



News Release

EMBRATEL'S 2003/2004 FINANCING PROGRAM Transaction Features and Other Information Concerning ADRs

Rio de Janeiro, Brazil - April 4, 2003 - Embratel Participações S.A. (Embratel Participações or the "Company") (NYSE: EMT; BOVESPA: EBTP3, EBTP4), the Company that holds 98.8 percent of Empresa Brasileira de Telecomunicações S.A. ("Embratel"), today announced transaction features of Embratel's 2003 and first half of 2004 financing program.

On March 17, 2003, Embratel closed its financing program. The purpose of this financing program was to: (1) reduce Embratel's overall debt; (2) eliminate refinancing risk in 2003; and (3) reduce financing requirements in 2004. Embratel has achieved these three objectives.

The amount of debt negotiated under the financing agreement is US\$861 million (R\$3,044 million at December 31, 2002 parity) corresponding to principal maturing in 2003 and the first half of 2004. This transaction has been the largest concluded in Brazil during current tight market conditions. "It demonstrates Embratel's financial strength and commitment to be a leader in the telecommunications market" said Jorge Rodriguez, President of Embratel.

Approximately 25 financial institutions such as US, European, Japanese and Brazilian banks as well as Export Credit Agencies supported Embratel's credit and initiative. "Embratel's anticipation, transparency and equal treatment of all lenders, were much appreciated by all institutions involved in the transaction" said Norbert Glatt, Chief Financial Officer of Embratel. "The company's proactive stance stood out in the current environment."

The extended maturities will ensure that Embratel will continue to invest in quality services and networks to serve corporate, government and residential customers. The financing program essentially eliminates Embratel's refinancing risk in 2003 and reduces its financing requirements in 2004. Embratel has also used this financing program to reduce its debt by repaying approximately US\$152 million (R\$536 million). Embratel has retained the ability to make early payments from excess cash flow or new debt as market conditions improve. The conclusion of this financing program improves Embratel's overall credit standing and puts it in a stronger financial position. Embratel has also maintained the operational flexibility it needs to implement its business plan.

Features of the financing agreement are as follows:

The debt that was included in the financing program was categorized as either bullet or amortizing. Each lender within these two categories of debt was treated equally and offered the following terms and conditions.

Bullet loans - Principal of US\$758 million (R\$2,678 million)

To reduce its debt and improve its capital structure, Embratel has refinanced its bullet debt with amortizing loans. The repayment schedule for each bullet loan has been structured as follows:

- 20 percent will be repaid by the original maturity date of the applicable bullet loan.
- 30 percent will be repaid through 7 equal quarterly payments starting the first quarter after the original maturity date of the applicable bullet loan.
- The remaining 50 percent will be a balloon payment due two years after the original maturity date of the applicable bullet loan.

The 20 percent repayment is made to each lender by its original maturity date and is therefore spread over 2003 and 2004. The repayment schedules have been structured to optimize Embratel's cash management and to reduce refinancing risk now and in the future.

Current interest rates will remain effective until the original maturity date of each loan and the spread will be increased to 4 percent for the amounts being extended.

Amortizing loans - Principal of US\$103 million (R\$365 million)

For the amortizing loans, all repayments due between January 2003 and June 30, 2004 will be extended. The amounts being extended will be repaid equally over the remaining payments due after June 30, 2004. The spread will be increased to 4 percent on the amounts being extended. The spread on the amounts not being extended will remain at the current rate.

Currency Conversion

Creditors have been given the option of converting the original currency of the debt into Reais at the original maturity date. If creditors convert the debt into reais, it will be converted over time and will reduce Embratel's exposure to foreign currency fluctuation.

Embratel's Debt Profile

R\$ million	31/12/2002	Average Cost*	Maturity (yrs.)
Total Debt	4,892		
Debt not subject to 2003-1st half 2004 financing agreement	1,848		
. Hedged debt and debt in reais	245	98.5%CDI p.a.	1.4
. Unhedged debt	1,603	US + 8.70 p.a.	7.8
Debt subject to 2003-1st half 2004 financing agreement	3,044		
. Hedged debt and debt in reais	1,921	98.5%CDI p.a.	1.6
. Unhedged debt	1,123	US + 7.10% p.a.	7.8

* On December 31, 2002

Debt subject to 2003-1st half 2004 financing agreement

Quarters	Principal Maturity per Quarter	Hedged Portion of Principal	Percentage Actually Rolled Over
1Q03	22%	95%	82%
2Q03	12%	79%	84%
3Q03	9%	88%	84%
4Q03	33%	41%	82%
1Q04	13%	26%	83%
2Q04	10%	74%	85%
Total	100%	63%	82%
Total in R\$ million	3,044	1,921	2,508
US\$ million equivalent at December 31, 2002 parity	861		710

Information Concerning ADRs

Embratel intends to implement a ratio change of its American Depositary Receipts (ADRs) solely to comply with the minimum share price (US\$1.00) requirement for maintaining its ADR listing on the New York Stock Exchange. The Company is currently evaluating the actual ratio and will make an announcement when such a decision is made. The Company expects that the ADR ratio change will take approximately 6 weeks subject to any local securities commission (Comissão de Valores Mobiliários (CVM)) approval.

Embratel is the premier communications provider in Brazil offering a wide array of advanced communications services over its own state of the art network. It is the leading provider of data and Internet services in the country and is uniquely positioned to be the country's only true national local service provider for the corporate market. Service offerings: include advanced voice, high-speed data communication services, Internet, satellite data communications, corporate networks and local voice services for corporate clients. Embratel is uniquely positioned to be the all-distance telecommunications network of South America. The Company's network is has countrywide coverage with 28,868 km of fiber cables comprising 1,068,657 km of optic fibers.

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Note: Except for the historical information contained herein, this news release may be deemed to include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risk and uncertainty, including financial, regulatory environment and trend projections. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that its expectations will be achieved. The important factors that could cause actual results to differ materially from those in the forward-looking statements herein include, without limitation, the Company's degree of financial leverage, risks associated with debt service requirements and interest rate fluctuations, risks associated with any possible acquisitions and the integration thereof, risks of international business, including currency risk, dependence on availability of interconnection facilities, regulation risks, contingent liabilities, collection risks, and the impact of competitive services and pricing, as well as other risks referred in the Company's filings with the CVM and SEC. The Company does not undertake any obligation to release publicly any revisions to its forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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