

BRASIL TELECOM HOLDING CO
Form SC TO-C
April 28, 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

(Names of Filing Persons (Offerors))

Preferred Shares, no par value, and American

105530109

Depository Shares

(CUSIP number of preferred shares)

(Title of classes of securities)

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*

Amount of Filing Fee*

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Not applicable*

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 by Telemar Norte
Leste
(TMAR)
April 28, 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 share

Telecom

Participações

S.A.

(BRTP)

or

Brasil
Telecom
S.A.
(BRTO).

The
proposed
tender
offers
for
the
outstanding
common
shares
and
a
portion
of
the
preferred
shares
of
BRTP
and
BRTO
described
in
this
presentation
have
not
commenced.

Any offer to purchase or the solicitation of an offer to sell (1) any preferred shares of BRTP, including the preferred shares und

BRTP s
American
Depositary
Receipts,
(2)
any
preferred
shares
of
BRTO,
including
the
preferred
shares
underlying
BRTO s
American
Depositary

Receipts,
or
(3)
common
shares
of
BRTP
or
BRTO
will
be
made
only
pursuant
to
offers
to
purchase
and
related
materials
that
Telemar
Norte
Leste
S.A.
(TMAR)
intends
to
file
with
the
U.S.
Securities
and
Exchange
Commission
(the
Commission)
upon
commencement
of
these
offers.
TMAR urges shareholders who are eligible to participate in any of these tender offers to carefully read the offers to purchase and related materials relating to the offer or offers in which they are eligible to participate when they become available
and
prior
to

TMAR.

This presentation is also being made in respect of (1) the proposed merger (incorporação) of BRTP with and into BRTO, and (2) the proposed merger (incorporação) of BRTO with and into TMAR. In connection with the proposed merger of BRTP with and into BRTO, TMAR plans to cause BRTO to file with the Commission (1) a registration statement on Form F-4, containing a prospectus which will be mailed to the shareholders of BRTP, and (2) other documents regarding this proposed merger. In connection with the proposed merger of BRTO with and into TMAR, TMAR plans to file with the Commission (1) a registration statement on Form F-4, containing a prospectus which will be mailed to the shareholders of BRTO, and (2) other documents regarding the proposed merger. TMAR urges investors and security holders to carefully read the relevant prospectus and other relevant materials when they become available as they will be able to obtain the documents filed with the Commission regarding the proposed mergers, when available, free of charge on the Commission's website at www.sec.gov or from TMAR.

important
information

about
the

proposed
mergers.

Investors
and
security
holders

will
be

able
to

obtain
the

documents
filed

with
the

Commission
regarding

the
proposed

mergers,
when

available,
free

of
charge

on
the

Commission's
website

at

www.sec.gov

or

from

TMAR.

Agenda

2

Restructuring of Telemar Participações

3

Rationale of the Acquisition

5

Proposed Transaction

3

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

4	
Agenda	
4	
Restructuring of Telemar Participações	
Rationale of the Acquisition	
Proposed Transaction	
3	
5	
17	

5

110

Source:

Companies

press releases; Company analysis.

Objective: To create a multinational telecom company, with Latin America coverage and over 110 million clients

Oi (TMAR)

BrasilTelecom(BrT)

Oi + Brasil Telecom

+

=

Brazil

Abroad

Total

Current

Million, Dec/07

Fixed-Line

Services

Mobile

Services

Broadband

Pay-TV

3.1

0.0

6

1.5

1.6

31.8

13.9

45.7

All segments

In 5 years

Million

38

22

30

8

12

Oi

BrT

Oi+BrT

Number of Clients

14.2

16.0

8.0

4.3

22.2

20.3

6

*

% not significant (<1%).

The acquisition will have no significant effect on fixed-line market concentration

Local Fixed

ILD

Mobile

NLD

inter-

regional

Corporate data

NLD
intra-
regional

88%
*%

Brazil

88%
*%

86%

86%

57%

1%

58%

*%

64%

64%

79%

*%

79%

*%

86%

86%

39%

1%

40%

*%

37%

37%

29%

0%

29%

0%

13%

13%

37%

2%

39%

4%

43%

47%

Creation of new national players

Region I

Brazil

Region II

National presence (Oi and BrT)

7
14.8
8.6
17.6
12.5
11.2
9.2
0.5
2.8

12.8
1.4
Em-
bratel
Net
Telesp
Vivo
20.5
29.3
Oi
BrT
Claro
Current
Announced
Acquisitions
41.5
TIM
154.3
50.0
17.6
11.2
31.3
0.5
84.4
1.4
Brazilian
Group
Spanish
Group
Mexican
Group
America
Movill
Telmex
Telefo-
nica
81.3
29.3
Oi
BrT
240.1
TI
Global
Brazil
Source:
Companies
financial statements.
With
the
acquisition

of
BrT,
Ois
size
would
be
comparable
to
that
of
its
competitors
in
Brazil
Net Revenues in 2007
R\$ billion
Net revenues in 2007
R\$ billion
Current
Announced
Acquisitions
Brazilian
Group
Spanish
Group
Mexican
Group
Telemig
Amaz.
Telemig
Amazônia

8
Backbone
Oi
+ BRT
In
the
market
for
domestic

corporate
networks,
there
will
finally
be
a
player
with
domestic
backbone
comparable
to
that
of
Embratel
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

9

In terms of mobile network, the acquisition of BrT places Oi

as

the

4

largest

player

with

national

coverage,
with
current
market share of 17.9% in Brazil and significant growth opportunities

Market

Share

25.8%

25.0%

56.7%

Vivo

+

TIM

+

27.7%

3.2%

30.9%

=

+

13.2%

3.5%

1.2%

17.9%

=

+

Position

as of

december

31, 2007

th

10
Telecom
is
a
scale
business
due
to
rapid

technological
changes
and
its
capital-intensive
nature,
and
consolidations
are
a
natural
trend

Source:

FCC, US Department of Justice, companies, Company analysis

1998

1999

2000

2005

2006

1997

Focus

Local

Local

Local

Local

Local

LD, data

Local

LD, data

Mergers and Acquisitions

Local

Local

Local

LD, data

LD

11

(1) Countries where the four companies work as incumbents; (2) Finland does not have only one incumbent, but the company Sonera

holds the largest market share in the country.

Source: Ovum, Morgan Stanley, companies, Company analysis

The need for scale has also driven an intense consolidation movement in the European Market

Germany