

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64
NIRE 31300040127

MATERIAL ANNOUNCEMENT

Cemig accepts offer to increase its holding in Capim Branco

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 publicly informs the Brazilian Securities Commission (CVM), the São Paulo Stock, Commodities and Futures Exchange (BM&F Bovespa S.A.) and the market in general, as follows:

The Board of Directors of **Cemig** today authorized the wholly-owned subsidiary **Cemig Capim Branco Energia S.A.** to accept an offer made by **Suzano** Papel e Celulose S.A. and subsidiaries (“**Suzano**”) on December 27, 2012, for acquisition of Suzano’s 17.8947% interest in the **Capim Branco Energia Consortium** by the Consortium’s other members; and also stated Cemig’s intention of acquiring any remaining further interest in the consortium if other consortium members do not exercise their first refusal rights under the Consortium Constitution Agreement.

- **Suzano**’s interest in the Consortium proportionately represents about 81MW of installed capacity, at the Amador Aguiar I and II hydroelectric plants, with assured average power of 51MW. Currently, members of the Consortium other than Suzano are: **Cemig Capim Branco**, with 21.0526%; **Vale S.A.**, with 48.4211%; and **Votorantim Metais Zinco S.A.**, with 12.6316%.
- **Suzano**’s price for its 17.8947% interest in the Consortium is R\$ 320 million. Of this, **Cemig Capim Branco**’s proportionate interest of 25.6410% represents approximately R\$ 82 million. This excludes any shares that may remain available for purchase after the 30-day period.

The final proportionate interest that Cemig Capim Branco will acquire will be decided after the period of 30 days which the other consortium members have for exercise of their first refusal right to purchase.

The transaction is subject to signature of final documents, and approvals by the Brazilian electricity regulator (Aneel) and the Brazilian monopolies authority (Cade).

Cemig will keep the market informed on the developments in this transaction.

Belo Horizonte, December 28, 2012,

Maria Celeste Morais Guimarães
Acting Chief Finance and Investor Relations Officer