



Q4 and full year 2008 preliminary
unaudited results

12 March 2009

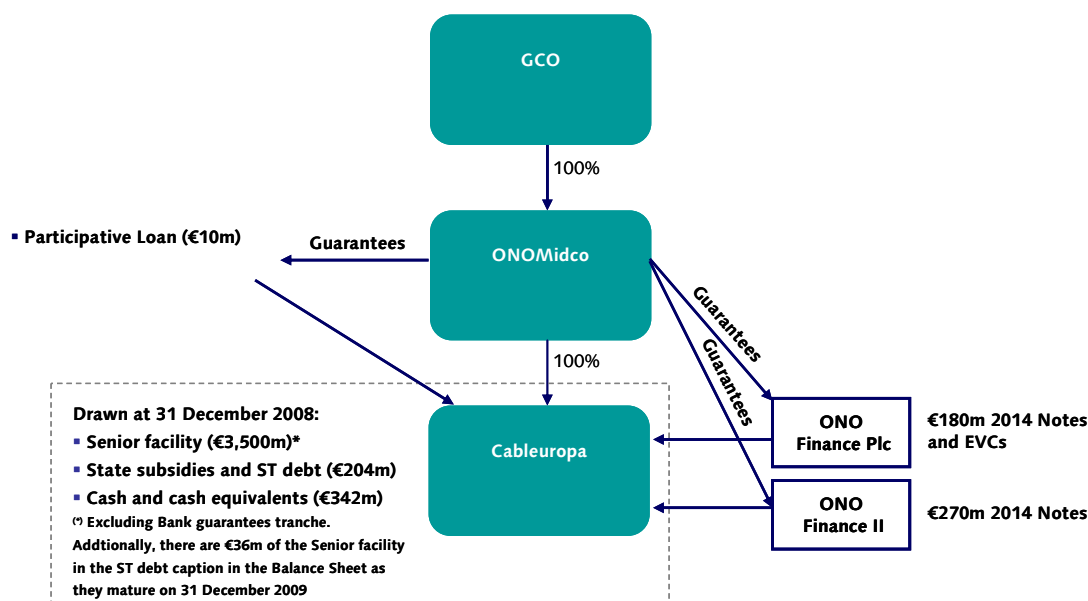
Sólo con **ONO** velocidades de vértigo



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1. GROUP AND REPORTING STRUCTURE



We are reporting the quarter ended 31 December 2008 consolidated results of Grupo Corporativo ONO, S.A. ("GCO") and its subsidiaries. These consolidated results are unaudited and preliminary, pending Board approval on 25 March 2009. Therefore, they are subject to any changes that may result from the audit process or the Board approval.

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

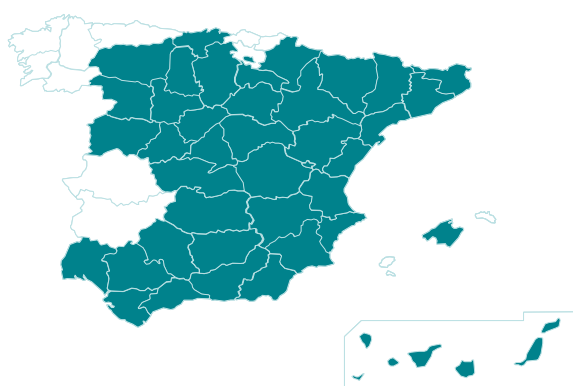
On 16 November 2007, the Spanish Government issued a new Spanish GAAP Royal Decree. In section 8 of this document we have included a description of the main items affecting the implementation of the new Spanish GAAP and an unaudited reconciliation of results to the previous Spanish GAAP.

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 SME customers as of 31 December 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. For the year ended 31 December 2008, ONO generated revenues of €1,603 million and EBITDA of €703 million.

Cable franchises



	<i>in thousands</i>
Homes in Spain (*)	17,545
Homes in ONO cable franchises (*)	14,741
<i>% of Homes in Spain</i>	<i>84%</i>
Homes released to marketing	6,963
<i>% of Cable franchises</i>	<i>47%</i>
Residential cable customers	1,853
<i>Cable penetration</i>	<i>27%</i>
SMEs customers	69

(*) Source: INE; main and secondary homes

Table 1: Capitalisation

<i>As of 31 December 2008</i>	Grupo Corporativo ONO			Cableuropa		
	€m	% of debt	Debt/ EBITDA	€m	% of debt	Debt/ EBITDA
Short-term debt	198	4.7%	0.27x	186	4.5%	0.25x
Senior facility	3,464	82.5%	4.78x	3,464	83.2%	4.71x
Participative loan	10	0.2%	0.01x	10	0.2%	0.01x
Senior subordinated notes	450	10.7%	0.62x	450	10.8%	0.61x
State subsidies and other	78	1.9%	0.11x	54	1.3%	0.07x
Long-term debt	4,002	95.3%	5.53x	3,978	95.5%	5.40x
Total debt	4,200			4,164		
Cash and cash equivalents	342			342		
Total net debt	3,858		5.32x	3,822		5.19x
EBITDA LQA	724			736		

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" and "Short-term debt".

2.1 Key operating and financial events during 2008

- 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 6.14% in December 2008, consolidating its leadership in this segment.

- ONO reaches positive free cash flow for first time and fully complies with Guidance

For the fourth quarter of 2008 ONO achieved positive free cash flow for first time since its inception as anticipated in the 2007 results call, together with the Guidance for 2008.

In addition, the table below shows the compliance of the Guidance for 2008.

Table 2: 2008 Guidance overachievement

Data in million	2008		
	Actual	Guidance	
Revenues	1,603	1.590-1.640	✓
EBITDA	703	650-680	✓✓
CAPEX	374	410-450	✓✓
Op. FCF	330	200-270	✓✓
FCF after debt service	(139)	(190)-(120)	✓

- Headcount reduction plan approved and in execution

On 19 January 2009, the Spanish Ministry of Labour approved the agreement reached amongst ONO and the trade unions to execute a headcount reduction plan. The plan allows for a reduction of up to 988 employees.

The approximate cost of the headcount reduction plan is circa €30 million and the execution period is up to three months, mid April. The plan is being implemented in substantially all of the ONO's organisational areas. To date, a significant portion of the plan has been already executed.

2.2 Financial highlights

Table 3: Financial highlights

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
Revenues	401	396	1.1%	1,603	1,616	(0.8%)
Gross profit	308	304	1.3%	1,221	1,174	4.1%
Gross margin	76.9%	76.7%	0.1 pp	76.2%	72.6%	3.6 pp
EBITDA	181	179	0.9%	703	636	10.6%
EBITDA margin	45.2%	45.3%	(0.1 pp)	43.9%	39.3%	4.6 pp
Total net debt	3,858	3,890	(0.8%)	3,858	3,647	5.8%
Capex	(78)	(82)	(5.1%)	(374)	(554)	(32.6%)
Operating FCF	103	97	6.0%	330	82	304.6%
Net loss	(46)	(1)	na	(26)	(201)	(87.1%)
Total Net debt / EBITDA (x)	5.32x	5.41x	(0.09x)	5.32x	5.63x	(0.31x)

Table 4: Revenues split

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
Continuing businesses	370	364	1.6%	1,468	1,423	3.2%
Residential direct access	305	304	0.5%	1,219	1,176	3.6%
SMEs	18	18	3.2%	73	76	(3.7%)
Business services	47	43	9.0%	176	171	2.9%
Partial continuing businesses	27	28	(3.8%)	116	159	(27.4%)
Wholesale and other	27	28	(3.8%)	116	159	(27.4%)
Discontinuing businesses	3	4	(12.2%)	19	34	(43.6%)
Indirect access	3	4	(12.2%)	19	34	(43.6%)
Total revenues	401	396	1.1%	1,603	1,616	(0.8%)

2.3 Operating highlights

Table 5: Operating highlights

Data in thousand, except if otherwise stated

	31-Dec-08	30-Sep-08	% change	31-Dec-07	% change
Customers:					
Cable	1,853	1,870	(0.9%)	1,859	(0.3%)
Other direct access	65	66	(0.2%)	68	(3.3%)
Residential direct access	1,919	1,936	(0.9%)	1,927	(0.4%)
Indirect access	64	66	(3.6%)	104	(39.1%)
SMEs	69	69	0.3%	69	0.1%
Other data – Residential Cable:					
Homes released to marketing	6,963	6,952	0.2%	6,793	2.5%
Penetration	26.6%	26.9%	(0.3 pp)	27.4%	(0.7 pp)
ARPU (€)	53.2	52.4	1.4%	52.2	1.9%
RGUs	3,960	3,953	0.2%	3,768	5.1%
RGUs per customer (#)	2.14	2.11	1.1%	2.03	5.4%
Gross churn	20.9%	21.9%	(1.0 pp)	19.9%	0.9 pp
Net churn (*)	18.7%	19.6%	(0.9 pp)	18.2%	0.5 pp
Residential cable services (RGUs):					
Telephony	1,638	1,623	0.9%	1,605	2.1%
as % of customers	88.4%	86.8%	1.6 pp	86.3%	2.1 pp
Internet	1,283	1,272	0.8%	1,203	6.7%
as % of customers	69.2%	68.0%	1.2 pp	64.7%	4.5 pp
Television	1,039	1,057	(1.7%)	960	8.2%
as % of customers	56.1%	56.5%	(0.5 pp)	51.6%	4.4 pp
Residential cable penetration per service:					
Telephony	23.5%	23.4%	0.2 pp	23.6%	(0.1 pp)
Internet	18.4%	18.3%	0.1 pp	17.7%	0.7 pp
Television	14.9%	15.2%	(0.3 pp)	14.1%	0.8 pp

(*) Net churn is presented net of home moves of customers that continue to subscribe to ONO services.

Our residential direct access customer base decreased slightly by 0.4% in the last twelve months, reaching 1,919,000 as of 31 December 2008. This reduction was driven by a decrease in residential cable and ULL customers of 6,000 and 2,000, respectively, due to the reduction in sales as a consequence of the downturn in the macroeconomic environment, the introduction of credit scoring policies in our customer acquisition processes, the continued high level of churn and the substantial discontinuance of price discounts at acquisition.

ARPU for residential cable services increased 1.9% to reach €53.2 in the fourth quarter of 2008, as compared to €52.2 in the same period of the previous year.

SMEs customers remained flat at 69,000 customers at the end of 2008, as compared with 2007.

Indirect access customers decreased by 39.1% from December 2007 to December 2008, as expected, due to our focus on our direct access business.

2.4 Guidance for 2009 (GCO)

Table 6: Guidance for 2009 (*)

<i>Data in € million</i>	Guidance low	Guidance high	2008
Revenues	1,535	1,570	1,603
EBITDA	680	720	703
Capex	215	235	374
FCF after debt service	(30)	30	(139)

^(*) Please, see important disclaimer in the section 7 of this document

This Guidance is based on an assumption of -0.8% GDP growth and unemployment of 14.3%. If macroeconomic conditions worsen, the Guidance will need to be revised.

3. GRUPO CORPORATIVO ONO

3.1 Condensed Consolidated Financial Statements

Table 7: Condensed Consolidated Balance Sheet

<i>Data in € million</i>	Notes	<u>31-Dec-08</u>	<u>30-Sep-08</u>	<u>31-Dec-07</u>
ASSETS				
Intangible assets, net	3.3.1	123	130	129
Tangible assets, net	3.3.2	4,534	4,573	4,558
Shareholdings in group companies		4	4	4
Financial assets		57	69	78
Tax credit and deferred tax	3.2.7	1,170	1,128	1,137
Non current assets		5,888	5,903	5,907
Inventories		23	23	32
Accounts receivable and other current assets		143	169	176
Short-term investments, net		8	9	15
Prepayments and accrued income		2	5	2
Cash and cash equivalents	3.3.3	342	318	4
Current assets		518	524	229
TOTAL ASSETS		6,405	6,427	6,135
LIABILITIES AND SHAREHOLDER'S EQUITY				
Common stock		1,643	1,643	1,641
Share premium reserve		368	368	368
Reserves		45	45	45
Own shares		(5)	(5)	-
Prior year losses		(878)	(878)	(677)
Net loss for the period		(26)	20	(201)
Shareholder's equity	Table 10	1,147	1,193	1,176
Hedging agreements		(49)	10	15
Capital grants		2	2	2
Minority interest		3	3	3
Net equity		1,103	1,208	1,196
Provisions for liabilities and charges		145	170	195
Senior facility		3,464	3,500	2,925
Participative loan		10	10	10
Senior subordinated notes		450	450	450
Other		75	61	75
Long-term debt	3.3.4	3,999	4,021	3,460
Hedging agreements		70	-	-
Other long-term liabilities	3.3.5	68	67	140
Other long-term liabilities		138	67	140
Deferred income		2	2	3
Non current liabilities		4,283	4,260	3,797
Provisions for liabilities and charges		89	39	46
Short-term debt with banks	3.3.4	197	183	187
Accrued interests		78	43	79
Other		90	78	79
Short-term payables		365	304	344
Accounts payable and other current liabilities		525	567	709
Accruals and deferred income		39	50	42
Current liabilities		1,019	959	1,142
TOTAL LIABILITIES AND NET EQUITY		6,405	6,427	6,135

Table 8: Condensed Consolidated Statements of Operations

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
Revenues	401	396	1.1%	1,603	1,616	(0.8%)
Cost of services	(93)	(92)	0.5%	(381)	(442)	(13.8%)
Net opex	(127)	(124)	2.0%	(518)	(538)	(3.7%)
EBITDA	181	179	0.9%	703	636	10.6%
Restructuring costs and other extraordinary costs	(52)	-	na	(52)	(58)	(9.4%)
Deprec. and amortisation	(111)	(94)	18.1%	(389)	(343)	13.3%
Reversal of provisions	15	-	na	15	13	12.7%
Loss on fixed assets	(17)	-	na	(17)	(209)	(91.9%)
EBIT / Operating profit	16	86	(81.4%)	260	39	569.4%
Net financial expense	(79)	(84)	(5.9%)	(291)	(261)	11.5%
EBT / Profit/(loss) before tax	(63)	2	na	(31)	(222)	(86.1%)
Income tax credit	17	(2)	na	5	21	(74.8%)
Loss before minority interests	(46)	(1)	na	(26)	(201)	(87.3%)
Minority interests	(0)	(0)	(93.1%)	(0)	(0)	78.0%
Net loss	(46)	(1)	na	(26)	(201)	(87.1%)

Table 9: Condensed Consolidated Cash Flow

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
EBITDA	181	179	0.9%	703	636	10.6%
Capex	(78)	(82)	(5.1%)	(374)	(554)	(32.6%)
OPERATING FREE CASH FLOW	103	97	6.0%	330	81	304.6%
Change in working capital	(21)	(19)	13.7%	(145)	(143)	1.8%
Other ⁽¹⁾	(16)	(10)	64.5%	(60)	(118)	(49.3%)
FREE CASH FLOW (pre-interest)	66	69	(4.3%)	125	(179)	na
Paid interests, net	(33)	(93)	(64.0%)	(263)	(154)	71.3%
FREE CASH FLOW AFTER DEBT SERVICE	33	(24)	na	(139)	(333)	(58.3%)
FINANCING ACTIVITIES						
Senior facility	-	294	na	575	557	3.2%
Subordinated and participative loans	-	-	na	-	(120)	na
Senior subordinated notes	-	-	na	-	(100)	na
State subsidies	(1)	(4)	(68.6%)	(11)	(17)	(30.5%)
Short-term credit lines	(8)	(12)	(34.6%)	(13)	30	na
Short-term investments	0	(0)	na	0	(3)	na
Financial assets	(1)	(0)	115.1%	(1)	(2)	na
Other financing items	1	(1)	na	(2)	(16)	(90.2%)
Deferred Auna acquisition payment	-	-	na	(71)	-	na
CASH FLOW FROM FINANCING ACTIVITIES	(9)	276	na	477	330	44.3%
NET CASH FLOW	24	252	(90.7%)	338	(3)	na
CASH BEGINNING OF PERIOD	318	66	na	4	7	(42.5%)
CASH END OF PERIOD	342	318	7.4%	342	4	na

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

Table 10: Shareholder's equity

<i>Data in €million</i>	Common stock	Share premium	Reserves	Own shares	Prior year losses	Net loss for the period	Hedging agreements	Capital grants	Minority interest	Total
Balance 31 December 2007	1,641	368	45	-	(677)	(201)	15	2	3	1,196
Previous year result distribution	-	-	-	-	(201)	201	-	-	-	-
Net profit/(loss) for the year ended 31 December 08	-	-	-	-	-	(26)	-	-	-	(26)
Uncalled share capital	2	-	-	-	-	-	-	-	-	2
Own shares	-	-	-	(5)	-	-	-	-	-	(5)
Change in fair value	-	-	-	-	-	-	(64)	-	-	(64)
Transfer to financial income	-	-	-	-	-	-	-	(0)	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	-	0	0
Balance 31 December 2008	1,643	368	45	(5)	(878)	(26)	(49)	2	3	1,103

3.2 Fourth quarter and full year 2008 results of operations

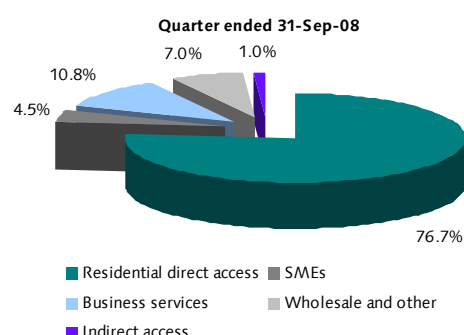
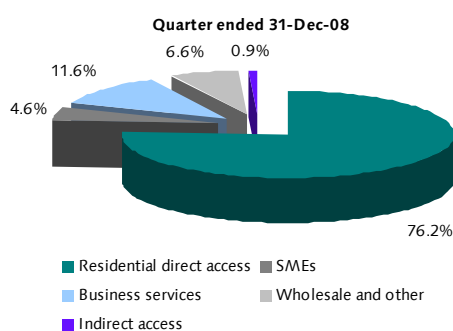
3.2.1. Revenues

ONO's revenues are derived from individual service offerings or a combination of telephony, Internet and pay television services provided to residential direct access customers, indirect access customers, SMEs, business services (which comprise voice and data services and other value added services provided to large corporations and public entities) and wholesale (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 11: Revenue split

	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
<i>Data in € million</i>						
Continuing businesses	370	364	1.6%	1,468	1,423	3.2%
Residential direct access	305	304	0.5%	1,219	1,176	3.6%
SMEs	18	18	3.2%	73	76	(3.7%)
Business services	47	43	9.0%	176	171	2.9%
Partial continuing businesses	27	28	(3.8%)	116	159	(27.4%)
Wholesale and other	27	28	(3.8%)	116	159	(27.4%)
Discontinuing businesses	3	4	(12.2%)	19	34	(43.6%)
Indirect access	3	4	(12.2%)	19	34	(43.6%)
Total revenues	401	396	1.1%	1,603	1,616	(0.8%)



Revenues increased in Q4 2008 by 1.1% to €401 million from €396 million in Q3 2008. This revenue increase is due to the growth of 9% in business services revenues as well as the increase of 3% in SMEs due to the seasonality experienced in the third quarter.

In 2008, revenues decreased slightly by 0.8%, reaching €1,603 million, versus €1,616 million during the year 2007. Continuing businesses, our main revenue sources, grew by 3.2% in the last twelve months, contributing 91.6% to overall revenues in the year ended 2008 as

compared to 88.1% in 2007. Nevertheless, the 27.4% reduction in wholesale and other revenues, mainly as a consequence of Orange's circuit migration out of ONO's network, and the 44% reduction in residential indirect access revenues, as this business discontinues its operations, overcame the growth of our Continuing businesses.

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; customer premise equipment 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 12: Residential cable services

Data in thousand, except if otherwise stated

	31-Dec-08	30-Sep-08	% change	31-Dec-07	% change
Cable Services:					
HRTM	6,963	6,952	0.2%	6,793	2.5%
Customers	1,853	1,870	(0.9%)	1,859	(0.3%)
Penetration	26.6%	26.9%	(0.3 pp)	27.4%	(0.7 pp)
Gross churn	20.9%	21.9%	(1.0 pp)	19.9%	0.9 pp
Net churn	18.7%	19.6%	(0.9 pp)	18.2%	0.5 pp
ARPU (€)	53.2	52.4	1.4%	52.2	1.9%
Total RGUs	3,960	3,953	0.2%	3,768	5.1%
RGUs per customer	2.14	2.11	1.1%	2.03	5.4%

Total cable customers decreased during the last twelve months by approximately 6,000 customers or 0.3% to 1,853,000. The focus on bundled services and the success of a series of cross-sale campaigns pushed the RGUs per customer ratio to 2.14x as at 31 December 2008, from 2.03x as at 31 December 2007.

The negative net adds in the last quarter mainly correspond to the lower number of sales resulting from our new commercial policies that include a credit scoring and the charge of a sign-up fee for new customers. These entry barriers were implemented to avoid the acquisition of early churn customers and to maintain our profitability standards. The rapid deterioration in the Spanish economy also exerted a significant impact on our number of sales, thus contributing to our negative net adds in the quarter. Additionally, the network extension programme has been discontinued as the macroeconomic environment threatens returns from investment.

Churn decreased in the fourth quarter of 2008 to 20.9% from 21.9% in the third quarter of 2008. Net churn, calculated as churn excluding customers moving from one ONO home to another ONO home reached 18.7% in the fourth quarter of 2008. Among the different causes of churn, disconnections coming from bad debt customers have increased through 2008, reflecting the worsening of the macroeconomic environment in Spain. The disconnections coming from customers being only 0 to 6 months in the customer base, "early churn", increased through 2008 as heavily discounted temporary offers, marketed in the first six

months of 2008, came to expire. Churn peaked in the September to November period and started to decline in December.

- **Telephony**

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

Table 13: Telephony services

Data in thousand, except if otherwise stated

	31-Dec-08	30-Sep-08	% change	31-Dec-07	% change
Telephony services:					
Customers	1,638	1,623	0.9%	1,605	2.1%
Proportion of total customers	88.4%	86.8%	1.6 pp	86.3%	2.1 pp
Penetration	23.5%	23.4%	0.2 pp	23.6%	(0.1 pp)

Telephony customers increased by 33,000 or 2.1% in 2008, reaching 1,638,000. Telephony continues to account for the largest portion of our RGUs, with 88.4% of our customers subscribing to this service.

Despite the customer base reduction in the fourth quarter of 2008, telephony customers increased by 15,000. This is due to the effort on acquiring customers taking bundles with telephony and the lower churn experienced in customers taking 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 14: Internet services

Data in thousand, except if otherwise stated

	31-Dec-08	30-Sep-08	% change	31-Dec-07	% change
Internet services:					
Customers	1,283	1,272	0.8%	1,203	6.7%
Proportion of total customers	69.2%	68.0%	1.2 pp	64.7%	4.5 pp
Penetration	18.4%	18.3%	0.1 pp	17.7%	0.7 pp

Internet customers increased by 80,000 or 6.7% in 2008, reaching 1,283,000. Internet customers as a proportion of total customers increased by 4.5 pp to 69.2% at the end of the fourth quarter of 2008 from 64.7% at the end of 2007.

Internet customers increased by 11,000 in the last quarter of 2008, reaching a penetration rate of 18.4% from 17.7% in the same quarter of the previous year. The customer acquisition effort in the fourth quarter was focused on acquiring customers with this service combined with telephony or on a triple play basis.

- **Television**

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

Table 15: Television services

Data in thousand, except if otherwise stated

	31-Dec-08	30-Sep-08	% change	31-Dec-07	% change
Television services:					
Customers	1,039	1,057	(1.7%)	960	8.2%
Proportion of total customers	56.1%	56.5%	(0.5 pp)	51.6%	4.4 pp
Penetration	14.9%	15.2%	(0.3 pp)	14.1%	0.8 pp

Cable television customers increased by 79,000 or 8.2% in the last twelve months, reaching 1,039,000 as of 31 December 2008, mainly due to the launch of new television packages in the third quarter of 2007, including a low entry option, "TV Esencial".

Cable television customers as a proportion of total customers increased by 4.4 pp in the last twelve months to 56.1% as of 31 December 2008 and the penetration of cable television services over homes released to marketing increased in the last twelve months by 0.8 pp to 14.9%.

During the last quarter of 2008, the decrease in cable television customers is mainly due to the discontinued offer of this product on a standalone basis and increased focus on acquiring customers with a telephony and broadband bundles, which enjoy lower churn rates.

- **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 broadly flat in the fourth quarter versus third quarter of the year. We consider our ULL operations, mainly focused in Madrid and Barcelona, as a complement to our core cable business.

Table 16: Other direct access services

Data in thousand, except if otherwise stated

	31-Dec-08	30-Sep-08	% change	31-Dec-07	% change
ULL Services:					
Customers	65	66	(0.2%)	68	(3.3%)
RGUs	111	109	2.2%	107	4.1%
RGUs per customer	1.70	1.66	2.4%	1.58	7.7%

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.

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

Table 17: SMEs services

	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
SMEs customers (<i>thousands</i>)	69	69	0.3%	69	69	0.1%
Revenues (<i>€million</i>)	18	18	3.2%	73	76	(3.7%)

ONO's SMEs customers remained flat versus Q4 2007 at 69,000 customers. As of 31 December 2008, SMEs revenues decreased slightly by €3 million, reaching €73 million versus €76 million at the end of 2007.

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 18: Business services

<i>Data in €million</i>	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
Revenues	47	43	9.0%	176	171	2.9%

Business revenues reached €47 million in the fourth 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 and cash flow enhancing customers following strict profitability analysis criteria.

In 2008, revenues from this segment reached €176 million, an increase of 2.9% versus 2007.

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 19: Wholesale and other

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
Revenues	27	28	(3.8%)	116	159	(27.4%)

Revenues from wholesale and other decreased by 3.8%, from €28 million for the third quarter of 2008 to €27 million for the fourth quarter of 2008.

At the end of 2008, revenues from wholesale and other were €116 million, a decrease of 27.4% as compared with the end of 2007. This reduction is mainly due to the migration of circuits away from ONO by Orange to its own networks. 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 our mobile services offering ("mvno").

3.2.2. Cost of services and Gross profit

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

Table 20: Cost of services and Gross Profit

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
Total revenues	401	396	1.1%	1,603	1,616	(0.8%)
Cost of services	(93)	(92)	0.5%	(381)	(442)	(13.8%)
Gross profit	308	304	1.3%	1,221	1,174	4.1%
Gross margin	76.9%	76.7%	0.1 pp	76.2%	72.6%	3.6 pp

Cost of services principally consists of interconnection and backbone network costs for telecommunications 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 €61 million from 2007 to 2008. As a percentage of total revenues, our cost of services decreased to 23.8% for the twelve months ended 31 December 2008 from 27.4% for the twelve months ended 31 December 2007 and gross margin increased by 3.6 pp to 76.2% at the end of 2008 versus 72.6% at the end 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, (ii) to improved interconnection agreements, and (iii) cable television programming agreements renegotiations.

3.2.3. Operating expenses

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

Table 21: Operating expenses

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
Gross opex	(146)	(144)	1.4%	(596)	(609)	(2.0%)
Capitalised costs	19	19	(2.4%)	78	71	11.0%
Net opex	(127)	(124)	2.0%	(518)	(538)	(3.7%)
% of revenues	31.7%	31.4%	0.3 pp	32.3%	33.3%	(1.0 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 decreased by 3.7% to reach €518 million at the end of 2008, as compared to €538 million for the year 2007, following decisions to reduce sales activity, marketing expenditure and headcount.

3.2.4. Restructuring and other one-off income and expense

The following table sets forth our restructuring and other one-off income and expense costs and the percentage change for each of the periods indicated:

Table 22: Restructuring and other one-off income and expense costs

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
Restructuring costs and other extraordinary costs	(52)	-	na	(52)	(58)	(9.4%)
Reversal of provision	15	-	na	15	13	12.7%
Loss on fixed assets	(17)	-	na	(17)	(209)	(91.9%)
Total restructuring and other one-off income and expense costs	(54)	-	na	(54)	(254)	(78.6%)

Restructuring costs and other extraordinary costs in 2008 includes the provision for the execution of the headcount reduction plan. The reversal of provision of €15 million

corresponds to unrealised contingencies provisioned in 2007 and reversed in 2008. The loss on fixed assets relates to the impairment of the net book value of assets with no further use.

3.2.5. Depreciation and amortisation

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

Table 23: Depreciation and amortisation

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
Depreciation and amortisation	(111)	(94)	18.1%	(389)	(343)	13.3%

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. The increase year on year is mainly due to the additional capital expenditure carried out over the last twelve months, increasing the size of the amortisation of tangible and intangible assets.

3.2.6. 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		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
Net financial expense	(79)	(84)	(5.9%)	(291)	(261)	11.5%

Our net financial expense is mainly comprised of interest expense from our financing agreements. Net financial expense increased in 2008 compared to 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 the higher Euribor interest rate.

3.2.7. Income tax

We have €1,170 million of tax credits and deferred taxes on our balance sheet. These tax credits were raised as a result of our net tax losses in previous years. According to Spanish tax regulation, these tax credits can be used for 15 years since their incurrence. Tax credits should only be recognised when it is more likely than not that they will be used.

In spite of the current macroeconomic environment, the Company considers that it will probably generate sufficient profit to offset those tax credits. Nonetheless, there are risks and uncertainties in the general economic environment and the financial markets that may adversely affect the Company's ability to generate enough profits to offset all of these tax credits in a timely manner. (For additional information on Risks Relating to our Financial Profile, see "Risk Factors" in the 2007 Annual Report of ONOMidco, issued on 29 April 2008 and posted on our Investor Relations website).

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

Table 25: Income tax

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
Income tax credit	17	(2)	na	5	21	(74.8%)

3.3 Notes to the Condensed Consolidated Balance Sheet

3.3.1. Intangible assets

Table 26: Intangible assets, net

<i>Data in €million</i>	31-Dec-07	Additions	Disposals	31-Dec-08
Licensed assets	62	4	-	66
Franchise acquisition costs	13	-	-	13
Computer software	128	11	(0)	138
Other intangible fixed assets	33	14	(1)	46
Total cost	235	29	(1)	262
Accumulated amortisation	(105)	(34)	0	(139)
Intangible assets, net	129	(5)	(1)	123

3.3.2. Tangible assets

Table 27: Tangible assets, net

<i>Data in €million</i>	31-Dec-07	Additions	Disposals	Transfers	31-Dec-08
Land and natural assets	21	-	(0)	-	21
Network and technical equipment	6,127	144	(7)	190	6,455
Computer hardware	198	1	(1)	2	201
Other tangible fixed assets	89	6	(5)	5	94
Total operating tangible fixed assets	6,436	151	(14)	197	6,771
Payments on account and assets under construction	103	194	(20)	(195)	81
Total cost	6,538	345	(34)	2	6,852
Accumulated amortisation	(1,905)	(355)	12	-	(2,248)
Provisions	(75)	-	5	-	(70)
Tangible assets, net	4,558	(10)	(17)	2	4,534

3.3.3. Cash and cash equivalents

Table 28: Cash and cash equivalents

<i>Data in €million</i>	31-Dec-08	31-Dec-07	% change
Cash	3	4	(30.5%)
Short-term investments (maturity less than 3 months)	339	-	na
Cash and cash equivalents	342	4	na

Short-term investments relate to cash allocated in Spanish Government securities.

3.3.4. Debt and liquidity

Table 29: Debt and liquidity

As of 31 December 2008
Data in €million

Type of debt	Maximum available	Short term debt	Long term debt	Total debt	Availability
Debt with credit entities:					
Senior facility	3,500	36	3,464	3,500	-
Participative loan	10	-	10	10	-
Other credit facilities (*)	209	147	44	190	19
Total debt with credit entities	3,719	183	3,517	3,700	19
Other debt:					
Senior subordinated notes	450	-	450	450	-
State subsidies and other (*)	50	15	35	50	-
Total other debt	500	15	485	500	-
Total debt	4,219	198	4,002	4,200	19
Cash and cash equivalents				342	342
Total net debt				3,858	
EBITDA LQA				724	
Total net debt/EBITDA				5.32x	

(*) The €3.4 million difference between the table above and the balance sheet relates to the discounted value presented in the balance sheet, while in the table above the amounts are stated at their refund value (e.g. state subsidies).

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

Data in € million

Type of debt	Maturity						Total
	2009	2010	2011	2012	2013	Thereafter	
Debt with credit entities:							
Senior facility	36	414	590	960	1,500	-	3,500
Participative loan	-	-	-	-	-	10	10
Other credit facilities	147	40	1	1	1	-	190
Total debt with credit entities	183	454	591	961	1,501	10	3,700
Other debt:							
Senior subordinated notes	-	-	-	-	-	450	450
State subsidies	15	13	10	8	2	1	50
Total other debt	15	13	10	8	2	451	500
Total	198	467	602	969	1,503	462	4,200

The Company faces significant debt maturities in the coming years. These debt maturities will primarily be funded by cash on hand (€342 million) and free cash flow generated by the Company (Guidance of €30 million negative to €30 million positive for 2009).

The current macroeconomic environment, the outlook for the Spanish economy and the liquidity constraints in the financial markets, may adversely offset the Company's ability to generate enough cash flow to meet all of the scheduled debt amortisation in the coming years.

In order to mitigate this risk, the Company has taken a series of decisions to optimise liquidity (discontinuation of network buildout, cost saving programme, etc), and position itself to take advantage of any opportunities that arise to adjust its financing profile. (For additional information on Risks Relating to our Financial Profile, see "Risk Factors" in the 2007 Annual Report of ONOMidco, issued on 29 April 2008 and posted on our Investor Relations website). These decisions and actions may be insufficient.

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

3.3.5. Other long-term liabilities

Table 31: Other long-term liabilities

<i>Data in €million</i>	<u>31-Dec-08</u>	<u>31-Dec-07</u>	<u>% change</u>
Deferred Auna acquisition payment (*)	67	134	(50.1%)
EVCs and other	-	4	na
Other	1	1	(8.8%)
Other long-term liabilities	68	140	(51.4%)

(*) Note: The difference between the Auna payment of €71.5 million and the amount shown above results from the requirement under the new Spanish GAAP to reflect the present value of non-interest bearing liabilities on the balance sheet.

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 32: Capital expenditure

<i>Data in € million</i>	<u>Quarter ended</u>			<u>Year to date</u>		
	<u>31-Dec-08</u>	<u>30-Sep-08</u>	<u>% change</u>	<u>31-Dec-08</u>	<u>31-Dec-07</u>	<u>% change</u>
Capital expenditures	(78)	(82)	(5.1%)	(374)	(554)	(32.6%)

Capital expenditure decreased by 32.6% to €374 million in 2008 from €554 million for the year 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 current liabilities", "inventories", "prepayments and accrued income" and "accounts receivable and other current assets". 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 and the reclassification of amounts between accounts payables or receivables to other lines within the balance sheet.

4. ONOMIDCO

Table 33: Condensed Consolidated Balance Sheet (ONOMidco)

<i>Data in € million</i>	<u>31-Dec-08</u>	<u>30-Sep-08</u>	<u>31-Dec-07</u>
ASSETS			
Intangible assets, net	123	130	129
Tangible assets, net	4,534	4,573	4,558
Shareholdings in group companies	5	5	5
Financial assets	(11)	1	9
Tax credit and deferred tax	1,202	1,161	1,171
Non current assets	5,852	5,869	5,872
Inventories	23	23	32
Accounts receivable and other current assets	143	188	187
Short-term investments, net	8	13	14
Prepayments and accrued income	2	5	2
Cash and cash equivalents	342	318	4
Current assets	518	547	239
TOTAL ASSETS	6,370	6,416	6,111
LIABILITIES AND SHAREHOLDER'S EQUITY			
Common stock	263	263	263
Share premium reserve	24	24	24
Reserves	126	126	126
Prior year losses	(222)	(222)	(11)
Net loss for the period	(23)	21	(210)
Shareholder's equity	169	212	191
Hedging agreements	(49)	10	15
Capital grants	2	2	2
Minority interest	7	7	6
Participative loan	955	955	955
Net equity	1,084	1,186	1,169
Provisions for liabilities and charges	145	170	195
Senior facility	3,450	3,485	2,925
Participative loan	10	10	10
Senior subordinated notes	450	450	450
Other	51	37	32
Long-term debt	3,961	3,982	3,417
Hedging agreements	70	-	-
Other long-term liabilities	68	67	168
Other long-term liabilities	138	67	168
Deferred income	2	2	3
Non current liabilities	4,246	4,221	3,782
Provisions for liabilities and charges	78	39	46
Short-term debt with banks	185	171	173
Accrued interests	77	43	78
Other	118	106	76
Short-term payables	381	320	326
Accounts payable and other current liabilities	542	600	744
Accruals and deferred income	39	50	42
Current liabilities	1,040	1,009	1,159
TOTAL LIABILITIES AND NET EQUITY	6,370	6,416	6,111

Table 34: Condensed Consolidated Statement of Operations (ONOMidco)

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
Revenues	401	396	1.1%	1,602	1,616	(0.8%)
Cost of services	(93)	(92)	0.5%	(381)	(442)	(13.8%)
Net opex	(124)	(123)	1.2%	(509)	(530)	(3.8%)
EBITDA	184	181	1.5%	712	644	10.5%
Restructuring costs and other extraordinary costs	(41)	-	na	(41)	(56)	(26.3%)
Deprec. and amortis.	(111)	(94)	18.1%	(389)	(343)	13.3%
Reversal of provisions	15	-	na	15	13	12.7%
Loss on fixed assets	(17)	-	na	(17)	(209)	(91.9%)
EBIT / Operating profit	30	87	(65.9%)	280	49	470.0%
Net financial expense	(89)	(85)	5.3%	(304)	(284)	na
EBT / Profit/(loss) before tax	(59)	3	na	(24)	(234)	(89.8%)
Income tax credit	16	(3)	na	3	25	(87.6%)
Loss before minority interests	(44)	0	na	(21)	(210)	(90.0%)
Minority interests	0	(1)	na	(2)	(1)	na
Net loss	(43)	(0)	na	(23)	(210)	(89.3%)

Table 35: Condensed Consolidated Cash Flow (ONOMidco)

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
EBITDA	184	181	1.5%	712	644	10.5%
Capex	(78)	(82)	(5.1%)	(374)	(554)	(32.6%)
OPERATING FREE CASH FLOW	106	99	6.9%	338	90	275.8%
Change in working capital	(31)	(21)	45.6%	(161)	(163)	(0.9%)
Other ⁽¹⁾	(14)	(10)	45.5%	(58)	(115)	(49.4%)
FREE CASH FLOW (pre-interest)	61	68	(10.6%)	119	(188)	na
Paid interests, net	(33)	(92)	(64.6%)	(262)	(154)	70.5%
FREE CASH FLOW AFTER DEBT SERVICE	28	(24)	na	(143)	(341)	(58.1%)
FINANCING ACTIVITIES						
Senior facility	-	294	na	575	557	3.2%
Subordinated and participative loans	-	-	na	-	(120)	na
Senior subordinated notes	-	-	na	-	(100)	na
State subsidies	(1)	(4)	(68.6%)	(11)	(17)	(30.6%)
Short-term credit lines	(8)	(12)	(34.1%)	(13)	26	na
Short-term investments	4	(0)	na	0	(3)	na
Financial assets	(0)	(0)	na	(1)	0	na
Other financing items	1	1	(17.7%)	3	(6)	na
Deferred Auna acquisition payment	0	-	na	(71)	-	na
CASH FLOW FROM FINANCING ACTIVITIES	(5)	278	na	481	338	42.0%
NET CASH FLOW	23	254	(90.8%)	338	(3)	na
CASH BEGINNING OF PERIOD	318	64	na	4	7	(41.2%)
CASH END OF PERIOD	342	318	7.4%	342	4	na

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

Table 36: Shareholder's equity (ONOMidco)

<i>Data in €million</i>	Common stock	Share premium	Reserves	Prior year losses	Net loss for the period	Hedging agreements	Capital grants	Minority interest	Participative loan	Total
Balance 31 December 2007	263	24	126	(11)	(210)	15	2	6	955	1,169
Previous year result distribution	-	-	-	(210)	210	-	-	-	-	-
Net profit/(loss) for the year ended 31 December 08	-	-	-	-	(23)	-	-	-	-	(23)
Change in fair value	-	-	-	-	-	(64)	-	-	-	(64)
Transfer to financial income	-	-	-	-	-	-	(0)	-	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	2	-	2
Other	-	-	-	-	-	-	-	0	0	0
Balance 31 December 2008	263	24	126	(222)	(23)	(49)	2	7	955	1,084

In this section, we are reporting the fourth quarter of 2008 Unaudited 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 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>31-Dec-08</u>	<u>30-Sep-08</u>	<u>31-Dec-07</u>
ASSETS			
Intangible assets, net	123	130	129
Tangible assets, net	4,534	4,573	4,558
Shareholdings in group companies	5	5	5
Financial assets	4	17	9
Tax credit and deferred tax	1,187	1,146	1,171
Non current assets	5,852	5,869	5,872
Inventories	23	23	32
Accounts receivable and other current assets	143	188	187
Short-term investments, net	8	13	14
Prepayments and accrued income	2	5	2
Cash and cash equivalents	342	318	4
Current assets	518	547	239
TOTAL ASSETS	6,370	6,416	6,111
LIABILITIES AND SHAREHOLDER'S EQUITY			
Common stock	263	263	263
Share premium reserve	1,637	1,637	1,637
Reserves	807	807	807
Own shares	-	-	-
Prior year losses	(2,516)	(2,516)	(2,306)
Net loss for the period	(23)	21	(210)
Shareholder's equity	169	212	191
Hedging agreements	(49)	10	15
Capital grants	2	2	2
Minority interest	7	7	6
Participative loan	955	955	955
Net equity	1,084	1,186	1,169
Provisions for liabilities and charges	145	170	195
Senior facility	3,450	3,485	2,925
Participative loan	10	10	10
Senior subordinated notes	450	450	450
Other	51	37	32
Long-term debt	3,961	3,982	3,417
Hedging agreements	70	-	-
Other long-term liabilities	68	67	168
Other long-term liabilities	138	67	168
Deferred income	2	2	3
Non current liabilities	4,246	4,221	3,782
Provisions for liabilities and charges	78	39	46
Short-term debt with banks	185	171	173
Accrued interests	77	43	78
Other	118	106	76
Short-term payables	381	320	326
Accounts payable and other current liabilities	542	600	744
Accruals and deferred income	39	50	42
Current liabilities	1,040	1,009	1,159
TOTAL LIABILITIES AND NET EQUITY	6,370	6,416	6,111

Table 38: Condensed Consolidated Statement of Operations (Cableuropa)

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
Revenues	401	396	1.1%	1,602	1,616	(0.8%)
Cost of services	(93)	(92)	0.5%	(381)	(442)	(13.8%)
Net opex	(124)	(123)	1.2%	(509)	(529)	(3.8%)
EBITDA	184	181	1.5%	712	644	10.5%
Restructuring costs and other extraordinary costs	(41)	-	na	(41)	(56)	(26.3%)
Deprec. and amortis.	(111)	(94)	18.1%	(389)	(343)	13.3%
Reversal of provisions	15	-	na	15	13	12.7%
Loss on fixed assets	(17)	-	na	(17)	(209)	(91.9%)
EBIT / Operating profit	30	87	(65.9%)	280	49	468.7%
Net financial expense	(89)	(85)	5.3%	(304)	(284)	7.2%
EBT / Profit/(loss) before tax	(59)	3	na	(24)	(234)	(89.7%)
Income tax credit	16	(3)	na	3	25	87.5%
Profit/(loss) before minority interests	(44)	0	na	(21)	(210)	(90.0%)
Minority interests	0	(1)	na	(2)	(1)	72.6%
Net loss	(43)	(0)	na	(23)	(210)	(89.3%)

Table 39: Condensed Consolidated Cash Flow (Cableuropa)

Data in € million	Quarter ended			Year to date		
	31-Dec-08	30-Sep-08	% change	31-Dec-08	31-Dec-07	% change
EBITDA	184	181	1.5%	712	644	10.5%
Capex	(78)	(82)	(5.1%)	(374)	(554)	(32.6%)
OPERATING FREE CASH FLOW	106	99	6.9%	338	90	275.2%
Change in working capital	(31)	(21)	45.6%	(161)	(163)	(1.0%)
Other ⁽¹⁾	(14)	(10)	45.5%	(58)	(115)	(49.4%)
FREE CASH FLOW (pre-interest)	61	68	(10.6%)	119	(188)	na
Paid interests, net	(33)	(92)	(64.6%)	(262)	(154)	70.5%
FREE CASH FLOW AFTER DEBT SERVICE	28	(24)	na	(143)	(341)	(58.1%)
FINANCING ACTIVITIES						
Senior facility	-	294	na	575	557	3.2%
Subordinated and participative loans	-	-	na	-	(120)	na
Senior subordinated notes	-	-	na	-	(100)	na
State subsidies	(1)	(4)	(68.6%)	(11)	(17)	(30.6%)
Short-term credit lines	(8)	(12)	(34.1%)	(13)	26	na
Short-term investments	4	(0)	na	0	(3)	na
Financial assets	(0)	(0)	na	(1)	0	na
Other financing items	1	1	(17.7%)	3	(6)	na
Deferred Auna acquisition payment	0	-	na	(71)	-	na
CASH FLOW FROM FINANCING ACTIVITIES	(5)	278	na	481	338	42.0%
NET CASH FLOW	23	254	(90.8%)	338	(3)	na
CASH BEGINNING OF PERIOD	318	64	na	4	7	(41.1%)
CASH END OF PERIOD	342	318	7.4%	342	4	na

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

Table 40: Shareholder's equity (Cableuropa)

<i>Data in €million</i>	Common stock	Share premium	Reserves	Prior year losses	Net loss for the period	Hedging agreements	Capital grants	Minority interest	Participative loan	Total
Balance 31 December 2007	263	1,637	807	(2,306)	(210)	15	2	6	955	1,169
Previous year result	-	-	-	(210)	210	-	-	-	-	-
distribution	-	-	-	-	-	-	-	-	-	-
Net profit/(loss) for the year ended 31 December 08	-	-	-	-	(23)	-	-	-	-	(23)
Change in fair value	-	-	-	-	-	(64)	-	-	-	(64)
Transfer to financial income	-	-	-	-	-	-	(0)	-	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	2	-	2
Other	-	-	-	-	-	-	-	0	0	0
Balance 31 December 2008	263	1,637	807	(2,516)	(23)	(49)	2	7	955	1,084

5.2 Debt and liquidity

Table 41: Debt and Liquidity (Cableuropa)

As of 31 December 2008
Data in €million

Type of debt	Maximum available	Short term debt	Long term debt	Total debt	Availability
Debt with credit entities:					
Senior facility (*)	3,500	36	3,464	3,500	0
Participative loan	10	-	10	10	-
Other credit facilities(**)	173	135	19	154	19
Total debt with credit entities	3,683	171	3,493	3,664	19
Other debt:					
Senior subordinated notes	450	-	450	450	-
State subsidies and other (**)	50	15	35	50	-
Total other debt	500	15	485	500	-
Total debt	4,183	186	3,978	4,164	19
Cash and cash equivalents				342	342
Total net debt				3,822	
EBITDA LQA				736	
Total net debt/EBITDA				5.19x	

(*) The 13.6 million difference between the amount under "Senior facility" item in the table above and the balance sheet relates to the net book value of the GCO fee from the Senior facility at the agreement date (2005).

(**) The €3.4 million difference between the table above and the balance sheet relates to the present value presented in the balance sheet, while in the table above the amounts are stated at their refund value (e.g. state subsidies).

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

Table 42: Debt by maturity

Data in € million

Type of debt	Maturity						Total
	2009	2010	2011	2012	2013	Thereafter	
Debt with credit entities:							
Senior facility	36	414	590	960	1,500	-	3,500
Participative loan	-	-	-	-	-	10	10
Other credit facilities	135	16	1	1	1	0	154
Total debt with credit entities	171	430	591	961	1,501	10	3,664
Other debt:							
Senior subordinated notes	-	-	-	-	-	450	450
State subsidies	15	13	10	8	2	1	50
Total other debt	15	13	10	8	2	451	500
Total	186	443	602	969	1,503	462	4,164

In this section, we are reporting the fourth quarter of 2008 Unaudited 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 31 December 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 fix EURIBOR applicable to our financial debt. 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 31 December 2008:

Table 43: Variable interest long-term debt

Data in €million	Expected maturity date						Total
	2009	2010	2011	2012	2013	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	1,500	10	3,510

7. DISCLAIMER

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

The Projections set forth above are based on certain estimates with respect to the Company's liquidity, capital resources, results of operations and the Guidance for 2009 that are subject to a number of risks and uncertainties including, but not limited to, the following: the ability of the Company to continue as a going concern; the ability of the Company and its subsidiaries to fulfill their obligations under, service and operate pursuant to the terms of, their existing credit facilities and arrangements; the state of the Spanish and global economy and its impact on the company's business; the ability to fund, develop and execute the Company's business plan; competitive pressures from other companies in the same or similar lines of business as the Company; trends in the economy as a whole which may affect subscriber confidence and demand for the goods and services supplied by the Company; the ability of the Company to predict consumer demand as a whole, as well as demand for specific goods and services; the acceptance and continued use by subscribers and potential subscribers of the Company's services; changes in technology and competition; the Company's ability to achieve expected operational efficiencies and economies of scale and its ability to generate expected cash flow, revenue and achieve assumed margins; the ability of the Company to attract, retain and compensate key executives and other personnel; the Company's ability to successfully integrate acquired businesses; the ability of the Company to maintain existing arrangements and / or enter into new arrangements with third party providers and contract partners; changes in applicable law, regulations or interpretation thereof; continued presence of a fair, competitive market; potential adverse publicity; as well as other factors detailed from time to time in the Company's public reports. Given these and other uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements contained in the Projections.

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

8. RECONCILIATION BETWEEN NEW AND OLD SPANISH GAAP

The following reconciliations show the quantification of the impact of the transition to new Spanish GAAP. Firstly, we include a reconciliation showing the quantification of the impact caused by the change in accounting policies on the Company's equity at 31 December 2007.

8.1 Summary of equity adjustments

Table 44: Equity

Data in €million

	Note	31 December 2007
Total equity according to Old Spanish GAAP		1,092
Derecognition of start-up & capital increase expenses	1	(14)
Derecognition of deferred expenses	2	(4)
Recognition of financial derivatives at fair value	3	22
Elimination of deferred income	4	113
Effect of discount in calculating long-term provisions	5	13
Valuation of loans received at their amortised cost using the effective interest rate	6	9
Uncalled capital	7	(31)
Capital grants	8	3
Tax effect of transition adjustments	9	(9)
Total equity according to New Spanish GAAP (excluding minority interests)		1,194

(1) Start-up and capital increase expenses

Start-up expenses have been eliminated because these expenses are not considered an asset under the definition contained in the Conceptual Accounting Framework. The elimination of this balance has been recorded as a decrease in reserves at the transition date, 1 January 2007, taking the tax effect into account and, therefore, generating a deferred income tax asset. The Group's start-up and capital increase expenses relate to capital increase and other expenses.

In 2007, the Group incurred expenses in the capital increase which have been eliminated in the reserves at 31 December 2007. Likewise, the amortisation for 2007 and the additions to other start-up and capital increase expense items have been reversed.

The start-up expenses that are considered assets under the definition contained in new Spanish GAAP have been transferred to "Tangible assets" and consist of improvements and investments made in operating leases. Likewise, their accumulated depreciation at said date has also been reclassified.

(2) Derecognition of deferred expenses

Certain expenses recorded as deferred expenses, consisting mainly of brand launching expenses, have been eliminated, since they cannot be recognised under the new legislation. The tax effect has been taken into account, thus generating a deferred income tax asset.

In 2007, there were both additions and transfers to the income statement due to the amortisation of the items recorded under this heading and, therefore, these have been reversed.

In addition, certain expenses included in the deferred expenses caption, consisting mainly of portability rights and permissions, have been reclassified to "Intangible assets".

(3) Recognition of financial derivatives at fair value

In accordance with the rules of new Spanish GAAP, meeting all the requirements for them to be recognised in the consolidated balance sheet, the Group has recorded the fair value of the financial derivatives contracted to hedge the effect of interest rate fluctuations on the cash flow, taking the tax effect into account and thus generating a deferred income tax liability.

In 2007, the Group recognised additions of new financial derivatives in accordance with the rules of new Spanish GAAP, meeting the recognition requirements.

(4) Elimination of deferred income

As a result of the application of new Spanish GAAP, deferred income recognised by the Group as a result of the purchase of the company Auna Telecomunicaciones, S.A.U. and the subsequent merger thereof into its 100% parent has been eliminated. It relates to the negative consolidation difference generated on said acquisition.

There were no changes in this caption in 2007.

(5) Re-measurement of provisions

As a consequence of the conversion to new Spanish GAAP, long-term provisions have been recognised at their present value, taking the tax effect into account and thus generating a deferred income tax liability.

At 31 December 2007, the long-term provisions that already existed at the beginning of the year have been re-measured and, in addition, the effect of the re-measurement of the new provisions recorded in 2007 is included.

(6) Measurement of the loans received at their amortised cost using the effective interest rate.

Borrowings maturing at over one year are valued at their amortised cost, relating to the deferred payment of the acquisition price of Auna in the year 2005, taking the tax effect into account and thus generating a deferred income tax liability.

(7) Uncalled capital

Under new Spanish GAAP, "Uncalled share capital" from the capital increase in 2007 is reclassified under share capital in equity, being recorded under the caption "Uncalled capital".

(8) Capital grants

The Group holds zero interest rate loans granted by public entities. For this reason the effective interest rate has been reclassified to the item "Capital grants", taking the tax effect into account and thus generating a deferred income tax liability.

8.2 Reconciliation of the Statements of Operations for the year ended 31 December 2007

Table 45: Reconciliation of the Statements of Operations (income statement)

<i>Data in €million</i>	Note	Old GAAP	Effect of the transition	New GAAP
Revenue		1,616	-	1,616
Capitalised costs		71	-	71
Cost of services	a	(443)	0	(442)
Employee benefit expenses		(219)	-	(219)
Other operating expenses	b	(384)	(6)	(390)
EBITDA		642		636
Depreciation, amortisation and impairment charges	a	(366)	23	(343)
Excess provisions	c	-	13	13
Impairment and gains or losses on disposal of fixed assets	c, d	-	(211)	(209)
Other –losses/gains – net	c	-	(56)	(58)
EBIT / Operating profit		276		39
Finance income	e	5	2	7
Finance cost	e	(265)	(3)	(268)
FINANCING LOSS		(260)		(261)
Extraordinary income	c	49	(49)	-
Extraordinary expenses	c	(282)	282	-
EXTRAORDINARY LOSS		(234)		-
EBT / Loss before tax		(218)		(222)
Minority interests		0	-	0
Income tax	f	20	1	21
Net loss		(198)		(201)

a.- Elimination of the amortisation for the year 2007 of start-up and capital increase expenses and deferred expenses, together with the amortisation of goodwill, that have been registered under Impairment and gains or losses on disposal of fixed assets.

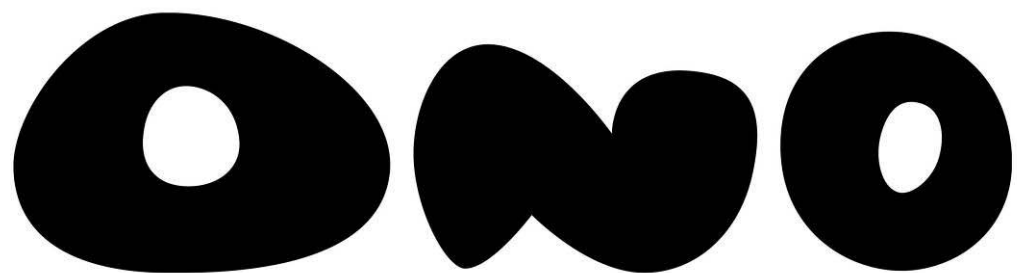
b.- Adjustment derived from the elimination of start-up and capital increase expenses and deferred expenses that did not meet the conditions required to be considered assets under the regulations of new Spanish GAAP.

c.- Amount originated in the reclassification of extraordinary expenses and income in accordance with their nature.

d.- In the year 2007, an impairment test was performed on the goodwill recorded by the Group company Cableuropa, S.A.U. derived from the acquisition and subsequent merger with the company Auna. This test determined that the goodwill would not be recoverable and, therefore, an extraordinary loss was recognised. Given the nature of this event, the loss (€189 million) was reclassified to this caption. Likewise, the amounts included in extraordinary losses the nature of which reflect impacts due to impairment of other assets have been reclassified.

e. – Amounts derived from recognising non-current assets and liabilities at their fair value.

f.- Tax effect of the impacts that results from the application of new Spanish GAAP in the year.



FURTHER INFORMATION

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