

# COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

LISTED COMPANY  
CNPJ 17155.730/0001-64  
NIRE: 31300040127

## MARKET ANNOUNCEMENT

### Press reports and Cemig's plant overhaul plans

**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 public, the Brazilian Securities Commission (CVM), the São Paulo Stock, Commodities and Futures Exchange (“BM&FBovespa”) and the market in general – in accordance with CVM Instruction 358 of January 3, 2002, as amended – as follows:

Referring to media reports published on December 19 – in *Valor Econômico*, under the headline “*Cemig halts overhaul of power plants*” – and December 20, 2012 in *Diário do Comércio*, under the headline “*Cemig halves its investment plan*”, **Cemig provides the following complementary information:**

**In 2010** Cemig structured a Program of Modernization and Overhaul of its 10 generating plants, for investment of R\$ 1.6 billion by the year 2025.

Execution of this program was begun with the works on the *São Simão* Hydroelectric Plant, for which the contract was signed in December 2011. That contract provides for disbursement of approximately R\$ 46 million per year over a period of 100 months – or a total investment of R\$ 370.9 million.

Also as part of this program, tender proceedings are currently in progress for start of the services on the *Volta Grande* and *Salto Grande* Hydroelectric Plants – for planned investment of R\$ 321 million and R\$ 90 million, respectively. Based on the disbursement timetables for these two investments, the aggregate average annual investment is just under R\$ 70 million/year.

The legislation proposed in Provisional Measure 579, of September 11, 2012, and Decree 7805, of September 14, 2012, created a scenario of uncertainty in relation to renewal of the concessions for power plants that expire in or before 2017 and had been included in Cemig's Power Plant Modernization and Overhaul Program: there is still not yet a decision by the regulatory agency on the manner and period for remuneration of the investments in overhaul and modernization to be carried out at these plants, in light of the new rules for concessions that expire in or before 2017.

Cemig it is sensitive to the requirements of MP 579, but while awaiting the procedures of approval by the lower House and Senate of a final text of the legislation that would result from that Provisional Measure, it took preventive measures with the intention of clarifying the criteria for recognition of the investments to be made, protecting the interests of its stockholders.

Among the measures taken was the suspension, for 120 days, of the contract for works in progress on the **São Simão** Hydroelectric Plant, and postponement “*sine die*” of the tender proceedings for the works on the **Volta Grande** and **Salto Grande** hydroelectric plants.

Cemig will continue to maintain improvement in operational efficiency as one of the central factors in its growth, with reduction of costs as one of its priorities.

Cemig reiterates its commitment to keeping the market properly informed on any decisions that may be of interest to its investors and other stakeholders.

Belo Horizonte, December 20, 2012,

Luiz Fernando Rolla  
Chief Finance and Investor Relations Officer

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