

ONO

Third quarter 2008 results

25 November 2008

REJOLIÁN DRONOS!!!*

*Expresión que soltó tu tía el día que se bajó una peli en 2 minutos.

50
Mb

2€
al día
PRECIO DEFINITIVO
línea y llamadas
incluidas



**No hay palabras para describir
una velocidad que hasta ahora no existía**

Entérate en el
1400
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ONO
Teléfono Televisión Internet

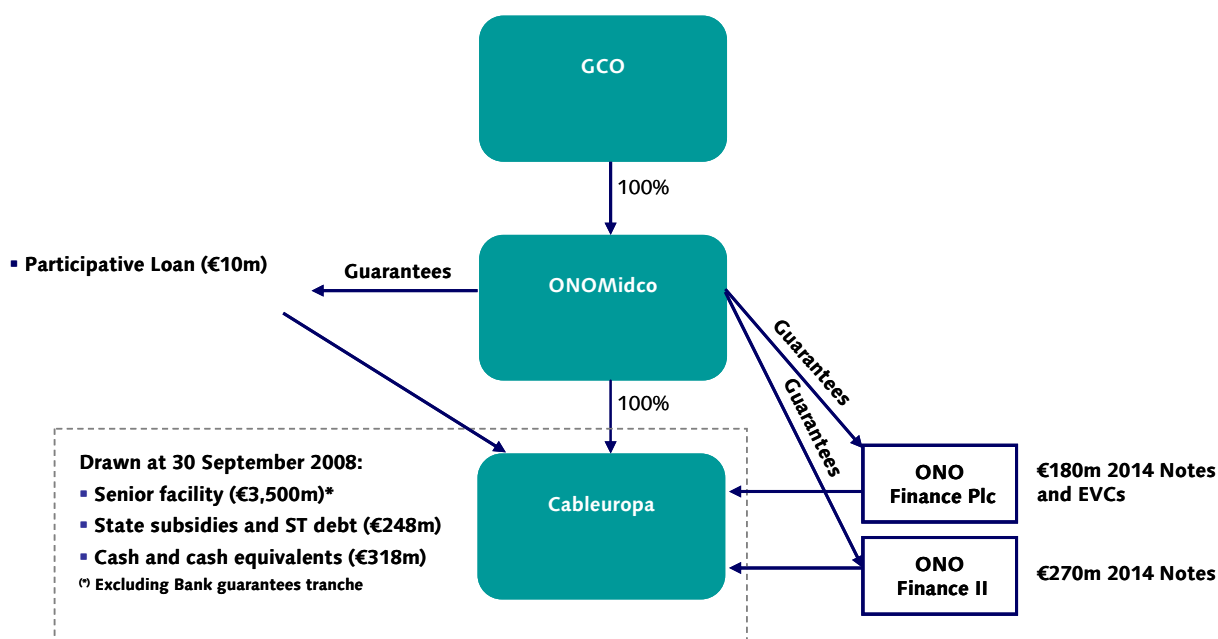
Oferta válida para nuevos clientes del 1/10/08 al 31/11/08. Coste de alta 50€ (58€ con IVA), cuota de alquiler de equipamiento 3€/mes (3,48€/mes con IVA). ONO puede subvencionar los costes de instalación en tu casa (80€, 92,80€ con IVA) a cambio de contar con tu confianza durante al menos 12 meses. En caso contrario, deberás abonar el concepto que te hayamos subvencionado. Subvención sujeta a disponibilidad geográfica. Consultar disponibilidad geográfica de servicios.

Grupo Corporativo ONO, S.A.

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1. GROUP AND REPORTING STRUCTURE



We are reporting the quarter ended 30 September 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.

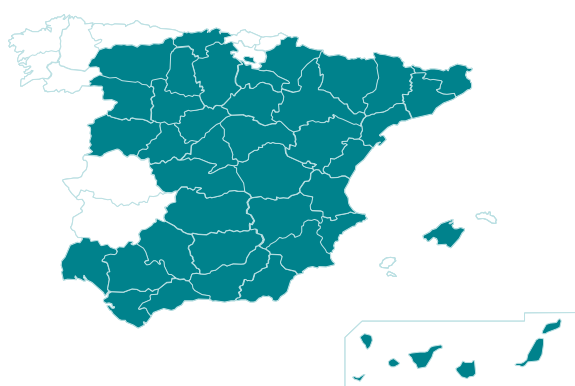
On 16 November 2007, the Spanish Government issued a new Spanish GAAP Royal Decree. The new standards take effect from 1 January 2008. We are currently assessing the impact of these new accounting standards on our records and will report under these new standards in due course.

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 69,000 SMEs customers as of 30 September 2008, through its own state of the art networks which gives direct access to 7 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 30 September 2008, ONO generated revenues of €1,584 million and EBITDA of €718 million.

Cable franchises



	<i>in thousands</i>
Homes in Spain (*)	17,545
Homes in ONO franchises (*)	15,808
<i>Coverage</i>	90%
Homes released to marketing	6,952
<i>Coverage</i>	44%
Residential cable customers	1,870
<i>Cable penetration</i>	27%
SMEs customers	69

(*) Source: INE; main and secondary homes

Table 1: Capitalisation

As of 30 September 2008	Grupo Corporativo ONO			Cableuropa		
	€m	% of debt	Debt/ EBITDA	€m	% of debt	Debt/ EBITDA
Short-term debt	183	4.4%	0.26x	171	4.1%	0.24x
Senior facility	3,500	83.2%	4.87x	3,500	83.9%	4.82x
Participative loan	10	0.2%	0.01x	10	0.2%	0.01x
Senior subordinated notes	450	10.7%	0.63x	450	10.8%	0.62x
State subsidies & other	65	1.5%	0.09x	41	1.0%	0.06x
Long-term debt	4,025	95.6%	5.60x	4,001	95.9%	5.51x
Total debt	4,208			4,172		
Cash and cash equivalents	318			318		
Total net debt	3,890		5.41x	3,854		5.30x
EBITDA LQA	718			726		

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 & other" and "Short-term debt".

2.1 Key operating and financial events

- Best broadband

According to the CMT, ONO offers the best telephony and broadband product range between 2Mb to 10Mb.

- First operator in Spain to launch 50Mb

ONO was the first operator to launch 50Mb broadband speed offers to the market. Based on DOCSIS 3.0 ONO currently offers 50Mb service in Madrid.

- Pay television audiences leadership

According to TNS Sofres, a company measuring television audiences and consumption data in Spain, ONO achieved a total television market share of 7.34% in September 2008, consolidating its leadership in this segment.

2.2 Financial highlights

Table 2: Financial highlights

Data in € million	Quarter ended					Year to date		
	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
Revenues	396	408	(3.0%)	405	(2.1%)	1,205	1,216	(0.9%)
Gross profit	304	313	(2.9%)	297	2.4%	918	876	4.8%
Gross margin	76.9%	76.7%	0.1 pp	73.4%	3.4 pp	76.2%	72.1%	4.2 pp
EBITDA	180	179	0.3%	172	4.5%	522	480	8.8%
EBITDA margin	45.3%	43.8%	1.5 pp	42.5%	2.9 pp	43.4%	39.5%	3.9 pp
Total net debt	3,890	3,866	0.6%	3,623	7.3%	3,890	3,623	7.3%
Capex	(78)	(101)	(22.7%)	(126)	(38.2%)	(277)	(384)	(27.8%)
Operating FCF	101	78	30.0%	45	123.8%	245	96	154.9%
Net result	(1)	12	na	14	na	20	(186)	na
Total net debt / EBITDA (x)	5.41x	5.39x	0.02x	5.27x	0.14x	5.41x	5.27x	0.14x
EBITDA LQA	718	716	0.3%	687	4.5%	718	687	4.5%

Table 3: Revenues split

Data in € million	Quarter ended					Year to date		
	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
Continuing businesses	364	372	(2.1%)	359	1.6%	1,097	1,062	3.4%
Residential direct access	304	310	(2.0%)	297	2.2%	914	878	4.0%
SMEs	18	18	(3.1%)	18	(2.5%)	54	57	(4.9%)
Business services	43	44	(2.5%)	43	(0.9%)	129	126	2.6%
Partial continuing businesses	28	31	(10.5%)	38	(27.1%)	92	127	(27.7%)
Wholesale and other	28	31	(10.5%)	38	(27.1%)	92	127	(27.7%)
Discontinuing businesses	4	5	(24.5%)	8	(50.0%)	16	28	(43.5%)
Indirect access	4	5	(24.5%)	8	(50.0%)	16	28	(43.5%)
Total revenues	396	408	(3.0%)	405	(2.1%)	1,205	1,216	(0.9%)

2.3 Operating highlights

Table 4: Operating highlights

Data in thousand, except if otherwise stated

	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change
Customers:					
Cable	1,870	1,889	(1.0%)	1,830	2.2%
Other direct access	66	66	0.0%	68	(4.1%)
Residential direct access	1,936	1,955	(1.0%)	1,899	1.9%
Indirect access	66	83	(20.2%)	116	(43.2%)
SMEs	69	70	(1.0%)	69	0.5%
Other data – Residential Cable:					
Homes released to marketing	6,952	6,915	0.5%	6,670	4.2%
Penetration	26.9%	27.3%	(0.4 pp)	27.4%	(0.5 pp)
ARPU (€)	52.4	53.3	(1.7%)	52.6	(0.4%)
RGUs	3,953	3,954	(0.0%)	3,664	7.9%
RGUs per customer (#)	2.11	2.09	1.0%	2.00	5.6%
Churn	21.9%	19.4%	2.5 pp	16.3%	5.5 pp
Net Churn	19.6%	17.5%	2.1 pp	14.3%	5.3 pp
Residential cable services (RGUs):					
Telephony	1,623	1,631	(0.4%)	1,595	1.8%
as % of customers	86.8%	86.3%	0.5 pp	87.1%	(0.3 pp)
Internet	1,272	1,272	0.0%	1,160	9.6%
as % of customers	68.0%	67.3%	0.7 pp	63.4%	4.6 pp
Television	1,057	1,052	0.5%	909	16.3%
as % of customers	56.5%	55.7%	0.8 pp	49.7%	6.9 pp
Residential cable penetration per service:					
Telephony	23.4%	23.6%	(0.2 pp)	23.9%	(0.6 pp)
Internet	18.3%	18.4%	(0.1 pp)	17.4%	0.9 pp
Television	15.2%	15.2%	(0.0 pp)	13.6%	1.6 pp

Our residential direct access customer base increased by 1.9% in the last twelve months, reaching 1,936,000 as of 30 September 2008. This growth was driven by an increase in residential cable customers of 40,000. Nevertheless, as compared to the previous quarter, the customer base decreased by 19,000, mainly due to the reduction in sales as a consequence of the downturn in the macroeconomic environment, the introduction of strict credit scoring policies in our customer acquisition processes, the continued high level of churn, and the seasonality of sales in the third quarter.

ARPU for residential cable services remained flat at €52.4 in the third quarter of 2008 compared to €52.6 in the same period of the previous year. The seasonality affecting the summer season pulled ARPU down by €0.9 with respect to the second quarter.

SMEs customers remained flat at 69,000 customers in Q3 08 versus Q3 07.

Indirect access customers decreased by 43.2% from September 2007 to September 2008, as expected, due to our focus on our direct access business.

3. GRUPO CORPORATIVO ONO

3.1 Condensed Consolidated Financial Statements

Table 5: Condensed Consolidated Balance Sheet

<i>Data in € million</i>	Notes	<u>30-Sep-08</u>	<u>31-Dec-07</u>
ASSETS			
Current assets			
Cash		2	4
Short-term investments, net	3.3.1	325	15
Accounts receivable & other	3.3.2	191	209
Total current assets		518	228
Fixed assets			
Start-up costs, net	3.3.3	33	28
Intangible assets, net	3.3.4	123	135
Tangible assets, net	3.3.5	4,533	4,518
Financial assets, net	3.3.6	1,336	1,344
Total fixed assets		6,024	6,025
Deferred expenses, net		25	26
Uncalled share capital		29	31
TOTAL ASSETS		6,596	6,310
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Short term debt	3.3.8	183	187
Accrued interest expense		43	79
Accounts payable and other	3.3.7	665	812
Short-term deferred Auna acquisition payment	3.3.7	71	71
Total current liabilities		963	1,149
Long-term debt			
Senior facility	3.3.8	3,500	2,925
Subordinated facilities	3.3.8	10	10
Senior subordinated notes	3.3.8	450	450
Other	3.3.8	65	79
Total long-term debt		4,025	3,464
Other long-term liabilities	3.3.9	105	177
Deferred income		115	116
Commitments and contingencies		274	310
Minority interests		3	3
Shareholders' equity			
Common stock	3.3.10	1,672	1,672
Share premium	3.3.10	368	368
Accumulated deficit	3.3.10	(949)	(750)
Net profit/(loss) for the period	3.3.10	20	(198)
Total shareholders' equity		1,112	1,092
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,596	6,310

Table 6: Condensed Consolidated Statements of Operations

Data in € million	Quarter ended			Year to date		
	30-Sep-08	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
Revenues	396	405	(2.1%)	1,205	1,216	(0.9%)
Cost of services	(92)	(107)	(14.7%)	(286)	(340)	(15.7%)
Opex	(125)	(125)	(0.4%)	(396)	(397)	(0.1%)
EBITDA	180	172	4.5%	522	480	8.8%
Deprec. and amortis.	(95)	(87)	9.0%	(281)	(277)	1.7%
EBIT / Operating profit	85	85	(0.1%)	241	203	18.5%
Net financial expense	(82)	(63)	30.2%	(204)	(194)	5.3%
Net extraordinary expense	(1)	(2)	(38.2%)	(5)	(183)	(97.5%)
EBT / Loss before tax	2	21	(89.5%)	32	(174)	na
Income tax credit	(3)	(6)	(55.7%)	(12)	(11)	8.6%
Profit/(loss) before minority interests	(1)	14	na	20	(185)	na
Minority interests	(0)	(0)	na	(0)	(0)	na
Net profit/(loss)	(1)	14	na	20	(186)	na

Table 7: Condensed Consolidated Cash Flow

Data in € million	Quarter ended			Year to date		
	30-Sep-08	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
EBITDA	180	172	4.5%	522	480	8.8%
Capex	(78)	(126)	(38.2%)	(277)	(384)	(27.8%)
OPERATING FREE CASH FLOW	101	45	123.8%	245	96	na
Change in working capital	(19)	(26)	(26.6%)	(126)	(178)	(29.3%)
Other ⁽¹⁾	(14)	(28)	(50.8%)	(63)	(101)	(38.0%)
FREE CASH FLOW (pre-interest)	68	(9)	na	57	(182)	na
Paid interests, net	(92)	(21)	340.4%	(229)	(130)	76.9%
FREE CASH FLOW	(24)	(30)	(20.7%)	(172)	(312)	(44.8%)
FINANCING ACTIVITIES						
Senior facility	294	130	126.0%	575	559	2.8%
Subordinated facilities	-	-	na	-	(120)	na
Senior Subordinated Notes	-	(100)	na	-	(100)	na
State subsidies	(4)	(5)	na	(10)	(16)	(35.3%)
Short-term credit lines	(12)	(0)	na	(5)	(0)	na
Short-term investments	(255)	(1)	na	(315)	(1)	na
Other financing items	(1)	(7)	(80.4%)	(2)	(13)	(82.0%)
Deferred Auna acquisition payment	0	-	na	(71)	-	na
FINANCING ACTIVITIES	21	17	23.0%	170	309	(44.9%)
NET CASH FLOW	(3)	(13)	na	(2)	(3)	(31.6%)
CASH BEGINNING OF PERIOD	5	17	(72.6%)	4	7	(42.5%)
CASH END OF PERIOD	2	4	(49.8%)	2	4	(49.8%)

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

3.2 Third quarter 2008 results of operations

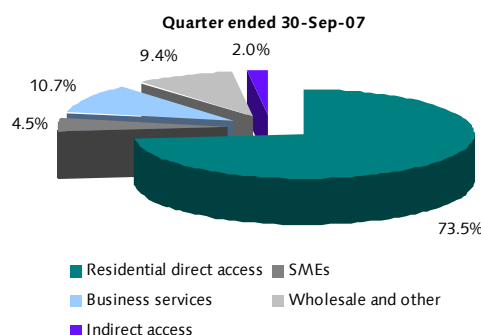
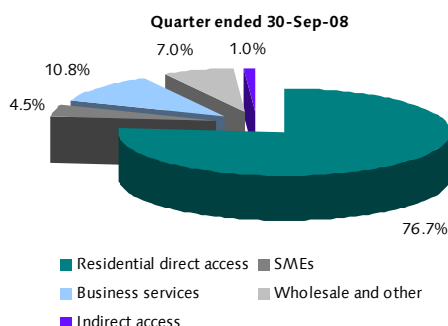
Revenues

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 (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 8: Revenue split

Data in € million	Quarter ended					Year to date		
	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
Continuing businesses	364	372	(2.1%)	359	1.6%	1,097	1,062	3.4%
Residential direct access	304	310	(2.0%)	297	2.2%	914	878	4.0%
SMEs	18	18	(3.1%)	18	(2.5%)	54	57	(4.9%)
Business services	43	44	(2.5%)	43	(0.9%)	129	126	2.6%
Partial continuing businesses	28	31	(10.5%)	38	(27.1%)	92	127	(27.7%)
Wholesale and other	28	31	(10.5%)	38	(27.1%)	92	127	(27.7%)
Discontinuing businesses	4	5	(24.5%)	8	(50.0%)	16	28	(43.5%)
Indirect access	4	5	(24.5%)	8	(50.0%)	16	28	(43.5%)
Total revenues	396	408	(3.0%)	405	(2.1%)	1,205	1,216	(0.9%)



Revenues decreased in Q3 2008 by 2.1% to €396 million from €405 million in the same quarter of the previous year. This revenue decrease is due to a 50% reduction in residential indirect access revenues, as this business discontinues its operations and to a 27.1% reduction in wholesale revenues mainly as a consequence of Orange's circuit migration to its own networks. Continuing businesses, our main revenue source, grew by 1.6% contributing 92% to overall revenues in Q3 2008 as compared to 89% in Q3 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; incoming interconnection; variable fees for pay-per-view services from cable television services and other minor items. The following table sets forth information on residential cable services, and the percentage change from period to period:

Table 9: Residential cable services

Data in thousand, except if otherwise stated

	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change
Cable Services:					
HRTM	6,952	6,915	0.5%	6,670	4.2%
Customers	1,870	1,889	(1.0%)	1,830	2.2%
Penetration	26.9%	27.3%	(0.4 pp)	27.4%	(0.5 pp)
Churn	21.9%	19.4%	2.5 pp	16.3%	5.5 pp
Net churn	19.6%	17.5%	2.1 pp	14.3%	5.3 pp
ARPU (€)	52.4	53.3	(1.7%)	52.6	(0.4%)
Total RGUs	3,953	3,954	(0.0%)	3,664	7.9%
RGUs per customer	2.11	2.09	1.0%	2.00	5.6%

Total cable customers increased during the last twelve months by approximately 40,000 customers or 2.2% to 1,870,000. Our penetration ratio decreased slightly to 26.9% as of 30 September 2008 as our network deployment surpassed the customer base growth. The focus on bundled services and the introduction of our television "Esencial" offer pushed the RGUs per customer ratio to 2.11x as at 30 September 2008, from 2.00x as at 30 September 2007.

The negative net adds in the quarter corresponds to a lower number of sales as from September 2008, due to the summer season and the introduction of credit scoring, in which all customers must pay an activation fee and an additional installation fee for certain packages. These entry barriers were implemented to avoid the acquisition of early churn customers and to maintain our profitability standards. Additionally, the network extension programme has been discontinued as the macroeconomic environment threatens returns from investment.

Churn increased in the third quarter of 2008 to 21.9% from 16.3% in the third quarter of 2007. The main cause of this churn increase corresponds to the disconnections related to bad debt, which have almost doubled in the last year. Net churn, calculated as churn excluding customers moving from one ONO home to another ONO home reached 19.6% in the third 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 10: Telephony services

Data in thousand, except if otherwise stated

	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change
Telephony services:					
Customers	1,623	1,631	(0.4%)	1,595	1.8%
Proportion of total customers	86.8%	86.3%	0.5 pp	87.1%	(0.3 pp)
Penetration	23.4%	23.6%	(0.2 pp)	23.9%	(0.6 pp)

Telephony customers increased by 28,000 or 1.8% between the third quarter of 2008 and the same quarter of the previous year, reaching 1,623,000 as of 30 September 2008. Telephony continues to account for the largest portion of our RGUs, with 86.8% 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 11: Internet services

Data in thousand, except if otherwise stated

	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change
Internet services:					
Customers	1,272	1,272	0.0%	1,160	9.6%
Proportion of total customers	68.0%	67.3%	0.7 pp	63.4%	4.6 pp
Penetration	18.3%	18.4%	(0.1 pp)	17.4%	0.9 pp

Internet customers increased by 112,000 or 9.6% between the third quarter of 2008 and the same quarter of the previous year, reaching 1,272,000 as of 30 September 2008. This growth surpasses our total customer adds by 59,026.

Internet customers as a proportion of total customers increased by 4.6 pp to 68% at the end of the third quarter of 2008 from 63.4% in the third quarter of 2007. Our residential Internet penetration increased to 18.3% in the third quarter of 2008 from 17.4% 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 12: Television services

Data in thousand, except if otherwise stated

	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change
Television services:					
Customers	1,057	1,052	0.5%	909	16.3%
Proportion of total customers	56.5%	55.7%	0.8 pp	49.7%	6.9 pp
Penetration	15.2%	15.2%	(0.0 pp)	13.6%	1.6 pp

Cable television customers increased by 148,000 or 16.3% in the last twelve months, reaching 1,057,000 as of 30 September 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 5,000 net new television customers in the third quarter of 2008.

Cable television customers as a proportion of total customers increased by 6.9 pp in the last twelve months to 56.5% as of 30 September 2008 and the penetration of cable television services over homes released to marketing increased in the last twelve months by 1.6 pp to 15.2%.

- **Other direct access**

Other direct access services include services offered through full unbundling of the 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 remained flat in the third quarter. We consider our ULL operations, mainly focused in Madrid and Barcelona, as a complement to our core cable business.

Table 13: Other direct access services

Data in thousand, except if otherwise stated

	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change
ULL Services:					
Customers	66	66	0.0%	68	(4.1%)
RGUs	109	108	0.6%	110	(0.5%)
RGUs per customer	1.66	1.65	0.6%	1.60	3.8%

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 and incoming interconnection revenues of this segment. 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 14: SMEs services

	Quarter ended					Year to date		
	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
SMEs customers (thousands)	69	70	(1.0%)	69	0.5%	69	69	0.5%
Revenues (€million)	18	18	(3.1%)	18	(2.5%)	54	57	(4.9%)

ONO's SMEs customers remained flat versus Q3 2007 at 69,000 customers. SMEs revenues remained stable at €18 million in the third 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 15: Business services

Data in €million	Quarter ended					Year to date		
	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
Revenues	43	44	(2.5%)	43	(0.9%)	129	126	2.6%

Business revenues reached €43 million in the third quarter of 2008. The clean-up of lower margin business in this division is now substantially over and there is a 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 16: Wholesale and other

Data in €million	Quarter ended					Year to date		
	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
Revenues	28	31	(10.5%)	38	(27.1%)	92	127	(27.7%)

Revenues from wholesale and other decreased by 27.1%, from €38 million for the third quarter of 2007 to €28 million for the third 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 the future.

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 ("mvno").

3.2.1. Cost of services and Gross profit

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

Table 17: Cost of services and Gross Profit

Data in € million	Quarter ended					Year to date		
	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
Total revenues	396	408	(3.0%)	405	(2.1%)	1,205	1,216	(0.9%)
Cost of services	(92)	(95)	(3.5%)	(107)	(14.7%)	(286)	(340)	(15.7%)
Gross profit	304	313	(2.9%)	297	2.4%	918	876	4.8%
Gross margin	76.9%	76.7%	0.1 pp	73.4%	3.4 pp	76.2%	72.1%	4.2 pp

Cost of services principally consist 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 €16 million from the quarter ended 30 September 2007 to the quarter ended 30 September 2008. As a percentage of total revenues, our cost of services decreased to 23.1% for the three months ended 30 September 2008 from 26.6% for the three months ended 30 September 2007 and gross margin increased by 3.4 pp to 76.9% in the third quarter of 2008 versus 73.4% in the third quarter of 2007.

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 content agreements.

3.2.2. 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 18: Operating expenses

Data in € million	Quarter ended					Year to date		
	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
Gross opex	(144)	(154)	(6.7%)	(141)	2.0%	(456)	(449)	1.6%
Capitalised costs	19	20	(3.6%)	16	21.1%	60	52	14.6%
Net opex	(125)	(134)	(7.1%)	(125)	(0.4%)	(396)	(397)	(0.1%)
% of revenues	31.5%	32.9%	(1.38 pp)	31.0%	0.5 pp	32.9%	32.6%	0.3 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 €125 million in the third quarter of 2008 compared to the third quarter of 2007.

3.2.3. Depreciation and amortisation

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

Table 19: Depreciation and amortisation

Data in € million	Quarter ended					Year to date		
	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
Deprec. and amortis.	(95)	(95)	(0.0%)	(87)	9.0%	(281)	(277)	1.7%

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 amortisation of intangible assets and start-up costs. The increase year on year is due to the additional capital expenditure carried out over the last twelve months.

3.2.4. Net financial expense

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

Table 20: Net financial expense

Data in € million	Quarter ended					Year to date		
	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
Net financial expense	(82)	(62)	31.1%	(63)	30.2%	(204)	(194)	5.3%

Our net financial expense is mainly comprised of interest expense from our financing agreements. Net financial expense increased in the third quarter of 2008 compared to the same quarter of the previous year due to the cost incurred in the closing of our covenant amendment in July 2008 and the full drawing of our Senior facility, coupled with higher interest base rates.

3.2.5. 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 21: Other income and expense

Data in € million	Quarter ended					Year to date		
	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
Net extraordinary expense	(1)	(4)	(76.9%)	(2)	(38.2%)	(5)	(183)	(97.5%)
Income tax	(3)	(6)	(51.9%)	(6)	(55.7%)	(12)	(11)	8.6%

3.3 Notes to the Condensed Consolidated Balance Sheet

3.3.1. Short term investments

Table 22: Short term investments, net

<i>Data in €million</i>	30-Sep-08	31-Dec-07	% change
Investment in non consolidated companies	2	2	-
Fixed interest securities	316	0	na
Other short-term investments	8	14	(41.9%)
Provisions	(2)	(2)	-
Short-term investments, net	325	15	na

3.3.2. Accounts receivable

Table 23: Accounts receivable, net

<i>Data in €million</i>	30-Sep-08	31-Dec-07	% change
Receivables from related parties	1	0	na
Trade accounts receivable and other debtors	162	175	(7.3%)
Tax receivables	1	1	21.6%
Other receivables	27	33	(18.4%)
Accounts receivable, net	191	209	(8.6%)

3.3.3. Start-up costs

Table 24: Start-up costs

<i>Data in €million</i>	31-Dec-07	Additions	Transfers	Amortisation	30-Sep-08
Start-up costs, net	18	11	0	(3)	26
Stock issuance costs, net	9	-	-	(3)	7
Total start-up costs	28	11	0	(6)	33

3.3.4. Intangible assets

Table 25: Intangible assets, net

<i>Data in €million</i>	31-Dec-07	Additions	Disposals	Transfers	30-Sep-08
Licensed assets	62	4	-	-	66
Franchise acquisition costs	13	-	-	-	13
Computer software	128	9	(0)	-	136
Finance leases	42	-	-	(13)	29
Other intangible fixed assets	3	0	-	-	3
Total cost	246	13	(0)	(13)	246
Accumulated amortisation	(111)	(22)	0	9	(124)
Intangible assets, net	135	(9)	(0)	(3)	123

3.3.5. Tangible assets

Table 26: Tangible assets, net

<i>Data in €million</i>	31-Dec-07	Additions	Disposals	Transfers	30-Sep-08
Land and natural assets	17	-	-	-	17
Network and technical equipment	6,102	111	-	165	6,377
Computer hardware	188	1	(1)	10	198
Other tangible fixed assets	76	2	-	-	78
Total operating tangible fixed assets	6,382	114	(1)	175	6,669
Payments on account and assets under construction	97	148	(4)	(160)	82
Total cost	6,478	262	(5)	15	6,751
Accumulated amortisation	(1,885)	(253)	2	(9)	(2,146)
Provisions	(75)	-	3	0	(72)
Tangible assets, net	4,518	9	0	5	4,533

3.3.6. Financial assets

Table 27: Financial assets

<i>Data in €million</i>	30-Sep-08	31-Dec-07	% change
Tax credit and deferred tax	1,258	1,270	(0.9%)
Other financial assets (*)	84	86	(2.1%)
Shareholdings in unconsolidated Group Companies	4	4	-
Provisions	(15)	(15)	-
Other	5	-	na
Financial assets	1,336	1,344	(0.6%)

(*) 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 28: Accounts payable

<i>Data in €million</i>	30-Sep-08	31-Dec-07	% change
Commercial suppliers	375	399	(6.0%)
Taxes payable	11	11	(1.5%)
Fixed asset suppliers	191	327	(41.4%)
Other	89	76	16.9%
Accounts payable	665	812	(18.1%)
Deferred Auna acquisition payment	71	71	

3.3.8. Debt and liquidity

Table 29: Debt and liquidity

As of 30 September 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	-	3,500	3,500	0
Subordinated facility	-	-	-	-	-
Participative loan	10	-	10	10	-
Other credit facilities	210	167	30	197	12
Total debt with credit entities	3,720	167	3,540	3,707	13
Other debt:					
Senior subordinated notes	450	-	450	450	-
State subsidies and other	51	16	35	51	-
Total other debt	501	16	485	501	-
Total debt	4,221	183	4,025	4,208	13
Cash and cash equivalents				318	318
Total net debt				3,890	
EBITDA LQA				718	
Total net debt/EBITDA				5.41x	

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 30: Debt by maturity

	Maturity						Total
	2008	2009	2010	2011	2012	Thereafter	
Type of debt							
Debt with credit entities:							
Senior facility	-	36	414	590	960	1,500	3,500
Participative loan	-	-	-	-	-	10	10
Other credit facilities	24	144	26	1	1	1	197
Total debt with credit entities	24	180	440	591	961	1,511	3,707
Other debt:							
Senior subordinated notes	-	-	-	-	-	450	450
State subsidies and other	1	15	13	10	8	3	51
Total other debt	1	15	13	10	8	453	501
Total	26	195	453	602	969	1,964	4,208

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

3.3.9. Other long term liabilities

Table 31: Other long term liabilities

<i>Data in €million</i>	30-Sep-08	31-Dec-07	% change
Deferred Auna Acquisition payment	71	143	(50.0%)
EVCs and other	33	33	-
Other	1	1	(21.3%)
Other long-term liabilities	105	177	(40.6%)

3.3.10. Shareholders' equity

Table 32: Shareholders' equity

<i>Data in €million</i>	Common stock	Share premium	Accumulated deficit	Net profit/(loss)	Total
Balance 31 December 2007	1,672	368	(750)	(198)	1,092
Previous year result distribution	-	-	(198)	198	-
Net profit/(loss) for the nine months ended 30 September 08	-	-	-	20	20
Balance 30 September 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 33: Capital expenditure

Data in € million	Quarter ended					Year to date		
	30-Sep-08	30-Jun-08	% change	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
Capital expenditures	(78)	(101)	(22.7%)	(126)	(38.2%)	(277)	(384)	(27.8%)

Capital expenditure decreased by 38.2% to €78 million in the third quarter of 2008 from €126 million in the third quarter of 2007 due to the significant reduction 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 experienced in the last several quarters. The working capital variation excludes the effect of the classification of the deferred Auna acquisition payment to short term.

4. ONOMIDCO

Table 34: Condensed Consolidated Balance Sheet (ONOMidco)

<i>Data in € million</i>	<u>30-Sep-08</u>	<u>31-Dec-07</u>
ASSETS		
Current assets		
Cash	2	4
Short-term investments, net	329	14
Accounts receivable and other	210	220
Total current assets	541	238
Fixed assets		
Start-up costs, net	27	20
Intangible assets, net	123	135
Tangible assets, net	4,533	4,518
Financial assets, net	1,271	1,283
Total fixed assets	5,953	5,956
Deferred expenses, net	40	43
TOTAL ASSETS	6,533	6,237
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	171	173
Accrued interest expense	43	78
Accounts payable and other	699	844
Short-term deferred Auna acquisition payment	71	71
Total current liabilities	984	1,166
Long-term debt		
Senior facility	3,500	2,925
Subordinated facilities	10	10
Senior subordinated notes	450	450
Other	41	53
Total long-term debt	4,001	3,438
Other long-term liabilities	105	177
Deferred income	115	116
Commitments and contingencies	274	310
Minority interests	7	6
Participative loan	955	955
Shareholders' equity		
Common stock	263	263
Share premium	24	24
Accumulated deficit	(217)	(11)
Net profit/(loss) for the period	22	(206)
Total shareholders' equity	92	70
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,533	6,237

Table 35: Condensed Consolidated Statement of Operations (ONOMidco)

Data in € million	Quarter ended			Year to date		
	30-Sep-08	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
	Revenues	396	405	(2.1%)	1,205	1,216
Cost of services	(92)	(107)	(14.7%)	(286)	(340)	(15.7%)
Opex	(123)	(123)	(0.2%)	(390)	(390)	0.0%
EBITDA	181	174	4.3%	528	486	8.6%
Deprec. and amortis.	(94)	(86)	9.1%	(280)	(275)	1.8%
EBIT / Operating profit	87	88	(0.5%)	248	211	17.5%
Net financial expense	(82)	(63)	30.1%	(207)	(196)	5.6%
Net extraordinary expense	(1)	(2)	(38.2%)	(5)	(183)	(97.5%)
EBT / Loss before tax	4	23	(82.9%)	37	(168)	na
Income tax credit	(3)	(6)	(52.1%)	(13)	(11)	na
Profit/(loss) before minority interests	1	17	(94.0%)	24	(179)	na
Minority interests	(1)	(0)	44.2%	(2)	(1)	na
Net profit/(loss)	0	16	(97.5%)	22	(180)	na

Table 36: Condensed Consolidated Cash Flow (ONOMidco)

Data in € million	Quarter ended			Year to date		
	30-Sep-08	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
	EBITDA	181	174	4.3%	528	486
Capex	(78)	(126)	(38.2%)	(277)	(384)	(27.8%)
OPERATING FREE CASH FLOW	103	48	117.2%	251	103	144.9%
Change in working capital	(22)	(27)	(20.6%)	(132)	(187)	(29.5%)
Other ⁽¹⁾	(14)	(28)	(50.8%)	(63)	(99)	(36.5%)
FREE CASH FLOW (pre-interest)	68	(8)	na	57	(183)	na
Paid interests, net	(92)	(21)	na	(228)	(129)	na
FREE CASH FLOW	(24)	(29)	(17.4%)	(171)	(313)	(45.2%)
FINANCING ACTIVITIES						
Senior facility	294	130	na	575	559	2.8%
Subordinated facilities	-	-	na	-	(120)	na
Senior subordinated notes	-	(100)	na	-	(100)	na
State subsidies	(4)	(5)	(0.9%)	(10)	(16)	na
Short-term credit lines	(12)	(2)	na	(6)	(4)	na
Short-term investments	(255)	(1)	na	(320)	(1)	na
Other financing items	1	(6)	na	2	(8)	na
Deferred Auna acquisition payment	-	-	na	(71)	-	na
FINANCING ACTIVITIES	24	16	44.7%	169	310	(45.3%)
NET CASH FLOW	(0)	(13)	(97.4%)	(2)	(2)	na
CASH BEGINNING OF PERIOD	2	17	(85.7%)	2	17	(85.7%)
CASH END OF PERIOD	2	4	(50.2%)	2	4	(50.2%)

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

In this section, we are reporting the third 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.

5. CABLEUROPA

5.1 Condensed Consolidated Financial Statements

Table 37: Condensed Consolidated Balance Sheet (Cableuropa)

<i>Data in € million</i>	<u>30-Sep-08</u>	<u>31-Dec-07</u>
ASSETS		
Current assets		
Cash	2	4
Short-term investments, net	329	14
Accounts receivable and other	210	220
Total current assets	541	238
Fixed assets		
Start-up costs, net	27	20
Intangible assets, net	123	135
Tangible assets, net	4,533	4,518
Financial assets, net	1,271	1,283
Total fixed assets	5,953	5,956
Deferred expenses, net	40	43
TOTAL ASSETS	6,533	6,237
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short term debt	171	173
Accrued interest expense	43	78
Accounts payable and other	699	843
Short-term deferred Auna acquisition payment	71	71
Total current liabilities	984	1,166
Long-term debt		
Senior facility	3,500	2,925
Subordinated facilities	10	10
Senior subordinated notes	450	450
Other	41	53
Total long-term debt	4,001	3,438
Other long-term liabilities	105	177
Deferred income	115	116
Commitments and contingencies	274	310
Minority interests	7	6
Participative loan	955	955
Shareholders' equity		
Common stock	263	263
Share premium	1,637	1,637
Accumulated deficit	(1,830)	(1,624)
Net profit/(loss) for the period	22	(206)
Total shareholders' equity	92	70
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,533	6,237

Table 38: Condensed Consolidated Statement of Operations (Cableuropa)

Data in € million	Quarter ended			Year to date		
	30-Sep-08	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
Revenues	396	405	(2.1%)	1,205	1,216	(0.9%)
Cost of services	(92)	(107)	(14.7%)	(286)	(340)	(15.7%)
Opex	(123)	(123)	(0.2%)	(390)	(390)	0.1%
EBITDA	181	174	4.3%	528	486	8.6%
Deprec. and amortis.	(94)	(86)	9.1%	(280)	(275)	1.8%
EBIT / Operating profit	87	88	(0.5%)	248	212	17.4%
Net financial expense	(82)	(63)	30.1%	(207)	(196)	5.6%
Net extraordinary expense	(1)	(2)	(38.2%)	(5)	(183)	(97.5%)
EBT / Loss before tax	4	23	(82.8%)	37	(168)	na
Income tax credit	(3)	(6)	(52.4%)	(13)	(11)	na
Profit/(loss) before minority interests	1	17	(93.9%)	24	(179)	na
Minority interests	(1)	(0)	44.2%	(2)	(1)	na
Net profit/(loss)	0	16	(97.4%)	22	(180)	na

Table 39: Condensed Consolidated Cash Flow (Cableuropa)

Data in € million	Quarter ended			Year to date		
	30-Sep-08	30-Sep-07	% change	30-Sep-08	30-Sep-07	% change
EBITDA	181	174	4.3%	528	486	8.6%
Capex	(78)	(126)	(38.2%)	(277)	(384)	(27.8%)
OPERATING FREE CASH FLOW	103	48	na	251	103	na
Change in working capital	(22)	(27)	(20.7%)	(132)	(187)	(29.6%)
Other ⁽¹⁾	(14)	(28)	(50.8%)	(63)	(99)	(36.5%)
FREE CASH FLOW (pre-interest)	68	(8)	na	57	(183)	na
Shares acquisition	-	-	na	-	-	na
Paid interests, net	(92)	(21)	na	(228)	(129)	76.4%
FREE CASH FLOW	(24)	(29)	(17.4%)	(171)	(313)	(45.2%)
FINANCING ACTIVITIES						
Senior facility	294	130	na	575	559	2.8%
Subordinated facilities	-	-	na	-	(120)	na
Senior subordinated notes	-	(100)	na	-	(100)	na
State subsidies	(4)	(5)	(0.9%)	(10)	(16)	na
Short-term credit lines	(12)	(2)	na	(6)	(4)	na
Short-term investments	(255)	(1)	na	(320)	(1)	na
Other financing items	1	(6)	na	2	(8)	na
Deferred Auna acquisition payment	-	-	na	(71)	-	na
FINANCING ACTIVITIES	24	16	44.7%	169	310	(45.3%)
NET CASH FLOW	(0)	(13)	(97.4%)	(2)	(2)	na
CASH BEGINNING OF PERIOD	2	17	(85.7%)	4	7	(41.1%)
CASH END OF PERIOD	2	4	(50.1%)	2	4	(50.1%)

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

5.2 Debt and liquidity

Table 40: Debt and Liquidity (Cableuropa)

As of 30 September 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	-	3,500	3,500	0
Participative loan	10	-	10	10	-
Other credit facilities	174	155	6	161	12
Total debt with credit entities	3,684	155	3,516	3,671	13
Other debt:					
Senior subordinated notes	450	-	450	450	-
State subsidies and other	51	16	35	51	-
Total other debt	501	16	485	501	-
Total debt	4,185	171	4,001	4,172	13
Cash and cash equivalents				318	318
Total net debt				3,854	
EBITDA LQA				726	
Total net debt/EBITDA				5.30x	

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

Table 41: Debt by maturity

As of 30 September 2008
Data in €million

	Maturity						Total
	2008	2009	2010	2011	2012	Thereafter	
Type of debt							
Debt with credit entities:							
Senior facility	-	36	414	590	960	1,500	3,500
Participative loan	-	-	-	-	-	10	10
Other credit facilities	24	132	2	1	1	1	161
Total debt with credit entities	24	168	416	591	961	1,511	3,671
Other debt:							
Senior subordinated notes	-	-	-	-	-	450	450
State subsidies and other	1	15	13	10	8	3	51
Total other debt	1	15	13	10	8	453	501
Total	26	183	429	602	969	1,964	4,172

In this section, we are reporting the third 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 €3,500 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 of 30 September 2008 we had long term variable interest rate debt outstanding of €3,510 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, 73% 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 September 2008:

Table 42: Variable interest long term debt

Data in €million	Expected maturity date						Total
	2008	2009	2010	2011	2012	Thereafter	
Senior bank facility (Euribor+1.75%-2.25%)	-	36	414	590	960	1,500	3,500
Participative loan (Euribor+2.75%)	-	-	-	-	-	10	10
Total	-	36	414	590	960	1,510	3,510

7. DISCLAIMER

This document contains statements that constitute forward looking statements in its general meaning and within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this document and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activity and situation relating to the Company. The forward-looking statements in this document can be identified, in some instances, by the use of words such as "expects", "anticipates", "intends", "believes", and similar language or the negative thereof or by forward-looking nature of discussions of strategy, plans or intentions.

Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and other important factors that could cause actual developments or results to differ materially from those expressed in our forward looking statements.

Analysts and investors are cautioned not to place undue reliance on those forward looking statements which speak only as of the date of this presentation. ONO undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in ONO's business strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's public reports.

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

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