

CEMIG GERAÇÃO E TRANSMISSÃO S.A.

LISTED COMPANY
CNPJ 06.981.176/0001-58 – NIRE 31300020550

MATERIAL ANNOUNCEMENT

Acquisition of further interest in Madeira Energia S.A.

Cemig Geração E Transmissão S.A. (Cemig GT), a Brazilian listed company, **hereby informs** the Brazilian Securities Commission (CVM), the São Paulo Stock Exchange (BM&F Bovespa) and the market – in compliance with CVM Instruction 358/2002, as amended – **as follows**:

On March 11, 2014, the investment fund *Fundo de Investimento em Participações Melbourne – FIP Melbourne* (“the Fund”), in which **Cemig GT** is a unit holder, as Purchaser, represented by Banco Modal S.A., signed a share purchase agreement with **Andrade Gutierrez Participações S.A. (“AGP”)**, as Vendor, governing the purchase, subject to certain conditions, of 83% (eighty three per cent) of the total share capital and 49% (forty nine per cent) of the voting shares in **SAAG Investimentos S.A. (“SAAG”)**.

By the completion date of the transaction (“the Closing Date”), SAAG will own 12.4% (twelve point four per cent) of **Madeira Energia S.A. (Mesa)**. The transaction was the subject of a decision by the Board of Directors of Cemig GT at its meeting on March 6, 2014.

The acquisition will be structured through Equity Investment Funds (FIPs), and other vehicles, in which Cemig GT will have minority stockholdings. Thus Cemig will not have more than 50% (fifty per cent) of the voting stock in any vehicle, and no more than 50% (fifty per cent) of the net asset value of any of the FIPs, thus preserving the private-sector nature of the structure.

The price of this acquisition will be R\$ 835,384,911 (eight hundred thirty five million three hundred eighty four thousand nine hundred and eleven Reais), which will undergo monetary adjustment by the IPCA (Amplified National Consumer Price) Index from December 31, 2013 up to the Closing Date, augmented by any capital injections made by AGP in SAAG up to the Closing date, less any dividends declared by SAAG to AGP up to the Closing date.

The conclusion of the transaction continues to be subject to other conditions precedent, including approval by the Brazilian monopolies authority (Cade) and the Brazilian electricity regulator, Aneel.

Cemig will keep the market opportunely and appropriately informed on the conclusion of this transaction.

Belo Horizonte, March 14, 2014.

Arlindo Porto Neto
Acting Chief Finance and Investor Relations Officer