

## COMPANHIA ENERGÉTICA DE MINAS GERAIS - CEMIG

BRAZILIAN LISTED COMPANY - CNPJ 17.155.730/0001-64

### MATERIAL ANNOUNCEMENT

**Cemig** (Companhia Energética de Minas Gerais), a listed company holding public service concessions, with share securities traded on the stock exchanges of New York, Madrid and São Paulo, in accordance with its commitment to best corporate governance practices, and Instructions 358 and 359 (of 3 and 22 January, 2002) of the Brazilian Securities Commission (CVM), hereby informs the public that **the shares held by EDF International S.A. (“EDFI”) in Light S.A. (“Light”) and in Lidil Comercial Ltda. (“Lidil”) were today transferred to RME – Rio Minas Energia Participações S.A (“RME”), in which Cemig holds 25%** (twenty five per cent) of the registered capital.

RME, a corporation with head office at Avenida Rio Branco 123, Suite 1901, in Rio de Janeiro, Brazil, registered as in the Brazilian Registry of Corporate Taxpayers under N° (CNPJ) 07.925.628/0001-47, is a holding company whose objects are to invest in companies operating in the electricity sector. Its present stockholders are: Companhia Energética de Minas Gerais – **Cemig**; **Andrade Gutierrez** Concessões S.A.; **Pactual** Energia Participações; and **Luce** Brasil Fundo de Investimento em Participações (“Luce”). Luce acquired the shares in RME until then held by JLA Participações S.A. (“JLA”), and has the same controlling stockholder as JLA.

The transaction involved the purchase of 100,719,912,442 common shares in **Light** and the totality of the shares of **Lidil**, a company which holds 5,584,685,447 common shares in Light, resulting in the transfer of a total of 106,304,597,889 common shares in **Light**, representing, on today’s date, 79.39% of the registered capital, and of the voting stock, of **Light**.

The total price was R\$ 697,953,064.46, corresponding to US\$319,809,871.91, for the purchase of 106,304,597,889 common shares in Light, representing an approximate price of R\$ 6.56 per share, corresponding to US\$3.01 per thousand shares. The price was paid in full by RME in cash, on today’s date, and the shares were also transferred on today’s date.

Also today an amendment was signed to the Stock Purchase Agreement providing that in the event that RME disposes of shares in Light acquired from EDFI within one year, it will, under such amendment, have to pay EDFI 50% of the amount of profit obtained on the sale of such shares.

Additionally, on a date to be announced, RME will carry out a public offering for acquisition of the shares of Light S.A that are in circulation in the market, in accordance with Law 6404/76, CVM Instruction 361/2002 and the Regulations of the *Novo Mercado*, thus guaranteeing to the other stockholders of Light the same treatment accorded to EDFI.

**Light** is a holding company which indirectly operates in **electricity generation, transmission and distribution in Rio de Janeiro State**. Thus, for RME and its stockholders, the transaction to purchase Light represents an opportunity to invest in a market with great growth potential, and which is at present the third largest electricity distribution market in Brazil.

Belo Horizonte, August 10, 2006

Flávio Decat de Moura  
Chief Financial and Investor Relations Officer