



Third quarter 2006 results

28 November 2006



Grupo Corporativo ONO, S.A.
Investor Relations



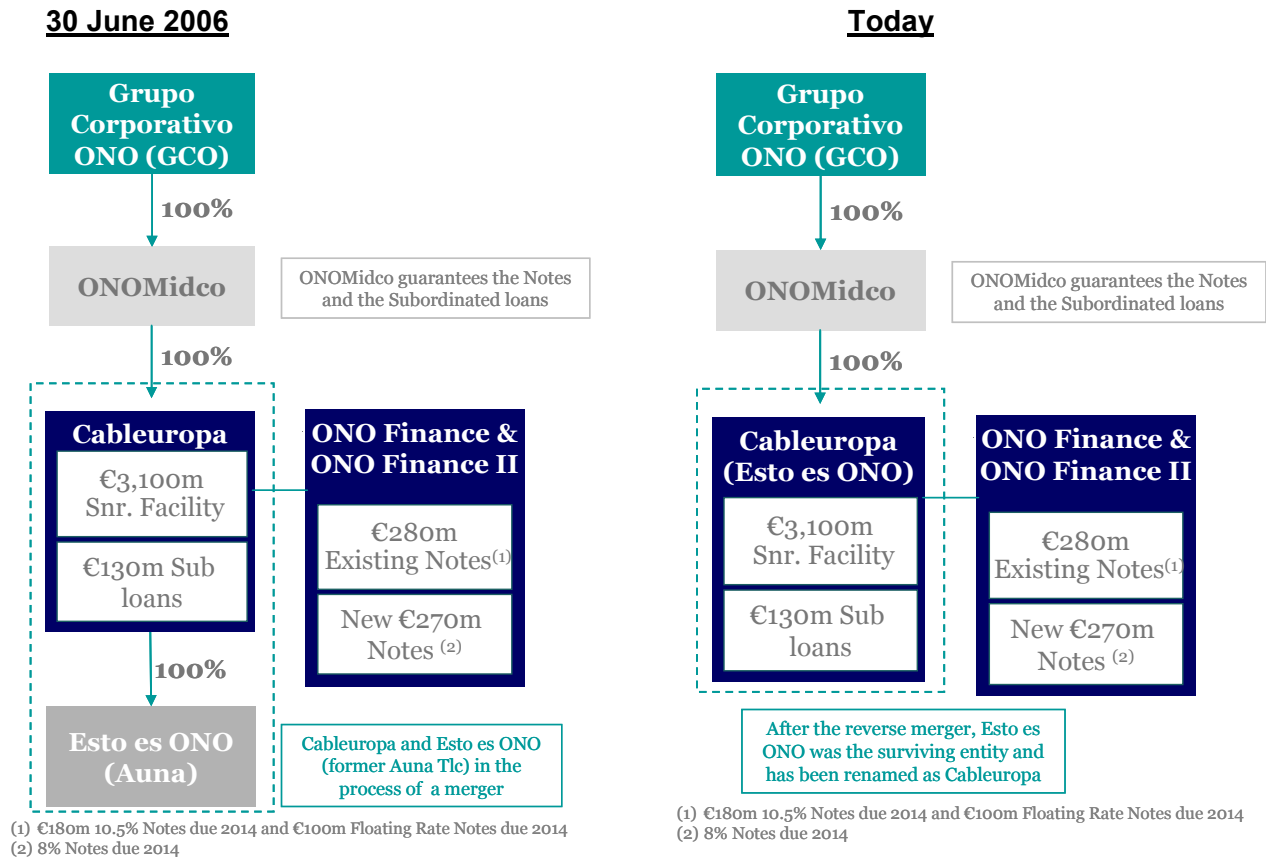
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1. GROUP AND REPORTING STRUCTURE



We are reporting the quarter and nine months ended 30 September 2006 results of Grupo Corporativo ONO, S.A. (“GCO”) and its subsidiaries.

References in this report to **ONO** are to GCO and its subsidiaries after giving effect to the acquisition of Auna and references to **Old ONO** are to GCO and its subsidiaries prior to the acquisition of Auna Telecomunicaciones, S.A.U. (“Auna”).

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 reorganisation:

- On 3 May 2006 we incorporated an intermediate holding company between GCO and Cableuropa, S.A.U. (“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 indentures for the 10.5% Notes due 2014, the Floating Rate Notes

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due 2014 and the 8% Notes due 2014, ONOMidco guarantees our Senior Subordinated Notes and our Subordinated facilities.

- On 5 May 2006, Auna changed its corporate registered address to the corporate offices of Cableuropa, S.A.U. and its corporate name to Esto es ONO, S.A.U.

- Subsequently 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. 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 effects from 1 January 2006.

- Ultimately, on 7 November 2006, we changed the corporate name of Esto es ONO, S.A.U. (surviving entity of the reverse merger between Esto es ONO, S.A.U. and Cableuropa) to Cableuropa, S.A.U. in the Mercantile Registry.

- As a result of these changes, the balance sheet presented for the year end 2006 will differ from that shown in these results.

Schedule of reported information

All reported information corresponds to statutory financial statements.

		Q3 2006	Q2 2006	Q4 2005	Q3 2005
ONO information (GCO)					
Operating data	Combined ⁽¹⁾	√	√	na	na
	Standalone ⁽²⁾	na	na	na	√
Financial data	Combined ⁽¹⁾	√	√	√	na
	Standalone ⁽²⁾	na	na	na	√
ONOMidco information					
Financial data	Combined ⁽¹⁾	√	na	na	na
	Standalone ⁽²⁾	na	na	na	na
Cableuropa information					
Financial data	Combined ⁽¹⁾	√	√	√	na
	Standalone ⁽²⁾	na	na	na	√

(1) Includes Auna from its acquisition in November 2005

(2) Excludes Auna

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 have reassessed the business lines we include in our reporting information to our operating and financial information, modifying the structure of our reporting segmentation. For the

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convenience of the reader and comparative purposes, we have reassessed all the information included in this document.

Table 1: Q2 2006 customers reassessment

	30-Jun-06		
	Old segmentation	Adjustments	New segmentation
<i>Data in thousand</i>			
Cable	1,721	-	1,721
Other direct access	90	(20)	70
Residential direct access	1,811	(20)	1,791
Indirect access	236	56	292
SMEs customers	105	(37)	69
Total customers	2,152	-	2,152

Table 2: Q2 2006 revenues reassessment

	30-Jun-06		
	Old segmentation	Adjustments	New segmentation
<i>Data in €million</i>			
Residential direct access	277	(2)	275
Indirect access	13	9	22
Business services	68	(2)	66
Wholesale and operators	51	(6)	46
Total revenues	409	-	409

Table 3: Q4 2005 customers reassessment

	31-Dec-05		
	Old segmentation	Adjustments	New segmentation
<i>Data in thousand</i>			
Cable	1,660	2	1,662
Other direct access	111	(31)	80
Residential direct access	1,771	(29)	1,742
Indirect access	376	94	470
SMEs customers	122	(66)	56
Total customers	2,268	-	2,268

Table 4: Q4 2005 revenues reassessment

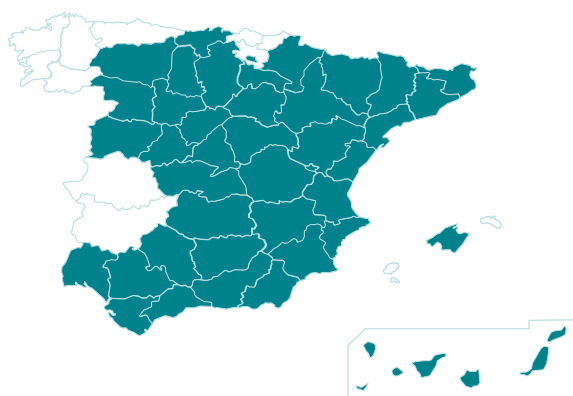
	31-Dec-05		
	Old segmentation	Adjustments	New segmentation
<i>Data in €million</i>			
Residential direct access	266	3	269
Indirect access	18	33	51
Business services	86	(36)	50
Wholesale and operators	55	-	55
Total revenues	425	-	425



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 residential and 68,000 business customers as of 30 September 2006, through its own state of the art networks which give direct access to around 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 annualised basis for the quarter ended 30 September 2006, ONO generated revenues of €1,644 million and EBITDA of €582 million.

Cable franchises



	<u>in thousands</u>
Homes in Spain (*)	17,594
Homes in ONO franchises (*)	14,773
Coverage	84%
Cable homes released to marketing	5,998
Coverage	41%
Residencial cable customers	1,751
Cable penetration	29%
Business customers (incl. indirect access)	68

(*) Source: INE

Table 5: Capitalisation

As of 30 September 2006	Grupo Corporativo ONO			Cableuropa		
	€m	% of debt	Debt/ EBITDA	€m	% of debt	Debt/ EBITDA
Short-term debt	115	3.7%	0.2x	99	3.2%	0.2x
Senior Facility	2,190	71.3%	3.8x	2,190	71.8%	3.7x
Subordinated Facilities	130	4.2%	0.2x	130	4.3%	0.2x
Senior subordinated notes	550	17.9%	0.9x	550	18.0%	0.9x
State subsidies & other	87	2.8%	0.1x	81	2.7%	0.1x
Long-term debt	2,957	96.3%	5.1x	2,951	96.8%	5.0x
Total debt	3,072		5.3x	3,049		5.2x
Cash and cash equivalents	14			7		
Total net debt	3,058		5.3x	3,042		5.2x
EBITDA LQA	582			588		

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".



2.1 Financial Highlights

Table 6: Financial highlights

Data in €million	Quarter ended					Year to date		
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change	30-Sept-06	30-Sept-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Revenues	411	409	0.6%	147	179.2%	1,242	438	183.3%
Gross profit	283	279	1.4%	110	157.0%	845	322	162.8%
Gross margin	68.8%	68.2%	0.6 pp	74.7%	(5.9 pp)	68.0%	73.3%	(5.3 pp)
EBITDA	146	138	5.4%	65	124.8%	417	181	130.7%
EBITDA margin	35.4%	33.8%	1.6 pp	43.9%	(8.6 pp)	33.5%	41.2%	(7.7 pp)
Total Net debt	3,058	3,001	1.9%	1,487	105.7%	3,058	1,487	105.7%
Net debt/EBITDA (x)	5.3x	5.4x	(0.2x)	5.7x	(0.5x)	5.3x	5.7x	(0.5x)

Table 7: Revenue split

Data in €million	Quarter ended					Year to date		
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change	30-Sept-06	30-Sept-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Resid. direct acc.	277	275	0.5%	132	109.7%	828	395	109.9%
Indirect access	14	22	(34.5%)	-	na	53	-	na
Business	72	66	8.2%	15	363.2%	211	44	381.4%
Wholesale & opers.	49	46	6.9%	-	na	150	-	na
Total revenues	411	409	0.6%	147	179.2%	1,242	438	183.3%

2.2 Key financial events

- Corporate reorganisation

Our Board of Directors approved the corporate merger between Cableuropa and Auna. For reasons related to economic and financial efficiency, the merger was executed as a reverse merger and therefore Auna absorbed 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.

Ultimately, on 7 November 2006, we changed the corporate name of Esto es ONO, S.A.U. (surviving entity from the reverse merger between Esto es ONO, S.A.U. and Cableuropa) to Cableuropa, S.A.U. in the Mercantile Registry.

- Equity Value Certificates

On 21 September 2006, GCO commenced an offer to purchase for cash (the "Offer to Purchase"), with respect to any and all of the Euro Equity Value Certificates ("Euro EVCs"), issued on 6 May 1999 and 9 February 2001, and USD Equity Value Certificates ("USD EVCs", and together with the Euro EVCs, the "EVCs"), issued on 6 May 1999 and 9 February 2001 by ONO Finance Plc. Prior to the launch of the Offer to Purchase, GCO owned approximately 52% of the total EVCs issued.

On 20 October 2006, the Offer to Purchase expired with a good market acceptance. As a result, GCO currently owns approximately 84% of total EVCs issued and the EVC related liability decreased to €5.5 million.

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- **Grupo Multitel buys 4.97% of ONO to Grupo Santander**

On 26 July 2006, Grupo Multitel completed the acquisition of 4.97% of GCO's share capital from Grupo Santander. Grupo Multitel executed the transaction with financing provided by Ontario Teachers' Pension Plan and Bregal Investments. As a result, Grupo Multitel controls, in a direct or indirect way, 21.03% of GCO's share capital.

Following this transaction, the percentage of shares beneficially owned by ONO's shareholders are as follows:

Table 8: ONO's Shareholders

Shareholder	Share (%)
Grupo Multitel	21.03%
Providence	15.16%
CCMP Capital	15.16%
Thomas H. Lee	15.16%
Quadrangle	9.06%
GE Capital	8.93%
Caisse de dépôt et placement du Québec	6.71%
Grupo Santander	4.47%
Sodinteleco	4.31%
	100.00%

Grupo Multitel is a holding company that was created in order to provide support in the definition, launching, management and control of Spanish telecommunications and media projects. In 1996, Grupo Multitel was the first company to launch cable activities in the telecommunications market in Spain.

Bregal Investments is a company that was created in 2002 in order to manage and enlarge the private equity activity of Cofra Holding Group. Currently, Bregal Investments manages a €2.5 billion fund for equity investments in companies in the USA and Europe.

Ontario Teachers' Private Capital – the private equity division of Ontario Teachers' Pension Plan – is one of the largest and of the most sophisticated equity funds in Canada. Currently, Ontario Teachers' Pension Plan manages a portfolio of US\$11 billion and invests in companies in Canada, USA, Europe and Asia.



2.3 Operating Highlights

Table 9: Operating highlights

Data in thousand, except if otherwise stated

	Quarter ended 30-Sept-06	Quarter ended 30-Jun-06	% change	Quarter ended 30-Sept-05	% change
	Combined	Combined		Standalone	
Customers:					
Cable	1,751	1,721	1.7%	856	104.5%
Other direct access	66	70	(6.2%)	-	na
Residential direct access	1,817	1,791	1.4%	856	112.2%
Indirect access	236	292	(19.3%)	-	na
Business (SMEs)	68	69	(0.5%)	25	173.8%
Other data – Cable:					
Homes released to marketing	5,998	5,886	1.9%	2,777	116.0%
Penetration	29.2%	29.2%	-	30.8%	(1.6 pp)
ARPU (€)	51.6	52.3	(1.5%)	51.9	(0.7%)
RGUs	3,425	3,335	2.7%	1,609	112.9%
RGUs per customer	1.96	1.94	0.9%	1.88	4.1%
Churn	16.2%	15.6%	0.6 pp	16.5%	(0.3 pp)
Residential cable customers:					
Telephony	1,525	1,497	1.9%	750	103.4%
As % of customers	87.1%	87.0%	0.1 pp	87.6%	(0.5 pp)
Internet	986	937	5.2%	398	147.5%
As % of customers	56.3%	54.5%	1.9 pp	46.5%	9.8 pp
Television	914	901	1.4%	461	98.4%
As % of customers	52.2%	52.4%	(0.2 pp)	53.8%	(1.6 pp)
Residential cable penetration:					
Telephony	25.4%	25.4%	-	27.0%	(1.6 pp)
Internet	16.4%	15.9%	0.5 pp	14.3%	2.1 pp
Television	15.2%	15.3%	(0.1 pp)	16.6%	(1.4 pp)



2.4 Key operating events

- Transformation process

Prior to the Auna acquisition, we created a Transformation Committee composed of certain members of our senior management to oversee the integration of Auna and the transformation of our business.

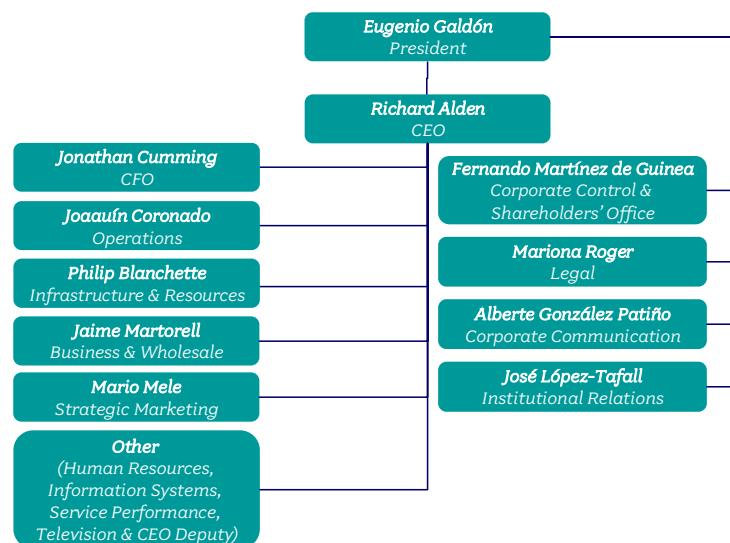
In the nine months ended 30 September 2006, as part of the transformation exercise, we launched 90 projects which in total will give rise to savings in 2006 of around €120 million and will cost around €120 million to implement.

We have reviewed staffing levels for all areas of operations in order to eliminate duplication and achieve greater efficiency. We have reached an agreement with the labour unions and the Government regarding headcount reductions and up to 785 people will be affected during 2006 and 2007.

Most projects in course are focused on: transitioning Auna's network (de-duplication of national and local networks, etc.), IT (in-sourcing of IT systems maintenance and development, integration of billing systems, etc.), real estate (reduction of physical building requirements), re-negotiation of contracts (suppliers, interconnection agreements, etc.), implementation of VoD in Auna areas, unification of service offerings and applying best practices and procedures to the applicable processes, which mainly consist of applying Old ONO processes (construction, sales model, etc.) to Auna.

The integration and transformation process is expected to continue for up to three years from the date of acquisition. The full benefits of the process are not expected until it has been substantially completed.

- Updated management structure





We have recently reassessed our management structure to achieve the following objectives:

- Streamlining of the relationship with our customers to achieve our ambitious operating objectives;
- Improve the quality of service we offer to our customers; and
- Increase our profitability.

- **Product development: unification of service offerings**

From 3 October 2006, we provide the same bundled offers to our Old ONO customers and to former Auna customers. After the unification of the broadband offer by increasing the internet speed to all our broadband internet customers in the Auna areas to 4 Mbps, we had only outstanding the integration of the different television packages into a unique products catalogue. Currently, ONO customers enjoy the same service offering despite their geographic location except in the Canary Islands and La Rioja and Navarra (the old Tenaria) where our customers continue to have an analog TV offering.



3. GRUPO CORPORATIVO ONO

3.1 Condensed Consolidated Financial Statements

Table 10: Condensed Consolidated Balance Sheet

Data in €million	Note	30-Sept-06	30-Jun-06	31-Dec-05
		Combined	Combined	Combined
ASSETS				
Current assets				
Cash		13	26	7
Short-term investments, net	3.4.1	10	18	37
Accounts receivable & other	3.4.2	251	264	268
Total current assets		275	309	312
Fixed assets				
Start-up costs, net	3.4.3	17	18	9
Intangible assets, net	3.4.4	348	366	406
Tangible assets, net	3.4.5	4,241	4,199	4,134
Financial assets, net	3.4.6	1,224	1,222	1,204
Total fixed assets		5,830	5,805	5,754
Goodwill on consolidation		-	-	1
Deferred expenses, net		25	25	25
TOTAL ASSETS		6,130	6,139	6,092
LIABILITIES AND SHAREHOLDER'S EQUITY				
Current liabilities				
Short term debt	3.4.8	115	163	79
Accrued interest expenses		50	8	9
Accounts payable and other	3.4.7	937	986	1,142
Total current liabilities		1,102	1,157	1,231
Long term debt				
Senior facility	3.4.8	2,190	2,105	1,821
Subordinated facilities	3.4.8	130	130	400
Senior subordinated notes	3.4.8	550	550	342
Other	3.4.8	87	89	100
Total long term debt		2,957	2,874	2,663
Other long term liabilities	3.4.9	253	253	254
Commitments and contingencies		356	371	406
Negative goodwill		225	241	263
Minority interests		2	2	3
Shareholders' loan ⁽¹⁾		-	-	1,000
Shareholders' equity				
Common stock	3.4.10	1,630	1,630	983
Share Premium	3.4.10	353	353	-
Accumulated deficit	3.4.10	(711)	(711)	(245)
Net loss for period	3.4.10	(37)	(32)	(466)
Total shareholders' equity		1,235	1,240	272
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,130	6,139	6,092

⁽¹⁾ €1,000 million contributed to ONO by its new shareholders: CCMP Capital, Providence Equity Partners, Quadrangle Capital Partners and Thomas H. Lee Partners at the date of the Auna acquisition. In February 2006, the €1,000 million was capitalized as common stock and share premium.

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Table 11: Condensed Consolidated Statements of Operations

Data in €million	Quarter ended					Year to date		
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change	30-Sept-06	30-Sept-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Revenues	411	409	0.6%	147	179.2%	1,242	438	183.3%
Cost of services	(128)	(130)	(1.2%)	(37)	244.5%	(397)	(117)	239.9%
Opex	(137)	(141)	(2.6%)	(45)	203.1%	(429)	(141)	203.9%
EBITDA	146	138	5.4%	65	124.8%	417	181	130.7%
Deprec. and amortiz.	(103)	(107)	(2.9%)	(52)	100.6%	(324)	(121)	167.5%
EBIT/Oper. profit	42	32	33.6%	13	219.3%	92	59	55.5%
Net financial expense	(48)	(48)	(0.7%)	(40)	19.6%	(138)	(97)	42.4%
Amort. of goodwill	16	16	1.8%	10	61.0%	37	-	na
Net extraordinary exp.	(17)	(14)	21.1%	(8)	109.9%	(40)	(15)	160.3%
EBT / Loss bef. tax	(7)	(15)	(53.7%)	(25)	(71.9%)	(48)	(53)	(8.4%)
Income tax credit	2	2	4.8%	15	(85.5%)	10	14	(25.0%)
Loss before minority interests	(5)	(13)	(62.6%)	(11)	(53.1%)	(38)	(39)	(2.4%)
Minority interests	-	1	(93.1%)	-	na	0	-	na
Net loss	(5)	(12)	(60.3%)	(11)	(53.7%)	(37)	(39)	(3.3%)

EBITDA increased in the third quarter by €8 million or 5.3% to €146 million, from €138 million in the second quarter of 2006, reflecting our focus on improving the quality of revenues and cost reductions as consequence of our implementation of new processes and procedures in the Auna business.

Table 12: Condensed Consolidated Cash Flow

Data in €million	Quarter ended				Year to date		
	30-Sept-06	30-Jun-06	% change	30-Sept-05	30-Sept-06	30-Sept-05	% change
	Combined	Combined		Standalone	Combined	Standalone	
EBITDA	146	138	5.4%	65	417	181	130.7%
Capex	(133)	(115)	16.3%	(52)	(369)	(171)	115.6%
OPERATING FCF	12	24	(47.6%)	12	47	9	na
Change in working capital	(58)	(28)	108.0%	(12)	(197)	(32)	na
Other ⁽¹⁾	(25)	(36)	(28.6%)	(2)	(114)	(9)	na
FCF (pre-interest)	(71)	(40)	78.4%	(1)	(264)	(31)	na
One off items	21	-	na	(1)	22	(29)	(173.1%)
Paid interest, net	(6)	(64)	(90.4%)	(31)	(97)	(77)	26.3%
FCF	(56)	(104)	(45.7%)	(33)	(339)	(137)	147.5%
Senior facility	85	62	37.1%	135	369	224	64.7%
Senior subordinated notes	-	-	na	(122)	(62)	(122)	(49.0%)
State subsidies	1	(5)	na	(1)	(4)	9	(147.0%)
Short term debt	(48)	48	(199.9%)	(18)	36	29	22.0%
Short term investments	8	(4)	(312.4%)	-	26	-	na
Other financing items	(3)	(4)	(34.6%)	38	(20)	(7)	189.9%
FINANCING CASH FLOW	43	97	(56.0%)	32	345	134	158.1%
NET CASH FLOW	(13)	(6)	108.5%	(1)	6	(4)	na
Cash Beginning of Period	26	33	(19.5%)	2	7	7	7.3%
Cash End of Period	13	26	(50.4%)	1	13	3	na

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



3.2 Key factors affecting our business

3.2.1. Customers

Table 13: Customer split

Data in thousand, except if otherwise stated

	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change
	Combined	Combined		Standalone	
Customers					
Cable	1,751	1,721	1.7%	856	104.5%
Other direct access	66	70	(6.2%)	-	na
Residential direct access	1,817	1,791	1.4%	856	112.2%
Indirect access	236	292	(19.3%)	-	na
Business (SMEs)	68	69	(0.5%)	25	173.8%
Residencial Cable ARPU (€)	51.6	52.3	(1.5%)	51.9	(0.7%)

Our residential direct access customers increased by 1.4% in the quarter, reaching 1,817,000 as of 30 September 2006. This is mainly due to the continued effort of acquiring new customers through our continuous development of new competitive services and our ability to maintain our penetration rates.

Indirect access customers, which include residential and business customers receiving the service through indirect access and ULL-3, decreased by 19.3% as expected from our focus on increasing the weight of direct access business.

Business customers remain stable during the third quarter of the year.

ARPU for residential cable services in ONO was €51.6 in the third quarter of 2006 compared to €52.3 in the second quarter of the year. Residential cable ARPU decreased by 1.5% as a consequence of seasonally reduced telephony and television use, and a series of promotions on our services.



3.3 Third quarter 2006 results of operations

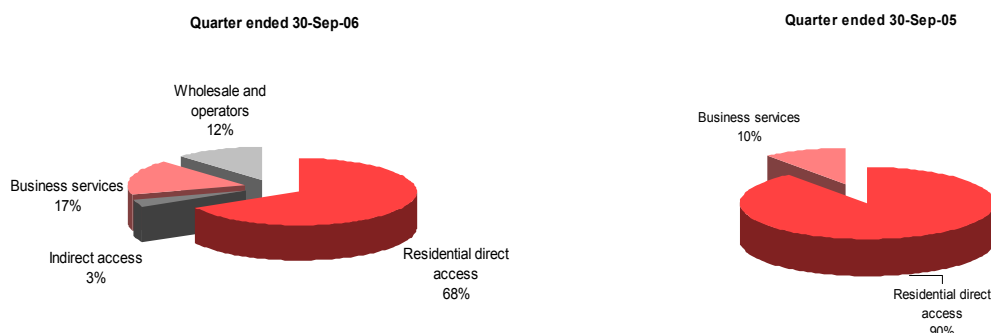
3.3.1. Revenues

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 business customers, business services (which comprise voice and data services to SME business customers and services provided to large corporations and public entities) and wholesale and operators services (which principally comprise interconnection charges to other telecom operators, carrier services and leased circuits to other operators).

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 14: Revenue split

Data in €million	Quarter ended					Year to date		
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change	30-Sept-06	30-Sept-05	% change
	Combined			Standalone		Combined	Standalone	
Resid. direct acc.	277	275	0.5%	132	109.7%	828	395	109.9%
Resid. indirect acc.	14	22	(34.5%)	-	na	53	-	na
Business	72	66	8.2%	15	363.2%	211	44	381.4%
Wholesale & opers.	49	46	6.9%	-	na	150	-	na
Total revenues	411	409	0.6%	147	179.2%	1,242	438	183.3%



For the first time in 2006 and despite the summer season and the expected 34.5% reduction in indirect access revenues, revenues increased in Q3 2006 by 0.6% to €411 million, mainly driven by business and wholesale and operators revenues increasing by 8.2% and 6.9% respectively. Residential direct access revenues continue to be the main revenue source, contributing 67% to overall revenues and increasing 0.5% in the third quarter of the year.



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 15: Residential cable services

Data in thousand, except if otherwise stated	Quarter ended				
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change
	Combined	Combined		Standalone	
Resid. Cable Services:					
HRTM	5,998	5,886	1.9%	2,777	116.0%
Customers	1,751	1,721	1.7%	856	104.5%
Penetration	29.2%	29.2%	-	30.8%	(1.6 pp)
Churn	16.2%	15.6%	0.6 pp	16.5%	(0.3 pp)
ARPU (€)	51.6	52.3	(1.5%)	51.9	(0.7%)
RGUs	3,425	3,335	2.7%	1,609	112.9%
RGUs per customer	1.96	1.94	0.9%	1.88	4.1%

Total cable customers increased during the last quarter by 30,000 or 1.7% to 1,751,000. Our focus on bundled services also brought an improvement in RGUs per customer reaching 1.96 as at 30 September 2006. The “all included” telephony promotion, priced at €21 per month, launched in April and maintained during the third quarter; the advertising campaign launched around the time of the FIFA World Cup focused on offering our television service to customers having a telephony+Internet package; and the “Free Internet until 2007” campaign launched in August for customers subscribing to bundled services, all impacted in the 0.9% increase of the RGUs per customer ratio.

Churn increased in the third quarter of 2006 to 16.2%, from 15.6% in the previous quarter, in line with the seasonal trend experienced in the business and close to the one experienced in the previous year.

Homes released to marketing increased by 112,000 or 1.9% during the last quarter. Despite the increase of homes released to marketing over the increase of new customers, our penetration ratio remained flat at 29.2% as of 30 September 2006.



- **Telephony**

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

Table 16: Telephony services

<i>Data in thousand, except if otherwise stated</i>	Quarter ended				
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change
	Combined	Combined		Standalone	
Telephony customers	1,525	1,497	1.9%	750	103.4%
Proportion of total customers	87.1%	87.0%	0.1 pp	87.6%	(0.5 pp)
Penetration	25.4%	25.4%	-	27.0%	(1.6 pp)

Telephony customers increased by 28,000 or 1.9% in the third quarter of 2006 to reach 1,525,000 as of 30 September 2006. The “all included” telephony promotion (telephone line plus flat rate national calling), priced at €21 per month, launched in April and maintained during the third quarter, helped to drive total customers growth. Telephony continues to account for the largest portion of our RGUs, since 87.1% of our customers subscribe to this service, 0.1pp more than at the end of 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 17: Internet services

<i>Data in thousand, except if otherwise stated</i>	Quarter ended				
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change
	Combined	Combined		Standalone	
Internet customers	986	937	5.2%	398	147.5%
Proportion of total customers	56.3%	54.5%	1.9 pp	46.5%	9.8 pp
Penetration	16.4%	15.9%	0.5 pp	14.3%	2.1 pp

Internet customers significantly increased by 49,000 or 5.2% in the third quarter of 2006 to reach 986,000 as of 30 September 2006. This growth surpasses our total customer adds by 19,000, showing the success of our efforts in cross-selling internet to existing customers. Internet customers as a proportion of total customers increased by 1.9 pp to 56.3% in the third quarter of 2006 from 54.5% in the previous quarter. Our residential Internet penetration increased to 16.4% in the third quarter of 2006 from 15.9% in the previous quarter.

As part of the product portfolio convergence between Old ONO and Auna, we commenced the commercialization of our 4 Mbps broadband internet service in our Auna franchises in Madrid in June and has been extended to the other regions in the third quarter of the 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 18: Television services

<i>Data in thousand, except if otherwise stated</i>	Quarter ended				
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change
	Combined	Combined		Standalone	
Television customers	914	901	1.4%	461	98.4%
Proportion of total customers	52.2%	52.4%	(0.2 pp)	53.8%	(1.6 pp)
Penetration	15.2%	15.3%	(0.1 pp)	16.6%	(1.4 pp)

Cable television customers increased by 13,000 or 1.4% in the quarter to reach 914,000 as of 30 September 2006 mainly due to cross-selling advertising campaign for customers having a telephony+Internet package and the “ojo” subscription (video on demand service) promotion launched in September.

Cable television customers as a proportion of total customers remained stable in the quarter. Total penetration of cable television services over homes released to marketing decreased slightly in the third quarter by 0.1 pp to reach 15.2% penetration.

We believe that the quality of our digital product offering, which includes full Video on Demand (“VoD”) (marketed under the “ojo” brand), launched in Old ONO areas in December 2005, is highly attractive to our customers. At the end of the third quarter of 2006, 93% of Old ONO cable television customers enjoy our digital offering and we expect that by the end of 2006 substantially all of Old ONO cable television customer base will be digital. We plan to launch “ojo” in Madrid and Barcelona and the rest of the former Auna areas in the following quarters.

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 decreased in the third quarter of 2006 from 70,000 to 66,000 as we continue to focus on higher value customers.

We do not currently offer TV services to our ULL customers and most of these customers only subscribe to telephony services. ARPU for ULL customers is, therefore, significantly lower than that for cable customers.



3.3.1.2 Indirect access services

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

Table 19: Indirect access

Operating data in thousand Financial data in €million	Quarter ended			Year to date
	30-Sept-06	30-Jun-06	% change	30-Sept-06
	Combined	Combined		Combined
Customers	236	292	(19.3%)	236
Revenues	14	22	(34.5%)	53

Indirect access customers decreased by 19.3% from 292,000 as of 30 June 2006 to 236,000 as of 30 September 2006 as a consequence of (i) the competitive environment in the Spanish telephony market, with the increasing offering of fixed monthly fees for telephony calls, and (ii) our focus on our direct access business. We expect this trend of reducing customers and revenues to continue in the future.

Our Indirect access segment was completely contributed by Auna and thus ONO had no customers nor revenues prior to the acquisition of Auna in November 2005.

3.3.1.3 Business Services

Revenues from business services are derived from (i) fees paid by business customers, principally 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 20: Business services

Oper. data in thousand Fin. data in €million	Quarter ended					Year to date		
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change	30-Sept-06	30-Sept-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Business customers (SMEs)	68	69	(0.5%)	25	173.8%	68	25	173.8%
Business revenues (All)	72	66	8.2%	15	363.2%	211	44	381.4%

ONO's SMEs customers remained stable during the third quarter. Despite this stability, business revenues increased by 8.2% to €72 million in the third quarter of 2006, from €66 million in the previous quarter due to consumption increase generated by larger business customers. Business revenues increased by 381.4% to €211 million for the nine months ended 30 September 2006, from €44 million for the same period of 2005 reflecting the significant effect of the Auna acquisition.



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 increased by 6.9%, from €46 million for the second quarter of 2006 to €49 million in the third quarter of the year.

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 21: Cost of services and gross profit

Data in €million	Quarter ended					Year to date		
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change	30-Sept-06	30-Sept-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Total revenues	411	409	0.6%	147	179.2%	1,242	438	183.3%
Cost of services	(128)	(130)	(1.2%)	(37)	244.5%	(397)	(117)	239.9%
Gross Profit	283	279	1.4%	110	157.0%	845	322	162.8%
Gross Margin	68.8%	68.2%	0.6 pp	74.7%	(5.9 pp)	68.0%	73.3%	(5.3 pp)

Cost of services principally consist of interconnection and backbone network costs for telecommunication services, Internet connectivity costs, the cost of the cable modems, fiber, circuit renting expenses and programming fees for cable television programming 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 as a percentage of total revenues to 31.1% for the three months ended 30 September 2006 as compared to 31.8% for the previous quarter and gross margin increased by 0.6 pp to 68.8% in the third quarter of 2006.

As part of our transformation 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, is 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 22: Operating expenses

Data in €million	Quarter ended					Year to date		
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change	30-Sept-06	30-Sept-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Gross Opex	(150)	(154)	(2.7%)	(51)	195.2%	(469)	(158)	197.2%
Capitalised Costs	13	14	(4.4%)	6	130.7%	40	17	140.3%
Net Opex	(137)	(141)	(2.6%)	(45)	203.1%	(429)	(141)	203.9%
as % of revenues	33.4%	34.4%	(1.0 pp)	30.7%	2.6 pp	34.5%	32.2%	2.3 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. Capitalized costs relate to direct labour costs associated with the development and construction of our network.

Net Opex decreased from €141 million to €137 million or from 34.4% to 33.4% of revenues in the third quarter of 2006. The continued reduction in selling general and administrative expenses as a percentage of revenues reflects our focus on cost management as part of our transformation process and the aim to converge with the efficiency ratios obtained by Old ONO before the Auna acquisition that can be seen for the nine months ended 30 September 2005 net opex to revenues ratio shown in the table above.

We have reduced over 1 pp the gross opex over revenues ratio during the third quarter of 2006.

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 23: Depreciation and amortization

Data in €million	Quarter ended					Year to date		
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change	30-Sept-06	30-Sept-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
D&A	(103)	(107)	(2.9%)	(52)	100.6%	(324)	(121)	167.5%

Depreciation and amortization is principally 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 24: Net financial expense

Data in €million	Quarter ended					Year to date		
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change	30-Sept-06	30-Sept-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Net fin. exp.	(48)	(48)	(0.7%)	(40)	19.6%	(138)	(97)	42.4%

Our net financial expense is mainly comprised of interest expense from our financing agreements. Net financial expense decreased by 0.7% in the third quarter of 2006 due to the positive impact generated by the step-up swaps contracted to cover variable interest rate exposure and committed under the €3,100 million Senior Bank Facility.

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 25: Other income and expense

Data in €million	Quarter ended					Year to date		
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change	30-Sept-06	30-Sept-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Amortiz. of goodwill	16	16	1.8%	10	61.0%	37	-	na
Net extraord. exp.	(17)	(14)	21.1%	(8)	109.9%	(40)	(15)	160.3%
Income tax	2	2	4.8%	15	(85.5%)	10	14	(25.0%)



3.4 Notes to the Condensed Consolidated Balance Sheet

3.4.1. Short term investments

Table 26: Short term investments, net

Data in €million	30-Sept-06	31-Dec-05	% change
	Combined	Combined	
Investment in non consolidated companies	2	2	(0.9%)
Option	-	1	(100.0%)
Fixed interest securities	1	1	0.5%
Other short term investments	9	35	(74.3%)
Provisions	(2)	(3)	(23.7%)
Short term investments, net	10	37	(71.6%)

3.4.2. Accounts receivable

Table 27: Accounts receivable, net

Data in €million	30-Sept-06	31-Dec-05	% change
	Combined	Combined	
Receivables from related parties	-	2	(100.4%)
Accounts receivable and other debtors	485	468	3.7%
Tax receivables	23	48	(51.5%)
Allowance for doubtful accounts	(280)	(255)	(109.1%)
Other receivable	23	5	na
Accounts receivable, net	251	268	(6.2%)

3.4.3. Start-up costs

Table 28: Start-up costs

Data in €million	30-Sept-06	31-Dec-05	% change
	Combined	Combined	
Start-up costs, net	5	4	32.5%
Stock issuance costs, net	13	6	114.8%
Start-up costs, net	17	9	83.7%



3.4.4. Intangible assets

Table 29: Intangible assets, net

Data in €million

	30-Sept-06	31-Dec-05	% change
	Combined	Combined	
Goodwill	478	478	-
Licensed assets	71	70	0.7%
Franchise acquisition costs	13	13	-
Computer software	90	73	22.9%
Finance leases	41	42	(0.1%)
Other intangible fixed assets	4	2	117.7%
Total cost	696	677	2.9%
Accumulated amortization	(334)	(257)	30.1%
Provisions	(14)	(14)	-
Intangible assets, net	348	406	(14.3%)

3.4.5. Tangible assets

Table 30: Tangible assets, net

Data in €million

	30-Sept-06	31-Dec-05	% change
	Combined	Combined	
Land and natural assets	16	16	-
Network and technical equipment	5,354	5,119	4.6%
Computer hardware	177	179	(1.1%)
Other tangible fixed assets	251	117	113.6%
Total operating tangible fixed assets	5,797	5,431	6.8%
Payments on account and assets in course of construction	176	228	(22.8%)
Total cost	5,974	5,659	5.6%
Accumulated amortization	(1,552)	(1,329)	16.8%
Provisions	(180)	(195)	(7.6%)
Tangible assets, net	4,241	4,134	2.6%



3.4.6. Financial assets

Table 31: Financial assets

Data in €million

	<u>30-Sept-06</u>	<u>31-Dec-05</u>	<u>% change</u>
	Combined	Combined	
Tax credit	1,231	1,228	0.3%
Other financial assets	23	4	427.3%
Shareholdings in unconsolidated companies	5	7	(33.5%)
Provisions	(35)	(35)	0.5%
Financial assets	1,224	1,204	1.6%

3.4.7. Accounts payable

Table 32: Accounts payable

Data in €million

	<u>30-Sept-06</u>	<u>31-Dec-05</u>	<u>% change</u>
	Combined	Combined	
Commercial suppliers	440	430	2.3%
Taxes payable	26	27	(4.7%)
Fixed asset suppliers	404	616	(34.4%)
Related party creditors	-	1	(100.0%)
Share acquisition, deferred payment	-	1	(100.0%)
Other short term	43	46	(5.1%)
Other payable	24	21	13.4%
Accounts payable	937	1,142	(18.0%)

3.4.8. Debt and liquidity

Table 33: Debt and liquidity

As of 30 September 2006

Data in €million

<u>Type of debt</u>	<u>Maximum available</u>	<u>Short term debt</u>	<u>Long term debt</u>	<u>Total debt</u>	<u>Availability</u>
Debt with credit entities:					
Senior facility	3,000	-	2,190	2,190	810
Subordinated Facility	110	-	110	110	-
Participative Loan	20	-	20	20	-
Other credit facilities	184	102	22	124	60
Total debt with credit entities	3,314	102	2,342	2,444	870
Other debt:					
Senior subordinated notes	550	-	550	550	-
State subsidies and other	78	13	65	78	-
Total other debt	628	13	615	628	-
Total debt	3,942	115	2,957	3,072	870
Cash and cash equivalents				14	
Total net debt				3,058	
EBITDA LQA				582	
Total net debt/EBITDA				5.3x	

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 34: Long term debt

As of 30 September 2006 Data in €million	Maturity					
	2006	2007	2008	2009	2010	Thereafter
Type of debt						
Debt with credit entities:						
Senior facility	0	14	83	233	425	1,436
Subordinated Facility	0	0	0	0	0	110
Participative Loan	0	0	0	0	0	20
Other credit facilities	89	17	10	3	3	2
Total debt with credit entities	89	30	92	236	427	1,568
Other debt:						
Senior subordinated notes	0	0	0	0	0	550
State subsidies and other	1	16	17	15	13	17
Total other debt	1	16	17	15	13	567
Total	90	46	109	251	440	2,136

For further details on our main financing arrangements, please see our Investor Relations website on which we have posted, amongst other, the Offering Memorandum for our 8% Notes due 2014, issued in February 2006.

3.4.9. Other long term liabilities

Table 35: Other long term liabilities

Data in €million	30-Sept-06	31-Dec-05	% change
	Combined	Combined	
Deferred Auna Acquisition payment	214	214	-
EVCs and other	36	36	1.3%
Other	3	5	(28.4%)
Other long term liabilities	253	254	(0.5%)



3.4.10. Shareholders' equity

Table 36: Shareholders' equity

<i>Data in €million</i>	Common stock	Share premium	Accumulated deficit	Net loss	Total
31 December 2005	983	0	(245)	(466)	272
Capital increases	647	353	-	-	1,000
Previous year result distribution			(466)	466	
Net loss for the nine-months period				(37)	(37)
30 September 2006	1,630	353	(711)	(37)	1,235

3.5 Notes to the Condensed Consolidated Cash Flow

3.5.1. Capex

Our capital expenditure ("Capex") is principally related to network build-out, set top box purchases, installations, network upgrade, 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 installations and customer capex. Discretionary Capex represents approximately 64% of total Capex, on a year to date basis.

Non-discretionary Capex relates mainly to the upgrade of our network, computer hardware and software and other minor items. Non-discretionary Capex represents approximately 27% of total Capex, on a year to date basis. The remaining Capex relates to the integration of Auna.

3.5.2. Working Capital variation

The change in working capital includes the variation of the accounts payable and other and the accounts receivable and other captions. The negative trend of this caption throughout the year relates to the strict cost control, at all levels, applied in ONO since the Auna Acquisition, being the reduction of Capex and Opex the main drivers for the decrease in accounts payable.



4. ONOMIDCO

4.1 Condensed Consolidated Financial Statements

Table 37: Condensed Consolidated Balance Sheet (ONOMidco)

Data in €million

	30-Sept-06
	Combined
ASSETS	
Current assets	
Cash	6
Short-term investments, net	10
Accounts receivable and other	232
Total current assets	248
Fixed assets	
Start-up costs, net	8
Intangible assets, net	347
Tangible assets, net	4,240
Financial assets, net	1,220
Total fixed assets	5,815
Goodwill on consolidation	-
Deferred expenses, net	45
TOTAL ASSETS	6,108
LIABILITIES AND SHAREHOLDER'S EQUITY	
Current liabilities	
Short term debt	99
Accrued interest expenses	49
Accounts payable and other	934
Total current liabilities	1,082
Long term debt	
Senior facility	2,190
Subordinated facilities	130
Senior subordinated notes	550
Other	81
Total long term debt	2,951
Other long term liabilities	253
Commitments and contingencies	356
Negative goodwill	225
Minority interests	2
Participative loan	955
Shareholder's equity	
Common stock	263
Share premium	29
Accumulated deficit	-
Net loss for period	(8)
Total shareholder's equity	284
TOTAL LIABILITIES AND SHR'S EQUITY	6,108

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



Table 38: Condensed Consolidated Statement of Operations (ONOMidco)

Data in €million	Quarter ended
	30-Sept-06
	Combined
Revenues	410
Cost of services	(129)
Opex	(134)
EBITDA	147
Deprec. and amortiz.	(103)
EBIT/Op. profit/(loss)	45
Net financial exp.	(49)
Amort. of goodwill	16
Net extraordinary exp.	(17)
EBT / Loss before tax	(5)
Income tax credit	2
Loss bef. min. Inter	(4)
Minority interests	0
Net loss	(4)

Table 39: Condensed Consolidated Cash Flow (ONOMidco)

Data in €million	Quarter ended
	30-Sept-06
	Combined
EBITDA	147
Capex	(133)
OPERATING FCF	14
Change in working capital	(35)
Other ⁽¹⁾	(21)
FCF (pre-interests)	(43)
One-off items	-
Paid interests, net	(8)
FCF	(50)
Senior facility	85
Senior subordinated notes	-
State subsidies	2
Short term debt	(44)
Short term investment	(2)
Other financing items	(4)
FINANCING CASH FLOW	37
NET CASH FLOW	(13)
Cash Beginning of Period	19
Cash End of Period	6

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

In this section, we are reporting the third quarter of 2006 condensed 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 section 3 of this document.



5. CABLEUROPA

5.1 Condensed Consolidated Financial Statements

Table 40: Condensed Consolidated Balance Sheet (Cableuropa)

<i>Data in €million</i>	30-Sept-06	30-Jun-06	31-Dec-05
	Combined	Combined	Combined
ASSETS			
Current assets			
Cash	6	19	7
Short-term investments, net	10	9	3
Accounts receivable and other	232	241	267
Total current assets	248	270	277
Fixed assets			
Start-up costs, net	8	8	8
Intangible assets, net	347	365	406
Tangible assets, net	4,240	4,198	4,134
Financial assets, net	1,220	1,219	1,211
Total fixed assets	5,815	5,790	5,759
Deferred expenses, net	45	47	49
TOTAL ASSETS	6,108	6,106	6,086
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Short term debt	99	143	72
Accrued interest expenses	49	7	9
Accounts payable and other	934	976	1,157
Total current liabilities	1,082	1,127	1,237
Long term debt			
Senior facility	2,190	2,105	1,821
Subordinated facilities	130	130	400
Senior subordinated notes	550	550	342
Other	81	83	86
Total long term debt	2,951	2,868	2,649
Other long term liabilities	253	253	255
Commitments and contingencies	356	371	406
Negative goodwill	225	241	263
Minority interests	2	2	3
Participative loan	955	955	955
Shareholder's equity			
Common stock	1,088	1,088	1,088
Share premium	338	338	338
Accumulated deficit	(1,107)	(1,107)	(640)
Net loss for period	(35)	(31)	(467)
Total shareholder's equity	284	288	319
TOTAL LIABILITIES AND SHR'S EQUITY	6,108	6,106	6,086

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Table 41: Condensed Consolidated Statement of Operations (Cableuropa)

Data in €million	Quarter ended					Year to date		
	30-Sept-06	30-Jun-06	% change	30-Sept-05	% change	30-Sept-06	30-Sept-05	% change
	Combined	Combined		Standalone		Combined	Standalone	
Revenues	410	408	0.5%	147	178.1%	1,238	438	182.4%
Cost of services	(129)	(131)	(1.7%)	(38)	242.3%	(400)	(117)	242.0%
Opex	(134)	(137)	(2.6%)	(45)	198.8%	(419)	(140)	199.2%
EBITDA	147	139	5.5%	65	126.5%	420	182	131.1%
Deprec. and amortiz.	(103)	(106)	(3.0%)	(51)	99.6%	(321)	(121)	166.7%
EBIT/Op. profit/(loss)	45	34	32.3%	14	228.6%	98	61	60.9%
Net financial exp.	(49)	(49)	(0.7%)	(40)	21.2%	(140)	(84)	66.4%
Reval. of EVCs & other	-	-	na	-	na	-	(14)	(100.0%)
Amort. of goodwill	16	16	1.8%	10	61.0%	37	(0)	na
Net extraordinary exp.	(17)	(14)	21.1%	(8)	126.8%	(40)	(14)	178.2%
EBT / Loss before tax	(5)	(14)	(61.9%)	(24)	(78.3%)	(44)	(51)	(12.7%)
Income tax credit	2	2	(6.0%)	14	(89.0%)	9	13	na
Loss bef. min. Inter	(4)	(12)	(69.6%)	(10)	(62.6%)	(35)	(37)	(6.0%)
Minority interests	-	1	(93.1%)	-	na	-	-	na
Net loss	(4)	(11)	(67.7%)	(10)	(63.2%)	(35)	(37)	(7.0%)

Table 42: Condensed Consolidated Cash Flow (Cableuropa)

Data in €million	Quarter ended				Year to date		
	30-Sept-06	30-Jun-06	% change	30-Sept-05	30-Sept-06	30-Sept-05	% change
	Combined	Combined		Standalone	Combined	Standalone	
EBITDA	147	139	5.5%	65	420	182	131.1%
Capex	(133)	(115)	15.6%	(50)	(369)	(171)	115.4%
OPERATING FCF	14	24	(42.4%)	14	51	10	392.6%
Change in working capital	(35)	(26)	36.2%	(50)	(176)	(77)	130.1%
Other ⁽¹⁾	(21)	(36)	(40.1%)	(19)	(98)	(21)	379.0%
FCF (pre-interests)	(43)	(38)	13.7%	(55)	(223)	(87)	157.7%
One-off items	-	2	na	-	2	-	na
Paid interests, net	(8)	(64)	(88.3%)	(30)	(99)	(76)	30.8%
FCF	(50)	(100)	(49.7%)	(84)	(321)	(162)	97.4%
Senior facility	85	62	37.1%	135	369	224	64.7%
Senior subordinated notes	-	-	na	(122)	(62)	(122)	(49.0%)
State subsidies	2	(6)	(126.5%)	-	(4)	10	(141.9%)
Short term debt	(44)	43	(204.0%)	(13)	27	29	(8.6%)
Short term investment	(2)	(6)	(71.6%)	37	(8)	37	(120.8%)
Other financing items	(4)	4	(183.4%)	46	(3)	(20)	(85.6%)
FINANCING CASH FLOW	37	98	(62.2%)	84	319	159	100.4%
NET CASH FLOW	(13)	(2)	na	(1)	(1)	(3)	(55.5%)
Cash Beginning of Period	19	21	(9.7%)	2	7	7	2.3%
Cash End of Period	6	19	(69.1%)	1	6	4	51.7%

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



Table 43: Shareholders' equity (Cableuropa)

<i>Data in €million</i>	Common stock	Share premium	Accumulated deficit	Net loss	Total
31 December 2005	1,088	338	(640)	(467)	319
Previous year result distribution	-	-	(467)	467	-
Net loss for the nine-months period	-	-	-	(35)	(35)
30 September 2006	1,088	338	(1,107)	(35)	284

5.2 Debt and Liquidity

Table 44: Debt and liquidity (Cableuropa)

<i>As of 30 September 2006 Data in €million</i>	Maximum available	Short term debt	Long term debt	Total debt	Availability
Type of debt					
Debt with credit entities:					
Senior facility	3,000	-	2,190	2,190	810
Subordinated Facility	110	-	110	110	-
Participative Loan	20	-	20	20	-
Other credit facilities	184	90	15	106	78
Total debt with credit entities	3,314	90	2,335	2,426	888
Other debt:					
Senior subordinated notes	550	-	550	550	-
State subsidies and other	78	8	65	74	5
Total other debt	628	8	615	624	5
Total debt	3,942	99	2,951	3,049	893
Cash and cash equivalents				7	
Total net debt				3,042	
EBITDA LQA				588	
Total net debt/EBITDA				5.2x	

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



Cableuropa

Table 45: Long term debt

As of 30 September 2006 Data in €million	Maturity					
	2006	2007	2008	2009	2010	Thereafter
Type of debt						
Debt with credit entities:						
Senior facility	0	14	83	233	425	1,436
Subordinated Facility	0	0	0	0	0	110
Participative Loan	0	0	0	0	0	20
Other credit facilities	85	7	5	3	3	2
Total debt with credit entities	85	20	88	236	427	1,568
Other debt:						
Senior subordinated notes	0	0	0	0	0	550
State subsidies and other	1	11	17	15	13	17
Total other debt	1	11	17	15	13	567
Total	86	32	105	251	440	2,136

In this section, we are reporting the third quarter and first nine months of 2006 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.

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 30 September 2006 we had long term variable interest rate debt outstanding of €2,420 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 fix our variable interest rate exposure,

- within a maximum period of six months from the date of the agreement
- for a minimum term of three years from the closing date
- 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 a step-up swaps to lock into low levels of EURIBOR. To date, we have covered €1,300 million, hedging our exposure for between 3 and 5 years. The process was carried out in three steps: in July 2005 we covered the interest rate risk exposure for €500 million; in February 2006 we covered €655 million and a further €145 million was completed in April 2006.

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% for the first two years of the facilities life. Both facilities mature in May 2014. Accordingly, as at 30 September, 2006 we had further variable interest rate debt outstanding of €130 million and exposure to risk due to fluctuations of interest rates.

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



Quantitative and Qualitative Disclosure about Market Risk

The table below shows the variable interest long-term debt main agreements as of 30 September, 2006:

Table 46: Variable interest long term debt

Data in €million	Expected maturity date						Total
	2006	2007	2008	2009	2010	Thereafter	
Senior Bank Facility (Euribor + 2.00%)	-	14	83	233	425	1,436	2,190
Subordinated Facilities (Euribor + 6.50%)	-	-	-	-	-	130	130
2014 EUR Floating Rate Notes (Euribor+8.5%)	-	-	-	-	-	100	100
Total	-	14	83	233	425	1,666	2,420

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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, our current business plan, 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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