



**Fourth quarter and full year 2009  
preliminary unaudited results**

**16 March 2010**

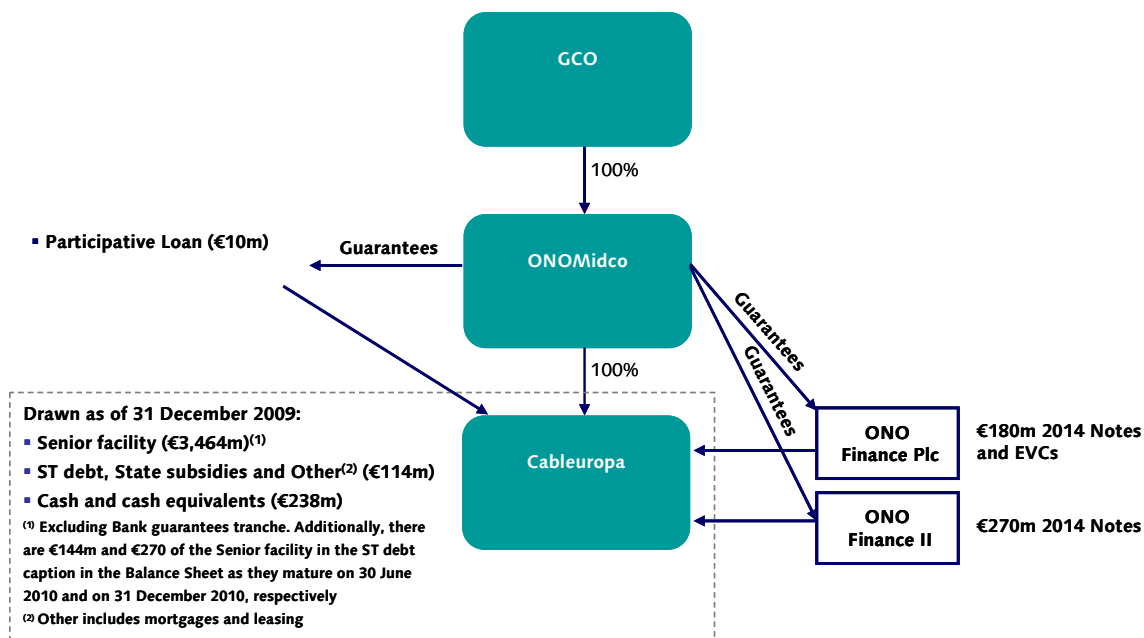


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## 1. GROUP AND REPORTING STRUCTURE

### Group main structure



We are reporting the quarter ended 31 December 2009 consolidated results of Grupo Corporativo ONO, S.A. ("GCO") and its subsidiaries. These consolidated results are unaudited and preliminary, pending Board approval on 24 March 2010. Therefore, they are subject to any changes that may result from the audit process or the Board approval.

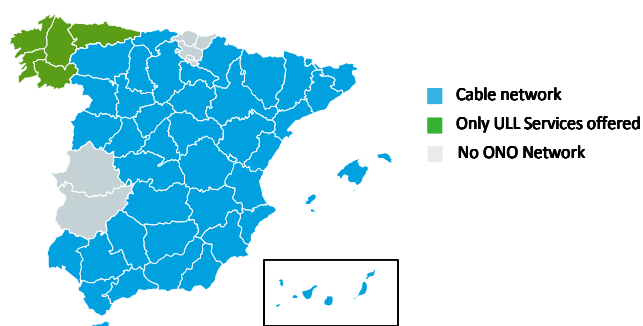
The financial information contained in this document has been prepared under Spanish GAAP. This financial information is unaudited and, therefore, is subject to potential future modifications.

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.

## 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 customers and 67,200 SMEs as of 31 December 2009, through its own state of the art networks which gives direct access to over 7 million homes in franchises which cover the majority of Spain, including the nine largest cities. ONO is the leading triple play operator and the principal competitor to the incumbent telecommunications and pay television operators in Spain. For the year ended 31 December 2009, ONO generated revenues of €1,512 million and EBITDA of €730 million.

### Cable franchises



Residential		in thousands
Homes in Spain (*)		17,545
Homes in ONO cable franchises (*)		14,741
<i>% of Homes in Spain</i>		84%
Homes released to marketing		7,004
<i>% of Cable franchises</i>		48%
Residential cable customers		1,825
<i>Cable penetration</i>		26%
Residential ULL customers		77
Total residential customers		1,902
Business		in thousands
SMEs customers		67

(\*) Source: INE; main and secondary homes

Table 1: Capitalisation

	Grupo Corporativo ONO			Cableuropa		
	€m	% of debt	Debt/ EBITDA	€m	% of debt	Debt/ EBITDA
<i>As of 31 December 2009</i>						
Short-term debt (*)	532	13.1%	0.70x	498	12.3%	0.67x
Senior facility	3,050	74.9%	4.02x	3,050	75.5%	4.07x
Participative loan	10	0.2%	0.01x	10	0.2%	0.01x
Senior subordinated notes	450	11.1%	0.59x	450	11.1%	0.60x
State subsidies and other	30	0.7%	0.04x	30	0.7%	0.04x
Long-term debt	3,540	86.9%	4.66x	3,540	87.7%	4.73x
<b>Total debt</b>	<b>4,072</b>			<b>4,038</b>		
<b>Cash and cash equivalents</b>	<b>238</b>			<b>238</b>		
<b>Total net debt</b>	<b>3,834</b>		<b>5.05x</b>	<b>3,800</b>		<b>5.07x</b>
<b>EBITDA LQA</b>	<b>759</b>			<b>749</b>		

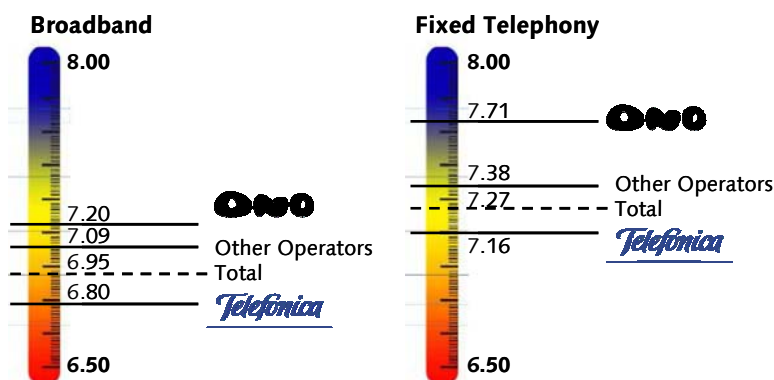
(\*) Includes €144 million and €270 million of the Senior facility maturing in June and in December 2010, respectively. The debt split above is based on the existing financing agreements. The closing of the refinancing process will change the repayment calendar to the new maturity profile.

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 events

### - Leading operator in Spain in terms of customers' satisfaction

According to a recent study published by SETSI<sup>(\*)</sup>, ONO achieves the best customer satisfaction scoring in the telephony and Internet services well above Telefónica and other competitors.



<sup>(\*)</sup>Secretaría de Estado de Telecomunicaciones y para la Sociedad de la Información, which is part of the Spanish Ministry of Industry, Tourism and Commerce

### - First Collective Agreement with the trade unions

In December 2009, ONO and the trade unions representatives signed the first Collective Bargaining Agreement of the ONO Group which will regulate working conditions and labour relations of all employees. This agreement will remain in force for a period of three years, extendable to a maximum of five years, providing a stable framework for the labour relations of the company.

### - New RTVE Financing Law investigated by the European Commission

In December 2009, the European Commission opened an investigation of the new RTVE Financing Law. This law imposes a tax of 1.5% on television revenues from September 2009 and 0.9% on telecommunication revenues from January 2010.

Brussels considers that this tax (introduced by France and followed by Spain) breaks European regulations, penalizes the telecommunication sector and could transfer the public television costs to the customers bill. The European Commission has asked the Spanish government not to assign any finance to public service broadcaster RTVE until it ends the investigation.

### - Sogecable condemned to pay €48m million to ONO

On the 1<sup>st</sup> of December 2009, Sogecable was condemned to pay a compensation of €48 million to ONO for a contractual breach on the Gran Vía and Cablesport channels distribution.

Prisa, shareholder of Sogecable, filed in the CNMV on 12 February a note stating that Sogecable has appealed the first instance resolution before the Provincial Audience of Madrid.

- **Guillermo Mercader appointed Residential Director of ONO**

On the 18<sup>th</sup> of January 2010, ONO appointed Guillermo Mercader as the new Residential Managing Director.

Mr. Mercader has an extensive experience in the telecommunications market in Spain. Before joining ONO, Guillermo held the position of Managing Director of the *Home business* at Orange in Spain. Previously he was Chief Executive Officer of Ya.com.

- **ONO doubles the Internet connection speed of its 3Mb and 6Mb customers**

In April, ONO will double the Internet speed of its 3Mb and 6Mb customers to 6Mb and 12Mb respectively for an additional price of €2.

## 2.2 Key financial events

- **ONO launches its refinancing process**

During 2009 ONO held negotiations with lenders under its €3,500 million Senior Bank Facility in order to align debt maturities with the cash flow generation profile of the company.

On the 13<sup>th</sup> of January, Cableuropa announced the launch of a Refinancing Plan involving among others: (i) the partial refinancing of Cableuropa, S.A.U.'s €3,500 million Senior Facility agreement with a new forward start facility supporting around 80% of the debt amortisations between 2010 and 2012, (ii) the possibility to issue new senior secured debt to amortise existing bank debt, (iii) the reset of financial covenants in order to adjust them to the new base case, and (iv) a commitment of new monies of €200 million by existing ONO shareholders, of which €125 million would be injected day one as deeply subordinated debt and the remaining €75 million subject to certain liquidity tests.

On the 19<sup>th</sup> of January, at a lender meeting held in Madrid, Cableuropa presented its senior lenders the proposal for its refinancing plan with the support of a number of key relationship banks whose total commitments represented 44% of the existing Senior Bank Facility agreement.

On the 8<sup>th</sup> of March, GCOs' Board of Directors approved the Refinancing Plan and the raising of €200 million from its shareholders in the form of a participative loan.

As of the 16<sup>th</sup> of March, the transaction has already been approved by the vast majority of the lenders in the syndicate. Therefore the company is aiming to close both the new money contribution and the senior facility amendment within the next few weeks.

- **ONO surpasses 2009 Guidance targets**

Despite the negative macroeconomic environment experienced in Spain in 2009, ONO has managed to overachieve the key metrics of EBITDA, Operating free cash flow and Free cash flow Guidance for 2009.

Table 2: 2009 Guidance overachievement

Data in million	2009		
	Actual	Guidance	
Revenues	1,512	1,535-1,570	✘
EBITDA	730	680-720	✓✓
CAPEX	220	215-235	✓
Op. FCF	510	465-485	✓✓
Free cash flow	95	(30)-30	✓✓

- **Disposal of Teuve**

On the 24<sup>th</sup> of February 2010, the Board of Directors of ONO approved the sale of Factoría de Canales ("Teuve").

- **Last payment of the Auna deferred purchase consideration**

On 15 January 2010, ONO paid the final instalment of the Auna deferred purchase consideration of €71 million.

## 2.3 Financial highlights

Table 3: Financial highlights - GCO

Data in € million	Quarter ended			Year to date		
	31-Dec-09	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
Revenues	372	401	(7.2%)	1,512	1,603	(5.6%)
Gross profit	303	308	(1.6%)	1,184	1,221	(3.1%)
Gross margin	81.5%	76.9%	4.6 pp	78.3%	76.2%	2.1 pp
EBITDA	190	178	6.4%	730	701	4.2%
EBITDA margin	51.0%	44.5%	6.5 pp	48.3%	43.7%	4.6 pp
<b>Total net debt</b>	<b>3,834</b>	<b>3,858</b>	<b>(0.6%)</b>	<b>3,834</b>	<b>3,858</b>	<b>(0.6%)</b>
Capex	(70)	(78)	(10.7%)	(220)	(374)	(41.0%)
Operating FCF	120	100	19.6%	510	327	56.0%
Net profit	10	(43)	na	50	(26)	na
<b>Total Net debt / EBITDA LQA</b>	<b>5.05x</b>	<b>5.40x</b>	<b>(0.35x)</b>	<b>5.05x</b>	<b>5.40x</b>	<b>(0.35x)</b>

Table 4: Revenues split

Data in € million	Quarter ended			Year to date		
	31-Dec-09	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
<b>Residential</b>	<b>288</b>	<b>305</b>	<b>(5.8%)</b>	<b>1,158</b>	<b>1,219</b>	<b>(5.0%)</b>
Residential Cable	279	297	(6.2%)	1,124	1,186	(5.2%)
Residential ULL	9	8	9.0%	34	33	2.2%
<b>Business</b>	<b>82</b>	<b>92</b>	<b>(10.7%)</b>	<b>345</b>	<b>365</b>	<b>(5.5%)</b>
SMEs	18	18	(1.0%)	70	73	(3.4%)
Business	38	47	(18.7%)	166	176	(5.5%)
Wholesale and other	26	27	(3.4%)	108	116	(6.7%)
<b>Indirect access</b>	<b>2</b>	<b>3</b>	<b>(39.4%)</b>	<b>10</b>	<b>19</b>	<b>(49.2%)</b>
<b>Total revenues</b>	<b>372</b>	<b>401</b>	<b>(7.2%)</b>	<b>1,512</b>	<b>1,603</b>	<b>(5.6%)</b>

## 2.4 Operating highlights

Table 5: Operating highlights

Data in thousand, except if otherwise stated

	31-Dec-09	30-Sep-09	% change	31-Dec-08	% change
<b>Customers:</b>					
Residential Cable	1,825	1,819	0.4%	1,853	(1.5%)
Residential ULL	77	70	10.2%	65	17.0%
Total Residential	1,902	1,888	0.7%	1,919	(0.9%)
SMEs	67	67	0.3%	69	(3.2%)
Indirect access	40	44	(8.8%)	64	(37.3%)
<b>Other data – Residential Cable:</b>					
Homes released to marketing	7,004	6,995	0.1%	6,963	0.6%
Penetration	26.1%	26.0%	0.1 pp	26.6%	(0.6 pp)
ARPU (€)	51.0	50.2	1.7%	53.2	(4.1%)
RGUs	3,967	3,929	1.0%	3,960	0.2%
RGUs per customer (x)	2.17	2.16	0.6%	2.14	1.7%
Net churn (*)	13.9%	17.3%	(3.3 pp)	18.7%	(4.7 pp)
<b>Residential cable services (RGUs):</b>					
Telephony	1,666	1,648	1.1%	1,638	1.7%
as % of customers	91.3%	90.6%	0.6 pp	88.4%	2.9 pp
Internet	1,326	1,303	1.7%	1,283	3.4%
as % of customers	72.6%	71.6%	1.0 pp	69.2%	3.4 pp
Television	975	977	(0.2%)	1,039	(6.2%)
as % of customers	53.4%	53.7%	(0.3 pp)	56.1%	(2.6 pp)
<b>Residential cable penetration per service:</b>					
Telephony	23.8%	23.6%	0.2 pp	23.5%	0.3 pp
Internet	18.9%	18.6%	0.3 pp	18.4%	0.5 pp
Television	13.9%	14.0%	(0.0 pp)	14.9%	(1.0 pp)

(\*) Net churn is presented net of customers moving into a new home that continue to subscribe to ONO's services

Our residential customer base decreased slightly by 0.9% in the last twelve months, reaching 1,902,000 as of 31 December 2009. This reduction was driven by a decrease in residential cable customers of 28,000 as a consequence of the policy of quality customer acquisition through credit scoring and other measures. It is also important to mention that despite the challenging macroeconomic environment, ONO has significantly improved its levels of churn, especially towards the end of 2009.

ARPU for residential cable services reached €51.0 in the fourth quarter of 2009, as compared to €53.2 in the same period of the previous year. This reduction is mainly driven by the erosion of variable telephony and TV consumption, as customers reduced the amount of international and fixed to mobile telephony usage and also viewed fewer television programmes in pay-per-view and video-on-demand. Net monthly fee remained broadly stable with increased uptake of bundled services compensating price erosion.

SME customers decreased by 3.2%, reaching 67,200 customers at the end of December 2009 as compared with 2008. This segment is particularly impacted by the negative macroeconomic environment.

Indirect access customers decreased by 37.3% from December 2008 to December 2009, as expected, due to our focus on our residential service.

## 2.5 Guidance for 2010 (GCO)

Table 6: Guidance for 2010 <sup>(\*)</sup>

<i>Data in € million</i>	<b>Guidance low</b>	<b>Guidance high</b>	<b>2009</b>
Revenues	1,450	1,500	1,512
EBITDA	700	720	730
Capex	230	260	220
Free cash flow	30	80	95

<sup>(\*)</sup> Please, see important disclaimer in the section 7 of this document

This Guidance is based on an assumption by IMF (International Monetary Fund) of -0.1% GDP growth and unemployment of 19.8% in Spain. 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-09</u>	<u>30-Sep-09</u>	<u>31-Dec-08</u>
<b>ASSETS</b>				
Intangible assets, net	3.3.1	112	115	116
Tangible assets, net	3.3.2	4,340	4,387	4,541
Shareholdings in group companies		3	3	4
Financial assets		7	59	57
Tax credit and deferred tax	3.2.6	1,137	1,150	1,170
<b>Non current assets</b>		<b>5,599</b>	<b>5,713</b>	<b>5,887</b>
Non current assets held for sale		15	-	-
Inventories		2	17	23
Accounts receivable and other current assets		145	174	143
Short-term investments, net		31	2	8
Prepayments and accrued income		6	7	2
Cash and cash equivalents		238	239	342
<b>Current assets</b>		<b>436</b>	<b>439</b>	<b>518</b>
<b>TOTAL ASSETS</b>		<b>6,035</b>	<b>6,152</b>	<b>6,405</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Common stock		1,643	1,643	1,643
Share premium reserve		368	368	368
Reserves		45	45	45
Prior year losses		(904)	(904)	(878)
Own shares		(5)	(5)	(5)
Net profit/( loss) for the period		50	41	(26)
Shareholder's equity	Table 8	1,197	1,187	1,147
Hedge agreements		(38)	(51)	(49)
State subsidies		1	2	2
Minority interest		3	3	3
<b>Net equity</b>		<b>1,163</b>	<b>1,141</b>	<b>1,103</b>
Provisions for liabilities and charges		120	122	146
Senior facility		3,050	3,320	3,464
Participative loan		10	10	10
Senior subordinated notes		450	450	450
Other		28	56	75
Long- term debt	3.3.3	3,538	3,836	3,999
Hedge agreements		16	19	70
Other long-term liabilities		1	1	68
Other long-term liabilities		17	20	138
Deferred income		0	1	2
<b>Non current liabilities</b>		<b>3,675</b>	<b>3,979</b>	<b>4,284</b>
Provisions for liabilities and charges		36	39	87
Short-term debt with banks	3.3.3	532	310	197
Accrued interests		54	31	78
Hedge agreement		39	54	-
Other		83	84	90
Short-term payables		708	479	365
Accounts payable and other current liabilities		400	470	526
Accruals and deferred income		52	45	39
<b>Current liabilities</b>		<b>1,196</b>	<b>1,032</b>	<b>1,017</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>		<b>6,035</b>	<b>6,152</b>	<b>6,405</b>

Table 8: Condensed Consolidated Statements of Operations

Data in € million	Quarter ended			Year to date		
	31-Dec-09	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
Revenues	372	401	(7.2%)	1,512	1,603	(5.6%)
Cost of services	(69)	(93)	(25.7%)	(329)	(381)	(13.8%)
Net opex	(113)	(130)	(12.7%)	(453)	(521)	(13.0%)
<b>EBITDA</b>	<b>190</b>	<b>178</b>	<b>6.4%</b>	<b>730</b>	<b>701</b>	<b>4.2%</b>
Restructuring costs and other extraordinary costs	-	(50)	na	-	(50)	na
Deprec. and amortis.	(97)	(98)	(0.9%)	(390)	(389)	0.3%
Reversal of provisions	-	-	na	-	15	na
Loss on fixed assets and impairment loss	(9)	(17)	(45.4%)	(11)	(17)	(35.7%)
<b>EBIT / Operating profit</b>	<b>84</b>	<b>14</b>	<b>na</b>	<b>330</b>	<b>260</b>	<b>26.6%</b>
Net financial expense	(67)	(72)	(7.2%)	(250)	(291)	(14.1%)
<b>EBT / Profit/(loss) before tax</b>	<b>17</b>	<b>(58)</b>	<b>na</b>	<b>79</b>	<b>(31)</b>	<b>na</b>
Income tax credit	(7)	15	na	(29)	5	na
<b>Profit/(loss) before minority interests</b>	<b>10</b>	<b>(43)</b>	<b>na</b>	<b>51</b>	<b>(26)</b>	<b>na</b>
Minority interests	(0)	(0)	(46.2%)	(0)	(0)	(6.6%)
<b>Net profit/(loss)</b>	<b>10</b>	<b>(43)</b>	<b>na</b>	<b>50</b>	<b>(26)</b>	<b>na</b>

Table 9: Condensed Consolidated Cash Flow

Data in € million	Quarter ended			Year to date		
	31-Dec-09	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
<b>EBITDA</b>	<b>190</b>	<b>178</b>	<b>6.4%</b>	<b>730</b>	<b>701</b>	<b>4.2%</b>
Capex	(70)	(78)	(10.7%)	(220)	(374)	(41.0%)
<b>OPERATING FREE CASH FLOW</b>	<b>120</b>	<b>100</b>	<b>19.6%</b>	<b>510</b>	<b>327</b>	<b>56.0%</b>
Change in working capital	7	(21)	na	(66)	(145)	(54.7%)
Other <sup>(1)</sup>	(10)	(13)	(23.8%)	(85)	(57)	48.6%
<b>FREE CASH FLOW (pre-interest)</b>	<b>117</b>	<b>66</b>	<b>77.7%</b>	<b>359</b>	<b>125</b>	<b>188.3%</b>
Paid interests, net	(41)	(33)	23.1%	(264)	(263)	0.3%
<b>FREE CASH FLOW AFTER DEBT SERVICE</b>	<b>76</b>	<b>33</b>	<b>133.6%</b>	<b>95</b>	<b>(139)</b>	<b>na</b>
<b>FINANCING ACTIVITIES</b>						
Senior facility	(36)	-	na	(36)	575	na
State subsidies	(0)	(1)	(92.1%)	(13)	(11)	15.2%
Short-term credit lines	(36)	(8)	na	(66)	(13)	na
Short-term investments	(4)	0	na	(3)	0	na
Financial assets	(0)	(1)	(98.4%)	(1)	(1)	na
Other financing items	(0)	1	na	(8)	(2)	na
Deferred Auna acquisition payment	-	-	na	(71)	(71)	na
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(77)</b>	<b>(9)</b>	<b>na</b>	<b>(199)</b>	<b>477</b>	<b>na</b>
<b>NET CASH FLOW</b>	<b>(1)</b>	<b>24</b>	<b>na</b>	<b>(104)</b>	<b>338</b>	<b>na</b>
<b>CASH BEGINNING OF PERIOD</b>	<b>239</b>	<b>318</b>	<b>(25.0%)</b>	<b>342</b>	<b>4</b>	<b>na</b>
<b>CASH END OF PERIOD</b>	<b>238</b>	<b>342</b>	<b>(30.4%)</b>	<b>238</b>	<b>342</b>	<b>(30.4%)</b>

<sup>(1)</sup> Includes restructuring costs (headcount reduction plan costs), commitments & contingencies and other one-off items

Table 10: Shareholders equity

Data in €million

	Common stock	Share premium reverse	Reserves	Own shares	Prior year losses	Net profit/(loss) for the period	Hedge agreements	State subsidies	Minority interest	Total
<b>Balance 31 December 2008</b>	<b>1,643</b>	<b>368</b>	<b>45</b>	<b>(5)</b>	<b>(878)</b>	<b>(26)</b>	<b>(49)</b>	<b>2</b>	<b>3</b>	<b>1,103</b>
Previous year result distribution	-	-	-	-	(26)	26	-	-	-	-
Net profit for the year	-	-	-	-	-	50	-	-	-	50
Change in fair value	-	-	-	-	-	-	11	-	-	11
Transfer to financial income	-	-	-	-	-	-	-	(1)	-	(1)
Transfer to income statements	-	-	-	-	-	-	-	-	0	0
Other changes in consolidated equity	-	-	-	-	-	-	-	(0)	-	(0)
<b>Balance 31 December 2009</b>	<b>1,643</b>	<b>368</b>	<b>45</b>	<b>(5)</b>	<b>(904)</b>	<b>50</b>	<b>(38)</b>	<b>1</b>	<b>3</b>	<b>1,163</b>

### 3.2 Fourth quarter and full year 2009 results of operations

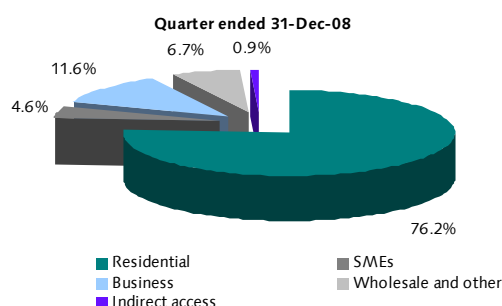
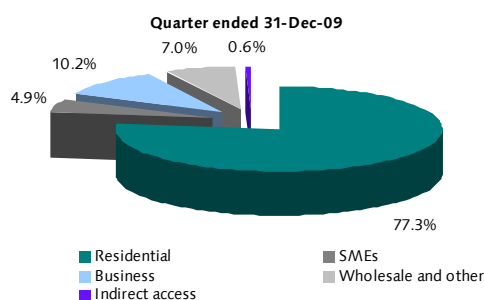
#### 3.2.1. Revenues

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

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		
	31-Dec-09	30-Sep-09	% change	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
<b>Residential</b>	<b>288</b>	<b>283</b>	<b>1.6%</b>	<b>305</b>	<b>(5.8%)</b>	<b>1,158</b>	<b>1,219</b>	<b>(5.0%)</b>
Residential Cable	279	275	1.4%	297	(6.2%)	1,124	1,186	(5.2%)
Residential ULL	9	8	7.1%	8	9.0%	34	33	2.2%
<b>Business</b>	<b>82</b>	<b>86</b>	<b>(4.6%)</b>	<b>92</b>	<b>(10.7%)</b>	<b>345</b>	<b>365</b>	<b>(5.5%)</b>
SMEs	18	17	8.8%	18	(1.0%)	70	73	(3.4%)
Business	38	40	(4.3%)	47	(18.7%)	166	176	(5.5%)
Wholesale and other	26	30	(12.4%)	27	(3.4%)	108	116	(6.7%)
<b>Indirect access</b>	<b>2</b>	<b>2</b>	<b>(4.5%)</b>	<b>3</b>	<b>(39.4%)</b>	<b>10</b>	<b>19</b>	<b>(49.2%)</b>
<b>Total revenues</b>	<b>372</b>	<b>371</b>	<b>0.1%</b>	<b>401</b>	<b>(7.2%)</b>	<b>1,512</b>	<b>1,603</b>	<b>(5.6%)</b>



Revenues decreased in Q4 2009 by 7.2% to €372 million from €401 million in Q4 2008 mainly as a consequence of the reduction in variable telephony and TV consumption and the reduction in the residential cable customer base in line with the strategy of acquiring quality customers implemented during the last year.

In 2009, revenues decreased 5.6%, reaching €1,512 million, versus €1,603 million during the year 2008. Residential services, our main revenue sources, decreased by 5% in the last twelve

months, contributing 77.3% to overall revenues in the year ended 2009 as compared to 76.2% in 2008. Business services decreased by 5.5% mainly as a consequence of the decrease in wholesale and other, this latter due to Orange's circuit migration out of ONO's network, and indirect access by 49.2%, as this business discontinues its operations.

### 3.2.1.1 Residential services

#### a) Residential cable

Cable services provide us with revenues from monthly fees and initial activation and 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 and video-on-demand 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

Data in thousand, except if otherwise stated

	31-Dec-09	30-Sep-09	% change	31-Dec-08	% change
<b>Residential Cable:</b>					
HRTM	7,004	6,995	0.1%	6,963	0.6%
Customers	1,825	1,819	0.4%	1,853	(1.5%)
Penetration	26.1%	26.0%	0.1 pp	26.6%	(0.6 pp)
Net churn (*)	13.9%	17.3%	(3.3 pp)	18.7%	(4.7 pp)
ARPU (€)	51.0	50.2	1.7%	53.2	(4.1%)
Total RGUs	3,967	3,929	1.0%	3,960	0.2%
RGUs per customer (x)	2.17	2.16	0.6%	2.14	1.7%

(\*) Net churn is presented net of customers moving into a new home that continue to subscribe to ONO's services

Residential cable customers decreased during the last twelve months by approximately 28,000 customers or 1.5% to 1,825,000. The focus on bundled services ("Triple play" customers reached 36% in Q4 09 versus 34% in Q4 08) and the success of a series of cross-sale campaigns pushed the RGUs per customer ratio to 2.17x as of 31 December 2009, from 2.14x as of 31 December 2008.

The company has continued with the policy of quality customer acquisition through credit scoring and other measures that were implemented to avoid the acquisition of early churning customers and to maintain our profitability standards. As results of these measures, the Company has managed to reduce its net churn levels from 18.7% as of 31 December 2008 to 13.9% as of December 2009 despite the challenging macroeconomic environment.

- **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-09	30-Sep-09	% change	31-Dec-08	% change
<b>Telephony services:</b>					
Customers	1,666	1,648	1.1%	1,638	1.7%
Proportion of total customers	91.3%	90.6%	0.6 pp	88.4%	2.9 pp
Penetration	23.8%	23.6%	0.2 pp	23.5%	0.3 pp

Telephony customers increased by 28,000 or 1.7% in 2009, reaching 1,666,000 due to the effort in acquiring customers taking bundles with telephony and the lower churn experienced in customers taking this service. Telephony customers as a proportion of total customers increased by 2.9 pp to 91.3% in the fourth quarter of 2009 from 88.4% in the same period of the previous year.

This service is showing resistance to the decrease in the customer base and minutes of use, remaining strong in terms of national fixed-to-fixed calls, although fixed-to-mobile and international call volumes are falling.

- **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-09	30-Sep-09	% change	31-Dec-08	% change
<b>Internet services:</b>					
Customers	1,326	1,303	1.7%	1,283	3.4%
Proportion of total customers	72.6%	71.6%	1.0 pp	69.2%	3.4 pp
Penetration	18.9%	18.6%	0.3 pp	18.4%	0.5 pp

Internet customers increased by 43,000 or 3.4% in 2009, reaching 1,326,000. Internet customers as a proportion of total customers increased by 3.4 pp to 72.6% in the fourth quarter of 2009 from 69.2% in the same period of the previous year. Our residential Internet penetration experienced an increase of 0.5 pp at the end of 2009 versus 2008.

During the last three months, there was a positive trend in new customers taking high speed packages, including the 50Mb package available in Madrid.

- **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*

	<b>31-Dec-09</b>	<b>30-Sep-09</b>	<b>% change</b>	<b>31-Dec-08</b>	<b>% change</b>
<b>Television services:</b>					
Customers	975	977	(0.2%)	1,039	(6.2%)
Proportion of total customers	53.4%	53.7%	(0.3 pp)	56.1%	(2.6 pp)
Penetration	13.9%	14.0%	(0.0 pp)	14.9%	(1.0 pp)

Cable television customers decreased by 64,000 or 6.2% in the last twelve months, reaching 975,000 as of 31 December 2009.

Cable television customers as a proportion of total customers decreased by 2.6 pp in the last twelve months to 53.4% as of 31 December 2009 and the penetration of cable television services over homes released to marketing decreased in the quarter by 1.0 pp to 13.9%.

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

## **b) Residential ULL**

Residential ULL 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 increased by 17% in 2009 versus 2008. We consider our ULL operations, mainly focused in Madrid and Barcelona, as a complement to our core cable business.

*Table 16: Residential ULL*

*Data in thousand, except if otherwise stated*

	<b>31-Dec-09</b>	<b>30-Sep-09</b>	<b>% change</b>	<b>31-Dec-08</b>	<b>% change</b>
<b>Residential ULL:</b>					
Customers	77	70	10.2%	65	17.0%
RGUs	136	120	13.3%	111	22.1%
RGUs per customer (x)	1.77	1.73	4.8 pp	1.70	7.4 pp

### 3.2.1.2 Business services

#### a) SMEs

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

Data in thousand, except if otherwise stated

	31-Dec-09	30-Sep-09	% change	31-Dec-08	% change
<b>SMEs:</b>					
Customers	67	67	0.3%	69	(3.2%)
RGUs	121	120	0.9%	130	(6.7%)
RGUs per customer (x)	1.80	1.79	1.1 pp	1.87	(6.7 pp)

SMEs customers decreased 3.2%, reaching 67,200 customers in the last twelve months due to the adverse macroeconomic environment.

For the year ended 31 December 2009, SMEs revenues reached €70 million.

The macroeconomic environment and the pressure of unemployment on the SMEs segment is significant. This is especially noticeable in the disconnection rates and the ability to acquire new customers in the marketplace.

#### b) Business

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

Data in €million

	Quarter ended					Year to date		
	31-Dec-09	30-Sep-09	% change	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
Revenues	38	40	(4.3%)	47	(18.7%)	166	176	(5.5%)

Business revenues reached €38 million in the fourth quarter of 2009, a decrease of 18.7% versus the same period of 2008. This segment has been significantly impacted by the lower minutes of use experienced in the overall traffic in the market. Nevertheless, as the consumption base revenues generally yield lower margins, the overall effect of the contribution of this segment has not been greatly impacted.

In 2009, revenues from this segment reached €166 million, a decrease of 5.5% versus 2008.

### c) 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.

This caption also includes revenues from other services such as revenues obtained from third parties by our 100% affiliate Teuve<sup>(\*)</sup> (television content aggregator) and, to a lesser extent, from our broadband mobile services offering ("BAM").

Table 19: Wholesale and other

Data in €million	Quarter ended					Year to date		
	31-Dec-09	30-Sep-09	% change	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
Revenues	26	30	(12.4%)	27	(3.4%)	108	116	(6.7%)

Revenues from wholesale and other decreased by 3.4%, from €27 million in the fourth quarter of 2008 to €26 million in the fourth quarter of 2009.

As of 31 December 2009, revenues from wholesale and other were €108 million, a decrease of 6.7% versus 2008. 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.

<sup>(\*)</sup> On 24 February 2010, the ONO Board of Directors approved the sale of Factoría de Canales ("Teuve")

### 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-09	30-Sep-09	% change	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
Total revenues	372	371	0.1%	401	(7.2%)	1,512	1,603	(5.6%)
Cost of services	(69)	(82)	(15.9%)	(93)	(25.7%)	(329)	(381)	(13.8%)
<b>Gross profit</b>	<b>303</b>	<b>290</b>	<b>4.6%</b>	<b>308</b>	<b>(1.6%)</b>	<b>1,184</b>	<b>1,221</b>	<b>(3.1%)</b>
Gross margin	81.5%	78.0%	3.5 pp	76.9%	4.6 pp	78.3%	76.2%	2.1 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 €53 million from 2008 to 2009. As a percentage of total revenues, our cost of services decreased to 21.7% for the twelve months ended 31 December 2009 from 23.8% for the twelve months ended 31 December 2008 and gross margin increased by 2.1 pp to 78.3% at the end of 2009 versus 76.2% at the end of 2008.

This reduction in direct has mainly been driven by (i) our focus on higher margin revenue streams and to the change in revenue mix, (ii) lower interconnection costs due to less fixed to mobile traffic and lower unitary costs, and (iii) the renegotiation of cable television programming agreements.

### 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-09	30-Sep-09	% change	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
Gross opex	(129)	(127)	1.8%	(148)	(12.8%)	(514)	(599)	(14.1%)
Capitalised costs	16	15	5.7%	19	(14.0%)	61	78	(21.7%)
<b>Net opex</b>	<b>(113)</b>	<b>(112)</b>	<b>1.3%</b>	<b>(130)</b>	<b>(12.7%)</b>	<b>(453)</b>	<b>(521)</b>	<b>(13.0%)</b>
% of revenues	30.4%	30.1%	0.4 pp	32.4%	(1.9 pp)	30.0%	32.5%	(2.5 pp)

Gross operating expenses consists 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 13.0% to reach €453 million at the end of 2009, as compared to €521 million for the year 2008. This reduction is mainly driven by (i) the headcount reduction plan implemented in January 2009 with direct impact on personnel expenses; (ii) the new sales strategy with focus on cost-efficient sales channels; (iii) other restructuring initiatives and (iv) the renegotiation of the football content accruals which gave rise to a €10 million gain.

The reduction in operating expenses was partially offset by the introduction of Law 8/2009 28 August 2009. In September 2009, ONO started to contribute with 1.5% of its television revenues to subsidise the sustainability of the public broadcasting entity RTVE.

### 3.2.4. 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		
	31-Dec-09	30-Sep-09	% change	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
Depreciation and amortisation	(97)	(98)	(0.5%)	(98)	(0.9%)	(390)	(389)	0.3%

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.

### 3.2.5. 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		
	31-Dec-09	30-Sep-09	% change	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
Net financial expense	(67)	(58)	15.6%	(72)	(7.2%)	(250)	(291)	(14.1%)

Our net financial expense is mainly comprised of interest expense from our financing and hedge agreements. Net financial expense decreased 14.1% to €250 million in 2009 from €291 million in 2008. The main reasons for this reduction relates to the lower interest expense from the lower Euribor rates that sharply fell towards the end of 2008.

### 3.2.6. Income tax

In spite of the current macroeconomic environment, the Company considers that it will probably generate sufficient profit to offset its 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 2008 Annual Report of ONO Midco, issued on 28 April 2009 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 24: Income tax

Data in € million	Quarter ended					Year to date		
	31-Dec-09	30-Sep-09	% change	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
Income tax credit	(7)	(8)	(10.1%)	15	na	(29)	5	na

### 3.3 Notes to the Condensed Consolidated Balance Sheet

#### 3.3.1. Intangible assets

Table 25: Intangible assets, net

Data in €million	31-Dec-08	Additions	Transfers to non current assets held for sale <sup>(*)</sup>			31-Dec-09
			Disposals	Transfers		
Rights over fixed assets	66	-	-	-	-	66
Concessions	13	-	-	-	-	13
Computer software	138	11	(0)	(1)	-	148
Other intangible fixed assets	38	13	(0)	(2)	8	57
<b>Total cost</b>	<b>254</b>	<b>24</b>	<b>(0)</b>	<b>(3)</b>	<b>8</b>	<b>283</b>
Accumulated amortisation	(138)	(34)	0	2	(1)	(171)
<b>Intangible assets, net</b>	<b>116</b>	<b>(9)</b>	<b>(0)</b>	<b>(1)</b>	<b>7</b>	<b>112</b>

<sup>(\*)</sup>Includes Factoría de Canales (Teuve)

#### 3.3.2. Tangible assets

Table 26: Tangible assets, net

Data in €million	31-Dec-08	Additions	Transfers to non current assets held for sale <sup>(*)</sup>			31-Dec-09
			Disposals	Transfers		
Land and natural assets	21	-	(0)	(6)	-	15
Network and technical equipment	6,463	113	(10)	(13)	82	6,634
Computer hardware	201	2	(0)	(0)	0	203
Other tangible fixed assets	94	0	(1)	(16)	(15)	62
Advances and fixed assets under construction	80	80	(4)	-	(75)	82
<b>Total cost</b>	<b>6,860</b>	<b>196</b>	<b>(15)</b>	<b>(36)</b>	<b>(8)</b>	<b>6,996</b>
Accumulated amortisation	(2,248)	(356)	5	11	1	(2,588)
Provisions	(70)	-	1	-	-	(69)
<b>Tangible assets, net</b>	<b>4,541</b>	<b>(160)</b>	<b>(8)</b>	<b>(25)</b>	<b>(7)</b>	<b>4,340</b>

<sup>(\*)</sup>Includes Factoría de Canales (Teuve)

### 3.3.3. Debt and liquidity

Table 27: Debt and liquidity

As of 31 December 2009  
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	3,464	414	3,050	3,464	0
Participative loan	10	-	10	10	-
Other credit facilities	170	106	9	115	54
<b>Total debt with credit entities</b>	<b>3,644</b>	<b>520</b>	<b>3,069</b>	<b>3,589</b>	<b>55</b>
<b>Other debt:</b>					
Senior subordinated notes	450	-	450	450	-
State subsidies (*)	33	12	21	33	-
<b>Total other debt</b>	<b>483</b>	<b>12</b>	<b>471</b>	<b>483</b>	<b>-</b>
<b>Total debt</b>	<b>4,127</b>	<b>532</b>	<b>3,540</b>	<b>4,072</b>	<b>55</b>
Cash and cash equivalents				238	238
<b>Total net debt</b>				<b>3,834</b>	
EBITDA LQA				759	
<b>Total net debt/EBITDA</b>				<b>5.05x</b>	

(\*) The difference between the table above and the balance sheet relates to the present value included in the balance sheet, while in the table above the amounts are stated at their refund value.

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". Additionally, €24 million of debt within "Other credit facilities" are guaranteed by deposits booked in the "Financial assets" caption of the balance sheet.

Table 28: Debt by maturity

Data in € million

Type of debt	Maturity							Total
	2010	2011	2012	2013	2014	2015	Thereafter	
<b>Debt with credit entities:</b>								
Senior facility	414	590	960	1,500	-	-	-	3,464
Participative loan	-	-	-	-	10	-	-	10
Other credit facilities	106	3	6	1	0	0	-	115
<b>Total debt with credit entities</b>	<b>520</b>	<b>593</b>	<b>966</b>	<b>1,501</b>	<b>10</b>	<b>0</b>	<b>-</b>	<b>3,589</b>
<b>Other debt:</b>								
Senior subordinated notes	-	-	-	-	450	-	-	450
State subsidies and other	12	10	8	1	0	0	1	33
<b>Total other debt</b>	<b>12</b>	<b>10</b>	<b>8</b>	<b>1</b>	<b>450</b>	<b>0</b>	<b>1</b>	<b>483</b>
<b>Total</b>	<b>532</b>	<b>603</b>	<b>973</b>	<b>1,502</b>	<b>461</b>	<b>0</b>	<b>1</b>	<b>4,072</b>

In December 2009, €36 million of the Senior bank facility were repaid.

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 positions 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 2008 Annual Report of ONO Midco, issued on 28 April 2009 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.

### 3.4 Notes to the Condensed Consolidated Cash Flow

#### 3.4.1. Capex

Our capital expenditure ("Capex") has historically been principally related to network build-out, set-top box purchases, installations, network upgrades, computer hardware/software and other investments.

Table 29: Capital expenditure

Data in € million	Quarter ended					Year to date		
	31-Dec-09	30-Sep-09	% change	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
Capital expenditures	(70)	(49)	43.4%	(78)	(10.7%)	(220)	(374)	(41.0%)

Capital expenditure decreased by 41.0% to €220 million in 2009 from €374 million in 2008 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 last year relates to the decrease in accounts payable as a consequence of the decreased capital expenditures and operating expenses. 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. ONO MIDCO

Table 30: Condensed Consolidated Balance Sheet (ONO Midco)

<i>Data in € million</i>	<b>31-Dec-09</b>	<b>30-Sep-09</b>	<b>31-Dec-08</b>
<b>ASSETS</b>			
Intangible assets, net	112	115	116
Tangible assets, net	4,340	4,387	4,541
Shareholdings in group companies	3	5	5
Financial assets	7	5	4
Tax credit and deferred tax	1,151	1,165	1,187
<b>Non current assets</b>	<b>5,612</b>	<b>5,677</b>	<b>5,852</b>
Non current assets held for sale	15	-	-
Inventories	2	17	23
Accounts receivable and other current assets	119	175	143
Short-term investments, net	5	2	8
Prepayments and accrued income	6	7	2
Cash and cash equivalents	238	239	342
<b>Current assets</b>	<b>385</b>	<b>439</b>	<b>518</b>
<b>TOTAL ASSETS</b>	<b>5,997</b>	<b>6,116</b>	<b>6,370</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Common stock	131	263	263
Share premium reserve	-	24	24
Reserves	126	126	126
Prior year losses	(89)	(244)	(221)
Net profit/(loss) for the period	57	42	(22)
Shareholder's equity	225	210	169
Hedge agreements	(38)	(51)	(49)
State subsidies	1	2	2
Minority interest	3	8	7
Participative loan	963	963	955
<b>Net equity</b>	<b>1,154</b>	<b>1,131</b>	<b>1,084</b>
Provisions for liabilities and charges	120	122	146
Senior facility	3,040	3,309	3,450
Participative loan	10	10	10
Senior subordinated notes	450	450	450
Other	28	32	51
Long-term debt	3,528	3,801	3,961
Hedge agreements	16	19	70
Other long-term liabilities	1	1	68
Other long-term liabilities	17	20	138
Deferred income	0	1	2
<b>Non current liabilities</b>	<b>3,665</b>	<b>3,944</b>	<b>4,246</b>
Provisions for liabilities and charges	33	33	77
Short-term debt with banks	498	298	185
Accrued interests	54	30	77
Hedge agreement	39	54	-
Other	96	103	118
Short-term payables	687	486	381
Accounts payable and other current liabilities	407	477	542
Accruals and deferred income	52	45	39
<b>Current liabilities</b>	<b>1,178</b>	<b>1,041</b>	<b>1,039</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>5,997</b>	<b>6,116</b>	<b>6,370</b>

Table 31: Condensed Consolidated Statement of Operations (ONO Midco)

Data in € million	Quarter ended			Year to date		
	31-Dec-09	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
Revenues	372	401	(7.2%)	1,512	1,602	(5.6%)
Cost of services	(69)	(93)	(25.7%)	(329)	(381)	(13.8%)
Net Opex	(116)	(127)	(8.7%)	(453)	(512)	(11.5%)
<b>EBITDA</b>	<b>187</b>	<b>181</b>	<b>3.3%</b>	<b>730</b>	<b>709</b>	<b>3.0%</b>
Restructuring costs and other extraordinary costs	-	(39)	na	-	(39)	na
Deprec. and amortis.	(97)	(98)	(0.9%)	(390)	(389)	0.3%
Reversal of provisions	-	-	na	-	15	na
Loss on fixed assets	(10)	(16)	(40.6%)	(11)	(16)	(30.7%)
<b>EBIT / Operating profit</b>	<b>80</b>	<b>28</b>	<b>189.4%</b>	<b>329</b>	<b>280</b>	<b>17.5%</b>
Net financial expense	(61)	(82)	(25.6%)	(245)	(304)	(19.5%)
<b>EBT / Profit/(loss) before tax</b>	<b>19</b>	<b>(54)</b>	<b>na</b>	<b>84</b>	<b>(24)</b>	<b>na</b>
Income tax credit	(9)	14	na	(31)	3	na
<b>Profit/(loss) before minority interests</b>	<b>11</b>	<b>(40)</b>	<b>na</b>	<b>53</b>	<b>(21)</b>	<b>na</b>
Minority interests	4	0	na	4	(2)	na
<b>Net profit/(loss)</b>	<b>15</b>	<b>(40)</b>	<b>na</b>	<b>57</b>	<b>(22)</b>	<b>na</b>

Table 32: Condensed Consolidated Cash Flow (ONO Midco)

Data in € million	Quarter ended			Year to date		
	31-Dec-09	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
<b>EBITDA</b>	<b>187</b>	<b>181</b>	<b>3.3%</b>	<b>730</b>	<b>709</b>	<b>3.0%</b>
Capex	(70)	(78)	(10.7%)	(220)	(374)	(41.0%)
<b>OPERATING FREE CASH FLOW</b>	<b>117</b>	<b>103</b>	<b>14.0%</b>	<b>510</b>	<b>335</b>	<b>52.0%</b>
Change in working capital	4	(31)	na	(76)	(161)	(52.6%)
Other <sup>(1)</sup>	(7)	(11)	(37.8%)	(78)	(55)	41.9%
<b>FREE CASH FLOW (pre-interest)</b>	<b>115</b>	<b>61</b>	<b>88.3%</b>	<b>355</b>	<b>119</b>	<b>198.4%</b>
Paid interests, net	(41)	(33)	25.2%	(263)	(262)	0.5%
<b>FREE CASH FLOW AFTER DEBT SERVICE</b>	<b>74</b>	<b>28</b>	<b>160.9%</b>	<b>92</b>	<b>(143)</b>	<b>na</b>
<b>FINANCING ACTIVITIES</b>						
Senior facility	(36)	-	na	(36)	575	na
State subsidies	(0)	(1)	(92.2%)	(13)	(11)	15.2%
Short-term credit lines	(34)	(8)	na	(64)	(13)	na
Short-term investments	(4)	4	na	(3)	0	na
Financial assets	0	(0)	na	(1)	(1)	na
Other financing items	(0)	1	na	(6)	3	na
Deferred Auna acquisition payment	-	0	na	(71)	(71)	na
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(75)</b>	<b>(5)</b>	<b>na</b>	<b>(196)</b>	<b>481</b>	<b>na</b>
<b>NET CASH FLOW</b>	<b>(1)</b>	<b>23</b>	<b>na</b>	<b>(104)</b>	<b>338</b>	<b>na</b>
<b>CASH BEGINNING OF PERIOD</b>	<b>239</b>	<b>318</b>	<b>(25.0%)</b>	<b>342</b>	<b>4</b>	<b>na</b>
<b>CASH END OF PERIOD</b>	<b>238</b>	<b>342</b>	<b>(30.4%)</b>	<b>238</b>	<b>342</b>	<b>(30.4%)</b>

<sup>(1)</sup> Includes restructuring costs (Headcount Reduction Plan costs), commitment & contingencies and other one-off items

Table 33: Shareholders equity (ONO Midco)

<i>Data in €million</i>	Common stock	Share premium reverse	Reserves	Prior year losses	Net profit/(loss) for the period	Hedge agreements	State subsidies	Minority interest	Participative loan	Total
<b>Balance 31 December 2008</b>	<b>263</b>	<b>24</b>	<b>126</b>	<b>(221)</b>	<b>(22)</b>	<b>(49)</b>	<b>2</b>	<b>7</b>	<b>955</b>	<b>1,084</b>
Capital Reduction	(131)	(24)	-	155	-	-	-	-	-	-
Previous year result distribution	-	-	-	(22)	22	-	-	-	-	-
Net profit for the year	-	-	-	-	57	-	-	-	-	57
Change in fair value	-	-	-	-	-	11	-	-	-	11
New participative loan	-	-	-	-	-	-	-	-	8	8
Transfer to financial income	-	-	-	-	-	-	(1)	-	-	(1)
Transfer to income statements	-	-	-	-	-	-	-	(4)	-	(4)
Other changes in consolidated equity	-	-	-	-	-	-	(0)	(0)	-	(0)
<b>Balance 31 December 2009</b>	<b>131</b>	<b>-</b>	<b>126</b>	<b>(89)</b>	<b>57</b>	<b>(38)</b>	<b>1</b>	<b>3</b>	<b>963</b>	<b>1,154</b>

In this section, we are reporting the fourth quarter and full year 2009 Condensed Consolidated Financial Statements of ONO Midco, 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 34: Condensed Consolidated Balance Sheet (Cableuropa)

<i>Data in € million</i>	<u>31-Dec-09</u>	<u>30-Sep-09</u>	<u>31-Dec-08</u>
<b>ASSETS</b>			
Intangible assets, net	112	115	116
Tangible assets, net	4,340	4,387	4,541
Shareholdings in group companies	3	5	5
Financial assets	7	5	4
Tax credit and deferred tax	1,151	1,165	1,187
<b>Non current assets</b>	<b>5,612</b>	<b>5,677</b>	<b>5,852</b>
Non current assets held for sale	15	-	-
Inventories	2	17	23
Accounts receivable and other current assets	120	175	143
Short-term investments, net	5	2	8
Prepayments and accrued income	6	7	2
Cash and cash equivalents	238	239	342
<b>Current assets</b>	<b>385</b>	<b>439</b>	<b>518</b>
<b>TOTAL ASSETS</b>	<b>5,997</b>	<b>6,116</b>	<b>6,370</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Common stock	263	263	263
Share premium reserve	1,637	1,637	1,637
Reserves	807	807	807
Prior year losses	(2,539)	(2,539)	(2,516)
Net profit/(loss) for the period	57	42	(23)
Shareholder's equity	225	211	169
Hedge agreements	(38)	(51)	(49)
State subsidies	1	2	2
Minority interest	3	8	7
Participative loan	963	963	955
<b>Net equity</b>	<b>1,154</b>	<b>1,132</b>	<b>1,084</b>
Provisions for liabilities and charges	120	122	146
Senior facility	3,040	3,309	3,450
Participative loan	10	10	10
Senior subordinated notes	450	450	450
Other	28	32	51
Long- term debt	3,528	3,801	3,961
Hedge agreements	16	19	70
Other long-term liabilities	1	1	68
Other long-term liabilities	17	20	138
Deferred income	0	1	2
<b>Non current liabilities</b>	<b>3,665</b>	<b>3,944</b>	<b>4,246</b>
Provisions for liabilities and charges	33	33	77
Short-term debt with banks	498	298	185
Accrued interests	54	30	77
Hedge agreement	39	54	-
Other	96	103	118
Short-term payables	687	486	381
Accounts payable and other current liabilities	407	477	542
Accruals and deferred income	52	45	39
<b>Current liabilities</b>	<b>1,178</b>	<b>1,041</b>	<b>1,039</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>5,997</b>	<b>6,116</b>	<b>6,370</b>

Table 35: Condensed Consolidated Statement of Operations (Cableuropa)

Data in € million	Quarter ended			Year to date		
	31-Dec-09	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
Revenues	372	401	(7.2%)	1,512	1,602	(5.6%)
Cost of services	(69)	(93)	(25.7%)	(329)	(381)	(13.8%)
Net Opex	(116)	(127)	(8.8%)	(453)	(512)	(11.5%)
<b>EBITDA</b>	<b>187</b>	<b>181</b>	<b>3.4%</b>	<b>730</b>	<b>709</b>	<b>3.0%</b>
Restructuring costs and other extraordinary costs	-	(39)	na	-	(39)	na
Deprec. and amortis.	(97)	(98)	(0.9%)	(390)	(389)	0.4%
Reversal of provisions	-	-	na	-	15	na
Loss on fixed assets and impairment loss	(10)	(16)	(40.3%)	(11)	(16)	(30.4%)
<b>EBIT / Operating profit</b>	<b>80</b>	<b>28</b>	<b>189.0%</b>	<b>329</b>	<b>280</b>	<b>17.5%</b>
Net financial expense	(61)	(82)	(25.6%)	(245)	(304)	(19.5%)
<b>EBT / Profit/(loss) before tax</b>	<b>19</b>	<b>(54)</b>	<b>na</b>	<b>84</b>	<b>(24)</b>	<b>na</b>
Income tax credit	(9)	14	na	(31)	3	na
<b>Profit/(loss) before minority interests</b>	<b>11</b>	<b>(40)</b>	<b>na</b>	<b>53</b>	<b>(21)</b>	<b>na</b>
Minority interests	4	0	na	4	(2)	na
<b>Net profit/(loss)</b>	<b>15</b>	<b>(40)</b>	<b>na</b>	<b>57</b>	<b>(23)</b>	<b>na</b>

Table 36: Condensed Consolidated Cash Flow (Cableuropa)

Data in € million	Quarter ended			Year to date		
	31-Dec-09	31-Dec-08	% change	31-Dec-09	31-Dec-08	% change
<b>EBITDA</b>	<b>187</b>	<b>181</b>	<b>3.4%</b>	<b>730</b>	<b>709</b>	<b>3.0%</b>
Capex	(70)	(78)	(10.7%)	(220)	(374)	(41.0%)
<b>OPERATING FREE CASH FLOW</b>	<b>117</b>	<b>103</b>	<b>14.0%</b>	<b>510</b>	<b>335</b>	<b>52.1%</b>
Change in working capital	4	(31)	na	(77)	(161)	(52.5%)
Other <sup>(1)</sup>	(7)	(11)	(37.8%)	(78)	(55)	41.9%
<b>FREE CASH FLOW (pre-interest)</b>	<b>115</b>	<b>61</b>	<b>88.3%</b>	<b>355</b>	<b>119</b>	<b>198.4%</b>
Paid interests, net	(41)	(33)	25.2%	(263)	(262)	0.5%
<b>FREE CASH FLOW AFTER DEBT SERVICE</b>	<b>74</b>	<b>28</b>	<b>160.9%</b>	<b>92</b>	<b>(143)</b>	<b>na</b>
<b>FINANCING ACTIVITIES</b>						
Senior facility	(36)	-	na	(36)	575	na
State subsidies	(0)	(1)	(92.2%)	(13)	(11)	15.2%
Short-term credit lines	(34)	(8)	na	(64)	(13)	na
Short-term investments	(4)	4	na	(3)	0	na
Financial assets	0	(0)	na	(1)	(1)	na
Other financing items	(0)	1	na	(6)	3	na
Deferred Auna acquisition payment	-	0	na	(71)	(71)	na
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(75)</b>	<b>(5)</b>	<b>na</b>	<b>(196)</b>	<b>481</b>	<b>na</b>
<b>NET CASH FLOW</b>	<b>(1)</b>	<b>23</b>	<b>na</b>	<b>(104)</b>	<b>338</b>	<b>na</b>
<b>CASH BEGINNING OF PERIOD</b>	<b>239</b>	<b>318</b>	<b>(25.0%)</b>	<b>342</b>	<b>4</b>	<b>na</b>
<b>CASH END OF PERIOD</b>	<b>238</b>	<b>342</b>	<b>(30.4%)</b>	<b>238</b>	<b>342</b>	<b>(30.4%)</b>

<sup>(1)</sup> Includes restructuring costs (Headcount Reduction Plan costs), commitment & contingencies and other one-off items

Table 37: Shareholders' equity (Cableuropa)

<i>Data in €million</i>	Common stock	Share premium reverse	Reserves	Prior year losses	Net profit/(loss) for the period	Hedge agreements	State subsidies	Minority interest	Participative loan	Total
<b>Balance 31 December 2008</b>	<b>263</b>	<b>1,637</b>	<b>807</b>	<b>(2,516)</b>	<b>(23)</b>	<b>(49)</b>	<b>2</b>	<b>7</b>	<b>955</b>	<b>1,084</b>
Previous year result distribution	-	-	-	(23)	23	-	-	-	-	-
Net profit for the year	-	-	-	-	57	-	-	-	-	57
Change in fair value	-	-	-	-	-	11	-	-	-	11
New participative loan	-	-	-	-	-	-	-	-	8	8
Transfer to financial income	-	-	-	-	-	-	(1)	-	-	(1)
Transfer to income statements	-	-	-	-	-	-	-	(4)	-	(4)
Other changes in consolidated equity	-	-	-	-	-	-	(0)	(0)	-	(0)
<b>Balance 31 December 2009</b>	<b>263</b>	<b>1,637</b>	<b>807</b>	<b>(2,539)</b>	<b>57</b>	<b>(38)</b>	<b>1</b>	<b>3</b>	<b>963</b>	<b>1,154</b>

## 5.2 Debt and liquidity

Table 38: Debt and Liquidity (Cableuropa)

As of 31 December 2009  
Data in €million

Type of debt	Maximum available	Short-term debt	Long-term debt	Total debt	Availability
<b>Debt with credit entities:</b>					
Senior facility (*)	3,464	414	3,050	3,464	0
Participative loan	10	-	10	10	-
Other credit facilities (**)	98	72	9	81	16
<b>Total debt with credit entities</b>	<b>3,572</b>	<b>486</b>	<b>3,069</b>	<b>3,555</b>	<b>16</b>
<b>Other debt:</b>					
Senior subordinated notes	450	-	450	450	-
State subsidies and other (**)	33	12	21	33	-
<b>Total other debt</b>	<b>483</b>	<b>12</b>	<b>471</b>	<b>483</b>	<b>-</b>
<b>Total debt</b>	<b>4,055</b>	<b>498</b>	<b>3,540</b>	<b>4,038</b>	<b>16</b>
Cash and cash equivalents				238	238
<b>Total net debt</b>				<b>3,800</b>	
EBITDA LQA				749	
<b>Total net debt/EBITDA</b>				<b>5.07x</b>	

(\*) The 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 difference between the table above and the balance sheet relates to the present value included in the balance sheet, while in the table above the amounts are stated at their refund value.

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 39: Debt by maturity

As of 31 December 2009  
Data in €million

Type of debt	Maturity							Total
	2010	2011	2012	2013	2014	2015	Thereafter	
<b>Debt with credit entities:</b>								
Senior facility	414	590	960	1,500	-	-	-	3,464
Participative loan	-	-	-	-	10	-	-	10
Other credit facilities	72	3	6	1	0	0	-	81
<b>Total debt with credit entities</b>	<b>486</b>	<b>593</b>	<b>966</b>	<b>1,501</b>	<b>10</b>	<b>0</b>	<b>-</b>	<b>3,555</b>
<b>Other debt:</b>								
Senior subordinated notes	-	-	-	-	450	-	-	450
State subsidies	12	10	8	1	0	0	1	33
<b>Total other debt</b>	<b>12</b>	<b>10</b>	<b>8</b>	<b>1</b>	<b>450</b>	<b>0</b>	<b>1</b>	<b>483</b>
<b>Total</b>	<b>498</b>	<b>603</b>	<b>973</b>	<b>1,502</b>	<b>461</b>	<b>0</b>	<b>1</b>	<b>4,038</b>

In December 2009, €36 million of the Senior bank facility were repaid.

In this section, we are reporting the fourth quarter and full year 2009 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.

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 positions 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 2008 Annual Report of ONO Midco, issued on 28 April 2009 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.

## 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 the markets.

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 market and interests risks, 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 2009 our main financial agreements (excluding Senior Subordinated Notes) are linked to variable interest rates. The outstandings of €3,474 million are exposed 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, 74% 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.

The table below shows our variable interest long-term debt main agreements as of 31 December 2009:

Table 40: Variable interest long-term debt

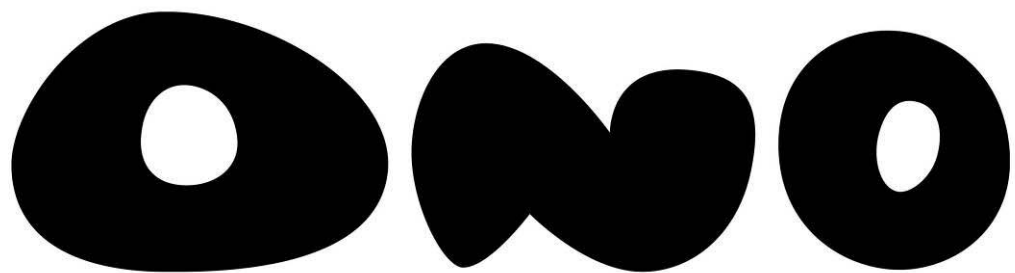
Data in €million	Expected maturity date					Total
	2010	2011	2012	2013	2014	
Senior bank facility (Euribor+1.75%-2.25%)	414	590	960	1,500	-	3,464
Participative loan (Euribor+2.75%)	-	-	-	-	10	10
<b>Total</b>	<b>414</b>	<b>590</b>	<b>960</b>	<b>1,500</b>	<b>10</b>	<b>3,474</b>

## 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 2010 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 fulfil 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.



#### **FURTHER INFORMATION**

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