

BRASIL TELECOM HOLDING CO
Form SC TO-C
May 13, 2008

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE TO

(Rule 14d-100)

TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)

OF THE SECURITIES EXCHANGE ACT OF 1934

BRASIL TELECOM PARTICIPAÇÕES S.A.

(Name of subject company (Issuer))

TELEMAR NORTE LESTE S.A.

a subsidiary of

TELE NORTE LESTE PARTICIPAÇÕES S.A.

(Names of Filing Persons (Offerors))

Preferred Shares, no par value, and American

Depository Shares

105530109

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(Title of classes of securities)

(CUSIP number of preferred shares)

Roberto Terziani

Investor Relations Director

Rua Humberto de Campos, 425

7º andar

Leblon, Rio de Janeiro, RJ, Brazil 22430-190

Tel: +55 21 3131-1208

(Name, address, and telephone number of person authorized to receive notices and communications on behalf of Filing Persons)

CALCULATION OF FILING FEE

Transaction Valuation*
Not applicable*

Amount of Filing Fee*
Not applicable*

* A filing fee is not required in connection with this filing as it relates solely to preliminary communications made before the commencement of a tender offer.

** Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

| | | | |
|---------------------------|-----|---------------|-----|
| Amount Previously Paid: | N/A | Filing Party: | N/A |
| Form of Registration No.: | N/A | Date Filed: | N/A |

x Check the box if the filing relates solely to preliminary communications made before the commencement of the tender offer. Check the appropriate boxes below to designate any transactions to which the statement relates:

x third party tender offer subject to Rule 14d-1

** issuer tender offer subject to Rule 13e-4

** going private transaction subject to Rule 13e-3

“ amendment to Schedule 13D under Rule 13d-2

Check the following box if the filing is a final amendment reporting the results of the tender offer: ”

Acquisition of Brasil
Telecom
May 2008

1
Additional Information and Where to Find It
This
presentation
is
for
informational
purposes

only
and
is
not
an
offer
to
purchase
or
a
solicitation
of
an
offer
to
sell
any
shares
of
Brasil
Telecom
Participações
S.A.
(B RTP)
or
Brasil
Telecom
S.A.
(BR TO).
The
proposed
tender
offers
for
the
outstanding
common
shares
and
a
portion
of
the
preferred
shares
of
B RTP
and
BR TO
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in
this
presentation
have
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commenced.

Any
offer
to
purchase
or
the
solicitation
of
an
offer
to
sell

(1)
any
preferred
shares
of
B RTP,
including
the
preferred
shares
underlying
B RTP s
American
Depositary
Receipts,

(2)
any
preferred
shares
of
B RTO,
including
the
preferred
shares
underlying
B RTO s
American
Depositary
Receipts,

or
(3) common

shares
of
B RTP
or
B RTO
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offers
to
purchase
and
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www.sec.gov
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This
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(incorporação)
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B RTP
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and
into
BRTO,
and
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and
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the
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mergers.
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Commission
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mergers,
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charge
on
the
Commission's
website
at
www.sec.gov
or
from
TMAR.

Agenda
2
The
Restructuring
of
Telemar
Participações

Proposed Transaction: BrTP
Acquisition
Expected Benefits

3
3
The Restructuring of
Telemar
Participações

4

Ownership Restructuring -

Telemar Participações

*

Oi employees

pension fund. ** Pension funds: Previ, Petros, Funcef, FASS and Telos

Current

Ownership

Total

FASS

Fundação Atlântico*

3

Subtotal

BNDESPAR

4
FIAGO**
5
ALUTRENS
6
ASSECA
7
LEXPART
8
2
1
LF TELECOM
AG TELECOM
% ONs
100.00
4.00
24.55
25.00
19.90
10.00
10.275
10.275
10.275
10.275
AG TELECOM
1
LF TELECOM
2
FASS
Fundação Atlântico*
3
Subtotal
BNDESPAR
4
Post Restructuring
Ownership
Total
PREVI
5
PETROS
6
FUNCEF
7
19.34
19.34
11.50
50.18
% ONs
100.00
16.86

12.96
10.00
10.00

5

5

The Proposed Transaction

6
Corporate Structure
Current
Structures
ON: 53.8%
PN: 0.0%
Total: 17.9%
ON: 97.4%
PN: 79.4%
(1)
Total: 87.5%

(1)

ON: 51.6%

PN: 0.0%

Total: 18.9%

ON: 99.1%

PN: 40.6%

Total: 67.3%

(1) Includes preferred shares held directly by TmarPart

100%

100%

TmarPart

TNE

TMAR

Oi

Invitel/

Solpart

B RTP

BRTO

BRT GSM

7
Simplified Structure of the Acquisition of Brasil
Telecom

TMAR
acquires
the
control
of
BrTP
Step 6

Merger
(Incorporação)
of
Invitel
/
Solpart
into
Brasil
Telecom
Participações
(BRT)
Step 8

Merger
(Incorporação)
of
Brasil
Telecom
Participações
(BRT)
into
Brasil
Telecom
(BTM)
Step 9

Brasil
Telecom
(BTM)
share
exchange
(Incorporação
de
Ações)
into
TMAR
Step 10

TMAR
makes
a
voluntary
tender
offer
for
1/3
of
the
free-float
of
preferred
shares
of
Brasil
Telecom
Participações
and
Brasil
Telecom:
BRTP4 (R\$30.47) and BRTO4 (R\$23.42)
Step 3

Commission
Agent
transfers
the
right
to
purchase
Invitel
share
to
TMAR
Step 5

TMAR
makes
the
tag-along
tender
offer
for
common
shares
held
by
Brasil
Telecom

Participações

(BRT)

and

Brasil

Telecom

(BTM)

minority shareholders: BRTP3 (R\$57.85) and BRTO3 (R\$54.31)

Step 7

TMAR

contracts

a

Commission

Agent

to

purchase

Invitel

/

Solpart

(BrTP

majority

shareholders)

Step 1

TMAR

releases

Material

Fact

with

details

of

the

operation

Step 2

Up to September/08

Extraordinary dividend payment

Step 4

Regulatory approval (ANATEL and CADE)

8

Corporate Structure

Final Structure

ON: 100%

PN: 100%

Total: 100%

ON: 88.3%

PN: 46.4%

(1)

Total: 62.2%

(1)

(1) Includes preferred shares held directly by TmarPart

TmarPart

TNE
TMAR
BRTO

Mergers

Tender Offers

Prices

Mandatory tender offers:

BRTP3:

R\$ 57.85

BRTO3:

R\$ 54.31

Voluntary tender offers :

BRTP4:

R\$ 30.47

BRTO4:

R\$ 23.42

NOTE: BRTP3/4: Brasil Telecom

Participações

ON/PN;

BRTO3/4:

Brasil

Telecom

S.A.

ON/PN;

TMAR3/5:

Telemar

Norte

Leste

ON/PNA;

1)

Volume

weighted

average

share

prices

(VWAP)

for

each

of

the

class

of

shares

on

the

Bovespa,

for

90

days

ending

April

23,

2008.

TMAR3
and
TMAR5
adjusted
by
extraordinary
dividends
of
R\$15.5494
and
R\$17.1045
respectively

Source:

Economática

Exchange Ratios

1 ON share

1.2200534

ON

0.5047539

1 ON share

0.4137146

ON

1 PN share

0.1729971

ON

0.0715714

1 ON share

0.4137146

ON

0.9106649

PN

0.2304758

1 PN share

0.2530852

PN

Direct

Relations

BrTP

vs

Oi

(TMAR)

BrT Part

BrT

Telemar

10
Listing of TMAR at SEC

TMAR will be registered with SEC and will establish ADR programs for
ON and PN shares

BrTP
ADR Holder s
will
receive
TMAR
PN
ADRs
and
ON ADRs

BrT
ADR Holder s will receive TMAR PN ADRs

11
Brazilian Mobile Market Share: Dec/07
Market
Share
25.8%
25.0%
56.7%
Vivo
+

TIM
+
27.7%
3.2%
30.9%
=
+
13.2%
3.5%
1.2%
17.9%
=
+

12
0.6
2.2
3.4
4.3
4.6
8.4
1.4
3.9
6.9

10.3
13.1
16.0
17.3
Room to Grow in Mobility
02
03
04
05
06
07
02
03
04
05
06
07
Region I
Market Share (%)
16.5
19.2
22.6
26.0
27.4
26.9
0.0
0.0
3.2
8.7
12.1
13.2
27.9
13.7
Region II
Market Share (%)
1Q08
1Q08
Região II
Região I
1. Amazônia
Celular
not included
Oi
Mobile

Customer Base
million
Brasil
Telecom Mobile
Customer Base

million

Market leader
since 2005

Pre-paid: SIM Card alone -
without handset subsidies
combined with Oi
Ligadores
plans

Post-paid: Convergence of
services (Oi
Conta
Total)

Region III: Start-up Project
Oi
+ BrT: upside potentials

Nationwide coverage

Region II: Boost market share

Region III : Become a new
player (2G/3G)

Brazil: Boost competitiveness
due to the national coverage

Achieve national fair market
share -
25%

Approximately 38 million
customers in 5 years

Fair
Market
Share
1

13
Domestic Corporate Networks
Embratel

23 state capitals

Covers all 30 most populated cities
Oi

18 state capitals

26 of 30 most populated cities

Brasil Telecom

12 state capitals

17 of 30 most populated cities

23 state capitals

29 of the 30 most
populated cities

TOTAL

Oi +BrT

Backbone

Embratel

Hispamar

Satellite

+

Venezuela

USA

French

Guiana

Uruguai

Argentina

USA

Africa &

Portugal

+ 4 satellites

Backbone

Oi

+

BrT

14
14
Expected Benefits

15

The combined operations create value
Revenues

Mobile Operation nationwide

-

Possibility of expansion in national
market-share

National coverage in mobile and data

-

Important item for corporate clients
Synergies

Best Practices: room to improve

-

General & Administrative expenses -
reduction

-

Third-party services; improving
relationship and network maintenance

-

TI
Technology Information

-

Marketing & Publicity

-

Product development

Scale:

-

Procurement
better conditions

-

Overhead -
reduction

-

Capex

better conditions

-

Marketing & Publicity -
nationwide

Goodwill Usage

-

Lower Income Taxes

Taxes:

-

Lower PIS and Cofins

Efficient capital structure

-

Investment grade and Ratings
maintained

-

Efficient leverage:

2.0 x EBITDA

-

Tax shield benefits

-

Operational Cash flow: increase

Financial

and

Fiscal

~

~

16

This presentation contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements and involve inherent risks and uncertainties. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-

looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events

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Humberto
de Campos, 425 / 7th floor
Leblon

-

Rio de Janeiro -
RJ

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