



DATE: June 7, 2011
TO: Permit Holders
FROM: Scott Speer

RE: **Vivo Participacoes S.A. ("VIV") Merger
with Telecomunicacoes de Sao Paulo S.A.-TELESP ("TSP")**

Shareholders of Vivo Participacoes S.A. ("VIV") voted on April 27, 2011 and approved a proposed merger between VIV and Telecomunicacoes de Sao Paulo S.A.-TELESP ("TSP"). Pursuant to the terms of the Merger, each American Depositary Share (ADS) of VIV outstanding immediately prior to the consummation of the Merger will be converted into the right to receive **1.55 ADSs** of Telecomunicacoes de Sao Paulo S.A.-TELESP. The Merger will become automatically effective after the close of business on Tuesday, June 7, 2011.

In addition, effective with the opening of trading on Wednesday, June 8, 2011, the ADS symbol for Telecomunicacoes de Sao Paulo S.A.-TELESP will change from TSP to VIV.

THE FOREGOING IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE MERGER, PREPARED BY CBOE FOR THE CONVENIENCE OF ITS PERMIT HOLDERS. CBOE ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. PERMIT HOLDERS SHOULD REFER TO THE NOTICE TO SHAREHOLDERS FOR THE AUTHORITATIVE DESCRIPTION OF THE MERGER AND ALL OF ITS TERMS AND CONDITIONS.

Contract Adjustment

Pursuant to Article VI, Section 11, of OCC's By-Laws, all outstanding VIV options shall be adjusted as follows. **On Wednesday, June 8, 2011, each adjusted Vivo Participacoes S.A. contract will require the receipt or delivery of: (A) 155 ADSs shares of Telecomunicacoes de Sao Paulo S.A.-TELESP ("VIV").** Premiums for the adjusted Vivo Participacoes S.A. options will continue to be calculated on the basis of a multiplier of 100, i.e., for premium and strike-price extensions, 1.00 will equal \$100. **The Vivo Participacoes S.A. option symbol will change to VIV1.** [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

Adjusted Option Symbols

On Wednesday, June 8, 2011, trading in the VIV option series will be on an adjusted basis. At 8:30 A.M., Chicago time, the following symbol adjustments to the options will be effected:

EXISTING SERIES					ADJUSTED SERIES*			
VIV	22.50	2011-06-18	C/P	=>	VIV1	22.50	2011-06-18	C/P
VIV	25.00	2011-06-18	C/P	=>	VIV1	25.00	2011-06-18	C/P
VIV	30.00	2011-06-18	C/P	=>	VIV1	30.00	2011-06-18	C/P
VIV	35.00	2011-06-18	C/P	=>	VIV1	35.00	2011-06-18	C/P
VIV	40.00	2011-06-18	C/P	=>	VIV1	40.00	2011-06-18	C/P
VIV	45.00	2011-06-18	C/P	=>	VIV1	45.00	2011-06-18	C/P

EXISTING SERIES				ADJUSTED SERIES*				
VIV	50.00	2011-06-18	C/P	=>	VIV1	50.00	2011-06-18	C/P
VIV	55.00	2011-06-18	C/P	=>	VIV1	55.00	2011-06-18	C/P
VIV	60.00	2011-06-18	C/P	=>	VIV1	60.00	2011-06-18	C/P
VIV	22.50	2011-07-16	C/P	=>	VIV1	22.50	2011-07-16	C/P
VIV	25.00	2011-07-16	C/P	=>	VIV1	25.00	2011-07-16	C/P
VIV	30.00	2011-07-16	C/P	=>	VIV1	30.00	2011-07-16	C/P
VIV	35.00	2011-07-16	C/P	=>	VIV1	35.00	2011-07-16	C/P
VIV	40.00	2011-07-16	C/P	=>	VIV1	40.00	2011-07-16	C/P
VIV	45.00	2011-07-16	C/P	=>	VIV1	45.00	2011-07-16	C/P
VIV	50.00	2011-07-16	C/P	=>	VIV1	50.00	2011-07-16	C/P
VIV	17.50	2011-10-22	C/P	=>	VIV1	17.50	2011-10-22	C/P
VIV	20.00	2011-10-22	C/P	=>	VIV1	20.00	2011-10-22	C/P
VIV	22.50	2011-10-22	C/P	=>	VIV1	22.50	2011-10-22	C/P
VIV	25.00	2011-10-22	C/P	=>	VIV1	25.00	2011-10-22	C/P
VIV	30.00	2011-10-22	C/P	=>	VIV1	30.00	2011-10-22	C/P
VIV	35.00	2011-10-22	C/P	=>	VIV1	35.00	2011-10-22	C/P
VIV	40.00	2011-10-22	C/P	=>	VIV1	40.00	2011-10-22	C/P
VIV	45.00	2011-10-22	C/P	=>	VIV1	45.00	2011-10-22	C/P
VIV	50.00	2011-10-22	C/P	=>	VIV1	50.00	2011-10-22	C/P
VIV	22.50	2012-01-21	C/P	=>	VIV1	22.50	2012-01-21	C/P
VIV	25.00	2012-01-21	C/P	=>	VIV1	25.00	2012-01-21	C/P
VIV	30.00	2012-01-21	C/P	=>	VIV1	30.00	2012-01-21	C/P
VIV	35.00	2012-01-21	C/P	=>	VIV1	35.00	2012-01-21	C/P
VIV	40.00	2012-01-21	C/P	=>	VIV1	40.00	2012-01-21	C/P
VIV	45.00	2012-01-21	C/P	=>	VIV1	45.00	2012-01-21	C/P
VIV	50.00	2012-01-21	C/P	=>	VIV1	50.00	2012-01-21	C/P
VIV	55.00	2012-01-21	C/P	=>	VIV1	55.00	2012-01-21	C/P
VIV	60.00	2012-01-21	C/P	=>	VIV1	60.00	2012-01-21	C/P

*** Any additional VIV series that are added prior to the effective time of the merger will also be adjusted in the manner described above.**

Settlement

The OCC will delay settlement of VIV1 exercise and assignment activity until the end of "when issued" trading in VIV, if any.

GTC Order Conversion

On Tuesday, June 7, immediately after the CBOE close, the system will convert or cancel all resting orders in the VIV order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustments. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL

drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

A report will be available at the Help Desk listing the orders that are converted or canceled. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

<http://www.cboe.com/ContractAdjustments>