

BRASIL TELECOM HOLDING CO
Form 6-K
August 01, 2007

**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 July 31, 2007

(Commission File No. 1-14477)

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

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

**SIA Sul, Área de Serviços Públicos, Lote D, Bloco B
Brasília, D.F., 71.215-000
Federative Republic of Brazil**
(Address of Registrant's principal executive offices)

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

Form 20-F Form 40-F

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

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

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

Yes No

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

**BRASIL TELECOM ANNOUNCES GROSS REVENUE OF R\$ 4.0 BILLION AND
EBITDA OF R\$ 972.7 MILLION IN THE 2Q07**

*Net Revenues grew 11.9% and EBITDA grew 19.6% in comparison to the 2Q06
Net Income of R\$145.5 million, 38.5% higher than in the 2Q06*

Brasília, July 31, 2007 - Brasil Telecom Participações S.A. (BOVESPA: BRTP3/BRTP4; NYSE: BRP) announces its consolidated results for the second quarter of 2007 (2Q07). The Company's unaudited financial statements are presented in million of Reais, except where stated otherwise, and prepared in conformity with generally accepted accounting principles in Brazil.

HIGHLIGHTS

- **Mobile telephony EBITDA** was positive for the second consecutive quarter, totaling R\$5.2 million, with gross additions 21.0% higher than in the 2Q06. Year-to-date operating cash generation reached R\$9.6 million.
- **Consolidated EBITDA** came to R\$972.7 million in the second quarter, up 19.6% on the R\$813.6 million recorded in the 2Q06. The first-half figure was 17.4% higher than in the same period a year ago.
- **ADSL users** amounted to 1,453.4 thousand at the end of June 2007, a 25.9% upturn on the 2Q06.
- **Internet Group ISPs** combined reached 1.3 million broadband subscribers, a 42.3% increase over the 2Q06.
- **Consolidated mobile telephony gross revenue** amounted to R\$428.8 million, up 95.1% on the 2Q06. BrT Mobile service revenue totaled R\$526.4 million, 72.4% higher than in the 2Q06.
- **Data communication and other services revenue** reached R\$686.0 million in the 2Q07, an increase of 28.5% on the 2Q06.
- **Consolidated gross revenue** totaled R\$3,972.9 million in the 2Q07, an increase of 9.8% on the 2Q06. **Consolidated net revenue** came in as R\$2,743.3 million in the 2Q07, 11.9% higher than in the 2Q06.
- **Operating costs and expenses** (excluding depreciation and amortization) amounted to R\$1,770.7 million, representing 64.5% of net revenue, 2.3 p.p. lower than the 66.8% recorded in the same period of the previous year.

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Brasil Telecom Participações S.A. controls Brasil Telecom S.A., a telecommunications company which provides fixed line telephony services in local, domestic long distance, international long distance, mobile telephony, public telephony, data communication, network and value added services in the states of Rondônia, Acre, Mato Grosso, Mato Grosso do Sul, Tocantins, Goiás, Santa Catarina, Paraná and Rio Grande do Sul, as well as in the Federal District. Its coverage area corresponds to 24% of the population (approximately 44 million inhabitants), 27% of the GDP (approximately R\$420 billion in 2003) and 33% of the Brazilian territory (about 2.8 million km²).

INCOME STATEMENT

BRASIL TELECOM PARTICIPAÇÕES S.A.

R\$ Million				Δ				Δ Year
	2Q06	1Q07	2Q07	Quarter	Δ 12 Months	6M06	6M07	
GROSS REVENUES	3,619.3	3,897.1	3,972.9	1.9%	9.8%	7,274.2	7,869.9	8.2%
FIXED TELEPHONY	2,796.3	2,824.4	2,775.3	-1.7%	-0.7%	5,685.1	5,599.7	-1.5%
Local Service	1,702.2	1,648.0	1,634.4	-0.8%	-4.0%	3,471.3	3,282.5	-5.4%
Public Telephony	138.8	129.0	140.4	8.8%	1.1%	266.6	269.4	1.0%
Long Distance Service	678.5	756.3	727.6	-3.8%	7.2%	1,382.3	1,483.9	7.3%
Interconnection	99.7	85.0	82.4	-3.0%	-17.4%	208.2	167.4	-19.6%
Lease of Means	80.0	89.7	86.0	-4.1%	7.5%	163.0	175.8	7.8%
Supplementary and Value Added Services	86.8	106.3	95.9	-9.8%	10.5%	172.9	202.2	16.9%
Other	10.2	10.0	8.6	-13.8%	-15.9%	20.7	18.6	-10.0%
MOBILE TELEPHONY *	289.3	429.7	511.5	19.0%	76.8%	533.7	941.2	76.3%
DATA COMMUNICATIONS	533.7	642.9	686.0	6.7%	28.5%	1,055.3	1,329.0	25.9%
Deductions	(1,168.6)	(1,206.2)	(1,229.5)	1.9%	5.2%	(2,346.6)	(2,435.7)	3.8%
NET REVENUES	2,450.7	2,690.9	2,743.3	2.0%	11.9%	4,927.6	5,434.2	10.3%
OPERATING COSTS AND EXPENSES	(1,637.2)	(1,738.9)	(1,770.7)	1.8%	8.2%	(3,288.8)	(3,509.6)	6.7%
Personnel	(162.7)	(151.3)	(156.2)	3.2%	-4.0%	(352.9)	(307.5)	-12.9%
Materials	(105.2)	(77.3)	(101.7)	31.6%	-3.3%	(189.1)	(179.0)	-5.3%
Subcontracted Services	(575.2)	(564.5)	(562.4)	-0.4%	-2.2%	(1,119.1)	(1,126.9)	0.7%
Interconnection	(480.6)	(576.5)	(570.4)	-1.1%	18.7%	(979.1)	(1,147.0)	17.1%
Advertising and Marketing	(42.2)	(24.8)	(35.6)	43.4%	-15.8%	(62.6)	(60.3)	-3.6%
Provisions and Losses	(224.7)	(218.3)	(271.6)	24.4%	20.9%	(412.6)	(489.9)	18.7%
Other	(46.7)	(126.2)	(72.7)	-42.4%	55.8%	(173.3)	(198.9)	14.8%
EBITDA	813.6	952.0	972.7	2.2%	19.6%	1,638.9	1,924.6	17.4%
EBITDA Margin	33.2%	35.4%	35.5%	0.1 p.p.	2.3 p.p.	33.3%	35.4%	2.2 p.p.
Depreciation and Amortization	(669.3)	(650.1)	(626.6)	-3.6%	-6.4%	(1,339.3)	(1,276.7)	-4.7%
EARNINGS BEFORE FINANCIAL RESULT (EBIT)	144.3	301.9	346.1	14.6%	139.8%	299.5	648.0	116.3%
Financial Result	(299.2)	(333.3)	(16.6)	-95.0%	-94.5%	(374.5)	(349.9)	-6.5%
Financial Revenues	193.7	161.4	144.0	-10.8%	-25.7%	309.8	305.4	-1.4%
Financial Expenses	(227.4)	(227.0)	(160.6)	-29.3%	-29.4%	(418.8)	(387.6)	-7.5%
Interest on Own Capital	(265.5)	(267.8)	-	N.A.	N.A.	(265.5)	(267.8)	0.9%
EARNINGS AFTER FINANCIAL RESULT	(154.9)	(31.4)	329.5	N.A.	N.A.	(74.9)	298.0	N.A.

Non-Operating Revenues (Expenses)	(14.3)	3.5	2.7	-22.7%	N.A.	(16.9)	6.1	N.A.
Goodwill Amortization	(0.3)	(0.1)	(0.0)	-96.1%	-98.2%	(0.5)	(0.1)	-75.3%
Other	(14.1)	3.6	2.7	-25.2%	N.A.	(16.4)	6.3	N.A.
EARNINGS BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	(169.2)	(28.0)	332.1	N.A.	N.A.	(91.8)	304.2	N.A.
Income and Social Contribution Taxes	47.3	0.0	(129.0)	N.A.	N.A.	5.2	(128.9)	N.A.
EARNINGS BEFORE PROFIT SHARING	(121.9)	(27.9)	203.2	N.A.	N.A.	(86.6)	175.2	N.A.
Minority Interest	(38.5)	(70.0)	(57.7)	-17.5%	49.8%	(40.3)	(127.7)	216.6%
EARNINGS BEFORE REVERSION OF INTEREST ON OWN CAPITAL	(160.5)	(97.9)	145.5	N.A.	N.A.	(126.9)	47.6	N.A.
Reversion of Interest on Own Capital	265.5	267.8	-	N.A.	N.A.	265.5	267.8	0.9%
NET INCOME	105.0	169.9	145.5	-14.4%	38.5%	138.5	315.3	127.6%
Net Income/shares - R\$ **	0.2897	0.4686	0.4013	-14.4%	38.5%	0.4243	0.9658	N.A.
Net Income/ADR - US\$	0.6692	1.1430	1.0417	-8.9%	55.7%	0.9803	2.5071	N.A.

* Data communications revenues (VAS) are included in "Mobile Telephony" item.

** The values of 2Q06 and 1Q07 are per 1,000 shares.

BRT MOBILE

R\$ Million	2Q06	1Q07	2Q07	Δ Quarter	Δ 12 Months	6M06	6M07	Year
GROSS REVENUES	374.7	541.3	609.1	12.5%	62.6%	704.2	1,150.4	63.4%
Subscription	65.0	101.4	113.7	12.1%	74.9%	122.9	215.1	75.1%
Utilization	95.9	121.5	128.7	5.9%	34.2%	181.9	250.2	37.6%
Interconnection	105.9	239.1	246.5	3.1%	132.7%	210.5	485.6	130.7%
Other Revenues	9.5	9.8	11.3	15.2%	19.2%	19.1	21.1	10.6%
Data Communications	28.9	17.2	26.2	52.3%	-9.3%	45.7	43.4	-5.1%
Merchandise Sales (Handsets and Accessories)	69.5	52.2	82.7	58.4%	19.0%	124.1	134.9	8.7%
Deductions	(124.2)	(156.3)	(179.6)	14.9%	44.6%	(231.1)	(335.9)	45.4%
NET REVENUES	250.5	385.0	429.6	11.6%	71.5%	473.1	814.5	72.2%
OPERATING COSTS AND EXPENSES	(298.5)	(380.6)	(424.4)	11.5%	42.2%	(561.4)	(805.0)	43.4%
Personnel	(16.7)	(18.7)	(17.8)	-4.4%	6.9%	(38.1)	(36.5)	-4.2%
Materials	(81.8)	(55.9)	(78.8)	40.8%	-3.7%	(142.6)	(134.7)	-5.5%
Subcontracted Services	(98.9)	(93.7)	(90.6)	-3.3%	-8.4%	(184.4)	(184.4)	0.0%
Interconnection	(15.3)	(128.0)	(146.6)	14.6%	N.A.	(39.5)	(274.6)	N.A.
Advertising and Marketing	(20.2)	(10.2)	(17.2)	69.0%	-14.7%	(27.7)	(27.4)	-1.4%
Provisions and Losses	(6.5)	(14.6)	(20.5)	39.9%	215.8%	(17.5)	(35.1)	100.6%
Other	(59.2)	(59.4)	(52.9)	-11.1%	-10.7%	(111.5)	(112.3)	0.7%
EBITDA	(47.9)	4.4	5.2	18.9%	N.A.	(88.2)	9.6	N.A.
EBITDA Margin	-19.1%	1.1%	1.2%	0.1 p.p.	N.A.	-18.7%	1.2%	N.A.
Depreciation and Amortization	(79.8)	(94.5)	(95.2)	0.7%	19.3%	(156.6)	(189.7)	21.2%
EARNINGS BEFORE FINANCIAL RESULT	(127.7)	(90.2)	(90.0)	-0.1%	-29.5%	(244.8)	(180.2)	-26.4%
Financial Result	(10.4)	10.6	17.2	62.1%	N.A.	(19.1)	27.8	-245.7%
Financial Revenues	1.7	22.7	25.8	13.9%	N.A.	6.9	48.5	606.1%
Financial Expenses	(12.1)	(12.1)	(8.6)	-28.4%	-28.7%	(25.9)	(20.7)	-20.2%
EARNINGS AFTER FINANCIAL RESULT	(138.2)	(79.5)	(72.8)	-8.4%	-47.3%	(263.9)	(152.4)	-42.3%
Non-Operating Revenues (Expenses)	(0.0)	-	1.3	N.A.	N.A.	(0.4)	1.3	N.A.
EARNINGS BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	(138.2)	(79.5)	(71.6)	-10.0%	-48.2%	(264.3)	(151.1)	-42.8%
	46.9	27.1	23.7	-12.6%	-49.5%	89.5	50.8	-43.3%

Income and Social Contribution
Taxes

EARNINGS BEFORE PROFIT SHARING	(91.3)	(52.5)	(47.9)	-8.7%	-47.5%	(174.8)	(100.4)	-42.6%
EARNINGS BEFORE REVERSION OF INTEREST ON OWN CAPITAL	(91.3)	(52.5)	(47.9)	-8.7%	-47.5%	(174.8)	(100.4)	-42.6%
NET EARNINGS (LOSSES)	(91.3)	(52.5)	(47.9)	-8.7%	-47.5%	(174.8)	(100.4)	-42.6%

OPERATING PERFORMANCE**WIRELINE TELEPHONY****Network****Table 1: Operating Data**

FIXED LINE PLANT	2Q06	1Q07	2Q07	Δ Quarter	Δ 12 Months
Lines Installed (Thousand)	10,794.5	10,388.5	10,375.2	-0.1%	-3.9%
Additional Lines Installed (Thousand)	(19.8)	(34.5)	(13.3)	-61.4%	-32.8%
Lines in Service - LIS (Thousand)	9,407.1	8,278.0	8,129.4	-1.8%	-13.6%
Residential	5,939.9	5,560.3	5,470.3	-1.6%	-7.9%
Non-Residential	1,401.4	1,248.7	1,238.5	-0.8%	-11.6%
Public Telephones	290.7	275.5	276.0	0.2%	-5.0%
Pre-paid	316.1	-	-	N.A.	-100.0%
Hybrid Terminals	819.3	561.8	507.7	-9.6%	-38.0%
Other (Including PBX)	639.6	631.8	636.9	0.8%	-0.4%
Additional LIS (Thousand)	(136.0)	(139.6)	(148.6)	6.4%	9.3%
Active Lines (LIS - Blocked Lines)	8,341.4	8,037.0	7,901.5	-1.7%	-5.3%
Blocked Lines	1,065.7	241.1	227.9	-5.5%	-78.6%
Average LIS (Thousand)	9,475.1	8,347.8	8,203.7	-1.7%	-13.4%
LIS/100 Inhabitants	21.8	18.8	18.4	-2.1%	-15.5%
Public Telephones/1,000 Inhabitants	6.7	6.3	6.3	-0.1%	-7.1%
Public Phones/100 Lines Installed	2.7	2.7	2.7	0.3%	-1.2%
Utilization Rate	87.1%	79.7%	78.4%	-1.3 p.p.	-8.8 p.p.
Digitalization Rate	100.0%	100.0%	100.0%	0.0 p.p.	0.0 p.p.

At the end of the 2Q07, Brasil Telecom's network had 8.1 million lines in service, 41.0% of which were clients from alternative plans. Following the strategy of segmenting the client base to guarantee universal access to telecom services and the profitability of the services rendered, Brasil Telecom has been launching new plans. In compliance with Anatel resolutions, the implementation of the conversion from pulses to minutes will be concluded by July 31, 2007.

Brasil Telecom offers its clients the Full Bill Plan (*Plano Conta Completa*), already adapted to the new minute-based charging system determined by Anatel, allowing clients to receive a detailed bill and identify the calls made. The Complete Bill Plan packages allow clients to choose the plan that best suits their consumption profile, with plan options ranging from 400 to 20,000 minutes in local calls to fixed lines, from 30 to 500 minutes in local calls to mobile lines, and from 30 to 120 minutes in long-distance calls.

Brasil Telecom had 3.3 million lines in alternative wireline telephony plans, 19.2% more than in the 2Q06, as a result of the company's strategy to retain clients and cement client loyalty by offering specific plans according to the profile of each client. Alternative plans include minute plans and plans for fixed-to-fixed and fixed-to-mobile local calls.

Brasil Telecom also offers alternative long-distance call plans and had 682.7 clients at the end of the 2Q07, an increase of 62.1% on the 2Q06.

Graph 1: Alternative Local Plans Wireline Telephony

At the end of the 2Q07, Brasil Telecom's network comprised 10.4 million installed lines, 8.1 million of which in service, leading to a utilization rate of 78.4%. The utilization rate declined 8.8 p.p. due to the adoption of stricter measures in the Company's collection and charging policy as of the 3Q06 and the decline in fixed lines in service. At the close of the 2Q07, Brasil Telecom had 7,901.5 thousand active lines and 227.9 thousand blocked lines.

Traffic**Table 2 : Traffic**

TRAFFIC	2Q06	1Q07	2Q07	Δ		6M06	6M07	Δ Year
				Quarter	Δ 12 Months			
Exceeding Local Pulses (Million) *	2,142.2	1,433.8	1,216.9	-15.1%	-43.2%	4,433.4	2,650.7	-40.2%
Exceeding Minutes (Million)	-	114.2	499.7	337.5%	N.A.	-	614.0	N.A.
VC-1 (Million Minutes)	699.9	692.3	697.8	0.8%	-0.3%	1,444.6	1,390.1	-3.8%
Long Distance Minutes (Million)	1,395.4	1,438.4	1,381.7	-3.9%	-1.0%	2,849.5	2,820.1	-1.0%
Long Distance	1,136.4	1,128.3	1,061.3	-5.9%	-6.6%	2,332.9	2,189.6	-6.1%
VC-2	159.5	168.1	174.6	3.9%	9.5%	312.2	342.7	9.8%
VC-3	99.5	141.9	145.8	2.7%	46.6%	204.4	287.7	40.8%

* Reclassified in 1Q07 for a better comparison.

Brasil Telecom recorded 499.7 million in billed minutes, 337.5% higher than the 114.2 million recorded in the 1Q07, chiefly due to the growing adherence to alternative plans.

Brasil Telecom recorded 1.2 billion billed pulses, down 15.1% on the 1Q07, due to the migration from billed pulses to billed minutes in the 2Q07. Compared to the same period the year before, the decline was 43.2%, due to: the increase in local plans, which generated higher subscriptions; the effect of the migration from pulses to minutes, which distributes traffic formerly measured only by pulses and that as of this year began to be measured also in minutes; the 25.9% increase in ADSL users; and the migration from fixed to mobile terminals VC-1 traffic totaled 697.8 million, 0.8% higher than in the 1Q07 and in line with the 2Q06, despite the aggressive promotions for intra-network calls from the competing mobile operators.

Long-distance traffic fell 3.9% and 1.0% on the 1Q07 and the 2Q06, respectively. However, **this decline was offset in the revenue line by the growth in the number of clients adhering to long-distance plans.** In addition, there was also an increase in VC-2 and VC-3 traffic, as shown below in the comparisons with the previous quarter and with the same period of last year.

Graph 2: LD Market Share Quarterly Average BrT Estimate

PS: The market shares hereby presented refer to Brasil Telecom's concession area (Region II of the PGO - General Concession Plan).

In the 2Q07, Brasil Telecom maintained its leadership position and **recorded average market share in the quarter of 86.0% in the intra-regional segment. In the intra-sector segment, Brasil Telecom's market share was 90.5%**, in line with the previous quarter. **Brasil Telecom closed the 2Q07 with market share of 63.7% and 36.0% in the inter-regional and international segments, respectively.**

TARIFFS

Brasil Telecom was authorized by Anatel to adjust the tariff items in the Basic Plans for Local Service and Domestic Long-Distance Service, pursuant to the Concession Agreements. The adjustments authorized for the local and domestic long-distance plans averaged 2.14% . The TU-RL (Local Network Usage Tariff) was adjusted upward by 2.14% while the TU-RIU (Interstate Network Usage Tariff) was adjusted downward by 0.13% .

The tariffs for the STFC (Switched Fixed Telephony Service), Local and DLD Basic Plans for calls involving mobile phones (VC-1, VC-2 and VC-3) were adjusted upward by 3.29%, also as of July 20, 2007.

Table 3 : Local Service Rates (in R\$)

Local Service ¹	Maximum Values	
	Effective since 7/14/2006	Effective since 7/20/2007
Installation Fee	32.39	33.08
Residential Monthly Fee	27.28	27.86
Non-residential Monthly Fee	40.36	41.23
PBX Monthly Fee	39.98	40.85
Local Pulse	0.10996	0.11230
Address Change	32.39	33.08
Public Telephone Credit	0.11600	0.11850

¹ Tariffs net of taxes, except for the Public Telephone Credit.

Table 4: Long-Distance Service Rates (in R\$)

DLD Service ¹	Effective since 7/21/2006			
	Normal	Differentiated	Reduced	Super Reduced
D1	0.12796	0.22304	0.06394	0.03194
D2	0.21330	0.30978	0.10660	0.05326
D3	0.23816	0.34901	0.15994	0.07994
D4	0.24574	0.35594	0.19761	0.10660

DLD Service ¹	Effective since 7/20/2007			
	Normal	Differentiated	Reduced	Super Reduced
D1	0.13819	0.24088	0.06905	0.03449
D2	0.23036	0.33365	0.11512	0.05752
D3	0.23668	0.34618	0.16870	0.08633
D4	0.24472	0.35502	0.19970	0.11512

¹ Tariffs net of taxes, average, per minute, for calls between fixed terminals.

DLD Service ²	Adjustment Percentage Change ²			
	Normal	Differentiated	Reduced	Super Reduced
D1	8.00%	8.00%	7.99%	7.98%
D2	8.00%	7.71%	7.99%	8.00%
D3	-0.62%	-0.81%	5.47%	7.99%
D4	-0.41%	-0.26%	1.05%	7.99%

² The percentage of average DLD adjustment was 2.1385%

Table 5: Network Usage Rates (in R\$)

Network Usage	Previous Tariff ^{1 4}	Previous Tariff ^{2 4}	Adjusted Tariff ^{3 4}
TU-RL	0.03663	0.02930	0.02992
TU-RIU	0.08110	0.08311	0.08301

¹ Tariff effective since July, 2006.

² Tariff effective since January, 2007.

³ Tariff effective since July, 2007.

⁴ Tariffs net of taxes.

MOBILE TELEPHONY

Table 6: Operating Data

Key Operational Data	2Q06	1Q07	2Q07	Δ 12	
				Δ Quarter	Months
Clients (Thousand)	2,771.8	3,638.1	3,768.6	3.6%	36.0%
Post-Paid	900.2	967.0	890.2	-7.9%	-1.1%
Pre-Paid	1,871.6	2,671.1	2,878.3	7.8%	53.8%
Net Additions (Thousand)	310.9	261.3	130.5	-50.1%	-58.0%
Post-Paid	79.1	(26.9)	(76.7)	185.7%	-197.1%
Pre-Paid	231.8	288.2	207.2	-28.1%	-10.6%
Gross Additions (Thousand)	515.3	447.2	623.5	39.4%	21.0%
Post-Paid	106.7	65.0	98.6	51.7%	-7.6%
Pre-Paid	408.6	382.2	524.9	37.3%	28.5%
Cancellations (Thousand)	204.4	185.9	493.0	165%	141%
Post-Paid	27.6	91.8	175.3	90.9%	535.3%
Pre-Paid	176.8	94.1	317.7	237.8%	79.7%
Annualized Churn	31.3%	21.2%	53.3%	32.1 p.p.	22.0 p.p.
Post-Paid	12.8%	37.5%	75.5%	38.0 p.p.	62.7 p.p.
Pre-Paid	40.3%	14.9%	45.8%	30.9 p.p.	5.5 p.p.
SAC (R\$)	152.0	97.8	89.7	-8.3%	-41.0%
Market Share	10.7%	12.9%	12.9%	0.0 p.p.	2.2 p.p.
Served Localities	796	830	830	0.0%	4.3%
% of Population Covered	87%	87%	87%	0.0 p.p.	0.0 p.p.
Base Stations	2,147	2,417	2,434	0.7%	13.4%
Switches	9	10	10	0.0%	11.1%
Employees	632	611	610	-0.2%	-3.5%

BrT Mobile's users in service rose to 3,768.6 thousand, representing a net addition of 130.5 thousand users in the 2Q07. At the end of the 2Q07, BrT Mobile's client portfolio was 3.6% larger than in the 1Q07 and 36.0% larger than in the 2Q06.

Graph 3: Mobile Network

At the end of June 2007, **BrT Mobile's subscriber base was composed of 890.2 thousand postpaid subscribers (23.6% of total subscribers) and 2,878.3 thousand prepaid subscribers.**

On June 30, Brasil Telecom identified and disconnected 181.3 thousand inactive users that did generate revenue for the company. Of the total removed in June 2007, 95.3 thousand were postpaid and 86.0 thousand were prepaid.

These non-recurring disconnections led to negative postpaid net additions. However, total net additions were positive by 130.5 thousand due to the high sales volume in the 2Q07, fueled by Mother's Day.

Gross additions in the quarter reached 623.5 thousand, increases of 39.4% versus the 1Q07 and of 21.0% against 2Q06, respectively. The result reflects the success of the Mothers' Day sales campaign, boosted by the talk for free at night (Fale de Graça à Noite) promotion, through which Brasil Telecom seeks to offer new benefits to customers without entailing new costs. In addition to attracting new users, BrT increases network usage at times when optimum-capacity is not achieved.

BrT Mobile's market share in Region II came to 12.9% by the end of the 2Q07, in line with the figure for the 1Q07 and 2.2 p.p. above that in 2Q06. BrT Mobile remained in third place in terms of market share in the states of GO, TO, MT, AC and RO and the Federal District.

According to Anatel, **BrT Mobile's postpaid user market share in Region II was 15.4% in June**, exceeding total user market share (12.9%) .

In the 2Q07, **BrT Mobile covered 830 locations, serving 87% of the population in Region II.**

DATA

Graph 4: ADSL Accesses

Brasil Telecom added 69.9 thousand ADSL users to its network during the 2Q07, bringing ADSL users in service to 1,453.4 thousand by end June 2007, for growth of 5.1% and 25.9% over the 1Q07 and the 2Q06, respectively. ADSL penetration (ADSL/LIS) reached 17.9% in the 2Q07, versus 16.7% in the 1Q07 and 12.3% in the 2Q06.

The continued growth in ADSL services was sustained during the 2Q07, supported by the sale of quadruple-play packages in partnership with Sky and the expansion of the Turbo services portfolio, which employs ADSL 2+ technology and allows speed of up to 24 Mbps. Brasil Telecom has been investing in this technology over the past few years and it is already available in more than half of the 1,300 cities served by broadband, providing clients with access to new services, such as IPTV, which is already in a pilot commercial operation in the Federal District of Brasília, with the commercial launch expected in the coming months.

Brasil Telecom also recorded continued growth in other products in the data communications segment, such as: (i) *Serviço Plus*, a data transport service; (ii) *Vetor*, a private virtual network which uses all the capacity of IP connections to form a unique, complete and flexible network, used for data, multimedia and voice transmission; (iii) *IP Corporate* services, an Internet connectivity service for large companies; and (iv) *Interlan*, a solution to connect more than two points to a concentrating spot, transmitting voice and data.

Internet Service Providers

Internet Group, Brasil Telecom's Internet unit, which comprises the activities of the providers iG, iBest and BrTurbo, is the second largest broadband provider in the Brazilian market. Combined with the Value-Added Services, the total number of paying clients is 1.8 million. Internet Group also has 4 million dial-up users, and is the third largest Brazilian portal in terms of audience, with more than 9.8 million residential unique visitors per month.

Internet Group had 1.3 millio