

Announcement of Start of Distribution of Commercial Promissory Notes (*Commercial Paper*)
Issue of 90 (ninety) Promissory Notes of Second Issue from



ENERGY COMPANY OF MINAS GERAIS

Open Company – CNPJ/MF 17.155.730/0001-64
Main Corporate Office: Avenida Barbacena, 1200, 18th floor – Belo Horizonte – MG

Amounting to

R\$ 900,000,000.00

ISIN No. BRCMIGNPM018

Issue authorized by the Meeting of the Administrative Board held on December 7, 2005, with the following characteristics:

- **Issuer:** Energy Company of Minas Gerais - CEMIG
- **Series No.:** Single series
- **Issue date:** For all purposes, this is the data of the effective subscription and integration (“Integration Date”).
- **Nominal unit value:** R\$ 10,000,000.00 (ten million reais) on the issue date.
- **Quantity of notes:** 90 (ninety)
- **Subscription price:** This will be the nominal unit value
- **Integration:** Cash, in the current national currency, on the integration date
- **Form:** Nominative, with endorsement only allowed in black, simply for transfer of title-holding.
- **Guarantee:** The notes will not have any type of guarantee
- **Remuneration:** The promissory notes will yield remuneration equivalent to the average daily interest rate on Interfinancial Deposit Certificates for one day, CDI “over extra-group”, expressed in the form of annual percentages, based on 252 days, with the addition of a spread equivalent to 1.70% (one point seven zero percent) per annum, calculated and published daily by CETIP – Custody and Settlement Chamber (“CETIP”), in the Daily Information Bulletin, available on its internet page (<http://www.cetip.com.br>) and in the newspaper Gazeta Mercantil, national edition. The rates will be calculated exponentially and cumulatively “pro rata temporis”, for the number of consecutive days, and will be incident on the unit nominal value of the promissory notes, from the issue date until the expiry date, in accordance with the following formula:

$$J = \{VNe \times [(FatorDI \times FatorSpread) - 1]\}$$

where:

J = value of the remunerative interest on the promissory notes due on the final expiry date, calculated with 6 (six) decimal places without rounding;

VNe = nominal value of the notes on the issue date, informed/calculated with 6 (six) decimal places without rounding;

DI factor = producer of the DI Over rates on the issue date, inclusive, up to the date of exclusive calculation, calculated with 8 (eight) decimal places with rounding, ascertained by applying the following formula;

$$FatorDI = \prod_{k=1}^{nDI} [1 + (TDI_k)]$$

where:

nDI = total number of DI Over rates, such that “nDI” is a whole number;

TDI_k = DI Over rate, expressed per day, calculated with 8 (eight) decimal places with rounding;

$$TDI_k = \left(\frac{DI_k}{100} + 1 \right)^{\frac{d_k}{252}} - 1$$

, where: k = 1, 2, ..., n

DI_k = DI Over rate published by CETIP, utilized with 2 (two) decimal places;

dk = number of working days corresponding to the term of validity of the DI Over rate, such that "dk" is a whole number;

Spread factor = excess on fixed interest rate, calculated with 9 (nine) decimal places;

where:

Spread factor = $\{(spread/100)+1\}^{n/252}$

spread = spread or excess rate, in the form of annual percentage, informed with 4 (four) decimal places, defined as 1.7000% per annum;

n = This is the number of working days between the date of the calculation and the issue date, such that "n" is a whole number;

Observations:

- **Issue date and redemption term:** For all purposes, the issue date for the promissory notes will be the date of effective subscription and integration ("Integration date"). The expiry period for the promissory notes will be 180 (one hundred and eighty) days, to be counted from the subscription date.
- **Advance expiration:** The holders of the promissory notes may declare that all obligations resulting from the promissory notes that they hold have automatically become due in advance, and demand immediate payment by the company of the nominal unit value of the promissory notes with the addition of the remuneration, as established above, by means of a letter with docket or letter with advice of receipt, addressed to the company's main office, in the event of any of the following occurrences:
 - (i) Direct or indirect change, transfer or assignment of the issuer's shareholding control, except if by legal determination;
 - (ii) Request for judicial or extrajudicial recovery or request for self-declared bankruptcy by the company or any of its subsidiaries, or any analogous event that characterizes a state of insolvency, including agreements with creditors, under the terms of the legislation applicable;
 - (iii) extinction, dissolution, liquidation or decreeing of the bankruptcy of the company or any of its subsidiaries;
 - (iv) ownership contestation against the company and/or any of its subsidiaries, with an individual or aggregated unpaid value exceeding R\$ 50,000,000.00 (fifty million reais), except if the contestation has been made in error or because of bad faith by a third party, provided that this is validly proven by the company or its subsidiaries, if it is cancelled or furthermore if it is validly contested in court, under any circumstances, within a maximum time period of 30 (thirty) days, counted from the expiry date of the obligation;
 - (v) expiration in advance of any of the monetary obligations of the company and/or any of its subsidiaries, resulting from default of obligations to pay any individual or aggregated amount greater than R\$ 50,000,000.00 (fifty million reais);
 - (vi) incorporation of the company by another company, or splitting or merging or the company, except if by legal determination;
 - (vii) privatization of the company;
 - (viii) termination, for any reason, of any of the concession contracts held by the company and/or by any of its subsidiaries;
 - (ix) if the company or any of its subsidiaries fails, on the due date, to pay any debt or any obligation that it (or any of its subsidiaries) has to pay, without justification or without taking the legal and/or judicial measures required for non-payment, according to any agreement that the company is part of as a borrower or surety, involving an individual or aggregated amount greater than R\$ 50,000,000.00 (fifty million reais).
- **Redemption in advance:** The ISSUER may make early redemption of the Promissory Notes with the express agreement of their holders, under the applicable law. If early redemption is partial, it shall be carried out by lottery, in accordance with Paragraph 1 of Section 55 of Law 6404, of December 17, 1976.
- **Placement regime** The leading coordinator will provide a firm guarantee for placing 90 (ninety) promissory notes, with a nominal unit value of R\$ 10,000,000.00 (ten million reais), thus making a sum of R\$ 900,000,000.00 (nine hundred million reais).
- **Placement date** The leading coordinator should place the promissory notes on the same date as this announcement of the start of distribution is published
- **Places for acquiring the notes:** Banco Itaú BBA S.A. – Av. Brigadeiro Faria Lima, 3400 – 5th floor, São Paulo – SP
Electronic address: www.itaubba.com.br.

- **Leading coordinator of the distribution:** Banco Itaú BBA S.A.– Av. Brigadeiro Faria Lima, 3400 – 5th floor, São Paulo – SP
Electronic address: www.itaubba.com.br.
- **Mandating bank:** Banco Itaú S.A. – Praça Alfredo Egydio de Souza Aranha, 100.
- **CVM:** CVM – RJ: Rua Sete de Setembro No. 111, 5th floor – Consultation Center
Electronic address: www.cvm.gov.br.
- **Unsuitability of the offer for certain investors:** The investment in promissory notes is unsuitable for investors that (i) need liquidity, in view of the possibility that the dealings in promissory notes on the secondary market will be small or non-existent; and/or (ii) are unwilling to run credit risks relating to companies in the electrical sector.
- **Investing public:** The promissory notes have institutional investors as their target public, such as financial institutions, open and closed private pension entities and administrators of third-party resources.
- **Registration with CVM:** CVM/SRE/RNP/2006/001 on January 02, 2006
- **Date of starting the distribution:** January 27, 2006
- **Contacts for information:** **Banco Itaú BBA S.A.**
Av. Brigadeiro Faria Lima, 3.400 – 4th floor - São Paulo – SP, CEP 04538 132
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Mr. Cristiano Corrêa de Barros
Tel: 31 – 3299-4810
Fax: 31- 3299-3790

- **Declarations:** Under the terms of the regulations applicable, Cemig is responsible for the veracity of the information contained in this announcement and it declares that this information is true, correct, consistent and sufficient, in conformity with the declaration provided by Cemig in accordance with article 56 of the ICVM No. 400, which was signed by Mr. Francisco Sales Dias Horta, CEO (In office) and Mrs. Heleni de Mello Fonseca, Chief Administrative Officer.

The leading coordinator declares that it has taken precautions and has acted with a high standard of diligence to ensure that the information provided by Cemig is true, correct, consistent and sufficient, under the terms of the declaration provided by the leading coordinator in accordance with article 56 of the ICVM No. 400, which was signed by Messrs. Sérgio Saurin – Voce President and Fernando Iunes – Director.

“The registration of the present distribution with the Securities Commission has the sole objective of ensuring access to the information that will be provided by the issuer at the request of the subscribers at the place mentioned in this notice, and does not imply, on the part of the Securities Commission (CVM) any guarantee of the veracity of this information, or any judgment regarding the quality of the issuing company or the promissory notes to be distributed”.

“Further information on the distribution can be obtained from the leading coordinator or from the Securities Commission (CVM)”.

This public offering has been prepared in accordance with the Anbid Code of Self-Regulation for Public Offerings for Distribution and Acquisition of Securities, as approved by a General Meeting of Anbid, and which is an integral part of the Minutes registered in the 4th Official Registry of Legal Entities of the City of São Paulo, São Paulo State, under No. 5107. It thus complies with the standards of minimum information required by the Code. Anbid has no responsibility for the said information, nor for the quality of the issuer, of the offering parties, of the participating institutions or of the securities that are the subject of the offering.

Leading Coordinator

