

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MATERIAL ANNOUNCEMENT

Renova signs share purchase and exchange contracts with SunEdison / TerraForm

In continuation of the information given in the **Material Announcements of May 7 and July 2** of this year, **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:

On July 16, 2015 Cemig's affiliated companies **Light S.A.** and **Renova Energia S.A.** published the following **Material Announcement**:

“Renova Energia S.A. (RNEW11) (‘Renova’ or ‘the Company’), the largest renewable company in Brazil in terms of contracted capacity, hereby, in accordance with CVM Instruction 358/2002 as amended, informs stockholders and the market as follows:

Further to the reports given in the Material Facts of May 7 and July 2, 2015, and in accordance with the meeting of the Board of Directors held on today's date, Renova has signed, on today's date, definitive contracts with: TerraForm Global, Inc., (‘TerraForm Global’), TerraForm Global, LLC and SunEdison, Inc. (‘SunEdison’) – as reported below (‘the Transaction’).

1. First Phase: Operational Assets

The following contracts were signed in relation to the first phase of the Transaction, announced May 7, 2015:

- (i) A share purchase agreement for sale of the assets of ESPRA Project, corresponding to three small hydroelectric plants with energy contracted under the Proinfa program, with installed capacity of 41.8 MW, for equity value of R\$ 136 million, for payment in cash;*
- (ii) A share purchase agreement for sale of the assets of the Bahia Project, corresponding to five wind farms which commercialized energy in the LER (Reserve Energy Auction) of 2009, with installed capacity of 99.2 MW, for equity value of R\$ 451 million, for payment in cash; and*
- (iii) A securities swap agreement for swap of shares in the subsidiaries of the Company which hold the assets of the Salvador Project, corresponding to nine wind farms with energy contracted in the LER of 2009, with installed capacity of 195.2 MW, for equity value of R\$*

1.026 billion, in exchange for TerraForm Global' shares based on the price per share to be paid in the ongoing IPO of TerraForm Global.

The amounts referred to above are subject to the adjustments specified in the respective contracts.

2. Second Phase: Projects of the Backlog and Option for Purchase of Future Assets

The Second Phase of the Transaction, approved and signed on this date, which refers to other operational and non-operational assets with long term energy purchase agreements ('Backlog') and projects in development and to be developed by the Company once they sign long term energy contracts ('Pipeline'), included the signing of following contracts:

- (i) A securities swap agreement, for exchange of the shares of the Company's subsidiaries that hold certain assets of the Backlog, as listed below, for the total enterprise value of R\$ 13.4 billion. The amounts will be adjusted on the date of exchange under applicable provisions of the contracts. The assets, with installed capacity for 2,204.2 MW, will be exchanged after their respective commercial operations dates and in accordance with the timetable below. Renova will receive the corresponding amount in shares of TerraForm Global based on the average market trading price in the 30 trading sessions prior to the closing date.

Asset	Installed capacity (MW)	Drop down date
Light I	200,7	2017
Light II	202,8	2017
LEN A-5 2012	18,9	2017
LER 2010	167,7	2018
LEN A-3 2011	218,4	2018
LER 2014 - eólico	43,5	2018
LER 2014 - solar ¹	53,5	2018
LER 2013	159,0	2019
PPA Cemig ²	676,2	2019
LEN A-5 2013	355,5	2020
LEN A-5 2014	108,0	2020

¹ Refers to 50% of the PPA, reflecting the Joint Venture with SunEdison.

² Reflects 100% of the Cemig PPA, since Cemig has not yet exercised its right to acquire 50% of the asset.

- (ii) An option contract under which TerraForm Global will have, until December 31, 2016, a purchase option and first refusal for acquisition of renewable power projects in development and to be developed by the Company once they sign long-term energy contracts. The quantity of shares of TerraForm Global to be received by Renova will be determined based on a multiple of the cash available for distribution of each related project in the years following the transfer, in accordance with a methodology that has been agreed between the parties. After this date, the parties will negotiate a new

mechanism to guarantee the option of preference for the acquisition of the projects, aiming to reflect the market conditions and the competitiveness of the Company.

3. Entry of SunEdison into the controlling shareholder block of Renova

Also on today's date the share purchase agreement was signed for sale to SunEdison of the shares in the Company owned by Light Energia S.A. ('the Light Share Purchase Agreement'), as disclosed in the Material Announcement of July 2, 2015.

The amount to be paid for the 50,561,797 common shares is USD 250,000,000.00, equivalent to USD14.83 per Unit¹.

Completion of this transaction is subject to certain conditions precedent, including regulatory approvals, and waivers of restrictions on transfer of shares and first refusal rights and tag along under existing Stockholders' Agreements.

After the completion of the Light Share Purchase Agreement, SunEdison will subscribe to the existing Stockholders' Agreements of Renova and will become part of the controlling stockholder block of Renova.

It should be noted that this transaction will not result in any change of control of the Company, either direct or indirect, nor in acquisition by SunEdison of the power of control over the Company. New stockholding structure after entry of SunEdison into the controlling stockholder block

RENOVA ENERGIA	ON Shares		PN Shares		Total Shares	
Controlling stockholder block	188,309,630	79.6%	-	0.0%	188,309,629	59.1%
RR Participações	50,561,797	21.4%	-	0.0%	50,561,797	15.9%
SunEdison	50,561,797	21.4%	-	0.0%	50,561,797	15.9%
Cemig GT	87,186,035	36.8%	-	0.0%	87,186,036	27.3%
Other stockholders	48,534,656	20.4%	81,889,474	100.0%	130,345,793	40.9%
RR Participações*	8,250,393	3.5%	1,280,600	1.6%	9,530,993	3.0%
BNDESPAR	9,311,425	3.9%	18,622,850	22.7%	27,934,275	8.8%
InfraBrasil	11,651,467	4.9%	23,302,933	28.5%	34,954,400	11.0%
FIP Caixa Ambiental	5,470,293	2.3%	10,940,586	13.4%	16,410,879	5.1%
Others	13,890,247	5.8%	27,742,505	33.8%	41,515,246	13.0%
Total	236,883,455	100.0%	81,889,474	100.0%	318,772,929	100.0%

* Holding of RR Participações outside the controlling block

4. Other material information about the Transaction

Right to elect a member of the Board of TerraForm Global

¹ Renova's units – one common share and two preferred shares.

Subject to certain conditions, Renova will have the right to appoint a member of the Board of Directors of TerraForm Global.

Objectives of the Transaction

The objective of the Transaction is to increase the company's competitiveness, value creation and capacity to grow. With the Transaction Renova will recycle invested capital at an attractive and predictable cost for both the backlog and for the Pipeline, and will gain new options for financing based on Backlog exchange contracts and Terraform shares received as payment. The need to issue equity for development of Backlog projects will be equalized.

Further, the dividends that Renova will receive from TerraForm Global, company oriented to the continuous growth of dividends, will be a source of funding for the multiple possibilities for Renova's growth.

Mr. Mathias Becker, CEO of Renova Energia, comments:

"This operation will be an important milestone in the history of the Latin American electricity sector, and principally in the history of the Company, because it will place us once again in the leadership of the renewable energy sector, since it will enable us to recycle capital at lower and predictable costs, and will give us access to financings not available to other companies of the sector. We have great confidence in the growth of renewable sources in the world, and we are prepared to take advantage of the opportunities of this growth.

Conditions precedent for completion of the Transaction

Completion of the two phases of the Transaction described above is subject to certain conditions precedent, which include: completion of the IPO of TerraForm Global (ongoing process); and obtaining of consent from third parties and regulatory approvals, including approval by Aneel and Eletrobras.

About SunEdison

SunEdison is the world's largest developer of renewable power sources. It is listed on the New York Stock Exchange and is in the Fortune 1000. SunEdison operates in manufacture of solar technology, and in development, construction and operation of solar and wind power generation assets, with long-term power supply sale contracts in place, providing electricity to residential, commercial and governmental clients around the world.

SunEdison has 55 years' experience, more than 6,500 employees, and is present in more than 25 countries, on the five continents. It has more than 1,000 grid-connected plants; 2.4GW of grid-connected solar capacity, and 3.6GW of non-grid-connected solar capacity.

SunEdison is the controlling stockholder of the companies TerraForm Global, TerraForm Power and SunEdison Semiconductor.

About TerraForm Global

TerraForm Global is a globally diversified company, oriented to payment of growing dividends, created to hold and operate clean power generation assets in emerging markets where there is high growth. Its objective is to acquire, from SunEdison or from other parties, clean power generation assets that have long-term contracts and counterparties with high level of credit.

TerraForm Global's initial portfolio comprises solar projects located in China, India, Uruguay, Malaysia, Thailand and South Africa; wind projects located in Brazil, China and South Africa; and hydroelectric projects in Brazil and Peru.

The Company will keep the market informed of significant developments in relation to this Transaction by immediate publication of them to the market."

Belo Horizonte, July 16, 2015.

Fabiano Maia Pereira
Chief Finance and Investor Relations Officer