

BRASIL TELECOM SA
Form 6-K
May 19, 2004

**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 18, 2004

(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):

Investors Relations

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Free Translation

BRASIL TELECOM S.A.
Publicly-held Company
Corporate Taxpayers Registry
76.535.764/0001-43
Board of Trade 53 3 0000622 9

BRASIL TELECOM PARTICIPAÇÕES S.A.
Publicly-held Company
Corporate Taxpayers Registry
02.570.688/0001-70
Board of Trade 53 3 0000581 8

MATERIAL FACT

Brasil Telecom S.A. and Brasil Telecom Participações S.A. (Brasil Telecom), in compliance with CVM's Instruction 358, of January 3, 2002, inform the following:

1. In response to the binding offers sent by Brasil Telecom S.A., in compliance with the deliberation occurred in the Board of Directors meeting held on December 18, 2003, for the acquisition of the shares of Internet Group Limited (iG), acceptance confirmations were received from the following shareholders: GP Holdings Inc.; Global Internet Investments; Digital Network Investments Ltd.; Andrade Gutierrez Contractors; Infinity Trading Ltd.; NG9 Internet Investments; Blue Star I, LLC; TH Lee Putnam Parallel Ventures, LP; TH Lee Putnam Ventures, LP; THLi Coinvestments Partners, LLC; UBS Capital Americas III, LP; UBS Capital Americas Nominees B.V.; Ideas & Solutions; Al Nahda Investment, Dunial Khazal Company, and company management.
2. The transactions represent the acquisition of different classes of shares, with and without voting rights, equivalent to 63% of iG's corporate capital in the amount of US\$100.752 million, with an implied value of US\$137.7 million for 100% of iG shares, and consider that iG has a cash position of approximately US\$16 million. Including the stake of 9.45% already held by Brasil Telecom Participações S.A., both Companies together will control 72.45% of iG's corporate capital.
3. The acquisitions are subject to the fulfillment of certain usual terms concerning transactions of this nature, including due diligence and the negotiation of final contract agreements, as well as the necessary approval by the ruling authorities.
4. With these acquisitions, Brasil Telecom positions itself as the leader in the Brazilian Internet market and consolidates its strategy to offer integrated and convergent telecommunications services.

Brasília, May 18, 2004.

Carla Cico
Investor Relations Director
Brasil Telecom S.A.

Paulo Pedrão Rio Branco
Investor Relations Director
Brasil Telecom Participações 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 18, 2004

BRASIL TELECOM S.A.

By: /s/ Carla Cico

Name: Carla Cico
Title: President and Chief
Executive Officer
