

BRASIL TELECOM HOLDING CO  
Form 6-K  
April 17, 2007

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**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 6-K**

**REPORT OF FOREIGN ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**THROUGH April 17, 2007**

**(Commission File No. 1-14477)**

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**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)*

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**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)*

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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):

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**FEDERAL PUBLIC SERVICE  
SECURITIES AND EXCHANGE COMMISSION (CVM)  
STANDARD FINANCIAL STATEMENTS (DFP)  
COMMERCIAL, INDUSTRIAL COMPANY AND OTHERS**

CORPORATE LAW

Period-ended: December 31, 2006

**REGISTRATION AT THE CVM DOES NOT REQUIRE ANY EVALUATION OF THE COMPANY, BEING ITS DIRECTOR 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 S 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 061	7 - TELEPHONE NUMBER 3415-1010	8 - TELEPHONE NUMBER 3415-1256	9 - TELEPHONE NUMBER 3415-1119	10 - TELEX
11 - AREA CODE 061	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 CHARLES LAGANÁ PUTZ				
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 061	8 - TELEPHONE NUMBER 3415-1010	9 - TELEPHONE NUMBER 3415-1140	10 - TELEPHONE NUMBER -	11 - TELEX
12 - AREA CODE 061	13 - FAX 3415-1593	14 - FAX -	15 - FAX -	
15 - E-MAIL cputz@brasiltelecom.com.br				

**01.04 - REFERENCE / INDEPENDENT ACCOUNTANT**

YEAR	1 DATE OF THE FISCAL YEAR BEGINNING	2 DATE OF THE FISCAL YEAR END
1 Last	01/01/2006	12/31/2006

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2 Next to last	01/01/2005	12/31/2005
3 Last but two	01/01/2004	12/31/2004
4 - INDEPENDENT ACCOUNTANT Deloitte Touche Tohmatsu Auditores Independentes		5 - CVM CODE 00385-9
6 - TECHNICIAN IN CHARGE Marco Antonio Brandão Simurro		7 - TECHNICIAN S CPF (INDIVIDUAL TAXPAYER S ID) 755.400.708-44

**01.05 - COMPOSITION OF ISSUED CAPITAL**

QUANTITY OF SHARES (IN THOUSANDS)	1 12/31/2006	2 12/31/2005	3 12/31/2004
<b>ISSUED CAPITAL</b>			
1 COMMON	134,031,688	134,031,688	134,031,688
2 PREFERRED	229,937,526	229,937,526	226,007,753
3 TOTAL	363,969,214	363,969,214	360,039,441
<b>TREASURY STOCKS</b>			
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 - TYPE OF COMPANY COMMERCIAL, INDUSTRIAL COMPANY 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 (STFC)
6 - TYPE OF CONSOLIDATED TOTAL

**01.07 - SUBSIDIARIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS**

1 - ITEM	2 GENERAL TAXPAYERS REGISTER	3 - NAME
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**01.08 CASH DIVIDENDS**

1 ITEM	2 - EVENT	3 - APPROVAL	4 - DIVIDEND	5 - BEGINNING PAYMENT	6 - TYPE OF SHARE	7 - VALUE OF THE DIVIDEND PER SHARE
01	RCA	06/30/2006	Interest on Shareholders Equity		ON	0.0004345104
02	RCA	06/30/2006	Interest on Shareholders Equity		PN	0.0004345104
03	RCA	12/29/2006	Interest on Shareholders Equity		ON	0.0005348723
04	RCA	12/29/2006	Interest on Shareholders Equity		PN	0.0005348723
05	PROPOSED		Dividends		ON	0.0001008889
06	PROPOSED		Dividends		PN	0.0001008889

**01.09 - INVESTOR RELATIONS OFFICER**

1 - DATE 03/27/2006	2 - SIGNATURE
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**02.01 - BALANCE SHEET - ASSETS (IN THOUSANDS OF REAIS)**

1 - CODE	2 - ACCOUNT DESCRIPTION	3 - 12/31/2006	4 - 12/31/2005	5 - 12/31/2004
1	TOTAL ASSETS	5,767,756	6,030,378	6,947,801
1.01	CURRENT ASSETS	1,724,840	1,263,826	1,190,986
1.01.01	CASH AND CASH EQUIVALENTS	1,432,344	883,690	828,783
1.01.01.01	CASH AND BANK ACCOUNTS	740	208	549
1.01.01.02	HIGH-LIQUID INVESTMENTS	1,431,604	883,482	828,234
1.01.02	CREDITS	0	0	0
1.01.02.01	CLIENTS	0	0	0
1.01.02.02	SUNDRY CREDITS	0	0	0
1.01.03	INVENTORIES	0	0	0
1.01.04	OTHERS	292,496	380,136	362,203
1.01.04.01	DEFERRED AND RECOVERABLE TAXES	42,915	154,167	105,745
1.01.04.02	DIVIDENDS RECEIVABLE	241,145	220,708	250,236
1.01.04.03	OTHER ASSETS	8,436	5,261	6,222
1.02	NON-CURRENT ASSETS	4,042,916	4,766,552	5,756,815
1.02.01	LONG-TERM ASSETS	285,534	1,020,246	1,390,544
1.02.01.01	SUNDRY CREDITS	0	0	0
1.02.01.02	FROM RELATED PARTIES AND OTHERS	0	619,257	1,046,529
1.02.01.02.01	FROM ASSOCIATED COMPANIES	0	0	0
1.02.01.02.02	FROM SUBSIDIARIES	0	619,257	1,046,529
1.02.01.02.03	FROM OTHER RELATED PARTIES	0	0	0
1.02.01.03	OTHER	285,534	400,989	344,015
1.02.01.03.01	LOANS AND FINANCING	0	101,098	118,273
1.02.01.03.02	DEFERRED AND RECOVERABLE TAXES	279,655	284,595	223,492
1.02.01.03.03	JUDICIAL DEPOSITS	5,284	15,296	2
1.02.01.03.04	OTHER ASSETS	595	0	2,248
1.02.02	PERMANENT ASSETS	3,757,382	3,746,306	4,366,271
1.02.02.01	INVESTMENTS	3,756,338	3,745,018	4,364,939
1.02.02.01.01	ASSOCIATED COMPANIES	0	0	0
1.02.02.01.02	ASSOCIATED COMPANIES - GOODWILL	0	0	0
1.02.02.01.03	SUBSIDIARIES	3,748,789	3,737,948	4,356,174
1.02.02.01.04	SUBSIDIARIES GOODWILL	0	0	1,722
1.02.02.01.05	OTHER INVESTMENTS	7,549	7,070	7,043
1.02.02.02	PROPERTY, PLANT AND EQUIPMENT	1,004	1,219	1,233
1.02.02.03	INTANGIBLE	40	69	99
1.02.02.04	DEFERRED ASSETS	0	0	0

**02.02 - BALANCE SHEET - LIABILITIES (IN THOUSANDS OF REAIS)**

1 - CODE	2 - ACCOUNT DESCRIPTION	3 - 12/31/2006	4 - 12/31/2005	5 - 12/31/2004
2	TOTAL LIABILITIES	5,767,756	6,030,378	6,947,801
2.01	CURRENT LIABILITIES	477,562	738,414	516,007
2.01.01	LOANS AND FINANCING	0	143	162
2.01.02	DEBENTURES	0	279,902	213,670
2.01.03	SUPPLIERS	140	1,367	296
2.01.04	TAXES, DUTIES AND CONTRIBUTIONS	165	59,617	22,843
2.01.04.01	INDIRECT TAXES	165	26,959	16,353
2.01.04.02	TAXES ON INCOME	0	32,658	6,490
2.01.05	DIVIDENDS PAYABLE	442,681	343,939	275,230
2.01.06	PROVISIONS	13	11	0
2.01.06.01	PROVISIONS FOR CONTINGENCIES	13	11	0
2.01.07	DEBTS WITH RELATED PARTIES	0	0	0
2.01.08	OTHER	34,563	53,435	3,806
2.01.08.01	PAYROLL, SOCIAL CHARGES AND BENEFITS	19	74	423
2.01.08.02	CONSIGNMENTS IN FAVOR OF THIRD PARTIES	34,258	52,921	160
2.01.08.03	EMPLOYEE PROFIT SHARING	0	0	2,960
2.01.08.04	OTHER OBLIGATIONS	286	440	263
2.02	NON-CURRENT LIABILITIES	12,010	41,869	295,737
2.02.01	LONG-TERM LIABILITIES	12,010	41,869	295,737
2.02.01.01	LOANS AND FINANCING	0	69	234
2.02.01.02	DEBENTURES	0	0	259,193
2.02.01.03	PROVISIONS	4,247	3,210	3,380
2.02.01.03.01	PROVISION FOR CONTINGENCIES	4,247	3,210	3,380
2.02.01.04	DEBTS WITH RELATED PARTIES	0	0	0
2.02.01.05	ADVANCE FOR FUTURE CAPITAL INCREASE	0	0	0
2.02.01.06	OTHER	7,763	38,590	32,930
2.02.01.06.01	INDIRECT TAXES	6,465	14,924	0
2.02.01.06.02	TAXES ON INCOME	1,298	23,666	32,930
2.02.02	DEFERRED INCOME	0	0	0
2.04	SHAREHOLDERS EQUITY	5,278,184	5,250,095	6,136,057
2.04.01	PAID-UP CAPITAL	2,596,272	2,596,272	2,568,240
2.04.02	CAPITAL RESERVES	309,178	309,178	337,210
2.04.02.01	PREMIUM ON SHARE SUBSCRIPTION	306,961	306,961	263,235
2.04.02.02	SPECIAL GOODWILL IN THE MERGER	0	0	71,758
2.04.02.03	OTHER CAPITAL RESERVES	2,217	2,217	2,217
2.04.03	REVALUATION RESERVES	0	0	0
2.04.03.01	COMPANY ASSETS	0	0	0
2.04.03.02	SUBSIDIARIES/ASSOCIATED COMPANIES	0	0	0
2.04.04	PROFIT RESERVES	306,349	282,667	879,550



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2.04.04.01	LEGAL	232,169	208,487	208,487
2.04.04.02	STATUTORY	0	0	0

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1 - CODE	2 - ACCOUNT DESCRIPTION	3 - 12/31/2006	4 - 12/31/2005	5 - 12/31/2004
2.04.04.03	CONTINGENCIES	0	0	0
2.04.04.04	REALIZABLE PROFITS RESERVES	74.180	74.180	671.063
2.04.04.05	PROFIT RETENTION	0	0	0
2.04.04.06	SPECIAL RESERVE FOR UNDISTRIBUTED DIVIDENDS	0	0	0
2.04.04.07	OTHER PROFIT RESERVES	0	0	0
2.04.05	RETAINED EARNINGS/ACCUMULATED LOSSES	2.066.385	2.061.978	2.351.057
2.04.06	ADVANCE FOR FUTURE CAPITAL INCREASE	0	0	0

**03.01 STATEMENT OF INCOME (IN THOUSANDS OF REAIS)**

1 - CODE	2 - ACCOUNT DESCRIPTION	3 - 01/01/2006 to 12/31/2006	4 - 01/01/2005 to 12/31/2005	5 - 01/01/2004 to 12/31/2004
3.01	GROSS REVENUE FROM SALES AND/OR SERVICES	0	0	0
3.02	DEDUCTIONS FROM GROSS REVENUE	0	0	0
3.03	NET REVENUE FROM SALES AND/OR SERVICES	0	0	0
3.04	COST OF GOODS AND/OR SERVICES SOLD	0	0	0
3.05	GROSS INCOME	0	0	0
3.06	OPERATING INCOME/EXPENSES	70,946	(585,178)	112,466
3.06.01	SELLING EXPENSES	0	0	0
3.06.02	GENERAL AND ADMINISTRATIVE EXPENSES	(16,618)	(28,047)	(19,068)
3.06.02.01	MANAGEMENT COMPENSATION	(1,408)	(2,943)	(2,389)
3.06.02.02	OTHER GENERAL AND ADMINISTRATIVE EXPENSES	(15,210)	(25,104)	(16,679)
3.06.03	FINANCIAL	(204,790)	(358,937)	(63,419)
3.06.03.01	FINANCIAL INCOME	286,669	332,885	311,509
3.06.03.02	FINANCIAL EXPENSES	(491,459)	(691,822)	(374,928)
3.06.04	OTHER OPERATING INCOME	7,027	5,546	3,563
3.06.05	OTHER OPERATING EXPENSES	(1,918)	(4,246)	(8,011)
3.06.06	EQUITY ACCOUNTING RESULT	287,245	(199,494)	199,401
3.07	OPERATING INCOME	70,946	(585,178)	112,466
3.08	NON-OPERATING INCOME	554	2,465	(7,957)
3.08.01	REVENUES	554	2,685	40
3.08.02	EXPENSES	0	(220)	(7,997)
3.09	INCOME BEFORE TAXES AND INTEREST	71,500	(582,713)	104,509
3.10	PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION	(11,246)	(14,170)	(75,466)
3.11	DEFERRED INCOME TAX	0	0	0
3.12	STATUTORY INTEREST/CONTRIBUTIONS	0	0	(4,275)
3.12.01	INTEREST	0	0	(4,275)
3.12.02	CONTRIBUTIONS	0	0	0
3.13	REVERSAL OF INTEREST ON SHAREHOLDERS EQUITY	413,400	569,000	243,500
3.15	INCOME (LOSS) FOR THE PERIOD	473,654	(27,883)	268,268
	NO. SHARES, EX-TREASURY (IN THOUSANDS)	362,488,414	362,488,414	358,558,641
	EARNINGS PER SHARE (REAIS)	0,00131		0,00075
	LOSS PER SHARE (REAIS)		(0,00008)	



**04.01 STATEMENT OF CHANGES IN FINANCIAL POSITION (IN THOUSANDS OF REAIS)**

1 - CODE	2 - ACCOUNT DESCRIPTION	3 - 01/01/2006 to 12/31/2006	4 - 01/01/2005 to 12/31/2005	5 - 01/01/2004 to 12/31/2004
4.01	SOURCES	1,186,784	1,036,611	852,802
4.01.01	OF OPERATIONS	157,634	182,388	102,879
4.01.01.01	INCOME/LOSS FOR THE YEAR	473,654	(27,883)	268,268
4.01.01.02	AMOUNTS NOT AFFECTING WORKING CAPITAL	(316,020)	210,271	(165,389)
4.01.01.02.01	DEPRECIATION AND AMORTIZATION	312	2,085	3,742
4.01.01.02.02	DEFERRED TAXES	(28,822)	(9,767)	0
4.01.01.02.03	RESULT OF EQUITY PICKUP	(287,245)	199,494	(199,401)
4.01.01.02.04	PROVISION FOR CONTINGENCIES	919	1,066	3,147
4.01.01.02.05	MONETARY VARIATION AND LONG-TERM INTEREST	(630)	19,857	19,166
4.01.01.02.06	INCOME/LOSS IN PERMANENT ASSETS WRITE-OFF	(494)	(77)	1,587
4.01.01.02.07	INVESTMENT GAIN/LOSS	(60)	(2,387)	6,370
4.01.02	FROM SHAREHOLDERS	0	0	0
4.01.03	FROM THIRD PARTIES	1,029,150	854,223	749,923
4.01.03.01	INCREASE IN LONG-TERM LIABILITIES	0	0	0
4.01.03.02	REDUCTION IN LONG-TERM ASSETS	748,264	422,122	447,651
4.01.03.03	DIVIDENDS/INTEREST ON SHAREHOLDERS EQUITY DECLARED OUTSTANDING	241,145	357,851	250,236
4.01.03.04	OTHERS	39,741	74,250	52,036
4.02	APPLICATIONS	464,918	1,186,178	576,710
4.02.01	INCREASE IN LONG-TERM ASSETS	595	67,865	97,890
4.02.02	INCREASE IN PERMANENT ASSETS	68	331	514
4.02.03	PROVISIONED DIVIDENDS/INTEREST ON SHAREHOLDERS EQUITY	449,972	869,000	286,761
4.02.04	TRANSFER FROM LONG-TERM LIABILITIES TO CURRENT LIABILITIES	14,283	248,982	191,545
4.03	INCREASE/DECREASE IN WORKING CAPITAL	721,866	(149,567)	276,092
4.04	CHANGES IN CURRENT ASSETS	461,014	72,840	356,799
4.04.01	CURRENT ASSETS AT THE BEGINNING OF THE YEAR	1,263,826	1,190,986	834,187
4.04.02	CURRENT ASSETS AT THE END OF THE YEAR	1,724,840	1,263,826	1,190,986
4.05	CHANGES IN CURRENT LIABILITIES	(260,852)	222,407	80,707
4.05.01	CURRENT LIABILITIES AT THE BEGINNING OF THE YEAR	738,414	516,007	435,300
4.05.02	CURRENT LIABILITIES AT THE END OF THE YEAR	477,562	738,414	516,007



**05.01 - STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FROM 01/01/2006 TO 12/31/2006 (IN THOUSANDS OF REAIS)**

1 - CODE	2 DESCRIPTION	3 CAPITAL STOCK	4 CAPITAL RESERVES	5 REVALUATION RESERVES	6 PROFIT RESERVES	7 - RETAINED EARNINGS/ ACCUMULATED DEFICIT	8 - TOTAL SHAREHOLDERS EQUITY
5.01	OPENING BALANCE	2,596,272	309,178	0	282,667	2,061,978	
5.02	ADJUSTMENTS OF PREVIOUS YEARS	0	0	0	0	0	
5.03	INCREASE/DECREASE IN CAPITAL STOCK	0	0	0	0	0	
5.04	REALIZATION OF RESERVES	0	0	0	0	0	
5.05	TREASURY STOCKS	0	0	0	0	0	
5.06	INCOME/LOSS FOR THE YEAR	0	0	0	0	473,654	
5.07	ALLOCATIONS	0	0	0	23,682	(473,654)	
5.07.01	LEGAL RESERVE	0	0	0	23,682	(23,682)	
5.07.02	PROPOSED DIVIDENDS/ INTEREST ON SHAREHOLDERS EQUITY	0	0	0	0	(449,972)	
5.08	OTHER	0	0	0	0	4,407	
5.08.01	DIVIDENDS PRESCRIBED	0	0	0	0	4,407	
5.09	ENDING BALANCE	2,596,272	309,178	0	306,349	2,066,385	

**05.02 STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FROM 01/01/2005 TO 12/31/2005 (IN THOUSANDS OF REAIS)**

1 - CODE	2 DESCRIPTION	3 CAPITAL STOCK	4 CAPITAL RESERVES	5 REVALUATION RESERVES	6 PROFIT RESERVES	7 - RETAINED EARNINGS/ ACCUMULATED DEFICIT	8 - TOTAL SHAREHOLDERS EQUITY
5.01	OPENING BALANCE	2,568,240	337,210	0	879,550	2,351,057	0
5.02	ADJUSTMENTS OF PREVIOUS YEARS	0	0	0	0	0	
5.03	INCREASE/DECREASE IN CAPITAL STOCK	28,032	(28,032)	0	0	0	
5.03.01	TAX BENEFIT ON AMORTIZATION OF GOODWILL FROM MERGER	28,032	(28,032)	0	0	0	
5.04	REALIZATION OF RESERVES	0	0	0	(596,883)	596,883	
5.04.01	REALIZABLE PROFIT RESERVES	0	0	0	(596,883)	596,883	
5.05	TREASURY STOCKS	0	0	0	0	0	
5.06	INCOME/LOSS FOR THE YEAR	0	0	0	0	27,883	
5.07	ALLOCATIONS	0	0	0	0	(869,000)	
5.07.01	LEGAL RESERVE	0	0	0	0	(300,000)	
5.07.02	PROPOSED DIVIDENDS/INTEREST ON SHAREHOLDERS EQUITY	0	0	0	0	(569,000)	
5.08	OTHERS	0	0	0	0	10,921	
5.08.01	DIVIDENDS PRESCRIBED	0	0	0	0	10,921	
5.09	ENDING BALANCE	2,596,272	309,178	0	282,667	2,061,978	5



**05.03 STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FROM 01/01/2004 TO 12/31/2004 (IN THOUSANDS OF REAIS)**

1 - CODE	2 DESCRIPTION	3 CAPITAL STOCK	4 CAPITAL RESERVES	5 REVALUATION RESERVES	6 PROFIT RESERVES	7 - RETAINED EARNINGS/ ACCUMULATED DEFICIT	8 - TOTAL SHAREHOLDERS EQUITY
5.01	OPENING BALANCE	2,544,432	361,018	0	898,043	2,344,894	
5.02	ADJUSTMENTS OF PREVIOUS YEARS	0	0	0	0	0	
5.03	INCREASE/DECREASE IN CAPITAL STOCK	23,808	(23,808)	0	0	0	
5.03.01	RESERVES AND PROFITS	23,808	(23,808)	0	0	0	
5.03.02	TAX BENEFIT ON AMORTIZATION OF GOODWILL FROM MERGER	0	0	0	(31,907)	31,907	
5.04	REALIZATION OF RESERVES	0	0	0	(31,907)	31,907	
5.04.01	REALIZABLE PROFIT RESERVES	0	0	0	0	0	
5.05	TREASURY STOCKS	0	0	0	0	268,268	
5.06	INCOME/LOSS FOR THE YEAR	0	0	0	13,414	(300,175)	
5.07	ALLOCATIONS	0	0	0	13,414	(13,414)	
5.07.01	LEGAL RESERVE	0	0	0	0	(286,761)	
5.07.02	PROPOSED DIVIDENDS/INTEREST ON SHAREHOLDERS EQUITY	0	0	0	0	6,163	
5.08	OTHERS	0	0	0	0	6,163	
5.09	ENDING BALANCE	2,568,240	337,210	0	879,550	2,351,057	

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

1 - CODE	2 - ACCOUNT DESCRIPTION	3 - 12/31/2006	4 - 12/31/2005	5 - 12/31/2004
1	TOTAL ASSETS	17,793,790	17,580,918	18,238,956
1.01	CURRENT ASSETS	7,498,113	6,314,002	6,629,420
1.01.01	CASH AND CASH EQUIVALENTS	3,973,952	2,613,773	3,226,593
1.01.01.01	CASH AND BANK ACCOUNTS	127,900	63,283	71,863
1.01.01.02	HIGH-LIQUID INVESTMENTS	3,846,052	2,550,490	3,154,730
1.01.02	CREDITS	2,127,654	2,152,813	2,111,579
1.01.02.01	CLIENTS	2,127,654	2,152,813	2,111,579
1.01.02.02	SUNDRY CREDITS	0	0	0
1.01.03	INVENTORIES	64,164	83,035	174,033
1.01.04	OTHERS	1,332,343	1,464,381	1,117,215
1.01.04.01	LOANS AND FINANCING	5,557	3,962	2,540
1.01.04.02	DEFERRED AND RECOVERABLE TAXES	944,115	1,276,740	841,466
1.01.04.03	JUDICIAL DEPOSITS	119,058	31,465	32,113
1.01.04.04	TEMPORARY INVESTMENTS	89,424	0	0
1.01.04.05	OTHER ASSETS	174,189	152,214	241,096
1.02	NON-CURRENT ASSETS	10,295,677	11,266,916	11,609,536
1.02.01	LONG-TERM ASSETS	2,128,357	1,841,387	1,277,106
1.02.01.01	SUNDRY CREDITS	0	0	0
1.02.01.02	FROM RELATED PARTIES AND OTHERS	0	0	0
1.02.01.02.01	FROM ASSOCIATED COMPANIES	0	0	0
1.02.01.02.02	FROM SUBSIDIARIES	0	0	0
1.02.01.02.03	FROM OTHER RELATED PARTIES	0	0	0
1.02.01.03	OTHERS	2,128,357	1,841,387	1,277,106
1.02.01.03.01	LOANS AND FINANCING	2,852	106,309	126,477
1.02.01.03.02	DEFERRED AND RECOVERABLE TAXES	1,649,463	1,512,325	957,085
1.02.01.03.03	INCOME SECURITIES	3,280	2,604	0
1.02.01.03.04	JUDICIAL DEPOSITS	429,925	152,931	105,946
1.02.01.03.05	OTHER ASSETS	42,837	67,218	87,598
1.02.02	PERMANENT ASSETS	8,167,320	9,425,529	10,332,430
1.02.02.01	INVESTMENTS	330,074	423,411	519,156
1.02.02.01.01	ASSOCIATED COMPANIES	4	4	4
1.02.02.01.02	ASSOCIATED COMPANIES - GOODWILL	0	0	0
1.02.02.01.03	SUBSIDIARIES	0	0	0
1.02.02.01.04	SUBSIDIARIES GOODWILL	260,852	356,430	445,119
1.02.02.01.05	OTHER INVESTMENTS	69,218	66,977	74,033
1.02.02.02	PROPERTY, PLANT AND EQUIPMENT	6,535,347	7,587,619	8,289,372
1.02.02.03	INTANGIBLE	1,163,432	1,220,055	1,136,191
1.02.02.04	DEFERRED ASSETS	138,467	194,444	387,711



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

1 - CODE	2 - DESCRIPTION	3 - 12/31/2006	4 - 12/31/2005	5 - 12/31/2004
2	TOTAL LIABILITIES	17,793,790	17,580,918	18,238,956
2.01	CURRENT LIABILITIES	4,852,403	5,312,426	4,500,789
2.01.01	LOANS AND FINANCING	1,063,625	874,012	601,261
2.01.02	DEBENTURES	45,939	327,669	255,377
2.01.03	SUPPLIERS	1,474,667	1,787,858	1,769,776
2.01.04	TAXES, FEES AND CONTRIBUTIONS	888,449	1,035,272	821,566
2.01.04.01	INDIRECT TAXES	851,399	803,486	767,112
2.01.04.02	TAXES ON INCOME	37,050	231,786	54,454
2.01.05	DIVIDENDS PAYABLE	614,411	499,809	436,227
2.01.06	PROVISIONS	218,841	265,145	244,483
2.01.06.01	PROVISION FOR CONTINGENCIES	175,603	219,650	214,986
2.01.06.02	PROVISION FOR PENSION PLAN	43,238	45,495	29,497
2.01.07	RELATED PARTY DEBTS	0	0	0
2.01.08	OTHER	546,471	522,661	372,099
2.01.08.01	PAYROLL, SOCIAL CHARGES AND BENEFITS	78,580	78,288	73,662
2.01.08.02	CONSIGNMENTS IN FAVOR OF THIRD PARTIES	138,423	207,617	114,379
2.01.08.03	EMPLOYEE PROFIT SHARING	76,334	64,445	63,799
2.01.08.04	AUTHORIZATIONS TO EXPLORE TELECOM. SERV.	135,848	55,516	44,056
2.01.08.05	ADVANCE FROM CLIENTS	52,643	31,602	7,869
2.01.08.06	OTHER LIABILITIES	64,643	85,193	68,334
2.02	NON-CURRENT LIABILITIES	5,852,700	5,221,259	5,421,403
2.02.01	LONG-TERM LIABILITIES	5,852,700	5,221,259	5,421,403
2.02.01.01	LOANS AND FINANCING	2,685,626	2,867,400	3,092,397
2.02.01.02	DEBENTURES	1,580,000	500,000	759,194
2.02.01.03	PROVISIONS	1,163,161	1,115,894	719,234
2.02.01.03.01	PROVISION FOR CONTINGENCIES	557,186	433,300	247,285
2.02.01.03.02	PROVISION FOR PENSION PLAN	605,975	682,594	471,949
2.02.01.04	RELATED PARTY DEBTS	0	0	0
2.02.01.05	ADVANCE FOR FUTURE CAPITAL INCREASE	0	0	0
2.02.01.06	OTHER	423,913	737,965	850,578
2.02.01.06.01	PAYROLL, SOCIAL CHARGES AND BENEFITS	0	0	4,834
2.02.01.06.02	SUPPLIERS	6,709	21,357	3,504
2.02.01.06.03	INDIRECT TAXES	62,266	308,995	401,955
2.02.01.06.04	TAXES ON INCOME	51,484	33,079	68,135
2.02.01.06.05	AUTHORIZATIONS TO EXPLORE TELECOM. SERV	219,533	252,274	261,548
2.02.01.06.06	ADVANCE FROM CLIENTS	70,665	84,587	73,978
2.02.01.06.07	OTHER LIABILITIES	5,282	29,699	28,650

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2.02.01.06.08	FUNDS FOR CAPITALIZATION	7,974	7,974	7,974
2.02.02	DEFERRED INCOME	0	0	0
2.03	MINORITY INTEREST	1,811,085	1,801,213	2,188,274
2.04	SHAREHOLDERS EQUITY	5,277,602	5,246,020	6,128,490

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1 - CODE	2 - DESCRIPTION	3 - 12/31/2006	4 - 12/31/2005	5 - 12/31/2004
2.04.01	PAID-UP CAPITAL	2,596,272	2,596,272	2,568,240
2.04.02	CAPITAL RESERVES	309,178	309,178	337,210
2.04.02.01	PREMIUM ON SHARE SUBSCRIPTION	306,961	306,961	263,235
2.04.02.02	SPECIAL GOODWILL ON THE MERGER	0	0	71,758
2.04.02.03	OTHER CAPITAL RESERVES	2,217	2,217	2,217
2.04.03	REVALUATION RESERVES	0	0	0
2.04.03.01	COMPANY ASSETS	0	0	0
2.04.03.02	SUBSIDIARIES/ASSOCIATED COMPANIES	0	0	0
2.04.04	PROFIT RESERVES	306,349	282,667	879,550
2.04.04.01	LEGAL	232,169	208,487	208,487
2.04.04.02	STATUTORY	0	0	0
2.04.04.03	CONTINGENCIES	0	0	0
2.04.04.04	REALIZABLE PROFIT RESERVES	74,180	74,180	671,063
2.04.04.05	PROFIT RETENTION	0	0	0
2.04.04.06	SPECIAL RESERVE FOR UNDISTRIBUTED DIVIDENDS	0	0	0
2.04.04.07	OTHER PROFIT RESERVES	0	0	0
2.04.05	RETAINED EARNINGS/ACCUMULATED LOSSES	2,065,803	2,057,903	2,343,490
2.04.06	ADVANCE FOR FUTURE CAPITAL INCREASE	0	0	0

**07.01 - CONSOLIDATED STATEMENTS OF INCOME (IN THOUSANDS OF REAIS)**

1 - CODE	2 - DESCRIPTION	3 - 01/01/2006 to 12/31/2006	4 - 01/01/2005 to 12/31/2005	5 - 01/01/2004 to 12/31/2004
3.01	GROSS REVENUE FROM SALES AND/OR SERVICES	15,111,318	14,687,239	12,763,442
3.02	DEDUCTIONS FROM GROSS REVENUE	(4,814,659)	(4,548,555)	(3,698,586)
3.03	NET REVENUE FROM SALES AND/OR SERVICES	10,296,659	10,138,684	9,064,856
3.04	COST OF GOODS AND/OR SERVICES SOLD	(6,459,929)	(6,518,211)	(5,822,720)
3.05	GROSS INCOME	3,836,730	3,620,473	3,242,136
3.06	OPERATING EXPENSES/ INCOME	(3,676,206)	(4,744,924)	(2,934,082)
3.06.01	SELLING EXPENSES	(1,470,632)	(1,655,749)	(1,085,777)
3.06.02	GENERAL AND ADMINISTRATIVE EXPENSES	(1,331,652)	(1,291,385)	(985,719)
3.06.02.01	MANAGEMENT COMPENSATION	(9,388)	(14,637)	(10,387)
3.06.02.02	OTHER GENERAL AND ADMINISTRATIVE EXPENSES	(1,322,264)	(1,276,748)	(975,332)
3.06.03	FINANCIAL	(609,992)	(1,161,887)	(793,445)
3.06.03.01	FINANCIAL INCOME	803,387	850,525	616,872
3.06.03.02	FINANCIAL EXPENSES	(1,413,379)	(2,012,412)	(1,410,317)
3.06.04	OTHER OPERATING INCOME	572,703	415,917	578,270
3.06.05	OTHER OPERATING EXPENSES	(836,633)	(1,051,820)	(647,411)
3.06.06	EQUITY ACCOUNTING RESULT	0	0	0
3.07	OPERATING INCOME	160,524	(1,124,451)	308,054
3.08	NON-OPERATING INCOME	31,419	(146,560)	(168,025)
3.08.01	REVENUES	98,366	47,646	105,357
3.08.02	EXPENSES	(66,947)	(194,206)	(273,382)
3.09	INCOME BEFORE TAXES/INTEREST	191,943	(1,271,011)	140,029
3.10	PROVISION FOR INCOME TAX AND SOCIAL CONTRIBUTION	(108,081)	373,097	(120,937)
3.11	DEFERRED INCOME TAX	0	0	0
3.12	STATUTORY INTEREST/CONTRIBUTIONS	0	0	(58,058)
3.12.01	INTEREST	0	0	(58,058)
3.12.02	CONTRIBUTIONS	0	0	0
3.13	REVERSAL OF INTEREST ON SHAREHOLDERS EQUITY	527,571	774,499	393,605
3.14	NON-CONTROLLING SHAREHODERS INTEREST	(141,065)	93,860	(102,417)
3.15	INCOME/LOSS FOR THE PERIOD	470,368	(29,555)	252,222
	NO. SHARES, EX-TREASURY (IN THOUSANDS)	362,488,414	362,488,414	358,558,641
	EARNINGS PER SHARE (REAIS)	0.00130		0.00070
	LOSS PER SHARE (REAIS)		(0.00008)	





**08.01 - CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION (IN THOUSANDS OF REAIS)**

1 - CODE	2 - DESCRIPTION	3 - 01/01/2006 to 12/31/2006	4 - 01/01/2005 to 12/31/2005	5 - 01/01/2004 to 12/31/2004
4.01	SOURCES	5,613,453	3,976,325	6,073,057
4.01.01	OF OPERATIONS	3,398,215	3,277,241	3,353,171
4.01.01.01	INCOME/LOSS FOR THE YEAR	470,368	(29,555)	252,222
4.01.01.02	AMOUNTS NOT AFFECTING WORKING CAPITAL	2,927,847	3,306,796	3,100,949
4.01.01.02.01	DEPRECIATION AND AMORTIZATION	2,731,232	2,797,945	2,588,655
4.01.01.02.02	DEFERRED TAXES	(147,856)	(199,404)	156,801
4.01.01.02.03	PROVISION FOR CONTINGENCIES	378,178	409,741	100,546
4.01.01.02.04	PROVISION FOR PENSION PLANS	20,014	253,767	(1,895)
4.01.01.02.05	MONETARY VARIATION AND LONG-TERM INTEREST	(171,632)	77,578	74,030
4.01.01.02.06	INCOME IN PERMANENT ASSETS WRITE-OFF	(37,528)	27,880	55,976
4.01.01.02.07	INVESTMENT LOSSES (PROFIT)	(99)	43,336	30,542
4.01.01.02.08	TAX INCENTIVES WRITE-OFF	14,473	0	0
4.01.01.02.09	OTHER EXPENSES (REVENUES)	0	(10,187)	(6,123)
4.01.01.02.10	MINORITY INTEREST	141,065	(93,860)	102,417
4.01.02	FROM SHAREHOLDERS	0	0	0
4.01.03	FROM THIRD PARTIES	2,215,238	699,084	2,719,886
4.01.03.01	INCREASE IN LONG-TERM LIABILITIES	1,915,937	535,999	2,478,532
4.01.03.02	REDUCTION IN LONG-TERM ASSETS	268,234	105,402	197,284
4.01.03.03	OTHER	31,067	57,683	44,070
4.02	APPLICATIONS	3,969,319	5,103,380	4,878,359
4.02.01	INCREASE IN LONG-TERM ASSETS	285,928	553,837	425,073
4.02.02	INCREASE IN PERMANENT ASSETS	1,452,091	1,975,860	2,819,334
4.02.03	PROVISIONED DIVIDENDS/INTEREST ON SHAREHOLDERS EQUITY	584,390	1,074,499	436,866
4.02.04	TRANSFER FROM LONG-TERM LIABILITIES TO CURRENT LIABILITIES	1,646,910	1,436,912	1,156,548
4.02.05	ACQUISITION OF OWN SHARES	0	62,272	0
4.02.06	CCL INCORPORATED	0	0	2,988
4.02.07	OTHER APPLICATIONS	0	0	37,550
4.03	INCREASE/DECREASE IN WORKING CAPITAL	1,644,134	(1,127,055)	1,194,698
4.04	CHANGES IN CURRENT ASSETS	1,184,111	(315,418)	1,948,314
4.04.01	CURRENT ASSETS AT THE BEGINNING OF THE YEAR	6,314,002	6,629,420	4,681,106
4.04.02	CURRENT ASSETS AT THE END OF THE YEAR	7,498,113	6,314,002	6,629,420
4.05	CHANGES IN CURRENT LIABILITIES	(460,023)	811,637	753,616
4.05.01	CURRENT LIABILITIES AT THE BEGINNING OF THE YEAR	5,312,426	4,500,789	3,747,173

4.05.02	CURRENT LIABILITIES AT THE END OF THE YEAR	4,852,403	5,312,426	4,500,789
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**09.01 REPORT OF INDEPENDENT ACCOUNTANTS UNQUALIFIED OPINION**

REPORT OF INDEPENDENT ACCOUNTANTS

The Management and Shareholders  
Brasil Telecom Participações S.A.  
Brasília - DF

1. We have reviewed the balance sheets, individual (parent company) and consolidated of Brasil Telecom Participações S.A. and of its subsidiaries, drawn up on December 31, 2006 and respective statements of income, statements of changes in shareholders' equity (parent company) and statements of changes in financial position, corresponding to the year ended on that date, prepared under the responsibility of its management. Our responsibility is to express an opinion about these financial statements.
2. Our review was performed in accordance with auditing standards applicable in Brazil and they comprise: (a) the planning of works, taking into account the relevance of balances, the volume of transactions, accounting systems and internal controls of the companies; (b) the verification, based on tests, of evidence and records supporting amounts and financial information disclosed; and (c) the evaluation of most representative accounting practices and estimates adopted by the Companies' management, as well as the presentation of financial statements taken as a whole.
3. In our opinion, the financial statements referred to in paragraph 1 properly represent in all their relevant aspects the equity and financial condition, individual and consolidated, of Brasil Telecom Participações S.A. and of its subsidiaries, on December 31, 2006, the results of its operations, changes in shareholders' equity (parent company) and changes in financial position, corresponding to the year ended on that date, in accordance with accounting practices adopted in Brazil.
4. Our examination was performed for the purpose of issuing an opinion about the financial statements referred to in paragraph 1, taken as a whole. The statements of value added and cash flow, parent company and consolidated referring to the year ended on December 31, 2006, represent supplementary information to those statements on the Company, and they are not required as an integral part of the basic financial statements, in accordance with accounting practices adopted in Brazil. The statements of value added and cash flow were submitted to the same auditing procedures mentioned in paragraph 2, and in our opinion, this is properly presented in all its relevant aspects in relation to the financial statements referring to the year ended on December 31, 2006, taken as a whole.
5. The balance sheets, parent company and consolidated, drawn up on December 31, 2005 and respective statements of income, changes in shareholders' equity (parent company) and changes in financial position, as well as supplementary information referring to the statements of value added and cash flow, corresponding to the year ended on that date, presented for comparative purposes, were audited by other independent accountants, the unqualified opinion dated March 27, 2006, contained a paragraph mentioning the agreement entered into on April 28, 2005, providing for the merger of the indirect subsidiary 14 Brasil Telecom Celular S.A. into Tim Brasil Serviços e Participações S.A.

São Paulo, January 31, 2007  
DELOITTE TOUCHE TOHMATSU  
Auditores Independentes  
CRC 2 SP 011609/O-8

Marco Antonio Brandão Simurro  
Accountant  
CRC 1 RJ 052000/O-0 S DF



## 10.01 MANAGEMENT REPORT

### MANAGEMENT REPORT

#### Dear shareholders:

In compliance with legal and statutory provisions, the management of Brasil Telecom Participações S.A. submits this Management Report, Consolidated Financial Statements and Independent Auditors Report, for the fiscal year ending December 31, 2006.

#### *Economic Scenario*

The Brazilian economy ended 2006 with growth of approximately 3.0%, below initial expectations, which projected Gross Domestic Product (GDP) growth of roughly 3.5% .

Nonetheless, the Brazilian economy fared well in terms of inflation control, interest rate reduction and trade surplus. The annual inflation rate measured by the Extended Consumer Price Index (Índice Nacional de Preços ao Consumidor Amplo - IPCA) amounted to 3.1% in 2006, the lowest rate in recent years. The interest rate at the end of the year was 13.3% and trending downward. The trade surplus of US\$ 46 billion improved on the previous year's good results. It was 2.8% higher than the amount recorded in 2005.

In 2006, average wages rose and the unemployment rate fell to 8.4% at the end of the year. The behavior of wages is an important indicator for forecasting economic performance since it directly affects income and consumption.

Despite good results in the economy, the idea that fiscal issues are to blame for the reversal of the initial growth expectations for 2006 is gaining credence. According to this idea, the increase in public spending has resulted in a growth in tax burden, which in 2006 topped the level recorded in 2005 of 37.4% of GDP.

It is important to note that the elevated tax burden in Brazil not only inhibits growth, but also has contributed to a reduction in needed investment in infrastructure. It is estimated that in order for Brazil to attain higher levels of growth, the ratio between investment rate and GDP should be around 26.0% . However, this ratio was 20.8% in September of 2006.

The strengthening of the Brazilian real over the American dollar is another issue that affects the competitiveness of exports in some sectors of the economy, causing a substitution of domestic products for imports. In 2006, the Brazilian real appreciated against the dollar and ended the year quoted at R\$ 2.14, an appreciation of 9.5% over 2005.

Yet, in general, the Telecommunications industry has managed to find ways to grow in 2006. Brasil Telecom was particularly successful in implementing strategies. It curtailed the initial loss projections in fixed telephony and grew in the mobile telephony and data transmission operations, providing very positive overall results for the Company in 2006.

*Regulatory Environment*

According to extensions in the concession contracts for Public Switched Telephone Network (PSTN), many changes would take place in 2006; however, some of them have been postponed. Among these changes is the charging of local calls on a per minute basis, with tariffs measured in tenths of a minute replacing pulses, and including a detailed report of local calls on the monthly bill if requested by the subscriber. These changes, which were slated to come into effect by August 2006, were postponed for one year, at the request of the Minister of Communications.

In 2006, the new contracts define the parameters used as the basis for tariff readjustment and the Telecommunications Services Index (Índice de Serviços das Telecomunicações - IST), created by the National Telecommunications Regulatory Agency (Agência Nacional de Telecomunicações - Anatel) from a basket of public price indices. This index was introduced to correct industry tariffs. Anatel also formulated a calculation model for the Transfer Factor (X Factor), whose function is to transfer part of the productivity gains achieved by the concessionaires to the clients.

In compliance with Regulation for the Separation and Allocation of Billing, Brasil Telecom delivered, in 2006, the Billing Separation and Allocation Statement (Demonstrativo de Separação e Alocação de Contas - DSAC), which systematizes and broadens the base of physical and financial data available to Anatel. This process allows a detailed analysis of costs and will be introduced in 2008 to determine the interconnection tariffs and the Industrial Use of Dedicated Lines (Exploração Industrial de Linha Dedicada - EILD). Furthermore, this information contributes to the Company's information base, facilitating decision-making.

Throughout 2006, Anatel submitted various regulations to public consultation, among them, the Personal Mobile Service (PMS) Regulation, PSTN User Council Regulation and Public Access Terminal Use Regulation and its certification and approval. After the public consultation, the following take effect:

- General Plan of Authorizations;
- Remuneration for Use of PMS Network Provider Regulation;
- Norm for the Measuring Public Satisfaction for PSTN, PMS and Pay TV services; and
- Control of Reversible Assets Regulation.

Also in effect, after the public consultation, is a change to the text of art. 18 of the Conditions on Access and Use of Public Utility Services and Support to PSTN Regulation. The changes are designed to establish rights and responsibilities for users and service providers, in addition to addressing the types of services provided.

Following the same principle, the public consultation for the process of introducing cell phone number portability in Brazil was proposed in 2006. The measure will enable the user to switch carriers, both fixed-line and mobile, or change address while maintaining the current telephone number. For fixed-line telephony, Anatel's proposal provides for portability within the same city or urban area and, for mobile telephony, within the same area code.

The convergence of technology was a recurring theme throughout 2006. Anatel is analyzing requests for authorization from the different types of pay TV companies for PSTN, so they can offer voice, data and video services (triple-play) simultaneously. Brasil Telecom has already begun tests with Video on Demand (VoD) through Internet Protocol Television (IPTV). Decisions by Anatel regarding the participation of concessions in the pay TV market are expected for 2007.

Anatel has opened the bidding process for the use of radio frequencies 3.5 GHz and 10.5 GHz, establishing that the PSTN concessionaires, in the local service market, as well as their holding, subsidiary or associated companies would not be able to tender bids in areas where they already own concessions.

The bidding process for the frequencies 3.5 GHz and 10.5 GHz was suspended by the Brazilian Court of Auditors (TCU) due to alleged inconsistencies in the call for bids. In a related ruling, PSTN concessionaires were given the right to participate in the bidding process in their concession areas. The participation of the concessionaires in this bidding process is very important in light of the expectations created by this technology.

In July of 2006, Anatel defined the players with Significant Market Power (SMP), in the supply of EILD for transmission rates of less than or equal to 2,048 kbps.

SMP is a concept used by Anatel to stimulate competition in the telecommunications market. To determine the SMP companies, the agency evaluates, among other criteria, market share in the fixed-line market, control of infrastructure whose duplication is not economically viable, purchase negotiation power for inputs, equipment and services, vertical integration, barriers to competition and access to sources of financing.

Brasil Telecom belongs to the SMP group for the PGO Local Area market and to the relevant geographic market Between Local Areas, in the region of its concession.

The telecommunication service providers, whether they belong to an EILD SMP group or not, forwarded their final considerations to Anatel in an effort to reverse these rulings by December 2006.

Finally, as a result of negotiations with Anatel, the Ministry of Communications and other agencies, the Federal Government decided to defer to the requests of the concessionaires and decided to postpone, for seven months, compliance to the universalization of obligations and targets for the introduction of the Telecommunication Services Centers (PST) and the Cooperatives Service Units (UAC). In other words, the introduction of the services was pushed back from January to August of 2007.

***Brasil Telecom Group***

The Brasil Telecom Group is composed of companies that operate in the telecommunications sector, offering a full array of services, more specifically in fixed telephony, both on a local basis as well as long distance domestic and international, mobile telephony, data transmission, data center and Internet services.

See simplified company structure of the group below:

**Simplified Company Structure  
on 12/31/2006**

***Brasil Telecom S.A.***

Brasil Telecom S.A. is responsible for providing fixed-line telephone services (voice and data) both on a local basis as well as long distance. It is a public concessionaire operating in the states of Acre, Rondonia, Mato Grosso, Mato Grosso do Sul, Tocantins, Goiás, Santa Catarina, Paraná and Rio Grande do Sul, as well as in the Federal District. This area is known as Region II and shares borders with Peru, Bolivia, Paraguay, Argentina and Uruguay.

The Company is the main fixed telephony service provider in Region II and its portfolio of clients includes 8.4 million fixed lines in service, which translates into 19.4 lines in service per 100 inhabitants. Out of the total number of lines, 5.6 million are residential and 227,800 are public





telephones, which reinforces Brasil Telecom's commitment to ensuring that the general public has full access to telephone services.

Brasil Telecom is also the leader in the long distance market. In December 2006, its market share of the intra-regional segment was 85.2%. In markets where the Company only entered in 2004, it has already attained a 62.6% market share of the inter-regional segment and 36% of the international segment.

In recent years, Brasil Telecom S.A. has become a complete telecommunications service provider nationwide by making important acquisitions in the telecommunications industry. Brasil Telecom relies on a network infrastructure that is a model of operational efficiency, using state-of-the-art technology resources to ensure service flexibility and quality. Based on the model of convergent services and applications, the single network is ready to provide, with the desired flexibility, a range of fixed or mobile voice, data or image services to any client, anywhere and anytime. Always searching for convergence, Brasil Telecom S.A. is present throughout the entire telecommunications sector value chain.

### ***BrT Móvel***

BrT Móvel began operations in September of 2004 and has enabled the Brasil Telecom Group to provide integrated telecommunication solutions. BrT Móvel went through a maturing phase in 2006, when it went from being a fledging operation to a profitable business unit within Brasil Telecom.

BrT Móvel's desire to revolutionize the market was recognized by Region II clients who helped it reach the record-breaking number of 3.4 million clients by the end of December 2006, its second year in operation. It was the best performance out of the four incoming operators.

The search for pro