

BRASIL TELECOM SA  
Form 6-K  
October 16, 2008

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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 October 15, 2008**

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

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**BRASIL TELECOM S.A.**

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

**BRAZIL TELECOM 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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**NET REVENUE TOTALS R\$2.8 BILLION IN THE 3Q08, 3.4% UP YoY**

*Brasil Telecom records EBITDA of R\$952.5 million and Net Income of R\$164.1 million in the 3Q08*

Brasília, October 15, 2008: **Brasil Telecom Participações S.A. (BOVESPA: BRTP3/BRTP4; NYSE: BRP)** and **Brasil Telecom S.A. (BOVESPA: BRTO3/BRTO4; NYSE: BTM)** announce their consolidated results for the third quarter of 2008 (3Q08). The Companies financial statements are prepared in conformity with generally accepted accounting principles in Brazil and presented in consolidated form and in Brazilian real (R\$). Except where stated otherwise, the tables and comments below refer to the consolidated figures of Brasil Telecom Participações S.A.

**HIGHLIGHTS**

- Consolidated net revenue rose 3.4% year- on- year, reaching R\$2,841.6 million in the 3Q08.
- BrT Móvel s net service revenue totaled R\$442.5 million, up by 7.9% on the 3Q07. BrT Móvel s EBITDA stood at R\$70.9 million in the 3Q08, 108.7% higher than in the same quarter the year before.
- EBITDA stood at R\$952.5 million in the 3Q08 and the EBITDA margin came to 33.5% .
- Consolidated net income totaled R\$164.1 million, 9.2% up on the 3Q07.
- Brasil Telecom closed the 3Q08 with 5.2 million mobile users, 30.4% more than in the 3Q07.
- The number of broadband users came to 1,761,900 in the 3Q08, 15.7% more than in the 3Q07.
- Lines in service (LIS) totaled 8,198.3 million, up by 1.7% on the 3Q07.

**IR CONTACT**

Paulo Narcélio (CFO and IRO)  
Telephone: +55 (61) 3415-1140

e-mail: [ri@brasiltelecom.com.br](mailto:ri@brasiltelecom.com.br)

**MEDIA CONTACT**

Telephone: +55 (61) 3415-9657

e-mail:

[diretoriadecomunicacao@brasiltelecom.com.br](mailto:diretoriadecomunicacao@brasiltelecom.com.br)

**CONFERENCE CALLS**

**Portuguese**

Date: October 16, 2008

(Thursday)

Time: 10:00 a.m. (Brasília time)

Telephone: +55 (11) 2188-0188

Code: Brasil Telecom

Link:

[www.brasiltelecom.com.br/ri](http://www.brasiltelecom.com.br/ri)

**English**

Date: October 16, 2008

(Thursday)

Time: 11:00 a.m. (Brasília time)

Telephone: +1 412 858-4600

Code: Brasil Telecom

Link:

[www.brasiltelecom.com.br/ir](http://www.brasiltelecom.com.br/ir)

**CONSOLIDATED INCOME STATEMENT** **Brasil Telecom Participações S.A.**

| R\$ Million  | 3Q07             | 2Q08             | 3Q08             | ΔQuarter         | Δ12<br>Months    | 9M07             | 9M08             | Δ Year          |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| <b>GROSS REVENUES</b>                                  | <b>3,997.3</b>   | <b>4,179.1</b>   | <b>4,326.0</b>   | <b>3.5%</b>      | <b>8.2%</b>      | <b>11,867.2</b>  | <b>12,541.2</b>  | <b>5.7%</b>     |
| <b>FIXED TELEPHONY</b>                                 | <b>2,752.7</b>   | <b>2,753.7</b>   | <b>2,800.8</b>   | <b>1.7%</b>      | <b>1.7%</b>      | <b>8,352.5</b>   | <b>8,333.5</b>   | <b>-0.2%</b>    |
| Local Service  | 5 1,624.5        | 1,613.6          | 1,654.9          | 2.6%             | 1.9%             | 4,907.0          | 4,857.3          | -1.0%           |
| Public Telephony                                       | 138.8            | 120.4            | 106.2            | -11.8%           | -23.5%           | 408.2            | 360.6            | -11.7%          |
| Long Distance Service                                  | 720.0            | 713.0            | 712.7            | 0.0%             | -1.0%            | 2,203.9          | 2,189.2          | -0.7%           |
| Interconnection  | 82.5             | 92.2             | 101.4            | 9.9%             | 22.8%            | 249.9            | 275.0            | 10.0%           |
| Lease of Means   | 86.6             | 105.0            | 112.4            | 7.1%             | 29.7%            | 262.4            | 321.0            | 22.3%           |
| Supplementary and Value<br>Added Services              | 92.4             | 101.6            | 106.0            | 4.3%             | 14.6%            | 294.6            | 307.1            | 4.2%            |
| Other  | 7.8              | 8.0              | 7.4              | -7.4%            | -5.2%            | 26.4             | 23.3             | -11.8%          |
| <b>MOBILE TELEPHONY</b>                                | <b>539.6</b>     | <b>526.0</b>     | <b>540.4</b>     | <b>2.7%</b>      | <b>0.1%</b>      | <b>1,480.8</b>   | <b>1,532.5</b>   | <b>3.5%</b>     |
| Services   | 478.8            | 466.8            | 481.9            | 3.2%             | 0.6%             | 1,285.1          | 1,375.2          | 7.0%            |
| Merchandise Sales<br>(Handsets and Accessories)        | 60.8             | 59.2             | 58.5             | -1.2%            | -3.8%            | 195.7            | 157.3            | -19.6%          |
| <b>DATA<br/>COMMUNICATIONS</b>                         | <b>704.9</b>     | <b>899.4</b>     | <b>984.8</b>     | <b>9.5%</b>      | <b>39.7%</b>     | <b>2,033.9</b>   | <b>2,675.2</b>   | <b>31.5%</b>    |
| Deductions   | (1,249.0)        | (1,355.8)        | (1,484.4)        | 9.5%             | 18.8%            | (3,684.7)        | (4,114.3)        | 11.7%           |
| <b>NET REVENUES</b>                                    | <b>2,748.3</b>   | <b>2,823.3</b>   | <b>2,841.6</b>   | <b>0.6%</b>      | <b>3.4%</b>      | <b>8,182.5</b>   | <b>8,426.9</b>   | <b>3.0%</b>     |
| <b>OPERATING COSTS AND<br/>EXPENSES</b>                | <b>(1,778.2)</b> | <b>(1,691.4)</b> | <b>(1,889.1)</b> | <b>11.7%</b>     | <b>6.2%</b>      | <b>(5,287.8)</b> | <b>(5,431.7)</b> | <b>2.7%</b>     |
| Personnel  | (159.4)          | (219.0)          | (218.0)          | -0.5%            | 36.7%            | (466.9)          | (653.7)          | 40.0%           |
| Materials  | (92.9)           | (98.7)           | (88.9)           | -10.0%           | -4.3%            | (271.9)          | (263.0)          | -3.3%           |
| Subcontracted Services                                 | (558.2)          | (534.4)          | (518.4)          | -3.0%            | -7.1%            | (1,685.1)        | (1,593.8)        | -5.4%           |
| Interconnection  | (558.0)          | (554.8)          | (559.9)          | 0.9%             | 0.3%             | (1,705.0)        | (1,678.4)        | -1.6%           |
| Advertising and<br>Marketing                           | (39.3)           | (40.3)           | (45.5)           | 13.0%            | 15.8%            | (99.7)           | (128.2)          | 28.6%           |
| Provisions and Losses                                  | (211.0)          | (238.0)          | (274.0)          | 15.1%            | 29.9%            | (700.9)          | (791.0)          | 12.9%           |
| Other  | (159.4)          | (6.3)            | (184.4)          | N.A.             | 15.7%            | (358.3)          | (323.7)          | -9.7%           |
| <b>EBITDA</b>  | <b>970.1</b>     | <b>1,131.9</b>   | <b>952.5</b>     | <b>-15.8%</b>    | <b>-1.8%</b>     | <b>2,894.7</b>   | <b>2,995.2</b>   | <b>3.5%</b>     |
| <b>EBITDA Margin</b>                                   | <b>35.3%</b>     | <b>40.1%</b>     | <b>33.5%</b>     | <b>-0.2 p.p.</b> | <b>-0.1 p.p.</b> | <b>35.4%</b>     | <b>35.5%</b>     | <b>0.0 p.p.</b> |
| Depreciation and<br>Amortization                       | (608.1)          | (530.2)          | (505.6)          | -4.6%            | -16.8%           | (1,884.7)        | (1,582.2)        | -16.1%          |
| <b>EARNINGS BEFORE<br/>FINANCIAL RESULT<br/>(EBIT)</b> | <b>362.0</b>     | <b>601.7</b>     | <b>446.9</b>     | <b>-25.7%</b>    | <b>23.5%</b>     | <b>1,009.9</b>   | <b>1,412.9</b>   | <b>39.9%</b>    |
| Financial Result                                       | (18.5)           | (19.6)           | (59.9)           | 205.2%           | 223.5%           | (368.5)          | (322.4)          | -12.5%          |
| Financial Revenues                                     | 145.6            | 167.9            | 200.9            | 19.6%            | 38.0%            | 451.0            | 587.5            | 30.3%           |
| Financial Expenses                                     | (164.1)          | (187.6)          | (260.8)          | 39.0%            | 58.9%            | (551.7)          | (642.7)          | 16.5%           |

|   |              |              |              |               |              |              |                |               |
|---|--------------|--------------|--------------|---------------|--------------|--------------|----------------|---------------|
| Interest on Equity  | -            | -            | -            | N.A.          | N.A.         | (267.8)      | (267.2)        | -0.2%         |
| <b>EARNINGS AFTER FINANCIAL RESULT</b>                      | <b>343.5</b> | <b>582.0</b> | <b>387.0</b> | <b>-33.5%</b> | <b>12.7%</b> | <b>641.5</b> | <b>1,090.5</b> | <b>70.0%</b>  |
| Non-Operating Revenues (Expenses)                           | 2.7          | (8.3)        | 1.9          | N.A.          | -27.3%       | 8.8          | 10.7           | 21.6%         |
| Goodwill Amortization                                       | -            | -            | -            | N.A.          | N.A.         | (0.1)        | -              | N.A.          |
| Other   | 2.7          | (8.3)        | 1.9          | N.A.          | -27.3%       | 8.9          | 10.7           | 19.9%         |
| <b>EARNINGS BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES</b> | <b>346.1</b> | <b>573.8</b> | <b>388.9</b> | <b>-32.2%</b> | <b>12.4%</b> | <b>650.3</b> | <b>1,101.3</b> | <b>69.3%</b>  |
| Income and Social Contribution Taxes                        | (131.9)      | (214.1)      | (159.7)      | -25.4%        | 21.0%        | (260.9)      | (426.2)        | 63.4%         |
| <b>EARNINGS BEFORE PROFIT SHARING</b>                       | <b>214.2</b> | <b>359.7</b> | <b>229.2</b> | <b>-36.3%</b> | <b>7.0%</b>  | <b>389.4</b> | <b>675.1</b>   | <b>73.4%</b>  |
| Minority Interest   | (63.9)       | (105.2)      | (65.1)       | -38.1%        | 2.0%         | (191.5)      | (275.4)        | 43.8%         |
| <b>EARNINGS BEFORE REVERSION OF INTEREST ON EQUITY</b>      | <b>150.3</b> | <b>254.4</b> | <b>164.1</b> | <b>-35.5%</b> | <b>9.2%</b>  | <b>197.9</b> | <b>399.7</b>   | <b>102.0%</b> |
| Reversion of Interest on Equity                             | -            | -            | -            | N.A.          | N.A.         | 267.8        | 267.2          | -0.2%         |
| <b>NET INCOME</b>   | <b>150.3</b> | <b>254.4</b> | <b>164.1</b> | <b>-35.5%</b> | <b>9.2%</b>  | <b>465.6</b> | <b>666.9</b>   | <b>43.2%</b>  |
| Net Income/shares - R\$                                     | 0.4147       | 0.7019       | 0.4527       | -35.5%        | 9.2%         | 1.2846       | 1.8397         | 43.2%         |
| Net Income/ADR - US\$                                       | 1.1275       | 2.2047       | 1.1825       | -46.4%        | 4.9%         | 3.4928       | 4.8051         | 37.6%         |

**OPERATING PERFORMANCE****Client Base**

|   | 3Q07           | 2Q08           | 3Q08           | Δ<br>Quarter  | Δ 12<br>Months |
|---|----------------|----------------|----------------|---------------|----------------|
| <b>FIXED TELEPHONE PLANT</b>              |                |                |                |               |                |
| <b>Lines in Service - LIS (Thousand)</b>  | <b>8,064.2</b> | <b>8,104.5</b> | <b>8,198.3</b> | <b>1.2%</b>   | <b>1.7%</b>    |
| Residential                               | 5,909.4        | 5,862.2        | 5,904.4        | 0.7%          | -0.1%          |
| Non-Residential                           | 1,224.4        | 1,272.9        | 1,298.2        | 2.0%          | 6.0%           |
| Public Telephones                         | 282.0          | 279.7          | 278.0          | -0.6%         | -1.4%          |
| Other (Including PBX)                     | 648.4          | 689.8          | 717.6          | 4.0%          | 10.7%          |
| Average LIS (Thousand)                    | 8,096.8        | 8,070.4        | 8,151.4        | 1.0%          | 0.7%           |
| Additional LIS (Thousand)                 | (65.2)         | 68.2           | 93.8           | 37.4%         | N.A.           |
| <b>Active Lines (LIS - Blocked Lines)</b> | <b>7,862.1</b> | <b>7,932.4</b> | <b>8,058.1</b> | <b>1.6%</b>   | <b>2.5%</b>    |
| <b>BROADBAND</b>                          |                |                |                |               |                |
| <b>ADSL Users (Thousand)</b>              | <b>1,523.2</b> | <b>1,709.8</b> | <b>1,761.9</b> | <b>3.0%</b>   | <b>15.7%</b>   |
| Net Additions (Thousand)                  | 69.8           | 72.6           | 52.1           | -28.3%        | -25.4%         |
| <b>MOBILE TELEPHONY</b>                   |                |                |                |               |                |
| <b>Clients (Thousand)</b>                 | <b>4,023.8</b> | <b>5,015.4</b> | <b>5,245.9</b> | <b>4.6%</b>   | <b>30.4%</b>   |
| Post-Paid                                 | 856.8          | 832.5          | 894.9          | 7.5%          | 4.4%           |
| Pre-Paid                                  | 3,167.0        | 4,182.9        | 4,351.0        | 4.0%          | 37.4%          |
| <b>Net Additions (Thousand)</b>           | <b>255.3</b>   | <b>437.8</b>   | <b>230.5</b>   | <b>-47.3%</b> | <b>-9.7%</b>   |
| Post-Paid                                 | (33.4)         | 3.1            | 62.4           | 1912.8%       | N.A.           |
| Pre-Paid                                  | 288.7          | 434.7          | 168.1          | -61.3%        | -41.8%         |

**Wireline**

The wireline LIS base had a net addition of 93,800 lines in the 3Q08, due mainly to the rise in number of clients in Total Control, the pre- paid wireline plan, and the increase in the non- residential client base.

Total Control is a plan focused on the low consumption segment and is offered in areas where the service is technically viable. Seventy- two percent of the plan s clients had never had access to a wireline before and the remaining had been out of the base for at least 5 months.

For micro, small and medium companies, Brasil Telecom maintained its strategy of converging operations by strengthening sales channels and launching targeted products and services, such as the convergence offering *Brasil Total Negócios*.

**Mobile Telephony**

Brasil Telecom's mobile telephony client base reached 5,245,900 users in service in the 3Q08, 1,222,100 net additions in the year, or up by 30.4% on the 3Q07. The Company recorded 883,400 gross additions in the quarter, 37.5% up on the 3Q07, the second highest in its history.

By the end of the 3Q08, the client base comprised 894,900 post-paid subscribers, 4.4% more than in the 3Q07, chiefly due to (i) adhesions to *Pluri* packages, (ii) reduction of the migration from the hybrid to the pre-paid plan and (iii) adhesions to 3G offers. At the end of the 3Q08, Brasil Telecom had 43,600 3G clients and *Banda Larga 3GMais no Computador* (3G broadband in your computer).

The pre-paid client base totaled 4,351,000 in the 3Q08, 37.4% higher than in the 3Q07, chiefly due to the success of the Fathers Day campaign and the offers launched in 2007, such as *Pula- Pula Mais* (a pre-paid plan in which calls received generate bonuses to clients), which encourage the migration from the hybrid to the prepaid plan.

## Broadband

In the 3Q08, Brasil Telecom added 52,100 ADSL users to its base, which totaled 1,761,900 at the close of the quarter, up by 15.7% over the close of the 3Q07. ADSL penetration (ADSL/LIS) came to 21.5% in the 3Q08, versus 18.9% in the 3Q07.

Moving forward with the expansion of its broadband network, Brasil Telecom reached 80.1% of the municipalities with ADSL coverage -the highest percentage among the major operators.

Close to 70% of Brasil Telecom's network is prepared to offer ADSL 2+broadband technology that gives access to speeds of up to 24 Mbps.

## Internet Service Providers

Internet Group is Brazil's first Internet provider, with over 4 million dial-up clients and 7.9 million email accounts. Considering broadband and value-added services, the total number of paying subscribers exceeded 2 million. In addition, Internet Group disputes second place in terms of audience among national portals and internet service providers, with over 13.3 million residential visitors each month (Source: IBOPE/NetRatings, August 2008).

In the quarter, Internet Group held its first on-line debate between mayoral candidates, launched a new individual blog and columnist platform and established partnerships with the humor sites *Morra de Rir* and *Heresmita*, the ecological video site *Canal Azul TV* and the magazines *Brasileiros* and *Wish Report*.

## New Products

### PLURI USO

At the beginning of September, Brasil Telecom launched *Pluri Uso*, a single minute package that can be used in all the client's wireline or mobile calls. This mechanism, in addition to allowing clients to maximize the use of individual plans, is intended to promote the acquisition of mobile plans by clients who already have wireline telephones. Packages vary from 250 to 4,000 minutes, which can be used in calls to any wireline terminal (including other operators) or mobile (only Brasil Telecom). The package also allows the use of these minutes in long-distance calls. Additional accesses (fixed and mobile numbers or broadband) and smart services (SMS messaging, GPRS and data) can be included in the client's plan at special prices. Brasil Telecom is the only operator offering this kind of package in Region II.



## Number Portability

Number portability for fixed switched telephone services (FSTS) and personal mobile service (PMS) began to be implemented in Brazil on September 1, 2008. According to Anatel's schedule, the gradual implementation of portability should be concluded by March 2009. Until now, number portability has been implemented in three national codes where Brasil Telecom operates: 62 (Goiás), 67 (Mato Grosso do Sul) and 43 (Paraná). From September 1, 2008 to October 7, 2008, the impact of number portability was a loss of 2,700 wireline clients and a gain of 360 mobile clients.

**ECONOMIC-FINANCIAL PERFORMANCE****REVENUE****Consolidated Operating Gross Revenue**

| R\$ Million                    | 3Q07           | 2Q08           | 3Q08           | Δ<br>Quarter  | Δ 12<br>Months | 9M07            | 9M08            | Δ Year        |
|--------------------------------|----------------|----------------|----------------|---------------|----------------|-----------------|-----------------|---------------|
| <b>GROSS REVENUES</b>          | <b>3,997.3</b> | <b>4,179.1</b> | <b>4,326.0</b> | <b>3.5%</b>   | <b>8.2%</b>    | <b>11,867.2</b> | <b>12,541.2</b> | <b>5.7%</b>   |
| <b>FIXED TELEPHONY</b>         | <b>2,752.7</b> | <b>2,753.7</b> | <b>2,800.8</b> | <b>1.7%</b>   | <b>1.7%</b>    | <b>8,352.5</b>  | <b>8,333.5</b>  | <b>-0.2%</b>  |
| <b>Local Service</b>           | <b>1,624.5</b> | <b>1,613.6</b> | <b>1,654.9</b> | <b>2.6%</b>   | <b>1.9%</b>    | <b>4,907.0</b>  | <b>4,857.3</b>  | <b>-1.0%</b>  |
| Subscription                   | 893.3          | 900.1          | 926.3          | 2.9%          | 3.7%           | 2,630.2         | 2,717.6         | 3.3%          |
| Activation                     | 2.9            | 3.2            | 2.8            | -12.6%        | -3.4%          | 13.2            | 8.3             | -36.9%        |
| Local Traffic                  | 263.1          | 238.3          | 227.3          | -4.6%         | -13.6%         | 846.7           | 693.9           | -18.0%        |
| VC-1                           | 459.0          | 467.3          | 494.0          | 5.7%          | 7.6%           | 1,390.7         | 1,424.3         | 2.4%          |
| Lease of Facilities            | 0.3            | 0.3            | 0.3            | 0.3%          | 1.1%           | 0.9             | 0.9             | -0.5%         |
| Other                          | 5.9            | 4.4            | 4.1            | -6.7%         | -30.4%         | 25.3            | 12.2            | -51.8%        |
| <b>Public Telephony</b>        | <b>138.8</b>   | <b>120.4</b>   | <b>106.2</b>   | <b>-11.8%</b> | <b>-23.5%</b>  | <b>408.2</b>    | <b>360.6</b>    | <b>-11.7%</b> |
| <b>Long Distance Service</b>   | <b>720.0</b>   | <b>713.0</b>   | <b>712.7</b>   | <b>0.0%</b>   | <b>-1.0%</b>   | <b>2,203.9</b>  | <b>2,189.2</b>  | <b>-0.7%</b>  |
| Intra-Sector                   | 219.3          | 221.3          | 206.5          | -6.7%         | -5.8%          | 645.5           | 634.0           | -1.8%         |
| Intra-Region                   | 66.0           | 67.0           | 60.9           | -9.1%         | -7.8%          | 200.6           | 186.2           | -7.2%         |
| Inter-Region                   | 60.6           | 61.6           | 60.7           | -1.6%         | 0.1%           | 182.4           | 177.4           | -2.8%         |
| International                  | 9.9            | 11.7           | 12.7           | 7.9%          | 28.6%          | 32.9            | 34.4            | 4.6%          |
| VC-2                           | 196.0          | 185.7          | 193.0          | 3.9%          | -1.5%          | 589.3           | 595.5           | 1.0%          |
| Fixed Origin                   | 72.1           | 72.8           | 77.9           | 7.0%          | 8.0%           | 216.6           | 225.4           | 4.0%          |
| Mobile Origin                  | 123.9          | 112.8          | 115.1          | 2.0%          | -7.1%          | 372.8           | 370.1           | -0.7%         |
| VC-3                           | 168.3          | 165.7          | 179.0          | 8.0%          | 6.4%           | 553.1           | 561.7           | 1.6%          |
| Fixed Origin                   | 77.1           | 81.7           | 91.4           | 11.8%         | 18.4%          | 270.0           | 272.4           | 0.9%          |
| Mobile Origin                  | 91.1           | 84.0           | 87.6           | 4.3%          | -3.9%          | 283.1           | 289.3           | 2.2%          |
| <b>Interconnection</b>         | <b>82.5</b>    | <b>92.2</b>    | <b>101.4</b>   | <b>9.9%</b>   | <b>22.8%</b>   | <b>249.9</b>    | <b>275.0</b>    | <b>10.0%</b>  |
| Fixed-Fixed                    | 56.7           | 52.4           | 51.6           | -1.5%         | -9.0%          | 168.3           | 155.4           | -7.6%         |
| Mobile-Fixed                   | 25.8           | 39.8           | 49.7           | 24.9%         | 92.9%          | 81.6            | 119.5           | 46.4%         |
| <b>Lease of Means</b>          | <b>86.6</b>    | <b>105.0</b>   | <b>112.4</b>   | <b>7.1%</b>   | <b>29.7%</b>   | <b>262.4</b>    | <b>321.0</b>    | <b>22.3%</b>  |
| <b>Supplementary and Value</b> | <b>92.4</b>    | <b>101.6</b>   | <b>106.0</b>   | <b>4.3%</b>   | <b>14.6%</b>   | <b>294.6</b>    | <b>307.1</b>    | <b>4.2%</b>   |

| <b>Added Services</b>             |                  |                  |                  |              |              |                  |                  |               |
|-----------------------------------|------------------|------------------|------------------|--------------|--------------|------------------|------------------|---------------|
| <b>Other</b>                      | <b>7.8</b>       | <b>8.0</b>       | <b>7.4</b>       | <b>-7.4%</b> | <b>-5.2%</b> | <b>26.4</b>      | <b>23.3</b>      | <b>-11.8%</b> |
| <b>MOBILE TELEPHONY</b>           | <b>539.6</b>     | <b>526.0</b>     | <b>540.4</b>     | <b>2.7%</b>  | <b>0.1%</b>  | <b>1,480.8</b>   | <b>1,532.5</b>   | <b>3.5%</b>   |
| <b>Services</b>                   | <b>478.8</b>     | <b>466.8</b>     | <b>481.9</b>     | <b>3.2%</b>  | <b>0.6%</b>  | <b>1,285.1</b>   | <b>1,375.2</b>   | <b>7.0%</b>   |
| Subscription                      | 114.3            | 98.4             | 100.6            | 2.3%         | -12.0%       | 329.4            | 296.1            | -10.1%        |
| Utilization                       | 157.9            | 150.8            | 170.7            | 13.1%        | 8.1%         | 395.5            | 456.2            | 15.3%         |
| Additional for Calls              |                  |                  |                  |              |              |                  |                  |               |
| Received                          | 2.1              | 1.4              | 1.5              | 2.6%         | -29.5%       | 5.0              | 4.6              | -7.5%         |
| Roaming                           | 4.5              | 6.2              | 2.3              | -63.1%       | -49.3%       | 13.4             | 12.0             | -10.3%        |
| Interconnection                   | 163.9            | 172.6            | 169.0            | -2.1%        | 3.1%         | 453.0            | 493.4            | 8.9%          |
| Other Services                    | 6.5              | 1.5              | 2.4              | 57.4%        | -62.8%       | 15.7             | 7.9              | -49.9%        |
| Data Communications               | 29.6             | 35.8             | 35.5             | -1.0%        | 19.7%        | 73.1             | 105.0            | 43.7%         |
| <b>Merchandise Sales</b>          |                  |                  |                  |              |              |                  |                  |               |
| <b>(Handsets and Accessories)</b> | <b>60.8</b>      | <b>59.2</b>      | <b>58.5</b>      | <b>-1.2%</b> | <b>-3.8%</b> | <b>195.7</b>     | <b>157.3</b>     | <b>-19.6%</b> |
| <b>DATA COMMUNICATIONS</b>        | <b>704.9</b>     | <b>899.4</b>     | <b>984.8</b>     | <b>9.5%</b>  | <b>39.7%</b> | <b>2,033.9</b>   | <b>2,675.2</b>   | <b>31.5%</b>  |
| <b>Deductions</b>                 | <b>(1,249.0)</b> | <b>(1,355.8)</b> | <b>(1,484.4)</b> | <b>9.5%</b>  | <b>18.8%</b> | <b>(3,684.7)</b> | <b>(4,114.3)</b> | <b>11.7%</b>  |
| % of Gross Revenue                | 31.2%            | 32.4%            | 34.3%            | 0.1 p.p.     | 0.1 p.p.     | 31.0%            | 32.8%            | 0.1 p.p.      |
| <b>NET REVENUES</b>               | <b>2,748.3</b>   | <b>2,823.3</b>   | <b>2,841.6</b>   | <b>0.6%</b>  | <b>3.4%</b>  | <b>8,182.5</b>   | <b>8,426.9</b>   | <b>3.0%</b>   |
| Net Service Revenues              | 2,709.7          | 2,783.0          | 2,802.8          | 0.7%         | 3.4%         | 8,064.1          | 8,319.6          | 3.2%          |
| Net Handsets Revenues             | 38.6             | 40.3             | 38.8             | -3.7%        | 0.5%         | 118.4            | 107.2            | -9.4%         |

Brasil Telecom's consolidated gross revenue totaled R\$4,326.0 million in the 3Q08, 8.2% higher than in the 3Q07, thanks to the increase in data communication revenue, as well as to the 3.01% tariff adjustment in services (local and long- distance) and VCs in July 2008.

Gross local service revenue totaled R\$1,654.9 million in the 3Q08, 1.9% higher than in the 3Q07, chiefly due to the increase of 3.7% in subscription revenue and 7.6% in VC- 1 revenue, partially offset by the 13.6% decline in gross local traffic revenue. The 14.1% increase in the number of clients in local alternative plans pushed up subscription revenue, but also reduced surplus traffic.

**Traffic<sup>1</sup>**

| <b>TRAFFIC</b>                          | <b>3Q07</b>    | <b>2Q08</b>    | <b>3Q08</b>    | <b>Δ<br/>Quarter</b> | <b>Δ 12<br/>Months</b> |
|---|----------------|----------------|----------------|----------------------|------------------------|
| <b>Exceeding Local Pulses (Million)</b> | <b>377.6</b>   | <b>-</b>       | <b>-</b>       | <b>N.A.</b>          | <b>N.A.</b>            |
| <b>Exceeding Minutes (Million)</b>      | <b>2,106.8</b> | <b>2,644.7</b> | <b>2,825.4</b> | <b>6.8%</b>          | <b>34.1%</b>           |
| <b>VC-1 (Million Minutes)</b>           | <b>673.4</b>   | <b>685.8</b>   | <b>707.3</b>   | <b>3.1%</b>          | <b>5.0%</b>            |
| <b>Long Distance Minutes (Million)</b>  | <b>1,366.5</b> | <b>1,360.4</b> | <b>1,295.7</b> | <b>-4.8%</b>         | <b>-5.2%</b>           |
| Long Distance                           | 1,070.1        | 1,084.6        | 1,017.6        | -6.2%                | -4.9%                  |
| VC-2                                    | 172.0          | 160.6          | 156.7          | -2.4%                | -8.9%                  |
| VC-3                                    | 124.4          | 115.2          | 121.4          | 5.4%                 | -2.4%                  |

\*The 2Q08 Exceeding Minutes released previously was changed

Gross revenue from VC-1 calls came to R\$ 494.0 million in the 3Q08, up by 7.6% on the 3Q07, due to tariff adjustments and the 5.0% traffic growth compared to the 3Q07.

Gross revenue from public telephony stood at R\$106.2 million in the quarter, 23.5% lower than in the 3Q07, chiefly due to the growth in the pre-paid base of our mobile operations, in addition to the increase in the number of Total Control clients, who used to use public telephony before.

Gross revenue from long-distance calls totaled R\$712.7 million, 1.0% down on the 3Q07 due to the decline of 8.9% and 2.4% in VC-2 and VC-3 traffic, respectively, in turn resulting from the reduction in the use of value-added products that promote this traffic. However, it is important to stress the increase in revenue from long-distance traffic originated by wireline terminals (intra-sectorial, intra-regional, inter-regional and international), which rose due to the tariff increase and the 2.1 p.p. and 4.9 p.p. increase in the market share of inter-regional and international traffic, respectively.

**Market Share of Long-Distance Traffic    Quarterly Average**

Interconnection revenue stood at R\$101.4 million, 22.8% higher than the R\$82.5 million recorded in the 3Q07, chiefly due to the 3.0% growth in average TU-RL in 2008 and the rise in the total number of mobile phones operating in the region.

In the 3Q08, gross revenue from data communications totaled R\$984.8 million, up by 39.7% on the 3Q07, chiefly due to the increase in ADSL client base expansion and migration to higher-speed plans.

Consolidated gross revenue from mobile telephony totaled R\$540.4 million, R\$ 58.5 million of which came from the sale of handsets and accessories. Consolidated gross revenue from mobile services totaled R\$481.9 million, up by 0.6% on the 3Q07, due to the 8.1% upturn in utilization revenue and the 19.7% increase in data communication revenue as a result of the client base expansion and 3G users (in the case of data communications), despite the 12.0% decline in mobile subscription revenue chiefly caused by lower subscription fees, the reduction in discounts offered to clients

and the increase in the pre-paid base.

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<sup>1</sup> No 3T07 ocorreu a conversão da tarifação por pulsos para minutos de 100% dos clientes.

<sup>2</sup> The shares of long-distance traffic refer only to the traffic originated in Brasil Telecom's wireline network in its concession area (Region II of the General Concession Plan).

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Brasil Telecom's consolidated net revenue climbed by 3.4% compared to the 3Q07 reflecting the 8.2% increase in consolidated gross revenue, offset by the 18.8% upturn in deductions. Deductions rose on account of the discounts on ADSL revenue, which were deducted from gross product revenue in the 3Q07.

Wireline ARPU (excluding data communications) stood at R\$75.2, 3.4% down on the 3Q07 due to growing adhesion to more economical plans, such as Total Control.

ADSL ARPU came to R\$49.5, up by 2.2% on the R\$48.4 recorded in the 3Q07.

Mobile telephony ARPU amounted to R\$28.8, down by 17.5% year-on-year, chiefly due to the substantial increase in the number of pre-paid users.

### Mobile ARPU

| R\$ Thousand                                  | 3Q07         | 2Q08         | 3Q08         | Δ<br>Quarter | Δ 12<br>Months |
|---|--------------|--------------|--------------|--------------|----------------|
| (+) Gross Revenues                            | 638.3        | 627.2        | 657.4        | 4.8%         | 3.0%           |
| (-) Handsets                                  | (60.8)       | (59.2)       | (58.5)       | -1.2%        | -3.8%          |
| <b>Gross Service Revenues</b>                 | <b>577.5</b> | <b>567.9</b> | <b>598.9</b> | <b>5.4%</b>  | <b>3.7%</b>    |
| (-) Taxes and Deductions                      | (167.6)      | (145.5)      | (156.4)      | 7.5%         | -6.7%          |
| <b>Net Service Revenues</b>                   | <b>409.9</b> | <b>422.5</b> | <b>442.5</b> | <b>4.7%</b>  | <b>7.9%</b>    |
| Mobile-Mobile Interconnection Fee (Full Bill) | -            | -            | -            | N.A.         | N.A.           |
| Other Net Service Revenues                    | 409.9        | 422.5        | 442.5        | 4.7%         | 7.9%           |
| (-) Roaming                                   | # (1.8)      | (2.1)        | (0.6)        | -71.5%       | -66.0%         |
| <b>Net Quarterly Revenues</b>                 | <b>408.2</b> | <b>420.3</b> | <b>441.9</b> | <b>5.1%</b>  | <b>8.3%</b>    |
| Net Monthly Revenues                          | 136.1        | 140.1        | 147.3        | 5.1%         | 8.3%           |
| Average Number of Clients                     | 3,894.9      | 4,793.2      | 5,112.1      | 6.7%         | 31.3%          |
| <b>ARPU (R\$)</b>                             | <b>34.93</b> | <b>29.23</b> | <b>28.81</b> | <b>-1.4%</b> | <b>-17.5%</b>  |
| <b>Post-Paid ARPU (R\$)</b>                   | <b>57.71</b> | <b>56.80</b> | <b>55.50</b> | <b>-2.3%</b> | <b>-3.8%</b>   |
| <b>Pre-Paid ARPU (R\$)</b>                    | <b>28.33</b> | <b>23.50</b> | <b>23.40</b> | <b>-0.4%</b> | <b>-17.4%</b>  |

### COSTS AND EXPENSES

#### Consolidated Operating Costs and Expenses

| R\$ Million                         | 3Q07             | 2Q08             | 3Q08             | Δ<br>Quarter | Δ 12<br>Months | 9M07             | 9M08             | Δ<br>Year   |
|-------------------------------------|------------------|------------------|------------------|--------------|----------------|------------------|------------------|-------------|
| <b>OPERATING COSTS AND EXPENSES</b> | <b>(1,778.2)</b> | <b>(1,691.4)</b> | <b>(1,889.1)</b> | <b>11.7%</b> | <b>6.2%</b>    | <b>(5,287.8)</b> | <b>(5,431.7)</b> | <b>2.7%</b> |
| Personnel                           | (159.4)          | (219.0)          | (218.0)          | -0.5%        | 36.7%          | (466.9)          | (653.7)          | 40.0%       |
| Materials                           | (92.9)           | (98.7)           | (88.9)           | -10.0%       | -4.3%          | (271.9)          | (263.0)          | -3.3%       |
| Subcontracted Services              | (558.2)          | (534.4)          | (518.4)          | -3.0%        | -7.1%          | (1,685.1)        | (1,593.8)        | -5.4%       |

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|                           |         |         |         |       |       |           |           |       |
|---------------------------|---------|---------|---------|-------|-------|-----------|-----------|-------|
| Interconnection           | (558.0) | (554.8) | (559.9) | 0.9%  | 0.3%  | (1,705.0) | (1,678.4) | -1.6% |
| Advertising and Marketing | (39.3)  | (40.3)  | (45.5)  | 13.0% | 15.8% | (99.7)    | (128.2)   | 28.6% |
| Provisions and Losses     | (211.0) | (238.0) | (274.0) | 15.1% | 29.9% | (700.9)   | (791.0)   | 12.9% |
| Other                     | (159.4) | (6.3)   | (184.4) | N.A.  | 15.7% | (358.3)   | (323.7)   | -9.7% |

Brasil Telecom's consolidated operating costs and expenses totaled R\$2,394.7 million in the 3Q08, up by 0.4% on the 3Q07, chiefly due to the increase of: R\$58.6 million in personnel costs and expenses, R\$41.8 million in provisions for doubtful accounts, R\$25.0 million in other expenses and R\$21.2 million in provisions for contingencies, partially offset by a decline R\$39.8 million in third-party services.

At the end of the 3Q08, the Brasil Telecom group had 17,670 employees. The increase of 11,900 people year-on-year was chiefly due to the internalization of Brasil Telecom's call centers in December 2007 and the Internet Group's call center in the 2Q08. Excluding the call center operation, Brasil Telecom's headcount fell by 1.4% .

### Personnel

| EMPLOYEES                         | 3Q07  | 2Q08   | 3Q08   | Δ Quarter | Δ 12 Months |
|-----------------------------------|-------|--------|--------|-----------|-------------|
| # of Employees - Call Center      | 0     | 12,019 | 11,868 | -1.3%     | N.A.        |
| # of Employees - Fixed Telephony  | 5,280 | 5,175  | 5,158  | -0.3%     | -2.3%       |
| # of Employees - Mobile Telephony | 605   | 634    | 644    | 1.6%      | 6.4%        |

Material costs and expenses came to R\$88.9 million in the 3Q08, down by 4.3% on the 3Q07, due to the reduction in the cost of goods sold despite the increase in the number of handsets sold.

Third-party costs and expenses, excluding interconnection, advertising and marketing, totaled R\$518.4 million in the 3Q08, 7.1% down on the 3Q07, chiefly due to the reduction of R\$65.5 million in the call center line after internalization in late 2007. This decline was partially offset by the increase of R\$17.8 million in services related to the mobile network, R\$7.6 million in content-providing services, R\$4.5 million in legal services, and R\$ 2.0 million in software maintenance.

Advertising and marketing expenses totaled R\$45.5 million in the 3Q08, 15.8% higher than in the 3Q07, due to the higher number of campaigns featuring products such as *3GMais* and *Pluri Uso*, as well as a more aggressive Fathers Day campaign.

In the 3Q08, provisions for contingencies totaled R\$176.1 million, 13.7% higher than in the 3Q07, basically due to the reappraisal of tax, civil and labor contingencies.

Losses on accounts receivable totaled R\$97.9 million, versus R\$56.0 million in the 3Q07 chiefly due to non-recurring actions carried out in the 3Q07 to recover overdue credits and the increase in co-billing default in the 3Q08. The ratio between losses on accounts receivable and gross revenue came to 2.3%, remaining stable compared to the previous quarter.

### Gross Accounts Receivable

|                              | 3Q07           | 2Q08           | 3Q08           |
|------------------------------|----------------|----------------|----------------|
| <b>Total (R\$ Millions)</b>  | <b>2,627.7</b> | <b>2,646.5</b> | <b>2,687.7</b> |
| Due                          | 66.2%          | 69.8%          | 70.3%          |
| Overdue (up to 30 days)      | 15.4%          | 13.4%          | 15.0%          |
| Overdue (between 31-60 days) | 4.5%           | 4.7%           | 4.3%           |
| Overdue (between 61-90 days) | 2.9%           | 2.7%           | 2.7%           |
| Overdue (more than 90 days)  | 11.0%          | 9.4%           | 7.7%           |

Other operating costs and expenses stood at R\$184.4 million in the 3Q08, up by 15.7% on the 3Q07, basically due to the increase in the Company's booked actuarial liabilities in the amount of R\$ 25.1 million.

### EBITDA



Brasil Telecom's consolidated EBITDA totaled R\$952.5 million in the 3Q08, versus R\$970.1 million in the 3Q07. The consolidated EBITDA margin stood at 33.5%, versus 35.3% in the 3Q07.

BrT Móvel's quarterly EBITDA stood at R\$70.9 million, 108.7% up on the 3Q07, accompanied by an EBITDA margin of 14.7%, 7.2 p.p wider year-on-year.

Depreciation and amortization costs totaled R\$505.6 million in the 3Q08, 16.8% down on the 3Q07 due to the increase in fully depreciated assets.

**FINANCIAL RESULT**

In the 3Q08, Brasil Telecom recorded a financial expense of R\$59.9 million, versus an expense of R\$18.5 million in the previous year chiefly due to the exchange rate variation on loans and financing net of hedge operations in the amount of approximately R\$57.8 million as the Brazilian real rose by 4.5% compared to the U.S. dollar in the 3Q07 and fell by 20.3% in the 3Q08.

**Consolidated Financial Result**

| R\$ Million               | 3Q07           | 2Q08           | 3Q08           | Δ<br>Quarter  | Δ 12<br>Months | 9M07           | 9M08           | Δ Year        |
|---------------------------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|---------------|
| <b>Financial Revenue</b>  | <b>145.6</b>   | <b>167.9</b>   | <b>200.9</b>   | <b>19.6%</b>  | <b>38.0%</b>   | <b>451.0</b>   | <b>587.5</b>   | <b>30.3%</b>  |
| Local Currency            | 139.5          | 161.3          | 191.0          | 18.4%         | 36.9%          | 442.7          | 568.9          | 28.5%         |
| Foreign Currency          | 6.1            | 6.7            | 9.9            | 48.2%         | 62.7%          | 8.3            | 18.6           | 123.7%        |
| <b>Financial Expenses</b> | <b>(164.1)</b> | <b>(187.6)</b> | <b>(260.8)</b> | <b>39.0%</b>  | <b>58.9%</b>   | <b>(551.7)</b> | <b>(642.7)</b> | <b>16.5%</b>  |
| Local Currency            | (141.6)        | (185.3)        | (174.4)        | -5.9%         | 23.2%          | (486.6)        | (526.6)        | 8.2%          |
| Foreign Currency          | (22.5)         | (2.2)          | (86.4)         | 3760.1%       | 283.6%         | (65.1)         | (116.1)        | 78.5%         |
| <b>Interest on Equity</b> | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>N.A.</b>   | <b>N.A.</b>    | <b>(267.8)</b> | <b>(267.2)</b> | <b>N.A.</b>   |
| <b>Financial Result</b>   | <b>(18.5)</b>  | <b>(19.6)</b>  | <b>(59.9)</b>  | <b>205.2%</b> | <b>223.5%</b>  | <b>(368.5)</b> | <b>(322.4)</b> | <b>-12.5%</b> |

**NON-OPERATING RESULT**

The non-operating result was an expense of R\$1.9 million, 27.3% down on the 3Q07, mainly due to the booking of R\$1.4 million related to the write-off of fixed assets in the 3Q07.

**NET INCOME**

Brasil Telecom's net income stood at R\$164.1 million in the 3Q08, equivalent to R\$0.4527 per share, while net earnings per ADR came to US\$1.1825. In the 3Q07, net income totaled R\$150.3 million, equivalent to R\$0.4147 per share, while earnings per ADR stood at US\$1.1275.

**INDEBTEDNESS**

At the end of the 3Q08, debt linked to the exchange rate variation, excluding hedge adjustments totaled R\$682.6 million. On September 30, 2008, 51.0% of the debt linked to exchange rate variation was hedged, leading to a total debt exposure of only 8.4%. Brasil Telecom contracted operations with U.S. dollar options to hedge the cash flow pegged to the debt denominated in foreign currency against substantial hikes in the U.S. dollar. At the end of the 3Q08, these operations recorded net gains of R\$3.7 million in the current period<sup>3</sup>. These operations refer to call options fully funded by the sale of put options, with equal strike price for both operations. These operations will mature in February 2009, when Brasil Telecom will have the obligation to buy US\$64 million, in case the dollar is below the strike price, or the right to buy US\$ 80 million in case the dollar is above the strike price.

<sup>3</sup> The method used to calculate the options' fair value was Black&Scholes, adapted by Garman-Kohlhagen to consider the specific exchange's characteristics.



### Indebtedness

| Debt (R\$ Million)            | 3Q07           | 2Q08           | 3Q08           | Δ<br>Quarter | Δ 12<br>Months |
|-------------------------------|----------------|----------------|----------------|--------------|----------------|
| <b>Short Term</b>             | <b>654.4</b>   | <b>521.4</b>   | <b>627.8</b>   | <b>20.4%</b> | <b>-4.1%</b>   |
| In R\$                        | 412.8          | 279.8          | 389.0          | 39.0%        | -5.8%          |
| In Foreign Currency           | 83.3           | 87.2           | 91.7           | 5.2%         | 10.0%          |
| In US\$                       | 13.7           | 20.4           | 13.8           | -32.2%       | 0.6%           |
| In Yen                        | 69.6           | 66.8           | 77.9           | 16.6%        | 11.9%          |
| In Currency Basket            | 37.8           | 26.1           | 31.7           | 21.6%        | -16.1%         |
| Hedge Adjustment              | 120.5          | 128.3          | 115.4          | -10.1%       | -4.2%          |
| <b>Long Term</b>              | <b>3,354.4</b> | <b>3,715.1</b> | <b>3,637.7</b> | <b>-2.1%</b> | <b>8.4%</b>    |
| In R\$                        | 2,453.0        | 2,964.9        | 2,913.1        | -1.7%        | 18.8%          |
| In Foreign Currency           | 559.0          | 459.9          | 509.5          | 10.8%        | -8.9%          |
| In US\$                       | 386.0          | 330.5          | 393.1          | 18.9%        | 1.8%           |
| In Yen                        | 173.0          | 129.4          | 116.4          | -10.0%       | -32.7%         |
| In Currency Basket            | 75.7           | 47.2           | 49.7           | 5.2%         | -34.4%         |
| Hedge Adjustment              | 266.7          | 243.1          | 165.4          | -31.9%       | -38.0%         |
| <b>Total Debt</b>             | <b>4,008.8</b> | <b>4,236.5</b> | <b>4,265.5</b> | <b>0.7%</b>  | <b>6.4%</b>    |
| (-) Cash and Cash Equivalents | 742.8          | 445.5          | 434.3          | -2.5%        | -41.5%         |
| (-) Financial Investments     | 2,502.6        | 2,634.3        | 2,648.9        | 0.6%         | 5.8%           |
| <b>Net Debt</b>               | <b>763.5</b>   | <b>1,156.7</b> | <b>1,182.4</b> | <b>2.2%</b>  | <b>54.9%</b>   |

### Long Term Debt Amortization Schedule

| Maturity         | 2009 | 2010  | 2011  | 2012  | 2013  | 2014  | > 2015 |
|------------------|------|-------|-------|-------|-------|-------|--------|
| % Long Term Debt | 3.8% | 20.7% | 22.4% | 18.4% | 18.5% | 14.4% | 1.8%   |

At the end of the 3Q08, Brasil Telecom's consolidated net debt totaled R\$1,182.4 million, 54.9% higher than at the end of September 2007, chiefly due to the higher CAPEX, lower working capital and payment of dividends/interest on equity.

### CAPEX

#### Investment Breakdown

| R\$ Million                 | 3Q07         | 2Q08         | 3Q08         | Δ<br>Quarter | Δ 12<br>Months | 9M07         | 9M08         | Δ Year       |
|-----------------------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|
| <b>FIXED LINE TELEPHONY</b> | <b>251.7</b> | <b>255.6</b> | <b>418.2</b> | <b>63.6%</b> | <b>66.1%</b>   | <b>657.5</b> | <b>824.2</b> | <b>25.3%</b> |
| Network Expansion           | 111.4        | 88.9         | 135.6        | 52.5%        | 21.7%          | 288.6        | 289.0        | 0.1%         |
| Network Operation           | 55.1         | 66.1         | 93.9         | 42.0%        | 70.3%          | 158.0        | 207.0        | 31.0%        |
| Public Telephony            | 1.4          | 4.4          | 0.5          | -88.1%       | -62.1%         | 2.8          | 5.4          | 90.3%        |
| Information Technology      | 13.7         | 16.6         | 30.7         | 85.1%        | 124.8%         | 52.1         | 51.1         | -1.9%        |

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|                         |              |              |              |               |               |              |                |               |
|-------------------------|--------------|--------------|--------------|---------------|---------------|--------------|----------------|---------------|
| Others                  | 70.1         | 79.6         | 157.4        | 97.8%         | 124.5%        | 156.0        | 271.6          | 74.1%         |
| <b>MOBILE TELEPHONY</b> | <b>82.9</b>  | <b>556.9</b> | <b>190.0</b> | <b>-65.9%</b> | <b>129.2%</b> | 132.4        | 756.2          | <b>471.2%</b> |
| <b>TOTAL INVESTMENT</b> | <b>334.6</b> | <b>812.4</b> | <b>608.1</b> | <b>-25.1%</b> | <b>81.8%</b>  | <b>789.9</b> | <b>1,580.4</b> | <b>100.1%</b> |

|   | 3Q07   | 2Q08    | 3Q08   | $\Delta$<br>Quarter | $\Delta$ 12<br>Months | 9M07  | 9M08    | $\Delta$ Year |
|---|--------|---------|--------|---------------------|-----------------------|-------|---------|---------------|
| <b>CASH FLOW CONCILIATION</b>                         |        |         |        |                     |                       |       |         |               |
| <b>Variation of Economic and Financial Investment</b> | (87.0) | (519.7) | (30.5) | -94.1%              | -65.0%                | 163.0 | (404.7) | N.A.          |
| <b>INVESTMENT CASH FLOW</b>                           | 247.6  | 292.7   | 577.7  | 97.4%               | 133.3%                | 953.0 | 1,175.7 | 23.4%         |

**STOCK MARKET**

### Stock Market Performance

| Stock Performance                    |  | Closing Price<br>as of<br>30-Sep-08 | In 3Q08 | Performance<br>In 12 Months | In 24 Months |
|--------------------------------------|--|-------------------------------------|---------|-----------------------------|--------------|
| <b>BrT<br/>Holding<br/>Company</b>   | Common Shares (BRTP3) (in R\$/shares)    | 52.00                               | -1.9%   | 6.4%                        | 105.5%       |
|                                      | Preferred Shares (BRTP4) (in R\$/shares) | 18.70                               | -20.8%  | -32.0%                      | 44.1%        |
|                                      | ADR (BRP) (in US\$/ADR)                  | 48.86                               | -33.4%  | -34.5%                      | 62.5%        |
|                                      | Market Capitalization BRP (Million)      | 11,018                              | -9.8%   | -11.9%                      | 77.7%        |
| <b>BrT<br/>Operating<br/>Company</b> | Common Shares (BRTO3) (in R\$/shares)    | 46.50                               | -3.1%   | 41.6%                       | 150.0%       |
|                                      | Preferred Shares (BRTO4) (in R\$/shares) | 15.74                               | -8.9%   | -9.0%                       | 101.8%       |
|                                      | ADR (BTM) (in US\$/ADR)                  | 21.88                               | -31.5%  | -22.4%                      | 101.5%       |
|                                      | Market Capitalization BTM (Million)      | 16,293                              | -4.9%   | 22.0%                       | 133.9%       |
| <b>Indexes</b>                       | IBOVESPA (points)                        | 49,541                              | -23.8%  | -18.1%                      | 35.9%        |
|                                      | ITEL (points)                            | 1,089                               | -13.2%  | -16.8%                      | 24.4%        |
|                                      | IGC (points)                             | 4,726                               | -25.7%  | -32.2%                      | 13.0%        |
|                                      | Dow Jones (points)                       | 10,851                              | -4.4%   | -21.9%                      | -7.1%        |

### Theoretical Portfolio Weighting September/December

|                  |              | Ibovespa | Itel    | IGC    |
|------------------|--------------|----------|---------|--------|
| <b>BrT Hold.</b> | <b>BRTP3</b> | 0.291%   | 8.022%  | 0.353% |
|                  | <b>BRTP4</b> | 0.445%   | 11.978% | 0.526% |
| <b>BrT Oper.</b> | <b>BRTO3</b> | ***      | ***     | 0.014% |
|                  | <b>BRTO4</b> | 0.422%   | 8.516%  | 0.333% |

### OWNERSHIP BREAKDOWN

#### Ownership Breakdown Brasil Telecom Participações S.A.

| Sep/08                     | Common<br>Shares | %      | Preferred<br>Shares | %      | Total<br>Shares | %      |
|----------------------------|------------------|--------|---------------------|--------|-----------------|--------|
| Solpart Participações S.A. | 68,907,150       | 51.41% | -                   | 0.00%  | 68,907,150      | 18.93% |
| Copart 1 Participações     | -                | 0.00%  | 76,645,842          | 33.33% | 76,645,842      | 21.06% |

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|                       |                    |                |                    |                |                    |                |
|-----------------------|--------------------|----------------|--------------------|----------------|--------------------|----------------|
| ADR Free Float        | -                  | 0.00%          | 87,053,790         | 37.86%         | 87,053,790         | 23.92%         |
| Treasury              | 1,480,800          | 1.10%          | -                  | 0.00%          | 1,480,800          | 0.41%          |
| Free Float in Bovespa | 63,643,738         | 47.48%         | 66,237,893         | 28.81%         | 129,881,631        | 35.68%         |
| <b>Total</b>          | <b>134,031,688</b> | <b>100.00%</b> | <b>229,937,525</b> | <b>100.00%</b> | <b>363,969,213</b> | <b>100.00%</b> |

**Ownership Breakdown Brasil Telecom S.A.**

**Brasil Telecom Participações S.A.**

**Page 12 of 24**

| Sep/08                       | Common<br>Shares   | %              | Preferred<br>Shares | %              | Total Shares       | %              |
|------------------------------|--------------------|----------------|---------------------|----------------|--------------------|----------------|
| Brasil Telecom Participações | 247,317,180        | 99.09%         | 120,911,021         | 38.83%         | 368,228,201        | 65.64%         |
| Copart 2 Participações       |                    | 0.00%          | 58,956,665          | 18.94%         | 58,956,665         | 10.51%         |
| ADR Free Float               | -                  | 0.00%          | 21,106,968          | 6.78%          | 21,106,968         | 3.76%          |
| Treasury                     | -                  | 0.00%          | 13,457,542          | 4.32%          | 13,457,542         | 2.40%          |
| Free Float at Bovespa        | 2,279,869          | 0.91%          | 96,921,044          | 31.13%         | 99,200,913         | 17.68%         |
| <b>Total</b>                 | <b>249,597,049</b> | <b>100.00%</b> | <b>311,353,240</b>  | <b>100.00%</b> | <b>560,950,289</b> | <b>100.00%</b> |

### LAW 11,638/07

Due to the disclosure of the accounting effects of the adaptation to Law 11,638/07, the values to be paid related to the authorizations for exploitation of the 3G network were adjusted to present value. The effects on the financial statements of Brasil Telecom refer to the application of the items regulated by Law 11,638/07 result from:

- i. Commercial lease agreements, whose leased assets should be booked in line with international accounting standards; and
- ii. Remuneration in the form of shares for managers and employees.

### Effects of Law 11,638/07

|  |              |
|--|--------------|
| <b>Shareholders' Equity (R\$ Millions)</b> | <b>3Q08</b>  |
| Law 6,404/76 Presentation                  | 164.1        |
| Adaptation Effects                         | (0.8)        |
| <b>Pro Forma - Law 11,638/07</b>           | <b>163.3</b> |
| <br>                                       |              |
| <b>Period Net Income (R\$ Millions)</b>    | <b>3Q08</b>  |
| Law 6,404/76 Presentation                  | 164.1        |
| Adaptation Effects                         | (0.8)        |
| <b>Pro Forma - Law 11,638/07</b>           | <b>163.3</b> |

Brasil Telecom already segregates intangible items in permanent assets and publishes DFC and DVA, the latter accompanying annual accounting statements. The other changes in Law 11,638/07 and CVM Instruction 469/08 have already been adopted or are not applicable to the Company.



**ATTACHMENTS****Operating Data**

|  | 3Q07           | 2Q08           | 3Q08           | Δ Quarter       | Δ 12 Months     |
|--|----------------|----------------|----------------|-----------------|-----------------|
| <b>FIXED LINE PLANT</b>                    |                |                |                |                 |                 |
| <b>Lines in Service - LIS (Thousand)</b>   | <b>8,064.2</b> | <b>8,104.5</b> | <b>8,198.3</b> | <b>1.2%</b>     | <b>1.7%</b>     |
| Additional LIS (Thousand)                  | (65.2)         | 68.2           | 93.8           | N.A             | N.A.            |
| <b>Active Lines (LIS - Blocked Lines)</b>  | <b>7,862.1</b> | <b>7,932.4</b> | <b>8,058.1</b> | <b>1.6%</b>     | <b>2.5%</b>     |
| <b>Blocked Lines</b>                       | <b>202.1</b>   | <b>172.1</b>   | <b>140.2</b>   | <b>-18.6%</b>   | <b>-30.6%</b>   |
| <b>Average LIS (Thousand)</b>              | <b>8,096.8</b> | <b>8,070.4</b> | <b>8,151.4</b> | <b>1.0%</b>     | <b>0.7%</b>     |
| LIS/100 Inhabitants                        | 18.3           | 18.4           | 18.4           | 0.1%            | 0.6%            |
| Public Telephones/1,000 Inhabitants        | 6.4            | 6.3            | 6.2            | -1.7%           | -2.5%           |
| Public Phones/100 Lines Installed          | 2.7            | 2.7            | 2.7            | -0.5%           | -1.5%           |
| <b>Utilization Rate</b>                    | <b>77.8%</b>   | <b>78.0%</b>   | <b>79.0%</b>   | <b>1.0 p.p.</b> | <b>1.2 p.p.</b> |
| <b>Alternative Plans</b>                   |                |                |                |                 |                 |
| Alternative Local Plans (thousand)         | 3,491.0        | 3,736.5        | 3,983.2        | 6.6%            | 14.1%           |
| Alternative Long Distance Plans (thousand) | 747.9          | 871.1          | 876.2          | 0.6%            | 17.1%           |
| <b>Market Share- Long Distance</b>         |                |                |                |                 |                 |
| Intra-sector                               | 90.2%          | 89.8%          | 89.8%          | 0.0 p.p.        | -0.4 p.p.       |
| Intra-region                               | 85.5%          | 85.0%          | 85.0%          | 0.0 p.p.        | -0.4 p.p.       |
| Inter-region                               | 63.7%          | 65.2%          | 65.7%          | 0.5 p.p.        | 2.1 p.p.        |
| International                              | 37.4%          | 44.0%          | 42.2%          | -1.8 p.p.       | 4.9 p.p.        |
| <b>ARPU - Fixed Telephony</b>              | <b>77.92</b>   | <b>76.84</b>   | <b>75.23</b>   | <b>-2.1%</b>    | <b>-3.4%</b>    |
| <b>BROADBAND</b>                           |                |                |                |                 |                 |
| <b>ADSL Users (Thousand)</b>               | <b>1,523.2</b> | <b>1,709.8</b> | <b>1,761.9</b> | <b>3.0%</b>     | <b>15.7%</b>    |
| Net Additions (Thousand)                   | 69.8           | 72.6           | 52.1           | -28.3%          | -25.4%          |
| <b>ADSL ARPU</b>                           | <b>48.4</b>    | <b>48.6</b>    | <b>49.5</b>    | <b>1.9%</b>     | <b>2.2%</b>     |
| <b>MOBILE TELEPHONY</b>                    |                |                |                |                 |                 |
| <b>Clients (Thousand)</b>                  | <b>4,023.8</b> | <b>5,015.4</b> | <b>5,245.9</b> | <b>4.6%</b>     | <b>30.4%</b>    |
| Post-Paid                                  | 856.8          | 832.5          | 894.9          | 7.5%            | 4.4%            |

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|                                 |              |              |              |                 |                 |
|---------------------------------|--------------|--------------|--------------|-----------------|-----------------|
| Pre-Paid                        | 3,167.0      | 4,182.9      | 4,351.0      | 4.0%            | 37.4%           |
| <b>Net Additions (Thousand)</b> | <b>255.3</b> | <b>437.8</b> | <b>230.5</b> | <b>-47.3%</b>   | <b>-9.7%</b>    |
| Post-Paid                       | (33.4)       | 3.1          | 62.4         | 1912.8%         | N.A.            |
| Pre-Paid                        | 288.7        | 434.7        | 168.1        | -61.3%          | -41.8%          |
| <b>Annualized Churn</b>         | <b>39.8%</b> | <b>42.2%</b> | <b>50.9%</b> | <b>20.7%</b>    | <b>28.0%</b>    |
| Post-Paid                       | 53.3%        | 45.1%        | 38.1%        | -15.4%          | -28.5%          |
| Pre-Paid                        | 35.9%        | 41.6%        | 53.5%        | 28.7%           | 49.1%           |
| <b>SAC (R\$)</b>                | <b>85.1</b>  | <b>77.4</b>  | <b>73.1</b>  | <b>-5.6%</b>    | <b>-14.1%</b>   |
| <b>Mobile Telephony ARPU</b>    | <b>34.9</b>  | <b>29.2</b>  | <b>28.8</b>  | <b>-1.4%</b>    | <b>-17.5%</b>   |
| <b>Served Localities</b>        | <b>841</b>   | <b>873</b>   | <b>939</b>   | <b>7.6%</b>     | <b>11.7%</b>    |
| <b>% of Population Covered</b>  | <b>87%</b>   | <b>88%</b>   | <b>89%</b>   | <b>0.9 p.p.</b> | <b>1.8 p.p.</b> |
| <b>Base Stations</b>            | <b>2,515</b> | <b>3,481</b> | <b>3,656</b> | <b>5.0%</b>     | <b>45.4%</b>    |
| <b>Switches</b>                 | <b>11</b>    | <b>11</b>    | <b>12</b>    | <b>9.1%</b>     | <b>9.1%</b>     |

**Consolidated Income Statement Brasil Telecom Participações S.A.**

| R\$ Million  | 3Q07             | 2Q08             | 3Q08             | Δ<br>Quarter     | Δ 12<br>Months   | 9M07             | 9M08             | Δ Year          |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| <b>GROSS REVENUES</b>                                  | <b>3,997.3</b>   | <b>4,179.1</b>   | <b>4,326.0</b>   | <b>3.5%</b>      | <b>8.2%</b>      | <b>11,867.2</b>  | <b>12,541.2</b>  | <b>5.7%</b>     |
| <b>FIXED TELEPHONY</b>                                 | <b>2,752.7</b>   | <b>2,753.7</b>   | <b>2,800.8</b>   | <b>1.7%</b>      | <b>1.7%</b>      | <b>8,352.5</b>   | <b>8,333.5</b>   | <b>-0.2%</b>    |
| Local Service  | 5 1,624.5        | 1,613.6          | 1,654.9          | 2.6%             | 1.9%             | 4,907.0          | 4,857.3          | -1.0%           |
| Public Telephony                                       | 138.8            | 120.4            | 106.2            | -11.8%           | -23.5%           | 408.2            | 360.6            | -11.7%          |
| Long Distance Service                                  | 720.0            | 713.0            | 712.7            | 0.0%             | -1.0%            | 2,203.9          | 2,189.2          | -0.7%           |
| Interconnection  | 82.5             | 92.2             | 101.4            | 9.9%             | 22.8%            | 249.9            | 275.0            | 10.0%           |
| Lease of Means   | 86.6             | 105.0            | 112.4            | 7.1%             | 29.7%            | 262.4            | 321.0            | 22.3%           |
| Supplementary and Value<br>Added Services              | 92.4             | 101.6            | 106.0            | 4.3%             | 14.6%            | 294.6            | 307.1            | 4.2%            |
| Other  | 7.8              | 8.0              | 7.4              | -7.4%            | -5.2%            | 26.4             | 23.3             | -11.8%          |
| <b>MOBILE TELEPHONY</b>                                | <b>539.6</b>     | <b>526.0</b>     | <b>540.4</b>     | <b>2.7%</b>      | <b>0.1%</b>      | <b>1,480.8</b>   | <b>1,532.5</b>   | <b>3.5%</b>     |
| Services   | 478.8            | 466.8            | 481.9            | 3.2%             | 0.6%             | 1,285.1          | 1,375.2          | 7.0%            |
| Merchandise Sales<br>(Handsets and Accessories)        | 60.8             | 59.2             | 58.5             | -1.2%            | -3.8%            | 195.7            | 157.3            | -19.6%          |
| <b>DATA<br/>COMMUNICATIONS</b>                         | <b>704.9</b>     | <b>899.4</b>     | <b>984.8</b>     | <b>9.5%</b>      | <b>39.7%</b>     | <b>2,033.9</b>   | <b>2,675.2</b>   | <b>31.5%</b>    |
| Deductions   | (1,249.0)        | (1,355.8)        | (1,484.4)        | 9.5%             | 18.8%            | (3,684.7)        | (4,114.3)        | 11.7%           |
| <b>NET REVENUES</b>                                    | <b>2,748.3</b>   | <b>2,823.3</b>   | <b>2,841.6</b>   | <b>0.6%</b>      | <b>3.4%</b>      | <b>8,182.5</b>   | <b>8,426.9</b>   | <b>3.0%</b>     |
| <b>OPERATING COSTS AND<br/>EXPENSES</b>                | <b>(1,778.2)</b> | <b>(1,691.4)</b> | <b>(1,889.1)</b> | <b>11.7%</b>     | <b>6.2%</b>      | <b>(5,287.8)</b> | <b>(5,431.7)</b> | <b>2.7%</b>     |
| Personnel  | (159.4)          | (219.0)          | (218.0)          | -0.5%            | 36.7%            | (466.9)          | (653.7)          | 40.0%           |
| Materials  | (92.9)           | (98.7)           | (88.9)           | -10.0%           | -4.3%            | (271.9)          | (263.0)          | -3.3%           |
| Subcontracted Services                                 | (558.2)          | (534.4)          | (518.4)          | -3.0%            | -7.1%            | (1,685.1)        | (1,593.8)        | -5.4%           |
| Interconnection  | (558.0)          | (554.8)          | (559.9)          | 0.9%             | 0.3%             | (1,705.0)        | (1,678.4)        | -1.6%           |
| Advertising and Marketing                              | (39.3)           | (40.3)           | (45.5)           | 13.0%            | 15.8%            | (99.7)           | (128.2)          | 28.6%           |
| Provisions and Losses                                  | (211.0)          | (238.0)          | (274.0)          | 15.1%            | 29.9%            | (700.9)          | (791.0)          | 12.9%           |
| Other  | (159.4)          | (6.3)            | (184.4)          | N.A.             | 15.7%            | (358.3)          | (323.7)          | -9.7%           |
| <b>EBITDA</b>  | <b>970.1</b>     | <b>1,131.9</b>   | <b>952.5</b>     | <b>-15.8%</b>    | <b>-1.8%</b>     | <b>2,894.7</b>   | <b>2,995.2</b>   | <b>3.5%</b>     |
| <b>EBITDA Margin</b>                                   | <b>35.3%</b>     | <b>40.1%</b>     | <b>33.5%</b>     | <b>-0.2 p.p.</b> | <b>-0.1 p.p.</b> | <b>35.4%</b>     | <b>35.5%</b>     | <b>0.0 p.p.</b> |
| Depreciation and Amortization                          | (608.1)          | (530.2)          | (505.6)          | -4.6%            | -16.8%           | (1,884.7)        | (1,582.2)        | -16.1%          |
| <b>EARNINGS BEFORE<br/>FINANCIAL RESULT<br/>(EBIT)</b> | <b>362.0</b>     | <b>601.7</b>     | <b>446.9</b>     | <b>-25.7%</b>    | <b>23.5%</b>     | <b>1,009.9</b>   | <b>1,412.9</b>   | <b>39.9%</b>    |
| Financial Result                                       | (18.5)           | (19.6)           | (59.9)           | 205.2%           | 223.5%           | (368.5)          | (322.4)          | -12.5%          |
| Financial Revenues                                     | 145.6            | 167.9            | 200.9            | 19.6%            | 38.0%            | 451.0            | 587.5            | 30.3%           |
| Financial Expenses                                     | (164.1)          | (187.6)          | (260.8)          | 39.0%            | 58.9%            | (551.7)          | (642.7)          | 16.5%           |
| Interest on Equity                                     | -                | -                | -                | N.A.             | N.A.             | (267.8)          | (267.2)          | -0.2%           |

|   |              |              |              |               |              |              |                |               |
|---|--------------|--------------|--------------|---------------|--------------|--------------|----------------|---------------|
| <b>EARNINGS AFTER FINANCIAL RESULT</b>                      | <b>343.5</b> | <b>582.0</b> | <b>387.0</b> | <b>-33.5%</b> | <b>12.7%</b> | <b>641.5</b> | <b>1,090.5</b> | <b>70.0%</b>  |
| Non-Operating Revenues (Expenses)                           | 2.7          | (8.3)        | 1.9          | N.A.          | -27.3%       | 8.8          | 10.7           | 21.6%         |
| Goodwill Amortization                                       | -            | -            | -            | N.A.          | N.A.         | (0.1)        | -              | N.A.          |
| Other   | 2.7          | (8.3)        | 1.9          | N.A.          | -27.3%       | 8.9          | 10.7           | 19.9%         |
| <b>EARNINGS BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES</b> | <b>346.1</b> | <b>573.8</b> | <b>388.9</b> | <b>-32.2%</b> | <b>12.4%</b> | <b>650.3</b> | <b>1,101.3</b> | <b>69.3%</b>  |
| Income and Social Contribution Taxes                        | (131.9)      | (214.1)      | (159.7)      | -25.4%        | 21.0%        | (260.9)      | (426.2)        | 63.4%         |
| <b>EARNINGS BEFORE PROFIT SHARING</b>                       | <b>214.2</b> | <b>359.7</b> | <b>229.2</b> | <b>-36.3%</b> | <b>7.0%</b>  | <b>389.4</b> | <b>675.1</b>   | <b>73.4%</b>  |
| Minority Interest   | (63.9)       | (105.2)      | (65.1)       | -38.1%        | 2.0%         | (191.5)      | (275.4)        | 43.8%         |
| <b>EARNINGS BEFORE REVERSION OF INTEREST ON EQUITY</b>      | <b>150.3</b> | <b>254.4</b> | <b>164.1</b> | <b>-35.5%</b> | <b>9.2%</b>  | <b>197.9</b> | <b>399.7</b>   | <b>102.0%</b> |
| Reversion of Interest on Equity                             | -            | -            | -            | N.A.          | N.A.         | 267.8        | 267.2          | -0.2%         |
| <b>NET INCOME</b>   | <b>150.3</b> | <b>254.4</b> | <b>164.1</b> | <b>-35.5%</b> | <b>9.2%</b>  | <b>465.6</b> | <b>666.9</b>   | <b>43.2%</b>  |
| Net Income/shares - R\$                                     | 0.4147       | 0.7019       | 0.4527       | -35.5%        | 9.2%         | 1.2846       | 1.8397         | 43.2%         |
| Net Income/ADR - US\$                                       | 1.1275       | 2.2047       | 1.1825       | -46.4%        | 4.9%         | 3.4928       | 4.8051         | 37.6%         |

**Consolidated Costs and Expenses Brasil Telecom Participações S.A.**

| R\$ Million                                    | 3Q07             | 2Q08             | 3Q08             | Δ<br>Quarter  | Δ 12<br>Months | 9M07             | 9M08             | Δ Year        |
|--|------------------|------------------|------------------|---------------|----------------|------------------|------------------|---------------|
| <b>GROSS REVENUES</b>                          | <b>3,997.3</b>   | <b>4,179.1</b>   | <b>4,326.0</b>   | <b>3.5%</b>   | <b>8.2%</b>    | <b>11,867.2</b>  | <b>12,541.2</b>  | <b>5.7%</b>   |
| Deductions                                     | (1,249.0)        | (1,355.8)        | (1,484.4)        | 9.5%          | 18.8%          | (3,684.7)        | (4,114.3)        | 11.7%         |
| <b>NET REVENUES</b>                            | <b>2,748.3</b>   | <b>2,823.3</b>   | <b>2,841.6</b>   | <b>0.6%</b>   | <b>3.4%</b>    | <b>8,182.5</b>   | <b>8,426.9</b>   | <b>3.0%</b>   |
| <b>Costs</b>                                   | <b>(1,542.3)</b> | <b>(1,545.6)</b> | <b>(1,520.1)</b> | <b>-1.7%</b>  | <b>-1.4%</b>   | <b>(4,755.5)</b> | <b>(4,621.5)</b> | <b>-2.8%</b>  |
| Personnel                                      | (41.7)           | (89.7)           | (86.6)           | -3.4%         | 108.0%         | (123.6)          | (269.4)          | 118.0%        |
| Materials                                      | (75.2)           | (78.2)           | (65.1)           | -16.7%        | -13.4%         | (234.2)          | (206.6)          | -11.8%        |
| Subcontracted Services                         | (789.1)          | (796.7)          | (806.0)          | 1.2%          | 2.1%           | (2,406.4)        | (2,404.7)        | -0.1%         |
| Interconnection                                | (558.0)          | (554.8)          | (559.9)          | 0.9%          | 0.3%           | (1,705.0)        | (1,678.4)        | -1.6%         |
| Other  | (231.1)          | (241.9)          | (246.1)          | 1.8%          | 6.5%           | (701.4)          | (726.3)          | 3.6%          |
| Depreciation and<br>Amortization               | (493.9)          | (428.9)          | (407.7)          | -4.9%         | -17.4%         | (1,556.2)        | (1,281.0)        | -17.7%        |
| Other  | (142.5)          | (152.3)          | (154.6)          | 1.5%          | 8.5%           | (435.1)          | (459.7)          | 5.7%          |
| <b>GROSS PROFIT</b>                            | <b>1,205.9</b>   | <b>1,277.7</b>   | <b>1,321.5</b>   | <b>3.4%</b>   | <b>9.6%</b>    | <b>3,427.0</b>   | <b>3,805.4</b>   | <b>11.0%</b>  |
| <b>Sales Expenses</b>                          | <b>(284.9)</b>   | <b>(228.0)</b>   | <b>(246.5)</b>   | <b>8.1%</b>   | <b>-13.5%</b>  | <b>(833.8)</b>   | <b>(719.6)</b>   | <b>-13.7%</b> |
| Personnel                                      | (63.6)           | (63.7)           | (68.0)           | 6.7%          | 6.9%           | (185.4)          | (193.7)          | 4.5%          |
| Materials                                      | (16.7)           | (19.4)           | (22.9)           | 18.3%         | 37.2%          | (34.9)           | (53.6)           | 53.7%         |
| Subcontracted Services                         | (181.0)          | (117.1)          | (132.6)          | 13.3%         | -26.7%         | (535.9)          | (394.3)          | -26.4%        |
| Advertising and Marketing                      | (39.3)           | (40.3)           | (45.5)           | 13.0%         | 15.8%          | (99.7)           | (128.2)          | 28.6%         |
| Other  | (141.7)          | (76.8)           | (87.1)           | 13.4%         | -38.5%         | (436.2)          | (266.1)          | -39.0%        |
| Depreciation and<br>Amortization               | (4.8)            | (4.7)            | (4.7)            | -0.7%         | -2.2%          | (14.3)           | (14.0)           | -2.0%         |
| Other  | (18.9)           | (23.1)           | (18.3)           | -20.6%        | -2.8%          | (63.4)           | (64.1)           | 1.1%          |
| <b>General and Administrative<br/>Expenses</b> | <b>(204.7)</b>   | <b>(250.9)</b>   | <b>(211.8)</b>   | <b>-15.6%</b> | <b>3.5%</b>    | <b>(615.7)</b>   | <b>(689.6)</b>   | <b>12.0%</b>  |
| Personnel                                      | (48.3)           | (58.6)           | (56.4)           | -3.8%         | 16.7%          | (140.0)          | (169.0)          | 20.7%         |
| Materials                                      | (0.6)            | (0.9)            | (0.6)            | -34.1%        | 2.3%           | (1.7)            | (2.0)            | 13.1%         |
| Subcontracted Services                         | (145.7)          | (179.8)          | (144.8)          | -19.5%        | -0.6%          | (443.7)          | (484.8)          | 9.3%          |
| Depreciation and<br>Amortization               | (5.6)            | (7.1)            | (5.8)            | -17.7%        | 3.9%           | (18.3)           | (20.1)           | 10.2%         |
| Other  | (4.5)            | (4.6)            | (4.2)            | -6.9%         | -6.5%          | (12.0)           | (13.8)           | 15.1%         |
| <b>Information Technology</b>                  | <b>(130.6)</b>   | <b>(119.5)</b>   | <b>(121.6)</b>   | <b>1.8%</b>   | <b>-6.9%</b>   | <b>(374.6)</b>   | <b>(369.7)</b>   | <b>-1.3%</b>  |
| Personnel                                      | (5.9)            | (7.0)            | (7.0)            | -0.1%         | 19.3%          | (17.8)           | (21.6)           | 20.9%         |
| Materials                                      | (0.4)            | (0.3)            | (0.3)            | -17.2%        | -34.2%         | (1.0)            | (0.8)            | -21.3%        |
| Subcontracted Services                         | (39.7)           | (35.9)           | (40.4)           | 12.5%         | 1.6%           | (103.8)          | (116.6)          | 12.3%         |
| Other  | (75.7)           | (67.5)           | (63.8)           | -5.5%         | -15.7%         | (228.3)          | (202.0)          | -11.5%        |

|  |                  |                  |                  |                 |                    |                  |                  |               |
|--|------------------|------------------|------------------|-----------------|--------------------|------------------|------------------|---------------|
| Depreciation and Amortization                  |                  |                  |                  |                 |                    |                  |                  |               |
| Other  | (8.9)            | (8.8)            | (10.2)           | 16.7%           | 15.0%              | (23.6)           | (28.7)           | 21.5%         |
| <b>Provisions and Losses</b>                   | <b>(211.0)</b>   | <b>(238.0)</b>   | <b>(274.0)</b>   | <b>15.1%</b>    | <b>29.9%</b>       | <b>(700.9)</b>   | <b>(791.0)</b>   | <b>12.9%</b>  |
| Doubtful Accounts                              | (56.0)           | (96.5)           | (97.9)           | 1.4%            | 74.7%              | (264.2)          | (314.2)          | 18.9%         |
| Contingencies                                  | (154.9)          | (141.5)          | (176.1)          | 24.5%           | 13.7%              | (436.7)          | (476.8)          | 9.2%          |
| <b>Other Operating Revenues (Exp.)</b>         | <b>(12.8)</b>    | <b>160.3</b>     | <b>(20.6)</b>    | <b>N.A.</b>     | <b>61.2%</b>       | <b>108.0</b>     | <b>177.5</b>     | <b>64.3%</b>  |
| Goodwill Amortization                          | (28.2)           | (22.1)           | (23.6)           | 6.7%            | -16.2%             | (67.8)           | (65.2)           | -3.9%         |
| Other  | 15.4             | 182.4            | 3.0              | -98.4%          | -80.7%             | 175.8            | 242.7            | 38.0%         |
| <b>EARNINGS BEFORE FINANCIAL RESULT (EBIT)</b> | <b>362.0</b>     | <b>601.7</b>     | <b>446.9</b>     | <b>-25.7%</b>   | <b>23.5%</b>       | <b>1,009.9</b>   | <b>1,412.9</b>   | <b>39.9%</b>  |
| <b>R\$ Million</b>                             | <b>3Q07</b>      | <b>2Q08</b>      | <b>3Q08</b>      | <b>ΔQuarter</b> | <b>Δ 12 Months</b> | <b>9M07</b>      | <b>9M08</b>      | <b>Δ Year</b> |
| <b>OPERATING COSTS AND EXPENSES</b>            | <b>(1,778.2)</b> | <b>(1,691.4)</b> | <b>(1,889.1)</b> | <b>11.7%</b>    | <b>6.2%</b>        | <b>(5,287.8)</b> | <b>(5,431.7)</b> | <b>2.7%</b>   |
| Personnel                                      | (159.4)          | (219.0)          | (218.0)          | -0.5%           | 36.7%              | (466.9)          | (653.7)          | 40.0%         |
| Materials                                      | (92.9)           | (98.7)           | (88.9)           | -10.0%          | -4.3%              | (271.9)          | (263.0)          | -3.3%         |
| Subcontracted Services                         | (558.2)          | (534.4)          | (518.4)          | -3.0%           | -7.1%              | (1,685.1)        | (1,593.8)        | -5.4%         |
| Interconnection                                | (558.0)          | (554.8)          | (559.9)          | 0.9%            | 0.3%               | (1,705.0)        | (1,678.4)        | -1.6%         |
| Advertising and Marketing                      | (39.3)           | (40.3)           | (45.5)           | 13.0%           | 15.8%              | (99.7)           | (128.2)          | 28.6%         |
| Provisions and Losses                          | (211.0)          | (238.0)          | (274.0)          | 15.1%           | 29.9%              | (700.9)          | (791.0)          | 12.9%         |
| Other  | (159.4)          | (6.3)            | (184.4)          | N.A.            | 15.7%              | (358.3)          | (323.7)          | -9.7%         |

**Consolidated Balance Sheet** **Brasil Telecom Participações S.A.**

| <b>R\$ Million</b>                     | <b>Sep/07</b>   | <b>Jun/08</b>   | <b>Sep/08</b>   |
|--|-----------------|-----------------|-----------------|
| <b>CURRENT ASSETS</b>                  | <b>7,098.6</b>  | <b>7,339.7</b>  | <b>7,698.2</b>  |
| Cash and Cash Equivalents              | 742.8           | 445.5           | 434.3           |
| Financial Investments                  | 2,502.6         | 2,634.3         | 2,648.9         |
| Accounts Receivables (Net)             | 2,257.6         | 2,249.4         | 2,271.7         |
| Deferred and Recoverable Taxes         | 1,077.3         | 1,264.4         | 1,452.4         |
| Other Recoverable Amounts              | 394.8           | 587.3           | 746.9           |
| Inventory                              | 38.5            | 52.7            | 46.0            |
| Other                                  | 85.0            | 106.1           | 98.0            |
| <b>LONG TERM ASSETS</b>                | <b>2,589.0</b>  | <b>3,626.3</b>  | <b>3,953.4</b>  |
| Loans and Financing                    | 6.4             | 5.8             | 5.5             |
| Deferred and Recoverable Taxes         | 1,637.8         | 1,887.4         | 1,899.9         |
| Other                                  | 944.9           | 1,733.1         | 2,048.1         |
| <b>PERMANENT ASSETS</b>                | <b>7,063.5</b>  | <b>6,887.4</b>  | <b>7,003.9</b>  |
| Investment (Net)                       | 265.1           | 131.4           | 107.9           |
| Property, Plant and Equipment (Net)    | 5,637.2         | 5,246.3         | 5,460.9         |
| Property, Plant and Equipment (Gross)  | 26,526.1        | 27,305.7        | 27,857.2        |
| Accumulated Depreciation               | (20,888.9)      | (22,059.4)      | (22,396.3)      |
| Intangible (Net)                       | 1,053.8         | 1,429.2         | 1,365.1         |
| Property, Plant and Equipment (Gross)  | 2,505.4         | 3,135.6         | 3,160.0         |
| Accumulated Depreciation               | (1,451.6)       | (1,706.4)       | (1,795.0)       |
| Deferred Assets (Net)                  | 107.5           | 80.5            | 70.0            |
| <b>TOTAL ASSETS</b>                    | <b>16,751.1</b> | <b>17,853.4</b> | <b>18,655.4</b> |
| <b>CURRENT LIABILITIES</b>             | <b>4,218.3</b>  | <b>4,671.2</b>  | <b>5,271.3</b>  |
| Loans and Financing                    | 654.4           | 521.4           | 627.9           |
| Suppliers                              | 1,353.8         | 1,409.5         | 1,478.3         |
| Taxes and Contributions                | 1,127.4         | 1,062.1         | 1,331.5         |
| Dividends Payable                      | 348.2           | 338.3           | 347.3           |
| Provisions                             | 187.2           | 311.9           | 351.0           |
| Salaries and Benefits                  | 167.3           | 161.6           | 132.9           |
| Consignment for Third Parties          | 105.9           | 126.9           | 130.7           |
| Authorization for Services Exploration | 74.9            | 522.2           | 567.3           |
| Other                                  | 199.1           | 217.2           | 304.4           |
| <b>LONG TERM LIABILITIES</b>           | <b>5,039.0</b>  | <b>5,613.6</b>  | <b>5,585.6</b>  |
| Loans and Financing                    | 3,354.4         | 3,715.1         | 3,637.7         |

|  |                 |                 |                 |
|--|-----------------|-----------------|-----------------|
| Provisions                             | 1,221.2         | 1,296.5         | 1,287.5         |
| Taxes and Contributions                | 127.1           | 249.5           | 298.5           |
| Authorization for Services Exploration | 231.1           | 184.6           | 189.6           |
| Other                                  | 105.1           | 167.9           | 172.3           |
| <b>DEFERRED INCOME</b>                 | -               | -               | -               |
| <b>MINORITY INTEREST</b>               | <b>1,924.4</b>  | <b>1,963.4</b>  | <b>2,029.1</b>  |
| <b>SHAREHOLDERS' EQUITY</b>            | <b>5,569.6</b>  | <b>5,605.3</b>  | <b>5,769.4</b>  |
| Capital Stock                          | 2,596.3         | 2,596.3         | 2,596.3         |
| Capital Reserves                       | 309.2           | 309.2           | 309.2           |
| Profit Reserves                        | 306.3           | 266.0           | 266.0           |
| Retained Earnings                      | 2,378.6         | 2,454.7         | 2,618.8         |
| Treasury Shares                        | (20.8)          | (20.8)          | (20.8)          |
| <b>TOTAL LIABILITIES</b>               | <b>16,751.1</b> | <b>17,853.4</b> | <b>18,655.4</b> |

\* In compliance with CVM Deliberation 488 and 489 the line of Intangible Permanent Asset was created



**Balance Sheet Holding Brasil Telecom Participações S.A.**

| <b>R\$ Million</b>                        | <b>Sep/07</b>  | <b>Jun/08</b>  | <b>Sep/08</b>  |
|---|----------------|----------------|----------------|
| <b>CURRENT ASSETS</b>                     | <b>1,677.9</b> | <b>1,595.8</b> | <b>1,627.9</b> |
| Cash and Cash Equivalents                 | 133.9          | 51.7           | 37.5           |
| Financial Investments                     | 1,302.1        | 1,325.7        | 1,375.4        |
| Deferred Taxes                            | 92.2           | 67.7           | 66.1           |
| Other Recoverable Amounts                 | 1.2            | 5.0            | 5.3            |
| Dividends / Interest on Equity Receivable | 140.1          | 140.1          | 140.1          |
| Other                                     | 8.4            | 5.6            | 3.5            |
| <b>LONG TERM ASSETS</b>                   | <b>244.5</b>   | <b>301.8</b>   | <b>311.9</b>   |
| Deferred and Recoverable Taxes            | 237.2          | 296.0          | 306.3          |
| Other                                     | 7.3            | 5.8            | 5.6            |
| <b>PERMANENT ASSETS</b>                   | <b>3,985.1</b> | <b>4,040.5</b> | <b>4,170.8</b> |
| Investment (Net)                          | 3,984.2        | 4,039.8        | 4,170.2        |
| Property, Plant and Equipment (Net)       | 0.8            | 0.7            | 0.6            |
| Property, Plant and Equipment (Gross)     | 52.5           | 52.5           | 52.5           |
| Accumulated Depreciation                  | (51.6)         | (51.8)         | (51.9)         |
| Intangible (Net)                          | 0.0            | 0.0            | 0.0            |
| Property, Plant and Equipment (Gross)     | 3.9            | 3.9            | 3.9            |
| Accumulated Depreciation                  | (3.9)          | (3.9)          | (3.9)          |
| <b>TOTAL ASSETS</b>                       | <b>5,907.4</b> | <b>5,938.1</b> | <b>6,110.6</b> |
| <b>CURRENT LIABILITIES</b>                | <b>329.5</b>   | <b>323.6</b>   | <b>331.3</b>   |
| Suppliers                                 | 0.4            | 0.5            | 0.2            |
| Taxes and Contributions                   | 33.6           | 39.7           | 41.8           |
| Dividends Payable                         | 219.8          | 208.0          | 213.8          |
| Consignment for Third Parties             | 0.1            | 0.1            | 0.1            |
| Other                                     | 75.6           | 75.3           | 75.5           |
| <b>LONG TERM LIABILITIES</b>              | <b>8.3</b>     | <b>9.2</b>     | <b>9.9</b>     |
| Taxes and Contributions                   | 3.7            | 5.4            | 6.1            |
| Other                                     | 4.6            | 3.8            | 3.7            |
| <b>SHAREHOLDERS' EQUITY</b>               | <b>5,569.6</b> | <b>5,605.3</b> | <b>5,769.4</b> |
| Capital Stock                             | 2,596.3        | 2,596.3        | 2,596.3        |
| Capital Reserves                          | 309.2          | 309.2          | 309.2          |
| Profit Reserves                           | 306.3          | 266.0          | 266.0          |
| Retained Earnings                         | 2,378.6        | 2,454.7        | 2,618.8        |

|                          |                |                |                |
|--------------------------|----------------|----------------|----------------|
| Treasury Shares          | (20.8)         | (20.8)         | (20.8)         |
| <b>TOTAL LIABILITIES</b> | <b>5,907.4</b> | <b>5,938.1</b> | <b>6,110.6</b> |

\* In compliance with CVM Deliberation 488 and 489 the line of Intangible Permanent Asset was created

**Consolidated Cash Flow Brasil Telecom Participações S.A.**

| R\$ Million   | 3Q07           | 2Q08           | 3Q08           | Δ<br>Quarter  | Δ 12<br>Months | 9M07           | 9M08           | Δ Year       |
|---|----------------|----------------|----------------|---------------|----------------|----------------|----------------|--------------|
| <b>OPERATING ACTIVITIES</b>                                     |                |                |                |               |                |                |                |              |
| <b>(+) Earnings Before Income And Social Contribution Taxes</b> | <b>346.1</b>   | <b>573.8</b>   | <b>388.9</b>   | <b>-32.2%</b> | <b>12.4%</b>   | <b>918.1</b>   | <b>1,368.4</b> | <b>49.1%</b> |
| <b>(+) Items with no Cash Effects</b>                           | <b>918.5</b>   | <b>855.3</b>   | <b>997.5</b>   | <b>0.2</b>    | <b>8.6%</b>    | <b>2,828.7</b> | <b>2,673.5</b> | <b>(0.1)</b> |
| Depreciation and Amortization                                   | 608.1          | 530.2          | 505.6          | -5%           | -16.8%         | 1,884.9        | 1,582.2        | -16%         |
| Losses with Accounts Receivables                                | 56.0           | 96.5           | 97.9           | 1.4%          | 74.7%          | 264.2          | 314.2          | 18.9%        |
| Provision for Contingencies                                     | 154.9          | 141.5          | 176.1          | 24.5%         | 13.7%          | 436.7          | 476.8          | 9.2%         |
| Provision for Pension Funds                                     | 27.8           | 0.3            | 52.9           | N.A.          | 90.1%          | 12.3           | 85.8           | N.A.         |
| Deferred Taxes  | (21.5)         | (2.2)          | (16.8)         | N.A.          | -21.9%         | (82.4)         | (145.9)        | 77.0%        |
| Results from the Write-off of Permanent Assets                  | (2.0)          | (25.9)         | (16.0)         | -38.0%        | N.A.           | (2.4)          | (56.3)         | N.A.         |
| Gains/Losses in Investments                                     | 1.0            | 43.9           | (0.0)          | N.A.          | N.A.           | 1.0            | 43.4           | N.A.         |
| Provisioned Financial Expenses                                  | 94.1           | 71.0           | 197.9          | 178.6%        | 110.3%         | 314.5          | 373.2          | 18.7%        |
| <b>(-) Equity Changes</b>                                       | <b>21.4</b>    | <b>(208.2)</b> | <b>31.6</b>    | <b>N.A.</b>   | <b>48.1%</b>   | <b>(508.3)</b> | <b>(589.5)</b> | <b>16.0%</b> |
| Clients' Accounts Receivable                                    | (169.4)        | (124.7)        | (120.2)        | -3.6%         | -29.0%         | (394.2)        | (396.2)        | 0.5%         |
| Inventories   | (1.9)          | (14.9)         | 6.7            | N.A.          | N.A.           | 25.6           | (13.3)         | N.A.         |
| Personnel, Charges and Social Benefits                          | 17.0           | 17.7           | 19.7           | 11.3%         | 15.7%          | 28.6           | 42.9           | 50.1%        |
| Accounts Payable and Provisioned Expenses                       | (22.9)         | (96.1)         | 54.0           | N.A.          | N.A.           | 49.0           | (1.0)          | N.A.         |
| Taxes   | 150.6          | (35.2)         | 147.6          | N.A.          | -2.0%          | 178.3          | 57.6           | -67.7%       |
| Authorization for Services Exploration                          | 12.5           | 23.3           | 23.8           | 1.9%          | 89.7%          | (49.3)         | 76.9           | N.A.         |
| Provision for Contingencies                                     | (130.2)        | (69.2)         | (185.4)        | 168.1%        | 42.4%          | (336.2)        | (310.3)        | -7.7%        |
| Provision for Pension Funds                                     | 15.4           | 22.9           | 22.8           | -0.4%         | 48.1%          | (67.2)         | (32.2)         | -52.1%       |
| Other Assets and Liabilities' Accounts                          | 150.3          | 67.9           | 62.8           | -7.5%         | -58.2%         | 57.1           | (13.9)         | N.A.         |
| <b>Cash from Operating Activities</b>                           | <b>1,286.0</b> | <b>1,220.9</b> | <b>1,418.0</b> | <b>16.1%</b>  | <b>10.3%</b>   | <b>3,238.4</b> | <b>3,452.5</b> | <b>6.6%</b>  |
| Financial Expenses Paid   | (144.4)        | (116.2)        | (140.6)        | 21.0%         | -2.6%          | (465.6)        | (394.1)        | -15.3%       |
| Income and Social Contribution Taxes Paid                       | (92.3)         | (205.6)        | (170.3)        | -17.2%        | 84.5%          | (209.4)        | (493.4)        | 135.6%       |
| <b>(=) Net Cash Flow from Operating Activities</b>              | <b>1,049.2</b> | <b>899.1</b>   | <b>1,107.1</b> | <b>23.1%</b>  | <b>5.5%</b>    | <b>2,563.4</b> | <b>2,564.9</b> | <b>0.1%</b>  |
| <b>INVESTMENT ACTIVITIES</b>                                    |                |                |                |               |                |                |                |              |
| Financial Investments   | 260.3          | 863.4          | (15.0)         | N.A.          | N.A.           | 1,138.0        | 513.8          | -54.9%       |
|   | 0.1            | 52.3           | 0.4            | -99.2%        | 268.6%         | 2.3            | 77.6           | N.A.         |

|   |                |              |                  |             |               |                |                  |               |
|---|----------------|--------------|------------------|-------------|---------------|----------------|------------------|---------------|
| Funds from Sales of Permanent Assets            |                |              |                  |             |               |                |                  |               |
| Court Deposits                                  | (348.6)        | (479.2)      | (492.4)          | 2.7%        | 41.2%         | (705.0)        | (1,300.4)        | 84.4%         |
| Investments in Permanent Assets                 | (247.6)        | (292.6)      | (577.6)          | 97.4%       | 133.3%        | (953.0)        | (1,175.6)        | 23.4%         |
| <b>(=) Cash Flow from Investment Activities</b> | <b>(335.8)</b> | <b>143.9</b> | <b>(1,084.6)</b> | <b>N.A.</b> | <b>223.0%</b> | <b>(517.6)</b> | <b>(1,884.6)</b> | <b>264.1%</b> |

**FINANCING ACTIVITIES**

|  |                |                |               |               |               |                  |                |               |
|--|----------------|----------------|---------------|---------------|---------------|------------------|----------------|---------------|
| Dividends/Interests on Equity paid in the Period | (0.8)          | (860.0)        | 1.2           | N.A.          | N.A.          | (492.7)          | (859.6)        | 74.5%         |
| Loans and Financing                              | (243.8)        | (62.6)         | (28.2)        | -55.0%        | -88.4%        | (1,215.1)        | (96.3)         | -92.1%        |
| Loans Obtained                                   | 0.1            | -              | 75.0          | N.A.          | N.A.          | 0.1              | 175.0          | N.A.          |
| Loans Paid                                       | (243.9)        | (62.6)         | (103.2)       | 64.8%         | -57.7%        | (1,215.2)        | (271.3)        | -77.7%        |
| Payment of Lease Obligations                     | (6.3)          | (7.7)          | (6.8)         | -12.6%        | 7.7%          | (18.0)           | (20.1)         | 11.8%         |
| <b>(=) Cash Flow from Financing Activities</b>   | <b>(250.9)</b> | <b>(930.4)</b> | <b>(33.7)</b> | <b>-96.4%</b> | <b>-86.6%</b> | <b>(1,725.8)</b> | <b>(976.1)</b> | <b>-43.4%</b> |

**CASH FLOW OF THE PERIOD**

|  |              |              |               |             |             |              |                |             |
|--|--------------|--------------|---------------|-------------|-------------|--------------|----------------|-------------|
|  | <b>462.5</b> | <b>112.6</b> | <b>(11.2)</b> | <b>N.A.</b> | <b>N.A.</b> | <b>320.0</b> | <b>(295.7)</b> | <b>N.A.</b> |
|--|--------------|--------------|---------------|-------------|-------------|--------------|----------------|-------------|

**CASH AND CASH EQUIVALENTS**

|                  |              |              |               |             |             |              |                |             |
|------------------|--------------|--------------|---------------|-------------|-------------|--------------|----------------|-------------|
| Current Balance  | 742.8        | 445.5        | 434.3         | -2.5%       | -41.5%      | 742.8        | 434.3          | -41.5%      |
| Previous Balance | 280.3        | 332.9        | 445.5         | 33.8%       | 58.9%       | 422.7        | 730.0          | 72.7%       |
| <b>Variation</b> | <b>462.5</b> | <b>112.6</b> | <b>(11.2)</b> | <b>N.A.</b> | <b>N.A.</b> | <b>320.0</b> | <b>(295.7)</b> | <b>N.A.</b> |

**SUPPLEMENTARY INFORMATION TO THE CASH FLOW**

|  |       |         |        |        |      |       |         |      |
|--|-------|---------|--------|--------|------|-------|---------|------|
| Economic and Financial Investment Variation (Property, Plant and Equipment; Intangible; Deferred Assets) | 109.7 | (519.7) | (30.5) | -94.1% | N.A. | 359.7 | (404.7) | N.A. |
|--|-------|---------|--------|--------|------|-------|---------|------|

**Consolidated Income Statement Brasil Telecom S.A.**

| R\$ Million  | 3Q07             | 2Q08             | 3Q08             | Δ<br>Quarter     | Δ 12<br>Months   | 9M07             | 9M08             | Δ Year       |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------|
| <b>GROSS REVENUES</b>                              | <b>3,997.3</b>   | <b>4,179.1</b>   | <b>4,326.0</b>   | <b>3.5%</b>      | <b>8.2%</b>      | <b>11,867.2</b>  | <b>12,541.2</b>  | <b>5.7%</b>  |
| <b>FIXED TELEPHONY</b>                             | <b>2,752.7</b>   | <b>2,753.7</b>   | <b>2,800.8</b>   | <b>1.7%</b>      | <b>1.7%</b>      | <b>8,352.5</b>   | <b>8,333.5</b>   | <b>-0.2%</b> |
|  | 5                |                  |                  |                  |                  |                  |                  |              |
| Local Service                                      | 1,624.5          | 1,613.6          | 1,654.9          | 2.6%             | 1.9%             | 4,907.0          | 4,857.3          | -1.0%        |
| Public Telephony                                   | 6 138.8          | 120.4            | 106.2            | -11.8%           | -23.5%           | 408.2            | 360.6            | -11.7%       |
| Long Distance Service                              | 7 720.0          | 713.0            | 712.7            | 0.0%             | -1.0%            | 2,203.9          | 2,189.2          | -0.7%        |
| Interconnection                                    | 8 82.5           | 92.2             | 101.4            | 9.9%             | 22.8%            | 249.9            | 275.0            | 10.0%        |
| Lease of Means                                     | 9 86.6           | 105.0            | 112.4            | 7.1%             | 29.7%            | 262.4            | 321.0            | 22.3%        |
| Supplementary and Value<br>Added Services          | 92.4             | 101.6            | 106.0            | 4.3%             | 14.6%            | 294.6            | 307.1            | 4.2%         |
| Other  | 7.8              | 8.0              | 7.4              | -7.4%            | -5.2%            | 26.4             | 23.3             | -11.8%       |
| <b>MOBILE TELEPHONY</b>                            | <b>539.6</b>     | <b>526.0</b>     | <b>540.4</b>     | <b>2.7%</b>      | <b>0.1%</b>      | <b>1,480.8</b>   | <b>1,532.5</b>   | <b>3.5%</b>  |
| Services   | 478.8            | 466.8            | 481.9            | 3.2%             | 0.6%             | 1,285.1          | 1,375.2          | 7.0%         |
| Merchandise Sales (Handsets<br>and Accessories)    | 60.8             | 59.2             | 58.5             | -1.2%            | -3.8%            | 195.7            | 157.3            | -19.6%       |
| <b>DATA COMMUNICATIONS</b>                         | <b>704.9</b>     | <b>899.4</b>     | <b>984.8</b>     | <b>9.5%</b>      | <b>39.7%</b>     | <b>2,033.9</b>   | <b>2,675.2</b>   | <b>31.5%</b> |
| Deductions   | (1,249.0)        | (1,355.8)        | (1,484.4)        | 9.5%             | 18.8%            | (3,684.7)        | (4,114.3)        | 11.7%        |
| <b>NET REVENUES</b>                                | <b>2,748.3</b>   | <b>2,823.3</b>   | <b>2,841.6</b>   | <b>0.6%</b>      | <b>3.4%</b>      | <b>8,182.5</b>   | <b>8,426.9</b>   | <b>3.0%</b>  |
| <b>OPERATING COSTS AND<br/>EXPENSES</b>            | <b>(1,773.6)</b> | <b>(1,693.4)</b> | <b>(1,885.2)</b> | <b>11.3%</b>     | <b>6.3%</b>      | <b>(5,276.1)</b> | <b>(5,424.6)</b> | <b>2.8%</b>  |
| Personnel  | (158.1)          | (217.8)          | (216.7)          | -0.5%            | 37.1%            | (463.4)          | (650.1)          | 40.3%        |
| Materials  | (92.9)           | (98.7)           | (88.9)           | -10.0%           | -4.3%            | (271.9)          | (263.0)          | -3.3%        |
| Subcontracted Services                             | (556.5)          | (533.0)          | (518.0)          | -2.8%            | -6.9%            | (1,680.8)        | (1,590.2)        | -5.4%        |
| Interconnection                                    | (558.0)          | (554.8)          | (559.9)          | 0.9%             | 0.3%             | (1,705.0)        | (1,678.4)        | -1.6%        |
| Advertising and Marketing                          | (39.3)           | (40.3)           | (45.5)           | 13.0%            | 15.8%            | (99.7)           | (128.2)          | 28.6%        |
| Provisions and Losses                              | (210.8)          | (239.4)          | (273.9)          | 14.4%            | 29.9%            | (700.5)          | (792.2)          | 13.1%        |
| Other  | (158.0)          | (9.4)            | (182.3)          | N.A.             | 15.4%            | (354.8)          | (322.5)          | -9.1%        |
| <b>EBITDA</b>                                      | <b>974.6</b>     | <b>1,129.9</b>   | <b>956.4</b>     | <b>-15.4%</b>    | <b>-1.9%</b>     | <b>2,906.4</b>   | <b>3,002.3</b>   | <b>3.3%</b>  |
| <b>EBITDA Margin</b>                               | <b>35.5%</b>     | <b>40.0%</b>     | <b>33.7%</b>     | <b>-0.2 p.p.</b> | <b>-0.1 p.p.</b> | <b>35.5%</b>     | <b>35.6%</b>     | <b>0.3%</b>  |
| Depreciation and Amortization                      | (606.4)          | (528.6)          | (503.9)          | -4.7%            | -16.9%           | (1,880.5)        | (1,577.2)        | -16.1%       |
| <b>EARNINGS BEFORE<br/>FINANCIAL RESULT (EBIT)</b> | <b>368.2</b>     | <b>601.3</b>     | <b>452.5</b>     | <b>-24.8%</b>    | <b>22.9%</b>     | <b>1,025.8</b>   | <b>1,425.1</b>   | <b>38.9%</b> |
| Financial Result                                   | (61.2)           | (61.8)           | (108.5)          | 75.5%            | 77.3%            | (468.0)          | (417.6)          | -10.8%       |
| Financial Revenues                                 | 100.5            | 126.1            | 151.4            | 20.1%            | 50.8%            | 303.1            | 452.8            | 49.4%        |
| Financial Expenses                                 | (161.7)          | (188.0)          | (260.0)          | 38.3%            | 60.8%            | (526.1)          | (625.4)          | 18.9%        |
| Interest on Equity                                 | -                | -                | -                | N.A.             | N.A.             | (245.0)          | (245.0)          | 0.0%         |

|   |              |              |              |               |              |              |                |              |
|---|--------------|--------------|--------------|---------------|--------------|--------------|----------------|--------------|
| <b>EARNINGS AFTER FINANCIAL RESULT</b>                      | <b>307.0</b> | <b>539.5</b> | <b>344.0</b> | <b>-36.2%</b> | <b>12.0%</b> | <b>557.8</b> | <b>1,007.6</b> | <b>80.6%</b> |
| Non-Operating Revenues (Expenses)                           | 3.6          | (31.8)       | 1.9          | N.A.          | -46.2%       | 9.2          | (27.2)         | N.A.         |
| Goodwill Amortization                                       | -            | -            | -            | N.A.          | N.A.         | (0.1)        | -              | N.A.         |
| Other   | 3.6          | (31.8)       | 1.9          | N.A.          | -46.2%       | 9.3          | (27.2)         | N.A.         |
| <b>EARNINGS BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES</b> | <b>310.6</b> | <b>507.7</b> | <b>345.9</b> | <b>-31.9%</b> | <b>11.4%</b> | <b>567.0</b> | <b>980.4</b>   | <b>72.9%</b> |
| Income and Social Contribution Taxes                        | (115.9)      | (186.3)      | (148.1)      | -20.5%        | 27.8%        | (227.4)      | (385.7)        | 69.6%        |
| <b>EARNINGS BEFORE PROFIT SHARING</b>                       | <b>194.7</b> | <b>321.4</b> | <b>197.7</b> | <b>-38.5%</b> | <b>1.6%</b>  | <b>339.6</b> | <b>594.7</b>   | <b>75.1%</b> |
| Minority Interest   | 1.1          | (0.1)        | 1.0          | N.A.          | -11.2%       | 1.3          | 1.7            | 31.4%        |
| <b>EARNINGS BEFORE REVERSION OF INTEREST ON EQUITY</b>      | <b>195.7</b> | <b>321.3</b> | <b>198.7</b> | <b>-38.1%</b> | <b>1.5%</b>  | <b>340.9</b> | <b>596.3</b>   | <b>75.0%</b> |
| Reversion of Interest on Equity                             | -            | -            | -            | N.A.          | N.A.         | 245.0        | 245.0          | 0.0%         |
| <b>NET INCOME</b>   | <b>195.7</b> | <b>321.3</b> | <b>198.7</b> | <b>-38.1%</b> | <b>1.5%</b>  | <b>585.9</b> | <b>841.3</b>   | <b>43.6%</b> |
| Net Income/shares - R\$                                     | 0.3577       | 0.5869       | 0.3629       | -38.2%        | 1.5%         | 1.0705       | 1.5367         | 43.6%        |
| Net Income/ADR - US\$                                       | 0.5835       | 1.1061       | 0.5688       | -48.6%        | -2.5%        | 1.7464       | 2.4083         | 37.9%        |

**Consolidated Balance Sheet** Brasil Telecom S.A.

| <b>R\$ Million</b>                     | <b>Sep/07</b>   | <b>Jun/08</b>   | <b>Sep/08</b>   |
|--|-----------------|-----------------|-----------------|
| <b>CURRENT ASSETS</b>                  | <b>5,561.8</b>  | <b>5,889.2</b>  | <b>6,216.2</b>  |
| Cash and Cash Equivalents              | 608.8           | 393.8           | 396.8           |
| Financial Investments                  | 1,200.5         | 1,308.6         | 1,273.5         |
| Accounts Receivables (Net)             | 2,257.6         | 2,249.4         | 2,271.7         |
| Deferred and Recoverable Taxes         | 985.1           | 1,196.7         | 1,386.2         |
| Other Recoverable Amounts              | 394.6           | 587.5           | 747.4           |
| Inventory                              | 38.5            | 52.7            | 46.0            |
| Other                                  | 76.6            | 100.5           | 94.5            |
| <b>LONG TERM ASSETS</b>                | <b>2,344.6</b>  | <b>3,324.5</b>  | <b>3,641.6</b>  |
| Loans and Financing                    | 6.4             | 5.8             | 5.5             |
| Deferred and Recoverable Taxes         | 1,400.6         | 1,591.4         | 1,593.6         |
| Other                                  | 937.6           | 1,727.3         | 2,042.5         |
| <b>PERMANENT ASSETS</b>                | <b>7,040.4</b>  | <b>6,877.6</b>  | <b>6,995.6</b>  |
| Investment (Net)                       | 242.8           | 122.3           | 100.3           |
| Property, Plant and Equipment (Net)    | 5,636.4         | 5,245.7         | 5,460.3         |
| Property, Plant and Equipment (Gross)  | 26,473.7        | 27,253.3        | 27,804.7        |
| Accumulated Depreciation               | (20,837.3)      | (22,007.6)      | (22,344.4)      |
| Intangible (Net)                       | 1,053.8         | 1,429.2         | 1,365.1         |
| Property, Plant and Equipment (Gross)  | 2,501.5         | 3,131.7         | 3,156.1         |
| Accumulated Depreciation               | (1,447.7)       | (1,702.6)       | (1,791.1)       |
| Deferred Assets (Net)                  | 107.5           | 80.5            | 70.0            |
| <b>TOTAL ASSETS</b>                    | <b>14,946.8</b> | <b>16,091.3</b> | <b>16,853.4</b> |
| <b>CURRENT LIABILITIES</b>             | <b>4,029.9</b>  | <b>4,492.9</b>  | <b>5,086.0</b>  |
| Loans and Financing                    | 654.4           | 521.4           | 627.9           |
| Suppliers                              | 1,353.5         | 1,409.0         | 1,478.1         |
| Taxes and Contributions                | 1,093.8         | 1,022.4         | 1,289.7         |
| Dividends Payable                      | 268.4           | 270.4           | 273.6           |
| Provisions                             | 187.2           | 311.9           | 351.0           |
| Salaries and Benefits                  | 167.2           | 161.6           | 203.1           |
| Consignment for Third Parties          | 105.8           | 126.9           | 130.6           |
| Authorization for Services Exploration | 74.9            | 522.2           | 567.3           |
| Other                                  | 124.4           | 147.1           | 164.6           |
| <b>LONG TERM LIABILITIES</b>           | <b>5,030.6</b>  | <b>5,604.4</b>  | <b>5,575.7</b>  |
| Loans and Financing                    | 3,354.4         | 3,715.1         | 3,637.7         |

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|  |                 |                 |                 |
|--|-----------------|-----------------|-----------------|
| Provisions                             | 1,216.5         | 1,292.7         | 1,283.7         |
| Taxes and Contributions                | 123.4           | 244.1           | 292.4           |
| Authorization for Services Exploration | 231.1           | 184.6           | 189.6           |
| Other                                  | 105.1           | 167.9           | 172.3           |
| <b>DEFERRED INCOME</b>                 | -               | -               | -               |
| <b>MINORITY INTEREST</b>               | <b>9.4</b>      | <b>(2.7)</b>    | <b>(4.4)</b>    |
| <b>SHAREHOLDERS' EQUITY</b>            | <b>5,876.9</b>  | <b>5,996.8</b>  | <b>6,196.1</b>  |
| Capital Stock                          | 3,470.8         | 3,470.8         | 3,470.8         |
| Capital Reserves                       | 1,482.6         | 1,483.5         | 1,483.5         |
| Profit Reserves                        | 309.3           | 349.2           | 349.2           |
| Retained Earnings                      | 768.9           | 846.2           | 1,044.9         |
| Treasury Shares                        | (154.7)         | (152.9)         | (152.2)         |
| <b>TOTAL LIABILITIES</b>               | <b>14,946.8</b> | <b>16,091.3</b> | <b>16,853.4</b> |

\* In compliance with CVM Deliberation 488 and 489 the line of Intangible Permanent Asset was created



**Cash Flow Brasil Telecom S.A.**

| <b>R\$ Million</b>  | <b>3Q07</b>    | <b>2Q08</b>    | <b>3Q08</b>    | <b>Δ<br/>Quarter</b> | <b>Δ 12<br/>Months</b> | <b>9M07</b>    | <b>9M08</b>    | <b>Δ Year</b> |
|---|----------------|----------------|----------------|----------------------|------------------------|----------------|----------------|---------------|
| <b>OPERATING ACTIVITIES</b>   |                |                |                |                      |                        |                |                |               |
| <b>(+) Earnings Before Inocme<br/>And Social Contribution Taxes</b> | <b>310.6</b>   | <b>507.7</b>   | <b>345.9</b>   | <b>-31.9%</b>        | <b>11.4%</b>           | <b>812.0</b>   | <b>1,225.4</b> | <b>50.9%</b>  |
| <b>(+) Items with no Cash Effects</b>                               | <b>910.6</b>   | <b>849.3</b>   | <b>988.3</b>   | <b>0.2</b>           | <b>8.5%</b>            | <b>2,824.6</b> | <b>2,709.1</b> | <b>-4.1%</b>  |
| Depreciation and Amortization<br>Losses with Accounts               | 606.4          | 528.6          | 503.9          | -5%                  | -16.9%                 | 1,880.7        | 1,577.2        | -16.1%        |
| Receivables   | 56.0           | 96.5           | 97.9           | 1.4%                 | 74.7%                  | 264.2          | 314.2          | 18.9%         |
| Provision for Contingencies   | 154.8          | 142.9          | 176.0          | 23.2%                | 13.7%                  | 436.3          | 478.0          | 9.6%          |
| Provision for Pension Funds   | 27.8           | 0.3            | 52.9           | N.A.                 | 90.1%                  | 12.3           | 85.8           | N.A.          |
| Deferred Taxes  | (27.5)         | (31.5)         | (24.8)         | -21.2%               | -9.8%                  | (82.3)         | (144.4)        | 75.4%         |
| Results from the Write-off of<br>Permanent Assets                   | (1.1)          | 6.5            | (15.5)         | N.A.                 | N.A.                   | (1.0)          | (10.0)         | N.A.          |
| Gains/Losses in Investments   | -              | 35.0           | -              | N.A.                 | N.A.                   | -              | 35.0           | N.A.          |
| Provisioned Financial<br>Expenses                                   | 94.1           | 71.0           | 197.9          | 178.6%               | 110.3%                 | 314.5          | 373.2          | 18.7%         |
| <b>(-) Equity Changes</b>   | <b>(34.7)</b>  | <b>(182.8)</b> | <b>47.0</b>    | <b>N.A.</b>          | <b>N.A.</b>            | <b>(543.0)</b> | <b>(582.2)</b> | <b>7.2%</b>   |
| Clients' Accounts Receivable  | (169.4)        | (124.7)        | (120.2)        | -3.6%                | -29.0%                 | (394.2)        | (396.2)        | 0.5%          |
| Inventories   | (1.9)          | (14.9)         | 6.7            | N.A.                 | N.A.                   | 25.6           | (13.3)         | N.A.          |
| Personnel, Charges and Social<br>Benefits                           | 17.0           | 17.7           | 19.7           | 11.3%                | 15.7%                  | 28.6           | 42.9           | 50.1%         |
| Accounts Payable and<br>Provisioned Expenses                        | (23.0)         | (62.7)         | 54.4           | N.A.                 | N.A.                   | 82.9           | 21.5           | -74.1%        |
| Taxes   | 165.4          | (33.7)         | 170.0          | N.A.                 | 2.8%                   | 188.7          | 47.7           | -74.7%        |
| Authorization for Services<br>Exploration                           | 12.5           | 23.3           | 23.8           | 1.9%                 | 89.7%                  | (49.3)         | 76.9           | N.A.          |
| Provision for Contingencies   | (130.2)        | (69.2)         | (185.4)        | 168.1%               | 42.4%                  | (336.2)        | (310.3)        | -7.7%         |
| Provision for Pension Funds   | 15.4           | 22.9           | 22.8           | -0.4%                | 48.1%                  | (67.2)         | (32.2)         | -52.1%        |
| Other Assets and Liabilities'<br>Accounts                           | 79.5           | 58.4           | 55.5           | -5.1%                | -30.3%                 | (21.9)         | (19.2)         | -12.2%        |
| <b>Cash from Operating Activities</b>                               | <b>1,186.5</b> | <b>1,174.3</b> | <b>1,381.2</b> | <b>17.6%</b>         | <b>16.4%</b>           | <b>3,093.6</b> | <b>3,352.3</b> | <b>8.4%</b>   |
| Financial Expenses Paid   | (144.4)        | (116.2)        | (140.6)        | 21.0%                | -2.6%                  | (465.6)        | (394.1)        | -15.3%        |
| Income and Social Contribution<br>Taxes Paid                        | (92.3)         | (205.6)        | (170.3)        | -17.2%               | 84.5%                  | (209.4)        | (493.4)        | 135.6%        |
| <b>(=) Net Cash Flow from<br/>Operating Activities</b>              | <b>949.7</b>   | <b>852.5</b>   | <b>1,070.2</b> | <b>25.5%</b>         | <b>12.7%</b>           | <b>2,418.6</b> | <b>2,464.7</b> | <b>1.9%</b>   |

**INVESTMENT ACTIVITIES**

|   |                |               |                  |             |               |                |                  |               |
|---|----------------|---------------|------------------|-------------|---------------|----------------|------------------|---------------|
| Financial Investments                           | 292.9          | 705.9         | 34.7             | -95.1%      | -88.2%        | 1,028.9        | 572.2            | -44.4%        |
| Funds from Sales of Permanent Assets            | 0.1            | 14.2          | 0.4              | -96.9%      | 268.6%        | 2.3            | 23.3             | N.A.          |
| Court Deposits                                  | (348.5)        | (461.4)       | (489.5)          | 6.1%        | 40.5%         | (704.8)        | (1,270.9)        | 80.3%         |
| Investments in Permanent Assets                 | (247.6)        | (292.6)       | (577.6)          | 97.4%       | 133.3%        | (953.0)        | (1,175.6)        | 23.4%         |
| <b>(=) Cash Flow from Investment Activities</b> | <b>(303.1)</b> | <b>(33.9)</b> | <b>(1,032.0)</b> | <b>N.A.</b> | <b>240.5%</b> | <b>(626.5)</b> | <b>(1,851.0)</b> | <b>195.5%</b> |

**FINANCING ACTIVITIES**

|  |                |                |               |               |               |                  |                |               |
|--|----------------|----------------|---------------|---------------|---------------|------------------|----------------|---------------|
| Dividends/Interests on Equity paid in the Period | (0.5)          | (683.4)        | (0.3)         | -100.0%       | -34.7%        | (351.8)          | (684.4)        | 94.5%         |
| Loans and Financing                              | (243.8)        | (62.6)         | (28.2)        | -55.0%        | -88.4%        | (1,215.1)        | (96.3)         | -92.1%        |
| Loans Obtained                                   | 0.1            | -              | 75.0          | N.A.          | N.A.          | 0.1              | 175.0          | N.A.          |
| Loans Paid                                       | (243.9)        | (62.6)         | (103.2)       | 64.8%         | -57.7%        | (1,215.2)        | (271.3)        | -77.7%        |
| Payment of Lease Obligations                     | (6.3)          | (7.7)          | (6.8)         | -12.6%        | 7.7%          | (18.0)           | (20.1)         | 11.8%         |
| <b>(=) Cash Flow from Financing Activities</b>   | <b>(250.6)</b> | <b>(753.8)</b> | <b>(35.3)</b> | <b>-95.3%</b> | <b>-85.9%</b> | <b>(1,584.9)</b> | <b>(800.8)</b> | <b>-49.5%</b> |

**CASH FLOW OF THE PERIOD**

|              |             |            |               |               |              |                |             |
|--------------|-------------|------------|---------------|---------------|--------------|----------------|-------------|
| <b>396.1</b> | <b>64.8</b> | <b>3.0</b> | <b>-95.4%</b> | <b>-99.2%</b> | <b>207.3</b> | <b>(187.2)</b> | <b>N.A.</b> |
|--------------|-------------|------------|---------------|---------------|--------------|----------------|-------------|

**CASH AND CASH EQUIVALENTS**

|                  |              |             |            |             |               |              |                |             |
|------------------|--------------|-------------|------------|-------------|---------------|--------------|----------------|-------------|
| Current Balance  | 608.8        | 393.8       | 396.8      | 0.8%        | -34.8%        | 608.8        | 396.8          | -34.8%      |
| Previous Balance | 212.8        | 329.0       | 393.8      | N.A.        | N.A.          | 401.5        | 584.0          | 45.4%       |
| <b>Variation</b> | <b>396.1</b> | <b>64.8</b> | <b>3.0</b> | <b>-95%</b> | <b>-99.2%</b> | <b>207.3</b> | <b>(187.2)</b> | <b>N.A.</b> |

**SUPPLEMENTARY INFORMATION TO THE CASH FLOW**

|  |       |         |        |        |      |       |         |      |
|--|-------|---------|--------|--------|------|-------|---------|------|
| Economic and Financial Investment Variation (Property, Plant and | 109.7 | (519.7) | (30.5) | -94.1% | N.A. | 359.7 | (404.7) | N.A. |
|--|-------|---------|--------|--------|------|-------|---------|------|

Equipment; Intangible;  
Deferred Assets)

## Income Statement BrT Móvel

| R\$ Million   | 3Q07           | 2Q08           | 3Q08           | Δ<br>Quarter    | Δ 12<br>Months  | 9M07             | 9M08             | Δ Year          |
|---|----------------|----------------|----------------|-----------------|-----------------|------------------|------------------|-----------------|
| <b>GROSS REVENUES</b>   | <b>638.3</b>   | <b>627.2</b>   | <b>657.4</b>   | <b>4.8%</b>     | <b>3.0%</b>     | <b>1,788.8</b>   | <b>1,861.3</b>   | <b>4.1%</b>     |
| <b>Services</b>   | <b>577.5</b>   | <b>567.9</b>   | <b>598.9</b>   | <b>5.4%</b>     | <b>3.7%</b>     | <b>1,593.1</b>   | <b>1,704.0</b>   | <b>7.0%</b>     |
| Subscription  | 114.3          | 98.4           | 100.6          | 2.3%            | -12.0%          | 329.4            | 296.1            | -10.1%          |
| Utilization   | 158.1          | 151.9          | 171.0          | 12.6%           | 8.2%            | 408.3            | 458.8            | 12.4%           |
| Interconnection   | 262.5          | 272.7          | 285.6          | 4.7%            | 8.8%            | 748.1            | 819.6            | 9.6%            |
| Other Revenues  | 13.0           | 9.1            | 6.1            | -32.7%          | -52.8%          | 34.2             | 24.5             | -28.1%          |
| Data Communications   | 29.6           | 35.8           | 35.5           | -1.0%           | 19.7%           | 73.1             | 105.0            | 43.7%           |
| <b>Merchandise Sales (Handsets<br/>and Accessories)</b>             | <b>60.8</b>    | <b>59.2</b>    | <b>58.5</b>    | <b>-1.2%</b>    | <b>-3.8%</b>    | <b>195.7</b>     | <b>157.3</b>     | <b>-19.6%</b>   |
| Deductions  | (189.8)        | (164.4)        | (176.1)        | 7.1%            | -7.2%           | (525.7)          | (491.2)          | -6.6%           |
| <b>NET REVENUES</b>   | <b>448.5</b>   | <b>462.8</b>   | <b>481.3</b>   | <b>4.0%</b>     | <b>7.3%</b>     | <b>1,263.1</b>   | <b>1,370.1</b>   | <b>8.5%</b>     |
| Services  | 409.9          | 422.5          | 442.5          | 4.7%            | 7.9%            | 1,144.7          | 1,262.9          | 10.3%           |
| Merchandise Sales   | 38.6           | 40.3           | 38.8           | -3.7%           | 0.5%            | 118.4            | 107.2            | -9.4%           |
| <b>OPERATING COSTS AND<br/>EXPENSES</b>                             | <b>(414.5)</b> | <b>(433.6)</b> | <b>(410.4)</b> | <b>-5.4%</b>    | <b>-1.0%</b>    | <b>(1,219.5)</b> | <b>(1,255.3)</b> | <b>2.9%</b>     |
| Personnel   | (18.6)         | (18.8)         | (19.5)         | 3.5%            | 4.9%            | (55.1)           | (55.5)           | 0.7%            |
| Materials   | (69.8)         | (81.4)         | (73.9)         | -9.2%           | 5.8%            | (204.5)          | (212.0)          | 3.6%            |
| Subcontracted Services  | (87.3)         | (87.9)         | (89.1)         | 1.3%            | 2.1%            | (271.7)          | (276.5)          | 1.8%            |
| Interconnection   | (150.9)        | (143.6)        | (136.6)        | -4.9%           | -9.5%           | (425.5)          | (426.0)          | 0.1%            |
| Advertising and Marketing   | (8.8)          | (19.0)         | (19.0)         | -0.2%           | 115.7%          | (36.2)           | (50.5)           | 39.8%           |
| Provisions and Losses   | (16.6)         | (13.9)         | (15.0)         | 7.7%            | -9.6%           | (51.7)           | (50.4)           | -2.5%           |
| Other   | (62.5)         | (68.9)         | (57.3)         | -16.8%          | -8.3%           | (174.8)          | (184.4)          | 5.5%            |
| <b>EBITDA</b>   | <b>34.0</b>    | <b>29.2</b>    | <b>70.9</b>    | <b>143.0%</b>   | <b>108.7%</b>   | <b>43.6</b>      | <b>114.8</b>     | <b>163.7%</b>   |
| <b>EBITDA Margin</b>  | <b>7.6%</b>    | <b>6.3%</b>    | <b>14.7%</b>   | <b>8.4 p.p.</b> | <b>7.2 p.p.</b> | <b>3.4%</b>      | <b>8.4%</b>      | <b>4.9 p.p.</b> |
| Depreciation and Amortization                                       | (96.1)         | (114.3)        | (117.2)        | 2.5%            | 22.0%           | (285.8)          | (338.8)          | 18.6%           |
| <b>EARNINGS BEFORE<br/>FINANCIAL RESULT</b>                         | <b>(62.1)</b>  | <b>(85.1)</b>  | <b>(46.2)</b>  | <b>-45.7%</b>   | <b>-25.5%</b>   | <b>(242.2)</b>   | <b>(224.0)</b>   | <b>-7.5%</b>    |
| Financial Result  | 17.0           | 24.2           | 11.3           | -53.2%          | -33.6%          | 44.8             | 61.3             | 36.7%           |
| Financial Revenues  | 33.1           | 44.9           | 50.4           | 12.2%           | 52.5%           | 81.6             | 136.6            | 67.5%           |
| Financial Expenses  | (16.0)         | (20.7)         | (39.1)         | 88.7%           | 144.1%          | (36.7)           | (75.3)           | 105.0%          |
| <b>EARNINGS AFTER FINANCIAL<br/>RESULT</b>                          | <b>(45.0)</b>  | <b>(60.9)</b>  | <b>(34.9)</b>  | <b>-42.7%</b>   | <b>-22.5%</b>   | <b>(197.4)</b>   | <b>(162.7)</b>   | <b>-17.6%</b>   |
| Non-Operating Revenues<br>(Expenses)                                | -              | 0.9            | 1.9            | 108.3%          |                 | 1.3              | 2.9              | 128.7%          |
| <b>EARNINGS BEFORE INCOME<br/>AND SOCIAL<br/>CONTRIBUTION TAXES</b> | <b>(45.0)</b>  | <b>(59.9)</b>  | <b>(33.0)</b>  | <b>-45.0%</b>   | <b>-26.8%</b>   | <b>(196.2)</b>   | <b>(159.8)</b>   | <b>-18.5%</b>   |

|                                |               |               |               |               |               |                |                |               |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|
| Income and Social Contribution |               |               |               |               |               |                |                |               |
| Taxes                          | 15.2          | 20.2          | 7.2           | -64.5%        | -53.0%        | 66.0           | 49.8           | -24.5%        |
| <b>NET EARNINGS (LOSSES)</b>   | <b>(29.8)</b> | <b>(39.8)</b> | <b>(25.8)</b> | <b>-35.1%</b> | <b>-13.4%</b> | <b>(130.2)</b> | <b>(110.0)</b> | <b>-15.5%</b> |

## Glossary

**3G:** Third generation of technology for mobile telephony, which represents an evolution in the existing CDMA and GSM technologies. 3G technology allows for a higher- speed connection than what is currently offered, reaching the same level as a broadband connection and permitting a variety of value added services, especially those that rely on internet connections.

**ADSL:** Asymmetrical Digital Subscriber Line. System that allows broadband signal transmission through metallic telephone cables. It is the most common DSL technology, which represents a midway transition to fully optical networks.

**ARPU:** Average Revenue per User, an indicator used in the telecom industry

**CAPEX:** Capital Expenditure. The investments made by a company.

**Churn:** Percentage of cancellations during a determined period out of the average client base in the same period.

**EBITDA:** Do Earnings Before Interest, Taxes, Depreciation and Amortization.

**FINANCIAL LEVERAGE RATIO:** Net Debt / EBITDA.

**GSM:** Global System for Mobile communications. GSM is the world s most widely used mobile telephony technology and allows users to move around freely and easily with their handsets. The price of GSM handsets is also more attractive, the network is safer and there are constant technological advances.

**IoE (Interest on Equity):** Shareholder remuneration option, calculated on shareholders equity and limited, for tax purposes, to the variation in the long- term interest rate (TJLP). The tax benefit is due to the reduction in the calculation base used for income tax and social contribution tax on net income, given that interest on equity represents a deductible expense in the calculation of these taxes. IoE payments are subject to withholding tax at 15%. Interest on equity may be paid as part of statutory dividends, net of withholding tax.

**LES:** Lines in Service. All the lines in a network that are effectively being used.

**SAC:** Subscriber Acquisition Cost, the average amount spent by a company to acquire a new subscriber

**TUP:** Public phones.

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This document contains forward looking statements. Such statements do not constitute facts occurred in the past and reflect the expectations of the Company's managers only. The words "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "plans", "predicts," "projects" and "aims", as well as other similar words, are intended to identify those forward looking statements, which obviously involve risks or uncertainties predicted or not by the Company. Accordingly, the future results of the Company's operations may differ from the current expectations, and the reader should not rely exclusively on these forward looking statements. Forward looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update them in light of new information or future developments.

**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: October 15, 2008

**BRASIL TELECOM 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.

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