



Second quarter 2008 results

31 July 2008

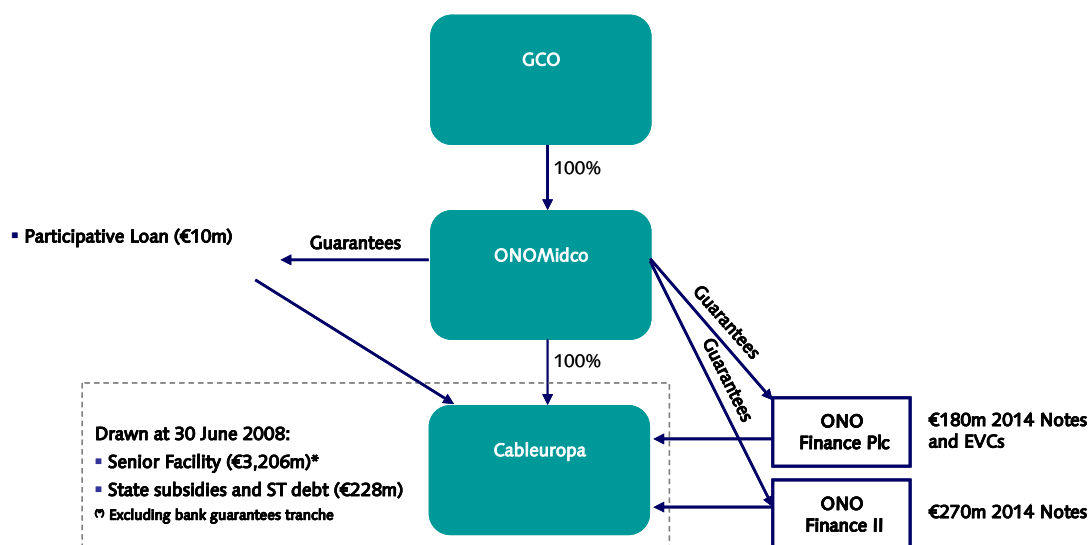


Grupo Corporativo ONO, S.A.

CONTENT

1.	GROUP AND REPORTING STRUCTURE	3
2.	OVERVIEW OF GRUPO CORPORATIVO ONO	4
2.1	Financial highlights	5
2.2	Key financial events	6
2.3	Operating highlights.....	7
3.	GRUPO CORPORATIVO ONO	8
3.1	Condensed Consolidated Financial Statements	8
3.2	Second quarter 2008 results of operations	10
3.3	Notes to the Condensed Consolidated Balance Sheet	18
3.4	Notes to the Condensed Consolidated Cash Flow	22
4.	ONOMidco.....	23
5.	CABLEEUROPA.....	25
5.1	Condensed Consolidated Finalcial Statement.....	25
5.2	Debt and liquidity.....	27
6.	quantitative and qualitative disclosure about market risk.....	28
6.1	Quantitative and qualitative disclosure about market risk	28
6.2	Interest rate sensitivity.....	28
7.	DISCLAIMER.....	29

1. GROUP AND REPORTING STRUCTURE



We are reporting the quarter ended 30 June 2008 consolidated results of Grupo Corporativo ONO, S.A. ("GCO") and its subsidiaries.

The financial information contained in this document has been prepared under Spanish GAAP. This financial information is unaudited and, therefore, is subject to potential future modifications.

On 16 November 2007 the Spanish Government issued a new Spanish GAAP Royal Decree. The new standards take effect from 1 January 2008. We are currently assessing the impact of these new accounting standards on our records and will report under these new standards in due course.

Certain numerical figures included in this document have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

2. OVERVIEW OF GRUPO CORPORATIVO ONO

ONO is the leading alternative provider of telecommunications, broadband Internet and pay television services in Spain and the only cable operator with national coverage. ONO offers its direct access services to 1.9 million residential cable and 70,000 SMEs customers as of 30 June 2008, through its own state of the art networks which gives direct access to 6.9 million homes in franchises which covers the majority of Spain, including the nine largest cities. ONO is the principal competitor to the incumbent telecommunications and pay television operators in Spain. On an annualized basis for the quarter ended 30 June 2008, ONO generated revenues of €1,633 million and EBITDA of €716 million.

Cable franchises



	<i>in thousands</i>
Homes in Spain (*)	17,594
Homes in ONO franchises (*)	14,773
<i>Coverage</i>	<i>84%</i>
Cable homes released to marketing	6,915
<i>Coverage</i>	<i>47%</i>
Residential cable customers	1,889
<i>Cable penetration</i>	<i>27%</i>
SMEs customers	70

(*) Source: INE

Table 1: Capitalisation

As of 30 June 2008	Grupo Corporativo ONO			Cableuropa		
	€m	% of debt	Debt/ EBITDA	€m	% of debt	Debt/ EBITDA
Short-term debt	195	5.0%	0.27x	181	4.6%	0.25x
Senior Facility	3,206	81.5%	4.48x	3,206	82.3%	4.42x
Participative loan	10	0.3%	0.01x	10	0.3%	0.01x
Senior subordinated notes	450	11.4%	0.63x	450	11.6%	0.62x
State subsidies & other	71	1.8%	0.10x	47	1.2%	0.06x
Long-term debt	3,737	95.0%	5.22x	3,713	95.4%	5.12x
Total debt	3,932		5.49x	3,894		5.37x
Cash and cash equivalents	66			64		
Total net debt	3,866		5.39x	3,830		5.28x
EBITDA LQA	716			725		

Note: To avoid any double counting, the caption Senior Facility excludes bank guarantees drawn under Tranche 5 to counter-guarantee debt reported under the caption "State subsidies & other" and "Short-term debt".

2.1 Financial highlights

Table 2: Financial highlights

Data in € million	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
Revenues	408	410	(0.3%)	809	812	(0.3%)
Gross profit	313	294	6.4%	614	579	6.0%
Gross margin	76.7%	71.9%	4.9 pp	75.9%	71.4%	4.5 pp
EBITDA	179	160	11.8%	343	308	11.2%
EBITDA margin	43.8%	39.1%	4.8 pp	42.4%	38.0%	4.4 pp
Total Net debt	3,866	3,590	7.7%	3,866	3,590	7.7%
Capex	(101)	(138)	(27.1%)	(199)	(257)	(22.7%)
Operating FCF	78	22	na	144	51	na
Net result	12	(187)	na	20	(200)	na
Total Net debt / EBITDA (x)	5.39x	5.60x	(0.21x)			
EBITDA LQA	716	640	11.8%			

Table 3: Revenues split

Data in € million	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
Residential direct access	310	295	5.1%	610	581	4.9%
Indirect access	5	9	(44.6%)	12	20	(40.8%)
SMEs	18	18	0.2%	36	39	(6.1%)
Business	44	44	(0.2%)	87	83	4.4%
Wholesale and other	31	43	(28.2%)	64	89	(27.9%)
Total revenues	408	410	(0.3%)	809	812	(0.3%)

2.2 Key financial events

- ONO signs on amendment to €3.6bn senior bank facility

On 31 July 2008, ONO signed an amendment agreement which modifies a number of its financial covenants. ONO received near unanimous approval from its bank group to its proposal to adjust the financial covenant structure in the 2009 and 2010 time frame in the light of a worsening macroeconomic environment.

Aside from amending the existing financial covenants, all of which are detailed below, ONO agreed with the bank syndicate to the reinstatement of a maximum capital expenditure covenant for the years 2008, 2009 and 2010.

Moreover, ONO has negotiated a further extension of the payment terms for the remaining part of the deferred AUNA acquisition consideration. Half of the remaining payment of €143 million has now been deferred to 15 January 2010 from its previous due date of 15 January 2009.

Finally, ONO has agreed that the Equity Value Certificates ("EVCs"), warrant-like instruments that were attached to bonds issued in 1999 and 2001 (and subsequently cancelled), will no longer represent a liability for Cableuropa, S.A.U. The payment obligations for the EVCs, which mature in 2009 and 2011, will be met by the ONO shareholder investment vehicle, Grupo Corporativo ONO, S.A.

Table 4: Total debt to annualized EBITDA

	2008			2009				2010			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Former covenant	6.75x	6.50x	6.25x	6.00x	5.75x	5.50x	5.25x	5.00x	4.75x	4.50x	4.25x
New covenant	6.75x	6.45x	6.20x	6.15x	6.10x	6.05x	5.95x	5.85x	5.75x	5.50x	5.35x

Table 5: Total senior debt to annualized EBITDA

	2008			2009				2010			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Former covenant	5.75x	5.75x	5.50x	5.25x	5.00x	4.75x	4.50x	4.25x	4.00x	3.75x	3.50x
New covenant	5.75x	5.70x	5.45x	5.15x	5.10x	5.05x	4.95x	4.90x	4.75x	4.60x	4.40x

Table 6: Interest cover ratio

	2008			2009				2010			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Former covenant	2.25x	2.25x	2.25x	2.50x	2.75x	2.75x	3.00x	3.00x	3.25x	3.25x	3.50x
New covenant	2.25x	2.25x	2.25x	2.35x	2.40x	2.40x	2.50x	2.50x	2.50x	2.50x	2.50x

Table 7: Maximum capex (YTD) - €m

	2008			2009				2010			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
New covenant	260	360	435	110	210	310	380	100	200	300	360

2.3 Operating highlights

Table 8: Operating highlights

Data in thousand, except if otherwise stated

	30-Jun-08	31-Mar-08	% change	30-Jun-07	% change
Customers:					
Cable	1,889	1,878	0.6%	1,823	3.6%
Other direct access	66	66	(1.2%)	74	(11.0%)
Residential direct access	1,955	1,944	0.5%	1,897	3.1%
Indirect access	83	91	(9.3%)	129	(36.1%)
SMEs	70	69	0.8%	69	1.7%
Other data – Residential Cable:					
Homes released to marketing	6,915	6,850	0.9%	6,551	5.6%
Penetration	27.3%	27.4%	(0.1 pp)	27.8%	(0.5 pp)
ARPU (€)	53.3	52.0	2.5%	52.4	1.7%
RGUs	3,954	3,868	2.2%	3,642	8.6%
RGUs per customer (#)	2.09	2.06	1.6%	2.00	4.8%
Churn	19.4%	19.3%	0.1 pp	20.4%	(1.0 pp)
Net churn	17.5%	17.5%	-	18.7%	(1.2 pp)
Residential cable RGU:					
Telephony	1,631	1,616	0.9%	1,592	2.4%
<i>as % of customers</i>	<i>86.3%</i>	<i>86.1%</i>	<i>0.3 pp</i>	<i>87.3%</i>	<i>(1.0 pp)</i>
Internet	1,272	1,241	2.5%	1,146	10.9%
<i>as % of customers</i>	<i>67.3%</i>	<i>66.1%</i>	<i>1.2 pp</i>	<i>62.9%</i>	<i>4.4 pp</i>
Television	1,052	1,011	4.1%	904	16.4%
<i>as % of customers</i>	<i>55.7%</i>	<i>53.8%</i>	<i>1.9 pp</i>	<i>49.6%</i>	<i>6.1 pp</i>
Residential cable penetration per service:					
Telephony	23.6%	23.6%	(0.0 pp)	24.3%	(0.7 pp)
Internet	18.4%	18.1%	0.3 pp	17.5%	0.9 pp
Television	15.2%	14.8%	0.5 pp	13.8%	1.4 pp
Pay TV share	7.4%	7.2%	0.1 pp	6.9%	0.5 pp

Our residential direct access customer base increased by 3.1%, reaching 1,955,000 as of 30 June 2008. This growth was driven by an increase in residential cable customers due to the continued effort in acquiring new customers through our permanent development of competitive offers.

SMEs customers remained flat, increasing slightly to reach 70,000 customers.

Indirect access customers decreased by 36.1% from June 2007 to June 2008, as expected, due to our focus on increasing the weight of our higher margin direct access business.

ARPU for residential cable services in ONO was €53.3 in the second quarter of 2008 compared to €52.4 in the same period of the previous year as a consequence of the pricing homogenisation process across our customer base and the increase of the proportion of customers taking bundled services from us.

3. GRUPO CORPORATIVO ONO

3.1 Condensed Consolidated Financial Statements

Table 9: Condensed Consolidated Balance Sheet

	Notes	30-Jun-08	31-Mar-08	31-Dec-07
<i>Data in € million</i>				
ASSETS				
Current assets				
Cash		5	2	4
Short-term investments, net	3.3.1	70	11	15
Accounts receivable & other	3.3.2	192	225	209
Total current assets		266	237	228
Fixed assets				
Start-up costs, net	3.3.3	32	29	28
Intangible assets, net	3.3.4	130	131	135
Tangible assets, net	3.3.5	4,540	4,530	4,518
Financial assets, net	3.3.6	1,338	1,341	1,344
Total fixed assets		6,040	6,031	6,025
Deferred expenses, net		26	26	26
Uncalled share capital		29	31	31
TOTAL ASSETS		6,361	6,325	6,310
LIABILITIES AND SHAREHOLDER'S EQUITY				
Current liabilities				
Short term debt	3.3.8	195	192	187
Accrued interest expense		56	35	79
Accounts payable and other	3.3.7	686	784	812
Short-term deferred Auna acquisition payment		143	143	71
Total current liabilities		1,081	1,155	1,149
Long-term debt				
Senior facility	3.3.8	3,206	3,082	2,925
Subordinated facilities	3.3.8	10	10	10
Senior subordinated notes	3.3.8	450	450	450
Other	3.3.8	71	82	79
Total long-term debt		3,737	3,624	3,464
Other long term liabilities	3.3.9	34	34	177
Deferred income		116	116	116
Commitments and contingencies		280	295	310
Minority interests		3	3	3
Shareholders' equity				
Common stock	3.3.10	1,672	1,672	1,672
Share premium	3.3.10	368	368	368
Accumulated deficit	3.3.10	(949)	(949)	(750)
Net profit/(loss) for the period	3.3.10	20	8	(198)
Total shareholders' equity		1,112	1,100	1,092
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,361	6,325	6,310

DISCLAIMER: Please see important disclaimer in section 7 of this document

Table 10: Condensed Consolidated Statements of Operations

Data in € million	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
Revenues	408	410	(0.3%)	809	812	(0.3%)
Cost of services	(95)	(115)	(17.5%)	(195)	(232)	(16.1%)
Opex	(134)	(134)	0.0%	(271)	(271)	0.0%
EBITDA	179	160	11.8%	343	308	11.2%
Deprec. and amortis.	(95)	(85)	11.9%	(187)	(190)	(1.6%)
EBIT / Operating profit	84	75	11.7%	156	118	31.9%
Net financial expense	(62)	(79)	(21.1%)	(123)	(131)	(6.6%)
Net extraordinary expense	(4)	(182)	(97.7%)	(4)	(182)	(98.0%)
EBT / Loss before tax	18	(186)	na	30	(195)	na
Income tax credit	(6)	(1)	na	(9)	(5)	86.7%
Profit/(loss) before minority interests	12	(187)	na	20	(200)	na
Minority interests	(0)	(0)	na	(0)	0	na
Net profit/(loss)	12	(187)	na	20	(200)	na

EBITDA increased in the second quarter of 2008 by €19 million, or 11.8%, compared to the second quarter of 2007, mainly due to the decrease of costs of services by €20 million, or 17.5%, as a consequence of (i) the change in revenue mix, with an increase in the weight of higher margin revenues, and (ii) the improvement in our interconnection and television content costs. EBITDA margin increased to 43.8% in the second quarter of 2008 from 39.1% in the same quarter of the previous year.

Table 11: Condensed Consolidated Cash Flow

Data in € million	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
EBITDA	179	160	11.8%	343	308	11.2%
Capex	(101)	(138)	(27.1%)	(199)	(257)	(22.7%)
OPERATING FREE CASH FLOW	78	22	na	144	51	na
Change in working capital	(65)	(58)	12.8%	(106)	(151)	(29.7%)
Other ⁽¹⁾	(27)	(50)	(45.3%)	(49)	(73)	(33.0%)
FREE CASH FLOW (pre-interest)	(15)	(86)	(83.1%)	(11)	(173)	(93.6%)
Paid interests, net	(38)	(102)	na	(137)	(109)	26.2%
FREE CASH FLOW	(52)	(188)	(72.3%)	(148)	(282)	(47.4%)
FINANCING ACTIVITIES						
Senior facility	124	348	(64.4%)	281	429	(34.5%)
Subordinated facilities	-	(120)	na	-	(120)	na
State subsidies	(10)	(9)	na	(6)	(11)	(49.3%)
Short term credit lines	3	(16)	na	7	(0)	na
Short term investments	(61)	(1)	na	(61)	(1)	na
Other financing items	(1)	(5)	(78.0%)	(1)	(5)	(84.2%)
Deferred Auna acquisition payment	-	-	na	(71)	-	na
FINANCING ACTIVITIES	55	197	(72.0%)	149	292	(48.9%)
NET CASH FLOW	3	9	na	1	10	na
CASH BEGINNING OF PERIOD	2	8	(80.1%)	4	7	(42.5%)
CASH END OF PERIOD	5	17	(72.6%)	5	17	(72.6%)

⁽¹⁾ Includes integration costs, commitments & contingencies, refinancing costs and other one-off items.

3.2 Second quarter 2008 results of operations

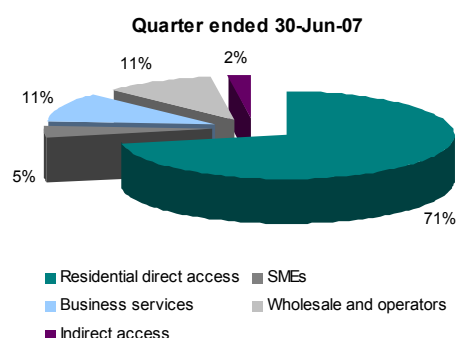
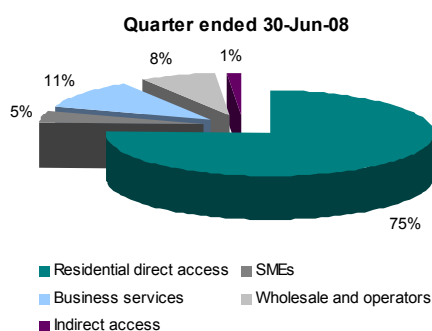
3.2.1. Revenues

ONO's revenues are derived from individual service offerings or a combination of telephony, Internet and pay television services provided to residential direct access customers, indirect access customers, SMEs, business services (which comprise voice and data services and other value added services provided to large corporations and public entities) and wholesale and operators (which principally comprise carrier services, voice traffic services, leased and dedicated lines and ISP solutions, provided to other telecommunications operators and from the provision of intelligent network services) and other services (which principally comprise revenues obtained from third parties by our 100% subsidiary Teuve).

The following table sets forth a detail of ONO's revenues and the percentage change from period to period for each of the periods indicated.

Table 12: Revenue split

	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
<i>Data in € million</i>						
Continuing businesses	372	357	4.2%	733	703	4.3%
Residential direct access	310	295	5.1%	610	581	4.9%
SMEs	18	18	0.2%	36	39	(6.1%)
Business services	44	44	(0.2%)	87	83	4.4%
Partial continuing businesses	31	43	(28.2%)	64	89	(27.9%)
Wholesale and other	31	43	(28.2%)	64	89	(27.9%)
Discontinuing businesses	5	9	(44.6%)	12	20	(40.8%)
Indirect access	5	9	(44.6%)	12	20	(40.8%)
Total revenues	408	410	(0.3%)	809	812	(0.3%)



Revenues decreased in Q2 2008 by 0.3% to €408 million from €410 million in the same quarter of the previous year. This revenue decrease is mainly due to a 44.6% reduction in discontinuing businesses (residential indirect access) revenues, reflecting our focus on direct access business, and to a 28.2% reduction in partial continuing businesses revenues mainly as a consequence of Orange's circuit migration to its own networks. Continuing businesses, our main revenue source, grew by 4.2% contributing 91% to overall revenues in Q2 2008 as compared to 87% in Q2 2007.

3.2.1.1 Continuing businesses

a) Residential direct access

- Cable

Cable services provide us with revenues from monthly fees and initial connection charges from residential bundled and individual services, usage charges from residential telephony services; set top box rental charges; and variable fees for pay-per-view services from cable television services. The following table sets forth information on residential cable services, and the percentage change from period to period:

Table 13: Residential cable services

Data in thousand, except if otherwise stated

	<u>30-Jun-08</u>	<u>31-Mar-08</u>	<u>%change</u>	<u>30-Jun-07</u>	<u>% change</u>
Cable Services:					
HRTM	6,915	6,850	0.9%	6,551	5.6%
Customers	1,889	1,878	0.6%	1,823	3.6%
Penetration	27.3%	27.4%	(0.1 pp)	27.8%	(0.5 pp)
Churn	19.4%	19.3%	0.1 pp	20.4%	(1.0 pp)
Net churn	17.5%	17.5%	-	18.7%	(1.2 pp)
ARPU (in euro)	53.3	52.0	2.5%	52.4	1.7%
Total RGUs	3,954	3,868	2.2%	3,642	8.6%
RGUs per customer	2.09	2.06	1.6%	2.00	4.8%

Total cable customers increased during the last twelve months by 66,000 or 3.6% to 1,889,000. Our penetration ratio decreased slightly to 27.3% as of 30 June 2008 due to the continued deployment of our network. We added 11,180 customers in the second quarter of 2008. The focus on bundled services and the introduction of our television "Esencial" offer pushed the RGUs per customer ratio to 2.09x as at 30 June 2008, from 2.00x as at 30 June 2007.

Churn decreased in the second quarter of 2008 to 19.4%, from 20.4% in the second quarter of 2007. An increased focus on improving the quality of our service as well as retention actions launched in January and proactive loyalty actions launched in February are initiatives implemented in order to improve our churn levels. Nevertheless, the heavy level of promotion based competitive offers in the market and the effect of the integration projects carried out in the second half of 2007 are still affecting our churn rates. Net churn, calculated as churn excluding customers moving from one ONO home to another ONO home is lower, reaching 17.5% in the second quarter of 2008.

- **Telephony**

The following table sets forth certain information with respect to ONO's telephony services and the percentage change from period to period:

Table 14: Telephony services

Data in thousand, except if otherwise stated

	<u>30-Jun-08</u>	<u>31-Mar-08</u>	<u>%change</u>	<u>30-Jun-07</u>	<u>% change</u>
Telephony services:					
Customers	1,631	1,616	0.9%	1,592	2.4%
Proportion of total customers	86.3%	86.1%	0.3 pp	87.3%	(1.0 pp)
Penetration	23.6%	23.6%	(0.0 pp)	24.3%	(0.7 pp)

Telephony customers increased by 39,000 or 2.4% between the second quarter of 2008 and the same quarter of the previous year to reach 1,631,000 as of 30 June 2008. In the second quarter of 2008, we added 14,459 net new telephony customers. Telephony continues to account for the largest portion of our RGUs, with 86.3% of our customers subscribing to this service.

- **Internet**

The following table sets forth certain information with respect to ONO's Internet services and the percentage change from period to period:

Table 15: Internet services

Data in thousand, except if otherwise stated

	<u>30-Jun-08</u>	<u>31-Mar-08</u>	<u>%change</u>	<u>30-Jun-07</u>	<u>% change</u>
Internet services:					
Customers	1,272	1,241	2.5%	1,146	10.9%
Proportion of total customers	67.3%	66.1%	1.2 pp	62.9%	4.4 pp
Penetration	18.4%	18.1%	0.3 pp	17.5%	0.9 pp

Internet customers increased by 125,000 or 10.9% between the second quarter of 2008 and the same quarter of the previous year to reach 1,272,000 as of 30 June 2008. This growth surpasses our total customer adds by 59,026, showing the success of the launch, in August, of the increased broadband speeds (6, 12 and 25 Mbps), the launch, in December, of low entry Internet access services and the cross-selling campaigns carried out during the last twelve months. We added a total of 30,831 net new broadband customers during the second quarter of 2008.

Internet customers as a proportion of total customers increased by 4.4 pp to 67.3% at the end of the second quarter of 2008 from 62.9% in the second quarter of 2007. Our residential Internet penetration increased to 18.4% in the second quarter of 2008 from 17.5% in the same quarter of the previous year.

- **Television**

The following table sets forth certain information with respect to ONO's television services and the percentage change from period to period:

Table 16: Television services

Data in thousand, except if otherwise stated

	<u>30-Jun-08</u>	<u>31-Mar-08</u>	<u>%change</u>	<u>30-Jun-07</u>	<u>% change</u>
Television services:					
Customers	1,052	1,011	4.1%	904	16.4%
Proportion of total customers	55.7%	53.8%	1.9 pp	49.6%	6.1 pp
Penetration	15.2%	14.8%	0.5 pp	13.8%	1.4 pp

Cable television customers increased by 148,000 or 16.4% in the last twelve months to reach 1,052,000 as of 30 June 2008, mainly due to the launch of new television packages in the third quarter of 2007, including a low entry option, "TV Esencial". We added a total of 41,262 net new television customers in the second quarter of 2008.

Cable television customers as a proportion of total customers increased by 6.1 pp in the last twelve months to 55.7% as of 30 June 2008 and the penetration of cable television services over homes released to marketing increased in the last twelve months by 1.4 pp to 15.2%, representing an inflection point in the trend experienced by this RGU in the last years.

At the end of the second quarter of 2008, 91% of our total television customer base enjoyed our digital offering.

- **Other direct access**

Other direct access services include services offered through full unbundling of Telefónica's local loop ("ULL"). These services provide us with revenues from monthly fees from telephony and broadband Internet services and usage charges from telephony services. Our ULL customers decreased by 11.0% in the second quarter of 2008 compared to the second quarter of 2007, as consequence of the closure of 24 switches which overlapped with our cable networks in September 2007. We consider our ULL operations, mainly focused in Madrid and Barcelona, as a complement to our core cable business.

Table 17: Other direct access services

Data in thousand, except if otherwise stated

	<u>30-Jun-08</u>	<u>31-Mar-08</u>	<u>%change</u>	<u>30-Jun-07</u>	<u>% change</u>
ULL Services:					
Customers	66	66	(1.2%)	74	(11.0%)
RGUs	108	108	0.4%	117	(7.5%)
RGUs per customer	1.65	1.62	1.6%	1.59	3.9%

b) SMEs services

Revenues from SMEs services are derived from fees paid by small and medium sized enterprises, for voice and data services, offered individually or as a bundle. We offer SMEs services over cable and over ULL.

The following table sets forth revenues and customers from SMEs services, and the percentage change from period to period:

Table 18: SMEs services

	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
SMEs customers (<i>thousand</i>)	70	69	1.7%	70	69	1.7%
Revenues (<i>€million</i>)	18	18	0.2%	36	39	(6.1%)

ONO's SMEs customers increased 1,000 customers in the second quarter of 2008 from 69,000 to 70,000 customers. SMEs revenues remained stable at €18 million in the second quarter of 2008.

c) Business services

Revenues from business services are derived from customised solutions designed to satisfy the communications needs (voice, internet, data solutions and equipment) of large corporate groups, institutions and central and autonomous Government Agencies, through an integrated range of tailored services.

The following table sets forth revenues from business services, and the percentage change from period to period:

Table 19: Business services

<i>Data in €million</i>	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
Revenues	44	44	(0.2%)	87	83	4.4%

Business revenues remained stable at €44 million in the second quarter of 2008. The clean-up of lower margin business in this division is now substantially over and there is strong focus on achieving high margin revenues following strict profitability analysis criteria.

3.2.1.2 Partial continuing businesses

Wholesale and other

Revenues from wholesale and other are derived from carrier services, voice traffic services, leased and dedicated lines and ISP solutions, provided to other telecommunications operators and from the provision of intelligent network services, as well as other revenues.

Table 20: Wholesale and other

<i>Data in €million</i>	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
Revenues	31	43	(28.2%)	64	89	(27.9%)

Revenues from wholesale and other decreased by 28.2%, from €43 million for the second quarter of 2007 to €31 million for the second quarter of 2008. This reduction is mainly due to the migration of circuits away from ONO by Orange to its own networks and from additional non-margin tariff services. This loss of revenue is in line with our expectations and will continue.

In addition, there are a number of contracts within this business division which are not considered strategic as they produce low margin revenues. We anticipate further reductions in revenues as a result of our focus on margin.

This caption also includes revenues from other services such as revenues obtained from third parties by our 100% affiliate Teuve (television content aggregator) and from personal communication services. Revenues from other services increased from €3 million on the second quarter of 2007 to €8 million on the second quarter of 2008 mainly due to the collection of €7 million of extraordinary and non-recurrent revenues.

3.2.2. Cost of services and gross profit

The following table sets forth ONO's gross profit and the percentage change for the periods indicated:

Table 21: Cost of services and Gross Profit

<i>Data in € million</i>	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
Total revenues	408	410	(0.3%)	809	812	(0.3%)
Cost of services	(95)	(115)	(17.5%)	(195)	(232)	(16.1%)
Gross profit	313	294	6.4%	614	579	6.0%
Gross margin	76.7%	71.9%	4.9 pp	75.9%	71.4%	4.5 pp

Cost of services principally consists of interconnection and backbone network costs for telecommunication services, Internet connectivity costs, circuit rental expenses and programming costs for cable television services.

Interconnection costs for telephony services are generated by calls made by our customers that terminate outside our network. Internet connectivity costs mainly consist of fees for the bandwidth used for our Internet transit outside of Spain. Cable television programming fees consist primarily of fees paid to television content owners to distribute their cable television content and fees paid to distribute movies and football on a pay-per-view basis.

Our cost of services decreased by €20 million from the quarter ended 30 June 2007 to the quarter ended 30 June 2008. As a percentage of total revenues, our cost of services decreased to 23.3% for the three months ended 30 June 2008 from 28.1% for the three months ended 30 June 2007 and gross margin increased by 4.9 pp to 76.7% in the second quarter of 2008. This reduction in direct costs is related to (i) our focus on higher margin revenue streams and to the change in revenue mix, increasing the weight of direct access revenues, and (ii) to improved interconnection and television content costs.

3.2.3. Operating expenses

The following table sets forth ONO's operating expenses and the percentage change from period to period for each of the periods indicated:

Table 22: Operating expenses

Data in € million	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
Gross Opex	(154)	(151)	1.9%	(312)	(307)	1.4%
Capitalised Costs	20	17	17.1%	40	36	11.7%
Net Opex	(134)	(134)	-	(271)	(271)	-
% of revenues	32.9%	32.8%	0.1 pp	33.5%	33.4%	0.1 pp

Gross operating expenses consist principally of expenses related to wages and salaries and other operating expenses, including professional services, marketing and selling expenses, network operation and maintenance, information systems, administrative overhead and billing costs. Capitalised costs relate to, *inter alia*, direct labour costs associated with the development and construction of our network and the installations carried out at our customer premises.

Net opex remained stable at €134 million in the second quarter of 2008 compared to the second quarter of 2007. Net Opex as percentage of revenues increased slightly by 0.1 pp from 32.8% in the second quarter of 2007 to 32.9% in the second quarter of 2008 mainly due to the increasing size of our operations.

The increased level of capitalised costs is due to the accounting treatment accorded to our MVNO operation in its start-up phase.

3.2.4. Depreciation and Amortization

The following table sets forth our depreciation and amortisation and the percentage change for each of the periods indicated:

Table 23: Depreciation and amortization

Data in € million	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
Depreciation and amortization	(95)	(85)	11.9%	(187)	(190)	(1.6%)

Depreciation and amortisation is related to the depreciation of our network, customer premise equipment and installation costs incurred in connection with the addition of new subscribers, and to the amortization of intangible assets and start-up costs. The increase quarter on quarter is due to the additional capital expenditure carried out over the last twelve months.

3.2.5. Net financial expense

The following table sets forth ONO's net financial expense and the percentage change for each of the periods indicated:

Table 24: Net financial expense

<i>Data in € million</i>	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
Net financial expense	(62)	(79)	(21.1%)	(123)	(131)	(6.6%)

Our net financial expense is mainly comprised of interest expense from our financing agreements. Net financial expense decreased by 21.1% in the second quarter of 2008 compared to the same quarter of the previous year due to the cost incurred in the closing of our refinancing in June 2007, partially compensated by our continued drawings under the Senior Facility during the second quarter of the year and the increased volume of debt as compared to the second quarter of 2007, coupled with an increase in Euribor.

3.2.6. Other income and expense

The following table sets forth ONO's other income and expenses and the percentage change from period to period for each of the periods indicated:

Table 25: Other income and expense

<i>Data in € million</i>	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
Net extraordinary expense	(4)	(182)	(97.7%)	(4)	(182)	(98.0%)
Income tax	(6)	(1)	na	(9)	(5)	86.7%

3.3 Notes to the Condensed Consolidated Balance Sheet

3.3.1. Short term investments

Table 26: Short term investments, net

<i>Data in €million</i>	<u>30-Jun-08</u>	<u>31-Mar-08</u>	<u>31-Dec-07</u>	<u>% change</u>
Investment in non consolidated companies	2	2	2	-
Fixed interest securities	62	1	-	na
Other short term investments	9	10	14	(40.2%)
Provisions	(2)	(2)	(2)	-
Short term investments, net	70	11	15	na

3.3.2. Accounts receivable

Table 27: Accounts receivable, net

<i>Data in €million</i>	<u>30-Jun-08</u>	<u>31-Mar-08</u>	<u>31-Dec-07</u>	<u>% change</u>
Receivables from related parties	1	-	-	35.0%
Trade accounts receivable and other debtors	156	180	175	(10.7%)
Tax receivables	4	10	1	na
Other receivable	31	36	33	(6.8%)
Accounts receivable, net	192	225	209	(8.4%)

3.3.3. Start-up costs

Table 28: Start-up costs

<i>Data in €million</i>	<u>31-Dec-07</u>	<u>Additions</u>	<u>Transfers</u>	<u>Amortisation</u>	<u>30-Jun-08</u>
Start-up costs, net	18	9	-	(3)	25
Stock issuance costs, net	9	-	-	(2)	8
Total start-up costs	28	9	-	(4)	32

3.3.4. Intangible assets

Table 29: Intangible assets, net

<i>Data in €million</i>	<u>31-Dec-07</u>	<u>Additions</u>	<u>Disposals</u>	<u>30-Jun-08</u>
Licensed assets	62	4	-	66
Franchise acquisition costs	13	-	-	13
Computer software	128	6	(0)	134
Finance leases	42	-	-	42
Other intangible fixed assets	3	-	-	3
Total cost	246	10	(0)	256
Accumulated amortization	(111)	(15)	-	(126)
Intangible assets, net	135	(4)	(0)	130

3.3.5. Tangible assets

Table 30: Tangible assets, net

<i>Data in €million</i>	<u>31-Dec-07</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>30-Jun-08</u>
Land and natural assets	17	-	-	-	17
Network and technical equipment	6,102	78	-	118	6,298
Computer hardware	188	1	(1)	2	189
Other tangible fixed assets	76	1	-	-	77
Total operating tangible fixed assets	6,382	80	(1)	120	6,581
Payments on account and assets in course of construction	97	107	(1)	(118)	85
Total cost	6,478	187	(3)	2	6,665
Accumulated amortization	(1,885)	(168)	1	-	(2,051)
Provisions	(75)	-	1	-	(74)
Tangible assets, net	4,518	20	-	2	4,540

3.3.6. Financial assets

Table 31: Financial assets

<i>Data in €million</i>	<u>30-Jun-08</u>	<u>31-Mar-08</u>	<u>31-Dec-07</u>	<u>% change</u>
Tax credit and deferred tax	1,261	1,266	1,270	(0.7%)
Other financial assets (*)	89	86	86	3.0%
Shareholdings in unconsolidated Group Companies	4	4	4	-
Provisions	(15)	(15)	(15)	-
Financial assets	1,338	1,341	1,344	(0.5%)

(*) This caption includes the EVCs bought by GCO. Currently GCO owns approximately 84% of the total EVCs issued by ONO Finance in 1999 and 2001. This liability sits in the "Other long term liabilities" (see 3.3.9 below) item of Cableuropa's balance sheet. The value of the EVCs is based on the price paid in the purchases made by GCO.

3.3.7. Account payable

Table 32: Accounts payable

<i>Data in €million</i>	<u>30-Jun-08</u>	<u>31-Mar-08</u>	<u>31-Dec-07</u>	<u>% change</u>
Commercial suppliers	362	392	399	(9.1%)
Taxes payable	8	14	11	(25.3%)
Fixed asset suppliers	237	301	327	(27.4%)
Other	78	78	76	3.4%
Accounts payable	686	784	812	(15.5%)

3.3.8. Debt and liquidity

Table 33: Debt and liquidity

As of 30 June 2008. Data in €million

	Maximum available	Short term debt	Long term debt	Total debt	Availability
Type of debt					
Debt with credit entities:					
Senior facility	3,500	-	3,206	3,206	294
Subordinated facility	-	-	-	-	-
Participative loan	10	-	10	10	-
Other credit facilities	212	180	30	210	2
Total debt with credit entities	3,722	180	3,246	3,426	296
Other debt:					
Senior subordinated notes	450	-	450	450	-
State subsidies and other	55	15	40	55	-
Total other debt	505	15	490	505	-
Total debt	4,227	195	3,737	3,932	296
Cash and cash equivalents				66	
Total net debt				3,866	
EBITDA LQA				716	
Total net debt/EBITDA				5.39x	

Note: To avoid any double counting, the caption Senior Facility excludes bank guarantees drawn under Tranche S, mainly to counter-guarantee debt reported under the caption "State subsidies and other".

Table 34: Debt by maturity

Data in €million

	Maturity						Total
	2008	2009	2010	2011	2012	Thereafter	
Type of debt							
Debt with credit entities:							
Senior facility	-	33	380	545	893	1,356	3,206
Participative Loan	-	-	-	-	-	10	10
Other credit facilities	38	143	26	1	1	1	210
Total debt with credit entities	38	176	405	546	893	1,367	3,426
Other debt:							
Senior subordinated notes	-	-	-	-	-	450	450
State subsidies and other	6	15	13	10	8	3	55
Total other debt	6	15	13	10	8	453	505
Total	44	191	418	557	902	1,820	3,932

For further details on our main financing arrangements, please see our Investor Relations website.

3.3.9. Other long term liabilities

Table 35: Other long term liabilities

<i>Data in €million</i>	<u>30-Jun-08</u>	<u>31-Mar-08</u>	<u>31-Dec-07</u>	<u>% change</u>
Deferred Auna Acquisition payment (*)	-	-	143	na
EVCs and other	33	33	33	-
Other	1	1	1	(20.0%)
Other long term liabilities	34	34	177	(81.0%)

(*) As of 30 June 2008 this liability is backed as "current liabilities" in the balance sheet as at 30 June, 2008, this liability matures in January 2009. See "Financial Highlights" for recent developments affecting this caption.

3.3.10. Shareholders' equity

Table 36: Shareholders' equity

<i>Data in €million</i>	<u>Common stock</u>	<u>Share premium</u>	<u>Accumulated deficit</u>	<u>Net loss</u>	<u>Total</u>
Balance 31 December 2007	1,672	368	(750)	(198)	1,092
Previous year result distribution	-	-	(198)	198	-
Net loss for the three months ended 30 June 08	-	-	-	20	20
Balance 30 June 2008	1,672	368	(949)	20	1,112

3.4 Notes to the Condensed Consolidated Cash Flow

3.4.1. Capex

Our capital expenditure ("Capex") is principally related to network build-out, set-top box purchases, installations, network upgrades, computer hardware/software and investments necessary for the integration of Auna.

Table 37: Capital expenditure

<i>Data in € million</i>	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
Capital expenditures	(101)	(138)	(27.1%)	(199)	(257)	(22.7%)

Capital expenditure decreased by 27.1% to €101 million in the second quarter of 2008 from €138 million in the second quarter of 2007 due to the lower level of investment in network deployment as part of our decision to preserve liquidity given the financial market and economic environment conditions.

3.4.2. Working Capital variation

The change in working capital includes the variation of the captions "accounts payable and other" and "accounts receivable and other". The negative trend of this caption in the quarter relates to the decrease in accounts payable as a consequence of the decreased capital expenditures as in the last quarters. The working capital variation excludes the effect of the classification to short term of the deferred Auna acquisition payment.

4. ONOMIDCO

Table 38: Condensed Consolidated Balance Sheet (ONOMidco)

<i>Data in € million</i>	<u>30-Jun-08</u>	<u>31-Mar-08</u>	<u>31-Dec-07</u>
ASSETS			
Current assets			
Cash	2	2	4
Short-term investments, net	74	14	14
Accounts receivable and other	208	238	220
Total current assets	284	254	238
Fixed assets			
Start-up costs, net	26	22	20
Intangible assets, net	130	131	135
Tangible assets, net	4,540	4,530	4,518
Financial assets, net	1,273	1,279	1,283
Total fixed assets	5,969	5,962	5,956
Deferred expenses, net	41	42	43
TOTAL ASSETS	6,294	6,258	6,237
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short term debt	181	181	173
Accrued interest expense	56	35	78
Accounts payable and other	719	817	844
Short-term deferred Auna acquisition payment	143	143	71
Total current liabilities	1,100	1,176	1,166
Long-term debt			
Senior facility	3,206	3,082	2,925
Subordinated facilities	10	10	10
Senior subordinated notes	450	450	450
Other	47	56	53
Total long-term debt	3,713	3,598	3,438
Other long term liabilities	34	34	177
Deferred income	116	116	116
Commitments and contingencies	280	294	310
Minority interests	7	6	6
Participative loan	955	955	955
Shareholders' equity			
Common stock	263	263	263
Share premium	24	24	24
Accumulated deficit	(217)	(217)	(11)
Net profit/(loss) for the period	22	9	(206)
Total shareholders' equity	92	79	70
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,294	6,258	6,237

DISCLAIMER: Please see important disclaimer in section 7 of this document

Table 39: Condensed Consolidated Statement of Operations (ONOMidco)

Data in € million	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
Revenues	408	410	(0.3%)	809	812	(0.3%)
Cost of services	(95)	(115)	(17.5%)	(195)	(232)	(16.1%)
Opex	(132)	(133)	(0.5%)	(268)	(267)	0.1%
EBITDA	181	162	12.1%	347	312	11.0%
Deprec. and amortiz.	(94)	(84)	12.0%	(185)	(188)	(1.6%)
EBIT / Operating profit	87	78	12.2%	161	124	30.3%
Net financial expense	(63)	(80)	(20.7%)	(125)	(133)	(6.2%)
Net extraordinary expense	(4)	(182)	na	(4)	(182)	(98.0%)
EBT / Loss before tax	20	(184)	na	33	(191)	na
Income tax credit	(6)	(1)	na	(10)	(5)	na
Profit/(loss) before minority interests	14	(185)	na	23	(196)	na
Minority interests	(1)	(0)	na	(1)	(0)	na
Net profit/(loss)	13	(186)	na	22	(196)	na

Table 40: Condensed Consolidated Cash Flow (ONOMidco)

Data in € million	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
EBITDA	181	162	12.1%	347	312	11.0%
Capex	(101)	(138)	(27.1%)	(199)	(257)	(22.7%)
OPERATING FREE CASH FLOW	80	23	na	148	55	na
Change in working capital	(68)	(56)	22.4%	(110)	(160)	(31.1%)
Other ⁽¹⁾	(27)	(49)	(43.8%)	(49)	(70)	(30.8%)
FREE CASH FLOW (pre-interest)	(15)	(81)	(81.4%)	(11)	(175)	(93.6%)
Paid interests, net	(37)	(101)	na	(136)	(108)	na
FREE CASH FLOW	(52)	(182)	(71.4%)	(147)	(284)	(48.0%)
FINANCING ACTIVITIES						
Senior facility	124	348	(64.4%)	281	429	(34.5%)
Subordinated facilities	-	(120)	na	-	(120)	na
State subsidies	(10)	(9)	na	(6)	(11)	na
Short term credit lines	(1)	(26)	(97.6%)	6	(2)	na
Short term investments	(61)	(1)	na	(65)	(1)	na
Other financing items	1	(1)	na	1	(2)	na
Deferred Auna acquisition payment	-	-	na	(71)	-	na
FINANCING ACTIVITIES	53	192	(72.4%)	146	294	(50.3%)
NET CASH FLOW	1	9	na	(1)	10	na
CASH BEGINNING OF PERIOD	2	8	(80.2%)	4	7	(44.1%)
CASH END OF PERIOD	2	17	(85.7%)	2	17	(86.0%)

⁽¹⁾ Includes integration costs, commitment & contingencies and other one-off items

In this section, we are reporting the second quarter of 2008 condensing consolidated financial statements of ONOMidco, S.A.U. and its subsidiaries. For a detailed analysis of the trends followed in the periods indicated, please see information on GCO in section 3 of this document.

DISCLAIMER: Please see important disclaimer in section 7 of this document

5. CABLEUROPA

5.1 Condensed Consolidated Financial Statement

Table 41: Condensed Consolidated Balance Sheet (Cableuropa)

<i>Data in € million</i>	<u>30-Jun-08</u>	<u>31-Mar-08</u>	<u>31-Dec-07</u>
ASSETS			
Current assets			
Cash	2	2	4
Short-term investments, net	74	14	14
Accounts receivable and other	208	238	220
Total current assets	284	254	238
Fixed assets			
Start-up costs, net	25	22	20
Intangible assets, net	130	131	135
Tangible assets, net	4,540	4,530	4,518
Financial assets, net	1,273	1,279	1,283
Total fixed assets	5,969	5,962	5,956
Goodwill on consolidation			
Deferred expenses, net	41	42	43
TOTAL ASSETS	6,294	6,258	6,237
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short term debt	181	181	173
Accrued interest expense	56	35	78
Accounts payable and other	719	817	843
Short-term deferred Auna acquisition payment	143	143	71
Total current liabilities	1,099	1,176	1,166
Long-term debt			
Senior facility	3,206	3,082	2,925
Subordinated facilities	10	10	10
Senior subordinated notes	450	450	450
Other	47	56	53
Total long-term debt	3,713	3,598	3,438
Other long term liabilities	34	34	177
Deferred income	116	116	116
Commitments and contingencies	280	294	310
Minority interests	7	6	6
Participative loan	955	955	955
Shareholders' equity			
Common stock	263	263	263
Share premium	1,637	1,637	1,637
Accumulated deficit	(1,830)	(1,830)	(1,624)
Net profit/(loss) for the period	22	9	(206)
Total shareholders' equity	92	79	70
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,294	6,258	6,237

DISCLAIMER: Please see important disclaimer in section 7 of this document

Table 42: Condensed Consolidated Statement of Operations (Cableuropa)

Data in € million	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
Revenues	408	410	(0.3%)	809	812	(0.3%)
Cost of services	(95)	(115)	(17.5%)	(195)	(232)	(16.1%)
Opex	(132)	(133)	(0.4%)	(268)	(267)	0.2%
EBITDA	181	162	12.1%	346	312	11.0%
Deprec. and amortiz.	(94)	(84)	12.0%	(185)	(188)	(1.6%)
EBIT / Operating profit	87	78	12.2%	161	124	30.1%
Net financial expense	(63)	(80)	(20.7%)	(125)	(133)	(6.2%)
Net extraordinary expense	(4)	(182)	na	(4)	(182)	(98.0%)
EBT / Loss before tax	20	(184)	na	33	(191)	na
Income tax credit	(6)	(1)	351.1%	(10)	(5)	na
Profit/(loss) before minority interests	14	(185)	na	23	(196)	na
Minority interests	(1)	(0)	na	(1)	(0)	na
Net profit/(loss)	13	(186)	na	22	(196)	na

Table 43: Condensed Consolidated Cash Flow (Cableuropa)

Data in € million	Quarter ended			Six months ended		
	30-Jun-08	30-Jun-07	% change	30-Jun-08	30-Jun-07	% change
EBITDA	181	162	12.1%	346	312	11.0%
Capex	(101)	(138)	(27.1%)	(199)	(257)	(22.7%)
OPERATING FREE CASH FLOW	80	23	na	148	55	na
Change in working capital	(68)	(56)	22.4%	(110)	(160)	(31.1%)
Other ⁽¹⁾	(27)	(49)	(43.8%)	(49)	(70)	(30.8%)
FREE CASH FLOW (pre-interest)	(15)	(81)	(81.4%)	(11)	(175)	(93.6%)
Paid interests, net	(37)	(101)	(63.5%)	(136)	(108)	25.8%
FREE CASH FLOW	(52)	(182)	(71.4%)	(147)	(284)	(48.0%)
FINANCING ACTIVITIES						
Senior facility	124	348	(64.4%)	281	429	(34.5%)
Subordinated facilities	-	(120)	na	-	(120)	na
State subsidies	(10)	(9)	na	(6)	(11)	na
Short term credit lines	(1)	(26)	(97.6%)	6	(2)	na
Short term investments	(61)	(1)	na	(65)	(1)	na
Other financing items	1	(1)	na	1	(2)	na
Deferred Auna acquisition payment	-	-	na	(71)	-	na
FINANCING ACTIVITIES	53	192	(72.4%)	146	294	(50.3%)
NET CASH FLOW	1	9	na	(1)	10	na
CASH BEGINNING OF PERIOD	2	8	(80.1%)	4	7	(41.1%)
CASH END OF PERIOD	2	17	(85.7%)	2	17	(85.7%)

⁽¹⁾ Includes integration costs, commitment & contingencies and other one-off items

DISCLAIMER: Please see important disclaimer in section 7 of this document

5.2 Debt and liquidity

Table 44: Debt and Liquidity (Cableuropa)

As of 30 June 2008.
Data in €million

Type of debt	Maximum available	Short term debt	Long term debt	Total debt	Availability
Debt with credit entities:					
Senior facility	3,500	-	3,206	3,206	294
Participative loan	0	-	0	0	-
Other credit facilities	174	166	6	172	2
Total debt with credit entities	3,684	166	3,222	3,388	296
Other debt:					
Senior subordinated notes	450	-	450	450	-
State subsidies and other	55	15	40	55	-
Total other debt	505	15	490	505	-
Total debt	4,190	181	3,713	3,894	296
Cash and cash equivalents				64	
Total net debt				3,830	
EBITDA LQA				725	
Total net debt/EBITDA				5.28x	

Note: To avoid any double counting, the caption Senior Facility excludes bank guarantees drawn under Tranche S to counter guarantee debt reported under the caption "State subsidies and other".

Table 45: Debt by maturity

As of 30 June 2008.
Data in €million

Type of debt	Maturity						Total
	2008	2009	2010	2011	2012	Thereafter	
Debt with credit entities:							
Senior facility	-	33	380	545	893	1,356	3,206
Participative Loan	-	-	-	-	-	10	10
Other credit facilities	36	131	2	1	1	1	172
Total debt with credit entities	36	164	381	546	893	1,367	3,388
Other debt:							
Senior subordinated notes	-	-	-	-	-	450	450
State subsidies and other	6	15	13	10	8	3	55
Total other debt	6	15	13	10	8	453	505
Total	42	179	394	557	902	1,820	3,894

In this section, we are reporting the second quarter of 2008 Condensed Consolidated Financial Statements of Cableuropa, S.A.U. and its subsidiaries. For a detailed analysis of the trends followed in the periods indicated, please see information on GCO in section 3 of this document.

6. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

6.1 Quantitative and qualitative disclosure about market risk

Market risk represents the risk of changes in the value of financial instruments, derivative or non-derivative, caused by fluctuations in interest rates.

It is our treasury policy to monitor and manage exposure to variable interest rate risk by managing the amount of our outstanding variable interest bearing debt. In order to reduce such interest rate risk, and as market conditions warrant, we may vary our position on interest rate hedging transactions and may purchase or trade the Notes or other financial debt from time to time in privately negotiated or open market transactions using funds available to us.

6.2 Interest rate sensitivity

Borrowings under our €3,600 million Senior Bank Facility (other than those relating to Bank Guarantees) bear interest at a floating rate determined by reference to EURIBOR plus a margin, which currently ranges from 1.75% to 2.25% depending on the tranche.

Borrowings under our €10 million Participative Loan bear interest at a floating rate determined by reference to EURIBOR plus a margin, which currently is 2.75%.

In addition, our other outstanding debt with credit entities usually bear interest at EURIBOR plus a margin.

Accordingly, as at 30 June 2008 we had long term variable interest rate debt outstanding of €3,216 million and exposure to risk due to fluctuations of interest rates.

We have contracted a series of interest rate swaps to lock into low levels of EURIBOR. To date, we have covered €2,565 million, 80% of the total drawn amount under the aforementioned facilities, hedging our exposure up to July 2010 for €2,065 million and up to January 2011 for €500 million. Moreover, in January 2008 we executed a basis swap on €2,382 million up to January 2009.

The table below shows our variable interest long-term debt main agreements as of 30 June 2008:

Table 46: Variable interest long term debt

<i>Data in €million</i>	Expected maturity date						Total
	2008	2009	2010	2011	2012	Thereafter	
Senior Bank Facility (Euribor + 1.75%-2.25%)	-	33	380	545	893	1,356	3,206
Participative Loan (Euribor + 2.75%)	-	-	-	-	-	10	10
Total	-	33	380	545	893	1,366	3,216

7. DISCLAIMER

The Projections, defined as all data and comments in this release with regards to full year 2008 or to subsequent years, contain forward-looking statements (any statement other than those made solely with respect to historical facts) based upon management's beliefs, as well as assumptions made by and data currently available to management. This information has been, or in the future may be, included in reliance on the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on a variety of assumptions that may not be realized and are subject to significant business, economic, judicial and competitive risks and uncertainties, including those set forth above, many of which are beyond ONO's ("the Company") control. The Company's actual operations, financial condition, cash flows or operating results may differ materially from those expressed or implied by any such forward-looking statements and the Company undertakes no obligation to update or revise any such forward-looking statements.

The Projections set forth above are based on certain estimates with respect to the Company's liquidity, capital resources and results of operations for the full year 2008 and are subject to a number of risks and uncertainties including, but not limited to, the following: the ability of the Company to continue as a going concern; the ability of the Company and its subsidiaries to operate pursuant to the terms of their existing credit facilities and arrangements; the ability to fund, develop and execute the Company's business plan; competitive pressures from other companies in the same or similar lines of business as the Company; trends in the economy as a whole which may affect subscriber confidence and demand for the goods and services supplied by the Company; the ability of the Company to predict consumer demand as a whole, as well as demand for specific goods and services; the acceptance and continued use by subscribers and potential subscribers of the Company's services; changes in technology and competition; the Company's ability to achieve expected operational efficiencies and economies of scale and its ability to generate expected revenue and achieve assumed margins; the ability of the Company to attract, retain and compensate key executives and other personnel; the ability of the Company to maintain existing arrangements and / or enter into new arrangements with third party providers and contract partners; potential adverse publicity; as well as other factors detailed from time to time in the Company's public reports. Given these and other uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements contained in the Projections.

The financial information contained in this document has been prepared under Spanish GAAP. This financial information is unaudited and, therefore, is subject to potential future modifications.

Additionally, on 16 November 2007 the Spanish Government issued a new Spanish GAAP Royal Decree. The new standards take effect from 1 January 2008. We are currently assessing the impact of these new accounting standards on our records and will report under these new standards in due course.



FURTHER INFORMATION

Investor Relations

E-mail: investor.relations@ono.es

Website: www.ono.es – Investor Relations

