

Rating Action: Telemig Celular S.A.

Moody's changes the direction of Telemig's and Amazonia's B2 debt rating to review for possible upgrade

Sao Paulo, August 07, 2007 -- Moody's Investors Service changed the direction of the review of the B2 foreign currency rating of the USD 120 million senior unsecured notes issued by Telemig Celular S.A. ("Telemig") and Amazônia Celular S.A. ("Amazônia") to review for possible upgrade from review for possible downgrade. The change in direction of the review follows the announcement that VIVO Participações S.A. ("Vivo") reached an agreement to buy control of Telemig and Amazônia. The transaction is subject to the approvals of regulators and shareholders. Moody's, however, believes that both regulatory and shareholder approvals should not face major obstacles.

"Despite the fact that Amazônia continues to face operating, competitive and liquidity challenges, with still nearly 50% of its debt concentrated in the short-term, Moody's decision to place its ratings on review for possible upgrade reflects the foreseen scale benefits of being part of Vivo, the largest Brazilian mobile network with a significantly stronger credit profile", said Moody's AVP-Analyst Soummo Mukherjee. "Amazônia's operations should benefit from better purchasing power for handsets and network equipment, for instance, and Vivo has already identified a significant amount of fiscal and operating synergies for the combined entity going forward", he added.

The review will focus on the perceived benefits from being controlled by Vivo as well as the possibility that Amazonia would receive support from Telemig 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 timely address its near-term refinancing needs.

The announced transaction refers to Vivo's acquisition of Telpart Participações S.A.'s (Telemig's and Amazônia's holding company) 51.9% of Tele Norte Participações' voting shares (Amazônia's holding company); and, 53.90% of Telemig Participações' voting shares (Telemig's holding company), giving Vivo control of both Amazônia and Telemig with a 14.5% and 18.9% economic stakes, respectively. The deal is subject to approval from telecom regulator Anatel, CADE (anti-trust authority) and the shareholders' meetings of Vivo and Telpart, scheduled for the 21st of August. On the expected approval of the offer, Vivo will launch separate mandatory tag along offer and a voluntary offer for the minorities in the two companies, which if approved, would raise Vivo's economic stakes in Amazônia and Telemig to 54.6% and 58.2%, respectively, for total consideration of approximately BRL 2.9 billion (US\$1.55 billion).

Headquartered in Belo Horizonte, Brazil, Telemig Celular is the leading provider of mobile communications services in the state of Minas Gerais, Brazil. As of June 30, 2007, Telemig had 3.54 million subscribers, with a market share of 30% in its concession area. 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 June 30, 2007, Amazônia had 1.29 million subscribers, with a market share of 22% in its concession area.

Sao Paulo
Soummo Mukherjee
Asst Vice President - Analyst
Corporate Finance Group
Moody's America Latina Ltda.
55-11-3043-7300

New York
Mark Gray
Managing Director
Corporate Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moody's.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."