

BRASIL TELECOM SA  
Form 6-K  
December 02, 2009

# **SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

## **FORM 6-K**

**REPORT OF FOREIGN ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16 OF THE**

**SECURITIES EXCHANGE ACT OF 1934**

**For the month of December 2009**

**(Commission File No. 1-15256)**

### **BRASIL TELECOM S.A.**

**(Exact name of Registrant as specified in its Charter)**

### **BRAZIL TELECOM COMPANY**

**(Translation of Registrant's name into English)**

**SIA Sul, Área de Serviços Públicos, Lote D, Bloco B**

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Brasília, D.F., 71.215-000

Federative Republic of Brazil

(Address of Registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1) .

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7) .

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

**EXHIBIT INDEX**

- Exhibit 1 Notice of Material Fact filed by Tele Norte Leste Participações S.A., Telemar Norte Leste S.A., Coari Participações S.A. and Brasil Telecom S.A. with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*) on December 1, 2009 (English translation).
- Exhibit 2 Protocol and Justification of the Share Exchange (*Protocolo e Justificação de Incorporação*) between Brasil Telecom S.A. and Coari Participações S.A., dated December 1, 2009 (English translation).

**TELE NORTE LESTE PARTICIPAÇÕES S.A.**

CNPJ/MF Nº 02.558.134/0001-58

NIRE Nº 33.3.0026253-9

Publicly held Company

**COARI PARTICIPAÇÕES S.A.**

CNPJ/MF Nº 04.030.087/0001-09

NIRE Nº 35.3.0018062-3

Publicly held Company

**TELEMAR NORTE LESTE S.A.**

CNPJ/MF Nº 33.000.118/0001-79

NIRE Nº 33.3.0015258-0

Publicly held Company

**BRASIL TELECOM S.A.**

CNPJ/MF Nº 76.535.764/0001-43

NIRE Nº 53.3.0000622-9

Publicly held Company

**NOTICE OF MATERIAL FACT**

Tele Norte Leste Participações S.A. ( TNL ), Telemar Norte Leste S.A. ( Telemar ), Coari Participações S.A. ( Coari ) and Brasil Telecom S.A. ( BrT ) and, together with TNL, Telemar and Coari, the Companies ), pursuant to and in accordance with Instructions No. 319/99 and No. 358/02 issued by the Brazilian Securities and Exchange Commission ( CVM ), and following the matters disclosed in the Material Facts released on April 25, 2008, January 8, 2009, July 15, 2009 and August 12, 2009, hereby inform their shareholders and the market in general of the following matters:

**1. Corporate Reorganization**

On September 30, 2009, the second step of the Corporate Reorganization was concluded, through the approval of the merger of Brasil Telecom Participações S.A. ( BrTP ) with and into BrT by the shareholders' meetings of BrTP and BrT. The merger resulted in the absorption of the assets and liabilities of BrTP by BrT and the migration of BrTP's shareholder base to BrT, following which BrTP ceased to exist.

In order to continue the execution of the corporate transactions disclosed in the Material Facts of April 25, 2008 and August 12, 2009, the managements of the Companies intend to implement the third step of the Corporate Reorganization which consists of the share exchange between BrT and Coari, a company that is a direct subsidiary of Telemar (the Share Exchange ).

The Share Exchange will result in the migration of BrT shareholders to Coari, including those shareholders that received shares of BrT in the merger of BrTP with and into BrT, the transfer to Coari of the shares of BrT not held by Coari, and, as a result, BrT becoming a wholly-owned subsidiary of Coari.

The Share Exchange requires the registration of the shares to be issued by Coari under the U.S. Securities Act of 1933, which the managements of the Companies estimate will occur on or prior to December 31, 2009. The shareholders' meetings of BrT and Coari that will resolve on the Share Exchange will be summoned in the next days.

This Material Fact is solely for the purpose of announcing the information related to the Share Exchange, as required by the CVM Instruction No. 319/99 for such transaction.

The structure and conditions of the merger of Coari with and into Telemar remain subject to definition resulting from analysis and studies currently being conducted by the managements of the Companies, including the analysis of the actions necessary for the approval of the listing of Telemar shares on the New York Stock Exchange and the registration of these shares with the U.S. Securities and Exchange Commission (the SEC ).

After the definition of the basis under which the merger of Coari with and into Telemar will occur, such information will be made public.

**2. Corporate Structure**. The shareholding structure of the Companies before and after the Share Exchange is shown in the following diagrams:

**3. Objectives, Benefits and Justification of the Share Exchange.**

3.1. Objectives and Benefits and Justification of the Share Exchange. The Share Exchange represents one of the steps required to implement the Corporate Reorganization, and has following specific objectives:

- (i) simplifying the capital and corporate structure of BrT and Coari, reducing administrative costs;
- (ii) aligning the interests of the shareholders of BrT, Coari and Telemar;
- (iii) avoiding a circular shareholding between Coari and Telemar, which is prohibited by law and which would occur if the shares of BrT were exchanged directly for shares of Telemar resulting in the shares of BrT held by Coari being converted into shares of Telemar; and
- (iv) eliminating the costs of separate listings of the shares of BrT and Coari, as well as costs arising from the public disclosure obligations for information released separately by BrT and Coari.

**4. Previous Corporate and Business Acts.** In addition to the transactions and acts disclosed in the Material Facts released on April 25, 2008, January 8, 2009, July 15, 2009 and August 12, 2009, the BrT and Coari Boards of Directors approved the signature of the Protocol and Justification of the Share Exchange, as well as the appraisal reports and other related documents, and decided to submit the Share Exchange to the decision of BrT and Coari shareholders.

**5. Share Exchange Ratios in the Share Exchange.**

5.1. Exchange Ratios in the Share Exchange. As a result of the Share Exchange, one (1) common share of Coari will be issued in substitution for each outstanding common share of BrT, and one (1) preferred share of Coari will be issued in substitution for each outstanding preferred share of BrT (the Exchange Ratio ).

5.2. Exchange Ratio Criteria and Reasons Why the Share Exchange is Considered Fair for the Shareholders. The managements of the Companies believe that the Share Exchange is fair, in light of the fact that the Exchange Ratio was determined by the managements of BrT and Coari considering the following premises: (i) the shareholder s equity of Coari is composed substantially by BrT common and preferred shares, (ii) excluding Coari s interest in BrT, the shareholders equity balance of Coari is positive, (iii) the shareholders of BrT will receive the same number of Coari shares as the number of BrT shares held by them; (iv) the composition of the equity capital of Coari after the Share Exchange, in accordance with the Exchange Ratio, will reflect the exact current composition of BrT s equity capital.

5.3. Share Fractions. The Exchange Ratio will not result in the issuance of fractional Coari shares.

**6. Appraisal Criteria for BrT Shares and BrT and Coari Net Worth.**

6.1. Net Worth Appraisal. The shares of BrT were appraised by the specialized firm, Apsis Consultoria Empresarial Ltda., with head offices at Rua São José 90, suite 1,082, in the City and State of Rio de Janeiro, registered with the Treasury Ministry on the National Corporate Taxpayers Register under CNPJ/MF No. 27,281,922/0001-70 ( Apsis ), on the basis of its book value, as shown in the audited financial statements issued by BrT as of May 31, 2009 ( Base Date ), taking into account the following events which occurred after the Base Date: (i) the merger of Copart 2 Participações S.A. ( Copart 2 ) with and into BrT, on July 31, 2009; (ii) the merger of BrTP with and into BrT, on September 30, 2009; (iii) the registration of disbursement of goodwill amortization related to the months of August, September, October, November and December of 2009, in the amount of R\$186,666,757.92; and (iv) the registration of the reversion of the goodwill provision established in the companies that were merged into BrT (Copart 2 and BrTP), in the amount of R\$70,336,848.76. The selection and engagement of Apsis must be ratified and approved by the BrT and Coari shareholders. According to such appraisal, the book value of the Net Worth of BrT was assessed on the Base Date, taking into account the adjustments described above, was R\$ 11,115,033,954.78 or R\$ 18.845781 per share of BrT.

6.2. Appraisal of the Net Worth of BrT and Coari at Market Prices. In compliance with the provisions set forth in Article 264 of Law No. 6,404/76 (the Brazilian Corporation Law ), Apsis prepared the Net Worth Appraisal Report of BrT and Coari at market prices. The appraisals of the net worth of BrT and Coari at market prices were prepared using the same criteria and as of the Base Date, taking into account (1) in the case of BrT, the adjustments described above in the net worth appraisal of BrT, and (2) in the case of Coari, (i) the capitalization of an advance for future capital increase of Coari in the amount of R\$3,683,934,973.95, on June 30, 2009, and (ii) the effects of the merger of BrTP with and into BrT on September 30, 2009 on the net worth appraisal of Coari, resulting in, solely for the purposes of Article 264 of the Brazilian Corporation Law, an exchange ratio of 0.999995 outstanding Coari shares for each outstanding share of BrT.

7. Treatment of Subsequent Equity Variations in the Share Exchange. Variations in the equity of BrT and Coari occurring from May 31, 2009 until the date of the approval of the Share Exchange, will be recorded directly in the respective company's books, given that BrT will continue to exist after the approval of the Share Exchange

**8. Asset and Policy Rights and Advantages of the Shares.**

8.1. Rights Conferred by the Shares to be issued to BrT Shareholders. Shareholders owning common shares of BrT will receive common shares issued by Coari, and the shareholders owning preferred shares of BrT will receive preferred shares issued by Coari. The common and preferred shares issued by Coari to the BrT shareholders will entitle them to the same rights as those conferred by the other common and preferred shares issued by Coari, respectively, including full receipt of dividends and/or interest on shareholders' equity that may be declared by Coari after the date on which the Share Exchange is approved by the shareholders of BrT and Coari.

8.2. Comparison between the Dividend and Voting Rights and Preferences of the Shares. The dividend and voting rights and preferences of the common and preferred shares issued by Coari are substantially the same as those conferred by common and preferred shares issued by BrT, respectively.

9. Solution for Shares in the Capital of One Company held by the Other. The shares issued by BrT that are held by Coari will continue to be held by Coari. There are no shares issued by Coari held by BrT.

10. Right of Withdrawal and Value of Reimbursement.

10.1. Right of Withdrawal in the Share Exchange. Pursuant to the provisions set forth in Article 137 of the Brazilian Corporation Law, the right of withdrawal in the Share Exchange is guaranteed only to shareholders owning common shares of BrT that do not approve the Share Exchange, whether through dissent, abstention or not attending the General Meeting of BrT that approves the Share Exchange. The shareholder must expressly state its intention to exercise the right of withdrawal within 30 (thirty) days as from the publication date of the Minutes of the General Meeting of BrT that approves the Share Exchange.

10.1.1. Shareholders owning preferred shares of BrT will not have the right to withdraw, as the preferred shares of BrT owned by such shareholders possess liquidity and dispersion in the market, as defined in the Brazilian Corporation Law.

10.1.2. Shareholders owning common and preferred shares of Coari will have withdrawal rights. Nevertheless, given that at the moment of the resolution about the Share Exchange, Telemar and the directors of Coari will be the only shareholders of Coari, there is not an expectation that any shareholder of Coari will exercise its withdrawal rights.

10.2. The withdrawal rights may only be exercised by dissenting shareholders for all common shares proven to be owned by those shareholders continuously, from the date of the close of trading on April 25, 2008, which is the date of publication of the Material Fact that first announced the Corporate Reorganization and the Share Exchange, until the date of the exercise of the withdrawal rights. Shares acquired after April 25, 2008, will not entitle the holders thereof to withdrawal rights with respect to the Share Exchange.

10.3. Value of Reimbursement. Shareholders of BrT that do not approve the Share Exchange at the shareholders' meeting of BrT that approves the Share Exchange will have the right to reimbursement for their shares at a value of R\$ 11.40 (eleven *reais* and forty *centavos*) per share, in compliance with the most recently approved balance sheet of BrT, which was dated December 31, 2008. The dissenting shareholders may, upon withdrawal, request the preparation of a special balance sheet for BrT, as set forth in §2 of Article 45 of the Brazilian Corporation Law. In this case, after the expiration of the deadline set for the reconsideration of the Share Exchange, pursuant to §3 of Article 137 of the Brazilian Corporation Law, the shareholder will receive 80% of the reimbursement value, with the



balance, if any, to be paid within 120 (one hundred and twenty) days following the date of the shareholders' meeting of BrT that approves the Share Exchange.

10.4. **Payment of Reimbursement Amounts and Procedures for Exercising the Right of Withdrawal.** The payment of reimbursement value for the withdrawn BrT common shares will depend on the effective completion of the Share Exchange, as set forth in Article 230 of the Brazilian Corporation Law, and must be realized through the credit of the corresponding amount at the depository institution for the BrT shares, Banco Bradesco S.A. (Banco Bradesco), which will then proceed to make payment to the dissenting shareholders either directly or through the custodian agent, based on their respective registration data. Shareholders whose shares are held in custody by the Banco Bradesco must exercise the right of withdrawal at any of the branches of this institution, within the banking working hours of the shareholders' location, by completing the corresponding forms available at the financial institution, being demanded the delivery of the certified copies of the documents required for this purpose:

(i) Individuals: Individual Taxpayers' Register, Identity Card and current evidence of address and evidence of bank account; or

(ii) Legal Entity: National Corporate Taxpayers' Register, bylaws/articles of association and corresponding amendments, as well as documents related to the partners/legal representatives (act of appointment, Individual Taxpayers' Register, Identity Card and current evidence of address) and evidence of bank account.

10.5. The shareholders whose shares are in custody with the Assets Depository Agency of BM&FBOVESPA, must exercise the right to withdrawal through their custody agents, if wanted.

10.6. **Value of Reimbursement of Coari Shareholders and Procedures for Exercising the Right of Withdrawal.** Shareholders of Coari that do not approve the Share Exchange at the extraordinary general shareholders' meeting of Coari that approves the Share Exchange will have the right to reimbursement for their shares in the amount of R\$1.00 (one *real*) per share, in compliance with the most recently approved balance sheet of Coari, which was dated December 31, 2008. The shareholders of Coari who wish to exercise its withdrawal rights, must attend to the head office of Coari located in the City of Rio de Janeiro, State of Rio de Janeiro, at Rua Humberto de Campos, No. 425, 8th floor (part) with the documents able to prove such shareholders' shareholding position.

11. **Composition of the Equity Capital of Coari after the Share Exchange.**

11.1. **Composition of the Equity Capital of Coari.** The equity capital of Coari, on the date hereof, is R\$12,334,064,389.91, divided into 290,665,050 shares, consisting of 161,990,001 common shares and 128,675,049 preferred shares, all registered and with no par value. As a result of the Share Exchange, the equity capital of Coari will be increased by R\$5,637,224,265.10 to R\$ 17,971,288,655.01 represented by 203,423,176 common shares and 386,365,814 preferred shares.

11.2. **Coari Shares issued in the Share Exchange.** As a result of the Share Exchange, 41,433,175 registered common shares and 257,690,765 registered preferred shares, each with no par value, will be issued by Coari, with the same rights as the common and preferred shares of Coari currently in circulation, respectively. The issued shares will be paid up in full through the absorption of the assets of BrT and will be issued to the BrT shareholders (other than Coari).

12. **Liabilities and Contingencies Not Posted in the Accounts.** There are no significant liabilities or contingencies that have not been duly posted in the accounts.

13. **Share Exchange Costs.** The expenditures incurred for conducting the Share Exchange are estimated at R\$1.5 million, which encompasses hiring the auditors and specialized firms commissioned to draw up the appraisal reports, legal fees paid to law firms specialized in this type of transaction and the public notifications required by law to disclose the announcements, notices and minutes involved in legal Share Exchange procedures and register of the shares issued to holders of BrT American Depositary Shares ( ADSs ) and holders of BrT shares that reside in the United States with the SEC.

14. **Specialized Firm.**

14.1. Apsis Consultoria Empresarial Ltda., a specialized consulting firm, was engaged to prepare the appraisal reports assessing the book value of BrT shares for the purpose of the capital increase of Coari through the Share Exchange, and the appraisal report on the net worth of BrT and of Coari at market prices, in order to comply with Article 264 of the Brazilian Corporation Law.

14.2 **Declaration of Non-Existence of Conflicts of Interest.** With regard to the above-mentioned specialized firm, there is no type of current or potential conflict, nor any community of interests, in terms of the controlling shareholders of the Companies involved in the Share Exchange, nor the minority shareholders, which is known to the management of the Companies.

15. **Approval from the Regulators.**

15.1. **Notification of the Share Exchange to the Authorities.** The National Telecommunications Agency (*Agência Nacional de Telecomunicações*), or ANATEL, the Brazilian federal telecommunications regulator , was notified of the Share Exchange through its prior consent procedures in connection with the indirect acquisition of control of BrTO by Telemar. Any other notifications required for the Share Exchange will be submitted to the competent government authorities in accordance with the governing law.

15.2. **SEC.** The Share Exchange and resulting issuance of new shares of Coari is conditioned on the applicable registration with the SEC. The General Shareholders Meetings of BrT and Coari to approve the Share Exchange will not be held prior to the declaration by the SEC that the applicable registration statement is effective. Therefore, the documents related to the Share Exchange, such as the Protocol and Justification and the

Appraisal Reports, may be subject to alteration in order to comply with possible future requirements established by the SEC. Any alterations to the Share Exchange documents will be disclosed to the shareholders of the Companies.

16. **Additional Information.**

16.1. **Auditing the Financial Statements.** In compliance with the provisions in the Brazilian Corporation Law and Article 12 of CVM Instruction No. 319/99, Deloitte Touche Tohmatsu has been selected to audit the financial statements of BrT used as the basis for the Share Exchange.

16.2. **Trading of BrT and Coari Shares on the BM&FBOVESPA.** The BrT shares will continue to be traded under the BrT ticker until the deadline established for the exercise of the right of withdrawal or until the expiry of the period for BrT management to convene a shareholders meeting of BrT to reconsider or ratify the Share Exchange. After this period, the Companies will inform their shareholders and the market the date on which the new shares issued by Coari, as a result of the Share Exchange, will start to be traded on BM&FBOVESPA.

16.2.1. On September 11, 2009, the Coari shareholders approved the alteration of the register of their shares from the over-the-counter market to the traditional stock exchange market of BM&FBOVESPA. As set forth in CVM Instruction No. 246/96, on October 1, 2009, the management of Coari filed with the CVM and BM&FBOVESPA an application for the alteration of the register of their shares to the stock exchange market of BM&FBOVESPA, which was approved by CVM on October 13, 2009. On October 20, 2009, common and preferred shares of Coari were listed at the traditional exchange market of BM&FBOVESPA, under the tickers COAR3 and COAR4, respectively.

16.3. **American Depositary Shares Program for Coari Shares.** As the shareholders owning common and preferred shares of BrT, including the custodian of the depositary for the ADSs of BrT, will receive common and preferred shares issued by Coari as a consequence of the Share Exchange, Coari's management approved the establishment of ADSs programs for the Coari common and preferred shares, and holders of ADSs representing BrT common or preferred shares will receive in exchange for those ADSs, ADSs representing common and preferred shares of Coari, respectively. The depositary institution for the ADSs representing shares issued by Coari will be The Bank of New York Mellon and the custodian institution will be Banco Itaú S.A. Each ADS will represent one common share or one preferred share issued by Coari.

16.4. **Documents related to the Share Exchange.** All documents related to the Share Exchange (such as the Protocol and Justification, Appraisal Reports, among others) are available on the websites of BrT and Telemar ([www.oi.com.br/ri](http://www.oi.com.br/ri)). Copies of these materials will also be available on the websites of the CVM ([www.cvm.gov.br](http://www.cvm.gov.br)) and the BM&FBOVESPA ([www.bovespa.com.br](http://www.bovespa.com.br)) from this date onwards. Shareholders wishing to consult and examine the documents at the head offices of BrT and Coari must schedule

the dates and times of appointments with the Investor Relations Departments of BrT or Coari (55 21 3131-1123/15).

The managements of the publicly held companies involved in the Corporate Reorganization will keep their shareholders and the market informed on these matters, in addition to disclosing other subsequent events that might influence these and other related transactions.

Rio de Janeiro, December 1, 2009.

Alex Waldemar Zornig

Investor Relations Director

**Tele Norte Leste Participações S.A.**

**Telemar Norte Leste S.A.**

**Coari Participações S.A.**

**Brasil Telecom S.A.**

**Additional Information and Where to Find It:**

This communication contains information with respect to the proposed share exchange (*incorporação de ações*) between BrT and Coari . In connection with the proposed share exchange, Coari (1) intends to file with the U.S. Securities and Exchange Commission (the Commission ) a registration statement on Form F-4, containing a prospectus which will be mailed to the shareholders of Coari, and (2) has filed and will file with the Commission other documents regarding the proposed share exchange. **We urge investors and security holders to carefully read the prospectus and other relevant materials when they become available as they will contain important information about the proposed share exchange.** Investors and security holders will be able to obtain the documents filed with the Commission regarding the proposed share exchange, when available, free of charge on the Commission s website at [www.sec.gov](http://www.sec.gov) or from Coari.

**Special Note Regarding Forward-Looking Statements:**

This communication contains certain forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. The words anticipates , believes , estimates , expects , plans and similar expressions, as they relate to TNL, Telemar, Coari and BrT, are intended to identify forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations. Undue reliance should not be placed on such statements. Forward-looking statements speak only for the date they are made.

**PROTOCOL AND JUSTIFICATION OF THE SHARE EXCHANGE BETWEEN**

**BRASIL TELECOM S.A.**

**AND**

**COARI PARTICIPAÇÕES S.A.**

**BRASIL TELECOM S.A.**, a publicly-held company with head offices in the City of Brasília, Federal District, at SIA SUL ASP Lot D Block B, registered with the Treasury Ministry on the National Corporate Taxpayers Register under CNPJ/MF No. 76.535.764/0001-43, represented herein as set forth in its Corporate By-laws (BrT);

**COARI PARTICIPAÇÕES S.A.**, a publicly-held company with head offices in the City of Rio de Janeiro, State of Rio de Janeiro, at Rua Humberto de Campos, No. 425, 8th floor (part), registered with the Treasury Ministry on the National Corporate Taxpayers Register under No. 04.030.087/0001-09, represented herein as set forth in its Corporate By-laws (Coari);

BrT and Coari are referred to herein, jointly, simply as the Parties or the Companies;

**WHEREAS:**

- (i) BrT is a publicly-held company that is a direct subsidiary of Coari, whose purpose is to render telecommunications services and conduct the activities required or useful for the performance of these services, in compliance with the concessions, authorizations and permits granted to it. In order to achieve its purpose, BrT may include among its assets third-party assets and rights, as well as: (i) hold stakes in the capital of other companies, provided that it maintains compliance with Brazil's National Telecommunications Policy; (ii) establish wholly-owned subsidiaries in order to perform the activities encompassed by its corporate purpose and that should preferably be decentralized; (iii) undertake imports of goods and services required to perform the activities encompassed by its corporate purpose; (iv) provide post-sale and technical assistance services to telecommunications enterprises, performing activities of common interest; (v) engage in study and research activities designed to foster the development of the telecommunications sector; (vi) execute contracts and agreements with other companies engaged in rendering telecommunications services or with any persons or entities, in order to ensure the operation services, without adversely affecting its duties and responsibilities, and (vii) participate in other activities that are similar to or correlated with its corporate purpose;
- (ii) Coari is a publicly-held company that is a direct subsidiary of Telemar Norte Leste S.A. (Telemar), whose purpose is (i) to exercise control over public fixed-line telephone companies; (ii) to promote through controlled or affiliated companies the expansion and establishment of fixed-line telephone services in their respective concession areas; (iii) to promote, carry out or direct funding from domestic and foreign sources to be invested by Coari or by its controlled companies; (iv) to promote and encourage the study and research of activities aimed at the development of the fixed-line telephone sector; (v) to provide through controlled or affiliated companies skilled technical services in the fixed-line telephone sector; (vi) to promote, encourage and coordinate either directly or through controlled or affiliated companies the education and training of personnel necessary to the fixed-line telephone sector; (vii) to carry out or promote the import of goods and services to or through controlled and/or affiliated companies; (viii) to engage in other activities that are similar to or related to its corporate purposes; and (ix) to participate in the capital of other companies.
- (iii) on January 8, 2009, Telemar (1) acquired, through its indirect subsidiary Copart 1 Participações S.A. (Copart 1), all the shares issued by Invitel S.A. (Invitel), the controlling shareholder of Solpart Participações S.A. (Solpart), which was the controlling shareholder of Brasil Telecom Participações S.A. (BrT Part), the controlling shareholder of BrT, and (2) as a result, held BrT Part common shares representing the share control of BrT Part and BrT;

- (iv) as disclosed in the Relevant Facts released on April 25, 2008 and August 12, 2009, the managements of Telemar, BrT Part and BrT commenced a corporate reorganization of the companies that are part of the controlling structure of BrT Part and BrT through a series of corporate transactions in order to simplify the shareholding structure of these companies, unifying the shareholders of BrT Part and BrT in Telemar and strengthening these companies (the Corporate Reorganization );
- (v) on July 31, 2009, as the first step of the Corporate Reorganization, the shareholders of Invitel, Solpart, Copart 1, Copart 2 Participações S.A. (Copart 2 ), BrT Part and BrT, gathered at the General Shareholders Meetings of the respective companies, approved the mergers of Invitel with and into Solpart, Solpart with and into Copart 1, and Copart 1 with and into BrT Part and Copart 2 with and into BrT;
- (vi) as a result of the mergers described above, BrT Part absorbed the assets and liabilities of Invitel, Solpart and Copart 1, which ceased to exist, and BrT absorbed the assets and liabilities of Copart 2, which ceased to exist, and Coari received common and preferred shares issued by BrT Part and BrT, as a result of which Coari directly controls BrT Part and indirectly controls BrT;
- (vii) on September 30, 2009, in the second step of the Corporate Reorganization, the shareholders of BrT Part and BrT, gathered at the General Shareholders Meetings of these companies, approved the merger of BrT Part with and into BrT;
- (viii) as a result of the merger of BrT Part with and into BrT, BrT absorbed all the assets and liabilities of BrT Part, which ceased to exist, and the shareholders of BrT Part received common and preferred shares of BrT, in accordance with the approved exchange ratio, and, as a consequence, Coari directly controls BrT;
- (ix) the management of BrT Part will not summon a General Shareholders Meeting of BrT Part to either ratify or unwind the merger of BrT Part with and into BrT;
- (x) on September 11, 2009, the shareholders of Coari approved modifications to the composition of the equity capital of Coari in order that the capital of Coari precisely reflects the number of shares of BrT that Coari will hold after the settlement of the merger of BrT Part into BrT; and
- (xi) the share exchange between BrT and Coari represents the third step in the implementation of the Corporate Reorganization. Being in full and fair agreement, the Parties execute this Protocol and Justification of Share Exchange, (the Protocol and Justification ), in compliance with Articles 224, 225 and 252 of Law No. 6,404/76, as amended (the Brazilian Corporation Law ), pursuant to the following terms and conditions.

#### **CLAUSE ONE PROPOSED TRANSACTION AND JUSTIFICATION**

1.1. Proposed Transaction. The transaction consists of a share exchange between BrT and Coari, through the transfer of all the shares of BrT (except those shares already held by Coari) to Coari, as a result of which BrT will become a wholly-owned subsidiary of Coari, pursuant to Article 252 of the Brazilian Corporation Law (the Share Exchange ).

1.2. Justification of the Share Exchange. The Share Exchange is one of the steps in the Corporate Reorganization, the purpose of which is to simplify the shareholding structure of Telemar, BrT Part and BrT, unifying the shareholders of BrT Part and BrT in Telemar and strengthening these companies. In addition, the managements of BrT and Coari believe that the Share Exchange satisfies the interests of its shareholders, for the reasons described in Clause Seven of this Protocol and Justification.

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**CLAUSE TWO NUMBER, TYPE AND CLASS OF SHARES TO BE ATTRIBUTED TO BRT SHAREHOLDERS**

2.1. Number, Type and Class of Shares to be Attributed. As a result of the Share Exchange, one common share of Coari will be attributed to the shareholders of BrT in substitution for each outstanding common share of BrT, and one preferred share of Coari will be attributed to the shareholders of BrT in substitution for each outstanding preferred share of BrT (the Exchange Ratios ).

2.2. Criteria Used to Determine the Exchange Ratios. The Exchange Ratios were determined by the managements of BrT and Coari considering the following premises: (i) the shareholder s equity of Coari is composed substantially by BrT common and preferred shares, (ii) excluding Coari s interest in BrT, the shareholders equity balance of Coari is positive, and (iii) the composition of the equity capital of Coari after the Share Exchange, in accordance with the Exchange Ratio, will reflect the exact current composition of BrT s equity capital.

2.3. Share Fractions. The Exchange Ratio will not result in the issuance of fractional shares of Coari.

**CLAUSE THREE NET WORTH APPRAISAL CRITERIA FOR BRT AND COARI**

3.1. Net Worth Appraisal. The shares of BrT were appraised on the basis of its book value, as shown in the audited financial statements of BrT as of May 31, 2009 (the Base Date ) and taking into account the following events which occurred after the Base Date: (i) the merger of Copart 2 with and into BrT, on July 31, 2009; (ii) the merger of BrT Part with and into BrT, on September 30, 2009; (iii) the registration of disbursement of goodwill amortization related to the months of August, September, October, November and December of 2009, in the amount of R\$186,666,757.92 (one hundred and eighty six million, six hundred and sixty six thousand, seven hundred and fifty seven *reais* and ninety two *centavos*); and (iv) the registration of the reversion of the goodwill provision established in the companies that were merged into BrT (Copart 2 and BrT Part), in the amount of R\$70,336,848.76 (seventy million, three hundred and thirty six thousand, eight hundred and forty eight *reais* and seventy six *centavos*). Pursuant to the provisions set forth in Articles 226 and 252 of the Brazilian Corporation Law, the specialized firm Apsis Consultoria Empresarial Ltda., with head offices at Rua São José 90, suite 1,082, in the City and State of Rio de Janeiro, registered with the Treasury Ministry on the National Corporate Taxpayers Register under CNPJ/MF No. 27.281.922/0001-70 ( Apsis ), was selected to conduct the appraisal of the shares of BrT that will be acquired by Coari. The selection and hiring of Apsis must be ratified and approved by the shareholders of BrT and Coari. As set forth in the Appraisal Report presented in Attachment I (the Appraisal Report ), the book value of the net equity of BrT as of the Base Date, taking into account the adjustments described above, corresponds to R\$ 11,115,033,954.78 (eleven billion, one hundred and fifteen million, thirty three thousand, nine hundred and fifty four *reais* and seventy eight *centavos*) or R\$ 18.845781 (eighteen *reais* and eight hundred forty five thousand seven hundred eighty one millionths *centavos*) per share of BrT.

3.2. Appraisal of the Net Worth of BrT and Coari at Market Prices. In compliance with the provisions set forth in Article 264 of the Brazilian Corporation Law, Apsis was selected to prepare the Net Worth Appraisal Report of BrT and Coari at market prices. The appraisals of the net worth of BrT and Coari at market prices were prepared using the same criteria and as of the Base Date, taking into account the following events which occurred after the Base Date: (i) in the case of BrT, (a) the merger of Copart 2 with and into BrT, on July 31, 2009; (b) the registration of disbursement of goodwill amortization related to the months of August, September, October, November and December of 2009, in the amount of R\$186,666,757.92 (one hundred and eighty six million, six hundred and sixty six thousand, seven hundred and fifty seven *reais* and ninety two *centavos*); and (c) the registration of the reversion of the goodwill provision established in the companies that were merged into BrT (Copart 2 and BrT Part), in the amount of R\$70,336,848.76 (seventy million, three hundred and thirty six thousand, eight hundred and forty eight *reais* and seventy six *centavos*), on the valuation of the net equity of BrT; and (ii) in the case of Coari, (a) the capitalization of an advance for future capital increase in the amount of R\$ 3,683,934,973.95 (three billion, six hundred and eighty three million, nine hundred and thirty four thousand, nine hundred and seventy three *reais* and ninety five *centavos*), on June 30, 2009, and (b) the effects of the merger of BrT Part into BrT, on September 30, 2009, on the valuation of the net equity of Coari, in each case pursuant to the Appraisal Report presented in Attachment II (the Net Worth Appraisal Report at Market Prices ), resulting in, solely for the purposes of Article 264 of the Brazilian Corporation Law, an exchange ratio of 0.999995 outstanding Coari shares for each outstanding share of BrT.

3.3. Treatment of Equity Variations. The equity variations that occur at BrT and Coari from May 31, 2009, the Base Date of the Share Exchange, until the date of the approval of the Share Exchange, will be absorbed directly by the respective companies.

**CLAUSE FOUR SHARES OF ONE COMPANY HELD BY ANOTHER COMPANY AND SHARES HELD IN TREASURY**

4.1. Treatment of Shares of One Company Held by Another Company. The shares issued by BrT that are held by Coari will continue to be held by Coari. There are no shares issued by Coari which are held by BrT.

4.2. Treatment of Shares Held in Treasury. BrT holds 13,231,556 of its preferred shares in Treasury, which will be cancelled. Coari does not hold any of its preferred shares in Treasury.

**CLAUSE FIVE INCREASE IN THE EQUITY CAPITAL OF COARI**

5.1. Increase in the Equity Capital of Coari. The Share Exchange will result in an increase in the equity capital of Coari in the amount of R\$5,637,224,265.10 (five billion, six hundred and thirty seven million, two hundred and twenty four thousand, two hundred and sixty five *reais* and ten *centavos*), through the transfer of the shares issued by BrT (except those already held by Coari) to Coari, in compliance with the Appraisal Report and as set forth in Article 252 of the Brazilian Corporation Law. Coari will issue 41,433,175 (forty one million, four hundred and thirty three thousand and one hundred and seventy five) registered common shares and 257,690,765 (two hundred fifty-seven million, six hundred ninety thousand, seventy hundred sixty-five) registered preferred shares, without par value (collectively, the Shares ), to the current shareholders of BrT.

5.2. Composition of Equity Capital of Coari After the Share Exchange. Due to the above-mentioned capital increase, the equity capital of Coari will increase to R\$17,971,288,655.01 (seventeen billion, nine hundred and seventy one million, two hundred and eighty eight thousand, six hundred and fifty five *reais* and one *centavo*). The composition of Coari's equity capital after the Share Exchange will reflect the exact current composition of BrT's equity capital (considering the cancelation of the shares held in treasury), so as to be represented by 203,423,176 (two hundred and three million, four hundred twenty-three thousand, one hundred and seventy-six) registered common shares and 386,365,814 (three hundred and eighty six million, three hundred and sixty five thousand, eight hundred and fourteen) registered preferred shares, each without par value.

5.3. Wholly-Owned Subsidiary. As a result of the Share Exchange, BrT shall become a wholly-owned subsidiary of Coari.

**CLAUSE SIX AMENDMENT OF THE CORPORATE BY-LAWS OF COARI**

6.1. Amendment of Coari's Bylaws. Due to the Share Exchange, the corporate bylaws of Coari must be amended in order to reflect the change in the value and number of shares into which its share capital is divided. Thus, the following proposal of amendment to the main section of Article 5 of Coari's By-laws will be submitted to its shareholders:

**Article 5** The Equity Capital is R\$17,971,288,655.01 (seventeen billion, nine hundred and seventy one million, two hundred and eighty eight thousand, six hundred and fifty five *reais* and one *centavo*), divided into 589,788,990 (five hundred and eighty nine million, seven hundred and eighty eight thousand, nine hundred and ninety) shares, consisting of 203,423,176 (two hundred and three million, four hundred twenty-three thousand, one hundred and seventy-six) common shares and 386,365,814 (three hundred and eighty six million, three hundred and sixty five thousand, eight hundred and fourteen) preferred shares, all registered and without par value.

**CLAUSE SEVEN REASONS FOR THE SHARE EXCHANGE**

7.1. Reasons for the Share Exchange. The managements of BrT, Coari and Telemar decided to conduct the Share Exchange as they believe that it is a necessary step in the Corporate Reorganization,



and that the Share Exchange will further the best interests of BrT, Coari, Telemar and their shareholders, in particular through:

- (i) simplifying the capital and corporate structures of BrT and Coari, reducing administrative costs;
- (ii) aligning the interests of the shareholders of BrT, Coari and Telemar;
- (iii) avoiding a circular shareholding between Coari and Telemar, which is prohibited by law and which would occur if the shares of BrT were exchanged directly for shares of Telemar resulting in the shares of BrT held by Coari being converted into shares of Telemar; and
- (iv) eliminating the costs of separate listings of the shares of BrT and Coari as well as costs arising from the public disclosure obligations for information released separately by BrT and Coari.

#### **CLAUSE EIGHT ALLOCATION OF THE VALUE OF BRT SHARES**

8.1. Value of BrT Shares. The book value of the shares of BrT is R\$18,845,781 (eighteen *reais* and eight hundred forty five thousand seven hundred eighty one millionths *centavos*) per share, in accordance with the Appraisal Report, and the transfer to Coari of 299,123,940 (two hundred and ninety nine million, one hundred and twenty three thousand and nine hundred and forty) shares of BrT will result in an increase in the capital of Coari in the amount of R\$5,637,224,265.10 (five billion, six hundred and thirty seven million, two hundred and twenty four thousand, two hundred and sixty five *reais* and ten *centavos*), which will be entirely allocated to an increase in the equity capital of Coari.

#### **CLAUSE NINE CLASSES OF SHARES TO BE ISSUED TO THE BRT SHAREHOLDERS**

9.1. Shares to be Issued to BrT Shareholders. The holders of common shares of BrT will receive common shares issued by Coari and the holders of preferred shares of BrT will receive preferred shares issued by Coari. The common and preferred shares issued by Coari to BrT shareholders will entitle them to the same rights as those conferred by the other common and preferred shares issued by Coari, respectively, including full receipt of dividends and/or interest on shareholders' equity that may be declared by Coari after the date on which the Share Exchange is approved.

#### **CLAUSE TEN WITHDRAWAL RIGHTS**

10.1. Withdrawal Rights of BrT and Coari Shareholders. Pursuant to the provisions set forth in Article 137 of the Brazilian Corporation Law, shareholders of BrT and Coari that do not approve the Share Exchange, either through dissent, abstention or not attending the extraordinary general shareholders' meetings of BrT and Coari called to consider the Share Exchange, are entitled to withdrawal rights, unless the shares owned by such shareholders possess liquidity and dispersion in the market under the terms of Article 137, II of the Brazilian Corporation Law.

10.1.1. Shareholders owning common shares of BrT will have withdrawal rights. Shareholders owning preferred shares of BrT will not have withdrawal rights because the preferred shares possess liquidity and dispersion in the market.

10.1.2. Shareholders owning common and preferred shares of Coari will have withdrawal rights. Nevertheless, given that at the moment of the resolution about the Share Exchange, Telemar and the directors of Coari will be the only shareholders of Coari, there is not an expectation that any shareholder of Coari will exercise its withdrawal rights.

10.1.3. A shareholder must specifically express its intention to exercise its withdrawal right within thirty (30) days as from the date of publication of the minutes of the General Shareholders' Meeting of BrT at which the Share Exchange is approved.

10.2. Payment of Reimbursement. The payment of the reimbursement value for the withdrawn shares will depend on the effective completion of the Share Exchange, as set forth in Article 230 of the Brazilian Corporation Law. In accordance with Article 137 of the Brazilian Corporation Law, the reimbursement



of the values of the withdrawn shares will only be assured only in respect of shares proven to be owned by the shareholder at the close of trading on April 25, 2008, the date of publication of the Relevant Fact announcing the Corporate Reorganization.

10.3. Rescission of the Share Exchange. Pursuant to Article 137, §3 of the Brazilian Corporation Law, in the event that the amount to be paid to shareholders of BrT or Coari in connection with the exercise of withdrawal rights would, in the opinion of the management of BrT or Coari, jeopardize the financial stability of the respective companies, the Share Exchange may be rescinded through a proposal presented by the management of BrT or Coari.

10.4. Value of Reimbursement of BrT Shareholders. Shareholders of BrT that do not approve the Share Exchange at the extraordinary general shareholders meeting of BrT that approves the Share Exchange will have the right to reimbursement for their shares in the amount of R\$11.40 (eleven *reais* and forty *centavos*) per share, in compliance with the most recently approved balance sheet of BrT, which was dated December 31, 2008.

10.4.1. Given that the Exchange Ratios proposed to the non-controlling shareholders of BrT, pursuant to Clause 2.1, is more favorable than the one resulting from the comparison of the net worth of BrT and Coari at market prices, as set forth on the Net Worth Appraisal Report at Market Prices, as set forth in §3 of Article 264 of the Brazilian Corporation Law, the shareholders of BrT that do not approve the Share Exchange at the extraordinary general shareholders meeting of BrT that approves the Share Exchange proposal won't be able to choose to exercise their withdrawal rights based on the net worth at market prices value, but only based on the book value of BrT net worth, as disclosed above.

10.4.2. The shareholders that do not approve the Share Exchange may, upon withdrawal, request the preparation of a special balance sheet for BrT, as set forth in §2 of Article 45 of the Brazilian Corporation Law. In this event, following the expiration of the deadline set for the reconsideration of the Share Exchange, pursuant to §3 of Article 137 of the Brazilian Corporation Law, the shareholder will receive 80% of the reimbursement value, and the balance, if any, to be paid within one hundred and twenty (120) days from the date of the General Shareholders Meeting of BrT that approves the Share Exchange.

10.5. Value of Reimbursement of Coari Shares. Shareholders of Coari that do not approve the Share Exchange at the extraordinary general shareholders meeting of Coari that approves the Share Exchange will have the right to reimbursement for their shares in the amount of R\$1.00 (one *real*) per share, in compliance with the most recently approved balance sheet of Coari, which was dated December 31, 2008.

#### **CLAUSE ELEVEN APPROVAL BY THE GENERAL SHAREHOLDERS MEETINGS OF BRT AND COARI**

11.1. General Shareholders Meetings. In order to approve the Share Exchange, General Shareholders Meetings of BrT and Coari will be held to consider the Share Exchange.

#### **CLAUSE TWELVE GENERAL PROVISIONS**

12.1. Absence of Succession. With the effective completion of the Share Exchange, Coari will not absorb the assets, rights, obligations and liabilities of BrT, and BrT will maintain its legal personality, becoming a wholly-owned subsidiary of Coari, without succession.

12.2. Auditing the Financial Statements of BrT. In compliance with Article 12 of CVM Instruction No. 319/99, the financial statements of BrT that served as the basis for the Share Exchange were audited by Deloitte Touche Tohmatsu.

12.3. Documents Available to the Shareholders. In compliance with the provisions set forth in Article 3 of CVM Instruction No. 319/99 all documents mentioned in this Protocol and Justification will be made available to the respective shareholders of BrT and Coari as from the date hereof, and may be consulted by their shareholders at the following addresses: (i) SIA SUL ASP, Lot D, Block B, City of Brasília, Federal District, Brazil; and (ii) Rua Humberto de Campos 425, 5<sup>th</sup> floor (part), Leblon, City of Rio de Janeiro, State of Rio de Janeiro, Brazil.

12.4. Notification of the Share Exchange to Authorities. The Share Exchange was analyzed by the National Telecommunications Agency (*Agência Nacional de Telecomunicações*), or ANATEL, the Brazilian federal telecommunications regulator, as of the time of the acquisition of the indirect control of BrT by Telemar. Any other notifications required in connection with the Share Exchange will be submitted to the competent government authorities pursuant to governing law.

12.5. Registration with the U.S. Securities and Exchange Commission. The issuance of new shares by Coari, as a result of the Share Exchange, is conditioned on the effectiveness of the applicable registration with SEC.

12.6. Survival of Valid Clauses. Should any clause, provision, term or condition in this Protocol and Justification be deemed invalid, the other clauses, provisions, terms and conditions hereof not affected by such invalidity will continue to remain in effect.

12.7. Election of Courts of Law. The Central Law Courts of the Rio de Janeiro State Capital Assizes are hereby elected to settle all matters arising from this Protocol and Justification, to the exclusion of any other regardless of how much more privileged it is or may be.

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BEING IN FULL AND FAIR AGREEMENT, the PARTIES execute this Protocol and Justification in 3 (three) copies of identical content and for one sole purpose, together with the undersigned witnesses.

Rio de Janeiro, December 1, 2009.

**BRASIL TELECOM S.A.**

**Name:**  
**Position**

**Name:**  
**Position**  
**COARI PARTICIPAÇÕES S.A.**

**Name:**  
**Position**

**Name:**  
**Position**

Witnesses:

Name:  
ID:

Name:  
ID:

**Appraisal Report**

**APPRAISAL REPORT**

**RJ-0325/09-01**

**1/3 COPIES**

**REPORT:** RJ-0278/09-01

**BASE DATE:** May 31, 2009.

**APPLICANT:** **COARI PARTICIPAÇÕES S.A.**, with its head office located at Rua Humberto de Campos, nº 425, 8º andar (parte), Bairro Leblon, in the city of Rio de Janeiro and state of Rio de Janeiro, registered with the General Roster of Corporate Taxpayers (CNPJ) under No. 04.030.087/0001-09, hereinafter referred to as **COARI**.

**OBJECT:** **BRASIL TELECOM S.A.**, with its head office located at SIA Sul, Lote D, Bloco B 1º andar, SIA, in Brasília, Federal District, registered with the General Roster of Corporate Taxpayers (CNPJ) under No. 76.535.764/0001-43, hereinafter referred to as **BRTO**.

**PURPOSE:** To assess the book net equity value of BRTO's shares for the purpose of its share exchange with COARI, pursuant to articles Nos. 226 and 227 of Law No. 6,404, of 12/15/1976 (Corporate Law).

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## 1. INTRODUCTION

APSYS CONSULTORIA EMPRESARIAL Ltda., hereinafter referred to as APSIS, with its head office located at Rua São José no 90, grupo 1.802, in the City and State of Rio de Janeiro, registered with the General Roster of Corporate Taxpayers (CNPJ) under No 27.281.922/0001-70, was appointed to assess the book net equity value of BRTO s shares for the purpose of its share exchange with COARI, pursuant to articles 226 and 227 of Law No. 6,404 of 12/15/1976 (Corporate Law).

For preparing this report, we have used data and information provided by third parties, in the form of documents and verbal interviews with the client. Estimates used in this process are based on documents and information which include, among others, the following:

Balance Sheet of BRTO as of May 31, 2009.

APSYS has recently performed appraisals for publicly-held companies, for various purposes, of the following companies:

AMÉRICA LATINA LOGÍSTICA DO BRASIL S/A

BANCO PACTUAL S/A

CIMENTO MAUÁ S/A

ESTA-EMPRESA SANEADORA TERRITORIAL AGRÍCOLA S/A.

GEODEX COMMUNICATIONS DO BRASIL S/A

GERDAU S/A

HOTÉIS OTHON S/A

IBEST S/A

L.R. CIA. BRAS. PRODS. HIGIENE E TOUCADOR S/A

LIGHT SERVIÇOS DE ELETRICIDADE S/A

LOJAS AMERICANAS S/A

MINASGÁS S/A DISTRIB. DE GÁS COMBUSTÍVEL

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REPSOL YPF BRASIL S/A

TAM TRANSPORTES AÉREOS MERIDIONAL S/A

WAL PETROLEO S/A

The APSIS team in charge of preparing this report comprises the following professionals:

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## 2. PRINCIPLES AND QUALIFICATIONS

This report strictly complies with the fundamental principles described below.

The consultants do not have any direct or indirect interest in the companies involved or in the operation, nor are there any other relevant circumstances which may characterize a conflict of interest.

To the best of the consultants' knowledge and belief, the analyses, opinions and conclusions expressed in this Report are based on data, diligence, research and surveys that are true and correct.

The report presents all the limiting conditions imposed by the adopted methodologies, which affect the analyses, opinions and conclusions contained therein.

APSiS professional fees are not in any way whatsoever subject to the conclusions of this report.

APSiS assumes full responsibility for the matter of Appraisal Engineering, including implicit appraisals, and for the exercise of its honorable duties, primarily established in the appropriate laws, codes or regulations.

In this report, it is assumed that the information received from third parties is correct, and the sources thereof are contained in said report.

The report was prepared by APSiS and no one other than the consultants themselves prepared the analyses and respective conclusions.

For projection purposes, we start with the premise of the inexistence of liens or encumbrances of any nature, whether judicial or extrajudicial, affecting the companies in question, other than those listed in this report.

This Report complies with the specifications and criteria prescribed by USPAP (Uniform Standards of Professional Appraisal Practice), in addition to the requirements imposed by different bodies and regulations, where applicable, such as: the Ministry of Treasury, the Central Bank of Brazil, Bank of Brazil, CVM (Brazilian Securities and Exchange Commission), SUSEP (Superintendence of Private Insurance), Income Tax Regulations (RIR), etc.

The managers of the companies involved did not direct, restrict, hinder or do any acts which have or may have compromised access to, use or knowledge of information, assets, documents, or work methods applicable to the quality of the respective conclusions contained herein.

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### 3. RESPONSIBILITY LIMITS

To prepare this report, APSIS used historic data and information, audited by third parties or unaudited, and unaudited projected data provided in writing or verbally by the company's management or obtained from the sources mentioned. Therefore, APSIS has assumed as true the data and information obtained for this report and does not have any responsibility in connection with its truthfulness.

The scope of this work did not include an audit of the financial statements or a revision of the work performed by the company's auditors.

Our work was developed for use by the applicant in connection with the previously described objectives. Therefore, it may be disclosed as part of the documents related to the acquisition of control of the BRASIL TELECOM Group, and the mention of this work in related publications is authorized. It may also be filed with the Brazilian Securities and Exchange Commission - CVM and with the U.S. Securities and Exchange Commission - SEC, as well as made available to shareholders and third parties, including through the websites of the involved companies.

We emphasize that understanding of the conclusion of this report will take place by reading it and its attachments in full. Therefore, conclusions from partial reading should not be drawn.

Our work was developed to be used by COARI and the other companies involved in the project, aiming at the previously described objective.

We do not take responsibility for occasional losses to COARI or to other parties as a result of the use of data and information provided by the company and contained herein.

**4. APPRAISAL METHODOLOGY**

Analysis of the previously mentioned supporting documents designed to ascertain whether bookkeeping was accurately conducted and was in compliance with the legal, regulatory, normative, statutory and contractual provisions which govern the matter, within the scope of Generally Accepted Accounting Principles and Conventions .

We examined the balance sheet of BRTO, as well as all other documents required for the preparation of this report, which was prepared on the basis of BRTO s balance sheet for the period ended May 31, 2009.

It was ascertained that the assets and liabilities of BRTO have been duly accounted for.

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**5. NET EQUITY APPRAISAL**

We examined the account books of BRTO, as well as all other documents required for the preparation of this report.

We contemplated the following subsequent events to occur after the base date of this report:

Merger of COPART 2 PARTICIPAÇÕES S.A. (COPART 2) on July, 31, 2009, as per appraisal report prepared by APSIS (RJ-0190/09-04);

Merger of BRASIL TELECOM PARTICIPAÇÕES S.A. (BRTP) on September, 30, 2009, as per appraisal report prepared by APSIS (RJ-0278/09-01);

Goodwill amortization expenses to be recorded for the months of August, September and October 2009, in the amount of R\$ 186,666,757.92 (one hundred eighty six million, six hundred and sixty six thousand, seven-hundred and fifty seven reais and ninety two centavos);

Reversion of goodwill provisions made in the merged company (COPART 2 and BRTP), in the amount of R\$ 70,336,848.76 (seventy million, three hundred and thirty six thousand, eight hundred and forty eight reais and seventy six centavos), according to CVM Instruction No. 319/099, article 6, paragraph 1, and alterations made by CVM Instruction 349/01.

The experts have ascertained that the book net equity value of BRTO, after giving effect to the occurrence of the above-described events stated on the pro forma balance sheet presented on the following page is R\$ 11,115,033,954.78 (eleven billion, one hundred and fifteen million, thirty three thousand, nine hundred and fifty four reais and seventy eight centavos), as of May 31, 2009.

BRASIL TELECOM S.A. BALANCE SHEET (REAIS)	FINANCIAL STATEMENTS AS OF MAY 31, 2009		
	BALANCE	ADJUSTMENTS *	PRO FORMA
<b>TOTAL ASSETS</b>	<b>16,893,641,611.65</b>	<b>5,942,663,653.99</b>	<b>22,836,305,265.64</b>
<b>CURRENT ASSETS</b>	<b>4,420,792,764.17</b>	<b>398,988,034.80</b>	<b>4,819,780,798.97</b>
<b>LONG TERM ASSETS</b>	<b>4,022,569,708.59</b>	<b>1,495,722,248.82</b>	<b>5,518,291,957.41</b>
<b>FIXED ASSETS</b>	<b>8,450,279,138.89</b>	<b>4,047,953,370.37</b>	<b>12,498,232,509.26</b>
<b>Investments</b>	<b>3,939,954,113.29</b>	<b>2,024,160.58</b>	<b>3,941,978,273.87</b>
- Investment in Shares:	3,936,098,488.20	2,024,160.58	3,938,122,648.78
- Nova Tarrafa Participações Ltda.	0.00	1,742,587.87	1,742,587.87
- Nova Tarrafa Inc.	0.00	281,572.71	281,572.71
- 14 Brasil Telecom Celular S.A.	100.0000% 3,001,483,014.68	0.00	3,001,483,014.68
- Brt Serviços de Internet S.A.	100.0000% 340,485,166.43	0.00	340,485,166.43
- Brt Comunicação Multimídia Ltda.	90.4591% 254,560,279.52	0.00	254,560,279.52
- Brasil Telecom Cabos Submarinos Ltda.	100.0000% 277,936,182.66	0.00	277,936,182.66
- Internet Group do Brasil S.A.	13.6450% 33,207,674.95	0.00	33,207,674.95
- Brasil Telecom Cal Center S.A.	100.0000% 18,316,176.61	0.00	18,316,176.61
- VANT Telecomunicações S.A.	100.0000% 2,215,986.06	0.00	2,215,986.06
- Brt Card Serviços Financeiros Ltda.	100.0000% 7,894,007.29	0.00	7,894,007.29
- Goodwill (fixed assets and license)	0.00	0.00	0.00
- Amort. Of Goodwill (fixed assets and license)	0.00		
- Provision for Maintenance of Asset Approach Integrity	0.00		
- Other Investments	3,855,625.09	0,00	3,855,625.09
<b>Property, Plant and Equipment</b>	<b>3,982,482,124.89</b>	<b>1,830,052,636.85</b>	<b>5,812,534,761.74</b>
<b>Intangible</b>	<b>527,842,900.71</b>	<b>2,215,876,572.94</b>	<b>2,743,719,473.65</b>

\* Considering the mergers with COPART 2 and BRTP with amortization adjustments and reversion of goodwill provision.

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BRASIL TELECOM S.A.	FINANCIAL STATEMENTS AS OF MAY 31, 2009		
BALANCE SHEET (REAIS)	BALANCE	ADJUSTMENTS *	PRO FORMA
<b>TOTAL LIABILITIES</b>	<b>11,566,774,307.71</b>	<b>154,497,003.15</b>	<b>11,721,271,310.86</b>
<b>CURRENT LIABILITIES</b>	<b>4,504,676,287.96</b>	<b>142,983,997.90</b>	<b>4,647,660,285.86</b>
<b>LONG TERM LIABILITIES</b>	<b>7,062,098,019.75</b>	<b>11,513,005.25</b>	<b>7,073,611,025.00</b>
<b>EQUITY</b>	<b>5,326,867,303.94</b>	<b>5,788,166,650.84</b>	<b>11,115,033,954.78</b>
Share Capital	3,470,758,351.96	260,300,598.32	3,731,058,950.28
Capital reserve	1,485,657,985.26	5,644,195,961.69	7,129,853,946.95
- Special Reserve for Goodwill	0.00	4,228,225,871.30	4,228,225,871.30
- Special Reserve for Net Assets	0.00	1,415,970,090.39	1,415,970,090.39
- Other Capital Reserve	1,485,657,985.26	0.00	1,485,657,985.26
Profit Reserves	1,431,947,532.02	0.00	1,431,947,532.02
Accumulated Profit or Loss	(912,073,265.58)	(116,329,909.17)	(1,028,403,174.75)
Treasury Stocks	(149,423,299.72)	0.00	(149,423,299.72)
<b>Outstanding Shares</b>	<b>547,718,733</b>		<b>589,788,990</b>
<b>Value per Share</b>	<b>9.725553</b>		<b>18.845781</b>

\* Considering the mergers with COPART 2 and BRTP with amortization adjustments and reversion of goodwill provision.

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REPORT RJ-0325/09-01

**6. CONCLUSION**

In the light of the audit performed of the previously mentioned documents and on the basis of APSIS analyses, the experts have concluded that the book net equity value of BRTO, having contemplated the previously mentioned subsequent events, is equivalent to R\$ 11,115,033,954.78 (eleven billion, one hundred and fifteen million, thirty three thousand, nine hundred and fifty four reais and seventy eight centavos) or R\$ 18.845781 (eighteen reais and eighty-four point five, seven, eight, one centavos) per share, as of May 31, 2009.

Having concluded Report **RJ-0325/09-01**, which consists of 11 (eleven) pages typed on one side and 02 (two) attachments and reproduced in 03 (three) original counterparts, APSIS Consultoria Empresarial Ltda., CREA/RJ 82.2.00620-1 and CORECON/RJ RF/2.052-4, a company specializing in the appraisal of assets, legally represented by the signatories below, makes itself available for any clarifications which may be necessary.

Rio de Janeiro, September 10, 2009.

**RICARDO DUARTE CARNEIRO  
MONTEIRO**

Managing Partner

**LUIZ PAULO CESAR SILVEIRA**

Director

**WASHINGTON FERREIRA BRAGA**

Accountant (CRC/RJ 024100-6 / CVM 6734)

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**7. LIST OF ATTACHMENTS**

1. SUPPORTING DOCUMENTS

2. GLOSSARY

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REPORT RJ-0325/09-01

**ATTACHMENT 1**

**SUPPORTING DOCUMENTS**

## Brasil Telecom Participações S,A

## Verification balance

May/2009

VERIFICATION BALANCE	Actual balance
<b>CLOSING VERIFICATION</b>	
100000000 - TOTAL ASSETS	16,893,641,611.65
1110000000 - CURRENT ASSETS	4,420,792,764.17
1110000000 - CASH AND CASH EQUIVALENTS	671,717,489.96
1121000000 - ACCOUNTS RECEIVABLE - SERVICES PROVIDED	1,852,399,741.78
1122000000 - ACCOUNTS RECEIVABLE - GOODS SOLD	567,470.59
1123000000 - OTHER ACCOUNTS RECEIVABLE	86,027,566.58
1124000000 - TAX CREDITS RECOVERABLE / TO OFFSET	895,148,699.76
1125000000 - FINANCIAL INVESTMENTS IN SECURITIES AND/OR FUNDS	66,432,208.20
1127000000 - ESCROW DEPOSITS	719,758,101.65
1128000000 - FINANCIAL INVESTMENTS	16,837,419.96
1131000000 - FINANCIAL INVESTMENTS FOR THE NEXT PERIOD	85,331,364.94
1133000000 - ASSETS FOR SALE	753,615.28
1134000000 - MAINTENANCE INVENTORIES	2,333,303.76
1135000000 - ADVANCES TO SUPPLIERS	23,485,781.71
1200000000 - LONG-TERM MONETARY REALIZABLE RIGHTS	4,022,569,708.59
1220000000 - LONG-TERM MONETARY REALIZABLE RIGHTS	4,016,431,734.90
1221000000 - ACCOUNTS RECEIVABLE - SERVICES PROVIDED	8,073,489.35
1223000000 - ADVANCES OF OTHER ACCOUNTS RECEIVABLE	112,940,155.97
1224000000 - TAX CREDITS RECOVERABLE / TO OFFSET	1,421,466,334.91
1225000000 - FINANCIAL INVESTMENTS IN SECURITIES AND/OR FUNDS	10,666,977.70
1227000000 - ESCROW DEPOSITS	2,457,259,693.30
1228000000 - FINANCIAL INVESTMENTS	6,025,083.67
1230000000 - MONETARY REALIZABLE RIGHTS - LONG-TERM	6,137,973.69
1231000000 - FINANCIAL INVESTMENTS FOR THE NEXT PERIOD	6,137,912.68
1237000000 - CAPITALIZABLE INVESTMENTS	61.01
1310000000 - INVESTMENTS	3,947,311,849.69
1320000000 - PROPERTY, PLANT AND EQUIPMENT	27,724,150,498.35
1360000000 - DEPRECIATION AND AMORTIZATION	(23,221,183,209.15)
2000000000 - TOTAL LIABILITIES	(16,893,641,611.65)
2100000000 - CURRENT LIABILITIES	(4,504,676,287.96)
2120000000 - CURRENT MONETARY LIABILITIES	(4,504,676,287.96)
2121000000 - PAYROLL AND RELATED ACCRUALS	(84,646,640.39)
2122000000 - MATERIALS AND SERVICES	(1,202,278,012.17)
2124000000 - TAXES	(800,076,932.65)
2125000000 - CAUTIONS/RETENTIONS/THIRD PARTY CONSIGNATIONS	(92,124,743.23)
2126000000 - PROFIT SHARING PAYABLE	(329,727,677.30)
2127000000 - OTHER LIABILITIES	(500,397,383.14)
2127100000 - PROVISIONS FOR CONTINGENCIES	(372,151,256.44)
2127200000 - PROVISIONS FOR PENSION FUND	(40,076,336.67)
2127300000 - ADVANCES FROM THIRD PARTIES	(27,259,557.22)
2127400000 - PENSION FUND	(40,606.54)
2127800000 - OTHER LIABILITIES	(60,869,626.27)
2128000000 - LOANS AND FINANCING	(1,495,424,899.08)
2200000000 - LONG-TERM LIABILITIES	(7,062,098,019.75)
2220000000 - LONG-TERM MONETARY LIABILITIES	(7,054,124,379.09)
2221000000 - PAYROLL AND RELATED ACCRUALS	
2224000000 - TAXES	(481,999,344.11)
2227000000 - OTHER LIABILITIES	(2,956,480,730.09)
2227100000 - PROVISIONS FOR CONTINGENCIES	(2,312,621,365.29)

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222720000 - OTHER PROVISIONS	(607,506,531.47)
222723000 - PROVISIONS FOR PENSION FUND	(607,506,531.47)
222730000 - ADVANCES FROM THIRD PARTIES	(34,055,306.83)
222740000 - PENSION FUND - LONG TERM	(572,526.70)
222780000 - OTHER LIABILITIES	(1,724,999.80)
222800000 - LOANS AND FINANCING	(3,615,644,304.89)
212000000 - NON MONETARY LIABILITIES - LONG TERM	(7,973,640.66)
223700000 - CAPITALIZABLE RESOURCES	(7,973,640.66)
250000000 - SHAREHOLDERS EQUITY	(5,326,867,303.94)
251000000 - SHARE CAPITAL	(3,470,758,351.96)
252100000 - CAPITAL RESERVES	(1,485,657,985.26)
252300000 - PROFIT RESERVES	(1,431,947,532.02)
253000000 - RETAINED EARNINGS	912,073,265.58
254000000 - TREASURY SHARES	149,642,646.16
256000000 - STOCK OPTIONS	(219,346.44)



**Brasil Telecom Participações S,A****Verification balance****May/2009**

<b>VERIFICATION BALANCE</b>	<b>Actual balance</b>
300000000 - EXPENSES	
310000000 - OPERATING EXPENSES	
311000000 - COST OF SERVICES PROVIDED	2,034,155,992.89
312000000 - SELLING EXPENSES	568,938,613.62
313000000 - GENERAL NAD ADMINISTRATIVE EXPENSES	264,150,667.68
314000000 - INFORMATION TECHNOLOGY	124,024,346.77
350000000 - OTHER OPERATING EXPENSES	2,232,681,244.55
360000000 - FINANCIAL EXPENSES	253,543,661.49
370000000 - NON-OPERATING EXPENSES	14,510,729.35
380000000 - DEDUCTIONS / STAKEHOLDINGS	1,105,560,093.19
381000000 - CORPORATE TAX	(325,636,740.92)
382000000 - SOCIAL CONTRIBUTION	(115,327,689.17)
385000000 - GROSS REVENUE DEDUCTIONS	1,546,524,523.28
400000000 - REVENUES	
410000000 - VOICE COMMUNICATION SERVICES	(4,612,874,407.40)
420000000 - DATA TRANSMISSION SERVICES	(245,790,452.16)
430000000 - INTERNET SERVICES	(1,407,023,348.21)
440000000 - OTHER REVENUES FROM MAJOR ACTIVITIES	(2,326,669.72)
449000000 - OTHER REVENUES FROM ACTIVITIES	(2,872,167.24)
450000000 - OTHER OPERATING REVENUES	(203,900,367.92)
460000000 - FINANCIAL INCOME	(132,593,068.32)
470000000 - NON-OPERATING - REVENUE	(8,460,626.38)
480000000 - DISCOUNTS	941,864,316.53

**ATTACHMENT 2**

**GLOSSARY**

## GLOSSARY

**ASSETS APPROACH** - valuation methodology in which all assets and liabilities (including unregistered ones) have their value adjusted according to their market values.

**BETA** - measurement of a stock systematic risk, price trend of a certain stock to be related to changes in a certain index.

**BUSINESS RISK** - uncertainty level for realizing future returns expected for the business, which do not result from financial leverage.

**CAPITAL STRUCTURE** - breakdown of the capital invested in a company, including own capital (equity) and third-party capital (indebtedness).

**CAPITALIZATION** - conversion of a simple period of economic benefits into value.

**CAPITALIZATION RATE** - any divisor used for converting economic benefits into value in a simple period.

**CAPM** - Capital Asset Pricing Model - model in which the cost of capital for any stock or group of stocks is equivalent to the risk-free rate added to a risk premium, provided by the systematic risk of the stock or group of stocks under analysis.

**CASH FLOW** - cash generated by an asset, group of assets or company during a certain period of time. Usually, such term is complemented by a qualification, depending on the context (operating, non-operating, etc)

**COMPANY** - commercial, industrial, service or investment entity performing an economic entity.

**CONSTRUCTION EQUIVALENT AREA** - constructed area on which the corresponding construction unit cost equivalence is applied, as provided by the principles of NB-140 of ABNT (Brazilian Association of Technical Rules).

**CONTROL** - power to direct the company's management.

**CONTROLLING PREMIUM** - value or percentage of a controlling stocks pro rata value over the non-controlling stocks pro rata value, which reflect controlling power.

**COST OF CAPITAL** - expected return rate required by the market for attracting funds for a determined investment.

**CURRENT VALUE** - value for replacing an existing asset for a new one, depreciated according its physical conditions.

**DISCOUNT FOR LACK OF CONTROL** - value or percentage deducted from the 100%-pro rata value of a company value, which reflects the lack of part or whole control.

**DISCOUNT FOR LACK OF LIQUIDITY** - value or percentage deducted from the 100% pro rata value of a company value, which reflects the lack of liquidity.

**DISCOUNT RATE** - any divisor used for converting a future economic benefit flow into present value.

**EBITDA** - Earnings Before Interest, Taxes, Depreciation and Amortization.

**ECONOMIC BENEFIT** - benefits such as revenues, net income, net cash flow, etc.

**ELECTRIC DAMAGE VALUE** - estimation of the cost for repairing or replacing the parts of an asset in case of electric damage. Values are scheduled in percentages of the Replacing Value and were calculated through manual analysis of the equipment and the repairing maintenance expertise of APSIS technicians.

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**FAIR MARKET VALUE** - value for which a certain asset changes ownership between a potential seller and a potential buyer, when both parties are aware of relevant facts and none of them are under pressure to make the deal.

**GOODWILL** - intangible asset referring to name, reputation, client portfolio, loyalty, localization and other similar items that cannot be identified separately.

**HOMOGENIZED AREA** - usable, private or constructed area with mathematical treatments for valuation purposes, according to criteria set forth by APSIS, based on the real state market.

**INCOME APPROACH** - valuation methodology by converting to present value expected economic benefits.

**INSURANCE MAXIMUM VALUE** -the maximum value of an asset for which it is advisable to insure it. Such criterion establishes that the asset which depreciation is higher than 50% should have a Insurance Maximum Value equivalent to twice the Current Value; and, an asset which depreciation is lower than 50%, should have a Insurance Maximum Value equivalent to the Replacing Value.

**INSURANCE VALUE** -the value for which the insurance company assumes the risks, excluding land and foundations, except in special cases.

**INTANGIBLE ASSETS** - non-physical assets such as brands, patents, rights, contracts, industrial secrets that provide the owner with rights and values.

**INTERNAL RETURN RATE** - discount rate in which the present value of the future cash flow is equivalent to the investment cost.

**INVESTED CAPITAL** - sum of own capital and third-party capital invested in a company. Third-party capital is usually related to debts with short and long term interest to be specified in the valuation context.

**INVESTED CAPITAL CASH FLOW** - cash flow generated by the company to be reverted to financiers (interests and amortizations) and shareholders (dividends) after operating costs and expenses and capital expenditures.

**INVESTMENT VALUE** - value for a particular investor, based on particular interests for a certain asset such as synergy with other companies of a investor, different perceptions of risk and future performances, etc.

**ISSUE DATE** - date on which the valuation report is issued, when valuation conclusions are presented to the client.

**LEVERAGED BETA** - beta value reflecting the indebtedness in the capital structure.

**LIQUIDATION VALUE** - the value of a sale in the market, out of its original productive process. In other words, it is the value that would be verified in case the asset was deactivated and put up for sale separately, considering costs of disassembly or demolition (in case of real estate), storage and transportation.

**LIQUIDITY** - capacity to rapidly convert a certain asset into cash or into a debt payment.

**MARKET APPROACH** - valuation methodology, which utilizes multiples that result from the sale price of similar assets.

**MARKET NET EQUITY** - see assets approach.

**MULTIPLE** - market value of a company, stock or invested capital, divided by a company's measurement (revenues, income, client volume, etc.).



**NON-OPERATING ASSETS** assets that are not directly related to the company operating activity (whether they generate revenue or not) and that may be sold without affecting its operation.

**OPERATING ASSETS** assets that are necessary for the company's operations.

**PERPETUITY VALUE** value at the end of the projective period to be added to the cash flow.

**PRESENT VALUE** value of a future economic benefit on a specific date, calculated by the application of a discount rate.

**PRIVATE AREA** usable area including building elements (such as walls, columns, etc.) and elevators hall (in some cases).

**REFERENCE DATE** specific date (day, month and year) to apply the valuation.

**RESIDUAL VALUE** the value of a new or old asset projected for a certain date, limited to the date on which such asset turns into scrap, considering that during such period of time, the asset will be operating.

**REPLACING VALUE (FOR A NEW ASSET)** value based on the price (usually at market current prices) or replacing an asset for a new equal or similar one.

**SCRAP VALUE** the asset value at the end of its useful life, considering its disassembly or demolition value (in case of real estate), storage and transportation.

**SUPPORTING DOCUMENTATION** discount rate is a return rate used to convert into present value a payable or receivable amount.

**TANGIBLE ASSETS** physical assets such as lands, constructions, machines and equipment, furniture and appliances, etc.

**USEFUL AREA** usable area of real estate, measured by the internal face of its walls.

**USEFUL LIFE** period of time during which an asset may generate economic benefits

**VALUATION** act or process through which the value of a company, stock interest or other asset is determined.

**VALUATION METHODOLOGY** the approaches used for preparing value calculations in order to indicate the value of a company, stock interest or other asset.

**VALUE** price denominated in monetary quantity.

**WACC (Weighted Average Cost of Capital)** model in which the cost of capital is determined by the weighted average of the value.

**Appraisal of the Net Worth of BrT and Coari at Market Prices**



**APPRAISAL REPORT**

**RJ-0325/09-02**

1/3 COPIES

**REPORT:** RJ-0278/09-02

**BASE DATE:** May 31, 2009

**APPLICANT:** **TELE NORTE LESTE PARTICIPAÇÕES S.A.**, with its head office located at Rua Humberto de Campos, 425, 8º andar, Leblon, in the city of Rio de Janeiro, State of Rio de Janeiro, registered with the General Roster of Corporate Taxpayers (CNPJ) under number 02.558.134/0001-58, hereinafter referred to as **TNL**.

**OBJECTS:** **BRASIL TELECOM S.A.**, with its head office located at SIA Sul, Lote D, Bloco B 1º andar, SIA, Brasília, Distrito Federal, registered with the General Roster of Corporate Taxpayers (CNPJ) under number 76.535.764/0001-43, hereinafter referred to as **BrT, and;**

**COARI PARTICIPAÇÕES S.A.**, with its head office located at Rua Humberto de Campos, nº 425, 8º andar (parte), Bairro Leblon, in the city of Rio de Janeiro, State of Rio de Janeiro, registered with the General Roster of Corporate Taxpayers (CNPJ) under number 04.030.087/0001-09, hereinafter referred to as **COARI**.

**PURPOSE:** Calculation of the Net Equity of both **BrT** and **COARI**, following the appraisal of the equity of each of these companies pursuant to the same criteria and as of the same date, at market prices, for the purposes of article 264 of Law number 6,404 of 12/15/1976 (Corporate Law).

**EXECUTIVE SUMMARY**

AP SIS CONSULTORIA EMPRESARIAL Ltda. (AP SIS) was hired by TNL to calculate the Net Equity of each of BrT and COARI, following the appraisal of the equity of each of these companies pursuant to the same criteria and as of the same date, at market prices, for the purposes of article 264 of Law number 6,404 of 12/15/1976 (Corporate Law).

The technical procedures used in this report are in accordance with the criteria set forth by appraisal standards. Appraisal calculations to assess the value of assets were devised on the basis of the income, asset and market approaches.

This report presents the market values of the companies' assets and liabilities used to adjust the book Net Equity of each of BrT and COARI through asset approaches.

**ACQUISITION OF THE BRASIL TELECOM GROUP: SUMMARY OF THE OPERATION**

On January 8, 2009, TELEMAR NORTE LESTE S.A. ( TMAR ) acquired, through its subsidiary COPART 1 PARTICIPAÇÕES S.A. ( COPART 1 ), the shareholding control of Brasil Telecom Participações S.A. ( BrT PART ) and BrT, indirectly becoming owner of 81,092,986 ordinary shares issued by BrT PART, which is equivalent to 61.2% of the voting capital.

The required investment for the acquisition was R\$ 5,371,098,527.04 (five billion, three hundred and seventy-one million, ninety-eight thousand, five hundred and twenty-seven reais and four centavos), which represents the amount of R\$ 77.04 (seventy-seven reais and four centavos) per share, in connection with an agreed upon price of R\$ 5,863,495,791.40 (five billion, eight hundred and sixty-three million, four hundred and ninety-five thousand, seven hundred and ninety-one reais and forty centavos) updated for the daily average variation of the Interbank Deposit Certificate (CDI) less the net debt of R\$ 998,053,465.69 (nine hundred and ninety-eight million, fifty-three thousand, four hundred and sixty-five reais and sixty-nine centavos) of INVITEL S.A. ( INVITEL ), which entity was subsequently merged into COPART 1, and finally adjusted for the stated revenues between January 1st, 2009 and the closing date.

The acquisition of BrT and its subsequent integration into TMAR's operations, will give rise to a telecommunications company with 100% national shareholder control, present throughout the Brazilian territory and with the managerial, operational and financial capacity to expand its operations, including on an international basis.

As described in the Material Fact Change of Shareholder Control , published on January 8, 2009, the following steps will be followed:

1. Conclusion of Mandatory Public Offerings for the Acquisition of Shares;
2. Corporate reorganization of the companies involved in the operation;
3. Approval, introduction or registration of various regulatory bodies;
4. Creation of one or more American Depositary Share programs by TMAR.

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## SUMMARY OF RESULTS

The tables below present an overview of the Net Equity at market prices of the companies involved in the operation, as of the base date of this report:

BRASIL TELECOM S.A.	FINANCIAL STATEMENT		
BALANCE SHEET (THOUSAND REAIS)	Balance as of 5/31/2009 *	Market Adjustments	ADJUSTED BALANCE
<b>CURRENT ASSETS</b>	<b>4,819,781</b>	<b>(37,454)</b>	<b>4,782,327</b>
<b>LONG TERM ASSETS</b>	<b>5,518,292</b>	<b>(6,138)</b>	<b>5,512,154</b>
<b>FIXED ASSETS</b>	<b>12,498,233</b>	<b>17,454,680</b>	<b>29,952,913</b>
<b>Investment</b>	<b>3,941,978</b>	<b>636,980</b>	<b>4,578,959</b>
- Investment in Shares:	3,938,123	640,836	4,578,959
- Nova Tarrafa Participações Ltda. 100.0000%	1,743	(3,724)	(1,981)
- Nova Tarrafa Inc. 100.0000%	282	(349)	(67)
- 14 Brasil Telecom Celular S.A. 100.0000%	3,001,483	513,319	3,514,802
- Brasil Telecom Serviços de Internet S.A. 100.0000%	340,485	23,792	364,277
- Brasil Telecom Comunicação Multimídia Ltda. 90.4591%	254,560	52,390	306,950
- Brasil Telecom Cabos Submarinos Ltda. 100.0000%	277,936	38,994	316,930
- Internet Group do Brasil S.A. 13.6450%	33,208	16,433	49,641
- Brasil Telecom Cal Center S.A. 100.0000%	18,316	(18)	18,298
- VANT Telecomunicações S.A. 100.0000%	2,216		2,216
- Brasil Telecom Card Serviços Financeiros Ltda. 100.0000%	7,894		7,894
- Goodwill (fixed assets and license)			
- Amort. Of Goodwill (fixed assets and license)			
- Provision for Maintenance of Asset Approach Integrity			
- Other Investments	3,856	(3,856)	(0)
<b>Property, Plant and Equipment</b>	<b>5,812,535</b>	<b>4,922,797</b>	<b>10,734,876</b>
- Work in Progress	285,178		285,178
- Automatic Equipment	157,428	1,022,182	1,179,610
- Transmission Equipment	1,250,561	3,206,450	4,457,011
- Communication Data Equipment	648,310	981,262	1,629,572
- Infrastructure	973,998	421,206	1,395,204
- Terminals	33,846	90,256	124,102
- Land	83,055	154,775	237,831
- Buildings	342,973	687,902	1,030,875
- General Goods	207,588	188,361	395,949
- Goodwill from Property, Plant and Equipment	2,105,290	(2,105,290)	
- Goodwill Amort. from Property, Plant and Equipment	(275,693)	275,693	
<b>Intangible</b>	<b>2,743,719</b>	<b>11,894,903</b>	<b>14,638,622</b>
- Goodwill	7,358		7,358
- Data Processing System	468,506		468,506
- Brands and Patents	343		343
- Regulatory License	51,636	14,110,779	14,162,415
- Goodwill from License	6,867,895	(6,867,895)	
- Goodwill Amortization from License	(350,611)	350,611	
- Provision for Maintenance of Asset Approach Integrity	(4,301,407)	4,301,407	
<b>TOTAL ASSETS</b>	<b>22,836,305</b>	<b>17,411,088</b>	<b>40,247,393</b>

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\* After giving effect to the merger of COPART 2 and BrT with an amortization adjustment and reversion of goodwill provision.

BRASIL TELECOM S.A.

FINANCIAL STATEMENT

BALANCE SHEET (THOUSAND REAIS)	Balance as of 5/31/2009 *	Market Adjustments	ADJUSTED BALANCE
<b>CURRENT LIABILITIES</b>	<b>4,647,660</b>	<b>(16,313)</b>	<b>4,631,347</b>
Loans and Financing	1,420,555		1,420,555
Debentures	74,961		74,961
Accounts Payable	1,202,611	(16,313)	1,186,298
Interest, Taxes and Contributions	830,945		830,945
Dividends Payable	362,471		362,471
Personnel, Social Benefits and Charges	84,651		84,651
Related Party Consignations	92,125		92,125
Provision for Contingencies	372,366		372,366
Provision for Pension and Other Benefits	40,117		40,117
Advance to Clients	27,260		27,260
Other Accounts Payable	139,600		139,600
<b>LONG TERM LIABILITIES</b>	<b>7,073,611</b>	<b>(536,132)</b>	<b>6,537,479</b>
Loans and Financing	2,535,644		2,535,644
Debentures	1,080,000		1,080,000
Interest, Taxes and Contributions	490,265	(561,252)	(70,987)
Provision for Contingencies	2,315,868	25,120	2,340,988
Provision for Pension and Other Benefits	608,079		608,079
Advance to Clients	34,055		34,055
Other Accounts Payable	9,700		9,700
<b>EQUITY</b>	<b>11,115,034</b>	<b>17,963,533</b>	<b>29,078,567</b>
Share Capital	3,731,059		3,731,059
Capital reserve	7,129,854	(4,228,226)	2,901,628
- Special Reserve for Goodwill	4,228,226	(4,228,226)	
- Special Reserve for Net Assets	1,415,970		1,415,970
- Other Capital Reserve	1,485,658		1,485,658
Profit Reserves	1,431,948		1,431,948
Accumulated Profit or Loss	(1,028,403)		(1,028,403)
Treasury Stocks	(149,423)		(149,423)
Market Adjustments		22,191,759	22,191,759
<b>TOTAL LIABILITIES</b>	<b>22,836,305</b>	<b>17,411,088</b>	<b>40,247,393</b>

\* After giving effect to the merger of COPART 2 and BrT with an amortization adjustment and reversion of goodwill provision.

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**PARTICIPAÇÕES**

S.A.	FINANCIAL STATEMENT		
BALANCE SHEET (THOUSAND REAIS)	Balance as of 5/31/2009 *	Market Adjustments	ADJUSTED BALANCE
<b>CURRENT ASSETS</b>	<b>14,264</b>		<b>14,264</b>
Available Funds	2		2
Dividends and Interest Receivable	14,262		14,262