

Rio de Janeiro, Brazil – July 09, 2003

**Embratel Participações S.A.**  
**NYSE: EMT; BOVESPA: EBTP3, EBTP4**

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

**EMBRATEL ANNOUNCES NON-OPERATING PROVISION IN THE SECOND  
QUARTER 2003**

Embratel announced today that it will provision R\$101 million of non-operating expenses corresponding to the remaining value of its investment in Acessonet, a company that was acquired in 2000, and subsequently incorporated, to provide internet services. The provision was constituted as a result of the early termination of a Service Agreement with internet service provider UOL. The matter is still under judgement.

The early termination of the Service agreement has resulted in the request to initiate an arbitration process with the International Chamber of Commerce (ICC), where Embratel aims to obtain compensation for damages and losses.

Also, as a result of the termination of the Service Agreement with UOL in the second quarter of 2003, Embratel is no longer providing services to UOL and therefore, not receiving the corresponding data revenues for these services. These revenues were of approximately R\$12-14 million per quarter.

*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 and is uniquely positioned to be the country's only true national local service provider for corporates. Service offerings: include telephony, advanced voice, high-speed data communication services, Internet, satellite data communications, corporate networks and local voice services for corporate clients. Embratel is uniquely positioned to be the all-distance telecommunications network of South America. The Company's network is has countrywide coverage with 28,868 km of fiber cables comprising 1,068,657 km of optic fibers.*

**21 Contact Information:**

Silvia M.R. Pereira  
Investor Relations  
tel: (55 21) 2121-9662  
fax: (55 21) 2121-6388  
email: [silvia.pereira@embratel.com.br](mailto:silvia.pereira@embratel.com.br) or [invest@embratel.com.br](mailto:invest@embratel.com.br)