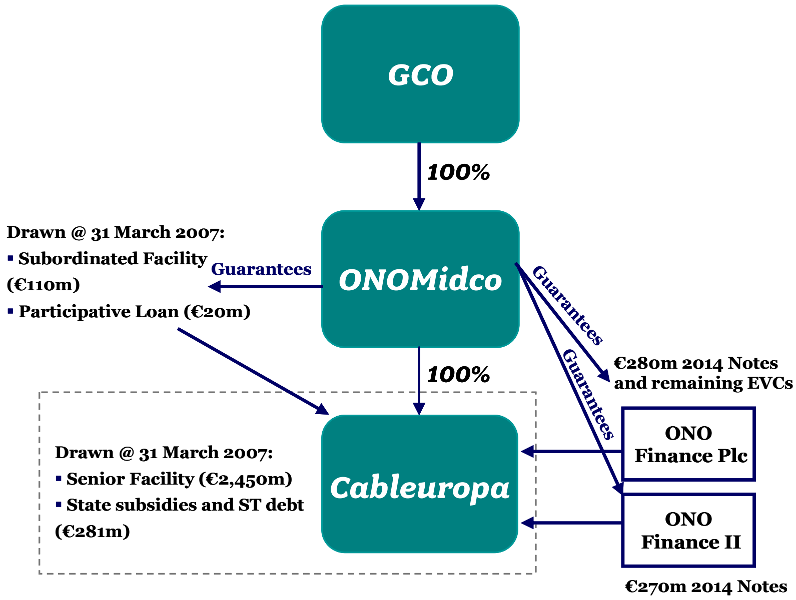
First quarter 2007 results

29 May 2007

Grupo Corporativo ONO, S.A.
Investor Relations

CONTENT

1. GROUP AND REPORTING STRUCTURE



We are reporting the quarter ended 31 March 2007 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.

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.

Corporate structure reorganization

After the closing of the Auna Acquisition on 4 November 2005, we have carried out the following corporate structure reorganization:

- On 3 May 2006, we incorporated an intermediate holding company between GCO and Cableuropa, S.A.U. ("Old Cableuropa") called ONOMidco, S.A.U. ("ONOMidco"). ONOMidco is 100% owned by GCO and owns 100% of the shares of Cableuropa. In accordance with the terms of our subordinated facilities and with the indentures for the 10.5% Notes due 2014, the Floating Rate Notes due 2014 and the 8% Notes due 2014, ONOMidco guarantees our Senior Subordinated Notes and our subordinated facilities.

- During 2006, our Board of Directors approved the corporate merger between Cableuropa and Auna. For economic and financial efficiency reasons, the merger was executed as a reverse merger and, accordingly, Auna absorbed Cableuropa (the "Old Cableuropa"). We believe that this merger simplifies the management of the ONO Group and reduces costs. The reverse merger was completed on 2 October 2006, with accounting effect from 1 January 2006.

- On 7 November 2006, we changed the corporate name of the surviving entity of the reverse merger between Auna and Old Cableuropa to Cableuropa, S.A.U. (the “New Cableuropa” or “Cableuropa” hereinafter) in the Mercantile Registry.

- As a result of these changes, the financial statements presented as of and for the year ended 31 December 2006 and as of and for the quarter ended 31 March 2007 correspond to “New Cableuropa” whereas the financial statements presented as of and for the three months ended 31 March 2006 correspond to “Old Cableuropa”.

Segmentation of business and indirect access lines

With the aim of homogenising the reported information with the management and internal business divisions within ONO, in the third quarter of 2006 we reassessed the business lines we include in our reported information. For the convenience of the reader and for comparative purposes only, we have reclassified all the information included in this document to conform to these business lines.

Table 1: Customers re-segmentation as of 31 March 2006

	31-Mar-06		
Data in thousand	**Old segmentation**	**Adjustments**	**New segmentation**
Cable	1,684	-	1,684
Other direct access	97	(25)	72
Residential direct access	1,782	(25)	1,757
Indirect access	310	79	389
SMEs customers	115	(55)	60
Total customers	**2,207**	**0**	**2,207**

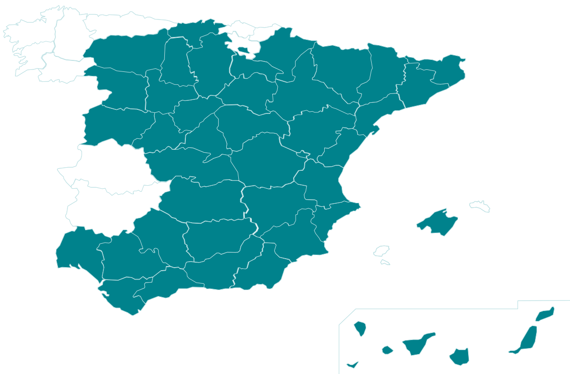
Table 2: Revenues re-segmentation for the quarter ended 31 March 2006

	31-Mar-06		
Data in €million	**Old segmentation**	**Adjustments**	**New segmentation**
Residential direct access	276	(2)	273
Indirect access	17	11	28
Business services	72	(4)	68
Wholesale and operators	56	(5)	51
Total revenues	**420**	**0**	**420**

2. OVERVIEW ON 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 over 1.8 million cable residential and 69,000 business customers as of 31 March 2007, through its own state of the art networks which give direct access to over six million homes in franchises which cover 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 31 March 2007, ONO generated revenues of €1,608 million and EBITDA of €592 million.

Cable franchises



	in thousands
Homes in Spain (*)	17,594
Homes in ONO franchises (*)	14,773
Coverage	*84%*
Cable homes released to marketing	6,220
Coverage	*42%*
Residential cable customers	1,847
Cable penetration	*30%*
Business customers	69

(*) Source: INE

Table 3: Capitalisation

	Grupo Corporativo ONO			Cableuropa		
As of 31 March 2007	**€m**	**% of debt**	**Debt/ EBITDA LQA**	**€m**	**% of debt**	**Debt/ EBITDA LQA**
Short-term debt	193	5.7%	0.33x	185	5.5%	0.31x
Senior Facility [(1)]	2,432	71.3%	4.11x	2,432	72.1%	4.04x
Subordinated Facilities	130	3.8%	0.22x	130	3.9%	0.22x
Senior subordinated notes	550	16.1%	0.93x	550	16.3%	0.91x
State subsidies & other	106	3.1%	0.18x	76	2.3%	0.13x
Long-term debt	3,217	94.3%	5.43x	3,187	94.5%	5.29x
Total debt	**3,411**		**5.76x**	**3,372**		**5.60x**
Cash and cash equivalents	**9**			**9**		
Total net debt	**3,402**		**5.75x**	**3,362**		**5.59x**
EBITDA LQA	**592**			**602**		

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

[(1)] *Does not include €18m drawn under the "Senior Facility" and to be repaid in the fourth quarter of 2007 which are reported as "Short-term debt"*

Table 4: Credit Ratings

Data in €million	Last report date	Corporate	Bond debt	Bank debt	Outlook
Moody's	20 Dec 2005	B1	B3	NR	Stable
Fitch	20 Dec 2005	B	B-	BB-	Positive
Standard & Poor's	2 Feb 2007	B	CCC+	NR	Positive

2.1 Financial Highlights

Table 5: Financial highlights

	Quarter ended				
Data in €million	31-Mar-07	31-Dec-06	% change	31-Mar-06	% change
Revenues	402	404	(0.5%)	420	(4.2%)
Gross profit	285	282	1.0%	281	1.3%
Gross margin	70.9%	69.8%	1.0 pp	67.0%	3.9 pp
EBITDA	148	151	(1.8%)	131	12.8%
EBITDA margin	36.8%	37.3%	(0.5 pp)	31.3%	5.5 pp
Total Net debt	**3,402**	**3,308**	**2.8%**	**2,889**	**17.7%**
Capex	(119)	(221)	(46.3%)	(121)	(2.1%)
Operating FCF	29	(70)	(141.7%)	10	193.5%
Net result	(13)	8	na	(22)	(40.0%)
Net debt/EBITDA LQA (x)	**5.75x**	**5.49x**	**0.26x**	**5.50x**	**0.24x**

Table 6: Revenue split

	Quarter ended				
Data in €million	31-Mar-07	31-Dec-06	% change	31-Mar-06	% change
Resid. direct acc.	287	283	1.2%	273	4.9%
Indirect access	10	10	(1.0%)	28	(63.1%)
Business and SMEs	59	64	(6.5%)	68	(12.4%)
Wholesale & opers.	46	47	(3.0%)	51	(9.9%)
Total revenues	**402**	**404**	**(0.5%)**	**420**	**(4.2%)**

2.2 Key financial events

- **Standard & Poor's Ratings revised Cableuropa Outlook to Positive**

On 29 January 2007, Standard & Poor's Ratings Services revised Cableuropa outlook to positive from stable. At the same time, Standard & Poor's affirmed its "B" long-term corporate credit rating on the group and its "CCC+" long-term debt rating on the senior unsecured debt issued by ONO Finance and ONO Finance II and guaranteed by Cableuropa and ONOMidco.

- **Refinancing**

We have recently launched an amendment and €500m upsize of our existing €3,100m senior facilities.

On 24 May we announced that we have mandated Calyon Crédit Agricole CIB, Fortis Bank S.A./N.V., The Royal Bank of Scotland plc, Banco Santander Central Hispano, S.A. and Société Générale Corporate & Investment Banking (together the "Bookrunners") to act as bookrunners of an amendment and restatement of its €3,100,000,000 syndicated credit facility. Instituto de Crédito Oficial and Ahorro Corporación Financiera (together the "Mandated Lead Institutions") and Caixa Catalunya, Bank of Scotland, Sucursal en España, Rabobank, Natixis, WestLB AG, Banc of America Securities Limited, GE Commercial Finance and Caja Madrid (together the "Mandated Lead Arrangers") for this transaction.

The Arrangers have approved the amendments to the facilities and underwritten the deal.

On 24 May we also launched an amendment and waiver request to the other banks and institutions in our senior facilities syndicate. We expect the amendment and waiver process to be finished within 2-3 weeks, with the signing of the Amended Facilities.

Once the amendment has been signed, and at the election of the Arrangers and the Company, we may launch a general syndication.

The amendments pursue different targets to improve our capital structure:

- Replace junior debt with cheaper senior debt
- Reduce senior debt margins to provide for further interest savings
- Delay senior debt amortization schedules and improve average life of overall debt
- Enlarge existing covenant headroom in our senior facilities
- Upsize the senior facilities by €500m to €3,600m to provide for:
    - Junior debt refinancing
    - New projects funding (including personal communications)
    - Additional liquidity headroom

2.3 Operating Highlights

Table 7: Operating highlights

Data in thousand, except if otherwise stated	**Quarter ended 31-Mar-07**	**Quarter ended 31-Dec-06**	**% change**	**Quarter ended 31-Mar-06**	**% change**
Customers:					
Cable	1,847	1,802	2.5%	1,684	9.6%
Other direct access	73	68	6.6%	72	0.7%
Residential direct access	1,920	1,870	2.6%	1,757	9.3%
Indirect access	164	203	(19.2%)	389	(57.7%)
SMEs	69	69	(0.7%)	60	14.7%
Other data – Cable:					
Homes released to marketing	6,220	6,119	1.7%	5,756	8.1%
Penetration	29.7%	29.4%	0.2 pp	29.3%	0.4 pp
ARPU (€)	50.8	51.4	(1.2%)	52.7	(3.6%)
RGUs	3,662	3,554	3.0%	3,218	13.8%
RGUs per customer	1.98	1.97	0.5%	1.91	3.8%
Churn	17.2%	17.3%	(0.1 pp)	18.1%	(0.9 pp)
Residential cable customers:					
Telephony	1,599	1,568	2.0%	1,461	9.5%
As % of customers	*86.6%*	*87.0%*	*(0.4 pp)*	*86.7%*	*(0.1 pp)*
Internet	1,138	1,062	7.2%	888	28.2%
As % of customers	*61.6%*	*58.9%*	*2.7 pp*	*52.7%*	*8.9 pp*
Television	925	924	0.1%	869	6.4%
As % of customers	*50.1%*	*51.3%*	*(1.2 pp)*	*51.6%*	*(1.5 pp)*
Residential cable penetration:					
Telephony	25.7%	25.6%	0.1 pp	25.4%	0.3 pp
Internet	18.3%	17.3%	0.9 pp	15.4%	2.9 pp
Television	14.9%	15.1%	(0.2 pp)	15.1%	(0.2 pp)

2.4 Key operating events

- **CineStar launched through our ONO pay television platform**

In January 2007, CineStar, a new cinema channel produced by our 100% subsidiary Teuve (Factoría de Canales) was launched through our ONO pay TV platform and in a short period of time has consolidated itself as the most watched thematic channel, with a cumulative audience of 2.5 million customers in March.

- **Pay television audiences leadership**

According to TNS Sofres, the company measuring television audiences and consumption data in Spain, ONO achieved a share of 6.5% in March 2007. In the last twelve months ONO has increased its share by more than 20%.

- **ONO launched its new on-line sale platform**

In February 2007, ONO launched its new on-line sale platform with a new subscription system through our website www.ono.es. We have renewed the structure, the design and the content of both our corporate and commercial websites.

- **Heineken, the first advertiser on VoD in Spain**

Heineken has been the first advertiser on Video on Demand in Spain. The spot was broadcasted on 5 April 2007 on "ojo" (our Video on Demand service).

- **ONO, the best operator in terms of complaints**

According to the Telecommunications regulator (Secretaría de Estado de Telecomunicaciones) information, published on 11 April 2007, ONO was the best operator in terms of complaints during 2006. We were the operator with less complaints received from the customers base, both in fixed telephony and in Internet services. In 2006, ONO received 1.79 complaints, related to fixed telephony services, every 10,000 subscribers, compared to 2.25 received by Telefónica and 1.07 complaints, related to Internet services, every 10,000 subscribers, compared to 1.69 received by Telefónica.

3. GRUPO CORPORATIVO ONO

3.1 Condensed Consolidated Financial Statements

Table 8: Condensed Consolidated Balance Sheet

Data in €million	Note	31-Mar-07	31-Dec-06	31-Mar-06
ASSETS				
Current assets				
Cash		8	7	33
Short-term investments, net	3.4.1	12	12	15
Accounts receivable & other	3.4.2	252	247	306
Total current assets		**272**	**265**	**354**
Fixed assets				
Start-up costs, net	3.4.3	17	17	19
Intangible assets, net	3.4.4	316	337	390
Tangible assets, net	3.4.5	4,370	4,340	4,164
Financial assets, net	3.4.6	1,307	1,311	1,220
Total fixed assets		**6,011**	**6,005**	**5,793**
Deferred expenses, net		**24**	**23**	**25**
TOTAL ASSETS		**6,306**	**6,293**	**6,171**
LIABILITIES AND SHAREHOLDER'S EQUITY				
Current liabilities				
Short term debt	3.4.8	193	177	115
Accrued interest expenses		56	9	23
Accounts payable and other	3.4.7	826	915	1,058
Total current liabilities		**1,074**	**1,102**	**1,197**
Long term debt				
Senior facility	3.4.8	2,432	2,351	2,043
Subordinated facilities	3.4.8	130	130	130
Senior subordinated notes	3.4.8	550	550	550
Other	3.4.8	106	108	98
Total long term debt		**3,217**	**3,139**	**2,821**
Other long term liabilities	3.4.9	**274**	**274**	**249**
Deferred income	3.4.10	**116**	**116**	**3**
Commitments and contingencies	3.4.10	**402**	**427**	**391**
Negative goodwill	3.4.10	**-**	**-**	**257**
Minority interests		**2**	**2**	**3**
Shareholders' equity				
Common stock	3.4.11	1,630	1,630	1,630
Share Premium	3.4.11	353	353	353
Accumulated deficit	3.4.11	(750)	(711)	(711)
Net loss for the period	3.4.11	(13)	(39)	(22)
Total shareholders' equity		**1,220**	**1,233**	**1,250**
TOTAL LIABILITIES AND SHRs' EQUITY		**6,306**	**6,293**	**6,171**

Table 9: Condensed Consolidated Statements of Operations

Data in €million	Quarter ended 31-Mar-07	31-Dec-06	% change	31-Mar-06	% change
Revenues	402	404	(0.5%)	420	(4.2%)
Cost of services	(117)	(122)	(4.0%)	(138)	(15.4%)
Opex	(137)	(132)	4.2%	(150)	(8.7%)
EBITDA	**148**	**151**	**(1.8%)**	**131**	**12.8%**
Deprec. and amortiz.	(105)	(91)	15.6%	(114)	(7.9%)
EBIT/Oper. profit	**43**	**60**	**(28.2%)**	**17**	**149.8%**
Net financial expense	(55)	(46)	18.5%	(41)	32.2%
Net extraordinary exp.	2	3	(9.0%)	(3)	(178.4%)
EBT	**(9)**	**16**	**(157.9%)**	**(27)**	**(65.6%)**
Income tax credit	(4)	(8)	(56.8%)	6	(158.2%)
Profit/loss bef. min. int.	**(13)**	**8**	**na**	**(21)**	**(38.2%)**
Minority interests	-	-	na	(1)	na
Net result	**(13)**	**8**	**na**	**(22)**	**(40.0%)**

EBITDA decreased in the first quarter of 2007 by €3 million or 1.8% to €148 million, from €151 million in the fourth quarter of 2006, reflecting lower revenues in the lower margin businesses, and the increase of the operating expenses mainly due to our enhanced customer care and marketing efforts, including advertising campaigns and the costs incurred to evolve our sales policies and methods to more efficient sales channels that will improve our sales productivity and costs in the coming months. EBITDA increased by 12.8% in the first quarter of 2007 as compared to the same period of the previous year. The EBITDA margin increased up to 36.8% in the first quarter of 2007 from 31.3% in the first quarter of 2006.

Table 10: Condensed Consolidated Cash Flow

Data in €million	Quarter ended 31-Mar-07	31-Dec-06	% change	31-Mar-06	% change
EBITDA	**148**	**151**	**(1.8%)**	**131**	**12.8%**
Capex	(119)	(221)	(46.3%)	(121)	(2.1%)
OPERATING FCF	**29**	**(70)**	**(141.7%)**	**10**	**193.5%**
Change in working capital	(93)	(41)	na	(109)	(14.5%)
Other [(1)]	(23)	(80)	(71.9%)	(54)	(57.7%)
FCF (pre-interest)	**(87)**	**(192)**	**(54.7%)**	**(153)**	**(43.2%)**
Paid interest, net	(7)	(90)	(92.5%)	(27)	(75.1%)
FCF	**(93)**	**(281)**	**(66.8%)**	**(180)**	**(48.0%)**
Senior facility	81	178	(54.6%)	222	(63.6%)
Senior subordinated notes	-	-	na	(62)	(100.0%)
State subsidies	(2)	5	(132.8%)	-	na
Short term debt	16	45	(64.7%)	36	(55.3%)
Short term investments	-	(1)	na	22	na
Other financing items	(1)	48	(101.4%)	(13)	(94.9%)
FINANCING	**94**	**275**	**(65.6%)**	**205**	**(53.9%)**
NET CASH VARIATION	**1**	**(7)**	**(115.6%)**	**25**	**(96.0%)**
Cash Beginning of Period	**7**	**13**	**(50.2%)**	**7**	**(8.6%)**
Cash End of Period	**8**	**7**	**11.9%**	**33**	**(76.4%)**

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

In Q1 2007, we showed a positive €29 million Operating free cash flow, which represents a significant improvement from the negative €70 million in Q4 2007. This improvement is due to our Capex reduction during the quarter.

3.2 Key factors affecting our business

3.2.1. Customers

Table 11: Customer split

Data in thousand, except if otherwise stated	31-Mar-07	31-Dec-06	% change	31-Mar-06	% change
Customers					
Cable	1,847	1,802	2.5%	1,684	9.6%
Other direct access	73	68	6.6%	72	0.7%
Residential direct access	1,920	1,870	2.6%	1,757	9.3%
Indirect access	164	203	(19.2%)	389	(57.7%)
SMEs	69	69	(0.7%)	60	14.7%
Residencial Cable ARPU (€)	**50.8**	**51.4**	**(1.2%)**	**52.7**	**(3.6%)**

Our residential direct access customer base increased by 2.6% in the quarter, reaching 1,920,000 as of 31 March 2007. This growth is mainly due to the continued effort in acquiring new customers through our continuous development of new competitive services and especially to the improvements to our commercial methods and policies including the launch of our new web-based sales channel. SMEs customers remained stable in the quarter, at 69,000 customers as of 31 March 2007.

In the first quarter of 2007, we doubled our cable customers net adds from 22,000 in the first quarter of 2006. Residential direct access net adds increased by 241% from 15,000 in the first quarter of 2006 to 49,000 in the first quarter of 2007.

Indirect access customers, which include residential and SMEs customers receiving the service through indirect access and ULL-3, decreased by 19.2% in the first quarter of 2007 as expected from our focus on increasing the weight of direct access business with higher margins.

ARPU for residential cable services in ONO was €50.8 in the first quarter of 2007 compared to €51.4 in the fourth quarter of 2006. Residential cable ARPU decreased by 1.2% mainly due to the reduction in traffic revenues as all inclusive offers have become more popular and, more significantly, to our acquisition offers that provide one of our three services for free to new customers for 3 months. This effect was, however, partially offset by RGUs per customer growth.

3.3 First quarter 2007 results of operations

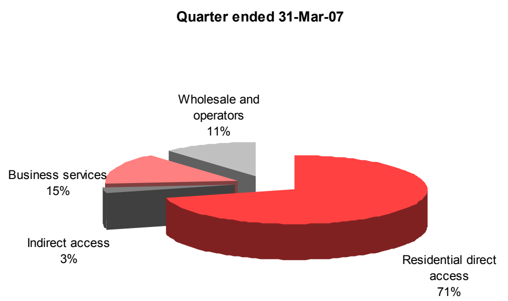
3.3.1. Revenues

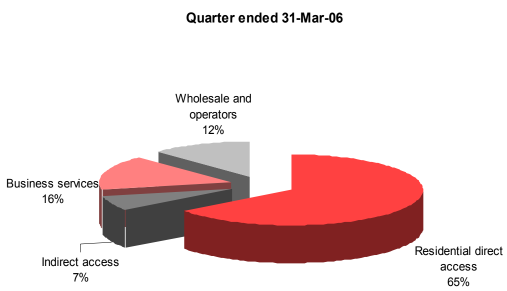
ONO's revenues are derived from residential direct access services (which comprise revenues from individual service offerings or a combination of telephony, Internet and pay television services), indirect access services to residential and SMEs customers, business services (which comprise voice and data services to SME business customers and other value added services provided to large corporations and public entities) and wholesale and operators services (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).

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				
Data in €million	31-Mar-07	31-Dec-06	% change	31-Mar-06	% change
Resid. direct acc.	287	283	1.2%	273	4.9%
Indirect access	10	10	(1.0%)	28	(63.1%)
Business and SMEs	59	64	(6.5%)	68	(12.4%)
Wholesale & opers.	46	47	(3.0%)	51	(9.9%)
Total revenues	**402**	**404**	**(0.5%)**	**420**	**(4.2%)**





Revenues decreased in Q1 2007 by 0.5% to €402 million from €404 million in the previous quarter. This revenue decrease is mainly due to the €5 million reduction of business and SMEs services that reflects our strategy to maintain and increase margin accretive revenues and avoid low margin revenues. This strategy also affected our wholesale and operators revenues in the amount of €1 million. Residential direct access revenues continue to be the main revenue source, contributing 71% to overall revenues.

3.3.1.1 Residential direct access services

a) 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 tables set forth information on residential cable services, and the percentage change from period to period:

Table 13: Residential cable services

	Quarter ended				
Data in thousand, except if otherwise stated	**31-Mar-07**	**31-Dec-06**	**% change**	**31-Mar-06**	**% change**
Resid. Cable Services					
HRTM	6,220	6,119	1.7%	5,756	8.1%
Customers	1,847	1,802	2.5%	1,684	9.6%
Penetration	29.7%	29.4%	0.2 pp	29.3%	0.4 pp
Churn	17.2%	17.3%	(0.1 pp)	18.1%	(0.9 pp)
ARPU (€)	50.8	51.4	(1.2%)	52.7	(3.6%)
RGUs	3,662	3,554	3.0%	3,218	13.8%
RGUs per customer	1.98	1.97	0.5%	1.91	3.8%

Total cable customers increased during the last quarter by 45,000 or 2.5% to 1,847,000. Cable net adds increased by 104% during the quarter ended 31 March 2007 from 22,000 net adds achieved during the fist quarter of 2006. Our penetration ratio increased to 29.7% as of 31 March 2007. Our focus on bundled services also brought an improvement in RGUs per customer reaching 1.98 as at 31 March 2007.

Churn decreased in the first quarter of 2007 to 17.2%, from 17.3% in the previous quarter. An increased focus on improved customer service allowed us to keep it below the churn levels experienced one year ago.

- **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

	Quarter ended				
Data in thousand, except if otherwise stated	**31-Mar-07**	**31-Dec-06**	**% change**	**31-Mar-06**	**% change**
Telephony customers	1,599	1,568	2.0%	1,461	9.5%
Proportion of total customers	86.6%	87.0%	(0.4 pp)	86.7%	(0.1 pp)
Penetration	25.7%	25.6%	0.1 pp	25.4%	0.3 pp

Telephony customers increased by 31,000 or 2.0% in the first quarter of 2007 to reach 1,599,000. Telephony net adds increased by 107% during the quarter ended 31 March 2007 from 15,000 net adds achieved during the first quarter of 2006. Telephony continues to account for the largest portion of our RGUs, since 86.6% of our customers subscribe to this service, in line with the previous quarter.

- **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	**Quarter ended** 31-Mar-07	31-Dec-06	% change	31-Mar-06	% change
Internet customers	1,138	1,062	7.2%	888	28.2%
Proportion of total customers	61.6%	58.9%	2.7 pp	52.7%	8.9 pp
Penetration	18.3%	17.3%	0.9 pp	15.4%	2.9 pp

Internet customers increased by 76,000 or 7.2% in the first quarter of 2007 to reach 1,138,000 as of 31 March 2007. This growth surpasses our total customer adds by 31,000, showing the success of our efforts in cross-selling internet to existing customers. Internet net adds increased by 23% during the quarter ended 31 March 2007 from 62,000 net adds achieved during the fist quarter of 2006. Internet customers as a proportion of total customers increased by 2.7 pp to 61.6% in the first quarter of 2007 from 58.9% in the previous quarter. Our residential Internet penetration increased to 18.3% in the first quarter of 2007 from 17.3% in the previous quarter.

- **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	**Quarter ended** 31-Mar-07	31-Dec-06	% change	31-Mar-06	% change
Television customers	925	924	0.1%	869	6.4%
Proportion of total customers	50.1%	51.3%	(1.2 pp)	51.6%	(1.5 pp)
Penetration	14.9%	15.1%	(0.2 pp)	15.1%	(0.2 pp)

Cable television customers remained flat in the quarter at 925,000 as of 31 March 2007.

Cable television customers as a proportion of total customers decreased by 1.2pp to 50.1% in the quarter and penetration of cable television services over homes released to marketing decreased slightly in the first quarter to 14.9%.

At the end of the first quarter of 2007, 97% of Old ONO cable television customers and 89% of our total television customer base enjoyed our digital offering. In addition, we launched “ojo” in Madrid and Barcelona in December 2006 and we expect to launch it in the rest of the former Auna areas in due course.

b) Other direct access

Other direct access services include services offered through full unbundling of Telefónica's local loop. These services provide us with revenues from monthly fees from telephony and broadband Internet services and usage charges from telephony services. Our ULL customers increased in the first quarter of 2007 from 68,000 to 73,000. We consider our ULL operations, mostly in Madrid and Barcelona, as a complement to our core cable business. ULL net adds increased by 12,000 from a negative trend of 8,000 in the first quarter of 2006 to a positive trend of 5,000 in the first quarter of 2007.

In the quarter ended 31 March 2007, ULL customers subscribing bundled services surpassed, for the first time, ULL customers subscribing only telephony services. ARPU for ULL customers is, therefore, significantly lower than that for cable customers.

Table 17: Other direct access services

	Quarter ended				
Oper. data in thousand *Fin. data in €million*	**31-Mar-07**	**31-Dec-06**	**% change**	**31-Mar-06**	**% change**
Customers	73	68	6.6%	72	0.7%
RGUs	113	101	12.1%	82	37.9%
RGUs per customer	1.55	1.48	5.1%	1.13	36.9%

3.3.1.2 Indirect access services

Indirect access revenues relate to usage charges from indirect access telephony services to residential and SMEs customers. The following table sets forth revenues and customers from indirect access services, and the percentage change from period to period:

Table 18: Indirect access

	Quarter ended				
Oper. data in thousand *Fin. data in €million*	**31-Mar-07**	**31-Dec-06**	**% change**	**31-Mar-06**	**% change**
Customers	164	203	(19.2%)	389	(57.7%)
Revenues	10	10	(1.0%)	28	(63.1%)

Indirect access customers decreased by 19.2% to 164,000 customers as of 31 March 2007 as a consequence of our focus on our direct access business. We expect this trend of reducing customers and revenues to continue in the future.

3.3.1.3 Business services

Revenues from business services are derived from (i) fees paid by business customers, including small and medium sized enterprises, for voice and data services, offered individually or as a bundle, and (ii) customized 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 and certain other information from business services, and the percentage change from period to period:

Table 19: Business services

Oper. data in thousand *Fin. data in €million*	Quarter ended				
	31-Mar-07	**31-Dec-06**	**% change**	**31-Mar-06**	**% change**
SMEs customers	69	69	(0.7%)	60	14.7%
Business revenues (*)	59	64	(6.5%)	68	(12.4%)

(*) Includes revenues from SMEs and business customers

ONO's SMEs customers remained stable at 69,000 customers in the first quarter of 2007.

Despite this SMEs customer stability, business revenues decreased by 6.5% to €59 million in the first quarter of 2007, from €64 million in the previous quarter due to our focus on high value customers generating high margins instead of high revenues.

3.3.1.4. Wholesale and Operators & Other Services

Revenues from wholesale and operators 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.

Revenues from wholesale and operators decreased by 3.0%, from €47 million for the fourth quarter of 2006 to €46 million for the first quarter of 2007.

3.3.2. Cost of Services and Gross Profit

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

Table 20: Cost of services and gross profit

Data in €million	31-Mar-07	31-Dec-06	% change	31-Mar-06	% change
	Quarter ended				
Total revenues	402	404	(0.5%)	420	(4.2%)
Cost of services	(117)	(122)	(4.0%)	(138)	(15.4%)
Gross Profit	**285**	**282**	**1.0%**	**281**	**1.3%**
Gross Margin	70.9%	69.8%	1.0 pp	67.0%	3.9 pp

Cost of services principally consist of interconnection and backbone network costs for telecommunication services, internet connectivity costs, fiber, circuit renting expenses and programming fees 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 soccer on a pay-per-view basis.

Our cost of services decreased by €5 million from 31 December 2006 to 31 March 2007. As a percentage of total revenues, our cost of services decreased to 29.1% for the three months ended 31 March 2007 as compared to 30.2% for the previous quarter and gross margin increased by 1.0 pp to 70.9% in the first quarter of 2007.

As part of our integration process we are implementing specific projects to improve the level of gross margin, which include, amongst others, increasing our efficiency on interconnection and content costs. In addition, the reduction in lower margin revenues, such as indirect access, and the increase in internet customers are also yielding an increased level of gross margin.

3.3.3. 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 21: Operating expenses

Data in €million	31-Mar-07	31-Dec-06	% change	31-Mar-06	% change
	Quarter ended				
Gross Opex	(156)	(146)	7.1%	(164)	(4.7%)
Capitalised Costs	19	14	34.6%	14	39.2%
Net Opex	**(137)**	**(132)**	**4.2%**	**(150)**	**(8.7%)**
as % of revenues	34.1%	32.5%	1.5 pp	35.8%	(1.7 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. Capitalized costs relate to inter alia direct labour costs associated with the development and construction of our network.

Net Opex increased from €132 million to €137 million or from 32.5% to 34.1% of revenues in the first quarter of 2007 from the previous quarter. The increase in selling general and administrative expenses reflects, among others:

- the cost to launch of our new on-line sale platform renewing the structure, the design and the content of our commercial and corporate websites
- the costs to migrate Auna's Madrid and Barcelona billing systems to ONO's billing system
- Our new advertising campaign and the marketing efforts associated to it
- the opening of new ONO shops
- the increase of our gross sales through the direct sales force channel in the first quarter of 2007 as compared to the previous quarter
- the customer care efforts to become the best operator in terms of complaints, and therefore improving the quality of our service.

Net Opex decreased by €13 million from 31 March 2006 to 31 March 2007. Net Opex as percentage of revenues decreased by 1.7 pp to 34.1% for the first quarter of 2007 from 35.8% for the same period of the previous year.

3.3.4. Depreciation and Amortization

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

Table 22: Depreciation and amortization

	Quarter ended				
Data in €million	**31-Mar-07**	**31-Dec-06**	**% change**	**31-Mar-06**	**% change**
D&A	(105)	(91)	15.6%	(114)	(7.9%)

Depreciation and amortization 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.

3.3.5. Net Financial Expense

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

Table 23: Net financial expense

	Quarter ended				
Data in €million	**31-Mar-07**	**31-Dec-06**	**% change**	**31-Mar-06**	**% change**
Net fin. exp.	(55)	(46)	18.5%	(41)	32.2%

Our net financial expense is mainly comprised of interest expense from our financing agreements. Net financial expense increased by 18.5% in the first quarter of 2007 due to our debt drawings under the €3,100 million Senior Bank Facility during the first quarter of the year.

3.3.6. Other Income and Expense

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

Table 24: Other income and expense

	Quarter ended				
Data in €million	**31-Mar-07**	**31-Dec-06**	**% change**	**31-Mar-06**	**% change**
Net extraord. exp.	2	3	(9.0%)	(3)	(178.4%)
Income tax	(4)	(8)	(56.8%)	6	(158.2%)

3.4 Notes to the Condensed Consolidated Balance Sheet

3.4.1. Short term investments

Table 25: Short term investments, net

Data in €million	31-Mar-07	31-Dec-06	% change
Investment in non consolidated companies	2	2	10.1%
Fixed interest securities	-	1	na
Other short term investments	12	11	5.9%
Provisions	(2)	(2)	10.1%
Short term investments, net	**12**	**12**	**(2.9%)**

3.4.2. Accounts receivable

Table 26: Accounts receivable, net

Data in €million	31-Mar-07	31-Dec-06	% change
Receivables from related parties	1	1	(16.9%)
Accounts receivable and other debtors	358	346	3.5%
Tax receivables	9	11	(15.3%)
Allowance for doubtful accounts	(150)	(142)	5.8%
Other	34	31	10.9%
Accounts receivable, net	**252**	**247**	**2.2%**

3.4.3. Start-up costs

Table 27: Start-up costs

Data in €million	31-Dec-06	Additions	Amortisation	31-Mar-07
Start-up costs, net	5	0	(0)	5
Stock issuance costs, net	12	1	(1)	12
Start-up costs, net	**17**	**1**	**(1)**	**17**

3.4.4. Intangible assets

Table 28: Intangible assets, net

Data in €million	31-Dec-06	Additions	31-Mar-07
Goodwill	478	-	478
Licensed assets	61	0	62
Franchise acquisition costs	13	-	13
Computer software	94	7	101
Finance leases	41	-	41
Other intangible fixed assets	3	-	3
Total cost	**689**	**7**	**697**
Accumulated amortization	(353)	(28)	(380)
Provisions	-	-	-
Intangible assets, net	**337**	**(20)**	**316**

3.4.5. Tangible assets

Table 29: Tangible assets, net

Data in €million	31-Dec-06	Additions	Disposals	Transfers	31-Mar-07
Land and natural assets	17	-	-	-	17
Network and technical equipment	5,537	46	(8)	57	5,632
Computer hardware	179	2	-	1	182
Other tangible fixed assets	72	0	(0)	-	73
Total operating tangible fixed assets	**5,806**	**47**	**(8)**	**58**	**5,903**
Payments on account and assets in course of construction	207	64	-	(60)	211
Total cost	**6,012**	**112**	**(8)**	**(2)**	**6,114**
Accumulated amortization	(1,577)	(76)	2	-	(1,651)
Provisions	(96)	-	2	-	(93)
Tangible assets, net	**4,340**	**36**	**(4)**	**(2)**	**4,370**

3.4.6. Financial assets

Table 30: Financial assets

Data in €million	31-Mar-07	31-Dec-06	% change
Tax credit and deferred tax	1,253	1,256	(0.3%)
Other financial assets (*)	86	86	0.4%
Shareholdings in unconsolidated companies	4	4	(10.1%)
Provisions	(35)	(35)	0.8%
Financial assets	**1,307**	**1,311**	**(0.3%)**

(*) This caption includes the EVCs bought by GCO both in open market transactions and in a tender carried out in September and October 2006. Currently GCO owns in the region of 84% of the total EVCs issued by ONO Finance in 1999 and 2001. The liability in Cableuropa sits in "Other long term liabilities" (see 3.4.9 below) and the value of the EVCs is based on the price paid in the purchases made by GCO.

3.4.7. Accounts payable

Table 31: Accounts payable

Data in €million	31-Mar-07	31-Dec-06	% change
Commercial suppliers	381	431	(11.5%)
Taxes payable	14	10	42.2%
Fixed asset suppliers	368	412	(10.7%)
Other	62	62	(0.3%)
Accounts payable	**826**	**915**	**(9.8%)**

3.4.8. Debt and liquidity

Table 32: Debt and liquidity

As of 31 March 2007 *Data in €million*	Maximum available	Short term debt	Long term debt	Total debt	Availability
Type of debt					
Debt with credit entities:					
Senior Facility	3,000	18	2,432	2,450	550
Subordinated Facility	110	-	110	110	-
Participative Loan	20	-	20	20	-
Other credit facilities	257	165	40	205	52
Total debt with credit entities	**3,387**	**183**	**2,602**	**2,785**	**602**
Other debt:					
Senior subordinated notes	550	-	550	550	-
State subsidies and other	76	10	66	76	-
Total other debt	**626**	**10**	**616**	**626**	**-**
Total debt	**4,013**	**193**	**3,217**	**3,411**	**602**
Cash and cash equivalents				9	
Total net debt				**3,402**	
EBITDA LQA				592	
Total net debt/EBITDA				**5.75x**	

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

Table 33: Debt by maturity

As of 31 March 2007 *Data in €million*	Maturity 2007	2008	2009	2010	2011	Thereafter	Total
Type of debt							
Debt with credit entities:							
Senior Facility	18	100	277	491	677	888	2,450
Subordinated Facility	-	-	-	-	-	110	110
Participative Loan	-	-	-	-	-	20	20
Other credit facilities	70	101	2	28	1	2	205
Total debt with credit entities	**88**	**201**	**279**	**519**	**678**	**1,020**	**2,785**
Other debt:							
Senior subordinated notes	-	-	-	-	-	550	550
State subsidies and other	10	17	16	14	11	9	76
Total other debt	**10**	**17**	**16**	**14**	**11**	**559**	**626**
Total	**98**	**218**	**295**	**532**	**689**	**1,578**	**3,411**

For further details on our main financing arrangements, please see our Investor Relations website on which we have posted our main financing agreements.

3.4.9. Other long term liabilities

Table 34: Other long term liabilities

Data in €million	31-Mar-07	31-Dec-06	% change
Deferred Auna Acquisition payment	214	214	-
EVCs and other (*)	33	33	-
Other	27	27	0.2%
Other long term liabilities	**274**	**274**	**-**

(*) See 3.4.6 above

3.4.10. Deferred income, commitments and contingencies and negative goodwill

The Negative Goodwill caption sitting in the Balance Sheet was reclassified to Commitments and Contingencies after the merger amongst Auna and Old Cableuropa.

In addition, after finalising the Purchase Price Allocation of the acquisition of Auna, according to Spanish GAAP, an unassigned balance of €116 million was allocated to the Deferred Income caption as of 31 December 2006. This item cannot be reassessed in the future and once we transfer our accounting to IFRS this caption will be reallocated to the net equity caption.

3.4.11. Shareholders' equity

Table 35: Shareholders' equity

Data in €million	Common stock	Share premium	Accumulated deficit	Net loss	Total
31 December 2006	**1,630**	**353**	**(711)**	**(39)**	**1,233**
Capital increases	-	-	-	-	-
Previous year result distribution	-	-	(39)	39	-
Net result for the three-months period	-	-	-	(13)	(13)
31 March 2007	**1,630**	**353**	**(750)**	**(13)**	**1,220**

3.5 Notes to the Condensed Consolidated Cash Flow

3.5.1. Capex

Capital expenditure decreased by 46.3% to €119 million for the first quarter of 2007. Capital expenditure for the first quarter of 2007 includes €1 million of start-up costs, €7 million of intangible assets and €112 million of tangible assets.

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

A substantial portion of this capital expenditure relates to discretionary Capex, which includes the extension of our networks and customer installations. Discretionary Capex represents approximately 67% of total Capex in the first quarter of 2007.

Non-discretionary Capex relates mainly to the upgrade of our network, computer hardware and software and other items. Non-discretionary Capex represents approximately 33% of total Capex in the first quarter of 2007.

Table 36: Capital expenditure

	Quarter ended				
Data in €million	31-Mar-07	31-Dec-06	% change	31-Mar-06	% change
Capital expenditure	(119)	(221)	(46.3%)	(121)	(2.1%)

3.5.2. 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 reduction of Capex from €221 million in the last quarter of 2006 to €119 million in the first quarter of 2007 and to the reduction in accounts payable in the quarter.

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4. ONOMIDCO

4.1 Condensed Consolidated Financial Statements

Table 37: Condensed Consolidated Balance Sheet (ONOMidco)

Data in €million	31-Mar-07	31-Dec-06
ASSETS		
Current assets		
Cash	8	7
Short-term investments, net	12	12
Accounts receivable and other	253	246
Total current assets	**273**	**265**
Fixed assets		
Start-up costs, net	8	8
Intangible assets, net	316	337
Tangible assets, net	4,370	4,340
Financial assets, net	1,245	1,249
Total fixed assets	**5,940**	**5,934**
Deferred expenses, net	**43**	**44**
TOTAL ASSETS	**6,255**	**6,242**
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short term debt	185	161
Accrued interest expenses	55	9
Accounts payable and other	838	937
Total current liabilities	**1,077**	**1,107**
Long term debt		
Senior facility	2,432	2,351
Subordinated facilities	130	130
Senior subordinated notes	550	550
Other	76	78
Total long term debt	**3,187**	**3,109**
Other long term liabilities	**248**	**248**
Deferred income	**116**	**116**
Commitments and contingencies	**402**	**427**
Minority interests	**5**	**5**
Participative loan	**955**	**955**
Shareholder's equity		
Common stock	263	263
Share premium	24	24
Accumulated deficit	(11)	-
Net loss for the period	(11)	(11)
Total shareholder's equity	**265**	**276**
TOTAL LIABILITIES AND SHR'S EQUITY	**6,255**	**6,242**

Table 38: Condensed Consolidated Statement of Operations (ONOMidco)

Data in €million	**Quarter ended 31-Mar-07**	**Quarter ended 31-Dec-06**	**% of change**
Revenues	402	408	(1.5%)
Cost of services	(117)	(119)	(2.0%)
Opex	(135)	(134)	0.3%
EBITDA	**150**	**155**	**(2.7%)**
Deprec. and amortiz.	(104)	(91)	14.8%
EBIT/Op. profit	**46**	**64**	**(27.7%)**
Net financial exp.	(55)	(60)	(7.2%)
Net extraordinary exp.	2	3	(10.5%)
EBT	**(7)**	**7**	**na**
Income tax credit	(4)	(4)	(6.1%)
Profit/loss bef. min. inter	**(10)**	**3**	**na**
Minority interests	(0)	-	na
Net result	**(11)**	**3**	**na**

Table 39: Condensed Consolidated Cash Flow (ONOMidco)

Data in €million	**Quarter ended 31-Mar-07**	**Quarter ended 31-Dec-06**	**% of change**
EBITDA	**150**	**155**	**(2.7%)**
Capex	(119)	(221)	(46.3%)
OPERATING FCF	**32**	**(66)**	**(147.9%)**
Change in working capital	(104)	(53)	97.7%
Other (1)	(22)	11	(297.8%)
FCF (pre-interests)	**(94)**	**(108)**	**(12.7%)**
Paid interests, net	(7)	(103)	(93.3%)
FCF	**(101)**	**(211)**	**(52.0%)**
Senior facility	81	178	(54.6%)
State subsidies	(2)	5	(132.8%)
Short term debt	24	43	(45.2%)
Short term investment	-	(1)	na
Other financing items	(1)	(13)	(95.3%)
FINANCING	**102**	**212**	**(51.7%)**
NET CASH VARIATION	**1**	**1**	**20.7%**
Cash Beginning of Period	**7**	**6**	**8.2%**
Cash End of Period	**8**	**7**	**9.7%**

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

In this section, we are reporting the first quarter of 2007 condensed consolidated financial statements of ONOMidco, S.A.U. and its subsidiaries. For a detailed analysis of the trends followed in the fourth quarter, please see section 3 of this document.

5. CABLEUROPA

5.1 Condensed Consolidated Financial Statements

Table 40: Condensed Consolidated Balance Sheet (Cableuropa)

Data in €million	31-Mar-07	31-Dec-06	31-Mar-06
	New Cableuropa	New Cableuropa	Old Cableuropa
ASSETS			
Current assets			
Cash	8	7	21
Short-term investments, net	12	12	4
Accounts receivable and other	253	246	286
Total current assets	**273**	**265**	**310**
Fixed assets			
Start-up costs, net	8	8	8
Intangible assets, net	316	337	389
Tangible assets, net	4,370	4,340	4,163
Financial assets, net	1,245	1,249	1,218
Total fixed assets	**5,939**	**5,934**	**5,778**
Deferred expenses, net	**43**	**44**	**47**
TOTAL ASSETS	**6,255**	**6,242**	**6,135**
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Short term debt	185	161	101
Accrued interest expenses	55	9	23
Accounts payable and other	837	936	1,048
Total current liabilities	**1,077**	**1,106**	**1,171**
Long term debt			
Senior facility	2,432	2,351	2,043
Subordinated facilities	130	130	130
Senior subordinated notes	550	550	550
Other	76	78	85
Total long term debt	**3,187**	**3,109**	**2,808**
Other long term liabilities	**248**	**248**	**249**
Deferred income	**116**	**116**	**3**
Commitments and contingencies	**402**	**427**	**391**
Negative goodwill	**-**	**-**	**257**
Minority interests	**5**	**5**	**3**
Participative loan	**955**	**955**	**955**
Shareholder's equity			
Common stock	263	263	1,088
Share premium	1,637	1,637	338
Accumulated deficit	(1,624)	(1,581)	(1,107)
Net loss for the period	(11)	(43)	(21)
Total shareholder's equity	**265**	**276**	**297**
TOTAL LIABILITIES AND SHR'S EQUITY	**6,255**	**6,242**	**6,135**

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

Table 41: Condensed Consolidated Statement of Operations (Cableuropa)

	Quarter ended				
Data in €million	**31-Mar-07**	**31-Dec-06**	**% change**	**31-Mar-06**	**% change**
	New Cab	New Cab		Old Cab	
Revenues	402	408	(1.5%)	418	(3.9%)
Cost of services	(117)	(119)	(2.0%)	(139)	(15.9%)
Opex	(134)	(134)	0.2%	(147)	(8.8%)
EBITDA	**150**	**155**	**(2.7%)**	**132**	**14.2%**
Deprec. and amortiz.	(104)	(91)	14.7%	(113)	(7.9%)
EBIT/Op. profit	**46**	**64**	**(27.6%)**	**19**	**149.5%**
Net financial exp.	(55)	(60)	(7.2%)	(42)	31.5%
Net extraordinary exp.	2	3	(10.5%)	(3)	(177.6%)
EBT	**(7)**	**7**	**na**	**(27)**	**(74.6%)**
Income tax credit	(4)	(5)	(33.7%)	6	(160.3%)
Profit/loss bef. min. inter	**(10)**	**1**	**na**	**(21)**	**(49.6%)**
Minority interests	(0)	-	na	(1)	na
Net result	**(11)**	**1**	**na**	**(21)**	**(50.3%)**

Table 42: Condensed Consolidated Cash Flow (Cableuropa)

	Quarter ended				
Data in €million	**31-Mar-07**	**31-Dec-06**	**% change**	**31-Mar-06**	**% change**
	New Cab	New Cab		Old Cab	
EBITDA	**150**	**155**	**(2.7%)**	**132**	**14.2%**
Capex	(119)	(221)	(46.3%)	(121)	(1.5%)
OPERATING FCF	**32**	**(66)**	**(147.9%)**	**11**	**183.2%**
Change in working capital	(104)	(53)	97.7%	(113)	(8.0%)
Other [(1)]	(22)	11	**na**	(41)	(46.7%)
FCF (pre-interests)	**(94)**	**(108)**	**(12.7%)**	**(143)**	**(34.1%)**
Paid interests, net	(7)	(103)	(93.3%)	(27)	(75.2%)
FCF	**(101)**	**(211)**	**(52.0%)**	**(171)**	**(40.7%)**
Senior facility	81	178	(54.6%)	222	(63.6%)
Senior subordinated notes	-	-	na	(62)	(100.0%)
State subsidies	(2)	5	(132.8%)	-	na
Short term debt	24	43	(45.2%)	29	(17.7%)
Short term investment	-	(1)	na	(1)	na
Other financing items	(1)	(13)	(95.3%)	(4)	(82.1%)
FINANCING	**102**	**212**	**(51.7%)**	**185**	**(44.6%)**
NET CASH VARIATION	**1**	**1**	**21.4%**	**14**	**(92.7%)**
Cash Beginning of Period	**7**	**6**	**8.2%**	**7**	**(5.8%)**
Cash End of Period	**8**	**7**	**9.8%**	**21**	**(63.7%)**

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

5.2 Debt and Liquidity

Table 43: Debt and liquidity (Cableuropa)

As of 31 March 2007 *Data in €million*	Maximum available	Short term debt	Long term debt	Total debt	Availability
Type of debt					
Debt with credit entities:					
Senior facility	3,000	18	2,432	2,450	550
Subordinated Facility	110	-	110	110	-
Participative Loan	20	-	20	20	-
Other credit facilities	172	156	10	166	6
Total debt with credit entities	**3,302**	**174**	**2,572**	**2,746**	**556**
Other debt:					
Senior subordinated notes	550	-	550	550	-
State subsidies and other	76	10	66	76	-
Total other debt	**626**	**10**	**616**	**626**	**-**
Total debt	**3,928**	**185**	**3,187**	**3,372**	**556**
Cash and cash equivalents				9	
Total net debt				**3,362**	
EBITDA LQA				602	
Total net debt/EBITDA				**5.59x**	

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

Table 44: Debt by maturity

As of 31 March 2007 *Data in €million*	Maturity 2007	2008	2009	2010	2011	Thereafter	Total
Type of debt							
Debt with credit entities:							
Senior facility	18	100	277	491	677	888	2,450
Subordinated Facility	-	-	-	-	-	110	110
Participative Loan	-	-	-	-	-	20	20
Other credit facilities	61	96	2	2	1	3	166
Total debt with credit entities	**79**	**197**	**279**	**492**	**678**	**1,021**	**2,746**
Other debt:							
Senior subordinated notes	-	-	-	-	-	550	550
State subsidies and other	10	17	16	14	11	9	76
Total other debt	**10**	**17**	**16**	**14**	**11**	**559**	**626**
Total	**89**	**214**	**295**	**506**	**689**	**1,579**	**3,372**

In this section, we are reporting the first quarter of 2007 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 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 €3,100 million Senior Bank Facility bear interest at a floating rate determined by reference to EURIBOR plus a margin, which currently ranges from 2.00% to 2.75% depending on the tranche. In addition, our other outstanding debt with credit entities, usually bear interest at EURIBOR plus a margin. Accordingly, as at 31 March 2007 we had long term variable interest rate debt outstanding of €2,680 million and exposure to risk due to fluctuations of interest rates.

Under the €3,100 million Senior Bank Facility, we committed to enter into hedging arrangements to partially fix our variable interest rate exposure for a minimum term of three years from the closing date and covering interest rate risk exposure on at least 50% of the drawn amounts under Tranches A,B,D and I.

We have contracted a series of swaps to lock into low levels of EURIBOR. To date, we have covered €1,300 million (52% of the total drawn amount under the aforementioned tranches), hedging our exposure for periods between 3 and 5 years.

In addition, borrowings under our €110 million Subordinated Facility and our €20 million Participative Loan bear interest at a floating rate determined by reference to EURIBOR plus a margin, which is 6.50% until October 2007. Both facilities mature in May 2014.

On May 7, 2004, ONO Finance issued €100 million of floating rate notes, priced at three months EURIBOR plus a margin of 8.5%, which were on-lent to us on substantially the same terms. These floating rate notes mature in May 2014.

The table below shows our variable interest long-term debt main agreements as of 31 March 2007:

Table 45: Variable interest long term debt

	Expected maturity date						
Data in €million	**2007**	**2008**	**2009**	**2010**	**2011**	**Thereafter**	**Total**
Senior Bank Facility (Euribor + 2.00%-2.75%)	18	100	277	491	677	888	**2,450**
Subordinated Facilities (Euribor + 6.50%)	-	-	-	-	-	130	**130**
2014 EUR Floating Rate Notes (Euribor+8.50%)	-	-	-	-	-	100	**100**
Total	**18**	**100**	**277**	**491**	**677**	**1,118**	**2,680**

7. DISCLAIMER

This document contains forward looking statements. These forward looking statements include all matters that are not historical facts and statements containing the words "believe," "expect," "intend," "anticipate," "will," "positioned," "project," "risk," "plan," "may," "estimate" or, in each case, their negative and words of similar meaning are forward looking statements.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

We caution you that forward looking statements are not guarantees of future performance and that our actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward looking statements contained in this release as a result of various factors.

Consequently, anticipated actions and future financial condition, results of operations and cash flows, as well as the anticipated development of the industry in which we operate, may differ materially from those expressed in any forward looking statements made by us. These forward looking statements are uncertain and we cannot assure you that any such statements will prove to be correct. Actual results and developments may be materially different from those expressed or implied by such statements. We encourage you to consult the Company's Annual Report.

We have no obligation to, and do not intend to, update publicly or revise any forward looking statements contained in the document, whether as a result of new information, future events or otherwise.

In addition, 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.

FURTHER INFORMATION

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