Factsheet 2Q08

VIVO Participações S.A.

Vivo

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

Covering more than **2.3 thousand municipalities**, the company has the country's largest network, reaching 91.4% of the population. It is also the largest mobile telephony group in the South Hemisphere and the world's 10th largest operator providing this service.

Corporate Governance

A permanent search 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.

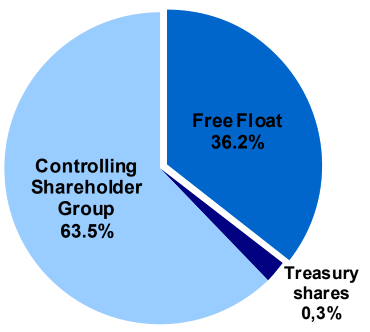
Capital Market

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.

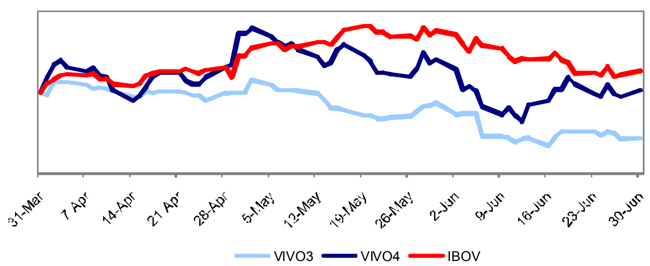
The Capital stock is represented by 536,601,378 common shares and 937,476,042 preferred shares.

Stockholding breakdown

on 06/30/2008



Stock performance



Highlights

- **40,435 thousand customers**, already considering those obtained with the purchase of Telemig, with a **30.4% market share**;
- The **GSM** operation reached **more than 22.5 million** accesses, representing more than 55% of the total customer base;
- More than **487 thousand recharge points** in June 2008;
- The biggest handset distribution network, with more than **9,700 points of sale**;
- Self-supported **Data and VAS revenue**, which grew 52.7% in relation to 2Q07, representing 10.4% of the net service revenue in 2Q08;
- Control over **structural costs**, which recorded a reduction of 4.7% in the quarter, in comparison with 2Q07;
- Conclusion of the **Voluntary Public Tender Offer** for the preferred shares and beginning of the **Mandatory Tender Offer** for disposal of share control (Tag Along) for acquisition of the outstanding shares of Telemig Celular Participações and Telemig Celular.

Telemig

On April 03, Vivo Participações S.A. announced the effective transfer of the share control of Telemig Celular Participações and, indirectly, of its controlled company, Telemig Celular. The price for the 7,258,108 common shares and 969,932 preferred shares of Telemig Part. paid on that date, already added by the remunerations provided for, corresponds to R$ 1.16 billion, equivalent to the approximate value of R$ 151.17 per common share and of R$ 67.43 per preferred share of Telemig Part. acquired. The prices paid for the common shares of Telemig Part. were approximately R$ 2,625.04 per common share of Telemig Celular S.A.

On April 08, Vivo published a Call Notice to the Voluntary Public Tender Offer for acquisition of up to 1/3 of the outstanding preferred shares of Telemig Part. and of Telemig Celular. In the case of Telemig Part. the offering was extended to the holders of ADS's in the North-American market. The offered price was R$ 654.72 per preferred share of Telemig Celular and of R$ 63.90 per preferred share of Telemig Celular Part. In the end of the offering, on May 15, 2008, Vivo became the owner of a 42.76% interest in the capital stock of Telemig Participações.

On July 15, Vivo published the call notice for the Public Tender Offer for disposal of share control for acquisition of the outstanding common shares in continuance with the acquisition of Telemig Celular Part. and of Telemig Celular. The price payable for the ON shares of Telemig Celular Part. to be sold at the Auction by the non-controlling shareholders accepting the respective Offer shall be R$ 120.93 per common share and for the ON shares of Telemig Celular to be sold at the Auction by non-controlling shareholders accepting the respective Offer shall be R$ 2,100.03 per common share. The prices referred to herein shall be paid in cash, being updated since the Closing Date until the date of the financial settlement of the Auctions at the rate of the Certificate of Interbank Deposit – CDI available for the period.

August 15, 2008 two independent auctions shall be held at the *Mega Bolsa*. The physical and financial settlement of the Offers shall be carried out on a gross payment basis, in accordance with the rules provided for by the CBLC on the 3rd business day after the date on which the Auctions are held.

Operating Performance

The company recorded **40,435 thousand customers** in the 2Q08, representing an increase of 19.7% in relation to the 2Q07 and 5.5% in relation to 1Q08. The quality leadership, the attractively and the portfolio of plans and handsets contributed to such growth, keeping Vivo in an absolute leadership position.

The **SAC** of R$ 86 in the 2Q08 decreased by 17.3% in relation to 2Q07 as a result of lower expenses with customer acquisition subsidies and a greater participation of handsets and SIM Cards in the GSM technology, which have a lower cost. It was also partially affected by an increase in advertising expenses with the relevant campaigns in the period and the launching of Vivo brand in Minas Gerais State.

The **Churn** of 2.6% in the quarter, remained stable in relation to the 2Q07 and to the 1Q08, as a result of the efforts made for customer loyalty. The reward program has continued to contribute to customer loyalty, renewal of customer handsets and increased satisfaction with services rendered.

The **ARPU** of R$ 28.8 in the quarter recorded a slight reduction of 3.7% in relation to the 2Q07, despite the 19.7% increase in the customer base in the last 12 months.

The **MOU** increased by 23.7% in relation to 2Q07, with an increase of 51.2% in the outgoing MOU, stimulated by usage incentive campaigns.

	2Q08	1Q08	%∆	2Q07	%∆
Customers (thousand)	40,435	38,309	5.5%	33,786	19.7%
Market Share (*)	30.4%	30.4%	0.0 p.p.	31.7%	-1.3 p.p.
Net additions (thousand)	2,125	925	129.7%	1,259	68.8%
Share of net additions (*)	28.9%	19.1%	9.8 p.p.	27.9%	1.0 p.p.
Market penetration	69.4%	65.8%	3.6 p.p.	56.3%	13.1 p.p.
SAC (R$)	86	88	-2.3%	104	-17.3%
Monthly Churn	2.6%	2.8%	-0.2 p.p.	2.5%	0.1 p.p.
ARPU (R$/month)	28.8	29.5	-2.4%	29.9	-3.7%
Total MOU (minutes)	94	77	22.1%	76	23.7%

(*) Source: Anatel

Financial Performance

Total **net revenue** grew 12.9% over 2Q07, due to the growth of 14.4% in the **service revenue**, which represents growth in all components. In relation to the 1Q08, the total net revenue increased by 3.0%, especially due to the growth in the revenue from sales of handsets because of the highest commercial activity, besides the 1.3% evolution in the service revenue for an increase in other revenues, similarly to the previous year. **Data revenue** plus **VAS** accounted for 10.4% of the service revenue, a 52.7% growth over 2Q07.

Operating costs increased 18% in the 2Q08 and 12% in the year. The following facts have contributed to this increase: interconnection costs caused by an increase in the total outgoing traffic, an increase in the Fistel fee and higher third party's services expenses, such as, advertising, publicity, donations, commissions, outsourced labor and client care.

The 2Q08 **EBITDA** increased 16% when compared to the 2Q07. The **EBITDA margin** reached 23.2%, an amount of R$879.3 million.

The **operating cash flow** recorded a negative result of R$ 757.6 million in the quarter, due to the accounting of the investments made in the period.

The **net debt** increase in 2Q08 in relation to the 1Q08 as well as 2Q07 was mainly due to the acquisition of Telemig and of the payment of 10% of the 3G licenses.

Vivo has continued to expand its coverage in order to meet the increase in the customer base and to expand its GSM network. For achieving this goal, the 2Q08 **CapEx** totaled R$ 1,558.6 million, which represents 41.1% of its net revenue.

Net loss of R$ 59.5 million in the quarter. The operating profit (EBIT) grew 36.4% when compared to 2Q07, recording R$ 143.9 million in the quarter.

R$ million	2Q08	1Q08	%∆	2Q07	%∆
Net Revenues	3,791.3	3,681.3	3.0%	3,358.5	12.9%
Net service revenues	3,390.0	3,347.2	1.3%	2,962.8	14.4%
Net handset revenues	401.3	334.1	20.1%	395.7	1.4%
Operating Costs	(2,912.0)	(2,376.5)	22.5%	(2,600.7)	12.0%
Ebitda	879.3	1,304.8	-32.6%	757.8	16.0%
Ebitda Margin %	23.2%	35.4%	-12.2 p.p.	22.6%	0.6 p.p.
Net Financial Income	(100.2)	(54.0)	85.6%	(116.1)	-13.7%
Net Income	(59.5)	256.2	n.a.	(65.1)	-8.6%
Capex	1,558.6	268.8	479.8%	360.5	332.3%
Net Debt	3,574.3	2,227.1	60.5%	2,988.1	19.6%

www.vivo.com.br/ir

Telephone: 55 11 7420-1172

Fax: 55 11 7420-2247

E-mail: ir@vivo.com.br