

# SECURITIES AND EXCHANGE COMMISSION

## FORM SC TO-T

Third party tender offer statement

Filing Date: **2004-09-01**  
SEC Accession No. **0000950123-04-010533**

(HTML Version on [secdatabase.com](http://secdatabase.com))

### SUBJECT COMPANY

#### TELE SUDESTE CELULAR PARTICIPACOES SA

CIK: **1066123** | IRS No.: **000000000**  
Type: **SC TO-T** | Act: **34** | File No.: **005-59155** | Film No.: **041011513**  
SIC: **4813** Telephone communications (no radiotelephone)

Mailing Address  
SCN QUADRA CN2  
LOTE F, ANDAR SALA 212  
BRASILIA-DF BRAZIL

Business Address  
SCN QUADRA CN2  
LOTE F, 2 ANDAR SALA 212  
BRASILIA-DF BRAZIL

### FILED BY

#### PORTUGAL TELECOM SGPS SA

CIK: **944747** | IRS No.: **000000000** | Fiscal Year End: **1231**  
Type: **SC TO-T**  
SIC: **4812** Radiotelephone communications

Business Address  
AV FONTES PEREIRA DE  
MELO 40  
LISBOA CODEX PO S1 1089  
351215001666



**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

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**SCHEDULE TO**

**(Rule 14d-100)**

**Tender Offer Statement under Section 14(d)(1) of the Securities  
Exchange Act of 1934**

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**TELE SUDESTE CELULAR PARTICIPAÇÕES S.A.**

**(Name of Subject Company (issuer))**

**BRASILCEL N.V.  
PORTUGAL TELECOM, SGPS, S.A.  
PT MÓVEIS, SGPS, S.A.  
TELEFÓNICA MÓVILES, S.A.**

**(Name of Filing Person (offeror))**

**Preferred shares, without par value  
American Depositary Shares (as evidenced by  
American Depositary Receipts),  
each representing 5,000 preferred shares  
Common shares, without par value  
(Title of Class of Securities)**

**879252104 (American Depositary Shares)  
(CUSIP Number of Class of Securities)**

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**S. Todd Crider, Esq.  
Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, New York 10017  
(212) 455-2000**

**(Name, Address and Telephone Number of Person Authorized to Receive  
Notices and Communications on Behalf of the Person(s) Filing Statement)**

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## CALCULATION OF FILING FEE

**Transaction Valuation(1)**

U.S.\$54,142,590

**Amount of Filing Fee(2)**

U.S.\$6,859.87

- Estimated for purposes of calculating the amount of the filing fee only. Calculated based on (1) the purchase of the maximum number of common shares subject to the tender offer (which is 7,332,479,000) at a price of R\$6.35 per 1,000 common shares and the purchase of the maximum number of preferred shares subject to the offer (which is 12,699,707,000) at a price of R\$7.80 per 1,000 preferred shares and (2) the conversion of this aggregate amount into U.S. dollars at the rate of R\$2.9585 = U.S.\$1.00, the noon buying rate on August 27, 2004. An additional 10% is added to the transaction valuation to account for possible exchange rate fluctuations.
- (1) (2) The amount of the filing fee is calculated in accordance with rule 0-11 of the Securities Exchange Act of 1934, as amended.
- Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

Amount Previously Paid:  
Form or Registration No.:

Filing Party:  
Date Filed:

- Check box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes to designate any transactions to which this statement relates:

- third party tender offer subject to Rule 14d-1  
 issuer tender offer subject to Rule 13e-4

- going-private transaction subject to Rule 13e-3  
 amendment to Schedule 13D under Rule 13d-2

Check the following box if the filing is a final amendment reporting the results of the tender offer.

## INTRODUCTORY STATEMENT

This tender offer statement on Schedule TO relates to an offer by Brasilcel N.V., a corporation organized under the laws of The Netherlands, a joint venture among Portugal Telecom, SGPS, S.A., PT Móveis, SGPS, S.A. (a wholly owned subsidiary of Portugal Telecom, SGPS, S.A.) and Telefónica Móviles, S.A., to purchase for cash up to 7,332,479,000 common shares and up to 12,699,707,000 preferred shares of Tele Sudeste Celular Participações S.A., a corporation organized under the laws of the Federative Republic of Brazil, or “TSD,” at a price of R\$6.35 per 1,000 common shares and R\$7.80 per 1,000 preferred shares without interest, net of applicable stock exchange and settlement fees, brokerage fees or commissions and withholding taxes.

The tender offer is being made upon the terms and subject to the conditions set forth in the attached offer to purchase dated September 1, 2004 (as it may be amended or supplemented from time to time, the “offer to purchase”). A copy of the offer to purchase is attached as Exhibit 1.1 to this Schedule TO. The information set forth in the offer to purchase is incorporated herein by reference in response to Items 1 through 11 in this Schedule TO except for those Items as to which information is specifically provided herein.

This Tender Offer Statement on Schedule TO is being filed in satisfaction of the reporting requirements of Rule 14d-1 promulgated under the Securities Exchange Act of 1934, as amended.

### **Item 1. Summary Term Sheet.**

The information set forth under “Summary Term Sheet” in the offer to purchase is incorporated herein by reference.

### **Item 2. Subject Company Information.**

(a) *Name and address.* The name of the issuer is Tele Sudeste Celular Participações S.A., and the address of its principal executive offices is Tele Sudeste Celular Participações S.A., Praia de Botafogo, 501, 7th Floor, Rio de Janeiro, RJ, Brazil 22250-040. The issuer’s telephone number is (55) 21 2586-6613.

(b) *Securities.* The information set forth in “Introduction” and Section 10 - “Certain Information About the Shares” of the offer to purchase is incorporated herein by reference.

(c) *Trading market and price.* The information set forth in “Introduction” and Section 10 - “Certain Information About the Shares” of the offer to purchase is incorporated herein by reference.

### **Item 3. Identity and Background of Filing Person.**

(a) *Name and address.* Brasilcel N.V., Portugal Telecom, SGPS, S.A., PT Móveis, SGPS, S.A. (a wholly owned subsidiary of Portugal Telecom, SGPS, S.A.) and Telefónica Móviles, S.A. are filing persons for the tender offer. The information set forth in Section 11 - “Certain Information About Brasilcel, TSD and Their Parent Companies” and in Schedule 1 of the offer to purchase is incorporated herein by reference.

(b) *Business and background of entities.* The information set forth in Section 11 - “Certain Information About Brasilcel, TSD and Their Parent Companies” of the offer to purchase is incorporated herein by reference.

(c) *Business and background of natural persons.* The information set forth in Section 11 - “Certain Information About Brasilcel, TSD and Their Parent Companies” and in Schedule 1 of the offer to purchase is incorporated herein by reference.

**Item 4. Terms of the Transaction.**

(a) *Material Terms.*

(1) *Tender offers.* The following sections of the offer to purchase contain information regarding the material terms of the transaction and are incorporated herein by reference:

“Summary Term Sheet”;

“Introduction”;

Section 1 - “Terms of the Tender Offer; Expiration Date and Qualification Date”;

Section 3 - “Acceptance for Payment and Payment for Shares”;

Section 4 - “Procedures for Accepting the Offer and Tendering Shares”;

Section 5 - “Withdrawal Rights”;

Section 6 - “Conditions to the Tender Offer”;

Section 8 - “Certain Tax Consequences”;

Section 9 - “Accounting Treatment of Tender Offer”; and

Section 13 - “Effects of the Tender Offer on the Market for Common Shares, Preferred Shares and ADSs.”

(2) *Mergers or similar transactions.* Not applicable.

**Item 5. Past Contacts, Transactions, Negotiations and Agreements.**

(a) *Transactions.* The information set forth in Section 12 - “Interests of Directors, Executive Officers and Certain Controlling Persons; Transactions and Arrangements” of the offer to purchase is incorporated herein by reference.

(b) *Significant corporate events.* The information set forth in Section 12 - “Interests of Directors, Executive Officers and Certain Controlling Persons; Transactions and Arrangements” of the offer to purchase is incorporated herein by reference.

**Item 6. Purposes of the Transaction and Plans or Proposals.**

(a) *Purposes.* The information set forth in Section 2 - “Purpose of the Tender Offer” of the offer to purchase is incorporated herein by reference.

(c)(1) - (c)(7) *Plans.* Not applicable.

**Item 7. Source and Amount of Funds or Other Consideration**

(a) *Source of funds.* The information set forth in Section 7 - “Source and Amount of Funds” of the offer to purchase is incorporated herein by reference.

(b) *Conditions.* Not applicable.

(d) *Borrowed funds.* The information set forth in Section 7 - “Source and Amount of Funds” of the offer to purchase is incorporated herein by reference.

**Item 8. Interest in Securities of the Subject Company.**

(a) *Securities ownership.* The information set forth in Section 12 – “Interests of Directors, Executive Officers and Certain Controlling Persons; Transactions and Arrangements” of the offer to purchase is incorporated herein by reference.

(b) *Securities transactions.* The information set forth in Section 12 – “Interests of Directors, Executive Officers and Certain Controlling Persons; Transactions and Arrangements” of the offer to purchase is incorporated herein by reference.

**Item 9. Persons/Assets, Retained, Employed, Compensated or Used.**

(a) *Solicitations or recommendations.* Not applicable.

**Item 10. Financial Statements.**

(a) and (b) *Financial information and pro forma information.* The filing persons do not believe they are required to include financial information due to the fact that this information is not material to holders of common shares and preferred shares of TSD and American Depositary Shares representing preferred shares of TSD because, among other reasons, the consideration offered consists solely of cash, the offer is not subject to any financing condition and Portugal Telecom, SGPS, S.A. and Telefónica Móviles, S.A. are public reporting companies that file reports electronically on EDGAR and control the other filing persons.

**Item 11. Additional Information.**

(a) *Agreements, regulatory requirements and legal proceedings.*

(1) The information in Section 12 - “Interests of Directors, Executive Officers and Certain Controlling Persons; Transactions and Arrangements” of the offer to purchase is incorporated herein by reference.

(2) The filing persons are required to comply with U.S. federal and state securities laws and tender offer rules and with applicable Brazilian laws and regulations. The information in Section 14 - “Certain Legal and Regulatory Matters” of the offer to purchase is incorporated herein by reference.

(3) The information in Section 14 - “Certain Legal and Regulatory Matters” of the offer to purchase is incorporated herein by reference.

(4) The information in Section 13 - “Effects of the Tender Offer on the Market for Common Shares, Preferred Shares and ADSs” is incorporated herein by reference.

(5) None.

(b) *Other material information.* The information in the offer to purchase is incorporated herein by reference.

**Item 12. Exhibits.**

(a)(1)(A) Offer to purchase dated September 1, 2004.

(a)(1)(B) Form of letter of transmittal.

(a)(1)(C) Letter to brokers, dealers, commercial banks, trust companies and other nominees.

(a)(1)(D) Letter to clients for use by brokers, dealers, commercial banks, trust companies and other nominees.

- (a)(1)(E) Announcement to shareholders (*edital*) dated September 1, 2004.
- (a)(1)(F) Notice of guaranteed delivery.
- (a)(1)(G) Guidelines for certification of taxpayer identification number on Substitute Form W-9.
- (a)(5)(A) Summary advertisement dated September 1, 2004.
- (a)(5)(B) Press release dated August 24, 2004, incorporated herein by reference to the first pre-commencement communication filed by the filing persons under cover of Schedule TO on August 25, 2004 (Exhibit 1.2) (SEC File No. 005-59155).
- (a)(5)(C) Notice of material fact (*fato relevante*) dated August 25, 2004, incorporated herein by reference to the pre-commencement communication filed by the filing persons under cover of Schedule TO on August 27, 2004 (Exhibit 1.1) (SEC File No. 005-59155).
- (a)(5)(D) Investor presentation dated August 25, 2004, incorporated herein by reference to the second pre-commencement communication filed by the filing persons under cover of Schedule TO on August 25, 2004 (Exhibit 1.1) (SEC File No. 005-59155).
- (a)(5)(E) Notice of material fact (*fato relevante*) dated September 1, 2004.
- (a)(5)(F) Press release dated September 1, 2004.
- (b) Any applicable loan agreements among the filing persons and their affiliates to be filed by amendment when such agreements, if any, are in place. See Item 7.
- (d)(1) Shareholders Agreement by and among Telefónica Móviles, S.A., Portugal Telecom SGPS, S.A., PT Móveis SGPS, S.A., and Brasilcel B.V. on October 17, 2002, incorporated by reference to Exhibit 4.3 to the Annual Report on Form 20-F of Telefónica, S.A. filed on June 30, 2003 (the “2002 Telefónica 20-F”) (SEC file number 001-09531).
- (d)(2) Subscription Agreement by and among Telefónica Móviles, S.A., Portugal Telecom SGPS, S.A., PT Móveis SGPS, S.A., and Brasilcel B.V. on October 17, 2002, incorporated by reference to Exhibit 4.4 to the 2002 Telefónica 20-F.

**Item 13. Information Required by Schedule 13E-3.**

Not applicable.

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## SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

BRASILCEL N.V.

By: /s/ Francisco José Azevedo Padinha

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Name: Francisco José Azevedo Padinha

Title: Chief Executive Officer

By: /s/ Javier Rodríguez Garcia

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Name: Javier Rodríguez Garcia

Title: Vice President for Technology and Networks

Dated: September 1, 2004

PORTUGAL TELECOM, SGPS, S.A.

By: /s/ Miguel Horta E. Costa

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Name: Miguel Horta E. Costa  
Title: President and Chief Executive Officer

By: /s/ Zeinal Bava

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Name: Zeinal Bava  
Title: Chief Financial Officer

Dated: September 1, 2004

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PT MÓVEIS, SGPS, S.A.

By: /s/ Carlos Manuel L. Vasconcellos Cruz

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Name: Carlos Manuel L. Vasconcellos Cruz  
Title: Chief Executive Officer

By: /s/ Álvaro José Roquette Morais

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Name: Álvaro José Roquette Morais  
Title: Chief Operating Officer

Dated: September 1, 2004

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TELEFÓNICA MÓVILES, S.A.

By: /s/ Ernesto Lopez

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Name: Ernesto Lopez  
Title: Chief Financial Officer

By: /s/ Antonio Hornedo

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Name: Antonio Hornedo  
Title: General Counsel

Dated: September 1, 2004

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## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
(a)(1)(A)	Offer to purchase dated September 1, 2004.
(a)(1)(B)	Form of letter of transmittal, including taxpayer I.D. guidelines.
(a)(1)(C)	Letter to brokers, dealers, commercial banks, trust companies and other nominees.
(a)(1)(D)	Letter to clients for use by brokers, dealers, commercial banks, trust companies and other nominees.
(a)(1)(E)	Announcement to shareholders ( <i>edital</i> ) dated September 1, 2004.
(a)(1)(F)	Notice of guaranteed delivery.
(a)(1)(G)	Guidelines for certification of taxpayer identification number on Substitute Form W-9.
(a)(5)(A)	Summary advertisement dated September 1, 2004.
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(a)(5)(F)	Press release dated September 1, 2004.
(b)	Any applicable loan agreements among the filing persons and their affiliates to be filed by amendment when such agreements, if any, are in place. See Item 7.
(d)(1)	Shareholders Agreement by and among Telefónica Móviles, S.A., Portugal Telecom SGPS, S.A., PT Móveis SGPS, S.A., and Brasilcel B.V. on October 17, 2002, incorporated by reference to Exhibit 4.3 to the Annual Report on Form 20-F of Telefónica, S.A. filed on June 30, 2003 (the "2002 Telefónica 20-F") (SEC file number 001-09531).
(d)(2)	Subscription Agreement by and among Telefónica Móviles, S.A., Portugal Telecom SGPS, S.A., PT Móveis SGPS, S.A., and Brasilcel B.V. on October 17, 2002, incorporated by reference to Exhibit 4.4 to the 2002 Telefónica 20-F.





**Offer to Purchase for Cash**

**Up to 7,332,479,000 Common Shares  
at R\$6.35 Per 1,000 Common Shares**

**and**

**Up to 12,699,707,000 Preferred Shares  
at R\$7.80 Per 1,000 Preferred Shares**

**of**

**TELE SUDESTE CELULAR PARTICIPAÇÕES S.A.**

**by**

**BRASILCEL N.V.**

**a joint venture of**

**Portugal Telecom, SGPS, S.A.**

**PT Móveis, SGPS, S.A.**

**Telefónica Móviles, S.A.**

Subject to the exceptions and conditions described herein, the tender offer, the proration period and the withdrawal rights will expire at 11:00 a.m., New York City time, on October 8, 2004, unless the offer is extended or earlier terminated. However, unless the offer is extended or earlier terminated, to participate in the tender offer, you must qualify for the tender offer (1) if a holder of American Depositary Shares, or “ADSs,” participating in the tender offer through The Bank of New York, as receiving agent, no later than 5:00 p.m., New York City time, on October 1, 2004 (such date, as it may be extended by Brasilcel N.V. in its sole discretion, the “ADS Qualification Date”) and (2) if a holder of common shares or preferred shares, no later than 4:00 p.m., New York City time, on October 7, 2004 (such date, as it may be extended by Brasilcel N.V. in its sole discretion, the “Share Qualification Date”). Withdrawals of ADSs by ADS holders who wish to participate in the tender offer through the receiving agent will not be accepted after 5:00 p.m., New York City time, on October 6, 2004, unless the offer is extended or earlier terminated.

Brasilcel N.V., a corporation organized under the laws of The Netherlands, or “Brasilcel,” a joint venture among Portugal Telecom, SGPS, S.A., PT Móveis, SGPS, S.A. (a wholly owned subsidiary of Portugal Telecom, SGPS, S.A.) and Telefónica Móviles, S.A., hereby invites the shareholders of Tele Sudeste Celular Participações S.A., a corporation organized under the laws of the Federative Republic of Brazil, or “TSD,” to tender up to 7,332,479,000 common shares (*ações ordinárias*), no par value, and up to 12,699,707,000 preferred shares (*ações preferenciais*), no par value, of TSD to Brasilcel for purchase at a price of R\$6.35 per 1,000 common shares and R\$7.80 per 1,000

preferred shares in cash without interest, net of the stock exchange and settlement fee described herein, any applicable brokerage fees or commissions and applicable withholding taxes, upon the terms and subject to the conditions set forth in this offer to purchase.

You may tender all or a portion of the common shares and preferred shares of TSD you hold. In the event of over-subscription of the tender offer, shares tendered before the expiration date will be subject to proration as described in this offer to purchase. Upon the terms and subject to the conditions of the tender offer, including the proration provisions, Brasilcel will purchase common shares and preferred shares of TSD, up to the maximum numbers of common shares and preferred shares set forth in the preceding paragraph, that are properly tendered before 11:00 a.m., New York City time, on October 8, 2004 and not properly withdrawn. However, to participate in the tender offer, you must qualify for the tender offer (1) if a holder of ADSs

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participating in the tender offer through The Bank of New York, as receiving agent, no later than 5:00 p.m., New York City time, on October 1, 2004, which is the ADS Qualification Date, and (2) if a holder of common shares or preferred shares, no later than 4:00 p.m., New York City time, on October 7, 2004, which is the Share Qualification Date, in each case by following the instructions in Section 4 – “Procedures for Accepting the Offer and Tendering Shares.”

Persons that hold American Depositary Shares, or “ADSs,” representing preferred shares of TSD may participate in the tender offer by (1) tendering their ADSs to The Bank of New York, as receiving agent, and instructing the receiving agent to tender the preferred shares underlying those ADSs in the tender offer on their behalf or (2) surrendering their ADSs, withdrawing the underlying preferred shares from the ADS program and participating directly in the tender offer like other holders of preferred shares. See Section 4 – “Procedures for Accepting the Offer and Tendering Shares.” Each ADS represents 5,000 preferred shares of TSD.

**The tender offer is not conditioned on any minimum number of shares being tendered. The tender offer is, however, subject to other conditions. See Section 6 – “Conditions to the Tender Offer.”**

On August 30, 2004, the closing price of TSD common shares on the *Bolsa de Valores de São Paulo – BOVESPA*, or the “São Paulo Stock Exchange,” was R\$5.42 per 1,000 common shares, and the closing price of TSD’s preferred shares was R\$6.55 per 1,000 preferred shares. On August 30, 2004, the closing price of the TSD ADSs on the New York Stock Exchange was U.S.\$11.12 per ADS. The tender offer offers holders of TSD common shares and preferred shares the opportunity to sell shares at a 20% premium over the volume weighted average prices of shares of that class on the São Paulo Stock Exchange over the 30 trading days up to and including August 24, 2004, the date of announcement of the tender offer.

You must make your own decision as to whether to tender your shares and, if so, how many shares to tender. None of Brasilcel, TSD, Portugal Telecom, SGPS, S.A., PT Móveis, SGPS, S.A., Telefónica Móviles, S.A., any of their affiliates or any of their respective boards of directors or executive officers makes any recommendation as to whether you should tender your shares. If you are in any doubt as to the action you should take, contact your broker, lawyer, accountant or other professional advisor without delay.

Questions or requests for assistance may be directed to the contact person set forth on the back cover of this offer to purchase. Additional copies of this offer to purchase may also be obtained from that contact.

**This offering document is intended solely for holders of TSD common shares and preferred shares who are residents of the United States of America and holders of ADSs representing TSD preferred shares. Separate offering materials in Portuguese are being made available simultaneously to holders of shares who are not residents of the United States.**

September 1, 2004

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## SUMMARY TERM SHEET

*This summary term sheet highlights selected information from this offer to purchase and may not contain all of the information that is important to you. To better understand Brasilcel's offer to you and for a complete description of the legal terms of the tender offer, you should read this entire offer to purchase carefully. Questions or requests for assistance may be directed to the information agent set forth on the back cover of this offer to purchase.*

*The Tender Offer:* Brasilcel hereby invites the shareholders of TSD to tender up to 7,332,479,000 common shares and up to 12,699,707,000 preferred shares of TSD to Brasilcel for purchase at a price of R\$6.35 per 1,000 common shares and R\$7.80 per 1,000 preferred shares in cash without interest, net of the stock exchange and settlement fee described in this offer to purchase, any applicable brokerage fees or commissions and applicable withholding taxes, upon the terms and subject to the conditions set forth in this offer to purchase.

*Conditions:* The tender offer is not conditioned upon the tender of a minimum number of common shares or preferred shares or upon the receipt of any financing. However, Brasilcel's obligation to consummate the purchase of common shares and preferred shares in the tender offer is subject to the terms and conditions set forth in this offer to purchase, including the conditions set forth in Section 6 – "Conditions to the Tender Offer."

*Expiration Date and Qualification Dates:* The common shares and preferred shares purchased in the tender offer will be purchased through separate auctions on the São Paulo Stock Exchange that are currently scheduled to occur after 2:05 p.m., New York City time, on October 8, 2004, which time and date are referred to as the "Expiration Date." However, to participate in the tender offer, you must qualify for the tender offer (1) if a holder of ADSs participating in the tender offer through The Bank of New York, as receiving agent, no later than 5:00 p.m., New York City time, on October 1, 2004, which time and date is referred to as the "ADS Qualification Date," and (2) if a holder of common shares or preferred shares, no later than 4:00 p.m., New York City time, on October 7, 2004, which time and date is referred to as the "Share Qualification Date."

*Procedures for Participating in the Offer:* The procedures for electing to tender your shares differ depending on whether you hold ADSs representing TSD preferred shares or you hold common shares or preferred shares directly in Brazil. You should follow the instructions for your particular circumstances set forth under Section 4 – "Procedures for Accepting the Offer and Tendering Shares."

*Withdrawal:* For a withdrawal to be effective, the broker who has been instructed to tender your shares or the preferred shares underlying your ADSs in the auction described in Section 3 – "Acceptance for Payment and Payment for Shares" must withdraw the order to tender those shares from the account at CBLC (as defined below) maintained for the tender offer no later than 11:00 a.m., New York City time, on October 8, 2004, which is the Expiration Date and the date of the auction. If a shareholder wishes to withdraw the tender of its shares, it is the responsibility of the shareholder to ensure that the broker who has been instructed to tender its shares receives instructions to withdraw the tender of those shares before that time. In order to allow the broker selected by the receiving agent to withdraw the order to sell shares underlying ADSs held by ADS holders who wish to withdraw, a written notice of withdrawal from any ADS holder participating in the tender offer through the receiving agent must be received by the receiving agent no later than 5:00 p.m., New York City time, on October 6, 2004. Please note that if you are an ADS holder and you wish to preserve your effective right to withdraw up until the Expiration Date, you must follow the instructions in Section 4 – "Procedures for Accepting the Offer and Tendering Shares – Holders of ADSs – Direct Participation in the Tender Offer." See Section 5 – "Withdrawal Rights."

*For your convenience, please find additional detail on the tender offer below in a question and answer format, including additional detail on the procedures for tendering your shares.*

**Who is offering to purchase my shares?**

Brasilcel N.V., a corporation organized under the laws of The Netherlands, is offering to purchase up to 7,332,479,000 common



shares and up to 12,699,707,000 preferred shares of TSD. Brasilcel is a joint venture of Telefónica Móviles, S.A., or “Telefónica Móviles,” Portugal Telecom, SGPS, S.A., or “Portugal Telecom,” and PT Móveis, SGPS, S.A., or “PT Móveis.” Brasilcel owned 88.5% of TSD’s common shares and 85.4% of TSD’s preferred shares, directly and indirectly, as of July 31, 2004. See Section 11 – “Certain Information About Brasilcel, TSD and Their Parent Companies.”

**Why is Brasilcel offering to purchase my shares?**

Brasilcel is undertaking this tender offer to increase its ownership of the common shares and preferred shares of TSD. If the tender offer is successful and Brasilcel purchases 7,332,479,000 common shares and 12,699,707,000 preferred shares, Brasilcel will own 174,926,407,932 common shares of TSD, or 92.3% of TSD’s common shares, and 234,320,352,451 preferred shares of TSD, or 90.3% of TSD’s preferred shares. Brasilcel believes that the tender offer also provides an efficient means to provide value to shareholders of TSD. The tender offer allows those TSD shareholders desiring to receive cash for their shares the opportunity to do so. The tender offer offers holders of TSD common shares and preferred shares the opportunity to sell shares at a 20% premium over the volume weighted average prices of shares of that class on the São Paulo Stock Exchange over the 30 trading days up to and including August 24, 2004, the date of announcement of the tender offer. See Section 2 – “Purpose of the Tender Offer.”

**What will the purchase price for the shares be?**

The purchase price in the tender offer will be R\$6.35 per 1,000 common shares properly and timely tendered and not properly withdrawn and R\$7.80 per 1,000 preferred shares properly and timely tendered and not properly withdrawn. Upon the terms and subject to the conditions of the tender offer, Brasilcel will pay this purchase price in cash without interest, net of the fee described in the next sentence, any applicable brokerage fees or commissions and applicable withholding taxes. Each shareholder that tenders shares in the tender offer and each ADS holder for whom the receiving agent tenders preferred shares underlying ADSs must pay a combined fee to the São Paulo Stock Exchange and the *Companhia Brasileira de Liquidação e Custódia* (the Brazilian Settlement and Custody Company, or “CBLC”) in a percentage equal to 0.035% of the purchase price received by that holder.

**How many shares will Brasilcel purchase?**

Brasilcel will purchase up to 7,332,479,000 common shares and up to 12,699,707,000 preferred shares upon the terms and subject to the conditions of the tender offer, or such lesser number of shares as are properly and timely tendered and not properly withdrawn.

If the number of common shares or preferred shares properly tendered and not properly withdrawn is greater than the maximum number of shares of that class that Brasilcel intends to purchase, as described in the preceding paragraph, Brasilcel will purchase shares of each such class on a pro rata basis. The tender offer is not conditioned on any minimum number of shares being tendered. See Section 1 – “Terms of the Tender Offer; Expiration Date and Qualification Dates.”

**How will Brasilcel pay for the shares?**

Brasilcel intends to pay for the shares it purchases in the tender offer from funds obtained from Portugal Telecom, Telefónica Móviles and PT Móveis. The tender offer is not subject to receipt of financing. See Section 7 – “Source and Amount of Funds.”

**May ADS holders participate in the tender offer, and how may they do so?**

Yes, ADS holders may participate in the tender offer.

An ADS holder may tender its ADSs to The Bank of New York, as receiving agent, no later than the ADS Qualification Date in accordance with the instructions set forth in Section 4 – “Procedures for Accepting the Offer and Tendering Shares” and the accompanying letter of transmittal. For those ADSs tendered through the receiving agent, the receiving agent will then contact a broker authorized to conduct trades on the São Paulo Stock Exchange to tender the underlying preferred shares in the applicable auction described in Section 3 – “Acceptance for Payment and Payment for Shares,” and if the underlying preferred shares are accepted for purchase in the auction, those ADSs will be cancelled so that the underlying shares may be tendered.

After acceptance by Brasilcel of the preferred shares underlying the ADSs tendered to the receiving agent (subject to any pro rata reduction of the shares purchased as described in this offer to purchase) and receipt of payment of the consideration for those shares, the receiving agent will pay to the applicable holders of ADSs the U.S. dollar equivalent (based on then prevailing exchange rates, net of expenses for converting *reais* to U.S. dollars) of R\$7.80 per 1,000 preferred shares, or R\$39.00 per ADS, minus (1) a fee of U.S.\$5.00 per 100 ADSs or portion thereof for the cancellation of the ADSs representing preferred shares purchased in the tender offer, (2) the combined fee of 0.035% of the purchase price payable to the São Paulo Stock Exchange and CBLC, as described in Section 1 – “Terms of the Tender Offer; Expiration Date and Qualification Dates,” and (3) the holder’s pro rata portion of the fee or commission charged by the broker selected by the receiving agent to tender preferred shares underlying ADSs on behalf of ADS holders participating in the tender offer. In addition, any ADS holder that wishes to tender ADSs in the tender offer must pay any taxes or governmental charges payable in connection with the cancellation of ADSs representing preferred shares purchased in the tender offer.

As an alternative to tendering its ADSs to the receiving agent, an ADS holder may also surrender its ADSs, withdraw the underlying preferred shares from the ADS program and participate directly in the tender offer like other holders of preferred shares. The ADS holder would surrender to The Bank of New York, as depositary under TSD’s ADS program, the ADSs that represent preferred shares that it wishes to tender, pay a fee to the depositary in the amount of up to U.S.\$5.00 per 100 ADSs or portion thereof surrendered and pay any taxes or governmental charges payable in connection with its withdrawal of the shares from the ADS program. If an ADS holder surrenders ADSs and receives the underlying preferred shares, the preferred shares so received will be registered at CBLC, and the holder will need to obtain its own

foreign investor registration under Resolution No. 2,689/00 of the *Conselho Monetário Nacional*, or the “National Monetary Council.” After the holder appoints a Brazilian representative for purposes of Resolution No. 2,689/00, the holder must make arrangements for that representative to tender the preferred shares on its behalf before the CBLC in the same manner as any other direct holder of shares whose shares are registered at CBLC. The holder will need to take these steps in sufficient time to allow its Brazilian representative to qualify for the tender offer on its behalf no later than the Share Qualification Date in the manner described in this offer to purchase. See Section 4 – “Procedures for Accepting the Offer and Tendering Shares.”

**Are there any conditions to the tender offer?**

Yes, Brasilcel’s obligation to consummate the purchase of common shares and preferred shares in the tender offer is subject to the terms and conditions set forth in this offer to purchase. See Section 6 – “Conditions to the Tender Offer.”

**Is the tender offer being made to all holders of TSD shares?**

Yes, the tender offer is open to all holders of TSD shares. However, this offering document is intended solely for holders of TSD shares who are residents of the United States and holders of ADSs representing TSD preferred shares. Separate offering materials in Portuguese are being made available simultaneously to holders of TSD shares who are not residents of the United States through publication in Brazil as required under Brazilian law.

**After the tender offer, will TSD continue as a public company?**

Yes, it will. The tender offer will reduce the number of outstanding common shares and preferred shares that are not held by Brasilcel or its affiliates. Based on the regulations of the *Comissão de Valores Mobiliários*, or the “Brazilian Securities Commission,” and the New York Stock Exchange, Brasilcel does not believe that its purchase of common shares or preferred shares in the tender offer will cause TSD’s remaining outstanding common shares and preferred shares to be delisted from the São Paulo Stock Exchange, ADSs representing TSD’s preferred shares to be delisted from the New York Stock Exchange or TSD to stop being subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended, or the “Exchange Act.” Section 13 – “Effects of the Tender Offer on the Market for Shares.”

**How long do I have to decide whether to tender my common shares or preferred shares in the tender offer, and how do I tender those shares?**

The Expiration Date of the tender offer is 11:00 a.m., New York City time, on October 8, 2004. However, to participate in the tender offer, you must qualify for the tender offer (1) if a holder of ADSs participating in the tender offer through The Bank of New York, as receiving agent, no later than 5:00 p.m., New York City time, on October 1, 2004, which is the ADS Qualification Date, and (2) if a holder of common shares or preferred shares, no later than 4:00 p.m., New York City time, on October 7, 2004, which is the Share Qualification Date. To qualify to participate in the tender offer, you must follow the instructions set forth below:

If you hold TSD ADSs and you wish to participate in the tender offer, you should follow the instructions set forth above under

“May ADS holders participate in the tender offer, and how may they do so?”

If you hold common shares or preferred shares directly in Brazil, you must, no later than the Share Qualification Date, (1) contact any broker authorized to conduct trades on the São Paulo Stock Exchange, (2) present certain required documentation and (3) ask the broker to tender your shares in the applicable auction on your behalf. To tender your shares, your broker must, no later than 11:00 a.m., New York City time, on the Expiration Date, transfer the shares to Account No. 7105-6 at CBLC, which is an account opened in the name of every shareholder and maintained by CBLC for the purpose of the tender offer. Shareholders that have invested in TSD shares under Resolution No. 2,689/00 of the National Monetary Council (which are registered at CBLC) should ask their Brazilian representatives for purposes of Resolution No. 2,689/00 to contact such a broker on their behalf. Common shares and preferred shares held through Banco ABN Amro Real S.A., or Banco ABN Amro, TSD’s transfer agent, are not registered at CBLC. Holders of common shares or preferred shares through Banco ABN Amro Real S.A. should therefore ask the broker they contact to request the transfer of their shares to the custody of CBLC in order to enable the broker to tender the shares on their behalf. It is the shareholder’s responsibility to contact a broker sufficiently in advance of the Share Qualification Date to ensure that Banco ABN Amro Real can transfer the shareholder’s shares to the custody of CBLC for deposit in the account specified above before the Share Qualification Date.

Any holder that does not know whether it holds its shares through CBLC or Banco ABN Amro Real S.A. should ask its custodian, representative, broker or other nominee.

Shares deposited in the CBLC account specified above may not be traded until the date of settlement of the tender offer, which is three Brazilian business days after the Expiration Date. If the shareholder wishes to trade shares that have been transferred to the CBLC account specified above, the shareholder must first withdraw those shares from the tender offer. See Section 5 – “Withdrawal Rights.”

A beneficial owner of common shares, preferred shares or ADSs registered in the name of a broker, dealer, commercial bank or other nominee must contact that entity if that beneficial owner desires to tender shares, including preferred shares underlying ADSs, and may be charged a fee or commission by that person for tendering shares in the tender offer.

See Section 4 – “Procedures for Accepting the Offer and Tendering Shares.”

**Until what time may I withdraw my tendered shares, and how do I do so?**

For a withdrawal to be effective, the broker who has been instructed to tender shares in the auction described in Section 3 – “Acceptance for Payment and Payment for Shares,” including the broker selected by the receiving agent to tender preferred shares



underlying ADSs, must withdraw those shares from the CBLC account maintained for the tender offer no later than 11:00 a.m., New York City time, on October 8, 2004, which is the Expiration Date and the date of the auction. Any tender of shares will be irrevocable after that time. In order to withdraw from the tender offer, shareholders and ADS holders should follow the instructions set forth below.

If you are an ADS holder participating in the tender offer by tendering your ADSs to the receiving agent, your originally signed written notice of withdrawal must be received by the receiving agent no later than 5:00 p.m., New York City time, on October 6, 2004. Please note that if you are an ADS holder and you wish to preserve your ability to withdraw until the Expiration Date, you must surrender your ADSs, withdraw the underlying preferred shares from the ADS program and participate directly in the tender offer like other holders of preferred shares, as set forth under “May ADS holders participate in the tender offer, and how may they do so?”

If you hold common shares or preferred shares directly in Brazil, you or your representative in Brazil must contact the broker that you instructed to tender shares on your behalf in sufficient time to enable the broker to withdraw your shares from the CBLC account maintained for the tender offer no later than 11:00 a.m., New York City time, on the Expiration Date and must provide any documentation required by the broker.

See Section 5 – “Withdrawal Rights.”

<b>What do the boards of directors of Brasilcel and TSD think of the tender offer?</b>	None of Brasilcel, TSD or their respective boards of directors or executive officers make any recommendation to you as to whether you should tender or refrain from tendering your shares. You must make your own decision as to whether to tender your shares and, if so, how many shares to tender.
<b>What will happen to the shares not tendered in the tender offer?</b>	If you decide not to tender your shares in the tender offer, you will continue to hold the shares.
<b>If a broker has tendered my shares in the tender offer, may I still trade my shares before the Expiration Date?</b>	Although there is no legal restriction on trading your shares or ADSs, shares deposited in the CBLC account specified above may not be traded until the date of settlement of the tender offer, which is three Brazilian business days after the Expiration Date. If you wish to trade shares that have been transferred to the CBLC account specified above, you must first withdraw those shares from the tender offer. See Section 5 – “Withdrawal Rights.”
<b>When will Brasilcel pay for the shares in the tender offer?</b>	The common shares and preferred shares that Brasilcel purchases in the tender offer will be purchased through separate auctions on the São Paulo Stock Exchange that are scheduled to occur on the Expiration Date. Brasilcel will pay for shares accepted in the tender offer on the third Brazilian business day after the auctions, in accordance with the rules established by CBLC. See Section 3 – “Acceptance for Payment and Payment for Shares.”
<b>Will I have to pay fees or brokerage commissions if I tender my shares?</b>	Each shareholder that tenders shares in the tender offer and each ADS holder for whom the receiving agent tenders preferred shares

underlying ADSs must pay a combined fee to the São Paulo Stock Exchange and CBLC in a percentage equal to 0.035% of the purchase price received by that holder. In addition, the broker that tenders shares on your behalf in the auction will most likely charge a fee or commission for doing so. Each shareholder should consult its broker or nominee to determine what fees or commissions apply. See “Introduction” and Section 15 – “Fees and Expenses.”

If you are an ADS holder participating in the tender offer by tendering your ADSs to the receiving agent, you will pay (1) a fee of U.S.\$5.00 per 100 ADSs or portion thereof for the cancellation of the ADSs representing preferred shares actually purchased in the tender offer, (2) the combined fee of 0.035% of the purchase price payable to the São Paulo Stock Exchange and CBLC described above and (3) your pro rata portion of the fee or commission charged by the broker selected by the receiving agent to tender preferred shares underlying ADSs on behalf of ADS holders participating in the tender offer. Because the purchase price will be paid in *reais*, you will also pay the expenses for converting *reais* to U.S. dollars. These fees and expenses will be deducted from the proceeds received by the holder. In addition, any ADS holder that wishes to tender ADSs in the tender offer must pay any taxes or governmental charges payable in connection with the cancellation of ADSs representing preferred shares purchased in the tender offer.

If you are an ADS holder who elects to surrender your ADSs, withdraw the underlying preferred shares from the ADS program and participate directly in the tender offer like other holders of preferred shares, you will pay (1) a fee of U.S.\$5.00 per 100 ADSs or portion thereof for the cancellation of the ADSs you surrender, (2) the combined fee of 0.035% of the purchase price payable to the São Paulo Stock Exchange and CBLC described above and (3) any fee or commission charged by your broker. Because the purchase price will be paid in *reais*, you will be responsible for converting the proceeds you receive into U.S. dollars if you wish to do so, and you must pay the expenses for converting *reais* to U.S. dollars. In addition, you must pay any taxes or governmental charges payable in connection with the cancellation of your ADSs.

**What are the U.S. federal income and Brazilian tax consequences if I tender my shares?**

Generally, when you receive cash in exchange for the shares you tender, including shares underlying ADSs, you will recognize gain or loss measured by the difference between the amount received and your basis in the tendered shares. See Section 8 – “Certain Tax Consequences.”

**Who may I speak with if I have questions about the tender offer?**

You may contact the information agents for information regarding this offer to purchase:

***The Brazilian Information Agent  
for the Tender Offer is:***

**BES Securities**

Av. Rio Branco 110, 33 andar  
CEP 20040-001 Centro  
Rio de Janeiro, Brazil  
Telephone: +55 21 3212-3213

***The U.S. Information Agent  
for the Tender Offer is:***

**MacKenzie Partners, Inc.**

105 Madison Avenue  
New York, New York 10016  
proxy@mackenziepartners.com  
Call Collect: (212) 929-5500  
or  
Toll-Free (800) 322-2885

If you are an ADS holder and have questions about how to participate in the tender offer through the receiving agent, you may contact the receiving agent:

**The Bank of New York**

Tender & Exchange Department  
101 Barclay Street  
Receive and Deliver Window, Street Floor  
New York, NY 10286  
Telephone: 1-800-507-9357

## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Brasilcel has made forward-looking statements in this offer to purchase that are subject to risks and uncertainties. Forward-looking statements may be identified by words such as “believes,” “expects,” “anticipates,” “projects,” “intends,” “should,” “seeks,” “estimates,” “future” or similar expressions. These statements reflect Brasilcel’s 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 neither Brasilcel nor TSD can assure you that the forward-looking statements contained in this offer to purchase will be realized. You are cautioned not to put undue reliance on any forward-looking information.

*To the Holders of Common Shares and Preferred Shares of Tele Sudeste  
Celular Participações S.A. and American Depositary Shares  
Representing Preferred Shares of Tele Sudeste Celular Participações S.A.:*

## INTRODUCTION

Brasilcel hereby invites the shareholders of TSD to tender up to 7,332,479,000 common shares (*ações ordinárias*), no par value, and up to 12,699,707,000 preferred shares (*ações preferenciais*), no par value, of TSD to Brasilcel for purchase at a price of R\$6.35 per 1,000 common shares and R\$7.80 per 1,000 preferred shares in cash without interest, net of the fee described in the next paragraph, any applicable brokerage fees or commissions and applicable withholding taxes, upon the terms and subject to the conditions set forth in this offer to purchase.

Each shareholder that tenders shares in the tender offer and each ADS holder for whom the receiving agent tenders preferred shares underlying ADSs must pay a combined fee to the São Paulo Stock Exchange and CBLC in a percentage equal to 0.035% of the purchase price received by that holder. This fee will be deducted from the proceeds received by that holder.

A beneficial owner who has preferred shares registered in the name of a broker, dealer, commercial bank or other nominee must contact that entity if that beneficial owner desires to tender shares and may be charged a fee or commission by that person for tendering shares in the tender offer. In addition, the broker that tenders shares on behalf of any shareholder in the auctions described in Section 3 – “Acceptance for Payment and Payment for Shares” will most likely charge a fee or commission for doing so. Each shareholder should consult its broker or nominee to determine what fees or commissions apply. In addition, ADS holders participating in the tender offer by tendering their ADSs to the receiving agent must pay the fees, taxes and charges described in Section 4 – “Procedures for Accepting the Offer and Tendering Shares.”

The purchase prices per 1,000 common shares and 1,000 preferred shares may be subject to applicable Brazilian withholding taxes. See Section 8 – “Certain Tax Consequences – Certain Brazilian Tax Consequences.”

The tender offer is not conditioned on any minimum number of shares being tendered. The tender offer is, however, subject to other conditions. See Section 6 – “Conditions to the Tender Offer.”

**This offer to purchase contains important information that you should read before making any decision about the tender offer.**

## THE TENDER OFFER

### 1. Terms of the Tender Offer; Expiration Date and Qualification Dates.

#### *General*

Upon the terms and subject to the conditions of the tender offer, Brasilcel will purchase up to 7,332,479,000 common shares and up to 12,699,707,000 preferred shares of TSD, or such lesser numbers of shares as are properly tendered before the Expiration Date and not properly withdrawn, at a price of R\$6.35 per 1,000 common shares and R\$7.80 per 1,000 preferred shares in cash without interest, net of the fee described in the next sentence, any applicable brokerage fees or combined commissions and applicable withholding taxes. Each shareholder that tenders shares in the tender offer and each ADS holder for whom the receiving agent tenders preferred shares underlying ADSs must pay a combined fee to the São Paulo Stock Exchange and CBLC in a percentage equal to 0.035% of the purchase price received by that holder. This fee will be deducted from the proceeds received by that holder.

The term “Expiration Date” means 11:00 a.m., New York City time, on October 8, 2004, unless and until Brasilcel, in its sole discretion, has extended the period of time during which the tender offer will remain open. On that date, brokers acting on behalf of shareholders that wish to participate in the tender offer will present



sell orders for the applicable shares in the auction described in Section 3 – “Acceptance for Payment and Payment for Shares.” If Brasilcel extends the Expiration Date as described in the preceding sentence, the term “Expiration Date” will mean the latest time and date at which the tender offer, as so extended by Brasilcel, will expire. However, to participate in the tender offer, a holder must qualify for the tender offer (1) if a holder of ADSs participating in the tender offer through The Bank of New York, as receiving agent, **no later than 5:00 p.m., New York City time, on October 1, 2004**, which time and date is referred to as the “ADS Qualification Date,” and (2) if a holder of common shares or preferred shares, **no later than 4:00 p.m., New York City time, on October 7, 2004**, which time and date is referred to as the “Share Qualification Date.” See Section 4 – “Procedures for Accepting the Offer and Tendering Shares” for information about qualifying for the tender offer.

ADS holders may participate in the tender offer by tendering their ADSs to The Bank of New York, as receiving agent, in accordance with the instructions set forth below under Section 4 – “Procedures of Accepting the Offer and Tendering Shares” and the accompanying letter of transmittal. For those ADSs tendered through the receiving agent, the receiving agent will tender the underlying preferred shares in the auction described in Section 3 – “Acceptance for Payment and Payment for Shares,” and if the underlying preferred shares are accepted for purchase in the auction, those ADSs will be cancelled so that the underlying shares may be tendered. As an alternative to tendering its ADSs to the receiving agent, an ADS holder may also surrender its ADSs, withdraw the underlying preferred shares from the ADS program and participate directly in the tender offer like other holders of preferred shares. See Section 4 – “Procedures for Accepting the Offer and Tendering Shares.”

**The tender offer is not conditioned on any minimum number of shares being tendered. The tender offer is, however, subject to other conditions. See Section 6 – “Conditions to the Tender Offer.”**

Brasilcel will pay the purchase price for up to 7,332,479,000 common shares and up to 12,699,707,000 preferred shares properly tendered before the Expiration Date, and not properly withdrawn, on the third Brazilian business day following the auctions described in Section 3 – “Acceptance for Payment and Payment for Shares.” If the number of common shares or preferred shares properly tendered before the Expiration Date and not properly withdrawn is less than or equal to the applicable number in the preceding sentence, Brasilcel will, upon the terms and subject to the conditions of the tender offer, purchase all the properly tendered shares of that class.

If, between the date of this offer to purchase and the date of the auctions described in Section 3 – “Acceptance for Payment and Payment for Shares,” there occurs any change in the number of shares into which TSD’s share capital is divided due to share dividends, share splits, reverse share splits or conversions, the maximum number of shares of each class to be purchased in the tender offer will be automatically adjusted in the same proportion. If such an event occurs, the São Paulo Stock Exchange will announce through its information system the new maximum number of shares of that class to be purchased in the tender offer.

### ***Proration***

In the event of over-subscription of the tender offer, shares tendered before the Expiration Date will be subject to proration. The proration period also expires on the Expiration Date. If the number of common shares or preferred shares properly tendered and not properly withdrawn is greater than the maximum number of shares of that class that Brasilcel intends to purchase, as described in the preceding paragraph, Brasilcel will purchase shares of each class on a pro rata basis. If proration of tendered shares is required, the São Paulo Stock Exchange will determine the proration factor at the time of the auctions described in Section 3 – “Acceptance for Payment and Payment for Shares.” Subject to adjustment to avoid the purchase of fractional shares, proration for each shareholder that tenders shares will be based on the ratio of the total number of shares of that class that Brasilcel accepts for purchase to the total number of shares of that class properly tendered and not properly withdrawn by all shareholders.

The receiving agent will, in turn, apply the proration factor to ADSs that have been properly tendered to the receiving agent before the ADS Qualification Date and not withdrawn. In applying the proration factor,

the receiving agent will round up or down to the nearest whole ADS tendered to the receiving agent by each ADS holder.

### ***Appraisal rights***

No appraisal rights for holders of TSD's common shares or preferred shares, or ADSs representing TSD's preferred shares, are available in connection with the tender offer.

### ***Extension, Amendment and Termination***

To the extent permitted by applicable Brazilian and U.S. securities laws and the terms of the tender offer, Brasilcel reserves the right, at any time and from time to time, in its sole discretion, (1) to extend the period of time during which the tender offer is open and thereby delay acceptance for payment of and payment for tendered shares, (2) to amend the tender offer in any respect and (3) to terminate the tender offer without purchasing any shares. In order to comply with the requirements of the U.S. Securities Exchange Act of 1934, as amended, or the "Exchange Act," and the regulations thereunder, any such extension, delay, termination, waiver or amendment will be followed as promptly as practicable by public announcement thereof, such announcement in the case of an extension to be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Share Qualification Date. Subject to applicable law (including Rule 14e-1 under the Exchange Act, which requires that material changes be promptly disseminated to shareholders in a manner reasonably designed to inform them of such changes) and without limiting the manner in which Brasilcel may choose to make any public announcement, Brasilcel will have no obligation to publish, advertise or otherwise communicate any such public announcement in the United States other than by issuing a press release to the Dow Jones News Service, the Public Relations Newswire or Business Wire.

If Brasilcel makes a material change in the terms of the tender offer or the information concerning the tender offer, Brasilcel will extend the tender offer to the extent required by Rule 14e-1 under the Exchange Act and to the extent permitted under applicable Brazilian laws and regulations. If, before the Expiration Date, Brasilcel decides to increase the consideration being offered in the tender offer, the increase in the consideration being offered will be applicable to all shareholders whose shares are accepted for payment under the tender offer. Furthermore, if at the time notice of any such increase in the consideration being offered before the Expiration Date is first published, sent or given to holders of those shares, the tender offer is scheduled to expire at any time earlier than the period ending on the tenth business day from and including the date that such notice is first so published, sent or given, the tender offer will be extended at least until the expiration of that ten-business-day period to the extent permitted under applicable Brazilian laws and regulations. Brasilcel does not expect to increase the amount of consideration currently available through this tender offer before the Expiration Date.

### ***Tenders by Directors, Executive Officers and Affiliates of TSD***

To the knowledge of Brasilcel and TSD, no director, executive officer or affiliate of TSD intends to tender common or preferred shares in the tender offer.

### ***Mailing***

This offer to purchase will be mailed by Brasilcel to any record holder of common shares or preferred shares of TSD resident in the United States, and any registered or beneficial holder of ADSs, who requests a copy of this offer to purchase. Any U.S. resident broker, dealer, commercial bank, trust company and similar person whose name, or the name of whose nominee, appears on the shareholder lists of CBLC or Banco ABN Amro Real or who is listed as a participant in the security position listing of The Depository Trust Company, as the clearing agency for ADSs of TSD, may request additional copies of this offer to purchase for subsequent transmittal to beneficial owners of common shares, preferred shares or ADSs. Brokers, dealers, commercial banks and trust companies will be reimbursed by Brasilcel for customary handling and mailing expenses incurred by them in forwarding material to their customers.



## **Definitions**

For purposes of this offer to purchase:

“Business day” means any day on which the principal offices of the Securities and Exchange Commission, or “SEC,” in Washington, D.C. are open to accept filings or, in the case of determining a date when any payment is due, any day on which banks are not required or authorized to close in New York City, and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time; and

“Brazilian business day” means any day on which the São Paulo Stock Exchange is open for trading.

## **2. Purpose of the Tender Offer.**

Brasilcel is undertaking this tender offer to increase its ownership of the common shares and preferred shares of TSD, of which it is the controlling shareholder. Brasilcel and its affiliates currently own 167,593,928,532 common shares of TSD, or 88.5% of TSD’s common shares, and 221,620,645,451 preferred shares of TSD, or 85.4% of TSD’s preferred shares. If the tender offer is successful and Brasilcel purchases 7,332,479,000 common shares and 12,699,707,000 preferred shares, Brasilcel will own 174,926,407,932 common shares of TSD, or 92.3% of TSD’s common shares, and 234,320,352,451 preferred shares of TSD, or 90.3% of TSD’s preferred shares.

Brasilcel believes that the tender offer also provides an efficient means to provide value to shareholders of TSD. The tender offer allows those TSD shareholders desiring to receive cash for their shares the opportunity to do so. The tender offer offers holders of TSD common shares and preferred shares the opportunity to sell shares at a 20% premium over the volume weighted average prices of shares of that class on the São Paulo Stock Exchange over the 30 trading days up to and including August 24, 2004, the date of announcement of the tender offer. The volume weighted average price is calculated by multiplying the average share price for each day during the period by the volume traded on that day and dividing the product by the total volume traded over the 30 trading-day period.

**None of Brasilcel, TSD, Portugal Telecom, PT Móveis, SGPS, S.A., Telefónica Móviles, any of their affiliates or any of their respective boards of directors or executive officers makes any recommendation as to whether holders should tender their shares. None of these persons has authorized any person to make any recommendation on its behalf as to whether a holder should tender or refrain from tendering its shares in the tender offer. If you are in doubt as to the action you should take, contact your broker, lawyer, accountant or other professional advisor without delay.**

In particular, TSD, its board of directors and executive officers are not making a recommendation regarding the tender offer and are expressing no opinion of, and are remaining neutral toward the tender offer because (1) the tender offer is being made by the controlling shareholder of TSD, and (2) the tender offer is a cash offer for only a portion of the common shares and preferred shares of TSD and TSD, its board of directors and its executive officers therefore believe that each investor should make its own decision as to the consideration being offered in the tender offer and whether to tender or refrain from tendering shares.

Concurrently with this tender offer, Brasilcel has commenced tender offers for a portion of the common shares and preferred shares of its subsidiaries Tele Leste Celular Participações S.A. and Celular CRT Participações S.A. in order to increase its ownership of those classes of shares.

## **3. Acceptance for Payment and Payment for Shares.**

The common shares and preferred shares purchased in the tender offer will be purchased through separate auctions on the São Paulo Stock Exchange. Both auctions are currently scheduled to occur after 2:05 p.m., New York City time, on October 8, 2004. Brokers acting on behalf of shareholders that wish to tender their shares must present sales orders on behalf of tendering shareholders by 11:00 a.m., New York City time, on October 8, 2004, which is the Expiration Date, through the São Paulo Stock Exchange’s Mega



Bolsa electronic trading system using the code “TSEP3L” for the common shares and “TSEP4L” for the preferred shares.

Sales orders from brokers tendering common shares and preferred shares on behalf of tendering shareholders, including the broker selected by the receiving agent to tender preferred shares underlying ADSs on behalf of ADS holders participating in the tender offer must be submitted no later than 11:00 a.m., New York City time, on October 8, 2004, which is the Expiration Date. At that time, sale orders for tendered shares that have not been reduced or cancelled before that time will be deemed accepted, subject to the proration provisions described in Section 1 – “Terms of the Tender Offer; Expiration Date and Qualification Dates,” and may not be withdrawn. All common shares and preferred shares purchased by Brasilcel in the tender offer will be acquired through buy orders at the prices set forth in this offer to purchase presented by BES Securities do Brasil, S.A. C.C.V.M., as broker for Brasilcel. BES Securities do Brasil, S.A. C.C.V.M. guarantees the settlement of the tender offer, except with respect to a competing offer from another offeror, as described below. BES Securities do Brasil, S.A. C.C.V.M. is controlled indirectly by a shareholder that holds 9.75% of the common shares of Portugal Telecom.

Under Article 13 of Instruction No. 361, dated March 5, 2002, of the Brazilian Securities Commission, a third party is permitted to commence a competing tender offer for all or a portion of the shares of either class subject to this tender offer, so long as the competing offeror offers a price at least five percent greater than the price for that class offered in this offer to purchase and complies with other provisions of applicable Brazilian law, including the publication of offering materials in Brazil. In such an event, the auctions may be postponed or shareholders may be required to take such additional actions to participate in the tender offer as may be announced by Brasilcel. In the event of such a competing tender offer, Brasilcel may, in its sole discretion, but subject to Brazilian law and regulations and the Exchange Act and the rules and regulations thereunder (including without limitation, the requirement under Rule 14e-1 that Brasilcel extend the tender offer if it increases the consideration offered), submit a higher counteroffer for the shares sought by the competing offeror. In the event that the date of the auctions is extended or Brasilcel otherwise modifies the terms of the tender offer, Brasilcel will make an announcement of that fact in the manner described in Section 1 – “Terms of the Tender Offer; Expiration Date and Qualification Date.”

Brasilcel will pay for shares accepted in the tender offer on the third Brazilian business day following the auctions, in accordance with the rules established by CBLC for net settlement. Under no circumstances will interest on the purchase price be paid by Brasilcel regardless of any delay in making that payment.

#### **4. Procedures for Accepting the Offer and Tendering Shares.**

To tender common shares or preferred shares in the tender offer, including preferred shares underlying ADSs, a shareholder or ADS holder must qualify for the tender offer no later than the dates indicated below. The steps the shareholder or ADS holder must follow in order to qualify differ according to whether it holds ADSs representing TSD preferred shares or whether it holds common shares or preferred shares directly in Brazil.

##### ***Holders of ADSs***

##### ***Tender of ADSs to the Receiving Agent***

If a holder of ADSs wishes to participate in the tender offer, the holder may tender its ADSs to The Bank of New York, as receiving agent, no later than 5:00 p.m., New York City time, on October 1, 2004, which is the ADS Qualification Date, in accordance with the instructions set forth below and in the accompanying letter of transmittal. For those ADSs tendered through the receiving agent, the receiving agent will then contact a broker authorized to conduct trades on the São Paulo Stock Exchange to tender the underlying preferred shares in the auction, and if the underlying preferred shares are accepted for purchase in the auction, those ADSs will be cancelled so that the underlying shares may be tendered. There is no separate tender offer being made in the United States to acquire ADSs.

Any holder of ADSs that wishes to tender ADSs to the receiving agent must, no later than the ADS Qualification Date, either:

complete and sign the accompanying letter of transmittal in accordance with the instructions contained therein and deliver that completed letter of transmittal, the applicable ADRs evidencing the ADSs tendered and all other required documents to the receiving agent no later than the ADS Qualification Date; or

request its broker, dealer, commercial bank, trust company or other nominee to effect the tender through the procedures of The Depository Trust Company by sending an agent's message to the receiving agent's account at The Depository Trust Company, or the "Book-Entry Transfer Facility," no later than the ADS Qualification Date.

Delivery of documents to the Book-Entry Transfer Facility will not constitute delivery to the receiving agent.

The letter of transmittal accompanying this offer to purchase is to be completed by ADS holders if ADRs are to be forwarded therewith. An agent's message must be used if delivery of ADSs is to be made by book-entry transfer to an account maintained by the receiving agent at the Book-Entry Transfer Facility pursuant to the procedures for book-entry transfer. ADRs evidencing ADSs or confirmation of any book-entry transfer into the receiving agent's account at the Book-Entry Transfer Facility of ADSs delivered electronically, as well as a properly completed and duly executed letter of transmittal (or an originally signed facsimile thereof) with any required signature guarantees or, in the case of a book-entry transfer, an agent's message and any other documents required by the letter of transmittal, must be delivered to the receiving agent at one of its addresses set forth in the letter of transmittal prior to the ADS Qualification Date. If ADSs are forwarded to the receiving agent in multiple deliveries, a properly completed and duly executed letter of transmittal (or an originally signed facsimile thereof) must accompany each such delivery.

Except as otherwise provided below, all signatures on the letter of transmittal must be guaranteed by a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer Agents Medallion Program (STAMP), the New York Stock Exchange Medallion Program (MSP), or the Stock Exchanges Medallion Program (SEMP) or any other "eligible guarantor institution" (as defined in Rule 17Ad-15 under the Exchange Act, which are referred to collectively as "Eligible Institutions." Signatures on the letter of transmittal need not be guaranteed (1) if the letter of transmittal is signed by the registered holder of the ADSs tendered therewith and that holder has not completed either Box 2: "Special Issuance Instructions" or Box 3: "Special Delivery Instructions" on the letter of transmittal or (2) if those ADSs are tendered for the account of an Eligible Institution.

The term "agent's message" means a message transmitted by means of the Book-Entry Transfer Facility to, and received by, the receiving agent and forming a part of a book-entry confirmation which states that the Book-Entry Transfer Facility has received an express acknowledgment from the participant in the system of the Book-Entry Facility tendering ADSs that are the subject of such book-entry confirmation that such participant has received and agrees to be bound by the terms of the letter of transmittal and that the purchaser may enforce such agreement against the participant.

The method of delivery of ADRs and all other required documents is at the sole option and risk of the tendering holders of ADSs. ADRs will be deemed delivered only when actually received by the receiving agent. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

No alternative, conditional or contingent tenders will be accepted, and no number of underlying preferred shares that would represent a fractional ADSs will be purchased. By executing the letter of transmittal, all tendering ADS holders waive any right to receive any notice of the acceptance of their ADSs for payment.

All letters of transmittal, ADRs evidencing ADSs and other required documents delivered to the receiving agent by holders of ADSs will be deemed, without any further action by the receiving agent, to constitute acceptance by such holders of the tender offer with respect to the preferred shares represented by



those ADSs, upon the terms and subject to the conditions set forth in this offer to purchase and the accompanying letter of transmittal.

After acceptance by Brasilcel of the preferred shares underlying the ADSs tendered to the receiving agent (subject to any pro rata reduction of the shares purchased as described in this offer to purchase) and receipt of payment of the consideration for those shares, the receiving agent will pay to the applicable holders of ADSs the U.S. dollar equivalent (based on then prevailing exchange rates, net of expenses for converting *reais* to U.S. dollars) of R\$7.80 per 1,000 preferred shares, or R\$39.00 per ADS, minus (1) a fee of U.S.\$5.00 per 100 ADSs or portion thereof for the cancellation of the ADSs representing preferred shares purchased in the tender offer, (2) the combined fee of 0.035% of the purchase price payable to the São Paulo Stock Exchange and CBLIC, as described in Section 1 – “Terms of the Tender Offer; Expiration Date and Qualification Dates,” and (3) the holder’s pro rata portion of the fee or commission charged by the broker selected by the receiving agent to tender preferred shares underlying ADSs on behalf of ADS holders participating in the tender offer. The ADS cancellation fee is payable to The Bank of New York, as depository under the deposit agreement governing the TSD ADS program. In addition, any ADS holder that wishes to tender ADSs in the tender offer must pay any taxes or governmental charges payable in connection with the cancellation of ADSs representing preferred shares purchased in the tender offer. ADS holders for which preferred shares underlying those ADSs are purchased in the tender offer will receive the purchase price for the preferred shares purchased in the tender offer underlying the ADSs they tendered in cash by check or, in the case of ADSs held through the Book-Entry Transfer Facility, by means of delivery of funds to the account maintained at the Book-Entry Transfer Facility by the participant that has tendered the ADSs.

If an ADS holder tenders ADSs but the underlying preferred shares are not accepted for payment for any reason (including, without limitation, any pro rata reduction of preferred shares accepted in the tender offer as described in Section 1 – “Terms of the Tender Offer; Expiration Date and Qualification Dates”), ADRs evidencing those ADSs will be returned promptly after the expiration or termination of the tender offer or the proper withdrawal of the ADSs, as applicable, or, in the case of ADSs transferred through the Book-Entry Transfer Facility, the unpurchased ADSs will be credited to the account at the Book-Entry Transfer Facility from which they were tendered as soon as practicable after the expiration or termination of the tender offer or the proper withdrawal of the ADSs, as applicable.

A tender of ADSs to the receiving agent can be made only by the holder of record of the ADSs. Any beneficial owner of ADSs that wishes to participate in the tender offer must instruct the broker, dealer, commercial bank, trust company or other nominee that is the record holder of those ADSs to tender the ADSs by completing, executing, detaching and returning to that broker, dealer, commercial bank, trust company or other nominee the accompanying instruction form. If a beneficial owner authorizes the tender of its ADSs, all those ADSs will be tendered unless otherwise specified in the instruction form. The instruction form must be forwarded to that broker, dealer, commercial bank, trust company or other nominee in ample time to permit that nominee to submit a tender of ADSs to the receiving agent on the beneficial owner’s behalf before the ADS Qualification Date.

#### *Guaranteed Delivery of ADSs*

If an ADS holder desires to tender ADSs pursuant to the offer and cannot deliver those ADSs and all other required documents to the receiving agent by the ADS Qualification Date or that holder cannot complete the procedure for delivery by book-entry on a timely basis, those ADSs may nevertheless be tendered if all of the following conditions are met:

the tender is made by or through an Eligible Institution;

a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form accompanying this offer to purchase is received by the receiving agent (as provided below) by the ADS Qualification Date; and

the ADRs evidencing the ADSs (or a confirmation of a book-entry transfer of such shares into the receiving agent’s account at the Book-Entry Transfer Facility), together with a properly completed and

duly executed letter of transmittal with any required signature guarantee or an agent's message and any other documents required by the letter of transmittal, are received by the receiving within three (3) NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, facsimile transmission or mail to the receiving agent and must include a guarantee by an Eligible Institution in the form set forth in that Notice.

#### *Direct Participation in the Tender Offer*

As an alternative to tendering its ADSs to the receiving agent, an ADS holder may also surrender its ADSs, withdraw the underlying preferred shares from the ADS program and participate directly in the tender offer like other holders of preferred shares. If a holder of ADSs wishes to participate directly in the tender offer in this manner, that ADS holder must first:

surrender to The Bank of New York, as depository under TSD's ADS program, at 101 Barclay Street, New York, New York 10286, the ADSs that represent preferred shares that it wishes to tender;

pay a fee to the depository in the amount of up to U.S.\$5.00 per 100 ADSs or portion thereof surrendered; and

pay any taxes or governmental charges payable in connection with its withdrawal of the shares from the ADS program.

If an ADS holder surrenders ADSs and receives the underlying preferred shares, the preferred shares so received will be registered at CBLC, and the holder will need to obtain its own foreign investor registration under Resolution No. 2,689/00 of the National Monetary Council. See Section 14 – "Certain Legal and Regulatory Matters – Registering Under Resolution No. 2,689/00" for more information on obtaining a foreign investor registration.

After the holder appoints a Brazilian representative for purposes of Resolution No. 2,689/00, the holder must make arrangements for that representative to tender the preferred shares on its behalf in the same manner as any other direct holder of shares whose shares are registered at CBLC. The Brazilian representative must follow all the steps set forth below under "– Holders of Shares Through CBLC." **The holder will need to take these steps in sufficient time to allow its Brazilian representative to qualify for the tender offer on its behalf no later than the Share Qualification Date in the manner described in "– Direct Holders of Common Shares or Preferred Shares."**

Tendering the preferred shares underlying the ADSs and participating directly in the tender offer allows holders to benefit from withdrawal rights as to the tender offer through the Expiration Date. However, withdrawal of the preferred shares underlying the ADSs from the ADS program requires payment of the ADS cancellation fee described above to the depository without any assurance that the preferred shares withdrawn from the ADS program will not be subject to proration. In addition, upon the redeposit of preferred shares into TSD's ADS program, an additional fee of up to U.S.\$5.00 per 100 ADSs or portion thereof will be payable to the depository.

#### *Questions*

Questions by an ADS holder regarding procedures and requirements for tendering ADSs in the tender offer may be directed to:

#### **The Bank of New York**

Tender & Exchange Department  
101 Barclay Street  
Receive and Deliver Window, Street Floor  
New York, NY 10286  
Telephone: 1-800-507-9357





### *Direct Holders of Common Shares or Preferred Shares*

A holder of common shares or preferred shares must, no later than 4:00 p.m., New York City time, on October 7, 2004, which is the Share Qualification Date, either personally or by means of a duly appointed proxy, contact any broker authorized to conduct trades on the São Paulo Stock Exchange, present the documentation listed below and ask the broker to tender its shares in the auction on its behalf. To tender a holder's shares, the holder's broker must, no later than 11:00 a.m., New York City time, on the Expiration Date, transfer the shares to Account No. 7105-6 at CBLC, which is an account opened in the name of every shareholder and maintained by CBLC for the purpose of the tender offer. Shareholders must pay any fee or commission charged by their broker.

There are two methods of holding common shares or preferred shares of TSD: through CBLC and through Banco ABN Amro Real, TSD's transfer agent. CBLC is the custodian for common shares and preferred shares of TSD that are traded on the São Paulo Stock Exchange, and settlement of the tender offer will occur through the facilities of CBLC. Shareholders that have invested in TSD shares under Resolution No. 2,689/00 of the National Monetary Council, for example, hold their shares through CBLC. These shareholders should ask their Brazilian representatives for purposes of Resolution No. 2,689/00 to contact such a broker on their behalf.

Holders of common shares or preferred shares through Banco ABN Amro Real should ask the broker they contact to request the transfer of their shares to the custody of CBLC in order to enable the broker to tender the shares on their behalf. Before it will accept an order to transfer shares to a broker, Banco ABN Amro Real will generally check the personal information for that holder in its records against the personal information the holder has provided to the broker through the documentation listed below to make sure they are the same. If there are inconsistencies between the records, Banco ABN Amro Real will not transfer the shares. **It is the responsibility of any shareholder through Banco ABN Amro Real to ensure that the information it provides to its broker is consistent with that in Banco ABN Amro Real's records. It is also the shareholder's responsibility to contact a broker sufficiently in advance of the Share Qualification Date to ensure that Banco ABN Amro Real can transfer the shareholder's shares to the custody of CBLC for deposit in the account specified above before the Share Qualification Date.**

Any holder that does not know whether it holds its shares through CBLC or Banco ABN Amro Real S.A. should ask its custodian, representative, broker or other nominee. In addition, any holder that has invested directly in common shares or preferred shares in Brazil other than through Resolution 2,689/00 of the National Monetary Council should consult its custodian, representative, broker, lawyer or other professional advisor without delay regarding the steps it would need to follow in order to participate in the tender offer. Such a holder may need to change the form of its investment under applicable Brazilian laws and regulations to participate in the tender offer, and Brasilcel cannot guarantee whether the holder would be able to make that change in time to participate in the tender offer.

Shares deposited in the CBLC account specified above may not be traded until the date of settlement of the tender offer, which is three business days after the Expiration Date. If the shareholder wishes to trade shares that have been transferred to the CBLC account specified above, the shareholder must first withdraw those shares from the tender offer. See Section 5 – "Withdrawal Rights."

In order to qualify for the tender offer, shareholders must present the following documents and any additional information or documents that may be requested by Brasilcel, CBLC, Banco ABN Amro Real or their broker:

A shareholder who is a natural person must present certified copies of his or her:

identity card or passport;

taxpayer registration card (CPF); and

a document proving the residence of the shareholder.

A shareholder that is a legal entity must present certified copies of its:

certificate of incorporation and bylaws, or other organizational documents;

taxpayer registration card (CPNJ);

a corporate document granting powers of representation to the officer or other person acting on its behalf; and

the identity card or passport, taxpayer registration card (CPF) and document proving residence of the person acting on the entity' s behalf.

Representatives of estates, minors, incapacitated persons and proxies must also present:

originals or certified copies of the personal documents mentioned above for the representatives themselves;

in the case of representatives of estates, minors and incapacitated persons, originals or certified copies of the judicial authorizations that grant them powers of representation; and

in the case of proxies, originals or certified copies of the documents that grant them powers of representation.

### ***General***

Questions or requests for assistance may be directed to the information agents set forth on the back cover of this offer to purchase. Additional copies of this offer to purchase may also be obtained from that contact person.

**All questions as to the form of documents and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of common shares or preferred shares will be determined by Brasilcel in its sole discretion, which determination shall be final and binding on all parties.** Brasilcel reserves the absolute right to reject any and all tenders determined by it not to be in proper form. Brasilcel also reserves the absolute right to waive any defect or irregularity in the tender of any shares of any particular shareholder, whether or not similar defects or irregularities are waived in the case of other shareholders. **No tender of shares will be deemed to have been validly made until all defects and irregularities have been cured or waived. Neither Brasilcel nor any of its affiliates or assigns or other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.** Brasilcel' s interpretation of the terms of the tender offer will be final and binding.

The tender of shares pursuant to any of the procedures described above will constitute the tendering shareholder' s acceptance of the terms of the tender offer, as well as the tendering shareholder' s representation and warranty to Brasilcel that:

the shareholder has the full power and authority to tender, sell, assign and transfer the tendered shares (and any and all other shares or other securities issued or issuable in respect of those shares); and

when the shares are accepted for payment by Brasilcel, Brasilcel will acquire good and unencumbered title to the shares, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claims.

### **5. Withdrawal Rights.**

Shareholders or ADS holders that have qualified for the tender offer may withdraw from the tender offer, but they may do so only as described in this section. For a withdrawal to be effective, the broker who has been instructed to tender shares in the auction described in Section 3 – “Acceptance for Payment and Payment for Shares,” including the broker selected by the receiving agent to tender preferred shares underlying ADSs, must withdraw those shares from the CBLC account maintained for the tender offer no later than 11:00 a.m., New York

City time, on October 8, 2004, which is the Expiration Date and the date of the auction. Any tender of shares will be irrevocable after that time. If a shareholder wishes to withdraw the tender of its shares,

it is the responsibility of the shareholder to ensure that the broker who has been instructed to tender its shares receives instructions to withdraw the tender of those shares before that time. In order to allow the broker selected by the receiving agent to withdraw those shares underlying ADSs held by ADS holders who wish to withdraw, a written notice of withdrawal from any ADS holder participating in the tender offer through the receiving agent must be received by the receiving agent no later than 5:00 p.m., New York City time, on October 6, 2004. In order to withdraw from the tender offer, shareholders and ADS holders should follow the instructions below.

### ***Holders of ADSs***

If an ADS holder is participating in the tender offer by tendering its ADSs to the receiving agent, its originally signed written notice of withdrawal must be received by the receiving agent **no later than 5:00 p.m., New York City time, on October 6, 2004** at the address below or, in the case of Eligible Institutions, at the facsimile number below.

#### **By Mail:**

The Bank of New York  
Tender & Exchange Department  
P.O. Box 11248  
New York, NY 10286-1248

#### **By Hand or Overnight or Courier:**

The Bank of New York  
Tender & Exchange Department  
101 Barclay Street  
Receive and Deliver Window, Street Floor  
New York, NY 10286

#### **By Facsimile Transmission (for Eligible Institutions Only):**

(212) 815-6433

To confirm facsimile transmission only:

(212) 815-6212

Any such notice of withdrawal must:

specify the name of the person that tendered the ADSs to be withdrawn;

in the case of a tender by book-entry transfer, specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn ADSs and otherwise comply with the procedures of such facility;

contain a statement that such holder is withdrawing his election to have such ADSs tendered;

be signed by the holder in the same manner as the original signature on the letter of transmittal by which such ADSs were tendered (including any required signature guarantees); and

specify the ADSs to be withdrawn, if not all of the ADSs tendered by the holder.

If an ADS holder withdraws ADSs from the tender offer, the ADRs evidencing those ADSs will be returned promptly after the proper withdrawal of the ADSs or, in the case of ADSs transferred through the Book-Entry Transfer Facility, the properly withdrawn ADSs will be credited into the receiving agent's account at the Book-Entry Transfer Facility pursuant to book-entry transfer procedures and such ADSs will be credited to an account maintained with the Book-Entry Transfer Facility for the ADSs as soon as practicable after the proper withdrawal of the ADSs. Properly withdrawn ADSs may be retendered by following the procedures described in Section 4 – "Procedures for Accepting the Offer and Tendering Shares" at any time on or prior to the ADS Qualification Date.

Please note that any ADS holder that wishes to preserve its effective right to withdraw up until the Expiration Date must surrender its ADSs, withdraw the underlying preferred shares from the ADS program and participate directly in the tender offer like other holders of preferred shares. See Section 4 – “Procedures for Accepting the Offer and Tendering Shares – Holders of ADSs – Direct Participation in the Tender Offer.”

## ***Direct Holders of Common Shares and Preferred Shares***

If a shareholder directly holds common shares or preferred shares, the shareholder or its representative in Brazil must contact the broker that it has instructed to tender shares on its behalf in sufficient time to enable the broker to withdraw its shares from the CBLC account maintained for the tender offer **no later than 11:00 a.m., New York City time, on the Expiration Date** and must provide any documentation required by the broker.

### ***General***

In addition, in accordance with Section 14(d)(5) of the Exchange Act, shareholders that have tendered shares may withdraw those shares at any time after October 30, 2004 if the auctions have not occurred before that date by communicating their request to withdraw their shares in the manner described above.

Even if Brasilcel extends the tender offer, is delayed in accepting shares for payment pursuant to the tender offer for any reason or is unable to accept shares for payment pursuant to the tender offer for any reason, elections to tender may be withdrawn only as described in this section, subject to Rule 14e-1(c) under the Exchange Act. Any such delay will be by an extension of the tender offer to the extent required by law. See Section 1 – “Terms of the Offer; Expiration Date and Qualification Dates.”

**All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by Brasilcel, in its sole discretion, whose determination will be final and binding. Neither Brasilcel nor any other person will be under any duty to give any notification of any defects or irregularities in any withdrawal or incur any liability for failure to give any such notification.**

Withdrawals of tendered shares may not be rescinded. Any shares properly withdrawn will thereafter be deemed not to have been validly tendered for purposes of the tender offer. However, holders of common shares and preferred shares that have properly withdrawn tendered shares may re-qualify those shares for the tender offer at any time before the Share Qualification Date by following the procedures described in Section 4 – “Procedures for Accepting the Offer and Tendering Shares.” ADS holders that have properly withdrawn their ADSs from the tender offer may retender those ADSs to the receiving agent at any time before the ADS Qualification Date by following the procedures described in that section.

## **6. Conditions to the Tender Offer.**

Notwithstanding any other provisions of this offer to purchase and in addition to (and not in limitation of) any rights Brasilcel may have to extend, amend or terminate the tender offer, Brasilcel will not be required to accept for payment or pay for, and may delay payment for any TSD common shares or preferred shares, subject to the rules under the Exchange Act and applicable Brazilian laws and regulations, if, at any time on or after the date of this offer to purchase and on or before 8:00 a.m., New York City time, on the Expiration Date, any of the following shall have occurred:

- (1) the businesses, conditions, income, operations or share ownership of TSD or its direct or indirect subsidiaries become subject to a material adverse change as a result of the occurrence of any of the following events:

the issuance of any act by any governmental organ of the executive, legislative or judicial powers that:

questions, restricts or limits the ability of Brasilcel to carry out any of the tender offers for shares of TSD, hold shares of TSD, not acquire additional shares of TSD, exercise the rights inherent thereto or receive distributions thereunder;

terminates or amends the terms and conditions of any licenses, authorizations or concessions granted for the conduct of the businesses of TSD or its direct or indirect subsidiaries;

expropriates, confiscates or limits the free disposal of the assets of TSD or any of its direct or indirect subsidiaries;



reduces tariffs or rates for services charged by TSD or any of its direct or indirect subsidiaries, or imposes additional obligations to make investments, provide services or implement measures that excessively burden TSD or its direct or indirect subsidiaries;  
or

suspends, restricts or limits transactions in the foreign exchange market or the inflow or outflow of funds into or out of Brazil;

the occurrence of war or grave civil or political unrest inside or outside Brazil;

the occurrence of a natural event (including, without limitation, an earthquake, flood or other similar event) or the occurrence of any other external factor that causes significant damage to:

the infrastructure, communication systems or the rendering of public services in the states in which the TSD or any of its direct or indirect subsidiaries renders services or in any other relevant areas of Brazil; or

the assets of TSD or any of its direct or indirect subsidiaries in a manner that affects the ordinary course of their respective businesses;

- (2) a general suspension of, or a limitation in the trading of, securities in general or of the shares or ADSs issued by TSD on the São Paulo Stock Exchange or the New York Stock Exchange for more than 24 hours;

- (3) a decrease of 20% or more, as of the closing of any trading session, of the value of the São Paulo Stock Exchange index known as IBOVESPA, expressed in U.S. dollars (converted in accordance with the average of the buy and sell U.S. dollar-*real* exchange rates indicated under “transaction PTAX 800, option 5” published by the Central Bank of Brazil, or the “Central Bank,” through the SISBACEN system at 6:00 p.m. on that date), in relation to that verified on August 25, 2004, the date of publication of the Notice of Material Fact relating to the tender offer, which value was 7.814 points, in U.S. dollars;

- (4) a decrease of 20% or more, as of the closing of the foreign exchange market on any date, of the value of the *real* in relation to the U.S. dollar (in accordance with the average of the buy and sell U.S. dollar-*real* exchange rates indicated under “transaction PTAX 800, option 5” published by the Central Bank through the SISBACEN system at 6:00 p.m. on that date), in relation to that verified on August 25, 2004, the date of the Notice of Material Fact relating to the tender offer, which value was R\$2.9508;

- (5) the occurrence of any substantial change in the rules applicable to the Brazilian or U.S. capital markets, or an increase in tax rates that adversely affects or impedes the consummation of the tender offer by Brasilcel;

- (6) the revocation of any governmental authorization necessary for the consummation of the tender offer or the issuance of any act by any governmental authority that impedes Brasilcel from carrying out the tender offer or imposes an obligation to buy or sell shares issued by TSD; or

- (7) the making of comments by the SEC as to the materials filed in the United States related to the tender offer (including the Schedule TO of which this offer to purchase is a part and the exhibits to the Schedule TO) that adversely affect or impede the consummation of the tender offer by Brasilcel.

This tender offer is not subject to any conditions other than those specified above.

Brasilcel is entitled to waive on or more of these conditions, in whole or in part, at any time and from time to time until 8:00 a.m., New York City time, on the Expiration Date, to the extent permitted by law.

In addition, under Brazilian law, Brasilcel is permitted to terminate or modify the terms of the tender offer if a substantial and unforeseeable change in the facts and circumstances existing on the date of this offer to purchase has occurred that materially increases the



risks assumed by Brasilcel in connection with the tender offer. If such an event occurs, Brasilcel will issue a Notice of Material Fact clarifying whether the tender offer is to continue, and on what conditions, or whether the tender offer will have no more effect.

## 7. Source and Amount of Funds.

The total amount of funds required by Brasilcel to purchase the maximum number of common shares and preferred shares subject to the tender offer, before fees and expenses, is estimated to be approximately R\$146 million. The total amount of funds required by Brasilcel to purchase the maximum number of common shares and preferred shares subject to the tender offers relating to TSD, Tele Leste Celular Participações S.A. and Celular CRT Participações S.A., before fees and expenses, is estimated to be approximately R\$615 million. Brasilcel intends to pay this amount from funds obtained from its controlling shareholders Portugal Telecom, Telefónica Móviles and PT Móveis, whether through capital contributions, intercompany loans or otherwise. Telefónica Móviles intends to obtain its portion of the funds to be provided to Brasilcel from borrowings from one of its subsidiaries, which will obtain those funds from cash on hand or from existing financing arrangements with third parties. Portugal Telecom and PT Móveis intend to obtain its portion of the funds to be provided to Brasilcel from cash on hand or from existing financing arrangements with third parties. The tender offer is not conditioned upon the receipt of financing by any party.

## 8. Certain Tax Consequences.

### *Certain United States Federal Income Tax Consequences*

The following summary describes certain U.S. federal income tax consequences of the tender offer for common shares and preferred shares of TSD. The discussion set forth below is only applicable to U.S. Holders (as defined below) who tender common shares or preferred shares of TSD (including preferred shares underlying the TSD ADSs) in the tender offer. Except where noted, it deals only with common shares and preferred shares of TSD held as capital assets and does not address all aspects of U.S. federal income taxation that may be applicable to a holder subject to special treatment under the Internal Revenue Code of 1986, as amended, or the “Code” (including, but not limited to, banks, tax-exempt organizations, insurance companies and dealers in securities or foreign currency, holders who have a functional currency other than the U.S. dollar, and holders who acquired shares pursuant to the exercise of an employee stock option or otherwise as compensation). In addition, the discussion does not address the state, local or foreign tax consequences (or other tax consequences such as estate or gift tax consequences) of the tender offer. The discussion below is based upon the provisions of the Code, and U.S. Treasury regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified (with possible retroactive effect) so as to result in U.S. federal income tax consequences different from those discussed below. **Shareholders should consult their own tax advisors concerning the U.S. federal tax consequences of the tender offer in light of their particular situations, as well as any consequences arising under the laws of any other taxing jurisdiction.**

If a partnership holds common shares or preferred shares of TSD, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner of a partnership holding such common shares or preferred shares, the holder is urged to consult its tax advisors regarding the tax consequences of the tender offer.

As used in this subsection “– Certain United States Federal Income Tax Consequences,” the term “U.S. Holder” means a beneficial holder of common shares or preferred shares of TSD that is (i) an individual citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust (X) that is subject to the supervision of a court within the United States and the control of one or more United States persons as described in Section 7701(a)(30) of the Code or (Y) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

### *Consequences of the Tender Offer*

The receipt of cash in exchange for common shares or preferred shares of TSD pursuant to the tender offer will be a taxable transaction for U.S. federal income tax purposes. A U.S. Holder of common shares or preferred shares of TSD will generally recognize gain or loss for U.S. federal income tax purposes in an



amount equal to the difference between the amount of cash received and the U.S. Holder's tax basis in the common shares or preferred shares exchanged. Gain or loss must be calculated separately for each block of common shares or preferred shares exchanged by the U.S. Holder. Subject to the discussion under "– Passive Foreign Investment Company Rules," such gain or loss generally will be capital gain or loss. Capital gains of individuals derived with respect to capital assets held for more than one year at the time the common shares or preferred shares are exchanged are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

The amount of any cash paid in *reais* will equal the U.S. dollar value of the *reais* received, calculated by reference to the exchange rate in effect on the date the cash is received by the U.S. Holder, regardless of whether the *reais* are converted into U.S. dollars. If the *reais* received are not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the *reais* equal to its U.S. dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or other disposition of the *reais* will be treated as ordinary income or loss.

### *Section 306*

If a U.S. Holder tenders common shares or preferred shares that qualify as "Section 306 stock" as defined in Section 306 of the Code, such holder's tax consequences may be different than those described above. Such holders should consult their own tax advisors with respect to their common shares or preferred shares of TSD and the application of the rules thereto under Section 306 of the Code.

### *Passive Foreign Investment Company Rules*

Based on the projected composition of its income and valuation of its assets, including goodwill, Brasilcel does not believe that TSD will be in the current year, or has been in 1998 or any subsequent taxable year, a passive foreign investment company ("PFIC"), although there can be no assurance in this regard. PFIC status, moreover, is a factual determination that is made annually. Accordingly, it is possible that TSD may have been a PFIC in prior taxable years or may become a PFIC in the current taxable year due to changes in valuation or composition of its income or assets. If TSD is or was a PFIC, U.S. Holders could be subject to certain adverse U.S. federal income tax consequences as more fully described below.

In general, a company is considered a PFIC for any taxable year if either (i) at least 75% of its gross income is passive income, or (ii) at least 50% of the value of its assets is attributable to assets that produce or are held for the production of passive income.

The asset test is based on the average of the value of TSD's assets for each quarter during the taxable year. If TSD owns at least 25% by value of another company's stock, it will be treated, for purposes of the PFIC rules, as owning its proportionate share of the assets and receiving its proportionate share of the income of that company.

In determining that Brasilcel does not believe that TSD is a PFIC in the current year, Brasilcel is relying on TSD's projected capital expenditure plans and projected revenue for the current year. In addition, Brasilcel's determination is based on a current valuation of TSD's assets, including goodwill. In calculating goodwill, Brasilcel has valued TSD's total assets based on TSD's total market value, which, in turn, is based on the market value of TSD's shares and is subject to change. In addition, Brasilcel has made a number of assumptions regarding the amount of this value allocable to goodwill. Brasilcel believes its valuation approach is reasonable. However, it is possible that the U.S. Internal Revenue Service, or "IRS," may challenge the valuation of TSD's goodwill, which may also result in it being classified as a PFIC. Because Brasilcel has valued TSD's goodwill based on the market value of TSD's shares, a decrease in the price of its shares may also result in TSD becoming a PFIC.

If TSD is or was a PFIC for any taxable year during which a U.S. Holder holds its TSD common shares or preferred shares, such U.S. Holder will be subject to special tax rules with respect to any gain realized from the tender offer. Under these special tax rules (i) the gain will be allocated ratably over the U.S. Holder's holding period for the TSD common shares or preferred shares, (ii) the amount allocated to the current

taxable year, and any taxable year prior to the first taxable year in which TSD was a PFIC, will be treated as ordinary income, and (iii) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

If a U.S. Holder holds TSD common shares or preferred shares in any year in which TSD is classified as a PFIC, such holder would be required to file IRS Form 8621.

In certain circumstances, a U.S. Holder, in lieu of being subject to the special tax rules discussed above, may make an election to include gain on the stock of a PFIC as ordinary income under a mark-to-market method provided that such stock is regularly traded on a qualified exchange. If a valid mark-to-market election was made by a U.S. Holder in the current or any prior taxable year (and such election remains in effect), the special tax rules discussed above do not apply. Any gain recognized pursuant to the tender offer will be treated as ordinary income in the current taxable year. U.S. Holders are urged to consult their tax advisors about the mark-to-market election and whether any such election would be applicable with respect to their particular circumstances.

U.S. Holders are urged to consult their tax advisors concerning the U.S. federal income tax consequences of holding TSD common shares or preferred shares if TSD is or has been considered a PFIC in any taxable year.

#### *Information Reporting and Backup Withholding*

In general, information reporting requirements will apply to the cash payments received pursuant to the tender offer paid within the United States (and in certain cases, outside of the United States) to U.S. Holders other than certain exempt recipients (such as corporations), and backup withholding may apply to such amounts if the U.S. Holder fails to provide an accurate taxpayer identification number or to report dividends or interest required to be shown on its U.S. federal income tax returns. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a refund or a credit against the U.S. Holder's U.S. federal income tax liability provided the required information is provided to the IRS.

#### *Certain Brazilian Tax Consequences*

The following discussion summarizes the principal Brazilian tax consequences of the disposition of TSD's common shares or preferred shares by a U.S. holder not deemed to be domiciled in Brazil for Brazilian tax purposes, or a "U.S. holder" for purposes of this subsection "– Certain Brazilian Tax Consequences," including a disposition of common shares or preferred shares in the tender offer. This discussion does not address all the Brazilian tax considerations that may be applicable to any particular non-Brazilian holder, and each non-Brazilian holder should consult its own tax advisor about the Brazilian tax consequences of disposing of TSD shares in the tender offer.

According to Law No. 10,833, enacted on December 29, 2003, the disposition of assets located in Brazil by a non-resident to either a Brazilian resident or a non-resident may be subject to taxation in Brazil, regardless of whether the disposition occurs outside or within Brazil.

Gains realized outside Brazil or in Brazil by a U.S. holder or a non-Brazilian holder on disposition of TSD's common shares or preferred shares or by an ADS holder on the disposition of ADSs representing TSD's preferred shares may be taxed at 25%, 20% or 15%, or be free of Brazilian tax, depending on the circumstances:

Gains realized by a U.S. holder or a non-Brazilian holder through transactions on Brazilian stock exchanges, including the disposition of common shares or preferred shares of TSD in the tender offer, are generally subject to tax at a rate of 20%, unless the investor is entitled to a tax-free treatment for transactions regulated by the National Monetary Council, or the "CMN Regulations," as described below.

Gains realized by a U.S. holder and a non-Brazilian holder in a transaction conducted off of a stock exchange are subject to tax at a rate of 15%, or 25% if the beneficiary is located in a tax haven jurisdiction (*i.e.*, a country that does not impose any income tax, a country where the maximum income tax rate is lower than 20%, or a country that restricts the disclosure of shareholder composition or the ownership of investments).

Gains realized by a U.S. holder and a non-Brazilian holder under Resolution No. 2,689/00 through transactions on Brazilian stock exchanges, including the disposition of common shares or preferred shares of TSD in the tender offer, or by an ADS holder, if the proceeds obtained from the disposition of the underlying preferred shares on a Brazilian stock exchange are remitted outside Brazil within five business days of the cancellation of the applicable ADS, are not subject to tax unless the beneficiary is located in a tax haven jurisdiction, in which case the applicable tax rate is of 20%. There can be no assurance that the receiving agent will be able to remit proceeds to ADS holders within such four-day period. If the receiving agent does not do so, the ADS holder will be subject to tax at a rate of 20%. There can be no assurance that the current preferential treatment for a U.S. holder and a non-Brazilian holder under CMN Regulations will be maintained.

The “gain realized” as a result of a transaction on a Brazilian stock exchange is the difference between the amount in *reais* realized on the sale or exchange and the acquisition cost measured in *reais*, without any correction for inflation. Despite the fact that the legislation is not entirely clear, the acquisition cost of shares registered as an investment with the Central Bank has been historically calculated on the basis of the foreign currency amount registered with the Central Bank translated into *reais* at the commercial market rate on the date of the sale or exchange.

*Other Brazilian Taxes.* There are no Brazilian stamp, issue, registration or similar taxes or duties payable by holders of shares.

A financial transaction tax, or the “IOF tax,” may be imposed on a variety of transactions, including the conversion of Brazilian currency into foreign currency (*e.g.*, for purposes of paying dividends and interest). The IOF tax rate on such conversions is currently 0%, but the minister of finance has the legal power to increase the rate to a maximum of 25%. Any increase would be applicable only prospectively. The IOF tax may also be levied on transactions involving bonds or securities, or “IOF/ Títulos tax,” even if the transactions are effected on Brazilian stock, futures or commodities exchanges. The rate of the IOF/ Títulos tax with respect to TSD’ s shares is currently 0%. The minister of finance, however, has the legal power to increase the rate to a maximum of 1.5% of the amount of the taxed transaction per each day of the investor’ s holding period, but only to the extent of gain realized on the transaction and only on a prospective basis.

In addition to the IOF tax, a second, temporary tax that applies to the removal of funds from accounts at banks and other financial institutions, or the “CPMF tax,” will be imposed on distributions in respect of shares in the event that these distributions are converted into U.S. dollars and remitted abroad by the applicable custodian. The CPMF will be in effect until December 31, 2007 at the rate of 0.38%. From July 13, 2002, transactions conducted through the Brazilian stock exchanges in current accounts specified for stock exchange transactions and the related remittance of funds abroad are exempt from the CPMF tax.

## **9. Accounting Treatment of the Tender Offer.**

Under Brazilian accounting practices, the acquisition of common shares and preferred shares of TSD in the tender offer will be recorded by Brasilcel at the book value of the shares acquired. The difference between the purchase price and the book value of this minority interest, if any, will be recorded as goodwill. Goodwill is generally amortized over a five- to ten-year period on a straight-line basis, based on the estimated future profitable operations of the underlying entity.

Under U.S. generally accepted accounting principles, or “U.S. GAAP,” the acquisition of common shares and preferred shares of TSD in the tender offer will be recorded using the purchase method of accounting pursuant to Statement of Financial Accounting Standards No. 141, “Business Combinations,” and the related interpretations. Under the purchase method of accounting, the purchase price of this minority

interest is allocated to the proportional amount of the underlying assets acquired, including identifiable intangible assets, and liabilities assumed based on their estimated fair values on the date of acquisition. The excess of the cost of the minority interest over the net amount assigned to assets acquired and liabilities assumed, if any, is recognized as goodwill. Under U.S. GAAP, goodwill is not subject to amortization over its estimated useful life but is subject to assessment for impairment at least annually by applying a fair value-based test.

#### 10. Certain Information About the Shares.

The principal market on which the common shares and the preferred shares of TSD are traded is the São Paulo Stock Exchange, where they are listed under the ticker symbols “TSEP3” and “TSEP4,” respectively. ADSs representing preferred shares of TSD are traded on the New York Stock Exchange under the ticker symbol “TSD.” Each ADS represents 5,000 preferred shares of TSD. As of July 31, 2004, there were 189,434,957,933 common shares, 259,575,036,202 preferred shares (including preferred shares underlying ADSs) and 36,295,387 ADSs issued and outstanding.

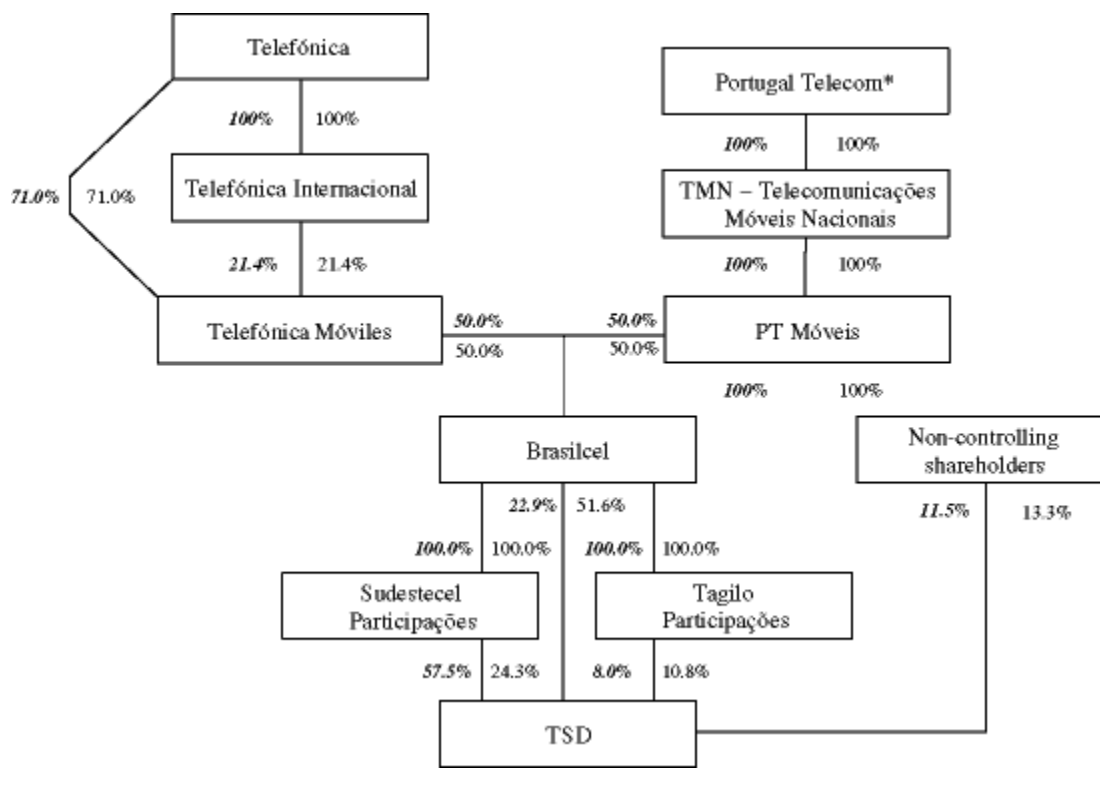
The following table sets forth, for the calendar quarters indicated, the low and high sales prices for lots of 1,000 common shares and 1,000 preferred shares and for the ADSs.

	Common Shares		Preferred Shares		ADSs	
	Low	High	Low	High	Low	High
	<i>(reais)</i>				<i>(U.S. dollars)</i>	
<b>2002</b>						
1st Quarter	4.84	5.59	5.68	6.45	11.80	13.40
2nd Quarter	4.83	5.15	5.67	6.50	10.20	12.33
3rd Quarter	4.94	5.30	5.99	6.70	7.90	11.51
4th Quarter	4.88	5.40	6.10	6.90	7.70	9.58
<b>2003</b>						
1st Quarter	4.89	5.15	6.22	6.90	8.60	9.99
2nd Quarter	4.70	5.40	6.79	7.40	10.70	12.80
3rd Quarter	3.90	4.81	5.10	6.64	7.95	11.60
4th Quarter	4.41	5.04	5.69	6.80	9.75	11.64
<b>2004</b>						
1st Quarter	4.50	5.49	5.31	7.19	9.25	12.64
2nd Quarter	4.05	5.37	4.61	6.50	7.47	11.20
3rd Quarter (through August 30, 2004)	4.59	5.80	5.94	7.17	9.45	11.50

Source: São Paulo Stock Exchange, New York Stock Exchange (through Reuters)

## 11. Certain Information About Brasilcel, TSD and Their Parent Companies.

The following chart shows the parent companies of TSD, including Brasilcel, as of the date of this offer to purchase. The percentages in bold italics refer to voting share capital, and the percentages not in bold italics refer to total share capital.



\* Portugal Telecom directly holds one share, or less 0.01%, of Brasilcel. That share is included in the percentage held by PT Móveis shown on this chart.

**Brasilcel.** Brasilcel is a joint venture of Telefónica Móviles, Portugal Telecom and PT Móveis and is managed on an equal basis by those companies. Brasilcel was created pursuant to a strategic agreement signed by Portugal Telecom and Telefónica Móviles in January 2001 to create a cellular services company in Brazil that would aggregate all of the parties' investments in cellular telecommunications businesses in Brazil to the extent permitted under Brazilian law. After receiving regulatory approval, the Telefónica group and the Portugal Telecom group contributed the shares of several cellular communications companies to Brasilcel in December 2002. See Section 12 – "Interests of Directors, Executive Officers and Certain Controlling Persons; Transactions and Arrangements – Transactions and Arrangements Concerning Common and Preferred Shares – Joint Venture Arrangement." Brasilcel holds controlling interests in several Brazilian telecommunications companies, including TSD, Telesp Celular Participações S.A., Tele Leste Celular Participações S.A., Celular CRT Participações S.A. and Tele Centro Oeste Celular Participações S.A. Brasilcel is incorporated under the laws of The Netherlands under the name Brasilcel N.V. Its corporate domicile is located at Strawiskylaan, 3105, 1077 ZX, Amsterdam, The Netherlands.

**Portugal Telecom.** Portugal Telecom is a limited liability holding company, organized as a *Sociedade Gestora de Participações Sociais* under the laws of the Republic of Portugal under the name Portugal Telecom, SGPS, S.A. The principal business of Portugal Telecom is, through its subsidiaries, the provision of wireline services, including fixed lines, data and business solutions and internet-related services; cellular telecommunications services in Portugal and Brazil; multimedia services including TV programming, film distribution and screening, newspaper publishing and distribution, radio programming and provision of cable internet; and the sale of telecommunications equipment. Its principal executive offices are located at Avenida Fontes Pereira de Melo, 40, 1069-300, Lisbon, Portugal. Its telephone number is (351) 21 500-1701.





**PT Móveis.** PT Móveis is a limited liability holding company, organized as a *Sociedade Gestora de Participações Sociais* under the laws of the Republic of Portugal under the name PT Móveis, SGPS, S.A. PT Móveis is a subsidiary of TMN. The principal business of PT Móveis is as a holding company for Portugal Telecom's investment in Brasilcel and in Medi Telecom, which provides cellular telecommunications services in Morocco. Its principal executive offices are located at Avenida Álvaro Pais, 02, 1649-041, Lisbon, Portugal. Its telephone number is (351) 21 791-4400.

**Sudestecel Participações S.A.** Sudestecel Participações is incorporated under the laws of Brazil under the name Sudestecel Participações S.A. The principal business of Sudestecel Participações is as a holding company for a portion of Brasilcel's investment in TSD. Its principal executive offices are located at Rua Martiniano de Carvalho, 851, 20 andar, São Paulo, SP, Brazil, 01321-001. Its telephone number is (55) 11 3549-7422.

**Tagilo Participações Ltda.** Tagilo Participações is incorporated under the laws of Brazil under the name Tagilo Participações Ltda. The principal business of Tagilo Participações is as a holding company for a portion of Brasilcel's investment in TSD and Tele Leste Celular Participações S.A. Its principal executive offices are located at Rua Roque Petroni Jr., 1464, 6th Floor – Morumbi, São Paulo, SP, Brazil, 04583-110. Its telephone number is (55) 11 5105-1155.

**Telefónica.** Telefónica is incorporated under the laws of Spain under the name Telefónica, S.A. The principal business of Telefónica is, through its subsidiaries, the provision of fixed line and cellular telecommunications services, data transmission services and audiovisual content and media services in Spain, Latin America and other regions. Its principal executive offices are located at Gran Vía, 28, 28013, Madrid, Spain. Its telephone number is (34) 91 584-0306.

**Telefónica Internacional.** Telefónica Internacional is incorporated under the laws of Spain under the name Telefónica Internacional S.A. Telefónica Internacional is a subsidiary of Telefónica, S.A. The principal business of Telefónica Internacional is, through its subsidiaries, the provision of fixed line telecommunications services in Latin America. Its principal executive offices are located at Gran Vía 28, 7th Floor, Madrid, Spain, 28013. Its telephone number is (34) 91 362-6607.

**Telefónica Móviles.** Telefónica Móviles is incorporated under the laws of Spain under the name Telefónica Móviles, S.A. Telefónica Móviles is a subsidiary of Telefónica, S.A. Telefónica Móviles, S.A. is a holding company that provides cellular telecommunications services through subsidiaries and investments in Spain, Morocco and Latin America. Telefónica Móviles manages all the cellular assets of the Telefónica Group. Its principal executive offices are located at C/ Goya, 24, 28001, Madrid, Spain. Its telephone number is (34) 91 423-4400.

**TMN.** TMN is a limited liability holding company, organized under the laws of the Republic of Portugal, under the name TMN – Telecomunicações Móveis Nacionais S.A. TMN is a subsidiary of Portugal Telecom. The principal business of TMN is the provision of cellular telecommunications services in Portugal. Its principal executive offices are located at Avenida Álvaro Pais, 02, 1649-041 Lisbon, Portugal. Its telephone number is (351) 21 791-4400.

**TSD.** TSD is a corporation incorporated under the laws of Brazil under the name Tele Sudeste Celular Participações S.A. TSD is engaged, through its subsidiaries, in cellular telecommunications businesses in Brazil. Its wholly owned subsidiary Telerj Celular S.A. provides cellular telecommunications services in the state of Rio de Janeiro, and its wholly owned subsidiary Telest Celular S.A. provides cellular telecommunications services in the state of Espírito Santo. Its principal executive offices are located at Praia de Botafogo, 501, 7th Floor Rio de Janeiro, RJ, Brazil 22250-040. Its telephone number is (55) 21 2586-6613.

**Directors and Executive Officers.** The name, business address and business telephone number of the directors and executive officers of these companies are set forth in Schedule 1 hereto.

During the last five years, Brasilcel, Sudestecel Participações and Tagilo Participações have not, and, to the knowledge of Brasilcel, none of Telefónica Móviles, Telefónica, Telefónica Internacional, TMN, PT Móveis, Portugal Telecom or any of the persons listed on Schedule 1 hereto has been (1) convicted in a



criminal proceeding (excluding traffic violations or similar misdemeanors) or (2) a party to any judicial or administrative proceeding (excluding matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, U.S. federal or state securities laws, or a finding of any violation of U.S. federal or state securities laws.

***Where You Can Find More Information About TSD.*** TSD files annual reports on Form 20-F and furnishes reports on Form 6-K to the SEC. You may read and copy any of these reports at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site at <http://www.sec.gov> that contains reports and other information regarding issuers that file electronically with the SEC.

TSD is also subject to the informational requirements of the Brazilian Securities Commission and the São Paulo Stock Exchange and files reports and other information relating to its business, financial condition and other matters with the Brazilian Securities Commission and the São Paulo Stock Exchange. Brasilcel and TSD have also made certain information relating to the transaction available on the Internet site <http://www.vivo.com.br/ri>, but that information is not incorporated by reference into this offer to purchase.

## **12. Interests of Directors, Executive Officers and Certain Controlling Persons; Transactions and Arrangements.**

### ***Interests of Directors, Executive Officers and Certain Controlling Persons***

Each of Brasilcel, Telefónica Móviles, Telefónica, TMN, PT Móveis and Portugal Telecom may be deemed to be beneficial owners pursuant to the Exchange Act of the 43,450,494,855 common shares of TSD, or 22.9% of TSD's common shares, and 188,303,110,743 preferred shares of TSD, or 72.5% of TSD's preferred shares, held directly by Brasilcel. Each of Brasilcel, Telefónica Móviles, Telefónica, TMN, PT Móveis, Portugal Telecom and Tagilo Participações may be deemed to be beneficial owners pursuant to the Exchange Act of the 15,168,831,917 common shares of TSD, or 8.0% of TSD's outstanding common shares, and 33,317,534,708 preferred shares of TSD or 12.8% of TSD's preferred shares, held by Tagilo Participações. Each of Brasilcel, Telefónica Móviles, Telefónica, TMN, PT Móveis, Portugal Telecom and Sudestecel Participações may be deemed to be beneficial owners pursuant to the Exchange Act of the 108,974,602,760 common shares of TSD, or 57.5% of TSD's outstanding common shares held by Sudestecel Participações.

The management of TSD holds an aggregate of approximately 2,802 common shares of TSD, or 0.0% of TSD's common shares, and approximately 130 preferred shares, or 0.0% of TSD's preferred shares. These shares may be held by directors and executive officers of Brasilcel, Telefónica Móviles, Telefónica, Telefónica Internacional, TMN, PT Móveis, Portugal Telecom, Sudestecel Participações or Tagilo Participações to the extent such persons are also members of management of TSD. See Schedule 1 to this offer to purchase. In addition, directors and executive officers of Brasilcel, Telefónica Móviles, Telefónica, Telefónica Internacional, TMN, PT Móveis, Portugal Telecom, Sudestecel Participações and/or Tagilo Participações own an additional 81,661 common shares and 53,085 preferred shares. Other than as described in the preceding sentences, to Brasilcel's knowledge, none of the directors or executive officers of Brasilcel, Telefónica Móviles, Telefónica, Telefónica Internacional, TMN, PT Móveis, Portugal Telecom, Sudestecel Participações or Tagilo Participações, or any associate of these companies or their directors and executive officers, beneficially owns any common shares or preferred shares of TSD. None of Brasilcel's subsidiaries, other than Sudestecel Participações and Tagilo Participações, beneficially owns any common shares or preferred shares of TSD.

Brasilcel has sole power to vote or to dispose of the common shares and preferred shares of TSD it holds directly. Brasilcel and Sudestecel Participações each may be deemed to have sole power to vote or to dispose of common shares and preferred shares of TSD held directly by Sudestecel Participações, and Brasilcel and Tagilo Participações each may be deemed to have sole power to vote or to dispose of the common shares and preferred shares of TSD held directly by Tagilo Participações. Pursuant to the joint venture arrangement described below under “– Transactions and Arrangements Concerning Common and Preferred Shares – Joint Venture Arrangement,” Telefónica Móviles, on one hand, and Portugal Telecom and PT Móveis, on the



other hand, have equal voting rights in Brasilcel. Telefónica Móviles, Telefónica, TMN, PT Móveis and Portugal Telecom therefore each may be deemed to share the power to vote or to dispose of preferred shares of TSD held directly and indirectly by Brasilcel. Brasilcel, Telefónica Móviles, Telefónica, TMN, PT Móveis and Portugal Telecom disclaim membership in a group within the meaning of Section 13(d)(3) of the Exchange Act.

### ***Transactions and Arrangements Concerning Common and Preferred Shares***

None of Brasilcel or any of its subsidiaries (including TSD, Sudestecel Participações and Tagilo Participações) has effected any transaction in the common shares or preferred shares of TSD in the past 60 days. To Brasilcel' s knowledge, none of Telefónica, Telefónica Internacional, Telefónica Móviles, Portugal Telecom, TMN or PT Móveis, any director or executive officer of Brasilcel, Brasilcel' s subsidiaries (including TSD, Sudestecel Participações and Tagilo Participações), Telefónica, Telefónica Internacional, Telefónica Móviles, Portugal Telecom, TMN or PT Móveis, or any associate of Brasilcel or TSD, has effected any transactions in the common shares or preferred shares of TSD in the past 60 days.

Except as described below, Brasilcel and its subsidiaries (including TSD, Sudestecel Participações and Tagilo Participações) are not, and to Brasilcel' s knowledge, none of Telefónica, Telefónica Internacional, Telefónica Móviles, Portugal Telecom, TMN, PT Móveis or any of the directors or executive officers of Brasilcel, Brasilcel' s subsidiaries (including TSD, Sudestecel Participações and Tagilo Participações), Telefónica, Telefónica Internacional, Telefónica Móviles, Portugal Telecom, TMN or PT Móveis is, a party to any agreement, arrangement, understanding or relationship with any other person relating, directly or indirectly, to any of TSD' s securities (including any agreement, arrangement, understanding or relationship concerning the transfer or the voting of any such securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations).

### ***Joint Venture Arrangement***

On January 23, 2001, Telefónica Móviles, Portugal Telecom and PT Móveis agreed to create a joint venture to consolidate Telefónica Móviles' cellular businesses in Brazil with those of Portugal Telecom. Under this joint venture framework agreement, each of the Telefónica group and the Portugal Telecom group agreed to contribute to a 50:50 joint venture certain of its cellular businesses in Brazil, including interests in operating companies and holding companies that own cellular licenses in Brazil, such as TSD, as well as other assets or business that are operated for the benefit of those companies. This joint venture resulted in the formation of Brasilcel, the controlling shareholder of TSD.

On October 17, 2002, Telefónica Móviles, on the one hand, and Portugal Telecom and PT Móveis, on the other, entered into the definitive stockholders' agreement and subscription agreement that implemented the joint venture framework agreement signed in January 2001. In accordance with these definitive agreements, Telefónica Móviles and the Portugal Telecom group have the same voting rights in Brasilcel. This equality in voting rights will continue to exist even if either party' s economic and voting interest is diluted below 50%, but not lower than 40%, as a consequence of a capital increase. The equality in voting rights will cease to exist if the percentage of ownership of one of the parties falls below 40% during an uninterrupted period of six months. In this event, if the group with the reduced interest were the Portugal Telecom Group, it would be entitled to sell to Telefónica Móviles, which would be obliged to buy (directly or through another company), all of Portugal Telecom' s ownership interest in Brasilcel. This right expires on December 31, 2007. This put option would be exercisable in the 12 months subsequent to the end of the aforementioned six-month period, provided that the Portugal Telecom group had not increased its ownership interest to 50% of the total capital stock of Brasilcel.

Also, in accordance with the definitive agreements, the Portugal Telecom group would be entitled to sell to Telefónica Móviles, which would be obligated to buy, all of Portugal Telecom' s ownership interest in Brasilcel should there be a change in control at Telefónica, Telefónica Móviles or any subsidiary of the latter that holds a direct or indirect ownership interest in Brasilcel. Similarly, Telefónica Móviles would be entitled

to sell to the Portugal Telecom group, which would be obliged to buy, its ownership interest in Brasilcel if there is a change of control at Portugal Telecom, PT Móveis or any other subsidiary of either company that holds a direct or indirect ownership interest in Brasilcel.

The definitive agreements established that the parties to the agreements shall transfer to Brasilcel all of their direct or indirect ownership interests in equity securities, whether voting or non-voting, in cellular properties in Brazil, including any such interests obtained from future acquisitions of Brazilian cellular properties by those parties.

On December 27, 2002, following the agreements entered into on October 17, 2002 and after having obtained the necessary authorization from the Brazilian authorities for the contribution, Telefónica Móviles and PT Moveis contributed to Brasilcel all the shares held directly or indirectly by the two groups in their cellular communications companies in Brazil.

### ***Past Contacts, Transactions, Negotiations and Agreements***

#### *Transactions*

*Communication Agreements.* TSD has entered into transactions with other companies controlled by Brasilcel, Portugal Telecom or by Telefónica for the use of their networks and long distance (roaming) cellular communications technology, technical assistance, general corporate services and to provide call centers. The counterparties to these various agreements are:

Telebahia Celular S.A. and Telergipe Celular S.A. (both together, as Tele Leste, reported gross loss of R\$0.1 million in 2003 and gross profit of R\$3.6 million in 2002);

Telecomunicações de São Paulo S.A. – TELESP, a company controlled by Telefónica (R\$54.6 million and R\$2.6 million of gross profit in 2003 and 2002, respectively);

Celular CRT S.A., a company controlled by Brasilcel (R\$0.1 million and R\$1.6 million of gross profit in 2003 and in 2002, respectively); and

Telesp Celular S.A., Global Telecom S.A., Tele Centro Oeste Celular Participações S.A., Telems Celular S.A., Telerom Celular S.A., Telemat Celular S.A., Teleacre Celular S.A., Telegoiás Celular S.A., Norte Brasil Telecom S.A., companies controlled by Brasilcel (all together, as Telesp Celular Participações S.A, reported R\$1.3 million of gross profit in 2003).

The terms of the roaming agreements and of the agreements for network use are regulated by the *Agência Nacional de Telecomunicações – ANATEL*, the Brazilian telecommunications regulatory agency.

*Consulting Service Agreement.* TSD has entered into a Consulting Service Agreement with Telefónica Móviles pursuant to which TSD receives marketing, technical and business development advice. Under the Consulting Services Agreement, TSD is obligated to make annual payments to Telefónica Móviles of up to 2% of net operating revenues. TSD and its subsidiaries made payments of R\$22.2 million in 2003 and R\$17.4 million in 2002.

*Other Service Arrangements.* The following services are rendered by companies controlled by Portugal Telecom and Telefónica:

apportionment of general and administrative expenses with carriers of the same group according to the costs actually incurred with these services (R\$34.7 million in recovered revenues in 2003 and R\$20.1 million in revenues in the six months ended June 30, 2004);

corporate services centralized at Telefónica Gestão de Serviços Compartilhados do Brasil Ltda., transferred to other companies at costs effectively incurred (R\$0.1 million in expenses in the six months ended June 30, 2004);

call center services rendered by Atento Brasil S.A. to users of telecommunications services of subsidiaries, (R\$45.7 million, R\$35.3 million and R\$27.9 million in expenses in 2003, 2002 and the six months ended June 30, 2004, respectively); and



implementation and maintenance of profitability and cost control system by Telefónica M3bile Solution (R\$0.1 million in expenses in the six months ended June 30, 2004).

### *Conflicts of Interest*

Certain of the members of the board of directors and executive officers of TSD are also board members and/or executive officers of Brasilcel, the controlling shareholder of TSD, or its affiliates. See Schedule 1 to this offer to purchase.

### **13. Effects of the Tender Offer on the Market for Common Shares, Preferred Shares and ADSs.**

The number of shares that Brasilcel is offering to acquire has been determined to allow Brasilcel to increase its participation in TSD without suppressing the liquidity of the remaining shares of those classes for purposes of Brazilian laws and regulations, in particular Instruction No. 361 dated March 5, 2002 of the Brazilian Securities Commission. The purchase of common shares and preferred shares of TSD by Brasilcel in the tender offer will reduce the number of shares that might otherwise be traded publicly and may reduce the number of TSD shareholders. These reductions may reduce the volume of trading in TSD common shares and preferred shares and ADSs representing TSD preferred shares after completion of the tender offer. Shareholders may be able to sell non-tendered common shares and preferred shares in the future on the S3o Paulo Stock Exchange or otherwise at a net price higher or lower than the purchase price in the tender offer, and holders of ADSs may be able to sell ADSs in the future on the New York Stock Exchange at a net price higher or lower than they might obtain by participating in the tender offer.

However, Brasilcel anticipates that there will be a sufficient number of common shares and preferred shares of TSD and ADSs representing preferred shares of TSD outstanding and publicly traded after completion of the tender offer to ensure a continued trading market for those shares. Based on the regulations of the Brazilian Securities Commission and the New York Stock Exchange, Brasilcel does not believe that its purchase of common shares or preferred shares in the tender offer will cause the remaining outstanding common shares and preferred shares to be delisted from the S3o Paulo Stock Exchange or to cause the remaining ADSs to be delisted from the New York Stock Exchange.

The TSD ADSs are now "margin securities" under the rules of the Board of Governors of the U.S. Federal Reserve System. This classification has the effect of, among other things, allowing brokers to extend credit to their customers using the ADSs as collateral. Brasilcel believes that, after the purchase of preferred shares under the tender offer (including preferred shares received upon the surrender of ADSs), the ADSs remaining outstanding will continue to be margin securities for purposes of the U.S. Federal Reserve Board's margin rules and regulations.

The TSD preferred shares are registered under the Exchange Act, which requires, among other things, that TSD furnish certain information to its shareholders and the SEC. Brasilcel believes that its purchase of preferred shares in the tender offer will not result in the shares becoming eligible for deregistration under the Exchange Act.

There will be no change in the rights of holders of common shares or preferred shares as a result of the tender offer.

### **14. Certain Legal and Regulatory Matters.**

**General.** Brasilcel is not aware of (1) any license or other regulatory permit that appears to be material to the business of Brasilcel or any of its subsidiaries, including TSD, that might be adversely affected by the purchase of common and preferred shares by Brasilcel in the tender offer or (2) any approval or other action by any domestic (federal or state) or foreign governmental authority which would be required before the purchase of common and preferred shares by Brasilcel in the tender offer. Should any such approval or other action be required, it is Brasilcel's present intention to seek that approval or action. Brasilcel does not currently intend, however, to delay the purchase of common and preferred shares pursuant to the tender offer pending the outcome of any such action or the receipt of any such approval. However, Brasilcel may be required to



delay the acceptance for payment of or payment for shares tendered in the tender offer until the outcome of that process, if necessary, is known. Any such approval or other action, if needed, might not be obtained or might be obtained only with substantial cost or conditions, and adverse consequences might result to the business of Brasilcel, TSD or their respective subsidiaries.

**Antitrust.** The purchase of the common and preferred shares by Brasilcel pursuant to the tender offer is not subject to the approval of Brazilian antitrust authorities.

**Registering Under Resolution No. 2,689/00.** The right to convert dividend payments and proceeds from the sale of Brazilian securities into foreign currency and to remit those amounts outside Brazil is subject to restrictions under foreign investment regulations, which generally require, among other things, the electronic registration of the relevant investment with the Central Bank. The depositary under TSD's ADS program holds an electronic registration for the preferred shares underlying the TSD ADSs.

Any ADS holder that wishes to participate directly in the tender offer, as described in Section 4 – “Procedures for Accepting the Offer and Tendering Shares – Holders of ADSs – Directo Participation in the Tender Offer,” rather than tendering ADSs through the receiving agent must withdraw the preferred shares it wishes to tender from the TSD ADS program. That holder must then obtain its own electronic registration by registering its investment in the preferred shares as a foreign portfolio investment under Resolution 2,689/00 of the National Monetary Council.

Under Resolution No. 2,689/00, foreign investors may invest in almost all financial assets and engage in almost all transactions available in the Brazilian financial and capital markets, provided that certain requirements are met. Resolution 2,689/00 affords favorable tax treatment to foreign portfolio investors who are not residents of a tax haven jurisdiction as defined by Brazilian tax laws (meaning a country that does not impose taxes, a country where the maximum income tax rate is lower than 20% or a country that restricts the disclosure of shareholder composition or the ownership of investments). See Section 8 – “Certain Tax Consequences – Certain Brazilian Tax Consequences.” Nevertheless, securities trading is restricted to transactions carried out on the stock exchanges or organized over-the-counter markets licensed by the Brazilian Securities Commission.

A foreign portfolio investor under Resolution No. 2,689/00 must:

appoint at least one representative in Brazil that will be responsible for complying with registration and reporting requirements and reporting procedures with the Central Bank and the Brazilian Securities Commission. If the representative is an individual or a non-financial company, the investor must also appoint an institution duly authorized by the Central Bank that will be jointly and severally liable for the representative's obligations;

complete the appropriate foreign investor registration form;

register as a foreign investor with the Brazilian Securities Commission;

register the foreign investment with the Central Bank;

appoint a tax representative in Brazil; and

obtain a taxpayer identification number from the Brazilian federal tax authorities.

Securities and other financial assets held by foreign investors pursuant to Resolution No. 2,689/00 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank or the Brazilian Securities Commission.

If a holder of ADSs wishes to withdraw the preferred shares underlying those ADSs and convert its investment into a foreign portfolio investment under Resolution No. 2,689/00, it should begin the process of obtaining its own foreign investor registration in advance of surrendering the ADSs and withdrawing the preferred shares. If the holder of ADSs does not timely complete this process, the custodian for

the depositary will neither effect the exchange nor deliver the underlying preferred shares, and will instruct the depositary to cancel the exchange and return the ADSs to the holder.

**Instruction No. 361.** Public tender offers in Brazil are regulated under Instruction No. 361, dated March 5, 2002, of the Brazilian Securities Commission. Under Instruction 361, if the Brazilian Securities Commission determines that a tender offer by a controlling shareholder or a person acting with a controlling shareholder leads to a suppression of the liquidity of the shares of the applicable class, the offeror may be required to launch a tender offer for all remaining publicly held shares or to sell the excess within the period set forth in the Instruction.

## 15. Fees and Expenses.

Brasilcel will not pay any fees or commissions to any broker, dealer or other person for soliciting the tendering of common or preferred shares to Brasilcel pursuant to the tender offer.

Brokers, dealers, commercial banks and trust companies will be reimbursed by Brasilcel for customary handling and mailing expenses incurred by them in forwarding material to their customers.

## 16. Miscellaneous.

Although the tender offer is open to all holders of TSD common and preferred shares, this offering document is intended solely for holders of TSD common shares and preferred shares who are residents in the United States and holders of ADSs representing TSD preferred shares. Separate offering materials in Portuguese are being simultaneously made available to holders of common shares and preferred shares who are not residents of the United States through publication in Brazil as required by Brazilian law. Brasilcel is not aware of any jurisdiction where the making of the tender offer or the election to tender common or preferred shares in connection therewith would not be in compliance with the laws of that jurisdiction. If Brasilcel becomes aware of any jurisdiction in which the making of the tender offer or the election to tender common or preferred shares in connection therewith would not be in compliance with applicable law, Brasilcel will make a good faith effort to comply with any such law. If, after such good faith effort, Brasilcel cannot comply with any such law, the tender offer will not be made to (nor will elections to tender shares be accepted from or on behalf of) the holders of common or preferred shares in that jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the tender offer to be made by a licensed broker or dealer, the tender offer will be deemed to be made on behalf of Brasilcel by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

If, within a period of one year from the date of the auctions:

an event occurs that requires Brasilcel to effect a mandatory public tender offer for the applicable class of shares of TSD under Instruction CVM No. 361 of March 5, 2002 of the Brazilian Securities Commission;

Brasilcel effects another public tender offer for the applicable class of shares of TSD; or

a corporate event occurs that would have permitted the holders of the applicable class of shares of TSD whose shares were purchased in the tender offer described in this offer to purchase to exercise appraisal rights under Brazilian law if they had remained shareholders of TSD at the time of that corporate event,

Brasilcel has agreed to pay in *reais* to each holder of the applicable class of shares of TSD whose shares were purchased in this tender offer the difference, if any, between:

the price per share of the applicable class that the holder would have the right to receive by virtue of the events described in the three bullet points above that has occurred; and

the price per share that such holder received for the sale of shares of that class to Brasilcel in this tender offer, monetarily adjusted at the Brazilian *Taxa Referencial – TR* rate from the date of payment for those shares in this tender offer to the date of payment of that additional amount and adjusted for any changes in the number of shares that may have occurred by virtue of any share dividend, share split, reverse share split or conversions of that class of share capital into another class.



In addition, in the event that TSD carries out a corporate transaction whereby its shareholders receive shares of another public company within one year from the date of the auctions, Brasilcel has agreed to pay to the holders of outstanding shares of the applicable class of TSD whose shares were purchased in this tender offer the difference, if any, between:

the price per share that such holder received from the sale of shares of that class to Brasilcel in this tender offer, monetarily adjusted at the Brazilian *Taxa Referencial* – TR rate and in accordance with applicable law from the date of payment for those shares in this tender offer to the date of consummation of that corporate transaction and adjusted for any changes in the number of shares that may have occurred by virtue of any share dividend, share split, reverse share split or conversions of that class of share capital into another class; and

the greater of:

the weighted average price per share on the stock exchange for shares of that class or type of shares that are delivered to the shareholders of TSD as a result of such corporate transaction, calculated based on the period of 30 days before the announcement of that transaction; and

the weighted average price per share on the stock exchange for shares of that class or type of shares that are delivered to the shareholders of TSD as a result of such corporate transaction, calculated based on the period of 60 days before the announcement of that transaction.

**No person has been authorized to give any information or make any representation on behalf of Brasilcel not contained in this offer to purchase, and if given or made, such information or representation must not be relied upon as having been authorized.**

Brasilcel has filed with the SEC a Schedule TO, together with exhibits, furnishing certain additional information with respect to the tender offer. You may read and copy the Schedule TO and any amendments thereto, including exhibits, at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site at <http://www.sec.gov> that contains reports and other information regarding issuers that file electronically with the SEC.

**BRASILCEL N.V.**

Dated: September 1, 2004

## INFORMATION ABOUT THE DIRECTORS AND EXECUTIVE

### OFFICERS OF BRASILCEL, TSD AND CERTAIN OF THEIR AFFILIATES

#### 1. Directors and Executive Officers of Brasilcel.

The following table sets forth the name and position of each director and executive officer of Brasilcel. The current business address of each person is at Strawiskylaan, 3105, 1077 ZX, Amsterdam, The Netherlands, except where otherwise indicated below. Each position set forth opposite an individual's name refers to a position with Brasilcel unless otherwise indicated.

Name	Positions Held	Principal Occupation and Business Experience
Zeinal Abedin M. Bava(1)	Director	Chief Financial Officer of Portugal Telecom, SGPS, S.A. since 2000; Chief Executive Officer of TV Cabo Portugal, S.A. since March 2004; Executive Vice-Chairman of the Board of Directors of PT Comunicacoes, S.A. since January 2004; Member of the Board of Directors of PT Corporate – Solucoes Empresariais de Telecomunicacoes e Sistemas, S.A. since June 2003; Chief Executive Officer of PT Multimedia – Servicos de Telecomunicacoes e Multimedia, SGPS, S.A. since May 2003; Member of the Board of Directors of PT Compras – Servicos de Consultoria e Negociacao, S.A. since May 2003; Member of the Board of Directors of Fundação Portugal Telecom since March 2003; Chairman of the Board of Directors of Previsao – Sociedade Gestora de Fundos de Pensões, S.A. since March 2003; Chairman of the Board of Directors of PT Servicos de Gestão, S.A. since February 2003; Member of the Board of Directors of Tele Sudeste Celular Participacoes S.A. since 2003; Member of the Board of Directors of CRT Celular Participacoes S.A. since 2003; Member of the Board of Directors of Tele Leste Celular Participacoes S.A. since 2003; Member of the Board of Directors of Tele Centro Oeste Celular Participacoes S.A. since 2003; Member of the Board of Directors of Brasilcel, N.V. since December 2002; Vice-Chairman of the Board of Directors of PT Multimedia – Servicos de Telecomunicacoes e Multimedia, SGPS, S.A. since November 2002; Member of the Board of Directors of Portugal Telecom Brasil, S.A. since July 2002; Member of the Board of Directors of BEST – Banco Electronico de Servico Total, S.A. since May 2001; Member of the Board of Directors of Telesp Celular Participacoes S.A. since April 2001; Vice-Chairman of the Board of Directors of PT Ventures, SGPS, S.A. (formerly Portugal Telecom Internacional, SGPS, S.A.) from 2000 until 2002; Director and Relationship Manager for Portugal of Merrill Lynch International from 1998 until 1999.
Álvaro José Roquette Morais(1)	Director	Director and Chief Operating Officer of PT Investimentos Internacionais since March 2004. Director and Chief Operating Officer of PT Comunicações from June 2002 until March 2004. Chief Executive Officer of PT Prime from June 2002 until March 2004. Executive Vice President of Sales and Marketing of Telesp Celular from April 2001 until June 2002. Chief Executive Officer of





Name	Positions Held	Principal Occupation and Business Experience
Carlos Manuel de Lucena e Vasconcellos Cruz(1)	Director	<p>2001. President and Chief Executive Officer of D&amp;B Spain from January 1999 until September 2000. Chief Executive Officer of Transunion Spain from January 1999 until September 2000. Deputy General Manager and Sales and Marketing Director of D&amp;B Spain in 1998.</p> <p>Chief Executive Officer of Portugal Telecom Investimentos Internacionais – Consultoria Internacional S.A. and PT Ventures, SGPS, S.A. since April 2004; Member of the Board of Directors of PT Corporate – Soluções Empresariais de Telecomunicações e Sistemas, S.A. since June 2003; Member of the Board of Directors of PT Compras – Serviços de Consultoria e Negociação, S.A. since May 2003; Member of the Board of Directors of Fundação Portugal Telecom since March 2003; Member of the Board of Directors of Tele Sudeste Celular Participações S.A. since 2003; Member of the Board of Directors of CRT Celular Participações S.A. since 2003; Member of the Board of Directors of Tele Leste Celular Participações S.A., since 2003; Member of the Board of Directors of Tele Centro Oeste Celular Participações S.A. since 2003; Member of the Board of Directors of Brasilcel, N.V. since December 2002; Member of the Board of Directors of Portugal Telecom Brasil, S.A. since July 2002; Member of Board of Directors of Telesp Celular Participações S.A. since April 2001; Vice-Chairman of Telesp Celular Participações S.A. since 2001; Chief Executive Officer of PTM.com, SGPS, S.A. from May 2003 until January 2004; Chief Executive Officer of PT Comunicações, S.A. from May 2002 until January 2004; Chief Executive Officer of PT Prime, SGPS, S.A. from 2002 until January 2004; Chairman of the Board of Directors of PT Prime, SGPS, S.A. from 2002 until January 2004; Chairman of the Board of Directors of PT Contact – Telemarketing e Serviços de Informação, S.A. from 2002 until January 2004; Member of the Board of Directors of TMN – Telecomunicações Móveis Nacionais, S.A. from June 2002 until May 2003; Chairman and Chief Executive Officer of Telesp Celular S.A. from May 2001 until May 2002; President and Chief Executive Officer of Tradecom, SGPS, S.A. from 2000 until 2001; Executive Board Member of PT Prime, SGPS, S.A. from 2000 until 2001; Invited Professor of Universidade Católica Portuguesa and ISCTE for Post-Graduate Courses and MBA Program from 2000 until 2001.</p>
Harry Dirk Hilbert Moraal(2)	Director	<p>Senior Client Relationship Manager in ABN AMRO Trust in Amsterdam from 1999 until 2004; Head Client Relationship Department member in ABN AMRO Trust in Amsterdam since 2004.</p>
Paul Johannes Antonius Wilbrink(2)	Director	<p>Senior Account Manager at ING Trust (Nederland) B.V. from 1999 until 2000; Lawyer at Nationale-Nederlanden from 2000 until 2002; Team Manager at ING Trust (Nederland) B.V. from 2002 until 2004; Senior Client Relationship Manager since 2004 at ABN AMRO Trust Company (Nederland) B.V.</p>



Name	Positions Held	Principal Occupation and Business Experience
Lara Ieka Runne(2)	Director	Corporate lawyer for ABN AMRO Trust Company (Nederland) B.V. since November 2003; Junior account manager trust at MeesPierson Trust (Curacao) N.V. from 2002 until 2003 and in 2001; Marketing sales and assistant at MeesPierson Trust (Curacao) N.V. in 2002; Worked in sales and marketing for a resort at Curacao from 2000 to 2001.
Marcus Antonius Joseph Pessel(2)	Director	Financial Officer and Corporate Officer of ING Trust (Nederland) B.V. from 1997 until 2000 and from 2000 until 2002; Account Manager at Sheltons Trust & Corporate Services in 2002; Senior Client Relationship Manager since 2002 at ABN AMRO Trust Company (Nederland) B.V.
Carlos David Maroto Sobrado(3)	Director	Executive Managing Director of Telefónica Europe B.V. since March 2002. Member of the Board of Directors of Telefónica Europe B.V., Atento N.V. and Brasilcel N.V. Manager of Corporate Financing & Documentation Department of Telefónica S.A. from March 2000 until March 2002. Senior Analyst in Financing and Derivatives in Financing and Debt-Capital Structure of Telefónica S.A. from 1999 until March 2000.
Antonio Pedro de Carvalho Viana Baptista (1)	Director	Member of the Board of Directors of Tele Leste Celular Participações S.A. since 2003; Member of the Board of Directors of Telefónica de Argentina, S.A. since 2003, Chairman of the Board of Directors of Telefónica Móviles España, S.A. since 2003; Member of the Board of Directors of Brasilcel, N.V. since December 2002; Chief Executive Officer of Telefónica Móviles, S.A. since 2002; Member of the Board of Directors of Telesp, S.A. since 2001; Supervisory Board Director of Emergia Holding N.V. since 2000; Member of the Board of Directors of Telefónica de España, S.A. since December 2000; Member of the Board of Directors of Telefónica, S.A. since 2000; Member of Patronato of Fundación Telefónica since 1999; Member of the Board of Directors of Telefónica Datacorp, S.A.U. since 1998; Member of the Board of Directors of Telefónica Perú Holding since 1998; Member of the Board of Directors of CTC Chile since 1998; Member of the Board of Directors of Telefónica Internacional, S.A. since 1998.
Ignacio Aller Mallo(3)	Director	Chief Operating Officer of Telefónica Móviles S.A.; Member of the Board of Directors of Telefónica Móviles México, S.A. de C.V., Member of the Board of Directors of Brasilcel N.V. Member of the Board of Directors of Telesp Celular Participações S.A., Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Tele Centro Oeste Celular Participações S.A. and Celular CRT Participações S.A. since 2003. He has held several positions at Telefónica de España since 1967.
Félix Pablo Ivorra Cano(3)	Director	President of the Board of Directors of TCP; President of the Board of Directors of Telefónica Móviles; Executive Vice-President for Brazil and Latin America of Telefónica Móviles. Member of the Board of Directors of Telecomunicações de São Paulo S.A, Brasilcel N.V.,



Name	Positions Held	Principal Occupation and Business Experience
Ernesto Lopez Mozo(3)	Director	<p>Celular Participações, S.A., Tele Centro Oeste Celular Participações, S.A., Telefónica Móviles SAC Perú, Telefónica Móviles Perú Holding, S.A.A and MobiPay International, S.A. He joined the Telefónica Group in July 1972 and served in the areas of Technical Specifications, Network Planning, Commercial Planning and as General Director of Advanced Communications. In 1993, he was appointed General Director of the team that founded Telefónica Servicios Móviles, where he held several positions including General Commercial Director and General Director of Business Development. During 1997 and part of 1998, he was chairman of the board of Telefónica Móviles group companies, Mensatel, S.A. and Radiored, S.A.</p> <p>Chief Financial Officer General Manager for Finance and Management Control of Telefónica Móviles S.A.; Member of the Board of Directors of Telefónica Móviles de España, S.A., Mobipay International, S.A., Telefonia Móviles México, S.A. de C.V., Brasilcel N.V., Telesp Celular Participações S.A., Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Tele Centro Oeste Celular Participações S.A. and Celular CRT Participações, S.A. since 2003; Senior Manager in the financing department of Telefónica, S.A., where he was also responsible for relationships with credit rating agencies.</p>
Robertus Hendrikus Lukas de Groot(2)	Director	<p>Account manager from 1995 until 2000, Senior Account Manager from 2000 to 2003 and Senior Client Relationship Manager since 2003 at ABN AMRO Trust Company (Nederland) B.V.</p>
Alexander Daniël de Vreeze(2)	Director	<p>Head of Commercial Organization and member of management team of ABN AMRO Trust Company (Nederland) B.V. since 1998.</p>
Fernando Xavier Ferreira(4)	Director	<p>Chief Executive Officer of the Telefónica Group in Brazil; Member of the Board of Directors of Brasilcel, N.V., Tele Sudeste Celular Participações S.A., Tele Centro Oeste Celular Participações S.A., Celular CRT Participações S.A., Tele Leste Celular Participações S.A. and Telesp Celular Participações S.A. Member of ANATEL in 1998; General Director of Telebras from 1995 to 1998; President of the Board of Directors of Embratel from 1995 to 1998 and Telesp S.A. from 1995 to 1998; President of Telecomunicações do Paraná S.A. Telepar from 1997 to 1999; Vice President of Telecomunicações do Paraná S.A. Telepar from 1979 to 1987. He is currently a member of the Latin America Committee of the New York Stock Exchange and the Global Infrastructure Commission. Member of the Latin-America Committee of the New York Stock Exchange and the Global Infrastructure Commission.</p>
Eduardo Perstrelo Correia de Matos(1)	Director	<p>President of Portugal Telecom Brasil S.A.; Member of the Board of Directors of PT Móveis, Serviços de Telecomunicações, S.G.P.S., S.A., Tele Centro Oeste Celular Participações S.A., Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Celular CRT Participações S.A. and Telesp Celular</p>



Name	Positions Held	Principal Occupation and Business Experience
Pedro Manuel Brandão Rodrigues(1)	Director	Participações S.A. since 2003; Member of the Board of Directors of Portugal Telecom, S.G.P.S., S.A. from 1996 until May 2002. Member of the Board of Directors and Executive Officer of Telecomunicações Móveis Nacionais – TMN, since 2003. Member of the Board Directors of PT Móveis, S.G.P.S., S.A., since 2000. Member of the Board of Directors of Brasilcel N.V., since 2003. Member of the Board of Directors of Tele Centro Oeste Celular Participações S.A., Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Celular CRT Participações S.A. and Telesp Celular Participações S.A., since 2003. President of the Permanent Offset Committee since 2003. Member of the Working Group on Public Service Television in 2002. Elected Member of Parliament for Lisbon in 2002 (IX Legislature). Professor at Instituto Superior Técnico from 1987 to 2000. Member of the Board and Member of the Executive Committee of Banco Mello and Banco Mello de Investimentos from 1994 to 2000. Permanent Member of the Financial International Union (UIF) Consulting Committee from 1994 to 2000.
Paul Jozef Schmitz(2)	Director	Senior Account Manager of ABN AMRO Trust Company (Nederland) B.V. since 1993.
Benjamin de Koe(2)	Director	Account manager from 1998 until 2002, Senior Client Relationship Manager from 2002 to 2004 and Client Accounting Officer and Client Relationship Manager in 2004 at ABN AMRO Trust Company (Nederland) B.V.
Luis Miguel Gilperez López(3)	Director	Executive Director of the International Area of Telefónica Móviles S.A. Member of the Board of Directors of Medi Telecom, S.A., Telefónica Móviles México, S.A. de C.V., Tele Leste Celular Participações S.A., Tele Sudeste Celular Participações S.A., Celular CRT Participações S.A., Telesp Celular Participações S.A. Tele Centro Oeste Celular Participações S.A. Executive Chairman of MobiPay International S.A. He joined the Telefónica group in 1981.
J.C.W. van Burg(2)	Director	Regional Manager Private Banking from 1999 until 2001, Senior Vice President Business Development in 2001 and 2002, Senior Vice President Group Audit in 2002 and 2003 and Managing Director since 2003 at ABN AMRO Trust Company (Nederland) B.V.
C.J.P. Kluft(2)	Director	Various positions in ABN AMRO Bank N.V. since 1974; Assistant to the Head of the Legal Department of ABN AMRO Bank Trust Company.
Shakhaf Wine(4)	Director	Director of Portugal Telecom S.G.P.S.; Member of the board of directors of each of Brasilcel N.V., Telesp Celular Participações S.A., Tele Centro Oeste Participações S.A., Tele Sudeste Participações S.A., Celular CRT Participações S.A, Telemat Celular S.A., Teleacre Celular S.A., Telems Celular S.A., Norte Brasil Telecom S.A., Teleron Celular S.A., TCO-IP S.A. Telegoiás Celular S.A, Universo Online S.A. and Banco1.Net S.A. since 2004; Director of Investment Banking and a relationship manager for European clients in the





Name	Positions Held	Principal Occupation and Business Experience
		Associate Director in the Latin American and Telecommunications Groups of Deutsche Morgan Grenfell from 1993 until 1998; foreign exchange trader of Banco Icatu and dealer to the Brazilian Central Bank from 1991 until 1993.

(1) Portuguese citizen.

(2) Dutch citizen.

(3) Spanish citizen.

(4) Brazilian citizen.

## 2. Directors and Executive Officers of TSD.

The following table sets forth the name and position of each director and executive officer of TSD. The current business address of each person is Praia de Botafogo, 501, 7th Floor, Rio de Janeiro, RJ, Brazil, 02250-040, except where otherwise indicated below. Each position set forth opposite an individual's name refers to a position with TSD unless otherwise indicated.

Name	Positions Held	Principal Occupation and Business Experience
Felix Pablo Ivorra Cano(2)	Director	See "Directors and Executive Officers of Brasilcel."
Shakhaf Wine(3)	Director	See "Directors and Executive Officers of Brasilcel."
Fernando Xavier Ferreira(3)	Director	See "Directors and Executive Officers of Brasilcel."
Luis Miguel Gilpérez López(2)	Director	See "Directors and Executive Officers of Brasilcel."
Ernesto Lopez Mozo(2)	Director	See "Directors and Executive Officers of Brasilcel."
Ignacio Aller Mallo(2)	Director	See "Directors and Executive Officers of Brasilcel."
Zeinal Abedin M. Bava(1)	Director	See "Directors and Executive Officers of Brasilcel."
Carlos Manuel L Vasconcellos Cruz(1)	Director	See "Directors and Executive Officers of Brasilcel."
Eduardo Perestrelo Correia de Matos(1)	Director	See "Directors and Executive Officers of Brasilcel."
Pedro Manuel Brandão Rodrigues(1)	Director	See "Directors and Executive Officers of Brasilcel."
Francisco José Azevedo Padinha(1)	Chief Executive Officer	Chief executive officer of Brasilcel N.V., Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Telesp Celular Celular Participações S.A., Celular CRT Participações S.A., Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Global Telecom S.A. since 2003; Chairman of the Board of Directors of PT Prime Tradecom Soluções Empresariais de Comércio Electrónico, S.A., Megamedia Soluções Multimédia, S.A., PT Prime, SGPS, S.A., the Vice Chairman of the Board of Directors of PT Ventures S.A.; Member of the Board of Directors of PT Comunicações S.A.; Member of the scientific committee of Taguspark Sociedade de Promoção e Desenvolvimento do Parque da

Ciência e Tecnologia da Área de Lisboa, S.A.; Chairman of the board of directors of Prymesys - Soluções Empresariais S.A.; Chief Executive Officer of PT Prime SGPS, S.A. from 2000 to 2001; Member of the Board of Directors of Portugal

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Name	Positions Held	Principal Occupation and Business Experience
Fernando Abella García(2)	Executive Vice President for Finance, Planning and Control and Investors Relations Officer	<p>Telecom from 1994 until 2002; Executive Officer of Tagilo Participações Ltda. and Intertelecom Ltda. since 2004.</p> <p>Executive Vice President for Finance, Planning and Control of Brasilcel N.V., Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S/A, Celular CRT Participações S.A., Telesp Celular Participações S.A., Telerj Celular S.A., Telest Celular S.A., Tebahia Celular S.A., Telergipe Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Global Telecom S.A. and also Investor Relations Officer of Tele Sudeste Celular Participações S.A., Telesp Celular Participações S.A., Celular CRT Participações S.A. and Tele Leste Celular Participações S.A. and Executive Vice President for IT and Product and Service Engineering of Tele Centro Oeste Celular Participações S/A; Member of the Board of Directors of Telefônica Factoring do Brasil Ltda.; Served in different positions since joining the Telefônica Group in 1997 in the financial and strategic planning areas in Spain and Brazil. Member of the Board of Directors of Telefônica Móviles S.A.C. in Peru, Telefônica Móvil S.A. in Chile, Telefônica Móviles El Salvador, S.A. de C.V. in El Salvador from and Telefônica Centroamérica Guatemala, S.A. in Guatemala.</p>
Paulo Cesar Pereira Teixeira(3)	Executive Vice President for Operations	<p>Executive Vice President for Operations of Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Telesp Celular Participações S.A., Celular CRT Participações S.A., Telerj Celular S.A., Telest Celular S.A., Tebahia Celular S.A., Telergipe Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Global Telecom S.A.; From 1980 until 1987, Mr. Teixeira performed several different managerial duties in Companhia Riograndense de Telecomunicações S.A.-CRT and was also a member of the Board of Directors (1985-1986). In 1987 and 1988, he served at several different positions in Telebrás or in the companies of the Telebrás Group.</p>
Javier Rodríguez Garcia(2)	Executive Vice President for Technology and Networks	<p>Executive Vice President for Technology and Networks of Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Celular CRT Participações S.A., Telesp Celular Participações S.A., Telerj Celular S.A., Telest Celular S.A., Tebahia Celular S.A., Telergipe Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Global Telecom S.A.; From 1986 until 1988, Mr. Garcia worked at INDELEC – Industria Electronica de Comunicaciones S.A., as the manager responsible for the implementation of an automatic mobile telecommunications project for Telefónica de España S.A. From 1988 until 1990, he worked at Rede Electrica de España S.A., as the person responsible for the project, installation and maintenance of radio mobile systems in Spain. From 1990 until 1992, Mr. Garcia served as an engineering manager at Telcel S.A., where he was responsible for the implementation of automatic mobile telecommunication system for Telefónica de España S.A. in Barcelona, Madrid and Palma de Mallorca. From 1992 until 1996, he was an engineering manager responsible, for the installation and</p>



Name	Positions Held	Principal Occupation and Business Experience
Silverio Portela Santos(1)	Executive Vice President for Customers	<p>from 1996 until 1998, he worked in cellular businesses for the Telefónica Group in Spain and Peru, as a network quality manager and technical area sub-manager, respectively. From 1998 until 2000, Mr. Garcia was the technology manager in the cellular business of Telefónica Group in Brazil and from 2000 until 2002 he was the network manager of Telerj Celular S.A. and Telest Celular S.A. Executive Vice President for Customers of each of Tele Sudeste Celular Participações S.A., Tele Leste Cvelular Participações S.A., Telesp Celular Participações S.A., Celular CRT Participações S.A., Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Global Telecom S.A.; Executive manager at PT Móveis, SGPS, S.A. From 1989 until 1993, Mr. Santos was a consultant at McKinsey &amp; Co., and from 1994 until 1998 he worked as an officer for operations and an officer for special projects at Parque Expo ' 98, S.A. He was also a coordination officer at Companhia de Seguros Tranquilidade.</p>
Luis Filipe Saraiva Castel-Branco de Avelar(1)	Executive Vice President for Marketing and Innovation and Executive Vice President for IT and Product and Service Engineering	<p>Executive Vice President for IT and Product and Service Engineering of Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A., Celular CRT Participações S.A., Telesp Celular Participações S.A., Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Global Telecom S.A.; In 1989, 1991 and 1993, Mr. Avelar was respectively the corporate accounts director of Telefones de Lisboa e Porto, an expert in telecommunications services for the European Commission (DG XIII, Telecom Policy Unit) and a strategic planning director at Comunicações Nacionais. From 1993 to 1998 he was a consultant in privatization and regulation projects for the World Bank, the European Bank for Reconstruction and Development and the European Commission. From 1996 to 1998 he was a portfolio director of Portugal Telecom Group in the strategic marketing board of Portugal Telecom. From 1998 to 2000, Mr. Avelar was a special consultant to the president of Telesp Celular Participações S.A. for the areas of marketing, sales, strategy, regulation and special projects, and, from 2000 to 2001, he was a director at the internet and e-commerce business unit at the same company.</p>
José Carlos de la Rosa Guardiola(2)	Executive Vice President for Regulatory Matters and Institutional Relations	<p>Executive Vice President for Regulatory Matters and Institutional Relations of each of Telesp Celular Participações S.A., Tele Leste Celular Participações S.A., Tele Sudeste Celular Participações S.A., Celular CRT Participações S.A., Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Global Telecom S.A.; From November 1998 until February 2002, Mr. Guardiola was engaged in the Regulation and Operations Departments of these companies, and occupied the function of vice president of Operations responsible for the commercial, administrative and operations activities of each of Telebahia</p>



Name	Positions Held	Principal Occupation and Business Experience
		Celular S.A. and Telergipe Celular S.A. He is also member of the board of directors of Saint Gobain, France, National Semiconductors, USA and NEC Eletronics, Japan.

- (1) Portuguese citizen.
- (2) Spanish citizen.
- (3) Brazilian citizen.

### 3. Directors and Executive Officers of Sudestecel Participações.

The following table sets forth the name and position of each director and executive officer of Sudestecel Participações. The current business address of each person is Rua Martniano de Carvalho, 851, 20th Floor, São Paulo, SP, Brazil, 01321-001, except where otherwise noted below. Each position set forth opposite an individual's name refers to a position with Sudestecel Participações unless otherwise indicated. Each person listed below is a citizen of Brazil.

Name	Positions Held	Principal Occupation and Business Experience
Fernando Xavier Ferreira	President	See "Directors and Officers of Brasilcel."
Eduardo Navarro de Carvalho	Vice-President	Vice-President of SP Telecomunicações Holding Ltda., Sudestecel Participações SA Iberoleste Participações S.A. and TBS Celular Participações S.A.; Regulatory and Corporate Strategist of Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A. and Ceterp-Centrais Telefônicas de Ribeirão Preto S.A.; Senior Project Director of McKinsay & Company Inc., Factory Manager of Belgo Mineira Telesp Carbed Group.
Gilmar Roberto Pereira Camurra	Officer	Chief Financial Officer of Telefônica Group since 1999, Vice-President for Financial Planning of Telecomunicações de São Paulo-Telesp; Member of the Board of Directors of Grupo Paranapanema.

### 4. Directors and Executive Officers of Tagilo Participações.

The following table sets forth the name and position of each director and executive officer of Tagilo Participações. The current business address of each person is Rua Roque Petroni Jr., 1464, 6th Floor – Morumbi, São Paulo, SP, Brazil, 04707-000, except where otherwise noted below. Each position set forth opposite an individual's name refers to a position with Tagilo Participações unless otherwise indicated.

Name	Positions Held	Principal Occupation and Business Experience
Francisco José Azevedo Padinha(1)	Officer	See "Directors and Executive Officers of TSD."
Paulo Cesar Pereira Teixeira(2)	Officer	See "Directors and Executive Officers of TSD."

- (1) Portuguese citizen.



(2) Brazilian citizen.

#### **5. Directors and Executive Officers of Telefónica.**

The following table sets forth the name and position of each director and executive officer of Telefónica. The current business address of each person is Gran Vía, 28, 28013, Madrid, Spain, except where otherwise indicated below. Each position set forth opposite an individual's name refers to a position with Telefónica unless otherwise indicated. Each person listed below is a Spanish citizen except Miguel Horta e Costa and Antonio Viana Baptista, who are Portuguese citizens.

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Name	Positions Held	Principal Occupation and Business Experience
César Alierta Izuel	Chairman of the Board of Directors of Telefónica and Chief Executive Officer	Executive Chairman and Chairman of Board of Directors of Telefónica since 2000; Chairman of Tabacalera S.A., currently named Altadis, and member of the Executive Committee of Altadis from June 1996 to 2000; Chairman and founder of Beta Capital; Chairman of the Spanish Financial Analysts' Association from; Member of the Board of Directors and Standing Committee of the Madrid Stock Exchange; Director of Telefónica Internacional (TISA), Plus Ultra, Terra, Iberia and Logista, a subsidiary of the Altadis group.
Isidro Fainé Casas	Director	Vice-Chairman of the Board of Directors; General Manager of La Caja de Ahorros y Pensiones de Barcelona ("la Caixa"); Financial Analyst and academic at the "Real Academia de Ciencias Económicas y Financieras".
José Antonio Fernández Rivero	Director	Vice-Chairman of the Board of Directors of Telefónica; Member of the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA), Iberdrola, S.A., Banco de Crédito Local de España, S.A. and Chairman of Adquira, S.A.; Responsible and General Manager for the Systems and Operations Division for the BBVA Group from 1999 until 2003.
Jesús María Cadenato Matia	Director	Member of the Board of Directors of Telefónica. He joined Banco Bilbao in 1977, where he held several key management positions in the head office and within the retail branch network. Currently represents BBVA on the boards of directors of Iberia Cards and Uno-e Bank.
Maximino Carpio Garcia	Director	Member of the Board of Directors of Telefónica S.A. Member of the Economic and Social Council, a Spanish government advisory entity; Member of the Advisory Committee of Abengoa, S.A. Dean of the Economics faculty of Universidad Autonoma de Madrid from 1992 to 1995. Head of the Department of Economics and Public Finance from 1984 to 1992 at the Universidad Autonoma de Madrid.
Carlos Colomer Casellas	Director	Chairman of the Colomer Group and Chief Executive Officer; Director of Altadis, S.A.; Chief Operating Officer of INDO, an import-export company; Director of Cataluña for Banco Santander Central Hispano; Director of Hospital General de Cataluña; Member of the Advisory Committee of CVC Capital Partners.
Alfonso Ferrari Herrero	Director	Director of CTC Chile S.A. and Telefónica del Perú. From 1995 to 2000, he was Executive Chairman of Beta Capital, S.A. and prior to that he served on several Boards of Directors representing the Banco Urquijo where he was a partner from 1985.
José Fernando de Almansa Moreno-Barreda	Director	Member of the Board and President of the International Affairs Committee of the Board at Telefónica S.A.; Member of the Board at Telefónica Móviles S.A., Telefónica de Argentina S.A., Telefónica del Perú S.A, Telecomunicações de Sao Paulo S.A., and BBVA Bancomer Mexico; Chief of the Royal Household of His Majesty King Juan Carlos I, from 1993 to 2002; Personal Adviser to His Majesty the King. Spanish Diplomatic Corps; Chief Director for Eastern European Affairs and Atlantic Affairs



Name	Positions Held	Principal Occupation and Business Experience
Gonzalo Hinojosa Fernández de Angulo	Director	Director in the Spanish Foreign Affairs Ministry; Counsellor to the Spanish Permanent Representation to NATO, in Brussels; Deputy General Director for Eastern Europe Affairs in the Spanish Foreign Affairs Ministry. Chairman and Chief Executive Officer of Cortefiel, S.A.; Director of Banco Central Hispano Americano and a director of Portland Valderribas from 1991 through 2002. Director of Altadis.
Miguel António Igrejas Horta e Costa	Director	See “Directors and Executive Officers of Portugal Telecom.”
Pablo Isla Álvarez de Tejera	Director	Chairman of the Board of Directors of Altadis, S.A. and Logista, S.A.. General Secretary of Banco Popular Español from 1998 until 2000; Chairman of the Board of Grupo Altadis and Co-Chairman of Telefónica, S.A. since July 2000. Director of Iberia Lineas Aereas de España, S.A and Mutua Madrileña.
Luis Lada Díaz	Director, General Manager of Development, Planning and Regulation	General Manager for Development, Planning and Regulatory Affairs; Deputy General Manager for Technology, Planning and International Services from when he left the Telefónica Group to join Amper Group, a telecommunications systems and equipment manufacturer; General Manager for Planning and Control; Chief Executive Officer of Telefónica Móviles de España S.A.; Chairman and President of Telefónica Móviles, S.A. from August 2000 until July 2002. Member of the Board of Directors of Telefónica Móviles, S.A. since 2000, Telefónica Internacional S.A. and Sogecable S.A.
José Fonollosa García	Director	Represents BBVA on the Board of Directors of BBVA BHIF (Chile), Provida (Chile), BBVA Banco Provincial (Venezuela) and Bradesco (Brasil). Chief International Officer of BBVA, Chief Financial Officer, head of the Latin American retail banking division among other responsibilities.
Antonio Massanell Lavilla	Director	Senior Executive Vice President of Caja de Ahorros y Pensiones de Barcelona and a member of the Boards of Directors of Port Aventura, S.A. and Baqueira Beret, S.A.; President of Servihabitat, e-la Caixa, S.A. and Internet Global Congress (IGC). As a representative of Caja de Ahorros y Pensiones de Barcelona, he has worked with the Telefónica Group in the deployment of Caja de Ahorros y Pensiones de Barcelona’ s corporate telecoms network.
Enrique Used Aznar	Director	Chairman of AMPER, S.A. and AmperProgramas; Deputy Chairman of Medidata (Brazil); Chairman of Telefónica Latinoamérica, S.A., Telefónica Móviles, S.A., Estratel and Telefónica Investigación y Desarrollo, S.A.; Deputy Chairman and Chief Executive Officer of Telefónica Publicidad e Información and Compañía Telecomunicaciones de Chile; Member of the Board of Directors of Telefónica de Argentina, ATT Network System International and Ericsson (Spain).
Mario Eduardo Vázquez	Director	President of Telefónica de Argentina, Telefónica Móviles Argentina, S.A., Telefónica Comunicaciones Personales, S.A., Atento Argentina, S.A. and Adquira Argentina, S.A.; Chairman of the Board of Directors of Rio Compania de



Name	Positions Held	Principal Occupation and Business Experience
Antonio Pedro de Carvalho Viana Baptista	Director	Seguros, S.A.; Director of Banco Río de la Plata, S.A., Ríobank International, Corporación Metropolitana de Finanzas, S.A., Heller Financiera Argentina, S.A., Heller-Sud Servicios Financieros, S.A., Motorcare Argentina, S.A., Acsa Loss Control, S.A. and Central Puerto, S.A., Indra SI S.A.. See "Directors and Executive Officers of Brasilcel."
Gregorio Villalabeitia Galarraga	Director	Member of the Board of Directors of Gas Natural, S.A., Iberia Líneas Aéreas de España, S.A. and Repsol YPF, S.A.; General Manager of Caja de Ahorros Vizcaína; Chief Executive of Banco Cooperativo Español; Chief Operating Officer of Banco de Crédito Local; Chief Executive Officer of Caja Postal since January 1995. Wholesale Banking General Manager of Argentaria in 1998. General Manager of Global Investment Banking of Banco Bilbao Vizcaya Argentaria (BBVA) from 1999 until 2001; General Manager of the Real Estate and Industrial Group of Banco Bilbao Vizcaya Argentaria (BBVA) since 2001.
Antonio J. Alonso Ureba	Director, General Counsel and Secretary of the Board	General Secretary and Secretary to the Board of Directors and Director. Worked on the technical staff of the Madrid Town Council central administration, in the Public Defender's Office and as director of Legal Services and Secretary to the Board of the Spanish Stock Exchange Commission (Comisión Nacional del Mercado de Valores).
Ramiro Sánchez de Lerín García-Ovies	General Vice Secretary and Vice Secretary to the Board	General Vice Secretary and Vice Secretary to the Board of Directors. Served as "Abogado del Estado" working for the Treasury Internal Revenue in Madrid (delegación de Hacienda de Madrid), assigned to the State Secretariat for the European Communities and later to the Foreign Affairs Ministry. General Secretary and Secretary of the Board of Elosúa, S.A., Tabacalera, S.A., Altadis, S.A. and Xfera Móviles, S.A.. Professor at ICADE, Instituto de Empresa and Escuela de Hacienda Pública, Executive Officers/Management Team.
Calixto Ríos Pérez	General Manager of Auditing and Management Resources	Chief Financial Officer of Tabacalera, S.A.. Advisor to the Chairmen and Head of Strategy and Planning of Tabacalera/Seita. Corporate General Manager for Institutional Relations of Telefónica. General Manager for Internal Auditing and Communications since 2002.
Santiago Fernández Valbuena	Chief Financial Officer of Telefónica S.A.	General Manager of Finance and Shared Resources since December 2003. Chief Financial Officer since July 2002. Chief Executive Officer of Fonditel (Telefónica's Pension Assets Manager). President of the Research Commission at the Spanish Institute of Financial Analysts.
Luis Abril Pérez	General Manager for Corporate Communication	General Director for Banesto from 1994 until 1999 and General Director for Communications for BSCH from 1999 until 2001.
Francisco de Bergia González	General Manager, Assistant to the Chairman of the Board	Worked as General Manager of Club Meliá and Deputy Financial Officer of Hoteles Meliá; after which he held a number of positions; Vice-President of Marketing for DEFEX (Official Export Agency for Defense Material); Partner General Manager of Apax Partners; Executive Vice-President and Chief Operating Officer for Cabitel



Name	Positions Held	Principal Occupation and Business Experience
Guillermo Fernández Vidal	General Manager of Subsidiaries	(Grupo Telefónica); Head of Institutional Relations for Telefónica de España; Director of Antena 3 Television and Cabitel. Executive Vice-Chairman of Fundación Telefónica since 1999; Director of Amper. He joined Telefónica in 1987 as Deputy General Manager for large clients of Telefónica. Subsequently he was appointed Assistant Head of Business Communications, Head of Business Communications, General Manager of Businesses and General Public and Chief Operating Officer of Telefónica Data, S.A.

## 6. Directors and Executive Officers of Portugal Telecom.

The following table sets forth the name and position of each director and executive officer of Portugal Telecom. The current business address of each person is Avenida Fontes Pereira de Melo, 40, 1069-300, Lisbon, Portugal, except where otherwise indicated below. Each position set forth opposite an individual's name refers to a position with Portugal Telecom unless otherwise indicated. Each person listed below is a citizen of Portugal, except Fernando Abril-Matroell Hernandez, who is a Spanish citizen, Pedro Sampaio Malan, who is a Brazilian citizen, and Gerald S. McGowan and Peter Eugene Golob, who are United States citizens.

Name	Positions Held	Principal Occupation and Business Experience
Ernâni Rodrigues Lopes	Director, President	Chairman of the Board of Directors of SESC – Sociedade de Estudos Superiores de Contabilidade, S.A. since 2003; Ambassador of Portugal in Bonn from 1975 until 1979; Ambassador of Portugal in Brussels near CEE from 1979 until 1983; Minister of Finance from 1983 until 1985; Managing Partner of SaeR – Sociedade de Avaliação de Empresas e Risco, Lda. since 1998; Managing Partner of Ernâni R. Lopes & Associados, Lda. since 1997; Member of the Consultive Council of Bank of Portugal since 1997; Member of the Consultive Council of Instituto de Crédito Público since 1997; Member of the European Convention in representation of Portugal since 2002; Chairman of the Board of Bio 21, from 1995 until 2001; President of the General Assembly of Gestifer, SGPS, S.A. since 1997; President of the General Assembly of Morate – Sociedade de Investimentos Imobiliários, S.A. since 1989; President of the General Assembly of Lusotur Sociedade Financeira de Turismo, S.A. from 1991 until 1998; President of the General Assembly of Inogi – Inovação Imobiliária, Gestão e Investimento, S.A. since 1989; President of the General Assembly of Socifa – Sociedade de Prestação de Serviços Financeiros e de Administração e Gestão, S.A. from 1988 until 1991; Member of the General Board of Telecel from 1991 until 1994; Member of the General Board of Espírito Santo Group since 1996; Member of the Board of Directors of Espírito Santo Resources Ltd since 1990; Vice-President of the Board of Directors of ESPART – Participações Financeiras, SGPS, S.A. from 1990 until 1992; Chairman of the Board of Directors of Escopar – Sociedade Gestora de Participações Sociais, S.A. since 1995; Chairman of the Board of Directors of Espírito Santo Irmãos – Sociedade Gestora de Participações Sociais, S.A. since 1994;





Name	Positions Held	Principal Occupation and Business Experience
Miguel António Igrejas Horta e Costa	Director, Chief Executive Officer	<p>Directors of GESTRES – Gestão Estratégica Espírito Santo, S.A. since 1990; Chairman of the Board of Directors of SFIR – Sociedade de Financiamento e Investimento de Risco, S.A. from 1988 until 1995; Chairman of the Board of Directors of Alcatel – Portugal, Sistemas de Comunicação, S.A. from 1988 until 1995; Chairman of the Board of Directors of CPR – Companhia Portuguesa de Rating, S.A. from 1969 until 2003.</p> <p>Chief Executive Officer of Portugal Telecom, SGPS, S.A. since May 28, 2002. Chairman of the Board of Directors of Portugal Telecom Investimentos Internacionais – Consultoria Internacional S.A. since April 2004; Chairman of the Board of Directors of PT Prime, SGPS, S.A. since February 2004; Chief Executive Officer of PT Comunicações, S.A. since January 2004; Chairman of the Board of Directors of PT Sistemas de Informação, S.A. since January 2004; Chairman of the Board of Directors of PT Corporate – Soluções Empresariais de Telecomunicações e Sistemas, S.A. since June 2003; Chairman of the Board of Directors of PT Compras – Serviços de Consultoria e Negociação, S.A. since May 2003; Chairman of the Board of Directors of Fundação Portugal Telecom since March 2003; Chairman of the Board of Directors of PT Ventures, SGPS, S.A. (ex-Portugal Telecom Internacional, SGPS, S.A.) since December 2002; Chairman of the Board of Directors of PT Multimedia – Serviços de Telecomunicações e Multimedia, SGPS, S.A. since August 2002; Chairman of the Board of Directors of Portugal Telecom Brasil, S.A. since July 2002; Chairman of the Board of Directors of PT Móveis, SGPS, S.A. and TMN – Telecomunicações Móveis Nacionais, S.A. since June 2002; Chairman of the Board of Directors of PT Comunicações, S.A. since May 2002; Vice-Chairman of the Executive Committee of Portugal Telecom, SGPS, S.A. from April 2000 until May 2002; Vice-Chairman of the Board of Directors of PT Investimentos, SGPS, S.A. from 1999 until June 22, 2001; Vice-Chairman of the Board of Directors of Telesp Celular Participações S.A. from 1998 until November 2000; Vice-Chairman of the Board of Directors of PT Multimedia – Serviços de Telecomunicações e Multimedia, SGPS, S.A. from 2000 until 2002; Member of the Board of Directors of Telesp Participações S.A. from 1998 until November 2000; Member of the Board of Directors of Telesp, S.A. from 1998 until November 2000; Chairman of the Board of Directors of Portugal Telecom Internacional, SGPS, S.A. from 2000 until 2002; Chief Executive Officer of Portugal Telecom Internacional, SGPS, S.A. from 1998 until 2000; Member of the Board of Directors of Telefónica, S.A. since 1998; Member of the Board of Directors of SIC, S.A. from 1998 until 2000; Member of the Board of Directors of Aliança Atlântica Holdings since 1997; Vice-Chairman of the Board of Directors of Portugal Telecom Internacional, SGPS, S.A. from 1996 until 1997; Vice-Chairman of the Board of Directors of Companhia Portuguesa Rádio Marconi S.A. from 1994 until 1995;</p>



Name	Positions Held	Principal Occupation and Business Experience
Zeinal Abedin M. Bava	Director, Chief Financial Officer	Transportes Aéreos, S.A. since 1993; Vice-Chairman of the Board of Directors of Banco ESSI, S.A. from 1992 until 1994; Non-executive Member of the Board of Directors of BES Investimento, S.A. since 1999; Chairman and member of the Board of Directors of SIBS-Sociedade Interbancária de Serviços, S.A. from 1991 until 1995; Chairman of the Board of Directors of Euroges-Aquisição de Créditos a Curto Prazo, S.A. since 1991; Member of the Board of Directors of Banco Espírito Santo e Comercial de Lisboa from 1990 until 1992; Vice-Chairman of Associação Industrial Portuguesa from 1990 until 1994; Secretary of State for Foreign Trade from 1987 until 1990; Vice-Chairman of the Board of Directors of CTT and TLP from 1984 until 1987; Chairman of the Board of Directors of Companhia Portuguesa Rádio Marconi S.A. from 1982 until 1984; Director-General of CTT from 1981 until 1982. See “Directors and Executive Officers of Brasilcel.”
Carlos Manuel L Vasconcellos Cruz	Director	See “Directors and Executive Officers of Brasilcel.”
Iriarte José Araújo Esteves	Director	Executive Vice-Chairman of the Board of Directors of PT Comunicações, S.A. since January 2004; Chief Executive Officer of TMN – Telecomunicações Móveis Nacionais, S.A. since 1998; Chief Executive Officer of PT Móveis, SGPS, S.A. since 2000; Chairman of the Board of Directors of PT Prime – Soluções Empresariais de Telecomunicações e Sistemas, S.A. since February 2004; Chairman of the Board of Directors of PT Acessos de Internet WiFi, S.A. since January 2004; Member of the Board of Directors of PT Corporate – Soluções Empresariais de Telecomunicações e Sistemas, S.A. since June 2003; Member of the Board of Directors of PT Compras – Serviços de Consultoria e Negociação, S.A. since May 2003; Member of the Board of Directors of Fundação Portugal Telecom since March 2003; Member of the Board of Directors of Brasilcel, N.V. since December 2002; Member of the Board of Directors of Portugal Telecom Brasil, S.A. since July 2002; Member of the Board of Directors of PT Prime, SGPS, S.A. since 2002; Member of the Board of Directors of Telesp Celular Participações, S.A. since April 10, 2001; Member of the Board of Directors of Tele Sudeste Participações, S.A. since 2003; Member of the Board of Directors of CRT Celular Participações, S.A. since 2003; Member of the Board of Directors of Tele Leste Participações, S.A. since 2003; Member of the Board of Directors of Tele Centro Oeste Celular Participações, S.A. since 2003; Vice-Chairman of the Board of Directors of Portugal Telecom Internacional, SGPS, S.A. from 2000 until 2002; Chairman of the Board of Directors of Telepac from 1991 until 1997; Vice-Chairman of the Board of Directors of TMN – Telecomunicações Móveis Nacionais, S.A. from 1991 until 1992; Member of the Board of Directors of CTT from 1989 until 1992;



Name	Positions Held	Principal Occupation and Business Experience
Paulo Jorge da Costa Gonçalves Fernandes	Director	<p>from 1983 until 1986; Manager of the Telecommunications Business Planning Department of CTT from 1982 until 1983; Regional Telecommunications General Manager of CTT from 1981 until 1982. Member of the Board of Directors of PT Corporate – Soluções Empresariais de Telecomunicações e Sistemas, S.A. since June 2003; Chief Executive Officer of PT Sistemas de Informação, S.A. since May 2003; Member of the Board of Directors of PT Compras – Serviços de Consultoria e Negociação, S.A. since May 2003; Member of the Board of Directors of Fundação Portugal Telecom since March 2003; Member of the Board of Directors of Brasilcel, N.V. from December 2002 until July 2003; Vice-Chairman of the Board of Directors of PT Ventures, SGPS, S.A. since December 2002; Member of the Board of Directors of Portugal Telecom Brasil, S.A. since July 2002; Member of the Board of Directors of Telesp Celular Participações, S.A. since April 10, 2001; Member of the Board of Directors of Tele Sudeste Participações, S.A. from January 2003 until July 2003; Member of the Board of Directors of CRT Celular Participações, S.A. from January 2003 until July 2003; Member of the Board of Directors of Tele Leste Participações, S.A. from January 2003 until July 2003; Member of the Board of Directors of Tele Centro Oeste Celular Participações, S.A. from January 2003 until July 2003; Chairman of the Board of Directors of PT – Sistemas de Informação, S.A. since 2000; Partner of McKinsey &amp; Company from 1997 until 2000; Member of McKinsey &amp; Company's Leadership World Groups for the areas of telecommunications and transportation from 1997 to 2000; Senior Advisor of McKinsey &amp; Company from 1991 until 2000; Partner and Manager of Spades, Lda from 1990 to 1991.</p>
Joaquim Aníbal Freixial de Goes	Director	<p>Member of the Board of Directors of PT Multimedia – Serviços de Telecomunicações e Multimedia, SGPS, S.A. since August 2002; Member of the Board of Directors of Companhia de Seguros Tranquilidade-Vida, S.A. since 2002; Member of the Board of Directors of BEST – Banco Electrónico de Serviço Total, S.A. since May 2001; Member of the Board of Directors of Banco Espírito Santo, S.A. since 2000; Member of the Board of Directors of BES.COM, SGPS, S.A. since 2000; Chairman of the Board of Directors of E.S. INTERACTION, Sistemas de Informação Interactivos, S.A. since 2000; Member of the Board of Directors of ESDATA, Espírito Santo Data, SGPS, S.A. since 1999; Member of the Board of Directors of CREDIFLASH, SA since 1999; Head of the Strategic Marketing Department of Banco Espírito Santo, S.A. from 1995 until 1999; Head of the Strategic Planning Department of CIMPOR – Cimentos de Portugal, S.A. from 1994 until 1995; Senior Consultant of Roland Berger &amp; Partner from 1992 until 1993; Consultant of Roland Berger &amp; Partner from 1989 until 1992.</p>
Henrique Manuel Fusco Granadeiro	Director	<p>Chief Executive Officer of Lusomundo Media, SGPS, S.A. since 2002; Chief Executive Officer of Diário de Notícias</p>



Name	Positions Held	Principal Occupation and Business Experience
Carlos Alberto de Oliveira Cruz	Director	<p>since 2002; Chief Executive Officer of Jornal de Notícias since 2002; Chief Executive Officer of TSF since 2002; Chief Executive Officer of Jornal do Fundão since 2002; Chief Executive Officer of Açoreana Ocidental since 2002; Chief Executive Officer of DN da Madeira since 2002; Chairman of the Board of Directors of Aleluia-Cerâmica Comercio e Indústria S.A since 2001; Member of the Board of Directors of Parfil SGPS S.A. since 2001; Member of the Strategic Council of Banco Finantia since 2001; Member of the Board of Directors of PT Multimedia – Serviços de Telecomunicações e Multimedia, SGPS, S.A. since 2001; Chairman of the Board of Directors of Margrimar – Mármore e Granitos S.A since 1999; Chairman of Marmetal – Mármore e Materiais de Construção S.A. since 1999; Member of the Board of Directors of Fundação Eugénio de Almeida during 1992; Member of the Board of Directors of Controljornal SGPS S.A. from 1990 until 2001; Member of the Board of Directors of Sojornal – Sociedade Jornalística e Editorial S.A from 1990 until 2001; Member of the Board of Directors of Marcepor-Mármore e Cerâmicas de Portugal S.A during 1990; Chairman of Fundação Eugénio de Almeida from 1989 until 1992; President of IFADAP – Instituto Financeiro de Apoio ao Desenvolvimento da Agricultura e Pescas from 1987 until 1990; Delegate Chairman of Fundação Eugénio de Andrade from 1981 until 1987; Member of the Board of Directors of M.N. Tiago, Construções S.A. during 1981; Member of the Board of Directors of Standart Eléctrica during 1981; Ambassador of Portugal near O.C.D.E and Chief of the Civil House of the President of Portugal from 1976 until 1979.</p> <p>Member of the Board of Directors of Gerbanca, SGPS, S.A. since March 2003; Chairman of the Board of Directors of Caixa Brasil, SGPS, S.A. since 2001; Vice-Chairman of the Board of Directors of Caixa Geral de Depósitos, S.A. from 2000 until April 2004; Vice-Chairman of the Board of Directors of Caixa-Banco de Investimento, S.A. from 2000 until April 2004; Member of the Board of Directors of Unibanco Holdings, S.A. since 2000; Member of the Board of Directors of Banco de Portugal from 1996 until 2000; Representative of Banco de Portugal at Economic Policy Committee from 1996 until 1998; Member of the Board of Directors of Imoleasing from 1989 until 1996; Member of the Board of Directors of Caixa Geral de Depósitos, S.A. from 1984 until 1989; Head of International Relations Department of Banco Pinto &amp; Sotto Mayor, S.A. from 1982 until 1983; Member of the Board of Directors of the Portuguese Electricity Company from 1977 until 1982; Secretary of State for Economic Coordination from 1976 until 1977; Delegate to OECD Economic Policy Committee from 1973 until 1975.</p> <p>Chief Executive Officer of Caixa – Banco de Investimentos, S.A. since 2002; Chairman of the Board of Directors of TREM II – Aluguer de Material Circulante, ACE since 2002; Member of the</p>
Jorge Humberto Correia Tomé	Director	<p>Chief Executive Officer of Caixa – Banco de Investimentos, S.A. since 2002; Chairman of the Board of Directors of TREM II – Aluguer de Material Circulante, ACE since 2002; Member of the</p>





Name	Positions Held	Principal Occupation and Business Experience
Fernando Maria Costa Duarte Ulrich	Director	<p>of the Board of Directors of Caixa Gestão de Patrimónios since 2001; Member of the Board of Directors of Insurance Companies of BANIF Group: Açoreana, O Trabalho, O Trabalho Vida and Pension Fund Companies from 1996 until 2001; Partner of Coopers &amp; Lybrand from 1995 until 1996; Manager of International Division of Banco Pinto &amp; Sotto Mayor, S.A. in 1995; Member of the Board of Directors of Banco Pinto &amp; Sotto Mayor, S.A. from 1994 until 1995; Member of the Board of SULPEDIP / PME Investimentos from 1989 until 1994; Junior Manager and Principal Manager of Capital Market Division of Banco Pinto &amp; Sotto Mayor, S.A from 1985 until 1989; Senior Auditor with Coopers &amp; Lybrand from 1980 until 1983; Junior Economist in IAPMEI (Institute for Small and Medium Companies) from 1979 until 1980.</p> <p>Member of the Board of Directors of PT Multimedia – Serviços de Telecomunicações e Multimedia, SGPS, S.A. since August 2002; Member of the Board of Directors of SIC since 2000; Member of the Board of Directors of Impresa since 2000; Member of the Board of Directors of Allianz Portugal since 1999; Vice-Chairman of the Board of Directors of BPI-SGPS from 1999 until 2002; Vice-Chairman of the Board of Directors of Banco BPI, S.A. since 1998; Chief Executive Officer of BPI Pensões, S.A. since 1995; Chief Executive Officer of BPI Vida, S.A. since 1991; Chief Executive Officer of BPI Fundos, S.A. since 1990; Vice-Chairman of the Board of Directors of Banco Português de Investimento, S.A. since 1989; Vice-Chairman of the Board of Directors of Banco de Fomento &amp; Exterior, SA from 1996 until 1998; Vice-Chairman of the Board of Directors of Banco Borges &amp; Irmão, SA from 1996 until 1998; Executive Director of Banco Fonecas &amp; Burnay from 1991 until 1996; Vice-Chairman of the Board of Directors of Banco Fonecas &amp; Burnay, SA from 1988 until 1996; Executive Director of BPI-Banco Português de Investimento, SA from 1985 until 1989; Deputy Manager of SPI-Sociedade Portuguesa de Investimentos from 1983 until 1985; Chief of the Cabinet of the Minister of Finance from 1981 until 1983; Member of the Secretariat for the External Economic Cooperation of the Ministry of Foreign Affairs from 1979 until 1980; Portuguese Delegation to the OECD, from 1975 until 1979; Head of the Financial Markets Unit of the weekly newspaper “Expresso” from 1973 until 1974.</p>
Fernando Abril-Martorell Hernandez	Director	<p>Member of the Board of Directors of Telecomunicações de São Paulo – Telesp from 2001 until 2003; Chief Operating Officer of Telefónica S.A. from 2000 until 2003; Chief Executive Officer of Telefónica Publicidad e Información from 1999 until 2000; Chief Financial Officer of Telefónica, S.A. from 1997 until 1999; Director-General of Corporate Finance of Telefónica Publicidad e Información from 1997 until 1999; Head of Treasury Department of JP Morgan from 1987 until 1997.</p>



Name	Positions Held	Principal Occupation and Business Experience
Pedro Sampaio Malan	Director	Vice-Chairman of the Board of Directors of Unibanco; Chairman of the Board of Directors of Globex-Ponto Frio; Member of the Consulting Committee of Alcoa Alumínio, S.A.; Minister of Finance in Brazil from 1995 until 2002; Chairman of the Board of Directors of Banco Central do Brasil from 1993 until 1994; Executive Manager of Banco Mundial from 1992 until 1993 and from 1986 until 1990; Executive Manager of Banco Intoramericano de Desenvolvimento from 1990 until 1992.
Patrick Monteiro de Barros	Director	Chairman of the Board of Directors of Telexpress Investments Limited since 2002; Member of the Board of Directors of Tosco Corporation from 1995 until 2001; Member of the Board of Directors of Petrogal, Petróleos de Portugal from 1995 until 2000; Member of the Board of Directors of Espírito Santo Financial Group since 1992; Member of the Board of Directors of Vodafone Portugal from 1992 until 1998; Member of the Board of Directors of Petrocontrol from 1991 until 2000; Chairman and Chief Executive Officer of Argus Resources Ltd. Since 1988; President and Chief Executive Officer of Sigmoid Resources from 1985 until 1988; Senior Vice President of Philipp Brothers from 1985 until 1988; Chairman of the Board of Directors of Protea Holdings Inc. since 1981; Member of the Board of Directors of Sociedade Nacional de Petróleos (SONAP) from 1971 until 1975; General manager Supply of Sociedade Nacional de Petróleos (SONAP) from 1967 until 1971; Chairman of Fundação Monteiro de Barros since 1966.
Luis de Melo Champalimaud	Director	Chairman of the Board of Directors of Banco Totta & Açores, S.A. and Crédito Predial Português, S.A. from January 1997 until January 2000; Chairman of the Board of Directors of Banco Totta e Sotto Mayor de Investimentos, S.A., from March 1996 until January 2000; Chairman of the Board of Directors of Banco Pinto & Sotto Mayor, S.A. from January 1995 until January 2000; Chairman of the Board of Directors of Companhia de Seguros Mundial- Confiança, S.A. from March 1993 until March 1995; Member of the Board of Directors of Companhia de Seguros Mundial-Confiança, S.A. from June 1992 until March 1993; Chief Executive Officer of Soeicom, S.A. from September 1982 until April 1992; Sales Director of Soiecom, S.A. from June 1975 until September 1982.
Jorge Maria Bleck	Director	Chairman of the General Shareholders' Meeting of Crédito Predial Português since 2000; Vice-Chairman of the General Shareholders' Meeting of Banco Santander de Negócios Portugal, S.A since 2000; Vice-Chairman of the General Shareholders' Meeting of Banco Santander, S.A since 1999; Member of the Board of Directors of Foggia SGPS, S.A. since 2000.
Carlos Manuel de Almeida Blanco de Moraes	Director	Aged 46. Professor of the of Lisbon University of Law since 1997; Member of the Board of Fundação D. Pedro IV since 1995; Principal Legal Adviser of the Legal Center near the Portuguese Government since 1993.



Name	Positions Held	Principal Occupation and Business Experience
Gerald S. McGowan	Director	Board of Directors of José de Mello Imobiliária since 2002; Chairman of the Board of Directors of José de Mello Residências e Serviços since 2001; Chairman of the Board of Directors of Imópolis (SGFII) since 2001; Chairman of the Board of Directors of Engimais since 2001; Member of the Board of Directors of International Shipowners Reinsurance Co since 1998; Member of our Superior Board from 1996 until 1997; Chairman of the Board of Directors of Saponata-Sociedade Portuguesa de Navios Tanques, S.A. from 1997 until 2001; CEO and Vice-Chairman of the Board of Directors of LISNAVE from 1995 until 1997; Chairman of the Board of Directors of Marconi from 1994 until 1995; Chairman of the Board of Directors of Guiné Telecom from 1994 until 1995; Chairman of the Board of Directors of Companhia Santomense de Telecomunicações from 1994 until 1995; Member of the Board of Directors of CN-Comunicações Nacionais S.A. from 1993 until 1995; Chairman of the Directorate of the Portuguese Association for the Development of Communications from 1993 until 1995; Chairman of the Board of Directors of TMN – Telecomunicações Móveis Nacionais, S.A. from 1991 until 1994; Chairman of the Board of Directors of TLP-Telefones de Lisboa e Porto S.A. from 1989 until 1994; Director of TDC-Tecnologia das Comunicações, Lda. from 1986 until 1989. Ambassador of US to Portugal from 1997 until 2001; Member of the Board of Directors of the Overseas Private Investment Corporation (OPIC) in 1996; Member of the Board of Directors of Virginia Port Authority in 2002; Member of Board of Directors of Cellular Telecommunications Industry Association from 1990 until 1998.
Peter Eugene Golob	Director	Head of the Merrill Lynch Global Communications Group for Europe from 1998 until 2001; Head of the Telecoms Media Technology Team and Investment Banking Operating Committee of Deutsche Morgan Grenfell from 1995 until 1998; Head of the Telecoms Industry Investment Banking of S.G. Warburg from 1992 until 1995.
Nuno João Francisco Soares de Oliveira Silvério Marques	Director	Partner of CIDOT, Comunicação e Imagem, Lda. since 2002; Partner of Fundaments from 2000 until 2002; Member of the Board of Directors of Telecel, Comunicações Pessoais, S.A from 1992 until 2000; Member of the Board of Directors of Telechamada S.A from 1994 until 1995; Member of the Board of Directors of Quimigal from 1988 until 1991; Manager of Quimibro, Comércio Internacional de Metais e Mercadorias Lda. from 1980 until 1988.
Thomaz de Mello Paes de Vasconcellos	Director	Managing Partner of TPV, Lda. since 1999; Member of the Board of Directors of Grupo Santogal from 1989 until 1998; Controller of Hubbard Group from 1987 until 1988.
Luis Manuel da Costa de Sousa de Macedo	Secretary-General, Company Secretary	Secretary-General and Company Secretary of Portugal Telecom, SGPS, S.A. Member of the Board of PT Ventures, SGPS, S.A. (ex-Portugal Telecom Internacional, SGPS, S.A.) since 2000; Manager of Image and Communication Department of Portugal Telecom Group since 1999; Member of the Board of Directors of Banco



Name	Positions Held	Principal Occupation and Business Experience
Francisco José Meira Silva Nunes	Chief Accounting Officer and Manager of Financial Reporting and Consolidation	Espírito Santo do Oriente since 1996; Member of the Board of Directors of AMSCO – African Management Services Company since 1996; Member of Management and Executive Board of Portuguese-Angolan Chamber of Commerce and Industry since 1996; Member of the Fiscal Board of UCCLA-União das Cidades e Capitais de Língua Portuguesa since 1996; Chairman of ELO (Associação Portuguesa para o Desenvolvimento Económico e a Cooperação) since 1996; Assistant Senior Manager of the Board of Directors of Marconi responsible for the Company’ s Communication Office from 1995 until 1999; Secretary of State of Portuguese Communities from 1992 until 1995; Chef de Gabinet of Minister of the “Quality of Life” from 1981 until 1982; Management Consultant, Manager of Human Resources, General Secretary and Manager of Central International Corporate Department of Marconi in 1982; Legal Advisor of CIP – Confederation of Portuguese Industry and several other companies and employers’ associations from 1974 until 1982. Chief Accounting Officer and Manager of the Financial Reporting and Consolidation Department of Portugal Telecom since 2003; Member of the Board of Directors of PT Pro, S.A. since February 2003 and Member of its Executive Committee since March 2004; Member of the Board of Directors of PT Compras – Serviços de Consultoria e Negociação, S.A. since May 2003; Partner of Audit and Business Advisory Services of Andersen from 1999 until 2002; Manager of Audit and Business Advisory Services of Andersen from 1992 until 1999.
Carlos Manuel Mendes Fidalgo Moreira da Cruz	Manager of the Financing and Treasury Department	Manager of the Financing and Treasury Department of Portugal Telecom since 2001; Managing Director of Portugal Telecom International Finance BV since 2002; Member of the Portuguese Privatisation Commission from 1999 until 2001; Advisor to the Secretary of State for Treasury and Finance since 1996 until 1998; Lecturer of Financial Strategy from 1996 until 2001 at MBA Program – IEP/EGP; Assistant Lecturer of Corporate Finance and Macroeconomics at Oporto University from 1987 until 1996; Assistant Lecturer of Firm Valuation from 1994 to 1997 at IESF; Analyst of the Mergers and Acquisitions Department of BPI from 1990 until 1994.
Nuno Bernardo Ramires Leiria Fidalgo Prego	Manager of the Investor Relations Department	Manager of the Investor Relations Department of Portugal Telecom since 2004; Head of Equity Research and Telecoms Analyst at BCP Investimento from 2001 until 2004; Portfolio Manager of BPI Fundos from 1999 until 2000; Deputy Director in the Research Department of Banco Finantia from 1996 until 1999.
Miguel Augusto Chambel Rodrigues	Manager of the Control Department	Manager of the Control Department of Portugal Telecom since 2004; Manager and Project Leader of the Strategy and Business Development Department of Portugal Telecom, SGPS, S.A. from 2000 until 2004; Member of the Board of Directors of PT Sistemas de Informação, S.A. from 2003 until 2004; Member of the Board of





Name	Positions Held	Principal Occupation and Business Experience
Maria Paula de Almeida Martins Canais	Manager of the Planning Department	1998 until 2000; Analyst at McKinsey and Company from 1993 until 1996. Manager of the Planning Department of Portugal Telecom since 2004; Non-executive Director of Telesp Celular, S.A. from June 2003 until January 2004; Member of the Board of Directors of Telesp Celular Participações, S.A. from January 2002 until June 2003; Executive Vice President of Telesp Celular S.A. from May 2002 until June 2003; Chief Financial Officer of Telesp Celular S.A. from September 2001 until May 2002; Director of Investor Relations of Telesp Celular Participações, S.A. from September 2001 until June 2003; Head of Controlling and Corporate Development Department of Portugal Telecom from 1997 until 2001; Member of the Board of Directors of Telemensagem from 1998 until 1999.
António Manuel Robalo de Almeida	Manager of the Regulatory Department	Manager of the Regulatory Department of Portugal Telecom since 2003. Manager of Regulatory Department of Portugal Telecom, SGPS, S.A. from 2002 until 2003; Manager of Economic Conditions and Regulatory Coordination of PT Comunicações, S.A. since 2000; Manager of Regulation Department of Portugal Telecom, S.A. from 1997 until 2000; Member of the Board of Main Road/Optimus during 1997; Director of New Telecommunications Business of Sonae Group from 1996 until 1997; Member of the Board of Directors of ICP – Instituto das Comunicações de Portugal from 1989 until 1996; Director of Planning and Development of CTT – Correios e Telecomunicações de Portugal, S.A. from 1986 until 1988; Director of Planning of CTT – Correios e Telecomunicações de Portugal, S.A. from 1985 until 1986; Deputy Director of Planning of CTT – Correios e Telecomunicações de Portugal, S.A. from 1984 until 1985; Head of Training Department of CTT – Correios e Telecomunicações de Portugal, S.A. from 1983 until 1984; Head of Human Resources Planning of CTT – Correios e Telecomunicações de Portugal, S.A. from 1982 until 1983.
Rita de Sampaio Nunes	Manager of the Competition Department	Manager of the Competition Department of Portugal Telecom since 2004; Head of European Community Affairs of ICP-ANACOM- Autoridade Nacional de Comunicações from 2003 until April 2004; Member of the Regulatory Department of Portugal Telecom, SGPS, S.A. from January 2000 until September 2003; Member of the Regulatory Department of Portugal Telecom, S.A. from October 1998 until December 1999; Seconded National Expert in the European Commission – DG Enterprise and DG Information Society from September 1995 until September 1998; Internal Legal Adviser of the Board of Directors of CN – Comunicações Nacionais, SGPS, S.A. from April 1993 until August 1995.
Miguel Dias Amaro	Manager of the Internal Audit Department	Manager of the Internal Audit Department of Portugal Telecom since 2004; Assistant to the CEO of Portugal Telecom, SGPS, S.A. from 2003 to 2004; Equity Analyst (telecommunications sector) in Espirito Santo ByM (Madrid office) from November 2000 until December 2002; Assistant to the Secretary of State for Treasury and



Name	Positions Held	Principal Occupation and Business Experience
Abilio Cesário Lopes Martins	Manager of the Communication Department	Finance from November 1999 until October 2000; Equity Analyst (Retail and Pulp and Paper sectors) in Espírito Santo Research from December 1997 until October 1999 (Lisbon office); Head of Sales for Roca Cerâmica e Comércio S.A. from 1994 until 1996; Sales Delegate for Roca Cerâmica e Comércio S.A. from 1991 until 1994. Manager of the Communication Department of Portugal Telecom since 2003; Head of Corporate Communication of Portugal Telecom from 2002 until 2003; Media Relations Advisor for Portugal Telecom's Chief Executive Officer and Head of Corporate Communication for PT Brasil from 2000 until 2002; Consultant JLM& Associados Consultants from 1998 to 2000.
Luis Filipe Nunes Cabral Moura	Manager of the Human Resources Department	Manager of the Human Resources Department of Portugal Telecom since 2000; Manager of Human Resources Department of Portugal Telecom, SA from 1998 until 2000; Manager of Banking Supervision Department of Monetary Authority of Macao from 1995 until 1998; Manager of Financial and Human Resources Department of Monetary Authority of Macao from 1993 until 1995; Manager of Human Resources Division of Monetary Authority of Macao from 1991 until 1993; Manager of Macao's Government Land Department from 1990 until 1991; Manager of Macao's Government Projects Analysis Department from 1989 until 1990; Operations Research High School Assistant from 1986 until 1989; Economist of a Portuguese Group (SOTRIL) from 1985 until 1986; Economist of Azores' Planning Department from 1983 until 1985; Adviser of Energy's Secretary of State from 1983 until 1984; Manager of Plan and Production of Moore Paragon in 1983.

## 7. Directors and Executive Officers of Telefónica Internacional.

The following table sets forth the name and position of each director and executive officer of Telefónica Internacional. The current business address of each person is at Gran Via 28, 7th Floor, Madrid, Spain, 28013, except as otherwise indicated below. Each position set forth opposite an individual's name refers to a position with Telefónica Internacional unless otherwise indicated. Each person listed below is a citizen of Spain, except as otherwise indicated below.

Name	Positions Held	Principal Occupation and Business Experience
José Alvarez-Pallete López	Director, President	Chairman and Chief Executive Officer of Telefónica Internacional since July 24, 2002. He began his career at Arthur Young Auditors in 1987. In 1988, he joined Benito & Monjardin/Kidder, Peabody & Co., where he held various positions in the research and corporate finance departments. In 1995, he joined Valenciana de Cementos Portland (Cemex) as head of the Investor Relations and Studies department. In 1996, he was promoted to Financial Manager for Telefónica in Spain, and in 1998 to General Manager for Administration and Financial Affairs for Cemex Group's interests in Indonesia, headquartered in Jakarta. José María Álvarez-Pallete joined Telefónica in February 1999 as CFO of Telefónica

Internacional. In September of the same year, he became CFO of Telefónica, S.A. He is a member of the following Boards of

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Name	Positions Held	Principal Occupation and Business Experience
Antonio Pedro de Carvalho Viana Baptista(1)	Director	<p>Directors: Telefónica de España, Telefónica Móviles, Telefónica Móviles España, Telefónica Data, Telefónica Internacional, TPI, Telefónica de Argentina, Telesp, Telefónica CTC Chile, Telefónica de Perú, Cointel, Compañía de Teléfonos de Chile Transmisiones Regionales and Telefónica Larga Distancia de Puerto Rico.</p> <p>Mr. Álvarez-Pallete holds a graduate degree in Economics from the Complutense University of Madrid. He also studied Economics at the Université Libre de Belgique.</p> <p>See “Directors and Executive Officers of Brasilcel.”</p>
Miguel Ángel Gutiérrez(2)	Director	<p>Member of the Board of Directors of Telefónica de Argentina S.A.; President of the Board of Directors of Autopistas del Oeste S.A. del Grupo ABERTIS of Spain; Member of the Consulting Committee of The Rohatyn Group Asset Management; President of ADESPA since December 2003; Vice President of the Foundation of the Spanish Chamber of Commerce since January 2004; Member of the Board of Directors of the Argentinean Chamber of Commerce since March 2002; Member IDEA; Member of the Consulting Committee of CIPPEC; Professor – University Di Tella since ; President and CEO of Telefónica de Argentina S.A. from February 2002 to June 2003; Managing Director of Emerging Markets at JP Morgan from 1995 to October 2001. Prior to that time, Mr. Gutiérrez held various positions at JP Morgan during his total 21 years with them.</p>
Javier Nadal Ariño	Director	<p>Director and the Chairman of the Board of Directors of Telefónica del Perú since January 2003. Adjunct General Director of Corporate Regulations of Telefónica, S.A. since November 2002; Chairman of the Board of Directors of Telefónica de Argentina, S.A. between 1995 and 1997; General Telecommunications Director (Spanish Public Administration) between 1985 and 1995. During that period, he also worked as the Spanish government’s delegate at Telefónica. Chairman of Retevisión between 1989 and 1994. He has performed professional activities in the industrial sector at Telettra Española in Milan, Italy and at Torrejón de Ardoz, Spain between 1972 and 1977, and has contributed, as an expert, to the United Nations Development Programme in Latin America.</p>
Fernando Xavier Ferreira(3)	Director	<p>See “Directors and Executive Officers of Brasilcel.”</p>
Mario Eduardo Vázquez	Director	<p>See “Directors and Executive Officers of Telefónica.”</p>
Bruno Pedro Philippi Irrarázabal (4)	Director	<p>President of Telefónica CTC Chile. President at Gener S.A. (Chile) from 1989 until 2000; President of Central Puerto S.A. (Argentina) from 1993 until 2000; Director of Empresa Eléctrica San Juan (Argentina); President of Chivor S.A. (Colombia); President of Mega S.A. (U.S.A.). Member of the Board of Directors of ICARE since 1993; Member of the General Council of Sociedad de Fomento Fabril since 1994; member of the Advisory Board of IBM Latin America since 1999; CEO of Telefónica of Perú since January 2003; General Director of Regulation at Telefónica International from December 1997 to January</p>



Name	Positions Held	Principal Occupation and Business Experience
Eduardo Caride(2)	Director	2003; President of Telefónica de Argentina S.A. from March 1995 to December 1997; President of the Foundation of the Spanish Chamber of Commerce in Argentina from 1995 to 1997; Member of the Argentinean Academy of the Art and Science of Communication. Board Member of the Institute of the Americas from 1997 until 2001. Held several positions at Citibank from 1981 until 1990 when he joined Telefónica de Argentina, S.A., where he was responsible for the Finance, Insurance, Internal Auditing, Budgeting and Investor Relations Departments. Head of the Residential Communications Business Unit in 1997. General Manager from 1998 until 2001. Chief Operating Officer of Emergia and Executive Chairman of Telefónica Data and Emergia from June 2001 to September 2003. Executive Chairman of Telefonica Empresas España and America since September 2003.
Alfonso Ferrari Herrero	Director	See "Directors and Executive Officers of Telefónica."
Enrique Used Aznar	Director	See "Directors and Executive Officers of Telefónica."
Gregorio Villalabeitia Galarraga	Director	See "Directors and Executive Officers of Telefónica."
Luis Lada Díaz	Director	See "Directors and Executive Officers of Telefónica."
Juan Carlos Ros Brugueras	Director	General Secretary and Vice-Secretary of the Administrative Board of Telefónica Internacional S.A. since 1998; Member of the Board of Directors of Telefónica de Argentina S.A.; Member of the Board of Directors of Telecomunicações de São Paulo – TELESP S.A.; Member of the Board of Directors of Telefónica Larga Distancia de Puerto Rico Inc.

- (1) Portuguese citizen.
- (2) Argentinian citizen.
- (3) Brazilian citizen.
- (4) Chilean citizen.

**8. Directors and Executive Officers of Telefónica Móviles.**

The following table sets forth the name and position of each director and executive officer of Telefónica Móviles. The current business address of each person is C/Goya, 24, 28001 Madrid, Spain, except where otherwise indicated below. Each position set forth opposite an individual's name refers to a position with Telefónica Móviles unless otherwise indicated. Each person listed below is a Spanish citizen, except as otherwise indicated below.

Name	Positions Held	Principal Occupation and Business Experience
Antonio Pedro de Carvalho Viana Baptista(1)	Director	See "Directors and Executive Officers of Brasilcel."
Luis Lada Díaz	Director	See "Directors and Executive Officers of Telefónica."



José María Álvarez-Pallete López      Director

Chairman and Chief Executive Officer of Telefónica Internacional since July 24, 2002; CFO of Telefónica Internacional since February 1999; CFO of Telefónica, S.A. since September 1999; Member of the Board of Directors Telefónica de España; Member of the Board of Directors of Telefónica Móviles; Member of the Board of Directors of Telefónica Móviles España; Member of the Board of

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Name	Positions Held	Principal Occupation and Business Experience
Lars M. Berg (2)	Director	Directors of Telefónica Data; Member of the Board of Directors of Telefónica Internacional; Member of the Board of Directors of TPI; Member of the Board of Directors of Telefónica de Argentina; Member of the Board of Directors of Telesp; Member of the Board of Directors of Telefónica CTC Chile; Member of the Board of Directors of Telefónica de Perú; Member of the Board of Directors of Cointel; Member of the Board of Directors of Compañía de Teléfonos de Chile Transmisiones Regionales and Member of the Board of Directors of Telefónica Larga Distancia de Puerto Rico. Independent investor, consultant and non-executive board member of several companies in the telecommunications and financial industries since August 2000; Member of the Board of Directors of Eniro AB; Member of the Board of Directors of Ratios AB; Member of the Board of Directors of Net Insight AB; Member of the Board of Directors of Anoto and Member of the Board of Directors of Viamare; Mannesmann AG, Dusseldorf – Executive Board Member since 1999; President and Chief Executive Officer of Telia AB, from 1994 until 1999.
Miquel Angel Canalejo Larrainzar	Director	Chairman of our Audit and Control Committee; Member of the Board of Directors of ALCATEL España; Chairman of the Board of Directors of Nazca Capital, S.G.E.C.R. and FYCSA; Member of the Board of Directors of Sodena, S.A.; Vice Chairman of Plan International España; Chairman of the Consultive Commission of Institución Futuro. Chairman and Managing Director of Unión Carbide Navarra and Unión Carbide Ibérica; Managing Director of Standard Eléctrica, S.A. from; Chairman and Chief Executive Officer of Alcatel Spain from December 1986 until December 2000; President of Alcatel Latinamérica from January 1996 until September 2000.
Maximino Carpio García	Director	See “Directors and Executive Officers of Telefónica.”
Fernando Xavier Ferreira(1)	Director	See “Directors and Executive Officers of Brasilcel.”
Victor Goyenechea Fuentes	Director	Deputy Director General of Banco Bilbao Vizcaya Argentaria since 1986; Member of the Board of Directors of Telecomunicações de São Paulo S.A.; Member of the Board of Directors of Corporación IBV, S.A.; Member of the Board of Directors of Hispasat, S.A.; Member of the Board of Directors of Landata Ingeniería S.A.; Member of the Board of Directors of Teltronic, S.A. and Member of the Board of Directors of IP Sistemas, S.A.; Managed BBVA’ s Telecommunications, Media and Internet Unit; Deputy General Manager at Telefónica de España S.A. from 1974 to 1986.
Antonio Massanell Lavilla	Director	See “Directors and Executive Officers of Telefónica.”
Alfonso Merry del Val Gracie	Director	Chief Executive Officer of Hipermercados Continente (España) from 1976 to 2000; Member of the Board of Directors of NH Hoteles, S.A.; Member of the Board of Directors of J. García Carrión, S.A.; Member of the Board of Directors of Corporación Uriach; Member of the Board of Directors of AEGON Unión Aseguradora, S.A.; CEO of the merged Company Carrefour in Spain.



Name	Positions Held	Principal Occupation and Business Experience
José Fernando de Almansa Moreno-Barreda	Director	See "Directors and Executive Officers of Telefónica."
Alejandro Burillo Azcarraga(3)	Director	Founding member of Televisa, and participates in different executive positions in various companies such as PanAmSat, Univisión and ECO among others; Founder Grupo Pegaso since 1996; President of the Board of Directors of Grupo Pegas; Owner of different soccer teams in Mexico; Adviser of the FIFA President; Founder of Casa Lamm, which promotes different artists in Mexico, and participates in beneficial institutions in Mexico.
Javier Echenique Landiribar	Director	Member of the Board of Directors of Telefónica Móviles México, S.A. de C.V. and, among others, ACS Actividades de Construcción y Servicios, S.A., URALITA, S.A. Willis Iberia, Edhart y Cía. and Grupo Porres (Mexico). Served as a member of the Board of Directors of Telefónica de España, S.A., Sevillana de Electricidad, S.A., Autopistas Concesionaria de España, S.A., Finanzia Banco de Crédito, S.A., Metrovacesa and Grupo AXA Aurora over the last five years. Served from 1990 as executive officer at various areas of BBVA.
José María Más Millet	Director and Secretary	Secretary of the Board of Directors; Member of the Board of Directors of NH Hoteles, S.A.; Member of the Board of Directors of SOSCUETARA, S.A.; Member of the Board of Directors of SOTOGRANDE, S.A.; Member of the Board of Directors of Aumar, S.A.; General Counsel of Telefónica, S.A. from 1997 to April 2001; Member of the Board of Directors of Caja de Ahorro de Valencia, Castellón y Alicante from 1995 to January 2000.

## 9. Directors and Executive Officers of PT Móveis.

The following table sets forth the name and position of each director and executive officer of PT Móveis. The current business address of each person is Avenida Álvaro Pais Fontes, 02, 1649-041, Lisbon, Portugal, except as otherwise indicated below. Each position set forth opposite an individual's name refers to a position with PT Móveis unless otherwise indicated. Each person listed below is a Portuguese citizen.

<u>Name</u>	<u>Positions Held</u>	<u>Principal Occupation and Business Experience</u>
Miguel António Igrejas Horta e Costa	Director, President	See "Directors and Executive Officers of Portugal Telecom."
Carlos Manuel L Vasconcellos Cruz	Director, Chief Executive Officer	See "Directors and Executive Officers of Brasilcel."
Pedro Manuel Brandão Rodrigues	Director	See "Directors and Executive Officers of Brasilcel."
Álvaro José Roquette Morais	Director, Chief Operating Officer	See "Directors and Executive Officers of Brasilcel."
Diogo Miguel Cabedo Amado Horta e Costa	Director	Executive Vice-President of Portugal Telecom Investimentos Internacionais, SA. since 2004; Marketing & Communication Corporate Director of Portugal Telecom, SGPS, S.A. in 2003; CRM & Knowledge Management General Manager in Portugal Telecom Comunicações Fixas in 2002; Communication Corporate Director of Telesp Celular S.A., São Paulo, Brasil from 2001 to 2002; Marketing & Communication Director in Tradecom (PT e-business unit) in 2000; Senior Corporate Manager – Consulting Services of Dun & Bradstreet Corporation from 1996 until 1999.

## 10. Directors and Executive Officers of TMN – Telecomunicações Móveis Nacionais S.A.

The following table sets forth the name and position of each director and executive officer of TMN. The current business address of each person is Avenida Álvaro Pais, 02, 1649-041, Lisbon, Portugal, except as otherwise indicated below. Each position set forth opposite an individual's name refers to a position with TMN unless otherwise indicated. Each person listed below is a citizen of Portugal.

<u>Name</u>	<u>Positions Held</u>	<u>Principal Occupation and Business Experience</u>
Miguel António Igrejas Horta e Costa	Director	See "Directors and Executive Officers of Portugal Telecom."
Iriarte José Araújo Esteves	Director	See "Directors and Executive Officers of Portugal Telecom."
António Lopes Soares(1)	Executive Officer of the Board of Directors and Vice-President of the Executive Committee	Worked as Chief Financial Officer of Portugal Telecom; Chief Financial Officer of Telecom Portugal; Member of the Executive Committee of the Telecommunications Business Department of CTT; Business and Financial Officer of the Telecommunications Business Department of CTT.
David José Ferreira Lopes	Executive Officer	Member of the Southern Regional Council of the Electrotechnical Engineering College of the Engineers' Association from April 2004 to March 2007; Officer, Portugal Telecom Comunicações, Member of the Executive Board in Charge of the Network, Officer, PT Prime and Telepac from 2002 to 2004; Officer, Portugal Telecom Comunicações, Member of the Executive Board in charge of the Network, Information Systems and International Operations

supervised by PTC since 2003; Chairman of Timor Telecom and  
Officer, TPT; served as General

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Name	Positions Held	Principal Occupation and Business Experience
Maria da Graça Galvão de Carvalho	Director and Executive Officer	<p>Manager of Infonet Portugal; Managing Director, Networks, PT Comunicações and PT Prime from 2002 to 2003 ; Engineering Manager, Telesp Celular – São Paulo, Brazil. Following the acquisition of Global Telecom – Santa Catarina and Paraná in, Brazil he was also responsible for coordinating engineering activities at Global Telecom. Within the scope of the joint venture between Portugal Telecom (Telesp Celular, Global Telecom) and Telefónica Celular, now VIVO, he coordinated engineering activities, reporting to the Vice-President of the joint venture, Technological Sector from 2000 to 2002. Head of the Engineering and Network Development Department of Telesp Celular – São Paulo, Brazil, and also Manager of the Quality Control Division of this company, reporting to the Executive Board of Telesp Celular in 2000; Manager of the Quality Control Division of Telesp Celular – São Paulo, Brazil from 1999 to 2000.</p>
Pedro Manuel Brandão Rodrigues	Director and Executive Officer	<p>Executive Officer of TMN since 2001; Planning and Control Manager of TMN from 1997 to 2001. See “Directors and Executive Officers of Brasilcel.”</p>
Luís Filipe de Medeiros Cravo Ribeiro	Executive Officer	<p>President of the Executive Board of the Lusomundo Group from 2002 to 2003; PT Multimédia – Officer and Member of the Executive Board from 2002 to 2003; President of the Executive Board of PT Conteúdos from 2002 to 2003; President of the Board of SPORT TV from 2002 to 2003; President of the Executive Board of the Lusomundo Group from 2001 to 2002; PT Multimédia – Officer and Member of the Executive Board from 2001 to 2002; President of the Board of NTV from 2001 to 2002; President of the Board of Telepac from 1999 to 2001; Officer and Member of the Executive Board of Portugal Telecom Multimedia from 1999 to 2001; PT Conteúdos – Director from 1999 to 2001; Officer of Portugal Telecom Internacional from 1998 to 1999; Executive officer of Sport TV from 1998 to 1999; Officer and Member of the Executive Board at Mediatecom – Morocco from 1998 to 1999.</p>
Maria Etlvina da Conceição Aguiar dos Santos	Executive Officer	<p>Head of the Legal Department and Advisor to the Board of Directors since 1995.</p>
João Amândio Teixeira Goulart de Bettencourt	[Director]	<p>Joint Coordinator of the Inventory of the Ministry of Culture in 1997; Director of IFADAP since 1996; Member of the Fiscal Council of TELEPAC since 1995; Served as Chief of Office of the Ministry of Public Works and Transport in 1990 and as Chief of Office of the Ministry of Trade and Tourism in 1984 and 1987; Served in several governmental and private positions since 1964.</p>
Manuel Joaquim Barata Frexes	Director	<p>Mayor for the city of Fundão since 2001; Coordinator – Commission of Foreign Affairs and a member of Social Equipment and of the Accompanying Commission for Porto 2001 – Cultural European Capital since 1999; President of the AICEP Management – Association for the Postal and Telecommunications Operators since</p>

1998; President for the PSD Political Commission-Fundão since 1998.

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Name	Positions Held	Principal Occupation and Business Experience
Victor Pereira Dias	Director	President, TRADINGPOR – Empresa de Comércio Externo de Portugal, S.A. since 1986; Officer, TMN – Telecomunicações Móveis Nacionais, S.A. since 2003; Vice-President of the General Meeting of Galp Energia SGPS, S.A. since 2000; President, Corporate Governance Committee, Portugal Telecom SGPA, S.A. from 2000 to 2003; President of the Audit Board of CONTROLAUTO – Controlo Técnico Automóvel since 1998; Officer of Portugal Telecom SGPS, S.A. from 1997 to 2003; Officer of Petróleos Portugal, PETROGAL, S.A. from 1997 to 2000.

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Any questions or requests for assistance or additional copies of this offer to purchase may be directed to the information agents listed below. Beneficial owners may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the tender offer.

***The Brazilian Information Agent***

***for the Tender Offer is:***

**Espírito Santo  Securities**

**BES Securities**

Av. Rio Branco 110, 33º andar  
CEP 20040-001 Centro  
Rio de Janeiro, Brazil  
Telephone: +55 21 3212-3213

***The U.S. Information Agent***

***for the Tender Offer is:***

***MACKENZIE  
PARTNERS, INC***

**Mackenzie Partners, Inc.**

105 Madison Avenue  
New York, New York 10016  
proxy@mackenziepartners.com  
Call Collect: (212) 929-5500  
or  
Toll-Free (800) 322-2885

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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt about what action to take, we recommend that you immediately consult your stockbroker, bank manager, lawyer, accountant or other professional or investment advisor.**

This document should be read in conjunction with the offer to purchase dated September 1, 2004, which, together with any amendments or supplements thereto, collectively constitute the "Offer." The definitions used in the Offer apply in this Letter of Transmittal. All terms and conditions contained in the Offer applicable to ADSs are deemed to be incorporated in and form part of this Letter of Transmittal.

**LETTER OF TRANSMITTAL**

**To Tender American Depositary Shares ("ADSs") Evidenced by American  
Depositary Receipts ("ADRs"),  
Each ADS Representing 5,000 Preferred Shares  
of  
TELE SUDESTE CELULAR PARTICIPAÇÕES S.A.  
to Enable the Receiving Agent Named Below to Tender the Underlying Preferred Shares  
at  
R\$7.80 Per 1,000 Preferred Shares (Before Deducting Fees and Expenses)  
Pursuant to the Offer dated as of September 1, 2004  
by  
BRASILCEL N.V.,  
a joint venture of  
PORTUGAL TELECOM, SGPS, S.A.  
PT MÓVEIS, SGPS, S.A.  
TELEFÓNICA MÓVILES, S.A.**

**Subject to the exceptions and conditions described in the Offer, the tender offer and the withdrawal rights for holders of common shares and preferred shares will expire at 11:00 a.m., New York City time, on October 8, 2004, unless the offer is extended or earlier terminated. However, unless the offer is extended or earlier terminated, to participate in the tender offer, you must qualify for the tender offer, if a holder of American Depositary Shares, or "ADSs," participating in the tender offer through The Bank of New York, as receiving agent, no later than 5:00 p.m., New York City time, on October 1, 2004 (such date, as it may be extended by Brasilcel N.V. in its sole discretion, the "ADS Qualification Date"). Withdrawals of ADSs by ADS holders who wish to participate in the tender offer through the receiving agent will not be accepted after 5:00 p.m., New York City time, on October 6, 2004, unless the offer is extended or earlier terminated.**

**This Offer is conditioned upon certain conditions described in Section 6 – "Conditions to the Tender Offer" of the Offer.**

**ADS holders who wish to participate in the tender offer through the Receiving Agent must pay the fees and expenses described in Section 4 – "Procedures for Accepting the Offer and Tendering Shares" of the Offer.**

**THE RECEIVING AGENT FOR THE OFFER:**

**THE BANK OF NEW YORK**

***By Mail:***

The Bank of New York  
Tender & Exchange Department  
P.O. Box 11248  
New York, NY 10286-1248

***By Hand or Overnight or Courier:***

The Bank of New York  
Tender & Exchange Department  
101 Barclay Street  
Receive and Deliver Window, Street Floor  
New York, NY 10286

***By Facsimile Transmission (for Eligible Institutions Only):***

(212) 815-6433

To confirm facsimile transmission only:

(212) 815-6212

**Delivery of this Letter of Transmittal to an address other than as set forth above will not constitute a valid delivery. Delivery of this Letter of Transmittal to the Company or to a Book-Entry Transfer Facility will not constitute valid delivery to the Receiving Agent. The instructions accompanying this Letter of Transmittal should be read carefully before the Letter of Transmittal is completed. You must sign this Letter of Transmittal in the appropriate space provided therefor and complete the substitute form W-9. See Instruction 12 of this Letter of Transmittal.**

**THIS LETTER OF TRANSMITTAL IS TO BE USED ONLY FOR TENDERING ADSs. DO NOT USE THIS LETTER OF TRANSMITTAL FOR TENDERING COMMON SHARES OR PREFERRED SHARES.**

There is no separate tender offer being made in the United States to acquire ADSs. If a holder of ADSs, each representing 5,000 preferred shares, no par value (*ações preferenciais*) of Tele Sudeste Celular Participações S.A. (“TSD”), wishes to participate in the tender offer, the holder may tender its ADSs to The Bank of New York, as receiving agent (the “Receiving Agent”), in accordance with the instructions set forth in this Letter of Transmittal. If the underlying preferred shares are accepted for purchase in the auction described in Section 3 – “Acceptance for Payment and Payment for Shares” in the Offer, those ADSs will be cancelled so that the underlying shares may be tendered.

Any holder of ADSs that wishes to tender ADSs to the Receiving Agent must, no later than 5:00 p.m., New York City time, on October 1, 2004, unless the tender offer is extended or earlier terminated (such date, as it may be extended, the “ADS Qualification Date”), either:

complete and sign this Letter of Transmittal in accordance with the instructions contained herein and deliver that completed Letter of Transmittal, the applicable ADRs evidencing the ADSs tendered and all other required documents to the Receiving Agent no later than the ADS Qualification Date; or

request its broker, dealer, commercial bank, trust company or other nominee to effect the tender through the procedures of The Depository Trust Company by sending an agent’s message to the Receiving Agent’s account at The Depository Trust Company, or the “Book-Entry Transfer Facility,” no later than the ADS Qualification Date.

Delivery of documents to the Book-Entry Transfer Facility will not constitute delivery to the Receiving Agent.

For those ADSs tendered through the Receiving Agent, the Receiving Agent will then contact a broker authorized to conduct trades on the *Bolsa de Valores de São Paulo – BOVESPA* (the “São Paulo Stock Exchange”) to tender the underlying preferred shares in the auction described in Section 3 – “Acceptance for Payment and Payment for Shares” in the Offer. The Receiving Agent will instruct that broker to

present a sale order for those underlying preferred shares in the auction by 11:00 a.m., New York City time, on October 8, 2004 (such date, as it may be extended, the “Expiration Date”).

As an alternative to tendering its ADSs to the Receiving Agent, an ADS holder may also surrender its ADSs to the Depositary, withdraw the underlying preferred shares from the ADS program no later than 4:00 p.m., New York City time on October 7, 2004 (the “Share Qualification Date”) and participate directly in the tender offer like other holders of preferred shares as described in Section 4 – “Procedures for Accepting the Offer and Tendering Shares” in the Offer. If you wish to preserve your ability to withdraw until October 8, 2004, the Expiration Date, you must surrender your ADSs with the underlying preferred shares from the ADS program and participate directly in the tender offer like other holders of preferred shares.

This Letter of Transmittal cannot be used to tender common shares or preferred shares, except insofar as preferred shares are represented by ADSs. If you hold common shares or preferred shares that are not represented by ADSs, you can only tender such shares into the Offer by following the instructions in the Offer. See Instruction 10 of this Letter of Transmittal.

All Letters of Transmittal, ADRs evidencing ADSs and other required documents delivered to the Receiving Agent by holders of ADSs will be deemed (without any further action by the Receiving Agent) to constitute acceptance by such holders of the Offer with respect to the preferred shares represented by such ADSs, upon the terms and subject to the conditions set forth in the Offer and this Letter of Transmittal.

After acceptance by Brasilcel N.V. (the “Purchaser”) of the preferred shares underlying the ADSs tendered to the Receiving Agent (subject to any pro rata reduction of the shares purchased as described in the Offer) and receipt of payment of the consideration for those shares, the Receiving Agent will pay to the applicable holders of ADSs the U.S. dollar equivalent (based on then prevailing exchange rates, net of expenses for converting *reais* to U.S. dollars) of R\$7.80 per 1,000 preferred shares, or R\$39.00 per ADS, minus (1) a fee of U.S.\$5.00 per 100 ADSs or portion thereof for the cancellation of the ADSs representing preferred shares purchased in the tender offer, (2) the combined fee of 0.035% of the purchase price payable to the São Paulo Stock Exchange and the *Companhia Brasileira de Liquidação e Custódia* (the Brazilian Settlement and Custody Company, or “CBLC”), as described in Section 1 – “Terms of the Tender Offer; Expiration Date and Qualification Date” of the Offer and (3) the holder’s pro rata portion of the fee or commission charged by the broker selected by the Receiving Agent to tender preferred shares underlying ADSs on behalf of ADS holders participating in the tender offer. The ADS cancellation fee is payable to The Bank of New York, as depository under the deposit agreement governing the TSD ADS program. In addition, any ADS holder that wishes to tender ADSs in the tender offer must pay any taxes or governmental charges payable in connection with the cancellation of ADSs representing preferred shares purchased in the tender offer. ADS holders for which preferred shares underlying those ADSs are purchased in the tender offer will receive the purchase price for the preferred shares purchased in the tender offer underlying the ADSs they tendered in cash by check or, in the case of ADSs held through the Book-Entry Transfer Facility, by means of delivery of funds to the account maintained at the Book-Entry Transfer Facility by the participant that has tendered the ADSs.

In the event of an inconsistency between the terms and procedures in this Letter of Transmittal and the Offer, the terms and procedures in the Offer shall govern. Please contact BES Investimento, the Brazilian information agent, at +55 (21) 3212-3213 or MacKenzie Partners, Inc., the U.S. information agent, at (212) 929-5500 or toll-free at (800) 322-2885 to discuss any inconsistency.

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**BOX 1: DESCRIPTION OF ADSs TENDERED**

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**Name(s) and address(es) of registered holder(s)**

(Please fill in, if blank, exactly as

name(s) appear(s) on ADRs))

**ADSs tendered**

(attach additional list if necessary)(1)

ADR Serial Number(s)(2)	Total Number of ADSs Represented by ADRs	Number of ADSs Tendered
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Total Shares

(1) Unless otherwise indicated, it will be assumed that all ADSs delivered to the Receiving Agent are being tendered. See Instruction 4. You must complete Box 4 in accordance with the instructions set out therein and, if appropriate, Boxes 2 and 3.

(2) This column need not be completed by holders tendering ADSs by book-entry transfer.

**CHECK HERE IF TENDERED ADSs ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE RECEIVING AGENT'S ACCOUNT AT THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:**

**Name of Tendering Institution**

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**Account No. at DTC**

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**Transaction Code No.**

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**NOTE: SIGNATURES MUST BE PROVIDED BELOW**

**PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY**

**To: The Bank of New York, as Receiving Agent:**

The undersigned hereby instructs the Receiving Agent to tender the preferred shares represented by the above described ADSs (which expression shall in this Letter of Transmittal, except where the context otherwise requires, be deemed to include, without limitation, the preferred shares represented thereby), into the Offer in Brazil, upon the terms and subject to the conditions set forth in the Offer and this Letter of Transmittal. The undersigned hereby acknowledges that delivery of this Letter of Transmittal, the ADSs and any other required documents delivered to the Receiving Agent in connection herewith will be deemed (without any further action by the Receiving Agent) to constitute acceptances of the Offer by the undersigned with respect to the Shares represented by the above-described ADSs, subject to withdrawal rights described in Section 5 – “Withdrawal Rights” of the Offer and the terms and conditions set forth in this Letter of Transmittal. See Instruction 13 of this Letter of Transmittal.

The undersigned understands that acceptance of the Offer by the undersigned pursuant to the procedures described herein and in the instructions hereto will constitute a binding agreement between the undersigned and the Purchaser upon the terms and subject to the conditions of the Offer.

The undersigned hereby delivers to the Receiving Agent the above-described ADSs evidenced by ADRs for tender to the Purchaser of the preferred shares represented by such ADSs, in accordance with the terms and conditions of the Offer, including any supplements or amendments thereto, and this Letter of Transmittal.

Upon the terms of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extensions or amendments), the undersigned hereby:

(i) sells, assigns and transfers to the Purchaser all right, title and interest in and to all of the preferred shares represented by the ADSs being tendered hereby; and

(ii) irrevocably constitutes and appoints the Receiving Agent the true and lawful agent and attorney-in-fact of the undersigned with respect to the ADSs and preferred shares represented by such ADSs, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (a) cancel the ADSs tendered and deliver the preferred shares represented by such ADSs or transfer the ownership of the preferred shares represented by such ADSs with all accompanying evidences of transfer and authenticity to the Purchaser, and (b) receive all benefits and otherwise exercise all rights of beneficial ownership of the preferred shares represented by such ADSs, all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the ADSs evidenced by ADRs (and the preferred shares represented by the ADSs) tendered hereby and that when the preferred shares are purchased by the Purchaser, the Purchaser will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances, together with all rights now or hereafter attaching to them, including voting rights and rights to all dividends, other distributions and payments hereafter declared, made or paid, and the preferred shares will not be subject to any adverse claims. The undersigned will, upon request, execute and deliver any additional documents deemed by the Receiving Agent or the Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the ADSs and the preferred shares represented by ADSs tendered hereby.

The undersigned agrees to ratify each and every act or action which may be done or effected by any director of, or other person nominated by, the Purchaser or their respective agents, as the case may be, in the exercise of any of his or her powers and/or authorities hereunder. The undersigned undertakes, represents and warrants that if any provision of this Letter of Transmittal shall be unenforceable or invalid or shall not operate so as to afford the Purchaser or the Receiving Agent or their respective agents the benefit of the authority expressed to be given in

this Letter of Transmittal, the undersigned shall, with all practicable speed, do all such acts and actions and execute all such documents as may be required to enable the Purchaser or the Receiving Agent to secure the full benefits of this Letter of Transmittal.

All authority herein conferred or agreed to be conferred and all undertakings, representations and warranties given pursuant to this Letter of Transmittal shall be binding upon the successors, assigns, heirs, executors, administrators and

legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. Except as otherwise stated in the Offer, this tender is irrevocable.

Unless otherwise indicated herein in Box 2: "Special Issuance Instructions" or Box 3: "Special Delivery Instructions," the undersigned hereby instructs the Receiving Agent to:

(i) issue the check for the purchase price for the preferred shares represented by the ADSs accepted for purchase, and/or

(ii) cause to be issued any ADRs evidencing ADSs which preferred shares represented thereby were not tendered or accepted for purchase, in the name(s) of the registered holder(s) appearing herein in Box 1: "Description of ADSs Tendered."

In the event that Box 2: "Special Delivery Instructions" and/or Box 3: "Special Issuance Instructions" are completed, the undersigned hereby instructs the Receiving Agent to:

(i) issue the check for the purchase price for the preferred shares represented by ADSs accepted for purchase, and/or

(ii) cause to be issued any ADRs evidencing ADSs which preferred shares represented thereby were not tendered or accepted for purchase in the name(s) of the person or persons so indicated, and

(iii) mail, or cause to be mailed, the check for the purchase price for the preferred shares represented by ADSs accepted for purchase, and/or

(iv) return, or cause to be returned, any ADRs evidencing any ADSs which preferred shares represented thereby were not tendered or accepted for purchase (and accompanying documents, as appropriate) to the address(es) of the person or persons so indicated.

In the case of a book-entry delivery of ADSs, the undersigned hereby instructs the Receiving Agent to credit the undersigned's account maintained at the Book-Entry Transfer Facility with (i) the purchase price for the preferred shares represented by ADSs accepted for purchase, and (ii) ADSs representing any preferred shares not accepted for purchase. The undersigned recognizes that the Receiving Agent will not transfer any ADSs from the name of the registered holder thereof if the Purchaser does not accept for purchase any of the preferred shares represented by ADSs so tendered.

The terms and conditions contained in the Offer, as from time to time supplemented or amended, shall be deemed to be incorporated in, and form part of, this Letter of Transmittal, which shall be read and construed accordingly. This Letter of Transmittal shall not be considered complete and valid, and delivery of the consideration pursuant to the Offer shall not be made, until the ADSs being tendered and all other required documentation have been received by the Receiving Agent as provided in the Offer and this Letter of Transmittal.

Unless you complete Box 3: "Special Delivery Instructions," the address of the holder inserted in Box 1: "Description of ADSs Tendered" is the address to which your consideration will be sent. Please also state a daytime telephone number where you may be contacted in the event of any query.

**Check here if any of the ADRs representing ADSs that you own have been lost or destroyed (see Instruction 11).**

Number of ADSs represented by lost or destroyed ADR(s): \_\_\_\_\_

**BOX 2: SPECIAL ISSUANCE INSTRUCTIONS**

**(See Instructions 1, 5, 6 and 7)**

To be completed ONLY if ADR(s) evidencing ADSs not tendered or not accepted for payment and/or the check for the purchase price of the preferred shares represented by ADSs accepted for payment are to be issued in the name of someone other than the undersigned or if ADSs tendered by book-entry transfer that are not accepted for payment are to be returned by credit to an account maintained at the Book-Entry Transfer Facility other than that designated above.

Issue  Check  ADR to:

Name:

---

**(Please Print)**

Address:

---

---

**(Include Zip Code)**

---

**(Tax Identification or Social Security No.)**

**(See Substitute Form W-9 included herein)**

Credit ADSs tendered by book-entry transfer that are not accepted for payment to Receiving Agent to the account set forth below:

---

**(Receiving Agent Account Number)**

**BOX 3: SPECIAL DELIVERY INSTRUCTIONS**

**(See Instructions 1, 5, 6 and 7)**

To be completed ONLY if ADR(s) evidencing ADSs not tendered or not accepted for payment and/or the check for the purchase price of the preferred shares represented by ADSs accepted for payment are to be sent to someone other than the undersigned or to the undersigned at an address other than that shown above.

Issue  Check  ADR to:

Name:

---

**(Please Print)**

Address:

---

---

**(Include Zip Code)**

---

**(Tax Identification or Social Security No.)**

**(See Substitute Form W-9 included herein)**



**BOX 4:  
SIGN HERE  
AND COMPLETE SUBSTITUTE FORM W-9 INCLUDED HEREIN**

---

**Signature(s) of Holder(s)  
(See guarantee requirement below)**

Dated: \_\_\_\_\_, 2004

(Must be signed by registered holder(s) exactly as name(s) appear(s) on ADR. If signed by person(s) to whom the ADSs represented hereby have been assigned or transferred as evidenced by endorsement or stock powers transmitted herewith, the signatures must be guaranteed. If signature is by an officer on behalf of a corporation or by an executor, administrator, trustee, guardian, attorney, agent or any other person acting in a fiduciary or representative capacity, please provide the following information. See Instruction 5.)

Name(s) \_\_\_\_\_

**(Please Print)**

Capacity (full title) \_\_\_\_\_

Address \_\_\_\_\_

**(Zip Code)**

**GUARANTEE OF SIGNATURE(S)**

**(If required, See Instructions 1, 2, 5 and 13)**

Authorized Signature \_\_\_\_\_

Name \_\_\_\_\_

**(Please Print)**

Name of Firm \_\_\_\_\_

Address \_\_\_\_\_

**(Zip Code)**

Area Code and Telephone Number \_\_\_\_\_

Dated: \_\_\_\_\_, 2004

## INSTRUCTIONS

### Forming Part of the Terms and Conditions of the Offer

1. *Guarantee Of Signatures.* Except as otherwise provided below, all signatures on this Letter of Transmittal must be guaranteed by a financial institution (including most banks, savings and loan associations and brokerage houses) which is a participant in the Securities Transfer Agents Medallion Program (STAMP), the New York Stock Exchange Medallion Program (MSP), or the Stock Exchanges Medallion Program (SEMP) or any other “eligible guarantor institution” (as defined in Rule 17Ad-15 under the Securities Exchange Act of 1934) (each of the foregoing, an “Eligible Institution”). Signatures on this Letter of Transmittal need not be guaranteed (a) if this Letter of Transmittal is signed by the registered holder(s) of the ADSs tendered herewith and such holder(s) have not completed either Box 2: “Special Issuance Instructions” or Box 3: “Special Delivery Instructions” on this Letter of Transmittal, or (b) if such ADSs are tendered for the account of an Eligible Institution. See Instruction 5.

2. *Delivery of Letter of Transmittal and ADSs.* This Letter of Transmittal is to be completed by ADS holders if ADRs are to be forwarded herewith. An Agent’s Message must be utilized if delivery of ADSs is to be made by book-entry transfer to an account maintained by the Receiving Agent at the Book-Entry Transfer Facility pursuant to the procedures for book-entry transfer. ADRs evidencing ADSs or confirmation of any book-entry transfer into the Receiving Agent’s account at the Book-Entry Transfer Facility of ADSs delivered electronically, as well as a properly completed and duly executed Letter of Transmittal (or an originally signed facsimile thereof) with any required signature guarantees or, in the case of a book-entry transfer, an Agent’s Message and any other documents required by this Letter of Transmittal, must be delivered to the Receiving Agent at one of its addresses set forth herein prior to the ADS Qualification Date. If ADSs are forwarded to the Receiving Agent in multiple deliveries, a properly completed and duly executed Letter of Transmittal (or an originally signed facsimile thereof) must accompany each such delivery.

The term “Agent’s Message” means a message transmitted by means of the Book-Entry Transfer Facility to, and received by, the Receiving Agent and forming a part of a book-entry confirmation which states that the Book-Entry Transfer Facility has received an express acknowledgment from the participant in the system of the Book-Entry Facility tendering ADSs that are the subject of such book-entry confirmation that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that the Purchaser may enforce such agreement against the participant.

The method of delivery of ADRs and all other required documents is at the sole option and risk of the tendering holders of ADSs. ADRs will be deemed delivered only when actually received by the Receiving Agent. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

No alternative, conditional or contingent tenders will be accepted, and no number of underlying preferred shares that would represent a fractional ADS will be purchased. By executing this Letter of Transmittal, all tendering ADS holders waive any right to receive any notice of the acceptance of their ADSs for payment.

*Guaranteed Delivery of ADSs.* If an ADS holder desires to tender ADSs pursuant to the tender offer and cannot deliver those ADSs and all other required documents to the Receiving Agent by the ADS Qualification Date or that holder cannot complete the procedure for delivery by book-entry on a timely basis, those ADSs may nevertheless be tendered if all of the following conditions are met:

(i) the tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form accompanying the Offer is received by the Receiving Agent (as provided below) by the ADS Qualification Date; and

(iii) the ADRs evidencing the ADSs (or a confirmation of a book-entry transfer of such shares into the receiving agent’s account at the Book-Entry Transfer Facility), together with a properly completed and duly executed letter of transmittal with any required signature

guarantee or an agent' s message and any other documents required by the letter of transmittal, are received by the receiving within three (3) NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.



The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, facsimile transmission or mail to the receiving agent and must include a guarantee by an Eligible Institution in the form set forth in that Notice.

3. *Inadequate Space.* If the space provided herein is inadequate, the serial number of the ADRs, the total number of ADSs represented by such ADRs, the number of ADSs tendered and any other required information should be listed on a separate signed schedule attached hereto.

4. *Partial Tenders.* If fewer than all of the ADSs evidenced by ADRs delivered to the Receiving Agent are to be tendered, fill in the number of ADSs which are to be tendered in Box 1: "Number of ADSs Tendered." In such case, a new ADR for the untendered ADSs represented by the old ADR will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in Box 3: "Special Delivery Instructions" on this Letter of Transmittal, as soon as practicable after the date such ADSs are accepted for payment. All ADSs delivered to the Receiving Agent will be deemed to have been tendered unless otherwise indicated.

5. *Signatures on Letter of Transmittal, Stock Powers and Endorsements.* If this Letter of Transmittal is signed by the registered holder(s) of the ADSs tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the ADRs without any alteration or change whatsoever. **DO NOT SIGN THE BACK OF THE ADRs.**

If any of the ADSs tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal. If any of the ADSs tendered in the Offer are registered in different names on several ADRs, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of ADRs.

If this Letter of Transmittal or any ADRs or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to the Purchaser of their authority to act must be submitted.

If this Letter of Transmittal is signed by the registered holder(s) of the ADSs listed and transmitted hereby, no endorsements of ADRs or separate stock powers are required.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the ADSs listed, the ADRs must be endorsed or accompanied by appropriate stock powers signed exactly as the name(s) of the registered holder(s) appear(s) on the ADRs evidencing such ADSs. Signatures on such ADRs or stock power must be guaranteed by an Eligible Institution.

6. *Stock Transfer Taxes.* The registered holder(s) of the ADSs listed and transmitted hereby must pay any stock transfer taxes (1) with respect to the transfer and sale of ADSs to the Purchaser or its order pursuant to the Offer and (2) if ADSs not tendered or accepted for payment are to be registered in the name of any person(s) other than the registered holder(s), with respect to the transfer to such person(s). Any such stock transfer taxes (whether imposed on the registered holder(s) or any other person(s)) will be deducted from the purchase price, unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted. Except as otherwise provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the ADSs listed in this Letter of Transmittal.

7. *Special Issuance and Delivery Instructions.* If the payment for ADSs accepted (which preferred shares represented thereby have been accepted for purchase) and/or ADRs evidencing ADSs not accepted (which preferred shares represented thereby are not accepted for purchase) is or are to be issued in the name of a person other than the signer of this Letter of Transmittal or if such payment is to be sent and/or such ADRs are to be returned to a person other than the signer of this Letter of Transmittal or to an address other than that indicated in Box 1: "Description of ADSs Tendered," the appropriate Special Delivery Instructions (Box 3) and/or the Special Issuance Instructions (Box 2) on this Letter of Transmittal should be completed.

8. *Waiver of Conditions.* The Purchaser, in accordance with the terms of the Offer, has reserved the right to waive all or any of the conditions, in whole or in part, on or before 8:00 a.m., New York City time, on the Expiration Date.

9. *Requests for Assistance or Additional Copies.* Holders of ADSs may use this Letter of Transmittal to tender the ADSs (and preferred shares represented by such ADSs) and accept the Offer. Holders of preferred shares may not tender their preferred shares pursuant to this Letter of Transmittal except insofar as they are represented by ADSs. Questions

and requests for assistance or additional copies of the offer to purchase or this Letter of Transmittal may be directed to the information agents at the addresses and telephone numbers set forth at the end of this Letter of Transmittal.

10. *Holders of Common Shares or Preferred Shares.* This Letter of Transmittal cannot be used to tender common shares or preferred shares, except insofar as preferred shares are represented by ADSs. If you hold common shares or preferred shares that are not represented by ADSs, you can only tender such shares into the Offer by following the instructions in the Offer. Please refer to the Offer for more information and contact the Information Agent with any questions.

11. *Lost, Destroyed or Stolen ADRs.* If any ADR(s) representing ADS(s) has been lost, destroyed or stolen, the holder should promptly notify the Receiving Agent by checking the box at the bottom of page 5 of this Letter of Transmittal and indicating the number of ADSs represented by the lost, destroyed or stolen ADRs. The holder will then be instructed as to the steps that must be taken in order to replace the ADR(s). This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed ADRs have been complied with.

12. *Taxpayer Identification Number; 28% Backup Withholding; Substitute Form W-9.* Under U.S. federal income tax law, a holder who tenders ADSs pursuant to the Offer is required to provide the Receiving Agent with such holder's correct taxpayer identification number ("TIN") on Substitute Form W-9 and to certify that the TIN provided on Substitute Form W-9 is correct (or that such holder is awaiting a TIN).

A holder who does not have a TIN may check the box in Part 3 of the Substitute Form W-9 if such holder has applied for a number or intends to apply for a TIN in the near future. If the box in Part 3 is checked, the holder must also complete the "Certificate of Awaiting Taxpayer Identification Number" below in order to avoid backup withholding. If the box is checked, payments made will be subject to backup withholding unless the holder has furnished the Receiving Agent with his or her TIN within 60 days. A holder who checks the box in Part 3 in lieu of furnishing such holder's TIN should furnish the Receiving Agent with such holder's TIN as soon as it is received. For further information concerning backup withholding and instructions for completing the Substitute Form W-9, consult the Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9, which are enclosed separately in the package of tender offer materials.

Under U.S. federal income tax law, payment of cash by the Receiving Agent may be subject to U.S. backup withholding tax at a 28% rate unless the holder establishes entitlement to an exemption. If backup withholding applies, the Receiving Agent is required to withhold 28% of any payments to be made to the holder. Backup withholding is not an additional U.S. federal income tax. Rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of such tax withheld. If backup withholding results in an overpayment of taxes, a refund may be obtained by filing a tax return with the Internal Revenue Service (the "IRS"). The Receiving Agent cannot refund amounts withheld by reason of backup withholding.

In order to avoid such backup withholding, each holder delivering ADSs to the Receiving Agent should complete and sign the Substitute Form W-9 included with this Letter of Transmittal and either (a) provide its taxpayer identification number (TIN) and certify, under penalties of perjury, that the TIN so provided is correct and that (i) the holder has not been notified by the IRS that the holder is subject to backup withholding as a result of failure to report all interest or dividends, or (ii) the IRS has notified the holder that the holder is no longer subject to backup withholding; or (b) provide an adequate basis for an exemption. In general, if such holder is an individual, the TIN is his or her social security number. If the Receiving Agent is not provided with the correct TIN, such holder may be subject to a \$50 penalty imposed by the IRS and payments that are made to such holder with respect to ADSs tendered and accepted pursuant to the Offer may be subject to backup withholding.

13. *Withdrawal Rights.* Tenders of ADSs through the Receiving Agent may be withdrawn at any time prior to 5:00 p.m., New York City time, on October 6, 2004, unless the tender offer is extended. See Section 5 – "Withdrawal Rights" of the Offer.

For a withdrawal of a tender of ADSs through the Receiving Agent to be effective, an originally signed written notice of withdrawal must be received by the Receiving Agent at the address set forth above no later than 5:00 p.m., New York City time, on October 6, 2004. Any such notice of withdrawal must (i) specify the name of the person having tendered the ADSs to be withdrawn, (ii) in the case of a tender by book-

entry transfer, specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn ADSs and otherwise comply with the

procedures of such facility, (iii) contain a statement that such holder is withdrawing his election to have such ADSs tendered, (iv) be signed by the holder in the same manner as the original signature on the Letter of Transmittal by which such ADSs were tendered (including any required signature guarantees), and (v) specify the ADSs to be withdrawn, if not all of the ADSs tendered by the holder. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Purchaser, whose determination shall be final and binding on all parties. Any ADSs so withdrawn will be deemed not to have been validly tendered for purposes of the Offer, and no cash will be paid with respect thereto unless the ADSs so withdrawn are validly retendered. If an ADS holder withdraws ADSs from the tender offer, the ADRs evidencing those ADSs will be returned promptly after the proper withdrawal of the ADSs or, in the case of ADSs transferred through the Book-Entry Transfer Facility, the properly withdrawn ADSs will be credited into the account at the Book-Entry Transfer Facility from which they were tendered as soon as practicable after the proper withdrawal of the ADSs. Properly withdrawn ADSs may be retendered by following the procedures described above at any time on or prior to the ADS Qualification Date.

**Please note that if you are an ADS holder and you wish to preserve your ability to withdraw until October 8, 2004, the Expiration Date, you must surrender your ADSs, withdraw the underlying preferred shares from the ADS program before the Qualification Date and participate directly in the tender offer like other holders of preferred shares, as set forth in Section 4 – “Procedures for Accepting the Offer and Tendering Shares” in the Offer.**

**Important: This Letter of Transmittal, together with the ADRs or confirmation of book-entry transfer, and all other required documents, must be received by the Receiving Agent on or prior to 5:00 p.m., New York City time, on October 1, 2004, which is the ADS Qualification Date, unless the tender offer is extended.**

THE BANK OF NEW YORK

**SUBSTITUTE  
FORM W-9**

**Part 1 – PLEASE PROVIDE YOUR TIN IN THE  
BOX AT THE RIGHT AND CERTIFY BY  
SIGNING AND DATING BELOW.**

Social Security Number OR  
Employer Identification Number

**Department of the Treasury  
Internal Revenue Service**

**Part 2 – Certification –**  
Under penalties of perjury, I certify that:

**Part 3 –**  
Awaiting TIN

**The Bank of New York’s  
Request for Taxpayer  
Identification Number  
 (“TIN”)**

(1) the number shown on this form is my correct Taxpayer  
Identification Internal Number (or I am waiting for a number to  
be issued to me); and

(2) I am not subject to backup withholding because (a) I am  
exempt from backup withholding, or (b) I have not been  
notified by the Internal Revenue Service (the “IRS”) that I am  
subject to backup withholding as a result of a failure to report  
all interest or dividends, or (c) the IRS has notified me that I am  
no longer subject to backup withholding.

**Certification Instructions** – You must cross out item (2) above if you have been notified by the IRS that  
you are subject to backup withholding because of underreporting interest or dividends on your tax return.  
However, if after being notified by the IRS that you were subject to backup withholding you received  
another notification from the IRS stating that you are no longer subject to backup withholding, do not  
cross out such item (2).

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

**(Please Print)**

**NOTE:** FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 28% OF ANY  
PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR  
CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL  
DETAILS. YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF  
SUBSTITUTE FORM W-9.

**CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER**

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or  
delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security  
Administration Office, or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer  
identification number by the time of payment, 28% of all reportable payments made to me will be withheld.

Signature \_\_\_\_\_ Date \_\_\_\_\_, 2004

*The Brazilian Information Agent  
for the Tender Offer is:*

**Espírito Santo  Securities**

**BES Securities**

Av. Rio Branco 110, 33º andar  
CEP 20040-001 Centro  
Rio de Janeiro, Brazil  
Telephone: +55 21 3212-3213

*The U.S. Information Agent  
for the Tender Offer is:*

**MACKENZIE  
PARTNERS, INC**

**MacKenzie Partners, Inc.**

105 Madison Avenue  
New York, New York 10016  
proxy@mackenziepartners.com  
Call Collect: (212) 929-5500  
or  
Toll-Free (800) 322-2885





**Offer to Purchase for Cash**

**Up to 7,332,479,000 Common Shares  
at R\$6.35 Per 1,000 Common Shares  
and  
Up to 12,699,707,000 Preferred Shares  
at R\$7.80 Per 1,000 Preferred Shares**

**of**

**TELE SUDESTE CELULAR PARTICIPAÇÕES S.A.**

**by**

**BRASILCEL N.V.**

**a joint venture of**

**Portugal Telecom, SGPS, S.A.  
PT Móveis, SGPS, S.A.  
Telefónica Móviles, S.A.**

Pursuant to the Offer to Purchase dated September 1, 2004

**Subject to the exceptions and conditions described in the Offer to Purchase, the tender offer and the withdrawal rights for holders of common shares and preferred shares will expire at 11:00 a.m., New York City time, on October 8, 2004, unless the offer is extended or earlier terminated. However, unless the offer is extended or earlier terminated, to participate in the tender offer, you must qualify for the tender offer, if a holder of American Depositary Shares, or “ADSs,” participating in the tender offer through The Bank of New York, as receiving agent, no later than 5:00 p.m., New York City time, on October 1, 2004 (such date, as it may be extended by Brasilcel N.V. in its sole discretion, the “ADS Qualification Date”). Withdrawals of ADSs by ADS holders who wish to participate in the tender offer through the receiving agent will not be accepted after 5:00 p.m., New York City time, on October 6, 2004, unless the offer is extended or earlier terminated.**

September 1, 2004

To Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees:

Enclosed for your consideration are the Offer to Purchase, dated September 1, 2004 (which, together with amendments or supplements thereto, collectively constitute the “Offer”) and the related Letter of Transmittal relating to the offer by Brasilcel N.V., a corporation organized under the laws of The Netherlands (the “Purchaser”), a joint venture among Portugal Telecom, SGPS, S.A., PT Móveis, SGPS, S.A. (a wholly owned subsidiary of Portugal Telecom, SGPS, S.A.) and Telefónica Móviles, S.A., to purchase up to 7,332,479,000 common shares (*ações ordinárias*), no par value, and up to 12,699,707,000 preferred shares (*ações preferenciais*), no par value, of Tele Sudeste Celular Participações S.A. (“TSD”) at a price of R\$6.35 per 1,000 common shares and R\$7.80 per 1,000 preferred shares in cash without interest, net of the stock exchange and settlement fee described in the Offer, any applicable brokerage fees or commissions and applicable withholding taxes, upon the terms and subject to the conditions set forth in the Offer.

There is no separate tender offer being made in the United States to acquire ADSs. If a holder of ADSs, each representing 5,000 preferred shares, no par value (*ações preferenciais*) of TSD, wishes to participate in the tender offer, the holder may tender its ADSs to The Bank of New York, as receiving agent (the “Receiving Agent”), in accordance with the instructions set forth in this Letter of Transmittal. If the



underlying preferred shares are accepted for purchase in the auction described in Section 3 – “Acceptance for Payment and Payment for Shares” in the Offer, those ADSs will be cancelled so that the underlying shares may be tendered.

As an alternative to tendering its ADSs to the Receiving Agent, an ADS holder may also surrender its ADSs to The Bank of New York, as Depositary, withdraw the underlying preferred shares from the ADS program before the Qualification Date and participate directly in the tender offer like other holders of preferred shares as described in Section 4 – “Procedures for Accepting the Offer and Tendering Shares” in the Offer.

All terms not otherwise defined herein have the meaning set forth in the Offer. Please furnish copies of the enclosed materials to those of your clients for whose accounts you hold ADSs in your name or in the name of your nominee.

**This Offer is subject to the conditions described in Section 6 – “Conditions to the Tender Offer” of the Offer.**

For your information and for forwarding to those of your clients for whom you hold ADSs registered in your name or in the name of your nominee, we are enclosing the following documents:

1. The Offer to Purchase dated September 1, 2004;
2. A printed form of letter that may be sent to your clients for whose account you hold ADSs registered in your name or in the name of a nominee, with space provided for obtaining such clients’ instructions with regard to the Offer.
3. The Letter of Transmittal to be used by holders of ADSs in accepting the Offer with respect to the Shares represented by such ADSs; and
4. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

The enclosed Letter of Transmittal cannot be used to tender common shares or preferred shares, except insofar as preferred shares are represented by ADSs. If you hold common shares or preferred shares that are not represented by ADSs, you can only tender such shares into the Offer by following the instructions in the Offer. See Instruction 10 of this Letter of Transmittal.

**We urge you to contact your clients as promptly as possible.**

Please note the following:

1. The tender offer is open to all holders of common shares and preferred shares. There is no separate offer being made in the United States to acquire ADSs. In order to participate in the tender offer, holders of ADSs may tender their ADSs to the Receiving Agent in accordance with the instructions set forth in the Offer and the Letter of Transmittal. As an alternative to tendering its ADSs to the Receiving Agent, an ADS holder may also surrender its ADSs, withdraw the underlying preferred shares from the ADS program before the ADS Qualification Date and participate directly in the tender offer like other holders of preferred shares. See Section 4 – “Procedures for Accepting the Offer and Tendering Shares” and the Letter of Transmittal.

2. If an ADS holder tenders its ADSs to the Receiving Agent, after acceptance by the Purchaser of the preferred shares underlying the ADSs tendered to the Receiving Agent (subject to any pro rata reduction of the shares purchased as described in the Offer) and receipt of payment of the consideration for those shares, the Receiving Agent will pay to the applicable holders of ADSs the U.S. dollar equivalent (based on then prevailing exchange rates, net of expenses for converting *reais* to U.S. dollars) of R\$7.80 per 1,000 preferred shares, or R\$39.00 per ADS, minus (1) a fee of U.S.\$5.00 per 100 ADSs or portion thereof for the cancellation of the ADSs representing preferred shares purchased in the tender offer, (2) the combined fee of 0.035% of the purchase price payable to the *Bolsa de Valores de São Paulo – BOVESPA* (the “São Paulo Stock Exchange”) and the *Companhia Brasileira de Liquidação e Custódia* (the Brazilian Settlement and Custody

Company, or “CBLC”), as described in Section 1 – “Terms of the Tender Offer; Expiration Date and Qualification Date” of the Offer and (3) the holder’s pro rata portion of the fee or commission charged by

the broker selected by the Receiving Agent to tender preferred shares underlying ADSs on behalf of ADS holders participating in the tender offer. The ADS cancellation fee is payable to The Bank of New York, as depositary under the deposit agreement governing the TSD ADS program. In addition, any ADS holder that wishes to tender ADSs in the tender offer must pay any taxes or governmental charges payable in connection with the cancellation of ADSs representing preferred shares purchased in the tender offer. ADS holders for which preferred shares underlying those ADSs are purchased in the tender offer will receive the purchase price for the preferred shares purchased in the tender offer underlying the ADSs they tendered in cash by check or, in the case of ADSs held through the Book-Entry Transfer Facility, by means of delivery of funds to the account maintained at the Book-Entry Transfer Facility by the participant that has tendered the ADSs.

3. U.S. federal income tax backup withholding at a rate of 28% may be required, unless the required taxpayer identification information is provided. See Instruction 12 of the Letter of Transmittal.

4. Any holder of ADSs that wishes to tender ADSs to the Receiving Agent must do so no later than 5:00 p.m., New York City time, on October 1, 2004, the ADS Qualification Date unless the tender offer is extended or earlier terminated (such date, as it may be extended, the "ADS Qualification Date"). See Section 4 – "Procedures for Accepting the Offer and Tendering Shares." For those ADSs tendered through the Receiving Agent, the Receiving Agent will then contact a broker authorized to conduct trades on the *Bolsa de Valores de São Paulo – BOVESPA* (the "São Paulo Stock Exchange") to tender the underlying preferred shares in the auction described in Section 3 – "Acceptance for Payment and Payment for Shares" in the Offer.

5. Notwithstanding any other provision of the Offer, payment for preferred shares represented by ADSs accepted for purchase pursuant to the Offer will in all cases be made only after timely receipt by the Receiving Agent of (a) American Depositary Receipts ("ADRs") or a timely book-entry confirmation with respect to such ADSs, (b) the Letter of Transmittal, properly completed and duly executed, with any required signature guarantees or in the case of a book-entry transfer, an Agent's Message (as defined in the Letter of Transmittal) and (c) any other documents required by the Letter of Transmittal.

In order to take advantage of the Offer through the Receiving Agent: (i) a duly executed and properly completed Letter of Transmittal or a copy thereof and any required signature guarantee or other required documents should be sent to the Receiving Agent; and (ii) ADRs representing the tendered ADSs or a timely Book-Entry Confirmation (as defined in the Letter of Transmittal) should be delivered to the Receiving Agent in accordance with the instructions set forth in the Letter of Transmittal.

The Purchaser will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of ADSs pursuant to the Offer. In addition, the Purchaser will not pay any transfer taxes payable on the transfer of ADSs to it. See Instruction 6 to the Letter of Transmittal. The Purchaser will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to your clients.

Any inquiries you may have with respect to the Offer should be addressed to BES Investimento or MacKenzie Partners, Inc., the information agents, at the addresses and telephone numbers set forth on the back cover page of the Letter of Transmittal.

Requests for copies of the enclosed materials should be directed to the information agents.

Very truly yours,

BRASILCEL N.V.

**NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON THE AGENT OF THE PURCHASER, TSD, THE RECEIVING AGENT, THE INFORMATION AGENT OR ANY AFFILIATE OF ANY OF THEM, OR AUTHORIZE YOU OR ANY OTHER PERSON TO MAKE ANY STATEMENT OR USE ANY DOCUMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.**





**Offer to Purchase for Cash**

**Up to 7,332,479,000 Common Shares**

**at R\$6.35 Per 1,000 Common Shares**

**and**

**Up to 12,699,707,000 Preferred Shares**

**at R\$7.80 Per 1,000 Preferred Shares**

**of**

**TELE SUDESTE CELULAR PARTICIPAÇÕES S.A.**

**by**

**BRASILCEL N.V.**

**a joint venture of**

**Portugal Telecom, SGPS, S.A.**

**PT Móveis, SGPS, S.A.**

**Telefónica Móviles, S.A.**

Pursuant to the Offer to Purchase dated September 1, 2004

**Subject to the exceptions and conditions described in the Offer to Purchase, the tender offer and the withdrawal rights for holders of common shares and preferred shares will expire at 11:00 a.m., New York City time, on October 8, 2004, unless the offer is extended or earlier terminated. However, unless the offer is extended or earlier terminated, to participate in the tender offer, you must qualify for the tender offer, if a holder of American Depositary Shares, or “ADSs,” participating in the tender offer through The Bank of New York, as receiving agent, no later than 5:00 p.m., New York City time, on October 1, 2004 (such date, as it may be extended by Brasilcel N.V. in its sole discretion, the “ADS Qualification Date”). Withdrawals of ADSs by ADS holders who wish to participate in the tender offer through the receiving agent will not be accepted after 5:00 p.m., New York City time, on October 6, 2004, unless the offer is extended or earlier terminated.**

September 1, 2004

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated September 1, 2004 (which, together with amendments or supplements thereto, collectively constitute the “Offer”) and the related Letter of Transmittal relating to the offer by Brasilcel N.V., a corporation organized under the laws of The Netherlands (the “Purchaser”), a joint venture among Portugal Telecom, SGPS, S.A., PT Móveis, SGPS, S.A. (a wholly owned subsidiary of Portugal Telecom, SGPS, S.A.) and Telefónica Móviles, S.A., to purchase up to 7,332,479,000 common shares (*ações ordinárias*), no par value, and up to 12,699,707,000 preferred shares (*ações preferenciais*), no par value, of Tele Sudeste Celular Participações S.A. (“TDS”) at a price of R\$6.35 per 1,000 common shares and R\$7.80 per 1,000 preferred shares in cash without interest, net



of the stock exchange and settlement fee described in the Offer, any applicable brokerage fees or commissions and applicable withholding taxes, upon the terms and subject to the conditions set forth in the Offer.

There is no separate tender offer being made in the United States to acquire ADSs. If a holder of ADSs, each representing 5,000 preferred shares, no par value (*ações preferenciais*) of TSD, wishes to participate in the tender offer,

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the holder may tender its ADSs to The Bank of New York, as receiving agent (the “Receiving Agent”), in accordance with the instructions set forth in this Letter of Transmittal. If the underlying preferred shares are accepted for purchase in the auction described in Section 3 – “Acceptance for Payment and Payment for Shares” in the Offer, those ADSs will be cancelled so that the underlying shares may be tendered.

As an alternative to tendering its ADSs to the Receiving Agent, an ADS holder may also surrender its ADSs to the Bank of New York, as Depository, withdraw the underlying preferred shares from the ADS program before the Qualification Date and participate directly in the tender offer like other holders of preferred shares as described in Section 4 – “Procedures for Accepting the Offer and Tendering Shares” in the Offer.

All terms not otherwise defined herein have the meaning set forth in the Offer. Please furnish copies of the enclosed materials to those of your clients for whose accounts you hold ADSs in your name or in the name of your nominee.

**This Offer is subject to the conditions described in Section 6 – “Conditions to the Tender Offer” of the Offer.**

**We are (or our nominee is) the holder of record of ADSs held by us for your account. A tender of such ADSs can be made only by us as the holder of record and pursuant to your instructions. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender ADSs held by us for your account.**

Accordingly, we request instruction as to whether you wish to have us tender on your behalf any or all ADSs held by us for your account through the Receiving Agent pursuant to the terms and conditions set forth in the Offer.

The enclosed Letter of Transmittal cannot be used to tender common shares or preferred shares, except insofar as preferred shares are represented by ADSs. If you hold common shares or preferred shares that are not represented by ADSs, you can only tender such shares into the Offer by following the instructions in the Offer. See Instruction 10 of this Letter of Transmittal.

Please note the following:

1. The tender offer is open to all holders of common shares and preferred shares. There is no separate offer being made in the United States to acquire ADSs. In order to participate in the tender offer, holders of ADSs may tender their ADSs to the Receiving Agent in accordance with the instructions set forth in the Offer and the Letter of Transmittal. As an alternative to tendering its ADSs to the Receiving Agent, an ADS holder may also surrender its ADSs, withdraw the underlying preferred shares from the ADS program before the Qualification Date and participate directly in the tender offer like other holders of preferred shares. See Section 4 – “Procedures for Accepting the Offer and Tendering Shares” and the Letter of Transmittal.

2. If an ADS holder tenders its ADSs to the Receiving Agent, after acceptance by the Purchaser of the preferred shares underlying the ADSs tendered to the Receiving Agent (subject to any pro rata reduction of the shares purchased as described in the Offer) and receipt of payment of the consideration for those shares, the Receiving Agent will pay to the applicable holders of ADSs the U.S. dollar equivalent (based on then prevailing exchange rates, net of expenses for converting *reais* to U.S. dollars) of R\$7.80 per 1,000 preferred shares, or R\$39.00 per ADS, minus (1) a fee of U.S.\$5.00 per 100 ADSs or portion thereof for the cancellation of the ADSs representing preferred shares purchased in the tender offer, (2) the combined fee of 0.035% of the purchase price payable to the *Bolsa de Valores de São Paulo – BOVESPA* (the “São Paulo Stock Exchange”) and the *Companhia Brasileira de Liquidação e Custódia* (the Brazilian Settlement and Custody Company, or “CBLC”), as described in Section 1 – “Terms of the Tender Offer; Expiration Date and Qualification Date” of the Offer and (3) the holder’s pro rata portion of the fee or commission charged by the broker selected by the Receiving Agent to tender preferred shares underlying ADSs on behalf of ADS holders participating in the tender offer. The ADS cancellation fee is payable to The Bank of New York, as depository under the deposit agreement governing the TSD ADS program. In addition, any ADS holder that wishes to tender ADSs in the tender offer must pay any taxes or governmental charges payable in connection with the cancellation of ADSs representing preferred shares purchased in the tender offer. ADS holders for which preferred shares underlying those ADSs are purchased in the tender offer will receive the purchase price for the preferred shares purchased in the tender offer underlying the ADSs they tendered in cash by check or, in the case of

ADSs held through the Book-Entry Transfer Facility, by means of delivery of funds to the account maintained at the Book-Entry Transfer Facility by the participant that has tendered the ADSs.

3. U.S. federal income tax backup withholding at a rate of 28% may be required, unless the required taxpayer identification information is provided. See Instruction 12 of the Letter of Transmittal.

4. Any holder of ADSs that wishes to tender ADSs to the Receiving Agent must do so no later than 5:00 p.m., New York City time, on October 1, 2004, unless the tender offer is extended or earlier terminated (such date, as it may be extended, the “ADS Qualification Date”). See Section 4 – “Procedures for Accepting the Offer and Tendering Shares.” For those ADSs tendered through the Receiving Agent, the Receiving Agent will then contact a broker authorized to conduct trades on the *Bolsa de Valores de São Paulo – BOVESPA* (the “São Paulo Stock Exchange”) to tender the underlying preferred shares in the auction described in Section 3 – “Acceptance for Payment and Payment for Shares” in the Offer.”

5. Notwithstanding any other provision of the Offer, payment for preferred shares represented by ADSs accepted for purchase pursuant to the Offer will in all cases be made only after timely receipt by the Receiving Agent of (a) American Depositary Receipts (“ADRs”) or a timely book-entry confirmation with respect to such ADSs, (b) the Letter of Transmittal, properly completed and duly executed, with any required signature guarantees or in the case of a book-entry transfer, an Agent’s Message (as defined in the Letter of Transmittal) and (c) any other documents required by the Letter of Transmittal.

If you wish to have us tender any or all of the ADSs held by us for your account to the Receiving Agent, please so instruct us by completing, executing, detaching and returning to us the Instruction Form set forth herein. If you authorize the tender of your ADSs, all such ADSs will be tendered unless otherwise specified below. An envelope to return your instructions to us is enclosed. Your instructions should be forwarded to us in ample time to permit us to submit a tender to the Receiving Agent on your behalf prior to the ADS Qualification Date.

The Offer is made solely by the Offer and in the related Letter of Transmittal. The Purchaser is not aware of any jurisdiction where the making of the tender offer would not be in compliance with the laws of that jurisdiction. If the Purchaser becomes aware of any jurisdiction in which the making of the tender offer would not be in compliance with applicable law, the Purchaser will make a good faith effort to comply with any such law. If, after such good faith effort, the Purchaser cannot comply with any such law, the tender offer will not be made to (nor will elections to tender shares be accepted from or on behalf of) the holders of common or preferred shares, and holders of ADSs representing preferred shares, in that jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the tender offer to be made by a licensed broker or dealer, the tender offer will be deemed to be made on behalf of the Purchaser by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

The undersigned acknowledge(s) receipt of your letter and the Offer dated September 1, 2004 and the related Letter of Transmittal in connection with the tender offer by the Purchaser.

**Instruction Form**

This will instruct you to tender to the Receiving Agent the number of ADSs indicated below (or if no number is indicated below, all ADSs) held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer and the related Letter of Transmittal.

Dated: \_\_\_\_\_, 2004

Number of ADSs to be Tendered\*

-----  
Signature(s)

-----  
Please Print Name(s)

-----  
Address(es)

-----  
Area Code and Tel. No.

-----  
Employer Identification or  
Social Security No.

\* Unless otherwise indicated, it will be assumed that all your ADSs are to be tendered.



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Public Offer to Purchase Shares Issued by



CELULAR CRT PARTICIPAÇÕES S.A  
Public Company with Authorized Capital  
CNPJ/MF no. 03.010.016/0001-73  
ISIN Code Common Shares BRTLCPACNOR3  
ISIN Code Preferred Shares BRCRTPACNPA6

TELE LESTE CELULAR PARTICIPAÇÕES S.A.  
Public Company with Authorized Capital  
CNPJ/MF n.º 02.558.144/0001-93  
ISIN Code Common Shares BRTLCPACNOR6  
ISIN Code Preferred Shares BRTLCPACNPR3

TELE SUDESTE CELULAR PARTICIPAÇÕES S.A.  
Public Company with Authorized Capital  
CNPJ/MF n.º 02.558.129/0001-45  
ISIN Code Common Shares BRTSEPACNOR7  
ISIN Code Preferred Shares BRTSEPACNPR4



BES INVESTIMENTOS DO BRASIL S.A – BANCO DE INVESTIMENTO  
Intermediary Institution  
on behalf of

BRASILCEL N.V  
Offeror

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Under the terms of this Offer and the laws and regulations in force, BES Investimento do Brasil S.A – Banco de Investimento (“BES” or “Intermediary Institution”), as the intermediary institution hired to act on behalf of Brasilcel N.V. (“Offeror”), through BES Securities do Brasil S.A – Corretora de Câmbio e Valores Mobiliários (“BES Securities” or “Broker”) addresses to the holders of common and preferred shares (“Shares”) issued by Celular CRT Participações S.A. (“CRT”), Tele Leste Celular Participações S.A. (“Tele Leste”) and Tele Sudeste Celular Participações S.A. (“Tele Sudeste” and, together with CRT and Tele Leste, “Companies”), the present voluntary public tender offers to purchase shares (together “VTOs”), under the terms of the Instruction no. 361, dated as of March 5th, 2002 (“Instruction CVM 361”) of the Brazilian Securities Commission (“CVM”).

## 1. Terms of the VTOs

1.1 In this Offer, each voluntary tender offer to purchase shares of a certain class of shares of each of the Companies is referred individually as “VTO” and, together as “VTOs”. Except as otherwise established in this Offer, the VTOs are independent, insofar as the realization of one VTO is not conditioned on the realization of the other VTOs, and any change, amendment or cancellation of one VTO will not necessarily imply a change, amend or the cancellation of the other VTOs.

1.2 Pursuant to the terms of this Offer and the legislation and regulations in force, the Intermediary Institution, acting by and on behalf of the Offeror, is willing to purchase in each of the VTOs the, respective, maximum amount of shares in circulation (by class) issued by each of the Companies shown in the table below, pursuant to the terms and conditions described in this Offer. All the shares to be sold by the shareholders who accept the VTOs shall be fully paid and free and clear of any lien, encumbrance or restriction to transfer of any nature, as a condition to be purchased in the respective VTO.

	CRT		Tele Leste		Tele Sudeste	
	ON	PN	ON	PN	ON	PN
Maximum Amount of Shares (by class)	60.529.000	441.690.000	16.723.247.000	92.499.407.000	7.332.479.000	12.699.707.000

1.2.1 If, between this date and the date of each of the Auctions any change in the amount shares in which the capital stock of any of the Companies is divided, due to any share dividend, share split, reverse share split or conversion, the maximum amount of shares (by class) of such Company to be tendered under the terms of this Offer, on the respective VTO shall be automatically adjusted in the same proportion. In this case, the São Paulo Stock Exchange – BOVESPA (“BOVESPA”) will announce the new maximum amount of shares (by types) to be tendered in its information system. In this Offer the maximum amount of shares to be tendered through each of the VTOs, as eventually adjusted on the terms of this *item 1.2.1*, is referred to as the “Maximum Amount of Shares”.



- 1.3 If, in any VTO, the Maximum Amount of Shares is superseded, there will be a pro rata allocation among the shareholders who tendered in such VTO (by types), in such a way that, the Maximum Amount of Shares subject of any VTO shall never be exceeded.
- 1.4 The following table illustrates the prices per 1,000 shares by which the Offeror will tender for each of the shares (by class), under the terms of this Offer:

	CRT		Tele Leste		Tele Sudeste	
	ON	PN	ON	PN	ON	PN
Price per 1,000 shares (R\$)	575.31	718.69	0.90	1.10	6.35	7.80

- 1.4.1 In this Offer, each of the prices per 1,000 shares, shown in the table on item 1.4, is referred as “Price”.
- 1.4.2 Each Price represents a premium of 20% (twenty percent) over the volume weighted average prices of the respective types of shares of the respective Companies on BOVESPA in the last 30 (thirty) trading days up to and including August 24, 2004.
- 1.5 The Offeror will pay the Price, in cash, on the date of the financial settlement of the respective auctions, as defined on the *item 3.3*.

## 2. Qualification for the Auction

- There will be six independent auctions on BOVESPA (each one an “Auction”, together, “Auctions”), and in each Auction, one class of Shares of each of the Companies will be purchased. The Auctions will occur on October 8th, 2004 (“Date of the Auctions”), starting at 3:05 PM to purchase the Shares in the following order: (1) common shares issued by CRT; (2) preferred shares issued by CRT; (3) common shares issued by Tele Leste; (4) Preferred shares issued by Tele Leste; (5) common shares issued by Tele Sudeste; and (6) preferred shares issued by Tele Sudeste.

- The holders who will tender their respective shares on the respective VTO must qualify up to 5:00 PM of the day immediately prior to the Date of the Auctions, that is, October 7th, 2004, with the Broker or any other broker of his own preference authorized to operate with BOVESPA.

- To qualify, a shareholder must register with the institutions referred on *item 2.2* specifying the number of Shares it wants to tender and, in case the shareholder has no record with the broker, to present the following documents, as the case may be (provided that for data records purposes, additional information and documents can be requested, upon the criteria of the respective broker):

a. *Natural Person*: certified copy of the CPF (taxpayer registration card), identity card, and a document proving residence. Representatives of estates, minors, incapables and shareholders represented by attorneys shall present the documentation granting power of representation and certified copies of the CPF and identity card of the attorneys. The attorneys representing Estates, minors and incapables shall also present the applicable court authorization; or

b. *Legal Entity*: certified copy of the by-laws or the articles of incorporation, taxpayer registration card (CNPJ), corporate document granting powers of representation and certified copy of the CPF (taxpayer registration card), identity card, and a document proving the residence of the representative.

2.3.1 The shareholder qualified pursuant to the terms of the *item 2.3*, shall proceed as follows through its custody agent:

a. *Shares kept in the custody of CBLC*: The shares in the custody of *Companhia Brasileira de Liquidação e Custódia* (the Brazilian Settlement and Custody Company, or “CBLC”) shall be transferred until 12:00 PM of the Date of the Auction, to account no. 7105-6, open in the name of each shareholder and maintained by CBLC exclusively for this purpose; and

b. *Shares kept in the custody of the Depository Institution*: The Shares in the custody of the depository institutions shall be previously transferred to the custody of CBLC, to be deposited in the account mentioned on (a) above.

Company	Depository Institution
CRT	Banco Itaú S.A.
Tele Leste	Banco ABN Amro Real S.A.
Tele Sudeste	Banco ABN Amro Real S.A.

2.3.2 The Shares deposited in the account mentioned in the item (a) of the *item 2.3.1* will be not available for trading until the settlement date mentioned on *item 3.3*. If the shareholder intends to trade the Shares deposited under the terms of *item 2.3.1*, such Shares must be previously unblocked.

2.3.3 The selling orders that are registered but do not have the applicable Shares deposited in account 7105-6 will be refused and cancelled.

2.4 Until 12:00 (noon) on the Date of the Auction, each certified broker shall register on the Mega Bolsa the orders to sell including the amount of shares to be tendered in the respective Auctions, held by the shareholders it will be representing in such Auctions and the code of the client. For the purpose of registering on the Mega Bolsa, find below the table with the negotiation code of each of the shares:

Negotiation Code	CRT		Tele Leste		Tele Sudeste	
	ON	PN	ON	PN	ON	PN
	CRTP3L	CRTP5L	TLCP3L	TLCP4L	TSEP3L	TSEP4L

The acceptance of the VTO, by each shareholder, shall occur up to 12:00 (noon) of the Date of the Auctions through the broker before 2.5 which such shareholder has qualified. Withdrawal from the VTO must be informed by the shareholder before such time to the broker before which he qualified. The acceptance of the respective VTO and the offer to sell the Shares are irrevocable after such time.

Each shareholder shall be in charge for taking all the necessary measures in order to transfer its shares to the custody of CBLC, in sufficient time to allow its qualification for the Auction under the terms and schedule of this Offer. The Offeror advises the shareholders 2.6 that the procedure of verifying the documents and the transfer of the shares mentioned above is subject to the regulations and internal procedures of the brokers, depositary institutions and CBLC, and that the shareholders shall take all the necessary steps in advance, in order to qualify for the Auctions.

### 3. Auctions

Each of the auctions shall be carried out independently of the others. In all Auctions there will be procedures available to guarantee the 3.1 possibility of the Offeror to increase the respective Price during the Auction, the new price will be extended to all the shareholders who accepted previous bid in such Auction.

Pursuant to the *caput* of section 13 of Instruction CVM no. 361, it is possible to have interference from another buyer, so long as the third 3.2 parties, who is not the Offeror or any related party, has commenced and published a VTO competing with any of the VTOs, targeting all or a portion of the total amount of the Shares subject to the applicable VTO by the Offeror, the price shall be at least 5% (five percent) higher than the respective Price and the same requirements and procedures of the VTOs shall be observed.

3.3 The financial settlement of each VTO will be realized in the net settlement form, pursuant to the rules of CBLC, on the 3rd (third) business day immediately after the Date of the Auction.

3.4 The Intermediary Institution declares that it will guarantee the financial Settlement of the VTOs, except any competing VTO, as described in *item 3.2*.

The brokerage fees, stock exchange fees and settlement fee charged by BOVESPA and/or CBLC arising from the participation in the 3.5 respective VTOs shall be borne exclusively by the respective sellers if related to the sale costs and fees, and by the Offeror if related to the purchase costs and fees.

3.6 The shareholders who accept any of the VTOs, selling their shares in the respective Auctions, must comply with all the requirements relating to the trading of shares under BOVESPA' s regulations.

### 4. Conditions to the VTOs

- 4.1 The effectiveness of the VTOs shall be subject to the non occurrence of any of the conditions listed below until the Date the Auctions is carried out, except if the Offeror resigns of such condition (pursuant to the terms of item 4.1.1):
1. the businesses, conditions, income, operations or share ownership of any of the Companies or their direct or indirect subsidiaries become subject to a material adverse change as a result of the occurrence of any of the following events:
    - a. the issuance of any act by any governmental organ of the executive, legislative or judicial powers that:
      - i questions, restricts or limits the ability of the Offeror to carry out any of the VTOs, hold shares of any of the Companies, not acquire additional shares of any of the Companies, exercise the rights inherent thereto or receive distributions thereunder;
      - ii terminates or amends the terms and conditions of any licenses, authorizations or concessions granted for the conduct of the businesses of any of the Companies or their direct or indirect subsidiaries;
      - iii expropriates, confiscates or limits the free disposal of the assets of any of the Companies or any of their direct or indirect subsidiaries;
      - iv reduces tariffs or rates for services charged by any of the Companies or any of their direct or indirect subsidiaries, or imposes additional obligations to make investments, provide services or implement measures that excessively burden any of the Companies or their direct or indirect subsidiaries; or
      - v suspends, restricts or limits transactions in the foreign exchange market or the inflow or outflow of funds into or out of the Country;
    - b. the occurrence of war or grave civil or political unrest inside or outside Brazil;
    - c. the occurrence of a natural event (including, without limitation, an earthquake, flood or other similar event) or the occurrence of any other external factor that causes significant damage to:
      - i the infrastructure, communication systems or the rendering of public services in the states in which the respective Companies or any of their direct or indirect subsidiaries renders services or in any other relevant areas of the Country; or
      - ii the assets of any of the Companies or any of their direct or indirect subsidiaries in a manner that affects the ordinary course of their respective businesses;
  2. a general suspension of, or a limitation in the trading of, securities in general or of the shares or ADSs (*American Depositary Shares*) issued by any of the Companies on the São Paulo Stock Exchange or the New York Stock Exchange for more than 24 hours;

a decrease of 20% or more, as of the closing of any trading session, of the value of the São Paulo Stock Exchange index known as IBOVESPA, expressed in U.S. dollars (converted in accordance with the average of the buy and sell U.S. dollar-real exchange rates indicated under “transaction PTAX 800, option 5” published by the Central Bank of Brazil, or the “Central Bank,” through the SISBACEN system at 6:00 p.m. on that date), in relation to that verified on August 25, 2004, the date of publication of the Notice of Material Fact relating to the VTOs, which value was 7.814 points, in U.S. dollars;

4. a decrease of 20% or more, as of the closing of the foreign exchange market on any date, of the value of the *real* in relation to the U.S. dollar (in accordance with the average of the buy and sell U.S. dollar-real exchange rates indicated under “transaction PTAX 800, option 5” published by the Central Bank through the SISBACEN system at 6:00 p.m. on that date), in relation to that verified on August 25, 2004, the date of the Notice of Material Fact relating to the VTOs, which value was R\$2.9508;

5. the occurrence of any substantial change in the rules applicable to the Brazilian or U.S. capital markets, or an increase in tax rates that adversely affects or impedes the consummation of any of the VTOs by the Offeror;

6. the revocation of any governmental authorization necessary for the consummation of any of the VTOs or the issuance of any act by any governmental authority that impedes the Offeror from carrying out any of the VTOs or imposes an obligation to buy or sell shares issued by any of the Companies;

7. the making of comments by the *Securities and Exchange Commission* (“SEC”) as to the materials filed in the United States related to the VTOs (including the *Schedule TO* and its exhibits) that adversely affect or impede the consummation of any of the VTOs by the Offeror.

4.1.1 If between the date of the publication of this Offer and 9:00AM of the Date of the Auction concur any of the items described on Item 4.1, the Offeror will publish a Statement of Material Fact explaining if it will maintain the VTO(s) (if the Offeror waived the condition), or if the VTO(s) will not be realized.

4.2 Each of the VTOs is irrevocable and unchangeable from the publication of this Offer until the beginning of each Auction, provided, however, that if there is a substantial and unforeseeable change in the facts and circumstances existing on this date that will implies a material increase in the risks assumed by the Offeror in connection with to any of the VTOs, the Offeror may amend or cancel such VTO, and shall publish a Statement of Material Fact clarifying if it will maintain the VTO, and on what terms and conditions, or if the VTO will not be realized.

## 5. Information About the Companies

### 5.1 CRT

5.1.1 CRT is a public company, with its principal executive offices located in the City of Porto Alegre, State of Rio Grande do Sul, at Rua Jose Bonifacio, no. 245, with its shares negotiated at BOVESPA. The corporate purpose of the company is to control

corporations exploring cellular telecommunications and mobile telecommunications services (“SMP”), as well as other types of telecommunications services in general. CRT controls Celular CRT S.A, a provider of SMP in almost the entire state of Rio Grande do Sul.

5.1.2 The capital stock of CRT, on July 31st 2004, subscribed and paid, was of R\$257.293.923,46, divided into 3.255.095.228 shares, being 1.350.917.074 common shares and 1.884.178.154 preferred shares, kept in book-entry form and with no nominal value.

5.1.3 The shareholding structure of CRT on July 31st, 2004 was the following:

	ON	%	PN	%	Total	%
Offeror	1.169.317.760	86,56 %	495.161.718	26,28 %	1.664.479.478	51,45 %
Treasury	–	0,00 %	63.944.354	3,39 %	63.944.354	1,98 %
Officers and Directors	4.001	0,00 %	15	0,00 %	4.016	0,00 %
Related Parties		0,00 %		0,00 %		0,00 %
Free Float	181.595.313	13,44 %	1.325.072.067	70,33 %	1.506.667.380	46,57 %
<b>Total</b>	<b>1.350.917.074</b>	<b>100,00%</b>	<b>1.884.178.154</b>	<b>100,00%</b>	<b>3.235.095.228</b>	<b>100,00%</b>

5.1.4 A summary of the financial statements of CRT, prepared according to the corporations law, is presented in the table below:

Item	Year ended Dec. 02	Year ended Dec. 03	Semester ended June 2004
Shareholder Equity (R\$ thousand)	134.534	157.885	257.294
Net Assets (R\$ thousand)	817.713	954.897	1.045.573
Net Operating Revenues (R\$ mil)	896.315	1.032.700	558.482
Operating Income (R\$ thousand)	189.364	204.653	139.594
Net Income (Loss) (R\$ thousand)	147.621	189.365	90.675
Total Liabilities (R\$ thousand)	861.035	784.568	755.501
Nº of Shares, excluded treasury (thousand)	2.979.770	3.100.825	3.171.106
Profit (Loss) per thousand shares (R\$)	49,54	61,07	28,59
Book Value per thousand Shares (R\$)	274,42	307,95	329,72
Total Liability / Net Assets	1,05	0,82	0,72
Net Profit (Loss) / Net Assets (%)	18,05 %	19,83 %	8,67 %
Net Profit (Loss) / Net operating Revenues (%)	16,47 %	18,34 %	16,24 %
Net Profit (Loss) / Shareholder Equity (%)	109,73 %	119,94 %	35,24 %

Source: Information available on the website of CVM and BOVESPA.

5.1.5 The following table shows the price the common shares of CRT were traded at BOVESPA in the past 12 months:

Month/Year	Amount Traded	Volume (RS)	Minimum Price (R\$/ thousand shares)	Weighted Average Price (R\$/ thousand shares)	Maximum Price (R\$/ thousand Shares)
August/2003	15.851.000	5.434.442	285,00	342,85	370,00
September/2003	11.584.000	4.566.710	320,00	394,23	425,00
October/2003	9.396.000	3.861.997	360,00	411,03	479,99
November/2003	7.253.000	3.205.626	400,08	441,97	464,94
December/2003	11.326.000	4.996.806	400,02	441,18	480,00

Month/Year	Amount Traded	Volume (RS)	Minimum Price (RS/ thousand shares)	Weighted Average Price (RS/ thousand shares)	Maximum Price (RS/ thousand Shares)
January/2004	9.476.000	4.432.556	420,01	467,77	500,00
February/2004	3.306.000	1.355.421	397,00	409,99	489,00
March/2004	5.457.000	2.222.019	400,00	407,19	479,99
April/2004	5.762.000	2.459.524	351,01	426,85	463,00
May/2004	434.000	151.531	331,00	349,15	400,00
June/2004	2.838.000	1.001.519	320,00	352,90	400,00
July/2004	6.832.000	2.887.924	370,01	422,71	524,99

Source: Bovespa

5.1.6 The following table shows the price which of the preferred shares of CRT were traded at BOVESPA in the past 12 months:

Month/Year	Amount Traded	Volume (RS)	Minimum Price (RS/ thousand shares)	Weighted Average Price (RS/ thousand shares)	Maximum Price (RS/ thousand Shares)
August/2003	177.158.000	69.054.562	348,01	389,79	440,00
September/2003	211.019.000	98.434.914	416,01	466,47	509,99
October/2003	235.206.000	119.721.942	465,00	509,01	542,00
November/2003	123.876.000	66.311.219	515,10	535,3	555,00
December/2003	186.313.000	106.691.096	526,50	572,64	634,99
January/2004	215.747.000	135.400.360	560,00	627,59	705,00
February/2004	172.675.000	100.403.222	535,01	581,46	619,99
March/2004	161.414.000	91.930.245	510,01	569,53	602,76
April/2004	189.024.000	105.850.278	451,01	559,98	646,00
May/2004	200.023.000	92.874.707	408,00	464,32	519,96
June/2004	174.306.000	88.642.004	455,00	508,54	570,01
July/2004	375.088.000	217.130.151	514,28	578,88	640,00

Source: Bovespa

5.1.7 The weighted average price of the shares issued by CRT traded between August 1st, 2003 and July 30, 2004 was R\$ 408.60 per 1,000 common shares and R\$533.66 per 1,000 preferred shares. The net value per 1,000 shares issued by the company as of the last financial information filed at the CVM was R\$ 329.72.

5.1.8 Each common share grants to its holder the right of one vote in the shareholder's meeting.

5.1.9 The preferred Shares do not grant voting rights to its holders, but confers (i) privilege in the reimbursement of capital, without premium, and (ii) either the payment of a minimum dividend, not cumulative, of 6% (six percent) per year of the amount resulting from the division of the capital stock by the total number of shares, or a dividend 10% higher than the dividend paid to the common shares, between them the one with higher value.

## 5.2 Tele Leste

5.2.1 Tele Leste is a public company, with its principal executive offices located in the City of Salvador, State of Bahia, at Silveira Martins, no. 435, with its shares negotiated at BOVESPA. The corporate purpose of the company is to control corporations exploring cellular telecommunications and mobile telecommunications services ("SMP"), as well as other types of telecommunications services in general. Tele Leste controls Telebahia

Celular S.A and Telergipe S.A, providers of SMP in the states of Bahia and Sergipe, respectively.

5.2.2 The capital stock of Tele Leste, on July 31st 2004, subscribed and paid, was of R\$ 306,375,313.72, divided into 480,669,472,683 shares, being 167,232,478,151 common shares and 313,436,994,532 preferred shares, kept in book-entry form and with no nominal value.

5.2.3 The shareholding structure of Tele Leste on July 31st, 2004 was the following:

	ON	%	PN	%	Total	%
Offeror	98.087.171.296	58,65 %	35.823.856.625	11,43 %	133.911.027.921	27,86 %
Treasury	252.498	0,00 %	51.102.580	0,02 %	51.355.078	0,01 %
Officers and Directors	70.262	0,00 %	4.600.800	0,00 %	4.671.062	0,00 %
Related Parties	585.356	0,00 %	34.835.909	0,01 %	35.421.265	0,01 %
Free Float	69.144.398.739	41,35 %	277.522.598.618	88,545%	346.666.997.357	72,12 %
<b>Total</b>	<b>167.232.478.151</b>	<b>100,00%</b>	<b>313.436.994.532</b>	<b>100,00%</b>	<b>480.669.472.683</b>	<b>100,00%</b>

5.2.4 A summary of the financial statements of Tele Leste, prepared according to the corporations law, is presented in the table below:

Item	Year ended Dec. 02	Year ended Dec. 03	Semester ended June 2004
Shareholder Equity (R\$ thousand)	305.396	305.361	306.375
Net Assets (R\$ thousand)	443.048	401.287	386.021
Net Operating Revenues (R\$ mil)	431.395	441.267	230.415
Operating Income (R\$ thousand)	(3.830 )	(42.755 )	(13.145 )
Net Income (Loss) (R\$ thousand)	(5.107 )	(42.662 )	(16.614 )
Total Liabilities (R\$ thousand)	513.689	430.370	403.931
Nº of Shares, excluded treasury (thousand)	479.445.039	479.393.883	480.618.317
Profit (Loss) per thousand shares (R\$)	(0,01 )	(0,09 )	(0,03 )
Book Value per thousand Shares (R\$)	0,92	0,84	0,80
Total Liability / Net Assets	1,16	1,07	1,05
Net Profit (Loss) / Net Assets (%)	(1,15 %)	(10,63 %)	(4,30 %)
Net Profit (Loss) / Net operating Revenues (%)	(1,18 %)	(9,67 %)	(7,21 %)
Net Profit (Loss) / Shareholder Equity (%)	(1,67 %)	(13,97 %)	(5,42 %)

Source: Information available on the website of CVM and BOVESPA.

5.2.5 The following table shows the price the common shares of Tele Leste were traded at BOVESPA in the past 12 months:

Month/Year	Amount Traded	Volume (RS)	Minimum Price (RS/ thousand shares)	Weighted Average Price (RS/ thousand shares)	Maximum Price (RS/ thousand Shares)
August/2003	857.900.000	476.655	0,53	0,56	0,60
September/2003	884.400.000	556.403	0,54	0,63	0,70
October/2003	1.152.600.000	760.301	0,60	0,66	0,74
November/2003	779.100.000	525.145	0,62	0,67	0,71
December/2003	1.017.800.000	765.597	0,66	0,75	0,90
January/2004	532.600.000	434.011	0,75	0,81	0,87
February/2004	263.900.000	190.154	0,64	0,72	0,81



Month/Year	Amount Traded	Volume (R\$)	Minimum Price (R\$/ thousand shares)	Weighted Average Price (R\$/ thousand shares)	Maximum Price (R\$/ thousand Shares)
March/2004	406.900.000	281.781	0,64	0,69	0,74
April/2004	374.300.000	252.602	0,63	0,67	0,72
May/2004	147.900.000	94.316	0,58	0,64	0,67
June/2004	531.100.000	360.458	0,61	0,68	0,75
July/2004	1.666.500.000	1.263.726	0,65	0,76	0,85

Source: Bovespa

5.2.6 The following table shows the price the preferred shares of Tele Leste were traded at BOVESPA in the past 12 months:

Month/Year	Amount Traded	Volume (R\$)	Minimum Price (R\$/ thousand shares)	Weighted Average Price (R\$/ thousand shares)	Maximum Price (R\$/ thousand Shares)
August/2003	31.475.200.000	13.313.705	0,39	0,42	0,46
September/2003	50.688.100.000	26.027.910	0,43	0,51	0,61
October/2003	38.737.500.000	22.965.193	0,52	0,59	0,64
November/2003	25.030.100.000	15.745.093	0,58	0,63	0,69
December/2003	30.554.900.000	23.195.074	0,67	0,76	0,86
January/2004	35.291.100.000	28.172.946	0,72	0,80	0,89
February/2004	25.156.500.000	17.651.737	0,61	0,70	0,78
March/2004	52.885.600.000	32.739.461	0,56	0,62	0,69
April/2004	36.575.900.000	23.418.266	0,58	0,64	0,70
May/2004	34.834.400.000	23.210.647	0,60	0,67	0,75
June/2004	31.386.800.000	23.594.670	0,68	0,75	0,89
July/2004	38.674.000.000	35.911.380	0,76	0,93	1,10

Source: Bovespa

5.2.7 The weighted average price of the shares issued by Tele Leste traded between August 1st, 2003 and July 30, 2004 was R\$0.69 per 1,000 common shares and R\$0.66 per 1,000 preferred shares. The net value per 1,000 shares issued by the company as of the last financial information filed at the CVM was R\$0.80.

5.2.8 Each common share grants to its holder the right of one vote in the shareholder' s meeting.

5.2.9 The preferred Shares do not grant voting rights to its holders, but confers (i) privilege in the reimbursement of capital, without premium, and (ii) either the payment of a minimum dividend, not cumulative, of 6% (six percent) per year of the amount resulting from the division of the capital stock by the total number of shares, or a dividend 10% higher than the dividend paid to the common shares, between them the one with higher value.

### 5.3 Tele Sudeste

5.3.1 Tele Sudeste is a public company, with its principal executive offices located in the City of Rio de Janeiro, State of Rio de Janeiro, at Praia de Botafogo, no. 501, 4th Floor, with its shares negotiated at BOVESPA. The corporate purpose of the company is to control corporations exploring cellular telecommunications and mobile telecommunications services ("SMP"), as well as other types of telecommunications services in general. Tele Sudeste controls Telerj Celular S.A and Telest Celular S.A, providers of SMP in the states of Rio de Janeiro and Espirito Santo, respectively.

5.3.2 The capital stock of Tele Sudeste, subscribed and paid, was of R\$ 891,459,528.20, divided into 449,009,994,135 shares, being 189,434,957,933 common shares and 259,575,036,202 preferred shares, kept in book-entry form and with no nominal value.

5.3.3 The shareholding structure of Tele Sudeste, on July 31, 2004, was the following:

	ON	%	PN	%	Total	%
Offeror	167.593.928.932	88,47 %	221.620.645.451	85,38 %	389.214.574.383	86,68 %
Treasury	–	0,00 %	–	0,00 %	–	0,00 %
Officers and Directors	2.802	0,00 %	130	0,00 %	932	0,00 %
Related Parties	494.246	0,00 %	1.681.809	0,00 %	2.176.055	0,00 %
Free Float	21.840.531.953	11,53 %	37.952.708.812	14,62 %	59.793.240.765	13,32 %
<b>Total</b>	<b>189.434.957.933</b>	<b>100,00%</b>	<b>259.575.036.202</b>	<b>100,00%</b>	<b>449.009.994.135</b>	<b>100,00%</b>

5.3.4 A summary of the financial statements of Tele Sudeste, prepared according to the corporations law, is presented in the table below:

Item	Year ended Dec. 02	Year ended Dec. 03	Semester ended June 2004
Shareholder Equity (R\$ thousand)	685.321	778.838	891.460
Net Assets (R\$ thousand)	1.779.685	1.903.363	1.966.733
Net Operating Revenues (R\$ mil)	1.847.631	1.892.451	917.722
Operating Income (R\$ thousand)	197.895	183.882	99.554
Net Income (Loss) (R\$ thousand)	140.376	156.237	63.370
Total Liabilities (R\$ thousand)	1.014.101	920.073	774.550
Nº of Shares, excluded treasury (thousand)	414.006.457	432.598.218	449.009.994
Profit (Loss) per thousand shares (R\$)	0,34	0,36	0,14
Book Value per thousand Shares (R\$)	4,30	4,40	4,38
Total Liability / Net Assets	0,57	0,48	0,39
Net Profit (Loss) / Net Assets (%)	7,89 %	8,21 %	3,22 %
Net Profit (Loss) / Net operating Revenues (%)	7,60 %	8,26 %	6,91 %
Net Profit (Loss) / Shareholder Equity (%)	20,48 %	20,06 %	7,11 %

Source: Information available on the website of CVM and BOVESPA.

5.3.5 The following table shows the price the common shares of Tele Sudeste were traded at BOVESPA in the past 12 months:

Month/Year	Amount Traded	Volume (RS)	Minimum Price (R\$/ thousand shares)	Average Weighted Price (R\$/ thousand shares)	Maximum Price (R\$/ thousand Shares)
August/2003	117.100.000	463.727	3,77	3,96	4,15
September/2003	1.664.700.000	7.506.979	3,95	4,51	4,95
October/2003	896.700.000	4.159.008	4,40	4,64	4,89
November/2003	272.000.000	1.274.924	4,43	4,69	5,00
December/2003	1.099.400.000	5.418.285	4,58	4,93	5,29
January/2004	716.200.000	3.831.354	4,77	5,35	5,69
February/2004	497.300.000	2.414.302	4,50	4,85	5,10
March/2004	538.200.000	2.479.545	4,32	4,61	5,00
April/2004	399.300.000	2.088.532	4,86	5,23	5,52
May/2004	693.500.000	3.021.023	3,93	4,36	5,08
June/2004	963.200.000	4.505.397	4,00	4,68	5,14
July/2004	666.600.000	3.686.220	4,57	5,53	5,95

Source: Bovespa



5.3.6 The following table shows the price which of the preferred shares of Tele Sudeste were traded at BOVESPA in the past 12 months:

Month/Year	Amount Traded	Volume (RS)	Minimum Price (RS/ thousand shares)	Average Weighted Price (RS/ thousand shares)	Maximum Price (RS/ thousand Shares)
August/2003	533.200.000	2.706.980	4,75	5,08	5,30
September/2003	17.095.700.000	99.092.968	5,05	5,8	6,49
October/2003	7.476.700.000	43.920.589	5,61	5,87	6,29
November/2003	3.406.800.000	20.189.877	5,70	5,93	6,34
December/2003	3.693.600.000	23.791.626	5,72	6,44	6,90
January/2004	3.325.000.000	22.580.511	6,30	6,79	7,50
February/2004	1.906.600.000	12.106.477	6,02	6,35	6,80
March/2004	3.226.900.000	18.502.711	5,30	5,73	6,30
April/2004	3.775.800.000	23.677.059	5,55	6,27	6,55
May/2004	1.949.400.000	9.646.405	4,50	4,95	5,71
June/2004	2.544.700.000	14.748.938	4,83	5,8	6,60
July/2004	2.385.700.000	15.696.946	5,80	6,58	7,40

Source: Bovespa

5.3.7 The weighted average price of the shares issued by Tele Sudeste traded between August 1st, 2003 and July 30, 2004 was R\$4.79 per 1,000 common shares and R\$5.98 per 1,000 preferred shares. The net value per 1,000 shares issued by the company as of the last financial information filed at the CVM was R\$4.38.

5.3.8 Each common share grants to its holder the right of one vote in the shareholder' s meeting.

5.3.9 The preferred Shares do not grant voting rights to its holders, but confers privilege in the reimbursement of capital, without premium, and a dividend 10% higher than the dividend paid to the common shares.

## 6 Information about the Offeror

6.1 The Offeror, created in 2001, is a holding company incorporated according to the laws of The Netherlands, with its corporate domicile at Strawinskyiaa, 3105, Amsterdam, The Netherlands, its shares are held by Telefonica Moviles S.A (50%), PT Moveis Servicos de Telecomunicacoes SGPS S.A (49.999%) and Portugal Telecom SGPS S.A (0.001%). The corporate purpose of the Offeror is hold the control of corporations exploring the SMP in the Brazilian territory.

## 7. Exemption to inform the economic value of the Companies and to present an appraisal report.

7.1 Under the terms of the decision delivered on August 24th, 2004 by CVM, it was approved special procedure to put into the VTOs, pursuant to section 34 of Instruction CVM no. 361, that exempted the requirement to inform the economic value of the Companies and the presentation of an appraisal report.

## 8 Representations

The Offeror declares that, if in the following one year, beginning on the Date of the Auctions: (i) is verified an event that imposes the execution of a mandatory VTO to purchase Preferred Shares, pursuant to section 10(I)(a) of Instruction CVM no. 361; (ii) the Offeror conducts a new VTO to purchase Preferred Shares, pursuant to Section 14 of Instruction CVM no. 361; or (iii) the occurrence of any corporate event that would have grant to the shareholders who accepted the VTO the exercise of withdrawal rights if they still were  
8.1 shareholders of TCO, the Offeror will pay to the shareholders who tendered, the positive difference, if any, between (1) the price those shareholders received with the sale of their shares in the VTO, monetary adjusted as in item 9.3 of this Offer until the date of the respective event and adjusted by the eventual modification in the number of shares occurred due to share dividends, splits, reverse-splits and conversions of that type of shares into another type of shares that eventually happened; and (2) the price per share that would be owned due to any of the events described on (i), (ii) and (iii) of this item 8.1.

Additionally, the Offeror declares that if any of the Companies carry out any corporate transaction in which their respective shareholders receive shares from another public traded company in an 1 (one) year term, beginning on the date of each of the Auctions, the Offeror will pay to the shareholders who accepted the VTO, the positive difference, if any, between the price per share they received with the sale of their shares in the respective VTO, monetary adjusted as in item 8.3 of this Offer until the date of such corporate transaction, adjusted by  
8.2 the eventual modification in the number of shares occurred due to share dividends, splits, reverse-splits and conversions of that type of shares into another type of shares that eventually happened and the greater of (1) the weighted average price per share quoted on the stock exchange of the respective class or type of shares delivered to the shareholders of the respective Company due to such corporate transaction, calculated based on the 30 (thirty) days period prior to the announcement of such transaction; (2) and, the weighted average price per share quoted on the stock exchange of the respective class or type of shares delivered to the shareholders of the respective Company due to such corporate transaction, calculated based on the 60 (sixty) days period prior to the announcement of such transaction.

The payments described in items 9.1 and 9.2 shall be make in Brazilian currency, being the value established in such items, adjusted by the *Taxa Referencial – TR* (“TR”), from the date of the financial settlement from each auction until the date of such payment. For the purposes  
8.3 of adjustment by the TR, when the TR is unknown, it will be used the average of the past 12 known months. If the TR is abolished or not published for a period greater than 30 (thirty) days, due to the issuance of the a law or regulation, being not possible to use it as an adjustment to the values, from the date of its abolishment or restraint in its use, it will be used the index the Federal Government establishes to replace the TR.

8.4 The Offeror and the Intermediary Institution declare that they do not know about any event or circumstance, not disclosed to the public, that might materially influence the performance of the Companies or the price of the Stocks.

8.5 The Intermediary Institution and related parties declare that they do not have under its discretionary administration shares issued by any of the Companies.

The Intermediary Institution declares that it does not have, also under its discretionary administration, shares of the Offeror. BES declares 8.6 that it is indirectly controlled by the financial group that holds 9.75% of capital stock of Portugal Telecom SGPS S.A, a shareholder who holds, directly and indirectly, 50% of capital stock of the Offeror.

8.7 The registry of the Companies, mentioned on the section 21 of Law 6.385/76, are updated before the CVM.

## 9. Additional Information.

9.1 Additional Information about each of the Companies and the VTOs can be find with the Investor Relations department of each of the Companies, on the address mentioned on item 9.3, phone number (11)(5105-1180/5105-1182), fax (11)(5105-2247).

9.2 Are available in the addresses and sites mentioned on item 9.3, a copy of the present offer and the relation with the names of all shareholders, with the respective address and amount of shares, this document will be provided only after identification and acknowledgement of receipt by the interest shareholder.

9.3 Places where the information will be available:

Diretoria de Relações com Investidores das Companhias  
Avenida Dr. Chucuri Zaidan, n.º 860, 4.º andar, lado A  
São Paulo – SP  
[www.vivo.com.br/ri](http://www.vivo.com.br/ri)

BES  
Departamento de Mercado de Capitais  
Avenida Brigadeiro Faria Lima, n.º 3.729, 8.º andar  
São Paulo – SP  
[www.besinvestimento.com.br](http://www.besinvestimento.com.br)

BES Securities  
Avenida Rio Branco, n.º 110, 33.º andar  
Rio de Janeiro – RJ  
[www.besinvestimento.com.br](http://www.besinvestimento.com.br)

Comissão de Valores Mobiliários  
Rua Formosa, n.º 367, 20.º andar  
São Paulo – SP, ou  
Rua Sete de Setembro, n.º 111, 5.º andar (Centro de Consultas)  
Rio de Janeiro – RJ  
[www.cvm.gov.br](http://www.cvm.gov.br)

Bolsa de Valores de São Paulo – BOVESPA  
Rua XV de Novembro, n.º 275  
São Paulo – SP  
[www.bovespa.com.br](http://www.bovespa.com.br)

9.4 The Companies' shareholders shall read the Offer and the other relevant documents related to the VTOs that are published by the Offeror or filed with the CVM or the SEC, including the Schedule TO (and, in the case of the English-language documents filed with the SEC, shareholders may read the Portuguese translations, which will be filed with the CVM), because these documents will contain relevant information. The shareholders of Tele Leste and Tele Sudeste can have access to this documents at the SEC website, at [www.sec.gov](http://www.sec.gov). Besides this, the Companies' shareholders will have access to all these documents, free of charge from the locations indicated on item 9.3 and in the applicable Brazilian and U.S. laws and regulations.

9.5 BOVESPA authorized the Auctions.

BRASILCEL N.V  
OFFEROR

BES INVESTIMENTO DO BRASIL S.A – BANCO DE INVESTIMENTO  
INTERMEDIARY INSTITUTION

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**NOTICE OF GUARANTEED DELIVERY**

**(Not To Be Used For Signature Guarantee)**

**To Tender American Depositary Shares (“ADSs”) Evidenced by American Depositary Receipts (“ADRs”),**

**Each ADS Representing 5,000 Preferred Shares  
of**

**TELE SUDESTE CELULAR PARTICIPAÇÕES S.A.**

**to Enable the Receiving Agent Named Below to Tender the**

**Underlying Preferred Shares**

**at**

**R\$7.80 Per 1,000 Preferred Shares (Before Deducting Fees and Expenses)**

**Pursuant to the Offer dated as of September 1, 2004**

**by**

**BRASILCEL N.V.,**

**a joint venture of**

**PORTUGAL TELECOM, SGPS, S.A.**

**PT MÓVEIS, SGPS, S.A.**

**TELEFÓNICA MÓVILES, S.A.**

Subject to the exceptions and conditions described herein, the tender offer, the proration period and the withdrawal rights will expire at 11:00 a.m., New York City time, on October 8, 2004, unless the offer is extended or earlier terminated. However, unless the offer is extended or earlier terminated, to participate in the tender offer, you must qualify for the tender offer (1) if a holder of American Depositary Shares, or “ADSs,” participating in the tender offer through The Bank of New York, as receiving agent, no later than 5:00 p.m., New York City time, on October 1, 2004 (such date, as it may be extended by Brasilcel N.V. in its sole discretion, the “ADS Qualification Date”) and (2) if a holder of common shares or preferred shares, no later than 4:00 p.m., New York City time, on October 7, 2004 (such date, as it may be extended by Brasilcel N.V. in its sole discretion, the “Share Qualification Date”). Withdrawals of ADSs by ADS holders who wish to participate in the tender offer through the receiving agent will not be accepted after 5:00 p.m., New York City time, on October 6, 2004, unless the offer is extended or earlier terminated.

Capitalized terms used in this Notice of Guaranteed Delivery and not otherwise defined herein shall have the meaning ascribed to them in the Offer to Purchase dated September 1, 2004. As set forth in Section 4 of the Offer to Purchase (as defined below), this form, or a form substantially equivalent to this form, must be used to accept the Offer (as defined below) if: (1) American Depositary Receipts (“ADRs”) evidencing ADSs and all other documents required by the Letter of Transmittal to Tender American Depositary Shares (“the Letter of Transmittal”) cannot be delivered to the Receiving Agent or (2) the procedures for book-entry transfer for the tender of ADSs cannot be completed by the ADS Qualification Date. This form may be delivered by hand, facsimile transmission (by eligible institutions only) or mail to the Receiving Agent. See Section 4 – “Procedures for Accepting the Offer and Tendering Shares” of the Offer to Purchase.

**THE RECEIVING AGENT FOR THE OFFER:**

**THE BANK OF NEW YORK**

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**By Mail**

The Bank of New York  
Tender & Exchange Department  
P.O. Box 11248  
New York, NY 10286-1248

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**By Hand or Overnight or Courier:**

The Bank of New York  
Tender & Exchange Department  
101 Barclay Street  
Receive and Deliver Window, Street Floor  
New York, NY 10286

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**By Facsimile Transmission (For Eligible Institutions Only):**

(212) 815-6433  
To confirm facsimile transmission only:  
(212) 815-6212

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Delivery of this Notice of Guaranteed Delivery to an address other than those shown above or transmission of instructions via a facsimile number other than that listed above does not constitute a valid delivery. Deliveries to the Book-Entry Transfer Facility (as defined in the Offer to Purchase) do not constitute valid delivery to the Receiving Agent.

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

THIS NOTICE OF GUARANTEED DELIVERY MAY ONLY BE USED TO ACCEPT THE OFFER IN RELATION TO ADSs FOR ADS HOLDERS PARTICIPATING IN THE TENDER OFFER THROUGH THE RECEIVING AGENT, IN THE CIRCUMSTANCES SET OUT ABOVE. IT MAY NOT BE USED TO ACCEPT THE OFFER IN RELATION TO COMMON SHARES OR PREFERRED SHARES.

Ladies and Gentlemen:

The undersigned hereby tenders to Brasilcel N.V., a corporation organized under the laws of The Netherlands (the "Purchaser"), a joint venture among Portugal Telecom, SGPS, S.A., PT Móveis, SGPS, S.A. (a wholly owned subsidiary of Portugal Telecom, SGPS, S.A.) and Telefónica Móviles, S.A., upon the terms and subject to the conditions set forth in the Offer to Purchase dated September 1, 2004 (the "Offer to Purchase"), receipt of which is hereby acknowledged, and the related Letter of Transmittal (which together, with the related Letter of Transmittal and the Offer to Purchase, as they may be amended or supplemented from time to time, constitute the "Offer"), the number (indicated below) of ADSs of Tele Sudeste Celular Participações S.A. ("TSD"), pursuant to the guaranteed delivery procedure for ADSs set forth in Section 4 of the Offer to Purchase.

NUMBER OF ADSs BEING TENDERED HEREBY: \_\_\_\_\_ ADSs

ADR Nos. (if available):

\_\_\_\_\_  
\_\_\_\_\_  
(Please Type or Print)

If ADSs will be tendered by book-entry transfer:

Name of Tendering Institution:

\_\_\_\_\_  
\_\_\_\_\_  
Account No.

at

The Depository Trust Company

SIGN HERE

\_\_\_\_\_  
\_\_\_\_\_  
Signature(s)

Dated: \_\_\_\_\_, 2004

Name(s) of ADS holder:

\_\_\_\_\_  
\_\_\_\_\_  
(Please Type or Print)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Zip Code)

\_\_\_\_\_  
(Area Code and Telephone No.)

\_\_\_\_\_  
(Taxpayer ID No. or Social Security No.)



**GUARANTEE**

**(Not to be used for signature guarantee)**

The undersigned, a firm that is a member of a registered national securities exchange or the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office, branch or agency in the United States, or otherwise an "eligible institution" within the meaning of Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended, guarantees (a) that the above named person(s) "own(s)" the American Depositary Shares tendered hereby within the meaning of Rule 14e-4 under the Securities Exchange Act of 1934, as amended, (b) that such tender of American Depositary Shares complies with Rule 14e-4 and (c) to deliver to the Receiving Agent the American Depositary Shares tendered hereby, together with a properly completed and duly executed Letter(s) of Transmittal with any required signature guarantee, unless an agent's message (as defined in the Offer to Purchase) in the case of book-entry transfer is utilized, and any other required documents, all within three (3) New York Stock Exchange, Inc., trading days of the date hereof.

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**(Name of Firm)**

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**(Authorized Signature)**

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**(Name and Title)**

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**(Address)**

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**(Zip Code)**

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**(Area Code and Telephone No.)**

Dated: \_\_\_\_\_, 2004

**DO NOT SEND AMERICAN DEPOSITARY RECEIPTS ("ADRs") EVIDENCING ADSs**

**WITH THIS FORM.**

**YOUR ADRs MUST BE SENT WITH THE LETTER OF TRANSMITTAL.**



**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION**

**NUMBER ON SUBSTITUTE FORM W-9**

**Guidelines for Determining the Proper Identification Number to Give the Payor.** – Social Security numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employer Identification numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payor.

<b>For this type of account:</b>		<b>Give the SOCIAL SECURITY number of –</b>
1.	Individual	The individual
2.	Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3.	Husband and wife (joint account)	The actual owner of the account or, if joint funds, the first individual on the account(1)
4.	Custodian account of a minor (Uniform Gift to Minors Act).	The minor(2)
5.	Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor(1)
6.	Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor, or incompetent person(3)
7.	a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
	b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)
8.	Sole proprietorship or single-owner LLC	The owner(4)

<b>For this type of account:</b>		<b>Give the EMPLOYER IDENTIFICATION number of –</b>
9.	A valid trust, estate, or pension trust	Legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)(5)
10.	Corporate or LLC electing corporate status on Form 8832	The corporation
11.	Religious, charitable, or educational organization	The organization
12.	Partnership held in the name of the business	The partnership
13.	Association, club or other tax-exempt organization	The organization
14.	A broker or registered nominee	The broker or nominee
15.	Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person’s social security number must be furnished.
- (2) Circle the minor’s name and furnish minor’s social security number.
- (3) Circle the ward’s, minor’s or incompetent person’s name and furnish such person’s social security number.
- (4) You must show your individual name, but you may also enter your business or “doing business as” name. You may use either your social security number or your employer identification number (if you have one).
- (5) List first and circle the name of the legal trust, estate or pension trust.

**NOTE:** IF NO NAME IS CIRCLED WHEN THERE IS MORE THAN ONE NAME LISTED, THE NUMBER WILL BE CONSIDERED TO BE THAT OF THE FIRST NAME LISTED.

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## **GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER**

### **ON SUBSTITUTE FORM W-9**

#### **Obtaining a Number**

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.

#### **Payees Exempt from Backup Withholding**

Payees specifically exempt from backup withholding on ALL payments include the following:

An organization exempt from tax under section 501(a), an individual retirement plan or a custodial account under section 403(b)(7).

The United States or any agency or instrumentality thereof.

A State, The District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.

A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.

An international organization or any agency or instrumentality thereof.

Other payees that may be exempt from backup withholding include the following:

A corporation

A financial institution

A registered dealer in securities or commodities registered in the U.S., the District of Columbia or a possession of the U.S.

a real estate investment trust.

A common trust fund operated by a bank under section 584(a).

An exempt charitable remainder trust, or a non-exempt trust described in section 4947(a)(1).

An entity registered at all times under the Investment Company Act of 1940.

A foreign central bank of issue.

#### **Payments of dividends and patronage dividends not generally subject to backup withholding include the following:**

Payments to nonresident aliens subject to withholding under section 1441.

Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.

Payments of patronage dividends not paid in money.

Payments made by certain foreign organizations.

Payments made to a nominee.

**Payments of interest not generally subject to backup withholding include the following:**

Payments of interest on obligations issued by individuals. *Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.*

Payments of tax-exempt interest (including exempt-interest dividends under section 852).

Payments described in section 6049(b)(5) to non-resident aliens.

Payments on tax-free covenant bonds under section 1451.

Payments made by certain foreign organizations.

Payments made to a nominee.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER. WRITE "EXEMPT" ON THE FACE OF THE FORM, AND RETURN IT TO THE PAYER. IF THE PAYMENTS ARE INTEREST, DIVIDENDS, OR PATRONAGE DIVIDENDS, ALSO SIGN AND DATE THE FORM.

Certain payments other than interest, dividends, and patronage dividends that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041A(a), 6042, 6044, 6045, 6049, 6050A and 6050N, and their regulations.

**Privacy Act Notice**—Section 6109 requires most recipients of dividend, interest, or other payments to give their correct taxpayer identification numbers to payers who must report the payments to IRS. The IRS uses the numbers for identification purposes and to help verify the accuracy of tax returns. The IRS may also provide this information to the Department of Justice for civil and criminal litigation and to cities, states and the District of Columbia to carry out their tax laws. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

\* Unless otherwise indicated, all section references are to the Internal Revenue Code of 1986, as amended.

**Penalties**

**(1) Penalty for Failure to Furnish Taxpayer Identification Number.**—If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**(2) Civil Penalty for False Information With Respect to Withholding.**—If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.

**(3) Criminal Penalty for Falsifying Information.**—Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**(4) Misuse of Taxpayer Identification Numbers.**—If the requester discloses or uses taxpayer identification numbers in violation of federal law, the requester may be subject to civil and criminal penalties.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.



## EXPLANATORY NOTE

The following is the text of a summary advertisement published in *The New York Times* on September 1, 2004. The advertisement incorrectly defines the “Expiration Date” as 10:00 a.m., New York City time, on October 8, 2004. The correct definition of the Expiration Date, as set forth in the Offer to Purchase dated September 1, 2004, is 11:00 a.m., New York City time, on October 8, 2004.

*This announcement is neither an offer to purchase nor a solicitation of an offer to sell any securities. The tender offer is made only by the offer to purchase dated September 1, 2004 and any amendments or supplements thereto. Tenders will not be accepted from or on behalf of holders of securities in any jurisdiction where making the tender offer or the acceptance thereof would be unlawful.*

### Notice of Offer to Purchase for Cash

Up to 7,332,479,000 Common Shares  
at R\$6.35 Per 1,000 Common Shares

and

Up to 12,699,707,000 Preferred Shares  
at R\$7.80 Per 1,000 Preferred Shares

of

TELE SUDESTE CELULAR  
PARTICIPAÇÕES S.A.

by

BRASILCEL N.V.,

a joint venture of

Portugal Telecom, SGPS, S.A.  
PT Móveis, SGPS, S.A.  
Telefónica Móviles, S.A.



**Subject to the exceptions and conditions described herein, the tender offer, the proration period and the withdrawal rights will expire at 10:00 a.m., New York City time, on October 8, 2004, unless the offer is extended or earlier terminated. However, unless the offer is extended or earlier terminated, to participate in the tender offer, you must qualify for the tender offer (1) if a holder of American Depositary Shares, or “ADSs,” participating in the tender offer through The Bank of New York, as receiving agent, no later than 5:00 p.m., New York City time, on October 1, 2004 (such date, as it may be extended by Brasilcel N.V. in its sole discretion, the “ADS Qualification Date”) and (2) if a holder of common shares or preferred shares, no later than 4:00 p.m., New York City time, on October 7, 2004 (such date, as it may be extended by Brasilcel N.V. in its sole discretion, the “Share Qualification Date”). Withdrawals of ADSs by ADS holders who wish to participate in the tender offer through the receiving agent will not be accepted after 5:00 p.m., New York City time, on October 6, 2004, unless the offer is extended or earlier terminated.**

Brasilcel N.V., a corporation organized under the laws of The Netherlands, or “Brasilcel,” a joint venture among Portugal Telecom, SGPS, S.A., PT Móveis, SGPS, S.A. (a wholly owned subsidiary of Portugal Telecom, SGPS, S.A.) and Telefónica Móviles, S.A., is offering to purchase for cash, upon the terms and subject to the conditions set forth in the offer to purchase dated September 1, 2004, or the “offer to purchase,” up to 7,332,479,000 common shares (*ações ordinárias*), no par value, and up to 12,699,707,000 preferred shares (*ações preferenciais*), no par value, of Tele Sudeste Celular Participações S.A., a corporation organized under the laws of the Federative Republic of Brazil, or the “Company,” for purchase in Brazilian *reais* at a price of R\$6.35 per 1,000 common shares and R\$7.80 per 1,000 preferred shares in cash without interest, net of the stock exchange and settlement fee described in the next sentence, any applicable brokerage fees or commissions and applicable withholding taxes, upon the terms and subject to the conditions set forth in the offer to purchase. Each shareholder that tenders shares in the tender offer must pay a combined fee to the *Bolsa de Valores de São Paulo - BOVESPA*, or the “São

Paulo Stock Exchange,” and the *Companhia Brasileira de Liquidação e Custódia* (the Brazilian Settlement and Custody Company), or “CBLC,” in a percentage equal to 0.035% of the purchase price received by that shareholder. The CBLC is the custodian for securities listed on the São Paulo Stock Exchange.

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The tender offer is not conditioned on any minimum number of shares being tendered. The tender offer is subject to other terms and conditions as set forth in the offer to purchase.

The common shares and preferred shares purchased in the tender offer will be purchased through separate auctions on the São Paulo Stock Exchange. Both auctions are currently scheduled to occur on October 8, 2004. Brokers acting on behalf of shareholders that wish to tender their shares must present sales orders on behalf of tendering shareholders by 10:00 a.m., New York City time, on October 8, 2004 (such date and time, as it may be extended by Brasilcel in its sole discretion, the "Expiration Date") through the São Paulo Stock Exchange's Mega Bolsa electronic trading system using the code "TSEP3L" for the common shares and "TSEP4L" for the preferred shares. In the event of over-subscription of the tender offer, shares properly tendered and not properly withdrawn before the Expiration Date of the offer will be purchased on a pro rata basis (with appropriate adjustments to avoid purchases of fractional shares) as described in the offer to purchase. Upon the terms and subject to the conditions of the tender offer, including the proration provisions, Brasilcel will purchase common shares and preferred shares of the Company, up to the maximum numbers of common shares and preferred shares set forth above that are properly tendered before the Expiration Date and not properly withdrawn.

However, to participate in the tender offer, a holder of common shares or preferred shares of the Company or of American Depositary Shares, or "ADSs," representing preferred shares of the Company must qualify for the tender offer no later than the dates indicated below by following the instructions set forth below.

**Holders of ADSs. Tendering Through Receiving Agent:** A holder of ADSs representing the Company's preferred shares may tender its ADSs to The Bank of New York, as receiving agent in connection with the tender offer, **no later than 5:00 p.m., New York City time, on October 1, 2004**, which is the ADS Qualification Date, in accordance with the instructions set forth in the offer to purchase and the accompanying letter of transmittal. The Bank of New York will then contact a broker authorized to conduct trades on the São Paulo Stock Exchange to tender the underlying preferred shares in the applicable auction, and if the underlying preferred shares are accepted for purchase in the auction, those ADSs will be cancelled. There is no separate tender offer being made in the United States to acquire ADSs.

After acceptance by Brasilcel of the preferred shares underlying the ADSs tendered to the receiving agent (subject to any pro rata reduction of the shares purchased as described above) and receipt of payment of the consideration for those shares, the receiving agent will pay to holders of ADSs the U.S. dollar equivalent (based on then prevailing exchange rates, net of expenses for converting *reais* to U.S. dollars) of R\$7.80 per 1,000 preferred shares, or R\$39.00 per ADS, minus (1) a fee of U.S.\$5.00 per 100 ADSs or portion thereof for the cancellation of the ADSs representing preferred shares purchased in the tender offer, (2) the combined fee of 0.035% of the purchase price payable to the São Paulo Stock Exchange and CBLC, as described above and (3) the holder's pro rata portion of the fee or commission charged by the broker selected by the receiving agent to tender preferred shares underlying ADSs on behalf of ADS holders participating in the tender offer. In addition, any ADS holder that wishes to participate in the tender offer must pay any taxes or governmental charges payable in connection with the cancellation of ADSs representing preferred shares purchased in the tender offer.

**Withdrawing Underlying Preferred Shares and Tendering Directly:** As an alternative to tendering its ADSs to the receiving agent, an ADS holder may also surrender its ADSs, withdraw the underlying preferred shares from the ADS program and participate directly in the tender offer like other holders of preferred shares. The ADS holder would surrender to The Bank of New York, as depository under the Company's ADS program, the ADSs that represent preferred shares that it wishes to tender, pay a fee to the depository in the amount of up to U.S.\$5.00 per 100 ADSs or portion thereof surrendered and pay any taxes or governmental charges payable in connection with its withdrawal of the shares from the ADS program. If an ADS holder surrenders ADSs and receives the underlying preferred shares, the preferred shares so received will be registered at CBLC, and the holder will need to obtain its own foreign investor registration under Resolution No. 2,689/00 of the *Conselho Monetário Nacional*, or the "Brazilian National Monetary Council." After the holder appoints a Brazilian representative for purposes of Resolution No. 2,689/00, the

holder must make arrangements for that representative to tender the preferred shares on its behalf in the same manner as any other direct holder of shares whose shares are registered at CBLC. The offer to purchase contains additional information about Resolution No. 2,689/00. The holder will need to take these steps in sufficient time to allow its Brazilian representative to qualify for the tender offer on its behalf no later than the Share Qualification Date in the manner described in the next bullet point.

**Direct Holders of Common Shares or Preferred Shares.** A holder of common shares or preferred shares must, **no later than 4:00 p.m., New York City time, on October 7, 2004**, which is the Share Qualification Date, either personally or by means of a duly appointed proxy, contact any broker authorized to conduct trades on the São Paulo Stock Exchange, present the documentation listed in the offer to purchase and ask the broker to tender its shares in the applicable auction on its behalf. Shareholders must pay any fee or commission charged by their broker.

Shareholders that have invested in shares of the Company under Resolution No. 2,689/00 of the Brazilian National Monetary Council (which are registered at CBLC) should ask their Brazilian representatives for purposes of Resolution No. 2,689/00 to contact such a broker on their behalf.

Common shares and preferred shares held through Banco ABN Amro Real S.A., the Company's transfer agent, are not registered at CBLC. Holders of common shares or preferred shares through Banco ABN Amro Real S.A. should therefore ask the broker they contact to request the transfer of their shares to the custody of CBLC in order to enable the broker to tender the shares on their behalf. The holder will need to take these steps in sufficient time to enable qualification for the tender offer no later than the Share Qualification Date. Any holder that does not know whether it holds its shares through CBLC or Banco ABN Amro Real S.A. should ask its custodian, representative, broker or other nominee.

A beneficial owner of common shares, preferred shares or ADSs registered in the name of a broker, dealer, commercial bank or other nominee must contact that entity if that beneficial owner desires to tender shares and may be charged a fee or commission by that person for tendering shares in the tender offer.

Sales orders from brokers tendering common shares and preferred shares on behalf of tendering shareholders, including the broker selected by the receiving agent to tender preferred shares underlying ADSs on behalf of ADS holders participating in the tender offer, must be submitted no later than 10:00 a.m., New York City time, on the Expiration Date. At that time, sale orders for tendered shares that have not been reduced or cancelled before that time will be deemed accepted, subject to the proration provisions described above, and may not be withdrawn. All common shares and preferred shares purchased by Brasilcel in the tender offer will be acquired through buy orders at the prices set forth above presented by BES Securities do Brasil, S.A. C.C.V.M., as broker for Brasilcel.

Brasilcel will pay for shares accepted in the tender offer on the third Brazilian business day following the auctions, in accordance with the rules established by CBLC. Under no circumstances will interest on the purchase price be paid by Brasilcel regardless of any delay in making that payment.

Brasilcel may extend or terminate the tender offer or amend the tender offer in any respect in its sole discretion, subject to applicable securities laws and terms of the tender offer. Any extension, amendment or termination will be publicly announced, and any announcement of an extension of the tender offer will be issued, no later than 9:00 a.m., New York City time, on the business day after the previously scheduled Share Qualification Date. Without limiting the manner in which Brasilcel may choose to make any public announcement, Brasilcel will have no obligation to publish, advertise or otherwise communicate any such public announcement in the United States other than by issuing a press release to the Dow Jones News Service, the Public Relations Newswire or Business Wire.

Shareholders that have qualified for the tender offer may withdraw from the tender offer, but for a withdrawal to be effective, the broker who has been instructed to tender shares in the auction described above, including the broker selected by the receiving agent to tender preferred shares underlying ADSs, must withdraw the order to tender those shares through the São Paulo Stock Exchange's Mega Bolsa electronic trading system no later than 10:00 a.m., New York City time, on October 8, 2004, which is the Expiration Date. Any tender of shares will be irrevocable after that time. If a shareholder wishes to withdraw the tender of its shares, it is the responsibility of the shareholder to ensure that the broker who has been instructed to tender its shares receives instructions to withdraw the tender of those shares before that time. In order to allow the broker selected by the receiving agent to withdraw the order to sell shares underlying ADSs held by ADS holders who wish to withdraw, a written notice of withdrawal from any ADS holder participating in the tender offer through the receiving agent must be received by the receiving agent no later than 5:00 p.m., New York City time, on October 6, 2004. In order to withdraw from the tender offer, shareholders and ADS holders should follow the instructions set forth below:

**Holders of ADSs.** If an ADS holder is participating in the tender offer by tendering its ADSs to the receiving agent, its originally signed written notice of withdrawal must be received by the receiving agent **no later than 5:00 p.m., New York City time, on October 6, 2004** in the manner described in the offer to purchase.

If an ADS holder has surrendered its ADSs, withdrawn the underlying preferred shares from the ADS program and is participating directly in the tender offer, that person or its Brazilian representative should contact the broker that it has instructed to tender shares on its behalf in sufficient time to enable the broker to withdraw the order to sell its shares before the Expiration Date and must provide any documentation required by the broker.

**Direct Holders of Common Shares and Preferred Shares.** If a shareholder directly holds common shares or preferred shares, the shareholder or its representative in Brazil must contact the broker that it has instructed to tender shares on its behalf in sufficient time to enable the broker to withdraw the order to sell its shares **no later than 10:00 a.m., New York City time, on the Expiration Date** and must provide any documentation required by the broker.

In addition, in accordance with Section 14(d)(5) of the Exchange Act, shareholders that have tendered shares may withdraw those shares at any time after October 30, 2004 if the auctions have not occurred before that date by communicating their request to withdraw their shares in the manner described above.

The receipt of cash in exchange for common or preferred shares of the Company pursuant to the tender offer will be a taxable transaction for U.S. federal income tax purposes and may be a taxable transaction under Brazilian law, depending on the circumstances. Holders should review the description of U.S. federal income tax consequences and Brazilian tax consequences contained in the offer to purchase when evaluating the tender offer.

The offer to purchase contains a description of the accounting treatment of this transaction by Brasilcel.

Brasilcel is undertaking this tender offer to increase its ownership of the common shares and preferred shares of the Company, of which it is the controlling shareholder. Brasilcel and its affiliates owned 167,593,928,932 common shares of the Company, or 88.5% of the Company's common shares, and 221,620,645,451 preferred shares of the Company, or 85.4% of the Company's preferred shares as of July 31, 2004. If the tender offer is successful and Brasilcel purchases 7,332,479,000 common shares and 12,699,707,000 preferred shares, Brasilcel will own 174,926,407,932 common shares of the Company, or 92.3% of the Company's common shares, and 234,320,352,451 preferred shares of the Company, or 90.3% of the Company's preferred shares. Brasilcel believes that the tender offer also provides an efficient means to provide value to shareholders of the Company. The tender offer allows those shareholders desiring to receive cash for their shares the opportunity to do so. The tender offer offers holders of the Company's common shares and preferred shares the opportunity to sell shares at a 20% premium over the volume weighted average prices of shares of that class on the São Paulo Stock Exchange over the 30 trading days up to and including August 24, 2004, the date of announcement of the tender offer.



The common shares and preferred shares of the Company are listed on the São Paulo Stock Exchange under the ticker symbols “TSEP3” and “TSEP4,” respectively. On August 30, 2004, the closing price of the Company’s common shares on the São Paulo Stock Exchange was R\$5.42 per 1,000 common shares, and the closing price of the Company’s preferred shares was R\$6.55 per 1,000 preferred shares. ADSs representing preferred shares of the Company are traded on the New York Stock Exchange under the ticker symbol “TSD.” On August 30, 2004, the closing price of the ADSs on the New York Stock Exchange was U.S.\$11.12 per ADS. Each ADS represents 5,000 preferred shares of the Company.

The number of shares that Brasilcel is offering to acquire has been determined to allow Brasilcel to increase its participation in the Company without suppressing the liquidity of the remaining shares of those classes for purposes of Brazilian laws and regulations, in particular Instruction No. 361 dated March 5, 2002 of the *Comissão de Valores Mobiliários*, or the “Brazilian Securities Commission.” The tender offer will reduce the number of outstanding common shares and preferred shares that are not held by Brasilcel or its affiliates. Based on the guidelines of the Brazilian Securities Commission and the New York Stock Exchange, Brasilcel does not believe that its purchase of common shares or preferred shares in the tender offer will cause the remaining outstanding common shares and preferred shares to be delisted from the São Paulo Stock Exchange or cause the remaining ADSs to be delisted from the New York Stock Exchange.

**Holders must make their own decisions as to whether to tender their shares and, if so, how many shares to tender. None of Brasilcel, the Company, Portugal Telecom, SGPS, S.A., PT Móveis, SGPS, S.A., Telefónica Móviles, S.A., any of their affiliates or any of their respective boards of directors or executive officers makes any recommendation as to whether holders should tender their shares. None of these persons has authorized any person to make any recommendation on its behalf as to whether a holder should tender or refrain from tendering its shares in the tender offer. Any holder that is in doubt as to the action it should take should contact its broker, lawyer, accountant or other professional advisor without delay.**

In particular, the Company, its board of directors and executive officers are not making a recommendation regarding the tender offer and are expressing no opinion of, and are remaining neutral toward the tender offer because (1) the tender offer is being made by the controlling shareholder of the Company, and (2) the tender offer is a voluntary cash offer for only a portion of the common shares and preferred shares of the Company, and the Company, its board of directors and its executive officers therefore believe that each investor should make its own decision as to the consideration being offered in the tender offer and whether to tender or refrain from tendering shares.

The information required to be disclosed by 14d-6(d)(1) of the General Rules and Regulations under the Securities Exchange Act of 1934 is contained in the offer to purchase and is incorporated into this announcement by reference. Brasilcel is also filing with the Securities and Exchange Commission a Tender Offer Statement on Schedule TO, together with exhibits, furnishing certain additional information with respect to the tender offer.

Questions or requests for assistance may be directed to the information agent set forth below. Copies of the offer to purchase and, for holders of ADSs, the related letter of transmittal may be obtained through the information agent and will be furnished promptly upon request at Brasilcel’s expense.

*The Brazilian Information Agent  
for the Tender Offer is:*

Espírito Santo  Securities

*The U.S. Information Agent  
for the Tender Offer is:*

**MACKENZIE  
PARTNERS, INC.**

**BES Securities**  
Av. Rio Branco 110, 33º andar  
CEP 20040-001 Centro  
Rio de Janeiro, Brazil  
Telephone: +55 21 3212-3213

**MacKenzie Partners, Inc.**  
105 Madison Avenue  
New York, New York 10016  
proxy@mackenziepartners.com  
Call Collect: (212) 929-5500  
or  
Toll-Free (800) 322-2885

Shareholders may also contact their broker, dealer, commercial bank or other nominee for assistance concerning the tender offer.

The receiving agent through which holders of ADSs may tender the underlying preferred shares is:

**The Bank of New York**  
Tender & Exchange Department  
101 Barclay Street  
Receive and Deliver Window, Street Floor  
New York, NY 10286  
Telephone: 1-800-507-9357

**Holders are urged to read the offer to purchase carefully before making any decision with respect to the tender offer because it contains important information.**

September 1, 2004





**CELULAR CRT PARTICIPAÇÕES S.A.**

Public Company with Authorized Capital  
CNPJ nr 03.010.016/0001-73  
NIRE 43300039021

**TELE LESTE CELULAR PARTICIPAÇÕES S.A.**

Public Company with Authorized Capital  
CNPJ nr 02.558.144/0001-93  
NIRE 29300023892

**TELE SUDESTE CELULAR PARTICIPAÇÕES S.A.**

Public Company with Authorized Capital  
CNPJ nr 02.558.129/0001-45  
NIRE 33300268197

**STATEMENT OF  
MATERIAL FACT**

Celular CRT Participações S.A., Tele Leste Celular Participações S.A. and Tele Sudeste Celular Participações S.A. (jointly, the "Companies"), in continuation to what was disclosed in the statement of material fact published on August 25, 2004, inform their respective shareholders that, having discussed with Bolsa de Valores de São Paulo ("Bovespa") the Voluntary Tender Offers to acquire common and preferred shares of the Companies by Brasilcel N.V. mentioned in such statement of material fact ("VTOs") and the procedures for the auctions that will take place at Bovespa, the Public Notice of the VTOs was published on this date contemplating the definitive terms and conditions for the realization of the VTOs.

São Paulo, September 1, 2004

Fernando Abella Garcia  
Investors Relationship Officer





**BRASILCEL, THE HOLDING COMPANY THAT CONTROLS VIVO, THE SOUTHERN HEMISPHERE' S LARGEST WIRELESS COMMUNICATIONS GROUP, LAUNCHES VOLUNTARY CASH TENDER OFFERS FOR SHARES OF TELE SUDESTE, TELE LESTE AND CELULAR CRT**

**PRESS RELEASE**

**São Paulo, September 1, 2004** - Tele Sudeste Celular Participações S.A. - ("Tele Sudeste") (NYSE: TSD; BOVESPA: TSEP3 (ON); TSEP4 (PN)); Tele Leste Celular Participações S.A. - ("Tele Leste") (NYSE: TBE; BOVESPA: TLCP3 (ON); TLCP4 (PN)); Celular CRT Participações S.A. - ("CRT" and, together with Tele Sudeste and Tele Leste, the "Companies") (BOVESPA: CRTP3 (ON) / CRTP5 (PN)), inform their respective shareholders that Brasilcel N.V. ("Brasilcel"), controlling shareholder of the Companies, has today commenced voluntary public tender offers ("VTOs") in cash for the acquisition of up to the maximum number of shares of each class of each Company, as indicated below ("Maximum Numbers of Shares"):

	CRT		Tele Leste		Tele Sudeste	
	Common Shares	Preferred Shares	Common Shares	Preferred Shares	Common Shares	Preferred Shares
Maximum Numbers of Shares (by class)	60,529,000	441,690,000	16,723,247,000	92,499,407,000	7,332,479,000	12,699,707,000

Unless otherwise extended or terminated, the acquisition of any shares tendered in the VTOs will occur through a series of auctions to be held on the São Paulo Stock Exchange (the "BOVESPA") on October 8, 2004.

In no event will Brasilcel purchase more than the Maximum Numbers of Shares. In the event of excess of demand in the auctions, a pro rata adjustment will be made among the shareholders holding that class of shares who tender their shares in the applicable VTO.

The respective prices to be paid for the shares of each class of shares issued by the Company are indicated in the table below, per lot of thousand shares (the "Prices"). Each of these prices represents a premium of 20% (twenty percent) over the weighted average closing price of the applicable class of shares of that Company over the 30 (thirty) trading days on the BOVESPA up to and including the date of the initial announcement of the VTOs on August 24, 2004.

	CRT		Tele Leste		Tele Sudeste	
	Common Shares	Preferred Shares	Common Shares	Preferred Shares	Common Shares	Preferred Shares
Price per lot of thousand shares (R\$)	575.31	718.69	0.90	1.10	6.35	7.80

The respective Prices shall be paid upon delivery of the shares, in Brazilian *reais*, in accordance with the rules of the Companhia Brasileira de Liquidação e Custódia - CBLIC (the Brazilian Settlement and Custody Company) and the subject to terms and conditions that have been set forth in the *Edital*, or public notice published in Brazil for the VTOs and the summary advertisements published in the New York Times in the United States as to the VTOs for shares of Tele Leste and Tele Sudeste, in each case on September 1, 2004.



Investors Relations Office  
Av. Churrasco, 860  
5<sup>th</sup> Floor - Marumbi  
04583-110 - São Paulo - Brazil



**BRASILCEL, THE HOLDING COMPANY THAT CONTROLS VIVO, THE SOUTHERN HEMISPHERE' S LARGEST WIRELESS COMMUNICATIONS GROUP, ANNOUNCES VOLUNTARY CASH TENDER OFFERS FOR SHARES OF TELE SUDESTE, TELE LESTE AND CRT**

The number of shares of each class that Brasilcel has offered to acquire has been determined to allow Brasilcel to increase its participation in the share capital of the Companies without suppressing the liquidity of the remaining shares of those classes for purposes of applicable regulations in Brazil (specifically Instruction no. 361 of the Brazilian Comissão de Valores Mobiliários (“CVM”) of March 5, 2002).

This press release does not constitute an offer to purchase or a solicitation of an offer to sell securities of Tele Sudeste, Tele Leste or CRT. On September 1, 2004, Brasilcel filed tender offer statements on Schedule TO with the Securities and Exchange Commission (“SEC”) with respect to the VTOs for common shares and preferred shares of Tele Leste and Tele Sudeste and will file translations of these documents with the CVM. On September 1, 2004, Brasilcel filed an *Edital* with respect to the VTO for common shares and preferred shares of CRT with the CVM.

Shareholders of the Companies are strongly advised to read the *Edital* and other relevant documents relating to the VTOs that have been published by Brasilcel or filed with the CVM or the SEC, including the tender offer statements on Schedule TO dated September 1, 2004 (and, in the case of the English-language documents filed with the SEC, shareholders may read the Portuguese translations, which will be filed with the CVM) because they contain important information. All these documents have been published or filed in accordance with applicable Brazilian and U.S. regulations. CRT shareholders can access the *Edital* and an English translation thereof free of charge at the Internet site <http://www.vivo.com.br/ri>. Tele Leste and Tele Sudeste shareholders can access the U.S. documents free of charge at the SEC website, [www.sec.gov](http://www.sec.gov). In addition, shareholders of the Companies can access all these documents free of charge from Brasilcel or in the locations indicated by applicable Brazilian and U.S. laws and regulations.

Brasilcel has been advised that Portugal Telecom and Telefónica Móviles intend to provide funding for the tender offers on a 50-50 basis.

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This press release contains forward-looking statements. Such statements do not constitute historical facts and reflect the expectations of the Company' s management, are forward-looking statements. The words “anticipates,” “believes,” “estimates,” “expects,” “forecasts,” “intends,” “plans,” “predicts,” “projects” and “targets”, as well as other similar words are intended to identify these statements, which necessarily involve risks that may or may not be known to the Company. Accordingly, the actual results of Company operations may be different from its current expectations, and the reader should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update them in light of new information or future developments.



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