

Rating Action: [Telemar Norte Leste S.A.](#)

Moody's upgrades Telemar's foreign currency bond ratings to Baa2

Rating action linked to upgrade of Brazil foreign currency ceiling

Sao Paulo, September 22, 2009 -- Moody's Investors Service upgraded the foreign currency bond ratings of Telemar Norte Leste S.A. ("TMAR") to Baa2 from Baa3. The upgrade was prompted by a concurrent action to upgrade Brazil's long-term foreign currency country ceiling for bonds and notes to Baa2 from Baa3. The outlook for all ratings is now stable. This rating action concludes the review process of the foreign currency notes initiated on July 6, 2009. The Baa3 foreign currency rating for the structured notes with political risk insurance issued by Tele Norte Leste Participações S.A. was unaffected by the rating action.

TMAR's Baa2 foreign currency bond rating is no longer constrained by Brazil's foreign currency country ceiling, and would not be affected by further upgrades of Brazil's foreign currency country ceiling for bonds. Please refer to Moody's January 2005 methodology entitled "Piercing the Country Ceiling: An Update", available on www.moody.com.

TMAR's senior unsecured local currency issuer rating of Baa2, the Baa2 global scale / Aaa.br national scale ratings of TMAR's outstanding debentures, and their stable outlook remained unchanged.

Rating upgraded is as follows:

Issuer: Telemar Norte Leste S.A.

- USD 750 million senior unsecured notes due 2019: to Baa2 from Baa3

Ratings unaffected are as follows:

Issuer: Telemar Norte Leste S.A.

- Senior unsecured local currency issuer rating: Baa2 (global scale)

- BRL 2.16 billion senior unsecured local currency debentures issued in two tranches due in 2011 and 2013: Baa2 (global scale); Aaa.br (Brazilian national scale)

- BRL 2.57 billion senior unsecured local currency debentures issued in two tranches due in 2011 and 2012: Baa2 (global scale); Aaa.br (Brazilian national scale)

Issuer: Tele Norte Leste Participações S.A.

- Senior unsecured local currency issuer rating: Baa3 (global scale)

- USD 300 million senior unsecured structured notes with political risk insurance, due in 2015: Baa3 (foreign currency)

Outlook for all ratings: stable

Based in the city of Rio de Janeiro (Brazil) and majority owned by Tele Norte Leste Participações S.A., Telemar Norte Leste S.A. is the country's largest incumbent local exchange carrier by number of subscribers (21.8 million at June 30, 2009). The company also provides wireless services and broadband services with 33.9 million and 4 million subscribers, respectively, having reported net revenues of BRL 30 billion (about USD 14.4 billion converted by the average exchange rate) in the last twelve months ended June 30, 2009 pro-forma for 12 months of Brasil Telecom, which was acquired in January 2009.

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