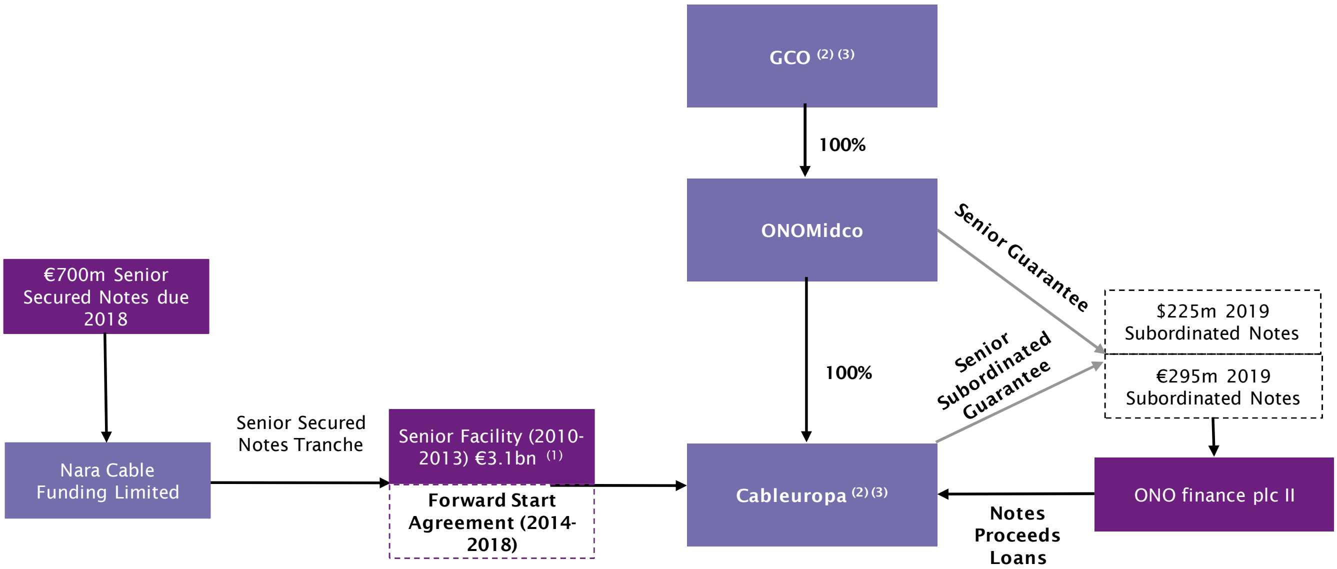
First quarter 2011 results

5 May 2011

CONTENT

1. REPORTING STRUCTURE

Current simplified financing structure



Notes:
(1) Shows amount drawn under the Senior Bank Facility as of 31 March 2011; Total commitments of €3.5bn.
(2) Other credit facilities and State subsidies of €3 million and €21 million respectively.
(3) Cash and cash equivalents of €81 million.

We are reporting consolidated results of Grupo Corporativo ONO, S.A. ("GCO") and its subsidiaries for the quarter ended 31 March 2011.

The financial information included in this document has been prepared under Spanish GAAP. This financial information is unaudited and, therefore, 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. In addition, the term "pp" means percentage points when describing the change in a percentage between two periods.

2. OVERVIEW OF GRUPO CORPORATIVO ONO

ONO is the second largest provider of broadband Internet, pay television and fixed telephony services and a leading triple play operator in Spain. Through our proprietary state-of-the-art network, we offer our services to over 7 million homes across Spain, including the nine largest cities. ONO is the only fibre operator in Spain with national coverage. As of 31 March 2011, we provided around 4.4 million services under the ONO brand to 1.9 million residential (fibre and ADSL) customers and more than 74,000 SMEs. We also offer products and services to large corporations and public sector entities as well as to the wholesale market. We are the principal competitor to the incumbent telecommunications and pay television operators in Spain. For the quarter ended 31 March 2011, we generated revenues of €364 million and EBITDA of €179 million with an EBITDA margin of 49.1%.

Residential	*in thousands*
Homes in Spain (*)	17,545
Homes in areas covered by ONO's fibre network	14,741
% of Homes in Spain	*84%*
Homes released to marketing	7,033
% of Homes in areas covered by ONO's fibre	*48%*
Residential Fibre customers	1,822
Fibre penetration	*26%*
Residential ADSL customers	91
Total residential customers	1,913

Business	*in thousands*
SME customers	74

(*) Source: INE; main and secondary homes

Table 1: Capitalisation

As of 31 March 2011 *Data in million*	Grupo Corporativo ONO			Cableuropa		
	€m	**% of debt**	**Debt/ EBITDA**	**€m**	**% of debt**	**Debt/ EBITDA**
Short-term debt with banks [1]	61	1.7%	0.08x	61	1.7%	0.08x
Senior Facility	2,387	66.0%	3.28x	2,387	66.0%	3.29x
Senior Secured Notes	700	19.4%	0.96x	700	19.4%	0.96x
Senior Subordinated Notes	453	12.5%	0.62x	453	12.5%	0.62x
State subsidies and other	13	0.4%	0.02x	13	0.4%	0.02x
Long-term debt	3,554	98.3%	4.88x	3,554	98.3%	4.90x
Total debt	**3,615**			**3,615**		
Cash and cash equivalents	**81**			**81**		
Total net debt	**3,533**		**4.85x**	**3,533**		**4.87x**
EBITDA LTM	**728**			**726**		

Note: The difference between these amounts and the commercial value of the securities corresponds to the amortised capitalised costs of their issue.
[1] Includes €49 million of indebtedness under the Senior Facility maturing in December 2011.

Note: To avoid any double counting, the caption Senior Facility excludes bank guarantees drawn under Tranche S to counterguarantee debt reported under the caption "State subsidies and other" and "Short-term debt.The figures above do not include the shareholders' loan.

2.1 Key operating events in the quarter

- **Success of our high-speed Internet proposition – over 204,000 customers subscribing to 30 or 50Mbps Internet packages**

We officially launched the 50 Mbps Internet offering across our areas of operation in late August 2010. As of March 2011 over 204,000 customers subscribed to our high-speed Internet packages (either 30 or 50Mbps) which represents almost 15% of our broadband customer base.

We believe this represents an excellent commercial result for our high-speed Internet proposition as in only seven months we have managed to upgrade or to acquire over 204,000 customers, 78,000 in the last quarter, despite the adverse macroeconomic environment.

Additionally, we have continued the deployment of DOCSIS 3.0 technology across our network and currently we have the capacity to deliver high-speed Internet of up to 50 Mbps to 6 million homes within our network coverage areas, representing over 85% of our potential fibre customer base.

In October 2010, we also launched a pilot program offering 100 Mbps download speed in certain areas. We expect to make further progress in the future in this area.

2.2 Key financial events

- **Successful completion of €461 million (equivalent) Notes issuance**

On 28 January 2011, we announced the successful completion of the issuance of €461 million (equivalent) Senior Subordinated Notes due 2019 (comprising €295 million aggregate principal amount of 11.125% Senior Notes and US$225 million aggregate principal amount of 10.875% Senior Notes).

The Notes were issued by ONO Finance II plc, and are guaranteed on a senior basis by ONO Midco, S.A.U., and on a senior subordinated basis by Cableuropa, S.A.U., both members of the ONO Group.

We have used the gross proceeds of the offering to prepay existing subordinated debt and the issuance has, therefore, not resulted in an increase of our leverage, but a refinancing.

Rating agencies, Fitch, Moody's and Standard & Poor's, have assigned the Senior Subordinated Notes ratings of CCC, Caa2 and CCC, respectively. Standard & Poor's has subsequently upgraded its rating of the Notes to CCC+ once the transaction was closed.

The €461 million (equivalent) Senior Subordinated Notes issuance is a further step in our refinancing roadmap that intends to address our current debt maturities and diversify our funding sources.

- **S&P's upgrades the rating of Cableuropa to B (Stable outlook) from B-**

On 2 February 2011, Standard & Poor's Ratings Services raised its long term corporate credit rating on Cableuropa, S.A.U. to 'B' from 'B-'.

At the same time, S&P's raised to 'B' from 'B-' the rating on the Senior Secured Notes which were issued by the special-purpose vehicle (SPV) Nara Cable Funding Ltd in October 2010. As mentioned above, rating on the Senior Subordinated Notes issued by ONO Finance II PLC was raised to 'CCC+' from 'CCC'.

2.3 Financial highlights

Table 2: Financial highlights - GCO

Data in € million, except %	Quarter ended 31-Mar-11	31-Mar-10	change
Revenues	364	372	(2.2%)
Gross profit	288	289	(0.5%)
Gross margin	79.0%	77.6%	1.3 pp
EBITDA	179	176	1.9%
EBITDA margin	49.1%	47.1%	2.0 pp
Total net debt	**3,533**	**3,870**	**(8.7%)**
Capex	(72)	(62)	16.1%
Operating FCF	107	113	(5.8%)
Net profit	9	17	(45.1%)
Total Net debt / EBITDA LTM	**4.85x**	**5.35x**	**(0.50x)**

Table 3: Revenues split

Data in € million	Quarter ended 31-Mar-11	31-Mar-10	% change
Residential	**288**	**291**	**(1.1%)**
Residential Fibre	278	282	(1.4%)
Residential ADSL	10	9	9.6%
Business	**75**	**76**	**(2.2%)**
SMEs	19	18	3.9%
Large Accounts and Corporations	33	37	(11.6%)
Wholesale and other	23	21	8.9%
Indirect access	**2**	**2**	(2.5%)
Revenue from disposed assets (Teuve) (1)	**-**	**3**	**na**
Total revenues	**364**	**372**	**(2.2%)**

For certain definitions, see section 7 of this document.

(1) On 9 April 2010, the disposal of Factoría de Canales ("Teuve") was completed.

2.4 Operating highlights

Table 4: Operating highlights

Data in thousands, except if otherwise stated	31-Mar-11	31-Dec-10	change	31-Mar-10	change
RGUs:					
Fibre RGUs	4,072	4,019	1.3%	3,987	2.1%
ADSL RGUs	169	162	4.6%	145	16.3%
Residential RGUs	4,241	4,181	1.4%	4,132	2.6%
SME RGUs	141	132	7.1%	118	19.4%
Customers:					
Residential Fibre	1,822	1,811	0.7%	1,824	(0.1%)
Residential ADSL	91	88	3.7%	80	13.2%
Total Residential	1,913	1,898	0.8%	1,904	0.5%
SMEs	74	72	3.6%	67	10.4%
Indirect access	24	27	(11.7%)	36	(33.1%)
Other data – Residential Fibre:					
Homes released to marketing	7,033	7,030	0.0%	7,012	0.3%
Penetration	25.9%	25.8%	0.2 pp	26.0%	(0.1 pp)
ARPU (€)	51.0	51.5	(1.0%)	51.5	(1.0%)
RGUs	4,072	4,019	1.3%	3,987	2.1%
RGUs per customer	2.23x	2.22x	0.01x	2.19x	0.05x
Net churn (*)	14.8%	15.5%	(0.7pp)	14.2%	0.7 pp
Residential Fibre services (RGUs):					
Telephony	1,708	1,686	1.3%	1,675	2.0%
as % of customers	*93.7%*	*93.1%*	0.6 pp	*91.8%*	1.9 pp
Internet	1,406	1,380	1.9%	1,343	4.7%
as % of customers	*77.2%*	*76.2%*	1.0 pp	*73.6%*	3.5 pp
Television	959	953	0.5%	970	(1.2%)
as % of customers	*52.6%*	*52.7%*	(0.1 pp)	*53.2%*	(0.6 pp)
Residential Fibre penetration per service:					
Telephony	24.3%	24.0%	0.3 pp	23.9%	0.4 pp
Internet	20.0%	19.6%	0.4 pp	19.1%	0.8 pp
Television	13.6%	13.6%	0.1 pp	13.8%	(0.2 pp)

For certain definitions, see section 7 of this document.

Total residential services increased by 60,000 in the first quarter and almost 109,000 in the last twelve months, to surpass 4.2 million as of 31 March 2011. During the last twelve months, and despite the challenging macroeconomic environment, we have also managed to increase our customer base and as of 31 March 2011 we had more than 1.9 million residential customers.

Our focus on providing bundled services and the continuous upsale and cross sale campaigns to our customer base have enabled us to increase our residential fibre RGUs per customer ratio to 2.23x, an increase of 0.01x compared to the previous quarter and of 0.05x if compared to the same period of 2010. As of 31 March 2011, almost 84% of our residential fibre customers subscribed to a bundled package and over 39.5% subscribed to a triple play bundle, the highest ratio ever.

In the last quarter, we have managed to reduce our residential fibre net churn by 0.7 pp to 14.8%. Net churn is stabilising in the 14%-15% range, a level achieved as a consequence of the implementation of a series of iniciatives such as the development of better products, improved customer care and customer segmentation tools and tactical promotions.

ARPU for residential fibre reached €51.0 in the quarter. We believe that the monthly fee of our ARPU continued to perform well mainly as a consequence of the success of the bundling strategy and the upsale and upgrade campaigns. The variable component of our ARPU continued to perform poorly as a consequence of the decrease in overall consumption of Spanish households. In this sense there has been a shift in the consumption patterns and customers continued to substitute fixed-to-mobile calls by fixed–to-fixed and watched fewer pay-per-view television events. Having 85% of the ARPU coming from the monthly fee has proven to be useful in the current environment in which consumption based products are heavily affected and the market dynamics in acquisition and retention promotions are playing a role.

Total SME services increased by approximately 9,000 in the first quarter of 2011 and approximately 23,000 in the last twelve months, to reach approximately 141,000 as of 31 March 2011. Our SME customer base performed well and we were able to add approximately 3,000 customers in the first quarter and approximately 7,000 in the last twelve months despite the challenging macroeconomic environment we have operated in.

3. GRUPO CORPORATIVO ONO

3.1 Condensed Consolidated Financial Statements

Table 6: Condensed Consolidated Balance Sheet

Data in € million	Notes	31-Mar-11	31-Dec-10	31-Mar-10
ASSETS				
Intangible assets, net	3.3.1	109	107	110
Tangible assets, net	3.3.2	4,175	4,200	4,306
Shareholdings in group companies		-	-	3
Financial assets		9	5	7
Tax credit and deferred tax	3.2.6	1,079	1,084	1,124
Non current assets		**5,371**	**5,396**	**5,551**
Non current assets held for sale		-	15	18
Inventories		2	2	2
Accounts receivable and other current assets		113	117	145
Short-term investments, net		4	4	17
Prepayments and accrued income		7	2	14
Cash and cash equivalents		81	59	168
Current assets		**206**	**199**	**364**
TOTAL ASSETS		**5,578**	**5,594**	**5,915**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Common stock		1,649	1,649	1,646
Share premium reserve		363	363	368
Reserves		39	39	45
Prior year losses		(804)	(851)	(854)
Own shares		(28)	(28)	(12)
Net profit for the period		9	47	17
Shareholders' equity	Table 9	1,228	1,218	1,211
Hedge agreements		(1)	(1)	(26)
State subsidies		1	1	1
Minority interest		4	4	4
Net equity		**1,231**	**1,222**	**1,190**
Provisions for liabilities and charges		79	87	112
Senior facility		2,370	2,398	3,050
Senior Secured Notes [(1)]		682	683	-
Participative loan		-	10	10
Senior subordinated notes [(1)]		440	450	450
Other		13	13	28
Long- term debt	3.3.3	3,505	3,555	3,538
Hedge agreements		2	-	-
Other long-term liabilities		1	1	1
Other long-term liabilities		3	1	1
Loan [(1)]		124	124	-
Accrued interests		34	25	-
Shareholder´s Loan		158	149	-
Deferred income		0	0	0
Non current liabilities		**3,746**	**3,791**	**3,652**
Provisions for liabilities and charges		32	32	36
Short-term debt with banks	3.3.3	61	61	498
Accrued interests		37	25	31
Hedge agreement		-	2	36
Other		0	2	10
Short-term payables		98	89	575
Accounts payable and other current liabilities		360	360	410
Accruals and deferred income		111	101	52
Current liabilities		**601**	**581**	**1,073**
TOTAL LIABILITIES AND NET EQUITY		**5,578**	**5,594**	**5,915**

[(1)] The difference between these amounts and the commercial value of the securities corresponds to the amortised capitalised costs of their issue.

Table 7: Condensed Consolidated Statements of Operations

Data in € million	Quarter ended		
	31-Mar-11	**31-Mar-10**	**% change**
Revenues	364	372	(2.2%)
Cost of services	(77)	(83)	(8.0%)
Net opex	(109)	(113)	(4.2%)
EBITDA	**179**	**176**	**1.9%**
Deprec. and amortis.	(95)	(98)	(2.4%)
Other expenses	(0)	-	na
Impairment and gains or losses on disposal of fixed assets	0	3	(84.9%)
EBIT / Operating profit	**84**	**81**	**3.4%**
Net financial expense	(70)	(57)	22.2%
EBT / Profit before tax	**14**	**24**	**(40.6%)**
Income tax	(5)	(7)	(31.1%)
Profit before minority interests	**9**	**17**	**(44.7%)**
Minority interests	(0)	(0)	4.9%
Net profit	**9**	**17**	**(45.1%)**

Table 8: Condensed Consolidated Cash Flow

Data in € million	Quarter ended		
	31-Mar-11	**31-Mar-10**	**% change**
EBITDA	**179**	**176**	**1.9%**
Capex	(72)	(62)	16.1%
OPERATING FREE CASH FLOW	**107**	**113**	**(5.8%)**
Change in working capital	13	(2)	na
Other [(1)]	7	(9)	na
FREE CASH FLOW (pre-interest)	**128**	**103**	**24.1%**
Paid interests, net	(69)	(80)	(13.6%)
FREE CASH FLOW AFTER DEBT SERVICE	**58**	**23**	**157.2%**
FINANCING ACTIVITIES			
Senior facility	(30)	-	
Senior subordinated notes	11	-	
Participative Loan (Ico)	(10)	-	
State subsidies	-	1	
Credit lines	(1)	(23)	
Short-term investments	(0)	14	
Financial assets	(4)	(0)	
Other financing items	(2)	(12)	
Deferred Auna acquisition payment	-	(71)	
CASH FLOW FROM FINANCING ACTIVITIES	**(37)**	**(92)**	
NET CASH FLOW	**22**	**(69)**	
CASH BEGINNING OF PERIOD	59	238	
CASH END OF PERIOD	**81**	**168**	

For certain definitions, see section 7 of this document.
[(1)] *Includes commitments & contingencies and other one-off items.*

Table 9: 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
Balance 31 December 2010	**1,649**	**363**	**39**	**(28)**	**(851)**	**47**	**(1)**	**1**	**4**	**1,222**
Previous year result distribution	-	-	-	-	47	(47)	-	-	-	-
Net loss for the year	-	-	-	-	-	9	-	-	-	9
Change in fair value	-	-	-	-	-	-	(0)	-	-	(0)
Transfer to financial income	-	-	-	-	-	-	-	(0)	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	-	0	0
Balance 31 March 2011	**1,649**	**363**	**39**	**(28)**	**(804)**	**9**	**(1)**	**1**	**4**	**1,231**

3.2 First quarter 2011 results of operations

3.2.1. Revenues

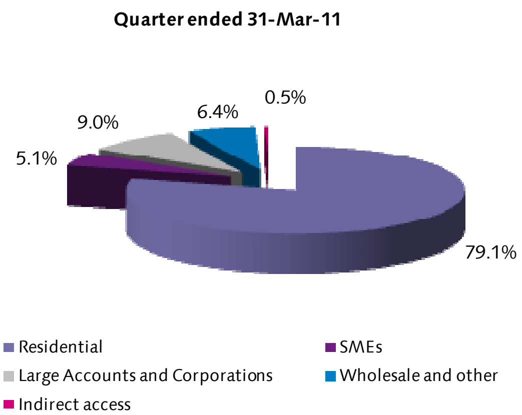
Our revenues are derived primarily from (i) residential services, which involve providing our customers with a combination of Internet, pay television and telephony services, either through our fibre network or through ADSL; and (ii) business services, which involve providing SMEs, large corporations and public entities with voice and data services, as well as other value-added services, and providing other telecommunications operators with wholesale access to our excess capacity and certain other products and services, such as carrier services, voice traffic services, leased and dedicated lines and Internet-service provider solutions.

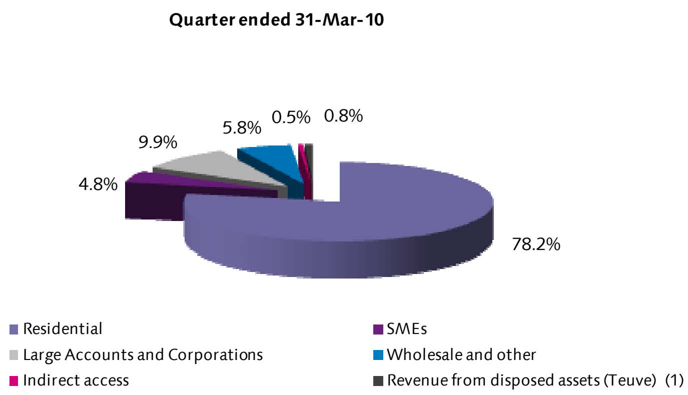
The following table sets forth ONO's revenue split and the percentage change from period to period for each of the periods indicated:

Table 10: Revenue split

Data in € million	Quarter ended				
	31-Mar-11	31-Dec-10	% change	31-Mar-10	% change
Residential	**288**	**290**	**(0.6%)**	**291**	**(1.1%)**
Residential Fibre	278	280	(0.6%)	282	(1.4%)
Residential ADSL	10	10	0.8%	9	9.6%
Business	**75**	**76**	**(2.5%)**	**76**	**(2.2%)**
SMEs	19	18	2.9%	18	3.9%
Large Accounts and Corporations	33	34	(5.3%)	37	(11.6%)
Wholesale and other	23	24	(2.4%)	21	8.9%
Indirect access	**2**	**2**	-	**2**	(2.5%)
Revenue from disposed assets (Teuve) [(1)]	-	-	**na**	**3**	**na**
Total revenues	**364**	**369**	**(1.1%)**	**372**	**(2.2%)**

[(1)] *On 9 April 2010, the disposal of Factoría de Canales ("Teuve") was completed.*





We recorded revenues of €364 million in the quarter, a decrease of 1.1% compared to the same quarter of the previos year, mainly as a result of the performance of our residential and large account and corporations segments.

Residential revenues, which represent 79% of our total revenues, amounted to €288 million in the quarter which represented decrease of 1.1% compared to the same quarter of the previos year. Our strategy of acquiring customers through a bundled offer has led to an overall increase in the number of services we provide to our residential customers. In addition, we have implemented a series of service upgrade campaigns (e.g. 50Mbps Internet packages) that have resulted in customers subscribing to higher Internet speeds and premium TV packages. These initiatives have resulted in an increase in net monthly fee revenues that have enabled us to offset the decrease in variable revenues derived from the lower number of minutes of fixed-to-mobile and fixed–to-international calls and the decrease in pay-per-view (PPV) and pay video-on-demand (VoD) events. Having 85% of the ARPU coming from the monthly fee has proven to be useful in the current environment in which consumption based products are heavily affected and the market dynamics in acquisition and retention promotions are playing a role.

Business revenues, which represent around 21% of our total revenues, amounted to €75 million in the quarter which represented a 2.2% decrease compared against the same quarter of the previos year. While our SMEs segment performed well, the economic downturn is leading to contracts renegotiations for large accounts & corporations and Telefonica, our principal competitor, maintains an aggressive commercial approach that usually results in material reductions in prices.

We continue to evolve and analyze new revenue streams (e.g. mobile proposition) and develop new products and services (e.g. high-speed Internet proposition –DOCSIS 3.0- and next generation TV –TiVo) that we believe will help us to improve our overall revenue figures.

3.2.1.1 Residential services

Table 11: Residential RGUs

Data in thousand	31-Mar-11	31-Dec-10	% change	31-Mar-10	% change
Fibre RGUs	4,072	4,019	1.3%	3,987	2.1%
ADSL RGUs	169	162	4.6%	145	16.3%
Total Residential RGUs	**4,241**	**4,181**	**1.4%**	**4,132**	**2.6%**

a) Residential Fibre

The residential fibre services segment provides 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 (VoD) services from fibre television services and other minor items. We currently offer our residential customers double- and triple-play packages of services which consist of telephony and either Internet or television, or both services.

The following table sets forth information on residential fibre services and the percentage change from period to period:

Table 12: Residential Fibre

Data in thousand, except if otherwise stated	31-Mar-11	31-Dec-10	change	31-Mar-10	change
Residential Fibre:					
HRTM	7,033	7,030	0.0%	7,012	0.3%
Customers	1,822	1,811	0.7%	1,824	(0.1%)
Penetration	25.9%	25.8%	0.2 pp	26.0%	(0.1 pp)
Net churn	14.8%	15.5%	(0.7 pp)	14.2%	0.7 pp
ARPU (€)	51.0	51.5	(1.0%)	51.5	(1.0%)
Total RGUs	4,072	4,019	1.3%	3,987	2.1%
RGUs per customer	2.23x	2.22x	0.01x	2.19x	0.05x

The success of our marketing strategy, based on the sale of bundles (almost 84% of our customers subscribed to a bundled service as of 31 March 2011) has led to an increase of 53,000 services in the quarter and 85,000 in the last twelve months, to reach 4.1 million services as of 31 March 2011.

This focus on bundled services coupled with the success of a series of cross-selling campaigns has enabled us to increase the RGUs per customer ratio to 2.23x as of 31 March 2011, compared to 2.22x as of 31 December 2010.

In the last quarter, we have managed to reduce our residential fibre net churn by 0.7 pp to 14.8%. Net churn is stabilising in the 14%-15% range, a level achieved as a consequence of the implementation of a series of iniciatives such as the development of better products, improved customer care and customer segmentation tools and tactical promotions.

- **Internet**

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

Table 13: Internet services

Data in thousand, except if otherwise stated	31-Mar-11	31-Dec-10	change	31-Mar-10	change
Internet services:					
Customers	1,406	1,380	1.9%	1,343	4.7%
Proportion of total customers	77.2%	76.2%	1.0 pp	73.6%	3.5 pp
Penetration	20.0%	19.6%	0.4 pp	19.1%	0.8 pp

Internet customers increased by 27,000 in the quarter and by 64,000 in the last twelve months to reach 1.4 million as of 31 March 2011. Internet customers as a proportion of total customers reached 77.2% as of 31 March 2011.

We officially launched the 50 Mbps Internet offering across our areas of operation in late August 2010. As of March 2011, over 204,000 customers subscribed to our high-speed Internet packages (30 and 50Mbps) which represents almost 15% of our broadband customer base. We consider this an excellent commercial result that has helped us not only to increase the number of broadband services and sustain ARPU during the quarter but also we believe will it help us to foster growth going forward.

During the quarter, we have continued with the deployment of DOCSIS 3.0 technology across our network and currently have the capacity to deliver high-speed Internet of 50

Mbps to 6 million homes within our network coverings, representing over 85% of our potential fibre customer base.

In October 2010, we also launched a pilot program offering download speeds of up to 100 Mbps in certain areas expect to make further progress in the area of high-speed Internet in the following quarters.

- **Television**

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

Table 14: Television services

Data in thousand, except if otherwise stated	31-Mar-11	31-Dec-10	change	31-Mar-10	change
Television services:					
Customers	959	953	0.5%	970	(1.2%)
Proportion of total customers	52.6%	52.7%	(0.1 pp)	53.2%	(0.6 pp)
Penetration	13.6%	13.6%	0.1 pp	13.8%	(0.2 pp)

Fibre television customers increased by 5,000 in the quarter to reach 959,000 as of 31 March 2011. This represents an important milestone for us as we have been able to change the negative trend experienced in past quarters during which we approximately lost 22,000 television customers since December 2009.

The success of our bundling strategy, with almost 52.6% of our new customers subscribing to a bundle that includes television, coupled with the success of GOL TV (almost 120,000 customers) and the recently added Canal + channels have helped us change the negative television subscribers growth trend experienced in the past.

We are currently developing a set of innovative solutions we expect would help us to further increase our number of TV customers and revenues. In August 2010 we signed a strategic agreement with TiVo to develop a next generation TV service. We expect this new TV product (currently under development) will help us to provide our customers with a best in class experience and a wide variety of contents that integrates broadcast and broadband television in a way that goes beyond the traditional pay television features.

- **Telephony**

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

Table 15: Telephony services

Data in thousand, except if otherwise stated	31-Mar-11	31-Dec-10	change	31-Mar-10	change
Telephony services:					
Customers	1,708	1,686	1.3%	1,675	2.0%
Proportion of total customers	93.7%	93.1%	0.6 pp	91.8%	1.9 pp
Penetration	24.3%	24.0%	0.3 pp	23.9%	0.4 pp

Telephony customers increased by 21,000 in the quarter and 33,000 in the last twelve months to reach 1.7 million as of 31 March 2011, mainly due to our effort in acquiring customers that take bundles with telephony coupled with the low churn level experienced in this service. Telephony customers as a proportion of total customers increased by 0.6 pp to reach 93.7% as of 31 March 2011.

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 remain weak.

b) Residential ADSL

Residential ADSL services include services offered through full unbundling of the local loop. These services provide us with revenues from monthly fees from telephony and broadband Internet services and usage charges from telephony services.

Residential ADSL services increased by 7,000 in the quarter and 24,000 in the last twelve months to reach 169,000 services as of 31 March 2011. Our customer base also performed well and increased by approximately 3,000 customers in the quarter and 11,000 in the last twelve months to reach approximately 91,000 customers as of 31 March 2011.

Currently, 95.4% of ADSL customers benefit from a bundled service compared to 94% in the previous year thereby offsetting the revenue erosion resulting from lower variable consumption.

Table 16: Residential ADSL

Data in thousand, except if otherwise stated	31-Mar-11	31-Dec-10	change	31-Mar-10	change
Residential ADSL:					
Customers	91	88	3.7%	80	13.2%
RGUs	169	162	4.6%	145	16.3%
RGUs per customer	1.86x	1.84x	0.02 pp	1.81x	0.05 pp

3.2.1.2 Business services

a) SMEs

Revenues from SME services are derived from fees paid by small and medium sized enterprises for voice and data services, offered individually or as a bundles and from incoming interconnection revenues within 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-Mar-11	31-Dec-10	change	31-Mar-10	change
SMEs:					
Customers	74	72	3.6%	67	10.4%
RGUs	141	132	7.1%	118	19.4%
RGUs per customer	1.90x	1.83x	0.06x	1.75x	0.14x
Revenues (€m)	19	18	2.9%	18	3.9%

SMEs services increased by 9,000 in the quarter and 23,000 in the last twelve months to reach 141,000 services as of 31 March 2011. Our SME customer base also performed well and increased by 3,000 customers in the quarter and 7,000 in the last twelve months to reach 74,000 customers as of 31 March 2011.

Our increased focus on the SMEs segment has helped us to change the negative growth trend, both in revneus and customers, experienced in the past and has enabled us to return to a positive evolution in revenues, customers and services.

b) Large Accounts and Corporations

Revenues within the large accounts and corporations business segment are derived from customised solutions designed to satisfy the communication 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 the large accounts and corporations segment and the percentage change from period to period:

Table 18: Large Accounts and Corporations

Data in € million	Quarter ended				
	31-Mar-11	31-Dec-10	% change	31-Mar-10	% change
Revenues	33	34	(5.3%)	37	(11.6%)

Large Accounts and Corporations revenues decreased by 5.3% in the quarter and 11.6% if compared to the same quarter of 2010. The lower level of variable revenues as well as contract renegotiations that often involve material reductions in prices have negatively impacted this business unit. Nevertheless, as margins for these services are relatively low, the overall contribution of this business unit has not been greatly impacted.

c) Wholesale and other

Revenues from the wholesale and other business unit 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.

Table 19: Wholesale and other

Data in € million	Quarter ended				
	31-Mar-11	31-Dec-10	% change	31-Mar-10	% change
Revenues	23	24	(2.4%)	21	8.9%

Revenues from the wholesale and other business unit decreased by 2.4% if compared to the previous quarter but increased by 8.9% if compared to the first quarter of 2010 mainly due to the good performance of revenues related to STA services.

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

	Quarter ended				
Data in € million	31-Mar-11	31-Dec-10	change	31-Mar-10	change
Total revenues	364	369	(1.1%)	372	(2.2%)
Cost of services	(77)	(77)	(0.6%)	(83)	(8.0%)
Gross profit	**288**	**291**	**(1.3%)**	**289**	**(0.5%)**
Gross margin	79.0%	79.1%	(0.1 pp)	77.6%	1.3 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 fibre 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. Fibre television programming fees consist primarily of fees paid to television content owners to distribute their fibre television content and fees paid to distribute movies and football on a pay-per-view basis.

Our cost of services maintained flat at €77 million if compared to the previous quarter and decreased by €7 million if compared to the same quarter of the previos year. This reduction was mainly driven by (i) our focus on achieving higher-margin revenue streams and changing our revenue mix; (ii) lower interconnection costs due to lower fixed-to-mobile traffic and lower unitary costs; and (iii) reduction in content costs due to contract renegotiations.

3.2.3. Operating expenses ("Opex")

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

Table 21: Operating expenses

Data in € million	Quarter ended				
	31-Mar-11	31-Dec-10	change	31-Mar-10	change
Gross opex	(125)	(120)	4.0%	(130)	(3.7%)
Capitalised costs	16	16	3.8%	17	(3.4%)
Net opex	**(109)**	**(105)**	**4.0%**	**(113)**	**(4.2%)**
% of revenues	29.8%	28.4%	1.5 pp	30.5%	(0.6 pp)

Gross opex 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 customer premises.

Our reinforced commercial activity in the last quarter has led to a €5 million gross opex increase if compared to the previous quarter.

Nevertheless, strict cost control policies coupled with several optimization and restructuring initiatives have led to opex savings across the entire organization in the last year. However, these savings were partially offset by the introduction of Law 8/2009 on 28 August 2009 by which ONO started to contribute 1.5% of its television revenues and 0.9% of its telecommunication revenues, respectively, to subsidise the sustainability of the Spanish public broadcasting entity RTVE. This law is currently under review by the European Commission.

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				
	31-Mar-11	31-Dec-10	% change	31-Mar-10	% change
Depreciation and amortisation	(95)	(96)	(0.6%)	(98)	(2.4%)

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 expenses

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

Table 23: Net financial expenses

Data in € million	Quarter ended				
	31-Mar-11	**31-Dec-10**	**% change**	**31-Mar-10**	**% change**
Net financial expenses	(70)	(69)	1.5%	(57)	22.2%

Net financial expenses consist principally of interest expenses derived from our financing and hedge agreements.

Net financial expenses increased by €1 million if compared to the previous quarter and by €13 million if compared to the same quarter of the previous year to reach €70 million as of 31 March 2011.

Savings arising from the (i) decrease in the Euribor rates experienced in the last quarters and (ii) the maturity of the €2,565 million hedge agreements has been offset by (i) the increase spread margins applicable to part of our bank debt post refinancing of our Senior Bank Facility in May 2010; (ii) the increased interest expenses arising from the €700 million Senior Secured Notes and the €461 million (equivalent) Senior Subordinated Notes issued in October 2010 and January 2011 respectively; (iii) the interest expenses arising from the €125 million shareholders' contribution (this contribution bears interests only at GCO level), and by the (iv) the refinancing charges arising from the above transactions (including the premium for early redemption on the €450 million Notes)

3.2.6. Income tax

In spite of the current macroeconomic environment, we believe that we will generate sufficient profit to offset our tax credits. Nevertheless, there are risks and uncertainties in the general economic environment and the financial markets that may adversely affect our ability to generate enough profits to offset all of our tax credits in a timely manner (For additional information on Risks Relating to our Financial Profile, see "Risk Factors" in the 2010 Annual Report of ONOMidco available 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				
	31-Mar-11	**31-Dec-10**	**% change**	**31-Mar-10**	**% change**
Income tax	(5)	(15)	(66.3%)	(7)	(31.1%)

3.3 Notes to the Condensed Consolidated Balance Sheet

3.3.1. Intangible assets

Table 25: Intangible assets, net

Data in € million	31-Dec-10	Additions	Disposals	31-Mar-11
Rights over fixed assets	66	2	-	67
Concessions	13	-	-	13
Computer software	158	1	-	159
Other intangible fixed assets	76	8	-	83
Total cost	**312**	**10**	-	**322**
Accumulated amortisation	(205)	(8)	-	(213)
Intangible assets, net	**107**	**3**	-	**109**

3.3.2. Tangible assets

Table 26: Tangible assets, net

Data in € million	31-Dec-10	Additions	Disposals	Transfers	31-Mar-11
Land and natural assets	15	-	-	-	15
Network and technical equipment	6,826	30	(0)	28	6,884
Computer hardware	207	0	-	0	207
Other tangible fixed assets	62	0	-	-	62
Advances and fixed assets under construction	78	31	(1)	(28)	80
Total cost	**7,188**	**62**	**(1)**	-	**7,249**
Accumulated amortisation	(2,928)	(87)	1	-	(3,014)
Provisions	(60)	-	-	-	(60)
Tangible assets, net	**4,200**	**(26)**	**(0)**	-	**4,175**

3.3.3. Debt and liquidity

Table 27: Debt and liquidity

As of 31 March 2011 *Data in €million*	Maximum available	Short term debt	Long term debt	Total debt	Availability
Type of debt					
Debt with credit entities:					
Senior facility (1)	2,800	49	2,387	2,436	364
Senior Secured Notes (1)	700	-	700	700	-
Other credit facilities	13	2	2	3	10
Total debt with credit entities	**3,513**	**51**	**3,089**	**3,140**	**374**
Other debt:					
Senior subordinated notes (1)	453	-	453	453	-
State subsidies	21	10	12	21	-
Total other debt	**475**	**10**	**465**	**475**	-
Total debt	**3,988**	**61**	**3,554**	**3,615**	**374**
Cash and cash equivalents				81	81
Total net debt				**3,533**	**455**
EBITDA LTM				728	
Total net debt/EBITDA				**4.85x**	

(1) 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 repayment value.

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

Table 28: Debt by maturity (amounts drawn)

As of 31 March 2011 *Data in € million*	2011	2012	2013	2014	2015	2016	2017	2018	≥2019	Total
Type of debt										
Debt with credit entities:										
Tranche A (Term Loan)	129	450	-	-	-	-	-	-	-	579
Tranche B (Term Loan)	104	360	-	-	-	-	-	-	-	464
Tranche C (Revolving Credit Facility)	-	-	300	-	-	-	-	-	-	300
Tranche D (Bullet)	-	-	700	-	-	-	-	-	-	700
Tranche E (Forward Start Facility)	(188)	(654)	842	-	-	-	-	-	-	-
Tranche F (Revolving Credit Facility)	-	-	-	-	-	-	-	-	-	-
Tranche I (Term Loan)	43	150	200	-	-	-	-	-	-	393
Tranche I2 (Forward Start Facility)	(39)	(135)	174	-	-	-	-	-	-	0
Tranche SPV 1	-	-	-	-	-	-	-	700	-	700
Total Senior facility	**49**	**171**	**2,216**	-	-	-	-	**700**	-	**3,136**
Subordinated Notes	-	-	-	-	-	-	-	-	453	453
Other credit facilities	11	9	2	1	0	0	-	-	2	25
Total gross debt	**60**	**180**	**2,218**	**1**	**0**	**0**	-		**455**	**3,615**

The current macroeconomic environment, the outlook for the Spanish economy and liquidity constraints in the financial markets may adversely affect our ability to generate sufficient cash flows to meet all of the scheduled debt amortisation in the coming years.

In order to mitigate this risk, we have undertaken a series of initiatives to optimise liquidity (including the discontinuation of network buildout, a cost saving programme, etc), and we are positioning ourselves to take advantage of market opportunities to adjust our financing profile.

Successful completion of €461 million (equivalent) Notes issuance

On 28 January 2011, we announced the successful completion of the issuance of €461 million (equivalent) Senior Notes due 2019 (comprising €295 million aggregate principal amount of 11.125% Senior Notes and US$225 million aggregate principal amount of 10.875% Senior Notes).

The Notes were issued by a special purpose vehicle, ONO Finance II plc, and are guaranteed on a senior basis by ONO Midco, S.A.U., and on a senior subordinated basis by Cableuropa, S.A.U., both members of the ONO Group.

We have used the gross proceeds of the offering to prepay existing subordinated debt and the issuance has, therefore, not resulted in an increase of our leverage, but a refinancing.

The €461 million (equivalent) Senior Subordinated Notes issuance is a further step in our refinancing roadmap that intends to address our current debt maturities and diversify our financing sources.

Table 29: Subordinated Notes basic information:

Issuer	▪ ONO Finance II (PLC)
Issue	▪ Senior Subordinated Notes
Principal amount	▪ €460,575,000 equivalent notes (€295,000,000 Notes and $225,000,000 Notes)
Interest Rate	▪ 11.125% for the Euro Notes and 10.875% for the US Dollar Notes
Maturity	▪ July 15, 2019
Ranking	▪ Through the SPV, pari passu with existing and future indebtedness of the issuer
Security	▪ The notes are guaranteed on a senior subordinated basis by Cableuropa and on a Senior basis by ONO Midco
Currency	▪ EUR & USD
Use of proceeds	▪ Refinance existing subordinated debt (€450 million subordinated notes and €10 million Fond-ICO Participative Loan)
Optional redemption	▪ Non-callable until 15 January, 2014
Distribution	▪ Reg S/144A (no SEC registration)
Issue rating	▪ Fitch: CCC; Moody's: Caa2; S&P's: CCC (upgraded to CCC+ following the completion of the transaction)
Governing Law	▪ New York

3.4 Notes to the Condensed Consolidated Cash Flow

3.4.1. Capital Expenditure ("Capex")

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

Table 30: Capex

Data in € million	Quarter ended 31-Mar-11	31-Dec-10	% change	31-Mar-10	% change
Capex	(72)	(74)	(3.1%)	(62)	16.1%

Capex decreased by €2 million if compared to the previous quarter and increased by €10 million if compared to the same quarter of the previous year to reach €72 million as of 31 March 2011.

The increase in our overall Capex levels reflects the increased needs of investmet in installations and customer premise equipments experienced in the quarter, coupled with our decision to Deploy Docsis 3.0 technology in our entire network together with the investments carried our in relation with the Next generation TV development and the voice platform evolution as part of our strategy to improve and develop

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 working capital variation excludes the reclassification of amounts between accounts payable or receivables to other lines within the balance sheet.

On 14 June 2010 the Spanish Parliament approved an amendment to the Bad-debt Law (2004) relating to invoicing which reduces the typical payment period among companies from the current 85 days to 75 days as of January 2011 and 60 days from January 2013. Each of these reductions will have one-off negative impacts on our working capital.

4. ONOMIDCO

Table 31: Condensed Consolidated Balance Sheet (ONOMidco)

Data in € million	31-Mar-11	31-Dec-10	31-Mar-10
ASSETS			
Intangible assets, net	109	107	110
Tangible assets, net	4,175	4,200	4,306
Shareholdings in group companies	-	-	3
Financial assets	9	5	7
Tax credit and deferred tax	1,071	1,076	1,138
Non current assets	**5,364**	**5,388**	**5,564**
Non current assets held for sale	-	15	16
Inventories	2	2	2
Accounts receivable and other current assets	113	117	122
Short-term investments, net	10	7	7
Prepayments and accrued income	7	2	14
Cash and cash equivalents	81	59	168
Current assets	**213**	**202**	**330**
TOTAL ASSETS	**5,576**	**5,590**	**5,894**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Common stock	131	131	131
Share premium reserve	1,088	-	-
Reserves	126	126	126
Prior year losses	10	(32)	(32)
Net profit/(loss) for the period	13	42	16
Shareholders' equity	1,368	267	241
Hedge agreements	(1)	(1)	(26)
State subsidies	1	1	1
Minority interest	4	4	4
Participative loan	18	1,088	963
Net equity	**1,390**	**1,358**	**1,183**
Provisions for liabilities and charges	79	87	112
Senior facility	2,365	2,393	3,040
Senior Secured Notes	682	683	-
Participative loan	-	10	10
Senior subordinated notes	440	450	450
Other	13	13	28
Long- term debt	3,500	3,549	3,529
Hedge agreements	2	-	-
Other long-term liabilities	5	4	1
Other long-term liabilities	7	4	1
Deferred income	0	0	0
Non current liabilities	**3,587**	**3,641**	**3,642**
Provisions for liabilities and charges	32	32	32
Short-term debt with banks	61	61	481
Accrued interests	37	24	31
Hedge agreement	-	2	36
Other	-	15	23
Short-term payables	98	101	571
Accounts payable and other current liabilities	359	357	413
Accruals and deferred income	111	101	52
Current liabilities	**600**	**591**	**1,068**
TOTAL LIABILITIES AND NET EQUITY	**5,576**	**5,590**	**5,894**

Table 32: Condensed Consolidated Statement of Operations (ONOMidco)

Data in € million	Quarter ended 31-Mar-11	31-Mar-10	% change
Revenues	364	372	(2.1%)
Cost of services	(77)	(83)	(8.0%)
Net Opex	(109)	(112)	(2.8%)
EBITDA	**179**	**177**	**1.0%**
Deprec. and amortis.	(95)	(98)	(2.4%)
Impairment and gains or losses on disposal of fixed assets	0	2	(72.3%)
EBIT / Operating profit	**84**	**81**	**3.6%**
Net financial expense	(65)	(58)	11.8%
EBT / Profit before tax	**19**	**23**	**(16.7%)**
Income tax	(6)	(7)	(8.1%)
Profit before minority interests	**13**	**16**	**(20.5%)**
Minority interests	(0)	(0)	4.9%
Net profit	**13**	**16**	**(20.7%)**

Table 33: Condensed Consolidated Cash Flow (ONOMidco)

Data in € million	Quarter ended 31-Mar-11	31-Mar-10	% change
EBITDA	**179**	**177**	**1.0%**
Capex	(72)	(62)	16.1%
OPERATING FREE CASH FLOW	**106**	**115**	**(7.2%)**
Change in working capital	15	(4)	na
Other [1]	7	(9)	na
FREE CASH FLOW (pre-interest)	**129**	**102**	**26.4%**
Paid interests, net	(69)	(80)	(13.3%)
FREE CASH FLOW AFTER DEBT SERVICE	**59**	**22**	**170.7%**
FINANCING ACTIVITIES			
Senior facility	(30)	-	
Senior subordinated notes	11	-	
State subsidies	(10)	1	
Credit lines	-	(18)	
Short-term investments	(4)	(3)	
Financial assets	(1)	(0)	
Other financing items	(1)	(0)	
Deferred Auna acquisition payment	(2)	(71)	
CASH FLOW FROM FINANCING ACTIVITIES	**(38)**	**(92)**	
NET CASH FLOW	**22**	**(70)**	
CASH BEGINNING OF PERIOD	59	238	
CASH END OF PERIOD	**81**	**168**	

[1] Includes commitments & contingencies and other one-off items.

Table 34: Shareholders' equity (ONOMidco)

Data in €million	Common stock	Share premium reverse	Reserves	Prior year losses	Net profit/(loss) for the period	Hedge agreements	State subsidies	Minority interest	Participative loan	Total
Balance 31 December 2010	**131**	**-**	**126**	**(32)**	**42**	**(1)**	**1**	**4**	**1,088**	**1,358**
Previous year result distribution	-	-	-	42	(42)	-	-	-	-	-
Net loss for the year	-	-	-	-	13	-	-	-	-	13
Change in fair value	-	-	-	-	-	(0)	-	-	-	(0)
Increase of capital	-	1,088	-	-	-	-	-	-	(1,088)	0
New participative loan	-	-	-	-	-	-	-	-	18	18
Transfer to financial income	-	-	-	-	-	-	(0)	-	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	0	-	0
Balance 31 March 2011	**131**	**1,088**	**126**	**10**	**13**	**(1)**	**1**	**4**	**18**	**1,390**

In this section, we are reporting the first quarter 2011 Condensed Consolidated Financial Statements of ONOMidco, S.A.U. and its subsidiaries. For a detailed analysis of the trends observed in the indicated periods, please see information on GCO in section 3 of this document.

5. CABLEUROPA

5.1 Condensed Consolidated Financial Statements

Table 35: Condensed Consolidated Balance Sheet (Cableuropa)

Data in € million	31-Mar-11	31-Dec-10	31-Mar-10
ASSETS			
Intangible assets, net	109	107	110
Tangible assets, net	4,175	4,200	4,306
Shareholdings in group companies	-	-	3
Financial assets	9	5	7
Tax credit and deferred tax	1,071	1,076	1,138
Non current assets	**5,364**	**5,388**	**5,564**
Non current assets held for sale	-	15	16
Inventories	2	2	2
Accounts receivable and other current assets	113	117	122
Short-term investments, net	10	7	7
Prepayments and accrued income	7	2	14
Cash and cash equivalents	81	59	168
Current assets	**213**	**202**	**330**
TOTAL ASSETS	**5,576**	**5,590**	**5,894**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Common stock	263	263	263
Share premium reserve	2,725	1,637	1,637
Reserves	807	807	807
Prior year losses	(2,440)	(2,482)	(2,482)
Net profit/(loss) for the period	13	42	16
Shareholder´s equity	1,368	267	242
Hedge agreements	(1)	(1)	(26)
State subsidies	1	1	1
Minority interest	4	4	4
Participative loan	18	1,088	963
Net equity	**1,390**	**1,359**	**1,183**
Provisions for liabilities and charges	79	87	112
Senior facility	2,365	2,393	3,040
Senior Secured Notes	682	683	-
Participative loan	-	10	10
Senior subordinated notes	440	450	450
Other	13	13	28
Long- term debt	3,500	3,549	3,529
Hedge agreements	2	-	-
Other long-term liabilities	5	4	1
Other long-term liabilities	7	4	1
Deferred income	0	0	0
Non current liabilities	**3,587**	**3,641**	**3,642**
Provisions for liabilities anch charges	32	32	32
Short-term debt with banks	61	61	481
Accrued interests	37	24	31
Hedge agreement	-	2	36
Other	-	15	23
Short-term payables	98	101	571
Accounts payable and other current liabilities	359	357	413
Accruals and deferred income	111	101	52
Current liabilities	**600**	**591**	**1,068**
TOTAL LIABILITIES AND NET EQUITY	**5,576**	**5,590**	**5,894**

Table 36: Condensed Consolidated Statement of Operations (Cableuropa)

Data in € million	Quarter ended		
	31-Mar-11	31-Mar-10	% change
Revenues	364	372	(2.1%)
Cost of services	(77)	(83)	(8.0%)
Net Opex	(109)	(112)	(2.8%)
EBITDA	**179**	**177**	**1.0%**
Deprec. and amortis.	(95)	(98)	(2.4%)
Impairment and gains or losses on disposal of fixed assets	0	2	(72.3%)
EBIT / Operating profit	**84**	**81**	**3.6%**
Net financial expense	(65)	(58)	11.8%
EBT / Profit before tax	**19**	**23**	**(16.7%)**
Income tax	(6)	(7)	(8.1%)
Profit before minority interests	**13**	**16**	**(20.4%)**
Minority interests	(0)	(0)	na
Net profit	**13**	**16**	**(20.7%)**

Table 37: Condensed Consolidated Cash Flow (Cableuropa)

Data in € million	Quarter ended		
	31-Mar-11	31-Mar-10	% change
EBITDA	**179**	**177**	**1.0%**
Capex	(72)	(62)	16.1%
OPERATING FREE CASH FLOW	**106**	**115**	**(7.2%)**
Change in working capital	15	(4)	na
Other [(1)]	7	(9)	na
FREE CASH FLOW (pre-interest)	**129**	**102**	**26.4%**
Paid interests, net	(69)	(80)	(13.3%)
FREE CASH FLOW AFTER DEBT SERVICE	**59**	**22**	**170.7%**
FINANCING ACTIVITIES			
Senior facility	(30)	-	
Senior subordinated notes	11	-	
State subsidies	(10)	1	
Credit lines	-	(18)	
Short-term investments	(4)	(3)	
Financial assets	(1)	(0)	
Other financing items	(1)	(0)	
Deferred Auna acquisition payment	(2)	(71)	
CASH FLOW FROM FINANCING ACTIVITIES	**(38)**	**(92)**	
NET CASH FLOW	**22**	**(70)**	
CASH BEGINNING OF PERIOD	59	238	
CASH END OF PERIOD	**81**	**168**	

[(1)] *Includes commitments & contingencies and other one-off items.*

Table 38: Shareholders' equity (Cableuropa)

Data in €million	Common stock	Share premium reserve	Reserves	Prior year losses	Net profit/(loss) for the period	Hedge agreements	State subsidies	Minority interest	Participative loan	Total
Balance 31 December 2010	**263**	**1,637**	**807**	**(2,482)**	**42**	**(1)**	**1**	**4**	**1,088**	**1,359**
Previous year result distribution	-	-	-	42	(42)	-	-	-	-	-
Net loss for the year	-	-	-	-	13	-	-	-	-	13
Change in fair value	-	-	-	-	-	(0)	-	-	-	(0)
Increase of capital	-	1,088	-	-	-	-	-	-	(1,088)	0
New participative loan	-	-	-	-	-	-	-	-	18	18
Transfer to financial income	-	-	-	-	-	-	(0)	-	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	0	-	0
Balance 31 March 2011	**263**	**2,725**	**807**	**(2,440)**	**13**	**(1)**	**1**	**4**	**18**	**1,390**

5.2 Debt and liquidity

Table 39: Debt and Liquidity (Cableuropa)

As of 31 March 2011 *Data in €million*	Maximum available	Short-term debt	Long-term debt	Total debt	Availability
Type of debt					
Debt with credit entities:					
Senior facility [(1)]	2,800	49	2,387	2,436	364
Senior Secured Notes [(1)]	700	-	700	700	-
Other credit facilities	13	2	2	3	10
Total debt with credit entities	**3,513**	**51**	**3,089**	**3,140**	**374**
Other debt:					
Senior subordinated notes [(1)]	453	-	453	453	-
State subsidies and other	21	10	12	21	-
Total other debt	**475**	**10**	**465**	**475**	-
Total debt	**3,988**	**61**	**3,554**	**3,615**	**374**
Cash and cash equivalents				81	81
Total net debt				**3,533**	**455**
EBITDA LTM				726	
Total net debt/EBITDA LTM				**4.87x**	

[(1)] 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 repayment value.

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

Table 40: Debt by maturity (Cableuropa) – (amounts drawn)

As of 31 March 2011 *Data in € million*	2011	2012	2013	2014	2015	2016	2017	2018	≥2019	Total
Type of debt										
Debt with credit entities:										
Tranche A (Term Loan)	129	450	-	-	-	-	-	-	-	579
Tranche B (Term Loan)	104	360	-	-	-	-	-	-	-	464
Tranche C (Revolving Credit Facility)	-	-	300	-	-	-	-	-	-	300
Tranche D (Bullet)	-	-	700	-	-	-	-	-	-	700
Tranche E (Forward Start Facility)	(188)	(654)	842	-	-	-	-	-	-	-
Tranche F (Revolving Credit Facility)	-	-	-	-	-	-	-	-	-	-
Tranche I (Term Loan)	43	150	200	-	-	-	-	-	-	393
Tranche I2 (Forward Start Facility)	(39)	(135)	174	-	-	-	-	-	-	0
Tranche SPV 1	-	-	-	-	-	-	-	700	-	700
Total Senior Facility	**49**	**171**	**2,216**	**-**	**-**	**-**	**-**	**700**	**-**	**3,136**
Subordinated Notes	-	-	-	-	-	-	-	-	453	453
Other credit facilities	11	9	2	1	0	0	-	-	2	25
Total gross debt	**60**	**180**	**2,218**	**1**	**0**	**0**	**-**		**455**	**3,615**

In order to reduce its interest rate expense in the future, the company may elect to use available cash to repay debt, including purchases of bonds from time to time.

In this section, we are reporting the first quarter 2011 Condensed Consolidated Financial Statements of Cableuropa, S.A.U. and its subsidiaries. For a detailed analysis of the trends observed in the indicated periods, please see information on GCO in section 3 of this document.

6. 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 interest rate risks, and as market conditions warrant, we may vary our position on interest rate hedging transactions and may purchase or trade outstanding debt securities 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

As of 31 March 2011, borrowings under our Senior Bank Facility (other than those relating to Bank guarantees) bore interest at a floating rate determined by reference to Euribor plus a margin, which ranged from 1.60% to 2.95% depending on the tranche.

In addition, our other outstanding debt with credit entities usually bore interest at Euribor plus a margin.

Our main financial agreements, excluding Senior Secured and Senior Subordinated Notes, were linked to variable interest rates. Total debt exposed to risk due to fluctuation of interest rates amounts €2,461 million as of 31 March 2011.

Table 41: Variable interest debt

Data in €million	2011	2012	2013	After 2013	Total
Senior bank facility (Euribor+1.60%-2.95%)	49	171	2,216	-	**2,436**
Other debt	11	9	2	3	**25**
Total	**60**	**180**	**2,218**	**3**	**2,461**

6.3 Currency fluctuation sensitivity

Our operations are generally not subject to currency risk as our revenues and expenses are denominated in euros. The majority of our indebtedness is denominated in euros; however, after the issue of the Senior Notes in January 2011, we have $225 million (€158 million equivalent as of 31 March 2011) of U.S. dollar indebtedness outstanding relating to the Dollar Notes. Accordingly, following the offering of the $225 million Senior Notes in January 2011, we are exposed to the risk of an increase in the value of the US dollar relative to the euro. We have already hedged the total amount of coupon payments until January 2014 and approximately 30% ($67 million) of our principal payment obligations which reduce our exposure to U.S. dollar. In addition to this, we are evaluating whether to enter into any further hedging arrangement with respect to all or a higher portion of our principal payment obligations under the Dollar Notes.

7. GLOSSARY

In this Report, the following defined terms have the meanings indicated below:

7.1 Operational Definitions

"ARPU" means monthly average revenue per user, and is calculated by dividing total revenues generated from our Internet, fibre television and telephony services provided to customers that are directly connected to our network in the last quarter of the relevant period by the average number of customers in that quarter, the result of which is divided by three. The average number of customers for any period is calculated by adding the number of customers at the beginning of the period to the number of customers at the end of the period and dividing by two.

"Homes released to marketing" or "HRTM" means homes to which we can provide broadband Internet, fibre television and telephony services within an average of four days, which occurs after the customer tap and drop have been installed.

"Net churn" means the percentage obtained by dividing the number of customers (without the customers moving from one ONO home to another ONO home) who cease to receive any of our services (either voluntarily or involuntarily) in the last quarter of the relevant period by the average total number of customers during that quarter, multiplied by four. The average number of customers for any period is calculated by adding the number of customers at the beginning of the period to the number of customers at the end of the period and dividing by two.

"Penetration" is the percentage of customers over homes released to marketing in our areas of operation, and with respect to any particular service, penetration is the percentage of RGUs of that service over homes released to marketing in our areas of operation.

"RGUs" are revenue generating units where each customer is counted as a revenue generating unit for each service for which such customer subscribes; regardless of the number of services that customer receives from us. Thus a single customer who receives telephony, Internet and fibre television services from us would account for three RGUs.

"ADSL" means unbundled local loop, a technology whereby the incumbent operator grants other operators access to the communications circuits between the equipment of the local exchange and the customer's equipment (known as the local loop).

7.2 Financial Definitions

"EBITDA" represents earnings before interests, taxes, depreciation and amortization, extraordinary, restructuring and other non-cash items and minority interests.

"EBITDA LTM" is the aggregate amount of EBITDA for the last four consecutive calendar quarters.

"EBITDA margin" is calculated by dividing EBITDA for a particular period by the total revenues for that period.

"OPEX (Operating Expenses)" are comprised of cost of service; staff cost; other operating expense; costs capitalized as property and equipment; depreciation and amortization; and impairments.

"CAPEX (Capital Expenditures)" refer to purchases of tangible and intangible assets, consisting principally of set-top box purchases and other customer capital expenditure, installations, network build-out, upgrades, maintenance and other investments, computer hardware and software and content rights.

"Operating free cash flow" means EBITDA, less capital expenditures.

"Free cash flow after debt service" means EBITDA, less capital expenditures, changes in working capital, disbursements, and net cash interest expense paid.

"Shareholder's contributions" represent subordinated loans from GCO to Cableuropa in the form of Participative loans. For the purpose of capitalization calculations under Spanish corporate law, Participative loans are treated as shareholders' equity.

"Total debt" is short-term and long-term debt. Total debt does not include subordinated participative loans granted by GCO or accrued interest expenses.

"Net debt" means total debt less cash and cash equivalents.

7.3 Total Homes and Businesses Data

Total homes for each of our franchise areas are derived from the 2001 Spanish national census published by the National Statistics Institute of Spain (Instituto Nacional de Estadística, or "INE"). Total businesses for each of our franchise areas are derived from the 2007 businesses central directory, which is also published by INE. Although we accept responsibility for the accurate extraction of such data, we accept no further responsibility with respect to such data.

8. DISCLAIMER

The financial and other information in this release contains forward-looking statements (all statements other than those made solely with respect to historical facts) based upon management's beliefs 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, legal and competitive risks and uncertainties, including those set forth below, many of which are beyond ONO's ("the Company") control. The Company's actual operations, financial condition, cash flows and 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.

Parts of the financial and other information contained in this release are based on certain estimates with respect to the Company's liquidity, capital resources, results of operations and projections for future periods 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 this release.

The financial information contained in this document has been prepared under 2007 Spanish GAAP. This financial information is unaudited and therefore is subject to potential future modifications.

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FURTHER INFORMATION

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