



Rating Action: Moody's downgrades Light to Ca on judicial recovery; negative outlook

16 May 2023

New York, May 16, 2023 – Moody's Investors Service (Moody's) has downgraded to Ca from Caa3 Light S.A.'s (Light Corporate Family Rating, the Issuer Ratings and Backed Senior Unsecured ratings of its operating subsidiaries Light Serviços De Eletricidade S.A. (Light SESA) and Light Energia S.A. (Light Energia), both guaranteed by Light. The outlooks remain negative.

These actions follow the court approval of Light's judicial recovery request under the Brazilian Bankruptcy and Reorganization Law. The judicial recovery in Brazil is the closest equivalent to Chapter 11 of the US Bankruptcy Code.

Subsequent to today's actions, Moody's will withdraw the ratings due to Light's bankruptcy filing. Please refer to the Moody's Investors Service Policy for Withdrawal of Credit Ratings, available on its website, <https://ratings.moodys.com>.

Downgrades:

..Issuer: Light S.A.

.... Corporate Family Rating, Downgraded to Ca from Caa3

..Issuer: Light Servicos De Eletricidade S.A.

.... Issuer Rating, Downgraded to Ca from Caa3

....Backed Senior Unsecured Regular Bond/Debenture, Downgraded to Ca from Caa3

..Issuer: Light Energia S.A.

.... Issuer Rating, Downgraded to Ca from Caa3

....Backed Senior Unsecured Regular Bond/Debenture, Downgraded to Ca from Caa3

Outlook Actions:

..Issuer: Light S.A.

....Outlook, Remains Negative

..Issuer: Light Servicos De Eletricidade S.A.

....Outlook, Remains Negative

..Issuer: Light Energia S.A.

....Outlook, Remains Negative

RATINGS RATIONALE

The downgrade of Light's CFR rating and Backed Senior Unsecured debt ratings of Light SESA and Light Energia to Ca from Caa3 and outlook negative reflect Moody's view on recovery expectations.

COMPANY PROFILE

Headquartered in Rio de Janeiro - Brazil, Light is an integrated utility company with activities in generation, distribution and commercialization of electricity. Light SESA and Light Energia are wholly owned subsidiaries of Light. As of December 2022, Light reported consolidated net debt of BRL10.2 billion, according to Moody's standard adjustments.

The principal methodology used in rating Light S.A. and Light Serviços De Eletricidade S.A. was Regulated Electric and Gas Utilities published in June 2017 and available at <https://ratings.moodys.com/rmc-documents/68547>. The principal methodology used in rating Light Energia S.A. was Unregulated Utilities and Unregulated Power Companies published in May 2017 and available at <https://ratings.moodys.com/rmc-documents/75129>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/deal page for the respective issuer on <https://ratings.moodys.com>.

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The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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