

# COMPANHIA ENERGÉTICA DE MINAS GERAIS - CEMIG

LISTED COMPANY  
CNPJ 17.155.730/0001-64 – NIRE 31300040127

## MARKET ANNOUNCEMENT

### *Decision on the Concession for the Itaocara Hydroelectric Plant*

**Cemig** (Companhia Energética de Minas Gerais), a listed company with securities traded on the stock exchanges of São Paulo, New York and Madrid, **hereby** – in accordance with CVM Instruction 358 of January 3, 2002 as amended, and complementing its Market Announcement of July 6, 2013 – **informs** the Brazilian Securities Commission (CVM), the São Paulo Stock Exchange (BM&F Bovespa S.A.) and the market in general, as follows:

On June 8, 2013 the Boards of Directors of **Cemig**, and of its wholly-owned subsidiary **Cemig GT** (*Cemig Geração e Transmissão S.A.*) – which holds 49% of the **Itaocara Hydroelectric Plant Consortium** (*Consórcio UHE Itaocara*) (“the Consortium”) – decided to apply to the Brazilian electricity regulator, Aneel, for **rescission of Concession Contract 12/2001** (“the Concession contract”) under Clause 4 of Law 9074/2005, introduced by Law 12839/2013.

The initial plan and project for the Itaocara Plant (“the Project”) faced environmental obstacles, and the license application for it was set aside, because the Brazilian environment authority, Ibama, decided it was not feasible. However, over a period of years, the Consortium determinedly sought alternatives that would make the Project environmentally feasible and enable the impediments to be overcome. This resulted in the Project being altered, as per Aneel Dispatch 3634 of September 6, 2011, which specified installed capacity of 145 MW. As a result, it was only in December 2011 that Prior Environmental License 428/2011 was obtained, enabling the next stage – application for the Environmental Construction License – to take place. This License was finally issued on July 29, 2013.

The decision to apply for rescission of the Concession Contract is based on the impossibility, in view of the above factors, of sustaining economic and financial equilibrium for the Concession Contract following the decision by the Mining and Energy Ministry to refuse an application to alter the period of the Concession – to a period of 35 years from the grant of the Prior License – since without this change 12 years have been lost from the period of the concession, reducing the time of revenue to less than the period necessary for the return on the investment.

Cemig GT also advises the public that its intention would be to continue to hold the Concession Contract in the event that any supervening decision by the concession-granting power, or any legislative decision, should make commercial operation of the Project financially viable.

Cemig GT may also, if it sees fit, take part in any future auction for the concession of the Project.

Finally, the Company informs the public that the rescission of the Concession Contract referred to above will not result in any financial charge or burden for Cemig GT, since it has the rights guaranteed by Article 4-A of Law 9074 of 2005, introduced by Law 12839/2013, in regard to:

- (i) release from guarantees of compliance with obligations under the Concession Contract;
- (ii) non-payment for Use of a Public Asset; and
- (iii) reimbursement of the costs incurred in preparation of studies or projects.

Cemig will keep its stockholders and the market opportunely and appropriately informed on the progress of this matter.

Belo Horizonte, August 8, 2013.

**Luiz Fernando Rolla**  
**Chief Finance and Investor Relations Officer**