

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MATERIAL ANNOUNCEMENT

Cancellation of debentures of Cemig issued for construction of the Irapé 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, in accordance with CVM Instruction 358/2002 as amended, **hereby informs** the Brazilian Securities Commission (CVM), the São Paulo Stock Exchange (BM&FBovespa S.A.) and the market in general, as follows:

- (1) In a meeting held on today's date (December 29, 2014), the Board of Directors of Cemig's wholly-owned subsidiary **Cemig Geração e Transmissão S.A. ('Cemig GT')** authorized optional **acquisition** of the debentures of the 2nd, 4th, 5th and 6th Private Issues of Non-convertible Debentures by **Cemig**, with payment, to the State of Minas Gerais, of a total of R\$ 90,000,000.00 in December 2014.
- (2) The Board of Directors of **Cemig** authorized **cancellation** of those debentures, as a result of this acquisition.
- (3) Since this was a related party transaction, only those board members who deemed themselves not prevented by conflict of interest were able to vote.

Belo Horizonte, December 29, 2014.

Luiz Fernando Rolla
Chief Finance and Investor Relations Officer