

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MATERIAL ANNOUNCEMENT

Increase in equity interest in Gasmig

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

In the next few days, **Cemig** expects to sign a share purchase agreement with **Petrobras** (**Petróleo Brasileiro S.A.**) for acquisition of the 40% equity interest held by the Petrobras subsidiary **Gaspetro** in **Gasmig** (**Companhia de Gás de Minas Gerais**). This has been approved by the Board of Directors of Cemig.

The transaction, for a planned amount of R\$ 600 million, is subject to certain conditions precedent, including approval by the Brazilian monopolies authority (*Conselho Administrativo de Defesa Econômica – CADE*), and consent from the State of Minas Gerais, the grantor of Gasmig’s gas distribution concession.

This acquisition by **Cemig** is part of Cemig’s strategy for the creation, in partnership with **Gás Natural Fenosa** (“GNF”), of **Gas Natural do Brasil S.A.** (“GNB”), which will be its platform for consolidation of investments in natural gas projects.

Gasmig is holder of the exclusive concession for distribution of piped natural gas in the State of Minas Gerais. It currently distributes 4.1 million cubic meters per day of natural gas through a network of more than 850km of gas pipelines.

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

Belo Horizonte, July 21, 2014

Luiz Fernando Rolla
Chief Finance and Investor Relations Officer