

BRASIL TELECOM SA
Form 6-K
June 17, 2008

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

FORM 6-K

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

THROUGH June 17, 2008

(Commission File No. 1-15256)

BRASIL TELECOM S.A.

(Exact name of Registrant as specified in its Charter)

BRAZIL TELECOM COMPANY

(Translation of Registrant's name into English)

**SIA Sul, Área de Serviços Públicos, Lote D, Bloco B
Brasília, D.F., 71.215-000
Federative Republic of Brazil**

(Address of Registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file
annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(1) .

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7) .

Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under
the Securities Exchange Act of 1934.

Yes No

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

**FEDERAL PUBLIC SERVICE
CVM - COMISSÃO DE VALORES MOBILIÁRIOS (SECURITIES COMMISSION)
ITR QUARTERLY INFORMATION
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Corporate Law

Date: 03/31/2008

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

01.01 - IDENTIFICATION

1 - CVM CODE 01131-2	2 - COMPANY NAME BRASIL TELECOM S.A.	3 - CORPORATE TAXPAYER ID (CNPJ) 76.535.764/0001-43
4 - NIRE 5.330.000.622-9		

01.02 - - ADDRESS OF COMPANY S HEADQUARTERS

1 - COMPLETE ADDRESS : SIA/SUL - LOTE D - BL B - 1º ANDAR		2 - DISTRICT SIA		
3 - ZIP CODE 71215-000	4 - CITY BRASILIA		5 - STATE DF	
6 - AREA CODE (DDD) 61	7 - TELEPHONE NUMBER 3415-1010	8 - TELEPHONE 3415-1256	9 - TELEPHONE 3415-1119	10 - TELEX
11 - AREA CODE (DDD) 61	12 - FAX 3415-1593	13 - FAX 3 415-1315	14 - FAX	
15 - E-MAIL ri@brasitelecom.com.br				

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

1 - NAME PAULO NARCÉLIO SIMÕES AMARAL				
2 - FULL ADDRESS SIA/SUL - ASP - LOTE D - BL A - 2º ANDAR			3 - DISTRICT SIA	
4 - ZIP CODE 71215-000	5 - CITY BRASILIA		6 - STATE DF	
7 - AREA CODE (DDD) 61	8 - TELEPHONE 3415-1010	9 - TELEPHONE 3415-1140	10 - TELEPHONE	11 - TELEX
12 - AREA CODE (DDD)	13 - FAX 3415-1593	14 - FAX	15 - FAX	

61			
16 - E-MAIL ri@brasitelecom.com.br			

01.04 - REFERENCE / AUDITOR

ACCOUNTING PERIOD IN PROGRESS		CURRENT QUARTER			PRIOR QUARTER		
1 - START	2 - END	3 - NUMBER	4 - START	5 - END	6 - NUMBER	7 - START	8 - END
01/01/2008	12/31/2008	1	01/01/2008	03/31/2008	4	10/01/2007	12/31/2007
9 - AUDITOR NAME/COMPANY NAME DELOITTE TOUCHE TOHMATSU AUDITORES INDEPENDENTES					10 - CVM CODE 00385-9		
11 - NAME OF THE TECHNICAL RESPONSIBLE MARCO ANTONIO BRANDÃO SIMURRO					12 -INDIVIDUAL TAXPAYER ID (CPF) OF THE TECH. RESPONSIBLE TECHNICIAN 755.400.708-44		

01.05 - COMPOSITION OF CAPITAL STOCK

Number of Shares (Units)	1 - CURRENT QUARTER 03/31/2008	2 - PREVIOUS QUARTER 12/31/2007	EQUAL PREVIOUS QUARTER e.g PREVIOUS 03/31/2007
Issued Capital			
1 - Common shares	249,597,049	249,597,049	249,597,049,542
2 - Preferred shares	311,353,240	311,353,240	311,353,240,857
3 - Total	560,950,289	560,950,289	560,950,290,399
Treasury Shares			
4 - Common shares	0	0	0
5 - Preferred shares	13,572,523	13,678,100	13,678,100,000
6 - Total	13,572,523	13,678,100	13,678,100,000

01.06 - COMPANY S CHARACTERISTICS

1 - COMPANY TYPE

Trade, Industrial and Other Companies

2 - SITUATION TYPE

Operating

3 - SHAREHOLDING NATURE

National Private

4 - ACTIVITY CODE

1130 - Telecommunications

5 - MAIN ACTIVITY

Switched Fixed Telephone Service Exploitation

6 - CONSOLIDATED TYPE

Total

7 - AUDITORS REPORT TYPE

No Exceptions

01.07 - SUBSIDIARIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 - ITEM

2 - CNPJ

3 - COMPANY NAME

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

1- ITEM	2 - EVENT	3 APPROVAL	4 - INCOME	5 - PAYM. START	6 - SHARE TYPE AND CLASS	7 - INCOME VALUE PER SHARE
01	RD	01/31/2007	Interest on Shareholder s Equity	04/16/2008	ON	0.0003805236
02	RD	01/31/2007	Interest on Shareholder s Equity	04/16/2008	PN	0.0003805236
03	RD	12/28/2007	Interest on Shareholder s Equity	04/16/2008	ON	0.1637028188
04	RD	12/28/2007	Interest on Shareholder s Equity	04/16/2008	PN	0.1637028188
05	AGO	03/18/2008	Dividend	04/16/2008	ON	0.7437302894
06	AGO	03/18/2008	Dividend	04/16/2008	PN	0.7437302894
07	RD	03/31/2008	Interest on Shareholder s Equity		ON	0.3804502355
08	RD	03/31/2008	Interest on own capital		PN	0.3804502355

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01.09 - ISSUED CAPITAL AND CHANGES IN CURRENT YEAR

1- ITEM	2 - CHANGE DATE	3 - CAPITAL STOCK VALUE	4 - CHANGE VALUE (Thousand Reais)	5 - CHANGE ORIGIN	7 NUMBER OF SHARES ISSUED	8 - SHARE PRICE UPON ISSUANCE (Reais)
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01.10 - INVESTOR RELATIONS OFFICER

1 - DATE 04/17/2008	2 - SIGNATURE
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02.01 - BALANCE SHEET - ASSETS (IN THOUSAND OF REAIS)

1 - CODE	2 - DESCRIPTION	3 - 03/31/2008	4 - 12/31/2007
1	Total Assets	14,682,517	14,570,633
1.01	Current Assets	3,788,147	3,623,756
1.01.01	Cash and Cash Equivalents	289,038	635,387
1.01.01.01	Cash and Bank Accounts	52,255	285,385
1.01.01.02	High-Liquidity Investments	236,783	350,002
1.01.02	Credits	1,970,672	1,931,840
1.01.02.01	Clients	1,970,672	1,931,840
1.01.02.02	Sundry Credits	0	0
1.01.03	Inventories	5,727	6,138
1.01.04	Others	1,522,710	1,050,391
1.01.04.01	Loans and Financing	1,655	1,797
1.01.04.02	Deferred and Recoverable Taxes	764,642	571,274
1.01.04.03	Escrow Deposits	381,929	326,222
1.01.04.04	Temporary Investments	201,232	0
1.01.04.05	Other Assets	173,252	151,098
1.02	Non-Current Assets	10,894,370	10,946,877
1.02.01	Long-Term Assets	2,114,585	1,879,326
1.02.01.01	Sundry Credits	0	0
1.02.01.02	Credits with Related Parties	0	0
1.02.01.02.01	From Direct and Indirect Associated Companies	0	0
1.02.01.02.02	From Subsidiaries	0	0
1.02.01.02.03	From Other Related Parties	0	0
1.02.01.03	Others	2,114,585	1,879,326
1.02.01.03.01	Loans and Financing	5,979	6,176
1.02.01.03.02	Deferred and Recoverable Taxes	736,417	728,333
1.02.01.03.03	Fixed-Income Securities	911	892
1.02.01.03.04	Escrow Deposits	1,286,102	1,054,992
1.02.01.03.05	Other Assets	85,176	88,933
1.02.02	Permanent Assets	8,779,785	9,067,551
1.02.02.01	Investments	4,092,925	4,129,501
1.02.02.01.01	Direct and Indirect Associated Companies	4	4
1.02.02.01.02	Direct and Indirect Associated Companies - Goodwill	0	0
1.02.02.01.03	Subsidiaries	4,051,811	4,075,868
1.02.02.01.04	Subsidiaries - Goodwill	23,913	29,431
1.02.02.01.05	Other Investments	17,197	24,198
1.02.02.02	Property, Plant and Equipment	4,145,388	4,383,480
1.02.02.03	Intangible Assets	514,893	527,650
1.02.02.04	Deferred Charges	26,579	26,920

02.02 - BALANCE SHEET - LIABILITIES (IN THOUSAND OF REAIS)

1 - CODE	2 - DESCRIPTION	3 - 03/31/2008	4 - 12/31/2007
2	Total Liabilities	14,682,517	14,570,633
2.01	Current Liabilities	3,833,878	3,688,344
2.01.01	Loans and Financing	475,532	487,345
2.01.02	Debentures	38,158	8,956
2.01.03	Suppliers	1,117,513	1,145,481
2.01.04	Taxes, Duties and Contributions	702,235	685,423
2.01.04.01	Indirect Taxes	562,858	617,163
2.01.04.02	Taxes on Income	139,377	68,260
2.01.05	Dividends Payable	974,314	764,841
2.01.06	Provisions	238,428	280,417
2.01.06.01	Provisions for Contingencies	182,174	178,950
2.01.06.02	Provisions for Pension Plans	56,254	101,467
2.01.07	Debts with Related Parties	0	0
2.01.08	Others	287,698	315,881
2.01.08.01	Payroll and Related Accruals	64,571	67,739
2.01.08.02	Consignment in Favor of Third Parties	105,870	123,164
2.01.08.03	Profit Sharing	18,361	67,906
2.01.08.04	Advances from Clients	1,432	2,065
2.01.08.05	Service Exploitation Licenses	16,421	0
2.01.08.06	Other Liabilities	81,043	55,007
2.02	Non-Current Liabilities	5,194,639	5,306,398
2.02.01	Long-Term Liabilities	5,194,639	5,306,398
2.02.01.01	Loans and Financing	2,630,243	2,786,779
2.02.01.02	Debentures	1,080,000	1,080,000
2.02.01.03	Provisions	1,258,083	1,252,450
2.02.01.03.01	Provisions for Contingencies	670,767	666,172
2.02.01.03.02	Provisions for Pension Plans	586,384	586,278
2.02.01.03.03	Provisions for Losses with Subsidiaries	932	0
2.02.01.04	Debts with Related Parties	0	0
2.02.01.05	Advance for Future Capital Increase	0	0
2.02.01.06	Others	226,313	187,169
2.02.01.06.01	Suppliers	17,602	11,234
2.02.01.06.02	Indirect Taxes	117,726	86,247
2.02.01.06.03	Taxes on Income	63,049	62,115
2.02.01.06.04	Advances from Clients	5,249	5,473
2.02.01.06.05	Other Liabilities	14,713	14,126
2.02.01.06.06	Funds for Capitalization	7,974	7,974
2.02.02	Deferred Income	0	0
2.04	Shareholders Equity	5,654,000	5,575,891
2.04.01	Paid Up Capital Stock	3,470,758	3,470,758
2.04.02	Capital Reserves	1,329,671	1,327,927

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1 - CODE	2 - DESCRIPTION	3 -31/03/2008	4 -31/12/2007
2.04.02.01	Goodwill on Share Subscription	358,862	358,862
2.04.02.02	Donations and Fiscal Incentives for Investments	123,558	123,558
2.04.02.03	Interest on Works in Progress	745,756	745,756
2.04.02.04	Special Monetary Correction - Law 8200/91	31,287	31,287
2.04.02.05	Other Capital Reserves	70,208	68,464
2.04.03	Revaluation Reserves	0	0
2.04.03.01	Owned Assets	0	0
2.04.03.02	Subsidiaries/Direct and Indirect Associated Companies	0	0
2.04.04	Revenue Reserves	349,155	349,155
2.04.04.01	Legal	349,155	349,155
2.04.04.02	Statutory	0	0
2.04.04.03	For Contingencies	0	0
2.04.04.04	From Profits to Realize	0	0
2.04.04.05	Profit Retention	0	0
2.04.04.06	Special Reserve for Undistributed Dividends	0	0
2.04.04.07	Other Profit Reserves	0	0
2.04.05	Retained Earnings/Accumulated Deficit	504,416	428,051
2.04.06	Advance for Future Capital Increase	0	0

03.01 - STATEMENT OF INCOME (IN THOUSAND OF REAIS)

1 - CODE	2 - DESCRIPTION	3 - 01.01.08 to 03.31.08	4 - 01.01.08 to 03.31.08	5 - 01.01.07 to 03.31.07	6 - 01.01.07 to 03.31.07
3,01	Gross Revenue from Sales and/or Services	3,458,370	3,458,370	3,385,404	3,385,404
3,02	Deductions from Gross Revenue	(1,085,934)	(1,085,934)	(1,024,524)	(1,024,524)
3,03	Net Revenue from Sales and/or Services	2,372,436	2,372,436	2,360,880	2,360,880
3,04	Cost of Goods and/or Services Sold	(1,263,333)	(1,263,333)	(1,373,384)	(1,373,384)
3,05	Gross Profit	1,109,103	1,109,103	987,496	987,496
3,06	Operating Expenses/Revenues	(972,436)	(972,436)	(995,832)	(995,832)
3,06,01	Selling Expenses	(264,873)	(264,873)	(232,949)	(232,949)
3,06,02	General and Administrative Expenses	(292,112)	(292,112)	(270,906)	(270,906)
3,06,03	Financial	(275,578)	(275,578)	(356,820)	(356,820)
3,06,03,01	Financial Income	125,316	125,316	79,518	79,518
3,06,03,02	Financial Expenses	(400,894)	(400,894)	(436,338)	(436,338)
3,06,04	Other Operating Income	140,141	140,141	100,099	100,099
3,06,05	Other Operating Expenses	(236,606)	(236,606)	(166,625)	(166,625)
3,06,06	Equity Income	(43,408)	(43,408)	(68,631)	(68,631)
3,07	Operating Income	136,667	136,667	(8,336)	(8,336)
3,08	Non-Operating Income	1,210	1,210	(281)	(281)
3,08,01	Revenues	32,629	32,629	4,699	4,699
3,08,02	Expenses	(31,419)	(31,419)	(4,980)	(4,980)
3,09	Income Before Tax and Minority Interests	137,877	137,877	(8,617)	(8,617)
3,10	Provision for Income and Social Contribution	(119,021)	(119,021)	(68,783)	(68,783)
3,11	Deferred Income Tax	57,509	57,509	46,406	46,406
3,12	Statutory Interest/Contributions	0	0	0	0
3,12,01	Interests	0	0	0	0
3,12,02	Contributions	0	0	0	0
3,13	Reversal of Interest on Shareholders Equity	245,000	245,000	245,000	245,000
3,15	Income (Loss) for the Period	321,365	321,365	214,006	214,006

03,01 - STATEMENT OF INCOME (IN THOUSAND OF REAIS)

1 - CODE	2 - DESCRIPTION	3 - 01.01.08 to 03.31.08	4 - 01.01.08 to 03.31.08	5 - 01.01.07 to 03.31.07	6 - 01.01.07 to 03.31.07
	NUMBER OF OUTSTANDING SHARES, EX-TREASURY (UNITS)	547,377,766	547,377,766	547,272,190,399	547,272,190,399
	EARNINGS PER SHARE (REAIS)	0.58710	0.58710	0.00039	0.00039
	LOSS PER SHARE (REAIS)				

**FEDERAL PUBLIC SERVICE
CVM - COMISSÃO DE VALORES MOBILIÁRIOS
ITR QUARTERLY INFORMATION
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

CORPORATE LAW

Data-Base - 03/31/2008

01131-2 BRASIL TELECOM S.A. 76.535.764/0001-43

04.01 EXPLANATORY NOTES

NOTES TO THE QUARTERLY INFORMATION AS OF 03.31.08

(In thousand of Brazilian Reais)

1. OPERATIONS

BRASIL TELECOM S.A. ("Company") is a concessionaire of the Switched Fixed Telephone Service ("STFC") and operates since July of 1998 in the Region II of the General Concession Plan (GCP), covering the Brazilian states of Acre, Rondônia, Mato Grosso, Mato Grosso do Sul, Tocantins, Goiás, Paraná, Santa Catarina and Rio Grande do Sul, in addition to Distrito Federal. As of January 22, 2004 the Company started developing national and international long distance calls services in all Regions and under the local modality the service outside Region II started to be offered as of January 19, 2005,

The Company businesses, as well as the rendered services and the charged fees are regulated by ANATEL.

The concession agreements effective under local and long distance services modalities got into effect on January 1, 2006 being valid until December 31, 2005, Further information on such agreements are mentioned in the note no. 5,i.

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

The Company control is performed by Brasil Telecom Participações S.A. ("BTP"), incorporated on May 22, 1998 as a result of privatization of the Telebrás System.

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

Subsidiaries

In the second semester of 2006, the process for restructuring subsidiaries has started, since approved by the Company's administration council. Such restructuring aims at optimizing the control structure with reduction of companies, concentration of similar activities, and simplification of equity among companies. The corporate alterations already

performed, carried out based on the book values, did not have material effects in the cost structure. The alterations occurred in the quarters or fiscal years referred to in the present quarterly information are mentioned in the comments of the companies below, when attributed to them.

14 Brasil Telecom Celular S.A. ("BrT Celular"): a wholly-owned subsidiary which operates since the fourth quarter of 2004, to provide Personal Mobile Services (SMP), with authorization to render such services to the Region II of PGO.

BrT Serviços de Internet S.A. a wholly-owned subsidiary whose main product is internet broadband services. It also provides both residential and corporate clients with a series of value-added services, among which wireless internet access.

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

(i) iBest Group

iBest has its operations concentrated in providing dialup connection to the Internet, sale of advertising space for disclosure in its portal and value-added service, and one of its main services is its internet connection speedup device. iBest activities are totally represented by Freelance S.A., established in Brazil. It also has the iBest Holding Corporation, constituted in Cayman Islands, which is not operating and does not have investments in other companies.

(ii) iG Group

iG operates as an internet access provider, both dialup and broadband. It also provides value added services focused on the residential and corporate markets. In addition, iG also sells advertising space in its portal.

BrTI's control over the iG Companies is attributed to its 88.81% share in the capital stock of Internet Group (Cayman) Limited (iG Cayman), located in the Cayman Islands.

iG Cayman is a holding which, in its turn, has the control of the companies iG Participações S.A. (iG Part), Internet Group do Brasil S.A. (iG Brasil) and Central de Serviços Internet Ltda. (CSI), subsidiaries established in Brazil.

Agência O Jornal da Internet Ltda. ("Jornal Internet")

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

c) Brasil Telecom Cabos Submarinos Ltda. ("BrT CS"): company that, jointly with its own subsidiaries, operates through a system of submarine fiber optics cables, with connection points in the United States, Bermudas Islands, Venezuela and Brazil, allowing data traffic through packages of integrated services, offered to local and international corporate clients.

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

d) Brasil Telecom Comunicação Multimídia Ltda. ("BrT Multimídia"): the Company held until April 10, 2007, 100% of the MTH Ventures do Brasil Ltda. (MTH) capital, a holding company that controlled the capital of Brasil Telecom Comunicação Multimídia Ltda, with the Company and BrTI holding the remaining equities. On the aforementioned date, the Extraordinary General Meeting deliberated the incorporation of MTH by the Company. Since then, the Company has equities corresponding to 89.8% of the BrT Multimídia capital stock, with the remaining 10.2% held by BrTI.

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

e) **Vant Telecomunicações S.A. (VANT)**: it is a company whose total capital stock is practically held by the Company. BrTI has only one share in VANT's capital stock, representing less than 0.01% interest.

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

f) **Brasil Telecom Call Center S.A. (BrT Call Center)**: Previously named Santa Bárbara dos Pinhais S.A, BrT Call Center, together with the change of its company name, decided in the shareholders meeting carried out on August 21, 2007, its social object has also been changed, and became call center service provisioning to third parties, including client services, active and receptive telemarketing, training, support, consulting services and similar activities, among others. Its operations started on November, 2007, upon rendering call center services to Brasil Telecom S.A. and its subsidiaries that need that service. Previously, the call center services were outsourced.

Change in the Management

During the third quarter of 2005, there were changes to the management of the Brasil Telecom Participações S.A. and Company. The process of replacing the former managers, formerly related to the manager Opportunity, was litigious, according to various material facts published by the Companies during the 2005 and various lawsuits still in progress, filed by the former manager, aiming at retaking the Companies' management.

2, PRESENTATION OF THE ACCOUNTING STATEMENTS

Preparation Criteria

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

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

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

The amounts of judicial deposits bound to the provisions for contingencies are presented in a deductive way from the liabilities established.

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

LAW 11,638/07 Amendments to the Joint Stock Companies Act

On December 28th, 2007 Law No. 11,638 was published, which changed the provisions of the Joint Stock Companies Act - Law No. 6,404/76. The aforementioned law sets forth several changes on accounting subjects and on the elaboration of financial statements, aiming at aligning them with the Financial Reporting Standards - IFRS and attributes to the Securities Commission (Comissão de Valores Mobiliários - CVM) the power to issue rules for publicly traded companies. The main changes introduced by the Law are effective from 2008 and refer to:

- Substitution of the Statement of Sources and Investment of Resources - DOAR by the Statement of Cash Flow - DFC;
- Enforcement of preparation of Statement of Value Added - DVA;
- Possibility of inclusion of tax bookkeeping in the trading bookkeeping, with segregation between trading and tax statements;
- Creation of a subgroup Patrimonial Evaluation Adjustments, on the equity and the Intangible Assets, on fixed assets;
- Regulation of evaluation criteria and classification of financial instruments, including derivatives;
- Restatement at present value (AVP) for long term active and passive operations and for short term relevant ones;
- Enforcement of assessment of the recovery level of non-current assets;
- Alteration of parameters of evaluation of associated companies by the equity method;
- Possibility of creation of Tax Incentives Reserve;
- Enforcement of accounting new assets at market price, in cases of incorporation, merger or spin-off; and
- Elimination of the reassessment reserve.

The Company has already adopted the segregation of Intangible Assets from fixed assets and the publication of the DFC and DVA, the latter together with the annual accounting statements. Concerning the other items related, what is deemed to be relevant is bound to the market value of financial instruments, published in comparison to the accounting value in the note 5, b and c. Due to the need for certain alterations that still depend on regulation by the competent authority, the Company will wait for the definitions required for assessment, measurement and acknowledgement of effects resulting from such Law.

Consolidated Accounting Statements

The consolidation was made in accordance with CVM Instruction No. 247/96 and includes the Company and companies listed in note No.1.

Some of the main consolidation procedures are:

- Elimination of balances of the asset and liability accounts among the consolidated companies, as well as revenue and expenses of transactions among them.
- Elimination of the balances of the investment accounts and corresponding investor's shareholdings, reserves and accumulated results in the consolidated companies; and.
- Segregation of the portions of shareholders' equity and income belonging to minority shareholders, indicated in specific items.

Other Information

The Company is presenting as supplementary information the statement of cash flows, which was prepared in accordance with Accounting Rules and Procedures - NPC 20 of the Brazilian Institute of Independent Auditors - IBRACON. For a better presentation and maintenance of comparison to the first quarter of 2008, reclassifications regarding the first quarter of 2007 have been made, basically related to legal deposits, which started to be presented in investment activities. In order to comprise such balances, the legal deposits bound to contingencies were reclassified in note No. 7, indirect duties - note No. 33 and accounts payable and provisioned expenses.

Report per Segment

The Company is presenting, supplementarily to note 42, the report per business segment. A segment is an identifiable component of the company, intended for service rendering (business segment), or provision of products and services which are subject to risks and compensations which are different among themselves.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

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

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

Trade Accounts Receivable: Receivables from users of telecommunications services are recorded at the amount of the fee or the service on the date the service is rendered. Accounts receivable from services include credits for services rendered and not billed until the quarters date. Receivables resulting from sales of cell phones and accessories are recorded by the amount of sales made, at the moment in which the goods are delivered and accepted by the client. The criterion adopted for making the provisions for doubtful accounts takes into account the calculation of the actual percentage of losses incurred on each range of accounts receivable. Future losses on the current receivables balance are estimated based on these historic percentages, which include accounts coming due and also the portion of services rendered yet to be billed, thus composing the amount that could become a future loss, which is recorded as a provision.

c. Material Inventories: Stated at average acquisition cost, not exceeding replacement cost. Inventories are segregated into inventories for plant expansion and those for maintenance and in relation with the consolidated accounting statements, goods inventories for resale, mainly composed of cell phones, accessories and

electronic cards. The inventories to be used in expansion are classified in property, plant and equipment (construction in progress), and inventories to be used in maintenance are classified as current and long-term assets, in accordance with the period in which they will be used, and the resale inventories are classified as current assets. Obsolete inventories are recorded as provisions for losses. With regard to cell phones and accessories, the subsidiary BrT Celular records adjustments, in the cases in which the acquisitions presented higher values conforming them to the realization value.

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

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

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

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

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

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

h. Income and Social Contribution Taxes: Corporate income and social contribution taxes are accounted for on an accrual basis. These taxes levied on temporary differences, tax losses and the social contribution negative basis are recorded under assets or liabilities, as applicable, according to the assumption of realization or future demand, within the parameters set forth in CVM Instruction No. 371/02,

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

j. Provisions for Contingencies: The contingency provisions are made based on a survey of the respective risks and they are quantified according to economic grounds and legal opinions on the contingency proceedings and facts known on the quarter closing date, according to the parameters of Deliberation CVM No. 489/05, The provisions basis and nature are described in note No. 7,

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

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

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

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

n. Benefits to Employees: Private pension plans and other retirement benefits sponsored by the Company and its subsidiaries for their employees are managed under three Foundations. Contributions are actuarially determined, whenever applicable, and recorded against the result according to the accrual basis. Additional information on private pension plans is described in note No. 6,

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

p. Profit per share: Earnings per share are calculated with basis on the quantity of outstanding shares existing on the quarter closing date. The outstanding shares are represented by the totality of shares issued, minus the treasury stocks.

4. RELATED PARTIES TRANSACTIONS

Related parties transactions refer to operations with Brasil Telecom Participações S.A., the Company's parent company, and are carried out according to the prices and conditions usual at the market. The main transactions are:

Sureties and Guarantees: (i) The Company renders sureties as guarantee of loans and financing owed by the Company to the lending financial institutions. In the quarter, related to the guarantee benefit, the Company posted expenses in favor of the Company amounting to R\$ 591 (R\$ 1,211 in 2007); and (ii) the Company renders surety for the Company, related to the contracting of insurance policies, guarantee of contractual liabilities (GOC), which amounted to R\$ 104,021 (R\$ 97,457 in 2007). In the quarter, in return to such surety, the Company registered an operating expense of R\$ 33 (R\$ 29 in 2007).

Receivables: resulting from transactions related share of resources. The balance receivable is R\$ 192.

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

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

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

a. Credit Risk

The majority of services provided by the Company are related to the Concession Agreement, and a significant portion of these services is subject to the determination of fees by the regulatory agency. The credit policy, in its turn, in case of telecommunications public services, is subject to legal standards established by the concession authority. The risk exists since the Company may incur losses arising from the difficulty in receiving amounts billed to its clients. The Company's default in the quarter was 2.69% (2.3% in 2007), taking into account the accounts receivable total losses in relation to gross revenue. For the Consolidated it was 2.97% (2.46% in 2007). By means of internal controls, the level of accounts receivable is constantly monitored, thus limiting the risk of past due accounts by cutting the access to the service (out phone traffic) if the bill is overdue for over thirty days. Exceptions are made for telephone services, which should be maintained for national security or defense.

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

Regarding mobile telephony, the credit risk in cell phones sales and service rendering in the post-paid category is minimized with the adopt on of a credit pre-analysis. Still regarding to post-paid service, whose client base at the end of the quarter was 18.1% of the total portfolio (20.1% in 31.12.07), the accounts receivable are also monitored in order to limit the default rate and blocking the service (of phone traffic) when the bill is overdue for more than 15 days.

b. Exchange Rate Risk

Liabilities

The Company has loans and financing contracted in foreign currency. The risk related to these liabilities arises from possible exchange rate fluctuations, which may increase these liabilities balances. Consolidated loans subject to this risk represent approximately 15.0% (16.0% on 12.31.07) of the total liabilities of consolidated loans and financing, minus the contracted hedge balances. In order to minimize this kind of risk, the Company has been entering into exchange hedge agreements with financial institutions. Of the debt installment consolidated in foreign currency, 61.1% (92.6% on 12.31.07) is covered by hedge operations in the exchange rate swap and dollar options mode and financial investments in foreign currency. The positive or adverse effects not paid up in hedge operations, under exchange rate swap modality and dollar options, are recorded in the result as earnings or losses, according to the situation of each instrument.

Net exposure as per book and market values at the exchange rate risk prevailing on the quarter closing date was as follows:

COMPANY AND CONSOLIDATED

	03/31/08		12/31/07	
	Book Value	Market Value	Book Value	Market Value
Liabilities				
Loans and Financing	603,591	630,515	636,912	655,533
Hedge Contracts	326,205	326,497	398,112	397,832
Total	929,796	957,012	1,035,024	1,053,365
Current	201,744	201,894	213,050	213,528
Long-term	728,052	755,118	821,974	839,837

The method used for calculating the market value (fair value) of swap instruments was future cash flows associated to each instrument contracted, discounted at market rates in force on the closing date of the quarter. For securities negotiable in organized markets, the market (fair) value is equivalent to the value of the last closing quotation available on the closing date of the quarter multiplied by the number of securities in circulation. For contracts in which the current contracting conditions are similar to those in which they have been originated, or that do not present parameters for quotation or contracting, market values are equal to accounting values.

In the case of American dollar options; the fair value adopted for accounting recognition has been calculated based on the Black&Scholes model adapted by Garman Kohlhagen for considering specific features of exchange options. Such operations, which have been contracted with maturity up to February, 2009, registered, on the quarter closing date, net loss of R\$ 5,383 (R\$ 2,465 on 12.31.07) represented by R\$ 2,973 for call options and R\$ 2,410 for put options (R\$ 761 and R\$ 1,704 on 12.31.07, respectively).

c. Interest Rate Risk

Assets

The Company has loans granted to the phone directory company, with interest indexed to the IGP-DI (a national index price), as well as loans resulting from the sale of property, plant and equipment to other telephony companies, remunerated by IPA-OG/Industrial Products of Column 27 (FGV). The Company also has Bank Deposit Certificates (CDBs) with Banco de Brasília S.A. related to the guarantee to credit benefit granted by the Federal District Government under a program called *Programa de Promoção do Desenvolvimento Econômico e Sustentável do Distrito Federal* PRO-DF, (Program to Promote the Economic and Sustained Development of the Federal District), and the remuneration of these securities is equivalent to 94% and 97% of the SELIC rate.

These assets are represented in the balance sheet as follows:

	COMPANY		CONSOLIDATED	
	Book and Market Value		Book and Market Value	
	03/31/08	12/31/07	03/31/08	12/31/07
Assets				
Loans subject to:				
IGP-DI	7,459	7,778	7,459	7,778
IPA-OG Column 27 (FGV)	175	195	175	195
Securities subject to:				
SELIC rate	911	892	3,969	3,709
Total	8,545	8,865	11,603	11,682
Current	1,655	1,797	1,655	1,797
Long-term	6,890	7,068	9,948	9,885

Liabilities

The Company has loans and financing contracted in Brazilian currency subordinated to interest rates bound to indexing units: TJLP, UMBNDES, CDI and IGP/DI. The inherent risk in these liabilities arises from possible variations in these rates. The market rates are continually monitored to evaluate the need to contract instruments to protect against the variation of these rates.

In addition to loans and financing, the Company issued public debentures, non-convertible or exchangeable with shares. This liability has been contracted at interest rate bound to CDI and the risk on this liability arises in function of eventual rate increase.

These liabilities are represented in the balance sheet as follows:

COMPANY

	03/31/08		12/31/07	
	Book Value	Market Value	Book Value	Market Value
Liabilities				
Loans subject to TJLP	2,059,445	2,105,499	2,112,204	2,123,308
Debentures - CDI	1,118,158	1,117,711	1,088,956	1,088,956
Loans subject to UMBNDES	87,029	87,029	94,713	94,713
Loans subject to IGP/DI	6,172	6,172	6,276	6,276
Other Loans	23,333	23,333	25,907	25,907
Total	3,294,137	3,339,744	3,328,056	3,339,160
Current	311,946	317,787	283,251	286,789
Long-term	2,982,191	3,021,957	3,044,805	3,052,371

CONSOLIDATED

	03/31/08		12/31/07	
	Book Value	Market Value	Book Value	Market Value
Liabilities				
Loans subject to TJLP	2,159,809	2,205,863	2,112,204	2,123,308
Debentures - CDI	1,118,158	1,117,711	1,088,956	1,088,956
Loans subject to UMBNDES	87,029	87,029	94,713	94,713
Loans subject to IGP/DI	26,138	26,138	26,599	26,599
Other Loans	23,333	23,333	25,907	25,907
Total	3,414,467	3,460,074	3,348,379	3,359,483
Current	312,419	318,260	283,725	287,264
Long-term	3,102,048	3,141,814	3,064,654	3,072,219

The method used for calculating the market value (fair value) of swap instruments was future cash flows associated to each instrument contracted, discounted at market rates in force on the closing date of the quarter. For securities negotiable in organized markets, the market (fair) value is equivalent to the value of the last closing quotation available on the closing date of the quarter multiplied by the number of securities in circulation. For contracts in which the current contracting conditions are similar to those in which they have been originated, or that do not present parameters for quotation or contracting, market values are equal to accounting values.

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

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

e Contingency Risks

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

f Risks Related to Investments

The Company has investments, which are assessed through the equity method of accounting and the acquisition cost. Provisions are constituted for losses when the expected future cash flows from an investment induce to loss expectations.

The investments assessed by equity equivalence are represented by limited liability companies, for which there is no market value.

Investments assessed at cost are immaterial in relation to total assets. The risks associated to them would not produce significant impacts for the Company in case of losses with these investments.

g Financial Investment Risks

The company has temporary high-liquidity investments, in domestic currency, in financial investment funds (FIFs), and investments in its own portfolio of (based on post-fixed rates) private securities issued by first-tier financial institutions (CDBs). The FIFs portfolios are comprised of federal bonds (based on post-fixed, prefixed and foreign exchange rates) and CDBs issued by first-tier financial institutions (based on post-fixed rates). Funds may carry out non-leveraged derivative operations, aiming at protecting their portfolios and complying with the purposes established in their respective investment policies. The exposure to market risks is monitored everyday by the VaR (Value at Risk) methodology, which expresses the loss risk quantification in these investments.

The temporary high-liquidity investments, in foreign currency, are represented by overnight operations backed by securities issued by foreign financial institutions, with low credit risk.

BrT Celular holds short-term investments in federal bonds, aiming at ensuring its participation at bidding procedures at ANATEL. Such investments are represented by National Treasury Bills LTN, compensated according to a fixed interest rate. Aiming at getting protection against fluctuation on the market rates concerning such bonds, the Company has contracted hedge operations under the exchange rate swap modality, binding the remuneration of bonds to the CDI variation.

The investments carried out in CDBs and overnight operations are subject to the credit risk of financial institutions, and the foreign currency investments are subject to the exchange rate risk.

The balances of financial investments and short-term investments public securities - are shown in notes No. 17, No. 18 and No. 19, respectively.

h. Risk of Early Maturity of Loans and Financing

Liabilities resulting from financing, mentioned in note No. 36, concerning agreements of BNDES, public debentures and most of them referring to financial institutions, have clauses that estimate the early maturity of liabilities in the cases in which certain levels for certain indicators are not reached, such as ratios of indebtedness and leverage (financial covenants).

For the financing agreements maintained with BNDES, the Company must comply with a set of financial ratios and in the event of non-compliance with some of these ratios, the Bank is allowed to request the temporary block of transitory values in collection accounts bound by the agreements.

All indicators set forth in agreements are being complied with, thus there are no sanctions or penalties set forth in the agreement clauses entered into upon the Company.

i. Regulatory Risks

Concession Agreements

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

- The burden of the concession defined as 2% of the net revenue from taxes, calculated every two years, started in 2006 fiscal year, whose initial payment occurred on April 30, 2007, This will successively occur until the end of the concession. This calculation method, concerning accrual, corresponds to 1% for each fiscal year;
- The definition of new universalization targets, particularly AICE - Special Class Individual Access, of mandatory and progressive offer and the Telecommunications Service Centers - PST, with full burden for the Concessionaire;
- The possibility of the Regulating Agency imposing alternative plans of mandatory offer;
- The introduction of Regulating Agency's right to intervene and modify agreements of the concessionaire with third parties;
- The inclusion of assets of the parent company, subsidiary, affiliated companies and third parties, indispensable to the concession, as reversible assets;
- The creation of the users' board in each concession.

Interconnection tariffs are defined as a percentage public local and domestic long distance tariff until the effective implementation of cost model by service/modality, estimated for 2009, according to the models defined in the Regulation for Separation and Accounting Allocation (Resolution 396/05).

The amendment to the tariff method applicable to the STFC Basic Plan in the Local Modality Rendered under Public Scheme (PBS) - Conversion from Pulses to Minutes, and the implementation of the Alternative Service Plan of the Mandatory Offer (PASOO) shall be concluded in all areas of operations of the Company up to July 31, 2007, in compliance with the regulatory requirements defined by ANATEL set forth in Rules 423/05, 432/06 and 450/06, This change enables the clients selecting one of two service plans of mandatory offer (PBS and PASOO), as well as exercising the right of requesting details on their local calls in the telephone bills.

Authorizations for Third Generation Personal Mobile Services - 3G

14 Brasil Telecom was classified in the bidding procedure organized by ANATEL in December 2007, relatively to the authorizations for exploitation of Personal Mobile Service - SMP, concomitantly to the grant of authorization for use of radio frequency, which allows acquiring authorizations and operating in sub-bands that will allow offering products related to the third generation mobile services network - 3G in its services area. The amount of these authorizations, valid for a period of fifteen years, likely to be extended for the same period, under onerous title, is R\$ 488,235, The execution of the Authorization Terms is expected to happen by the end of May, 2008 in compliance with the definition of date to be established by ANATEL. The new SMP

authorizations and those already existing will be unified within the maximum period of eighteen months as of the publication in the Federal Official Gazette, of the extract of the Authorization Terms for Use of Radio Frequencies, and keeping the differentiation of the radio frequencies blocks according to the respective original contracts and their validity terms.

The deployment of the new 3G network will allow providing SMP clients with, besides the mobile voice services, data communication services at speeds higher than those made available by the current network 2.5G. In addition, the 3G network will operate complementarily to the 2.5G network, allowing the extension and update of the coverage network of BrT Celular and assisting the client's base growth.

6. BENEFITS TO EMPLOYEES

The benefits described herein are offered to employees of the Company and its direct or indirect subsidiaries, except for BrT Call Center, in connection with supplementary social security. These companies are better described jointly, and can be referred to as *Brasil Telecom Companies* and for the purpose of the supplementary pension plan mentioned in this note, are also denominated *Sponsor* or *Sponsors*.

a. Supplementary Pension Plan

The Company sponsors supplementary pension plans related to retirement for its employees and assisted members, and, in the case of the latter, medical assistance in some cases. These plans are managed by the following foundations: (i) Fundação 14 de Previdência Privada (*Fundação 14*); (ii) Fundação BrTPREV (*FBrTPREV*) former CRT, a company merged by the Company on 12.28.00; and (iii) Fundação SISTEL de Seguridade Social (*SISTEL*), originated from certain companies of the former Telebrás System.

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

The plans sponsored are valued by independent actuaries on the fiscal year closing date. For benefit plans defined and identified in this note, the prompt recognition of actuarial earnings and losses is adopted, therefore constituting the total liabilities for the plans that are in a deficit situation, according to the rules of the Resolution CVM no. 371/00, For those plans that present a positive actuarial status, assets are constituted in the cases of express authorization for compensation with future employer dues.

The characteristics of supplementary pension plans sponsored are reported below:

FUNDAÇÃO 14

Private Pension Fundação 14 was created in 2004 and since 3.10.05 has been in charge of the management and operation of the TCSPREV pension plan. On such a date, it entered into an administration agreement with SISTEL, so that the latter would provide management and operating services to the TCSPREV and PAMEC-BrT plans up to 9/30/06. From this date on, Fundação 14 took over the management and operation services of its plans. As of the reference date of October 31, 2007, Fundação 14 gave up administrating the assistance plan PAMEC-BrT, once it is a private pension plans administration-oriented entity. In November, 2007, the assets and liabilities of PAMEC-BrT were transferred to the Company that, besides holding the attribution of sponsor, started in the position of administrator of that plan.

Plans**TCSPREV (Defined Contribution, Settled Benefit and Defined Benefit)**

This defined contribution and settled benefit plan was introduced on 2/28/00. On 12/31/01, all pension plans sponsored by the Company with SISTEL were merged, being exceptionally and provisionally approved by the Secretaria de Previdência Complementar - SPC of document sent to that Agency, due to the need for adjustments to the regulations. Thus, TCSPREV is comprised of defined contribution groups with settled and defined benefits. The plans that were merged into the TCSPREV were the PBS-TCS, PBT-BrT, BrT Management Agreement, and the Unusual Contractual Relation Instrument, and the conditions established in the original plans were maintained. In March 2003, this plan was no longer offered to the sponsors - new contracted ones. However, concerning the defined contribution group, this plan started being offered as of March 2005, TCSPREV currently provides assistance to nearly 65.6% of the staff.

Contributions to this plan, by group of participants, are established based on actuarial studies prepared by independent actuaries according to regulations in force in Brazil, using the capitalization system to determine the costs. Currently, contributions are made by the participants and the sponsor only for the internal groups PBS-TCS (defined benefit) and TCSPREV (defined contribution). In the TCSPREV group, the contributions are credited in individual accounts of each participant, equally by employee and sponsor, and the basic contribution percentages vary between 3% and 8% of the participant's salary, according to participant's age and limited to R\$ 21,104.40 for 2008. Participants have the option to make additional contributions to the plan but without parity of the Company. In the case of the PBS-TCS group, the sponsor's contribution corresponds to 12% of the payroll of the participants; while the employees contribution varies according to the age, service time and salary. An entry fee may also be payable depending on the age of joining the plan. The sponsors are responsible for the cost of all administrative expenses and risk benefits.

Assets Constituted for Compensation of Future Employer Dues

In view of the approvals from the decision-making body of Fundação 14 occurred on December 18, 2007, which established the deliberation of surpluses, directing them to the formation of reserves for contingencies, special reserve in favor of participants, both assisted and participant, and sponsor's contributions balance, assets amounting to R\$ 81,209 were constituted in order to be used in the compensation of employer dues. In that sense, Fundação 14 also promoted alterations in the Regulation of TCSPREV pension plan, whose protocol at SPC was recorded on October 24, 2007,

The balance of such assets, recorded in other assets, is represented below:

	COMPANY AND CONSOLIDATED	
	03/31/08	12/31/07
Future Contributions to be Compensated - TCSPREV Pension Plan	71,476	74,476
Total	71,476	74,476
Current	15,208	18,743
Long-term	56,268	55,733

FUNDAÇÃO SISTEL DE SEGURIDADE SOCIAL

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

Plans

PBS-A (Defined Benefit)

Maintained jointly with other sponsors subject to the provision of telecommunications services and destined for participants that had the status of beneficiaries on 1/31/00,

Contributions may occur in case of accumulated deficit. On 12.31.07, the actuarial appraisal date, the plan presented a surplus.

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

Maintained jointly with other sponsors subject to the provision of telecommunications services and destined for participants that had the status of beneficiaries on 01.31.00, for the beneficiaries of the PBS-TCS Group, merged on 12.31.01 into TCSPREV (plan currently managed by Fundação 14) and for the participants of PBS's defined benefit plans sponsored by other companies, together with SISTEL and other foundations. According to a legal and actuarial appraisal, the Sponsor's responsibility is exclusively limited to future contributions. From March to July 2004 and from December 2005 to April 2006, an incentive optional migration of retirees and pensioners of PAMA took place for new coverage conditions (PCE). The participants who opted for the migration began to contribute to PAMA/PCE.

The contributions for this plan corresponding to 1.5% on payroll of active participants subject to PBS plans, segregated and sponsored by several sponsors company. In the case of Brasil Telecom, the PBS-TCS was merged into the TCSPREV plan on 12.31.01, and began to constitute an internal group of the plan. Due to the utilization of PAMA, the participants share a portion of its individual costs used in the plan. Contributions by retirees and pensioners who migrated to PAMA/PCE are also carried out.

FUNDAÇÃO BrTPREV

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

Plans

BrTPREV

Defined contribution plan and settled benefits, launched in October 2002, destined for the concession of pension plan benefits supplementary to those of the official pension plan and that initially assisted only employees subject to the Subsidiary Rio Grande do Sul. This pension plan remained open to new employees of the Company and its subsidiaries from March 2003 to February 2005, when its offering was suspended. Currently, BrTPREV provides assistance to nearly 22.8% of the staff.

Contributions to this plan are established based on actuarial studies prepared by independent actuaries according to the regulations in force in Brazil, using the capitalization system to determine costs. Contributions are credited in individual accounts of each participant, the employee's and Company's contributions being equal, the basic percentage contribution varying between 3% and 8% of the participation salary, according to the participant's age and limited to R\$21,831,00 for 2008. Participants have the option to make additional contributions to the plan but without parity of the sponsor. The sponsor is responsible for the administrative expenses and risk benefits.

Fundador - Brasil Telecom e Alternativo - Brasil Telecom

Defined benefits plans destined to provide supplementary social security benefits in addition to those of the official social security, closed to the entry of new participants. Currently, these plans assist approximately 0.16% of the staff.

The regular contribution by the sponsor is equal to the regular contribution of the participant, rates of which are variable rates according to age, service time and salary. With the Alternativo Plan - Brasil Telecom, the contributions are limited to three times the ceiling benefit of INSS and the participant also pays an entry fee depending on the age of joining the plan.

Actuarial Insufficiency of the Plans

The mathematical reserve to amortize, corresponding to the current value of the Company's supplementary contribution, as a result of the actuarial deficit of the plans managed by FBrTPREV, have the settlement within the maximum established period of twenty years, as from January 2002, according to Circular 66/SPC/GAB/COA from the Supplementary Pension Department dated 1/25/02. From this maximum term, remains thirteen years and nine months for total liquidation, and in the current period to the quarter closing, an amount of R\$ 101,350 (R\$ 28,760 in 2007) has been already amortized.

ASSISTANCE PLAN ADMINISTERED BY THE COMPANY

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

Directed to the health care of retired employees and social security recipients linked to PBT-BrT Group, pension plan administered by Fundação 14,

The contributions for PAMEC-BrT were fully paid in July 1998, through a single payment. However, as that plan is now administered by the Company after the transfer of administration by Fundação 14 in November 2007, there is no assets and liabilities constituted to cover the current expenses, and the actuarial obligation is fully recognized in the liabilities of the Company, in the amount of R\$ 2,183 (R\$ 2,077 on 12.31.07) .

b. Stock Call Option Plan for Management and Employees

