

TELEMIG CELULAR PARTICIPACOES SA

Form F-4/A

July 20, 2009

Table of Contents

As filed with the Securities and Exchange Commission on July 20, 2009

Registration Nos. 333-159798

333-159798-01

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 3

TO

FORM F-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

VIVO PARTICIPAÇÕES S.A.

(Exact Name of Registrant as Specified in Its Charter)

VIVO HOLDING COMPANY

**TELEMIG CELULAR
PARTICIPAÇÕES S.A.**

(Exact Name of Registrant as Specified in Its Charter)

(Translation of Registrant's name into English)

TELEMIG CELLULAR HOLDING COMPANY

(Translation of Registrant's name into English)

The Federative Republic of Brazil
(State or Other Jurisdiction of

Incorporation or Organization)

4813

(Primary Standard Industrial

Classification Code Number)

Not Applicable
(I.R.S. Employer

Identification Number)

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(Address, Including Zip Code, and Telephone Number, Including
Area Code, of Registrant's Principal Executive Offices)

The Federative Republic of Brazil
(State or Other Jurisdiction of

Incorporation or Organization)

4813

(Primary Standard Industrial

Classification Code Number)

Not Applicable
(I.R.S. Employer

Identification Number)

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Code, of Registrant's Principal Executive Offices)

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Approximate date of commencement of proposed offer to the public: As soon as practicable after this registration statement becomes effective.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Table of Contents

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered (1)	Proposed Maximum Aggregate Offering Price (3)	Amount Of Registration Fee (4)
Vivo Participações S.A. common shares, no par value	1,118	\$ 23,782.10	\$ 1.33
Vivo Participações S.A. preferred shares, no par value (2)	10,243,466	\$206,969,230.53	\$11,548.88
Telemig Celular Participações S.A. common shares, no par value	168	\$ 41,008.63	\$ 2.29
Telemig Celular Participações S.A. preferred shares, no par value	78,912	\$ 19,262,340.29	\$ 1,074.84
Total	10,323,664	\$226,296,361.55	\$12,627.34

- (1) Calculated, in each case, based on the maximum number of each registrant's shares to be issued to holders of American Depositary Shares, or ADSs, of Telemig Celular Participações S.A., or TCP, each representing 2 (two) preferred shares of TCP, and holders of common and preferred shares of TCP and Telemig Celular S.A., or TC who are U.S. residents, in connection with the Restructuring described in the accompanying prospectus / information statement assuming that none of the holders exercise their right of withdrawal in connection with the Restructuring. The calculation includes, in the case of the registrant Vivo Participações S.A., or Vivo, the preferred and common shares issued to TCP shareholders in the first step of the Restructuring.
- (2) 8,161,586 of these shares will initially be represented by Vivo ADSs, each of which represents 1 (one) preferred share, and which may be evidenced by American Depositary Receipts, or ADRs, that will be issued in exchange for TCP ADSs. The remaining 2,081,880 shares will not be represented by ADSs.
- (3) The Proposed Maximum Aggregate Offering Price for registrant TCP (estimated solely for purposes of computing the amount of the registration fee pursuant to Rule 457(c) and Rule 457(f) under the U.S. Securities Act of 1933, as amended) is calculated in accordance with the exchange ratios of 17.4 common shares or preferred shares of TCP to be exchanged in the Restructuring for each common and preferred share held directly by a U.S. resident of TC using the book value of the shares of TC, \$244.099 for each common and preferred share of TC, given that the level of the market trading in Brazil of the common and preferred shares of TC are insufficient to permit or make meaningful the calculation of the average high and low market prices, converted into U.S. dollars based on an exchange rate of R\$1.97 = US\$1.00 the PTAX selling rate on May 29, 2009. The Proposed Maximum Offering Price for registrant Vivo (estimated solely for the purposes described above) is calculated in accordance with the exchange ratios of 1.37 common shares or preferred shares or 2.74 Vivo ADSs to be exchanged in the Restructuring for each ADS held by any holder and for each common and preferred share held directly by a U.S. resident (excluding any TCP common and preferred shares acquired by U.S. residents in the Restructuring in exchange for their TC shares, as to which the Proposed Maximum Offering Price and Registration fee is calculated by reference to registrant TCP) and (a) the average of the high and low prices of the common and preferred shares of TCP, \$21.272 and \$20.205, respectively, as reported on the São Paulo Stock Exchange on May 29, 2009, converted into U.S. dollars at the exchange rate described above and (b) the average of the high and low price of the TCP ADSs as reported on the New York Stock Exchange on May 29, 2009.
- (4) Previously paid.

The registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the U.S. Securities Act of 1933, as amended, or until this registration statement shall become effective on

such date as the U.S. Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

Table of Contents

Vivo Participações S.A.

Exchange of Common and Preferred Shares

for Common and Preferred Shares, respectively, of

Telemig Celular Participações S.A. and

Telemig Celular S.A.

Vivo Participações, S.A., or Vivo, has proposed a corporate restructuring, or the Restructuring, the overall purpose of which is to consolidate at the Vivo level all of its non-controlling share ownership in its direct and indirect subsidiaries, Telemig Celular S.A., or TC, and Telemig Celular Participações S.A., or TCP. The Restructuring, will be accomplished via two mergers of shares (*incorporação de ações*, under Brazilian law): (i) a merger of all of the shares of TC that TCP does not own into TCP in exchange for TCP shares, or the TCP Merger, converting TC into a wholly-owned subsidiary of TCP and (ii) immediately after the TCP Merger, a merger of all of the TCP shares that Vivo does not own into Vivo in exchange for Vivo shares, or the Vivo Merger, converting TCP into a wholly-owned subsidiary of Vivo.

If the Restructuring is approved:

holders of TCP ADSs will receive, subject to the procedures described herein, 2.74 Vivo ADSs for each TCP ADS they hold plus cash instead of any fractional ADSs;

holders of common shares and holders of preferred shares of TCP will receive, without any further action by those holders, 1.37 common shares, no par value, of Vivo for each TCP common share they hold, and 1.37 preferred shares, no par value, of Vivo for each TCP preferred share they hold plus, in each case, cash instead of any fractional Vivo shares; and

holders of common shares and holders of preferred shares of TC will receive, without any further action by those holders, 17.4 common shares, no par value, of TCP for each TC common share they hold and 17.4 preferred shares, no par value, of TCP for each TC preferred share they hold, regardless of the class of TC preferred shares held, but the TCP shares that they receive then will be subsequently exchanged for Vivo shares in the Vivo Merger so that each holder of a TC common share or a TC preferred share ultimately will receive, without any further action by the holder, 23.838 Vivo common shares or 23.838 Vivo preferred shares, respectively, plus, in each case, cash instead of any fractional Vivo shares for which the TC common shares and preferred shares ultimately will be exchanged as a result of the Restructuring.

The Restructuring will require the approvals of shareholders of Vivo, TCP and TC described in this prospectus/information statement and holders of common shares of Vivo, TCP and TC as of the date of the shareholders' meetings, which currently are scheduled to take place on July 27, 2009, in which the Restructuring shall be submitted for shareholder approval, and holders of Vivo's preferred shares as of that date that have a right to vote regarding the Restructuring. **However, Brasilcel N.V., or Brasilcel, Vivo's controlling shareholder has, directly or indirectly, all of the voting power necessary to approve the Restructuring without the support of any other holders of common or preferred shares of Vivo, TCP or TC. Brasilcel has informed Vivo that it intends to vote all shares held by it, directly or indirectly, in favor of the Restructuring.**

Persons who were holders of record of common or preferred shares of TC or TCP or common shares of Vivo as of March 23, 2009 will have withdrawal rights in connection with the Restructuring as described in this prospectus/information statement. Holders of Vivo's preferred shares (including those represented by ADSs) do not have these withdrawal rights. Because holders of TCP ADSs were not holders of record of TCP preferred shares as of March 23, 2009, under Brazilian law, the TCP ADS holders are not entitled to withdrawal rights in connection with the Restructuring, nor will they have a right to instruct The Bank of New York Mellon, as depository for the TCP ADSs, which is referred to as the TCP Depository, to exercise withdrawal rights on their behalf and the TCP Depository will not exercise these rights.

The common and preferred shares of TC, TCP and Vivo currently are listed on the São Paulo Stock Exchange (*BM&F BOVESPA S.A. Bolsa de Valores, Mercadorias e Futuros*), or the BM&F BOVESPA. The preferred shares of Vivo and TCP are listed on the NYSE in the form of ADSs and both Vivo and TCP are foreign private issuers under U.S. securities laws. None of the common stock of Vivo, TCP or TC and none of the preferred stock of TC is listed or traded in the United States.

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This prospectus has been prepared for holders of common shares and preferred shares of TC and TCP residing in the United States and for holders of TCP ADSs to provide information about the Restructuring and the securities to be offered pursuant thereto. This document also serves as an information statement to provide information in connection with the Extraordinary General Meetings of shareholders, or EGMs, to be held in connection with the Reorganization to holders of common shares of TC, common shares of TCP, common shares of Vivo and preferred shares of Vivo residing in the United States and to holders of Vivo ADSs.

You should read this prospectus/information statement carefully. In particular, please read the section entitled Risk Factors beginning on page 56 for a discussion of risks that you should consider in evaluating the transactions described in this prospectus/information statement.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the Restructuring or determined if this prospectus/information statement is truthful or complete. Any representation to the contrary is a criminal offense.

IF YOU ARE A DIRECT HOLDER OF VIVO, TCP OR TC SHARES, NONE OF VIVO, TCP OR TC IS ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND VIVO, TCP OR TC A PROXY. IF YOU ARE ENTITLED TO VOTE ON THE RESTRUCTURING, WHILE WE HAVE DESCRIBED GENERALLY THE PRECEDURE FOR VOTING YOUR SHARES IN THIS PROSPECTUS/INFORMATION STATEMENT, YOU SHOULD CONSULT BRAZILIAN COUNSEL. IF YOU ARE A HOLDER OF VIVO ADSs, YOU WILL RECEIVE INSTRUCTIONS FROM THE DEPOSITARY FOR THE VIVO ADSs ABOUT HOW TO PROVIDE VOTING INSTRUCTIONS FOR YOUR VIVO ADSs. IF YOU ARE A HOLDER OF TCP ADSs, YOU DO NOT HAVE ANY VOTING RIGHTS IN CONNECTION WITH THE RESTRUCTURING.

This prospectus/information statement is dated July 20, 2009 and is expected to be mailed to shareholders beginning on or about that date.

This prospectus/information statement includes important business and financial information about Vivo, TCP and TC that is not included in or delivered with the document. This information is available without charge to security holders upon written or oral request. To obtain timely delivery, security holders must request the information no later than July 20, 2009, which is five business days before July 27, 2009, the scheduled date of the EGMs scheduled to approve the Restructuring. See Part Seven: Additional Information for Shareholders Incorporation by Reference.

In this prospectus/information statement, Vivo, we, us and our refer to Vivo Participações S.A. References to the Companies refer to Vivo, TCP and TC.

Table of Contents

TABLE OF CONTENTS

	Page
<u>PART ONE QUESTIONS AND ANSWERS ABOUT THE RESTRUCTURING</u>	1
<u>PART TWO SUMMARY</u>	9
<u>The Companies</u>	9
<u>Background of the Restructuring</u>	12
<u>Purpose of and Reasons for the Restructuring</u>	13
<u>Valuation Reports</u>	13
<u>Terms and Effects of the Restructuring</u>	15
<u>Effects of the Restructuring on Unaffiliated Shareholders</u>	16
<u>Material Tax Considerations</u>	17
<u>Approval of the Restructuring</u>	17
<u>Receipt of Shares of Vivo and TCP and Vivo ADSs</u>	19
<u>Accounting Treatment of the Restructuring</u>	20
<u>Stock Exchange Matters</u>	20
<u>Withdrawal Rights</u>	20
<u>Timetable for the Restructuring</u>	21
<u>Financial Information</u>	21
<u>Selected Historical and Pro Forma Financial Data</u>	23
<u>Ratio of Combined Fixed Charges and Preference Dividends to Earnings</u>	41
<u>Exchange Rates</u>	52
<u>Historical and Pro Forma Share Information</u>	54
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	55
<u>PART THREE RISK FACTORS</u>	56
<u>Risks Relating to the Restructuring</u>	56
<u>Risks Relating to the Brazilian Telecommunications Industry and the Companies</u>	59
<u>Risks Relating to Vivo's and TCP's Securities</u>	67
<u>Risks Relating to Brazil</u>	70
<u>PART FOUR INFORMATION ON THE VIVO COMPANIES</u>	73
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations of Vivo</u>	73
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations of TCP</u>	101
<u>PART FIVE THE RESTRUCTURING</u>	125
<u>Background, Special Committees and Board Positions</u>	125
<u>Reasons for the Restructuring</u>	128
<u>Effects of the Restructuring</u>	130
<u>Terms of the Restructuring</u>	130
<u>The Shareholder Meetings</u>	131
<u>Receipt of Shares of Vivo and TCP and Vivo ADSs</u>	133
<u>Fractional Shares and ADSs</u>	135
<u>Withdrawal Rights</u>	135
<u>Valuation Reports</u>	137
<u>Valuation Report of Citi</u>	137
<u>Secondary Analysis Report of BBI</u>	143
<u>Valuation Reports of Planconsult</u>	144
<u>Mailing of Prospectus/Information Statement</u>	149
<u>Brokerage Commissions</u>	149
<u>Accounting Treatment of the Restructuring</u>	149

Table of Contents

	Page
<u>Management of Vivo</u>	150
<u>Management of TCP</u>	157
<u>Management of TC</u>	161
<u>Tax Considerations</u>	166
<u>Comparative Share and Dividend Information</u>	173
<u>Past Contacts, Transactions, Negotiations and Agreements</u>	177
<u>Transactions and Arrangements Concerning the Common Shares, Preferred Shares and ADSs of TCP and TC</u>	182
<u>Plans and Proposals</u>	184
<u>Expenses</u>	185
<u>PART SIX SHAREHOLDER RIGHTS</u>	186
<u>General</u>	186
<u>Voting Rights and Dividend Rights of Preferred Shares</u>	186
<u>Information about Historical Dividend Payments</u>	190
<u>Recent History of Vivo Capital Stock</u>	191
<u>Recent History of TCP Capital Stock</u>	191
<u>Description of Vivo Capital Stock</u>	191
<u>Description of TCP Capital Stock</u>	192
<u>Description of American Depositary Shares</u>	192
<u>PART SEVEN ADDITIONAL INFORMATION FOR SHAREHOLDERS</u>	202
<u>Where You Can Find More Information</u>	202
<u>Incorporation by Reference</u>	202
<u>Enforceability of Civil Liabilities Under U.S. Securities Laws</u>	203
<u>PART EIGHT LEGAL AND REGULATORY MATTERS</u>	205
<u>Legal Matters</u>	205
<u>Experts</u>	205
<u>PART NINE FINANCIAL STATEMENTS INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	
<u>Index to Consolidated Quarterly Financial Statements for the three month periods ended March 31, 2009 and March 31, 2008 of Vivo Participações S.A</u>	F-1
<u>Index to Consolidated Quarterly Financial Statements for the three month periods ended March 31, 2009 and March 31, 2008 of Telemig Participações S.A</u>	F-59
<u>Index to Consolidated Financial Statements for the years ended December 31, 2008, 2007 and 2006 of Vivo Participações S.A.</u>	F-97
<u>Index to Consolidated Financial Statements for the years ended December 31, 2008, 2007 and 2006 of Telemig Participações S.A.</u>	F-206

Table of Contents

PART ONE QUESTIONS AND ANSWERS ABOUT THE RESTRUCTURING

The following are some questions that you may have regarding the Restructuring and brief answers to those questions. Vivo and TCP urge you to read carefully the remainder of this document because the information in this section does not provide all the information that might be important to you with respect to the Restructuring. Additional important information is also contained in the documents incorporated by reference into this prospectus/information statement.

Q: What is the Restructuring?

A: Vivo Participações, S.A., or Vivo, has proposed a corporate restructuring, or the Restructuring, the overall purpose of which is to consolidate at the Vivo level all of its non-controlling share ownership in its direct and indirect subsidiaries, Telemig Celular S.A., or TC, and Telemig Celular Participações S.A., or TCP. The Restructuring will be accomplished via two mergers of shares (*incorporação de ações*, under Brazilian law): (i) a merger of all of the shares of TC that TCP does not own into TCP in exchange for TCP shares, or the TCP Merger, converting TC into a wholly-owned subsidiary of TCP and (ii) immediately after the TCP Merger, a merger of all of the TCP shares that Vivo does not own into Vivo in exchange for Vivo shares, or the Vivo Merger, converting TCP into a wholly-owned subsidiary of Vivo. The Restructuring requires approval by common shareholders of Vivo, TCP and TC and preferred shareholders of Vivo.

Q: What are the reasons for the Restructuring?

A: Vivo and TCP believe the Restructuring will enable:

Vivo to align the interests of the shareholders of Vivo, TCP and TC and facilitate the unification, standardization and the rationalization of the general administration of the Vivo, TCP and TC, or the Companies;

Vivo to simplify the shareholding and organizational structure of the Vivo business, expand its shareholder base and reduce management and administrative costs;

holders of common shares and preferred shares of TCP and TC and the holders of American Depositary Shares, or ADSs, representing preferred shares of TCP (those ADSs being referred to as TCP ADSs) to exchange their securities at equitable exchange ratios, as determined by independent financial advisors;

holders of common shares and preferred shares of TCP and TC and holders of TCP ADSs to receive Vivo securities having substantially the same rights as their prior securities but that instead are expected to enjoy greater liquidity than those prior securities; and

holders of ADSs representing preferred shares of Vivo, or Vivo ADSs, and holders of shares of TCP and TC to hold an investment in a larger company and a more diversified cellular telecommunications provider that will provide services in all states in Brazil and the Federal District in an area that includes approximately 84.6% of the Brazilian population. At the same time, holders of shares and ADSs are expected to benefit from synergies to be obtained as a result of TC and TCP becoming wholly owned subsidiaries of Vivo after the Restructuring.

Q: What will happen to my shares in the Restructuring?

A: If the Restructuring is approved and you are a direct holder of:

common shares or preferred shares of TC, your shares will be exchanged for TCP shares, with each TC common or preferred share, regardless of the class of TC preferred shares held, becoming 17.4 common or 17.4 preferred shares of TCP and then those shares will subsequently on the same date, and without any further action on your part, be exchanged for Vivo shares in the Vivo merger of shares at the ratios described in this prospectus/information statement so that ultimately you will receive 23.838 Vivo common shares for each of your TC common shares and 23.838 Vivo preferred shares for each of

Table of Contents

your TC preferred shares, plus, in each case, cash instead of any fractional Vivo shares for which the TC common shares and preferred shares ultimately will be exchanged as a result of the Restructuring;

common shares or preferred shares of TCP, you will receive 1.37 common shares, no par value, or 1.37 preferred shares, no par value, of Vivo for each common share or preferred share of TCP that you hold, respectively, plus, in each case, cash instead of any fractional shares; and

TCP ADSs, you will receive 2.74 Vivo ADSs, each representing 1 (one) preferred share of Vivo, for each TCP ADS that you hold plus cash instead of any fractional ADSs.

If you hold common or preferred shares of TC or TCP, no further action by you is required. An entry or entries will be made in the share registry of Vivo to evidence the common shares and preferred shares of Vivo you will receive in the Restructuring. At that time, Vivo and TCP also will pay you cash in lieu of any fractional Vivo shares to which you would have been entitled as a result of the Restructuring. If you are a registered holder of TCP ADSs, to receive your Vivo ADSs you must complete the letter of transmittal sent to you by The Bank of New York Mellon, as depositary for the TCP ADS program, referred to as the TCP Depositary, or the Letter of Transmittal, and comply with the procedures described in the Letter of Transmittal. If you hold TCP ADSs through a broker or other financial intermediary, no further action by you is required. The Vivo ADSs and any cash instead of fractional Vivo ADSs to which you would have been entitled as a result of the Restructuring will automatically be credited to your account as promptly as practicable after the end of the withdrawal period described below.

If you are a holder of Vivo common shares or preferred shares or Vivo ADSs, you will continue to hold these securities after the Restructuring.

Q: What shareholder approvals are needed?

A: The merger of shares of TC into TCP, or the TC Merger, will require the affirmative vote of holders representing at least a majority of the TC common shares that are present at a duly convened extraordinary general meeting of shareholders, or EGM, of TC and the affirmative vote of holders representing at least a majority of the common shares of TCP that are present at a duly convened EGM of TCP. The merger of shares of TCP into Vivo, or the TCP Merger, will require the affirmative vote of holders representing at least a majority of the TCP common shares that are present at a duly convened EGM of TCP and the affirmative vote of holders representing at least a majority of the aggregate common shares and preferred shares, respectively, of Vivo that are present at a duly convened EGM of Vivo.

Holders of common shares of Vivo, TCP and TC and holders of Vivo preferred shares, in each case as of the date of the EGM of Vivo, TCP and TC, respectively, have the right to vote on the Restructuring.

Brasilcel N.V., or Brasilcel, Vivo's controlling shareholder, has, directly or indirectly, all of the voting power necessary to approve the Restructuring without the support of any other holders of common or preferred shares of Vivo, TCP or TC. Brasilcel has informed Vivo that it intends to vote all shares held by it, directly or indirectly, in favor of the Restructuring.

Q: Do I have withdrawal rights?

A: Persons who were holders of record of common or preferred shares of TC or TCP or common shares of Vivo as of March 23, 2009 will be entitled to exercise withdrawal rights in connection with the Restructuring. Holders of preferred shares of Vivo are not entitled to exercise withdrawal rights in connection with the Restructuring nor are holders of Vivo ADSs. Holders of TCP ADSs will not have withdrawal rights or be entitled to instruct the TCP Depositary, either through their broker or other intermediary or directly, to exercise withdrawal rights on their behalf.

If you have withdrawal rights, your withdrawal rights will lapse 30 days after publication of the minutes of the EGMs called to approve the Restructuring. If you have withdrawal rights with respect to voting shares, **you cannot exercise those withdrawal rights if you vote in favor of the Restructuring.**

Table of Contents

If TC, TCP or Vivo holders exercise this right, they will receive from Vivo a cash amount for their shares calculated in accordance with a Brazilian law designed to assure them a value at least equal to the book value of the shares or the market value of Vivo's, TCP's and TC's assets had these assets been sold. According to Brazilian law and as a result of the valuation reports of Planconsult described in the section titled Part Five: The Restructuring Valuation Reports of Planconsult, withdrawing shareholders of TCP may choose to receive an amount equal to the greater of the net asset value of their shares based on the book value of TCP's assets and liabilities as of March 31, 2009 or the net asset value of their shares based on the market value of those assets and liabilities as of that date. See Part Five: The Restructuring Withdrawal Rights.

Q: Have the Boards of Directors or any committees of these Boards taken any position relating to the Restructuring?

A: The Board of Directors of each of the Companies has unanimously approved the merger agreements (*Protocolo de Incorporação de Ações e Instrumento de Justificação*, under Brazilian law) to which their Companies are parties and the calling of the EGMs required to obtain the requisite shareholder approvals. At the time the Restructuring first was publicly announced, each of TCP and TC, complying with recently issued recommendations of the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or CVM, established, by one of the means recommended by the CVM, a special committee to work with the Board of Directors of each of TC and TCP to protect the interests of the non-controlling shareholders of those companies. These special committees, or the Special Committees, unanimously recommended to the Boards of Directors of TCP and TC the exchange ratios for the TCP Merger or the Vivo Merger, as applicable, set forth in this prospectus/information statement. The Boards of Directors of TCP and TC considered the recommendation of the Special Committees and other factors in unanimously approving the Restructuring. For additional information regarding the manner in which members of the Special Committees were selected and the actions taken by the Special Committees in connection with the Restructuring, see Part Two: Summary Background of the Restructuring and Part Five: The Restructuring Background, Special Committees and Board Positions The Special Committees.

Q: Why am I receiving this document?

A: This document is a prospectus/information statement of Vivo and TCP relating to the common shares and preferred shares of Vivo and TCP that the shareholders of TCP and TC may receive in the Restructuring. If you hold common shares or preferred shares of TCP or TC or TCP ADSs, you are receiving this prospectus/information statement because Vivo and TCP may be deemed to be offering you securities for purposes of the U.S. Securities Act of 1933, as amended. If you hold TC common shares, TCP common shares, Vivo common shares or Vivo preferred shares and you are a U.S. resident you are receiving this document to provide you with the same information relating to the shareholder meetings of the Companies as is being provided to other holders of the same class of securities. If you are a holder of Vivo ADSs, you are receiving this document to provide you with information about the Restructuring and the matters that will be considered at the Vivo EGM and with information regarding how you may exercise your voting rights in relation to these matters.

Q: What will be the accounting treatment of the reorganization?

A: Under Brazilian GAAP, the accounting principles used to prepare Vivo's consolidated financial statements, the Restructuring will be accounted for by the fair value of the shares exchanged. Goodwill, the difference between fair and book value, will be recognized except for the shares that will be issued by TCP related to Vivo's direct interest in TC, which goodwill, generated internally, will not be recognized.

Under U.S. GAAP, the merger of shares will be accounted for as equity transactions in accordance with Statement of Financial Accounting Standards (SFAS) No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51. This standard requires that the carrying amount of

Table of Contents

noncontrolling interest be adjusted to reflect the change in our and TCP's ownership interest in the subsidiaries. Any difference between fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted shall be recognized in equity attributable to the parent.

Q: What are the U.S. federal income tax consequences of the Restructuring?

A: If you are a U.S. Holder (as defined in Part Five: The Restructuring Material Tax Considerations United States Federal Income Tax Considerations) of TCP or TC common or preferred shares or TCP ADSs, the Restructuring will be treated as an integrated transaction in which you exchange such shares or ADSs for Vivo common or preferred shares or ADSs (and cash in lieu of any fractional share). Because it is uncertain, for U.S. federal income tax purposes, whether the Restructuring will be treated as related to the prior acquisitions of TC and TCP shares by Vivo in 2008, and how the exercise, if any, of withdrawal rights will be characterized for such purposes, it is not clear whether the Restructuring qualifies as a tax-free reorganization or is a taxable transaction for U.S. federal income tax purposes. No ruling has been sought or will be obtained from the U.S. Internal Revenue Service on the U.S. federal income tax consequences of the transaction. If the Restructuring qualifies as a tax-free reorganization, you generally will not recognize gain or loss for U.S. federal income tax purposes on the receipt of Vivo common or preferred shares or ADSs, except to the extent of any cash received in lieu of a fractional share. If the Restructuring is a taxable transaction, you generally will recognize gain or loss. Please review carefully the section under Part Five: the Restructuring Material Tax Considerations United States Federal Income Tax Considerations. Because the tax consequences of the Restructuring are uncertain and will depend in part on your particular facts and circumstances, you should consult your tax adviser regarding the tax consequences of the Restructuring based on your particular circumstances, including the appropriate characterization of the Restructuring.

Q: When will the Restructuring be completed?

A: The EGM of each of Vivo, TCP and TC will be held on July 27, 2009, unless any of the meetings is postponed. The merger of shares will be legally effective upon approval of the mergers at the EGMs. However, new common shares, preferred shares and Vivo ADSs will not be delivered to you in the Restructuring until after the end of the period for the exercise of withdrawal rights, which period will end 30 days after publication of the minutes of the EGMs called to approve the Restructuring. See Could the Restructuring be unwound? below.

Q: Can I sell my old shares during the 30-day period following publication of the minutes of the EGMs?

A: The shares of Vivo, TCP and TC will continue to be listed on the São Paulo Stock Exchange (*BM&F BOVESPA S.A. Bolsa de valores, Mercadorias e Futuros*), or the BM&F BOVESPA, during the 30-day period. TCP ADSs and Vivo ADSs will continue to be listed on the NYSE during that period.

Q: Could the Restructuring be unwound?

A: Under Brazilian law, if management believes that the total value of the withdrawal rights exercised by the shareholders of Vivo, TCP and TC may place at risk the financial stability of Vivo, management may, within 10 days after the end of the withdrawal rights period, ratify the Restructuring or call an EGM to unwind the Restructuring. Payment relating to the exercise of the withdrawal rights will not be due if the Restructuring is unwound. Because it holds, directly and indirectly, a majority of the voting shares of Vivo, TCP and TC, Brasilcel would be able to cause the unwinding of the Restructuring at the applicable EGM.

Q: Are any other approvals necessary for the completion of the Restructuring?

A: No.

Table of Contents

Q: How will my rights as a shareholder change after the Restructuring?

A: Your rights as a shareholder of Vivo or as a holder of Vivo ADSs will be substantially similar to your rights as a shareholder of TCP or as a holder of TCP ADSs. In exchange for your shares or ADSs, you will be receiving exclusively Vivo shares of the same class as your original shares or ADSs plus any cash payable in respect of fractional shares as described below. The Vivo shares or ADSs that you receive will be listed on the same stock exchanges as your original shares or ADSs and Vivo and TCP expect your new Vivo securities to enjoy equal or greater market liquidity when compared to your original securities. While Brazilian law permits certain limited variations in the manner in which the preference on a preferred share may be calculated for purposes of payment of dividend and upon liquidation and while TC, TCP and Vivo may have used different calculation methodologies permitted by law, the holders of common and preferred shares of TCP have substantially the same shareholder rights as common shareholders and preferred shareholders of Vivo and holders of TCP ADSs will have substantially the same rights as holders of Vivo ADSs. See Part Six: Shareholder Rights General for a description of some of the variations in voting rights of preferred shareholders of the Companies. See Part Six: Shareholders Rights American Depositary Shares for a description of the Vivo ADSs.

Q: When will I receive my Vivo common shares, preferred shares or Vivo ADSs?

A: Assuming the Restructuring is completed, we will deliver common shares, preferred shares or Vivo ADSs, as applicable, in connection with the Restructuring after the end of the period for the exercise of withdrawal rights, which period will end 30 days after the publication of the minutes of the EGMs called to approve the Restructuring. During that period, the common shares and preferred shares of Vivo, TCP and TC are expected to continue to trade on the BM&F BOVESPA under their existing ticker symbols.

Assuming the Restructuring is completed, the ADSs representing preferred shares of Vivo issued in the Restructuring in respect of TCP ADSs will be made available as soon as practicable after the related preferred shares are deposited with the depository's custodian in Brazil. This deposit is expected to occur after the end of the period for the exercise of withdrawal rights, which period will end 30 days after the publication of the minutes of the EGMs called to approve the Restructuring. During that period, the Vivo and TCP ADSs are expected to continue to trade on the New York Stock Exchange, or the NYSE, under their existing ticker symbols. Upon receipt of these related Vivo preferred shares, the holders of TCP ADSs will be able to exchange those ADSs for Vivo ADSs.

Q: When will I receive any cash attributable to any fractional Vivo security?

A: If you hold TCP ADSs and the exchange ratio would entitle you to receive a fraction of a Vivo ADS, the TCP Depository will try to sell on the open market the aggregate of those fractional Vivo ADSs. You will receive cash in lieu of any fractional Vivo ADS you are entitled to receive based on the net proceeds (after deducting applicable fees and expenses, including sales commissions) from any sale on the NYSE of the aggregate number of fractional entitlements to Vivo ADSs. Payments for interests in fractional Vivo ADSs will be available to registered holders approximately five business days after the TCP Depository completes sales of the aggregated fractional Vivo ADSs on the NYSE.

If you hold common shares or preferred shares of TC and the sequential application of the Exchange Ratios in the TCP Merger and the Vivo Merger would entitle you to receive a fractional Vivo shares or if you hold common shares or preferred shares of TCP directly, and the exchange ratio in the Vivo Merger would entitle you to receive a fractional Vivo share, Vivo will sell, in an auction on the BM&F BOVESPA, the aggregate of all fractional Vivo shares. You will receive cash in lieu of any fractional Vivo share to which you would have been entitled as a result of the Vivo Merger based on the net proceeds (after deducting applicable fees and expenses), from any sale on the BM&F BOVESPA of the aggregate number of fractional entitlements to Vivo shares five business days after the sale of all such fractional interests by Vivo on the BM&F BOVESPA. The sale of such fractional interests in auctions on the BM&F BOVESPA will

Table of Contents

occur as soon as practicable after the completion of the Restructuring up to approximately 15 days after the withdrawal period and after due notice of the auction is given in accordance with the rules of the BM&F BOVESPA.

Q: If I hold TCP ADSs, will I have to pay ADS cancellation and issuance fees?

A: No. If you hold TCP ADSs, you will not have to pay fees for the cancellation of your TCP ADS that you hold in connection with the Restructuring or any ADS issuance fees for the Vivo ADS issued to you in exchange.

Q: Will I have to pay brokerage commissions?

A: You will not have to pay brokerage commissions if your TCP or TC shares are registered in your name. If your securities are held through a bank or broker or a custodian linked to a stock exchange, you should consult with them as to whether or not they charge any transaction fee or service charges in connection with the Restructuring.

Q: What do I need to do now?

A: If you hold common shares or preferred shares of TCP or TC, you do not need to do anything to receive Vivo common shares or Vivo preferred shares, respectively, upon the consummation of the Restructuring. The Vivo common shares and the Vivo preferred shares are book-entry shares, and an entry or entries will be made in the share registry of Vivo to evidence the common shares or preferred shares you will receive.

If you hold TCP ADSs, the preferred shares underlying those ADSs will become Vivo preferred shares by operation of law. If you hold TCP ADSs indirectly through a broker or other intermediary, you will automatically receive your new Vivo ADSs. However, if you hold ADSs directly as a registered holder, you must surrender your American Depositary Receipts, or ADRs, representing ADSs to the depositary in accordance with instructions that will be provided to you. Upon surrender of those ADRs, the depositary will deliver the Vivo ADSs to the registered holders of former TCP ADSs. See Part Five: The Restructuring Receipt of Shares of Vivo and TCP and Vivo ADSs for more details.

Q: When and where will the shareholders meetings take place?

The EGMs currently are scheduled to take place on July 27, 2009, but the Companies have the right to delay the date of these meetings. All of the meetings will take place in Brazil at the locations specified in this prospectus/information statement.

Q: What do I need to do if I would like to vote my shares?

A: Vivo. If you hold common shares or preferred shares, you may attend the Vivo EGM at which the Restructuring will be considered, and you may vote. Under Brazilian law, to vote shares at an EGM you must either appear at the meeting in person and vote your shares or grant an appropriate power of attorney to another shareholder, an executive officer of the applicable company or an attorney who will appear at the meeting and vote your shares. The power of attorney must have been granted, at most, one year prior to the shareholders meeting and must be certified by a notary public and legalized by the Brazilian consulate located in the domicile of the grantor. A corporation may be represented at the shareholders meeting by its officers. **The powers of attorney granted by the shareholders of Vivo for representation at the meeting must be deposited at the head office of Vivo, located at Av. Dr. Chucri Zaidan, 860, Morumbi, 04583-110, São Paulo, SP, Brazil, at least 48 hours prior to the occurrence of the EGM.** If you hold Vivo ADSs, you are not entitled to attend the Vivo EGM but will receive instructions from the Vivo ADS Depositary about how to instruct the Vivo ADS Depositary to vote the Vivo preferred shares represented by your Vivo ADSs. If The

Table of Contents

Bank of New York Mellon, as depositary for the Vivo ADS program, referred to as the Vivo Depositary, does not receive instructions from an owner on or before the date established by the Vivo Depositary for that purpose, the Vivo Depositary may deem that owner to have instructed the Vivo Depositary to give a discretionary proxy to a person designated by Vivo to vote the underlying preferred shares. **TCP.** If you hold common shares, you may attend the TCP EGM at which the Restructuring will be considered, and you may vote. If you hold preferred shares directly you may attend the TC EGM, but you may not vote. Under Brazilian law, to vote shares at an EGM you must either appear at the meeting in person and vote your shares or grant an appropriate power of attorney to another shareholder, an executive officer of the applicable company or an attorney who will appear at the meeting and vote your shares. The power of attorney must have been granted, at most, one year prior to the shareholders' meeting and must be certified by a notary public and legalized by the Brazilian consulate located in the domicile of the grantor. A corporation may be represented at the shareholders' meeting by its officers. **The powers of attorney granted by the shareholders of TCP for representation at the meeting must be deposited at the head office of TCP, located at Rua Levindo Lopes, 258, Funcionários Belo Horizonte, MG Brazil, at least 48 hours prior to the occurrence of the EGM.** If you hold ADSs, you are not entitled to attend or vote at the shareholders' meeting.

TC. If you hold common shares, you may attend the TC EGM at which the Restructuring will be considered, and you may vote. If you hold preferred shares directly you may attend the TC EGM, but you may not vote. Under Brazilian law, to vote shares at an EGM you must either appear at the meeting in person and vote your shares or grant an appropriate power of attorney to another shareholder, an executive officer of the applicable company or an attorney who will appear at the meeting and vote your shares. The power of attorney must have been granted, at most, one year prior to the shareholders' meeting and must be certified by a notary public and legalized by the Brazilian consulate located in the domicile of the grantor. A corporation may be represented at the shareholders' meeting by its officers. **The powers of attorney granted by the shareholders of TC for representation at the meeting must be deposited at the head office of TC, located at Rua Levindo Lopes, 258, Funcionários Belo Horizonte, MG Brazil, at least 48 hours prior to the occurrence of the EGM.**

If you are a direct holder of shares that are entitled to vote at the EGMs relating to the Restructuring, you may either attend the relevant EGM personally or complete a power of attorney that complies with Brazilian law. While the form of power of attorney attached as Exhibit 99.7 to the registration statement of which this prospectus/information statement is a part provides an example of a power of attorney, shareholders should confirm, with Brazilian counsel if necessary, that any power of attorney or revocation thereof satisfies the requirements of Brazilian law, as Vivo, TCP and TC will not accept such forms if they do not comply with Brazilian law. Vivo, TCP and TC encourage you to consult with Brazilian counsel if you wish to complete a power of attorney. Shareholders wishing to attend an EGM and who hold shares through the Fungible Custody of Registered Shares of the Stock Exchanges must provide a statement containing their corresponding equity interest in the applicable company dated within 48 hours of the applicable EGM.

The EGMs of Vivo, TCP and TC are scheduled to be held as follows:

Vivo Participações S.A., July 27, 2009 2:00 p.m. (São Paulo time)

Av. Dr. Chucri Zaidan, 860, Morumbi, 04583-110, São Paulo SP, Brazil

Telemig Celular Participações S.A., July 27, 2009 12:00 p.m. (Belo Horizonte time)

Rua Levindo Lopes, 258, Funcionários, Belo Horizonte MG, Brazil

Telemig Celular S.A., July 27, 2009 10:00 a.m. (Belo Horizonte time)

Rua Levindo Lopes, 258, Funcionários, Belo Horizonte MG, Brazil

Table of Contents

Q: Who can help answer my questions?

A: If you have any questions about the Restructuring, you can contact:
Vivo Participações S.A., Telemig Celular Participações S.A. Telemig Celular S.A. at the following:

Vivo Participações S.A.

Attention: IR Department

Av. Dr. Chucri Zaidan, 860, Morumbi, 04583-110

São Paulo SP, Brazil

Telephone: +55 (11) 7420-1172

e-mail: *ir@vivo.com.br*

Telemig Celular Participações S.A.

Attention: IR Department

Rua Levindo Lopes, 258, Funcionários 30140-170

Belo Horizonte MG, Brazil

Telephone: +55 (11) 7420-1172

e-mail: *ir@vivo.com.br*

Telemig Celular S.A.

Attention: IR Department

Rua Levindo Lopes, 258, Funcionários 30140-170

Belo Horizonte MG, Brazil

Telephone: +55 (11) 7420-1172

e-mail: *ir@vivo.com.br*

You may also contact the information agent for the Restructuring:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

proxy@mackenziepartners.com

Call Collect: (212) 929-5500

Edgar Filing: TELEMIG CELULAR PARTICIPACOES SA - Form F-4/A

Toll-Free: (800) 322-2885

If you are a holder of Vivo or TCP ADSs, you may also contact:

The Bank of New York Mellon

101 Barclay Street

New York, NY 10286

shrrelations@bnymellon.com

www.bnymellon.com/shareowner

Calls within the United States: (800) 777-3674

Calls outside the United States: (201) 680-6579

Table of Contents

PART TWO SUMMARY

The following summary highlights selected information from this prospectus/information statement and may not contain all the information that may be important to you. To understand the Restructuring more fully, you should read carefully this entire prospectus/information statement.

The Companies

Overview of Vivo

Vivo is incorporated under the laws of the Federative Republic of Brazil under the name Vivo Participações S.A., known as Vivo. Vivo has the legal status of a *sociedade por ações*, or a stock corporation, operating under Brazilian law. Vivo's principal executive offices are located at Av. Dr. Chucri Zaidan, 860, Morumbi, 04583-110, São Paulo, SP Brazil. Vivo's telephone number is +55 11 7420-1172, its facsimile number is +55 11 7420-2247, and its website is www.vivo.com.br. Vivo's agent for service of process in the United States is National Registered Agents, Inc., located at 875 Avenue of the Americas, Suite 501, New York, New York 10001.

Vivo is a holding company with two subsidiaries: a holding subsidiary, TCP, and an operating subsidiary, Vivo S.A. As of March 31, 2009, Vivo owns all of Vivo S.A.'s share capital 58.9% of TCP's share capital and 7.4% of TC's share capital. The shares of Vivo S.A., TCP, and TC that Vivo owns constitute substantially all of Vivo's assets, other than cash and cash equivalents and temporary cash investments. Vivo relies almost exclusively on dividends from Vivo S.A., TCP and TC to meet its cash needs, including cash to pay dividends to its shareholders. TCP in turn owns a single operating subsidiary, TC. As of March 31, 2009, TCP owns 83.3% of TC's share capital, and these shares constitute substantially all of TCP's assets, other than cash and cash equivalents and temporary cash investments. TCP relies almost exclusively on dividends from TC to meet its cash needs, including cash to pay dividends to its shareholders.

According to market share data published by *Agência Nacional de Telecomunicações* ANATEL, the Brazilian telecommunication regulatory agency, or ANATEL, Vivo is a leading provider of cellular telecommunications services in Brazil through its subsidiary Vivo S.A. Vivo S.A. is a cellular operator in the states of Acre, Alagoas, Amapá, Amazonas, Bahia, Ceará, Espírito Santo, Goiás (also encompassing the area of the Federal District), Maranhão, Mato Grosso, Mato Grosso do Sul, Pará, Paraíba, Paraná, Pernambuco, Piauí, Rio Grande do Norte, Rio de Janeiro, Rio Grande do Sul, Rondônia, Roraima, Santa Catarina, São Paulo, Sergipe and Tocantins. Additionally, Vivo acquired the control in April 3, 2008 of TCP and its operating subsidiary, TC, a wireless telecommunication provider in the state of Minas Gerais.

In April 2003, Brasilcel launched the brand name Vivo, under which Vivo's former subsidiaries Telesp Celular Participações S.A., or Telesp, Tele Centro Oeste Celular Participações S.A. (TCO), Tele Leste Celular Participações S.A. (TLE), Tele Sudeste Celular Participações S.A. (TSD) and Celular CRT Participações S.A. (Celular CRT) operated before the merger of such companies in 2006. The creation of the Vivo brand constituted a consolidation of the commercial models throughout the entire country into a common commercial strategy and replaced the different brands under which the different companies within our group offered their services in their respective states. The commercial strategy of Vivo was to increase its customer base as well as revenues by retaining customers and maintaining their distribution channels. The launching of the Vivo brand was accompanied by customer loyalty programs and other measures designed to contribute to the success of the commercial strategy. Guided by a common management team, Vivo designs marketing, promotional and other initiatives common to all companies and then tailors those activities to the particular markets of each of those companies.

As of March 31, 2009, Vivo's voting shares were indirectly controlled by two major shareholders: PT Móveis SGPS, S.A. and Telefónica, through Brasilcel, which is a holding company that holds, directly and

Table of Contents

indirectly, 89.6% of Vivo's common stock and 48.8% of Vivo's preferred shares representing 63.6% of Vivo's total capital stock, excluding treasury shares representing 63.8% of Vivo's total capital stock. PT Móveis SGPS, S.A. is 100% controlled by Portugal Telecom. As Vivo's preferred shareholders are entitled to vote regarding the approval of the Restructuring, Brasilcel and its affiliates will have the right to vote 63.61% of the total shares entitled to vote on the Restructuring. PT Móveis SGPS, S.A. and Telefónica share their participation in Brasilcel in equal percentages. As of March 31, 2009, Vivo owns 97% of TCP's common shares and 37% of TCP's preferred shares, representing 58.94% of TCP's total capital stock. As of March 31, 2009, TCP currently owns 83.3% of the share capital, including 89.2% of the voting shares, of TC. As of March 31, 2009, Vivo holds 7.4% of the share capital of TC, including 8.8% of the voting shares and 6.6% of the preferred shares.

In accordance with the shareholders agreement between Portugal Telecom SGPS, S.A., PT Móveis SGPS, S.A. and Telefónica S.A., PT Móveis is responsible for the appointment of Vivo's Chief Executive Officer and Telefónica Móviles is responsible for the appointment of Vivo's Chief Financial Officer. A majority of the Board of Directors of each of Vivo, TCP and TC were elected, directly or indirectly, by Brasilcel.

Overview of TCP and TC

TCP is incorporated under the laws of the Federative Republic of Brazil under the name Telemig Celular Participações S.A. TCP has the legal status of a *sociedade por ações*, or a stock corporation, operating under Brazilian law. TCP's principal executive offices are located at Av. Dr. Chucris Zaidan, 860, Morumbi, 04583-110, São Paulo, SP Brazil. TCP's telephone number is +55 11 7420-1172, TCP's facsimile number is +55 11 7420-2247, and its website is www.telemigholding.com.br. TCP's agent for service of process in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, P.O. Box 885, Newark, Delaware 19715.

TCP operates in most of its authorization area on a frequency referred to as A band, initially under a concession granted in November 1997 by the federal government of Brazil. Previously, TCP operated under a permission granted on April 29, 1993 to TCP's predecessor company, Telecomunicações de Minas Gerais S.A. On February 19, 2004, TCP signed a contract with ANATEL to migrate to the SMP regime from the SMC regime. TCP's SMP authorization is for an indeterminate period of time and covers a region that includes 100% of the municipalities and 100% of the population in the State of Minas Gerais. TC started operating in the Triângulo Mineiro region on May 30, 2005, on a frequency referred to as E band. The Triângulo Mineiro network is fully based on Global System for Mobile Communications, or GSM/EDGE technology. As of December 31, 2008, TCP had approximately 4,627,000 subscribers, representing an estimated market share of 28.7% in its region, as opposed to 3,901,000 subscribers, or an estimated 29.1% market share, as of December 31, 2007.

Table of Contents

Current Corporate Structure

The following chart shows Vivo's and TCP's corporate structure as of March 31, 2009:

Post-Restructuring Corporate Structure

The following chart shows Vivo's and TCP's expected corporate structure after the Restructuring:

Table of Contents

Combined Region

The map below indicates that Vivo and TC operate in all regions in Brazil and TC operates exclusively in the state of Minas Gerais under the Vivo brand:

Additional information about Vivo, TCP and TC is included in our 2008 Annual Report on Form 20-F, or Vivo's Annual Report, and TCP's 2008 Annual Report on Form 20-F, or TCP's Annual Report, which are incorporated by reference hereto, except for items 3A, 5A, 8A and 18, which were adjusted to reflect the retrospective adoption of SFAS No. 160 and are included in this prospectus/information statement.

Background of the Restructuring

On March 20, 2009, the Companies announced their intention to consummate the Restructuring and stated that they would retain the services of the specialized appraisal companies required under Brazilian law to prepare reports and would retain other appropriate financial advisory services to assist in the determination of the exchange ratios and other terms of the Restructuring, as recommended by the CVM. In this first public announcement of the Restructuring, the Companies indicated that they would comply with a recently issued CVM release (*Parecer de Orientação 35*) making certain recommendations with respect to the establishment of special committees in connection with transactions between affiliated companies. The Companies announced that each of TCP and TC would form a special committee to act in connection with the Restructuring and specifically to issue to the respective Board of Directors of TCP and TC its opinion regarding the appropriate exchange ratios and other terms of the Restructuring. The Companies also announced that, in accordance with one of CVM's recommended methods for selecting member of special committees, each of these committees, which together are referred to as the Special Committees, would be comprised of one representative of Vivo, one representative of the non-controlling shareholders and one representative selected jointly by the other two representatives.

Table of Contents

Each Special Committee met with the financial advisors to TCP and TC and retained its own financial advisor. With the assistance of these professionals, the Special Committees determined an appropriate exchange ratio for each of the TCP Merger and the Vivo Merger. On May 29, 2009, each Special Committee issued a report to its Boards of Directors unanimously recommending that its Board approve the Restructuring based on the exchange ratios set forth in this prospectus/information statement. On May 29, 2009, the Boards of Directors of Vivo, TCP and TC unanimously approved the Restructuring, the execution and delivery of the necessary Protocols of Merger of Shares and Instrument of Justification governing the Restructuring, or the Merger Agreement, the appraisal reports, the calling of the EGMs necessary to obtain the shareholder approvals required in connection with the Restructuring and the taking of other actions related to the Restructuring. For additional information regarding the Restructuring, the Special Committees and the Background of the Restructuring, see Part Five: The Restructuring Background, Special Committees and Board Position.

Purpose of and Reasons for the Restructuring

Vivo and TCP believe the Restructuring will enable:

Vivo to align the interests of the shareholders of Vivo, TCP and TC and facilitate the unification, standardization and the rationalization of the general administration of the Companies;

Vivo to simplify the shareholding and organizational structure of the Vivo business, expand its shareholder base and reduce management and administrative costs;

holders of common shares and preferred shares of TCP and TC and the holders of TCP ADSs to exchange their securities at equitable exchange ratios, as determined by independent financial advisors;

holders of common shares and preferred shares of TCP and TC and holders of TCP ADSs to receive Vivo securities having substantially the same rights as their prior securities but that instead are expected to enjoy greater liquidity than those prior securities; and

holders of Vivo ADSs and holders of shares of TCP and TC to hold an investment in a larger company and a more diversified cellular telecommunications provider that will provide services in all states in Brazil and the Federal District in an area that includes approximately 84.6% of the Brazilian population. At the same time, holders of shares and ADSs are expected to benefit from synergies to be obtained as a result of TC and TCP becoming wholly owned subsidiaries of Vivo after the Restructuring.

Valuation Reports

Vivo, TCP and TC do not generally publish their business plans and strategies or make external disclosures of their anticipated financial position or results of operations. However, the management of Vivo, TCP and TC has prepared prospective financial information set forth in valuation reports issued by Citi, BBI and Planconsult, as described below. The assumptions and estimates underlying the prospective financial information are inherently uncertain and, though considered reasonable by the management of Vivo, TCP and TC as of the date of its preparation, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information, including, among others things, risks and uncertainties. See Part Three: Risk Factors. Accordingly, there can be no assurance that the prospective results are indicative of the future performance of Vivo, TCP and TC or that actual results will not differ materially from those presented in the prospective financial information. This information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of these valuation reports are cautioned not to place undue reliance on the prospective financial information. The accompanying prospective financial information was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. None of Vivo's, TCP's or TC's independent auditors, nor any other independent accountants, have compiled, examined, or performed

Table of Contents

any procedures with respect to the prospective financial information contained herein or therein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

Citi

In connection with the Restructuring, the Boards of Directors of Vivo, TCP and TC and the Special Committees received a valuation report from Citigroup Global Markets Inc., or Citi, expressing the view that, as of the date of that report and based on and subject to the considerations and limitations of Citi's analysis described in that report and based on other matters as Citi considered relevant, if the exchange ratios recommended by the Special Committees and approved by the Boards of Directors of Vivo, TCP and TC with respect to the Restructurings were within the implied exchange ratios derived from the valuation analyses performed by Citi with respect to Vivo, TCP and TC, applied on a consistent basis, then those exchange ratios as of May 27, 2009 would constitute equitable treatment as understood in the manner described in such report. The Boards of Directors of Vivo, TCP and TC and the Special Committees confirmed that the Exchange Ratios are within the implied exchange ratios derived from the valuation analyses performed by Citi.

BBI

In connection with the Restructuring, the Special Committees received a secondary analysis from Banco Bradesco BBI S.A., or BBI, expressing, as of the date of such secondary analysis, its view of the appropriate range for the exchange ratio in the TCP Merger and the appropriate range for the exchange ratio in the Vivo Merger, as well as its views of the Citi valuation report. BBI stated that it considered the Citi valuation report to be thorough, professionally prepared and based on reasonable assumptions. BBI then noted that while its valuation methodology differed in certain respects from that of Citi, the ranges of exchange ratios derived by Citi and those derived by BBI were substantially consistent. BBI also noted that, in both cases, the Citi ranges fell within the BBI ranges. BBI thus reported to the Special Committees that any exchange ratio between 16.870 TCP shares per TC share to 17.436 TCP shares per TC share for the TCP Merger and any exchange ratio between 1.282 Vivo shares per TCP share to 1.374 Vivo shares per TCP share for the Vivo Merger would be equitable from the perspective of the non-controlling shareholders.

Planconsult

In connection with the Restructuring, the Special Committees and the Boards of Directors of each of the Companies received from Planconsult Planejamento e Consultoria Ltda., or Planconsult, a Net Equity Report at market prices for each of Vivo, TCP and TC for purposes of Article 264 of Brazilian Law No. 6,404/76 and an Economic Value Report for each of TCP and TC from Planconsult expressing the view that, as of the date of those reports and based on and subject to the assumptions and considerations described in those reports and based on other matters as Planconsult considered relevant (1) the value of the net equity of TC, calculated as if all of its assets and liabilities had been sold at fair market value was, as of March 31, 2009, R\$1,101,285,715.13 (or approximately US\$475,676,276.40, converted to U.S. dollars at a rate of R\$2.3152 to US\$1.00, the Brazilian Central Bank's PTAX selling rate on March 31, 2009), (2) the value of the net equity of TCP, calculated as if all of its assets and liabilities had been sold at fair market value was R\$1,250,973,445.36 (or approximately US\$540,330,617.37 converted to U.S. dollars at a rate of R\$2.3152 to US\$1.00, the Brazilian Central Bank's PTAX selling rate on March 31, 2009), (3) the value of the net equity of Vivo, calculated as if all of its assets and liabilities had been sold at fair market value was R\$7,335,835,336.03 (or approximately US\$3,168,553,617.84 converted to U.S. dollars at a rate of R\$2.3152 to US\$1.00, the Brazilian Central Bank's PTAX selling rate on March 31, 2009) (4) the fair market value of TC's net equity calculated based on the discounted cash flow method was, as of March 31, 2009, R\$4,030,200,000.00 (or approximately US\$1,740,756,738.08 converted to U.S. dollars at a rate of R\$2.3152 to US\$1.00, the Brazilian Central Bank's PTAX selling rate on March 31, 2009) and (5) the fair market value of TCP's net equity, calculated based on the discounted cash flow method was, as of March 31, 2009, R\$3,662,700,000.00 (or approximately US\$1,582,023,151.35 converted to U.S. dollars at a rate of R\$2.3152 to US\$1.00, the Brazilian Central Bank's PTAX selling rate on March 31, 2009).

Table of Contents

Planconsult further concluded, based on these analyses performed in accordance with the criteria established by Brazilian law, that the indicative value of one share of TCP stock valued based on the criteria of net worth at market value as of March 31, 2009 was R\$33.369841 and the indicative value of one share of TC stock valued on that basis as of March 31, 2009 was R\$464.251267. Finally, Planconsult concluded that the exchange ratios calculated based on the criteria of net worth at market value as of March 31, 2009 and in accordance with the criteria established by Brazilian law were 13.912301 in the case of the Exchange Ratio in the TCP Merger and 1.697712 in the case of the Vivo Merger.

Vivo and TCP urge you to read carefully the summary of the reports set forth in Part Five: The Restructuring Valuation Reports of Citi, Part Five: The Restructuring Secondary Analysis of BBI and Part Five: The Restructuring Valuation Reports of Planconsult, which includes information on how to obtain copies of the full reports.

Terms and Effects of the Restructuring

If the Restructuring is approved:

holders of TCP ADSs will receive, subject to the procedures described herein, 2.74 Vivo ADSs for each TCP ADS they hold plus cash instead of any fractional ADSs;

holders of common shares and holders of preferred shares of TCP will receive, without any further action by those holders, 1.37 common shares, no par value, of Vivo for each TCP common share they hold, and 1.37 preferred shares, no par value, of Vivo for each TCP preferred share they hold plus, in each case, cash instead of any fractional shares; and

holders of common shares and holders of preferred shares of TC will receive, without any further action by those holders, 17.4 common shares, no par value, of TCP for each TC common share they hold and 17.4 preferred shares, no par value, of TCP for each TC preferred share they hold, regardless of the class of TC preferred shares held, but the TCP shares that they receive then will be subsequently exchanged for Vivo shares in the Vivo Merger so that each holder of a TC common share or a TC preferred share ultimately will receive, without any further action by the holder, 23.838 Vivo common shares or 23.838 Vivo preferred shares, respectively, plus, in each case, cash instead of any fractional Vivo shares for which the TC common shares and preferred shares ultimately will be exchanged as a result of the Restructuring.

As a result of the Restructuring:

Vivo will be a significantly larger company and will own 100% of the capital stock of TCP, which will in turn own 100% of the capital stock of TC. TCP's interest in the net book value and net income (loss) of TC will therefore increase to 100%, and Vivo's interest in the net book value and net income (loss) of TCP will therefore increase to 100%;

additional preferred shares and Vivo ADSs will be listed on the NYSE;

the preferred shares of TCP are expected to be deregistered under the Exchange Act and TCP will no longer file Annual Reports on Form 20-F or reports on Form 6-K;

the TCP ADSs will be delisted from the NYSE, and the common shares and preferred shares of TCP and TC will be delisted from the BM&F BOVESPA and deregistered from the CVM; and

any dividends to holders of common shares, preferred shares or ADSs with respect to fiscal years after the fiscal year ended December 31, 2008 will be paid in accordance with the by-laws (*estatuto social*) of Vivo and Brazilian law, as described in Part Six:

Shareholder Rights.

Table of Contents**Effects of the Restructuring on Unaffiliated Shareholders**

Despite the benefits of and reasons for the Restructuring, in considering the Restructuring, non-controlling shareholders should consider the following factors:

Vivo will be considerably more leveraged than TCP and TC were previously. In addition, Vivo will assume the liabilities of TCP and TC in connection with the Restructuring. See Part Three: Risk Factors Risks Relating to the Restructuring.

Because Vivo will be a larger company than TCP and TC, holders of TCP shares, TC shares and TCP ADSs will have a lower ownership percentage in Vivo than they currently have in TCP or TC. Vivo shareholders' ownership percentage in Vivo will be diluted as a result of the issuance of the new Vivo shares and ADSs in the Restructuring. See Part Three: Risk Factors Risks Relating to the Restructuring.

After the Restructuring, the controlling shareholders will continue to have voting control of Vivo and control of Vivo's Board of Directors. The interests of the controlling shareholders may conflict with the interests of Vivo's non-controlling shareholders and ADS holders and the financial interests of the non-controlling shareholders and ADS holders could be materially adversely affected.

While the exchange ratios were determined in accordance with all applicable laws and regulations in Brazil and were recommended by the Special Committees, these ratios may be higher or lower than, from the perspective of value to unaffiliated shareholders, those that could be achieved through arm's length negotiations between unrelated parties. See Part Five: The Restructuring Past Contacts, Transactions, Negotiations and Agreements and Part Five: The Restructuring Transactions and Arrangements Concerning the Common Shares, Preferred Shares and ADSs of TCP and TC.

The exchange ratios reflect the fact that Vivo already owns, directly or indirectly, a majority of the outstanding shares of TCP and TC and, accordingly, the Restructuring does not involve a change of control. As a result, the exchange ratios should not be expected to, and do not, reflect a control premium.

The value of the TCP and TC shares as determined by the exchange ratios compares favorably to current and historical market prices for such shares. The values of the shares below are determined as of March 20, 2009.

	Actual		TCP	Ratio of exchange Vivo per TC	Ratio of exchange Vivo per TCP	Per share equivalent	
	Vivo	TC (1)				TC	TC
Common shares	R\$ 33.99	R\$ 1,500.00	R\$ 49.00	23.838	1.37	R\$ 810.25	R\$ 46.57
Preferred shares	R\$ 33.90	NA	R\$ 34.59	NA	1.37	NA	R\$ 46.44
Preferred B		R\$ 490.00	NA	23.838	NA	R\$ 810.25	
Preferred C		R\$ 365.00	NA	23.838	NA	R\$ 810.25	
Preferred D		R\$ 0	NA	23.838	NA	R\$ 810.25	
Preferred E		R\$ 370.00	NA	23.838	NA	R\$ 810.25	
Preferred F		R\$ 550.00	NA	23.838	NA	R\$ 810.25	
Preferred G		R\$ 500.00	NA	23.838	NA	R\$ 810.25	
ADSs (US\$)	US\$ 14.90	NA	US\$ 34.59	NA	2.74	NA	\$ 40.82

(1) TC was calculated as having directly received shares of Vivo given that TCP will be merged into Vivo on the same day as a result of the Restructuring.

The values of the withdrawal rights in connection with the Restructuring are set forth below. Persons who were holders of record of common or preferred shares of TC or TCP or common shares of Vivo as of March 23, 2009 will be entitled to exercise withdrawal rights in connection with the Restructuring.

Table of Contents

Holders of preferred shares of Vivo are not entitled to exercise withdrawal rights in connection with the Restructuring nor are holders of Vivo ADSs. Holders of TCP ADSs will not have withdrawal rights or be entitled to instruct the TCP Depositary, either through their broker or other intermediary or directly, to exercise withdrawal rights on their behalf.

Company	R\$ per common or preferred share By book value	R\$ per common or preferred share By book value at market value
TC	R\$ 481.608590530	R\$ 464.251267667
TCP	R\$ 47.291641089	R\$ 33.369841195
Vivo (only common shares)	R\$ 22.483097320	R\$ 19.655772845

The Special Committees relied on the valuation reports of Citi and Planconsult and the report of BBI, but Citi's and Planconsult's fees will be paid entirely by the Companies and BBI's fees will be paid entirely by TC and TCP.

As of March 31, 2009, our voting shares were indirectly controlled by two major shareholders: PT Móveis SGPS, S.A. and Telefónica, through Brasilcel, which is a holding company that holds, directly and indirectly, 89.6% of our common stock and 48.8% of our preferred shares representing 63.6% of our total capital stock, excluding treasury shares representing 63.8% of our total capital stock. PT Móveis SGPS, S.A. is 100% controlled by Portugal Telecom. As Vivo's preferred shareholders are entitled to vote regarding the approval of the Restructuring, Brasilcel and its affiliates will have the right to vote 63.61% of the total shares entitled to vote on this matter. PT Móveis SGPS, S.A. and Telefónica share their participation in Brasilcel in equal percentages. As of March 31, 2009, Vivo owns 97% of TCP's common shares and 37% of TCP's preferred shares, representing 58.94% of TCP's total capital stock. As of March 31, 2009, TCP currently owns 83.3% of the share capital, including 89.2% of the voting shares, of TC. As of March 31, 2009, Vivo holds 7.4% of the share capital of TC, including 8.8% of the voting shares and 6.6% of the preferred shares. Brasilcel has informed Vivo that it intends to vote all shares held by it, directly or indirectly, in favor of the Restructuring.

Material Tax Considerations

Because it is uncertain, for U.S. federal income tax purposes, whether the Restructuring will be treated as related to the prior acquisitions of TC and TCP shares by Vivo in 2008, and how the exercise, if any, of withdrawal rights will be characterized for such purposes, it is not clear whether the Restructuring qualifies as a tax-free reorganization or is a taxable transaction for U.S. federal income tax purposes. No ruling has been sought or will be obtained from the U.S. Internal Revenue Service on the U.S. federal income tax consequences of the transaction. Please review carefully the section under Part Five: the Restructuring Material Tax Considerations United States Federal Income Tax Considerations.

You may have a gain or loss for Brazilian income tax purposes, as described under Part Five: The Restructuring Material Tax Considerations Brazilian Tax Considerations.

Approval of the Restructuring

Brasilcel holds, directly and indirectly, 89.6% of the common shares and 48.7% of the preferred shares of our company, representing 63.6% of our total voting shares, excluding treasury shares representing 63.8% of our total capital stock. Brasilcel has informed Vivo that it intends to vote all shares held by it, directly or indirectly,

Table of Contents

in favor of the Restructuring. We hold 97% of the voting common shares of TCP. We intend to vote the shares of TCP we hold in favor of the Restructuring. TCP and Vivo hold 97.9% of the voting common shares of TC. TCP and Vivo intend to vote the shares of TC it holds in favor of the Restructuring.

The TCP Merger will require the affirmative vote of holders representing at least a majority of the TC common shares that are present at a duly convened EGM of TC and the affirmative vote of holders representing at least a majority of the common shares of TCP that are present at a duly convened EGM of TCP. The Vivo Merger will require the affirmative vote of holders representing at least a majority of the TCP common shares that are present at a duly convened EGM of TCP and the affirmative vote of holders representing at least a majority of the aggregate common shares and preferred shares, respectively, of Vivo that are present at a duly convened EGM of Vivo.

The EGMs of Vivo, TCP and TC are scheduled to be held as follows:

Vivo Participações S.A., July 27, 2009 2:00 p.m. (São Paulo time)

Av. Dr. Chucri Zaidan, 860, Morumbi, 04583-110, São Paulo SP, Brazil

Telemig Celular Participações S.A., July 27, 2009 12:00 p.m. (Belo Horizonte time)

Rua Levindo Lopes, 258, Funcionários, Belo Horizonte MG, Brazil

Telemig Celular S.A., July 27, 2009 10:00 a.m. (Belo Horizonte time)

Rua Levindo Lopes, 258, Funcionários, Belo Horizonte MG, Brazil

If you hold common shares of Vivo, TCP or TC or preferred shares of Vivo, you may attend and vote at the applicable meeting. If you hold preferred shares of TCP or TC directly, you may attend the applicable meeting, but you may not vote. Under Brazilian law, you may be required to show documents proving your identity to gain admittance to the meeting. If you grant a power of attorney under Brazilian law to someone to act for you at the meeting, your appointee will be required to show original or certified copies of the documents that grant him or her powers of representation. The power of attorney must be deposited in properly notarized and consularized form at the head office of Vivo, TCP or TC, as the case may be, no later than 48 hours before the occurrence of the applicable EGM and may be revoked in accordance with Brazilian law. While the form of power of attorney attached as Exhibit 99.7 to the registration statement of which this prospectus/information statement is a part provides an example of a power of attorney, shareholders should confirm, with Brazilian counsel if necessary, that any power of attorney or revocation thereof satisfies the requirements of Brazilian law, as Vivo, TCP and TC will not accept such forms or revocations if they do not comply with Brazilian law. Shareholders that have given a power of attorney may revoke it by issuing an instrument of revocation and depositing it, in properly notarized and consularized form at the head office of Vivo, TCP or TC, as the case may be, no later than 48 hours before the occurrence of the applicable EGM. Shareholders wishing to attend an EGM and who hold shares through the Fungible Custody of Registered Shares of the Stock Exchanges must provide a statement containing their corresponding equity interest in the applicable company dated within 48 hours of the applicable EGM.

If you hold TCP ADSs, you are not entitled to attend, or vote through a representative at, the respective shareholders meeting. If you hold TCP ADSs and wish to attend this meeting, you must first exchange your ADSs for the preferred shares represented thereby in accordance with the terms of the deposit agreement governing the TCP ADSs, and then you may attend the TCP meeting, but you will not have any voting rights. No holder of Vivo ADSs may vote at the applicable meeting, although if you hold Vivo ADSs you have a right to instruct the depositary how to vote the amount of underlying Vivo preferred shares.

Under Brazilian law, there are no conditions to the completion of the TCP Merger other than shareholder approval by TC and TCP and no conditions for the completion of Vivo Merger other than approval by the common and preferred shares of Vivo and the common shares of TCP and the completion of the TCP Merger. The approval by the NYSE of the listing of the Vivo ADSs to be delivered in connection with the Vivo Merger,

Table of Contents

for which we will apply, must be obtained for these ADSs to be traded by their holders. However, this approval is not a condition to the completion of the applicable merger of shares or the Restructuring.

The approval of the mergers of shares by the CVM is not a condition to the mergers of shares. See Part Three: Risk Factors Risks Relating to the Brazilian Telecommunications Industry and the Companies *The CVM, the Brazilian securities regulator, may suspend for up to 15 days the shareholders meetings scheduled to approve the Restructuring.*

Receipt of Shares of Vivo and TCP and Vivo ADSs

If the Restructuring is approved, each common or preferred share:

of TC will become 17.4 common shares or preferred shares, respectively and in each case with no par value, of TCP; and

of TCP will become 1.37 common shares or preferred shares, respectively and in each case with no par value, of Vivo, plus, in each case, cash instead of any fractional shares,

in each case without any action by you. Because the common shares and preferred shares of Vivo and TCP are book-entry shares, an entry or entries will be made in the share registry of Vivo and TCP to evidence the common shares or preferred shares received in the Restructuring. Neither you nor any other person will receive certificates evidencing common shares or preferred shares of Vivo or TCP.

Holders of TCP ADSs representing TCP preferred shares will, subject to the procedures described below, receive 2.74 Vivo ADSs, each Vivo ADS representing 1 (one) preferred share of Vivo, in the Restructuring for each ADS of TCP they hold plus cash instead of any fractional ADSs.

After the mergers of shares pursuant to the Restructuring become effective and the end of the period for the exercise of withdrawal rights, Vivo will deposit with a custodian for the TCP Depository Vivo preferred shares issuable in respect of the TCP preferred shares then held in the TCP ADS program. The TCP Depository will deposit those Vivo preferred shares with the custodian for the Vivo Depository and instruct the Vivo Depository to cause to be issued and to deliver ADSs representing those Vivo preferred shares to the TCP Depository. When the Vivo ADSs are received in the TCP ADS program, the TCP ADSs will represent a right to receive Vivo ADSs.

If you hold ADSs indirectly through a broker or other intermediary, you will automatically receive your Vivo ADSs (and cash in lieu of any fractions as described in Part Five: The Restructuring Fractional Shares and ADSs).

If you hold ADSs directly as a registered holder, you must surrender your ADRs to the TCP Depository. Registered holders of TCP ADSs will be provided with the necessary forms, which will contain instructions on how to surrender their ADRs representing TCP ADSs to the TCP Depository. If you do not receive the necessary forms, you may call The Bank of New York Mellon toll-free at (800) 777-3674 or contact The Bank of New York Mellon at 101 Barclay Street, New York, NY 10286. Upon surrender of the TCP ADRs, the TCP Depository will deliver the Vivo ADSs to the registered holders of former TCP ADSs (and cash in lieu of any fractions as described in Part Five: The Restructuring Fractional Shares and ADSs). See Part Five: The Restructuring Receipt of Shares of Vivo and TCP and Vivo ADSs Delivery of Vivo ADSs.

If you hold TCP ADSs, you will not have to pay fees of the TCP Depository for the cancellation of each TCP ADS that you hold in connection with the Restructuring or any ADS issuance fees charged by the Vivo Depository for the Vivo ADSs issued to you in connection with the Restructuring. If you are a holder of common shares or preferred shares of Vivo or Vivo ADSs, you will continue to hold those securities after the Restructuring.

Table of Contents

Management

Vivo is managed, and after the Restructuring will be managed, by a Board of Directors of nine members, each serving a three-year term expiring at the ordinary general meeting of shareholders to be held by April 2012. The board of executive officers of Vivo currently consists of six members, led by Roberto Oliveira de Lima as chief executive officer.

Vivo is headquartered in São Paulo, Brazil and will maintain that headquarters after the Restructuring.

Accounting Treatment of the Restructuring

Under Brazilian GAAP, the accounting principles used to prepare Vivo's consolidated financial statements, the merger of shares will be accounted for by the fair value of the shares exchanged. Goodwill, the difference between fair and book value, will be recognized except for the shares that will be issued by TCP related to Vivo's direct interest in TC, which goodwill, generated internally, will not be recognized.

Under U.S. GAAP, the merger of shares will be accounted for as equity transactions in accordance with Statement of Financial Accounting Standards (SFAS) No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51. This standard requires that the carrying amount of noncontrolling interest be adjusted to reflect the change in our ownership interest in the subsidiaries. Any difference between fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted shall be recognized in equity attributable to the parent.

Stock Exchange Matters

Upon the completion of the Restructuring and the end of the period for the exercise of withdrawal rights, we will apply to list the preferred shares and Vivo ADSs on the NYSE. The common and preferred shares of Vivo are expected to trade under the ticker symbols Vivo3 and Vivo4, respectively.

After the Restructuring is complete and the period for the exercise of withdrawal rights has ended, preferred shares and common shares of TCP and TC will be delisted from the BM&F BOVESPA and deregistered from the CVM, and TCP ADSs will be delisted from the NYSE.

Withdrawal Rights

According to article 137 of Brazilian law, the holders of common and preferred shares of TC and TCP that dissent from the TCP Merger and the holders of common and preferred shares of TCP and common shares of Vivo that dissent from the Vivo Merger shall have, as from the date of the EGMs of the Companies relating to the Restructuring, the right to withdraw from TC or TCP, as applicable, and be reimbursed for the value of the shares for which they are record holders on March 23, 2009.

Holders of preferred shares of Vivo are not entitled to exercise withdrawal rights in connection with the Restructuring nor are holders of Vivo ADSs. Holders of TCP ADSs will not have withdrawal rights or be entitled to instruct the TCP Depositary, either through their broker or other intermediary or directly, to exercise withdrawal rights on their behalf.

For more information on withdrawal rights, see Part Five: The Restructuring Withdrawal Rights.

Table of Contents

Timetable for the Restructuring

Event	Date
Meeting of the Boards of Directors of each of Vivo, TCP and TC to approve the Restructuring	May 29, 2009
Announcement of the terms of the Restructuring	May 29, 2009
Mailing of prospectus/information statement to holders of Vivo and TCP ADSs and U.S. holders of common and preferred shares of Vivo, TCP and TC	on or about July 20, 2009
Notice of meeting of shareholders of each of Vivo, TCP and TC to approve the Restructuring published in the Official Gazette	June 2, 3 and 4, 2009
Notice of meeting of shareholders of each of Vivo, TCP and TC to approve the Restructuring published in the Valor Econômico Gazette	June 1, 2 and 3, 2009
Meeting of shareholders of each of Vivo, TCP and TC to approve the Restructuring	July 27, 2009
Beginning of period for exercise of withdrawal rights	on or about July 29, 2009
End of period for withdrawal rights	on or about August 28, 2009
Expected last day of trading of common and preferred shares of TCP and TC on the BM&F BOVESPA and of TCP ADSs on the NYSE	on or about September 3, 2009
Expected first day of trading of newly issued Vivo common shares and preferred shares on the BM&F BOVESPA and newly issued Vivo ADSs on the NYSE	on or about September 4, 2009
TCP Depository expected to close books for all transfers and other transactions involving TCP ADSs	on or about September 3, 2009
Depository begins to deliver Vivo ADSs upon surrender of TCP ADSs	on or about September 4, 2009

Financial Information

The following financial statements are included in this prospectus/information statement:

Vivo's audited consolidated financial statements for the years ended December 31, 2008, 2007 and 2006 as adjusted to reflect the retrospective adoption of provisions of the Statement of Financial Accounting Standards (SFAS) No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51, or SFAS 160;

Vivo's unaudited quarterly consolidated financial statements as of March 31, 2009 and for the three-month periods ended March 31, 2009 and 2008;

TCP's audited consolidated financial statements for the years ended December 31, 2008, 2007 and 2006 as adjusted to reflect the retrospective adoption of SFAS No. 160; and

TCP's unaudited quarterly consolidated financial statements as of March 31, 2009 and for the three-month periods ended March 31, 2009 and 2008.

A summary of the historical financial data for Vivo and TCP for the five years ended December 31, 2008, 2007, 2006, 2005 and 2004, as adjusted to reflect the retrospective adoption of SFAS No. 160, is included in this prospectus/information statement.

References to the *real*, *reais* or R\$ are to Brazilian *reais* (plural) and the Brazilian *real* (singular), and references to U.S. dollars or US\$ are to United States dollars.

This prospectus/information statement contains translations of various *reais* amounts into U.S. dollars at specified rates solely for your convenience. You should not construe these translations as representations by Vivo or TCP that the *real* amounts actually represent these U.S. dollar amounts or could be converted into U.S. dollars

Table of Contents

at the rates indicated. Unless otherwise indicated, Vivo and TCP have translated some Brazilian currency amounts using a rate of R\$2.3152 to US\$1.00, as published by the Central Bank of Brazil (*Banco Central do Brasil*), or the Central Bank., on March 31, 2009.

Financial Statements

Vivo's Financial Statements

Vivo's consolidated financial statements as of December 31, 2008, 2007 and 2006 and for each of the three years in the period ended December 31, 2008, have been prepared in accordance with the accounting practices adopted in Brazil, as prescribed by Brazilian law, or Brazilian GAAP, which differs in certain significant respects from accounting principles generally accepted in the United States, or U.S. GAAP. Notes 39 and 40 to Vivo's financial statements included in Vivo's Annual Report describe the principal differences between Brazilian GAAP and U.S. GAAP as they relate to us, and provide a reconciliation to U.S. GAAP of net income (loss) and shareholders' equity. These consolidated financial statements have been audited by Ernst & Young Auditores Independentes S.S. (EY or Ernst & Young) for the years ended December 31, 2008 and 2007 and by Deloitte Touche Tohmatsu Auditores Independentes (Deloitte) for the year ended December 31, 2006. As a result of a change in Brazilian law with respect to financial reporting (Law 11,638), certain changes in accounting criteria became effective for fiscal year 2008. Pursuant to the CVM's Resolution No. 565, which approved accounting statement CPC 13 (Initial Adoption of Law No. 11,638/2007), Vivo elected to apply these changes in accounting criteria retroactively to its financial statements with an effective date as of January 1, 2007. As a result, certain adjustments have been made to Vivo's 2007 financial statements to make them comparable to its 2008 financial statements. Vivo has elected not to restate its financial statements for fiscal years prior to 2007. Please see Note 2 to Vivo's 2008 financial statements for a qualitative and quantitative analysis of the changes resulting from the new accounting criteria. Vivo's audited consolidated financial statements for the years ended December 31, 2008, 2007 and 2006 have been adjusted for the retrospective effect of the adoption in 2009 of SFAS No. 160, and are included in this prospectus/information statement.

Vivo's unaudited quarterly consolidated financial statements as of March 31, 2009 and for the three-month periods ended March 31, 2009 and 2008 are included in this prospectus/information statement. These unaudited quarterly consolidated financial statements have been prepared in accordance with Brazilian GAAP, which differs in certain significant respects from U.S. GAAP. Note 33 to Vivo's quarterly financial statements included in this prospectus/information statement describe the principal differences between Brazilian GAAP and U.S. GAAP as they relate to Vivo, and provide a reconciliation to U.S. GAAP of net income (loss) and shareholders' equity. Vivo's financial results for the three-month period ended March 31, 2009 are not necessarily representative of the results that may be expected as of and for the year ended December 31, 2009 or any other period.

TCP's Financial Statements

TCP's consolidated financial statements as of December 31, 2008, 2007 and 2006 and for each of the three years in the period ended December 31, 2008, have been prepared in accordance with U.S. GAAP. On August 20, 2008, we completed the acquisition of a 53.899% interest in TCP's voting shares, thus resulting in our total interest of 58.90% in TCP. As discussed in Note 1(b) to TCP's 2008 financial statements included in this prospectus/information statement, in accordance with Staff Accounting Bulletin SAB No. 54 and EITF D-97, when a company acquires 95% or more of the voting rights of another entity, the resulting purchase price allocation should be pushed down to the accounts of the acquired subsidiary. Accordingly, in the accompanying consolidated balance sheet dated as of December 31, 2008, the consideration and related costs paid by TCP and its former subsidiary TCO IP S.A. (which was merged into TCP in December 2008) in connection with the acquisition have been pushed down to TCP and have been allocated to the assets acquired and liabilities assumed in accordance with FASB Statement No. 141, Business Combinations. Due to the impact of push down

Table of Contents

accounting, the consolidated statement of operations and consolidated statement of cash flows and certain note presentations for TCP's fiscal year ended December 31, 2008, are presented for two distinct periods to indicate the acquisition by TCP and the application of two different bases of accounting between the periods presented: (i) the period up to the acquisition date (January 1, 2008 through March 31, 2008, labeled "Pre-merger") and (ii) the period after that date (April 1, 2008 through December 31, 2008, labeled "Post-merger"). All periods including and prior to the three months ended March 31, 2008 are also labeled "Pre-merger." TCP's consolidated financial statements have been audited by Ernst & Young for the year ended December 31, 2008 and by Deloitte for the years ended December 31, 2007 and 2006. TCP's audited consolidated financial statements for the years ended December 31, 2008, 2007 and 2006 have been adjusted for the retrospective effect of the adoption in 2009 of SFAS No. 160, and are included in this prospectus/information statement.

TCP's unaudited quarterly consolidated financial statements as of March 31, 2009 and for the three-month periods ended March 31, 2009 and 2008 are included in this prospectus/information statement. These unaudited quarterly consolidated financial statements have been prepared in accordance with Brazilian GAAP, which differs in certain significant respects from U.S. GAAP. Note 32 to TCP's quarterly financial statements included in this prospectus/information statement describe the principal differences between Brazilian GAAP and U.S. GAAP as they relate to TCP, and provide a reconciliation to U.S. GAAP of net income (loss) and shareholders' equity. TCP's financial results for the three-month period ended March 31, 2009 are not necessarily representative of the results that may be expected as of and for the year ended December 31, 2009 or any other period.

Selected Historical and Pro Forma Financial Data

Selected Historical Financial Data

The following information is provided to aid you in your analysis of the financial aspects of the Restructuring. The historical information below is only a summary derived from the following financial statements included in this prospectus/information statement: the audited consolidated financial statements of Vivo and TCP for the three years ended December 31, 2008, 2007 and 2006 and the unaudited quarterly consolidated financial statements of Vivo and TCP as of March 31, 2009 and 2008. A summary of the historical financial data for Vivo and TCP is provided below for the five years ended December 31, 2008, 2007, 2006, 2005 and 2004.

Table of Contents**Selected Historical Vivo Financial Data**

	Three months ended March 31,		Year ended December 31,				Combined 2004 (2)
	Consolidated 2009	Consolidated 2008	Consolidated 2008 (1)	Consolidated 2007 (1)	Consolidated 2006 (1)	Combined 2005 (2)	
Income Statement Data:							
<i>Brazilian GAAP</i>							
Net operating revenue	4,020.1	3,332.0	15,469.7	12,492.5	10,936.7	11,253.8	10,929.4
Cost of services and goods sold	(2,277.5)	(1,747.2)	(8,141.5)	(6,623.3)	(5,564.2)	(5,337.3)	(5,338.1)
Gross profit	1,742.6	1,584.8	7,328.2	5,869.2	5,372.5	5,916.5	5,591.3
Operating expenses:							
Selling expenses	(989.0)	(878.6)	(4,104.4)	(3,532.8)	(3,751.1)	(3,614.9)	(2,740.2)
General and administrative expenses	(349.0)	(288.4)	(1,204.3)	(1,207.2)	(1,099.7)	(1,031.4)	(959.2)
Other net operating expenses	(5.6)	(121.0)	(469.9)	(509.4)	(319.5)	(491.6)	(222.0)
Operating income before equity in losses of unconsolidated subsidiary and net financial expenses	399.0	296.8	1,549.6	619.8	202.2	778.6	1,669.9
Net financial expenses	(149.1)	(57.2)	(637.7)	(462.8)	(748.0)	(913.1)	(1,088.5)
Operating income (loss)	249.9	239.6	911.9	157.0	(545.8)	(134.5)	581.4
Net non-operating expenses					(289.0)	(96.5)	(60.9)
Income (loss) before income taxes and noncontrolling interests	249.9	239.6	911.9	157.0	(834.8)	(231.0)	520.5
Income taxes	(113.8)	(142.0)	(469.5)	(256.8)	859.1	(363.0)	(438.5)
Noncontrolling interests	(12.6)		(52.7)		(8.0)	(173.5)	(480.9)
Net income (loss)	123.5	97.6	389.7	(99.8)	16.3	(767.5)	(398.9)
Net income (loss) per share (R\$)	0.33	0.07	1.06066	(0.0694)	0.0113	(0.6919)	(0.1765)
Dividends declared per thousand preferred shares (R\$)			0.723		0.018	0.037	0.058
Dividends declared per thousand common Shares (R\$)			0.723			0.047	0.083
<i>U.S. GAAP</i>							
Net operating revenue	4,705.9	4,623.8	20,558.3	15,922.1	14,152.3	14,407.8	14,856.5
Operating (loss) income	431.2	304.4	1,702.5	623.3	(183.2)	929.7	1,368.5
Net financial expenses	(147.3)	(54.3)	(603.6)	(437.5)	(666.3)	(914.7)	(992.9)
Net non-operating expenses				(0.3)	(11.6)	(14.8)	(12.0)
Income (loss) before income taxes	283.9	250.1	1,098.9	185.5	(861.1)	0.2	363.6
Income taxes	(175.3)	(154.2)	(547.0)	(295.1)	409.0	(319.0)	(386.6)
Net income (loss) (4)	108.6	95.9	551.9	(109.6)	(452.1)	(318.8)	(23.0)
Net income (loss) attributable to parent company (4)	95.5	95.9	500.9	(109.6)	(460.5)	(494.2)	(489.0)
Net income attributable to noncontrolling interest (4)	13.1		51.0		8.4	175.4	466.0
Basic and diluted net income (loss) per share attributable to parent company common (R\$)	0.26	0.27	1.37	(0.84)	(3.97)	(4.76)	(5.72)
Basic and diluted net income (loss) per share attributable to parent company preferred (R\$)	0.26	0.27	1.37		0.08	0.20	0.32
Weighted average common shares outstanding basic(3)	135,283,672	131,232,916	132,991,366	131,232,916	120,316,867	110,999,179	92,921,720
Weighted average preferred shares outstanding basic(3)	235,215,787	228,172,795	232,353,912	228,172,795	210,335,209	159,444,173	133,143,596
Diluted net income (loss) per share attributable to parent company common (R\$)	0.25	0.27	1.37	(0.84)	(3.97)	(4.76)	(5.72)
Diluted net income per share attributable to parent company preferred (R\$)	0.26	0.27	1.37		0.08	0.20	0.32
Weighted average common shares outstanding diluted(3)	136,138,342	131,380,044	133,924,147	131,232,916	120,316,867	110,999,179	92,921,720
	235,215,787	228,172,795	232,353,912	228,172,795	210,335,209	159,444,173	133,143,593

Weighted average preferred shares
outstanding diluted(3)

Table of Contents

- (1) The financial information presented for 2006 and 2007 represents information from Vivo's consolidated financial statements, Vivo's consolidated financial statements, for 2008 include the results of Telemig as from April 1, 2008.
- (2) The financial information presented for the 2005 and 2004 fiscal years represents the combined financial data for Vivo, TSD, TLE, and CRT, since these companies were under common control with Vivo for these periods.
- (3) As a result of the corporate restructuring in January 2000, Vivo was obligated to issue shares to the controlling shareholder for the amount of the tax benefit on the amortization of the intangibles related to concession that was transferred in the Merger. The number of issuable shares, which are determined on the basis of estimates using Vivo's share price at the date of the balance sheet, are considered dilutive and are required to be included for the purpose of calculating diluted earnings per share for the years ended December 31, 2004, 2005, 2006, 2007 and 2008. The potentially diluted shares, consisting solely of the estimate of issuable shares mentioned above, have been excluded from the computation for the years ended December 31, 2004, 2005, 2006 and 2007 as their effect would have been anti-dilutive. As described in Note 39 (j) to the Company's financial statements for the year ended December 31, 2008, Vivo applies Emerging Issues Task Force EITF Issues No. 03.6, Participating Securities and the Two-Class Method under FASB Statement No. 128. Since preferred shareholders have a liquidation preference over common shareholders, net losses are not allocated to preferred shareholders. Additionally, loss per share and share amounts for all periods retroactively reflect the effect of the reverse stock split described in Note 23 to Vivo's financial statements.
- (4) Effective January 1, 2009, Vivo adopted SFAS No. 160. The prior periods have also been adjusted for the adoption of SFAS No. 160.

	Three months ended March 31,		Year ended December 31,		
	Consolidated 2009	Consolidated 2008	Consolidated 2008 (1)	Consolidated 2007 (1)	Consolidated 2006 (1)
<i>(in millions of reais)</i>					
Cash Flow Data:					
<i>Brazilian GAAP</i>					
Cash from operating activities	619.2	67.9	3,800.4	3,196.7	3,100.8
Cash used in investing activities	(540.6)	(255.0)	(4,773.3)	(2,011.5)	(1,922.4)
Cash from (used in) financing activities	(524.2)	179.1	964.8	(396.2)	(1,458.4)

	As of March 31,		As of December 31,			
	Consolidated 2009	Consolidated 2008 (1)	Consolidated 2007 (1)	Consolidated 2006 (1)	Combined 2005 (2)	Combined 2004 (2)
<i>(in millions of reais, except for per share data)</i>						
Balance Sheet Data:						
<i>Brazilian GAAP</i>						
Property, plant and equipment, net	6,940.6	7,183.9	6,316.9	6,445.5	6,683.2	6,477.5
Total assets	22,434.3	23,785.1	18,099.5	17,542.1	19,259.3	19,803.0
Loans and financing	7,713.1	8,003.2	4,385.7	4,500.4	5,652.8	5,595.5
Shareholders' equity	8,391.0	8,267.5	8,296.3	8,370.8	7,047.5	5,830.9
Capital Stock	6,900.4	6,710.5	6,347.8	6,347.8	8,232.4	5,828.9
Number of shares as adjusted to reflect changes in capital	373,215	367,396	1,437,623	1,437,623	1,109,225	2,259,465,452
<i>U.S. GAAP</i>						
Property, plant and equipment, net	6,695.6	6,973.5	6,078.9	6,333.3	6,536.4	6,399.5
Total assets	24,958.8	26,576.9	22,508.4	18,392.5	20,367.1	20,092.6
Total liabilities	15,148.2	17,225.6	13,484.0	9,266.3	11,635.1	12,969.5
Equity (3)	9,810.6	10,040.0	9,024.4	9,126.2	8,732.0	7,123.1
Equity attributable to parent company (3)	9,181.3	9,351.3	9,024.4	9,126.2	7,165.6	5,685.9
Equity attributable to noncontrolling interest (3)	629.3	688.7			1,566.4	1,437.2
Capital stock	6,878.3	6,688.3	6,325.6	6,325.6	8,232.4	5,828.9

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Number of shares as adjusted to reflect changes in capital	373,215	367,396	359,406	359,406	277,306	225,947
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Table of Contents

- (1) The financial information presented for 2006 and 2007 represents information from Vivo's consolidated financial statements. Vivo's consolidated financial statements for 2008 include the results of Telemig as from April 1, 2008.
- (2) The financial information presented for the 2005 and 2004 fiscal years represents the combined financial data for Vivo, TSD, TLE and CRT, since these companies were under common control with Vivo for these periods.
- (3) Effective January 1, 2009, Vivo adopted SFAS No. 160. The prior periods have also been adjusted for the adoption of SFAS No. 160.

Table of Contents**Selected Historical TCP Financial Data**

	Three months ended March 31, 2009 <i>Post-merger</i>	April 1st, 2008 through December 31, 2008 <i>Post-merger</i>	January 1st, 2008 through March 31st, 2008 <i>Pre-merger</i>	2007 <i>Pre-merger</i>	Year ended December 31, 2006 <i>Pre-merger</i>			2005 <i>Pre-merger</i>	2004 <i>Pre-merger</i>
	(in thousands of reais, except per share data)								
Statement of operations data:									
<i>U.S. GAAP</i>									
Net revenues	402,669	1,219,767	604,347	1,378,146	1,201,798	1,183,328	1,218,115		
Operating profit	3,722	33,783	285,524	219,986	152,251	164,212	208,524		
Net income (4)	14,708	71,139	201,005	184,098	152,585	193,130	182,001		
Net income attributable to parent company (4)	10,540	54,033	168,281	153,308	128,747	160,709	150,595		
Net income attributable to noncontrolling interest (4)	4,168	17,106	32,724	30,790	23,838	32,421	31,406		
Basic earnings per preferred and common share attributable to parent company *	0.28	1.49	4.65	4.26	3.62	4.56	4.31		
Basic earnings per ADS attributable to parent company *	0.56	2.98	9.30	8.52	7.23	9.11	8.63		
Diluted earnings per preferred and common share attributable to parent company *	0.28	1.46	4.64	4.23	3.59	4.55	4.31		
Diluted earnings per ADS attributable to parent company *	0.56	2.92	9.28	8.46	7.18	9.10	8.63		
Dividends paid per share (1)*			1.74	1.06	0.97	2.58	1.10		
Dividends paid per ADS *			3.48	2.13	1.93	5.16	2.20		
Weighted average number of outstanding shares *									
Preferred *	23,613,795	22,860,873	22,741,002	22,627,608	22,366,137	22,152,546	21,927,572		
Common *	13,582,531	13,466,059	13,466,059	13,398,913	13,244,083	13,117,606	12,984,388		
Other financial data:									
Capital expenditures (2)	41,823	303,709	12,323	305,453	250,525	297,710	306,825		

Table of Contents

	Three months ended		As of December 31,			
	March 31,		2007	2006	2005	2004
	2009	2008	2007	2006	2005	2004
	Post-merger	Post-merger	Pre-merger	Pre-merger	Pre-merger	Pre-merger
Balance sheet data:						
<i>U.S. GAAP</i>						
Cash and cash equivalents	406,707	948,398	10,359	21,368	29,317	10,205
Marketable securities		336	720,268	506,405	677,014	950,342
Working capital (3)	608,644	723,916	516,456	456,392	491,522	690,082
Total assets	4,788,979	4,903,793	3,491,471	2,822,737	2,668,944	2,588,615
Long-term debt (including current portion)	57,449	242,215	147,930	171,040	236,221	482,800
Equity (4)	3,190,498	3,345,962	1,453,291	1,315,932	1,234,924	1,181,649
Equity attributable to parent company (4)	2,951,325	3,124,745	1,266,581	1,150,597	1,083,321	1,046,003
Equity attributable to noncontrolling interest (4)	239,173	221,217	186,710	165,335	151,603	135,646
Capital stock	623,350	600,464	515,000	456,350	413,900	336,500

(*) Per share information has been adjusted to reflect the 10,000:1 reverse stock split occurred in 2007. See note 16(f) to TCP's financial statements.

(1) For the periods presented, dividends per preferred share were the same as dividends per common share, and they were calculated based upon the number of outstanding shares on the date the dividends were provided.

(2) Cash disbursements for capital expenditures including accounts payable for property and equipment.

(3) Current assets less current liabilities.

(4) Effective January 1, 2009, TCP adopted SFAS No. 160. Prior periods have been adjusted to reflect adoption of the presentation and disclosure requirements of SFAS 160.

Unaudited Vivo Pro Forma Consolidated Financial Data under U.S. GAAP

The unaudited pro forma consolidated balance sheet of Vivo as of March 31, 2009 gives effect to the Restructuring as if it had occurred on January 1, 2009. The unaudited pro forma combined statements of income of Vivo for the year ended December 31, 2008 combines the historical consolidated statements of income of Vivo, TCP and TC, giving effect to Vivo's acquisition of TCP and TC, the consummation of all of the cash tender offers made by Vivo for shares of TCP and TC following this acquisition and the Restructuring, or collectively, the Pro Forma Transactions, as if they had occurred as of January 1, 2008. The only effect of the Restructuring to the unaudited pro forma consolidated statements of income of Vivo for the three month period ended March 31, 2009 as if the Restructuring had occurred on January 1, 2009 would be a reclassification of income attributable to non-controlling interests to income attributable to the parent company with no effect on the net income of Vivo and consolidated TCP.

The results of operations of Vivo for the three months ended March 31, 2009 are not necessarily indicative of the operating results to be expected for the entire year ended December 31, 2009.

Table of Contents**Unaudited Pro Forma Consolidated Balance Sheet**

	Vivo	As of March 31, 2009 Effects of the Restructuring (in million of reais)	Pro Forma Vivo
Current assets			
Cash and cash equivalents	1,737.3		1,737.3
Trade accounts receivable, net	2,381.6		2,381.6
Recoverable taxes	1,040.1		1,040.1
Deferred income taxes	937.4		937.4
Other current assets	1,631.7		1,631.7
Total current assets	7,728.1		7,728.1
Noncurrent assets:			
Property, plant and equipment, net	6,695.6		6,695.6
Goodwill on merged subsidiaries	1,243.3		1,243.3
Intangible assets, net	5,719.4		5,719.4
Recoverable taxes	919.5		919.5
Deferred income taxes	1,423.9		1,423.9
Escrow deposits for legal proceedings	508.9		508.9
Derivative contracts	244.8		244.8
Pension plan surplus	70.8		70.8
Other noncurrent assets	404.5		404.5
Total noncurrent assets	17,230.7		17,230.7
Total assets	24,958.8		24,958.8
Current liabilities			
Accounts payable	2,912.3		2,912.3
Loans and financing	2,994.6		2,994.6
Reserve for contingencies	138.8		138.8
Value-added and other taxes payable	727.2		727.2
Interest on shareholders' equity and dividends payable	423.2		423.2
Derivative contracts	25.7		25.7
Other current liabilities	909.5	16.7	926.2
Total current liabilities	8,131.3	16.7	8,148.0
Noncurrent liabilities			
Loans and financing	4,718.2		4,718.2
Reserve for contingencies	146.1		146.1
Value-added and other taxes payable	723.2		723.2
Deferred income taxes	1,138.6		1,138.6
Derivative contracts	92.0		92.0
Other noncurrent liabilities	198.8		198.8
Total noncurrent liabilities	7,016.9		7,016.9
Equity			
Parent Company Shareholders' equity			
Capital stock (1.a.)	6,878.3	486.1	7,364.4
Treasury shares	(11.1)		(11.1)
Additional paid-in capital (1)	518.7	126.5	645.2
Income reserves	859.5		859.5
Retained earnings	937.2		937.2
Accumulated other comprehensive income	(1.3)		(1.3)
Total parent company shareholders' equity	9,181.3	612.6	9,793.9
Noncontrolling interest (1.a.)	629.3	(629.3)	
Total equity (1.b.)	9,810.6	(16.7)	9,793.9

Total liabilities and equity	24,958.8	24,958.8
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Table of Contents**Unaudited Pro Forma Combined Statement of Operations**

	For the Year Ended December 31, 2008				Pro Forma Vivo
	Consolidated Vivo year ended December 31, 2008	Consolidated TCP three months ended March 31, 2008 (3)	Eliminations	Effects of the merger and Restructuring	
Net operating revenue					
Services provided (2.b.)	17,680.3	579.6	(0.2)		18,259.7
Sale of handsets and accessories	2,878.0	24.7			2,902.7
	20,558.3	604.3	(0.2)		21,162.4
Cost of services (2.a.)	(7,993.8)	(122.3)	0.2	(35.8)	(8,151.7)
Cost of handsets and accessories	(3,647.8)	(31.4)			(3,679.2)
Selling expenses	(3,270.6)	(114.6)			(3,385.2)
General and administrative expenses	(867.8)				(867.8)
Allowance for doubtful accounts	(303.8)	(8.3)			(312.1)
Depreciation and amortization	(2,806.1)	(57.0)			(2,863.1)
Other operating (expense) income, net	34.0	14.8			48.8
Operating profit	1,702.4	285.5		(35.8)	1,952.1
Financial income and expenses					
Financial income (2.a.)	304.2	26.8			331.0
Financial expense (2.d.)	(907.9)	(8.0)		(27.4)	(943.3)
Foreign exchange gain (loss)		1.9			1.9
Financial income and expenses, net	(603.7)	20.7		(27.4)	(610.4)
Income before taxes	1,098.7	306.2		(63.2)	1,341.7
Income taxes (2.d.)	(547.0)	(105.1)		21.5	(630.6)
Net income	551.7	201.1		(41.7)	711.1
Net income attributable to the noncontrolling interest	51.0	32.7		(83.7)	
Net income attributable to the Parent Company Shareholders	500.7	168.4		42.0	711.1
Earning per share:					
Basic income per share:					
Common U.S. GAAP					1.84
Preferred U.S. GAAP					1.80
Diluted income per share:					
Common U.S. GAAP					1.82
Preferred U.S. GAAP					1.79

Table of Contents**Unaudited Pro Forma Consolidated Statement of Operations**

	For the Three Month Period Ended March 31, 2009		
	Vivo	Effects of the Restructuring	Pro Forma Vivo
	(all amounts in million of reais, except per share amounts)		
Net operating revenue			
Services provided	4,705.9		4,705.9
Sale of handsets and accessories	682.1		682.1
	5,388.0		5,388.0
Cost of services	(2,112.0)		(2,112.0)
Cost of handsets and accessories	(972.7)		(972.7)
Selling expenses	(753.2)		(753.2)
General and administrative expenses	(241.5)		(241.5)
Allowance for doubtful accounts	(77.6)		(77.6)
Depreciation and amortization	(878.0)		(878.0)
Other operating income, net	78.2		78.2
Operating profit	431.2		431.2
Financial income and expenses			
Financial income	87.9		87.9
Financial expense	(235.2)		(235.2)
Foreign exchange gain (loss)			
Financial income and expenses, net	(147.3)		(147.3)
Income before taxes	283.9		283.9
Income taxes	(175.3)		(175.3)
Net income	108.6		108.6
Net income attributable to the noncontrolling interest	13.1	(13.1)	
Net income attributable to the Parent Company Shareholders	95.5	13.1	108.6
Earning per share:			
Basic income per share:			
Common U.S. GAAP			0.32
Preferred U.S. GAAP			0.25
Diluted income per share:			
Common U.S. GAAP			0.31
Preferred U.S. GAAP			0.25

Table of Contents

Notes to Unaudited Pro Forma Consolidated Financial Statements of Vivo

1) Pro Forma Adjustments to the Unaudited Pro Forma Consolidated Balance Sheet

The Unaudited Pro Forma Consolidated Balance Sheet gives effect to the Restructuring as if it had occurred on January 1, 2009 with respect to the acquisition of the remaining portion of noncontrolling interest. Pro forma adjustments have been made and are described below:

(a) Adjustment of R\$143.2 to record the exchange of common and preferred shares belonging to unrelated shareholders of subsidiary TCP with Vivo and a merger of shares of TC with TCP accounted for as equity transactions in accordance with Statement of Financial Accounting Standards (SFAS) No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51. This standard requires that the carrying amount of noncontrolling interest be adjusted to reflect the change in Vivo's ownership interest in the subsidiaries. The number of shares to be issued from Vivo to acquire the remaining portion of the noncontrolling interest of TCP include 993,854 common shares and 25,380,940 preferred shares. Holders of common shares and holders of preferred shares of TCP will receive, without any further action by those holders, 1.37 common shares, no par value, of Vivo for each TCP common share they hold, and 1.37 preferred shares, no par value, of Vivo for each TCP preferred share they hold plus, in each case, cash instead of any fractional Vivo shares. Any difference between the fair market value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted shall be recognized in equity attributable to the parent.

(b) Adjustment to record an accrual for transaction costs of R\$16.7 associated with the acquisition of remaining portion of noncontrolling interest of TCP and TC by Vivo.

2) Pro Forma Adjustments to the Unaudited Pro Forma Combined Statements of Income

The Unaudited Pro Forma Combined Statements of Income give effect to the acquisition of the controlling stake in TCP and TC by Vivo as if it occurred on January 1, 2008, and on January 1, 2009 for the Restructuring through acquisition of remaining portion of noncontrolling interest of TCP and TC. Pro forma adjustments have been made and are described below:

(a) During the year 2008, Vivo, either directly or through its wholly-owned subsidiary, acquired interests of 58.80% and 7.39% in TCP and TC, respectively, for R\$2,373.3 and R\$235.0, respectively, in cash and in two successive public tender offers. On November 12, 2008, at a Special Meeting of the Board of Directors of TCP, a capital increase was approved, to be made out of the special premium reserve, in the amount of R\$22,964, upon issue of 670,300 new registered, preferred shares, without par value, corresponding to the tax benefit of fiscal year 2007. After such capital increase, Vivo started owning 58.90% of the total capital of TCP. For U.S. GAAP purposes, these acquisitions were accounted for by Vivo, using the purchase method of accounting in accordance with SFAS No. 141. The amounts recorded by Vivo relating to these acquisitions have been allocated in Vivo's pro forma combined financial information as if the acquisitions had occurred on January 1, 2008.

Table of Contents

The following table shows the estimated purchase price allocation that was used for purposes of calculating the U.S. GAAP pro forma adjustments:

	Acquisition
Amounts representing 58.90% and 7.39% (total capital) of the historical net assets of Telemig Celular Participações S.A. and Telemig Celular S.A., respectively, under U.S. GAAP	903.7
Fair value adjustments:	
Inventory (i)	2.7
Value added tax credit (ICMS) (ii)	(1.5)
Property, plant and equipment (iii)	176.4
Intangible assets – software (iv)	3.0
Intangible related to concession (v)	1,693.2
Debt obligations (iv)	1.7
Goodwill	466.8
Deferred income tax	(637.7)
Purchase price	2,608.3

- (i) Difference being amortized over 2 months, representing the average inventory turn-over.
- (ii) Difference being amortized over 2 years, representing the realization of the tax benefit of state VAT (ICMS) added value tax credit.
- (iii) Difference being amortized over 5 years, representing the weighted-average remaining useful lives of the relating assets.
- (iv) Difference being amortized over 3 years, representing the weighted-average remaining useful lives of the relating intangible assets.
- (v) The intangible asset related to the concession is being amortized on a straight-line basis over a period of approximately 30 years, representing the remaining term of the 3G license which expire in 2023, plus one extension of 15 years.
- (vi) Difference being amortized by the effective interest method over the remaining maturities of the underlying Telemig Celular debt obligations.
- (b) Adjustment to eliminate the transactions (interconnection charges) between TC and Vivo.
- (c) Vivo and TCP estimate that they will incur transaction costs of approximately R\$16.7 associated with the acquisition of remaining portion of noncontrolling interest of TC and TCP. These costs include fees that will be paid to investment bankers, attorneys and accountants. The amount of R\$16.7 was recorded through additional paid in capital.
- (d) Adjustment to reflect the interest charges of loans and financing contracted by Vivo for the acquisition of control of TCP and TC as if these acquisitions had been occurred on January 1, 2008.
- (e) The assumed effective tax rate of the pro forma adjustments is 34% for December 31, 2008.
- 3) TCP's results for the 3 months ended March 31, 2008 includes a one-time income from the settlement in cash of R\$251.6 million related to ICMS (state VAT) previously in dispute.

Table of Contents

Unaudited Pro Forma TCP Consolidated Financial Data under U.S. GAAP

The unaudited pro forma consolidated balance sheet of TCP as of March 31, 2009 gives effect to the Restructuring as if it had occurred on January 1, 2009. The unaudited pro forma consolidated statements of income of TCP for the year ended December 31, 2008 combines the historical consolidated statements of income of TCP and TC, giving effect to acquisition by Vivo and the Restructuring as if it had occurred as of January 1, 2008. The only effect of the Acquisition and Restructuring to the unaudited pro forma consolidated statements of income of TCP for the three month period ended March 31, 2009 as if the Restructuring had occurred on January 1, 2009 would be a reclassification of income attributable to non-controlling interests to income attributable to the parent company with no effect on the net income of TCP.

The pro forma adjustments presented in the unaudited pro forma consolidated financial information give effect to estimates made by TCP's management and assumptions it believes to be reasonable. The unaudited pro forma consolidated financial information does not include pro forma adjustments to take into account any synergies or cost savings that may or are expected to occur as a result of the Restructuring.

The unaudited pro forma consolidated financial data is prepared for illustrative purposes only. This information does not purport to represent what the actual results of operations or financial position of Vivo would have been had the Restructuring actually occurred on the dates specified, nor does it project TCP's results of operations or financial position for any future period or date. The results of operations of TCP for the three months ended March 31, 2009 are not necessarily indicative of the operating results to be expected for the entire year ended December 31, 2009.

Table of Contents**Unaudited Pro Forma Consolidated Balance Sheet**

	TCP	As of March 31, 2009 Effects of the Restructuring (in million of reais)	Pro Forma TCP
Current assets			
Cash and cash equivalents	406.7		406.7
Trade accounts receivable, net	249.3		249.3
Recoverable taxes	106.6		106.6
Deferred income taxes	237.8		237.8
Other current assets	116.0		116.0
Total current assets	1,116.4		1,116.4
Noncurrent assets:			
Property, plant and equipment, net	884.6		884.6
Intangible assets, net	1,663.3		1,663.3
Recoverable taxes	112.8		112.8
Escrow deposits for legal proceedings	417.7		417.7
Pension plan surplus	41.4		41.4
Other noncurrent assets	38.6		38.6
Total noncurrent assets	3,158.4		3,158.4
Total assets	4,274.8		4,274.8
Current liabilities			
Accounts payable	281.2		281.2
Reserve for contingencies	10.5		10.5
Value-added and other taxes payable	40.0		40.0
Interest on shareholders' equity and dividends payable	11.9		11.9
Reverse share split payable to former shareholders	97.1		97.1
Other current liabilities	67.1		67.1
Total current liabilities	507.8		507.8
Noncurrent liabilities			
Loans and financing	57.4		57.4
Reserve for contingencies	451.5		451.5
Deferred income taxes	51.7		51.7
Other noncurrent liabilities	15.8		15.8
Total noncurrent liabilities	576.4		576.4
Equity			
Parent Company Shareholders' equity			
Capital stock (1.a.)	623.4	115.0	738.4
Capital reserves	826.7		826.7
Additional paid-in capital (1.a.)	1,686.0	124.2	1,810.2
Retained earnings	(177.9)		(177.9)
Accumulated other comprehensive income	(6.8)		(6.8)
Total parent company shareholders' equity (1.a.)	2,951.4	239.2	3,190.6
Noncontrolling interest	239.2	(239.2)	
Total equity	3,190.6		3,190.6
Total liabilities and equity	4,274.8		4,274.8

Table of Contents**Unaudited Pro Forma Consolidated Statement of Operations**

	For the Year Ended December 31, 2008		
	TCP	Effects of the merger and Restructuring	Pro Forma TCP
	(all amounts in million of reais, except per share amounts)		
Net operating revenue			
Services provided	1,673.4		1,673.4
Sale of handsets and accessories	150.7		150.7
	1,824.1		1,824.1
Cost of services (2.a.)	(548.0)	(35.8)	(583.8)
Cost of handsets and accessories	(218.2)		(218.2)
Selling, general and administrative expenses	(447.0)		(447.0)
Allowance for doubtful accounts	(27.1)		(27.1)
Depreciation and amortization	(303.2)		(303.2)
Other operating income, net	38.8		38.8
Operating profit	319.4	(35.8)	283.6
Financial income and expenses			
Financial income	144.8		144.8
Financial expense (2.a.)	(21.0)	0.1	(20.9)
Foreign exchange gain (loss)	(45.9)		(45.9)
Financial income and expenses, net	77.9	0.1	78.0
Income before taxes	397.3	(35.7)	361.6
Income taxes (2.b.)	(125.1)	12.1	(113.0)
Net income	272.2	(23.6)	248.6
Net income attributable to the noncontrolling interest	49.8	(49.8)	
Net income attributable to the Parent Company	222.4	26.2	248.6
Earning per share:			
Basic income per share:			
Common U.S. GAAP			5.75
Preferred U.S. GAAP			5.75
Diluted income per share:			
Common U.S. GAAP			5.66
Preferred U.S. GAAP			5.66

Table of Contents**Unaudited Pro Forma Consolidated Statement of Operations**

	For the Three Months Ended March 31, 2009		
	TCP	Effects of the Restructuring	Pro Forma TCP
	(all amounts in million of reais, except per share amounts)		
Net operating revenue			
Services provided	369.7		369.7
Sale of handsets and accessories	32.9		32.9
	402.6		402.6
Cost of services	(152.3)		(152.3)
Cost of handsets and accessories	(54.1)		(54.1)
Selling, general and administrative expenses	(98.4)		(98.4)
Allowance for doubtful accounts	(6.5)		(6.5)
Depreciation and amortization	(100.5)		(100.5)
Other operating (expense) income, net	12.9		12.9
Operating profit	3.7		3.7
Financial income and expenses			
Financial income	24.9		24.9
Financial expense	(4.9)		(4.9)
Foreign exchange gain (loss)	(0.5)		(0.5)
Financial income and expenses, net	19.5		19.5
Income before taxes	23.2		23.2
Income taxes	(8.5)		(8.5)
Net income	14.7		14.7
Net income attributable to the noncontrolling interest	4.2	(4.2)	
Net income attributable to the Parent Company Shareholders	10.5	4.2	14.7
Earning per share:			
Basic income per share:			
Common U.S. GAAP			0.33
Preferred U.S. GAAP			0.33
Diluted income per share:			
Common U.S. GAAP			0.33
Preferred U.S. GAAP			0.33

Table of Contents

Notes to Unaudited Pro Forma Consolidated Financial Statements of TCP

1) Pro Forma Adjustments to the Unaudited Pro Forma Consolidated Balance Sheet

The Unaudited Pro Forma Consolidated Balance Sheet gives effect to the Restructuring as if it had occurred on January 1, 2009 with respect to the acquisition of the remaining portion of noncontrolling interest of TCP and TC. Pro forma adjustments have been made and are described below:

(a) Adjustment to record the exchange of common and preferred shares belonging to unrelated shareholders of subsidiary TC with TCP and a merger of shares of TC with TCP accounted for as equity transactions in accordance with Statement of Financial Accounting Standards (SFAS) No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51. This standard requires that the carrying amount of noncontrolling interest be adjusted to reflect the change in TCP's ownership interest in the subsidiary TC. The number of shares to be issued from TCP to acquire the remaining portion of the noncontrolling interest of TC include 1,678,700 common shares and 5,234,912 preferred shares. Holders of common shares and holders of preferred shares of TC will receive, without any further action by those holders, 17.4 common shares, no par value, of TCP for each TC common share they hold and 17.4 preferred shares, no par value, of TCP for each TC preferred share they hold, regardless of the class of TC preferred shares held, but the TCP shares that they receive then will be subsequently exchanged for Vivo shares in the Vivo Merger so that each holder of a TC common share or a TC preferred share ultimately will receive, without any further action by the holder, 23.838 Vivo common shares or 23.838 Vivo preferred shares, respectively, plus, in each case, cash instead of any fractional Vivo shares for which the TC common shares and preferred shares ultimately will be exchanged as a result of the Restructuring. Any difference between the fair market value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted shall be recognized in equity attributable to the parent.

2) Pro Forma Adjustments to the Unaudited Pro Forma Consolidated Statements of Income

The Unaudited Pro Forma Consolidated Statements of Income give effect to the acquisition of the controlling stake in TCP and TC by Vivo as if it occurred on January 1, 2008, and on January 1, 2009 for the Restructuring through acquisition of remaining portion of noncontrolling interest of TCP and TC. Pro forma adjustments have been made and are described below:

(a) On April 3, 2008, the equity control of TCP (and, indirectly, of TC) was transferred to Vivo, through its wholly owned subsidiary, TCO IP S.A. (TCO IP), under the terms of the Stock Purchase and Sale Agreement. The conditions set forth therein had been met and the purchase price had been paid. The price paid by TCO IP totaled R\$2,608,332. A subsequent corporate restructuring was implemented in December 2008, through which the goodwill paid by Vivo through its subsidiary, TCO IP, was pushed down to TCP and TC. This restructuring resulted in a deduction, for tax purposes, of the goodwill paid on the acquisition as allowed by Brazilian Tax Legislation. The corporate restructuring consisted of the total spin-off of TCO IP S.A., and the merger of part of its net worth into TCP and part into TC, with the subsequent extinction of TCO IP, resulting in Vivo, having direct control of TCP. In accordance to Staff Accounting Bulletin SAB No. 54 and EITF D-97, when a company owns 95% or more of the voting rights of another entity, the resulting purchase price allocation should be pushed down to the accounts of the subsidiary acquired. In connection with these accounting bulletins, TCP and its subsidiary TC completed the push-down accounting, which resulted in the excess of the purchase price over the proportionate book value acquired. The amounts recorded by Vivo relating to these acquisitions of noncontrolling interests have been pushed down in TCP's pro forma consolidated financial information as if the acquisitions had occurred on January 1, 2008 as follow:

Table of Contents

(b) The assumed effective tax rate of the pro forma adjustments is 34% for March 31, 2009.

	Gross	Accumulated amortization and tax per restructuring Amortization	Net effect as of March 31, 2009
Licenses (i)	1,693.2	(175.1)	1,518.1
Property and equipment (ii)	176.4	(31.4)	145.0
Software (iii)	3.1	(0.9)	2.2
Inventories (iv)	2.7	(2.7)	
Loans (v)	1.7	(1.4)	0.3
VAT recoverable (vi)	(1.5)	0.3	(1.2)
Deferred income taxes liabilities	(637.7)	71.7	(566.0)
Deferred income taxes asset		519.1	519.1
Goodwill	466.7	(466.7)	
Total	1,704.6	(87.1)	1,617.5

(i) The intangible asset related to the concession is being amortized on a straight-line basis over a period of approximately 30 years, representing the remaining term of the 3G license which expire in 2023, plus one extension of 15 years.

(ii) Difference being amortized over 5 years, representing the weighted-average remaining useful lives of the relating assets.

(iii) Difference being amortized over 3 years, representing the weighted-average remaining useful lives of the relating intangible assets.

(iv) Difference being amortized over 2 months, representing the average inventory turn-over.

(v) Difference being amortized by the effective interest method over the remaining maturities of the underlying TC debt obligations.

(vi) Difference being amortized over 2 years, representing the realization of the tax benefit of state VAT (ICMS) added value tax credit.

Summary Comparative TC and TCP Financial Data

In light of the fact that TC is the operational company and consolidated subsidiary of TCP, the differences between the financial results and other financial information of TCP and TC are not substantive. Therefore, Vivo and TCP have decided to present in this prospectus/information statement TC's financial information on a consolidated basis with TCP's financial information. The table below shows the differences with respect to certain financial data of TC and TCP in accordance with U.S. GAAP, and the principal differences derived from the data shown in those tables are:

(1) *Cash and cash equivalents*: While this asset appears only in TCP's financial information, the value of this asset derives from payments from TC, in the form of dividends and interest on net equity, to TCP. Therefore, because this asset of TCP is derived from TC and recognizes a transfer of interest from the subsidiary to the parent, we believe that this is not a material difference in the financials of TC and TCP.

(2) *Recoverable taxes and deferred income taxes*: This asset is derived from (i) tax benefits arising from the merger of TCO-IP and (ii) goodwill created at the time of TC's restructuring. Because this asset of TCP derives its value from TC, its subsidiary, we believe that the increased value of this asset in TCP's financial information should not be regarded as a material when viewed in comparison with TC's financial information.

(3) *Reverse stock split payable*: This item corresponds to credits available to noncontrolling shareholders who benefited from the surplus of the sale of fractional shares at the time of the reverse stock split at a ratio of 10,000:1. The amount represented by this item does not present a material difference when comparing the financial information of TC and TCP.

Table of Contents

(4) *Equity attributable to noncontrolling interest*: This item refers to the noncontrolling interest of TCP in TC. Since this involves a transfer of interest between the parent and subsidiary, this does not present a material difference in the financial information of TC and TCP.

	March 31, 2009	TC December 31, 2008	2007	2006	March 31, 2009	TCP December 31, 2008	2007	2006
	(in million of reais)							
Balance sheet								
<i>U.S. GAAP</i>								
Property, plant and equipment, net	884.6	923.1	752.1	685.3	884.6	923.2	752.2	685.6
Intangible assets, net	1,663.3	1,691.0	108.6	99.2	1,663.3	1,691.0	108.6	99.2
Total assets (a)	3,833.1	4,383.3	3,051.6	2,452.9	4,789.0	4,903.8	3,491.5	2,822.7
Equity attributable to parent company (b)	2,327.8	2,541.0	1,114.8	987.1	2,951.3	3,124.7	1,266.6	1,150.6
Equity attributable to noncontrolling interest					239.2	221.2	186.7	165.3
Statement of income								
Net operating revenue	402.7	1,824.1	1,378.1	1,216.7	402.7	1,824.1	1,378.1	1,201.8
Operating profit (c)	6.2	321.0	220.2	154.3	3.8	319.3	220.0	152.3
Income before taxes	14.3	360.6	240.7	175.6	23.2	397.1	268.2	221.8
Net income	8.9	262.3	182.8	141.4	14.7	272.1	184.1	152.6
Net income attributable to parent company	8.9	262.3	182.8	141.4	10.5	222.3	153.3	128.7
Net income attributable to noncontrolling interest					4.2	49.8	30.8	23.8

The tables below reconcile the differences reflected in the selected financial data of TC and TCP:

(a) Reconciliation of total assets

	March 31, 2009	December 31, 2008	2007	2006
	(in million of reais)			
<i>U.S. GAAP</i>				
Total assets of TC	3,833.1	4,383.3	3,051.6	2,452.9
Add (deduct)-				
Cash and cash equivalents (1)	322.5	327.7	293.6	222.0
Recoverable taxes and deferred income taxes (2)	631.9	191.3	138.5	144.6
Other	1.5	1.5	7.8	3.2
Total assets of TCP	4,789.0	4,903.8	3,491.5	2,822.7

- (1) This asset of TCP is derived from the payment of dividends and interest on net equity from TC to TCP. This asset has accumulated over the years as TCP is a non-operational company.
- (2) This asset of TCP is derived from (i) tax benefits arising from the merger of TCO-IP, and (ii) goodwill created at the time of TC's restructuring.

Table of Contents**(b) Reconciliation of equity attributable to parent company**

	March 31,	December 31,		
	2009	2008	2007	2006
	(in million of reais)			
<i>U.S. GAAP</i>				
Total equity of TC	2,327.8	2,541.0	1,114.8	987.1
Add (deduct)-				
i) Cash and cash equivalents	322.6	327.7	293.6	222.0
ii) Recoverable taxes and deferred income taxes	631.9	585.3	136.2	144.6
iii) Reverse stock split payable (1)	(84.2)	(84.3)	(85.2)	
iv) Dividends and interest on shareholders' equity payable	(8.1)	(22.8)	(4.3)	(39.6)
v) Equity attributable to noncontrolling interest (2)	(239.2)	(221.3)	(186.7)	(165.3)
Other	0.5	(0.9)	(1.8)	1.8
Total equity of TCP	2,951.3	3,124.7	1,266.6	1,150.6

(1) This item refers to credits available to noncontrolling shareholders that benefited from the surplus of the sale of fractional shares at the time of the reverse stock split of 10,000:1.

(2) This item refers to the noncontrolling interest of TC in TCP.

(c) Reconciliation of operating profit

	March 31,	December 31,		
	2009	2008	2007	2006
	(in million of reais)			
<i>U.S. GAAP</i>				
Operating profit of TC	6.2	321.0	220.2	154.3
Add (deduct)-				
Sale expenses				
General and administrative expenses	(2.5)	(1.3)	(1.3)	(2.5)
Other operating expenses, net	0.1	(0.4)	0	
Other			1.1	0.4
Operating profit of TCP	3.8	319.3	220.0	152.2

Ratio of Combined Fixed Charges and Preference Dividends to Earnings

The table below provides the historical ratio of combined fixed charges and preference dividends to earnings for each of Vivo, TCP and TC, and the pro forma ratio of combined fixed charges and preference dividends to earnings of Vivo for the periods indicated.

Period	Vivo Participações S.A.	Historical		Pro forma New Vivo Participações S.A.
		TCP	TC	
<i>U.S. GAAP</i>				

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Year ended December 31, 2008	3.27x	2.78x	117.41x	3.79x(1)
Three months ended March 31, 2009	2.38x	13.41x	9.04x	2.38x(1)

- (1) Gives effect to the acquisition as if it had occurred on (a) January 1, 2009 with respect to the acquisition of the remaining portion of noncontrolling interest of TCP and TC and (b) January 1, 2008, with respect to the

Table of Contents

portion of the acquisition of stake control by Vivo on TCP and TC. The unaudited pro forma combined ratio of combined fixed charges and preference dividends to earnings was prepared for illustrative purposes only. For purposes of calculation of the ratio of combined fixed charges and preference dividends to earnings, earnings is the amount resulting from adding and subtracting the following items:

Add	pre-tax income from continuing operations before adjustment for income or loss from equity investees;
	fixed charges (as defined below) and amortization of capitalized interest;
	distributed income of equity investees;
Subtract	Vivo's share of pre-tax losses of equity investees for which charges arising from guarantees are included in fixed charges;
	interest capitalized;
	preference share dividend requirements and consolidated subsidiaries;
	non-controlling interest from pre-tax income of subsidiaries that have not incurred fixed charges;

Fixed charges consist of interest costs (expensed and capitalized), amortized premiums, discounts and capitalized expenses related to indebtedness, an estimate of the interest component of rent expense and, in the case of Vivo, preferred share dividend requirements of consolidated subsidiaries payable to third parties.

Table of Contents

Summary Comparative Per Share Data

Vivo and TCP have derived the unaudited pro forma combined information appearing below from the unaudited pro forma combined financial data of Vivo and TCP appearing elsewhere in this prospectus/information statement.

You should read the information below together with the historical and pro forma financial data of Vivo and TCP and the historical financial statements of TC appearing elsewhere in this prospectus/information statement. The unaudited pro forma combined financial data appearing below is for illustrative purposes only. Vivo, TCP and TC may have performed differently had they always been a combined entity. You should not rely on this information as being indicative of the actual results of that the combined businesses of these companies will experience after the Restructuring.

For more information about historical dividend payments by Vivo, TCP and TC, see Part Six: Shareholder Rights Information About Historical Dividend Payments.

Table of Contents

	As of and for the three-months ended March 31, 2009 (1)			Per share equivalent TCP (1)
	(Historical)		(Pro Forma)	
	Vivo	TCP	New Vivo	
		(Reais)		
<i>U.S. GAAP</i>				
Book value per shares (common/preferred)	26.29	85.11(2)	24.51	33.58
Cash dividends declared per common shares (3)		(4)		
Cash dividends declared per preferred shares (3)		(4)		
Net income from continuing operations per share (basic common)	0.26	0.28(4)	0.32	0.43
Net income from continuing operations per share (diluted common)	0.25	0.28(4)	0.31	0.43
Net income from continuing operations per share (basic preferred)	0.26	0.28(4)	0.25	0.34
Net income from continuing operations per share (diluted preferred)	0.26	0.28(4)	0.25	0.35
Basic numerator	95,568	10,540	108,600	
Net income available to common shareholders	34,896	3,849	43,072	
Net income available to preferred shareholders	60,672	6,691	65,528	
Diluted numerator	95,568	10,540	108,600	
Net income available to common shareholders	34,647	3,854	42,851	
Net income available to preferred shareholders	60,921	6,686	65,749	
Basic denominator number of shares (common) before the merger of shares of TCP	135,283,672	13,582,531	135,283,672	
Number of shares to be issued in connection with the merger of shares (common) of TCP			993,854	
Basic denominator number of shares (common) after the merger of shares of TCP	135,283,672	13,582,531	136,277,526	
Dilutive effects of premium reserve number of shares (common)	854,670	335,529	854,670	
Diluted denominator number of shares (common)	136,138,342	13,918,060	137,132,196	
Basic denominator number of shares (preferred) before the merger of shares of TCP	235,215,787	23,613,795	235,215,787	
Number of shares to be issued in connection with the merger of shares (preferred) of TCP			25,380,940	
Basic denominator number of shares (preferred) after the merger of shares of TCP	235,215,787	23,613,795	260,596,727	
Dilutive effects of premium reserve number of shares (preferred) (6)		533,070		
Diluted denominator number of shares (preferred)	235,215,787	24,146,865	260,596,727	

- (1) The TCP per share equivalent data are calculated by multiplying the New Vivo pro forma per share amounts by 1.37, representing the number of Vivo common shares or preferred shares that will be received for each TCP common share or preferred share in the Restructuring, assuming that none of the applicable entitled shareholders of Vivo or TCP exercises appraisal rights.
- (2) Gives effect to the acquisition of remaining portion of noncontrolling interests in TCP and TC as if they had occurred on March 31, 2009. The unaudited pro forma combined financial data were prepared for illustrative purposes only.

Table of Contents

- (3) Interest on shareholders' equity is included and is presented net of taxes. Historical cash dividends and interest on shareholders' equity declared for purposes of U.S. GAAP for Vivo and TCP, are the same as under Brazilian GAAP because each of Vivo and TCP pays dividends only based on its results in accordance with the Brazilian corporation law.
- (4) Gives effect to the acquisition of remaining portion of noncontrolling interests in TCP and TC as if they had occurred on January 1, 2009. The unaudited pro forma combined financial data were prepared for illustrative purposes only.
- (5) Reflects the push-down of the price paid by Vivo to acquire control of TCP as equity contribution to TCP. The debt incurred by Vivo for the acquisition and the related interest expense have not been reflected in TCP.
- (6) The tax benefit realized during the period was not considered a dilutive effect in the EPS calculation for Vivo because this company has historically issued only common shares, with such tax benefit, in favor to its controlling shareholders. The tax benefit was considered dilutive in TCP per historical issuance of preferred and common shares to controlling shareholders. However, the premium reserve of TCP will be eliminated as a result of the Restructuring, therefore, no effect was considered on the EPS for New Vivo (Pro Forma).

Table of Contents

	As of and for the year ended December 31, 2008 (1)			Per share equivalent TCP (1)
	(Historical)		(Pro Forma)	
	Vivo	TCP (5) (Reais)	New Vivo	
<i>U.S. GAAP</i>				
Book value per shares (common/preferred)	27.33	90.73(2)	25.50	34.93
Cash dividends declared per common shares (3)	1.10	6.67(4)		
Cash dividends declared per preferred shares (3)	1.10	6.67(4)		
Net income from continuing operations per share (basic common)	1.37	6.14(4)	1.84	2.53
Net income from continuing operations per share (diluted common)	1.37	6.01(4)	1.82	2.49
Net income from continuing operations per share (basic preferred)	1.37	6.12(4)	1.80	2.47
Net income from continuing operations per share (diluted preferred)	1.37	6.00(4)	1.79	2.45
Basic numerator	500,905	222,314	711,100	
Net income available to common shareholders	182,518	82,617	246,948	
Net income available to preferred shareholders	318,387	139,697	464,152	
Diluted numerator	500,905	222,314	711,100	
Net income available to common shareholders	183,068	82,559	250,362	
Net income available to preferred shareholders	317,837	139,755	460,738	
Basic denominator number of shares (common) before the merger of shares of TCP	132,991,366	13,466,059	132,991,366	
Number of shares to be issued in connection with the merger of shares (common) of TCP			993,854	
Basic denominator number of shares (common) after the merger of shares of TCP	132,991,366	13,466,059	133,985,220	
Dilutive effects of premium reserve number of shares (common)	932,781	259,469	3,731,121	
Diluted denominator number of shares (common)	133,924,147	13,725,528	137,716,341	
Basic denominator number of shares (preferred) before the merger of shares of TCP	232,353,912	22,830,987	232,353,912	
Number of shares to be issued in connection with the merger of shares (preferred) of TCP			25,380,940	
Basic denominator number of shares (preferred) after the merger of shares of TCP	232,353,912	22,830,987	257,734,852	
Dilutive effects of premium reserve number of shares (preferred) (6)		465,970		
Diluted denominator number of shares (preferred)	232,353,912	23,296,957	257,734,851	

- (1) The TCP per share equivalent data are calculated by multiplying the New Vivo pro forma per share amounts by 1.37, representing the number of Vivo common shares or preferred shares that will be received for each TCP common share or preferred share in the Restructuring, assuming that none of the applicable entitled shareholders of Vivo or TCP exercises withdrawal rights.

Table of Contents

- (2) Gives effect to the acquisition of remaining portion of noncontrolling interests in TCP and TC as if they had occurred on March 31, 2009. The unaudited pro forma combined financial data were prepared for illustrative purposes only.

- (3) Interest on shareholders' equity is included and is presented net of taxes. Historical cash dividends and interest on shareholders' equity declared for purposes of U.S. GAAP for Vivo and TCP, are the same as under Brazilian GAAP because each of Vivo and TCP pays dividends only based on its results in accordance with the Brazilian corporation law.

- (4) Gives effect to the acquisition of stake control of TCP and TC as if the acquisition had been consummated on January 1, 2008, and the acquisition of remaining portion of noncontrolling interests in TCP and TC as if they had occurred on January 1, 2009. The unaudited pro forma combined financial data were prepared for illustrative purposes only.

- (5) Reflects the push-down of the price paid by Vivo to acquire control of TCP as equity contribution to TCP. The debt incurred by Vivo for the acquisition and the related interest expense have not been reflected in TCP.

- (6) The tax benefit realized during the period was not considered a dilutive effect in the EPS calculation for Vivo because this company has historically issued only common shares, with such tax benefit, in favor to its controlling shareholders. The tax benefit was considered dilutive in TCP per historical issuance of preferred and common shares to controlling shareholders. However, the premium reserve of TCP will be eliminated as a result of the Restructuring, therefore, no effect was considered on the EPS for New Vivo (Pro Forma).

Table of Contents

	As of and for the year ended December 31, 2008 (1)			
	(Historical)		(Pro Forma)	
	TCP	TC	TCP	Per share equivalent TC (1)
	(Reais)			
Book value per shares (common/preferred)	90.73	1,071.18(2)	360.33	6,269.77
Cash dividends declared per common shares (3)	6.67	118.98(4)		
Cash dividends declared per preferred shares (3)	6.67	116.79(4)		
Net income from continuing operations per share (basic common)	6.14	110.59(4)	5.75	100.11
Net income from continuing operations per share (diluted common)	6.01	110.57(4)	5.66	98.45
Net income from continuing operations per share (basic preferred)	6.12	110.59(4)	5.75	100.11
Net income from continuing operations per share (diluted preferred)	6.00	110.57(4)	5.66	98.45
Basic numerator	222,314	262,348	248,600	
Net income available to common shareholders	82,617	98,566	87,131	
Net income available to preferred shareholders	139,697	163,782	161,469	
Diluted numerator	222,314	262,348	248,600	
Net income available to common shareholders	82,559	98,551	87,101	
Net income available to preferred shareholders	139,755	163,797	161,499	
Basic denominator number of shares (common) before the merger of shares of TC	13,466,059	891,241	13,466,059	
Number of shares to be issued in connection with the merger of shares (common) of TC			1,678,700	
Basic denominator number of shares (common) after the merger of shares of TC	13,466,059	891,241	15,144,759	
Dilutive effects of premium reserve number of shares (common)	259,469	71	249,045	
Diluted denominator number of shares (common)	13,725,528	891,312	15,393,803	
Basic denominator number of shares (preferred) before the merger of shares of TC	22,830,987	1,480,935	22,830,987	
Number of shares to be issued in connection with the merger of shares (preferred) of TC			5,234,912	
Basic denominator number of shares (preferred) after the merger of shares of TC	22,830,987	1,480,935	28,065,899	
Dilutive effects of premium reserve number of shares (preferred)	465,970	479	476,739	
Diluted denominator number of shares (preferred)	23,296,957	1,481,414	28,542,638	

- (1) The TC per share equivalent data are calculated by multiplying the TCP pro forma per share amounts by 17.40, representing the number of TCP common shares or preferred shares that will be received for each TC common share or preferred share in the Restructuring, assuming that none of the applicable entitled shareholders of TCP or TC exercises appraisal rights.
- (2) Gives effect to the acquisition of remaining portion of noncontrolling interests in TCP and TC as if they had occurred on March 31, 2009.

Table of Contents

- (3) Interest on shareholders' equity is included and is presented net of taxes. Historical cash dividends and interest on shareholders' equity declared for purposes of U.S. GAAP for TCP and TC, are the same as under Brazilian GAAP because each of TCP and TC pays dividends only based on its results in accordance with the Brazilian corporation law.

- (4) Gives effect to the acquisition of stake control of TCP and TC as if the acquisition had been consummated on January 1, 2008, and the acquisition of remaining portion of noncontrolling interests in TCP and TC as if they had occurred on January 1, 2009. The unaudited pro forma combined financial data were prepared for illustrative purposes only.

Table of Contents

- (3) Interest on shareholders' equity is included and is presented net of taxes. Historical cash dividends and interest on shareholders' equity declared for purposes of U.S. GAAP for TCP and TC, are the same as under Brazilian GAAP because each of TCP and TC pays dividends only based on its results in accordance with Brazilian Corporate Law.

- (4) Gives effect to the acquisition of remaining portion of noncontrolling interests in TCP and TC as if they had occurred on January 1, 2009. The unaudited pro forma combined financial data were prepared for illustrative purposes only.

Table of Contents

Exchange Rates

Brazilian Central Bank Rates

Since 2000, the Brazilian government has been introducing significant changes aimed at simplifying the Brazilian foreign exchange market. Until March 4, 2005, there were two principal legal foreign exchange markets in Brazil:

the commercial rate exchange market; and

the floating rate exchange market.

Most trade and financial foreign-exchange transactions were carried out on the commercial rate exchange market. The floating market rate generally applied to transactions to which the commercial market rate did not apply. Since February 1, 1999, the Brazilian Central Bank placed the commercial rate exchange market and the floating rate exchange market under identical operational limits, and financial institutions operating in the commercial market were authorized to unify their positions in the two different markets, which led to a convergence in the pricing and liquidity of both markets and a reduction in the difference between their respective rates.

With the enactment of Resolution No. 3,265 by the National Monetary Council on March 4, 2005, both markets were consolidated into one single foreign exchange market, effective as of March 14, 2005. All foreign exchange transactions are now carried out in this single consolidated market through institutions authorized to operate in such market.

Foreign exchange rates continue to be freely negotiated, but may be influenced by Brazilian Central Bank intervention. Since January 1999 when the Brazilian Central Bank abandoned the system of exchange bands and allowed the real U.S. dollar exchange rate to float freely, the real-U.S. dollar exchange rate has been established mainly by the Brazilian interbank market and has fluctuated considerably. The Brazilian Central Bank has intervened occasionally to control unstable movements in the exchange rate. Nevertheless, the exchange market may continue to be volatile, and the *real* may depreciate or appreciate substantially in relation to the U.S. dollar in the future. Vivo and TCP cannot predict whether the Brazilian Central Bank or the Brazilian government will continue to let the *real* float freely or will intervene in the exchange rate market through a currency band system or otherwise, or whether the exchange market will not be volatile as a result of political instability or other factors. In addition, exchange rate fluctuations may also affect Vivo's and TCP's financial condition. For more information on these risks, see the subsection Part Three: Risk Factors Risks Relating to Brazil below.

Table of Contents

On August 4, 2006, Resolution No. 3,389 relaxed the exchange regime for exports, allowing Brazilian exporters to keep up to 30% of the income generated from exports of goods and/or services outside of Brazil. The remaining 70% of such income continued to be subject to compulsory repatriation to Brazil. Since March 17, 2008, Brazilian exporters are allowed to keep 100% of such income earned outside of Brazil. In addition, the foreign exchange mechanism was simplified to allow for the simultaneous purchase and sale of foreign currency through the same financial institution and using the same exchange rate.

On September 27, 2006, Resolution No. 3,412 eliminated existing restrictions on investments in foreign financial and derivative markets by individuals and legal entities, and on October 27, 2006, Resolution No. 3,417 increased the liquidation period permitted for exchange transactions from 360 to 750 days.

The following tables set forth the exchange rate (rounded to the nearest tenth of a cent), expressed in *reais* per U.S. dollar (R\$/US\$), for the periods indicated, as reported by the Brazilian Central Bank.

	Exchange Rate of R\$ per US\$			
	Low	High	Average (1)	Year-End
Year ended December 31,				
2004	2.654	3.205	2.917	2.654
2005	2.163	2.762	2.413	2.341
2006	2.059	2.371	2.168	2.138
2007	1.732	2.156	1.929	1.771
2008	1.559	2.500	1.833	2.337
Quarter ended March 31,				
2008	1.6700	1.8301	1.7379	1.7491
2009	2.1889	2.4218	2.3143	2.3152

Source: Brazilian Central Bank, PTAX

(1) Represents the average of the exchange rates (PTAX) on the last day of each month during the relevant period.

Month Ended	Exchange Rate of R\$ per US\$	
	Low	High
October 31, 2008	1.921	2.392
November 30, 2008	2.121	2.428
December 31, 2008	2.337	2.500
January 31, 2009	2.189	2.380
February 28, 2009	2.245	2.392
March 31, 2009	2.237	2.447
April 30, 2009	2.170	2.290
May 31, 2009	1.973	2.148
June 4, 2009	1.937	1.960

Table of Contents**Historical and Pro Forma Share Information**

The following table shows the closing prices of the common shares, preferred shares and ADSs of Vivo, TCP and TC, as applicable, as well as the equivalent value of TCP and TC common shares and preferred shares and TCP ADSs based on the merger ratios, as of March 20, 2009, the last trading day preceding public announcement of this transaction.

	Actual Vivo	Actual TC (1)	Actual TCP	Ratio of exchange Vivo per TC	Ratio of exchange Vivo per TCP	Per share equivalent TC	Per share equivalent TCP
Common shares	R\$ 33.99	R\$ 1,500.00	R\$ 49.00	23.838	1.37	R\$ 810.25	R\$ 46.57
Preferred shares	R\$ 33.90	NA	R\$ 34.59	NA	1.37	NA	R\$ 46.44
Preferred B		R\$ 490.00	NA	23.838	NA	R\$ 810.25	
Preferred C		R\$ 365.00	NA	23.838	NA	R\$ 810.25	
Preferred D		R\$ 0	NA	23.838	NA	R\$ 810.25	
Preferred E		R\$ 370.00	NA	23.838	NA	R\$ 810.25	
Preferred F		R\$ 550.00	NA	23.838	NA	R\$ 810.25	
Preferred G		R\$ 500.00	NA	23.838	NA	R\$ 810.25	
ADSs (US\$)	US\$ 14.90	NA	US\$ 34.59	NA	2.74	NA	\$ 40.82

- (1) TC was calculated as having directly received shares of Vivo given that TCP will be merged into Vivo on the same day as a result of the Restructuring.

Table of Contents

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Vivo and TCP have made forward-looking statements in this prospectus/information statement that are subject to risks and uncertainties. These forward-looking statements relate to among other things:

management strategy;

synergies and cost savings;

integration of new business units;

market position and the size of the Brazilian telecommunications market;

statements concerning the operations and prospects of Vivo, TCP, TC and the other Vivo companies;

estimated demand forecasts;

the ability of Vivo, TCP, TC and of the other Vivo companies to secure and maintain telecommunications infrastructure licenses, rights of way and other regulatory approvals;

Vivo, TCP and TC's strategic initiatives and plans for business growth;

industry conditions;

Vivo, TCP and TC's funding needs and financing sources;

network completion and product development schedules;

expected characteristics of competing networks, products and services;

influence of controlling shareholders;

litigation; and

the timetable for the Restructuring.

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Forward-looking statements also may be identified by words such as believes, expects, anticipates, projects, intends, should, seeks, or future or similar expressions. The sections of this prospectus/information statement that contain forward-looking statements include:

Part One: Questions and Answers About the Restructuring;

Part Two: Summary;

Part Three: Risk Factors;

Part Five: The Restructuring;

Part Six: Shareholder Rights;

Part Seven: Additional Information for Shareholders Enforceability of Civil Liabilities Under U.S. Securities Laws; and

Part Eight: Legal and Regulatory Matters General.

These statements reflect Vivo's and TCP's current expectations. They are subject to a number of risks and uncertainties, including but not limited to changes in technology, regulation, the global cellular communications marketplace and local economic conditions. In light of the many risks and uncertainties surrounding this marketplace, you should understand that Vivo and TCP cannot assure you that the forward-looking statements contained in this prospectus/information statement will be realized. You are cautioned not to place undue reliance on any forward-looking information.

Vivo and TCP undertake no obligation to publicly update or revise these forward looking statements after the date they distribute this prospectus/information statement.

Table of Contents

PART THREE RISK FACTORS

*In addition to general investment risks and the other information contained in this document, including the matters described under the caption **Cautionary Statement Regarding Forward-Looking Statements** and the matters discussed under the caption **Risk Factors** included in Vivo's Annual Report and TCP's Annual Report, you should carefully consider the following factors in deciding whether to exercise withdrawal rights, to the extent applicable, or take no action and receive Vivo shares in connection with the Restructuring.*

Risks Relating to the Restructuring

Your ownership percentage in Vivo, TCP or TC will decrease.

Because Vivo is a larger company than TCP and TC and because there are many existing shareholders of Vivo, your ownership percentage in Vivo, TCP or TC shares will, as a result of the Restructuring, be less than your existing ownership percentage. Assuming that none of the common shareholder or preferred shareholders of TCP and TC and none of the common shareholders of Vivo exercise withdrawal rights, former minority shareholders of TCP and TC will hold approximately 5.62% and 0.96%, respectively, of the total capital stock of Vivo in the aggregate following the Restructuring. Similarly, the ownership percentage in Vivo of existing Vivo minority shareholders of Vivo will be diluted as a result of the issuance of the new Vivo shares and ADSs in the Restructuring, and the percentage of the outstanding capital stock of Vivo held by existing minority shareholders of Vivo will decrease from 36.2% to 33.7%.

The market price of Vivo, TCP and TC shares is uncertain.

The exchange ratio in the Restructuring is fixed and there is no mechanism to adjust the exchange ratio in the event that the market price of the Vivo shares declines. The trading market for TCP and TC shares after the exchange ratios for the Restructuring are publicly announced and after the Restructuring is approved by the requisite shareholders' meetings may be severely impaired or disrupted. As a result, until the Restructuring closes and you receive Vivo shares, the liquidity of the TCP and TC shares may decline and their volatility may increase. This could result in substantial fluctuations in the trading price for TCP and TC shares.

The market price of Vivo, TCP and TC shares may be adversely affected by arbitrage activities occurring prior to the completion of the Restructuring.

The market price of Vivo, TCP and TC shares may be adversely affected by arbitrage activities occurring prior to the completion of the Restructuring. These sales, or the prospects of such sales in the future, could adversely affect the market price for, and the ability to sell in the market, shares of TCP and TC stock before the Restructuring is completed and Vivo shares before and after the Restructuring is completed. Any adverse effect on the market prices of the TCP shares, the Vivo shares or the Vivo ADSs could adversely affect the cash value that you will receive for any fractional security to which you otherwise would have been entitled in the Restructuring.

If regulatory agencies impose conditions on approval of the Restructuring, the anticipated benefits of the Restructuring could be diminished.

While no governmental antitrust approvals are currently required in order to complete the transaction, if regulators were to impose any requirements for approval, Vivo, TCP and TC would vigorously pursue any such governmental approvals. If any such approvals were withheld, the benefits of the Restructuring could be delayed, possibly for a significant period of time after the shareholders approve the Restructuring. In addition, if governmental agencies conditioned their approval of the Restructuring on the imposition of conditions, Vivo's operating results or the value of Vivo's stock could be adversely affected.

Table of Contents

The Restructuring may not result in the benefits that Vivo seeks to achieve, including increased share liquidity.

Vivo is undertaking the Restructuring because it believes that the Restructuring will provide the Vivo, TCP, TC and their respective shareholders with a number of advantages, including providing shareholders of Vivo, TCP and TC with securities that Vivo expects will enjoy greater market liquidity than the securities these shareholders currently hold. However, the Restructuring may not accomplish these objectives. Vivo cannot predict whether a liquid market for the newly issued and existing Vivo securities will be maintained. If the Restructuring does not result in increased liquidity for the securities held by shareholders of Vivo, TCP and TC, you may experience a decrease in your ability to sell your shares or ADSs compared to your ability to sell the shares or ADSs you currently hold.

The exercise of withdrawal rights by shareholders of Vivo, TCP and TC could decrease cash balances of Vivo, TCP and TC and otherwise adversely affect their financial condition.

As described in Part Five: The Restructuring Withdrawal Rights holders of common shares of Vivo, TCP and TC, and holders of record of preferred shares of TC and TCP at the close of business on March 23, 2009, are entitled to withdrawal rights in connection with the Restructuring and have the right to receive the amounts per share set forth in that section. If holders of a significant number of these shares exercise their withdrawal rights, the requirement to make large cash payments could decrease the cash balances of the companies, limit their ability to borrow funds or fund capital expenditures or prevent the companies from complying with existing contractual obligations. In addition, under Brazilian law, if management believes that the total value of the withdrawal rights exercised by shareholders of Vivo, TCP and TC may put at risk the financial stability of Vivo, management may, within 10 days after the end of the withdrawal rights period, ratify the Restructuring or call an EGM to unwind the Restructuring. Because it and its affiliates hold, directly and indirectly, a majority of the voting shares of Vivo, TCP and TC, Brasilcel would be able to cause the unwinding of the Restructuring at the applicable EGMs.

The CVM, the Brazilian securities regulator, may suspend for up to 15 days the shareholders meetings scheduled to approve the Restructuring.

The CVM may suspend for up to 15 days the shareholders meetings scheduled to approve the Restructuring in order to analyze the transaction and verify that it does not breach applicable laws or regulations. Although Vivo and TCP believe that the proposed Restructuring described in this prospectus/information statement is legal and provides equitable treatment to Vivo, TCP and TC, Vivo and TCP cannot predict the outcome of any such analysis of the transaction by the CVM.

The U.S. federal income tax consequences of the Restructuring are uncertain.

If you are a U.S. Holder (as defined in Part Five: the Restructuring Material Tax Considerations United States Federal Income Tax Considerations) of TCP or TC common or preferred shares or TCP ADSs, the Restructuring will be treated as an integrated transaction in which you exchange such shares or ADSs for Vivo common or preferred shares or ADSs (and cash in lieu of any fractional share). Because it is uncertain, for U.S. federal income tax purposes, whether the Restructuring will be treated as related to the prior acquisitions of TC and TCP shares by Vivo in 2008, and how the exercise, if any, of withdrawal rights will be characterized for such purposes, it is not clear whether the Restructuring qualifies as a tax-free reorganization or is a taxable transaction for U.S. federal income tax purposes. No ruling has been sought or will be obtained from the Internal Revenue Service on the U.S. federal income tax consequences of the transaction. If the Restructuring qualifies as a tax-free reorganization, you generally will not recognize gain or loss for U.S. federal income tax purposes on the receipt of Vivo common or preferred shares or ADSs, except to the extent of any cash received in lieu of a fractional share. If the Restructuring is a taxable transaction, you generally will recognize gain or loss. Please review carefully the section under Part Five: the Restructuring Material Tax Considerations United States Federal Income Tax Considerations.

Table of Contents

There is no clear guidance under Brazilian law regarding the income tax consequences to investors resulting from a Restructuring.

There is no specific legislation, nor administrative or judicial precedent regarding the income tax consequences to investors resulting from a merger. Based on the opinion of its external tax advisors, Vivo believes that there are reasonable legal grounds to sustain that the receipt (resulting from the Restructuring) by a non-Brazilian holder of ADSs or by a U.S. person of common or preferred shares that are registered as a foreign portfolio investment under Resolution 2,689/00 of the National Monetary Council or are registered as a foreign direct investment under Law No. 4,131/62 would not be subject to income tax pursuant to Brazilian tax law. However, this position may not prevail, in which case Vivo would be liable to the Brazilian tax authorities for withholding and collecting the taxable capital gains of shareholders resident abroad. While such shareholders would not be directly liable to Brazilian tax authorities, Vivo would be entitled to reimbursements from them.

The capital gain arising from a disposition of Vivo shares registered as a direct foreign investment in Brazil could be calculated based on the historical amount in Brazilian currency of the investment, rather than the amount in foreign currency registered with the Central Bank of Brazil.

There is uncertainty concerning the currency to be used for the purposes of calculating the cost of acquisition of shares registered with the Central Bank of Brazil as a direct investment. Even though a recent precedent of a Brazilian administrative court supports the view that capital gains should be based on the positive difference between the cost of acquisition of the shares in the applicable foreign currency and the value of disposition of those shares in the same foreign currency, tax authorities are not bound by such precedents.

Vivo and TCP may have actual or potential conflicts of interest relating to the Restructuring.

Vivo and TCP may have actual or potential conflicts of interest because Vivo, a controlling shareholder of TCP, and indirectly of TC, exercises voting control over the Boards of Directors of TCP and TC, even though each Board of Directors contains a representative of such company's minority shareholders. In accordance with the *Parecer de Orientação* issued by CVM No. 35, TCP and TC have selected three members to constitute the Special Committees of TCP and TC making recommendations to the Boards of Directors of these two companies on the Restructuring, with one of these members representing the minority shareholders. While the exchange ratios were determined in accordance with all applicable laws and regulations in Brazil and were recommended by the Special Committees, these ratios may be higher or lower than, from the perspective of value to unaffiliated shareholders, those that could be achieved through arm's length negotiations between unrelated parties.

The valuation report fees of Citi and Planconsult will be paid entirely by the Companies, and the financial advisory fees of BBI, the independent financial advisor of the Special Committees, will be paid entirely by TC and TCP.

The Vivo securities you receive in the Restructuring will represent an investment in a different business from that in which you originally invested.

You will receive Vivo preferred shares or ADSs for your TCP or TC preferred shares or ADSs, respectively, in the Restructuring. Concurrently with the exchange of shares of TCP or TC for Vivo shares, the business operations of TCP and TC will also combine with those of Vivo. The resulting company will operate in states where TCP does not currently conduct business and the expected synergies between these companies may not materialize.

Table of Contents

Vivo after the Restructuring will be more leveraged than Vivo, TCP or TC currently are, and a significant portion of Vivo's and TCP's cash flow will have to be used to service their obligations.

On December 31, 2008, Vivo, TCP and TC had R\$8,003.2 million of consolidated total debt, of which R\$242.2 million was attributable to TCP and TC. Vivo and TCP are subject to the risks normally associated with significant amounts of debt, which could have important consequences to you. Vivo's and TCP's indebtedness could, among other things:

require them to use a substantial portion of their cash flow from operations to pay their obligations, thereby reducing the availability of their cash flow to fund working capital, operations, capital expenditures, dividend payments, strategic acquisitions, expansion of their operations and other business activities;

increase their vulnerability to general adverse economic and industry conditions;

limit, along with financial and other restrictive covenants in their debt instruments, their ability to borrow additional funds or dispose of assets; and

place them at a competitive disadvantage compared to their competitors that have less debt.

Vivo and TCP may also need to refinance all or a portion of their debt on or before maturity, and they may not be able to do this on commercially reasonable terms or at all.

Risks Relating to the Brazilian Telecommunications Industry and the Companies

Extensive government regulation of the telecommunications industry may limit, in some cases, the Companies' flexibility in responding to market conditions, competition and changes in their cost structure.

The Companies' business is subject to extensive government regulation, including any changes that may occur during the period of their authorization to provide telecommunication services. ANATEL, which is the main telecommunications industry regulator in Brazil, regulates, among other things:

industry policies and regulations;

licensing;

tariffs;

competition;

telecommunications resource allocation;

service standards;

technical standards;

interconnection and settlement arrangements; and

universal service obligations.

Brazil's telecommunications regulatory framework is continuously evolving. The interpretation and enforcement of regulations, the assessment of compliance with regulations and the flexibility of regulatory authorities are all marked by uncertainty. The Companies operate under authorization from the Brazilian government, and their ability to retain this authorization is a precondition to their success. However, in light of the regulatory framework, the Companies cannot assure you that ANATEL will not modify the terms of their respective authorization adversely. Furthermore, according to the terms of each Company's operating authorization, they are obligated to meet certain requirements and to maintain minimum quality, coverage and service standards. Failure by any Company to comply with these requirements may result in the imposition of fines or other government actions, including the termination of such Company's operating authorization. Any

Table of Contents

partial or total revocation of any Company's operating authorization would have a material adverse effect on such Company's business, financial condition, revenues, results of operations and prospects. In recent years, ANATEL has also been reviewing and introducing changes in the applicable regulation, especially regarding the interconnection fees among telecommunications service providers in Brazil. Interconnection fees, which are fees charged by telecommunications service providers to each other to interconnect to each other's networks, are an important part of each Company's revenue base. To the extent that changes to the rules governing interconnection fees reduce the amount of interconnection fees the Companies are able to collect, the Companies' businesses, financial conditions, revenues, results of operations and prospects could be materially adversely affected.

Therefore, the Companies' businesses, results of operations, revenues and financial conditions could be negatively affected by the actions of the Brazilian authorities, including, in particular, the following:

the introduction of new or stricter operational and/or service requirements;

the granting of operating licenses in the Companies' areas; and

delays in the granting of, or the failure to grant, approvals for rate increases.

TCP's results of operations may be negatively affected by the application of the SMP rules.

In 2002, ANATEL changed the Personal Mobile Service (*Serviço Móvel Pessoal*), or SMP, regime (first enacted in December 2000), encouraging companies operating under the Mobile Cellular Service (*Serviço Móvel Celular*), or SMC, regime to migrate to the SMP regime.

Under the SMP regime, TCP no longer receives payment from its customers for outbound long-distance traffic and instead receives payment for the use of its network in accordance with a network usage payment plan, which includes outbound long distance calls. However, the interconnection fees that TCP receives from long-distance operators may not compensate it for the revenues that it would have received from its customers for outbound long-distance traffic. Until June 30, 2004, SMP service providers were able to opt to establish a price cap or freely negotiate their interconnection charges. Now, free negotiation is the rule, subject to ANATEL regulations relating to the traffic capacity and interconnection infrastructure that must be made available to requesting parties. In 2005, ANATEL began permitting free negotiations for mobile interconnection, or VU-M, fees and by July 2005, local-fixed concessionaires and mobile operators had reached a provisional agreement with respect to VU-M fees for local calls, or VC-1 (the agreement guaranteed a 4.5% increase in mobile operators' fees). Accordingly, as of July 2005, TCP implemented a 4.5% interim adjustment in the interconnection fee for the use of the SMP network (VU-M) exclusively for VC1 local calls between TCP and the following operators, based on an agreement among such operators and TCP: Telemar Norte Leste S.A. (Telemar or Oi, Fixed and Mobile), TIM and CTBC (Fixed and Mobile). Beyond these operators, Vivo implemented the adjustment with Brasil Telecom (Fixed and Mobile), Telefônica, Claro and Sercomtel (Fixed and Mobile). As a result, TCP's interconnection fee increased from R\$0.41611 to R\$0.43483, net of taxes. Further, in July 2007, Commuted Fixed Services (*Serviço Telefônico Fixo Comutado*), or STFC, and SMP providers, with the exception of Embratel, Intelig, Global Village Telecom, or GVT, and TIM-LD, entered into an agreement amending the interim agreement of 2005. The terms of the new agreement readjusted the interconnection fee (VU-M) by 1.97%, in Region I (Telemar's Region) effective on May 31, 2007. Beyond this agreement in Region I, Vivo entered into an agreement that readjusted the VU-M by 2.25356% in Region II (Brasil Telecom's Region) and Region III (Telefônica's Region). The readjustment of the interconnection fee by 68.5% of the adjustment index for 2008 was also negotiated at the occasion.

ANATEL ultimately approved the provisional agreement reached in July 2005 and in March 2006, approved a provisional agreement for VU-M fees for long-distance calls, or VC-2, VC-3, and international, among the same operators that had made the VC-1 agreement in July 2005. Accordingly, at the end of 2005, TCP, TC and Vivo entered in an interim agreement with Telemar, Brasil Telecom (cellular and fixed lines), Telefônica, CTBC

Table of Contents

(cellular and fixed lines), Sercomtel (cellular and fixed lines), Oi, TIM, Claro, and Amazônia Celular S.A. to readjust the prices of the interconnection fee (VU-M) on VC2 and VC3 long-distance calls by 4.5%. Pursuant to this agreement, implementation of the interim readjustment became effective immediately after ANATEL's ratification of new rates for calls to users of fixed-line services that took place in March 2006.

In July 2007, ANATEL approved a provisional agreement among the fixed line operators Telefônica, Telemar, Brasil Telecom, CTBC Telecom and Sercomtel and the mobile operators for interconnection fees for VC1, VC2 and VC3 calls that provides for an annual adjustment of 1.97143% to interconnection fees in Region I (Telemar's Region) and an annual adjustment of 2.25356% in Region II (Brasil Telecom's Region) and Region III (Telefônica's Region). In January 2008, ANATEL approved a provisional agreement among the fixed line long distance operator Embratel and the mobile operators for interconnection fees for VC2 and VC3 calls, considering the period since January 2004, that provides for an annual adjustment of 4.5% as of March 2006 and an annual adjustment of 1.97143% or 2.25356% as of July 2007. Accordingly, in September 2007, TCP also entered into an agreement with Embratel that became effective in January 2008, under which TCP agreed to readjust prices of the interconnection fee (VU-M) on long-distance calls VC2 and VC3 between TC and Embratel by 6.56% (adjustments of 4.5% and 1.97143% in Region I) in order to bring those VU-M rates to prices currently practiced in the market. The adjustment of the interconnection fee (VU-M) is being questioned by some operators (GVT, Intelig, TIM for long distance calls and Nextel) that are not party to the agreements for local and long-distance calls.

In July 2008, ANATEL approved a provisional agreement among the fixed line operators Telefônica, Telemar, Brasil Telecom, CTBC Telecom and Sercomtel and the mobile operators for interconnection fees for VC1, VC2 and VC3 calls that provides for an annual adjustment of 1.89409% to interconnection fees in Region I (Telemar's Region) and an annual adjustment of 2.06308% in Region II (Brasil Telecom's Region) and Region III (Telefônica's Region).

In March of 2009, the new interconnection fees for VC2, VC3 and international calls of Embratel were approved by ANATEL, which resulted in the readjustments of VU-M between Vivo and TCP and Embratel in the same percentages of the concessions of Regions I, II and III that took place on March 18, 2009.

The free negotiation process for interconnection charges has been extended and will proceed until 2010, when a cost based reference interconnection value will be set by ANATEL in accordance with the regulation on SMP Network Usage Fees issued in July 2006. Under Resolutions 438/2006, 480/2007, 483/2007 and 503/2008, the ANATEL developed a new model from 2010 onward to determine reference costs for the use of mobile networks RVU-M by SMP providers who have significant market power. These values will be used in arbitration cases involving VU-M's value by ANATEL.

Under Resolution 438/2006, the free negotiation of the cost of use of mobile networks VU-M was maintained. However, in the arbitration by ANATEL, while the cost model will not be implemented until 2010, ANATEL will decide the new value of VU-M by reference to the existing ratio (as of January 1, 2006) between the value of VU-M and the value of VC-1. In addition, under the ANATEL rules, the retail rates charged to customers for local fixed to mobile calls cannot be less than the sum of the interconnection fees charged on the local fixed and mobile terminations.

Under Resolution 438/2006, ANATEL also eliminated the partial Bill & Keep rule for network usage between SMP networks. The applicable rule is now full billing, where the SMP operator pays the entire call termination fee of the other mobile network. The rule of the partial Bill & Keep had been maintained by the SMP and SME (trunking) networks. Before full billing, an SMP operator used to pay for the use of another SMP operator's network in the same registration area only if the traffic carried from the first operator to the second exceeded 55% of the total traffic exchanged between them. In that case, only those calls that surpassed the 55% level were subject to payment for network usage.

Table of Contents

ANATEL also issued Regulation No. 460/2007 regarding number portability that implemented and developed fixed and wireless number portability in Brazil effective as of March 2009, with most costs to be borne by the operators. For SMP, number portability is applied for wireless codes of access of the same registration area. Until December 2008, there were 150.6 million cell phones in Brazil. After the start of number portability in September 2008, 427,275 people changed their operator as of March 31, 2009. For fixed operators, number portability is applied for fixed codes of access of the same local area. There can be no assurance that this new regulation will not have material adverse effects on the results of Vivo's and TCP's operations.

Vivo and TCP cannot predict whether the current regulatory regime will remain in place or whether any future regulatory change will have an adverse effect on Vivo and TCP's results of operations. They cannot assure you that the interconnection rates they negotiated will be upheld or that future negotiations will be as favorable as those that were previously set by ANATEL. If the readjustments that the Companies negotiated are cancelled or if freely negotiated interconnection fees in the future are less favorable to the Companies, their business, financial condition, revenues, results of operations and prospects will be adversely affected.

If the inflation adjustment index now applied to the Companies' prices is changed, the new index may not adequately reflect the true effect of inflation on the Companies' prices, which could adversely affect the Companies' results of operations.

The Brazilian government currently uses the General Price Index, or the IGP-DI (the *Índice Geral de Preços Disponibilidade Interna*), an inflation index developed by the *Fundação Getúlio Vargas*, a private Brazilian economic organization, in connection with the prices charged in the wireless telecommunications industry. Starting in 2010, the Brazilian government will begin regulating the telecommunications industry based on an economic model (FAC, or Fully Allocated Costs) that analyzes companies' total costs based on a theoretical company's costs and other factors. In connection with the introduction of this model, the Brazilian government will use a different inflation adjustment mechanism, the IST index (*Índice de Serviços de Telecomunicações*), starting in 2010. Under Resolution 438/2006, after the economic model is implemented in 2010, ANATEL will determine the reference cost of using mobile networks (RVU-M) for SMP providers who have significant market power, which will be used in the arbitration case by ANATEL to determine the value of VU-M. The inflation adjustment of the RVU-M value will use the IST index. In the auctions by SMP of new radio frequency bands, ANATEL has been using the IST index for determining the value of the installments to be paid for the licenses. If this new inflation adjustment mechanism, or any other mechanism chosen by the Brazilian government in the future, does not adequately reflect the true effect of inflation on the Companies' prices, the Companies' results of operations could be adversely affected.

ANATEL's new regulation regarding interconnection and network usage fees could have an adverse effect on the Companies' results.

Since the beginning of 2005, ANATEL published the following new regulations on interconnection and network usage fees of SMP providers, some of which could have an adverse effect on the Companies' results: (1) new General Regulation of Interconnection (*Regulamento Geral de Interconexão* Resolution No. 410/2005, or RGI); (2) the Regulation of Separation and Allocation of Costs (Resolution No. 396/2005); (3) the Regulation for Network Usage Fees of SMP providers (*Regulamento de Remuneração pelo Uso de Redes de Prestadoras do SMP* Resolution No. 438/2006 and Resolutions No. 480/2007, 483/2007 and 503/2008) and (4) the Regulation for Usage of Spectrum in the 800, 900, 1800, 1900 and 2100MHz bands (Resolution No. 454/2006). The following are some of the changes in the regulation that may adversely affect the Companies' results:

two SMP providers controlled by the same economic group can receive only one instead of two interconnection charges (VU-M) for calls originated and terminated in their networks;

new negotiation rules for VU-M prices by which ANATEL will have a role in determining reference prices rather than the current free-market negotiation of prices. The reference prices will apply to SMP

Table of Contents

providers that have significant market power, which may be the case of Vivo, TCP, and TC (until further decision by ANATEL, all operators are considered to have significant market power).

Reference prices were cost based commencing in 2008. The prices are calculated according to the regulation on Costs Separation and Allocation (Resolution No. 396/2005);

VU-M prices must follow the discounts granted to fixed telephony customers for out-of-business- hours calls;

when receiving calls from public telephones, VU-M will adopt the same tariff rules that apply to public telephones;

creation of VU-M price unification among SMP providers of the same economic group having significant market power; and

the interconnection payments between SMP operators for traffic in the same registration area may occur independently of the traffic balance between the operators (this regime is referred to as full billing). Before the adoption of the above-mentioned regulation, payments between SMP operators for traffic in the same area only occurred when the traffic balance between any two companies was either less than 45% or in excess of 55% (this regime is referred to as partial bill and keep).

The Invitation Document numbered 002/2007/SPV-ANATEL relates to the auction organized by ANATEL in December 2007 of new licenses (3G licenses) for the 1900-2100 MHz radio frequency bands denominated the F , G , I and J bands, and states that, in the maximum allowed period of eighteen months from the publication of the Terms of Authorization on April 30, 2008, the authorizations resulting from this auction will be combined with the existing SMP authorizations given to the bid winners when pertaining to the same region of the general authorization plan of SMP. Vivo and TC acquired spectrum licenses for the J band in regions where the Companies possess SMP licenses. In addition, the Invitation Document modifies the rule for the renewal of radio frequency licenses and includes in the calculation of operating profits the remuneration received for the use of the SMP network together with the profits earned from the service plans.

In 2008, ANATEL published the general plan for updating the Brazilian telecommunications regulation (*Plano Geral de Atualização da Regulamentação das Telecomunicações no Brasil* Resolution number 516/2008, or PGR).

Such new regulations could have an adverse effect on the Companies' results of operations because: (1) their interconnection charges could drop significantly, thereby reducing their revenues; (2) ANATEL may allow more favorable prices for economic groups without significant market power; (3) the prices they charge in some regions in which they operate are higher than those in some other regions, and consolidation of those prices, competitive pressures and other factors would reduce their average prices and thereby reduce their revenues; (4) the granting of new licenses may increase competition in their area from other operators, which could adversely affect their market share, thereby reducing their revenues; (5) the inclusion in the calculation of operating profits the remuneration received for the use of the SMP network will increase the cost of renewing licenses; (6) in ANATEL's general plan of updating the telecommunications regulation, ANATEL targets several areas of vital importance for the mobile telecommunications business, such as regulation to improve the quality of services, that can cause the rise of operational costs, regulation of the virtual mobile operation (MVNO), that can cause an increase in competitive pressure, regulation against significant market power (*Poder de Mercado Significativo* PMS) arising from VU-M price unification among SMP providers of the same economic group having significant market power, that can reduce the Companies' revenues, and regulation of multimedia communication (*Serviço de Comunicação Multimídia* SCM), that can cause an increase in competitive pressure.

Table of Contents

Vivo and TCP face substantial competition that may reduce their market share and harm their financial performance.

There is substantial competition in the telecommunications industry. We not only compete with companies that provide SMP service and trunking but also with companies that provide fixed-line telecommunications and Internet access services, due to the trend towards the convergence and substitution of SMP services for these other services.

We expect competition to intensify as a result of the entry of new competitors and the rapid development of new technologies, products and services. Our ability to compete successfully will depend on our marketing techniques and on our ability to anticipate and respond to various competitive factors affecting the industry, including new services that may be introduced, changes in consumer preferences, demographic trends, economic conditions and discount pricing strategies by our competitors. If we do not keep pace with technological advances, or if we fail to respond timely to changes in competitive factors in our industry, we could continue to lose market share and could suffer a decline in our revenue. Competition from other SMP communications service providers in the regions in which we operate has also affected, and may continue to affect, our financial results by causing, among other things, a decrease in our customer growth rate, decreases in prices and increases in selling expenses. We also face indirect competition from telecommunications companies providing fixed line services and from high-speed Internet service providers.

These factors have already contributed to a negative effect on our market share and our results of operations and could have a material adverse effect on our business and results of operations in the future. As a result of competitive pressures, for example, our market share decreased from 30.5% as of March 31, 2008 to 29.7% as of March 31, 2009, in spite of our market share of net additions to our customer base increasing from 24.4% for the twelve months ended December 31, 2007 to 26.3% for the twelve months ended December 31, 2008. In addition, our net additions of customers increased 26.8% from the twelve months ended December 31, 2007 to the twelve months ended December 31, 2008 including clients of TC.

The ultimate impact that existing competition will have on our business is not yet clear. Our competitors may be able to offer lower prices than we do and to develop and deploy more rapidly new or improved wireless technologies, services and products. Our response to competition may require us to lower rates or extend higher subsidies to our customers for the acquisition of handsets, thereby adversely affecting our margins.

In addition, market participants in other areas of Brazil may also seek to operate in our area, most likely through acquisitions. Recently, there has been consolidation in the Brazilian telecommunications market, and we believe this trend may continue. Consolidation may result in increased competitive pressures within our market. We may be unable to respond adequately to pricing pressures resulting from consolidation, which would adversely affect our business, financial condition and results of operations.

While TCP was initially the only cellular operator in the State of Minas Gerais, the emergence of other wireless telecommunications operators in that area has created an intensely competitive environment for TCP in Minas Gerais. Currently, in addition to TCP there are four other wireless service providers operating within that same authorization area in Minas Gerais. TCP faces competition from the following operators: (a) TIM, the B band frequency range operator that launched its services in December, 1998 TIM is primarily owned by Telecom Italia and operates in the entire State of Minas Gerais using TDMA and GSM technologies; (b) Oi, the D band operator that launched its services in June, 2002 Oi is a subsidiary of Tele Norte Leste Participações S.A. (Telemar) and operates in the entire State of Minas Gerais using GSM technology; (c) Claro, the E band operator that launched its services in the fourth quarter of 2005 Claro is controlled by América Móvil and operates in an area that comprises most of the State of Minas Gerais using GSM technology Claro is not present in the *Triângulo Mineiro* region; and, (d) CTBC Celular, an A band operator that provides services only in the *Triângulo Mineiro* region CTBC Celular is controlled by CTBC, a fixed-line operator and uses both TDMA and GSM technologies. The intense competition in TCP's market in Minas Gerais has resulted in the gradual reduction of its total market share, which was an estimated 28.7% on December 31, 2008, as compared to 29.1% and 31.6% on December 31, 2007 and 2006, respectively.

Table of Contents

The Companies' results of operations have been negatively affected by a decrease in their customer growth and could also be affected if their rate of customer turnover increases.

The Companies' rate of acquisition of new customers can be negatively affected by market penetration. In addition, if the Companies' rate of customer turnover were to increase significantly, their results of operations and or competitive position could be adversely affected. Several factors in addition to competitive pressures could influence the Companies' rate of acquisition of new customers and their rate of customer turnover, including limited network coverage, lack of sufficient reliability of their services and economic conditions in Brazil.

The industry in which we conduct our business is subject to rapid technological changes and these changes could have a material adverse effect on our ability to provide competitive services.

The telecommunications industry is subject to rapid and significant technological changes, particularly relating to technological development, ongoing improvements in the capacity, quality and data transmission speed of digital technology, shorter development cycles for new products, and changes in end-user needs and preferences. For instance, the rapid growth in the use of Universal Mobile Telecommunications System, or UMTS, and High-Speed Packet Access, or HSPA, technology worldwide has favored its use in Brazil. Mobile broadband access is the mechanism used to increase all operator services' portfolio, customer loyalty and the average revenue per user, or ARPU. In this scenario, the number of providers of wireless services increased. It is of primary importance to develop network technology through IP internetworking and to enable the network to provide one new level of bandwidth. Alternative technologies may be developed to provide services to customers that are superior to those that we provide together with TCP. The introduction of these new technologies may result in an accelerated erosion of our market share (including TCP's) or require us to incur significant capital expenditures in response to competitive pressures that are driven by technological advances. For example, the growing use in Brazil of GSM technology by other wireless service providers and the dwindling supply of Time Division Multiple Access, or TDMA, handsets, were among the important factors that prompted TCP to migrate its network from TDMA to GSM technology. We cannot assure you that similar technology advances in the future will not force us to make additional changes or investments in our network that we are not currently contemplating.

Our success depends, in part, on our ability to anticipate and adapt in a timely manner to technological changes. We expect that new products and technologies will emerge and that existing products and technologies will be further developed.

The advent of new products and technologies could have a variety of consequences for us. These new products and technologies may reduce the price of our services by providing lower-cost alternatives, or they may be superior to, and render obsolete, the products and services we offer and the technologies we use, requiring investment in new technology. The cost of upgrading our products and technology in order to continue to compete effectively could be significant, and our ability to fund the upgrading may depend on our ability to obtain additional financing.

The cellular industry, including us and our subsidiaries, may be harmed by reports suggesting that radio frequency emissions cause health problems and interfere with medical devices.

Media and other reports have suggested that radio frequency emissions from base stations may cause health problems. These concerns could have an adverse effect on the wireless communications industry and, possibly, expose wireless providers, including us, to litigation. According to the World Health Organization (WHO), there is no evidence in the latest medical research that shows any relationship between radio frequency emissions of base stations and health concerns. And although we do not know of any definitive studies showing that radio frequency raises health care concerns, concerns over radio frequency emissions may discourage the use of wireless handsets or expose us to potential litigation, which could have a material adverse effect on our business,

Table of Contents

financial condition, revenues, results of operations and prospects. Moreover, expansion of our network may be affected by perceived risks if we experience problems in finding new sites, which in turn may delay expansion and may affect the quality of our services. On July 2, 2002, ANATEL published Resolution No. 303 that limits emission and exposure for fields with frequencies between 9 kHz and 300 GHz. In addition, the Brazilian government is developing specific legislation for the deployment of radio frequency transmission stations that will supersede the existing state and municipal laws. The new laws may create additional transmission regulations which, in turn, could have an adverse effect on our business.

We and our subsidiaries face risks associated with litigation.

Vivo and our subsidiaries, including TCP and Vivo S.A. are party to a number of lawsuits and other proceedings. An adverse outcome in, or any settlement of, these or other lawsuits could result in significant costs to us. In addition, our senior management may be required to devote substantial time to these lawsuits, which they could otherwise devote to our business.

As of December 31, 2008, Vivo maintained provisions in the total amount of R\$255.0 million in connection with its civil and labor related claims and placed R\$79.8 million in escrow deposits with the relevant courts. The majority of Vivo's material legal proceedings are related to tax matters and they had reserves in the total amount of R\$575.0 million for contingent liabilities, with corresponding escrow deposits of R\$494.9 million. As of December 31, 2008, TCP maintained provisions in the total amount of R\$20.3 million in connection with its civil and labor related claims and placed R\$5.0 million in escrow deposits with the relevant courts. The majority of TCP's material legal proceedings are related to tax matters and they had reserves in the total amount of R\$365.2 million for contingent liabilities, with corresponding escrow deposits of R\$350.5 million.

The total amount of the contingencies, based on the value attributed to the lawsuit by the plaintiff, may not correspond to the economic value of the lawsuits, which may be substantially higher than the total amount of contingencies. If the cost of these lawsuits is higher than the amount attributed to them by the plaintiffs or, in the event the total amount of TCP's provisions does not suffice to pay the contingencies due, Vivo or TCP, as applicable, could incur greater costs than originally foreseen and could have to make adjustments to its provisions. In addition, adverse decisions in one or more of Vivo or TCP's lawsuits or disputes in amounts in excess of those deposited in court or provisioned may result in material losses, which may adversely affect Vivo or TCP's business and results of operations.

We may be required to record impairment charges relating to goodwill and long-lived assets in the future.

As of March 31, 2009, the amount of goodwill of Vivo is R\$1.4 million. We are required to test our goodwill for impairment at least annually. The difference between the book value of a company and its market value may indicate that an impairment exists. This impairment test is described in Note 39 to our audited consolidated financial statements, which are included in this prospectus/information statement. Vivo has substantial goodwill including from the acquisition of TCP on April 3, 2008, with a carrying value of R\$1.1 million as of December 31, 2008. It is possible that we may be required to record impairment charges relating to our goodwill in future periods and this would have an adverse effect on our results of operations. When we performed our last impairment test, our evaluation of our ability to recover the carrying value of our long-lived assets was based on projections of future operations that assumed a higher level of revenues and gross margin percentages than we have historically achieved. We may not be successful in achieving these improvements in our revenues and gross margin percentages due to the competitive environment, changes in technology or other factors. If we are unable to achieve these improvements, we may be required to record impairment charges related to our long-lived assets in future periods, and this could have an adverse effect on our operations.

In addition, we are required to record impairment charges on long-lived assets, including property, plant and equipment and finite-lived intangible assets (including concessions) if the carrying value of these assets exceeds

Table of Contents

the undiscounted cash flows expected from their use for purposes of U.S. GAAP. This impairment test is also described in Note 39(m) to our audited consolidated financial statements included in Vivo's Annual Report for the year ended December 31, 2008.

Risks Relating to Vivo's and TCP's Securities

Holders of Vivo's and TCP's preferred shares or ADSs may not receive any dividends.

According to Brazilian law and Vivo's and TCP's by-laws, Vivo and TCP must generally pay dividends to all shareholders equal to at least 25% of our annual net income, as determined and adjusted under the Brazilian law. These adjustments to net income for purposes of calculating the basis for dividends include allocations to various reserves that effectively reduce the amount available for the payment of dividends. Vivo was unable to pay minimum dividends for the fiscal years ended December 31, 2004, 2005 and 2007 because Vivo had net losses. For the fiscal year ended December 2006, Vivo was able to pay dividends because Vivo had net income, but the amounts paid were insufficient to meet the minimum legal requirement. In addition, according to Brazilian law, Vivo and TCP would not pay dividends to their shareholders in any particular fiscal year if Vivo's or TCP's Board of Directors determined that such distributions would be inadvisable in light of such company's financial condition. For the fiscal year ended December 31, 2008, Vivo's Board of Directors Meeting held on February 12, 2009 approved to pay dividends in the amount of R\$402.6 million, which is sufficient to meet the minimum dividend required by law. As a result, holders of Vivo's preferred shares will no longer have voting rights equal to those of the holders of common shares. According to the approval granted at the Board of Directors Meeting held on February 12, 2009 and at the General Meeting of Shareholders held on March 19, 2009, the dividends will be paid as of December 30, 2009 at which time voting rights on Vivo's preferred shares will cease.

TC and TCP have paid dividends for the fiscal year ended in December 31, 2008 in an amount that is greater than that required by their respective by-laws.

Since Vivo and TCP are a holding company, our income consists of distributions from their subsidiaries in the form of dividends or other advances and payments. Vivo and TCP do not generate our own operating revenues, and Vivo and TCP are dependent on dividends and other advances and payments for their cash flow, including making any dividend payments and making payments on their indebtedness.

Holders of our ADSs may face difficulties in serving process on or enforcing judgments against us and other persons.

We are organized under the laws of Brazil and most of our directors and executive officers and our independent public accountants reside or are based in Brazil. Substantially all of our assets and those of these other persons are located in Brazil. As a result, it may not be possible for holders of the ADSs to effect service of process upon us or these other persons within the United States or other jurisdictions outside Brazil or to enforce against us or these other persons judgments obtained in the United States or other jurisdictions outside Brazil. Because judgments of U.S. courts for civil liabilities based upon the U.S. federal securities laws may only be enforced in Brazil if certain conditions are met, holders may face greater difficulties in protecting their interests due to actions by us, our directors or executive officers than would shareholders of a U.S. corporation.

The relative volatility and illiquidity of the Brazilian securities markets may adversely affect holders of our ADSs.

Investments in securities, such as the preferred shares or ADSs, of issuers from emerging market countries, including Brazil, involves a higher degree of risk than investments in securities of issuers from more developed countries.

Table of Contents

The Brazilian securities market is substantially smaller, less liquid, more concentrated and more volatile than major securities markets in the United States. There is also significantly greater concentration in the Brazilian securities market than in major securities markets in the United States. These features may substantially limit the ability to sell the preferred shares underlying the ADSs at a price and time at which holders wish to do so. The BM&F BOVESPA had a market capitalization of US\$641.7 billion as of March 31, 2009, and an average monthly trading volume of approximately US\$36.9 billion for the first three months of 2009.

In comparison, the NYSE had a domestic market capitalization of US\$9.8 trillion (excluding funds and non-U.S. companies) as of March 31, 2009. A liquid and active market may never develop for our common shares, preferred shares or ADSs, and as a result, the ability of holders to sell at the desired price or time may be significantly hindered.

Holders of our ADSs may face difficulties in protecting their interests because we are subject to different corporate rules and regulations as a Brazilian company and our shareholders may have fewer and less well-defined rights.

Holders of ADSs are not direct shareholders of our company and are unable to enforce the rights of shareholders under our by-laws and Brazilian law. Our corporate affairs are governed by our by-laws and the Brazilian law, which differ from the legal principles that would apply if we were incorporated in a jurisdiction in the United States, or elsewhere outside Brazil. Under Brazilian law, the rights of a holder of our common shares or preferred shares to protect its interests with respect to actions by us, our directors or executive officers may be fewer and less well-defined than under the laws of other jurisdictions.

Although insider trading and price manipulation are crimes under Brazilian law, the Brazilian securities markets are not as highly regulated and supervised as the U.S. securities markets or the markets in some other jurisdictions. In addition, rules and policies against self-dealing or for preserving shareholder interests may be less well-defined and enforced in Brazil than in the United States and certain other countries, which may put holders of our common shares, preferred shares or ADSs at a potential disadvantage. In addition, the disclosure required of public companies in Brazil may be less complete or informative than that required of public companies in the United States or in certain other countries.

Our preferred shares and our ADSs generally do not have voting rights.

In accordance with Brazilian law and our by-laws, holders of our preferred shares, and therefore of our ADSs, are not entitled to vote at meetings of our shareholders, except in limited circumstances, such as Vivo preferred shareholders who, either individually or collectively, represent 10% or more of the total capital stock of the company and thereby have the right to elect one member of the Board of Directors. In accordance with Brazilian law and our by-laws, holders of preferred shares will have full voting rights in the event that we do not pay minimum dividends to those shareholders for three consecutive fiscal years, and those shareholders will retain those voting rights until we pay minimum dividends again.

Because we did not pay minimum dividends for the years ended December 31, 2001, 2002, 2003, 2004, 2005, 2006 and 2007, the holders of preferred shares have been able to exercise voting rights since the General Shareholders Meeting held in March 2004. However, once we begin to pay minimum dividends, these voting rights will cease.

Holders of our ADSs may find it difficult to exercise even their limited voting rights at our shareholders meetings. Holders of our ADSs may exercise the limited voting rights with respect to our preferred shares represented by the ADSs only in accordance with the deposit agreement related to the ADSs. There are practical limitations upon the ability of ADS holders to exercise their voting rights due to the additional steps involved in communicating with ADS holders. For example, we are required to publish a notice of our shareholders meetings

Table of Contents

in certain newspapers in Brazil. To the extent that holders of our preferred shares are entitled to vote at a shareholders meeting, they will be able to exercise their voting rights by attending the meeting in person or voting by proxy or its equivalent under Brazilian law. By contrast, holders of the ADSs will receive notice of a shareholders meeting by mail from the depositary following our notice to the depositary requesting the depositary to do so, and so may not receive voting materials in time to instruct the depositary to vote the preferred shares underlying their ADSs. To exercise their voting rights, ADS holders must instruct the depositary on a timely basis. If voting instructions for all or part of the ADSs are not timely received by the depositary, the depositary will assume that the holders of those ADSs are instructing it to give a discretionary proxy to a person designated by us to vote their ADSs, except in limited circumstances. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions of the holders of the ADSs or for the manner of carrying out those voting instructions. Accordingly, holders of the ADSs may not be able to exercise voting rights, and will have no recourse if the preferred shares underlying their ADSs are not voted as requested.

An exchange of ADSs for preferred shares risks the loss of certain foreign currency remittance and Brazilian tax advantages.

The ADSs benefit from the certificate of foreign capital registration, which permits The Bank of New York Mellon, as depositary, to convert dividends and other distributions with respect to preferred shares into foreign currency, and to remit the proceeds abroad. Holders of ADSs who exchange their ADSs for preferred shares will then be entitled to rely on the depositary's certificate of foreign capital registration for five business days from the date of exchange. Thereafter, they will not be able to remit non-Brazilian currency abroad unless they obtain their own certificate of foreign capital registration, or unless they qualify under Resolution 2,689 of the Central Bank of Brazil, dated January 26, 2000 and issued by BACEN, which entitles certain investors to buy and sell shares on Brazilian stock exchanges without obtaining separate certificates of registration.

If holders of ADSs do not qualify under Resolution 2,689, they will generally be subject to less favorable tax treatment on distributions with respect to our preferred shares. There can be no assurance that the depositary's certificate of registration or any certificate of foreign capital registration obtained by holders of ADSs will not be affected by future legislative or regulatory changes, or that additional Brazilian law restrictions applicable to their investment in the ADSs may not be imposed in the future.

Holders of our preferred shares will be subject to, and holders of our ADSs could be subject to, Brazilian income tax on capital gains from sales of preferred shares or ADSs.

Brazilian Law No. 10,833, dated December 29, 2003, provides that gains on the disposition of assets located in Brazil by non-residents of Brazil, whether to other non-residents or to Brazilian residents, will be subject to Brazilian taxation. The common shares and preferred shares are expected to be treated as assets located in Brazil for purposes of the law, and gains on the disposition of common shares and preferred shares, even by non-residents of Brazil, are expected to be subject to Brazilian taxation. In addition, the ADSs may be treated as assets located in Brazil for purposes of the law, and therefore gains on the disposition of ADSs by non-residents of Brazil may also be subject to Brazilian taxation. Although the holders of ADSs outside Brazil may have grounds to assert that Law No. 10,833 does not apply to sales or other dispositions of ADSs, it is not possible to predict whether that understanding will ultimately prevail in the courts of Brazil, given the general and unclear scope of Law No. 10,833 and the absence of judicial court rulings in respect thereto.

Table of Contents

Risks Relating to Brazil

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This influence, as well as Brazilian political and economic conditions, could adversely affect the Companies and the trading price of Vivo's and TCP's common shares, preferred shares and ADSs and TC's common and preferred shares.

In the past, the Brazilian government has intervened in the Brazilian economy and occasionally made changes in policy and regulations. The Brazilian government's actions to control inflation and affect other policies have involved wage and price controls, currency devaluations, capital controls, and limits on imports, among other things. The Companies' business, financial condition, results of operations and the market price of Vivo's and TCP's common and preferred shares and ADSs and TC's common and preferred shares may be adversely affected by changes in government policies, as well as general economic factors, including:

currency fluctuations;

exchange control policies;

internal economic growth;

inflation;

energy policy;

interest rates;

liquidity of domestic capital and lending markets;

tax policies (including reforms currently under discussion in the Brazilian Congress); and

other political, diplomatic, social and economic developments in or affecting Brazil.

Uncertainty over the possibility of the Brazilian government implementing changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Brazil and heightened volatility in the Brazilian securities markets and securities issued abroad by Brazilian companies. In addition, possible political crises may affect the confidence of investors and the public in general, which may result in economic deceleration and affect the trading prices of shares issued by companies listed on the NYSE and the BM&F BOVESPA, including the Companies.

Tax reforms may affect the prices of the Companies.

The Brazilian government has proposed tax reforms that are currently being considered by the Brazilian Congress. If the Companies experience a higher tax burden as a result of the tax reform, the Companies may have to pass the cost of that tax increase to their customers. This increase may have a material negative impact on the dividends paid by Vivo's subsidiary to Vivo and by TC to TCP, as well as on the Companies' revenues and operating results.

Political instability may have an adverse impact on the Brazilian economy and on the business of the Companies.

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Political crises in Brazil in the past have affected the trust of investors and the public in general, as well as the development of the economy. Political crises may have an adverse impact on the Brazilian economy, the Companies' business, financial condition and results of operations and the market price of Vivo's and TCP's preferred shares and ADSs and TC's preferred shares.

The Companies' business may be vulnerable to the current disruptions and volatility in the global financial markets.

Since August 2007, the global financial system has experienced difficult credit and liquidity conditions and disruptions leading to greater volatility. Since the fall of 2008, global financial markets deteriorated sharply and a

Table of Contents

number of major foreign financial institutions, including some of the largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies, were experiencing significant difficulties including runs on their deposits and inadequate liquidity.

In an attempt to increase liquidity in the financial markets and prevent the failure of the financial system, various governments have intervened on an unprecedented scale, but there is no assurance that these measures will successfully alleviate the current financial crisis.

Despite the extent of the above-mentioned intervention, global investor confidence remains low and credit remains relatively lacking. Continued or worsening disruption and volatility in the global financial markets could have a material adverse effect on the Companies' ability to access capital and liquidity on acceptable financial terms, and consequently on the Companies' operations. Furthermore, an economic downturn could negatively affect the financial stability of the Companies' customers, which could result in a general reduction in business activity and a consequent loss of income for the Companies.

Inflation and government efforts to curb inflation may contribute to economic uncertainty in Brazil, adversely affecting the Companies' business and results of operations.

The Brazilian economy has historically experienced high rates of inflation compared to other economies. Inflation and certain of the government's measures taken in the attempt to curb inflation have had significant negative effects on the Brazilian economy. The Consumer Prices Index (*Índice de Preços ao Consumidor*), or the IPCA, published by the *Instituto Brasileiro de Geografia e Estatística*, rose 1.23% in the first three months of 2009, reaching the target fixed by the National Monetary Council. This index had presented variations of 5.9% in 2008, 4.5% in 2007, 3.1% in 2006, 5.7% in 2005 and 7.6% in 2004.

Brazilian monetary policy will continue to use the IPCA as an inflation targeting system. The inflation target for the full year 2009 is 4.5% and if inflation increases beyond this target, basic interest rates may rise, causing direct effects on the cost of debt and indirect effects on the demand for telecommunication goods and services.

Fluctuations in the real/U.S. dollar exchange rate may adversely affect the Companies' ability to pay U.S. dollar-denominated or U.S. dollar-linked obligations and could lower the market value of Vivo's and TCP's preferred shares and ADSs and TC's preferred shares.

The Brazilian currency has experienced fluctuations against the U.S. dollar. The *real* was devalued against the U.S. dollar by 18.7% in 2001 and 52.3% in 2002. Over the next few years, in contrast, the *real* began appreciating against the U.S. dollar, increasing 22.3%, 8.8%, 11.8%, 8.7% and 17.2% in 2003, 2004, 2005, 2006 and 2007, respectively. However, the *real* depreciated against the U.S. dollar by 31.9% in 2008. In the first three month period of 2009, the *real* began appreciating against the U.S. dollar, increasing 0.72%. See Part Two: Summary Exchange Rates for more information on exchange rates.

Political, economic and social developments, and the perception of risk in other countries, especially emerging market countries, may adversely affect the Brazilian economy, the Companies' business, and the market price of Brazilian securities, including Vivo's and TCP's common shares, preferred shares and ADSs and TC's common and preferred shares.

The market for securities issued by Brazilian companies may be influenced, in varying degrees, by economic and international market conditions, especially by those in Latin American and other emerging markets. The reaction of investors to developments in other countries may have an adverse impact on the market value of securities of Brazilian companies. Crises in other emerging countries or the economic policies of other countries, in particular those of the United States, may reduce investor demand for securities of Brazilian companies, including Vivo's and TCP's common shares, preferred shares and ADSs and TC's common and preferred shares. Any of the foregoing developments may adversely affect the market value of Vivo's and TCP's

Table of Contents

common shares, preferred shares and ADSs and TC's common and preferred shares, and hinder Vivo's and TCP's ability to access the capital markets and finance their operations in the future on acceptable terms and costs, or at all.

Exchange controls and restrictions on remittances abroad may adversely affect holders of Vivo's and TCP's preferred shares and ADSs and TC's preferred shares.

Brazilian law allows that, whenever there is a significant imbalance in Brazil's balance of payments or a significant possibility that such imbalance will exist, the Brazilian government may impose temporary restrictions on capital outflows. Such restrictions could hinder or prevent the holders of the Companies' preferred shares or the depositary for Vivo's and TCP's ADSs from remitting dividends abroad. The Brazilian government imposed restrictions on capital outflows for a six-month period at the end of 1989. If similar restrictions are introduced in the future, they would likely have an adverse effect on the market price of Vivo's and TCP's preferred shares and ADSs and TC's preferred shares.

Increases in interest rates may have a material adverse effect on the Companies' business.

The Central Bank's Monetary Policy Committee (*Comitê de Política Monetária do Banco Central - COPOM*), establishes the basic interest rate target for the Brazilian financial system by reference to the level of economic growth of the Brazilian economy, the level of inflation and other economic indicators. As of December 31, 2004, 2005, 2006, 2007, 2008 first three month period of 2009, the basic interest rate was 17.8%, 18.0%, 13.3%, 11.3%, 13.8%, and 11.3%, respectively. In April 2009, the COPOM decreased the basic interest rate to 10.25%. Increases in interest rates may have a material adverse effect on the Companies.

Table of Contents

PART FOUR INFORMATION ON THE VIVO COMPANIES

Management's Discussion and Analysis of Financial Condition and Results of Operations of Vivo

You should read the following discussion in conjunction with our consolidated financial statements and accompanying notes in this prospectus/information statement. As a result of a change in Brazilian law with respect to financial reporting (Law 11,638), certain changes in accounting criteria became effective for fiscal year 2008. Pursuant to a CVM resolution, we elected to apply these changes in accounting criteria retroactively to our financial statements with an effective date as of January 1, 2007. As a result, certain adjustments have been made to our 2007 financial statements to make them comparable to our 2008 financial statements. We have elected not to restate our financial statements for fiscal years prior to 2007. Please see Note 2 to our 2008 financial statements contained in this prospectus/information statement for a qualitative and quantitative analysis of the changes resulting from the new accounting criteria. Additionally, Vivo's audited consolidated financial statements for the years ended December 31, 2008, 2007 and 2006 included in this prospectus/information statement have been adjusted to reflect the retrospective application of provisions of the Statement of Financial Accounting Standards (SFAS) No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51.

Overview

Our results of operations are principally affected by the following key factors.

Brazilian Political and Economic Environment

The Brazilian economy has experienced moderate growth during the last five years. According to the IBGE (*Instituto Brasileiro de Geografia e Estatística*), which uses a new methodology for national accounting, Brazil's GDP expanded 5.7% in 2004, 3.2% in 2005, 4.0% in 2006, 5.7% in 2007, and 5.1% in 2008.

Consumer prices, as measured by the Consumer Price Index, or the IPCA, published by the IBGE, registered an increase of 5.9% in 2008. Accordingly, growth in consumer prices was above the inflation target of 4.5% established by the Central Bank, but below the maximum target threshold of 6.5%. In 2006 and 2007, the increase had been of 3.1% and 4.5%, respectively. Inflation, as measured by the General Price Index, or the IGP-DI, calculated by the *Fundação Getúlio Vargas*, which includes wholesale retail and home-building prices, increased 9.1% in 2008, compared to 7.9% in 2007 and 3.8% in 2006.

As a result of this increasing inflation, the Central Bank raised interest rates beginning in the second quarter of 2008, and consequently, the Selic rate – the Central Bank's overnight lending rate – increased during the course of 2008 from 11.25% to 13.75%.

Brazil ended the year of 2008 with a trade balance surplus of US\$24.8 billion, compared to US\$40 billion in 2007. Exports increased by 17% to US\$197.9 billion, while imports increased by 43.5% to US\$173.1 billion. Financial inflows into the country increased significantly, with foreign direct investments of US\$45.1 billion, compared to US\$34.6 billion in 2007. The good performance of external accounts allowed international reserves to increase by US\$26.5 billion to a record level of US\$206.8 billion.

Public finance corresponded to the target of 4.1% of GDP for primary surplus. Net public debt, as a proportion of GDP, decreased in 2008 to 35.8% from 42.0% in 2007. In contrast to prior years, the depreciation of the national currency in 2008 did not generate greater public debt. This was due, in part, to a higher level of international reserves accumulated by the country as compared to the public debt, together with Brazil's becoming an international creditor rather than a debtor. As a result, Brazil's sovereign debt received an investment grade rating from Standard & Poor's and Fitch in March and April of 2008.

Despite the favorable ratings, the lack of liquidity in international credit markets and a higher level of risk aversion in the investment community led to an increase in country risk in 2008, as compared to 2007. The

Table of Contents

JP Morgan Emerging Markets Bond Index Plus (EMBI + Brazil), which tracks total returns for traded external debt instruments in the emerging markets, increased during the second half of 2008, reaching a 479 basis points in December, the highest level since September 2004.

As a result, the *real* depreciated against the U.S. dollar by 31.9% in 2008. During 2007, however, the Brazilian *real* continued its path of appreciation observed since 2004 primarily due to the decrease in country risk that year. The exchange rate was R\$1.77 to US\$1.00 as of December 31, 2007, compared to R\$2.14 to US\$1.00, as of December 31, 2006 and R\$2.34 to US\$1.00, as of December 31, 2005. The appreciation of the *real* in this context is also related to the devaluation of the U.S. dollar against other currencies.

Our business is directly affected by trends in the global economy and the Brazilian economy. If the Brazilian economy enters a period of continued recession, then demand for telecommunications services is likely to decline. Similarly, depreciation of the Brazilian *real* against the U.S. dollar could reduce the purchasing power of Brazilian consumers and negatively affect the ability of our customers to pay for our telecommunications services.

Inflation

The table below shows the Brazilian general price inflation (according to the IGP-DI and the IPCA) for the years ended December 31, 2004 through 2008:

	Inflation Rate (%) as Measured by IGP-DI (1)	Inflation Rate (%) as Measured by IPCA (2)
December 31, 2008	9.1	5.9
December 31, 2007	7.9	4.5
December 31, 2006	3.8	3.1
December 31, 2005	1.2	5.7
December 31, 2004	12.1	7.6

(1) *Source:* IGP-DI, as published by the *Fundação Getúlio Vargas*.

(2) *Source:* IPCA, as published by the *Instituto Brasileiro de Geografia e Estatística (IBGE)*.

Critical Accounting Policies

In preparing our consolidated financial statements, we have relied on estimates and assumptions derived from historical experience and various other factors that we deemed reasonable and relevant. Critical accounting policies are those that are important to the portrayal of our financial condition and results and utilize management's most difficult, subjective or complex judgments, estimates and assumptions. The significant accounting policies that we believe are critical to aid in fully understanding and evaluating our financial position and results of operations reported under Brazilian GAAP are described in Note 3 to Vivo's 2008 consolidated financial statements contained in this prospectus/information statement. A description of the differences in accounting policies between Brazilian GAAP and U.S. GAAP is included in Notes 39 and 40 to Vivo's consolidated financial statements. The application of these critical accounting policies often requires judgments made by our management regarding the effects of matters that are inherently uncertain on the carrying value of our assets and liabilities and the results of our operations. Our results of operation and financial condition may differ from those set forth in our consolidated financial statements, if our actual experience differs from management's assumptions and estimates. The following is a discussion of our critical accounting policies, including some of the variables, assumptions and sensitivities underlying the estimates relating to:

goodwill impairment;

revenue recognition;

depreciation of property, plant and equipment;

Table of Contents

impairment of long-lived assets;

provisions for contingencies;

deferred income taxes; and

financial instruments.

Goodwill impairment

Under Brazilian GAAP, the amount of goodwill impairment, if any, is measured based on projected discounted future operating cash flows. Under U.S. GAAP, pursuant to SFAS No. 142 *Goodwill and Other Intangible Assets*, goodwill is subject to a yearly impairment test. In performing the yearly impairment test, we identify our reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets. We then determine the fair value of each reporting unit and compare it to the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds the fair value of the reporting unit, we would be required to perform the second step of the impairment test that involves the determination of the implicit fair value of the goodwill in the reporting unit by performing a hypothetical purchase accounting calculation. If the implicit value of the goodwill exceeds its book value, an impairment is recognized. In October 2006, we completed restructurings resulting in a change in the Vivo's management structure and operating segments. As a result, Vivo had one reportable segment, which represented a reporting unit as of December 31, 2008 and 2007.

A determination of the fair value and the undiscounted future operating cash flows of our cellular business requires management to make certain assumptions and estimates with respect to projected cash inflows and outflows related to future revenues and expenditures and expenses. These assumptions and estimates can be influenced by different external and internal factors, such as economic tendencies, industry trends, and interest rates, changes in our business strategies and changes in the type of services we offer to the market. The use of different assumptions and estimates could significantly change our financial statements. If assumptions and estimates about the expected future net cash flows change in the future, we may have to recognize impairment charges on goodwill, which would decrease our results of operations and shareholders' equity.

Revenue recognition

Under Brazilian GAAP and U.S. GAAP, we recognize revenues as the services are provided. Under Brazilian GAAP, sales of wireless devices to dealers are recognized when the respective wireless device is activated by the end user. Prepaid service revenue is deferred and amortized based on subscriber airtime usage. Under U.S. GAAP, revenue from sales of wireless devices along with the related cost of the wireless devices are deferred and amortized over their estimated useful life. The excess of the cost over the amount of deferred revenue is recognized on the date of sale. Under U.S. GAAP, pursuant to EITF No. 00-21, *Revenue Arrangements with Multiple Deliverables*, the subsidiaries account separately for free minutes given in connection with the sale of handsets. Therefore, from January 1, 2004, we began to segregate free minutes given in connection with sales of wireless devices and recharges on prepaid phone plans. These minutes are recognized as used based on their respective estimated fair values.

We consider revenue recognition to be a critical accounting policy, because of the uncertainties caused by different factors such as the complex information technology required, high volume of transactions, fraud and piracy, accounting regulations, management's determination of collectability, uncertainties regarding our right to receive certain revenues (mainly revenues for usage of our network) and the estimation of fair value for certain transactions. Significant changes in these factors could cause us to fail to recognize revenues or to recognize revenues that we may not be able to realize in the future, despite our internal controls and procedures.

Table of Contents

Depreciation and amortization

Depreciation on property, plant and equipment and amortization of certain intangible assets are calculated on a straight-line method over the estimated useful lives of the underlying assets, which consider historical information available to us, as well as known industry trends. Determination of estimated useful lives of property, plant and equipment involves significant judgment and includes considerations of, among other issues, our expected usage of the asset and technical improvements that might require us to replace certain assets before the end of their estimated useful lives. A change in the estimate may cause us to accelerate depreciation and amortization or may require an impairment of the asset.

Impairment of long-lived assets

Under Brazilian GAAP, an impairment is recognized on long-lived assets such as property, plant and equipment and concession intangibles if the expected net cash flows generated by the respective asset are not sufficient to cover its book value. Under U.S. GAAP, in accordance with SFAS No. 144, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

A determination of the fair value of an asset requires management to make certain assumptions and estimates with respect to projected cash inflows and outflows related to future revenues and expenses. These assumptions and estimates can be influenced by different external and internal factors, such as economic tendencies, industry trends, interest rates and changes in the marketplace. A change in the assumptions and estimates that we use could change our estimate of the expected future net cash flows and lead to the recognition of an impairment charge on our property, plant and equipment or concession intangibles, which would decrease our results of operations and shareholders' equity.

Provision for contingencies

We are subject to proceedings, lawsuits and other claims related to tax, labor and civil matters. We are required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of reserves required, if any, for these contingencies is made after careful analysis of each individual issue, based on legal advice. The required reserves may change in the future due to new developments in each matter or changes in our approach in dealing with these matters, such as a change in settlement strategy. Future possible changes in the recorded reserve amounts would impact our results of operations in the period that such changes are recorded.

Deferred income taxes

We compute and pay income taxes based on results of operations under Brazilian GAAP. Under Brazilian GAAP and U.S. GAAP, we recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We regularly review the deferred tax assets for recoverability and establish a valuation allowance if it is more likely than not that the deferred tax assets will not be realized, based on historical taxable income, projected future taxable income, and the expected timing of the reversals of existing temporary differences. When performing such reviews, we are required to make significant estimates and assumptions about future taxable income. In order to determine future taxable income, we need to estimate future taxable revenues and deductible expenses, which are subject to different external and internal factors such as economic tendencies, industry trends, interest rates, changes in our business strategies and changes in the type of services we offer to the market. The use of different assumptions and estimates could significantly change our financial statements. A change in assumptions and estimates with respect to our expected future taxable income could result in the recognition of a valuation allowance on deferred

Table of Contents

income tax assets, which would decrease our results of operations and shareholders' equity. If we operate at a loss or are unable to generate sufficient future taxable income, if there is a material change in the actual effective tax rates, if the time period within which the underlying temporary differences become taxable or deductible, or there is any change in our future projections, we could be required to establish a valuation allowance against all or a significant portion of our deferred tax assets resulting in a substantial increase of our effective tax rate and a material adverse impact on our operating results.

Financial instruments

With respect to financial instruments, we must make assumptions as to future foreign currency exchange and interest rates. For a discussion of the possible impact of fluctuations in the foreign currency exchange and interest rates on our principal financial instruments and positions, see Item 11 Quantitative and Qualitative Disclosures About Market Risk in Vivo's Annual Report.

A. Operating Results

Merger of the Vivo Companies

In February 2006, shareholders of the Vivo companies approved their consolidation with one another through a Brazilian law procedure, or the Merger. Under the Merger, the Vivo Companies consolidated with one another so that TCO became a wholly owned subsidiary of Vivo pursuant to a merger of shares (*incorporação de ações*) of TCO and a merger of companies (*incorporação de empresas*) of TLE, TSD and Celular CRT with and into Vivo, with Vivo as the surviving company. Holders of common shares, preferred shares or (where applicable) ADSs of TCO, TLE, TSD and Celular CRT received common shares, preferred shares or ADSs, respectively, of Vivo upon approval of the Merger by the requisite percentage of the voting shareholders of Vivo, and of TCO, TLE, TSD and Celular CRT, as applicable. Upon the completion of the Merger, Telesp Celular Participações S.A. was renamed Vivo and has become the holding company of TCO and of the subsidiaries TLE, TSD and Celular CRT.

Pursuant to the Merger, Brasilcel and its subsidiaries hold, directly and indirectly, 89.6% of Vivo's common shares. Under the Protocol of Merger of Shares and Merger of Companies and Instrument of Justification agreements which govern the Merger, we underwent a capital increase in the amount of R\$2,631,136,636 as a result of the Merger, from R\$6,670,152,498 to R\$9,301,289,134. The agreements also provided that Celular CRT's preferred shares held in treasury be transferred to Telesp Celular Participações S.A. in connection with the Merger.

At a Vivo Shareholders Meeting held on February 22, 2006, Vivo reduced its capital in the amount of R\$3,147,782,181, from R\$6,670,152,498 to R\$3,522,370,316, as approved by management and the shareholders and in accordance with Brazilian law, which permits reductions in capital up to the amount of accumulated losses, allowing a more accurate valuation of the company and the possibility for eventual future distributions of dividends. The total capital of Vivo is R\$6,153,506,952, owing to an increase in the amount of R\$2,631,136,636 as a result of the Merger. For more information on the Merger, see the Protocol of Merger of Shares and Merger of Companies and Instrument of Justification among Telesp Celular Participações S.A. and TCO, TSD, TLE and Celular CRT dated December 4, 2005.

Under Brazilian GAAP, the Merger was recorded as from January 1, 2006. Since we were under common control with TSD, TLE and CRT since 2002, the financial information presented in this section combines the results of our operations with those of TSD, TLE and CRT for periods prior to January 1, 2006.

The Extraordinary Shareholders Meeting held on October 31, 2006 approved the Merger between the fully owned subsidiary GT with Vivo's other fully owned subsidiaries, including Telergipe, Telebahia, Telerj, Telest, Celular CRT, TC and TCO, as well as TCO's subsidiaries, Telegoiás, Telemat, Telems, Teleron, Teleacre, and NBT.

Table of Contents

The objective of the corporate restructuring was to simplify the corporate and operational structure by unifying the general business administration of the operations. Operations were concentrated in a single operating company controlled by Vivo, to take full advantage of the synergies between the companies involved, increase Vivo shareholder value and continue the process approved in the Extraordinary Shareholders Meeting held on February 22, 2006. Upon completion of the corporate restructuring, the name GT was changed to Vivo S.A.

Acquisition of Telpart, TCP and Tele Norte.

On August 2, 2007, Vivo signed a stock purchase agreement with Telpart to acquire control of TCP and Tele Norte Participações and 22.72% and 19.34%, respectively, of their total capital for an aggregate amount of R\$1.2 billion, subject to certain price adjustments. On April 3, 2008, Vivo announced that (i) all conditions precedent to the acquisition of TCP were fulfilled, (ii) Vivo had paid the purchase price in the total amount of R\$1.23 billion, including R\$70.51 million in connection with the acquisition of subscription rights, and (iii) Vivo had acquired, as of that date, the direct control of TCP. Later on, Vivo launched, through a subsidiary, tender offers for common and preferred shares of TCP and TC. After the acquisition from Telpart, the completion of the tender offers and a corporate reorganization, Vivo became, as of December 19, 2008, a holder of 96.994% of the common shares and 36.990% of the preferred shares in TCP and an indirect interest of 95.258% of the common shares and 36.054% of the preferred shares in TCP. See Item 4.A. Information on the Company Our History and Development Acquisition of Telpart, TCP and Tele Norte in Vivo's Annual Report.

On December 20, 2007, Vivo signed a stock purchase agreement with Telemar for the sale of all the shares of Tele Norte that it was acquiring from Telpart under the terms of the stock purchase agreement dated August 2, 2007. This additional stock purchase agreement was signed to facilitate Vivo's acquisition of the shares of TCP from Telpart. On April 3, 2008, Vivo transferred to Telemar all the shares of Tele Norte that it acquired from Telpart. See Item 4.A. Information on the Company Our History and Development Acquisition of Telpart, TCP and Tele Norte in Vivo's Annual Report.

Proposed Corporate Restructuring and Deregistration of TCP and TC

On March 23, 2009, in compliance with and for the purpose of Instructions CVM Nr. 319/99 and 358/02, the Board of Directors of Vivo, TCP, and TC unanimously approved to submit to the shareholders of all three companies the proposal for the Restructuring arising from the merger of the shares of TC into TCP and of TCP into Vivo, with the objective of making TC into a wholly-owned subsidiary of TCP and making TCP into a wholly-owned subsidiary of Vivo. See Item 4.A. Information on the Company Our History and Development of Vivo's Annual Report.

Table of Contents**Vivo s Unaudited Consolidated Results of Operations for the Three Months Ended March 31, 2009 and 2008**

The following table sets forth certain components of our results for the periods presented.

Statement of Operations (consolidated) under Brazilian GAAP

	Three month periods ended March 31,		Percent change %
	2009	2008	
	(in millions of reais)		
Net operating revenue	4,020.1	3,332.0	20.7
Cost of services and goods	(2,277.5)	(1,747.2)	30.4
Gross profit	1,742.6	1,584.8	10.0
Operating expenses:			
Selling	(989.0)	(878.6)	12.6
General and administrative	(349.0)	(288.4)	21.0
Other operating expenses, net	(5.6)	(121.0)	(95.4)
Total operating expenses	(1,343.6)	(1,288.0)	4.3
Operating income before financial expense, net	399.0	296.8	34.4
Net financial expenses	(149.1)	(57.2)	160.7
Net income before income and social contribution taxes and minority interests	249.9	239.6	4.3
Income and social contribution taxes	(113.8)	(142.0)	(19.9)
Minority interests	(12.6)		
Net Income	123.5	97.6	26.5

Operating Revenues

Our operating revenues consist of the following:

usage charges, which include charges for outgoing calls, monthly fee, roaming and similar service;

revenues from the sale of wireless devices and accessories;

interconnection charges (or network usage charges), which are amounts we charge other cellular and fixed-line or long-distance service providers for the use of our network; and

other charges, including charges for the text messaging services (SMS), WAP, downloads, call forwarding, call waiting, voicemail, and call blocking.

The composition of operating revenues by category of service is presented in our consolidated financial statements and discussed below. We do not present operating revenues on a net basis (i.e., after deduction of taxes) by category of service.

Table of Contents

The following table sets forth the components of our net operating revenues for the periods presented.

	Three months period ended March 31,		Percent change %
	2009	2008	
	(in millions of reais)		
Usage, additional call and monthly fee	2,583.1	2,098.1	23.1
Interconnection charges	1,584.1	1,366.6	15.9
Sales of wireless devices and accessories	738.4	654.4	12.8
Other	688.4	488.2	41.0
Gross operating revenue	5,594.0	4,607.3	21.4
Value-added and other indirect taxes	(1,132.8)	(916.9)	23.5
Discounts granted and return of goods	(441.1)	(358.4)	23.1
Net operating revenues	4,020.1	3,332.0	20.7

The following table sets forth the impact on net operating revenues of consolidating TCP for the months of January through March 2009.

	Period from January 31 to March 31, 2009 (in millions of reais)
Usage, additional call and monthly fee	299.2
Interconnection charges	165.4
Sales of wireless devices and accessories	38.4
Other	65.3
Gross operating revenue	568.3
Value-added and other indirect taxes	(99.2)
Discounts granted and return of goods	(69.9)
Net operating revenues	399.2

Net operating revenues increased by 20.7% to R\$4,020.1 million in March 2009 from R\$3,332.0 million in March 2008. The increase in March 2009 reflects the consolidation of R\$399.2 million of net operating revenues attributable to TCP for the months of January through March 2009. Vivo s (excluding TCP) net operating revenues increased 8.7% to R\$3,620.9 million in March 2009, from R\$3,332.0 million in March 2008, primarily due to an increase in revenues from additional call charges and monthly fee, interconnection charges and sales of wireless devices and accessories.

Usage, additional call and monthly fee. Revenues from usage charges increased by 23.1% to R\$2,583.1 million in March 2009, from R\$2,098.1 million in March 2008. The increase in 2009 reflects the consolidation of R\$299.2 million of usage, additional call and monthly fee attributable to TCP for the months of January through March 2009. Vivo s (excluding TCP) usage charges increased 8.9% to R\$2,283.9 million in March 2009, from R\$2,098.1 million in March 2008. The growth in usage charges in March 2009 was mainly due to an increase of 19.3% in our customer base to 40,963 million, excluding the customer base of TCP.

Interconnection charges. Revenues from interconnection charges increased by 15.9% to R\$1,584.1 million in March 2009, from R\$1,366.6 million in March 2008. The increase in 2009 reflects the consolidation of R\$165.4 million of interconnection charges attributable to TCP for the months of January through March 2009. Vivo s (excluding TCP) interconnection charges increased 3.8% to R\$1,418.7 million in March 2009, from R\$1,366.6 million in March 2008. The increase in interconnection charges in 2009 was principally due to an increase in mobile to mobile calls, concurrent with the growth in the number of terminals in use and the static number of fixed-line telephones.

Table of Contents

Sales of wireless devices and accessories. Revenues from sales of wireless devices and accessories increased by 12.8% to R\$738.4 million in March 2009 from R\$654.4 million in March 2008. The increase in 2009 reflects the consolidation of R\$38.4 million attributable to TCP for the months of January through March 2009. Vivo s (excluding TCP) sales of wireless devices and accessories increased 7.0% to R\$700.0 in March 2009, from R\$654.4 million in March 2008. The increase in 2009 was principally due to the foreign exchange devaluation between the periods and to the launching of the operations in the Northeast region, which was offset by an increased activity of sales of Sim Cards and wireless handsets with GSM technology which have a lower average retail price.

Revenues from sales of wireless devices and accessories are reported before commissions and promotional discounts, and include value-added taxes. In general, the purpose of wireless device sales is to encourage growth in customers and traffic (and not necessarily to generate profits). Accordingly, we subsidize part of the costs of wireless devices. The subsidy strategy resulted in a gross loss (calculated as the difference of net operating revenues from sales minus the cost of goods sold) for Vivo of R\$241.5 million (excluding TCP) in March 2009 and R\$192.8 million in March 2008.

Other. Revenues from other services increased 41.0% to R\$688.4 million in March 2009 from R\$488.2 million in March 2008. The increase was principally due to an increase in our customer base and an increase in the use of data-related services by our customers, including text message services, or SMS, wireless Internet services and other value-added services. The consolidation of revenues from other services of TCP for the months of January through March 2008 had a positive impact of R\$65.3 million.

Value-added and other indirect taxes. Value-added and other indirect taxes increased 23.5% to R\$1,132.8 million in March 2009 from R\$916.9 million in March 2008. The increase in 2009 (excluding TCP) was mainly due to an increase in gross operating revenue, particularly in revenue from usage charges. The consolidation of value-added and other indirect taxes of TCP for the months of January through March 2009 had a positive impact of R\$99.2 million. The effective rate of taxes on gross operating revenues varies depending on the composition of our revenues, since the interconnection charges are not subject to ICMS. Accordingly, value-added taxes and other indirect taxes corresponded to 20.3% (20.6% excluding TCP) and 19.9% of our gross operating revenues in March 2009 and March 2008, respectively.

Discounts and return of goods sold. Discounts and returns increased by 23.1% in March 2009 to R\$441.1 million, from R\$358.4 million in March 2008. Discounts and returns corresponded to 7.9% (7.4% excluding TCP) and 7.8% of our gross operating revenues in March 2009 and March 2008, respectively. The increase in 2009 reflects the consolidation of R\$69.9 million attributable to TCP for the months of January through March 2009. Vivo s (excluding TCP) discounts and return of goods sold increased 3.6% to R\$371.2 million in March 2009, from R\$358.4 million in March 2008 was mainly due to the increase in discounts on wireless devices as a result of the increase in the base of customers, which was offset by an increase in sales of wireless handsets with GSM technology which have a lower average cost.

Table of Contents**Cost of Services and Goods**

The following table sets forth the components of our costs of services and goods sold for periods ended March 2009 and 2008, as well as the percentage change from the previous periods.

	Three month periods ended March 31,		Percent change %
	2009	2008	
	(in millions of reais)		
Cost of goods sold	(613.1)	(502.2)	22.1
Depreciation and amortization	(556.6)	(380.5)	46.3
Supplies, outside services other	(133.4)	(125.7)	6.1
Interconnection charges	(533.6)	(449.7)	18.7
Rent, insurance, condominium fees, and leased lines	(172.0)	(102.3)	68.1
Personnel	(36.8)	(24.1)	52.7
Taxes	(232.0)	(162.7)	42.6
Cost of services and goods	(2,277.5)	(1,747.2)	30.3

The following table sets forth the impact on costs of services and goods of consolidating TCP for the months of January through March 2009.

	Period from January 31 to March 31, 2009 (in millions of reais)
Cost of goods sold	(54.1)
Depreciation and amortization	(56.5)
Supplies, outside services other	(14.3)
Interconnection charges	(78.5)
Rent, insurance, condominium fees, and leased lines	(28.0)
Personnel	(5.2)
Taxes	(25.5)
Cost of services and goods	(262.1)

Cost of services and goods increased by 30.3% in March 2009 to R\$2,277.5 million, from R\$1,747.2 million in March 2008. The increase in 2009 reflects the consolidation of R\$262.1 million of cost of services and goods attributable to TCP for the months of January through March 2009. Vivo's (excluding TCP) cost of services and goods increased 15.4% to R\$2,015.4 million in March 2009, from R\$1,747.2 million in March 2008. The increase in 2009 was mainly due to an increase in depreciation and amortization costs, cost of goods sold and taxes. Gross margin (gross profit as a percent of net operating revenues) corresponded to 43.3% (44.3% excluding TCP) and 47.6% in March 2009 and March 2008, respectively.

Cost of goods sold. Cost of wireless devices and accessories increased 22.1% to R\$613.1 million in March 2009, from R\$502.2 million in March 2008. The increase in 2009 reflects the consolidation of R\$54.1 million of cost of goods sold attributable to TCP for the months of January through March 2009. Vivo's (excluding TCP) cost of goods sold increased 11.3% to R\$559.0 million in March 2009, from R\$502.2 million in March 2008. The increase in 2009 was mainly due to the increase of the base customers who purchased handheld devices with GSM technology, which have a lower average cost, but which have sold in generally higher volumes.

Depreciation and amortization. Depreciation and amortization expenses increased 46.3% to R\$556.6 million in March 2009, from R\$380.5 million in March 2008. In 2009, the consolidation of depreciation and amortization expenses of TCP for the months of January through March 2009 had a negative impact of R\$56.5 million. The increase in 2009 (excluding TCP) was mainly due to the accelerated depreciation of CDMA technologies and to the digital ERBs, investments made in the period and in addition to the amortization of the goodwill as a result of the acquisition of TCP.

Table of Contents

Supplies, outside services and other. Cost of materials and third-party services increased 6.1% to R\$133.4 million in March 2009, from R\$125.7 million in March 2008. The increase in 2009 reflects the consolidation of R\$14.3 million attributable to TCP for the months of January through March 2009. Vivo s (excluding TCP) supplies, outside services and other decreased 5.3% to R\$119.1 million in March 2009, from R\$125.7 million in March 2008. The decrease in 2009 was mainly due to a decreased in the third-party services, mainly in plant maintenance.

Interconnection charges. Interconnection charges increased 18.7% to R\$533.6 million in March 2009, from R\$449.7 million in March 2008. The increase in 2009 reflects the consolidation of R\$78.5 million of interconnection charges attributable to TCP for the months of January through March 2009. Vivo s (excluding TCP) interconnection charges increased 1.2% to R\$455.1 in March 2009, from R\$449.7 million in March 2008. The increase in 2009 is due to an increase in our customer base and in outgoing call traffic.

Rent, insurance, condominium fees, and leased lines. Rent, insurance, condominium fees, and leased lines expenses increased 68.1% to R\$172.0 million in March 2009, from R\$102.3 million in March 2008. The increase in 2009 reflects the consolidation of R\$28.0 million attributable to TCP for the months of January through March 2009. The increase in 2009 (excluding TCP) was mainly due to an increase in lease payments for shared retail space and in the utilization of the circuits.

Personnel. Personnel expenses increased 52.7% to R\$36.8 million in March 2009, from R\$24.1 million in March 2008. The increase in 2009 reflects the consolidation of R\$5.2 million attributable to TCP for the months of January through March 2009. Vivo s (excluding TCP) personnel expenses increased 31.1% to R\$31.6 million in March 2009, from R\$24.1 million in March 2008, mainly due to an increase in salaries under the terms of our collective bargaining agreement, which we renegotiate annually and to training program costs.

Taxes. Taxes increased 42.6% to R\$232.0 million in March 2009, from R\$162.7 million in arch 2008. In 2009, the increase was primarily attributable to the consolidation of FISTEL and other taxes of TCP for the months of January through March 2009 in the amount of R\$25.5 million. The increase in 2009 was mainly due to an increase in FISTEL, due to an increase in the customer base.

Operating Expenses

The following table sets forth the components of our operating expenses for each of the periods ended March 31, 2009 and 2008, as well as the percentage change from the prior year.

	Three months period ended March 31,		Percent change %
	2009 (in millions of reais)	2008 (in millions of reais)	
Selling expenses	(989.0)	(878.6)	12.6
General and administrative expenses	(349.0)	(288.4)	21.0
Other net operating expenses	(5.6)	(121.0)	(95.4)
Total	(1,343.6)	(1,288.0)	4.3

The following table sets forth the impact on operating expenses of consolidating TCP for the months of January through March 2009.

	Period from January 31 to March 31, 2009 (in millions of reais)
Selling expenses	(76.9)
General and administrative expenses	(47.0)
Other net operating revenue (expenses)	11.6
Total	(112.3)

Table of Contents

Vivo's operating expenses increased 4.3% to R\$1,343.6 million in March 2009, from R\$1,288.0 million in March 2008. The increase in 2009 reflects the consolidation of R\$112.3 million of operating expenses attributable to TCP for the months of January through March 2009. Vivo's (excluding TCP) operating expenses decreased 4.4% to R\$1,231.3 million in March 2009, from R\$1,288.0 million in March 2008. The decrease in operating expenses in 2009 was principally due to a decrease in other net operating revenues, partially offset by a positive value in selling expenses and general and administrative expenses.

Selling expenses. Selling expenses increased 12.6% to R\$989.0 million in March 2009, from R\$878.6 million in March 2008. In 2009, the consolidation of selling expenses of TCP for the months of January through March 2009 had a negative impact of R\$76.9 million. The increase in 2009 (excluding TCP) was principally due to an increase in third-party costs such as: publicity and advertising, outsourced labor and client care. The increase was partially offset by a reduction in the provision for doubtful accounts and customer retention efforts.

General and administrative expenses. General and administrative expenses increased 21.0% to R\$349.0 million in March 2009, from R\$288.4 million in March 2008. In 2009, the consolidation of general and administrative expenses of TCP for the months of January through March 2009 had a negative impact of R\$47.0 million. The increase in 2009 (excluding TCP) was principally due to an increase in depreciation and amortization, offset partially by a reduction in third-party costs, mainly due to consulting fees.

Other net operating expenses. The net amount of other operating expenses decreased by 95.4% to R\$5.6 million in March 2009, from R\$121.0 million in March 2008. The decrease in 2009 reflects the consolidation of R\$11.6 million of other net operating revenues attributable to TCP for the months of January through March 2009. Vivo's (excluding TCP) other net operating expenses decreased 85.7% to R\$17.2 in March 2009, from R\$121.0 million in March 2008. The decrease in 2009 was principally due the reversal of provisions and a reduction in goodwill amortization.

Net Financial Expenses

The following table sets forth certain components of our net financial expenses, as well as the percentage change of each component from the previous periods ended of March 2009 and 2008.

	Three months period ended March 31,		Percent change %
	2009 (in millions of reais)	2008	
Financial income	87.9	75.3	16.7
Exchange gains (losses)	51.2	(124.5)	n.a
Gains (losses) on foreign currency derivative contracts	(105.4)	54.6	n.a
Financial expenses	(182.8)	(62.6)	192.0
Total	(149.1)	(57.2)	160.7

The following table sets forth the impact on operating expenses of consolidating TCP for the months of January through March 2009.

	Period from January 31 to March 31, 2009 (in millions of reais)
Financial income	25.6
Exchange gains (losses)	(2.7)
Gains (losses) on foreign currency derivative contracts	0.9
Financial expenses	(3.3)
Total	20.5

Table of Contents

Net financial expenses reflect, among other things, the net effect of interest income and expense, and the net effect of exchange rate fluctuation affecting our loans, financings and derivative operations. Our net financial expenses increased 160.7% to R\$149.1 million in March 2009, from R\$57.2 million in March 2008. The increase in 2009 was principally due to the net debt generated in the acquisition of TCP and recognition of financing charges in connection with our new 3G licenses and the effective interest rate increased to 2.85% in March 2009 from 2.53% in March 2008. In 2009, the consolidation of TCP for the months of January through March 2009 had a positive impact of R\$20.6 million.

As of March 31, 2009, all of our foreign exchange indebtedness of approximately R\$1,826.4 million was covered by long positions under hedging agreements. Under those derivative agreements, our subsidiaries' foreign exchange-denominated obligations are swapped for *real*-denominated obligations bearing interest at rates linked to the *Certificado de Depósito Interfinanceiro* (Interbank Deposit Certificate), or CDI. This resulted in a gain of R\$51.2 million in our foreign currency-denominated debt, which was offset by loss in our currency and interest rate derivatives contracts of R\$105.4 million in March 2009.

Income and Social Contribution Taxes Income (Expense)

We recorded expenses from income and social contribution taxes in the amount of R\$113.8 million in March 2009, a decrease of 19.9% from an expense of R\$142.0 million in March 2008. The increase in 2009 is related to higher net income before income and social contribution taxes compared to 2008.

Minority Interest

The minority interest recorded for the period ended March 31, 2009 was in the amount of \$12.6 million and represented the minority interest in TCP. In the period ended March 2008, there was no minority interest recorded for Vivo.

Vivo's Consolidated Results of Operations for the Years Ended December 31, 2008, 2007 and 2006

The following table sets forth certain components of our results for the periods presented.

Statement of Operations (consolidated) under Brazilian GAAP

	Year ended December 31,			Percent change	
	2008	2007	2006	2008-2007	2007-2006
	(in millions of reais)				
Net operating revenue	15,469.7	12,492.5	10,936.7	23.8	14.2
Cost of services and goods	(8,141.5)	(6,623.3)	(5,564.2)	22.9	19.0
Gross profit	7,328.2	5,869.2	5,372.5	24.9	9.2
Operating expenses:					
Selling	(4,104.4)	(3,532.8)	(3,751.1)	16.2	(5.8)
General and administrative	(1,204.3)	(1,207.2)	(1,099.7)	(0.2)	9.8
Other operating expenses, net	(469.9)	(509.4)	(319.5)	(7.8)	(59.4)
Total operating expenses	(5,778.6)	(5,249.4)	(5,170.3)	10.1	1.5
Operating income before financial expense, net	1,549.6	619.8	202.2	150.0	206.5
Net financial expenses	(637.7)	(462.8)	(748.0)	37.8	(38.1)
Operating income (loss)	911.9	157.0	(545.8)	480.6	(128.8)
Net non-operating expense			(289.0)		
Net income (loss) before income and social contribution taxes and minority interests	911.9	157.0	(834.8)	480.6	(118.8)
Income and social contribution taxes	(469.5)	(256.8)	859.1	82.8	(129.9)
Minority interests	(52.7)		(8.0)		
Net Income (loss)	389.7	(99.8)	16.3	(490.5)	(712.3)

Table of Contents

Operating Revenues

Our operating revenues consist of the following:

usage charges, which include charges for outgoing calls, monthly fee, roaming and similar service;

revenues from the sale of wireless devices and accessories;