

Embratel FACTSHEET - 2Q 2003

Investor Relations

Rio de Janeiro, Brazil – July, 2003



SERVICES... Voice

Basic Telephony - Generic Services

| Service | Description | Applications | Users |
|---------------------|---|---|--|
| DDD | Ordinary domestic long distance calling. | Calling domestic long distance. | Business and residential users. |
| Sempre 21 | Domestic long distance service to make easier to understand how long distance rates work. There are only 4 differents rates for any type of call or time of the day. | Calling domestic long distance: intra-region, interstate, interstate to another region and inter-capital. | Business and residential users. |
| DDI | Ordinary international long distance calling. | Calling international long distance. | Business and residential users. |
| Ligue DDI 21 | International Long Distance Service to make easier to understand how international long distance rates work. There are only 4 differents rates to 4 groups of countries any day of the week or any time of the day. | Calling international long distance. | Business and residential users. It's necessary a subscription. |

Advanced Telephony - Special Services

| Service | Description | Applications | Users |
|-------------------------------------|---|---|--|
| 0800 | National toll free number. Call is paid at destination. | Used for customer service: purchase authorization, ticket and hotel reservation, lost or stolen cards, sales, service requests, etc. | Main users are banks, credit card and insurance, transport and service companies. |
| 0300 | Similar to 0800. Call is paid at the origin. The price is only one and it doesn't depend on the distance nor the time of the day. | Used for specific information such as CPF by Federal Revenue Service, Income Tax, besides Interactive TV. | Users are businesses that provide the service, but don't want to pay for the calls that create an expressive traffic due to the application associated to the service offered. |
| Free Phone | International toll free number. Call is paid at destination | Used for purchase authorization, ticket and hotel reservation, lost or stolen cards advise, car rentals, import/export activities, use of insurance. | Main users are medium and large businesses providing international services or services used abroad. |
| Vip Phone | Direct PABX links to Embratel 's network for domestic and international long distance. Calls are carried on Embratel's network from their origem. | Used for high quality voice communication: high call completion rates, reduced call loss, greater efficiency since calls are carried on Embratel's network from the origin. 20% reduction in call cost. | Main users are businesses with high long distance calling usage. |
| Vip Net | Virtual private networks. | Used for voice, fax and data communication with direct access, reduced dialing and customized numbering plan. | Users are medium and large businesses with considerable volume of internal communication. |
| Automatic Service Plataforma | It is a set of audible answer units spread across Brazil with a 630 thousand minute-per-hour virtual communication capacity. | Used to carry out telesurvey and teleballots. It consists of a tailor-made solution to answer marketing message calls, to disseminate teleinformation, to spread results, to find out opinions and so on. | Main users are businesses, political parties and marketing agencies. |
| Digidial | End-to-end digital high-speed voice service for domestic and international calls. | Used for videoconferencing, interconnection of local networks, digital video and voice transmission, fax, distance learning and medical applications. | Users are multinationals, data processing centers, hospitals, universities, and schools practising distant learning. |

ERVICES... Data

Dedicated Services - Direct point-to-point or point-multipoint transmission

| Service | Description | Applications | Users |
|-------------------|---|---|--|
| Transmux | Rental of high-speed dedicated circuits. Countrywide availability. | Used to build specialized networks for fixed and cellular voice concessionaries and for interconnection of limited services providers with Embratel | Users are companies which have been granted concessions, permissions or authorizations by Anatel to provide telecommunication services for third parties. |
| TopNet | Integrated data networks for data, voice, fax and image transmission built on dedicated digital circuits. Available to interconnect companies throughout Brazil. | Complete communication solution for businesses. Provides reliable means for Integrated Management Systems and Electronic Data Transmission (EDI). Enables transaction validation for financial transactions, implementation of Call Centers and Intranets, and provides the best solution for creation ISP backbones. | Main users are medium and large businesses who have chosen to completely or partially outsource their networks, such as financial institutions, government entities and industrials. Other main users are Internet service providers and Call Centers companies. |
| Diginet | Interconnection between entities in Brazil with their foreign correspondents or Internet ports abroad. Built on dedicated digital circuits for data, voice and image transmission. Available for connections anywhere in the world. | Complete international communication solution for businesses and entities in Brazil to interconnect with Internet backbones, financial markets, offices and plants abroad anywhere in the world. Provides reliable means to support Integrated Management Systems and Electronic data transmission (EDI). | Users are entities that need secured communication with correspondents abroad such as ISPs, multinationals, governments, financial institutions and companies. |
| Prime Link | Dedicated digital circuit connection between two premises of a client. Enables integrated voice, data and image transmission. Available for domestic links. | Used for the interconnection of company LAN and PBAX backbones everywhere in Brazil. Also used for ISP backbones and Intranet implementation. | Main users are businesses wishing to set up private telecommunication networks, such as telecommunications service providers, industrial business and financial institutions. |

Switched Services - Multiple access network transmission

| Service | Description | Applications | Users |
|--|---|---|--|
| Renpac | X-25 switched packet for domestic or international data transmission. Per use charge. Does not transmit voice. | Used for file transfer, email, consulting databases, credit card validation in shops and home banking | Main users are those geographically dispersed conducting short transactions such as ATM machines, gasoline stations and store accepting credit card payments. |
| E-pack | Customized solution of data communication developed to meet the requirements of smart cards. | Used for simplify, speed up and safeguard operation with credit cards, loyalty services, healthy insurance plan, meal and benefit card companies. | Main users are credit cards or smart cards administrators that have high traffic with higher speed. |
| Inter-pac | X-75 switched packet for domestic and international. Per use charge. Does not transmit voice. | Used for interconnection packet networks between 2 companies, through Renpac, in Brazil or abroad. | Main users are telecommunications providers for interconnection. |
| Fastnet | Domestic and international data transmission using frame relay protocol. Frame relay is faster than X-25 and transmits voice. | Used for the interconnection of private networks, creation of Intranets, inventory controls, videoconferences and medical images. | Main users are medium and large companies requiring private networks with regional, national or international scope for continuous transmission of voice and data. |
| Fastnet Fácil Fastnet Vox - for small companies | Domestic and international data transmission using frame relay protocol. | Used for the interconnection of private networks, creation of Intranets, inventory controls, videoconferences and medical images. | Main users are small and mid-sized companies that need voice and data communication to their main offices, branches or units across Brazil. |
| ATMnet | High-speed private transmission of voice, data, video and multimedia using ATM technology. Capable of communicating with frame relay. | Used by large corporate networks which require high-speed transmission among geographically scattered premises such as remote access to main-frame computers, distance learning and medical applications. | Main users are call centers, hospitals, universities and telecommunication providers |

ERVICES... Data

Internet

| Service | Description | Applications | Users |
|--------------------------------|---|---|---|
| Business Link Direct | Private connectivity using TCP/IP protocol. | Used for connectivity with the world wide web. | Business clients and all size Internet providers. |
| Business Link Flex | IP and Internet protocol connectivity for the implementation of company Intranets, with well defined service quality and security levels. | Used to create company intranets. Capable of extending extranets with suppliers. | Any business, large and small. |
| Business Link on Demand | IP and Internet protocol connectivity for the implementation of company Intranets, with well defined service quality and security levels. | The service provides dedicated, exclusive connection as well, with the same connectivity features of Business Link Flex. The difference is only in the billing procedure, since it contemplates a fixed (regardless of use) and a variable share according to kbps usage. | Small, mid and big sized businesses that have not yet set up their Internet connection speed or those with heavy seasonal traffic variation. |
| Business Hosting | Internet web hosting services. | Used to host websites, multimedia Internet transmission and Internet servers. | Any business, large or small that wishes to provide information to clients via the Internet but cannot or does not wish to set its own solution and prefers to outsource it. |
| Business Dial | Remote dial-up access to the Internet. | Enables the creation of a virtual network to offer Internet services, remote access to the company's Intranet, and dial-up Internet access for businesses. | Main users are Internet service providers, solution and integration service providers, retail businesses whose sales persons might need to connect to their company's Intranet to demonstrate services, make orders and contracts via the Internet. |
| Business Security | Outsourcing of protection of client's network connected to the Internet. | Managed security services for Internet to protect businesses' networks from unauthorized entry, sabotage and accidental corruption. | Main users are medium and large companies who realized they need security services but lack internal resources to design, implement and manage those services. |
| Business IP SAT | Broadband Internet via satellite extended over Brazil's remote area. | Broadband access to the Internet via satellite, web page hosting, e-mails, exclusive domain, file transfer server with FTP protocol. | Main users are medium and large companies who realized they need high speed connection in remote areas of the country. |
| Business IP VPN | Services forms virtual private networks using MPLS standard for a reliable and efficient data transmission on Internet backbone. | This service isolates the ports of the customers network or of its business partners as well, that will only be able to receive or send packets on a mutual basis, with other network. | Organizations of all sizes located anywhere in Brazil. |

Satellite - Satellite signal transmission

| Service | Description | Applications | Users |
|---------------------|--|--|--|
| Datasat-Plus | Private dedicated satellite digital transmission of voice, data and video. Customized solutions, including equipment rental, maintenance and network management. | Used for private data and voice networks, videoconferences, ground network contingency, file transfer, PABX interconnection, distance learning, medical applications, Internet service provider access in remote areas. | Main users are medium and large businesses with presence in various locations who need to reach remote locations or places of difficult access or have reliability of transmission. |
| Infosat | Non regular traffic data satellite transmission service which Embratel supplies infrastructure, maintenance and technical consultants. | Used in store outlets, credit card transactions, 24hrs ATM machines, file transfer, financial transactions being transmitted to various remote locations simultaneously. | Main users are businesses whose clients are geographically dispersed in areas where there is little telecommunications infrastructure and which have one central information point consulted by various remote locations. |
| Movsat | Mobile voice, data and telex via satellite using Inmarsat. | Used to transmit voice, fax and data to any point in the Earth using fixed or mobile terminals, at sea, air or ground. Serve also for SCADA for telesupervision, data collection and control, feeding, measuring and evaluation of water quality, fleet management, river and dam water level control, energy gas, oil and hydro-meteorological systems. | Main users are shipping, mining and oil companies, fleet tracking, energy generators and distributors, petrochemicals, government or anyone that requires high-reliability communication in areas not connected to conventional communications infrastructure. |

SERVICES... Others

Local

| Services | Description | Applications | Users |
|----------|--|---|---------------------|
| VipLine | Direct PABX links to Embratel's network for local calls. | Used to do local calls with a billing system as a value added to service. | Corporate Customers |

Value added services

| Services | Description | Applications | Users |
|----------|---|--|---|
| EmVia | Secure, private and fast electronic mail service. EDI | Used for EDI - electronic mail and data interchange (purchase orders, shipping advise, invoices, etc.), automatic order entry and mailing lists. | Businesses requiring electronic document transfer with clients and suppliers or between branches, representatives and franchises. |
| CCS | Transmission of information, specially structured and standardized documents being secure, fast and confidential. | This service automates data transmission for Serpro and Federal Revenue Service fast and securely. | main users are importers and agents, banks, customs warehouses, airlines, agents and Infraero. |
| STM-400 | Electronic mail service. Being replaced by EmVia. | Used for file transfer, order entry, mailing lists. | Businesses requiring electronic document transfer with clients and suppliers or between branches, representatives and franchises. |

Transmission Services

| Services | Description | Applications | Users |
|--|---|--|--|
| DDP (Right-of-Way) | Leasing of direct digital data circuits to interconnect international terminal submarine cable stations and points on the Brazilian border. | Used by international telecommunications carriers in different speeds of data transmission. Bit rates: 2 to 155 Mbps | International Telecommunications carriers. |
| Restoring International Facilities | Restoring international facilities bringing back the circuits of international carriers through the Embratel plant. | Used by international telecommunications carriers to fix submarine cable/circuits. | International Telecommunications carriers. |
| Provisions of International Facilities | This service modality consists in lease or sale of Embratel capacity in international submarine cable system between any 2 terminal cable stations. | Used by international telecommunications carriers which need transmission capacity of 2, 34 45 and 155 Mbps. | International Telecommunications carriers. |

Text

| Services | Description | Applications | Users |
|----------|--|---|----------------------|
| Datexto | National and international text transmission (replaces telex). | Used to transmit text when there is a need for message memory service, text editing, automatic and manual dialing. Enables communication with Telex and can be computer operated. | Business in general. |

Radio & TV

| Services | Description | Applications | Users |
|------------------|--|--|--|
| TV Executiva | National transmission of private TV signals | Used for transmitting events - auctions, consortia, congresses, corporate communications for product launches and presentations. | Businesses which need to transmit their corporate events in several locations. |
| SmarTVideo | Services that enables to carry digital video and audio signal in MPEG-2/DVB format on request among the Embratel Television Centers. | Communication can be real-time offering the possibility of transmitting all types of events and programming. | Companies that transmit and/or receive digital video and signals during their operations: cable TVs, movies distribution companies and telecine companies. |
| RTV Digital Plus | Digital satellite transmission of TV and radio signals. | Used for private TV and radio transmission for companies, TV signal broadcast and distance training. | Users are medium and large TV and radio broadcast businesses. |

Clearinghouse

| Services | Description | Applications | Users |
|------------------------------|--|---|--|
| Detraf | Revenues and interconnection cost clearing when various providers are involved. Produces various reports. | Used to establish payments and receipts for network use, leased lines, inter-network call monitoring among operators. | Fixed and cellular telecommunications providers. |
| Roaming | Roaming cellular call record processing. Includes call made by foreign cellulars in Brazil and Brazilian cellulars abroad. | Used to treat calls when they occur outside the cellular company's concession area. | Cellular telecommunications providers. |
| Billing | National and international call recording, analysis and pricing for telecommunications providers. | Used to validate, differentiate and price calls according to calling plans and promotions, pricing list maintenance and call recovery. | Fixed and cellular telecommunications providers. |
| Fraud Detection and Analysis | Automatic fault detection processing. | Used to analyse, detect and forward call records, highlighting suspicious calls to cellular and fixed line operators. National and international calls. | Cellular telecommunications providers. |

ATES... Domestic and International Long Distance

Rates for domestic and international long-distance calls, are computed on the basis of the time of day and day of the week the calls are made, the call's duration, the distance covered and whether special services, such as operator assistance, are used.

The rates for domestic long-distance calls are established by Anatel and are uniform throughout Brazil. Domestic long-distance rates are divided into five distance and location components:

Rates for international long-distance are established by Anatel and are uniform throughout Brazil:

| BASIC PLAN - Rate in R\$ per Minute for Domestic Long Distance NET OF TAXES (New Rate) | | | | |
|--|-----------------|---------|---------|---------------|
| Distance | Time of the Day | | | |
| | Differentiated | Normal | Reduced | Super-Reduced |
| DC (Degrau Conurbado) | 0,07792 | 0,03894 | 0,01945 | 0,00971 |
| D1 (up to 50 Km) | 0,24943 | 0,12471 | 0,06233 | 0,03114 |
| D2 (from 50 to 100 Km) | 0,41578 | 0,20787 | 0,10390 | 0,05193 |
| D3 (from 100 to 300 Km) | 0,41996 | 0,31181 | 0,15587 | 0,07791 |
| D4 (more than 300 Km) | 0,42579 | 0,36021 | 0,20787 | 0,10390 |

| BASIC PLAN - Rate in R\$ per Minute for Domestic Long Distance NET OF TAXES (Previous Rates) | | | | |
|--|-----------------|---------|---------|---------------|
| Distance | Time of the Day | | | |
| | Differentiated | Normal | Reduced | Super-Reduced |
| DC (Degrau Conurbado) | 0,07792 | 0,03894 | 0,01945 | 0,00971 |
| D1 (up to 50 Km) | 0,18267 | 0,09133 | 0,04565 | 0,02281 |
| D2 (from 50 to 100 Km) | 0,30449 | 0,15223 | 0,07609 | 0,03803 |
| D3 (from 100 to 300 Km) | 0,34145 | 0,22835 | 0,11415 | 0,05706 |
| D4 (more than 300 Km) | 0,39200 | 0,26379 | 0,15223 | 0,07609 |

| BASIC PLAN - Rate in R\$ per Minute for Domestic Long Distance NET OF TAXES (% Change) | | | | |
|--|-----------------|--------|---------|---------------|
| Distance | Time of the Day | | | |
| | Differentiated | Normal | Reduced | Super-Reduced |
| DC (Degrau Conurbado) | 0,0% | 0,0% | 0,0% | 0,0% |
| D1 (up to 50 Km) | 36,5% | 36,5% | 36,5% | 36,5% |
| D2 (from 50 to 100 Km) | 36,5% | 36,5% | 36,5% | 36,6% |
| D3 (from 100 to 300 Km) | 23,0% | 36,5% | 36,5% | 36,5% |
| D4 (more than 300 Km) | 8,6% | 36,6% | 36,5% | 36,5% |

Tariff's Schedule:

| | Normal | Peak | Evening Calling | Late Night Calling |
|--------------------|--|---|--|--------------------|
| Monday to Friday | 7 a.m to 8:59 a.m 12 p.m to 1:59 p.m 6 p.m to 8:59 p.m | 9 a.m to 11:59 a.m 2 p.m to 5:59 p.m | 6 a.m to 06:59 a.m 9 a.m to 11:59 p.m | 12 a.m to 5:59 a.m |
| Saturday | 7 a.m to 1:59 p.m | | 6 a.m to 6:59 a.m 2 a.m to 11:59 p.m | 12 a.m to 5:59 a.m |
| Sunday and Holiday | | | 6 a.m to 11:59 p.m | 12 a.m to 5:59 a.m |

DDI Rates Basic Plan

| Destination Tariff Group | First Minute | | Additional 6 seconds | | Reduced Tariffs Time |
|---|--------------|-----------------|----------------------|-----------------|---|
| | Normal | Evening Calling | Normal | Evening Calling | |
| | Mercosur | 1,230 | 1,230 | 0,123 | |
| USA | 0,848 | 0,848 | 0,085 | 0,085 | |
| Canada | 1,824 | 1,559 | 0,182 | 0,156 | Sat and Sunday -12 a.m to 11:59 p.m |
| Bolivia, other American countries and Antilles | 1,824 | 1,559 | 0,182 | 0,156 | |
| Germany, Spain, France, Italy, United Kingdom and Switzerland | 1,771 | 1,506 | 0,177 | 0,151 | Mon to Friday - 12 a.m to 7:59 a.m and 6 p.m to 11:59 p.m |
| Portugal | 1,230 | 1,230 | 0,123 | 0,123 | |
| Andorra, Austria, Belgium, Denmark, Finland, Holland, Ireland, Liechtenstein, Norway and Sweden | 1,771 | 1,506 | 0,177 | 0,151 | |
| Other countries in Europe and Middle East | 2,121 | 2,015 | 0,212 | 0,201 | |
| Africa | 3,425 | 3,255 | 0,343 | 0,326 | |
| Australia and Japan | 1,389 | 1,389 | 0,139 | 0,139 | |
| Other Asian countries, Oceania, Pacific Island (Excluding Hawaii) | 3,425 | 3,255 | 0,343 | 0,326 | |

Net of value-added taxes
Date: July 19,2003

R\$

ATES... DLD and ILD...Promotions, Plan and Programs

Embratel is always looking for new promotions and programs to benefit its customers, to offer lower call costs, to make dialing 21 more and more attractive, and to seek partnerships focusing on the development of our youngsters. Here are some details of the promotions, alliances and programs endorsed by our Company



Now, when you dial 21 you earn extra miles on the Varig Frequent Flyer Smiles® Program! Get 1000 miles!

You start off with 1000 miles when you register for the Embratel Smiles Program. After that, each dollar spent on phone calls via Embratel will earn 5 miles.

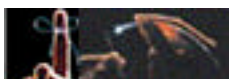
Embratel is promoting two lottery draws of 21 shopping-tickets of as much as R\$15 thousand to all customers joining the banking account direct debit system.

R\$ 155.000,00



Subscribing to **Muito Mais 21** you can buy minutes for your own peak hours. Different modes have different numbers of minutes and times of day. One of these may fit your requirements. You gain a lot of benefits by subscribing to

MuitoMais21



SEMPRE 21 - This is Embratel's Long Distance Service plan designed to cut your costs on DDD calls during business hours and to make it much easier to understand how long distance rates work.

If you choose the **SEMPRE 21** plan you only get 4 different rates for any type of call or time of day: the Intrastate Rate, the Interstate Rate within your own Region, the Interstate Rate to another Region, and the Inter-capital city rate. That's all! Rates are the same any time of the day and any day of the week. All you need to know is what city you are calling

TodaHora21

It is Embratel's long distance domestic service plan offering a simpler rate structure. With this plan, customers placing DDD calls on nightly hours and on weekends will save more, and in a very simple way. See the benefits:

- Flat rate for the weekend, including national holidays
- Simplicity of rates - Daytime, Nighttime, Weekend
- Free enrollment
- No subscription/monthly charges --
- No period of grace
- VARIG [Smiles](#) mileage credit
- 1000 miles upon enrollment*

Opção21

It is Embratel's long distance domestic plan offering a simpler, more attractive rate structure for calls made within the same State that offers even more savings for DDD calls in the same State, any time of day and on weekends.

It is indeed very simple. See the benefits:

- Savings of up to 56% with calls;
- Flat rate for weekends, including national holidays;
- Simple rates - Within the State, Outside the State: Daytime, Nighttime, and on Weekends;
- More attractive rates for calls in the same State;
- No enrollment fee, no monthly payment;
- No period of grace;
- Subscription free of charge;
- Nationwide coverage.

Embratel's new Long Distance Domestic alternative plan that offers discounts any time of day, any day of the week for calls made to up to 3 phone numbers of friends or relatives selected by customer.

UnidosVia21

plan is tailored for customers that make frequent calls to the same wireless or wireline phone numbers anywhere in Brazil.

LigueDDI21

is an alternative plan to corporate market. With Ligue DDI 21, the world is divided into 4 groups of countries to simplify the tariffs and make them cheaper during the work hours. An extra benefit is: choosing 6 countries among the groups, you'll get a 21% discount for calls.

Passaporte21

is Embratel's new long distance international service plan whose main feature is simplified rates divided into business and reduced hours. It offers the most competitive prices in the marketplace during reduced hours, as well as additional discounts of as much as 12% for IDD calls for monthly subscriptions. And there is an extra benefit: each terminal enrolled in the plan will be exempt from paying the first fee of such monthly subscription.

ETWORK... Domestic and International

The only fixed line telecommunications company with a countrywide reach network and one access code for the whole country

- Over **28.8 thousand** km of optic fibers with **1,069 thousand** fiber km
- **25,862** km of digital microwave 100% digital
- **116 systems** in operation

Optical Fiber Network



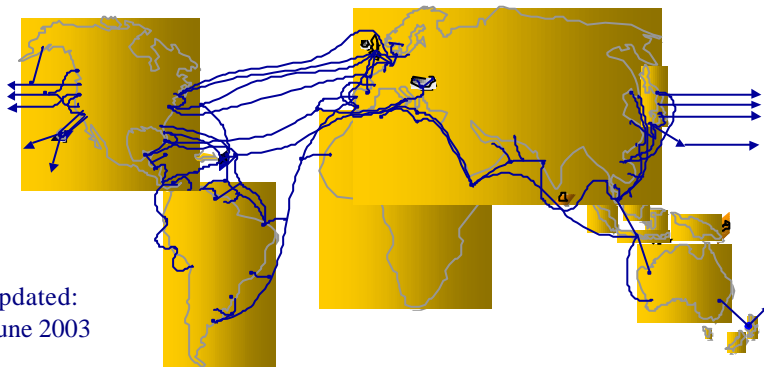
| | 1Q02 | 2Q02 | 3Q02 | 4Q02 | 1Q03 | 2Q03 |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Optical Fiber Route (km) | 22.597 | 22.597 | 22.597 | 22.597 | 22.597 | 22.597 |
| Optical Fiber Cable (km) | 28.868 | 28.868 | 28.868 | 28.868 | 28.868 | 28.868 |
| Optical Fiber (km) | 1.068.657 | 1.068.657 | 1.068.657 | 1.068.657 | 1.068.657 | 1.068.657 |
| Digital Microwave (km) | 25.862 | 25.862 | 25.862 | 25.862 | 25.862 | 25.862 |
| Transmission Digitalization Rate | 96% | 96% | 96% | 96% | 96% | 96% |
| Satellites | 4 | 4 | 4 | 4 | 4 | 4 |
| Earth Stations | 85 | 85 | 85 | 85 | 85 | 85 |
| TUPs | 1.162 | 1.340 | 1.377 | 1.377 | 1.377 | 1.377 |

updated: June 2003

Connects Brazil to more than 100 countries and 200 foreign telecommunication administrations

- 100% digital switches allowing more than **23 thousand** simultaneous calls for telephone and advanced voice services;
- International transmission capacity of **600,149 voice equivalent circuits**;
- **7 earth stations** accessing the international satellites Intelsat and Inmarsat, providing a variety of fixed and mobile international services.

International Network



Inmarsat: 1.99% Investment share - 9 Satellites
Intelsat: 2.35% Investment share - 19 Satellites
Intelsat: 2.1% Investment share

updated:
June 2003

Urban Rings

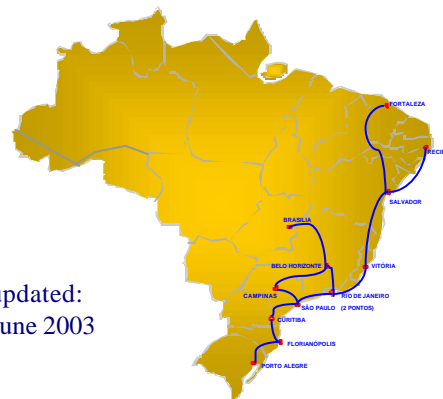


- Switched data – packet, frame relay, ATM, VPN
- Countrywide coverage
- Connection in 155 Mbps

updated:
June 2003

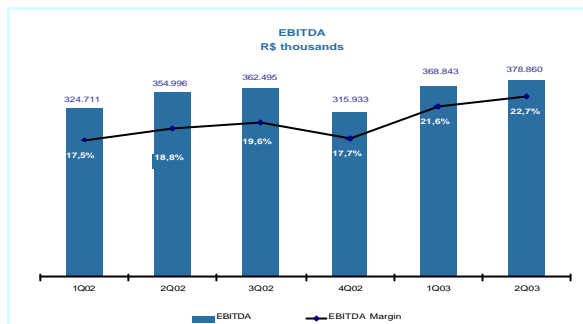
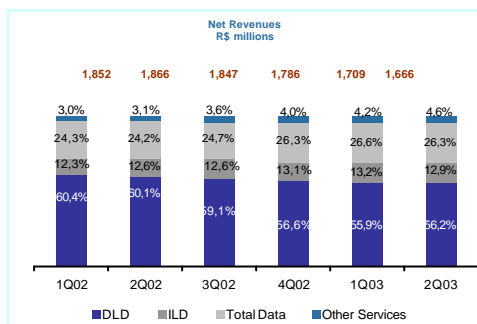
- Over 945 km of urban rings
- Connections of 2 Mbps to 155 Mbps
- Urban ring built in the main Brazilian cities

ATM Topology



updated:
June 2003

FINANCIAL PERFORMANCE... Results



21

21

| | 2Q02 | 1Q03 | 2Q03 | % Var YoY | % Var QoQ | 1H02 | 1H03 | % Var |
|-------------------------------------|-----------|---------|---------|--------------|--------------|-----------|---------|-------|
| Net Income/(Loss) (R\$ thousands) | (152.200) | 10.668 | 128.378 | nm | 1103,4% | (188.640) | 139.046 | nm |
| Shares Outstanding (million shares) | 332.932 | 332.629 | 332.629 | | | 332.932 | 332.629 | |
| Earnings per 1000 shares (R\$) | (0,46) | 0,03 | 0,39 | | | (0,57) | 0,42 | |

21

21

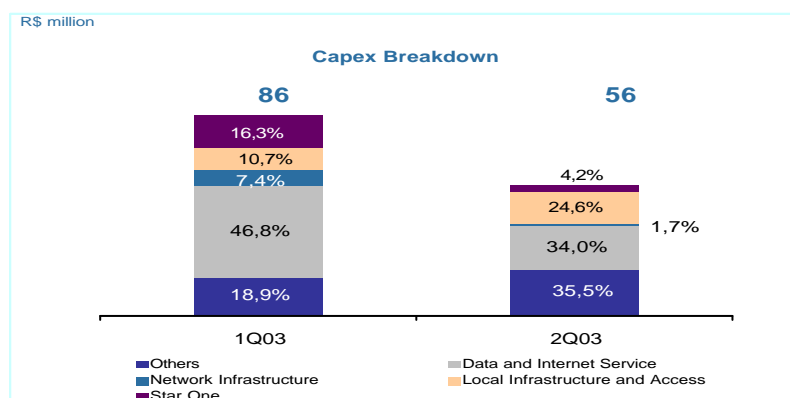
| Employees | 1999 | 2000 | 2001 | 2002 | 1Q02 | 2Q02 | 3Q02 | 4Q02 | 1Q03 | 2Q03 |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Embratel SA | 8.033 | 7.684 | 7.203 | 7.106 | 7.158 | 7.016 | 7.035 | 7.106 | 6.755 | 6.732 |
| StarOne (Satellite) | 87 | 107 | 158 | 187 | 164 | 170 | 179 | 187 | 186 | 188 |
| BrasilCenter (Call Center) | 2.124 | 4.209 | 4.656 | 4.717 | 4.949 | 5.034 | 5.160 | 4.717 | 4.616 | 4.518 |
| Total | 10.244 | 12.000 | 12.017 | 12.010 | 12.271 | 12.220 | 12.374 | 12.010 | 11.557 | 11.438 |
| Rev/ Employees | 506,0 | 559,5 | 643,7 | 613,8 | 150,9 | 154,4 | 149,3 | 148,7 | 147,9 | 145,6 |

21

21

| R\$ million | 1999 | 2000 | 2001 | 2002 | 1Q02 | 2Q02 | 3Q02 | 4Q02 | 1Q03 | 2Q03 |
|--------------|--------------|--------------|--------------|--------------|------|------|------|------|------|------|
| CAPEX | 1.652 | 1.413 | 1.470 | 1.035 | 248 | 296 | 152 | 339 | 86 | 56 |

| | 1Q02 | 2Q02 | 3Q02 | 4Q02 | 1Q03 | 2Q03 |
|---------------------------------|-------|-------|-------|-------|-------|-------|
| Local Infrastructure and Access | 26,2% | 19,5% | 23,7% | 28,4% | 10,7% | 24,6% |
| Network Infrastructure | 8,6% | 7,2% | 6,3% | 14,6% | 7,4% | 1,7% |
| Data and Internet Service | 36,9% | 24,0% | 26,1% | 14,3% | 46,8% | 34,0% |
| Star One | 3,5% | 18,1% | 14,1% | 26,2% | 16,3% | 4,2% |
| Others | 24,8% | 31,3% | 29,9% | 16,5% | 18,9% | 35,5% |



FINANCIAL PERFORMANCE... Capitalization

| R\$ thousands | 2001 | 2002 | 1Q03 | 2Q03 |
|---|------------------|--------------------|------------------|------------------|
| Short Term Debt and Current Maturing Long Term Debt | 1.079.953 | 2.566.482 | 1.926.630 | 1.761.565 |
| Long Term Debt | 2.648.157 | 2.325.453 | 2.643.578 | 2.354.428 |
| Shareholders' Equity | 5.346.672 | 4.719.793 | 4.730.488 | 4.862.807 |
| Minority Interest | 244.625 | 224.083 | 231.153 | 241.008 |
| Total Capitalization | 9.319.407 | 9.835.811 | 9.531.849 | 9.219.808 |
| Total Borrowed Funds | 3.728.110 | 4.891.935 | 4.570.208 | 4.115.993 |
| Cash | 652.153 | 886.991 | 525.999 | 662.448 |
| Net Debt | 3.075.957 | 4.004.944 | 4.044.209 | 3.453.545 |
| Interest Income | 192.457 | 519.193 | 47.510 | (26.619) |
| Interest Expenses | (822.436) | (1.976.208) | (55.523) | 271.894 |
| Financial Result | (629.979) | (1.457.015) | (8.013) | 245.275 |
| Ebitda | 997.279 | 1.358.136 | 368.843 | 378.860 |
| Net Debt/Shareholders' Equity | 57,5% | 84,9% | 85,5% | 71,0% |
| Total Debt/Ebitda | 3,74 | 3,60 | #REF! | #REF! |
| Net Debt/Ebitda | 3,08 | 2,95 | #REF! | #REF! |
| Ebitda/Interest Expenses | 1,21 | 0,69 | 6,64 | 1,39 |
| Ebitda/Net Interest | 1,58 | 0,93 | 46,03 | 1,54 |
| Total Debt/Market Capitalization | 1,13 | 3,93 | 3,77 | 2,09 |
| Net Debt/Market Capitalization | 0,93 | 3,22 | 3,34 | 1,75 |

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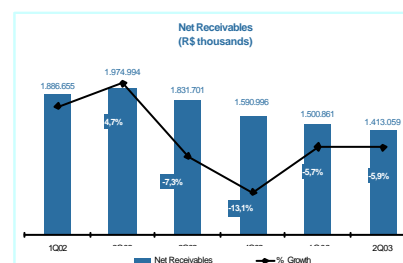
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| Debt Profile | 1Q02 | 2Q02 | 3Q02 | 4Q02 | 1Q03 | 2Q03 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Hedged short term debt (notional amount) | 46,1% | 74,5% | 65,8% | 62,3% | 51,3% | 63,7% |
| Unhedged short term debt | 53,9% | 25,5% | 34,2% | 37,7% | 48,7% | 36,3% |
| Total short term debt | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Hedged long term debt (notional amount) | 35,2% | 24,8% | 8,6% | 10,6% | 27,2% | 26,6% |
| Unhedged long term debt | 64,8% | 75,2% | 91,4% | 89,4% | 72,8% | 73,4% |
| Total long term debt | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Total hedged debt | 38,6% | 41,2% | 34,6% | 37,7% | 37,4% | 42,4% |
| Total unhedged debt | 61,4% | 58,8% | 65,4% | 62,3% | 62,6% | 57,6% |

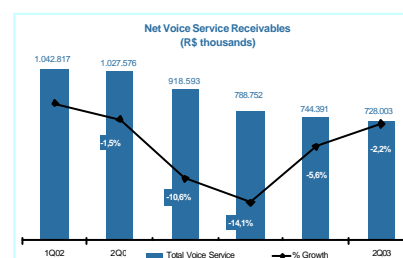
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| Gross Receivables | 1Q02 | 2Q02 | 3Q02 | 4Q02 | 1Q03 | 2Q03 |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| R\$ thousands | | | | | | |
| Accounts Receivables | | | | | | |
| Voice Services | 2.517.260 | 2.650.175 | 2.685.158 | 2.676.977 | 2.729.216 | 2.470.196 |
| Data, Telco and Other Services | 634.444 | 699.382 | 625.486 | 585.377 | 588.316 | 592.577 |
| Foreign Administrations | 285.674 | 339.678 | 387.543 | 319.126 | 279.183 | 215.248 |
| Gross Receivables | 3.437.378 | 3.689.234 | 3.698.187 | 3.581.480 | 3.596.715 | 3.278.021 |
| Allowance for Doubtful Accounts | (1.550.723) | (1.714.240) | (1.866.486) | (1.990.484) | (2.095.854) | (1.864.963) |
| Net Receivables | 1.886.655 | 1.974.994 | 1.831.701 | 1.590.996 | 1.500.861 | 1.413.059 |
| % Growth | 1,0% | 4,7% | -7,3% | -13,1% | -5,7% | -5,9% |



| Net Receivables | 1Q02 | 2Q02 | 3Q02 | 4Q02 | 1Q03 | 2Q03 |
|--------------------------|-----------|-----------|---------|---------|---------|---------|
| R\$ thousands | | | | | | |
| Voice Service | | | | | | |
| Total Voice Service | 1.042.817 | 1.027.576 | 918.593 | 788.752 | 744.391 | 728.003 |
| Current | 65,2% | 64,2% | 61,4% | 67,9% | 72,4% | 75,7% |
| 1-60 days | 25,0% | 26,9% | 29,3% | 23,1% | 20,3% | 18,0% |
| 61-120 days | 9,8% | 8,9% | 9,3% | 9,0% | 7,3% | 6,3% |
| > 120 days | 0 | 0 | 0 | 0 | 0 | 0 |
| % Net receivables | 55% | 52% | 50% | 50% | 50% | 52% |
| % Growth | 1,0% | -1,5% | -10,6% | -14,1% | -5,6% | -2,2% |



STOCK PERFORMANCE...

| ADR | High | Low | Price Change % |
|----------------|-------|------|----------------|
| 2Q03 | 12,75 | 5,45 | 98,6% |
| YTD | 12,75 | 4,00 | 87,5% |
| Last 12 months | 12,75 | 2,30 | 401,5% |

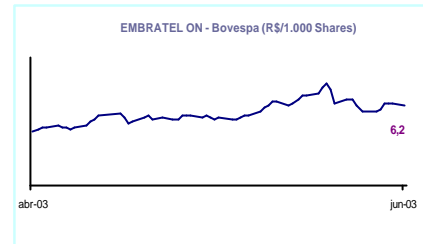
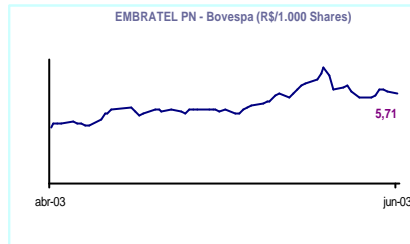
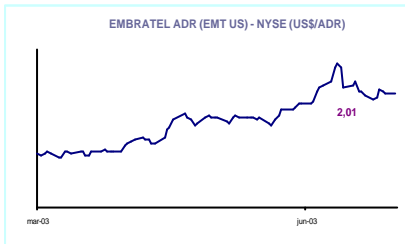
US\$

| PN | High | Low | Price Change % |
|----------------|------|------|----------------|
| 2Q03 | 7,39 | 3,57 | 69,4% |
| YTD | 7,39 | 2,86 | 52,7% |
| Last 12 months | 7,39 | 1,41 | 293,8% |

R\$

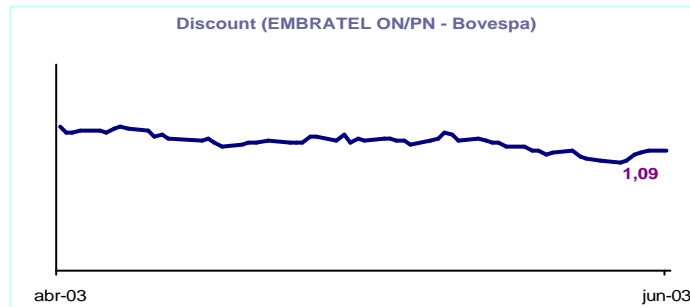
| ON | High | Low | Price Change % |
|----------------|------|------|----------------|
| 2Q03 | 7,98 | 4,27 | 53,09% |
| YTD | 7,98 | 3,40 | 48,33% |
| Last 12 months | 7,98 | 1,90 | 129,63% |

R\$



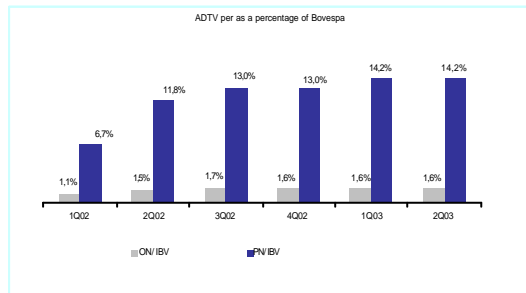
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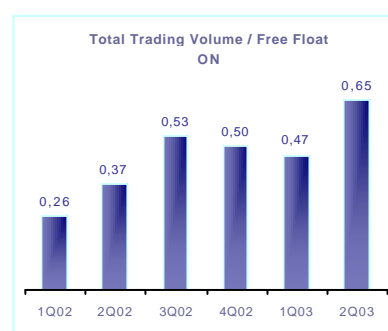
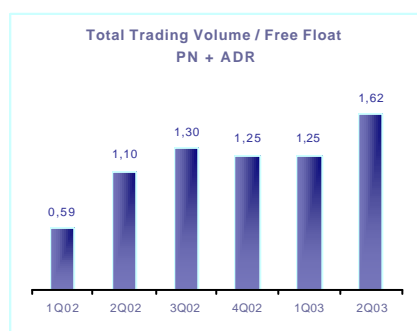
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| | ON | PN | IBOV |
|------|--------------------|---------------------|-----------------------|
| 1Q01 | 312.373.770 36,5% | 812.427.869 18,8% | 19.892.179.711 20,9% |
| 2Q01 | 406.762.903 30,2% | 850.937.097 4,7% | 21.891.696.897 10,1% |
| 3Q01 | 329.625.397 -19,0% | 1.051.661.905 23,6% | 19.135.250.279 -12,6% |
| 4Q01 | 326.345.000 -1,0% | 1.625.273.333 54,5% | 27.153.039.892 41,9% |
| 1Q02 | 259.416.949 -20,5% | 1.567.320.339 -3,6% | 23.295.985.912 -14,2% |
| 2Q02 | 350.285.714 35,0% | 2.807.326.984 79,1% | 23.804.851.670 2,2% |
| 3Q02 | 486.273.846 38,8% | 3.817.696.923 36,0% | 29.341.707.075 23,3% |
| 4Q02 | 481.808.065 -0,9% | 3.899.995.161 2,2% | 29.905.899.516 1,9% |
| 1Q03 | 457.155.738 -5,1% | 4.077.245.902 4,5% | 28.733.267.666 -3,9% |
| 2Q03 | 641.108.197 40,2% | 5.279.829.508 29,5% | 33.834.968.450 17,8% |

| | ON | PN + ADR |
|-------|---------------------|----------------------|
| 1Q01 | 19.054.800.000 0,32 | 121.392.200.000 0,58 |
| 2Q01 | 25.219.300.000 0,42 | 115.042.300.000 0,55 |
| 3Q01 | 20.766.400.000 0,35 | 115.066.800.000 0,55 |
| 4Q01 | 19.580.700.000 0,33 | 143.641.600.000 0,68 |
| 1Q02 | 15.305.600.000 0,26 | 122.888.000.000 0,59 |
| 2Q02 | 22.068.000.000 0,37 | 230.477.000.000 1,10 |
| 3Q02 | 31.607.800.000 0,53 | 272.742.500.000 1,30 |
| 4Q02 | 29.872.100.000 0,50 | 262.573.300.000 1,25 |
| 1Q03 | 27.886.500.000 0,47 | 261.699.600.000 1,25 |
| 2Q03 | 39.107.600.000 0,65 | 340.891.100.000 1,62 |
| Float | 59.963.879.407 | 210.029.997.061 |



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