

EMBRATEL PARTICIPAÇÕES S.A.

Publicly Traded Company
Tax Payer # 02.558.124/0001-12

MATERIAL FACT

Embratel Participações S.A. (“Embrapar”), in compliance with the provisions of paragraph 4 of article 157 of Law #6.404/76 and to CVM Instruction #358/02, communicates to its shareholders and to the public in general that, in accordance with CVM’s Instruction #319/99 (“Instrução CVM nº 319/99”), the Company concluded the auditing of the June 30, 2005 Financial Statements of Embrapar and its subsidiaries which served as the basis for the transaction announced in the Relevant Facts published on May 24, 2005 and October 3, 2005.

The auditing process of the June 30, 2005 Financial Statements, conducted until October 21, resulted in the need to adjust some accounts to include events which occurred subsequent to the filing of the quarterly financial information - Informações Trimestrais (ITR) of June 30, 2005. The Company informs that the adjustments made do not affect revenues, net income and shareholders’ equity.

The following accounts were adjusted (in millions of reais) :

Accounts	30/06/2005	Adjustments	Audited 30/06/2005
Assets			
Trade accounts receivable, net	1,507,983	(69,902)	1,438,081
Deferred taxes and recoverable taxes	335,110	10,688	345,798
Liabilities			
Accounts payable	1,069,793	(71,513)	998,280
Taxes and contributions	566,930	(159,550)	407,380
Provision for contingencies	494,789	171,849	666,638
Shareholders’ equity	6,486,539	0	6,486,538
Income statement			
Interconnection and facilities	(893,935)	71,513	(822,422)
Allowance for doubtful accounts	(77,061)	(36,345)	(113,406)
Other operating income(expense)	32,297	(52,693)	(20,396)
EBITDA	421,956	(17,525)	404,431
Financial income (expense)	36,863	17,525	54,388
Net income	93,556	0	93,556

For more information see the company’s website www.embratel.com.br

Rio de Janeiro, October 24, 2005

EMBRATEL PARTICIPAÇÕES S.A.

ISAAC BERENZSTEJN

INVESTOR RELATIONS DIRECTOR