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## NEWS RELEASE

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### **EMBRATEL REPORTS 2000 NET REVENUES OF R\$ 6.7 BILLION**

**Outstanding revenue growth: 56% data; 30% voice**

Rio de Janeiro, Brazil - February 5, 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 year and the quarter ending December 31, 2000. (All financial figures are in Reais and based on consolidated financial statements in Brazilian GAAP - "Legislação Societária").

Embratel Participações ended 2000 with net revenues of R\$6.7 billion, representing a 29.5 percent growth when compared to 1999. In the fourth quarter of 2000 net revenues were R\$1.8 billion compared to R\$1.5 billion in the same quarter of 1999. EBITDA was R\$1.7 billion in the year and R\$354 million in the quarter. Net income reached R\$577 million for the year (R\$1.73 per 1000 shares) representing a 40.2 percent increase over the prior year. In the fourth quarter of 2000, net income was R\$159 million (R\$0.48 per 1000 shares).

#### **Data and Internet Services**

Data revenues, including Internet, rose 56.2 percent in 2000 to R\$ 1.9 billion. This annual growth achieved in an environment of intensified competition and lower prices, outpaced the market. In the fourth quarter, data revenues were R\$550 million representing a 45.5 percent

increase over the same period of the previous year. As previously advised, some portion of the data revenues were of short term nature and some carrier contracts expired during the quarter. In 2000 both dedicated and switched services grew strongly. Internet revenues more than doubled. "We attribute this excellent performance to Embratel's unmatched ability to deliver quality integrated services throughout the country" said Daniel E. Crawford, Chairman of the Board of Embratel Participações.

Embratel is highly focused in adding value to its service offerings and in enhancing its leadership in the data and Internet market. Many initiatives were taken in 2000 including new service launches such as Fastnet Fácil, the Business Security, the Business Dial and the BcomB families, which will contribute to the growth in data and Internet revenues this year. Additionally, Embratel continues to attract large business customers on long-term contracts by offering multiple product and service packages.

Acquisition of AcessoNet was concluded on December 27, 2000. This transaction enables Embratel to extend its dial-up network by adding AcessoNet's 66 points of presence and by managing more than 120 points of presence for UOL and its affiliates. Also, as part of the overall agreement, AcessoNet signed a 5 year service agreement with UOL in which AcessoNet will continue to provide dedicated and dial-up access to UOL. Embratel will continue to invest in this network to expand services and provide additional capabilities in order to meet the anticipated growth of UOL.

Also, in the fourth quarter, WorldCom and Embratel announced the integration of WorldCom's UUNET Brazil business, customers and activities with Embratel's Internet division. UUNET products such as global roaming and VPN will continue to be offered through the Embratel sales channel. This integration is anticipated to be completed in the first quarter of 2001.

## **Domestic Long Distance Voice Services**

Domestic long distance revenues were R\$ 5.5 billion representing a 28.1 percent increase relative to the previous year. The Company believes this growth derives from a higher number of lines, the country's good macroeconomic performance, entry into the intra-state market and fixed to cellular revenues which the Company began receiving in the second half of 1999. Additionally, the company introduced a variety of alternative calling plans adapted to specific regional needs which have contributed to this growth.

Fourth quarter domestic long distance revenues were R\$ 1.5 billion, a 26.1 percent increase compared to the fourth quarter of 1999 and a 5.7 percent rise over the previous quarter. Continued robust economic activity and the Christmas season contributed to traffic growth. Also, the Company has emphasized product plans for the business market.

## **International Long Distance Voice Services**

International long distance revenues rose 40.5 percent year-over-year to R\$ 1.3 billion. The bulk of this increase results from increased ICMS taxes. At the end of April, the ICMS tax rate on international calls rose from an average of 13 to 25 percent. Excluding the tax effect, net international revenues rose 9 percent in the year.

International revenues were R\$ 338 million in the fourth quarter. Compared to the fourth quarter of 1999, revenue growth was 36.5 percent and is largely explained by the tax effect mentioned above. Compared to the previous quarter, international revenues were slightly higher. International revenues will continue to be under strong price pressure.

The Company notes that the high rates of taxation on international outbound calls provide incentive for the growth of illegal practices, such as call back which do not contribute to tax revenues. Also, taxation contributes to a high inbound/outbound ratio and to a superior inbound traffic growth.

## **EBITDA**

Year 2000 EBITDA of R\$ 1.7 billion rose 11.5 percent compared to the previous year. EBITDA margin was 25.4 percent in 2000 compared to 29.5 percent in 1999. In the fourth quarter 2000 EBITDA was R\$ 354 million compared to R\$ 431 million in the same period of the previous year and R\$ 475 million in the prior quarter. The change in EBITDA margin resulted primarily from the cost of introducing billing and customer care services in the Company's cost structure and from the increase in provision for bad debt.

The Company was able to stabilize its billing platform reducing the amount of unbilled calls but increasing the visibility of collection challenges. During the fourth quarter, Embratel implemented several collection actions to improve the process. Additionally, management decided to adjust the provisions related to billing and collections by provisioning R\$ 218 million in the fourth quarter of 2000. This adjustment to increase provisions for possible uncollectible accounts in the fourth quarter provides a proper overall provision for uncollectibles for the year 2000 and represents a change in management estimates of uncollectibles for the year taken as a whole.

Active management of carrier relations and telco expenses, including investments to increase the number of points of presence and urban rings allowed Embratel to successfully reduce line costs to 47.3 percent in 2000 from 49.2 percent of voice revenues in 1999.

## **Net Income**

Net income for the year was R\$ 577 million, representing a growth of 40.2 percent versus the prior year. Fourth quarter net income was R\$ 159 million compared to R\$ 194 million in the same period of the previous year and R\$ 145 million in the third quarter of 2000. Contributing to the bottom line was the R\$ 130 million gain from the sale of 20 percent of Embratel's satellite subsidiary.

The Company proposed to distribute interest on its own capital in a total of R\$ 151 million (R\$ 0.45 per 1000 shares). Interest on its on capital drives a net reduction of income taxes of R\$ 51

million. The Company has also proposed to distribute dividends totaling R\$ 61 million (R\$0.18 per 1000 shares).

### **Financial Position**

Embratel ended the quarter with a cash position of R\$ 423 million. Total debt outstanding as of December 31, 2000 was R\$2.2 billion. Most of the Company's debt is denominated in foreign currencies - 98.7 percent. The average interest on its debt is 10.1 percent p.a. plus the variation of the US dollar. At year end Embratel debt/equity ratio was 0.37. The Company has R\$ 882 million of short term debt. R\$ 878 million is hedged against currency fluctuations.

### **Accounts Receivables**

Embratel's accounts receivable position remained at R\$ 2.4 billion comparable to the previous quarter. The accumulated provision for doubtful accounts for the year 2000 was R\$ 551 million. The Company continues to monitor the collections very closely and is blocking non-paying customers.

### **Capital Expenditures**

The Company spent R\$ 1.4 billion in capital expenditures during 2000. Approximately R\$ 500 million was spent in the fourth quarter of 2000. The Company invested in local access, points of presence, long-haul fiber, data and Internet services, billing and customer care systems.

### **Satellite**

During the quarter, Embratel completed the satellite transaction with SES-Astra. The new subsidiary - Star One - is headed by Edson Soffiatti, Embratel's former International Director.

Star One currently owns four C-band satellites and provides transponder rentals, radio and TV signals transmission and trunking communications transmission. It has landing rights for the United States, Chile and Peru and is obtaining these rights for Argentina, Uruguay and Paraguay. Star One is expanding its scope to offer broadband services in Brazil and South America.

### **Expansion in Latin America**

Embratel and WorldCom are developing a joint expansion plan in South America by leveraging both their presence and assets in the region. WorldCom currently has existing revenue, network and several hundred people in the major South America countries such as Argentina, Venezuela and Colombia. This will enable both parties to optimize assets and accelerate market deployment.

On December 18, 2000, the Argentine communications authority granted Embratel a broad telecommunications license that allows the Company to offer data and international voice services. The focus in expanding in South America is to offer data, Internet and international voice services to business and ISP clients. Embratel's presence in Argentina will support the needs of its clients to grow in those markets.

### **Local Service Focus**

Local access has been and will continue to be an area of focus and investment for Embratel in order to be ready to provide local dial-tone services to businesses in January 2002. The first set of customers that will be offered local voice services will be the businesses who are already directly linked to the Embratel network via fiber and radio systems. These customers are currently large users of Embratel's data, broadband and Internet services.

Since 1998, the Company has invested over R\$700 million in local infrastructure, resulting in the largest alternative local network in Brazil. Embratel has over 600 route km and 50,000 fiber km of metropolitan fiber, including urban rings and more than 14,000 buildings connected via fiber

and digital radios. In 2000, the Company concluded the build-out of urban rings in Belo Horizonte, Brasilia and Fortaleza.

A major portion of Embratel's investment this year will be dedicated to expanding facilities and switching for local services. Embratel's metropolitan network is being extended to other major cities like Campinas, Vitória, Florianópolis, and other mid-size cities. Local deployment will use various technologies including fiber, fixed-wireless and digital links to ensure high quality, efficient installation and market responsiveness. In order to ensure Embratel's ability to enter the local business, all Anatel requirements for quality and network builds will be completed by the third quarter of 2001.

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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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.

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Embratel Participações SA		Corporate Law - Consolidated Income Statement							
R\$ Thousands	Quarter ending								
	Dec 31, 2000	%	Dec 31, 1999	%	Sep 30, 2000	%	% change		
							Y-o-Y	Q-o-Q	
<b>Revenues</b>									
Domestic long distance	1.536.951	62,2%	1.218.921	64,2%	1.454.215	62,1%	26,1%	5,7%	
International long distance	337.633	13,7%	247.329	13,0%	331.894	14,2%	36,5%	1,7%	
Data communications	550.019	22,3%	378.092	19,9%	499.037	21,3%	45,5%	10,2%	
Other services	46.460	1,9%	55.044	2,9%	58.126	2,5%	-15,6%	-20,1%	
<b>Gross revenues</b>	<b>2.471.063</b>	<b>100,0%</b>	<b>1.899.386</b>	<b>100,0%</b>	<b>2.343.272</b>	<b>100,0%</b>	<b>30,1%</b>	<b>5,5%</b>	
<b>Taxes &amp; other deductions</b>	<b>(629.473)</b>	<b>-25,5%</b>	<b>(440.834)</b>	<b>-23,2%</b>	<b>(581.486)</b>	<b>-24,8%</b>	<b>42,8%</b>	<b>8,3%</b>	
<b>Net revenues</b>	<b>1.841.590</b>	<b>100,0%</b>	<b>1.458.552</b>	<b>100,0%</b>	<b>1.761.786</b>	<b>100,0%</b>	<b>26,3%</b>	<b>4,5%</b>	
Lines costs (incl. interconnection & facilities)	(858.912)	-46,6%	(724.575)	-49,7%	(843.210)	-47,9%	18,5%	1,9%	
Other cost of services (excl. depreciation)	(109.813)	-6,0%	(90.089)	-6,2%	(96.406)	-5,5%	21,9%	13,9%	
Selling, general and administrative expenses (excl. depreciation)	(514.053)	-27,9%	(223.118)	-15,3%	(353.102)	-20,0%	130,4%	45,6%	
Other operating income/(expense)	(4.661)	-0,3%	10.174	0,7%	5.918	0,3%	-145,8%	-178,8%	
<b>EBITDA</b>	<b>354.151</b>	<b>19,2%</b>	<b>430.944</b>	<b>29,5%</b>	<b>474.986</b>	<b>27,0%</b>	<b>-17,8%</b>	<b>-25,4%</b>	
Depreciation and amortization	(226.255)	-12,3%	(189.382)	-13,0%	(216.833)	-12,3%	19,5%	4,3%	
<b>Operating income (EBIT)</b>	<b>127.896</b>	<b>6,9%</b>	<b>241.562</b>	<b>16,6%</b>	<b>258.153</b>	<b>14,7%</b>	<b>-47,1%</b>	<b>-50,5%</b>	
Financial income (including monetary and exchange variation)	91.414	5,0%	(16.599)	-1,1%	117.312	6,7%	-650,7%	-22,1%	
Financial expense (including monetary and exchange variation)*	(226.035)	-12,3%	45.465	3,1%	(146.334)	-8,3%	-597,2%	54,5%	
Other non-operating income/(expense)	116.067	6,3%	(35.280)	-2,4%	(16.727)	-0,9%	-429,0%	-793,9%	
<b>Net income before tax, employee profit sharing and minority interest</b>	<b>109.342</b>	<b>5,9%</b>	<b>235.148</b>	<b>16,1%</b>	<b>212.404</b>	<b>12,1%</b>	<b>-53,5%</b>	<b>-48,5%</b>	
Income tax and social contribution	63.137	3,4%	(30.126)	-2,1%	(52.805)	-3,0%	-309,6%	-219,6%	
Employee profit sharing	(8.645)	-0,5%	(9.000)	-0,6%	(12.710)	-0,7%	-3,9%	-32,0%	
Minority interest	(5.281)	-0,3%	(2.497)	-0,2%	(1.822)	-0,1%	111,5%	189,8%	
<b>Net income</b>	<b>158.553</b>	<b>8,6%</b>	<b>193.525</b>	<b>13,3%</b>	<b>145.067</b>	<b>8,2%</b>	<b>-18,1%</b>	<b>9,3%</b>	
End of period shares outstanding (000)	332.919.028		332.914.228		332.919.028				
Earnings per 1000 shares	0,48		0,58		0,44				

\* The reversal of consolidated interest over capital in the amount of R\$ 153 million in 1999 and R\$ 153 million in 2000 has been netted against the related financial expense item.

Embratel Participações SA					
Corporate Law - Consolidated Income Statement					
R\$ Thousands	Twelve months ending				% change
	Dec 31, 2000	%	Dec 31, 1999	%	Y-o-Y
<b>Revenues</b>					
Domestic long distance	5.480.466	61,2%	4.277.582	64,0%	28,1%
International long distance	1.304.297	14,6%	928.510	13,9%	40,5%
Data communications	1.937.892	21,6%	1.240.284	18,6%	56,2%
Other services	232.033	2,6%	233.966	3,5%	-0,8%
<b>Gross Revenues</b>	<b>8.954.688</b>	<b>100,0%</b>	<b>6.680.342</b>	<b>100,0%</b>	<b>34,0%</b>
<b>Taxes &amp; other deductions</b>	<b>(2.240.180)</b>	<b>-25,0%</b>	<b>(1.496.415)</b>	<b>-22,4%</b>	<b>49,7%</b>
<b>Net revenues</b>	<b>6.714.508</b>	<b>100,0%</b>	<b>5.183.927</b>	<b>100,0%</b>	<b>29,5%</b>
Lines costs (incl. interconnection & facilities)	(3.210.104)	-47,8%	(2.563.959)	-49,5%	25,2%
Other cost of services (excl. depreciation)	(391.650)	-5,8%	(349.558)	-6,7%	12,0%
Selling, general & administrative expenses (excl. depreciation)	(1.396.893)	-20,8%	(782.404)	-15,1%	78,5%
Other operating income/(expense)	(12.250)	-0,2%	40.566	0,8%	-130,2%
<b>EBITDA</b>	<b>1.703.611</b>	<b>25,4%</b>	<b>1.528.572</b>	<b>29,5%</b>	<b>11,5%</b>
Depreciation and amortization	(856.802)	-12,8%	(733.341)	-14,1%	16,8%
<b>Operating income (EBIT)</b>	<b>846.809</b>	<b>12,6%</b>	<b>795.231</b>	<b>15,3%</b>	<b>6,5%</b>
Financial income (including monetary and exchange variation)	275.181	4,1%	326.956	6,3%	-15,8%
Financial expense (including monetary and exchange variation)*	(463.497)	-6,9%	(630.416)	-12,2%	-26,5%
Other non-operating income/(expense)	111.224	1,7%	(37.650)	-0,7%	-395,4%
<b>Net income before tax, employee profit sharing and minority interest</b>	<b>769.717</b>	<b>11,5%</b>	<b>454.121</b>	<b>8,8%</b>	<b>69,5%</b>
Income tax and social contribution	(145.312)	-2,2%	(1.241)	0,0%	11609,3%
Employee profit sharing	(36.775)	-0,5%	(36.000)	-0,7%	2,2%
Minority interest	(10.540)	-0,2%	(5.249)	-0,1%	100,8%
<b>Net income</b>	<b>577.090</b>	<b>8,6%</b>	<b>411.631</b>	<b>7,9%</b>	<b>40,2%</b>
End of period shares outstanding (000)	332.919.028		332.914.228		
Earnings per 1000 shares	1,73		1,24		

\* The reversal of consolidated interest over capital in the amount of R\$ 153 million in 1999 and R\$ 153 million in 2000 has been netted against the related financial expense item.

<b>Embratel Participações SA</b>		
<b>Corporate Law - Consolidated Balance Sheet</b>		
<b>R\$ Thousands</b>	<b>Dec 31, 2000</b>	<b>Sep 30, 2000</b>
<b>Assets</b>		
Cash and cash equivalents	422.614	585.347
Account receivables, net	2.453.235	2.413.455
Deferred and recoverable taxes	406.670	395.529
Other current assets	116.966	154.590
<b>Current assets</b>	<b>3.399.485</b>	<b>3.548.921</b>
Deferred and recoverable taxes	268.142	186.597
Legal deposits	285.997	240.508
Other non-current assets	13.256	31.982
<b>Non-current assets</b>	<b>567.395</b>	<b>459.087</b>
Investments	328.352	122.818
Net property, plant & equipment	7.467.125	7.188.285
<b>Permanent assets</b>	<b>7.795.477</b>	<b>7.311.103</b>
<b>Total assets</b>	<b>11.762.357</b>	<b>11.319.111</b>
<b>Liabilities</b>		
Personnel, charges and social benefits	100.921	120.770
Accounts payable and accrued expenses	1.405.084	1.125.271
Taxes and contributions	709.446	923.227
Dividends and interest on capital payable	140.145	14.982
Proposed dividends and interest on capital	66.259	0
Short term debt and current portion of long term debt	881.899	804.938
Provisions for contingencies	27.335	21.433
Pension plan -Telos	61.725	64.219
Employee's profit sharing	28.306	32.076
Subsidiaries and associated companies	19.064	51.020
Other current liabilities	171.777	154.581
<b>Current liabilities</b>	<b>3.611.961</b>	<b>3.312.517</b>
Taxes and contributions	169.313	44.206
Long term debt	1.364.390	1.421.336
Pension plan - Telos	211.103	216.683
Other non-current liabilities	915	2.636
<b>Non-current liabilities</b>	<b>1.745.721</b>	<b>1.684.861</b>
<b>Deferred income</b>	<b>110.627</b>	<b>110.951</b>
<b>Minority interest</b>	<b>211.878</b>	<b>76.415</b>
Paid in capital	2.134.427	2.134.427
Income reserves	1.912.113	2.089.925
Treasury stock	-41.475	-41.517
Retained earnings	2.077.105	1.951.532
<b>Shareholders' equity</b>	<b>6.082.170</b>	<b>6.134.367</b>
<b>Total liabilities and shareholders' equity</b>	<b>11.762.357</b>	<b>11.319.111</b>
Total borrowed funds	2.246.289	2.226.274
Net debt	1.823.675	1.640.927
TBF/Shareholders equity	0,37	0,36

Embratel Participações SA		Quarter ending				Twelve months ending	
(millions of minutes)		Mar 31, 2000	Jun 30, 2000	Sep 30, 2000	Dec 31, 2000	Dec 31 1999	Dec 31, 2000
<b>Domestic Long Distance *</b>		4.803,4	4.682,6	4.862,9	4.993,7	15.967,4	19.342,6
	Q-o-Q	7,5%	-2,5%	3,9%	2,7%	-	-
	Y-o-Y	27,1%	21,0%	26,3%	11,8%	-	21,1%
<b>International Long Distance</b>							
	<b>Outbound</b>	162,1	160,1	154,8	166,1	591,3	643,1
	Q-o-Q	6,1%	-1,2%	-3,3%	7,3%	-	-
	Y-o-Y	9,4%	10,6%	6,4%	8,7%	-	8,8%
	<b>Inbound</b>	267,4	281,9	313,6	269,5	838,3	1.132,4
	Q-o-Q	15,0%	5,4%	11,2%	-14,1%	-	-
	Y-o-Y	44,0%	40,6%	42,9%	15,9%	-	35,1%

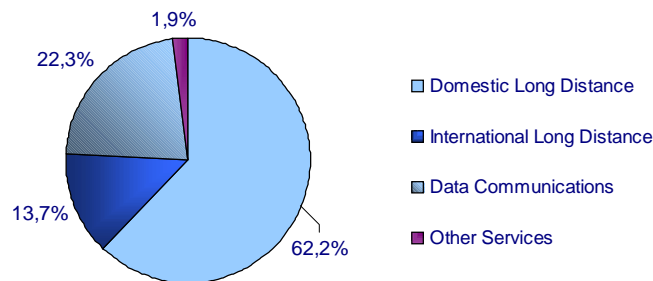
\* This minute series includes domestic long distance traffic, domestic long distance, fixed to cellular traffic, cellular to fixed and cellular to cellular traffic and advanced telephony traffic

## Financial Performance... REVENUES

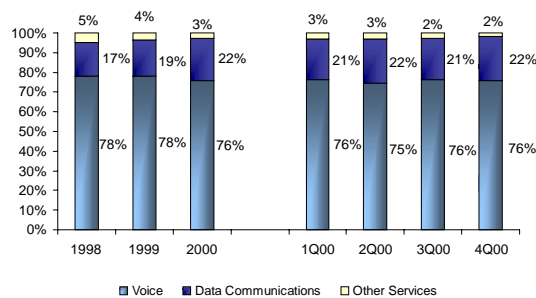
	1998	1999	2000	1Q00	2Q00	3Q00	4Q00
Domestic Long Distance	3.209.357	4.277.582	5.480.466	1.265.945	1.223.355	1.454.215	1.536.951
International Long Distance	793.675	928.510	1.304.297	272.354	362.417	331.894	337.633
<b>Voice</b>	<b>4.003.032</b>	<b>5.206.092</b>	<b>6.784.763</b>	<b>1.538.299</b>	<b>1.585.772</b>	<b>1.786.109</b>	<b>1.874.584</b>
		30,05%	30,32%		3,09%	12,63%	4,95%
Data Communications	875.927	1.240.284	1.937.892	415.628	473.208	499.037	550.019
		41,60%	56,25%		13,85%	5,46%	10,22%
<b>Total Core</b>	<b>4.878.959</b>	<b>6.446.376</b>	<b>8.722.655</b>	<b>1.953.927</b>	<b>2.058.980</b>	<b>2.285.146</b>	<b>2.424.603</b>
Other Services	244.275	233.966	232.033	65.420	62.027	58.126	46.460
<b>Gross Revenues</b>	<b>5.123.234</b>	<b>6.680.342</b>	<b>8.954.688</b>	<b>2.019.347</b>	<b>2.121.007</b>	<b>2.343.272</b>	<b>2.471.063</b>
		30,39%	34,05%		5,03%	10,48%	5,45%

R\$

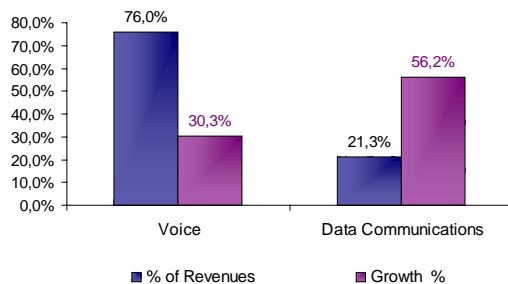
Revenues 4Q 2000



% Revenues	1998	1999	2000	1Q00	2Q00	3Q00	4Q00
Domestic Long Distance	62,6%	64,0%	61,2%	62,7%	57,7%	62,1%	62,2%
International Long Distance	15,5%	13,9%	14,6%	13,5%	17,1%	14,2%	13,7%
<b>Voice</b>	<b>78,1%</b>	<b>77,9%</b>	<b>75,8%</b>	<b>76,2%</b>	<b>74,8%</b>	<b>76,2%</b>	<b>75,9%</b>
Data Communications	17,1%	18,6%	21,6%	20,6%	22,3%	21,3%	22,3%
<b>Total Core</b>	<b>95,2%</b>	<b>96,5%</b>	<b>97,4%</b>	<b>96,8%</b>	<b>97,1%</b>	<b>97,5%</b>	<b>98,1%</b>
Other Services	4,8%	3,5%	2,6%	3,2%	2,9%	2,5%	1,9%
<b>Gross Revenues</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>



Data Growth



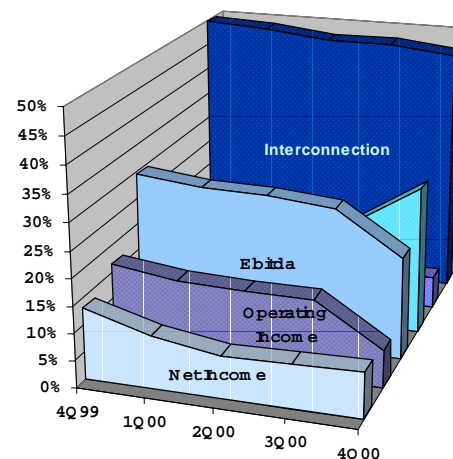
	Total 4Q99 to 4Q00	% of Revenues	Growth %
Domestic Long Distance	6.699.387	61,7%	28,1%
International Long Distance	1.551.627	14,3%	40,5%
<b>Voice</b>	<b>8.251.014</b>	<b>76,0%</b>	<b>30,3%</b>
Data Communications	2.315.984	21,3%	56,2%
<b>Total Core</b>	<b>10.566.998</b>	<b>97,4%</b>	<b>35,3%</b>
Other Services	287.077	2,6%	-0,8%
<b>Total</b>	<b>10.854.075</b>	<b>100,0%</b>	<b>34,0%</b>

## Financial Performance... RESULTS

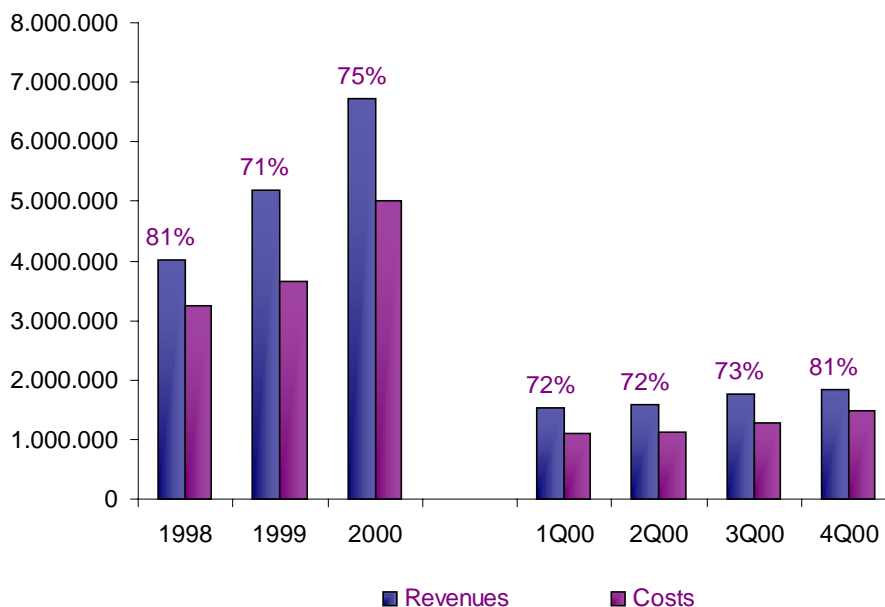
	1998	1999	2000	1Q00	2Q00	3Q00	4Q00
Revenues	4.000.106	5.183.927	6.714.508	1.530.778	1.580.355	1.761.786	1.841.590
Interconnection	1.786.588	2.563.959	3.210.104	752.272	755.711	843.210	858.912
Cost of Service	341.322	349.558	391.650	88.041	97.393	96.406	109.813
SG&A	533.362	782.404	1.396.893	242.317	287.420	353.102	514.053
Others	577.244	-40.566	12.250	16.690	-3.182	-5.918	4.661
<b>Ebitda</b>	<b>761.590</b>	<b>1.528.572</b>	<b>1.703.611</b>	<b>431.458</b>	<b>443.013</b>	<b>474.986</b>	<b>354.151</b>
Dep & Amort	678.897	733.341	856.802	201.858	211.854	216.833	226.255
<b>Operating Income</b>	<b>82.693</b>	<b>795.231</b>	<b>846.809</b>	<b>229.600</b>	<b>231.159</b>	<b>258.153</b>	<b>127.896</b>
<b>Net Income</b>	<b>123.578</b>	<b>411.631</b>	<b>577.090</b>	<b>149.983</b>	<b>123.488</b>	<b>145.067</b>	<b>158.553</b>

R\$

	1998	1999	2000	1Q00	2Q00	3Q00	4Q00
Revenues	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Interconnection	44,7%	49,5%	47,8%	49,1%	47,8%	47,9%	46,6%
Cost of Service	8,5%	6,7%	5,8%	5,8%	6,2%	5,5%	6,0%
SG&A	13,3%	15,1%	20,8%	15,8%	18,2%	20,0%	27,9%
Others	14,4%	-0,8%	0,2%	1,1%	-0,2%	-0,3%	0,3%
<b>Ebitda</b>	<b>19,0%</b>	<b>29,5%</b>	<b>25,4%</b>	<b>28,2%</b>	<b>28,0%</b>	<b>27,0%</b>	<b>19,2%</b>
Dep & Amort	17,0%	14,1%	12,8%	13,2%	13,4%	12,3%	12,3%
<b>Operating Income</b>	<b>2,1%</b>	<b>15,3%</b>	<b>12,6%</b>	<b>15,0%</b>	<b>14,6%</b>	<b>14,7%</b>	<b>6,9%</b>
<b>Net Income</b>	<b>3,1%</b>	<b>7,9%</b>	<b>8,6%</b>	<b>9,8%</b>	<b>7,8%</b>	<b>8,2%</b>	<b>8,6%</b>



### Costs x Revenues

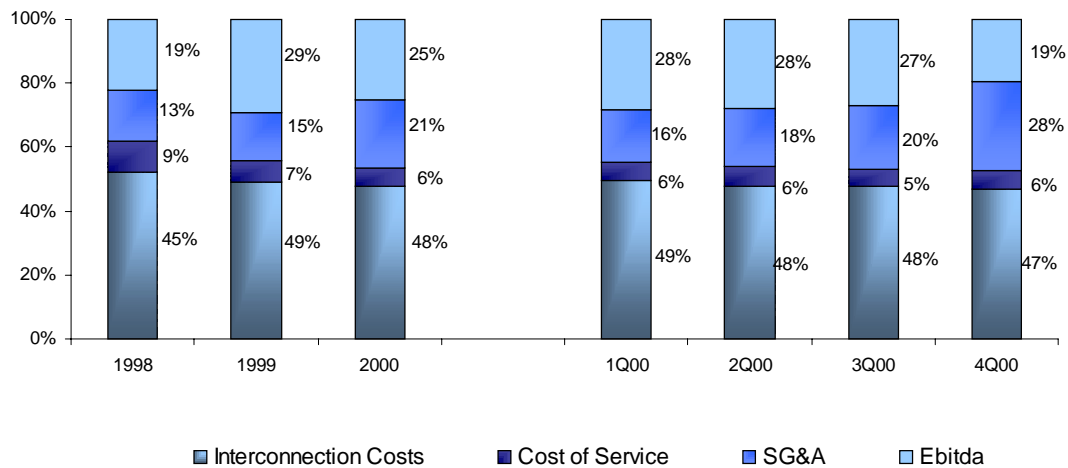


## Financial Performance... COSTS

	1998	1999	2000	1Q00	2Q00	3Q00	4Q00
Interconnection Costs	1.786.588	2.563.959	3.210.104	752.272	755.711	843.210	858.912
Cost of Service	341.322	349.558	391.650	88.041	97.393	96.406	109.813
SG&A	533.362	782.404	1.396.893	242.317	287.420	353.102	514.053
Others	577.244	-40.566	12.250	16.690	-3.182	-5.918	4.661
<b>Ebitda</b>	<b>761.590</b>	<b>1.528.572</b>	<b>1.703.611</b>	<b>431.458</b>	<b>443.013</b>	<b>474.986</b>	<b>354.151</b>

R\$

	1998	1999	2000	1Q00	2Q00	3Q00	4Q00
Interconnection Costs	44,7%	49,5%	47,8%	49,1%	47,8%	47,9%	46,6%
Cost of Service	8,5%	6,7%	5,8%	5,8%	6,2%	5,5%	6,0%
SG&A	13,3%	15,1%	20,8%	15,8%	18,2%	20,0%	27,9%
Others	14,4%	-0,8%	0,2%	1,1%	-0,2%	-0,3%	0,3%
<b>Ebitda</b>	<b>19,0%</b>	<b>29,5%</b>	<b>25,4%</b>	<b>28,2%</b>	<b>28,0%</b>	<b>27,0%</b>	<b>19,2%</b>



Employees	1998	1999	2000	1Q00	2Q00	3Q00	4Q00
Embratel SA	8.220	8.033	7.684	7.478	7.699	7.582	7.684
StarOne (Satellite)		87	107	95	96	100	107
BrasilCenter (Call Center)		2.124	4.209	2.752	4.357	4.432	4.209
<b>Total</b>	<b>8.220</b>	<b>10.244</b>	<b>12.000</b>	<b>10.325</b>	<b>12.152</b>	<b>12.114</b>	<b>12.000</b>

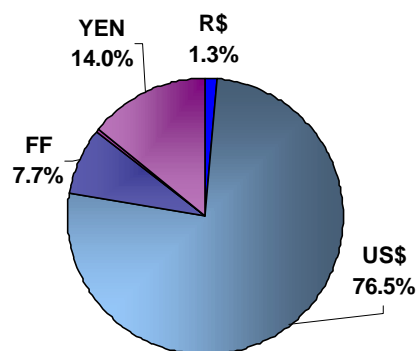
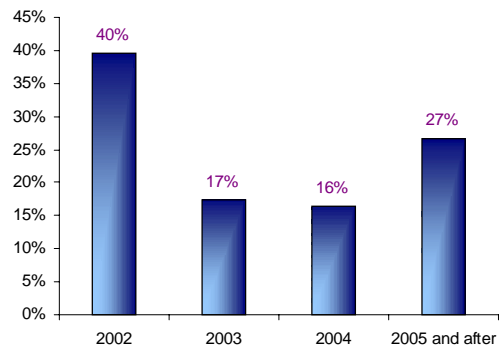
## Financial Performance... CAPITALIZATION

	1998	1999	2000	1Q00	2Q00	3Q00	4Q00
Short Term Debt and Current Maturing Long Term Debt	155.088	602.235	881.899	462.708	791.577	804.938	881.899
Long Term Debt	511.085	878.661	1.364.390	1.006.099	1.376.983	1.421.335	1.364.390
Shareholders' Equity	5.510.581	5.717.988	6.082.170	5.866.034	5.989.419	6.134.367	6.082.170
Minority Interest	69.881	72.657	211.878	73.280	74.670	76.415	211.878
<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>8.232.649</b>	<b>8.437.055</b>	<b>8.540.337</b>
Total Borrowed Funds	666.173	1.480.896	2.246.289	1.468.807	2.168.560	2.226.273	2.246.289
Cash	833.357	357.404	422.614	303.148	325.048	585.347	422.614
<b>Net Debt</b>	<b>-167.184</b>	<b>1.123.492</b>	<b>1.823.675</b>	<b>1.165.659</b>	<b>1.843.512</b>	<b>1.640.926</b>	<b>1.823.675</b>
Interest Income	245.854	326.956	275.181	13.033	57.780	117.312	91.414
Interest Expenses	177.124	630.417	463.497	1.807	93.679	146.334	226.035
<b>Financial Result</b>	<b>68.730</b>	<b>-303.461</b>	<b>-188.316</b>	<b>11.226</b>	<b>-35.899</b>	<b>-29.022</b>	<b>-134.621</b>
Ebitda	<b>761.648</b>	<b>1.528.572</b>	<b>1.703.611</b>	<b>431.458</b>	<b>443.013</b>	<b>474.986</b>	<b>354.151</b>
Total Debt/Shareholders' Equity	12,09%	25,90%	36,93%	25,04%	36,21%	36,29%	36,93%
Total Debt/Ebitda	0,87	0,97	1,32	0,81	1,19	1,22	1,32
Net Debt/Ebitda	0,22	0,73	1,07	0,64	1,01	0,90	1,07
Ebitda/Interest	4,30	2,42	3,68	238,77	4,73	3,25	1,57
Ebitda/Net Interest	11,08	5,04	9,05	38,43	12,34	16,37	2,63
Total Debt/Market Capitalization	0,12	0,10	0,20	0,10	0,15	0,20	0,23
Net Debt/Market Capitalization	0,03	0,07	0,16	0,08	0,13	0,14	0,19

R\$

Payment Schedule	1998	1999	2000
2000	101.625	-	-
2001	97.516	175.597	-
2002	94.471	172.665	539.381
2003	217.473	145.948	236.570
2004	-	384.451	224.140
2005 and after	-	-	364.299
<b>Total</b>	<b>511.085</b>	<b>878.661</b>	<b>1.364.390</b>

R\$



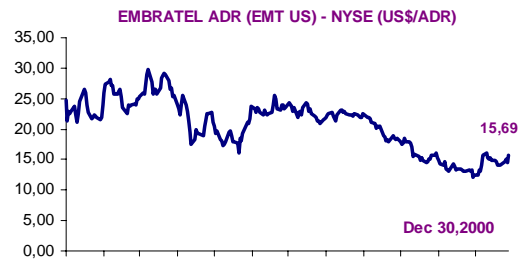
Composition by Foreign Currency	1999	2000	1Q00	2Q00	3Q00	4Q00	%
Real	184.438	28.631	191.861	28.078	28.370	28.631	1,27%
US dollar	1.127.898	1.718.922	1.101.255	1.645.533	1.713.988	1.718.922	76,52%
French franc	152.367	172.561	161.257	172.059	161.048	172.561	7,68%
German mark	12.172	10.947	10.455	311.994	9.556	10.947	0,49%
Japanese yen	4.021	315.229	3.979	10.896	313.312	315.229	14,03%
<b>Total</b>	<b>1.480.896</b>	<b>2.246.290</b>	<b>1.468.807</b>	<b>2.168.560</b>	<b>2.226.274</b>	<b>2.246.290</b>	<b>100,00%</b>

R\$

## Stock Performance...

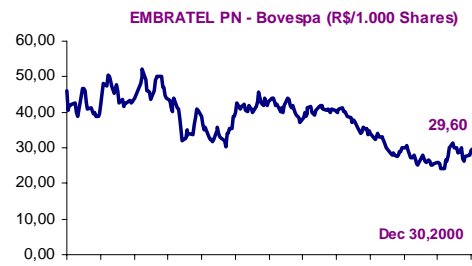
ADR	High	Low	Price Change	
				%
4Q00	18,56	12,06		-12,54%
YTD	29,69	12,06		-36,45%
Last 12 month	29,69	12,06		-29,70%

**US\$**



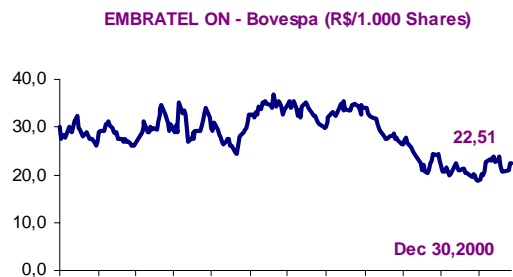
PN	High	Low	Price Change	
				%
4Q00	34,26	24,10		-9,78%
YTD	52,29	24,10		-35,65%
Last 12 month	52,29	24,10		-35,65%

**R\$**

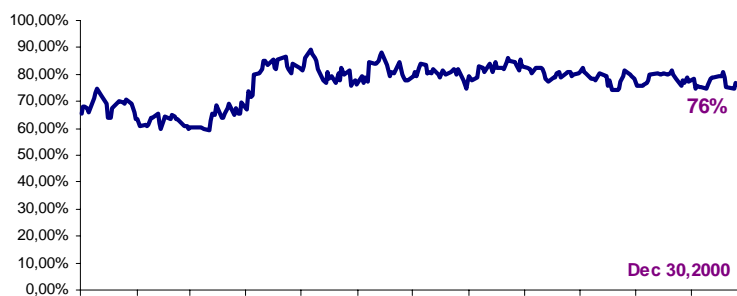


ON	High	Low	Price Change	
				%
4Q00	27,80	18,80		-14,64%
YTD	37,00	18,80		-25,22%
Last 12 month	37,00	18,80		-25,22%

**R\$**



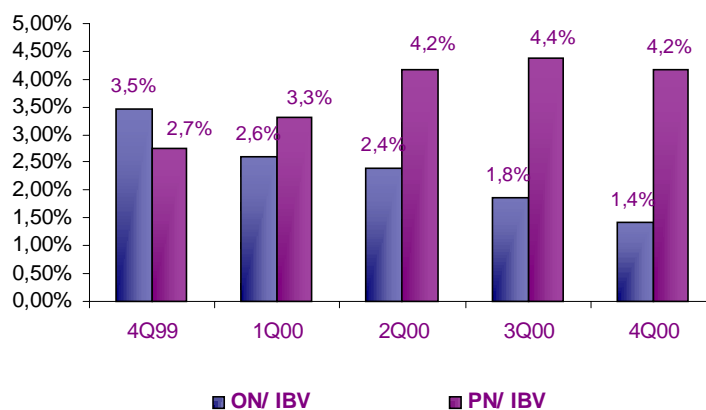
Discount (EMBRATEL ON/PN - Bovespa)



## Stock Performance... VOLUME

	ON		PN		IBOV	
4Q99	14.467.600.000	24%	11.500.800.000	-9%	418.670.425.000	19%
1Q00	12.904.600.000	-11%	16.348.580.000	42%	494.645.176.000	18%
2Q00	19.765.700.000	53%	34.417.200.000	111%	824.408.528.200	67%
3Q00	14.489.900.000	-27%	34.380.500.000	0%	783.496.268.400	-5%
4Q00	13.292.700.000	-8%	39.116.500.000	14%	936.906.641.600	20%

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



	ON		PN + ADR	
4Q99	14.467.600.000	24,13%	64.675.412.705	30,79%
1Q00	12.904.600.000	21,52%	107.940.670.901	51,39%
2Q00	19.765.700.000	32,96%	87.975.751.050	42,19%
3Q00	14.489.900.000	24,16%	81.195.131.820	38,93%
4Q00	13.292.700.000	22,17%	87.721.963.397	42,06%
Float	59.963.879.407		208.549.997.060	

### PN + ADR Turnover

