

EMBRATEL PARTICIPAÇÕES S.A.

Publicly Traded Company
Tax Payer # 02.558.124/0001-12

MATERIAL FACT

Embratel Participações S.A. (“Embrapar”), in compliance with the provisions of paragraph 4 of article 157 of Law #6.404/76 and to CVM Instruction #358/02, communicates to its shareholders and to the public in general that, on August 5, 2005, the management of its subsidiary Empresa Brasileira de Telecomunicações S.A. (“Embratel”) executed a share purchase agreement (“Share Purchase Agreement”) with Portugal Telecom do Brasil S.A. (“PT Brasil”) according to which PT Brasil will transfer to Embratel the total amount of shares that represent 100% (one hundred percent) of the capital of Primesys Soluções Empresariais S.A. (“Primesys”), and all the rights resulting from and pertaining to those shares, from its ownership upon the receipt of the payment by Embratel to PT Brasil the agreed fair price of R\$231.250.000,00 (two hundred and thirty one million, two hundred and fifty thousand reais) which will be paid in full by Embratel to PT Brasil upon the fulfillment of precedent conditions, monetarily adjusted by the accumulated variation of the average rate of the Interbank Deposits – DI, as calculated and disclosed by CETIP – Interbank Rate (CETIP-Taxa DI), realized up to the date of the closing of the transaction, as defined by the Share Purchase Agreement.

The Primesys share purchase transaction is subject to the implementation of precedent conditions, among which the approval by Agência Nacional de Telecomunicações – ANATEL.

Embrapar remains committed with the future of Embratel and is confident of the results envisaged with this acquisition. This transaction is inserted in Embratel’s policy to develop alternatives to enhance its activities with a view of not only incrementing its presence in consolidated areas but also expanding into other segments of the telecommunications market in Brazil.

For more information see the company’s website www.embratel.com.br

Rio de Janeiro, August 5, 2005

Embratel Participações S.A.
Carlos Henrique Moreira
President