

News Release

EMBRATEL IS OPERATIONALLY AND FINANCIALLY INDEPENDENT
Accounting practices are strictly in accordance to Brazilian Corporate Law
Hedged position increases during the quarter

Rio de Janeiro, Brazil - June 27, 2002 - 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 that its is operationally and financially independent from WorldCom and that its accounting practices are strictly in accordance with Brazilian Corporate Law.

Operational and Financial Independence

Embratel is operationally independent from WorldCom. Operational flows between the two companies and related entities consist primarily of international settlement receivables and payables and a management fee. Embratel has long standing international relationships with WorldCom as with more than another 100 international operators throughout the world to terminate and receive calls from other countries. The management fee was established under a management agreement whose terms are not only in accordance with the Concession Contract but were voted by minority shareholders, including preferred shareholders, in a shareholder meeting held on November 18, 1998. In this meeting, the controlling shareholder abstained. This agreement was authorized by Anatel and filed with the Brazilian Central Bank. Related parties transactions are regularly disclosed in the explanatory notes of the company's financial statements.

Embratel is also financially independent from WorldCom. No inter-company loan exist or have existed between Embratel and WorldCom. Embratel's financing is obtained directly from lenders and carries no WorldCom guarantees. A recent example of this independence was the syndicated loan of US\$270 million obtained earlier this year which together with a trade related financing of US\$35 million completed our core financing needs for the year.

Accounting Practices

Additionally, Embratel confirms that its accounting practices in relation to the capitalization of expenses is strictly in accordance with Brazilian Corporate Law and its SEC filings fully conform to US GAAP. Capitalized expenses in 2001 were less than R\$80 million compared to a total investment of R\$1.4 billion. These expenses are primarily labor and third party services always associated with the installation of fixed assets and we reiterate, their capitalization is strictly in accordance to Brazilian Corporate Law.

We further note that Embratel:

- has no off-balance sheet financing;
- no revenue swaps; and
- does not provide financial guarantees to non-affiliated parties.

"Embratel's operation is completely independent" said Jorge Rodriguez, Embratel's President and CEO. "Embratel's management is committed to the improvement of Embratel's performance and will not allow financial market developments to distract us from our primary goal to serve our clients with innovative, high quality and reliable services and create shareholder value.

We would like to inform that Embratel's external auditors are Deloitte Touche Tomatsu Auditores Independentes who succeeded Arthur Andersen in Brazil. Neither firm has acted as a major consultant to Embratel nor worked on a major project.

Hedged Position

Embratel increased its hedged position in the middle of the second quarter. Short term debt is 79 percent hedged and total debt is 46 percent hedged.

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 28,868 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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