

BRASIL TELECOM SA  
Form 6-K  
August 01, 2005

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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 JULY 29, 2005**

**(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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**Investor Relations**

(61) 3415-1140

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

**Media Relations**

(61) 3415-1378

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

*Free Translation*

**BRASIL TELECOM S.A.**  
Publicly Held Company  
Corporate Tax Payer Registration  
76.535.764/0001-43  
Board of Trade 53 3 0000622 9

**BRASIL TELECOM PARTICIPAÇÕES S.A.**  
Publicly Held Company  
Corporate Tax Payer Registration  
02.570.688/0001-70  
Board of Trade 53 3 0000581 8

**MATERIAL FACT**

**Brasil Telecom Participações S.A.** (BOVESPA: BRTP3/BRTP4; NYSE: BRP) and **Brasil Telecom S.A.** (BOVESPA: BRTO3/BRTO4; NYSE: BTM), in compliance with notice CVM/SEP/GEA-2/358/005 issued on 07/28/2005 by the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários*) to **Brasil Telecom Participações S.A.**, provides clarifications to the market regarding its commercial relations with DNA Propaganda Ltda. ( DNA ) and SMP&B Comunicação Ltda. ( SMP&B ).

1. It is important to mention that, Brasil Telecom Participações S.A. does not have any commercial relation with DNA nor with SMP&B;
  2. Brasil Telecom S.A. has been using eventual and sporadically, the services from DNA and SMP&B, since the 2<sup>nd</sup> semester of 2003 and 1<sup>st</sup> semester of 2004, respectively;
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3. By means of DNA, Brasil Telecom S.A. has broadcasted public utility information programs in radio networks in cities from the interior of Goiás, Rio Grande do Sul, Santa Catarina, Tocantins and Paraná, which amounted to R\$ 823.5 thousand. From the total expenses with marketing and advertising that year, Brasil Telecom S.A. s expenses with DNA represented 0.96%;
4. From 2004 up to the 1<sup>st</sup> semester 2005, SMP&B has rendered services of publicity and advertisement agency, sales promotion, publicity campaigns and production of commercial movies, with investments amounting to R\$ 3.7 million, which represented 1.43% of the marketing and advertisement expenses incurred by Brasil Telecom S.A. during the same period;
5. We reiterate that it is common in the advertisement business that the agencies forward the payment(s) to the communication vehicles and other suppliers, after deducting their commission;
6. The percentile commissions paid to DNA and SMP&B by Brasil Telecom S.A. for the production of publicity and broadcasting campaigns are within the margins established by CENP (*Conselho Executivo de Normas Padrão*), corporation that regulates the standards for the advertising activity;
7. In June 29, 2005, due to the fact that DNA and SMP&B are involved in events that are being shown by the media and that is the object of the CPI (*Comissão Parlamentar de Inquérito*), Brasil Telecom S.A. summoned those agencies extrajudicially, suspending any commercial relations until all facts, at Brasil Telecom S.A. s discretion, are fully cleared.

Brasilia, July 29, 2005

**Carla Cico**  
CEO and Investor Relations Officer  
Brasil Telecom S.A.

**Humberto José Rocha Braz**  
CEO  
Brasil Telecom Participações S.A.

