

Edgar Filing: BRASIL TELECOM SA - Form 425

BRASIL TELECOM SA  
Form 425  
May 13, 2008

Filed by Telemar Norte Leste S.A.

Pursuant to Rule 425 of the Securities Act of 1933

Subject Company: Brasil Telecom S.A.

Commission File No.: 001-15256

Acquisition of Brasil  
Telecom  
May 2008

1  
Additional Information and Where to Find It  
This  
presentation  
is  
for  
informational  
purposes

only  
and  
is  
not  
an  
offer  
to  
purchase  
or  
a  
solicitation  
of  
an  
offer  
to  
sell  
any  
shares  
of  
Brasil  
Telecom  
Participações  
S.A.  
( B RTP )  
or  
Brasil  
Telecom  
S.A.  
( BR TO ).  
The  
proposed  
tender  
offers  
for  
the  
outstanding  
common  
shares  
and  
a  
portion  
of  
the  
preferred  
shares  
of  
B RTP  
and  
BR TO  
described

in  
this  
presentation  
have  
not  
commenced.

Any  
offer  
to  
purchase  
or  
the  
solicitation  
of  
an  
offer  
to  
sell

(1)  
any  
preferred  
shares  
of  
B RTP,  
including  
the  
preferred  
shares  
underlying  
B RTP s  
American  
Depositary  
Receipts,

(2)  
any  
preferred  
shares  
of  
B RTO,  
including  
the  
preferred  
shares  
underlying  
B RTO s  
American  
Depositary  
Receipts,

or  
(3) common

shares  
of  
B RTP  
or  
B RTO  
will  
be  
made  
only  
pursuant  
to  
offers  
to  
purchase  
and  
related  
materials  
that  
Telemar  
Norte  
Leste  
S.A.  
( TMAR )  
intends  
to  
file  
with  
the  
U.S.  
Securities  
and  
Exchange  
Commission  
(the  
Commission )  
upon  
commencement  
of  
these  
offers.  
TMAR  
urges  
shareholders  
who  
are  
eligible  
to  
participate  
in  
any

of  
these  
tender  
offers  
to  
carefully  
read  
the  
offers  
to  
purchase  
and  
related  
materials  
relating  
to  
the  
offer  
or  
offers  
in  
which  
they  
are  
eligible  
to  
participate  
when  
they  
become  
available  
and  
prior  
to  
making  
any  
decisions  
with  
respect  
to  
that  
tender  
offer  
as  
these  
documents  
will  
contain  
important  
information

about  
that  
tender  
offer.  
Following  
the  
filing  
with  
the  
Commission  
of  
(1)  
the  
offers  
to  
purchase  
and  
related  
materials  
relating  
to  
the  
offers  
for  
the  
common  
shares  
and/or  
the  
preferred  
shares  
of  
B RTP  
and/or  
B RTO,  
or  
(2)  
any  
other  
tender  
offer  
materials  
related  
to  
the  
offers  
for  
the  
common  
shares

and/or  
the  
preferred  
shares  
of  
B RTP  
and/or  
BR TO,  
shareholders  
of  
B RTP  
and  
BR TO  
will  
be  
able  
to  
obtain  
the  
filed  
documents  
free  
of  
charge  
on  
the  
Commission s  
website  
at  
[www.sec.gov](http://www.sec.gov)  
or  
from  
TMAR.  
This  
presentation  
is  
also  
being  
made  
in  
respect  
of  
(1)  
the  
proposed  
merger  
(incorporação)  
of  
B RTP  
with

and  
into  
BRTO,  
and  
(2)  
the  
proposed  
merger  
(incorporação)  
of  
BRTO  
with  
and  
into  
TMAR.  
In  
connection  
with  
the  
proposed  
merger  
of  
BRTP  
with  
and  
into  
BRTO,  
TMAR  
plans  
to  
cause  
BRTO  
to  
file  
with  
the  
Commission  
(1)  
a  
registration  
statement  
on  
Form  
F-4,  
containing  
a  
prospectus  
which  
will  
be

mailed  
to  
the  
shareholders  
of  
BRTP,  
and  
(2)  
other  
documents  
regarding  
this  
proposed  
merger.  
In  
connection  
with  
the  
proposed  
merger  
of  
BRTO  
with  
and  
into  
TMAR,  
TMAR  
plans  
to  
file  
with  
the  
Commission  
(1)  
a  
registration  
statement  
on  
Form  
F-4,  
containing  
a  
prospectus  
which  
will  
be  
mailed  
to  
the  
shareholders

of  
BRTO,  
and  
(2)  
other  
documents  
regarding  
the  
proposed  
merger.  
TMAR  
urges  
investors  
and  
security  
holders  
to  
carefully  
read  
the  
relevant  
prospectus  
and  
other  
relevant  
materials  
when  
they  
become  
available  
as  
they  
will  
contain  
important  
information  
about  
the  
proposed  
mergers.  
Investors  
and  
security  
holders  
will  
be  
able  
to  
obtain  
the

documents  
filed  
with  
the  
Commission  
regarding  
the  
proposed  
mergers,  
when  
available,  
free  
of  
charge  
on  
the  
Commission's  
website  
at  
[www.sec.gov](http://www.sec.gov)  
or  
from  
TMAR.

Agenda  
2  
The  
Restructuring  
of  
Telemar  
Participações

Proposed Transaction: BrTP  
Acquisition  
Expected Benefits

3  
3  
The Restructuring of  
Telemar  
Participações

4

Ownership Restructuring -  
Telemar Participações

\*

Oi employees

pension fund. \*\* Pension funds: Previ, Petros, Funcef, FASS and Telos

Current

Ownership

Total

FASS

Fundação Atlântico\*

3

Subtotal

BNDESPAR

4  
FIAGO\*\*  
5  
ALUTRENS  
6  
ASSECA  
7  
LEXPART  
8  
2  
1  
LF TELECOM  
AG TELECOM  
% ONs  
100.00  
4.00  
24.55  
25.00  
19.90  
10.00  
10.275  
10.275  
10.275  
10.275  
AG TELECOM  
1  
LF TELECOM  
2  
FASS  
Fundação Atlântico\*  
3  
Subtotal  
BNDESPAR  
4  
Post Restructuring  
Ownership  
Total  
PREVI  
5  
PETROS  
6  
FUNCEF  
7  
19.34  
19.34  
11.50  
50.18  
% ONs  
100.00  
16.86

12.96  
10.00  
10.00

5  
5  
The Proposed Transaction

6  
Corporate Structure  
Current  
Structures  
ON: 53.8%  
PN: 0.0%  
Total: 17.9%  
ON: 97.4%  
PN: 79.4%  
(1)  
Total: 87.5%

(1)  
ON: 51.6%  
PN: 0.0%  
Total: 18.9%  
ON: 99.1%  
PN: 40.6%  
Total: 67.3%

(1) Includes preferred shares held directly by TmarPart

100%  
100%  
TmarPart  
TNE  
TMAR  
Oi  
Invitel/  
Solpart  
BRTP  
BRTO  
BRT GSM



7  
Simplified Structure of the Acquisition of Brasil  
Telecom

TMAR  
acquires  
the  
control  
of  
BrTP  
Step 6

Merger  
( Incorporação )  
of  
Invitel  
/  
Solpart  
into  
Brasil  
Telecom  
Participações  
(BRT)  
Step 8

Merger  
( Incorporação )  
of  
Brasil  
Telecom  
Participações  
(BRT)  
into  
Brasil  
Telecom  
(BTM)  
Step 9

Brasil  
Telecom  
(BTM)  
share  
exchange  
( Incorporação  
de  
Ações )  
into  
TMAR  
Step 10

TMAR  
makes  
a  
voluntary  
tender  
offer  
for  
1/3  
of  
the  
free-float  
of  
preferred  
shares  
of  
Brasil  
Telecom  
Participações  
and  
Brasil  
Telecom:  
BRTP4 (R\$30.47) and BRTO4 (R\$23.42)  
Step 3

Commission  
Agent  
transfers  
the  
right  
to  
purchase  
Invitel  
share  
to  
TMAR  
Step 5

TMAR  
makes  
the  
tag-along  
tender  
offer  
for  
common  
shares  
held  
by  
Brasil  
Telecom

Participações  
(BRT)  
and  
Brasil  
Telecom  
(BTM)  
minority shareholders: BRTP3 (R\$57.85) and BRTO3 (R\$54.31)  
Step 7

TMAR  
contracts  
a  
Commission  
Agent  
to  
purchase  
Invitel  
/  
Solpart  
(BrTP  
majority  
shareholders)  
Step 1

TMAR  
releases  
Material  
Fact  
with  
details  
of  
the  
operation  
Step 2

Up to September/08  
Extraordinary dividend payment  
Step 4  
Regulatory approval (ANATEL and CADE)

8

Corporate Structure

Final Structure

ON: 100%

PN: 100%

Total: 100%

ON: 88.3%

PN: 46.4%

(1)

Total: 62.2%

(1)

(1) Includes preferred shares held directly by TmarPart

TmarPart

TNE  
TMAR  
BRTO

9  
Voluntary Tender Offers, Mandatory Tender Offers (tag along) and

Mergers

Tender Offers

Prices

Mandatory tender offers:

BRTP3:

R\$ 57.85

BRTO3:

R\$ 54.31

Voluntary tender offers :

BRTP4:

R\$ 30.47

BRTO4:

R\$ 23.42

NOTE: BRTP3/4: Brasil Telecom

Participações

ON/PN;

BRTO3/4:

Brasil

Telecom

S.A.

ON/PN;

TMAR3/5:

Telemar

Norte

Leste

ON/PNA;

1)

Volume

weighted

average

share

prices

(VWAP)

for

each

of

the

class

of

shares

on

the

Bovespa,

for

90

days

ending

April

23,

2008.

TMAR3  
and  
TMAR5  
adjusted  
by  
extraordinary  
dividends  
of  
R\$15.5494  
and  
R\$17.1045  
respectively

Source:

Economática  
Exchange Ratios

1 ON share

1.2200534

ON

0.5047539

1 ON share

0.4137146

ON

1 PN share

0.1729971

ON

0.0715714

1 ON share

0.4137146

ON

0.9106649

PN

0.2304758

1 PN share

0.2530852

PN

Direct

Relations

BrTP

vs

Oi

(TMAR)

BrT Part

BrT

Telemar

10  
Listing of TMAR at SEC

TMAR will be registered with SEC and will establish ADR programs for  
ON and PN shares

BrTP  
ADR Holder s  
will  
receive  
TMAR  
PN  
ADRs  
and  
ON ADRs

BrT  
ADR Holder s will receive TMAR PN ADRs

11  
Brazilian Mobile Market Share: Dec/07  
Market  
Share  
25.8%  
25.0%  
56.7%  
Vivo  
+

TIM  
+  
27.7%  
3.2%  
30.9%  
=  
+  
13.2%  
3.5%  
1.2%  
17.9%  
=  
+

12  
0.6  
2.2  
3.4  
4.3  
4.6  
8.4  
1.4  
3.9  
6.9

10.3  
13.1  
16.0  
17.3  
Room to Grow in Mobility  
02  
03  
04  
05  
06  
07  
02  
03  
04  
05  
06  
07  
Region I  
Market Share (%)  
16.5  
19.2  
22.6  
26.0  
27.4  
26.9  
0.0  
0.0  
3.2  
8.7  
12.1  
13.2  
27.9  
13.7  
Region II  
Market Share (%)  
1Q08  
1Q08  
Região II  
Região I  
1. Amazônia  
Celular  
not included  
Oi  
Mobile  
  
Customer Base  
million  
Brasil  
Telecom Mobile  
Customer Base

million

Market leader  
since 2005

Pre-paid: SIM Card alone -  
without handset subsidies  
combined with Oi  
Ligadores  
plans

Post-paid: Convergence of  
services (Oi  
Conta  
Total)

Region III: Start-up Project  
Oi  
+ BrT: upside potentials

Nationwide coverage

Region II: Boost market share

Region III : Become a new  
player (2G/3G)

Brazil: Boost competitiveness  
due to the national coverage

Achieve national fair market  
share -  
25%

Approximately 38 million  
customers in 5 years

Fair  
Market  
Share  
1

13  
Domestic Corporate Networks  
Embratel

23 state capitals

Covers all 30 most populated cities  
Oi

18 state capitals

26 of 30 most populated cities

Brasil Telecom

12 state capitals

17 of 30 most populated cities

23 state capitals

29 of the 30 most  
populated cities

TOTAL

Oi +BrT

Backbone

Embratel

Hispamar

Satellite

+

Venezuela

USA

French

Guiana

Uruguai

Argentina

USA

Africa &

Portugal

+ 4 satellites

Backbone

Oi

+

BrT

14  
14  
Expected Benefits

15

The combined operations create value  
Revenues

Mobile Operation nationwide

-

Possibility of expansion in national  
market-share

National coverage in mobile and data

-

Important item for corporate clients  
Synergies

Best Practices: room to improve

-

General & Administrative expenses -  
reduction

-

Third-party services; improving  
relationship and network maintenance

-

TI  
Technology Information

-

Marketing & Publicity

-

Product development

Scale:

-

Procurement  
better conditions

-

Overhead -  
reduction

-

Capex

better conditions

-

Marketing & Publicity -  
nationwide

Goodwill Usage

-

Lower Income Taxes

Taxes:

-

Lower PIS and Cofins

Efficient capital structure

-

Investment grade and Ratings  
maintained

-

Efficient leverage:

2.0 x EBITDA

-

Tax shield benefits

-

Operational Cash flow: increase

Financial

and

Fiscal

~

~

16

This presentation contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements and involve inherent risks and uncertainties. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-

looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events

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Leblon

-

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RJ

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