

**ONO**

**Fourth quarter and full year 2010  
preliminary unaudited results**

**1 March 2011**



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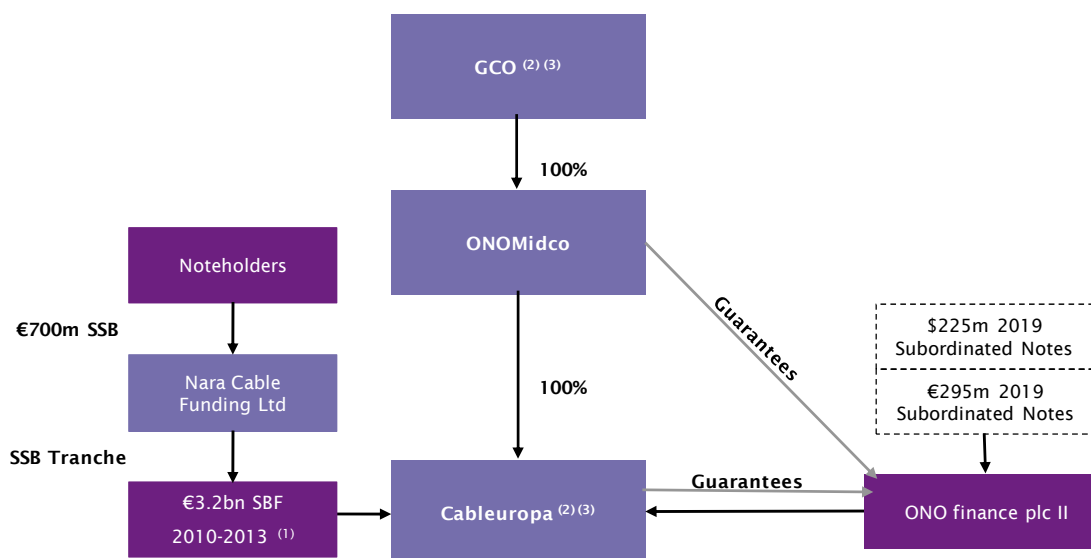
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## 1. REPORTING STRUCTURE

### Current simplified financing structure



Notes:

<sup>(1)</sup> Shows amount drawn under the Senior Bank Facility as of 31 December 2010; Total commitments of €3.5bn.

<sup>(2)</sup> Other credit facilities and State subsidies of €4 million and €21 million respectively.

<sup>(3)</sup> Cash and cash equivalents of €59 million.

We are reporting consolidated results of Grupo Corporativo ONO, S.A. ("GCO") and its subsidiaries for the quarter ended 31 December 2010. These consolidated results are unaudited and preliminary, pending Board approval which is expected to take place on 23 March 2011. Therefore, they are subject to any changes that may result from the audit process or the Board approval.

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 December 2010, we provided over 4.3 million services under the ONO brand to approximately 1.9 million residential (fibre and ADSL) customers and approximately 72,000 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 year ended 31 December 2010, we generated revenues of €1,472 million and EBITDA of €725 million with an EBITDA margin of 49.2%.



Residential		<i>in thousands</i>
Homes in Spain (*)		17,545
Homes in areas covered by ONO's fibre network (*)		14,741
<i>% of Homes in Spain</i>		84%
Homes released to marketing		7,030
<i>% of Homes in areas covered by ONO's fibre network</i>		48%
Residential Fibre customers		1,811
<i>Fibre penetration</i>		26%
Residential ADSL customers		88
Total residential customers		1,898
Business		<i>in thousands</i>
SME customers		72

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

Table 1: Capitalisation

As of 31 December 2010

Data in million

	Grupo Corporativo ONO			Cableuropa		
	€m	% of debt	Debt/EBITDA	€m	% of debt	Debt/EBITDA
Short-term debt with banks <sup>(1)</sup>	61	1.7%	0.08x	61	1.7%	0.08x
Senior facility	2,417	66.2%	3.34x	2,417	66.2%	3.34x
Senior Secured Notes	700	19.2%	0.97x	700	19.2%	0.97x
Participative loan <sup>(2)</sup>	10	0.3%	0.01x	10	0.3%	0.01x
Senior subordinated notes <sup>(2)</sup>	450	12.3%	0.62x	450	12.3%	0.62x
State subsidies and other	14	0.4%	0.02x	14	0.4%	0.02x
Long-term debt	3,591	98.3%	4.96x	3,591	98.3%	4.96x
<b>Total third-party debt</b>	<b>3,652</b>			<b>3,652</b>		
<b>Cash and cash equivalents</b>	<b>59</b>			<b>59</b>		
<b>Total net debt</b>	<b>3,593</b>		<b>4.96x</b>	<b>3,593</b>		<b>4.96x</b>
<b>EBITDA LTM</b>	<b>725</b>			<b>724</b>		

<sup>(1)</sup> Includes €49 million of indebtedness under the Senior Facility maturing in December 2011.

<sup>(2)</sup> Refinanced in full with €461 million (equivalent) Senior Subordinated Notes due 2019 in January 2011.

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

## 2.1 Key operating events

### - Success of our high-speed Internet proposition –over 126,000 customers in 30 or 50Mbps Internet packages

We officially launched the 50 Mbps Internet offering across our areas of operation in late August 2010. As of December 2010 over 126,000 customers subscribed to our high-speed Internet packages (either 30 or 50Mbps) which represents over 9% of our broadband customer base.

We believe this to be an excellent commercial result for our high-speed Internet proposition as in only four months we have managed upgrade or acquire over 126,000 customers despite an adverse macroeconomic environment.

During the quarter we have continued the deployment of DOCSIS 3.0 technology across our network and currently have the capacity to deliver high-speed internet of up to 50 Mbps to 5.1 million homes within our network coverage areas, representing over 73% of our potential fibre customer base (including the cities of Madrid, Barcelona, Valencia, Santander, Zaragoza, Mallorca, Castellón, Huelva, Sevilla, Cordoba, Alicante, Murcia and Cádiz).

In October 2010, we also launched a pilot program offering 100 Mbps download speeds in certain areas. We expect to make further progress in the area of high-speed Internet during 2011.

### - Premium channel Canal+ added to our television line up

In December 2010, we added the Spanish premium pay-TV channel Canal+ to our television offering on a pay-per-view basis. Canal+ is a pay-TV channel that offers a wide variety of premium film content, documentaries and television series. We believe that Canal+ also offers some of the best sports content in the Spanish television market, including the exclusive live broadcast of the Sunday night Spanish soccer games as well as live NBA matches and the Australian Tennis Open.

## 2.2 Key financial events

### - ONO surpasses 2010 market Guidance

Despite the negative macroeconomic environment experienced in Spain during the past year, we have managed to achieve the key metrics of Revenues and Capex and overachieve EBITDA, and Free cash flow Guidance for 2010.

<i>Data in € million</i>	2010		
	Actual	Guidance	
Revenues	1,472	1,450 - 1,500	✓
EBITDA	725	700 - 720	✓✓
Capex	244	230 - 260	✓
Free cash flow	164	30 - 80	✓✓✓

- **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% Notes and US\$225 million aggregate principal amount of 10.875% 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.

The 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 financing 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			Year to date		
	31-Dec-10	31-Dec-09	% change	31-Dec-10	31-Dec-09	% change
Revenues	369	372	(0.9%)	1,472	1,512	(2.7%)
Gross profit	291	303	(3.8%)	1,161	1,184	(1.9%)
Gross margin	79.1%	81.5%	(2.4 pp)	78.9%	78.3%	0.6 pp
EBITDA	187	190	(1.5%)	725	730	(0.8%)
EBITDA margin	50.7%	51.0%	(0.3 pp)	49.2%	48.3%	0.9 pp
<b>Total net debt</b>	<b>3,593</b>	<b>3,834</b>	<b>(6.3%)</b>	<b>3,593</b>	<b>3,834</b>	<b>(6.3%)</b>
Capex	(74)	(70)	6.8%	(244)	(220)	11.0%
Operating FCF	112	120	(6.3%)	480	510	(5.8%)
Net profit	4	10	(62.1%)	47	50	(7.1%)
<b>Total Net debt / EBITDA LTM</b>	<b>4.96x</b>	<b>5.24x</b>	<b>(0.28x)</b>	<b>4.96x</b>	<b>5.24x</b>	<b>(0.28x)</b>

Table 3: Revenues split

Data in € million	Quarter ended			Year to date		
	31-Dec-10	31-Dec-09	% change	31-Dec-10	31-Dec-09	% change
<b>Residential</b>	<b>290</b>	<b>288</b>	<b>0.8%</b>	<b>1,159</b>	<b>1,158</b>	<b>0.1%</b>
Residential Fibre	280	279	0.4%	1,120	1,124	(0.3%)
Residential ADSL	10	9	13.9%	39	34	14.4%
<b>Business</b>	<b>76</b>	<b>79</b>	<b>(3.6%)</b>	<b>302</b>	<b>334</b>	<b>(9.7%)</b>
SMEs	18	18	(0.7%)	72	70	2.2%
Large Accounts and Corporations	34	38	(8.9%)	142	166	(14.4%)
Wholesale and other	24	23	2.7%	88	98	(10.2%)
<b>Indirect access</b>	<b>2</b>	<b>2</b>	<b>11.7%</b>	<b>8</b>	<b>10</b>	<b>(17.5%)</b>
<b>Revenue from disposed assets (Teuve) <sup>(1)</sup></b>	<b>-</b>	<b>3</b>	<b>na</b>	<b>3</b>	<b>11</b>	<b>(70.0%)</b>
<b>Total revenues</b>	<b>369</b>	<b>372</b>	<b>(0.9%)</b>	<b>1,472</b>	<b>1,512</b>	<b>(2.7%)</b>

For certain definitions, see section 7 of this document.

<sup>(1)</sup> 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-Dec-10	30-Sep-10	% change	31-Dec-09	% change
<b>RGUs:</b>					
Fibre RGUs	4,019	3,988	0.8%	3,967	1.3%
ADSL RGUs	162	154	4.9%	136	18.8%
Residential RGUs	4,181	4,142	0.9%	4,103	1.9%
SME RGUs	132	127	3.8%	111	18.5%
<b>Customers:</b>					
Residential Fibre	1,811	1,809	0.1%	1,825	(0.8%)
Residential ADSL	88	84	3.9%	77	14.2%
Total Residential	1,898	1,893	0.3%	1,902	(0.2%)
SMEs	72	69	3.6%	67	6.9%
Indirect access	27	30	(9.2%)	40	(31.5%)
<b>Other data – Residential Fibre:</b>					
Homes released to marketing	7,030	7,025	0.1%	7,004	0.4%
Penetration	25.8%	25.7%	0.0 pp	26.1%	(0.3 pp)
ARPU (€)	51.5	50.8	1.4%	51.0	1.1%
RGUs	4,019	3,988	0.8%	3,967	1.3%
RGUs per customer	2.22x	2.20x	1.5 pp	2.17x	4.6 pp
Net churn (*)	15.5%	15.1%	0.4 pp	13.9%	1.6 pp
<b>Residential Fibre services (RGUs):</b>					
Telephony	1,686	1,679	0.5%	1,666	1.2%
as % of customers	93.1%	92.8%	0.3 pp	91.3%	1.9 pp
Internet	1,380	1,361	1.4%	1,326	4.1%
as % of customers	76.2%	75.3%	0.9 pp	72.6%	3.6 pp
Television	953	948	0.6%	975	(2.2%)
as % of customers	52.7%	52.4%	0.2 pp	53.4%	(0.8 pp)
<b>Residential Fibre penetration per service:</b>					
Telephony	24.0%	23.9%	0.1 pp	23.8%	0.2 pp
Internet	19.6%	19.4%	0.3 pp	18.9%	0.7 pp
Television	13.6%	13.5%	0.1 pp	13.9%	(0.4 pp)

For certain definitions, see section 7 of this document.

Total residential services increased by 39,000 in the fourth quarter and almost 78,000 in the last twelve months, to reach 4.2 million as of 31 December 2010. Throughout the year, and despite the challenging macroeconomic environment, we have managed to maintain our customer base broadly stable and as of 31 December 2010 we had approximately 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 RGUs per customer ratio to 2.22x, an increase of 0.02x compared to the previous quarter and of 0.05x if compared to 2009 level. As of 31 December 2010, 82.9% of our residential fibre customers subscribed to a bundled package and over 38.6% subscribed to a triple play bundle, the highest ratio ever.

Our net churn was 15.5% in the quarter slightly up from previous quarter and the same quarter of 2009 following our decision to purge voluntarily certain customers of our

customer base. During 2010 we have increased our efforts to reduce our churn with initiatives that include: (i) development of new products and services to differentiate ourselves from our competitors (ii) acquire credit worthy customers through credit scoring and other measures that result in the reduction of the early churn, (iii) improve our customer satisfaction through quality of service and (iv) improve our retention ratios.

ARPU for residential fibre reached €51.5 in the quarter. We believe that the fixed-fee component 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 consumption related component of our ARPU continued to perform poorly as a consequence of the decrease in overall consumption of the 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. In this context 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.

Total SME services increased by 5,000 in the fourth quarter and 21,000 in the last twelve months, to reach 132,000 as of 31 December 2010. Our SME customer base performed well and we were able to add 3,000 customers in the fourth quarter and 5,000 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

<i>Data in € million</i>	Notes	<u>31-Dec-10</u>	<u>30-Sep-10</u>	<u>31-Dec-09</u>
<b>ASSETS</b>				
Intangible assets, net	3.3.1	107	105	112
Tangible assets, net	3.3.2	4,200	4,227	4,340
Shareholdings in group companies		-	3	3
Financial assets		5	7	7
Tax credit and deferred tax	3.2.6	1,084	1,100	1,137
<b>Non current assets</b>		<b>5,396</b>	<b>5,441</b>	<b>5,599</b>
Non current assets held for sale		15	15	15
Inventories		2	2	2
Accounts receivable and other current assets		117	130	145
Short-term investments, net		4	19	31
Prepayments and accrued income		2	4	6
Cash and cash equivalents		59	107	238
<b>Current assets</b>		<b>199</b>	<b>277</b>	<b>436</b>
<b>TOTAL ASSETS</b>		<b>5,594</b>	<b>5,719</b>	<b>6,035</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Common stock		1,649	1,635	1,643
Share premium reserve		363	363	368
Reserves		39	39	45
Prior year losses		(851)	(854)	(904)
Own shares		(28)	-	(5)
Net profit for the period		47	43	50
Shareholder´s equity	Table 8	1,218	1,226	1,197
Hedge agreements		(1)	(4)	(38)
State subsidies		1	1	1
Minority interest		4	4	3
<b>Net equity</b>		<b>1,222</b>	<b>1,227</b>	<b>1,163</b>
Provisions for liabilities and charges		87	96	120
Senior facility		2,398	3,148	3,050
Senior Secured Notes		683	-	-
Participative loan		10	10	10
Senior subordinated notes		450	450	450
Other		13	13	28
Long- term debt	3.3.3	3,555	3,622	3,538
Hedge agreements		-	-	16
Other long-term liabilities		1	1	1
Other long-term liabilities		1	1	17
Loan <sup>(1)</sup>		124	124	-
Accrued interests		25	16	-
Shareholder´s Loan		149	140	-
Deferred income		0	0	0
<b>Non current liabilities</b>		<b>3,791</b>	<b>3,859</b>	<b>3,675</b>
Provisions for liabilities and charges		32	35	36
Short-term debt with banks	3.3.3	61	116	532
Accrued interests		25	19	54
Hedge agreement		2	5	39
Other		2	2	83
Short-term payables		89	142	708
Accounts payable and other current liabilities		360	355	400
Accruals and deferred income		101	101	52
<b>Current liabilities</b>		<b>581</b>	<b>633</b>	<b>1,196</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>		<b>5,594</b>	<b>5,719</b>	<b>6,035</b>

<sup>(1)</sup> Corresponds to €125m shareholder's contribution minus €1.5m capitalised costs.

Table 7: Condensed Consolidated Statements of Operations

Data in € million	Quarter ended			Year to date		
	31-Dec-10	31-Dec-09	% change	31-Dec-10	31-Dec-09	% change
Revenues	369	372	(0.9%)	1,472	1,512	(2.7%)
Cost of services	(77)	(69)	12.0%	(310)	(329)	(5.5%)
Net opex	(105)	(113)	(7.7%)	(437)	(453)	(3.7%)
<b>EBITDA</b>	<b>187</b>	<b>190</b>	<b>(1.5%)</b>	<b>725</b>	<b>730</b>	<b>(0.8%)</b>
Deprec. and amortis.	(96)	(97)	(1.5%)	(385)	(390)	(1.3%)
Other expenses	(0)	-	na	(1)	-	na
Impairment and gains or losses on disposal of fixed assets	(3)	(9)	(61.8%)	(1)	(11)	(92.7%)
<b>EBIT / Operating profit</b>	<b>88</b>	<b>84</b>	<b>4.6%</b>	<b>338</b>	<b>330</b>	<b>2.6%</b>
Net financial expense	(69)	(67)	2.7%	(253)	(250)	1.2%
<b>EBT / Profit before tax</b>	<b>19</b>	<b>17</b>	<b>12.3%</b>	<b>85</b>	<b>79</b>	<b>7.3%</b>
Income tax	(15)	(7)	na	(38)	(29)	32.1%
<b>Profit before minority interests</b>	<b>4</b>	<b>10</b>	<b>(60.9%)</b>	<b>47</b>	<b>51</b>	<b>(6.8%)</b>
Minority interests	(0)	(0)	na	(1)	(0)	39.1%
<b>Net profit</b>	<b>4</b>	<b>10</b>	<b>(62.1%)</b>	<b>47</b>	<b>50</b>	<b>(7.1%)</b>

Table 8: Condensed Consolidated Cash Flow

Data in € million	Quarter ended			Year to date		
	31-Dec-10	31-Dec-09	% change	31-Dec-10	31-Dec-09	% change
<b>EBITDA</b>	<b>187</b>	<b>190</b>	<b>(1.5%)</b>	<b>725</b>	<b>730</b>	<b>(0.8%)</b>
Capex	(74)	(70)	6.8%	(244)	(220)	11.0%
<b>OPERATING FREE CASH FLOW</b>	<b>112</b>	<b>120</b>	<b>(6.3%)</b>	<b>480</b>	<b>510</b>	<b>(5.8%)</b>
Change in working capital	6	7	(20.5%)	0	(66)	na
Other <sup>(1)</sup>	(4)	(10)	(55.9%)	(25)	(85)	(70.9%)
<b>FREE CASH FLOW (pre-interest)</b>	<b>114</b>	<b>117</b>	<b>(2.9%)</b>	<b>456</b>	<b>359</b>	<b>26.9%</b>
Paid interests, net	(61)	(41)	47.8%	(292)	(264)	10.6%
<b>FREE CASH FLOW AFTER DEBT SERVICE</b>	<b>53</b>	<b>76</b>	<b>(30.3%)</b>	<b>164</b>	<b>95</b>	<b>72.3%</b>
<b>FINANCING ACTIVITIES</b>						
Contributions from shareholders	-	-	-	125	-	-
Senior facility	(800)	(36)	-	(998)	(36)	-
Senior Secured Notes	700	-	-	700	-	-
State subsidies	(0)	(0)	-	(11)	(13)	-
Credit lines	(2)	(36)	-	(85)	(66)	-
Short-term investments	13	(4)	-	25	(3)	-
Financial assets	(0)	(0)	-	0	(1)	-
Other financing items	(12)	(0)	-	(27)	(8)	-
Deferred Auna acquisition payment	-	-	-	(71)	(71)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(101)</b>	<b>(77)</b>	<b>-</b>	<b>(342)</b>	<b>(199)</b>	<b>-</b>
<b>NET CASH FLOW</b>	<b>(48)</b>	<b>(1)</b>	<b>-</b>	<b>(178)</b>	<b>(104)</b>	<b>-</b>
<b>CASH BEGINNING OF PERIOD</b>	<b>107</b>	<b>239</b>	<b>-</b>	<b>238</b>	<b>342</b>	<b>-</b>
<b>CASH END OF PERIOD</b>	<b>59</b>	<b>238</b>	<b>-</b>	<b>59</b>	<b>238</b>	<b>-</b>

For certain definitions, see section 7 of this document.

<sup>(1)</sup> Includes commitments & contingencies and other one-off items. Additionally in 2009 restructuring payments (headcount reduction plan costs) were included.

Table 9: Shareholders' equity

<i>Data in € million</i>	Common stock	Share premium reserve	Reserves	Own shares	Prior year losses	Net profit/(loss) for the period	Hedge agreements	State subsidies	Minority interest	Total
<b>Balance 31 December 2009</b>	<b>1,643</b>	<b>368</b>	<b>45</b>	<b>(5)</b>	<b>(904)</b>	<b>50</b>	<b>(38)</b>	<b>1</b>	<b>3</b>	<b>1,163</b>
Previous year result distribution	-	-	-	-	50	(50)	-	-	-	-
Net loss for the year	-	-	-	-	-	47	-	-	-	47
Purchase of own shares (Uncalled share capital)	18	-	-	-	-	-	-	-	-	18
Purchase of own shares	-	-	-	(37)	3	-	-	-	-	(34)
Reductions of capital	(24)	(5)	(6)	15	-	-	-	-	-	(20)
Reductions of capital (Uncalled share capital)	11	-	-	-	(1)	-	-	-	-	10
Change in fair value	-	-	-	-	-	-	37	-	-	37
Transfer to financial income	-	-	-	-	-	-	-	(0)	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	-	1	1
<b>Balance 31 December 2010</b>	<b>1,649</b>	<b>363</b>	<b>39</b>	<b>(28)</b>	<b>(851)</b>	<b>47</b>	<b>(1)</b>	<b>1</b>	<b>4</b>	<b>1,222</b>

### 3.2 Fourth quarter 2010 results of operations

#### 3.2.1. Revenues

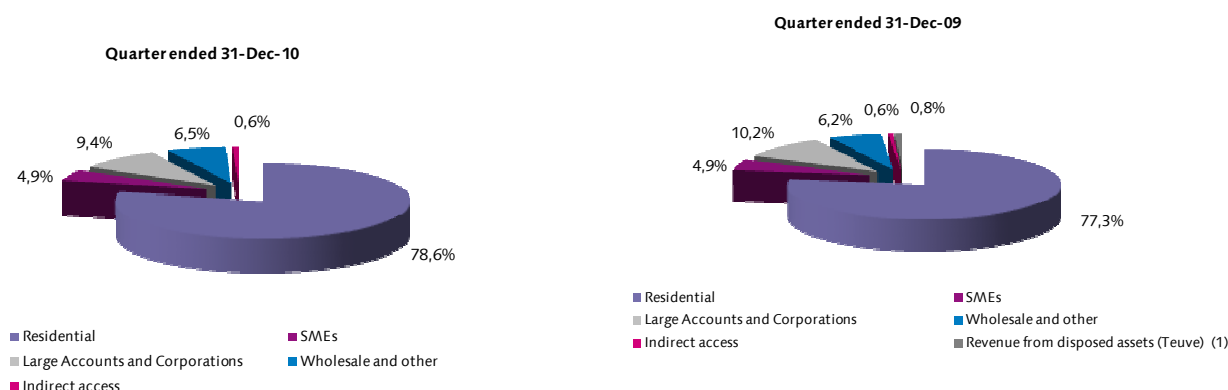
Our revenues are derived primarily from residential services, which involve providing our customers with a combination of Internet, pay television and telephony services, either through our fibre network or through ADSL, business services, which involve providing SMEs, large corporations and public entities 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					Year to date		
	31-Dec-10	30-Sep-10	% change	31-Dec-09	% change	31-Dec-10	31-Dec-09	% change
<b>Residential</b>	<b>290</b>	<b>286</b>	<b>1.2%</b>	<b>288</b>	<b>0.8%</b>	<b>1,159</b>	<b>1,158</b>	<b>0.1%</b>
Residential Fibre	280	277	1.1%	279	0.4%	1,120	1,124	(0.3%)
Residential ADSL	10	10	6.2%	9	13.9%	39	34	14.4%
<b>Business</b>	<b>76</b>	<b>74</b>	<b>3.2%</b>	<b>79</b>	<b>(3.6%)</b>	<b>302</b>	<b>334</b>	<b>(9.7%)</b>
SMEs	18	17	4.3%	18	(0.7%)	72	70	2.2%
Large Accounts and Corporations	34	34	1.4%	38	(8.9%)	142	166	(14.4%)
Wholesale and other	24	23	5.0%	23	2.7%	88	98	(10.2%)
Indirect access	2	2	-	2	11.7%	8	10	(17.5%)
Revenue from disposed assets (Teuve) <sup>(1)</sup>	-	-	na	3	na	3	11	(70.0%)
<b>Total revenues</b>	<b>369</b>	<b>362</b>	<b>1.8%</b>	<b>372</b>	<b>(0.9%)</b>	<b>1,472</b>	<b>1,512</b>	<b>(2.7%)</b>

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



We recorded revenues of €369 million in the quarter, an increase of 1.8% compared to the previous quarter, mainly as a result of the good performance of our residential and SME segments.

Residential revenues, which represent 79% of our total revenues, amounted to €290 million in the quarter which represented a 0.8% increase compared against the twelve months ended 31 December 2009. Our successful 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 speed 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.

Business revenues, which represent around 21% of our total revenues, amounted to €76 million in the quarter which represented a 3.6% decrease compared against the same quarter of 2009. While our SMEs segment performed well, the economic downturn is leading to contracts renegotiations for large accounts & corporations and Telefonica, our principal competitor, is holding 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 product and services (e.g. high-speed internet proposition –DOCSIS 3.0- & next generation TV –TiVo-) that we believe will help us improve our overall revenue figures.

### 3.2.1.1 Residential services

*Table 11: Residential RGUs*

*Data in thousand*

	31-Dec-10	30-Sep-10	% change	31-Dec-09	% change
Fibre RGUs	4,019	3,988	0.8%	3,967	1.3%
ADSL RGUs	162	154	4.9%	136	18.8%
<b>Total Residential RGUs</b>	<b>4,181</b>	<b>4,142</b>	<b>0.9%</b>	<b>4,103</b>	<b>1.9%</b>

#### a) Residential Fibre

The Fibre Services segment (formerly Residential cable) 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

<i>Data in thousand, except if otherwise stated</i>	<b>31-Dec-10</b>	<b>30-Sep-10</b>	<b>% change</b>	<b>31-Dec-09</b>	<b>% change</b>
<b>Residential Fibre:</b>					
HRTM	7,030	7,025	0.1%	7,004	0.4%
Customers	1,811	1,809	0.1%	1,825	(0.8%)
Penetration	25.8%	25.7%	0.0 pp	26.1%	(0.3 pp)
Net churn	15.5%	15.1%	0.4 pp	13.9%	1.6 pp
ARPU (€)	51.5	50.8	1.4%	51.0	1.1%
Total RGUs	4,019	3,988	0.8%	3,967	1.3%
RGUs per customer	2.22x	2.20x	1.5 pp	2.17x	4.6 pp

The success of our marketing strategy, based on the sale of bundles (almost 83% of our customers subscribed to a bundled service as of 31 December 2010) has led to an increase of 31,000 services in the quarter and 52,000 in the last twelve months, to reach 4,019,000 services as of 31 December 2010.

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 2.22x as of 31 December 2010, compared to 2.17x as of 31 December 2009.

Our net churn was 15.5% in the quarter slightly up from previous quarter and the same quarter of 2009 following our decision to purge voluntarily certain customers of our customer base. During 2010 we have increased our efforts to reduce our churn with initiatives that include: (i) development of new products and services to differentiate ourselves from our competitors (ii) acquire credit worthy customers through credit scoring and other measures that result in the reduction of the early churn, (iii) improve our customer satisfaction through quality of service and (iv) improve our retention ratios.

- **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

<i>Data in thousand, except if otherwise stated</i>	<b>31-Dec-10</b>	<b>30-Sep-10</b>	<b>% change</b>	<b>31-Dec-09</b>	<b>% change</b>
<b>Internet services:</b>					
Customers	1,380	1,361	1.4%	1,326	4.1%
Proportion of total customers	76.2%	75.3%	0.9 pp	72.6%	3.6 pp
Penetration	19.6%	19.4%	0.3 pp	18.9%	0.7 pp

Internet customers increased by 19,000 in the quarter and by 54,000 in the last twelve months to reach 1,380,000 as of 31 December 2010. Internet customers as a proportion of total customers reached 76.2% as of 31 December 2010.

We officially launched the 50 Mbps internet offering across our areas of operation in late August 2010. As of December 2010 over 126,000 customers subscribed to our high-speed internet packages (30 and 50Mbps) which represents over 9% 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 that we believe will help us grow the company 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 5.1 million homes within our network coverings, representing over 73% 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 2011.

- **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*

<i>Data in thousand, except if otherwise stated</i>	<b>31-Dec-10</b>	<b>30-Sep-10</b>	<b>% change</b>	<b>31-Dec-09</b>	<b>% change</b>
<b>Television services:</b>					
Customers	953	948	0.6%	975	(2.2%)
Proportion of total customers	52.7%	52.4%	0.2 pp	53.4%	(0.8 pp)
Penetration	13.6%	13.5%	0.1 pp	13.9%	(0.4 pp)

Fibre television customers increased by 5,000 in the quarter to reach 953,000 as of 31 December 2010. This represents an important milestone for us as we have been able to change the negative trend experienced in past quarters by which we approximately lost 22,000 television customers since December 2009.

The success of our bundling strategy, with almost 51.5% of our new customers subscribing to a bundle that includes television, coupled with the success of GOL TV (almost 127,000 customers) and the recently added Canal + (almost 19,000 customers) 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*

<i>Data in thousand, except if otherwise stated</i>	<b>31-Dec-10</b>	<b>30-Sep-10</b>	<b>% change</b>	<b>31-Dec-09</b>	<b>% change</b>
<b>Telephony services:</b>					
Customers	1,686	1,679	0.5%	1,666	1.2%
Proportion of total customers	93.1%	92.8%	0.3 pp	91.3%	1.9 pp
Penetration	24.0%	23.9%	0.1 pp	23.8%	0.2 pp

Telephony customers increased by 7,000 in the quarter and 20,000 in the last twelve months to reach 1,686,000 as of 31 December 2010, 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 1.9 pp to reach 93.1% as of 31 December 2010.

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.

In July 2010, we signed a strategic agreement with Huawei to outsource and upgrade our voice platform. The strategic agreement is for a seven year period and we believe that it will enable us to better focus on meeting the needs of our customers and the development of new services. Approximately 40 employees from our voice network management group have been transferred to Huawei.

#### b) Residential ADSL

Residential ADSL (formerly Residential ULL) 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 8,000 in the quarter and 26,000 in the last twelve months to reach 162,000 services as of 31 December 2010. Our customer base also performed well and increased by 4,000 customers in the quarter and 11,000 in the last twelve months to reach 88,000 customers as of 31 December 2010.

Currently, 96.7% of ADSL customers benefit from a bundled service compared to 93.8% in the previous year thereby offsetting the revenue erosion resulting from lower variable consumption.

*Table 16: Residential ADSL*

<i>Data in thousand, except if otherwise stated</i>	<b>31-Dec-10</b>	<b>30-Sep-10</b>	<b>% change</b>	<b>31-Dec-09</b>	<b>% change</b>
<b>Residential ADSL:</b>					
Customers	88	84	3.9%	77	14.2%
RGUs	162	154	4.9%	136	18.8%
RGUs per customer	1.84x	1.83x	1.8 pp	1.77x	7.1 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

<i>Data in thousand, except if otherwise stated</i>	<b>31-Dec-10</b>	<b>30-Sep-10</b>	<b>% change</b>	<b>31-Dec-09</b>	<b>% change</b>
<b>SMEs:</b>					
Customers	72	69	3.6%	67	6.9%
RGUs	132	127	3.8%	111	18.5%
RGUs per customer	1.83x	1.83x	0.4 pp	1.65x	18.1 pp
Revenues (€m)	18	17	4.3%	18	(0.7%)

SMEs services increased by 5,000 in the quarter and 21,000 in the last twelve months to reach 132,000 services as of 31 December 2010. Our SME customer base also performed well and increased by 3,000 customers in the quarter and 5,000 in the last twelve months to reach 72,000 customers as of 31 December 2010.

Our increased focus on the SMEs segment has helped us change the negative growth trend, both in revenues 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

<i>Data in € million</i>	<b>Quarter ended</b>					<b>Year to date</b>		
	<b>31-Dec-10</b>	<b>30-Sep-10</b>	<b>% change</b>	<b>31-Dec-09</b>	<b>% change</b>	<b>31-Dec-10</b>	<b>31-Dec-09</b>	<b>% change</b>
Revenues	34	34	1.4%	38	(8.9%)	142	166	(14.4%)

Large Accounts and Corporations revenues increased by 1.4% in the quarter but decreased by 8.9% if compared to the same quarter of 2009. The lower level of variable revenues as well as contracts 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					Year to date		
	31-Dec-10	30-Sep-10	% change	31-Dec-09	% change	31-Dec-10	31-Dec-09	% change
	Revenues	24	23	5.0%	23	2.7%	88	98

Revenues from the wholesale and other business unit increased by 5.0% if compared to the previous quarter and by 2.7% if compared to the fourth quarter of 2009 mainly due to the good performance of revenues related with 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

Data in € million	Quarter ended					Year to date		
	31-Dec-10	30-Sep-10	% change	31-Dec-09	% change	31-Dec-10	31-Dec-09	% change
Total revenues	369	362	1.8%	372	(0.9%)	1,472	1,512	(2.7%)
Cost of services	(77)	(71)	8.7%	(69)	12.0%	(310)	(329)	(5.5%)
<b>Gross profit</b>	<b>291</b>	<b>291</b>	<b>0.1%</b>	<b>303</b>	<b>(3.8%)</b>	<b>1,161</b>	<b>1,184</b>	<b>(1.9%)</b>
Gross margin	79.1%	80.4%	(1.34 pp)	81.5%	(2.4 pp)	78.9%	78.3%	0.6 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 increased by €6 million if compared to the previous quarter and by €8 million if compared to the same quarter of the previous year. The increase in the number of television services experienced in the quarter coupled with certain television content costs credits recorded on the fourth quarter of 2009 have led to an overall increase in the television content costs figure.

Nevertheless if we consider 2010 as a whole, cost of services decreased by €19 million to reach €310 million as of 31 December 2010. 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					Year to date		
	31-Dec-10	30-Sep-10	% change	31-Dec-09	% change	31-Dec-10	31-Dec-09	% change
Gross opex	(120)	(122)	(1.0%)	(129)	(6.7%)	(502)	(514)	(2.5%)
Capitalised costs	16	16	(1.2%)	16	(1.1%)	65	61	6.3%
<b>Net opex</b>	<b>(105)</b>	<b>(106)</b>	<b>(1.0%)</b>	<b>(113)</b>	<b>(7.7%)</b>	<b>(437)</b>	<b>(453)</b>	<b>(3.7%)</b>
% of revenues	28.4%	29.2%	(0.8 pp)	30.4%	(2.03 pp)	29.7%	30.0%	(0.3 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.

Gross opex decreased by €2 million if compared to the previous quarter and by €9 million if compared to the same quarter of the previous year to reach €120 million as of 31 December 2010.

If we consider 2010 as a whole, Gross opex decreased by €12 million to reach €502 million as of 31 December 2010.

Our strict cost control policies coupled with several optimization and restructuring initiatives that have led to opex savings across the entire organization. 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. The impact of this law, that is currently under review by the European Commission was of €11.7 million in 2010.

### 3.2.4. Depreciation and amortisation

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

Table 22: Depreciation and amortisation

Data in € million	Quarter ended					Year to date			
	31-Dec-10		30-Sep-10		%	31-Dec-10		31-Dec-09	%
			change		change			change	
Depreciation and amortisation	(96)	(95)	0.9%	(97)	(1.5%)	(385)	(390)	(1.3%)	

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

### 3.2.5. Net financial 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					Year to date			
	31-Dec-10		30-Sep-10		%	31-Dec-10		31-Dec-09	%
			change		change			change	
Net financial expenses	(69)	(65)	6.0%	(67)	2.7%	(253)	(250)	1.2%	

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

Net financial expenses increased by €4 million if compared to the previous quarter and by €2 million if compared to the same quarter of the previous year to reach €69 million as of 31 December 2010.

If we consider 2010 as a whole, Net financial expenses increased by €3 million to reach €253 million as of 31 December 2010.

Savings arising from the (i) decrease in the Euribor rates experienced during 2010, and (ii) maturity of the €2,065 million hedge agreements in July 2010, have been offset by the (i) refinancing charges related to the €700 million 8.875% Note issue completed in October 2010, the (ii) increase in interest expenses arising from the €125 million shareholder's contribution (the shareholder's contribution bears interests only at GCO level), and by the (iii) increased spread margins applicable to part of our bank debt post refinancing of the Senior Bank Facility in May 2010.

### 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 2009 Annual Report of ONOMidco and the Q3 2010 "Supplemental Disclosure Material", 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					Year to date		
	31-Dec-10	30-Sep-10	%	31-Dec-09	%	31-Dec-10	31-Dec-09	%
			change		change			change
Income tax	(15)	(11)	41.9%	(7)	113.3%	(38)	(29)	32.1%

### 3.3 Notes to the Condensed Consolidated Balance Sheet

#### 3.3.1. Intangible assets

Table 25: Intangible assets, net

<i>Data in € million</i>	<u>31-Dec-09</u>	<u>Additions</u>	<u>Disposals</u>	<u>31-Dec-10</u>
Rights over fixed assets	66	-	-	66
Concessions	13	-	-	13
Computer software	148	10	-	158
Other intangible fixed assets	57	18	-	76
<b>Total cost</b>	<b>283</b>	<b>29</b>	<b>-</b>	<b>312</b>
Accumulated amortisation	(171)	(34)	0	(205)
<b>Intangible assets, net</b>	<b>112</b>	<b>(6)</b>	<b>0</b>	<b>107</b>

#### 3.3.2. Tangible assets

Table 26: Tangible assets, net

<i>Data in € million</i>	<u>31-Dec-09</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>31-Dec-10</u>
Land and natural assets	15	-	(0)	-	15
Network and technical equipment	6,634	112	(15)	94	6,826
Computer hardware	203	4	0	0	207
Other tangible fixed assets	62	-	-	-	62
Advances and fixed assets under construction	82	99	(9)	(95)	78
<b>Total cost</b>	<b>6,996</b>	<b>216</b>	<b>(24)</b>	<b>-</b>	<b>7,188</b>
Accumulated amortisation	(2,588)	(351)	11	-	(2,928)
Provisions	(69)	-	9	-	(60)
<b>Tangible assets, net</b>	<b>4,340</b>	<b>(135)</b>	<b>(4)</b>	<b>-</b>	<b>4,200</b>

### 3.3.3. Debt and liquidity

Table 27: Debt and liquidity

As of 31 December 2010  
Data in €million

Type of debt	Maximum available	Short term debt	Long term debt	Total debt	Availability
<b>Debt with credit entities:</b>					
Senior facility <sup>(1)</sup>	2,800	49	2,417	2,466	334
Senior Secured Notes <sup>(1)</sup>	700	-	700	700	-
Participative loan	10	-	10	10	-
Other credit facilities <sup>(1)</sup>	15	2	3	4	10
<b>Total debt with credit entities</b>	<b>3,525</b>	<b>51</b>	<b>3,130</b>	<b>3,181</b>	<b>344</b>
<b>Other debt:</b>					
Senior subordinated notes	450	-	450	450	-
State subsidies <sup>(1)</sup>	21	10	12	21	-
<b>Total other debt</b>	<b>471</b>	<b>10</b>	<b>462</b>	<b>471</b>	<b>-</b>
<b>Total debt</b>	<b>3,996</b>	<b>61</b>	<b>3,591</b>	<b>3,652</b>	<b>344</b>
Cash and cash equivalents				59	59
<b>Total net debt</b>				<b>3,593</b>	<b>404</b>
EBITDA LTM				725	
<b>Total net debt/EBITDA</b>				<b>4.96x</b>	

<sup>(1)</sup> 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 counter-guarantee debt reported under the caption "State subsidies and other".

Table 28: Debt by maturity

As of 31 December 2010  
Data in € million

Type of debt	2011	2012	2013	2014	2015	2016	2017	≥2018	Total
<b>Debt with credit entities:</b>									
Tranche A (Term Loan)	129	450	-	-	-	-	-	-	579
Tranche B (Term Loan)	104	360	-	-	-	-	-	-	464
Tranche C (Revolving Credit Facility)	-	-	330	-	-	-	-	-	330
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	-	-	-	-	-	-
Tranche SPV 1	-	-	-	-	-	-	-	700	700
<b>Senior facility</b>	<b>49</b>	<b>171</b>	<b>2,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>3,166</b>
Participative loan	-	-	-	10	-	-	-	-	10
Other credit facilities	2	2	1	0	0	-	-	-	4
<b>Total debt with credit entities</b>	<b>51</b>	<b>173</b>	<b>2,247</b>	<b>10</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>3,181</b>
<b>Other debt:</b>									
Senior subordinated notes	-	-	-	450	-	-	-	-	450
State subsidies and other	10	8	1	0	0	0	-	2	21
<b>Total other debt</b>	<b>10</b>	<b>8</b>	<b>1</b>	<b>450</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>2</b>	<b>471</b>
<b>Total</b>	<b>61</b>	<b>180</b>	<b>2,248</b>	<b>461</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>702</b>	<b>3,652</b>

DISCLAIMER: Please see important disclaimer in section 8 of this document  
ONO - Fourth quarter and full year 2010 preliminary unaudited results

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% Notes and US\$225 million aggregate principal amount of 10.875% 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:

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

As a consequence of this prepayment our pro forma debt amortization calendar as of 31 December 2010 would be as follows:

Table 30: Pro forma debt by maturity following the €461 million Senior Subordinated Notes issuance

As of 31 December 2010 Data in € million	2011	2012	2013	2014	2015	2016	2017	2018	≥2019	Total
<b>Type of debt</b>										
<b>Debt with credit entities:</b>										
Tranche A (Term Loan)	129	450	-	-	-	-	-	-	-	579
Tranche B (Term Loan)	104	360	-	-	-	-	-	-	-	464
Tranche C (Revolving Credit Facility)	-	-	330	-	-	-	-	-	-	330
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	-	-	-	-	-	-	-
Tranche SPV 1	-	-	-	-	-	-	-	700	-	700
<b>Senior facility</b>	<b>49</b>	<b>171</b>	<b>2,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>-</b>	<b>3,166</b>
Participative loan	-	-	-	-	-	-	-	-	-	-
Other credit facilities	2	2	1	0	0	-	-	-	-	4
<b>Total debt with credit entities</b>	<b>51</b>	<b>173</b>	<b>2,247</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>-</b>	<b>3,171</b>
<b>Other debt:</b>										
Senior subordinated notes	-	-	-	-	-	-	-	-	461	461
State subsidies and other	10	8	1	0	0	0	-	2	-	21
<b>Total other debt</b>	<b>10</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>2</b>	<b>461</b>	<b>481</b>
<b>Total</b>	<b>61</b>	<b>180</b>	<b>2,248</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>702</b>	<b>461</b>	<b>3,652</b>

### 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 31: Capex*

Data in € million	Quarter ended					Year to date		
	31-Dec-10	30-Sep-10	% change	31-Dec-09	% change	31-Dec-10	31-Dec-09	% change
Capex	(74)	(53)	41.0%	(70)	6.8%	(244)	(220)	11.0%

Capex increased by €21 million if compared to the previous quarter and by €4 million if compared to the same quarter of the previous year to reach €74 million as of 31 December 2010.

If we consider 2010 as a whole, Capex increased by €24 million to reach €244 million as of 31 December 2010.

The increase in our overall Capex levels, mainly derives from our decision to deploy DOCSIS 3.0 technology in our entire network as part of our strategy to continue to provide fast and reliable broadband Internet services coupled with the higher level of activity experienced in the quarter.

#### 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 as of January 2013. Each of these reductions will have one-off negative impacts on our working capital.

#### 4. ONOMIDCO

Table 32: Condensed Consolidated Balance Sheet (ONOMidco)

<i>Data in € million</i>	<u>31-Dec-10</u>	<u>30-Sep-10</u>	<u>31-Dec-09</u>
<b>ASSETS</b>			
Intangible assets, net	107	105	112
Tangible assets, net	4,200	4,227	4,340
Shareholdings in group companies	-	3	3
Financial assets	5	7	7
Tax credit and deferred tax	1,076	1,092	1,151
<b>Non current assets</b>	<b>5,388</b>	<b>5,433</b>	<b>5,612</b>
Non current assets held for sale	15	15	15
Inventories	2	2	2
Accounts receivable and other current assets	117	117	119
Short-term investments, net	7	18	5
Prepayments and accrued income	2	4	6
Cash and cash equivalents	59	105	238
<b>Current assets</b>	<b>202</b>	<b>262</b>	<b>385</b>
<b>TOTAL ASSETS</b>	<b>5,590</b>	<b>5,695</b>	<b>5,997</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Common stock	131	131	131
Reserves	126	126	126
Prior year losses	(32)	(32)	(89)
Net profit/(loss) for the period	42	33	57
Shareholder's equity	267	259	225
Hedge agreements	(1)	(4)	(38)
State subsidies	1	1	1
Minority interest	4	4	3
Participative loan	1,088	1,088	963
<b>Net equity</b>	<b>1,358</b>	<b>1,347</b>	<b>1,154</b>
Provisions for liabilities and charges	87	96	120
Senior facility	2,393	3,141	3,040
Senior Secured Notes	683	-	-
Participative loan	10	10	10
Senior subordinated notes	450	450	450
Other	13	13	28
Long-term debt	3,549	3,614	3,528
Hedge agreements	-	-	16
Other long-term liabilities	4	2	1
Other long-term liabilities	4	2	17
Deferred income	0	0	0
<b>Non current liabilities</b>	<b>3,641</b>	<b>3,712</b>	<b>3,665</b>
Provisions for liabilities and charges	32	32	33
Short-term debt with banks	61	105	498
Accrued interests	24	18	54
Hedge agreement	2	5	39
Other	15	15	96
Short-term payables	101	143	687
Accounts payable and other current liabilities	357	359	407
Accruals and deferred income	101	101	52
<b>Current liabilities</b>	<b>591</b>	<b>636</b>	<b>1,178</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>5,590</b>	<b>5,695</b>	<b>5,997</b>

Table 33: Condensed Consolidated Statement of Operations (ONOMidco)

Data in € million	Quarter ended			Year to date		
	31-Dec-10	31-Dec-09	% change	31-Dec-10	31-Dec-09	% change
Revenues	369	372	(0.9%)	1,472	1,512	(2.7%)
Cost of services	(77)	(69)	12.0%	(310)	(329)	(5.5%)
Net Opex	(105)	(116)	(9.3%)	(437)	(453)	(3.5%)
<b>EBITDA</b>	<b>186</b>	<b>187</b>	<b>(0.4%)</b>	<b>724</b>	<b>730</b>	<b>(0.9%)</b>
Deprec. and amortis.	(96)	(97)	(1.5%)	(385)	(390)	(1.3%)
Impairment and gains or losses on disposal of fixed assets	(3)	(10)	(64.3%)	(2)	(11)	(80.1%)
<b>EBIT / Operating profit</b>	<b>87</b>	<b>80</b>	<b>8.7%</b>	<b>337</b>	<b>329</b>	<b>2.4%</b>
Net financial expense	(62)	(61)	0.8%	(232)	(245)	(5.1%)
<b>EBT / Profit/(loss) before tax</b>	<b>26</b>	<b>19</b>	<b>33.9%</b>	<b>104</b>	<b>84</b>	<b>24.0%</b>
Income tax	(17)	(9)	98.4%	(62)	(31)	100.1%
<b>Profit/(loss) before minority interests</b>	<b>9</b>	<b>11</b>	<b>(18.8%)</b>	<b>42</b>	<b>53</b>	<b>(20.4%)</b>
Minority interests	(0)	4	na	(1)	4	na
<b>Net profit/(loss)</b>	<b>8</b>	<b>15</b>	<b>(43.6%)</b>	<b>42</b>	<b>57</b>	<b>(26.2%)</b>

Table 34: Condensed Consolidated Cash Flow (ONOMidco)

Data in € million	Quarter ended			Year to date		
	31-Dec-10	31-Dec-09	% change	31-Dec-10	31-Dec-09	% change
<b>EBITDA</b>	<b>186</b>	<b>187</b>	<b>(0.4%)</b>	<b>724</b>	<b>730</b>	<b>(0.9%)</b>
Capex	(74)	(70)	6.8%	(244)	(220)	11.0%
<b>OPERATING FREE CASH FLOW</b>	<b>112</b>	<b>117</b>	<b>(4.6%)</b>	<b>479</b>	<b>510</b>	<b>(6.0%)</b>
Change in working capital	(0)	4	na	(6)	(76)	(92.5%)
Other <sup>(1)</sup>	(4)	(7)	(35.8%)	(26)	(78)	(66.4%)
<b>FREE CASH FLOW (pre-interest)</b>	<b>108</b>	<b>115</b>	<b>(6.3%)</b>	<b>447</b>	<b>355</b>	<b>26.0%</b>
Paid interests, net	(61)	(41)	48.2%	(290)	(263)	10.1%
<b>FREE CASH FLOW AFTER DEBT SERVICE</b>	<b>47</b>	<b>74</b>	<b>(36.4%)</b>	<b>158</b>	<b>92</b>	<b>71.5%</b>
<b>FINANCING ACTIVITIES</b>						
Contributions from shareholders	-	-	-	125	-	-
Senior facility	(800)	(36)	-	(998)	(36)	-
Senior Secured Notes	700	-	-	700	-	-
State subsidies	(0)	(0)	-	(11)	(13)	-
Credit lines	(2)	(34)	-	(75)	(64)	-
Short-term investments	9	(4)	-	(3)	(3)	-
Financial assets	(0)	0	-	0	(1)	-
Other financing items	(0)	(0)	-	(2)	(6)	-
Deferred Auna acquisition payment	-	-	-	(71)	(71)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(93)</b>	<b>(75)</b>	<b>-</b>	<b>(336)</b>	<b>(196)</b>	<b>-</b>
<b>NET CASH FLOW</b>	<b>(46)</b>	<b>(1)</b>	<b>-</b>	<b>(178)</b>	<b>(104)</b>	<b>-</b>
<b>CASH BEGINNING OF PERIOD</b>	<b>105</b>	<b>239</b>	<b>-</b>	<b>238</b>	<b>342</b>	<b>-</b>
<b>CASH END OF PERIOD</b>	<b>59</b>	<b>238</b>	<b>-</b>	<b>59</b>	<b>238</b>	<b>-</b>

<sup>(1)</sup> Includes commitments & contingencies and other one-off items. Additionally in 2009 restructuring payments (headcount reduction plan costs) were included.

Table 35: Shareholders' equity (ONOMidco)

<i>Data in € million</i>	Common stock	Reserves	Prior year losses	Net profit/(loss) for the period	Hedge agreements	State subsidies	Minority interest	Participative loan	Total
<b>Balance 31 December 2009</b>	131	126	(89)	57	(38)	1	3	963	1,154
Previous year result distribution	-	-	57	(57)	-	-	-	-	-
Net loss for the year	-	-	-	42	-	-	-	-	42
Change in fair value	-	-	-	-	37	-	-	-	37
New participative loan	-	-	-	-	-	-	-	125	125
Transfer to financial income	-	-	-	-	-	(0)	-	-	(0)
Transfer to income statements	-	-	-	-	-	-	1	-	1
<b>Balance 31 December 2010</b>	131	126	(32)	42	(1)	1	4	1,088	1,358

In this section, we are reporting the fourth quarter and full year 2010 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 36: Condensed Consolidated Balance Sheet (Cableuropa)

Data in € million

	31-Dec-10	30-Sep-10	31-Dec-09
<b>ASSETS</b>			
Intangible assets, net	107	105	112
Tangible assets, net	4,200	4,227	4,340
Shareholdings in group companies	-	3	3
Financial assets	5	7	7
Tax credit and deferred tax	1,076	1,092	1,151
<b>Non current assets</b>	<b>5,388</b>	<b>5,433</b>	<b>5,612</b>
Non current assets held for sale	15	15	15
Inventories	2	2	2
Accounts receivable and other current assets	117	118	120
Short-term investments, net	7	18	5
Prepayments and accrued income	2	4	6
Cash and cash equivalents	59	105	238
<b>Current assets</b>	<b>202</b>	<b>262</b>	<b>385</b>
<b>TOTAL ASSETS</b>	<b>5,590</b>	<b>5,695</b>	<b>5,997</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Common stock	263	263	263
Share premium reserve	1,637	1,637	1,637
Reserves	807	807	807
Prior year losses	(2,482)	(2,482)	(2,539)
Net profit/(loss) for the period	42	33	57
Shareholder´s equity	267	259	225
Hedge agreements	(1)	(4)	(38)
State subsidies	1	1	1
Minority interest	4	4	3
Participative loan	1,088	1,088	963
<b>Net equity</b>	<b>1,359</b>	<b>1,347</b>	<b>1,154</b>
Provisions for liabilities and charges	87	96	120
Senior facility	2,393	3,141	3,040
Senior Secured Notes	683	-	-
Participative loan	10	10	10
Senior subordinated notes	450	450	450
Other	13	13	28
Long- term debt	3,549	3,614	3,528
Hedge agreements	-	-	16
Other long-term liabilities	4	2	1
Other long-term liabilities	4	2	17
Deferred income	0	0	0
<b>Non current liabilities</b>	<b>3,641</b>	<b>3,712</b>	<b>3,665</b>
Provisions for liabilities and charges	32	32	33
Short-term debt with banks	61	105	498
Accrued interests	24	18	54
Hedge agreement	2	5	39
Other	15	15	96
Short-term payables	101	143	687
Accounts payable and other current liabilities	357	359	407
Accruals and deferred income	101	101	52
<b>Current liabilities</b>	<b>591</b>	<b>636</b>	<b>1,178</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>5,590</b>	<b>5,695</b>	<b>5,997</b>

Table 37: Condensed Consolidated Statement of Operations (Cableuropa)

Data in € million	Quarter ended			Year to date		
	31-Dec-10	31-Dec-09	% change	31-Dec-10	31-Dec-09	% change
Revenues	369	372	(0.9%)	1,472	1,512	(2.7%)
Cost of services	(77)	(69)	12.0%	(310)	(329)	(5.5%)
Net Opex	(105)	(116)	(9.3%)	(437)	(453)	(3.5%)
<b>EBITDA</b>	<b>186</b>	<b>187</b>	<b>(0.4%)</b>	<b>724</b>	<b>730</b>	<b>(0.9%)</b>
Deprec. and amortis.	(96)	(97)	(1.5%)	(385)	(390)	(1.3%)
Impairment and gains or losses on disposal of fixed assets	(3)	(10)	(64.4%)	(2)	(11)	(80.2%)
<b>EBIT / Operating profit</b>	<b>87</b>	<b>80</b>	<b>8.7%</b>	<b>337</b>	<b>329</b>	<b>2.4%</b>
Net financial expense	(62)	(61)	0.8%	(232)	(245)	(5.1%)
<b>EBT / Profit/(loss) before tax</b>	<b>26</b>	<b>19</b>	<b>33.9%</b>	<b>104</b>	<b>84</b>	<b>24.0%</b>
Income tax	(17)	(9)	98.1%	(62)	(31)	100.0%
<b>Profit/(loss) before minority interests</b>	<b>9</b>	<b>11</b>	<b>(18.6%)</b>	<b>42</b>	<b>53</b>	<b>(20.3%)</b>
Minority interests	(0)	4	na	(1)	4	na
<b>Net profit/(loss)</b>	<b>8</b>	<b>15</b>	<b>(43.5%)</b>	<b>42</b>	<b>57</b>	<b>(26.2%)</b>

Table 38: Condensed Consolidated Cash Flow (Cableuropa)

Data in € million	Quarter ended			Year to date		
	31-Dec-10	31-Dec-09	% change	31-Dec-10	31-Dec-09	% change
<b>EBITDA</b>	<b>186</b>	<b>187</b>	<b>(0.4%)</b>	<b>724</b>	<b>730</b>	<b>(0.9%)</b>
Capex	(74)	(70)	6.8%	(244)	(220)	11.0%
<b>OPERATING FREE CASH FLOW</b>	<b>112</b>	<b>117</b>	<b>(4.7%)</b>	<b>479</b>	<b>510</b>	<b>(6.0%)</b>
Change in working capital	0	4	(97.3%)	(6)	(77)	(92.5%)
Other <sup>(1)</sup>	(4)	(7)	(35.8%)	(26)	(78)	(66.4%)
<b>FREE CASH FLOW (pre-interest)</b>	<b>108</b>	<b>115</b>	<b>(6.3%)</b>	<b>447</b>	<b>355</b>	<b>26.0%</b>
Paid interests, net	(61)	(41)	48.2%	(290)	(263)	10.1%
<b>FREE CASH FLOW AFTER DEBT SERVICE</b>	<b>47</b>	<b>74</b>	<b>(36.4%)</b>	<b>158</b>	<b>92</b>	<b>71.5%</b>
<b>FINANCING ACTIVITIES</b>						
Contributions from shareholders	-	-	-	125	-	-
Senior facility	(800)	(36)	-	(998)	(36)	-
Senior Secured Notes	700	-	-	700	-	-
State subsidies	(0)	(0)	-	(11)	(13)	-
Credit lines	(2)	(34)	-	(75)	(64)	-
Short-term investments	9	(4)	-	(3)	(3)	-
Financial assets	(0)	0	-	0	(1)	-
Other financing items	(0)	(0)	-	(2)	(6)	-
Deferred Auna acquisition payment	-	-	-	(71)	(71)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(93)</b>	<b>(75)</b>	<b>-</b>	<b>(336)</b>	<b>(196)</b>	<b>-</b>
<b>NET CASH FLOW</b>	<b>(46)</b>	<b>(1)</b>	<b>-</b>	<b>(178)</b>	<b>(104)</b>	<b>-</b>
<b>CASH BEGINNING OF PERIOD</b>	<b>105</b>	<b>239</b>	<b>-</b>	<b>238</b>	<b>342</b>	<b>-</b>
<b>CASH END OF PERIOD</b>	<b>59</b>	<b>238</b>	<b>-</b>	<b>59</b>	<b>238</b>	<b>-</b>

<sup>(1)</sup> Includes commitments & contingencies and other one-off items. Additionally in 2009 restructuring payments (headcount reduction plan costs) were included.

Table 39: 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
<b>Balance 31 December 2009</b>	263	1,637	807	(2,539)	57	(38)	1	3	963	1,154
Previous year result distribution	-	-	-	57	(57)	-	-	-	-	-
Net loss for the year	-	-	-	-	42	-	-	-	-	42
Change in fair value	-	-	-	-	-	37	-	-	-	37
New participative loan	-	-	-	-	-	-	-	-	125	125
Transfer to financial income	-	-	-	-	-	-	(0)	-	-	(0)
Transfer to income statements	-	-	-	-	-	-	-	1	-	1
<b>Balance 31 December 2010</b>	263	1,637	807	(2,482)	42	(1)	1	4	1,088	1,359

## 5.2 Debt and liquidity

Table 40: Debt and Liquidity (Cableuropa)

As of 31 December 2010 Data in €million	Maximum available	Short- term debt	Long-term debt	Total debt	Availability
<b>Type of debt</b>					
<b>Debt with credit entities:</b>					
Senior facility <sup>(1)</sup>	2,800	49	2,417	2,466	334
Senior Secured Notes <sup>(1)</sup>	700	-	700	700	-
Participative loan	10	-	10	10	-
Other credit facilities	15	2	3	4	10
<b>Total debt with credit entities</b>	<b>3,525</b>	<b>51</b>	<b>3,130</b>	<b>3,181</b>	<b>344</b>
<b>Other debt:</b>					
Senior subordinated notes	450	-	450	450	-
State subsidies and other <sup>(1)</sup>	21	10	12	21	-
<b>Total other debt</b>	<b>471</b>	<b>10</b>	<b>462</b>	<b>471</b>	<b>-</b>
<b>Total debt</b>	<b>3,996</b>	<b>61</b>	<b>3,591</b>	<b>3,652</b>	<b>344</b>
Cash and cash equivalents				59	59
<b>Total net debt</b>				<b>3,593</b>	<b>404</b>
EBITDA LTM				724	
<b>Total net debt/EBITDA LTM</b>				<b>4.96x</b>	

<sup>(1)</sup> 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 counter-guarantee debt reported under the caption "State subsidies and other".

Table 41: Debt by maturity (Cableuropa)

As of 31 December 2010  
Data in € million

	2011	2012	2013	2014	2015	2016	2017	≥2018	Total
<b>Type of debt</b>									
<b>Debt with credit entities:</b>									
Tranche A (Term Loan)	129	450	-	-	-	-	-	-	579
Tranche B (Term Loan)	104	360	-	-	-	-	-	-	464
Tranche C (Revolving Credit Facility)	-	-	330	-	-	-	-	-	330
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	-	-	-	-	-	-
Tranche SPV 1	-	-	-	-	-	-	-	700	700
<b>Senior facility</b>	<b>49</b>	<b>171</b>	<b>2,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>3,166</b>
Participative loan	-	-	-	10	-	-	-	-	10
Other credit facilities	2	2	1	0	0	-	-	-	4
<b>Total debt with credit entities</b>	<b>51</b>	<b>173</b>	<b>2,247</b>	<b>10</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>3,181</b>
<b>Other debt:</b>									
Senior subordinated notes	-	-	-	450	-	-	-	-	450
State subsidies and other	10	8	1	0	0	0	-	2	21
<b>Total other debt</b>	<b>10</b>	<b>8</b>	<b>1</b>	<b>450</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>2</b>	<b>471</b>
<b>Total</b>	<b>61</b>	<b>180</b>	<b>2,248</b>	<b>461</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>702</b>	<b>3,652</b>

After using gross proceeds of the €461 million (equivalent) Senior Subordinated Notes issue to prepay existing subordinated Debt, the pro forma debt maturity profile of Cableuropa would be as follows:

*Table 42: Pro forma debt by maturity following the €461 million Senior Subordinated Notes issuance*

As of 31 December 2010  
Data in € million

	2011	2012	2013	2014	2015	2016	2017	2018	≥2019	Total
<b>Type of debt</b>										
<b>Debt with credit entities:</b>										
Tranche A (Term Loan)	129	450	-	-	-	-	-	-	-	579
Tranche B (Term Loan)	104	360	-	-	-	-	-	-	-	464
Tranche C (Revolving Credit Facility)	-	-	330	-	-	-	-	-	-	330
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	-	-	-	-	-	-	-
Tranche SPV 1	-	-	-	-	-	-	-	700	-	700
<b>Senior facility</b>	<b>49</b>	<b>171</b>	<b>2,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>-</b>	<b>3,166</b>
Participative loan	-	-	-	-	-	-	-	-	-	-
Other credit facilities	2	2	1	0	0	-	-	-	-	4
<b>Total debt with credit entities</b>	<b>51</b>	<b>173</b>	<b>2,247</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>-</b>	<b>3,171</b>
<b>Other debt:</b>										
Senior subordinated notes	-	-	-	-	-	-	-	-	461	461
State subsidies and other	10	8	1	0	0	0	-	2	-	21
<b>Total other debt</b>	<b>10</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>2</b>	<b>461</b>	<b>481</b>
<b>Total</b>	<b>61</b>	<b>180</b>	<b>2,248</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>702</b>	<b>461</b>	<b>3,652</b>

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 fourth quarter and full year 2010 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 December 2010, borrowings under our €3,555 million 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 1.75% to 3.00% depending on the tranche.

Borrowings under our €10 million Participative loan bore 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 bore interest at Euribor plus a margin.

Accordingly, as of 31 December 2010 our main financial agreements (excluding Senior Secured and Senior Subordinated Notes) were linked to variable interest rates. The outstanding debt securities in the amount of €2,502 million were exposed to risk due to fluctuations of interest rates.

As of 31 December 2010, we had in place a series of interest rate swaps to fix the Euribor rates applicable to our financial debt that covered €500 million of indebtedness, amounting to 20% of the total drawn amount under the aforementioned facilities, hedging our exposure up to January 2011.

The table below shows our variable interest debt main agreements as of 31 December 2010:

*Table 43: Variable interest debt*

<i>Data in €million</i>	2011	2012	2013	2014	After 2014	Total
Senior bank facility (Euribor+1.75%-3.00%)	49	171	2,246	-	-	2,466
Participative loan (Euribor+2.75%)	-	-	-	10	-	10
Other debt	11	9	2	1	2	26
<b>Total</b>	<b>61</b>	<b>180</b>	<b>2,248</b>	<b>11</b>	<b>2</b>	<b>2,502</b>

## 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.

### *Errata slip*

*With respect to the original version of this document released on the 1st of March 2011, we have updated the maximum available amount of tables 27 and 40 to include €64 million availabilities under "Tranche F" of the Senior Bank Facility. Therefore, total availabilities under our financial agreements amounted to €344 million plus €59 million in cash and cash equivalents totalling €404 million availabilities.*



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#### **FURTHER INFORMATION**

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