

EQUITY RESEARCH 7 February 2011

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	Rat	ting	Price	Pri	ice Tar	get	EF	PS FY1	(E)	EF	S 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	1-0W	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	1-0W	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

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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 C	urrency, 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

			ADR	Local Ccy	Potential	Mkt Cap.	P/	E	EV/EB	ITDA	EV/C	pFCF	EV/S	ales	FCF '	Yield	Div.	/ield	Model
Company	Ticker	Rating	Price	Price	Upside	(bn)*	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	FX
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	втм	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.

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What we know going into 4Q results

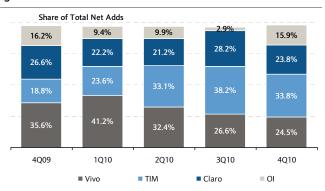
1. TSU had another fantastic quarter in total net additions in Brazil

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



Figure 5: Brazilian share of total net adds

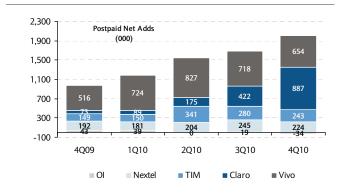


Source: Anatel Source: Anatel

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

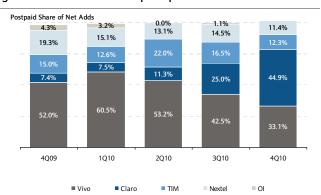
In Brazil, Claro doubled post-paid net adds Q/Q in each of the last four quarters, ending with a 45% share of post-paid net adds in 4Q10 (Figure 7).

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.

Net Adds (000) 800 700 600 500 444 537 400 409 300 306 145 340 82 200 121 215 100 159 166 173 149 129 127 0 1Q09 3Q09 4Q09 1Q10 3Q10 4Q10 2Q09 2Q10 ■ CaTV ■ DTH

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

Source: BarCap, Anatel

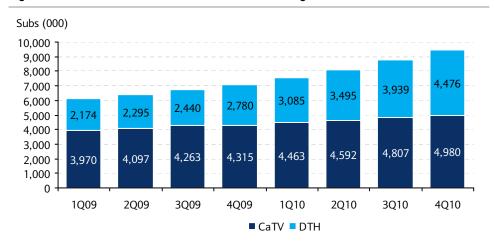


Figure 9: Brazil DTH subscriber base now almost as large as CaTV

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

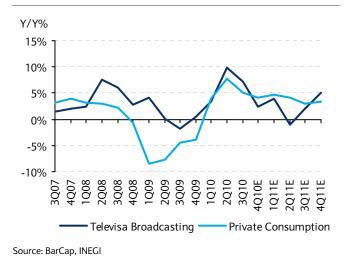
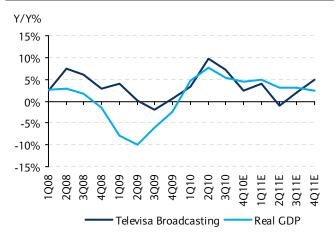


Figure 12: Slowing GDP will also weigh on TV Broadcasting



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)

	NEV	W	OL	.D	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%	

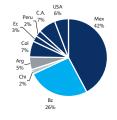
Source: Barclays Capital Estimates. Note: Estimates until 2Q10 are as reported, and from 3Q10 consolidates AMX, TMX, and TII.

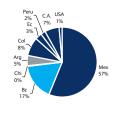
Figure 15: América Móvil Financial Summary

1-Overweight / 3-Negative Shares (ADRs) Outs. (mn) Market Cap (US\$mn): Enterprise Value (US\$mn):	2,015 117,616 125,676	Poter	Ticker: Price*: Target itial Upside:	AMX \$58.37 \$67.00 15%	AMX L P\$35.12 P\$40.00	mobile viri Mexico, Ti brand in B	Novil S.A.B. de ual network acfone in the razil and the largest CaTV
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	NA	NIA	NA	C 90/	0.00/	9.60/	Median
Net Sales Growth		NA		6.8%	8.8%	8.6%	8.6%
EBITDA Growth	NA NA	NA NA	NA NA	8.0%	15.8%	9.1%	9.1%
EBIT Growth	NA NA	NA 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 Sum	mary						CAGR
Cash & Short-Term Investments	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

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 vrand 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.

1Q10A	2Q10A	3Q10A	4Q10E
IFRS	IFRS	IFRS	IFRS
146,320	148,516	153,555	157,266
55,721	54,696	63,040	63,417
34,864	33,636	41,061	41,317
2,902	3,465	3,678	3,859
37,114	34,462	32,556	36,157
36.4%	30.5%	23.9%	30.0%
23,476	23,836	23,409	24,350
0.58	0.59	0.58	0.62
0.91	0.94	0.90	0.97
10,041	29,739	21,911	27,129
31,266	33,238	16,248	30,907
8.3%	9.7%	5.3%	4.2%
9.1%	9.0%	6.0%	8.1%
			0.8%
			5.5%
4.7%	-22.9%	3.7%	7.5%
38.1%	36.8%	41.1%	40.3%
23.8%	22.6%	26.7%	26.3%
25.4%	23.2%	21.2%	23.0%
16.0%	16.0%	15.2%	15.5%
21.4%	22.4%	10.6%	19.7%
1,098	1,028	1,147	1,350
1,182	1,319	1,865	2,871
363	222	371	400
2,814	2,299	2,333	2,555
12.77	12.56	12.79	12.39
E	BITDA (2010	E)	
	1FRS 146,320 55,721 34,864 2,902 37,114 36,4% 22,476 0,58 0,91 10,041 31,266 8.3% 9.1% -9.2% 2.2% 4.7% 38.1% 23.8% 25.4% 16.0% 21.4%	IFRS IFRS 146,320 148,516 55,721 54,696 34,864 33,636 2,902 3,465 37,114 34,462 36,4% 30,5% 23,476 23,836 0.58 0.59 0.91 0.94 10,041 29,739 31,266 33,238 8.3% 9.7% 9.1% 9.0% -9.2% -11.9% 2.2% -24.1% 4.7% -22.9% 38,1% 36,8% 23,8% 22,6% 25,4% 23,2% 16,0% 16,0% 21,4% 22,4% 1.098 1,028 1,182 1,319 363 222 2,814 2,299 12,77 12,56	IFRS IFRS IFRS 146,320 148,516 153,555 55,721 54,696 63,040 34,864 33,636 41,061 2,902 3,465 3,678 37,114 34,462 32,556 36,4% 30.5% 23,9% 23,476 23,836 23,409 0.58 0.59 0.58 0.91 0,94 0,90 10,041 29,739 21,911 31,266 33,238 16,248 8.8% 9.7% 5.3% 9.1% 9.0% 6.0% -9.2% -11,9% 3.9% 2.2% -24.1% 8.8% 4.7% -22.9% 3.7% 38.1% 36.8% 41.1% 23.8% 22.6% 26.7% 25.4% 22.4% 10.6% 16.0% 16.0% 15.2% 21.4% 22.4% 10.6% 1,098 1,028 1,147





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%

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)

	NEV		OL	D	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%	

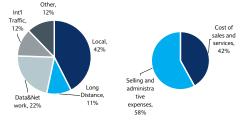
Source: Barclays Capital Estimates.

Figure 18: Axtel SAB de CV Financial Summary

1-Overweight / Negative Shares Outs. (mn) Market Cap (US\$mn): Enterprise Value (US\$mn):	1,253 747 1,523	Potenti	Ticker: Price*: Target: al Upside:	AXTELCPO P\$7.17 P\$9.00 26%			
Fiscal Year End 31-Dec Results Summary (P\$mn)	2007A	2008A	2009A	2010E	2011E	2012E	2008-12 CAGR
Net sales	12,190	11,572	10,970	10,657	11,042	11,488	0%
EBITDA	4,084	4,210	3,840	3,258	3,392	3,621	-3%
EBIT	1,394	1,355	773	245	322	662	-13%
Net Financial Cost	(502)	(2,292)	(410)	(529)	(901)	(926)	N/A
Pre-tax income	874	(1,004)	365	(343)	(609)	(294)	N/A
Tax Rate	-43.9%	-30.0%	-49.7%	-30.4%	-30.0%	-30.0%	-30.0%
Net income	492	(700)	176	(241)	(426)	(206)	N/A
EP CPO (P\$)	0.39 1,253	(0.56)	0.14	(0.19)	(0.34)	(0.16)	N/A 0%
CPOs Outstanding (000) Dividend per share (P\$)	0.00	1,253 0.00	1,253 0.00	1,253 0.00	1,253 0.00	1,253 0.00	070
	0.00	0.00	0.00	0.00	0.00	0.00	
Growth & Margin Data	N/A	F 10/	F 20/	2.00/	2.00/	4.00/	Median -2.9%
Net Sales Growth EBITDA Growth	N/A N/A	-5.1% 3.1%	-5.2% -8.8%	-2.9% -15.1%	3.6% 4.1%	4.0% 6.7%	3.1%
EBIT Growth	N/A	-2.8%	-42.9%	-68.3%	31.7%	105.4%	-2.8%
Net Income Growth		-242.3%	-125.1%		77.2%	-51.7%	-125.1%
EPS Growth	N/A	-242.3%	-125.1%	-236.7%	77.2%	-51.7%	-125.1%
EBITDA Margin	33.5%	36.4%	35.0%	30.6%	30.7%	31.5%	31.5%
EBIT Margin	11.4%	11.7%	7.0%	2.3%	2.9%	5.8%	5.8%
Pre-tax Margin	7.2%	-8.7%	3.3%	-3.2%	-5.5%	-2.6%	-3.2%
Net Margin	4.0%	-6.0%	1.6%	-2.3%	-3.9%	-1.8%	-2.3%
FCF Margin	NA	-10.2%	4.1%	3.5%	5.9%	6.6%	4.1%
Segment Results							
Operating Metrics							
Lines in Service (000)	932	936	962	1,043	1,123	1,203	6.5%
LIS Net Additions (000)	140	4	26	81	80	80	111.5%
LIS YoY%	0.0%	0.4%	2.8%	8.4%	7.7%	7.1%	7.1%
Lines Equivalents Data Links (000	446	476 30	452 -23	448 -4	448	448	-1.5%
Net Additions Data Links (000) Data Links YoY%	30 0.0%	6.6%	-23 -4.9%	-0.9%	0 0.0%	0.0%	-100.0% -100.0%
Broadband Subs (000)	76	92	162	312	482	652	63.0%
Broadband Net Adds (000)	-29	16	69	150	170	170	79.7%
Broadband Subs YoY%	0.0%	21.4%	75.1%	92.8%	54.6%	35.3%	54.6%
Revenue Growth by Segment Local	0.0%	-1.8%	-11.3%	-3.9%	-2.0%	-2.7%	-2.7%
Long Distance	0.0%	-16.0%	-7.7%	-5.1%	1.3%	2.0%	-5.1%
Data&Network	0.0%	-0.5%	-1.9%	1.8%	17.5%	13.6%	1.8%
Int'l Traffic	0.0%	-18.7%	34.6%	-11.4%	-4.5%	5.0%	-4.5%
Other	9.9%	8.5%	12.1%	11.0%	10.1%	10.2%	10.2%
FX Rate (Avg. P\$/US\$)	10.93	11.15	13.50	12.63	12.17	12.17	2.2%
Return Data	10.55	11.13	13.30	12.03	12.17	12.17	Median
Return on Capital	12.6%	11.0%	6.6%	2.0%	2.6%	-2.2%	2.6%
Return on Assets	2.5%	-3.2%	0.8%	-1.1%	-2.0%	-1.0%	-1.1%
Return on Equity	5.6%	-8.8%	2.1%	-3.1%	-6.0%	-3.1%	-3.1%
Capex/Sales	20.4%	34.6%	24.4%	27.6%	22.0%	22.0%	24.4%
Balance Sheet & Cash Flow Summa	ary						CAGR
Cash & Short-Term Investments	1,574	1,106	1,402	1,131	975	710	-8.5%
Total Assets	19,831	21,569	21,603	22,205	21,346	20,919	-0.6%
ST & LT Debt	7,200	8,594	9,127	9,578	9,454	9,454	1.9%
Other LT Liabilities	558	699	661	419	419	419	-9.7%
Total liabilities	11,080	13,638	13,402	14,440	14,294	14,359	1.0%
Shareholder Equity	8,750	7,931	8,201	7,765	7,052	6,560	-3.7%
Cash Flow from Operations	NA 2.406	2,841	3,450	3,412	3,083	3,284	2.9%
Capex & Acquisitions	2,486	4,000	2,675	2,938	2,429	2,527	-8.8%
Free cash flow NOPAT	NA 2,098	(1,179) 1,838	445 1,193	376 350	654 445	756 (362)	N/A N/A
Valuation & Leverage Metrics	2,030	1,050	1,133	330	773	(302)	Median
P/E	18.3x	NMF	51.0x	NMF	NMF	NMF	51.0x
EV/EBITDA	3.7x	4.1x	4.5x	5.5x	5.3x	5.0x	5.0x
EV/OpFCF	9.5x	81.8x	14.9x	55.7x	18.6x	16.6x	18.6x
FCF Yield	NA	-13.1%	5.0%	4.2%	7.3%	8.4%	0.0x
EV/Sales	1.5x	1.6x	1.7x	1.7x	1.7x	1.6x	1.7x
Price/BV	1.0x	1.1x	1.1x	1.2x	1.3x	1.4x	1.2x
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0x
Total Debt to Capital	36.3%	39.8%	42.2%	43.1%	44.3%	45.2%	0.4x
Net Debt/EBITDA	1.4x	1.8x	2.0x	2.6x	2.5x	2.4x	2.4x
Source: Barclays Capital Estima	ies, com	pariy repo	orts. "Clo	sirig price	as of Feb	ruary 3r	u, ∠U I I

Axtel is largest competitive local exchange carrier (CLEC) in Mexico and competes primarily with Telmex, and with cable companies such as Megacable, Cablevision, CableMas, and TVI, with the latter three being partly-owned by Grupo Televisa, the largest media group in Mexico.

Quarterly Highlights 2010	1Q10A	2Q10A	3Q10A	4Q10E
Results Summary (P\$, mn)				
Net sales	2,467	2,762	2,700	2,727
EBITDA	679	920	835	823
EBIT	(30)	173	68	33
Net Financial Cost	125	(423)	(135)	(95)
Pre-tax income	61	(263)	(75)	(68)
Tax Rate	-24.9%	-16.3%	-75.0%	-30.0%
Net income	46	(220)	(19)	(47)
EP CPO (P\$)	0.04	(0.18)	(0.01)	(0.04)
Shares Outstanding (000)	1,253	1,253	1,253	1,253
Dividend per share (P\$)	0.00	0.00	0.00	0.00
Growth & Margin Data				
Net Sales Growth	-11.7%	0.6%	-1.2%	1.1%
EBITDA Growth	-29.3%	-8.2%	-13.9%	-9.4%
EBIT Growth	-118.5%	-20.8%	-68.6%	-81.3%
Net Income Growth	-113.1%	-145.4%	-67.1%	-149.1%
EPS Growth	-113.1%	-145.4%	-67.1%	-149.1%
EBITDA Margin	27.5%	33.3%	30.9%	30.2%
EBIT Margin	-1.2%	6.3%	2.5%	1.2%
Pre-tax Margin	2.5%	-9.5%	-2.8%	-2.5%
Net Margin	1.9%	-8.0%	-0.7%	-1.7%
FCF Margin	-11.3%	-10.4%	24.6%	10.3%
Segment Results				
Operating Metrics				
Lines in Service (000)	984	1,009	1,025	1,043
LIS Net Additions (000)	22	25	17	18
LIS YoY%	7.3%	10.3%	9.0%	8.4%
Lines Equivalents Data Links (000	454	445	446	448
Net Additions Data Links (000)	2	(10)	2	2
Data Links YoY%	-5.1%	-8.8%	-8.2%	-0.9%
Broadband Subs (000)	186	223	267	312
Broadband Net Adds (000)	24	37	44	44
Broadband Subs YoY%	78.1%	81.4%	81.9%	92.8%
Revenue Growth by Segment				
Local	-7.8%	-1.5%	-5.8%	0.0%
Long Distance	-11.1%	-8.2%	0.3%	-1.1%
Data&Network	-5.1%	-2.8%	5.0%	11.1%
Int'l Traffic	-19.7%	3.9%	-14.4%	-14.7%
Other	9.7%	11.7%	11.7%	10.8%
FX Rate (Avg. P\$/US\$)	12.77	12.56	12.79	12.39
Revenue Mix (2009A)	Exper	nse Mix (20	09A)	
Oth				



Major Shareholders	Total
Tomás Milmo Santos	13.5%
Thomas Milmo Zambrano	8.0%
Alberto Santos de Hoyos	5.3%
Impra Café S.A. de C.V. (subsidiary of Cemex, S.A.B. de C.V.)	1.1%
Other Mexican Individuals	6.0%
Credit Suisse and BBVA	9.5%
Blackstone Capital Partners III Merchant Banking Fund, L.P.	7.5%
Telecom. Holding Mx (Citigroup, Inc. affiliate)	8.9%
Public Float (Mexican Stock Exchange)	40.3%

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%.

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% <u>below</u> consensus. Our 2011 EPADR is unchanged at US\$1.33, aided by a stronger peso. This is 6% <u>above</u> 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 19: TV Quarterly Preview (MXN mn)

	4Q10	3Q10	4Q 09	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

Figure 20: TV Change in Estimates (MXN mn)

· · · · · · · · · · · · · · · · · · ·											
	NEV	٧	OL	.D	CHAI	NGE					
	2010E	2011E	20 10E	2011E	20 10E	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.

Figure 21: Grupo Televisa SA Financial Summary

Shares (ADRs) Outs. (mn):	563		Price*:	\$24.45	P\$58.57			oadcaster in Mexico, with approx. 70% a				orks
Market Cap (US\$bn): Enterprise Value (US\$bn):	13,758 15,294	Potent	Target ial Upside:	\$25.00 2 %	P\$60.00	Cabl	evision and Cal	leading provider of pay TV in Mexico, via blemas and DTH operator Sky. It also ope her and distributor of Spanish language j	erates radio s			ers, and it
Fiscal Year End 31-Dec	2007A	2008A	2009A	2010E	2011E		2008-12	Quarterly Highlights 2010	1Q10A	2Q10A	3Q10A	4Q10
Results Summary (MNX, mn)							CAGR	Results Summary (MNX, mn)	•	-		
Net sales	40,522	47,972	52,353	57,620	61,876	66,481	6.7%	Net sales	12,147	14,448	14,771	16,255
EBITDA	17,129	19,439	20,087	22,027	23,738	26,018	6.0%	EBITDA	4,010	5,754	5,788	6,475
EBIT	13,972	15,128	15,157	15,745	16,867	18,427	4.0%	EBIT	2,529	4,232	4,152	4,833
Net Financial Cost	(407)	(831)	(2,973)	(2,774)	(2,724)	(2,749)	N/A	Net Financial Cost	(528)	(1,147)	(650)	(449
Pre-tax income	12,532	13,345	10,418	12,963	13,843	15,378	2.9%	Pre-tax income	1,983	2,884	3,813	4,283
Tax Rate	26.3%	26.7%	30.0%	30.0%	30.0%	30.0%	30.0%	Tax Rate	30.0%	30.0%	32.4%	28.09
Net income	7,585	7,804	6,007	7,776	8,979	9,962	5.0%	Net income	1,060	1,804	2,195	2,717
EPS (P\$)	2.66	2.77	2.15	2.79	3.23	3.58	5.3%	EPS (P\$)	0.38	0.65	0.79	0.98
EPADR (US\$)	1.22	1.24	0.79	1.10	1.33	1.47	3.4%	EPADR (US\$)	0.15	0.26	0.31	0.39
Shares Outstanding (CPOs)	2,852	2,817	2,797	2,783	2,783	2,783	-0.2%	Capex & Acquisitions	3,906	2,751	2,380	2,113
Dividend per share (P\$)	1.54	0.79	3.10	-	-	-	-100.0%	Free cash flow	(5)	1,556	(639)	12,525
Growth & Margin Data							Median	Growth & Margin Data				
Net Sales Growth	6.8%	18.4%	9.1%	10.1%	7.4%	7.4%	9.1%	Net Sales Growth	6.9%	14.0%	12.3%	7.29
EBITDA Growth	4.3%	13.5%	3.3%	9.7%	7.8%	9.6%	9.6%	EBITDA Growth	1.9%	8.7%	11.5%	14.29
EBIT Growth	1.6%	8.3%	0.2%	3.9%	7.1%	9.3%	7.1%	EBIT Growth	-7.4%	2.3%	3.9%	12.59
Net Income Growth	-11.7%	2.9%	-23.0%	29.5%	15.5%	10.9%	10.9%	Net Income Growth	8.3%	-1.2%	9.0%	128.89
EPS Growth	-10.8%	4.1%	-22.5%	30.1%	15.5%	10.9%	10.9%	EPS Growth	8.9%	-0.4%	10.2%	130.09
EBITDA Margin	42.3%	40.5%	38.4%	38.2%	38.4%	39.1%	38.4%	EBITDA Margin	33.0%	39.8%	39.2%	39.89
EBIT Margin	34.5%	31.5%	29.0%	27.3%	27.3%	27.7%	27.7%	EBIT Margin	20.8%	29.3%	28.1%	29.79
Pre-tax Margin	30.9%	27.8%	19.9%	22.5%	22.4%	23.1%	22.5%	Pre-tax Margin	16.3%	20.0%	25.8%	26.49
Net Margin	18.7%	16.3%	11.5%	13.5%	14.5%	15.0%	14.5%	Net Margin	8.7%	12.5%	14.9%	16.79
FCF Margin	10.5%	28.3%	15.1%	24.9%	22.2%	21.4%	22.2%	FCF Margin	9.8%	8.7%	-6.6%	76.49
Segment Results							Median	Segment Results				
Revenue Growth Y/Y								Revenue Growth Y/Y				
Broadcasting	1.1%	4.7%	0.5%	5.6%	2.5%	7.0%	4.7%	Broadcasting	3.4%	9.8%	7.1%	2.59
Pay TV	39.3%	21.9%	23.7%	14.5%	3.8%	15.0%	15.0%	Pay TV	15.3%	11.2%	17.7%	14.09
Prog. Exports	7.2%	10.1%	16.8%	0.2%	24.7%	12.9%	12.9%	Prog. Exports	-3.8%	-0.8%	2.0%	2.79
Publishing	14.8%	13.0%	-9.3%	-3.5%	4.0%	4.0%	4.0%	Publishing	-10.6%	-4.4%	-0.9%	1.09
Sky	12.7%	11.4%	9.2%	12.7%	9.0%	5.6%	9.2%	Sky	9.5%	15.9%	15.5%	9.99
Cable & Telecom	31.6%	158.7%	39.5%	29.9%	12.0%	8.3%	29.9%	Cable & Telecom	23.8%	32.9%	37.1%	19.19
Other EBITDA Margin	93.8%	117.6%	7.8%	-0.4%	3.0%	3.0%	3.0%	Other	-9.1%	14.1%	-7.9%	3.09
Broadcasting	40.60/	48.9%	47.9%	47.1%	47.1%	47.6%	Median 47.6%	EBITDA Margin	38.4%	49.2%	47.9%	50.09
Pay TV	49.6% 62.1%	62.3%	60.7%	49.2%	50.4%	51.7%	51.7%	Broadcasting Pay TV	47.0%	47.0%	51.0%	51.49
Prog. Exports	45.6%	44.2%	50.5%	46.6%	49.1%	49.1%	49.1%	Prog. Exports	44.7%	46.4%	48.1%	46.89
Publishing	18.9%	17.5%	5.7%	10.9%	14.4%	12.0%	12.0%	Publishing	3.6%	16.4%	11.6%	11.09
Sky	48.1%	48.2%	44.8%	45.3%	45.0%	45.0%	45.0%	Sky	42.2%	45.4%	48.3%	45.09
Cable & Telecom	36.3%	32.2%	32.2%	32.6%	31.8%	33.2%	32.2%	Cable & Telecom	33.1%	33.1%	31.5%	32.09
Other	-10.4%	-6.9%	-8.4%	-2.0%	0.0%	5.0%	-2.0%	Other	-11.5%	4.9%	-3.3%	0.09
Revenue-Generating Units Net .		0.570	0.170	2.070	0.070	3.070	CAGR	Revenue-Generating Units Net Ac		1.5 /0	3.570	0.07
Cable	102	262	425	470	288	288	1.9%	Cable	127	164	84	95
Sky	155	175	200	972	612	513	24.0%	Sky	238	251	305	178
FX Rate (Avg. P\$/US\$)	10.93	11.15	13.50	12.63	12.17	12.17	1.8%	FX Rate (Avg. P\$/US\$)	12.77	12.56	12.79	12.39
Return Data							Median	Revenue Mix (2009A)	EBITD	A Mix (200	09A)	
Return on Capital	16.8%	14.0%	12.1%	11.1%	10.5%	10.5%	11.1%					
Return on Assets	8.3%	7.1%	4.8%	5.6%	5.7%	5.9%	5.7%	7% 0% 22%		8%	7%	
Return on Equity	19.7%	17.8%	13.1%	16.1%	15.7%	14.6%	15.7%				1%	
Capex/Sales	9.6%	12.0%	11.0%	19.4%	12.0%	14.0%	12.0%					
Balance Sheet & Cash Flow Su	mmary						CAGR		48%		21	%
Cash & Short-Term Investm	27,305	41,904	38,844	65,199	56,334	67,228	9.9%	37%		Y		
Total assets	98,703	122,246	126,568	150,550	162,071	175,264	7.5%	169	6			
ST & LT debt	24,922	38,963	43,416	59,022	58,124	58,124	8.3%		,			
Other LT Liabilities	8,128	8,210	7,936	6,509	6,048	5,978	-6.1%	09/				
Total liabilities	57,959	75,600	82,096	98,422	99,774	101,069	6.0%	9%			14%	
Shareholders' equity	40,500	47,252	44,472	52,129	62,297	74,195	9.4%				170	
Cash flow from operations	11,460	22,258	15,135	24,586	21,294	24,043	1.6%	Broadcasting Pay TV		-	■ Pay TV	
Capex & Acquisitions	3,874	5,775	5,775	11,150	10,277	9,307	10.0%	Prog. Exports Publishing			Publishing	
Free cash flow	7,586	16,483	9,360	13,436	11,017	14,735	-2.2%	Sky Cable & Telecom	- City		Cable & Tele	com
NOPAT	11,066	11,494	11,342	11,713	12,694	13,886	3.9%	Other	■ Othe	er		
Valuation & Leverage Metrics							Median	Major Shareholders		Voting	Limited	Tota
P/E	20.1x	19.7x	30.9x	22.2x	18.4x	16.6x	19.7x	Azcárraga Trust		30%	0%	159
EV/EBITDA	10.3x	9.1x	9.1x	7.8x	7.6x	6.5x	7.8x	Inbursa Trust		2%	3%	29
EV/Opfcf	13.4x	12.9x	12.8x	15.7x	13.3x	10.2x	12.9x	Float		68%	97%	829
FCF Yield	4.6%	10.0%	5.7%	8.1%	6.7%	8.9%	8.1%	Total		100%	100%	1009
EV/Sales	4.5x	3.8x	3.5x	3.2x	3.0x	2.8x	3.2x					
Price/BV	4.1x	3.5x	3.7x	3.2x	2.7x	2.2x	3.2x					
Dividend Yield	2.6%	1.3%	5.3%	0.0%	0.0%	0.0%	0.0%					
Total Debt to Capital	25.3%	31.7%	34.3%	39.2%	35.9%	33.2%	34.3%					

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)

	NEV	V	OL	D	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.

Figure 24: NII Holdings Inc Financial Summary

3-Underweight / 3-Negative Shares Outs. (mn) Market Cap (US\$mn): Enterprise Value (US\$mn):	175.3 7,201 8,508	Pr Ta	cker: rice*: arget: otential Up:	NIHD \$41.08 \$37.00 -10%	focuse: NIHD n	s on the pos	t-paid seg ervices un	telecom services in Argentina, Brazil, C ment of the market, and push-to-talk t der the Nextel brand, but there is no ot the U.S	echnology	is a core as _l	pect of its o	ffering.
Fiscal Year End 31-Dec	2007A	2008A	2009A	2010E	2011E	2012E		Quarterly Highlights 2010	1Q10A	2Q10A	3Q10A	4Q10E
Results Summary (USD, mn)						2008-	12 CAGR	Results Summary (USD, mn)				
Net sales	3,296	4,269	4,398	5,663	6,946	7,639	21.4%	Net sales	1,283	1,352	1,446	1,581
EBITDA	924	1,173	1,110	1,442	1,715	1,993	19.3%	EBITDA	342	349	364	386
EBIT	619	768	677	893	877	812	1.9%	EBIT	213	214	224	240
Net Financial Cost	(61)	(127)	(193)	(307)	(293)	(335)	N/A	Net Financial Cost	(80)	(85)	(74)	(69)
Pre-tax income	548	492	586	626	584	472	-1.4%	Pre-tax income	103	149	201	171
Tax Rate	31.0%	29.8%	34.9%	34.9%	34.5%	34.5%	34.5%	Tax Rate	53.0%	49.2%	32.3%	15.0%
Net income	378	345	381	408	380	309	-3.6%	Net income	49	76	136	146
EPS Fully-Diluted	2.11	2.14	2.26	2.36	2.18	1.74	-6.6%	EPS Fully-Diluted	0.28	0.44	0.79	0.84
Fully-Diluted Shares (mn)	187	176	171	173	176	179	0.6%	Capex & Acquisitions	(92)	(902)	(176)	(268)
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	-	Free cash flow	(49)	(227)	278	49
Growth & Margin Data						'08-'12	2 Median	Growth & Margin Data				
Net Sales Growth	N/A	29.5%	3.0%	28.8%	22.6%	10.0%	22.6%	Net Sales Growth	33.5%	27.7%	26.6%	28.0%
EBITDA Growth	N/A	26.9%	-5.3%	29.9%	18.9%	16.2%	18.9%	EBITDA Growth	39.4%	30.7%	21.3%	29.4%
EBIT Growth	N/A	24.0%	-11.8%	31.8%	-1.7%	-7.5%	-1.7%	EBIT Growth	39.9%	30.9%	20.3%	37.0%
Net Income Growth	N/A	-8.9%	10.6%	6.9%	-6.8%	-18.7%	-6.8%	Net Income Growth	-31.3%	-43.8%	16.5%	144.4%
EPS Growth	N/A	1.4%	5.6%	4.4%	-7.8%	-19.8%	1.4%	EPS Growth	-34.9%	-44.3%	14.5%	140.1%
EBITDA Margin	28.0%	27.5%	25.2%	25.5%	24.7%	26.1%	25.5%	EBITDA Margin	26.6%	25.8%	25.2%	24.4%
EBIT Margin	18.8%	18.0%	15.4%	15.8%	12.6%	10.6%	15.4%	EBIT Margin	16.6%	15.8%	15.5%	15.2%
Pre-tax Margin	16.6%	11.5%	13.3%	11.1%	8.4%	6.2%	11.1%	Pre-tax Margin	8.0%	11.0%	13.9%	10.8%
Net Margin	11.5%	8.1%	8.7%	7.2%	5.5%	4.0%	7.2%	Net Margin	3.8%	5.6%	9.4%	9.2%
FCF Margin	-1.8%	1.9%	-0.3%	0.9%	-31.9%	-7.6%	-0.3%	FCF Margin	-3.8%	-16.8%	19.2%	3.1%
Segment Results								Segment Results				
Service Rer. Growth (Local Currency)								Service Rer. Growth (Local Curren	cy)			
Mexico	33.7%	17.8%	6.3%	6.0%	8.7%	9.7%	-18.2%	Mexico	1.4%	5.1%	7.6%	10.0%
Brazil	47.8%	42.8%	39.0%	38.0%	29.0%	11.6%	-35.3%	Brazil	40.7%	38.3%	36.5%	36.9%
Argentina	29.0%	26.2%	12.1%	10.8%	15.3%	12.6%	-21.7%	Argentina	6.2%	10.2%	12.5%	13.8%
Peru	23.3%	17.2%	12.1%	10.8%	23.2%	21.9%	8.4%	Peru	3.4%	8.9%	14.8%	16.1%
Other	58.8%	127.0%	63.6%	80.5%	80.5%	70.5%	-17.8%	Other	76.6%	80.7%	77.1%	85.8%
TOTAL	35.9%	25.9%	17.4%	20.0%	20.1%	11.8%	-23.0%	TOTAL	15.8%	18.6%	21.0%	23.5%
EBITDA Margin								EBITDA Margin				
Mexico	35.8%	34.2%	32.5%	30.3%	29.3%	34.5%	0.3%	Mexico	31.6%	34.5%	28.6%	26.9%
Brazil	25.1%	27.9%	28.4%	32.0%	31.1%	30.5%	3.0%	Brazil	31.3%	29.7%	32.6%	33.4%
Argentina	31.3%	30.8%	28.6%	26.2%	27.4%	26.9%	-4.4%	Argentina	27.6%	23.5%	27.0%	26.5%
Peru	18.7%	17.5%	5.4%	10.5%	12.8%	16.5%	-2.0%	Peru	5.8%	7.9%	13.2%	14.5%
Subscriber Net Additions (000)								Subscriber Net Additions (000)				
Mexico	595	587	261	385	400	350	-15.8%	Mexico	104	93	87	100
Brazil	391	522	671	880	950	1,050	26.2%	Brazil	181	204	245	250
Argentina	162	155	63	127	128	125	-6.8%	Argentina	24	29	34	40
Peru	132	192	172	253	280	300	16.1%	Peru	65	60	63	65
Other	9	16	18	26	36	36	31.6%	Other	5	6	6	9
Return Data								Service Revenue Mix (2010E)		EBITD	A Mix (201	0E)
Return on Capital	7.9%	10.2%	7.0%	7.2%	6.0%	4.4%	7.0%					
Return on Assets	7.0%	6.6%	6.0%	5.0%	4.0%	2.6%	5.0%	Others,		Oth	ers, -	
Return on Equity	17.5%	18.0%	16.4%	14.5%	8.3%	8.7%	14.5%	Peru, 0.5%			.8%	
Capex/Sales	20.2%	19.5%	16.7%	14.3%	39.3%	26.6%		5.3%		Cru,	0 70	
Incremental ROI	N/A	-16.2%	13.3%	-17.1%	0.7%	-25.5%	-16.2%	Arg, 9.5%		2.3%		44.6%
Balance Sheet & Cash Flow Summary						2008-	12 CAGR	37.8%				
Cash & Short-Term Investments	1,612	1,325	2,620	2,795	2,098	2,169	17.8%		Arg, 9.99	6	V.	
Total Assets	5,437	5,090	7,555	8,607	10,175	13,307	37.8%					
ST & LT debt	2,267	2,133	3,581	3,224	3,474	3,974	23.0%					/
Other LT Liabilities	318	333	262	1,263	1,263	1,263	56.0%					
Total liabilities	3,268	3,178	4,808	5,722	5,572	6,156	24.7%	Brazil,		Brazil,		
Shareholders' equity	2,168	1,912	2,747	2,885	4,603	7,151	55.2%	46.9%		58.1%		
Cash flow from operations	659	794	865	1,222	507	1,435	21.8%					
Capex & Acquisitions	(944)	(688)	(733)	(808)	(2,732)	(2,030)	N/A					
Free cash flow	(59)	80	(15)	51	(2,225)	(590)	N/A					
NOPAT	427	539	441	581	575	532	-0.4%					
Valuation & Leverage Metrics	127	333		30.	3,3		2 Median					
3	19.5x	19.2x	18.2x	17.4x	18.9x	23.5x	18.9x					
P/E		7.1x	7.6x	6.2x	5.7x	5.2x	6.2x					
P/E FV/FRITDA		/		14.0x	-9.7x	-277.9x	14.0x					
EV/EBITDA	8.8x -400.8x	17 2~			-J./ X	-211.JX						
EV/EBITDA EV/OpFCF	-400.8x	17.2x	22.3x		20.00/	0 20/	00/					
EV/EBITDA EV/OpFCF FCF Yield	-400.8x -0.8%	1.1%	-0.2%	0.7%	-30.9%	-8.2%	0%					
EV/EBITDA EV/OpFCF FCF Yield EV/Sales	-400.8x -0.8% 2.5x	1.1% 2.0x	-0.2% 1.9x	0.7% 1.6x	1.4x	1.3x	1.6x					
EV/EBITDA EV/OpFCF FCF Yield EV/Sales Price/BV	-400.8x -0.8% 2.5x 3.3x	1.1% 2.0x 3.8x	-0.2% 1.9x 2.6x	0.7% 1.6x 2.5x	1.4x 1.6x	1.3x 1.0x	1.6x 2.5x					
EV/EBITDA EV/OpFCF FCF Yield EV/Sales Price/BV Dividend Yield	-400.8x -0.8% 2.5x 3.3x 0.0%	1.1% 2.0x 3.8x 0.0%	-0.2% 1.9x 2.6x 0.0%	0.7% 1.6x 2.5x 0.0%	1.4x 1.6x 0.0%	1.3x 1.0x 0.0%	1.6x 2.5x 0.0x					
EV/EBITDA EV/OpFCF FCF Yield EV/Sales Price/BV	-400.8x -0.8% 2.5x 3.3x	1.1% 2.0x 3.8x	-0.2% 1.9x 2.6x	0.7% 1.6x 2.5x	1.4x 1.6x	1.3x 1.0x	1.6x 2.5x					

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)

	NEV	V	OL	D	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%	

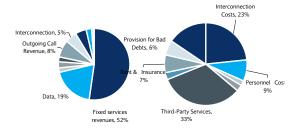
Source: Barclays Capital Estimates.

Figure 27: Tele Norte Leste Participações SA Financial Summary

3-Underweight / 3-Negative			Ticker:	TNE	TNLP4		Tele Nor
Shares (ADRs) Outs. (mn)	383		Price*:	R\$15.86	R\$26.24		it acquire
Market Cap (US\$bn):	6,067		Target:	\$15.00	R\$25.00		Under th
		Dotonti		-5%	N\$25.00		three re
Enterprise Value (US\$bn):	26,779	rotenti	al Upside:	-370			nationw
Figure Ford 21 Base	20074	20004	20004	20105	20115	20125	2000 12
Fiscal Year End 31-Dec	2007A	2008A	2009A	2010E	2011E	2012E	2008-12
Results Summary (BRL, mn)							CAGR
Net sales	28,643	29,948	29,881	29,681	29,860	30,516	0.4%
EBITDA	10,283	10,010	7,315	10,321	10,053	9,992	0.0%
EBIT	5,199	5,097	1,611	5,778	5,487	5,258	0.6%
Net Financial Cost	(932)	(1,652)	(2,385)	(2,119)	(2,215)	(2,066)	N/A
Pre-tax income	4,300	3,018	(743)	3,702	3,314	3,233	1.4%
Tax Rate	23.1%	35.8%	0.0%	27.4%	27.5%	27.5%	27.4%
Net income	2,975	991	(434)	1,646	1,269	1,133	2.7%
EPS (R\$)	N/A	2.59	(1.14)	4.30	3.32	2.96	2.7%
,			, ,				4.5%
EPADR (US\$)	N/A	1.41	(0.57)	2.45	1.97	1.76	
Shares Outstanding (mn)	N/A	382	383	383	383	383	0.0%
Dividend per share (R\$)	N/A	N/A	6.41	3.14	3.14	3.61	-
Growth & Margin Data							Median
Net Sales Growth	N/A	4.6%	-0.2%	-0.7%	0.6%	2.2%	0.6%
EBITDA Growth	N/A	-2.7%	-26.9%	41.1%	-2.6%	-0.6%	-2.6%
EBIT Growth	N/A	-2.0%	-68.4%	258.7%	-5.0%	-4.2%	-4.2%
Net Income Growth	N/A	-66.7%	-143.8%	N.M.	-22.9%	-10.7%	-44.8%
EPS Growth	N/A	N/A	N/A	N.M.	-22.9%	-10.7%	-16.8%
EBITDA Margin	35.9%	33.4%	24.5%	34.8%	33.7%	32.7%	33.5%
EBIT Margin	18.1%	17.0%	5.4%	19.5%	18.4%	17.2%	17.7%
Pre-tax Margin	15.0%	10.1%	-2.5%	12.5%	11.1%	10.6%	10.8%
Net Margin	10.4%	3.3%	-1.5%	5.5%	4.2%	3.7%	4.0%
FCF Margin	0.7%	-2.4%	0.3%	7.8%	3.4%	1.8%	1.2%
Operational Data							an / CAGR
Gross Revenue Growth	N/A	6.8%	4.0%	1.1%	0.6%	2.2%	2.2%
Normalized EBITDA	10,056	10,249	9,864	10,061	10,053	9,992	-0.5%
Normalized EBITDA Margin	35.1%	34.2%	33.0%	33.9%	33.7%	32.7%	33.8%
Normalized EBITDA Growth	N/A	1.9%	-3.8%	2.0%	-0.1%	-0.6%	-0.1%
Wireline							
Lines in Service Net Adds (000)	(500)	(190)	(772)	(1,183)	(800)	(800)	N/A
Broadband - Net Adds (000)	830	735	390	183	300	300	-16.4%
Revenue growth	N/A	1.6%	1.0%	-2.8%	-1.9%	-0.7%	-0.7%
Data as % of wireline serv. revs	0.0%	0.0%	0.0%	0.0%	8.0%	8.3%	0.0%
Wireless							
Net additions (000)	3,792	9,748	6,117	3,190	6,017	6,325	-8.3%
% of Prepaid subscribers	83.1%	84.0%	86.8%	87.0%	87.2%	87.4%	86.9%
ARPU (R\$)	28.1	28.1	24.4	24.5	23.4	21.7	-5.0%
Monthly Churn	3.4%	3.6%	3.6%	3.7%	4.1%	4.1%	3.7%
Service revenue growth	N/A	35.1%	18.3%	15.5%	7.0%	7.6%	15.5%
EBITDA margin	27.5%	32.6%	24.5%	N/A	N/A	N/A	27.5%
VAS as % of service revenues	7.4%	8.7%	12.7%	14.2%	15.5%	17.9%	13.4%
FX Rate (Avg. R\$/US\$)	1.95	1.84	2.00	1.76	1.68	1.68	-1.7%
Return Data							Median
Return on Capital	14.7%	13.3%	5.0%	12.0%	11.1%	9.5%	11.6%
Return on Assets	6.2%	1.8%	-0.7%	2.7%	2.0%	1.7%	1.9%
Return on Equity, TTM	18.7%	6.3%	-3.7%	20.1%	13.2%	12.6%	12.9%
Capex/Sales	13.0%	24.4%	17.1%	10.2%	15.9%	16.9%	16.4%
Palaras Chart & Cash Flam Com							CACD
Balance Sheet & Cash Flow Sum		12 440	0.024	11 220	10.774	11 207	CAGR
Cash & Investments	10,055	13,448	8,024	11,238	12,774	11,397	-3.3%
Total assets	47,682	60,503	60,925	63,179	66,928	64,403	1.3%
ST & LT debt	13,774	25,428	29,918	31,280	31,280	31,280	4.2%
Other LT Liabilities	4,594	6,171	7,287	7,058	7,058	7,058	2.7%
Total liabilities	27,455	41,284	45,573	46,351	46,493	46,522	2.4%
Minorities interest	4,316	3,864	7,357	8,416	9,550	10,760	22.7%
Shareholders' equity	15,911	15,355	7,994	8,413	10,886	7,120	-14.2%
Cash flow from Ops	3,918	5,751	5,774	5,325	5,772	5,707	-0.2%
Capex & Acquisitions	3,728	6,482	5,680	3,018	4,756	5,160	-4.5%
Free cash flow	190	(732)	94	2,307	1,016	547	N/A
NOPAT	5,031	5,357	2,331	5,561	5,320	5,262	-0.4%
NOTAL	3,031	3,337	2,331	١ ٥٠,٠	3,320	3,202	-0.4 /0
Valuation & Leverage Metrics							Median
P/E	N/A	11.2x	NMF	6.5x	8.0x	9.0x	8.5x
EV/EBITDA	N/A	3.2x	6.4x	4.4x	4.5x	4.8x	4.5x
EV/Opfcf	N/A	12.0x	21.1x	6.2x	8.5x	9.9x	9.9x
FCF Yield	1.9%	-7.2%	0.9%	22.8%	10.0%	5.4%	3.6%
EV/Sales	N/A	1.1x	1.6x	1.5x	1.5x	1.6x	1.5x
Price/BV	0.6x	0.7x	1.3x	1.2x	0.9x	1.4x	1.1x
Dividend Yield	N/A	N/A	24.2%	11.9%	11.9%	13.6%	12.7%
Total Debt to Capital	31.8%	44.9%	55.9%	57.1%	54.5%	58.3%	55.2%
Net Debt/EBITDA	0.4x	1.2x	3.0x	1.9x	1.8x	2.0x	1.9x
Source: Barclays Capital Estir	nates, Cor	npany rep	orts. *Clo	sing price	e as of Feb	oruary 3rd	J, ZUII

lete Norte Leste is the incumbent local exchange carrier (ILLG) in the North (Hegion 1), and in early 2009 it acquired Brasil Telecom, the ILLEC in the South (Region 2) to form the largest telecom provider in Brazil. Under the Oi brand, it offers fixed voice and broadband services in both regions and mobile services in all three regions. During 2009, the company launched satellite-based Pay TV services with plans to expand nationwide.

Quarterly Highlights 2010	1Q10A	2Q10A	3Q10A	4Q10E
Results Summary (BRL, mn)				
Net sales	7,462	7,394	7,327	7,498
EBITDA	2,532	2,675	2,714	2,400
EBIT	1,410	1,540	1,573	1,256
Net Financial Cost	(574)	(560)	(524)	(461)
Pre-tax income	839	983	1,067	813
Tax Rate Net income	9.9% 496	32.6% 443	31.2% 427	34.0% 280
EPS (R\$)	1.30	1.16	1.12	0.73
EPADR (US\$)	0.72	0.65	0.64	0.73
Capex & Acquisitions	372	446	600	1,600
Free cash flow	527	926	1,361	(479)
	327	320	1,501	(473)
Growth & Margin Data Net Sales Growth	0.20/	1 20/	2.00/	0.50/
Net Sales Growth EBITDA Growth	-0.3% 15.5%	1.3% 293.4%	-3.0% 14.1%	-0.5% 16.2%
EBIT Growth	59.1%	-293.4% -299.5%	72.1%	115.4%
Net Income Growth	4535.6%	-299.5% -404.6%	565.6%	-176.9%
EPS Growth	4532.6%	-404.5%	565.4%	-176.9%
EBITDA Margin	33.9%	36.2%	37.0%	32.0%
EBIT Margin	18.9%	20.8%	21.5%	16.8%
Pre-tax Margin	11.2% 6.6%	13.3% 6.0%	14.6% 5.8%	10.8% 3.7%
Net Margin FCF Margin	7.1%	12.5%	18.6%	-6.4%
•	7.170	12.570	10.070	-0.470
Operational Data				
Gross Revenue Growth	2.7%	3.4%	-1.6%	-0.1%
Normalized EBITDA	2,532	2,615	2,514	2,400
Normalized EBITDA Margin	33.9%	35.4%	34.3%	32.0%
Normalized EBITDA Growth	6.5%	6.8%	-5.1%	1.3%
Wireline				
Lines in Service Net Adds (000)	(208)	(328)	(347)	(300)
Broadband - Net Adds (000)	55	41	17	70
Revenue growth	-1.0%	-1.0%	-5.6%	-3.7%
Data as % of wireline serv. revs	0.0%	3.7%	-1.9%	3.5%
Wireless				
Net additions (000)	501	613	161	1,915
% of Prepaid subscribers	83.7%	83.3%	82.8%	82.8%
ARPU (R\$)	21.8	22.4	22.9	25.2
Monthly Churn	3.3%	3.4%	4.1%	4.1%
Service revenue growth	16.7%	21.7%	13.4%	11.1%
EBITDA margin	N/A	N/A	N/A	N/A
VAS as % of service revenues	13.3%	14.6%	14.1%	14.8%
FX Rate (Avg. R\$/US\$)	1.80	1.79	1.75	1.70
Revenue Mix (2009A)		Expense Mi	x (2009A)	



Major Shareholders	Voting	Limited	Total
Telemar Participações	0%	52%	17%
The Bank of New York ADR Department	50%	0%	33%
Caixa de Previdência dos fund. do BB	3%	5%	4%
Treasury shares	0%	0%	0%
Free float	47%	42%	46%
TOTAL	100%	100%	100%

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)

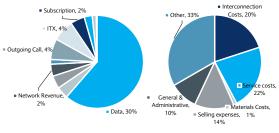
	NEW		OLD)	CHANGE		
	2010E	2011E	2010E	2011E	2010E	2011E	
Net Revenues	10,314	10,283	10,295	10,249	-0.2%	0.3%	
EBITDA	3,426	3,290	3,407	3,279	-0.5%	0.3%	
Adj. EBITDA	3,226	3,290	3,207	3,279	-0.6%	0.3%	
Adj. EBITDA Margin	31.3%	32.0%	31.2%	32.0%	10 bp	0 bp	
Net Income	1,252	1,431	1,238	1,417	-1.1%	1.0%	
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.

Figure 30: Brasil Telecom SA Financial Summary

Shares (ADRs) Outs. (mn) Market Cap (US\$bn): Enterprise Value (US\$bn):	197 4,720 5,689	Potenti	Price*: Target: al Upside:	\$24.01 \$32.00 33 %	R\$13.18 R\$18.00	teleo	ommunication	unications service provider in Region II in Br. s services, including fixed line and mobile se rs under the brand "Oi".				
Fiscal Year End 31-Dec	2007A	2008A	2009A	2010E	2011E	2012E	2008-12	Quarterly Highlights 2010	1Q10A	2Q10A	3Q10A	4
Results Summary (BRL, mn)							CAGR	Results Summary (BRL, mn)				
Net sales	11,093	11,501	10,879	10,314	10,283	10,423	-1.9%	Net sales	2,638	2,587	2,538	2
BITDA	3,812	4,083	747	3,426	3,290	3,360	-3.8%	EBITDA	867	796	992	
EBIT	1,337	2,014	(1,233)	1,795	1,725	1,766	-2.6%	EBIT	456	381	588	
Net Financial Cost	1,864	(343)	(252)	(58)	262	431	N/A	Net Financial Cost	(59)	(48)	18	
Pre-tax income	1,297	1,670	(1,515)	1,736	1,987	2,197	5.6%	Pre-tax income	397	333	607	
ax Rate	27.1%	34.8%	0.0%	27.9%	28.0%	28.0%	27.9%	Tax Rate	24.3%	28.9%	32.9%	
let income	945	1,090	(1,103)	1,252	1,431	1,582	7.7%	Net income	300	237	407	
EPS (R\$)	N/A	1.99	(2.01)	2.12	2.43	2.68	6.2%	EPS (R\$)	0.51	0.40	0.69	
PADR (US\$)	N/A	3.25	(2.76)	3.63	4.29	4.78	8.0%	EPADR (US\$)	0.85	0.67	1.18	
Shares Outstanding (mn)	N/A	547	590	590	590	590	1.5%	Capex & Acquisitions	203	110	219	
Dividend per share (R\$)	0.63	1.22	0.47	(0.47)	0.61	0.65	-11.8%	Free cash flow	75	719	708	
, , ,				, ,			14 - dia -	County & Manain Data				
Frowth & Margin Data	N/A	3.7%	-5.4%	-5.2%	-0.3%	1.4%	Median -0.3%	Growth & Margin Data	-6.0%	-3.6%	-7.2%	
let Sales Growth								Net Sales Growth				
BITDA Growth	N/A	7.1%	-81.7%	358.5%	-4.0%	2.1%	2.1%	EBITDA Growth	71.5%		-1.2%	-
BIT Growth	N/A	50.6%	-161.3%	-245.5%	-3.9%	2.4%	-3.9%	EBIT Growth	4458.3%	-117.7%	15.7%	
let Income Growth	N/A	15.3%	-201.2%	-213.5%	14.3%	10.6%	10.6%	Net Income Growth	-814.0%	-116.5%	56.7%	16
PS Growth	N/A	N/A	-200.9%	-205.7%	14.3%	10.6%	-95.2%	EPS Growth	-779.1%		60.2%	16
BITDA Margin	34.4%	35.5%	6.9%	33.2%	32.0%	32.2%	32.7%	EBITDA Margin	32.9%	30.8%	39.1%	
BIT Margin	12.1%	17.5%	-11.3%	17.4%	16.8%	16.9%	16.9%	EBIT Margin	17.3%	14.7%	23.2%	•
re-tax Margin	11.7%	14.5%	-13.9%	16.8%	19.3%	21.1%	15.7%	Pre-tax Margin	15.0%	12.9%	23.9%	•
let Margin	8.5%	9.5%	-10.1%	12.1%	13.9%	15.2%	10.8%	Net Margin	11.4%	9.2%	16.0%	
CF Margin	10.9%	-0.3%	28.1%	18.2%	14.3%	11.9%	13.1%	FCF Margin	2.8%	27.8%	27.9%	
								•				
Operational Data	2.770	2.012	4.046	2 226	2 200		n / CAGR	Operational Data	040	022	702	
Recurring EBITDA	3,778	3,912	4,046	3,226	3,290	3,360	-3.0%	Recurring EBITDA	840	823	792	
lecurring EBITDA margin	34.1%	34.0%	37.2%	31.3%	32.0%	32.2%	33.1%	Recurring EBITDA margin	31.8%	31.8%	31.2%	- 3
Vireliine Gross Revenues	14,008	14,900	15,660	15,515	15,227	15,163	0.4%	Wireliine Gross Revenues	3,952	3,922	3,818	3
ines in Service Net Adds (000)	(384)	93	(385)	(455)	(400)	(400)	N/A	Lines in Service Net Adds (000)	(105)	(152)	(48)	
roadband - Net Adds (000)	440	238	138	44	27	27	-35.5%	Broadband - Net Adds (000)	15	16	7	
evenue growth	0.0%	6.4%	5.1%	-0.9%	-1.9%	-0.4%	-0.2%	Revenue growth	2.0%	1.3%	-3.6%	
ata as % of wireline serv. revs	22.6%	27.7%	34.2%	37.3%	40.8%	44.1%	35.8%	Data as % of wireline serv. revs	36.0%	37.1%	37.9%	3
/ireless								Wireless				
/ireless Gross Revenues	2,024	2,107	2,112	2,219	2,441	2,746	5.4%	Wireless Gross Revenues	522	554	563	
et additions (000)					1,000			Net additions (000)	92	145	132	
` ,	886	1,342	1,548	619		1,051	-4.8%					
6 of Total Gross Revenues	13%	12%	12%	13%	14%	15%	13%	% of Total Gross Revenues	12%	12%	13%	
RPU (R\$)	39.2	32.8	26.6	23.9	23.4	22.8	-7.0%	ARPU (R\$)	23.6	24.3	24.5	
	0.00/	7.20/	C 10/	7.00/	0.20/	0.00/	5.00/	Com to a management of	7.00/	0.00/	c 20/	
ervice revenue growth	0.0%	7.3%	6.1%	7.3%	8.2%	9.8%	5.9%	Service revenue growth	7.8%	9.9%	6.3%	
'AS as % of service revenues	6.0%	8.2%	12.5%	14.8%	17.1%	20.2%	19.8%	VAS as % of service revenues	13.9%	14.4%	15.9%	
X 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	
eturn Data							Median	Revenue Mix (2009A)		Expense Mi		
eturn on Capital	98.7%	12.1%	-2.3%	8.4%	8.7%	8.9%	8.8%	Revenue Mix (2003A)		Expense ivii	IX (2003A)	
eturn on Assets	6.1%	6.6%	-5.5%	5.3%	5.8%	6.1%	5.9%					
eturn on Equity, TTM	17.0%	18.4%	-12.7%	10.8%	11.7%	12.0%	11.8%	 Subscription, 2% 			 Interconnect 	
apex/Sales	12.6%	23.3%	10.2%	10.6 %	15.9%	16.9%	14.2%			Other, 33%	Costs, 20	%
.apex/ Sales	12.070	23.3 /0	10.2 /0	10.77	13.570	10.570	14.2 /0	= ITX, 4%				
Salance Sheet & Cash Flow Sum	mary						CAGR				·	N.
Cash & Investments	2,377	1,479	2,100	3,950	4,695	5,840	31.6%	Outgoing Call, 4%				
otal assets	15,576	17,670	22,756	24,259	25,091	26,602	8.5%					
T & LT debt	4,383	4,886	4,640	4,612	4,612	4,612	-1.1%				\wedge	
Other LT Liabilities	1,727	2,518	3,517	3,905	3,905	3,905	9.2%		\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \			
otal liabilities	9,991	11,435	11,661	12,160	12,670	12,646	2.0%				■ Ser	vice
Ainorities interest	9	(6)	1	0	0	0	N/A	■ Network Revenue,	■ Gene	ral &		22
hareholders' equity	5,576	6,241	11,095	12,098	12,421	13,956	17.5%	2%	Admini:		Material	ls Co
Cash flow from Ops	2,607	2,646	4,162	2,952	3,107	3,001	2.5%	Data,	30% 10	% = Sellin	g expenses, 1º	
apex & Acquisitions	1,399	2,678	1,107	1,076	1,632	1,763	-8.0%				14%	
ree cash flow												
NOPAT	1,208	(32)	3,055	1,876	1,475	1,239	N/A					
IOPAT	15,368	2,014	(466)	1,974	2,139	2,290	2.6%					
aluation & Leverage Metrics							Median	Major Shareholders	Voting	No	n-Voting	
/E	N/A	N/A	NMF	6.6x	5.6x	5.0x	5.6x	Telemar Norte Leste (TMAR)	80%		32%	
V/EBITDA	N/A	N/A	2.7x	2.9x	2.6x	2.2x	2.6x	Treasury shares	0%		3%	
V/Opfcf	N/A	N/A	-30.4x	3.9x	5.1x	4.6x	4.3x	Free float	20%		64%	
CF Yield	N/A	N/A	38.8%	23.8%	18.7%	15.7%	0.2x	TOTAL	100%		100%	
V/Sales	N/A	N/A	1.0x	0.9x	0.8x	0.7x	0.2x		. 5576		. 55 /6	
rice/BV	1.4x	1.3x	0.7x	0.3x	0.6x	0.7x	0.7x					
	1.4x 4.7%											
Vividond Viold	4 / 1/0	9.1%	3.5%	-3.5%	4.5%	4.9%	4.5%					
		27.00	20 40/	10.00/	10 40/	17700	10 70/					
Dividend Yield Fotal Debt to Capital Net Debt/EBITDA	28.2% 0.5x	27.6% 0.8x	20.4% 3.4x	19.0% 0.2x	18.4% 0.0x	17.3% -0.4x	19.7% 0.4x					

Quarterly Highlights 2010	1Q10A	2Q10A	3Q10A	4Q10E
Results Summary (BRL, mn)				
Net sales	2,638	2,587	2,538	2,551
EBITDA	867	796	992	771
EBIT	456	381	588	369
Net Financial Cost	(59)	(48)	18	30
Pre-tax income	397	333	607	400
Tax Rate	24.3%	28.9%	32.9%	23.0%
Net income	300	237	407	308
EPS (R\$)	0.51	0.40	0.69	0.52
EPADR (US\$)	0.85	0.67	1.18	0.92
Capex & Acquisitions Free cash flow	203 75	110 719	219 708	544 374
	/3	/19	708	3/4
Growth & Margin Data				
Net Sales Growth	-6.0%	-3.6%	-7.2%	-4.0%
EBITDA Growth	71.5%	-148.1%	-1.2%	-13.7%
EBIT Growth	4458.3%	-117.7%	15.7%	-7.5%
Net Income Growth	-814.0%	-116.5%	56.7%	165.6%
EPS Growth	-779.1%	-115.7%	60.2%	165.6%
EBITDA Margin	32.9%	30.8%	39.1%	30.2%
EBIT Margin	17.3%	14.7%	23.2%	14.5%
Pre-tax Margin	15.0%	12.9%	23.9%	15.7%
Net Margin	11.4%	9.2%	16.0%	12.1%
FCF Margin	2.8%	27.8%	27.9%	14.7%
Operational Data				
Recurring EBITDA	840	823	792	771
Recurring EBITDA margin	31.8%	31.8%	31.2%	30.2%
Wireliine Gross Revenues	3.952	3.922	3.818	3.822
Lines in Service Net Adds (000)	(105)	(152)	(48)	(150)
Broadband - Net Adds (000)	15	16	7	7
Revenue growth	2.0%	1.3%	-3.6%	-3.3%
Data as % of wireline serv. revs	36.0%	37.1%	37.9%	38.4%
Wireless				
Wireless Gross Revenues	522	554	563	580
Net additions (000)	92	145	132	250
% of Total Gross Revenues	12%	12%	13%	13%
ARPU (R\$)	23.6	24.3	24.5	24.1
, S (.)	25.0	21.5	21.3	2 1.1
Service revenue growth	7.8%	9.9%	6.3%	5.5%
VAS as % of service revenues	13.9%	14.4%	15.9%	14.9%
FX Rate (Avg. R\$/US\$)	1.80	1.79	1.75	1.70
Revenue Mix (2009A)		Expense Mi	x (2009A)	
			 Interconne 	ction
Subscription, 2%	• (Other, 33%	Costs, 20	
)		



Major Shareholders	Voting	Non-Voting	Total
Telemar Norte Leste (TMAR)	80%	32%	48%
Treasury shares	0%	3%	2%
Free float	20%	64%	50%
TOTAL	100%	100%	100%

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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.

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

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 32: TEO Change in Estimates (ARS mn)

	NEW		OLI	D	CHANGE		
	2010E	2011E	20 10E	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%	

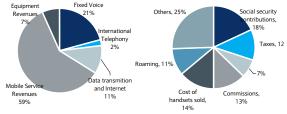
Source: Barclays Capital Estimates.

Figure 33: Telecom Argentina SA Financial Summary

1-Overweight / 3-Negative Shares (ADRs) Outs. (mn) Market Cap (US\$mn): Enterprise Value (US\$mn):	197.3 5,214 5,220 it	Tickers: Price*: Target: ial Upside:	\$ 26.43	ECO2 AR E ARS 21.90 ARS 23.00	quity	
Fiscal Year End 31-Dec	2008A	2009A	2010E	2011E	2012E	2008-12
Results Summary (ARS, mn)	10.600	12 226	14 472	17/21	20.420	CAGR 17.8%
Net sales	10,608	12,226	14,473	17,431	20,430	
EBITDA	3,300	3,900	4,474	5,272	6,354	17.8%
EBIT	2,041	2,762	3,183	3,820	4,734	23.4%
Net Financial Cost	(265)	(329)	(41)	25	59	N/A
Pre-tax income	1,508	(229)	2,849	3,505	4,453	31.1%
Tax Rate	-35%	-36%	-36%	-36%	-35%	-36.1%
Net income	961	1,405	1,803	2,221	2,869	31.4%
EPS (ARS)	0.98	1.43	1.83	2.25	2.91	31.3%
EPADR (US\$)	1.58	1.92	2.34	2.71	3.04	17.8%
Shares Outstanding (mn)	984	984	986	986	986	0.1%
Dividend per share (ARS)	0.00	0.00	1.07	1.46	1.80	-
Growth & Margin Data						Median
Net Sales Growth	16.9%	15.3%	18.4%	20.4%	17.2%	17.2%
EBITDA Growth	8.1%	18.2%	14.7%	17.8%	20.5%	17.8%
EBIT Growth	24.8%	35.3%	15.3%	20.0%	23.9%	23.9%
Net Income Growth	8.7%	46.2%	28.3%	23.2%	29.1%	28.3%
EPS Growth	8.9%	45.9%	27.8%	23.2%	29.1%	27.8%
EBITDA Margin	31.1%	31.9%	30.9%	30.2%	31.1%	31.1%
EBIT Margin	19.2%	22.6%	22.0%	21.9%	23.2%	22.0%
Pre-tax Margin	14.2%	-1.9%	19.7%	20.1%	21.8%	19.7%
Net Margin	9.1%	11.5%	12.5%	12.7%	14.0%	12.5%
FCF Margin	18.9%	16.8%	13.7%	21.3%	8.1%	16.8%
Operational Data Wireless						CAGR
Subscribers (000)	14,390	16,281	18,593	20,593	22.393	11.7%
Net Additions (000)	2,098	1,891	2.312	2,000	1,800	-3.8%
Wireless serv. Revenue growth	20.3%	16.5%	21.4%	26.8%	22.4%	21.4%
Monthly Churn	20.576 NA	1.4%	1.5%	1.5%	1.5%	1.5%
Service revenue growth	20.3%	16.5%	21.4%	26.8%	22.4%	2.4%
ARPU growth	20.576 NA	-0.1%	7.5%	11.9%	10.0%	8.8%
Wireline	INA	-0.176	7.5%	11.570	10.076	0.0%
	93		32	40	50	11.60/
Lines in Service Net Adds (000)		50				-11.6%
Broadband - Net Adds (000)	259	172	176	240	240	-1.9%
Wireline revenue growth	11%	14%	11%	6%	9%	10.6%
Data as % of wireline serv. revs	26%	32%	36%	39%	42%	35.8%
EV P-t- (A ADC (LICE)	2.16	2.72	2.00	415	4 70	10.00/
FX Rate (Avg. ARS/US\$)	3.16	3.73	3.90	4.15	4.78	10.9%
Return Data		=====	== ===	=0.00/	== 40/	Median
Return on Capital	41.6%	56.5%	59.6%	58.9%	55.1%	56.5%
Return on Assets	10.0%	13.2%	14.9%	14.9%	16.0%	14.9%
Return on Equity	23.9%	25.8%	29.1%	26.4%	25.4%	25.8%
Capex/Sales	15.1%	13.9%	14.0%	15.4%	15.5%	15.1%
Balance Sheet & Cash Flow Summ	ary					CAGR
Cash & Short-Term Investments	1,125	1,289	1,880	3,186	4,527	41.6%
Total assets	9,657	10,633	12,088	14,920	17,935	16.7%
ST & LT debt	2,043	821	909	909	909	-18.3%
Other LT Liabilities	799	878	909	909	909	3.3%
Total liabilities	5,556	5,105	5,797	6,388	6,509	4.0%
Shareholders' equity	4,020	5,436	6,187	8,408	11,277	29.4%
Cash flow from operations	3319	3,287	3,660	5,149	4,821	9.8%
Capex & Acquisitions	1,599	1,694	2,032	2,692	3,167	18.6%
Free cash flow	2002	2,056	1,987	3,708	1,655	-4.7%
NOPAT	2,757	3,761	4,340	5,198	6,391	23.4%
	2,737	5,, 0.	1,510	3,130	0,55.	
Valuation & Leverage Metrics	167	12.0	11.2	0.7	0.7	Median
P/E	16.7x	13.8x	11.3x	9.7x	8.7x	11.3x
EV/EBITDA	6.9x	5.5x	4.7x	3.7x	2.9x	4.7x
EV/OpFCF	13.3x	9.7x	8.5x	7.6x	5.7x	8.5x
FCF Yield	9.6%	9.8%	9.5%	17.7%	7.9%	9.6%
EV/Sales	2.0x	1.7x	1.4x	1.2x	1.0x	1.4x
Price/BV	5.2x	3.9x	3.4x	2.5x	1.9x	3.4x
Dividend Yield	0.0%	0.0%	5.0%	6.9%	8.5%	5.0%
Total Debt to Capital	8.3%	8.3%	7.6%	6.1%	5.1%	7.6%
Net Debt/EBITDA	0.3x	-0.1x	-0.2x	-0.4x	-0.6x	-0.2x
Source: Barclays Capital Estima	tes, Comp	any repor	ts. *Closin	g price as	ot Februar	y 3rd, 201

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.

Quarterly Highlights 2010	1Q10A	2Q10A	3Q10A	4Q10E
Results Summary (ARS, mn)				
Net sales	3,249	3,468	3,766	3,990
EBITDA	1,064	1,100	1,117	1,193
EBIT	763	776	782	862
Net Financial Cost	(57)	11	2	3
Pre-tax income	655	715	699	780
Tax Rate	-36.9%	-36.4%	-36.1%	-36.1%
Net income	411	454	443	495
EPS (ARS)	0.42	0.46	0.45	0.50
EPADR (US\$)	0.54	0.59	0.57	0.63
Capex & Acquisitions	343	323	408	958
Free cash flow	457	190	564	776
Growth & Margin Data				
Net Sales Growth	14.8%	18.6%	21.2%	18.6%
EBITDA Growth	16.0%	19.0%	10.2%	14.2%
EBIT Growth	15.8%	19.0%	8.0%	18.6%
Net Income Growth	17.1%	33.9%	46.2%	24.0%
EPS Growth	17.1%	33.8%	45.9%	19.0%
EBITDA Margin	32.7%	31.7%	29.7%	29.9%
EBIT Margin	23.5%	22.4%	20.8%	21.6%
Pre-tax Margin	20.2%	20.6%	18.6%	19.6%
Net Margin	12.7%	13.1%	11.8%	12.4%
FCF Margin	14.1%	5.5%	15.0%	19.4%
Operational Data				
Wireless				
Subscribers (000)	16,767	17,169	17,843	18,593
Net Additions (000)	486	402	674	750
Wireless serv. Revenue growth	17.6%	20.5%	24.1%	22.7%
Monthly Churn	1.8%	1.5%	1.3%	1.3%
Service revenue growth	17.6%	20.5%	24.1%	22.7%
ARPU growth Wireline	4.6%	7.8%	10.4%	8.0%
Lines in Service Net Adds (000)	-2	8	21	5
Broadband - Net Adds (000)	18	42	56	60
Wireline revenue growth	11%	13%	12%	8%
Data as % of wireline serv. revs	36%	36%	37%	34%
FX Rate (Avg. ARS/US\$)	3.84	3.90	3.94	3.97
Revenue Mix (2009A)	Expens	se Mix (200	9A)	
Fauinment Fixed Voice				



Major Shareholders	Class A	B and C	Total
Nortel Inversora S.A.	51%	4%	55%
Float	0%	41%	41%
Employee Stock Ownership Program	0%	4%	4%
Total	51%	49%	100%

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)

	4Q 10	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		OL	OLD		NGE
	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%

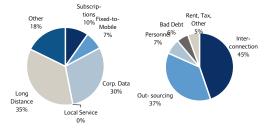
Source: Barclays Capital Estimates.

Figure 36: Telecomunicações de São Paulo SA Financial Summary

2-Equal Weight / 3-Negative Shares (ADRs) Outs. (mn) Market Cap (US\$bn): Enterprise Value (US\$bn)	506 12,226 13,652	Potenti	Ticker: Price*: Target: al Upside:	TSP \$24.17 \$25.00 3 %	TLPP4 R\$40.54 R\$42.00	Paulo, compa Abril. (omunicações Brazil, offeri any offers pa Current legis ompany is co
Fiscal Year End 31-Dec	2007A	2008A	2009A	2010E	2011E	2012E	2008-12
Results Summary (BRL, mn)	BzGAAP	BzGAAP	IFRS	IFRS	IFRS	IFRS	CAGR
Net sales	14,728	15,964	15,799	15,812	16,147	16,508	0.7%
EBITDA	6,223	6,560	5,950	5,383	5,383	5,210	-4.5%
EBIT	3,524	3,778	3,444	3,373	3,229	3,042	-4.2%
Net Financial Cost	(302)	(225)	(190)	(130)	(315)	(315)	N/A
Pre-tax income Tax Rate	2,704 36.2%	2,916 37.2%	3,253 30.5%	3,243 28.5%	2,914 27.0%	2,727 26.5%	-1.3% 28.5%
Net income	2,367	2,448	2,288	2,320	2,127	2,003	-3.9%
EPS (R\$)	4.68	4.84	4.52	4.58	4.20	3.96	-3.9%
EPADR (US\$)	2.40	2.64	2.26	2.61	2.50	2.35	-2.2%
Shares Outstanding (mn)	506	506	506	506	506	506	0.0%
Dividend per share (R\$)	6.07	4.84	4.52	4.58	4.20	3.96	-3.9%
Growth & Margin Data							Median
Net Sales Growth	N/A	8.4%	-1.0%	0.1%	2.1%	2.2%	2.1%
EBITDA Growth	N/A	5.4%	-9.3%	-9.5%	0.0%	-3.2%	-3.2%
EBIT Growth	N/A	7.2%	-8.8%	-2.1%	-4.3%	-5.8%	-4.3%
Net Income Growth	N/A	3.4%	-6.5%	1.4%	-8.3%	-5.8%	-5.8%
EPS Growth	N/A	3.4%	-6.5%	1.3%	-8.3%	-5.8%	-5.8%
EBITDA Margin	42.3%	41.1%	37.7%	34.0%	33.3%	31.6%	34.0%
EBIT Margin	23.9%	23.7%	21.8%	21.3%	20.0%	18.4%	21.3%
Pre-tax Margin	18.4%	18.3%	20.6%	20.5%	18.0%	16.5%	18.3%
Net Margin FCF Margin	16.1% 23.5%	15.3% 16.5%	14.5% 15.7%	14.7% 19.3%	13.2% 12.4%	12.1% 11.8%	14.5% 15.7%
•	23.370	10.570	13.770	13.570	12.470	11.070	13.770
Segment Results							4 =04
Normalized EBITDA		6,561	5,926	5,296	5,383	5,210	-4.5%
Normalized EBITDA Margin Normalized EBITDA Growth		41.1%	37.5% -9.7%	33.5% -10.6%	33.3% 1.6%	31.6% -3.2%	33.5% -6.5%
Normalized EBITDA Growth			-3.7 /0	-10.070	1.0 /0	-3.2 /0	-0.5%
Operating Metrics							CAGR
Lines in Service (000)	11,960	11,662	11,258	11,298	11,278	11,258	-0.7%
LIS - Net Additions (000)	(147)	(298) -2.5%	(404) -3.5%	40 0.4%	(20) -0.2%	(20) -0.2%	N/A
LIS YoY% Broadband Subs (000)	0.0% 2,068	2,555	2,636	3,357	4,037	4,737	-0.2% 13.1%
Broadband Net Add (000)	460	487	81	721	680	700	7.5%
Broadband Subs YoY%	0.0%	23.6%	3.2%	27.3%	20.3%	17.3%	20.3%
FX Rate (Avg. R\$/US\$)	1.95	1.84	2.00	1.76	1.68	1.68	-1.7%
Return Data	1.33	1.04	2.00	1.70	1.00	1.00	Median
Return on Capital	20.6%	23.8%	17.2%	16.4%	15.9%	15.1%	16.8%
Return on Assets	12.5%	12.6%	11.3%	11.8%	11.2%	10.5%	11.5%
Return on Equity	23.9%	24.5%	22.8%	23.2%	21.3%	20.1%	23.0%
Capex/Sales	9.4%	10.2%	10.1%	10.0%	10.0%	10.0%	10.1%
Balance Sheet & Cash Flow Summa	rv						CAGR
Cash & Short-Term Investments	933	1,741	2,277	145	(361)	(300)	N/A
Total assets	18,925	19,992	20,461	18,937	18,928	19,091	-1.1%
ST & LT debt	3,309	3,736	3,520	1,928	1,928	1,928	-12.4%
Other LT Liabilities	741	882	997	1,484	1,484	1,484	11.0%
Total liabilities	9,019	9,946	10,404	8,964	8,955	9,118	-2.1%
Shareholders' equity Cash flow from operations	9,905 5,451	10,046 4,982	10,057 4,706	9,973 5,178	9,973 4,194	9,973 4,190	-0.1% -3.4%
Capex & Acquisitions	1,992	2,343	2,221	2,132	2,190	2,239	-1.3%
Free cash flow	3,459	2,639	2,485	3,046	2,004	1,951	-5.4%
NOPAT	2,881	3,370	2,464	2,320	2,127	2,003	-8.8%
Valuation & Leverage Metrics							Median
P/E	10.1x	9.2x	10.7x	9.3x	9.7x	10.3x	9.5x
EV/EBITDA	3.8x	3.5x	3.8x	4.4x	4.5x	4.6x	4.1x
EV/Opfcf	5.6x	5.5x	6.1x	7.3x	7.6x	8.1x	6.7x
FCF Yield	17.0%	12.9%	12.2%	14.9%	9.8%	9.6%	12.6%
EV/Sales	1.6x	1.5x	1.4x	1.5x	1.5x	1.5x	1.5x
Price/BV Dividend Yield	2.1x 15.1%	2.0x 12.0%	2.0x 11.2%	2.0x 11.4%	2.0x 10.4%	2.0x 9.8%	2.0x 11.3%
Total Debt to Capital	17.5%	18.7%	17.2%	10.2%	10.4%	10.1%	13.7%
Net Debt/EBITDA	0.4x	0.3x	0.2x	0.3x	0.4x	0.4x	0.3x
Source: Barclays Capital Estimate							
	,	,	2.33	5 1230		, 3.	,

elecomunicações de São Paulo (TELESP) is the incumbent fixed-line telecom operator in the State of Sao aulo, Brazil, offering local and long distance voice, corporate data, and broadband services. In addition, the ompany offers pay television services with a DTH offering and via a commercial agreement with Grupo bril. Current legislation does not allow telecom operators to provide pay TV services over their networks. he company is controlled by Spain's Telefonica, S.A.

Quarterly Highlights 2010	1Q10A	2Q10A	3Q10A	4Q10E
Results Summary (BRL, mn)	IFRS	IFRS	IFRS	IFRS
Net sales	3,894	3,898	3,974	4,047
EBITDA	1,276	1,516	1,297	1,296
EBIT	707	1,054	810	803
Net Financial Cost	(34)	(41)	(13)	(42)
Pre-tax income	673	1,013	797	761
Tax Rate	40.1%	31.3%	18.8%	24.5%
Net income	403	695	647	575
EPS (R\$)	0.80 0.44	1.37 0.77	1.28 0.73	1.13
EPADR (US\$)	357	0.77 461	0.73 547	0.67 767
Capex & Acquisitions Free cash flow	1.109	891	716	330
Tree custinos	1,109	031	710	330
Growth & Margin Data				
Net Sales Growth	-1.7%	-1.0%	1.6%	1.4%
EBITDA Growth	-14.3%	-6.7%	-10.0%	-7.1%
EBIT Growth	-15.6%	6.6%	-2.1%	1.6%
Net Income Growth EPS Growth	-16.6%	10.3% 10.2%	7.2% 7.1%	0.8% 0.7%
	-16.6%			
EBITDA Margin	32.8%	38.9%	32.6%	32.0%
EBIT Margin	18.2%	27.0%	20.4%	19.8%
Pre-tax Margin	17.3%	26.0%	20.1%	18.8%
Net Margin	10.4% 28.5%	17.8% 22.9%	16.3% 18.0%	14.2% 8.2%
FCF Margin	26.5%	22.9%	18.0%	6.2%
Segment Results				
Normalized EBITDA	1,276	1,428	1,296	1,296
Normalized EBITDA Margin	32.8%	36.6%	32.6%	32.0%
Normalized EBITDA Growth	-13.9%	-10.1%	-8.8%	-9.7%
Operating Metrics				
Lines in Service (000)	11,197	11,261	11,303	11,298
LIS - Net Additions (000)	(61)	64	42	(5)
LIS YoY%	-3.3%	-1.9%	-0.4%	0.4%
Broadband Subs (000)	2,799	2,972	3,137	3,357
Broadband Net Add (000)	163	173	165	220
Broadband Subs YoY%	5.4%	9.0%	21.7%	27.3%
FX Rate (Avg. R\$/US\$)	1.80	1.79	1.75	1.70
Revenue Mix (2009A)	Cost	Mix (200	9A)	



Major Shareholders	Voting	Limited	Total
SP TELECOMUNICAÇÕES PARTICIPAÇÕES LTE	51%	9%	23%
TELEFÓNICA INTERNACIONAL S.A.	35%	81%	65%
FREE FLOAT	14%	11%	12%
TREASURY SHARES	0%	0%	0%
Total	100%	100%	100%

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 is implies EBITDA growth of +9% Y/Y on revenue growth of 8% Y/Y.

Figure 37: TSU Quarterly Preview (BRL mn)

	4Q10		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		OL	OLD		NGE
	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%

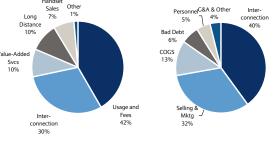
Source: Barclays Capital Estimates.

Figure 39: TIM Participações SA Financial Summary

2-Equal Weight / 3-Negative Shares (ADRs) Outs. (mn): Market Cap (US\$bn):	248 9,343	-	Ficker: Price*: Farget:	TSU \$37.74 \$37.00	TCSL4 R\$6.14 R\$6.20		
Enterprise Value (US\$bn): Fiscal Year End 31-Dec	11,308 2007A	Potenti 2008A	al Upside:	-2% 2010E	2011E	2012E	2008-12
Results Summary (BRL, mn)	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	CAGR
Net sales	13,293	13,951	13,750	14,364	15,504	16,997	4.0%
EBITDA	3,214	3,259	3,521	4,082	4,437	4,882	8.4%
EBIT	517	490	444	898	1,133	1,449	24.2%
Net Financial Cost Pre-tax income	(282) 236	(343) 148	253 697	(297) 601	(209) 924	(83) 1,362	N/A 55.8%
Tax Rate	70.7%	-43.4%	0.8%	27.1%	24.0%	24.0%	24.0%
Net income	69	212	692	438	702	1,039	37.4%
EPS (R\$)	0.03	0.09	0.29	0.18	0.28	0.42	35.9%
EPADR (US\$)	0.15	0.49	1.47	1.01	1.69	2.50	38.3%
Shares Outstanding (mn)	2,348	2,348	2,348	2,476	2,476	2,476	1.1%
Dividend per PN share (R\$)	0.13	0.10	0.13	0.06	0.26	0.32	25.0%
Growth & Margin Data							Median
Net Sales Growth	N/A	4.9%	-1.4%	4.5%	7.9%	9.6%	4.9%
EBITDA Growth	N/A	1.4%	8.0%	15.9%	8.7%	10.0%	8.7%
EBIT Growth Net Income Growth	N/A N/A	-5.2% 208.0%	-9.5% N/A	102.3% N/A	26.2% 60.4%	27.9% 48.0%	26.2% 60.4%
EPS Growth	N/A	208.0%	N/A	N/A	60.4%	48.0%	60.4%
EBITDA Margin	24.2%	23.4%	25.6%	28.4%	28.6%	28.7%	28.4%
EBIT Margin	3.9%	3.5%	3.2%	6.2%	7.3%	8.5%	6.2%
Pre-tax Margin	1.8%	1.1%	5.1%	4.2%	6.0%	8.0%	5.1%
Net Margin	0.5%	1.5%	5.0%	3.0%	4.5%	6.1%	4.5%
FCF Margin	1.4%	-3.1%	-0.2%	-3.2%	2.3%	6.7%	-0.2%
Operational Data							CAGR
Net Service Revenue (YoY)	N/A	5.2%	-3.1%	6.0%	8.5%	10.0%	6.0%
Subscribers EOP	31,254	36,403	41,103	51,015	60,257	68,269	13.4%
Subscriber Growth (YoY)	N/A	16.5%	12.9%	24.1%	18.1%	13.3%	16.5% 9.2%
Net Additions (000) Monthly Churn	5,843 3.0%	5,148 3.2%	4,700 3.7%	9,913 3.8%	9,242 3.4%	8,012 3.3%	9.2% 3.4%
Incoming Voice ARPU (R\$)	12.84	10.58	8.45	6.59	4.95	3.92	-18.0%
Outgoing Voice ARPU (R\$)	22.30	19.43	15.29	14.36	13.01	12.81	-8.0%
Data ARPU (R\$)	2.37	2.56	2.76	2.73	2.94	3.15	4.2%
ARPU (R\$)	37.51	32.58	26.50	23.68	20.90	19.88	-9.4%
ARPU (US\$)	N/A	¢1 F F 2	-18.6%	-10.7%	-11.7%	-4.8%	-11.2%
ARPU (US\$) MOU (minutes/month)	\$19.27 96	\$15.52 95	\$13.27 83	\$13.46 120	\$12.43 162	\$11.82 190	-5.3% 14.8%
Incoming MOU	33	26	21	16	102	10	-17.2%
Outgoing MOU	63	69	63	104	150	180	21.2%
Revenue Per Minute (R\$)	0.37	0.32	0.28	0.17	0.11	0.09	-22.5%
RPM (US\$)	\$0.19	\$0.17	\$0.14	\$0.10	\$0.07	\$0.05	-21.2%
FX Rate (Avg. R\$/US\$)	1.95	1.84	2.00	1.76	1.68	1.68	-1.7%
Return Data							Median
Return on Capital	4.9%	4.6%	7.8%	8.7%	11.1%	12.0%	8.7%
Return on Assets	0.5%	1.4%	4.1%	2.6%	4.2%	5.9%	4.1%
Return on Equity Capex/Sales	0.9% 17.3%	2.7% 25.9%	8.6% 18.5%	5.2% 21.3%	8.0% 21.8%	11.3% 19.2%	8.0% 21.3%
		23.370	10.570	21.570	21.070	13.270	
Balance Sheet & Cash Flow Summ Cash & Short-Term Investments	1,173	1,555	2,559	1,592	2,219	3,191	CAGR 15.5% Value
Total assets	14,546	16,239	17,450	16,321	17,200	17,981	2.1%
ST & LT debt	2,146	3,549	4,160	3,341	3,341	3,341	-1.2%
Other LT Liabilities	415	534	648	860	940	1,011	13.6%
Total liabilities	6,796	8,449	9,127	7,661	8,259	8,525	0.2%
Shareholders' equity	7,750	7,790	8,323	8,660	8,940	9,456	4.0%
Cash flow from operations	2,485	3,184	2,521	2,599	3,740	4,406	6.7%
Capex & Acquisitions	2,305	3,612	2,547	3,057	3,381	3,268	-2.0%
Free cash flow NOPAT	180 508	(428) 504	(26) 977	(458) 1,167	359 1,414	1,138 1,608	N/A 26.1%
	300	304	377	1,107	1,717	1,000	
Valuation & Leverage Metrics P/E	NMF	76.6x	25.6x	37.5x	22.4x	15.1x	Median 25.6x
EV/EBITDA	5.0x	76.6x 5.3x	4.8x	37.5x 4.5x	4.0x	3.4x	4.5x
EV/Opfcf	17.8x	N/A	17.5x	17.8x	16.7x	10.4x	17.1x
FCF Yield	1.2%	-2.7%	-0.2%	-2.9%	2.3%	7.3%	-0.2%
EV/Sales	1.2x	1.2x	1.2x	1.3x	1.1x	1.0x	1.2x
Price/BV	2.0x	2.0x	1.9x	1.8x	1.7x	1.6x	1.8x
Dividend Yield	2.1%	1.7%	2.0%	1.0%	4.1%	5.1%	2.0%
Total Debt to Capital	14.8%	21.9%	23.8%	20.5%	19.4%	18.6%	20.5%
Net Debt/EBITDA	0.3x	0.6x	0.5x	0.4x	0.3x	0.0x	0.4x
Source: Barclays Capital Estim	aies, Com	рану герс	л tS. "CIOS	ing price	as oi rebi	uary 510,	2011

TIM Participações is the third largest mobile telecommunications services provider in Brazil, after Vivo and Claro, in terms of subscribers. Telecom Italia is the controlling shareholder.

IFRS			
3,296	3,559	1FRS 3,677	3,832
-			1,083
			284
			(100)
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			1.5%
			181
			0.07
			0.43
			1,008
			156
(050)	320	330	150
3.1%	1 3%	6.1%	7.3%
			2.1%
			-14.8%
			-48.1%
-117.4%	-69.1%		-50.7%
28.8%	28.4%		28.3%
			7.4%
			4.8%
			4.7%
-19.9%	9.2%	15.0%	4.1%
5.3%	6.3%	6.1%	6.4%
42,356	44,413	46,934	51,015
17.3%	17.4%	18.5%	24.1%
			4,081
			3.5%
			6.20
			15.08
			2.80
			24.08
			-10.8% \$14.19
			142
			142
			127
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\$0.12	\$0.11	\$0.10	\$0.09
			1.70
			1.70
	949 143 (74) 69 56.3% 30 0.01 0.07 675 (6556) 3.1% 34.4% -369.6% -117.4% 4.3% 2.1% 0.9% -19.9% 42,356 17.3% 1,254 3.4% 7.07 14.32 2.55 24.00 17 83 0.21 \$0.12 1.80	949 1,012 143 215 (74) (62) 69 153 56.3% 33.2% 30 102 0.01 0.04 0.07 0.23 675 148 (656) 328 3.1% 1.3% 34.4% 16.1% -369.6% 150.6% -118.3% -67.5% -117.4% -69.1% 28.8% 28.4% 4.3% 6.0% 2.1% 4.3% 0.9% 2.9% -19.9% 9.2% 5.3% 6.3% 42,356 44,413 17.3% 17.4% 1,254 2,057 3.4% 3.4% 7.07 6.68 14.32 14.60 2.84 24.00 2.84 24.00 2.84 24.00 2.84 24.00 110 17 16 83 94 0.21 0.19 \$0.12 \$0.11 1.80 1.79	949 1,012 1,038 143 215 257 (74) (62) (61) 69 153 195 56.3% 33.2% 36.1% 30 102 125 0.01 0.04 0.05 0.07 0.23 0.29 675 148 889 (656) 328 550 3.1% 13% 6.1% 34.4% 16.1% 17.7% -369.6% 150.6% 227.5% -1118.3% -67.5% -35.9% -1117.4% -69.1% -39.2% 28.8% 28.4% 28.2% 4.3% 6.0% 7.0% 2.1% 4.3% 5.3% 0.9% 2.9% 3.4% -19.9% 9.2% 15.0% 5.3% 6.3% 6.1% 42,356 44,413 46,934 17.3% 17.4% 18.5% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,254 2,00% 1,255 2,84 2,70 2,4,00 2,4,10 23,40 -7.7% 9,4% -11.7% \$13.32 \$13.45 \$13.37 100 110 123 17 16 16 83 94 107 0.21 0.19 0.17 \$0.12 \$0.11 \$0.10



Major Shareholders	Voting	Limited	Total
TELECOM ITALIA	81%	64%	70%
FREE FLOAT	19%	36%	30%
Total	100%	100%	100%

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		OL	D	CHANGE	
	2010E	2011E	201 OE	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%

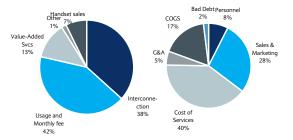
Source: Barclays Capital Estimates.

Figure 42: Vivo Participações SA Financial Summary

1-Overweight / 3-Negative Shares (ADRs) Outs. (mn) Market Cap (US\$bn):		400.7 13,624		Ticker: Price*: Target:	VIV \$34.00 \$39.00	VIVO4 R\$56.16 R\$65.00		
Enterprise Value (US\$bn):		16,536	Potenti	al Upside:	15%			
Fiscal Year End 31-Dec Results Summary (BRL, mn)	2007A	2008A	2009A	2010E	2011E	2012E	2008-12 CAGR	
Net sales	13,854	15,819	16,638	18,097	20,048	21,393	6.2%	
EBITDA	3,546	4,860	5,238	5,734	6,587	7,060	7.8%	
EBIT	843	1,819	2,010	2,883	4,070	4,326	18.9%	
Net Financial Cost	(426)	(627)	(527)	(282)	(377)	(299)	N/A	
Pre-tax income	411	1,200	1,483	2,601	3,693	4,027	27.4%	
Tax Rate	82.3%	47.4%	39.8%	39.1%	40.0%	40.0%	39.9%	
Net income	72	580	865	1,584	2,216	2,416	33.0%	
EPS (R\$)	0.19	1.55	2.26	3.95	5.53	6.03	31.2%	
EPADR (US\$)	0.10	0.84	1.13	2.25	3.29	3.58	33.6%	
Shares Outstanding (mn)	374	374	383	401	401	401	1.4%	
Dividend per share (R\$)	-	-	1.10	2.05	0.47	4.15	1.170	
		-	1.10	2.03	0.47	7.13		
Growth & Margin Data							Median	
Net Sales Growth	N/A	14.2%	5.2%	8.8%	10.8%	6.7%	8.8%	
EBITDA Growth	N/A	37.0%	7.8%	9.5%	14.9%	7.2%	9.5%	
EBIT Growth	N/A	115.8%	10.5%	43.4%	41.2%	6.3%	41.2%	
Net Income Growth	N/A	706.1%	49.2%	83.2%	39.9%	9.0%	49.2%	
EPS Growth	N/A	706.1%	45.7%	75.1%	39.9%	9.0%	45.7%	
EBITDA Margin	25.6%	30.7%	31.5%	31.7%	32.9%	33.0%	31.7%	
EBIT Margin	6.1%	11.5%	12.1%	15.9%	20.3%	20.2%	15.9%	
Pre-tax Margin	3.0%	7.6%	8.9%	14.4%	18.4%	18.8%	14.4%	
Net Margin	0.5%	3.7%	5.2%	8.8%	11.1%	11.3%	8.8%	
FCF Margin	9.4%	1.4%	15.0%	10.2%	10.5%	14.4%	10.5%	
Operational Data							CAGR	
Net Service Revenue (YoY)	N/A	14.7%	8.8%	9.0%	10.4%	6.3%	9.0%	
Subscribers EOP (000)	37,384	44,945	51,744	60,677	68,536	76,614	11.3%	
Subscriber Growth (YoY)	37,364 N/A	20.2%	15.1%	17.3%	13.0%	11.8%	-10.2%	
Net Additions (000)	4,834	7,560	6,799	8,933	7,859	8,078	1.3%	
Monthly Churn			2.7%	2.9%	3.1%	3.1%	2.9%	
•	2.7% 14.01	2.8% 12.41	10.76	9.12	8.26	7.14	-10.5%	
Incoming Voice ARPU (R\$)								
Outgoing Voice ARPU (R\$) Data ARPU (R\$)	14.77	13.75	12.68	11.02	10.03	8.58	-9.0%	
ARPU (R\$)	<u>2.65</u> 31.43	<u>2.96</u> 29.12	<u>3.66</u>	<u>4.87</u> 25.01	<u>5.90</u> 24.20	<u>6.73</u> 22.44	17.9% -5.1%	
ARPU Growth (YoY)	N/A	-7.4%	27.10 -7.0%	-7.7%	-3.3%	-7.3%	-7.3%	
ARPU (US\$)		\$15.87			-3.3% \$14.39	\$13.34		
	\$16.15		\$13.57	\$14.21	111		-3.4%	
MOU (minutes/month)	77 36	86 31	92 27	115 23	20	114	5.7%	
Incoming MOU Outgoing MOU			65		91	19	-9.6%	
	42	55	0.26	92		95	11.5%	
Revenue Per Minute (R\$)	0.37	0.30		0.18	0.16	0.14	-14.6%	
RPM (US\$)	\$0.19	\$0.17	\$0.13	\$0.10	\$0.10	\$0.08	-13.1%	
FX Rate (Avg. R\$/US\$)	1.95	1.84	2.00	1.76	1.68	1.68	-1.7%	
Return Data							Median	
Return on Capital	1.5%	7.9%	8.0%	12.5%	15.7%	15.1%	12.5%	
Return on Assets	0.4%	2.8%	3.9%	7.4%	9.6%	9.7%	7.4%	
Return on Equity	0.9%	7.0%	9.9%	16.6%	20.5%	19.8%	16.6%	
Capex/Sales	16.0%	25.4%	14.0%	13.8%	17.8%	13.4%	14.0%	
Balance Sheet & Cash Flow Sun	nmary						CAGR	
Cash & Short-Term Investments	2 101	2,183	1,259	1,622	3,090	3,872	12.1%	
Total assets	18,091	23,785	21,128	21,614	24,381	25,315	1.3%	
ST & LT debt	4,381	8,003	5,124	4,284	4,284	4,284	-11.7%	
Other LT Liabilities	519	661	1,248	1,534	1,829	1,995	24.7%	
Total liabilities	9,794	14,924	11,869	11,794	12,532	12,712	-3.2%	
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%	
	150	1,151	1,525	1,520	2,333	2,770		
Valuation & Leverage Metrics	244.6	40.2	20.1	15.1	10.2	0.5	Median	
P/E	344.6x	40.3x	30.1x	15.1x	10.3x	9.5x	15.1x	
EV/EBITDA	6.8x	5.8x	5.1x	4.7x	3.9x	3.6x	4.7x	
EV/OpFCF	17.9x	33.5x	9.2x	8.3x	8.5x	6.0x	8.5x	
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								

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

Quarterly Highlights 2010	1Q10A	2Q10A	3Q10A	4Q10E
Results Summary (BRL, mn)				
Net sales	4,233	4,402	4,608	4,854
EBITDA	1,274	1,343	1,538	1,580
EBIT	402	503	982	996
Net Financial Cost	(58)	(101)	(64)	(59)
Pre-tax income	344	401	918	937
Tax Rate	44.2%	41.0%	34.5%	41.0%
Net income	192	237	602	553
EPS (R\$)	0.48	0.59	1.50	1.38
EPADR (US\$)	0.27	0.33	0.86	0.81
Capex & Acquisitions	329	489	675	996
Free cash flow	64	747	697	330
Growth & Margin Data				
Net Sales Growth	4.8%	9.9%	10.4%	9.9%
EBITDA Growth	3.8%	10.6%	10.1%	12.7%
EBIT Growth	-6.8%	24.8%	62.3%	74.5%
Net Income Growth	44.3%	N/A	80.9%	154.4%
EPS Growth	34.8%	N/A	72.9%	154.4%
EBITDA Margin	30.1%	30.5%	33.4%	32.5%
EBIT Margin	9.5%	11.4%	21.3%	20.5%
Pre-tax Margin	8.1%	9.1%	19.9%	19.3%
Net Margin	4.5%	5.4%	13.1%	11.4%
FCF Margin	1.5%	17.0%	15.1%	6.8%
Operational Data				
Net Service Revenue (YoY)	5.8%	10.7%	10.1%	9.1%
Subscribers EOP (000)	53,949	55,977	57,714	60,677
Subscriber Growth (YoY)	18.2%	19.6%	18.2%	17.3%
Net Additions (000)	2205	2028	1737	2963
Monthly Churn	2.5%	2.6%	2.9%	2.7%
Incoming Voice ARPU (R\$)	9.49	9.04	9.01	8.97
Outgoing Voice ARPU (R\$)	10.96	11.14	11.30	10.45
Data ARPU (R\$)	4.33	4.86	4.94	5.30
ARPU (R\$)	24.79	25.05	25.26	24.72
ARPU Growth (YoY)	-9.3%	-6.9%	-7.4%	-8.2%
ARPU (US\$)	\$13.76	\$13.98	\$14.43	\$14.57
MOU (minutes/month)	116	114	115	114
Incoming MOU	25	24	25	22
Outgoing MOU	91	90	90	92
Revenue Per Minute (R\$)	0.18	0.18	0.18	0.17
RPM (US\$)	\$0.10	\$0.10	\$0.10	\$0.10
FX Rate (Avg. R\$/US\$)	1.80	1.79	1.75	1.70
Revenue Mix (2009A)	Expen	se Mix (20	09A)	



Major Shareholders	Voting	Limited	Total
TELEFÓNICA S.A.	89%	44%	60%
FREE FLOAT	11%	56%	40%
TOTAL	100%	100%	100%

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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 (AXTELCPO MM / AXTELCPO.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 stucture.

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 US3.23. 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

ANALYST(S) CERTIFICATION(S)

I, Michel Morin, CFA, hereby certify (1) that the views expressed in this research report accurately reflect my personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

IMPORTANT DISCLOSURES

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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:

Our coverage analysts use a relative rating system in which they rate stocks as 1-Overweight, 2-Equal Weight or 3-Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry sector (the "sector coverage universe").

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.

Stock Rating

- **1-Overweight** The stock is expected to outperform the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.
- **2-Equal Weight** The stock is expected to perform in line with the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.
- **3-Underweight** The stock is expected to underperform the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.

RS-Rating Suspended - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including when Barclays Capital is acting in an advisory capacity in a merger or strategic transaction involving the company.

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 (AXTELCPO.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)

Distribution of Ratings:

Barclays Capital Inc. Equity Research has 1720 companies under coverage.

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