

COARI HOLDING CO  
Form 425  
May 03, 2010

Filed by Brasil Telecom S.A.

Pursuant to Rule 425 of the Securities Act of 1933

Subject Company: Coari Participações S.A.

Commission File No.: 132-02657

Subject Company: Brasil Telecom S.A.

Commission File No.: 001-15256

THE FOLLOWING ARE MATERIALS MADE PUBLIC BY BRASIL TELECOM S.A. RELATING TO THE PROPOSED MERGER OF COARI PARTICIPAÇÕES S.A. WITH AND INTO TELEMAR NORTE LESTE S.A.

\* \* \* \* \*

**Additional Information and Where to Find It:**

This communication contains information with respect to the proposed merger (*incorporação*) of Coari with and into Telemar Norte Leste S.A. ( Telemar ).

In connection with the proposed merger of shares (*incorporação de ações*) between Coari Participações S.A. ( Coari ) and Brasil Telecom S.A. ( Brasil Telecom ), Coari has filed with the U.S. Securities and Exchange Commission (the Commission ) (1) a registration statement on Form F-4, containing a prospectus that was mailed to the shareholders of Brasil Telecom, and (2) other documents regarding the proposed merger of shares.

In connection with the proposed merger of Coari with and into Telemar, Telemar 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 Coari, and (2) other documents regarding the proposed merger.

**We urge investors and security holders to carefully read the relevant prospectuses and other relevant materials when they become available as they will contain important information about the proposed share exchange and the proposed merger.**

Investors and security holders will be able to obtain the documents filed with the Commission regarding the proposed share exchange and the proposed merger, when available, free of charge on the Commission's website at [www.sec.gov](http://www.sec.gov) or from the issuer of the relevant securities, Coari or Telemar, as applicable.

\* \* \* \* \*

**EXHIBITS**

<b>Exhibit Number</b>	<b>Description of Document</b>
1	Call Notice for Extraordinary General Meeting of Brasil Telecom S.A., dated April 30, 2010.
2	Management's Proposal for the Extraordinary Shareholders Meeting of Brasil Telecom S.A., dated May 3, 2010.
3	Investor Relations Presentation regarding Management's Proposal dated May 2010.

**BRASIL TELECOM S.A.**

CNPJ/MF No. 76.535.764/0001-43

NIRE 53 3 0000622 - 9

Publicly-Held Company

**CALL NOTICE**

**EXTRAORDINARY GENERAL MEETING**

In compliance with legal and statutory provisions, the shareholders of Brasil Telecom S.A. (the Company) are summoned to gather at an Extraordinary General Meeting ( Meeting ) to be held on **June 16, 2010, at 11 a.m.**, in the Company's headquarters, in the city of Brasília Federal District, at **SIA SUL, ASP, LOT D, BLOCK B**, in order to consider and vote on the proposed new exchange ratios between the Company and Telemar announced in the Material Fact dated March 25, 2010 (the New Exchange Ratios), that would apply in the final step of the previously announced Corporate Reorganization involving the Company.

**GENERAL INFORMATION ABOUT THE MEETING**

I. At the Meeting, only the non-controlling holders of common and preferred shares of the Company will have the right to vote.

II. Management's proposal with respect to the subject matter of the Meeting, and any other documents necessary for the exercise of voting rights at the Meeting, are available to the shareholders of the Company at the Company's headquarters, at the Company's Investors Relations website ([www.oi.net.br/ri](http://www.oi.net.br/ri)) and at the IPE System of the Brazilian Securities and Exchange Commission, at [www.cvm.gov.br](http://www.cvm.gov.br).

III. In addition, pursuant to article 27 of CVM Instruction No. 481/09, the Company's management will initiate a public proxy solicitation process with respect to the matters to be voted on at the Meeting within 10 (ten) business days after the date hereof. For that purpose, in order to facilitate and encourage the participation of shareholders in the Meeting, the Company will make available to its shareholders, without any cost, the electronic voting system Assembleias Online ([www.assembleiasonline.com.br](http://www.assembleiasonline.com.br)) through which shareholders will be able to grant Powers of Attorney in order to vote in favor or against on the matter to be considered at the Meeting, or register their abstention from voting. Shareholders that are not registered with Assembleias Online must register on such website, deliver any required documents and take any actions necessary to be qualified to grant electronic proxies executed with digital certification. For additional information related to the procedures and documents necessary for participation in the Meeting via Assembleias Online, consult the document Orientation for Participation at Brasil Telecom S.A. Shareholders Meeting called for June 16, 2010, through the electronic proxy system Assembléias Online available at the Company's Investors Relations website or at the aforementioned Assembleias Online website. The process of public solicitation of proxies will be initiated on May 17, 2010, and shareholders will be able to grant electronic proxies from such date until June 15, 2010. We recommend that shareholders that intend to use the electronic proxy system to initiate the process of registration and certification immediately, in order to ensure that there will be sufficient time for their participation.

IV. Any Shareholder that intends to be present at the Meeting or appoint an attorney-in-fact must file at SCN, Block 2, Tranch F, Ed. Estação Telefônica Centro Norte, mezzanine, Brasília, DF, to the attention of the Legal Department, between 9:00 a.m. and 12:00 noon or between 2:00 p.m. and 6:00 p.m., no later than two (2) business days prior to the Meeting, the following documents: (i) Legal Entities: certified copies of Acts of Incorporation, Bylaws or Articles of Association, minutes of the meeting that elected the Board of Directors, if any, and minutes of the meeting that elected the Executive Committee, indicating the election of the attorney-in-fact that will be present at the Meeting, (ii) Individuals: certified copy of an identification document and Individual Taxpayers Register of the represented shareholder, and (iii) Investment Funds: certified copies of the regulation of the Fund and Bylaws or Articles of Association of its manager, and minutes of election of the attorney-in-fact that will be present at the Meeting. In addition to the documents described in items (i), (ii) and (iii), when represented by an attorney-in-fact, shareholders

shall also deliver the corresponding power of attorney, with special powers and notarized by a notary public, certified copies of an identification document and the minutes of the election of the attorney-in-fact that executed the power of attorney that prove the powers to represent the shareholder, and an identification document and Individual Taxpayers Register of the attorney-in-fact present at the Meeting.

V. Shareholders holding shares in the Fungible Custody of Registered Shares who wish to participate in the Meeting must file a custody statement issued no later than two (2) business days prior to the Meeting, containing the respective share interest provided by the custodian.

VI. Holders of American Depositary Shares representing common shares or preferred shares of the Company ( ADSs ) will not be entitled to vote at the meeting. However, the Company intends to solicit proxies from holders of ADSs in accordance with the deposit agreements governing such ADSs and the applicable rules of the New York Stock Exchange. Holders of ADSs will receive instructions from The Bank of New York Mellon, as the depository under the Company's American Depositary Receipt programs, explaining how to instruct the depository to vote the common shares and preferred shares represented by the Company's ADSs.

VII. Holders of ADSs that wish to attend the Meeting or to vote through the electronic system must surrender their ADSs and receive delivery of the common shares or preferred shares of the Company represented thereby in accordance with the terms of the deposit agreements governing the ADSs in sufficient time to allow ownership of the common shares or preferred shares of the Company to be reflected in the custody statement mentioned in item V above.

VIII. Other information related to the Meeting can be obtained from the Investor Relations Department of the Company, by telephone at (21) 3131-1314; (21) 3131-1315 and (21) 3131-1316 or via e-mail:invest@oi.net.br.

Rio de Janeiro, April 30, 2010

**José Mauro Mettrau Carneiro da Cunha**

Chairman of the Board of Directors

**Important Additional Information for U.S. Resident Shareholders and ADR Holders:**

The agenda for the Meeting does not include deliberations or votes to approve the proposed share exchange between the Company and Coari Participações S.A. ( Coari ) or the proposed merger of Coari with and into Telemar. Deliberations and votes on these matters will only occur at separate meetings of the affected companies that are validly convened following publication of proper notices of such meetings. A vote or abstention of a shareholder of the Company in the Meeting will not bind that shareholder to vote any applicable voting rights in favor or against the proposed share exchange or the proposed merger, or to abstain from voting, if and when shareholders meetings of the Company, Coari and Telemar, as applicable, are called to deliberate and vote on the proposed share exchange or the proposed merger.

**Special Note Regarding Forward-Looking Statements:**

This communication contains certain forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. The words anticipates, believes, estimates, expects, plans and similar expressions, as they relate to Telemar, Coari, and the Company, are intended to identify forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations. Undue reliance should not be placed on such statements. Forward-looking statements speak only for the date they are made.

**BRASIL TELECOM S.A.**

Publicly-held Company

**MANAGEMENT'S PROPOSAL**

**FOR THE EXTRAORDINARY SHAREHOLDERS MEETING**

**TO BE HELD ON 06/16/2010**

Shareholders,

The Extraordinary Shareholders Meeting of Brasil Telecom S.A. ( Company ), to be held on June 16, 2010, which was called on this date will consider the proposed new exchange ratios (the New Exchange Ratios ) between shares of the Company and shares of Telemar Norte Leste S.A. ( Telemar ), which were announced in the Material Fact dated March 25, 2010, and approved by the Board of Directors of the Company on April 22, 2010. These New Exchange Ratios represent the calculation basis to determine the number of shares of Telemar that current shareholders of the Company will receive in the event that all steps of the ongoing corporate reorganization are concluded.

In the Material Fact dated April 25, 2008, that was published as a result of the announcement of Telemar's agreement to acquire control of Brasil Telecom Participações S.A. ( BrT Part ) and the Company, Telemar announced its intentions to implement a corporate reorganization that would result in the migration of the shareholder bases of BrT Part and the Company to Telemar after the conclusion of such acquisition. The Material Fact also announced the proposed exchange ratios applicable to the merger of BrT Part into the Company, which were based on the relative market value of the shares of BrT Part and the shares of the Company, as well as the proposed exchange ratios applicable to the eventual migration of shareholders of the Company to Telemar, which were based on the relative market value of the shares of the Company and the shares of Telemar. The merger of BrT Part with and into the Company was concluded in September 2009.

After Telemar assumed control of BrT Part and the Company on January 8, 2009, the Company began the process of reviewing and reconciling the accounting practices and estimates used by the Company under its prior management with those of Telemar and Tele Norte Leste Participações S.A.

On April 3, 2009, during the initial process of review and reconciliation, the Company announced to its shareholders and the market the need for an increase in the Company's provisions related to civil, labor and fiscal legal claims, in the net amount of R\$1,450 million. The civil legal claims, in particular, relate to the rights of holders of Financial Interest Agreements.

As disclosed in the Material Fact dated January 14, 2010, at the end of 2009 BDO Trevisan Auditores Independentes ( BDO ) was hired to review the underlying final data related to such civil legal contingencies, especially in the State of Rio Grande do Sul, and the effects of Precedent No. 371/2009 of the Superior Court of Justice. BDO's review resulted in an increase in the Company's provisions related to civil legal contingencies in the gross amount of R\$1,290 million, which increase was recognized in the financial statements of the Company for the year ended in December 31, 2009. This value was further audited by the Company's external auditors and revised to R\$1,084 million. As a result, the total gross adjustment to the provision related to such contingencies was R\$2,326 million.

As a result of the aforementioned facts, the corporate reorganization was interrupted in order to preserve the economic balance between all of the minority shareholders involved, including BrT's and Telemar's (direct and indirect), as the exchange ratios applicable to the migration of shareholders of the Company to Telemar proposed in the Material Fact of April 25, 2008, did not consider the effects of the accounting adjustment mentioned above.

Therefore, for the purpose of securing an equitable exchange ratio that preserves the economic balance between the shareholders of the companies involved in the corporate reorganization, the Company undertook to prepare studies to adjust the exchange ratios proposed in the Material Fact of April 25, 2008, and engaged Banco de Investimentos Credit Suisse (Brasil) S.A. ( Credit Suisse ) to prepare a presentation outlining the adjustments to the original exchange ratios necessary in order to reflect the modifications to the provision for civil legal contingencies of the Company, as well as other adjustments related to the distribution of dividends to the shareholders of the companies involved.

On March 25, 2010, after debating the relevant issues related to the adjustments and analyzing the presentation prepared by Credit Suisse, the Board of Directors of Telemar examined and approved the New Exchange Ratios. The Board of Directors of Telemar also approved the submission of the New Exchange Ratios for the approval of the non-controlling holders of common and preferred shares of the Company.

On April 22, 2010, the Board of Directors of the Company examined the information and analyses contained in the material prepared by Credit Suisse and approved Telemar's proposal of the New Exchange Ratios.

The New Exchange Ratios would result in holders receiving 0.3955 common shares of Telemar for each common share of the Company and 0.2191 class C preferred shares of Telemar for each preferred share of the Company if the corporate reorganization is completed as currently contemplated. The New Exchange Ratios will be submitted to the approval of non controlling holders of common and preferred shares of the Company at the Extraordinary Shareholders Meeting of the Company to be held on June 16, 2010, which is being called on this date.

Shareholders of the Company interested in accessing information or having doubts related to the aforementioned proposal should contact the Investor Relations Department of the Company, by telephone: (21) 3131 1314; (21) 3131 1315 or (21) 3131 1316 or via e-mail: invest@oi.net.br.

Rio de Janeiro, May 3, 2010

Brasil Telecom S.A.

Management

**Important Additional Information for U.S. Resident Shareholders and ADR Holders:**

The agenda for the Extraordinary Shareholders Meeting of the Company does not include deliberations or votes to approve the proposed share exchange between the Company and Coari Participações S.A. ( Coari ) or the proposed merger of Coari with and into Telemar. Deliberations and votes on these matters will only occur at separate meetings of the affected companies that are validly convened following publication of proper notices of such meetings. A vote or abstention of a shareholder of the Company in the Extraordinary Shareholders Meeting will not bind that shareholder to vote any applicable voting rights in favor or against the proposed share exchange or the proposed merger, or to abstain from voting, if and when shareholders meetings of the Company, Coari and Telemar, as applicable, are called to deliberate and vote on the proposed share exchange or the proposed merger.

**Special Note Regarding Forward-Looking Statements:**

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Investor Relations  
BRASIL TELECOM  
May 2010  
Exhibit 3



The acquisition of Brasil  
Telecom was strategic  
Telecommunication sector -  
a  
scale business with rapid  
technology changes and capital  
intense, where consolidation is

a natural trend  
(62 million RGU s  
in 2009)  
The  
acquisition  
created  
a  
group  
with size comparable to TMAR s  
major competitors  
in Brazil  
The largest national footprint  
for mobile and a nationwide  
data backbone  
in Brazil  
National and International Backbone\*  
1. Globenet  
connects Brazil, USA, Bermuda and Venezuela.  
\* Backbone  
of  
the  
new  
company:  
138,000  
Km  
of  
fiber  
optical  
cable  
and  
30,400  
Km  
of  
metropolitan  
rings.  
Investor Relations | 2

General  
Plan  
of  
Concessions  
did  
not  
permit

the  
acquisition  
of  
one  
fixed  
line  
incumbent  
by  
another  
since  
the  
privatization  
of  
Telebrás  
(1998)  
Due  
to  
legal  
restrictions,  
Oi  
did  
not  
have  
access  
to  
non-public  
information  
from  
BrT  
operations and finances until the control was transferred. It was not possible to have  
due diligence before the operation was concluded  
All  
decisions  
were  
made  
using  
the  
public information  
available:  
Prices to be paid to the  
controlling shareholders  
Swap ratios at market value  
A public company with Level 1 of  
Corporate  
Governance  
at  
the  
Bovespa  
Awarded  
with

best  
practices  
in  
accounting  
procedures/releases  
and  
information availability  
Decision  
seemed  
reasonable  
as  
BrT  
was:  
Investor Relations | 3

The origin of the problem: the Expansion Plans (PEX)  
The  
Expansion  
Plans

(PEX)

\* Book Value per Share. \*\* After the decision of the Superior Court of Justice only the claims

made prior to March/09 could be converted using the previous FY Book Value.

Acquisition of a

phone before

Telebrás

Privatization

Clients received

shares in

exchange for the

money paid

Shares were

issued with BVS\*

a month before

the acquisition

Shareholders

claimed BVS\* of

the last audited

Balance Sheet

FY

before the

acquisition

Decision of the

Superior Court of

Justice in

March/09\*\*

Inflation

was very high

Lower

book

values

led

to

higher

#

of

shares

to

be

issued

Shareholders

also

demanded

dividends

and

all

of

the rights

of those shares

Limits

the

losses

per  
claim  
in  
the pending lawsuits  
Discourage  
new lawsuits  
Investor Relations | 4  
BrT  
had to provision a total of R\$2.3 billion in contingencies in its Financial Statements  
In April 2009, BrT  
recorded and disclosed R\$1.2 billion in PEX contingencies.  
Additional  
R\$1.1  
billion  
was  
announced  
in  
Jan/2010:  
BDO  
Trevisan  
was  
engaged  
to  
review the claims related to PEXs.



Contingencies for Expansion Plans vs. Book Value and Enterprise Value Paid  
Provisions in the amount  
of R\$2.3 billion  
(Expansion Plans)  
accounted for almost 20%  
of the enterprise value  
paid and 40% of the

Shareholders' Equity of  
Brasil  
Telecom.  
R\$ Billion

The Expansion Plans provisions were representative

6.2

38%

19%

2.3

12.4

\*@49% of the Equity

Investor Relations | 5

2,355  
387  
334  
(75%)  
62  
(12%)  
(10%)

(3%)

Expansion Plan

Tax

Labor

PBD & Interconnection

Contingencies at BrT

R\$ Million; 100% = R\$3,138 Million

The loss belongs to the Company, hence, to all of its shareholders

Although the provisions related to the Expansion Plans totaled R\$2.3 billion, the total value of the contingencies amounted to R\$3.1 billion.

Investor Relations | 6

TMAR s  
Board  
of  
Directors  
decided  
to  
revise

the  
exchange  
ratios  
in  
the  
proposed  
incorporation  
and  
submit  
the  
revised  
ratios  
to  
Brasil  
Telecom s  
minority  
shareholders

1.  
TMAR s  
Board has the obligation  
to take into consideration the **rights**  
of  
the  
shareholders,  
including  
TMAR s  
and  
TNE s  
(indirectly),  
in  
order  
to  
preserve the balance between them;

2.  
At the **time the Material Fact** announcing the intention to acquire BrT  
(April/08)  
was  
published,  
TMAR s  
contingencies  
were  
known  
by  
the  
market, therefore **reflected in its market value**. Differently, **BrT s**  
contingencies were not reflected in its market value because they  
were  
not known by the market  
Why did TMAR s  
Board decide to

revise the ratio?

The

new

exchange

ratios

will

be

submitted

for

the

approval

by

BrT s

non-controlling

shareholders (ON and PN) only;

Investor Relations | 7

The Methodology for the revision of the exchange ratios  
Rationale

Recalculate the ratio announced in Apr/08, considering exclusively the recognition of the  
Expansion Plans (PEX) Contingencies

Reflect their effect on the ratio as if it they had been known on the date that the ratio



was determined

Total **value of PEX contingencies: R\$2,325.5 mn**

Present Value of the fiscal benefit: R\$421mn

(realized

over

the

period

of

11

years,

according

to

BrT

business

plan)

**100% of PEX contingencies were provisioned with an**

equivalent judicial deposit

Assumptions and Facts:

ON

PN

Original

Adjusted with

IoE\* & Div.

Revised with

PEX

Contingencies

\* Interest on Shareholder's Equity

Number of TMAR shares

per BrT

share:

Investor Relations | 8

0.4137

0.2531

0.4305

0.2685

0.3955

0.2191

Post Restructuring Ownership  
Current Ownership  
Ownership Structure  
Investor Relations | 9  
59.6%\*  
\*  
Total Capital

AG Telecom  
LF Telecom  
19.34%  
Fund. Atlântico  
11.50%  
BNDESPar  
16.86%  
Previ  
12.96%  
Petros  
10.00%  
Funcef  
10.00%  
81.9%\*  
17.9%\*  
Telemar  
Norte Leste  
(TMAR -  
Bovespa)  
5.5%\*  
62.8%\*  
17.9%\*  
Telemar  
Norte Leste  
(TMAR  
Bovespa  
& NYSE)  
4.0%\*  
BNDESPar  
31.383%  
Previ  
12.948%  
Funcef  
2.790%  
Petros  
2.739%  
AG Telecom  
L. F. Tel  
19.325%  
Fund. Atlântico  
11.490%  
100%  
Others  
100%  
Oi  
Mobile  
BrT  
100%  
Others  
49%

Oi  
Mobile  
BrT  
BrT  
GSM  
Public Companies  
4.2%\*  
New stake at previous ratio  
BrT  
GSM  
19.325%  
19.34%

The  
approval  
of  
the  
revised  
ratios  
is

up  
to  
Brasil  
Telecom s  
minority  
shareholders

Simplification of the corporate structure

BrT  
shareholders will become TMAR  
shareholders

All shareholders of the same operational  
company

Liquidity concentrated at TMAR, which will  
have ADRs  
representing PNs  
and ONs

BrT  
shareholders will receive lower number  
of shares than initially announced  
Ratios Approved  
Not Approved

BrT  
shareholders will keep receiving  
dividends, although dividends may be  
affected by the amortization and  
depreciation of the goodwill and by higher  
opex  
and financial leverage  
Pros  
Cons

BrT  
shares will be exchanged for Coari  
shares; Coari  
will be merged into TMAR  
following a vote of Coari  
shareholders  
to  
approve the merger

TMAR will end up with 100% of BrT

BrT  
will remain as is: 49% owned by TMAR

Extremely complicated Corporate Structure

Low liquidity for shares

Investor Relations | 10

The  
acquisition  
of  
BrT  
was  
strategic.  
Due



to  
regulatory  
restriction,  
the  
value  
for  
the  
acquisition  
was  
defined  
based  
on  
publicly  
available  
information,  
which  
was  
not  
a  
concern  
as  
BrT  
was  
recognized  
as  
Level  
1  
Corporate  
Governance  
at  
Bovespa,  
had  
an  
ADR program (in compliance with SOX) and was well covered by sell side analysts  
After  
the  
acquisition,  
BrT  
had  
to  
provision  
over  
R\$3bn  
of  
previously  
unrecognized  
contingencies,  
of  
which  
R\$2.3

bn  
related  
to  
the  
Expansion  
Plans.  
Due  
to  
its  
commitments  
to  
grant  
equal  
rights  
to  
all  
its  
shareholders,  
TMAR s  
Board  
decided  
to  
propose the revision of the exchange ratio.  
New  
ratios  
were  
calculated  
and  
will  
be  
submitted  
to  
BrT s  
minority  
shareholders.

The approval of those new ratios will help further simplify the corporate structure. In addition, liquidity of the shares should be increased.

Investor Relations | 11

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 periods.

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de Campos, 425 / 7th floor  
Leblon

-

Rio de Janeiro -

RJ

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[www.oi.com.br/ir](http://www.oi.com.br/ir)