



**BNDES has approved a R\$ 3 billion loan to be granted to Vivo S/A**

*Telefonica*

**São Paulo, Brazil – September 20, 2011** –Telecomunicações de São Paulo S.A. - Telesp. (“Telesp” e/ou “Companhia”), (BOVESPA: TLPP3 (Ord), TLPP4 (Pref), NYSE: VIV), jointly with its controlled company, Vivo Participações S/A, inform that Banco Nacional de Desenvolvimento Econômico e Social (BNDES) has approved a R\$ 3 billion loan to be granted to Vivo S.A. The funds shall be used for investments in expansion and improvement of the current network, implementation of the infrastructure necessary for new technologies, from 2011 to 2013, in addition to research and development. Thus, the company will increase the access to the telecommunication services in Brazil, allowing a larger number of people to be able to connect themselves to the Internet, having access to more information.

The main investment refers to the plan for 3G coverage expansion and the capacity increase 2G and 3G networks. After the expansion of the 3G coverage, the goal shall be to make third generation Internet mobile access available to more than 85% of the Brazilian population until December 2011. The increase of capacity will allow the increasing demand of data and voice traffic to flow, thus avoiding traffic jams in the network. The expansion of Vivo’s own network (backbone) is also foreseen, which will increase network reliability, reducing dependence on the use of other operators’ network. The backbone is the infrastructure that supports traffic between telecommunication central stations of a wider system, between cities.

The investment program also includes the building of a data center, an Information Technology center, in Tamboré (SP), which shall be occupied by Vivo and Telesp. Its start-up is scheduled for the first semester of 2012.

Vivo operates in more than 3.6 thousand municipalities, representing around 65% of all Brazilian municipalities and more than 90% of the population.

São Paulo, September 20, 2011.

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