

## NEWS RELEASE

---

Silvia M.R. Pereira  
Investor Relations  
tel: (55 21) 519-9662  
fax: (55 21) 519-6388  
email: [invest@embratel.com.br](mailto:invest@embratel.com.br)

**Contact Information:**

Wallace Borges Grecco  
Press Relations  
tel: (55 21) 519-7282  
fax: (55 21) 519-8010  
email: [cmsocial@embratel.net.br](mailto:cmsocial@embratel.net.br)

---

### **EMBRATEL REPORTS FIRST QUARTER 2001 NET REVENUES OF R\$ 1.8 BILLION Year-over-Year Growth Increased 20 Percent**

Rio de Janeiro, Brazil - April 24, 2001 - 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 highlights of results for the first quarter ending March 31, 2001. (All financial figures are in Reais and based on consolidated financial statements in Brazilian Corporate Law - "Legislação Societária").

Embratel Participações achieved first quarter 2001 net revenues of R\$1.8 billion, representing a 20.4 percent growth when compared to the first quarter of 2000. EBITDA reached R\$422 million. The net income for the quarter excluding the foreign exchange losses would have been R\$64 million. Considering the foreign exchange losses resulting from the effects of the currency devaluation on the Company's debt, net loss for the quarter was R\$34 million.

As previously advised, Embratel will be reporting revenues per service net of taxes. The historical comparative tables are provided below, as in our April 20 release.

## **Data and Internet Services**

Data revenues rose to R\$460 million in the first quarter of 2001, representing a 31.1 percent increase when compared to the corresponding 2000 quarter. Internet, frame relay and dedicated networks were the leading services driving this growth.

During the first quarter of 2001, Embratel observed a softer data demand resulting from a variety of reasons. Economic uncertainty and repositioning of "dot-com" companies were among them. Competition intensified leading to more price pressure. As previously advised, the Company continues to see reductions in wholesale revenues resulting from the termination of short-term leases. Embratel expects this weakness to continue throughout the second quarter and believes it may impact the overall annual data revenue growth. As a result, Embratel currently expects annual data revenue growth to be within the 20-35 percent range.

## **Domestic Long Distance Voice Services**

Domestic long distance voice revenues reached R\$1.1 billion in the first quarter of 2001 compared to R\$902 million in the first quarter of 2000, representing a 22.8 percent growth year-over-year. Growth in the number of lines, fixed-to-cellular and advanced voice revenues have contributed to this growth. During the past two quarters, Embratel conducted successful regional marketing campaigns that further accelerated revenue growth.

Compared to the previous quarter, domestic long distance voice revenues were flat. This outcome is consistent with the summer holiday and Carnaval season.

## **International Long Distance Voice Services**

International long distance revenues in the first quarter of 2001 were R\$220 million compared to R\$219 million in the corresponding 2000 quarter. Embratel has been able to maintain

international revenues despite price reductions. Efforts to inhibit call back activity and illegal bypass have contributed to this result.

## **EBITDA**

EBITDA in the first quarter of 2001 was R\$422 million compared to R\$432 million in the first quarter of 2000. EBITDA margin was 22.9 percent. Excluding the increased provision for bad debt of R\$161 million in the first quarter of 2001 and R\$29 million in the year ago quarter, margin would have been 31.6 percent in the first quarter of 2001 compared to 30.1 percent in the prior year. This 1.5 percentage point improvement reflects management's tight control on SG&A expenses despite the increase in new expense items such as billing and customer care, which had not reached a normal run rate in the first quarter of 2000. The Company also absorbed a new regulatory tax, FUST -- a universal service tax of 1 percent of net revenues in the first quarter of 2001.

Compared to the fourth quarter of 2000, EBITDA improved 19.2 percent. This resulted from a relative reduction in the amount provisioned for doubtful account from R\$218 million to R\$161 million (8.7 percent of net revenues).

The Company continues to monitor the collections process closely (see Accounts Receivables below) and believes that it is improving. However, Embratel expects that the level of provisioning in the second quarter of 2001 will remain at a similar percentage range as that of the first quarter of 2001. Further improvement will be observable in the second half of the year.

## **Net Income**

The net loss for the first quarter of 2001 was R\$34 million. The loss was created by the effect of the devaluation of the Real vis-a-vis the US dollar (10.6 percent in the quarter) on the Company's foreign currency debt (see Financial Position below). Excluding the foreign exchange losses net income would have been R\$64 million in the quarter.

## **Financial Position**

Embratel Participações ended the quarter with a cash position of R\$391 million. Total debt outstanding as of March 31, 2001 was R\$2.7 billion of which R\$1.5 billion is long term. Ninety-nine percent of Embratel's debt is denominated in foreign currencies. The average interest on this debt is US dollar plus 9.6 percent p.a.. On March 31, 2001, Embratel's debt/equity ratio was 0.45. The increase in leverage was primarily caused by the devaluation of the currency. New debt acquired in the period - R\$341 million - was obtained from export credit agencies (ECAs) for long term investment purposes and enjoys average maturity of 8 years. At the end of the first quarter of 2001, approximately R\$ 796 million of (notional amount) debt was hedged against currency fluctuations.

The pre-tax effect of the negative exchange variation in the quarter was R\$ 180 million (net of the gains resulting from hedging transactions). R\$215 million of negative exchange variation was related to long term debt and did not represent cash disbursements during the period.

## **Accounts Receivables**

The Company's net receivable position on March 31, 2001 was R\$2.5 billion -- a slight increase relative to the previous 2000 quarter. Days receivables improved slightly. The accumulated provision for doubtful receivables at the end of the first quarter of 2001 was R\$664 million. The company anticipates that as a result of several collection actions days receivables will continue to improve.

Embratel is implementing several measures to improve the billing process and reduce the level of uncollectables. In addition to working with Anatel to establish minimum customer file standards (information quality, process, timing, etc.), Embratel uses its own call centers to update information. The Company has its own dedicated teams calling on non-paying customers and is blocking an increasingly higher amount of delinquent users. Systems are being enhanced

for greater collections capabilities and more sophisticated managerial information allowing speedier decision making. Embratel believes that the combination of these and various other measures will work towards reducing the overall level of receivables and uncollectables in the second half of 2001.

### **Capital Expenditures**

During the quarter, capital expenditures were R\$ 243 million. The breakout of this expenditure is the following: local infrastructure and access - 26.7 percent; data and Internet services - 19.8 percent; network infrastructure - 10.1 percent and others, a substantial amount of which was information technology - 43.4 percent.

### **Expansion into Argentina**

During the quarter, Embratel announced several services it will be providing in the Argentine market. These on-net services include - IPL Embratel (dedicated) and Global Fastnet (frame relay) and are the first services being offered after being awarded a broad data, Internet and international voice license in that country. Embratel's activities in Argentina, in conjunction with WorldCom Latin America, will initially support the business of Brazilian clients with interests in that country.

### **Star One**

Star One will soon be launching broadband Internet services via satellite. The product is in its final testing phase. With only a small antenna, the customer will be able to have continuous two way access to the Internet via satellite without blocking their telephone line. Star One is also developing a multimedia IP platform capable of providing several broadband services such as Internet data and image transmission. This service is anticipated to be available for businesses around mid year.

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. Service offerings include: advanced voice, high-speed data communication services, Internet, satellite data communications and corporate networks.

Embratel is uniquely positioned to be the all-distance telecommunications network of South America. The Company's network is has countrywide coverage with 28,388 km of fiber cables comprising 1,045,617 km of optic fibers.

###

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, 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.

--- x ---

Embratel Participações SA		Corporate Law - Consolidated Income Statement						
R\$ Thousands	Quarter ending						% change	
	Mar 31, 2001	%	Mar 31, 2000	%	Dec 31, 2000	%	Y-o-Y	Q-o-Q
<b>Revenues</b>								
Gross revenues	2.481.005		2.019.347		2.471.063		22,9%	0,4%
Taxes & other deductions	(638.279)		(488.569)		(629.473)		30,6%	1,4%
<b>Net revenues</b>	<b>1.842.726</b>	<b>100,0%</b>	<b>1.530.778</b>	<b>100,0%</b>	<b>1.841.590</b>	<b>100,0%</b>	<b>20,4%</b>	<b>0,1%</b>
Net Domestic long distance	1.107.993	60,1%	902.359	58,9%	1.109.529	60%	22,8%	-0,1%
Net International long distance	220.086	11,9%	218.937	14,3%	236.210	13%	0,5%	-6,8%
Net Data communications	459.652	24,9%	350.709	22,9%	444.032	24%	31,1%	3,5%
Net Other services	54.995	3,0%	58.773	3,8%	51.819	2,8%	-6,4%	6,1%
<b>Net revenues</b>	<b>1.842.726</b>	<b>100,0%</b>	<b>1.530.778</b>	<b>100,0%</b>	<b>1.841.590</b>	<b>100,0%</b>	<b>20,4%</b>	<b>0,1%</b>
Lines costs (incl. interconnection & facilities)	(875.311)	-47,5%	(752.272)	-49,1%	(858.912)	-46,6%	16,4%	1,9%
Other cost of services (excl. depreciation)	(111.732)	-6,1%	(88.041)	-5,8%	(109.813)	-6,0%	26,9%	1,7%
Selling, general and administrative expenses (excl. depreciation)	(444.504)	-24,1%	(242.317)	-15,8%	(514.053)	-27,9%	83,4%	-13,5%
Other operating income/(expense)	10.996	0,6%	(16.690)	-1,1%	(4.661)	-0,3%	-165,9%	-335,9%
<b>EBITDA</b>	<b>422.175</b>	<b>22,9%</b>	<b>431.458</b>	<b>28,2%</b>	<b>354.151</b>	<b>19,2%</b>	<b>-2,2%</b>	<b>19,2%</b>
Depreciation and amortization	(249.808)	-13,6%	(201.858)	-13,2%	(226.255)	-12,3%	23,8%	10,4%
<b>Operating income (EBIT)</b>	<b>172.367</b>	<b>9,4%</b>	<b>229.600</b>	<b>15,0%</b>	<b>127.896</b>	<b>6,9%</b>	<b>-24,9%</b>	<b>34,8%</b>
Financial income (including monetary and exchange variation)	48.706	2,6%	4.302	0,3%	29.031	1,6%	1032,2%	67,8%
Interest income	17.645	1,0%	16.650	1,1%	22.503	1,2%	6,0%	-21,6%
Monetary variation	280	0,0%	(2.333)	-0,2%	278	0,0%	-112,0%	0,7%
Exchange variation	30.781	1,7%	(10.015)	-0,7%	6.250	0,3%	-407,3%	392,5%
Financial expense (including monetary and exchange variation)*	(249.820)	-13,6%	6.924	0,5%	(163.652)	-8,9%	-3708,0%	52,7%
Interest expense	(64.828)	-3,5%	(22.451)	-1,5%	(53.902)	-2,9%	188,8%	20,3%
Monetary variation	(4.880)	-0,3%	(12.565)	-0,8%	(7.775)	-0,4%	-61,2%	-37,2%
Exchange variation*	(180.112)	-9,8%	41.940	2,7%	(101.975)	-5,5%	-529,5%	76,6%
Other non-operating income/(expense)	451	0,0%	12.129	0,8%	116.067	6,3%	-96,3%	-99,6%
<b>Net income before tax, employee profit sharing and minority interest</b>	<b>(28.296)</b>	<b>-1,5%</b>	<b>252.955</b>	<b>16,5%</b>	<b>109.342</b>	<b>5,9%</b>	<b>-111,2%</b>	<b>-125,9%</b>
Income tax and social contribution	8.094	0,4%	(93.377)	-6,1%	63.137	3,4%	-108,7%	-87,2%
Employee profit sharing	(11.556)	-0,6%	(7.710)	-0,5%	(8.645)	-0,5%	49,9%	33,7%
Minority interest	(1.989)	-0,1%	(1.885)	-0,1%	(5.281)	-0,3%	5,5%	-62,3%
<b>Net income</b>	<b>(33.747)</b>	<b>-1,8%</b>	<b>149.983</b>	<b>9,8%</b>	<b>158.553</b>	<b>8,6%</b>	<b>-122,5%</b>	<b>-121,3%</b>
End of period shares outstanding (000)	332.932.361		332.915.828		332.919.028			
Earnings per 1000 shares	(0,10)		0,45		0,48			

\* Net of gains arising from hedging transactions

<b>Embratel Participações SA</b>		
<b>Corporate Law - Consolidated Balance Sheet</b>		
<b>R\$ Thousands</b>	<b>Mar 31, 2001</b>	<b>Dec 31, 2000</b>
<b>Assets</b>		
Cash and cash equivalents	390.739	422.614
Account receivables, net	2.497.936	2.453.235
Deferred and recoverable taxes	456.524	406.670
Other current assets	190.409	116.966
<b>Current assets</b>	<b>3.535.608</b>	<b>3.399.485</b>
Deferred and recoverable taxes	300.555	268.142
Legal deposits	321.239	285.997
Other non-current assets	48.837	13.256
<b>Non-current assets</b>	<b>670.631</b>	<b>567.395</b>
Investments	351.886	328.352
Net property, plant & equipment	7.464.310	7.467.125
<b>Permanent assets</b>	<b>7.816.196</b>	<b>7.795.477</b>
<b>Total assets</b>	<b>12.022.435</b>	<b>11.762.357</b>
<b>Liabilities</b>		
Personnel, charges and social benefits	108.576	100.921
Accounts payable and accrued expenses	1.313.525	1.405.084
Taxes and contributions	567.189	709.446
Dividends and interest on capital payable	140.130	140.145
Proposed dividends and interest on capital	66.373	66.259
Short term debt and current portion of long term debt	1.184.301	881.899
Provisions for contingencies	23.843	27.335
Pension plan -Telos	61.948	61.725
Employee's profit sharing	39.865	28.306
Subsidiaries and associated companies	10.083	19.064
Other current liabilities	150.662	171.777
<b>Current liabilities</b>	<b>3.666.495</b>	<b>3.611.961</b>
Taxes and contributions	197.163	169.313
Long term debt	1.527.522	1.364.390
Pension plan - Telos	201.218	211.103
Other non-current liabilities	915	915
<b>Non-current liabilities</b>	<b>1.926.818</b>	<b>1.745.721</b>
<b>Deferred income</b>	<b>121.495</b>	<b>110.627</b>
<b>Minority interest</b>	<b>249.982</b>	<b>211.878</b>
Paid in capital	2.134.427	2.134.427
Income reserves	1.921.028	1.912.113
Treasury stock	(41.101)	(41.475)
Retained earnings	2.043.291	2.077.105
<b>Shareholders' equity</b>	<b>6.057.645</b>	<b>6.082.170</b>
<b>Total liabilities and shareholders' equity</b>	<b>12.022.435</b>	<b>11.762.357</b>
Total borrowed funds	2.711.823	2.246.289
Net debt	2.321.084	1.823.675
TBF/Shareholders equity	0,45	0,37

Embratel Participações SA (millions of minutes)	Quarter ending		
	Mar 31, 2001	Mar 31, 2000	Dec 31, 2000
<b>Domestic Long Distance *</b>	<b>5.128,8</b>	<b>4.803,4</b>	<b>4.993,7</b>
Q-o-Q	2,7%	7,5%	2,7%
Y-o-Y	6,8%	27,1%	11,8%
<b>International Long Distance</b>			
<b>Outbound**</b>	<b>167,7</b>	<b>162,1</b>	<b>166,1</b>
Q-o-Q	1,0%	6,1%	7,3%
Y-o-Y	3,5%	9,4%	8,7%
<b>Inbound</b>	<b>277,2</b>	<b>267,4</b>	<b>269,5</b>
Q-o-Q	2,9%	15,0%	-14,1%
Y-o-Y	3,7%	44,0%	15,9%

\* This minute series includes domestic long distance traffic, domestic long distance fixed-to-cellular traffic, cellular-to-fixed and cellular-to-cellular traffic, and advanced telephony traffic

\*\* This minutes series includes outbound international long distance traffic, international fixed- to- cellular and advanced voice services traffic

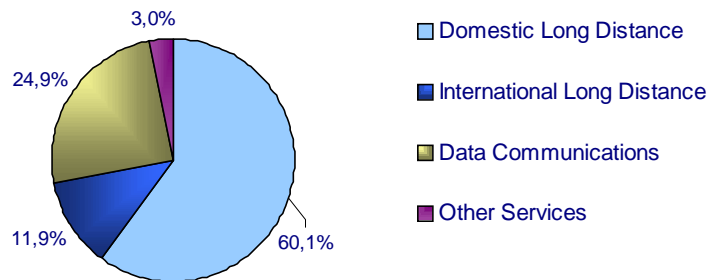
Embratel Participações SA												
Corporate Law - Consolidated												
R\$ Thousands	Quarter Ending						Year Ending					
	Mar 31, 2000	%	Jun 30, 2000	%	Sep 30, 2000	%	Dec 31, 2000	%	Dec 31, 1999	%	Dec 31, 2000	%
<b>Revenues</b>												
Gross revenues	2.019.347		2.121.006		2.343.272		2.471.063		6.680.342		8.954.688	
Taxes & other deductions	(488.569)		(540.652)		(581.486)		(629.473)		(1.496.415)		(2.240.180)	
<b>Net revenues</b>	<b>1.530.778</b>	<b>100,0%</b>	<b>1.580.354</b>	<b>100,0%</b>	<b>1.761.786</b>	<b>100,0%</b>	<b>1.841.590</b>	<b>100,0%</b>	<b>5.183.927</b>	<b>100,0%</b>	<b>6.714.508</b>	<b>100,0%</b>
Net Domestic long distance	902.359	58,9%	855.378	54,1%	1.054.111	59,8%	1.109.529	60%	3.012.638	58,1%	3.921.377	58,4%
Net International long distance	218.937	14,3%	274.026	17,3%	242.748	13,8%	236.210	13%	888.268	17,1%	971.921	14,5%
Net Data communications	350.709	22,9%	397.295	25,1%	413.527	23,5%	444.032	24%	1.042.103	20,1%	1.605.563	23,9%
Net Other services	58.773	3,8%	53.655	3,4%	51.400	2,9%	51.819	2,8%	240.918	4,6%	215.647	3,2%

## Financial Performance... REVENUES

	1999	2000	1Q00	4Q00	1Q01
DLD	3.012.638	3.921.377	902.359	1.109.529	1.107.993
ILD	888.268	971.921	218.937	236.210	220.086
<b>Voice</b>	<b>3.900.906</b>	<b>4.893.298</b>	<b>1.121.296</b>	<b>1.345.739</b>	<b>1.328.079</b>
	-----	25,44%	-----	-----	-----
Data Communications	1.042.103	1.605.563	350.709	444.032	459.652
	-----	54,07%	-----	-----	-----
<b>Total Core</b>	<b>4.943.009</b>	<b>6.498.861</b>	<b>1.472.005</b>	<b>1.789.771</b>	<b>1.787.731</b>
Other Services	240.918	215.647	58.773	51.819	54.995
<b>Gross Revenues</b>	<b>5.183.927</b>	<b>6.714.508</b>	<b>1.530.778</b>	<b>1.841.590</b>	<b>1.842.726</b>
	-----	29,53%	-----	-----	-----

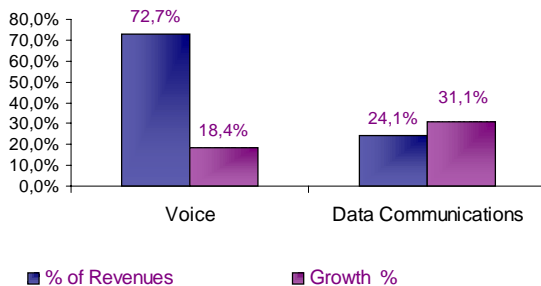
R\$

### Revenues 1Q 2001



% Revenues	1999	2000	1T00	4T00	1T01
Domestic Long Distance	58,1%	58,4%	58,9%	60,2%	60,1%
International Long Distance	17,1%	14,5%	14,3%	12,8%	11,9%
<b>Voice</b>	<b>75,3%</b>	<b>72,9%</b>	<b>73,3%</b>	<b>73,1%</b>	<b>72,1%</b>
Data Communications	20,1%	23,9%	22,9%	24,1%	24,9%
<b>Total Core</b>	<b>95,4%</b>	<b>96,8%</b>	<b>96,2%</b>	<b>97,2%</b>	<b>97,0%</b>
Other Services	4,6%	3,2%	3,8%	2,8%	3,0%
<b>Gross Revenues</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>

### Data Growth



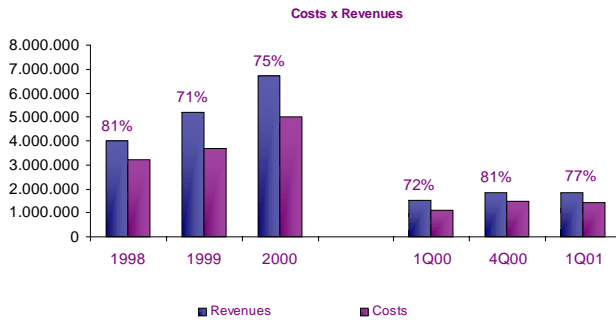
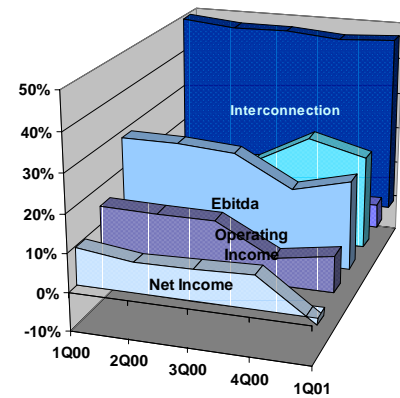
	Total 1Q00 to 1Q01	% of Revenues	Growth %
DLD	5.029.370	58,8%	22,8%
ILD	1.192.007	13,9%	0,5%
<b>Voice</b>	<b>6.221.377</b>	<b>72,7%</b>	<b>18,4%</b>
Data Communications	2.065.215	24,1%	31,1%
<b>Total Core</b>	<b>8.286.592</b>	<b>96,8%</b>	<b>21,4%</b>
Other Services	270.642	3,2%	-6,4%
<b>Total</b>	<b>8.557.234</b>	<b>100,0%</b>	<b>20,4%</b>

## Financial Performance... RESULTS and INVESTMENT

	1998	1999	2000	1Q00	4Q00	1Q01
Revenues	4.000.106	5.183.927	6.714.508	1.530.778	1.841.590	1.842.726
Interconnection	1.786.588	2.563.959	3.210.104	752.272	858.912	875.311
Cost of Service	341.322	349.558	391.650	88.041	109.813	111.732
SG&A	533.362	782.404	1.396.893	242.317	514.053	444.504
Others	577.244	-40.566	12.250	16.690	4.661	-10.996
<b>Ebitda</b>	<b>761.590</b>	<b>1.528.572</b>	<b>1.703.611</b>	<b>431.458</b>	<b>354.151</b>	<b>422.175</b>
Dep & Amort	678.897	733.341	856.802	201.858	226.255	249.808
<b>Operating Income</b>	<b>82.693</b>	<b>795.231</b>	<b>846.809</b>	<b>229.600</b>	<b>127.896</b>	<b>172.367</b>
<b>Net Income</b>	<b>123.578</b>	<b>411.631</b>	<b>577.090</b>	<b>149.983</b>	<b>158.553</b>	<b>-33.747</b>

R\$

	1998	1999	2000	1Q00	4Q00	1Q01
Revenues	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Interconnectbn	44,7%	49,5%	47,8%	49,1%	46,6%	47,5%
Cost of Service	8,5%	6,7%	5,8%	5,8%	6,0%	6,1%
SG & A	13,3%	15,1%	20,8%	15,8%	27,9%	24,1%
Others	14,4%	-0,8%	0,2%	1,1%	0,3%	-0,6%
<b>Ebitda</b>	<b>19,0%</b>	<b>29,5%</b>	<b>25,4%</b>	<b>28,2%</b>	<b>19,2%</b>	<b>22,9%</b>
Dep & Amort	17,0%	14,1%	12,8%	13,2%	12,3%	13,6%
<b>Operating Income</b>	<b>2,1%</b>	<b>15,3%</b>	<b>12,6%</b>	<b>15,0%</b>	<b>6,9%</b>	<b>9,4%</b>
<b>Net Income</b>	<b>3,1%</b>	<b>7,9%</b>	<b>8,6%</b>	<b>9,8%</b>	<b>8,6%</b>	<b>-1,8%</b>

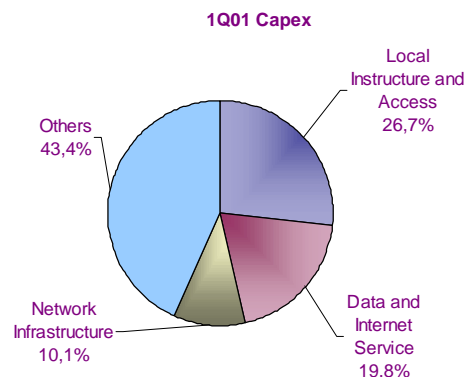


	1998	1999	2000
<b>CAPEX</b>	<b>1.203</b>	<b>1.652</b>	<b>1.428</b>

R\$

	1Q00	4Q00	1Q01
<b>CAPEX</b>	<b>323</b>	<b>500</b>	<b>243</b>

R\$

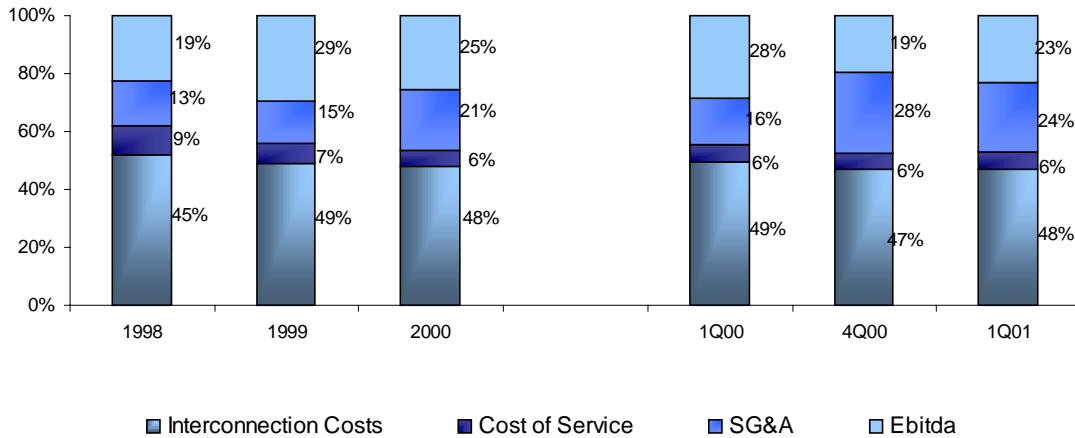


## Financial Performance... COSTS

	1998	1999	2000	1Q00	4Q00	1Q01
Interconnection Costs	1.786.588	2.563.959	3.210.104	752.272	858.912	875.311
Cost of Service	341.322	349.558	391.650	88.041	109.813	111.732
SG&A	533.362	782.404	1.396.893	242.317	514.053	444.504
Others	577.244	-40.566	12.250	16.690	4.661	-10.996
<b>Ebitda</b>	<b>761.590</b>	<b>1.528.572</b>	<b>1.703.611</b>	<b>431.458</b>	<b>354.151</b>	<b>422.175</b>

R\$

	1998	1999	2000	1Q00	4Q00	1Q01
Interconnection Costs	44,7%	49,5%	47,8%	49,1%	46,6%	47,5%
Cost of Service	8,5%	6,7%	5,8%	5,8%	6,0%	6,1%
SG&A	13,3%	15,1%	20,8%	15,8%	27,9%	24,1%
Others	14,4%	-0,8%	0,2%	1,1%	0,3%	-0,6%
<b>Ebitda</b>	<b>19,0%</b>	<b>29,5%</b>	<b>25,4%</b>	<b>28,2%</b>	<b>19,2%</b>	<b>22,9%</b>



Employees	1998	1999	2000	1Q00	1Q01
Embratel SA	8.220	8.033	7.684	7.478	7.662
StarOne (Satellite)		87	107	95	114
BrasilCenter (Call Center)		2.124	4.209	2.752	4.467
<b>Total</b>	<b>8.220</b>	<b>10.244</b>	<b>12.000</b>	<b>10.325</b>	<b>12.243</b>

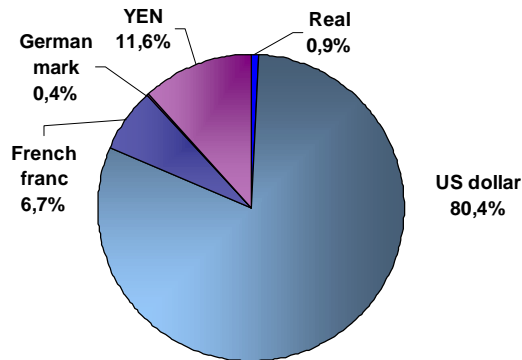
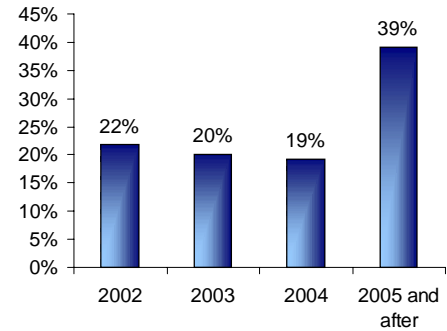
## Financial Performance... CAPITALIZATION

	1998	1999	2000	1Q00	4Q00	1Q01
Short Term Debt and Current Maturing						
Long Term Debt	155.088	602.235	881.899	462.708	881.899	1.184.301
Long Term Debt	511.085	878.661	1.364.390	1.006.099	1.364.390	1.527.522
Shareholders' Equity	5.510.581	5.717.988	6.082.170	5.866.034	6.082.170	6.057.645
Minority Interest	69.881	72.657	211.878	73.280	211.878	249.982
<b>Total Capitalization</b>	<b>6.246.635</b>	<b>7.271.541</b>	<b>8.540.337</b>	<b>7.408.121</b>	<b>8.540.337</b>	<b>9.019.450</b>
Total Borrowed Funds	666.173	1.480.896	2.246.289	1.468.807	2.246.289	2.711.823
Cash	833.357	357.404	422.614	303.148	422.614	390.739
<b>Net Debt</b>	<b>-167.184</b>	<b>1.123.492</b>	<b>1.823.675</b>	<b>1.165.659</b>	<b>1.823.675</b>	<b>2.321.084</b>
Interest Income	245.854	326.956	275.181	4.302	29.031	48.706
Interest Expenses	177.124	630.417	463.497	-6.924	163.652	249.820
<b>Financial Result</b>	<b>68.730</b>	<b>-303.461</b>	<b>-188.316</b>	<b>11.226</b>	<b>-134.621</b>	<b>-201.114</b>
Ebitda	<b>761.648</b>	<b>1.528.572</b>	<b>1.703.611</b>	<b>431.458</b>	<b>354.151</b>	<b>422.175</b>
Total Debt/Shareholders' Equity	12,09%	25,90%	36,93%	25,04%	36,93%	44,77%
Total Debt/Ebitda	0,87	0,97	1,32	0,86	1,32	1,60
Net Debt/Ebitda	0,22	0,73	1,07	0,68	1,07	1,37
Ebitda/Interest	4,30	2,42	3,68	62,31	2,16	1,69
Ebitda/Net Interest	11,08	5,04	9,05	38,43	2,63	2,10
Total Debt/Market Capitalization	0,12	0,10	0,20	0,10	0,23	0,40
Net Debt/Market Capitalization	0,03	0,07	0,16	0,08	0,19	0,34

R\$

Payment Schedule	1998	1999	2000	1Q00	4Q00	1Q01
2000	101.625	-	-	-	-	-
2001	97.516	175.597	-	122.227	-	-
2002	94.471	172.665	539.381	225.376	539.381	332.529
2003	217.473	145.948	236.570	196.033	236.570	305.786
2004		384.451	224.140	462.463	224.140	291.943
2005 and after			364.299		364.299	595.675
<b>Total</b>	<b>511.085</b>	<b>878.661</b>	<b>1.364.390</b>	<b>1.006.099</b>	<b>1.364.390</b>	<b>1.525.933</b>

R\$



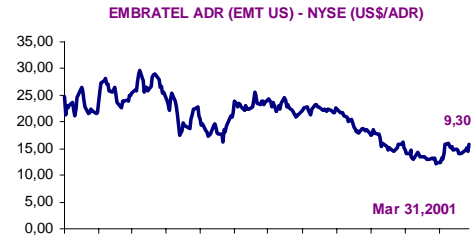
Composition by Foreign Currency	1999	2000	1Q00	4Q00	1Q01	%
Real	184.438	28.631	191.861	28.631	23.319	0,86%
US dollar	1.127.898	1.718.922	1.101.255	1.718.922	2.179.114	80,43%
French franc	152.367	172.561	161.257	172.561	181.004	6,68%
German mark	12.172	10.947	10.455	10.947	11.467	0,42%
YEN	4.021	315.229	3.979	315.229	314.287	11,60%
<b>Total</b>	<b>1.480.896</b>	<b>2.246.290</b>	<b>1.468.807</b>	<b>2.246.290</b>	<b>2.709.191</b>	<b>100,00%</b>

R\$

## Stock Performance...

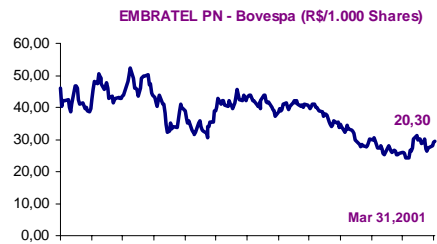
ADR	High	Low	Price Change %
1Q01	17,50	9,30	-37,74%
YTD	17,50	9,30	-37,74%
Last 12 months	25,56	9,30	-61,25%

**US\$**



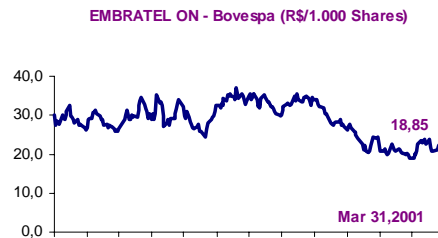
PN	High	Low	Price Change %
1Q01	33,80	20,25	-29,71%
YTD	33,80	20,25	-29,71%
Last 12 months	45,70	20,25	-53,10%

**R\$**

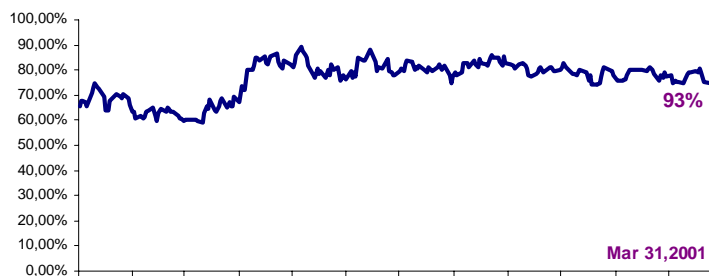


ON	High	Low	Price Change %
1Q01	27,39	18,48	-13,57%
YTD	27,39	18,48	-13,57%
Last 12 months	37,00	18,48	-35,00%

**R\$**



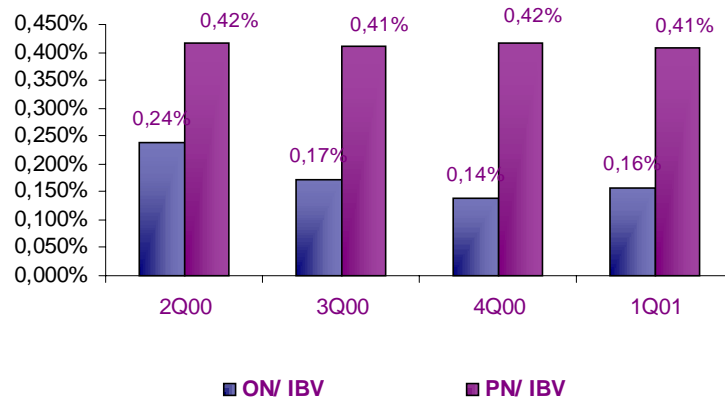
### Discount (EMBRATEL ON/PN - Bovespa)



## Stock Performance... VOLUME

	ON		PN		IBOV	
2Q00	318.104.839	51%	554.495.161	109%	132.969.117.452	67%
3Q00	231.751.563	-27%	547.118.750	-1%	133.589.013.563	0,5%
4Q00	228.801.667	-1%	683.988.333	25%	164.595.207.200	23%
1Q01	312.373.770	37%	812.427.869	19%	198.921.797.115	21%

### ADTV per as a percentage of Bovespa's ADTV



	ON		PN + ADR	
2Q00	19.722.500.000	32,89%	89.453.700.000	42,89%
3Q00	14.832.100.000	24,74%	86.943.100.000	41,69%
4Q00	13.728.100.000	22,89%	96.489.000.000	46,26%
1Q01	19.054.800.000	31,78%	121.392.200.000	58,20%
Float	59.963.879.407		208.563.330.389	

