

Announcement: Telemar Norte Leste S.A.

Moody's comments on Amazonia's acquisition by Telemar

Approximately BRL 2.4 billion of rated debt affected

Sao Paulo, December 27, 2007 -- Moody's B2 foreign currency rating under review for possible upgrade of the USD 120 million senior unsecured notes issued by Telemig Celuar S.A. ("Telemig") and Amazônia Celular S.A. ("Amazônia") is not affected by the announcement that Telemar Norte Leste S.A. ("Telemar") reached an agreement to buy control of Amazônia. Moody's also affirmed the ratings of Telemar Norte Leste S.A. (corporate family rating Baa2 and national scale rating Aaa.br with a stable outlook).

The rationale for maintaining the B2 rating under review for possible upgrade is based on Moody's view that Amazônia's credit profile will benefit from being controlled by Telemar, the largest integrated telecommunications company with a significantly stronger credit profile.

The review will focus on the perceived benefits from being controlled by Telemar as well as the possibility that Amazônia would receive support from Telemar should it become unable to make its debt service payments on a timely basis. Additionally, the review will continue to focus on the company's growth strategy, expected synergies as a result of this transaction, ability to generate cash flow and address its near-term refinancing needs on a timely basis.

The announced transaction refers to Telemar's BRL 120 million acquisition of VIVO Participações S.A.'s 51.86% of Tele Norte Participações' voting shares (Amazônia's holding company), giving Telemar control of Amazônia with a 19.34% economic stake. The deal is subject to approval from telecom regulator Anatel, CADE (anti-trust authority) and the shareholders' meetings of Telemar.

Headquartered in Belem, Brazil, Amazônia Celular is the leading provider of mobile communications services in a region covering the states of Maranhão, Para, Amazonas, Amapa and Roraima in the northern region of Brazil. As of September 30, 2007, Amazônia had 1.31 million subscribers, with a market share of 21% in its concession area.

Based in the city of Rio de Janeiro, Brazil, Telemar is the country's largest incumbent local exchange carrier by number of subscribers (14.3 million at the end of September 30th, 2007). The company also provides wireless services and broadband services with 14.9 million and 1.4 million subscribers, respectively at end of September, 2007. Covering 16 states representing some 64% of the country's territory and 41% of Brazil's GDP, Telemar reported net revenues of BRL 17.5 billion (about USD 8.6 billion) for the last twelve months ending on September 30th, 2007.

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