



## FACT SHEET, 4th Quarter - 2006.

**Vivo** is the brand of a joint venture between Portugal Telecom and Telefonica in 2002.

It is the leading cell phone operator in Brazil with a market share of 38.2% in its operation area. It is also the largest mobile telephony group in the South Hemisphere and the world's 10th largest operator providing this service.

### Tickers

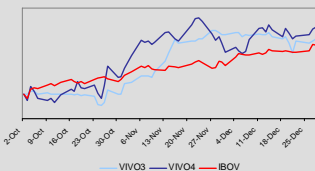
Common (Bovespa)	VIVO 3
Preferred (Bovespa)	VIVO4
ADR (NYSE)	VIV

### Stockholding Breakdown on 12/28/2006



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

### Stock Performance over 4Q06



Daily Avg. Volume	R\$ 25 mm
Vivo ON Upside	24.6%
Vivo PN Upside	30.6%
Ibovespa	22.0%
ITEL	20.4%



### Message from the chief executive officer



Roberto Lima

"Our challenge remains the same for 2007. Our efforts will be targeted at: Making the whole company aware of our strengths and weaknesses; Focusing on customer satisfaction to build loyalty and generate profit; Always keeping a strong financial management".

### Consolidated Performance

The company's net gain in 4Q06 was 328 thousand customers (11% market share of net gain), of which 81% in the post-paid market segment. The **Company** closed last year with 29,053 thousand customers.

The 7.3% increase in **service revenues**, a rate higher than the customer base growth, led to a 4.0% increase over the total net revenue for 3Q06, reaching R\$2,936.5 million in the 4th quarter. In comparison with 4Q05 figures, the total net revenues dropped by 1.7%, particularly as a result of a drop in the sale of handsets. Even if the 4Q06 and 3Q06 results are normalized by the end of the partial Bill & Keep system, the service revenue would still show a 5.1% growth between the quarters and a 9.6% drop when comparing 4Q06 with 4Q05.

**Operating costs** dropped by 11.0% in comparison with 4Q05 figures. The following facts have contributed to this reduction: drop in the cost of the goods sold, in the provision for doubtful debtors, third-party services and general administrative expenses. The Provision for Bad Debt in 4Q06 recorded R\$ 73.0 million, that is, 1.8% of the total gross income, the lowest amount in the last two years. However, the cost of the services provided showed an increase of 64.9% in comparison with 4Q05, because of the increase in interconnection costs as a result of the end of the partial Bill & Keep system.

The **EBITDA** in 4Q06 was R\$ 857.6 million, resulting in an **EBITDA Margin** of 29.2%, up 3.9 percentile points over the previous quarter. By

eliminating the effect of the end of the partial Bill & Keep system, the Ebitda would be R\$ 844.2 million, with a 32.8% margin.

The **operating cash flow** (EBITDA-CAPEX) plus the working capital variation show a positive flow of R\$ 1,228.4 million year-to-date, 68.4% higher than in 2005, when it recorded R\$ 729.6 million.

The **net debt** of R\$ 3,553.3 million recorded a reduction of 14.3% in the quarter and of 14.5% in comparison with 4Q05. The outstanding fact in this case is the increase of almost 50% in the availability over 3Q06.

The **investments** made in 4Q06 were R\$ 1,059.0 million, totaling R\$ 2,123.0 million in the year-to-date, R\$ 104.3 million lower than in 2005, thus reducing the percentage on the net revenue from 19.8% to 19.4%. The investments made in the quarter already include the investments required for the overlay in GSM/EDGE, which was implemented in a record time. The investments were made particularly in the improvement of the information systems consolidation and rationalization, quality maintenance and coverage expansion, besides the technology required to meet the corporate segment needs.

The **net profit** of R\$ 885.6 million in the quarter and R\$ 16.3 million in the year-to-date resulted particularly from the use of the benefits brought by the conclusion of the corporate restructuring.

### CONSOLIDATED INCOME STATEMENTS - VIVO

R\$ milhões	4Q06	3Q06	%Δ	4Q05	%Δ
<b>Net Revenues</b>	2.936,5	2.824,9	4,0%	2.987,2	-1,7%
Net service revenues	2.646,7	2.467,7	7,3%	2.531,7	4,5%
Net handset revenues	289,8	357,2	-18,9%	455,5	-36,4%
<b>Operating Costs</b>	(2.078,9)	(2.109,3)	-1,4%	(2.337,1)	-11,0%
Personnel	(184,8)	(150,9)	22,5%	(164,8)	12,1%
Cost of services rendered	(733,2)	(664,3)	10,4%	(444,5)	64,9%
Cost of handsets	(407,0)	(511,9)	-20,5%	(626,2)	-35,0%
Selling expenses	(676,3)	(697,4)	-3,0%	(951,3)	-28,9%
General & administrative expenses	(159,8)	(112,7)	41,8%	(180,6)	-11,5%
Other operating revenue (expenses)	82,2	27,9	n.d.	30,3	n.d.
<b>Ebitda</b>	857,6	715,6	19,8%	650,1	31,9%
<b>Margin %</b>	29,2%	25,3%	3,9 p.p.	21,8%	7,4 p.p.
<b>Net Financial Income</b>	(146,6)	(201,6)	-27,3%	(232,4)	-36,9%
<b>Net Income</b>	885,6	(196,9)	-549,8%	(263,3)	-436,3%
<b>Total debt</b>	4.500,4	4.699,6	-4,2%	5.652,8	n.d.
<b>Net Debt</b>	3.553,3	4.147,6	-14,3%	4.156,3	n.d.
<b>Capex</b>	1.059,0	444,8	138,1%	883,3	19,9%

### CONSOLIDATED OPERATING PERFORMANCE - VIVO

	4Q06	3Q06	%Δ	4Q05	%Δ
<b>Customers (thousand)</b>	29.053	28.726	1,1%	29.805	-2,5%
<b>Market Share</b>	38,2%	39,3%	-1,1 p.p.	44,2%	-6,0 p.p.
<b>Net additions (thousand)</b>	328	201	63,2%	965	-66,0%
<b>Share of net additions</b>	11,0%	7,6%	3,4 p.p.	22,2%	-11,2 p.p.
<b>Market penetration (*)</b>	55,0%	53,3%	1,7 p.p.	49,6%	5,4 p.p.
<b>SAC (R\$)</b>	115	105	9,5%	135	-14,8%
<b>Monthly Churn</b>	2,5%	2,6%	-0,1 p.p.	1,9%	0,6 p.p.
<b>ARPU (in R\$/month)</b>	30,6	28,7	6,6%	29,0	5,5%
<b>Total MOU (minutes)</b>	82	78	5,1%	74	10,8%

(\*) source: Anatel

### NET DEBT - VIVO

	Dec 31. 06	Sep 30. 06	Dec 31. 05
Short Term	1.590,3	1.524,1	1.734,9
Long Term	2.910,1	3.175,5	3.917,9
<b>Total debt</b>	<b>4.500,4</b>	<b>4.699,6</b>	<b>5.652,8</b>
Cash and cash equivalents	(1.447,6)	(966,9)	(1.873,2)
Derivatives	500,5	414,9	376,7
<b>Net Debt</b>	<b>3.553,3</b>	<b>4.147,6</b>	<b>4.156,3</b>



## FACT SHEET, 4th Quarter - 2006.

### The Cell Phone Market in Brazil

The mobile telephony closed the year with 99.9 million lines in Brazil, of which 80.6% are prepaid and 19.4% are postpaid. The net additions on the Brazilian market in the 4th quarter of 2006 totaled 2.6 million. The penetration level reached 53.2% in December.

### Vivo is the highest value brand in mobile telephony in Brazil for the second consecutive year

In a research conducted by British Brand Finance, Vivo was elected the highest value brand for the second consecutive year among mobile telephony operators in Brazil. Its growth was 6.5% over 2005, with it was valued at R\$ 1.75 billion this year, reinforcing its image attributes in the market.

### Launching of new service plans

By unifying its system platforms, Vivo has launched new plans, named "Vivo Escolha", combining simplicity, freedom of choice of services and advantages to customers, who can now choose the combination of advantages that better suits their usage profile.

More than  
**300 thousand**  
recharge points

Total of  
**8,144**  
points of sale

Standardization of  
**53%**  
of its own points  
of sale

### Technology: CDMA + GSM/EDGE

Vivo has become the sole cell phone operator in Brazil to offer a full range of products and services using two technologies. This initiative will provide Vivo with greater competitiveness, with a more diversified offer to the customers. In addition, the new consumption requirements of the market segment will be more adequately satisfied by the GSM/EDGE technology.

GSM/EDGE offers the "Enhanced GPRS (EGPRS) - a connectivity solution based on the Internet Protocol (IP), which

supports a variety of applications used by corporations and the general public at rates up to 40 kbit/s, similar to a dial-up connection – which can be used for package applications, such as Internet connections, and applications requiring high transmission rates, such as: e-mail, video streaming, multimedia messages and location-based services.

EDGE triples the data transmission rate offered by the GSM.

### Organizational Structure Simplification

Changes have simplified its organization, made it easier to instruct customers and improved results. VIVO Participações and VIVO S.A. were created as a result of the merger of the 5 holding companies and the 14 operators. Simplification of the corporate structure, increased transparency, management and functional modernization and cost reductions are some of the key gains provided by the Merger Project.

### Corporate Governance

A permanent search for improving corporate governance practices to assure maximum transparency and reliability for its operations and the results of its business offers in the market.

Vivo 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.

### Social Responsibility



Vivo, as a company aware of its role in the social development of Brazil, is committed to education. As a result, it supports the "All for Education" commitment by helping to spread the principles of mobilization and awareness of our society about the importance of this issue for the future of our country.

### Sustainability

Vivo has adopted a clear behavior towards social development and the preservation of natural resources for future generations.

Through its human resource policy, it also provides for valuation and recognition of its employees as the main instruments for carrying out its corporate strategy and achieving the best results for all the publics involved in its operations.

### Environment

Vivo was the first company in Brazil to collect handsets for recycling through a campaign: "Your useless handset can link the world to a better future";

**96 thousand** used batteries delivered for safe disposal;  
**244 tons** of recycled materials.

### Investor Relations

Our Investor Relations Office acts with a focus on the improvement of the disclosure of information to shareholders and analysts, in order to keep a close relationship with the market and supply the material required for the fair pricing and valuation of our Company.

### Contact

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