

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MATERIAL ANNOUNCEMENT

Cemig GT wins generation concessions for 18 hydro plants

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**:

Cemig's wholly-owned subsidiary **Cemig GT** (*Cemig Geração e Transmissão S.A.*) took part in the **Hydroelectric Plant Concessions Auction** under the Regime of Guaranteed Offtake and Power Level Quotas, held today (November 25, 2015).

Cemig GT won the contract for Lot D, which is described as follows:

- Number of generation plants: 18 (eighteen);
- Total installed generation capacity: 699.57 MW;
- Percentage of the Guaranteed Physical Offtake allocated to the Regulated Market:
 - from January 1 to December 31, 2016: 100% (one hundred per cent);
 - as from January 1, 2017: 70% (seventy per cent).

Contracts will be signed against payment of a Concession Grant Fee (*Bonificação pela Outorga – BO*) of:

R\$ 2,216,352,626.56 (two billion two hundred sixteen million three hundred fifty two million, six hundred twenty six Reais fifty six centavos), to be paid as follows:

1st tranche (65%): December 31, 2015;

2nd tranche (35%): in up to 180 (one hundred and eight) calendar days from the date of signature of the contract, updated by the Selic rate from the date of payment of the first tranche up to the date of payment of the second tranche.

Global remuneration receivable by Cemig for the service of generation in the plants comprising Lot D:

R\$ 498,694,000.00/year (four hundred ninety eight million six hundred ninety four thousand Reais/year)

– comprising two components:

- ✓ Fee for Management of Generation Assets – *Custo de Gestão dos Ativos de Geração* (GAG), and
- ✓ Yield on the Concession Grant Fee – *Retorno da Bonificação pela Outorga* (RBO)

– calculated on the basis of a discount of 1% in relation to the auction ceiling price.

In addition, Cemig hopes to receive a guarantee of the amounts that the federal government will reimburse it for its investments in electricity generation assets that have not yet been amortized or fully depreciated. This reimbursement is a specified component of the process of renewal of concessions enacted by the federal government in 2012: the process is still at the stage of awaiting decision by the government on its calculation of the amount of this reimbursement.

Cemig will keep the market appropriately and timely informed on the progress of the projects.

Belo Horizonte, November 25, 2015

Fabiano Maia Pereira
Chief Finance and Investor Relations Officer