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## NEWS RELEASE

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### TAX ASSESSMENTS

Rio de Janeiro, Brazil - August 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 that Embratel was informed by Brazil's Receita Federal's (Internal Revenue Authority) of tax assessments amounting to R\$ 501 million.

On August 21, 2001 Embratel received from the Receita Federal two tax assessments for an amount of R\$501 million, including fines and interest related to PIS/COFINS taxes from prior years.

The company is reviewing the arguments and calculations supporting these assessments. Our initial evaluation indicates that Embratel has strong grounds of legal defense and there is no substantive support to warrant these assessments.

The first assessment - R\$ 159 million - involves pre-1995 PIS amounts that were offset in accordance with the Complementary Law 7/70. In similar cases, the Brazilian Superior Court and the Tax Court have supported the offset.

The second assessment - R\$ 342 million - deals with the exemption of COFINS related to exported services. Embratel understands its inbound revenues are subject to such exemption. The company has legal opinions supporting such understanding.

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.

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