

EMBRATEL PARTICIPAÇÕES S.A.

CNPJ/MF No. 02.558.124/0001-12

NIRE 3330026237-7

Open Capital Company

Registration CVM No. 01764-7

Minutes of Annual Shareholders Meeting

held on May 18th, 1999

DATE, HOUR AND PLACE: May 18th, 1999, at 10:30 a.m., at the corporate headquarters of the Company, located in the Capital of the State of Rio de Janeiro, at Avenida Presidente Vargas, 1012, Centro. **ATTENDANCE:** Shareholders representing the majority of the corporate capital with voting rights, in line with records and signatures appearing in the Attendance Book of Company Shareholders. Also in attendance Mr. Daniel Eldon Crawford and Mr. Dílio Sérgio Penedo, respectively Chief Executive Officer and Director Vice President of the Company, Mr. Ruy Dell'Avanzi, representing the members of the Statutory Audit Committee and the representatives of Arthur Andersen S/C, Mrs. Catherine Newmann and Mr. Roberto Catalão Cardoso. **PRESIDING COMMITTEE:** Daniel Eldon Crawford - Chairman; Pedro

Batista Martins - Secretary. **EDICT OF CONVENEMENT:**

Edict of Convenement published, pursuant to the terms of article 124, paragraph 1, of Law No.6404/76, in the Gazeta Mercantil newspaper and Official Gazette of the Union, in the editions of the May 10th, 11th and 12th, 1999. Starting the proceedings, and before commencing discussion of the items on the Agenda, a declaration was made to Shareholders on certain fiscal matters and certain facts that had occurred immediately before the privatization involving Empresa Brasileira de Telecomunicações, S.A. - EMBRATEL, a firm controlled by the Company, which had already been the object of footnotes in the Financial Statements of the Company, and of the Relevant Fact published on 04/05/99. Proceeding with the work, the meeting then proceeded to the **AGENDA:** (i) to take up the accounts of the administrators, examine, discuss and vote on the financial statements for the fiscal year ended on 12/31/98, published in the Gazeta Mercantil and in the Official Gazette of the Union on April 16th, 1999; (ii) to decide on the earmarking of the totality of the net profit for the fiscal year and distribution of dividends; (iii) to elect a member of the Board of Directors of the Company, complementing term of office; (iv) to elect the members of the Statutory Audit

Committee and set their fees; and (v) other matters of corporate interest. **READING OF DOCUMENTS:** The reading of the documents dealt with in article 133 of Law No. 6404/76 was not called for. **DECISIONS:** (i) Attending shareholders approved the Report by the Administration and the Financial Statements, accompanied by the opinions of the Statutory Audit Committee and the Independent Auditors (Arthur Andersen S/C), referring to the corporate fiscal year ended on December 31st, 1998 with exceptions having been made, however, regarding acts, facts and omissions that may have occurred prior to the privatization. Approval was given, moreover, to the budget of capital submitted to this Meeting, together with the justification for withholding of profits proposed by the Company Administration; (ii) Approval was given to the proposal by the Company Administration on the earmarking of the totality of the net profit for the fiscal year as stipulated in the Company's Financial Statements and consisting of the distribution of dividends to the preference shares of the Company in the total amount of R\$80,436,000.00 corresponding to R\$0.3830 per batch of one thousand shares to be placed at the disposal of the holders of preference shares of the Company by June 30th, 1999, and withholding, on the account of

cumulative profits of the balance remaining from the net profit of the corporate year, based on the document alluded to by Art. 196, of Law 6404/76, and as provided for in the Financial Statements. **(iii)** In view of the resignation of Mr. Michael James Rowny at the Meeting of the Board of Directors on 04/28/99, there was elected as a member of the Board of Directors of the Company Mr. Charles Thomas Cannada, U.S. citizen, married, an executive, resident and domiciled at 4245 Quail Run Road, Jackson, MS 39211, USA., USA passport No. 082149367, for the rest of the term of office of 03 (three) years, that is, until the 2001 Annual Shareholders Meeting. The Board member now elected declared that he is not involved in any of the crimes indicated in the law that would prevent him from carrying out activities inherent in the post; **(iv)** The shareholder, Social Welfare Fund of Employees of Banco do Brasil - PREVI presented the proposal for re-election of **Mr. Rui Barbosa** as effective member and **Mr. José Flávio Junqueira Enout** as deputy member, in substitution for Mr. Akikaso Igarashi, representatives of the minority shareholders on the statutory audit committee. The shareholder Fundação Sistel de Seguridade Social presented the proposal for the election of **Mr. Pedro Augusto Mardelli Pinto**, as

regular member and election of **Mr. Décio Magno Andrade Stochiero** as deputy member, in substitution for Mr. João Luiz Vollmer Motta Pais and Mr. Wilson Carlos Duarte Delfino, representing the preference shareholders on the Statutory Audit Committee. Also proposed was the re-election of the remaining members of the Statutory Audit Committee and respective alternates, with terms of office up to the Annual Shareholders Meeting of the year 2000, with the Committee in question thus having the following composition: (a) Mr. **Rui Barbosa**, Brazilian nationality, an attorney at law, holder of identity card No. 56046-128 CTPS, enrolled in the CPF/MF under No. 055.615.668-49, resident and domiciled at Av. Angélica 546, apto.12, Higienópolis, Capital of the State of São Paulo, as a regular member, (a.1) **José Flávio Junqueira Enout**, Brazilian nationality, economist, identity card No. 3.542.864 SSP/SP, enrolled in the CPF/MF under No. 004.920.601-00, resident and domiciled in Condomínio Quinta da Boa Vista "B", Rua "C", Chácara 22, Anel Viário Sul, Ribeirão Preto, São Paulo, as deputy member, as representatives of the minority shareholders; (b) **Pedro Augusto Nardelli Pinto**, Brazilian nationality, married, an administrator, holder of identity card RG No. 101.817-

SSP/DF, enrolled in the CPF/MF under No. 028.921.461-00, resident and domiciled in HIGN 706, Bloco "M", casa 12, Brasília, Distrito Federal, as regular member and (b.1) **Décio Magno Andrade Stochiero**, Brazilian nationality, married, administrator, holder of identity card RG No. 733.275-SSP-DF, enrolled in the CPF/MF under No. 279.497.881-00, resident and domiciled in SQS 311, Bloco "H", apto.404, Brasília, Federal District as deputy member, as representatives of the preference shareholders; as regular member (c) **Ruy Dell'Avanzi**, Brazilian nationality, accountant, holder of RG No.1958301-SSP-SP, enrolled in the CPF/MF under No. 107.137.438-91, with offices at Rua General Jardim 36, São Paulo, SP, and as deputy member (c.1) **Arles Denapoli**, Brazilian nationality, married, an accountant, CRC No. 1SP174675-0-4, holder of identity card RG No.16.477,554-SSP/SP, enrolled in the CPF/MF under No. 064.653.188-30, domiciled at Rua Júpter 200, apto. 91, São Paulo SP; as regular member (d) **José Antônio Ramos**, Portuguese nationality, married, business administrator, holder of foreigner's identity card RNE W498.167-U, enrolled in the CPF/MF under No. 368.135.678-53, with office at Av. Moreira Guimarães 1069, São Paulo, SP, and as deputy member (d.1) **Luiz Carlos Caparelli Pustiglione**, Brazilian nationality,

divorced, economist, holder of RG No. 8.254.833, enrolled in the CPF/MF under No. 060.291.448-48, domiciled at Rua Dr. Nicolau de Souza Queiróz, 297, apto. 71; as regular member (e) **Raul Todão Filho**, Brazilian nationality, married, an accountant, CRC No. ISP120441-0-9, holder of identity card RG No. 8.467.449-SSP-SE, enrolled in the CPF/MF under No. 811.136.768-68, domiciled at Rua Tabatinguera, 140, 10th floor, conj. 1005, São Paulo SP, and as deputy member (e.1) **Nelson Shoiti Fujise**, Brazilian nationality, judicially separated, bachelor of mathematics, holder of identity card No. RG No. 9.686.533-SSP/SP, enrolled in the CPF/MF under No. 873.862.168-15, domiciled at Rua Iguara 378, apt.35, São Paulo, SP. The elected Statutory Audit Committee members declare that they are not involved in any of the crimes indicated in the law that prevent them from engaging in the activities inherent in the post. Finally, the fees of the members of the Statutory Audit Committee were set at the legal minimum stipulated in the Third Paragraph of Article 162 of Law No. 6404/76, that is 0.1 (one tenth) of the amount ascribed on average to each Director, not counting the participation in the profits. **EXPLANATIONS:** The Chairman of the Committee explained that 1) the

Statutory Auditing Committee presented a favorable Opinion in line with the provisions of article 163, sub-items I and III, of Law No. 6404/76; and 2) Authorization was given for the drawing up of the present minutes in their summary form, dispensing with the publication of the signatures of the shareholders attending the Meeting, in the terms of art. 130, paragraphs 1 and 2, of Law 6404/76. **CLOSURE:** The floor was offered to whomsoever might wish to speak, the work was closed and the Meeting was suspended for the time necessary for the drafting of these minutes, which being read and found to be in order, were approved and signed by all those attending. **SIGNATURES** followed: Daniel Eldon Crawford - Chairman; Pedro Batista Martins - Secretary; Rui Dell'Avanzi - Member of the Statutory Audit Committee; **SHAREHOLDERS:** (a) by its attorney-in-fact Ricardo Barretto Ferreira da Silva, Startel Participações Ltda.; (b) by its attorney-in-fact George Washington Tenório Marcelino, the following shareholders: BellSouth Corporation RFA VEBA Trust; Daily Emerging Markets Fund; State Street Emerging Markets; Templeton G. Investment Trust; T. Global Infrastructure Fund; The Baring Chrysalis Fund Limited; The Brazil MSCI EM MKTS Index Common Trust Fund; The Rockefeller Foundation; The Seven Seas Series Emerging

Markets Fund; Telecomunicações - Fundo Mútuo de Investimento em Ações Carteira Livre; (c) by its attorney-in-fact, Andrea Cristina Ruas Maia, the following shareholders: Dorio Ferman, Maria Alice Carvalho Dantas; Daniel Valente Dantas; Opportunity I Fundo Mútuo de Investimento em Ações - Carteira Livre; Opportunity Fundo Mútuo de Investimento em Ações; OPP II Fundo Mútuo de Investimento em Ações - Carteira Livre; Opportunity Strike Fundo de Investimento Financeiro; Opportunity Institucional Fundo Mútuo de Investimento em Ações - Carteira Livre; Opportunity Lógica II Fundo Mútuo de Investimento em Ações - Carteira Livre; Opportunity CAPEF Fundo Mútuo de Investimento em Ações - Carteira Livre; Opportunity Gestora de Recursos Ltda; Parcom Participações S.A.; Forpart S.A.; (d) by its attorney-in-fact Fernando Nunes Simões, Fundação Sistel de Seguridade Social; (e) by its attorney-in-fact, Fundação Sistel de Seguridade Social, the following shareholders: Fundação dos Economiários Federais FUNCEF; Fundação Petrobrás de Seguridade Social PETROS; Fundo Mútuo de Investimento em ações carteira livre BB-GUANABARA; Fundação Banco Central de Previdência Privada CENTRUS; Fundação Embratel de Seguridade Social TELOS; Fundação Eletrobrás de Seguridade Social - ELETROS; (f) by its

attorney-in-fact Myriam Therezinha Simen Rangel Cury,
PREVI - Caixa de Previdência dos Funcionários do Banco
do Brasil; (g) José Teixeira de Oliveira; and (h) Luis
Fernando Motta Rodrigues.

This is a faithful copy of the Minutes drawn up in the
specific book of record.

Pedro Batista Martins, Secretary