

BRASIL TELECOM HOLDING CO
Form 6-K
February 15, 2008

**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**

THROUGH February 15, 2008

(Commission File No. 1-14477)

BRASIL TELECOM PARTICIPAÇÕES S.A.
(Exact name of registrant as specified in its charter)

BRAZIL TELECOM HOLDING COMPANY
(Translation of Registrant's name into English)

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

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

**FEDERAL PUBLIC SERVICE
SECURITIES AND EXCHANGE COMMISSION (CVM)
QUARTERLY INFORMATION
COMMERCIAL, INDUSTRIAL COMPANY AND OTHERS**

CORPORATE LAW

Date: March 31, 2007

REGISTRATION AT THE CVM DOES NOT REQUIRE ANY EVALUATION OF THE COMPANY, BEING ITS DIRECTORS RESPONSIBLE FOR THE VERACITY OF THIS INFORMATION.

01.01 - IDENTIFICATION

1 - CVM CODE 01768-0	2 - COMPANY NAME BRASIL TELECOM PARTICIPAÇÕES S.A.	3 - CNPJ - TAXPAYER REGISTER 02.570.688/0001-70
4 - NIRE 5.330.000.581.8		

01.02 - ADDRESS OF COMPANY HEADQUARTERS

1 - FULL ADDRESS SIA/SUL - ASP LOTE D - BL B - 1º ANDAR		2 - DISTRICT SIA		
3 - ZIP CODE 71215-000	4 - MUNICIPALITY BRASILIA		5 - STATE DF	
6 - AREA CODE 61	7 - TELEPHONE NUMBER 3415-1010	8 - TELEPHONE NUMBER 3415-1256	9 - TELEPHONE NUMBER 3415-1119	10 - TELEX
11 - AREA CODE 61	12 - FAX 3415-1593	13 - FAX 3415-1315	14 - FAX -	
15 - E-MAIL ri@brasiltelecom.com.br				

01.03 - INVESTOR RELATIONS OFFICER (Address for correspondence to Company)

1 - NAME PAULO NARCÉLIO SIMÕES AMARAL				
2 - FULL ADDRESS SIA/SUL - ASP - LOTE D- BL A 2º ANDAR			3 - DISTRICT SIA	
4 - ZIP CODE 71215-000	5 - MUNICIPALITY BRASILIA		6 - STATE DF	
7 - AREA CODE 61	8 - TELEPHONE NUMBER 3415-1010	9 - TELEPHONE NUMBER -	10 - TELEPHONE NUMBER -	11 - TELEX
12 - AREA CODE 61	13 - FAX 3415-1593	14 - FAX -	15 - FAX -	
15 - E-MAIL paulonarcelio@uol.com.br				

01.04 - REFERENCE / INDEPENDENT ACCOUNTANT

CURRENT FISCAL YEAR		CURRENT QUARTER			PRIOR QUARTER		
1 - BEGINNING	2 - ENDING	3 - QUARTER	4 - BEGINNING	5 - ENDING	6 - QUARTER	7 - BEGINNING	8 - ENDING
01/01/2007	12/31/2007	1	07/01/2007	03/31/2007	4	10/01/2006	12/31/2006
9 - INDEPENDENT ACCOUNTANT Deloitte Touche Tohmatsu Auditores Independentes					10 - CVM CODE 00385-9		
11 - NAME TECHNICAL RESPONSIBLE Marco Antonio Brandão Simurro					12 - CPF TAXPAYER REGISTER 755.400.708-44		

01.05 - COMPOSITION OF ISSUED CAPITAL

1 - QUANTITY OF SHARES (In Thousand)	2 - CURRENT QUARTER 03/31/2007	3 - PRIOR QUARTER 12/31/2006	4 - SAME QUARTER OF PRIOR YEAR 03/31/2006
ISSUED CAPITAL			
1 - COMMON	134,031,688	134,031,688	134,031,688
2 - PREFERRED	229,937,526	229,937,526	229,937,526
3 - TOTAL	363,969,214	363,969,214	363,969,214
TREASURY SHARES			
4 - COMMON	1,480,800	1,480,800	1,480,800
5 - PREFERRED	0	0	0
6 - TOTAL	1,480,800	1,480,800	1,480,800

01.06 - COMPANY S CHARACTERISTICS

1 - COMPANY TYPE Industrial, Commercial Companies And Others
2 - SITUATION Operating
3 - TYPE OF CONTROLLING INTEREST National Holding
4 - ACTIVITY CODE 1130 Telecommunications
5 - MAIN ACTIVITY Providing Switched Fixed Telephone Service
6 - TYPE OF CONSOLIDATED Total
7 - TYPE OF ACCOUNTANTS REPORT Unqualified

01.07 - SUBSIDIARIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENT

1 - ITEM	2 - CNPJ - TAXPAYERS REGISTER	3 - NAME

01.08 - DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

1 - ITEM	2 - EVENT	3 - APPROVAL	4 - DIVIDEND	5 - BEGINNING OF PAYMENT	6 - TYPE OF SHARE	7 - VALUE OF THE DIVIDEND PER SHARE

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01	RCA	06/30/2006	Interest on Own Capital	5/31/2007	Common	0.0004345104
02	RCA	06/30/2006	Interest on Own Capital	5/31/2007	Preferred	0.0004345104
03	RCA	12/29/2006	Interest on Own Capital	5/31/2007	Common	0.0005348723
04	RCA	12/29/2006	Interest on Own Capital	5/31/2007	Preferred	0.0005348723
05	AGO	4/10/2007	Dividends	5/31/2007	Common	0.0001008889
06	AGO	4/10/2007	Dividends	5/31/2007	Preferred	0.0001008889
07	RD	1/30/2007	Interest on Own Capital		Common	0.0004399037
08	RD	1/30/2007	Interest on Own Capital		Preferred	0.0004399037

01.09 - ISSUED CAPITAL AND CHANGES IN CURRENT YEAR

1- ITEM	2 DATE OF CHANGE	3 - CAPITAL STOCK (In R\$ thousands)	4 - VALUE OF CHANGE (In R\$ thousands)	5 - ORIGIN OF ALTERATION	6 - QUANTITY OF ISSUED SHARES (Thousands)	7 SHARE PRICE ON ISSUANCE DATE (In R\$)

01.10 - INVESTOR RELATIONS OFFICER

1 - DATE 4/25/2007	2 - SIGNATURE
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02.01 - BALANCE SHEET ASSETS (IN THOUSANDS OF REAIS)

1 - CODE	2 - DESCRIPTION	3 - 03/31/2007	4 - 12/31/2006
1	TOTAL ASSETS	5,918,599	5,767,756
1.01	CURRENT ASSETS	1,949,032	1,724,840
1.01.01	CASH AND CASH EQUIVALENTS	1,445,249	1,432,344
1.01.01.01	CASH AND BANK ACCOUNTS	86	740
1.01.01.02	HIGH-LIQUID INVESTMENTS	1,445,163	1,431,604
1.01.02	CREDITS	0	0
1.01.02.01	CLIENTS	0	0
1.01.02.02	SUNDRY CREDITS	0	0
1.01.03	INVENTORIES	0	0
1.01.04	OTHER	503,783	292,496
1.01.04.01	DEFERRED AND RECOVERABLE TAXES	114,935	42,915
1.01.04.02	DIVIDENDS RECEIVABLE	381,249	241,145
1.01.04.03	OTHER ASSETS	7,599	8,436
1.02	NON-CURRENT ASSETS	3,969,567	4,042,916
1.02.01	LONG-TERM ASSETS	235,678	285,534
1.02.01.01	SUNDRY CREDITS	0	0
1.02.01.02	CREDITS WITH RELATED PARTIES	0	0
1.02.01.02.01	FROM ASSOCIATED COMPANIES	0	0
1.02.01.02.02	FROM SUBSIDIARIES	0	0
1.02.01.02.03	FROM OTHER RELATED PARTIES	0	0
1.02.01.03	OTHER	235,678	285,534
1.02.01.03.01	DEFERRED AND RECOVERABLE TAXES	230,363	279,655
1.02.01.03.02	JUDICIAL DEPOSITS	5,315	5,284
1.02.01.03.03	OTHER ASSETS	0	595
1.02.02	PERMANENT ASSETS	3,733,889	3,757,382
1.02.02.01	INVESTMENTS	3,732,916	3,756,338
1.02.02.01.01	ASSOCIATED COMPANIES	0	0
1.02.02.01.02	ASSOCIATED COMPANIES -GOODWILL	0	0
1.02.02.01.03	SUBSIDIARIES	3,725,304	3,748,789
1.02.02.01.04	SUBSIDIARIES - GOODWILL	0	0
1.02.02.01.05	OTHER INVESTMENTS	7,612	7,549
1.02.02.02	PROPERTY, PLANT AND EQUIPMENT	941	1,004
1.02.02.03	INTANGIBLE	32	40
1.02.02.04	DEFERRED CHARGES	0	0

02.02 - BALANCE SHEET LIABILITIES (IN THOUSANDS OF REAIS)

1 - CODE	2 - DESCRIPTION	3 - 03/31/2007	4 - 12/31/2006
2	TOTAL LIABILITIES	5,918,599	5,767,756
2.01	CURRENT LIABILITIES	651,844	477,562
2.01.01	LOANS AND FINANCING	0	0
2.01.02	DEBENTURES	0	0
2.01.03	SUPPLIERS	270	140
2.01.04	TAXES, DUTIES AND CONTRIBUTIONS	41,151	165
2.01.04.01	INDIRECT TAXES	46	165
2.01.04.02	TAXES ON INCOME	41,105	0
2.01.05	DIVIDENDS PAYABLE	610,308	442,681
2.01.06	PROVISIONS	13	13
2.01.06.01	PROVISIONS FOR CONTINGENCIES	13	13
2.01.07	DEBTS WITH RELATED PARTIES	0	0
2.01.08	OTHER	102	34,563
2.01.08.01	PAYROLL AND SOCIAL CHARGES	19	19
2.01.08.02	CONSIGNMENTS IN FAVOR OF THIRD PARTIES	83	34,258
2.01.08.03	OTHER LIABILITIES	0	286
2.02	NON-CURRENT LIABILITIES	6,883	12,010
2.02.01	LONG-TERM LIABILITIES	6,883	12,010
2.02.01.01	LOANS AND FINANCING	0	0
2.02.01.02	DEBENTURES	0	0
2.02.01.03	PROVISIONS	4,363	4,247
2.02.01.03.01	PROVISIONS FOR CONTINGENCIES	4,363	4,247
2.02.01.04	DEBTS WITH RELATED PARTIES	0	0
2.02.01.05	ADVANCE FOR FUTURE CAPITAL INCREASE	0	0
2.02.01.06	OTHER	2,520	7,763
2.02.01.06.01	INDIRECT TAXES	0	6,465
2.02.01.06.02	TAXES ON INCOME	2,520	1,298
2.02.02	DEFERRED INCOME	0	0
2.04	SHAREHOLDERS EQUITY	5,259,872	5,278,184
2.04.01	PAID UP CAPITAL STOCK	2,596,272	2,596,272
2.04.02	CAPITAL RESERVES	309,178	309,178

1 - CODE	2 - DESCRIPTION	3 - 03/31/2007	4 - 12/31/2006
2.04.02.01	GOODWILL ON SHARE SUBSCRIPTION	306,961	306,961
2.04.02.02	OTHER CAPITAL RESERVES	2,217	2,217
2.04.03	REVALUATION RESERVES	0	0
2.04.03.01	OWN ASSETS	0	0
2.04.03.02	SUBSIDIARIES/ASSOCIATED COMPANIES	0	0
2.04.04	PROFIT RESERVES	306,349	306,349
2.04.04.01	LEGAL	232,169	232,169
2.04.04.02	STATUTORY	0	0
2.04.04.03	CONTINGENCIES	0	0
2.04.04.04	REALIZABLE PROFIT RESERVES	74,180	74,180
2.04.04.05	PROFIT RETENTION	0	0
2.04.04.06	SPECIAL RESERVE FOR UNDISTRIBUTED DIVIDENDS	0	0
2.04.04.07	OTHER PROFIT RESERVES	0	0
2.04.05	RETAINED EARNINGS/ACCUMULATED DEFICIT	2,048,073	2,066,385
2.04.06	ADVANCE FOR FUTURE CAPITAL INCREASE	0	0

03.01 - STATEMENT OF INCOME (IN THOUSANDS OF REAIS)

1 - CODE	2 - ACCOUNT DESCRIPTION	3 - 01/01/2007 to 03/31/2007	4 - 01/01/2007 to 03/31/2007	5 01/01/2006 to 03/31/2006	6 - 01/01/2006 to 03/31/2006
3.01	GROSS REVENUE FROM SALES AND/OR SERVICES	0	0	0	0
3.02	DEDUCTIONS FROM GROSS REVENUE	0	0	0	0
3.03	NET REVENUE FROM SALES AND/OR SERVICES	0	0	0	0
3.04	COST OF GOODS AND/OR SERVICES SOLD	0	0	0	0
3.05	GROSS PROFIT	0	0	0	0
3.06	OPERATING INCOME/EXPENSES	(15,751)	(15,751)	48,590	48,590
3.06.01	SELLING EXPENSES	0	0	0	0
3.06.02	GENERAL AND ADMINISTRATIVE EXPENSES	(4,822)	(4,822)	(5,211)	(5,211)
3.06.03	FINANCIAL	(152,826)	(152,826)	52,289	52,289
3.06.03.01	FINANCIAL INCOME	55,264	55,264	69,074	69,074
3.06.03.02	FINANCIAL EXPENSES	(208,090)	(208,090)	(16,785)	(16,785)
3.06.04	OTHER OPERATING INCOME	975	975	497	497
3.06.05	OTHER OPERATING EXPENSES	(422)	(422)	(344)	(344)
3.06.06	EQUITY INCOME	141,344	141,344	1,359	1,359
3.07	OPERATING INCOME	(15,751)	(15,751)	48,590	48,590
3.08	NON-OPERATING INCOME	62	62	139	139
3.08.01	REVENUES	62	62	144	144
3.08.02	EXPENSES	0	0	(5)	(5)
3.09	INCOME BEFORE TAXES AND MINORITY INTEREST	(15,689)	(15,689)	48,729	48,729
3.10	PROVISION FOR INCOME AND SOCIAL CONTRIBUTION TAXES	(2,623)	(2,623)	(16,052)	(16,052)
3.11	DEFERRED INCOME TAX	0	0	0	0
3.12	STATUTORY INTEREST/ CONTRIBUTIONS	0	0	0	0
3.12.01	INTEREST	0	0	0	0

1 - CODE	2 ACCOUNT DESCRIPTION	3 - 01/01/2007 to 03/31/2007	4 - 01/01/2007 to 03/31/2007	5 01/01/2006 to 03/31/2006	6 - 01/01/2006 to 03/31/2006
3.12.02	CONTRIBUTIONS	0	0	0	0
3.13	REVERSAL OF INTEREST ON SHAREHOLDERS EQUITY	187,600	187,600	0	0
3.15	INCOME/LOSS FOR THE PERIOD	169,288	169,288	32,677	32,677
	NUMBER OF SHARES, EX-TREASURY (THOUSAND)	362,488,414	362,488,414	362,488,414	362,488,414
	EARNINGS PER SHARE (IN REAIS)	0.00047	0.00047	0.00009	0.00009
	LOSS PER SHARE (IN REAIS)				

01768-0 BRASIL TELECOM PARTICIPAÇÕES S.A.

02.570.688/0001-70

04.01 - NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE QUARTERLY INFORMATION AS OF 03/31/2007

(In thousands of Brazilian reais)

1. OPERATIONS

Brasil Telecom Participações S.A. (the Company) is a joint stock publicly-held company, incorporated according to article 189 of Law 9,472/97 - Telecommunications General Law, as part of TELEBRÁS spin-off process, whose protocol and justification was approved on May 22, 1998.

The Company has as purpose to control companies exploring fixed telephony public services in Region II of the General Concession Plan (PGO), approved by Decree 2,534 of April 2, 1998. Such control is exercised through Brasil Telecom S.A., which is a concessionaire responsible for the Switched Fixed Telephone Service (STFC) in Region II of PGO. In addition, the Company may participate in the capital of other companies.

The Company is registered at the Brazilian Securities and Exchange Commission (CVM) and at the U.S. Securities and Exchange Commission SEC. Its shares are traded on the São Paulo Stock Exchange (BOVESPA), where it also integrates Level 1 of Corporate Governance, and trades its American Depositary Receipts (ADRs) on the New York Stock Exchange (NYSE).

The control of the Company is exercised by SOLPART Participações S.A. (SOLPART), corresponding, at the quarter closing date, to 51.00% of the voting capital and 18.78% of the total capital.

Direct Subsidiaries of the Company

a. Brasil Telecom S.A.

Brasil Telecom S.A. is a concessionaire of the Switched Fixed Telephone Service (STFC) and operates in Region II of the General Concession Plan, covering the Brazilian states of Acre, Rondônia, Mato Grosso, Mato Grosso do Sul, Tocantins, Goiás, Paraná, Santa Catarina and Rio Grande do Sul, besides the Federal District. In this area, Brasil Telecom S.A. renders since July 1998 the STFC in the modalities of local and intra-regional long distance.

With recognition of the prior fulfillment of the obligations for universalization stated in the General Plan of Universalization Goals (PGMU), required for December 31, 2003, Brasil Telecom S.A obtained from the National Agency for Telecommunications (ANATEL), on January 19, 2004, issued authorizations for the Company to exploit STFC in the following service modalities: (i) Local and Domestic Long Distance calls in Regions I and III and Sectors 20, 22 and 25 of Region II of the General Concession Plan (PGO); and (ii) International Long Distance calls in Regions I, II and III of PGO. As a result of these authorizations, Brasil Telecom S.A began to exploit the Domestic and International Long Distance Services in all Regions, starting on January 22, 2004. In the case of the Local Service in the new regions and PGO sectors, the service began to be rendered as from January 19, 2005.

The concession agreements in force, under the modalities of local and long distance services, came into force as of January 1, 2006, effective until December 31, 2025. Additional information about these agreements is mentioned in Note 5.i.

Information related to the quality and universal service targets of the Switched Fixed Telephone Service of its Parent Company are available to interested parties on ANATEL's homepage, on the website *www.anatel.gov.br*.

b. Nova Tarrafa Participações Ltda. e Nova Tarrafa Inc.

The Company also holds the control of Nova Tarrafa Participações Ltda (NTP) and Nova Tarrafa Inc. (NTI). The purpose of these subsidiaries is the capital interest in Internet Group (Cayman) Limited (iG Cayman), which is focused on Internet access provision. iG Cayman is subsidiary of Brasil Telecom Serviços de Internet S.A, a company that is also an indirect subsidiary and operates in the internet segment.

NTP's and NTI's interest in iG Cayman on the quarter closing date represented 9.25% and 0.16%, respectively, and together with Brasil Telecom Serviços de Internet S.A. the total interest was 98.2% .

Indirect Subsidiaries of the Company

On August 1, 2006, was approved by the Company's Board of Directors of Brasil Telecom the corporate restructuring of its subsidiaries. This restructuring, whose purpose is to optimize the controlling structure through company reduction, concentration of similar activities, simplification of inter-company corporate interest, began in the second semester of 2006. The alterations carried out in the current year are mentioned in the comments on the Companies performance below, when applicable. The corporate alterations performed in 2006 and 2007, carried out based on the book values, did not have any material effects in the cost structure.

The subsidiary Brasil Telecom holds the control of the following companies:

a. 14 Brasil Telecom Celular S.A.

A wholly-owned subsidiary which operates since the fourth quarter of 2004 to provide Personal Mobile Service (SMP), with authorization to render such services to the Region II of the PGO.

b. BrT Serviços de Internet S.A.

BrT Serviços de Internet S.A. (BrTI) is a wholly-owned subsidiary which has as main product the provision of access to the Internet through broadband and it also offers its residential and corporate users a series of added-value services, amongst them, the wireless access connection.

BrTI, on the other hand, has the control of the following companies:

(i) iBest Group

iBest Companies have their operations concentrated in providing dialup connection to the Internet, sale of advertising space for disclosure in its portal and value-added service and the Internet access accelerator is one of its main services. They are represented by the companies: iBest Holding Corporation, incorporated in Cayman Islands, and Freelance S.A., established in Brazil.

(ii) iG Group

iG has operations based on providing access to the Internet, both dialup and broadband. They also render value-added services targeted to residential and corporate markets. In addition to such services, iG also relies on the sale of advertising space in its portal.

The control of BrTI in iG Companies is attributed to the 88.81% interest in the capital stock of Internet Group (Cayman) Limited (iG Cayman), incorporated in the Cayman Islands.

iG Cayman is a holding company which holds, on its turn, the control of the companies Internet Group do Brasil Ltda. (iG Brasil) and Central de Serviços Internet Ltda. (CSI), both established in Brazil.

Agência O Jornal da Internet Ltda (Jornal Internet)

BrTI holds thirty per cent interest in the capital stock of Jornal Internet, which aims at the commercialization of goods and services through the Internet, edition of daily newspapers or magazines, as well as the obtainment, generation and publication of news on selected facts. Seventy per cent of the capital stock of Jornal Internet is held by Caio Túlio Vieira Costa, executive vice-president of the Company's subsidiaries related to internet businesses.

c. Brasil Telecom Cabos Submarinos Ltda.

Brasil Telecom Cabos Submarinos Ltda. (BrT CS) was a subsidiary of BrTI up to January 2, 2007. On such date BrTI reduced the portion of its capital stock held by Brasil Telecom S.A., using it to pay up part of the investment reduction in BrT CS, in the amount of R\$132,678 thousand. Thus, Brasil Telecom S.A. is now parent company of BrT CS, owning nearly all of the latter's capital stock. BrTI still holds only a quota of the capital stock of BrT CS, corresponding to interest below 0.01% .

BrT CS, jointly with its subsidiaries, operates through a system of submarine fiber optic cables, with connection points in the United States, Bermudas Islands, Venezuela and Brazil, allowing data traffic through packages of integrated services, offered to local and international corporate customers.

BrT CS holds 100% of the capital stock of Brasil Telecom Subsea Cable Systems (Bermuda) Ltd. (BrT SCS Bermuda), which, on its turn, holds the total shares of Brasil Telecom of America Inc. (BrT of America) and of Brasil Telecom de Venezuela, S.A. (BrT Venezuela).

d. MTH Ventures do Brasil Ltda.

Brasil Telecom S.A. held, at the quarter closing date, 100% of the capital of MTH Venturres do Brasil Ltda. (MTH), a holding company which had 84.4% of the capital of Brasil Telecom Comunicação Multimídia Ltda. (BrT Multimídia) and the remaining interest was held by Brasil Telecom S.A. and BrTI. Subsequently, at the Extraordinary General Meeting of Brasil Telecom S.A., held on April 10, 2007, it was resolved that the latter should merge MTH.

BrT Multimídia is a service provider of private telecommunications network through optical fiber digital networks, of local scope in São Paulo, Rio de Janeiro and Belo Horizonte, and long distance network connecting these major metropolitan commercial centers. It performs nationwide through commercial agreements with other telecommunication companies to offer services to other regions in Brazil. It also has an Internet solution center in São Paulo, which offers co-location, hosting and other value-added services.

e. Vant Telecomunicações S.A. (VANT)

Company of which Brasil Telecom S.A. holds the total capital stock.

VANT aims at the rendering of multimedia communication services, acquisition and onerous assignment of capabilities and other means, operating in the main Brazilian state capitals.

f. Santa Bárbara dos Pinhais S.A. (SB dos Pinhais)

Company which was not operating on the quarter closing date, aims at rendering services in general comprising the management activities of real estate or assets, among others.

Change in the Management

On July 27, 2005, there was a change in the Company's Board of Directors, which, at the meeting held on August 25, 2005, elected a new Board of Executive Officers. The process to change the management of the Company was litigious, according to various material facts published by the Company during 2005 and various lawsuits brought by the former manager, aiming at recovering the management of the Companies, which are still under progress.

Agreements as of April 28, 2005 under the Previous Management

On April 28, 2005, still under previous management, Brasil Telecom Participações S.A. and Brasil Telecom S.A. entered into various agreements involving the Opportunity Group and Telecom Italia (April 28 Agreements).

Among such agreements, Brasil Telecom S.A. and its subsidiary 14 Brasil Telecom Celular S.A. executed with TIM International N.V. (TIMI) and TIM Brasil Serviços e Participações S.A. (TIMB) an instrument named as Merger Agreement and a Protocol related thereto.

As mentioned in material facts published, the merger was forbidden by injunctions issued by the Brazilian and U.S. courts. It is also subject-matter of discussion under arbitration involving the controlling shareholders.

The current management of Brasil Telecom Participações S.A. and of Brasil Telecom S.A. understands that the Merger Agreement, the respective Protocol, and other April 28 agreements, which included the waiver and transaction in lawsuits involving the Companies, were entered into with conflict of interests, breaching the laws and the Bylaws of the Companies, and also, in opposition to shareholders' agreements and without the necessary corporate approvals. In addition, the current management deems that such agreements are contrary to the best interest of the Companies, especially regarding its mobile telephony business.

Referring to the Merger Agreement mentioned in this note, Brasil Telecom S.A. and BrT Celular started on March 15, 2006 arbitration against TIMI and TIMB, with the purpose of annulling it. The Company released a material fact on this matter on March 16, 2006.

TIMI and TIMB sent to Brasil Telecom S.A. and BrT Celular a correspondence dated May 2, 2006, unilaterally terminating the referred Merger Agreement, reserving supposed right to indemnification for losses and damages, which is being dealt with in said arbitration. According to analyses of the Company's legal advisors, the risk of losses referring to the supposed right to indemnification is remote and its

amount is not possible to be measured. Also in May 2006, Telecom Italia International filed with Anatel and CADE, petitions requesting to file the operation related to the "Merger Agreement" due to lack of grounds.

The aforementioned arbitration is under progress.

2. PRESENTATION OF ACCOUNTING STATEMENTS

Preparation Criteria

The accounting statements have been prepared in accordance with accounting practices adopted in Brazil, in compliance with the Brazilian corporate law, rules of the CVM (Brazilian Securities and Exchange Commission) and rules applicable to telephony service concessionaires.

As the Company is registered with the SEC, it is subject to SEC's standards, and it must prepare financial statements and other information by using criteria that comply with that agency's requirements. To comply with these requirements and aiming at meeting the market's information needs, the Company adopts, as a principle, the disclosure of information in both markets in their respective languages.

The notes to the financial statements are presented in thousands of reais, unless otherwise demonstrated. According to each situation, they present information related to the Company and the consolidated statements, identified as PARENT COMPANY and CONSOLIDATED, respectively. When the information is common to both situations, it is indicated as PARENT COMPANY AND CONSOLIDATED.

The amounts of judicial deposits linked to the provisions for contingencies are presented in a deductive way from the liabilities established. Also referring to the form of presentation, this quarterly information considers the requirements determined by CVM Resolution 488/05, especially, the segregation of assets in current and non-current groups, as well as pertaining to the latter, the creation of intangible assets subgroup. For comparative effect, previous year balances have been reclassified.

The accounting estimates were based on objective and subjective factors, based on management's judgment to determine the appropriate amount to be recorded in the financial statements. Significant items subject to these estimates and assumptions include the residual amount of the fixed assets, allowance for doubtful accounts, inventories and deferred income tax and social contribution, provision for contingencies, valuation of derivative instruments, and assets and liabilities related to benefits to employees. The settlement of transactions involving these estimates may result in significantly different amounts due to the inaccuracy inherent to the process of determining these amounts. Management reviews its estimates and assumptions at least quarterly.

Consolidated Financial Statements

The consolidation was made in accordance with CVM Instruction 247/96 and includes the companies listed in Note 1.

Some of the main consolidation procedures are:

- Elimination of balances of the asset and liability accounts among the consolidated companies, as well as revenues and expenses of transactions among them;

- Elimination of the balances of the investment accounts and corresponding investor's shareholdings, reserves and accumulated results in the consolidated companies.
- Segregation of the portions of shareholders' equity and income belonging to minority shareholders, indicated in specific items.

The conciliation of the net income and the shareholders' equity belonging to the Parent Company and the Consolidated is shown below:

	NET INCOME		SHAREHOLDERS EQUITY	
	03/31/07	03/31/06	03/31/07	03/31/06
PARENT COMPANY	169,288	32,677	5,259,872	5,278,184
Registrations carried out in the Subsidiary Shareholders Equity				
Donations and Subsidies for Investments	-	(4)	-	-
Capitalized Interest in the Subsidiary	582	873	-	(582)
CONSOLIDATED	169,870	33,546	5,259,872	5,277,602

Supplementary Information

The Company is presenting as supplementary information the statement of cash flows, which was prepared in accordance with Accounting Rules and Procedures - NPC 20 of the Brazilian Institute of Independent Auditors - IBRACON. Such statement is shown together with note 17.

Report per Segment

The Company is presenting, supplementary to note 41, the report per business segment. A segment is an identifiable component of the company, intended for service rendering (business segment), or provision of products and services which are subject to risks and compensations which are different among themselves.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

The criteria mentioned in this note refer to the practices adopted by the Company and its subsidiaries that are included in the consolidated financial statements.

a. Cash, Bank Accounts and High-Liquid Investments: Financial investments are temporary high-liquid investments, with immediate maturity. They are recorded at cost, plus income registered until the closing dates of the quarters presented, and do not exceed market value. Investment funds quotas are appreciated considering the quota values as of March 31, 2007.

b. Trade Accounts Receivable: Receivables from users of telecommunications services are recorded at the amount of the fee or the service on the date the service is rendered. Accounts receivable from services include credits for services rendered and not billed until the quarters closing date. Receivables resulting from sales of cell phones and accessories are recorded by the amount of sales made, at the moment in which the goods are delivered and accepted by the customer. The criterion adopted for making the allowance for doubtful accounts takes into account the calculation of the actual percentage of losses incurred on each range of accounts receivable. Future losses on the current receivables balance are

estimated based on these historic percentages, which include accounts coming due and also the portion of services rendered yet to be billed, thus composing the amount that could become a future loss, which is recorded as a provision.

c. Material Inventories: Stated at average acquisition cost, not exceeding replacement cost. Inventories are segregated into inventories for plant expansion and those for maintenance and goods inventories for resale, mainly composed of cell phones, accessories and electronic cards - chips. The inventories to be used in expansion are classified in property, plant and equipment (construction in progress), and inventories to be used in maintenance are classified as current and long-term assets, in accordance with the period in which they will be used, and the resale inventories are classified as current assets. Obsolete inventories are recorded as allowance for losses. With regard to cell phones and accessories, BrT Celular records adjustments, in the cases in which the acquisitions presented higher values, conforming them to the realization value.

d. Investments: Investments in subsidiaries are assessed using the equity method of accounting. Goodwill is calculated based on the expectation of future results and its amortization is based on the expected realization/timing over an estimated period of not more than ten years. Other investments are recorded at acquisition cost, less allowance for losses, when applicable. The investments resulting from income tax incentives are recognized on the date of investment, and result in shares of companies with tax incentives or investment fund quotas. In the period between the investment date and receipt of shares or quotas of funds, they remain recognized in long-term assets. These investments are periodically valued and the result of the comparison between its original and market costs, when the latter is lower, results in the constitution of allowances for probable losses.

e. Property, Plant and Equipment: Stated at cost of acquisition and/or construction, less accumulated depreciation. Financial charges resulting from obligations for financing assets and construction in progress are capitalized.

The expenditures incurred, when they represent improvements (increase in installed capacity or useful life) are capitalized. Maintenance and repair expenditures are charged to the profit and losses accounts, on an accrual basis.

Depreciation is calculated under the straight-line method. Depreciation rates used are based on expected useful lives of the assets and in accordance with the standards of the Public Telecommunications Service. The main rates used are set forth in Note 27.

f. Intangible Assets: These mainly refer to licenses and rights to use software and regulatory licenses. The amortization of rights to use software is calculated by the straight-line method, for a five-year period and the regulatory licenses according to the terms determined by the regulatory agency. When benefits are not expected from a license or right connected to such asset, it is written off against the non-operating income.

g. Deferred Charges: Mainly refer to implementation and reorganization expenses. Amortization is calculated under the straight-line method, for a five-year term. When benefits are not expected from an asset, it is written off against non-operating income.

h. Income and Social Contribution Taxes: Corporate income and social contribution taxes are accounted for on an accrual basis. These taxes levied on temporary differences, tax losses and the social contribution negative basis are recorded under assets or liabilities, as applicable, according to the assumption of realization or future demand, within the parameters set forth in CVM Instruction 371/02.

i. Loans and Financing: These are restated by monetary and/or exchange variations and interest incurred until the quarter closing date. Equal restatement is applied to the guarantee contracts to hedge the debt.

j. Provision for Contingencies: The contingency provisions are made based on a survey of the respective risks and they are quantified according to economic grounds and legal opinions on the contingency proceedings and facts known on the balance sheet closing date. The basis and nature of the provisions are described in Note 7.

k. Revenue Recognition: Revenues from services rendered are recognized when provided. Local and long distance calls are charged based on time measurement, according to the legislation in force. Revenues from sales of payphone cards (Public Use Telephony - TUP), cell phones and accessories are recorded when they are delivered and accepted by the clients. For prepaid services linked to mobile telephony, the revenue is recognized in accordance with the utilization of services. Revenue is not recognized if there is a significant uncertainty in its realization.

l. Recognition of Expenses: Expenses are recognized on an accrual basis, considering their relation with revenue realization. Expenses related to future periods are deferred.

m. Financial Income (Expense), Net: Financial income is recognized on an accrual basis and comprises interest earned on overdue accounts settled after the term, gains on financial investments and hedges. Financial expenses comprise interest incurred and other charges on loans, financing and other financial transactions.

Interest on shareholders' equity, when credited, is included in the financial expenses balance, and for financial statement presentation purposes, the amounts are reversed to profit and loss accounts and reclassified as a deduction of retained earnings, in the shareholders' equity.

n. Benefits to Employees: Private pension plans and other retirement benefits sponsored by the Company and its subsidiaries for their employees are managed under three Foundations. Contributions are determined on an actuarial basis, when applicable, and accounted for on an accrual basis. As of December 31, 2001, the subsidiary Brasil Telecom S.A. recorded its actuarial deficit on the balance sheet date against shareholders' equity, excluding the corresponding tax effects. As from 2002, as new actuarial revaluations show the necessity for adjustments to the provision, they are recognized in the profit and loss accounts. Additional information related to the private pension plans is described in Note 6.

o. Profit Sharing: The provision for employees and management profit sharing is recognized on an accrual basis, being accounted as operating expense. The calculation of the amount, which is paid in the subsequent year after the provision is recognized, is based on the target program established with the labor union, by means of collective labor agreement, in accordance with Law 10,101/00 and the Company's Bylaws.

p. Earnings or losses per thousand shares: Calculated based on the number of shares outstanding on the quarter closing date, which comprises the total number of shares issued, minus shares held in treasury.

4. RELATED-PARTIES TRANSACTIONS

Related parties transactions refer to operations of the Company with the subsidiaries Brasil Telecom S.A., Nova Tarrafa Participações Ltd. and Nova Tarrafa Inc.

Operations between related parties and the Company are carried out under regular market prices and conditions. The main transactions are:

Brasil Telecom S.A.

Sureties and Guarantees: (i) The Company renders sureties as guarantee of loans and financing owed by the Subsidiary to the lending financial institutions. In the quarter, on the guarantee granted, the Company assessed revenues at the amount of R\$1,211 (R\$581 in 2006); and (ii) the Company renders surety for the Subsidiary related to the contracting of insurance policies, guarantee of contractual liabilities (GOC), which amounted to R\$97,457 (R\$155,294 in 2006). In the quarter, in return to such surety, the Company registered an operating revenue of R\$29 (R\$66 in 2006).

Expenses and Accounts Receivable: arising from transactions related to share of resources. The balance receivable is R\$454 (R\$155 receivable on 12/31/06) and the amounts recorded in income in 2006 comprised operating expenses of R\$337.

5. MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES (FINANCIAL INSTRUMENTS) AND RISK ANALYSIS

The Company and its subsidiaries assessed the book value of its assets and liabilities as compared to market or realizable values (fair value), based on information available and evaluation methodologies applicable to each case. The interpretation of market data regarding the choice of methodologies requires considerable judgment and determination of estimates to achieve an amount considered adequate for each case. Accordingly, the estimates presented may not necessarily indicate the amounts, which can be obtained in the current market. The use of different assumptions for calculation of market value or fair value may have material effect on the obtained amounts. The selection of assets and liabilities presented in this note took place based on their materiality. Instruments whose values approximate their fair values, for example, cash, bank accounts and high-liquid investments, accounts receivable, assets and liabilities of taxes, pension funds, among others, and whose risk assessment is not significant, are not mentioned.

In accordance with their natures, the financial instruments may involve known or unknown risks, and the potential of such risks is important for the best judgment. Thus, there may be risks with or without guarantees, depending on circumstantial or legal aspects. Among the principal market risk factors which can affect the Company and its subsidiaries' business are the following:

a. Credit Risk

The majority of services provided by the subsidiary Brasil Telecom S.A. are related to the Concession Agreement, and a significant portion of these services is subject to the determination of fees by the regulatory agency. The credit policy, in its turn, in case of telecommunications public services, is subject to legal standards established by the concession authority. The risk exists since Brasil Telecom S.A. and its subsidiaries may incur in losses arising from the difficulty in receiving amounts billed to its customers. The consolidated allowance for doubtful accounts in the quarter was of 2.46% (3.09% in 2006) considering the total amount of losses with accounts receivable as compared to gross revenue. By means of internal controls, the level of accounts receivable is constantly monitored, thus limiting the risk of past due accounts by cutting the access to the service (out phone traffic) if the bill is overdue for over 30 days. Exceptions are made for telephone services, which should be maintained for national security or defense.

The subsidiary Brasil Telecom S.A. operates in co-billing, concerning long distance calls with the use of its CSP (Operator Selection Code) originated by subscribers of other fixed and mobile telephony operators. The co-billing accounts receivable are managed by these operators, based on the operational agreements entered into with them and according to the rules set forth by ANATEL. The blocking rules set forth by the regulating agency are the same for the fixed and mobile telephony companies, which are co-billing suppliers. The Parent Company separately monitors receivables of this nature and maintain an allowance for losses that may occur, due to the risks of not receiving such amounts.

In respect to mobile telephony, credit risk in cell phones sales and in service rendering in the postpaid category is minimized with the adoption of a credit pre-analysis. Still in relation to postpaid service, whose client base at the end of the quarter was 26.6% of total portfolio (29.4% on 12/31/06), the receivable accounts are also monitored in order to limit default and the block is made to the service (out of phone traffic) if the bill is overdue for over fifteen days.

b. Exchange Rate Risk

Liabilities

The subsidiary Brasil Telecom S.A. has loans and financing contracted in foreign currency. The risk related to these liabilities arises from possible exchange rate fluctuations, which may increase these liabilities balances. Loans subject to this risk represent approximately 16.1% (17.0% on 12/31/06) of the total liabilities of consolidated loans and financing, minus the contracted hedge balances. In order to minimize this kind of risk, the Company has been entering into exchange hedge agreements with financial institutions. Of the debt installment consolidated in foreign currency, 70.0% (61.6% on 12/31/06) is covered by hedge operations and financial investments in foreign currency. Unrealized positive or negative effects of these operations are recorded in the profit and loss as gain or loss. In 2007, until the end of the quarter, the negative adjustments of the hedge contracts amounted to R\$30,704 (R\$58,138 of negative adjustments in 2006).

Net exposure as per book and market values, at the exchange rate risk as follows:

CONSOLIDATED				
	03/31/07		03/31/06	
	Book Value	Market Value	Book Value	Market Value
Liabilities				
Loans and Financing	751,525	790,721	840,177	880,803
Hedge Contracts	378,356	376,154	398,518	395,612
Total	1,129,881	1,166,875	1,238,695	1,276,415
Current	184,720	184,688	203,824	204,938
Long-term	945,161	982,187	1,034,871	1,071,477

The method used for calculation of market value (fair value) of loans and financing in foreign currency and hedge instruments was future cash flows associated to each contracted instruments, minus the market rates in force in the balance sheet closing date.

c. Interest Rate RiskAssets

Consolidated assets result from loans remunerated by rates mentioned below, as well as income securities (CDBs) invested in Banco de Brasília S.A., related to the guarantee to tax incentive granted by the Federal District Government under a program called *Programa de Promoção do Desenvolvimento Econômico e Sustentável do Distrito Federal* PRO-DF, (Program to Promote the Economic and Sustained Development of the Federal District), and the remuneration of these securities is equivalent to 95% of the SELIC rate.

CONSOLIDATED

	Book and Market Value	
	03/31/07	03/31/06
Assets		
Loans (including Debentures)		
Loans subjected to CDI, IGP-M, Column 27 (FGV) and IGP-DI	8,432	8,409
Income Securities, subject to:		
SELIC rate	3,399	3,280
Total	11,831	11,689
Current	7,627	5,557
Long-term	4,204	6,132

The book values are equal to market values, as the current contracting conditions for these types of financial instruments are similar to the ones in which those come from or do not present parameters for quotation or contracting.

Liabilities

The subsidiary Brasil Telecom S.A. has loans and financing contracted in local currency subject to interest rates linked to indexing units (TJLP, UMBNDES, CDI and IGP-DI). The inherent risk in these liabilities arises from possible variations in these rates. The Subsidiary has contracted hedge contracts to 12.5% (15.1% on 12/31/06) of the liabilities subject to the UMBNDES rate, using exchange rate swap contracts. However, the other market rates are continually monitored to evaluate the need to contract instruments to protect against the variation of these rates. Unrealized positive and negative effects in these operations are record against income as profit or loss. In the quarter, the accumulated negative variation of hedge contracts totaled R\$1,568 (R\$6,379 of negative variation in 2006). The Subsidiary issued public debentures, non-convertible or exchangeable for shares. These liabilities were contracted at interest rates linked to the CDI, and the risk associated to this liability results from the possible increase of the rate.

The above mentioned liabilities on the balance sheet closing date are as follows:

	CONSOLIDATED			
	03/31/07		12/31/06	
	Book Value	Market Value	Book Value	Market Value
Liabilities				
Loans subject to TJLP	2,058,797	2,075,974	2,240,615	2,261,198
Debentures - CDI	1,640,179	1,642,446	1,625,939	1,628,510
Loans subject to UMBNDES	161,415	161,577	185,881	185,990
Hedge agreements in UMBNDES	17,298	16,879	22,087	21,197
Loans subject to IGP-DI	25,102	25,102	25,501	25,501
Other loans (Fixed Rate)	35,012	35,012	36,472	36,472
Total	3,937,803	3,956,990	4,136,495	4,158,868
Current	1,274,325	1,283,305	905,740	913,887
Long-term	2,663,478	2,673,685	3,230,755	3,244,981

Book value is equivalent to market values where the current contractual conditions for these types of financial instruments are similar to those in which they were originated or they did not present parameters for quotation or contracting.

d. Risk of Not Linking Monetary Restatement Indexes of Loans and Financing to Accounts Receivable

Loan and financing rates contracted by the subsidiary Brasil Telecom S.A. are not linked to amounts of accounts receivable. Thus, a risk exists, since telephony fees adjustments do not necessarily follow increases in local interest rates, which affect the Subsidiary's debts.

e. Contingency Risks

Contingency risks are assessed according to loss hypotheses, as probable, possible or remote. Contingencies considered probable risks are recorded as liabilities. Details of these risks are presented in note 7.

f. Risks Related to Investments

The Company has investments, which are assessed through the equity method of accounting and acquisition cost. Brasil Telecom S.A., Nova Tarrafa Participações Ltd. And Nova Tarrafa Inc. are subsidiaries, whose investments are assessed by the equity accounting.

The investments assessed at cost are immaterial in relation to total assets. Their associated risks would not cause significant impacts to the Company in case of loss of part of these investments.

The amounts related to the investments are as follows:

	03/31/07		12/31/06	
	Book Value	Market Value	Book Value	Market Value
Investments	3,732,916	8,505,312	3,756,338	8,247,697
Interest in Subsidiaries	3,725,304	8,497,700	3,748,789	8,240,148

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With Stock Exchange Quotation	3,698,412	8,470,808	3,719,264	8,210,623
Without Stock Exchange Quotation	26,892	26,892	29,525	29,525
Other Investments	7,612	7,612	7,549	7,549

The Stock Exchange quotation investment refers to the interest in Brasil Telecom S.A. and its market value was evaluated based on the market quotation used in the negotiation between minority shareholders.

g. Financial Investments Risks

The company has temporary high-liquid investments in financial investment funds (FIFs), whose assets comprise federal securities based on post-fixed, pre-fixed and foreign exchange rates, and post private securities issued by first-rate financial institutions (CDB s) all subject to CDI, exclusive financial investment funds (FIFs), subject to exchange variation through futures contracts in dollar with the Futures and Commodities Exchange - BM&F and financial investments in foreign exchange.

The investments in foreign exchange are subject to credit risk of the financial institutions and, jointly with investments in currency funds, are subject to exchange rate risk.

The balances of the financial investments are presented in Note 17. The Company s income earned in the quarter was recorded as financial revenue and amount to R\$43,011 (R\$34,297 in 2006). Earnings from consolidated financial investments were R\$112,845 (R\$70,895 in 2006)

h. Risk of Early Maturity of Loans and Financing

The liabilities stemming from financing mentioned in Note 35, related to BNDES agreements, public debentures and the majority referring to financial institutions, contain clauses providing for advanced maturities of liabilities or retention of amounts pegged to debt installments (covenants), in cases certain levels are not reached for certain indicators, such as ratios of indebtedness, liquidity, cash generation and others.

For the financing agreements maintained with BNDES, the Company must comply with a set of financial ratios and in the event of non-compliance with some of these ratios, the Bank is allowed to request the temporary block of amounts, given as guarantee in a linked account. All indicators set forth in agreements are being complied with, thus there are no sanctions or penalties set forth in the agreement clauses entered into upon the Company

i. Regulatory Risks

New Concession Agreements

New local and domestic long distance concession agreements were entered into by Brasil Telecom S.A. with Anatel, which took effect between January 1, 2006 and December 31, 2025. These new concession agreements, which provide for reviews on a five-year basis, in general have a higher intervention level in the management of the businesses and several provisions defending the consumer s interest, as noticed by the regulation body. The main highlights are:

- The burden of the concession defined as 2% of the net revenue from taxes, calculated every two years, starting in 2006 fiscal year, whose initial payment incur on 04/30/07 and then successively until the end of the concession. This calculation method, concerning accrual, corresponds to 1% for each fiscal year;
- The definition of new universalization targets, particularly AICE Special Class Individual Access, of mandatory offer and the Telecommunications Service Centers - PST, with full burden for the Concessionaire;

- The possibility of the Regulating Agency imposing alternative plans to mandatory plans;
- The introduction of Regulating Agency's right to intervene and modify agreements of the concessionaire with third parties;
- The inclusion of assets of the parent company, subsidiary, affiliated companies and third parties, indispensable to the concession, as reversible assets;
- The creation of the users' board in each concession.

Additionally, the regulation connected to the new concession agreement provides for changes in the local calls tariff system, which change from pulse to minute in the regular hours, in amounts of the public tariffs and in the readjustment criteria, which had the individual excursion factor reduced from 9% to 5% and will be then defined by a sector index - IST, in which composition the highest weight is IPCA.

On their turn, the interconnection tariffs, as provided for, are defined as a percentage public local and domestic long distance tariff until the implementation of cost model by service/modality, estimated for 2008, as defined in the Regulation for Separation and Accounting Allocation (Resolution 396/05).

The amendment to the tariff method applicable to the STFC Basic Plan in the Local Modality Rendered under Public Scheme (PBS) - Conversion from Pulses to Minutes, and the implementation of the Alternative Service Plan of the Mandatory Offer (PASOO) shall be concluded in all areas of operations of the Company up to July 31, 2007, in compliance with the regulatory requirements defined by ANATEL set forth in Rules No. 423/05, 432/06 and 450/06.

Taking into consideration that this amendment will enable customers to choose between two mandatory offering service plans (PBS and PASOO), as well as actually exercising their right to request a detailed local call invoice, it is not possible to assess, on the date these financial statements were prepared, the future impacts to be generated by such a change in the regulation.

Legislative Bill of Change in Telecommunications Act (LGT)

Legislative Bill 6,677 to amend LGT 9,472, whose content is essentially enabling the adoption of distinctive criteria based on the social-economic condition of the aspirant-user to provide telecommunications services, is currently halted since September, 2006, when the Executive Power required the cancellation of the urgency request for said proposal.

Should said Legislative Bill resume the approval process, it would not possible nevertheless to evaluate, on the date of the preparation of this quarterly information, the future impacts which would be produced in Brasil Telecom S.A.'s businesses.

Overlapping of Licenses

When the certification for achieving the universalization targets for 2003 was received, set forth by ANATEL, Brasil Telecom S.A. had already provided the fixed telephony service (STFC) in the local and domestic long distance modalities (LDN) intra-regional in the Region II of the General Concession Plan (PGO). After achieving the referred targets, ANATEL, in January 2004, issued authorizations that increase the possibility of Subsidiary's operation: Local STFC and LDN in the Regions I and III of the PGO (and a few sectors of the Region II); International Long Distance (LDI) in the Regions I, II and III of the PGO; mobile telephony, by means of the subsidiary 14 Brasil Telecom Celular S.A. (BrT Celular), in the Region II of the Personal Mobile Service (SMP). The already existing concession agreements were expanded, enabling LDN calls to any part of the Brazilian territory. If Telecom Italia International N.V. (TII) acquired an indirect interest in the Company or Brasil Telecom S.A., these

ones and TIM Brasil Serviços e Participações S.A. (TIM) could be considered affiliates under the new Brazilian telecommunications legislation. That would imply the ability of providing domestic (LDN) and international (LDI) fixed and mobile telephony services throughout the same regions of TIM s, would be subject to risk of being partially closed by ANATEL. On January 16, 2004, ANATEL issued the Act 41,780 establishing an 18-month period for TII to reacquire an indirect interest in the Company, as long as TII did not participate or vote on issues related to the overlapping of services offered by Brasil Telecom S.A. and TIM, such as domestic and international long-distance and mobile services. On June 30, 2004, the Administrative Council of Economic Defense CADE, in the records of the Writ of Prevention 08700.000018/2004 -68, set forth restrictions to the exercise of the control rights on the part of Telecom Italia International N.V. and its representatives at the board of directors of Solpart Participações S.A., Brasil Telecom Participações S.A. and Brasil Telecom S.A.

On April 28, 2005, TII and TIM and Brasil Telecom S.A. and BrT Celular entered into various corporate agreements, including an instrument called Merger Agreement and a Protocol related thereto. Among other reasons alleged, this merger operation was justified by the management of that time as possible solution to overlapping of regulatory licenses and authorizations with TIM, to remove sanctions and penalties, which could be imposed by ANATEL. The operation was forbidden by an injunction issued by the U.S. court. It is also subject-matter of discussion in the Brazilian Court and in arbitration involving controlling shareholders.

On July 7, 2005, ANATEL declared, by means of Act 51,450, that the counting of 18 month-term to solve the overlapping of licenses would start on the date of effective return of TII to the control group of Brasil Telecom S.A. On July 26, 2005, ANATEL, by means of Order 576/2005, declared that the counting of term had already started on April 28, 2005. Therefore, according to ANATEL, the interested companies shall adopt the measures necessary to eliminate the overlapping of the concessions until the end of referred term in October 2006, under the penalty of applying legal sanctions, which might affect either companies or both of them.

Depending on the final decision of ANATEL, these sanctions could have an adverse and material effect on businesses and operations of the Company and of 14 Brasil Telecom Celular S.A.

On October 18, 2006, the Board of Executive Officers of ANATEL, by means of its press agency, informed its previous agreement to a new operation presented by Telecom Italia Internacional (TII) with the purpose of unmaking the concession overlapping of the Personal Mobile Service (SMP) in Region II of the General Plan of Authorizations (PGA) and of the domestic and international long distance Switched Fixed Telephone Service (STFC) in regions I, II and III of the General Concession Plan (PGO).

This new operation comprised the transfer, to Brasilco S.r.l. (a wholly-owned subsidiary of TII, with headquarters in Italy), of the total voting shares held by TII in the capital stock of Solpart Participações S.A. (corresponding to 38%), the parent company of Brasil Telecom Participações S.A., of Brasil Telecom S. A. and of 14 Brasil Telecom Celular S. A. The stake of TII in Brasilco shall be managed independently by Credit Suisse Securities (Europe) Limited.

The Agency, upon its prior consent, maintained the prohibitions related to the vote and veto exercise in the resolutions related to the STFC services (LDN and LDI) and SMP

With the effective implementation of the operation until October 28, 2006, the concession overlapping for the SMP exploration in Region II of PGA and domestic and international long distance STFC in regions I, II and III of PGO would cease, as a communication of ANATEL of October 18, 2006, mentioned above.

On October 27, 2006, Brasil Telecom S.A. received the terms of resignation, dated October 20, 2006, from two members of its Board of Directors pointed by TII, as well as its respective alternate members. Also, on October 27, 2006, the Company received a letter from its controlling shareholder, SOLPART PARTICIPAÇÕES S.A., informing that TII had already transferred the shares in the terms approved by Anatel - however, within the deadline. On October 30, 2006, the Company disclosed to the market a material fact related to these two topics.

Also on October 30, 2006, ANATEL, through its press agency announced that Telecom Italia International would file with ANATEL on October 27, 2006, therefore, within deadline, the supplementary documentation necessary to analyze and approve the new operation: (i) proof of Telecom Italia's managers and deputies' resignations in the Board of Directors of Brasil Telecom and Solpart Participações S.A.; and (ii) corporate documents related to the referred transfer of shares and to the independent management of Brasilco by Credit Suisse, in the capacity as Trustee of Telecom Italia.

Should Anatel's approval be confirmed (still pending) of the documentation presented by TII to the Agency on October 27, 2006, confirming the operation implementation until October 28, 2006, the concession overlapping for SMP exploration in Region II of PGA and domestic and international long distance in regions I, II and III of PGO would cease.

In November 2006, TII submitted to Anatel the concentration act with Brasilco. During same month, Anatel, observing the procedural progress, it submitted this operation to the Administrative Council of Economic Defense - CADE.

6. BENEFITS TO EMPLOYEES

The benefits described in this note are offered to the employees of the Company, its subsidiary Brasil Telecom S.A. and the companies controlled by it. These companies are better described jointly, and can be referred to as Brasil Telecom Companies and for the purpose of the supplementary pension plan mentioned in this note, are also denominated Sponsor or Sponsors.

a. Supplementary Pension Plan

The Company sponsors supplementary pension plans related to retirement for its employees and assisted members, and, in the case of the latter, medical assistance in some cases. These plans are managed by the following foundations: (i) Fundação 14 de Previdência Privada (Fundação 14); (ii) Fundação BrTPREV (FBrTPREV) former CRT, a company merged by the Company on 12/28/00; and (iii) Fundação SISTEL de Seguridade Social (SISTEL), originated from certain companies of the former Telebrás System.

The Bylaws stipulate approval of the supplementary pension plan policy, and the joint liability attributed to the defined benefit plans is linked to the acts signed with the foundations, with the agreement of the Secretaria de Previdência Complementar - SPC, where applicable to the specific plans.

The plans sponsored are valued by independent actuaries on the fiscal year closing date. In the case of the defined benefit plans described in this explanatory note, immediate recognition of the actuarial gains and losses is adopted. Liabilities are provided for plans which show deficits. This measure has been applied since the 2001 financial year, when the regulations of CVM Resolution 371/00 were adopted. In cases that show positive actuarial situations, no assets are recorded due to the legal impossibility of reimbursing these surpluses.

The characteristics of the supplementary pension plans sponsored by the Company are described below.

FUNDAÇÃO 14

Private Pension Fundação 14 was created in 2004 and since 03/10/05 has been in charge of the management and operation of the TCSPREV pension plan. On such a date, it entered into an administration agreement with SISTEL, so that the latter would provide management and operating services to the TCSPREV and PAMEC-BrT plans up to 09/30/06. From this date on, Fundação 14 took over the management and operation services of its plans.

Plans

TCSPREV (Defined Contribution, Settled Benefit and Defined Benefit)

This defined contribution and settled benefit plan was introduced on 02/28/00. On 12/31/01, all pension plans sponsored by the Company with SISTEL were merged, being exceptionally and provisionally approved by then Secretaria de Previdência Complementar SPC of document sent to that Agency, due to the need for adjustments to the regulations. Thus, TCSPREV is comprised of defined contribution groups with settled and defined benefits. The plans that were merged into the TCSPREV were the PBS-TCS, PBT-BrT, BrT Management Agreement, and the Unusual Contractual Relation Instrument, and the conditions established in the original plans were maintained. In March 2003, this plan was no longer offered to the sponsors new contracted ones. However, concerning the defined contribution, this plan started being offered as of March 2005. TCSPREV currently provides assistance to nearly 64.3% of the staff.

PAMEC-BrT Health Care Plan for Supplementary Pension Beneficiaries (Defined Benefit)

Destined for health care of retirees and pensioners subject to Grupo PBT-BrT, which was merged into TCSPREV on 12/31/01.

Contributions Established for the Plans

TCSPREV

Contributions to this plan, by group of participants, are established based on actuarial studies prepared by independent actuaries according to regulations in force in Brazil, using the capitalization system to determine the costs. Currently, contributions are made by the participants and the sponsor only for the internal groups PBS-TCS (defined benefit) and TCSPREV (defined contribution). In the TCSPREV group, the contributions are credited in individual accounts of each participant, equally by employee and sponsor, and the basic contribution percentages vary between 3% and 8% of the participant's salary, according to participant's age and limited to R\$20,070.00 for 2007. Participants have the option to contribute voluntarily or sporadically to the plan above the basic contribution, but without parity of the Company. In the case of the PBS-TCS group, the sponsor's contribution corresponds to 12% of the payroll of the participants; while the employees' contribution varies according to the age, service time and salary. An entry fee may also be payable depending on the age of entering the plan. The sponsors are responsible for the cost of all administrative expenses and risk benefits. Until the quarter, contributions by the sponsor to the TCSPREV group represented 5.66% of the payroll of the plan participants. For employees, the contributions represented 5.73% .

The contributions of the party-company in the quarter were R\$3,755 (R\$4,206 in 2006).

PAMEC-BrT

The contribution for this plan was fully paid in July 1998, through a single payment. New contributions are limited to future necessity to cover expenses, if that occurs.

FUNDAÇÃO SISTEL DE SEGURIDADE SOCIAL

The supplementary pension plan PBS-A, which remains under SISTEL's management, comes from the period before the Telebrás Spin-off and assists participants who had the status of beneficiaries in January, 2000. SISTEL also manages the PAMA/PAMA-PCE pension plan, formed by participants assisted by the PBS-A Plan, the PBS's plans segregated by sponsor in January 2000 and PBS-TCS Internal Group, merged into the TCSPREV plan in December 2001.

Plans

PBS-A (Defined Benefit)

Maintained jointly with other sponsors subject to the provision of telecommunications services and destined for participants that had the status of beneficiaries on 01/31/00.

PAMA - Health Care Plan for Retirees / PCE Special Coverage Plan (Defined Contribution)

Maintained jointly with other sponsors subject to the provision of telecommunications services and destined for participants that had the status of beneficiaries on 01/31/00, for the beneficiaries of the PBS-TCS Group, merged on 12/31/01 into TCSPREV (plan currently managed by Fundação 14) and for the participants of PBS's defined benefit plans sponsored by other companies, together with SISTEL and other foundations. According to a legal and actuarial appraisal, the Sponsor's responsibility is exclusively limited to future contributions. From March to July 2004 and from December 2005 to April 2006, an incentive optional migration of retirees and pensioners of PAMA took place for new coverage conditions (PCE). The participants who opted for the migration began to contribute to PAMA/PCE.

Contributions Established for the Plans

PBS-A

Contributions may occur in case of accumulated deficit. On 12/31/06, the actuarial appraisal date, the plan presented a surplus.

PAMA/PCE

The Sponsor makes contributions for this plan corresponding to 1.5% on payroll of active participants subject to PBS plans, segregated and sponsored by several SISTEL sponsors. In the case of Brasil Telecom, the PBS-TCS was merged into the TCSPREV plan on 12/31/01, and began to constitute an internal group of the plan. Contributions by retirees and pensioners who migrated to PAMA/PCE are also carried out.

The contributions to PAMA, attributed to the party-company, in the quarter were R\$22 (R\$37 in 2006).

FUNDAÇÃO BrTPREV

It is the manager originated from the plans sponsored by former CRT, company incorporated by the Company at the end of 2000. The main purpose of Brasil Telecom S.A. sponsoring FBrTPREV is to maintain the supplementary retirement, pension and other provisions in addition to those provided by the official social security system to participants.

Plans

BrTPREV

Defined contribution plan and settled benefits, launched in October 2002, destined for the concession of pension plan benefits supplementary to those of the official pension plan and that initially assisted only employees subject to the Subsidiary Rio Grande do Sul. This pension plan remained open to new employees of the Company and its subsidiaries from March 2003 to February 2005, when its offering was suspended. Currently, BrTPREV provides assistance to nearly 27.4% of the staff.

Fundador Brasil Telecom and Alternativo Brasil Telecom

Defined benefits plans destined to provide supplementary social security benefits in addition to those of the official social security, closed to the entry of new participants. Currently, these plans assist approximately 0.12% of the staff.

Contributions Established for the Plans

BrTPREV

Contributions to this plan are established based on actuarial studies prepared by independent actuaries according to the regulations in force in Brazil, using the capitalization system to determine costs. Contributions are credited in individual accounts of each participant, the employee's and Company's contributions being equal, the basic percentage contribution varying between 3% and 8% of the participation salary, according to the participant's age and limited to R\$20,761.00 for 2007. Participants have the option to contribute voluntarily or sporadically to the plan above the basic contribution, but without parity of the sponsor. The sponsor is responsible for the administrative expenses and risk benefits. The Company's contributions in 2007 represented 9.24% of the payroll of the plan participants, whilst the employee contribution was 5.36%.

The contributions of the party-company in the quarter were R\$2,762 (R\$3,420 in 2006).

Fundador Brasil Telecom and Alternativo Brasil Telecom

The regular contribution by the sponsor in the quarter was of 4.68% on the payroll of plan participants, who contributed at variable rates according to age, service time and salary; the average rate was 4.45%. With the Alternativo Plan - Brasil Telecom, the participants also pay an entry fee depending on the age of joining the plan.

The normal contributions of the Sponsor in the quarter were R\$3 (R\$4 in 2006).

The mathematical reserve to amortize, corresponding to the current value of the sponsor's supplementary contribution, as a result of the actuarial deficit of the plans managed by FBrTPREV, have the settlement within the maximum established period of twenty years, as from January 2002, according to Circular 66/SPC/GAB/COA from the Supplementary Pension Department dated 01/25/02. Of the maximum period established, fourteen years and nine months still remain for complete settlement, and in the quarter the amount of R\$28,760 (R\$34,179 in 2006) was amortized.

b. Stock Option Plan for Management and Employees

The subsidiary Brasil Telecom S.A.'s Extraordinary Shareholders Meeting held on April 28, 2000, approved the general plan to grant stock call options to its officers and employees including the ones subject to its subsidiaries. The plan authorizes a maximum limit of 10% of the shares of each class stock. Shares derived from exercising options guarantee the beneficiaries the same rights granted to other

respective partnership's shareholders. The administration of this plan was entrusted to a management committee appointed by the Board of Directors, which decided only to grant preferred stock options. The plan is divided into two separate programs:

Program A

This program is granted as an extension of the performance objectives established by the Board of Directors for a five-year period. Until March 31, 2007, no option had been granted.

Program B

The exercise price is established by the management committee based on the market price of one thousand shares on the date of the grant of option and will be monetarily restated by the IGP-M between the date of signing the contracts and the payment date.

The right to exercise the option is given in the way and terms presented as follows:

	First Grant		Second Grant		Third Grant	
	As from	Deadline	As from	Deadline	As from	Deadline
33%	01/01/04	12/31/08	12/19/05	12/31/10	12/21/05	12/31/11
33%	01/01/05	12/31/08	12/19/06	12/31/10	12/21/06	12/31/11
34%	01/01/06	12/31/08	12/19/07	12/31/10	12/21/07	12/31/11

The acquisition periods can be anticipated as a result of the occurrence of events or special conditions established in the option contract. Since December, 2004 until the quarter closing date options were not granted.

Information related to the general plan to grant call options is summarized below:

	03/31/07	
	Preferred Share Options (Thousand)	Average Exercise Price R\$
Balance at the beginning of the quarter	270,802	13.00
Balance at the end of the quarter	270,802	13.00

There has been no granting of call options exercised until the quarter closing date and the representation of the options balance in relation to the total of outstanding shares of subsidiary Brasil Telecom S.A. is 0.05% (0.05% on 12/31/06).

Considering the hypothesis that the options will be fully exercised, the opportunity cost of the respective premiums, calculated based on the Black&Scholes method, would be R\$631 (R\$527 in 2006) to the Subsidiary.

c. Other Benefits to Employees

Other benefits are granted to employees, such as: health/dental care, meal allowance, group life insurance, occupational accident allowance, sickness allowance, transportation allowance, and others.

7. PROVISIONS FOR CONTINGENCIES

a. Contingent Liabilities

The Company and its subsidiaries periodically assess their contingency risks, and also review their lawsuits taking into consideration the legal, economic, tax and accounting aspects. The assessment of these risks aims to classifying them according to the chances of unfavorable outcome among the alternatives of probable, possible or remote, taking into account, as applicable, the opinion of the legal advisors.

For those contingencies, which the risks are classified as probable, provisions are recognized. Contingencies classified as possible or remote are discussed in this note. In certain situations, due to legal requirements or precautionary measures, judicial deposits are made to guarantee the continuity of the cases in litigation. These lawsuits are under discussion in administrative and judicial spheres and in several levels, from lower courts to the extraordinary ones.

It is also worth mentioning that the notice presented below shows, in some cases, identical objects with different classifications of risk level, fact that is justified by specific factual and procedural status related to each lawsuit.

Labor Claims

The provisions for labor claims include an estimate by the Company's management, supported by the opinion of its legal advisors, of the probable losses related to lawsuits filed by employees and former employees of the Company, and of service providers related to the labor matter.

Tax Suits

Provisions for tax contingencies mainly refer to issues related to tax collections resulting from different interpretations of the legislation on the part of the Company's legal advisors, subsidiaries and tax authorities.

Civil Suits

The provisions for civil contingencies refers to an estimate of lawsuits related to contractual adjustments arising from Federal Government economic plans, and other cases related to community telephony programs and suit for damages and consumer lawsuits.

Classification by Risk LevelContingencies for Probable Risk

Contingencies for probable risk of loss, for which provisions are recorded under liabilities, have the following balances:

Nature	PARENT COMPANY		CONSOLIDATED	
	03/31/07	12/31/06	03/31/07	12/31/06
Provisions	4,376	4,260	1,038,803	1,012,280
Labor	-	-	484,616	487,266
Tax	4,324	4,208	199,232	178,710
Civil	52	52	354,955	346,304
Linked Judicial Deposits	-	-	(282,913)	(279,491)
Labor	-	-	(242,618)	(244,579)
Tax	-	-	(2,202)	(1,882)
Civil	-	-	(38,093)	(33,030)
Total Provisions, net of Judicial Deposits	4,376	4,260	755,890	732,789
Current	13	13	175,118	175,603
Long-term	4,363	4,247	580,772	557,186

Labor

Variations occurred in 2007:

	PARENT COMPANY	CONSOLIDATED
Balance on 12/31/06	-	487,266
Variations to the Result	-	28,207
Monetary Restatement	-	13,481
Revaluation of Contingent Risks	-	1,440
Provision of New Shares	-	13,286
Payments	-	(30,857)
Subtotal I (Provisions)	-	484,616
Linked Judicial Deposits on 12/31/06	-	(244,579)
Variations of Judicial Deposits	-	1,961
Subtotal II (Judicial Deposits)	-	(242,618)
Balance on 03/31/07, net of Judicial Deposits	-	241,998

The main objects that affect the labor contingencies provisioned are the following:

- (i) Risk Premium - related to the claim of additional payment for hazardous activities, based on Law 7,369/85, regulated by Decree 93,412/86, due to the supposed risk of contact by the employee with the electric power system;
- (ii)

Salary Differences and Consequences - related, mainly, to requests for salary increases due to supposedly unfulfilled union negotiations. The effects are related to the repercussion of the salary increase supposedly due on the other sums calculated based on the employees' salaries;

- (iii) Career Plan - related to the request for application of the career and salaries plan for employees of Brasil Telecom S.A., the Santa Catarina Branch (formerly Telesc), with promotions for seniority and merit, supposedly not granted by the former Telesc;

- (iv) Joint/Subsidiary Responsibility - related to the request to ascribe responsibility to the subsidiary Brasil Telecom S.A., made by outsourced personnel, due to supposed nonobservance of their labor rights by their direct employers;
- (v) Overtime refers to the pleading for salary and additional payment due to labor supposedly performed beyond the contracted work time;
- (vi) Reintegration pleading due to supposed inobservance of employee's special condition, guaranteeing the impossibility of terminating labor contract without cause;
- (vii) Request for the application of regulation, which established the payment of the percentage incurring on the Company's income, attributed to the Santa Catarina Branch; and
- (viii) Supplement of FGTS fine arising from understated inflation - it refers to requests to supplement indemnification of FGTS fine, due to the recomposition of accounts of this fund by understated inflation.

Brasil Telecom S.A. filed a lawsuit against Caixa Econômica Federal, with a view to ensuring the reimbursement of all amounts paid for this purpose.

Tax

Variations occurred in 2007:

	PARENT COMPANY	CONSOLIDATED
Balance on 12/31/06	4,208	178,710
Variations to the Result	116	23,998
Monetary Restatement	113	4,270
Revaluation of Contingent Risks	-	9,898
Provision of New Shares	3	9,830
Payments	-	(3,476)
Subtotal I (Provisions)	4,324	199,232
Linked Judicial Deposits on 12/31/06	-	(1,882)
Variations of Judicial Deposits	-	(320)
Subtotal II (Judicial Deposits)	-	(2,202)
Balance on 03/31/07, net of Judicial Deposits	4,324	197,030

The other main provisioned lawsuits refer to the following controversies:

- (i) Social Security - related to the non-collection of incident social security in the payment made to cooperative companies, as well as the divergence of understanding about the allowance that comprise the contribution's salary;
- (ii) Federal Taxes - several assessments challenging supposed irregularities committed by the Company, such as undue tax losses carryforward taken place prior to the merger of the other operators of the Region II of the PGO; and

(iii) State Taxes ICMS credits, whose validity is questioned by the State Tax Authorities.

Civil

Variations occurred in 2007:

	PARENT COMPANY	CONSOLIDATED
Balance on 12/31/06	52	346,304
Variations to the Result	-	70,402
Monetary Restatement	-	6,504
Revaluation of Contingent Risks	-	42,944
Provision of New Shares	-	20,954
Payments	-	(61,751)
Subtotal I (Provisions)	52	354,955
Linked Judicial Deposits on 12/31/06	-	(33,030)
Variations of Judicial Deposits	-	(5,063)
Subtotal II (Judicial Deposits)	-	(38,093)
Balance on 03/31/07, net of Judicial Deposits	52	316,862

The lawsuits provided for are the following:

- (i) Review of contractual conditions - lawsuit where a company which supplies equipment filed legal action against the subsidiary Brasil Telecom S.A., asking for a review of contractual conditions due to economic stabilization plans;
- (ii) Capital Participation Agreements - TJ/RS (court of appeals) has been firmly positioned as to the incorrect procedure previously adopted by the former CRT, actual Rio Grande do Sul Branch, belonging to subsidiary Brasil Telecom S.A. in lawsuits related to the application of a rule enacted by the Ministry of the Communications. Such lawsuits are positioned in various phases: lower courts, Court of Appeals and Superior Court of Justice;
- (iii) Customer service centers public civil actions, comprising the closing of customer services centers;
- (iv) Free Mandatory Telephone Directories LTOG s - lawsuits questioning the non-delivery of printed residential telephone directories; and
- (v) Other lawsuits - related to various lawsuits in progress, comprising civil liability suits, indemnifications for contractual termination and consumer matters under procedural progress in the Special Courts, Courts of Law and Federal Courts throughout the country.

Contingencies for Possible Risk

The composition of contingencies with risk level considered to be possible, and therefore not recorded in the accounts, is the following:

Nature	PARENT COMPANY		CONSOLIDATED	
	03/31/07	12/31/06	03/31/07	12/31/06
Labor	9,178	8,866	516,197	488,474

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Tax	31,558	30,666	2,286,088	2,176,063
Civil	385	-	625,585	606,938
Total	41,121	39,532	3,427,870	3,271,475

Labor

Variations occurred in 2007:

PARENT COMPANY	CONSOLIDATED	
Amount estimated on 12/31/06	8,866	488,474
Monetary Restatement	312	17,032
Revaluation of Contingent Risks	-	(15,873)
New Shares	-	26,564
Amount estimated on 03/31/07	9,178	516,197

The main objects that comprise the possible losses of a labor nature are related to joint/subsidiary responsibility, supplement of FGTS indemnifying fine resulting from understated inflation, risk premium, promotions and the request for remuneration consideration for work hours supposedly exceeding the regular workload of hours agreed also contributed to the amount mentioned.

Tax

Variations occurred in 2007:

PARENT COMPANY	CONSOLIDATED	
Amount estimated on 12/31/06	30,666	2,176,063
Monetary Restatement	886	62,823
Revaluation of Contingent Risks	-	12,928
New Shares	6	34,274
Amount estimated on 03/31/07	31,558	2,286,088

The main existing lawsuits are represented by the following objects:

- (i) INSS assessments, with defenses in administrative proceedings or in court, examining the value composition in the contribution salary supposedly owed by the company;
- (ii) Administrative defenses in lawsuits filed by the Internal Revenue Service, arising from differences of amounts between DCTF and DIPJ;
- (iii) Public class suits questioning the alleged transfer of PIS and COFINS to the end consumers;
- (iv) ICMS - On international calls;
- (v) ICMS - Differential of rate in interstate acquisitions;
- (vi) ICMS official notifications with the supposed levy in the activities described in the Agreement 69/98;
- (vii) Withholding Income Tax on operations related to the protection for debt coverage;
- (viii)

The Fund for Universalization of Telecommunications Service – FUST, by virtue of illegal retroactivity, according to the Company’s understanding of the change in the interpretation of its calculation basis by ANATEL; and

- (ix) ISS – supposed levy on auxiliary services to communication.

Civil

Variations occurred in 2007:

	PARENT COMPANY	CONSOLIDATED
Amount estimated on 12/31/06	-	606,938
Monetary Restatement	4	16,042
Revaluation of Contingent Risks	-	(41,038)
New Shares	381	43,643
Amount estimated on 03/31/07	385	625,585

The main lawsuits are presented as follows:

- (i) Repayments resulting from Community Telephony Program lawsuits (PCT) - the plaintiffs intend, along Brasil Telecom S.A., to repay in lawsuits related to the contracts resulting from the Community Telephony Program. Such proceedings are positioned in various phases: lower courts, Court of Appeals and Superior Court of Justice;
- (ii) Lawsuit for damages and consumer; and
- (iii) Contractual - Lawsuits related to the claim for a percentage resulting from the Real Plan, to be applied to a contract for rendering of services, review of conversion of installments in URV and later in reais, related to the supply of equipment and rendering of services.

Letters of Guarantee

The Company maintains letters of guarantee agreements executed with financial institutions, in the amount of R\$14,379 (R\$13,740 on 12/31/06), characterized as supplementary guarantee for judicial proceedings in temporary execution. These guarantees are contracted by an undetermined term and the respective charge varies from 0.65% to 1.20% p.a., representing an average rate of 0.86% p.a. For consolidated effects, the letters of guarantee with such purpose represent R\$787,510 (R\$747,754 on 12/31/06) and the charges vary from 0.45% to 2.00% p.a., resulting in a rate equivalent to 0.83% p.a. Out of the consolidated agreements, the installment of 8.7% will mature in the next twelve months and the remaining is contracted for undetermined term.

Judicial deposits related to contingencies of probable and remote risk of loss are described in note 23.

b. Contingent Assets

As follows, the tax claims promoted by the Company and Brasil Telecom S.A. are shown, through which the recovery of tax paid is claimed, calculated differently from interpretation sustained by its legal advisers.

PIS/COFINS: judicial dispute about the application of Law 9,718/98, which increased the calculation basis for PIS and COFINS. The period comprised by Law was from February 1999 to November 2002 for PIS and from February 1999 to January 2004 for COFINS. In November 2005, STF (Federal Supreme Court) concluded the judgment of certain lawsuits dealing with such issue and considered unconstitutional the increase of calculation basis introduced by said Law. Part of the lawsuits filed by the Subsidiary, referring to the increase in COFINS calculation basis, became final and unappealable in 2006. Out of the amounts not yet reimbursed to the Subsidiary, the latter maintains in its

assets credits in the amount of

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R\$89,603 (R\$89,608 on 12/31/06). The amounts accounted for in addition to the consolidated results of current year, up to the quarter closing date, amounted to R\$1,461, related to monetary restatement.

The judgments of the other lawsuits are being awaited, whose the success assessment in future entry of funds is assessed as probable, in which the recoverable estimates amount non recognized on an accounting basis is R\$140,843 (R\$122,800 of COFINS and R\$18,043 of PIS) to the Company and R\$157,959 to the Consolidated (R\$124,132 of COFINS and R\$33,827 of PIS).

8. SHAREHOLDERS EQUITY

a. Capital Stock

The Company is authorized to increase its capital stock, according to a resolution of the Board of Directors, in a total limit of 700,000,000,000 (seven hundred billion) in common or preferred shares, observing the legal limit of two thirds (2/3) for the issuance of non-voting preferred shares.

By means of a resolution of the General Shareholders' Meeting or the Board of Directors, the Company's capital may be increased by the capitalization of retained earnings or reserves prior to this allocated by the General Shareholders Meeting. Under these conditions, the capitalization may be effected without modifying the number of shares.

The capital stock is represented by common and preferred stocks, with no par value, and it is not mandatory to maintain the proportion between the shares in the case of capital increases.

By means of a resolution of the General Shareholders' Meeting or the Board of Directors, the preemptive right for the issue of shares, subscription bonuses or debentures convertible into shares may be excluded, in the cases stipulated in article 172 of Corporate Law.

The preferred shares do not have voting rights, except in the cases specified in the one paragraph of articles 11 and 14 of the Bylaws, but are assured priority in receiving the minimum non-cumulative dividend of 6% per annum, calculated on the amount resulting from dividing the capital stock by the total number of the Company's shares or 3% per annum, calculated on the amount resulting from dividing the net book shareholders' equity by the total number of the Company's shares, whichever is greater.

Subscribed and paid-up capital as of the date of the end of the quarter is R\$2,596,272 (R\$2,596,272 as of 12/31/06) represented by shares without par value as follows:

In thousands of shares

Type of Shares	Total Shares		Treasury Stock		Outstanding Shares	
	03/31/07	12/31/06	03/31/07	12/31/06	03/31/07	12/31/06
Common	134,031,688	134,031,688	1,480,800	1,480,800	132,550,888	132,550,888
Preferred	229,937,526	229,937,526	-	-	229,937,526	229,937,526
Total	363,969,214	363,969,214	1,480,800	1,480,800	362,488,414	362,488,414

	03/31/07	12/31/06
Book Value per thousand Outstanding Shares (R\$)	14.51	14.56

In the determination of the book value calculation by thousand shares the common shares held in treasury are deducted.

b. Treasury Stock

Treasury stocks derive from Stock Repurchase Programs, carried out between 2002 and 2004. On 09/13/04, the material fact of the current proposal approved by the Company's Board of Directors was published, for the repurchase of preferred and ordinary stocks issued by the Company, for holding in treasury or cancellation, or subsequent sale.

The quantity of treasury stocks was the following:

	03/31/07		12/31/06	
	Ordinary shares (thousands)	Amount	Ordinary shares (thousands)	Amount
Opening balance in the quarter	1,480,800	20,846	1,480,800	20,846
Closing balance in the quarter	1,480,800	20,846	1,480,800	20,846

Historical cost in the acquisition of treasury stock (R\$ per thousand shares)	03/31/07	12/31/06
Weighted Average	14.08	14.08
Minimum	12.40	12.40
Maximum	17.00	17.00

The unit cost in the acquisition considers the totality of stock repurchase programs.

Until the quarter closing date, there were no disposals of ordinary shares purchased.

Market Value of Treasury Stocks

The market value of treasury stocks on the quarter closing date was the following:

	03/31/07	12/31/06
Number of common shares held in treasury (thousands of shares)	1,480,800	1,480,800
Quotation per thousand shares on BOVESPA (R\$)	41,50	35,00
Market value	61,453	51,828

The Company maintains the balance of treasury stocks in an own account in its accounting. For presentation purposes, the retained earnings account balance, which originated the repurchase of such shares, is represented as follows:

	03/31/07	12/31/06
Balance presented in Accounting	2,068,919	2,087,231
Treasury Stocks	(20,846)	(20,846)
Retained Earnings Balance, net of Treasury Stocks	2,048,073	2,066,385

c. Capital Reserves

Capital reserves are recognized in accordance with the following practices:

Reserve for Premium on Subscription of Shares: results from the difference between the amount paid on subscription and the portion allocated to capital.

Other Capital Reserves: formed by the contra entry of the funds invested in income tax incentives.

d. Profit Reserves

The profit reserves are recognized in accordance with the following practices:

Legal Reserve: allocation of five percent of the annual net income up to twenty percent of paid-up capital or thirty percent of capital plus capital reserves. The legal reserve is only used to increase capital stock or to absorb losses.

Unrealized Income Reserve: constituted in the years in which the mandatory dividend amount, calculated in accordance with the bylaws or article 202 of Law no. 6,404/76, exceeded the realized portion of the net income for the year. The reserve may absorb losses in subsequent years or, when realized, comprises the adjusted net income calculation for purposes of distribution of dividends. According to the update promoted by Law no. 10,303/01, the income recorded in the unrealized income reserve as from 2002 shall be considered by the amount of the own postponed dividend. However, the unrealized income reserve during the effectiveness of the previous rule, when realized, will continue to comprise the calculation basis of the dividends, which is the case of the unrealized income reserve existing in the Company.

Retained Earnings: they are composed of remaining income balances of net income for the year, adjusted according to the terms of article 202 of Law no. 6,404/76, or by the recording of adjustments from prior years, if applicable.

e. Dividends and Interest on Shareholders Equity

Dividends are calculated at the end of the fiscal year. Mandatory minimum dividends are calculated in accordance with article 202 of Law 6,404/76, and the preferred or priority dividends are calculated in accordance with the company's Bylaws.

As a result of a resolution by the Board of Directors, the Company may pay or credit, as dividends, interest on shareholders' equity (JSCP), under the terms of article 9, paragraph 7, of Law 9,249, as of 12/26/95. The interest paid or credited will be offset with the minimum mandatory annual dividend amount, in accordance with article 44 of the Company's Bylaws.

The interest on shareholders' equity credited to shareholders in the quarter and which shall be attributed to dividends, net of income tax, as part of the proposal to allocate results for the fiscal year to close at 2007 year-end, to be submitted for approval of the General Shareholders' Meeting, was the following:

	03/31/07	12/31/06
Interest on Shareholders' Equity JSCP Credited	187,600	-
Common Shares	68,600	-
Preferred Shares	119,000	-
Withholding tax (IRRF)	(28,140)	-
Net interest on Shareholders' Equity	159,460	-

9. OPERATING REVENUE FROM SERVICES RENDERED AND GOODS SOLD**CONSOLIDATED**

	03/31/07	03/31/06
Fixed Telephony Service		
Local Service	1,648,044	1,769,083
Activation fees	6,614	4,181
Subscription	862,586	893,327
Measured service charges	302,570	355,601
Mobile Fixed - VC1	465,662	503,463
Rent	297	316
Other	10,315	12,195
Long Distance Service	756,304	703,873
Intra-Sectorial Fixed	213,895	230,070
Intra-Regional (Inter-Sectorial) Fixed	68,430	82,154
Inter Regional Fixed	60,826	69,785
VC2	202,561	167,520
Fixed Origin	73,737	70,236
Mobile Origin	128,824	97,284
VC3	198,855	141,642
Fixed Origin	97,223	58,823
Mobile Origin	101,632	82,819
International	11,737	12,702
Interconnection	84,956	108,502
Fixed x Fixed	56,742	71,691
Mobile x Fixed	28,214	36,811
Lease of Means	89,740	82,969
Public Telephony Service	129,049	127,865
Supplementary Services, Intelligent Network and Advanced Telephony	106,319	86,151
Other	9,992	10,433
Total of Fixed Telephony Service	2,824,404	2,888,876
Mobile Telephony Service		
Telephony Service	360,330	172,928
Subscription	101,393	57,841
Utilization	109,479	79,359
Additional per call	1,541	1,590
Roaming	4,751	3,461
Interconnection	139,631	26,106
Other Services	3,535	4,571

Sale of Goods	52,197	54,644
Cell Phones	50,375	52,742
Electronic Cards - <i>Brasil Chip</i> , Accessories and Other Goods	1,822	1,902
Total of Mobile Telephony Service	412,527	227,572

continues

*continued***CONSOLIDATED**

	03/31/07	03/31/06
Data Transmission Services and Other		
Data Transmission	557,420	454,459
Other Services of Main Activities	102,723	83,980
Total of Data Transmission Services and Other	660,143	538,439
Gross Operating Revenue	3,897,074	3,654,887
Deductions from Gross Revenue	(1,206,217)	(1,177,990)
Taxes on Gross Revenue	(1,064,627)	(1,055,307)
Other Deductions on Gross Revenue	(141,590)	(122,683)
Net Operating Revenue	2,690,857	2,476,897

10. COST OF SERVICES RENDERED AND GOODS SOLD

The costs incurred in the rendering of services and sales of goods are as follows:

CONSOLIDATED

	03/31/07	03/31/06
Interconnection	(576,532)	(498,539)
Depreciation and Amortization	(540,910)	(568,851)
Third-Party Services	(238,717)	(223,378)
Rent, Leasing and Insurance	(78,079)	(94,158)
Goods Sold	(52,847)	(53,984)
Personnel	(34,982)	(53,016)
Employees Profit Sharing	(5,166)	(5,600)
Means of Connection	(30,844)	(20,590)
Burden of the Concession	(16,841)	(17,043)
FISTEL	(16,758)	(12,028)
Material	(16,666)	(18,063)
Other	(3,041)	(2,688)
Total	(1,611,383)	(1,567,938)

11. COMMERCIALIZATION OF SERVICES*(Sales expenses)*

The expenses related to commercialization activities are detailed according to the following nature:

CONSOLIDATED

	03/31/07	03/31/06
Third-Party Services	(175,091)	(168,211)
Losses on Accounts Receivable	(87,791)	(96,141)
Allowance/Reversal for Doubtful Accounts	(7,889)	(16,635)
Personnel	(54,804)	(67,566)
Employees and Management Profit Sharing	(5,432)	(5,716)
Rent, Leasing and Insurance	(18,772)	(2,629)
Material	(6,846)	(6,809)
Depreciation and Amortization	(4,760)	(4,113)
Other	(7,239)	(6,596)
Total	(368,624)	(374,416)

12. GENERAL AND ADMINISTRATIVE EXPENSES

The expenses related to administrative activities, which include information technology expenses, are detailed according to the following nature:

PARENT COMPANY CONSOLIDATED

	03/31/07	03/31/06	03/31/07	03/31/06
Third-Party Services	(1,874)	(3,465)	(175,432)	(172,771)
Depreciation and Amortization	(70)	(80)	(83,368)	(75,821)
Personnel	(1,077)	(1,081)	(41,941)	(50,661)
Employees and Management Profit Sharing	-	-	(8,971)	(7,678)
Rent, Leasing and Insurance	(1,795)	(576)	(8,610)	(9,886)
Material	-	-	(923)	(4,999)
Other	(6)	(9)	(1,451)	(1,031)
Total	(4,822)	(5,211)	(320,696)	(322,847)

13. OTHER OPERATING REVENUES (EXPENSES)

The remaining revenue and expenses attributed to operational activities are shown as follows:

	PARENT COMPANY		CONSOLIDATED		
		03/31/07	03/31/06	03/31/07	03/31/06
Fines		(1)	494	20,617	21,316
Operating Infrastructure Rent and Other		-	-	20,511	21,869
Recovery of Taxes and Recovered Expenses		30	-	20,029	4,657
Technical and Administrative Services		945	-	15,496	14,235
Reversal of Other Provisions		-	-	15,344	14,164
Subsidies and Donations Received		-	-	3,107	2,473
Contingencies Provision ⁽¹⁾		(116)	(86)	(122,607)	(75,185)
Goodwill Amortization on the Acquisition of Investments		-	-	(21,032)	(21,262)
Taxes (Other than Gross Revenue, Corporate Income Tax and Social Contribution)		(150)	(101)	(14,950)	(20,212)
Pension Funds Provision and Administrative Costs		-	-	(11,707)	(7,182)
Court Fees		-	-	(9,243)	(5,420)
Donations and Sponsorships		-	-	(1,317)	(1,022)
Income/Loss In the Write-off of Repair/Resale Inventories		-	-	(455)	(183)
Other Revenues (Expenses)		(155)	(154)	(2,044)	(4,706)
Total		553	153	(88,251)	(56,458)
Other Operating Revenues		975	497	114,748	81,746
Other Operating Expenses		(422)	(344)	(202,999)	(138,204)

Revenues and expenses of the same nature are represented by the net value.

(1) Provisions for contingencies are described in Note 7.

14. FINANCIAL EXPENSES, NET

	PARENT COMPANY		CONSOLIDATED		
		03/31/07	03/31/06	03/31/07	03/31/06
Financial Revenues		55,264	69,074	161,424	116,097
Domestic Currency		55,264	66,819	161,360	111,270
On Rights in Foreign Currency		-	2,255	64	4,827
Financial Expenses		(208,090)	(16,785)	(494,763)	(191,361)
Domestic Currency		(20,489)	(9,835)	(201,971)	(150,327)
On Liabilities in Foreign Currency		(1)	(6,950)	(25,020)	(41,034)
Interest on Shareholders Equity		(187,600)	-	(267,772)	-
Total		(152,826)	52,289	(333,339)	(75,264)

15. NON-OPERATING REVENUES (EXPENSES)

PARENT COMPANY CONSOLIDATED

	03/31/07	03/31/06	03/31/07	03/31/06
Result in the Write-off of Property, Plant and Equipment and Deferred Assets	-	-	(4,129)	(3,303)
Amortization of Goodwill on Merger	-	-	(126)	(1,953)
Gain (Loss) with Investments	-	(5)	(9)	(5)
Provision/Reversal for Realization Amount and Losses of Property, Plant and Equipment	-	-	4,915	1,583
Provision/Reversal for Investment Losses	62	144	2,817	1,236
Other Non-operating Expenses	-	-	-	(88)
Total	62	139	3,468	(2,530)

16. INCOME TAX AND SOCIAL CONTRIBUTION ON INCOME

Income tax and social contribution on income are recorded on an accrual basis, and the tax effects on temporary differences are deferred. The provision for income tax and social contribution on income recognized in the income statement are as follows:

	PARENT COMPANY		CONSOLIDATED	
	03/31/07	03/31/06	03/31/07	03/31/06
Income Before Taxes and Interest	(15,689)	48,729	(27,968)	77,444
Income of Companies Not Subject to Income Tax and Social Contribution Calculation	-	-	24,146	22,260
Total of Taxable Income	(15,689)	48,729	(3,822)	99,704
Corporate Income Tax - IRPJ				
IRPJ on Taxable Income (10%+15%=25%)	3,922	(12,182)	956	(24,926)
Permanent Additions	(5,871)	(504)	(10,774)	(11,366)
Amortization of Goodwill	-	-	(5,707)	(2,413)
Exchange Variation on Investments	(14)	(36)	(666)	(5,076)
Equity in Subsidiaries	(5,857)	(467)	-	-
Non operating Equity Pickup in Subsidiaries	-	(1)	-	-
Other Additions	-	-	(4,401)	(3,877)
Permanent Exclusions	16	881	8,824	4,189
Dividends of Investments Evaluated by Acquisition Cost	-	1	2	1
Equity in Subsidiaries	-	844	-	-
Other Exclusions	16	36	8,822	4,188
Tax losses Carryforward	-	-	476	3
Other	6	4	491	1,329
Expense of IRPJ on Statement of Income	(1,927)	(11,801)	(27)	(30,771)
Social Contribution on Net Income - CSLL				
CSLL on Taxed Results (9%)	1,412	(4,386)	344	(8,973)
Permanent Additions	(2,113)	(182)	(3,590)	(3,930)
Amortization of Goodwill	-	-	(2,055)	(869)
Exchange Variation on Investments	(5)	(13)	(240)	(1,827)
Equity in Subsidiaries	(2,108)	(168)	-	-
Non operating Equity Pickup in Subsidiaries	-	(1)	-	-
Other Additions	-	-	(1,295)	(1,234)
Permanent Exclusions	6	317	3,063	1,508
Dividends of Investments Evaluated by Acquisition Cost	-	-	1	-
Equity in Subsidiaries	-	304	-	-
Other Exclusions	6	13	3,062	1,508
Compensation of Negative Calculation Basis	-	-	170	2
Other	(1)	-	72	52
Effect of CSLL on Statement of Income	(696)	(4,251)	59	(11,341)
Effect of IRPJ and CSLL on Statement of Income	(2,623)	(16,052)	32	(42,112)

17. CASH AND CASH EQUIVALENTS

	PARENT COMPANY		CONSOLIDATED	
	03/31/07	12/31/06	03/31/07	12/31/06
Cash	-	-	4,471	4,745
Bank Accounts	86	740	45,420	123,155
High-Liquid Investments	1,445,163	1,431,604	3,873,965	3,846,052
Total	1,445,249	1,432,344	3,923,856	3,973,952

High-liquid investments represent amounts invested in exclusive funds managed by financial institutions, guaranteed in federal bonds and private securities (CDB s) of first-rate institutions, both with average profitability equivalent to interbank deposit rates DI CETIP (CDI), in exclusive funds managed by financial Institutions and guaranteed in futures contracts of dollar traded at the Futures and Commodities Exchange (BM&F), financial investments in foreign currency that earn exchange rate variation plus interest of 5.33% p.a. and Fed Funds minus spread of 0.125% p.a.

The breakdown of high-liquid investment portfolio, on the quarter closing date, is presented below:

PARENT COMPANY								
03/31/07								
Financial Institution	Investments Nature					Adjustment		Total
	LTN (with swap coverage)	LFT	NTN-F	Over Selic	CDB	Provision for Income Tax	Liabilities	
Exclusive Funds								
ABN Amro	138,322	29,266	-	374	-	(1,847)	(171)	165,944
Banco do Brasil	101,000	163,372	-	24,383	11,116	(2,161)	(34)	297,676
Bradesco	121,054	31,798	22,953	28,810	-	(1,730)	(114)	202,771
Itaú	232,347	8,361	-	-	-	(2,400)	(130)	238,178
Safra	63,960	43,595	-	1,533	-	(659)	-	108,429
Western AM (Legg Mason)	310,208	12,278	77,953	23	35,495	(3,561)	(231)	432,165
Total of Exclusive Funds	966,891	288,670	100,906	55,123	46,611	(12,358)	(680)	1,445,163
Total High-Liquid Investments	966,891	288,670	100,906	55,123	46,611	(12,358)	(680)	1,445,163

CONSOLIDATED

	03/31/07				
Financial Institution	Investments Nature				
	LTN (swap coverage)	LFT	Over Selic	CDB	NTN-F
Exclusive Funds					
ABN Amro	225,167	47,641	608	-	-
Banco do Brasil	192,818	475,394	45,839	37,210	-
Bradesco	182,145	47,845	43,349	-	34,536
CEF	148,049	119,019	30,491	16,078	9,867
Itaú	450,480	16,210	1	-	-
Safra	63,960	43,595	1,533	-	-
Santander	263,799	106,173	30,604	18,203	-
Unibanco	322,612	49,652	10	-	-
Votorantim	151,819	22,430	34,617	16,567	-
Western AM (Legg Mason)	310,208	12,278	23	35,495	77,953
Total Exclusive Funds	2,311,057	940,237	187,075	123,553	122,356
Other Investments					
Other Institutions	-	-	-	5,303	-
Total Other Investments	-	-	-	5,303	-
Total Investments	2,311,057	940,237	187,075	128,856	122,356

	03/31/07					
	Investments Nature			Adjustment		Total
	NTN-D	Overnight	Open Investment Funds (Fixed Income)	Provision for Income Tax	Liabilities	
Exclusive Funds						
ABN Amro	-	-	-	(2,856)	(279)	270,281
Banco do Brasil	-	-	-	(5,330)	(79)	745,852
Bradesco	-	-	-	(2,691)	(172)	305,012
CEF	-	-	-	(3,028)	(97)	320,379
Itaú	-	-	-	(4,165)	(252)	462,274
Safra	-	-	-	(659)	-	108,429
Santander	1,220	-	-	(3,844)	(371)	415,784
Unibanco	-	-	-	(3,279)	(192)	368,803
Votorantim	-	-	-	(1,730)	(116)	223,587
Western AM (Legg Mason)	-	-	-	(3,561)	(231)	432,165
Total Exclusive Funds	1,220	-	-	(31,143)	(1,789)	3,652,566
Other Investments						
Barclays	-	82,486	-	-	-	82,486

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Credit Suisse	-	123,492	-	-	-	123,492
Smith Barney	-	-	10,721	-	-	10,721
Other Institutions	-	-	290	(58)	-	5,535
Total Other Investments	-	205,978	11,011	(58)	-	222,234
Total Investments	1,220	205,978	11,011	(31,201)	(1,789)	3,874,800

Partial block by judicial determination, considered in Judicial Deposits	(835)
Total High-Liquid Financial Investments	3,873,965

Exclusive funds, which are regularly audited and for which there is no unqualified opinion, are subject to liabilities restricted to the payment of services rendered by the asset management, attributed to investment operations, such as custody, audit and other expenses rates, not existing relevant financial liabilities, as well as Company's assets to guarantee those liabilities.

Statement of Cash Flows

	PARENT COMPANY		CONSOLIDATED	
	03/31/07	03/31/06 ⁽¹⁾	03/31/07	03/31/06 ⁽¹⁾
Operating Activities				
Net Income for the Period	169,288	32,677	169,870	33,546
Minority Interest	-	-	69,966	1,786
Income Items not Affecting Cash	(179,701)	(11,754)	763,702	1,072,483
Depreciation and Amortization	70	80	650,196	672,000
Losses on Accounts Receivables from Services	-	-	87,791	96,141
Allowance for Doubtful Accounts	-	-	7,889	16,635
Provision for Contingencies	116	86	122,607	75,185
Provision for Pension Funds	-	-	11,707	7,182
Deferred Taxes	(38,481)	(10,421)	(116,462)	204,623
Income in Permanent Assets Write-off	(62)	(145)	(30)	712
Equity in Subsidiaries	(141,344)	(1,359)	-	-
Gains from Investments	-	5	4	5

Equity Changes	23,566	(26,895)	(495,626)	(877,916)
Trade Account Receivable	-	-	(125,750)	(102,659)
Inventories	-	-	15,080	2,779
Judicial Deposits	(31)	(28,412)	(120,092)	(39,300)
Contractual Retentions	-	-	-	(191,439)
Payroll, Social Charges and Benefits	-	(7)	(2,320)	(3,415)
Accounts Payable and Accrued Expenses	(34,044)	(52,809)	(546)	(91,430)
Taxes	51,497	46,409	(26,008)	(226,094)
Financial Charges	-	(3,558)	(38,813)	(55,523)
Authorization for Service Exploitation	-	-	25,346	26,622
Provisions for Contingencies	-	118	(99,506)	(110,489)
Provisions for Pension Plans	-	-	(9,303)	(34,179)
Other Assets and Liabilities Accounts	6,144	11,364	(113,714)	(52,789)
Cash Flow from Operating Activities	13,153	(5,972)	507,912	229,899

Investment Activities				
Temporary Investments	-	30,410	89,389	(14)
Funds Obtained in the Sale of Permanent Assets	-	-	98	125
Investments in Permanent Assets	-	(257)	(378,019)	(623,450)
Dividends/Interest on Shareholders' Equity Received from Subsidiaries	-	220,708	-	-
Cash Flow from Investment Activities	-	250,861	(288,532)	(623,339)

Continues

continued

	PARENT COMPANY		CONSOLIDATED		
		03/31/07	03/31/06 ⁽¹⁾	03/31/07	03/31/06 ⁽¹⁾
Financing Activities					
Dividends/Interest on Shareholders Equity Paid in the Period		(248)	(295,019)	(662)	(397,365)
Loans and Financing		-	-	(268,814)	(160,789)
Loans Obtained		-	-	-	1,500
Loans Settled		-	-	(268,814)	(162,289)
Acquisition of Own Shares		-	-	-	29
Other Flows from Financing Activities		-	-	-	17,670
Cash Flow from Financing Activities		(248)	(295,019)	(269,476)	(540,455)

Cash Flow for the Period	12,905	(50,130)	(50,096)	(933,895)
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Cash, Bank Accounts and High Liquid Investments				
Closing Balance	1,445,249	833,560	3,923,856	1,679,878
Opening Balance (on December 31)	1,432,344	883,690	3,973,952	2,613,773
Variation in the Period	12,905	(50,130)	(50,096)	(933,895)

(1) Reclassification in some lines of cash flows of 03/31/06 took place, aiming at the adequacy to the way presented in the current year.

Supplementary Cash Flow Information

	PARENT COMPANY		CONSOLIDATED		
		03/31/07	03/31/06 ⁽¹⁾	03/31/07	03/31/06 ⁽¹⁾
Income Tax and Social Contribution Paid		-	-	52,759	4,004
Interest Paid from Loans and Financings (Includes Debentures)		-	13,432	166,505	169,952

18. TRADE ACCOUNTS RECEIVABLE

The amounts related to accounts receivable are as follows:

	CONSOLIDATED	
	03/31/07	12/31/06
Billed Services	1,489,990	1,476,842
Services to be Billed	977,856	916,672
Sales of Goods	54,856	91,775
Subtotal	2,522,702	2,485,289
Allowance for Doubtful Accounts	(364,979)	(357,635)
Services Rendered	(360,862)	(353,203)
Sales of Goods	(4,117)	(4,432)
Total	2,157,723	2,127,654

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Due	1,586,941	1,632,138
Past due:		
01 to 30 Days	411,138	415,040
31 to 60 Days	149,609	124,393
61 to 90 Days	98,372	76,947
91 to 120 Days	69,645	61,490
More than 120 Days	206,997	175,281

19. INVENTORIES

The maintenance and resale inventories, to which provisions are recorded for losses or adjustments to the forecast in which they must be realized, are composed as follows:

CONSOLIDATED		
	03/31/07	12/31/06
Inventory for Resale (Cell Phones and Accessories)	74,935	96,476
Maintenance Inventory	7,280	9,175
Provision for the Adjustment to the Realization Value	(31,400)	(39,062)
Provision for Potential Losses	(1,732)	(2,425)
Total	49,083	64,164

20. LOANS AND FINANCING - ASSETS

CONSOLIDATED		
	03/31/07	12/31/06
Loans	8,432	8,409
Total	8,432	8,409
Current	7,627	5,557
Long-term	805	2,852

21. DEFERRED AND RECOVERABLE TAXES

	PARENT COMPANY		CONSOLIDATED	
	03/31/07	12/31/06	03/31/07	12/31/06
Deferred Taxes	57,440	17,735	1,521,518	1,407,142
Other taxes Recoverable	287,858	304,835	1,222,129	1,186,436
Total	345,298	322,570	2,743,647	2,593,578
Current	114,935	42,915	1,129,463	944,115
Long-term	230,363	279,655	1,614,184	1,649,463

Deferred taxes related to Corporate Income Tax and Social Contribution on Income

	PARENT COMPANY		CONSOLIDATED	
	03/31/07	12/31/06	03/31/07	12/31/06
Corporate Income Tax				
Deferred Income Tax on:				
Tax Losses	-	-	452,287	433,124
Provisions for Contingencies	1,094	1,065	251,427	245,966
Provision for Pension Plan Actuarial Insufficiency Coverage	-	-	162,904	162,303
Allowance for Doubtful Accounts	-	-	90,582	89,245
ICMS - Agreement nos. 69/98 and 78/01	-	-	56,771	58,480
Provision for Suspended Collection - COFINS/CPMF	21,332	16,287	22,401	17,341
Provision for Employee Profit Sharing	-	-	4,979	15,922
Provision for Inventory Material Loss	-	-	9,056	10,288
Provision for Suspended Collection - FUST	-	-	12,108	10,246
Provision for Losses- BIA	-	-	1,285	1,285
Unrealized Revenue	-	-	-	221
Interest on Shareholders Equity <i>pro rata</i>	25,456	-	64,373	-
Other Provisions	-	-	12,952	11,100
Subtotal	47,882	17,352	1,141,125	1,055,521
Social Contribution on Income				
Deferred Social Contribution on:				
Negative Calculation Basis	-	-	163,407	156,388
Provisions for Contingencies	394	383	92,208	90,014
Provision for Pension Plan Actuarial Insufficiency Coverage	-	-	58,646	58,429
Allowance for Doubtful Accounts	-	-	32,609	32,128
Provision for Employee Profit Sharing	-	-	1,961	6,421
Provision for Inventory Material Loss	-	-	3,260	3,704
Provision for losses- BIA	-	-	463	463
Unrealized Revenue	-	-	-	79
Interest on Shareholders Equity <i>pro rata</i>	9,164	-	23,174	-
Other Provisions	-	-	4,665	3,995
Subtotal	9,558	383	380,393	351,621
Total	57,440	17,735	1,521,518	1,407,142
Current	34,625	4	349,217	270,782
Long-term	22,815	17,731	1,172,301	1,136,360

The following table shows the periods in which the deferred tax assets corresponding to income tax and social contribution on net income (CSLL) are expected to be realized, which are derived from temporary differences between book value on the accrual basis and the taxable income, as well as in the tax loss and in the negative basis of social contribution, when existing. The realization periods are based on a technical study that used forecast future taxable income, generated in fiscal years when the temporary differences will become deductible expenses for tax purposes. These assets are recorded in accordance with CVM Instruction 371/02 requirements, and at the closing of the fiscal years the technical study is submitted to the approval of the board of executive officers and the Board of

Directors, as well as its examination by the Fiscal Council.

	PARENT COMPANY	CONSOLIDATED
2007	34,625	275,530
2008	1,483	174,926
2009	21,332	136,723
2010	-	95,777
2011	-	125,567
2012 to 2014	-	376,028
2015 to 2016	-	246,820
After 2016	-	90,147
Total	57,440	1,521,518
Current	34,625	349,217
Long-term	22,815	1,172,301

The recoverable amount expected after 2016 is a result of a provision to cover an actuarial insufficiency of pension plans that is being settled by the subsidiary Brasil Telecom S.A. according to the maximum remaining period of 14 years and 9 months, in line with the period established by the Supplementary Pension Department (SPC). Despite the time limit stipulated by the SPC and according to the estimated future taxable income, the Subsidiary presents conditions to fully offset the deferred taxes in a period lower than ten years, if it opts to fully anticipate the payment of the debt. Tax credits in the amount of R\$145,582, attributed to the Consolidated, were not recorded due non-existence of necessary requirements for the history and/or future forecast of taxable income in VANT, BrT Multimídia, and BrT CS, subsidiaries indirectly controlled.

Other Taxes Recoverable

They are comprised of federal withholding taxes and payments made, calculated based on legal estimates, which will be offset against future tax obligations. The ICMS recoverable arises, for the most part, from credits recorded in the acquisition of fixed assets, whose compensation with ICMS payable may occur in up to 48 months, according to Supplementary Law 102/00.

	PARENT COMPANY		CONSOLIDATED	
	03/31/07	12/31/06	03/31/07	12/31/06
ICMS	-	-	629,898	632,227
Corporate Income Tax	262,122	268,157	361,251	322,848
PIS and COFINS	-	-	182,193	183,307
Social Contribution on Net Income	25,736	36,678	44,827	44,269
FUST	-	-	720	720
Other	-	-	3,240	3,065
Total	287,858	304,835	1,222,129	1,186,436
Current	80,310	42,911	780,246	673,333
Long-term	207,548	261,924	441,883	513,103

22. INCOME SECURITIES

Represented by bank deposit certificates (CDB) of Banco de Brasília S.A. BRB, remunerated with 95% of SELIC rate, maintained by Brasil Telecom S.A. and 14 Brasil Telecom Celular S.A., as guarantee of the financing obtained

through Programa de Promoção do Desenvolvimento Econômico e Sustentável do Distrito Federal (Program to Promote Integrated Economic and Sustainable Development of the Federal District - PRÓ-DF). These income securities will be maintained during the period of utilization and amortization of financing (liability), whose grace period establishes the first payment for year 2019,

payable in 180 monthly, consecutive installments. This asset may be used to pay the final installments of that financing.

CONSOLIDATED

	03/31/07	12/31/06
Banco de Brasília S.A. BRB Bank Deposit Certificates	3,399	3,280
Total	3,399	3,280
Long-Term	3,399	3,280

23. JUDICIAL DEPOSITS

Balances of judicial deposits related to contingencies with level of possible and remote risk of loss:

PARENT COMPANY CONSOLIDATED

Subject to (by Nature of Demands)	03/31/07	12/31/06	03/31/07	12/31/06
Labor	-	-	202,143	198,343
Tax	5,255	5,284	121,161	133,656
Civil	60	-	345,770	216,984
Total	5,315	5,284	669,074	548,983
Current	-	-	140,979	119,058
Long-term	5,315	5,284	528,095	429,925

The judicial deposits subject to liability provisions are shown on a deductive basis of such provisions. Refer to Notes 7 and 32.

24. RECEIVABLE DIVIDENDS/INTEREST ON SHAREHOLDERS EQUITY

These refer to the interest on shareholders equity, net of withholding tax, and dividends credited by the subsidiary Brasil Telecom S.A. in 2006, including the credit of interest on shareholders equity occurred in the current year, which amount receivable is R\$381,249 (R\$241,145 on 12/31/06).

25. OTHER ASSETS**PARENT COMPANY CONSOLIDATED**

	03/31/07	12/31/06	03/31/07	12/31/06
Advances to Suppliers	-	-	71,794	59,183
Advances to Employees	-	-	29,805	33,610
Receivables from Other Telecom Companies	-	-	9,501	9,501
Contractual Guarantees and Retentions	-	-	1,091	1,134
Prepaid Expenses	7,145	8,900	135,582	100,207
Compulsory Deposits	-	-	1,562	1,750
Assets for Sale	-	-	922	1,016
Other	454	131	20,643	10,625
Total	7,599	9,031	270,900	217,026
Current	7,599	8,436	229,702	174,189
Long-term	-	595	41,198	42,837

26. INVESTMENTS

	PARENT COMPANY		CONSOLIDATED	
	03/31/07	12/31/06	03/31/07	12/31/06
Investments Carried Under the Equity in Subsidiaries	3,725,283	3,748,768	-	-
Brasil Telecom S.A.	3,698,412	3,719,264	-	-
Nova Tarrafa Participações Ltda.	25,655	28,123	-	-
Nova Tarrafa Inc.	1,216	1,381	-	-
Advances for Future Capital Increase	21	21	-	-
Nova Tarrafa Participações Ltda.	21	21	-	-
Goodwill Paid on Acquisition of Investments	-	-	239,829	260,852
iG Cayman	-	-	147,619	161,019
MTH Ventures do Brasil	-	-	45,986	51,504
Companies iBEST	-	-	43,873	45,508
Companies BrT Cabos Submarinos	-	-	2,351	2,821
Interest Valued at Acquisition Cost	6,911	6,911	47,190	46,059
Tax Incentives, Net of Allowance for Losses	701	638	24,459	22,774
Other Investments	-	-	373	389
Total	3,732,916	3,756,338	311,851	330,074

The advances for future capital increase in favor of the Subsidiary were considered in the investments appraisal, since the allocated investments are only waiting for the formalization of the corporate act to perform the respective capital increase.

Investments Valued Using the Equity Method of Accounting: they comprise the interest of the Company in its subsidiaries Brasil Telecom S.A., Nova Tarrafa Participações Ltda. and Nova Tarrafa Inc., whose main data are:

	BT S.A.	NTP (Ltda.)	NTI
Shareholders Equity	5,497,307	25,655	1,216
Capital	3,470,758	32,625	2,056
Book Value per Share/Quota (R\$)	0.01	0.79	1,212.36
Net Income (Loss) - Period	214,006	(2,468)	(108)
Number of Shares/Quotas Held by the Company (in thousands)			
Common Shares	249,597,050	-	1
Preferred Shares	120,911,021	-	-
Quotas	-	32,625	-
Ownership % in Subsidiary's Capital ⁽¹⁾			
In Total Capital	67.28%	99.99%	100%
In Voting Capital	99.07%	99.99%	100%

(1) It considers the outstanding capital stock.

The equity in subsidiaries result is composed of the following values:

	Operating		Non-Operating	
	03/31/07	03/31/06	03/31/07	03/31/06
Brasil Telecom S.A.	143,976	3,376	-	(5)
Nova Tarrafa Participações Ltda.	(2,468)	(1,780)	-	-
Nova Tarrafa Inc. ⁽¹⁾	(164)	(237)	-	-
Total	141,344	1,359	-	(5)

(1) It includes exchange variation, linked to investment abroad.

Investments assessed using the cost of acquisition: correspond to interest obtained by converting shares or capital quotas of the tax incentive investments in the FINOR/FINAM regional programs, the Incentive Law for Information Technology Companies, and the Audiovisual Law. The amount is predominantly

composed of shares of other telecommunications companies located in the regions covered by the regional incentives.

Tax incentives: arise from investments in FINOR/FINAM and audiovisual funds, originated in the portions allocated to income tax due.

Other investments: are related to collected cultural assets.

27. PROPERTY, PLANT AND EQUIPMENT

PARENT COMPANY

Property, Plant and Equipment Nature	03/31/07			12/31/06	
	Annual depreciation rates	Cost	Accumulated depreciation	Net Value	Net Value
Assets for General Use	5% - 20%	52,283	(51,390)	893	952
Other Assets	19.9% ⁽¹⁾	187	(139)	48	52
Total		52,470	(51,529)	941	1,004

(1) Annual weighted average rate.

CONSOLIDATED

Property, Plant and Equipment Nature	03/31/07			12/31/06	
	Annual depreciation rates	Cost	Accumulated depreciation	Net Value	Net Value
Work in Progress	-	311,996	-	311,996	322,712
Public Switching Equipment	20%	5,151,823	(4,826,272)	325,551	371,709
Equipment and Transmission Means	17.3% ⁽¹⁾	12,181,785	(9,807,241)	2,374,544	2,661,538
Termination	20%	499,756	(464,999)	34,757	37,219
Data Communication Equipment	20%	1,993,567	(1,209,378)	784,189	824,318
Buildings	4.2%	948,815	(540,664)	408,151	412,638
Infrastructure	8.8% ⁽¹⁾	3,802,850	(2,396,200)	1,406,650	1,450,335
Assets for General Use	18.5% ⁽¹⁾	1,153,656	(798,023)	355,633	369,982
Land	-	84,830	-	84,830	84,830
Other Assets	-	66	-	66	66
Total		26,129,144	(20,042,777)	6,086,367	6,535,347

(1) Annual weighted average rate.

According to the STFC concession agreements, the assets of the subsidiary Brasil Telecom S.A. that are indispensable to providing the service and qualified as reversible assets will be automatically reverted to ANATEL when the concession ends, and the Subsidiary will be entitled to indemnifications established in the legislation and in the respective agreements. The amount of reversible assets on the quarter closing date was R\$21,296,043 for costs, with residual value of R\$3,859,387.

Rent Expenses

There is rent of properties, rights of way (posts and third-party land areas on roads), equipment and connection means, formalized through several contracts, which mature on different dates. Some of these contracts are intrinsically related to the provision of services and are long-term agreements. Total rent expenses, means and connections arising from such contracts amounted to R\$125,413 (R\$119,560 in 2006) in the Consolidated.

Leasing

The subsidiary Brasil Telecom S.A. and BrTI have financial leasing agreements for information technology equipment. Recorded leasing expenses amounted to R\$6,685 (R\$4,012 in 2006) for the Consolidated.

Insurance

Insurance policy programs are maintained by Brasil Telecom S.A. for covering reversible assets and loss of profits, as established in the Concession Contract with the government. Insurance expenses were R\$1,795 (R\$576 in 2006) for the Company and R\$4,207 (R\$3,691 in 2006) for the Consolidated.

The assets, responsibilities and interests covered by insurance are the following (unaudited by the independent auditors):

Type	Coverage	Amount Insured	
		03/31/07	12/31/06
Operating risks	Buildings, machinery and equipment, facilities, call centers, towers, infrastructure and information technology equipment	12,698,975	12,046,261
Loss of profit	Fixed expenses and net income	8,669,400	9,015,211
Contract Guarantees	Compliance with contractual obligations	89,405	143,648
Civil Liability	Telephone service operations	12,000	12,000

The Company contracted insurance coverage for the management civil liability, which also comprises the subsidiary Brasil Telecom S.A., and the total amount insured is equivalent to forty five million U.S. dollars (US\$45,000,000.00).

There is no insurance coverage for optional civil liability related to third party claims involving Company's vehicles.

28. INTANGIBLE ASSETS

The statement of this group is adopted as from current financial statements, in compliance with CVM Resolution 488/05.

PARENT COMPANY

	03/31/07			12/31/06
	Cost	Accumulated Amortization	Net Value	Net Value
Data Processing Systems	148	(126)	22	30
Trademarks and Patents	36	(26)	10	10
Other	3,701	(3,701)	-	-
Total	3,885	(3,853)	32	40

CONSOLIDATED

	03/31/07			12/31/06
	Cost	Accumulated Amortization	Net Value	Net Value
Data Processing Systems	1,941,271	(1,089,693)	851,578	861,197

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Regulatory Licenses	325,368	(59,528)	265,840	272,022
Trademarks and Patents	1,416	(776)	640	1,112
Other	148,575	(116,173)	32,402	29,101
Total	2,416,630	(1,266,170)	1,150,460	1,163,432

29. DEFERRED CHARGES**CONSOLIDATED**

	03/31/07			12/31/06
	Cost	Accumulated Amortization	Net Value	Net Value
Installation and Reorganization Costs	272,964	(155,135)	117,829	133,825
Goodwill derived from Merger	36,356	(36,356)	-	126
Other	14,259	(11,915)	2,344	4,516
Total	323,579	(203,406)	120,173	138,467

30. PAYROLL AND RELATED CHARGES**PARENT COMPANY CONSOLIDATED**

	03/31/07	12/31/06	03/31/07	12/31/06
Salaries and Compensation	-	-	1,003	4,402
Payroll Charges	19	19	63,177	61,083
Benefits	-	-	4,719	6,447
Other	-	-	7,361	6,648
Total	19	19	76,260	78,580

31. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**PARENT COMPANY CONSOLIDATED**

	03/31/07	12/31/06	03/31/07	12/31/06
Suppliers	270	140	1,272,799	1,481,376
Third-Party Consignments	83	34,258	121,215	138,423
Total	353	34,398	1,394,014	1,619,799
Current	353	34,398	1,386,322	1,613,090
Long-term	-	-	7,692	6,709

The amounts recorded under long-term are derived from liabilities to remunerate the third party network, the settlement of which depends on verification between the operators, such as the reconciliation of traffic.

32. INDIRECT TAXES**PARENT COMPANY CONSOLIDATED**

	03/31/07	12/31/06	03/31/07	12/31/06
ICMS, net of Judicial Deposits of Agreement 69/98	-	108	701,537	775,579
ICMS	-	108	909,688	993,117
Judicial Deposits referring to Agreement ICMS 69/98	-	-	(208,151)	(217,538)
PIS and COFINS	30	6,499	70,324	83,612
Other	16	23	55,741	54,474
Total	46	6,630	827,602	913,665

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Current	46	165	807,234	851,399
Long-term	-	6,465	20,368	62,266

The balance referring to ICMS comprises amounts resulting from the Agreement 69/98, which has been questioned in Court, and court deposits have been monthly made. It also includes the ICMS deferral, based on incentives by the government of the State of Paraná.

33. TAXES ON INCOME

	PARENT COMPANY		CONSOLIDATED	
	03/31/07	12/31/06	03/31/07	12/31/06
Corporate Income Tax				
Payables Due	33,710	1,254	135,880	61,443
Law no. 8,200/91 - Special Monetary Restatement	-	-	5,967	6,171
Subtotal	33,710	1,254	141,847	67,614
Social Contribution on Income				
Payables Due	9,915	44	38,201	18,698
Law no. 8,200/91 - Special Monetary Restatement	-	-	2,148	2,222
Subtotal	9,915	44	40,349	20,920
Total	43,625	1,298	182,196	88,534
Current	41,105	-	131,922	37,050
Long-term	2,520	1,298	50,274	51,484

34. DIVIDENDS/INTEREST ON SHAREHOLDERS EQUITY AND PROFIT SHARING

	PARENT COMPANY		CONSOLIDATED	
	03/31/07	12/31/06	03/31/07	12/31/06
Controlling Shareholders	103,230	73,160	103,230	73,160
Dividends/Interest on Shareholders Equity	120,230	84,853	120,230	84,853
Withholding Income Tax on Interest on Shareholders Equity	(17,000)	(11,693)	(17,000)	(11,693)
Minority Shareholders	507,078	369,521	753,312	541,251
Dividends/Interest on Shareholders Equity	525,757	365,118	747,119	499,536
Withholding Income Tax on Interest on Shareholders Equity	(73,151)	(50,317)	(102,303)	(67,443)
Unclaimed Dividends of Previous Years	54,472	54,720	108,496	109,158
Total Shareholders	610,308	442,681	856,542	614,411
Employees and Management Profit Sharing	-	-	19,936	76,334
Total	610,308	442,681	876,478	690,745

35. LOANS AND FINANCING (Including Debentures)

	CONSOLIDATED	
	03/31/07	12/31/06
Loans	-	3,457
Financing	4,850,667	5,129,237
Accrued Interest and Other Charges on Financing	217,017	242,496
Total	5,067,684	5,375,190

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Current	1,459,045	1,109,564
Long-term	3,608,639	4,265,626

Financing**CONSOLIDATED**

	03/31/07	12/31/06
BNDES Domestic Currency	2,237,510	2,448,583
Domestic Currency	2,058,797	2,240,615
Basket of Currencies, including dollar	178,713	207,968
Financial Institutions	1,188,177	1,295,034
Domestic Currency	60,114	61,973
Foreign Currency	1,128,063	1,233,061
Debentures	1,640,179	1,625,939
Suppliers foreign currency	1,818	2,177
Total	5,067,684	5,371,733
Current	1,459,045	1,106,107
Long-Term	3,608,639	4,265,626

Financing denominated in domestic currency: bear (i) fixed interest rates from 2.4% and 11.5% p.a., resulting in a weighted average rate of 9.11% p.a. and (ii) variable interest based on TJLP (Long-term interest rate) plus 2.3% to 6.5% p.a., UMBNDES (unit of the National Social and Economic Development Bank) plus 5.5% p.a. to 6.5% p.a., CDI plus 1.0% p.a., 104% of CDI, resulting, these variable interest, in a weighted average rate of 12.23% p.a.

Financing denominated in foreign currency: bear (i) fixed interest rates from 1.75% to 9.38% p.a., resulting in a weighted average rate of 9.34% p.a. and (ii) variable interest rates of 0.5% p.a. over LIBOR, 1.92% p.a. over the YEN LIBOR, resulting in a weighted average rate of 2.99% p.a. The LIBOR and YEN LIBOR rates on 03/31/07, semiannual payments were 5.4% p.a. and 0.73375% p.a., respectively.

Debentures issued by the subsidiary Brasil Telecom S.A.

Third Public Issue: 50,000 debentures non-convertible into shares without renegotiation clause, with a unit face value of R\$10, totaling R\$500,000, issued on July 5, 2004. The maturity period is five years, coming due on July 5, 2009. Yield corresponds to an interest rate of 100% of the CDI plus one percent (1%) p.a., payable half-yearly.

On March 28, 2007, the Company announced in a notice to debenture holders the exercise of its optional early redemption option of all outstanding debentures, as set forth in the debenture deed. The payment of the principal balance and interests took place on April 17, 2007, in the amount of R\$518,221. The fact is informed in Note 42 to the subsequent events.

Forth Public Issue: 108,000 debentures not convertible into shares without renegotiation clause, for the unit face value of R\$10, amounting to R\$1,080,000 on June 1, 2006. The payment term is seven years, and maturity on June 1, 2013. The remuneration corresponds to the interest rate of 104.0% of CDI and its payment periodicity is semiannual. Amortization, which shall indistinctly consider all debentures, will occur annually as from June 1, 2011, in three installments of 33.3%, 33.3% and 33.4% of the unit face value, respectively.

Repayment Schedule

The long-term debt is scheduled to be paid in the following fiscal years:

	CONSOLIDATED	
	03/31/07	12/31/06
2008	289,852	437,569
2009	529,891	1,026,792
2010	591,439	588,426
2011	653,594	651,880
2012	520,624	520,459
2013	521,323	521,142
2014 onwards	501,916	519,358
Total	3,608,639	4,265,626

Currency/Index Financing Composition

Restated by	03/31/07	12/31/06
TJLP	2,058,797	2,240,615
CDI	1,640,179	1,625,939
US Dollars	450,421	488,391
Yens	301,104	351,786
Hedge of the Debt in Yens	378,356	398,518
UMBNDDES BNDDES Basket of Currencies	161,415	185,881
Hedge of the Debt in UMBNDDES	17,298	22,087
IGP-DI	25,102	25,501
Other (Fixed Rate)	35,012	36,472
Total	5,067,684	5,375,190

Guarantees

The financing contracted by the Subsidiary Brasil Telecom S.A. is guaranteed by collateral of credit rights derived from the provision of telephone services and the Company's guarantee.

For consolidated loans and financing the subsidiary has hedge contracts on 42.6% of its dollar-denominated and yen loans and financing with third parties and 12.5% of the debt in UMBNDDES (basket of currencies) with the BNDDES, to protect against significant fluctuations in the quotations of these debt restatement factors. On 03/31/07, taking into account the hedge operations and foreign currency investments, the Company had an effective exposure of 7.8% (9.7% on 12/31/06). The gains and losses on these contracts are recognized on the accrual basis.

Debentures issued by Brasil Telecom S.A. have personal guarantee, through surety granted by the Company. According to the deed of issue, the Company, in the capacity as intervening guarantor undertakes before the debenture holders as primary obligor and guarantor, to be jointly liable for all obligations assumed by the Subsidiary related to such debentures.

36. LICENSES AND CONCESSIONS TO EXPLOIT SERVICES**CONSOLIDATED**

	03/31/07	12/31/06
Personal Mobile Service	284,128	275,985
Concession of STFC	84,203	67,363
Other Licenses	12,395	12,033
Total	380,726	355,381
Current	154,658	135,848
Long-term	226,068	219,533

The licenses for Personal Mobile Services (SMP) are represented by the terms signed, in 2002 and 2004, by the 14 Brasil Telecom Celular S.A. with ANATEL, to offer SMP Services for the next fifteen years in the same area of operation where Brasil Telecom S.A. has a concession for fixed telephony. Out of the contracted value, 10% was paid at the time of signing the contract, and the remaining balance was fully recognized in the BrT Celular's liabilities to be paid in equal, consecutive annual installments, with maturities foreseen for the years 2007 to 2010 (balance of four installments), and 2007 to 2012 (balance of six installments), depending on the fiscal year when the agreements were executed. The remaining balance is adjusted by the variation of IGP-DI, plus 1% per month.

The concession of STFC refers to the provision established by Brasil Telecom S.A. according to the accrual basis, taking as basis the application of 1% on the net revenue of taxes. According to the current concession agreement, the payment in favor of ANATEL will have a maturity every two years, defined for April of the odd years and will be equivalent to 2% of the net revenue estimated in the immediately previous year. The first payment is estimated for April 2007.

The amount of other licenses pertains to BrT Multimídia and refers to the authorization granted to the use of radiofrequency blocks associated with the exploitation of multimedia communication services. Initially, such granting was obtained from ANATEL by VANT and on April 2006 the transfer registration to BrTMultimídia took place, which assumed the outstanding balance, with a variation of the IGP-M, plus 1% a month. The settlement of the balance of such obligation will be paid in five equal, consecutive and annual installments, counted as from May 2007.

37. PROVISIONS FOR PENSION PLAN

They refer to the recognition by Brasil Telecom S.A. of the actuarial deficit of the pension plans of defined benefit managed by FBrTPREV and the pension plan managed by Fundação 14 appraised by independent actuaries in accordance with CVM Resolution 371/00. Such sponsored plans are detailed in Note 6.

CONSOLIDATED

	03/31/07	12/31/06
FBrTPREV BrTPREV, Alternativo and Fundador Plans	650,919	648,567
Fundação 14 PAMEC Plan	699	646
Total	651,618	649,213
Current	45,590	43,238
Long-term	606,028	605,975

38. ADVANCES FROM CUSTOMERS**CONSOLIDATED**

	03/31/07	12/31/06
Telecommunication Means Assignment	90,189	92,630
Prepaid Services	51,016	28,969
Other Advances from Customers	1,226	1,709
Total	142,431	123,308
Current	72,080	52,643
Long-Term	70,351	70,665

The long-term balance refers to the assignment agreements of telecommunications means, for which the customers made advances aimed at obtaining benefits for a more extensive period, with realization to occur in the following years:

CONSOLIDATED

	03/31/07	12/31/06
2008	6,263	7,063
2009	7,092	6,976
2010	6,942	6,826
2011	6,890	6,774
2012	6,890	6,774
2013	6,890	6,766
2014	6,259	6,766
2015 onwards	23,125	22,720
Total	70,351	70,665

39. OTHER LIABILITIES**PARENT COMPANY****CONSOLIDATED**

	03/31/07	12/31/06	03/31/07	12/31/06
Liabilities from Acquisition of Tax Credits	-	-	11,061	15,086
Self-Financing Funds	-	-	24,143	24,143
Bank Credits and Doubled Receivables under Processing	-	-	13,000	12,226
Other Taxes	-	-	6,221	4,835
Liabilities with Other Telecommunications Companies	-	-	1,616	1,616
CPMF - Suspended Collection	-	-	2,321	2,286
Self-Financing Installment Reimbursement - PCT	-	-	648	737
Other	-	286	12,347	8,996
Total	-	286	71,357	69,925
Current	-	286	63,446	64,643
Long-term	-	-	7,911	5,282

Self-financing funds

They correspond to the credits of capital participation, paid by engaged subscribers, for acquisition of the right of use of switched fixed telephone service, still under the elapsed self-financing modality. It happened that, as the shareholders of subsidiary Brasil Telecom S.A.- Rio Grande do Sul Branch (old CRT) had fully subscribed the capital increase made to repay in shares the credits for capital participation, there were no unsold shares to be delivered to the engaged subscribers. Part of these engaged subscribers, who did not accept the Subsidiary's Public Offering for return of the referred credits in cash, as established in article 171, paragraph 2, of Law no. 6,404/76, are awaiting resolution of the ongoing lawsuit, filed by the Public Prosecution Service and Other, aiming at reimbursement in shares.

40. FUNDS FOR CAPITALIZATION

The expansion plans (self-financing) were the means by which the telecommunications companies financed part of the network investments. With the issue of Administrative Rule no. 261/97 by the Ministry of Communications, this mechanism for raising funds was eliminated, and the existing consolidated amount of R\$7,974 is derived from plans sold prior to the issue of the Administrative Rule, the corresponding assets to which are already incorporated fixed assets through the Community Telephony Plant PCT. For reimbursement in shares, it is necessary to await the judicial ruling on the suits brought by the interested parties.

41. INFORMATION PER BUSINESS SEGMENT CONSOLIDATED

Information per segments is presented in relation to the Company and its subsidiaries business, which was identified based on their performance and management structure, as well as the internal management information.

The operations carried out among the business segments presented were based on conditions equivalent to the market.

The income by segment, as well as the equity items presented, takes into consideration the items directly attributable to the segment, also taking into account those which can be allocated on reasonable basis.

	03/31/07					
	Fixed Telephony and Data Communication	Mobile Telephony	Internet	Management	Elimination among Segments	Consolidated
Gross Operating Revenue	3,456,227	541,285	95,873	-	(196,311)	3,897,074
Deductions from Gross Revenue	(1,037,520)	(156,323)	(14,090)	-	1,716	(1,206,217)
Net Operating Revenue	2,418,707	384,962	81,783	-	(194,595)	2,690,857
Cost of Services Rendered and Goods Sold	(1,418,105)	(352,058)	(13,769)	-	172,549	(1,611,383)
Gross Income	1,000,602	32,904	68,014	-	(22,046)	1,079,474
Operating Expenses, Net	(583,905)	(123,055)	(87,737)	(5,907)	23,033	(777,571)
Sale of Services	(235,799)	(104,016)	(59,872)	-	31,063	(368,624)
General and Administrative Expenses	(276,943)	(29,426)	(15,374)	(4,823)	5,870	(320,696)
Other Operating Revenues (Expenses)	(71,163)	10,387	(12,491)	(1,084)	(13,900)	(88,251)
Operating Income (Loss) Before Financial Revenues (Expenses)	416,697	(90,151)	(19,723)	(5,907)	987	301,903
Trade Accounts Receivable	2,017,142	163,641	73,513	-	(96,573)	2,157,723
Inventories	4,698	44,385	-	-	-	49,083
	5,747,655	1,392,322	95,876	974	-	7,236,827

Fixed Assets and Intangible, Net						
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	03/31/06					
	Fixed Telephon and Data Communication	Mobile Telephony	Internet	Management	Elimination among Segments	Consolidated
Gross Operating Revenue	3,404,058	329,456	90,647	-	(169,274)	3,654,887
Deductions from Gross Revenue	(1,060,866)	(106,860)	(10,857)	-	593	(1,177,990)
Net Operating Revenue	2,343,192	222,596	79,790	-	(168,681)	2,476,897
Cost of Services Rendered and Goods Sold	(1,459,615)	(214,057)	(48,002)	-	153,736	(1,567,938)
Gross Income (Loss)	883,577	8,539	31,788	-	(14,945)	908,959
Operating Expenses, Net	(606,781)	(125,602)	(30,942)	(6,702)	16,306	(753,721)
Sale of Services	(286,100)	(96,944)	(21,094)	-	29,722	(374,416)
General and Administrative Expenses	(272,395)	(33,753)	(16,265)	(5,211)	4,777	(322,847)
Other Operating Expenses, Net	(48,286)	5,095	6,417	(1,491)	(18,193)	(56,458)
Operating Income (Loss) Before Financial Revenues (Expenses)	276,796	(117,063)	846	(6,702)	1,361	155,238
Trade Account Receivables	2,087,915	148,330	52,161	-	(145,710)	2,142,696
Inventories	4,474	75,782	-	-	-	80,256
Fixed Assets, Net	6,422,849	1,274,820	68,146	1,156	(4,851)	7,762,120

	12/31/06					
	Fixed Telephon and Data Communication	Mobile Telephony	Internet	Management	Elimination among Segments	Consolidated
Trade Accounts Receivable	1,966,744	196,266	69,383	-	(104,739)	2,127,654
Inventories	5,674	58,490	-	-	-	64,164
Fixed Assets and Intangible, Net	6,129,360	1,472,857	96,400	1,044	(882)	7,698,779

44. SUBSEQUENT EVENTS

Brasil Telecom S.A. Debentures Redemption rd3 Public Issuance

Regarding the 3rd Public Debentures Issuance of Brasil Telecom S.A., the company announced in a notice to debenture holders and to the market on 3/28/2007 the exercise of its optional early redemption option of all its outstanding debentures. On April 17, 2007 the Parent Company paid the amount corresponding to R\$518,221, comprising the principal and interests. The amount of R\$2,872 was also paid to debenture holders, the equivalent to zero point seventy-five percent (0.75%) of premium over the redemption amount, proportional to the remaining term

between the redemption date and the date of maturity of the debentures.

01768-0 BRASIL TELECOM PARTICIPAÇÕES S.A.

02.570.688/0001-70

05.01 - COMMENTS ON THE COMPANY S PERFORMANCE IN THE QUARTER

See Comments on the Consolidated Performance in the Quarter

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06.01 - CONSOLIDATED BALANCE SHEET - ASSETS (IN THOUSANDS OF REAIS)

1 - CODE	2 - DESCRIPTION	3 - 03/31/2007	4 - 12/31/2006
1	TOTAL ASSETS	17,494,965	17,793,790
1.01	CURRENT ASSETS	7,638,433	7,498,113
1.01.01	CASH AND CASH EQUIVALENTS	3,923,856	3,973,952
1.01.01.01	CASH AND BANK ACCOUNTS	49,891	127,900
1.01.01.02	HIGH LIQUID INVESTMENTS	3,873,965	3,846,052
1.01.02	CREDITS	2,157,723	2,127,654
1.01.02.01	CLIENTS	2,157,723	2,127,654
1.01.02.02	SUNDRY CREDITS	0	0
1.01.03	INVENTORIES	49,083	64,164
1.01.04	OTHER	1,507,771	1,332,343
1.01.04.01	LOANS AND FINANCING	7,627	5,557
1.01.04.02	DEFERRED AND RECOVERABLE TAXES	1,129,463	944,115
1.01.04.03	JUDICIAL DEPOSITS	140,979	119,058
1.01.04.04	TEMPORARY INVESTMENTS	0	89,424
1.01.04.05	OTHER ASSETS	229,702	174,189
1.02	NON-CURRENT ASSETS	9,856,532	10,295,677
1.02.01	LONG-TERM ASSETS	2,187,681	2,128,357
1.02.01.01	SUNDRY CREDITS	0	0
1.02.01.02	CREDITS WITH RELATED PARTIES	0	0
1.02.01.02.01	FROM ASSOCIATED COMPANIES	0	0
1.02.01.02.02	FROM SUBSIDIARIES	0	0
1.02.01.02.03	FROM OTHER RELATED PARTIES	0	0
1.02.01.03	OTHER	2,187,681	2,128,357
1.02.01.03.01	LOANS AND FINANCING	805	2,852
1.02.01.03.02	DEFERRED AND RECOVERABLE TAXES	1,614,184	1,649,463
1.02.01.03.03	INCOME SECURITIES	3,399	3,280
1.02.01.03.04	JUDICIAL DEPOSITS	528,095	429,925
1.02.01.03.05	OTHER ASSETS	41,198	42,837
1.02.02	PERMANENT ASSETS	7,668,851	8,167,320
1.02.02.01	INVESTMENTS	311,851	330,074
1.02.02.01.01	ASSOCIATED COMPANIES	4	4
1.02.02.01.02	ASSOCIATED COMPANIES - GOODWILL	0	0
1.02.02.01.03	SUBSIDIARIES	0	0
1.02.02.01.04	SUBSIDIARIES - GOODWILL	239,829	260,852
1.02.02.01.05	OTHER INVESTMENTS	72,018	69,218
1.02.02.02	PROPERTY, PLANT AND EQUIPMENT	6,086,367	6,535,347
1.02.02.03	INTANGIBLE ASSETS	1,150,460	1,163,432
1.02.02.04	DEFERRED CHARGES	120,173	138,467

06.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (IN THOUSANDS OF REAIS)

1 - CODE	2 - DESCRIPTION	3 - 03/31/2007	4 - 12/31/2006
2	TOTAL LIABILITIES	17,494,965	17,793,790
2.01	CURRENT LIABILITIES	5,248,153	4,852,403
2.01.01	LOANS AND FINANCING	898,866	1,063,625
2.01.02	DEBENTURES	560,179	45,939
2.01.03	SUPPLIERS	1,265,107	1,474,667
2.01.04	TAXES, DUTIES AND CONTRIBUTIONS	939,156	888,449
2.01.04.01	INDIRECT TAXES	807,234	851,399
2.01.04.02	TAXES ON INCOME	131,922	37,050
2.01.05	DIVIDENDS PAYABLE	856,542	614,411
2.01.06	PROVISIONS	220,708	218,841
2.01.06.01	PROVISIONS FOR CONTINGENCIES	175,118	175,603
2.01.06.02	PROVISIONS FOR PENSION PLAN	45,590	43,238
2.01.07	DEBTS WITH RELATED PARTIES	0	0
2.01.08	OTHER	507,595	546,471
2.01.08.01	PAYROLL AND SOCIAL CHARGES	76,260	78,580
2.01.08.02	CONSIGNMENTS IN FAVOR OF THIRD PARTIES	121,215	138,423
2.01.08.03	EMPLOYEE PROFIT SHARING	19,936	76,334
2.01.08.04	LICENSE FOR OPERATING TELECOMS SERVICES	154,658	135,848
2.01.08.05	ADVANCES FROM CUSTOMERS	72,080	52,643
2.01.08.06	OTHER LIABILITIES	63,446	64,643
2.02	NON-CURRENT LIABILITIES	5,186,077	5,852,700
2.02.01	LONG-TERM LIABILITIES	5,186,077	5,852,700
2.02.01.01	LOANS AND FINANCING	2,528,639	2,685,626
2.02.01.02	DEBENTURES	1,080,000	1,580,000
2.02.01.03	PROVISIONS	1,186,800	1,163,161
2.02.01.03.01	PROVISION FOR CONTINGENCIES	580,772	557,186
2.02.01.03.02	PROVISION FOR PENSION PLAN	606,028	605,975
2.02.01.04	RELATED PARTY DEBTS	0	0
2.02.01.05	ADVANCE FOR FUTURE CAPITAL INCREASE	0	0
2.02.01.06	OTHER	390,638	423,913
2.02.01.06.01	SUPPLIERS	7,692	6,709
2.02.01.06.02	INDIRECT TAXES	20,368	62,266
2.02.01.06.03	TAXES ON INCOME	50,274	51,484
2.02.01.06.04	LICENSE FOR OPERATING TELECOMS SERVICES	226,068	219,533
2.02.01.06.05	ADVANCES FROM CUSTOMERS	70,351	70,665
2.02.01.06.06	OTHER LIABILITIES	7,911	5,282
2.02.01.06.07	FUNDS FOR CAPITALIZATION	7,974	7,974
2.02.02	DEFERRED INCOME	0	0
2.03	MINORITY INTEREST	1,800,863	1,811,085
2.04	SHAREHOLDERS EQUITY	5,259,872	5,277,602
2.04.01	PAID-UP CAPITAL	2,596,272	2,596,272

06.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (IN THOUSANDS OF REAIS)

1 - CODE	2 - DESCRIPTION	3 - 03/31/2007	4 - 12/31/2006
2.04.02	CAPITAL RESERVES	309,178	309,178
2.04.02.01	GOODWILL ON SHARE SUBSCRIPTION	306,961	306,961
2.04.02.05	OTHER CAPITAL RESERVES	2,217	2,217
2.04.03	REVALUATION RESERVES	0	0
2.04.03.01	COMPANY ASSETS	0	0
2.04.03.02	SUBSIDIARIES/ASSOCIATED COMPANIES	0	0
2.04.04	PROFIT RESERVES	306,349	306,349
2.04.04.01	LEGAL	232,169	232,169
2.04.04.02	STATUTORY	0	0
2.04.04.03	CONTINGENCIES	0	0
2.04.04.04	REALIZABLE PROFITS RESERVES	74,180	74,180
2.04.04.05	PROFIT RETENTION	0	0
2.04.04.06	SPECIAL RESERVE FOR UNDISTRIBUTED DIVIDENDS	0	0
2.04.04.07	OTHER PROFIT RESERVES	0	0
2.04.05	RETAINED EARNINGS/ACCUMULATED DEFICIT	2,048,073	2,065,803
2.04.06	ADVANCE FOR FUTURE CAPITAL INCREASE	0	0

07.01 - CONSOLIDATED STATEMENT OF INCOME (IN THOUSANDS OF REAIS)

1 - CODE	2 - ACCOUNT DESCRIPTION	3 - 01/01/2007 TO 03/31/2007	4 - 01/01/2007 TO 03/31/2007	5 - 01/01/2006 TO 03/31/2006	6 - 01/01/2006 TO 03/31/2006
3.01	GROSS REVENUE FROM SALES AND/OR SERVICES	3,897,074	3,897,074	3,654,887	3,654,887
3.02	DEDUCTIONS FROM GROSS REVENUE	(1,206,217)	(1,206,217)	(1,177,990)	(1,177,990)
3.03	NET REVENUE FROM SALES AND/OR SERVICES	2,690,857	2,690,857	2,476,897	2,476,897
3.04	COST OF GOODS AND/OR SERVICES SOLD	(1,611,383)	(1,611,383)	(1,567,938)	(1,567,938)
3.05	GROSS PROFIT	1,079,474	1,079,474	908,959	908,959
3.06	OPERATING INCOME/EXPENSES	(1,110,910)	(1,110,910)	(828,985)	(828,985)
3.06.01	SELLING EXPENSES	(368,624)	(368,624)	(374,416)	(374,416)
3.06.02	GENERAL AND ADMINISTRATIVE EXPENSES	(320,696)	(320,696)	(322,847)	(322,847)
3.06.03	FINANCIAL	(333,339)	(333,339)	(75,264)	(75,264)
3.06.03.01	FINANCIAL INCOME	161,424	161,424	116,097	116,097
3.06.03.02	FINANCIAL EXPENSES	(494,763)	(494,763)	(191,361)	(191,361)
3.06.04	OTHER OPERATING INCOME	114,748	114,748	81,746	81,746
3.06.05	OTHER OPERATING EXPENSES	(202,999)	(202,999)	(138,204)	(138,204)
3.06.06	EQUITY INCOME	0	0	0	0
3.07	OPERATING INCOME	(31,436)	(31,436)	79,974	79,974
3.08	NON-OPERATING INCOME	3,468	3,468	(2,530)	(2,530)
3.08.01	REVENUES	23,352	23,352	6,930	6,930
3.08.02	EXPENSES	(19,884)	(19,884)	(9,460)	(9,460)
3.09	INCOME BEFORE TAXES AND INTEREST	(27,968)	(27,968)	77,444	77,444
3.10	PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION	32	32	(42,112)	(42,112)
3.11	DEFERRED INCOME TAX	0	0	0	0
3.12	INTEREST/STATUTORY CONTRIBUTIONS	0	0	0	0
3.12.01	INTEREST	0	0	0	0

07.01 - CONSOLIDATED STATEMENT OF INCOME (IN THOUSANDS OF REAIS)

1 - CODE	2 - ACCOUNT DESCRIPTION	3 - 01/01/2007 TO 03/31/2007	4 - 01/01/2007 TO 03/31/2007	5 - 01/01/2006 TO 03/31/2006	6 - 01/01/2006 TO 03/31/2006
3.12.02	CONTRIBUTIONS	0	0	0	0
3.13	REVERSAL OF INTEREST ON SHAREHOLDERS EQUITY	267,772	267,772	0	0
3.14	MINORITY INTEREST	(69,966)	(69,966)	(1,786)	(1,786)
3.15	INCOME/LOSS FOR THE PERIOD	169,870	169,870	33,546	33,546
	NUMBER OF SHARES, EX-TREASURY (THOUSAND)	362,488,414	362,488,414	362,488,414	362,488,414
	EARNINGS PER SHARE (IN REAIS)	0.00047	0.00047	0.00009	0.00009
	LOSS PER SHARE (IN REAIS)				

01768-0 BRASIL TELECOM PARTICIPAÇÕES S.A.

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08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER**PERFORMANCE REPORT 1 QUARTER 2007**

The performance report presents the consolidated figures of Brasil Telecom Participações S.A. and its subsidiaries, described in note 1 of this Quarterly Information.

OPERATING PERFORMANCE *(not reviewed by independent auditors)***Fixed Telephony****Plant**

Operating Data	1Q07	4Q06	1Q07/4Q06 (%)
Lines Installed (thousand)	10,389	10,423	-0.3
Additional Lines Installed (thousand)	(35)	(372)	-90.7
Lines in Service LES (thousand)	8,278	8,418	-1.7
- Residential	5,560	5,556	0.1
- Non-residential	1,249	1,282	-2.6
- Public Telephones TUP	275	278	-0.9
- Hybrid Terminals	562	633	-11.3
- Other (includes PABX) (thousand)	632	668	-5.4
Additional Lines in Service (thousand)	(140)	(206)	-32.1
Average Lines in Service LMES (thousand)	8,348	8,520	-2.0
LES/100 Inhabitants	19	19	-2.9
TUP/1,000 Inhabitants	6	6	-2.1
TUP/100 Lines Installed	3	3	-0.5
Utilization Rate	79.7%	80.8%	-1.1 p.p.
Digitalization Rate	100.0%	100.0%	-0.0 p.p.

Fixed Plant

At the end of 1Q07, Brasil Telecom's plant comprised 10.4 million lines installed, 8.3 million of which were in service. Utilization rate was of 79.7%, a 1.1 p.p. drop as compared to last quarter. Year-on-year, the utilization rate posted an 8.6 p.p. reduction due to the adoption of more rigid measures in the Company's collection and billing policy as of 3Q06. At the end of 1Q07, Brasil Telecom had 8,037.0 thousand active lines and 241.1 thousand blocked lines.

Traffic

Operating Data	1Q07	4Q06	1Q07/4Q06 (%)
Exceeding Pulses (million)	1,917	2,114	-9.3
VC-1 (million minutes)	692	729	-5.0
Minutes Long Distance (million)	1,438	1,432	0.4
Long Distance	1,128	1,154	-2.2
VC-2	168	161	4.5
VC-3	142	117	21.2

Exceeding Local Pulses

In 1Q07, Brasil Telecom reached 1.9 billion exceeding pulses, representing a 9.30% reduction compared to 4Q06. Several factors have contributed to this performance, such as: the usual seasonality of the period, the increase in the plant of ADSL accesses and the migration from fixed to mobile terminals.

Long-Distance Traffic

Long-distance traffic in 1Q07 decreased 0.4% compared to 4Q06 and totaled **1.4 billion minutes**. This increase is explained by the higher participation of VC-2 and VC-3 minutes, due to the restructuring of its product lines and strategic partnerships.

LD Market Share

In 1Q07, Brasil Telecom maintained its leadership position and posted an **average market share of 86.2% in the intra-regional segment**, 0.4 p.p. higher than the 84,8% recorded in 4Q06. **In the intra-sectorial segment, Brasil Telecom reached a 90.6% market share. Brasil Telecom closed the 1Q07 with 63.7% market share in the inter-regional segment and a 36.5% share in the international segment (quarterly average).** In the inter-regional and international segments, Brasil Telecom increased its share by 2.4 p.p. and 1.6 p.p., respectively, of the market share in 12 months.

Mobile Telephony

Operating Data	1Q07	4Q06	1Q07/4Q06 (%)
Customers (thousand)	3,638	3,377	7.7
Postpaid	967	994	-2.7
Prepaid	2,671	2,383	12.1
Net Additions (thousand)	261	326	-19.8
Postpaid	(27)	47	-157.8
Prepaid	288	279	3.2
Gross Additions (thousand)	447	556	-19.5
Postpaid	65	103	-37.1
Prepaid	382	453	-15.5
Cancellations (thousand)	186	230	-19.0
Postpaid	92	57	61.6
Prepaid	94	173	-45.7
Annual Churn	21.2%	28.6%	(7.4) p.p.
Postpaid	37.5%	23.4%	14.1 p.p.
Prepaid	14.9%	30.9%	(16.0) p.p.
Customer Acquisition Cost (SAC R\$)	98	123	-20.6
Market Share	12.9%	12.1%	0.8 p.p.
Assisted Locations	830	819	1.3
% Population Coverage	87%	87%	0.0 p.p.
Radio Base Stations (ERBs)	2,417	2,406	0.5
Commutation and Control Centers (CCCs)	10	10	-
Employees	611	636	-3.9

Mobile Accesses

BrT Móvel reached 3,638.1 thousand mobile accesses in service, representing a net addition of 261.3 thousand accesses in **At the end of 1Q07, BrT Móvel's customer portfolio was 7.7% higher than that of 4Q06 and 47.8% greater than 1Q06.**

Customer Mix

At the end of March, 2007, **the mobile plant comprised 967.0 thousand postpaid plan subscribers (26.6% of BrT Móvel client base).** The 26.9 thousand postpaid access reduction as compared to 4Q06 is explained by the increase in churn rate in this type of service. 91.8 thousand disconnections were made in 1Q07, out of which 24.4 thousand access were removed from the base due to delinquency and approximately 65% of the remaining 67.4 thousand were client disconnections from the Control Plan (hybrid plan) who joined the plant in 4Q05 and whose fidelity contracts expired at the end of 2006. A portion of these clients that canceled their access migrated to the Prepaid Plan, what is seen in 1Q07 net additions to prepaid. The 7.4 p.p. annual churn rate in 1Q07 quarter-on-quarter can be explained by the churn rate in the prepaid terminals, mainly due to the migration from postpaid to prepaid plans, partially offset by the postpaid disconnections.

Market Share

By the end of 1Q07, BrT Móvel's market share in Region II was 12.9%, 0.8 p.p. above 4Q06 and 3.5 p.p. above 1Q06. BrT Móvel already ranks third in terms of market share in area 7 of the *plano de outorgas* (Goiás, Tocantins, Mato Grosso, Acre and Rondônia) and the Federal District.

Antel has recently started to disclose total postpaid and prepaid access by state. According to these figures, **BrT Móvel market share in Region II, for postpaid accesses, is 17.6% in February**, above the total access market share (12.5%). This is a result from Brasil Telecom's strategy focused on profitable customers.

Coverage

During 1Q07 BrT Móvel increased its coverage area to 830 locations, reaching 87% of the population in the Region II.

Data**Broadband**

Operating Data	1Q07	4Q06	1Q07/4Q06 (%)
ADSL Accesses (thousands)	1,384	1,318	5.0
Net Additions (Thousands)	66	65	1
ADSL Penetration (%)	16.7%	15.7%	1.1 p.p.

During 1Q07, Brasil Telecom added 65.8 thousand ADSL accesses to its plant, amounting to 1,383.5 thousand accesses in service by the end of March 2007, a 5.0% and 27.6% increase compared to 4Q06 and 1Q06, respectively. The ADSL (ADSL/LES) penetration in 1Q07 reached 16.7%, compared to 15.7% in 4Q06 and 11.4% in 1Q06.

By the end of March 2007, in addition to the ADSL growth, Brasil Telecom posted a growth in the following corporate data transmission services: (i) Plus Service, data transportation service, (ii) Vetor, a private virtual network that uses the capacity of IP connections to structure a single, complete and flexible network, used in data, multimedia and voice transmissions, (iii) Corporate IP Service, to supply internet connection to large companies, and (iv) Interlan, a solution to connect more than two remote peers to a hub peer, transmitting voice and data.

Internet Providers

Internet Group, Brasil Telecom's internet unit, a leading company in providing dialup access to the internet in the Brazilian market, had approximately 3.2 million dial up internet active users. Together, the three providers composing Internet Group also had approximately 1.6 million paying customers (including the provision of broadband access and value-added services), a 14% growth quarter-on-quarter. Out of the total number of paying customers, 1,160 thousand are broadband customers, what represents an 8.1% increase over the 1,073 thousand customers in previous quarter and 46.2% compared to 793 thousand customers year-on-year.

iBest, the leading dialup access provider in Region II, with a market share estimated at 55.4% in 1Q07, had 1.5 million active dialup users.

With 1.7 million active dialup users, iG is the largest Brazilian provider in number of users. The iG base of paying clients reached 570 thousand in 1Q07, out of which 348 thousand Broadband users. This figure represents a 67% growth year-on-year and 14.4% quarter-on-quarter.

In 1Q07, iG reached the second position among the national portals in the audience ranking of Ibope/NetRatings, with a growth of 18.0% in its audience rate (CAGR) between March 2007 and the same period of the previous year.

BrTurbo reached 812 thousand broadband customers in Region II at the end of 1Q07, a 38.9% growth compared to the same period of 2006 (1Q06) and a 5.6% growth in relation to the previous quarter (4Q06). Approximately 59.5% of

the broadband access customers are subscribers of BrTurbo in Region II, accounting for a 2.1 p.p. growth compared to 4Q06, positioning the provider as the market leader in the region. BrTurbo also has 223 thousand Value Added Service paying customers.

Google Partnership

Brasil Telecom has entered into an unprecedented strategic partnership with Google for the Brazilian market.

Initially, the agreement enables Google to supply e-mail and PSP (personalized homepage) platforms to Internet Group. Google will also provide search engine services for the portals and will exploit the sponsored links segment of Internet Group.

The special feature of the deal relies on the combination of the Google state-of-the-art platforms and services with contents and services of the Internet Group portals. Currently, Google has agreements with other portals only for search engine services and sponsored links.

The sharing of Google technology will not reduce Internet Group investments in own technology. There will be a combination of the best tools of each company that will result in ease of access, portability and connectivity to users.

ECONOMIC-FINANCIAL PERFORMANCE

Revenues

Brasil Telecom total gross revenue reached R\$3,897.1 million in 1Q07, 6.6% up from 1Q06. The growth in the share of data communication services and mobile telephony as compared to 1Q06 evidences the success of the strategy to diversify the revenue implemented by Brasil Telecom.

In a comparison with 4Q06, **Brasil Telecom gross revenue** showed a 2.6% reduction, especially due to the period's seasonality.

Local Service

The local service gross revenue reached R\$1,648 million in 1Q07, 4.3% lower than that recorded in 4Q06. Out of the total of the local service revenue, 70.7% came from subscription and service measured revenue, and 28.3% represented revenues with VC-1 calls.

In the first quarter, subscription gross revenue reached R\$862.6 million, a 2.1% decrease from the R\$881.4 million recorded in 4Q06. This change was due to the 2.0% drop in average terminals in use, which totaled 8,347.8 thousand terminals in 1Q07 against 8,520.4 thousand terminals in 4Q06.

The gross revenue from service measured totaled R\$302.6 million in 1Q07, 8.9% lower than the one in 4Q06, reflecting the reduction of the exceeding pulses by 9.3%. **Compared to 1Q06, the gross revenue with service measured was 14.9% lower**, explained by the 16.3% reduction of the local traffic.

Gross revenue from VC-1 calls reached R\$465.7 million in 1Q07, 5.1% lower than 4Q06, arising from the 5.0% drop in VC-1 minutes. **In the comparison with 1Q06, the gross revenue from VC-1 calls was 7.5% lower**, due to the 7.0% traffic reduction.

Public Telephony

Public telephony gross revenue reached R\$129.0 million in 1Q07, 6.8% lower than the 4Q06 revenue and 0.9% higher than the revenue recorded in 1Q06. The drop quarter-on-quarter is due to seasonality, emphasizing that the 1Q07 result was higher than 1Q06.

Long Distance

Gross revenue from LD services amounted to R\$756.3 million in 1Q07, representing a 4.8% and a 7.4% increase quarter-on-quarter and year-on-year, respectively. The increase vis-à-vis 4Q06 was due to the restructuring of its product lines and strategic partnerships, thus driving traffic and revenue from VC-2 and VC-3.

Interconnection

Interconnection revenue in 1Q07 was R\$85.0 million and posted a 25.4% and 21.7% reduction quarter-on-quarter and year-on-year, respectively. This reduction was chiefly due to the 20% reduction in TU-RL, as of January 1, 2007 and seasonal effects of the period.

Data Communication

In 1Q07, gross revenue from data communication and other services of the main activity reached R\$660.1 million, a 1.6% increase compared to the previous quarter and a 22.6% increase compared to 1Q06. This increase is mostly due to the increase in the ADSL customer base, which increased 5.0% and 27.6% compared to 4Q06 and 1Q06, respectively.

Mobile Telephony

In 1Q07, mobile telephony gross revenue was 81.3% higher than 1Q06, due to the increase in the client portfolio, launching of new service plans and restructuring of *Pula-Pula* plans.

In 1Q07, consolidated gross revenue from mobile telephony totaled R\$412.5 million, out of which R\$360.3 million were related to services and R\$52.2 million related to the sale of handsets and accessories. The consolidated gross revenue from mobile telephony in 1Q07 was 10.2% lower quarter-on-quarter, driven by lower handset sales, due to Christmas sales at the end of the year and seasonality of the period.

ARPU

Analyzing the mobile operations individually, **total mobile telephony ARPU recorded in 1Q07 was R\$33.4**. ARPU referring to postpaid access was R\$47.2 and ARPU related to prepaid access was R\$28.1. Quarter-on-quarter, **ARPU decreased 9.7%**, due to the seasonal effect especially in traffic, data and interconnection.

Fixed telephony ARPU (excluding data communication) reached R\$77.9 in 1Q07, a 14.1% and a 0.5% increase year-on-year and quarter-on-quarter, respectively, reflecting the Company's strategy in halting fixed telephony revenue erosion.

ADSL ARPU, recorded in 1Q07 was R\$71.3, a 15.3% growth compared to 1Q06, due to the Company's strategy of giving priority to the sale of higher speed plans.

Consolidated Net Revenue

The consolidated net revenue of Brasil Telecom reached R\$2,690.9 million in 1Q07, 1.8% lower quarter-on-quarter and 8.6% higher year-on-year.

Costs and Expenses

Operating Costs and Expenses

In 1Q07, operating costs and expenses totaled R\$2,389.0 million, against R\$2,511.7 million in 4Q06 and R\$2,321.7 million in 1Q06. The items that considerably influenced the variation of 1Q07 compared to 4Q06 were materials (-37.1%), advertising and marketing (-47.6%), provisions and losses (-12.2%) and other (+102.4%).

Number of Employees

At the end of 1Q07, 5,227 employees worked in the fixed telephony segment of Brasil Telecom, compared to 5,199 in the previous quarter. **BrT Móvel ended 1Q07 with 611 employees**, as compared to 636 in 4Q06. By the end of March, 5,838 people worked in the Group, **a 0.1% decrease compared to December 2006**.

Personnel

In 1Q07, personnel costs and expenses reached R\$151.3 million, a 2.7% and 20.5% decrease quarter-on-quarter and year-on-year, respectively.

Third-party Services

Costs and expenses with third-party services, excluding interconnection and advertising & marketing, **totaled R\$564.5 million in 1Q07**, 3.2% lower than the amounts recorded in the previous quarter, justified by the increase in costs and expenses with legal fees related to the end of proceedings and the hiring of IT consulting companies, both in the 4Q06.

Interconnection

Interconnection costs totaled R\$576.6 million in 1Q07, in line with 4Q06, due to increased client base in the mobile phone operators, offset by a 20% reduction of TU-RL as of January 1, 2007, and by the increased BrT Móvel market share.

Advertising and Marketing

Advertising & marketing expenses totaled R\$24.8 million in 1Q07, a 47.6% reduction from 4Q06, as a function of enhanced campaigns at the end of the year.

Accounts Receivable Losses (PCCR)/Operating Gross Revenue (ROB)

Accounts Receivable Losses (PCCR) and the gross revenue ratio in 1Q07 was 2.5%, stable when compared to 2.4% in 4Q06 and totaled R\$95.7 million in 1Q07, also stable compared to R\$95.8 million in 4Q06.

Provisions for Contingencies

In 1Q07, provisions for contingencies totaled R\$122.6 million, a R\$30.2 million decrease compared to 4Q06, due to the reassessment of tax contingencies in the amount of R\$22.8 million and an increase in civil proceedings in the amount of R\$10.4 million, both in the 4Q06.

Materials

Costs and expenses of materials totaled R\$77.3 million in 1Q07, a 37.1% reduction compared to 4Q06, mainly due to the Christmas sale of handsets. **The costs and expenses of materials of BrT Móvel totaled R\$55.9 million**, representing 72.3% of the total costs and expenses of materials recorded by the Group, for the cost of goods sold is accounted for in this item.

Depreciation and Amortization

Depreciation and amortization costs totaled R\$650.1 million in 1Q07, a 9.4% drop from 4Q06, due to the increase in fully depreciated assets in 1Q07 and tax revision of depreciation in Brazil Telecom Cabos Submarinos Ltda. in

December 2006, impacting in R\$50.9 million in 4Q06.

Other Operating Costs and Expenses/Revenues

Other operating costs and expenses amounted to R\$126.2 million in 1Q07. Disregarding the extraordinary effects in 4Q06 (state and federal tax recoveries, including those deriving from judicial decisions, which resulted in a positive impact of R\$58.4 million and revenues from agreements executed with other telephony operators for the assignment of litigations in the amount of R\$53.1 million), we would have a 27.4% reduction. This amount was in line with 1Q06 and stayed below 0.3% .

EBITDA

Brasil Telecom s consolidated EBITDA was R\$952.0 million in 1Q07. The consolidated EBITDA margin reached 35.4% in 1Q07. In 4Q06, the EBITDA reached R\$947.1 million, representing an EBITDA margin of 34.6%, while in 1Q06 EBITDA reached R\$825.3 million, representing an EBITDA margin of 33.3% .

EBITDA of Brasil Telecom Móvel stood at R\$4.4 million in 1Q07, positive for the first time since the operation started, representing an EBITDA margin of 1.1%

Net Income

Brasil Telecom recorded net income of R\$169.9 million in 1Q07, equivalent to R\$0.4667/1,000 shares. The net income/ADR ratio in the period was US\$1.1383. In 1Q06, the Company recorded income of R\$33.5 million, equivalent to US\$0.0922/1,000 shares. The income/ADR ratio for the period was US\$0.2121.

Indebtedness

Total Debt

By the end of March 2007, Brasil Telecom Participações s consolidated gross debt totaled R\$5,067.7 million, 5.7% lower than that registered by the end of December 2006. **In March, 71.2% of the total debt was allocated in the long term.**

On April 17, 2007, Brasil Telecom S.A. exercised its optional early redemption option, set forth in the Agreement of the 4th Debentures Issuance, being the 3rd Public Issuance, as informed to debenture holders on March 28, 2007. The total amount of R\$521.1 million was utilized to perform the redemption of all debentures.

Net Debt

Brasil Telecom Participações closed 1Q07 with a cash of R\$3,923.9 million, against R\$3,974.0 million at the end of December 2006. The consolidated net debt totaled R\$1,143.8 million, 12.84% lower than that recorded in December 2006.

At the end of March 2007, the debt pegged to the exchange rate variation, not taking into account hedge adjustments, totaled R\$912.9 million, of which R\$450.4 million in US Dollars, R\$161.4 million in currency basket and R\$301.1 million in Yens. On March 31, 2007, Brasil Telecom was hedged for 59.8% of the debt pegged to the exchange rate variation, resulting in a total exposition of 7.8% of the total debt.

Accumulated Cost of Debt

The Company s consolidated debt had an **accumulated cost equivalent to 9.5% p.a. in March, or 75.7% of the CDI.**

Financial Leverage

At the end of March 2007, Brasil Telecom Participações' s financial leverage, represented by the ratio of its net debt to shareholders' equity, **was equivalent to 21.7%**, against 24.9% in the previous quarter.

Investments

	R\$ Million		
Investments in Permanent Assets	1Q07	4Q06	1Q07/4Q06 (%)
Network Expansion	48.0	101.9	-52.9
- Conventional Telephony	1.9	(2.6)	N.A.
- Transmission Backbone	7.6	16.1	-52.7
- Data Network	38.5	77.3	-50.2
- Intelligent Network	0.1	2.4	-96.0
- Network Management Systems	0.5	8.0	-93.5
- Other Investments in Network Expansion	(0.7)	0.6	N.A.
Network Operation	48.9	76.4	-36.0
Public Telephony	0.9	1.4	-33.2
Information Technology	8.2	50.7	-83.8
Expansion Personnel	18.7	22.0	-15.2
Regulatory	12.9	75.2	-82.8
Other	9.7	42.1	-77.0
Financial Expense of Expansion	1.2	0.2	415.4
Fixed Telephony Total	148.5	369.9	-59.8
BrT Celular	4.3	107.1	-96.0
Mobile Telephony Total	4.3	107.1	-96.0
Total Investment	152.8	477.0	-68.0

In 1Q07, Brasil Telecom investments totaled R\$152.8 million, R\$148.5 million of which were invested in fixed telephony, including voice, data, information technology and regulatory, and R\$4.3 million in mobile telephony. Compared to 4Q06, investments had a substantial decrease of 68.0%, especially regarding mobile telephony investments, which were 96.0% lower than previous quarter.

09.01 - INVESTMENTS IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

1 - ITEM	2 - NAME OF SUBSIDIARY/ASSOCIATED COMPANIES	3 - CNPJ - TAXPAYER REGISTER	4 - CLASSIFICATION	5 - OWNERSHIP% IN SUBSIDIARY S	6 - SHAREHOLDER EQUITY % IN PARENT COMPANY
7 - TYPE OF COMPANY	8 - NUMBER OF SHARES IN CURRENT QUARTER (THOUSAND)		9 - NUMBER OF SHARES IN PRIOR QUARTER (THOUSAND)		

01	BRASIL TELECOM S.A.	76.535.764/0001-43	SUBSIDIARY PUBLICLY HELD COMPANY	67.28	70.61
COMMERCIAL, INDUSTRIAL COMPANY AND OTHERS				368,187,402	368,187,402
02	NOVA TARRAFA PARTICIPAÇÕES LTDA.	03.001.341/0001-70	SUBSIDIARY NON-PUBLICLY HELD COMPANY	99.99	0.49
INSURANCE COMPANY				32,625	32,625
03	NOVA TARRAFA INC.	.. / -	SUBSIDIARY NON-PUBLICLY HELD COMPANY	100.00	0.02
INSURANCE COMPANY				1	1

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02.570.688/0001-70

16.01 - OTHER INFORMATION WHICH THE COMPANY UNDERSTANDS RELEVANT

In compliance with the Corporate Governance Differentiated Practices Rules, the Company discloses the additional information below, related to the share control and structure:

1. OUTSTANDING SHARES

As of 03/31/2007

In units of shares

Shareholder	Common Shares	%	Preferred Shares	%	Total	%
Direct and Indirect Parent Management	81,684,827,233	60.94	12,770,327,697	5.55	94,455,154,930	25.95
Board of Directors	37,397	0.00	26,928	0.00	64,325	0.00
Directors	461	0.00	2,025,989	0.00	2,026,450	0.00
Fiscal Board	5,648	0.00	5,644	0.00	11,292	0.00
Treasury Shares	1,480,800,000	1.10	-	-	1,480,800,000	0.41
Other Shareholders	50,866,017,464	37.96	217,165,139,426	94.45	268,031,156,890	73.64
Total	134,031,688,203	100.00	229,937,525,684	100.00	363,969,213,887	100.00
Outstanding Shares in the Market	50,866,060,970	37.95	217,167,197,987	94.45	268,033,258,957	73.64

As of 03/31/2007

In units of shares

Shareholder	Common Shares	%	Preferred Shares	%	Total	%
Direct and Indirect Parent Management	81,848,936,876	61.07	14,521,359,759	6.32	96,370,296,635	26.48
Board of Directors	27,396	0.00	26,928	0.00	54,324	0.00
Directors	461	0.00	2,025,989	0.00	2,026,450	0.00
Fiscal Board	5,647	0.00	5,644	0.00	11,291	0.00
Treasury Shares	1,480,800,000	1.10	-	-	1,480,800,000	0.41
Other Shareholders	50,701,917,823	37.83	215,414,107,364	93.68	266,116,025,187	73.11
Total	134,031,688,203	100.00	229,937,525,684	100.00	363,969,213,887	100.00
Outstanding Shares in the Market	50,701,951,327	37.83	215,416,165,925	93.68	266,118,117,252	73.12

2. SHAREHOLDERS HOLDING OVER 5% OF THE VOTING CAPITAL (As of 03/31/2007)

The shareholders, who directly or indirectly, hold over 5% of the Company's common and preferred shares, are as follows:

Brasil Telecom Participações S.A.

In thousands of shares

Name	Citizenship	%	%	Total shares	%

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	General Taxpayers Register		Common Shares		Preferred shares			
Solpart Participações S.A.	02.607.736-0001/58	Brazilian	68,356,161	51.00	0	0.00	68,356,161	18.78
Previ	33.754.482-0001/24	Brazilian	6,895,682	5.14	7,840,963	3.41	14,736,645	4.05
BNDES Participações S.A.	00.383.281/0001-09	Brazilian	1,271,491	0.95	11,498,992	5.00	12,770,483	3.51
Brandes Investment Partners, LP ADR	-	American	-	-	36,979,100	16.08	36,979,100	10.16
Genesis Invest. Mgmt, LLP ADR	-	English	-	-	19,597,205	8.52	19,597,205	5.38
Capital Research & Mgmt. Comp.-ADR	-	American	-	-	13,350,000	5.81	13,350,000	3.67
Lazard Asset Mgmt, L.L.C. - ADR	-	American	-	-	13,291,470	5.78	13,291,470	3.65
Treasury Shares	-	-	1,480,800	1.10	-	-	1,480,800	0.41
Other	-	-	56,027,554	41.81	127,379,796	55.40	183,407,350	50.39
Total	-	-	134,031,688	100.00	229,937,526	100.00	363,969,214	100.00

Distribution of the Capital from Controlling Shareholders up to Individuals**Solpart Participações S.A.****In units of shares**

Name	General Taxpayers Register	Citizenship	Common Shares	%	Preferred shares	%	Total shares	%
Timepart Participações Ltda.	02.338.536-0001/47	Brazilian	509,991	0.02	-	-	509,991	0.02
Techold Participações S.A.	02.605.028-0001/88	Brazilian	1,318,229,979	61.98	-	-	1,318,229,979	61.98
Telecom Italia International N.V.	-	Italian	808,259,996	38.00	-	-	808,259,996	38.00
Other	-	-	34	0.00	-	-	34	0.00
Total	-	-	2,127,000,000	100.00	-	-	2,127,000,000	100.00

Timepart Participações Ltda. ¹**In units of quotas**

Name	General Taxpayers Register	Citizenship	Quotas	%
Privtel Investimentos S.A.	02.620.949.0001/10	Brazilian	208,830	33.10
Teleunion S.A.	02.605.026-0001/99	Brazilian	213,340	33.80
Telecom Holding S.A.	02.621.133-0001/00	Brazilian	208,830	33.10
Total	-	-	631,000	100.00
1 Shareholding position based on 2Q05 data				

Privtel Investimentos S.A. ¹**In units of shares**

Name	General Taxpayers Register	Citizenship	Common Shares	%	Preferred shares	%	Total shares	%
Eduardo Cintra Santos	064.858.395-34	Brazilian	19,998	99.99	-	-	19,998	99.99
Other	-	-	2	0.01	-	-	2	0.01
Total	-	-	20,000	100.00	-	-	20,000	100.00

1 Shareholding position based on 2Q05 data

Teleunion S.A. ¹**In units of shares**

Name	General Taxpayers Register	Citizenship	Common Shares	%	Preferred shares	%	Total shares	%
Luiz Raymundo Tourinho Dantas (estate)	000.479.025-15	Brazilian	19,998	99.99	-	-	19,998	99.99
Other	-	-	2	0.01	-	-	2	0.01
Total	-	-	20,000	100.00	-	-	20,000	100.00

1 Shareholding position based on 2Q05 data

Telecom Holding S.A. ¹**In units of shares**

Name	General Taxpayers Register	Citizenship	Common Shares	%	Preferred shares	%	Total shares	%
Woog Family Limited Partnership	-	American	19,997	99.98	-	-	19,997	99.98
Other	-	-	3	0.02	-	-	3	0.02
Total	-	-	20,000	100.00	-	-	20,000	100.00

1 Shareholding position based on 2Q05 data

Techold Participações S.A.**In units of shares**

Name	General Taxpayers Register	Citizenship	Common Shares	%	Preferred shares	%	Total shares	%
Invitel S.A.	02.465.782-0001/60	Brazilian	1,157,013,211	100.00	341,898,149	100.00	1,498,911,360	100.00
Other	-	-	12	0.00	-	-	12	0.00
Total	-	-	1,157,013,223	100.00	341,898,149	100.00	1,498,911,372	100.00

Invitel S.A.**In units of shares**

Name	General Taxpayers Register	Citizenship	Common Shares	%	Preferred shares	%	Total shares	%
Fundação 14 de Previdência Privada	00.493.916-0001/20	Brazilian	92,713,711	6.27	13,400,644	6.27	106,114,355	6.27
Telos Fund. Embratel de Segurid.	42.465.310-0001/21	Brazilian	33,106,348	2.24	-	-	33,106,348	1.96
Funcef Fund. dos Economiários	00.436.923-0001/90	Brazilian	571,411	0.04	-	-	571,411	0.03
Petros Fund. Petrobrás Segurid.	34.053.942-0001/50	Brazilian	55,903,360	3.78	8,080,153	3.78	63,983,513	3.78
Previ Caixa Prev. Func. B. Brasil	33.754.482-0001/24	Brazilian	285,901,442	19.33	41,323,590	19.33	327,225,032	19.33
Zain Participações S.A.	02.363.918-0001/20	Brazilian	1,009,796,295	68.28	150,829,870	70.56	1,160,626,165	68.57
Citigroup Venture Capital International Brazil LP	-	Cayman Islands	302,945	0.03	45,166	0.03	348,111	0.03
Investidores Institucionais FIA	01.909.558-0001/57	Brazilian	419,919	0.03	60,694	0.03	480,613	0.03
Opportunity Fund	-	Virgin Islands	69,587	0.00	-	-	69,587	0.00
CVC Opportunity Invest. Ltda.	03.605.085-0001/20	Brazilian	14	0.00	-	-	14	0.00
Priv FIA	02.559.662-0001/21	Brazilian	37,778	0.00	5,642	0.00	43,420	0.00
Tele FIA	02.597.072-0001/93	Brazilian	35,417	0.00	5,290	0.00	40,707	0.00
Others	-	-	8	0.00	-	-	8	0.00
Total	-	-	1,478,858,235	100.00	213,751,049	100.00	1,692,609,284	100.00

Zain Participações S.A.**In units of shares**

Name	General Taxpayers Register	Citizenship	Common Shares	%	Preferred shares	%	Total shares	%
Investidores Institucionais FIA	01.909.558-0001/57	Brazilian	552,668,015	45.85	-	-	552,668,015	45.85
Citigroup Venture Capital International Brazil LP	-	Cayman Islands	511,953,674	42.47	-	-	511,953,674	42.47
Opportunity Fund	-	Virgin Islands	108,497,504	9.00	-	-	108,497,504	9.00
Priv FIA	02.559.662-0001/21	Brazilian	28,765,247	2.39	-	-	28,765,247	2.39
Opportunity Lógica Rio Consultoria e Participações Ltda	01.909.405-0001/00	Brazilian	3,475,631	0.29	-	-	3,475,631	0.29
Tele FIA	02.597.072-0001/93	Brazilian	9,065	0.00	-	-	9,065	0.00

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Opportunity Equity Partners Administradora de Recursos Ltda.	01.909.405-0001/00	Brazilian	2	0.00	-	-	2	0.00
Opportunity Investimentos Ltda.	03.605.085-0001/20	Brazilian	15	0.00	-	-	15	0.00
Other	-	-	1,144	0.00	-	-	1,144	0.00
Total	-	-	1,205,370,297	100.00	-	-	1,205,370,297	100.00

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02.570.688/0001-70

17.01 SPECIAL REVIEW REPORT - UNQUALIFIED

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT ACCOUNTANTS REVIEW REPORT

To the Management and Shareholders of
Brasil Telecom Participações S.A.
Brasília - DF

1. We have performed a special review of the accompanying interim financial statements of Brasil Telecom Participações S.A. and subsidiaries (Company and consolidated), consisting of the balance sheets of the quarter ended on March 31, 2007, and the related statements of income for the quarter and nine-month period then ended and the performance report, all expressed in Brazilian reais and prepared in accordance with Brazilian accounting practices under the responsibility of the Company's management.
2. We conducted our review in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Federal Accounting Council, which consisted principally of: (a) inquiries of and discussions with certain officials of the Company who have responsibility for accounting, financial and operating matters about the criteria adopted in the preparation of the interim financial statements, and (b) review of the information and subsequent events that had or might have had material effects on the financial position and results of operations of the Company and its subsidiaries.
3. Based on our special review, we are not aware of any material modifications that should be made to the interim financial statements referred to in paragraph 1 for them to be in conformity with Brazilian accounting practices and standards established by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of mandatory interim financial statements.
4. We conducted our special review for the purpose of issuing a review report on the mandatory interim financial statements. Supplemental disclosure of cash flow information is presented for purposes of additional analysis. Such supplemental information for the quarter ended on March 31, 2007 has been subjected to the same review procedures applied to the interim financial statements and, based on our special review, we are not aware of any material modifications that should be made to the statement of cash flows for it to be presented fairly, in all material respects, in relation to the interim financial statements taken as a whole.
5. We have previously reviewed the balance sheets (Company and Consolidated) as of December 31, 2006 and revised the financial statements and cash flows relative to the quarter ended on March 31, 2006, presented for comparison purposes, about which we issued our opinion and unqualified special review report, dated January 31, 2007 and May 12, 2006, respectively.

São Paulo, April 25, 2007

DELOITTE TOUCHE TOHMATSU

Marco Antonio Brandão Simurro

Independent Auditors
CRC no. 2 SP 011609/O-8

Accountant
CRC no. 1 RJ 052000/O-0 S DF

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 15, 2008

BRASIL TELECOM PARTICIPAÇÕES S.A.

By: /s/ Paulo Narcélio Simões
 Amaral

Name: Paulo Narcélio Simões
Amaral
Title: Chief Financial
Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. 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.
