

TELE CENTRO OESTE CELULAR PARTICIPACOES

Form 425

October 31, 2003

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Filed by Tele Centro Oeste Participações S.A.
Pursuant to Rule 425 under the Securities Act of 1933

Subject Company: Tele Centro Oeste Participações S.A.
Commission File No. 001-14489

THE FOLLOWING ARE MATERIALS FILED WITH THE BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (COMISSAO DE VALORES MOBILIARIOS) AND MADE PUBLIC BY THE COMPANY RELATING TO THE PROPOSED MERGER OF SHARES (INCORPORACAO DE ACOES) OF TELE CENTRO OESTE PARTICIPAÇÕES S.A. WITH TELESP CELULAR PARTICIPAÇÕES S.A.

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These materials may contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations or beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forwarding-looking statements.

The forward-looking statements in these materials are subject to a number of risks and uncertainties, including but not limited to changes in technology, regulation, the global cellular communications marketplace and local economic conditions. These forward-looking statements relate to, among other things:

- management strategy;
- synergies;
- operating efficiencies;
- integration of new business units;
- market position;
- revenue growth;
- cost savings;
- capital expenditures;
- flexibility in responding to market conditions and the regulatory regime;
- influence of controlling shareholders;
- litigation; and
- the timetable for the merger of shares.

Forward-looking statements may be identified by words such as believes, expects, anticipates, projects, intends, should, seeks, est future or similar expressions.

These statements reflect our current expectations. In light of the many risks and uncertainties surrounding this marketplace, you should understand that we cannot assure you that the forward-looking statements contained in these materials will be realized. You are cautioned not to put undue reliance on any forward-looking information.

Investors and security holders are urged to read the prospectus regarding the strategic business combination transaction, which Telesp Celular Participações S.A. has filed with the U.S. Securities and Exchange Commission as part of its Registration Statement on Form F-4, because it contains important information. Investors and security holders may obtain a free copy of these materials and other documents filed by Tele Centro Oeste Participações S.A. and Telesp Celular Participações S.A. with the Commission at the Commission's website at www.sec.gov. These materials may also be obtained for free from Tele Centro Oeste Participações S.A.

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EXHIBITS

| EXHIBIT NUMBER | DESCRIPTION |
|---------------------------|---|
| 1 | Protocol of the Merger of Shares of Tele Centro Oeste Celular Participações S.A. with Telesp Celular Participações S.A. for the purpose of the former s conversion into a Wholly Owned Subsidiary. |
| 2 | Justification of the Merger of Shares of Tele Centro Oeste Celular Participações S.A. with Telesp Celular Participações S.A. for the purpose of the former s conversion into a Wholly Owned Subsidiary. |
| 3 | Notice of Material Fact, announcing the merger of shares. |
| 4 | Minutes of the Board of Directors meeting held on October 27, 2003. |

**PROTOCOL OF THE MERGER OF SHARES OF TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.
INTO TELESP CELULAR PARTICIPAÇÕES S.A. FOR THE PURPOSE OF THE
FORMER S CONVERSION INTO A WHOLLY OWNED SUBSIDIARY**

BETWEEN

TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.

AND

TELESP CELULAR PARTICIPAÇÕES S.A.

DATED OCTOBER 27, 2003

PROTOCOL OF THE MERGER OF TELE CENTRO OESTE CELULAR PARTICIPACOES S.A. SHARES INTO TELESP CELULAR PARTICIPACOES S.A. FOR THE PURPOSE OF THE FORMER S CONVERSION INTO A WHOLLY OWNED SUBSIDIARY

The parties hereto:

- a. TELE CENTRO OESTE CELULAR PARTICIPACOES S.A., a corporation with headquarters in Setor Comercial Sul, Quadra 2, Bloco C, Edificio Telebrasil Celular, 7th floor, in the city of Brasilia, Distrito Federal, enrolled in the National Roll of Corporate Taxpayers (CNPJ/MF) under no. 02.558.132/0001-69 (TCO), herein represented by its corporate bylaws, as the company whose shares are to be merged; and
- b. TELESP CELULAR PARTICIPACOES S.A., a corporation with headquarters at Avenida Roque Petroni Junior, 1.464, 6th floor, in the city of Sao Paulo, state of Sao Paulo, enrolled in the National Roll of Corporate Taxpayers (CNPJ/MF) under no. 02.558.074/0001-73 (TCP and, when jointly with TCO, Companies), herein represented by its corporate bylaws, as the incorporating company;

CONSIDERING THAT, on January 16, 2003, TCP published a relevant fact informing the market (a) that it had signed a preliminary share-purchase agreement with Fixcel S.A. for the acquisition of 77,256,410,396 issued by TCO, representing 61.10% of the latter s voting capital and 20.37% of its total capital (Acquisition); (b) that the signing of the definitive agreements depended on certain conditions contained in the preliminary agreement, (c) that the parties obligation to undertake the Acquisition depended on the approval of the National Telecommunications Agency ANATEL, (d) that the price agreed upon in the preliminary agreement was R\$1,408 million, at R\$18.23 per lot of 1,000 TCO shares, subject to alteration following a legal, accounting and financial audit of TCO and its subsidiaries, (e) that TCP would, on conclusion of the Acquisition, make a tender offer (TO) to acquire voting shares held by TCO minority shareholders, and (f) that, on conclusion of the Acquisition and termination of the TO, TCP would incorporate the shares of TCO with the object of transforming the latter into a wholly-owned subsidiary (Merger of Shares), based on an exchange ratio of 1.27 TCP shares for each TCO share (subject to alteration under the terms of said relevant fact) (Exchange Ratio);

CONSIDERING THAT, on March 24, 2003, TCP published a relevant fact informing the market (a) that it had signed, on that date, the definitive agreement for the purchase and sale of TCO shares (Definitive Agreement), and (b) that the transfer of control would occur after compliance with certain conditions in the Definitive Agreement, including the approval of ANATEL;

CONSIDERING THAT, on April 11, 2003, TCP published a relevant fact informing the market that said conditions had been complied with and that, consequently, the transfer of the shares acquired under the terms of the Definitive Agreement would take place shortly;

CONSIDERING THAT, on April 25, 2003, TCP published a relevant fact informing the market that, on that date, share control of TCO had been transferred at a total price of R\$1,505,511,001.57, corresponding to R\$19.48719845 per lot of 1,000 common shares acquired, R\$308,311,434.16 of which having been paid to the sellers on April 25, 2003, the remainder to be paid in installments, under the terms of the Definitive Agreement;

CONSIDERING THAT, on August 25, 2003, TCP and TCO published a joint relevant fact informing the market (a) that they intended to proceed with the Merger of Shares, (b) that TCP confirmed that the Exchange Ratio would be 1.27 TCP shares for each TCO share, (c) that the Exchange Ratio had been calculated based on the price of TCO and TCP shares, plus a premium on the TCO share price equivalent to 15% above the exchange ratio based on the average price of said shares over the 30 (thirty) days immediately prior to January 16, 2003, (c) that TCP understood that market price would be the most adequate method for determining the Exchange Ratio, based on previous positions of the CVM (Brazilian Securities Commission), including CVM Guideline no. 01, (d) that TCP understood that there were no distortions in the price of TCO shares during the period used to determine the Exchange Ratio, (e) that, independent of the criterion adopted, under the terms of Article 30 of TCP's corporate bylaws, approval of the Merger of Shares would depend on the presentation of an economic and financial analysis (Economic and Financial Analysis) prepared by a company of international repute, to ensure that the Companies party to the operation were being given equitable treatment, and (f) that the Merger of Shares would only occur after termination of the TO, whose registration request was currently being examined by the CVM;

CONSIDERING THAT, on September 30, 2003, the CVM accepted the TO's registration;

CONSIDERING THAT the TO auction will occur on November 18, 2003;

CONSIDERING THAT, once the TO is concluded, TCO and TCP shall undertake the Merger of Shares under the terms of the above-mentioned relevant facts;

CONSIDERING THAT TCP has hired Citigroup Global Markets Inc. and Merrill Lynch & Co. to produce the Economic and Financial Analysis, in compliance with the provisions in Article 30 of its corporate bylaws;

CONSIDERING THAT, on this date, the said financial institutions presented the Economic and Financial Analysis, which confirmed that the Merger of Shares, under the terms of this protocol (Protocol), was equitable for both TCO and TCP;

CONSIDERING THAT, on this date, the Board of Directors of TCO and TCP approved (a) [text deleted], (b) the Justification of the Merger of Shares, (c) the signing of this Protocol and (d) [Text deleted];

[TEXT DELETED]

CONSIDERING THAT the objectives of the Merger of Shares are (a) to align the interests of the Companies' shareholders; (b) to strengthen TCP's shareholder base by merging its shareholders and those of TCO into a single listed company, with greater liquidity; (c) to unify, standardize and rationalize the general administration of TCP and TCO's businesses; (d) to enhance TCP and TCO's corporate image; (e) to give TCO shareholders direct holdings in TCP's capital; and (f) to take advantage of any financial, operational and commercial synergies;

DO HEREBY agree to this present Protocol, in line with the following provisions:

CLAUSE ONE
ON THE NUMBER AND TYPE OF SHARES TO BE ATTRIBUTED IN EXCHANGE FOR
SHAREHOLDERS' RIGHTS WHICH SHALL BE EXTINGUISHED AND THE CRITERIA USED
TO DETERMINE THE EXCHANGE RATIO

1.1 Number and type of shares to be attributed to TCO shareholders in exchange for their shareholders' rights, which will be transferred to TCP. Each common and preferred TCO share shall be exchanged for 1.27 common and preferred shares, respectively, to be issued by TCP (Exchange Ratio). In addition, each American Depositary Share (ADS , representing 2,500 preferred shares each) issued by TCO shall be exchanged for 1.524 ADSs issued by TCP.

1.2 Rounding up of share fractions. Fractions of shares arising from the conversion of each TCO shareholder's position shall be supplemented, for the purpose of rounding up, by the delivery of shares (common or preferred, whichever the case) belonging to TCP's controlling shareholder, Brasilcel, N.V. Fractions of ADSs shall be

grouped and sold on the market, the net proceeds from said sales to be paid to the ADS holders proportionally.

1.3 Criterion used to determine the exchange ratio. The Exchange Ratio was determined based on TCO and TCP share prices, plus a premium on the TCO share price equivalent to 15% above the exchange ratio based on the average price of said shares over the 30 (thirty) days immediately prior to January 16, 2003.

1.4 Equitability of the exchange ratio. Under the terms of Article 30 of TCP's corporate bylaws, the economic and financial analyses produced by Citigroup Global Markets Inc. and Merrill Lynch & Co. confirm that the Exchange Ratio is equitable for both TCO and TCP (Appendix 1).

CLAUSE TWO
ON THE CRITERION USED TO EVALUATE SHAREHOLDERS' EQUITIES ON THE
EVALUATION REFERENCE DATE AND THE TREATMENT OF SUBSEQUENT VARIATIONS
IN SHAREHOLDERS' EQUITY

2.1 Criterion for evaluating shareholders' equities. The TCO shares to be merged into TCP for a TCP capital increase arising from the Merger of Shares were evaluated according to their book value, attested to by KPMG Auditores Independentes. The corresponding report can be found in Appendix 2.

2.2 Date to which the evaluation refers. The evaluation cited in Clause 2.1 above refers to June 30, 2003.

2.3 Treatment of subsequent variations in shareholders' equity. Variations in TCO's shareholders' equity (proportional to the shares merged) between the base date of the Appraisal Report at market value and the date of the Shareholders' Meeting that will approve the Merger of Shares will be accounted as capital reserve (if positive), or against the income reserve (if negative).

CLAUSE THREE
ON THE SOLUTION TO BE ADOPTED FOR SHARES IN ONE OF THE COMPANIES HELD
BY THE OTHER

3.1 Solutions for the shares.

- a. TCP. Since a merger of shares is involved, TCO shares held by TCP shall remain part of TCP's equity.
- b. TCO. TCO does not hold any shares issued by TCP.

**CLAUSE FOUR
ON THE VALUE OF TCP'S CAPITAL INCREASE ARISING FROM THE MERGER OF SHARES**

4.1 Capital increase. Currently, TCP's capital stock totals R\$ 4,373,661,469.73. If all TCO common shareholders adhere to the TO and if the Merger of Shares does not result in the exercise of withdrawal rights in TCP and TCO, it is estimated that TCP's capital stock is increased by R\$970,005,000.00, to R\$5,343,666,469.73.

4.2 Shares held in treasury. TCO shares held in treasury shall be canceled. A sufficient number of preferred shares shall be converted to common shares so that the limits laid down in the prevailing legislation shall be respected.

**CLAUSE FIVE
ON THE ALTERATIONS IN THE CORPORATE BYLAWS THAT MUST BE APPROVED IN
ORDER TO EFFECT THE MERGER OF SHARES**

5.1 Bylaws alterations. It will not be necessary to alter TCP's corporate bylaws in order to effect the Merger of Shares, except for the alteration in the value of the capital stock and in its respective number of shares (as well as the number of shares of each type due to the Conversion, as defined and regulated in Clause 7.3 of this Protocol). TCO's corporate bylaws will also not suffer any alterations due to the Merger of Shares (except the changes relative to the alteration in its stock capital due to the cancellation of the shares held in treasury and the conversion of preferred into common shares in sufficient number to ensure that the limits laid down in the prevailing legislation are respected). Changes to TCO's bylaws resulting from its conversion into a wholly-owned subsidiary shall be made subsequently.

**CLAUSE SIX
[TEXT DELETED]**

**CLAUSE SEVEN
ON THE REMAINING TERMS AND CONDITIONS OF THE MERGER OF SHARES.**

7.1 [Text Deleted].

[Text Deleted].

It should be emphasized that the book value at market price, as attested to in the report drawn up by KPMG Corporate Finance, is less than the book value on the same base date.

[Text Deleted].

Under the terms of Article 264 of the Corporate Law, KPMG Corporate Finance arrived at the exchange ratio based on TCO and TCP s shareholders equities at market prices with a base date of June 30, 2003 (Exchange Ratio Market Prices). The value of the Exchange Ratio Market Prices was 1.24.

[Text Deleted].

7.2 Sharing in the profits from the fiscal year of 2003. Shares to be issued by TCP due to the Merger of Shares shall have full rights to all dividends and interest on its capital declared or credited, as of the date of their issue.

7.3 Conversion of TCP Preferred Shares into Common Shares. In order to make the Merger of Shares feasible, TCP shareholders must approve the conversion of TCP preferred shares into common shares of TCP (Conversion), since the implementation of the Merger of Shares based on the Exchange Ratio implies the issue of more TCP preferred shares than that permitted by the prevailing legislation.

The number of TCP preferred shares to be converted to TCP common shares shall amount to a maximum of 105,518,995 lots of 1,000 shares. [Text Deleted]. The object of the calculation was to ensure compliance with the legal limits for the issue of shares by TCP arising from the Merger of Shares. The precise number of preferred shares to be converted shall be determined after the final result of the TO.

The Conversion may be effected by any TCP preferred shareholder. Holders of American Depositary Receipts (ADRs) must convert their ADRs into shares before requesting Conversion, since TCP has no ADR program for common shares.

Should TCP shareholders request the conversion of a number of preferred shares that is greater than the desired conversion number, the conversion shall be effected proportionally. In addition, should the number of shares requested for conversion be less than the maximum conversion limit, TCP's controlling shareholder (Brasilcel N.V.), either directly or through its subsidiaries, shall convert that number of preferred shares needed to make up the desired conversion number. The Conversion procedures and the precise number of shares to be converted shall be published after the conclusion of the TO, via a Notice to Shareholders.

7.4 Communication of the Merger of Shares to the Authorities. The Merger of Shares shall be communicated to the National Telecommunications Agency - ANATEL and the Administrative Council for Economic Defense - CADE.

7.5 Registration with the SEC. The Merger of Shares is dependent on registration with the Securities and Exchange Commission (SEC).

7.6 TO. The Merger of Shares is dependent on the conclusion of the TO.

**CLAUSE EIGHT
GENERAL PROVISIONS**

8.1 Alterations. This Protocol may not be altered except with the written and signed consent of the Companies.

8.2 Permanence of Valid Clauses. Should any clause, provision, term or condition of this Protocol come to be considered invalid, the remaining clauses, provisions, terms and conditions not affected by said invalidation shall remain valid.

8.3 Forum. The parties hereto hereby elect the Sao Paulo Law Courts, SP, as the exclusive forum for resolving any disputes arising from this Protocol.

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IN WITNESS WHEREOF, the parties hereto shall sign this Protocol in 2 (two) copies of identical content in the presence of 2 (two) witnesses.

Sao Paulo, October 27, 2003

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.

Name:
Position:

Name:
Position:

TELESP CELULAR PARTICIPACOES S.A.

Name:
Position:

Name:
Position:

WITNESSES:

Name:
CPF:

Name:
CPF:

Appendix 1
Economic and Analysis

Valuation Report

October 27, 2003

Important Notice

The following pages contain a valuation analysis to be provided to the Board of Directors of Telesp Celular Participações S.A. (Telesp or TCP) by Citigroup Global Markets Inc. (Citigroup) in connection with a proposed merger transaction (the Merger Transaction) involving Telesp and Tele Centro Oeste Celular Participações S.A. (TCO) as described herein.

This Valuation Report is being provided by Citigroup in the context of the Merger Transaction solely for the purpose of valuing TCP and TCO and expressing our view as to whether the exchange ratio of 1.27 shares of TCP per share of TCO proposed in the Merger Transaction provides equitable treatment to TCP and to TCO as required by Article 30 of TCP's by-laws, and should not be relied upon for any other purpose. In preparing this Valuation Report, we have assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or furnished to or otherwise reviewed by or discussed with us.

With respect to financial forecasts and other information and data provided to or otherwise reviewed by or discussed with us, we have been advised and have assumed that such information and data were reasonably prepared and reflect the best currently available estimates and judgments of TCP and TCO's management, respectively, as to the expected future financial performance of TCP and TCO. We have been advised that the Board of Directors TCP and TCO have approved the business plans that were provided to us and were used in our analysis. Notwithstanding the foregoing, neither TCP or TCO, nor its managers or controlling shareholders have imposed any restriction on our ability to (i) obtain all information required by us to produce the Valuation Report and reach the conclusions set forth therein, (ii) choose independently the methodologies used by us to reach the conclusions set forth in the Valuation Report, and (iii) reach independently the conclusions set forth in the Valuation Report.

For purposes of our valuation analysis, we have not taken into account tax-related effects that TCO shareholders may experience in connection with the exchange of TCO shares for TCP shares, and any fees and expenses that may be incurred in connection with the settlement of that exchange (such as fees that TCO ADS holders may be charged for certain depositary services). We have also not taken into account tax-related effects relating to the unamortized goodwill resulting from the acquisition of TCO by TCP.

Our Valuation Report, as set forth herein, relates to the relative values of TCP and TCO. We are not expressing any opinion as to what the value of the TCP shares actually will be when issued pursuant to the Merger Transaction or the price at which the TCP shares will trade

Important Notice (Cont d)

subsequent to the Merger Transaction. We have not made or been provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of TCP or TCO nor have we made any physical inspection of the properties or assets of TCP or TCO. We were not requested to and we did not participate in the negotiation or structuring of the Merger Transaction nor were we requested to consider, and our Valuation Report does not address, the relative merits of the Merger Transaction for TCP or TCO or the effect of any other transaction in which TCP or TCO might engage. We were not requested to, and we did not, solicit third party indications of interest in the possible acquisition of all or a part of TCP or TCO.

Our Valuation Report is necessarily based upon information available to us, and financial, stock market and other conditions and circumstances existing and disclosed to us, as of the date hereof. We do not have any obligation to update or otherwise revise the accompanying materials.

Citigroup has been retained by TCP to prepare this Valuation Report and will receive a fee for such services, which fee is payable upon the publication of this Valuation Report. We have in the past provided investment banking services to TCP and to its controlling shareholders unrelated to the proposed Merger Transaction, for which services we have received compensation. An affiliate of Citigroup is currently acting as a lender to TCP. In the ordinary course of our business, we and our affiliates may actively trade or hold the securities of TCP and TCO for our own account or for the account of our customers and, accordingly, may at any time hold a long or short position in such securities. In addition, we and our affiliates may maintain relationships with TCP and TCO and their respective affiliates. Additionally, the research department and other divisions within Citigroup may base their analysis and publications on different market and operating assumptions and on different valuation methodologies when compared with this Valuation Report. As a result, the research reports and other publications prepared by them may contain entirely different results.

Our Valuation Report is provided to the Board of Directors of TCP and we understand that the shareholders of TCP and TCO will be given access to the Valuation Report. The Valuation Report is not intended to be and does not constitute a recommendation to any stockholder as to how such stockholder should vote on any matters relating to the proposed Merger Transaction.

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I. Executive Summary

Transaction Summary

- w On January 16, 2003, Telesp Celular Participações S.A. (TCP) announced that it had entered into a preliminary binding agreement with the previous controlling shareholder to acquire 77,256,410,396 shares, representing 61.16% of voting capital and 20.7% of the total shares outstanding (Acquisition Transaction), of Tele Centro Oeste Celular Participações S.A. (TCO).
- w Pursuant to the Acquisition Transaction, TCP, in accordance with Brazilian securities regulation, also announced that it would make a public offer for the acquisition of common shares from non-controlling shareholders of TCO for 80% of the price per common share paid in the Acquisition Transaction (OPA).
- w On that same date, TCP also announced that it intended to merge TCO s remaining shares at an exchange ratio of 1.27 shares of TCP per share of TCO (Merger Transaction).
- w On March 24, 2003, TCP announced the execution of the definitive stock purchase agreement with Fixcel pursuant to the Acquisition Transaction.

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Transaction Summary (Cont d)

- w TCP is a company incorporated under the laws of Brazil. Under Article 30 of TCP's by-laws, approval of any merger, spin-off, consolidation transaction involving, or winding up its controlled subsidiaries shall be preceded by an economic/financial analysis conducted by an independent firm.
- w This Valuation Report is being provided by Citigroup in the context of the Merger Transaction solely for the purpose of valuing TCP and TCO and expressing our view as to whether the exchange ratio of 1.27 shares of TCP per share of TCO proposed in the Merger Transaction provides equitable treatment to TCP and to TCO as required by Article 30 of TCP's by-laws, and should not be relied upon for any other purpose.
- w Citigroup conducted its analysis on the basis that the proposed exchange ratio would provide equitable treatment to both companies, within the meaning of Article 30 of TCP's by-laws, if it falls within the range of exchange ratios resulting from Citigroup's valuations of TCP and TCO.
- w The scope of Citigroup's valuation analysis is limited to the economic value of TCP and TCO and does not distinguish between different classes of shares of the companies.

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Scope of Work

This valuation analysis was based on:

- w Financial statements of TCO and TCP for the year ended December 31, 2002 and financials for September 30, 2003.
- w Business plans of TCO and TCP approved by their respective Boards of Directors.
- w Publicly available information on the sector in which the companies operate.
- w Discussions with TCP and TCO representatives regarding the past performance and future prospects of the business, financial and operating results of TCP and TCO.
- w Review of such other financial studies and analyses, taking into account such other matters as we deemed necessary, including our assessment of general economic and market conditions.

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Valuation Methodology

Considering the availability of management business plans for TCO and TCP and the opportunity to review these with representatives of TCP and TCO, and given the limitations of the public market comparables and precedent transaction methodologies, Citigroup elected Discounted Cash Flow as the best methodology for the assessment of TCP and TCO's economic values.

Discounted Cash Flows

- w This methodology consists of estimating the present value of the future cash flows of the business.
- w For purposes of our analysis, we received 10-year business plans for TCP and TCO and their respective subsidiaries.
- w The business plans provided to us and used in our analysis were approved by the Board of Directors of TCP and TCO.
- w Citigroup analyzed and discussed these business plans with the representatives of TCP and TCO and we have assumed that they have been reasonably prepared and reflect the best currently available estimates and judgment of TCP and TCO's management, respectively, as to the expected future financial performance of TCP and TCO.
- w Citigroup has applied its estimates for WACC, Terminal Values and macro-economic assumptions.
- w The valuation of TCP does not take into consideration the value of the unamortized goodwill relating to the acquisition of TCO by TCP.
- w Our analysis has been prepared prior to the completion of the OPA. It should be noted, however, that the result of the OPA does not affect the conclusions reached by Citigroup in this Valuation Report.

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Summary Valuation TCP

| <i>(R\$ in millions, except per share data)</i> | Low | High |
|---|------------|-------------|
| TCP Firm Value ⁽¹⁾ | \$ 13,860 | \$ 16,163 |
| Less: Net Debt ⁽²⁾ | \$ 4,378 | \$ 4,378 |
| TCP Equity Value | \$ 9,483 | \$ 11,785 |
| Plus: Value of Stake in TCO ⁽³⁾ | \$ 886 | \$ 1,035 |
| Total TCP Equity Value | \$ 10,369 | \$ 12,820 |
| TCP Shares Outstanding (mm) | 1,171.8 | 1,171.8 |
| TCP Equity Value per Share | \$ 8.85 | \$ 10.94 |

- (1) Firm Value calculated using a US Dollar Weighted Average Cost of Capital (WACC) of 14.4% to 15.9% and a terminal value calculation based on a multiple of 2012 EBITDA of 5.5x to 6.5x and an implied perpetuity growth rate of 4.5% to 4.8%.
- (2) Net debt as of 9/30/03, provided by management, considers R\$5,363mm in total debt, R\$966mm in unrealized gains in hedging positions, R\$112 mm in cash and R\$92mm in contingencies.
- (3) TCP s 20.7% equity interest in TCO is valued at the value estimated for TCO in this Valuation Report.

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Summary Valuation TCO

| <i>(R\$ in millions, except per share data)</i> | Low | High |
|---|------------|-------------|
| TCO Firm Value ⁽¹⁾ | \$ 3,826 | \$ 4,545 |
| Less: Net Debt ⁽²⁾ | (453) | (453) |
| TCO Equity Value | \$ 4,279 | \$ 4,998 |
| TCO Shares Outstanding (mm) | 373.409 | 373.409 |
| TCO Equity Value per Share | \$ 11.46 | \$ 13.39 |

(1) Firm Value calculated using a US Dollar Weighted Average Cost of Capital (WACC) of 14.4% to 15.9% and a terminal value calculation based on a multiple of 2012 EBITDA of 4.5x to 5.5x and an implied perpetuity growth rate of 3.5% to 4.1%.

(2) Net debt as of 9/30/03, provided by management, considers R\$5.0mm in investments in unconsolidated companies, R\$24.9mm in minority interest, R\$104.4mm in contingencies and R\$577.3 mm in net cash (cash and unrealized hedge gains less total debt).

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Summary Valuation Conclusions

| <i>(In R\$, except exchange ratio)</i> | Low | High |
|--|------------|-------------|
| TCO Equity Value per Share | \$ 11.46 | \$ 13.39 |
| TCP Equity Value per Share | \$ 8.85 | \$ 10.94 |
| Exchange Ratio Range | 1.22x | 1.30x |

Subject to the foregoing and on the basis of the results of the above valuations of TCP and TCO, it is our view that the exchange ratio of 1.27 shares of TCP per share of TCO proposed in the Merger Transaction provides equitable treatment to both companies.

II. Overview of the Companies

Current Corporate Structure TCP and TCO

All financial data reflect company 2002 full year, subscriber information as of June 30, 2003.

All figures in millions of Reais, except subscribers (in thousands)

(a) Excludes TCP's proportionate stake in TCO

(b) TCO has other operating subsidiaries besides NBT with a weighted average ownership of 99.02%

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Competitive Environment

TELESP CELULAR / GLOBAL TELECOM

TELE CENTRO OESTE / NORTE BRASIL TELECOM

OPERATIONAL SUMMARY

| | Telesp Celular | Global Telecom | Tele Centro Oeste | Norte Brasil Telecom |
|----------------------|----------------|----------------|-------------------|----------------------|
| Region | 1 and 2 | 5 | 7 | 8 |
| Population (mm) | 38.3 | 15.3 | 15.2 | 16.1 |
| Penetration | 23.8% | 19.0% | 25.4% | 12.1% |
| GDP Per Capita (R\$) | \$9,995 | \$7,248 | \$5,842 | \$ 3,227 |
| Technology | CDMA | CDMA | TDMA | TDMA |
| Market Share | 66.0% | 42.0% | 69.7% | 32.7% |
| Subscribers (000s) | 6,270 | 1,287 | 2,688 | 642 |
| Pre Paid | 4,825 | 1,020 | 1,942 | 497 |
| Post Paid | 1,445 | 266 | 746 | 145 |

Sources: IBGE and Company financials as of 06/30/03 and 12/31/02.

Company Overview TCP

OVERVIEW

- w TCP provides mobile telecommunications services in Brazil through two wholly-owned subsidiaries: Telesp Celular (TC) and Global Telecom (GT)
 - w TC is an A Band operator in regions 1 and 2, Brazil's most highly populated and most wealthy area
 - w GT is a B Band operator the states of Paraná and Santa Catarina
 - w TCP controls TCO through a 61.16% interest in voting capital representing a 20.7% ownership in the company's total capital
- w Across its network, TC has CDMA 1xRTT technology (new in 2003 for GT), enabling high-speed packet data service

LTM STOCK PERFORMANCE

FINANCIAL HIGHLIGHTS

| (R\$ Millions) | 2Q03 | 2Q02 | 2002 |
|---------------------|-------------|-------------|-----------|
| Net Revenues | \$ 1,512 | \$ 977 | \$ 3,391 |
| EBITDA | 537 | 379 | 1,451 |
| Margin (%) | 35.5% | 38.8% | 42.8% |
| EBIT | \$ 244 | \$ 167 | \$ 766 |
| Margin (%) | 16.1% | 17.1% | 22.6% |
| Net Income | (\$262) | (\$394) | (\$1,141) |
| | 2Q03 | 2002 | |
| Cash & Equivalents | \$ 1,058 | \$ 18 | |
| Net PP&E | 5,305 | 4,778 | |
| Total Assets | 12,859 | 9,654 | |
| Total Debt | 5,466 | 4,461 | |
| Total Liabilities | 9,242 | 5,644 | |
| Shareholders Equity | 3,616 | 4,010 | |

Source: Company Financials

Source: 20-F FYE 2002

OWNERSHIP

Ordinary Shares

Preferred Shares

Source: 20-F FYE 2002

Company Overview TCO

OVERVIEW

- w TCO provides mobile telecommunications services in Brazil through Band A and Band B. In the Band A, it provides services directly and through affiliates (together TCOC) and in Band B, through Norte Brasil Telecom (NBT)
- w TCOC is an A band operator in region 7 has the highest market share in Brasil with 70% and has 2.69mm subscribers
- w NBT is a Band B operator in region 8
- w TCO s network covers 88% of region 7 and 66% of region 8, with 703 base stations

LTM STOCK PERFORMANCE

FINANCIAL HIGHLIGHTS

| (R\$ Millions) | 2Q03 | 2Q02 | 2002 |
|---------------------|-------------|-------------|----------|
| Net Revenues | \$ 489 | \$ 386 | \$ 1,561 |
| EBITDA | 197 | 153 | 615 |
| Margin (%) | 40.4% | 39.6% | 39.4% |
| EBIT | \$ 148 | \$ 115 | \$ 459 |
| Margin (%) | 30.4% | 29.8% | 29.4% |
| Net Income | \$ 120 | \$ 89 | \$ 329 |
| | 2Q03 | 2002 | |
| Cash & Equivalents | \$ 723 | \$ 159 | |
| Net PP&E | 869 | 891 | |
| Total Assets | 2,382 | 2,365 | |
| Total Debt | 519 | 628 | |
| Total Liabilities | 949 | 1,146 | |
| Shareholders Equity | 1,433 | 1,219 | |

Source: Company Financials

Source: 20-F FYE 2002

OWNERSHIP

Ordinary Shares

Preferred Shares

III. Discounted Cash Flow Analysis

Main DCF Valuation Assumptions

| Assumption | Comments |
|-----------------------|--|
| <i>Projections</i> | Based on 10-year (2003-2012) business plans provided by representatives of TCP and TCO. |
| <i>Currency</i> | Operating assumptions were projected in Brazilian reais and then unlevered free cash flows were converted into US dollars for purposes of valuation. |
| <i>Discount Rate</i> | Discounted projected unlevered free cash flows at a US dollar-based Weighted Average Cost of Capital range of 14.4% to 15.9% for both TCP and TCO. |
| <i>Terminal Value</i> | <p>Calculated the terminal value for TCP and TCO based on multiples of the EBITDA in 2012 and implied perpetuity growth rates of the adjusted unlevered free cash flow(1) in 2012.</p> <p>For TCP, this represents a multiple of 2012 EBITDA of 5.5x to 6.5x and implied perpetuity growth rate of 4.5% to 4.8%</p> <p>For TCO, this represents a multiple of 2012 EBITDA of 4.5x to 5.5x and implied perpetuity growth rate of 3.5% to 4.1%</p> <p>We used different terminal value multiples / implied perpetuity growth rates to reflect the impact of future expected differences in per capita income and relevant penetration rates in the markets covered by TCP and TCO.</p> |

(1) Unlevered free cash flow adjusted to eliminate differences between depreciation and capital expenditures.

Macroeconomic Assumptions

| (In Reais) | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| US Real GDP Growth Rate % p.a | 2.4% | 2.4% | 3.1% | 3.3% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% |
| Brazilian Real GDP Growth Rate % p.a | 0.3% | 3.5% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| Brazilian Inflation % p.a. (cop) | 9.8% | 6.0% | 4.5% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% |
| US\$ Inflation | 3.0% | 2.1% | 2.0% | 2.0% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
| Brazilian Real Interest Rate % p.a | 12.4% | 8.9% | 8.1% | 6.7% | 5.8% | 5.8% | 5.8% | 5.8% | 5.8% | 5.8% |
| Devaluation | (12.26%) | 6.45% | 4.50% | 4.00% | 2.46% | 2.46% | 2.46% | 2.46% | 2.46% | 2.46% |
| Ending FX Rate (R\$ / US\$) | \$ 3.10 | \$ 3.30 | \$ 3.45 | \$ 3.59 | \$ 3.67 | \$ 3.77 | \$ 3.86 | \$ 3.95 | \$ 4.05 | \$ 4.15 |
| Average FX Rate (R\$ / US\$) | \$ 3.10 | \$ 3.23 | \$ 3.37 | \$ 3.52 | \$ 3.63 | \$ 3.72 | \$ 3.81 | \$ 3.91 | \$ 4.00 | \$ 4.10 |

Key Operating Assumptions

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
| Penetration (%) | | | | | | | | | | |
| TCOC | 29.5% | 36.2% | 38.6% | 40.7% | 41.9% | 43.0% | 44.0% | 45.0% | 46.0% | 46.8% |
| NBT | 14.1 | 15.8 | 17.1 | 18.6 | 20.1 | 21.5 | 22.8 | 24.1 | 25.4 | 26.6 |
| GT | 21.9 | 29.0 | 34.3 | 38.5 | 41.0 | 42.8 | 44.1 | 45.2 | 45.8 | 46.4 |
| TC | 28.8 | 35.6 | 41.0 | 45.3 | 49.0 | 52.0 | 54.1 | 55.6 | 56.9 | 58.0 |
| Total Subscribers (000s) | | | | | | | | | | |
| TCOC | 3,057 | 3,515 | 3,695 | 3,866 | 3,980 | 4,092 | 4,203 | 4,312 | 4,421 | 4,525 |
| NBT | 731 | 811 | 881 | 984 | 1,090 | 1,194 | 1,295 | 1,393 | 1,489 | 1,580 |
| GT | 1,451 | 1,784 | 2,069 | 2,327 | 2,500 | 2,639 | 2,744 | 2,840 | 2,906 | 2,974 |
| TC | 7,074 | 8,253 | 9,140 | 9,870 | 10,512 | 11,043 | 11,445 | 11,754 | 12,016 | 12,251 |
| % Pre Paid Subscribers | | | | | | | | | | |
| TCOC | 73.7% | 74.5% | 75.0% | 75.4% | 75.6% | 76.1% | 76.5% | 76.9% | 77.3% | 77.7% |
| NBT | 79.9 | 79.0 | 80.1 | 81.5 | 82.6 | 83.5 | 84.2 | 84.9 | 85.4 | 85.8 |
| GT | 80.6 | 80.4 | 81.4 | 82.1 | 82.7 | 83.1 | 83.3 | 83.6 | 83.7 | 83.8 |
| TC | 79.6 | 80.4 | 81.5 | 82.2 | 82.6 | 83.0 | 83.2 | 83.4 | 83.6 | 83.7 |

TCOC Tele Cento Oeste excluding NBT

NBT Norte Brasil Telecom, subsidiary of TCO

GT Global Telecom, subsidiary of Telesp Celular Participações

TC Telesp Celular operating company

Note: TCP results exclude TCP's proportionate stake in TCO.

Key Operating Assumptions Cont d

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total ARPU (R\$) | | | | | | | | | | |
| TCO | \$41.2 | \$40.3 | \$40.3 | \$41.3 | \$42.5 | \$43.6 | \$44.7 | \$45.6 | \$46.4 | \$47.2 |
| NBT | 39.0 | 38.2 | 38.7 | 38.9 | 38.9 | 39.1 | 39.3 | 39.5 | 39.8 | 40.3 |
| GT | 32.5 | 34.1 | 35.4 | 36.5 | 37.9 | 38.7 | 39.4 | 40.2 | 41.0 | 41.9 |
| TCP | 44.1 | 42.5 | 43.1 | 44.2 | 46.2 | 48.5 | 50.1 | 51.1 | 52.5 | 54.5 |
| COGS (% Net Revenues) | | | | | | | | | | |
| TCO | 30.3% | 25.9% | 23.4% | 22.8% | 21.2% | 20.4% | 20.1% | 19.9% | 19.8% | 19.6% |
| NBT | 38.5 | 33.5 | 31.2 | 30.9 | 29.0 | 27.3 | 26.0 | 24.9 | 23.9 | 22.9 |
| GT | 39.5 | 33.2 | 28.9 | 26.4 | 23.0 | 21.5 | 20.9 | 20.6 | 20.2 | 20.0 |
| TC | 29.3 | 26.4 | 23.8 | 22.2 | 20.9 | 19.5 | 18.8 | 18.4 | 18.1 | 17.7 |
| SG&A (% Net Revenues) | | | | | | | | | | |
| TCO | 29.0% | 32.1% | 30.9% | 30.1% | 29.1% | 28.3% | 27.5% | 26.8% | 26.3% | 26.1% |
| NBT | 29.7 | 33.8 | 31.3 | 29.8 | 28.9 | 28.3 | 27.9 | 27.7 | 27.4 | 27.2 |
| GT | 36.6 | 35.1 | 32.9 | 31.6 | 31.1 | 30.7 | 30.5 | 30.4 | 30.3 | 30.2 |
| TC | 29.3 | 29.3 | 28.3 | 27.3 | 26.5 | 25.7 | 25.5 | 25.5 | 25.5 | 25.3 |
| Capex (% Net Revenues) | | | | | | | | | | |
| TCO | 12.3% | 19.1% | 15.0% | 11.8% | 17.4% | 8.8% | 8.4% | 8.3% | 8.2% | 8.2% |
| TCP | 7.6% | 8.7% | 8.4% | 8.4% | 8.3% | 8.2% | 8.1% | 12.2% | 7.8% | 7.7% |

TCOC Tele Cento Oeste excluding NBT

NBT Norte Brasil Telecom, subsidiary of TCO

GT Global Telecom, subsidiary of Telesp Celular Participações

TC Telesp Celular operating company

Note: TCP results exclude TCP's proportionate stake in TCO.

TCP Business Plan Overview Key Statistics

Projected Fiscal Year Ending December 31,

| (Reais in Millions) | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Revenues | \$4,716 | \$5,022 | \$5,751 | \$6,443 | \$7,188 | \$7,900 | \$8,459 | \$8,894 | \$9,351 | \$9,868 |
| Gross Profit | 3,272 | 3,648 | 4,335 | 4,967 | 5,664 | 6,337 | 6,843 | 7,224 | 7,628 | 8,082 |
| EBITDA | 1,848 | 2,132 | 2,665 | 3,161 | 3,708 | 4,243 | 4,622 | 4,885 | 5,174 | 5,510 |
| Depreciation | 970 | 812 | 795 | 833 | 862 | 873 | 900 | 932 | 815 | 756 |
| EBIT | 878 | 1,320 | 1,869 | 2,328 | 2,846 | 3,371 | 3,722 | 3,953 | 4,358 | 4,754 |
| Net Income | 243 | 577 | 893 | 1,168 | 1,530 | 1,899 | 2,155 | 2,333 | 2,628 | 2,922 |
| Funds From Operations (a) | \$1,179 | \$1,423 | \$1,703 | \$2,001 | \$2,401 | \$2,788 | \$3,078 | \$3,293 | \$3,482 | \$3,726 |
| Net Working Capital | 328 | 299 | 332 | 359 | 388 | 415 | 423 | 412 | 402 | 395 |
| Capital Expenditures | 358 | 437 | 483 | 543 | 594 | 647 | 683 | 1,084 | 727 | 757 |
| Free Cash Flow (b) | 690 | 1,016 | 1,186 | 1,432 | 1,778 | 2,114 | 2,386 | 2,220 | 2,765 | 2,977 |
| Financial Ratios | | | | | | | | | | |
| Revenue Growth | | 6% | 15% | 12% | 12% | 10% | 7% | 5% | 5% | 6% |
| Gross Margin | 69% | 73 | 75 | 77 | 79 | 80 | 81 | 81 | 82 | 82 |
| EBITDA Margin | 39 | 42 | 46 | 49 | 52 | 54 | 55 | 55 | 55 | 56 |
| EBITDA Growth | | 15 | 25 | 19 | 17 | 14 | 9 | 6 | 6 | 6 |
| EBIT Margin | 19 | 26 | 33 | 36 | 40 | 43 | 44 | 44 | 47 | 48 |
| Net Income Margin | 5 | 11 | 16 | 18 | 21 | 24 | 25 | 26 | 28 | 30 |

(a) Funds From Operations equals Net Income plus depreciation and amortization, other non-cash charges, minority interest less equity earnings from unconsolidated subsidiaries.

(b) Free Cash Flow equals Funds From Operations less increase in working capital less capital expenditures.

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TCO Business Plan Overview Key Statistics

Projected Fiscal Year Ending December 31,

| (Reais in Millions) | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Revenues | \$ 1,945 | \$ 2,103 | \$ 2,286 | \$ 2,469 | \$ 2,638 | \$ 2,804 | \$ 2,971 | \$ 3,135 | \$ 3,292 | \$ 3,456 |
| Gross Profit | 1,326 | 1,530 | 1,718 | 1,868 | 2,039 | 2,193 | 2,336 | 2,476 | 2,611 | 2,752 |
| EBITDA | 761 | 848 | 1,009 | 1,126 | 1,271 | 1,400 | 1,517 | 1,630 | 1,738 | 1,841 |
| Depreciation | 202 | 230 | 245 | 265 | 299 | 336 | 358 | 369 | 326 | 311 |
| EBIT | 559 | 618 | 764 | 861 | 972 | 1,064 | 1,159 | 1,261 | 1,412 | 1,531 |
| Net Income | 355 | 395 | 493 | 559 | 635 | 699 | 767 | 841 | 947 | 1,032 |
| Funds From Operations (a) | \$ 560 | \$ 629 | \$ 742 | \$ 829 | \$ 940 | \$ 1,041 | \$ 1,132 | \$ 1,217 | \$ 1,281 | \$ 1,353 |
| Net Working Capital | 130 | 162 | 173 | 189 | 206 | 223 | 241 | 257 | 273 | 290 |
| Capital Expenditures | 239 | 402 | 343 | 291 | 459 | 246 | 248 | 261 | 269 | 282 |
| Free Cash Flow (b) | 239 | 195 | 388 | 522 | 464 | 779 | 866 | 940 | 996 | 1,055 |
| Financial Ratios | | | | | | | | | | |
| Revenue Growth | | 8% | 9% | 8% | 7% | 6% | 6% | 6% | 5% | 5% |
| Gross Margin | 68% | 73 | 75 | 76 | 77 | 78 | 79 | 79 | 79 | 80 |
| EBITDA Margin | 39 | 40 | 44 | 46 | 48 | 50 | 51 | 52 | 53 | 53 |
| EBITDA Growth | | 11 | 19 | 12 | 13 | 10 | 8 | 7 | 7 | 6 |
| EBIT Margin | 29 | 29 | 33 | 35 | 37 | 38 | 39 | 40 | 43 | 44 |
| Net Income Margin | 18 | 19 | 22 | 23 | 24 | 25 | 26 | 27 | 29 | 30 |

(a) Funds From Operations equals Net Income plus depreciation and amortization, other non-cash charges, minority interest less equity earnings from unconsolidated subsidiaries.

(b) Free Cash Flow equals Funds From Operations less increases in working capital less capital expenditures.

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Summary DCF Valuation of TCP

| (Reais in Millions) | Projected Fiscal Year Ending December 31, | | | | | | | | | |
|---|---|----------|----------|----------|----------|----------|----------|-----------|----------|----------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Earnings Before Interest (After Tax) | \$ 640 | \$ 964 | \$ 1,271 | \$ 1,537 | \$ 1,887 | \$ 2,241 | \$ 2,479 | \$ 2,638 | \$ 2,915 | \$ 3,186 |
| Depreciation | \$ 970 | \$ 812 | \$ 795 | \$ 833 | \$ 862 | \$ 873 | \$ 900 | \$ 932 | \$ 815 | \$ 756 |
| Change in Net Working Capital | (\$131) | \$ 29 | (\$34) | (\$26) | (\$29) | (\$27) | (\$8) | \$ 11 | \$ 10 | \$ 7 |
| Capital Expenditures | (\$358) | (\$437) | (\$483) | (\$543) | (\$594) | (\$647) | (\$683) | (\$1,084) | (\$727) | (\$757) |
| Unlevered Free Cash Flow (R\$) | \$ 1,113 | \$ 1,402 | \$ 1,565 | \$ 1,801 | \$ 2,135 | \$ 2,457 | \$ 2,711 | \$ 2,525 | \$ 3,052 | \$ 3,241 |
| Unlevered Free Cash Flow (US\$) | \$ 359 | \$ 434 | \$ 464 | \$ 512 | \$ 588 | \$ 660 | \$ 711 | \$ 647 | \$ 763 | \$ 790 |

| <i>(R\$ in millions, except per share data)</i> | Low | High |
|---|-----------|-----------|
| WACC | 15.9% | 14.4% |
| Terminal EBITDA Multiple | 5.5x | 6.5x |
| Implied Perpetuity Growth Rate | 4.5% | 4.8% |
| TCP Firm Value | \$ 13,860 | 16,163 |
| TCP Standalone Equity Value | 9,483 | 11,785 |
| Value of 20.7% stake in TCO (1) | 886 | 1,035 |
| Total TCP Equity Value | \$ 10,369 | \$ 12,820 |
| TCP Shares Outstanding (mm) | 1,171.8 | 1,171.8 |
| TCP Equity Value per Share | \$ 8.85 | \$ 10.94 |

(1) Reflects equity stake in TCO valued using Discounted Cash Flows Methodology.

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Summary DCF Valuation of TCO

| (Reais in Millions) | Projected Fiscal Year Ending December 31, | | | | | | | | | |
|---|---|---------|---------|---------|---------|---------|---------|---------|---------|----------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Earnings Before Interest (After Tax) | \$ 381 | \$ 408 | \$ 505 | \$ 568 | \$ 641 | \$ 702 | \$ 765 | \$ 832 | \$ 932 | \$ 1,010 |
| Depreciation | \$ 202 | \$ 230 | \$ 245 | \$ 265 | \$ 299 | \$ 336 | \$ 358 | \$ 369 | \$ 326 | \$ 311 |
| Change in Net Working Capital | \$ 37 | (\$32) | (\$12) | (\$15) | (\$18) | (\$17) | (\$17) | (\$17) | (\$17) | (\$16) |
| Capital Expenditures | (\$239) | (\$402) | (\$343) | (\$291) | (\$459) | (\$246) | (\$248) | (\$261) | (\$269) | (\$282) |
| Unlevered Free Cash Flow (R\$) | \$ 382 | \$ 204 | \$ 395 | \$ 528 | \$ 464 | \$ 775 | \$ 857 | \$ 923 | \$ 972 | \$ 1,023 |
| Unlevered Free Cash Flow (US\$) | \$ 123 | \$ 63 | \$ 117 | \$ 150 | \$ 128 | \$ 208 | \$ 225 | \$ 236 | \$ 243 | \$ 250 |

(R\$ in millions, except per share data)

| | Low | High |
|--------------------------------|----------|----------|
| WACC | 15.9% | 14.4% |
| Terminal EBITDA Multiple | 4.5x | 5.5x |
| Implied Perpetuity Growth Rate | 3.5% | 4.1% |
| TCO Firm Value | \$ 3,826 | \$ 4,545 |
| TCO Equity Value | \$ 4,279 | \$ 4,998 |
| TCO Shares Outstanding (mm) | 373.409 | 373.409 |
| TCO Equity Value per Share | \$ 11.46 | \$ 13.39 |

WACC Methodology

w We calculated the WACC using the following methodology:

Estimated the companies' marginal cost of long-term debt

Estimated the companies' cost of equity using the Capital Asset Pricing Model (CAPM)

Applied an appropriate long-term leverage ratio

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WACC Calculation for TCP and TCO

| | Low | Average | High |
|---|--------------|--------------|--------------|
| COST OF EQUITY | | | |
| U.S. Risk Free Rate (30 Year U.S. Treasury) (a) | 5.3% | 5.3% | 5.3% |
| Equity Market Risk Premium | 5.5% | 6.5% | 7.5% |
| Equity Beta (b) | 1.0 | 1.0 | 1.0 |
| Adjusted Equity Market Risk Premium | 5.5% | 6.5% | 7.5% |
| Political Risk Premium (c) | 6.0% | 6.5% | 7.0% |
| Total | 16.8% | 18.3% | 19.8% |
| COST OF DEBT | | | |
| U.S. Risk Free Rate (10 Year U.S. Treasury) (a) | 4.4% | 4.4% | 4.4% |
| Credit Spread (c) | 6.5% | 7.0% | 7.5% |
| Cost of Debt (Pretax) | 10.9% | 11.4% | 11.9% |
| Effective Marginal Tax Rate | 34.0% | 34.0% | 34.0% |
| Total | 7.2% | 7.5% | 7.8% |
| Debt/ Capitalization (Target) (c) | 30.0% | 30.0% | 30.0% |
| WACC | 13.9% | 15.1% | 16.2% |
| Selected WACC | 14.4% | 15.1% | 15.9% |

Note:

- (a) Treasury yields as of October 15, 2003
 (b) Based on Bloomberg estimates for Sprint PCS, AT&T Wireless and Nextel as of 10/ 06/ 03
 (c) Citigroup Estimates

October 27, 2003

To the Board of Directors
Telesp Celular Participações S.A.
Av. Roque Petroni Júnior, nº. 1464, 6º andar Bloco B
Morumbi, Cidade de São Paulo, Estado de São Paulo, CEP
04707-000 Brazil

Dear Sirs:

On January 16, 2003 Telesp Celular Participações (TCP or the Company) announced an agreement with the controlling shareholders of Tele Centro Oeste Participações (TCO and, together with TCP, the Companies) to acquire shares representing 61.1% of the voting capital and 20.3% of the total capital of TCO (the Acquisition). In addition, TCP simultaneously announced (i) its obligation to effect a tender offer for TCO s remaining ON shares (the Tender) and, subsequently to such tender offer, (ii) its intention to effect the exchange of all the remaining outstanding TCO shares for TCP shares (including those shares not taken up in the Tender) in the form of an Incorporação de Ações as defined by Brazilian Federal Law No. 6,404, of December 15, 1976 (the Exchange), by exchanging each share of TCO for 1.27 shares of the Company (the Proposed Exchange Ratio).

In connection with the Exchange and in accordance with the requirements stated in Article 30 of TCP s by-laws, you have asked us to provide a valuation report (the Valuation Report) which is comprised of this letter and the attached presentation materials with respect to the economic values of the TCP shares (the TCP shares) and TCO shares (the TCO shares) and the Proposed Exchange Ratio. This Valuation Report is being provided by us solely for the purpose of valuing TCP and TCO and expressing our view as to whether the Proposed Exchange Ratio constitutes equitable treatment for both companies as required by Article 30 of TCP s bylaws, and should not be relied upon for any other purpose.

In arriving at the Valuation Report set forth below, we have, among other things:

- (1) Reviewed certain publicly available business and financial information relating to the Company and TCO that we deemed to be relevant;
 - (2) Reviewed certain information, including financial forecasts relating to the business, earnings, cash flow, assets, liabilities and prospects of the Company and TCO furnished to us by the Company;
 - (3) Conducted discussions with members of senior management of the Company and TCO concerning the matters described in clause 1 and 2 above and the businesses and prospects of the Company and of TCO;
-

- (4) Reviewed the results of operations of the Company and TCO and compared them with those of certain publicly traded companies that we deemed to be relevant;
- (5) Reviewed such other financial studies and analyses and took into account such other matters as we deemed necessary, including our assessment of general economic, market, and monetary conditions;
- (6) Prepared our Valuation Report on the basis that if the Proposed Exchange Ratio fell within the range of exchange ratios resulting from our valuations of TCP and TCO, then its application would constitute equitable treatment for both companies, within the meaning of Article 30 of the TCP by-laws.

In preparing our Valuation Report and in order to carry out the actions of the preceding paragraph, we have assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to us, discussed with or reviewed by or for us, or publicly available, and we have not assumed, and do not hereby assume, any responsibility for independently verifying such information or undertaken an independent evaluation or appraisal of any of the assets or liabilities of the Companies, nor have we evaluated the solvency or fair value of the Companies under any laws relating to bankruptcy, insolvency or similar matters. In addition, we have not assumed any obligation to conduct, and have not conducted, any physical inspection of the properties or facilities of the Companies. Accordingly, we have obtained a statement executed by officers of TCP on this date whereby they reasserted the accuracy, legitimacy, and completeness of all such information, documents and reports which were supplied to us on the dates when those were supplied to us, and whereby they confirmed that there have not been, since those dates, any material changes to the Companies' business, financial condition, assets, liabilities, business perspectives or commercial transactions and any other significant fact which would have rendered any such information incorrect or misleading in any material aspect and which could have a material effect on the results of the Valuation Report. Notwithstanding the foregoing, neither TCP, nor its managers or controlling shareholders have (i) interfered or limited in any manner our ability to obtain the information required to produce the Valuation Report, (ii) determined, or restrained our ability to determine, the methodologies used by us to reach the conclusions set forth in the Valuation Report, or (iii) determined, or restrained our ability to determine, the conclusions set forth in the Valuation Report.

With respect to the financial forecast information furnished to or discussed with us by the Company in respect of the Companies, we have assumed that they have been reasonably prepared and reflect the best currently available estimates and judgment of TCP and TCO's management, respectively, as to the expected future financial performance of TCP and TCO. In addition, you have informed us that the Boards of Directors of TCP and TCO have approved such financial forecasts. Given that the Valuation Report and its conclusions are based on financial projections and forecasts, they should not be construed as indicative of future results which may be significantly more or less favorable than what has been suggested as a result of the analyses conducted in connection with the preparation of the Valuation Report. Given, further, that these analyses are intrinsically subject to uncertainties and various events or factors which are beyond the control of TCP, TCO and of Merrill Lynch & Co. (Merrill Lynch), Merrill Lynch nor any of its affiliates or representatives assume any responsibility if future results differ substantially from the forecasts presented in the Valuation Report and makes no representation or warranty as to such forecasts.

The range of values presented in the Valuation Report, in which the economic value of TCP and TCO lie, has been ascertained in accordance with the discounted cash flow methodology.

Our Valuation Report is necessarily based upon market, economic and other conditions as they exist and can be evaluated on, and on the information made available to us as of, the date hereof. As a result, the Valuation Report is valid exclusively as at the date of this letter as future events and developments may affect its conclusions. We do not assume any obligation to update, review, revise or revoke this letter or the Valuation Report as a result of any future development. In connection with the preparation of this Valuation Report, we have not been authorized by the Company or the Board of Directors to solicit, nor have we solicited, third-party indications of interest for the acquisition of all or any part of the TCP or the TCO shares. As a result, the results determined in the Valuation Report do not necessarily correspond to, and should not be construed as representative of, the effective sale value of the Companies or their stock today or in a given future time.

The Valuation Report rendered is exclusively addressed to the Company and although it may be available to all shareholders of the Company and TCO in accordance with Article 30 of its by-laws, its scope is limited to the Exchange; the results herein relate only to the scope of our assignment and do not extend, and should not be construed as extensive, to the Acquisition, or the Tender nor to any other present or future issues or transactions regarding the Company or TCO, the economic group to which they belong or the industry in which they operate.

We have been engaged by the Company and will be receiving a fee for our services. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our engagement. Merrill Lynch does not have any interest, whether direct or indirect, in the Company or in the Acquisition, Tender or in the Exchange, as well as in any other relevant event that may constitute a conflict of interest. We have, in the past, provided financial advisory and financing services to the Company and/or its affiliates, and we expect to continue to do so and have received, and may receive, fees for the rendering of such services. In the ordinary course of our business, we may actively trade TCP and TCO shares and other securities of the Company, TCO and their affiliates, for our own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities. In addition, the professionals in our research department and other divisions within Merrill Lynch may base their analysis and publications regarding TCP and TCO on different market and operating assumptions and on different valuation methodologies when compared with those employed in the preparation of this Valuation Report. As a result, the research reports and other publications prepared by them may contain entirely different results and conclusions when compared to the ones presented herein.

This Valuation Report is exclusively addressed to TCP except to the extent that it may be available to all shareholders of the Company and TCO in accordance with Article 30 of TCP 's by-laws and does not address the underlying business decision by TCP and TCO to engage in the Exchange and does not constitute a recommendation to TCP, TCO and/or any holders of TCP shares or TCO shares (including, without limitation, as to whether or not any holder of TCP or TCO shares should exercise withdrawal rights). In addition, this Valuation Report does not address: (i) the incremental value to the Companies which may arise from the consummation of the Exchange, if any, and (ii) any adjustments to compensate for or which may reflect the specific rights associated with any specific class of shares of either TCP or TCO. As a result, we are not hereby expressing and the Valuation Report does not contain any views regarding the distribution of the economic value among the several classes of shares of any of the Companies.

In preparing the Valuation Report, we have disregarded (a) the tax consequences of the Exchange on holders of TCO shares and (b) the impact of any fees and expenses which may result from the settlement of the Exchange, including, without limitation, those related to the depository services which may be charged to holders of TCO ADSs. In addition, with your consent, we have excluded the tax-related effects associated with the future utilization by TCP of the unamortized goodwill which has resulted from the Acquisition and the Tender.

On the basis of and subject to the foregoing, we are of the view that the economic value of TCP ranges from R\$10.7 billion to R\$14.3 billion, determined as the lowest and the highest value, corresponding to a value per share of R\$9.12 to R\$12.20, while the economic value of TCO ranges from R\$4.5 billion to R\$5.6 billion, determined as the lowest and the highest value, corresponding to a value per share of R\$12.16 to R\$14.98. Subject to and based on the foregoing, we are of the view that the Proposed Exchange Ratio constitutes equitable treatment for both companies.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

Valuation Report (Relatório de Avaliação)

October 27, 2003

Global Markets & Investment Banking Group

Valuation Report

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Introduction

Introduction

Important Information

Together with the letter attached hereto, these presentation materials constitute the Valuation Report prepared by Merrill Lynch & Co. (Merrill Lynch) with respect to the economic values of the Telesp Celular Participações S.A. (TCP) shares and Tele Centro Oeste Celular Participações S.A. (TCO) shares and the Proposed Exchange Ratio. Accordingly, the contents of these presentation materials are subject to the letter and all of the assumptions, qualifications, disclaimers and other representations set forth therein. Any defined terms appearing in the presentation letters and not otherwise defined herein have the meaning assigned to such terms in the letter attached hereto.

Introduction

Definitions

| | Definition |
|-------------------------|--|
| Brasilcel | Brasilcel N.V. |
| Global Telecom | Global Telecom S.A. |
| NBT | Norte Brasil Telecom S.A. |
| Proposed Exchange Ratio | TCP's announced intention to effect the exchange of all outstanding TCO shares for TCP shares in the form of an Incorporação de Ações by exchanging each share of TCO for 1.27 shares of TCP |
| SMC | Cellular Mobile Service (<i>Serviço Móvel Celular</i>) |
| SMP | Personal Communication Services (<i>Serviço Móvel Pessoal</i>) |
| TCO | Tele Centro Oeste Celular Participações S.A. |
| Splice | Splice do Brasil Telecomunicações e Eletrônica S.A. |
| TCP | Telesp Celular Participações S.A. |
| Tele Centro Oeste | Includes the operations of TCO in Brasilia (ex-Telebrasil, now merged into TCO), Telegoiás, Teleacre, Telemat, Telems and Teleron |
| Telegoiás | Telegoiás Celular S.A. |
| Teleacre | Teleacre Celular S.A. |
| Telemat | Telemat Celular S.A. |
| Telems | Telems Celular S.A. |
| Teleron | Teleron Celular S.A. |
| Telesp Celular | Telesp Celular S.A Includes also TCP holding company outflows and expenses |

Transaction Structure

Transaction Structure

Overview

On January 16, 2003 TCP announced it had signed a Preliminary Agreement for the acquisition of a controlling stake in TCO (the Acquisition)

Transaction closed on April 25, 2003

Acquisition of 77,256,410,396 ordinary shares of TCO, equivalent to 20.37% of TCO s outstanding capital and 61.10% of TCO s voting capital (20.69% of total capital and 64.04% of voting capital excluding the 5,791,393,886 TCO ordinary shares held in treasury)

Simultaneously, TCP announced two subsequent transactions, which are still pending completion

Tender offer for the remaining ordinary shares in the market at 80% of the price per share paid in the Acquisition, as required by Brazilian law (the Tender Offer)

Cash offer for 43,385,533,827 common shares of TCO (or 11.6% of TCO, excluding treasury shares)

Transaction launched on October 9 closing expected by November 18

Stock merger of TCO s shares for TCP shares, at an exchange ratio of 1.27 new TCP shares for each TCO share

Transaction addressed to TCO s 252,766,698,473 outstanding preferred shares (plus any remaining TCO ordinary shares that are not tendered in the tender offer mentioned above)

Transaction Structure

Current TCP Corporate Structure

Current valuation of TCP includes the effects of the Tender Offer for TCO common shares:

Pro-forma ownership of 31.1% of TCO (adjusted for treasury shares)

Net debt increased by R\$658 million to reflect expected incremental cash disbursement⁽²⁾

This analysis assumes 90% acceptance of Tender Offer⁽³⁾

(1) *Ownership expressed as percentage of shares in circulation. Analysis excludes, therefore, 5.8bn shares held in treasury. For illustrative purposes, assumes TCP acquires 90% of the remaining ON shares in the Tender Offer*

(2) *Assuming estimated cost for 100% of OPA at R\$731 million as of September 30, 2003.*

(3) *Different levels of acceptance by the holders of TCO ON shares would not have a material affect on the conclusions of this report*

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Methodology Description

Methodology Description

Overview

Our valuation ranges for both TCP and TCO, are based on a discounted cash flow analysis

Cash flows have been based on management projections approved by the Board of Directors of TCP and TCO

We have performed Discounted Cash Flow (DCF) analyses for the operating subsidiaries of TCP (Telesp Celular and Global Telecom) and of TCO (Tele Centro Oeste and NBT)

The DCF is a technique used for valuing a business based on the present value of the projected free cash flows (FCF)

The free cash flows represent:

amount generated by all assets utilized in the business (tangible and intangible); and

proceeds available to all providers of capital (i.e. shareholders and debt holders)

These future FCFs are discounted to present value by an appropriate discount rate (r), to determine the present value of the operating assets

Projections have been made in Brazilian currency up to the unlevered free cash flow figure, which has then been converted into US dollars at the projected average exchange rate for the year

Macroeconomic estimates, including expected US\$/BRL exchange rate, based on Market Consensus collected and published by the Brazilian Central Bank until 2007, and on Merrill Lynch assumptions thereafter

Methodology Description

Overview (Cont d)

Valuation as at September 30, 2003

TCP's enterprise value has been calculated as the sum of the following items:

Present value as of September 30, 2003 (which is the valuation base date) of projected unlevered cash flows (discounted at the Weighted Average Cost of Capital +/- 0.75%)

Present value of terminal value, calculated following the perpetuity growth method to a normalised cash flow (setting capex equal to depreciation and eliminating any temporary tax advantage)

Present value of the value of the tax benefits obtained with the utilization of Global Telecom net operating losses (R\$2.6 billion)⁽¹⁾

Value of TCP's current stake in TCO

Derived by applying TCP's ownership in TCO (pro-forma for the Tender Offer and adjusted for the effect of treasury shares) to TCO's estimated equity value⁽²⁾

(1) *We have assumed that Telesp Celular and Global Telecom may carry out certain tax planning actions in 2006 in order to expedite utilization of tax loss carry forward*

(2) *The explanation regarding the calculation of TCO's equity valuation is included in the next page of this report*

Methodology Description

Overview (Cont'd)

TCP's value per share has then been calculated by subtracting its net debt from the enterprise value (calculated as described above) and dividing it by the number of shares outstanding

Published net debt as at September 30, 2003 before the consolidation of TCO; this figure has been adjusted for the cash disbursement expected as a result of the announced Tender Offer for TCO ordinary shares

No value has been assigned to the tax savings which could arise from the utilization of the goodwill (ágio) generated by TCP in the acquisition of the controlling stake in TCO

Similarly, we have calculated the value per TCO share

We have adjusted for the effect of treasury shares (by reducing the denominator on the value per share calculation)

Tele Centro Oeste's cash flows have been adjusted to reflect TCO's weighted average ownership of 98.1% of its operating business⁽¹⁾

NBT's cash flows have not been adjusted given TCO's 100% ownership of it

For TCO's net debt calculation, all the debentures that were owed by Splice (and were assumed by TCP) have been considered as cash equivalent

Once we have calculated the per share value of TCO and TCP (including its stake in TCO), we have established the resulting exchange ratios

(1) *Derived by a weighted average of ownerships based on the net worth of each subsidiary*

Methodology Description

WACC Methodology Key Assumptions

Discount rates are based on the companies Weighted Average Cost of Capital, which has been calculated in US dollars, adjusting for Brazilian risk

Implied Brazilian risk free rate of 10.74%, or 6.35% above the US risk free rate

Brazilian bond spread currently 13% below the current 60-day average of 635bps⁽¹⁾

| Key Parameters | | Comments |
|--------------------------------------|--------|---|
| Risk Free Rate | 4.39% | 10-Year US Treasury Bond (maturing in August 2013); yield as of October 17 |
| Brazilian Country Risk Premium | 6.35% | Average spread between 10-year US Treasury Bond and Brazil Republic 13 bond (average of last 60 days to October 17) |
| Unlevered Beta | 0.89 | Average of unlevered betas for international wireless operators |
| Equity Market Risk Premium | 5.90% | Ibbotson Associates historical 50-year regression using the S&P 500 |
| Estimated Pre-Tax Cost of Debt | 10.99% | 25 basis points over Brazilian risk free rate |
| Tax Rate | 34.0% | Brazilian marginal tax rate ⁽²⁾ |
| Target Debt to Market Capitalisation | 35.0% | Assumed optimal capital structure |

(1) As of October 17, 2003

(2) Including social contribution rate

Methodology Description

Detailed WACC Calculation

(1) *Re-levered Beta = Industry Average Beta*(1+ ((1 - Marginal Tax Rate)*(Target Total Debt to Equity Ratio)))*

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Methodology Description

Key Macroeconomic Forecasts

We have based our estimates on the average Consensus forecasts published by the Central Bank of Brazil (2003-07)

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Exchange Rate R\$ to US\$ (End of Period) | 3.10 | 3.38 | 3.59 | 3.76 | 3.94 | 4.00 | 4.06 | 4.12 | 4.18 | 4.24 |
| Average Exchange Rate | 3.13 | 3.28 | 3.52 | 3.71 | 3.91 | 3.97 | 4.03 | 4.09 | 4.15 | 4.21 |
| Implied Currency Appreciation/(Depreciation) (%) | | (4.8) | (7.3) | (5.4) | (5.4) | (1.5) | (1.5) | (1.5) | (1.5) | (1.5) |
| Inflation Brazil (%) | 9.6 | 6.2 | 5.2 | 4.8 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 |
| Inflation Differential with US (%) ⁽¹⁾ | | nm | nm | nm | nm | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Real GDP Growth | 0.9% | 3.2% | 3.5% | 3.7% | 3.8% | nm | nm | nm | nm | nm |

(1) Long-term US inflation of 3% based on estimates up to 2007; Source: Economist Intelligence Unit

Summary Valuation

A. TCO

TCO

Summary Valuation

TCO valuation as at September 30, 2003

Unlevered Free Cash Flows(1)

| | A | + | B | | | = | C | | | x | Exchange Rate | = | D | | |
|---------------------------------|--|---|--|-------|-------|---|---|-------|-------|---|---|---|--|-------|-------|
| | NPV of Free Cash Flows (US\$m) 2003-2012 ⁽³⁾ | | PV ⁽³⁾ of Terminal Value (US\$m) at a Perpetual Yearly Growth Rate ⁽⁴⁾ of: | | | | Enterprise Value (US\$m) at a Perpetual Yearly Growth Rate ⁽⁴⁾ of: | | | | As of September 30, 2003 (2.93R\$/US\$) | | Enterprise Value (R\$m) at a Perpetual Yearly Growth Rate ⁽⁴⁾ of: | | |
| Discount Rate ⁽²⁾ | | | 4.00% | 4.50% | 5.00% | | 4.00% | 4.50% | 5.00% | | | | 4.00% | 4.50% | 5.00% |
| 13.50% | 766 | | 871 | 924 | 983 | | 1,637 | 1,690 | 1,749 | | | | 4,793 | 4,948 | 5,121 |
| 13.88% | 754 | | 814 | 862 | 915 | | 1,568 | 1,616 | 1,669 | | | | 4,591 | 4,730 | 4,885 |
| 14.25% | 742 | | 762 | 805 | 853 | | 1,504 | 1,547 | 1,595 | | | | 4,403 | 4,529 | 4,668 |
| 14.63% | 730 | | 715 | 753 | 796 | | 1,445 | 1,484 | 1,526 | | | | 4,229 | 4,343 | 4,469 |
| 15.00% | 719 | | 671 | 706 | 745 | | 1,389 | 1,425 | 1,464 | | | | 4,067 | 4,171 | 4,284 |

(1) *Unlevered Free Cash Flows in US\$ have been obtained by dividing yearly cash flows in Reais by the average exchange rate of the year as presented in Methodology Description Key Macroeconomic Forecasts. Based on Company's projections approved by the TCP and TCO Board of Directors*

(2) *Mid point based on WACC. Rounded up to 14.25%*

(3) *Brought back to September 30, 2003. For the year 2003, only Q4 included*

(4) *Nominal growth rate*

TCO

Summary Valuation (Cont d)

Value per TCO share (lote de mil ações) ranging from R\$ 12.16 14.98

| | D | | | E | = | F | | | / | G | = | H | | |
|-----------------|---|--------------|--------------|---------------------------|---|---|--------------|--------------|---|---------------------------|---|---------------------------------|--------------|--------------|
| | Enterprise Value (R\$m) with Perpetual | | | Net Debt (R\$m) | | Equity Value (R\$m) | | | | Shares (billion) | | Equity Value Per Share (R\$) | | |
| | Rate Yearly Growth Rate ⁽¹⁾ of: | | | | | Rate Yearly Growth Rate ⁽¹⁾ of: | | | | | Rate Yearly Growth Rate ⁽¹⁾ of: | | | |
| Discount | | | | Q3 | | | | | | Q3 | | | | |
| Rate | 4.00% | 4.50% | 5.00% | 2003⁽²⁾ | | 4.00% | 4.50% | 5.00% | | 2003⁽²⁾ | | 4.00% | 4.50% | 5.00% |
| 13.50% | 4,793 | 4,948 | 5,121 | (473) | | 5,266 | 5,421 | 5,594 | | 373 | | 14.10 | 14.52 | 14.98 |
| 13.88% | 4,591 | 4,730 | 4,885 | (473) | | 5,064 | 5,203 | 5,358 | | 373 | | 13.56 | 13.93 | 14.35 |
| 14.25% | 4,403 | 4,529 | 4,668 | (473) | | 4,876 | 5,002 | 5,141 | | 373 | | 13.06 | 13.39 | 13.77 |
| 14.63% | 4,229 | 4,343 | 4,469 | (473) | | 4,702 | 4,816 | 4,942 | | 373 | | 12.59 | 12.90 | 13.23 |
| 15.00% | 4,067 | 4,171 | 4,284 | (473) | | 4,540 | 4,644 | 4,757 | | 373 | | 12.16 | 12.44 | 12.74 |

(1) Nominal growth rate

(2) As at September 30, 2003. Net debt adjusted for contingencies. Shares outstanding net of treasury shares

B. TCP

TCP

Summary Valuation

TCP valuation as at September 30, 2003 adjusted for the effect of the Tender Offer (launched on October 9)

Unlevered Free Cash Flows⁽¹⁾

| Discount Rate | A (US\$m) 2003-2012 ⁽²⁾ | B PV ⁽²⁾ of Terminal Value (US\$m) at a Perpetual Yearly Growth Rate ⁽³⁾ of: | | | C + PV of GT Tax Benefit ⁽⁴⁾ (US\$m) | = | D Enterprise Value (US\$m) at a Perpetual Yearly Growth Rate ⁽³⁾ of: | | | Exchange x Rate = (2.93R\$/US\$) | E Enterprise Value (R\$m) at a Perpetual Yearly Growth Rate ⁽³⁾ of: | | |
|---------------|--|--|-------|-------|--|-------|--|-------|----------------|--|---|--------|-------|
| | | 4.00% | 4.50% | 5.00% | | | 4.00% | 4.50% | 5.00% | | 4.00% | 4.50% | 5.00% |
| 13.50% | 2,881 | 2,665 | 2,827 | 3,008 | 119 | 5,666 | 5,828 | 6,008 | (2.93R\$/US\$) | 16,587 | 17,060 | 17,589 | |
| 13.88% | 2,840 | 2,491 | 2,637 | 2,799 | 118 | 5,449 | 5,595 | 5,757 | | 15,953 | 16,379 | 16,853 | |
| 14.25% | 2,801 | 2,332 | 2,463 | 2,609 | 116 | 5,249 | 5,380 | 5,526 | | 15,365 | 15,750 | 16,176 | |
| 14.63% | 2,762 | 2,186 | 2,305 | 2,437 | 114 | 5,062 | 5,181 | 5,312 | | 14,819 | 15,167 | 15,552 | |
| 15.00% | 2,723 | 2,052 | 2,160 | 2,279 | 113 | 4,888 | 4,996 | 5,115 | | 14,310 | 14,627 | 14,975 | |

(1) Unleveled Free Cash Flows in US\$ have been obtained by dividing yearly cost flows in Reais by the average exchange rate of the year as presented in *Macroeconomic Description Key Macroeconomic Forecasts*. Based on Company's projections approved by the TCP and TCO Board of Directors. Projections include a 100% stake in Telesp Celular and Global Telecom

(2) Brought back to September 30, 2003. For the 2003, only Q4 included

(3) Nominal growth rate

(4) Assuming tax planning provided by management. Discounted by the assumed cost of equity, or 17.1 18.6%

TCP

Summary Valuation (Cont d)

Value per TCP share (lote de mil ações) ranging from R\$ 9.12 12.20

| Discount Rate | E | | | + | F | | | = | G | | |
|---------------|--|--------|--------|---|---|-------|-------|---|-----------------------------|--------|--------|
| | Enterprise Value (R\$m) at a Perpetual Yearly Growth Rate ⁽¹⁾ of: | | | | Stake in TCO Equity 31.15% ⁽²⁾ | | | | TCP Enterprise Value (R\$m) | | |
| | 4.00% | 4.50% | 5.00% | | 4.00% | 4.50% | 5.00% | | 4.00% | 4.50% | 5.00% |
| 13.50% | 16,587 | 17,060 | 17,589 | | 1,640 | 1,688 | 1,742 | | 18,227 | 18,749 | 19,331 |
| 13.88% | 15,953 | 16,379 | 16,853 | | 1,577 | 1,620 | 1,669 | | 17,530 | 17,999 | 18,521 |
| 14.25% | 15,365 | 15,750 | 16,176 | | 1,519 | 1,558 | 1,601 | | 16,884 | 17,308 | 17,777 |
| 14.63% | 14,819 | 15,167 | 15,552 | | 1,465 | 1,500 | 1,539 | | 16,284 | 16,667 | 17,091 |
| 15.00% | 14,310 | 14,627 | 14,975 | | 1,414 | 1,446 | 1,482 | | 15,724 | 16,073 | 16,456 |

| Discount Rate | G | - | H | = | I | | | / | J | = | K | | |
|---------------|---|---|---------------------------------------|---|---------------------|--------|--------|---|-------------------------------|---|------------------------------|-------|-------|
| | | | Net Debt (R\$) Q3 2003 ⁽³⁾ | | Equity Value (R\$m) | | | | Shares Q3 2003 ⁽³⁾ | | Equity Value Per Share (R\$) | | |
| | | | | | 4.00% | 4.50% | 5.00% | | | | 4.00% | 4.50% | 5.00% |
| 13.50% | | | 5,036 | | 13,192 | 13,713 | 14,295 | | 1,172 | | 11.26 | 11.70 | 12.20 |
| 13.88% | | | 5,036 | | 12,494 | 12,963 | 13,486 | | 1,172 | | 10.66 | 11.06 | 11.51 |
| 14.25% | | | 5,036 | | 11,848 | 12,272 | 12,741 | | 1,172 | | 10.11 | 10.47 | 10.87 |
| 14.63% | | | 5,036 | | 11,248 | 11,632 | 12,055 | | 1,172 | | 9.60 | 9.93 | 10.29 |
| 15.00% | | | 5,036 | | 10,689 | 11,037 | 11,421 | | 1,172 | | 9.12 | 9.42 | 9.75 |

(1) Nominal growth rate

(2) Derived from multiplying TCP's pro-forma stake (assuming 90% acceptance of Tender Offer) to the equity value derived for TCO (assuming same discount rate and perpetuity growth rates)

(3) As at September 30, 2003. Net debt adjusted for contingencies and 90% acceptance of tender offer

Key Conclusions

Key Conclusions

On the basis of and subject to the foregoing, the economic value of TCP ranges from R\$10.7 billion to R\$14.3 billion, determined as the lowest and the highest value, corresponding to a value per share of R\$9.12 to R\$12.20, while the economic value of TCO ranges from R\$4.5 billion to R\$5.6 billion, determined as the lowest and the highest value, corresponding to a value per share of R\$12.16 to R\$14.98⁽¹⁾

| Discount Rate | TCO - Equity Value Per Share (R\$) | | | TCP ⁽²⁾ - Equity Value Per Share (R\$) | | |
|---------------|------------------------------------|-------|-------|---|-------|-------|
| | Perpetuity Growth | | | Perpetuity Growth | | |
| | 4.00% | 4.50% | 5.00% | 4.00% | 4.50% | 5.00% |
| 13.50% | 14.10 | 14.52 | 14.98 | 11.26 | 11.70 | 12.20 |
| 13.88% | 13.56 | 13.93 | 14.35 | 10.66 | 11.06 | 11.51 |
| 14.25% | 13.06 | 13.39 | 13.77 | 10.11 | 10.47 | 10.87 |
| 14.63% | 12.59 | 12.90 | 13.23 | 9.60 | 9.93 | 10.29 |
| 15.00% | 12.16 | 12.44 | 12.74 | 9.12 | 9.42 | 9.75 |

| Discount Rate | Implied Exchange Ratio (x) | | |
|---------------|----------------------------|-------|-------|
| | Perpetuity Growth | | |
| | 4.00% | 4.50% | 5.00% |
| 13.50% | 1.25 | 1.24 | 1.23 |
| 13.88% | 1.27 | 1.26 | 1.25 |
| 14.25% | 1.29 | 1.28 | 1.27 |
| 14.63% | 1.31 | 1.30 | 1.29 |
| 15.00% | 1.33 | 1.32 | 1.31 |

(1) Please refer to the considerations contained in the attached letter for further guidance

(2) Includes 31.15% of TCO. Assumes 90% acceptance level of Tender Offer for TCO ON shares

Appendix

A. Summary TCO Assumptions

Summary TCO Assumptions

Corporate Structure

TCO is the leading cellular operator in former area 7 and the second operator in former area 8

It operates through seven operating companies, covering different states in its area of authorization

Given the different ownership structures, we have adjusted Tele Centro Oeste's revenues for TCO's 98.1% weighted average stake in its operations (NBT has been excluded from this adjustment as it is a wholly-owned subsidiary of TCP)

Source: TCP management

Summary TCO Assumptions

September 30, 2003 adjusted figures to include contingencies based on company's financial statements

Net Debt (R\$ million)

| | |
|-------------------------------------|----------------|
| TCO Net Debt/(Cash) ⁽¹⁾ | (577.3) |
| Contingencies ⁽²⁾ | 104.4 |
| Adjusted TCO Net Debt/(Cash) | (472.9) |

Shares Outstanding

| | |
|------------------------------------|--------------------------------|
| Common Shares | 126,433,338,109 |
| Preferred Shares | 252,766,698,473 |
| Total Shares | 379,200,036,582 |
| Treasury Shares | (5,791,393,556) ⁽³⁾ |
| Adjusted Shares Outstanding | 373,408,642,696 |

- (1) For simplification purposes, we have used the consolidated net debt as reported by TCO without giving effect to the cash attributable to minorities in TCO's operating companies. The inclusion of such effect would result in a reduction of the value per TCO share by approximately 0.3%, which has a negligible effect on the conclusion of this report
- (2) As presented in TCO's September 30, 2003 balance sheet
- (3) Includes common shares only

Summary TCO Assumptions

2003 - 12 nominal revenue CAGR⁽¹⁾ of 6.9%

2003-12 nominal EBITDA CAGR of 10.7%

EBITDA margin rises from 38.6% in 2003 to 52.8% in 2012

Consolidated Net Revenue (Nominal R\$ millions)

Consolidated EBITDA (Nominal R\$ millions)

Based on Company's projections approved by the TCP and TCO Board of Directors

(1) Compounded annual growth rate

Summary TCO Assumptions

Total capex for the period of R\$ 3.1bn

Capex/Revenues trending downwards from 12.4% in 2003 to 8.3% in 2012

CDMA overlay reflected in higher capex needs in 2003-07

Estimates include the renewal of TCO's license in 2007, a total payment of R\$217 million

Consolidated Capex Projections (Nominal R\$ millions)

Consolidated Capex Breakdown (2003-12) by Operator

Based on Company's projections approved by the TCP and TCO Board of Directors

Tele Centro Oeste

Tele Centro Oeste

New market entrants increasing competitive pressure

Market share profile similar to typical incumbent Band A operators losing market share to new entrants, stabilizing its share loss after 2007 (when market is expected to consolidate from four to three players)

Market Size

Tele Centro Oeste Celular Subscribers

Based on Company's projections approved by the TCP and TCO Board of Directors

(1) Penetration rate is the total number of cellular lines in service in the market divided by the total population in the region

Tele Centro Oeste

Total ARPU increases moderately over time (2003-12 CAGR of 1.9%)

Voice ARPU relatively flat in nominal terms, with increases from new services and higher interconnection compensated by increased weight of lower usage prepaid subscribers in the company's client base

Data ARPU rising strongly as new services and applications kick in (2003-12 nominal CAGR of 30.6%)

Average Revenue per User (ARPU)⁽¹⁾ (R\$, monthly per subscriber)

Based on Company's projections approved by the TCP and TCO Board of Directors

(1) ARPU defined as the total service revenues divided by the simple average of lines in service during the relevant year. Expressed on a monthly basis

Tele Centro Oeste

2003-12 nominal revenue CAGR of 6.2%

Data revenues growing at a 2003-12 nominal CAGR of 37.2%

Net Revenues (Nominal R\$ millions)

Costs increase over the projection period at a 2003-12 CAGR of 3.2%

Scale advantage of the business reflected in the fall of costs as % of revenues from 59.8% in 2003 to 46.1% in 2012

In 2003, main costs are handsets, and structure costs. The main costs in 2012 expected to be network and general and structure costs

Operating Costs (Nominal R\$ millions)

Based on Company's projections approved by the TCP and TCO Board of Directors

(1) No disclosure available

(2) Including structure, indirect commercial and client relationship management costs, as well as management fees

Tele Centro Oeste

2003-12 nominal EBITDA CAGR of 9.8%

EBITDA margin rising from 40.2% in 2003 to 53.9% in 2012 as a result of scale and integration into Vivo

EBITDA (Nominal in R\$ millions)

EBIT (Nominal in R\$ millions)

Based on Company's projections approved by the TCP and TCO Board of Directors

Tele Centro Oeste

Capex decreases from 10.6% of revenues in 2003 to 8.2% in 2012. Investment peaks in 2007 as license is renewed

Network build-up is the main use of capex

Capex Projections (Nominal R\$ millions)

Based on Company's projections approved by the TCP and TCO Board of Directors

NBT

NBT

Four competitors (Oi, TIM, Telenorte and NBT). However, consolidation expected from 2006 onwards given relative market size, allowing NBT to increase its market share over time

Over the long term, market expected to sustain three players

Market Size

NBT Subscribers

Based on Company's projections approved by the TCP and TCO Board of Directors

NBT

ARPU to remain relatively flat over time in nominal terms (2003-12 CAGR of 0.8%)

Voice ARPU flat over projection period

Data ARPU rising significantly (2003-12 CAGR of 24.1%) due to new applications

ARPU (R\$, monthly per subscriber)

Based on Company's projections approved by the TCP and TCO Board of Directors

NBT

2003-12 nominal revenue CAGR of 9.4%

Data revenues growing at a 2003-12 nominal CAGR of 36.2%

Net Revenues (Nominal R\$ millions)

Costs increase over the projection period at a 2003-12 CAGR of 5.7%

Scale advantage of the business reflected in the fall of costs as % of revenues from 69.0% in 2003 to 50.9% in 2012

In 2003, main costs are handsets and interconnection costs. The main costs in 2012 are expected to be interconnection and structure

Operating Costs (Nominal R\$ millions)

Based on Company's projections approved by the TCP and TCO Board of Directors

(1) No disclosure available

(2) Including structure, indirect commercial and client relationship management costs, as well as management fees

NBT

2003-12 nominal EBITDA CAGR of 15.1%

EBITDA margin rising from 31.0% in 2003 to 49.1% in 2012 as a result of scale, improvement in the competitive environment and integration into Vivo

EBITDA (Nominal R\$ millions)

EBIT (Nominal R\$ millions)

Based on Company's projections approved by the TCP and TCO Board of Directors

NBT

Capex decreases from 20.4% of revenues in 2003 to 8.6% in 2012

Investment mainly concentrated in network, including the overlay of CDMA technology

Capex Projections (Nominal R\$ millions)

Based on Company's projections approved by the TCP and TCO Board of Directors

B. Summary TCP Assumptions

Summary TCP Assumptions

Corporate Structure

TCP s operations are comprised of three businesses:

100% ownership of Telesp Celular, the leading cellular operator in the state of São Paulo

100% ownership of Global Telecom, a band B cellular operator in the states of Paraná and Santa Catarina

A controlling stake (31.1% of the economic ownership, 96.4% of its voting rights) in cellular operator TCO, which operates in parts of Regions I and II of the new SMP Regime (the former areas 7 and 8)

(1) *Adjusted for 5.8 billion ordinary shares held in treasury. Assumes TCP acquires 90% of the TCO ON shares in the announced Tender Offer*

Summary TCP Assumptions

September 30, 2003 adjusted figures to include contingencies and the effect of the Tender Offer for the remaining TCO ON shares

Net Debt (R\$ millions)

| | |
|---|----------------|
| TCP Net Debt/(Cash) ⁽¹⁾ | 4,285.5 |
| Estimated New Debt from ON Tender Offer | 657.9 |
| Contingencies ⁽²⁾ | 92.3 |
| | <hr/> |
| Adjusted TCP Net Debt/(Cash) | 5,035.8 |

Shares Outstanding

| | |
|------------------------------------|--------------------------|
| Common Shares | 409,383,864,536 |
| Preferred Shares | 762,400,487,973 |
| | <hr/> |
| Total Shares | 1,171,784,352,509 |
| Treasury Shares | 0 |
| | <hr/> |
| Adjusted Shares Outstanding | 1,171,784,352,509 |

(1) Excludes effects of the consolidation of TCO

(2) Source: Financial statements of TCP

Summary TCP Assumptions

2003 -12 nominal revenue CAGR of 8.7%

2003-12 nominal EBITDA CAGR of 13.0%

EBITDA margin rising from 38.9% in 2003 to 54.9% in 2012

Net Revenue (Nominal R\$ millions)⁽¹⁾

EBITDA (Nominal R\$ millions)⁽¹⁾

Based on Company's projections approved by the TCP and TCO Board of Directors

(1) Consolidating 100% of Telesp Celular and Global Telecom only. TCO has been excluded

Summary TCP Assumptions

Total capex for the period is R\$6.3bn

Capital expenditure is expected to be from 2003 onwards approximately 8% of net revenues (except for 2010 when Telesp Celular needs to renew its license)

Capital Expenditure (Nominal R\$ Millions)⁽¹⁾

Capital Expenditure Breakdown (2003-12)⁽¹⁾ by Operator

Based on Company's projections approved by the TCP and TCO Board of Directors

(1) Consolidating 100% of Telesp Celular and Global Telecom only. TCO has been excluded

Telesp Celular

Telesp Celular

Large increase in market penetration in 2003 and 2004 as a result of increased competition in the market

Competitive situation eases after 2004, with penetration increases driven by enhanced value proposition of mobile (new handsets and services) as well as by economic growth

3-player market, with Telesp Celular losing market share to its competitors over time, but retaining its current market leadership

Market Size

Telesp Celular Subscribers

Based on Company's projections approved by the TCP and TCO Board of Directors

Telesp Celular

Total ARPU is a weighted average ARPU for all subscribers (closer to prepaid levels given their relative weight in the subscriber base)

Total ARPU increases over time due to the growth in data ARPU, especially for post-paid (due to their higher take up of new applications, such as 2.5G services or e-video)

ARPU 2003-12 nominal CAGR of 3.2%

Data ARPU expected to represent 21.4% of total ARPU in 2012 (2003-12 CAGR 35.4%)

ARPU (R\$, monthly per subscriber)

Based on Company's projections approved by the TCP and TCO Board of Directors

Telesp Celular

2003-12 nominal revenue CAGR of 8.4%

Data revenues growing at a 2003-12 nominal CAGR of 45.0%

Net Revenues (Nominal R\$ millions)

Costs increasing during projection period at a 2003-12 CAGR of 4.9%

Scale advantage of the business reflected in the decline of costs as % of revenues from 58.8% in 2003 to 44.0% in 2012

In 2003, main costs are expected to be generated by handsets and structure costs. The main costs in 2012 will be CRM and structure.

Operating Costs (Nominal R\$ millions)

Based on Company's projections approved by the TCP and TCO Board of Directors

(1) *Including structure, indirect commercial and client relationship management costs, as well as management fees*

Telesp Celular

2003-12 nominal EBITDA CAGR of 12.1%

Increases in EBITDA margin from 41.2% in 2003 to 56.0% in 2012 driven by scale, cost savings and synergies derived from integration into Vivo

EBITDA (Nominal R\$ millions)

EBIT (Nominal R\$ millions)

Based on Company's projections approved by the TCP and TCO Board of Directors

Telesp Celular

Capex stable at around 8% of revenues (excluding 2010, which includes R\$383 million of license renewal cost)

Investment outlays concentrated mainly in network

Capex (Nominal R\$ millions)

Based on Company's projections approved by the TCP and TCO Board of Directors

Global Telecom

Global Telecom

Penetration increases from 2003-06, stabilizing thereafter

Initial hike fueled by enhanced competition in the market

Penetration increases post-2006 driven by enhanced value proposition of mobile (new handsets and services) and economic growth

Global Telecom losing market share over the first three years due to the effect of two new entrants. From 2006, its market share is expected to stabilize

Market Size

Global Telecom Subscribers

Based on Company's projections approved by the TCP and TCO Board of Directors

Global Telecom

Post-paid ARPU well below Telesp Celular levels, but in line with historical trends

ARPU increasing moderately over time (2003-12 CAGR of 3.5%) due to the increase in ARPU in both pre paid and post paid subscribers

Data ARPU is main driver of growth (2003-12 CAGR of 34.8%) and is expected to represent 16.5% of total ARPU in 2012

ARPU (R\$, monthly per subscriber)

Based on Company's projections approved by the TCP and TCO Board of Directors

Global Telecom

2003-12 nominal revenue CAGR of 11.1%, with higher growth in the earlier years

Data revenues grow at a 2003-12 nominal CAGR of 47.5%

Net Revenues (Nominal R\$ millions)

2003-12 operating costs CAGR of 6.1%

Scale advantage of the business reflected in the decline of costs as % of revenues from 77.1% in 2003 to 50.7% in 2012

In 2003, main costs are expected to be handsets, and structure costs. The main costs in 2012 will be structure and interconnection.

Operating Costs (Nominal R\$ millions)

Based on Company's projections approved by the TCP and TCO Board of Directors

(1) Including structure, indirect commercial and client relationship management costs, as well as management fees

41

Global Telecom

2003-12 nominal EBITDA CAGR of 21.0%

EBITDA margin rises from 22.9% in 2003 to 49.3% in 2012 as a result of scale and integration into Vivo

EBITDA (Nominal R\$ millions)

EBIT breakeven in 2005

EBIT (Nominal R\$ millions)

Based on Company's projections approved by the TCP and TCO Board of Directors

Global Telecom

Capex decreases from 13.8% of revenues in 2003 to 7.9% in 2012 as coverage investments and network developments are completed

Investment outlays mainly concentrated in network

License renewal not expected within projection period

Capex (Nominal R\$ millions)

Based on Company's projections approved by the TCP and TCO Board of Directors

C. WACC Analysis

WACC Analysis

Methodology Key Assumptions

Average cost of equity reflects a Brazilian country risk premium of 635bps, based on the average spread of the 10-year maturity Brazilian bond with its equivalent US Treasury bond

Republic of Brazil Bond due 2013 Spread over Treasury (bps) for the last 60 days

Appendix 2
Accounting Report

[KPMG]

**TELE CENTRO OESTE CELULAR PARTICIPAÇÕES
S.A.**

**Accounting Valuation Report
(at Book Value)**

ACCOUNTING VALUATION REPORT

(at Book Value)

KPMG AUDITORES INDEPENDENTES, with headquarters at Rua Dr. Renato Paes de Barros, 33, city of Sao Paulo, state of Sao Paulo, inscribed in the Corporate Taxpayer's Registration Card (CNPJ) under no. 57.755.217/0001-29 and in the Regional Accounting Council under no. 2SP014428/O-6, herein represented by its partner DEREK TALBOT BARNES, British, married, accountant, bearer of Individual Taxpayer's Identity Card no. 1SP119.369/0-1, appointed by TELE CENTRO OESTE CELULAR PARTICIPACOES S.A., a corporation with headquarters in Setor Comercial Sul, Quadra 2, Bloco C, Edificio Telebrasil Celular, 7th floor, in the city of Brasilia, Distrito Federal, enrolled in the Corporate Taxpayer's Registration Card (CNPJ/MF) under no. 02.558.132/0001-69 (TCO), as the company whose shares are to be incorporated, and TELESP CELULAR PARTICIPACOES S.A., a corporation with headquarters at Avenida Roque Petroni Junior , 1.464, 6(0) andar Bloco B, in the city of Sao Paulo, state of Sao Paulo, enrolled in the Corporate Taxpayer's Registration Card (CNPJ/MF) under no. 02.558.074/0001-73 (TCP), as the incorporating company, to act as the appraiser relative to the incorporation of shares issued by the first company (TCO) into the second (TCP), for the purpose of converting TCO into a wholly-owned subsidiary of TCP, hereby presents the results of its valuation.

1 OBJECT

The exclusive object of this report is to constitute part of the process whereby shares issued by TCO will be incorporated into TCP, generating a capital increase for TCP in the conversion of TCO into its wholly-owned subsidiary, as mentioned in the previous paragraph. It should not, therefore, be used for any other purpose.

2 VALUATION CRITERION

As determined by the management of the companies, we used the book value criterion, foreseen in Articles 183 and 184 of Law 6,404/76, to value the accounting shareholders' equity and determine the book value per thousand outstanding TCO shares, to be incorporated into TCP.

3. WORK PERFORMED AND DATA-BASE

This valuation was effected on the data-base of June 30, 2003, by comparing TCO S assets and liabilities balances with the respective accounting records, books, which were confirmed through the application of examinations and the utilization of the valuation criteria foreseen in Articles 183 and 184 of Law 6,404/76.

4 RESULT OF THE VALUATION

Based on the examinations carried out, described in item 3, we concluded that the TCO S shareholders' equity at book value, on June 30, 2003, for the object described in item 1, following the valuation criteria described in item 2, is R\$1,432,974,922.35 (one billion, four hundred thirty two million, nine hundred seventy four thousand, nine hundred twenty two reais and thirty five cents), giving a book value of R\$ 3.84 (three reais and eighty four cents) per thousand shares outstanding on the same date, as follows:

| | R\$ |
|--|------------------|
| Realized Capital Stock | 570,095,340.82 |
| Capital reserve | 114,380,613.79 |
| Legal reserve | 58,687,842.38 |
| Income reserve for expansion | 263,476,678.28 |
| Shares held in treasury | (49,162,446.49) |
| Retained earnings | 475,496,893.57 |
| Shareholders' equity at book value | 1,432,974,922.35 |
| Number of shares outstanding on June 30, 2003 | 373,408,642.696 |
| Book value per lot of 1000 shares outstanding on June 30, 2003 | 3.84 |

Sao Paulo October 24, 2003

Derek Talbot Barnes
Partner

APPENDIX 3

REPORT AT MARKET PRICES

[KPMG]

TELESP CELULAR PARTICIPAÇÕES S.A.

Appraisal of shareholders' equity at market value

CONFIDENTIAL

October, 2003

This document must not be distributed to third parties

[KPMG]

To:
The Boards of Directors of
Telesp Celular Participações S.A. and
Tele Centro Oeste Participações S.A.
Av. Roque Petroni Junior 1464, 6 andar parte Bloco B Morumbi
04707-000 Sao Paulo SP

October 24, 2003

For the attention of: Mr. Fernando Abella

Dear Sir,

TELESP CELULAR PARTICIPAÇÕES S.A. APPRAISAL REPORT

Under the terms of our contract for the provision of KPMG's professional services, dated August 4, 2003, we have appraised the shareholders equity of Telesp Celular Participações S.A. at market value, the results of which are in the attached report.

We consider that the delivery of this report definitively concludes the services which were the object of the above-mentioned contract.

We remain grateful for the opportunity of being of service in this matter.

Yours sincerely,

Andre Castello Branco
Partner

Luis Augusto Motta
Director

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

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TELESP CELULAR PARTICIPAÇÕES S.A.
Appraisal of shareholders equity at market value

ABBREVIATIONS

| | |
|-----------|--|
| TCP | Telesp Celular Participações S.A. |
| TC | Telesp Celular S.A. |
| GT | Global Telecom S.A. |
| TCO | Tele Centro Oeste Celular Participações S.A. |
| Companies | TCP, TC, GT and TCO, jointly |
| BM&F | Brazilian Futures and Commodities Exchange |
| CAT | State Tax Authority |
| ERB | Radio Base Station |
| CCC | Switching Center |
| CDI | Interbank Certificate of Deposit |
| CSLL | Social Contributions on Net Income |
| FINAM | Amazon Investment Fund |
| FINOR | Northeast Investment Fund |
| Fistel | Telecommunications Inspection Fund |
| IBRACON | Brazilian Institute of Accountants Value-Added Tax on Sales and Services |
| ICMS | Value-Added Tax on Sales and Services (levied by the states) |
| IR | Income Tax |
| SELIC | Special System for Settlement and Custody |

TELESP CELULAR PARTICIPAÇÕES S.A.
Appraisal of shareholders equity at market value

- 1 INTRODUCTION
- 1.1 Telesp Celular Participações S.A. is a public corporation whose controlling shareholders on June 30, 2003 are Brasilcel N.V. (57.26% of total capital, directly) and Portelcom Participações S.A. (7.86% of total capital), the latter in turn being wholly owned by Brasilcel N.V. Thus Brasilcel N.V. retains, directly and indirectly, 65.12% of TCP's total capital.
- 1.2 Brasilcel N.V. is owned by Telefonica Moviles, S.A. (50.00% of total capital), PT Moveis, Servicos de Telecomunicacoes, SGPS, S.A. (49.999% of total capital) and Portugal Telecom, SGPS, S.A. (0.001% of total capital).
- 1.3 TCP is the outright owner of Telesp Celular S.A. and (since December 27, 2002) Global Telecom S.A., which operate mobile cellular telephony services in the states of Sao Paulo (Band A), and Parana and Santa Catarina (Band B), respectively, including any necessary or useful activities for the execution of these services, in line with the concessions and authorizations granted to them.
- 1.4 On December 27, 2002, TCP acquired the remaining 51% of Global Telecom S.A.'s common shares (17% of total capital) retained by the holding companies Daini do Brasil S.A., Globaltelcom Telecomunicacoes S.A. and GTPS S.A. Participações em Investimentos de Telecomunicacoes, GT's then joint controlling shareholders.
- 1.5 In January, 2003, TCP published a relevant fact announcing the acquisition of TCO's controlling stake and, under the prevailing legislation, the holding of an offer to acquire those TCO common shares retained by minority shareholders.
- 1.6 On March 31, 2003, TCP, intending to minimize its administrative and financial costs, incorporated these holdings, totaling R\$276 million, in its investee. As a result, TCP now retains direct control of Global Telecom S.A.
- 1.7 On April 10, 2003, the National Telecommunications Agency - ANATEL approved the transfer of the holdings in Tele Centro Oeste Celular Participações S.A. retained by BID S.A.; as a result, on April 25, 2003, TCP acquired 61.10% of TCO's voting capital, representing 20.69% of its voting capital.
- 1.8 TCO, in addition to operating mobile telephony services in Brasilia, controls Telegoias Celular S.A., Telemat Celular S.A., Telems Celular S.A., Teleron Celular S.A. and Teleacre Celular S.A., and is the sole owner of Norte Brasil Telecom S.A., which operate mobile telephony services in the states of Goias, Tocantins, Mato Grosso, Mato Grosso do Sul, Rondonia, Acre, Amazonas, Roraima, Amapa, Para and Maranhao, respectively, including any necessary or useful activities for the execution of these services, in line with the concessions and authorizations granted to them. TCO also controls TCO IP S.A., which chiefly provides Internet access services.
- 1.9 Also in January, 2003, it was announced the merger of preferred shares held by TCO's minority shareholders into TCP, referred to in paragraph 1.5.

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

- 1.10 Pursuant to TCP's merger of the shares held by TCO's minority preferred shareholders, referred to in paragraph 1.5, we were hired to appraise TCP by the methodology of adjusting shareholders' equity to market value on the base date of June 30, 2003, according to Brazilian Corporate Law (Art. 264, head paragraph, of Law 6,404/76).
- 1.11 The chart below shows TCP's ownership structure and its respective percentage holdings in its subsidiaries on the base date of June 30, 2003:

**(CHART SHOWING 20.69% PERCENTAGE HOLDING IN TCO,
100% PERCENTAGE HOLDING IN TELESP CELULAR
S.A. AND 100% PERCENTAGE HOLDING IN
GLOBAL TELECOM S.A.)**

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

2 OBJECTIVE OF THE WORK

2.1 Pursuant to the terms of our contract for the provision of professional services, dated August 4, 2003, we have undertaken an independent appraisal of TCP's shareholders' equity at market value on the base date of June 30, 2003. This work is related with the merger of TCO's shares by TCP in compliance with Brazilian Corporate Law (Art. 264, head paragraph, of Law 6,404/76).

7

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders equity at market value

3 SOURCES OF INFORMATION

3.1 As a starting point, it was used the interim financial statements published by TCP and reviewed by the independent auditors, pertaining to the quarterly financial statements and trial balances of the Companies for the base date of June 30, 2003.

3.2 The appraisal is also based on interviews with TCP management and on additional information, written or verbal, provided by TCP, as the aging of accounts receivable and accounts payable and financial controls related with the loans and derivative operations, among others.

3.3 Part of this appraisal was also based on earnings estimates, which in turn were based on assumptions and information provided by TCP management. We emphasize that there is no guarantee that future results contained in the projections will be achieved.

3.4 We should also like to make it clear that this report does not constitute an audit of the financial statements utilized nor of any other data contained herein and must not, therefore, be interpreted as such.

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

4 SUBSEQUENT EVENTS

4.1 We should further emphasize that the appraisal does not reflect any events subsequent to this report's date of issue. In addition, any relevant facts occurring between the appraisal's base date and this document's date of issue and not brought to the attention of KPMG Corporate Finance may affect the value obtained by the appraisal.

4.2 KPMG Corporate Finance was not hired to update this report after its date of issue.

4.3 KPMG Corporate Finance is not aware of any event until the date of the issuance of this report that may affect the results of this appraisal.

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

5 SCOPE

- 5.1 The methodology of adjusting shareholders' equity to market value was adopted to calculate the market value of TCP's shareholders' equity, mainly based on the assets and liabilities recorded in the quarterly financial information, published by TCP and reviewed by TCP's independent auditors in accordance with IBRACON procedures, applied to the quarterly financial statements on the base date of June 30, 2003, plus the trial balances provided by TCP's subsidiaries.
- 5.2 This methodology is used to determine the market value of a given company's assets and liabilities. Its application begins with the book value of the assets and liabilities, some of which are then subjected to adjustments in order to reflect their respective realization or liquidation values. The results provide an initial estimate of the company's market/liquidation value. This methodology provides a useful basis of comparison with the results of other methodologies.
- 5.3 The following procedures were adopted:
- Reading and analysis of the trial balances provided by the Companies;
 - Analysis of the asset and liability accounts recorded in the Companies' financial statements, in order to identify their respective market values;
 - Adjustment of the accounts statements to their market values based on the results of the analysis;
 - Adjustment of the Companies' fixed assets to their respective market values based on the appraisal report drawn up by Consult Consultoria Engenharia e Avaliacoes S/C Ltda., a firm specialized in the valuation of such assets;
 - Calculation of the value of TCP's investments in its subsidiaries by the equity accounting method, based on the market value of these subsidiaries' shareholders' equity; and
 - Calculation of the market value of TCP's shareholders' equity.
- 5.4 The above procedures and calculations are detailed in Chapter 6 of this report.
- 5.5 It should be emphasized that the identification and appraisal of the Companies' unbooked intangible assets did not form part of the scope of this undertaking.
- 5.6 The methodology and scope of this appraisal was intended to value a going concern. Thus, except for tax costs and credits, any costs arising from expenses normally incurred during the realization of assets or the payment of liabilities, as well as those arising from company bankruptcies or liquidations, such as rescissions, judicial disputes and the hiring of third-parties (lawyers, advisors etc.) were not considered in our work.

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

6 CALCULATION OF TCP'S VALUE USING THE METHODOLOGY OF ADJUSTING SHAREHOLDERS' EQUITY TO MARKET VALUE

A DISCOUNT RATE

6.1 The projected SELIC was adopted as the discount rate for future asset receivable and liability payment flows (source: BM&F on the base date of June 30, 2003).

B ACCOUNTS RECEIVABLE

6.2 Comprises those amounts to be received for services provided and goods sold by the Companies, including billed and unbilled amounts, adjusted in line with Provisions for doubtful accounts

BILLED AMOUNTS

6.3 This account refers to services provided and goods sold by the Companies whose invoices had been issued up to the appraisal base date.

Billed telecommunications services refers to services provided by the Companies, whose issued invoices were still unpaid at June 30, 2003, including the sub-account Payment of debts in installments. In order to calculate their market value, it was used TCP and its subsidiaries' historical payment-received percentage for 2003, based on management reports provided by the Companies and on the calculation of the present value of these projected receivables.

Network usage tariffs refers to the tariffs charged by the Companies for the use of their telephony networks by other telecommunications firms. Considering that all such receivables are paid in the month subsequent to their being billed, their market value was taken to be equal to their book value.

Sale of goods refers to the sale of handsets and cell-phone accessories to the Companies' distributors, as well as to their own retail outlets, for selling on to final consumers. Receivables from such sales are normally not fully paid in the month subsequent to billing. In order to calculate their market value, it was used TCP and its subsidiaries' historical payment-received percentage for 2003, based on management reports provided by the Companies and on the calculation of the present value of these projected receivables.

AMOUNTS TO BE BILLED

6.4 This account refers to services provided by the Companies, whose invoices had not been issued by the appraisal base date. In order to calculate their market value, the same criterion as for the billed amounts was adopted, based on the Companies' historical payment-received percentage for 2003 and the calculation of the present value of these projected receivables.

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders equity at market value

6.5 The following table shows a breakdown of the Accounts receivable balances on June 30, 2003, and their market value in line with this appraisal.

| | R\$(000) | |
|----------------|-----------------------|-------------------------|
| COMPANY | BOOK VALUE | MARKET VALUE |
| TCP | | |
| TC | 546,363 | 519,738 |
| GT | 69,325 | 64,986 |
| Total | 615,688 | 584,724 |

C INTEREST ON OWN CAPITAL AND DIVIDENDS RECEIVABLE

6.6 The present value of this account was calculated by assuming that payment would be made in December 2003, as informed by TCP management.

6.7 The table below shows a comparison between the book value of Interest on own capital and dividends receivable on June 30, 2003, and its market value according to this appraisal:

| | R\$(000) | |
|----------------|-----------------------|-------------------------|
| COMPANY | BOOK VALUE | MARKET VALUE |
| TCP | 317,641 | 295,193 |
| TC | | |
| GT | | |
| Total | 317,641 | 295,193 |

D DEFERRED AND RECOVERABLE TAXES

6.8 This refers to the realization of these credits in accordance with their specific characteristics and the prospects for their recovery.

RECOVERABLE ICMS

6.9 Those ICMS credits from the acquisition of fixed assets were discounted at present value based on their expectations of recovery, according to the information provided by the Companies management, as envisaged in CAT Edict no. 25. The remaining ICMS credits were considered at their book value.

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION PROVISIONS FOR DOUBTFUL ACCOUNTS

6.10 This tax credit was calculated as follows:

Estimate of a new provision for doubtful accounts based on the expectations of receiving adopted when calculating the market value of Accounts receivable ;

Projection of the write-off of these provisions as expenses from unrecoverable debts;

Calculation of the projected tax-deductibility of these expenses; and

Discount at present value of this tax-deductibility as to the IR and CSLL.

DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION INCORPORATED TAX CREDITS

6.11 Tax credits incorporated refers to the capital restructuring process, whereby the goodwill from the Company's privatization was transferred to its subsidiaries. Its market value was calculated based on the projected amortization of this goodwill and the respective reduction in the projected tax burden, in turn based on the Companies' official long-term projections. The reduction in the tax burden was then discounted at present value and taken as this credit's realization value.

DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION PROVISIONS FOR CONTINGENCIES

6.12 Realization of the contingencies depends on the progress and conclusion period of certain legal proceedings involving the Companies, which cannot normally be calculated with a reasonable degree of accuracy. It should be noted that most of these lawsuits are monetarily restated during their course, meaning that the fiscal credits arising from the losses with contingencies would be similarly restated. In the case of those lawsuits which are not restated, their book value represents the best information available as to their true value. Therefore, the market value of the fiscal credits resulting from provisions for contingencies was deemed to be equal to their book value.

6.13 The following table compares the book value of Deferred and recoverable taxes on June 30, 2003, with their market value according to this appraisal:

| | R\$(000) | |
|---------|---------------|-----------------|
| COMPANY | BOOK VALUE | MARKET VALUE |
| TCP | 167,772 | 174,803 |
| TC | 1,108,518 | 840,964 |
| GT | 78,532 | 203,734 |
| | 1,354,822 | 1,219,501 |
| Total | 1,354,822 | 1,219,501 |

E LOANS AND DERIVATIVES

6.14 On the base date of the appraisal, the Companies had local and foreign-currency debt, both at market interest rates.

TELESP CELULAR PARTICIPACOES S.A.
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- 6.15 All foreign-currency debt was protected by hedge operations with derivatives indexed to the CDI. It can therefore be inferred that all such debts are in local currency at market rates. As a result, the market values of the debt and derivative-operation accounts were deemed to be equivalent to their book values.
- 6.16 The market values of those derivatives not pegged to hedge operations were calculated based on their realization schedules provided by TCP management, considering market expectations for the dollar coupon associated with the Companies' foreign-currency debt and the DI compiled by the BM&F.
- 6.17 Based on the above, the market value of the derivative operation whereby TC sold USD buy options amounting to US\$ 300,000,000 at R\$ 2.25 for each US\$ 1.00, due on September 24, 2004, was calculated using the above criteria.
- 6.18 The table below compares the book value of the item, Derivative operations, with its market value on June 30, 2003, according to this appraisal.

| R\$(000) | | |
|-----------------|---------------|-----------------|
| ACCOUNT - ASSET | BOOK VALUE | MARKET VALUE |
| TCP | 386,819 | 386,819 |
| TC | 687,529 | 538,741 |
| GT | 240 | 240 |
| Total | 1,074,588 | 925,800 |

| R\$(000) | | |
|---------------------|---------------|-----------------|
| ACCOUNT - LIABILITY | BOOK VALUE | MARKET VALUE |
| TCP | 120,793 | 120,793 |
| TC | 235,608 | 235,608 |
| GT | 2,183 | 2,183 |
| Total | 358,584 | 358,584 |

F INVESTMENTS

- 6.19 This account is present only in TCP and refers to its investments in its subsidiaries, accounted according to the equity accounting method.
- 6.20 Its market value is calculated by the equity accounting method based on the market value of its subsidiaries' shareholders' equities. It should be pointed out that the calculation of the market value of TCP's investment in TCO is detailed in TCO appraisal report issued by KPMG Corporate Finance, on this same date, in relation to the merger previously described.

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders equity at market value

6.21 The table below compares the book value of Investments on June 30, 2003, with their market value, according to this appraisal:

| | R\$(000) | |
|----------------|-----------------------|-------------------------|
| ACCOUNT | BOOK VALUE | MARKET VALUE |
| TCP | 6,162,456 | 5,736,515 |
| Total | 6,162,456 | 5,736,515 |

G SUPPLIERS AND ACCOUNTS PAYABLE

6.22 This account includes those amounts payable for services and goods acquired by the Companies. Their market value was calculated based on the discount to present value of the payment flows provided by the Companies management.

6.23 The International suppliers account constitutes provisions for the payment of the management fee, which, according to Company management, is paid quarterly in foreign currency. Its market value was calculated based on the discount to present value of this projected payment, considering the Euro and Selic projections (source: BM&F).

6.24 The table below compares the book value of Suppliers and accounts payable on June 30, 2003, with the market value, according to this appraisal.

| | R\$(000) | |
|----------------|-----------------------|-------------------------|
| COMPANY | BOOK VALUE | MARKET VALUE |
| TCP | 677,260 | 675,986 |
| TC | 470,353 | 452,541 |
| GT | 78,779 | 72,346 |
| Total | 1,226,392 | 1,200,873 |

H INTEREST ON OWN CAPITAL AND DIVIDENDS PAYABLE

6.25 The present value of this item was calculated under the assumption that payment would be effected in December, 2003, as informed by TCP management.

6.26 The table below compares the book value of Interest on own capital and dividends payable on June 30, 2003, with its to market value, according to this appraisal:

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

| R\$(000) | | |
|----------|---------------|-----------------|
| COMPANY | BOOK VALUE | MARKET VALUE |
| TCP | 5,810 | 5,399 |
| TC | 321,302 | 298,596 |
| GT | | |
| Total | 327,112 | 303,995 |

I PARANA MAIS EMPREGO

- 6.27 This account occurs in GT only and refers to deferred ICMS from the Parana mais emprego program to incentive employment in Parana State, created on July 21, 2000, which established that ICMS would only become due in the 49th month after that to which it was applicable.
- 6.28 The forecast ICMS payment schedule provided by TCP management was considered and discounted to present value.
- 6.29 The table below compares the book value of this item and its market value on June 30, 2003, according to this appraisal:

| R\$(000) | | |
|----------|---------------|-----------------|
| COMPANY | BOOK VALUE | MARKET VALUE |
| TCP | | |
| TC | | |
| GT | 136,230 | 71,894 |
| Total | 136,230 | 71,894 |

J FISCAL IMPACT ON THE EFFECTED ADJUSTMENTS CAPITAL LOSS

- 6.30 Considering that part of the adjustments made to TC and TCP's shareholders' equity would result in a tax-deductible loss, the tax and contribution credits should be considered as a positive factor of these adjustments. This is because the realization of the appraised assets and liabilities would result in a loss that would generate more tax credits for these companies than those to which they are presently entitled.

TELESP CELULAR PARTICIPACOES S.A.
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- 6.31 We therefore identified each adjustment individually and divided them into those corresponding to an expense and those corresponding to revenue and further classified them as operational or non-operating (pursuant to the definition of a non-operating result contained in Law 9.249/95).
- 6.32 Taking only those adjustments constituting tax-deductible expenses and/or taxable revenue*, we obtained a deductible loss which will become a tax-loss carryforward. Such a loss, when operational in nature, was added to the existing losses, considering the expectations of realization provided by these companies. The present value of this loss was considered as an additional tax credit for these companies.
- 6.33 As a result, the fiscal impact (tax credits) of the above adjustments was calculated and accounted under Deferred and recoverable taxes

* For the purposes of this appraisal, it was considered that a non-operating expense could only be considered if the adjustments resulted in a profit, since, if the Company obtains a loss in the ongoing fiscal year, such an expense could only be offset by non-operating gains.

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

- 7 CONCLUSION
- 7.1 Based on the objective and scope of this appraisal, the market value of TCP's shareholders' equity on June 30, 2003, is R\$ 3,176,489 thousand, equivalent to R\$ 2.71 per thousand shares.
- 7.2 We must reemphasize that the appraisal does not reflect any events subsequent to this report's date of issue. In addition, any relevant facts occurring between the appraisal's base date and this document's date of issue and not brought to the attention of KPMG Corporate Finance may affect the value obtained by the appraisal.
- 7.3 A complete understanding of the conclusion of this report can only be obtained if it and its appendices are read in their entirety. No conclusions should therefore be drawn from a partial reading.
- 7.4 KPMG Corporate Finance was not hired to update this report after its date of issue.
- 7.5 KPMG Corporate Finance is not aware of any event until the date of the issuance of this report that may affect the results of this appraisal.

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

APPENDIX I

Balance sheets

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

TELESP CELULAR PARTICIPACOES S.A.*(In thousands of Brazilian reais)*

| | <u>REFERENCE</u> | <u>BOOK VALUE</u> | <u>ADJUSTMENTS,</u> | <u>MARKET VALUE</u> |
|---|------------------|-------------------|---------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | | 2,169 | | 2,169 |
| Interest on own capital and dividends | C | 317,641 | (22,447) | 295,193 |
| Credits with related parties | | 13,355 | | 13,355 |
| Deferred and recoverable taxes | D + J | 167,353 | 7,031 | 174,384 |
| Derivative operations | E | 17,901 | | 17,901 |
| Anticipated expenses | | 7,232 | | 7,232 |
| | | <u>525,651</u> | <u>(15,416)</u> | <u>510,234</u> |
| CURRENT ASSETS | | | | |
| Credits with related parties | | 510,303 | | 510,303 |
| Deferred and recoverable taxes | D + J | 419 | | 419 |
| Derivative operations | E | 368,918 | | 368,918 |
| Prepaid expenses | | 2,667 | | 2,667 |
| | | <u>882,307</u> | | <u>882,307</u> |
| LONG-TERM ASSETS | | | | |
| Investments | F | 6,162,456 | (426,180) | 5,736,276 |
| Net fixed assets | | 992 | | 992 |
| | | <u>6,163,448</u> | <u>(426,180)</u> | <u>5,737,268</u> |
| PERMANENT ASSETS | | | | |
| TOTAL ASSETS | | <u>7,571,406</u> | <u>(441,596)</u> | <u>7,129,809</u> |
| LIABILITIES | | | | |
| Personnel, social charges and benefits | | 149 | | 149 |
| Suppliers and accounts payable | G | 677,260 | (1,274) | 675,986 |
| Taxes and contributions | | 1,905 | | 1,905 |
| Loans and financing | E | 1,222,895 | | 1,222,895 |
| Interest on own capital and dividends payable | H | 5,810 | (411) | 5,399 |
| Derivative operations | E | 120,793 | | 120,793 |
| Others | | 65 | | 65 |
| | | <u>2,028,876</u> | <u>(1,685)</u> | <u>2,027,192</u> |
| CURRENT LIABILITIES | | | | |
| Loans and financing | E | 1,808,372 | | 1,808,372 |
| Debts with related parties | | 117,756 | | 117,756 |
| | | <u>1,926,129</u> | | <u>1,926,129</u> |
| LONG-TERM LIABILITIES | | | | |
| SHAREHOLDERS' EQUITY | | <u>3,616,401</u> | <u>(439,912)</u> | <u>3,176,489</u> |
| TOTAL LIABILITIES | | <u>7,571,406</u> | <u>(441,596)</u> | <u>7,129,809</u> |

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

TELESP CELULAR S.A.**(In thousands of Brazilian reais)**

| | <u>REFERENCE</u> | <u>BOOK VALUE</u> | <u>ADJUSTMTS.</u> | <u>MARKET VALUE</u> |
|---|------------------|-------------------|-------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | | 243,064 | | 243,064 |
| Service accounts receivable, net | B | 546,363 | (26,625) | 519,738 |
| Credits with related parties | | 6,039 | | 6,039 |
| Inventories | | 129,829 | | 129,829 |
| Deferred and recoverable taxes | D + J | 222,406 | 68,997 | 291,403 |
| Derivative operations | E | 18,065 | | 18,065 |
| Prepaid expenses | | 175,323 | | 175,323 |
| Others | | 27,688 | | 27,688 |
| | | <u>1,368,778</u> | <u>42,372</u> | <u>1,411,150</u> |
| CURRENT ASSETS | | | | |
| Credits with related parties | | 117,756 | | 117,756 |
| Deferred and recoverable taxes | D + J | 886,112 | (336,552) | 549,561 |
| Derivative operations | E | 669,464 | (148,788) | 520,676 |
| Prepaid expenses | | 9,715 | | 9,715 |
| Others | | 31 | | 31 |
| | | <u>1,683,079</u> | <u>(485,339)</u> | <u>1,197,739</u> |
| LONG-TERM ASSETS | | | | |
| Net fixed assets | | 3,059,154 | (314,707) | 2,744,447 |
| Deferred, net | | 67,539 | | 67,539 |
| | | <u>3,126,693</u> | <u>(314,707)</u> | <u>2,811,986</u> |
| PERMANENT ASSETS | | | | |
| TOTAL ASSETS | | <u>6,178,550</u> | <u>(757,674)</u> | <u>5,420,875</u> |
| LIABILITIES | | | | |
| Personnel, social charges and benefits | | 19,943 | | 19,943 |
| Suppliers and accounts payable | G | 470,353 | (17,811) | 452,541 |
| Taxes and contributions | | 98,511 | | 98,511 |
| Loans and financing | E | 808,655 | | 808,655 |
| Interest on own capital and dividends payable | H | 321,302 | (22,706) | 298,596 |
| Provisions for contingencies | | 40,078 | | 40,078 |
| Derivative operations | E | 235,608 | | 235,608 |
| Debts with related parties | | 4,021 | | 4,021 |
| Others | E | 219,696 | | 219,696 |
| | | <u>2,218,166</u> | <u>(40,517)</u> | <u>2,177,649</u> |
| CURRENT LIABILITIES | | | | |
| Loans and financing | E | 815,641 | | 815,641 |
| Provisions for contingencies | | 21,833 | | 21,833 |
| Debts with related parties | | 5,791 | | 5,791 |
| Provisions for actuarial deficit | | 2,057 | | 2,057 |
| Others | | 2,986 | | 2,986 |
| | | <u>815,641</u> | | <u>815,641</u> |

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| | | | |
|-----------------------|-------------------|-------------------|-------------------|
| LONG-TERM LIABILITIES | 848,308 | | 848,308 |
| | <u> </u> | | <u> </u> |
| SHAREHOLDERS EQUITY | 3,112,075 | (717,157) | 2,394,918 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | 6,178,550 | (757,674) | 5,420,875 |
| | <u> </u> | <u> </u> | <u> </u> |

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

GLOBAL TELECOM S.A.*(In thousands of Brazilian reais)*

| | <u>REFERENCE</u> | <u>BOOK VALUE</u> | <u>ADJUSTMTS.</u> | <u>MARKET VALUE</u> |
|--|------------------|-------------------|-------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | | 89,781 | | 89,781 |
| Service accounts receivable, net | B | 69,325 | (4,339) | 64,986 |
| Credits with related parties | | 273 | | 273 |
| Inventories | | 46,793 | | 46,793 |
| Deferred and recoverable taxes | D | 65,720 | (2,013) | 63,707 |
| Derivative operations | E | 240 | | 240 |
| Prepaid expenses | | 22,609 | | 22,609 |
| Others | | 5,602 | | 5,602 |
| | | <u>300,343</u> | <u>(6,353)</u> | <u>293,991</u> |
| CURRENT ASSETS | | | | |
| Credits with related parties | | 5,791 | | 5,791 |
| Deferred and recoverable taxes | D | 12,811 | 127,215 | 140,027 |
| Prepaid expenses | | 1,569 | | 1,569 |
| Others | | 13,121 | | 13,121 |
| | | <u>33,292</u> | <u>127,215</u> | <u>160,508</u> |
| LONG-TERM ASSETS | | | | |
| Net fixed assets | | 1,376,296 | (76,157) | 1,300,139 |
| Deferred, net | | 482,600 | | 482,600 |
| | | <u>1,858,896</u> | <u>(76,157)</u> | <u>1,782,739</u> |
| PERMANENT ASSETS | | | | |
| TOTAL ASSETS | | <u>2,192,531</u> | <u>44,706</u> | <u>2,237,237</u> |
| LIABILITIES | | | | |
| Personnel, social charges and benefits | | 3,610 | | 3,610 |
| Suppliers and accounts payable | G | 78,779 | (6,433) | 72,346 |
| Taxes and contributions | | 46,845 | | 46,845 |
| Loans and financing | E | 70,038 | | 70,038 |
| Derivative operations | E | 2,183 | | 2,183 |
| Debts with related parties | | 1,116 | | 1,116 |
| Others | | 13,136 | | 13,136 |
| | | <u>215,706</u> | <u>(6,433)</u> | <u>209,273</u> |
| CURRENT LIABILITIES | | | | |
| Taxes and contributions | I | 136,230 | (64,337) | 71,894 |
| Loans and financing | E | 220,904 | | 220,904 |
| Provisions for contingencies | | 13,887 | | 13,887 |
| Debts with related parties | | 510,303 | | 510,303 |
| Provisions for actuarial deficit | | 3,838 | | 3,838 |
| LONG-TERM LIABILITIES | | <u>885,162</u> | <u>(64,337)</u> | <u>820,825</u> |
| CAPITALIZABLE RESOURCES | | | | |
| | | <u>595,472</u> | | <u>595,472</u> |

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| | | | |
|---------------------|------------------|----------------|------------------|
| SHAREHOLDERS EQUITY | <u>496,191</u> | <u>115,475</u> | <u>611,666</u> |
| TOTAL LIABILITIES | <u>2,192,531</u> | <u>44,706</u> | <u>2,237,237</u> |

TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

APPENDIX II

Projected economic and financial indicators

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TELESP CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

ECONOMIC AND FINANCIAL INDICATOR ACCUMULATED VARIATION
(FROM 06/30/2003 TO 06/30/2008 IN LINE WITH BM&F MATURITIES IN DAYS)

(BAR CHART)

| | 1 | 30 | 60 | 91 | 182 | 365 | 548 | 730 | 1,095 |
|-----|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| USD | 0.08% | 1.81% | 3.57% | 5.30% | 10.29% | 20.61% | 31.86% | 44.34% | 72.30% |
| CDI | 0.09% | 1.90% | 3.77% | 5.59% | 10.90% | 21.99% | 34.50% | 48.76% | 82.47% |
| Jpy | 0.09% | 1.90% | 3.76% | 5.57% | 10.86% | 21.86% | 34.22% | 48.25% | 81.20% |
| Eur | 0.08% | 1.72% | 3.40% | 5.03% | 9.77% | 19.58% | 30.33% | 42.33% | 69.36% |

Appendix 3
Report at Market Prices

[KPMG]

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.

**Appraisal of shareholders
equity at market value**

CONFIDENTIAL

October, 2003

This document must not be distributed to third parties

[KPMG]

To:
The Boards of Directors of
Telesp Celular Participações S.A. and
Tele Centro Oeste Participações S.A.
Av. Roque Petroni Junior 1464, 6 andar parte Bloco B Morumbi
04707-000 Sao Paulo SP

October 24, 2003

For the attention of: Mr. Fernando Abella

Dear Sir,

TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A. APPRAISAL REPORT

Under the terms of our contract for the provision of KPMG's professional services, dated August 4, 2003, we have appraised the shareholders equity of Tele Centro Oeste Celular Participações S.A. at market value, the results of which are in the attached report.

We consider that the delivery of this report definitively concludes the services which were the object of the above-mentioned contract.

We remain grateful for the opportunity of being of service in this matter.

Yours sincerely,

Andre Castello Branco
Partner

Luis Augusto Motta
Director

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

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TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.
Appraisal of shareholders equity at market value

ABBREVIATIONS

| | |
|-----------|--|
| TCO | Tele Centro Oeste Celular Participações S.A. |
| TCP | Telesp Celular Participações S.A. |
| TGO | Telegoias Celular S.A. |
| TMS | Telems Celular S.A. |
| TMT | Telemat Celular S.A. |
| TRO | Teletron Celular S.A. |
| TAC | Teleacre Celular S.A. |
| NBT | Norte Brasil Telecom Celular S.A. |
| TCO IP | TCO IP S.A. |
| BM&F | Brazilian Futures and Commodities Exchange |
| CAT | State Tax Authority |
| CDI | Interbank Certificate of Deposit |
| CSLL | Social Contributions on Net Income |
| Companies | TCO, TCP, TGO, TMS, TMT, TRO, TAC, NBT and TCO IP, jointly |
| FINAM | Amazon Investment Fund |
| FINOR | Northeast Investment Fund |
| Fistel | Telecommunications Inspection Fund |
| IBRACON | Brazilian Institute of Accountants |
| ICMS | Value-Added Tax on Sales and Services (levied by the states) |
| IR | Income Tax |
| SELIC | Special System for Settlement and Custody |
| ERB | Radio Base Station |
| CCC | Switching Center |

TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.
Appraisal of shareholders' equity at market value

1 INTRODUCTION

1.1 Tele Centro Oeste Celular Participações S.A. is a public corporation, subsidiary of Telesp Celular Participações S.A., which operates mobile cellular telephony services in the Federal District and the Midwest and Northeast regions through the following subsidiaries:

| COMPANY | OPERATIONAL AREA |
|---------------------------|---|
| Telegoias Celular S.A. | Goias and Tocantins |
| Telemat Celular S.A. | Mato Grosso |
| Telems Celular S.A. | Mato Grosso do Sul |
| Teleron Celular S.A. | Rondonia |
| Teleacre Celular S.A. | Acre |
| Norte Brasil Telecom S.A. | Amazonas, Roraima, Amapa, Para and Maranhao |
| TCO IP S.A. | TCO's and those of its subsidiary operators |

1.2 TCO and its subsidiaries, except NBT and TCO IP, were acquired by its former controlling shareholders in 1998, when Brazil's mobile cellular telephony system (Band A) was privatized, having been granted a concession by the Federal Government until 2008, renewable for a further 15 years.

1.3 In 1999, TCO set up Norte Brasil Telecom S.A., an unlisted corporation, in order to operate mobile cellular telephony services (Band B) in Area 8, comprising the states of Amazonas, Roraima, Amapa, Para and Maranhao.

1.4 In 2000, TCO set up TCO IP S.A., an unlisted corporation, to provide telecommunications services, Internet access services, the development of telecommunications solutions and other higher added-value services.

1.5 In 2002, TCO incorporated Telebrasil Celular S.A. in order to rationalize the group's ownership structure by taking advantage of commercial and administrative synergies.

1.6 In January, 2003, TCP published a relevant fact announcing the acquisition of TCO's controlling stake and, under the prevailing legislation, the holding of an offer to acquire those TCO common shares retained by minority shareholders.

1.7 On the same occasion, it was announced the merger of preferred shares held by TCO's minority shareholders into TCP. Pursuant to this process, we were hired to appraise TCO using the methodology of adjusting shareholders' equity to market value on the base date of June 30, 2003, pursuant to Brazilian Corporate Law (Art. 264, head paragraph, of Law 6,404/76).

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

1.8 The chart below shows TCO's ownership structure and its respective percentage holdings in its subsidiaries on the base date of June 30, 2003:

(CHART SHOWING THE FOLLOWING PERCENTAGE HOLDINGS:

- (1) TELEGOIAS CELLULAR S.A., 97.11%**
- (2) TELEMAT CELULAR S.A., 97.83%**
- (3) TELEMS CELULAR S.A., 98.54%**
- (4) TELERON CELULAR S.A., 97.22%**
- (5) TELEACRE CELULAR S.A., 98.35%**
- (6) NBT S.A., 100%; AND**
- (7) TCO IP S.A., 99.99%)**

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

2 OBJECTIVE OF THE WORK

- 2.1 Pursuant to the terms of our contract for the provision of professional services, dated August 4, 2003, we have undertaken an independent appraisal of TCO's shareholders' equity at market value on the base date of June 30, 2003. This work with related to the merger of TCO's shares by TCP in compliance with Brazilian Corporate Law (Art. 264, head paragraph. of Law 6,404/76).

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3 SOURCES OF INFORMATION

- 3.1 As a starting point, it was used the interim financial statements published by TCO and reviewed by the independent auditors, pertaining to the quarterly financial statements and trial balances of the Companies for the base date of June 30, 2003.
- 3.2 The appraisal is also based on interviews with TCO management and on additional information, written or verbal, provided by TCO, as the aging of accounts receivable and accounts payable and financial controls related with the loans and derivative operations, among others.
- 3.3 Part of this appraisal was also based on earnings estimates, which in turn were based on assumptions and information provided by TCO management. We emphasize that there is no guarantee that future results contained in the projections will be achieved.
- 3.4 We should also like to make it clear that this report does not constitute an audit of the financial statements utilized nor of any other data contained herein and must not, therefore, be interpreted as such.

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4 SUBSEQUENT EVENTS

- 4.1 We should further emphasize that the appraisal does not reflect any events subsequent to this report's date of issue. In addition, any relevant facts occurring between the appraisal's base date and this document's date of issue and not brought to the attention of KPMG Corporate Finance may affect the value obtained by the appraisal.
- 4.2 KPMG Corporate Finance was not hired to update this report after its date of issue.
- 4.3 KPMG Corporate Finance is not aware of any event until the date of the issuance of this report that may affect the results of this appraisal.

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5 SCOPE

- 5.1 The methodology of adjusting shareholders' equity to market value was adopted to calculate the market value of TCO's shareholders' equity, mainly based on the assets and liabilities recorded in the quarterly financial information, published by TCO and reviewed by TCO's independent auditors in accordance with IBRACON procedures, applied to the quarterly financial statements on the base date of June 30, 2003, plus the trial balances provided by TCO's subsidiaries.
- 5.2 This methodology is used to determine the market value of a given company's assets and liabilities. Its application begins with the book value of the assets and liabilities, some of which are then subjected to adjustments in order to reflect their respective realization or liquidation values. The results provide an initial estimate of the company's market/liquidation value. This methodology provides a useful basis of comparison with the results of other methodologies.
- 5.3 The following procedures were adopted:
- Reading and analysis of the trial balances provided by the Companies;
 - Analysis of the asset and liability accounts recorded in the Companies' financial statements, in order to identify their respective market values;
 - Adjustment of the accounts statements to their market values based on the results of the analysis;
 - Adjustment of the Companies' fixed assets to their respective market values based on the appraisal report drawn up by Consult Consultoria Engenharia e Avaliaco'es S/C Ltda., a firm specialized in the valuation of such assets;
 - Calculation of the value of TCO's investments in its subsidiaries by the equity accounting method, based on the market value of these subsidiaries' shareholders' equity; and
 - Calculation of the market value of TCO's shareholders' equity.
- 5.4 The above procedures and calculations are detailed in Chapter 6 of this report.
- 5.5 It should be emphasized that the identification and appraisal of the Companies' unbooked intangible assets did not form part of the scope of this undertaking.
- 5.6 The methodology and scope of this appraisal was intended to value a going concern. Thus, except for tax costs and credits, any costs arising from expenses normally incurred during the realization of assets or the payment of liabilities, as well as those arising from company bankruptcies or liquidations, such as rescissions, judicial disputes and the hiring of third-parties (lawyers, advisors etc.) were not considered in our work.

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6 CALCULATION OF TCO'S VALUE USING THE METHODOLOGY OF ADJUSTING SHAREHOLDERS' EQUITY TO MARKET VALUE

A DISCOUNT RATE

- 6.1 The projected SELIC was adopted as the discount rate for future asset receivable and liability payment flows (source: BM&F on the base date of June 30, 2003).

B ACCOUNTS RECEIVABLE

- 6.2 Comprises those amounts to be received for services provided and goods sold by the Companies, including billed and unbilled amounts, adjusted in line with Provisions for doubtful accounts .

BILLED AMOUNTS

- 6.3 This account refers to services provided and goods sold by the Companies whose invoices had been issued up to the appraisal base date.

Billed telecommunications services refers to services provided by the Companies, whose issued invoices were still unpaid at June 30, 2003, including the sub-account Payment of debts in installments . In order to calculate their market value, it was used TCP and its subsidiaries' historical payment-received percentage for 2003, based on management reports provided by the Companies and on the calculation of the present value of these projected receivables.

Network usage tariffs refers to the tariffs charged by the Companies for the use of their telephony networks by other telecommunications firms. Considering that all such receivables are paid in the month subsequent to their being billed, their market value was taken to be equal to their book value.

Sale of goods refers to the sale of handsets and cell-phone accessories to the Companies' distributors, as well as to their own retail outlets, for selling on to final consumers. Considering that all such receivables are paid in the month subsequent to their being billed, their market value was taken to be equal to their book value.

AMOUNTS TO BE BILLED

- 6.4 This account refers to services provided by the Companies, whose invoices had not been issued by the appraisal base date. In order to calculate their market value, the same criterion as for the billed amounts was adopted, based on the Companies' historical payment-received percentage for 2003 and the calculation of the present value of these projected receivables.

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- 6.5 The following table shows a breakdown of the Accounts receivable balances on June 30, 2003, and their market value in line with this appraisal:

| COMPANY | R\$(000) | |
|-----------|---------------|-----------------|
| | BOOK VALUE | MARKET VALUE |
| TCO | 76,670 | 74,071 |
| Telegoias | 56,242 | 55,670 |
| Telemat | 38,729 | 37,727 |
| Telems | 33,269 | 32,668 |
| Teleron | 11,902 | 11,712 |
| Teleacre | 5,934 | 5,774 |
| NBT | 52,908 | 53,300 |
| TCO IP | 227 | 207 |
| Total | 275,881 | 271,129 |

C INTEREST ON OWN CAPITAL AND DIVIDENDS RECEIVABLE

- 6.6 The present value of this account was calculated by assuming that payment would be made in December 2003, as informed by TCO management.
- 6.7 The table below shows a comparison between the book value of Interest on own capital and dividends receivable on June 30, 2003, and its market value according to this appraisal:

| COMPANY | R\$(000) | |
|---------|---------------|-----------------|
| | BOOK VALUE | MARKET VALUE |
| TCO | 23 | 21 |
| Total | 23 | 21 |

D DEFERRED AND RECOVERABLE TAXES

- 6.8 This refers to the realization of these credits in accordance with their specific characteristics and the prospects for their recovery.

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RECOVERABLE ICMS

- 6.9 Those ICMS credits from the acquisition of fixed assets were discounted at present value based on their expectations of recovery, according to the information provided by the Companies' management, as envisaged in CAT Edict no. 25. The remaining ICMS credits were considered at their book value.

DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION PROVISIONS FOR DOUBTFUL ACCOUNTS

- 6.10 This tax credit was calculated as follows:

Estimate of a new provision for doubtful accounts based on the expectations of receiving adopted when calculating the market value of Accounts receivable ;

Projection of the write-off of these provisions as expenses from unrecoverable debts;

Calculation of the projected tax-deductibility of these expenses; and

Discount at present value of this tax-deductibility as to the IR and CSLL.

DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION INCORPORATED TAX CREDITS

- 6.11 This refers to expectations regarding the deductibility of that part of the goodwill from TCO's acquisition in the privatization process to be amortized. Its market value was calculated based on the projected amortization of this goodwill and the respective reduction in the projected tax burden, in turn based on the Companies' official long-term projections. The reduction in the tax burden was then discounted at present value and taken as this credit's realization value.

DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION PROVISIONS FOR CONTINGENCIES

- 6.12 Realization of the contingencies depends on the progress and conclusion period of certain legal proceedings involving the Companies, which cannot normally be calculated with a reasonable degree of accuracy. It should be noted that most of these lawsuits are monetarily restated during their course, meaning that the fiscal credits arising from the losses with contingencies would be similarly restated. In the case of those lawsuits which are not restated, their book value represents the best information available as to their true value. Therefore, the market value of the fiscal credits resulting from provisions for contingencies was deemed to be equal to their book value.

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- 6.13 The following table compares the book value of Deferred and recoverable taxes on June 30, 2003, with their market value according to this appraisal:

| | R\$(000) | |
|----------------|-------------------|---------------------|
| COMPANY | BOOK VALUE | MARKET VALUE |
| TCO | 53,739 | 52,367 |
| Telegoias | 26,944 | 22,259 |
| Telemat | 21,078 | 17,334 |
| Telems | 16,942 | 14,449 |
| Teleron | 3,180 | 2,733 |
| Teleacre | 2,528 | 2,280 |
| NBT | 20,230 | 13,021 |
| TCO IP | 203 | 169 |
| | 144,844 | 124,612 |
| Total | 144,844 | 124,612 |

E OTHER ASSETS

- 6.14 Among others, these assets include Tax incentives account, which refers to the credits related to FINAM and FINOR funds. These amounts were written off due to the expectations of their being realized, according to the Companies' management. All the remaining assets were considered at their book values.
- 6.15 The table below shows a comparison between the book value of Other assets on June 30, 2003, and their market value, according to this appraisal:

| | R\$(000) | |
|----------------|-------------------|---------------------|
| COMPANY | BOOK VALUE | MARKET VALUE |
| TCO | 15,301 | 13,998 |
| Telegoias | 681 | 360 |
| Telemat | 1,749 | 820 |
| Telems | 1,217 | 316 |
| Teleron | 461 | 98 |
| Teleacre | 180 | 84 |
| NBT | 985 | 985 |
| TCO IP | 1 | 1 |
| | 20,575 | 16,662 |
| Total | 20,575 | 16,662 |

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F FISTEL RATE

- 6.16 All disbursements related to Fistel rate were accounted as expenses, when the more economically adequate procedure would have been to consider them as anticipated expenses (booked under assets) and amortize them as follows:

Operational monitoring fee (TFF): in 12 monthly installments as of their disbursement.

Installation monitoring fee (TFI): in 24 monthly installments as of their disbursement.

- 6.17 Consequently, that portion of this account yet to be amortized was considered as part of the Companies' assets, net of the tax-and-contribution deductibility to be obtained on its amortization.

- 6.18 The following table shows the values of the Fistel rate on June 30, 2003:

| | R\$(000) | |
|----------------|-----------------------|-------------------------|
| COMPANY | BOOK VALUE | MARKET VALUE |
| TCO | - | 4,807 |
| Telegoias | - | 6,393 |
| Telemat | - | 3,776 |
| Telems | - | 3,275 |
| Teleron | - | 1,134 |
| Teleacre | - | 590 |
| NBT | - | 5,280 |
| Total | - | 25,255 |

G INVESTMENTS

- 6.19 In the case of TCO, this account refers to the investments in its subsidiaries and tax incentives related to FINAM and FINOR funds. In the case of the other companies, it refers to FINAM and FINOR only. These amounts (referring to FINAM and FINOR) were written off due to the unlikelihood of their being realized, according to the Companies' management. The market value of TCO's investments in its subsidiaries was calculated by the equity accounting method based on the market value of its subsidiaries' shareholders' equities.

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6.20 The table below compares the book value of Investments on June 30, 2003, with their market value, in line with this appraisal:

| R\$(000) | | |
|-----------------|-------------------|---------------------|
| COMPANY | BOOK VALUE | MARKET VALUE |
| TCO | 1,193,244 | 1,090,947 |
| Telegoias | 51 | |
| Telemat | 50 | |
| Telems | 28 | |
| Teleron | 20 | |
| Teleacre | 20 | |
| | | |
| Total | 1,193,413 | 1,090,947 |

H SUPPLIERS AND ACCOUNTS PAYABLE

6.21 This account includes those amounts payable for services and goods acquired by the Companies. Their market value was calculated based on the discount to present value of the payment flows provided by the Companies' management.

6.22 The table below compares the book value of Suppliers and accounts payable on June 30, 2003, with the market value, according to this appraisal:

| R\$(000) | | |
|-----------------|-------------------|---------------------|
| COMPANY | BOOK VALUE | MARKET VALUE |
| TCO | 38,572 | 37,519 |
| Telegoias | 22,415 | 22,194 |
| Telemat | 14,399 | 14,363 |
| Telems | 15,784 | 15,635 |
| Teleron | 3,671 | 3,651 |
| Teleacre | 2,154 | 2,127 |
| NBT | 26,277 | 25,862 |
| TCO IP | 630 | 587 |
| | | |
| Total | 123,902 | 121,938 |

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I LOANS AND DERIVATIVES

- 6.23 On the base date of the appraisal, the Companies, with the exception of TCO IP, had local and foreign-currency debt, both at market interest rates.
- 6.24 The foreign-currency debt of TGO, TMS, TMT and TAC was protected by hedge operations with derivatives indexed to the CDI. It can therefore be inferred that all such debts are in local currency at market rates. As a result, the market values of the debt and derivative-operation accounts were deemed to be equivalent to their book values.
- 6.25 TCO, TRO and NBT possessed unhedged foreign-currency debt. As a result, the market values of these debts were estimated from their projections (exchange rate variations and interest rates) and converted to present value by the projected CDI for the period in question.
- 6.26 The following table compares the book value of Loans and financing on June 30, 2003, with the market value, according to this appraisal:

| R\$(000) | | |
|----------|------------|--------------|
| COMPANY | BOOK VALUE | MARKET VALUE |
| TCO | 170,005 | 175,786 |
| Teleron | 5,102 | 5,140 |
| NBT | 220,077 | 227,132 |
| Total | 395,184 | 408,058 |

J INTEREST ON OWN CAPITAL AND DIVIDENDS PAYABLE

- 6.27 The present value of this item was calculated under the assumption that it would be paid in December, 2003, as informed by TCO management.
- 6.28 The table below compares the book value of Interest on own capital and dividends payable on June 30, 2003, with its market value, according to this appraisal:

| R\$(000) | | |
|-----------|------------|--------------|
| COMPANY | BOOK VALUE | MARKET VALUE |
| TCO | 14,287 | 12,823 |
| Telegoias | 2,596 | 2,330 |
| Telemat | 1,940 | 1,741 |
| Telems | 994 | 892 |
| Teleron | 555 | 498 |
| Teleacre | 120 | 108 |
| Total | 20,492 | 18,392 |

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K FISCAL IMPACT ON THE EFFECTED ADJUSTMENTS

CAPITAL LOSS

- 6.29 Considering that part of the adjustments made to TCO, TRO, TGO, TAC and NBT's shareholders' equity would result in a tax-deductible loss, the tax and contribution credits should be considered as a positive factor of those adjustments. This is because the realization of the appraised assets and liabilities would result in a loss that would generate more tax credits for these companies than those to which they are presently entitled.
- 6.30 We therefore identified each adjustment individually and divided them into those corresponding to an expense and those corresponding to revenue and further classified them as operational or non-operating (pursuant to the definition of a non-operating result contained in Law 9.249/95).
- 6.31 Taking only those adjustments constituting tax-deductible expenses and/or taxable revenue*, we obtained a deductible loss which will become a tax-loss carryforward. Such a loss, when operational in nature, was added to the existing losses, considering the expectations of realization provided by these companies. The present value of this loss was considered as an additional tax credit for these companies.
- 6.32 As a result, the fiscal impact (tax credits) of the above adjustments was calculated and accounted under Deferred and recoverable taxes .

CAPITAL GAIN

- 6.33 Considering that the net adjustments made to TCO IP, TMS and TMT's shareholders' equity would result in taxable revenue, the value of the taxes and contributions due should be considered as having a negative impact on shareholders' equity. This is because the realization of the appraised assets and liabilities would result in extra revenue which would be affected by the taxes incident thereon.
- 6.34 Taking only those adjustments constituting tax-deductible expenses and/or taxable revenue*, a taxable gain resulting in the payment of additional taxes and contributions was obtained.
- 6.35 As a result, the shareholders' equity of these companies was adjusted for the additional taxes and contributions due, counter-account in liabilities under Taxes and contributions .

* For the purposes of this appraisal, it was considered that a non-operating expense could only be considered if the adjustments resulted in a profit, since, if the Company obtains a loss in the ongoing fiscal year, such an expense could only be offset by non-operating gains.

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7 CONCLUSION

- 7.1 Based on the objective and scope of this appraisal, the market value of TCO's shareholders' equity on June 30, 2003, is R\$1,254,274 thousand, equivalent to R\$ 3.36 per thousand shares.
- 7.2 We must reemphasize that the appraisal does not reflect any events subsequent to this report's date of issue. In addition, any relevant facts occurring between the appraisal's base date and this document's date of issue and not brought to the attention of KPMG Corporate Finance may affect the value obtained by the appraisal.
- 7.3 A complete understanding of the conclusion of this report can only be obtained if it and its appendices are read in their entirety. No conclusions should therefore be drawn from a partial reading.
- 7.4 KPMG Corporate Finance was not hired to update this report after its date of issue.
- 7.5 KPMG Corporate Finance is not aware of any event until the date of the issuance of this report that may affect the results of this appraisal.
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APPENDIX I

Balance sheets

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.*(In thousands of Brazilian reais)*

| | <u>REFERENCE</u> | <u>BOOK VALUE</u> | <u>ADJUSTMENTS</u> | <u>MARKET VALUE</u> |
|--|------------------|-------------------|--------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | | 192,326 | | 192,326 |
| Accounts receivable | B | 76,670 | (2,599) | 74,071 |
| Interest on own capital and dividends | C | 23 | (2) | 21 |
| Credits with related parties | | 5,674 | | 5,674 |
| Inventories | | 7,382 | | 7,382 |
| Deferred and recoverable taxes | D+K | 48,037 | 1,009 | 49,046 |
| Derivative operations | | 159 | | 159 |
| Prepaid expenses and advanced payments | | 3,094 | | 3,094 |
| Others | E | 902 | | 902 |
| Fistel rate | F | | 4,807 | 4,807 |
| TOTAL CURRENT ASSETS | | 334,268 | 3,214 | 337,482 |
| Credits with related parties | | 42,242 | | 42,242 |
| Deferred and recoverable taxes | D | 5,702 | (2,381) | 3,321 |
| Derivative operations | | 497 | | 497 |
| Others | E | 14,398 | (1,302) | 13,096 |
| TOTAL LONG-TERM ASSETS | | 62,840 | (3,683) | 59,157 |
| Investments | G | 1,193,244 | (102,296) | 1,090,947 |
| Net fixed assets | | 226,508 | (72,671) | 153,837 |
| TOTAL PERMANENT ASSETS | | 1,419,751 | (174,967) | 1,244,784 |
| TOTAL ASSETS | | 1,816,859 | (175,436) | 1,641,423 |
| LIABILITIES | | | | |
| Personnel, social charges and benefits | | 7,285 | | 7,285 |
| Suppliers and accounts payable | H | 38,572 | (1,052) | 37,519 |
| Taxes and contributions | | 24,770 | | 24,770 |
| Loans and financing | I | 101,387 | 2,578 | 103,964 |
| Interest on own capital and dividends | J | 14,287 | (1,463) | 12,823 |
| Derivative operations | | 8,139 | | 8,139 |
| Others | | 6,229 | | 6,229 |
| TOTAL CURRENT LIABILITIES | | 200,669 | 62 | 200,731 |
| Loans and financing | I | 68,619 | 3,203 | 71,822 |
| Provisions for contingencies | | 99,383 | | 99,383 |
| Derivative operations | | 3,582 | | 3,582 |
| Debts with related parties | | 10,960 | | 10,960 |
| Others | | 671 | | 671 |

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| | | | |
|-----------------------------|-------------------|-------------------|-------------------|
| TOTAL LONG-TERM LIABILITIES | 183,216 | 3,203 | 186,419 |
| | <u> </u> | <u> </u> | <u> </u> |
| SHAREHOLDERS EQUITY | 1,432,975 | (178,701) | 1,254,274 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | 1,816,859 | (175,436) | 1,641,423 |
| | <u> </u> | <u> </u> | <u> </u> |

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

TELEMS CELULAR S.A.*(In thousands of Brazilian reais)*

| | REFERENCE | BOOK VALUE | ADJUSTMENTS | MARKET VALUE |
|--|------------------|-----------------------|--------------------|-------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | | 138,202 | | 138,202 |
| Accounts receivable | B | 33,269 | (600) | 32,668 |
| Credits with related parties | | 871 | | 871 |
| Inventories | | 3,658 | | 3,658 |
| Deferred and recoverable taxes | D | 15,195 | (1,805) | 13,391 |
| Prepaid expenses and advanced payments | | 633 | | 633 |
| Others | E | 310 | | 310 |
| Fistel rate | F | | 3,275 | 3,275 |
| TOTAL CURRENT ASSETS | | 192,137 | 870 | 193,007 |
| Deferred and recoverable taxes | D | 1,747 | (688) | 1,058 |
| Others | E | 907 | (901) | 6 |
| TOTAL LONG-TERM ASSETS | | 2,654 | (1,589) | 1,064 |
| Investments | G | 28 | (28) | |
| Net fixed assets | | 80,191 | 9,505 | 89,696 |
| Deferred, net | | | | |
| TOTAL PERMANENT ASSETS | | 80,219 | 9,477 | 89,696 |
| TOTAL ASSETS | | 275,010 | 8,757 | 283,767 |
| LIABILITIES | | | | |
| Personnel, social charges and benefits | | 678 | | 678 |
| Suppliers and accounts payable | H | 15,784 | (148) | 15,635 |
| Taxes and contributions | K | 10,110 | 3,112 | 13,222 |
| Loans and financing | I | 34,434 | | 34,434 |
| Interest on own capital and dividends | J | 994 | (102) | 892 |
| Derivative operations | | 1,692 | | 1,692 |
| Debts with related parties | | 1,253 | | 1,253 |
| Others | | 2,565 | | 2,565 |
| TOTAL CURRENT LIABILITIES | | 67,510 | 2,862 | 70,372 |
| Loans and financing | I | 2,196 | | 2,196 |
| Provisions for contingencies | | 28 | | 28 |
| Derivative operations | | 23 | | 23 |
| Debts with related parties | | 175 | | 175 |
| TOTAL LONG-TERM LIABILITIES | | 2,423 | | 2,423 |

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| | | | |
|---------------------|-------------------|-------------------|-------------------|
| SHAREHOLDERS EQUITY | 205,077 | 5,895 | 210,973 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | 275,010 | 8,757 | 283,767 |
| | <u> </u> | <u> </u> | <u> </u> |

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

TELERON CELULAR S.A.*(In thousands of Brazilian reais)*

| | <u>REFERENCE</u> | <u>BOOK VALUE</u> | <u>ADJUSTMENTS</u> | <u>MARKET VALUE</u> |
|--|------------------|-----------------------|--------------------|-------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | | 35,585 | | 35,585 |
| Accounts receivable | B | 11,902 | (190) | 11,712 |
| Credits with related parties | | 258 | | 258 |
| Inventories | | 2,173 | | 2,173 |
| Deferred and recoverable taxes | D+K | 2,873 | (326) | 2,547 |
| Prepaid expenses and advanced payments | | 634 | | 634 |
| Others | E | 98 | | 98 |
| Fistel rate | F | | 1,134 | 1,134 |
| | | <u>53,524</u> | <u>618</u> | <u>54,142</u> |
| TOTAL CURRENT ASSETS | | | | |
| Credits with related parties | | 1,821 | | 1,821 |
| Deferred and recoverable taxes | D | 307 | (121) | 186 |
| Others | E | 363 | (363) | |
| | | <u>2,492</u> | <u>(484)</u> | <u>2,008</u> |
| TOTAL LONG-TERM ASSETS | | | | |
| Investments | G | 20 | (20) | |
| Net fixed assets | | 25,411 | (2,821) | 22,590 |
| Deferred, net | | 23 | | 23 |
| | | <u>25,454</u> | <u>(2,841)</u> | <u>22,613</u> |
| TOTAL PERMANENT ASSETS | | | | |
| TOTAL ASSETS | | <u>81,469</u> | <u>(2,707)</u> | <u>78,763</u> |
| LIABILITIES | | | | |
| Personnel, social charges and benefits | | 376 | | 376 |
| Suppliers and accounts payable | H | 3,671 | (19) | 3,651 |
| Taxes and contributions | | 6,646 | | 6,646 |
| Loans and financing | I | 4,558 | 38 | 4,596 |
| Interest on own capital and dividends | J | 555 | (57) | 498 |
| Derivative operations | | 96 | | 96 |
| Debts with related parties | | 932 | | 932 |
| Others | | 592 | | 592 |
| | | <u>17,427</u> | <u>(38)</u> | <u>17,389</u> |
| TOTAL CURRENT LIABILITIES | | | | |
| Loans and financing | I | 543 | | 543 |
| Provisions for contingencies | | 132 | | 132 |
| Derivative operations | | | | |
| | | <u>675</u> | | <u>675</u> |
| TOTAL LONG-TERM LIABILITIES | | | | |

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| | | | |
|---------------------|---------------|----------------|---------------|
| SHAREHOLDERS EQUITY | <u>63,367</u> | <u>(2,668)</u> | <u>60,698</u> |
| TOTAL LIABILITIES | <u>81,469</u> | <u>(2,707)</u> | <u>78,763</u> |

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

TELEMAT CELULAR S.A.*(In thousands of Brazilian reais)*

| | REFERENCE | BOOK VALUE | ADJUSTMENTS | MARKET VALUE |
|--|------------------|-----------------------|--------------------|-------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | | 157,086 | | 157,086 |
| Accounts receivable | B | 38,729 | (1,002) | 37,727 |
| Credits with related parties | | 488 | | 488 |
| Inventories | | 3,780 | | 3,780 |
| Deferred and recoverable taxes | D | 16,029 | (1,739) | 14,290 |
| Prepaid expenses and advanced payments | | 955 | | 955 |
| Others | E | 806 | | 806 |
| Fistel rate | F | | 3,776 | 3,776 |
| TOTAL CURRENT ASSETS | | 217,872 | 1,036 | 218,908 |
| Credits with related parties | | 2,611 | | 2,611 |
| Deferred and recoverable taxes | D | 5,049 | (2,006) | 3,043 |
| Prepaid expenses and advanced payments | | 30 | | 30 |
| Others | E | 943 | (929) | 14 |
| TOTAL LONG-TERM ASSETS | | 8,633 | (2,935) | 5,698 |
| Investments | G | 50 | (50) | |
| Net fixed assets | | 105,025 | 5,902 | 110,927 |
| Deferred, net | | 46 | | 46 |
| TOTAL PERMANENT ASSETS | | 105,121 | 5,852 | 110,973 |
| TOTAL ASSETS | | 331,627 | 3,953 | 335,579 |
| LIABILITIES | | | | |
| Personnel, social charges and benefits | | 758 | | 758 |
| Suppliers and accounts payable | H | 14,399 | (36) | 14,363 |
| Taxes and contributions | K | 15,452 | 1,746 | 17,198 |
| Loans and financing | I | 31,727 | | 31,727 |
| Interest on own capital and dividends | J | 1,940 | (199) | 1,741 |
| Derivative operations | | 1,540 | | 1,540 |
| Debts with related parties | | 4,211 | | 4,211 |
| Others | | 2,137 | | 2,137 |
| TOTAL CURRENT LIABILITIES | | 72,164 | 1,511 | 73,675 |
| Loans and financing | I | 1,546 | | 1,546 |
| Provisions for contingencies | | 158 | | 158 |
| Derivative operations | | 7 | | 7 |
| TOTAL LONG-TERM LIABILITIES | | 1,710 | | 1,710 |

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| | | | |
|---------------------|----------------|--------------|----------------|
| SHAREHOLDERS EQUITY | <u>257,753</u> | <u>2,441</u> | <u>260,194</u> |
| TOTAL LIABILITIES | <u>331,627</u> | <u>3,953</u> | <u>335,579</u> |

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

TELEGOIAS CELULAR S.A.*(In thousands of Brazilian reais)*

| | <u>REFERENCE</u> | <u>BOOK VALUE</u> | <u>ADJUSTMENTS</u> | <u>MARKET VALUE</u> |
|--|------------------|-------------------|--------------------|---------------------|
| Cash and cash equivalents | | | | |
| Cash and cash equivalents | | 280,712 | | 280,712 |
| Accounts receivable | B | 56,242 | (572) | 55,670 |
| Credits with related parties | | 2,020 | | 2,020 |
| Inventories | | 9,076 | | 9,076 |
| Deferred and recoverable taxes | D+K | 21,461 | (2,512) | 18,948 |
| Derivative operations | | 159 | | 159 |
| Prepaid expenses and advanced payments | | 2,082 | | 2,082 |
| Others | E | 360 | | 360 |
| Fistel rate | F | | 6,393 | 6,393 |
| TOTAL CURRENT ASSETS | | 372,111 | 3,308 | 375,419 |
| Credits with related parties | | 11,792 | | 11,792 |
| Deferred and recoverable taxes | D | 5,483 | (2,173) | 3,310 |
| Derivative operations | | 601 | | 601 |
| Prepaid expenses and advanced payments | | 287 | | 287 |
| Others | E | 321 | (321) | |
| TOTAL LONG-TERM ASSETS | | 18,484 | (2,494) | 15,990 |
| Investments | G | 51 | (51) | |
| Net fixed assets | | 176,180 | (42,886) | 133,294 |
| Deferred, net | | | | |
| TOTAL PERMANENT ASSETS | | 176,231 | (42,937) | 133,294 |
| TOTAL ASSETS | | 566,827 | (42,123) | 524,704 |
| LIABILITIES | | | | |
| Personnel, social charges and benefits | | 1,664 | | 1,664 |
| Suppliers and accounts payable | H | 22,415 | (221) | 22,194 |
| Taxes and contributions | | 24,287 | | 24,287 |
| Loans and financing | I | 14,515 | | 14,515 |
| Interest on own capital and dividends | J | 2,596 | (266) | 2,330 |
| Derivative operations | | 171 | | 171 |
| Debts with related parties | | 3,808 | | 3,808 |
| Others | | 5,230 | | 5,230 |
| TOTAL CURRENT LIABILITIES | | 74,686 | (487) | 74,199 |
| Taxes and contributions | | 6,418 | | 6,418 |
| Loans and financing | I | 34,447 | | 34,447 |
| Provisions for contingencies | | 306 | | 306 |
| Derivative operations | | 15 | | 15 |

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| | | | |
|-----------------------------|---------|----------|---------|
| TOTAL LONG-TERM LIABILITIES | 41,185 | — | 41,185 |
| SHAREHOLDERS EQUITY | 450,956 | (41,636) | 409,320 |
| TOTAL LIABILITIES | 566,827 | (42,123) | 524,704 |

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

TELEACRE CELULAR S.A.*(In thousands of Brazilian reais)*

| | <u>REFERENCE</u> | <u>BOOK VALUE</u> | <u>ADJUSTMENTS</u> | <u>MARKET VALUE</u> |
|--|------------------|-----------------------|--------------------|-------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | | 19,305 | | 19,305 |
| Accounts receivable | B | 5,934 | (159) | 5,774 |
| Credits with related parties | | 225 | | 225 |
| Inventories | | 915 | | 915 |
| Deferred and recoverable taxes | D+K | 2,161 | (103) | 2,058 |
| Prepaid expenses and advanced payments | | 122 | | 122 |
| Others | E | 44 | | 44 |
| Fistel rate | F | | 590 | 590 |
| | | <u>28,707</u> | <u>328</u> | <u>29,034</u> |
| TOTAL CURRENT ASSETS | | | | |
| Credits with related parties | | 1,981 | | 1,981 |
| Deferred and recoverable taxes | D | 366 | (144) | 222 |
| Others | E | 136 | (96) | 40 |
| | | <u>2,483</u> | <u>(240)</u> | <u>2,242</u> |
| TOTAL LONG-TERM ASSETS | | | | |
| Investments | G | 20 | (20) | |
| Net fixed assets | | 14,662 | (717) | 13,945 |
| Deferred, net | | | | |
| | | <u>14,682</u> | <u>(737)</u> | <u>13,945</u> |
| TOTAL PERMANENT ASSETS | | | | |
| TOTAL ASSETS | | <u>45,871</u> | <u>(650)</u> | <u>45,221</u> |
| LIABILITIES | | | | |
| Personnel, social charges and benefits | | 150 | | 150 |
| Suppliers and accounts payable | H | 2,154 | (27) | 2,127 |
| Taxes and contributions | | 3,070 | | 3,070 |
| Loans and financing | I | 4,536 | | 4,536 |
| Interest on own capital and dividends | J | 120 | (12) | 108 |
| Derivative operations | | 96 | | 96 |
| Debts with related parties | | 355 | | 355 |
| Others | | 565 | | 565 |
| | | <u>11,047</u> | <u>(40)</u> | <u>11,008</u> |
| TOTAL CURRENT LIABILITIES | | | | |
| Loans and financing | I | 507 | | 507 |
| Provisions for contingencies | | 341 | | 341 |
| Derivative operations | | | | |
| | | <u>848</u> | | <u>848</u> |
| TOTAL LONG-TERM LIABILITIES | | | | |

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| | | | |
|---------------------|-------------------|-------------------|-------------------|
| SHAREHOLDERS EQUITY | 33,976 | (610) | 33,366 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | 45,871 | (650) | 45,221 |
| | <u> </u> | <u> </u> | <u> </u> |

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

NORTE BRASIL TELECOM S.A.*(In thousands of Brazilian reais)*

| | <u>REFERENCE</u> | <u>BOOK VALUE</u> | <u>ADJUSTMENTS</u> | <u>MARKET VALUE</u> |
|--|------------------|-------------------|--------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | | 123,693 | | 123,693 |
| Accounts receivable | B | 52,908 | 392 | 53,300 |
| Credits with related parties | | 818 | | 818 |
| Inventories | | 8,478 | | 8,478 |
| Deferred and recoverable taxes | D+K | 12,235 | (4,059) | 8,176 |
| Prepaid expenses and advanced payments | | 1,375 | | 1,375 |
| Others | | 915 | | 915 |
| Fistel rate | F | | 5,280 | 5,280 |
| TOTAL CURRENT ASSETS | | <u>200,421</u> | <u>1,614</u> | <u>202,034</u> |
| Credits with related parties | | 837 | | 837 |
| Deferred and recoverable taxes | D | 7,995 | (3,150) | 4,845 |
| Prepaid expenses and advanced payments | | 27 | | 27 |
| Others | | 70 | | 70 |
| TOTAL LONG-TERM ASSETS | | <u>8,929</u> | <u>(3,150)</u> | <u>5,779</u> |
| Net fixed assets | | 235,198 | (59,451) | 175,747 |
| Deferred, net | | 28,016 | | 28,016 |
| TOTAL PERMANENT ASSETS | | <u>263,214</u> | <u>(59,451)</u> | <u>203,763</u> |
| TOTAL ASSETS | | <u>472,563</u> | <u>(60,987)</u> | <u>411,576</u> |
| LIABILITIES | | | | |
| Personnel, social charges and benefits | | 2,139 | | 2,139 |
| Suppliers and accounts payable | H | 26,277 | (415) | 25,862 |
| Taxes and contributions | | 16,339 | | 16,339 |
| Loans and financing | I | 71,512 | 2,329 | 73,841 |
| Derivative operations | | 499 | | 499 |
| Debts with related parties | | 1,797 | | 1,797 |
| Others | | 2,434 | | 2,434 |
| TOTAL CURRENT LIABILITIES | | <u>120,997</u> | <u>1,914</u> | <u>122,911</u> |
| Loans and financing | I | 148,566 | 4,726 | 153,291 |
| Provisions for contingencies | | 706 | | 706 |
| Derivative operations | | 1 | | 1 |
| Others | | 116 | | 116 |
| TOTAL LONG-TERM LIABILITIES | | <u>149,389</u> | <u>4,726</u> | <u>154,115</u> |

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| | | | |
|---------------------|-------------------|-------------------|-------------------|
| SHAREHOLDERS EQUITY | 202,178 | (67,627) | 134,550 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES | 472,563 | (60,987) | 411,576 |
| | <u> </u> | <u> </u> | <u> </u> |

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

TCO IP S.A.*(In thousands of Brazilian reais)*

| | REFERENCE | BOOK VALUE | ADJUSTMENTS | MARKET VALUE |
|--|-----------|----------------|--------------|-----------------|
| ASSETS | | | | |
| Cash and cash equivalents | | 8 | | 8 |
| Accounts receivable | B | 227 | (20) | 207 |
| Credits with related parties | | 49 | | 49 |
| Deferred and recoverable taxes | D | 203 | (112) | 91 |
| Prepaid expenses and advanced payments | | 0 | | 0 |
| Others | | 1 | | 1 |
| | | <u>488</u> | <u>(132)</u> | <u>356</u> |
| TOTAL CURRENT ASSETS | | | | |
| Deferred and recoverable taxes | D | | 78 | 78 |
| | | | <u>78</u> | <u>78</u> |
| TOTAL LONG-TERM ASSETS | | | | |
| Net fixed assets | | 4,814 | | 4,814 |
| Deferred, net | | 1,165 | | 1,165 |
| | | <u>5,979</u> | | <u>5,979</u> |
| TOTAL PERMANENT ASSETS | | | | |
| TOTAL ASSETS | | <u>6,466</u> | <u>(54)</u> | <u>6,413</u> |
| LIABILITIES | | | | |
| Suppliers and accounts payable | H | 630 | (43) | 587 |
| Taxes and contributions | K | (7) | 8 | 1 |
| Loans and financing | | 1 | | 1 |
| Debts with related parties | | 22 | | 22 |
| Others | | 22 | | 22 |
| | | <u>668</u> | <u>(35)</u> | <u>633</u> |
| TOTAL CURRENT LIABILITIES | | | | |
| Debts with related parties | | 8,173 | | 8,173 |
| | | <u>8,173</u> | | <u>8,173</u> |
| TOTAL LONG-TERM LIABILITIES | | | | |
| SHAREHOLDERS' EQUITY | | <u>(2,374)</u> | <u>(19)</u> | <u>(2,393)</u> |
| TOTAL LIABILITIES | | <u>6,466</u> | <u>(54)</u> | <u>6,413</u> |

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

APPENDIX II

**Projected economic and
financial indicators**

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.
Appraisal of shareholders' equity at market value

ECONOMIC AND FINANCIAL INDICATORS ACCUMULATED VARIATION
(FROM 06/30/2003 TO 06/30/2008 IN LINE WITH BM&F MATURITIES IN DAYS)

(BAR CHART)

| | 1 | 30 | 60 | 91 | 182 | 365 | 548 | 730 | 1,095 | 1,460 | 1,825 |
|-----|----------|-----------|-----------|-----------|------------|------------|------------|------------|--------------|--------------|--------------|
| USD | 0.08% | 1.81% | 3.57% | 5.30% | 10.29% | 20.61% | 31.86% | 44.34% | 72.30% | 105.53% | 145.39% |
| CDI | 0.09% | 1.90% | 3.77% | 5.59% | 10.90% | 21.99% | 34.50% | 48.76% | 82.47% | 126.07% | 181.58% |
| Jpy | 0.09% | 1.90% | 3.76% | 5.57% | 10.86% | 21.86% | 34.22% | 48.25% | 81.20% | 123.26% | 176.13% |
| Eur | 0.08% | 1.72% | 3.40% | 5.03% | 9.77% | 19.58% | 30.33% | 42.33% | 69.36% | 102.54% | 142.48% |

**JUSTIFICATION OF THE MERGER OF SHARES OF TELE CENTRO OESTE CELULAR PARTICIPACOES
S.A. INTO TELESP CELULAR PARTICIPACOES S.A. FOR THE PURPOSE OF
THE FORMER S CONVERSION INTO A WHOLLY OWNED SUBSIDIARY**

BY

**TELE CENTRO OESTE CELULAR PARTICIPACOES S.A. AND TELESP CELULAR
PARTICIPACOES S.A. BOARD OF DIRECTORS**

TO

THEIR SHAREHOLDERS

DATED OCTOBER 27, 2003

JUSTIFICATION OF THE MERGER OF TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A. SHARES INTO TELESCELULAR PARTICIPAÇÕES S.A. FOR THE PURPOSE OF THE FORMER S CONVERSION INTO A WHOLLY OWNED SUBSIDIARY

The Board of Directors of Tele Centro Oeste Celular Participações S.A. (TCO) and of Telesp Celular Participações S.A. (TCP) and, when jointly with TCO, Companies) jointly present to their respective shareholders this justification of the merger of shares of TCO by TCP for the purpose of its conversion into a wholly owned subsidiary (Justification and Merger of Shares), pursuant to article 225 of Law n(0) 6,404/76 (Corporate Law).

In this Justification, the words beginning in capital letters which are not defined herein will have the same meaning attributed to them in the Protocol of the Merger of Shares of TCO into TCP for the purpose of the former s conversion into a Wholly Owned Subsidiary (Protocol) entered into agreement in this same date by TCO and TCP.

**SECTION ONE
ON THE REASONS AND PURPOSES OF THE TRANSACTION AND THE INTEREST OF THE COMPANIES IN ITS ACCOMPLISHMENT**

The objectives of the Merger of Shares are (a) to align the interests of the Companies shareholders; (b) to strengthen TCP s shareholder base by merging its shareholders and those of TCO into a single listed company, with greater liquidity; (c) to unify, standardize and rationalize the general administration of TCP and TCO s businesses; (d) to enhance TCP and TCO s corporate image; (e) to give TCO shareholders direct holdings in TCP s capital; and (f) to take advantage of any financial, operational and commercial synergies.

**SECTION TWO
ON THE SHARES THE HOLDERS OF PREFERRED SHARES WILL RECEIVE AND THE REASON FOR THE CHANGE IN THEIR RIGHTS**

TCO s holders of preferred shares will receive preferred shares issued by TCP.

a. Political and Patrimonial Advantages. The political and patrimonial advantages of the common and preferred TCO s and TCP s shares are identical.

**SECTION THREE
ON THE COMPOSITION OF TYPES AND CLASSES OF TCP S SHARES AFTER THE
TRANSACTION**

TCP s capital stock is currently represented by 1,171,784,352,509 nominative subscribed shares, with no par value, of which 409,383,864,536 are common shares and 762,400,487,973 are preferred shares. If all TCO common shareholders adhere to the Tender Offer of Acquisition of TCO Shares, proposed by TCP, and if the Merger of Shares does not result in the exercise of withdrawal rights in TCP and TCO, and taking into account the Conversion described in the Protocol, the company s capital stock shall be represented by 1,466,856,555,987 nominative subscribed shares, with no par value, of which 977,895,199,562 are common shares and 488,961,356,424 are preferred shares. It is noted that shares issued by TCO held by TCP will be maintained in TCP s equity and that TCO does not hold any share issued by TCP.

SECTION FOUR

[Text Deleted]

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This Justification is signed by TCP s and TCO s legal representatives, in 2 (two) copies of identical content.

Sao Paulo, October 27, 2003

TELE CENTRO OESTE CELULAR PARTICIPACOES S.A.

Name:
Position:

Name:
Position:

TELESP CELULAR PARTICIPACOES S.A.

Name:
Position:

Name:
Position:

Tele Centro Oeste Celular Participações S.A.
Public Company

AND

Telesp Celular Participações S.A.
Public Company

NOTICE OF MATERIAL FACT

Tele Centro Oeste Celular Participações S.A. (TCO) and Telesp Celular Participações S.A. (TCP , together with TCO, the Companies), in accordance with the notices of material facts published on January 16, 2003, March 24, 2003, April 11, 2003, April 25, 2003 and August 21, 2003, inform that they intend to carry out an operation of merger of TCO shares into TCP, thereby converting TCO into a wholly owned subsidiary of TCP (Merger of Shares), pursuant to the terms and conditions described as follows:

The Companies expect the Merger of Shares to align the interests of the Companies' shareholders; to strengthen TCP's shareholder base by merging its shareholders and those of TCO into a single listed company, with greater liquidity, and to unify, standardize and rationalize the general administration of TCP and TCO's businesses. Furthermore, they expect the operation to enhance TCP and TCO's corporate image, to offer the possibility to TCO stockholders of taking part directly in TCP's business and to take advantage of any financial, operational and commercial synergies.

In the Merger of Shares, 1.27 TCP common shares shall be received for every TCO common share and 1.27 TCP preferred shares for every TCO preferred share (Exchange Ratio). The share fractions, resulting from converting the position of each TCO shareholder shall be supplemented, for the purposes of rounding up, through the transfer of shares (common or preferred, as the case may be) held by the TCP controlling stakeholder, Brasilcel, N.V.

The Exchange Ratio was defined based on the price of the TCO and TCP shares, plus a premium on the price of TCO shares equal to 15% of the ratio calculated on the basis of the price of said shares over the thirty (30) days preceding January 16, 2003. In the date it was defined, the Exchange Ratio represented the most beneficial exchange ratio of TCO stock for TCP stock (calculated on the basis of the market price) since the independent trading of these stocks was first started. Moreover, Economic and Financial Analyses prepared by Citigroup Global Markets Inc. and Merrill Lynch & Co. confirm that the proposed exchange ratio of 1.27 TCP stocks per every TCO stock provides equitable treatment to both TCO and TCP.

The political and equity-related advantages of the common and the preferred stock of TCO and TCP are identical. The stock to be issued by TCP as a result of the Merger of Shares shall be fully entitled to all dividends and interest on shareholders' equity that may come to be declared and credited, as of their issuance.

It shall be unnecessary to alter TCP Bylaws in order to implement the Merger of Shares, other than by amending the value of its capital stock and the number of shares which represents it (as well as by the amendment in the number of shares of each type as a result of the Conversion, as defined below). TCO's Bylaws, in turn, shall remain unaltered as a result of the Merger of Shares (other than through amendments that concern changes in its capital stock, resulting from the cancellation of its treasury shares). The amendment of its Bylaws resulting from its conversion into a wholly owned subsidiary shall be carried out later.

The TCO shares to be merged into TCP (as a TCP capital increase due to the Merger of Shares) were evaluated on the basis of its book value by KPMG Auditores Independentes (base date: June 30, 2003). The changes in TCO's shareholders' equity (proportional to the merged shares), occurred between the base date of the appraisal report at the book value and the General Shareholders' Meeting date which approves the Merger of Shares, will be recorded as capital reserve (if positive), or against profits reserve (if negative).

At present, TCP's capital stock stands at R\$4,373,661,469.73. If all TCO common shareholders tender in the Tender Offer for TCO Shares, proposed by TCP (TO) and if the Merger of Shares does not result in the exercise of withdrawal rights in TCP and TCO, it is estimated that TCP's capital stock shall increase by R\$970,005,000.00, totaling R\$5,343,666,469.73.

TCP's capital stock is currently represented by 1,171,784,352,509 nominative shares, with no par value, of which 409,383,864,536 are common shares and 762,400,487,973 are preferred shares. If all TCO common shareholders tender in the TO, and if the Merger of Shares does not result in the exercise of withdrawal rights in TCP and TCO, and taking into account the Conversion described below, the company's capital stock shall be represented by 1,466,856,555,987 nominative shares, with no par value, of which 977,895,199,562 are preferred shares and 488,961,356,424 are common shares. The final amounts will be released to the market after the conclusion of the TO. It is noted that shares issued by TCO held by TCP will be maintained in TCP's equity and that TCO does not hold any share issued by TCP.

In order to render the Merger of Shares viable, TCP shareholders should approve the conversion of TCP preferred shares into TCP common shares (Conversion), given that the implementation of the Merger of Shares based on the Exchange Ratio would call for the issuing of a larger number of TCP preferred shares of stock than the limits in the prevailing legislation currently allow.

The volume of TCP preferred shares to be converted into TCP common shares shall be of, at most, 105,518,995 lots of 1,000 shares. This figure was defined based on the assumption that all TCO common shareholders adhere to the TO and that the withdrawal rights of holders of TCP common stock shall be exercised by all shareholders that are so entitled. The purpose of the calculation was to ensure that the legal limits of TCP share issuance are complied with on the occasion of the approval of the Merger of Shares. The exact number of preferred shares to be converted shall be defined once the final results of the TO are known.

Any holder of TCP preferred shares is entitled to perform the Conversion. In the case of holders of American Depositary Receipts (ADRs), they shall have to convert their ADRs into shares, prior to requesting the Conversion, as TCP has no ADR program for common stock.

If TCP shareholders request the conversion of a volume of preferred shares greater than the number of shares that the Companies wish to convert, the conversion shall be proportionately performed. Furthermore, if shareholders request a volume of preferred shares to be converted lower than the conversion cap, TCP's controlling stakeholder (Brasilcel N.V.), whether directly or through its subsidiaries, shall convert a volume of preferred shares equal to what is required, in order to complete the number that is meant to be converted. The procedures for Conversion and the precise number of shares that shall be converted shall be announced following the completion of the TO, through the publication of a Notice to Shareholders.

[Text deleted]

[Text deleted]

It should be emphasized that the book value at market prices, as calculated in a report prepared by KPMG Corporate Finance, is lower than the book value as of that same base date.

[Text deleted]

Pursuant to the terms of Article 264 of the Brazilian Corporate Law, KPMG Corporate Finance prepared the appraisal reports necessary to the calculation of the exchange ratio based on TCO and TCP's shareholders' equities at market prices, with a base date of June 30, 2003 (Exchange Ratio / Market Prices). The calculated value of the Exchange Ratio / Market Prices was 1.24.

[Text Deleted]

Because of the established practices of the Sao Paulo Stock Exchange, TCP shares issued within the context of the Merger of Shares shall be traded under the TCO ticker up to the time when the Merger of Shares is ratified by TCP's and TCO's management, after the expiration of the period for exercising rights of withdrawal, or until the period of 10 (ten) days, established in Article 137, paragraph 3 of Corporate Law, has elapsed.

The Companies also inform that the Merger of Shares was preceded by (a) a meeting of the TCP Board of Directors, held on January 15, 2003, when the Merger of Shares and Exchange Ratio (as defined below) were approved; (b) meetings of the Boards of Directors of TCP and TCO, held on October 27, 2003, when the Merger of Shares, its terms and conditions and the acts and documents pertaining to it were approved; (c) meetings of the Fiscal Committees of TCP and TCO, held on October 27, 2003, to provide opinions on the terms and conditions of the Merger of Shares; (d) celebration of the Protocol of the Merger of Shares, dated October 27, 2003, by TCO and TCP; and (e) presentation of the joint Justification of both TCO and TCP management for the Merger of Shares, dated October 27, 2003.

[Text Deleted]

The Companies estimate that R\$11,000,000.00 shall be spent on this operation, therein included the expenses with publications, preparation of the appraisal reports, economic and financial analyses, payment of auditors, appraisers, consultants and lawyers, both local and foreign, filing with the SEC and other related expenses.

KPMG Auditores Independentes, KPMG Corporate Finance, Citigroup Global Markets Inc. and Merrill Lynch & Co., the parties responsible for the appraisal reports and economic and financial analyses, hereby declare that there are no conflicts or communitons of interests involving them, whether current or potential, with regard to TCO, TCP, Brasilcel N.V. (the TCP controlling stakeholders) or minority stockholders, nor with regard to the Merger of Shares.

Finally, the Companies inform that the Merger of Shares documents (protocol, justification and reports, among others) can be found on the TCP website (www.telespcelular.com.br) and the TCO website (www.tco.com.br). A copy of these materials can also be found on the CVM website (www.cvm.gov.br) and on the BOVESPA website (www.bovespa.com.br), as of this date. The Companies shareholders that wish to consult and examine the documents may do so at the Companies headquarters, its being required that they make an appointment with the respective Investor Relations departments of TCP (telephone number: (55 11) 5105-1182) and of TCO (telephone number: (55 61) 3962-7701).

Sao Paulo, October 28, 2003

Telesp Celular Participações S.A.
Fernando Abella Garcia
Investor Relations Director

Tele Centro Oeste Celular
Participações S.A.
Luis Andre Carpintero Blanco
Investor Relations Director

TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.

NIRE (State ID) 53 3 000058-00 CNPJ/MF (Tax ID) 02.558.132/0001-69

Public Company

MINUTES OF THE BOARD OF DIRECTORS MEETING
HELD ON OCTOBER 27, 2003

1. DATE, TIME AND VENUE. Held on October 27, 2003, in Sao Paulo at 3:00pm, in Lisbon at 5:00 pm and at Madrid at 6:00pm, via videoconference.
2. MEETING NOTICE: Duly summoned and installed with the presence of the totality of the Members of the Board of Directors. Also present, pursuant to the provisions of Article 163, Section 3 of Law no. 6,404/76, as amended, the Members of the Company's Fiscal Committee, Mr. Norair Ferreira do Carmo, Mr. Joao Luis Tenreiro Barroso and Mr. Luciano Nobrega Queiroz.
3. MEETING BOARD. Iriarte Jose Araujo Esteves - Chairman; and Evandro Luis Pippi Krueel - Secretary.
4. AGENDA AND DELIBERATIONS. The Chairman of the Meeting informed the board that, as it was of knowledge of all, the purpose of the Meeting was the deliberation regarding the merger, of the Company's outstanding shares (hereinafter also referred to as TCO) by Telesp Celular Participações S.A. (TCP and, along with the Company, Companies), for its consequent conversion into a wholly owned subsidiary of TCP (Merger of Shares). It was clarified that the Merger of Shares has the following purposes: (a) to align the interests of the Companies shareholders; (b) to strengthen TCP's shareholder base by merging its shareholders and those of TCO into a single listed company, with greater liquidity; (c) to unify, standardize and rationalize the general management of TCP and TCO's businesses; (d) to enhance TCP and TCO's corporate image; (e) to give TCO shareholders direct holdings in TCP's capital; and (f) to take advantage of any financial, operational and commercial synergies. After the presentation of the necessary clarification, the members of The Board of Directors deliberated by majority of votes and without any restriction:

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- 4.1 Approval of the Justification of the Merger of Shares of Tele Centro Oeste Celular Participações S.A. into Telesp Celular Participações S.A. for the purpose of the former's conversion into a Wholly Owned Subsidiary.
- 4.2 Approval of the terms and conditions of the Protocol of the Merger of Shares of Tele Centro Oeste Celular Participações S.A. into Telesp Celular Participações S.A. for the purpose of the former's conversion into a Wholly Owned Subsidiary (Protocol), to be executed on this date TCO and TCP's management.
- 4.3 Ratification of the hiring of KPMG Corporate Finance to perform the appraisal of TCO and TCP's shareholders' equity, at market values.
- 4.4 Ratification of the hiring of KPMG Auditores Independentes to determine the book value of TCO's shares.
- 4.5 Ratification of the hiring of Citigroup and Merrill Lynch & Co. to perform the TCO and TCP's Economic and Financial Analyses, according to the provisions of Article 30 of TCP's Bylaws.
- 4.6 Approval of the accounting appraisal report of TCO's shares to be incorporated by TCP for purposes of the capital increase of TCP, and of TCO and TCP's shareholders' equity appraisal reports at market values and the Economic and Financial Analyses of TCO and TCP.
- 4.7 Approval of the exchange ratio set forth in the Protocol.
- 4.8 Approval of the Merger of Shares, as provided by the Protocol.
- 4.9 Authorization of TCO's Board of Directors of the subscription of TCP's capital increase in connection with the Merger of Shares.

4.10 [Text deleted.]

5. CLOSING. : Mr. Chairman offered the word to whom might want to make use of it and, without any manifestation, the Meeting was adjourned, and the minutes were drawn up, which, after being read and found to conform, were signed by the presents on October 27, 2003. (a.a.) Iriarte Jose Araujo Esteves, Chairman (in Lisbon); Evandro Luis Pippi Krueel, Secretary (in Madrid); the Members Eduardo Perestrelo Correia de Matos, Fernando Xavier Ferreira (in Sao Paulo), Ernesto Lopez Mozo, Antonio Viana-Baptista, Ignacio Aller Mallo, Zeinal Abedin Mohamed Bava (in Madrid), Pedro Manuel Brandao Rodrigues, Carlos Manuel de Lucena e Vasconcellos Cruz (in Lisbon), and the Members of the Fiscal Committee Norair Ferreira do Carmo Joao Luis Tenreiro Barroso and Luciano Nobrega Queiroz (in Sao Paulo).

This is a true copy of the original,
drawn up in its appropriate book.

Sao Paulo, Lisbon and Madrid, October 27, 2003.

Evandro Luis Pippi Krueel
Secretary

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