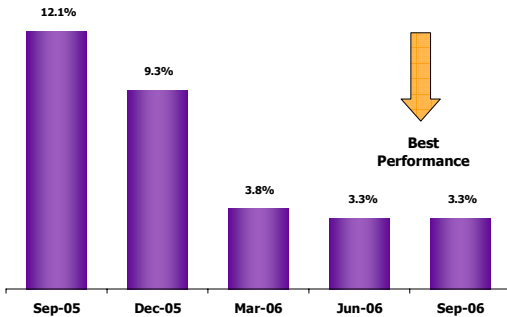


VIVO is the south hemisphere's largest wireless communication group and the tenth largest worldwide. Created in 2003 is leader in its market, with market share of 31.09%. Operates in 19 Brazilian states and the Federal District, an area equivalent of 7 million km<sup>2</sup> or 86% of the national territory. VIVO shares are traded on the São Paulo Stock Exchange (BOVESPA) and ADRs on the New York Stock Exchange (NYSE).

**ANATEL – Improvement in the standards  
September 2006**


Tickers	VIVO
Common Shares (Bovespa)	VIVO 3
Preferred Shares (Bovespa)	VIVO 4
ADR (NYSE)	VIV

VIVO Consolidated Financial Statements					
<i>R\$ millions</i>	3Q06	2Q06	%Δ	3Q05	%Δ
<b>Net Operating Revenue</b>	2,824.9	2,598.3	8.7%	2,810.4	0.5%
Net Service Revenues	2,467.7	2,184.1	13.0%	2,412.1	2.3%
Net Handset Revenues	357.2	414.2	-13.8%	398.3	-10.3%
<b>Operating Costs</b>	(2,109.3)	(2,292.0)	-8.0%	(2,013.8)	4.7%
Personnel	(150.9)	(155.3)	-2.8%	(149.4)	1.0%
Cost of services rendered	(664.3)	(418.2)	58.8%	(371.8)	78.7%
Cost of goods solds	(511.9)	(546.8)	-6.4%	(556.9)	-8.1%
Selling expenses	(697.4)	(1,002.4)	-30.4%	(767.8)	-9.2%
General & administrative expenses	(112.7)	(145.5)	-22.5%	(158.7)	-29.0%
Other operating revenue (expenses)	27.9	(23.8)	n.d.	(9.2)	n.d.
<b>Ebitda</b>	715.6	306.3	133.6%	796.6	-10.2%
<b>Ebitda Margin</b>	25.3%	11.8%	13.5 p.p.	28.3%	-3.0 p.p.
<b>Net Financial Income</b>	(201.6)	(213.6)	-5.6%	(212.7)	-5.2%
<b>Net Income</b>	(196.9)	(493.1)	-60.1%	(120.1)	63.9%
<b>Gross Debt</b>	4,699.6	4,686.4	0.3%	n.d.	n.d.
<b>Net Debt</b>	4,147.6	4,333.9	-4.3%	n.d.	n.d.
<b>Capex</b>	444.8	337.9	31.6%	389.7	14.1%

**The Mobile Telephone Business in Brasil**

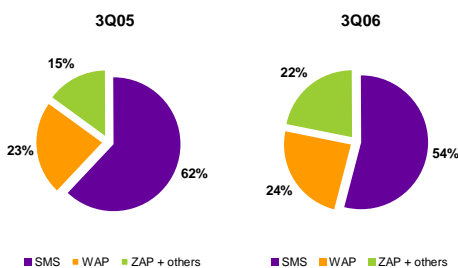
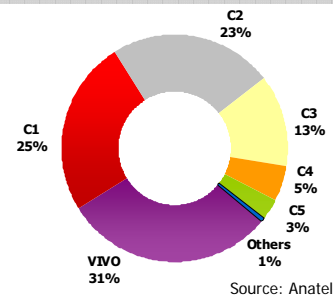
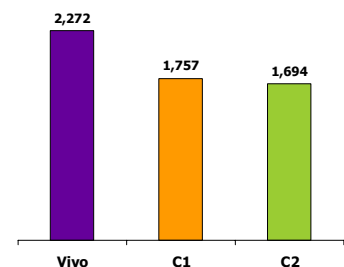
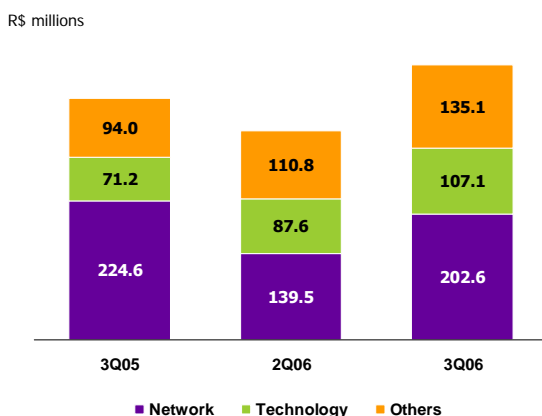
The Mobile Telephone Business ended the period with a total 95.9 million lines, reporting 11.2% growth in relation to December 2005. The Brazilian client base is divided in 80.7% of prepaid clients and 19.3% post-paid.

Net additions in the Brazilian market in the second quarter of 2006 totaled 4.1 millions. Mobile penetration reached 51.3% in September.

Consequent of a better quality in the rendered services, VIVO presented a reduction in the percentage of non-compliance to the ANATEL standards, thus reaching only 3.3% in September 2006.

Capital Structure	VIVO
Free Float - Common Shares	10.7%
Free Float - Preferred Shares	52.0%
Free Float - Total	36.9%
Treasury Shares	0.3%
Controlling Group	62.8%
Common Shares - Total	524,931,665
Preferred Shares - Total	917,186,080

VIVO Consolidated Operating Performance					
	3Q06	2Q06	%Δ	3Q05	%Δ
<b>Total number of customers (thousand)</b>	<b>28,726</b>	<b>28,525</b>	<b>0.7%</b>	<b>28,840</b>	<b>-0.4%</b>
Post Paid	5,244	5,268	-0.5%	5,650	-7.2%
Pre Paid	23,482	23,257	1.0%	23,190	1.3%
<b>Market Share (*)</b>	<b>39.3%</b>	<b>40.6%</b>	<b>-1.3 p.p.</b>	<b>45.7%</b>	<b>-6.4 p.p.</b>
<b>Net additions (thousand)</b>	<b>201</b>	<b>(1,613)</b>	<b>n.d.</b>	<b>394</b>	<b>n.d.</b>
<b>Market Share of Net Additions</b>	<b>7.6%</b>	<b>-185.6%</b>	<b>193.2 p.p.</b>	<b>12.9%</b>	<b>-5.3 p.p.</b>
<b>Penetration (*)</b>	<b>53.4%</b>	<b>52.9%</b>	<b>0.5 p.p.</b>	<b>46.5%</b>	<b>6.9 p.p.</b>
<b>SAC (R\$)</b>	<b>105</b>	<b>128</b>	<b>-18.0%</b>	<b>153</b>	<b>-31.4%</b>
<b>Monthly Churn</b>	<b>2.6%</b>	<b>4.6%</b>	<b>-2.0 p.p.</b>	<b>2.0%</b>	<b>0.6 p.p.</b>
<b>ARPU (R\$/month)</b>	<b>28.7</b>	<b>24.1</b>	<b>19.1%</b>	<b>28.2</b>	<b>1.8%</b>
<b>Total MOU (minutes)</b>	<b>78</b>	<b>66</b>	<b>18.2%</b>	<b>76</b>	<b>2.6%</b>

**Data Services**

**Brazil Market Share– September 2006**

**Number of Municipalities Covered**

**Investments**

**Indebtness**

Lenders (R\$ Millions)	R\$	URTIJP*	Currency		
			UMBND**	US\$	Yen
Financial institutions	1,685.9	192.8	33.4	1,842.9	925.0
Fixcel – TCO's Acquisition	19.6	-	-	-	-
<b>Total</b>	<b>1,705.5</b>	<b>192.8</b>	<b>33.4</b>	<b>1,842.9</b>	<b>925.0</b>
Exchange rate used	-	1.948814	0.042460	2.164300	0.018920
<b>Payment Schedule - Long Term</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2007	0.3	37.1	7.3	636.8	159.8
as from 2007	1,630.3	69.1	12.4	103.5	161.3
<b>Total</b>	<b>1,630.6</b>	<b>106.2</b>	<b>19.7</b>	<b>740.3</b>	<b>321.1</b>

Net Debt		
	30-Sep-06	30-Jun-06
Short Term	1,524.1	1,861.7
Long Term	3,175.5	2,824.7
<b>Total debt</b>	<b>4,699.6</b>	<b>4,686.4</b>
Cash and cash equivalents	(966.9)	(644.0)
Derivatives	414.9	291.6
<b>Net Debt</b>	<b>4,147.6</b>	<b>4,334.0</b>

(\*) BNDES long term interest rate unit  
 (\*\*) UMBND - prepared by the BNDES, it is a basket of foreign currencies unit, US dollar predominant



Executive Summary

- ✓ More than 90.0% of our customers are already inserted in the new IT/IS platform, which attests that the unification projects is now entering in the final stage and have been successful.
- ✓ Sustainable combat against cloning and fraud, with certification of network and prepaid and post-paid customer base, provided approximately 84% reduction in the number of cloning occurrences in comparison to the same period the last year.
- ✓ Second stage of the Corporate Reorganization about to be concluded and which will cause 14 operators to be merged into one only company, with consequent simplification of structures and processes and allowing operating and control efficiency.
- ✓ Positive reversal of the operating cash flow in 3Q06 over the previous quarter represented a consequence of improvement in the EBITDA. The amount of R\$270.8 million recorded in the quarter increases the year-to-date operating cash flow to R\$675.0 million.
- ✓ Increase of 18.3% of the post-paid ARPU and 21.7% in the pre-paid ARPU when compared to the 2Q06.
- ✓ SAC was reduced by 31.4% and 18% in relation to 3Q056 and 2Q06, respectively.

Main Strategic Points

- Cloning and Fraud** → Permanent combat and progressive reduction
- IT / IS Platforms** → Unification
- Corporate Restructuring** → Final stage toward conclusion
- Coverage Quality** → Assured
- National Coverage** → Digital Roaming (hybrid handsets) 1.9 MHz Frequency
- Price of Handsets and Services** → New Campaigns

GSM Overlay

- Competitiveness** → More handset models available. National coverage in digital roaming. Lower risk of cloning.
- Coverage** → Overlay in 850 MHz results in: Superposition of coverage areas; Good indoor coverage.
- Overlay** → Availability of GSM in parallel to CDMA.
- Quality** → Commitment to maintain the same levels of quality in CDMA and GSM. PT and TEF expertise in GSM
- Technology** → Opex off-set by reduced costs in other items. More choices in providing communication solutions.

VIVO Institute



VIVO Institute is an association made up by VIVO operators, with the purpose of being aligned with and extend VIVO's social responsibility work to all the States in which the Company operates. After VIVO Institute was created, the focus of VIVO's actions in the social area was redefined; as a result, education and environment became priority areas. The Instituto Vivo had celebrated one year of existence and has already benefited more than 300 hundred thousand people through its projects.

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