



STRATEGIC AGREEMENT

Light invests R\$360 million in Renova Energia in exchange for 26.2% of the company's total capital

The strategic agreement will strengthen Renova's financial, technical and operational capacity, consolidating it as a growth platform in alternative energy sources. The funds will be used to implement generation projects

Renova Energia and Light have announced a strategic agreement whereby Light will invest in Renova in order to accelerate the company's development and transform it into a vehicle for Light's growth in the alternative energy source segment, with an emphasis on wind energy.

The strategic agreement will be accomplished through the subscription by Light of Renova's common shares (primary share issue) in the amount of R\$360 million, equivalent to R\$7.12 per share or R\$21.36 per Renova unit. As a result, Light will hold 35.1% of Renova's voting capital and 26.2% of its total capital and will join RR Participações in the company's controlling block. Jointly, Light and RR Participações will hold 70.2% of its Renova's voting capital.

The agreement also includes a commitment by Light to purchase 400 MW of installed generating capacity from Renova's project portfolio.

Renova is the first Brazilian company dedicated to the generation of electric power from alternative sources to be listed on the BM&FBovespa. It is currently implementing Brazil's largest wind farm, with an installed capacity of 456 MW, and has three small hydroelectric plants (SHPs) in operation, with a joint installed capacity of 42 MW. Factoring in the sale to Light of the 400 MW envisaged in the agreement, Renova will have a total of 897 MW in operation and under implementation. The company also has a portfolio of 3,503 MW of high-quality projects in different stages of development, 1,461 MW of which in SHPs and 2,042 MW in wind farms, 424 MW of which are already registered in the energy auction to be held in 2011.

The Light–Renova partnership will have important synergies also with Cemig, which is part of Light's controlling block, thanks to its experience of almost 20 years with wind energy generation and almost 60 years with SHPs. Cemig currently commercializes more energy in Brazil's free market than any other company, including subsidized energy, based on total energy commercialized in 2010.

The agreement will allow Renova to position itself as one of the major players in Latin America's wind energy sector and as Light's growth platform in the alternative energy source sector.

São Paulo and Rio de Janeiro, July 8, 2011 – Renova Energia S.A. (“Renova”, or the “Company”) and Light S.A. (“Light”) hereby inform their shareholders and the market in general of the execution, on this date, of an Investment Agreement (“Investment Agreement”) which establishes the terms and conditions whereby Light will make a strategic investment in Renova in order to accelerate the Company’s development and transform it into a vehicle for Light’s growth in the alternative energy source segment, with an emphasis on wind energy.

The transaction comprises a private capital increase in Renova in the approximate amount of R\$360 million, to be fully subscribed by Light and those current Company shareholders who exercise their preemptive rights. For the purpose of the operation, Renova will issue 50,561,798 new common shares, representing 35.1% of the Company’s total registered common shares with no par value and 26.2% of its total capital stock. The common shares subscribed by Light will represent half of the shares in Renova’s controlling block and will have the same rights and benefits attributed to the other common shares issued by the Company. In order to make the operation possible, RR Participações and certain other Renova¹ shareholders will freely renounce their preemptive rights in favor of Light. Light and RR Participações will execute a shareholders’ agreement that will reflect the exercise of voting rights, the purchase and sale of Company shares held thereby, and their rights and obligations as Company shareholders.

On June 30, 2011 the shareholders who will still be able to exercise their preemptive rights jointly held 3.9% of Renova’s total capital. If those shareholders opt to take part in the capital increase, the total amount involved could reach R\$375 million. In this case, RR Participações and Light’s shares linked to the controlling block will represent 69.2% of the Company’s voting capital and 51.9% of its total capital.

The agreement also includes a commitment by Light to purchase 400 MW of installed generating capacity from Renova’s project portfolio. The companies will also have preemptive rights in the purchase or sale, as applicable, of wind energy in long-term agreements entered into in the free market.

Main objectives of the transaction

The main purpose of the Investment Agreement is to accelerate Renova’s growth through a combination of its technical capacity and pioneering approach to the development of new projects and businesses with Light and Cemig’s experience in the implementation and operation of generation projects, as well as in energy commercialization.

The agreement will allow Renova to position itself as one of the major players in Latin America’s wind energy sector, with unique characteristics and great attractiveness:

- Proven history in the prospection, execution and operation of alternative energy source projects;
- The largest wind farm in implementation in Brazil, with high capacity factors;
- Enormous portfolio of high-quality projects to ensure future growth;

¹InfraBrasil Fundo de Investimento em Participações, Banco Santander (Brasil) S.A., Fundo de Investimento em Participação Caixa Ambiental, and Santa Barbara Fundo de Investimento em Cotas de Fundo de Investimento Multimercado.

- Possibility of offering subsidized energy to free and special consumers, which, together, accounted for more than 25% of the total electric power consumed in Brazil in 2010;
- Ready availability of funding for investments; and
- Great capacity to implement projects with the entry of a solid strategic shareholder.

Adding the 497 MW in operation and undergoing implementation to the 400 MW contracted by Light based on the agreement, Renova will have a total of 897 MW in operation and undergoing implementation.

From Light's point of view, the agreement represents its entry to the wind energy segment and reinforces its commitment to energy generation growth. As a result of the investment, Light's generating capacity will increase from the current 855 MW to 1,006 MW by 2013², and Renova's project portfolio will ensure Light a new growth route in its generation platform.

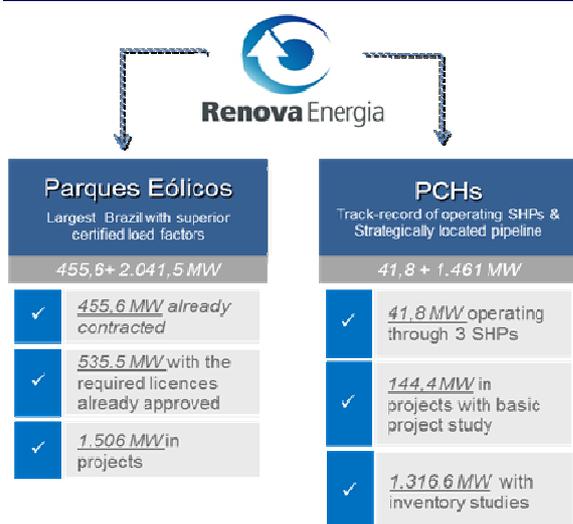
Renova's project portfolio

Renova's asset and project portfolio currently comprises:

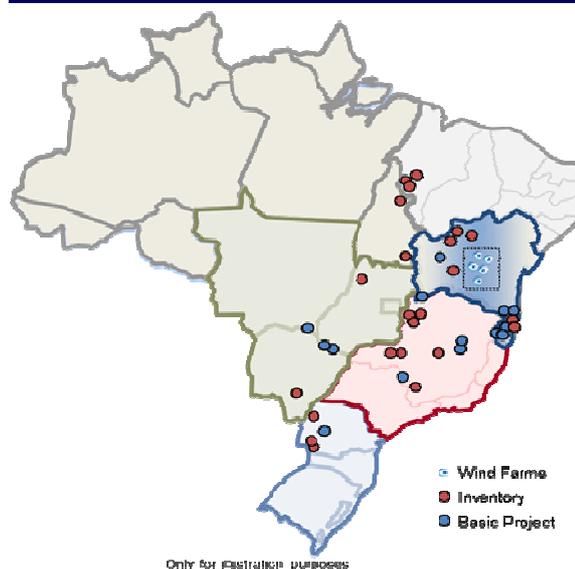
- 41.8 MW of SHP capacity in operation, contracted within the scope of PROINFA (Alternative Energy Source Incentive Program);
- 455.6 MW of wind energy generating capacity under construction, represented by 20 wind farms contracted in the 2009 and 2010 reserve energy auctions (LERs), with startup scheduled for 2012 and 2013, respectively;
- 535.5 MW of wind energy generation with environmental license and registration in ANEEL;
- 1,506.0 MW in new wind projects in different stages of development;
- 144.4 MW of SHP capacity with basic project studies and 1,316.6 MW with inventory studies.

² Considering Light's 26.2% share.

Renova portfolio



Geographic presence



Source:Renova

Shareholding structure resulting from the transaction

The shareholding position below assumes an investment of R\$360 million by Light in Renova's common shares and does not consider the possible exercise of preemptive right by the minority shareholders.

	Common shares		Preferred Shares		Total Shares		% Total	
	Number	%	Number	%	Number	%		
Controlling Block	101,123,596	70.2%	0	0.0%	101,123,596	52.5%		
RR Participações	50,561,798	35.1%	0	0.0%	50,561,798	26.2%		
Light	50,561,798	35.1%	0	0.0%	50,561,798	26.2%		
Other Shareholders	42,956,320	29.8%	48,700,635	100.0%	91,656,955	47.5%		
RR Participações*	18,892,106	13.1%	573,416	1.2%	19,465,522	10.1%		
Board of Directors	254,400	0.2%	507,592	1.0%	761,992	0.4%		
InfraBrasil	11,651,467	8.1%	23,302,933	47.8%	34,954,400	18.1%		
Santander	3,071,000	2.1%	6,142,000	12.6%	9,213,000	4.8%		
FIP Caixa Ambiental	4,666,666	3.2%	9,333,332	19.2%	13,999,998	7.3%		
FIP Santa Barbara	2,580,000	1.8%	5,160,000	10.6%	7,740,000	4.0%		
Other	1,840,681	1.3%	3,681,362	7.6%	5,522,043	2.9%		
Total	144,079,916	100.0%	48,700,635	100.0%	192,780,551	100.0%		

* Shares outside the controlling block

Note:The controlling block comprises those shares subject to the shareholders' agreement

Base date:April 30, 2011

According to Ricardo Delneri, Renova's Chairman of the Board of Directors and Co-CEO, in addition to the value generated through selling power to Light, the alliance strengthens Renova's competitiveness: "We are very pleased with the format of the transaction for its capacity to generate value now and in the future. Renova is will make 400 MW of its pipeline available and will have the preference in the supply of Grupo Light's entire demand for subsidized energy, ensuring the continuous project implementation in the next 10 years. This efficiency gain, combined with Light's support, will lend considerable strength to our competitiveness in new projects."

Paulo Roberto Ribeiro Pinto, Light's New Businesses and Institutional Officer, points out the importance of the strategic agreement for the Company: "The investment in Renova represents a new potential for growth in the power generation activity, increasing this profitable business' share of Light's results. We are very excited about this partnership and the potential resulting from our joint efforts to implement Renova's project portfolio."

One of the goals of Light's Strategic Plan is to increase the relative weight of generation businesses in the consolidated result, through a commitment to raise its total installed capacity by 50%. Taking into consideration Renova's projects that are either operational or undergoing development, and the potential registered in the 2011 auction, combined with Light's current projects, the increase in the installed capacity will reach 54.3%.

The financing for the investment to be made has already been calculated, and will be entirely obtained from financial institutions and the market. With the increased indebtedness, the capital structure will be optimized, the leverage ratio will remain at a comfortable level, and the pro forma net debt/EBITDA ratio will be 2.3x, considering the Quarterly Information of March 2011. This level is within the limits agreed upon between the creditors, and does not affect the dividend distribution policy and the level of investments to be made by Light.

Further information on the transaction can be obtained from Renova and Light's investor relations departments.

Renova's Investor Relations

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About Renova Energia

Renova Energia S.A.(RNEW11): Renova Energia is a company fully dedicated to electric power generation from renewable sources, with focus on wind farms and small hydroelectric plants (SHPs). Renova is currently the only company dedicated to alternative energy in Brazil to have its shares listed on BM&FBovespa. The company prospects, develops and implements renewable energy generation projects. In its 11 years of operations, Renova has invested in the formation of a highly qualified multidisciplinary team composed of professionals with experience in the electric power

sector. Renova was the largest seller of energy in the reserve energy auctions of 2009 and 2010, having sold 456 MW of installed capacity, constituting Brazil's largest wind farm, located in Bahia's semi-arid region.

About Light

Light S.A. (LIGT3): Light is headquartered in the city of Rio de Janeiro and is mainly engaged in the direct or indirect exploration of electric power generation, transmission, distribution and commercialization services, as well as ancillary services. Light S.A. is a holding company with a number of wholly-owned subsidiaries in three business segments: energy distribution (Light SESA), generation (Light Energia) and commercialization/energy-related services (Light Esco and Lightcom).