

2000
ANNUAL REPORT



CORPORACION FINANCIERA ALBA, S.A.

SELECTED KEY INFORMATION

ECONOMIC-FINANCIAL DATA

(in millions of pesetas unless otherwise indicated)	1998	1999	2000
Share capital at year-end	13,684	13,251	13,251
Shareholders' equity at year-end (before distribution of profits)	103,290	117,731	131,679
Shares at year-end, excluding treasury stock (thousands) (*)	79,980	79,316	78,762
Net investment in equity holdings	80,656	106,671	125,983
Net investment in tangible fixed assets	20,164	22,421	20,474
Net profit	16,022	17,946	15,560
Dividends	1,615	1,590	1,590
Net profit per share (Ptas) (*)	200	226	198
Dividend per share (Ptas) (*)	20	20	20

STOCK MARKET INFORMATION

	1998	1999	2000
Stock price (Ptas/share) (*)			
High	4,178	5,824	6,239
Low	2,567	3,245	3,952
Last	3,950	5,650	4,115
Market capitalization at Dec. 31 (millions of pesetas) ...	324,304	449,992	327,689
Traded volume			
Number of shares (thousands) (*)	54,714	38,931	45,569
Millions of pesetas	166,693	165,833	214,332
Daily average (millions of pesetas) (*)	672	663	857

(*) Adjusted for the 6 x 1 share split carried out in July 1999.

SELECTED KEY INFORMATION

ECONOMIC-FINANCIAL DATA

(in millions of € unless otherwise indicated)	1998	1999	2000
Share capital at year-end	82.24	79.64	79.64
Shareholders' equity at year-end (before distribution of profits)	620.80	707.58	791.41
Shares at year-end, excluding treasury stock (thousands) (*)	79,980	79,316	78,762
Net investment in equity holdings	484.76	641.10	757.17
Net investment in tangible fixed assets	121.19	134.75	123.05
Net profit	96.29	107.86	93.52
Dividends	9.70	9.56	9.56
Net profit per share (€) (*)	1.20	1.36	1.19
Dividend per share (€) (*)	0.12	0.12	0.12

STOCK MARKET INFORMATION

	1998	1999	2000
Stock price (€/share) (*)			
High	25.11	35.00	37.50
Low	15.42	19.50	23.75
Last	23.74	33.96	24.73
Market capitalization at Dec. 31 (millions of €)	1,949	2,705	1,969
Traded volume			
Number of shares (thousands) (*)	54,714	38,931	45,569
Millions of €	1,002	997	1,288
Daily average (millions of €) (*)	4.03	3.98	5.15

(*) Adjusted for the 6 x 1 share split carried out in July 1999.

TABLE OF CONTENTS

Board of Directors and Management	6
Letter from the Chairmen of the Board of Directors	7
Consolidated Economic-Financial Information	15
Balance Sheet	16
Profit and Loss Account	21
Securities Portfolio	24
Sectorial Diversification.....	26
Information on Holdings	27
Listed Holdings	
ACS	28
Carrefour	30
Sogecable	32
Vodafone.....	34
Unlisted Holdings	
Banco Urquijo	36
Media Planning Group	38
Quavita	40
Unipsa	42
Xfera	43
Other companies	45
Real Estate Activities	55
Auditors Report	57
Consolidated Annual Accounts	61
Balance Sheet	62
Profit and Loss Account	64
Notes	67
Report of the Directors	98
Corporate Governance Report	101
Proposed Resolutions	103

BOARD OF DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

CHAIRMEN Mr. Carlos March Delgado
Mr. Juan March Delgado

VICE-CHAIRMAN Mr. Pablo Vallbona Vadell

MANAGING DIRECTOR Mr. Isidro Fernández Barreiro

DIRECTORS Mr. Alfonso Alvarez Tolcheff
Mr. Nicholas Brookes
Mr. Miguel Fluxá Roselló
Mr. Alfredo Lafita Pardo
Mr. Manuel Soto Serrano
Mr. Francisco Verdú Pons

DIRECTOR SECRETARY Mr. Enrique Piñel López

MANAGEMENT

MANAGING DIRECTOR Mr. Isidro Fernández Barreiro

MANAGERS Mr. Luis Lobón Gayoso
Mr. Ignacio Martínez Santos
Mr. Santos Martínez-Conde Gutiérrez-Barquín
Mr. Fernando Mayans Altaba
Mr. Javier Povedano Mejías
Mr. Tomás Villanueva Iribas

TAX ADVISOR Mr. Juan Antonio Lasalle Riera

DEPARTMENT HEADS Mr. Antonio Egido Valtueña
Mr. Alfredo Gadea Martín
Mr. Félix Montes Falagán
Mr. Andrés Temes Lorenzo

COMMUNICATIONS AND PRESS Mr. José Vicente de Juan García

LETTER FROM THE CHAIRMEN OF THE
BOARD OF DIRECTORS

Dear shareholders:

Once again, we have the pleasure of conveying to you our comments on the Company's performance during 2000 and the first few months of this year.

Spanish and global stock markets did not have a good year in 2000, with widespread declines across all indices. As a result, the net asset value of our company also decreased during this period. All the same, at December 31, 2000 the portfolio of listed securities, which includes only part of Alba's holdings, carried unrealized capital gains of Ptas 403,653 million (2,426 million euros).

According to internal valuations of our company, which are basically consistent with the standards customarily used by equity analysts, Alba's net assets before tax effects and net of debt were worth Ptas 561,679 million (3,376 million euros) at year end 2000. Dividing this value by the total number of Alba shares issued and outstanding (not including treasury stock) results in a net asset value per share of 7,131 pesetas (42.86 euros). Alba's stock closed the year trading at €24.73, a 42% discount from this net asset value.

In 2000 the company made a profit net of tax of Ptas 15,560 million (93.5 million euros), versus Ptas 17,946 million (107.9 million euros) for the previous year. The change was primarily due to the decline recorded in one of the extraordinary captions of the profit and loss account, as capital gains from the sale of holdings decreased to Ptas 17,425 million (104.7 million euros) from the Ptas 22,987 million (138.2 million euros) obtained in 1999. We call attention to the respective 21% and 24% gains in the two most important recurring captions in our profit and loss

account: “Profits from holdings consolidated by the equity method” and “Rental income”. Earnings per share were 198 pesetas (1.19 euros). In other sections of this report you will find a more detailed analysis of the different headings that compose the company’s profit and loss account.

During 2000 Alba continued to pursue the active investment policy of recent years.

We increased our holding in the ACS Group by 3.3% with an investment of Ptas 17,266 million (103.8 million euros). We are very positive on the company’s prospects and are convinced the diversification it has carried out in recent years will produce sustained growth over the coming years.

There were also important developments in Alba’s investments in the telecommunications sector.

The most important was the swap of our 2.74% interest in Airtel for 156 million shares of Vodafone, giving us a 0.24% equity stake in the global wireless communications leader. The deal enabled Alba to realize the full value of its holding in the Spanish mobile operator and gives the investment the liquidity which lacked our previous holding in Airtel, an unlisted company. Vodafone, on the other hand, is one of the leading European companies in terms of stock market capitalization and has large daily trading volumes.

After the Vodafone deal, Alba acquired a 7.1% interest in Xfera, one of the telecom operators awarded a third-generation UMTS mobile telephony license in Spain. The investment made in Xfera during the year totaled Ptas 4,900 million (29.4 million euros).

We also acquired 3.9% of the consortium Broadnet, a licensee for fixed-telephony via radio (LMDS) in the 26 GHz frequency band. Alba has committed to investing up to Ptas 1,300 million (7.8 million euros) in this company during the coming years.

Rounding out the new investments in the telecom sectors was our acquisition of 2.2% of Mobile Systems International (MSI) for Ptas 1,800 million (10,8 million euros) and 9% of Peoplecall for Ptas 330 million (2,0 million euros). MSI has obtained and operates GSM mobile telephony licenses in Africa and the Middle East and Peoplecall provides telephone services via internet.

And in other sectors we participated in the formation of two new mutual fund and pension fund management companies, March Gestión de Fondos and March Gestión de Pensiones, subscribing 35% of their share capital; we acquired 15.2% of Batmap, which is developing an advanced geographical application for fixed and mobile devices; and invested in 7.1% of Optize, a leading computer products “e-tailer”. Alba also invested Ptas 783 million (4.7 million euros) in the North American fund Princes Gate, which channels investments into unlisted companies in the United States and Europe. The investment commitment in the fund is \$50 million (55.9 million euros) in the coming years.

The disinvestments carried out during the year included the sale of the holding in Centros Comerciales Carrefour, S.A. (company formed from the merger of Pryca and Continente), with a capital gain for the year of Ptas 11,640 million (70 million euros). This move is part of the previously announced strategy of concentrating our investments in the retail sector in the parent company of these investees, Carrefour, the leading

retailer in Europe and second largest worldwide. Last year Alba also sold its stake in GDM, generating a capital gain of Ptas 1,500 million (9 million euros).

During the second half of the year an agreement was reached with the Belgian group KBL, the controlling shareholder of Banco Urquijo, for the sale of 12.76% of Urquijo's capital. The price was set in May 2001 at Ptas 10,480 million (63 million euros), valuing the whole of the bank at Ptas 82,000 million (492.8 million euros). After this transaction, Alba maintains a 9.98% stake in the bank. The deal is expected to be carried through in the first half of 2001.

In the real estate area, Alba purchased a 720 m² office building on Calle Castelló in Madrid and sold the building housing the Banco Urquijo headquarters on Calle Príncipe de Vergara in Madrid to the bank for Ptas 2,700 million (16.2 million euros). In January 2001 we acquired an office building in the La Florida development in Madrid for an investment of Ptas 3,000 million (18 million euros) and sold the 26.3% share of the Porto Pi shopping complex in Palma de Mallorca for Ptas 1,500 million (9 million euros).

Also at the beginning of this year, we reached an agreement, together with the rest of the Spanish shareholders of Media Planning Group, to swap our holding in that company for shares of Havas Advertising, who will thus control 100% of Media Planning Group. Under the agreement, which was ratified by the Havas Advertising shareholders in their general meeting of this past May 22, Alba received in exchange for its 21.56% stake in Media Planning Group a total of 10.7 million shares of Havas Advertising plus Ptas 3,172 million (19.1 million euros) in cash. Havas

Advertising is the world's fourth ranked communications and advertising group and Alba, with a 3.6% stake, has become one of its leading shareholders and is represented on its board of directors.

The new stakes in Vodafone and Havas Advertising, listed in London and Paris, respectively, as well as in the New York based Nasdaq market, increase the international diversification of our portfolio.

Given the excessive discount at which we believe our company's stock was trading in relation to its underlying net asset value, over the course of 2000 we carried out share buybacks for Ptas 2,545 million (15.3 million euros). During the early months of 2001 the company continued this share buyback policy, which we believe benefits our shareholders.

We will now make some brief remarks on the 2000 performance of our main holdings. Further details on all of our corporate holdings may be found in other sections of this report.

During the past year Carrefour waged a major management effort primarily concentrated on its integration with Promodés after the merger of the two retail chains. The integration has progressed satisfactorily, though it has found some of the normal problems involved in mergers of this magnitude, which are now on their way to being resolved. The company also moved to strengthen its business in countries where it has only a low-level presence such as Italy, Belgium and Greece, and continued expanding into new regions, opening its first store in the highly important Japanese market. The group opened 429 stores during the year, bringing the total at year end 2000 to 5,423, without including franchise outlets. Group sales reached 10.8 trillion pesetas (64,802 million euros), a gain of

25% over the previous year, lifting the net profit 19% to Ptas 177,334 million (1,066 million euros).

ACS successfully pushed forward with its strategic diversification. In this context, during 2000 its service businesses grew 54% with respect to 1999 and now account for 51% of total group sales and 58% of its net profit. As part of this process, ACS acquired a 20% share of Xfera, one of Spain's UMTS mobile telephony licensees, and 20% of Broadnet, winner of an LMDS wireless telephony license, both of which we have already mentioned. ACS group sales rose to Ptas 567,450 million (3,410 million euros), an increase of 26%, driving net profit up to Ptas 20,094 million (121 million euros), 42% higher than the preceding year.

Sogecable recorded consolidated revenues of Ptas 146,000 million (877.5 million euros), a gain of 15%, and remains the clear leader in Spanish pay-TV with more than two million subscribers. Canal Satélite Digital, in turn, passed the million subscriber milestone at the end of the year after recording a net increase of 239,000 subscribers for the year. It has also launched a series of interactive services involving bank products, credit card operations and sales through its virtual store.

As part of its active growth strategy, Vodafone made numerous acquisitions during 2000, merging with Mannesman AG (Germany), taking control of Airtel in Spain, and teaming up with US-based operator Verizon Communications to create a joint venture in the United States, to which it contributed the assets acquired in the takeover of the American company Air Touch.

This strategy has allowed it to build up a significant presence in the leading world markets with a customer base of more than 83 million,

which, taken together with its sound financial structure, gives it a clear competitive advantage over the rest of its international rivals.

Continuing the process begun in late 1999, Media Planning Group successfully continued the integration of the Havas Advertising media division and will complete the reorganization with the inclusion of Arnold Media, the Havas Advertising's media division in the US. At the same time the company pursued its geographical expansion by starting up operations in Italy, Poland and Chile, and entered new lines of business with the startup of Catalyst, its strategic marketing division. Media Planning Group closed the year with gross sales of Ptas 715,000 million (4,297 million euros) and a net profit before goodwill write-offs of Ptas 4,570 million (27.5 million euros), recording gains of 12% and 18%, respectively, over the previous year's figures.

So far into 2001 Alba's investee companies are performing well, indicating that net profits from holdings accounted for by the equity method, the most important recurring heading in our profit and loss account, should stay on the growth track.

In relation to the distribution of profits for the year, the Board of Directors will also propose to the shareholders in general meeting a dividend distribution of €0.12 per share against 2000 earnings. This will mean payment in early June of a dividend of €0.06 per share in addition to the interim dividend paid in November. The dividend distribution is thus the same as for previous years. In addition, the Board is also bringing a proposal to the general meeting to reduce the company's capital by retiring treasury stock equal to 3.3% of the share capital.

And lastly, we wish to express our gratitude to the shareholders for your confidence and support and to all employees of the Group for their enthusiasm and dedication.

Cordially,

Carlos March Delgado
Juan March Delgado
Chairmen of the Board of Directors

CONSOLIDATED ECONOMIC-FINANCIAL DATA

This chapter presents a summary of the Alba consolidated financial statements arranged by management criteria. The last part of this report contains the consolidated Annual Accounts, audited by Arthur Andersen, with more detailed information.

BALANCE SHEET

Discussed in this section is the evolution during 2000 of the most significant headings of the Alba consolidated Balance Sheet.

Net tangible fixed assets, which basically records properties owned by Alba and leased to third parties, reached Ptas 20,474 million (123.0 million euros). This figure is 8.7% lower than one year earlier, reflecting the sale of a building in Madrid for Ptas 2,700 million (16.2 million euros).

The *Investments* heading rose to Ptas 125,983 million (757.2 million euros), up 18.1% over the previous year. This increase reflects the net effect of the investments (ACS and Xfera, amongst others) and disinvestments (Centros Comerciales Carrefour and GDM) made during the year and of profits not distributed at the holdings consolidated by the equity method.

Goodwill pending amortization stands at Ptas 17,900 million (107.6 million euros). This figure includes Ptas 14,260 million (85.7 million euros) in goodwill generated during the year, primarily from the investment in ACS, plus the goodwill generated in preceding years and not yet written off.

Treasury stock reflects the buyback of 876,004 shares, acquired for an aggregate total of Ptas 4,043 million (24.3 million euros). These own shares represent 1.1% of the company's share capital.

Share capital stood at Ptas 13,251 million (79.6 million euros) at the close of 2000 and did not undergo any changes during the year.

Reserves rose 18.7% to Ptas 103,658 million (623 million euros) due to the effect of retained earnings.

The *Provisions* and *Long-term creditors* headings held stable close to the previous year's levels to end 2000 at Ptas 7,400 million (44.5 million euros) and Ptas 378 million (2.3 million euros), respectively.

Net debt, that is, *Loans received* minus *Financial accounts*, stood at Ptas 29,555 million (177.6 million euros), 27.8% higher than one year earlier as a result of the bank financing used for some of the investments made during the year.

**CONSOLIDATED BALANCE SHEETS
BEFORE THE DISTRIBUTION OF PROFITS (1)**

	(in millions of pesetas)			(in millions of €)
	As of December 31, 1998	As of December 31, 1999	As of December 31, 2000	As of December 31, 2000
ASSETS				
Properties under lease... ..	22,276	24,972	23,320	140.2
Other tangible fixed assets	1,551	1,576	1,577	9.4
Gross tangible fixed assets	23,827	26,548	24,897	149.6
Accumulated depreciation & provisions	(3,663)	(4,127)	(4,423)	(26.6)
Net tangible fixed assets	20,164	22,421	20,474	123.0
Listed securities	60,142	82,271	96,437	579.6
Unlisted securities	20,514	24,400	29,546	177.6
Investments	80,656	106,671	125,983	757.2
Other intangible fixed assets ...	—	286	294	1.8
Total fixed assets	100,820	129,378	146,751	882.0
Goodwill	—	17,808	17,900	107.6
Stocks	476	301	159	1.0
Debtors	1,432	1,329	859	5.2
Treasury stock	6,218	1,498	4,043	24.3
Financial accounts	7,035	3,925	13,099	78.7
TOTAL ASSETS	115,981	154,239	182,811	1,098.8

(1) These balance sheets are presented according to management criteria, which explains the differences in certain headings with respect to the data included in the Annual Accounts.

**CONSOLIDATED BALANCE SHEETS
BEFORE THE DISTRIBUTION OF PROFITS (1)**

SHAREHOLDERS' EQUITY & LIABILITIES	(in millions of pesetas)			(in millions of €)
	As of December 31, 1998	As of December 31, 1999	As of December 31, 2000	As of December 31, 2000
Share capital	13,684	13,251	13,251	79.6
Reserves	74,399	87,329	103,658	623.0
Interim dividend	(815)	(795)	(790)	(4.7)
Profit for the year	16,022	17,946	15,560	93.5
Shareholders' equity	103,290	117,731	131,679	791.4
Minority interests... .. .	246	246	163	1.0
Provisions	6,794	6,845	7,400	44.5
Long-term creditors	468	418	378	2.3
Loans received	3,280	27,056	42,654	256.4
Other debts, accruals and deferred income	1,903	1,943	537	3.2
Short-term creditors... .. .	5,183	28,999	43,191	259.6
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES...	115,981	154,239	182,811	1,098.8

(1) These balance sheets are presented according to management criteria, which explains the differences in certain headings with respect to the data included in the Annual Accounts.

PROFIT AND LOSS ACCOUNT

Alba made a *Net profit* of Ptas 15,560 million (93.5 million euros) in 2000, 13% less than the Ptas 17,946 million (107.9 million euros) recorded the previous year. This decrease was mainly due to the evolution of *Profit on the securities portfolio*, a non-recurring heading of the Profit and Loss Account. Earnings per share were 198 pesetas (1.19 euros), compared with 226 pesetas (1.36 euros) for 1999.

Net profits from holdings consolidated by the equity method rose to Ptas 13,260 million (79.7 million euros), a 20.6% over the previous year's figure. This strong increase was mainly driven by the solid earnings performance generally seen at Alba's corporate holdings, as can be seen in the more detailed information on these holdings contained in other pages of this report.

Rental income also showed healthy gains and reached Ptas 1,246 million (7.5 million euros), 24.1% higher than the preceding year.

Profits on real estate transactions totaled Ptas 1,148 million (6.9 million euros) for the year, reflecting the realization of assets secured in the sale of the controlling interest in Banco Urquijo and the capital gains generated in the sale of a building in Madrid.

Profits on the securities portfolio contributed Ptas 17,425 million (104.7 million euros) as a result of the sale of shares in Centros Comerciales Carrefour (capital gains of Ptas 11,640 million), Sogecable (Ptas 3,630 million) and GDM (Ptas 1,512 million).

Extraordinary income and provisions produced a Ptas 677 million (4.1 million euros) charge to the P&L as a result of the allocations made to reserves for the year.

Overheads reached Ptas 1,690 million (10.2 million euros), equivalent to 0.52% of the company's stock market capitalization.

Financial expenses (net) rose to Ptas 1,266 million (7.6 million euros) as a result of the costs generated by the higher average debt carried during the year.

Depreciation charges totalled Ptas 693 million (4.2 million euros) for the year, similar to the levels recorded in the preceding years.

Amortization of goodwill for the year generated a charge of Ptas 12,618 million (75.7 million euros) for the year, compared with Ptas 14,747 million (88.6 million euros) for the previous year, and mainly records write-offs of the goodwill generated in the 1999 acquisition of shares of Carrefour. This allocation is equal to the profit obtained on the sale of shares of Centros Comerciales Carrefour (the company formed from the merger of Pryca and Continente) as this sale was considered part of the general reorganization of Alba's holdings in the Carrefour Group.

Corporate Income Tax charge amounted to Ptas 594 million (3.6 million euros). The low overall rate paid by the company is due to the fact that a large part of the company's earnings are obtained on consolidation and are therefore recorded net of this tax.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS (1)

	(in millions of pesetas)			(Millions of €)
	1998	1999	2000	2000
Net profit from holdings consolidated by equity method ...	10,578	10,993	13,260	79.7
Rental income	1,191	1,004	1,246	7.5
Profit on real estate transactions	5,543	1,651	1,148	6.9
Profit from the securities portfolio... .. .	1,826	22,987	17,425	104.7
Extraordinary income and provisions	3,640	(626)	(677)	(4.1)
Subtotal	22,778	36,009	32,402	194.7
Overheads... .. .	(1,199)	(1,457)	(1,690)	(10.2)
Financial expenses (net)	(282)	(220)	(1,266)	(7.6)
Depreciation	(567)	(612)	(693)	(4.2)
Amortization of goodwill	(4,410)	(14,747)	(12,618)	(75.7)
Corporate income tax	(281)	(1,043)	(594)	(3.6)
Subtotal	(6,739)	(18,079)	(16,861)	(101.3)
Minority interests	(17)	16	19	0.1
NET PROFIT	16,022	17,946	15,560	93.5

(1) The accounts for these years include consolidation by the equity method of the principal corporate holdings. Details on consolidation criteria and scope are included in the Annual Accounts that appear at the end of this Annual Report. These Profit and Loss accounts are presented according to management criteria, which explains the differences that result in certain headings with respect to the data included in the Annual Accounts.

SECURITIES PORTFOLIO AS OF DECEMBER 31, 2000

LISTED COMPANIES	Percent stake	Market value of shares (1)				Main quoting exchange
		Millions of pesetas	Millions of €	Pesetas per share	€ per share	
ACS (c)	23.85	63,800	383.4	4,176	25.1	Madrid
Carrefour (c)	3.74	296,251	1,780.5	11,131	66.9	Paris
Sogecable (c)	11.33	38,420	230.9	3,494	21.0	Madrid
Vodafone	0.24	101,619	610.7	649	3.9	London
Total market value		500,090	3,005.5			
Total book value		96,437	579.6			
Unrealized capital gains		403,653	2,425.9			

UNLISTED COMPANIES	Percent stake	Value on Alba's books	
		Millions of pesetas	Millions of €
Banco Urquijo (c)	22.7	9,603	57.7
Batmap... ..	15.2	640	3.8
Broadnet	3.9	108	0.6
I-Network (c)	26.4	133	0.8
March Gestión de Fondos (c)	35.0	210	1.3
March Gestión de Pensiones (c)	35.0	157	0.9
Media Planning Group (c)	21.6	7,667	46.1
MSI	2.2	1,694	10.2
Optize	7.1	225	1.4
Palio	17.0	1,469	8.8
Peoplecall... ..	9.0	278	1.7
Porto Pi	26.3	397	2.4
Princes Gate	3.1	783	4.7
Quavitae (c)	20.0	531	3.2
Unipsa (c)	82.6	449	2.7
Xfera	7.1	4,906	29.5
Others	n.a.	296	1.8
Total book value		29,546	177.6
Real estate holdings		20,474	123.0

(1) Market prices and exchange rates as of the last business day of December.
(c) Holdings consolidated by equity method.

The changes undergone by the securities portfolio in 2000 are shown in the table below:

LISTED COMPANIES	Percent stake		Change
	12-31-99	12-31-00	
ACS...	20.54	23.85	3.31
Carrefour ...	3.89	3.74	(0.15)
Pryca ...	4.18	0.00	(4.18)
Sogecable ...	11.84	11.33	(0.51)
Vodafone ...	0.00	0.24	0.24
UNLISTED COMPANIES			
Airtel ...	2.7	0.0	(2.7)
Banco Urquijo ...	22.7	22.7	—
Batmap...	0.0	15.2	15.2
Broadnet ...	0.0	3.9	3.9
GDM ...	20.0	0.0	(20.0)
I-Network...	28.8	26.4	(2.4)
March Gestión Fondos ...	0.0	35.0	35.0
March Gestión Pensiones ...	0.0	35.0	35.0
Media Planning Group ...	21.6	21.6	—
MSI ...	0.0	2.2	2.2
Optize ...	0.0	7.1	7.1
Palio ...	17.0	17.0	—
Peoplecall...	0.0	9.0	9.0
Porto Pi ...	26.3	26.3	—
Princes Gate ...	0.0	3.1	3.1
Quavitae ...	20.0	20.0	—
Unipsa ...	82.6	82.6	—
Xfera ...	0.0	7.1	7.1

The decrease in the interest in Carrefour is due to the dilutive effects of the approval of an employee stock option plan. The disposal of the stake in Airtel was the result of the swap of that holding for 0.24% of Vodafone.

SECTORIAL DIVERSIFICATION

Adding other Alba's other assets and liabilities to the securities portfolio, all of them valued according to criteria consistent with those customarily used by analysts, yields the following sectorial breakdown of the company's investment as per the yearend situation and prices for each of the last three years (in %):

	Porcentaje		
	1998	1999	2000
— Distribution and retail... ..	58	59	53
— Telecommunications	10	13	21
— Media	10	20	12
— Construction	12	6	11
— Real estate	5	3	5
— Banking and financial services	3	2	3
— Others (including technologines)	1	1	1
— Net debt	1	-4	-6
	100	100	100

INFORMATION ON HOLDINGS

ACS

The year was highlighted by the company's entry in the telecommunications sector, as part of the diversification and growth sought with the 1999-2001 Strategic Plan. The 20% stake in Xfera, winner of the competitive bid for the fourth UMTS mobile telephony license, and the 20% interest in Broadnet, awarded an LMDS wireless telephony license, marked the beginning of a new stage in which ACS aims to come forward as a leading player in the Spanish telecommunications market.

In relation to the other business areas, the deals pursued by the company have been guided by its goals of achieving leadership in sectors regarded as strategic.

Along these lines, the takeover of Vertresa, after the acquisition of the Onyx Group carried out at the end of 1999, has further strengthened ACS's position amongst the leading Spanish groups in the environmental services business, with revenues of over Ptas 35,400 million.

Similarly, the takeover of the Imes Group and acquisition of a majority holding in Portuguese-based Eyssa Tesis bolster ACS's leadership in lighting and traffic control services.

These acquisitions, coupled with brisk growth in the previously existing businesses, have driven the company's gross revenues up by 26.3% to over Ptas 567,000 million. Particularly noteworthy were the gains in the services area, which expanded 54.2% and now accounts for 51.4% of the group's total sales and 58.3% of its net profit.

This healthy top-line growth, taken together with improved margins, helped lift net profit to Ptas 20,094 million, a full 41.9% higher than the previous year's bottom line. After adjusting for the capital increase carried

out in connection with the takeover of Imes, Vertresa and Venelín, these profit gains translate into a 13.8% increase in earnings per share.

In addition to these major improvements in its earnings figures, ACS also strengthened its financial structure in 2000. The strong cash flow obtained for the year and better management of working capital allowed the company to finance capital expenditure of Ptas 51,330 million while at the same time reducing its net debt by Ptas 18,434 million.

These improvements leave the company with a shareholders' equity figure of Ptas 135,699 million and a debt ratio of only 26%; a good foundation for continuing with the investment program charted in the aforementioned strategic plan.

The order book at December 31 topped one trillion pesetas, the equivalent of 22.8 months at the current pace of production. By areas, the order book gives coverage of 23.4 months of operations in construction and 22.3 months in services.

Key figures

(in millions of pesetas unless otherwise indicated)

	1998	1999	2000
Shareholders' equity	81,191	108,935	135,699
Construction sales	274,617	263,391	279,302
Diversification sales	137,546	191,755	295,765
Gross turnover	409,271	449,186	567,450
Ordinary profit	16,233	20,263	28,749
Net cash flow	16,752	21,128	30,785
Net profit	11,316	14,162	20,094
Dividend per share (Ptas)	60	65	83
Stock market capitalization (at 12/31)	267,656	215,375	267,541

www.grupoacs.com

CARREFOUR

After Carrefour's merger with Promodès was cleared by the European Commission, 2000 was a year of intense activity for the new group, which has focused energies on integrating the two organizations, strengthening its presence in some of the countries where it had only a low level presence, and entering new markets such as Japan.

As part of the post-merger process, during 2000 the logos of the two merger partners were unified, with the Carrefour brand being used for all hypermarkets and Champion for supermarkets. As a result, 210 hypermarkets have adopted the Carrefour logo and 590 supermarkets the Champion flag.

The integration process has gone well although somewhat slower than initially foreseen. Although the problems raised by the unification of logos, formats and logistics in a merger of this magnitude are large, they are on their way to being resolved in the near-term future.

The new Carrefour has taken its place as the leading retail chain in Europe, second worldwide, and number one in terms of international presence.

Attention should also be called to the group's efforts to boost its business in countries where it has a smaller presence by acquiring control of a number of companies which are leaders in their respective markets: GS in Italy, GB in Belgium, Norte in Argentina and Marinopoulos in Greece.

Carrefour's continued expansion into new markets was highlighted by the opening of its first store in Japan, the world's second largest market in terms of purchasing power. This initiative makes Carrefour the first group of its kind to enter the Japanese market.

In all, Carrefour opened 429 new group-owned stores throughout the world, which, added to those incorporated into the group via acquisitions,

brought the total number of stores at yearend to 5,423, versus 4,448 one year earlier. Including franchisee outlets brings the total number of stores to 9,600 at the close of 2000.

Turning to the key figures for the year, the Carrefour group recorded sales of 64,802 million euros for the year, a 25% increase over the pro forma sales figure for the previous year.

Using the same comparison yardstick, group earnings before interest, tax, depreciation and amortization (EBITDA) rose 37% and earnings before interest and tax (EBIT) climbed 38% higher than the 1999 figure.

These gains lifted the net ordinary profit 20% higher before amortization of goodwill write-offs, or 15% after taking into account the goodwill write-offs.

Key figures

(in millions of euros unless otherwise indicated)

	1998 (1)	1999 (1)	2000
Shareholders' equity	5,350	6,433	7,610
Sales (excluding VAT)... ..	49,427	51,948	64,802
EBITDA (2)	2,826	3,228	4,410
EBIT (3)	1,735	1,979	2,725
Net ordinary profit			
– Before amortization of goodwill	1,029	1,149	1,377
– After amortization of goodwill	887	915	1,050
Net profit	898	898	1,066
Earnings per share (€/share)	1.32	1.31	1.53
Stock market capitalization (at 12/31)	24,984	62,711	47,576
Market cap in trillions of pesetas (at 12/31)...	4.146	10.434	7.916

(1) Pro forma figures

(2) Earnings before interest, tax, depreciation and amortization.

(3) Earnings before interest and tax. Does not include amortization of goodwill.

www.carrefour.com

SOGECABLE

In 2000 Sogecable recorded consolidated revenues of Ptas 146,225 million (878.8 million euros), for a 15% gain over the 1999 figure. A key contributor to these results was the subsidiary Canal Satélite Digital (CSD), with revenues of Ptas 90,865 million (564.1 million euros) for the year, a 28.7% increase over the previous year.

At the end of the year Canal + had 1,758,000 subscribers, practically the same as one year earlier, thereby maintaining its indisputable top spot amongst premium pay-TV channels in Spain. Some 50% of these subscribers are also customers of Canal Satélite Digital, and the other half receive the broadcasts in the analog version.

In a highly competitive setting, marked by the launch of new digital TV formats, Canal Satélite Digital has consolidated its place as the number one company in the satellite pay-TV sector. At yearend 2000 the number of subscribers for this satellite TV option stood at 1,052,000, marking an increase of 239,000 for the year.

The company pursued the same line of programming as in previous years, with heavy emphasis on sports and films. The lineup of sports programs has been strengthened by the addition of broadcasts of events such as the European Champions League games, the UEFA Cup and various golf tournaments.

Canal Satélite Digital added new music and interactive services. Subscriber use of interactive possibilities is developing quickly, as demonstrated by the growing number of credit card transactions carried out using the decoder, the ever greater use of bank services and sales made through the Canal Club virtual store.

In 2001 Sogecable has invested Ptas 8,300 million (49.8 million euros) to acquire a 3.2% equity stake in Canal + Technologies, dedicated to the development, production and distribution of conditional access systems and interactive software for digital television systems. Also during the current year, the company purchased a 5% share of a set of rights owned by the Real Madrid football club for a price of Ptas 3,250 million (19.5 million euros).

Sogecable made a consolidated loss of Ptas 1,900 million (11.4 million euros) in 2000, 18% less than the losses recorded in the previous year. Most notably, Canal Satélite Digital continues to reduce its losses, with a loss in 2000 of Ptas 2,659 million (15.9 million euros), cutting 61% off the preceding years' figure, which, in turn, marked a 60% reduction from the loss recorded in 1998.

Key figures

(in millions of pesetas unless otherwise indicated)

	1998	1999	2000
Shareholders' equity	36,315	60,284	58,384
Revenues	98,702	127,080	146,225
Net profit (loss)	(3,656)	(2,321)	(1,900)
Number of subscribers (000s)			
Canal Plus	1,594	1,766	1,758
CSD	599	813	1,052
Penetration rate (1)	14.4%	15.9%	15.9%
Stock market capitalization (at 12/31)	—	1,027,000	339,000

(1) Homes with subscription to Canal Plus as a percentage of total homes in areas reached by the signal.

www.sogecable.es

VODAFONE

At the end of 2000 Alba swapped its stake in Airtel (2.738%) for 156 million shares of Vodafone. This share packet gives Alba a 0.24% interest in the world's leading provider of mobile telephony services, which operates GSM networks in 30 countries and has 83 million customers, 112% more than in March of the previous year. Vodafone has achieved absolute leadership of its industry by pursuing a solid growth strategy based on developing new customers and acquisitions.

Since the beginning of 2000, Vodafone has taken over Mannesmann AG (Germany), taken control of Airtel (73.8%) and acquired holdings in J-Phone (27%, in Japan), in China Mobile (2.2%, Hong Kong), Iusacell (35%, Mexico) and Swisscom Mobile (25%, Switzerland). It has also contributed assets in the US to Verizon Wireless, a joint venture set up with Verizon Communications in which it holds a 45% stake. At the same time, Vodafone has disposed of non-strategic holdings. Overall, it maintains a debt level significantly below that of its main competitors.

These deals have allowed it to achieve a presence in the most important markets and the company will henceforth concentrate on extracting the greatest possible value from its assets. Some of its most important initiatives include unified management of all the networks it operates and the use of the Vodafone brand in all countries.

With the aim of maintaining its leadership in the next generation of mobile telephony (UMTS), Vodafone has obtained licenses to use this technology in Germany, the United Kingdom, Italy, France, Spain, Holland and Japan, all the markets in which it has bid for such licenses. And in contrast to the situation seen at the rest of the other operators, its

financial position has not been weakened by the payments required for these licenses.

A review of Vodafone's fundamentals shows that in the first six months of fiscal 2001 the company boosted its sales by 120% to lift its operating profit (EBIT) 138% higher than the previous year's levels. This robust growth is in large part due to the numerous acquisitions made in the last year. Measured on a like-for-like basis, sales in those six months rose 32% and operating profit 19%.

Key figures (in millions of £ unless otherwise indicated)	3/31/1998- 3/31/1999 (1)	3/31/1999- 3/31/2000 (1)	3/31/2000- 9/30/2000 (1)
Clients (millions)	25.42	39.1	65.5
Shareholders' equity	815	140,833	136,559
Sales	3,360	7,873	7,019
EBITDA (2)	1,261	3,296	n.a.
EBIT (3)	972	2,538	2,420
Net profit			
– Before goodwill and extraordinaries	582	1,276	1,008
– After goodwill and extraordinaries	637	487	(4,662)
Earnings per share (p/share)	3.77	4.71	1.70
Stock market capitalization (millions of £) ...	35,100	214,000	155,000
Stock market capitalization (billions of pesetas)	8.7	59.4	43.2

(1) The Vodafone financial year ends March 31.

(2) Earnings before interest, tax, depreciation and amortization.

(3) Earnings before interest and tax. Does not include goodwill. Includes profits at companies recorded by the equity method.

www.vodafone.co.uk

BANCO URQUIJO

During the year Banco Urquijo strengthened its private banking area with the acquisition of EGA, an investment fund management company that has now been fully integrated into Urquijo Gestión, the launch of 16 specialized investment funds, remodeling of the office network and operating improvements in the on-line banking service.

As part of the development of the internet banking area, the bank's full suite of products and services was incorporated into UrquijoNet, allowing clients to carry out all types of consultations, bank operations, securities trading and mutual fund transactions in real time, along with access to a broad range of financial advising and market information for investors. Banco Urquijo also participates in the Estuweb and Portal Directivos portals.

Also, as a first step in establishing the KBL Group in Latin America, Banco Urquijo opened a branch office in Buenos Aires specialized in private banking and financial advising.

In the last quarter of the year, CDC-Urquijo began operations as the specialist securities custody bank formed with Caisse de Dépôts et Consignations and to which both CDC and Urquijo contributed their custody business in Spain.

Net loans and advances increased 15.9%, while the bad-debt rate was held below 0.4%. Slumping stock markets led to an industry-wide shift of funds from investment funds to bank deposits, driving customer deposits higher by 19.1%.

The 11.7% advance in operating income helped lift net profit by 18% to reach Ptas 4,094 million (24.6 million euros), despite the new

cyclical provisioning requirement mandated by the Bank of Spain.

Key figures

(in millions of pesetas unless otherwise indicated)

	1998	1999	2000
Total assets	609,845	727,095	809,263
Capital	15,398	15,423	15,423
Shareholders' equity	38,812	40,385	42,220
Net profit	2,983	3,471	4,094
Number of offices	57	57	58
Number of employees	1,145	1,130	1,107
Mutual funds and other assets under management	535,244	603,291	591,988

www.bancourquijo.es

MEDIA PLANNING GROUP

For Media Planning Group, 2000 was a year of expansion, integration of companies and development of new projects. The company managed advertising investment of Ptas 1.6 trillion (9,600 million euros). At yearend, the company had 1,978 employees, working in 21 offices in more than 15 markets in Europe, the United States and Latin America.

During the year, Media Planning Group began doing business in Chile, Italy and Poland. And its internet advertising division, Media Contacts, entered the hard-to-penetrate Brazilian market. For 2001 the company plans to open offices in Germany, Belgium and Canada. The start of operations in Poland marks the first step in an upcoming expansion into the countries of Central and Eastern Europe.

Media Contacts achieved strong growth during the year, expanding its workforce from 44 to 125 persons, opening offices in three new markets and broadening its on-line purchasing and planning services to offer interactive marketing consulting services, including strategic consulting, e-commerce distribution and viral marketing. In 2001, Media Contacts aims to develop these services for clients who use new types of interactive platforms such as digital TV, WAP and PDA (personal digital assistants).

Catalyst, the Media Planning Group's strategic marketing arm recently created to handle global clients, is already operating in the United Kingdom, Spain, Portugal, Holland, Mexico, Colombia and Argentina. During the current year, Catalyst plans to branch into France, the United States and the rest of the countries in its target regions.

Arena, the Media Planning Group's second brand providing consulting services for media management and communications strategies, start-

ed its operations last year and is already doing business in Spain, Mexico, France and Portugal.

As already mentioned in this annual report, in 2001 the Spanish shareholders of Media Planning Group reached an agreement to swap their combined 55% holding in the company for shares of Havas Advertising, which thereby obtained 100% control of Media Planning Group. Under this agreement, Alba received a total of 10.7 million shares of Havas Advertising (3.6% of its capital stock) plus Ptas 3,172 million (19.1 million euros) in cash, as well as achieving a presence on the Havas Advertising board of directors.

This deal will be a decisive step forward in Media Planning Group's international expansion plans described above and facilitate the full integration of all of Havas Advertising's advertising agencies in Media Planning Group, with an important presence in the United States, the most important advertising market in the world.

Key figures

(in millions of pesetas unless otherwise indicated)

	1999	2000
Shareholders' equity	34,778	35,559
Gross sales	637,245	714,610
Profit before tax (1)	6,183	7,463
Group share in net profit		
– Before goodwill	3,863	4,570
– After goodwill	3,511	3,168

(1) Does not include amortization of goodwill.

www.mpgsite.com

QUAVITAE

During 2000 Quavitae's activity continued to achieve strong growth in both revenues, which rose 41% to reach Ptas 4,064 million (24.4 million euros), and number of users served, which increased 38%.

Substantial progress was made in developing the private senior citizens homes business with the startup of several projects, most notably the following:

- Purchase of 100% of Sarregui S.L., which will promote the rehabilitation of a building in the city of San Sebastián for use as a senior citizen residence with capacity for 120 residents plus 30 day-users.
- Acquisition of 50% of Azul Centros Residenciales, with an initial project for construction and operation of a residence in Marbella with capacity for 141 persons scheduled to open in April 2001.
- Acquisition of 50% of Serveis Integrals per L'Autonomia (SIASA). This company will initially promote the rehabilitation of a building in downtown Barcelona to be operated as a residence with capacity for 218 residents plus 40 day-users.
- Purchase of a plot with building rights of 35,000 m² in Villajoyosa (Alicante) to develop a residential complex for foreigners.
- Acquisition of land from the Santiago de Compostela municipal government in a competitive tender for construction and operation of a residential center with capacity for 147 residents plus 30 day-users.
- Acquisition of 30% of Bioingeniería Aragonesa, S.L., company dedicated to research and development of technology for senior citizens and the disabled.

In 2001 the company will continue to expand at the brisk pace of recent years, as some of the homes now in the construction stage come into operation, including the centers located in Ariz-Navarra and Marbella.

Key figures

(in millions of pesetas unless otherwise indicated)

	1998	1999	2000
Shareholders' equity	819	1,354	2,638
Turnover	2,163	2,866	3,996
Net cash flow	258	305	351
Net profit	164	161	158

www.quavitae.es

UNIPSA

In 2000 the Unipsa Group brokered insurance premiums worth of Ptas 24,063 million (144.6 million euros), a 30% increase over the figure for the previous year.

Total consolidated revenues reached Ptas 817 million (4.9 million euros) for the year, a gain of 14.3% with respect to the level recorded in 1999.

Consolidated net profit rose to Ptas 329 million (2 million euros) versus the Ptas 243 million (1.5 million euros) obtained in 1999, an advance of 35.4%.

In 2001 Unipsa formed an insurance broker with Centros Comerciales Carrefour, Spain's leading retailer. The joint venture agreement will allow the company to market insurance premiums at the retail chain's shopping centers, giving it access to a broad customer base.

Key figures

(in millions of pesetas unless otherwise indicated)

	1998	1999	2000
Premium volume	15,754	18,442	24,063
Revenues	647	715	817
Profit before tax	274	320	437
Group's share in net profit	200	243	329

www.unipsa.com

XFERA

In March 2000 Xfera obtained one of four licenses to provide third-generation universal mobile telephony services (UMTS) in Spain. In addition to a payment of Ptas 21,755 million (130.7 million euros), the initial terms of the license required fulfillment of certain investment and service-coverage commitments, including a commitment to begin rolling out the service in August 2001 as UMTS equipment and technology became available. In April 2001 the Spanish Ministry of Science and Technology recognized the need for a one-year extension to the deadline for initial provision of UMTS technology service. To make it easier for Xfera to launch its services during 2001, the Spanish government has allowed the operator to use GPRS technology and made a commitment to facilitate the national roaming agreements needed so that Xfera can initially use the networks of other wireless operators.

Since it won the license, Xfera has actively pursued an ambitious investment program and important corporate initiatives. It has begun rolling out its network, contracting two industry leaders, Ericsson and Nortel, to supply the needed equipment. To optimize the level of investments required the company has reached an agreement with Tradia, owner of mobile network base stations, which will reduce the cost of its capital outlays and speed up the rollout considerably.

Key figures

(in millions of pesetas unless otherwise indicated)

2000

Shareholders' equity	50,748
Revenues (capitalized expenses)	10,566
Operating expenses	(4,835)
Net financial expenses	(5,737)
Net loss	(7)
Capital expenditure (license)	21,755

www.xfera.com

OTHER COMPANIES

The following paragraphs review developments at the rest of the companies in the Alba portfolio, most of which belong to the telecommunications and new technologies sector. At the close of the year these companies had a book value of Ptas 5,697 million (34.2 million euros) and accounted for 1% of Alba's net asset value.

BATMAP

Using its own technology, Batmap has developed an interactive map browser on which it places localized information on cities that can be accessed via internet from personal computers and mobile devices, including portable handheld computers and, in the future, from the new generations of mobile phones based on GPRS and UMTS technology.

www.batmap.com

BROADNET

In March 2000 the Broadnet consortium was awarded an LMDS license to provide fixed telephony services via radio in the 26 GHz frequency band. LMDS technology allows telecom operators to offer broadband telecommunications services via radio. This allows quick network rollout with considerable cost savings compared to the investments required by other subscriber-access technologies.

The company will commence operations in the third quarter of 2001 and mainly provide voice and data services to business customers, although it also plans to offer traffic transportation services to other telecom operators.

With the support of its industrial partner, the US telecommunications company Comcast, and Lucent Technologies as equipment supplier, Broadnet has deployed a network composed of 48 base stations that will initially cover the biggest cities in Spain. In addition, it is putting together a staff with deep commercial and technical experience. At the end of April 2001, the company had 69 employees.

Key figures

(in millions of pesetas unless otherwise indicated)

	2000
Shareholders' equity	2,158
Revenues (capitalized expenses)	442
Operating expenses	(474)
Net financial income	17
Net loss	(15)

www.broadnet.net

I-NETWORK

I-Network, whose name at yearend 2000 was Demasiado Holdings, has focused its activities on internet advertising services, its biggest revenue generator and a business in which it has positioned itself as one of the leaders in the Spanish-speaking market.

The company currently manages advertising for more than 200 web sites that draw 220 million page hits per month.

In this context, I-Network discontinued its activities relating to the Demasiado.com portal, focused on virtual communities, and sold the portal to EresMas, subsidiary of the Auna group.

Key figures

(in millions of US\$ unless otherwise indicated)

	1999	2000
Affiliated webs	70	211
Page hits in affiliated webs (millions)	29	197
Number of employees	64	68
Revenues	1,838	5,784
Operating loss	(2,609)	(8,691)
Net loss	(2,545)	(9,689)
Shareholders' equity	7,424	2,921

www.i-network.com

MARCH GESTION DE FONDOS
MARCH GESTION DE PENSIONES

Corporación Financiera Alba teamed up last year with Banca March (Alba with a 35% stake and the bank with 65%) to form two new mutual fund and pension fund management companies, March Gestión de Fondos and March Gestión de Pensiones, with respective share capital of Ptas 600 and 450 million.

These companies began operating in January 2001, assuming the management of 20 SIMCAV mutual funds, 13 investment funds and three pension funds. The initial funds managed by both companies total Ptas 83,000 million (498.8 million euros).

The burgeoning growth in collective investment schemes seen in Spain in recent years, combined with future prospects for further expansion and the economies of scale that exist in the investment management activity, imply major potential for this business in the medium and long term.

MSI (MOBILE SYSTEMS INTERNATIONAL)

MSI operates mobile telephony licenses in 11 African countries: Burkina Faso, the Democratic Republic of the Congo, Congo Brazzaville, Chad, Gabon, Guinea, Malawi, Nigeria, Sierra Leona, Uganda and Zambia. In 2000 it acquired control of Tanzanian operator TTCL for \$120 million (133 million euros) and a significant stake in the Sudanese operator Sudatel for \$30 million (33 million euros). It also owns a 6.5% interest in the Egyptian operator Click GSM. The countries now covered by MSI have made the company the leading pan-African mobile telephony network.

The coverage obligations associated with these licenses are usually very limited, allowing MSI to turn a profit on its investments only a few months after launching the service. Thus, in the last quarter of 2000 it began running a profit, just 24 months after having begun operations.

Key figures

(in millions of US\$ unless otherwise indicated)

	1999	2000
Sales	19	58
EBITDA	(16)	(17)
EBIT	(22)	(34)
Net profit	(2)	(40)
Subscribers	41,000	163,000

www.msi-cellular.com

OPTIZE

In the first half of the year, for an outlay of Ptas 250 million (1.5 million euros), Alba acquired a 7.1% equity stake in Optize, a company dedicated to developing a vertical portal specialized in consulting and purchase of computer equipment and services via internet.

During the whole of 2000 the company marketed more than 45,000 different products on-line—hardware, software, consumables and office automation equipment and materials—as well as offering complementary services such as on-line and on-site technical assistance, along with pre-purchase assistance. Optize also has a personalized customer service for corporate customers and key accounts.

With more than 22,000 registered clients and sales for the year of Ptas 738 million (4.4 million euros), Optize has scaled the top spots of the Spanish ranking of internet sales.

www.optize.es

PALIO

The holding company Palio has continued to pursue an investment policy focused on the technology, telecommunications and retail sectors, with an eye on capturing the synergies that will arise from the convergence of those three areas.

It has significantly increased the weighting of unlisted companies in its portfolio, reducing the investments in high-yield debt instruments and listed companies. Alba has also had the opportunity to participate as a partner with Palio in some of its investments in unlisted companies, such as MSI, whose business is described in the preceding pages.

Shown below are the composition and changes of the Palio investment portfolio:

Investment category	1999	2000
Holdings in listed companies	67.3%	18.4%
Holdings in unlisted companies	4.4%	58.2%
High-yield bonds	2.6%	10.4%
Cash and cash equivalents	25.7%	13.0%
TOTAL	100%	100%

www.palio.ch

PEOPLECALL

Peoplecall began operating in June 2000, offering telephone services at competitive prices, using voice over IP technology. This technology takes advantage of the internet infrastructure to optimize transmission costs.

With Peoplecall users can make calls to any telephone in the world from their personal computer via an internet connection. At present, the company has more than 125,000 users registered for the service with aggregate consumption of 800,000 minutes per month.

Peoplecall also sells pre-paid cards that can be used in any telephone to make national and international calls at a low cost without the need of a personal computer.

The company is also developing new products to allow other companies to manage their customer care services via internet, thereby reducing the cost of such services.

Key figures

(in millions of pesetas unless otherwise indicated)

	2000
Registered users.....	99,200
Calls made	551,000
Minutes of use	2,165,000
Sales	35
EBITDA (1)	(640)
EBIT (2)	(973)
Net profit	(748)

(1) Earnings before interest, tax, depreciation and amortization.

(2) Earnings before interest and tax.

www.peoplecall.com

PRINCES GATE

Princes Gate is a North American fund whose international investors include Morgan Stanley, which also manages the fund. It's projected capital is \$1,625 million (Ptas 300,000 million), of which Alba will contribute \$50 million (Ptas 9,200 million) over the next four years. Princes Gate will invest in unlisted US and European companies.

At yearend 2000, Princes Gate had made investments totaling \$133 million (Ptas 24,500 million), some \$4.3 million (Ptas 783 million) of which were contributed by Alba.

REAL ESTATE ACTIVITIES

Net rental income from properties leases rose to Ptas 1,246 million (7.5 million euros), a 24.1% advance over the 1999 figure. At yearend 2000 the buildings were practically fully occupied.

The buildings mentioned below, acquired in 1999, were leased to third parties and thus generated rental income during the whole of 2000:

- 4,800 m² of offices on Calle Lagasca in Madrid.
- 12,600 m² in a mixed-use building located in Tres Cantos in the province of Madrid.

The main deals involving Alba's real estate holdings during the year were as follows:

- Acquisition of a 720 m² office building on Calle Castelló in Madrid for a total investment of Ptas 560 million (3.4 million euros).
- Sale of the Banco Urquijo headquarters, located on Calle Príncipe de Vergara in Madrid, for Ptas 2,700 million (16.2 million euros).

In 2001, a fully-rented 11,000 m² office building located in the La Florida development in Madrid was acquired for Ptas 3,000 million (18 million euros). Also at the beginning of this year, Alba sold its 26.3% holding in the company Porto Pi, S.A., owner of the Porto Pi shopping mall located in Palma de Mallorca. The sale brought in Ptas 1,500 million (9 million euros), generating a capital gain of Ptas 1,100 million (6.6 million euros).

At present, the Alba real estate portfolio represents a gross investment of Ptas 23,500 million (141.2 million euros) and has an estimated market value of Ptas 31,600 million (189.9 million euros). The portfolio is 85% composed of office buildings and the remaining 15% consists of mixed-use industrial buildings and hotels.

