

BRASIL TELECOM SA
Form 6-K
May 03, 2006

**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 MAY 2, 2006

(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):

Investor Relations

(55 61) 415-1140

ri@brasiltelecom.com.br

Media Relations

(55 61) 3415-1378

cesarb@brasiltelecom.com.br

Free Translation

BRASIL TELECOM PARTICIPAÇÕES S.A.

Publicly Held Company
Corporate Taxpayer Registration
02.570.688/0001-70
Board of Trade 53 3 0000581 8

BRASIL TELECOM S.A.

Publicly Held Company
Corporate Taxpayer Registration
76.535.764/0001-43
Board of Trade 53 3 0000622 9

MATERIAL FACT

BRASIL TELECOM PARTICIPAÇÕES S.A. and **BRASIL TELECOM S.A.** (hereinafter jointly referred to as Brasil Telecom Group), in compliance with article 157 of Law 6,404/76 and Instruction 358/02 from the *CVM - Comissão de Valores Mobiliários* (Brazilian Securities and Exchange Commission), announce that a letter was received via fax, dated May 2, 2006, signed by TIM International N.V. (TIMINT) and TIM Brasil Serviços e Participações S.A. (TIMB).

According to this letter, Brasil Telecom S.A. and 14 Brasil Telecom Celular S.A. (hereinafter jointly referred to as Companies), were informed about the termination of the Merger Agreement entered into on April 28, 2005 among the Companies, TIMINT and TIMB. On the same letter, TIMINT and TIMB reserve their alleged rights under sections 10.3 and 11.1 of the Merger Agreement .

The Merger Agreement is part of an arbitration process implemented by the Companies against TIMINT and TIMB, according to Material Fact disclosed on March 16, 2006.

The Brasil Telecom Group reassures its commitment to keep its high standards of transparency and corporate governance, as well as to continue to value its investors, clients, employees and partners.

Brasília, May 2, 2006.

Charles Laganá Putz
Investor Relations Officer
Brasil Telecom Participações S.A.
Brasil Telecom S.A.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 2, 2006

BRASIL TELECOM S.A.

By: /s/ Charles Laganá Putz

Name: Charles Laganá Putz
Title: Chief Financial
Officer
