

TELESP CELLULAR HOLDING CO /ADR/  
Form 6-K  
November 03, 2005

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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### FORM 6-K

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

For the month of October, 2005

Commission File Number 1-14493

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### TELESP CELULAR PARTICIPAÇÕES S.A.

(Exact name of registrant as specified in its charter)

### Telesp Cellular Holding Company

(Translation of Registrant's name into English)

Av. Roque Petroni Jr., no.1464, 6<sup>th</sup> floor part, "B"building  
04707-000 - São Paulo, SP  
Federative Republic of Brazil  
(Address of principal executive office)

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

Form 20-F  Form 40-F

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

Yes  No

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**VIVO, THE SOUTHERN HEMISPHERE'S LARGEST WIRELESS  
COMMUNICATION GROUP, ANNOUNCES THIRD QUARTER 2005  
CONSOLIDATED RESULTS OF TELESP CELULAR PARTICIPAÇÕES S.A.**

**São Paulo - Brazil, October 27, 2005** – Telesp Celular Participações S.A. (TCP) (BOVESPA: TSPP3 (ON = Common Shares) / TSPP4 (PN = Preferred Shares); NYSE: TCP), announced today its consolidated results for third quarter 2005 (3Q05). The Company's operating and financial information, except as otherwise indicated, is presented in Brazilian reais in accordance with Brazilian Corporate Law. TCP controls: (i) 100% of the share capital of Telesp Celular S.A. (TC); (ii) 100% of the share capital of Global Telecom S.A. (GT); and (iii) 90.59% of the voting capital (52.47% of the total capital), of Tele Centro Oeste Celular Participações S.A. (TCO).

| <b>HIGHLIGHTS</b>                    |                  |                  |               |                  |               |
|--------------------------------------|------------------|------------------|---------------|------------------|---------------|
| <b>R\$ million</b>                   | <b>3 Q 05</b>    | <b>2 Q 05</b>    | <b>%</b>      | <b>3 Q 04</b>    | <b>%</b>      |
| <b>Net operating revenue</b>         | <b>1,865.0</b>   | <b>1,942.6</b>   | <b>-4.0%</b>  | <b>1,830.0</b>   | <b>1.9%</b>   |
| Net service revenues                 | 1,596.4          | 1,595.2          | 0.1%          | 1,552.2          | 2.8%          |
| Net handset revenues                 | 268.6            | 347.4            | -22.7%        | 277.8            | -3.3%         |
| <b>Total operating costs</b>         | <b>(1,335.5)</b> | <b>(1,526.0)</b> | <b>-12.5%</b> | <b>(1,197.1)</b> | <b>11.6%</b>  |
| <b>EBITDA</b>                        | <b>529.5</b>     | <b>416.6</b>     | <b>27.1%</b>  | <b>632.9</b>     | <b>-16.3%</b> |
| EBITDA Margin (%)                    | 28.4%            | 21.4%            | 7.0 p.p.      | 34.6%            | -6.2 p.p.     |
| <b>Depreciation and amortization</b> | <b>(412.8)</b>   | <b>(368.4)</b>   | <b>12.1%</b>  | <b>(323.8)</b>   | <b>27.5%</b>  |
| <b>EBIT</b>                          | <b>116.7</b>     | <b>48.2</b>      | <b>142.1%</b> | <b>309.1</b>     | <b>-62.2%</b> |
| <b>Net income</b>                    | <b>(215.1)</b>   | <b>(278.5)</b>   | <b>-22.8%</b> | <b>(152.9)</b>   | <b>40.7%</b>  |
| Loss per share (R\$ per share)       | (0.32)           | (0.44)           | -26.2%        | (0.33)           | -0.4%         |
| Loss per ADR (R\$)                   | (0.32)           | (0.44)           | -26.2%        | (0.33)           | -0.4%         |
| Number of shares (million)           | 662.3            | 633.0            | 4.6%          | 468.7            | 41.3%         |
| <b>Capex</b>                         |                  |                  |               |                  |               |
|                                      | <b>244.3</b>     | <b>290.9</b>     | <b>-16.0%</b> | <b>443.0</b>     | <b>-44.9%</b> |
| Capex over net revenues              | 13.1%            | 15.0%            | -1.9 p.p.     | 24.2%            | -11.1 p.p.    |
| <b>Operating cash flow</b>           | <b>285.2</b>     | <b>125.7</b>     | <b>126.9%</b> | <b>189.9</b>     | <b>50.2%</b>  |
| <b>Customers (thousand)</b>          |                  |                  |               |                  |               |
|                                      | <b>19,37</b>     | <b>19</b>        | <b>1.9%</b>   | <b>16,363</b>    | <b>18.4%</b>  |
| Net additions (thousand)             | 371              | 1,05             | -64.7%        | 833              | -55.5%        |

Telesp Celular Participações (controlling shareholder of Tele Centro Oeste Participações S.A.), along with Tele Leste Celular Participações S.A., Tele Sudeste Celular Participações S.A. and Celular CRT Participações S.A., make up the assets of the joint venture undertaken by Telefónica Móviles and Portugal Telecom that operates under the **VIVO**

brand, *Top of Mind* within its coverage area. In September 2005, VIVO Group exceeded 28.8 million customers, thus keeping its market leadership .

**HIGHLIGHTS TCP  
3Q05**

**Strong competition** during the 3Q05, with the campaign for the Father's Day.

TCP's **customer base** grew 18.4% over 3Q04, recording 19,370 thousand customers.

**Acquisition mix** in the 3Q05 presented an increase in the postpaid segment which represented 23.5% of net adds, 14.6 p.p. superior when compared to the 2Q05

In relation to 3Q04, the **post-paid customers base** increased by 9.6%, showing the result of campaigns for obtaining customers in this market segment.

Monthly **churn** at 1.7% in 3Q05, stable since the 3Q04, reflects quality services and client satisfaction in a strong competition environment based on prices.

**Post-paid ARPU** grew 4.9% in relation to 2Q05. In relation to 3Q04 it grew 6.2%.

**Post-paid MOU** increased by 4.9%, with addition of 11 minutes compared to the 2Q05 and 6.3% with addition of 14 minutes compared to 3Q04.

Increase of 14.8% and of 12.4% in the **subscription and usage revenue** in 3Q05 in relation to 3Q04 and 2Q05, respectively.

Sustained growth of **data revenues** , which increased by 41.0 % over last year, accounting for 6.2% of the net services revenue in 3Q05.

The qualified base for **data services** has already reached 91.7% in 3Q05.

Launching of **Corporate VIVO Play 3G** , service based on a 3 rd Generation technology that offers cellular access to multimedia contents, consolidating the absolute **Leadership** in innovative and diversity of services launched on the market. Successful in the **differentiation** strategy as regards its competitors as a result of the provision of innovating services.

**EBITDA** of R\$ 529.5 million, representing a margin of 28.4%, up 7.0 percentile points in relation to 2Q05.

**Operational Cash Flow** increased 126.9% and 50.2% in relation to 2Q05 and 3Q04 respectively, showing the efficiency of Companys' operation.

**VIVO**

Vivo achieved the goal imposed by Anatel. Vivo is monthly evaluated by Anatel for some indexes and in August 90.7% of them were achieved. One of them is SMP 5, which refers to the operators' rate of completion of calls. The goal required by Anatel is that such rate must exceed 67% in three pre-established periods of two hours each – morning, afternoon and evening, on a Thursday selected in the month by Anatel. Achieving this goal in the 3 periods has been a hard task for any Mobile Personal System (SMP) operator. On August 04, the 14 Vivo operators reached such goal. These

indexes published by ANATEL will improve even more our positions in the quality ranking among all cellular phone service providers.

**Quality Policy**

Throughout September and October, about 170 processes of all VIVO companies were audited by internal quality auditors. The purpose thereof is to assist the different businesses in the independent auditing procedures, so that VIVO may be able to keep its ISO-9001:2000 Certification and SMP (based on the method of data collection, calculation and consolidation for publication of Anatel's SPM indexes).

**Distribution Channels**

On September 30, 2005, TCP had 207 own sales points, in addition to an efficient network of accredited dealers, whether exclusive or not, totaling about 5,460 sales points, which are able to market services and cellular phones, thus making the Company also a leader in number of distribution channels.

**Technological Innovations**

VIVO launched the Corporate 3G, in the cities of São Paulo , Rio de Janeiro and Curitiba , with the purpose of increase the options already made available by it to the companies. An example of such service is the Vivo Smart Mail, which allows personal information to be accessed, at real time, from a PDA. With this service, users will be able to access corporate e-mails, calendars, tasks and contact information whenever they are within the CDMA coverage area, now added by the third-generation technology – 3G.

**Basis for Presentation of Results**

The partial *Bill & Keep* (B&K) system was implemented in July 2003, under which payment for use of local network among SMP operators is not made unless traffic rate among them exceeds 55%, which causes an impact on interconnection revenue and cost.

The 2005 and 2004 accumulated numbers correspond to the values registered in the nine months period ending on September 30 of each year.

Some information disclosed for 3Q04, 2Q05 and accumulated 2004 were re-classified, as applicable, for comparison purposes. Figures disclosed are subject to differences, due to rounding-up procedures.

| <b>CONSOLIDATED OPERATING PERFORMANCE - TCP</b> |               |               |                  |               |                  |
|---|---------------|---------------|------------------|---------------|------------------|
|   | <b>3 Q 05</b> | <b>2 Q 05</b> | <b>%</b>         | <b>3 Q 04</b> | <b>%</b>         |
| <b>Total number of customers (thousand)</b>     | <b>19,370</b> | <b>19,000</b> | <b>1.9%</b>      | <b>16,363</b> | <b>18.4%</b>     |
| Contract  | 3,055         | 2,969         | 2.9%             | 2,787         | 9.6%             |
| Prepaid   | 16,315        | 16,031        | 1.8%             | 13,576        | 20.2%            |
| <b>Market Share (*)</b>                         | <b>46.5%</b>  | <b>48.0%</b>  | <b>-1.5 p.p.</b> | <b>54.0%</b>  | <b>-7.5 p.p.</b> |

|  |              |              |                   |              |                   |
|--|--------------|--------------|-------------------|--------------|-------------------|
| <b>Net additions (thousand)</b>          | <b>371</b>   | <b>1,050</b> | <b>-64.7%</b>     | <b>833</b>   | <b>-55.5%</b>     |
| Contract                                 | 87           | 93           | -6.5%             | 33           | 163.6%            |
| Prepaid                                  | 284          | 957          | -70.3%            | 800          | -64.5%            |
| <b>Market Share of net additions (*)</b> | <b>17.6%</b> | <b>29.7%</b> | <b>-12.1 p.p.</b> | <b>36.3%</b> | <b>-18.7 p.p.</b> |
| <b>Market penetration (*)</b>            | <b>46.2%</b> | <b>43.9%</b> | <b>2.3 p.p.</b>   | <b>34.6%</b> | <b>11.6 p.p.</b>  |
|  |              |              |                   |              |                   |
| <b>SAC (R\$)</b>                         | <b>151</b>   | <b>159</b>   | <b>-5.0%</b>      | <b>159</b>   | <b>-5.0%</b>      |
|  |              |              |                   |              |                   |
| <b>Monthly Churn</b>                     | <b>1.7%</b>  | <b>1.5%</b>  | <b>0.2 p.p.</b>   | <b>1.7%</b>  | <b>0.0 p.p.</b>   |
| <b>ARPU (in R\$/month)</b>               | <b>27.7</b>  | <b>28.7</b>  | <b>-3.5%</b>      | <b>32.4</b>  | <b>-14.5%</b>     |
| Contract                                 | 92.8         | 88.5         | 4.9%              | 87.4         | 6.2%              |
| Prepaid                                  | 14.5         | 16.3         | -11.0%            | 19.4         | -25.3%            |
| <b>Total MOU (minutes)</b>               | <b>74</b>    | <b>77</b>    | <b>-3.9%</b>      | <b>85</b>    | <b>-12.9%</b>     |
| Contract                                 | 236          | 225          | 4.9%              | 222          | 6.3%              |
| Prepaid                                  | 42           | 47           | -10.6%            | 54           | -22.2%            |
| <b>Employees</b>                         | <b>4,120</b> | <b>4,085</b> | <b>0.9%</b>       | <b>4,131</b> | <b>-0.3%</b>      |

(\*) source: Anatel

**Operating Highlights of Telesp Celular Participações (TCP)**

Continued market leadership as a result of the increase in the **customer base** by 18.4% over 3Q04, reaching 19,370 thousand customers, despite strong competition. It is important to also emphasize the conservative company's reckoning procedures of the customer base.

In 3Q05, **post-paid net additions** increased by 163.6% over the same period of last year, reflecting once again the Company's successful commercial actions turned to this segment.

**SAC** decreased by 5.0% over 2Q05 and 3Q04, as a result of reduction of total subsidy, due to the increase in value of "entry level" in the period in the pre paid segment partially offset by the increase in commissions and publicity.

**Churn** recorded 1.7% in the quarter, having remained stable in relation to 3Q04 as a result of quality services, client satisfaction and campaigns adopted by the Company to promote customer loyalty (as for example, the points program, which offers discounts to customers for change of handsets).

The **blended ARPU** of R\$ 27.7 recorded a 3.5 % reduction in relation to 2Q05 and 14.5% in relation to 3Q04, resulting from the effect of the customer mix, the drop in the inbound ARPU, which was due, among other factors, to migration of the inbound traffic from fixed-mobile to mobile-mobile, in addition to the partial Bill & Keep effect, a reduction partially offset by the increase in the postpaid outgoing ARPU which had an increase of 18.9% and 11.4% in relation to 3Q04 and 2Q05 respectively.

The **post-paid MOU** increased by 6.3% in relation to 3Q04, and 4.9% compared to 2Q05, mainly due to the increase in the outgoing MOU of the post-paid customer base. The drop in the Total MOU is a result of the change occurred in the customer mix, having in mind that the prepaid MOU is impacted by the reduction in the fixed-mobile inbound traffic.

| NET OPERATING REVENUES - TCP |                |                |              |                |             |                |                |             |
|------------------------------|----------------|----------------|--------------|----------------|-------------|----------------|----------------|-------------|
| According to Corporate Law   |                |                |              |                |             |                |                |             |
|                              |                |                |              |                |             | Accum.         |                |             |
| R\$ million                  | 3 Q 05         | 2 Q 05         | %            | 3 Q 04         | %           | 2005           | 2004           | %           |
| Subscription and Usage       | 819.5          | 728.9          | 12.4%        | 714.1          | 14.8%       | 2,220.7        | 2,050.9        | 8.3%        |
| Network usage                | 678.6          | 748.2          | -9.3%        | 766.4          | -11.5%      | 2,139.4        | 2,245.0        | -4.7%       |
| Other services               | 98.3           | 118.1          | -16.8%       | 71.7           | 37.1%       | 335.4          | 273.0          | 22.9%       |
| <b>Net service revenues</b>  | <b>1,596.4</b> | <b>1,595.2</b> | <b>0.1%</b>  | <b>1,552.2</b> | <b>2.8%</b> | <b>4,695.5</b> | <b>4,568.9</b> | <b>2.8%</b> |
| Net handset revenues         | 268.6          | 347.4          | -22.7%       | 277.8          | -3.3%       | 796.3          | 819.0          | -2.8%       |
| <b>Net Revenues</b>          | <b>1,865.0</b> | <b>1,942.6</b> | <b>-4.0%</b> | <b>1,830.0</b> | <b>1.9%</b> | <b>5,491.8</b> | <b>5,387.9</b> | <b>1.9%</b> |

**Net Services Revenue** The net services revenue grew 2.8% in relation to 3Q04, recording R\$ 1,596.4 million in the quarter. Such result is caused, partially, by the increase in the customer base and by the increased use of data services, despite the *right planning* effects. In relation to

the previous quarter, due to the seasonality of the period, the revenue remained stable, having been also affected by the profile adequacy effects, such as Vivo Ideal and customer loyalty campaigns and the drop in the fixed-mobile traffic.

It must be highlighted that "subscription and usage revenue" recorded a 14.8% increase over 3Q04, due to the increase in the total outgoing traffic. In the service revenue, this increase was partially offset by a reduction in the inbound traffic revenue, as a result of the transition from fixed-mobile traffic to mobile-mobile traffic, with consequent drop in interconnection revenue and the partial Bill & Keep effect.

Data revenues were up 41.0% in the year-to-year comparison, representing 6.2% of the net service revenues in 3Q05 (4.5% in 3Q04). This increase has continued to occur due to a more widespread access and use of such services, in addition to the several services launched on the market and the increase in the customer base. The SMS accounted for 62.2% of data revenues in 3Q05. Average number of SMS messages sent per month in the quarter was some 75 million.

| OPERATING COSTS - TCP                        |                            |                |               |                |               |                  |                  |               |
|--|----------------------------|----------------|---------------|----------------|---------------|------------------|------------------|---------------|
|  | According to Corporate Law |                |               |                |               |                  |                  |               |
|  |                            |                |               |                |               | Accum.           |                  |               |
| R\$ million                                  | 3 Q 05                     | 2 Q 05         | %             | 3 Q 04         | %             | 2005             | 2004             | %             |
| <b>Personnel</b>                             | <b>(99.3)</b>              | <b>(99.4)</b>  | <b>-0.1%</b>  | <b>(100.6)</b> | <b>-1.3%</b>  | <b>(299.3)</b>   | <b>(281.5)</b>   | <b>6.3%</b>   |
| <b>Cost of services rendered</b>             | <b>(225.0)</b>             | <b>(245.5)</b> | <b>-8.4%</b>  | <b>(184.7)</b> | <b>21.8%</b>  | <b>(697.9)</b>   | <b>(590.8)</b>   | <b>18.1%</b>  |
| Leased lines                                 | (34.4)                     | (35.5)         | -3.1%         | (27.4)         | 25.5%         | (106.2)          | (89.3)           | 18.9%         |
| Interconnection                              | (37.0)                     | (47.2)         | -21.6%        | (44.6)         | -17.0%        | (121.4)          | (156.0)          | -22.2%        |
| Rent/Insurance/Condominium fees              | (26.0)                     | (21.0)         | 23.8%         | (20.1)         | 29.4%         | (70.3)           | (69.8)           | 0.7%          |
| Fistel and other taxes and contributions     | (83.8)                     | (84.1)         | -0.4%         | (48.5)         | 72.8%         | (250.0)          | (139.8)          | 78.8%         |
| Third-party services                         | (41.6)                     | (55.0)         | -24.4%        | (42.4)         | -1.9%         | (144.4)          | (130.5)          | 10.7%         |
| Others                                       | (2.2)                      | (2.7)          | -18.5%        | (1.7)          | 29.4%         | (5.6)            | (5.4)            | 3.7%          |
| <b>Cost of goods sold</b>                    | <b>(358.6)</b>             | <b>(537.1)</b> | <b>-33.2%</b> | <b>(421.0)</b> | <b>-14.8%</b> | <b>(1,163.6)</b> | <b>(1,181.6)</b> | <b>-1.5%</b>  |
| <b>Selling expenses</b>                      | <b>(556.1)</b>             | <b>(578.5)</b> | <b>-3.9%</b>  | <b>(403.5)</b> | <b>37.8%</b>  | <b>(1,493.2)</b> | <b>(1,074.3)</b> | <b>39.0%</b>  |
| Provision for bad debt                       | (120.0)                    | (88.5)         | 35.6%         | (51.1)         | 134.8%        | (265.6)          | (130.1)          | 104.2%        |
| Third-party services                         | (367.7)                    | (431.0)        | -14.7%        | (317.3)        | 15.9%         | (1,076.9)        | (856.1)          | 25.8%         |
| Others                                       | (68.4)                     | (59.0)         | 15.9%         | (35.1)         | 94.9%         | (150.7)          | (88.1)           | 71.1%         |
| <b>General &amp; administrative expenses</b> | <b>(98.5)</b>              | <b>(81.3)</b>  | <b>21.2%</b>  | <b>(128.5)</b> | <b>-23.3%</b> | <b>(255.4)</b>   | <b>(309.3)</b>   | <b>-17.4%</b> |
| <b>Other operating revenues (expenses)</b>   | <b>2.0</b>                 | <b>15.8</b>    | <b>-87.3%</b> | <b>41.2</b>    | <b>-95.1%</b> | <b>38.6</b>      | <b>26.4</b>      | <b>46.2%</b>  |

|   |                  |                  |               |                  |              |                  |                  |              |
|---|------------------|------------------|---------------|------------------|--------------|------------------|------------------|--------------|
| <b>Total costs before depreciation / amortization</b> | <b>(1,335.5)</b> | <b>(1,526.0)</b> | <b>-12.5%</b> | <b>(1,197.1)</b> | <b>11.6%</b> | <b>(3,870.8)</b> | <b>(3,411.1)</b> | <b>13.5%</b> |
| Depreciation and amortization                         | (412.8)          | (368.4)          | 12.1%         | (323.8)          | 27.5%        | (1,141.8)        | (918.8)          | 24.3%        |
| <b>Total operating costs</b>                          | <b>(1,748.3)</b> | <b>(1,894.4)</b> | <b>-7.7%</b>  | <b>(1,520.9)</b> | <b>15.0%</b> | <b>(5,012.6)</b> | <b>(4,329.9)</b> | <b>15.8%</b> |

***Personnel Cost***

In 3Q05, personnel cost remained stable in relation to the previous quarter. The increase in personnel cost in the comparison between the accumulated totals for 2005 and 2004 is a result of the collective bargaining agreement, training and campaigns for stimulating the selling staff.

***Cost of Services Rendered***

The 21.8% increase in the cost of services rendered in relation to 3Q04 is mainly due to the adequacy of the accounting practice for the Fistel fee of controlled company TCO and to the increase recorded in "Connection Means" as a result of the increase in circuit rentals, which was explained by the plant increase. In relation to 2Q05, the reduction of 8.4% is a consequence of the reduction in "third parties' services", especially plant maintenance cost. It is worthwhile mentioning that 2Q05 is negatively affected by an extraordinary effect that impacts the entry "others" in Selling Expenses.

***Cost of Goods Sold***

Cost of goods sold decreased by 33.2% in relation to 2Q05 and 14.8% in relation to 3Q04, due to the decreased number of activated handsets (gross additions decreased by 17% in 3Q05 over 3Q04); the main purpose was adding high-value customers in the postpaid market segment for the medium and high end clients.



**Selling Expenses** In 3Q05, selling expenses recorded a 37.8% increase over 3Q04, caused by an intense competition and consequent increase in expenses with third-party services, especially publicity and commissions, in addition to the positive variation in the PDD, as explained below.

In 3Q05, the provision for bad debtors (PDD) of R\$ 120.0 million recorded an increase of 35.6% in relation to 2Q05, representing 4.7% of the gross revenue (3.4% in 2Q05), impacted by an extraordinary effect in TCO. The Company has continued to keep the strategy of controlling credit to dealers and corporate customers.

**General and Administrative Expenses** General and administrative expenses recorded 23.3% decrease in relation to 3Q04. Such variation was due to the successful structural costs reduction program and to the high level of synergy achieved among the Group Companies. The increase in the variation over the previous quarter is due to increased expenses with data processing, public services and plant maintenance.

**Other Operating Revenues/Expenses** The Company recorded a reduction in its revenues in the 3Q05 when compared to the same period of the previous year. In relation to 2Q05, the 87.3% drop (non-recurring) was caused by the increase in commercial discounts.

**EBITDA** In the first nine months of the year, the EBITDA (earnings before interest, taxes, depreciation and amortization) was R\$ 1,621.0 million, with 29.5% margin.

Considering the competition recorded in 3Q05, the EBITDA recorded R\$ 529.5 million, with margin of 28.4% , up 7.0 percentile points in relation to the previous quarter.

**Depreciation and Amortization** Depreciation and amortization expenses increased 12.1% in the 3Q05 in relation to 2Q05 due to investments effected and the activation of assets due to the conclusion of works.

| FINANCIAL REVENUES (EXPENSES) - TCP |        |        |        |        |        |        |       |      |  |
|-------------------------------------|--------|--------|--------|--------|--------|--------|-------|------|--|
| According to Corporate Law          |        |        |        |        |        |        |       |      |  |
|                                     |        |        |        |        |        | Accum. |       |      |  |
| R\$ million                         | 3 Q 05 | 2 Q 05 | %      | 3 Q 04 | %      | 2005   | 2004  | %    |  |
| Financial Revenues                  | 252.5  | 450.6  | -44.0% | 466.1  | -45.8% | 784.0  | 730.4 | 7.3% |  |

|  |                |                |               |                |               |                  |                  |              |
|--|----------------|----------------|---------------|----------------|---------------|------------------|------------------|--------------|
| Exchange rate variation / Monetary variation | 179.0          | 376.5          | -52.5%        | 398.9          | -55.1%        | 575.7            | 567.0            | 1.5%         |
| Other financial revenues                     | 79.5           | 73.9           | 7.6%          | 73.6           | 8.0%          | 212.9            | 214.5            | -0.7%        |
| (-) Pis/Cofins taxes on financial revenues   | (6.0)          | 0.2            | n.a.          | (6.4)          | -6.3%         | (4.6)            | (51.1)           | -91.0%       |
| <b>Financial Expenses</b>                    | <b>(471.6)</b> | <b>(693.1)</b> | <b>-32.0%</b> | <b>(717.0)</b> | <b>-34.2%</b> | <b>(1,467.9)</b> | <b>(1,482.0)</b> | <b>-1.0%</b> |
| Exchange rate variation / Monetary variation | (1.8)          | 2.1            | n.a.          | 0.4            | n.a.          | (37.8)           | (503.1)          | -92.5%       |
| Other financial expenses                     | (154.5)        | (150.1)        | 2.9%          | (151.2)        | 2.2%          | (451.1)          | (502.2)          | -10.2%       |
| Gains (Losses) with derivatives transactions | (315.3)        | (545.1)        | -42.2%        | (566.2)        | -44.3%        | (979.0)          | (476.7)          | 105.4%       |
| <b>Net Financial Income</b>                  | <b>(219.1)</b> | <b>(242.5)</b> | <b>-9.6%</b>  | <b>(250.9)</b> | <b>-12.7%</b> | <b>(683.9)</b>   | <b>(751.6)</b>   | <b>-9.0%</b> |

**Financial Revenues (Expenses)**

Despite the increase in the interest rate of the period (4.56% in 2Q05 and 4.74% in 3Q05), which had a negative impact over TCP's net debt, the net financial expense in 3Q05 recorded a reduction of R\$ 23.4 million when compared to 2Q05. Such variation was caused, mainly, by lower charges assessed on the adjustment of taxes payable and lower expenses with CPMF. Another positive effect in 3Q05 was the discount obtained for advanced payment of a tax incentive occurred in one of the controlled companies (TCO).

In the comparison of 3Q05 in relation to 3Q04, TCP reduced its net financial expense by R\$ 31.8 million, mainly due to the reduction of spreads obtained upon renewals of financial transactions.

In consequence of the application of the TCP's hedge policy, for protection against foreign exchange volatility, the company has provided coverage of 100% of the debt exposure, in such a manner that the final cost of the foreign exchange debt (R\$ 2,970.7 billion) together with the derivative (swap) is now referenced in Reais (CDI: 4.74% in 3Q05). The result of the foreign exchange debt and derivative is evidenced, mainly, in the sum of losses with derivatives of R\$ 315.3 million and gains from foreign exchange variation of R\$ 177.2 million.

**Net Result**

The loss recorded in 3Q05 was R\$ 215.1 million, 22.8% less than in 2Q05.

| LOANS AND FINANCING - TCP |          |          |          |      |     |
|---------------------------|----------|----------|----------|------|-----|
| Lenders (R\$ million)     | CURRENCY |          |          |      |     |
|                           | R\$      | URTJLP * | UMBND ** | US\$ | Yen |
|                           |          |          |          |      |     |

|                                     |                |              |             |                |              |
|-------------------------------------|----------------|--------------|-------------|----------------|--------------|
| <b>Financial institutions</b>       | <b>1,668.2</b> | <b>294.3</b> | <b>50.7</b> | <b>2,754.4</b> | <b>162.5</b> |
| Suppliers                           | -              | -            | -           | 3.1            | -            |
| Affiliated companies                | -              | -            | -           | -              | -            |
| Fixcel – TCO's Acquisition          | 16.7           | -            | -           | -              | -            |
| <b>Total</b>                        | <b>1,684.9</b> | <b>294.3</b> | <b>50.7</b> | <b>2,757.5</b> | <b>162.5</b> |
|                                     |                |              |             |                |              |
| Exchange rate used                  |                | 1.908362     | 0.04299     | 2.2222         | 0.019579     |
|                                     |                |              |             |                |              |
| <b>Payment Schedule - Long Term</b> |                |              |             |                |              |
| 2006                                | 0.1            | 24.2         | 19.5        | 46.4           | -            |
| 2007                                | 5.3            | 77.4         | 31.2        | 1,395.3        | 108.0        |
| as from 2007                        | 1,517.1        | 66.4         | 13.8        | 5.2            | -            |
|                                     |                |              |             |                |              |
| <b>Total</b>                        | <b>1,522.5</b> | <b>168.0</b> | <b>64.5</b> | <b>1,446.9</b> | <b>108.0</b> |

| <b>NET DEBT - TCP</b>     |                   |                   |
|---------------------------|-------------------|-------------------|
|                           | <b>Sep 30. 05</b> | <b>Jun 30. 05</b> |
| Short Term                | 1,640.0           | 1,623.9           |
| Long Term                 | 3,309.9           | 3,255.6           |
|                           |                   |                   |
| <b>Total debt</b>         | <b>4,949.9</b>    | <b>4,879.5</b>    |
|                           |                   |                   |
| Cash and cash equivalents | (1,200.6)         | (1,119.1)         |
| Derivatives               | 555.7             | 406.9             |
|                           |                   |                   |
| <b>Net Debt</b>           | <b>4,305.0</b>    | <b>4,167.3</b>    |

(\*) BNDES long term interest rate unit

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

**Indebtedness** On September 30, 2005, TCP's debts related to loans and financings amounted to R\$ 4,949.9 million (R\$ 4,879.5 million on June 30, 2005), 60% of which is nominated in foreign currency. The Company has signed exchange rate hedging contracts thus protecting 100% of its debt against foreign exchange volatility, so that the final cost (debt and swap) is Reais-referenced. This debt was offset by cash and financial investments (R\$ 1,200.6 million) and by derivative assets and liabilities (R\$ 555.7 million payable) resulting in a net debt of R\$ 4,305.0 million, a 3.3% increase in relation to June 2005.

The increase in TCP's net debt in 3Q05 in relation to 2Q05 in the amount of R\$ 138 million is due, mainly, to the carrying cost of the net debt being comparatively higher than the cash generated in the period .

Short-term debt represented 33.1% of total debt at September 30, 2005, the same level recorded in the end of 2Q05, in which period the debt profile was retimed through issuance of Debentures of Telesp Celular Participações S.A. However, there was an improvement, by R\$ 251 million, in the short term consolidated net debt, which totaled in the end of 3Q05 the amount of R\$ 672 million, which are covered by the company's cash flow.

| CAPEX - TCP                     |              |              |              |              |              |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                 |              |              |              | Accum.       |              |
|                                 | 3 Q 05       | 2 Q 05       | 3 Q 04       | 2005         | 2004         |
| Network                         | 123.5        | 164.6        | 285.6        | 591.1        | 553.4        |
| Technology / Information System | 68.1         | 48.6         | 59.3         | 180.9        | 167.2        |
| Other                           | 52.7         | 77.7         | 98.1         | 174.1        | 171.0        |
| <b>Total</b>                    | <b>244.3</b> | <b>290.9</b> | <b>443.0</b> | <b>946.1</b> | <b>891.6</b> |
| <b>% Net Revenues</b>           | <b>13.1%</b> | <b>15.0%</b> | <b>24.2%</b> | <b>17.2%</b> | <b>16.5%</b> |

**Capital Expenditures (Capex)**

Capex effected in the quarter totaled R\$ 244.3 million. The investments are basically due to the following factors: (i) more accelerated migration from TDMA to CDMA technology, thus following the competing operators, which are also migrating from TDMA; (ii) consolidation and rationalization of the information systems, especially billing, *customer care*, prepaid platform and SAP management systems; and (iii) maintenance quality and expansion of the coverage provided by the company in order to meet the growth of the customer base.

**Operating Cashflow** The positive operating cash flow, an increase of 126.9% and 50.2% when comparing with the 2Q05 and 3Q04 respectively, evidences that TCP has generated funds from its operations to implement its capital expenditures program, recording R\$ 285.2 million in the quarter and R\$ 674.9 million in the accumulated total for the year.

**Capital Market**

In 3Q05, the value of TCP's common shares (ON) and preferred shares (PN) dropped 8.9% and 10.5%, respectively, while the Bovespa Index (São Paulo Stock Exchange Index) increased by 26.1%. From July to September 2005, the Company's PN shares were traded in 100% of the trading sessions, with an average daily volume of R\$ 10.9 million. By the end of 3Q05, ON and PN shares were traded at R\$ 7.79 and R\$ 8.90, respectively.

The price of TCP's level II ADRs dropped by 8.4% in the quarter, in face of a 2.9% increase in the Dow Jones index. The average daily volume of transactions in the NYSE during 3Q05 was US\$ 7.5 million. The closing price of TCP's ADRs in the quarter was US\$ 3.91.

***Capital Increase***

On July 29, 2005, the Board of Directors of TCP approved an increase in the capital stock as a result of a corporate restructuring process, which was concluded at an AGE (Special Meeting of Shareholders) held on January 14, 2000, involving the company and its controlled and controlling companies. The amortization of the premium resulting from such corporate restructuring process resulted in a tax benefit of R\$ 242,595,157.06, of which R\$ 120,850,877.93 refer to fiscal year 2004 and R\$ 121,744,279.13 are credits remaining from previous fiscal years, with issuance of 29,298,932 new common shares, thus ensuring the preemptive right provided for, in article 171 of Law n° 6404/76. The issue price of R\$ 8.28 per common share corresponds to 90% of the weighted average of the main market prices of the 30 trading sessions of Bovespa, in the period from May 16, 2005 to and including June 27, 2005. The period for exercise of the preemptive right occurred from June 29, 2005 until July 28, 2005.

***Corporate Restructuring***

The managements of Telesp Celular Participações S.A. ("TCP") and Tele Centro Oeste Celular Participações S.A. ("TCOPart") disclosed a Relevant Fact on August 15, 2005, in the form and for the purposes of CVM Instructions no. 319/99, 320/99 and 358/02, to the effect that the respective Boards of Directors approved the proposal to their shareholders of the terms, conditions and justifications of a corporate restructuring involving the referred companies, the full contents of which may be obtained from our web site [www.vivo.com.br/ir](http://www.vivo.com.br/ir).

***Social Responsibility***

Instituto Vivo celebrates one year of existence. In celebration for the first year of activities, having acted in 86% of the domestic territory, Instituto Vivo has already benefited more than 300 thousand people within its coverage area, through projects in partnership with large institutions, both of the third sector and public institutions, totaling 37 initiatives, of which 26 focus on Education and Environment.

Instituto Vivo was awarded in August the Citizenship Prize of Anuário Telecom 2005 for two projects that were outstanding due to their contribution to the community –

*Programa Vivo Voluntário*, in the Social Action category, and *SuperAção Jovem*, developed by the Ayrton Senna Institute, in the Education category.

Instituto Vivo supports and takes part in Ibama's Environmental Education Course. With the support from Vivo Institute, the coordination of Ibama's Environmental Education – Brazilian Environment and Renewable Hydric Resources Institute, carried out in August, in Rio de Janeiro, the XX Course of Introduction to Education in Environmental Management Process. The purpose of the course is to provide technical staff of Ibama and of other partner institutions, among them Instituto Vivo, with capacity for collectively acting in environmental management actions.

**Main Prizes, Awards and Events**

VIVO was awarded in August, for the third consecutive year, in São Paulo, the TOP de RH ADVB 2005 prize, with the case entitled "Vivo learning – Initiative for Evaluating, Determination for Growing". The program is divided into 12 and 24 hour modules and is designed for developing Vivo Competences and enhancing the knowledge of the cooperating parties about the business.

Vivo is the most dependable brand for Brazilians for the second year. In the 4th edition of the "Dependable Brands" research, conducted by Revista Seleções, Vivo is the most dependable brand in the category of cellular telephone operator, according to readers, with 38.9% of the votes.

Vivo launches "Vivo Ideal". All Vivo regional companies (except for RJ/ES, which will offer the service as from December) now have a new services plan in place. Vivo Ideal is a self-adjustable postpaid plan focused on high potential and variable consumption customers. Upon subscribing to this service plan, the customer is always placed in that minutes range which is most adequate to his consumption in that month. Minimum consumption is 150 minutes and as from this range, there are other 4 consumption ranges, which always ensure savings to the customer. Vivo Ideal is a product that reinforces the concept that "only the company which has the largest cellular community in Brazil has a plan for each customer", in addition to supplementing Vivo's portfolio, making it more competitive and bringing as major benefit the possibility of adapting the plan to the customer's profile.

| <b>CONSOLIDATED BALANCE SHEET - TCP</b> |                   |                   |
|---|-------------------|-------------------|
| <b>R\$ million</b>                      |                   |                   |
| <b>ASSETS</b>                           | <b>Sep 30. 05</b> | <b>Jun 30. 05</b> |
| <b>Current Assets</b>                   | <b>4,527.1</b>    | <b>4,267.3</b>    |
| Cash and banks                          | 45.7              | 61.6              |
| Temporary cash investments              | 1,154.9           | 1,057.5           |
| Net accounts receivable                 | 1,530.1           | 1,552.6           |
| Inventory                               | 354.9             | 335.4             |
| Advances to Suppliers                   | 28.4              | 37.2              |
| Deferred and recoverable taxes          | 837.3             | 832.6             |
| Derivatives transactions                | 273.7             | 0.0               |
| Prepaid Expenses                        | 206.4             | 265.9             |

|                                 |                 |                 |
|---------------------------------|-----------------|-----------------|
| Other current assets            | 95.7            | 124.5           |
| <b>Long Term Assets</b>         | <b>1,438.3</b>  | <b>1,695.2</b>  |
| Derivatives transactions        | 0.0             | 305.1           |
| Deferred and recoverable taxes  | 1,350.6         | 1,284.2         |
| Prepaid Expenses                | 24.5            | 30.4            |
| Other long term assets          | 63.2            | 75.5            |
| <b>Permanent Assets</b>         | <b>7,565.7</b>  | <b>7,835.0</b>  |
| Investment                      | 1,651.3         | 1,862.9         |
| Plant, property and equipment   | 5,725.2         | 5,771.4         |
| Deferred assets                 | 189.2           | 200.7           |
| <b>Total Assets</b>             | <b>13,531.1</b> | <b>13,797.5</b> |
| <b>LIABILITIES</b>              |                 |                 |
| <b>Current Liabilities</b>      | <b>4,084.4</b>  | <b>4,262.0</b>  |
| Suppliers and Consignment       | 1,079.9         | 1,403.3         |
| Personnel, tax and benefits     | 87.7            | 72.0            |
| Taxes, fees and contributions   | 352.6           | 329.4           |
| Interest on own capital         | 81.1            | 81.2            |
| Loans and financing             | 1,640.0         | 1,623.9         |
| Contingencies provision         | 147.2           | 139.8           |
| Derivatives transactions        | 506.0           | 418.7           |
| Other current liabilities       | 189.9           | 193.7           |
| <b>Long Term Liabilities</b>    | <b>4,061.7</b>  | <b>3,972.0</b>  |
| Loans and financing             | 3,309.8         | 3,255.6         |
| Contingencies provision         | 212.2           | 207.6           |
| Impostos, taxas e contribuições | 177.1           | 176.3           |
| Derivatives transactions        | 323.4           | 293.3           |
| Other long term liabilities     | 39.2            | 39.2            |
| <b>Minority interest</b>        | <b>1,068.9</b>  | <b>1,032.2</b>  |
| <b>Shareholder's Equity</b>     | <b>4,315.8</b>  | <b>4,531.0</b>  |
| <b>Funds for capitalization</b> | <b>0.3</b>      | <b>0.3</b>      |
| <b>Total Liabilities</b>        | <b>13,531.1</b> | <b>13,797.5</b> |

| CONSOLIDATED INCOME STATEMENTS - TCP |         |         |        |         |        |   |         |         |      |
|--------------------------------------|---------|---------|--------|---------|--------|---|---------|---------|------|
| According to Corporate Law           |         |         |        |         |        |   |         |         |      |
| R\$ million                          | 3 Q 05  |         | 2 Q 05 |         | 3 Q 04 |   | Accum.  |         |      |
|                                      |         |         | %      |         |        | % | 2005    | 2004    | %    |
| Gross Revenues                       | 2,574.1 | 2,641.2 | -2.5%  | 2,439.5 | 5.5%   |   | 7,487.9 | 7,119.6 | 5.2% |
| Gross service revenues               | 2,099.6 | 2,062.1 | 1.8%   | 1,970.7 | 6.5%   |   | 6,098.1 | 5,773.6 | 5.6% |

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|  |                  |                  |                 |                  |                  |                  |                  |                  |
|--|------------------|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Deductions – Taxes and others            | (503.2)          | (466.9)          | 7.8%            | (418.5)          | 20.2%            | (1,402.6)        | (1,204.7)        | 16.4%            |
| Gross handset revenues                   | 474.5            | 579.1            | -18.1%          | 468.8            | 1.2%             | 1,389.8          | 1,346.0          | 3.3%             |
| Deductions – Taxes and others            | (205.9)          | (231.7)          | -11.1%          | (191.0)          | 7.8%             | (593.5)          | (527.0)          | 12.6%            |
| <b>Net Revenues</b>                      | <b>1,865.0</b>   | <b>1,942.6</b>   | <b>-4.0%</b>    | <b>1,830.0</b>   | <b>1.9%</b>      | <b>5,491.8</b>   | <b>5,387.9</b>   | <b>1.9%</b>      |
| <b>Net service revenues</b>              | <b>1,596.4</b>   | <b>1,595.2</b>   | <b>0.1%</b>     | <b>1,552.2</b>   | <b>2.8%</b>      | <b>4,695.5</b>   | <b>4,568.9</b>   | <b>2.8%</b>      |
| Subscription and Usage                   | 819.5            | 728.9            | 12.4%           | 714.1            | 14.8%            | 2,220.7          | 2,050.9          | 8.3%             |
| Network usage                            | 678.6            | 748.2            | -9.3%           | 766.4            | -11.5%           | 2,139.4          | 2,245.0          | -4.7%            |
| Other services                           | 98.3             | 118.1            | -16.8%          | 71.7             | 37.1%            | 335.4            | 273.0            | 22.9%            |
| <b>Net handset revenues</b>              | <b>268.6</b>     | <b>347.4</b>     | <b>-22.7%</b>   | <b>277.8</b>     | <b>-3.3%</b>     | <b>796.3</b>     | <b>819.0</b>     | <b>-2.8%</b>     |
| <b>Operating Costs</b>                   | <b>(1,335.5)</b> | <b>(1,526.0)</b> | <b>-12.5%</b>   | <b>(1,197.1)</b> | <b>11.6%</b>     | <b>(3,870.8)</b> | <b>(3,411.1)</b> | <b>13.5%</b>     |
| Personnel                                | (99.3)           | (99.4)           | -0.1%           | (100.6)          | -1.3%            | (299.3)          | (281.5)          | 6.3%             |
| <b>Cost of services rendered</b>         | <b>(225.0)</b>   | <b>(245.5)</b>   | <b>-8.4%</b>    | <b>(184.7)</b>   | <b>21.8%</b>     | <b>(697.9)</b>   | <b>(590.8)</b>   | <b>18.1%</b>     |
| Leased lines                             | (34.4)           | (35.5)           | -3.1%           | (27.4)           | 25.5%            | (106.2)          | (89.3)           | 18.9%            |
| Interconnection                          | (37.0)           | (47.2)           | -21.6%          | (44.6)           | -17.0%           | (121.4)          | (156.0)          | -22.2%           |
| Rent/Insurance/Condominium fees          | (26.0)           | (21.0)           | 23.8%           | (20.1)           | 29.4%            | (70.3)           | (69.8)           | 0.7%             |
| Fistel and other taxes and contributions | (83.8)           | (84.1)           | -0.4%           | (48.5)           | 72.8%            | (250.0)          | (139.8)          | 78.8%            |
| Third-party services                     | (41.6)           | (55.0)           | -24.4%          | (42.4)           | -1.9%            | (144.4)          | (130.5)          | 10.7%            |
| Others                                   | (2.2)            | (2.7)            | -18.5%          | (1.7)            | 29.4%            | (5.6)            | (5.4)            | 3.7%             |
| <b>Cost of handsets</b>                  | <b>(358.6)</b>   | <b>(537.1)</b>   | <b>-33.2%</b>   | <b>(421.0)</b>   | <b>-14.8%</b>    | <b>(1,163.6)</b> | <b>(1,181.6)</b> | <b>-1.5%</b>     |
| <b>Selling expenses</b>                  | <b>(556.1)</b>   | <b>(578.5)</b>   | <b>-3.9%</b>    | <b>(403.5)</b>   | <b>37.8%</b>     | <b>(1,493.2)</b> | <b>(1,074.3)</b> | <b>39.0%</b>     |
| Provision for bad debt                   | (120.0)          | (88.5)           | 35.6%           | (51.1)           | 134.8%           | (265.6)          | (130.1)          | 104.2%           |
| Third-party services                     | (367.7)          | (431.0)          | -14.7%          | (317.3)          | 15.9%            | (1,076.9)        | (856.1)          | 25.8%            |
| Others                                   | (68.4)           | (59.0)           | 15.9%           | (35.1)           | 94.9%            | (150.7)          | (88.1)           | 71.1%            |
| General & administrative expenses        | (98.5)           | (81.3)           | 21.2%           | (128.5)          | -23.3%           | (255.4)          | (309.3)          | -17.4%           |
| Other operating revenue (expenses)       | 2.0              | 15.8             | -87.3%          | 41.2             | -95.1%           | 38.6             | 26.4             | 46.2%            |
| <b>EBITDA</b>                            | <b>529.5</b>     | <b>416.6</b>     | <b>27.1%</b>    | <b>632.9</b>     | <b>-16.3%</b>    | <b>1,621.0</b>   | <b>1,976.8</b>   | <b>-18.0%</b>    |
| <b>Margin %</b>                          | <b>28.4%</b>     | <b>21.4%</b>     | <b>7.0 p.p.</b> | <b>34.6%</b>     | <b>-6.2 p.p.</b> | <b>29.5%</b>     | <b>36.7%</b>     | <b>-7.2 p.p.</b> |
| Depreciation and Amortization            | (412.8)          | (368.4)          | 12.1%           | (323.8)          | 27.5%            | (1,141.8)        | (918.8)          | 24.3%            |
| <b>EBIT</b>                              | <b>116.7</b>     | <b>48.2</b>      | <b>142.1%</b>   | <b>309.1</b>     | <b>-62.2%</b>    | <b>479.2</b>     | <b>1,058.0</b>   | <b>-54.7%</b>    |
| Net Financial Income                     | (219.1)          | (242.5)          | -9.6%           | (250.9)          | -12.7%           | (683.9)          | (751.6)          | -9.0%            |
| <b>Financial Revenues</b>                | <b>252.5</b>     | <b>450.6</b>     | <b>-44.0%</b>   | <b>466.1</b>     | <b>-45.8%</b>    | <b>784.0</b>     | <b>730.4</b>     | <b>7.3%</b>      |



|  |                |                |               |                |               |                  |                  |               |
|--|----------------|----------------|---------------|----------------|---------------|------------------|------------------|---------------|
| Exchange rate variation / Monetary variation | 179.0          | 376.5          | -52.5%        | 398.9          | -55.1%        | 575.7            | 567.0            | 1.5%          |
| Other financial revenues                     | 79.5           | 73.9           | 7.6%          | 73.6           | 8.0%          | 212.9            | 214.5            | -0.7%         |
| (-) Pis/Cofins taxes on financial revenues   | (6.0)          | 0.2            | n.a.          | (6.4)          | -6.3%         | (4.6)            | (51.1)           | -91.0%        |
| <b>Financial Expenses</b>                    | <b>(471.6)</b> | <b>(693.1)</b> | <b>-32.0%</b> | <b>(717.0)</b> | <b>-34.2%</b> | <b>(1,467.9)</b> | <b>(1,482.0)</b> | <b>-1.0%</b>  |
| Exchange rate variation / Monetary variation | (1.8)          | 2.1            | n.a.          | 0.4            | n.a.          | (37.8)           | (503.1)          | -92.5%        |
| Other financial expenses                     | (154.5)        | (150.1)        | 2.9%          | (151.2)        | 2.2%          | (451.1)          | (502.2)          | -10.2%        |
| Gains (Losses) with derivatives transactions | (315.3)        | (545.1)        | -42.2%        | (566.2)        | -44.3%        | (979.0)          | (476.7)          | 105.4%        |
| Non-operating revenue/expenses               | 6.3            | 2.8            | 125.0%        | 0.7            | 800.0%        | 12.0             | 1.4              | 757.1%        |
| Taxes  | (75.1)         | (57.1)         | 31.5%         | (112.1)        | -33.0%        | (265.9)          | (293.9)          | -9.5%         |
| Minority Interest                            | (43.9)         | (29.9)         | 46.8%         | (99.7)         | -56.0%        | (133.0)          | (269.4)          | -50.6%        |
|  |                |                |               |                |               |                  |                  |               |
| <b>Net Income</b>                            | <b>(215.1)</b> | <b>(278.5)</b> | <b>-22.8%</b> | <b>(152.9)</b> | <b>40.7%</b>  | <b>(591.6)</b>   | <b>(255.5)</b>   | <b>131.5%</b> |

| <b>OPERATING PERFORMANCE - TELESP CELULAR S.A</b> |               |               |                  |               |                  |
|---|---------------|---------------|------------------|---------------|------------------|
|   | <b>3 Q 05</b> | <b>2 Q 05</b> | <b>%</b>         | <b>3 Q 04</b> | <b>%</b>         |
| <b>Total number of customers (thousand)</b>       | <b>9,986</b>  | <b>9,732</b>  | <b>2.6%</b>      | <b>8,757</b>  | <b>14.0%</b>     |
| Contract  | 1,725         | 1,662         | 3.8%             | 1,562         | 10.4%            |
| Prepaid   | 8,261         | 8,070         | 2.4%             | 7,195         | 14.8%            |
| <b>Market Share (*)</b>                           | <b>50.1%</b>  | <b>51.3%</b>  | <b>-1.2 p.p.</b> | <b>57.7%</b>  | <b>-7.6 p.p.</b> |
| <b>Net additions (thousand)</b>                   | <b>254</b>    | <b>476</b>    | <b>-46.6%</b>    | <b>257</b>    | <b>-1.2%</b>     |
| Contract  | 63            | 43            | 46.5%            | 22            | 186.4%           |
| Prepaid   | 191           | 433           | -55.9%           | 235           | -18.7%           |
| <b>Market Share of net additions (*)</b>          | <b>25.9%</b>  | <b>28.5%</b>  | <b>-2.6 p.p.</b> | <b>28.5%</b>  | <b>-2.6 p.p.</b> |
| <b>Market penetration (*)</b>                     | <b>49.9%</b>  | <b>47.0%</b>  | <b>2.9 p.p.</b>  | <b>38.7%</b>  | <b>11.2 p.p.</b> |
|   |               |               |                  |               |                  |
| <b>SAC (R\$)</b>                                  | <b>167</b>    | <b>163</b>    | <b>2.3%</b>      | <b>193</b>    | <b>-13.5%</b>    |
|   |               |               |                  |               |                  |
| <b>Monthly Churn</b>                              | <b>1.6%</b>   | <b>1.5%</b>   | <b>0.1 p.p.</b>  | <b>1.7%</b>   | <b>-0.1 p.p.</b> |
| <b>ARPU (in R\$/month)</b>                        | <b>30.8</b>   | <b>32.4</b>   | <b>-4.9%</b>     | <b>34.4</b>   | <b>-10.5%</b>    |
| Contract  | 98.2          | 96.1          | 2.2%             | 89.6          | 9.6%             |
| Prepaid   | 16.4          | 18.5          | -11.4%           | 21.4          | -23.4%           |
| <b>Total MOU (minutes)</b>                        | <b>80</b>     | <b>83</b>     | <b>-3.6%</b>     | <b>89</b>     | <b>-10.1%</b>    |
| Contract  | 250           | 243           | 2.9%             | 233           | 7.3%             |
| Prepaid   | 44            | 49            | -10.2%           | 56            | -21.4%           |
|   |               |               |                  |               |                  |
| <b>Employees</b>                                  | <b>2,475</b>  | <b>2,417</b>  | <b>2.4%</b>      | <b>2,325</b>  | <b>6.5%</b>      |

(\*) source: Anatel

**Operating  
Highlights of  
Telesp Celular  
(TC)**

Continued market leadership as a result of the increase in the **customer base** by 14.0% over 3Q04, reaching 9,986 thousand customers, despite the strong competition in the cellular telephone market. It is important to also emphasize the conservative company's reckoning procedures of the customer base.

Total **net additions** of postpaid customers increased almost three times in relation to 3Q04, reflecting the results of commercial actions carried out by the Company, especially in the post-paid segment, where competition is stronger.

**SAC** increased by 2.3% in relation to 2Q05, as a result of the strong competition recorded on the market with the Father's day campaign. When compared to 3Q04, the 13.5% reduction results from the reduction in the total subsidy due to the increase in the value of "entry level" in the period in the pre paid segment.

**Churn** recorded 1.6% in the quarter, having remained stable as a result of quality services, client satisfaction and campaigns adopted by the Company to promote customer loyalty (as for example, the points program, which offers discounts to customers for change of handsets).

The **blended ARPU** of R\$ 30.8 recorded a 4.9% decrease in relation to 2Q05, partially offset by the growth in the post-paid ARPU which recorded an increase of 2.2%. Year-to-year variation is due to the customer mix effect, drop in inbound ARPU due, among other factors, to the migration of the inbound traffic from fixed-mobile to mobile-mobile, in addition to the effects of the Bill & Keep and customer profile adequacy plans such as Vivo Ideal and customer loyalty campaigns, especially in the postpaid customer base.

**Postpaid MOU** increased by 7.3% and 2.9% in relation to 3Q04 and 2Q05, respectively, mainly reflecting the increase in the outgoing MOU of the post-paid customer base. Total MOU was impacted by the change in the mix.

| INCOME STATEMENTS - TELESP CELULAR S.A. |                |                |              |                |             |                |                |              |
|---|----------------|----------------|--------------|----------------|-------------|----------------|----------------|--------------|
| According to Corporate Law              |                |                |              |                |             |                |                |              |
| R\$ million                             | 3 Q 05         |                | %            | 3 Q 04         |             | Accum.         |                |              |
|   | 2 Q 05         |                |              |                |             | 2005           | 2004           | %            |
| <b>Gross Revenues</b>                   | <b>1,493.9</b> | <b>1,548.2</b> | <b>-3.5%</b> | <b>1,415.7</b> | <b>5.5%</b> | <b>4,361.8</b> | <b>4,237.4</b> | <b>2.9%</b>  |
| Gross service revenues                  | 1,187.1        | 1,176.6        | 0.9%         | 1,122.3        | 5.8%        | 3,466.6        | 3,405.4        | 1.8%         |
| Deductions – Taxes and others           | (276.0)        | (255.0)        | 8.2%         | (231.7)        | 19.1%       | (764.2)        | (678.2)        | 12.7%        |
| Gross handset revenues                  | 306.8          | 371.6          | -17.4%       | 293.4          | 4.6%        | 895.2          | 832.0          | 7.6%         |
| Deductions – Taxes and others           | (132.0)        | (164.5)        | -19.8%       | (133.1)        | -0.8%       | (410.6)        | (363.3)        | 13.0%        |
| <b>Net Revenues</b>                     | <b>1,085.9</b> | <b>1,128.7</b> | <b>-3.8%</b> | <b>1,050.9</b> | <b>3.3%</b> | <b>3,187.0</b> | <b>3,195.9</b> | <b>-0.3%</b> |
| <b>Net service revenues</b>             | <b>911.1</b>   | <b>921.6</b>   | <b>-1.1%</b> | <b>890.6</b>   | <b>2.3%</b> | <b>2,702.4</b> | <b>2,727.2</b> | <b>-0.9%</b> |
| Subscription and Usage                  | 432.8          | 396.1          | 9.3%         | 388.2          | 11.5%       | 1,198.9        | 1,187.0        | 1.0%         |

|  |                |                |                 |                |                  |                  |                  |                  |
|--|----------------|----------------|-----------------|----------------|------------------|------------------|------------------|------------------|
| Network usage                                | 416.1          | 463.8          | -10.3%          | 455.8          | -8.7%            | 1,315.3          | 1,368.7          | -3.9%            |
| Other services                               | 62.2           | 61.7           | 0.8%            | 46.6           | 33.5%            | 188.2            | 171.5            | 9.7%             |
| <b>Net handset revenues</b>                  | <b>174.8</b>   | <b>207.1</b>   | <b>-15.6%</b>   | <b>160.3</b>   | <b>9.0%</b>      | <b>484.6</b>     | <b>468.7</b>     | <b>3.4%</b>      |
| <b>Operating Costs</b>                       | <b>(762.3)</b> | <b>(883.0)</b> | <b>-13.7%</b>   | <b>(706.5)</b> | <b>7.9%</b>      | <b>(2,215.6)</b> | <b>(2,011.0)</b> | <b>10.2%</b>     |
| Personnel                                    | (50.2)         | (48.7)         | 3.1%            | (51.0)         | -1.6%            | (149.8)          | (143.2)          | 4.6%             |
| <b>Cost of services rendered</b>             | <b>(126.5)</b> | <b>(133.9)</b> | <b>-5.5%</b>    | <b>(117.9)</b> | <b>7.3%</b>      | <b>(392.6)</b>   | <b>(379.0)</b>   | <b>3.6%</b>      |
| Leased lines                                 | (18.3)         | (19.1)         | -4.2%           | (18.8)         | -2.7%            | (60.4)           | (55.5)           | 8.8%             |
| Interconnection                              | (18.1)         | (26.1)         | -30.7%          | (23.8)         | -23.9%           | (63.7)           | (83.3)           | -23.5%           |
| Rent/Insurance/Condominium fees              | (16.6)         | (15.5)         | 7.1%            | (13.4)         | 23.9%            | (48.3)           | (50.0)           | -3.4%            |
| Fistel and other taxes and contributions     | (42.7)         | (43.0)         | -0.7%           | (35.0)         | 22.0%            | (127.9)          | (104.7)          | 22.2%            |
| Third-party services                         | (29.9)         | (30.1)         | -0.7%           | (26.3)         | 13.7%            | (90.8)           | (83.5)           | 8.7%             |
| Others                                       | (0.9)          | (0.1)          | 800.0%          | (0.6)          | 50.0%            | (1.5)            | (2.0)            | -25.0%           |
| Cost of handsets                             | (215.9)        | (291.6)        | -26.0%          | (215.5)        | 0.2%             | (650.4)          | (626.2)          | 3.9%             |
| <b>Selling expenses</b>                      | <b>(312.5)</b> | <b>(367.9)</b> | <b>-15.1%</b>   | <b>(249.0)</b> | <b>25.5%</b>     | <b>(892.6)</b>   | <b>(643.1)</b>   | <b>38.8%</b>     |
| Provision for bad debt                       | (48.3)         | (47.8)         | 1.0%            | (25.7)         | 87.9%            | (128.3)          | (71.2)           | 80.2%            |
| Third-party services                         | (225.4)        | (279.1)        | -19.2%          | (200.0)        | 12.7%            | (668.8)          | (514.0)          | 30.1%            |
| Others                                       | (38.8)         | (41.0)         | -5.4%           | (23.3)         | 66.5%            | (95.5)           | (57.9)           | 64.9%            |
| General & administrative expenses            | (55.0)         | (49.8)         | 10.4%           | (101.7)        | -45.9%           | (151.5)          | (234.4)          | -35.4%           |
| Other operating revenue (expenses)           | (2.2)          | 8.9            | n.a.            | 28.6           | n.a.             | 21.3             | 14.9             | 43.0%            |
| <b>EBITDA</b>                                | <b>323.6</b>   | <b>245.7</b>   | <b>31.7%</b>    | <b>344.4</b>   | <b>-6.0%</b>     | <b>971.4</b>     | <b>1,184.9</b>   | <b>-18.0%</b>    |
| <b>Margin %</b>                              | <b>29.8%</b>   | <b>21.8%</b>   | <b>8.0 p.p.</b> | <b>32.8%</b>   | <b>-3.0 p.p.</b> | <b>30.5%</b>     | <b>37.1%</b>     | <b>-6.6 p.p.</b> |
| Depreciation and Amortization                | (166.1)        | (154.6)        | 7.4%            | (162.6)        | 2.2%             | (470.3)          | (443.3)          | 6.1%             |
| <b>EBIT</b>                                  | <b>157.5</b>   | <b>91.1</b>    | <b>72.9%</b>    | <b>181.8</b>   | <b>-13.4%</b>    | <b>501.1</b>     | <b>741.6</b>     | <b>-32.4%</b>    |
| Net Financial Income                         | (90.3)         | (102.4)        | -11.8%          | (90.1)         | 0.2%             | (273.4)          | (207.4)          | 31.8%            |
| <b>Financial Revenues</b>                    | <b>99.1</b>    | <b>201.9</b>   | <b>-50.9%</b>   | <b>100.3</b>   | <b>-1.2%</b>     | <b>319.0</b>     | <b>169.7</b>     | <b>88.0%</b>     |
| Exchange rate variation / Monetary variation | 92.5           | 194.6          | -52.5%          | 79.9           | 15.8%            | 300.1            | 111.7            | 168.7%           |
| Other financial revenues                     | 6.6            | 7.1            | -7.0%           | 20.1           | -67.2%           | 19.0             | 55.8             | -65.9%           |
| (-) Pis/Cofins taxes on financial revenues   | 0.0            | 0.2            | -100.0%         | 0.3            | -100.0%          | (0.1)            | 2.2              | n.a.             |
| <b>Financial Expenses</b>                    | <b>(189.4)</b> | <b>(304.3)</b> | <b>-37.8%</b>   | <b>(190.4)</b> | <b>-0.5%</b>     | <b>(592.4)</b>   | <b>(377.1)</b>   | <b>57.1%</b>     |
| Exchange rate variation / Monetary variation | (2.4)          | 4.7            | n.a.            | (1.0)          | 140.0%           | (8.6)            | (101.2)          | -91.5%           |
| Other financial expenses                     | (35.2)         | (37.3)         | -5.6%           | (51.7)         | -31.9%           | (110.3)          | (145.6)          | -24.2%           |
| Gains (Losses) with derivatives transactions | (151.8)        | (271.7)        | -44.1%          | (137.7)        | 10.2%            | (473.5)          | (130.3)          | 263.4%           |
| Non-operating revenue/expenses               | (1.0)          | 0.8            | n.a.            | 0.2            | n.a.             | 1.7              | (0.4)            | n.a.             |

|                   |             |               |             |             |               |              |              |               |
|-------------------|-------------|---------------|-------------|-------------|---------------|--------------|--------------|---------------|
| Taxes             | (31.9)      | (12.5)        | 155.2%      | (36.0)      | -11.4%        | (104.8)      | (93.8)       | 11.7%         |
| <b>Net Income</b> | <b>34.3</b> | <b>(23.0)</b> | <b>n.a.</b> | <b>55.9</b> | <b>-38.6%</b> | <b>124.6</b> | <b>440.0</b> | <b>-71.7%</b> |

| <b>OPERATING PERFORMANCE - GLOBAL TELECOM S.A</b> |               |               |                   |               |                   |
|---|---------------|---------------|-------------------|---------------|-------------------|
|   | <b>3 Q 05</b> | <b>2 Q 05</b> | <b>%</b>          | <b>3 Q 04</b> | <b>%</b>          |
| <b>Total number of customers (thousand)</b>       | <b>2,824</b>  | <b>2,783</b>  | <b>1.5%</b>       | <b>2,299</b>  | <b>22.8%</b>      |
| Contract  | 353           | 329           | 7.3%              | 287           | 23.0%             |
| Prepaid   | 2,471         | 2,454         | 0.7%              | 2,012         | 22.8%             |
| <b>Market Share (*)</b>                           | <b>36.2%</b>  | <b>37.7%</b>  | <b>-1.5 p.p.</b>  | <b>43.9%</b>  | <b>-7.7 p.p.</b>  |
| <b>Net additions (thousand)</b>                   | <b>42</b>     | <b>137</b>    | <b>-69.3%</b>     | <b>170</b>    | <b>-75.3%</b>     |
| Contract  | 24            | 22            | 9.1%              | 15.0          | 60.0%             |
| Prepaid   | 18            | 115           | -84.3%            | 155           | -88.4%            |
| <b>Market Share of net additions (*)</b>          | <b>10.0%</b>  | <b>20.3%</b>  | <b>-10.3 p.p.</b> | <b>38.9%</b>  | <b>-28.9 p.p.</b> |
| <b>Market penetration (*)</b>                     | <b>47.8%</b>  | <b>45.8%</b>  | <b>2.0 p.p.</b>   | <b>33.3%</b>  | <b>14.5 p.p.</b>  |
| <b>SAC (R\$)</b>                                  | <b>159</b>    | <b>146</b>    | <b>8.8%</b>       | <b>170</b>    | <b>-6.5%</b>      |
| <b>Monthly Churn</b>                              | <b>1.8%</b>   | <b>1.4%</b>   | <b>0.4 p.p.</b>   | <b>1.2%</b>   | <b>0.6 p.p.</b>   |
| <b>ARPU (in R\$/month)</b>                        | <b>19.6</b>   | <b>21.4</b>   | <b>-8.4%</b>      | <b>24.7</b>   | <b>-20.6%</b>     |
| Contract  | 71.2          | 74.8          | -4.8%             | 67.5          | 5.5%              |
| Prepaid   | 12.0          | 13.9          | -13.7%            | 17.7          | -32.2%            |
| <b>Total MOU (minutes)</b>                        | <b>55</b>     | <b>59</b>     | <b>-6.8%</b>      | <b>72</b>     | <b>-23.6%</b>     |
| Contract  | 161           | 171           | -5.8%             | 159           | 1.3%              |
| Prepaid   | 39            | 43            | -9.3%             | 57            | -31.6%            |
| <b>Employees</b>                                  | <b>382</b>    | <b>384</b>    | <b>-0.5%</b>      | <b>426</b>    | <b>-10.3%</b>     |

(\*) source: Anatel

**Highlights of  
Global  
Telecom (GT)**

Increase in the **customer base** by 22.8% over 3Q04 and by 1.5% over 2Q05, recording 2,824 thousand customers, with growth in the postpaid customer base which represents 57.1% of the acquisition mix, in a strongly competitive environment. It is important to also emphasize the conservative company's reckoning procedures in the customer base.

**SAC** increased by 8.8% in relation to 2Q05, due to increased pressure for commissions and advertising, as a result of the strong competition partially offset by a reduction of total subsidies, due to the increase of the value of "entry barriers" in the period in the prepaid segment.

**Churn** at 1.8%, an increase of 0.4 percentile point over the previous quarter in a strongly competitive environment with increasing pressure for obtaining new customers.

The **blended ARPU** of R\$ 19.6 recorded a reduction of 8.4% and 20.6% in relation to 2Q05 and 3Q04, respectively, due to the customer mix effect, drop in inbound ARPU due, among other factors, to the migration of the inbound traffic from fixed-mobile to mobile-mobile, in addition to the partial Bill & Keep effect and effects of the customer profile adequacy plans such as Vivo Ideal, client care and customer loyalty campaigns, especially in the post-paid customer base.

The **post-paid MOU** increased by 1.3% in relation to 3Q04, as a result of the increase in the outgoing MOU of the post-paid segment. Total MOU was impacted by the reduction in the pre paid customer base, which is affected by the decrease in the inbound fixed-mobile traffic.

| INCOME STATEMENTS - GLOBAL TELECOM S.A.  |                |                |               |                |               |                |                |               |
|--|----------------|----------------|---------------|----------------|---------------|----------------|----------------|---------------|
| According to Corporate Law               |                |                |               |                |               |                |                |               |
| R\$ million                              |                |                |               |                |               | Accum.         |                |               |
|  | 3 Q 05         | 2 Q 05         | %             | 3 Q 04         | %             | 2005           | 2004           | %             |
| <b>Gross Revenues</b>                    | <b>266.3</b>   | <b>285.9</b>   | <b>-6.9%</b>  | <b>254.3</b>   | <b>4.7%</b>   | <b>803.8</b>   | <b>752.5</b>   | <b>6.8%</b>   |
| Gross service revenues                   | 213.8          | 223.6          | -4.4%         | 197.9          | 8.0%          | 653.4          | 569.0          | 14.8%         |
| Deductions – Taxes and others            | (48.7)         | (48.4)         | 0.6%          | (33.8)         | 44.1%         | (143.9)        | (101.9)        | 41.2%         |
| Gross handset revenues                   | 52.5           | 62.3           | -15.7%        | 56.4           | -6.9%         | 150.4          | 183.5          | -18.0%        |
| Deductions – Taxes and others            | (18.3)         | (23.0)         | -20.4%        | (19.4)         | -5.7%         | (57.4)         | (60.2)         | -4.7%         |
| <b>Net Revenues</b>                      | <b>199.3</b>   | <b>214.5</b>   | <b>-7.1%</b>  | <b>201.1</b>   | <b>-0.9%</b>  | <b>602.5</b>   | <b>590.4</b>   | <b>2.0%</b>   |
| <b>Net service revenues</b>              | <b>165.1</b>   | <b>175.2</b>   | <b>-5.8%</b>  | <b>164.1</b>   | <b>0.6%</b>   | <b>509.5</b>   | <b>467.1</b>   | <b>9.1%</b>   |
| Subscription and Usage                   | 77.6           | 72.2           | 7.5%          | 59.2           | 31.1%         | 222.4          | 179.4          | 24.0%         |
| Network usage                            | 74.1           | 82.9           | -10.6%        | 95.6           | -22.5%        | 235.8          | 256.8          | -8.2%         |
| Other services                           | 13.4           | 20.1           | -33.3%        | 9.3            | 44.1%         | 51.3           | 30.9           | 66.0%         |
| <b>Net handset revenues</b>              | <b>34.2</b>    | <b>39.3</b>    | <b>-13.0%</b> | <b>37.0</b>    | <b>-7.6%</b>  | <b>93.0</b>    | <b>123.3</b>   | <b>-24.6%</b> |
| <b>Operating Costs</b>                   | <b>(181.2)</b> | <b>(170.5)</b> | <b>6.3%</b>   | <b>(157.6)</b> | <b>15.0%</b>  | <b>(486.5)</b> | <b>(476.9)</b> | <b>2.0%</b>   |
| Personnel                                | (11.1)         | (11.3)         | -1.8%         | (11.1)         | 0.0%          | (33.8)         | (31.1)         | 8.7%          |
| <b>Cost of services rendered</b>         | <b>(34.7)</b>  | <b>(35.7)</b>  | <b>-2.8%</b>  | <b>(27.5)</b>  | <b>26.2%</b>  | <b>(106.1)</b> | <b>(83.3)</b>  | <b>27.4%</b>  |
| Leased lines                             | (5.0)          | (6.3)          | -20.6%        | (4.2)          | 19.0%         | (17.6)         | (14.9)         | 18.1%         |
| Interconnection                          | (4.7)          | (5.0)          | -6.0%         | (4.5)          | 4.4%          | (14.9)         | (13.6)         | 9.6%          |
| Rent/Insurance/Condominium fees          | (3.9)          | (3.6)          | 8.3%          | (2.4)          | 62.5%         | (11.3)         | (7.0)          | 61.4%         |
| Fistel and other taxes and contributions | (13.8)         | (13.7)         | 0.7%          | (9.6)          | 43.8%         | (41.2)         | (27.9)         | 47.7%         |
| Third-party services                     | (7.2)          | (7.0)          | 2.9%          | (6.7)          | 7.5%          | (20.6)         | (19.7)         | 4.6%          |
| Others                                   | (0.1)          | (0.1)          | 0.0%          | (0.1)          | 0.0%          | (0.5)          | (0.2)          | 150.0%        |
| <b>Cost of handsets</b>                  | <b>(50.3)</b>  | <b>(60.9)</b>  | <b>-17.4%</b> | <b>(64.4)</b>  | <b>-21.9%</b> | <b>(141.3)</b> | <b>(195.4)</b> | <b>-27.7%</b> |
| <b>Selling expenses</b>                  | <b>(78.2)</b>  | <b>(60.1)</b>  | <b>30.1%</b>  | <b>(53.4)</b>  | <b>46.4%</b>  | <b>(191.9)</b> | <b>(154.7)</b> | <b>24.0%</b>  |
| Provision for bad debt                   | (15.5)         | (3.3)          | 369.7%        | (2.4)          | 545.8%        | (25.7)         | (9.8)          | 162.2%        |

|  |               |               |                   |               |                   |                |                |                 |
|--|---------------|---------------|-------------------|---------------|-------------------|----------------|----------------|-----------------|
| Third-party services                         | (50.9)        | (52.3)        | -2.7%             | (47.4)        | 7.4%              | (145.7)        | (136.5)        | 6.7%            |
| Others                                       | (11.8)        | (4.5)         | 162.2%            | (3.6)         | 227.8%            | (20.5)         | (8.4)          | 144.0%          |
| General & administrative expenses            | (7.5)         | (5.0)         | 50.0%             | (5.7)         | 31.6%             | (18.1)         | (14.6)         | 24.0%           |
| Other operating revenue (expenses)           | 0.6           | 2.5           | -76.0%            | 4.5           | -86.7%            | 4.7            | 2.2            | 113.6%          |
| <b>EBITDA</b>                                | <b>18.1</b>   | <b>44.0</b>   | <b>-58.9%</b>     | <b>43.50</b>  | <b>-58.4%</b>     | <b>116.0</b>   | <b>113.5</b>   | <b>2.2%</b>     |
| <b>Margin %</b>                              | <b>9.1%</b>   | <b>20.5%</b>  | <b>-11.4 p.p.</b> | <b>21.6%</b>  | <b>-12.5 p.p.</b> | <b>19.3%</b>   | <b>19.2%</b>   | <b>0.0 p.p.</b> |
| Depreciation and Amortization                | (95.1)        | (62.3)        | 52.6%             | (60.4)        | 57.5%             | (219.0)        | (181.8)        | 20.5%           |
| <b>EBIT</b>                                  | <b>(77.0)</b> | <b>(18.3)</b> | <b>320.8%</b>     | <b>(16.9)</b> | <b>355.6%</b>     | <b>(103.0)</b> | <b>(68.3)</b>  | <b>50.8%</b>    |
| Net Financial Income                         | (21.2)        | (26.2)        | -19.1%            | (14.6)        | 45.2%             | (73.7)         | (85.2)         | -13.5%          |
| <b>Financial Revenues</b>                    | <b>13.3</b>   | <b>24.1</b>   | <b>-44.8%</b>     | <b>8.6</b>    | <b>54.7%</b>      | <b>41.4</b>    | <b>16.1</b>    | <b>157.1%</b>   |
| Exchange rate variation / Monetary variation | 12.1          | 21.4          | -43.5%            | 6.3           | 92.1%             | 33.7           | 6.8            | 395.6%          |
| Other financial revenues                     | 1.2           | 2.7           | -55.6%            | 2.0           | -40.0%            | 7.7            | 7.9            | -2.5%           |
| (-) Pis/Cofins taxes on financial revenues   | 0.0           | 0.0           | n.a.              | 0.3           | n.a.              | 0.0            | 1.4            | n.a.            |
| <b>Financial Expenses</b>                    | <b>(34.5)</b> | <b>(50.3)</b> | <b>-31.4%</b>     | <b>(23.2)</b> | <b>48.7%</b>      | <b>(115.1)</b> | <b>(101.3)</b> | <b>13.6%</b>    |
| Exchange rate variation / Monetary variation | (1.9)         | (5.6)         | -66.1%            | 1.3           | n.a.              | (23.0)         | (6.0)          | 283.3%          |
| Other financial expenses                     | (11.6)        | (11.5)        | 0.9%              | (7.7)         | 50.6%             | (32.1)         | (78.7)         | -59.2%          |
| Gains (Losses) with derivatives transactions | (21.0)        | (33.2)        | -36.7%            | (16.8)        | 25.0%             | (60.0)         | (16.6)         | 261.4%          |
| Non-operating revenue/expenses               | 0.0           | (0.3)         | -100.0%           | 0.2           | n.a.              | 0.0            | 0.4            | n.a.            |
| Taxes  | 19.1          | (9.5)         | n.a.              | 2.3           | 730.4%            | 0.0            | 2.3            | n.a.            |
| <b>Net Income</b>                            | <b>(79.1)</b> | <b>(54.3)</b> | <b>45.7%</b>      | <b>(29.0)</b> | <b>172.8%</b>     | <b>(176.7)</b> | <b>(150.8)</b> | <b>17.2%</b>    |

| CONSOLIDATED OPERATING PERFORMANCE - TELE CENTRO OESTE PARTICIPAÇÕES S.A. |              |              |                   |              |                   |
|---|--------------|--------------|-------------------|--------------|-------------------|
|   | 3 Q 05       | 2 Q 05       | %                 | 3 Q 04       | %                 |
| <b>Total number of customers (thousand)</b>                               | <b>6,561</b> | <b>6,486</b> | <b>1.2%</b>       | <b>5,307</b> | <b>23.6%</b>      |
| Contract  | 978          | 978          | 0.0%              | 940          | 4.0%              |
| Prepaid   | 5,583        | 5,508        | 1.4%              | 4,367        | 27.8%             |
| <b>Market Share (*)</b>   | <b>47.0%</b> | <b>49.0%</b> | <b>-2.0 p.p.</b>  | <b>53.8%</b> | <b>-6.8 p.p.</b>  |
| <b>Net additions (thousand)</b>   | <b>75</b>    | <b>438</b>   | <b>-82.9%</b>     | <b>406</b>   | <b>-81.5%</b>     |
| Contract  | 0            | 28           | -100.0%           | (4.0)        | -100.0%           |
| Prepaid   | 75           | 410          | -81.7%            | 410          | -81.7%            |
| <b>Market Share of net additions (*)</b>                                  | <b>10.7%</b> | <b>36.7%</b> | <b>-26.0 p.p.</b> | <b>42.6%</b> | <b>-31.9 p.p.</b> |
| <b>Market penetration (*)</b>   | <b>41.0%</b> | <b>39.3%</b> | <b>1.7 p.p.</b>   | <b>30.3%</b> | <b>10.7 p.p.</b>  |

|                            |              |              |                 |              |                 |
|----------------------------|--------------|--------------|-----------------|--------------|-----------------|
| <b>SAC (R\$)</b>           | <b>122</b>   | <b>158</b>   | <b>-22.8%</b>   | <b>121</b>   | <b>0.8%</b>     |
| <b>Monthly Churn</b>       | <b>1.9%</b>  | <b>1.5%</b>  | <b>0.4 p.p.</b> | <b>1.8%</b>  | <b>0.1 p.p.</b> |
| <b>ARPU (in R\$/month)</b> | <b>26.5</b>  | <b>26.4</b>  | <b>0.4%</b>     | <b>32.5</b>  | <b>-18.5%</b>   |
| Contract                   | 91.0         | 80.3         | 13.3%           | 89.5         | 1.7%            |
| Prepaid                    | 13.0         | 14.1         | -7.8%           | 16.9         | -23.1%          |
| <b>Total MOU (minutes)</b> | <b>72</b>    | <b>74</b>    | <b>-2.7%</b>    | <b>84</b>    | <b>-14.3%</b>   |
| Contract                   | 236          | 213          | 10.8%           | 224          | 5.4%            |
| Prepaid                    | 40           | 46           | -13.0%          | 50           | -20.0%          |
| <b>Employees</b>           | <b>1,263</b> | <b>1,284</b> | <b>-1.6%</b>    | <b>1,380</b> | <b>-8.5%</b>    |

(\*) source: Anatel

**Consolidated Tele Centro Oeste** Continued market leadership as a result of the increase in the **customer base** by 23.6% in the last 12 months, despite strong competition. It is important to also emphasize the **(TCO)'s Operating** conservative company's reckoning procedures in the customer base .

#### Highlights

**SAC** decreased by 22.8% in relation to 2Q05, as a result of the reduction in the commercial activity in the period and the total subsidies, due to the increase of the value of "entry barriers" during the Father's Day campaign, in the pre paid segment, however continuing with the efforts for customer retention, specially the medium and high end ones .

The **churn** at 1.9% remained stable when compared to 3Q04, thus confirming the result of the commercial practices adopted by the company, with the offer of several plans to meet specific customer demands and service quality, client satisfaction and quality services.

The **blended ARPU** of R\$ 26.5 recorded a 0.4% increase, remaining almost stable in relation to 2Q05, basically due to the growth in the post-paid outgoing ARPU by 17.8%, impacted by the reduction in the prepaid inbound ARPU resulting from the change in the customer mix, in addition to the partial Bill & Keep effect.

The **post-paid MOU** increased by 10.8% and 5.4% in relation to 2Q05 and 3Q04, respectively, caused by the increase in the post-paid outgoing MOU. On the other hand, the total MOU was impacted by the changes in the customer mix, once the prepaid MOU is impacted by the reduction in the fixed-mobile inbound traffic.

| INCOME STATEMENTS - TELE CENTRO OESTE PARTICIPAÇÕES S.A. |              |              |             |              |             |                |                |             |
|--|--------------|--------------|-------------|--------------|-------------|----------------|----------------|-------------|
| According to Corporate Law                               |              |              |             |              |             |                |                |             |
| R\$ million  | 3 Q 05       |              | %           | 3 Q 04       |             | Accum.         |                |             |
|  | 2 Q 05       |              |             |              |             | 2005           | 2004           | %           |
| <b>Gross Revenues</b>                                    | <b>813.9</b> | <b>807.1</b> | <b>0.8%</b> | <b>769.5</b> | <b>5.8%</b> | <b>2,322.3</b> | <b>2,129.7</b> | <b>9.0%</b> |
| Gross service revenues                                   | 698.7        | 661.9        | 5.6%        | 650.5        | 7.4%        | 1,978.1        | 1,799.2        | 9.9%        |
| Deductions – Taxes and others                            | (178.5)      | (163.5)      | 9.2%        | (153.0)      | 16.7%       | (494.4)        | (424.6)        | 16.4%       |

## Edgar Filing: TELESP CELLULAR HOLDING CO /ADR/ - Form 6-K

|  |                |                |                  |                |                   |                  |                |                   |
|--|----------------|----------------|------------------|----------------|-------------------|------------------|----------------|-------------------|
| Gross handset revenues                       | 115.2          | 145.2          | -20.7%           | 119.0          | -3.2%             | 344.2            | 330.5          | 4.1%              |
| Deductions – Taxes and others                | (55.6)         | (44.2)         | 25.8%            | (38.5)         | 44.4%             | (125.6)          | (103.5)        | 21.4%             |
| <b>Net Revenues</b>                          | <b>579.8</b>   | <b>599.4</b>   | <b>-3.3%</b>     | <b>578.0</b>   | <b>0.3%</b>       | <b>1,702.3</b>   | <b>1,601.6</b> | <b>6.3%</b>       |
| <b>Net service revenues</b>                  | <b>520.2</b>   | <b>498.4</b>   | <b>4.4%</b>      | <b>497.5</b>   | <b>4.6%</b>       | <b>1,483.7</b>   | <b>1,374.6</b> | <b>7.9%</b>       |
| Subscription and Usage                       | 309.1          | 260.6          | 18.6%            | 266.7          | 15.9%             | 799.4            | 684.5          | 16.8%             |
| Network usage                                | 188.4          | 201.5          | -6.5%            | 215.0          | -12.4%            | 588.3            | 619.5          | -5.0%             |
| Other services                               | 22.7           | 36.3           | -37.5%           | 15.8           | 43.7%             | 96.0             | 70.6           | 36.0%             |
| <b>Net handset revenues</b>                  | <b>59.6</b>    | <b>101.0</b>   | <b>-41.0%</b>    | <b>80.5</b>    | <b>-26.0%</b>     | <b>218.6</b>     | <b>227.0</b>   | <b>-3.7%</b>      |
| <b>Operating Costs</b>                       | <b>(396.6)</b> | <b>(470.8)</b> | <b>-15.8%</b>    | <b>(330.3)</b> | <b>20.1%</b>      | <b>(1,169.1)</b> | <b>(915.4)</b> | <b>27.7%</b>      |
| Personnel                                    | (37.1)         | (38.4)         | -3.4%            | (37.4)         | -0.8%             | (112.8)          | (104.1)        | 8.4%              |
| <b>Cost of services rendered</b>             | <b>(63.8)</b>  | <b>(75.9)</b>  | <b>-15.9%</b>    | <b>(39.3)</b>  | <b>62.3%</b>      | <b>(199.3)</b>   | <b>(128.5)</b> | <b>55.1%</b>      |
| Leased lines                                 | (11.1)         | (10.1)         | 9.9%             | (4.4)          | 152.3%            | (28.2)           | (18.9)         | 49.2%             |
| Interconnection                              | (14.2)         | (16.1)         | -11.8%           | (16.3)         | -12.9%            | (42.8)           | (59.1)         | -27.6%            |
| Rent/Insurance/Condominium fees              | (5.5)          | (1.9)          | 189.5%           | (4.3)          | 27.9%             | (10.7)           | (12.8)         | -16.4%            |
| Fistel and other taxes and contributions     | (27.3)         | (27.4)         | -0.4%            | (3.9)          | 600.0%            | (80.9)           | (7.2)          | n.a.              |
| Third-party services                         | (4.5)          | (17.9)         | -74.9%           | (9.4)          | -52.1%            | (33.0)           | (27.3)         | 20.9%             |
| Others                                       | (1.2)          | (2.5)          | -52.0%           | (1.0)          | 20.0%             | (3.7)            | (3.2)          | 15.6%             |
| <b>Cost of handsets</b>                      | <b>(92.4)</b>  | <b>(184.6)</b> | <b>-49.9%</b>    | <b>(141.1)</b> | <b>-34.5%</b>     | <b>(372.6)</b>   | <b>(360.0)</b> | <b>3.5%</b>       |
| <b>Selling expenses</b>                      | <b>(165.4)</b> | <b>(150.5)</b> | <b>9.9%</b>      | <b>(101.1)</b> | <b>63.6%</b>      | <b>(408.7)</b>   | <b>(276.5)</b> | <b>47.8%</b>      |
| Provision for bad debt                       | (56.2)         | (37.4)         | 50.3%            | (23.0)         | 144.3%            | (111.6)          | (49.1)         | 127.3%            |
| Third-party services                         | (91.4)         | (99.6)         | -8.2%            | (69.9)         | 30.8%             | (262.4)          | (205.6)        | 27.6%             |
| Others                                       | (17.8)         | (13.5)         | 31.9%            | (8.2)          | 117.1%            | (34.7)           | (21.8)         | 59.2%             |
| General & administrative expenses            | (33.9)         | (25.9)         | 30.9%            | (19.8)         | 71.2%             | (81.4)           | (57.2)         | 42.3%             |
| Other operating revenue (expenses)           | (4.0)          | 4.5            | n.a.             | 8.4            | n.a.              | 5.7              | 10.9           | -47.7%            |
| <b>EBITDA</b>                                | <b>183.2</b>   | <b>128.6</b>   | <b>42.5%</b>     | <b>247.7</b>   | <b>-26.0%</b>     | <b>533.2</b>     | <b>686.2</b>   | <b>-22.3%</b>     |
| <b>Margin %</b>                              | <b>31.6%</b>   | <b>21.5%</b>   | <b>10.1 p.p.</b> | <b>42.9%</b>   | <b>-11.3 p.p.</b> | <b>31.3%</b>     | <b>42.8%</b>   | <b>-11.5 p.p.</b> |
| Depreciation and Amortization                | (67.9)         | (64.1)         | 5.9%             | (50.8)         | 33.7%             | (192.5)          | (151.8)        | 26.8%             |
| <b>EBIT</b>                                  | <b>115.3</b>   | <b>64.5</b>    | <b>78.8%</b>     | <b>196.9</b>   | <b>-41.4%</b>     | <b>340.7</b>     | <b>534.4</b>   | <b>-36.2%</b>     |
| Net Financial Income                         | 39.5           | 29.9           | 32.1%            | 22.3           | 77.1%             | 93.3             | 50.8           | 83.7%             |
| <b>Financial Revenues</b>                    | <b>58.4</b>    | <b>57.5</b>    | <b>1.6%</b>      | <b>43.7</b>    | <b>33.6%</b>      | <b>159.1</b>     | <b>119.2</b>   | <b>33.5%</b>      |
| Exchange rate variation / Monetary variation | 4.7            | 8.4            | -44.0%           | 0.0            | n.a.              | 13.1             | 0.1            | n.a.              |
| Other financial revenues                     | 59.7           | 49.1           | 21.6%            | 45.3           | 31.8%             | 152.1            | 131.1          | 16.0%             |
| (-) Pis/Cofins taxes on financial revenues   | (6.0)          | 0.0            | n.a.             | (1.6)          | 275.0%            | (6.1)            | (12.0)         | -49.2%            |
| <b>Financial Expenses</b>                    | <b>(18.9)</b>  | <b>(27.6)</b>  | <b>-31.5%</b>    | <b>(21.4)</b>  | <b>-11.7%</b>     | <b>(65.8)</b>    | <b>(68.4)</b>  | <b>-3.8%</b>      |
| Exchange rate variation / Monetary           | 2.5            | (3.3)          | n.a.             | 4.0            | -37.5%            | (5.6)            | (22.4)         | -75.0%            |



|  |             |             |              |              |               |              |              |               |
|--|-------------|-------------|--------------|--------------|---------------|--------------|--------------|---------------|
| variation                                    |             |             |              |              |               |              |              |               |
| Other financial expenses                     | (15.8)      | (12.1)      | 30.6%        | (12.3)       | 28.5%         | (40.3)       | (39.1)       | 3.1%          |
| Gains (Losses) with derivatives transactions | (5.6)       | (12.2)      | -54.1%       | (13.1)       | -57.3%        | (19.9)       | (6.9)        | 188.4%        |
| Non-operating revenue/expenses               | 0.0         | 2.3         | n.a.         | 0.2          | n.a.          | 3.0          | (2.1)        | n.a.          |
| Taxes  | (62.3)      | (35.1)      | 77.5%        | (78.4)       | -20.5%        | (161.1)      | (202.4)      | -20.4%        |
| Minority Interest                            | 0.0         | 0.0         | n.a.         | 0.0          | n.a.          | 0.0          | (3.2)        | n.a.          |
| <b>Net Income</b>                            | <b>92.5</b> | <b>61.6</b> | <b>50.2%</b> | <b>141.0</b> | <b>-34.4%</b> | <b>275.9</b> | <b>377.5</b> | <b>-26.9%</b> |

**CONFERENCE CALL – 3Q05 (in English)**

**Webcast :** <http://www.vivo.com.br/ir>

**Date:** October 28, 2005 (Friday)

**Time:** 11:00 a.m. ( São Paulo time) and 9:00 am ( New York time)

**Telephone Number :** (+1 973) 409 9261

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## GLOSSARY

### **Financial Terms:**

**CAPEX** – Capital Expenditure.

**Current Capital (Short-term capital)** = Current assets – Current liabilities.

**Working capital** = Current Capital – Net Debt.

**Net debt** = Gross debt – cash – financial investments – securities – asset from derivative transactions + liability from derivative transactions.

**Net Debt / EBITDA** – Index which evaluates the Company's ability to pay its debt with the generation of operating cash within a one-year period.

**EBIT** – Earnings before interest and taxes.

**EBITDA** – Earnings result before interest, taxes, depreciation and amortization .

**Indebtedness** = Net Debt / (Net Debt + NE) – Index which measures the Company's financial leverage.

### **Operating indicators:**

**Gross additions** – Total of customers acquired in the period.

**Net additions** = Gross Additions – number of customers disconnected.

**ARPU** (Average Revenue per User) – net revenue from services per month / monthly average of customers in the period.

**Postpaid ARPU** – ARPU of postpaid service users.

**Prepaid ARPU** – ARPU of prepaid service users.

**Blended ARPU** – ARPU of the total customer base (contract + prepaid).

**Entry Barrier** – Value of the least expensive phone offered.

**Customers** – Number of wireless lines in service.

**Operating Cash Flow** = EBITDA – CAPEX.

**EBITDA Margin** = EBITDA / Net Operating Revenue.

**PDD** – Provision for bad debt. A concept in accounting that measures the provision made for accounts receivable overdue for more than 90 days.

**NE** – Shareholders' Equity.

**Subsidy** = (net revenue from goods – cost of goods sold + discounts given by suppliers) / gross additions.

### Technology and Services

**1xRTT** – (1x Radio Transmission Technology) – It is the CDMA 2000 1x technology which, pursuant to the ITU (International Telecommunication Union), and in accordance with the IMT-2000 rules is considered 3G (third generation) Technology.

**CDMA** – (*C ode Division Multiple Access*) – Wireless interface technology for cellular networks based on spectral spreading of the radio signal and channel division by code domain.

**CDMA 2000 1xEV-DO** – 3rd Generation access technology with data transmission speed of up to 2.4 Megabits per second.

**CSP** – Carrier Selection Code.

**SMP** – Personal Mobile Services.

**SMS** – Short Message Service – Short text message service for cellular handsets, allowing customers to send and receive alphanumeric messages.

**WAP** – *Wireless Application Protocol* is an open and standardized protocol started in 1997 which allows access to Internet servers through specific equipment, a WAP Gateway at the carrier, and WAP browsers in customers' handsets. WAP supports a specific language (WML) and specific applications (WML *script*).

**Churn rate** = percentage of the disconnections from customer base during the period or the number of customers disconnected in the period / ((customers at the beginning of the period + customers at the end of the period) / 2).

**Market share** = Company's total number of customers / number of customers in its operating area.

**Market share of net additions** : participation of estimated net additions in the operating area.

**MOU** (minutes of use) – monthly average, in minutes, of traffic per customer = (Total number of outgoing minutes + incoming minutes) / monthly average of customers in the period.

**Postpaid MOU** – MOU of postpaid service users.

**Prepaid MOU** – MOU of prepaid service users.

**Market penetration** = Company's total number of customers + estimated number of customers of competitors / each 100 inhabitants in the Company's operating area.

**Productivity** = number of customers / permanent employees.

**Right planning programs** – Customer profile adequacy plans

**SAC** – cost of acquisition per customer = (70% marketing expenses + costs of the distribution network + handset subsidies) / gross additions.

**SAC** – acquisition cost per customer = (70% marketing expenses + distribution network costs + handsets subsidy) / gross additions.

**VC** – Communication values per minute.

**VC1** – Communication values for calls in the same area of the subscriber.

**VC2** – Communication values for Calls posted outside the area code and inside the State.

**VC3** – Communication values for Calls outside the State.

**ZAP** – A service which allows quick wireless access to the Internet through a computer, notebook or palmtop, using the CDMA 1xRTT technology.

**VU -M** – Value of mobile use of the Cellular Operator network which the Fixed Telephone Operator pays for a call from a Fixed Phone to a Mobile Phone (interconnection fee).

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**SIGNATURE**

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

Date: October 31, 2005

TELESP CELULAR PARTICIPAÇÕES S.A.

By: */s/ Paulo Cesar Pereira*  
Teixeira

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**Paulo Cesar Pereira Teixeira**  
**Investor Relations Officer**

**FORWARD-LOOKING STATEMENTS**

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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