TELESP CELLULAR HOLDING CO /ADR/
Form 424B3
December 23, 2003

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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-110080

Telesp Celular Participações S.A.

(Telesp Cellular Holding Company)

Telesp Celular Participações S.A., or TCP, has proposed a merger of shares under Brazilian law *(incorporação de ações)*, or a merger of shares, of its subsidiary Tele Centro Oeste Celular Participações S.A., or TCO, with TCP. TCP and TCO provide cellular telecommunications services in their respective authorization areas in Brazil under the Vivo brand. If the merger of shares is approved:

TCO will become a wholly owned subsidiary of TCP;

holders of American Depositary Shares, or ADSs, of TCO will receive 1.524 ADSs of TCP for each ADS they hold upon surrender of the TCO ADSs and payment of the fees and expenses of the depositary; and

direct holders of preferred shares of TCO will automatically receive 1.27 preferred shares, no par value, of TCP for each preferred share they hold without any further action by those holders.

The merger must be approved by at least 50% of the holders of common shares of both TCP and TCO at separate extraordinary general meetings, which are scheduled to occur on January 7, 2004. We expect the merger of shares to be approved because:

TCP holds 90.7% of the outstanding voting common stock of TCO and intends to vote those shares in favor of the merger of shares; and

TCP s controlling shareholder, which directly and indirectly holds 93.66% of TCP s voting common shares, has represented to TCP that it and its subsidiaries will vote the common shares of TCP they hold in favor of the merger of shares.

Holders of preferred shares and ADSs of TCO do not have the right to vote on the merger of shares.

The TCP ADSs to be received by holders of TCO ADSs will be listed on the New York Stock Exchange under the symbol TCP.

This prospectus has been prepared for holders of preferred shares of TCO residing in the United States and for holders of TCO ADSs to provide information about the merger of shares. **No offer is being made to holders of common shares of TCO pursuant to this prospectus.**

You should read this prospectus carefully. In particular, please read the section entitled Risk Factors beginning on page 23 for a discussion of risks that you should consider in evaluating the transactions described in this prospectus.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger of shares or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated December 22, 2003 and is expected first to be mailed to shareholders on or about that date.

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PRESENTATION OF FINANCIAL INFORMATION

The following financial statements are included in this prospectus:

the audited consolidated financial statements of TCP at December 31, 2001 and 2002 and for the three years in the period ended December 31, 2002 included in Annex AA to this prospectus;

the unaudited consolidated interim financial statements of TCP at September 30, 2003 and for the nine months ended September 30, 2002 and 2003 included in Part Nine: Financial Statements of this prospectus;

the audited consolidated financial statements of TCO at December 31, 2001 and 2002 and for the three years in the period ended December 31, 2002 included in Annex B to this prospectus (Information Derived from TCO s Annual Report on Form 20-F for the Fiscal Year Ended December 31, 2002);

the unaudited consolidated interim financial statements of TCO at September 30, 2003 and for the nine months ended September 30, 2002 and 2003 included in Annex D to this prospectus (Information Derived from TCO s Report on Form 6-K Furnished November 19, 2003);

the unaudited consolidated interim financial statements of TCO at March 31, 2003 and for the three months ended March 31, 2003 and 2002 included in Annex C to this prospectus (Information Derived from TCO s Report on Form 6-K Furnished May 16, 2003);

the audited combined financial statements of Globaltelcom Telecomunicações S.A., Daini do Brasil S.A. and GTPS S.A. Participações em Investimentos de Telecomunicações as of December 31, 2001, for the periods from February 6, 2001 to December 31, 2001 and from January 1, 2002 to December 27, 2002 included in Annex AA to this prospectus;

the audited consolidated financial statements of Daini do Brasil S.A. as of December 31, 2001 and for the year ended December 31, 2001 and for the period from January 1 to December 27, 2002 included in Part Nine: Financial Statements of this prospectus;

the audited consolidated financial statements of DDI do Brasil Ltda. (whose name was subsequently changed to Daini do Brasil S.A.) as of and for the years ended December 31, 1999 and 2000 included in Annex E to this prospectus;

the audited consolidated financial statements of Global Telecom S.A. as of December 31, 2001 and for the year ended December 31, 2001 and for the period from January 1 to December 27, 2002 included in Part Nine: Financial Statements to this prospectus; and

the audited consolidated financial statements of Global Telecom S.A. as of December 31, 2000 and 2001 and for each of the three years in the period ended December 31, 2001 included in Annex F to this prospectus.

We prepare our financial statements using accounting practices in accordance with Brazilian corporate law, standards applicable to holders of authorizations for the provision of Brazilian public telecommunication services and accounting standards and procedures established by the Brazilian Securities Commission *(Comissão de Valores Mobiliários)*, or CVM. We refer to these accounting practices in this prospectus as Brazilian corporate law. Brazilian corporate law provided a simplified methodology for the effects of inflation until December 31, 1995. The audited consolidated financial statements of TCO at December 31, 2001 and 2002 and for the three years in the period ended December 31, 2002 included in this prospectus have been prepared using generally accepted accounting principles in Brazil, or Brazilian GAAP. Brazilian GAAP requires companies to recognize inflationary effects in their financial statements until December 31, 2000. These financial statements contain a reconciliation of shareholders equity and net income from Brazilian corporate law to Brazilian GAAP.

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Brazilian corporate law and Brazilian GAAP differ in significant respects from generally accepted accounting principles in the United States, or U.S. GAAP. For a discussion of these differences, please see note 37 to TCP s audited consolidated financial statements included in this prospectus and note 29 to TCO s audited consolidated financial statements included in this prospectus.

References to the *real*, *reais* or R$ are to Brazilian *reais* (plural) and the Brazilian *real* (singular) and references to U.S. dollars or U.S.$ to United States dollars.

This prospectus contains translations of various *real* amounts into U.S. dollars at specified rates solely for your convenience. You should not construe these translations as representations by us that the *real* amounts actually represent these U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated. Unless otherwise indicated, we have translated the Brazilian currency amounts for the year ended December 31, 2002 using a rate of R$3.533 to U.S.$1.00, the Brazilian Central Bank s PTAX commercial selling rate at December 31, 2002, and we have translated the Brazilian currency amounts for the nine months ended September 30, 2003 using a rate of R$2.9234 to U.S.$1.00, the Brazilian Central Bank s PTAX commercial selling rate at September 30, 2003.

In this prospectus, TCP, we, us and our refer to Telesp Celular Participações S.A. and its consolidated subsidiaries.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this prospectus that are subject to risks and uncertainties. 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 also may be identified by words such as believes, expects, anticipates, projects, intends, should, seeks, estimates, future or similar expressions. The sections of this prospectus that contain forward-looking statements include:

- Part One: Questions and Answers About the Merger of Shares ;
- Part Two: Summary ;
- Part Three: Risk Factors ;
- Part Five: The Merger of Shares Reasons for the Merger of Shares , Management and Unaudited Pro Forma Combined Financial Data ;
- Part Six Shareholder Rights ;
- Part Seven Additional Information for Shareholders Enforceability of Civil Liabilities Under U.S. Securities Laws ; and
- Part Eight Legal and Regulatory Matters General.

These statements reflect our current expectations. They 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. 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 this prospectus will be realized. You are cautioned not to put undue reliance on any forward-looking information.

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PART ONE QUESTIONS AND ANSWERS ABOUT THE MERGER OF SHARES

Q: What is the merger of shares?

A: Telesp Celular Participações S.A., or TCP, has proposed a merger of shares (*incorporação de ações*) of its subsidiary Tele Centro Oeste Celular Participações S.A., or TCO, with TCP. The merger of shares is a Brazilian law procedure under which TCO will become a wholly owned subsidiary of TCP and holders of preferred shares of TCO will receive preferred shares of TCP upon approval of the merger of shares by the requisite percentage of the common shares of both TCP and TCO.

Q: What are the reasons for the merger of shares?

A: We believe the merger of shares will enable us to:

- align the interests of the shareholders of TCP and TCO;
- take advantage of commercial and financial synergies because we will be a larger company;
- simplify our shareholding structure and expand our shareholder base;
- provide you with securities that we expect will enjoy greater market liquidity than the securities you currently hold; and
- eliminate the costs of separate public reporting requirements for TCO and the separate listing of TCO securities.

Q: What will happen to my shares in the merger of shares?

A: If you are a holder of TCO ADSs, you will receive 1.524 ADSs, each representing 2,500 preferred shares of TCP, for each ADS of TCO that you hold upon surrender of the TCO ADSs and payment of the fees and expenses of the depositary.

If you are a direct holder of TCO preferred shares, you will automatically receive 1.27 preferred shares of TCP for each preferred share of TCO you hold. If you hold preferred shares directly, an entry or entries will be made in the share registry of TCP to evidence the preferred shares of TCP you will receive in the merger of shares.

Q: What shareholder approvals are needed?

A: The merger of shares of TCO with TCP will require the affirmative vote of holders representing at least 50% of the outstanding common shares of TCO and of TCP at separate extraordinary general meetings. You are not entitled to vote at the TCO shareholder meeting, but you may participate if you directly hold preferred shares.

We believe the merger of shares will be approved by both companies because we hold 90.7% of the outstanding common shares of TCO, and Brasilcel N.V., or Brasilcel, which directly and indirectly holds 93.66% of our common shares, has represented to us that it and its subsidiaries will vote the common shares of our company they hold in favor of the merger of shares.

Q: Do I have appraisal rights?

A: No. Holders of TCO preferred shares and ADSs are not entitled to appraisal rights in connection with the merger of shares.

Q: Why am I receiving this document?

A: This document is a prospectus of TCP relating to the preferred shares of TCP that the shareholders of TCO will receive in the merger of shares. You are receiving this prospectus because TCP may be deemed to be offering you its shares for purposes of the U.S. Securities Act of 1933, as amended.

Q: ***What will be the accounting treatment of the reorganization?***

A: Under Brazilian corporate law, the body of accounting principles we use to prepare our consolidated financial statements, the merger of shares will be accounted for at book value.

Under U.S. generally accepted accounting principles, the exchange of shares between TCP and the holders of common and preferred shares of TCO other than TCP will be accounted for using the purchase method of accounting in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations*.

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PART ONE QUESTIONS AND ANSWERS ABOUT THE MERGER OF SHARES

Q: What are the U.S. federal income tax consequences of the merger of shares?

A: The receipt of TCP preferred shares or ADSs representing such shares and cash, if any, in exchange for TCO preferred shares or ADSs representing such shares pursuant to the merger of shares will be a taxable transaction for U.S. federal income tax purposes. You will generally recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the sum of the fair market value of the TCP preferred shares (or TCP ADSs) received plus the amount of cash received (if any) and your tax basis in the TCO preferred shares (or TCO ADSs) exchanged. The tax consequences to you of the merger of shares will depend on your particular facts and circumstances. You should consult your own tax advisor for a full understanding of the tax consequences of the merger of shares to you.

Q: When will the merger of shares be completed?

A: The extraordinary general shareholder meetings of TCO and TCP will be held on January 7, 2004, unless any of the meetings is postponed. The merger of shares of TCO with TCP will take place automatically upon approval of the merger of shares at the shareholder meetings.

Q: Are any other approvals necessary for the completion of the merger of shares?

A: No.

Q: After the merger of shares, will I have the same ownership percentage that I now have?

A: No. After the merger of shares, we will be a significantly larger company than TCO and will be significantly larger than we were before the merger of shares. You will have a lower percentage ownership in TCP than you currently have in TCO. Assuming that none of the common shareholders of TCP or TCO exercises appraisal rights, former TCO shareholders, other than TCP, will hold approximately 22.2% of the total capital stock of TCP following the merger of shares.

Q: How will my rights as a shareholder change after the merger of shares?

A: Your rights as a shareholder of TCP will generally be similar to your rights as a shareholder of TCO. See Part Six: Shareholder Rights.

Q: When will I receive my TCP ADSs and any cash attributable to any fractional TCP security?

A: Assuming the merger of shares is completed, we will make the ADSs representing preferred shares of TCP issued in the merger of shares available to U.S. shareholders within three business days after the related preferred shares are deposited with the depositary s custodian in Brazil. We will make available to you any cash to which you are entitled within three business days after the TCP ADSs are available.

Q: Will I have to pay brokerage commissions?

A: You will not have to pay brokerage commissions if your TCO shares are registered in your name. If your securities are held through a bank or broker or a custodian linked to a stock exchange, you should consult with them as to whether or not they charge any transaction fee or service charges in connection with the merger of shares.

Q: What do I need to do now?

A: If you hold preferred shares directly, you may attend the extraordinary general shareholders meeting of TCO at which the merger of shares will be approved, but you may not vote. The TCO shareholders meeting is currently expected to be held on January 7, 2004, at 8 a.m., local time, at TCO s principal executive offices at SCS Quadra 2, Bloco C, 226, Edifício Telebrasília Celular 7° andar, 70319-900 Brasília, D.F., Brazil. If you hold TCO ADSs, you are not entitled to attend the shareholders meeting.

If you hold preferred shares directly, you do not need to do anything to receive TCP preferred shares in the merger of shares. The TCP preferred shares are book-entry shares, and an entry or entries will be made in the

PART ONE QUESTIONS AND ANSWERS ABOUT THE MERGER OF SHARES

share registry of TCP to evidence the preferred shares you will receive.

If you hold TCO ADSs, the preferred shares underlying those ADSs will become TCP preferred shares by operation of law. However, to receive American Depositary Receipts, or ADRs, of TCP evidencing the ADSs that represent those TCP preferred shares, you will need to surrender your TCO ADRs to the depositary, pay the depositary s fees for the surrender of TCO ADSs under the TCO deposit agreement (which will not be in excess of $5.00 or less per 100 ADSs (or portion thereof)) and for the issuance of TCP ADSs under the TCP deposit agreement (which will not be in excess of $5.00 or less per 100 ADSs (or portion thereof)) and pay expenses of the depositary as provided in the deposit agreements.

Q: ***Who can help answer my questions?***

A: If you have any questions about the merger of shares, you should contact:

Tele Centro Oeste Celular
Participações S.A.
SCS Quadra 2, Bloco C, 226,
Edifício Telebrasília Celular 7° andar
70319-900 Brasília, D.F.
Brazil
Attention: Luis André Carpintero Blanco
Telephone: 55-61-3962-7701
Facsimile: 55-61-321-3426

or

Telesp Celular Participações S.A.
Av. Roque Petroni Júnior, 1.464 Morumbi
04707-000 São Paulo, SP
Brazil
Attention: Fernando Abella Garcia
Telephone: 55-11-5105-1358
Facsimile: 55-11-5105-2988

If you are a holder of TCO ADSs, you may also contact:

The Bank of New York
101 Barclay Street
New York, NY 10286
Telephone: 1-888-BNY-ADRS

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PART TWO SUMMARY

The following summary highlights selected information from this prospectus and may not contain all the information that may be important to you. To understand the merger of shares more fully, you should read carefully this entire prospectus.

Summary of the Merger of Shares

The Companies

TCP

We are a leading provider of cellular telecommunications services in Brazil through our subsidiaries Telesp Celular S.A., or Telesp Celular, Global Telecom S.A. or Global Telecom, and TCO. In the nine months ended September 30, 2003, we had net operating revenues of R$4,169.0 million and at September 30, 2003 had 11.7 million cellular lines in service. The following chart shows our corporate structure as of December 15, 2003, except that the percentages of common shares and preferred shares of TCO s subsidiaries that TCO holds are based on the most recent information available to us and may now be slightly higher.

Telesp Celular is the leading cellular operator, by number of customers, in the State of São Paulo, according to data published by the National Telecommunications Agency (*Agência Nacional de Telecomunicações*), or Anatel. Telesp Celular provides services on the A band frequency in two authorization areas in the State of São Paulo that together cover approximately 248,209 square kilometers, representing approximately 2.9% of Brazil s territory. These authorization areas are home to more than 38.3 million people, representing 21.9% of Brazil s population, including the city of São Paulo, Brazil s largest city, with more than 10 million people, estimated based on information published by the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*), or IBGE, and Target 2002 Brasil em Foco. Telesp Celular s authorization areas include 63 municipalities with populations in excess of 100,000.

Telesp Celular had net operating revenues of R$2,766.7 million, R$2,946.2 million and R$3,390.6 million in 2000, 2001 and 2002, respectively. In the nine months ended September 30, 2003, Telesp Celular had net operating revenues of R$2,871.9 million. At September 30, 2003, Telesp Celular had 6.7 million cellular lines

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in service and a market share of approximately 63% in its authorization areas, estimated based on the total number of cellular lines in service in those areas as published by Anatel.

Global Telecom provides cellular telecommunications services on the B band frequency in the states of Paraná and Santa Catarina. These two states cover an area of approximately 294,661 square kilometers, representing approximately 3.5% of Brazil s territory. The states of Paraná and Santa Catarina are home to approximately 15.3 million people, representing 8.8% of Brazil s population, estimated based on information published by the IBGE and Target 2002 Brasil em Foco. These states include 22 municipalities with populations in excess of 100,000 people.

Global Telecom had net operating revenues of R$246.7 million, R$425.9 million and R$512.2 million in 2000, 2001 and 2002, respectively. In the nine months ended September 30, 2003, Global Telecom had net operating revenues of R$465.5 million. At September 30, 2003, Global Telecom had 1.4 million cellular lines in service and a market share of approximately 43% in its authorization areas, estimated based on the total number of cellular lines in service in those areas as published by Anatel.

Telesp Celular has been our wholly owned subsidiary since we completed a corporate restructuring in January 2000. We acquired an 81.61% indirect economic interest in Global Telecom in February 2001, and Global Telecom became our wholly owned subsidiary on December 27, 2002. We acquired 61.10% of the voting capital stock of TCO on April 25, 2003. We acquired additional shares of voting capital stock of TCO in a public tender offer, bringing the percentage of TCO s outstanding voting capital stock we own to 90.7%. Our net operating revenues for the nine months ended September 30, 2003 included R$836.1 million attributable to the consolidation of TCO for the months of May through September 2003 and R$461.0 million attributable to the consolidation of Global Telecom for the nine months ended September 30, 2003. After consolidation adjustments, our net operating revenues were R$4,169.0 million.

Our principal executive offices are located at Av. Roque Petroni Júnior, 1.464 Morumbi, 04707-000 São Paulo, SP, Brazil, and our telephone number is +55 11 5105-1207.

For more information about our company, please see Annex A to this prospectus (Information Derived from TCP s Annual Report on Form 20-F for the Fiscal Year Ended December 31, 2002), including the following sections of Annex A:

Item 4. Information on the Company ;

Item 5. Operating and Financial Review and Prospects ;

Item 7. Major Shareholders and Related Party Transactions ;

Item 8. Financial Information Consolidated Statements and Other Financial Information Legal Matters ; and

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

TCO

TCO is the leading cellular operator (A Band), by number of customers, in its authorization region, the former Area 7 under the Cellular Mobile Service *(Serviço Móvel Celular)*, or SMC, regime, which is now part of Region II of the Terms of Authorization of the Personal Communication Services *(Serviço Móvel Pessoal)*, or SMP, regime. TCO s A Band authorization region covers the states of Acre, Goiás, Mato Grosso, Mato Grosso do Sul, Rondonia and Tocantins and the Federal District of Brazil. TCO s subsidiary Norte Brasil Telecom S.A., or NBT, is the second cellular operator (B Band), by number of customers, in its authorization region, the former Area 8 under the SMC regime, which is now part of Region I of the SMP regime, a region covering the states of Amapá, Amazonas, Maranhão, Pará and Roraima. TCO conducts business through the following companies:

TCO conducts business directly in the Federal District;

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TCO s subsidiary Telegoiás Celular S.A., or Telegoiás, operates in the states of Goiás and Tocantins;

TCO s subsidiary Telemat Celular S.A., or Telemat, operates in the State of Mato Grosso;

TCO s subsidiary Telems Celular S.A., or Telems, operates in the State of Mato Grosso do Sul;

TCO s subsidiary Teleron Celular S.A., or Teleron, operates in the State of Rondonia;

TCO s subsidiary Teleacre Celular S.A., or Teleacre, operates in the State of Acre; and

NBT operates in the northern Brazilian states of Amapá, Amazonas, Maranhão, Pará and Roraima.

Before the merger of Telebrasília Celular S.A., or Telebrasília, into TCO on April 26, 2002, TCO conducted business in the Federal District through Telebrasília.

TCO s authorization regions cover an aggregate area of approximately 5,803,501 square kilometers, representing approximately 68% of Brazil s territory. These authorization areas are home to approximately 31.2 million people, representing 18% of Brazil s population, estimated based on information published by the IBGE. These areas include 35 municipalities with populations in excess of 100,000.

TCO and its subsidiaries had aggregate net operating revenues of R$930.6 million, R$1,248.1 million and R$1,561.3 million in 2000, 2001 and 2002, respectively. In the nine months ended September 30, 2003, TCO had net operating revenues of R$1,406.4 million. At September 30, 2003, TCO and its subsidiaries had 3.6 million cellular lines in service and a market share of approximately 57% in its authorization areas, estimated based on the total number of cellular lines in service in those areas as published by Anatel.

For more information about TCO, please see Annex B to this prospectus (Information Derived from TCO s Annual Report on Form 20-F for the Fiscal Year Ended December 31, 2002), including the following sections of Annex B:

Item 4. Information on the Company ;

Item 5. Operating and Financial Review and Prospects ;

Item 7. Major Shareholders and Related Party Transactions ;

Item 8. Financial Information Consolidated Statements and Other Financial Information Legal Matters ; and

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

TCO s principal executive offices are located at SCS Quadra 2, Bloco C, 226, Edifício Telebrasília Celular 7° andar, 70319-900 Brasília, DF, Brazil, and its telephone number is +55 61 3962-7001.

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Combined Region

The map below shows the regions in Brazil in which we and our subsidiaries, including TCO, operate.

Acquisition of TCO and Subsequent Tender Offer (Page 52)

On April 25, 2003, we acquired 61.10% of the voting capital stock of TCO from Fixcel S.A., representing 20.37% of TCO s total capital. The total consideration was R$1,529.0 million at April 25, 2003, including a payment of R$23.5 million to acquire a future obligation by TCO to issue capital stock to its previous owner. Of this amount, R$1,287.2 million had been paid though September 30, 2003 (including cash payments and debt and deferred payments that have been paid in full) and the remaining R$294.3 million consists of debt and deferred payments. The amounts paid and to be paid reflect interest and exchange variations from April 25, 2003 to the date of payment or to September 30, 2003, as applicable. We made an additional payment of R$145.5 million in November 2003.

Under Brazilian law, our acquisition of control of TCO triggered a requirement that we launch a tender offer for the remaining publicly held common shares of TCO for a price not less than 80% of the price paid per share in our acquisition of a controlling interest in TCO. We launched the tender offer for the remaining common shares of TCO on October 9, 2003. We completed the tender offer for the TCO common shares on November 18, 2003, paying R$16.73 per 1,000 outstanding common shares. We now hold 90.7% of the outstanding voting capital stock of TCO, representing 29.3% of TCO s total outstanding capital.

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The Merger of Shares (Page 54)

We are proposing the merger of shares of TCO with TCP under Brazilian law. If the merger of shares is approved:

- TCO will become a wholly owned subsidiary of TCP;
- holders of ADSs of TCO will receive 1.524 ADSs of TCP for each ADS they hold upon surrender of the TCO ADSs and payment of any fees and expenses of the depositary; and
- direct holders of preferred shares of TCO will automatically receive 1.27 preferred shares of TCP for each preferred share they hold without any further action by those holders.

The exchange ratios for the TCO preferred shares and ADSs are different because the ADS exchange ratio takes into account the difference in the ratio of ADSs to preferred shares under the TCO and TCP ADS programs.

Brasilcel holds, directly and indirectly, 93.66% of the common shares of our company, and we hold 90.7% of the common shares of TCO, excluding treasury shares. Brasilcel has represented to us that it and its subsidiaries will vote the common shares of our company they hold in favor of the merger of shares. We intend to vote the common shares of TCO we hold in favor of the merger of shares.

The merger of shares of TCO with TCP will require the affirmative vote of holders representing at least 50% of the outstanding common shares of TCP and of TCO at separate extraordinary general meetings. The extraordinary general meeting of TCO is scheduled to be held as follows:

January 7, 2004

8 a.m., local time
Tele Centro Oeste Celular Participações S.A.
SCS Quadra 2, Bloco C, 226,
Edifício Telebrasília Celular 7° andar
70319-900 Brasília, D.F.
Brazil

If you hold preferred shares directly, you may attend the meeting. Under the Brazilian corporation law, you may be required to show a document proving your identity to gain admittance to the meeting. If you hold TCO ADSs, you are not entitled to attend the shareholder s meeting. No holder of preferred shares or ADSs of TCO may vote at the meeting.

There are no conditions to the completion of the merger of shares other than shareholder approval by both TCP and TCO and the completion of the conversion of TCP preferred shares into common shares described in Part Five: The Merger of Shares Background for the Merger of Shares Conversion of TCP Preferred Shares Into Common Shares. The approval of the NYSE of the listing of the ADSs of TCP to be delivered in connection with the merger of shares, for which we will apply, must be obtained for these shares to be traded by their holders. However, this approval is not a condition to the completion of the merger of shares.

Although the approval of the merger of shares by the CVM is not a condition to the merger of shares, on December 11, 2003, the CVM sent us a letter requiring a postponement of the extraordinary general meetings to approve the merger of shares to permit the CVM additional time to analyze the legality of the proposals for the merger of shares being submitted to the shareholders of our company and TCO, and we and TCO have rescheduled the meetings from December 22, 2003 to January 7, 2004. Although we affirm that the proposed merger of shares is legal and provides equitable treatment to TCP and TCO, we cannot predict the outcome of the CVM s analysis of the transaction. See Part Three: Risk Factors Risks Relating to the Brazilian Telecommunications Industry and the Business Certain holders of TCO s preferred shares have presented complaints to the CVM, the Brazilian securities regulator, related to the terms of the merger of shares, and the CVM s review is ongoing.

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Receipt of Shares and ADSs of TCP (Page 55)

If the merger of shares is approved, each preferred share of TCO will automatically become 1.27 preferred shares of TCP without any action by you. Because the preferred shares of TCP are book-entry shares, an entry or entries will be made in the share registry of TCP to evidence the preferred shares received in the merger of shares. Neither you nor any other person will receive certificates evidencing preferred shares of TCP. If you hold ADSs representing preferred shares of TCO, you will receive 1.524 ADSs representing preferred shares of TCP in the merger of shares for each TCO ADS you hold.

When the merger of shares becomes effective, TCP will deposit with a custodian for The Bank of New York, as depositary under TCO s ADS program, the TCP preferred shares issuable in respect of the TCO then held in that program. In accordance with an amendment to the TCO deposit agreement that has been entered into and will become effective at the time of the merger of shares, The Bank of New York, as depositary, will consider itself to have been directed by TCO and the holders of the TCO ADSs to deposit those TCP preferred shares with the custodian for The Bank of New York, as depositary under TCP s ADS program, and instruct that depositary to cause to be issued and to deliver, subject to payment of the fees and expenses of the depositary under the TCP deposit agreement (which will not be in excess of $5.00 or less per 100 ADSs (or portion thereof)), ADSs representing those TCP preferred shares to the depositary for the TCO ADS program. When the TCP ADSs are received in the TCO ADS program, the TCO ADSs will be deemed to have been converted into a right only to receive TCP ADSs, and The Bank of New York, as depositary under TCO s ADS program, will call for the surrender of the ADRs evidencing those former TCO ADSs. Upon surrender of those ADRs and payment of the depositary s fees and expenses as provided in the TCO deposit agreement (which will not be in excess of $5.00 or less per 100 ADSs (or portion thereof)), the depositary will deliver the TCP ADSs (and cash in lieu of any fractions as described in Part Five: The Merger of Shares Fractional Shares and ADSs) to the holders of the former TCO ADSs.

Management (Page 57)

TCP is managed by a board of directors of 11 members, each serving a three-year term expiring in March 2006, except that the term of António Gonçalves de Oliveira will expire in April 2004. The board of executive officers of TCP consists of seven members, led by Francisco José Azevedo Padinha as chief executive officer.

TCP is headquartered in São Paulo, Brazil and will maintain that headquarters after the merger of shares.

Accounting Treatment of the Merger of Shares (Page 64)

Under Brazilian corporate law, the body of accounting principles we use to prepare our consolidated financial statements, the merger of shares will be accounted for at book value. Under U.S. generally accepted accounting principles, the exchange of shares between TCP and the holders of common and preferred shares of TCO other than TCP will be accounted for using the purchase method of accounting in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations.*

Stock Exchange Matters (Page 80)

After the merger of shares is complete, TCP preferred shares will continue to be traded on the São Paulo Stock Exchange under the ticker symbol TSPP4, and ADSs representing preferred shares of TCP will continue to be traded on the New York Stock Exchange under the ticker symbol TCP.

After the merger of shares is complete, TCO s preferred shares will be delisted from the São Paulo Stock Exchange, and TCO s ADSs will be delisted from the New York Stock Exchange.

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Absence of Appraisal or Dissenters Rights

Holders of TCO preferred shares or ADSs are not entitled to appraisal or dissenters rights in connection with the merger of shares under Brazilian law.

Material Tax Considerations (Page 64)

The merger of shares will be a taxable transaction for U.S. federal income tax purposes. As a result, you generally will recognize gain or loss on TCP preferred shares or TCP ADSs and cash, if any, received in exchange for your TCO preferred shares or TCO ADSs in an amount equal to the difference between the sum of (1) the fair market value of the TCP preferred shares or TCP ADSs received (determined as of the closing date of the merger of shares) plus (2) the amount of cash received, if any, including cash received in lieu of fractional TCP preferred shares and TCP ADSs and your tax basis in the TCO preferred shares or TCO ADSs exchanged. See Part Five: The Merger of Shares Material Tax Considerations United States Federal Income Tax Considerations.

There are reasonable Brazilian legal grounds to sustain that the exchange (resulting from the merger of shares) by a U.S. person of preferred shares that are registered as a foreign portfolio investment under Resolution 2,689 of the National Monetary Council or are registered as a foreign direct investment under Law 4,131/62 would not be subject to income tax pursuant to Brazilian law. See Part Five: The Merger of Shares Material Tax Considerations Brazilian Tax Considerations.

Valuation Reports (Page 73)

In connection with the merger of shares, our board of directors received valuation reports from each of Merrill Lynch & Co. and Citigroup Global Markets Inc. expressing the view of each such firm that, as of the dates of those reports and based on and subject to the assumptions and considerations described in those reports, the exchange ratio of 1.27 TCP shares for each TCO share proposed in the merger of shares provides equitable treatment to TCP and TCO, as required by Article 30 of our bylaws. **We urge you to read carefully the summaries of the valuation reports set forth in Part Five: The Merger of Shares Valuation Reports, which include information on how to obtain copies of the full reports.**

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PART TWO SUMMARY

Summary Historical and Pro Forma Financial Data

The following information is provided to aid you in your analysis of the financial aspects of the merger of shares. The information is only a summary derived from the following financial statements included in this prospectus:

the audited consolidated financial statements of TCP at December 31, 2001 and 2002 and for the three years in the period ended December 31, 2002 included in this prospectus;

the unaudited consolidated interim financial statements of TCP at September 30, 2003 and for the nine months ended September 30, 2002 and 2003 included in this prospectus;

the audited consolidated financial statements of TCO at December 31, 2001 and 2002 and for the three years in the period ended December 31, 2002 included in this prospectus;

the unaudited consolidated interim financial statements of TCO at September 30, 2003 and for the nine months ended September 30, 2002 and 2003 included in this prospectus; and

the audited consolidated financial statements of each of TCP and TCO at December 31, 1998, 1999 and 2000 and for the years in the period ended December 31, 1998 and 1999 that have not been included in this prospectus.

You should read this summary historical and pro forma financial data together with these financial statements.

The results of operations of TCP and TCO for the nine months ended September 30, 2003 are not necessarily indicative of the operating results to be expected for the entire year ended December 31, 2003.

The financial statements of TCP and the unaudited consolidated interim financial statements of TCO at September 30, 2003 and for the nine months ended September 30, 2002 and 2003 have been prepared using accounting practices in accordance with Brazilian corporate law, standards applicable to holders of authorizations for the provision of Brazilian public telecommunication services and accounting standards and procedures established by the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or CVM. We refer to these accounting practices in this prospectus as Brazilian corporate law. Brazilian corporate law provided a simplified methodology for the effects of inflation until December 31, 1995. The audited consolidated financial statements of TCO at December 31, 2001 and 2002 and for the three years in the period ended December 31, 2002 have been prepared using generally accepted accounting principles in Brazil, or Brazilian GAAP. Brazilian GAAP requires companies to recognize inflationary effects in their financial statements until December 31, 2000. The audited consolidated financial statements of TCO at December 31, 2001 and 2002 and for the three years in the period ended December 31, 2002 included in this prospectus contain a reconciliation of shareholders equity and net income from Brazilian corporate law to Brazilian GAAP.

Brazilian corporate law and Brazilian GAAP differ in significant respects from generally accepted accounting principles in the United States, or U.S. GAAP. For a discussion of these differences, please see note 37 to TCP s audited consolidated financial statements at December 31, 2001 and 2002 and for the three years in the period ended December 31, 2002 included in this prospectus and note 29 to TCO s audited consolidated financial statements at December 31, 2001 and 2002 and for the three years in the period ended December 31, 2002 included in this prospectus.

For convenience only, Brazilian currency amounts for the year ended December 31, 2002 have been translated into U.S. dollars at a rate of R$3.533 to U.S.$1.00, the Brazilian Central Bank s PTAX commercial selling rate at December 31, 2002, and Brazilian currency amounts for the nine months ended September 30, 2003 have been translated into U.S. dollars at a rate of R$2.9234 to U.S.$1.00, the Brazilian Central Bank s PTAX commercial selling rate at September 30, 2002.

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PART TWO SUMMARY

Summary of Selected Historical TCP Financial Data

	At or for the year ended December 31,						At or for the nine months ended September 30,		
	1998	1999	2000	2001	2002	2002	2002	2003	2003
						(U.S.$)(4)			(U.S.$)(4)
	(R$ million, except per share data)								
Income Statement Data(2):									
Brazilian corporate law									
Net operating revenue	1,682.5	2,211.6	2,766.7	2,946.2	3,390.6	959.6	2,481.2	4,169.0	1,426.1
Cost of services and goods sold	(641.3)	(1,353.2)	(1,689.2)	(1,656.4)	(1,648.4)	(466.5)	(1,188.1)	(2,070.9)	(708.4)
Gross profit	1,041.2	858.4	1,077.5	1,289.8	1,742.2	493.1	1,293.2	2,098.1	717.7
Operating expenses:									
Selling expenses	(181.1)	(387.0)	(554.2)	(605.0)	(617.9)	(174.9)	(454.3)	(938.9)	(321.2)
General and administrative expenses	(76.2)	(131.7)	(217.9)	(271.2)	(288.5)	(81.7)	(254.9)	(392.9)	(134.4)
Other net operating income (expenses)	(40.2)	61.4	33.9	(67.6)	(70.1)	(19.8)	(52.3)	2.2	0.8
Operating income before equity in losses of unconsolidated subsidiary and net financial expenses	743.7	401.1	339.3	346.0	765.7	216.7	531.7	768.5	262.9
Equity in losses of unconsolidated subsidiary				(653.6)	(890.7)	(252.1)	(540.6)		
Net financial expenses	(87.5)	(206.0)	(137.1)	(541.5)	(808.4)	(228.8)	(449.0)	(843.0)	(288.4)
Operating income (loss)	656.2	195.1	202.2	(849.1)	(933.4)	(264.2)	(457.9)	(74.5)	(25.5)
Net non-operating income (expenses)	0.2	1.3	(0.6)	(0.4)	10.0	2.8	10.6	(4.9)	(1.7)
Income (loss) before income taxes, minority interests and extraordinary item	656.4	196.4	201.6	(849.5)	(923.4)	(261.4)	(447.3)	(79.4)	(27.2)
Income taxes	(169.4)	(36.4)	(49.4)	14.7	(46.5)	(13.2)	(113.4)	(228.4)	(78.1)
Minority interests	(118.6)	(47.1)						(154.9)	(53.0)
Extraordinary item, net of taxes	(47.0)			(278.8)	(170.9)	(48.4)			
Net income (loss)	321.4	112.9	152.2	(1,113.6)	(1,140.8)	(323.0)	(560.7)	(462.8)	(158.3)
Net income (loss) per 1,000 shares	0.96	0.34	0.33	(2.43)	(0.97)	(0.28)	(0.48)	(0.34)	(0.1)
Dividends declared per thousand	0.269525	0.092498	0.112948						

common shares(3)									
Dividends declared per thousand preferred shares(3)	0.269525	0.092498	0.245220						
U.S. GAAP									
Net operating revenue	2,035.7	2,379.8	2,963.7	3,599.7	4,550.6	1,287.9	3,250.7	5,652.8	1,933.6
Operating income	587.0	310.6	220.2	198.0	328.8	93.0	537.3	747.5	255.7
Net financial expenses	(23.4)	(315.4)	(192.1)	(743.5)	(1,149.6)	(325.4)	(1,294.1)	(153.5)	(52.5)
Equity in losses of unconsolidated subsidiaries				(733.8)	(759.1)	(214.8)	(719.2)		

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	At or for the year ended December 31,						At or for the nine months ended September 30,		
	1998	1999	2000	2001	2002	2002	2002	2003	2003
						(U.S.$)(4)			(U.S.$)(4)
	(R$ million, except per share data)								
Net non-operating income (expenses)	0.2	1.3	(0.6)	(9.6)	9.8	2.8	10.4	(5.1)	(1.7)
Income (loss) before income taxes, minority interests and extraordinary item	563.8	(3.5)	27.5	(1,288.9)	(1,570.1)	(444.4)	(1,465.7)	588.9	201.5
Income taxes and minority interest	(265.4)	15.6	9.4	97.5	74.4	21.1	154.9	(577.7)	(197.6)
Extraordinary item, net of tax				(12.7)					
Net income (loss)	298.4	12.1	36.9	(1,204.1)	(1,495.7)	(423.3)	(1,310.7)	11.2	3.9
Basic and diluted net income (loss) per 1,000 shares common and preferred(1)	0.89	0.04	0.09	(2.63)	(2.18)	(0.62)	(2.5)	0.01	0.003
Cash Flow Data:									
Brazilian corporate law									
Cash flows from operating activities			597.4	779.7	984.4	278.6	824.2	871.0	297.9
Cash flows from investing activities			(868.2)	(1,767.7)	(3,820.5)	(1,081.3)	(2,870.2)	(572.5)	(195.8)
Cash flows from financing activities			(501.1)	683.4	2,772.3	784.6	1,970.9	791.3	270.7
U.S. GAAP									
Cash flows from operating activities			552.2	784.0	1,061.6	300.5	849.9	905.2	309.6
Cash flows from investing activities			(823.0)	(1,745.3)	(3,835.0)	(1,085.4)	(2,876.9)	(584.9)	(200.1)
Cash flows from financing activities			501.1	656.7	2,709.6	766.9	1,951.9	769.5	263.2
Balance Sheet Data(2):									
Brazilian corporate law									
Property, plant and equipment, net	2,420.6	3,219.8	3,454.0	3,695.8	4,778.1	1,352.3		5,106.8	1,746.9
Total assets	3,205.5	5,454.3	6,204.0	6,872.2	9,654.4	2,732.4		12,570.8	4,300.1

Loans and financing	719.7	1,690.0	1,399.4	2,580.1	4,460.8	1,262.5	5,767.5	1,972.9
Net assets	1,125.5	2,267.0	3,857.1	2,742.6	4,010.0	1,134.9	3,548.6	1,213.9
Capital stock	355.4	434.7	1,873.3	1,873.3	4,373.7	1,237.9	4,373.7	1,496.1
Number of thousands of shares as adjusted to reflect changes in capital	334,399,027	334,399,027	458,367,772	458,367,772	1,171,784,352		1,171,784,352	
U.S. GAAP								
Property, plant and equipment, net	3,692.4	3,490.2	3,555.7	3,783.5	4,855.5	1,374.2	5,100.2	1,744.6
Total assets	3,556.2	6,057.0	7,089.1	7,218.3	10,202.0	2,887.4	13,313.3	4,554.0
Total liabilities	1,907.2	3,415.6	3,414.7	4,787.4	6,894.7	1,951.3	8,771.2	3,000.3
Net assets	1,216.9	2,229.8	3,674.4	2,430.9	3,307.3	936.0	3,320.0	1,135.7
Capital stock	355.4	434.7	1,873.3	1,873.3	4,373.7	1,237.9	4,373.7	1,496.1
Number of thousands of shares as adjusted to reflect changes in capital	334,399,027	334,399,027	458,367,772	458,367,772	1,171,784,352		1,171,784,352	

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(1) Basic net income (loss) per share was equal to diluted net income (loss) per share for the years ended December 31, 1998 and 1999 because TCP did not have any potentially diluted shares outstanding. As result of a corporate restructuring completed on January 2000, TCP was obligated to issue shares to its controlling shareholder for the amount of the tax benefit realized on the amortization of the intangible related to a concession that was transferred in the corporate restructuring. The number of issuable shares, which are determined on the basis of estimates using TCP s share price at the date of the balance sheet, are considered dilutive and are included in the denominator for purposes of calculating dilutive earnings per share for the years ended December 31, 2001 and 2002. The potentially dilutive shares, consisting solely of the estimate of issuable shares mentioned above, have been excluded from the computation for 2001 and 2002 as their effect would have been anti-dilutive.

(2) Telesp Celular was established effective in January 1998 by means of a spin-off from Telecomunicações de São Paulo S.A. TELESP, and TCP was established effective May 22, 1998 in the privatization of Telebrás. Although the spin-off from Telecomunicações de São Paulo S.A. TELESP was approved at a shareholders meeting that occurred on February 28, 1998, the statements of income for the year ended December 31, 1998 reflect the operations of Telesp Celular for the full year of 1998.

(3) Interest on shareholders equity is included as part of dividends and is presented net of taxes. The right to receive 1998 s dividend has expired.

(4) U.S. dollars in millions, except per share data.

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PART TWO SUMMARY

Summary of Selected Historical TCO Financial Data

	At or for the year ended December 31,						At or for the nine months ended September 30,		
	1998	**1999**	**2000**	**2001**	**2002**	**2002**	**2002**	**2003**	
	(R$ million, except per share data)(1)					(U.S.$ million)			(U.S.$ million)
Income Statement Data:									
Brazilian accounting practices(2)									
Net operating revenue	637.4	666.7	930.6	1,248.1	1,561.3	441.9	1,124.7	1,406.4	481.1
Cost of services and goods sold	(260.3)	(326.5)	(532.2)	(663.2)	(779.5)	(220.6)	(500.7)	(642.4)	(219.7)
Gross profit	377.1	340.2	398.4	584.9	781.8	221.3	624.0	764.0	261.3
Operating expenses:									
Selling expenses	(99.1)	(118.6)	(126.2)	(195.0)	(218.3)	(61.8)	(149.0)	(206.2)	(70.5)
General and administrative expenses	(46.3)	(64.5)	(78.4)	(110.3)	(142.3)	(40.3)	(100.7)	(139.4)	(47.7)
Other net operating income (expenses)	(1.0)	(14.0)	(9.6)	(4.5)	(3.8)	(1.0)	(9.9)	1.5	0.5
Operating income before net financial income (expenses)	230.7	143.1	184.2	275.1	417.4	118.2	364.4	419.9	143.6
Net financial income (expenses)	(69.7)	(47.6)	(30.1)	(43.5)	(90.7)	(25.7)	(63.9)	94.5	32.3
Operating income	161.0	95.5	154.1	231.6	326.7	92.5	300.5	514.4	176.0
Net nonoperating expenses	(20.6)	(6.1)	(19.5)	(25.7)	(19.7)	(5.6)		(2.8)	(1.0)
Employees participation	(1.3)	(1.9)	(1.9)	(2.3)	(3.1)	(0.9)			175.0
Income before income taxes, minority interests and reversal of interest on own capital	139.1	87.5	132.7	203.6	303.9	86.0	300.5	511.6	
Income and social contribution taxes	(40.2)	(29.9)	(40.2)	(56.5)	(93.8)	(26.5)	(106.6)	(179.3)	(61.3)
Income before minority interests and reversal of interest on own capital	98.9	57.6	92.5	147.1	210.1	59.5	193.9	332.3	113.7
Minority interests	(24.1)	(11.5)	(20.0)	(13.9)	0.4	0.1	(4.5)	(6.0)	(2.1)
Reversal of interest on own capital	91.7	53.5	31.0	45.3	94.6	26.8	40.8		
Net income	166.5	99.6	103.5	178.5	305.1	86.4	230.2	326.3	111.6
Net income per 1,000 shares	0.50	0.27	0.28	0.49	0.80	0.23	0.87	0.62	0.2
Dividends declared per thousand common shares(3)	0.153	0.085	0.096	0.204	0.212	0.06			
Dividends declared per thousand preferred shares(3)	0.153	0.085	0.096	0.204	0.212	0.06			
U.S. GAAP(4)									
Net income	164.0	32.6	104.8	194.5	287.4	81.3			
Basic and diluted net income per 1,000 shares	0.49	0.09	0.29	0.53	0.78	0.2			

outstanding *(reais)*									
Cash Flow Data:									
Brazilian accounting practices									
Cash flows from operating activities			231.8	436.5	563.6	159.5			
Cash flows from investing activities			(199.7)	(391.5)	(505.8)	(143.1)			
Cash flows from financing activities			348.5	(168.5)	(225.9)	(63.9)			
Balance Sheet Data:									
Brazilian accounting practices									
Property, plant and equipment, net	874.3	994.5	1,083.7	1,078.9	1,035.5	293.1		857.3	293.3
Total assets	1,224.2	1,819.1	2,155.0	2,240.3	2,506.4	709.3		2,517.3	861.1
Loans and financing	56.3	143.8	509.1	517.0	627.8	177.7		404.6	138.4

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	At or for the year ended December 31,						At or for the nine months ended September 30,		
	1998	**1999**	**2000**	**2001**	**2002**	**2002**	**2002**	**2003**	
	(R$ million, except per share data)(1)					(U.S.$ million)			(U.S.$ million)
Net assets	799.1	1,230.6	1,042.2	1,126.4	1,310.7	371.0		1,547.1	529.2
Capital stock	230.7	386.9	386.9	588.9	617.9	174.9		570.1	195.0
Number of billions of shares as adjusted to reflect changes in capital	334.4	334.4	364.4	366.5	379.2			379.2	
U.S. GAAP(4)									
Property, plant and equipment, net	819.3	947.6	1,057.6	1,071.2	1,046.2	296.0			
Total assets	1,192.7	1,426.6	2,113.0	2,389.4	2,468.5	698.6			
Loans and financing	56.3	143.8	509.1	517.0	627.8	177.7			
Net assets	758.4	814.6	1,000.1	1,100.3	1,265.3	358.1			

(1) Information is presented in constant *reais* as of December 31, 2000 and nominal *reais* as of December 31, 2001 and 2002.

(2) The unaudited financial data as of September 30, 2003 and for the nine months ended September 30, 2002 and 2003 has been prepared in accordance with Brazilian corporate law, which provided a simplified methodology for accounting for the effects of inflation until December 31, 1995. The audited financial data at December 31, 1998, 1999, 2000, 2001 and 2002 and for the five years in the period ended December 31, 2002 have been prepared using Brazilian GAAP. Brazilian GAAP requires companies to recognize inflationary effects in their financial statements until December 31, 2000. The audited consolidated financial statements of TCO at December 31, 2001 and 2002 and for the three years in the period ended December 31, 2002 included in this prospectus contain a reconciliation of shareholders equity and net income from Brazilian corporate law to Brazilian GAAP.

(3) Interest on shareholders equity is included as part of dividends and is presented net of taxes. The right to receive 1998 s dividend has expired.

(4) Since TCO has been consolidated by TCP as from April 25, 2003, U.S. GAAP information for TCO has not been presented separately at September 30, 2003 or for the nine months ended September 30, 2002 and 2003.

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PART TWO SUMMARY

Summary of Selected Condensed Pro Forma Financial Data

The following unaudited pro forma combined financial data gives pro forma effect to our acquisition of control of Global Telecom in December 2002 and our acquisition of the control of TCO in April 2003. This financial data should be read in conjunction with Part Five: The Merger of Shares Unaudited Pro Forma Combined Financial Data. The unaudited pro forma combined financial data for the year ended December 31, 2002 and nine months ended September 30, 2003 give effect to the acquisitions described above as if they had occurred on January 1, 2002.

The unaudited pro forma combined financial data were prepared for illustrative purposes only. This information does not purport to represent what the actual results of operations or financial position of TCP would have been if the acquisitions had actually occurred on the dates assumed and does not necessarily indicate what TCP s future operating results or combined financial position will be.

	At and for the year ended December 31,		At and for the nine months ended September 30,	
	2002	2002	2003	2003
	(R$ million)	(U.S.$ million)	(R$ million)	(U.S.$ million)
	(Unaudited)			
Income Statement Data:				
Brazilian corporate law				
Net operating revenue	5,438.6	1,539.2	4,815.7	1,647.0
Cost of services and goods sold	(2,794.3)	(790.8)	(2,348.2)	(803.2)
Gross profit	2,644.3	748.4	2,467.5	844.1
Operating expenses:				
Selling expenses	(957.6)	(271.0)	(1,020.4)	349.0
General and administrative expenses	(476.0)	(134.7)	(454.5)	(155.5)
Other net operating expenses	(284.5)	(97.3)	(71.8)	(24.6)
Operating income before equity in losses of unconsolidated subsidiary and net financial expenses	926.2	316.8	920.8	315.0
Equity in losses of unconsolidated subsidiary				
Net financial expenses	(1,952.5)	(667.9)	(979.1)	(334.9)
Operating loss	(1,026.3)	(351.1)	(58.3)	(19.9)
Net non-operating expenses	(8.0)	(2.3)	(20.5)	(7.0)
Loss before income taxes, minority interests and extraordinary item	(1,034.3)	(353.8)	(78.8)	(27.0)
Income taxes	(154.1)	(43.6)	(304.4)	(104.1)
Minority interests	(6.1)	(2.1)	(6.0)	(2.1)
Extraordinary item, net of taxes	(421.4)	(119.3)		
Net loss	(1,615.9)	(552.7)	(389.2)	(133.1)
Net loss per 1,000 shares	(1.07)	(0.3)	(0.26)	(0.09)
U.S. GAAP				
Net loss	(2,475.2)	(700.6)	(213.5)	(73.0)
Basic and diluted net loss per 1,000 shares outstanding (*reais*)	(2.42)	(0.68)	(0.14)	(0.06)