GVT (Holding) S.A.

Earnings Release

First Quarter of 2010

Curitiba, April 22nd 2010

Curitiba, Brazil, April 22nd, 2010: **GVT (Holding) S.A.** (Bovespa: GVTT3, Reuters: GVTT3.SA and Bloomberg GVTT3: BZ), a leading facilities-based telecommunications and Internet solutions provider Company in Brazil, announces today its results for the first quarter of 2010 (1Q10). The following information is consolidated in Brazilian Reais (R$) pursuant to Brazilian Corporate Law. Except where stated otherwise, all comparisons are with the same period of 2009 (1Q09).

Continuous accelerated quality growth with record increase in revenues and EBITDA

1 OPERATIONAL AND FINANCIAL HIGHLIGHTS AND MAIN INDICATORS

1.1 1Q10 Financial and Operational Highlights:

- **Net revenue** reached R$513.4 million in 1Q10, compared to R$376.1 million in 1Q09, a growth of 36.5%. Net revenue growth in 1Q10 was mainly led by 65.9% increase in broadband services and a 31.6% increase in voice services.

- **Net additions of lines in service** (LIS) had a strong performance in 1Q10 due to the Company's competitive value proposition, reaching a total of 301,403 lines, an increase of 59.9% versus 1Q09. Out of total net additions, 132,392 were voice, 78,465 broadband, 88,548 corporate data, 8,205 VoIP and a reduction of 6,207 dial-up lines.

- **Adjusted EBITDA**[1] grew by 46.8% in 1Q10, and adjusted **EBITDA margin** increased by 2.8 p.p. at the same period, reaching 40.3%. Adjusted EBITDA margin improved in the quarter primarily due to increase in Next Generation Services revenues, combined with the optimization of backbone and IP costs and a decrease in sales & marketing expenses as a percentage of net revenue.

- **Net income before Income Taxes** reached R$49.7 million in 1Q10 compared to R$43.7 million in 1Q09, an increase of 13.7%.

- **Net income** reached R$32.4 million in 1Q10 compared to R$26.0 million in 1Q09, a growth of 24.7%. Excluding the effects from the prepayment of the Senior Secured Notes, Net income would have reached R$60.4 million, representing a growth of 132%.

- **CapEx** reached R$172.6 million in 1Q10, compared to R$105.3 million in the same period of 2009, an increase of 63.9%. This increase is mainly due to acceleration of geographical expansion and the higher number of new facilities built in 1Q10. For the full year 2010, the board of Directors has approved an additional R$205 million in CapEx in order to further accelerate the Company's geographical expansion, leading to a total CapEx of approximately R$1.1 billion.

- **Guidance:** For 2010, revenues are expected to grow by 29% year-over-year and adjusted EBITDA is expected to increase by 35% compared to 2009.

1.2 Main Performance Indicators

(R$ '000)	1Q10	1Q09
Net Revenue	513,446	376,144
Net Revenue (% growth)	36.5%	29.6%
% Gross Income Margin	67.0%	66.3%
Adjusted EBITDA[1]	207,153	141,115
% Adjusted EBITDA Margin	40.3%	37.5%
Net Income before taxes	49,708	43,718
Net Income	32,433	26,005
CapEx (Capital Expenditure)	172,591	105,303
◆ Free Cash Flow (Adjusted EBITDA - CapEx)	34,562	35,812
◆ Net Debt	(224,065)	(305,160)
◆ Net Debt / Adjusted EBITDA (LTM)	0.3x	0.6x
◆ Cash and Cash Equivalents	283,996	474,759
Total Net Additions	301,403	188,542
◆ Voice Lines	132,392	83,328
◆ Broadband	78,465	43,840
◆ Others (Corporate data, VoIP and ISP)	90,546	61,374

[1]Adjusted EBITDA, a performance measurement used by our management, is computed as net income (loss) for the period excluding income and social contribution taxes, financial income and expenses, depreciation, amortization, results of sale and transfer of fixed assets / extraordinary items and stock option expense. Adjusted EBITDA is useful because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Adjusted EBITDA is not a recognized term under Brazilian GAAP and does not purport to be an alternative to net income as a measure of operating performance or to cash flow from operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of Adjusted EBITDA may not be comparable to other similarly titled measures or to cash flow available for our discretionary use, as such measures do not consider certain cash requirements such as interest payments, tax payments and debt service.

1.3 Business Update

1.3.1 – Geographical Expansion

In 1Q10, GVT announced the expansion of its coverage in the Northeast region, with operations in three additional cities outside region II: Fortaleza (State of Ceará), João Pessoa (State of Paraíba) and Campina Grande (State of Paraíba). Altogether, the municipalities have 3.5 million inhabitants. The initial investment in the three cities will exceed R$90 million this year, of which R$78.9 million were in 1Q10, allowing the coverage of approximately 30% of the cities' urban area. Revenue from the retail segment generated by the cities outside Region II reached 20.8% of total net revenue in 1Q10, compared with 9.9% in 1Q09, showing the success of the Company’s expansion outside its original region.

1.3.2 –PREMIUM - New Telephony and Broadband Plan

The Company has launched in the beginning of April a complete line of telephony and broadband packages. Premium offers 10,000 minutes in local calls to any landline telephone – at night and on weekends – another 1,000 minutes for calls made between 8:00 a.m. and 8:00 p.m. from Mondays to Fridays, in addition to 25 to 100 free minutes in calls to mobile phones of any operator, and the same amount of minutes to any DDD calls for the price of local calls. Now, broadband speeds may vary from 3Mbps to 100Mbps, with a free modem for 10Mbps. The amounts charged monthly are R$109.90, R$129.90 or R$149.90, depending on the package contracted. This new product allows the Company to take advantage of its next-generation telecommunications network (NGN), further increasing the competitive advantage over its main competitors.

1.3.3 – Number Portability

Since number portability regulation has been in effect (September 2008), total lines requested to be ported reached 5,662,451, of which 1,889,048 were fixed lines (source: ABR – April 01st, 2010), of which 1,322,954 portability processes have already been concluded while GVT's share reached 35%, which represents 448,115 lines. When considering only requests in the Company's area of operation, GVT's share reached 61%. Our winning/loss ratio is about 11:1.

1.3.4 – Repayment of the Senior Secured Notes

On February 26, 2010, the GVT Holding S.A. has opted to repurchase all outstanding Senior Secured Notes issued by its subsidiary GVT Finance LLC. At that time, the principal of the outstanding Notes were US$179.4 million, which represented approximately 39.3% of the Company's total debt. The notes were repurchased drawing on Company's own funds, with no need to tap additional credit lines. Currently, there are no more notes outstanding.

1.3.5 – Public Offer of Common Shares

After the change of control occurred in 4Q09, Vivendi S.A. and its subsidiary VTB Participações presented, on March 26, 2010, a tender offer for the acquisition of all outstanding shares of GVT for a 30-day period which ends on April 27, 2010, date scheduled for the auction. The price for the acquisition of each share will be R$ 56.00, adjusted according to SELIC interest rate variation from November 13, 2009 until the auction settlement date. Additionally, if an acceptance quorum of 2/3 of outstanding shares is achieved (i.e. 2/3 of those shares which signed up for the auction), CVM will proceed with the Company's delisting. The tender offer is not being made and will not be made, directly or indirectly, in or into the United States of America.

2 INCOME STATEMENT

2.1 GVT Holding - Consolidated

(R$ '000)	1Q10	1Q09	1Q10 vs. 1Q09 (%)
Gross Revenue	**829,189**	**604,927**	**37.1%**
Sales Taxes and Deductions	(315,743)	(228,783)	38.0%
Net Revenue	**513,446**	**376,144**	**36.5%**
Cost of Revenue	**169,350**	**126,596**	**33.8%**
% Cost of Revenue from Total Net Revenue	*33.0%*	*33.7%*	*-0.7 p.p*
Interconnection Cost	88,772	63,282	40.3%
Fixed - Mobile	*51,676*	*39,434*	*31.0%*
Other Interconnections	*37,096*	*23,848*	*55.6%*
Leased Lines Cost	34,274	30,321	13.0%
IP	*1,296*	*3,073*	*-57.8%*
Backbone	*21,864*	*20,875*	*4.7%*
Last Mile	*11,114*	*6,372*	*74.4%*
Network Infrastructure and Maintenance	29,137	21,755	*33.9%*
Others[1]	17,167	11,238	52.8%
Gross Income	**344,095**	**249,548**	**37.9%**
Gross Income Margin %	**67.0%**	**66.3%**	***0.7 p.p***
Expenses (SG&A)	**136,942**	**108,434**	**26.3%**
Selling Expenses	93,973	77,165	21.8%
Salaries and Dealers Comissions	*44,587*	*32,191*	38.5%
Marketing	*15,712*	*9,294*	69.1%
Others[2]	*33,673*	*35,680*	-5.6%
General and Administrative[3]	42,969	31,269	37.4%
Adjusted EBITDA[4]	**207,153**	**141,115**	**46.8%**
Adjusted EBITDA Margin	***40.3%***	***37.5%***	***2.8 p.p***
Depreciation and Amortization	101,693	80,830	25.8%
Stock Options	-	8,298	n.a
Financial (expenses) Income	(53,674)	(5,256)	n.a
Exchange Variation (expense) Income [5]	*(26,944)*	*3,729*	n.a
Financial Income	*16,445*	*19,232*	-14.5%
Financial Expenses	*(43,175)*	*(28,217)*	53.0%
Operating Income Before Non-operating Expenses	**51,786**	**46,731**	**10.8%**
Non-operating Expenses	(2,078)	(3,013)	-31.0%
Net Income Before Taxes	**49,708**	**43,718**	**13.7%**
Income Tax and Social Contribution	(17,275)	(17,713)	-2.5%
Net Income for the period	**32,433**	**26,005**	**24.7%**

Note: In the analysis, "n.a." means that variations are: i) higher than 300%; or ii) between positive and negative numbers in the periods.
[1] Includes payroll and travel expenses.
[2] Includes costs such as bad debt, travel, training and sales events.
[3] Includes employee profit-sharing and other operating income.
[4] The Adjusted EBITDA considered in this report excludes the following effects: extraordinary items, stock options, and non-operational expenses (results of sale and transfer of fixed assets).
[5] Mainly foreign exchange variation related to the repurchase of Senior Notes.

3 FINANCIAL PERFORMANCE

3.1 Net Revenue

Net revenue increased by 36.5% in 1Q10 versus 1Q09, reaching a total of R$513.4 million. Net revenue growth in 1Q10 was led by the growth of 47.2% growth in revenue of Next Generation Services (NGS), and 31.6% in Voice services, as follows:

Net Revenue Breakdown (R$ '000)	1Q10	1Q09	1Q10 vs. 1Q09 (%)
Voice	**338,586**	**257,371**	**31.6%**
Local Telephony	231,075	181,572	27.3%
Long Distance	59,849	47,206	26.8%
Internet (Dial-up)	11,285	11,034	2.3%
Others	36,377	17,557	107.2%
Next Generation Services (NGS)	**174,859**	**118,774**	**47.2%**
Corporate Data	45,738	36,596	25.0%
Broadband	118,332	71,328	65.9%
VoIP	10,789	10,850	-0.6%
Total Net Revenue	**513,446**	**376,144**	**36.5%**

3.2 Cost of Services

Cost of Services (R$ '000)	1Q10	1Q09	1Q10 vs. 1Q09 (%)
Cost of Services	**169,350**	**126,596**	**33.8%**
Interconnection Cost	88,772	63,282	40.3%
Fixed - Mobile	*51,676*	*39,434*	*31.0%*
Other Interconnections	*37,096*	*23,848*	*55.6%*
Leased Lines Cost	34,274	30,321	13.0%
IP	*1,296*	*3,073*	*-57.8%*
Backbone	*21,864*	*20,875*	*4.7%*
Last Mile	*11,114*	*6,372*	*74.4%*
Network Infrastructure and Maintenance	29,137	21,755	33.9%
Others[1]	17,167	11,238	52.8%

[1] Includes travel, payroll and energy expenses.

Cost of Services as % os Net Revenue (R$ '000)	1Q10	1Q09
Cost of Services	**33.0%**	**33.7%**
Interconnection Cost	17.3%	16.8%
Fixed - Mobile	*10.1%*	*10.5%*
Other Interconnections	*7.2%*	*6.3%*
Leased Lines Cost	6.7%	8.1%
IP	*0.3%*	*0.8%*
Backbone	*4.3%*	*5.5%*
Last Mile	*2.2%*	*1.7%*
Network Infrastructure and Maintenance	5.7%	5.8%
Others[1]	3.3%	3.0%

[1] Includes travel, payroll and energy expenses.

Cost of services reached R$169.3 million in 1Q10, compared to R$126.6 million in 1Q09, an increase of 33.8%, due to: (i) 33.9% higher network infrastructure and maintenance costs primarily to support the growth of lines in services (LIS); (ii) an increase of 40.3% in interconnection costs caused by higher volume of outgoing traffic in fixed-to-mobile and long distance calls of GVT customers, and the network usage; (iii) a 13.0% increase in leased lines, mainly related to higher leasing cost of last mile in São Paulo and Rio de Janeiro due to increase in Corporate sales volume in those cities; and (iv) other costs including wages, utilities, ANATEL fees and travel reached R$17.2 million mainly as a result of the launch of new cities

3.3 Gross Income and Margin (excluding depreciation/amortization)

As a result of the above mentioned factors, gross income reached R$344.1 million in 1Q10, compared to R$249.6 million in 1Q09, an increase of 37.9%.

3.4 Selling, General and Administrative Expenses

Selling, General and Administrative Expenses (R$ '000)	1Q10	1Q09	1Q10 vs. 1Q09 (%)
Expenses (SG&A)	**136,942**	**108,434**	**26.3%**
Selling Expenses	93,973	77,165	21.8%
Salaries and Comissions	*44,587*	*32,191*	*38.5%*
Marketing	*15,712*	*9,294*	*69.1%*
Others[1]	*33,673*	*35,680*	*-5.6%*
General and Administrative[2]	42,969	31,269	37.4%

[1] Includes bad debt, travel and training.
[2] Includes employee profit sharing and other operating expenses.

Selling, General and Administrative Expenses as % of Net Revenue (R$ '000)	1Q10	1Q09
Expenses (SG&A)	**26.7%**	**28.8%**
Selling Expenses	18.3%	20.5%
Salaries and Comissions	*8.7%*	*8.6%*
Marketing	*3.1%*	*2.5%*
Others[1]	*6.6%*	*9.5%*
General and Administrative[2]	8.4%	8.3%

[1] Includes bad debt, travel and training.
[2] Includes employee profit sharing and other operating expenses.

Selling, general & administrative (SG&A) expenses, including the employee profit-sharing program, reached R$136.9 million in 1Q10, compared to R$108.4 million in 1Q09, an increase of 26.3%. The increase in these expenses was due to i) expansion of the Company's call center to support the increase in lines in service; ii) the increase in sales & marketing investments to support the higher volume of sales, mainly due to fast geographical expansion; and iii) increase in commissions expenses due to the expansion of indirect sales force to support the accelerated growth of the Company. The increase in G&A expenses is primarily due to higher costs associated with growth of revenues, LIS and number of cities operated by GVT and increase in third party services, IT and training. SG&A expenses decreased as a percentage of net revenue primarily due to substantial improvement in bad debt, returning to normal levels in 1Q10 compared to 1Q09.

3.5 Adjusted EBITDA

Adjusted EBITDA reached R$207.2 million in 1Q10, compared to R$141.1 million in 1Q09, an increase of 46.8%. As a result, adjusted EBITDA margin reached 40.3% in 1Q10, compared to 37.5% in 1Q09, an increase of 2.8 p.p. The increase in adjusted EBITDA and adjusted EBITDA margin is a result of GVT's focus on growth in segments with higher margins combined with a constant optimization of costs and expenses.

3.6 Depreciation and Amortization

Depreciation and amortization reached R$101.7 million in 1Q10, compared to R$80.8 million in 1Q09, an increase of 25.8%. This increase is mainly due to higher investments in network expansion, which led to a higher fixed-asset base.

3.7 Stock Options

In 1Q10, the Company had no expenditure on Stock Options plan due to the change of control that occurred in 4Q09, causing all options granted to immediately become vested, as provided for in the stock options plan agreement. Expenses relating to the Company's stock options plan reached a total of R$8.3 million in 1Q09.

3.8 Financial (Expenses) Income

Net financial expenses reached R$53.7 million in 1Q10 compared to R$5.3 million in 1Q09. This variation was mainly due to: (i) the increase in foreign exchange losses in 1Q10 of R$26.9 million, compared with a gain of R$3.7 million in 1Q09 due to the repurchase of Senior Notes in February 2010; and (ii) the increase in Other Financial expenses of R$17.1 million in 1Q10, which were impacted primarily by the expenses with commissions related to the settlement of the Senior Notes (R$8.4 million) and by the net result from the adjustment to present value (R$4.2 million).

3.9 Non-Operating Expenses

Non-operating expenses decreased 31.0%, to R$2.1 million in 1Q10, from R$3.0 million in 1Q09.

3.10 Net Income / Loss Before Taxes

As a result of the above mentioned factors, net profit before income tax and social contribution in 1Q10 was R$49.7 million, compared to R$43.7 million in 1Q09, an increase of 13.7%.

3.11 Income Tax and Social Contribution

Income tax and social contribution decreased to an expense of R$17.3 million in 1Q10, compared to R$17.7 million in 1Q09.

3.12 Net Income / Loss

As a result of the above mentioned factors, net income reached R$32.4 million in 1Q10, compared to R$26.0 million in 1Q09, an increase of 24.7%. Excluding the effects from the prepayment of the Senior Secured Notes, Net income would have reached R$60.4 million, representing a growth of 132%.

4 CapEx

Capital Expenditures (CapEx) reached R$172.6 million in 1Q10, compared to R$105.3 million in 1Q09, an increase of 63.9%. This increase was mainly to support the acceleration of the geographical expansion and a higher number of new facilities built, 171,904 accesses in 1Q10 compared to 26,465 accesses in 1Q09.

5 Debt / Cash

Net (debt) Cash (R$ '000)	1Q10	1Q09	1Q10 vs. 1Q09 (%)
Short-Term Debt	(36,384)	(36,568)	-0.5%
Long-Term Debt	(471,677)	(743,351)	-36.5%
Gross Debt	**(508,061)**	**(779,919)**	**-34.9%**
Cash and Cash equivalents	283,996	474,759	-40.2%
Net Debt	**(224,065)**	**(305,160)**	**-26.6%**
% of Short-Term Debt / Total Debt	7.2%	4.7%	2.5 p.p
Foreign Currency Debt / Total Debt	0.0%	54.9%	n.a
Net Debt / Adjusted EBITDA (LTM)	**0.3x**	**0.6x**	**0.3x**

Note: In the analysis, "n.a." means that variations are: i) higher than 300%; or ii) between positive and negative numbers in the periods.

5.1 Gross Debt

On March 31st, 2010, GVT's consolidated gross debt was R$508.1 million, compared to R$779.9 million a year earlier.

Gross Debt (R$ '000)	1Q10	1Q09	1Q10 vs. 1Q09 (%)
Senior Notes	-	415,489	n.a
Bank Loans (BNDES)	507,314	348,781	45.5%
Others	747	15,649	-95.2%
Gross Debt	**508,061**	**779,919**	**-34.9%**

5.2 Cash and Cash Equivalents

The cash balance at the end of 1Q10 was R$284.0 million, compared to R$700.3 at the end of 2009, mainly impacted by the repurchase of the senior notes outstanding.

The cash is mainly invested in bank certificates of deposit (CDBs) and fixed income funds which are remunerated at a rate which vary from 98% to 105% of the CDI rate (interbank interest rate). The cash is invested in first tier financial institutions.

5.3 Net Debt

As a result of the above, GVT's net debt reached R$224.0 million at March 31st, 2010. The net debt/adjusted EBITDA (LTM) ration reached 0.3x in 1Q10, compared to 0.2x in 4Q09.

OPERATIONAL INDICATORS

NETWORK	1Q10	1Q09	1Q10 vs. 1Q09 (%)
LIS (Lines in Services)			
Voice Lines	1,574,458	1,120,961	40.5%
Retail - Voice Lines	*1,326,905*	*956,556*	*38.7%*
Corporate - Voice Lines	*247,553*	*164,405*	*50.6%*
Broadband	747,166	485,367	53.9%
Corporate Data	608,232	330,336	84.1%
VoIP	166,016	123,142	34.8%
Retail VONO	*125,588*	*91,231*	*37.7%*
Corporate VOIP	*40,428*	*31,911*	*26.7%*
ISP (Internet Service Provider)	22,109	29,314	-24.6%
Total LIS	**3,117,981**	**2,089,120**	**49.2%**
LIS by Business Segment			
Retail and SME	2,074,071	1,441,923	43.8%
Corporate	896,213	526,652	70.2%
Internet and VoIP (VONO)	147,697	120,545	22.5%
Total LIS	**3,117,981**	**2,089,120**	**49.2%**
Net Additions			
Voice Lines	132,392	83,328	58.9%
Retail - Voice Lines	*105,218*	*74,046*	*42.1%*
Corporate - Voice Lines	*27,174*	*9,282*	*192.8%*
Broadband	78,465	43,840	79.0%
Corporate Data	88,548	38,643	129.1%
VoIP	8,205	23,002	-64.3%
Retail VONO	*6,453*	*24,286*	*-73.4%*
Corporate VOIP	*1,752*	*(1,284)*	*-236.4%*
Internet (dial-up)	(6,207)	(271)	n.a
Total Net Additions	**301,403**	**188,542**	**59.9%**
RPL (Revenue per Line) - Retail Voice	**R$ 66.2**	**R$ 70.0**	**-5.4%**
RPL (Revenue per Line) - Retail Broadband	**R$ 52.8**	**R$ 49.0**	**7.8%**
Voluntary Churn Rate (%)	**0.41%**	**0.69%**	**-0.3 p.p**
Portability Churn Rate (%)	**0.20%**	**0.36%**	**-0.2 p.p**
Cities Coverage - Number of Cities	**87**	**79**	**10.1%**
Region II	75	75	0.0%
Outside Region II	12	4	200.0%
Local Accesses Network (Street Cabinets + Accesses)			
Maximum Capacity (Equipments in Street Cabinet)	2,116,674	1,630,081	29.9%
Additional Accesses Delivered	**171,904**	**26,465**	**n.a**
Region II	53,075	14,010	278.8%
Outside Region II	118,829	12,455	n.a
Occupation Rate % (from maximum capacity in local network)	**54.4%**	**50.8%**	**3.5 p.p**
Network Route (km)			
Local Network	33,906	25,491	33.0%
Fiber Network Route (km)	6,472	4,897	32.2%
Copper Network Route (km)	27,434	20,594	33.2%
Backbone Long Distance (Geodex), including Swaps	15,500	15,000	3.3%
MARKET			
% of clients base with bundles products			
Small Business Bundles	17%	16%	1.2 p.p
Residential Bundles	60%	50%	10.2 p.p
Residential Plans	23%	34%	-11.3 p.p
New sales of bundles	89%	81%	8.0 p.p
% of ADSL Penetration - Retail Subscribers	**80%**	**70%**	**10.0 p.p**
Broadband speeds (%)			
Current Sales - Speed equal or higher than 10MB	72%	29%	43.3 p.p
Current Sales - Speed higher than 1MB and lower than 10MB	26%	31%	-5.1 p.p
Current Sales - Speed equal to 1MB	2%	40%	-38.1 p.p
Current Sales - Speed lower than 1MB	0%	0%	-0.1 p.p
Customers Base - Speed equal or higher than 10MB	45%	9%	36.0 p.p
Customers Base - Speed higher than 1MB and lower than 10MB	31%	31%	0.3 p.p
Customers Base - Speed equal to 1MB	19%	50%	-31.2 p.p
Customers Base - Speed lower than 1MB	5%	10%	-5.2 p.p
FINANCIAL			
Days Sales Outstanding (DSO)	**49**	**60**	

i) In the analysis, "n.a" means that variations are: i) higher than 300%; or ii) between positive and negative numbers between the periods.

ii) The leading metrics of capacity utilization used by the Company for occupation rate will be the Maximum Capacity of the access network, based on the combined factors of street cabinets and number of copper pairs , which is a more conservative methodology.

iii) Note on RPL - The Company changed its disclosure policy from ARPU (Average Revenue per User) to RPL (Revenue per Line) as ARPU does not take into account revenue from incoming calls but only billable amounts to the user. As revenue share from incoming calls become more material, the RPL is a more adequate methodology for the market to follow. The RPL is also divided between Voice and ADSL as not all customers have ADSL and some have more than one voice line. The recent reduction in voice RPL is due to the increase in number of lines sold to SMEs, which generally acquire a higher number of lines (E1's), and as such, total voice RPL is being affected by this.

QUARTERLY INFORMATION

Audited Financial Statements – presented on BRGAAP

Income Statements (R$ '000)	1Q10	1Q09	1Q10 vs. 1Q09 (%)
Gross Revenue	**829,189**	**604,927**	**37.1%**
Sales taxes and deductions	(315,743)	(228,783)	38.0%
Net Revenues	**513,446**	**376,144**	**36.5%**
Costs of services rendered	(260,265)	(199,094)	30.7%
Gross Profit	**253,181**	**177,050**	**43.0%**
Operating (Expenses) Income	**(199,793)**	**(131,443)**	**52.0%**
Selling Expenses	(93,983)	(77,174)	21.8%
General and Administrative Expenses	(53,465)	(47,498)	12.6%
Exchange (Losses) Gains	(26,944)	3,729	n.a
Financial Expenses	(26,730)	(8,985)	197.5%
Others Operating (Expenses) Income	1,329	(1,515)	n.a
Operating Income Before Employees' Profit Sharing	**53,388**	**45,607**	**17.1%**
Employees' Profit Sharing	(3,680)	(1,889)	94.8%
Net Income Before Income Tax	**49,708**	**43,718**	**13.7%**
Income Tax and Social Contribution	(17,275)	(17,713)	-2.5%
Net Income for the period	**32,433**	**26,005**	**24.7%**

Note: In the analysis, "n.a" means that variations are: i) higher than 300%; or ii) between positive and negative numbers between the periods.

Balance Sheet

Balance Sheet (R$ '000)		
ASSETS	03/31/10	12/31/09
Current Assets	**911,284**	**1,260,170**
Cash and Cash Equivalents	283,996	700,346
Trade Accounts Receivable	448,779	439,674
Recoverable Taxes	109,707	59,383
Deferred Income Tax and Social Contribution	48,812	43,119
Prepaid Expenses	4,482	3,921
Other Assets	15,508	13,727
Non-current Assets	**2,580,511**	**2,473,141**
Long Term Assets	**303,196**	**254,229**
Recoverable Taxes	50,312	46,257
Deferred Income Tax and Social Contribution	160,655	123,764
Collateral Account - Meridiana Cayman	13,934	13,771
Other Receivables	78,295	70,437
Goodwill	**14,771**	**14,771**
Property, Plant and Equipment	**2,057,715**	**2,007,666**
Intangible Asset	**202,818**	**194,272**
Deferred Charges	**2,011**	**2,203**
TOTAL ASSETS	**3,491,795**	**3,733,311**
LIABILITIES	03/31/10	12/31/09
Current Liabilities	**548,338**	**496,149**
Accounts Payable to Suppliers	247,108	241,592
Loans and Financing	36,384	67,119
Accrued Expenses and Payroll	163,341	91,251
Interconnection Payable (DETRAF)	49,068	43,599
Deferred Value Added Tax (ICMS)	47,192	45,559
Provision for Contingencies	2,825	3,269
Other Accounts Payable	2,420	3,760
Non-current Liabilities	**792,668**	**1,118,944**
Loans and Financing	471,677	786,408
Deferred Value Added Tax (ICMS)	149,848	156,111
Provision for Contingencies	17,953	16,274
Collateral Account - Meridiana Cayman	13,934	13,771
Interconnection Payable (DETRAF)	65,297	56,439
Deferred Income	24,243	36,694
Other Accounts Payable	49,716	53,247
Shareholders' Equity	**2,150,789**	**2,118,218**
Capital	1,510,258	1,510,239
Capital Reserves	930,993	930,993
Stock Options Granted	126,569	126,569
Cumulative Translation Adjustments	119	-
Accumulated Losses	(417,150)	(449,583)
TOTAL LIABILITIES	**3,491,795**	**3,733,311**

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Cash Flow

Cash Flow (R$ '000)	1Q10	1Q09
Net income for the period	**32,433**	**26,005**
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	101,708	80,832
Exchange variation on loans and financing	30,137	(3,734)
Deferred income tax and social contribution	(42,585)	8,269
Financial charges	26,848	20,629
Stock options	-	8,297
Residual cost on disposal of fixed assets	12,480	1,501
Changes in assets and liabilities		
Increase in trade accounts receivable	(9,105)	(12,762)
Increase in recoverable taxes - current and non-current	(54,379)	(6,220)
Increase in other assets - current and non-current	(10,200)	(5,970)
Increase (Decrease) in accounts payable to suppliers	5,516	(32,499)
Increase in accrued expenses and payroll	72,090	9,576
Increase in interconnection payable (DETRAF) - current and non-current	14,327	2,061
(Decrease) Increase in deferred value added tax (ICMS) - current and non-current	(4,630)	9,373
Increase in provision for contingencies - current and non-current	1,235	417
Decrease in deferred income	(12,451)	(754)
Decrease in other accounts payable - current and non-current	(4,871)	(4,085)
Net cash provided by (used in) operating activities	**158,553**	**100,936**
Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible	(172,591)	(105,304)
Net cash used in investing activities	**(172,591)**	**(105,304)**
Cash flow from financing activities		
Capital increase	19	436
Payment of loans and financing	(388,363)	(11,078)
Interests paid from loans and financing	(13,968)	(7,701)
Net cash used in financing activities	**(402,312)**	**(18,343)**
Changes in cash and cash equivalents		
Cash and cash equivalent initial balance	700,346	497,470
Cash and cash equivalent closing balance	283,996	474,759
Decrease in cash and cash equivalents	**(416,350)**	**(22,711)**
Income tax and social contribution paid	50,356	3,516

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ABOUT GVT

GVT is the leading facilities-based telecommunications and Internet solutions provider in Brazil. GVT offers a diversified portfolio of innovative products and advanced solutions for conventional telephony, corporate data transmission, Internet services (broadband and ISP) and Voice over IP (VoIP) markets. The Company offers its services and solutions directly to customers through its brands: GVT, POP and VONO. GVT is one of most recognized telecom industry brands in the regions where it operates.

GVT operates one of Brazil's most modern telecommunications networks based on a single, integrated infrastructure that supports multiple protocols for voice, data and IP on a single network. The combination of its state-of-the-art network with extensive last-mile coverage allows the Company to offer customized products with bundled telecommunications and Internet-related solutions that meet its customers' specific requirements, with competitive cost and fast time-to-market, while providing a higher level of customer service than competitors.

The Company focuses on high-margin and high-usage customers in the residential, small office/home office (“SOHO”), small to medium enterprises (“SMEs”) and middle/large corporate market segments. GVT's position in the Brazilian market as the most important alternative to the Incumbents, the original operators for each telecommunications region, has enabled it to become one of the most successful and fastest growing fixed-line telecommunications service providers.

DISCLAIMER

This release may contain forward-looking statements relating to the prospects of the business, estimates for operating and financial results and the growth prospects of GVT are merely projections and as such are based exclusively on the expectations of GVT’s management concerning the future of the business. Such forward-looking statements depend substantially on changes in market conditions, the performance of the Brazilian and international economies and the industry, and therefore are subject to change without prior notice.

In accordance with CVM Circular Letter 1/2005, EBITDA may be defined as income before net financial income (expenses), income and social contribution taxes, depreciation and amortization and non-operating income. EBITDA is used by the Company's management to measure performance and is not a measure adopted by Brazilian or U.S. Accounting Practices, does not represent cash flow for the periods presented and should not be considered as a substitute for net income or cash flow or as an indicator of operating performance or liquidity.

GVT's management believes that EBITDA is a practical measure for assessing its operating performance, which permits comparisons with peers. However, EBITDA is not a measure established in accordance with Brazilian Accounting Practices (Brazilian Corporate Law or BR GAAP) or U.S. Accounting Principles (US GAAP) and may be defined and calculated differently by other companies.

The Adjusted EBITDA considered in this report excludes the following effects: extraordinary items, stock options, deferred charges and the recognition of non-operational expenses of 2008 and 2009.