

UNION FENOSA FINANCIAL SERVICES USA, LLC

MANAGEMENT REPORT

June 30th 2008

Management Report at 30th June 2008

Union Fenosa Financial Services USA, LLC, (herein after "the Company"), was incorporated the 3rd of February 2003, as a limited liability company ("Limited Liability Company"), incorporated under the Delaware Limited Liability Company Act of the United States of America.

The exclusive corporate purpose is the issuance of Preference Shares and Ordinary Shares, and to carry out distributions among them, and also to allocate practically the whole amount of the funds obtained by this to execute loan contracts with affiliates from Union Fenosa, S.A. group.

All the Preference Shares of the Company belongs to Union Fenosa. S.A.

On the 11th of April 2003 the Company registered in the *Comision Nacional del Mercado de Valores* (CNMV) of Spain, a prospectus for the issuance of Preference Shares guaranteed by Union Fenosa, S.A. for Euro 500.000.000 with the possibility to extend it to Euro 750.000.000. The details of these Preference Shares are:

On the 20th of May 2003 the Company issued preference shares with the guarantee of Union Fenosa S.A. for an amount of Euro 609.244.650,00.

The Preference Shares of the company are traded in AIAF, the Spanish fixed income titles exchange, under the regular supervision of the CNMV according to the market.

The details of this issuance can be found in the following web page www.aiaf.es.

1. Principal highlights during the period

The remuneration of the Preference Shares during the 2008 period until the 30th of June, 2008 was established as follows:

Starting Period	Ending Period	Interest Rate
20-nov-07	20-feb-08	4,834%
20-feb-08	20-may-08	4,608%
20-may-08	20-ago-08	5,109%

2. Analysis of the results

The net profit of the Company during the first half of 2008 was EUR 17.119 thousand, which represents an increase of 11,26% compared to the same period of 2007. From this profit a total of Euro 14.378 thousand have been distributed as dividend.

3. Investments

From its original accounting registration, there has been no movement on the investments of the Company.

4. Research, development and technological innovation

In the course of 2008, as in 2007, the Company has not performed any activities in Research, Development and Innovation.

5. Environment

The current Environment Policy and the Environment Code of Conduct of Union Fenosa Group are the frame where the commitment of the Group with the protection of the environment is defined. These principle are applied by the Company in the development of its activities.

6. Predictable Development

As for 30th June, 2008, the Company does not foresee the issuance of new Preference Shares, is for this that the predictable development is restricted to the payment of the remuneration of the issuance currently in force.

7. Post Balance Sheet Events

No facts have taken place that could alter the closed accounts of 30th June 2008 after this date.

8. Own shares held

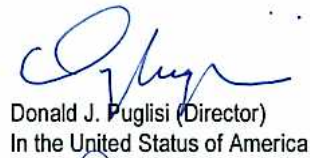
During the 2008 period, the Company has not held any of its own shares.

In agreement with the current dispositions, the directors proceed to sign the management report of Union Fenosa Financial Services USA, in relation with the closed interim annual accounts of 30th June 2008.

Madrid/Delaware, 28th July 2008



Gregory F. Lavelle (Director)
In the United States of America



Donald J. Puglisi (Director)
In the United States of America



Julio Sola (Director)
In The Netherlands



Santos Evaristo Vázquez Hernández (Director)
In Spain



Juan Antonio Hernández-Rubio Muñoz (Director)
In Spain