

Vivo

Brazilian market leader in cellular telephony, Vivo is the brand of a joint venture between Portugal Telecom and Telefónica, which started in 2002.

It's network, the biggest in Brazil, provides nationwide services, with CDMA, GSM and W-CDMA coverage. It is also the largest mobile telecom group in the South Hemisphere and the world's 10th largest operator.

Corporate Governance

A permanent pursuit for improving corporate governance practices to assure maximum **transparency and reliability** for its operations and to the results of its business.

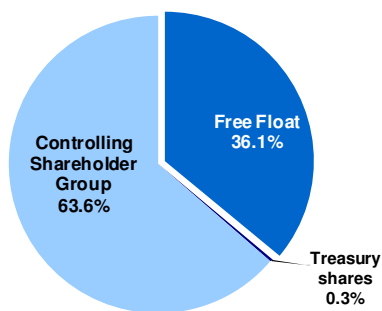
It is managed by a Board of Directors comprised of at least 3 and a maximum of 12 members, all of them shareholders of the holding company, besides a Statutory Audit Council, a Disclosure Committee and an Audit Committee.

Capital Market

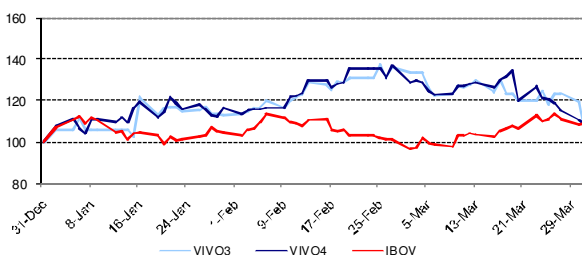
Vivo's shares are listed on the São Paulo Stock Exchange (Bovespa) and are traded under VIVO3 ticker for common shares and VIVO4 for preferred shares. At the NYSE, the ADRs are traded under the VIV ticker.

The Capital stock is represented by 136,275,334 common shares and 238,063,700 preferred shares.

Stockholding breakdown
on 03/31/2009



Stock Performance



Highlights

- ◇ Vivo's customer base reached **45,641 thousand customers**, with a 29.7% market share, reaffirming its **leadership** in the domestic market;
- ◇ The **GSM/WCDMA** operation reached **more than 33.3 million** accesses, representing more than 73.1% of the total customer base;
- ◇ In March 2009, the **3G WCDMA** network already served **399 municipalities** with this technology;
- ◇ More than **541 thousand recharge points** in March 2009;
- ◇ The biggest handset distribution network, with more than **11 thousand points of sale**;
- ◇ Self-supported **Data and VAS revenue**, which grew 29.0% in relation to 1Q08, representing 12.1% of the net service revenue;
- ◇ **EBITDA margin** in the quarter of **29.9%** growing 1.0 percentile points over 1Q08, pursuant to the Brazilian Corporate Law;
- ◇ The **EBITDA** reached **R\$1,203.9 million** in the quarter, an increase of 25.2% in comparison with 1Q08, pursuant to the Brazilian Corporate Law;
- ◇ The **allowance for doubtful accounts** was R\$77.6 million in the quarter, representing **1.4% of the gross revenue**, which represents a reduction of 13.8% in relation to 1Q08.

Corporate Reorganization

The managements of Vivo Participações S.A. ("Vivo Part"), Telemig Celular Participações S.A. ("TCP") and Telemig Celular S.A. ("TC") (jointly referred to as "Companies"), in the form and for the purposes of CVM Instructions no. 319/99 and 358/02, have informed that their respective Boards of Directors approved the proposal to constitute an independent Committee (in conformity with "Parecer de Orientação" of CVM nº 35) for a corporate reorganization aiming at the merger of TC's shares into TCP and of TCP's shares into Vivo Part, for conversion of TC into a wholly-owned subsidiary of TCP, and of TCP into a wholly-owned subsidiary of Vivo Part.

The purpose of the proposed Corporate Reorganization is to simplify the current organizational structure, which has three publicly-held companies, two of them having ADRs traded abroad. The simplified structure will reduce administrative costs and allow the shareholders of the Companies to hold shares in one sole company whose shares are traded both in Brazilian and international stock exchanges, with more liquidity. Additionally, the structure will make the unification, standardization and rationalization of the general business management easier.

Having in consideration that TC will become a wholly-owned subsidiary of TCP and that TCP will become a wholly-owned subsidiary of Vivo Part, their respective registrations with CVM and BOVESPA and the registrations of TCP with the Securities and Exchange Commission – SEC and with the New York Stock Exchange – NYSE will be cancelled, in order to eliminate the costs associated thereto.

Operating Performance

The company recorded **45,641 thousand customers** in the 1Q09, an increase of 19.1% in relation to the 1Q08 and 1.5% in relation to 4Q08. The competitive position, the quality leadership and the portfolio of plans and handsets, in addition to the promotions implemented and the efforts to value the customer base contributed to such growth, keeping Vivo in a leadership position, with **29.7% market share** at the end of the quarter.

The **SAC** of R\$97 in the 1Q09 increased by 10.2% in relation to 1Q08 and by 31.1% in relation to 4Q08. The growth recorded in the quarter is due, mainly, to the foreign exchange devaluation and by the appropriation of the fixed cost of publicity to a lower number of units sold. The efficiency of the owned shops and a greater participa-

-tion of SIM CARDS in the GSM technology contributed to minimize such effect.

The **Churn** of 2.4% in the quarter, remains relatively stable, reflecting Vivo's success in its efforts to retain customers.

The **ARPU** of R\$ 27.0 in the quarter recorded a reduction of 8.5% in relation to the 1Q08, despite the 19.1% increase in the customer base in the last 12 months. The outgoing ARPU has grown more than the incoming ARPU, constantly decreasing the dependence of revenue from interconnection traffic.

The **MOU** remained stable in relation to 1Q08, with a reduction of 9.4% in relation to 4Q08. Worthy of mention is the increase of 11.4% of the outgoing MOU in the comparison with 1Q08.

	1Q09	4Q08	%Δ	1Q08	%Δ
Customers (thousand)	45,641	44,945	1.5%	38,309	19.1%
Market Share (*)	29.7%	29.8%	-0.1 p.p.	30.4%	-0.7 p.p.
Net additions (thousand)	696	2,668	-73.9%	925	-24.8%
Share of net additions (*)	23.0%	27.1%	-4.1 p.p.	19.1%	3.9 p.p.
Market penetration	80.5%	79.1%	1.4 p.p.	65.8%	14.7 p.p.
SAC (R\$)	97	74	31.1%	88	10.2%
Monthly Churn	2.4%	2.5%	-0.1 p.p.	2.8%	-0.4 p.p.
ARPU (R\$/month)	27.0	29.1	-7.2%	29.5	-8.5%
Total MOU (minutes)	77	85	-9.4%	77	0.0%

(*) Source: Anatel

Financial Performance

Total **net revenue** grew 9.2% over 1Q08, due to the growth in the **service revenue**, which represents growth in all components. Such growth is a result of the natural growth in the customer base, of the actions for stimulation of the recharges and of the sale of products and VAS. **Data revenue** plus **VAS** have grown 29.0% over 1Q08, representing 12.1% of the Net Service Revenue.

Operating costs reduced by 1.9% in the quarter and increased by 16.9% in the year. Have contributed to this growth the 12.1% increase in the **cost of the services rendered** due to the 33.0% increase in the costs for the Fistel Fee due to the growth of the customer base. There was also an increase of 14.9% in the selling expenses over 1Q08 due to the foreign exchange devaluation occurred between the periods and to the launching of the operations in the Northeast region, which was offset by an increased activity of sales of Sim Cards.

The **EBITDA** in the 1Q09 was R\$ 1,203.9 million. By adjusting the EBITDA for 1Q08, which is positively impacted by the reversal of the

ICMS tax in Telemig, the EBITDA in 1Q09 would record an increase of 13%. The **EBITDA margin** would record an increase of 1.0 percentage point.

In 1Q09 we generated R\$ 619.3 million of operating cash, most of which was used for defraying payments arising out of investments effected.

The **net debt** increased in 1Q09, mainly in relation to 1Q08, due to the acquisitions of 3G licenses and of Telemig Celular Participações S/A, offset by generation of cash in the period.

The **CapEx** in the quarter amounted R\$541.3 million, which represents 13.5% of net revenue applied, mainly, to the increase in the GSM/EDGE capacity and continuance with the expansion of the footprint of the WCDMA/HSUPA network.

Net income of R\$123.5 million in the 1Q09 pursuant to the corporate law.

R\$ million	1Q09	4Q08	%Δ	1Q08	%Δ
Net Revenues	4,020.1	4,268.3	-5.8%	3,681.3	9.2%
Net service revenues	3,669.7	3,788.8	-3.1%	3,347.2	9.6%
Net handset revenues	350.4	479.5	-26.9%	334.1	4.9%
Operating Costs	(2,816.2)	(2,872.0)	-1.9%	(2,376.1)	18.5%
Ebitda	1,203.9	1,396.3	-13.8%	1,305.2	-7.8%
Ebitda Margin %	29.9%	32.7%	-2.8 p.p.	35.5%	-5.5 p.p.
Net Financial Income	(149.1)	(282.8)	-47.3%	(39.3)	279.4%
Net Income	123.5	215.5	-42.7%	97.6	26.5%
Capex	541.3	1,319.8	-59.0%	268.8	101.4%
Net Debt	5,579.5	5,302.1	5.2%	2,229.5	150.3%

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