CREDIT SUISSE GROUP
Form 6-K
August 02, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2, 2007

Commission File Number 001-15244

CREDIT SUISSE GROUP

(Translation of registrant s name into English)

Paradeplatz 8, P.O. Box 1, CH-8070 Zurich, Switzerland

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of 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):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

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):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant s home country), or under the rules of the home country exchange on which the registrant s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant s security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-.

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Media Release

Credit Suisse Group reports net income of CHF 3.2 billion for the second quarter of 2007

Current share buyback program of CHF 8 billion expected to be completed during 2008, ahead of plan.

In the second quarter of 2007, diluted earnings per share improved to CHF 2.82 from CHF 1.86 in the same period a year earlier, and the return on equity was 29.7% compared to 21.6%.

For the first half of 2007, net income was CHF 5.9 billion. Diluted earnings per share improved to CHF 5.24 from CHF 4.07 in the same period a year earlier, and the return on equity was 27.4% compared to 23.1%.

Net new assets in the second quarter of 2007 were CHF 13.3 billion in Wealth Management and CHF 20.4 billion in Asset Management.

Financial Highlights (in CHF million, except where indicated)	**2Q07**	1Q07	**2Q06**	% change vs 1Q07	**% change vs 2Q06**
Income from continuing operations	**3,189**	2,729	**1,872**	17	**70**

Net income	**3,189**	2,729	**2,158**	17	**48**
Diluted earnings per share from continuing operations (CHF)	**2.82**	2.42	**1.61**	17	**75**
Diluted earnings per share (CHF)	**2.82**	2.42	**1.86**	17	**52**
Return on equity	**29.7%**	25.2%	**21.6%**	-	**-**
BIS tier 1 ratio (end of period)	**13.0%**	13.2%	**10.6%**	-	**-**
Core results [1]					
Net revenues	**11,703**	10,669	**8,047**	10	**45**
Provision for credit losses	**(20)**	53	**10**	-	**-**
Total operating expenses	**7,637**	7,040	**5,587**	8	**37**
Income from continuing operations before taxes	**4,086**	3,576	**2,450**	14	**67**

[1] Core results include the results of the three segments and the Corporate Center, excluding revenues and expenses in respect of minority interests without significant economic interest.

Zurich, August 2, 2007 **Credit Suisse Group today announced net income of CHF 3,189 million for the second quarter of 2007. Income from continuing operations increased 70% from the same period a year earlier. Diluted earnings per share were CHF 2.82, up from CHF 1.86 in the same period a year earlier.**

Commenting on the quarter, Brady W. Dougan, Chief Executive Officer of Credit Suisse Group, said:

The record operating results for the second quarter continue to build on the strong earnings momentum we have established over the past year. Revenues rose from both the previous quarter and a year earlier and benefited from our client-focused business model. Our focus on efficiency led to improved operating leverage, even as we continue to invest in the growth of our business.

He added: I am particularly pleased with our performance given the fact that we had more challenging conditions in some markets, which we expect to continue. However, I am very optimistic about the long-term growth prospects for Credit Suisse, and I believe that our client-focused, integrated business model and disciplined risk-taking will enable us to deliver superior value to shareholders through market cycles.

Segment Results

(in CHF million)		**2Q07**	1Q07	**2Q06**	% change vs 1Q07	**% change vs 2Q06**
Investment Banking	Net revenues	**7,538**	6'582	**4'436**	15	**70**
	Provision for credit losses	**9**	61	**16**	(85)	**(44)**
	Total operating expenses	**5,027**	4'531	**3'133**	11	**60**
	Income from continuing operations before taxes	**2,502**	1,990	**1,287**	26	**94**
Private Banking	Net revenues	**3,353**	3,366	**2,913**	0	**15**
	Provision for credit losses	**(29)**	(7)	**(5)**	-	**-**
	Total operating expenses	**2,001**	1,934	**1,795**	3	**11**
	Income from continuing operations before taxes	**1,381**	1,439	**1'123**	(4)	**23**
Asset Management	Net revenues	**853**	776	**675**	10	**26**
	Provision for credit losses	**0**	0	**(1)**	-	**100**
	Total operating expenses	**554**	519	**649**	7	**(15)**
	Income from continuing operations before taxes	**299**	257	**27**	16	**-**

Investment Banking

The Investment Banking segment reported record income from continuing operations before taxes of CHF 2,502 million for the second quarter of 2007, up 94% compared to the second quarter of 2006. Net revenues increased 70% to record levels, with substantial increases in all major business areas. Provisions for credit losses decreased compared to the second quarter of 2006. Total operating expenses increased 60%. Excluding the impact in the second quarter of 2006 of credits from insurance settlements for litigation and related costs, total operating expenses rose 39% in the second quarter of 2007 compared to the same period in 2006, due primarily to higher compensation expenses, reflecting higher revenues, and higher other operating expenses. Investment Banking continued to reduce its non-compensation costs. General and administrative expenses were down 14% in the second quarter of 2007 compared to the second quarter of 2006, excluding the impact of the credits from insurance settlements. This decline reflected a lower fixed cost run-rate despite increased business activity. The compensation/revenue ratio was 51.5% in the second quarter of 2007 compared to 53.5% in the second quarter of 2006. The pre-tax income margin rose to 33.2% in the quarter from 29.0% in the second quarter of 2006.

Private Banking

The Private Banking segment, which is comprised of the Wealth Management and Corporate & Retail Banking businesses, reported income from continuing operations before taxes of CHF 1,381 million for the second quarter of 2007, up 23% compared to the second quarter of 2006.

The ***Wealth Management*** business reported record income from continuing operations before taxes of CHF 1,001 million for the second quarter of 2007, up 28% compared to the second quarter of 2006. Net revenues rose 17%, driven by strong improvements in recurring revenues, mainly due to higher asset-based commissions and fees, particularly from managed assets, as well as an increase in transaction-based revenues. The 10% increase in total operating expenses during the quarter was primarily attributable to higher compensation and benefits related to the ongoing strategic investment in the global franchise and higher performance-related compensation in line with improved results. The pre-tax income margin was 42.0% in the second quarter of 2007, compared to 38.3% in the second quarter of 2006.

The ***Corporate & Retail Banking*** business reported a 10% rise in income from continuing operations before taxes to CHF 380 million for the second quarter of 2007 compared to the second quarter of 2006. Net revenues rose 10%. The 14% increase in total operating expenses compared to the second quarter of 2006 reflected an increase in compensation and benefits as well as higher other operating expenses. Provisions for credit losses reflected net releases of CHF 28 million, mainly due to the resolution of a single exposure. The pre-tax income margin was 39.2% in the second quarter of 2007, compared to 39.1% in the second quarter of 2006.

Asset Management

The Asset Management segment reported income from continuing operations before taxes of CHF 299 million for the second quarter of 2007, an increase of CHF 272 million compared to the second quarter of 2006. Net revenues increased 26% compared to the second quarter of 2006, driven by asset management and administrative revenues as well as by increased private equity and other investment-related gains. Total operating expenses were down 15% from the second quarter of 2006. The second quarter of 2006 included costs of CHF 152 million associated with the realignment of the Asset Management business, particularly in the US. The pre-tax income margin was 35.1% in the second quarter of 2007. As of June 30, 2007, assets under management totaled CHF 749.6 billion, an increase of 5.8% from March 31, 2007.

Net New Assets

The Wealth Management business generated net new assets of CHF 13.3 billion in the second quarter of 2007, representing an annualized quarterly growth rate of 6.5%. This was driven by particularly strong inflows from Europe and the Americas. The Asset Management business reported strong net new assets of CHF 20.4 billion in the second quarter of 2007, mainly reflecting inflows from money market assets, alternative investments and balanced assets. Credit Suisse s total assets under management were CHF 1,629.0 billion as of June 30, 2007, an increase of 5.0% from March 31, 2007.

First-half 2007 results

Credit Suisse Group posted net income of CHF 5,918 million in the first half of 2007. Income from continuing operations increased 40% from the same period a year earlier. Diluted earnings per share improved to CHF 5.24 in the first half of 2007 from CHF 4.07 in the same period of 2006, and the return on equity amounted to 27.4% in the first half of 2007, up from 23.1% in the first half of 2006.

Acceleration of current share buyback program

As part of its current share buyback program of up to CHF 8 billion, which was launched on May 9, 2007, Credit Suisse Group bought back CHF 2.5 billion by the end of July. It plans to repurchase a further CHF

2.5 billion by the end of 2007 and expects to complete the program during 2008, well ahead of the 2010 target.

Information

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Credit Suisse Group

As one of the world s leading banks, Credit Suisse provides its clients with investment banking, private banking and asset management services worldwide. Credit Suisse offers advisory services, comprehensive solutions and innovative products to companies, institutional clients and high-net-worth private clients globally, as well as retail clients in Switzerland. Credit Suisse is active in over 50 countries and employs approximately 45,000 people. Credit Suisse s parent company, Credit Suisse Group, is a leading global financial services company headquartered in Zurich. Credit Suisse Group s registered shares (CSGN) are listed in Switzerland and, in the form of American Depositary Shares (CS), in New York. Further information about Credit Suisse can be found at www.credit-suisse.com.

Cautionary Statement Regarding Forward-Looking and Non-GAAP Information

This press release contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

Our plans, objectives or goals;

Our future economic performance or prospects;

The potential effect on our future performance of certain contingencies; and

Assumptions underlying any such statements.

Words such as believes, anticipates, expects, intends and plans and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

The ability to maintain sufficient liquidity and access capital markets;

Market and interest rate fluctuations;

The strength of the global economy in general and the strength of the economies of the countries in which we conduct our

operations in particular;

The ability of counterparties to meet their obligations to us;

The effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations;

Political and social developments, including war, civil unrest or terrorist activity;

The possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;

Operational factors such as systems failure, human error, or the failure to implement procedures properly;

Actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations;

The effects of changes in laws, regulations or accounting policies or practices;

Competition in geographic and business areas in which we conduct our operations;

The ability to retain and recruit qualified personnel;

The ability to maintain our reputation and promote our brand;

The ability to increase market share and control expenses;

Technological changes;

The timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;

Acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;

The adverse resolution of litigation and other contingencies; and

Our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, as well as the information set forth in our Form 20-F Item 3 - Key Information - Risk factors.

This press release contains non-GAAP financial information. Information needed to reconcile such non-GAAP financial information to the most directly comparable measures under GAAP can be found in Credit Suisse Group s Financial Review 2Q07 and Credit Suisse Group s Financial Statements 2Q07.

Presentation of Credit Suisse Group s Second-Quarter 2007 Results

Analyst and Media Conference

§ Thursday, August 2, 2007
10:00 CEST / 09:00 BST / 04:00 EST

Credit Suisse Auditorium Uetlihof, Zurich

§ Simultaneous interpreting: German English, English German

§ **Speakers**
Brady W. Dougan, Chief Executive Officer of Credit Suisse Group

Renato Fassbind, Chief Financial Officer of Credit Suisse Group

§ **Internet**
Live broadcast at: www.credit-suisse.com/results

Video playback available approximately 3 hours after the event

§ **Telephone**
Live audio dial-in on +41 91 610 5600 (Europe), +44 207 107 0611 (UK) and +1 866 291 4166 (US); ask for Credit Suisse Group quarterly results .

Please dial in 10-15 minutes before the start of the presentation

Telephone replay available approximately 1 hour after the event on +41 91 612 4330 (Europe), +44 207 108 6233 (UK) and +1 866 416 2558 (US); conference ID English 375#, conference

ID German 369#

Second Quarter
Results 2007

Zurich

August 2, 2007

Brady W. Dougan, CEO
Renato Fassbind, CFO

Cautionary statement

Cautionary statement regarding forward-looking and non-GAAP information

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we describe or imply in forward-looking statements.

A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions we express in these forward-looking statements, including those we identify in "Risk Factors" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2006 filed with the US Securities and Exchange Commission, and in other public filings and press releases.

We do not intend to update these forward-looking statements except as may be required by applicable laws.

This presentation contains non-GAAP financial information. Information needed to reconcile such non-GAAP financial information to the most directly comparable measures under GAAP can be found in Credit Suisse Group's second quarter report 2007.

Second Quarter Results 2007

Slide 2

Building on strong momentum

vs. 1Q07

vs. 2Q06

2Q07

Change in %

CHF m, except where indicated

1) for Core Results, i.e. excluding results from minority interests without significant economic interest

1Q07

2Q06

2Q07

in

Second Quarter Results 2007

Slide 3

1)

1)

1)

1)

Net revenues

11,703

45%

10%

Total operating expenses

7,637

37%

8%

Income from continuing operations before taxes

4,086

67%

14%

Net income

3,189

48%

17%

Diluted earnings per share in CHF

2.82

52%

17%

Cost/income ratio

65.3%

69.4%

66.0%

Return on equity

29.7%

21.6%

25.2%

Net new assets in CHF bn

27.6

30.2

43.0

Strong first half performace

Change in %
vs. 6M06

6M07

CHF m, except where indicated

1) for Core Results, i.e. excluding results from minority interests without significant economic interest

6M06

6M07

in

Second Quarter Results 2007

Slide 4

1)

1)

1)

1)

Net revenues

22,372

26%

Total operating expenses

14,677

20%

Income from continuing operations before taxes

7,662

39%

Net income

5,918

24%

Diluted earnings per share in CHF

5.24

29%

Cost/income ratio

65.6%

69.1%

Return on equity

27.4%

23.1%

Net new assets in CHF bn

70.6

57.4

4,492

2,820

556

Investment Banking

Private Banking

Asset Management

6M06

6M07

Record half-year results with solid pre-tax income margin levels

Pre-tax income

CHF m

+16%

+35%

Pre-tax income margin in %

23.3

31.8 40.4 42.0 28.9 34.1

1) Excluding credits received from insurance settlements for litigation costs of CHF 474 m

2) Excluding business realignment costs of CHF 152 m

2)

1)

2)

Second Quarter Results 2007

Slide 5

+89%

77

60

71

71

68

59

66

66

76

71

66

Improved efficiency in the first half of 2007

Cost/income ratio

%, based on Core Results

6M07

2005

1) Excluding charge to increase the reserve for private litigation of CHF 960 m and charge of CHF 630 m for change in accounting for share-based compensation

2) 6M06 excluding credits received from insurance settlements for litigations costs of CHF 474 m

3) 6M06 excluding business realignment costs of CHF 152 m

IB

PB

AM

Core Results

6M06

6M07

6M06

1)

2) 3)

2)

3)

Second Quarter Results 2007

Slide 6

Continued asset gathering momentum

Wealth Management

Asset Management

Assets under management in CHF bn

Net new asset growth on AuM

in 2Q06 (annualized) 6.5%

rolling four quarters 6.7%

Assets under management in CHF bn

1Q07

2Q07

Other effects

Net new assets

814.8

860.5

32.4

13.3

1Q07

2Q07

Other effects

Net new assets

708.6

749.6

20.6

20.4

Net new asset growth on AuM

in 2Q06 (annualized)	11.5%
rolling four quarters	11.0%

Second Quarter Results 2007

Slide 7

71

74

71

69

75

72

41

42

32

39

43

41

70

42

Gross margin development

Wealth Management gross margin

Asset Management gross margin

2Q

3Q

4Q

1Q

2Q

118

109

101

113

116

6M07

2006

2006

2007

6M07

2006

Recurring revenues

Transaction-based

Basis points

Basis points

112

113

2Q

3Q

4Q

1Q

2Q

2006

2007

45

44

45

44

46

45

47

Before private equity and
other investment-related gains

Private equity and other
investment-related gains

Second Quarter Results 2007

Slide 8

37

37

37

38

37

36

8

9

7

7

5

8

39

11

233

254

271

296

13.0

13.2

13.9

11.3

Capital management

Risk-weighted assets in CHF bn

BIS Tier 1 ratio in %

Repurchased 27.4 m shares worth
CHF 2.5 bn by July 31 [1)]

31% of current CHF 8 bn program

plans for further repurchases of
CHF 2.5 bn by year-end 2007

expect early completion of current
program in 2008

Risk-weighted assets increase due to
business growth and an increase in
market risk equivalents

Issued USD 2 bn of hybrid capital

2006

1Q07

2Q07

2005

Comments

Tier 1 capital in CHF bn

26.3	35.1	35.8	38.6

1) 14.7 m shares worth CHF 1.3 bn by quarter-end 2Q07

+17%

+9%

Second Quarter Results 2007

Slide 9

Investment Banking with record results

Record revenues and pre-tax income

Strong results amid higher market volatility in certain areas and a more challenging fixed income trading environment

Continued progress in cost management despite increase in business activity

Highlights second quarter 2007

Second Quarter Results 2007

Slide 10

Improved profitability in Investment Banking

Strong pre-tax income growth
benefiting from diversified business mix

Noticeable improvement in pre-tax
income margin, but opportunities
remain

Continued focus on disciplined risk
management

Investment Banking pre-tax income

Comments on 2Q07

CHF m

2Q06

1Q07

2Q07

6M06

6M07

+208%

+26%

1,287

1,990

2,502

2,851

4,492

1)

Pre-tax income margin in %

28.0 31.8 29.0 30.2 33.2

1) Excluding CHF 474 m of credits received from
insurance settlements for litigation and related costs

+89%

1)

Second Quarter Results 2007

Slide 11

Record fixed income trading revenues in a more challenging environment

Fixed income trading revenues

Comments on 2Q07

Despite challenges, the market offered good opportunities across various businesses

Higher revenues in:

leveraged finance

structured products (incl. CMBS)

emerging markets

currency trading

Lower revenues in RMBS, with lower volumes and valuations

Proprietary trading improved from a weak 2Q06

CHF m

2Q06

1Q07

2Q07

6M06

6M07

+69%

+18%

1,939

2,772

3,282

+29%

4,706

6,054

Second Quarter Results 2007

Slide 12

Record equity trading revenues amid favorable markets

Equity trading revenues

Comments on 2Q07

Increased trading volumes and higher volatility

Cash business with increased deal activity and client flows

Proprietary trading generated strong results across strategies and regions

Derivatives performed well

Prime services revenues increased with growth in balances and new client mandates

CHF m

2Q06

1Q07

2Q07

6M06

6M07

+116%

+14%

1,146

2,171

2,475

+44%

3,223

4,646

Slide 13

Underwriting and advisory continue upward trend

Underwriting and advisory fees

Comments on 2Q07

Debt underwriting with strong performance in leveraged finance, reflecting active markets and the strength of our franchise

Equity underwriting revenues increased reflecting higher levels of industry-wide equity issuance and higher market share

Advisory fees improved reflecting higher M&A activity and higher market shares over the past several quarters

CHF m

Debt underwriting

Equity underwriting

Advisory and other fees

2Q06

1Q07

2Q07

6M06

6M07

+56%

1,331

1,547

1,758

2,369

3,305

+32%

+16%

+29%

+35%

+55%

+40%

+32%

Second Quarter Results 2007

Slide 14

859

934

875

881

803

827

55.5

53.5

53.5

42.2

51.5

51.5

Continued progress on cost management initiatives

2Q06

3Q06

4Q06

1Q07

2Q07

2005

Compensation/revenue ratio in %

G&A expenses in CHF m

Compensation and benefits expense maintained at 51.5% ratio

Reflects disciplined approach to compensation accrual

Continued reduction in G&A expenses despite significant increase in volumes and activity

Comments on 2Q07

2Q06

3Q06

4Q06

1Q07

2Q07

2005

1)

1) Quarterly average and excluding charge to increase the reserve for certain private litigation of CHF 960 m

2) Excluding credits received from insurance settlements for litigations and related costs of CHF 474 m and CHF 34 m in 2Q06 and 4Q06, respectively

2)

2)

(14)%

Second Quarter Results 2007

Slide 15

Private Banking with continued profitable growth

Overall favorable operating environment

Assets under management exceeded CHF 1 trillion for the first time

New offices in the US, Kazakhstan and Ukraine

Strengthening teams in key markets

Highlights second quarter 2007

Second Quarter Results 2007

Slide 16

Wealth Management pre-tax income a record CHF 1 bn

Profitable growth while making
investments to expand global franchise

Investment product sales were higher
compared to 2Q06 and at the same
high level achieved in 1Q07

Quarter and half-year pre-tax income
margins exceeded 40% mid-term
target

Wealth Management pre-tax income

Comments on 2Q07

CHF m

2Q06

1Q07

2Q07

6M06

6M07

+28%

+1%

779

988

1,001

+14%

1,742

1,989

Pre-tax income margin in %

40.9 41.8 38.3 41.5 42.0

Second Quarter Results 2007

Slide 17

12%

10%

Revenue

growth

Expense

growth

Increased operating leverage in Wealth Management

Growth 6M07 vs. 6M06

Expanding international growth platform

Added 100 RMs in 6M07 [1)]

Higher front- and back-office infra-
structure, sales & marketing costs

Continuously drive productivity

Enhancing the client value proposition
by leveraging the integrated bank

14% increase in pre-tax income

1) 60 in 1Q07 and 40 in 2Q07

Second Quarter Results 2007

Slide 18

Transaction-based

Recurring

Wealth Management growing recurring revenues

Net revenues

Recurring revenues increased 19%

higher asset-based commissions and fees, particularly from managed assets

higher interest income, mainly from lower funding costs

Transaction-based revenue increased 15% reflecting higher brokerage and product issuing fees

Comments on 2Q07 vs. 2Q06

2Q06

1Q07

2Q07

6M06

6M07

+19%

2,034

2,379

2,384

+17%

4,261

4,763

Recurring revenues as % of net revenues

60.7	63.7	62.9	63.8	63.6

CHF m

+3%

+15%

Second Quarter Results 2007

Slide 19

Corporate & Retail Banking with good results, benefiting from a positive operating environment

Sound economic fundamentals and growth

Interest income benefited mainly from higher liability volumes and margins, partially offset by asset margin pressures

Positive impact from net credit provision releases of CHF 28 m

Net asset outflow of CHF 4.4 bn resulting from one client in the institutional pension business

Comments on 2Q07 vs. 2Q06

1) Including a non-credit provision release of CHF 37 m

Pre-tax income

CHF m

2Q06

1Q07

2Q07

6M06

6M07

+10%

(16)%

344

451

380

+21%

689

831

Pre-tax income margin in %

39.1	42.5	39.1	45.7	39.2

1)

1)

Second Quarter Results 2007

Slide 20

Asset Management continues positive momentum

Continued profitability improvement
and strong net new asset growth

Steady growth in commission and
fee-based revenues

Launched Nikko Credit Suisse
Infrastructure Fund, reaching assets
of CHF 1 bn in just three weeks

Continue to see momentum in
attracting new talent

Highlights second quarter 2007

Second Quarter Results 2007

Slide 21

Restoring profitability in Asset Management

Continue to see benefit from measures taken in 2006 realignment

Volumes and revenues developed favorably

Compensation levels in line with better results; contained other expenses

Reflects combination of growth in asset base and stable gross margins

Asset Management pre-tax income

Comments

CHF m

2Q06

1Q07

2Q07

6M06

6M07

27

257

299

556

179[1)]

1)

Pre-tax income margin in %

18.2 34.1 4.0 33.1 35.1

1) Excluding CHF 152 m in business realignment costs

+16%

261

413[1)]

+67%

+35%

Second Quarter Results 2007

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560

603

646

648

664

Increased recurring revenues and
strong private equity gains

2Q06

3Q06

4Q06

1Q07

2Q07

Asset management
revenues 1)

Private equity and
other investment-
related gains

Asset Management net revenues

CHF m

+19%

+2%

1) Fixed income and money market, equity, balanced and alternative investments and other

115

89

92

128

189

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75

76

71

66

3

5

10

7

15

28

27

16

238

5

46

84

Progress against Group key performance indicators

Diluted EPS growth in %

(from continued operations as reported in period)

Return on equity in %

(based on after-tax reported net income)

2004

2005

2006

6M07

2004

2005

2006

6M07

2004

2005

2006

6M07

2004

2005

2006

6M07

Net new asset growth in %

(annualized on assets under management)

Cost / income ratio in % 1)

(based on Core Results)

1) Results for 2005 exclude charge to increase the reserve for certain private litigation of CHF 960 m and charge of CHF 630 m in relation to the change in
accounting for share-based compensation. 2006 results exclude credits received from insurance settlements for litigation and related costs of CHF 508 m.

Second Quarter Results 2007

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SIGNATURES

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.

CREDIT SUISSE GROUP
(Registrant)

By: /s/ Urs Rohner
(Signature)*
General Counsel

Date: August 2, 2007

/s/ Charles Naylor
Head of Corporate Communications

*Print the name and title under the signature of the signing officer.

m">

Subcontracted Services	(220.1)	(285.6)	(300.7)	5.3%	36.6%	(880.0)	(1,122.7)	27.6%
Personnel	(107.6)	(95.7)	(85.7)	-10.4%	-20.3%	(469.1)	(396.0)	-15.6%
Provisions and Losses	(76.9)	(78.4)	(56.2)	-28.4%	-27.0%	(331.7)	(292.7)	-11.8%
Materials	(23.6)	(19.3)	(20.6)	6.6%	-12.6%	(103.6)	(85.3)	-17.7%
Advertising and Marketing	(38.5)	(36.5)	(26.0)	-28.9%	-32.5%	(126.7)	(117.6)	-7.2%
Lay-Offs	(42.2)	(0.2)	-	N.A.	N.A.	(98.2)	(3.3)	-96.6%
Other	(12.1)	(59.4)	(52.7)	-11.3%	337.2%	(215.2)	(174.3)	-19.0%

R$ Million	4Q01	3Q02	4Q02	Change in Quarter	Change in 12 Months	12M01	12M02	Change in Year
COSTS AND OPERATING EXPENSES	(1,339.4)	(1,467.0)	(1,468.8)	0.1%	9.7%	(5,353.8)	(5,720.8)	6.9%
(+) Depreciation and Amortization	475.9	509.1	520.6	2.2%	9.4%	1,869.3	2,002.7	7.1%
(=) CASH COST	**(863.4)**	**(957.9)**	**(948.3)**	**-1.0%**	**9.8%**	**(3,484.5)**	**(3,718.2)**	**6.7%**

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Costs and Operating Expenses

Total costs and operating expenses remained stable in 4Q02 in relation to the previous quarter, totaling R$1,468.8 million. In the year, the operating costs and expenses grew 6.5%, reaching R$5,720.8 million.

The cash cost (costs and operating expenses, excluding the depreciation and amortization) was R$948.3 million in 4Q02, a drop of 1.0% in relation to the previous quarter. In 2002, the cash cost grew 6.7%, R$3,718.2 million.

The costs and operating expenses variations in the quarter and in the year were lower than the net revenues variations in the same periods, reflecting the results of the cost reduction program and the constant pursuit for operational efficiency.

Net reduction of 208 employees in the quarter

Brasil Telecom had 5,565 employees at the end of 2002, against 5,733 at the end of September. The net reduction of 208 employees in the quarter is a result of 306 dismissals and 98 admissions.

Personnel

Personnel costs and expenses dropped 10.4% in 4Q02, reaching R$85.7 million, mainly due to the **drop of 4.7% in the average number of employees,** from 5,948 in 3Q02 to 5.669 in 4Q02.

Productivity

Brasil Telecom reached a productivity ratio of 1,701 LIS/employee in 4Q02, representing an increase of 6.4% in relation to the presented in 3Q02. This improvement was due to the increase of 2.6% in the plant in service combined with the net reduction of 208 employees in the quarter.

In relation to 4Q01, the productivity ratio increased 55.1%, resulting from the 9.6% growth of the plant in service, combined with the optimization of internal processes and the outsourcing of call centers, resulting in the net reduction of 2.312 employees.

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Materials

Material costs and expenses reached R$20.6 million in 4Q02, against R$19.3 million in the previous quarter.

Subcontracted services

Costs and expenses with subcontracted services, excluding interconnection and advertising & marketing, **reached R$300.7 million in 4Q02,** representing a growth of 5.3% in relation to 3Q02. The higher expenses with subcontracted services are explained due to the growth of:

- R$2.8 million in expenses with subcontracted collection services and with mail services used in the Christmas Campaign. This campaign was developed by the Collection Department and resulted in the recover of R$11.5 million, accounted for as effective losses, and in the reversion of R$2.8 million, accounted for as provision for doubtful accounts.
- R$2.5 million related to expenses with regular services, as surveillance, cleaning and conservation; and
- R$1.7 million related to costs with electric energy, arising from the collection of extra rates and charges in the states that were under energy rationing.

Interconnection

Interconnection costs totaled R$406.4 million in 4Q02, an increaseof 6.2% in relation to 3Q02. This increase reflects the growth of 2.8% in the fixed-mobile traffic, combined with the payment, retroactive to 1998, of R$6.3 million for using other operators networks.

Losses with Accounts Receivable/Gross Operating Revenue dropped to 2.4%

Losses with accounts receivable reached R$63.7 million, a drop of 7.4% in relation to 3Q02. **As a percentage of gross revenues, the losses with accounts receivable reached 2.4%, a drop of 0.3 p.p. in relation to the previous quarter.** This drop was due to several actions implemented by Brasil Telecom, among which we highlight:

- The Christmas Campaign, which was comprised of discounts from 30% to 80% to customer debt settlement, for bills overdue from 90 days over, resulting in the recovery of R$11.5 million and the reversal of R$2.8 million in the provision for doubtful accounts; and

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Growth of 52 thousand pre-paid lines in service in 4Q02. Such telephones are offered to customers with credit problems and are available only in switching centers with idle capacity, not being object of advertising campaigns.

Accounts Receivable Deducting the provision for doubtful accounts of R$153.8 million, Brasil Telecom's net accounts receivable totaled R$1,542.9 million at the end of December of 2002.

Table 6: Gross Accounts Receivable

	Dec/01	Mar/02	Jun/02	Sep/02	Dec/02
Total (R$ Million)	**1,374.5**	**1,478.2**	**1,538.3**	**1,676.5**	**1,696.6**
Due	56.5%	56.3%	57.7%	58.8%	56.4%
Overdue (up to 30 days)	20.9%	18.3%	18.1%	17.7%	19.3%
Overdue (between 31-60 days)	7.8%	9.1%	7.3%	5.6%	7.1%
Overdue (between 61-90 days)	4.7%	4.7%	4.4%	4.3%	4.0%
Overdue (over 90 days)	10.0%	11.6%	12.5%	13.5%	13.3%

Provision for Contingencies

In 2002, Brasil Telecom updated its provisions for contingencies, resulting in an increase of R$29.2 million of the provisions, in relation to an increase of R$8.0 million made in 2001.

In 4Q02, the provisions for contingencies registered a positive net result of R$7.5 million, against a negative net result of R$9.6 million in 3Q02.

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Other Costs and Operating Expenses/Revenues

Other costs and operating expenses / revenues in 4Q02 were comprised of R$88.6 million in expenses and R$35.9 million in revenues, resulting in a **net expense of R$52.7 million.**

The **revenues were mainly comprised** of:

- **Fines related to the delay in the payment of accounts** totaling R$18.0 million; and
- **Revenues with billing and collection** totaling R$3.6 million.

The **expenses were mainly comprised** of:

- **Pole rentals,** totaling R$16.8 million;
- **Rental of domain ranges in highways to backbone passage** in the amount of R$13.3 million; and
- **Commercial lease** of R$10.2 million.

EBITDA

Table 7: EBITDA Margin Gains and Losses

R$ Million	4Q01	Vertical	3Q02	Vertical	4Q02	Vertical	Change in Quarter	Change in 12 Months
GROSS REVENUES	**2,241.5**	**137.2%**	**2,540.9**	**139.5%**	**2,619.4**	**139.8%**	**0.2 p.p.**	**2.6 p.p.**
Local Service	981.4	60.0%	1,064.7	58.5%	1,108.4	59.1%	0.7 p.p.	-0.9 p.p.
Public Telephony	77.5	4.7%	86.6	4.8%	87.1	4.6%	-0.1 p.p.	-0.1 p.p.
Long Distance Service	289.8	17.7%	365.4	20.1%	339.8	18.1%	-1.9 p.p.	0.4 p.p.
Fixed-Mobile Calls	487.2	29.8%	563.0	30.9%	580.4	31.0%	0.1 p.p.	1.2 p.p.
Interconnection	202.0	12.4%	181.5	10.0%	221.8	11.8%	1.9 p.p.	-0.5 p.p.
Lease of Means	53.6	3.3%	51.4	2.8%	54.8	2.9%	0.1 p.p.	-0.4 p.p.
Data Communication	81.1	5.0%	142.3	7.8%	142.1	7.6%	-0.2 p.p.	2.6 p.p.
Supplementary and Value Added Services	64.2	3.9%	73.7	4.0%	78.3	4.2%	0.1 p.p.	0.3 p.p.
Other	4.7	0.3%	12.3	0.7%	6.7	0.4%	-0.3 p.p.	0.1 p.p.
Deductions	(607.2)	-37.2%	(720.0)	-39.5%	(745.4)	-39.8%	-0.2 p.p.	-2.6 p.p.
NET REVENUES	**1,634.3**	**100.0%**	**1,820.9**	**100.0%**	**1,874.0**	**100.0%**	**-**	**-**
COSTS & OPERATING EXPENSES	**(863.4)**	**-52.8%**	**(957.9)**	**-52.6%**	**(948.3)**	**-50.6%**	**2.0 p.p.**	**2.2 p.p.**
Personnel	(107.6)	-6.6%	(95.7)	-5.3%	(85.7)	-4.6%	0.7 p.p.	2.0 p.p.
Materials	(23.6)	-1.4%	(19.3)	-1.1%	(20.6)	-1.1%	0.0 p.p.	0.3 p.p.
Subcontracted Services	(220.1)	-13.5%	(285.6)	-15.7%	(300.7)	-16.0%	-0.4 p.p.	-2.6 p.p.
Interconnection	(342.4)	-20.9%	(382.7)	-21.0%	(406.4)	-21.7%	-0.7 p.p.	-0.7 p.p.
Advertising and Marketing	(38.5)	-2.4%	(36.5)	-2.0%	(26.0)	-1.4%	0.6 p.p.	1.0 p.p.
Provisions and Losses	(76.9)	-4.7%	(78.4)	-4.3%	(56.2)	-3.0%	1.3 p.p.	1.7 p.p.
Lay-offs	(42.2)	-2.6%	(0.2)	0.0%	-	0.0%	0.0 p.p.	2.6 p.p.
Other	(12.1)	-0.7%	(59.4)	-3.3%	(52.7)	-2.8%	0.5 p.p.	-2.1 p.p.
EBITDA	**770.9**	**47.2%**	**863.0**	**47.4%**	**925.7**	**49.4%**	**2.0 p.p.**	**2.2 p.p.**

EBITDA of R$926 million in 4Q02

Brasil Telecoms EBITDA was R$925.7 million in 4Q02, surpassing by R$62.7 million the result obtained in 3Q02, representing a growth of 7.3%.

In 2002, EBITDA grew 25.4%, R$3,353.2 million.

EBITDA Margin

In 2002, Brasil Telecoms EBITDA margin grew 4.0 p.p., 47.4%, reflecting the growth of 14.8% in net revenues, combined with a 6.7% reduction in cash costs.

EBITDA margin in 4Q02 reached 49.4%, 2.0 p.p. above the previous quarter. The major accounts that impacted EBITDA margin in 4Q02 were:

- Growth of 22.2% in interconnection revenues;
- Growth of 4.1% in local service revenues;

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- Drop of 7.0% in long-distance revenues;
- Drop of 28.4% in expenses with provisions and losses;
- Drop of 10.4% in costs and expenses with personnel; and
- Growth of 5.3% in expenses with subcontracted services.

EBITDA / Average LIS / month

In 4Q02, EBITDA / Average LIS / month reached R$33.0, 4.3% and 9.2% above the R$31.7 and R$30.2 registered in 3Q02 and 4Q01, respectively.

In 2002, EBITDA / Average LIS / month presented a growth of 11.4%, totaling R$30.9. This means that EBITDA grew more than the average plant in service (25.4% against 12.6%), result of the improved operational efficiency of Brasil Telecom.

FINANCIAL RESULT

Table 8: Consolidated Financial Result

R$ million	3Q02	4Q02	Change in	12M02
Financial Revenue	**64.9**	**50.9**	**-21.5%**	**201.6**
Local Currency	36.0	75.0	108.1%	170.8
Foreign Currency	28.8	(24.1)	N.A.	30.8
Financial Expense	**(262.9)**	**(187.4)**	**-28.7%**	**(820.5)**
Local Currency	(177.4)	(208.1)	17.3%	(675.4)
Foreign Currency	(85.6)	20.6	N.A.	(145.2)
Interest on Shareholders' Equity	**(114.6)**	**(90.0)**	**-21.5%**	**(324.7)**
Financial Result	**(312.7)**	**(226.5)**	**-27.5%**	**(943.5)**

Financial Revenue

The higher financial revenue in local currency was due to the gains from the higher volume of financial investments.

The financial revenue in foreign currency presented a negative result due to losses with swap contracts, reflecting the appreciation of the real against the dollar.

Despesa Financeira

The higher financial expense in local currency reflects the increase of the SELIC rate in the last months of the year, combined with the growth of total debt.

The financial expense in foreign currency presented a positive result due to the gains with exchange variation, reflecting the appreciation of the real against the dollar.

Interest on Shareholders Equity

The Interest on Shareholders Equity of R$90.0 million accounted for as financial expense in 4Q02 refers to the complementary credit relative to the period of 2002, as approved in the Brasil Telecom S.A.s Board of Directors Meeting held on October 30, 2002.

In the year, Brasil Telecom credited R$324.7 million in Interest on Shareholders Equity related to 2002, which should be attributed to the mandatory dividends and which payments will be defined in the General shareholders Meeting of 2003. **This amount is 48.5% higher that the minimum dividend foreseen in the Companys By-Laws** (considering the credit of the same amount to all classes of shares), that would be R$218.6 million, equal to 3% of the Shareholders Equity on December 31, 2002.

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Table 9: Interest on Shareholders Equity Credited in 2002

Date of Deliberation	Date of Credit	Brazilian "Ex-Date"	Total Amount Credited (R$)	Gross Amount per 1,000 Shares (R$)	Net Amount per 1,000 Shares (R$)
3/27/2002	3/31/2002	4/10/2002	80,056,000	0.149116544573	0.126749062887
3/27/2002	5/31/2002	5/31/2002	40,000,000	0.074492493818	0.063318619745
3/27/2002	8/30/2002	9/6/2002	114,594,000	0.213298691024	0.181303887370
10/30/2002	10/31/2002	11/12/2002	50,000,000	0.093230330361	0.079245780807
10/30/2002	11/29/2002	12/10/2002	40,000,000	0.074696239745	0.063491803783

OTHER ITEMS

Amortization of Reconstituted Goodwill

In 4Q02, Brasil Telecom amortized R$31.0 million in reconstituted goodwill from CRT acquisition (which has no impact on cash flow and on the distribution of dividends), accounted for as non-operating expenses.

NET EARNINGS

Net earnings grew 74.0% in 4Q02 in relation to 3Q02, totaling R$181.3 million (R$0.3362/1,000 shares). In 2002, net earnings reached R$440.1 million (R$0.8163/1,000 shares), a growth of 56.5% over the previous year.

The net earnings/ADR were US$0.2849 in 4Q02 (US$0.6918 in the accumulated of 2002), a growth of 83.8% in relation to 3Q02, reflecting the growth of 74.0% in the net earnings of the period combined with the appreciation of the real against the dollar.

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BALANCE SHEET

Table 10: Consolidated Balance Sheet

R$ Million	Dec/01	Sep/02	Dec/02
CURRENT ASSETS	**2,088.2**	**2,625.1**	**3,469.7**
Cash and Equivalents	331.4	589.3	1,422.9
Accounts Receivables (Net)	1,230.9	1,519.9	1,542.9
Deferred and Recoverable Taxes	310.0	321.4	314.1
Other Recoverable Amounts	165.6	133.7	112.4
Inventories	8.4	5.4	23.3
Other	42.0	55.5	54.2
LONG TERM ASSETS	**989.0**	**1,048.5**	**1,106.4**
Loans and Financing	5.2	7.0	6.6
Deferred and Recoverable Taxes	665.8	636.1	657.7
Other	318.0	405.4	442.1
PERMANENT ASSETS	**10,979.0**	**10,536.5**	**10,814.4**
Investment (Net)	68.9	79.9	112.2
Property, Plant and Equipment (Net)	10,333.9	9,887.6	10,040.5
Property, Plant and Equipment (Gross)	22,706.2	23,544.9	24,077.2
Accumulated Depreciation	(12,372.3)	(13,657.3)	(14,036.7)
Deferred Assets (Net)	576.2	569.0	661.7
TOTAL ASSETS	**14,056.1**	**14,210.1**	**15,390.5**

CURRENT LIABILITIES	**2,673.7**	**2,262.9**	**2,623.9**
Loans and Financing	530.7	552.9	683.3
Suppliers	1,210.7	783.7	919.0
Taxes and Contributions	275.7	331.0	371.0
Dividends Payable/Profit Sharing	280.9	262.8	349.6
Provisions	105.1	94.1	95.4
Personnel, Salaries and Benefits	91.7	68.7	44.1
Consignment for Third Parties	83.8	85.1	78.6
Other	95.2	84.6	82.9
LONG TERM LIABILITIES	**4,507.1**	**5,048.8**	**5,792.0**
Loans and Financing	3,504.5	3,881.2	4,398.5
Provisions	764.2	790.1	795.7
Taxes and Contributions	203.8	326.7	391.9
Authorization for Services Exploration	-	-	175.0
Other	34.6	50.7	30.9

DEFERRED INCOME	**11.0**	**9.6**	**11.0**
SHAREHOLDERS' EQUITY	**6,864.3**	**6,888.8**	**6,963.5**
Capital Stock	3,296.2	3,335.8	3,335.8
Capital Reserves	1,647.3	1,607.9	1,613.3
Profit Reserves	251.2	251.2	273.2
Retained Earnings	1,729.7	1,740.8	1,802.0
Treasury Shares	(60.1)	(46.9)	(60.8)
TOTAL LIABILITIES	**14,056.1**	**14,210.1**	**15,390.5**

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INDEBTEDNESS

Issuance of R$400 million in Debentures

In a meeting held on November 04, 2002, Brasil Telecom S.A.s Board of Directors approved the third issuance, being the second public, by the Company, of **non-convertible debentures, in single series, in the total amount of R$400 million,** with warranty to be rendered by Brasil Telecom Participações S.A. **The cost of the operation is equivalent to 109% of the DI rate and the maturity date is predicted to December 1, 2004.**

Table 11: Indebtedness

R$ Million	Currency	Cost	Maturity	% Total	Balance Dec/02
Short Term				**13.4%**	**683.3**
Private Debenture (BRP)	R$	CDI	Jul/2006		105.2
Inter Company (BRP)	US$	1.75% p.a.	Jul/2014		11.2
BNDES	R$	TJLP + 6.5% p.a.	Dec/2007		14.3
BNDES	R$	TJLP + 3.85% p.a.	Dec/2007		323.8
BNDES	R$	TJLP + 3.85% p.a.	Oct/2007		78.1
BNDES	R$	Basket + 6.5%	Dec/2007		47.1
BNDES	R$	Basket + 3.85%	Nov/2007		16.7
BRDE	R$	IGP-M+12.0% p.a.	Sep/2006		6.8
Public Debenture - 1st Issuance	R$	109% CDI	May/2004		17.4
Public Debenture - 2nd Issuance	R$	109% CDI	Dec/2004		7.2
Financial Institutions I	US$	15.50% p.a.	Jun/2003		35.8
Financial Institutions II	US$	Lib6 + 4.0% p.a.	Mar/2006		16.1
Financial Institutions III	US$	Lib6 + 2.4% p.a.	Dec/2005		7.9
Financial Institutions IV	US$	Lib6 + 0.5% p.a.	Jul/2008-Jul/2010		14.1
Suppliers I	R$	19.56% p.a.	Oct/2002		0.0

Suppliers II	US$	Lib3 + 2.95% p.a.	Jun/2007		0.6
Suppliers III	US$	1.75% p.a.	Feb/2014		0.3
Hedge Adjustmest					(19.3)
Long Term				**86.6%**	**4,398.5**
Private Debenture (BRP)	R$	CDI	Jul/2006		1,300.0
Inter Company (BRP)	US$	1.75% p.a.	Jul/2014		108.9
BNDES	R$	TJLP + 6.5% p.a.	Dec/2007		55.5
BNDES	R$	TJLP + 3.85% p.a.	Dec/2007		1,319.7
BNDES	R$	TJLP + 3.85% p.a.	Oct/2007		283.7
BNDES	R$	Basket + 6.5%	Dec/2007		181.5
BNDES	R$	Basket + 3.85%	Nov/2007		62.1
BRDE	R$	IGP-M+12.0% p.a.	Sep/2006		18.9
Public Debenture - 1st Issuance	R$	109% CDI	May/2004		500.0
Public Debenture - 2nd Issuance	R$	109% CDI	Dec/2004		400.0
Financial Institutions II	US$	Lib6 + 4.0% p.a.	Mar/2006		37.9
Financial Institutions III	US$	Lib6 + 2.4% p.a.	Dec/2005		25.2
Financial Institutions IV	US$	Lib6 + 0.5% p.a.	Jul/2008-Jul/2010		99.9
Suppliers II	US$	Lib3 + 2.95% p.a.	Jun/2007		2.5
Suppliers III	US$	1.75% p.a.	Feb/2014		2.7
Total Debt				**100.0%**	**5,081.8**

Total Debt

At the end of December 2002, Brasil Telecom's consolidated debt was R$5.1 billion, 14.6% above the 3Q02 due to the issuance of R$400 million in debentures and to a loan of R$325 million obtained with the BNDES, referent to the 2001 line of credit.

Average Cost of the Debt

At the end of December 2002, Brasil Telecom's consolidated debt had an **average cost of 19.5% p.a., equal to 78.3% of the CDI rate, and duration of, approximately, 30 months.**

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Net Debt

Net debt totaled R$3,658.9 million, a drop of 4.8% in relation to September. **Excluding inter-company and private debentures with Brasil Telecom Participações, net debt at the end of December was R$2,133.6 million.**

Debt with Long Term Profile

At the end of 4Q02, 86.6% of the total debt was allocated in the long term, presenting the following amortization schedule:

Table 12: Amortization Schedule of Long Term Debt

Maturity	% Long Term Debt
2004	41.5
2005	21.0
2006	23.5
2007	11.3

2008 and after	2.7

Dollar Denominated Debt

In December, the dollar denominated debt totaled R$363.2 million (R$343.8 million net of hedge). As a percentage of total debt, dollar denominated debt represented 7.1% (6.8% net of hedge), against 9.2% (8.1% net of hedge) at the end of September.

Brasil Telecom had hedge for 34.7% of the indebtedness in dollar, being all debt maturing until December 2004 hedged against exchange variations.

Financial Leverage

On December 31, 2002 **Brasil Telecoms financial leverage ratio,** represented by net debt (excluding the debt with the parent company)/shareholders equity, **was 30.6%.**

INVESTMENTS IN THE PERMANENT ASSETS

Table 13: Breakdown of Investments in the Permanent Assets

R$ Million	4Q01	3Q02	4Q02	Change in Quarter	12M01	12M02	Change in Year
Network	**565.4**	**162.1**	**387.0**	**138.7%**	**2,501.8**	**1,042.4**	**-58.3%**
Access Network	321.9	18.4	98.5	435.2%	1,094.1	212.9	-80.5%
Switching	69.8	44.7	63.4	41.8%	455.8	235.0	-48.4%
Transmission	80.7	12.5	44.7	257.6%	463.1	133.5	-71.2%
Data and Intelligent Network	80.8	50.8	164.6	224.0%	176.3	312.3	77.2%
Infra-Structure	12.2	35.7	15.8	-55.7%	312.5	148.7	-52.4%
Public Telephony	**4.7**	**1.7**	**1.3**	**-23.5%**	**54.3**	**12.4**	**-77.1%**
Expansion Personnel	**32.9**	**21.9**	**23.5**	**7.3%**	**115.8**	**98.4**	**-15.0%**
Information Technology	**97.2**	**68.3**	**144.9**	**112.2%**	**216.8**	**366.8**	**69.2%**
Other Investment in Permanent Assets	**70.1**	**28.2**	**36.7**	**30.2%**	**289.7**	**134.1**	**-53.7%**
PCS Licenses	-	-	**194.1**	**N.A.**	-	**194.1**	**N.A.**
Total Investment in Permanent Assets	**770.3**	**282.2**	**787.5**	**179.1%**	**3,178.4**	**1,848.3**	**-41.8%**
Expansion Financial Expenses	**55.6**	**49.6**	**25.4**	**-48.8%**	**247.4**	**129.4**	**-47.7%**
Total	**825.9**	**331.8**	**812.9**	**145.0%**	**3,425.7**	**1,977.6**	**-42.3%**

Investments in the Permanent Assets

Brasil Telecom invested R$812.9 billion in 4Q02, being 47.6% in the modernization and expansion of the plant and 23.9% in the acquisition of PCS licenses. The 138.7% increase of investments in network and, consequently, in total investments, is compatible with the demand of the quarter and with the accomplishment of the goals established in the company□s concession contracts.

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In 2002, investments dropped 47.4%, totaling 1,977.6 million, being R$194,1 in the acquisition of PCS licenses. Excluding this investment, Brasil Telecom invested 47.9% less than in 2001. Investments in Data Network/Intelligent Network and in Information Technology grew 224.0% and 112.2% in 4Q02, respectively, reflecting Brasil Telecom□s strategy to expand in data communication.

CASH FLOW

Table 14: Consolidated Cash Flow

	R$ Million	3Q02	4Q02	12M02
OPERATING ACTIVITIES				
(+)	**Net Income of the Period**	**104.2**	**181.2**	**440.1**
(+)	**Items with no Cash Effects**	**820.0**	**697.7**	**3,079.9**
	Depreciation and Amortization	509.1	520.6	2,002.7
	Losses with Accounts Receivable from Services	59.0	76.2	253.3
	Provision for Doubtful Credits	3.6	(2.8)	10.2
	Provision for Contingencies	7.1	(12.0)	17.2
	Deferred Taxes	11.4	10.3	42.0
	Amortization of Goodwill Paid in the Acquistion of Investments	31.0	31.0	124.0
	Result from the Write-off of Permanent Assets	7.8	8.9	33.3
	Financial Expenses	213.8	126.3	644.2
	Other Expenses/Revenues with no Cash Effects	(22.9)	(60.8)	(47.1)
(-)	**Equity Changes**	**153.0**	**(134.6)**	**420.9**
(=)	**Cash Flow from Operating Activities**	**771.2**	**1,013.5**	**3,099.1**
INVESTMENT ACTIVITIES				
	Financial Investments	(5.5)	0.8	(7.5)
	Investment Suppliers	(102.9)	141.0	(255.9)
	Funds from Sales of Permanent Assets	6.7	9.1	24.4
	Investments in Permanent Assets	(282.2)	(787.5)	(1,840.1)
	Other Investment Flows	(13.0)	(16.0)	(8.9)
(=)	**Cash Flow from Investment Activities**	**(396.9)**	**(652.6)**	**(2,087.9)**
FINANCING ACTIVITIES				
	Dividens/Interests on Shareholders' Equity paid in the Period	(26.9)	(0.6)	(189.7)
	Loans and Financing	(282.3)	494.9	291.3

	Loans Obtained	6.1	718.0	1,249.9
	Loans Paid	(125.2)	(111.5)	(437.0)
	Interest Paid	(163.2)	(111.6)	(521.6)
	Increases (Decreases) in Shareholders' Equity	0.1	(21.5)	(21.3)
	Other Financing Flows	(0.5)	(0.0)	(0.0)
(=)	**Cash Flow from Financing Activities**	**(309.6)**	**472.8**	**80.3**
CASH FLOW OF THE PERIOD		**64.7**	**833.6**	**1,091.5**
	Cash and Cash Equivalents - current balance	589.3	1,422.9	1,422.9
	Cash and Cash Equivalents - previous balance	524.5	589.3	331.4
	Variation in Cash and Cash Equivalents	**64.7**	**833.6**	**1,091.5**

Cash flow of R$834 million in 4Q02

Brasil Telecom's operations generated R$1,013.5 million in 4Q02. The investments in Permanent Assets of R$787.5 million combined with the positive flow of R$141.0 million from Investment Suppliers consumed a cash flow of R$652.6 million. The financing activities cash flow was positive in R$472.8 million, mainly due to the debentures issuance and the loan from BNDES.

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In 2002, Brasil Telecom generated a free cash flow (operating activities – investment activities) of R$1.0 billion.

EVA

Value Creation reaches R$273 million in 2002

Brasil Telecom presented an EVA improvement of R$272.8 million in 2002, in relation to the same period of 2001.

It is important to highlight that **what matters in EVA measure** is not its absolute value, but **its variation from one period to another**. When the **performance of one year improves in relation to the previous years, it means that there was value creation to shareholders**.

Table 15: EVA Improvement

R$ Million	12M01	12M02	Change in Year
NOPAT	**669.5**	**1,038.2**	**55.1%**
Average Capital	**10,342.7**	**11,159.9**	**7.9%**
Annual Cost of Capital	21.3%	20.6%	-0.7 p.p.
(–) CAPITAL CHARGE	**2,203.0**	**2,298.9**	**4.4%**

(=) EVA	**(1,533.5)**	**(1,260.7)**	**-17.8%**
EVA IMPROVEMENT	**—**	**272.8**	**—**

CORPORATE GOVERNANCE

Amendment to Corporate By-Laws

In the Extraordinary General Shareholders’ Meeting held on December 19, 2002, **an amendment to article 12 of the By-Laws was approved, in order to adapt it to the terms of Law 10,303 of October 31, 2001**, conferring to the Company’s preferred shares, in addition to the effective advantages and preferences, the payment of the minimum and non-cumulative dividend of 3% of the shareholders’ equity per share, whenever the dividend calculated according to this criteria surpasses the amount of 6% of the capital stock per share.

STOCK MARKET

Shares Buyback Program

In a meeting held on December 27, 2002, the Board of Directors of Brasil Telecom S.A. approved a Preferred Shares Buyback Program, to be kept in treasury or for posterior alienation or canceling. According to the program, the Company may acquire 18,078,192,281 preferred shares, accounting for 10% of the total preferred shares in circulation, for a three months period, beginning on January 2, 2003. **On December 26, 2002, Brasil Telecom S.A. had 3,602,489,041 preferred shares in treasury.**

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Table 16: Stock Performance

	Closing Price as of Dec/31/02	Performance			
		In 4Q02	In 2002	In 24 months	Since Sep/21/98[1]
Common Shares (BRTO3) (in R$/1,000 shares)	11.30	16.5%	7.6%	-28.1%	275.4%
Preferred Shares (BRTO4) (in R$/1,000 shares)	11.74	8.2%	-11.1%	-28.4%	163.2%
ADR (BTM) (in US$/ADR)[2]	10.42	24.8%	-41.3%	—	—
Ibovespa (points)	11,268	30.7%	-17.0%	-26.2%	74.7%
Itel (points)[3]	532	19.9%	-20.3%	-40.6%	—
IGC (points)[4]	1,027	29.7%	1.6%	—	—
Dow Jones (points)	8,342	9.9%	-17.7%	-22.7%	5.1%

(1) Listing on the Bovespa of the shares of the companies from Telebras spin-off

(2) Performance of the ADR since the listing in the NYSE, on November 16, 2001.

(3) Telecom Index, created on January 2002 with a base of 1,000 points for December 30, 1999.

(4) Index of Stocks with Differentiated Corporate Governance.

Table 17: Participation in Indexes

	Ibovespa		Itel		IGC	
	Sep/Dec	Jan/Apr	Sep/Dec	Jan/Apr	Sep/Dec	Jan/Apr
BRTO3				0.2850%	0.1230%	0.1290%
BRTO4	2.6680%	2.3740%	9.5340%	9.5160%	4.8930%	4.2930%

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SHAREHOLDERS STRUCTURE

Table 18: Shareholders Structure

Dec 2002	Common Shares	%	Preferred Shares	%	Total	%
Brasil Telecom Participações	237,982,221,101	97.7%	114,787,167,580	38.8%	352,769,388,681	65.4%
ADR			12,804,588,000	4.3%	12,804,588,000	2.4%
Tesouraria			3,548,759,716	1.2%	3,548,759,716	0.7%
Outros	5,581,908,967	2.3%	164,428,575,102	55.6%	170,010,484,069	31.5%
Total	**243,564,130,068**	**100.0%**	**295,569,090,398**	**100.0%**	**539,133,220,466**	**100.0%**

Sep 2002	Common Shares	%	Preferred Shares	%	Total	%
Brasil Telecom Participações	237,982,221,101	97.7%	114,787,167,580	38.8%	352,769,388,681	65.4%
ADR			13,267,917,000	4.5%	13,267,917,000	2.5%
Tesouraria			1,860,870,028	0.6%	1,860,870,028	0.3%
Outros	5,581,908,967	2.3%	165,653,135,790	56.0%	171,235,044,757	31.8%
Total	**243,564,130,068**	**100.0%**	**295,569,090,398**	**100.0%**	**539,133,220,466**	**100.0%**

RECENT DEVELOPMENTS

MetroRED Acquisition

On February 18, 2003, Brasil Telecom announced the acquisition of a 19.9% stake of MTH do Brasil Ltda.s capital, which holds 99.99% of MetroRED Telecomunicações Ltda. (MetroRED Brasil), for US$17,0 million. Besides that, Brasil Telecom has a purchase option to acquire the remaining 80.1% of MTHs capital, for US$51.0 million. Brasil Telecom can only exercise the purchase option after the certification, by Anatel, of the 2003 goals accomplishment.

MetroRED Brasil will allow Brasil Telecom to continue its strategy positioning itself as the leader in data transmission services for the corporate market.

MetroREDs transport network is totally complementary to Brasil

Telecoms and has an excellent capillarity in the three main corporate markets outside Region II - São Paulo, Rio de Janeiro and Belo Horizonte. The system is comprised of 331 km of local and 1,496 km of long distance networks, connecting those cities. Besides that, the company has an Internet Solution Center with 3,500 m² in São Paulo, which offers co-location, hosting and value-added services.

In addition, the company has a management team with large experience and great knowledge of São Paulo, Rio de Janeiro and Belo Horizonte markets.

Globenet Acquisition

Brasil Telecom, through its wholly owned subsidiary, BrT Serviços de Internet S.A. (BrTSI), celebrated an agreement of purchase and sale of shares and assets with affiliated companies of GlobeNet Communications Group Ltd. (Grupo GlobeNet) in November 15, 2002. The acquisition involved **the payment of US$48 million**, being 60% in the closing of the deal and the remaining 40% in eighteen months.

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Observed the conditions provided in the contract, BrTSI will acquire all assets related to the submarine optical fiber cable systems, comprised of two rings: Northern Ring, connecting Caracas (Venezuela), Boca Raton (Florida, US), Tuckerton (New Jersey, US) and Saint Davids (Bermuda), and Central Ring, connecting Rio de Janeiro (Brazil) to Fortaleza (Brazil).

The cable system belongs to 360americas USA, 360americas Bermuda, 360americas (Venezuela) S.A. and 360americas do Brasil Ltda., which operates in the United States, Bermuda, Venezuela and Brazil, respectively. In relation to 360americas do Brasil Ltda., the business does not involve the acquisition of licenses granted by Anatel for the rendering of data communication services. However, **BrTSI may lease the existing data transmission capacity to other companies authorized to render these services.**

Acquisition of PCS Licenses

In line with the strategy to offer integrated solutions to its customers, Brasil Telecom acquired PCS licenses for R$191.5 million, in auction held on November 19, 2002. In relation to the minimum price of R$184.9 million, Brasil Telecom paid a 3.6% premium.

Table 19: PCS Licenses Acquired

Area	Minimum Price (R$ Thousand)	Price Paid (R$ Thousand)	Premium (%)
Paraná and Santa Catarina	69,149	73,989	7.0
Rio Grande do Sul	47,528	48,240	1.5
Acre, Rondônia, Mato Grosso, Mato Grosso do Sul, Tocantins, Goiás and Distrito Federal	68,241	69,264	1.5
Total	**184,918**	**191,493**	**3.6**

Brasil Telecom signed the Authorization Agreement on December 19, 2002, when made the payment equal to 10% of the proposed price. The remaining 90% will be paid in six annual installments, with maturity dates in up to 36, 48, 60, 72, 84 and 96 months, from the date of the Authorization Agreement signature. The installments will be corrected by IGP-DI inflation index.

According to the rules established by Anatel, Brasil Telecom has 12 months to start his PCS operations and, if it wills to start the service before 2004, it must anticipate the universalization goals.

In relation to the amounts paid for the same licenses in the auction held on February 13, 2001, we observed a favorable situation to Brasil Telecom, which acquired the licenses by, approximately, R$350 million less than the amount paid at that time.

Brasil Celular Consortium

Brasil Telecom S.A., Telemig Celular S.A. and Amazônia Celular S.A. - Maranhão celebrated an Understanding Memorandum with the objective of developing joint studies to establish technical, operational and commercial cooperation between the companies. It is expected that the final result of these studies disclose gains of scale and synergies in the operation of respective cellular telecommunication services, thus enabling **the establishment of a consortium between the companies, to be named Brasil Celular Consortium.**

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Satisfaction Survey

On February 12, 2003, Anatel published the results of its first survey to measure the customers satisfaction with telecommunications services in Brazil, in which 84.2 thousand users were interviewed. The satisfaction indexes concerning the 34 operators were segmented in residential, non-residential and public telephony services.

In the residential segment, out of 34 operators, Brasil Telecoms CTMR, responsible for the services in the city of Pelotas, Rio Grande do Sul, obtained the higher satisfaction index of the country. Check the performance of Brasil Telecoms other branches in the following table:

Table 20: Satisfaction Index Residential

Operator	Ranking	Satisfaction Index
CTMR	1º	80.7%
Telesc	2º	80.6%
Telegoiás	5º	78.0%
Telems	7º	77.7%
Telepar	10º	75.9%
Telemat	13º	74.1%
Telebrasília	14º	73.9%
Teleron	15º	73.7%
CRT	16º	73.6%
Teleacre	17º	73.4%

In the non-residential segment, Brasil Telecoms 10 operators are among the top 14.

Table 21: Satisfaction Index Non-Residential

Operator	Ranking	Satisfaction Index
Telems	2º	75.9%
Telegoiás	4º	75.7%
Teleron	7º	74.4%
CTMR	10º	72.5%
Telepar	11º	71.7%
Telesc	12º	71.5%
Telemat	12º	71.5%
Teleacre	13º	71.4%
Telebrasília	14º	70.4%
CRT	14º	70.4%

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In the public telephony segment, the top-4 operators in the country belong to Brasil Telecom.

Table 22: Satisfaction Index Public Telephony

Operator	Ranking	Satisfaction Index
Telems	1º	74.3%
CTMR	2º	72.6%
CRT	3º	72.4%
Telesc	4º	71.4%
Telegoiás	6º	70.0%
Teleacre	9º	68.2%
Telebrasília	13º	67.1%
Teleron	14º	66.6%
Telepar	22º	61.2%
Telemat	30º	52.5%

Brasil Telecoms performance in the satisfaction survey shows the Companys commitment with the quality of the services rendered to its clients.

Readjustment of Fixed-mobile Tariffs

On February 5, 2003, Anatel approved the readjustment of Brasil Telecoms fixed-mobile call tariffs. The **average readjustments were 23.5% for VC-1 calls and 22.0% for VC-2 and VC-3 calls. The new tariffs became effective on February 8, 2003.** Beginning on this readjustment, the fixed-mobile tariffs charged by STFC companies will be different for each mobile operator, depending on the fixed-mobile interconnection rate (TU-M or VU-M) charged by the mobile company.

Readjustment of Fixed-mobile Interconnection Rates

On February 5, 2003, Anatel granted mobile companies an **average readjustment of 22.0% for fixed-mobile interconnection rates.** The new rates will become effective on different dates, depending on the company.

Collective Labor Agreement 2002/2003

Brasil Telecoms 2002/2003 Collective Labor Agreement was signed and will be in effect from December 1, 2002 to November 30, 2003.

a) Indemnity bonus were paid on December 20, 2002, proportional to the months of work in 2002, as shown below:

Table 23: Indemnity Bonus

Salary Range	% Bonus
Up to R$2,700.00	27.54%
From R$2,700.01 to R$4,200.00	24.30%
From R$4,200.01 to R$5,999.99	21.06%

b) Salaries in effect on December 1, 2002 were readjusted on February 1, 2003, as shown below:

Table 24: Salaries Readjustment

Salary Range	% Bonus
Up to R$2,700.00	8.5%
From R$2,700.01 to R$4,200.00	7.5%
From R$4,200.01 to R$5,999.99	6.5%

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Public Hearing on Proposals for New Concession Contracts

On December 27, 2002, **Anatel started a public hearing on proposals for the new Concession Contracts for the Switched Fixed Telephone Service (STFC), for Local, DLD and ILD services, as well as for the Universalization and Quality Goals Plans. The Guidelines regarding relevant regulatory points** that may be amended in the next years were also put for public discussion.

Such documents propose discussions on interconnection, network remuneration, universalization and quality of services, tariffs model, number portability, among others.

The proposals will be under Public Hearing at the Agencys website (www.anatel.gov.br), and the public can send contributions and suggestions up to March 17, 2003.

Talk to the CEO Program

Brasil Telecom launched a new channel for internal communication: Talk to the CEO. This channel is available on the Intranet and was opened so as employees could send suggestions, doubts and criticism that will be analyzed by the CEO. With this initiative, Brasil Telecom expects to narrow its relationship with employees and continue to base its actions on transparency.

SOS Phone

On December 2, 2002, Brasil Telecom launched a new service for the maintenance and repair of phone lines, called S.O.S. Phone. The service, which costs R$1.90/month, is directed to residential and SOHO (Small Office Home Office) markets and will be rendered by engineering companies accredited by Brasil Telecom.

The S.O.S. Phone can be acquired by those customers who have more than one phone connection, and represents, in addition to safety, assurance that problems with plugs and cables in the internal network (that goes from the street cabinet to the customers handset) will be solved by a specialized technical assistance team at a competitive cost. According to the telecommunications industrys regulation, Brasil Telecom is only responsible for problems in the external network.

Lig Mix

On December 15, 2002, Brasil Telecom launched a new service: the LigMix Phone. With this service, customers can control expenses in long-distance calls as well as in fixed-mobile calls. Thus, besides offering differentiated services to its customers, Brasil Telecom also launches a new measure to reduce bad debt. LigMix offers the following advantages:

- **Pre-paid system:** Customers activate a LigMix card acquired in Brasil Telecoms accredited outlets to make long-distance calls through the carrier selection code 14 and fixed-mobile calls. There are 2 options of expense: R$14.00 and R$25.00.

- **Post-paid system:** Customers receive a monthly bill with local fixed-fixed calls, monthly subscription and other additional services (ADSL, intelligent services, etc).

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MAIN INDICATORS

Table 25: Evolution of Operating and Financial Indicators

PLANT	1Q02	2Q02	3Q02	4Q02	2002
Lines installed (thousand)	10,442	10,505	10,544	10,548	10,548
Additional lines installed (thousand)	427	63	40	4	533
Lines in service - LIS (thousand)	8,855	8,940	9,228	9,465	9,465
Residential (thousand)	6,489	6,529	6,695	6,862	6,862
Non-residential (thousand)	1,538	1,530	1,556	1,540	1,540
Public phones (thousand)	290	291	290	293	293
Pre-paid (thousand)	-	59	145	206	206
Other (including PBX) (thousand)	538	531	542	564	564
Additional lines in service (thousand)	217	85	288	237	827
Average lines in service (thousand)	8,746	8,897	9,084	9,347	9,052
Utilization rate	84.8%	85.1%	87.5%	89.7%	89.7%
Teledensity (LIS/100 inhabitants)	22.0	22.0	22.6	23.1	23.1
ADSL lines sold (thousand)	65.1	101.5	118.3	168.4	168.4

ADSL lines in service (thousand)	54.8	89.8	108.4	140.7	140.7

TRAFFIC	**1Q02**	**2Q02**	**3Q02**	**4Q02**	**2002**
Exceeding local pulses (million)	3,153	3,312	3,298	3,256	13,019
Domestic long distance - DLD (million minutes)	1,647	1,924	1,922	1,756	7,248
Fixed-mobile (million minutes)	1,023	1,086	1,111	1,143	4,363
VC-1 (million minutes)	938	979	1,001	1,021	3,939
VC-2 (million minutes)	74	95	99	108	376
VC-3 (million minutes)	10	12	12	14	48

PRODUCTIVITY	**1Q02**	**2Q02**	**3Q02**	**4Q02**	**2002**
# of employees	7,101	6,122	5,773	5,565	5,565
Average # of employees	7,489	6,612	5,948	5,669	6,773
LIS/employee	1,247	1,460	1,599	1,701	1,701
Net revenue/average # of employees/month (R$ thousand)	72.9	87.6	102.1	110.2	87.0
EBITDA/average # of employees/month (R$ thousand)	32.8	41.7	48.4	54.4	41.3
Net earnings/average # of employees/month (R$ thousand)	2.9	4.6	5.8	10.7	5.4
Exceeding local pulses/average LIS/month	120.2	124.1	121.0	116.1	119.9
DLD minutes/average LIS/month	62.8	72.1	70.5	62.6	66.7
Fixed-mobile minutes/average LIS/month	39.0	40.7	40.8	40.8	40.2
Net revenue/average LIS/month (R$)	62.4	65.1	66.8	66.8	65.1
EBITDA/average LIS/month (R$)	28.1	31.0	31.7	33.0	30.9
Net earnings/average LIS/month (R$)	2.4	3.4	3.8	6.5	4.1

QUALITY	**1Q02**	**2Q02**	**3Q02**	**4Q02**	**2002**
Quality goals achieved	33/33/32	33/35/35	35/35/35	34/35/35	
Digitization rate	98.3%	98.7%	98.8%	99.0%	99.0%

PROFITABILITY	**1Q02**	**2Q02**	**3Q02**	**4Q02**	**2002**
EBITDA margin	45.0%	47.6%	47.4%	49.4%	47.4%

Net margin	3.9%	5.2%	5.7%	9.7%	6.2%
Return on equity - ROE	0.9%	1.3%	1.5%	2.6%	6.3%

CAPITAL STRUCTURE	**1Q02**	**2Q02**	**3Q02**	**4Q02**	**2002**
Cash and cash equivalents	204	525	589	1,423	1,423
Total debt (R$ million)	3,977	4,458	4,434	5,082	5,082
Short term debt	14.2%	13.0%	12.5%	13.4%	13.4%
Long term debt	85.8%	87.0%	87.5%	86.6%	86.6%
Net debt (R$ million)	3,773	3,934	3,845	3,659	3,659
Debt with BRP (inter-company + debenture) (R$ million)	1,419	1,495	1,471	1,525	1,525
Net debt excluding debt with BRP (R$ million)	2,354	2,439	2,374	2,134	2,134
Shareholders' equity (R$ million)	6,848	6,899	6,889	6,964	6,964
Net debt/shareholders' equity	55.1%	57.0%	55.8%	52.5%	52.5%
Net debt excluding debt with BRP/shareholders' equity	34.4%	35.3%	34.5%	30.6%	30.6%

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Upcoming Events

Conference Call: 4Q02 Results
Dial in #: (1 719) 457-2683
Date: February 20, 2003 (Thursday)
Time: 10:00 a.m. Eastern time (12:00 p.m. Brasilia time)

ABAMEC SP: 4Q02 Results
Address: Rua São Bento, 545 5ª sobreloja, São Paulo, Brazil
Date: March 17, 2003 (Tuesday)
Time: 4:00 p.m. Brasilia time

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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, thereto duly authorized.

Date: February 20, 2003

BRASIL TELECOM S.A.

By: /s/ Carla Cico
Name: Carla Cico
Title: President and Chief Executive Officer