

INVESTOR
RELATIONS

| 2Q10



SIMPLES ASSIM

PRESS RELEASE

CONSOLIDATED INFORMATION AND RESULTS

(UNAUDITED)

THIS REPORT CONTAINS THE OPERATIONAL AND FINANCIAL DATA FOR TELE NORTE
LESTE PARTICIPAÇÕES AND ITS DIRECT AND INDIRECT SUBSIDIARIES ON
THE SECOND QUARTER OF 2010

TELE NORTE LESTE PARTICIPAÇÕES S.A.
WWW.OI.COM.BR/IR





UPCOMING EVENTS: CONFERENCE CALLS

PORTUGUESE

DATE: Friday, July 30, 2010
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Tele Norte Leste Participações

Outstanding shares ('000): 382.632
TNLP3: R\$37.70 (127,591 thousand shares)
TNLP4: R\$27.00 (255,041 thousand shares)
TNE: US\$14.96 ADR
Market Capitalization (Million): R\$11,696, US\$6,493

Brasil Telecom

Outstanding shares ('000): 589.789
BRTO3: R\$16.00 (203,423 thousand shares)
BRTO4: R\$12.14 (386,366 thousand shares)
BTM: US\$20.08 PN ADR / US\$8.65 ON ADR
Market Capitalization (Million): R\$7,945 US\$4,410

Telemar Norte Leste

Outstanding shares ('000): 238.391
TMAR3: R\$60.01 (107,063 thousand shares)
TMAR5: R\$49.00 (130,264 thousand shares)
TMAR6: R\$45.55 (1,064 thousand shares)
Market Capitalization (Million): R\$12,856 US\$7,136

Notes: (1) Prices at the end of the 2nd Quarter of 2010; (2) Outstanding ex-treasury shares; (3) Market Value based on unadjusted shares.



Rio de Janeiro, July 29, 2010: Tele Norte Leste Participações S.A. (Bovespa: TNLP4 and TNLP3), Telemar Norte Leste S.A. (Bovespa: TMAR3, TMAR5 and TMAR6) and Brasil Telecom S.A. (Bovespa: BRTO3 and BRTO4) are pleased to announce their results for the second quarter of 2010. This report contains the consolidated data of Tele Norte Leste Participações and its direct and indirect subsidiaries as of June 30, 2010.

1) HIGHLIGHTS

- Revenue Generating Units (RGUs) totaled 62.6 million in June 2010, rising by approximately 310 thousand users in the quarter and 2.7 million users in 12 months. Oi Mobile remained the leading growth driver, followed by “Oi Velox” fixed broadband internet.
 - Oi Mobile had more than 37 million customers at the end of the period, with net additions numbering 613 thousand customers in the quarter and 3.3 million new users in 12 months. Region III (State of São Paulo) was responsible for 81% of new customers in the last 12 months.
 - In the broadband segment (fixed+mobile), additions amounted to 109 thousand new users, of which 70 thousand were in mobile 3G to end the period with 4.8 million users overall.
- Consolidated Gross Revenue totaled R\$11,568 million in 2Q10, rising 3.4% from 2Q09, underpinned by revenue from mobile services and data transmission.
 - ARPU for Oi Mobile equaled to R\$22.4 in 2Q10, amounting to 2.8% growth in the quarter and 6.7% growth compared to 2Q09.
- Consolidated EBITDA reached R\$2,674 million in 2Q10 with a 36.2% margin, expanding 5.6% compared to the previous quarter and 9.2% based on recurring EBITDA in 2Q09. The cost-cutting benefits associated with the operational tie-up with Brasil Telecom are already evident. These are present in virtually every item, as well as the policy of leveraging profitability of the mobile base, without following its competitors in expanding the base at any cost.
- Net Earnings reached R\$444 million in 2Q10 (equivalent to R\$1.160/share or US\$0.6482/ADR), totaling R\$940 million in the first half of 2010, up from a loss in 1H09. This performance was mainly attributed to a better operating results and the synergies.
- Consolidated Net Debt fell by R\$315 million in 2Q10, ending the quarter at R\$20,955 million. Net Debt to Recurring EBITDA stood at 2.1 times in the last 12 months.
- Cash Generation before capex reached R\$1.7 billion, totaling R\$4.1 billion in the first half of the year.



Table 1 – Consolidated Financial Indicators

| TNL Consolidated - R\$ million | Quarter | | | | | Half-Year | | |
|--|-------------|-------------|-------------|------------|------------|-------------|-------------|------------|
| | 2Q09 | 1Q10 | 2Q10 | QoQ | YoY | 1H09 | 1H10 | YoY |
| Net Revenue | 7,302 | 7,462 | 7,394 | -0.9% | 1.3% | 14,789 | 14,855 | 0.4% |
| EBITDA | 2,449 | 2,532 | 2,674 | 5.6% | 9.2% | 4,826 | 5,206 | 7.9% |
| EBITDA Margin (%) | 33.5% | 33.9% | 36.2% | 2.3 p.p. | 2.7 p.p. | 32.6% | 35.0% | 2.4 p.p. |
| Net Earnings | -146 | 496 | 444 | -10.5% | - | -135 | 940 | - |
| Net Debt | 21,638 | 21,270 | 20,955 | -1.5% | -3.2% | 21,638 | 20,955 | -3.2% |
| Available Cash | 7,968 | 8,669 | 11,400 | 31.5% | 43.1% | 7,968 | 11,400 | 43.1% |
| CAPEX | 940 | 372 | 446 | 19.9% | -52.6% | 1,845 | 818 | -55.7% |
| Net Debt / EBITDA | 2.2 | 2.1 | 2.1 | 0.0% | -4.5% | 2.2 | 2.1 | -4.5% |
| TMAR Consolidated - R\$ million | 2Q09 | 1Q10 | 2Q10 | QoQ | YoY | 1H09 | 1H10 | YoY |
| Net Revenue | 7,284 | 7,445 | 7,377 | -0.9% | 1.3% | 14,754 | 14,823 | 0.5% |
| EBITDA | 2,459 | 2,543 | 2,685 | 5.6% | 9.2% | 4,848 | 5,228 | 7.8% |
| EBITDA Margin (%) | 33.8% | 34.1% | 36.4% | 2.3 p.p. | 2.6 p.p. | 32.9% | 35.3% | 2.4 p.p. |
| Net Earnings | -178 | 588 | 543 | -7.7% | - | -175 | 1,132 | - |
| BRTO Consolidated - R\$ million | 2Q09 | 1Q10 | 2Q10 | QoQ | YoY | 1H09 | 1H10 | YoY |
| Net Revenue | 2,648 | 2,638 | 2,587 | -1.9% | -2.3% | 5,415 | 5,225 | -3.5% |
| EBITDA | 1,033 | 867 | 796 | -8.2% | -22.9% | 1,951 | 1,663 | -14.8% |
| EBITDA Margin (%) | 39.0% | 32.9% | 30.8% | -2.1 p.p. | -8.2 p.p. | 36.0% | 31.8% | -4.2 p.p. |
| Net Earnings | -1,438 | 300 | 237 | -21.0% | - | -1,517 | 537 | - |

*EBITDA and EBITDA Margin in 2Q09 are recurring.

2) CONSOLIDATED OPERATING PERFORMANCE:

Revenue Generating Units (RGUs) totaled 62.6 million in 2Q10, rising 4.6% in the past 12 months and 0.5% in the quarter. The expansion of the wireless base (including 3G), mainly in the prepaid segment, in addition to the increase in fixed broadband internet services (“Oi Velox”) led this performance.

WIRELINE – OI FIXED

Fixed lines in service decreased in the quarter and year-over-year by 1.5% and 4.6%, respectively. In the year-over-year analysis, we must highlight the impact of the disconnections in Region II in 3Q09 as a result of customers disconnection from the old Pluri plans. The company has been carrying out actions to protect its base through bundles such as “Oi Conta Total” and alternative plans; however, the convergent product Oi Conta Total will begin to be sold in Region II in the third quarter, after the collection systems are ready and sales channels have been trained.

In 2Q10, alternative plans accounted for 63.8% of all fixed lines in service, reaching 13.3 million users

BROADBAND – FIXED + MOBILE



The user base for the fixed broadband service totaled 4,307 thousand, 1.0% and 5.9% higher than those in 1Q10 and 2Q09, respectively, accounting for 20.5% of all fixed lines in service in the quarter (20.0% in 1Q10).

Including mini-modem users and mobile data plans, the 3G mobile broadband service reached 556 thousand customers in 2Q10 (of which 474 thousand were mini modem; and 82 thousand were mobile phone), having added 68 thousand customers this quarter and 229 thousand since 2Q09.

The total net addition of broadband clients, including fixed and mobile users, equaled 109 thousand from 2Q10 and 470 thousand in 12 months, increasing 2.3% from 1Q10 and 10.7% from 2Q09.

WIRELESS – OI MOBILE

With 613 thousand net additions since 1Q10 and 3,294 thousand since 2Q09, the mobile customer base reached 37,226 thousand in 2Q10. Region III (São Paulo) was once again responsible for 92% of all new clients in the quarter.

Customers in the wireless segment made up 59.5% of all revenue generating units.

“Oi Controle” already had 1,698 thousand users at the end of 2Q10, having grown 12.0% and 23.9% in the quarter and year-over-year, respectively. Oi has encouraged some post-paid customers to migrate to this plan, which is more adequate for their consumption profile.

It must be noted that this plan has post-paid features due to its recurring revenue, provided that the customer does not receive a bill, but authorizes a monthly debit on their credit card.

The prepaid user base, which represents 83% of the total base, reached 31,015 thousand in 2Q10, having expanded 1.2% in the quarter and 8.7% compared with 2Q09.

With 4,514 thousand users, the post-paid client base rose by 1.7% from 1Q10 and 12.3% compared with 2Q09.

The “Oi Conta Total” plan totaled 1,421 thousand customers, growing 0.9% compared with 2Q09, equaling 38.7% of the post-paid base in Region I, the area where the product is available at the moment. Following the launch of “Oi Conta Total” in Region II, slated for September 2010, Oi expects to again boost growth for the “Oi Conta Total” plans.

VIDEO – OI TV

The Pay TV service through DTH technology was expanded during May 2010 to three new areas (Bahia, Sergipe and Espírito Santo), totaling eight states where the product is available.

The company cleaned the customer base, reducing the final base by 18 thousand clients compared with 1Q10. Since the product was launched, the company has been working on improving its operational procedures to make the product more profitable. The company reinforced the importance of offering DTH services to make its wireline customer base loyal to Oi. Therefore, it has sought more sales efforts, directing the product’s offer to Oi’s fixed clients with a satisfactory credit profile.



Table 2 – Consolidated Operational Indicators

| | 2Q09 | 1Q10 | 2Q10 | QoQ | YoY |
|---|---------------|---------------|---------------|-------------|-------------|
| Wireline Services - "Oi Fixo" | | | | | |
| (a) Lines in Service ('000) | 21,753 | 21,085 | 20,759 | -1.5% | -4.6% |
| Residential | 15,459 | 15,025 | 14,778 | -1.6% | -4.4% |
| Commercial | 5,442 | 5,211 | 5,131 | -1.5% | -5.7% |
| Public Telephones | 852 | 850 | 849 | -0.1% | -0.4% |
| Alternatives Plans ('000)* | 11,332 | 13,284 | 13,252 | -0.2% | 16.9% |
| Proportion of Lines in Service (%) | 52.1% | 63.0% | 63.8% | 0.8 p.p. | 11.7 p.p. |
| ARPU Fixed (R\$) | 57.3 | 55.5 | 55.2 | -0.5% | -3.7% |
| Fixed Broadband Services - "Oi Velox" | | | | | |
| (b) Fixed Broadband Subscribers ('000) | 4,066 | 4,266 | 4,307 | 1.0% | 5.9% |
| Proportion of Lines in Service (%) | 18.5% | 20.0% | 20.5% | 0.5 p.p. | 2.0 p.p. |
| ARPU Fixed Broadband (R\$) | 43.1 | 42.1 | 42.6 | 1.2% | -1.2% |
| Wireless Services - "Oi Móvel" | | | | | |
| (c) Mobile Subscribers ('000) | 33,932 | 36,613 | 37,226 | 1.7% | 9.7% |
| Pre-Paid Plans | 28,540 | 30,660 | 31,015 | 1.2% | 8.7% |
| Post-Paid Plans | 4,020 | 4,437 | 4,514 | 1.7% | 12.3% |
| Oi Control | 1,371 | 1,516 | 1,698 | 12.0% | 23.9% |
| Oi Conta Total ('000)** | 1,408 | 1,453 | 1,421 | -2.2% | 0.9% |
| 3G Clients ('000) | 327 | 488 | 556 | 13.9% | 70.0% |
| Market Share Oi (%) - Brazil | 21.3% | 20.4% | 20.1% | -0.3 p.p. | -1.2 p.p. |
| Proportion of Net Additions in Brazil (%) | 35.3% | 9.7% | 10.2% | 0.5 p.p. | -25.1 p.p. |
| Monthly Churn rate (%) | 3.5% | 3.3% | 3.4% | 0.1 p.p. | -0.1 p.p. |
| ARPU Mobile (R\$) | 21.0 | 21.8 | 22.4 | 2.8% | 6.7% |
| Video - "Oi TV" | | | | | |
| (d) Pay TV Subscribers ('000) *** | 62 | 283 | 265 | -6.4% | 327.4% |
| RGU - Revenue Generating Unit (a+b+c+d) ('000) | 59,813 | 62,247 | 62,557 | 0.5% | 4.6% |

*Alternative plans include "Planos de Minutos," "Plano Economia," "Digitronco," "PABX Virtual" and others.

**Includes Oi Conta Total Professional

*** Includes users in DTH, launched in July 2009

3) CONSOLIDATED FINANCIAL RESULTS:

3.1) REVENUE:

Consolidated gross revenue totaled R\$11,568 million in 2Q10, expanding by 3.4% compared with 2Q09 and 0.2% from the previous quarter, totaling R\$23.1 billion in the first half of 2010. **Consolidated net revenue** reached R\$7,394 million in 2Q10, up by 1.3% compared with 2Q09 and stable compared with the previous quarter, proving that the company is managing to offset the drop in voice revenue in the fixed segment with the growth of mobile and broadband revenues. In the first six months of the year, net revenue totaled R\$14.9 billion, slightly higher than the same period in 2009.



Table 3 – Breakdown of Consolidated Gross Revenue

| R\$ Milhões | Trimestral | | | | | Semestral | | | Composição % | |
|------------------------------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|
| | 2T09 | 1T10 | 2T10 | Δ Trim. (%) | Δ Ano (%) | 1S09 | 1S10 | Δ Ano (%) | 1S09 | 1S10 |
| Telefonia Fixa | 8,763 | 8,842 | 8,674 | -1.9 | -1.0 | 17,690 | 17,516 | -1.0 | 78.9 | 75.8 |
| Local (ex - VC1) | 3,278 | 3,244 | 3,229 | -0.5 | -1.5 | 6,567 | 6,473 | -1.4 | 29.3 | 28.0 |
| Fixo Móvel Local (VC1) | 1,129 | 1,020 | 991 | -2.8 | -12.2 | 2,281 | 2,010 | -11.9 | 10.2 | 8.7 |
| Longa Distância FF + SMP | 1,141 | 1,215 | 1,068 | -12.1 | -6.4 | 2,362 | 2,283 | -3.3 | 10.5 | 9.9 |
| Fixo Móvel (VC2/3) | 349 | 335 | 309 | -7.8 | -11.5 | 728 | 644 | -11.5 | 3.2 | 2.8 |
| Uso da Rede | 192 | 239 | 225 | -5.9 | 17.2 | 422 | 464 | 10.0 | 1.9 | 2.0 |
| Dados | 2,114 | 2,277 | 2,362 | 3.7 | 11.7 | 4,193 | 4,639 | 10.6 | 18.7 | 20.1 |
| Telefones Públicos | 250 | 165 | 153 | -7.3 | -38.8 | 499 | 318 | -36.3 | 2.2 | 1.4 |
| Serviços Adicionais / Voz Avançada | 310 | 347 | 336 | -3.2 | 8.4 | 638 | 683 | 7.1 | 2.8 | 3.0 |
| Telefonia Móvel | 2,354 | 2,601 | 2,805 | 7.8 | 19.2 | 4,624 | 5,406 | 16.9 | 20.6 | 23.4 |
| Serviços | 2,254 | 2,545 | 2,741 | 7.7 | 21.6 | 4,434 | 5,286 | 19.2 | 19.8 | 22.9 |
| Assinatura | 542 | 609 | 660 | 8.4 | 21.8 | 1,076 | 1,268 | 17.8 | 4.8 | 5.5 |
| Chamadas Originadas | 885 | 948 | 1,020 | 7.6 | 15.3 | 1,748 | 1,968 | 12.6 | 7.8 | 8.5 |
| Roaming | 27 | 39 | 30 | -23.1 | 11.1 | 62 | 69 | 11.3 | 0.3 | 0.3 |
| Uso de Rede | 566 | 611 | 631 | 3.3 | 11.5 | 1,082 | 1,242 | 14.8 | 4.8 | 5.4 |
| Dados / Valor Adicionado | 234 | 338 | 401 | 18.6 | 71.4 | 466 | 738 | 58.4 | 2.1 | 3.2 |
| Revenda de Aparelhos | 100 | 56 | 64 | 14.3 | -36.0 | 190 | 121 | -36.3 | 0.8 | 0.5 |
| Outros serviços* | 66 | 101 | 89 | -11.9 | 34.8 | 112 | 190 | 69.6 | 0.5 | 0.8 |
| Telefonia Fixa - Bruta | 8,763 | 8,842 | 8,674 | -1.9 | -1.0 | 17,690 | 17,516 | -1.0 | 78.9 | 75.8 |
| Telefonia Móvel - Bruta | 2,354 | 2,601 | 2,805 | 7.8 | 19.2 | 4,624 | 5,406 | 16.9 | 20.6 | 23.4 |
| Outros serviços - Bruta | 66 | 101 | 89 | 40.3 | 34.8 | 112 | 190 | 69.6 | 0.5 | 0.8 |
| Receita Bruta Total | 11,184 | 11,545 | 11,568 | 0.2 | 3.4 | 22,426 | 23,113 | 3.1 | 100.0 | 100.0 |
| Receita Líquida Total | 7,302 | 7,462 | 7,394 | -0.9 | 1.3 | 14,789 | 14,855 | 0.4 | 100.0 | 100.0 |
| Telefonia Fixa - Líquida | 5,704 | 5,659 | 5,521 | -2.4 | -3.2 | 11,687 | 11,180 | -4.3 | 79.0 | 75.3 |
| Telefonia Móvel - Líquida | 1,570 | 1,726 | 1,810 | 4.9 | 15.3 | 3,036 | 3,536 | 16.5 | 20.5 | 23.8 |
| Outros serviços - Líquida | 28 | 77 | 63 | (18.2) | 125.0 | 66 | 139 | 110.6 | 0.4 | 0.9 |

* Pay-TV and Oi Paggo

WIRELINE SERVICES:

Gross revenue from fixed services fell 1.9% compared with 1Q10 and 1.0% compared with the year-ago period.

For another quarter, the positive highlight was the increase in revenue from data transmission services, which expanded 3.7% in the quarter and 11.7% from 2Q09. This item, combined with revenue from fixed network usage (which increased 17.2% from 2Q09), partially offset the reduction in wireline revenues seen in the past 12 months.

LOCAL SERVICE:**FIXED-TO-FIXED****LOCAL (EX-****VC1) (SUBSCRIPTION,****TRAFFIC, INSTALLATION****FEES)**

Revenue from fixed-to-fixed local service decreased 0.5% compared with 1Q10 due to smaller traffic and a lower base for fixed lines in service. Year-over-year, the reduction of the fixed line base hurt this account, besides lower smaller traffic. The soccer World Cup had an impact on this service's revenue, especially on the days when the Brazilian squad played.

**FIXED-TO-MOBILE:
(VC1)**

Revenue from the local fixed-to-mobile service decreased 2.8% and 12.2% compared with 1Q10 and 2Q09, respectively. The greater subsidy for traffic (minute bonuses) offered by the mobile operators, associated with the fixed-to-mobile substitution trend, influenced such behavior.

LONG DISTANCE SERVICES FF + SMP + VC2 AND VC3:

Revenue from long distance services fell 6.4% in the quarter and 12.1% from 2Q09, as a result of lower long-distance traffic, which was affected by more promotions made by mobile operators' on-net long-distance traffic offers.

Once again, the reduction in traffic during the World Cup must be emphasized.

REMUNERATION FOR NETWORK USAGE:

Remuneration for network usage, after the R\$112 million elimination for inter-company transactions, dropped 5.9% from the prior quarter and rose 17.2% compared with the same period last year. The year-over-year increase is due to the inclusion of calls to fixed telephones in the bonus offered by mobile operators.

DATA COMMUNICATION SERVICES:

Revenue from data transmission services rose 3.7% in the quarter and 11.7% compared with 2Q09. For another quarter, data revenue growth was driven by the "Oi Velox" fixed broadband service, which is still expanding its customer base, despite the strong expansion seen in the number of mobile broadband users. It must be noted that the corporate customer segment has contributed to this good performance.

WIRELESS SEGMENT:

The Company's policy of boosting profitability from its customer base in the mobile segment made its gross revenue from the mobile segment total R\$2,805 million in 2Q10, expanding by 7.8% from the prior quarter and 19.2% from 2Q09. The quarter-over-quarter gain was mainly driven by higher revenues from subscription, outgoing calls, data and value added. When compared to 2Q09, the increase in revenue from network use also contributed to expand revenue.

Subscription revenue grew 8.4% from 1Q10 and 21.8% from 2Q09, as a result of the expansion of the post-paid customer base as well as an Improved ARPU. Revenues from outgoing calls rose 7.6% in the quarter and 15.3% compared with 2Q09. It must be highlighted that the positive contribution from the product "Oi Bonus Extra," which encourages the client to increase his recharge with a minutes package that can be five-



fold higher to talk to another Oi or a fixed-line Oi. This product aims to boost ARPU growth for these type of customers.

Consolidated revenue from mobile network use recorded a 3.3% increase in the quarter and 11.5% compared with 2Q09. This revenue is positively influenced by the increase in the customer base in Regions I and III and the bonus offered by the wireless operators (on-net calls and calls to fixed telephones), given that customers have unused balance for off-net calls (to other mobile operators).

Revenue from "data/value added" increased 18.6% and 71.4% compared with 1Q10 and 2Q09, respectively. The increase in SMS services was boosted by promotions selling SMS packages shown during the World Cup matches. The growth in 3G users also helped increase revenue.

The ARPU of Oi Mobile equaled R\$22.4 in 2Q10, amounting to 2.8% growth in the quarter and 6.7% compared with 2Q09. Year-over-year, we must highlight the increase in the mobile operation customer base in São Paulo, still incipient in 2Q09. Region III (SP) has the biggest ARPU in the country (R\$27.9 in 2Q10).

3.2) OPERATING EXPENSES:

Operating expenses (excluding depreciation/amortization) totaled R\$4,719 million in 2Q10, falling 4.3% quarter-over-quarter and 28.7% year over year. It must be noted that in 2Q09 there were non-recurring expenses of R\$1,769 million stemming from several provisions for contingencies and other adjustments linked to the integration process with BrT.

Table 4 – Breakdown of Operating Expenses

| COST AND EXPENSES | Quarter | | | | | Half-year | | |
|---|--------------|--------------|--------------|-------------|--------------|---------------|--------------|--------------|
| | 2Q09 | 1Q10 | 2Q10 | QoQ (%) | YoY (%) | 1H09 | 1H10 | Chg. (%) |
| Interconnection | 1,325 | 1,354 | 1,208 | -10.8 | -8.8 | 2,646 | 2,562 | -3.2 |
| Personnel | 451 | 391 | 405 | 3.6 | -10.2 | 945 | 796 | -15.8 |
| Materials | 116 | 77 | 59 | -23.4 | -49.1 | 213 | 136 | -36.2 |
| Handset Costs/Other (COGS)* | 150 | 41 | 49 | 19.5 | -67.3 | 344 | 91 | -73.5 |
| Third-Party Services | 1,770 | 1,694 | 1,720 | 1.5 | -2.8 | 3,515 | 3,414 | -2.9 |
| Marketing | 153 | 124 | 118 | -4.8 | -22.9 | 283 | 242 | -14.5 |
| Rent and Insurance | 394 | 360 | 389 | 8.1 | -1.3 | 783 | 749 | -4.3 |
| Provision for Bad Debts | 406 | 305 | 247 | -19.0 | -39.2 | 804 | 552 | -31.3 |
| Other Operating Expenses (Revenue), Net | 1,857 | 584 | 524 | -10.3 | -71.8 | 2,385 | 1,108 | -53.5 |
| TOTAL | 6,623 | 4,930 | 4,719 | -4.3 | -28.7 | 11,918 | 9,649 | -19.0 |

*Other: sim card, mini modem, TV transmission equipment and mobile phone peripherals.

** Reflects the quarterly balance sheet as of June 2009, which was filed again in March 2010

**INTERCONNECTION:**

Consolidated interconnection costs totaled R\$1,208 million in 2Q10, dropping by 10.8% and 8.8% in the quarter and year on year, respectively. These were influenced mostly by higher on-net traffic at Oi. It must be highlighted that this expense item is benefited by the insourcing of operations that were previously made with companies outside of the group. This is one of the synergy items that stemmed from the tie-up with BrT.

PERSONNEL:

Personnel-related spending totaled R\$405 million in 2Q10, remaining stable in the quarter and declining by 10.2% compared with 2Q09. This annual drop stems from spending on workforce optimization that took place in 2009 during the integration process of Oi and BrT.

HANDSET COSTS AND OTHERS (COGS):

Handset costs and others (COGS) declined 67.3% year-over-year and were mostly stable compared with 1Q10.

The decision of adopting in Region II the strategy of subsidizing only the post-paid handsets sold to the corporate segment, and the sale of just sim cards in the prepaid segment, have been reducing the acquisition cost for clients and, as a result, the COGS.

THIRD-PARTY SERVICES:

Spending on third-party services totaled R\$1,720 thousand in 2Q10, in a 1.5% rise from the previous quarter and a 2.8% fall year-over-year. The quarterly increase is mainly a product of higher spending on sales commission in the post-paid segment. The annual reduction is concentrated on plant maintenance, because the service was made by just a few suppliers.

MARKETING:

Spending on marketing totaled R\$118 million in 2Q10, decreasing by 4.8% and 22.9% compared with 1Q10 and 2Q09, respectively. Lower spending on promotions and events had a positive influence on the annual change. Also, 2Q09 was impacted by the launch of offers and the unification of the brand in Region II.

PROVISION FOR BAD DEBTS:

The provision for bad debts declined by 39.2% compared with 2Q09 and by 19.0% compared with 1Q10, providing a positive contribution, especially the reduction in wireline services. It must be highlighted that the first quarter of the year has historically a higher provision for bad debts, compared with the other quarters. The year-over-year reduction stems mainly from the fact the economy was still recovering in 2Q09. The provision for bad debts accounted for 2.1% of gross revenue in 2Q10 compared to 2.6% in 1Q10 and 3.6% in 2Q09.

OTHER OPERATING EXPENSES (INCOME):

“Other operating expenses (Income)” reached R\$524 thousand in 2Q10, in a 10.3% reduction compared with 1Q10 and 71.8% less than in 2Q09.

The quarterly drop was mainly due to the reversal of a tax provision amid favorable decisions obtained by the Company’s subsidiaries in lawsuits. The year-over-year analysis is impacted by the non-recurring effects related to the contingency provisions, markedly PEX (Expansion Plans) booked at Brasil Telecom in 2Q09.

For a better understanding of the quarterly results, we demonstrate, next, the change in PEX at Brasil Telecom.

| Brasil Telecom - R\$ thousand | Statement for Expansion Plan | |
|-------------------------------|------------------------------|-------------------|
| | Contingency | Deposits in Court |
| Balance on 12/31/2009 | 2,664,940 | 3,598,432 |
| Additions | 199,928 | 348,924 |
| Payments | (47,053) | - |
| Withdrawals | - | (86,544) |
| Inflation Accounting | 3,576 | 97,512 |
| Balance on 06/30/2010 | 2,821,391 | 3,958,324 |

3.3) OTHER ITEMS IN THE CONSOLIDATED RESULT:**EBITDA:**

Table 5 – EBITDA and EBITDA Margin

| TNL Consolidated | Quarter | | | YoY | | Half-Year | | YoY |
|--------------------------|-------------|-------------|-------------|------------|------------|-------------|-------------|------------|
| | 2Q09* | 1Q10 | 2Q10 | QoQ | YoY | 1H09 | 1H10 | |
| EBITDA (R\$ Mn) | 2,449 | 2,532 | 2,674 | 5.6% | 9.2% | 4,826 | 5,206 | 7.9% |
| EBITDA Margin (%) | 33.5% | 33.9% | 36.2% | 2.3 p.p. | 2.7 p.p. | 32.6% | 35.0% | 2.4 p.p. |
| TMAR Consolidated | 2Q09 | 1Q10 | 2Q10 | QoQ | YoY | 1H09 | 1H10 | YoY |
| EBITDA (R\$ Mn) | 2,459 | 2,543 | 2,685 | 5.6% | 9.2% | 4,848 | 5,228 | 7.8% |
| EBITDA Margin (%) | 33.8% | 34.1% | 36.4% | 2.3 p.p. | 2.6 p.p. | 32.9% | 35.3% | 2.4 p.p. |
| BrTO Consolidated | 2Q09 | 1Q10 | 2Q10 | QoQ | YoY | 1H09 | 1H10 | YoY |
| EBITDA (R\$ Mn) | 1,033 | 867 | 796 | -8.2% | -22.9% | 1,951 | 1,663 | -14.8% |
| EBITDA Margin (%) | 39.0% | 32.9% | 30.8% | -2.1 p.p. | -8.2 p.p. | 36.0% | 31.8% | -4.2 p.p. |

*EBITDA and EBITDA Margin in 2Q09 are recurring.



Consolidated EBITDA reached R\$2,674 million in 2Q10 with a 36.2% margin, expanding 5.6% compared with the prior quarter and 9.2% from the recurring EBITDA in 2Q09. The improvement in EBITDA compared with 1Q10 is basically due to a cost reduction resulting from the synergies obtained in the process of integrating management and operations following the acquisition of Brasil Telecom, and the policy of boosting the profitability from customers in the mobile segment.

TNL PCS, a mobile operator in Regions I and III, posted EBITDA of R\$823 million in 2Q10, R\$71 million (or 9.5%) higher than in 1Q10. The 39.0% EBITDA margin represents a 1.4 percentage point increase in the period. The mobile operation in São Paulo had a slightly positive contribution. We broke even there during 2Q10, 18 months after the operation started in the region.

NET FINANCIAL INCOME (EXPENSES):

Net financial expenses totaled R\$560 million, decreasing by 2.4% compared with 1Q10 and increasing by 12.9% compared with 2Q09. In the quarter, the reduction in financial expenses was due to a slightly lower net debt, as well as a reduction in the average cost to 110% of the CDI. Compared with 2Q09, the rise in financial expenses was given by the real appreciation versus the U.S. dollar in the same period of last year.

Table 6 – Net Financial Income (Expenses)

| R\$ Million | Quarter | | | Year | |
|--|--------------|--------------|----------------|----------------|----------------|
| | 2Q09 | 1Q10 | 2Q10 | 1H09 | 1H10 |
| Financial Income | 455 | 362 | 494 | 862 | 856 |
| Interest on financial investments | 206 | 161 | 214 | 411 | 375 |
| Other financial income | 248 | 201 | 280 | 451 | 481 |
| Financial Expenses | (951) | (936) | (1,054) | (1,988) | (1,990) |
| Interest on loans and financing | (650) | (582) | (659) | (1,275) | (1,242) |
| Foreign exchange effect on loans and financing | 10 | (65) | (81) | (75) | (146) |
| Other Financial Expenses | (310) | (289) | (314) | (638) | (602) |
| Net Financial Income (Expenses) | (496) | (574) | (560) | (1,126) | (1,134) |

* Net of foreign exchange hedge result

DEPRECIATION / AMORTIZATION:

Consolidated spending on depreciation and amortization was virtually stable compared with the prior quarter and 21.9% lower compared with 2Q09, totaling R\$1,134 million in 2Q10.

The reduction stems from a change in the economic service life of the fixed assets, in a move to standardize the economic service life rates of the assets after the acquisition of BrT. The operation's appraisal was approved in December 2009 by the Company's Board of Directors, and its effect started to be reflected in the results in 1Q10



Table 7 – Depreciation and Amortization

| R\$ million | Quarter | | | | | Year | | |
|-------------------------------|--------------|--------------|--------------|------------|--------------|--------------|--------------|--------------|
| | 2Q09 | 1Q10 | 2Q10 | QoQ (%) | YoY (%) | 1S09 | 1S10 | YoY (%) |
| Fixed Line / TNL | 1,073 | 834 | 844 | 1.2 | -21.3 | 2,007 | 1,678 | -16.4 |
| Depreciation | 855 | 640 | 653 | 2.0 | -23.6 | 1,723 | 1,293 | -25.0 |
| Amortization of Goodwill | 218 | 193 | 192 | -0.5 | -11.9 | 284 | 385 | 35.6 |
| Mobile Business | 379 | 289 | 289 | 0.0 | -23.7 | 751 | 578 | -23.0 |
| Depreciation | 301 | 210 | 211 | 0.5 | -29.9 | 594 | 421 | -29.1 |
| License/Deferred Amortization | 78 | 79 | 79 | 0.0 | 1.3 | 157 | 157 | 0.0 |
| Total | 1,452 | 1,123 | 1,134 | 1.0 | -21.9 | 2,758 | 2,256 | -18.2 |

NET EARNINGS:

In 2Q10, the company posted net earnings of R\$444 million, up from a loss in 2Q09. The return to positive earnings comes, as a result of a better operating performance.

Comparing this with 1Q10, spending on income tax and social contribution in that quarter were positively impacted by deferred tax credits.

Table 8 – Net Earnings

| TNL Consolidated | Quarter | | | Half-year | |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2Q09 | 1Q10 | 2Q10 | 1H09 | 1H10 |
| Net Earnings (R\$ Mn) | -146 | 496 | 444 | -135 | 940 |
| Net Margin | -2.0% | 6.6% | 6.0% | -0.9% | 6.3% |
| Earnings per Share (R\$) | -0.382 | 1.297 | 1.160 | -0.353 | 2.456 |
| Earnings per ADR (US\$) | -0.184 | 0.712 | 0.648 | -0.161 | 1.360 |
| TMAR Consolidated | 2Q09 | 1Q10 | 2Q10 | 1H09 | 1H10 |
| Net Earnings (R\$ Mn) | -178 | 588 | 543 | -175 | 1,132 |
| Net Margin | -2.4% | 7.9% | 7.4% | -1.2% | 7.6% |
| Earnings per Share (R\$) | -0.745 | 2.467 | 2.280 | -0.735 | 4.747 |
| BrTO Consolidated | 2Q09 | 1Q10 | 2Q10 | 1H09 | 1H10 |
| Net Earnings (R\$ Mn) | -1,438 | 300 | 237 | -1,517 | 537 |
| Net Margin | -54.3% | 11.4% | 9.2% | -28.0% | 10.3% |
| Earnings per Share (R\$) | -2.625 | 0.509 | 0.401 | -2.770 | 0.910 |



4) DEBT AND CAPITAL EXPENDITURE:

4.1) DEBT:

Gross debt totaled R\$32,355 million in June 2010, R\$2.4 billion higher than in the prior quarter, mainly as a result of an issuance of debentures (amounting to R\$ 2 billion) in April 2010 and the Commercial Paper (amounting to R\$ 1.5 billion) in May 2010.

During the same period, the consolidated net debt shrank by R\$315 million from 1Q10 to end the quarter at R\$20,955 million, despite the payment of extraordinary dividends made by TNL in May 2010 in the amount of R\$1.2 billion. Net debt to EBITDA stood at 2.1 times for the last 12 months.

Debt in foreign currencies accounted for 18.3% of total gross debt at the end of June 2010. As a result of several currency hedging operations, the exposure to consolidated currency swings made up just 4.0% of the total gross debt (US\$712 million or R\$1,282 million). We highlight that debt payments through November 2013 are covered by hedging contracts and a cash balance kept in dollars.

In the second quarter of 2010, the effective debt cost equaled 110% of the CDI rate.

Table 9 - Debt - TNL Consolidated

| R\$ million | Jun-09 | Mar-10 | Jun-10 | % Gross Debt |
|---------------------|----------------|----------------|-----------------|---------------|
| Short Term | 6,760 | 10,119 | 12,143 | 37.5% |
| Long Term | 22,847 | 19,820 | 20,212 | 62.5% |
| Total Debt | 29,607 | 29,939 | 32,355 | 100.0% |
| In Local Currency | 23,198 | 24,062 | 26,443 | 81.7% |
| In Foreign Currency | 5,152 | 5,080 | 5,401 | 16.7% |
| Swaps | 1,256 | 797 | 510 | 1.6% |
| (-) Cash | (7,968) | (8,669) | (11,400) | 35.2% |
| (=) Net Debt | 21,638 | 21,270 | 20,955 | 64.8% |

Table 10 - Debt - TMAR Consolidated

| R\$ million | Jun-09 | Mar-10 | Jun-10 | % Gross Debt |
|---------------------|----------------|----------------|-----------------|---------------|
| Short Term | 6,404 | 10,022 | 10,507 | 34.5% |
| Long Term | 23,165 | 19,579 | 19,991 | 65.5% |
| Total Debt | 29,569 | 29,601 | 30,498 | 100.0% |
| In Local Currency | 24,916 | 24,023 | 24,926 | 81.7% |
| In Foreign Currency | 3,613 | 4,809 | 5,087 | 16.6% |
| Swaps | 1,040 | 769 | 485 | 1.6% |
| (-) Cash | (7,523) | (8,275) | (10,724) | 35.2% |
| (=) Net Debt | 22,046 | 21,326 | 19,774 | 64.8% |



Table 11 - Debt – BrTO Consolidated

| R\$ million | Jun-09 | Mar-10 | Jun-10 | % Gross Debt |
|---------------------|----------------|----------------|----------------|---------------|
| Short Term | 957 | 972 | 1,263 | 30.1% |
| Long Term | 3,867 | 3,415 | 2,938 | 69.9% |
| Total Debt | 4,824 | 4,387 | 4,201 | 100.0% |
| In Local Currency | 3,999 | 3,780 | 3,581 | 85.2% |
| In Foreign Currency | 587 | 473 | 487 | 11.6% |
| Swaps | 237 | 134 | 133 | 3.1% |
| (-) Cash | (1,614) | (2,337) | (2,882) | 68.6% |
| (=) Net Debt | 3,210 | 2,050 | 1,319 | 31.4% |

The schedule for the amortization of long-term consolidated gross debt is shown below:

Table 12- Schedule for the Amortization of Long-Term Consolidated Gross Debt

| (R\$ million) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 onwards | Total |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Gross Debt amortization | 7,678 | 5,706 | 5,191 | 4,176 | 4,577 | 5,027 | 32,355 |
| Foreign Currency Amortization | 1,184 | 934 | 543 | 690 | 753 | 1,807 | 5,911 |
| Local Currency Amortization | 6,494 | 4,772 | 4,648 | 3,486 | 3,824 | 3,220 | 26,443 |

4.2) CAPITAL EXPENDITURE:

Consolidated capital expenditure totaled R\$446 million in 2Q10. It must be noted that the heavy capital expenditure made in the last quarter of 2009 in São Paulo and in Region II allowed the company to have a lower CAPEX in the first quarter of 2010, without affecting the group's strategic priorities. In the quarter, 78% of the CAPEX was earmarked for growth businesses (of which 41% was invested in data and 37% in the wireless segment).

Capital expenditures in the wireline segment is concentrated on digital inclusion projects in schools, expanding the supply of broadband (Velox) services and the supply of data packages for corporate clients. The capital expenditures in the wireless segment were focused on expanding coverage to include all regions.

Throughout 2010, the company has been undertaking several efforts to optimize the combined network (Oi+BrT) in order to seize the relevant synergies on the mobile and data networks, enabling an increase in capacity without the need for additional capital expenditure in 2010.



Table 13 – Capital Expenditure

| R\$ million | Quarter | | | | | Half-Year | | |
|----------------------------------|------------|------------|------------|-------------|--------------|--------------|------------|--------------|
| | 2Q09 | 1Q10 | 2Q10 | QoQ (%) | YoY (%) | 1H09 | 1H10 | YoY (%) |
| Wireline | 473 | 237 | 281 | 18.6 | -40.6 | 995 | 518 | -47.9 |
| Growth & Quality | 211 | 82 | 99 | 20.7 | -53.1 | 440 | 180 | -59.1 |
| Data / Communic. Systems / Other | 263 | 156 | 182 | 16.7 | -30.8 | 554 | 338 | -39.0 |
| Wireless | 466 | 135 | 166 | 23.0 | -64.4 | 850 | 300 | -64.7 |
| Expansion and Quality | 466 | 135 | 166 | 23.0 | -64.4 | 850 | 300 | -64.7 |
| TOTAL | 940 | 372 | 446 | 19.9 | -52.6 | 1,845 | 818 | -55.7 |

4.3) CONSOLIDATED CASH FLOW:

Operating cash generation in 2Q10 reached R\$1,752 million, and was mainly aimed at funding the company's capital expenditures activities. In the period, the resources were invested basically in cash investments (amounting to R\$ 309 million) and Capex disbursements (amounting to R\$663 million).



Table 14 – Cash Flow: Indirect Cash Flow Statement

| R\$ Million | 1Q10 | 2Q10 |
|--|--------------|--------------|
| Earnings Before Taxes | 839 | 983 |
| Result Items that do not affect the Cash Balance | 2,492 | 2,629 |
| Changes to Shareholder's Equity | (453) | (210) |
| Cash Balance from Operations* | (490) | (1,650) |
| Operating cash generation | 2,387 | 1,752 |
| Cash balance invested in capital expenditure | (2,089) | (1,168) |
| Cash flow net of capital expenditure | 298 | 584 |
| Cash balance invested in financing activities | (307) | 1,839 |
| Cash flow net of financing activities | (9) | 2,423 |
| Initial cash balance | 6,206 | 6,197 |
| Final cash balance | 6,197 | 8,619 |

* Financial charges, income tax, minority interests, dividends and interest on capital, surplus reserve and treasury shares.

PLEASE NOTE: The main spreadsheets in this Press Release will be available on the company's website (www.oi.com.br/ri), in "About the Company / the Company in Numbers."

5) ADDITIONAL INFORMATION:

5.1) OI LAUNCHES OFFER FOR CUSTOMERS TO SAMPLE FREE-OF-CHARGE MOBILE-PHONE INTERNET FOR AS MANY AS TWO MONTHS.

In order to sample internet access on an Oi mobile phone free of charge, the new post-paid customers must subscribe to one Oi Data plan. In this case, the client only starts paying for the plan in the third month. During the first two months, the client can benefit from internet on their mobile phone and evaluate whether the chosen plan meets their needs. After the testing period, customers may change to a different plan or cancel it altogether without paying any fees.

Since June, the new post-paid clients who buy a 2Gb data plan for R\$69.90, or 10Gb for R\$109.90, will be entitled to the test for as many as 2 months and have a credit of up to R\$1,750 that can be used in any way, even to acquire a smart phone, according to the plan they have subscribed to. The clients who subscribe to the Blackberry Bis data plan, with unlimited access to the BIS service for R\$64.90, are not entitled to the testing period; however, they get a larger credit of up to R\$1,900, according to their plans. But buying an iPhone handset and subscribing to one Oi Data plan (200MB, 2GB or 10GB, depending on the minimum for each plan), will lead to as many as 2 months free and a credit of up to R\$2,100 when the handset is bought.



Oi believes in the customer's total freedom. The company advocates true portability, which consists in number portability, the right of consumers to have their handsets unblocked and the exemption of contract penalty for individuals, so that the client can experience the operator's services and plans for as long as they wants.

5.2) RESULT OF THE EXTRAORDINARY GENERAL MEETING OF BRT ON VOTING THE NEW EXCHANGE RATIO

At the Extraordinary General Meeting on June 16, 2010, the minority shareholders of common and preferred BRT stock did not approve the proposal for new indirect exchange ratios for BRT and TMAR stock, which would complete the last step of the Corporate Reorganization.

Given the rejection of the new exchange ratios, TMAR informed that the corporate simplification, as proposed and announced in a Material Fact on April 25, 2008, had been suspended until further notice.

5.3) TNL: PAYMENT OF DIVIDENDS

On May 25, 2010, TNL started paid extraordinary dividends, as approved at the Extraordinary General Meeting of April 16, 2010.

The payment amounted to R\$1,199,978,169.66, as the common (TNLP3) and preferred shares (TNLP4) were entitled to the same amount of R\$3.1369 each.

The shares have been trading net of dividends at Bovespa since April 19, 2010, based on the shareholder structure of April 16, 2010.

5.4) FILING OF 20-F AND REFERENCE FORM

TNL and BRT filed on July 1, 2010 their Annual Report (Form 20-F) with the SEC (Securities & Exchange Commission) for the year ended on December 31, 2009. The report is available at www.sec.gov or on the Company's web site at www.oi.com.br/ir.

Any investor or shareholder who wishes to receive a free printed copy of the report may contact the company at invest@oi.net.br.

In addition, TNL, TMAR and BRT filed their Reference Forms with the CVM.

5.5) OI INVESTOR'S DAY

Oi is pleased to invite you to Oi Investor's Day, which will be held in São Paulo and New York. The event in São Paulo will be on August 11 at 5.00pm at the Grant Hyatt Hotel. For more details, visit the hot-site:



www.oisday.com.br. The event in New York will take place on September 10 at the New York Palace Hotel, and more details will be available soon.

The events aim to present the financial evolution, operating performance and strategies for the future of the company. The event will feature presentations by the company's main executives; Luiz Eduardo Falco (CEO), Alex Zornig (CFO and IRO), João Silveira (Marketing Director) and Pedro Ripper (Strategy Director).

5.5) MATERIAL FACT: INDUSTRIAL ALLIANCE WITH PORTUGAL TELECOM

On July 28, 2010, Telemar Participações (TmarPart) and its subsidiaries Tele Norte Leste Participações (TNL) and Telemar Norte Leste (TMAR) disclosed a Material Fact about the Industrial Alliance with Portugal Telecom. Click on the link below for the Material Fact:

http://www.mzweb.com.br/oi/web/arquivos/TMARPart_TNLP_TMAR_FatoRelevante_20100728_eng.pdf



APPENDIX

COST AND EXPENSES MIX – TNLP CONSOLIDATED

| COST AND EXPENSES | Quarter | | | | | Half-year | | |
|---|--------------|--------------|--------------|-------------|--------------|---------------|--------------|--------------|
| | 2Q09 | 1Q10 | 2Q10 | QoQ (%) | YoY (%) | 1H09 | 1H10 | Chg. (%) |
| Item - R\$ million | | | | | | | | |
| Interconnection | 1,325 | 1,354 | 1,208 | -10.8 | -8.8 | 2,646 | 2,562 | -3.2 |
| Personnel | 451 | 391 | 405 | 3.6 | -10.2 | 945 | 796 | -15.8 |
| Materials | 116 | 77 | 59 | -23.4 | -49.1 | 213 | 136 | -36.2 |
| Handset Costs/Other (COGS)* | 150 | 41 | 49 | 19.5 | -67.3 | 344 | 91 | -73.5 |
| Third-Party Services | 1,770 | 1,694 | 1,720 | 1.5 | -2.8 | 3,515 | 3,414 | -2.9 |
| Marketing | 153 | 124 | 118 | -4.8 | -22.9 | 283 | 242 | -14.5 |
| Rent and Insurance | 394 | 360 | 389 | 8.1 | -1.3 | 783 | 749 | -4.3 |
| Provision for Bad Debts | 406 | 305 | 247 | -19.0 | -39.2 | 804 | 552 | -31.3 |
| Other Operating Expenses (Revenue), Net | 1,857 | 584 | 524 | -10.3 | -71.8 | 2,385 | 1,108 | -53.5 |
| TOTAL | 6,623 | 4,930 | 4,719 | -4.3 | -28.7 | 11,918 | 9,649 | -19.0 |

| | | | | | | | | |
|---|-------|-------|-------|--------|--------|-------|-------|-------|
| Interconnection | 1,325 | 1,354 | 1,208 | -10.8 | -8.8 | 2,646 | 2,562 | -3.2 |
| Handset Costs | 150 | 41 | 49 | 19.5 | -67.3 | 344 | 91 | -73.5 |
| Cost of Services | 1,652 | 1,470 | 1,541 | 4.8 | -6.7 | 3,204 | 3,011 | -6.0 |
| Personnel | 192 | 143 | 148 | 3.5 | -22.9 | 375 | 291 | -22.4 |
| Third-Party Services | 790 | 723 | 685 | -5.3 | -13.3 | 1,537 | 1,408 | -8.4 |
| Materials | 107 | 71 | 52 | -26.8 | -51.4 | 197 | 123 | -37.6 |
| Rent and Insurance | 340 | 294 | 424 | 44.2 | 24.7 | 674 | 718 | 6.5 |
| Anatel Concession Contract | 48 | 40 | 37 | -7.5 | -22.9 | 71 | 77 | 8.5 |
| Fistel | 224 | 181 | 178 | -1.7 | -20.5 | 332 | 360 | 8.4 |
| Other | (48) | 18 | 17 | -5.6 | -135.4 | 19 | 35 | 84.2 |
| Selling Expenses | 1,362 | 1,204 | 1,184 | -1.7 | -13.1 | 2,709 | 2,388 | -11.8 |
| Personnel | 106 | 88 | 88 | 0.0 | -17.0 | 234 | 176 | -24.8 |
| Third-Party Services | 661 | 657 | 693 | 5.5 | 4.8 | 1,307 | 1,350 | 3.3 |
| Marketing | 153 | 124 | 118 | -4.8 | -22.9 | 283 | 242 | -14.5 |
| Materials | 6 | 3 | 5 | 66.7 | -16.7 | 10 | 8 | -20.0 |
| Rent and Insurance | 3 | 2 | 1 | -50.0 | -66.7 | 7 | 3 | -57.1 |
| Other | 27 | 25 | 32 | 28.0 | 18.5 | 65 | 57 | -12.3 |
| Provisions for Bad Debts and Receivable write-off | 406 | 305 | 247 | -19.0 | -39.2 | 804 | 552 | -31.3 |
| General and Administrative Expenses | 538 | 553 | 487 | -11.9 | -9.5 | 1,137 | 1,040 | -8.5 |
| Personnel | 153 | 160 | 169 | 5.6 | 10.5 | 336 | 328 | -2.4 |
| Third-Party Services | 320 | 314 | 342 | 8.9 | 6.9 | 671 | 656 | -2.2 |
| Materials | 4 | 3 | 2 | -33.3 | -50.0 | 7 | 5 | -28.6 |
| Rent and Insurance | 52 | 64 | (36) | -156.3 | -169.2 | 103 | 28 | -72.8 |
| Other | 10 | 13 | 10 | -23.1 | 0.0 | 20 | 23 | 15.0 |
| Other Operating Expenses (Revenue), Net | 1,596 | 308 | 249 | -19.2 | -84.4 | 1,878 | 557 | -70.3 |

| Third-Party Services - R\$ Million | Quarter | | | | | Half-Year | | |
|---|--------------|--------------|--------------|------------|-------------|--------------|--------------|-------------|
| | 2009 | 1Q10 | 2Q10 | QoQ (%) | YoY (%) | 1H09 | 1H10 | YoY (%) |
| Network Maintenance (COS - Cost of Services) | 616 | 530 | 514 | -3.0 | -16.6 | 1,199 | 1,044 | -12.9 |
| Sales Commissions and Expenses (Selling Exp.) | 273 | 293 | 311 | 6.1 | 13.9 | 526 | 604 | 14.8 |
| Postage and Collection (Selling Exp.) | 137 | 142 | 142 | 0.0 | 3.6 | 281 | 284 | 1.1 |
| Electricity (COS / G&A) | 145 | 142 | 142 | 0.0 | -2.1 | 282 | 285 | 1.1 |
| Data Processing (COS / G&A) | 115 | 126 | 118 | -6.3 | 2.6 | 233 | 244 | 4.7 |
| Call Center Operations (Selling Exp.) | 150 | 183 | 179 | -2.2 | 19.3 | 312 | 362 | 16.0 |
| Consulting and Legal Services (COS / G&A) | 129 | 110 | 117 | 6.4 | -9.3 | 281 | 227 | -19.2 |
| Printing and Clearing (Selling Exp.) | 26 | 24 | 29 | 20.8 | 11.5 | 54 | 52 | -3.7 |
| Others | 180 | 144 | 168 | 16.7 | -6.7 | 455 | 312 | -31.4 |
| Total | 1,770 | 1,694 | 1,720 | 1.5 | -2.8 | 3,623 | 3,414 | -5.8 |



6) FINANCIAL STATEMENTS

6.1) TELE NORTE LESTE PARTICIPAÇÕES - TNLP CONSOLIDATED

R\$ MILLION

| Income Statement | 2Q09 | 1Q10 | 2Q10 | 1H09 | 1H10 |
|--|------------------|-----------------|-----------------|------------------|-----------------|
| Wireline Services Revenues | 8,763.5 | 8,842.3 | 8,673.7 | 17,690.4 | 17,516.0 |
| Local Services | 4,407.2 | 4,264.0 | 4,219.5 | 8,847.7 | 8,483.6 |
| <i>Subscription Charges</i> | 2,751.3 | 2,777.2 | 2,797.9 | 5,513.6 | 5,575.1 |
| <i>Local Traffic</i> | 494.8 | 424.2 | 387.8 | 1,000.6 | 812.0 |
| <i>Installation Fees</i> | 29.6 | 41.2 | 41.8 | 48.2 | 83.0 |
| <i>Collect Calls</i> | 1.8 | 0.8 | 0.7 | 3.4 | 1.6 |
| <i>Other Local Revenues</i> | 0.7 | 0.7 | 0.7 | 1.4 | 1.4 |
| <i>Fixed-to-Mobile (VC1)</i> | 1,129.1 | 1,019.8 | 990.6 | 2,280.6 | 2,010.4 |
| Long Distance | 1,489.6 | 1,550.3 | 1,377.3 | 3,090.1 | 2,927.6 |
| <i>Intra-State</i> | 665.2 | 689.1 | 722.6 | 1,368.4 | 1,411.7 |
| <i>Inter-State</i> | 144.0 | 129.0 | 115.1 | 288.9 | 244.1 |
| <i>Inter-Regional</i> | 311.3 | 378.1 | 214.0 | 663.4 | 592.1 |
| <i>International</i> | 20.1 | 19.2 | 16.2 | 41.6 | 35.4 |
| <i>Fixed-to-Mobile (VC2 and VC3)</i> | 349.1 | 334.9 | 309.3 | 727.7 | 644.3 |
| Advanced Voice | 66.9 | 96.0 | 79.5 | 147.5 | 175.4 |
| Public Telephones | 250.0 | 164.7 | 153.4 | 499.1 | 318.1 |
| Additional Services | 243.6 | 251.4 | 256.6 | 490.7 | 508.0 |
| Network Usage Remuneration | 192.5 | 239.1 | 224.8 | 422.2 | 463.9 |
| Data Transmission Services | 2,113.7 | 2,276.8 | 2,362.5 | 4,193.0 | 4,639.3 |
| <i>ADSL (Velox)</i> | 1,167.4 | 1,275.5 | 1,318.0 | 2,265.1 | 2,593.4 |
| <i>Leased Lines (EILD)</i> | 234.9 | 246.4 | 224.0 | 474.1 | 470.3 |
| <i>Leased Lines (SLDD/SLDA)</i> | 144.5 | 126.1 | 137.7 | 294.8 | 263.7 |
| <i>IP Services</i> | 235.5 | 310.8 | 338.0 | 474.3 | 648.8 |
| <i>Packet switch and frame relay</i> | 108.1 | 95.5 | 94.2 | 212.9 | 189.6 |
| <i>Other Data Services</i> | 223.2 | 222.7 | 250.7 | 471.7 | 473.4 |
| Wireless Services Revenues | 2,354.1 | 2,601.3 | 2,805.2 | 4,623.7 | 5,406.5 |
| Subscription Charges | 541.9 | 608.5 | 659.9 | 1,075.9 | 1,268.4 |
| Outgoing Calls | 885.0 | 948.3 | 1,019.8 | 1,747.6 | 1,968.1 |
| Domestic/International Roaming | 27.4 | 39.4 | 29.6 | 61.8 | 69.0 |
| Network Usage Remuneration | 565.6 | 611.1 | 631.1 | 1,082.2 | 1,242.2 |
| Data / Value Added Services | 233.8 | 337.6 | 400.5 | 466.4 | 738.2 |
| Handset Sales | 100.3 | 56.3 | 64.2 | 189.8 | 120.5 |
| Other Services | 66.1 | 101.0 | 89.4 | 111.5 | 190.4 |
| Gross Operating Revenue | 11,183.6 | 11,544.6 | 11,568.3 | 22,425.6 | 23,112.9 |
| Taxes and Deductions | (3,881.5) | (4,082.8) | (4,174.7) | (7,636.2) | (8,257.5) |
| Net Operating Revenue | 7,302.1 | 7,461.8 | 7,393.6 | 14,789.4 | 14,855.4 |
| Operating Expenses | (6,622.8) | (4,930.1) | (4,719.1) | (11,918.2) | (9,649.2) |
| <i>Cost of Services</i> | (1,652.0) | (1,470.0) | (1,540.8) | (3,204.0) | (3,010.8) |
| <i>Cost of Goods Sold</i> | (150.0) | (41.4) | (49.2) | (344.0) | (90.6) |
| <i>Interconnection Costs</i> | (1,324.9) | (1,353.9) | (1,208.0) | (2,646.3) | (2,561.9) |
| <i>Selling Expenses</i> | (1,362.0) | (1,203.7) | (1,183.8) | (2,709.4) | (2,387.5) |
| <i>General and Administrative Expenses</i> | (538.2) | (553.0) | (488.1) | (1,136.8) | (1,041.1) |
| <i>Other Operating (Expenses) Revenue, net</i> | (1,595.9) | (308.1) | (249.1) | (1,877.7) | (557.2) |
| EBITDA | 679.3 | 2,531.7 | 2,674.5 | 2,871.2 | 5,206.2 |
| <i>Margin %</i> | 9.3% | 33.9% | 36.2% | 19.4% | 35.0% |
| Depreciation and Amortization | (1,452.3) | (1,122.7) | (1,133.6) | (2,758.2) | (2,256.3) |
| EBIT | (773.0) | 1,409.0 | 1,540.9 | 112.9 | 2,949.9 |
| Equity Accounting | 8.2 | 3.5 | 2.4 | 7.0 | 5.9 |
| Financial Expenses | (950.6) | (935.9) | (1,053.8) | (1,988.1) | (1,989.6) |
| Financial Income | 454.6 | 362.2 | 493.9 | 862.1 | 856.1 |
| Income Before Tax and Social Contribution | (1,260.8) | 838.8 | 983.5 | (1,006.1) | 1,822.3 |
| Income Tax and Social Contribution | 207.9 | (83.4) | (320.2) | 116.7 | (403.6) |
| Minority Interest | 906.9 | (259.5) | (219.4) | 754.2 | (478.9) |
| Net Income | (146.0) | 496.0 | 443.8 | (135.2) | 939.8 |
| <i>Margin %</i> | -2.0% | 6.6% | 6.0% | -0.9% | 6.3% |
| Outstanding Shares - Thousand (exc.-treasury) | 382,425 | 382,536 | 382,632 | 382,425 | 382,632 |
| Income per share (R\$) | (0.382) | 1.297 | 1.160 | (0.353) | 2.456 |
| Income per ADR (US\$) | (0.184) | 0.712 | 0.648 | (0.161) | 1.360 |

**6.1) TELE NORTE LESTE PARTICIPAÇÕES - TNLP CONSOLIDATED (CONTINUED)**

R\$ MILLION

| Balance Sheet | 6/30/09 | 3/31/10 | 6/30/10 |
|--------------------------------|---------------|---------------|---------------|
| TOTAL ASSETS | 58,640 | 61,216 | 63,115 |
| Current | 19,684 | 19,126 | 22,159 |
| Cash | 6,466 | 6,197 | 8,619 |
| Financial investments | 1,478 | 2,464 | 2,772 |
| Accounts Receivable | 6,115 | 5,925 | 5,887 |
| Recoverable Taxes | 3,474 | 2,486 | 2,677 |
| Inventories | 164 | 142 | 116 |
| Assets in Escrow | 845 | 649 | 772 |
| Other Current Assets | 1,141 | 1,264 | 1,316 |
| Non-Current Assets | 38,956 | 42,090 | 40,955 |
| Long Term | 7,164 | 8,739 | 8,316 |
| Recoverable and Deferred Taxes | 4,484 | 5,256 | 4,895 |
| Accounts Receivable | 24 | 8 | 9 |
| Assets in Escrow | 2,091 | 2,995 | 2,919 |
| Other | 564 | 479 | 493 |
| Investments | 55 | 55 | 55 |
| Property Plant and Equipment | 20,199 | 22,016 | 21,331 |
| Intangible Assets | 11,222 | 11,031 | 11,027 |
| Deferred Assets | 317 | 249 | 227 |

| Balance Sheet | 6/30/09 | 3/31/10 | 6/30/10 |
|--------------------------------|---------------|---------------|---------------|
| TOTAL LIABILITIES | 58,640 | 61,216 | 63,115 |
| Current | 16,417 | 17,843 | 19,993 |
| Suppliers | 3,320 | 3,812 | 3,566 |
| Loans and Financing | 6,760 | 10,119 | 12,143 |
| Payroll and Related Accruals | 334 | 367 | 391 |
| Pension Fund Provision | 52 | 21 | 34 |
| Payable Taxes | 2,267 | 1,707 | 1,862 |
| Dividends Payable | 1,937 | 360 | 390 |
| Other Accounts Payable | 1,746 | 1,457 | 1,607 |
| Non-Current Liabilities | 28,941 | 27,264 | 27,542 |
| Long Term | 28,941 | 27,264 | 27,542 |
| Loans and Financing | 22,847 | 19,820 | 20,212 |
| Payable and Deferred Taxes | 594 | 1,672 | 1,647 |
| Contingency Provisions | 3,171 | 3,256 | 3,133 |
| Pension Fund Provision | 608 | 575 | 575 |
| Outstanding authorizations | 1,547 | 1,553 | 1,584 |
| Other Accounts Payable | 175 | 387 | 390 |
| Minority Interest | 5,019 | 7,617 | 7,838 |
| Shareholders' Equity | 8,263 | 8,491 | 7,742 |
| Capital Stock | 5,449 | 5,449 | 5,449 |
| Capital Reserve | 41 | 43 | 43 |
| Surplus Reserve | 3,275 | 2,862 | 1,660 |
| Treasury shares | (367) | (358) | (354) |
| Retained Earnings | (135) | 496 | 944 |

**6.1) TELE NORTE LESTE PARTICIPAÇÕES - TNLP CONSOLIDATED (CONTINUED)**

| | R\$ MILLION | |
|---|----------------|----------------|
| | 1Q10 | 2Q10 |
| Free Cash Flow | | |
| Earnings (loss) before taxes - (A) | 839 | 983 |
| Result items that do not affect the Cash Balance | 2,492 | 2,629 |
| Financial charges | 782 | 979 |
| Depreciation/amortization | 1,100 | 1,111 |
| Losses on accounts receivable | 305 | 247 |
| Provisions for legal contingencies | 242 | 240 |
| Provision for pension funds | 3 | (3) |
| Amortization of deferred assets | 23 | 23 |
| Equity adjustment | (3) | (2) |
| Remaining value from written-off fixed asset | 20 | 17 |
| Provision/reversal of losses on assets that have been shut down | (4) | (2) |
| Monetary correction of the Tax Refinancing Program | 25 | 20 |
| (C) = (A) - (B) | 3,331 | 3,612 |
| Changes to Operating Assets | (467) | (297) |
| Accounts receivable | (288) | (209) |
| Amounts receivable | (6) | (9) |
| Deferred and recoverable taxes | 136 | (50) |
| Prepaid expenses | (268) | 75 |
| Inventory | 21 | 26 |
| Other assets | (63) | (130) |
| Changes to Operating Liabilities | 13 | 86 |
| Suppliers | 206 | 7 |
| Payroll, taxes and social benefits | 5 | 24 |
| Provision for Pension Funds | (86) | 16 |
| Taxes payable and deferred | 224 | 229 |
| Tax Refinancing Program | (65) | (39) |
| Provisions for legal contingencies | (219) | (236) |
| Other liabilities | (52) | 86 |
| Cash Balance from Operations | (491) | (1,650) |
| Financial charges | (335) | (1,472) |
| Income tax and social contribution | (156) | (178) |
| Operating Cash Generation | 2,386 | 1,752 |
| Investment cash flow | (2,089) | (1,168) |
| Short-term investment | (648) | (309) |
| Acquisitions of fixed/intangible assets | (1,119) | (663) |
| Assets in escrow | (322) | (197) |
| Cash Flow net of Capital Expenditure | 297 | 583 |
| Financing activity cash flow | (307) | 1,839 |
| Borrowings | 523 | 4,332 |
| Payments of loans and debentures | (828) | (1,331) |
| Payment of dividend and interest on capital | (1) | (1,163) |
| Cash flow net of Financings | (10) | 2,422 |
| Net increase (reduction) of cash and equivalent | (9) | 2,423 |
| Cash and equivalent at the start of period | 6,206 | 6,197 |
| Cash and equivalent at the end of period | 6,197 | 8,619 |


6.2) TELEMAR NORTE LESTE – TMAR CONSOLIDATED

R\$ MILLION

| Income Statement | 2Q09 | 1Q10 | 2Q10 | 1H09 | 1H10 |
|--|------------------|-----------------|-----------------|------------------|-----------------|
| Wireline Services Revenues | 8,764.6 | 8,842.1 | 8,673.7 | 17,692.4 | 17,515.8 |
| Local Services | 4,407.2 | 4,264.0 | 4,219.5 | 8,847.7 | 8,483.6 |
| <i>Subscription Charges</i> | 2,751.3 | 2,777.2 | 2,797.9 | 5,513.6 | 5,575.1 |
| <i>Local Traffic</i> | 494.8 | 424.2 | 387.8 | 1,000.6 | 812.0 |
| <i>Installation Fees</i> | 29.6 | 41.2 | 41.8 | 48.2 | 83.0 |
| <i>Collect Calls</i> | 1.8 | 0.8 | 0.7 | 3.4 | 1.6 |
| <i>Other Local Revenues</i> | 0.7 | 0.7 | 0.7 | 1.4 | 1.4 |
| <i>Fixed-to-Mobile (VC1)</i> | 1,129.1 | 1,019.8 | 990.6 | 2,280.6 | 2,010.4 |
| Long Distance | 1,489.6 | 1,550.3 | 1,377.3 | 3,090.1 | 2,927.6 |
| <i>Intra-State</i> | 665.2 | 689.1 | 722.6 | 1,368.4 | 1,411.7 |
| <i>Inter-State</i> | 144.0 | 129.0 | 115.1 | 288.9 | 244.1 |
| <i>Inter-Regional</i> | 311.3 | 378.1 | 214.0 | 663.4 | 592.1 |
| <i>International</i> | 20.1 | 19.2 | 16.2 | 41.6 | 35.4 |
| <i>Fixed-to-Mobile (VC2 and VC3)</i> | 349.1 | 334.9 | 309.3 | 727.7 | 644.3 |
| Advanced Voice | 66.9 | 96.0 | 79.5 | 147.5 | 175.4 |
| Public Telephones | 250.0 | 164.7 | 153.4 | 499.1 | 318.1 |
| Additional Services | 243.6 | 251.4 | 256.6 | 490.7 | 508.0 |
| Network Usage Remuneration | 192.5 | 239.1 | 224.8 | 422.2 | 463.9 |
| Data Transmission Services | 2,114.8 | 2,276.6 | 2,362.5 | 4,195.0 | 4,639.1 |
| Wireless Services Revenues | 2,366.7 | 2,601.3 | 2,805.2 | 4,623.7 | 5,406.5 |
| Subscription Charges | 541.9 | 608.5 | 659.9 | 1,075.9 | 1,268.4 |
| Outgoing Calls | 885.0 | 948.3 | 1,019.8 | 1,747.6 | 1,968.1 |
| Domestic/International Roaming | 27.4 | 39.4 | 29.6 | 61.8 | 69.0 |
| Network Usage Remuneration | 565.6 | 611.1 | 631.1 | 1,082.2 | 1,242.2 |
| Data / Value Added Services | 246.4 | 337.6 | 400.5 | 466.4 | 738.2 |
| Handset Sales | 100.3 | 56.3 | 64.2 | 189.8 | 120.5 |
| Other Services | 28.5 | 76.1 | 63.7 | 62.8 | 139.8 |
| Gross Operating Revenue | 11,159.7 | 11,519.5 | 11,542.6 | 22,378.9 | 23,062.0 |
| Taxes and Deductions | (3,875.3) | (4,074.1) | (4,165.3) | (7,625.1) | (8,239.3) |
| Net Operating Revenue | 7,284.4 | 7,445.4 | 7,377.3 | 14,753.8 | 14,822.7 |
| Operating Expenses | (6,594.6) | (4,902.9) | (4,692.0) | (11,859.9) | (9,594.9) |
| <i>Cost of Services Provided</i> | (1,635.7) | (1,455.8) | (1,427.7) | (3,174.6) | (2,883.5) |
| <i>Cost of Goods Sold</i> | (150.0) | (41.4) | (49.2) | (344.0) | (90.6) |
| <i>Interconnection Costs</i> | (1,324.9) | (1,353.9) | (1,208.0) | (2,646.3) | (2,561.9) |
| <i>Selling Expenses</i> | (1,299.9) | (1,198.6) | (1,178.6) | (2,576.2) | (2,377.2) |
| <i>General and Administrative Expenses</i> | (590.1) | (546.1) | (580.9) | (1,246.0) | (1,127.0) |
| <i>Other Operating (Expenses) Revenue, net</i> | (1,594.1) | (307.1) | (247.5) | (1,872.8) | (554.6) |
| EBITDA | 689.8 | 2,542.5 | 2,685.3 | 2,894.0 | 5,227.8 |
| Margin % | 9.5% | 34.1% | 36.4% | 19.6% | 35.3% |
| Depreciation and Amortization | (1,460.6) | (1,131.3) | (1,142.2) | (2,774.2) | (2,273.5) |
| EBIT | (770.8) | 1,411.2 | 1,543.1 | 119.8 | 2,954.3 |
| Equity Accounting | 2.3 | 0.4 | (1.8) | (2.4) | (1.4) |
| Financial Expenses | (939.8) | (985.5) | (999.1) | (1,986.2) | (1,984.6) |
| Financial Income | 454.4 | 394.9 | 447.7 | 855.4 | 842.6 |
| Income Before Tax and Social Contribution | (1,253.9) | 821.0 | 989.9 | (1,013.4) | 1,810.9 |
| Income Tax and Social Contribution | 201.8 | (79.4) | (324.8) | 116.1 | (404.2) |
| Minority Interest | 874.4 | (153.6) | (121.6) | 722.1 | (275.2) |
| Net Income | (177.6) | 588.0 | 543.5 | (175.3) | 1,131.5 |
| Margin % | -2.4% | 7.9% | 7.4% | -1.2% | 7.6% |
| Outstanding Shares Thousand (exc.-treasury) | 238,391 | 238,391 | 238,391 | 238,391 | 238,391 |
| Income per share (R\$) | (0.745) | 2.467 | 2.280 | (0.735) | 4.747 |

**6.2) TELEMAR NORTE LESTE – TMAR CONSOLIDATED (CONTINUED)**

R\$ MILLION

| Balance Sheet | 6/30/09 | 3/31/10 | 6/30/10 |
|--------------------------------|----------------|----------------|----------------|
| TOTAL ASSETS | 58,163 | 60,273 | 61,832 |
| Current | 18,935 | 18,645 | 21,148 |
| Cash | 6,022 | 5,804 | 7,948 |
| Financial investments | 1,476 | 2,462 | 2,767 |
| Accounts Receivable | 6,123 | 5,948 | 5,876 |
| Recoverable and Deferred Taxes | 3,169 | 2,387 | 2,368 |
| Inventories | 164 | 141 | 112 |
| Assets in Escrow | 845 | 649 | 771 |
| Other Current Assets | 1,136 | 1,255 | 1,305 |
| Non-Current Assets | 39,228 | 41,627 | 40,684 |
| Long Term | 7,417 | 8,306 | 8,083 |
| Recoverable and Deferred Taxes | 4,284 | 4,852 | 4,692 |
| Financial investments | 24 | 8 | 9 |
| Assets in Escrow | 2,082 | 2,982 | 2,904 |
| Other | 1,026 | 464 | 479 |
| Investments | 313 | 47 | 47 |
| Property Plant and Equipment | 20,265 | 22,094 | 21,397 |
| Intangible Assets | 10,943 | 10,955 | 10,953 |
| Deferred | 290 | 225 | 204 |
| Balance Sheet | 6/30/09 | 3/31/10 | 6/30/10 |
| TOTAL LIABILITIES | 58,163 | 60,273 | 61,832 |
| Current | 16,010 | 17,614 | 18,233 |
| Suppliers | 3,316 | 3,807 | 3,567 |
| Loans and Financing | 6,404 | 10,022 | 10,533 |
| Payroll and Related Accruals | 331 | 364 | 389 |
| Pension fund Provision | 52 | 21 | 34 |
| Payable Taxes | 2,248 | 1,682 | 1,838 |
| Dividends Payable | 1,909 | 224 | 220 |
| Other Accounts Payable | 1,751 | 1,493 | 1,653 |
| Non-Current Liabilities | 29,078 | 26,825 | 27,095 |
| Long Term | 29,078 | 26,825 | 27,095 |
| Loans and Financing | 23,165 | 19,579 | 19,965 |
| Payable Taxes | 483 | 1,543 | 1,520 |
| Contingency Provisions | 3,171 | 3,255 | 3,130 |
| Pension fund Provision | 608 | 575 | 575 |
| Outstanding authorizations | 1,547 | 1,553 | 1,584 |
| Other Accounts Payable | 104 | 319 | 320 |
| Minority Interest | 3,254 | 5,814 | 5,935 |
| Shareholders' Equity | 9,821 | 10,020 | 10,569 |
| Capital Stock | 7,434 | 7,434 | 7,434 |
| Capital Reserve | 2,211 | 2,015 | 2,017 |
| Treasury shares | (17) | (17) | (17) |
| Surplus Reserve | 368 | 0 | 0 |
| Retained Earnings | (175) | 588 | 1,135 |



6.3) TNL PCS - OI

R\$ MILLION

| Income Statement | 2Q10 | 1Q10 | 2Q10 | 1H09 | 1H10 |
|---|----------------|----------------|----------------|----------------|----------------|
| Wireless Services Revenues | 2,283.3 | 2,660.9 | 2,801.6 | 4,395.4 | 5,462.5 |
| Subscription | 434.3 | 498.6 | 532.0 | 851.3 | 1,030.6 |
| Outgoing Calls | 722.6 | 815.7 | 850.3 | 1,402.6 | 1,666.0 |
| Domestic/Internacional Roaming | 24.7 | 33.3 | 26.2 | 54.7 | 59.5 |
| Network Usage Remuneration | 846.5 | 994.3 | 1,033.4 | 1,603.6 | 2,027.7 |
| Data / Value Added | 188.6 | 274.5 | 316.5 | 354.8 | 591.0 |
| Other SMP Services | 0.0 | 0.2 | (0.0) | 0.0 | 0.2 |
| Handset Sales | 66.7 | 44.2 | 43.2 | 128.4 | 87.4 |
| LD/Advanced Voice Service/Network Revenues | 93.4 | 138.7 | 158.6 | 207.3 | 297.3 |
| Gross Operating Revenue | 2,376.7 | 2,799.6 | 2,960.2 | 4,602.6 | 5,759.8 |
| Taxes and Deductions | (669.5) | (798.5) | (851.4) | (1,322.7) | (1,649.9) |
| Net Operating Revenue | 1,707.2 | 2,001.1 | 2,108.8 | 3,279.9 | 4,109.9 |
| Operating Expenses | (1,308.4) | (1,249.5) | (1,285.6) | (2,591.5) | (2,535.1) |
| Cost of Services Provided | (343.8) | (377.6) | (368.4) | (689.7) | (746.0) |
| Cost of Goods Sold | (112.2) | (22.9) | (34.6) | (260.3) | (57.5) |
| Interconnection Costs | (362.8) | (388.4) | (384.6) | (721.3) | (773.0) |
| Selling Expenses | (436.6) | (370.1) | (401.0) | (804.3) | (771.1) |
| General and Administrative Expenses | (107.7) | (107.7) | (120.1) | (214.4) | (227.9) |
| Other Operating (Expenses) Revenue, net | 54.8 | 17.2 | 23.0 | 98.6 | 40.3 |
| EBITDA | 398.8 | 751.6 | 823.2 | 688.5 | 1,574.8 |
| Margin % | 23.4% | 37.6% | 39.0% | 21.0% | 38.3% |
| Depreciation and Amortization | (244.9) | (221.0) | (224.5) | (478.4) | (445.4) |
| EBIT | 154.0 | 530.7 | 598.7 | 210.1 | 1,129.4 |
| Equity Accounting | (23.1) | (14.8) | (23.9) | (64.2) | (38.7) |
| Financial Expenses | (58.0) | (67.6) | (64.8) | (116.2) | (132.4) |
| Financial Income | 81.7 | 99.6 | 112.1 | 173.8 | 211.7 |
| Income Before Tax and Social Contribution | 154.5 | 547.9 | 622.1 | 203.4 | 1,170.0 |
| Income Tax and Social Contribution | (96.3) | (138.5) | (179.4) | (81.0) | (317.8) |
| Net Income | 58.2 | 409.4 | 442.7 | 122.4 | 852.2 |
| Margin % | 3.4% | 20.5% | 21.0% | 3.7% | 20.7% |

| Balance Sheet | 6/30/09 | 3/31/10 | 6/30/10 |
|--------------------------------|---------------|---------------|---------------|
| TOTAL ASSETS | 12,498 | 14,273 | 14,919 |
| Current | 2,909 | 4,190 | 5,021 |
| Cash | 168 | 1,236 | 1,901 |
| Financial investments | 679 | 319 | 469 |
| Accounts Receivable | 926 | 1,155 | 1,185 |
| Recoverable and Deferred Taxes | 470 | 642 | 747 |
| Inventories | 90 | 77 | 62 |
| Other Current Assets | 576 | 762 | 657 |
| Non-Current Assets | 9,588 | 10,083 | 9,898 |
| Long Term | 2,637 | 2,658 | 2,467 |
| Recoverable and Deferred Taxes | 714 | 531 | 463 |
| Loans and Financing | 1,760 | 1,971 | 1,849 |
| Financial investments | 2 | 3 | 3 |
| Other | 161 | 152 | 151 |
| Permanent | 6,952 | 7,425 | 7,431 |
| TOTAL LIABILITIES | 12,498 | 14,273 | 14,919 |
| Current Liabilities | 1,615 | 2,172 | 2,164 |
| Suppliers | 910 | 1,159 | 1,130 |
| Loans and Financing | 51 | 103 | 120 |
| Payroll and Related Accruals | 33 | 44 | 39 |
| Payable Taxes | 266 | 360 | 475 |
| Other Accounts Payable | 355 | 507 | 400 |
| Non-Current Liabilities | 1,824 | 2,208 | 2,419 |
| Long Term | 1,824 | 2,208 | 2,419 |
| Loans and Financing | 724 | 1,021 | 1,325 |
| Contingency Provisions | 112 | 107 | 95 |
| Payable Taxes | 28 | 47 | 35 |
| Outstanding authorizations | 895 | 922 | 940 |
| Other Accounts Payable | 65 | 110 | 23 |
| Shareholders' Equity | 9,059 | 9,893 | 10,337 |



6.4) BRASIL TELECOM – BRT CONSOLIDATED

R\$ MILLION

| Income Statement | 2Q09 | 1Q10 | 2Q10 | 1H09 | 1H10 |
|--|------------------|----------------|----------------|------------------|----------------|
| Wireline Services Revenues | 3,873.2 | 3,952.3 | 3,921.9 | 7,749.4 | 7,874.2 |
| Local Services | 1,601.1 | 1,577.0 | 1,597.6 | 3,232.6 | 3,174.7 |
| Subscription Charges | 956.1 | 1,017.7 | 1,058.6 | 1,919.0 | 2,076.3 |
| Local Traffic | 185.6 | 144.8 | 141.6 | 379.8 | 286.4 |
| Installation Fees | 2.5 | 13.1 | 11.0 | 4.7 | 24.1 |
| Collect Calls | 0.9 | 0.2 | 0.2 | 1.5 | 0.4 |
| Other Local Revenues | 2.9 | 3.5 | 3.6 | 6.0 | 7.1 |
| Fixed-to-Mobile (VC1) | 453.0 | 397.7 | 382.7 | 921.5 | 780.5 |
| Long Distance | 627.3 | 623.9 | 540.9 | 1,323.4 | 1,164.7 |
| Intra-State | 197.8 | 173.4 | 163.5 | 390.1 | 336.9 |
| Inter-State | 57.9 | 54.1 | 49.5 | 113.2 | 103.6 |
| Inter-Regional | 52.4 | 54.9 | 43.3 | 105.2 | 98.2 |
| International | 7.2 | 7.0 | 5.9 | 15.4 | 12.9 |
| Fixed-to-Mobile (VC2 and VC3) | 311.9 | 334.5 | 278.6 | 699.6 | 613.1 |
| Advanced Voice | 33.3 | 44.2 | 39.1 | 65.9 | 83.3 |
| Public Telephones | 116.8 | 77.4 | 77.4 | 201.0 | 154.8 |
| Additional Services | 95.4 | 110.4 | 114.3 | 179.6 | 224.6 |
| Network Usage Remuneration | 81.6 | 91.5 | 93.0 | 164.7 | 184.6 |
| Data Transmission Services | 1,311.6 | 1,422.6 | 1,454.3 | 2,569.6 | 2,876.8 |
| Wireless Services Revenues | 518.4 | 522.3 | 553.6 | 1,019.4 | 1,075.9 |
| Subscription Charges | 107.6 | 115.4 | 119.4 | 213.1 | 234.8 |
| Outgoing Calls | 162.8 | 147.3 | 157.6 | 330.2 | 304.9 |
| Domestic/International Roaming | 3.3 | 11.0 | 5.0 | 6.4 | 16.0 |
| Network Usage Remuneration | 147.6 | 165.8 | 173.8 | 286.6 | 339.6 |
| Data / Value Added Services | 63.4 | 70.7 | 76.8 | 121.6 | 147.5 |
| Handset Sales | 33.7 | 12.1 | 21.0 | 61.4 | 33.1 |
| Gross Operating Revenue | 4,391.6 | 4,474.6 | 4,475.5 | 8,768.8 | 8,950.1 |
| Taxes and Deductions | (1,743.9) | (1,836.9) | (1,888.3) | (3,353.4) | (3,725.2) |
| Net Operating Revenue | 2,647.6 | 2,637.7 | 2,587.2 | 5,415.4 | 5,224.9 |
| Operating Expenses | (4,302.5) | (1,770.3) | (1,791.3) | (6,601.8) | (3,561.6) |
| Cost of Services Provided | (590.2) | (484.3) | (511.1) | (1,125.2) | (995.4) |
| Cost of Goods Sold | (46.1) | (11.6) | (17.6) | (110.4) | (29.2) |
| Interconnection Costs | (497.0) | (537.0) | (460.5) | (1,010.4) | (997.5) |
| Selling Expenses | (350.0) | (270.8) | (250.6) | (767.2) | (521.5) |
| General and Administrative Expenses | (244.1) | (263.8) | (346.4) | (466.7) | (610.2) |
| Other Operating (Expenses) Revenue, net | (2,575.1) | (202.8) | (205.0) | (3,121.8) | (407.9) |
| EBITDA | (1,654.8) | 867.4 | 795.9 | (1,186.4) | 1,663.3 |
| Margin % | -62.5% | 32.9% | 30.8% | -21.9% | 31.8% |
| Depreciation and Amortization | (496.5) | (411.5) | (415.1) | (992.4) | (826.6) |
| EBIT | (2,151.3) | 456.0 | 380.7 | (2,178.8) | 836.7 |
| Financial Expenses | (187.6) | (253.7) | (257.1) | (397.3) | (510.8) |
| Financial Income | 160.8 | 194.3 | 209.4 | 283.5 | 403.7 |
| Income Before Tax and Social Contribution | (2,178.1) | 396.5 | 333.1 | (2,292.5) | 729.6 |
| Income Tax and Social Contribution | 741.6 | (96.4) | (96.3) | 776.6 | (192.7) |
| Net Income | (1,437.8) | 300.1 | 236.8 | (1,517.4) | 536.9 |
| Margin % | -54.3% | 11.4% | 9.2% | -28.0% | 10.3% |
| Outstanding Shares Thousand (exc.-treasury) | 547,719 | 589,789 | 589,789 | 547,719 | 589,789 |
| Income per share (R\$) | (2.625) | 0.509 | 0.401 | (2.770) | 0.910 |

**6.4) BRASIL TELECOM – BRT CONSOLIDATED (CONTINUED)**

R\$ MILLION

| Balance Sheet | 6/30/09 | 3/31/10 | 6/30/10 |
|--------------------------------|----------------|----------------|----------------|
| TOTAL ASSETS | 17,142 | 22,828 | 23,143 |
| Current | 6,199 | 6,128 | 6,636 |
| Cash | 1,297 | 1,887 | 2,424 |
| Financial investments | 317 | 450 | 458 |
| Accounts Receivable | 2,092 | 2,013 | 1,995 |
| Recoverable Taxes | 1,328 | 1,224 | 1,140 |
| Inventories | 49 | 31 | 24 |
| Other Current Assets | 1,116 | 523 | 595 |
| Non-Current Assets | 10,943 | 16,700 | 16,507 |
| Long Term | 4,071 | 8,430 | 8,568 |
| Recoverable and Deferred Taxes | 2,169 | 4,705 | 4,686 |
| Assets in Escrow | 1,427 | 1,809 | 1,908 |
| Other | 475 | 1,916 | 1,974 |
| Investments | 80 | 5 | 5 |
| Property Plant and Equipment | 5,296 | 6,777 | 6,458 |
| Intangible Assets | 1,495 | 1,488 | 1,476 |

| Balance Sheet | 6/30/09 | 3/31/10 | 6/30/10 |
|--------------------------------|----------------|----------------|----------------|
| TOTAL LIABILITIES | 17,142 | 22,828 | 23,143 |
| Current | 4,847 | 4,216 | 4,646 |
| Suppliers | 1,362 | 1,491 | 1,373 |
| Loans and Financing | 957 | 972 | 1,263 |
| Payroll and Related Accruals | 125 | 87 | 133 |
| Payable Taxes | 1,007 | 710 | 787 |
| Dividends Payable | 330 | 105 | 104 |
| Other Accounts Payable | 1,067 | 851 | 986 |
| Non-Current Liabilities | 6,849 | 7,217 | 6,865 |
| Long Term | 6,849 | 7,217 | 6,865 |
| Loans and Financing | 3,867 | 3,415 | 2,938 |
| Payable and Deferred Taxes | 548 | 702 | 772 |
| Contingency Provisions | 933 | 1,635 | 1,678 |
| Outstanding authorizations | 652 | 632 | 644 |
| Other Accounts Payable | 849 | 833 | 833 |
| Minority Interest | (3) | 0 | 0 |
| Shareholders' Equity | 5,449 | 11,395 | 11,632 |



6.5) 14 BRASIL TELECOM – BRT MOBILE

R\$ MILLION

| Income Statement | 2Q09 | 1Q10 | 2Q10 | 1H09 | 1H09 |
|--|----------------|---------------|--------------|----------------|----------------|
| Wireless Services Revenues | 626.0 | 639.1 | 659.6 | 1,236.4 | 1,298.7 |
| Subscription | 107.6 | 115.4 | 119.4 | 213.1 | 234.8 |
| Outgoing Calls | 164.3 | 147.7 | 158.7 | 333.3 | 306.4 |
| Domestic/Internacional Roaming | 3.3 | 11.0 | 5.0 | 6.4 | 16.0 |
| Network Usage Remuneration | 253.8 | 282.1 | 278.7 | 500.5 | 560.9 |
| Data / Value Added | 63.4 | 70.7 | 76.8 | 121.6 | 147.5 |
| Handset Sales | 33.7 | 12.1 | 21.0 | 61.4 | 33.1 |
| Gross Operating Revenue | 626.0 | 639.1 | 659.6 | 1,236.4 | 1,298.7 |
| Taxes and Deductions | (168.8) | (163.9) | (178.0) | (336.1) | (341.9) |
| Net Operating Revenue | 457.2 | 475.2 | 481.6 | 900.3 | 956.8 |
| Operating Expenses | (428.2) | (423.5) | (407.7) | (818.9) | (831.2) |
| Cost of Services Provided | (94.3) | (121.8) | (146.3) | (186.9) | (268.1) |
| Cost of Goods Sold | (22.2) | (11.6) | (17.6) | (50.5) | (29.2) |
| Interconnection Costs | (135.3) | (159.1) | (123.6) | (258.5) | (282.8) |
| Selling Expenses | (156.7) | (103.7) | (86.7) | (290.0) | (190.4) |
| General and Administrative Expenses | (24.2) | (33.3) | (36.2) | (40.8) | (69.6) |
| Other Operating (Expenses) Revenue, net | 4.6 | 5.9 | 2.8 | 7.9 | 8.8 |
| EBITDA | 29.0 | 51.7 | 73.9 | 81.4 | 125.6 |
| Margin % | 6.3% | 10.9% | 15.3% | 9.0% | 13.1% |
| Depreciation and Amortization | (133.6) | (68.1) | (64.8) | (261.9) | (132.9) |
| EBIT | (104.6) | (16.4) | 9.1 | (180.4) | (7.3) |
| Financial Expenses | (25.1) | (35.8) | (37.9) | (48.0) | (73.7) |
| Financial Income | 55.1 | 39.4 | 41.1 | 101.2 | 80.5 |
| Income Before Tax and Social Contribution | (74.5) | (12.8) | 12.3 | (127.2) | (0.6) |
| Income Tax and Social Contribution | 24.4 | (18.3) | (0.4) | 41.3 | (18.7) |
| Net Income | (50.1) | (31.1) | 11.8 | (85.9) | (19.3) |
| Margin % | -11.0% | -6.5% | 2.5% | -9.5% | -2.0% |

| Balance Sheet | 6/30/09 | 3/31/10 | 6/30/10 |
|--------------------------------|--------------|--------------|--------------|
| TOTAL ASSETS | 4,648 | 5,101 | 4,988 |
| Current | 1,638 | 1,915 | 1,849 |
| Cash | 13 | 639 | 491 |
| Financial investments | 622 | 196 | 198 |
| Accounts Receivable | 207 | 241 | 237 |
| Recoverable Taxes | 181 | 181 | 167 |
| Inventories | 47 | 27 | 16 |
| Other Current Assets | 569 | 631 | 740 |
| Non-Current Assets | 3,010 | 3,186 | 3,139 |
| Long Term | 1,081 | 1,156 | 1,158 |
| Recoverable and Deferred Taxes | 760 | 779 | 772 |
| Assets in Escrow | 0 | 0 | 21 |
| Other | 321 | 376 | 365 |
| Property Plant and Equipment | 977 | 1,179 | 1,162 |
| Intangible Assets | 952 | 851 | 819 |
| TOTAL LIABILITIES | 4,648 | 5,101 | 4,988 |
| Current | 605 | 926 | 787 |
| Suppliers | 301 | 547 | 358 |
| Loans and Financing | 7 | 27 | 37 |
| Payroll and Related Accruals | 7 | 6 | 6 |
| Payable Taxes | 90 | 88 | 87 |
| Outstanding authorizations | 96 | 0 | 105 |
| Other Accounts Payable | 103 | 258 | 194 |
| Non-Current Liabilities | 1,054 | 1,280 | 1,293 |
| Long Term | 1,054 | 1,280 | 1,293 |
| Loans and Financing | 311 | 530 | 519 |
| Payable Taxes | 45 | 70 | 81 |
| Contingency Provisions | 18 | 21 | 23 |
| Outstanding authorizations | 648 | 628 | 640 |
| Other Accounts Payable | 32 | 31 | 31 |
| Shareholders' Equity | 2,989 | 2,895 | 2,907 |

**RELEVANT INFORMATION**

I) CVM instruction 358, article 12: The controlling shareholders, direct or indirect, and the shareholders electing members of the Board of Directors or the Statutory Audit Committee, as well as any individual or company, or group of people acting together or representing a similar interest, reaching participation, direct or indirect, of 5% (five per cent) or more of a type or class of shares representing the capital of a public company capital, must inform the CVM, and the Company in accordance with terms of the article.

Oi guides its shareholders to comply with the terms of article 12 of CVM Instruction 358, however it cannot be held responsible for the disclosure of information on acquisition or sale, by third parties, of participation that corresponds to 5% or more of a type or class of shares that represents its capital or that is entitled to rights over these shares and further securities issued.

| Shares TNE | Capital | Treasury | Controlling Shares | Free-Float |
|--------------|--------------------|------------------|--------------------|--------------------|
| Common | 130.611.732 | 3.020.880 | 68.504.187 | 59.086.665 |
| Preferred | 261.223.463 | 6.182.160 | 0 | 255.041.303 |
| Total | 391.835.195 | 9.203.040 | 68.504.187 | 314.127.968 |

| Shares TMAR | Capital | Treasury | Controlling Shares | Free-Float |
|---------------|--------------------|----------------|--------------------|-------------------|
| Common | 107.063.093 | 0 | 104.227.873 | 2.835.220 |
| Preferred (A) | 130.487.295 | 223.500 | 104.329.417 | 25.934.378 |
| Preferred (B) | 1.063.967 | 0 | 6 | 1.063.961 |
| Total | 238.614.355 | 223.500 | 208.557.296 | 29.833.559 |

| Shares BRT0 | Capital | Treasury | Controlling Shares | Free-Float |
|--------------|--------------------|-------------------|--------------------|--------------------|
| Common | 203.423.176 | 0 | 161.990.001 | 41.433.175 |
| Preferred | 399.597.370 | 13.231.556 | 128.675.049 | 257.690.765 |
| Total | 603.020.546 | 13.231.556 | 290.665.050 | 299.123.940 |

OBS: Shareholder structure as of June 30, 201

II) This Report contains forecast and/or estimates regarding future events. These projections were carefully compiled based on the present scenario and work in progress, together with the corresponding expectations. The use of forward-looking statements, such as, but not limited to: "project", "estimate", "expect", "predict", "plan", "anticipate", is intended to indicate possible trends that, inevitably, involve uncertainty and risk and whose future results may differ from current expectations. Oi cannot be held responsible for the transactions or investment decisions of third parties based on these forecasts and/or estimates. The information presented has not been audited and may therefore differ from the final audited results.

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