

LATIN AMERICA TELECOM & MEDIA

4Q10 Preview & Themes to Watch

Fine-tuning estimates – This reflects mostly FX and Brazil mobile market subscriber metrics. Changes are minor, although we are reducing our price objective on Axtel to P\$9 from P\$10 and on TSP to US\$25 from US\$26. Page 2 summarizes these changes.

Top Themes to watch – Investor focus will be on company outlook statements for the year ahead, and we will also be watching the following themes:

1. **Return of the handset subsidies** - Will others follow AMX's lead? Channel checks confirm that AMX has ramped up subsidies in Brazil, which helps explain its very strong 45% share of post-paid net adds in 4Q. AMX can absorb a temporary margin hit in Brazil, but VIV and TSU have less flexibility, in our view. Mobile sector margin expansion will be tougher to produce in 2011 than in 2010, we project.
2. **Mobile data ARPU growth is solid** – This was a key theme from our recent Regulated Industries Conference in Rio, but can it finally begin to offset the ongoing decline in mobile voice ARPU? We're not so sure. Anecdotally, we used Wi-Fi and the Skype iPhone app to keep in touch with the family via video conference while attending our conference. This was all free for us. Last year, we incurred very high international mobile roaming fees for a basic (voice-only) call.
3. **Pay TV battle looms in Brazil** - AMX and Sky have the early lead, but TNE and TSP are talking about becoming more aggressive in 2011, likely in anticipation of GVT's planned Pay TV launch in 3Q11. Until the new law passes, telcos will be using satellite-based solutions, but it is increasingly clear that fiber-based offerings will come later. The growth potential for Pay TV was a key theme in our sector initiation (see "Looking for Growth", 9 Sept. 2009).
4. **Capital intensity is on the rise** - AMX, TNE, TEO and Entel have already communicated that capex-to-sales will be higher in 2011 than 2010. Other telcos may struggle to buck the trend.
5. **Incumbent fixed line decline to continue** – TNE laid out plans to restore growth at its Investor Day last Fall. We expect the company to use low-price on three and four-play bundles to compete more aggressively, with the impact likely on high-margin fixed-line voice segment, although mobile voice may also be impacted.
6. **Impact of rising inflation** – We have yet to see any visible impact on prepaid mobile recharge activity in high-inflation markets like Argentina, but this could become a new source of pressure in Brazil where prepaid is more prevalent.

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PLEASE SEE ANALYST(S) CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 31.

INDUSTRY UPDATE

Latin America Telecom & Media

3-NEGATIVE

Unchanged

For a full list of our ratings, price target and earnings changes in this report, please see table on page 2.

Latin America Telecom & Media

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Summary of our Ratings, Price Targets and Earnings Changes in this Report (all changes are shown in bold)

Company	Rating		Price	Price Target			EPS FY1 (E)			EPS FY2 (E)		
	Old	New	02-Feb-11	Old	New	%Chg	Old	New	%Chg	Old	New	%Chg
Latin America Telecom & Media	3-Neg	3-Neg										
América Móvil SAB de CV (AMX)	1-OW	1-OW	58.50	67.00	67.00	-	3.72	3.71	0	4.81	4.84	1
Axtel SAB de CV (AXTELCPO MM / AXTELCPO.MX)	1-OW	1-OW	7.26	10.00	9.00	-10	-0.12	-0.19	-58	-0.13	-0.34	-162
Brasil Telecom SA (BTM)	1-OW	1-OW	23.80	32.00	32.00	-	3.59	3.63	1	4.28	4.29	0
Grupo Televisa SA (TV)	2-EW	2-EW	24.70	25.00	25.00	-	1.07	1.10	3	1.33	1.33	-
NII Holdings Inc. (NIHD)	3-UW	3-UW	41.83	37.00	37.00	-	2.34	2.36	1	2.21	2.18	-1
Tele Norte Leste Participações SA (TNE)	3-UW	3-UW	15.55	15.00	15.00	-	2.40	2.45	2	2.01	1.97	-2
Telecom Argentina SA (TEO)	1-OW	1-OW	26.17	29.00	29.00	-	2.33	2.34	0	2.69	2.71	1
Telecomunicações de São Paulo SA (TSP)	2-EW	2-EW	24.19	26.00	25.00	-4	2.65	2.61	-2	2.54	2.50	-2
Teléfonos de México SAB de CV (TMX)	3-UW	3-UW	17.84	11.00	11.00	-	1.30	1.30	-	1.23	1.23	-
TIM Participações SA (TSU)	2-EW	2-EW	37.91	37.00	37.00	-	0.99	1.01	2	1.66	1.69	2
Vivo Participações SA (VIV)	1-OW	1-OW	34.14	39.00	39.00	-	2.24	2.25	0	3.23	3.29	2

Source: Barclays Capital Share prices and target prices are shown in the primary listing currency and EPS estimates are shown in the reporting currency.

FY1(E): Current fiscal year estimates by Barclays Capital. FY2(E): Next fiscal year estimates by Barclays Capital.

Stock Rating: 1-OW: 1-Overweight 2-EW: 2-Equal Weight 3-UW: 3-Underweight RS: RS-Rating Suspended

Sector View: 1-Pos: 1-Positive 2-Neu: 2-Neutral 3-Neg: 3-Negative

What we're looking for in 4Q10

Figure 1 below summarizes our mobile service revenue growth assumptions. Key observations by country include:

- **Argentina** - TEO growth outpacing rivals thanks to more aggressive subscriber acquisition in 2Q10 and 3Q10, which should pay dividends in 2011.
- **Brazil** - AMX and TSU growth poised to improve in 2011, following strong subscriber acquisition activity in 2010. TNE growth moderating on tougher comps in Sao Paulo. Nextel growth tapering in 2011, as competitors focus more intensively on post-paid segment, and data offering only starts in 2012.
- **Chile** - Attractive mid-to-high teen growth, with AMX gaining modest share from a low base.
- **Colombia** - AMX is much larger than peers, but TEF growth is now accelerating, and we expect this to continue. MICC is outpacing both rivals, but from a lower base.
- **Mexico** - Growth rates converge if TEF can recover from 2H10 execution problems.
- **Peru** - AMX still outpacing TEF by 2x, but Nextel ramping up from new 3G offering.

Figure 1: Service revenue growth Y/Y by carrier and country

		Service Revenue (Y/Y)						
		1Q10A	2Q10A	3Q10A	4Q10E	2010E	2011E	2012E
Argentina	AMX	24%	21%	19%	18%	20%	16%	14%
	TEF	16%	20%	22%	16%	19%	9%	6%
	TEO	18%	20%	24%	23%	22%	27%	21%
	NIHD	6%	10%	13%	14%	11%	15%	13%
Brazil	AMX	4%	4%	5%	5%	5%	10%	7%
	TNE	17%	22%	13%	11%	15%	7%	8%
	TSU	5%	6%	6%	6%	6%	9%	10%
	VIV	6%	11%	10%	9%	9%	10%	6%
	NIHD	41%	38%	37%	37%	38%	29%	12%
Chile	AMX	24%	21%	19%	18%	20%	16%	14%
	TEF	4%	13%	14%	15%	11%	11%	8%
	ENTEL	15%	15%	14%	N/A	N/A	N/A	N/A
Colombia	AMX	1%	7%	5%	4%	4%	7%	7%
	TEF	-2%	4%	8%	12%	5%	11%	9%
	MICC	18%	18%	21%	N/A	N/A	N/A	N/A
Mexico	AMX	8%	7%	6%	8%	7%	9%	7%
	TEF	12%	9%	0%	-2%	5%	6%	9%
	NIHD	1%	5%	8%	10%	6%	9%	10%
Peru	AMX	22%	25%	23%	20%	22%	17%	14%
	TEF	4%	9%	10%	8%	8%	8%	8%
	NIHD	-3%	7%	9%	9%	6%	16%	22%

Source: Company Reports and Barclays Capital Estimates

Figure 2: Barclays Capital Latin America Telecom & Media 4Q10 Estimates

	(Local Currency, mn)			
	Net Revenues	EBITDA	Margin	EPADR
América Móvil SAB de CV (AMX)	157,266	63,417	40.3%	0.97
Axtel SAB de CV (AXTELCPO)	2,727	823	30.2%	-0.04
Brasil Telecom SA (BTM)	2,551	771	30.2%	0.92
Grupo Televisa SA (TV)	16,255	6,475	39.8%	0.39
NII Holding Inc (NIHD)	1,581	386	24.4%	0.84
Tele Norte Leste Participações SA (TNE)	7,498	2,400	32.0%	0.43
Telecom Argentina SA (TEO)	3,990	1,193	29.9%	0.50
Telecomunicações de São Paulo SA (TSP)	4,047	1,296	32.0%	0.67
TIM Participações SA (TSU)	3,832	1,083	28.3%	0.43
Vivo Participações SA (VIV)	4,854	1,580	32.5%	0.81

Source: Barclays Capital Estimates and Factset

Figure 3: Barclays Capital Latin America Valuation Comparisons Table

Company	Ticker	Rating	ADR	Local Ccy	Potential	Mkt Cap.	P/E		EV/EBITDA		EV/OpFCF		EV/Sales		FCF Yield		Div.Yield		Model
			Price	Price	Upside	(bn)*	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	
América Móvil	AMX	1-OW	58.37	P\$35.12	15%	117,616	12.1	10.4	6.0	5.5	9.6	8.3	2.5	2.3	9.9%	11.7%	4.3%	4.9%	12.02
Axtel	AXTELCPO	1-OW	N/A	P\$7.17	26%	747	(21.1)	(43.6)	5.3	5.0	18.6	16.6	1.6	1.6	7.3%	8.4%	0.0%	0.0%	12.02
NII Holdings	NIHD	3-UW	N/A	\$41.08	-10%	7,201	18.9	23.5	5.7	5.2	(9.7)	(277.9)	1.4	1.3	-30.9%	-8.2%	0.0%	0.0%	1.00
Telecom Argentina	TEO	1-OW	26.43	P\$21.90	10%	5,214	9.7	8.7	3.7	2.9	7.6	5.7	1.1	0.9	17.7%	7.9%	6.9%	8.5%	4.02
Telef. de México	TMX	3-UW	17.82	P\$10.76	-38%	16,208	13.7	14.5	6.4	7.1	8.5	9.6	2.4	2.6	16.2%	14.5%	4.8%	5.0%	12.05
Tele-Norte Leste	TNE	3-UW	15.86	R\$ 26.24	-5%	6,067	8.0	9.0	4.5	4.8	8.5	9.9	1.5	1.6	10.0%	5.4%	11.9%	13.6%	1.67
Brasil Telecom	BTM	1-OW	24.01	R\$ 13.18	33%	4,720	5.6	5.0	2.7	2.3	5.3	4.8	0.9	0.7	18.7%	15.7%	4.5%	4.9%	1.67
Telef. São Paulo	TSP	2-EW	24.17	R\$ 40.54	3%	12,226	9.8	10.3	4.5	4.5	7.6	7.5	1.5	1.5	9.8%	9.6%	10.4%	9.8%	1.67
TIM Part.	TSU	2-EW	37.74	R\$ 6.14	-2%	9,343	22.4	15.1	4.0	3.8	16.7	15.9	1.1	1.0	2.3%	7.3%	4.1%	5.1%	1.67
Grupo Televisa	TV	2-EW	24.45	P\$58.87	2%	13,758	18.4	16.6	7.6	6.6	13.5	10.3	2.9	2.6	6.7%	8.9%	0.0%	0.0%	12.00
Vivo Part.	VIV	1-OW	34.00	R\$ 56.16	15%	13,624	10.3	9.5	3.9	3.6	8.5	6.0	1.3	1.2	9.2%	13.6%	0.8%	7.3%	1.67
Total / Median						477,855	10.3	10.3	4.5	4.8	8.5	8.3	1.5	1.5	9.8%	8.9%	4.3%	5.0%	

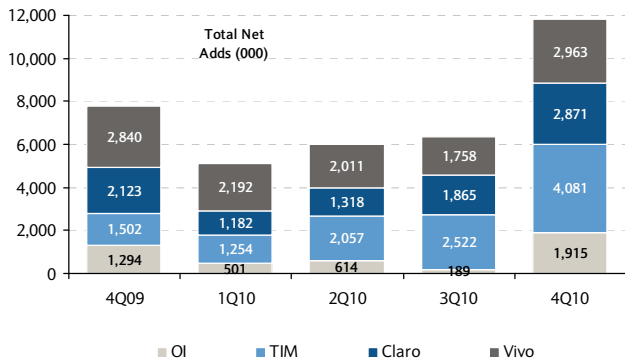
Source: Barclays Capital Estimates, Bloomberg // Prices as of February 3rd 2011. Note: Sector view: 3 – Underweight.

What we know going into 4Q results

1. TSU had another fantastic quarter in total net additions in Brazil

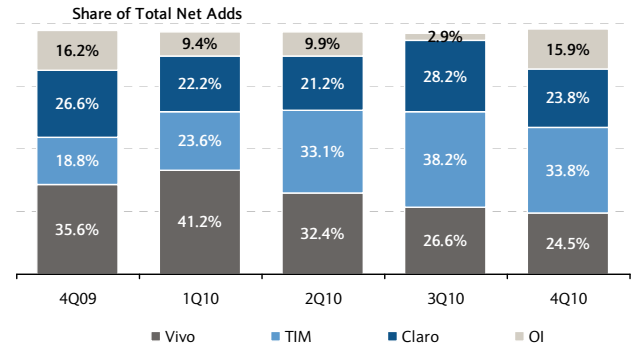
TSU gained a market-leading 33.8% share of total net adds (Figure 5). TSU achieved this while also improving network quality, based on Anatel's monthly indicators.

Figure 4: Brazilian total net adds



Source: Anatel

Figure 5: Brazilian share of total net adds

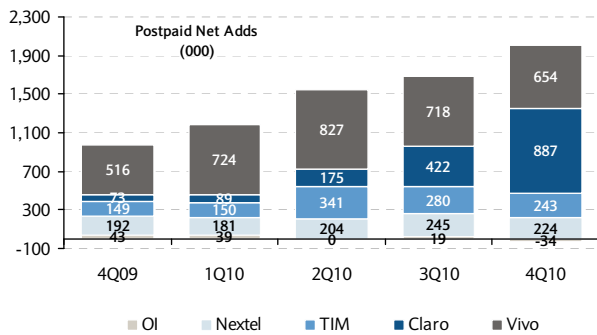


Source: Anatel

2. AMX's Claro is attacking the post-paid segment at everyone's expense

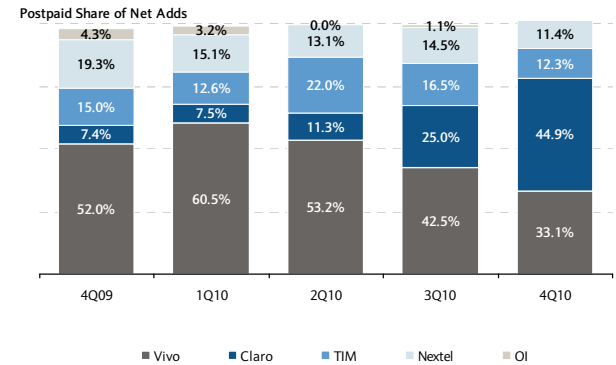
In Brazil, Claro doubled post-paid net adds Q/Q in each of the last four quarters, ending with a 45% share of post-paid net adds in 4Q10 (Figure 7).

Figure 6: Brazilian post-paid net adds



Source: Anatel

Figure 7: Brazilian share of post-paid net adds



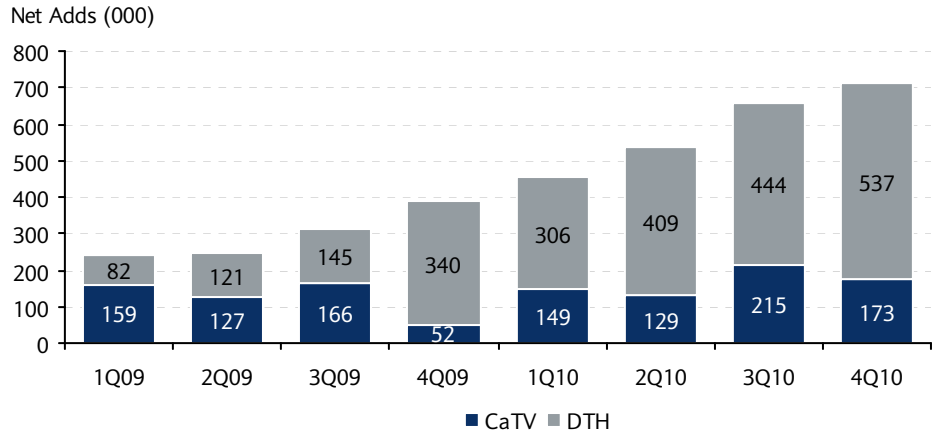
Note: Oi had -1.7% share of post-paid net adds in 4Q10.

Source: Anatel

3. Pay TV growth remains solid in Brazil, long after World Cup

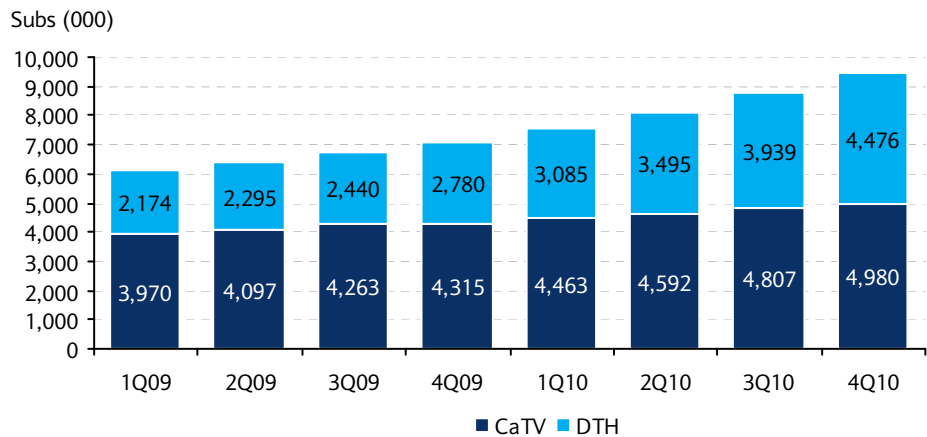
Although Direct-to-Home (DTH) is the main driving force behind the industry’s rising penetration of households, Cable TV continues to grow, suggesting that both segments can co-exist. AMX’s NETC is the dominant CaTV provider with nearly 90% of CaTV subscribers, and the company is also performing well in the DTH category having passed 1mn subscribers during Q4.

Figure 8: Brazil DTH providers added a record 537k subs in 4Q, long after the World Cup



Source: BarCap, Anatel

Figure 9: Brazil DTH subscriber base now almost as large as CaTV



Source: BarCap, Anatel

4. Mexico portability stats good for AMX and Axtel

In mobile, AMX’s Telcel posted a net gain of +102k subs from portability in 4Q. This is a new record and is a significant jump from the previous record of +76k in 2Q10. In fixed, Axtel had a net gain of +10k, also a record and nearly double the 2Q record of +6k (Figure 10).

Figure 10: Mexico Portability Trends: Record Gains for AMX and Axtel

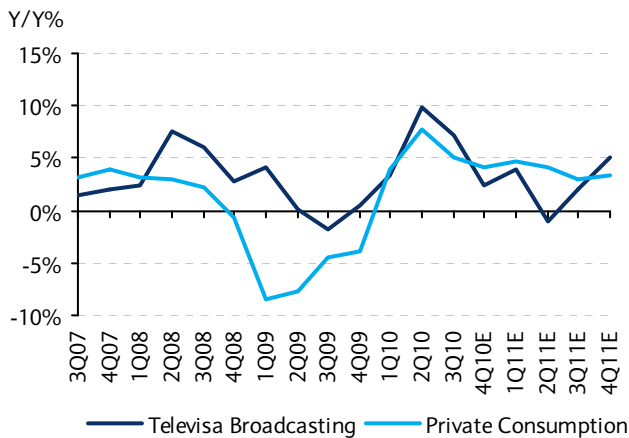
Mobile	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Iusacell	(2,237)	(3,630)	(4,725)	(5,386)	(7,329)	(7,357)	(10,789)	(15,509)
Movistar (TEF)	(34,244)	(33,353)	(50,226)	(50,051)	(58,023)	(64,665)	(55,649)	(76,484)
Telcel (AMX)	38,757	39,608	57,948	58,175	68,318	75,909	71,618	102,645
Unefon	(1,958)	(2,469)	(3,275)	(3,422)	(2,080)	(3,660)	(5,024)	(10,619)
Fixed								
Alestra	8,172	4,792	3,008	(6,274)	(952)	(15,833)	(33,846)	(1,394)
Axtel	(2,091)	5,456	5,587	876	3,942	6,108	5,087	10,227
Maxcom (MXT)	1,122	1,500	1,354	346	(477)	(356)	(3,938)	(150)
Megacable	23,852	12,160	22,504	10,353	7,243	6,259	7,126	7,638
Metrored	0	5	2	1,258	1,738	2,153	880	79
Telefonica (TEF)	50	100	232	9,928	7,757	18,247	36,576	2,838
Televisa (TV)	15,561	18,708	15,538	25,068	20,741	16,360	16,698	10,014
Telmex (TMX)	(36,550)	(43,530)	(48,975)	(41,682)	(41,732)	(33,702)	(29,761)	(21,005)

Source: BarCap, Cofetel

5. Televisa constrained by muted Mexico consumer and GDP outlook

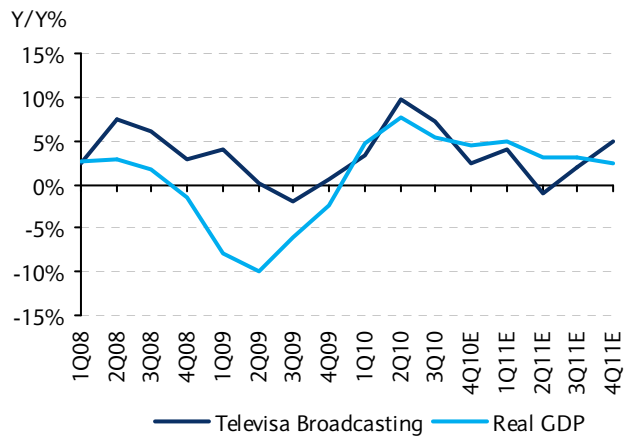
We project 2011 revenue growth of 2.5% for Televisa’s core broadcasting segment. This is down from a guided range of 5.5-6.0% in 2010, which benefited from the World Cup, and it compares to a projected inflation rate of approximately 4%. Segment growth is somewhat correlated to private consumption and GDP growth, and Barclays Capital economists project that GDP growth will slow from 5.5% in 2010 to 3.3% in 2011 and 3.0% in 2012.

Figure 11: Sluggish consumer weighs on TV Broadcasting



Source: BarCap, INEGI

Figure 12: Slowing GDP will also weigh on TV Broadcasting



Source: Barcap, INEGI

América Móvil

We project 4Q EBITDA of P\$63.4bn and EPADR of US\$0.97, both in line with consensus.

Given AMX's strong post-paid net adds (45% share) in Brazil, look for possible margin weakness there, although easy comp Y/Y will help.

In contrast, AT&T and Verizon re-sale net adds in 4Q suggest weak USA (Tracfone) net adds for AMX, which may produce margin upside in the USA relative to consensus expectations.

Look for more granular details around their US\$8.3bn capex plan for 2011.

Our revised 2011 EPS of P\$2.95 is in line with consensus.

However, our EPADR of US\$4.84 is 13% above consensus of US\$4.28, likely because most Latam analysts appear to incorporate an assumption that local currencies will depreciate gradually over time when translating EPS into EPADR.

We follow the US analyst approach of using current spot rates, except for Argentina, where inflation is a bigger factor weighing on the currency.

Figure 13: AMX Quarterly Preview (MXN mn)

	4Q10	3Q10	4Q09	Y/Y	Q/Q
	Estimates	Actual	Actual		
Net Revenues	157,266	153,555	150,959	4.2%	2.4%
EBITDA	63,417	63,040	58,651	8.1%	0.6%
Margin	40.3%	41.1%	38.9%	150 bp	-70 bp
Net Income	24,350	23,409	23,087	5.5%	4.0%
EPS (P\$)	0.62	0.58	0.57	7.5%	6.0%
EPADR (US\$)	0.97	0.90	0.88	10.1%	7.2%
Net Adds (000)	7,176	5,716	6,637	8.1%	25.5%
Margin in Mexico	49.3%	53.2%	50.0%	-70 bp	-390 bp
ARPU in Mexico (P\$)	167	164	165	1.0%	1.9%
Margin in Brazil	28.7%	31.1%	27.8%	80 bp	-240 bp
ARPU in Brazil (R\$)	19	19	21	-9.0%	2.0%

Source: Barclays Capital Estimates. // We apply constant FX in currency translation

Figure 14: AMX Change in Estimates (MXN mn)

	NEW		OLD		CHANGE	
	2010E	2011E	2010E	2011E	2010E	2011E
Net Revenues	605,657	658,781	615,725	662,385	-1.6%	-0.5%
EBITDA	250,509	267,796	247,325	269,622	1.3%	-0.7%
EBITDA Margin	41.4%	40.7%	40.2%	40.7%	120 bp	-10 bp
Net Income	83,364	112,085	82,644	113,168	0.9%	-1.0%
EPS (P\$)	2.36	2.95	2.35	2.97	0.8%	-1.0%
EPADR (US\$)	3.71	4.84	3.72	4.81	-0.3%	0.7%

Source: Barclays Capital Estimates. Note: Estimates until 2Q10 are as reported, and from 3Q10 consolidates AMX, TMX, and TII.

Figure 15: América Móvil Financial Summary

1-Overweight / 3-Negative
 Shares (ADRs) Outs. (mn) 2,015
 Market Cap (US\$m): 117,616
 Enterprise Value (US\$m): 125,676
 Ticker: AMX
 Price*: \$58.37
 Target: \$67.00
 Potential Upside: 15%
 AMX L P\$35.12
 P\$40.00

América Móvil S.A.B. de C.V. is the largest telecom and Pay TV services provider in Latin America and the largest mobile virtual network operator (MVNO) in the US. It markets its mobile services under the brands of Telcel in Mexico, Tracfone in the US, and Claro in most other countries. Fixed line and PayTV are marketed under the Embratel brand in Brazil and the Telmex brand everywhere else. AMX also owns a non-controlling stake (approx 85-90%) in NETC, the largest CaTV operator in Brazil.

Fiscal Year End 31-Dec	2007A	2008A	2009A	2010E	2011E	2012E	2008-12
Results Summary (MXN, mn)	MXGAAP	MXGAAP	IFRS	IFRS	IFRS	IFRS	CAGR
Net Sales	304,197	345,655	567,293	605,657	658,781	715,384	6.0%
EBITDA	123,821	138,418	219,344	236,874	274,384	299,270	8.1%
EBIT	83,908	96,651	157,082	150,879	186,766	206,270	7.0%
Net Financial Cost	4,630	6,536	12,039	13,904	15,496	15,172	6.0%
Pre-Tax Income	74,168	78,885	147,038	140,288	168,013	187,841	6.3%
Tax Rate	29.4%	25.2%	28.8%	30.2%	30.5%	30.5%	1.4%
Net Income	52,298	59,016	98,984	95,070	112,085	125,397	6.1%
EPS (P\$)	1.49	1.73	2.45	2.36	2.95	3.43	8.8%
EPADR (US\$)	2.72	3.10	3.27	3.71	4.84	5.64	14.6%
Shares Outstanding (mn)	35	34	41	40	38	37	-2.8%
Dividend per Share (P\$)	0.96	0.21	0.71	0.39	1.50	1.73	24.9%
Growth & Margin Data							Median
Net Sales Growth	NA	NA	NA	6.8%	8.8%	8.6%	8.6%
EBITDA Growth	NA	NA	NA	8.0%	15.8%	9.1%	9.1%
EBIT Growth	NA	NA	NA	-3.9%	23.8%	10.4%	10.4%
Net Income Growth	NA	NA	NA	-4.0%	17.9%	11.9%	11.9%
EPS Growth	NA	NA	NA	-3.5%	24.7%	16.5%	16.5%
EBITDA Margin	NA	NA	NA	39.1%	41.7%	41.8%	41.7%
EBIT Margin	NA	NA	NA	24.9%	28.4%	28.8%	28.4%
Pre-Tax Margin	NA	NA	NA	23.2%	25.5%	26.3%	25.5%
Net Margin	NA	NA	NA	15.7%	17.0%	17.5%	17.0%
FCF Margin	NA	NA	NA	18.4%	21.3%	23.2%	21.3%
Mobile Segment Results							Median
Mobile Net Adds (000)							
Mexico	6,821	6,360	2,796	4,623	4,161	3,537	-11.1%
Brazil	6,347	8,503	5,670	7,237	7,088	7,642	-2.1%
Colombia	2,814	5,055	407	1,356	1,400	1,260	-24.3%
Others	12,664	9,384	9,375	10,001	8,618	7,731	-3.8%
FX Rate (Avg. P\$/US\$)	10.93	11.15	13.50	12.63	12.17	12.17	-2.1%
Return Data							Median
Return on Capital	24.5%	24.6%	23.6%	33.5%	19.1%	21.2%	21.2%
Return on Assets	15.0%	13.6%	17.2%	13.7%	12.0%	13.3%	13.3%
Return on Equity	41.2%	40.7%	47.3%	37.2%	34.0%	38.9%	37.2%
Capex/Sales	17.1%	16.5%	9.5%	14.7%	15.5%	14.0%	14.7%
Balance Sheet & Cash Flow Summary							CAGR
Cash & Short-Term Investment	12,022	22,092	27,446	160,926	168,935	172,983	50.9%
Total Assets	349,120	435,455	453,008	932,490	933,879	948,089	16.8%
ST & LT debt	104,752	143,486	110,909	362,634	362,634	362,634	20.4%
Other LT Liabilities	22,504	25,980	33,211	46,003	50,603	55,664	16.5%
Total Liabilities	222,264	290,531	275,102	599,596	607,460	630,030	16.7%
Shareholder Equity	126,858	144,925	177,906	332,894	326,419	318,059	17.0%
Cash from Operations	103,144	117,654	152,809	200,479	242,495	265,940	17.7%
Capex & Acquisitions	N/A	70,795	52,657	88,820	102,111	100,154	7.2%
Free Cash Flow	N/A	46,859	100,151	111,659	140,384	165,786	28.8%
NOPAT	62,301	77,488	74,065	168,112	141,267	154,597	14.8%
Valuation & Leverage Metrics							Median
P/E	20.7x	18.2x	16.3x	15.7x	12.1x	10.4x	12.1x
EV/EBITDA	10.9x	9.7x	8.1x	6.9x	5.8x	5.1x	5.8x
EV/OpFCF	19.0x	16.5x	12.4x	11.0x	9.2x	7.7x	9.2x
FCF Yield	N/A	4.2%	8.9%	7.9%	9.9%	11.7%	9.9%
EV/Sales	4.4x	3.9x	3.3x	2.7x	2.4x	2.1x	2.4x
Price/BV	8.9x	7.8x	6.3x	4.2x	4.3x	4.4x	4.3x
Dividend Yield	2.7%	0.6%	1.5%	1.1%	4.3%	4.9%	4.3%
Total Debt to Capital	30.0%	33.0%	24.5%	38.9%	38.8%	38.2%	38.8%
Net Debt/EBITDA	0.7x	0.9x	0.5x	0.9x	0.7x	0.6x	0.7x

Quarterly Highlights 2010		1Q10A	2Q10A	3Q10A	4Q10E
Results Summary (MXN, mn)		IFRS	IFRS	IFRS	IFRS
Net Sales		146,320	148,516	153,555	157,266
EBITDA		55,721	54,696	63,040	63,417
EBIT		34,864	33,636	41,061	41,317
Net Financial Cost		2,902	3,465	3,678	3,859
Pre-Tax Income		37,114	34,462	32,556	36,157
Tax Rate		36.4%	30.5%	23.9%	30.0%
Net Income		23,476	23,836	23,409	24,350
EPS (P\$)		0.58	0.59	0.58	0.62
EPADR (US\$)		0.91	0.94	0.90	0.97
Capex & Acquisitions		10,041	29,739	21,911	27,129
Free Cash Flow		31,266	33,238	16,248	30,907
Growth & Margin Data					
Net Sales Growth		8.3%	9.7%	5.3%	4.2%
EBITDA Growth		9.1%	9.0%	6.0%	8.1%
EBIT Growth		-9.2%	-11.9%	3.9%	0.8%
Net Income Growth		2.2%	-24.1%	8.8%	5.5%
EPS Growth		4.7%	-22.9%	3.7%	7.5%
EBITDA Margin		38.1%	36.8%	41.1%	40.3%
EBIT Margin		23.8%	22.6%	26.7%	26.3%
Pre-Tax Margin		25.4%	23.2%	21.2%	23.0%
Net Margin		16.0%	16.0%	15.2%	15.5%
FCF Margin		21.4%	22.4%	10.6%	19.7%
Mobile Segment Results					
Mobile Net Adds (000)					
Mexico		1,098	1,028	1,147	1,350
Brazil		1,182	1,319	1,865	2,871
Colombia		363	222	371	400
Others		2,814	2,299	2,333	2,555
FX Rate (Avg. P\$/US\$)		12.77	12.56	12.79	12.39
Revenue Mix (2010E)		EBITDA (2010E)			

Major Shareholders	Voting	Limited	Total
Slim Family Trust	45%	0%	17%
Slim Family Members	15%	12%	13%
AT&T Inc	24%	0%	9%
Inmobiliaria Carso	6%	0%	2%
Float	11%	88%	59%
TOTAL	100%	0%	100%

Source: Barclays Capital Estimates, Company reports. *Closing price as of February 3rd, 2011

Axtel

We project EBITDA of P\$823mn, down 1% from P\$835mn in 3Q.

Operating trends should remain positive: monthly portability statistics show Axtel had a record net gain of 10.2k (vs. 5.1k in 3Q10), and continued focus on bundled offerings should produce another strong quarter for broadband net adds.

However, the strong peso will impact incoming ILD revenue, which is denominated in dollars.

Figure 16: AXTEL CPO Quarterly Preview (MXN mn)

	4Q10	3Q10	4Q09	Y/Y	Q/Q
	Estimates	Actual	Actual		
Net Revenues	2,727	2,700	2,697	1.1%	1.0%
EBITDA	823	835	909	-9.4%	-1.4%
Margin	30.2%	30.9%	33.7%	-350 bps	-70 bps
Net Income	-47	-19	97	-149.1%	153.1%
EPS (P\$)	-0.04	-0.01	0.08	-149.1%	153.1%
Net Adds Voice (000)	18	17	22	-16.7%	9.1%
Net Adds Bband (000)	44	44	15	200.0%	0.0%

Source: Barclays Capital Estimates.

We cut 2011 EBITDA by 7% to P\$3.4bn, which is now 6% below consensus. Our 30.7% margin is below management expectations that margins should return to the historical range of 33-34% in 2011.

We cut 2011 revenue by 3% to reflect lower ILD revenue due to FX, as well as lower assumed fixed line growth.

We are trimming our price target to P\$9 from P\$10, based on our DCF, which assumes 5% revenue growth, terminal margins of 32% (from 35%), a multiple of 5x, 15% capex/sales, and an 11% WACC.

Figure 17: AXTEL Change in Estimates (MXN mn)

	NEW		OLD		CHANGE	
	2010E	2011E	2010E	2011E	2010E	2011E
Net Revenues	10,657	11,042	10,735	11,364	-0.7%	-2.8%
EBITDA	3,258	3,392	3,348	3,636	-2.7%	-6.7%
EBITDA Margin	30.6%	30.7%	31.2%	32.0%	-60 bp	-130 bp
Net Income	-241	-426	-152	-167	57.9%	156.1%
EPS (P\$)	-0.19	-0.34	-0.12	-0.13	57.9%	156.1%

Source: Barclays Capital Estimates.

Grupo Televisa SA

We project 4Q10 EPADR of US\$0.39, above consensus of US\$0.35.

Focus will be on the 2011 up-front Broadcasting revenue growth and on the guidance for the full year.

We project 2011 Broadcasting revenue growth of 2.5% (due to the difficult comparison from the World Cup), and a flat Broadcasting EBITDA margin of 47%.

Consensus appears to assume slightly more optimistic Broadcasting growth of approximately 4%.

Figure 19: TV Quarterly Preview (MXN mn)

	4Q10	3Q10	4Q09	Y/Y	Q/Q
	Estimates	Actual	Actual		
Net Revenues	16,255	14,771	15,163	7.2%	10.0%
EBITDA	6,475	5,788	5,668	14.2%	11.9%
Net Income	2,717	2,195	1,188	128.8%	23.8%
EPS (P\$)	0.98	0.79	0.42	130.0%	23.8%
EPADR (US\$)	0.39	0.31	0.16	142.6%	27.8%
Net Adds '000 (Cable)	95	84	155	-38.6%	13.1%
Net Adds '000 (Sky)	178	305	143	24.6%	-41.5%
Revenue Growth Y/Y	7.2%	12.3%	4.8%	240 bps	-510 bps
Broadcasting	2.5%	7.1%	0.5%	200 bps	-460 bps
Pay TV	14.0%	17.7%	6.1%	790 bps	-370 bps
Prog. Exports	2.7%	2.0%	4.0%	-130 bps	70 bps
Publishing	1.0%	-0.9%	-17.4%	1840 bps	190 bps
Sky	9.9%	15.5%	9.3%	60 bps	-550 bps
Cable & Telecom	19.1%	37.1%	21.7%	-260 bps	-1800 bps
Other	3.0%	-7.9%	11.9%	-890 bps	1090 bps

Source: Barclays Capital Estimates. // We apply constant FX in currency translation

We are cutting 2011 EBITDA by 3% to P\$23.7bn, which is 3% below consensus of P\$24.3bn.

We are also trimming 2011 EPS by 3% to P\$3.23, which is 4% below consensus. Our 2011 EPADR is unchanged at US\$1.33, aided by a stronger peso. This is 6% above consensus of US\$1.26.

Consensus EPS and EPADR differ notably likely because most Latam analysts incorporate an assumption that local currencies will depreciate gradually over time when translating EPS into EPADR. We follow the US analyst approach of using current spot rates.

Figure 20: TV Change in Estimates (MXN mn)

	NEW		OLD		CHANGE	
	2010E	2011E	2010E	2011E	2010E	2011E
Net Revenues	57,620	61,876	57,659	62,074	-0.1%	-0.3%
EBITDA	22,027	23,738	22,162	24,567	-0.6%	-3.4%
Broadcasting	47.1%	47.1%	47.1%	47.6%	0 bp	-50 bp
Pay TV	49.2%	50.4%	49.3%	53.2%	-10 bp	-280 bp
Prog. Exports	46.6%	49.1%	47.2%	48.6%	-60 bp	40 bp
Publishing	10.9%	14.4%	10.9%	10.0%	0 bp	440 bp
Sky Margin	45.3%	45.0%	45.8%	47.0%	-50 bp	-200 bp
Cable & Telecom	32.6%	31.8%	32.7%	33.7%	-10 bp	-190 bp
Other	-2.0%	0.0%	-2.1%	2.0%	0 bp	-200 bp
Net Income	8,765	10,141	8,653	10,461	1.3%	-3.1%
EPS (P\$)	2.79	3.23	2.75	3.33	1.5%	-3.2%
EPADR (US\$)	1.10	1.33	1.08	1.33	1.7%	-0.2%

Source: Barclays Capital Estimates.

NII Holdings Inc

We project 4Q10 EBITDA of \$386mn, slightly above consensus of \$380mn.

We look for EPS of \$0.84 (up from \$0.82). Street estimates are very widely-dispersed, with a median of \$0.58.

The company appears to be executing well, and we look for growth to accelerate in Mexico and Peru.

In Brazil, net adds of 224k fell short of our bullish expectations, and the 11% share post-paid net adds was below the 13-15% range seen in the first three quarters of the year and 19% in 4Q09. AMX recently intensified its focus on the post-paid segment with higher handset subsidies.

Our 2011-12 estimates are largely unchanged, although we have raised net adds and lowered ARPU assumptions in Brazil. This is consistent with our more bullish view on overall market net adds, following a very strong 4Q.

Figure 22: NIHD Quarterly Preview (USD mn)

	4Q10	3Q10	4Q09	Y/Y	Q/Q
	Estimates	Actual	Actual		
Net Revenues	1,581	1,446	1,235	28.0%	9.3%
EBITDA	386	364	298	29.4%	6.1%
EBITDA Margin	24.4%	25.2%	24.2%	30 bp	-80 bp
Net Income	146	136	60	144.4%	6.9%
EPS Fully-Diluted	0.84	0.79	0.35	140.1%	6.4%
Svc. Rev. Growth*	23.5%	21.0%	13.5%	1000 bp	250 bp
Net Adds (000)	464	436	347	33.7%	6.5%
Margin in Mexico	26.9%	28.6%	27.3%	-40 bp	-170 bp
ARPU in Mexico (P\$)	573	583	609	-5.8%	-1.7%
Margin in Brazil	33.4%	32.6%	31.3%	210 bp	90 bp
ARPU in Brazil (R\$)	113	110	111	2.1%	2.5%

Source: Barclays Capital Estimates. // We apply constant FX in currency translation

Figure 23: NIHD Change in Estimates (USD mn)

	NEW		OLD		CHANGE	
	2010E	2011E	2010E	2011E	2010E	2011E
Net Revenues	5,663	6,946	5,663	6,941	0.0%	0.1%
EBITDA	1,442	1,715	1,437	1,715	0.4%	0.0%
EBITDA Margin	25.5%	24.7%	25.4%	24.7%	10 bp	0 bp
Net Income	408	380	403	377	1.2%	0.9%
Basic EPS	2.42	2.22	2.39	2.21	1.2%	0.4%
Diluted EPS	2.36	2.18	2.33	2.17	1.2%	0.4%

Source: Barclays Capital Estimates.

Tele-Norte Leste Participações

We project 4Q10 EBITDA of R\$2.4bn.

We project gross revenue -0.1% Y/Y, up slightly from -1.6% in 3Q due to a better performance in mobile. We look for net revenues of -0.5% Y/Y, up from -3.0% in 3Q10.

We look for recurring margins to fall 230bps Q/Q, some 130bps better than the historical average seasonal drop of 360bps. This could prove slightly optimistic, as YTD recurring margin performance has trended below historical averages.

Our projections are under BrGAAP, but TNE is planning to adopt IFRS in 4Q10, which may make comparisons more challenging.

Our 2011 Adjusted EBITDA remains unchanged at R\$10.1bn, some 3% below consensus of R\$10.4bn. We assume margins of 34%, at the low end of management guidance range of 34-35%.

Figure 25: TNE Quarterly Preview (BRL mn)

	4Q10	3Q10	4Q09	Y/Y	Q/Q
	Estimates	Actual	Actual		
Net Revenues	7,498	7,327	7,539	-0.5%	2.3%
EBITDA	2,400	2,714	2,065	16.2%	-11.6%
Adj. EBITDA	2,400	2,514	2,650	-9.4%	-4.6%
Adj. EBITDA Margin	32.0%	34.3%	35.2%	-310 bps	-230 bps
Net Income	280	427	-364	-176.9%	-34.5%
EPS (R\$)	0.73	1.12	-0.95	-176.9%	-34.5%
EPADR (US\$)	0.43	0.64	-0.55	-178.9%	-32.4%
Net Adds (RGU)	63,252	62,479	61,183	3.4%	1.2%
Voice LIS (000)	-300	-347	-148	102.7%	-13.5%
Broadband (000)	70	17	69	1.4%	311.8%
Mobile (000)	1,915	161	1,294	48.0%	1089.5%
Churn - Mobile	4.1%	4.1%	3.2%	90 bps	0 bps

Source: Barclays Capital Estimates.

Figure 26: TNE Change in Estimates (BRL mn)

	NEW		OLD		CHANGE	
	2010E	2011E	2010E	2011E	2010E	2011E
Net Revenues	29,681	29,860	29,651	29,723	0.1%	0.5%
EBITDA	10,321	10,053	10,252	10,073	0.7%	-0.2%
Adj. EBITDA	10,061	10,053	9,992	10,073	0.7%	-0.2%
Adj. EBITDA Margin	33.9%	33.7%	33.7%	33.9%	20 bp	-20 bp
Net Income	1,646	1,269	1,609	1,291	2.3%	-1.7%
EPS (R\$)	4.30	3.32	4.21	3.37	2.3%	-1.7%
EPADR (US\$)	2.45	1.97	2.40	2.01	2.1%	-1.6%

Source: Barclays Capital Estimates.

Brasil Telecom SA

We project net revenues of -4.0% Y/Y, up from -7.2% Y/Y in 3Q10, aided by easier comparisons. The decline we project reflects the secular pressure on the fixed line segment, which generates 87% of company revenues.

We project recurring margin of 30.2%, down from 31.2% in 3Q.

Our projections remain largely unchanged, with 2011 EBITDA at R\$3.3bn and EPADR of US\$4.29.

Figure 28: BTM Quarterly Preview (BRL mn)

	4Q10	3Q10	4Q09	Y/Y	Q/Q
	Estimates	Actual	Actual		
Net Revenues	2,551	2,538	2,657	-4.0%	0.5%
EBITDA	771	992	893	-13.7%	-22.3%
Adj. EBITDA	771	792	1,093	-29.5%	-2.6%
Adj. EBITDA Margin	30.2%	31.2%	41.1%	-1090 bps	-100 bps
Net Income	308	407	116	165.6%	-24.4%
EPS (R\$)	0.52	0.69	0.20	165.6%	-24.4%
EPADR (US\$)	0.92	1.18	0.34	172.2%	-22.0%
Voice LIS (000)	-150	-48	-51	194.1%	212.5%
Broadband (000)	7	7	26	-74.5%	0.0%
Mobile (000)	250	132	313	-20.1%	90.1%
Churn - Mobile	3.0%	0.0%	0.0%	300 bps	300 bps

Source: Barclays Capital Estimates.

Figure 29: BTM Change in Estimates (BRL mn)

	NEW		OLD		CHANGE	
	2010E	2011E	2010E	2011E	2010E	2011E
Net Revenues	10,314	10,283	10,295	10,249	-0.2%	0.3%
EBITDA	3,426	3,290	3,407	3,279	-0.5%	0.3%
Adj. EBITDA	3,226	3,290	3,207	3,279	-0.6%	0.3%
Adj. EBITDA Margin	31.3%	32.0%	31.2%	32.0%	10 bp	0 bp
Net Income	1,252	1,431	1,238	1,417	-1.1%	1.0%
EPS (R\$)	2.12	2.43	2.10	2.40	-1.1%	1.0%
EPADR (US\$)	3.63	4.29	3.59	4.28	-1.1%	0.2%

Source: Barclays Capital Estimates.

Telecom Argentina

We project 4Q EBITDA of A\$1.2bn and EPADR of US\$0.63 (+19% Y/Y), just slightly below consensus of US\$0.65.

Focus will be on mobile, where TEO had a very strong 3Q, with a 64% share of total net adds and 47% in post-paid. This caused higher SAC and lower margin.

In broadband, we will look for any sign that a revitalized competitor may have had on TEO's net adds in 4Q.

Our 2011 EPADR is largely unchanged at US\$2.71, in line with consensus.

We are trimming 2011 EBITDA by 1.0% to A\$5.3bn, to better reflect potential pressure from rising inflation and from the introduction of number portability later this year.

Figure 31: TEO Quarterly Preview (ARS mn)

	4Q10	3Q10	4Q09	Y/Y	Q/Q
	Estimates	Actual	Actual		
Net Revenues	3,990	3,766	3,365	18.6%	6.0%
EBITDA	1,193	1,117	1,045	14.2%	6.8%
EBITDA Margin	29.9%	29.7%	31.1%	-120 bps	20 bps
Net Income	495	443	399	24.0%	11.7%
EPS (R\$)	0.50	0.45	0.42	19.0%	11.7%
EPADR (US\$)	0.63	0.57	0.53	18.8%	10.2%
Net Adds Mobile (000)	750	674	503	49.1%	11.3%
Churn - Mobile	1.3%	1.3%	1.8%	-50 bps	0 bps
LIS Net Adds (000)	5	21	16	-69.3%	-76.4%
Net Adds Broadband (000)	60	56	44	36.4%	7.1%

Source: Barclays Capital Estimates. // We apply constant FX in currency translation

Figure 32: TEO Change in Estimates (ARS mn)

	NEW		OLD		CHANGE	
	2010E	2011E	2010E	2011E	2010E	2011E
Net Revenues	14,473	17,431	14,455	17,018	0.1%	2.4%
EBITDA	4,474	5,272	4,470	5,327	0.1%	-1.0%
EBITDA Margin	30.9%	30.2%	30.9%	31.3%	0 bp	-110 bp
Net Income	1,803	2,221	1,800	2,268	0.1%	-2.0%
EPS (R\$)	1.83	2.25	1.83	2.29	0.1%	-1.7%
EPADR (US\$)	2.34	2.71	2.33	2.69	0.6%	0.8%

Source: Barclays Capital Estimates.

Figure 33: Telecom Argentina SA Financial Summary

1-Overweight / 3-Negative		Tickers:		TEO TECO2 AR Equity		TEO is the incumbent fixed line telecom operator in Argentina's northern region and in portions of the federal capital of Buenos Aires, and it also provides mobile services nationwide, marketed under the brand Personal. The company also provides mobile services in Paraguay through its subsidiary Nucleo.					
Shares (ADRs) Outs. (mn)	197.3	Price*:	\$ 26.43	ARS 21.90							
Market Cap (US\$m):	5,214	Target:	\$ 29.00	ARS 23.00							
Enterprise Value (US\$m):	5,220	Initial Upside:	10%								
Fiscal Year End 31-Dec	2008A	2009A	2010E	2011E	2012E	2008-12	Quarterly Highlights 2010				
Results Summary (ARS, mn)	CAGR						1Q10A	2Q10A	3Q10A	4Q10E	
Net sales	10,608	12,226	14,473	17,431	20,430	17.8%	3,249	3,468	3,766	3,990	
EBITDA	3,300	3,900	4,474	5,272	6,354	17.8%	1,064	1,100	1,117	1,193	
EBIT	2,041	2,762	3,183	3,820	4,734	23.4%	763	776	782	862	
Net Financial Cost	(265)	(329)	(41)	25	59	N/A	(57)	11	2	3	
Pre-tax income	1,508	(229)	2,849	3,505	4,453	31.1%	655	715	699	780	
Tax Rate	-35%	-36%	-36%	-36%	-35%	-36.1%	-36.9%	-36.4%	-36.1%	-36.1%	
Net income	961	1,405	1,803	2,221	2,869	31.4%	411	454	443	495	
EPS (ARS)	0.98	1.43	1.83	2.25	2.91	31.3%	0.42	0.46	0.45	0.50	
EPADR (US\$)	1.58	1.92	2.34	2.71	3.04	17.8%	0.54	0.59	0.57	0.63	
Shares Outstanding (mn)	984	984	986	986	986	0.1%	343	323	408	958	
Dividend per share (ARS)	0.00	0.00	1.07	1.46	1.80	-	457	190	564	776	
Growth & Margin Data						Median	Growth & Margin Data				
Net Sales Growth	16.9%	15.3%	18.4%	20.4%	17.2%	17.2%	14.8%	18.6%	21.2%	18.6%	
EBITDA Growth	8.1%	18.2%	14.7%	17.8%	20.5%	17.8%	16.0%	19.0%	10.2%	14.2%	
EBIT Growth	24.8%	35.3%	15.3%	20.0%	23.9%	23.9%	15.8%	19.0%	8.0%	18.6%	
Net Income Growth	8.7%	46.2%	28.3%	23.2%	29.1%	28.3%	17.1%	33.9%	46.2%	24.0%	
EPS Growth	8.9%	45.9%	27.8%	23.2%	29.1%	27.8%	17.1%	33.8%	45.9%	19.0%	
EBITDA Margin	31.1%	31.9%	30.9%	30.2%	31.1%	31.1%	32.7%	31.7%	29.7%	29.9%	
EBIT Margin	19.2%	22.6%	22.0%	21.9%	23.2%	22.0%	23.5%	22.4%	20.8%	21.6%	
Pre-tax Margin	14.2%	-1.9%	19.7%	20.1%	21.8%	19.7%	20.2%	20.6%	18.6%	19.6%	
Net Margin	9.1%	11.5%	12.5%	12.7%	14.0%	12.5%	12.7%	13.1%	11.8%	12.4%	
FCF Margin	18.9%	16.8%	13.7%	21.3%	8.1%	16.8%	14.1%	5.5%	15.0%	19.4%	
Operational Data						CAGR	Operational Data				
Wireless							Wireless				
Subscribers (000)	14,390	16,281	18,593	20,593	22,393	11.7%	16,767	17,169	17,843	18,593	
Net Additions (000)	2,098	1,891	2,312	2,000	1,800	-3.8%	486	402	674	750	
Wireless serv. Revenue growth	20.3%	16.5%	21.4%	26.8%	22.4%	21.4%	17.6%	20.5%	24.1%	22.7%	
Monthly Churn	NA	1.4%	1.5%	1.5%	1.5%	1.5%	1.8%	1.5%	1.3%	1.3%	
Service revenue growth	20.3%	16.5%	21.4%	26.8%	22.4%	2.4%	17.6%	20.5%	24.1%	22.7%	
ARPU growth	NA	-0.1%	7.5%	11.9%	10.0%	8.8%	4.6%	7.8%	10.4%	8.0%	
Wireline							Wireline				
Lines in Service Net Adds (000)	93	50	32	40	50	-11.6%	-2	8	21	5	
Broadband - Net Adds (000)	259	172	176	240	240	-1.9%	18	42	56	60	
Wireline revenue growth	11%	14%	11%	6%	9%	10.6%	11%	13%	12%	8%	
Data as % of wireline serv. revs	26%	32%	36%	39%	42%	35.8%	36%	36%	37%	34%	
FX Rate (Avg. ARS/US\$)	3.16	3.73	3.90	4.15	4.78	10.9%	3.84	3.90	3.94	3.97	
Return Data						Median	Revenue Mix (2009A)				
Return on Capital	41.6%	56.5%	59.6%	58.9%	55.1%	56.5%	Expense Mix (2009A)				
Return on Assets	10.0%	13.2%	14.9%	14.9%	16.0%	14.9%	Equipment Revenues 7%				
Return on Equity	23.9%	25.8%	29.1%	26.4%	25.4%	25.8%	Fixed Voice 21%				
Capex/Sales	15.1%	13.9%	14.0%	15.4%	15.5%	15.1%	International Telephony 2%				
Balance Sheet & Cash Flow Summary						CAGR	Mobile Service Revenues 59%				
Cash & Short-Term Investments	1,125	1,289	1,880	3,186	4,527	41.6%	Data transmission and Internet 11%				
Total assets	9,657	10,633	12,088	14,920	17,935	16.7%	Roaming, 11%				
ST & LT debt	2,043	821	909	909	909	-18.3%	Cost of handsets sold, 14%				
Other LT Liabilities	799	878	909	909	909	3.3%	Commissions, 13%				
Total liabilities	5,556	5,105	5,797	6,388	6,509	4.0%	Social security contributions, 18%				
Shareholders' equity	4,020	5,436	6,187	8,408	11,277	29.4%	Taxes, 12%				
Cash flow from operations	3,319	3,287	3,660	5,149	4,821	9.8%	Others, 25%				
Capex & Acquisitions	1,599	1,694	2,032	2,692	3,167	18.6%					
Free cash flow	2,002	2,056	1,987	3,708	1,655	-4.7%					
NOPAT	2,757	3,761	4,340	5,198	6,391	23.4%					
Valuation & Leverage Metrics						Median	Major Shareholders				
P/E	16.7x	13.8x	11.3x	9.7x	8.7x	11.3x	Class A				
EV/EBITDA	6.9x	5.5x	4.7x	3.7x	2.9x	4.7x	B and C				
EV/OpFCF	13.3x	9.7x	8.5x	7.6x	5.7x	8.5x	Total				
FCF Yield	9.6%	9.8%	9.5%	17.7%	7.9%	9.6%	Nortel Inversora S.A. 51%				
EV/Sales	2.0x	1.7x	1.4x	1.2x	1.0x	1.4x	Employee Stock Ownership Program 0%				
Price/BV	5.2x	3.9x	3.4x	2.5x	1.9x	3.4x	Total 51%				
Dividend Yield	0.0%	0.0%	5.0%	6.9%	8.5%	5.0%	B and C 4%				
Total Debt to Capital	8.3%	8.3%	7.6%	6.1%	5.1%	7.6%	Total 4%				
Net Debt/EBITDA	0.3x	-0.1x	-0.2x	-0.4x	-0.6x	-0.2x					

Source: Barclays Capital Estimates, Company reports. *Closing price as of February 3rd, 2011

Telecomunicações de São Paulo SA

We project EBITDA of R\$1.3bn, down 7.1% Y/Y. We look for net revenue +1.4% Y/Y, down slightly from +1.6% in 3Q and for margin erosion of 60bps Q/Q to reflect the impact of a new promotion launched in December whereby new broadband subscribers don't pay until after Carnaval (mid-March).

With GVT entering some cities in the interior of Sao Paulo state, we expect a slight deterioration in fixed line losses.

Investors remain focused on the planned integration with VIV and the related share swap valuation, but we expect no comments will be made on this topic at 4Q results.

Trimming 2011 EPADR by 1.6% to US\$2.50 from US\$2.54.

We reduce our price target to US\$25 from US\$26, which is based on 10x (unchanged) our 2011 EPADR of US\$2.50.

Figure 34: TSP Quarterly Preview (BRL mn)

	4Q10	3Q10	4Q09	Y/Y	Q/Q
	Estimates	Actual	Actual		
Net Revenues	4,047	3,974	3,991	1.4%	1.8%
EBITDA	1,296	1,297	1,395	-7.1%	0.0%
Margin	32.0%	32.6%	35.0%	-290 bps	-60 bps
Net Income	575	647	570	0.8%	-11.3%
EPS (R\$)	1.13	1.28	1.13	0.7%	-11.3%
EPADR (US\$)	0.67	0.73	0.65	3.3%	-8.5%
Net Adds (RGU)	215	204	-57	-475.3%	5.4%
Voice LIS (000)	-5	42	-94	-94.7%	-111.9%
Broadband (000)	220	165	58	276.3%	33.3%
Pay-TV (000)	0	-3	-22	-100.0%	N/A

Source: Barclays Capital Estimates.

Figure 35: TSP Change in Estimates (BRL mn)

	NEW		OLD		CHANGE	
	2010E	2011E	2010E	2011E	2010E	2011E
Net Revenues	15,812	16,147	15,821	16,192	-0.1%	-0.3%
EBITDA	5,383	5,383	5,426	5,452	-0.8%	-1.3%
EBITDA Margin	34.0%	33.3%	34.3%	33.7%	-30 bp	-30 bp
Net Income	2,320	2,127	2,348	2,167	-1.2%	-1.9%
EPS (R\$)	4.58	4.20	4.64	4.28	-1.2%	-1.8%
EPADR (US\$)	2.61	2.50	2.65	2.54	-1.4%	-1.6%

Source: Barclays Capital Estimates.

Figure 36: Telecomunicações de São Paulo SA Financial Summary

2-Equal Weight / 3-Negative			Ticker:	TSP	TLPP4	Telecomunicações de São Paulo (TELESP) is the incumbent fixed-line telecom operator in the State of Sao Paulo, Brazil, offering local and long distance voice, corporate data, and broadband services. In addition, the company offers pay television services with a DTH offering and via a commercial agreement with Grupo Abril. Current legislation does not allow telecom operators to provide pay TV services over their networks. The company is controlled by Spain's Telefonica, S.A.							
Shares (ADRs) Outs. (mn)	506		Price*:	\$24.17	R\$40.54								
Market Cap (US\$bn):	12,226		Target:	\$25.00	R\$42.00								
Enterprise Value (US\$bn)	13,652	Potential Upside:	3%										
Fiscal Year End 31-Dec	2007A	2008A	2009A	2010E	2011E	2012E	2008-12	Quarterly Highlights 2010					
Results Summary (BRL, mn)	BzGAAP	BzGAAP	IFRS	IFRS	IFRS	IFRS	CAGR	Results Summary (BRL, mn)					
Net sales	14,728	15,964	15,799	15,812	16,147	16,508	0.7%	Net sales	3,894	3,898	3,974	4,047	
EBITDA	6,223	6,560	5,950	5,383	5,383	5,210	-4.5%	EBITDA	1,276	1,516	1,297	1,296	
EBIT	3,524	3,778	3,444	3,373	3,229	3,042	-4.2%	EBIT	707	1,054	810	803	
Net Financial Cost	(302)	(225)	(190)	(130)	(315)	(315)	N/A	Net Financial Cost	(34)	(41)	(13)	(42)	
Pre-tax income	2,704	2,916	3,253	3,243	2,914	2,727	-1.3%	Pre-tax income	673	1,013	797	761	
Tax Rate	36.2%	37.2%	30.5%	28.5%	27.0%	26.5%	28.5%	Tax Rate	40.1%	31.3%	18.8%	24.5%	
Net income	2,367	2,448	2,288	2,320	2,127	2,003	-3.9%	Net income	403	695	647	575	
EPS (R\$)	4.68	4.84	4.52	4.58	4.20	3.96	-3.9%	EPS (R\$)	0.80	1.37	1.28	1.13	
EPADR (US\$)	2.40	2.64	2.26	2.61	2.50	2.35	-2.2%	EPADR (US\$)	0.44	0.77	0.73	0.67	
Shares Outstanding (mn)	506	506	506	506	506	506	0.0%	Capex & Acquisitions	357	461	547	767	
Dividend per share (R\$)	6.07	4.84	4.52	4.58	4.20	3.96	-3.9%	Free cash flow	1,109	891	716	330	
Growth & Margin Data							Median	Growth & Margin Data					
Net Sales Growth	N/A	8.4%	-1.0%	0.1%	2.1%	2.2%	2.1%	Net Sales Growth	-1.7%	-1.0%	1.6%	1.4%	
EBITDA Growth	N/A	5.4%	-9.3%	-9.5%	0.0%	-3.2%	-3.2%	EBITDA Growth	-14.3%	-6.7%	-10.0%	-7.1%	
EBIT Growth	N/A	7.2%	-8.8%	-2.1%	-4.3%	-5.8%	-4.3%	EBIT Growth	-15.6%	6.6%	-2.1%	1.6%	
Net Income Growth	N/A	3.4%	-6.5%	1.4%	-8.3%	-5.8%	-5.8%	Net Income Growth	-16.6%	10.3%	7.2%	0.8%	
EPS Growth	N/A	3.4%	-6.5%	1.3%	-8.3%	-5.8%	-5.8%	EPS Growth	-16.6%	10.2%	7.1%	0.7%	
EBITDA Margin	42.3%	41.1%	37.7%	34.0%	33.3%	31.6%	34.0%	EBITDA Margin	32.8%	38.9%	32.6%	32.0%	
EBIT Margin	23.9%	23.7%	21.8%	21.3%	20.0%	18.4%	21.3%	EBIT Margin	18.2%	27.0%	20.4%	19.8%	
Pre-tax Margin	18.4%	18.3%	20.6%	20.5%	18.0%	16.5%	18.3%	Pre-tax Margin	17.3%	26.0%	20.1%	18.8%	
Net Margin	16.1%	15.3%	14.5%	14.7%	13.2%	12.1%	14.5%	Net Margin	10.4%	17.8%	16.3%	14.2%	
FCF Margin	23.5%	16.5%	15.7%	19.3%	12.4%	11.8%	15.7%	FCF Margin	28.5%	22.9%	18.0%	8.2%	
Segment Results							Median	Segment Results					
Normalized EBITDA		6,561	5,926	5,296	5,383	5,210	-4.5%	Normalized EBITDA	1,276	1,428	1,296	1,296	
Normalized EBITDA Margin		41.1%	37.5%	33.5%	33.3%	31.6%	33.5%	Normalized EBITDA Margin	32.8%	36.6%	32.6%	32.0%	
Normalized EBITDA Growth			-9.7%	-10.6%	1.6%	-3.2%	-6.5%	Normalized EBITDA Growth	-13.9%	-10.1%	-8.8%	-9.7%	
Operating Metrics							CAGR	Operating Metrics					
Lines in Service (000)	11,960	11,662	11,258	11,298	11,278	11,258	-0.7%	Lines in Service (000)	11,197	11,261	11,303	11,298	
LIS - Net Additions (000)	(147)	(298)	(404)	40	(20)	(20)	N/A	LIS - Net Additions (000)	(61)	64	42	(5)	
LIS YoY%	0.0%	-2.5%	-3.5%	0.4%	-0.2%	-0.2%	-0.2%	LIS YoY%	-3.3%	-1.9%	-0.4%	0.4%	
Broadband Subs (000)	2,068	2,555	2,636	3,357	4,037	4,737	13.1%	Broadband Subs (000)	2,799	2,972	3,137	3,357	
Broadband Net Add (000)	460	487	81	721	680	700	7.5%	Broadband Net Add (000)	163	173	165	220	
Broadband Subs YoY%	0.0%	23.6%	3.2%	27.3%	20.3%	17.3%	20.3%	Broadband Subs YoY%	5.4%	9.0%	21.7%	27.3%	
FX Rate (Avg. R\$/US\$)	1.95	1.84	2.00	1.76	1.68	1.68	-1.7%	FX Rate (Avg. R\$/US\$)	1.80	1.79	1.75	1.70	
Return Data							Median	Revenue Mix (2009A)					
Return on Capital	20.6%	23.8%	17.2%	16.4%	15.9%	15.1%	16.8%	Cost Mix (2009A)					
Return on Assets	12.5%	12.6%	11.3%	11.8%	11.2%	10.5%	11.5%	Inter-connection 45%					
Return on Equity	23.9%	24.5%	22.8%	23.2%	21.3%	20.1%	23.0%	Out-sourcing 37%					
Capex/Sales	9.4%	10.2%	10.1%	10.0%	10.0%	10.0%	10.1%	Corp. Data 30%					
Balance Sheet & Cash Flow Summary							CAGR	Long Distance 35%					
Cash & Short-Term Investments	933	1,741	2,277	145	(361)	(300)	N/A	Local Service 0%					
Total assets	18,925	19,992	20,461	18,937	18,928	19,091	-1.1%	Fixed-to-Mobile 7%					
ST & LT debt	3,309	3,736	3,520	1,928	1,928	1,928	-12.4%	Subscriptions 10%					
Other LT Liabilities	741	882	997	1,484	1,484	1,484	11.0%	Other 18%					
Total liabilities	9,019	9,946	10,404	8,964	8,955	9,118	-2.1%	Rent, Tax, Other 5%					
Shareholders' equity	9,905	10,046	10,057	9,973	9,973	9,973	-0.1%	Bad Debt 7%					
Cash flow from operations	5,451	4,982	4,706	5,178	4,194	4,190	-3.4%	Personnel 6%					
Capex & Acquisitions	1,992	2,343	2,221	2,132	2,190	2,239	-1.3%	Out-sourcing 37%					
Free cash flow	3,459	2,639	2,485	3,046	2,004	1,951	-5.4%	Other 5%					
NOPAT	2,881	3,370	2,464	2,320	2,127	2,003	-8.8%						
Valuation & Leverage Metrics							Median	Major Shareholders					
P/E	10.1x	9.2x	10.7x	9.3x	9.7x	10.3x	9.5x	SP TELECOMUNICAÇÕES PARTICIPAÇÕES LTI	51%	Limited	9%	Total	23%
EV/EBITDA	3.8x	3.5x	3.8x	4.4x	4.5x	4.6x	4.1x	TELEFÔNICA INTERNACIONAL S.A.	35%		81%		65%
EV/Opfcf	5.6x	5.5x	6.1x	7.3x	7.6x	8.1x	6.7x	FREE FLOAT	14%		11%		12%
FCF Yield	17.0%	12.9%	12.2%	14.9%	9.8%	9.6%	12.6%	TREASURY SHARES	0%		0%		0%
EV/Sales	1.6x	1.5x	1.4x	1.5x	1.5x	1.5x	1.5x	Total	100%	100%			100%
Price/BV	2.1x	2.0x	2.0x	2.0x	2.0x	2.0x	2.0x						
Dividend Yield	15.1%	12.0%	11.2%	11.4%	10.4%	9.8%	11.3%						
Total Debt to Capital	17.5%	18.7%	17.2%	10.2%	10.2%	10.1%	13.7%						
Net Debt/EBITDA	0.4x	0.3x	0.2x	0.3x	0.4x	0.4x	0.3x						

Source: Barclays Capital Estimates, Company reports. *Closing price as of February 3rd, 2011

TIM Participações

For 4Q10, we project service revenue growth of +6.4% Y/Y, up from +6.1% Y/Y in 3Q, as TSU maintained strong operating momentum during 4Q.

We project more modest EBITDA growth of only 2% on difficult comparisons.

TSU will adopt IFRS accounting standard in 4Q10, and this should add approximately 200-300bps to EBITDA margins. This is already reflected in our projections. Historical 4Q09 figures are proforma for the Intelig acquisition.

Our estimates are largely unchanged.

We project 2011 EBITDA of R\$4.4bn. This implies EBITDA growth of +9% Y/Y on revenue growth of 8% Y/Y.

Figure 37: TSU Quarterly Preview (BRL mn)

	4Q10	3Q10	4Q09	Y/Y	Q/Q
	Estimates	Actual	Actual		
Net Revenues	3,832	3,677	3,572	7.3%	4.2%
EBITDA	1,083	1,038	1,061	2.1%	4.3%
Net Income	181	125	349	-48.1%	45.2%
EPS (R\$)	0.07	0.05	0.15	-50.7%	45.2%
EPADR (US\$)	0.43	0.29	0.85	-49.5%	49.8%
Service Revenue	3,653	3,418	3,434	6.4%	6.9%
Net Adds (000)	4,081	2,521	1,503	171.5%	61.9%
ARPU (R\$)	24.1	23.4	27.0	-10.8%	2.9%
Churn	3.5%	3.7%	3.8%	-30 bps	-20 bps

Source: Barclays Capital Estimates.

Figure 38: TSU Change in Estimates (BRL mn)

	NEW		OLD		CHANGE	
	2010E	2011E	2010E	2011E	2010E	2011E
Net Revenues	14,364	15,504	14,407	15,546	-0.3%	-0.3%
EBITDA	4,082	4,437	4,071	4,423	0.3%	0.3%
EBITDA Margin	28.4%	28.6%	28.3%	28.5%	20 bp	20 bp
Net Income	438	706	430	693	1.8%	1.9%
EPS (R\$)	0.18	0.28	0.17	0.28	1.8%	1.3%
EPADR (US\$)	1.01	1.69	0.99	1.66	1.5%	1.3%

Source: Barclays Capital Estimates.

Vivo Participações SA

For 4Q, we project service revenue growth of +9.1% Y/Y, down from 10.1% in 3Q. This reflects decelerating subscriber growth of 17% in 4Q, from 18% in 3Q and 20% in 2Q.

We project 4Q10 EBITDA R\$1.58bn, 3% above consensus of R\$1.50bn, as we expect slower net add growth to enhance margins somewhat.

Investors remain focused on the planned integration with TSP and the related share swap valuation, but we expect no comments will be made on this topic at 4Q results.

We raise by 2% our 2011 EBITDA to R\$6.6bn, EPS to R\$5.53, and EPADR to US\$3.29.

Figure 40: VIV Quarterly Preview (BRL mn)

	4Q10	3Q10	4Q09	Y/Y	Q/Q
	Estimates	Actual	Actual		
Net Revenues	4,854	4,608	4,416	9.9%	5.3%
EBITDA	1,580	1,538	1,401	12.7%	2.7%
Margin	32.5%	33.4%	31.7%	80 bps	-80 bps
Net Income	553	602	217	154.4%	-8.2%
EPS (R\$)	1.38	1.50	0.54	154.4%	-8.2%
EPADR (US\$)	0.81	0.86	0.31	160.9%	-5.3%
Service Revenue	4,430	4,308	4,061	9.1%	2.9%
Net Adds (000)	2,963	1,737	2,897	2.3%	70.6%
ARPU (R\$)	24.7	25.3	26.9	-8.2%	-2.1%
Churn	2.7%	2.9%	2.5%	20 bps	-20 bps

Source: Barclays Capital Estimates.

Figure 41: VIV Change in Estimates (BRL mn)

	NEW		OLD		CHANGE	
	2010E	2011E	2010E	2011E	2010E	2011E
Net Revenues	18,097	20,048	18,185	20,164	-0.5%	-0.6%
EBITDA	5,734	6,587	5,723	6,469	0.2%	1.8%
EBITDA Margin	31.7%	32.9%	31.5%	32.1%	20 bp	80 bp
Recurring Margin	31.7%	32.9%	31.5%	32.1%	20 bp	80 bp
Net Income	1,584	2,216	1,577	2,178	0.4%	1.7%
EPS (R\$)	3.95	5.53	3.94	5.44	0.4%	1.7%
EPADR (US\$)	2.25	3.29	2.24	3.23	0.2%	1.8%

Source: Barclays Capital Estimates.

Figure 42: Vivo Participações SA Financial Summary

1-Overweight / 3-Negative		Ticker: VIV VIVO4
Shares (ADRs) Outs. (mn)	400.7	Price*: \$34.00 R\$56.16
Market Cap (US\$bn):	13,624	Target: \$39.00 R\$65.00
Enterprise Value (US\$bn):	16,536	Potential Upside: 15%

Vivo Participações is the largest provider of mobile telecommunications services in Brazil. Voting is controlled by Spain's Telefónica.

Fiscal Year End 31-Dec	2007A	2008A	2009A	2010E	2011E	2012E	2008-12	Quarterly Highlights 2010	1Q10A	2Q10A	3Q10A	4Q10E
Results Summary (BRL, mn)								Results Summary (BRL, mn)				
Net sales	13,854	15,819	16,638	18,097	20,048	21,393	6.2%	Net sales	4,233	4,402	4,608	4,854
EBITDA	3,546	4,860	5,238	5,734	6,587	7,060	7.8%	EBITDA	1,274	1,343	1,538	1,580
EBIT	843	1,819	2,010	2,883	4,070	4,326	18.9%	EBIT	402	503	982	996
Net Financial Cost	(426)	(627)	(527)	(282)	(377)	(299)	N/A	Net Financial Cost	(58)	(101)	(64)	(59)
Pre-tax income	411	1,200	1,483	2,601	3,693	4,027	27.4%	Pre-tax income	344	401	918	937
Tax Rate	82.3%	47.4%	39.8%	39.1%	40.0%	40.0%	39.9%	Tax Rate	44.2%	41.0%	34.5%	41.0%
Net income	72	580	865	1,584	2,216	2,416	33.0%	Net income	192	237	602	553
EPS (R\$)	0.19	1.55	2.26	3.95	5.53	6.03	31.2%	EPS (R\$)	0.48	0.59	1.50	1.38
EPADR (US\$)	0.10	0.84	1.13	2.25	3.29	3.58	33.6%	EPADR (US\$)	0.27	0.33	0.86	0.81
Shares Outstanding (mn)	374	374	383	401	401	401	1.4%	Capex & Acquisitions	329	489	675	996
Dividend per share (R\$)	-	-	1.10	2.05	0.47	4.15	-	Free cash flow	64	747	697	330
Growth & Margin Data								Growth & Margin Data				
Net Sales Growth	N/A	14.2%	5.2%	8.8%	10.8%	6.7%	8.8%	Net Sales Growth	4.8%	9.9%	10.4%	9.9%
EBITDA Growth	N/A	37.0%	7.8%	9.5%	14.9%	7.2%	9.5%	EBITDA Growth	3.8%	10.6%	10.1%	12.7%
EBIT Growth	N/A	115.8%	10.5%	43.4%	41.2%	6.3%	41.2%	EBIT Growth	-6.8%	24.8%	62.3%	74.5%
Net Income Growth	N/A	706.1%	49.2%	83.2%	39.9%	9.0%	49.2%	Net Income Growth	44.3%	N/A	80.9%	154.4%
EPS Growth	N/A	706.1%	45.7%	75.1%	39.9%	9.0%	45.7%	EPS Growth	34.8%	N/A	72.9%	154.4%
EBITDA Margin	25.6%	30.7%	31.5%	31.7%	32.9%	33.0%	31.7%	EBITDA Margin	30.1%	30.5%	33.4%	32.5%
EBIT Margin	6.1%	11.5%	12.1%	15.9%	20.3%	20.2%	15.9%	EBIT Margin	9.5%	11.4%	21.3%	20.5%
Pre-tax Margin	3.0%	7.6%	8.9%	14.4%	18.4%	18.8%	14.4%	Pre-tax Margin	8.1%	9.1%	19.9%	19.3%
Net Margin	0.5%	3.7%	5.2%	8.8%	11.1%	11.3%	8.8%	Net Margin	4.5%	5.4%	13.1%	11.4%
FCF Margin	9.4%	1.4%	15.0%	10.2%	10.5%	14.4%	10.5%	FCF Margin	1.5%	17.0%	15.1%	6.8%
Operational Data								Operational Data				
Net Service Revenue (YoY)	N/A	14.7%	8.8%	9.0%	10.4%	6.3%	9.0%	Net Service Revenue (YoY)	5.8%	10.7%	10.1%	9.1%
Subscribers EOP (000)	37,384	44,945	51,744	60,677	68,536	76,614	11.3%	Subscribers EOP (000)	53,949	55,977	57,714	60,677
Subscriber Growth (YoY)	N/A	20.2%	15.1%	17.3%	13.0%	11.8%	-10.2%	Subscriber Growth (YoY)	18.2%	19.6%	18.2%	17.3%
Net Additions (000)	4,834	7,560	6,799	8,933	7,859	8,078	1.3%	Net Additions (000)	2,205	2,028	1,737	2,963
Monthly Churn	2.7%	2.8%	2.7%	2.9%	3.1%	3.1%	2.9%	Monthly Churn	2.5%	2.6%	2.9%	2.7%
Incoming Voice ARPU (R\$)	14.01	12.41	10.76	9.12	8.26	7.14	-10.5%	Incoming Voice ARPU (R\$)	9.49	9.04	9.01	8.97
Outgoing Voice ARPU (R\$)	14.77	13.75	12.68	11.02	10.03	8.58	-9.0%	Outgoing Voice ARPU (R\$)	10.96	11.14	11.30	10.45
Data ARPU (R\$)	2.65	2.96	3.66	4.87	5.90	6.73	17.9%	Data ARPU (R\$)	4.33	4.86	4.94	5.30
ARPU (R\$)	31.43	29.12	27.10	25.01	24.20	22.44	-5.1%	ARPU (R\$)	24.79	25.05	25.26	24.72
ARPU Growth (YoY)	N/A	-7.4%	-7.0%	-7.7%	-3.3%	-7.3%	-7.3%	ARPU Growth (YoY)	-9.3%	-6.9%	-7.4%	-8.2%
ARPU (US\$)	\$16.15	\$15.87	\$13.57	\$14.21	\$14.39	\$13.34	-3.4%	ARPU (US\$)	\$13.76	\$13.98	\$14.43	\$14.57
MOU (minutes/month)	77	86	92	115	111	114	5.7%	MOU (minutes/month)	116	114	115	114
Incoming MOU	36	31	27	23	20	19	-9.6%	Incoming MOU	25	24	25	22
Outgoing MOU	42	55	65	92	91	95	11.5%	Outgoing MOU	91	90	90	92
Revenue Per Minute (R\$)	0.37	0.30	0.26	0.18	0.16	0.14	-14.6%	Revenue Per Minute (R\$)	0.18	0.18	0.18	0.17
RPM (US\$)	\$0.19	\$0.17	\$0.13	\$0.10	\$0.10	\$0.08	-13.1%	RPM (US\$)	\$0.10	\$0.10	\$0.10	\$0.10
FX Rate (Avg. R\$/US\$)	1.95	1.84	2.00	1.76	1.68	1.68	-1.7%	FX Rate (Avg. R\$/US\$)	1.80	1.79	1.75	1.70
Return Data								Revenue Mix (2009A)				
Return on Capital	1.5%	7.9%	8.0%	12.5%	15.7%	15.1%	12.5%	Expense Mix (2009A)				
Return on Assets	0.4%	2.8%	3.9%	7.4%	9.6%	9.7%	7.4%	Handset sales 1%				
Return on Equity	0.9%	7.0%	9.9%	16.6%	20.5%	19.8%	16.6%	Other 7%				
Capex/Sales	16.0%	25.4%	14.0%	13.8%	17.8%	13.4%	14.0%	Value-Added Svcs 13%				
Balance Sheet & Cash Flow Summary								Usage and Monthly fee 42%				
Cash & Short-Term Investments	2,191	2,183	1,259	1,622	3,090	3,872	12.1%	Interconnection 38%				
Total assets	18,091	23,785	21,128	21,614	24,381	25,315	1.3%	Cost of Services 40%				
ST & LT debt	4,381	8,003	5,124	4,284	4,284	4,284	-11.7%	G&A 5%				
Other LT Liabilities	519	661	1,248	1,534	1,829	1,995	24.7%	Bad Debt/Personnel 2%				
Total liabilities	9,794	14,924	11,869	11,794	12,532	12,712	-3.2%	Sales & Marketing 28%				
Shareholders' equity	8,298	8,268	9,259	9,820	11,849	12,603	8.8%					
Cash flow from operations	3,508	4,240	4,819	4,327	5,662	5,949	7.0%					
Capex & Acquisitions	2,212	4,016	2,330	2,489	3,564	2,866	-6.5%					
Free cash flow	1,296	224	2,490	1,838	2,099	3,083	68.9%					
NOPAT	196	1,131	1,329	1,928	2,595	2,776	19.7%					
Valuation & Leverage Metrics								Major Shareholders				
P/E	344.6x	40.3x	30.1x	15.1x	10.3x	9.5x	15.1x	TELEFÓNICA S.A. 89%				
EV/EBITDA	6.8x	5.8x	5.1x	4.7x	3.9x	3.6x	4.7x	FREE FLOAT 11%				
EV/OpFCF	17.9x	33.5x	9.2x	8.3x	8.5x	6.0x	8.5x	TOTAL 100%				
FCF Yield	5.7%	1.0%	11.0%	8.1%	9.2%	13.6%	9.2%					
EV/Sales	1.7x	1.8x	1.6x	1.5x	1.3x	1.2x	1.5x					
Price/BV	2.7x	2.7x	2.5x	2.3x	1.9x	1.8x	2.3x					
Dividend Yield	0.0%	0.0%	1.9%	3.6%	0.8%	7.3%	1.9%					
Total Debt to Capital	24.2%	34.5%	24.3%	19.8%	17.6%	16.9%	19.8%					
Net Debt/EBITDA	0.6x	1.2x	0.7x	0.5x	0.2x	0.1x	0.5x					

Source: Barclays Capital Estimates, Company reports. *Closing price as of February 3rd, 2011

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Valuation Methodology and Risks

Latin America Telecom & Media

América Móvil SAB de CV (AMX)

Valuation Methodology: Our \$67 price objective is based on 14x our 2011 proforma EPADR estimate of \$4.67, consistent with the current forward multiple and a discount to the 5-year average of 15.7x.

Risks which May Impede the Achievement of the Price Target: (1) the potential for new taxes and/or more stringent or asymmetrical regulation in Mexico, from which AMX derives 57% of its EBITDA, (2) recent spectrum auctions in Mexico and upcoming auctions in Brazil may produce more intense competition, and (3) termination rates could be cut more than we expect in Brazil, Mexico and other markets, possibly impacting revenues and margins in affected countries.

Axtel SAB de CV (AXTELCO MM / AXTELCO.MX)

Valuation Methodology: Our P\$9 price target is based on our DCF. We assume annual revenue growth of 5%, terminal margins of 32%, capex/sales 15% and a multiple of 5x, and a WACC of 11%. Lowering capex to incumbent-like levels of 10% would add \$1 to the DCF value

Risks which May Impede the Achievement of the Price Target: (1) Revenue dependence from a very high degree of client concentration, (2) highly dependent on incumbent Telmex, which impacts Axtel's results, (3) no financial provision for mobile termination rate dispute with AMX and other mobile carriers, and (4) limitations on WiMax technology, as Axtel currently limits the broadband speeds it offers to clients.

Brasil Telecom SA (BTM)

Valuation Methodology: Our price target of \$32/ADR is based on our DCF, which assumes 2% revenue growth, 30% terminal EBITDA margins and capex/sales of 16-17% in 2011-12 gradually declining to 12% by 2022. We use a WACC of 13.4% in nominal BRL terms. At our target, BTM shares would trade on 3.5x 2011 EV/EBITDA, at the very low end of Brazilian and global telecom peers and at a large discount to parent TNE on 4.7x. BTM shares command low valuation multiples due to low financial leverage and corporate governance risks, in our view.

Risks which May Impede the Achievement of the Price Target: (1) cancellation of Portugal Telecom's planned investment in parent company TMAR, (2) delays on a potential tender offer by TMAR of the 51% of BTM that it does not already own, (3) higher-than-expected re-allocation of costs to BTM from parent TMAR, (4) increased competition, and (5) higher than expected capex.

Grupo Televisa SA (TV)

Valuation Methodology: Our \$25 price objective is based on an 19x P/E multiple of our 2011 EPADR estimate of \$1.33. Our target multiple is consistent with the average of the last five years. At our target, TV would trade at a 2011 EV/EBITDA of 8.4x, a slight discount to global content peers such as DISCA and SNI, but a meaningful premium to distribution peers CMCSA, TWC, and DTV. Our target is also supported by our \$26/ADR sum-of-the-parts valuation and by our DCF, which assumes an 9.6% WACC and a 6x terminal multiple and returns a fair value of \$26/ADR.

Risks which May Impede the Achievement of the Price Target: (1) Telmex could be granted a license to offer pay TV over its own network and enter in direct competition with Televisa's cable and DTH assets, (2) executing on the company's strategy to further consolidate the cable sector could produce near-term earnings dilution and longer-term compression of valuation multiples, (3) past investments in non-core assets such as airline, gaming and mobile communications have negatively impacted the share price, and any future investment in non-core activities may also impact the shares in the future, and (4) the Mexican government may be tempted to introduce new taxes targeting Televisa's main client base and/or the telecom sector, in which Televisa now competes.

NII Holdings Inc. (NIHD)

Valuation Methodology: We base our price target on our DCF, which assumes terminal growth of 5%, margins of 33%, capex/sales of 12%, an EBITDA multiple of 5.0x and a 13% WACC.

Risks which May Impede the Achievement of the Price Target: (1) Actual capex could be lower than estimated, (2) Currency could be more favourable than expected, (3) Differentiated offering on W-CDMA could be more successful than expected.

Tele Norte Leste Participações SA (TNE)

Valuation Methodology: Our \$US15/ADR target is based on 4.3x EV/EBITDA (on a 2010 EBITDA of R\$10.25bn), proforma to reflect the planned capital increases and our expectation that lower leverage should produce a lower EV/EBITDA multiple, more consistent with Brazilian sector peers. Our target does not explicitly reflect the prospect of 10-20% EPS accretion, ex-synergies, from a possible acquisition of the BTM float, but this would likely be offset by the 10-20% dilution that we project for non-voting share classes in any eventual consolidation of the ownership structure.

Risks which May Impede the Achievement of the Price Target: (1) the company may choose to lower the price at which the capital increases will take place, which would likely increase the amount of dilution for minority shareholders, (2) increased competition in its home market with the ongoing expansion of new entrant GVT, (3) universal service obligations could become more stringent, leading to higher capex and lower margins over time, (4) the planned addition of Portugal Telecom (PT) in the control group may lead the company to ramp up investments with a view toward improving the longer term outlook, to the likely detriment of near term profitability and FCF.

Telecom Argentina SA (TEO)

Valuation Methodology: Our P\$29 price target is based on 10x P/E and 4x EV/EBITDA – The 10x P/E and 4x EV/EBITDA reflects multiples closer to the LatAm Telcos 2011 average. This price target is supported by our DCF, where we assume 3% annual nominal revenue growth, a 35% terminal margin, closer to competitor Telefonica's margins in Argentina. We use capex/sales of 12%, a multiple of 5x, and a WACC of 14%.

Risks which May Impede the Achievement of the Price Target: Risks: (1) Inflation could pressure margins more than expected, (2) higher

Valuation Methodology and Risks

capex, especially in spectrum acquisition, (3) slowdown from good operational trends in mobile, (4) Argentina macro outlook could be worse than expected.

Telecomunicações de São Paulo SA (TSP)

Valuation Methodology: Our \$25 price target is based on a 10x P/E multiple of our 2011 EPADR estimate of \$2.50 and is consistent with the 5-year average multiple. Our target also reflects our expectation that the transaction with VIV will be accretive to TSP shareholders, and that the resulting company will be better positioned in the market.

Risks which May Impede the Achievement of the Price Target: (1) the integration with VIV may be materially different from our base case scenario; (2) delays in realizing expected synergies from the integration (3) deterioration in operational performance while management focus on the integration (4) competitive pressures could intensify beyond our current expectations. Upside risks are : (1) new legislation to allow telcos to provide pay TV over their own networks, possibly in 2011 or 2012, could lift investor sentiment by improving the company's long-term growth prospects.

TIM Participações SA (TSU)

Valuation Methodology: Our \$37 price objective is based on a 4.0x EV/EBITDA multiple on our 2011 EBITDA estimate of R\$4.4bn.

Risks which May Impede the Achievement of the Price Target: (1) Good operating momentum could resume or weaken, (2) Competition could intensify and pressure margins beyond current expectations, especially following the upcoming Band H spectrum auction and new MVNO regulation, and (3) Minorities might not participate in M&A activity upside.

Vivo Participações SA (VIV)

Valuation Methodology: Our \$39 price target is based on a 12x P/E multiple on our 2011 estimate of US\$3.23. The higher multiple is justified by (1) a faster than expected integration of VIV and TSP (2) MTR cuts risks likely delayed to 2012 and shared with TSP shareholders.

Risks which May Impede the Achievement of the Price Target: (1) delays in realizing expected synergies from the integration; (2) deterioration in operational performance while management focus on the integration; (3) competition could intensify and pressure margins beyond current expectations.

Source: Barclays Capital

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Primary Stocks (Ticker, Date, Price)

América Móvil SAB de CV (AMX, 02-Feb-2011, USD 58.50), 1-Overweight/3-Negative

Axtel SAB de CV (AXTELCPO.MX, 02-Feb-2011, MXN 7.26), 1-Overweight/3-Negative

Brasil Telecom SA (BTM, 02-Feb-2011, USD 23.80), 1-Overweight/3-Negative

Grupo Televisa SA (TV, 02-Feb-2011, USD 24.70), 2-Equal Weight/3-Negative

NII Holdings Inc. (NIHD, 02-Feb-2011, USD 41.83), 3-Underweight/3-Negative

Tele Norte Leste Participações SA (TNE, 02-Feb-2011, USD 15.55), 3-Underweight/3-Negative

Telecom Argentina SA (TEO, 02-Feb-2011, USD 26.17), 1-Overweight/3-Negative

Telecomunicações de São Paulo SA (TSP, 02-Feb-2011, USD 24.19), 2-Equal Weight/3-Negative

Teléfonos de México SAB de CV (TMX, 02-Feb-2011, USD 17.84), 3-Underweight/3-Negative

TIM Participações SA (TSU, 02-Feb-2011, USD 37.91), 2-Equal Weight/3-Negative

Vivo Participações SA (VIV, 02-Feb-2011, USD 34.14), 1-Overweight/3-Negative

Guide to the Barclays Capital Fundamental Equity Research Rating System:

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In addition to the stock rating, we provide sector views which rate the outlook for the sector coverage universe as 1-Positive, 2-Neutral or 3-Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

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1-Overweight - The stock is expected to outperform the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.

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Sector View

1-Positive - sector coverage universe fundamentals/valuations are improving.

2-Neutral - sector coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

IMPORTANT DISCLOSURES CONTINUED

3-Negative - sector coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "sector coverage universe":

Latin America Telecom & Media

América Móvil SAB de CV (AMX)	Axtel SAB de CV (AXTELCP0.MX)	Brasil Telecom SA (BTM)
Grupo Televisa SA (TV)	NII Holdings Inc. (NIHD)	Tele Norte Leste Participações SA (TNE)
Telecom Argentina SA (TEO)	Telecomunicações de São Paulo SA (TSP)	Teléfonos de México SAB de CV (TMX)
TIM Participações SA (TSU)	Vivo Participações SA (VIV)	

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