

## **Acquisition by Cemig: jointly with partner companies, Cemig acquires Schahin group holdings in electricity transmission companies**

On today's date (May 4, 2006), Cemig (Companhia Energética de Minas Gerais), with advisory services from Banco Modal S.A., in partnership with MDU Brasil Ltda. and Brascan Brasil Ltda, has signed Share Purchase and Sale Agreements with **Schahin Holding S.A.** relating to acquisition of Schahin's stockholdings in five companies holding electricity transmission concessions.

Cemig and MDU are defined as "the Purchasing Group", and Brascan holds an option to purchase part of the stockholdings acquired.

The purchasers have agreed the value of R\$ 656 million, on the basis of September 2005, for Schahin's stock holdings in the transmission companies. Conclusion of the transaction, to complete the acquisition of the shares by Cemig and its partners, is subject to compliance with certain conditions established in the agreements, including approval by the Brazilian Electricity Regulator (ANEEL), the Brazilian Development Bank (BNDES) and other financing bodies of the transfer of the shares of the above-mentioned companies. The Brazilian monopolies authority, CADE, will also be notified of the transaction, in accordance with Law 8884/94.

The companies acquired, are located in the North and South of Brazil and are listed below, with Cemig's stockholding in each of them:

- **Empresa Paraense de Transmissão de Energia S.A.**  
(The 324-km, 500kV, Tucuruí – Vila do Conde transmission line);  
CEMIG stake: 49.5%
- **Empresa Norte de Transmissão de Energia S.A.**  
(The 459-km, 500kV, Tucuruí – Açailândia transmission line);  
CEMIG stake: 37.0%
- **Empresa Regional de Transmissão de Energia S.A.**  
(The 155-km, 230kV, Vila do Conde – Santa Maria transmission line);  
CEMIG stake: 37.0%
- **Empresa Amazonense de Transmissão de Energia S.A.**  
(The 928-km, 500kV, Tucuruí – Presidente Dutra transmission line)  
CEMIG stake: 49.5%
- **ECTE – Empresa Catarinense de Transmissão de Energia S.A.**  
(The 253-km, 500kV, Blumenau – Campos Novos transmission line).  
CEMIG stake: 15.0%

These percentages correspond to 41.4% of the total of the assets, and will be reduced by half in the event that Brascan exercises its option.

Cemig CEO **Djalma Bastos de Moraes** said that the acquisition of these companies “is one more evidence of the Company’s objective of expanding its increasing its share of the Brazilian electricity market”, and also points out: “We are following the directives established by our controlling stockholder, the Brazilian State of Minas Gerais, approved by our Board of Directors and reflected in our Long-term Strategic Plan”.

The effect of the acquisition is to expand Cemig’s participation in the Brazilian electricity transmission market from 4% to 5.7%; and the list of Brazilian states in which it has a presence – as well as Minas Gerais – to include: **São Paulo, Rio de Janeiro, Espírito Santo, Santa Catarina, Rio Grande do Sul, Pará, and Maranhão**. Cemig is also present in **Chile**, where it is building a transmission line.