



Brazil Day

Embratel

Daniel Crawford
Chairman of the Board



Forward Looking Statement

The information contained in this presentation 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 business, financial, regulatory environment, strategy, trends and other 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 the announced potential disposition of MCI ownership interest in the Company, and with any 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.



Investment Highlights

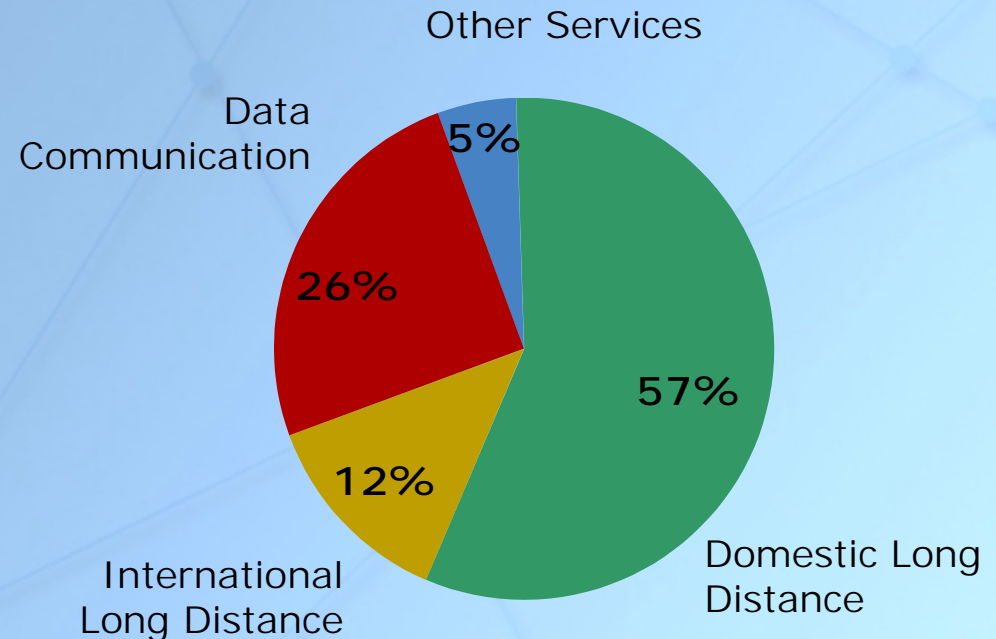
- Brazil's premium telecommunications service provider
- Strong established brand name - "21" PIC code
- Nationwide service coverage
- Strong corporate client franchise
- Unique service offerings and solutions
- State-of-the-art seamless network
- Key improvements in regulation
- Poised to capitalize on growth opportunities



Business Overview

- Leading provider of domestic and international long distance voice services
- Best provider of telecommunications solutions for companies
- Preferred carrier for small business and residential customers
- Unparalleled breadth of data services and largest Internet backbone
- Strong entrant in local services for corporate customers
- Leading provider of satellite services, using capacity provided by subsidiary, Star One S.A.

YTD Sep. 2003 Revenue
(R\$5,169MM / US\$1,768MM)



Business Segments

- Defending high-value segments
- Offering integrated solutions
- Developing growth opportunities

Operations

- Reducing bad debt
- Improving efficiency

Optimizing Cash Generation

Company-wide

- Optimizing asset productivity
- Investing in platforms for growth
- Executing financing strategy

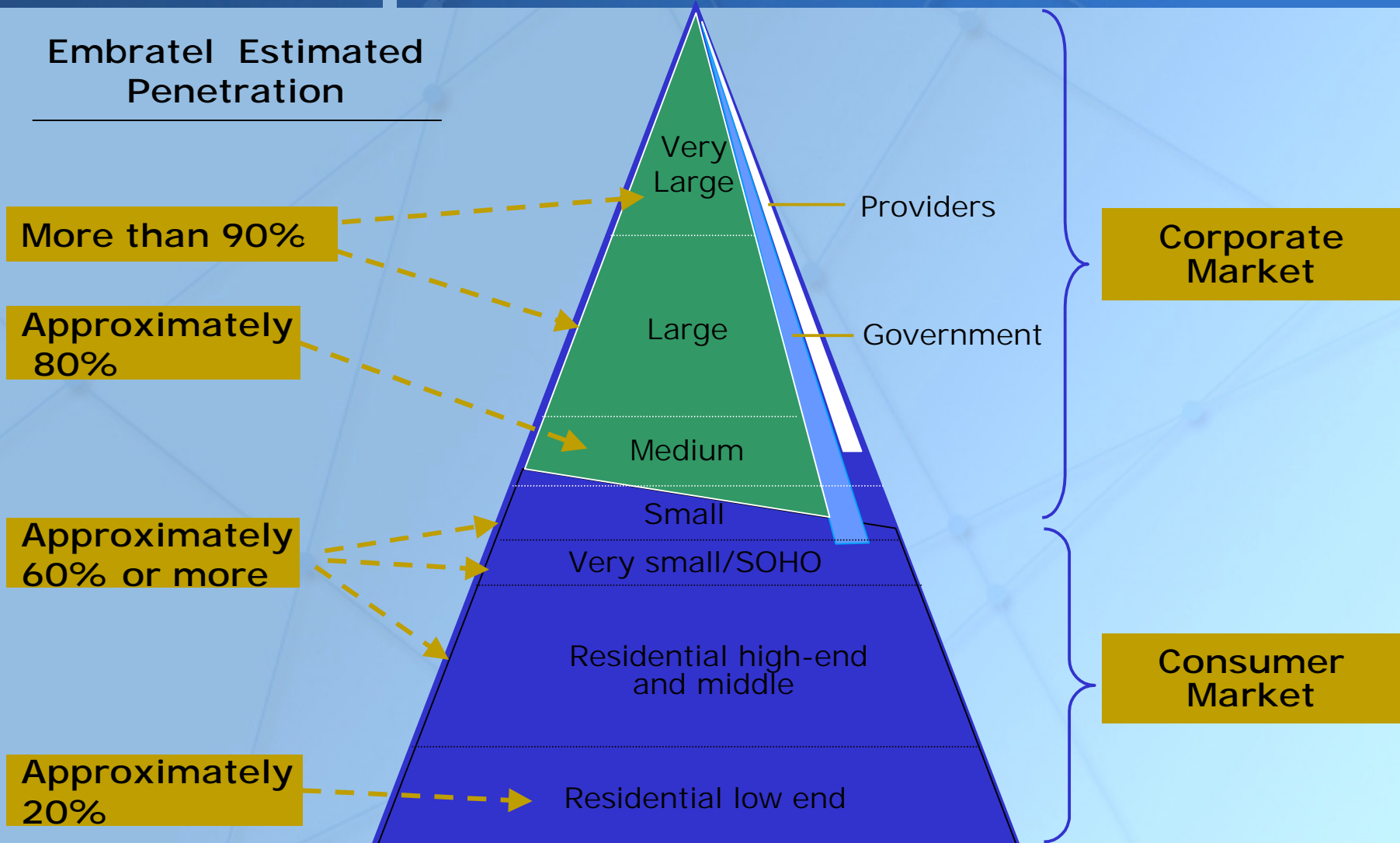
Regulatory

- Breaking paradigms
- Shaping regulation
- Influencing most critical topics



Segmented Market Approach

Embratel Estimated Penetration

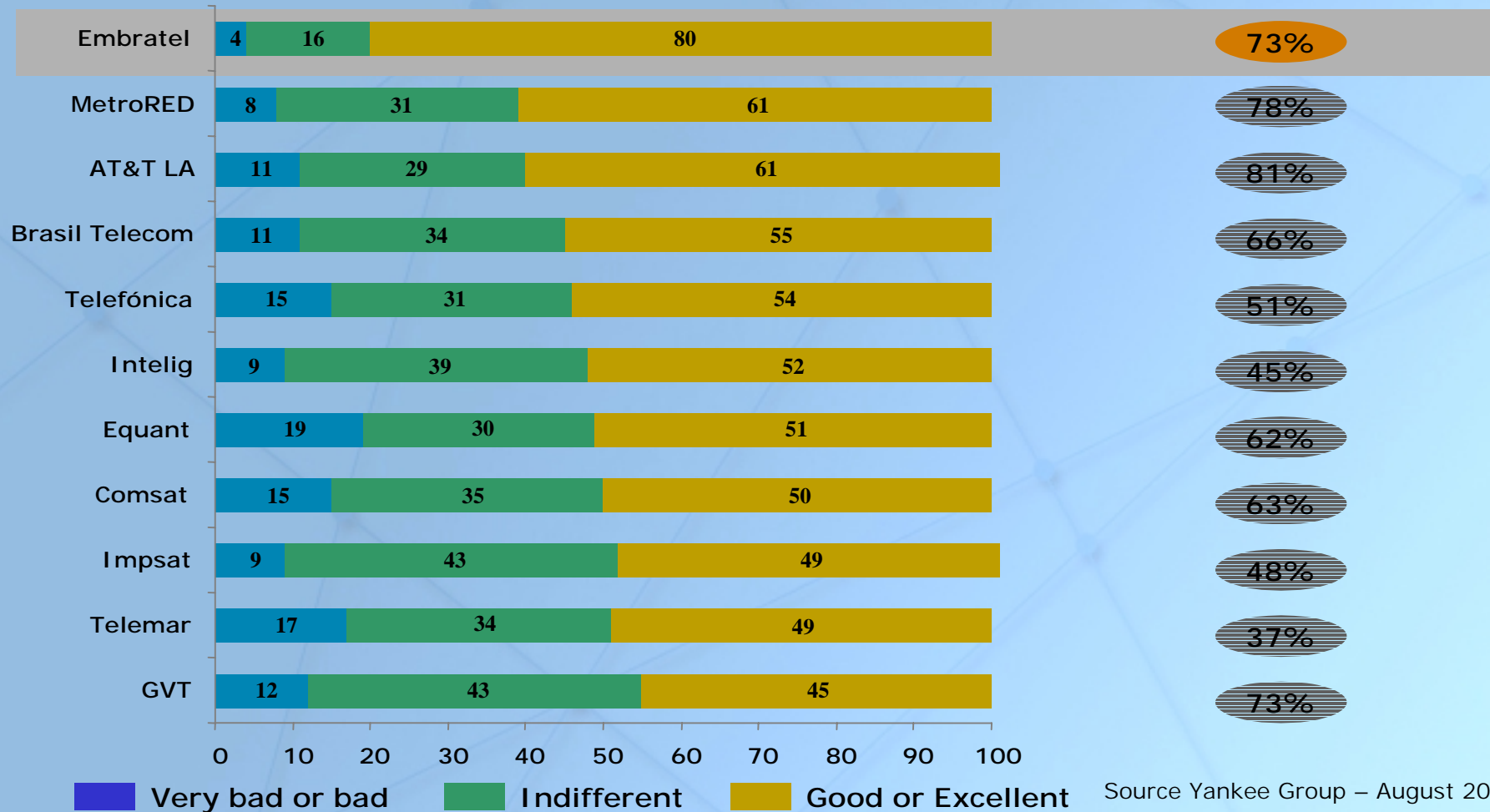




Leading Provider to Large Corporate Customers

2003 Overall evaluation

% good or excellent in 2002



Source Yankee Group – August 2003

Portfolio of Technologies...

Copper
(ADE, internal)

Radio
(Point-point,
Point-Multipoint)

Satellite

Optical Fiber

Rational Criteria...

Targeting high
potential
customers

Reducing
operational costs
(EILDs)

Optimizing
resources
(radios)

Optimizing
CAPEX

Access
Build-up

Outcome

Interconnection

- Cost-based (peak vs. off-peak) interconnections—alignment with international references⁽¹⁾

Unbundling

- Cost-based unbundling⁽¹⁾
- Start of arbitration process

Co-billing

- Anatel arbitration on prices (> 50% reduction)
- Isonomic terms obligation⁽¹⁾

Data access

- Immediate application of isonomic prices and conditions—legal orders against ILECs mandated

Local areas

- Gradual reduction in the number of the local areas
 - Initially to 5,400 in Public Consultation (equal to municipalities)

Number portability

- Mandatory requirement⁽¹⁾

Note: (1) At contract renewal



Expected Decrease in Interconnection Costs

TU-RL, a major cost for Embratel, will be significantly reduced with the final version of the local contract

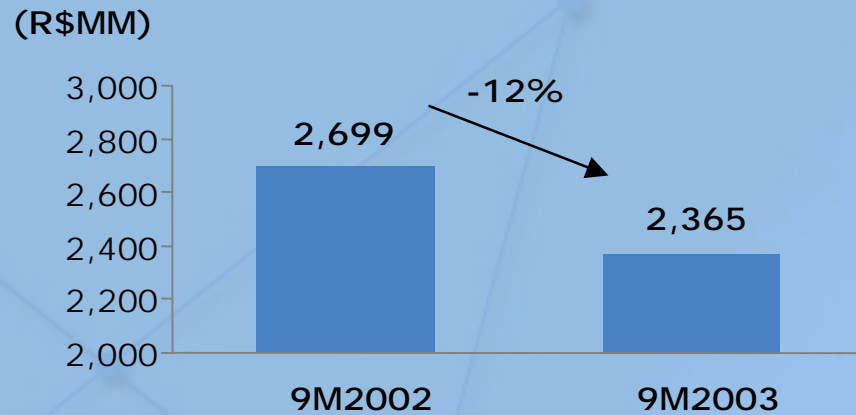


Note: (1) Assumes 3.5 minutes calls; 2003 real values without tax; inflation IGP-DI. Initial Anatel proposal defined TU-RL as 60% of local public tariff; Embratel promoting LRIC methodology

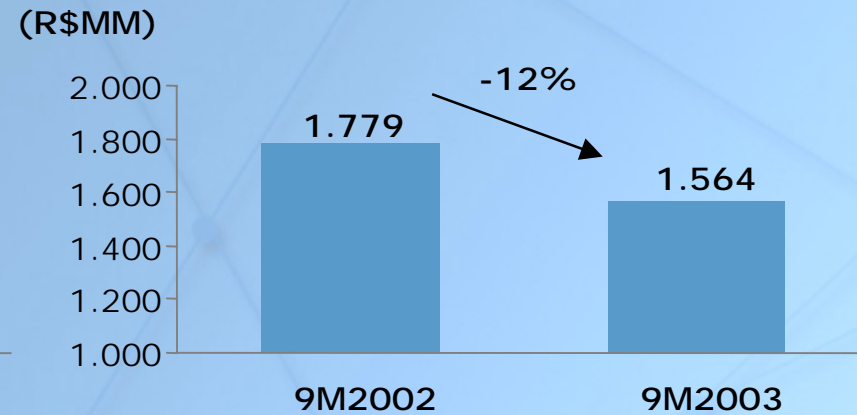


Enhanced Operating Performance

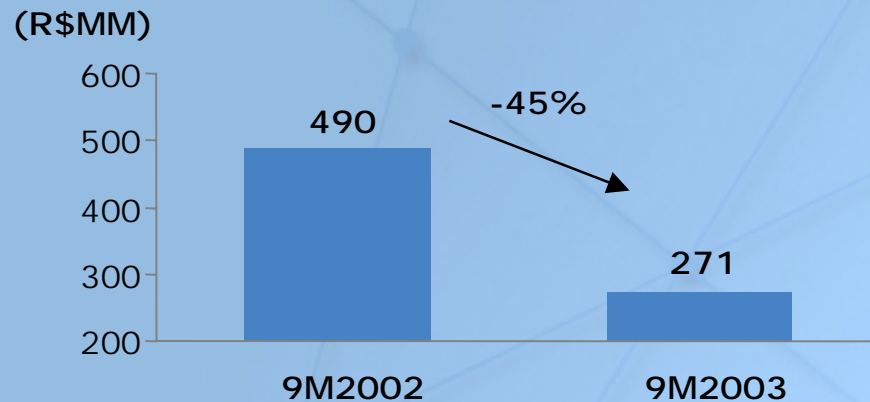
Reduction in Telco Costs



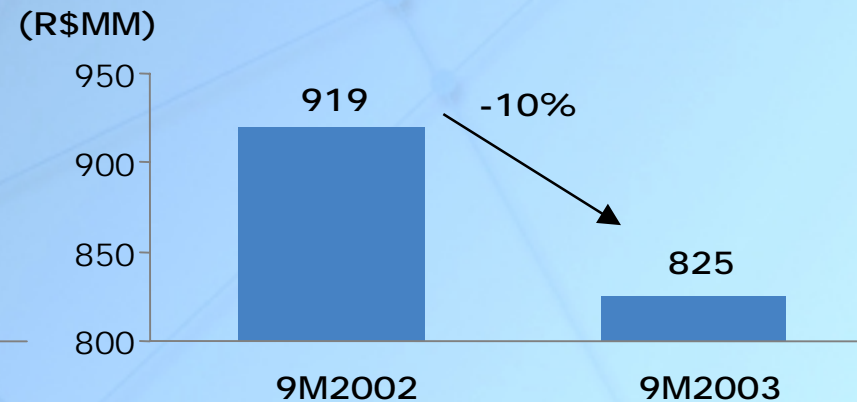
Decreasing SG&A



Reduction in Bad Debt



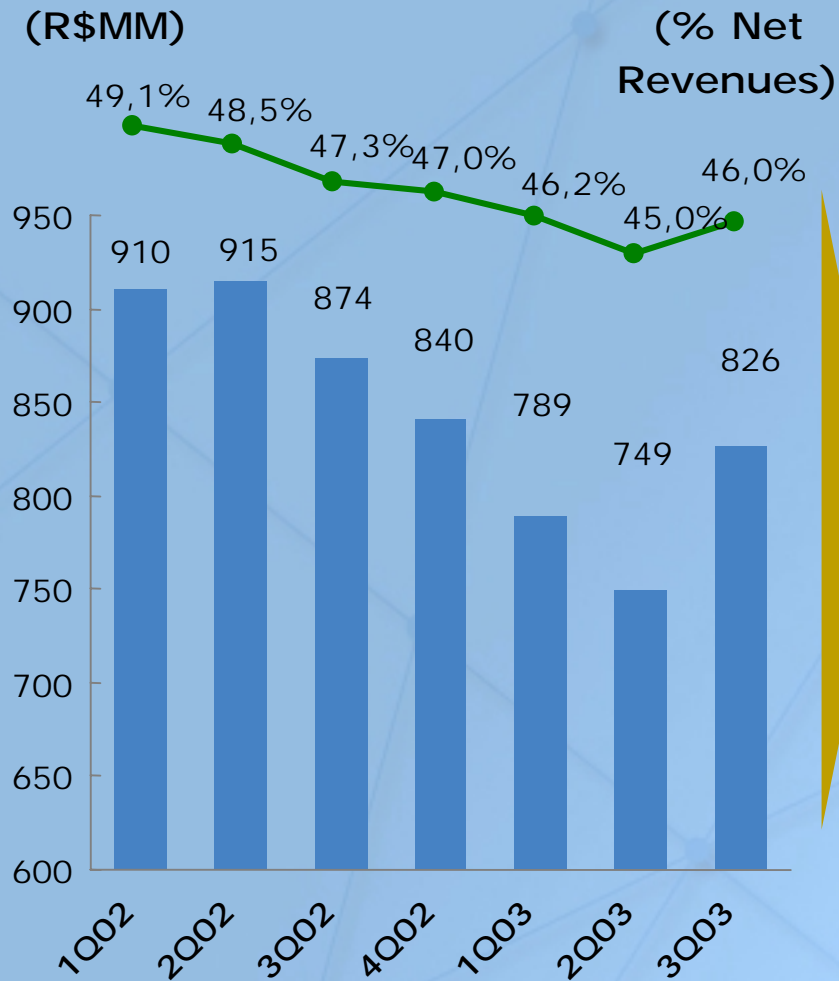
Improving A/R





Continuous Decline in Telco Ratios

Telco Costs Evolution



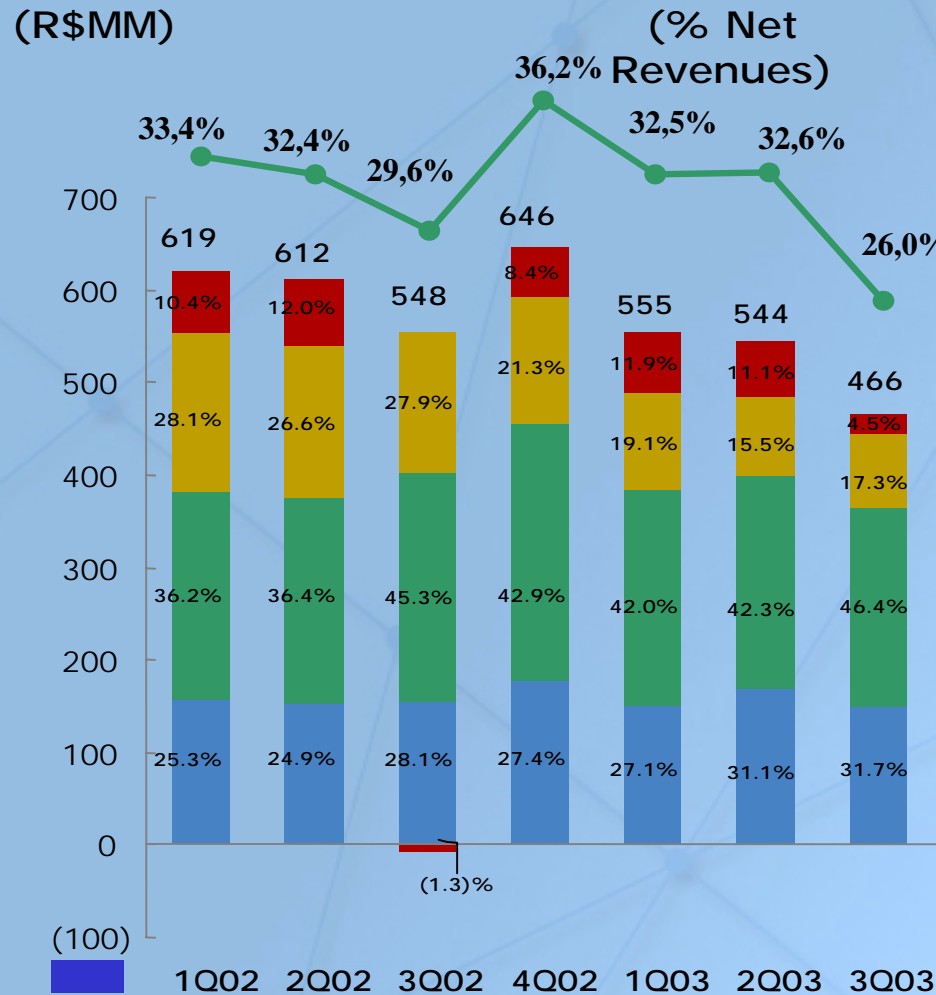
Key Factors

- Last mile network expansion
- Local services offer
- Mandated interconnection tariff reductions
- Other regulatory developments



Decreasing SG&A Expenses

SG&A Evolution



Key Factors

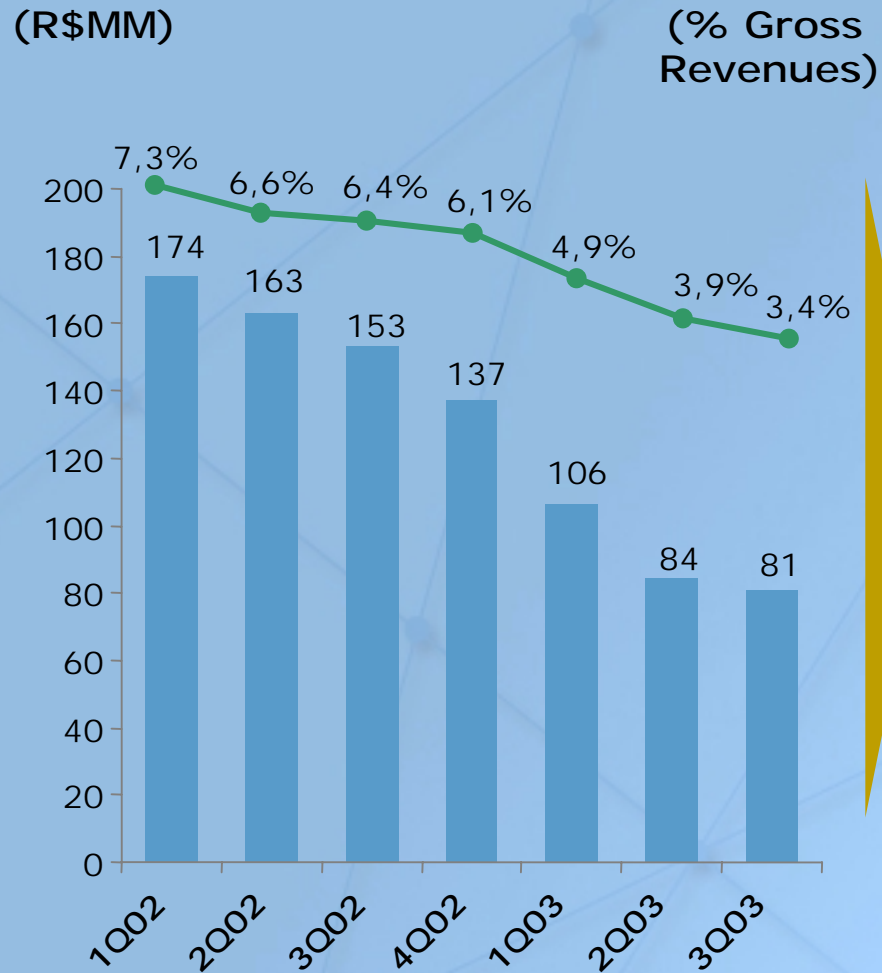
- Personnel expenses under strict control
- Third party services impacted by reduction in co-billing costs (beginning of 2003)
- Continuous improvement is allowance for doubtful accounts





Substantial Reduction in Bad Debt Expenses

Bad Debt Evolution



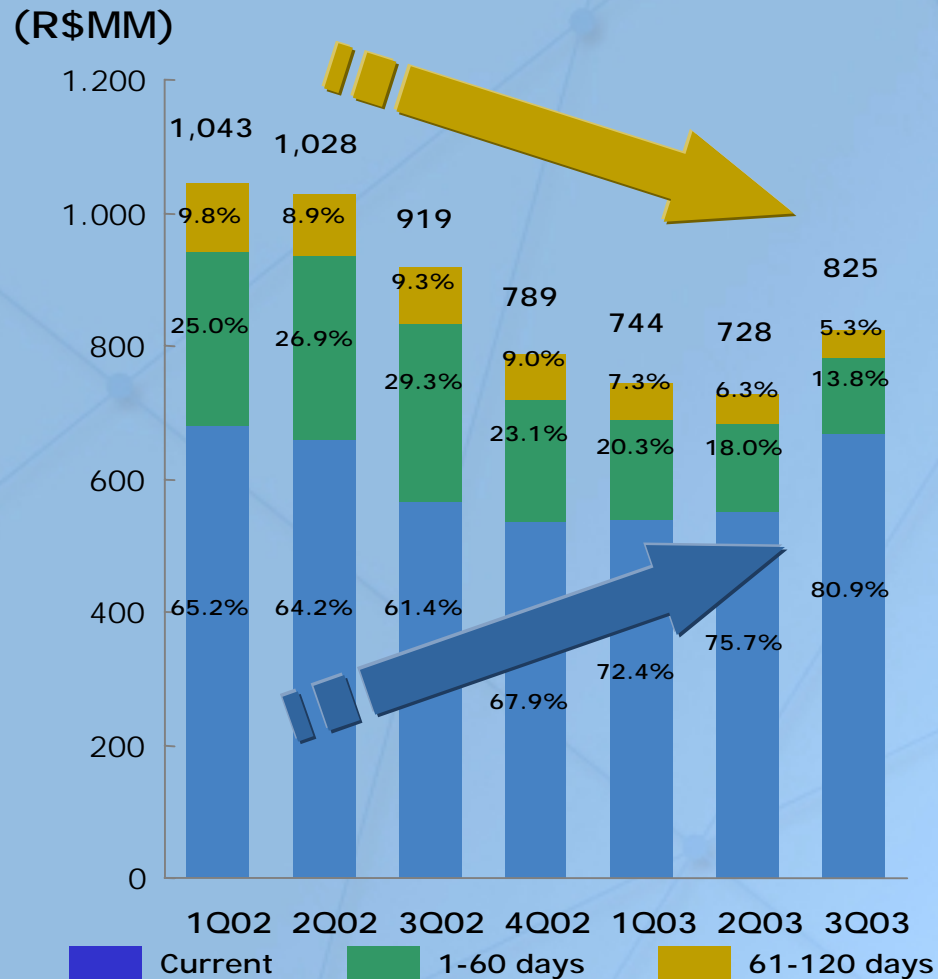
Key Factors

- Largest billing implementation in Latin America
- Largest database in Brazil
- Call by call selection
- Difficult co-billing negotiation
 - Cost and availability
- Information asymmetry
- Establish new customer relationship infrastructure
 - Billing
 - Collections
 - Call center
 - Call management



Significant Improvement in Accounts Receivable

Net A/R Evolution (Voice)



Key Factors

- Extensive collections network
 - Banks and lottery booths
 - Internet bill payment
 - Automatic debit campaigns
- Active call management
- Co-billing
- Improved customer file information

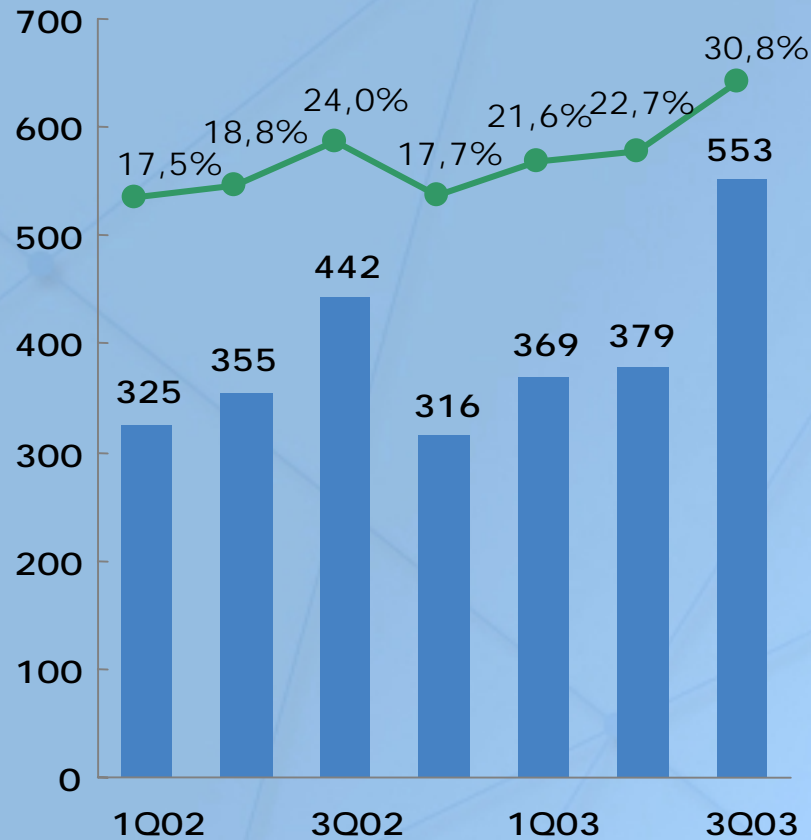


Consistently Improving Operating Income Before Depreciation

Operating Income Before Depreciation*

(R\$MM)

(% Net Revenues)



Opportunities

- Grow by exploring new markets and segments
- Further reduce costs
 - Telco costs
 - SG&A expenses

* Reconciliation on the next page



Reconciliation of Operating Income Before Depreciation and Amortization to Operating Income*

R\$ million	1Q02	2Q02	3Q02	4Q02	1Q03	2Q03	3Q03
Operating Income	52	74	154	15	77	91	267
(+) Depreciation and Amortization	272	281	289	301	292	287	286
Operating Income Depreciation and Amortization	325	355	442	316	369	379	553

* Based on Brazilian Corporate Law operating income before net financial expenses

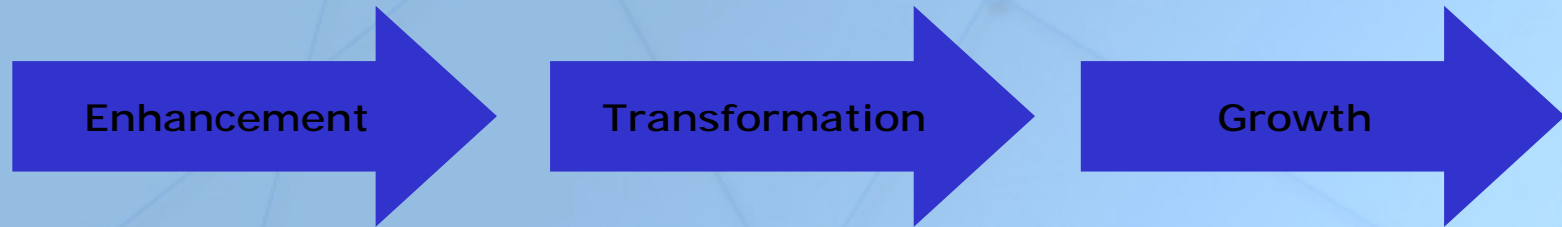


Disciplined Approach for Acquisitions

Vésper exemplifies Embratel's selective criteria to pursue acquisition opportunities

Vésper Acquisition

- Acquired free of debt and for nominal consideration
- Competitive local services provider to small corporate, SOHO and residential clients (Regions I and III)
- Broaden services and products offering
 - Broadband products and services (EV-DO technology)
 - Limited mobility
- Enhance and protect Embratel franchise
- Expansion of asset capacity and local access coverage
- Cost reduction through synergies
- Leverage asset position to fuel integrated entity growth



Objective

Improve internal levers

- Bad debt
- Telco costs
- Capex
- Asset productivity

Enhance/protect business platform

- Customers
- Capabilities
- Assets

Leverage platform for growth

- Traditional businesses
- New businesses

Key Levers

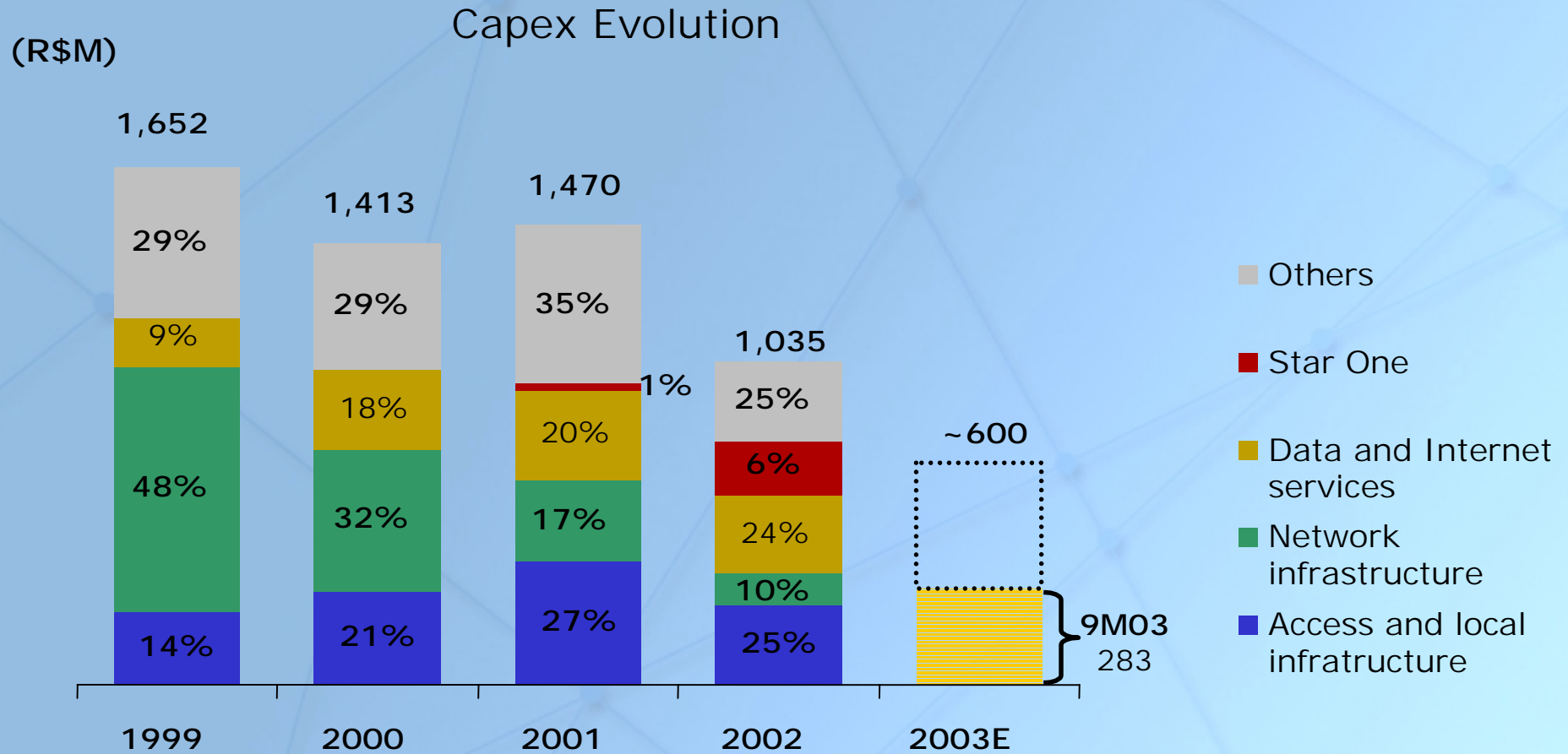
- Co-Billing
- Billing system and blocking functionality
- PPIs expansion
- Organization alignment and effectiveness
- Customer base segmentation

- Access build-up
- Fully segmented offers/approach
- ISP launch
- Outsourcing and corporate services
- Acquisitions

- Intra-regional attack
- Local expansion
- DSL down market offer
- VoIP
- Viable mobile opportunities
- Broadband/convergence services



Intelligent Capex Management Enabling Rational Growth





Financial Highlights

R\$MM	9M02	9M03
Net Revenues	5,586	5,169
Operating Income before Depreciation*	1,122	1,301
<i>Operating Income before depreciation as a percentage of revenues</i>	<i>20%</i>	<i>25%</i>
Operating Income	281	436
Net Income	(738)	155
Total Assets	12,916	11,877
Shareholders' Equity	4,608	4,879
Cash & Cash Equivalents	756	685
Total Debt	5,183	3,977

* Reconciliation on the next page



Reconciliation of Operating Income Before Depreciation and Amortization to Operating Income*

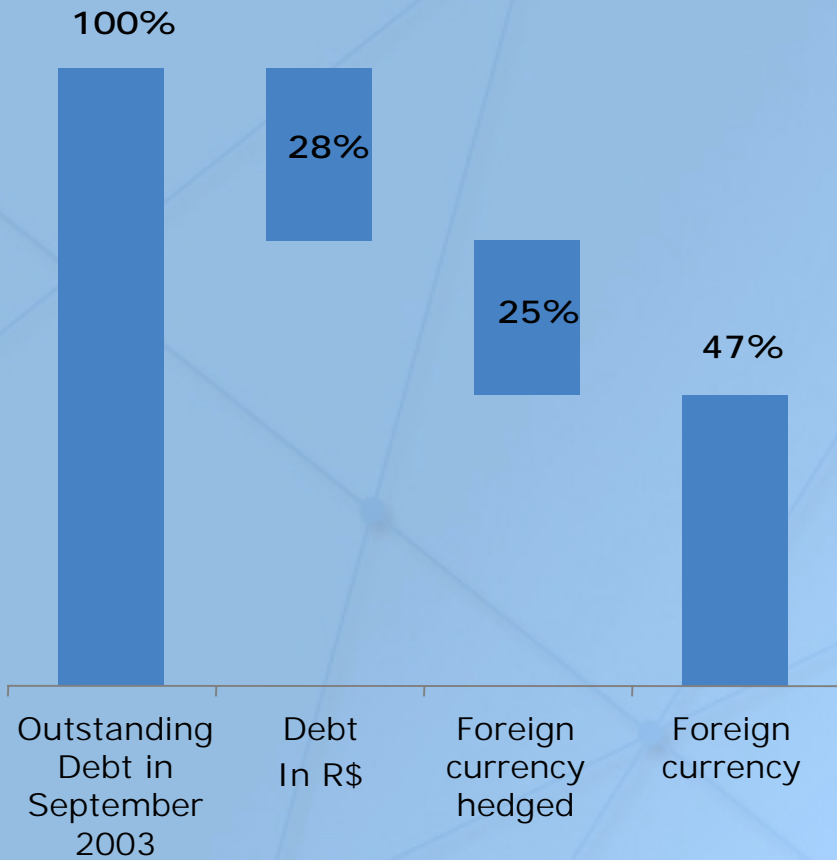
R\$ million	9M02	9M03
Operating Income	281	436
(+) Depreciation and Amortization	842	865
Operating Income Before Depreciation and Amortization	1.122	1.301

* Based on Brazilian Corporate Law operating income before net financial expenses

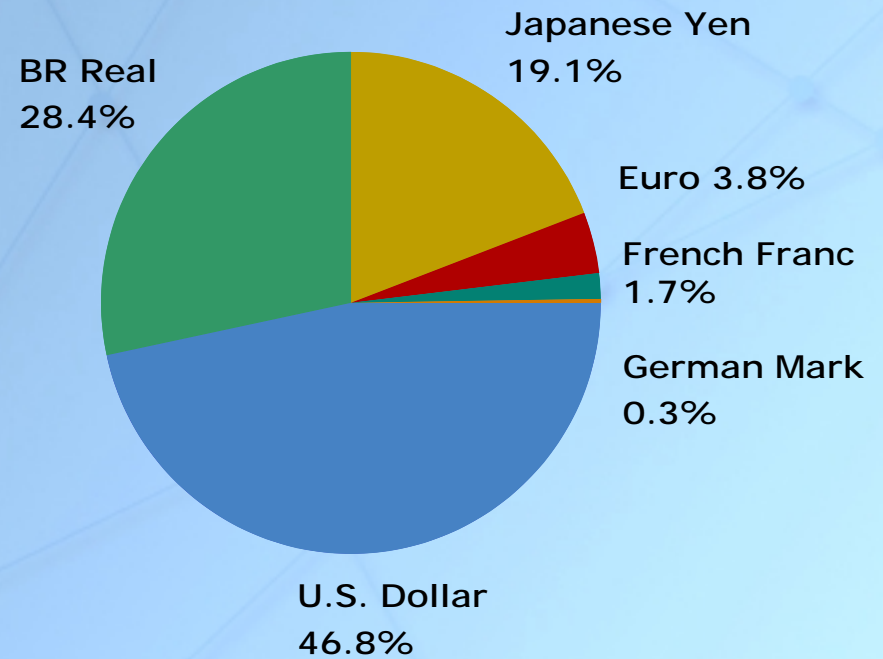


Debt Composition

FX Hedging



FX Exposure by Currency





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21
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