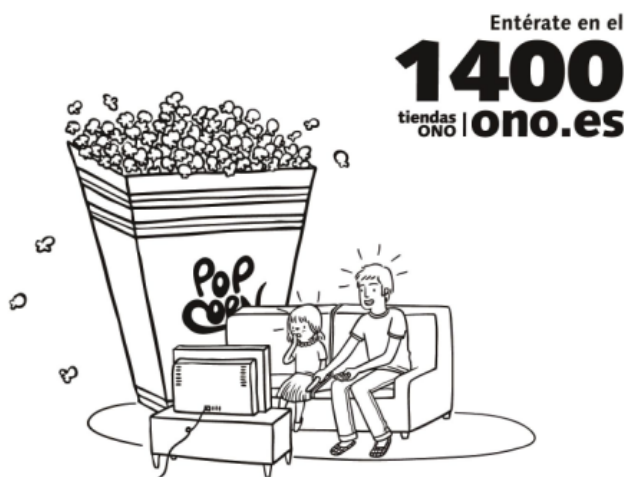




First quarter 2009 results

20 May 2009



ZAPPING EXTREMO

Por fin la TV al máximo, por lo mínimo



Oferta válida del 01/03/09 al 30/04/09. Precio de este ONO3 con 3Mb 49,90€/mes (55,80€ con IVA). Cuota de alta 39€ (45,24 € con IVA). Consultar condiciones generales de la oferta en ono.es/condicioneslegales/ono3_tv

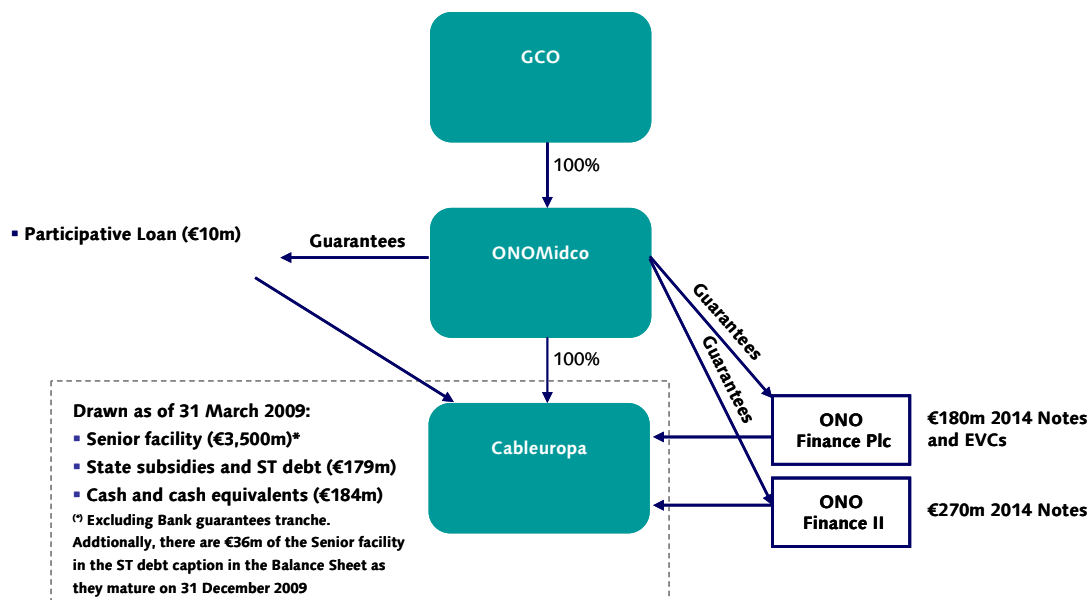
Grupo Corporativo ONO, S.A.

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1. GROUP AND REPORTING STRUCTURE

Group main structure



We are reporting the quarter ended 31 March 2009 consolidated results of Grupo Corporativo ONO, S.A. ("GCO") and its subsidiaries.

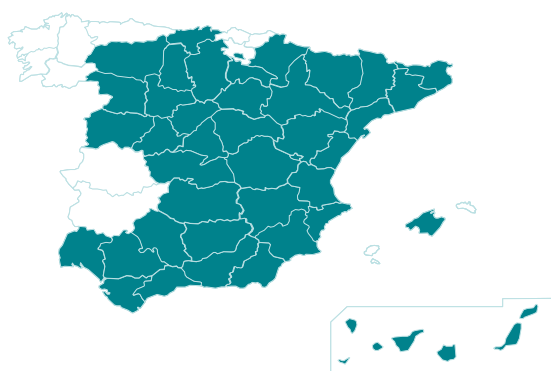
The financial information contained in this document has been prepared under new Spanish GAAP. This financial information is unaudited and, therefore, is subject to potential future modifications.

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

2. OVERVIEW OF GRUPO CORPORATIVO ONO

ONO is the leading alternative provider of telecommunications, broadband Internet and pay television services in Spain and the only cable operator with national coverage. ONO offers its direct access services to 1.9 million residential cable and 68,000 SME customers as of 31 March 2009, through its own state of the art networks which gives direct access to 7 million homes in franchises which cover the majority of Spain, including the nine largest cities. ONO is the principal competitor to the incumbent telecommunications and pay television operators in Spain. For the quarter ended 31 March 2009, ONO generated revenues of €388 million and EBITDA of €183 million.

Cable franchises



	<i>in thousands</i>
Homes in Spain (*)	17,545
Homes in ONO cable franchises (*)	14,741
<i>% of Homes in Spain</i>	84%
Homes released to marketing	6,969
<i>% of Cable franchises</i>	47%
Residential cable customers	1,845
<i>Cable penetration</i>	26%
SMEs customers	68

(*) Source: INE; main and secondary homes

Table 1: Capitalisation

<i>As of 31 March 2009</i>	Grupo Corporativo ONO			Cableuropa		
	€m	% of debt	Debt/ EBITDA	€m	% of debt	Debt/ EBITDA
Short-term debt	178	4.3%	0.24x	166	4.0%	0.23x
Senior facility	3,464	83.0%	4.74x	3,464	83.7%	4.69x
Participative loan	10	0.2%	0.01x	10	0.2%	0.01x
Senior subordinated notes	450	10.8%	0.62x	450	10.9%	0.61x
State subsidies and other	73	1.8%	0.10x	49	1.2%	0.07x
Long-term debt	3,997	95.7%	5.47x	3,973	96.0%	5.37x
Total debt	4,175			4,139		
Cash and cash equivalents	184			184		
Total net debt	3,991		5.45x	3,955		5.35x
EBITDA LQA	731			739		

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

2.1 Key operating and financial events

- Rosalía Portela appointed CEO of ONO

On 25 March 2009, the ONO Board of Directors proposed Rosalía Portela as the new Chief Executive Officer. The appointment was ratified at the Extraordinary Shareholders' Meeting held on 5 May 2009.

- Headcount reduction plan executed

The headcount reduction plan closed on 18 April 2009. A total of 845 employees were made redundant under this plan.

2.2 Financial highlights

Table 2: Financial highlights - GCO

Data in € million	Quarter ended		
	31-Mar-09	31-Mar-08	% change
Revenues	388	401	(3.2%)
Gross profit	298	300	(0.7%)
Gross margin	76.7%	74.8%	1.9 pp
EBITDA	183	166	10.4%
EBITDA margin	47.1%	41.3%	5.8 pp
Total net debt	3,991	3,815	4.6%
Capex	(51)	(104)	(50.9%)
Operating FCF	132	62	113.4%
Net profit	12	7	61.4%
Total Net debt / EBITDA (x)	5.45x	5.76x	(0.31x)

Table 3: Revenues split

Data in € million	Quarter ended		
	31-Mar-09	31-Mar-08	% change
Continuing businesses	360	361	(0.3%)
Residential direct access	296	300	(1.3%)
SMEs	18	18	(1.1%)
Business services	46	43	7.3%
Partial continuing businesses-	26	33	(22.4%)
Wholesale and other			
Discontinuing businesses-	3	6	(56.0%)
Indirect access			
Total revenues	388	401	(3.2%)

2.3 Operating highlights

Table 4: Operating highlights

Data in thousand, except if otherwise stated

	31-Mar-09	31-Dec-08	% change	31-Mar-08	% change
Customers:					
Cable	1,845	1,853	(0.5%)	1,878	(1.8%)
Other direct access	67	65	1.9%	66	0.4%
Residential direct access	1,912	1,919	(0.4%)	1,944	(1.7%)
Indirect access	55	64	(13.2%)	91	(39.4%)
SMEs	68	69	(1.7%)	69	(1.6%)
Other data – Residential Cable:					
Homes released to marketing	6,969	6,963	0.1%	6,850	1.7%
Penetration	26.5%	26.6%	(0.1 pp)	27.4%	(0.9 pp)
ARPU (€)	51.9	53.2	(2.4%)	52.0	(0.3%)
RGUs	3,958	3,960	(0.0%)	3,868	2.3%
RGUs per customer (#)	2.15	2.14	0.4%	2.06	4.2%
Gross churn	17.8%	20.9%	(3.1 pp)	19.3%	(1.5 pp)
Net churn (*)	15.7%	18.7%	(3.0 pp)	17.5%	(1.8 pp)
Residential cable services (RGUs):					
Telephony	1,646	1,638	0.5%	1,616	1.9%
as % of customers	89.2%	88.4%	0.8 pp	86.1%	3.2 pp
Internet	1,295	1,283	1.0%	1,241	4.4%
as % of customers	70.2%	69.2%	1.0 pp	66.1%	4.1 pp
Television	1,016	1,039	(2.2%)	1,011	0.5%
as % of customers	55.1%	56.1%	(1.0 pp)	53.8%	1.3 pp
Residential cable penetration per service:					
Telephony	23.6%	23.5%	0.1 pp	23.6%	0.0 pp
Internet	18.6%	18.4%	0.2 pp	18.1%	0.5 pp
Television	14.6%	14.9%	(0.3 pp)	14.8%	(0.2 pp)

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

Our residential direct access customer base decreased slightly by 0.4% in the quarter, reaching 1,912,000 as of 31 March 2009. This reduction was driven by a decrease in residential cable customers of 8,000. The reduction in customer numbers follows the decisions to reduce sales volume, introduce activation fees, credit scoring and other barriers to entry to ensure that new customers are profitable. At the same time, the challenging macroeconomic environment means that the levels of churn continue at high levels.

ARPU for residential cable services reached €51.9 in the first quarter of 2009, as compared to €52.0 in the same period of the previous year. In the quarter, the levels of fixed monthly fees remained stable following the decision to reduce dramatically the use of customer acquisition promotions. On the other hand, variable expenditure levels fell as customers reduced the amount of fixed to mobile telephony usage and also viewed fewer television programmes in pay-per-view and video-on-demand.

SME customers decreased by 1,000, from 69,000 customers at the end of March 2008 to 68,000 in the first quarter of 2009.

Indirect access customers decreased by 13.2% in the quarter, as expected, due to our focus on our direct access business.

3. GRUPO CORPORATIVO ONO

3.1 Condensed Consolidated Financial Statements

Table 5: Condensed Consolidated Balance Sheet

<i>Data in € million</i>	Notes	<u>31-Mar-09</u>	<u>31-Dec-08</u>	<u>31-Mar-08</u>
ASSETS				
Intangible assets, net	3.3.1	114	116	127
Tangible assets, net	3.3.2	4,496	4,541	4,572
Shareholdings in group companies		4	4	4
Financial assets		57	57	57
Tax credit and deferred tax	3.2.7	1,170	1,170	1,143
Non current assets		5,840	5,887	5,902
Inventories		20	23	28
Accounts receivable and other current assets		149	143	190
Short-term investments, net		8	8	11
Prepayments and accrued income		7	2	8
Cash and cash equivalents	3.3.3	184	342	2
Current assets		370	518	238
TOTAL ASSETS		6,210	6,405	6,141
LIABILITIES AND SHAREHOLDER'S EQUITY				
Common stock		1,643	1,643	1,641
Share premium reserve		368	368	368
Reserves		45	45	45
Prior years' losses		(904)	(878)	(878)
Own shares		(5)	(5)	-
Net profit/(loss) for the period		12	(26)	7
Shareholder's equity	Table 8	1,159	1,147	1,183
Hedge agreements		(64)	(49)	(5)
State subsidies		2	2	2
Minority interest		3	3	3
Net equity		1,100	1,103	1,183
Provisions for liabilities and charges		139	146	182
Senior facility		3,464	3,464	3,082
Participative loan		10	10	10
Senior subordinated notes		450	450	450
Other		70	75	78
Long-term debt	3.3.4	3,994	3,999	3,620
Hedge agreements		91	70	8
Other long-term liabilities	3.3.5	1	68	5
Other long-term liabilities		92	138	13
Deferred income		2	2	2
Non current liabilities		4,227	4,284	3,818
Provisions for liabilities and charges		45	87	46
Short-term debt with banks	3.3.4	178	197	192
Accrued interests		42	78	35
Other		86	90	140
Short-term payables		306	365	367
Accounts payable and other current liabilities		489	526	681
Accruals and deferred income		42	39	45
Current liabilities		883	1,017	1,140
TOTAL LIABILITIES AND NET EQUITY		6,210	6,405	6,141

Table 6: Condensed Consolidated Statements of Operations

Data in € million	Quarter ended		
	31-Mar-09	31-Mar-08	% change
Revenues	388	401	(3.2%)
Cost of services	(90)	(101)	(10.5%)
Net opex	(115)	(134)	(14.3%)
EBITDA	183	166	10.4%
Deprec. and amortisation	(98)	(92)	5.8%
Loss on fixed assets	(1)	-	na
EBIT / Operating profit	84	73	15.1%
Net financial expense	(66)	(62)	5.7%
EBT / Profit before tax	19	11	68.0%
Income tax credit	(6)	(3)	81.8%
Profit before minority interests	12	8	61.6%
Minority interests	(0)	(0)	74.7%
Net profit	12	7	61.4%

Table 7: Condensed Consolidated Cash Flow

Data in € million	Quarter ended		
	31-Mar-09	31-Mar-08	% change
EBITDA	183	166	10.4%
Capex	(51)	(104)	(50.9%)
OPERATING FREE CASH FLOW	132	62	113.4%
Change in working capital	(44)	(41)	8.3%
Other ⁽¹⁾	(51)	(17)	194.6%
FREE CASH FLOW (pre-interest)	36	4	907.2%
Paid interests, net	(98)	(100)	(2.0%)
FREE CASH FLOW AFTER DEBT SERVICE	(62)	(96)	(36.0%)
FINANCING ACTIVITIES			
Senior facility	-	157	(100.0%)
State subsidies	1	4	(64.0%)
Short-term credit lines	(20)	4	(586.1%)
Short-term investments	0	0	na
Financial assets	(0)	(0)	na
Other financing items	(6)	0	na
Deferred Auna acquisition payment	(71)	(71)	na
CASH FLOW FROM FINANCING ACTIVITIES	(96)	94	(202.1%)
NET CASH FLOW	(157)	(2)	na
CASH BEGINNING OF PERIOD	342	4	na
CASH END OF PERIOD	184	2	na

⁽¹⁾ Includes restructuring costs (Headcount Reduction Plan costs), commitments & contingencies and other one-off items

Table 8: Shareholder's equity

<i>Data in €million</i>	Common stock	Share premium reverse	Reserves	Own shares	Prior year losses	Net loss for the period	Hedge agreements	State subsidies	Minority interest	Total
Balance 31 December 2008	1,643	368	45	(5)	(878)	(26)	(49)	2	3	1,103
Previous year result distribution	-	-	-	-	(26)	26	-	-	-	-
Net loss for the year	-	-	-	-	-	12	-	-	-	12
Change in fair value	-	-	-	-	-	-	(15)	-	-	(15)
Transfer to financial income	-	-	-	-	-	-	-	(0)	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	-	0	0
Balance 31 March 2009	1,643	368	45	(5)	(904)	12	(64)	2	3	1,100

3.2 First quarter 2009 results of operations

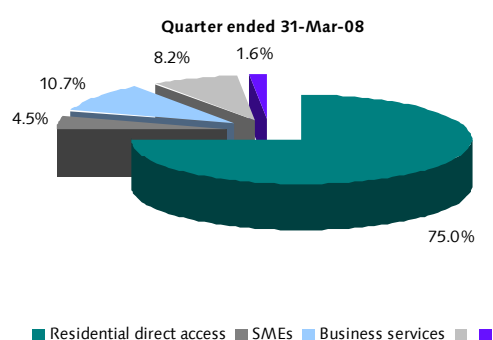
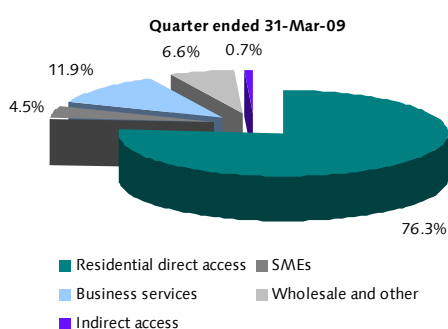
3.2.1. Revenues

ONO's revenues are derived from individual service offerings or a combination of telephony, Internet and pay television services provided to residential direct access customers, SMEs, business services (which comprise voice and data services and other value added services provided to large corporations and public entities), wholesale (which principally comprise carrier services, voice traffic services, leased and dedicated lines and ISP solutions, provided to other telecommunications operators and from the provision of intelligent network services) and other services (which principally comprise revenues obtained from third parties by our 100% subsidiary Teuve) 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 9: Revenue split

	Quarter ended		
	31-Mar-09	31-Mar-08	% change
<i>Data in € million</i>			
Continuing businesses	360	361	(0.3%)
Residential direct access	296	300	(1.3%)
SMEs	18	18	(1.1%)
Business services	46	43	7.3%
Partial continuing businesses- Wholesale and other	26	33	(22.4%)
Discontinuing businesses- Indirect access	3	6	(56.0%)
Total revenues	388	401	(3.2%)



Revenues decreased in Q1 2009 by 3.2% to €388 million from €401 million in Q1 2008 due to the 22.4% reduction in wholesale and other, mainly as a consequence of Orange's circuit migration out of ONO's network, and the 56% reduction in residential indirect access revenues, as this business discontinues its operations.

3.2.1.1 Continuing businesses

a) Residential direct access

- **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 10: Residential cable services

Data in thousand, except if otherwise stated

	<u>31-Mar-09</u>	<u>31-Dec-08</u>	<u>% change</u>	<u>31-Mar-08</u>	<u>% change</u>
Cable Services:					
HRTM	6,969	6,963	0.1%	6,850	1.7%
Customers	1,845	1,853	(0.5%)	1,878	(1.8%)
Penetration	26.5%	26.6%	(0.1 pp)	27.4%	(0.9 pp)
Gross churn	17.8%	20.9%	(3.1 pp)	19.3%	(1.5 pp)
Net churn	15.7%	18.7%	(3.0 pp)	17.5%	(1.8 pp)
ARPU (€)	51.9	53.2	(2.4%)	52.0	(0.3%)
Total RGUs	3,958	3,960	(0.0%)	3,868	2.3%
RGUs per customer (x)	2.15	2.14	0.4%	2.06	4.2%

Total cable customers decreased during the first quarter by approximately 8,000 customers or 0.5% to 1,845,000. The focus on bundled services and the success of a series of cross-sale campaigns pushed the RGUs per customer ratio to 2.15x as of 31 March 2009, from 2.14x as of 31 December 2008.

The negative net adds in the last quarter mainly correspond to the lower number of sales resulting from our new commercial policies that include a credit scoring and the substantial discontinuance of promotions for new customers. These entry barriers were implemented to avoid the acquisition of early churning customers and to maintain our profitability standards. The rapid deterioration in the Spanish economy also exerted a significant impact on our number of sales, thus contributing to our negative net adds in the quarter.

Churn decreased in the first quarter of 2009 to 17.8% from 20.9% at the end of 2008. Net churn, calculated as churn excluding customers moving from one ONO home to another ONO home reached 15.7% in the first quarter of 2009. The churn rate decreased as a consequence of early and base churn reductions. Early churn rate shows a significant higher decrease mainly due to the new quality acquisition policies (i.e. credit scoring) and lower sales in the first quarter of 2009.

- **Telephony**

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

Table 11: Telephony services

Data in thousand, except if otherwise stated

	31-Mar-09	31-Dec-08	% change	31-Mar-08	% change
Telephony services:					
Customers	1,646	1,638	0.5%	1,616	1.9%
Proportion of total customers	89.2%	88.4%	0.8 pp	86.1%	3.2 pp
Penetration	23.6%	23.5%	0.1 pp	23.6%	0.0 pp

Telephony customers increased by 8,000 or 0.5% in the first quarter of 2009, reaching 1,646,000 due to the effort in acquiring customers taking bundles with telephony and the lower churn experienced in customers taking this service.

Telephony continues to account for the largest portion of our RGUs, with 89.2% of our customers subscribing to this service.

- **Internet**

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

Table 12: Internet services

Data in thousand, except if otherwise stated

	31-Mar-09	31-Dec-08	% change	31-Mar-08	% change
Internet services:					
Customers	1,295	1,283	1.0%	1,241	4.4%
Proportion of total customers	70.2%	69.2%	1.0 pp	66.1%	4.1 pp
Penetration	18.6%	18.4%	0.2 pp	18.1%	0.5 pp

Internet customers increased by 12,000 or 1.0% in the first quarter, reaching 1,295,000. Internet customers as a proportion of total customers increased by 4.1 pp to 70.2% in the first quarter of 2009 from 66.1% in the same period of the previous year. Our residential Internet penetration increase to 18.6% in the first quarter of 2009 from 18.1% in the same quarter of the previous year.

- **Television**

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

Table 13: Television services

Data in thousand, except if otherwise stated

	31-Mar-09	31-Dec-08	% change	31-Mar-08	% change
Television services:					
Customers	1,016	1,039	(2.2%)	1,011	0.5%
Proportion of total customers	55.1%	56.1%	(1.0 pp)	53.8%	1.3 pp
Penetration	14.6%	14.9%	(0.3 pp)	14.8%	(0.2 pp)

Cable television customers decreased by 23,000 or 2.2% in the quarter, reaching 1,016,000 as of 31 March 2009.

Cable television customers as a proportion of total customers decreased by 1.0 pp in the last quarter to 55.1% as of 31 March 2009 and the penetration of cable television services over homes released to marketing decreased in the quarter by 0.3 pp to 14.6%.

During the first three months of 2009, the decrease in cable television customers is mainly due to the discontinued offer of this product on a standalone basis and increased focus on acquiring customers with a telephony and broadband bundles, which enjoy lower churn rates.

- **Other direct access**

Other direct access services include services offered through full unbundling of the local loop ("ULL"). These services provide us with revenues from monthly fees from telephony and broadband Internet services and usage charges from telephony services. Our ULL customers increased in the first quarter of 2009 by 1.9% versus fourth quarter of 2008. We consider our ULL operations, mainly focused in Madrid and Barcelona, as a complement to our core cable business.

Table 14: Other direct access services

Data in thousand, except if otherwise stated

	31-Mar-09	31-Dec-08	% change	31-Mar-08	% change
ULL Services:					
Customers	67	65	1.9%	66	0.4%
RGUs	114	111	2.5%	108	5.8%
RGUs per customer	1.71	1.70	0.6%	1.62	5.3%

b) SMEs services

Revenues from SMEs services are derived from fees paid by small and medium sized enterprises, for voice and data services, offered individually or as a bundle and incoming interconnection revenues of this segment.

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

Table 15: SMEs services

	Quarter ended		
	31-Mar-09	31-Mar-08	% change
SMEs customers (<i>thousands</i>)	68	69	(1.6%)
Revenues (<i>€million</i>)	18	18	(1.1%)

ONO's SMEs customers decreased slightly 1.6% reaching 68,000 customers. As of 31 March 2009, SMEs revenues remained flat at €18 million.

c) Business services

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

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

Table 16: Business services

<i>Data in €million</i>	Quarter ended		
	31-Mar-09	31-Mar-08	% change
Revenues	46	43	7.3%

Business revenues reached €46 million in the first quarter of 2009, an increase of 7.3% versus the same period of 2008.

3.2.1.2 Partial continuing businesses

Wholesale and other

Revenues from wholesale and other are derived from carrier services, voice traffic services, leased and dedicated lines and ISP solutions, provided to other telecommunications operators and from the provision of intelligent network services, as well as other revenues.

Table 17: Wholesale and other

Data in €million	Quarter ended		
	31-Mar-09	31-Mar-08	% change
Revenues	26	33	(22.4%)

Revenues from wholesale and other decreased by 22.4%, from €33 million for the first quarter of 2008 to €26 million for the first quarter of 2009. This reduction is mainly due to the migration of circuits away from ONO by Orange to its own networks. This loss of revenue is in line with our expectations and will continue in the future.

This caption also includes revenues from other services such as revenues obtained from third parties by our 100% affiliate Teuve (television content aggregator) and from our broadband mobile services offering ("BAM").

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 18: Cost of services and Gross Profit

Data in € million	Quarter ended		
	31-Mar-09	31-Mar-08	% change
Total revenues	388	401	(3.2%)
Cost of services	(90)	(101)	(10.5%)
Gross profit	298	300	(0.7%)
Gross margin	76.7%	74.8%	1.9 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 €11 million from the first quarter of 2008 to the same quarter of 2009. As a percentage of total revenues, our cost of services decreased to 23.3% for the three months ended 31 March 2009 from 25.2% for the three months ended 31 March 2008 and gross margin increased by 1.9 pp to 76.7% in the first quarter of 2009 versus 74.8% in the first quarter of 2008.

This reduction in direct costs is related to (i) our focus on higher margin revenue streams and to the change in revenue mix, increasing the weight of direct access revenues, (ii) interconnection due to less fixed to mobile traffic, and (iii) cable television programming agreements renegotiations.

3.2.3. Operating expenses

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

Table 19: Operating expenses

	Quarter ended		
	31-Mar-09	31-Mar-08	% change
<i>Data in € million</i>			
Gross opex	(130)	(155)	(15.9%)
Capitalised costs	15	21	(26.3%)
Net opex	(115)	(134)	(14.3%)
% of revenues	29.7%	33.5%	(3.87 pp)

Gross operating expenses consist principally of expenses related to wages and salaries and other operating expenses, including professional services, marketing and selling expenses, network operation and maintenance, information systems, administrative overhead and billing costs. Capitalised costs relate to, *inter alia*, direct labour costs associated with the development and construction of our network and the installations carried out at our customer premises.

Net opex decreased by 14.3% to reach €115 million in the first three months of 2009, as compared to €134 million in the first three months of 2008, following decisions to reduce sales activity, marketing expenditure and headcount.

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 20: Depreciation and amortisation

	Quarter ended		
	31-Mar-09	31-Mar-08	% change
<i>Data in € million</i>			
Depreciation and amortisation	(98)	(92)	5.8%

Depreciation and amortisation is related to the depreciation of our network, customer premise equipment and installation costs incurred in connection with the addition of new subscribers, and to the amortisation of intangible assets. The increase is mainly due to the additional capital expenditure carried out over the last twelve months, increasing the size of the amortisation of tangible and intangible assets.

3.2.5. Net financial expense

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

Table 21: Net financial expense

<i>Data in € million</i>	Quarter ended		
	31-Mar-09	31-Mar-08	% change
Net financial expense	(66)	(62)	5.7%

Our net financial expense is mainly comprised of interest expense from our financing agreements. Net financial expense increased in 2009 by 5.7% compared to the previous year due to the higher amount of debt drawn and the effect of our hedge agreements which impede us from fully benefiting from lower Euribor interest rates.

3.2.6. Income tax

In spite of the current macroeconomic environment, the Company considers that it will probably generate sufficient profit to offset those tax credits. Nonetheless, there are risks and uncertainties in the general economic environment and the financial markets that may adversely affect the Company's ability to generate enough profits to offset all of these tax credits in a timely manner. (For additional information on Risks Relating to our Financial Profile, see "Risk Factors" in the 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 22: Income tax

<i>Data in € million</i>	Quarter ended		
	31-Mar-09	31-Mar-08	% change
Income tax credit	(6)	(3)	81.8%

3.3 Notes to the Condensed Consolidated Balance Sheet

3.3.1. Intangible assets

Table 23: Intangible assets, net

<i>Data in €million</i>	<u>31-Dec-08</u>	<u>Additions</u>	<u>31-Mar-09</u>
Rights over fixed assets	66	-	66
Concessions	13	-	13
Computer software	138	3	141
Other intangible fixed assets	38	3	41
Total cost	254	6	260
Accumulated amortisation	(138)	(8)	(146)
Intangible assets, net	116	(2)	114

3.3.2. Tangible assets

Table 24: Tangible assets, net

<i>Data in €million</i>	<u>31-Dec-08</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>31-Mar-09</u>
Land and natural assets	21	-	-	-	21
Network and technical equipment	6,463	27	(0)	11	6,501
Computer hardware	201	0	-	0	201
Other tangible fixed assets	94	3	(1)	-	96
Advances and fixed assets under construction	80	15	(1)	(11)	84
Total cost	6,860	45	(2)	-	6,903
Accumulated amortisation	(2,248)	(89)	1	-	(2,337)
Provisions	(70)	-	-	-	(70)
Tangible assets, net	4,541	(44)	(1)	-	4,496

3.3.3. Cash and cash equivalents

Table 25: Cash and cash equivalents

<i>Data in €million</i>	<u>31-Mar-09</u>	<u>31-Dec-08</u>	<u>% change</u>
Cash	1	3	(46.3%)
Short-term investments (maturity less than 3 months)	183	339	(46.1%)
Cash and cash equivalents	184	342	(46.1%)

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

3.3.4. Debt and liquidity

Table 26: Debt and liquidity

As of 31 March 2009
Data in €million

Type of debt	Maximum available	Short term debt	Long term debt	Total debt	Availability
Debt with credit entities:					
Senior facility	3,500	36	3,464	3,500	-
Participative loan	10	-	10	10	-
Other credit facilities	174	127	37	164	10
Total debt with credit entities	3,684	163	3,511	3,674	10
Other debt:					
Senior subordinated notes	450	-	450	450	-
State subsidies	51	15	36	51	-
Total other debt	501	15	486	501	-
Total debt	4,185	178	3,997	4,175	10
Cash and cash equivalents				184	184
Total net debt				3,991	
EBITDA LQA				731	
Total net debt/EBITDA				5.45x	

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

Table 27: Debt by maturity

Data in € million

Type of debt	Maturity							Total
	2009	2010	2011	2012	2013	2014	Thereafter	
Debt with credit entities:								
Senior facility	36	414	590	960	1,500	-	-	3,500
Participative loan	-	-	-	-	-	10	-	10
Other credit facilities	52	102	3	7	1	0	0	164
Total debt with credit entities	88	516	593	967	1,501	10	0	3,674
Other debt:								
Senior subordinated notes	-	-	-	-	-	450	-	450
State subsidies and other	15	13	11	8	2	1	1	51
Total other debt	15	13	11	8	2	451	1	501
Total	103	529	604	975	1,503	461	1	4,175

The Company faces significant debt maturities in the coming years. These debt maturities are expected to be primarily funded by cash on hand (€184 million) and the generation of free cashflow.

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

In order to mitigate this risk, the Company has taken a series of decisions to optimise liquidity (discontinuation of network buildout, cost saving programme, etc), and position itself to take

advantage of any opportunities that arise to adjust its financing profile. For additional information on Risks Relating to our Financial Profile, see "Risk Factors" in the 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.

3.3.5. Other long-term liabilities

Table 28: Other long-term liabilities

<i>Data in €million</i>	<u>31-Mar-09</u>	<u>31-Dec-08</u>	<u>% change</u>
Deferred Auna acquisition payment	-	67	(100.0%)
Other	1	1	-
Other long-term liabilities	1	68	(98.6%)

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

<i>Data in € million</i>	<u>Quarter ended</u>		
	<u>31-Mar-09</u>	<u>31-Mar-08</u>	<u>% change</u>
Capital expenditures	(51)	(104)	(50.9%)

Capital expenditure decreased by 50.9% to €51 million in the first three months of 2009 from €104 million for the first three months of 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 quarter relates to the decrease in accounts payable as a consequence of the decreased capital expenditures experienced in the last several quarters. The working capital variation excludes the effect of the classification of the deferred Auna acquisition payment to short-term and the reclassification of amounts between accounts payables or receivables to other lines within the balance sheet.

4. ONO MIDCO

Table 30: Condensed Consolidated Balance Sheet (ONO Midco)

<i>Data in € million</i>	<u>31-Mar-09</u>	<u>31-Dec-08</u>	<u>31-Mar-08</u>
ASSETS			
Intangible assets, net	114	116	127
Tangible assets, net	4,496	4,541	4,572
Shareholdings in group companies	5	5	5
Financial assets	4	4	2
Tax credit and deferred tax	1,186	1,187	1,161
Non current assets	5,804	5,852	5,867
Inventories	20	23	28
Accounts receivable and other current assets	151	143	203
Short-term investments, net	8	8	14
Prepayments and accrued income	7	2	8
Cash and cash equivalents	184	342	2
Current assets	371	518	255
TOTAL ASSETS	6,175	6,370	6,122
LIABILITIES AND SHAREHOLDER'S EQUITY			
Common stock	263	263	263
Share premium reserve	24	24	24
Reserves	126	126	126
Prior years' losses	(244)	(221)	(221)
Net profit/(loss) for the period	12	(22)	8
Shareholder's equity	181	169	199
Hedge agreements	(64)	(49)	(5)
State subsidies	2	2	2
Minority interest	7	7	6
Participative loan	955	955	955
Net equity	1,081	1,084	1,157
Provisions for liabilities and charges	139	146	182
Senior facility	3,451	3,450	3,066
Participative loan	10	10	10
Senior subordinated notes	450	450	450
Other	46	51	52
Long-term debt	3,957	3,961	3,578
Hedge agreements	91	70	8
Other long-term liabilities	1	68	34
Other long-term liabilities	92	138	41
Deferred income	2	2	2
Non current liabilities	4,190	4,246	3,804
Provisions for liabilities and charges	39	77	46
Short-term debt with banks	166	185	180
Accrued interests	42	77	35
Other	115	118	140
Short-term payables	323	381	356
Accounts payable and other current liabilities	500	542	713
Accruals and deferred income	42	39	45
Current liabilities	904	1,039	1,161
TOTAL LIABILITIES AND NET EQUITY	6,175	6,370	6,122

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

Data in € million	Quarter ended		
	31-Mar-09	31-Mar-08	% change
Revenues	388	401	(3.2%)
Cost of services	(90)	(101)	(10.5%)
Net opex	(113)	(133)	(14.8%)
EBITDA	185	167	10.5%
Restructuring costs and other extraordinary costs	-	-	na
Deprec. and amortis.	(98)	(92)	5.8%
Reversal of provisions	-	-	na
Loss on fixed assets	(1)	(0)	4477.8%
EBIT / Operating profit	86	75	15.2%
Net financial expense	(67)	(63)	5.9%
EBT / Profit before tax	20	12	65.2%
Income tax credit	(7)	(4)	88.8%
Profit before minority interests	13	8	54.6%
Minority interests	(0)	(0)	(32.1%)
Net profit	12	8	58.8%

Table 32: Condensed Consolidated Cash Flow (ONO Midco)

Data in € million	Quarter ended		
	31-Mar-09	31-Mar-08	% change
EBITDA	185	167	10.5%
Capex	(51)	(104)	(50.9%)
OPERATING FREE CASH FLOW	134	63	111.0%
Change in working capital	(50)	(42)	20.1%
Other ⁽¹⁾	(48)	(17)	172.3%
FREE CASH FLOW (pre-interest)	36	4	779.8%
Paid interests, net	(98)	(99)	(1.9%)
FREE CASH FLOW AFTER DEBT SERVICE	(62)	(95)	(35.4%)
FINANCING ACTIVITIES			
Senior facility	(0)	157	(100.0%)
Subordinated and participative loans	-	-	na
Senior subordinated notes	-	-	na
State subsidies	1	4	(64.1%)
Short-term credit lines	(20)	7	(380.0%)
Short-term investments	0	(4)	(100.1%)
Financial assets	(0)	(0)	(80.4%)
Other financing items	(6)	0	na
Deferred Auna acquisition payment	(71)	(71)	na
CASH FLOW FROM FINANCING ACTIVITIES	(96)	93	(203.1%)
NET CASH FLOW	(157)	(2)	na
CASH BEGINNING OF PERIOD	342	4	na
CASH END OF PERIOD	184	2	na

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

Table 33: Shareholder's equity (ONO Midco)

<i>Data in €million</i>	Common stock	Share premium reverse	Reserves	Prior year losses	Net loss for the period	Hedge agreements	State subsidies	Minority interest	Participative loan	Total
Balance 31 December 2008	263	24	126	(221)	(22)	(49)	2	7	955	1,084
Previous year result	-	-	-	(22)	22	-	-	-	-	-
distribution	-	-	-	-	-	-	-	-	-	-
Net loss for the year	-	-	-	-	12	-	-	-	-	12
Change in fair value	-	-	-	-	-	(15)	-	-	-	(15)
Transfer to financial income	-	-	-	-	-	-	(0)	-	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	0	-	0
Balance 31 March 2009	263	24	126	(244)	12	(64)	2	7	955	1,081

In this section, we are reporting the first quarter of 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-Mar-09</u>	<u>31-Dec-08</u>	<u>31-Mar-08</u>
ASSETS			
Intangible assets, net	114	116	127
Tangible assets, net	4,496	4,541	4,572
Shareholdings in group companies	5	5	5
Financial assets	4	4	2
Tax credit and deferred tax	1,186	1,187	1,161
Non current assets	5,804	5,852	5,867
Inventories	20	23	28
Accounts receivable and other current assets	151	143	203
Short-term investments, net	8	8	14
Prepayments and accrued income	7	2	8
Cash and cash equivalents	184	342	2
Current assets	371	518	255
TOTAL ASSETS	6,175	6,370	6,122
LIABILITIES AND SHAREHOLDER'S EQUITY			
Common stock	263	263	263
Share premium reserve	1,637	1,637	1,637
Reserves	807	807	807
Own shares	-	-	-
Prior years' losses	(2,539)	(2,516)	(2,516)
Net profit/(loss) for the period	12	(23)	8
Shareholder's equity	181	169	199
Hedge agreements	(64)	(49)	(5)
State subsidies	2	2	2
Minority interest	7	7	6
Participative loan	955	955	955
Net equity	1,082	1,084	1,157
Provisions for liabilities and charges	139	146	182
Senior facility	3,451	3,450	3,066
Participative loan	10	10	10
Senior subordinated notes	450	450	450
Other	46	51	52
Long-term debt	3,957	3,961	3,578
Hedge agreements	91	70	8
Other long-term liabilities	1	68	34
Other long-term liabilities	92	138	41
Deferred income	2	2	2
Non current liabilities	4,190	4,246	3,804
Provisions for liabilities and charges	39	77	46
Short-term debt with banks	166	185	180
Accrued interests	42	77	35
Other	115	118	140
Short-term payables	323	381	356
Accounts payable and other current liabilities	499	542	713
Accruals and deferred income	42	39	45
Current liabilities	903	1,039	1,161
TOTAL LIABILITIES AND NET EQUITY	6,175	6,370	6,122

Table 35: Condensed Consolidated Statement of Operations (Cableuropa)

Data in € million	Quarter ended		
	31-Mar-09	31-Mar-08	% change
Revenues	388	401	(3.2%)
Cost of services	(90)	(101)	(10.5%)
Net opex	(113)	(133)	(14.8%)
EBITDA	185	167	10.6%
Restructuring costs and other extraordinary costs	-	-	na
Deprec. and amortis.	(98)	(92)	5.8%
Reversal of provisions	-	-	na
Loss on fixed assets	(1)	-	na
EBIT / Operating profit	86	75	15.3%
Net financial expense	(67)	(63)	5.9%
EBT / Profit before tax	19	12	66.3%
Income tax credit	(7)	(4)	88.7%
Profit before minority interests	13	8	56.1%
Minority interests	(0)	(0)	(32.1%)
Net profit	12	8	60.4%

Table 36: Condensed Consolidated Cash Flow (Cableuropa)

Data in € million	Quarter ended		
	31-Mar-09	31-Mar-08	% change
EBITDA	185	167	10.6%
Capex	(51)	(104)	(50.9%)
OPERATING FREE CASH FLOW	134	63	111.4%
Change in working capital	(50)	(42)	20.5%
Other ⁽¹⁾	(48)	(17)	172.3%
FREE CASH FLOW (pre-interest)	36	4	779.8%
Paid interests, net	(98)	(99)	(1.9%)
FREE CASH FLOW AFTER DEBT SERVICE	(62)	(95)	(35.4%)
FINANCING ACTIVITIES			
Senior facility	(0)	157	(100.0%)
Subordinated and participative loans	-	-	na
Senior subordinated notes	-	-	na
State subsidies	1	4	(64.1%)
Short-term credit lines	(20)	7	(380.0%)
Short-term investments	0	(4)	(100.1%)
Financial assets	(0)	(0)	(80.4%)
Other financing items	(6)	0	na
Deferred Auna acquisition payment	(71)	(71)	(0.0%)
CASH FLOW FROM FINANCING ACTIVITIES	(96)	93	(203.1%)
NET CASH FLOW	(157)	(2)	na
CASH BEGINNING OF PERIOD	342	4	na
CASH END OF PERIOD	184	2	na

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

Table 37: Shareholder's equity (Cableuropa)

<i>Data in €million</i>	Common stock	Share premium reverse	Reserves	Prior year losses	Net loss for the period	Hedge agreements	State subsidies	Minority interest	Participative loan	Total
Balance 31 December 2008	263	1,637	807	(2,516)	(23)	(49)	2	7	955	1,084
Previous year result distribution	-	-	-	(23)	23	-	-	-	-	-
Net loss for the year	-	-	-	-	12	-	-	-	-	12
Change in fair value	-	-	-	-	-	(15)	-	-	-	(15)
Transfer to financial income	-	-	-	-	-	-	(0)	-	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	0	-	0
Balance 31 March 2009	263	1,637	807	(2,539)	12	(64)	2	7	955	1,082

5.2 Debt and liquidity

Table 38: Debt and Liquidity (Cableuropa)

As of 31 March 2009 Data in €million		Maximum available	Short-term debt	Long-term debt	Total debt	Availability
Type of debt						
Debt with credit entities:						
Senior facility		3,500	36	3,464	3,500	0
Participative loan		10	-	10	10	-
Other credit facilities		138	115	13	128	10
Total debt with credit entities		3,648	151	3,487	3,638	10
Other debt:						
Senior subordinated notes		450	-	450	450	-
State subsidies and other		51	15	36	51	-
Total other debt		501	15	486	501	-
Total debt		4,149	166	3,973	4,139	10
Cash and cash equivalents					184	184
Total net debt					3,955	
EBITDA LQA					739	
Total net debt/EBITDA					5.35x	

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 March 2009 Data in €million	Maturity							Total
	2009	2010	2011	2012	2013	2014	Thereafter	
Type of debt								
Debt with credit entities:								
Senior facility	36	414	590	960	1,500	-	-	3,500
Participative loan	-	-	-	-	-	10	-	10
Other credit facilities	52	66	3	7	1	0	0	128
Total debt with credit entities	88	480	593	967	1,501	10	0	3,638
Other debt:								
Senior subordinated notes	-	-	-	-	-	450	-	450
State subsidies	15	13	11	8	2	1	1	51
Total other debt	15	13	11	8	2	451	1	501
Total	103	493	604	975	1,503	461	1	4,139

In this section, we are reporting the first quarter of 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.

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 March 2009 we had long-term variable interest rate debt outstanding of €3,510 million and exposure to risk due to fluctuations of interest rates.

We have contracted a series of interest rate swaps to fix EURIBOR applicable to our financial debt. To date, we have covered €2,565 million, 73% of the total drawn amount under the aforementioned facilities, hedging our exposure up to July 2010 for €2,065 million and up to January 2011 for €500 million. Moreover, in January 2008 we executed a basis swap on €2,382 million up to January 2009.

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

Table 40: Variable interest long-term debt

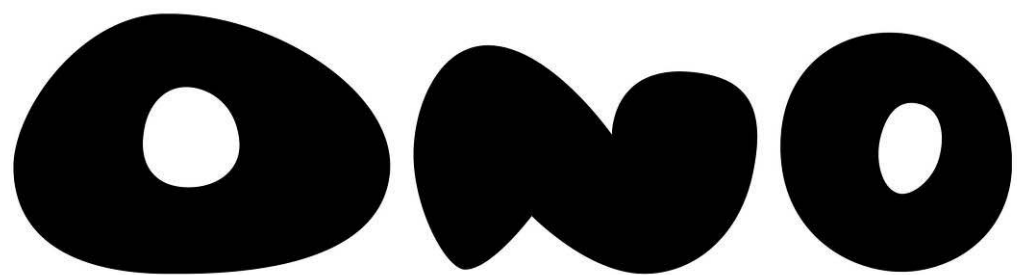
Data in €million	Expected maturity date						Total
	2009	2010	2011	2012	2013	2014	
Senior bank facility (Euribor+1.75%-2.25%)	36	414	590	960	1,500	-	3,500
Participative loan (Euribor+2.75%)	-	-	-	-	-	10	10
Total	36	414	590	960	1,500	10	3,510

7. DISCLAIMER

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

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

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



FURTHER INFORMATION

Investor Relations

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