

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

COMPANHIA ABERTA
CNPJ 17.155.730/0001-64
NIRE 31300040127

MATERIAL ANNOUNCEMENT

CRC Account Settlement Agreement

Complementing the information in its Material Announcement of November 9, 2011 – and in accordance with CVM Instruction 358 of January 3, 2002, as amended – **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 **as follows**:

The Board of Directors of **Cemig** has authorized signature by the Company, with the **State of Minas Gerais** and with the **Cemig CRC Account Receivables Investment Fund** (*Fundo de Investimento em Direitos Creditórios Conta CRC – “the FIDC”*) of the **Term of Undertaking and Agreement for Full Settlement of the CRC Account** (“the **CRC Contract Settlement Agreement**”), which provides for the State of Minas Gerais to pay the amount of the debt arising from the CRC Account Contract, as amended by its five amendments.

The general conditions of the **CRC Contract Settlement Agreement** provide for a discount of 35% (35 per cent) to be applied to the updated amount of the debtor balance.

For the CRC Contract Settlement Agreement to be entered into, the FIDC will require authorization by a General Meeting of its Unit Holders. The Company will take part in this meeting, because it is a holder of subordinated units in that Fund. Once the total early settlement has been made, the senior units of the FIDC will be redeemed in full and the Stockholders’ equity of the Fund will be linked to the subordinated units, owned by the Company, which will be able to redeem them.

Since the State of Minas Gerais, the Company’s controlling stockholder, is an interested party in the transaction, the members of the Board of Directors appointed by it, in keeping with the high principles of corporate governance, left the meeting for the time during which the Board approved the matter.

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

Belo Horizonte, May 17, 2012

Luiz Fernando Rolla
Chief Finance and Investor Relations Officer