

TELESP HOLDING CO  
Form 6-K  
August 18, 2008

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 6-K

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Report of Foreign Issuer

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

For the month of August, 2008

Commission File Number: 001-14475

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# TELESP HOLDING COMPANY

(Translation of registrant's name into English)

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Rua Martiniano de Carvalho, 851 - 21 andar

São Paulo, S.P.

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**Federative Republic of Brazil**

(Address of principal executive office)

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

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

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

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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TELESP HOLDING COMPANY

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1. Press Release entitled "*Quarterly Review - Telecomunicações de São Paulo S.A. - Telesp - Quarter ended June 30, 2008*" dated on August 18, 2008.
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***Quarterly Review  
Telecomunicações de São Paulo S.A. -TELESP***

***Quarter ended June 30, 2008***

***with Review Report of Independent Auditors***

***(A free translation of the original issued in Portuguese)***

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

QUARTERLY INFORMATION

June 30, 2008

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**REVIEW REPORT OF INDEPENDENT AUDITORS**

(A free translation of the original report issued in Portuguese)

To the Board of Directors and Shareholders

**Telecomunicações de São Paulo S.A. - TELESP**

São Paulo - SP

We have reviewed the Quarterly Information (ITR) from Parent Company and Consolidated of Telecomunicações de São Paulo S.A. - TELESP and its subsidiaries for the quarter ended June 30, 2008, which comprised the balance sheet, the statement of income, the report on the Company's performance and explanatory notes, prepared under Management's responsibility.

Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Public Accountants - IBRACON, in conjunction with the Federal Accounting Council, mainly comprising: (a) inquiries of and discussions with the officials responsible for the Telecomunicações de São Paulo - TELESP and subsidiaries' accounting, financial and operational areas, as to the main criteria adopted in preparing the quarterly information; and (b) review of information and subsequent events that had or might have had relevant effects on the Telecomunicações de São Paulo - TELESP financial position and operations.

Based on our review, we are not aware of any material modifications that should be made to the above mentioned Quarterly Information, for it to be in conformity with the standards established by the Brazilian Securities Commission (Comissão de Valores Mobiliários - CVM), specifically applicable to the preparation of Quarterly Information, including CVM Ruling No. 469/08.

As mentioned in Note 3, on December 28, 2007, Law No. 11,638 was enacted effective from January 1, 2008. This Law amended, revoked and introduced new aspects to Law No. 6,404/76 (Brazil's Corporation Law), and brought changes to the accounting practices adopted in Brazil. Although this Law has become effective, some changes are subject to specific regulation on the part of competent authorities before they can be fully adopted by the legal entities. Accordingly, during this transition phase, CVM, through the CVM Ruling No. 469/08, allowed legal entities not to fully adopt the provisions of Law No. 11,638 in the preparation of their Quarterly Information (ITR). Thus, the accounting information included in the ITR for the quarter ended June 30, 2008 was prepared in accordance with specific CVM instructions and does not reflect all the changes in accounting practices introduced by Law No. 11,638/07. Information referring to prior periods, presented for purposes of comparison, was adjusted to include the changes in accounting practices introduced in 2008.

São Paulo (SP), July 24, 2008  
ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP015199/O-6

Luiz Carlos Marques  
Accountant CRC-1SP147693/O-5

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

**BALANCE SHEETS**

June 30, 2008 and March 31, 2008

(In thousands of reais - R\$)

(A free translation of the original report issued in Portuguese)

**Parent Company**

**Consolidated**

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	<b>Note</b>	<b>06/30/08</b>	<b>03/31/08</b>	<b>06/30/08</b>	<b>03/31/08</b>
<b>Assets</b>					
Current assets		<b>4,456,796</b>	4,876,541	<b>4,860,213</b>	5,165,033
Cash and cash equivalents	<b>4</b>	<b>390,906</b>	820,930	<b>466,167</b>	897,838
Trade accounts receivable, net	<b>5</b>	<b>2,780,501</b>	2,663,911	<b>2,952,027</b>	2,840,510
Deferred and recoverable taxes	<b>6</b>	<b>918,410</b>	940,419	<b>1,034,832</b>	1,046,163
Inventories	<b>7</b>	<b>102,410</b>	94,076	<b>132,140</b>	125,614
Other	<b>8</b>	<b>264,569</b>	357,205	<b>275,047</b>	254,908
Noncurrent assets		<b>13,340,113</b>	13,380,203	<b>13,285,527</b>	13,458,187
Deferred and recoverable taxes	<b>6</b>	<b>509,846</b>	505,280	<b>525,056</b>	521,480
Escrow deposits	<b>9</b>	<b>587,189</b>	562,205	<b>614,398</b>	564,951
Other		<b>190,332</b>	288,485	<b>142,136</b>	160,278
Investments	<b>10</b>	<b>1,929,489</b>	1,659,732	<b>1,070,909</b>	1,100,972
Property, plant and equipment, net	<b>11</b>	<b>9,194,711</b>	9,386,370	<b>9,962,831</b>	10,084,929
Intangible assets, net	<b>12</b>	<b>728,848</b>	763,075	<b>763,179</b>	802,627
Deferred charges	<b>13</b>	<b>199,698</b>	215,056	<b>207,018</b>	222,950
Total assets		<b>17,796,909</b>	18,256,744	<b>18,145,740</b>	18,623,220

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		<b>Parent Company</b>		<b>Consolidated</b>	
	<b>Note</b>	<b>06/30/08</b>	<b>03/31/08</b>	<b>06/30/08</b>	<b>03/31/08</b>
<b>Liabilities and shareholders' equity</b>					
Current liabilities		<b>4,286,630</b>	4,773,623	<b>4,608,653</b>	5,114,540
Loans and financing	<b>14</b>	<b>344,762</b>	395,297	<b>375,521</b>	431,108
Debentures	<b>15</b>	<b>13,957</b>	12,342	<b>13,957</b>	12,342
Trade accounts payable		<b>1,577,107</b>	1,505,928	<b>1,761,394</b>	1,709,686
Taxes payable	<b>16</b>	<b>927,570</b>	937,789	<b>996,390</b>	1,012,773

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Dividends and interest on shareholders' equity	<b>18</b>	<b>442,453</b>	993,767	<b>442,453</b>	993,767
Reserve for contingencies	<b>19</b>	<b>164,916</b>	163,329	<b>165,796</b>	164,206
Payroll and related accruals	<b>17</b>	<b>180,417</b>	207,441	<b>193,752</b>	217,911
Derivative obligations	<b>33</b>	<b>139,732</b>	83,600	<b>142,671</b>	80,657
Other	<b>20</b>	<b>495,716</b>	474,130	<b>516,719</b>	492,090
Non-current liabilities		<b>3,112,301</b>	3,109,099	<b>3,139,109</b>	3,134,658
Non-current liabilities		<b>3,112,168</b>	3,109,025	<b>3,134,609</b>	3,128,033
Loans and financing	<b>14</b>	<b>875,747</b>	886,028	<b>875,747</b>	886,028
Debtentures	<b>15</b>	<b>1,500,000</b>	1,500,000	<b>1,500,000</b>	1,500,000
Taxes payable	<b>16</b>	<b>38,592</b>	38,535	<b>38,908</b>	38,991
Reserve for contingencies	<b>19</b>	<b>541,334</b>	535,269	<b>543,791</b>	537,617
Reserve for post-retirement benefit plans	<b>31</b>	<b>100,925</b>	98,175	<b>100,925</b>	98,175
Other		<b>55,570</b>	51,018	<b>75,238</b>	67,222
Deferred income		<b>133</b>	74	<b>4,500</b>	6,625
Shareholders' equity	<b>21</b>	<b>10,397,978</b>	<b>10,374,022</b>	<b>10,397,978</b>	10,374,022
Capital		<b>6,575,198</b>	6,575,198	<b>6,575,198</b>	6,575,198
Capital reserves		<b>2,670,488</b>	2,670,488	<b>2,670,488</b>	2,670,488
Legal reserve		<b>657,311</b>	662,892	<b>657,311</b>	662,892
Retained earnings		<b>494,981</b>	465,444	<b>494,981</b>	465,444
Total liabilities and shareholders' equity		<b>17,796,909</b>	18,256,744	<b>18,145,740</b>	18,623,220

See accompanying notes.

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

STATEMENTS OF INCOME

Three-month periods ended June 30, 2008 and June 30, 2007

(In thousands of reais □ R\$, except earnings per share)

(A free translation of the original report issued in Portuguese)

	Note	Parent Company		Consolidated	
		06/30/08	06/30/07	06/30/08	06/30/07
Gross operating revenue	22	10,639,715	10,181,500	11,173,828	10,662,159
Revenue deductions	22	(3,390,394)	(3,140,385)	(3,446,585)	(3,288,172)
Net operating revenue	22	7,249,321	7,041,115	7,727,243	7,373,987
Cost of services provided	23	(3,892,952)	(3,715,377)	(4,190,504)	(3,922,395)
Gross profit		3,356,369	3,325,738	3,536,739	3,451,592
Operating expenses		(1,599,582)	(1,526,092)	(1,753,204)	(1,627,139)
Selling	24	(1,109,173)	(1,116,656)	(1,180,854)	(1,145,292)
General and administrative	25	(368,412)	(471,034)	(432,462)	(509,203)
Equity accounting in subsidiaries	10	4,408	11,863	5,732	(4,351)
Other operating income (expense), net	27	(126,405)	49,735	(145,620)	31,707
Income from operations before financial income (expense)		1,756,787	1,799,646	1,783,535	1,824,453
Financial income	26	137,755	131,048	145,040	136,719
Financial expense	26	(447,714)	(515,458)	(461,465)	(520,713)
Operating income		1,446,828	1,415,236	1,467,110	1,440,459
Nonoperating income, net	28	(1,037)	113,656	(2,540)	114,086
Income before income tax and social contribution		1,445,791	1,528,892	1,464,570	1,554,545
Income and social contribution taxes	29	(521,042)	(554,450)	(539,821)	(580,103)
Reversal of interest on shareholders' equity		200,000	221,000	200,000	221,000
Net income		1,124,749	1,195,442	1,124,749	1,195,442
Outstanding number of shares at the balance sheet date □ in thousands	21	505,841	505,841		
Earnings per share - R\$		2.22352	2.36328		

See accompanying notes.

## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### NOTES TO QUARTERLY INFORMATION

June 30, 2008

(In thousands of reais, unless otherwise stated)

(A free translation of the original report issued in Portuguese)

## 1. Operations and Background

### a) Controlling shareholders

Telecomunicações de São Paulo S.A. - Telesp (hereinafter Telesp or Company), is headquartered at Rua Martiniano de Carvalho, 851, in the capital of the State of São Paulo. Telesp belongs to the Telefónica Group, telecommunications industry leader in Spain and present in several European and Latin American countries. The Company is controlled by Telefónica S.A., which as of June 30, 2008, holds total indirect interest of 87.95% of which 85.57% are common shares and 89.13% are preferred shares.

### b) Operations

The Company's basic business purpose is the rendering of fixed wire telephone services in the state of São Paulo mainly in the São Paulo township, the biggest city of Brazil, under Fixed Switch Telephone Service Concession Agreement - STFC granted by the National Communications Agency (ANATEL), which is in charge of regulating the telecommunications sector in Brazil. The Company has also authorizations from ANATEL, directly or through its subsidiaries, to provide other telecommunications services, such as data communication to the business market and broadband internet services under the *Speedy* brand and since the second 2007 half, pay TV services (i) by satellite all over the country (Telefônica TV Digital) and (ii) using MMDS technology in the cities of São Paulo, Rio de Janeiro, Curitiba and Porto Alegre.

The Company is registered with the Brazilian Securities Commission (CVM) as a publicly held company and its shares are traded on the São Paulo Stock Exchange (BOVESPA). The Company is also registered with the US Securities and Exchange Commission (SEC) and its American Depository Shares (ADSs - level II) are traded on the New York Stock Exchange (NYSE).

### c) The STFC concession agreement



The Company is a concessionaire of the Fixed Switch Telephone Service (STFC) to render local and domestic long-distance calls originated in Region 3, which comprises the largest part of the State of São Paulo, in Sectors 31, 32 and 34, established in the General Concession Plan (PGO).

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### NOTES TO QUARTERLY INFORMATION (Continued)

June 30, 2008

(In thousands of reais, unless otherwise stated)

(A free translation of the original report issued in Portuguese)

#### 1. Operations and Background (Continued)

##### c) The STFC concession agreement (Continued)

The Concession Agreement's renewal, dated December 22, 2005, in force since January 1, 2006, awarded as an onerous title, will be valid until December 31, 2025.

However, the agreement can be reviewed on December 31, 2010, 2015 and 2020. Such condition allows ANATEL to set up new requirements and goals for universalization and quality of telecommunication services, according to the conditions in force by that moment.

The Concession Agreement establishes that all assets owned by the Company and which are indispensable to the provision of the services described on such agreement are considered reversible assets and are deemed to be part of the concession assets. These assets will be automatically returned to ANATEL upon expiration of the concession agreement, according to the regulation in force by that moment. On June 30, 2008, the net book value of reversible assets is estimated at R\$7,183,807 (R\$7,489,645 on March 31, 2008), comprised mainly of switching and transmission equipment and public use terminals, external network equipment, energy equipment and system and operation support equipment.

Every two years, during the agreement's new 20-year period, public regime companies will have to pay a renewal fee which will correspond to 2% of its prior-year SFTC revenue, net of taxes and social contributions. The first

payment of this biannual fee has occurred on April 30, 2007 by value of R\$224,760 based on the 2006 STFC net revenues. The next payment is schedule to April 30, 2009.

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### NOTES TO QUARTERLY INFORMATION (Continued)

June 30, 2008

(In thousands of reais, unless otherwise stated)

(A free translation of the original report issued in Portuguese)

#### 1. Operations and Background (Continued)

##### d) Subsidiaries

The chart below sets out the list of direct and indirect subsidiaries of the Company as well as the percentage ownership shareholdings:

<u>Subsidiaries</u>	<u>Jun/2008</u>	<u>Mar/2008</u>	<u>Jun/2007</u>
A.Telecom S.A. (2.a)	100%	100%	100%
Telefônica Data S.A. (a)	100%	100%	100%
TS Tecnologia da Informação Ltda.	100%	100%	100%
Telefônica Televisão Participações S.A. (b)	100%	100%	-
Telefônica Sistemas de Televisão S.A. (c)	100%	100%	-
Aliança Atlântica Holding B.V.	50%	50%	50%
Companhia AIX de Participações	50%	50%	50%
Companhia ACT de Participações	50%	50%	50%

(a) Former Telefônica Empresas S.A.

(b) Former Navytree Participações S.A.

(c) Former Lighttree Participações S.A.

#### 2. Corporate Restructuring in 2007 and 2008

##### a) Capital increase in Telefonica Televisão Participações S.A.

On February 29, 2008, the Company increased capital of Telefônica Televisão Participações S.A. Televisão using shares of A.Telecom held by it. With this operation, A.Telecom became a wholly-owned subsidiary of Telefonica Televisão Participações S.A.

b) Acquisition of Telefônica Televisão Participações S.A.

On October 31, 2007, ANATEL concluded the regulatory analysis of the association between Abril Group and the Company signed on October 29, 2006, and approved such operation.

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

## NOTES TO QUARTERLY INFORMATION (Continued)

June 30, 2008

(In thousands of reais, unless otherwise stated)

(A free translation of the original report issued in Portuguese)

**2. Corporate Restructuring in 2007 and 2008** (Continued)b) Acquisition of Telefônica Televisão Participações S.A. (Continued)

Accordingly, the Company acquired 100% of the capital of Telefonica Televisão Participações S.A., a company that owns interests in companies providing subscription TV services. Telefonica Televisão holds the following ownership interests:

	<b>Shareholders Interest</b>	
	<b>ON</b>	<b>PN</b>
Telefônica Sistemas de Televisão S.A.	100.00%	-
Comercial Cabo TV São Paulo S.A.	19.90%	100.00%
Lemontree Participações S.A.	-	100.00%
TVA Sul Paraná S.A.	49.90%	100.00%
GTR-T Participações e Empr.S.A.	-	100.00%

**3. Presentation of the Quarterly Information**

The individual and consolidated quarterly information as of June 30, 2008 was prepared in accordance with accounting practices adopted in Brazil, with comprise, among others, the rules applicable to concessionaires of public telecommunications services and the accounting standards and procedures established by the Brazilian Securities Commission (CVM), including CVM Ruling No. 469/08. Quarterly information shall be analyzed together with financial statements for the last fiscal year.

Assets and liabilities are classified as "current" when their realization or liquidation will probably occur in the next twelve months. Otherwise, they will be classified as non-current assets and liabilities.

Accounting estimates are considered for the quarterly financial information preparation process. Such estimates are based on objective and subjective factors according to management's judgment for the appropriate amounts to be recorded in the quarterly financial information.

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## **TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

### **NOTES TO QUARTERLY INFORMATION (Continued)**

June 30, 2008

(In thousands of reais, unless otherwise stated)

(A free translation of the original report issued in Portuguese)

### **3. Presentation of the Quarterly Information (Continued)**

Transactions, which involve estimates mentioned above, may result in amounts different those recorded in the quarterly financial information when realized in subsequent periods due to inaccurate results regarding the estimate process. The Company revises its estimates and assumptions periodically.

The consolidated quarterly financial information includes the accounts and transactions of direct and indirect subsidiaries according to the equity holdings described in the note 1.d.

In consolidation, all assets, liabilities, revenues and expenses resulting from intercompany transactions and equity holdings between the Company and your subsidiaries have been eliminated.

#### **3.1 Changes in Brazil's Corporation Law (6,404/76)**

On January 1, 2008, Law No. 11,638 became effective substantially amending the Chapter XV of Law No. 6,404 (Corporation Law), which addresses the Financial Statements.

On May 2, 2008, CVM issued CVM Ruling No. 469 establishing certain definitions for application of the new accounting practices introduced by Law No. 11,638. Among these definitions, it established that the provisions of Law No. 11,638 must be applied to financial statements for 2008, however, application thereof to Quarterly Financial Information (ITR) is optional.

#### **3.2 Changes applied in this Quarterly Financial Information (ITR)**

On the terms of CVM Ruling No. 469 and CVM Communication to Market dated 05/12/2008, the changes introduced by Law No. 11638 and applicable to the Company were considered

in the Quarterly Financial Information at June 30, 2008 and March 31, 2008:

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

NOTES TO QUARTERLY INFORMATION (Continued)

June 30, 2008

(In thousands of reais, unless otherwise stated)

(A free translation of the original report issued in Portuguese)

**3. Presentation of the Quarterly Information** (Continued)

**3.2 Changes applied in this Quarterly Financial Information (ITR)**  
(Continued)

a) Present value of certain noncurrent assets and liabilities

Application of the reduction to present value of noncurrent assets generated effect on the Company's consolidated results of R\$(46) and R\$(641) in the periods ended June 30, 2008 and March 31, 2008, respectively. This adjustment was applied to ICMS credits, which may be used within 48 months.

b) Treatment of donations and investment grants

The balance existing at December 31, 2007, in the amount of R\$9,824, is maintained in capital reserve account in shareholders' equity, and may be used in the situations provided for by Law No. 6404/76. As from 2008, additions were provisionally recorded in liabilities as deferred income, whose effect at June 30, 2008 was R\$133 (R\$74 at March 31, 2008).

In addition, the Company applied in this Quarterly Financial Information (ITR) the provisions of CVM Resolution No. 534, which approved CPC Statement 02, which regulates financial statements currency translation. As from 2008, the effects related to exchange variation on shareholders' equity of foreign subsidiary were recognized directly in the Company's shareholders' equity. The amounts

recorded in Equity Valuation Adjustments were R\$(2,245) and R\$3,336 at June 30, 2008 and March 31, 2008, respectively.

Comparative information for the same 2007 period related to item (b) above was adjusted and the recognized effects are mentioned in Notes 26 and 29.

The March 31, 2008 Quarterly Financial Information was adjusted to consider the following effects from CVM Ruling No. 469/08, described in items (a) and (b) above and CVM Resolution No. 534:

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### NOTES TO QUARTERLY INFORMATION (Continued)

June 30, 2008

(In thousands of reais, unless otherwise stated)

(A free translation of the original report issued in Portuguese)

### 3. Presentation of the Quarterly Information (Continued)

#### 3.2 Changes applied in this Quarterly Financial Information (ITR) (Continued)

##### b) Treatment of donations and investment grants (Continued)

Consolidated	Net Income	Shareholders' Equity
March 31, 2008 Quarterly Information - ITR	490,321	10,395,637
- Discount of noncurrent assets to present value	(641)	(32,638)
- Deferred taxes	218	11,097
- Exchange variation on foreign investments	(3,336)	-
- Donations and investment grants	-	(74)
Adjusted March 31, 2008 Quarterly Information □ ITR	486,562	10,374,022

### 3.3 Other changes introduced by Law No. 11,638

The other changes introduced by the Law depend on specific regulation by relevant regulatory agencies for the application thereof. The Company will monitor regulation of these matters during 2008.

We set out below the other changes introduced by the Law, as well as the estimated effects on the Company's consolidated financial position and results at June 30, 2008, as applicable:

- a) Introduction of market or fair value concept in the valuation of certain financial assets and liabilities instruments, including derivatives.

The Company presents financial liabilities from loans and financing for which it has derivatives with the objective of reducing exchange and interest rate risk (Note 33). Using as a reference international standard (IAS 39) that addresses the accounting recognition of financial instruments, there would be effectiveness between asset and liability positions, as such, the debt and its respective derivatives should be recognized at fair value at quarterly financial information date. This would have a net effect on the financial position and result of operations for the period ended June 30, 2008 of R\$9,222 and R\$(9,870), respectively. The effect on the financial position at December 31, 2007 would be of R\$19,092.

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

NOTES TO QUARTERLY INFORMATION (Continued)

June 30, 2008

(In thousands of reais, unless otherwise stated)

(A free translation of the original report issued in Portuguese)

### 3. Presentation of the Quarterly Information (Continued)

#### 3.3 Other changes introduced by Law No. 11,638 (Continued)

- b) Inclusion of Equity Valuation Adjustment in shareholders' equity to consider records of events not going through P&L for the year while not realized, especially adjustment to market value of financial asset instruments

classified as available for sale.

The Company has investments in certain listed companies. At June 30, 2008, this investment portfolio is stated at market value of R\$214,032 (Note 33), which would correspond to an equity adjustment of R\$80,851. The effect on the financial position at December 31, 2007 would be an adjustment of R\$153,355.

- c) Expansion of the concept of fixed assets, including the possibility of recognition in situations in which there is transfer of risks, rewards and control over the assets;
- d) Limitation of items that may be recorded in deferred charges;
- e) Recording of assets and liabilities at market value in takeover, merger and spin-off operations, whenever (i) there is controlling interest transfer, and (ii) the operations are conducted between independent parties;
- f) Elimination of the possibility of voluntary revaluation of assets and treatment of the revaluation reserve balance at December 31, 2007;
- g) Change in the concept of affiliated and subsidiary companies under common control;
- h) Introduction of tax incentive reserve, exclusively for donations and government investment grants.
- i) Compulsory periodic analysis of recoverability of amounts recorded in fixed, intangible and deferred assets.
- j) Replacement of the Statement of Changes in Financial Position for the Statement of Cash Flows;



June 30, 2008

(In thousands of reais, unless otherwise stated)

(A free translation of the original report issued in Portuguese)

**3. Presentation of the Quarterly Information** (Continued)**3.3 Other changes introduced by Law No. 11,638** (Continued)

- k) Compulsory preparation of the Statement of Value Added;
- l) Possibility of including tax bookkeeping in commercial bookkeeping segregating commercial and tax statements.

In relation to item i) above, CVM issued CVM Resolution No. 527, which approves CPC Statement 01 and addresses the reduction of assets at recoverable value, applicable as from 2008. The Company will make necessary valuations required by said statement in the course of the last 2008 half.

**4. Cash and Cash Equivalents**

	Parent Company		Consolidated	
	Jun/2008	Mar/ 2008	Jun/ 2008	Mar/2008
Bank accounts	11,724	429	14,523	735
Short-term investments	379,182	820,501	451,644	897,103
Total	390,906	820,930	466,167	897,838

Short-term investments are indexed under CDI (Certificate for Inter-bank Deposits) rate variation, which are readily liquid and maintained with reputable financial institutions.

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**5. Trade Accounts Receivable, Net**

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>Jun/2008</b>	<b>Mar/2008</b>	<b>Jun/2008</b>	<b>Mar/2008</b>
Billed amounts	<b>2,335,273</b>	2,249,188	<b>2,445,627</b>	2,342,943
Accrued unbilled amounts	<b>1,156,857</b>	1,180,424	<b>1,288,370</b>	1,323,140
Gross accounts receivable	<b>3,492,130</b>	3,429,612	<b>3,733,997</b>	3,666,083
Allowance for doubtful accounts	<b>(711,629)</b>	(765,701)	<b>(781,970)</b>	(825,573)
<b>Total</b>	<b>2,780,501</b>	2,663,911	<b>2,952,027</b>	2,840,510
Current	<b>1,786,079</b>	1,770,500	<b>2,027,401</b>	2,062,868
Past-due □ 1 to 30 days	<b>517,267</b>	493,500	<b>541,283</b>	513,248
Past-due □ 31 to 60 days	<b>181,514</b>	169,632	<b>186,150</b>	159,452
Past-due □ 61 to 90 days	<b>100,507</b>	86,783	<b>91,600</b>	100,129
Past-due □ 91 to 120 days	<b>74,562</b>	75,073	<b>71,482</b>	68,525
Past-due □ more than 120 days	<b>832,201</b>	834,124	<b>816,081</b>	761,861
<b>Total</b>	<b>3,492,130</b>	3,429,612	<b>3,733,997</b>	3,666,083

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

NOTES TO QUARTERLY INFORMATION (Continued)

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**6. Deferred and Recoverable Taxes**

	Parent Company		Consolidated	
	Jun/2008	Mar/2008	Jun/2008	Mar/2008
Withholding taxes	<b>29,584</b>	18,265	<b>40,118</b>	27,282
Recoverable income tax contribution and social	<b>118,093</b>	117,599	<b>123,494</b>	122,207
Deferred taxes	<b>927,493</b>	929,655	<b>974,061</b>	976,090
Tax loss carry-forwards □ Income tax	-	-	<b>1,855</b>	3,552
Tax loss carry-forwards □ Social contribution tax	-	-	<b>111</b>	482
Reserve for contingencies	<b>340,299</b>	328,249	<b>340,628</b>	328,568
Post-retirement benefit plans	<b>34,314</b>	33,380	<b>34,314</b>	33,380
Allowance for doubtful accounts	<b>80,429</b>	83,584	<b>95,216</b>	96,010
Allowance for reduction of inventory to market value	<b>30,104</b>	29,797	<b>30,104</b>	29,797
Merged tax credit (a)	<b>86,550</b>	93,527	<b>86,550</b>	93,527
Income tax on other temporary differences	<b>261,615</b>	265,529	<b>283,296</b>	287,344
Social contribution tax on other temporary differences	<b>94,182</b>	95,589	<b>101,987</b>	103,430
ICMS (state VAT) (b)	<b>348,932</b>	375,111	<b>408,837</b>	430,837
Other	<b>4,154</b>	5,069	<b>13,378</b>	11,227
<b>Total</b>	<b>1,428,256</b>	1,445,699	<b>1,559,888</b>	<u>1,567,643</u>
Current	<b>918,410</b>	940,419	<b>1,034,832</b>	1,046,163
Non-current	<b>509,846</b>	505,280	<b>525,056</b>	521,480

(a) Amount recorded by the Company as a result of the spin-off of Telefonica Data S.A. (former Telefonica Empresas S.A.) in July 2006.

(b) Refers to credits on the acquisition of property, plant and equipment items, available for offset against VAT obligations in 48 months.

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### NOTES TO QUARTERLY INFORMATION (Continued)

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**6. Deferred and Recoverable Taxes** (Continued)Deferred income and social contribution taxes

Considering the existence of taxable income in the last five fiscal years and the expected generation of future taxable profit discounted to present value based on a technical and feasibility business plan, approved by the Board of Directors on December 10, 2007, as provided for CVM Instruction No. 371/2002, the Company estimates the realization of the deferred taxes as follows:

Year	Parent Company	Consolidated
2008	352,355	386,915
2009	253,496	263,707
2010	95,186	95,712
2011	53,977	54,359
Thereafter	172,479	173,368
	<b>927,493</b>	<b>974,061</b>
Total		

The recoverable amounts above are based on projections subject to changes in the future.

Merged tax credit

Generated from the acquisition of investment from Figueira Administração e Participações S.A. in 2001, which held telecommunications network operating assets of Banco Itaú S.A. as well as the investments at Galáxia Administrações e Participações S.A., a company that owns the Multimedia Communication Service (SCM) authorization.

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

## NOTES TO QUARTERLY INFORMATION (Continued)

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**6. Deferred and Recoverable Taxes (Continued)**Merged tax credit (Continued)

The book entries maintained for Company's corporate and tax purposes were based on specific goodwill and provision accounts (merged), and the corresponding amortization, provision reversal and, the tax credit realization are as follows:

**Parent Company/Consolidated**

	<u>Jun/2008</u>	<u>Mar/2008</u>
<u>Balance Sheet</u>		
Goodwill, net of accumulated amortization	<b>254,556</b>	275,079
Provision, net of reversals	<b>(168,008)</b>	(181,552)
Net amount of tax credit	<b>86,550</b>	93,527
<u>Income Statement</u>		
	<u>Jun/2008</u>	<u>Jun/2007</u>
Goodwill amortization in the year	<b>(41,043)</b>	(41,043)
Reversal of provision in the year	<b>27,088</b>	27,088
Tax credit in the year	<b>13,955</b>	13,955
Effect on P&L in the year	-	-

As presents above, goodwill amortization, net of provision reversal and of the corresponding tax credit, do not affect the net income of the period.

For presentation purposes, the net amount of R\$86,550 (R\$58,641 under non-current assets and R\$27,909 under current assets), basically represented by merged tax credit, was classified in the balance sheet as deferred and recoverable taxes. Goodwill amortization and provision reversal are recognized in the accounting records as operating income and expenses, and the related tax credit is recognized as provision for income and social contribution taxes.

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**7. Inventories**

	Parent Company		Consolidated	
	Jun/2008	Mar/2008	Jun/2008	Mar/2008
Consumption materials	<b>120,280</b>	112,686	<b>120,513</b>	112,843
Resale items	<b>58,388</b>	58,662	<b>88,401</b>	90,554
Public telephone prepaid cards	<b>12,125</b>	10,149	<b>12,125</b>	10,149
Scraps	<b>157</b>	218	<b>158</b>	218
Allowance for reduction to market value and obsolescence	<b>(88,540)</b>	(87,639)	<b>(89,057)</b>	(88,150)
Total current	<b>102,410</b>	94,076	<b>132,140</b>	125,614

The allowance for reduction to recoverable value and obsolescence takes into account timely analyses carried out by the Company.

**8. Other Assets**

	Parent Company		Consolidated	
	Jun/2008	Mar/2008	Jun/2008	Mar/2008
Advances to employees	<b>17,501</b>	5,413	<b>22,602</b>	6,406
Advances to suppliers	<b>18,759</b>	18,625	<b>20,599</b>	20,580
Prepaid expenses	<b>99,675</b>	107,268	<b>100,503</b>	108,717
Receivables from Barramar S.A. (a)	-	-	<b>58,535</b>	58,751
Intercompany receivables (Note 30)	<b>126,603</b>	219,006	<b>106,261</b>	97,292
Amounts linked to National Treasury securities	<b>10,855</b>	10,672	<b>10,855</b>	10,672
Advances for future capital increases (b)	<b>40,010</b>	-	-	-
Other assets	<b>58,038</b>	62,116	<b>81,100</b>	89,225
Total	<b>371,441</b>	423,100	<b>400,455</b>	391,643
Current	<b>264,569</b>	357,205	<b>275,047</b>	254,908
Non-current	<b>106,872</b>	65,895	<b>125,408</b>	136,735

- (a) Refers to receivables from Barramar S.A. recorded by the Companhia AIX de Participações, net of allowance for losses.
- (b) Advances for future capital increases R\$10,010 to Telefônica Televisão Participações S.A. and R\$30.000 to Telefônica Data S.A.

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### NOTES TO QUARTERLY INFORMATION (Continued)

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### 9. Escrow Deposits

	Parent Company		Consolidated	
	Jun/2008	Mar/2008	Jun/2008	Mar/2008
Civil litigation	<b>180,696</b>	165,055	<b>180,733</b>	165,091
Tax litigation	<b>256,553</b>	253,451	<b>283,635</b>	256,086
Labor claims	<b>66,611</b>	77,032	<b>66,684</b>	77,107
Judicial Blocked	<b>83,329</b>	66,667	<b>83,346</b>	66,667
Total non-current	<b>587,189</b>	562,205	<b>614,398</b>	564,951

### 10. Investments

	Parent Company		Consolidated	
	Jun/2008	Mar/2008	Jun/2008	Mar/2008
Investments carried under the equity method	<b>947,830</b>	650,579	-	-
Telefônica Televisão Participações S.A.	<b>678,723</b>	528,390	-	-
Telefônica Data S.A.	<b>153,912</b>	4,617	-	-

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Aliança Atlântica Holding B.V.	<b>58,904</b>	60,581	-	-
Companhia AIX de Participações	<b>56,270</b>	56,969	-	-
Companhia ACT de Participações	<b>21</b>	22	-	-
Investments in associates	-	-	<b>33,768</b>	28,966
GTR Participações e Empreendimentos S.A.	-	-	<b>1,758</b>	1,686
Lemontree Participações S.A.	-	-	<b>8,323</b>	6,862
Comercial Cabo TV São Paulo S.A.	-	-	<b>18,331</b>	14,994
TVA Sul Paraná S.A.	-	-	<b>5,356</b>	5,424
Negative and positive goodwill on acquisition of investments (see table below)	<b>885,355</b>	912,849	<b>889,722</b>	919,400
Investments carried at cost	<b>96,304</b>	96,304	<b>147,419</b>	152,606
Portugal Telecom	<b>75,362</b>	75,362	<b>124,502</b>	129,489
Zon Multimédia	<b>6,704</b>	6,704	<b>8,679</b>	8,879
Other investments, net of provision for losses	<b>14,238</b>	14,238	<b>14,238</b>	14,238
Total	<b>1,929,489</b>	1,659,732	<b>1,070,909</b>	1,100,972

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

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**10. Investments (Continued)**

Breakdown of goodwill (negative goodwill) on investment acquisition, net of amortization, is as follows:

<u>Parent Company</u>	<u>Jun/2008</u>	<u>Mar/2008</u>
Companhia AIX de Participações	<b>(4,367)</b>	(6,551)
TS Tecnologia da Informação Ltda.	<b>945</b>	945
Santo Genovese Participações Ltda.	<b>77,883</b>	80,878



Telefônica Televisão Participações S.A.	<b>810,894</b>	837,577
	<hr/>	<hr/>
Total	<b>885,355</b>	912,849
	<hr/>	<hr/>

The Company's equity in subsidiaries is as follows:

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>Jun/2008</b>	<b>Jun/2007</b>	<b>Jun/2008</b>	<b>Jun/2007</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Aliança Atlântica	<b>3,915</b>	(1,147)	-	(4,351)
A. Telecom (a)	<b>13,096</b>	45,561	<b>15</b>	-
Companhia AIX de Participações	<b>213</b>	(4,489)	-	-
Companhia ACT de Participações	<b>(2)</b>	-	-	-
Telefonica Data S.A.	<b>(19,041)</b>	(28,062)	-	-
Telefônica Televisão Participações S.A.	<b>6,227</b>	-	-	-
GTR Participações e Empreendimentos S.A	-	-	<b>(289)</b>	-
Lemontree Participações S.A.	-	-	<b>2,193</b>	-
Comercial Cabo TV São Paulo S.A.	-	-	<b>4,986</b>	-
TVA Sul Paraná S.A.	-	-	<b>(1,173)</b>	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>4,408</b>	11,863	<b>5,732</b>	(4,351)
	<hr/>	<hr/>	<hr/>	<hr/>

(a) This refers to income from January to February of 2008, recorded by A.Telecom, which became a wholly-owned subsidiary of Telefonica Televisão Participações S.A. (Note 2.a).

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### NOTES TO QUARTERLY INFORMATION (Continued)

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### 11. Property, Plant and Equipment, Net

**Parent Company**

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		<b>Jun/2008</b>			
	<b>Annual depreciation rate %</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>	<b>Cost</b>
Property, plant and equipment in service		<b>40,845,196</b>	<b>(32,121,364)</b>	<b>8,723,832</b>	40,714,452
	<b>12.50 to</b>				
Switching and transmission equipment	<b>20.00</b>	<b>17,238,294</b>	<b>(14,967,644)</b>	<b>2,270,650</b>	17,177,937
Transmission equipment, overhead, underground and building cables, teleprinters, PABX, energy equipment and furniture	<b>10.00</b>	<b>12,408,311</b>	<b>(9,881,039)</b>	<b>2,527,272</b>	12,435,013
	<b>20.00 and</b>				
Transmission equipment - modems	<b>25.00</b>	<b>1,209,449</b>	<b>(889,663)</b>	<b>319,786</b>	1,128,535
Underground and undersea cables, poles and Towers	<b>5.00 to 6.67</b>	<b>413,743</b>	<b>(253,365)</b>	<b>160,378</b>	412,720
Subscriber, public and booth equipment	<b>12.50</b>	<b>2,117,809</b>	<b>(1,654,028)</b>	<b>463,781</b>	2,105,134
IT equipment	<b>20.00</b>	<b>572,455</b>	<b>(502,026)</b>	<b>70,429</b>	572,139
Buildings and underground cables	<b>4.00</b>	<b>6,544,124</b>	<b>(3,897,947)</b>	<b>2,646,177</b>	6,536,634
Vehicles	<b>20.00</b>	<b>51,069</b>	<b>(35,848)</b>	<b>15,221</b>	59,801
Land	-	<b>228,117</b>	-	<b>228,117</b>	228,136
	<b>4.00 to</b>				
Other	<b>20.00</b>	<b>61,825</b>	<b>(39,804)</b>	<b>22,021</b>	58,403
Property, plant and equipment in progress	-	<b>470,879</b>	-	<b>470,879</b>	333,394
Total		<b>41,316,075</b>	<b>(32,121,364)</b>	<b>9,194,711</b>	41,047,846
Average annual depreciation rates - %		<b>10.21</b>			10.14
Assets fully depreciated		<b>19,457,107</b>			18,967,139

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**11. Property, Plant and Equipment, Net (Continued)**

	Annual depreciation rate%	Consolidated			
		Cost	Accumulated depreciation	Net book value	
		Jun/2008			
		Cost	Accumulated depreciation	Net book value	Cost
Property, plant and equipment		<b>41,988,619</b>	<b>(32,599,655)</b>	<b>9,388,964</b>	41,757,958
Switching and transmission equipment	<b>12.50 to 20.00</b>	<b>17,259,972</b>	<b>(14,977,458)</b>	<b>2,282,514</b>	17,199,610
Transmission equipment, overhead, underground and building cables, teleprinters, PABX, energy equipment and furniture	<b>10.00</b>	<b>12,585,155</b>	<b>(9,913,460)</b>	<b>2,671,695</b>	12,593,684
Transmission equipment - modems	<b>20.00</b>	<b>1,436,536</b>	<b>(934,141)</b>	<b>502,395</b>	1,297,041
Underground and undersea cables, poles and towers	<b>5.00 to 6.67</b>	<b>427,518</b>	<b>(257,002)</b>	<b>170,516</b>	426,490
Subscriber, public and booth equipment	<b>12.50</b>	<b>2,179,802</b>	<b>(1,688,014)</b>	<b>491,788</b>	2,167,168
IT equipment	<b>20.00</b>	<b>689,591</b>	<b>(550,499)</b>	<b>139,092</b>	688,779
Buildings and underground cables	<b>4.00</b>	<b>6,546,323</b>	<b>(3,899,658)</b>	<b>2,646,665</b>	6,538,834
TV equipment	<b>8.00 to 20.00</b>	<b>442,131</b>	<b>(256,202)</b>	<b>185,929</b>	420,038
Vehicles	<b>20.00</b>	<b>52,463</b>	<b>(36,891)</b>	<b>15,572</b>	61,185
Land	-	<b>228,117</b>	-	<b>228,117</b>	228,130
Other	<b>4.00 to 20.00</b>	<b>141,011</b>	<b>(86,330)</b>	<b>54,681</b>	136,981
Provision for losses		<b>(3,953)</b>	-	<b>(3,953)</b>	(3,323)
Property, plant and equipment in progress	-	<b>577,820</b>	-	<b>577,820</b>	438,817
Total		<b>42,562,486</b>	<b>(32,599,655)</b>	<b>9,962,831</b>	42,193,452
Average annual depreciation rates - %		<b>10.40</b>			10.33
Assets fully depreciated		<b>19,718,401</b>			19,220,830

**12. Intangible Assets Net**

	Annual depreciation rate %	Cost	Parent Company		
			Jun/2008	Cost	
			Accumulated depreciation	Net book value	
Trademarks and patents	10.00	1,511	(1,511)	-	1,511
Software	20.00	2,140,048	(1,442,484)	697,564	2,100,100
Other	20.00	158,714	(127,430)	31,284	158,714
Total		2,300,273	(1,571,425)	728,848	2,260,323
Average annual depreciation rates %		20.00			20.00
Assets fully depreciated		800,570			774,868

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**12. Intangible Assets Net (Continued)**

	Consolidated	
	Jun/2008	Mar/2008

	<b>Annual depreciation rate%</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>	<b>Cost</b>	<b>Accumula deprecia</b>
Trademarks and patents	<b>10.00</b>	<b>1,536</b>	<b>(1,511)</b>	<b>25</b>	1,536	(1,511)
Software	<b>20.00</b>	<b>2,299,371</b>	<b>(1,573,972)</b>	<b>725,399</b>	2,259,041	(1,498,972)
Other	<b>20.00</b>	<b>169,569</b>	<b>(131,814)</b>	<b>37,755</b>	169,690	(127,814)
Total		<b>2,470,476</b>	<b>(1,707,297)</b>	<b>763,179</b>	2,430,267	(1,627,796)
Average annual depreciation rates %		<b>20.00</b>			20.00	
Assets fully depreciated		<b>908,724</b>			812,571	

### 13. Deferred Charges

Deferred charges as of June 30, 2008 and March, 31, 2008 are as follows:

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>Jun/2008</b>	<b>Mar/2008</b>	<b>Jun/2008</b>	<b>Mar/2008</b>
Pre-operating expenses	-	-	<b>3,158</b>	3,403
Cost	-	-	<b>9,491</b>	139,251
Accumulated amortization	-	-	<b>(6,333)</b>	(135,848)
Goodwill on acquisition of the IP network	<b>32,652</b>	34,466	<b>32,652</b>	34,466
Cost	<b>72,561</b>	72,561	<b>72,561</b>	72,561
Accumulated amortization	<b>(39,909)</b>	(38,095)	<b>(39,909)</b>	(38,095)
Spanish and Figueira goodwill (merged from TDBH)	<b>167,046</b>	180,590	<b>167,046</b>	180,590
Cost	<b>301,276</b>	301,276	<b>301,276</b>	301,276
Accumulated amortization	<b>(134,230)</b>	(120,686)	<b>(134,230)</b>	(120,686)
Other	-	-	<b>4,162</b>	4,491
Cost	-	-	<b>12,059</b>	12,059
Accumulated amortization	-	-	<b>(7,897)</b>	(7,568)

199,698215,056207,018222,950

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**14. Loans and Financing**

	Parent Company/Consolidated			Balance as of Jun/2008		
	Currency	Annual interest rate	Maturity	Current	Long-term	Total
Loans and financing - BNDES	URTJLP	9.73%	Up to 2015	<b>9,563</b>	<b>801,276</b>	<b>810,839</b>
☐Mediocrédito☐	US\$	1.75%	2014	<b>4,994</b>	<b>23,940</b>	<b>28,934</b>
Loans in foreign currency (*)			Up to 2009	<b>330,205</b>	<b>50,531</b>	<b>380,736</b>
Total company				<b>344,762</b>	<b>875,747</b>	<b>1,220,509</b>
Working capital loan in foreign currency (*)			Up to 2009	<b>30,759</b>	-	<b>30,759</b>
Total Consolidated				<b>375,521</b>	<b>875,747</b>	<b>1,251,268</b>
	Parent Company/Consolidated			Balance as of Mar/2008		

	<u>Currency</u>	<u>Annual interest rate</u>	<u>Maturity</u>	<u>Current</u>	<u>Long- term</u>	<u>Total</u>
Loans and financing - BNDES	URTJLP	9.73%	Up to 2015	9,349	800,795	810,144
☐Mediocrédito☐	US\$	1.75%	2014	5,349	26,304	31,653
Loans in foreign currency (*)			Up to 2009	380,599	58,929	439,528
Total company				395,297	886,028	1,281,325
Working capital loan in foreign currency (*)	R\$		Up to 2009	35,811	-	35,811
Total Consolidated				431,108	886,028	1,317,136

The loan obtained from the National Bank for Social and Economic Development (*BNDES*) includes covenants relating to financial ratios, which have been fully met as of date.

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### NOTES TO QUARTERLY INFORMATION (Continued)

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#### 14. Loans and Financing (Continued)

(\*) Loans in foreign currency are as follows:

<u>Consolidated</u>	<u>Currency</u>	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance as of Jun/2008</u>
☐Resolução 2770☐	JPY	0.50% to 5.78%	201,412	3,051	204,463
☐Resolução 2770☐	EUR	5.74%	62,159	1,508	63,667

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☐Resolução 2770☐	JPY	1.00%	27,907	92	27,999
☐Resolução 2770☐	USD	9.57%	2,700	61	2,761
Untied Loan ☐JBIC	JPY	Libor + 1.25%	111,542	1,063	112,605
			<u>405,720</u>	<u>5,775</u>	<u>411,495</u>

<u>Consolidated</u>	<u>Currency</u>	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance as of Mar/2008</u>
☐Resolução 2770☐	USD	8.60%	2,961	62	3,023
☐Resolução 2770☐	JPY	0.50% to 5.78%	268,511	3,548	272,059
☐Resolução 2770☐	EUR	5.74%	68,505	667	69,172
☐Untied Loan ☐JBIC	JPY	Libor + 1.25%	130,561	524	131,085
			<u>470,538</u>	<u>4,801</u>	<u>475,339</u>

## 15. Debentures

### Parent Company / Consolidated

	<u>Annual interest rate</u>	<u>Maturity</u>	<u>Jun2008</u>	<u>Mar/2008</u>
Debentures	CDI + 0.35%	Up to 2010	<u>1,513,957</u>	<u>1,512,342</u>
Current			<u>13,957</u>	12,342
Non-current			<u>1,500,000</u>	<u>1,500,000</u>

Debenture conditions were renegotiated on September 1, 2007, final date of the first Remuneration period and open of the second Remuneration period. This period is expected to end on the debentures maturity date, on September 1, 2010. Debentures are subject to interest payable on a quarterly basis.



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**16. Taxes Payable**

	Parent Company		Consolidated	
	Jun/2008	Mar/2008	Jun/2008	Mar/2008
Taxes on income (a)				
Income tax	<b>106,619</b>	104,573	<b>108,415</b>	112,309
Social contribution tax	<b>122,076</b>	128,990	<b>122,076</b>	128,990
Indirect taxes				
ICMS (state VAT)	<b>617,705</b>	623,098	<b>661,404</b>	672,359
PIS and COFINS (taxes on revenue)	<b>70,079</b>	70,946	<b>83,459</b>	78,824
Legal Liabilities (b)	<b>24,326</b>	23,818	<b>24,326</b>	23,818
Other (c)	<b>25,357</b>	24,899	<b>35,618</b>	35,464
Total	<b>966,162</b>	976,324	<b>1,035,298</b>	1,051,764
Current	<b>927,570</b>	937,789	<b>996,390</b>	1,012,773
Non-current	<b>38,592</b>	38,535	<b>38,908</b>	38,991

(a) Income and social contribution taxes payable are presented net of payments on an estimate basis (Note 6);

(b) Legal obligations account records tax liabilities, net of judicial deposits, which are being questioned in court, as prescribed by CVM Resolution No, 489/2005;

(c) The item "Others" include values of "FUST" payable R\$140,203 (R\$127,669 as of March 31, 2008), net of judicial deposits of R\$121,564 (R\$109,864 as of March 31, 2008);

**17. Payroll and Related Charges**

	Parent Company		Consolidated	
	Jun/2008	Mar/2008	Jun/2008	Mar/2008
Salaries and fees	<b>21,427</b>	21,088	<b>23,732</b>	22,726
Payroll charges	<b>88,988</b>	84,728	<b>96,695</b>	91,646
Accrued benefits	<b>5,744</b>	3,333	<b>6,086</b>	3,478
Employee profit sharing	<b>50,282</b>	30,328	<b>53,263</b>	32,097

Organizational Restructuring Program	<b>13,976</b>	67,964	<b>13,976</b>	67,964
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>180,417</b>	207,441	<b>193,752</b>	217,911
	<hr/>	<hr/>	<hr/>	<hr/>

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

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**18. Dividends and Interest on Shareholders' Equity**

	<b>Parent Company/Consolidated</b>	
	<b>Jun/2008</b>	<b>Mar/2008</b>
	<hr/>	<hr/>
Interest on shareholders' equity	<b>111,659</b>	273,724
	<hr/>	<hr/>
Telefónica Internacional S.A.	-	118,912
SP Telecomunicações Holding Ltda.	-	36,371
Telefónica Data do Brasil Ltda.	-	2,702
Minority	<b>111,659</b>	115,739
Dividends	<b>330,794</b>	720,043
	<hr/>	<hr/>
Telefónica Internacional S.A.	-	232,676
SP Telecomunicações Holding Ltda.	-	71,168
Telefónica Data do Brasil Ltda.	-	5,288
Minority	<b>330,794</b>	410,911
	<hr/>	<hr/>
Total	<b>442,453</b>	993,767
	<hr/>	<hr/>

**19. Reserves, Net**

The Company, as an entity and also as the successor to the merged companies, and its subsidiaries are involved in labor, tax and civil lawsuits filed with different courts. The Company's management regularly assesses the risk level of each legal claim in order to adopt the adequate accounting treatment. Based on the opinion of its legal advisors, the Company's management establishes provisions for the cases whose unfavorable outcome is deemed probable. The table below shows the breakdown of reserves by nature and activities during the second quarter of 2008:

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### NOTES TO QUARTERLY INFORMATION (Continued)

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#### 19. Reserves, Net (Continued)

Consolidated	Nature			Total
	Labor	Tax	Civil	
Balances as of 03/31/2008	472,001	184,759	231,406	888,166
Additions	12,092	3,470	16,051	31,613
Write-offs	(18,680)	(11)	(8,203)	(26,894)
Monetary restatement	23,935	512	5,259	29,706
Balances as of 06/30/2008	<b>489,348</b>	<b>188,730</b>	<b>244,513</b>	<b>922,591</b>
Escrow deposits	<b>(145,896)</b>	<b>(57,918)</b>	<b>(9,190)</b>	<b>(213,004)</b>
Net balances as of 06/30/2008	<b>343,452</b>	<b>130,812</b>	<b>235,323</b>	<b>709,587</b>
Current	<b>52,631</b>	<b>852</b>	<b>112,313</b>	<b>165,796</b>
Non-current	<b>290,821</b>	<b>129,960</b>	<b>123,010</b>	<b>543,791</b>

#### 19.1. Labor contingencies and reserves

The Company has several reserves related to labor claims, amounting to R\$489,348, consolidated, to cover cases considered as probable of losses. The amounts involved and respective risk levels are as follows:

	Risk	Amount involved		
		Telesp	A,Telecom	Total
Probable		488,661	687	489,348
Possible		1,249	-	1,249
Total		489,910	687	490,597

These contingencies involve several lawsuits, mainly related to wage differences, and equivalence, overtime, employment relationship with employees of outsourced companies and job hazard premium, among others.

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### NOTES TO QUARTERLY INFORMATION (Continued)

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#### 19. Reserves, Net (Continued)

##### 19.2 Tax contingencies and reserves

	Risk	Amount involved			
		Telesp	AIX	A,Telecom	Total
Probable		186,310	2,420	-	188,730
Possible		2,840,054	-	17,042	2,857,096
Total		3,026,364	2,420	17,042	3,045,826

The Company, based on the assessment of the Company's legal counsel and management, a reserve for tax contingencies amounting to R\$188,730 was recorded on June 30, 2008.

In the Second quarter of 2008, there were no significant changes in tax provisions and contingencies as compared to those disclosed in the latest annual financial statements.

### 19.3 Civil contingencies and reserves

	Risk	Amount involved			
		Telesp	Telefonica Televisão	A.Telecom	Total
Probable		244,172	62	279	244,513
Possible		513,496	-	49	513,545
Total		757,668	62	328	758,058

The Company has recorded several provisions for civil suits in the total amount of R\$244,513.

As of June 30, 2008, the Company has a provision of R\$98,785 for fines relating to Administrative Proceedings filed by ANATEL against Telesp, considered by the legal advisors as a probable risk of loss.

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### NOTES TO QUARTERLY INFORMATION (Continued)

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### 19. Reserves, Net (Continued)

#### 19.3

#### Civil contingencies and reserves (Continued)

On May 12, 2008, the Company obtained a favorable ruling on the proceedings related to Telephone

Communitarian Plan (PCT) in the municipalities of Diadema, São Caetano do Sul, São Bernardo do Campo and Ribeirão Pires, with total value of R\$318,555. In view of this fact, the possible risk level of this case has been changed to remote.

## 20. Other Liabilities

	Parent Company		Consolidated	
	Jun/2008	Mar/2008	Jun/2008	Mar/2008
Consignments on behalf of third parties	<b>146,798</b>	147,797	<b>132,975</b>	135,996
Advances from customers	<b>68,871</b>	59,176	<b>64,412</b>	57,671
Amounts to be refunded to subscribers	<b>62,016</b>	56,200	<b>78,525</b>	64,467
Concession renewal fee	<b>50,995</b>	25,904	<b>50,995</b>	25,904
Accounts payable □ sale of shares (a)	<b>113,661</b>	114,017	<b>113,661</b>	114,017
Accounts payable for the acquisition of Telefonica Televisão Participações S.A. (b)	-	23,640	-	23,640
Deferred revenues	-	-	<b>7,131</b>	7,187
Other	<b>52,427</b>	50,657	<b>89,294</b>	80,357
<b>Total</b>	<b>494,768</b>	477,391	<b>536,993</b>	509,239
Current	<b>453,471</b>	438,952	<b>474,136</b>	450,846
Non-current	<b>41,297</b>	38,439	<b>62,857</b>	58,393

(a) Amounts resulting from the auction of share fractions after the reverse split process in 2005, and the acquisition of TDBH in 2006.

(b) As of March 31, 2008, the amount payable to Abril Group for the acquisition of Telefonica Televisão Participações S.A. corresponds to R\$300,791, of which R\$277,151 is held in financial investments in the Company's name. These amounts are net, and were settled on April 17, 2008.

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### NOTES TO QUARTERLY INFORMATION (Continued)

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**21. Shareholders' Equity**Capital

As of June 30, 2008, paid-up capital is R\$6,575,198. Subscribed and paid-up capital is represented by shares with no par value, held as follows:

	<b>Jun/2008</b>
Total Capital in shares	
Common shares	<b>168,819,870</b>
Preferred shares	<b>337,417,402</b>
Total	<b>506,237,272</b>
Treasury shares	
Common shares	<b>(210,579)</b>
Preferred shares	<b>(185,213)</b>
Total	<b>(395,792)</b>
Outstanding shares	
Common shares	<b>168,609,291</b>
Preferred shares	<b>337,232,189</b>
Total	<b>505,841,480</b>
Book value per outstanding share in R\$	<b>20,56</b>

Dividends - Net income on December 31, 2007

On March 26, 2008, the General Shareholders' Meeting approved dividends based on the accumulated earnings and dividends and interest on shareholders' equity prescribed in 2007, in the amount of R\$350,938.

Dividends per share are as follows:

	<b>Types of shares</b>	
	<b>Common</b>	<b>Preferred (*)</b>
Amounts in R\$ per share	0.6504090	0.7154500

(\*) 10% higher than dividends for each common share, as per article 7 of the Company's by-laws.

**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

## NOTES TO QUARTERLY INFORMATION (Continued)

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**21. Shareholders' Equity**(Continued)Dividends and Net income on December 31, 2007(Continued)

These dividends were assigned to holders of common and preferred shares, as presented in the Company's records by the end of March 26, 2008, and were paid as from June 23, 2008.

Interim dividends and interest on shareholders' equity in 2008

The Board of Directors meeting held on May 20, 2008, approved distribution of interim dividends of R\$485,000, based on profits disclosed in the March 31, 2008 quarterly balance sheet.

Dividends per share are as follows:

	<u>Types of shares</u>	
	<u>Common</u>	<u>Preferred (*)</u>
Amounts in R\$ per share	0.898872	0.988760

(\*) 10% higher than dividends for each common share, as per article 7 of the Company's bylaws.

On this same meeting also approved distribution of interest on shareholders' equity in the gross amount of R\$200,000, subject to withholding tax at 15%, obtaining a net interest of R\$170,000, according to article 9 of Law N° 9,249/95.

The distribution per share is as follows:

<u>Amounts in R\$ per share</u>	<u>Tax immune or exempt for legal entity (gross value)</u>	<u>Withholding tax</u>	<u>Legal entity and individuals (net value)</u>



Common shares	0.370669	0.055600	0.315068
Preferred shares (*)	0.407736	0.061160	0.346575

(\*) 10% higher than dividends for each common share, as per article 7 of the Company's bylaws.

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### NOTES TO QUARTERLY INFORMATION (Continued)

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#### 21. Shareholders' Equity (Continued)

Dividends and interest on shareholders' equity were assigned to holders of common and preferred shares, as presented in the Company's records by the end of May 20, 2008 and were paid as from June 23, 2008.

As provided for by article 28 of the Company's By-Laws, interest on shareholders' equity may be included in minimum compulsory dividends for 2008.

#### 22. Net Operating Revenue

	Parent Company		Consolidated	
	Jun/2008	Jun/2007	Jun/2008	Jun/2007
Monthly subscription charges	<b>2,817,499</b>	2,874,083	<b>2,742,939</b>	2,874,083
Activation fees	<b>66,430</b>	55,766	<b>66,420</b>	55,766
Local service	<b>1,235,618</b>	1,397,904	<b>1,258,620</b>	1,477,155
LDN □ Domestic long-distance (i)	<b>1,790,857</b>	1,617,387	<b>1,832,540</b>	1,674,523
LDI □ International long-distance (i)	<b>62,719</b>	55,902	<b>72,892</b>	72,733
Interconnection services (i)	<b>2,093,039</b>	1,972,580	<b>2,136,703</b>	2,057,340
Network usage services	<b>228,602</b>	204,824	<b>228,602</b>	204,824
Public telephones (i)	<b>233,459</b>	248,737	<b>233,459</b>	248,737
Data transmission	<b>1,632,192</b>	1,284,972	<b>1,790,742</b>	1,414,640
Network access	<b>188,502</b>	174,391	<b>172,874</b>	157,954
Service of TV	-	-	<b>169,935</b>	-
Other	<b>290,798</b>	294,954	<b>468,102</b>	424,404

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Gross operating revenue	<b>10,639,715</b>	10,181,500	<b>11,173,828</b>	10,662,159
Taxes on gross revenue	<b>(3,390,394)</b>	(3,140,385)	<b>(3,446,585)</b>	(3,288,172)
ICMS (State VAT)	<b>(2,338,105)</b>	(2,264,396)	<b>(2,459,378)</b>	(2,356,639)
PIS and COFINS (taxes on revenue)	<b>(381,738)</b>	(371,630)	<b>(434,696)</b>	(404,276)
ISS (Municipal service tax)	<b>(14,167)</b>	(15,074)	<b>(21,277)</b>	(21,041)
IPI (Federal VAT)	<b>(656,384)</b>	(489,285)	<b>(531,234)</b>	(506,216)
Net operating revenue	<b>7,249,321</b>	7,041,115	<b>7,727,243</b>	7,373,987

(i) For a better presentation of Operating Revenue to the market and regulatory agency, ANATEL, the Company made reclassifications to the amounts as of June 2007. The main reclassifications were made between the items "LDN" Domestic long-distance, "LDI" International long-distance, "Interconnection services", "Public telephones" and "Other".

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

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**22. Net Operating Revenue** (Continued)

Tariff adjustments affecting recorded revenue

On July 17, 2007, the National Telecommunications Agency (ANATEL) approved the annual tariff adjustment for the Fixed Switched Telephone Service (STFC):

- Basic Local Plan: 2.21%
- Basic National Long-Distance Plan: 2.21% on average
- Local to mobile calls (VC-1): 3.29%
- National Long-Distance to mobile calls (VC-2 and VC-3): 3.29%

**23. Cost of Services Provided**

**Parent Company**

**Consolidated**

	<u>Jun/2008</u>	<u>Jun/2007</u>	<u>Jun/2008</u>	<u>Jun/2007</u>
Depreciation and amortization	<b>(1,118,769)</b>	(1,133,005)	<b>(1,181,421)</b>	(1,159,969)
Personnel	<b>(108,925)</b>	(96,784)	<b>(128,642)</b>	(121,217)
Materials	<b>(14,866)</b>	(22,024)	<b>(16,095)</b>	(22,829)
Network interconnection	<b>(1,852,286)</b>	(1,752,289)	<b>(1,873,652)</b>	(1,777,315)
Outside services	<b>(596,719)</b>	(541,148)	<b>(698,097)</b>	(612,817)
Other	<b>(201,387)</b>	(170,127)	<b>(292,597)</b>	(228,248)
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Total	<b>(3,892,952)</b>	<u>(3,715,377)</u>	<b>(4,190,504)</b>	(3,922,395)

## 24. Selling Expenses

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>Jun/2008</u>	<u>Jun/2007</u>	<u>Jun/2008</u>	<u>Jun/2007</u>
Depreciation and amortization	<b>(8,061)</b>	(9,110)	<b>(8,197)</b>	(9,173)
Personnel	<b>(173,931)</b>	(160,615)	<b>(183,477)</b>	(169,304)
Materials	<b>(31,851)</b>	(38,479)	<b>(31,973)</b>	(38,583)
Outside services	<b>(648,771)</b>	(571,692)	<b>(654,695)</b>	(580,771)
Allowance for doubtful accounts	<b>(237,488)</b>	(324,043)	<b>(265,927)</b>	(335,438)
Other	<b>(9,071)</b>	(12,717)	<b>(36,585)</b>	(12,023)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>(1,109,173)</b>	(1,116,656)	<b>(1,180,854)</b>	(1,145,292)

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## 25. General and Administrative Expenses

	Parent Company		Consolidated	
	Jun/2008	Jun/2007	Jun/2008	Jun/2007
Depreciation and amortization	<b>(114,781)</b>	(130,830)	<b>(131,879)</b>	(137,974)
Personnel	<b>(81,898)</b>	(128,488)	<b>(85,719)</b>	(145,529)
Materials	<b>(4,593)</b>	(7,056)	<b>(4,753)</b>	(7,781)
Outside services	<b>(150,908)</b>	(188,644)	<b>(178,564)</b>	(199,828)
Other	<b>(16,232)</b>	(16,016)	<b>(31,547)</b>	(18,091)
Total	<b>(368,412)</b>	(471,034)	<b>(432,462)</b>	(509,203)

## 26. Financial Income (Expenses)

	Parent Company		Consolidated	
	Jun/2008	Jun/2007	Jun/2008	Jun/2007
Financial income	<b>137,755</b>	131,048	<b>145,040</b>	136,719
Income from short-term investments	<b>56,058</b>	17,124	<b>60,797</b>	21,338
Interests receivable	<b>16,116</b>	18,932	<b>16,321</b>	20,133
Monetary/exchange variations				
Receivable	<b>64,323</b>	92,852	<b>64,369</b>	92,959
Other	<b>1,258</b>	2,140	<b>3,553</b>	2,289
Financial expenses	<b>(447,714)</b>	(515,458)	<b>(461,465)</b>	(520,713)
Interests on Shareholders' Equity	<b>(200,000)</b>	(221,000)	<b>(200,000)</b>	(221,000)
Interests payable	<b>(193,574)</b>	(149,413)	<b>(197,837)</b>	(152,114)
Losses on derivative transactions	<b>(38,095)</b>	(101,757)	<b>(41,100)</b>	(101,810)
Expenses on financial transactions	<b>(4,889)</b>	(42,195)	<b>(12,030)</b>	(44,419)
Monetary/exchange variations				
Payable (a)	<b>(11,156)</b>	(1,093)	<b>(10,498)</b>	(1,370)
Total	<b>(309,959)</b>	(384,410)	<b>(316,425)</b>	(383,994)

(a) Contains the present value adjustment from 2007, related to the assets for long term in the total amount of R\$ (581) □  
Note 3.

**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

## NOTES TO QUARTERLY INFORMATION (Continued)

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**27. Other Operating Income, Net**

	Parent Company		Consolidated	
	Jun/2008	Jun/2007	Jun/2008	Jun/2007
Income	<b>197,523</b>	273,290	<b>216,701</b>	279,771
Technical and administrative services	<b>25,580</b>	25,275	<b>23,129</b>	23,533
Amortization of negative goodwill □				
Company AIX	<b>4,367</b>	4,367	<b>4,367</b>	4,367
Income from supplies	<b>7,898</b>	41,098	<b>10,987</b>	41,098
Dividends	<b>14,515</b>	10,073	<b>18,394</b>	13,208
Fines on telecommunication services	<b>66,413</b>	58,910	<b>74,416</b>	60,999
Recovered expenses	<b>10,077</b>	76,399	<b>10,925</b>	79,836
Reversal of provision for contingencies	<b>21,937</b>	32,569	<b>23,456</b>	32,655
Rent of shared infrastructure	<b>22,552</b>	21,212	<b>22,552</b>	21,212
Other revenue	<b>24,184</b>	3,387	<b>28,475</b>	2,863
Expenses	<b>(323,928)</b>	(223,555)	<b>(362,321)</b>	<b>(248,064)</b>
Allowance for reduction to market value of inventories	<b>(2,035)</b>	(3,030)	<b>(2,937)</b>	(3,017)
Amortization of goodwill	<b>(63,179)</b>	(33,079)	<b>(63,179)</b>	(33,079)
Donations and sponsorships	<b>(10,259)</b>	(9,479)	<b>(10,517)</b>	(9,489)
Taxes other than income taxes	<b>(133,189)</b>	(123,612)	<b>(159,861)</b>	(135,679)
Provision for contingencies	<b>(104,766)</b>	(44,803)	<b>(104,960)</b>	(47,347)
Other	<b>(10,500)</b>	(9,552)	<b>(20,867)</b>	(19,453)
Total	<b>(126,405)</b>	49,735	<b>(145,620)</b>	31,707

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## NOTES TO QUARTERLY INFORMATION (Continued)

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**28. Non-operating Income, Net**

	Parent Company		Consolidated	
	Jun/2008	Jun/2007	Jun/2008	Jun/2007
Income	<b>32,159</b>	168,066	<b>35,490</b>	168,539
Proceeds from sale of property, plant and equipment and investments (a)	<b>5,623</b>	138,718	<b>8,891</b>	138,757
Other revenue	<b>22,393</b>	25,925	<b>22,393</b>	25,925
Fines	<b>4,143</b>	3,423	<b>4,206</b>	3,857
Expenses	<b>(33,196)</b>	(54,410)	<b>(38,030)</b>	(54,453)
Cost of sale of property, plant and equipment and investments (a)	<b>(33,195)</b>	(54,374)	<b>(38,029)</b>	(54,417)
Other	<b>(1)</b>	(36)	<b>(1)</b>	(36)
Total	<b>(1,037)</b>	113,656	<b>(2,540)</b>	114,086

(a) Refers mainly to the sale of the property situated in Barra Funda in the amount of R\$134,555, with residual value written down in March 2007 of R\$46,044.

**29. Income and Social Contribution Taxes**Reconciliation of tax expenses and standard rates

Reconciliation of the reported tax charges and the amounts calculated by applying 34% (income tax of 25% and social contribution tax of 9%) in June 30, 2008 and 2007 are shown in the table below:

	Parent Company	Consolidated
--	----------------	--------------

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	<u>Jun/2008</u>	<u>Jun/2007</u>	<u>Jun/2008</u>	<u>Jun/2007</u>
Income before taxes	<b>1,445,791</b>	1,528,892	<b>1,464,570</b>	1,554,545
<u>Income tax and Social contribution taxes</u>				
Income tax and Social contribution tax expense	<b>(491,569)</b>	(519,823)	<b>(497,954)</b>	(528,545)
Permanent differences				
Equity pick-up	<b>1,499</b>	4,034	<b>1,949</b>	(1,480)
Nondeductible expenses, gifts, incentives and dividends received	<b>(37,190)</b>	(43,935)	<b>(50,034)</b>	(55,352)
Other				
Incentives (cultural, food and transportation)	<b>6,218</b>	5,274	<b>6,218</b>	5,274
Total (income tax + social contribution tax)	<b>(521,042)</b>	(554,450)	<b>(539,821)</b>	(580,103)

Net income for June 30, 2007 considers the tax effect on the adjustment to present value of noncurrent assets in the amount of R\$197 □ Note 3.1.

Deferred tax assets and liabilities are shown in Notes 6 and 16, respectively.

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**30. Transactions with Related Parties**

The principal balances with related parties are as follows:

	<b>Consolidated</b>	
	<u>Jun/2008</u>	<u>Mar/2008</u>
<u>ASSETS</u>		
<u>Current assets</u>	<b>356,935</b>	314,485

Trade accounts receivable	<b>250,674</b>	217,193
Intercompany receivables	<b>106,261</b>	97,292
<u>Non-current assets</u>	<b>16,728</b>	23,543
Intercompany receivables	<b>16,728</b>	23,543
Total Assets	<b>373,663</b>	338,028
<b>LIABILITIES</b>		
<u>Current liabilities</u>	<b>383,757</b>	822,804
Trade accounts payable	<b>341,174</b>	314,443
Dividends and Interest on shareholders' equity	-	467,117
Intercompany payables	<b>42,583</b>	41,244
<u>Non-current liabilities</u>	<b>12,381</b>	8,829
Intercompany payables	<b>12,381</b>	8,829
Total Liabilities	<b>396,138</b>	831,633
<b>Consolidated</b>		
	<b>Jun/2008</b>	<b>Jun/2007</b>
<b>STATEMENT OF INCOME</b>		
<u>Revenues</u>	<b>168,304</b>	137,684
Telecommunications services	<b>168,304</b>	120,146
Other operating revenue	-	17,538
<u>Costs and expenses</u>	<b>(1,244,136)</b>	(1,128,133)
Cost of services provided	<b>(962,123)</b>	(885,523)
Selling	<b>(197,149)</b>	(178,754)
General and administrative	<b>(84,864)</b>	(63,856)

Trade accounts receivable include receivables for telecommunications services, mainly represented by Vivo S.A. and Atento Brasil S.A. related with long-distance services.



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**30. Transactions with Related Parties (Continued)**

Other intercompany receivables in current and non-current assets comprise credits from Telefônica Internacional S.A., Telefônica Serviços Empresariais do Brasil Ltda, Telecomunicações do Chile S.A., Vivo S.A., Colômbia Telecom among other related parties, corresponding to services rendered, advisory fees, expenses with salaries and other expenses paid by the Company to be refunded by the related companies.

Trade accounts payable include services provided primarily by Atento Brasil S.A., Vivo S.A. and TIWS Brasil S.A.. We also highlight the rendering of administrative services in the accounting, financial, human resources, property, logistics and IT areas payable to Telefônica Serviços Empresariais do Brasil Ltda.

Revenue from telecommunications services comprises mainly billing to Vivo S.A., Terra Networks Brasil S.A. and Atento Brasil S.A.

The cost of services provided refers mainly to expenses on interconnection and traffic services (mobile terminal) provided by Vivo Group S.A., system maintenance services for internet operation provided by Terra Networks Brasil S.A. and call center management services provided by Atento Brasil S.A.

**31. Post-Retirement Benefit Plans**

The Company maintains the same post-employment benefit plans disclosed in the latest annual financial statements.

In the first half of 2008, the Company made contributions to the PBS Telesp Plan in the amount of R\$15 (R\$24 in the same period of 2007) and to "Visão" Telesp plan in the amount of R\$9,980 (R\$12,302 in the same period of 2007).

A.Telecom individually sponsors two defined contribution plans: "Visão" Assis Benefits Plan, similar to that of Telesp, and Visão A.Telecom Benefits Plan, which cover 53% of its employees. The sponsor's basic and additional contributions to Visão A.contributions. A.Telecom contributions to such plans amount to R\$101 (R\$317 in the same period of 2007).

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**31. Post-Retirement Benefit Plans** (Continued)

Telefonica Data S.A. (former Telefonica Empresas S.A.) individually sponsors a defined contribution plan similar to that of the Company, the Visão Telefônica Empresas Benefits Plan. The contributions made to this plan in 2008 amount to R\$321 (R\$408 in the same period of 2007).

The table below shows the actuarial deficit recorded at June 30, 2008 and March 31, 2008 for the following post-employment plans:

Plan	Jun/2008	Mar/2008
CTB	<b>21,827</b>	21,308
PAMA	<b>79,098</b>	76,867
Total parent company and consolidated	<b>100,925</b>	98,175

The other plans sponsored by the Company and its subsidiaries record an actuarial surplus (PBS-A, PBS Telesp, Visão Telesp and Visão Telefônica Empresas) and are not recorded in accounting, with the latest actuarial valuation occurred in December 2007.

**32. Insurance (unaudited)**

The Company and its subsidiaries' policies as well as that of the Telefónica Group includes the maintenance of insurance coverage for all assets and liabilities involving significant amounts and high risks based on management's judgment and following Telefónica S.A.'s corporate program guidelines. In this context, Telecomunicações de São Paulo S.A. Telesp complies with the Brazilian legislation for contracting insurance coverage.

The major insurances contracted by the Company are shown below:

Type	Insurance coverage
Operational risks (with loss of profits)	US\$10,788,108 mil
Optional civil responsibility - vehicles	R\$1,000
ANATEL guarantee insurance	R\$10,463.8

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## NOTES TO QUARTERLY INFORMATION (Continued)

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**33. Financial Instruments**

Carrying and market values of financial instruments as of June 30, 2008 and March 31, 2008 are as follows:

	<b>Consolidated</b>			
	<b>Jun/2008</b>		<b>Mar/2008</b>	
	<b>Book value</b>	<b>Market value</b>	<b>Book Value</b>	<b>Market value</b>
Loans, financing and debentures	<b>(2,765,225)</b>	<b>(2,654,132)</b>	(2,829,478)	(2,753,848)
Derivatives	<b>(142,671)</b>	<b>(137,855)</b>	(80,657)	(69,604)
Cash and cash equivalents	<b>466,167</b>	<b>466,167</b>	897,838	897,838
	<b>(2,441,729)</b>	<b>(2,325,820)</b>	(2,012,297)	(1,925,614)

The discounted cash flow method was used to determine the market value of loans, financings, debentures and derivatives (exchange and interest rate swap) considering expected settlement of liabilities or realization of assets at the market rates prevailing at balance sheet date.

The Company has a total direct and indirect interest of 1.16% in Portugal Telecom and 0.52% in Zon Multimédia valued by the cost method. The investment at market value is based on the last quotation of June 2008 from the Lisbon Stock Exchange for Portugal Telecom and Zon Multimédia equivalent to €7.21 (€7.36 in March 2008) and €5.28 (€7.29 in March 2008) respectively:

		<b>Consolidated</b>	
		<b>Jun/2008</b>	<b>Mar/2008</b>

	<b>Book Value</b>	<b>Fair Value</b>	<b>Book Value</b>	<b>Fair Value</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Portugal Telecom	<b>124,502</b>	<b>192,612</b>	129,489	216,504
Zon Multimédia	<b>8,679</b>	<b>21,420</b>	8,879	32,575
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>133,181</b>	<b>214,032</b>	138,368	249,079
	<hr/>	<hr/>	<hr/>	<hr/>

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### NOTES TO QUARTERLY INFORMATION (Continued)

June 30, 2008

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### 33. Financial Instruments (Continued)

The principal market risk factors that affect the Company's business are detailed below:

a) Exchange rate risk

As of June 30, 2008, 15.93% (17.92% on March 31, 2008) of the debt was denominated in foreign currency (U.S. dollar and yen); 99.33% (99.30% on March 31, 2008) of this debt was covered by asset positions on currency hedge transactions (swaps for CDI). At June 30, 2008, derivative operations generated consolidated net negative result of R\$41,187. By the fact of being foreign currency hedge transactions, part of the consolidated net negative result of R\$41,187 was offset by the income of exchange variation debts, in the amount of R\$21,238. At June 30, 2008, liability of R\$142,671 was recorded to recognize net derivatives position at that date.

The book and market values of the Company's exposure to the exchange rate risk as of June 30, 2008 and March 31, 2008 are as follows:

**Consolidated**

	<b>Jun/2008</b>		<b>Mar/2008</b>	
	<b>Book value</b>	<b>Market value</b>	<b>Book value</b>	<b>Market value</b>
Liabilities				
Loans and financing	<b>440,429</b>	<b>436,023</b>	506,992	502,469
Purchase commitments	<b>16,034</b>	<b>16,034</b>	14,052	14,052
Asset position on swaps	<b>437,473</b>	<b>436,030</b>	503,439	502,475
Net exposure	<b>(18,990)</b>	<b>(16,027)</b>	(17, 605)	(14,046)

b) Interest rate risk

To prevent against the exchange risk and variable interest rates on these foreign currency debts (Libor), the Company has hedge transactions in order to peg these debts to local currency, at floating rates indexed to the CDI (Inter-bank Deposit Certificate), in a way that the Company's financial result is affected by the CDI variation. The balance of loans and financing also includes debentures issued in 2004 with interest based on the variation of the CDI of R\$1,513,957 (R\$1,512,342 as of March 31, 2008), as described in Note 15.

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

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**33. Financial Instruments** (Continued)

b) Interest rate risk (Continued)

The Company invests its excess cash with a view to reducing its exposure to local interest rate fluctuations (CDI) in the total amount of R\$451,644 (R\$897,103 as of March 31, 2008), mainly in short-term instruments, based on the CDI variation, which also reduces such risk. The book values of these instruments approximate market values, since they may be redeemed in the short

term.

As of June 30, 2008, the Company had swap transactions  $\square$  CDI at fixed rate, to partially hedge against fluctuations in internal interest rates. Hedge operations amounts contracted total R\$50,000 generated a net consolidated positive result of R\$102.8 on the first half of 2008 and this temporary earnings is recorded in income. The Company also contracted swap transactions - CDI + 0.35% of CDI percentage swap with identical flows of those of debentures (Note 15) issued by the Company, which generated net negative result of R\$16.2.

c) Debt acceleration risk

As of June 30, 2008, the Company's loan and financing agreements contain restrictive clauses (covenants), typically applicable to such agreements, relating to cash generation, debt ratios and other restrictions. The Company has fully complied with these restrictive clauses, and such covenants do not restrict its ability to conduct its ordinary course of business.

d) Credit risk

As of June 30, 2008, the Company's customer portfolio had no subscribers whose receivables were individually higher than 1% of the total accounts receivable from services.

The Company is also subject to credit risk related to temporary cash investments and receivables from swap transactions. The Company reduces this exposure by dispersing it among reputable financial institutions.

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

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**34. Subsequent Event**

On July 2 and 3, 2008, technical problems that affected the Company's data transmission

network generated instabilities and partial or repeated interruptions in services rendered to certain public agencies as well as private companies. Services were fully resumed in the São Paulo State at the end of July 3, 2008.

The Company will provide compensation to all Speedy service subscribers through a discount related to the 36 hours in which the service presented problems, on the terms of applicable regulations. In addition, it will grant a credit equivalent to 84 hours as compensation. As such, Speedy service account will consider a reduction equivalent to 5 days or 120 hours, whose effect on operating revenue for July/08 is estimated at R\$24 million. Conversations with customers and government agencies have already started to define applicable compensation, according to ruling contractual and commercial provisions.

The Company made due communications to insurance companies, whose contracts are established according to the Concession Agreement as well as good market practices.

The above effect has not generated any impact on the June 30, 2008 Quarterly Financial Information (ITR).

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### MANAGEMENT COMMENTS ON CONSOLIDATED PERFORMANCE (Continued)

June 30, 2008

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	<u>Jun/08</u>	<u>Jun/07</u>	<u>%</u>	<u>Variation</u> <u>R\$</u>
Gross Operating Revenue	11,173.8	10,662.2	4.8	511.7
Net Operating Revenue	7,727.2	7,374.0	4.8	353.2
Cost of Services Provided	(4,190.5)	(3,922.4)	(6.8)	(268.1)
Financial Income/Expenses, Net	(316.4)	(384.0)	17.6	67.6
Operating Revenue /Expenses	(1,753.2)	(1,627.1)	(7.8)	(126.1)
Operating Income	1,467.1	1,440.5	(1.8)	(26.6)
Net Income for the Period	1,124.7	1,195.4	(5.9)	(70.7)

- Accumulated net operating revenues to June 2008 was R\$7,727.2 million, an increase of R\$353.2 million or 4.8% over the R\$7,374.0 million reported in the same prior year period. This increase was mainly due to the expansion of Speedy services, to the increase in revenues from national long-distance services, to the pay-TV services, in addition to the performance of other revenues, including IT workstation services and digital network services. These effects were partly offset by the decrease in revenues from local services, public telephone services and subscription fees, the latter resulting

from the decrease in the average plant in service and from the increase in alternative fixed-telephony plans with lower subscription fees.

2. The cost of services provided increased by R\$268.1 or 6.8%, mainly as a result of interconnection expenses, of increased mobile traffic using the □15□ code (Carrier Selection Code), of customer services, advertising and TV content, in addition to the rental of last mile traffic from other carriers, of infrastructure (ruracel and EILD) and of poles and pipes. These effects were partly offset by the decrease in expenses on supplies, as a result of the decrease in telephone card expenses after the change in the inductive cards mix, with increased sales of 40-unit inductive cards over 20-unit cards, as well as the decrease in fuel costs, in the corporate restructuring program (PRO) costs, detecta devices and vehicle and property maintenance.

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### MANAGEMENT COMMENTS ON CONSOLIDATED PERFORMANCE (Continued)

June 30, 2008

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3. The negative financial result improved by R\$67.5 million, or 17.6%, mainly justified by the elimination of CPMF expenses after its extinguishment in January 2008, and by the decrease in losses on derivative transactions. These effects were partly offset by the payment of interest amounts to BNDES and the decrease in foreign exchange variation expenses driven by lower exchange rates.

A. Net Financial Result	Variation				
	Year on Year	Jun/08	Jun/07	%	R\$
Income/(loss)from financial transactions		54.5	21.5	152.6	32.9
Income/(loss) from hedge operations		(41.1)	(101.8)	59.6	60.7
CPMF		(0.6)	(42.2)	98.4	41.6
IOF		(1.5)	-	(100.0)	(1.5)
Interest receivable		16.3	20.1	(18.9)	(3.8)
Interest payable		(197.8)	(152.1)	(30.9)	(45.7)
Monetary/foreign exchange variations		53.8	91.6	41.2	(37.8)
Interest on shareholders' equity		(200.0)	(221.0)	(9.5)	21.0
Net financial result		(316.4)	(383.9)	17.6	67.5



4. Operating income decreased 1.8% as compared to the same prior year period. This is partly due to the increase in operating expenses, especially those relating to fixed-mobile interconnection services carried out with other carriers, rental of infrastructure, last mile from other carriers, telesales, customer service and retention, maintenance of terminals and boards and co-billing; offset by the increase in revenues, mainly from packet data switching services and from Speedy and TV services.

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### MANAGEMENT COMMENTS ON CONSOLIDATED PERFORMANCE (Continued)

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#### 5. Physical data (\*)

Changes in the major physical data:

	<u>Unit</u>	<u>Jun/08</u>	<u>Jun/07</u>	<u>Variation %</u>
Installed lines	Line	14,584,614	14,478,254	0.7
Fixed lines in operation	Line	11,893,468	12,036,987	(1.2)
Local traffic				
	Thousand			
Recorded pulses	minutes	26,357,173	25,735,339	2.4
	Thousand			
Exceeding pulses	minutes	14,652,538	15,263,605	(4.0)
Public telephones in operation	Machines	250,297	250,395	(0.0)
ADSL □ Speedy in operation	Capacity	2,295,308	1,811,432	26.7
Digital TV (DTH, DTHi and MMDS)	Users	346,894	-	100

(\*) Not reviewed by independent auditors.

#### 6. Investments

The Company confirms its long-term commitment to the Telefonica Group in Brazil aimed not only at maintaining and expanding the traditional services to the society in general but also at offering new services and better serving its customers.

By June 30, 2008, the Company had invested the consolidated amount of R\$945.9 million.

6.1 Sale of telephone lines (\*)

June 2008 closed with a total 11,893,468 lines in operation, 74% of which refers to residential customers, 14% to non-residential customers and 7% to corporate customers; the remaining refers to own lines and Public Phones.

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

MANAGEMENT COMMENTS ON CONSOLIDATED PERFORMANCE (Continued)

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6. Investments (Continued)

6.2 Public use telephony (\*)

The Company has a Public Use Telephone plant with 250,297 units, to meet the demands of the São Paulo state population and the requirements of the regulatory agency.

6.3 Internet

In February 2008, the Company pioneered in launching optic fiber internet access (Fiber to the Home □ FTTH) to the residential segment in the Jardins neighborhood in São Paulo. In addition to internet connection at 8, 16 and 30 Mb, the Company now also offers packages including Wi-Fi network, Digital TV and 2000 monthly minutes in local and interstate calls, security packages, caller ID service, technical assistance services and dedicated call center.

(\*) Not reviewed by independent auditors.

7. ANATEL

7.1 Goals

The quality and universalization goals of the Fixed Switched Telephone Services (STFC) are available for the

society follow-up on the National Communications Agency (ANATEL) site, at [www.anatel.gov.br](http://www.anatel.gov.br).

7.2 Concession contract

The STFC concession contract was extended on December 22, 2005 for a further 20 years, and may be amended on December 31, 2010, December 31, 2015 and December 31, 2020. This condition enables ANATEL to establish new provisions and goals for purposes of universalization and quality, considering the conditions prevailing on the occasion.

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

MANAGEMENT COMMENTS ON CONSOLIDATED PERFORMANCE (Continued)

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8. Corporate restructuring processes in 2007 and 2008

8.1 Capital increase in Telefonica Televisão Participações S.A., formerly Navytree Participações S.A.

On February 29, 2008, the Company contributed capital to Telefonica Televisão with shares held in the capital of A.Telecom. As a result of this operation, A.Telecom has become a wholly-owned subsidiary of Telefonica Televisão.

8.2 Acquisition of Telefonica Televisão Participações S.A, formerly Navytree Participações S.A.

On October 31, 2007, ANATEL concluded the regulatory analysis of the association between Abril Group and Telesp signed on October 29, 2006, and approved the operation.

Accordingly, the Company acquired 100% of the capital of Telefonica Televisão Participações S.A., a company that owns interests in companies providing subscription TV services. Telefonica Televisão holds the following ownership interests:

**Interest**

	ON	PN
Telefônica Sistemas de Televisão S.A.	100.00%	-
Comercial Cabo TV São Paulo S.A.	19.90%	100.00%
Lemontree Participações S.A.	-	100.00%
TVA Sul Paraná S.A.	49.90%	100.00%
GTR-T Participações e Empr. S.A.	-	100.00%

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### MANAGEMENT COMMENTS ON CONSOLIDATED PERFORMANCE (Continued)

June 30, 2008

(In millions of reais, unless otherwise stated)

(A free translation of the original issued in Portuguese)

#### 9. Alternative fixed telephony plans (\*)

The alternative fixed telephony plans optimize the installed capacity of Telesp, promote customers' loyalty and better serve the different market segments offering more adequate alternatives for access to fixed telephony services. In the second quarter of 2008, the base of alternative plans represented 41% of total lines in operation. The Minute Plans, which offer progressive discounts based on the contractual number of minutes, are available for fixed-fixed, fixed-mobile and intrastate long-distance calls.

Trio Telefônica is the joint offering of pay-TV, broadband and local call services, launched by the Company in August 2007. Offered throughout the Company's concession area, these combo services represent a differentiated market option due to their flexibility in combining TV packages and broadband speeds. Subscribers may choose from mini-packages divided into channel categories, such as knowledge, children-oriented, entertainment, action, world, movies. In October 2007, the Company launched packages including GloboSat's content and established a commercial and operational partnership with TVA, strengthening and expanding even more its integrated pay-TV offering.

IT Workstation - launched in 2007, this service is offered to the corporate segment as a customized IT infrastructure solution. For monthly payments, Telesp offers both medium- and large-sized customers a package combining voice, data, internet access, network management and equipment. The integrated Information Technology and communication service offering is one of the company's strategic pillars in the corporate market segment.

Pay-TV is offered in packages or as a stand-alone product, this service is broadcast via satellite (DTH) and via MMDS (Multichannel Multipoint Distribution Service). Since this product has been launched, the company has grown rapidly, with 346,894 customers in the second quarter of 2008, an increase by 65,210 customers, or 23.2%, over the first quarter of 2008.

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### MANAGEMENT COMMENTS ON CONSOLIDATED PERFORMANCE (Continued)

June 30, 2008

(In millions of reais, unless otherwise stated)

(A free translation of the original issued in Portuguese)

#### 9. Alternative fixed telephony plans (\*) (Continued)

Broad Band services are offered through ADSL and MMDS technologies under the "Speedy" and "Ajato" brand, respectively. In the second quarter of 2008, the number of customers totaled 2,295,308, up 6% from the first quarter of 2008. When compared to June 2007, the number of accesses grew by 484 thousand, or 26.7%, in line with the growth pace recorded in the past quarters. Investments in broadband services have been a priority and strengthen Telesp's commitment to its customers to expand the offer and quality of its products and services, always allowing for a better service and rendering the Company more competitive.

(\*)Not reviewed by independent auditors

#### 10. Migration from pulses to minutes

At March 31, 2007, the Company started a process of migration of the collection system from pulses to minutes, according to renewal of the Concession Contract, which was concluded at July 31, 2007. In addition to the basic plan, the Company offers the PASOO plan (mandatory alternative plan). The main differences between these plans are:

	<b>Basic Plan</b>	<b>PASOO</b>
	_____	_____
Residential subscription	R\$ 38.80	R\$ 38.80
Residential bundled minutes	200 minutes	400 minutes
Non-residential bundled minutes	150 minutes	360 minutes
Regular hours		
Call completion (within bundled minutes)	N/A	4 minutes
Call completion tariff (unbundled minutes)	N/A	R\$ 0.14995
Local minute price	R\$ 0.09767	R\$ 0.03747
Minimum tariff time	30 seconds	N/A
Tariff time	6 seconds	6 seconds
Charged calls	>3 seconds	all
Reduced tariff hours		

Call completion (within bundled minutes)	2 minutes	4 minutes
Call completion tariff (unbundled minutes)	R\$ 0.19534	R\$ 0.14995

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## TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

### MANAGEMENT COMMENTS ON CONSOLIDATED PERFORMANCE (Continued)

June 30, 2008

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#### 11. Tariff adjustments

##### 11.1 Tariff adjustment on July 17, 2007

Increase in the fixed-to-fixed tariff rates through Rulings No. 66,028 and No. 66,031 □ The National Telecommunications Agency (ANATEL) approved the tariff increase percentages for the STFC, as per criteria established in the Local and National Long-Distance Concession Contracts, effective as of July 20, 2007. The tariff increases were the same for Local and LDN, namely 2.21%.

Increase in the fixed-to-mobile tariff rates through Ruling No. 66,029 □ The National Telecommunications Agency (ANATEL) approved the increase of 3.29% for calls made between fixed and mobile telephones (VC1, VC2 and VC3) in all of TELESP's concession area, sectors 31, 32 and 34 of Region III. On this same date, ANATEL approved an increase of 2.25% in the fixed-to-mobile interconnection tariff (VUM), referring to VC1, VC2 and VC3. These increases became effective as of July 20, 2007.

##### 11.2 Tariff adjustment on July 21, 2008

Increase in the fixed-to-fixed tariff rates - On July 21, 2008, through Rulings No. 4,288 and No. 4,289, the National Telecommunications Agency (ANATEL) approved the tariff increase for the Fixed Switched Telephone Service (STFC), as per criteria established in the Local and National Long-Distance Concession Contracts, effective as of July 24, 2008. The tariff increase was 3.01%.

Increase in the fixed-to-mobile tariff rates - On July 21, 2008, through Ruling No. 4,290, the National Telecommunications Agency (ANATEL) approved the increase of 3.01% for calls made between fixed and mobile telephones (VC1, VC2 and VC3) in all of TELESP's concession area, sectors 31, 32 and 34 of Region III. On the same date, an increase of 2.06% was approved for the fixed-to-mobile interconnection tariff (VUM), referring to VC1, VC2 and VC3. These increases became effective as of July 24, 2008.

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**TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP**

**MANAGEMENT COMMENTS ON CONSOLIDATED PERFORMANCE (Continued)**

June 30, 2008

(In millions of reais, unless otherwise stated)

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12. Additional information

For further details on the Company's performance, please refer to the "Press Release" available on [www.telefonica.com.br](http://www.telefonica.com.br).

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SIGNATURE

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

**TELESP HOLDING COMPANY**

Date: August 18, 2008

By:           /s/ Norair Ferreira do Carmo          

Name: Norair Ferreira do Carmo

Title: Investor Relations Director

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