

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

LISTED COMPANY

CNPJ: 17.155.730/0001-64 – NIRE 31300040127

MATERIAL ANNOUNCEMENT

Acquisition of 51% of Brasil PCH

Cemig (*Companhia Energética de Minas Gerais*), a listed company with securities traded on the stock exchanges of São Paulo, New York and Madrid, **hereby informs** the Brazilian Securities Commission, the São Paulo Stock Exchange (BM&FBovespa) and the market – in compliance with CVM Instruction 358/2002, as amended – as follows:

Chiplely SP Participações S.A. (“**Chiplely**”), subsidiary of Cemig Geração e Transmissão S.A. (“**Cemig GT**”), will acquire 51% of **Brasil PCH S.A.** (“**Brasil PCH**”).

As previously reported, on June 14, 2013 **Cemig GT** signed a share purchase agreement with **Petrobras** (*Petróleo Brasileiro S.A.*), governing acquisition of 49% of the voting stock of **Brasil PCH** (“the Brasil PCH Share Purchase Agreement”).

On August 8, 2013 **Cemig GT** signed an Investment Agreement with **Renova Energia S.A.**, **RR Participações S.A.**, **Light Energia S.A.** and **Chiplely**, governing entry of **Cemig GT** into the controlling stockholding block of **Renova**, also providing for assignment of the Brasil PCH Share Purchase Agreement to **Chiplely**, owned by **Cemig GT** and **Renova**.

Under the Investment Agreement the entry of **Cemig GT** into the stockholding structure of **Renova** may be directly or through an Equity Investment Fund in which Cemig GT participates.

The transaction for acquisition of an interest in Brasil PCH was subject to rights of first refusal, and/or joint sale, by the other stockholders of Brasil PCH. On expiry of the exercise period, no stockholder decided to exercise first refusal; and only one, Jobelpa S.A. (“**Jobelpa**”), holder of 2% of the total equity of Brasil PCH, decided to exercise the right of joint sale.

Thus, **Chiplely** will acquire 51% of **Brasil PCH**: the 49% held by **Petrobras**, and the 2% held by **Jobelpa**. **Chiplely** will share the control of Brasil PCH.

The price of this acquisition will be R\$ 676.530 million, on base date December 31, 2012, to be updated by application of the CDI rate plus 2% p.a. up to the date of payment.

Conclusion of the transaction is subject to other conditions, including approvals by Brazil’s monopolies authority, Cade, and the Brazilian electricity regulator, Aneel.

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

Belo Horizonte, October 28, 2013

Luiz Fernando Rolla
Chief Finance and Investor Relations Officer