

TELESP HOLDING CO  
Form 6-K  
February 20, 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 February, 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

**TELESP HOLDING COMPANY**

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1.	Press Release entitled " <i>Telecomunicações de São Paulo S.A. - Telesp - Quarterly Results 2007 January-December</i> " dated on February 19, 2008.

# TELECOMUNICAÇÕES DE SÃO PAULO S/A - TELESP

SÃO PAULO, FEBRUARY 19, 2008

Quarterly Results 2007

January – December

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## TELECOMUNICAÇÕES DE SÃO PAULO S/A - TELESP

São Paulo, February 19, 2008

Quarterly Results 2007

January – December

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Results January – December 2007 **TELESP 1**

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## HIGHLIGHTS

**Trio Telefônica** is a bundled offer of **PayTV, Broadband and Local calls**, launched on August 12, 2007. Offered in all company's concession area, this product is a differentiated option in the market due to its flexibility in composing bundles of TV and speeds in broadband services. The customer can also choose mini-bundles, divided by channels genre, such as documentary, kids, variety, action, world and movies. In October 2007, the company launched bundles with GloboSat content and celebrated a commercial and operational agreement with TVA, strengthening and extending even more the integrated offer of PayTV.

**Posto de Trabalho** / **Posto informático**, launched in 2007, are offered to the corporate segment as a solution for infra-structure of Information Technology customized for the customer. Through a monthly fee payment, Telesp offers a bundle composed by voice, data, broadband, network management and equipments for small, medium

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and big clients. The bundled offer of Information Technology and communication services is one of the company's strategic pillars in the corporate segment.

**ADSL** is offered under the brand name "Speedy" and reached 2,052,617 clients in December 2007, a 6.0% increase over 3Q07. When compared to December 2006, the growth was of 446 thousand accesses or 27.8%, in line with the upward trend of last quarters. Investments in broadband through telephony line are the Company's priority since its launch in 2001 and reinforce Telesp's commitment in improving the offer and quality of products and services to its clients, allowing a service even better and becoming even more competitive.

**Alternative Plans for Fixed Telephony** Through the alternative plans for fixed telephony, the Company takes advantage of its existing installed capacity, makes clients loyal and serves each time better the different market segments with more adequate choices for access to fixed telephony. This reflects the commitment of Telesp related to the universalization of telecommunication services in the state of São Paulo, higher than the regulatory demands, and the democratization of communication and information accesses. In 2007, the base of Alternative Plans represented 47% of the total lines in service. The Plans of Minutes, which offer progressive discounts depending on the contracted volume of minutes, are commercialized under versions for fixed-to-fixed, fixed-to-mobile and intra-state long distance calls.

Results January - December 2007 **TELESP 2**

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**The net operating revenues** accumulated for the fiscal year 2007 totaled R\$14,727.6 million and when compared to the R\$14,643.0 million of revenues reached in the same period of 2006, an increase of R\$84.5 million or 0.6% is recorded. This is mainly due to the growth of the packet data communication revenues due to the internalization of services rendered by the subsidiary Telefônica Empresas S.A, occurred on July 28, 2006, the growth of the "Speedy" service, the growth of DLD revenues, besides the increase of other revenues, among these the "posto informático" and network digital services and also the launch in 2007 of the PayTV service. These effects were partially offset by a reduction in interconnection revenues, due to the new interconnection rules in place as of January 1, 2007, as such TU-RL was limited to up to 40.0% of the value related to local minute public tariff, besides the reduction in the infrastructure rental, local service, ILD and inter-network revenues (fixed-to-mobile), this last one mainly due to the increase in anti-fraud measures.

When comparing the 4Q07 with the 4Q06, there is a decrease of R\$29.0 million or 0.8%, mainly explained by a decrease in interconnection, local service and ILD, partially offset by the growth of data transmission revenues and by the increase of other revenues, among these the "posto informático" and the network digital services and also the launch in 2007 of the PayTV service.

**The EBITDA margin** for 2007 was 42.2%, a decrease of 5.0 p.p. when compared to the same period of the previous year. Excluding the reversion effect of the federal tax contingency of R\$257.6 million in the 3Q06, this decrease would have been 3.2 p.p.. When comparing the 4Q07 with the 4Q06, a decrease of 2.9 p.p. in the EBITDA margin is shown. These effects are chiefly explained by actions accomplished along 2007, like the Program of Organizational Restructuring which affected the personnel expenses and the revision of the commercial policy aiming an improvement of the customer base profile and minimized future levels of fraud and bad debt. Therefore, the Company is ready to increase its offer of innovative products and to assist their customers' need well and better.

**The consolidated Capex** for 2007 was R\$1,992.5 million. This figure is in line with Telefônica strategy of investing in the network modernization and expansion to offer communication services of voice, data and video.

Results January - December 2007 **TELESP 3**

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On December 31, 2007, **the total net indebtedness** of the Company was R\$2,733.1 million, an increase of 11.9% over the same period of the previous year. On September 30, 2007, the total net indebtedness of the Company was R\$1,239.0 million. Telesp's indebtedness profile is optimized taking into account the financing conditions and alternatives available in the financial market and the economic-financial situation of the Company

at each moment.

The alteration of the debt profile in the 3Q07 is due to the debentures renegotiation on September 01, 2007, maturing on September 01, 2010.

Results January - December 2007 **TELESP 4**

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## REVENUES HIGHLIGHTS

Gross Operating Revenue in 2007 reached R\$21,183.8 million, representing an increase of R\$387.0 million, or 1.9%, compared to the same period of the previous year. When comparing the 4Q07 x 4Q06, a decrease of R\$125.2 million, or 2.3% is shown.

The changes are explained as follows:

**Monthly Subscription Fee:** reached R\$5,646.4 million in 2007, representing a decrease of R\$43.3 million or 0.8% when compared to the same period of the previous year. When comparing the 4Q07 x 4Q06 a decrease of R\$81.5 million or 5.7% is shown. These effects are mainly explained by the decrease in average lines in service and by the increase in the alternative plans for fixed telephony which are offered with lower monthly fees, partially offset by the tariff adjustment of 2.2% as of July 20, 2007. It is important to highlight that since the beginning of 2007, the Company intensified efforts to improve the quality and the profile of the customer base.

**Installation Fee:** reached R\$119.6 million in 2007, being practically stable in comparison with the same period of the previous year. When comparing the 4Q07 x 4Q06, a decrease of R\$1.0 million or 3.2% is shown due to lower sales, due to a higher focus in promotions selectivity, seeking more quality sales and lower future frauds. This effect was partially offset by the tariff adjustment of 2.2% as of July 20, 2007.

**Local Service:** totaled R\$2,808.3 million in 2007, a decrease of R\$434.6 million or 13.4% when compared to the same period of the previous year. When comparing the 4Q07 x 4Q06, an R\$207.9 million or 24.9% decrease is noted. Both are mainly justified by the lower average lines in service, by a traffic decrease

Results January - December 2007 **TELESP 5**

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and also by the DUOs and TRIOS sales which offer flat tariffs with local unlimited calls. These effects were partially offset by the tariff adjustment as of October 1st, 2007.

**DLD:** totaled R\$3,220.8 million in 2007, an increase of R\$203.4 million or 6.7% when compared to the same period of the previous year. When comparing 4Q07 x 4Q06, an increase of R\$11.5 million or 1.5% is shown. The variations are explained by higher SMP traffic by an increase of the 15% market share as a consequence of commercial loyalty efforts, by the successful offer of long distance bundles, besides the tariff adjustment as of July 20, 2007. This effect was partially offset by a reduction of outgoing fixed traffic.

**Inter-network revenues:** reached R\$4,063.7 million in 2007, a reduction of R\$180.8 million or 4.3% when compared to the same period of the previous year, due to a focused effort in anti-fraud measures, partially offset by the tariff adjustment as of July 20, 2007. When comparing 4Q07 x 4Q06, a decrease of R\$11.8 million or 1.1% is shown, justified by the same aforesaid reasons.

**ILD:** reached R\$133.9 million in 2007, a decrease of R\$18.8 million or 12.3% when compared to the same period of 2006. When comparing 4Q07 x 4Q06, a decrease of R\$3.8 million or 11.0% is shown. Both effects are explained by a decrease in traffic and by promotional campaigns realized during the year.

**Interconnection Revenues:** totaled R\$405.3 million in 2007 and, when compared to the same period of the previous year, a decrease of R\$129.5 million or 24.2% is shown. When comparing the 4Q07 x 4Q06, interconnection revenues decreased R\$25.9 million or 19.9% . Both effects were chiefly caused by the new interconnection rules in place as of January 1, 2007, which limited the maximum values for local interconnection tariffs (TU-RL) to 40% of the local minute value, which represents a decrease of 20.0% when compared to the tariff in place until December/2006. Furthermore, it was registered a traffic decrease of other incumbents as they are using their own network.

**Public Telephony:** recorded R\$551.1 million in 2007, a decrease of R\$32.7 million or 5.6% when compared to the same period of the previous year. When comparing the 4Q07 x 4Q06 revenues decreased R\$17.2 million or 10.3% . These effects were chiefly motivated by a peculiar alteration in the dealers commission criteria occurred in the 4Q06 which increased the comparison base, partially offset by the tariff adjustment as of July 20, 2007.

**Data Transmission:** reached R\$2,995.7 million in 2007, an increase of R\$975.3 million or 48.3% when compared to the same period of the previous year, due to the internalization of services rendered by the subsidiary Telefônica Empresas S.A, besides the growth in the "Speedy" service. An improvement of R\$155.7 million or 23.3% was recorded when comparing the 4Q07 x 4Q06 due to the growth in the "Speedy" service.

**Infrastructure rental:** totaled R\$318.6 million in 2007, a drop of R\$80.3 million or 20.1% over 2006. This was mainly explained by the fact that a big portion of this service was previously rendered to Telefônica Empresas S.A., besides the renegotiation of EILD contracts (rental for the wholesale exploitation of dedicated lines). When comparing the 4Q07 x 4Q06, revenues declined R\$7.4 million or 7.8% due to the renegotiation of the EILD contracts.

**PayTV:** launched on August 12, 2007, this service reached R\$54.6 million in 2007. It includes TV services through Satellite and MMDS (Multichannel Multipoint Distribution Service).

**Others:** reached R\$866.0 million in 2007, an increase of R\$73.5 million or 9.3% when compared to the same period of the previous year. When comparing 4Q07 x 4Q06, an increase of R\$13.8 million or 6.7% is registered. Both effects were chiefly explained by the increase of the customer base that possess

Results January - December 2007 **TELESP 6**

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Detecta (service of calls identification), by network and equipments managing ("Posto de Trabalho" / "Posto Informático") and by the selling of infra-structure equipments.

Results January - December 2007 **TELESP 7**

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## OPERATING EXPENSES HIGHLIGHTS

Operating Expenses in 2007 reached R\$8,512.7 million and when compared to the same period of the previous year, registered an increase of R\$777.4 million or 10.0% . When comparing the 4Q07 x 4Q06, it was recorded an increase of R\$90.8 million or 4.3% . The Operating Expense variations are explained as follows:

**Personnel expenses** reached R\$887.3 million in 2007, an increase of R\$129.8 million or 17.1% over 2006. This effect is mainly explained by salary raises in September/06 and September/07, a headcount increase as a result of the incorporation of Telefônica Empresas and by expenses of R\$154.4 million related to the Program of Organizational Restructuring realized during 2007, aiming the adequacy of the number of employees. These effects are partially offset by a reduction in expenses due to a headcount decrease happened since February 2007. When comparing 4Q07 x 4Q06, it was recorded a growth of R\$39.6 million or 17.6%, mainly justified by salary rises in September/07 and by the Program of Organizational Restructuring.

**General and administrative expenses** totaled R\$6,965.8 million in 2007, showing a raise of R\$280.8 million or 4.2% when compared to the same period of the previous year. When comparing 4Q07 x 4Q06, general and administrative expenses raised by 5.5% or R\$95.5 million.

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The General and Administrative Expenses changes are mainly explained as follows:

**Supplies** totaled R\$157.7 million in 2007, an increase of R\$4.2 million or 2.7% when compared to the same period of the previous year, due to an increase in cost of sales after the incorporation of Telefônica Empresas, partially offset by the reduction of maintenance supplies of the productive plant. When comparing the 4Q07 x 4Q06, supplies expenses decreased 4.4% or R\$1.9 million, mainly due to a reduction in the productive plant maintenance.

**Outsourcing expenses** totaled R\$2,797.3 million in 2007, a raise of R\$127.7 million or 4.8% when compared to the same period of the previous year, mainly due to an increase of expenses related to customer service, telesales and cobilling, partially offset by a reduction of public terminals maintenance. When comparing the 4Q07 x 4Q06, outsourcing expenses raised R\$25.5 million or 3.6%, due to the same aforesaid reasons.

**Interconnection expenses** reached R\$3,617.1 million in 2007, an increase of R\$61.2 million or 1.7% when compared to same period of the previous year, mainly due to an increase in the SMP traffic with the □15□ (selection code of the operator) and by the readjustment of 2.25% in VUM on July 20, 2007, partially offset by new interconnection rules in place as of January 1, 2007, which represents a decrease of 20.0% in the maximum values for local interconnection tariffs (TU-RL) compared to the tariff in place until December/2006. When comparing the 4Q07 x 4Q06 interconnection expenses increase 7.1% or R\$62.9 million, due to the same aforesaid reasons.

**Other Expenses** reached R\$393.7 million in 2007, an increase of R\$87.7 million, or 28.7% when compared to the same period of the previous year, due to the increase of network rental expenses of infrastructure for last-mile call termination, post rental and administrative building rental. When comparing the 4Q07 x 4Q06, other expenses increase 8.5% or R\$9.0 million, due the same aforesaid reasons.

**Taxes** totaled R\$406.1 million in 2007, recording an increase of R\$1.9 million or 0.5% in comparison to the same period of the previous year. When comparing 4Q07 x 4Q06, an increase of R\$2.3 million or 2.2% is shown. These effects were mainly caused by higher expenses with FISTEL.

Results January □ December 2007 **TELESP 8**

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**Provisions** reached R\$652.7 million in 2007, an increase of R\$239.1 million when compared to same period of the previous year. When comparing 4Q07 x 4Q06, an increase of R\$42.1 million is registered. This was mainly motivated by a revision in 2007 over the commercial policy and for a more austere collection aiming minimized future levels of fraud and bad debt, and as a consequence, improving the customer base profile.

**Investment gains (losses)** recorded a negative result of R\$2.1 million in 2007 and in the same period of the previous year registered a positive result of R\$1.0 million. When comparing 4Q07 x 4Q06, a positive result of R\$0.5 million was registered. Both variations are justified by the foreign exchange rate effect in the equity accounting as a result of the consolidation of the subsidiary Aliança Atlântica.

**Other operating revenues (expenses)** in 2007, recorded a negative net variation of R\$122.5 million, or 23.4% over 2006. Such behavior is mainly justified by the provision reversion in 2006 related to the questioning over the enlargement of COFINS and PIS calculation base with the addition of financial revenues, outsourcing and variation of the exchange rate, instead of just operating revenues of R\$257.6 million and by the partial INSS recovery in 2007 related to Economic Plans occurred in the past (Plano Bresser and Plano Verão) of R\$101.0 million every five-year. When comparing 4Q07 x 4Q06, a positive variation of R\$88.2 million or 138.5% is shown chiefly due to the INSS recovery in 2007 previously mentioned.

Results January □ December 2007 **TELESP 9**

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## OTHER HIGHLIGHTS

**Depreciation** in 2007 increased 0.9% or R\$23.1 million when compared to the same period of 2006, mainly explained by the premium amortization of Navytreet acquisition, partially offset by the decrease in depreciation of



permanent assets in service and by the decrease of modem obsolescence provision. When comparing 4Q07 x 4Q06, an increase of R\$11.4 million or 1.7% was recorded due to the same aforesaid reasons.

**Operating Financial Revenues / (Expenses) (excluding IONW):** the financial result improved R\$24.1 million or 7.3% when comparing 2007 x 2006, mainly justified by the reduction of interest rate (CDI) and by the lower average of net indebtedness. When comparing 4Q07 x 4Q06, significant variations were not registered.

**Non-Operating Revenues (Expenses)** in 2007 recorded a positive result of R\$131.6 million, an increase of R\$108.0 million when compared to same period of the previous year, due to the sale of assets, mainly by land sold in the 1Q07, besides the discharge of coming credits of collection not identified and not complained. When comparing 4Q07 x 4Q06, a decrease of R\$3.3 million is observed due to revenues from the sale of investments in the 4Q06 which increases the comparison base, partially offset by the sale of assets in the 4Q07.

**Loans and Financing:** On December 31, 2007, the Company had R\$943.3 million in loans and financing denominated in foreign currency (R\$615.0 million on September 30, 2007), from which R\$784.7 million were raised at fixed interest rates (R\$455.4 million on September 30, 2007), and R\$158.6 million were raised at variable interest rates (Libor) (R\$159.6 million on September 30, 2007). In order to be protected against exchange risk and variable interest rates of these loans denominated in foreign currency, the Company contracted hedge transactions to peg these debts to the local currency, with floating interest rates indexed to the CDI, thus the indebtedness of the Company is only affected by fluctuations on this rate. On December 31, 2007, 100% of financial debt denominated in foreign currency (100% on September 30, 2007) was covered by active positions in hedge transactions (Swap to CDI) which reported a consolidated net negative result of R\$157.6 million, while a liability of R\$357.2 million was recorded on December 31, 2007, to acknowledge the net position of derivatives in such date. Since they are protective trades, part of the consolidated net negative result of R\$157.6 million related to derivatives are offset by revenues from foreign exchange rate variation of the debts, in the amount of R\$93.9 million. The position in loans and financing also includes the value of the debentures issued in 2004, renegotiated on September 01, 2007, paying interests based on the variation of the CDI rate + fixed spread, in the amount of R\$1,512.4 million (R\$1,511.8 million on September 30, 2007).

To reduce the exposure of the local interest rate (CDI), the Company invests the balance of cash and cash equivalents (financial instruments) of R\$348.6 million (R\$1,184.1 million on September 30, 2007), mainly in short-term instruments, based on the variation of the CDI.

The Company also has swap trades "CDI x pré" to partially cover fluctuations from domestic interest rates. On December 31, 2007, such trades, which had a contracted volume of R\$810.0 million (R\$840.0 million on September 30, 2007) reached a net positive consolidated result of R\$4.5 million, being this temporary gain recorded in the income statement. In addition, the company has "swap" operations "CDI + spread x %CDI, in the amount of R\$1.5 billion, to cover the fixed debentures spread, which generate a positive result of R\$22 thousand.

Results January - December 2007 **TELESP 10**

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**Debentures** - On September 03, 2004, the Company announced a Public Offering of Securities and the activation, within the Program's parameters, of the First Issuance of Telesp's debentures. The Offer consisted of the issuance of 150,000 not convertible debentures, of unsecured type, with face value of R\$10 mil per unit, totaling the amount of R\$1.5 billion, in single tranche, maturing on September 01, 2010. The debentures conditions were renegotiated on September 01, 2007, end date of the first validity Remuneration period, and the second period also began in that date with closing foreseen to September 01, 2010, the debentures' maturity date. The debenture bears interest on a quarterly basis payment, of the accumulated average rates of the interbank interest rate of one day (DI rate), capitalized by a spread of 0.35% per year, calculated and disclosed by the Custody and Settlement - CETIP since the renegotiation date.

**BNDES Loan** - On October 10, 2007, the National Bank of Economic and Social Development (BNDES) approved a loan of R\$2.0 billions for Telesp. The amount will be applied in the network modernization and expansion of services of voice, data and video.

## Corporate Events in 2006 and 2007

**a) Incorporation of Atrium Telecomunicações by A. Telecom** - On March 01, 2006, A. Telecom S.A. took over its affiliated Santo Genovese Participações Ltda. after this latter incorporated its affiliated Atrium Telecomunicações Ltda., as a result of this transaction, Santo Genovese was extinct. Thus, A. Telecom started carrying out Atrium former function. This action aims improve synergies consolidating all activities in only one company, rationalizing management, simplifying the administrative and corporate structure and, offering wider and integrated services to clients.

**b) Incorporation of Telefônica Data Brasil Holding and partial spin-off of Telefônica Empresas S.A.** - On March 09, 2006, Telesp and Telefônica Data Brasil Holding Ltda. (TDBH), both controlled by the Telefônica Group, approved the proposal for restructuring the Multimedia Communication Services (SCM) activities of Telefônica Empresas S.A. (T. Empresas) and Telesp. This operation comprises the following steps:

(i) The merger of TDBH into Telesp, while the shareholders of TDBH will receive shares of Telesp in accordance to the announced exchange ratio. Through this agreement, Telefônica Empresas S.A. will become a fully owned subsidiary of Telesp. This latter will succeed TDBH in all its rights and obligations; and

Results January - December 2007 **TELESP 11**

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(ii) The partial spin-off of Telefônica Empresas, transferring to Telesp the SCM assets and activities in regions where such service is already rendered by Telesp.

The Company's Extraordinary General Meeting held on April 28, 2006 approved the corporate restructure proposal. Nevertheless, as a result of the injunction got in writ of prevention proposed by TDBH's minority shareholders, abrogated on July 25, 2006, the effects of the corporate restructuring were produced starting from the publication of the lawsuit on July 28, 2006.

**c) Acquisition of Navytree Participações S.A.** - In accordance with the relevant fact published on October 31, 2006, the Society celebrated with Grupo Abril several contractual relations of commercial and operational disposition. It was foreseen the acquisition: (i) 100% of the MMDS (Multichannel Multipoint Distribution Service) and broadband operations, and (ii) participation in the company's capital stock, at the limit of the effective law and regulation, of TV and cable operators controlled by Grupo Abril inside and outside São Paulo's State.

On October 31, 2007, ANATEL concluded the process of regulatory analysis between Grupo Abril and Telesp and approved the transaction. The process will be analyzed by CADE (Administrative Council of Economic Defense) under the competitive point of view. The final amount of acquisition of 100% of the Navytree capital stock was R\$909.1 million.

Results January - December 2007 **TELESP 12**

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## DIVIDENDS AND INTEREST ON OWN CAPITAL

**IONW - ON DECEMBER 18, 2006**, the Company's Board of Directors approved, "ad referendum" at the General Shareholders' Meeting, the distribution of Interest on Own Capital related to the fiscal year 2006 in the amount of R\$120 million, withholding income tax of 15%, thus the net interested paid to the shareholders, who held shares in the Company's registry book on the market close of December 28, 2006, was R\$102 million. Telesp's shares were considered as ex-interest on own capital as of December 29, 2006. The payment started on May 28, 2007, in accordance to the statement below:

**Dividends - On March 29, 2007**, the Telesp's General Shareholders' Meeting approved the distribution of dividends based on the accumulated earnings reported in the annual balance sheet of the Company, dated as of December 31, 2006 in the amount of R\$705.6 million to the shareholders who held shares in the Company's registry book on the market close of March 29, 2007 and shares were considered as ex-dividends as of March 30, 2007. The payment started on May 28, 2007, in accordance to the statement below:

**IONW - On April 18, 2007**, the Board of Directors of the Company approved, "ad referendum" of the General Shareholders' Meeting, the distribution of interests on own capital, in the amount of R\$221 million, withholding income of 15%, thus the net interested paid to the shareholders, who held common and preferred shares on the market close of April 30, 2007, was R\$187.85 million. After this day, Telesp's shares were considered as ex-interest on own capital. The payment started on May 28, 2007, in accordance the statement below:

Results January - December 2007 **TELESP 13**

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**Dividends - On November 07, 2007**, the Board of Directors approved, "ad referendum" of the General Shareholders' Meeting the distribution of intermediary dividends in the amount of R\$1,580 million, to shareholders who held shares in the Company's registry book on the market close of November 07, 2007. As of November 08, 2007, shares were considered as ex-dividends. The payment started on December 03, 2007, in accordance to the statement below:

**IONW - On November 07, 2007**, the Board of Directors of the Company approved, "ad referendum" the General Shareholders' Meeting, the distribution of interests on own capital, in the amount of R\$210 million, withholding income of 15%, thus the net interested paid to the shareholders, who held common and preferred shares on the market close of November 07, 2007, was R\$178.5 million. After this day, Telesp's shares were considered as ex-interest on own capital. The payment started on December 03, 2007, in accordance the statement below:

**IONW - On December 10, 2007**, the Board of Directors of the Company approved, "ad referendum" of the General Shareholders' Meeting, the distribution of interests on own capital, in the amount of R\$211 million, withholding income of 15%, thus the net interested paid to the shareholders, who held common and preferred shares on the market close of December 28, 2007, was R\$179.35 million. After this day, Telesp's shares were considered as ex-interest on own capital. The payment will start in 2008, in a specific date which will be determined in the General Shareholders' Meeting, in accordance to the statement bellow:

Results January - December 2007 **TELESP 14**

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## ADDITIONAL NOTES

**CVM Edict # 371** - pension plan accounting procedures. The Company registered the liabilities related to pension plans according to the Edict CVM # 371 published on December 13, 2000. The actuary valuation of the pension plans was executed in December 2007 and 2006, based on the participants' registry book as of August 2007 and September 2006, respectively, being adopted the unitary credit method and immediately registered the actuary gains and losses for each fiscal year. The assets of the pension plans are positioned on December 31, 2007 and November 30, 2006, respectively, and for the cases of multi-sponsored plans (PAMA and PBS-A), the division of their assets was done based on the Company's liabilities relative to the total liabilities of the pension plan. The total value of the registered liability on December 31, 2007, was of R\$95.4 million.

**Fixed-to-Mobile Tariff Increase** - On March 28, 2006, through Edict #57109, Anatel (Agência Nacional de Telecomunicações) approved the 7.99% tariff adjustment for the fixed-to-mobile long distance calls (VC2 and VC3) throughout the entire concession area of Telesp, sectors 31, 32 and 34 of Region III. On the same date, Anatel approved the readjustment of the fixed-to-mobile interconnection rate (VUM) related to the VC2 and VC3 in 4.5% .

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The readjustments were effective from March 31, 2006 on.

**Fixed-to-Fixed Tariff Increase** □ **On July 10 and 14, 2006**, through Edicts #59517 and #59665, ANATEL (Agência Nacional de Telecomunicações) approved the tariff adjustment of the Switched Fixed Telephony Service - STFC, according to the criteria established in the concession contracts for Local and Domestic Long Distance Services, effective from July 14, 2006 on for the Local Service from July 20, 2006 on for the Domestic Long Distance Service. The following average readjustments were applied to the tariff baskets: Local: -0.38%; Long Distance: -2.73% .

**New interconnection rules:** in accordance to the Concession Contract renewal, the new interconnection rules prevailing as of January 1, 2007, limit the TU-RL tariff up to 40% of the value per minute.

**Migration Pulse/Minute:** on March, 31, 2007, Telesp started the collection migration process from pulse to minute, according to the Concession Agreement's renewal which was completed on July, 31, 2007. Besides the basic plan, there is the PASOO (Alternative Plan of Compulsory Offer). Follows the main differences between these plans:

Results January □ December 2007 **TELESP 15**

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**Fixed-to-Fixed Tariff Increase** □ **On July 17, 2007**, through Edicts #66028 and #66031, ANATEL (Agência Nacional de Telecomunicações) approved the tariff adjustment of the Switched Fixed Telephony Service - STFC, according to the criteria established in the concession contracts for Local and Domestic Long Distance Services, effective from July 20, 2007. The following readjustments were applied equally to the Local and DLD, in other words, 2.21% .

However, worried about the total transparency over the process of local calls conversion from pulses to minutes, the Company postponed, in a promotional disposition, the implementation of the tariff adjustment over local pulses and minutes to October 01, 2007.

**Fixed-to-Mobile Tariff Increase** □ **On July 17, 2007**, through Edict #66029, Anatel (Agência Nacional de Telecomunicações) approved the 3.29% tariff adjustment for the fixed-to-mobile calls (VC1, VC2 and VC3) throughout the entire concession area of Telesp, sectors 31, 32 and 34 of Region III. On the same date, Anatel approved the readjustment of the fixed-to-mobile interconnection rate (VUM) related to the VC1, VC2 and VC3 in 2.25% . The readjustments were effective as of July 20, 2007.

Results January □ December 2007 **TELESP 16**

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## HISTORICAL SUMMARY

Since November 30, 1999 and due to a corporate restructuring, Telecomunicações de São Paulo S.A. -TELESP is the new name of Telesp Participações S.A., a corporation organized under the laws of the Federal Republic of Brazil, formed upon the spin off of Telecomunicações Brasileiras S.A., on May 22, 1998. TELESP is the main provider of fixed line public telecommunications services in the Brazilian state of São Paulo. The Brazilian Government sold its stake in TELESP PARTICIPAÇÕES, thus privatizing the Company, on July 29, 1998.

In December 1999, Telecomunicações de São Paulo S.A. - TELESP acquired voting and non-voting shares of Centrais Telefônicas de Ribeirão Preto S.A. - CETERP. The CETERP cellular operating division was sold afterwards.

The tender offer to exchange the shares of the Company by BDRs (Brazilian Depositary Receipts) representative of the shares of Telefônica, S.A. was concluded on June 30, 2000.

On August 03, 2000, the wholly owned subsidiary Telefônica Empresas S.A. was created, whose corporate goal is to render switched package network services. On November 24, 2000, the Company completed the capital increase on its fully owned subsidiary in local currency and through the valuation of the assets related to the switched

package network services, including the transfer of the authorization to render that service.

On January 30, 2001, Telefônica Data Brasil Holding S.A. was created, resulting of the partial spin-off of the Company's net equity. This equity was represented by the investment in the fully owned subsidiary Telefônica Empresas S.A. and accounts receivable. The purpose of the creation of Telefônica Data Brasil Holding S.A. was the segregation of the operating activities related to the switched package network services, due to the administrative and operating restructuring in the year 2000.

TELESP's business, services and tariffs have been regulated by ANATEL (Agência Nacional de Telecomunicações) since June 16, 1997, according to various decrees, decisions, plans and regulatory measures.

TELESP became the first operator to file the corresponding information of the accomplishment of ANATEL's targets. ANATEL has already granted the license to permit Telesp to offer domestic and international long distance services to its customers, and also to extend its business out of its concession area (São Paulo) to the whole country. The international long distance services started to be deployed on May 7, 2002 while the domestic long distance services were not being rendered in that period due to a legal injunction. For the same reasons, the domestic long distance services started to be deployed on July 29, 2002.

The Board of Directors of ANATEL, on its 240th meeting held on January 29, 2003 granted Telecomunicações de São Paulo S.A. - Telesp the authorization to exploit the Multimedia Communications Service (SCM) nationwide. The Company may offer voice and data services through points of presence, composed of networks and telecommunication circuits.

On July 06, 2003, the mobile telephony operators started to implement the long distance carrier selection (CSP). It enables the client to determine the long distance carrier for each domestic long distance call (VP2 and VP3) or international call, according to the SMP - Mobile Personal Service rules. Consequently, the Company started to acknowledge the revenues from said services and, at the same time, started to pay to the mobile telephony operators for the use of their networks.

On September 04, 2004, the rules established in Resolution #373 of Anatel (National Telecommunications Agency), dated as of June 03, 2004, were implemented. This Resolution deals with

Results January - December 2007 **TELESP 17**

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the reconfiguration of the local areas for the Switched Fixed Telephony Service - STFC. As a consequence, all calls, previously billed as domestic long distance DC level (Áreas Conurbadas), are now billed as local calls.

On December 04, 2004, the phase II of the rules established in Resolution #373 of Anatel (National Telecommunications Agency), dated as of June 03, 2004, was implemented. This modification involved 25 municipalities, distributed into 9 different groups. The calls among the municipalities within each group will be billed as local calls. Previously, such calls were billed as domestic long distance, levels 1 and 2.

On December 24, 2004, the Company acquired the control of Santo Genovese Participações Ltda., controller of Atrium Telecomunicações Ltda. ("Atrium"), company dedicated to the management of the rendering of telecommunication services. The operation allowed the Company to increase its offer to the domestic market with services that have greater value added, through the management of the rendering of telecommunication services.

On December 31, 2005, the concession contract for the STFC expired. On December 22, 2005, this concession contract was extended for a period of 20 years, while it can be modified on December 31, 2010, December 31, 2015 and December 31, 2020. This condition allows Anatel to establish new conditions and new targets for universalization and quality, taking into consideration the conditions in place by that time.

Every two years for the 20-years period of the new contracts, the public regime companies will have to pay a renewal tax equivalent to 2% of the revenues of the STFC of the previous year of the payment, net of applicable taxes and social contributions. Since 2006, the Company has been provisioning the concession renewal rate by competence regime. Considering that this rate is connected to two periods, the Company will register as costs of the rendered services 1% of the annual net revenues of each period. The first payment of the bi-annual tax will take place on April 30, 2007, based on the net incomes of STFC 2006. The next payment is foreseen for April 30,

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2009 based on the net incomes of STFC 2008.

On July 28, 2006, the corporate restructuring involving the activities of the Multimedia Communication Services (SCM), through the merger of TDBH into Telesp and partial spin-off of Telefônica Empresas, was finalized. The process also includes the transfer to Telesp of the assets and activities of the SCM in the regions in which such service is already rendered by Telesp.

On March 14, 2007 ANATEL conceded to A.Telecom one license to offer Pay TV through satellite (Direct to Home □ DTH). DTH is a special type of service of Pay TV that uses satellites for the direct distribution of television and audio signs for the subscribers. The launch of the commercial operation occurred on August 12, 2007.

On October 31, 2007, ANATEL concluded the process of regulatory analysis between Grupo Abril and Telesp involving the acquisition of 100% of the MMDS (Multichannel Multipoint Distribution Service) and broadband operations, and participation in the company's capital stock, at the limit of the effective law and regulation, of TV and cable operators controlled by the Grupo Abril inside and outside São Paulo's State.

Results January □ December 2007 **TELESP 18**

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Results January □ December 2007 **TELESP 19**

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Results January □ December 2007 **TELESP 21**

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Results January □ December 2007 **TELESP 22**

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Results January □ December 2007 **TELESP 23**

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## DISCLAIMER

This document contains statements that constitute forward-looking statements in its general meaning and within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this document and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activity and situation relating to the Company. The forward-looking statements in this document can be identified, in some instances, by the use of words such as "expects", "anticipates", "intends", "believes", and similar language or the negative thereof or by forward-looking nature of discussions of strategy, plans or intentions.

Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties and actual results may differ materially from those in the forward-looking statements as a result of various factors.

Analysts and investors are cautioned not to place undue reliance on those forward-looking statements, which speak only as of the date of this presentation. The Company undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Company's business or acquisition strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to

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consult the Company's Annual Report as well as periodic filings filed with the relevant Securities Markets Regulators, and in particular with the Brazilian Market Regulator.

For additional information, please contact:

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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: February 19, 2008

By: /s/ Norair Ferreira do Carmo

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Name: Norair Ferreira do Carmo  
Title: Investor Relations Director

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