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## **Embratel Participações Earnings Release**

### **Third Quarter 2002 Results<sup>1</sup>**

**Rio de Janeiro, Brazil - October 22, 2002**

**Embratel Participações S.A. (Embratel Participações or the "Company")**

**NYSE: EMT; BOVESPA: EBTP3, EBTP4**

The Company holds 98.8 percent of Empresa Brasileira de Telecomunicações S.A. ("Embratel").

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<sup>1</sup> All financial figures are in Reais and based on consolidated financial statements in "Legislação Societária".

**EMBRATEL REPORTS**  
**THIRD QUARTER 2002 EBITDA OF R\$371 MILLION**  
**Improved operating results**

**21** 2002 Third Quarter Highlights

- Embratel Participações' net revenues remained stable at R\$1.8 billion in the quarter compared to the previous 2002 quarter;
- Interconnection costs improved by another percentage point to 45.3 percent from 46.4 percent of net revenues quarter-over-quarter;
- Ebitda was R\$371 million representing an EBITDA margin of 20.8 percent. This was the second consecutive quarter EBITDA margin rose by a percentage point. Compared to the 2001 average, EBITDA margin increased by 7.2 percentage points;
- Outstanding debt dropped by US\$208 million as a result of an improved cash generation and hedging. Embratel ended the quarter with a cash position of R\$757 million, 23 percent higher than in the previous quarter;
- Collections improved, receivables fell and provision for doubtful accounts dropped for the third consecutive quarter;
- Net loss for the quarter was R\$550 million arising from the impact of the 36.9 percent devaluation of the Real in the quarter on the company's debt;
- Capex for the nine months period of the year was R\$696 million, mostly financed out of operating cash;
- On a year-to-date basis, net revenues and net losses were, respectively, R\$5.4 billion and R\$738 million.

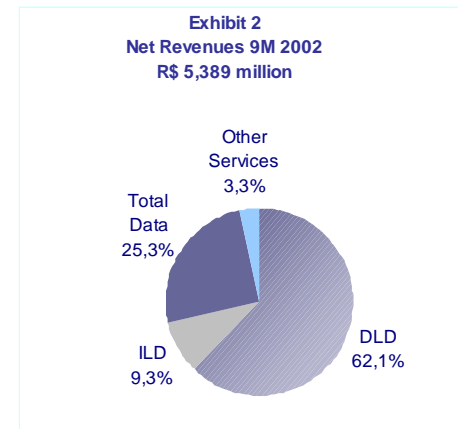
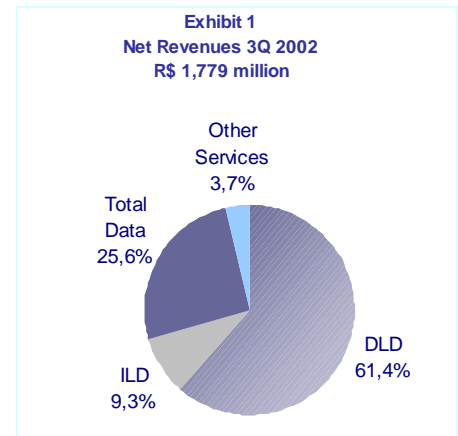


Exhibit 3 R\$ thousands				% Var YoY	% Var QoQ			% Var YoY
	3Q01	2Q02	3Q02			9M01	9M02	
Net Revenues	1.911.869	1.811.021	1.778.719	-7,0%	-1,8%	5.615.075	5.386.695	-4,1%
Ebitda	390.544	361.235	370.692	-5,1%	2,6%	1.214.484	1.065.392	-12,3%
Ebitda Margin	20,4%	19,9%	20,8%	0,4 p.p	0,9 p.p	21,6%	19,8%	-1,9 p.p
Net Income/(Loss)	(194.835)	(152.200)	(549.644)	-182,1%	-261,1%	(267.411)	(738.284)	-176,1%

## 21 Data Communications Services

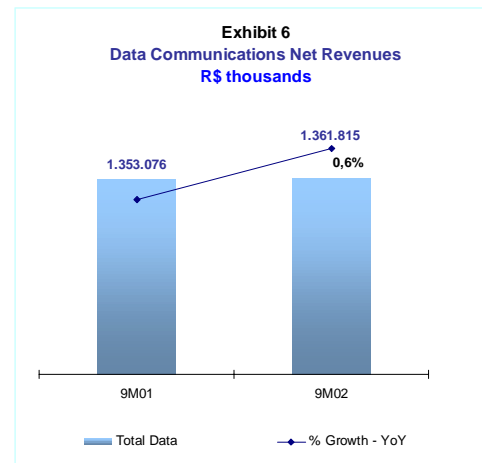
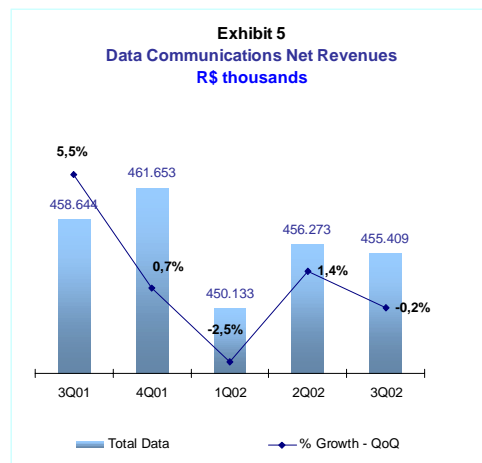
### Revenues maintained despite economic slowdown

Exhibit 4 R\$ thousands	3Q01	2Q02	3Q02	% Var YoY	% Var QoQ	9M01	9M02	% Var YoY
<b>Total Data</b>	<b>458.644</b>	<b>456.273</b>	<b>455.409</b>	<b>-0.7%</b>	<b>-0.2%</b>	<b>1.353.076</b>	<b>1.361.815</b>	<b>0.6%</b>
Data & Internet	430.136	437.522	437.676	1,8%	0,0%	1.254.439	1.305.186	4,0%
Wholesale	28.508	18.751	17.733	-37,8%	-5,4%	98.637	56.629	-42,6%

Embratel's data communications revenues were R\$455 million, flat relative to the second quarter of 2002 and the year ago 2001 quarter. The company was able to maintain data revenues in the third quarter of 2002 despite the fact that customers were postponing investment plans due to economic uncertainty and some prices continued to decline. Switched data and satellite revenues grew while Internet revenues were impacted by price reductions as contracts were renewed.

Client base continues to grow as does the number of installed circuits.

In the nine month period ending September 30, 2002, data revenues were R\$1.4 billion representing a 0.6 percent increase relative to the 2001 nine month period. Compared to September 2001 the number of installed circuits rose by approximately 40 percent evidencing that underlying demand for bandwidth has existed, but slowed down in the past quarter due to economic uncertainty.



## 21 Voice Services

Exhibit 7 R\$ thousands	3Q01	2Q02	3Q02	% Var YoY	% Var QoQ	9M01	9M02	% Var YoY
<b>Total Voice</b>	<b>1.392.985</b>	<b>1.296.338</b>	<b>1.256.809</b>	<b>-9,8%</b>	<b>-3,0%</b>	<b>4.088.574</b>	<b>3.845.163</b>	<b>-6,0%</b>
Domestic Long Distance	1.174.637	1.134.346	1.092.271	-7,0%	-3,7%	3.414.312	3.345.954	-2,0%
International Long Distance	218.348	161.992	164.538	-24,6%	1,6%	674.262	499.209	-26,0%

## 21 Domestic Long Distance

### Impact of new competition on mass markets was expected

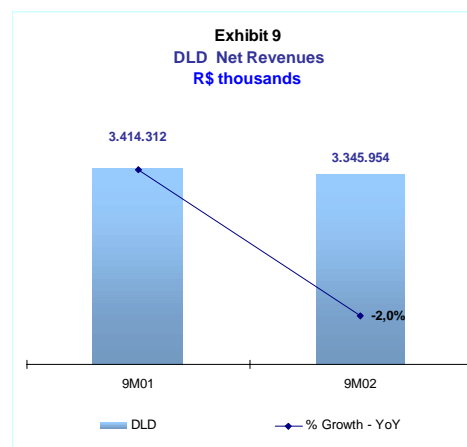
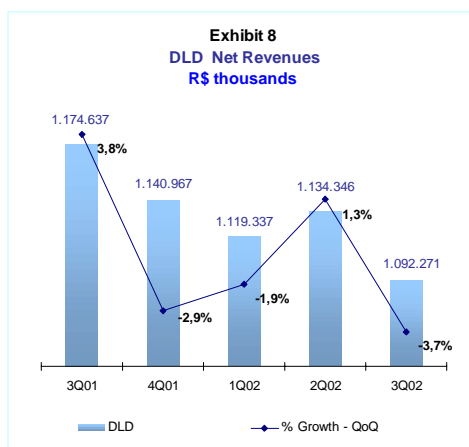
Domestic long distance revenues were R\$1.1 billion in the third quarter of 2002. This represented a 7.0 percent decline relative to the third quarter 2001 and a 3.7 percent decline quarter-over-quarter. While the year-over-year reduction is primarily attributable to call management activity, the quarter-over-quarter reduction resulted not only from the growth in blocked lines but also from new competition in the inter-regional market which began in July 2002.

Revenues from advanced voice services such as VIPhone continue to grow at rates above 45 percent on a year-over-year basis. VIPhone is a service that requires a direct link from the companies' premises to Embratel's network to make long distance calls. In addition to cost advantages, the service ensures higher quality (faster call completion) at call origination because calls do not go through the public network.

As expected new competition led to traffic declines mainly in the residential market. Embratel's average revenue per minute continued to rise in the third quarter. Also, network remuneration revenues from traffic resulting from the completion of long distance calls originated by Tele's 0800 services was redirected to their respective networks. This revenue item represented a minor portion of Embratel's domestic long distance revenues.

Year-to-date, domestic long distance revenues were R\$3.3 billion, representing a 2 percent decrease from the comparable 2001 nine month period. This revenue performance reflects primarily the company's efforts to manage non-performing calls as well as the opening of the inter-region market to two additional competitors.

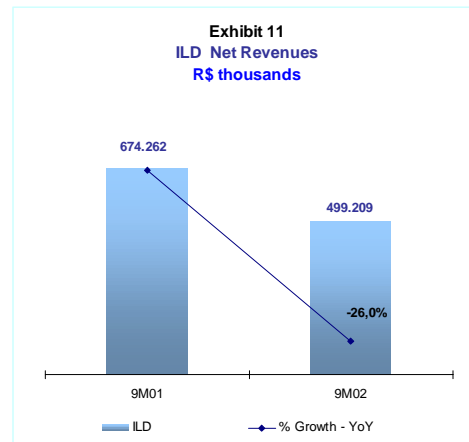
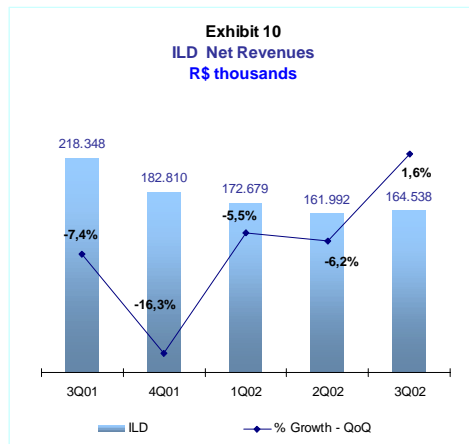
We expect domestic long distance revenues to decline due to competition in certain market segments.



## 21 International Long Distance

International long distance revenues rose by 1.6 percent to R\$165 million quarter-over-quarter. Year-over-year, international long distance revenues fell 24.6 percent due to both price and traffic declines.

On an year-to-date basis, international long distance revenues were R\$499 million compared to R\$674 million in the first nine months of 2001. International revenues represented 9.3 percent of the company's total revenues compared to 12.0 percent in the first nine months of 2001.



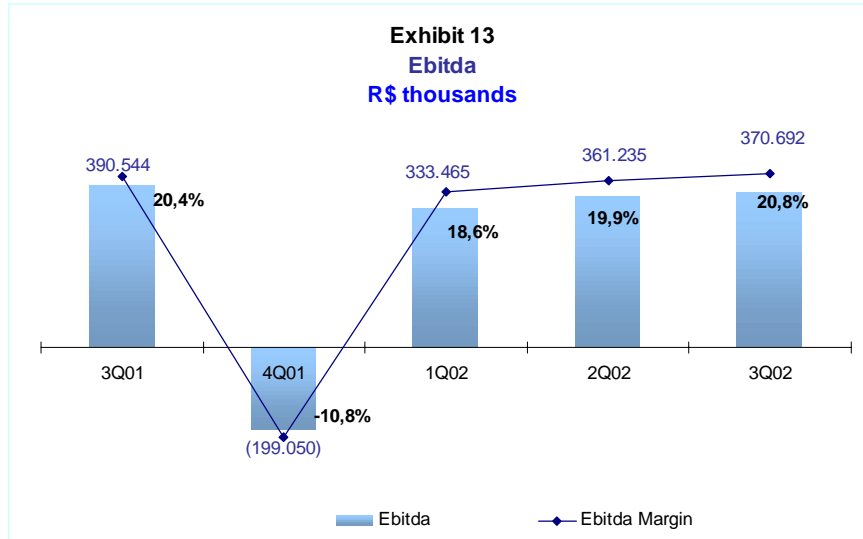
## 21 EBITDA

Exhibit 12 R\$ thousands	3Q01	2Q02	3Q02	% Var YoY	% Var QoQ	9M01	9M02	% Var YoY
<b>Net Revenues</b>	<b>1.911.869</b>	<b>1.811.021</b>	<b>1.778.719</b>	<b>-7,0%</b>	<b>-1,8%</b>	<b>5.615.075</b>	<b>5.386.695</b>	<b>-4,1%</b>
Lines Costs	(914.903)	(840.024)	(805.852)	-11,9%	-4,1%	(2.681.540)	(2.500.402)	-6,8%
Other Cost of Service	(122.801)	(109.584)	(119.840)	-2,4%	9,4%	(356.905)	(332.944)	-6,7%
SG&A	(488.894)	(496.177)	(499.510)	2,2%	0,7%	(1.381.402)	(1.502.620)	8,8%
Bad Debt	(169.219)	(163.013)	(152.970)	-9,6%	-6,2%	(490.091)	(489.677)	-0,1%
Other SG&A expenses	(319.675)	(333.164)	(346.540)	8,4%	4,0%	(891.311)	(1.012.943)	13,6%
Others	5.274	(4.001)	17.175	225,7%	529,3%	19.256	14.663	-23,9%
<b>Ebitda</b>	<b>390.544</b>	<b>361.235</b>	<b>370.692</b>	<b>-5,1%</b>	<b>2,6%</b>	<b>1.214.484</b>	<b>1.065.392</b>	<b>-12,3%</b>
Ebitda Margin	20,4%	19,9%	20,8%	0,4 p.p	0,9 p.p	21,6%	19,8%	-1,9 p.p

EBITDA was R\$371 million in the third quarter of 2002. EBITDA margin rose by another percentage point to 20.8 percent for the second consecutive quarter. Comparing to the average 2001 EBITDA margin of 13.6 percent, there was a 7.2 percentage point increase in EBITDA margin. This was the result of lower interconnection costs and declining provisions for doubtful accounts.

Embratel continued to install points-of-presence for interconnection (PPI) in the third quarter of 2002 totaling 112 new PPIs since the beginning of the year. Embratel's 2002 PPIs program is well advanced but additional opportunities still exist. The growth in the number of PPIs has contributed to the reduction in TU-RIU costs and was largely responsible for the reduction in overall interconnection costs. Total line costs dropped to 45.3 percent of net revenues in the third quarter of 2002 compared to 46.4 percent in the second quarter of this year.

Active call management continued to contribute to the improved operating performance and productivity. Embratel increased blocked lines due to delinquency by approximately 300,000. Total delinquent lines blocked at the end of the quarter was 2.9 million. The provision for doubtful receivables was R\$153 million in the quarter, or 8.6 percent of net revenues (6.5 percent of gross revenues) representing the third consecutive quarter of improvement. Provision for doubtful receivables was 9.0 percent in the second quarter of 2002, 9.7 percent in the first quarter of 2002 and 15.5 percent in FY2001.



## **21** Depreciation & Amortization

Depreciation and amortization expense increased to R\$289 million in the third quarter from R\$281 million in the second quarter and R\$269 million in the year-earlier quarter. This increase is a result of new assets becoming operational during the past year. In addition to increased installations of PPIs in the quarter, continued upgrades to collection and fraud systems were completed. These investments have been resulting in improved operating performance throughout the year. In addition, a new system was implemented to provide greater efficiency in installing new customers and to improve management of data access equipment. It is expected that depreciation will continue to trend upwards during the fourth quarter as a result of investments made in prior periods that are now entering an operational phase.

## **21** EBIT

Operating income (EBIT) was R\$82 million in the third quarter of 2002 a slight quarter-over-quarter increase resulting from the reduction in interconnection costs and in provisions for doubtful accounts. Year-to-date, EBIT was R\$224 million compared to R\$436 million in the first nine months of 2001.

## 21 Income Taxes

Embratel recorded a net tax benefit of R\$309 million on its net operating loss during the third quarter. The high FX volatility in the current year and the related financial expenses have increased Embratel's net losses before taxes and consequently, the income and social contribution benefit related to these net losses. This creates an asset for Embratel, or a type of receivable that will be realized in future periods as the company generates income. In the current year, the total amount of such deferred tax assets for Embratel has increased by R\$598 million from R\$785 million at the end of 2001 to R\$1,383 million. Embratel has performed an analysis of projected future profits based on the requirements of CVM 371 and has demonstrated the recoverability of this deferred tax asset. Embratel will continue to analyze this asset based on changing economic conditions.

## 21 Net Income

Exhibit 14	3Q01	2Q02	3Q02	% Var YoY	% Var QoQ	9M01	9M02	% Var YoY
Net Income/(Loss) (R\$ thousands)	(194.835)	(152.200)	(549.644)	-182,1%	-261,1%	(267.411)	(738.284)	-176,1%
Shares Outstanding (million shares)	332.932	332.932	332.629			332.932	332.629	
Earnings per 1000 shares (R\$)	(0,59)	(0,46)	(1,65)			(0,80)	(2,22)	

The net loss for the third quarter of 2002 was R\$550 million. The loss was the result of the effect of the devaluation of the Real vis-a-vis the US dollar (36.9 percent in the quarter) which exceeded the hedged portion of the Company's foreign currency debt (see Financial Position below).

The net loss reached R\$738 million in the first nine months of 2002 compared to a net loss of R\$267 million in the first nine months of 2001.

## 21 Financial Position

During the third quarter of 2002 Embratel reduced total outstanding debt by US\$208 million to US\$1.3 billion from US\$1.5 billion at the end of the second quarter of 2002. Approximately US\$71 million of debt was retired in the quarter. This debt reduction resulted from an improvement in operating cash and hedging activity. Cash position at the end of the third quarter was R\$757 million, an increase of 22.6 percent from the second quarter 2002 cash position. Net debt outstanding as of September 30, 2002 was R\$4.4 billion (total debt of R\$5.2 billion). Short term debt was R\$2.4 billion. Since short term debt includes all principal maturing in the next 12 months, in addition to short term debt per se and accrued interest, the increase is explained by the principal maturing in the third quarter of 2003 becoming current. The devaluation of the Real increased Embratel's overall debt position by R\$994 million, net of hedging income. Had hedging not been done, total debt would have increased by almost R\$1.6 billion.

The Company's short-term hedged position is 66 percent. The company's hedged debt and respective average debt cost are in table 15 below.

Exhibit 15 Embratel Participações S.A.	Sep 30, 2002			
	Amounts in R\$ thousands	%	Average Cost of Debt	Average Maturity
Hedged short term debt (notional amount)	1.552.615	65,8%	99,30% CDI	up to 12 months
Unhedged short term debt	807.568	34,2%	US + 8,28% pa.	up to 12 months
<b>Total short term debt</b>	<b>2.360.183</b>	<b>100,0%</b>		
Hedged long term debt (notional amount)	241.691	8,6%	86,53% CDI	up to 1,90 years
Unhedged long term debt	2.581.576	91,4%	US + 8,16% pa.	up to 8,04 years
<b>Total long term debt</b>	<b>2.823.267</b>	<b>100,0%</b>		
Total hedged debt	1.794.306	34,6%		
Total unhedged debt	3.389.144	65,4%		
<b>Total debt (net of hedge gains)</b>	<b>5.183.450</b>	<b>100,0%</b>		

In the past several weeks Embratel has been discussing refinancing alternatives for certain upcoming 2003 and other debt maturities. Embratel received several ideas to proactively address funding requirements under current market uncertainties, reduce refinancing risks to both the company and its lenders through the first half of 2004, convert some foreign currency debt to Reais and implement a debt structure that improves credit quality. To implement this program, Embratel is being supported by Banc of America Securities as financial advisors and MS & CR2 as general advisors. We are currently in the process of analyzing different financing alternatives as well as different economic scenarios.

Principal maturing in 2003 is approximately US\$790 million (see table 16 for maturity)

Exhibit 16 Debt Principal 2003	Hedged Portion	Debt principal maturing per quarter
First quarter	88,5%	38,8%
Second quarter	75,3%	14,5%
Third quarter	58,3%	34,1%
Fourth quarter	7,5%	12,6%
<b>Total</b>	<b>66,1%</b>	<b>100,0%</b>

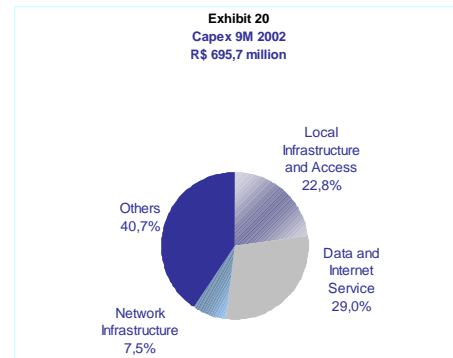
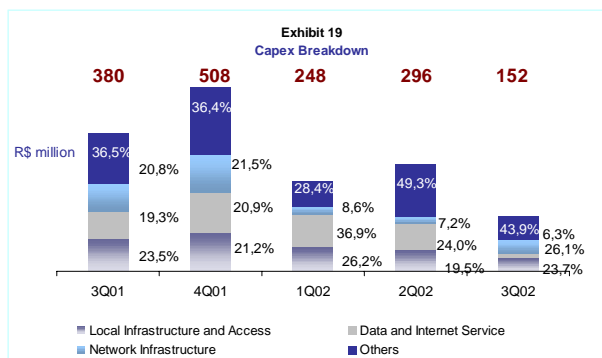
## 21 Accounts Receivables

The company's net receivable position on September 30, 2002 was R\$1.8 billion a reduction of more than R\$140 million relative to the previous 2002 quarter. This decline was the result of an improvement in collections overall which offset the impact of the devaluation of the Real on receivables from foreign administrators. Basic telephony voice receivables DSO fell to 72 days in the third quarter of 2002 from 75 days in the previous 2002 quarter and from 82 days at the end of 2001. Receivables from foreign administration in US dollar terms actually fell to US\$100 million in the third quarter of 2002 from US\$119 million in the second quarter of 2002 (payables were adjusted accordingly).

Exhibit 17 Embratel Participações SA R\$ thousands	Gross Receivables		Exhibit 18 Embratel Participações SA R\$ thousands	Net Account Receivables	
	Sep 30,2002	Jun 30,2002		Sep 30,2002	Jun 30,2002
Accounts Receivables			Voice Service	918.593	1.027.576
Voice Services	2.685.158	2.650.175	Current	61,4%	64,2%
Data, Telco and Other Services	625.486	699.382	1-60 days	29,3%	26,9%
Foreign Administrations	387.543	339.678	61-120 days	9,4%	8,9%
Gross Receivables	3.698.187	3.689.234	> 120 days	0	0
Allowance for Doubtful Accounts	(1.866.486)	(1.714.240)			
<b>Net Receivables</b>	<b>1.831.701</b>	<b>1.974.994</b>			

## 21 Capex

During the third quarter, capital expenditures were R\$152 million (almost half of the R\$296 million spent in the previous 2002 quarter). The company is analyzing ways to optimize the use of Capex and the amount spent in the third quarter of 2003 is consistent with Embratel's ongoing investment needs with the exception of Star One's investment in satellite-C1 which will require higher payments at certain intervals. The breakout of the third quarter 2002 expenditure is the following: local infrastructure and access – 23.7 percent (including PPIs); data and Internet services – 26.1 percent; network infrastructure – 6.3 percent and others - 43.9 percent (Approximately 1/3 of other expenditure refers to the new satellite and the remaining portion refers to various items such as IT and other satellite investments). Cumulative capital expenditure was R\$696 million in 2002.



## 21 Tax Contingencies

Outbound withholding tax - With respect to the R\$411 million assessment against Embratel on withholding income taxes on outbound payments, the Administrative Court has issued a decision in September 2002 reducing the amount of the liability to R\$12.9 million. This decision reflects, among other things, the effect of payments made to countries which have tax treaties with Brazil. Embratel has made a judicial deposit for the reduced amount of R\$35 million (including interest) in the third quarter pending a review of the matter at the second judicial level. Notwithstanding this favorable decision, it is still possible that this matter could be decided against Embratel and could result in the aforementioned possible loss.

Judicial Deposit - COFINS - In 1999 Embratel challenged the change introduced by Law no. 9,718/98 that: (a) increased the revenue base on which PIS and COFINS are paid to include financial revenues and exchange variations, and (b) increased the rate of COFINS from 2% to 3%. Despite the challenge, Embratel continued accruing the full amount of the tax liability and paid this as a judicial deposit from August of 1999 to April of 2001. From May 2001 and forward, based on jurisprudence, the company decided to discontinue the legal challenge prospectively. On August 29, 2002, provisional measure 66 was published allowing the liquidation of such legal deposits without any incidence of penalties. Embratel decided to use the provisional measure and pay this liability. The net effect was to reduce accrued taxes and contributions by R\$173 million with a corresponding decrease in judicial deposits. Since the expense was already recorded, there was no impact on current period

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results. Since funds were already deposited, there was no impact on cash flows. Embratel simply liquidated this liability against the judicial deposit asset.

## **21** Local Services

Local interconnection negotiations are progressing and Embratel expects to launch local services in two cities- Recife and Fortaleza in November as scheduled. Network tests are being conducted with Telemar. Embratel has initiated sales and already signed contracts with clients. Service start in another 27 cities is planned for late December and January 2003. In addition, Embratel began booking local interconnection revenues relative to the local portion of its own 0800 services. This amount was previously passed to Teles and partially offsets the loss of long distance Teles 0800 service long distance interconnection revenues to them.

One major client who will certainly use Embratel's services, is Embratel itself. The company will begin to use its own local service as it is deployed in various cities. In addition to testing services, Embratel expects to save on telephony costs.

## **21** Star One

In September Star One was awarded an orbital slot by Anatel which will allow the company to increase its resources including Ku and Ka frequency band which will permit more flexibility, better coverage and optimization of its future satellite fleet. In addition, Star One launched Easyband Corporate, a new family of products designed specifically for the corporate segment which leverages the Easyband platform for residential users.

## **21** Regulatory Developments and Interconnection Costs/Interconnection Agreement Clarification

It has now been six months since Embratel submitted, together with Intelig, a petition to Anatel indicating local Teles were engaged in anti-competitive practices. It is Embratel's understanding that all necessary investigations have been completed. The company expects Anatel to announce its conclusion very soon. Embratel trusts Anatel will exercise its power and responsibility to enforce existing competitive legislation and preserve one of the pillars over which the Brazilian telecommunications model was built - competition.

## **21** Interconnection Costs/Interconnection Agreement Clarification

Recently Embratel was sued by one of the local operators for the non-payment of interconnection costs. In order to settle such disputes *call detail records* (CDR) which include the time of the call, the origination and termination location, the duration of the call, among others, need to be reconciled. The local operator involved has not yet agreed to reconcile records.

Why do discrepancies arise? Here are some examples:

- charges may have been made for types of calls for which no interconnection costs are associated, e.g. data;
- discrepancies in call duration might cause access fees to have been charged for calls with less than the minimum regulatory duration liable for charging either the customer or the corresponding interconnection;
- charges may have been made for calls arising from disconnected lines;
- charges from calls arising from non activated numbers (possibly created by fraud)
- charges may be inflated by system duplication

Interconnection agreements provide for the invoiced party to pay the undisputed amount and follow the contractual procedures to solve the disputed amounts.

In order to settle disputes, records need to be reconciled: all call records need to be categorized, pricing procedures and rules need to be strictly the same, etc.. This will be a requirement whether settlement is voluntary between parties, whether Anatel acts as intermediary, or when justice requires proof. Given the amount of records - typically in a single month Embratel will record approximately 600 million calls, and the fact that switches of the different companies involved are not necessarily synchronized - registering different start and ending times for each call, it is obvious that the matching process is not trivial and will necessarily take experts to determine the final settlement amounts.

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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 has countrywide coverage with 28,868 km of fiber cables comprising 1,068,657 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, collection risks, 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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Exhibit 21 Embratel Participações SA Corporate Law Consolidated Income Statement R\$ thousands	Quarter ending						% change	
	2002		2001		2002		Y-o-Y	Q-o-Q
	Sep 30	%	Sep 30	%	Jun 30	%		
<b>Revenues</b>								
Gross revenues	2.337.570		2.588.119		2.376.263		-9,7%	-1,6%
Taxes & other deductions	(558.851)		(676.250)		(565.242)		-17,4%	-1,1%
<b>Net revenues</b>	<b>1.778.719</b>	<b>100,0%</b>	<b>1.911.869</b>	<b>100,0%</b>	<b>1.811.021</b>	<b>100,0%</b>	<b>-7,0%</b>	<b>-1,8%</b>
Net voice revenues	1.256.809	70,7%	1.392.985	72,9%	1.296.338	71,6%	-9,8%	-3,0%
Net Domestic long distance	1.092.271	61,4%	1.174.637	61,4%	1.134.346	62,6%	-7,0%	-3,7%
Net International long distance	164.538	9,3%	218.348	11,4%	161.992	8,9%	-24,6%	1,6%
Net data communications	455.409	25,6%	458.644	24,0%	456.273	25,2%	-0,7%	-0,2%
Data & Internet	437.676	24,6%	430.136	22,5%	437.522	24,2%	1,8%	0,0%
Wholesale	17.733	1,0%	28.508	1,5%	18.751	1,0%	-37,8%	-5,4%
<b>Net other services</b>	<b>66.501</b>	<b>3,7%</b>	<b>60.240</b>	<b>3,2%</b>	<b>58.410</b>	<b>3,2%</b>	<b>10,4%</b>	<b>13,9%</b>
<b>Net revenues</b>	<b>1.778.719</b>	<b>100,0%</b>	<b>1.911.869</b>	<b>100,0%</b>	<b>1.811.021</b>	<b>100,0%</b>	<b>-7,0%</b>	<b>-1,8%</b>
Lines costs (incl. interconnection & facilities)	(805.852)	-45,3%	(914.903)	-47,9%	(840.024)	-46,4%	-11,9%	-4,1%
Other cost of services (excl. depreciation)	(119.840)	-6,7%	(122.801)	-6,4%	(109.584)	-6,1%	-2,4%	9,4%
Selling, general and administrative expenses (excl. depreciated)	(499.510)	-28,1%	(488.894)	-25,6%	(496.177)	-27,4%	2,2%	0,7%
Bad Debt	(152.970)	-8,6%	(169.219)	-8,9%	(163.013)	-9,0%	-9,6%	-6,2%
Other SG&A expenses (excl. depreciation)	(346.540)	-19,5%	(319.675)	-16,7%	(333.164)	-18,4%	8,4%	4,0%
Other operating income/(expense)	17.175	1,0%	5.274	0,3%	(4.001)	-0,2%	225,7%	529,3%
<b>EBITDA</b>	<b>370.692</b>	<b>20,8%</b>	<b>390.544</b>	<b>20,4%</b>	<b>361.235</b>	<b>19,9%</b>	<b>-5,1%</b>	<b>2,6%</b>
Depreciation and amortization	(288.587)	-16,2%	(268.961)	-14,1%	(280.561)	-15,5%	7,3%	2,9%
<b>Operating income (EBIT)</b>	<b>82.105</b>	<b>4,6%</b>	<b>121.583</b>	<b>6,4%</b>	<b>80.674</b>	<b>4,5%</b>	<b>-32,5%</b>	<b>1,8%</b>
Financial income (including monetary and exchange variation)	262.933	14,8%	126.540	6,6%	154.935	8,6%	107,8%	69,7%
Interest income	55.282	3,1%	27.906	1,5%	39.828	2,2%	98,1%	38,8%
Exchange variation	207.651	11,7%	98.634	5,2%	115.107	6,4%	110,5%	80,4%
Financial expense (including monetary and exchange variation)	(1.207.192)	-67,9%	(510.882)	-26,7%	(734.645)	-40,6%	136,3%	64,3%
Interest expense	(97.717)	-5,5%	(94.538)	-4,9%	(80.928)	-4,5%	3,4%	20,7%
Exchange variation	(1.109.475)	-62,4%	(416.344)	-21,8%	(653.717)	-36,1%	166,5%	69,7%
Other non-operating income/(expense)	7.586	0,4%	(7.514)	-0,4%	200.046	11,0%	201,0%	-96,2%
<b>Net income before tax, employee profit sharing and minority interest</b>	<b>(854.568)</b>	<b>-48,0%</b>	<b>(270.273)</b>	<b>-14,1%</b>	<b>(298.990)</b>	<b>-16,5%</b>	<b>-216,2%</b>	<b>-185,8%</b>
Income tax and social contribution	309.236	17,4%	80.467	4,2%	154.701	8,5%	284,3%	99,9%
Employee profit sharing	(8.197)	-0,5%	(4.625)	-0,2%	(6.238)	-0,3%	-77,2%	-31,4%
Minority interest	3.885	0,2%	(404)	0,0%	(1.673)	-0,1%	1061,6%	332,2%
<b>Net income / (loss)</b>	<b>(549.644)</b>	<b>-30,9%</b>	<b>(194.835)</b>	<b>-10,2%</b>	<b>(152.200)</b>	<b>-8,4%</b>	<b>-182,1%</b>	<b>-261,1%</b>
End of period shares outstanding (000)	332.629.361		332.932.361		332.932.361			
Earnings per 1000 shares	(1.65)		(0.59)		(0.46)			

Exhibit 22 Embratel Participações SA Corporate Law Consolidated Income Statement R\$ thousands	Nine months ending				% change
	2002		2001		Y-o-Y
	Sep 30	%	Sep 30	%	
<b>Revenues</b>					
Gross revenues	7.030.455		7.601.923		-7,5%
Taxes & other deductions	(1.643.760)		(1.986.848)		-17,3%
<b>Net revenues</b>	<b>5.386.695</b>	<b>100,0%</b>	<b>5.615.075</b>	<b>100,0%</b>	<b>-4,1%</b>
Net voice revenues	3.845.163	71,4%	4.088.574	72,8%	-6,0%
Net Domestic long distance	3.345.954	62,1%	3.414.312	60,8%	-2,0%
Net International long distance	499.209	9,3%	674.262	12,0%	-26,0%
Net data communications	1.361.815	25,3%	1.353.076	24,1%	0,6%
Data & Internet	1.305.186	24,2%	1.254.439	22,3%	4,0%
Wholesale	56.629	1,1%	98.637	1,8%	-42,6%
<b>Net other services</b>	<b>179.717</b>	<b>3,3%</b>	<b>173.425</b>	<b>3,1%</b>	<b>3,6%</b>
<b>Net revenues</b>	<b>5.386.695</b>	<b>100,0%</b>	<b>5.615.075</b>	<b>100,0%</b>	<b>-4,1%</b>
Lines costs (incl. interconnection & facilities)	(2.500.402)	-46,4%	(2.681.540)	-47,8%	-6,8%
Other cost of services (excl. depreciation)	(332.944)	-6,2%	(356.905)	-6,4%	-6,7%
Selling, general and administrative expenses (excl. depreciati	(1.502.620)	-27,9%	(1.381.402)	-24,6%	8,8%
Bad Debt	(489.677)	-9,1%	(490.091)	-8,7%	-0,1%
Other SG&A expenses (excl. depreciation)	(1.012.943)	-18,8%	(891.311)	-15,9%	13,6%
Other operating income/(expense)	14.663	0,3%	19.256	0,3%	-23,9%
<b>EBITDA</b>	<b>1.065.392</b>	<b>19,8%</b>	<b>1.214.484</b>	<b>21,6%</b>	<b>-12,3%</b>
Depreciation and amortization	(841.601)	-15,6%	(778.617)	-13,9%	8,1%
<b>Operating income (EBIT)</b>	<b>223.791</b>	<b>4,2%</b>	<b>435.867</b>	<b>7,8%</b>	<b>-48,7%</b>
Financial income (including monetary and exchange variation)	454.294	8,4%	246.998	4,4%	83,9%
Interest income	127.041	2,4%	66.556	1,2%	90,9%
Exchange variation	327.253	6,1%	180.442	3,2%	81,4%
Financial expense (including monetary and exchange variator	(2.077.250)	-38,6%	(992.767)	-17,7%	109,2%
Interest expense	(279.766)	-5,2%	(243.396)	-4,3%	14,9%
Exchange variation	(1.797.484)	-33,4%	(749.371)	-13,3%	139,9%
Other non-operating income/(expense)	209.703	3,9%	(14.693)	-0,3%	-1527,2%
<b>Net income before tax, employee profit sharing and minority interest</b>	<b>(1.189.462)</b>	<b>-22,1%</b>	<b>(324.595)</b>	<b>-5,8%</b>	<b>-266,4%</b>
Income tax and social contribution	475.107	8,8%	89.326	1,6%	431,9%
Employee profit sharing	(23.189)	-0,4%	(27.740)	-0,5%	-16,4%
Minority interest	(740)	0,0%	(4.402)	-0,1%	-83,2%
<b>Net income / (loss)</b>	<b>(738.284)</b>	<b>-13,7%</b>	<b>(267.411)</b>	<b>-4,8%</b>	<b>-176,1%</b>
End of period shares outstanding (000)	332.629.361		332.932.361		
Earnings per 1000 shares	(2,22)		(0,80)		

Exhibit 23 Embratel Participações SA Corporate Law - Consolidated Balance Sheet R\$ thousands	2002	
	Sep 30	Jun 30
<b>Assets</b>		
Cash and cash equivalents	756.693	617.436
Account receivables, net	1.831.701	1.974.994
Deferred and recoverable taxes	563.547	575.053
Other current assets	204.750	272.536
<b>Current assets</b>	<b>3.356.691</b>	<b>3.440.019</b>
Deferred and recoverable taxes	1.182.126	853.232
Legal deposits	197.954	343.974
Other non-current assets	47.470	53.463
<b>Non-current assets</b>	<b>1.427.550</b>	<b>1.250.669</b>
Investments	256.437	207.847
Net property, plant & equipment	7.743.393	7.870.012
Deferred fixed assets	131.936	142.084
<b>Permanent assets</b>	<b>8.131.766</b>	<b>8.219.943</b>
<b>Total assets</b>	<b>12.916.007</b>	<b>12.910.631</b>
<b>Liabilities</b>		
Personnel, charges and social benefits	121.284	115.299
Accounts payable and accrued expenses	1.554.899	1.618.007
Taxes and contributions	289.102	346.216
Dividends and interest on capital payable	23.483	23.505
Short term debt and current portion of long term debt	2.360.183	1.441.770
Provisions for contingencies	57.965	47.868
Pension plan -Telos	58.219	61.410
Employee's profit sharing	34.000	25.803
Subsidiaries and associated companies	107.548	70.665
Other current liabilities	125.826	116.482
<b>Current liabilities</b>	<b>4.732.509</b>	<b>3.867.025</b>
Taxes and contributions	55.621	229.462
Long term debt	2.823.267	2.936.839
Pension plan - Telos	339.368	342.873
Other non-current liabilities	915	915
<b>Non-current liabilities</b>	<b>3.219.171</b>	<b>3.510.089</b>
<b>Deferred income</b>	<b>119.343</b>	<b>134.579</b>
<b>Minority interest</b>	<b>237.184</b>	<b>241.068</b>
Paid in capital	2.273.913	2.273.913
Income reserves	1.912.113	1.912.114
Treasury stock	(41.635)	(41.101)
Retained earnings	463.409	1.012.944
<b>Shareholders' equity</b>	<b>4.607.800</b>	<b>5.157.870</b>
<b>Total liabilities and shareholders' equity</b>	<b>12.916.007</b>	<b>12.910.631</b>
Total borrowed funds	5.183.450	4.378.609
Net debt	4.426.757	3.761.173
Net debt/Shareholders equity	0,96	0,73