



## Third quarter 2007 results

14 November 2007

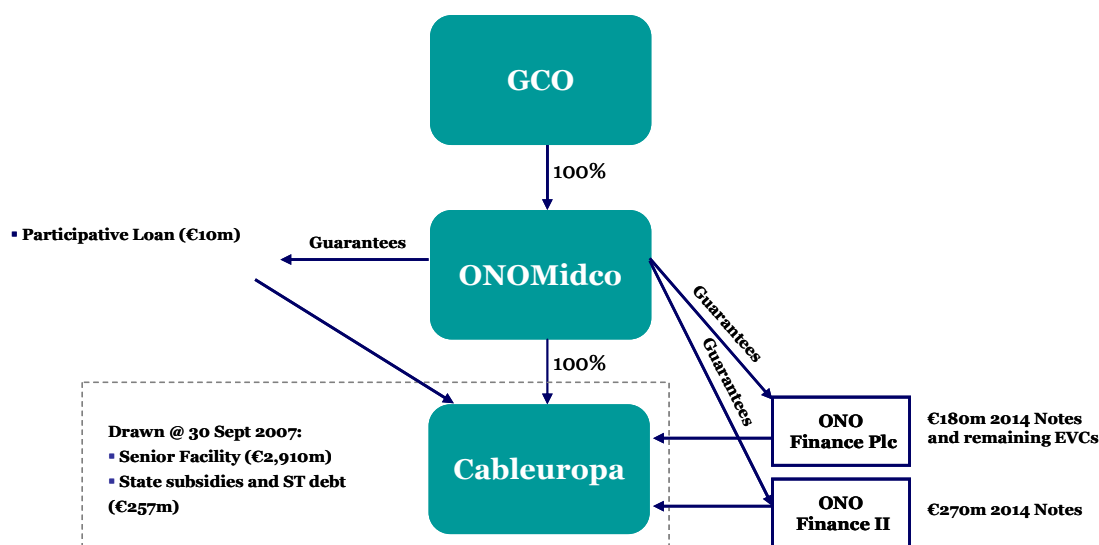


**Grupo Corporativo ONO, S.A.**  
Investor Relations

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## 1. GROUP AND REPORTING STRUCTURE



We are reporting the quarter ended 30 September 2007 consolidated results of Grupo Corporativo ONO, S.A. (“GCO”) and its subsidiaries.

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

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

### 2006 Corporate structure reorganization

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

- On 3 May 2006, we incorporated an intermediate holding company between GCO and Cableuropa, S.A.U. (“Old Cableuropa”) called ONOMidco, S.A.U. (“ONOMidco”). ONOMidco is 100% owned by GCO and owns 100% of the shares of Cableuropa. In accordance with the terms of our subordinated facilities and with the indentures for the 10.5% Notes due 2014, the Floating Rate Notes due 2014 (since cancelled) and the 8% Notes due 2014, ONOMidco guarantees our Senior Subordinated Notes and our subordinated facilities.
- During 2006, our Board of Directors approved the corporate merger between Cableuropa and Auna. For economic and financial efficiency reasons, the merger was executed as a reverse merger and, accordingly, Auna absorbed Cableuropa (the “Old Cableuropa”). We believe that this merger simplifies the management of the ONO Group and reduces costs. The reverse merger was completed on 2 October 2006, with accounting effect from 1 January 2006.

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- On 7 November 2006, we changed the corporate name of the surviving entity of the reverse merger between Auna and Old Cableuropa to Cableuropa, S.A.U. (the “New Cableuropa” or “Cableuropa” hereinafter) in the Mercantile Registry.
- As a result of these changes, the Cableuropa financial statements presented as of and for the quarters ended 30 September 2007 and 30 June 2007 correspond to “New Cableuropa” whereas the financial statements presented as of and for the three months ended 30 September 2006 correspond to “Old Cableuropa”.
- After the completion of our corporate structure reorganization and the merger of the companies in the Cableuropa Group, the Company decided to book extraordinary expenses to accelerate the amortisation of the goodwill raised prior to the acquisition of Auna, as a result of the acquisition of minority interests in the former Cableuropa subsidiaries.

### 2007 segmentation of residential cable customers

As a consequence of the migration of the former Auna’s residential cable customer base to the ONO’s billing and CRM systems, we have identified a number of customers that were inactive. For comparison purposes, we have included the abovementioned correction throughout this document reflecting the disconnection of these customers within the churn rate of the affected periods.

In addition, we have carried out an audit process of our network in which we have identified 216,000 homes released to marketing (“HRTM”) not correctly identified in our systems. The HRTM figures included in this document take into account the updated status of our potential market.

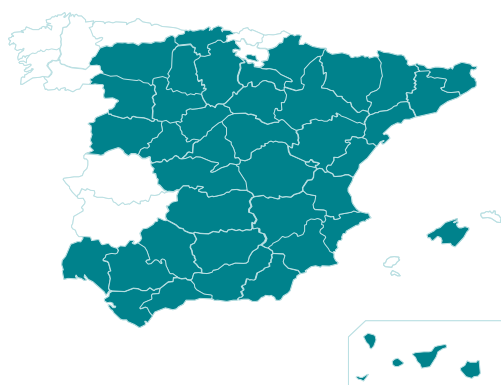
*Table 1: Former and new HRTM and residential cable customers*

<i>Data in thousand</i>	HRTM			Residential cable customers		
	New	Former	Difference	New	Former	Difference
Q3 2006	6,214	5,998	216	-	-	-
Q4 2006	6,335	6,119	216	1,792	1,801	(9)
Q1 2007	6,436	6,220	216	1,815	1,846	(31)
Q2 2007	6,551	6,334	216	1,823	1,863	(40)

## 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 cable and 69,000 business customers as of 30 September 2007, through its own state of the art networks which give direct access to over 6.7 million homes in franchises which cover the majority of Spain, including the nine largest cities. ONO is the principal competitor to the incumbent telecommunications and pay television operators in Spain. On an annualized basis for the quarter ended 30 September 2007, ONO generated revenues of €1,618 million and EBITDA of €687 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	6,670
Coverage	45%
Residential cable customers	1,830
Cable penetration	27%
SMEs customers	69

(\*) Source: INE

Table 2: Capitalisation

As of 30 September 2007	Grupo Corporativo ONO			Cableuropa		
	€m	% of debt	Debt/ EBITDA LQA	€m	% of debt	Debt/ EBITDA LQA
Short-term debt	177	4.9%	0.26x	157	4.4%	0.23x
Senior facility	2,910	80.2%	4.24x	2,910	81.3%	4.18x
Participative loan	10	0.3%	0.01x	10	0.3%	0.01x
Senior subordinated notes	450	12.4%	0.65x	450	12.6%	0.65x
State subsidies & other	80	2.2%	0.12x	54	1.5%	0.08x
Long-term debt	3,450	95.1%	5.02x	3,424	95.6%	4.92x
<b>Total debt</b>	<b>3,627</b>		<b>5.28x</b>	<b>3,581</b>		<b>5.14x</b>
<b>Cash and cash equivalents</b>	<b>4</b>			<b>4</b>		
<b>Total net debt</b>	<b>3,623</b>		<b>5.27x</b>	<b>3,577</b>		<b>5.14x</b>
<b>EBITDA LQA</b>	<b>687</b>			<b>696</b>		

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

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## 2.1 Financial Highlights

Table 3: Financial highlights

Data in €million	Quarter ended					Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
	Revenues	405	410	(1.2%)	403	0.5%	1,216	1,229
Gross profit	297	294	0.9%	276	7.8%	876	834	5.1%
Gross margin	73.4%	71.9%	1.6 pp	68.5%	5.0 pp	72.1%	67.9%	4.2 pp
EBITDA	172	160	7.3%	139	23.2%	480	408	17.8%
EBITDA margin	42.5%	39.1%	3.4 pp	34.6%	7.8 pp	39.5%	33.2%	6.3 pp
<b>Total Net debt</b>	<b>3,623</b>	<b>3,589</b>	1.0%	<b>3,058</b>	18.5%	<b>3,623</b>	<b>3,058</b>	<b>18.5%</b>
Capex	(126)	(138)	(8.7%)	(133)	(5.1%)	(384)	(369)	3.9%
Operating FCF	45	22	109.2%	6	na	96	38	150.7%
Net result	14	(187)	(107.6%)	(11)	na	(186)	(46)	na
Net result (ex. extraord. exp)	-	-	na	-	na	15 <sup>(1)</sup>	(46)	na
<b>Net debt/EBITDA LQA (x)</b>	<b>5.27x</b>	<b>5.60x</b>	<b>(0.33x)</b>	<b>5.25x</b>	<b>0.02x</b>	<b>5.27x</b>	<b>5.25x</b>	<b>0.02x</b>

<sup>(1)</sup> Excludes extraordinary expenses of €205m, booked in the second quarter, related to the acceleration of the amortisation of goodwill raised prior to the acquisition of Auna (See 1. "2006 Corporate structure reorganisation")

Table 4: Revenue split

Data in €million	Quarter ended					Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
	<b>Continuing businesses</b>	<b>316</b>	<b>313</b>	<b>0.8%</b>	<b>290</b>	<b>8.7%</b>	<b>935</b>	<b>874</b>
Residential direct access	297	295	0.8%	271	9.5%	878	818	7.4%
SMEs	18	18	(0.4%)	19	(2.8%)	57	56	1.4%
<b>Partial continuing businesses</b>	<b>81</b>	<b>87</b>	<b>(6.8%)</b>	<b>98</b>	<b>(17.2%)</b>	<b>253</b>	<b>291</b>	<b>(13.0%)</b>
Business services	43	44	(1.8%)	49	(12.3%)	126	146	(13.3%)
Wholesale and operators	38	43	(11.9%)	49	(22.2%)	127	145	(12.7%)
<b>Discontinuing businesses</b>	<b>8</b>	<b>9</b>	<b>(16.3%)</b>	<b>14</b>	<b>(44.8%)</b>	<b>28</b>	<b>64</b>	<b>(56.8%)</b>
Indirect access	8	9	(16.3%)	14	(44.8%)	28	64	(56.8%)
<b>Total revenues</b>	<b>405</b>	<b>410</b>	<b>(1.2%)</b>	<b>403</b>	<b>0.5%</b>	<b>1,216</b>	<b>1,229</b>	<b>(1.1%)</b>

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## 2.2 Key financial events

### - Rating agencies revised Cableuropa credit rating

On 19 June 2007, Fitch upgraded Cableuropa long-term corporate credit rating on the group, from “B” to “B+”, its long-term debt rating on the senior secured bank debt, from “BB-“ to “BB” and affirmed its “B-“ long-term debt rating on the senior unsecured notes issued by ONO Finance and ONO Finance II and guaranteed by Cableuropa and ONOMidco. The outlook was revised from positive to stable.

On 22 June 2007, Moody’s affirmed Cableuropa “B1” long-term corporate credit rating on the group and the stable outlook and its “B3” long-term debt rating on the senior unsecured notes issued by ONO Finance and ONO Finance II and guaranteed by Cableuropa and ONOMidco.

On 7 July 2007, Standard & Poor’s affirmed Cableuropa “B” long-term corporate credit rating on the group and the positive outlook, revised from stable on 2 February 2007, and its “CCC+” long-term debt rating on the senior unsecured notes issued by ONO Finance and ONO Finance II and guaranteed by Cableuropa and ONOMidco.

*Table 5: Credit Ratings*

	Last report date	Corporate	Bond debt	Bank debt	Outlook
Fitch	19 June 2007	B+	B-	BB	Stable
Moody’s	22 June 2007	B1	B3	NR	Stable
Standard & Poor’s	7 July 2007	B	CCC+	NR	Positive

### - Redemption of Floating Rate Notes

As part of the refinancing process mentioned in the second quarter results, part of our subordinated debt has been refinanced, including the Subordinated Facility of €110 million and €10 million of the Participative Loan. The redemption of the Floating Rate Notes has been executed according to the provisions stated in the amended Senior Facility.

In July 2007, ONO Finance Plc announced its intention to redeem all of its outstanding Floating Rate Notes, which amount to €100 million. The redemption date was 14 August 2007.

The Floating Rate Notes were redeemed at a price of €1,020.00 per €1,000.00 principal amount of Notes, or 102.0% of their principal amount, plus accrued and unpaid interest.

The Floating Rate Notes bore interest at 3 month EURIBOR plus 850 bps and were refinanced by the Senior Facility at EURIBOR plus 175 bps.

## 2.3 Operating Highlights

Table 6: Operating highlights

*Data in thousand, except if otherwise stated*

	Quarter ended 30-Sept-07	Quarter ended 30-Jun-07	% change	Quarter ended 30-Sept-06	% change
<b>Customers:</b>					
Cable	1,830	1,823	0.4%	1,751	4.5%
Other direct access	68	74	(7.2%)	66	3.9%
Residential direct access	1,899	1,897	0.1%	1,817	4.5%
Indirect access	116	129	(10.3%)	236	(50.9%)
SMEs	69	69	0.1%	68	0.5%
<b>Other data – Cable:</b>					
Homes released to marketing	6,670	6,551	1.8%	6,214	7.3%
Penetration	27.4%	27.8%	(0.4 pp)	28.2%	(0.7 pp)
ARPU (€)	52.6	52.4	0.4%	50.7	3.7%
RGUs	3,664	3,642	0.6%	3,425	7.0%
RGUs per customer	2.00	2.00	0.2%	1.96	2.3%
Churn	16.3%	20.4%	(4.0 pp)	16.2%	0.2 pp
<b>Residential cable customers:</b>					
Telephony	1,595	1,592	0.2%	1,525	4.5%
As % of customers	87.1%	87.3%	(0.2 pp)	87.1%	0.0 pp
Internet	1,160	1,146	1.2%	986	17.7%
As % of customers	63.4%	62.9%	0.5 pp	56.3%	7.1 pp
Television	909	904	0.6%	914	(0.5%)
As % of customers	49.7%	49.6%	0.1 pp	52.2%	(2.5 pp)
<b>Residential cable penetration:</b>					
Telephony	23.9%	24.3%	(0.4 pp)	24.6%	(0.6 pp)
Internet	17.4%	17.5%	(0.1 pp)	15.9%	1.5 pp
Television	13.6%	13.8%	(0.2 pp)	14.7%	(1.1 pp)

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## 2.4 Key operating events

### - Pay television audiences leadership

According to TNS Sofres, a company measuring television audiences and consumption data in Spain, ONO achieved a total television market share of 7.42% in September 2007.

### - ONO launches the faster broadband Internet in the market

In August 2007, ONO launched three new Internet access offers: 25, 12 and 6 megabytes (Mb).

### - ONO launches new television packages

In August 2007, ONO launched three new television offers: “Esencial” (more than 40 channels), “Extra” (more than 70 channels) and “Total” (more than 95 channels). All these television offers include video on demand, “ojo”, in the areas where it is available.

### - ONO launches a new broadband and telephony offer for SMEs

In September 2007, ONO launched three new broadband and telephony packages for SMEs: “ONO Comercios”, “ONO Negocios” and “ONO Oficinas”. These packages include 25 megabytes download speed with 1 megabyte upload speed or 12 megabytes download speed with 600 kilobytes upload speed, several telephony lines, with flat rate and monthly fee included, and value added services such as mobile or international vouchers, amongst others.

### 3. GRUPO CORPORATIVO ONO

#### 3.1 Condensed Consolidated Financial Statements

Table 7: Condensed Consolidated Balance Sheet

<i>Data in €million</i>	Note	<u>30-Sept-07</u>	<u>31-Dec-06</u>	<u>30-Sept-06</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash		4	7	13
Short-term investments, net	3.4.1	13	12	10
Accounts receivable & other	3.4.2	258	247	238
<b>Total current assets</b>		<b>275</b>	<b>265</b>	<b>262</b>
<b>Fixed assets</b>				
Start-up costs, net	3.4.3	22	17	17
Intangible assets, net	3.4.4	136	337	348
Tangible assets, net	3.4.5	4,452	4,340	4,241
Financial assets, net	3.4.6	1,332	1,311	1,224
<b>Total fixed assets</b>		<b>5,943</b>	<b>6,005</b>	<b>5,830</b>
<b>Deferred expenses, net</b>		<b>25</b>	<b>23</b>	<b>25</b>
<b>TOTAL ASSETS</b>		<b>6,242</b>	<b>6,293</b>	<b>6,116</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Short term debt	3.4.8	177	177	115
Accrued interest expenses		46	9	50
Accounts payable and other	3.4.7	814	915	933
<b>Total current liabilities</b>		<b>1,036</b>	<b>1,102</b>	<b>1,098</b>
<b>Long term debt</b>				
Senior facility	3.4.8	2,910	2,351	2,190
Subordinated facilities	3.4.8	10	130	130
Senior subordinated notes	3.4.8	450	550	550
Other	3.4.8	80	108	87
<b>Total long term debt</b>		<b>3,450</b>	<b>3,139</b>	<b>2,957</b>
<b>Other long term liabilities</b>	3.4.9	<b>177</b>	<b>274</b>	<b>250</b>
<b>Deferred income</b>	3.4.10	<b>116</b>	<b>116</b>	<b>3</b>
<b>Commitments and contingencies</b>	3.4.10	<b>356</b>	<b>427</b>	<b>356</b>
<b>Negative goodwill</b>	3.4.10	<b>-</b>	<b>-</b>	<b>225</b>
<b>Minority interests</b>		<b>3</b>	<b>2</b>	<b>2</b>
<b>Shareholders' equity</b>				
Common stock	3.4.11	1,672	1,630	1,630
Share Premium	3.4.11	368	353	353
Accumulated deficit	3.4.11	(750)	(711)	(711)
Net loss for the period	3.4.11	(186)	(39)	(46)
<b>Total shareholders' equity</b>		<b>1,104</b>	<b>1,233</b>	<b>1,225</b>
<b>TOTAL LIABILITIES AND SHRS' EQUITY</b>		<b>6,242</b>	<b>6,293</b>	<b>6,116</b>

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Table 8: Condensed Consolidated Statements of Operations

Data in €million	Quarter ended					Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
Revenues	405	410	(1.2%)	403	0.5%	1,216	1,229	(1.1%)
Cost of services	(107)	(115)	(6.7%)	(127)	(15.3%)	(340)	(395)	(14.0%)
Opex	(125)	(134)	(6.7%)	(136)	(8.1%)	(397)	(427)	(7.1%)
<b>EBITDA</b>	<b>172</b>	<b>160</b>	<b>7.3%</b>	<b>139</b>	<b>23.2%</b>	<b>480</b>	<b>408</b>	<b>17.8%</b>
Deprec. and amortis.	(87)	(85)	2.6%	(103)	(16.0%)	(277)	(324)	(14.7%)
<b>EBIT/Oper. profit</b>	<b>85</b>	<b>75</b>	<b>12.5%</b>	<b>36</b>	<b>136.3%</b>	<b>203</b>	<b>83</b>	<b>143.8%</b>
Net financial expense	(59)	(56)	4.7%	(48)	23.3%	(170)	(138)	23.8%
Amortisation of goodwill	-	-	na	16	na	-	37	na
Net extraordinary exp.	(5)	(205)	(97.4%)	(17)	(69.3%)	(207)	(40)	na
<b>EBT</b>	<b>21</b>	<b>(186)</b>	<b>(111.1%)</b>	<b>(13)</b>	<b>na</b>	<b>(174)</b>	<b>(57)</b>	<b>na</b>
Income tax	(6)	(1)	na	2	na	(11)	10	na
<b>Profit/(loss) before minority interests</b>	<b>14</b>	<b>(187)</b>	<b>(107.8%)</b>	<b>(11)</b>	<b>na</b>	<b>(185)</b>	<b>(47)</b>	<b>na</b>
Minority interests	(0)	(0)	na	0	na	(0)	0	na
<b>Net result</b>	<b>14</b>	<b>(187)</b>	<b>(107.6%)</b>	<b>(11)</b>	<b>na</b>	<b>(186)</b>	<b>(46)</b>	<b>na</b>

EBITDA increased in the third quarter of 2007 by €12 million or 7.3% to €172 million, from €160 million in the second quarter of 2007, mainly due to the decrease of direct costs by €8m, or 6.7%, and the decrease of operating expenses by €9m, or 6.7%, in the quarter as consequence of our continued cost control policy and the seasonal behaviour of our business, in which the summer season has its effect both in the revenues and the costs bases. The EBITDA margin increased up to 42.5% in the third quarter of 2007 from 39.1% in the previous quarter. EBITDA increased by 23.2% in the third quarter of 2007 as compared to the same period of the previous year. The EBITDA margin increased up to 42.6% in the third quarter of 2007 from 34.6% in the third quarter of 2006.

Table 9: Condensed Consolidated Cash Flow

Data in €million	Quarter ended				Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	30-Sept-07	30-Sept-06	% change
<b>EBITDA</b>	<b>172</b>	<b>160</b>	<b>7.3%</b>	<b>139</b>	<b>480</b>	<b>408</b>	<b>17.8%</b>
Capex	(126)	(138)	(8.7%)	(133)	(384)	(369)	3.9%
<b>OPERATING FCF</b>	<b>45</b>	<b>22</b>	<b>109.2%</b>	<b>6</b>	<b>96</b>	<b>38</b>	<b>150.7%</b>
Change in working capital	(26)	(58)	(54.7%)	(51)	(178)	(187)	(5.2%)
Other <sup>(1)</sup>	(28)	(50)	(43.2%)	(4)	(101)	(93)	8.3%
<b>FCF (pre-interest)</b>	<b>(9)</b>	<b>(86)</b>	<b>(89.3%)</b>	<b>(49)</b>	<b>(182)</b>	<b>(242)</b>	<b>(24.8%)</b>
Paid interest, net	(21)	(102)	(79.5%)	(6)	(130)	(97)	33.7%
<b>FCF</b>	<b>(30)</b>	<b>(188)</b>	<b>(84.0%)</b>	<b>(56)</b>	<b>(312)</b>	<b>(339)</b>	<b>(7.9%)</b>
Senior facility	130	348	(62.7%)	85	559	369	51.5%
Subordinated facilities	-	(120)	(100.0%)	-	(120)	-	na
Senior subordinated notes	(100)	-	na	-	(100)	(62)	61.3%
State subsidies	(5)	(9)	(52.2%)	1	(16)	(4)	na
Short term debt	(0)	(16)	(98.8%)	(48)	(0)	36	(100.5%)
Short term investments	(1)	(1)	(26.2%)	8	(1)	26	(104.5%)
Other financing items	(7)	(5)	55.1%	(3)	(13)	(20)	(34.9%)
<b>FINANCING</b>	<b>17</b>	<b>197</b>	<b>(91.2%)</b>	<b>43</b>	<b>309</b>	<b>345</b>	<b>(10.4%)</b>
<b>NET CASH VARIATION</b>	<b>(13)</b>	<b>9</b>	<b>na</b>	<b>(13)</b>	<b>(3)</b>	<b>6</b>	<b>na</b>
<b>Cash Beginning of Period</b>	<b>17</b>	<b>8</b>	<b>118.8%</b>	<b>26</b>	<b>7</b>	<b>7</b>	<b>(8.6%)</b>
<b>Cash End of Period</b>	<b>4</b>	<b>17</b>	<b>(76.2%)</b>	<b>13</b>	<b>4</b>	<b>13</b>	<b>(70.2%)</b>

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

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## 3.2 Key factors affecting our business

### 3.2.1. Customers

Table 10: Customer split

Data in thousand, except if otherwise stated

	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change
<b>Customers</b>					
Cable	1,830	1,823	0.4%	1,751	4.5%
Other direct access	68	74	(7.2%)	66	3.9%
Residential direct access	1,899	1,897	0.1%	1,817	4.5%
Indirect access	116	129	(10.3%)	236	(50.9%)
SMEs	69	69	0.1%	68	0.5%
<b>Residential Cable ARPU (€)</b>	<b>52.6</b>	<b>52.4</b>	<b>0.4%</b>	<b>50.7</b>	<b>3.7%</b>

Our residential direct access customer base increased by 0.1% in the quarter, reaching 1,899,000 as of 30 September 2007. This growth is driven by residential cable customers increase, despite seasonality, due to the continued effort in acquiring new customers through our continuous development of new competitive offers such as higher broadband Internet speeds and new television packages.

The level of net sales in the third quarter was impacted significantly by internal projects. The transfer of customers from the old Auna residential billing systems to the ONO billing and CRM platforms led to disruptions in sales, installations and faults resolution processes. These issues had a strong impact in the second quarter and continued into the third quarter of the year as the final migrations of residential customer bases occurred during the month of July.

SMEs customers remained stable at 69,000 customers in the quarter.

Indirect access customers decreased by 10.3% in the third quarter of 2007, as expected, due to our focus on increasing the weight of our higher margin direct access business.

ARPU for residential cable services in ONO was €52.6 in the third quarter of 2007 compared to €52.4 in the previous quarter. Residential cable ARPU increased by 0.4% mainly due to the pricing increase, taking effect from the first of June, as a consequence of the pricing homogenisation across our customer base and the increase in higher RGUs bundles taken by our customers.

### 3.3 Third quarter 2007 results of operations

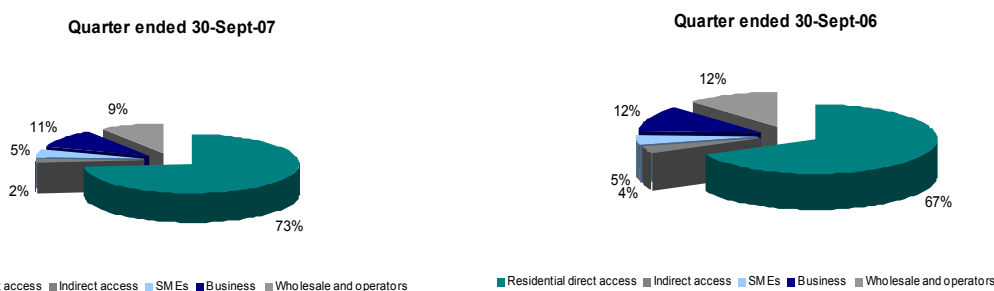
#### 3.3.1. Revenues

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

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

Table 11: Revenue split

Data in €million	Quarter ended					Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
<b>Continuing businesses</b>	<b>316</b>	<b>313</b>	<b>0.8%</b>	<b>290</b>	<b>8.7%</b>	<b>935</b>	<b>874</b>	<b>7.0%</b>
Residential direct access	297	295	0.8%	271	9.5%	878	818	7.4%
SMEs	18	18	(0.4%)	19	(2.8%)	57	56	1.4%
<b>Partial continuing businesses</b>	<b>81</b>	<b>87</b>	<b>(6.8%)</b>	<b>98</b>	<b>(17.2%)</b>	<b>253</b>	<b>291</b>	<b>(13.0%)</b>
Business services	43	44	(1.8%)	49	(12.3%)	126	146	(13.3%)
Wholesale and operators	38	43	(11.9%)	49	(22.2%)	127	145	(12.7%)
<b>Discontinuing businesses</b>	<b>8</b>	<b>9</b>	<b>(16.3%)</b>	<b>14</b>	<b>(44.8%)</b>	<b>28</b>	<b>64</b>	<b>(56.8%)</b>
Indirect access	8	9	(16.3%)	14	(44.8%)	28	64	(56.8%)
<b>Total revenues</b>	<b>405</b>	<b>410</b>	<b>(1.2%)</b>	<b>403</b>	<b>0.5%</b>	<b>1,216</b>	<b>1,229</b>	<b>(1.1%)</b>



Revenues decreased in Q3 2007 by 1.2% to €405 million from €410 million in the previous quarter. This revenue decrease is mainly due to a 16.3% reduction in discontinuing businesses (residential indirect access) revenues, reflecting our focus on direct access business, and to a 6.8% reduction in partial continuing businesses revenues mainly as consequence of Orange internet transit migration to its own access networks. Continuing

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businesses continue to be the main revenue sources, contributing 78% to overall revenues in Q3 2007 from 72% in Q3 2006.

### 3.3.1.1 Continuing businesses

#### a) Residential direct access

- **Cable**

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

*Table 12: Residential cable services*

<i>Data in thousand, except if otherwise stated</i>	Quarter ended				
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change
<b>Resid. Cable Services</b>					
HRTM	6,670	6,551	1.8%	6,214	7.3%
Customers	1,830	1,823	0.4%	1,751	4.5%
Penetration	27.4%	27.8%	(0.4 pp)	28.2%	(0.7 pp)
Churn	16.3%	20.4%	(4.0 pp)	16.2%	0.2 pp
ARPU (€)	52.6	52.4	0.4%	50.7	3.7%
RGUs	3,664	3,642	0.6%	3,425	7.0%
RGUs per customer (x)	2.00	2.00	0.2%	1.96	2.3%

We have carried out an audit process of our network in which we have identified 216,000 HRTM not correctly identified in our systems. These additional HRTM have been taken into account from the third quarter of 2006. As a consequence of this reconciliation, our penetration rates have been diluted.

Total cable customers increased during the last quarter by 7,000 or 0.4% to 1,830,000. Cable customers increased by 4.5% from the quarter ended 30 September 2006 to the quarter ended 30 September 2007. Our penetration ratio decreased to 27.4% as of 30 September 2007 due to the continued deployment of our network. Our focus on bundled services produced a RGUs per customer ratio of 2.00 as at 30 September 2007.

Churn decreased in the third quarter of 2007 to 16.3% from 20.4% in the previous quarter but remained stable as compared to the levels of the third quarter of 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 13: Telephony services*

	Quarter ended				
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change
<i>Data in thousand, except if otherwise stated</i>					
Telephony customers	1,595	1,592	0.2%	1,525	4.5%
Proportion of total customers (%)	87.1%	87.3%	(0.2 pp)	87.1%	0 pp
Penetration (%)	23.9%	24.3%	(0.4 pp)	24.6%	(0.6 pp)

Telephony customers increased by 3,000 or 0.2% in the third quarter of 2007 to reach 1,595,000. This slightly increase is mainly due to seasonality. Telephony continues to account for the largest portion of our RGUs, with 87.1% of our customers subscribing to this service, in line with the previous quarter.

- **Internet**

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

*Table 14: Internet services*

	Quarter ended				
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change
<i>Data in thousand, except if otherwise stated</i>					
Internet customers	1,160	1,146	1.2%	986	17.7%
Proportion of total customers (%)	63.4%	62.9%	0.5 pp	56.3%	7.1 pp
Penetration (%)	17.4%	17.5%	(0.1 pp)	15.9%	1.5 pp

Internet customers increased by 14,000 or 1.2% in the third quarter of 2007 to reach 1,160,000 as of 30 September 2007. This growth surpasses our total customer adds by 7,000, showing the success of the launch, in August, of the increased broadband speeds (6, 12 and 25 megabytes). Internet customers as a proportion of total customers increased by 0.5 pp to 63.4% in the third quarter of 2007 from 62.9% in the previous quarter. Our residential Internet penetration remained stable at 17.4% in the third quarter of 2007.

- **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*

<i>Data in thousand, except if otherwise stated</i>	Quarter ended				
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change
Television customers	909	904	0.6%	914	(0.5%)
Proportion of total customers (%)	49.7%	49.6%	0 pp	52.2%	(2.5 pp)
Penetration (%)	13.6%	13.8%	(0.2 pp)	14.7%	(1.1 pp)

Cable television customers increased by 5,000 or 0.6% in the quarter to reach 909,000 as of 30 September 2007, mainly due to the launch of new television packages during the quarter, including a low entry option, "TV Esencial".

Cable television customers as a proportion of total customers increased by 0.1 pp to 49.7% in the quarter and penetration of cable television services over homes released to marketing decreased slightly in the third quarter by 0.2 pp to 13.6%.

At the end of the third quarter of 2007, 89% of our total television customer base enjoyed our digital offering.

- **Other direct access**

Other direct access services include services offered through full unbundling of Telefónica's local loop. 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 2007 from 74,000 to 68,000 mainly due to the closing in September of 24 switches which overlapped with our cable networks. We consider our ULL operations, focused mainly in Madrid and Barcelona, as a complement to our core cable business.

*Table 16: Other direct access services*

<i>Data in thousand, except if otherwise stated</i>	Quarter ended				
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change
Customers	68	74	(7.2%)	66	3.9%
RGUs	110	117	(6.5%)	94	17.1%
RGUs per customer (#)	1.60	1.59	0.7%	1.42	12.7%

## 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. We offer SMEs service over cable and over ULL.

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

Table 18: SMEs services

Oper. data in thousand Fin. data in €million	Quarter ended					Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
Customers	69	69	0.1%	68	0.5%	69	68	0.5%
Revenues	18	18	(0.4%)	19	(2.8%)	57	56	1.4%

ONO's SMEs customers remained stable at 69,000 customers in the third quarter of 2007. In the same way, SMEs revenues remained flat at €18 million in the third quarter of 2007. The closure of ULL switches referred to above also had an impact on this business line.

### 3.3.1.2 Partial continuing businesses

#### a) Business services

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

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

Table 19: Business services

Fin. data in €million	Quarter ended					Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
Revenues	43	44	(1.8%)	49	(12.3%)	126	146	(13.3%)

Business revenues decreased by 1.8% to €43 million in the third quarter of 2007, from €44 million in the previous quarter due to some one-off revenues experienced in Q2 2007. We returned to Q4 2006 levels and surpassed Q1 2007 business revenues by €4m.

We continue to focus this division on higher margin revenue business; moving away from its previous focus on revenue growth. This change in strategy has led to a lower apparent level of growth but an increase in profitability of the division.

## b) 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, as well as other revenues.

Revenues from wholesale and operators decreased by 11.9%, from €43 million for the second quarter of 2007 to €38 million for the third quarter of 2007. This reduction is mainly due to the migration by Orange of circuits away from ONO to its own networks. This loss of revenue has been reported previously and is in line with expectations. The reduction in revenue will continue.

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

### 3.3.1.3 Discontinuing businesses

#### a) Indirect access services

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

Table 17: Indirect access

Oper. data in thousand Fin. data in €million	Quarter ended					Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
Customers	116	129	(10.3%)	236	(50.9%)	116	236	(50.9%)
Revenues	8	9	(16.3%)	14	(44.8%)	28	64	(56.8%)

Indirect access customers decreased by 10.3% to 116,000 customers as of 30 September 2007 as a consequence of our focus on our direct access business. We expect this trend of reducing customers and revenues to continue in the future.

### 3.3.2. 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		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
Total revenues	405	410	(1.2%)	403	0.5%	1,216	1,229	(1.1%)
Cost of services	(107)	(115)	(6.7%)	(127)	(15.3%)	(340)	(395)	(14.0%)
<b>Gross Profit</b>	<b>297</b>	<b>294</b>	<b>0.9%</b>	<b>276</b>	<b>7.8%</b>	<b>876</b>	<b>834</b>	<b>5.1%</b>
Gross Margin	73.4%	71.9%	1.6 pp	68.5%	5.0 pp	72.1%	67.9%	4.2 pp

Cost of services principally consist of interconnection and backbone network costs for telecommunication services, internet connectivity costs, circuit renting expenses and programming fees for cable television services.

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

Our cost of services decreased by €8 million from 30 June 2007 to 30 September 2007. As a percentage of total revenues, our cost of services decreased to 26.6% for the three months ended 30 September 2007 as compared to 28.1% for the previous quarter and gross margin increased by 1.6 pp to 73.4% in the third quarter of 2007. These reductions in direct costs are related in the short term to some seasonal impacts but over the medium term to our focus on higher margin revenue streams.

We have sacrificed revenues where we do not see a strategic rationale for that business and this gives rise to a more profitable enterprise.

### 3.3.3. Operating Expenses

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

Table 21: Operating expenses

Data in €million	Quarter ended					Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
Gross Opex	(141)	(151)	(6.7%)	(149)	(5.4%)	(449)	(467)	(3.9%)
Capitalised Costs	16	17	(6.7%)	13	22.6%	52	40	29.3%
<b>Net Opex</b>	<b>(125)</b>	<b>(134)</b>	<b>(6.7%)</b>	<b>(136)</b>	<b>(8.1%)</b>	<b>(397)</b>	<b>(427)</b>	<b>(7.1%)</b>
as % of revenues	31.0%	32.8%	(1.8 pp)	33.9%	(2.9 pp)	32.6%	34.7%	(2.1 pp)

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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.

Net opex decreased from €134 million to €125 million or from 32.8% to 31.0% of revenues in the third quarter of 2007 from the previous quarter. The decrease in selling general and administrative expenses as a percentage of revenues reflects our focus on cost management as part of our integration process and the aim to converge with the efficiency ratios obtained by Old ONO before the Auna acquisition, accompanied by the seasonal lower activity experienced during the summer.

Net Opex decreased, on a cumulative year to date basis, by €30 million or 7.1% from 30 September 2006 to 30 September 2007. Net Opex as percentage of revenues decreased by 2.1 pp to 32.6% for the first nine months of 2007 from 34.7% for the same period of the previous year.

### 3.3.4. Depreciation and Amortisation

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

Table 22: Depreciation and amortisation

Data in €million	Quarter ended					Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
D&A	(87)	(85)	2.6%	(103)	(16.0%)	(277)	(324)	(14.7%)

Depreciation and amortisation is related to the depreciation of our network, customer premise equipment and installation costs incurred in connection with the addition of new subscribers, and to the amortisation of intangible assets and start-up costs.

### 3.3.5. Net Financial Expense

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

Table 23: Net financial expense

Data in €million	Quarter ended					Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
Net fin. expenses	(59)	(56)	4.7%	(48)	23.3%	(170)	(138)	23.8%

Our net financial expense is mainly comprised of interest expense from our financing agreements. Net financial expense increased by 4.7% in the third quarter of 2007 due to our debt drawings under the €3,600 million Senior Bank Facility during the third

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quarter of the year and the increase in the Euribor, which outweighs the reduction in the overall margin of our debt.

### 3.3.6. Other Income and Expense

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

Table 24: Other income and expense

Data in €million	Quarter ended					Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
Amortisation of goodwill	-	-	na	16	na	-	37	na
Net extraordin. expense	(5)	(205) (*)	(97.4%)	(17)	(69.3%)	(207)	(40)	na
Income tax	(6)	(1)	na	2	na	(11)	10	na

(\*) See 1. "2006 Corporate structure reorganisation"

### 3.4 Notes to the Condensed Consolidated Balance Sheet

#### 3.4.1. Short term investments

Table 25: Short term investments, net

<i>Data in €million</i>	<b>30-Sept-07</b>	<b>31-Dec-06</b>	<b>% change</b>
Investment in non consolidated companies	2	2	10.1%
Fixed interest securities	0	1	(98.9%)
Other short term investments	13	11	17.0%
Provisions	(2)	(2)	10.1%
<b>Short term investments, net</b>	<b>13</b>	<b>12</b>	<b>7.4%</b>

#### 3.4.2. Accounts receivable

Table 26: Accounts receivable, net

<i>Data in €million</i>	<b>30-Sept-07</b>	<b>31-Dec-06</b>	<b>% change</b>
Receivables from related parties	2	1	59.0%
Accounts receivable and other debtors	220	204	7.8%
Tax receivables	2	11	(80.9%)
Other	34	31	10.4%
<b>Accounts receivable, net</b>	<b>258</b>	<b>247</b>	<b>4.4%</b>

#### 3.4.3. Start-up costs

Table 27: Start-up costs

<i>Data in €million</i>	<b>31-Dec-06</b>	<b>Additions</b>	<b>Amortisation</b>	<b>30-Sept-07</b>
Start-up costs, net	5	9	(2)	12
Stock issuance costs, net	12	1	(3)	10
<b>Start-up costs, net</b>	<b>17</b>	<b>10</b>	<b>(5)</b>	<b>22</b>

### 3.4.4. Intangible assets

Table 28: Intangible assets, net

Data in €million	31-Dec-06	Additions	Disposals	Transfers	30-Sept-07
Goodwill (*)	478	-	(478)	-	-
Licensed assets	61	0	-	-	62
Franchise acquisition costs	13	-	-	-	13
Computer software	94	28	-	1	122
Finance leases	41	-	-	-	42
Other intangible fixed assets	3	-	-	-	3
<b>Total cost</b>	<b>689</b>	<b>28</b>	<b>(478)</b>	<b>1</b>	<b>241</b>
Accumulated amortisation	(353)	(40)	288 <sup>(*)</sup>	(1)	(105)
<b>Intangible assets, net</b>	<b>337</b>	<b>(11)</b>	<b>(189)</b>	<b>0</b>	<b>136</b>

(\*) See 1. "2006 Corporate structure reorganisation"

### 3.4.5. Tangible assets

Table 29: Tangible assets, net

Data in €million	31-Dec-06	Additions	Disposals	Transfers	30-Sept-07
Land and natural assets	17	-	0	0	17
Network and technical equipment	5,537	119	(16)	231	5,871
Computer hardware	179	3	-	3	185
Other tangible fixed assets	72	1	0	-	73
<b>Total operating tangible fixed assets</b>	<b>5,806</b>	<b>123</b>	<b>(17)</b>	<b>234</b>	<b>6,145</b>
Payments on account and assets in course of construction	207	230	(12)	(236)	189
<b>Total cost</b>	<b>6,012</b>	<b>352</b>	<b>(29)</b>	<b>(2)</b>	<b>6,334</b>
Accumulated amortisation	(1,577)	(232)	3	-	(1,806)
Provisions	(96)	-	20	-	(76)
<b>Tangible assets, net</b>	<b>4,340</b>	<b>120</b>	<b>(6)</b>	<b>(2)</b>	<b>4,452</b>

### 3.4.6. Financial assets

Table 30: Financial assets

Data in €million	30-Sept-07	31-Dec-06	% change
Tax credit and deferred tax	1,245	1,256	(0.9%)
Other financial assets (*)	119	86	37.9%
Shareholdings in unconsolidated companies	4	4	(10.1%)
Provisions	(35)	(35)	0.8%
<b>Financial assets</b>	<b>1,332</b>	<b>1,311</b>	<b>1.6%</b>

(\*) This caption includes the EVCs bought by GCO both in open market transactions and in a tender offer carried out in September and October 2006. Currently GCO owns in the region of 84% of the total EVCs issued by ONO Finance in 1999 and 2001. The liability in Cableuropa sits in "Other long term liabilities" (see 3.4.9 below) and the value of the EVCs is based on the price paid in the purchases made by GCO. It also includes the undisbursed portion of a capital increase for an amount of €31.4 million.

### 3.4.7. Accounts payable

Table 31: Accounts payable

<i>Data in €million</i>	30-Sept-07	31-Dec-06	% change
Commercial suppliers	312	431	(27.7%)
Taxes payable	11	10	5.7%
Fixed asset suppliers	350	412	(14.9%)
Other (*)	141	62	127.5%
<b>Accounts payable</b>	<b>814</b>	<b>915</b>	<b>(11.1%)</b>

(\*) Include €71m corresponding to the short term portion of the Auna Deferred Payment of €214m (see note 3.4.9 below)

### 3.4.8. Debt and liquidity

Table 32: Debt and liquidity

<i>As of 30 September 2007 Data in €million</i>	Maximum available	Short term debt	Long term debt	Total debt	Availability
<b>Type of debt</b>					
<b>Debt with credit entities:</b>					
Senior facility	3,500	-	2,910	2,910	590
Participative loan	10	-	10	10	-
Other credit facilities	261	161	34	195	66
<b>Total debt with credit entities</b>	<b>3,771</b>	<b>161</b>	<b>2,954</b>	<b>3,115</b>	<b>656</b>
<b>Other debt:</b>					
Senior subordinated notes	450	-	450	450	-
State subsidies and other	62	16	46	62	-
<b>Total other debt</b>	<b>512</b>	<b>16</b>	<b>496</b>	<b>512</b>	<b>-</b>
<b>Total debt</b>	<b>4,283</b>	<b>177</b>	<b>3,450</b>	<b>3,627</b>	<b>656</b>
Cash and cash equivalents				4	
<b>Total net debt</b>				<b>3,623</b>	
EBITDA LQA				687	
<b>Total net debt/EBITDA</b>				<b>5.27x</b>	

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 33: Debt by maturity

As of 30 September 2007 Data in €million	Maturity						Total
	2007	2008	2009	2010	2011	Thereafter	
<b>Type of debt</b>							
<b>Debt with credit entities:</b>							
Senior facility	-	-	33	380	545	1,953	2,910
Participative loan	-	-	-	-	-	-	-
Other credit facilities	-	-	-	-	-	10	10
<b>Total debt with credit entities</b>	<b>32</b>	<b>129</b>	<b>2</b>	<b>28</b>	<b>1</b>	<b>2</b>	<b>195</b>
	<b>32</b>	<b>129</b>	<b>35</b>	<b>407</b>	<b>546</b>	<b>1,965</b>	<b>3,115</b>
<b>Other debt:</b>							
Senior subordinated notes (*)							
State subsidies and other	-	-	-	-	-	450	450
<b>Total other debt</b>	<b>1</b>	<b>16</b>	<b>15</b>	<b>12</b>	<b>10</b>	<b>8</b>	<b>62</b>
<b>Total</b>	<b>1</b>	<b>16</b>	<b>15</b>	<b>12</b>	<b>10</b>	<b>458</b>	<b>512</b>

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

### 3.4.9. Other long term liabilities

Table 34: Other long term liabilities

Data in €million	30-Sept-07	31-Dec-06	% change
Deferred Auna Acquisition payment (*)	143	214	(33.3%)
EVCs and other (**)	33	33	-
Other	1	27	(95.5%)
<b>Other long term liabilities</b>	<b>177</b>	<b>274</b>	<b>(35.4%)</b>

(\*) See 3.4.7 above

(\*\*) See 3.4.6 above

### 3.4.10. Deferred income, commitments and contingencies and negative goodwill

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

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

### 3.4.11. Shareholders' equity

Table 35: Shareholders' equity

<i>Data in €million</i>	Common stock	Share premium	Accumulated deficit	Net loss	Total
<b>31 December 2006</b>	<b>1,630</b>	<b>353</b>	<b>(711)</b>	<b>(39)</b>	<b>1,233</b>
Capital increases	42	16	-	-	57
Previous year result distribution	-	-	(39)	39	-
Net result for the nine-months period	-	-	-	(186)	(186)
<b>30 September 2007</b>	<b>1,672</b>	<b>368</b>	<b>(750)</b>	<b>(186)</b>	<b>1,104</b>

## 3.5 Notes to the Condensed Consolidated Cash Flow

### 3.5.1. Capex

Capital expenditure decreased by 8.7% to €126 million for the third quarter of 2007. Capital expenditure for the first nine months of 2007 includes €28 million of intangible assets and €352 million of tangible assets and €4 million of start up-costs related to buildings refurbishment.

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

Table 36: Capital expenditure

<i>Data in €million</i>	Quarter ended					Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
Capex	(126)	(138)	(8.7%)	(133)	(5.1%)	(384)	(369)	3.9%

### 3.5.2. Working Capital variation

The change in working capital includes the variation of the captions "accounts payable and other" and "accounts receivable and other". The negative trend of this caption in the quarter relates to the decrease in accounts payable as a consequence of the decreased expenditures, both direct costs and Opex and Capex, as compared with previous quarters.

## 4. ONOMIDCO

### 4.1 Condensed Consolidated Financial Statements

Table 37: Condensed Consolidated Balance Sheet (ONOMidco)

Data in €million

	30-Sept-07	31-Dec-06	30-Sept-06
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	4	7	6
Short-term investments, net	13	12	10
Accounts receivable and other	258	246	232
<b>Total current assets</b>	<b>275</b>	<b>265</b>	<b>248</b>
<b>Fixed assets</b>			
Start-up costs, net	14	8	8
Intangible assets, net	136	337	347
Tangible assets, net	4,452	4,340	4,240
Financial assets, net	1,238	1,249	1,220
<b>Total fixed assets</b>	<b>5,840</b>	<b>5,934</b>	<b>5,815</b>
<b>Deferred expenses, net</b>	<b>43</b>	<b>44</b>	<b>45</b>
<b>TOTAL ASSETS</b>	<b>6,159</b>	<b>6,242</b>	<b>6,108</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>Current liabilities</b>			
Short term debt	157	161	99
Accrued interest expenses	45	9	49
Accounts payable and other	827	937	934
<b>Total current liabilities</b>	<b>1,030</b>	<b>1,107</b>	<b>1,082</b>
<b>Long term debt</b>			
Senior facility	2,910	2,351	2,190
Subordinated facilities	10	130	130
Senior subordinated notes	450	550	550
Other	54	78	81
<b>Total long term debt</b>	<b>3,424</b>	<b>3,109</b>	<b>2,951</b>
<b>Other long term liabilities</b>	<b>177</b>	<b>248</b>	<b>250</b>
<b>Deferred income</b>	<b>116</b>	<b>116</b>	<b>3</b>
<b>Commitments and contingencies</b>	<b>356</b>	<b>427</b>	<b>356</b>
<b>Negative goodwill</b>	<b>-</b>	<b>-</b>	<b>225</b>
<b>Minority interests</b>	<b>5</b>	<b>5</b>	<b>2</b>
<b>Participative loan</b>	<b>955</b>	<b>955</b>	<b>955</b>
<b>Shareholder's equity</b>			
Common stock	263	263	263
Share premium	24	24	29
Accumulated deficit	(11)	-	-
Net loss for the period	(180)	(11)	(8)
<b>Total shareholder's equity</b>	<b>96</b>	<b>276</b>	<b>284</b>
<b>TOTAL LIABILITIES AND SHR'S EQUITY</b>	<b>6,159</b>	<b>6,242</b>	<b>6,108</b>

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

Table 38: Condensed Consolidated Statement of Operations (ONOMidco)

Data in €million	Quarter ended					Year to date
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07
Revenues	405	410	(1.2%)	401	0.9%	1,216
Cost of services	(107)	(115)	(6.7%)	(127)	(15.6%)	(340)
Opex	(123)	(133)	(7.3%)	(133)	(7.5%)	(390)
<b>EBITDA</b>	<b>174</b>	<b>162</b>	<b>7.7%</b>	<b>141</b>	<b>23.8%</b>	<b>486</b>
Deprec. and amortis.	(86)	(84)	2.6%	(103)	(15.9%)	(275)
<b>EBIT/Oper. profit</b>	<b>88</b>	<b>78</b>	<b>13.1%</b>	<b>38</b>	<b>130.8%</b>	<b>211</b>
Net financial expense	(60)	(57)	4.6%	(49)	23.1%	(172)
Amortisation of goodwill	-	-	na	16	(100.0%)	-
Net extraordinary exp.	(5)	(205)	(97.4%)	(17)	(69.3%)	(207)
<b>EBT</b>	<b>23</b>	<b>(184)</b>	<b>(112.4%)</b>	<b>(12)</b>	<b>na</b>	<b>(168)</b>
Income tax credit	(6)	(1)	na	2	na	(11)
<b>Profit/(loss) bef. min. inter</b>	<b>17</b>	<b>(185)</b>	<b>(109.0%)</b>	<b>(10)</b>	<b>na</b>	<b>(179)</b>
Minority interests	(0)	(0)	143.8%	0	na	(1)
<b>Net result</b>	<b>16</b>	<b>(186)</b>	<b>(108.8%)</b>	<b>(10)</b>	<b>na</b>	<b>(180)</b>

Table 39: Condensed Consolidated Cash Flow (ONOMidco)

Data in €million	Quarter ended				Year to date
	30-Sept-07	30-Jun-07	% change	30-Sept-06	30-Sept-07
<b>EBITDA</b>	<b>174</b>	<b>162</b>	<b>7.7%</b>	<b>141</b>	<b>486</b>
Capex	(126)	(138)	(8.7%)	(133)	(384)
<b>OPERATING FCF</b>	<b>48</b>	<b>23</b>	<b>105.1%</b>	<b>7</b>	<b>103</b>
Change in working capital	(27)	(56)	(50.6%)	(28)	(187)
Other <sup>(1)</sup>	(28)	(49)	(41.7%)	(21)	(99)
<b>FCF (pre-interest)</b>	<b>(8)</b>	<b>(81)</b>	<b>(89.9%)</b>	<b>(43)</b>	<b>(183)</b>
Paid interest, net	(21)	(101)	(79.5%)	(8)	(129)
<b>FCF</b>	<b>(29)</b>	<b>(182)</b>	<b>(84.1%)</b>	<b>(50)</b>	<b>(313)</b>
Senior facility	130	348	(62.7%)	85	559
Subordinated facilities	-	(120)	na	-	(120)
Senior subordinated notes	(100)	-	na	-	(100)
State subsidies	(5)	(9)	(52.2%)	2	(16)
Short term debt	(2)	(26)	(91.4%)	(44)	(4)
Short term investments	(1)	(1)	(26.2%)	(2)	(1)
Other financing items	(6)	(1)	na	(4)	(8)
<b>FINANCING</b>	<b>16</b>	<b>192</b>	<b>(91.5%)</b>	<b>37</b>	<b>310</b>
<b>NET CASH VARIATION</b>	<b>(13)</b>	<b>9</b>	<b>na</b>	<b>(13)</b>	<b>(2)</b>
<b>Cash Beginning of Period</b>	<b>17</b>	<b>8</b>	<b>120.5%</b>	<b>19</b>	<b>7</b>
<b>Cash End of Period</b>	<b>4</b>	<b>17</b>	<b>(75.3%)</b>	<b>6</b>	<b>4</b>

<sup>(1)</sup> Includes integration costs, commitment & contingencies and other one off items

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

## 5. CABLEUROPA

### 5.1 Condensed Consolidated Financial Statements

Table 40: Condensed Consolidated Balance Sheet (Cableuropa)

Data in €million

	30-Sept-07	31-Dec-06	30-Sept-06
	New Cableuropa	New Cableuropa	Old Cableuropa
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	4	7	6
Short-term investments, net	13	12	10
Accounts receivable and other	258	246	219
<b>Total current assets</b>	<b>275</b>	<b>265</b>	<b>235</b>
<b>Fixed assets</b>			
Start-up costs, net	14	8	8
Intangible assets, net	136	337	347
Tangible assets, net	4,452	4,340	4,240
Financial assets, net	1,238	1,249	1,220
<b>Total fixed assets</b>	<b>5,840</b>	<b>5,934</b>	<b>5,815</b>
<b>Deferred expenses, net</b>	<b>43</b>	<b>44</b>	<b>45</b>
<b>TOTAL ASSETS</b>	<b>6,158</b>	<b>6,242</b>	<b>6,095</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>Current liabilities</b>			
Short term debt	157	161	99
Accrued interest expenses	45	9	49
Accounts payable and other	827	936	930
<b>Total current liabilities</b>	<b>1,029</b>	<b>1,106</b>	<b>1,078</b>
<b>Long term debt</b>			
Senior facility	2,910	2,351	2,190
Subordinated facilities	10	130	130
Senior subordinated notes	450	550	550
Other	54	78	81
<b>Total long term debt</b>	<b>3,424</b>	<b>3,109</b>	<b>2,951</b>
<b>Other long term liabilities</b>	<b>177</b>	<b>248</b>	<b>250</b>
<b>Deferred income</b>	<b>116</b>	<b>116</b>	<b>3</b>
<b>Commitments and contingencies</b>	<b>356</b>	<b>427</b>	<b>356</b>
<b>Negative goodwill</b>	<b>-</b>	<b>-</b>	<b>225</b>
<b>Minority interests</b>	<b>5</b>	<b>5</b>	<b>2</b>
<b>Participative loan</b>	<b>955</b>	<b>955</b>	<b>955</b>
<b>Shareholder's equity</b>			
Common stock	263	263	1,088
Share premium	1,637	1,637	338
Accumulated deficit	(1,624)	(1,581)	(1,107)
Net loss for the period	(180)	(43)	(44)
<b>Total shareholder's equity</b>	<b>96</b>	<b>276</b>	<b>275</b>
<b>TOTAL LIABILITIES AND SHR'S EQUITY</b>	<b>6,158</b>	<b>6,242</b>	<b>6,095</b>

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Table 41: Condensed Consolidated Statement of Operations (Cableuropa)

Data in €million	Quarter ended					Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	% change	30-Sept-07	30-Sept-06	% change
	New Cab	New Cab		Old Cab		New Cab	Old Cab	
Revenues	405	410	(1.2%)	401	0.9%	1,216	1,225	(0.7%)
Cost of services	(107)	(115)	(6.7%)	(127)	(15.6%)	(340)	(397)	(14.5%)
Opex	(123)	(133)	(7.3%)	(133)	(7.5%)	(390)	(417)	(6.5%)
<b>EBITDA</b>	<b>174</b>	<b>162</b>	<b>7.7%</b>	<b>141</b>	<b>23.8%</b>	<b>486</b>	<b>410</b>	<b>18.5%</b>
Deprec. and amortiz.	(86)	(84)	2.6%	(103)	(15.9%)	(275)	(321)	(14.6%)
<b>EBIT/Oper. profit</b>	<b>88</b>	<b>78</b>	<b>13.1%</b>	<b>38</b>	<b>130.9%</b>	<b>212</b>	<b>89</b>	<b>138.2%</b>
Net financial expense	(60)	(57)	4.6%	(49)	23.1%	(172)	(140)	23.4%
Amortisation of goodwill	-	-	na	16	(100.0%)	-	37	(100.0%)
Net extraordinary exp.	(5)	(205)	(97.4%)	(17)	(69.3%)	(207)	(40)	419.3%
<b>EBT</b>	<b>23</b>	<b>(184)</b>	<b>(112.4%)</b>	<b>(12)</b>	<b>na</b>	<b>(168)</b>	<b>(54)</b>	<b>na</b>
Income tax credit	(6)	(1)	344.8%	2	na	(11)	9	na
<b>Profit/(loss) before minority interests</b>	<b>17</b>	<b>(185)</b>	<b>(109.0%)</b>	<b>(10)</b>	<b>na</b>	<b>(179)</b>	<b>(44)</b>	<b>na</b>
Minority interests	(0)	(0)	143.8%	0	na	(1)	0	na
<b>Net result</b>	<b>16</b>	<b>(186)</b>	<b>(108.8%)</b>	<b>(10)</b>	<b>na</b>	<b>(180)</b>	<b>(44)</b>	<b>na</b>

Table 42: Condensed Consolidated Cash Flow (Cableuropa)

Data in €million	Quarter ended				Year to date		
	30-Sept-07	30-Jun-07	% change	30-Sept-06	30-Sept-07	30-Sept-06	% change
	New Cab	New Cab		Old Cab	New Cab	Old Cab	
<b>EBITDA</b>	<b>174</b>	<b>162</b>	<b>7.7%</b>	<b>141</b>	<b>486</b>	<b>410</b>	<b>18.5%</b>
Capex	(126)	(138)	(8.7%)	(133)	(384)	(369)	3.9%
<b>OPERATING FCF</b>	<b>48</b>	<b>23</b>	<b>105.0%</b>	<b>7</b>	<b>103</b>	<b>41</b>	<b>149.0%</b>
Change in working capital	(27)	(56)	(50.6%)	(28)	(187)	(166)	12.6%
Other <sup>(1)</sup>	(28)	(49)	(41.7%)	(21)	(99)	(96)	2.5%
<b>FCF (pre-interest)</b>	<b>(8)</b>	<b>(81)</b>	<b>(89.9%)</b>	<b>(43)</b>	<b>(183)</b>	<b>(221)</b>	<b>(17.2%)</b>
Paid interest, net	(21)	(101)	(79.5%)	(8)	(129)	(99)	30.3%
<b>FCF</b>	<b>(29)</b>	<b>(182)</b>	<b>(84.1%)</b>	<b>(50)</b>	<b>(313)</b>	<b>(321)</b>	<b>(2.5%)</b>
Senior facility	130	348	(62.7%)	85	559	369	51.5%
Subordinated facilities	-	(120)	na	-	(120)	-	na
Senior subordinated notes	(100)	-	na	-	(100)	(62)	61.3%
State subsidies	(5)	(9)	(52.2%)	2	(16)	(4)	na
Short term debt	(2)	(26)	(91.4%)	(44)	(4)	27	(115.5%)
Short term investments	(1)	(1)	(26.2%)	(2)	(1)	(8)	(84.6%)
Other financing items	(6)	(1)	na	(4)	(8)	(3)	185.6%
<b>FINANCING</b>	<b>16</b>	<b>192</b>	<b>(91.5%)</b>	<b>37</b>	<b>310</b>	<b>319</b>	<b>(2.9%)</b>
<b>NET CASH VARIATION</b>	<b>(13)</b>	<b>9</b>	<b>na</b>	<b>(13)</b>	<b>(2)</b>	<b>(1)</b>	<b>95.7%</b>
<b>Cash Beginning of Period</b>	<b>17</b>	<b>8</b>	<b>120.5%</b>	<b>19</b>	<b>7</b>	<b>7</b>	<b>(5.8%)</b>
<b>Cash End of Period</b>	<b>4</b>	<b>17</b>	<b>(75.3%)</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>(27.9%)</b>

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

## 5.2 Debt and Liquidity

Table 43: Debt and liquidity (Cableuropa)

As of 30 September 2007 Data in €million	Maximum available	Short term debt	Long term debt	Total debt	Availability
<b>Type of debt</b>					
<b>Debt with credit entities:</b>					
Senior facility	3,500	-	2,910	2,910	590
Participative loan	10	-	10	10	-
Other credit facilities	180	140	8	149	31
<b>Total debt with credit entities</b>	<b>3,690</b>	<b>140</b>	<b>2,928</b>	<b>3,069</b>	<b>621</b>
<b>Other debt:</b>					
Senior subordinated notes	450	-	450	450	-
State subsidies and other	62	16	46	62	-
<b>Total other debt</b>	<b>512</b>	<b>16</b>	<b>496</b>	<b>512</b>	-
<b>Total debt</b>	<b>4,202</b>	<b>157</b>	<b>3,424</b>	<b>3,581</b>	<b>621</b>
Cash and cash equivalents				4	
<b>Total net debt</b>				<b>3,577</b>	
EBITDA LQA				696	
<b>Total net debt/EBITDA</b>				<b>5.14x</b>	

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 44: Debt by maturity

As of 30 September 2007 Data in €million	Maturity						Total
	2007	2008	2009	2010	2011	Thereafter	
<b>Type of debt</b>							
<b>Debt with credit entities:</b>							
Senior facility	-	-	33	380	545	1,953	2,910
Participative loan	-	-	-	-	-	10	10
Other credit facilities	26	115	2	2	2	2	149
<b>Total debt with credit entities</b>	<b>26</b>	<b>115</b>	<b>35</b>	<b>381</b>	<b>547</b>	<b>1,965</b>	<b>3,069</b>
<b>Other debt:</b>							
Senior subordinated notes (*)	-	-	-	-	-	450	450
State subsidies and other	1	16	15	12	10	8	62
<b>Total other debt</b>	<b>1</b>	<b>16</b>	<b>15</b>	<b>12</b>	<b>10</b>	<b>458</b>	<b>512</b>
<b>Total</b>	<b>27</b>	<b>131</b>	<b>50</b>	<b>394</b>	<b>556</b>	<b>2,423</b>	<b>3,581</b>

(\*) €100 million of the Senior subordinated notes correspond to the Floating Rate Notes that will be redeemed on 14 August 2007.

In this section, we are reporting the third quarter of 2007 condensed consolidated financial statements of Cableuropa, S.A.U. and its subsidiaries. For a detailed analysis of the trends followed in the periods indicated, please see information on GCO in section 3 of this document.

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

## 6. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

### 6.1 Quantitative and Qualitative Disclosure about Market Risk

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

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

### 6.2 Interest Rate Sensitivity

Borrowings under our €3,600 million Senior Bank Facility 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. In addition, our other outstanding debt with credit entities, usually bear interest at EURIBOR plus a margin. Accordingly, as at 30 September 2007 we had long term variable interest rate debt outstanding of €2,920 million and exposure to risk due to fluctuations of interest rates.

We have contracted a series of swaps to lock into low levels of EURIBOR. To date, we have covered €2,065 million (71% of the total drawn amount under the aforementioned tranches), hedging our exposure up to July 2010.

In addition, 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%, and finally matures in May 2014.

The table below shows our variable interest long-term debt main agreements as of 30 September 2007:

*Table 45: Variable interest long term debt*

Data in €million	Expected maturity date						Total
	2007	2008	2009	2010	2011	Thereafter	
Senior Bank Facility (Euribor + 1.75%-2.25%)	-	-	33	380	545	1,953	<b>2,910</b>
Participative Loan (Euribor + 2.75%)	-	-	-	-	-	10	<b>10</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>33</b>	<b>380</b>	<b>545</b>	<b>1,963</b>	<b>2,920</b>

## 7. DISCLAIMER

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

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

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

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