

**Rating Action: Companhia Energetica de Minas Gerais - CEMIG**

**Moody's places Cemig's ratings under review for possible downgrade**

**Around BRL840 million of debt instruments affected**

Sao Paulo, April 24, 2009 -- Moody's placed the Baa3 and Aa1.br issuer ratings of Companhia Energética de Minas Gerais (Cemig), Cemig Distribuição S.A (Cemig D) and Cemig Geração e Transmissão (Cemig GT) under review for possible downgrade as a result of the recent announcement of the acquisition of up to 65.86% of the total capital of Terna Participações S.A (Terna). The total cost of this acquisition might reach around BRL 3.5 billion, as minority shareholders are expected to exercise their rights to sell the shares at the same price offered to Terna's controlling shareholder Terna S.p.A in accordance with the current legislation. Formal approval from shareholders and the electricity sector regulator, ANEEL, is still pending with an expected closing forecasted for September 30, 2009.

The rating action affected the following debt issues:

**CEMIG GT**

- BRL 238.8 million due 2011 guaranteed by CEMIG
- BRL 349.6 million due 2009 guaranteed by CEMIG

**CEMIG D**

- BRL 250.5 million due 2014 guaranteed by CEMIG

Moody's review for possible downgrade will focus on the impact of this acquisition on the company's credit metrics, liquidity and debt profile while also evaluating the expected growth in internal cash generation of the combined companies with the higher level of debt. Also under evaluation will be Cemig's ability to finance future capital expenditures and maintain the past level of dividend distributions in tandem with an anticipated more levered capital structure.

The last rating action for CEMIG was on December 10, 2008 when Moody's upgraded the issuer ratings of Cemig to Baa3.

The principal methodology used in rating CEMIG was the Global Regulated Electric Utilities Rating Methodology (March 2005), which can be found at [www.moody.com](http://www.moody.com) in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

Headquartered in Belo Horizonte, state of Minas Gerais, Companhia Energetica de Minas Gerais - CEMIG - is a public holding company with interests in the generation, transmission and distribution of electricity. The government of the state of Minas Gerais holds 51% of its voting capital and 22% of its total capital. Cemig Geração e Transmissão S.A. (CEMIG GT) and Cemig Distribuição S.A. (CEMIG D), are CEMIG's two main subsidiaries responsible for around 85% of consolidated Net Sales and EBITDA. In 2008, CEMIG D sold 22.2TWh in the state of Minas Gerais and is Brazil's third largest electricity distribution company. CEMIG GT is one of the largest Brazilian electricity generation companies with an installed capacity of 6.25GW. In 2008 CEMIG posted net consolidated sales of BRL 10,890 million (USD 4,862 million) and net profit of BRL 1,887 million (USD 842 million).

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