

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MATERIAL ANNOUNCEMENT

INCREASE IN THE CAPITAL OF RENOVA

Cemig (*Companhia Energética de Minas Gerais*), a listed company with securities traded on the stock exchanges of São Paulo, New York and Madrid, in compliance with CVM Instruction 358 of January 3, 2002, **hereby reports** to the Brazilian Securities Commission (CVM), the São Paulo Stock Exchange (BM&FBovespa S.A.) and the market in general **as follows**:

On February 2, 2016 Cemig's affiliated company **Renova Energia S.A.** ('**Renova**') published a Material Announcement with the following content:

“ MATERIAL ANNOUNCEMENT – INCREASE IN CAPITAL

Renova Energia S.A. (RNEW11) ('the Company'), in accordance with CVM Instruction 358/2002, as amended, hereby informs its stockholders and the market that the meeting of the Board of Directors of Renova held today approved an increase in the Company's capital of up to R\$ 731,247,640.38 (seven hundred thirty one million two hundred forty seven thousand six hundred forty Reais and thirty eight centavos), by issue of a total of up to 81,587,997 new common shares and up to 28,208,946 new preferred shares, all nominal, book-entry shares without par value, at issue price of R\$ 6.66 per common share and preferred share, and R\$ 19.98 per Unit ('the Capital Increase').

The Capital Increase will be within the limit of the authorized capital, all new shares being identical to the respective existing common and preferred shares, and take place through private subscription, with present stockholders having preference to participate in proportion to their current stockholdings.

Each common or preferred share, and each Unit, shall carry the right of preference to subscribe, respectively, 0.344436239 of a new share or Unit.

A Notice to Stockholders will contain all the information about the Capital Increase and the right of preference.

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The Capital Increase is one of the actions for implantation of Renova's business plan, following cancellation of Phase II of the transaction with TerraForm Global. The new business plan will re-scale future investments, adapting them to present market conditions, which include less attractive conditions of liquidity and availability of credit.

Renova continues to work on several fronts to execute this plan. So far it has announced an important change in the Executive Board, renegotiations of debt, bringing forward of funds under energy supply contracts, and adaptation of personnel – in decisions to achieve a lighter, more efficient and more flexible structure.

The Capital Increase will strengthen Renova's cash position, providing funding for projects currently under construction and others under development, and payment of expenses and debt of the holding company.

Renova will keep stockholders and the market informed about the Capital Increase and other material information. ”

Cemig will take part in this increase in the capital of Renova Energia S.A through its wholly-owned subsidiary **Cemig Geração e Transmissão S.A.**, which has approved allocation of up to R\$ 240.0 million.

Of this amount:

R\$ 85 million will be subscribed and paid on February 3, 2016;

R\$ 115.0 million will be subscribed and paid in March 2016; and

up to R\$ 40.0 million will be subscribed and paid in the phase, if any, for subscription of shares not otherwise subscribed and paid up.

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

Belo Horizonte, February 2, 2016

Fabiano Maia Pereira
Chief Finance and Investor Relations Officer