

Vivo Participacoes S.A.  
Form 6-K  
February 16, 2011

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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### FORM 6-K

**Report of Foreign Private Issuer**  
Pursuant to Rule 13a-16 or 15d-16 of the  
**Securities Exchange Act of 1934**

**For the month of February, 2011**

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### VIVO PARTICIPAÇÕES S.A.

(Exact name of registrant as specified in its charter)

### VIVO Holding Company

(Translation of Registrant's name into English)

**Av. Roque Petroni Jr., 1464**

**Cep: 04707-000 - São Paulo, (SP) - Brasil**

(Address of principal executive office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

**Form 20-F**  **Form 40-F** \_\_\_\_\_

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)):

Yes \_\_\_\_\_ **No**

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7)):

Yes \_\_\_\_\_ **No**

(Indicate by check mark whether the registrant by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes \_\_\_\_\_ **No**

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**VIVO PARTICIPAÇÕES S.A.**

**NATIONAL CORPORATE TAXPAYER'S REGISTRATION (CNPJ/MF):**

**02.558.074/0001 -73**

**STATE REGISTRATION (NIRE): 3530015879-2**

**PUBLICLY HELD COMPANY**

The Current Report of Form 6-K relates to the tender offer (the “**Tender Offer**”) by SP TELECOMUNICAÇÕES LTDA. (“**SP TELECOM**”), a limited liability company organized under the laws of Brazil and controlled by Telefónica, S.A., a corporation organized under the laws of Spain (“**Telefónica**”), to purchase for cash solely in Brazil all outstanding shares of common stock of Vivo Participações S.A., a corporation organized under the laws of Brazil (“**Vivo Participações**”), not already owned by Telefónica. SP Telecom is a holding company that controls Telecomunicações de São Paulo S.A. – Telesp (“**Telesp**”).

The Offer is made in connection with a stock purchase agreement dated as of July 28, 2010 between Portugal Telecom SG SGPS, S.A. (“**Portugal Telecom**”) and Telefónica (the “**Stock Purchase Agreement**”), pursuant to which Telefónica acquired Portugal Telecom’s 50% interest in Brasilcel, N.V., an intermediate holding company through which Telefónica and Portugal Telecom jointly controlled Vivo.

As a Brazilian company, we do not approve, disapprove or make any recommendation with respect to this Tender Offer and advise each holder of common shares to make his or her own decision as to whether or not to tender into the Tender Offer and, if so, the number of common shares to tender.

In determining that we would not approve, disapprove or make any recommendation with respect to the Tender Offer, we noted that Brazilian law, which governs our duties and obligations, does not impose any fiduciary or other duty or obligation on us or our board of directors to seek or obtain any particular price or a fair price in the Tender Offer, to approve or disapprove the Tender Offer, to make any statement or recommendation or to otherwise play any role in connection with the Tender Offer. Furthermore, Brazilian law does not impose any fiduciary or other duty or obligation on us or our board of directors to make any determination or analysis regarding the Tender Offer or the Tender Offer price, including whether or not the terms of the Tender Offer or the Tender Offer price are fair, or to negotiate on behalf of unaffiliated security holders.

The following exhibits are hereby added to this Form 6-K:

(a) Notice of Tender Offer (*Edital*) for Acquisition of Common Shares issued by Vivo Participações S.A. dated February 16, 2011 (English translation)

(b) Valuation Report as per CVM Instruction 361 prepared by Credit- Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários for SP Telecomunicações Participações S.A. on Vivo Participações S.A. (English translation)

(c) Report on Purchase Price Methodology (English translation)

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 16, 2011

VIVO PARTICIPAÇÕES S.A.

By:           /s/ Cristiane Barretto Sales

**Cristiane Barretto Sales**  
**Investor Relations Officer**

### **FORWARD-LOOKING STATEMENTS**

This material may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. When used on this material, the words "estimate", "project", "believe", "anticipate", "intend", "expect", "plan", "predict", "may", "should", "will", the negative of these words or such other variations thereon or comparable terminology are intended to identify forward-looking statements. Such statements reflect the views of the Company at the time the statements are made with respect to future events based on information available at that time, and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in those forward-looking statements. We assume no obligation to update or revise these statements to reflect current information, events or circumstances including changes in any risks or uncertainties that may impact them. These risks or uncertainties include, but are not limited to, risks and uncertainties discussed from time to time in documents filed by the Company with securities regulatory authorities, including the annual report on Form 20-F and other related forms.

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### **Exhibit a**

### **Notice of Tender Offer (Edital) for Acquisition of Common Shares issued by Vivo Participações S.A.**

FREE TRANSLATION

Notice of Tender Offer for  
Acquisition of Common Shares Issued by

VIVO PARTICIPAÇÕES S.A.  
Publicly-held Company  
CNPJ/MF N. 02.558.074/0001-73  
ISIN Code Common Shares BRVIVOACNOR1

ON BEHALF OF AND FOR

SP TELECOMUNICAÇÕES PARTICIPAÇÕES LTDA.  
(a company indirectly controlled by Telefónica S.A.)

Intermediary Institution

Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários

**The Offer**

Subject to the conditions provided in this Notice and in the legislation and rules in force, Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários, a corporation with its headquarters in the City of São Paulo, State of São Paulo, at Av. Brigadeiro Faria Lima, 3064 – 13º and 14º andares, enrolled with CNPJ/MF under N. 42.584.318/0001-07 (“Credit Suisse” or “Intermediary Institution”), as an intermediary institution retained to act on behalf of and for SP TELECOMUNICAÇÕES PARTICIPAÇÕES LTDA., a limited liability company, with its headquarters in the City of São Paulo, State of São Paulo, at Rua Martiniano de Carvalho, 851 - 20º andar, Parte, enrolled with CNPJ/MF under N. 01.900.954/0001-13 (“Offeror”), a company controlled by Telefónica S.A., as herein below, is hereby by means of this notice (“Notice”) submitting to all holders of common shares issued by Vivo Participações S.A. (“Vivo Participações” or “Company”), on behalf and for the Offeror, this public tender offer for the acquisition of the outstanding common shares issued by the Company, in accordance, as described in item 1.2 herein below, with the terms and procedures stated for in article 254-A of Law 6,404, of December 15, 1976, as amended (“Law 6,404/76”) and in article 29 of Instruction No. 361, of March 5, 2002, as amended (“CVM Instruction 361”), of the Brazilian Securities Exchange Commission (Comissão de Valores Mobiliários - “CVM”) on the terms and conditions set forth hereunder (being the offer herein above mentioned called the “Offer”).

1. Preceding: Acquisition by Telefónica, S.A., of the shares of Brasilcel N.V.

1.1 The transaction of Acquisition of shares. As disclosed by means of the notices of material facts as from July 28, 2010 and September 27, 2010, Telefónica S.A., a company with headquarters in Madrid, Spain (“Telefónica”) and Portugal Telecom SG SGPS, S.A., a company with headquarters in Lisboa, Portugal (“Portugal Telecom”) executed, on July 28, 2010, an agreement for the acquisition, by Telefónica, of 50% of shares issued by Brasilcel, N.V. (“Brasilcel”) owned by Portugal Telecom, that resulted in the indirect acquisition of shares of Vivo Participações (“Agreement”). Brasilcel is a company with headquarter in the Netherlands, which shares were held, previously to the acquisition, in the proportion of 50% by Telefónica and 50% by Portugal Telecom and that, in 2002, was used by such shareholders as a joint venture vehicle with the purpose of holding shares and exercise jointly the control of the holdings and operational companies provider of mobile telecommunication services. Such operational companies were afterwards merged into, respectively, Telesp Celular Participações S.A. (former corporate name of Vivo Participações) and into Vivo S.A., the current wholly owned subsidiary of the Company. Currently, the owner, directly and indirectly, of 88.91% (1) of common shares and 44.05%(2) of preferred shares representing of Vivo Participações’ capital stock (representing 59.42%(3) of the total capital stock of Vivo Participações) is Telefónica, once it was completed abroad the merger of Brasilcel into Telefónica. The sale object of the Agreement was approved by the Director Board of Agência Nacional de Telecomunicações - Anatel in a meeting held in September 23, 2010 (Act n. 6235, of September 27, 2010) and was submitted to the Conselho Administrativo de Defesa Econômica – CADE, being under analysis.

(1) Considers the participation direct and indirectly of Telefónica in the capital of Vivo, including its participation in the capital of Portelcom and TBS.

(2) Idem.

(3) Idem.

1.2 Clarifications regarding the Offer. Telefónica previously to the acquisition, already jointly controlled Brasilcel and, therefore, the Offeror and Telefónica understand, that only one of the members of the controlling block left the company, and as a result, such transaction was not a sale of control.

Nevertheless, once the Company was questioned by the technical area of CVM (*Superintendência de Registro de Valores Mobiliários*) if such transaction would imply the necessity of a public purchase offer (OPA) derived from a transfer of control, the Offeror decided to observe the terms stated in the referred article 254-A and the procedures stated in article 29 of CVM Instruction 361, applicable to Public Tender Offers for sale of control (as defined in item III, of article 2nd of CVM Instruction 361).

Although the questioning of the technical area of CVM (*Superintendência de Registro de Valores Mobiliários*), the Joint Committee of CVM did not make any statement regarding the referred matter, considering that the Offeror decided to launch the Offer in accordance with the procedures mentioned above.

1.3 Price of Acquisition and form of payment. The total amount agreed for the acquisition of shares issued by Brasilcel that were held by Portugal Telecom was of € 7,500,000,000.00 (“Brasilcel’s Price of Acquisition”) for payment in three installments, without any adjustment and being the third and last installment subject to an adjustment for the prepayment, as described below. On September 27, 2010 (“Closing Date”), the acquisition described above became effective, with the transfer of the participation held by Portugal Telecom in Brasilcel to Telefónica, by means of which Portugal Telecom left the control of Brasilcel. The purchaser made, on that occasion, the first installment of the Brasilcel’s Price of Acquisition, in the amount of € 4,500,000,000.00.

As provided in the Agreement (i) the second installment, in the amount of € 1,000,000,000.00, was paid on December 30, 2010 and (ii) the third in the amount of € 2,000,000,000.00 will be paid on October 31, 2011, considering that Portugal Telecom may request that this last payment take place on July 29, 2011. In such case, the amount of the last installment will be of € 1,975,026,947.00, being this amount a result of the adjustment of the rate of return equivalent to 5% (five per cent) per year, applied for the period of July 29, 2011 through October 31, 2011.

## 2. Terms of the Offer

2.1. Shares subject to the Offer. As described above, the Offeror agrees to acquire, by means of the Intermediary Institution, up to 15,217,217 common shares of the Company, that represent the totality of the outstanding common shares issued by the Company on the date hereof (“Common Shares”), as described in item 5.4. of this Notice.

2.2. No Restrictions to the Ownership of Common Shares. The Common Shares to be sold by the shareholders that accept the Offer in the terms of this Notice shall be free and clear of any lien, security interest, beneficial interest or any other means of encumbrance or restriction of any nature to the free transfer or that prevents the immediate exercise, by the Offeror, of the rights arising from the ownership of the Common Shares or full compliance with the rules for the trading of such shares included in the Regulation of Operations of the Bovespa Segment of *BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros* (“BM&FBOVESPA”).

2.3. Dividends. The payment of dividends or interest on shareholders’ equity declared by the Company by and until the financial settlement date of the Offer (as defined in item 3.4 below), including the dividends declared in the ordinary shareholders’ meeting of the Company held on April 16, 2010, will be made to the shareholders of the Company that are registered as owners or beneficiaries of the Common Shares on the date of said declaration. In case of any new declaration of dividends/interest on shareholders’ equity (after the one disclosed in the ordinary shareholders’ meeting held on April 16, 2010) is made by and until the date of the financial settlement of the Auction, item 2.4.3 herein below shall be observed. The dividends and/or the interest on shareholders’ equity corresponding to the Common Shares acquired in the Offer that may be declared after the Auction Date will be paid to the Offeror.

2.4. Offer Price. The Offer is addressed to the non controlling shareholders holders of the Company’s Common Shares, by the price to be paid in national currency, as per item 2.4.2 herein below, equivalent to €50.15 per share (“Offer Price”), that corresponds to 80% (eighty per cent) of the amount established in the Agreement for payment by Telefónica per common share of Vivo Participações, that is of € 62.68, considering the amount of the third installment of the Brasilcel’s Acquisition Price for payment on October 31, 2011. In case Portugal Telecom exercises the right stated in the Agreement to anticipate the payment of the third installment of Brasilcel’s Acquisition Price, the Brasilcel’s Acquisition Price to be paid to Portugal Telecom will be of € 62.47 and, therefore, the Offer Price will be of € 49.98 (that corresponds to 80% (eighty per cent) of the amount established in the Agreement for payment by Telefónica per common share of Vivo Participações, considering the amount of the third installment of the Brasilcel’s Acquisition Price for payment on July 29, 2011), for the shareholders that accept the Offer that choose the Payment in Installments as described in item 2.4.2 (b-1) herein below.

2.4.1. Calculation of Price per Common Share of Vivo Participações. Considering that the payment of the Brasilcel's Price of Acquisition was agreed in three installments as described in item 1.3 herein above, being the first installment paid on September 27, 2010, the second installment on December 30, 2010 and the third to be paid on October 31, 2010 (or, prior, on July 29, 2011, if requested by Portugal Telecom), the Offeror considers two alternatives for the payment of the Offer Price, in relation to the amount corresponding to the third installment of the Brasilcel's Price of Acquisition, as described below.

2.4.2 Payment of the Offer Price. The Offer Price referred to in item 2.4 herein above will be paid to the shareholders that accept the Offer in national currency, as follows:

(a) The installments of the Offer Price corresponding to 80% (eighty per cent) of the **first and second installments of Brasilcel's Price of Acquisition** owed to Portugal Telecom and due prior to the Auction (on September 27, 2010 and December 30, 2010, respectively), converted into national currency and adjusted as stated in item 2.4.2.1, (i) and (ii) below, will be **paid in a lump sum**, on the Offer's financial settlement date;

(b) the installment of the Offer Price corresponding to 80% (eighty per cent) of the **third installment of Brasilcel's Acquisition Price** owed to Portugal Telecom in a date after the Auction Date, can, at the choice of the shareholder that accepts the offer, to his own criteria and without such option being subject to any condition, be paid **in installments or in a lump sum**, in accordance with Paragraph 1st, article 4th, of CVM Instruction 361, as follows, observing what is stated in items 3.1.1 and 3.2.1 below:

*(b-1) Payment in installments*: If the shareholder that accepts the Offer chooses to receive the third installment of the Offer in term, his payment will be made in three business days as from (i) the date of the payment of the third installment of Brasilcel's Price of Acquisition to Portugal Telecom, being such installment calculated based in the amount of such installment of Brasilcel's Acquisition Price owed to Portugal Telecom for payment on October 31, 2011, then the third installment of the Offer Price in this case will be of € 13.37 per share, converted into national currency as described in item (iii) below; **or**, (ii) in case Portugal Telecom exercises its right to anticipate the payment of the third installment of Brasilcel's Acquisition Price for July 29, 2011 as stated in the Agreement, on the date that the third installment of Brasilcel's Acquisition Price is paid to Portugal Telecom, calculated the same installment based on the amount of such installment of Brasilcel's Acquisition Price owed to Portugal Telecom for payment on July 29, 2011, being such installment subject to the same adjustment of 5% per year applied to the anticipated payment of Brasilcel's Acquisition Price to Portugal Telecom on the terms of the Agreement, then in this case, the third installment of the Offer Price will be of € 13.21 per share, converted into national currency as item (iii) below.

*(b-2) Payment in a Lump Sum*: In case the shareholder that accepts the Offer decides to receive the third installment of the Offer Price in a lump sum, his payment will be made on the financial settlement date of the Auction, jointly with the payment of the two first installments of the Offer Price referred to on item 2.4.2 (a) above, calculated based on the total amount (without discount) of the Brasilcel's Acquisition Price's installment that would be owed to Portugal Telecom for payment on October 31, 2011, therefore the third installment of the Offer Price will be of € 13.37, converted such amount into national currency as item (iv) below, not being applied, therefore, to the shareholder that accepts the Offer, the discount applicable to Portugal Telecom in case of prepayment.

2.4.2.1 Considering that the **Offer Price shall be paid to the shareholder that accepts the Offer in national currency**, the calculation of the conversion of the installments of the Offer Price will be made by the Offeror in accordance with the following exchange rates:

(i) The amount corresponding to 80% of the price per share paid by Telefónica to Portugal Telecom as the first installment of the Brasilcel's Acquisition Price on September 27, 2010, of R\$69.34 per share, equivalent to € 30.09, will be converted (a) into Dollars at the exchange rate of €/US\$ of European Bank, as disclosed in the Reuters (ECB37) Page on the same date thereof, that was of 1.3477; and (b) into Reais, at the exchange rate of US\$/R\$ corresponding to the closing rate of the date of the payment as disclosed by BACEN, through *SISBACEN - Sistema de Informações*

*do Banco Central do Brasil*, Transaction PTAX 800, currency Code 220, sale rate, of 1.7100. The amount in national currency of such installment of the Offer Price will be adjusted by SELIC as from September 27, 2010 up to the date of the financial settlement of the Auction;

(ii) The amount corresponding to 80% of the price per share paid by Telefónica to Portugal Telecom as the second installment of Brasilcel's Acquisition Price on December 30, 2010, is of R\$14.79 per share, equivalent to € 6.69, converted (a) into Dollars at the exchange rate of €/US\$ of European Bank, as disclosed in the Reuters (ECB37) Page on the same date thereof, that was of 1.3280; and (b) into Reais, at the exchange rate of US\$/R\$ corresponding to the closing rate of the date of the payment as disclosed by BACEN, through *SISBACEN - Sistema de Informações do Banco Central do Brasil*, Transaction PTAX 800, currency Code 220, sale rate, of 1.6662. The amount in national currency of such installment of the Offer Price will be adjusted by SELIC as from December 30, 2010 up to the date of the financial settlement of the Auction; and

(iii) In the event of payment of the third installment of the Offer Price in Installments, the amount per share, equivalent to € 13.37 (amount that corresponds to 80% of the price per share owed by Telefónica to Portugal Telecom as the third installment of Brasilcel's Acquisition Price, considering the amount for payment on October 31, 2011) or € 13.21 (amount that corresponds to 80% of the Price per share owed by Telefónica to Portugal Telecom as the third installment of the Brasilcel's Price of Acquisition, considering the amount for payment on July 29, 2011), shall be converted into (a) into Dollars at the exchange rate of €/US\$ of European Bank of the closing of the last day prior to the effective payment of the third installment of Brasilcel's Price of Acquisition to Portugal Telecom scheduled to occur on October 31, 2011 or on July 29, 2011 as may be requested by Portugal Telecom, as disclosed in the Reuters (ECB37) Page on the date of payment to Portugal Telecom; and (b) into Reais, at the exchange rate of US\$/R\$ referred to the closing date of the last day prior to the effective payment of Brasilcel's Price of Acquisition to Portugal Telecom scheduled to occur on October 31, 2011 or, if requested by Portugal Telecom, on July 29, 2011 disclosed by BACEN on the date of payment to Portugal Telecom, through *SISBACEN - Sistema de Informações do Banco Central do Brasil*, Transaction PTAX 800, currency Code 220, sale rate. The referred amount in national currency will be paid to the shareholders that accept the Offer that choose for the Payment in Installments described in item 2.4.2 (b-1) above, in three business days as from the payment of the third installment of the Brasilcel's Acquisition Price to Portugal Telecom, adjusted by SELIC as from the payment of such third installment of the Brasilcel's Acquisition Price to Portugal Telecom up to the effective payment to the shareholders; and

(iv) in case of Payment in a Lump Sum of the third installment of the Offer Price as described in item 2.4.2 (b-2) above, the amount per share shall be equivalent to € 13.37 (amount that corresponds to 80% of the price per share and owed by Telefónica to Portugal Telecom as the third installment of the Brasilcel's Acquisition Price, considering the amount for payment on October 31, 2011) without any discount that shall be converted (a) into Dollars at the exchange rate of €/US\$ of European Bank at the closing of the last day prior to the Auction as disclosed in the Reuters (ECB37) Page; and (b) into Reais, at the exchange rate of US\$/R\$ corresponding to the closing rate of the last day prior to the Auction, disclosed by BACEN, through *SISBACEN - Sistema de Informações do Banco Central do Brasil*, Transaction PTAX 800, currency Code 220, sale rate. The amount in national currency of the referred installment of the Offer Price will be adjusted by SELIC as from the Auction Date up to its financial settlement date.

2.4.3 *Adjustment for dividends.* In the event of a new declaration of dividends and/or interest on shareholders' equity by the Company (other than the one made in the Ordinary Shareholders Meeting held on April 16, 2010) at any time before the Auction Date, the gross value of dividends/interest on shareholders' equity per Common Share which the shareholders of the Company are entitled shall be discounted from the Offer Price as follows: (i) from the shareholders that were registered as owners or beneficiaries of the respective Common Shares in the date of the declaration of dividends if such date is prior to the financial settlement of the Auction; or (ii) from the shareholders that were registered as owners or beneficiaries of the respective Common Shares that are entitle to the receipt of interest on the shareholders' equity, if such base date is prior to the financial settlement of the Auction. On December 17, 2010 the Board of Directors of the Company approved the distribution of interest on net equity related to the fiscal year of 2010 in the amount of R\$ 220,000,000.00 that corresponds to the gross amount of R\$ 0.550564188 per

common and preferred share, to the shareholders which are registered on December 31, 2010. Therefore, the gross amount of R\$ 0.550564188 per common share will be discounted from the installment of the Offer Price to be paid on the financial settlement of the Auction.

2.4.4. Final Offer Price. The Offeror will inform the Operations Board of Officers of BM&FBOVESPA up to 9:00 of the Auction Date the final price in reais per share for the Auction corresponding to the installments of the Offer Price to be paid on the date of the financial settlement of the Auction, by a written notice and on the website disclosed on item 8.9 of this Notice.

3. Auction – Registration, Acceptance of the Offer and accomplishment of the auction.

3.1. Registration. A holder of Common Shares wishing to accept the Offer, shall register for the Auction between the date of publication of this Notice and 6:00 p.m. on March 17, 2011, which is the Brazilian business day immediately preceding to the date of the Auction, as set forth in item 3.3 below, with the Intermediary Institution (also referred to as “Broker”) or any other broker authorized to operate with the Segment Bovespa of BM&FBOVESPA (together with the Broker indistinctly referred to as “Brokers”).

3.1.1. Documents Required for Qualification. A holder of Vivo Participações Common Shares wishing to accept the Offer, including those holding Common Shares in accordance with Resolution 2,689 of the Brazilian Monetary Council, shall enroll himself or herself with his or her respective Broker, indicating the number of Common Shares he or she intends to sell. In case a holder of Common Shares is not already enrolled with a Broker, he or she shall, at his or hers sole discretion, engage a Broker and provide all documentation required by such Broker for enrollment purposes. As a part of the procedures for enrollment, the shareholder that choose for the receipt of the Offer Price as Payment in Installment referred to in item 2.4.2 (b-1) above shall mandatorily declare that he/she shall, (i) keep himself enrolled with the Broker up to the settlement of the third installment of the Offer Price or (ii) in case he/she chooses to enroll with other Broker until the date of the receipt of the third installment of the Offer Price, to inform such fact to the original Broker, with least three days prior to the effective payment of the referred installment, being the original Broker obliged to send such information to the Depository Central of BM&FBOVESPA up to the business day prior to the effective payment. If the account held with the original Broker becomes inactive, or if the Broker transference takes place and the original Broker is not informed by the shareholder as established above, the *Câmara de Compensação e Liquidação do Segmento BOVESPA* will inform the Intermediary Institution the name, address and number of shares, for the shareholder to receive directly [in the bank agencies of the depository institution of the shares of the Company] the third installment of the Offer Price, that in this case will not be subject to monetary correction as from the financial settlement.

Without prejudice of other documents or additional information that the Broker may request, the shareholder shall present the following documents in order to be able to enroll:

(i) individual: certified copies of the proof of registration at *Cadastro de Pessoa Física – CPF* and of the Identity Card (*RG*) and also a proof of residence. Assets, minors and civilly disables agents/representatives as well as shareholders represented by an attorney-in-fact, shall provide the documents granting powers of representation as well as the certified copies of the *Cadastro de Pessoa Física – CPF* and of the Identity Card (*RG*) of the agents/representatives. Assets, minors and civilly disables agents/representatives shall also provide their judicial authorization; or

(ii) corporate entity: certified copy of the following documents: the last consolidated and current By-laws or Articles of Association, proof of registration at *Cadastro Nacional de Pessoa Jurídica – CNPJ*, corporate documents (Minutes of representative election) granting powers for the representative and also the *CPF*, Identity Card (*RG*) and proof of residence of such representatives. Investors who are residents abroad may be obligated to provide other documents regarding their representation.



3.1.2. Common Shares Held in Custody of Banco Bradesco S.A. Company's Common Shares deposited in Banco Bradesco S.A. ("Bradesco"), as a custodian of the book-entry shares of the Company, in accordance with the procedures set forth in item 3.1.1. above, shall be deposited in advance at *Central Depositária BM&FBOVESPA*, as per the rules, terms and procedures of the *Central Depositária BM&FBOVESPA*, which procedures shall be completed by 6:00 p.m. on the Brazilian business day immediately prior to the Auction Date (March 17 2011). Shareholders holders of Common Shares deposited in custody at the *Central Depositária BM&FBOVESPA*, shall only qualify themselves with one of the Brokers at their choice as per items 3.1. e 3.1.1. above.

3.1.3. Holders of investments made in accordance with Resolution 2,689 of the Brazilian Monetary Council (Conselho Monetário Nacional - "CMN"). The shareholder that invested in Common Shares in accordance with Resolution 2,689 of the Brazilian Monetary Council, besides the documents described in items (i) and (ii) of Section 3.1.1 herein above, as the case may be, and the other documents that are eventually required by the Broker, shall, still, grant to the Broker retained to represent him/her, before the Auction Date, document proving the number of registration with CVM and with RDE-Portfolio with the Brazilian Central Bank (*Banco Central do Brasil - "Bacen"*). In case this investor that used the mechanism of Resolution 2.689 to invest in Common Shares is a foreign natural person, he/she shall present, besides the documents herein described, a copy of his/hers CPF.

3.2. Acceptance of the Offers. The acceptance of Offers shall be made by Brokers by order of shareholders of the Common Shares which complied with the registration requirements set out in item 3.1 and its sub items and that contain the information referred to in Section 3.2.1 of this Notice.

3.2.1. Procedure of the Brokers. Brokers representing the shareholders who complied with the requirements set out in item 3.1 above shall register the amount of Common Shares that each shareholder that accepts the Offer wishes to sell and the option of the shareholder regarding the receipt of the third installment of the Offer Price, if with Payment in a Lump Sum or in Installments ("Sales Order") until 1 (one) hour prior to the Auction beginning, using the following codes provided for Vivo Participações: code VIVO3L for payment of the Offer Price completely in a lump sum and code VIVO11L for the payment of the Offer Price in installments.

3.2.2. Implication of Accepting the Offer. By accepting the Offer, each shareholder that accepted the Offer agrees to transfer to the Offeror the ownership of his or her Common Shares, according to the terms and conditions provided herein, free and clear of any liens or restrictions of any nature.

3.2.3. Irrevocable and Irreversible Acceptance. The acceptance of the Offers and consequently, the Sales Orders of the Common Shares are irrevocable and irreversible after the opening of the respective Auction.

**Warning: Each shareholder that accepts this Offer is responsible for taking all necessary actions for timely transferring to BM&FBOVESPA custody of the Common Shares that he or she intends to sell to allow registration in the Auction and financial settlement, in conformity with the terms set forth in this Notice. The Offeror alerts the shareholders that the procedures regarding verification of documents and transfer of the Common Shares described above are subject to the rules and internal procedures of Brokers, custodians and BM&FBOVESPA, and each shareholder must take all measures in advance for purposes of registration in the Auction.**

3.3. Auction. The Auction which will be held to negotiate Vivo Participações' Common Shares will be held at MEGABOLSA, the trading electronic system of BM&FBOVESPA ("Auction"). This Offer will be in force for the term of 30 (thirty) days, and so the Auction will be held on March 18, 2011 ("Auction Date"), at 3:00 p.m..

3.3.1. Interference in the Auctions. A potential buyer of each total or partial lot of Common Shares may interfere in the Auction provided that (i) such party has obtained a registration for a concurrent offer with CVM in accordance with the terms of Articles 12, paragraph 4th and 13 of CVM Instruction No. 361; (ii) the value of the concurrent proposal is at least 5% above the Price of the relevant Offer and (iii) the other requirements and procedures for the

respective Offers as set forth in this Notice are satisfied; and (iv) such potential buyer shall have obtained BM&FBOVESPA acceptance until 6:00 p.m. of March 17, 2011.

3.4. Financial Settlement of the Offers. The Offer will be settled on a gross settlement basis, as defined by the Operational Procedures of BM&FBOVESPA, that does not act as a central counterpart guaranteeing the transaction. BM&FBOVESPA will be in charge to make the payments to the respective custody agents, that shall deliver the fully amount to the shareholders that accept the Offer.

The physical settlement of the Shares offered to sell and the consequent transfer of the ownership of Shares to the Offeror will be implemented on the 3rd business day after the Auction Date, date in which the financial settlement of the first and second installments of the Offer Price shall take place to all selling shareholders.

For the shareholders that choose for the payment of the third installment in a lump sum, the financial settlement will happen on the 3rd business day after the Auction Date. For the shareholders that choose for the payment of the third installment in installments, the financial settlement will happen on the due dates indicated in item 2.4.2. b (b-1).

3.5. Guarantee of Financial Settlement. The Intermediary Institution will guarantee the financial settlement of the Offer (including the payment in installments established in item 2.4.2 (b-1)).

3.6. Brokerage Costs and Fees. All brokerage costs and fees relating to the purchase of the Common Shares, including “emolumentos” and the settlement fees charged by *BM&FBOVESPA*, will be borne by the Offeror, whereas those relating to the sale will be borne by the respective selling shareholders. The expenses arising from the Auction, such as brokerage costs and fees, *emolumentos* and fees charged by *BM&FBOVESPA* will be set in accordance with the applicable price table on the Auction Date and other legal provisions in force and will incur over the final price of the Auction.

3.7. Shareholders wishing to accept the Offer by selling their Common Shares in the Auctions must meet the requirements for trading such shares as set forth in *Regulamento de Operações do Segmento BOVESPA* of BM&FBOVESPA.

3.8. Amendment. The Offer is unamendable and irrevocable, unless a subsequent and unforeseen material change occurs in the circumstances or the facts existing on this date that results in a substantial increase in the risks taken by the Offeror in connection with either of the Offers, in which case the Offeror may amend such Offer, provided that the amendment must be previously and expressly authorized by CVM and that the Offeror publishes a notice of material fact clarifying the authorized amendments, the remaining term of the Notice and the new auction date.

#### 4. Valuation Report

4.1. Valuation. Banco de Investimentos Credit Suisse (Brasil) S.A. (“Appraiser”) prepared a valuation report of the Company (the “Valuation Report”), in accordance with and for the purposes of CVM Instruction No. 361. The base date of the valuation is June 30, 2010. The Valuation Report contains the calculation of the price of the outstanding shares of the Company, according to the following methodology: (a) the volume weighted average trading price on the stock exchange; (b) book value per share; (c) discounted cash flow, as described below:

Methodology	Value per share
Discounted Cash Flow	Value between R\$67.82 and R\$74.21
Volume Weighted Average Trading Price at BM&FBOVESPA between May 10, 2009 and May 10, 2010	R\$43.07
	R\$100.06

Volume Weighted Average Trading Price at BM&FBOVESPA between May 10, 2010 and January 28, 2011	
Book Value based on the Balance Sheets as of June 30, 2010	R\$22.71

4.2. Representations of the Appraiser. The Appraiser represented in the Valuation Report that (i) within the criteria of valuation in the Valuation Report, it considers the criteria of economic value by the methodology of discounted cash flow is the most adequate for the valuation of the Company; (ii) does not have conflict of interest that diminish its necessary independence for development its functions; (iii) the Appraiser, its controlling shareholder and people related to the Appraiser and to the controlling shareholder, on the date of preparation of the Valuation Report, were holders, directly or indirectly, of 2,561,194 common shares (VIVO3) and 1,293,004 preferred shares (VIVO4) issued by Vivo Participações; and (iv) will receive €1,1 million as its remuneration for preparation of the Valuation Report.

4.3 Assumptions and Information. The assumptions and information used in the preparation of the Valuation Report are detailed in pages 24 and 25 of the Valuation Report.

4.4 Independent Valuation. Besides the existence of the Valuation Report, each shareholder of the Company shall make his/hers independent valuation of the information provided in the Valuation Report and in this Notice and decide, for his/hers own judgment, about the convenience and interest in sale his/hers Common Shares in accordance with the terms of this Offer.

## 5. Information of the Company

5.1. Head Office, Jurisdiction and Corporate Purposes. The head office of the Offeror is located at Av. Roque Petroni Junior, No. 1,464, 6th floor, Lado B, Parte, in the city of São Paulo, State of São Paulo, Brazil. The Offeror is a closely-held corporation, controlled by Vivo Participações. Vivo Participações is a publicly-held corporation, incorporated under the laws of Brazil, with head offices at Av. Roque Petroni Junior, No.1464, São Paulo, State of São Paulo. Vivo Participações was formerly named Telesp Celular Participações S.A., and controls Vivo S.A., provider of SMP service, that develops SMP services in the areas 7 and 8 of Regions I and II, in the Service Area 7 of Region II, and SMP services in Region I (service areas 3 and 9), in Region II (service area 6) and Region III (service areas 1 and 2). On the Anatel's Action occurred on September 18th, 2007, Vivo S.A. acquired the Band L lots, except for lot 16 (area of Londrina – PR into region 5) and of lot 20 (North of Brazil – region 8). Band L comprises lots in the frequency range from 1895 to 1900 Mhz and from 1975 to 1980 Mhz, with 5 + 5 Mhz width. On December 20, 2007, Vivo S.A. acquired the last coverage gap that would allow it to operate throughout the whole Brazilian territory, the Band G lot which comprises frequency range 10 + 10 Mhz. Since April 3, 2008, Vivo Participações controlled Telemig Participações, which was the controlling shareholder of Telemig Celular, an operator of SMP in region I of the PGA (4 rendering area). On November 13, 2009 and June 01, 2010, respectively, the companies were merged into Vivo Participações.

5.2 Brief History, Business Sector and Activities. Vivo Participações is the leading provider of mobile telecommunication services in Brazil (by means of its controlled company), comparing to others providers of mobile telecommunication services at the market.(4)

Vivo Participações was constituted on May, 1998 with the corporate name of Telesp Celular Participações S.A., as a holding company. Its constitution was a result of the spin off of TELEBRÁS, which within the scope of the its privatization process, acquired the control of the a company operator of mobile telecommunications services in São Paulo (*Banda A*) and also of Telesp Celular S.A. On February, 2001, Vivo Participações acquired Global Telecom S.A., a company operator of *Banda B* in the States of Paraná and Santa Catarina.

(4) Provided by Anatel

Vivo Participações was constituted on May, 1998 with the corporate name of Telesp Celular Participações S.A., as a holding company. Its constitution was a result of the spin off of TELEBRÁS, which within the scope of the its

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privatization process, acquired the control of the a company operator of mobile telecommunications services in São Paulo (*Banda A*) and also of Telesp Celular S.A. On February, 2001, Vivo Participações acquired Global Telecom S.A., a company operator of *Banda B* in the States of Paraná and Santa Catarina.

The controllers of Vivo Participações were also controllers of holdings and other companies providers of mobile telecommunication services in the States of Bahia and Sergipe (Tele Leste, Telebahia and Telergipe), Rio de Janeiro and Espírito Santo (Tele Sudeste, Telerj and Telest), and also Rio Grande do Sul (Celular CRT Participações and Celular CRT). On April 25, 2003, Vivo Participações acquired (i) from Fixcel S.A. 64.03% of the outstanding and voting stock of Tele Centro Oeste Celular Participações S.A. ("TCO"), controlling shareholder and operator of companies providing SMP service in the Federal District of Brazil, as well as in the States of Goiás, Mato Grosso do Sul, Mato Grosso, Rondônia, Acre and Tocantins, and (ii) NBT, a provider of SMP in the States of Amapá, Amazonas, Maranhão, Pará and Roraima. Therefore, the SMP services that were provided by the operating companies in all areas and regions mentioned above from then on were being provided by Vivo S.A.

On February 22, 2006, a corporate reorganization was approved and as a consequence (i) TCO became a wholly-owned subsidiary of Vivo Participações, and (ii) Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A. and Celular CRT Participações S.A. were merged into Vivo Participações. On October 31, 2006, the merger by Vivo S.A. (formerly Global Telecom S.A.) with the operators previously controlled by the holding companies acquired by Vivo Participações was approved.

On August, 2nd, 2007, Vivo Participações signed the contract "*Contrato de Compra de Ações*" with Telpart, to acquire the control of Telemig Participações (controlling shareholder of Telemig Celular) and Tele Norte Celular Participações S.A. ("Tele Norte") – controlling shareholder of Amazônia Celular, and also acquired 22,73% and 19,34%, respectively, of the stock capital of Telemig Participações and Tele Norte, for a price of R\$1.2 billion, subjected to certain price adjustments. On that occasion, Telpart was the controlling shareholder of Telemig Celular and Tele Norte. Besides that, in accordance with the agreement, Vivo Participações acquired from Telpart certain subscription rights regarding the goodwill reserve of R\$ 87 million (R\$ 65,8 million regarding Telemig Celular and R\$ 21,1 million regarding Tele Norte). On November 9, 2007, ANATEL approved the acquisition of Telemig Participações by Vivo Participações, according to the Act No. 68.401.

On December 20, 2007, Vivo Participações sold to Telemar the totality of Tele Norte shares, which had been acquired from Telpart. After the signature of the contract, ANATEL approved the transfer of Tele Norte shares to Vivo Participações and the consequent transfer of these shares to Telemar, according to Act No. 1.261, dated March 5, 2008 and published at the Official Gazette of the Federal Executive (*DOU*) on March 7, 2008. The value of the acquisition has been agreed in the amount of R\$ 120.01 million, subjected to the monetary correction set forth in the Share Purchase Agreement dated as of December 20, 2007, which was equivalent to the price that the Company has paid for the shares, in accordance with the Share Purchase Agreement dated as of August 02, 2007.

On April 3, 2008, Telemig Participações and Tele Norte shares were transferred to Vivo Participações, and Tele Norte was transferred to Telemar Participações.

After that, Vivo Participações completed, by means of its subsidiary TCO IP, the following: (i) a mandatory tender offer to Telemig Participações and Telemig Celular minority shareholders, for a price of R\$120.93 and R\$2,100.03 for share, respectively, on July 15, 2008; and (ii) a voluntary tender offer on April 8, 2008, for the acquisition of until 1/3 of Telemig Participações and Telemig Celular preferred shares, for a price of R\$63.90 and R\$ 654.72, respectively.

On April 4, 2008, Vivo Participações approved the transfer of the control of TCO IP from Vivo S.A. to Vivo Participações. As a result of this transfer, TCO IP became a wholly-owned subsidiary of Vivo Participações.

On August 26, 2008, Vivo Participações subscribed a capital increase at TCO IP in the amount of R\$1.149 billion, which was paid with the transfer of 7,258,108 common shares and 969,932 preferred shares of Telemig Participações

and Telemig Celular. As a result, TCO IP became the direct shareholder controller of Telemig Participações. On December 29, 2008, Vivo Participações and Telemig Participações announced the approval of a corporate restructure whereby TCO IP was spin off and merged into Telemig Participações and Telemig Celular.

On March, 20, 2009, the Boards of Directors of Vivo Participações, Telemig Participações and Telemig Celular approved to submit a corporate restructuring proposal to the shareholders of both companies, whereby Telemig Participações would merge Telemig Celular shares and after that the Company would merge Telemig Participações shares. As a result, Telemig Celular became a wholly-owned subsidiary of Telemig Participações as well as Telemig Participações became a wholly-owned subsidiary of the Company ("Telemig corporate restructure process")

The reason of Telemig corporate restructure process was to simplify the organizational structure of the involved companies, which three of them were publicly-held corporations and two had ADRs negotiated abroad, in order to reduce the administrative costs and also allow the shareholders to participate in just one company with shares negotiated at national and international stock exchanges. As consequence, there was an increase of liquidity of the shares and facilitating the unification and standardization of the administration of the Company.

As a consequence of Telemig corporate restructure process, the totality of Telemig Celular shares was incorporated by Telemig Participações. The holders of these shares received new shares issued by Telemig Participações. On the same date, Telemig Participações shares were incorporated by Vivo Participações and the holders of these shares received new shares issued by Vivo Participações.

In order to issue an opinion regarding the Telemig corporate restructure process and also to submit recommendations for the Administrative Council of the three involved companies, it were created independents Special Councils, according to *Parecer de Orientação* No. 35/08 issued by CVM.

Telemig corporate restructuring process was approved by the shareholders on a Extraordinary Meeting held on July 27, 2009.

On October 8, 2009, the Boards of Directors of Vivo Participações and Telemig Celular Participações approved the terms and conditions for the merger of the Telemig Celular Participações assets by Vivo Participações and for the consequent extinction of Telemig Celular Participações. These terms and conditions were approved on General Shareholders Meetings' held on November 13, 2009.

Telemig Celular was recently merged into Vivo Participações, by the approval of shareholders on General Meetings' held on July 1st, 2010.

The control of Vivo Participações is exercised by the national holdings TBS Celular Participações Ltda., Portelcom Participações S.A. and PTelecom Brasil S.A., all of them closed held corporations so far controlled by Brasilcel. Brasilcel is a company duly organized and existing according to the laws of Netherlands. Its shares were held equally by Portugal Telecom and Telefónica. However, since September 27, 2010, Telefónica owns 100% of its shares. The corporate purpose of Brasilcel is to hold the controlling interest of companies that provide SMP services throughout the Brazilian territory. Telefónica S.A. became the holder of shares of the Brazilian holdings in the chain of control of the Company that were held, indirectly by Telefónica, S.A., by means of holding Brasilcel, N.V., as a result of a transaction held abroad.

5. 3. Capital Stock. On September 30, 2010, the capital stock of Vivo Participações was of R\$8,780,150,322.86, represented by 400.713.827 registered, book-entry shares, without par value, of which 137,269,188 were common shares and 263,444,639 were preferred shares.

5. 4. Ownership Structure. The ownership structure Vivo Participações on this date hereof is the following:

Ownership Structure of Vivo Participações S.A.							
Shareholders	Common	%	Preferred	%	Total	%	Capital (R\$)
<b>Controlling Shareholders/ Administrators</b>							
Telefónica S.A.	52,731,031	38.41	91,087,513	34.58	143,818,544	35.89	3,151,247,475.01
Portelcom Participações S.A.	52,116,302	37.97	24,669,191	9.36	76,785,493	19.16	1,682,467,950.26
TBS Celular Participações Ltda	17,204,638	12.53	291,449	0.11	17,496,087	4.37	383,361,550.24
<b>Shares in treasury</b>	-	-	1,123,725	0.43	1,123,725	0.28	24,622,245.99
<b>Outstanding shares</b>	15,217,217	11.09	130,838,240	49.66	146,055,457	36.45	3,200,261,087.91
<b>Cyrte Investments GPI B.V</b>	-	-	15,434,521	5.86	15,434,521	3.85	338,190,013.45
<b>Total</b>	137,269,188	100	263,444,639	100	400,713,827	100	8,780,150,322.86

5.5. Economic-Financial Indicators of Vivo Participações. The economic-financial indicators of Vivo Participações, based on its consolidated financial statements as of September 30, 2010, are the following:

Vivo Participações (consolidated)

	31/12/08(1)	31/12/09 (2)	30/09/10 (3)
Paid up Capital Stock (R\$ million)	6,710.5	8,780.2	8,780.2
Shareholders Equity (R\$ million)	8,267.5	10,190.8	9,678.2
Net Operational Revenue (R\$ million)	15,469.7	16,363.2	13,242.9
Operating Income (R\$ million)	738.9	1,369.5	1,663.7
Net Income (Loss) (R\$ million)	389.7	857.5	1,029.7
Total Liability (R\$ million)	23,796.8	22,017.10	21,321.7
No. of shares, Ex Treasury Shares (million)	367.4	399.6	399.6
Income per Share (R\$ per share)	1.06	2.15	2.58
Equity Value per Share (R\$ per share)	22.5	25.50	24.22
Total Liability/Shareholders Equity (%)	287.8%	216.0%	220.3%
Net Income /Shareholders Equity (%)	4.7%	8.4%	10.6%
Net Income /Net Operational Revenue (%)	2.5%	5.2%	7.8%
Net Income /Paid up Capital Stock (%)	5.8%	9.8%	11.7%

Notes: (1) In accordance with financial statement of 2009, data of the comparative prior period (2008) of the consolidate financial statements, or indicators calculated as from these data.

(2) As information stated in financial statements of 2009, data of 2009 of the consolidate financial statements, or indicators calculated as from these data.

(3) As information stated in the ITR on the third semester of 2010.

(4) the patrimonial items refers to the balance on September 30, 2010, the equity corresponds to the accumulated amounts of period of January 01, 2010 through September 30, 2010.

5.6. Trading Historical Information of shares of Vivo Participações (VIVO3) in the last 12 (twelve) months(1):

Month	Neg. Code	Kind	Amount	Volume (R\$)	Min. Price (R\$/ação)	Max. Price (R\$/ação)	Average Price (2) (R\$/ação)	Closing Price (R\$/ação)
Janeiro-11 (*)	VIVO3	ON	61.000	6.988.024,00	108,44	114,90	112,38	114,80
Dezembro-10	VIVO3	ON	21.700	3.538.072,00	107,22	110,44	108,65	108,45
Novembro-10	VIVO3	ON	1.766.700	220.034.798,00	109,05	116,00	112,35	111,47
Outubro-10	VIVO3	ON	164.500	19.201.543,00	112,50	118,98	114,92	115,99
Setembro-10	VIVO3	ON	156.600	17.384.576,00	106,40	116,00	111,04	114,50

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Agosto-10	VIVO3	ON	1.769.900	192.919.656,00	105,01	111,58	109,15	109,70
Julho-10	VIVO3	ON	4.476.000	409.814.093,00	82,03	111,00	91,05	109,99
Junho-10	VIVO3	ON	694.800	63.872.960,00	70,00	93,90	86,78	86,00
Maiio-10	VIVO3	ON	267.400	15.528.917,00	40,70	78,99	58,59	73,00
Abril-10	VIVO3	ON	211.000	11.447.615,00	43,00	49,00	46,86	46,29
Março-10	VIVO3	ON	127.500	6.177.619,00	46,00	51,00	48,62	48,50
Fevereiro-10	VIVO3	ON	199.000	10.650.653,00	46,63	51,54	52,68	48,17
Janeiro-10	VIVO3	ON	94.100	5.698.619,00	47,06	52,51	51,81	50,57

(1) Source: Bloomberg e Economática

(2) The Average price weighted by volume

(\*) Up to January 28, 2011

6. Information on the Offeror

6.1. Head Office, Jurisdiction and Corporate Purposes. The Offeror is a company organized according to the Brazilian laws, which main purpose is to hold the control of Telecomunicações de São Paulo S.A. (“Telesp”). Its corporate purpose also includes the direct or indirect participation as shareholder or quotaholder of companies that provide telecommunication services, industrialization and commercialization of equipments and related activities.

Telesp is a telecommunication services provider and also a concessionaire of *Serviço de Telefonia Fixa Comutado (STFC)*, which provides local and long distance services at Region 3 (State of São Paulo), at sectors 31, 32 and 34 established at Plano Geral de Outorga (PGO), as well as international services, as allowed by Act No. 23.395, dated March 1st, 2002.

The head office of the offeror is in the City of São Paulo, State of São Paulo, at Rua Martiniano de Carvalho, 851, 20º andar – Parte Bela Vista, São Paulo – SP, CEP 1321-001.

6.2. Brief History, Business Sector and Activities

The Offeror was constituted as a holding in 1996, under the corporate name of Telefónica do Brasil Holding S.A., with the purpose to hold the controll of Companhia Riograndense de Telecomunicações - CRT. On 1998, its corporate name changed into Tele Brasil Sul Participações S.A. and in July of the same year, it began to hold Telecomunicações de São Paulo S.A. – Telesp shares. On February, 1999, there was its spin off and another corporate name changed to SP Telecomunicações Holding S.A. On October, 2002, it became a limited liability company, under the corporate name of SP Telecomunicações Holding Ltda. Finally, on February, 2008, its corporate name was once more changed, to SP Telecomunicações Participações Ltda. The offeror currently holds the majority of Telecomunicações de São Paulo S.A. – Telesp common shares, a company that provides telecommunication services for *Grupo Telefónica no Brasil*.

The purchaser of shares of Brasilcel and controlling shareholder of the Offeror Telefónica, is a company duly organized under the laws of Spain, with headquarter in the City of Madrid, constituted on April 19, 1924 and formerly named Telefónica de España S.A..

Telefónica has more than 260 million clients throughout 22 countries, most of them in Spain and in Europe and Latin America at this latter were the company concentrates its growth strategy.

Telefónica is the parent company of “*Grupo Telefónica*” and some of its corporate purpose are to operate as a holding of Grupo Telefónica and also to coordinate and administrate Grupo Telefónica’s business: allocating efficiently the resources among Telefonica Group of companies; establishing management orientation for that group, managing the portfolio business of Telefonica Group, keeping cohesion in Telefonica Group and promoting synergies among the group’s subsidiaries.

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Telefónica has its headquarters in the City of Madrid, Spain, at Gran Via 28. Grupo Telefónica provides one of the most recognized telecommunication services of the world, mainly in Spain, Europe and Latin America.

Telefónica has developed a method of regional administration based on three business units, each of them in charge of telecommunication services:

- Telefónica Espanha: operates telecommunication services, broadband, Internet, paid television and data services in Spain.
- Telefónica Europa: operates telecommunication services, broadband, Internet, paid television and data services in United Kingdom, Germany, Ireland, Czech Republic, Slovakia and the Isle of Man.
- Telefónica América Latina: operates telecommunication services, broadband, Internet, paid television and data services in Latin America.

Telefónica by means of *Telefónica de Contenidos* and *Atento*, respectively, provide media segments and call center services.

6.3. Information on Offeror's Controlling Shareholders. Telefónica Internacional, S.A. ("TISA") holds 99.99% of the Offeror's capital stock.

TISA is a 100% private company. By means of its subsidiaries, TISA is one of the major telecommunication services providers of the world. Telefónica (which acquired Brasilcel's shares), holds 100% of TISA's capital stock.

## 7. OFFEROR'S DECLARATION

7.1. Observed the provision of section 7.2. above, the Offeror undertakes to pay to the holders of Common Shares of each of the Companies that accept the respective Offer the highest amount of (a) the respective Offer Price, adjusted as provided in this Notice and by any changes in the number of shares arising from stock dividends, stock splits, reverse stock splits and conversions that may occur, and (b) the following values: (i) the price per share which would be due, or which might be due, upon the occurrence, within one (1) year from the Auction Date, of either a fact requiring or which might require the holding of a mandatory public offer or acquisition of the same shares, as provided for by CVM Instruction No. 361/02, or (ii) the amount to which they would be entitled in the event they were still shareholders and dissented from the resolution that approved a corporate event permitting the exercise of rights to withdraw, also within 1 (one) year from the Auction Date.

7.2. The Offeror informs that its controlled company Telesp (indirectly controlled by Telefónica) and Vivo Participações are considering to implement corporate restructurings that involves both companies aiming at the integration of its businesses.

Beginning the corporate restructurings, it was approved by the Boards of Directors of the companies herein above mentioned that the process of merger of shares of Vivo Participações into Telesp be initiated, as disclosed in a Notice of Material Fact published on December 27, 2010, aiming the unification of the shareholding positions of the companies, both publicly-held and listed in BM&FBOVESPA and with ADRS traded abroad. In accordance with Law 6,404/76 and Instruction 319/99, as well as the by-laws of the companies, financial advisors and specialized companies were retained for preparation of studies regarding the merger of shares and of the appraisal reports of the Companies that will serve as a base for the establishment of the exchange ratio of shares and the increase of capital stock arising from the merger of shares and, still, for the purposes of article 264 of Law 6,404/76.

The intended merger of shares is subject to the regulatory approvals (ANATEL) and the necessary corporate approvals and the procedures stated in the corporate law and in CVM regulation, including the *Parecer de Orientação CVM N.*



35/08, that shall be adopted to contribute to defend the interests of both companies and to attend that the transaction observe commutative conditions. Therefore, it is estimated that the merger of shares will be implemented during the first semester of 2011.

Considering that both companies (Telesp and Vivo Participações) are publicly-held companies, the shareholders that dissent from the resolutions that are taken regarding the corporate restructurings involving Vivo Participações and Telesp can exercise the withdrawal right in the terms of article 137 of Law 6,404/76. Taking into consideration the information above, the Offeror is not obliged to pay to the holders of Common Shares of the Company that accept the Offer, the eventual difference in greater, if there is any, between the Offer Price that receive for their shares to the amount owed as a result of the right of withdrawal arising from the implementation of corporate restructuring herein mentioned, in accordance with §1st, article 10 of Instruction CVM 361.

8. Other Information.

8.1. Updating of Publicly-Held Company Registration. The registration of each of the Companies as a publicly-held company in accordance with article 21 of Law No. 6,385/76 is duly updated.

8.2. Non-existence of Non-Disclosed Material Facts or Circumstances Not Disclosed. The Intermediary Institution and the Offeror represent that they are not aware of the existence of any material facts or circumstances not disclosed to the public, which might materially influence the Company's results or trading price of its Common Shares.

8.3. Information provided by the Offeror. The Offeror are responsible for the veracity, reliability and sufficiency of the information provided to the CVM and the market, as well as for any consequential damages caused to the Company, their shareholders and third parties resulting from any intentional or willful misrepresentation or imprecision with respect to or omission of such information.

8.4. Caution and Diligence of Intermediary Institution. The Intermediary Institution acted with caution and a high standard of diligence to ensure that the information provided by the Offeror is correct, precise and sufficient and does not omit any information required to make it correct, precise and sufficient, and has verified the sufficiency and reliability of the information provided to the market during the Offers, including the information disclosed by the Companies in the Valuation Report and this Notice.

8.5. Ownership of the Shares by the Offeror. The Offeror represents that it does not hold shares of the Company and that its controlling shareholder, Telefónica, holds indirectly, 238,100,124 shares of the Company, being 122,051,971 common shares and 116,048,153 preferred shares.

8.6. Ownership of the Shares of the Company by the Intermediary Institution. In accordance with article 7, paragraph 5th., of CVM Instruction 361, the Intermediary Institution represents that, its controlling shareholders and any person related to the Intermediary Institution and to its controlling shareholder, in the date hereof, were holders, directly or indirectly, of 2,561,194 common shares (VIVO3) and 1,293,004 preferred shares (VIVO4) issued by Vivo Participações S.A.

8.7. Relationship between the Offeror and the Intermediary Institution. Except for services in connection with this Offer and the consultancy services in the context of this Offer, the Intermediary Institution and/or any other company from its economic group do not maintain any other relationship with the Offeror. However, the Offeror may hire the Intermediary Institution and/or any other company from the Intermediary Institution's economic group in the future to render services of investment banking, brokerage or any other services or transactions necessary for the conduction of the Offeror's activities.

8.8. Identification of Legal Advisors for Brazilian Law.

Offeror's Legal Advisor:

Machado, Meyer, Sendacz e Opice Advogados  
Av. Brigadeiro Faria Lima, 3.144, 11º andar  
01451-000, São Paulo, SP, Brasil

Intermediary Institution's Legal Advisor:

Pinheiro Guimarães –Advogados  
Av. Paulista 1842, 24º andar  
01310-923, São Paulo, SP, Brasil

8.9 Access to Documents relating to the Offer. The documents of the Offer (Valuation Report, this Notice and the justified demonstration of the calculation of the Price of the Offer) and the list of the shareholders of each of the Companies, with their respective addresses and amounts of shares, listed by class (being this last document only available upon identification and receipt signed by the interested party) are at the disposal of any interested party at the addresses provided below. In addition to the following addresses, the Valuation Report and this Notice may be found on the Internet at the following sites:

Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários  
Av. Brigadeiro Faria Lima, 3064 – 13º e 14º andares, São Paulo, SP  
[www.credit-suisse.com/br](http://www.credit-suisse.com/br)

SP Telecomunicações Participações Ltda.  
Rua Martiniano de Carvalho, 851 – 20º andar- Parte, São Paulo, SP  
[www.telefonica.com.br](http://www.telefonica.com.br)

**Vivo Participações S.A.**  
Av. Roque Petroni Júnior, 1.464, 6º andar, Lado B, São Paulo, SP  
[www.vivo.com.br/ri](http://www.vivo.com.br/ri)

**Comissão de Valores Mobiliários – CVM**  
Rua Cincinato Braga, 340 – 2º, 3º e 4º andares, Edifício Delta Plaza, São Paulo, SP  
Rua Sete de Setembro, 111, 5º andar - “Centro de Consultas”, Rio de Janeiro, RJ  
[www.cvm.gov.br](http://www.cvm.gov.br)

**BM&FBovespa - Bolsa de Valores, Mercadorias e Futuros de São Paulo**  
Praça Antonio Prado, 48, 2º andar, São Paulo, SP  
[www.bmfbovespa.com.br](http://www.bmfbovespa.com.br)

8.10. Registration with CVM: The Offer as to which this Notice refers to is registered before CVM under No. CVM/SRE/OPA/ALI/2011/002, on February 11, 2011. BM&FBOVESPA authorized the Auction for the Offer to be held at its electronic trading system.

**THE GRANTING OF THE REQUEST FOR REGISTRATION OF THIS OFFER BY CVM DOES NOT IMPLY A JUDGMENT BY CVM THAT THE GIVEN INFORMATION IS TRUE OR ANY JUDGMENT BY CVM ABOUT THE QUALITY OF THE OBJECT COMPANY OR ABOUT THE PRICE OFFERED FOR THE SHARES THAT ARE THE OBJECT OF THIS OFFER.**

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**Exhibit b**  
**Valuation Report as per CVM Instruction 361**

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**Exhibit c**  
**Report on Purchase Price Methodology**

**DEMONSTRATION OF THE CALCULATION OF THE OFFER PRICE**

**a) The transaction**

As disclosed by means of the notices of material facts dated as of July 28, 2010 and September 27, 2010, Telefónica S.A., a company with headquarters in Madrid, Spain ("Telefónica") and Portugal Telecom SG SGPS, S.A., a company with headquarters in Lisbon, Portugal ("Portugal Telecom") executed, on July 28, 2010, an agreement for the acquisition by Telefónica, of 50% of shares issued by Brasilcel, N.V. owned by Portugal Telecom, that resulted in the indirect acquisition of shares of Vivo Participações S.A. ("Vivo Participações" or the "Company") ("Agreement"). Brasilcel, N.V. ("Brasilcel"), a company with headquarters in the Netherlands, held, direct and indirectly, 88.91% of common shares<sup>(1)</sup>

and 44.05% of preferred shares<sup>(1)</sup> representative of the capital of Vivo Participações (representing 59.42% of the total capital of Vivo Participações).

*(1) Considers the direct and indirect participation of Telefónica S.A. in Vivo, including the participation in Portelcom and TBS.*

**Price of acquisition and form of payment.** On September 27, 2010 (“Closing Date”), the acquisition described above became effective and Portugal Telecom withdrawn from Brasilcel, N.V. Such acquisition resulted on the transfer of the participation held by Portugal Telecom to Telefónica and on the payment, by the buyer, of the first installment of the acquisition price in the amount of €4,500,000,000.00. The total amount settled as the acquisition price was €7,500,000,000.00, according to the terms described below (“Brasilcel’s Price of Acquisition”)

As provided in the Agreement (i) the second installment of Brasilcel’s Price of Acquisition, in the amount of € 1,000,000,000.00, was paid on December 30, 2010 and (ii) the third in the amount of € 2,000,000,000.00 will be paid on October 31, 2011, although Portugal Telecom may request that this last payment take place on July 29, 2011. In such event, the amount of the last installment will be of € 1,975,026,947.00, being this amount a result of the adjustment of the rate of return equivalent to 5% (five per cent) per year, applied for the period of July 29, 2011 through October 31, 2011.

#### **b) Methodology of Calculation of the implied Value of Vivo as from the Brasilcel’s Price of Acquisition**

The methodology used for the calculation of the value of Vivo’s shares for the purposes of the Offer was based on the conditions settled by Telefónica and Portugal Telecom, for the acquisition by Telefónica of the participation of Portugal Telecom in Brasilcel, equivalent to 50% of the voting and total capital of the company.

As from the amount to be paid to Portugal Telecom and the participation of Portugal Telecom in the capital of Brasilcel (50%) we have calculated the implicit equity value of Brasilcel. For the purposes of calculation of the firm value for Brasilcel, we have deducted the net cash withheld at Brasilcel and its subsidiaries and related companies (proportionally to the participation of Brasilcel on such subsidiaries and related companies) and also the amount of the dividends paid by Vivo Participações on October 25, 2010 which was registered in its Quarterly Information Report –*Informações Trimestrais - ITR* of September 30, 2010, proportionally to the participation held by Brasilcel on Vivo Participações, as such value was owned by Telefónica, according to the terms of the Agreement.

The implicit equity value of Vivo Participações was calculated as from the value of Brasilcel and of the participation held by Brasilcel on Vivo Participações. Such value was divided by the number of shares issued by Vivo Participações, excluding the treasury shares, in order to calculate the implicit amount per share of Vivo Participações.

#### **Price per Common Share of Vivo Participações for purposes of the Offer**

As from the implicit amount of the shares of Vivo Participações, the Offer Price can be calculated by multiplying the implied amount of Vivo Participações and 0.8 – corresponding to 80% of the amount which was implied paid by Telefónica for each share of Vivo Participações.

Therefore, the value to be implicitly paid by Telefónica to Portugal Telecom for each common share of Vivo Participações is of €62.68, considering the amount of the third installment of Brasilcel’s Price of Acquisition for payment on October 31, 2011 (without any restatement or monetary correction, under the terms of the Agreement) and, accordingly, the offer price shall correspond to 80% of the amount due to Portugal Telecom as above, equivalent to €50,15 per share (“Offer Price”). In the event Portugal Telecom exercises the right stated in the Agreement to request the advancement of the payment of the third installment of Brasilcel’s Price of Acquisition, the Brasilcel’s Price of Acquisition to be paid to Portugal Telecom will be of € 62.47 and, therefore, the Offer Price will be of € 49.98 (corresponding to 80% of the price per share and owed by Telefónica to Portugal Telecom considering the value of the

third installment of the Brasilcel's Price of Acquisition for payment on July 29, 2011), for the shareholders that accept the Offer and choose the Payment in Installments, as defined in item (b-1) below.

Considering that the payment of Brasilcel's Price of Acquisition was agreed in three installments, being the first installment paid on September 27, 2010, the second installment on December 30, 2010 and the third to be paid on October 31, 2010 (or, before that, on July 29, 2011, if so requested by Portugal Telecom), the Offeror is considering two alternatives for payment of the Offer, in relation to the amount corresponding to the third installment of the Brasilcel's Price of Acquisition, being such alternatives payment in a lump sum or in installments, as described below:

(a) The installments of the Offer Price corresponding to 80% of the first and second installments of Brasilcel's Price of Acquisition owed to Portugal Telecom and due prior to the Auction (on September 27, 2010 and December 30, 2010, respectively), converted into national currency and adjusted as stated in item (i) and (ii) below, will be paid in a lump sum, on the Offer's financial settlement date;

(b) the installment of the Offer Price corresponding to 80% (eighty per cent) of the third installment of Brasilcel's Acquisition Price owed to Portugal Telecom in a date after the Auction Date, can, at the choice of the shareholder that accepts the offer, to his own criteria and without such option being subject to any condition, be paid in installments or in a lump sum, in accordance with Paragraph 1st, article 4th, of CVM Instruction 361, as follows:

(b-1) Payment in installments: If the shareholder that accepts the Offer chooses to receive the third installment of the Offer in term, his payment will be made in three business days as from (i) the date of the payment of the third installment of Brasilcel's Price of Acquisition to Portugal Telecom, being such installment calculated based in the amount of such installment of Brasilcel's Acquisition Price owed to Portugal Telecom for payment on October 31, 2011, then the third installment of the Offer Price in this case will be of € 13.37 per share, converted into national currency as described in item (iii) below; or, (ii) in case Portugal Telecom exercises its right to anticipate the payment of the third installment of Brasilcel's Acquisition Price for July 29, 2011 as stated in the Agreement, on the date that the third installment of Brasilcel's Acquisition Price is paid to Portugal Telecom, calculated the same installment based on the amount of such installment of Brasilcel's Acquisition Price owed to Portugal Telecom for payment on July 29, 2011, being such installment subject to the same adjustment of 5% per year applied to the anticipated payment of Brasilcel's Acquisition Price to Portugal Telecom on the terms of the Agreement, then in this case, the third installment of the Offer Price will be of € 13.21 per share, converted into national currency as item (iii) below.

(b-2) Payment in a Lump Sum: In case the shareholder that accepts the Offer decides to receive the third installment of the Offer Price in a lump sum, his payment will be made on the financial settlement date of the Auction, jointly with the payment of the two first installments of the Offer Price referred to on item 2.4.2 (a) above, calculated based on the total amount (without discount) of the Brasilcel's Acquisition Price's installment that would be owed to Portugal Telecom for payment on October 31, 2011, therefore the third installment of the Offer Price will be of € 13.37, converted such amount into national currency as item (iv) below, not being applied, therefore, to the shareholder that accepts the Offer, the discount applicable to Portugal Telecom in case of prepayment.

Considering that the Offer Price shall be paid to the shareholder that accepts the Offer in national currency, the calculation of the conversion of the installments shall be made as follows

(i) The amount corresponding to 80% of the price per share paid by Telefónica to Portugal Telecom as the first installment of the Brasilcel's Acquisition Price on September 27, 2010, of R\$69.34 per share, equivalent to € 30.09, will be converted (a) into Dollars at the exchange rate of €/US\$ of European Bank, as disclosed in the Reuters (ECB37) Page on the same date thereof, that was of 1.3477; and (b) into Reais, at the exchange rate of US\$/R\$ corresponding to the closing rate of the date of the payment as disclosed by BACEN, through SISBACEN - Sistema de Informações do Banco Central do Brasil, Transaction PTAX 800, currency Code 220, sale rate, of 1.7100. The amount in national currency of such installment of the Offer Price will be adjusted by SELIC as from September 27, 2010 up to the date of the financial settlement of the Auction;

(ii) The amount corresponding to 80% of the price per share paid by Telefónica to Portugal Telecom as the second installment of Brasilcel's Acquisition Price on December 30, 2010, is of R\$14.79 per share, equivalent to € 6.69, converted (a) into Dollars at the exchange rate of €/US\$ of European Bank, as disclosed in the Reuters (ECB37) Page on the same date thereof, that was of 1.3280; and (b) into Reais, at the exchange rate of US\$/R\$ corresponding to the closing rate of the date of the payment as disclosed by BACEN, through SISBACEN - Sistema de Informações do Banco Central do Brasil, Transaction PTAX 800, currency Code 220, sale rate, of 1.6662. The amount in national currency of such installment of the Offer Price will be adjusted by SELIC as from December 30, 2010 up to the date of the financial settlement of the Auction; and

(iii) In the event of payment of the third installment of the Offer Price in Installments, the amount per share, equivalent to € 13.37 (amount that corresponds to 80% of the price per share owed by Telefónica to Portugal Telecom as the third installment of Brasilcel's Acquisition Price, considering the amount for payment on October 31, 2011) or € 13.21 (amount that corresponds to 80% of the Price per share owed by Telefónica to Portugal Telecom as the third installment of the Brasilcel's Price of Acquisition, considering the amount for payment on July 29, 2011), shall be converted into (a) into Dollars at the exchange rate of €/US\$ of European Bank of the closing of the last day prior to the effective payment of the third installment of Brasilcel's Price of Acquisition to Portugal Telecom scheduled to occur on October 31, 2011 or on July 29, 2011 as may be requested by Portugal Telecom, as disclosed in the Reuters (ECB37) Page on the date of payment to Portugal Telecom; and (b) into Reais, at the exchange rate of US\$/R\$ referred to the closing date of the last day prior to the effective payment of Brasilcel's Price of Acquisition to Portugal Telecom scheduled to occur on October 31, 2011 or, if requested by Portugal Telecom, on July 29, 2011 disclosed by BACEN on the date of payment to Portugal Telecom, through SISBACEN - Sistema de Informações do Banco Central do Brasil, Transaction PTAX 800, currency Code 220, sale rate. The referred amount in national currency will be paid to the shareholders that accept the Offer that choose for the Payment in Installments described in item 2.4.2 (b-1) above, in three business days as from the payment of the third installment of the Brasilcel's Acquisition Price to Portugal Telecom, adjusted by SELIC as from the payment of such third installment of the Brasilcel's Acquisition Price to Portugal Telecom up to the effective payment to the shareholders; and

(iv) in case of Payment in a Lump Sum of the third installment of the Offer Price as described in item 2.4.2 (b-2) above, the amount per share shall be equivalent to € 13.37 (amount that corresponds to 80% of the price per share and owed by Telefónica to Portugal Telecom as the third installment of the Brasilcel's Acquisition Price, considering the amount for payment on October 31, 2011) without any discount that shall be converted (a) into Dollars at the exchange rate of €/US\$ of European Bank at the closing of the last day prior to the Auction as disclosed in the Reuters (ECB37) Page; and (b) into Reais, at the exchange rate of US\$/R\$ corresponding to the closing rate of the last day prior to the Auction, disclosed by BACEN, through SISBACEN - Sistema de Informações do Banco Central do Brasil, Transaction PTAX 800, currency Code 220, sale rate. The amount in national currency of the referred installment of the Offer Price will be adjusted by SELIC as from the Auction Date up to its financial settlement date.

In any of the above mentioned events, if the Company declares dividends and/or interests on net equity (other than the declared on the Annual General Meeting occurred on April 16, 2010) at any time before the financial settlement of the Offer, it will be deducted from the Offer Price in national currency and calculated as mentioned above, the amount of dividends / interests on net equity per Common Share due to the Company's shareholders that: (i) are registered as owners or beneficiaries of such Shares on the date of the dividends' declaration or payment, if such date is prior to the date of the financial liquidation of the Auction or (ii) are registered as owners or beneficiaries of the respective Shares on the date established by the Company in order to deserve the receipt of interests on net equity, if such basis date is prior to the date of the financial settlement of the Auction. On December 17, 2010 the Board of Directors of the Company approved the distribution of interest on net equity related to the fiscal year of 2010 in the amount of R\$ 220,000,000.00 that corresponds to the gross amount of R\$ 0.550564188 per common and preferred share, to the shareholders which are registered on December 31, 2010. Therefore, the gross amount of R\$ 0.550564188 per common share will be discounted from the installment of the Offer Price to be paid on the financial settlement of the Auction.



## c) Demonstration of the Calculation of OPA's price

Steps	Calculation	Unit	Amounts (Option I)	Amounts (Option II)
(A)	<b>Payment at face value</b> <sup>(1),(2)</sup>	€ million	<b>7,500</b>	<b>7,475</b>
(B)	PT's stake at Brasilcel	%	50.0%	50.0%
(C) = (A) / (B)	Brasilcel's equity value	€ million	15,000	14,950
(D)	Brasilcel's net debt / (cash) <sup>(3)</sup>	€ million	-14	-14
(E)	Dividends payable (Brasilcel stake) <sup>(4)</sup>	€ million	-102	-102
(F) = (C) + (D) + (E)	<b>Brasilcel's implied firm value</b>	€ million	<b>14,884</b>	<b>14,834</b>
(G)	Brasilcel's stake at Vivo (ex-treasury) <sup>(5)</sup>	%	59.42%	59.42%
(H) = (F) / (G)	Vivo's implied equity value	€ million	25,048	24,964
(I)	Total ONs issued by Vivo (ex-treasury) <sup>(5)</sup>	million	137.3	137.3
(J)	Total PNs issued by Vivo (ex-treasury) <sup>(5)</sup>	million	262.3	262.3
(K) = (I) + (J)	Total shares issued by Vivo (ex-treasury) <sup>(5)</sup>	million	399.6	399.6
(L) = (H) / (K)	<b>Vivo's implied share price</b>	€ / share	<b>62.68</b>	<b>62.47</b>
(M) = 80% x (L)	<b>Price to be paid to minority common shareholders</b>	€ / share	<b>50.15</b>	<b>49.98</b>

Notes: (1) Corresponds to the sum of (i) € 4,500million paid on September 27, 2010, (ii) € 1,000 million paid on December 30, 2010 and (iii) € 2,000million to be paid on October 31, as set forth in the Agreement.

(2) In the event Portugal Telecom exercises its right on requesting the payment to be advanced, the installment of October 31st shall be paid on July 29, 2011. In this event, a discount rate corresponding to 5% per year, that would result in an amount of € 1,975,026,947.00 for the third installment.

(3) Considers the position net of debt/ (cash) of Brasilcel (on June 30, 2010), Portelcom (on August 31, 2010) PTelecom (August 31, 2010) and TBS (August 31, 2010). The balance of the financial statements of Brasilcel was reported in Euros.

(4) Refers to the amount of dividends registered in the ITR of Vivo dated as of September 30, 2010 and paid on October 25, 2010, proportionally to the participation of Brasilcel into Vivo that was paid to Telefonica in accordance with the terms of the agreement. Converted into Euros by the exchange rate of 2,3889 on October 25, 2010.

(5) On February 3, 2011

Steps	Calculation	Unit	Amount
(A) = (B) + (C) + (D)	<b>Payment at face value (1)</b>	€ million	<b>7,500</b>
(B)	27-Sep-2010 Installment	€ million	4,500
(C)	30-Dec-2010 Installment	€ million	1,000
(D)	31-Oct-2011 Installment	€ million	2,000
(E) = (B) / (A)	27-Sep-2010 Installment (%)	%	60.0%
(F) = (C) / (A)	30-Dec-2010 Installment (%)	%	13.3%
(G) = (D) / (A)	31-Oct-2011 Installment (%)	%	26.7%
(H)	<b>Option I: Price to be paid to minority shareholders (2)</b>	€ / share	<b>50.15</b>
(I) = (H) x (E)	27-Sep-2010 Installment	€ / share	30.09
(J) = (H) x (F)	30-Dec-2010 Installment	€ / share	6.69
(K) = (H) x (G)	31-Oct-2011 Installment (3)	€ / share	13.37
(L) = (M) + (N) + (O)	<b>Option II: Price to be paid to minority shareholders (2)</b>	€ / share	<b>49.98</b>
(M) = (I)	27-Sep-2010 Installment	€ / share	30.09

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(N) = (J)	30-Dec-2010 Installment	€ / share	6.69
(O)	29-Jul-2011 Installment (3)	€ / share	13.21
(P) = (Q) + (R) + (S)	<b>Option I: Price to be paid to minority shareholders without correction (R\$)</b>	<b>R\$ / share</b>	<b>[-]</b>
(Q)	27-Sep-2010 Installment (4)	R\$ / share	69.34
(R)	30-Dec-2010 Installment (4), (5)	R\$ / share	14.79
(S)	31-Oct-2011 Installment (6)	R\$ / share	[-]
(T) = (U) + (V) + (W)	<b>Option II: Price to be paid to minority shareholders without correction (R\$)</b>	<b>R\$ / share</b>	<b>[-]</b>
(U)	27-Sep-2010 Installment (4)	R\$ / share	69.34
(V)	30-Dec-2010 Installment (4), (5)	R\$ / share	14.79
(W)	29-Jul-2011 Installment (6)	R\$ / share	[-]

Notes: (1) It Corresponds to the sum of: (i) € 4.500 million paid on September 27, 2010, (ii) € 1.000 million, paid on December 30, 2010 and (iii) € 2.000 million to be paid on October 31, 2011, according to the terms of the Agreement.

(2) As calculated in the table above.

(3) In case Portugal Telecom exercises its right to anticipate the payment, the installment due on October 31, 2011 will be paid on July 29, 2011. In this case, it will be applicable a discount rate of 5% per year, which will result in a price of € 13,21 per Share for this installment.

(4) Conversion (i) into US Dollars at the exchange rate of EUR/US\$ of European Central Bank as disclosed in the Reuters (ECB37) Page; and (ii) into Reais, at the exchange rate of US\$/R\$ corresponding to the closing rate of the day of the payment as disclosed by BACEN, through SISBACEN - Sistema de Informações do Banco Central do Brasil, Transaction PTAX 800, currency Code 220, sale rate.

(5) In accordance to the rates EUR/USD Reuters ECB37, of 1,3280 and USD/BRL, of 1,6662, dated of December 30, 2010.

(6) Conversion (i) into US Dollars at the exchange rate of €/US\$ of European Bank of the closing of the last day prior to the Auction, as disclosed in the Reuters (ECB37) Page on the Auction Date (in case of payment of the Offer Price in a lump sum) or at the exchange rate of €/US\$ of European Bank of the last day prior to the effective payment of the third installment of the Brasilcel's Price of Acquisition to Portugal Telecom (in case of payment of the Offer Price in installments); and (ii) into Reais, at the exchange rate of US\$/R\$ referred to the closing date of the last day prior to the Auction disclosed by BACEN on the Auction Date, through SISBACEN - Sistema de Informações do Banco Central do Brasil, Transaction PTAX 800, currency Code 220, sale rate (in case of payment of the Offer Price in a lump sum) or according to the exchange rate US\$/R\$ corresponding to the closing rate of the last day prior to the effective payment of the Brasilcel's Price of Acquisition to Portugal Telecom as disclosed by BACEN on the date of the payment to Portugal Telecom, through SISBACEN - Sistema de Informações do Banco Central do Brasil, Transaction PTAX 800, currency Code 220, sale rate (in case of payment of the Offer Price in installments).

**d) Simplified Corporate Structure of Vivo on this date(\*):**

(\* ) Telefonica S.A. became the owner of the shares of the Brazilian holdings that controlled the Company that were indirectly held by Telefónica S.A., through Brasilcel, N.V., as a result of the transaction occurred abroad (merger of Brasilcel N.V. into Telefónica, S.A.)

**e) Detailed Corporate Structure of Vivo on this date**

<b>Vivo Participações S.A. current ownership structure</b>						
<b>Entity</b>	<b>ON</b>		<b>PN</b>		<b>Total</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Controlling shareholders / Management</b>						
Telefónica S.A. (1)	52,731,031	38.41%	91,087,513	34.58%	143,818,544	35.89%
Portelcom	52,116,302	37.97%	24,669,191	9.36%	76,785,493	19.16%
TBS	17,204,638	12.53%	291,449	0.11%	17,496,087	4.37%
<b>Shares outstanding</b>	<b>15,217,217</b>	<b>11.09%</b>	<b>130,838,240</b>	<b>49.66%</b>	<b>146,055,457</b>	<b>36.45%</b>
<b>Treasury shares</b>	-	<b>0.00%</b>	<b>1,123,725</b>	<b>0.43%</b>	<b>1,123,725</b>	<b>0.28%</b>
<b>Cyrte</b>	-	<b>0.00%</b>	<b>15,434,521</b>	<b>5.86%</b>	<b>15,434,521</b>	<b>3.85%</b>

<b>Total</b>	<b>137,269,188</b>	<b>100.00%</b>	<b>263,444,630</b>	<b>100.00%</b>	<b>400,713,827</b>	<b>100.00%</b>
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**Portelcom Participações S.A. current ownership structure**

Entity	Total	
	#	%
Telefónica S.A. (1)	7,859,689,542	84.78%
PTelecom	1,411,260,429	15.22%
<b>Total</b>	<b>9,270,949,971</b>	<b>100.00%</b>

**TBS Celular Participações Ltda. current ownership structure**

Entity	Total	
	#	%
Telefónica S.A. (1)	930,615,314	74.39%
Portelcom	287,728,278	23.00%
Cia de Telecomunicaciones de Chile (CTC) (3)	32,655,619	2.61%
<b>Total</b>	<b>1,250,999,211</b>	<b>100.00%</b>

**Ptelecom Brasil S.A. current ownership structure**

Entity	Total	
	#	%
Telefónica S.A. (1)	2,224,336,825	100.00%
Roberto Lima	1	0.00%
<b>Total</b>	<b>2,224,336,826</b>	<b>100.00%</b>

**Vivo Participações simplified structure before the Auction**

Entity	ON		PN		Total	
	#	%	#	%	#	%
Telefónica S.A. (1),(2)	122,051,971	88.91%	116,048,153	44.05%	238,100,124	59.42%
Outros	15,217,217	11.09%	147,396,486	55.95%	162,613,703	40.58%
<b>Total</b>	<b>137,269,188</b>	<b>100.00%</b>	<b>263,444,630</b>	<b>100.00%</b>	<b>400,713,827</b>	<b>100.00%</b>

Notes: (1) Telefonica S.A. became the owner of the shares of the Brazilian holdings of the Company's control chain which has been indirectly held by Telefónica S.A. through Brasilcel, N.V., as a result of the transaction occurred abroad

(2) It considers the direct and indirect participation held by Telefónica S.A. in the capital of Vivo, including its participation in Portelcom and TBS.

(3) 100% controlled by Telefónica S.A. controlada pela Telefónica, S.A.

**f) Brasilcel's net cash position****Consolidated net debt at Brasilcel (ex-Vivo)**

Company	% Brasilcel stake	Gross debt	Cash	Net debt	Proportional net debt (1)
Brasilcel	100.00%	-	2.1	(2.1)	(2.1)
Portelcom	100.00%	-	8.9	(8.9)	(8.9)
Ptelecom	100.00%	-	0.7	(0.7)	(0.7)
TBS	96.27%	-	2.1	(2.1)	(2.0)
<b>Total</b>		<b>-</b>	<b>13.8</b>	<b>(13.8)</b>	<b>(13.7)</b>

Note: (1) It considers the net position of debt / (cash) of Brasilcel (on June 30, 2010), Portelcom (on August 31, 2010), Ptelecom (on August 31, 2010) and TBS (on August 31, 2010). The balances of Portelcom, Ptelecom and

TBS are proportional to the participation of Brasilcel and were converted into euros at a rate of 2,2266 on August 31, 2010. The balance of Brasilcel was reported in euros.

**g) Calculation of part of the dividends paid to Brasilcel (1),(2)**

<b>Dividends (Brasilcel stake)</b>	<b>Unit</b>	<b>Amount</b>
<b>Dividends paid to Brasilcel</b>	<b>R\$MM</b>	<b>244.0</b>
FX rate as of 25-Oct-2010	R\$ / €	2.3889
<b>Dividends paid to Brasilcel</b>	<b>€MM</b>	<b>102.1</b>

Notes: (1) It considers the direct and indirect participation held by Brasilcel in the capital of Vivo. Proportionally for the participation held by Brasilcel in the capital stock of TBS Celular Participações Ltda. (96,27%) on the date of payment of the dividends.

(2) Registered on Vivo's ITR (*quarterly Information report*) dated as of September 30, 2010 and paid on October 25, 2010.