



**2nd quarter 2002 results
announcement**

July 25th, 2002

Certain statements in this conference call are forward-looking and are subject to material risks and uncertainties. Actual results could differ materially from those stated or implied by such forward-looking statements due to risks and uncertainties associated with Jazztel's business, which include among others, competitive developments, risks associated with the Company's growth, the development of the Company's markets, regulatory risks, dependence on its major customers and their spending patterns and other risks which are presented in the Company's filings with the Securities and Exchange Commission and certain European regulatory authorities.

Financial Highlights

- Second quarter revenues amounted to Euro 56,6 million compared to Euro 53,0 million in the previous quarter, representing a 6,8% increase .
- Direct access revenues amounted to Euro 14,1 million increasing 14,6% from Euro 12,3 million in the previous quarter. Compared with same period of 2001, revenues increased 31,8% from Euro 10,7 million.
- Indirect access revenues grew to Euro 22,0 million, up 1,4% from Euro 21,7 million in the first quarter of 2002. Compared to the second quarter of 2001, indirect access revenues decreased 25,2% from Euro 29,4 million.
- Gross margin improved by 8,4% to Euro 20,6 million in the second quarter of 2002 up from Euro 19,0 million in the previous quarter. Gross margin grew by Euro 6,7 million, a 48,2% increase over the same period in 2001.
- The evolution of Adjusted EBITDA showed a similar positive trend. Excluding the staff restructuring costs of Euro 4.3 million, Adjusted EBITDA improved by 36,9% or Euro 5,5 million, from negative Euro 14,9 million in the first quarter of 2002 to negative Euro 9,4 million in the second quarter of 2002. As a percentage of revenues, adjusted EBITDA improved from negative 38,9% in the second quarter of 2001 to negative 16,6% in the first quarter of this year.

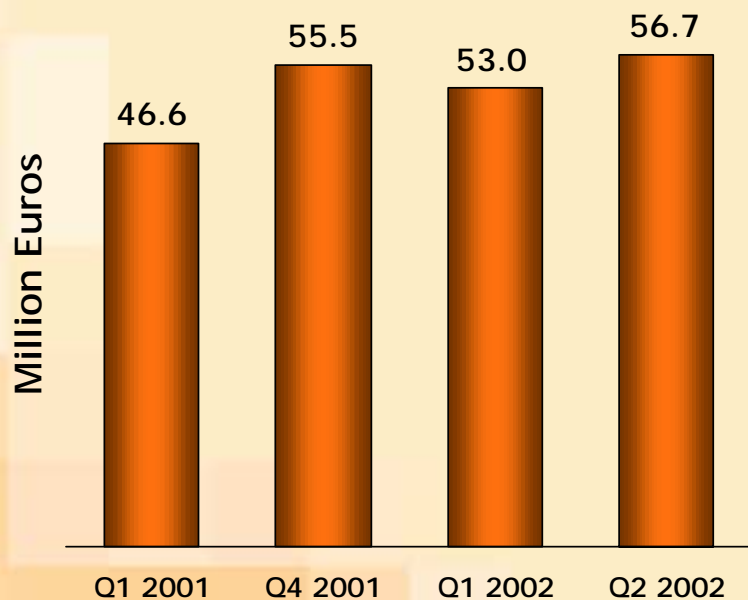
JAZZTEL

Operational Highlights

- Total traffic on the Jazztel network amounted to 890 million minutes in the second quarter of 2002, a 10,1% increase over the same period of 2001. Total traffic increased 4,0% compared to the first quarter of 2002.
- Total direct access contracts signed reached 2.907 by the end of the second quarter of 2002, a 6,2% increase from the 2.737 contracted customers at the end of the previous quarter. A total of 170 new contracts were signed during second quarter 2002, compared with 256 in the previous quarter.
- The number of direct access sites connected at June 30th, 2002 increased by 12,8% to 2.589, up from 2.296 in the previous quarter.
- In indirect access, Jazztel has managed to significantly reverse the downward trend in preselected customers. The number of preselected lines grew from 116.579 in the first quarter of 2002 to 121.023 lines in the second quarter of 2002. This upward trend is a result of the reactivation of the indirect distribution channels and the new advertising campaign "weekends free".
- We continued to launch our xDSL services with contracts signed for "masDSL" services growing from 11 customers at the end of the first quarter of 2002 to 102 at the end of the second quarter of 2002.

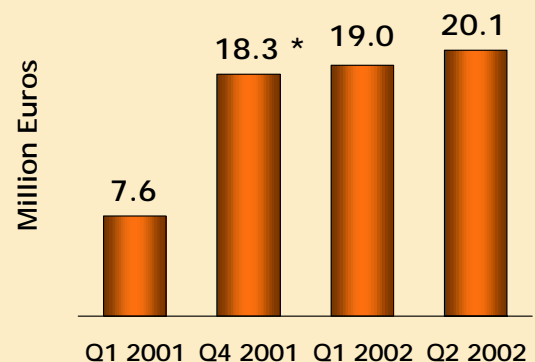
Top line results

Revenues

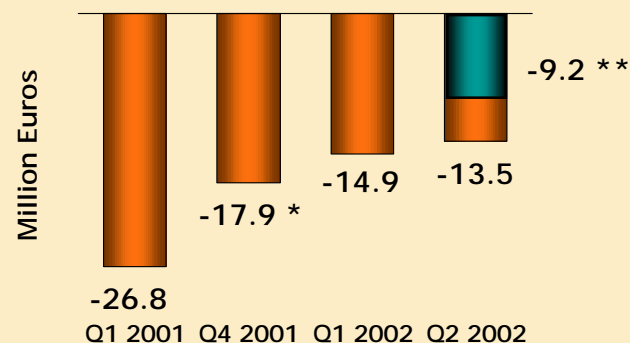


Excluding Redundancy Costs
 Including Redundancy Costs

Gross margin



EBITDA



* Gross margin calculation for the quarter excludes the positive impact of a one time-consolidation adjustment of Euro 4.9 million.

Adjusted EBITDA calculation excludes the impact of a one time-consolidation adjustment of Euro 5.2 million.

** Second Quarter EBITDA losses excluding Redundancy Costs of Euro 4.3 million.

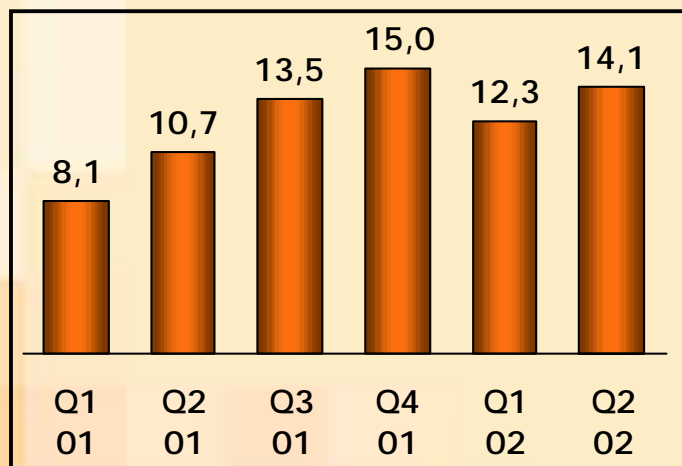
Direct access key issues

- Overall Direct Access revenues growth affected by:
 - the debt restructuring process
 - rigorous selection in new customer contracts due to cash burn considerations.
 - weakness in direct access service installation works
- However, increased availability of local infrastructure, and hence addressable market, provides good growth prospects in the long term
- Successful launch of xDSL, although current customer base is still small.

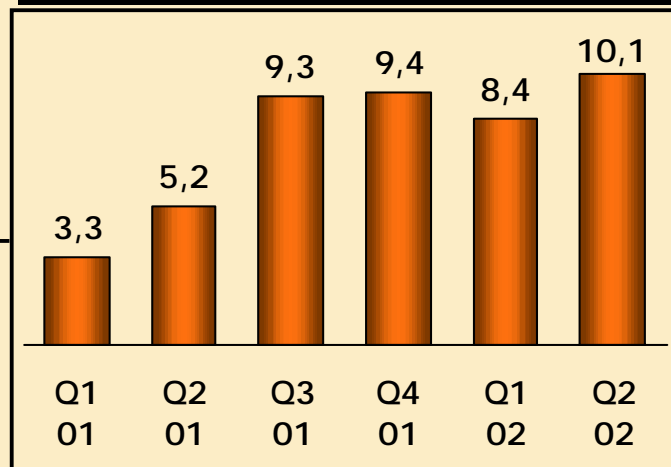
Direct access revenue evolution

€m

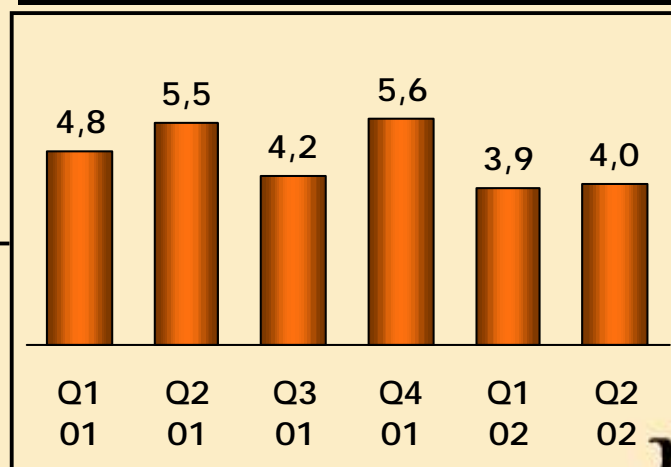
Direct Access Revenues



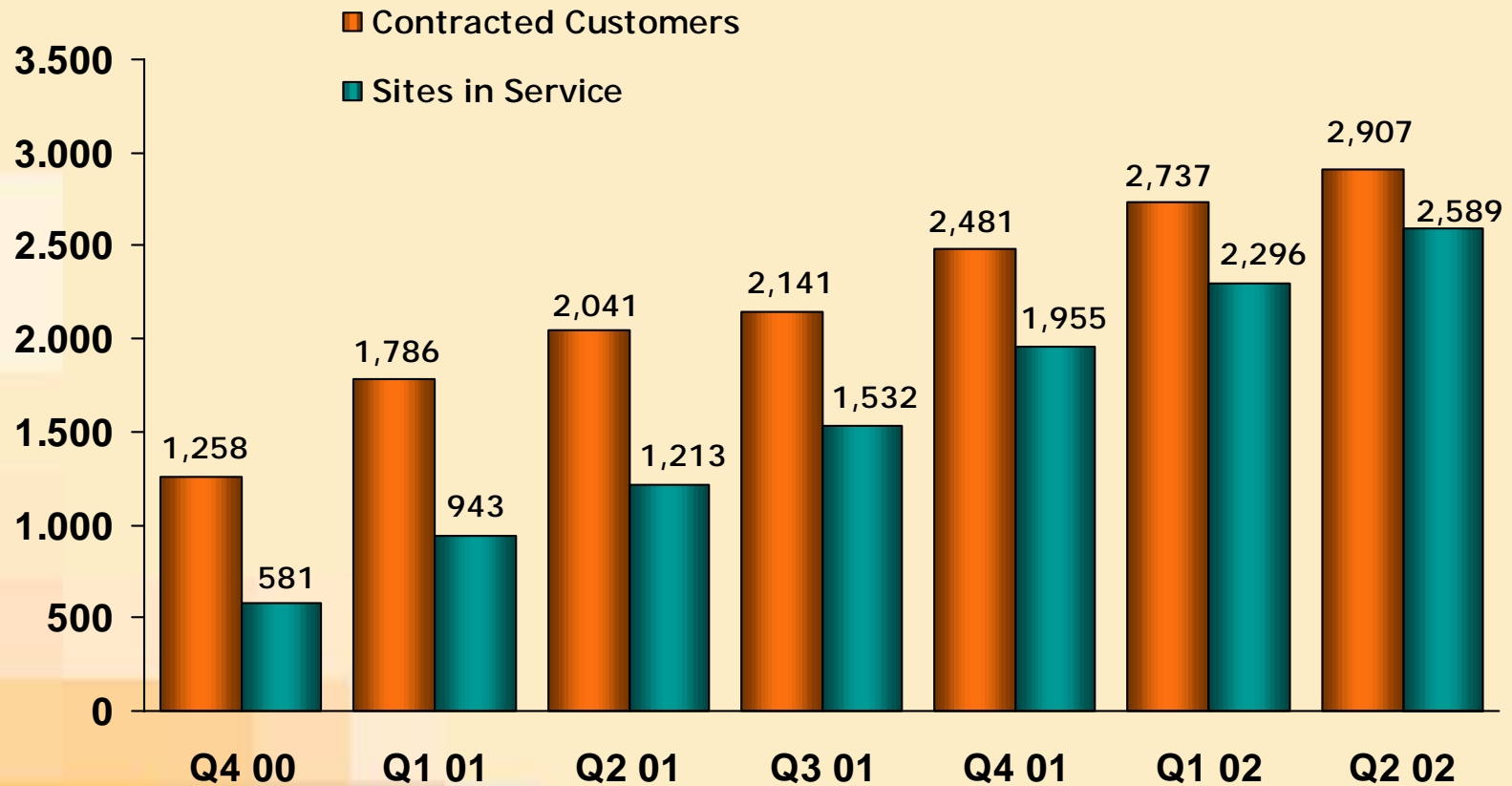
Voice + Data Revenues



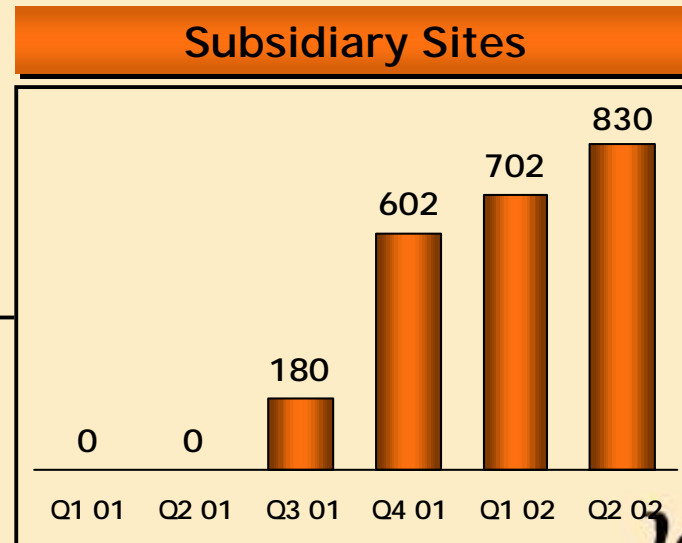
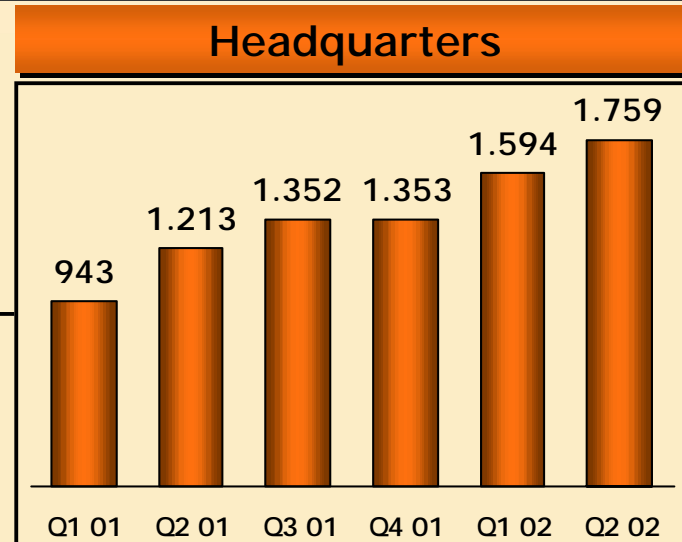
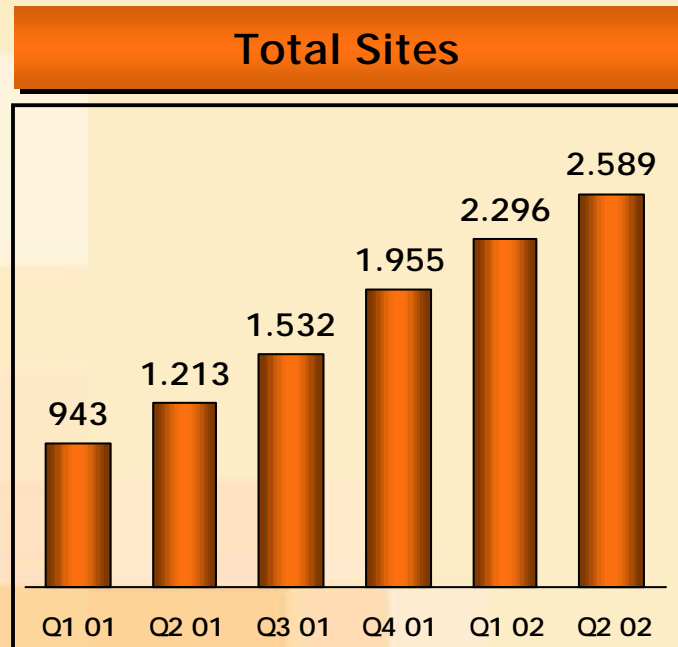
Service Installation Works



Direct Access Customer Take-Up

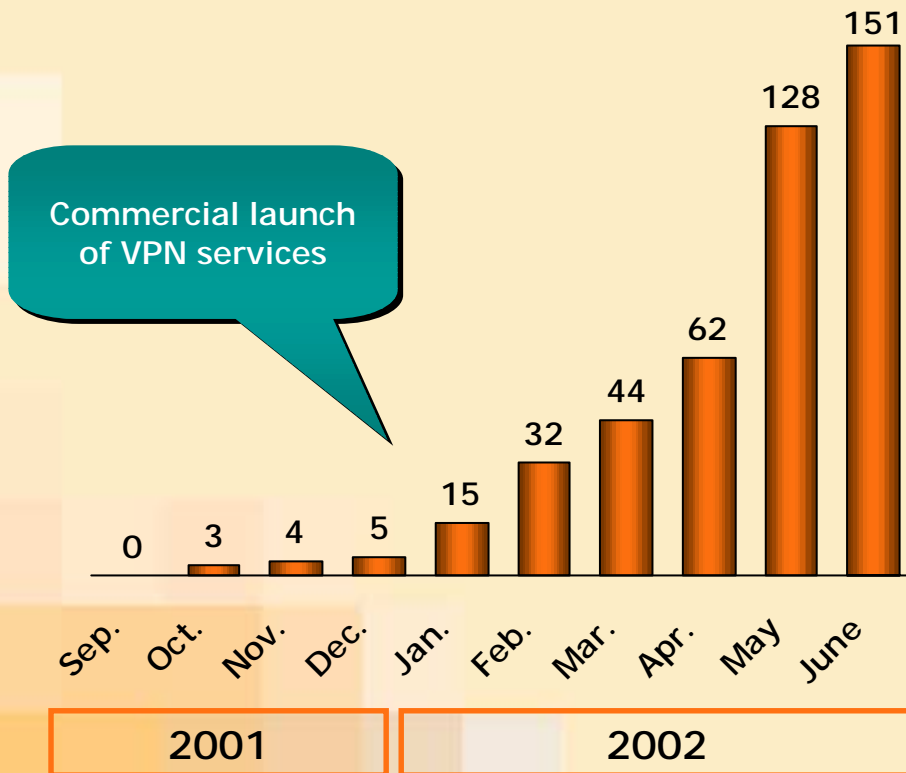


Evolution of direct access voice + data customers



Evolution of products in Direct Access: VPNs

Number of VPN Services



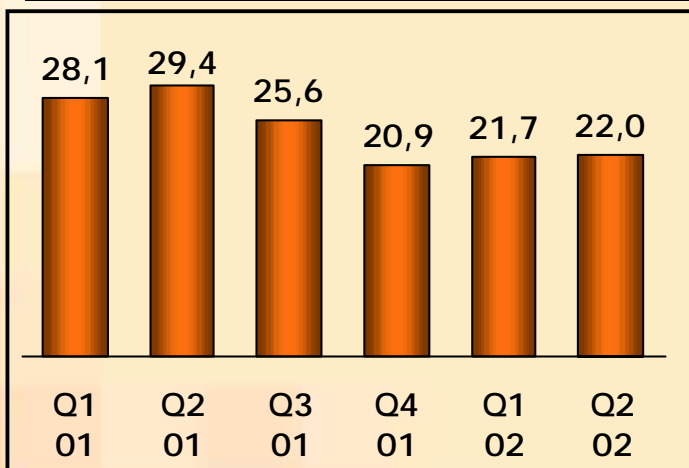
- Quick growth of recently launched IP/VPN data services
- Incremental ARPU per service between €8,000 and 10,000 per year
- Average number of sites per service is approximately 3

Indirect access key issues

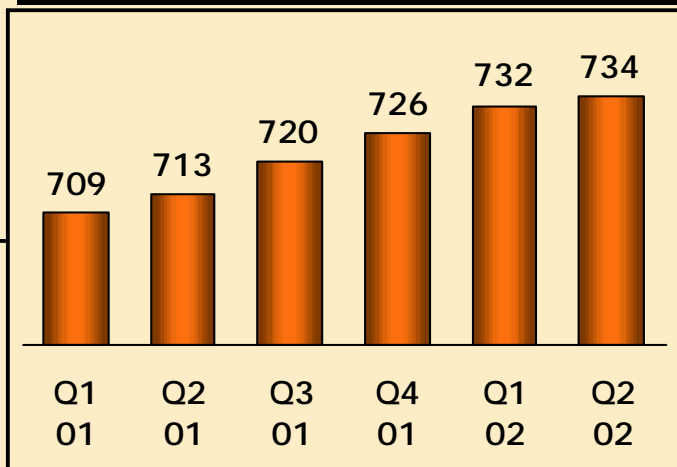
- Recent performance has been poor due to lack of focus on new customer acquisition in 2001 and Telefónica's aggressiveness success in winning back clients: 36% of preselected lines have been recaptured by Telefónica and other competitors
- New regulatory package regarding interconnect and pre-selection launched by the government recently potentially increases attractiveness of the indirect access business segment in the medium term
- Since March, actions have been taken to reinvigorate the dealer distribution channel and the launch of a new advertising campaign, both key to attract new customers. These actions have clearly reversed the negative trend towards growth in customers and Arpu's.

Indirect access revenue evolution

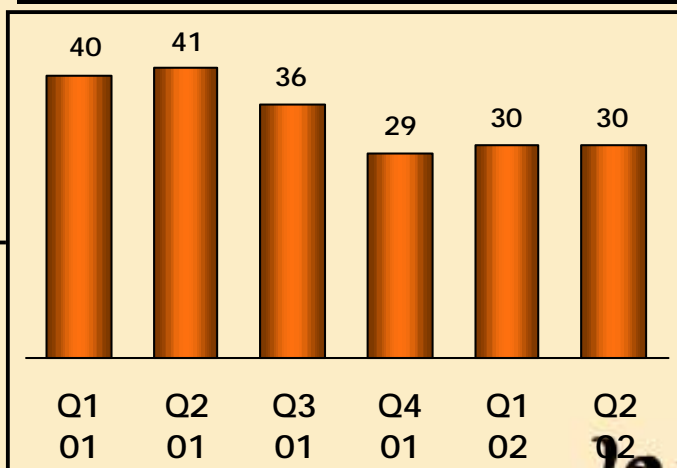
Indirect Access Revenues
€m



Customers



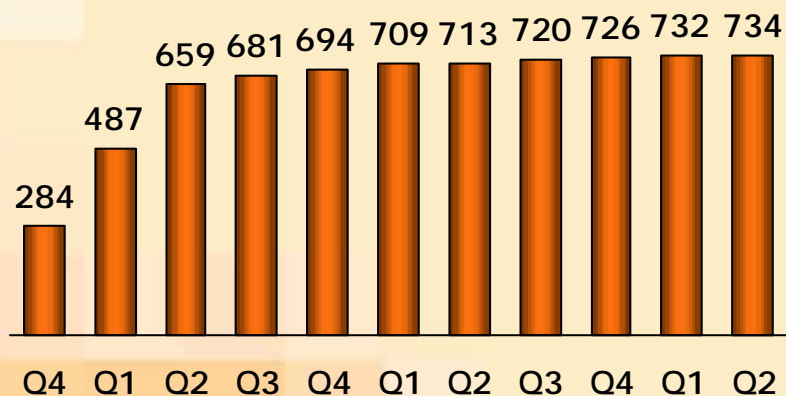
ARPU / Quarter



Evolution of customers and lines

Number of customers and lines in service

Customers ('000)



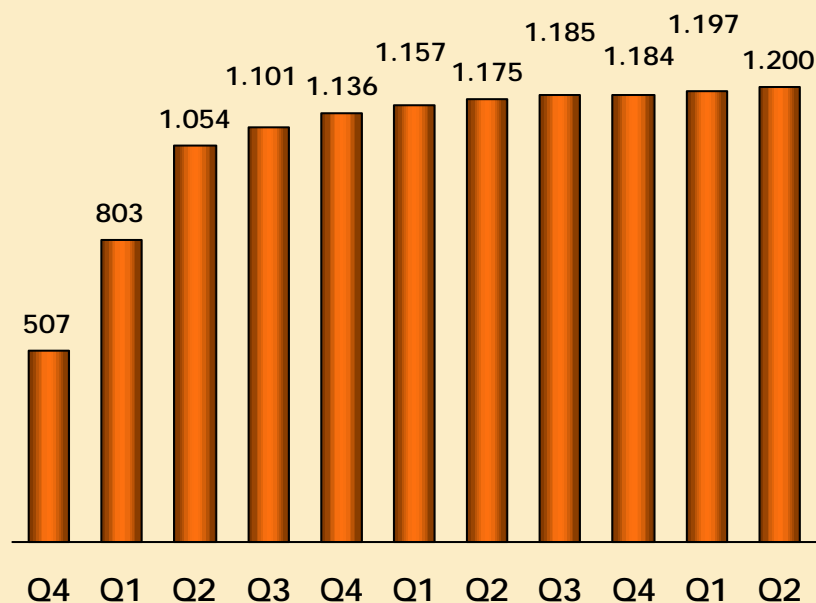
1999

2000

2001

2002

Lines ('000)



1999

2000

2001

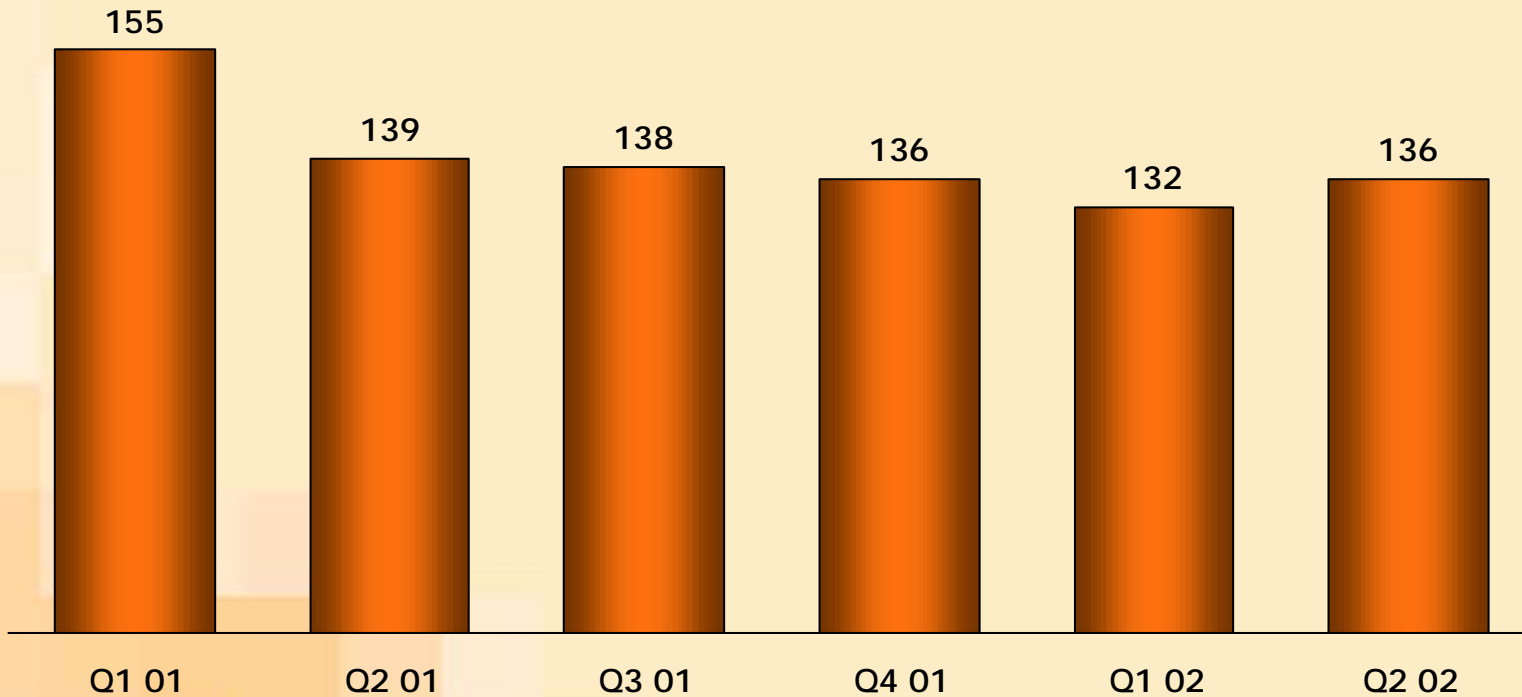
2002

JAZZTEL

Pre-selected lines evolution

Thousands of lines

Pre-selected Line Evolution by Quarter



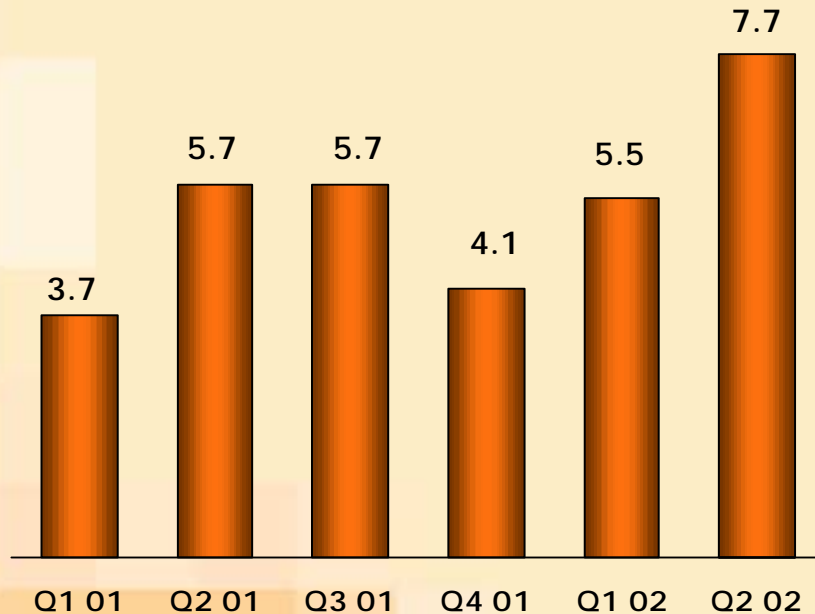
Carrier services key issues

- Solid performance, characterised by
 - (a) steady growth in revenues
 - (b) shift to higher quality clients
 - (c) focus on profitability
- Capacity interconnect regime potentially improves economics further in the medium term

Carrier services revenues

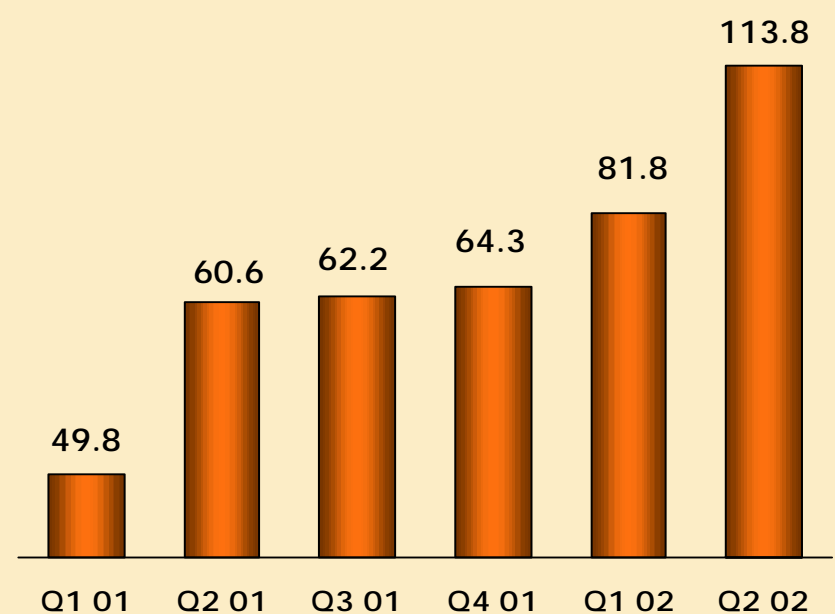
Quarterly Revenue Evolution

€m



Quarterly Traffic Evolution

Million minutes



Average
tariff
cent /
min

7.4

9.4

9.2

6.4

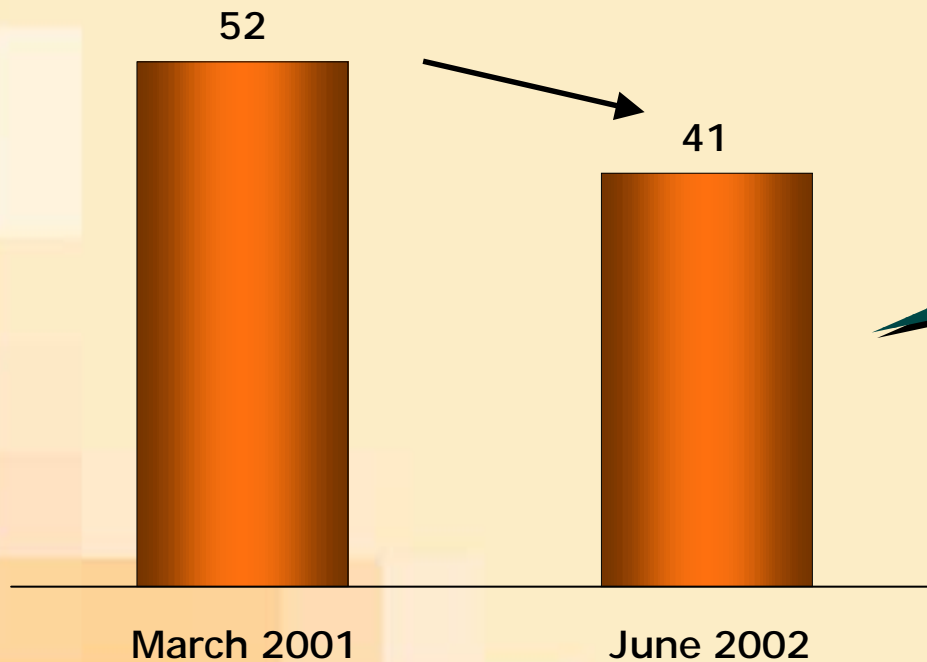
6.7

6.8

JAZZTEL

Carrier services customer base

Number of clients



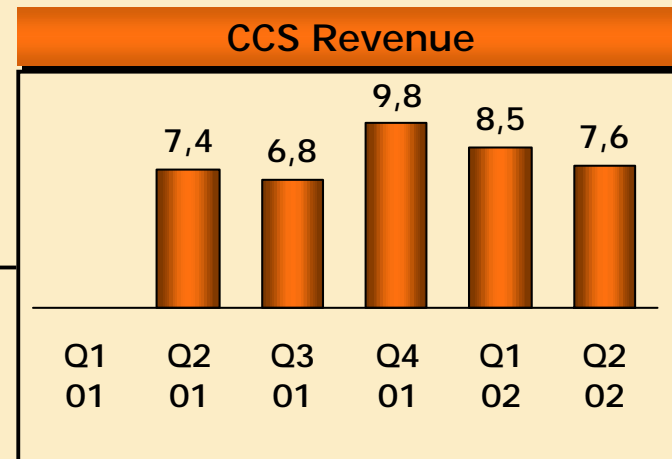
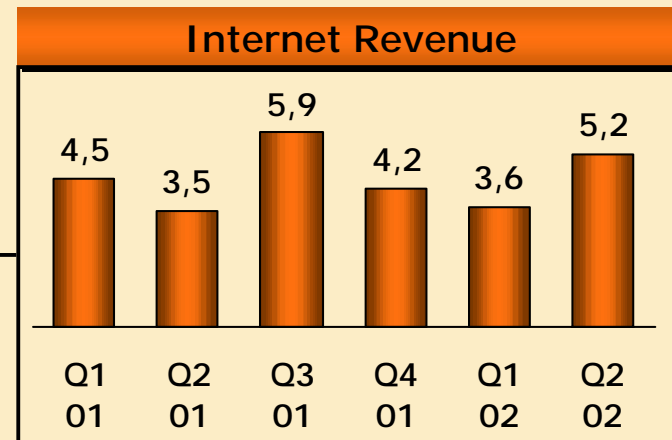
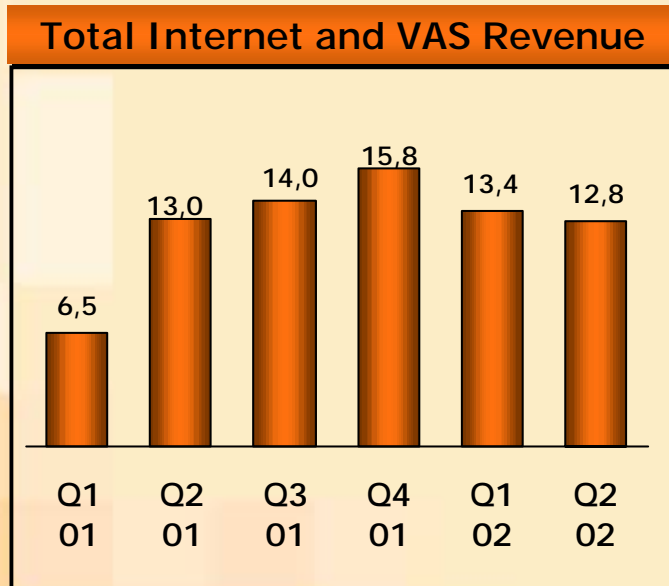
- Discontinuation of business with high risk carriers (low credit ratings)
- Credit exposure largely covered by Crédito y Caución
- Increasing focus on domestic traffic termination
- Metropolitan capacity sales not growing due to telecom sector crisis

Internet and VAS key issues

- ISP revenues stabilised
- Internet services suffering from current Internet market situation
 - Hosting and Housing services are still very small
- CCS performance currently affected by weak IT market evolution
- Excluding CCS, no major growth expected from this business line

Internet and VAS

€m



JAZZTEL

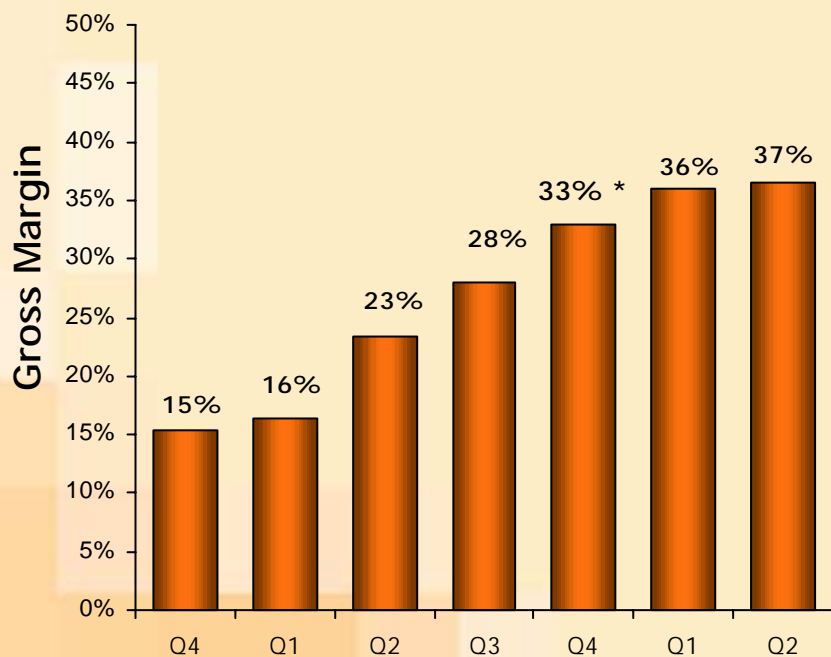
P&L Comparison

Million Euros	Q2 2001	Q1 2001	Q2 2002
Revenues	58.9	53.0	56.6
Cost of Sales	(45.0)	(34.0)	(36.0)
Gross Margin	13.9	19.0	20.6
<i>as % of sales</i>	20.0%	35.8%	36.5%
SG&A	(36.8)	(33.9)	(34.3)
EBITDA	(22.9)	(14.9)	(13.7)
<i>as % of sales</i>	-38.9%	-28.1%	-24.2%
EBITDA			
(excl. Restructuring costs)	(22.9)	(14.9)	(9.4)
<i>as % of sales</i>	-38.9%	-28.1%	-16.6%
CAPEX	(61.6)	(21.6)	(14.3)
<i>as % of sales</i>	104.6%	41.8%	25.3%

JAZZTEL

Margin evolution

Gross Margin as % of Sales

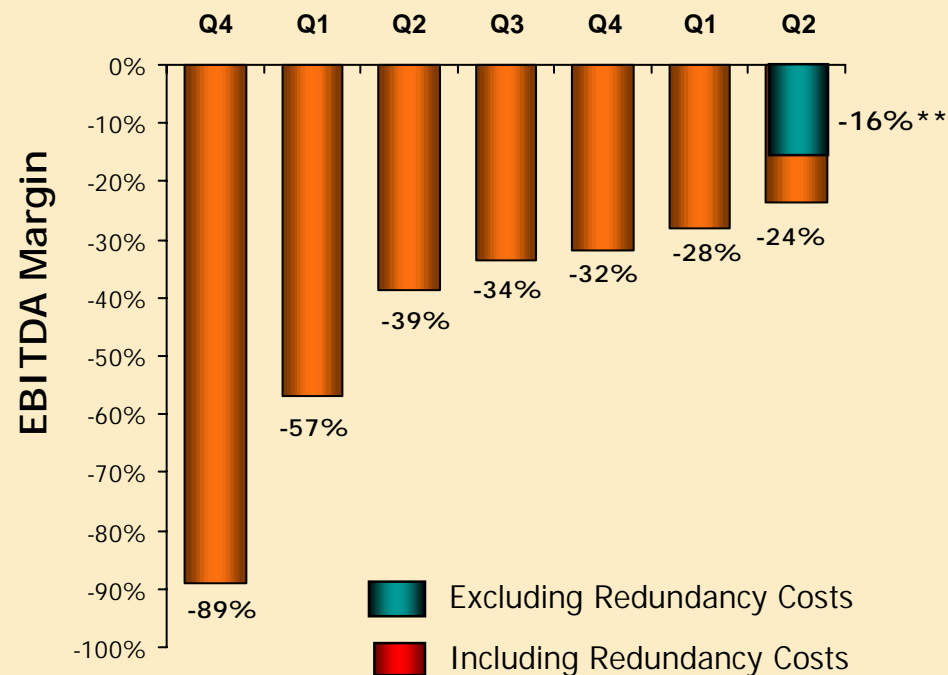


2000

2001

2002

EBITDA Margin as % of Sales



2000

2001

2002

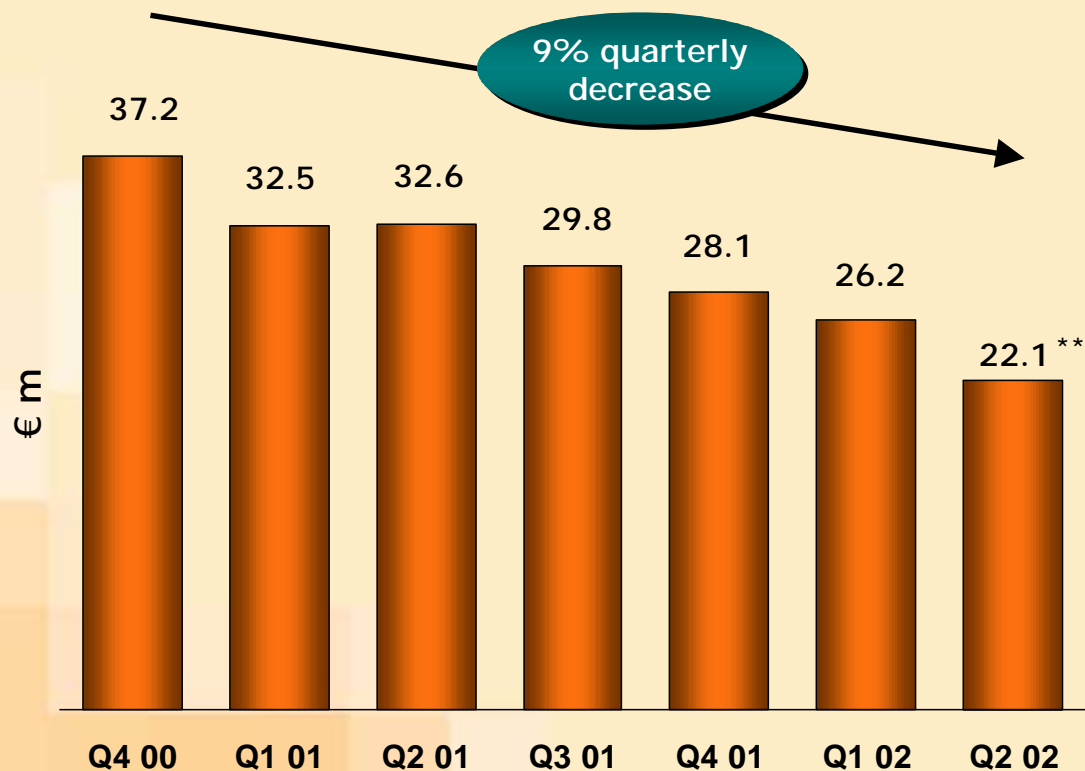
* Gross margin calculation for the quarter excludes the impact of a one time-consolidation adjustment of Euro 4.9 million. Adjusted EBITDA calculation excludes the impact of a one time-consolidation adjustment of Euro 5.2 million.

** Second Quarter EBITDA losses excluding Redundancy Costs of Euro 4.3 million.

JAZZTEL

Focus on profitability and cost control

Telecom Business*



Implemented cost reduction measures during Q2 '02:

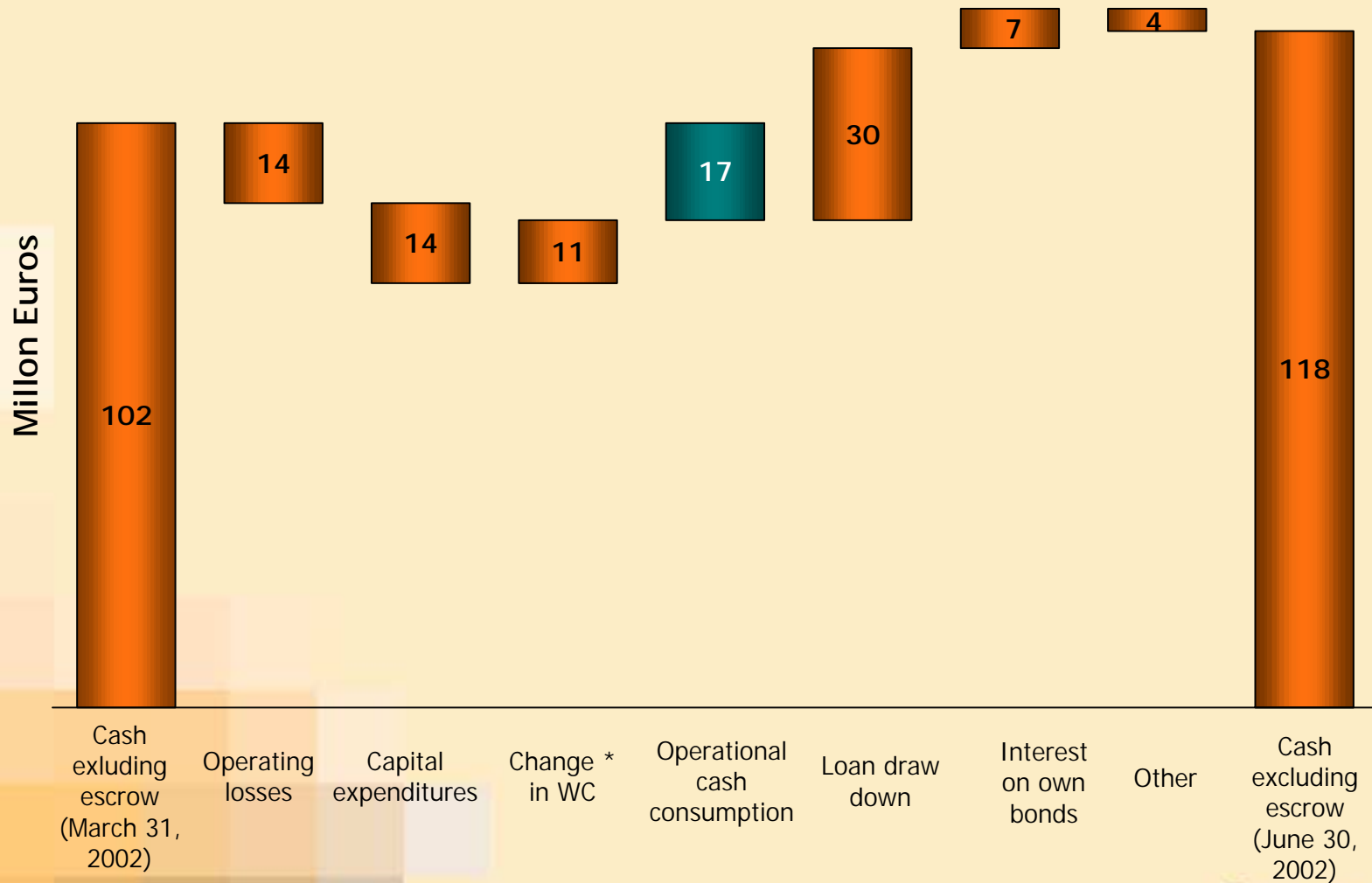
Action	Annualised cost
• 231 redundancies	• €10.8 m
• Network maintenance	• €3.4 m
• Interconnection optimization	• €2.0 m
• Office space	• €0.7 m
• Leased lines	• €1.7 m
• IT services	• €0.9 m
• Other	• €1.0 m

Total annualised impact of €20.5 m

* Excluding non-cash accounting charges, Adatel and CCS

** Does not include restructuring cost of €4.3m

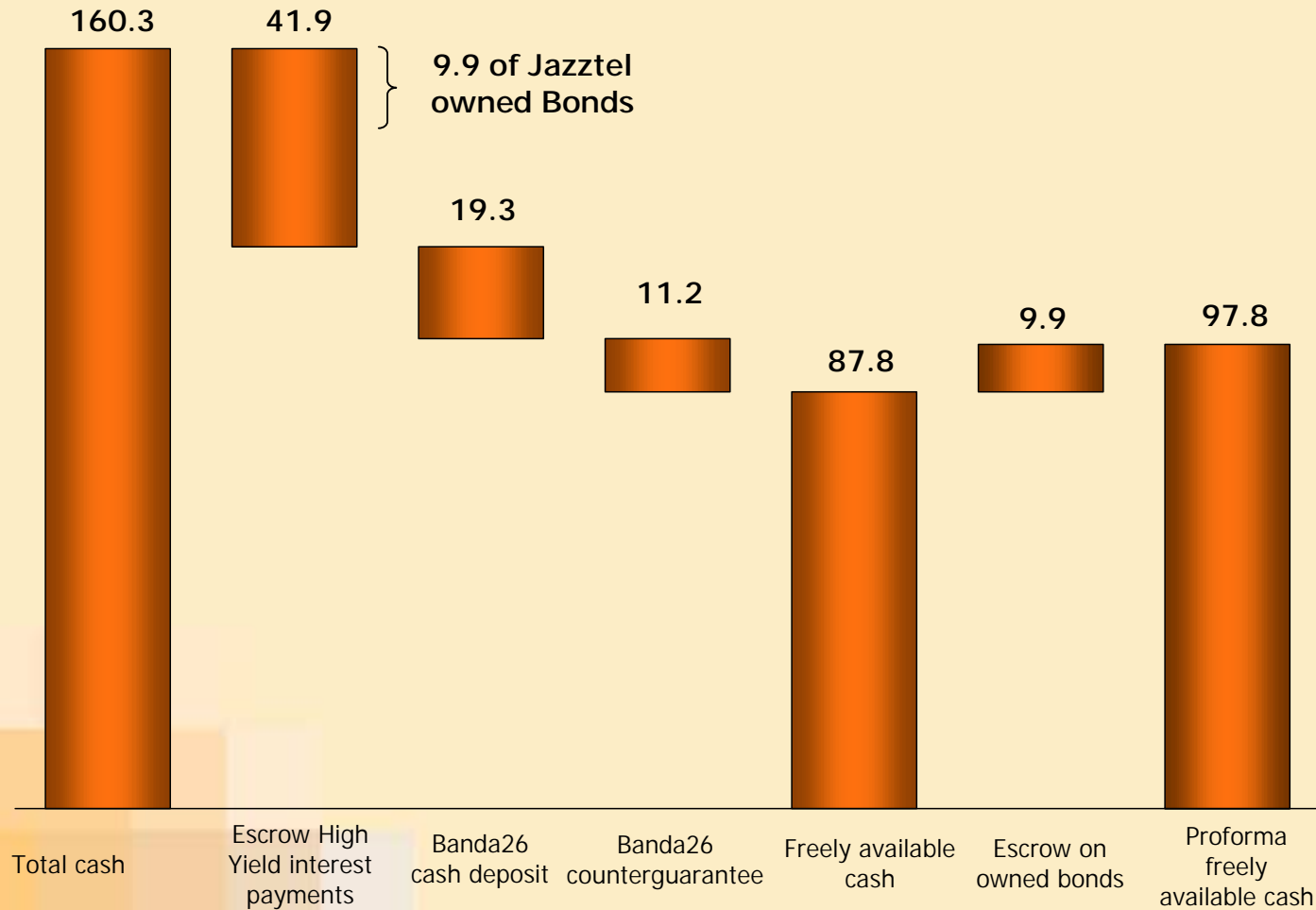
Cash Burn of the Quarter



* Includes euro 26.8 million of VAT refund in Spain

Current cash position

June 30th 2002; €m



Financial Restructuring Summary

- Jazztel reached an agreement in principle with an *ad-hoc* committee of holders of its Senior Notes regarding the terms of a recapitalisation plan. This non binding agreement is conditional upon delivery of definitive documentation and subject to satisfactory renegotiation of the existing credit facility, backbone leases, and other customary conditions.
- Jazztel's outstanding 676 million of Senior Notes would be exchanged for ordinary shares representing 88% of Jazztel's ordinary share capital and 75 million of new convertible notes.
- The Company would return the cash held in certain interest escrow accounts to holders whose Senior Notes are secured by such funds.
- Existing equity holders would be diluted to 12% of the ordinary share capital.
- The Convertible Bonds will mature in 2012, will bear interest at 5% per annum, payable at the Company's option in cash or in kind and would be convertible into 17.5% of the Company's share capital after Recapitalisation.
- The restructuring process is expected to be closed during the fourth quarter of this year