

# COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

LISTED COMPANY – CNPJ: 17.155.730/0001-64 – NIRE 31300040127

## MATERIAL ANNOUNCEMENT

### *Cemig in partnership with Vale: joint generation investments, Norte Energia*

**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:

#### 1 Association, to hold existing joint generation interests

On today's date Cemig's wholly-owned subsidiary **Cemig GT** (Cemig Geração e Transmissão S.A.) and **Vale S.A.** ("Vale") (jointly, "**the Parties**") signed commercial and stockholding documents formalizing an association to create **Aliança Geração de Energia S.A. (Aliança S.A.)**, which will be a single vehicle to hold both the Parties' present assets in generation consortia, and also investments in future electricity generation projects ("**the Association**").

In payment of subscription of their respective shares in **Aliança S.A.** the Parties will transfer to that company their ownership interests in the following generation assets:

Porto Estrela, Capim Branco I and II,	Igarapava, Aimorés, and	Funil, Candongá.
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The resulting assets of **Aliança S.A.** will have generation capacity, in operation, of 1,158 MW (assured power: 652 MW average), and other generation projects.

**Vale** will own 55% of this new company, and **Cemig GT** 45%.

Cemig GT's interest in the Association has been valued at R\$ 2,029,000.00.

Cemig GT's management believes that the combination of the two companies' experience in operational, financial and project management enhances Cemig GT's potential for generating new business and maximizing results.

## 2 Acquisition of indirect interest in Norte Energia S.A.

Cemig GT will also acquire, for approximately R\$ 206 million, a 49% holding in the future company **Aliança Norte Energia Participações S.A. (“Aliança Norte”)**, which will hold the 9% interest owned by Vale in **Norte Energia S.A. (“Norte Energia”)** (“**the Acquisition**”).

The acquisition price, which is to correspond to the total of the capital injected by Vale up to December 31, 2013, adjusted for monetary updating by the IPCA inflation index, will be paid at sight on the closing date.

Following the Acquisition, Cemig GT will indirectly own a further 4.41% of **Norte Energia**, representing installed capacity of 495.39 MW (assured power: 201 MW average).

## 3 Terms of agreement; conditions precedent

The Parties have prepared the contracts of the Association and of the Acquisition in such a way as to establish joint control by the Parties and full alignment in the taking of all the decisions in the operation of the companies.

Certain conditions precedent and legal requirements have to be met before the transaction can take effect. These include:

- (i) approval by a General Meeting of Stockholders of **Norte Energia**;
- (ii) consent from creditor financial institutions; and
- (iii) approval, under current legislation, by government authorities – in particular the Brazilian electricity regulator (*Agência Nacional de Energia Elétrica, Aneel*), and the Brazilian monopolies authority (*Conselho Administrativo de Defesa Econômica, Cade*).

Banco Bradesco BBI S.A. acted as exclusive financial advisor to Cemig GT in the Transactions.

Cemig will keep its stockholders and the market opportunely and properly informed on the development and closing of these transactions.

Belo Horizonte, December 19, 2013

Luiz Fernando Rolla  
Chief Finance and Investor Relations Officer