Factsheet 3Q08

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 **3.0 thousand municipalities,** 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.

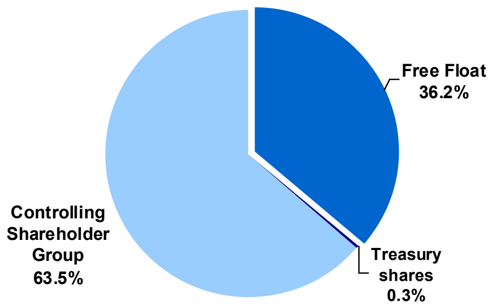
Capital Market

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.

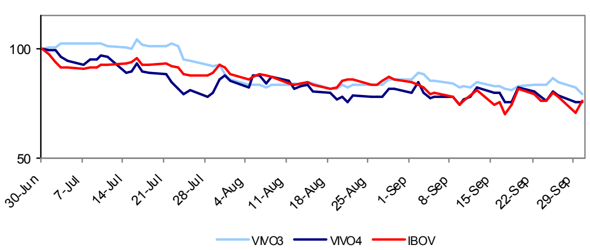
The Capital stock is represented by 134,150,345 common shares and 234,369,011 preferred shares.

Stockholding breakdown

on 09/30/2008



Stock Performance



Highlights

- **42,277 thousand customers**, already considering those obtained with the purchase of Telemig, with a **30% market share**;
- The **GSM** operation reached **more than 26.2 million** accesses, representing more than 62% of the total customer base;
- More than **456 thousand recharge points** in September 2008;
- The biggest handset distribution network, with more than **9,900 points of sale**;
- Self-supported **Data and VAS revenue**, which grew 41% in relation to 3Q07, representing 10% of the net service revenue in 3Q08;
- Control over **structural costs**, which recorded a reduction of 7.3% in the quarter, in comparison with 3Q07;
- Investment of the funds raised in the Telemig's acquisition, purchase of 1,9 Ghz and 2,1 Ghz (3G) frequencies, increase of GSM network capacity, 3G and Northeast coverage;
- Conclusion of the **Voluntary Public Tender Offer for Disposal of share control** (Tag Along) for acquisition of the outstanding shares of Telemig Celular Participações and Telemig Celular.

Telemig

On July 15, Vivo published an Invitation to Bid referring to the Public Tender Offer for Diposal of Control for acquisition of the outstanding common shares, in continuance with the process of acquisition of Telemig Celular Participações and of Telemig Celular. The price paid for ON Shares of Telemig Celular Participações sold at the Auction by the non-controlling shareholders who accepted the respective Offer was R$ 120.93 per Common Share. The price of ON shares of Telemig Celular sold at the Auction paid by the non-controlling shareholders who accepted the respective Offer was R$ 2,100.03 per Common Share. The prices referred to herein were updated since the closing date up to the date of the financial settlement of the Auctions pursuant to the Interbank Deposit Certificate (CDI) rate available for the period.

Reverse Split

Vivo approved at an Extraordinary Meeting held on September 11, 2008, the reverse split of shares representing the capital stock of the Company, at the ratio of four (4) shares to one (1) share of the respective type. Accordingly, the capital stock of Vivo Part now comprises 368,519,356 registered, book-entry type shares, with no face value, being 134,150,345 common shares and 234,369,011 preferred shares.

The Company informs that the proposed reverse split is in conformity with the provisions in article 12 of Law no. 6404/76.

The reverse split of the ADRs – American Depositary Receipts was carried out in the North-American market (New York Stock Exchange), in the same proportion and simultaneously to the reverse split transaction in Brazil (at the São Paulo Stock Exchange – BOVESPA), at the ratio of 4 ADRs to 1 (that is, each new ADR results from the reverse split of 4 current ADRs), in such manner that the ADRs will continue to be negotiated in the ratio of one (1) share to one (1) ADR.

Operating Performance

The company recorded **42,277 thousand customers** in the 3Q08, representing an increase of 21.0% in relation to the 3Q07 and 4.6% in relation to 2Q08. The quality differential, the attractiveness of the services and the portfolio of plans and handsets contributed to such growth, keeping Vivo in an absolute leadership position.

The **SAC** of R$ 76 in the 3Q08 decreased by 31.5% in relation to 3Q07 and by 11.6% in relation to 2Q08. The reduction was achieved as a result of lower expenses with customer acquisition subsidies and greater participation of handsets and SIM Cards in the GSM technology, which have a lower cost. Almost 50% of all additions were obtained without subsidies.

The **Churn** of 2.6% in the quarter, with a slight increase of 0.3 percentile points in relation to 3Q07, reflects a stability level in this index and Vivo's success in its efforts to retain customers. The Reward Program has contributed to customer loyalty, which allows renewal of customer handsets and increased satisfaction with services rendered.

The **ARPU** of R$ 29.4 in the quarter recorded a slight reduction of 4.2% in relation to the 3Q07, despite the 21.0% increase in the customer base in the last 12 months.

The **MOU** increased by 15.6% in relation to 3Q07, with an increase of 35.7% in the outgoing MOU, stimulated by usage incentive campaigns.

	3Q08	2Q08	%Δ	3Q07	%Δ
Customers (thousand)	42,277	40,435	4.6%	34,936	21.0%
Market Share (*)	30.0%	30.4%	-0.4 p.p.	31.0%	-1.0 p.p.
Net additions (thousand)	1,842	2,125	-13.3%	1,149	60.3%
Share of net additions (*)	24.2%	28.9%	-4.7 p.p.	18.9%	5.3 p.p.
Market penetration	73.1%	69.4%	3.7 p.p.	59.3%	13.8 p.p.
SAC (R$)	76	86	-11.6%	111	-31.5%
Monthly Churn	2.6%	2.6%	0.0 p.p.	2.3%	0.3 p.p.
ARPU (R$/month)	29.4	28.8	2.1%	30.7	-4.2%
Total MOU (minutes)	89	94	-5.3%	77	15.6%

(*) Source: Anatel

Financial Performance

Total **net revenue** grew 13.7% over 3Q07, due to the growth of 15.1% in the **service revenue**, which represents growth in all components. In relation to the 2Q08, the total net revenue increased by 7.6%, also due to the growth in the revenue from services, besides the increase of 8.2% in the revenue from handsets, as a result of the commercial activity. **Data revenue** plus **VAS** has continued to increase its share in the Total Service Revenue. It grew from 8.2% in 3Q07 to 10% in 3Q08, that is, 40.6% increase.

Operating costs reduced by 5.2% in the quarter and increased by 4.4% in the year. Have contributed to this growth the increase of 22.9% in the interconnection costs caused by an increase in the total outgoing traffic and an increase in the Fistel Fee, due to the growth in the customer base. There was also an increase in third parties' service expenses, such as: publicity and advertising, donations of handsets, commissions, outsourced labor and client care, besides the increased customer loyalty costs, partially offset by a reduction in the provision for bad debt.

The **EBITDA** in the 3Q08 was R$1,316.0 million, an increase of 39.8% in relation to 3Q07. The **EBITDA Margin** of 32.3% represents an increase of 6 percentile points.

The **operating cash flow** recorded a positive result of R$ 448.1 million, which was stimulated by the growth in the Ebitda and reduction in the Capex during the period. This fact, added to the variation in the working capital, has accounted for a generation of R$ 972.6 million.

The increase in Vivo's **net debt** in 3Q08 in relation to 3Q07 was mainly due to the acquisition of Telemig and to the payment of 10% of the 3G licenses, which were offset by the strong generation of cash by the Company in the period.

Vivo has continued to expand its coverage in order to meet the increase in the customer base and to expand its GSM network, especially the 3G network. For achieving this goal, the 3Q08 **CapEx** totaled R$ 868.4 million, which represents 21.3% of its net revenue.

Net income of R$129.8 million in the quarter and operatig profit of R$550.9 million.

R$ million	3Q08	2Q08	%Δ	3Q07	%Δ
Net Revenues	4,078.2	3,791.3	7.6%	3,587.0	13.7%
Net service revenues	3,644.0	3,390.0	7.5%	3,164.8	15.1%
Net handset revenues	434.2	401.3	8.2%	422.2	2.8%
Operating Costs	(2,761.7)	(2,912.0)	-5.2%	(2,645.2)	4.4%
Ebitda	1,316.5	879.3	49.7%	941.8	39.8%
Ebitda Margin %	32.3%	23.2%	9.1 p.p.	26.3%	6.0 p.p.
Net Financial Income	(199.2)	(100.2)	98.8%	(106.2)	87.6%
Net Income	129.8	(59.5)	n.a.	42.6	204.7%
Capex	868.4	1,558.6	-44.3%	409.1	112.3%
Net Debt	3,998.6	3,574.3	11.9%	2,541.0	57.4%

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