

Composition of Telebras System's Exchange Equipment

	Local Exchanges		Tandem/Transit Exchanges	
	Number of exchanges	% of Capacity	Number of Exchanges	% of Capacity
Electromechanical	1,483	7.4%	0	0%
Crossbar	1,460	61.6	204	42
Semi-Electronic	1,700	14.9	2	3
Digital	492	16.1	85	55
TOTAL	<u>5,135</u>	<u>100%</u>	<u>291</u>	<u>100%</u>

Interstate long distance service is provided through Embratel's microwave network. Telebras plans to convert the entire analog microwave network to digital capacity by end of 2005. To supplement the capacity of the terrestrial network, Embratel uses its own satellite system, with national coverage. In continued efforts to increase traffic capacity and network reliability, Telebras, through Embratel, has already contracted the installation of a US\$ 40 million, (402 km.) fiber optic system between Sao Paulo and Rio de Janeiro, with a capacity of 18,000 channels by March 1993. By the end of 1994, Embratel plans to interconnect the city of Belo Horizonte with both Sao Paulo and Rio de Janeiro. Finally by the end of 1996, Telebras plans to complete a network of fiber optic cables interconnecting all major cities in the northeastern, central and southern regions of the country.

Telebras system capital expenditures for the years 1990 and 1991 were US\$ 2.1 and US\$ 2.3 billion, respectively. In 1992, expenditures were revised downwards from US\$ 3.6 billion, to US\$ 3.0 billion. Telebras will have installed an additional 700,000 lines in 1992.

The following table shows Telebras major financial figures for the last 5 years: