

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MARKET ANNOUNCEMENT

Reply to CVM Inquiry Letter 217/2016–CVM/SEP/GEA–1, of May 18, 2016

Question asked by the Brazilian Securities Commission (CVM)

Rio de Janeiro, May 18, 2016.

To Mr. Fabiano Maia Pereira

Investor Relations Director

Cia. Energética de Minas Gerais – CEMIG

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Subject: **Request for explanation on news report – Text of the Subject in bold type**

Dear Sir,

1. We refer to the news report published today in *Valor Econômico* newspaper, in the *Empresas* [Companies] section, under the headline: ‘*Cemig seeks sale of assets to reduce debt*’, which contains the following statements:

“ With more than R\$ 11 billion in debt becoming due by 2018 and a significant investment program, the principal alternative open to Cemig for improving its balance sheet continues to be disinvestment.

No transaction of this type has yet been announced, but Cemig’s **Investor** Relations Director Fabiano Maia Pereira highlighted, yesterday, at the events for announcement of quarterly results, that Cemig’s management is discussing the sale of some of its **Assets**, with a focus on those in which the company does not have **stockholding control**.

[...]

“We have been looking at **Assets**, basically those in which we do not have control. The company’s planning is to look toward these and offer them for sale, clearly for satisfactory prices”, Mr. Pereira said. The company is concentrating efforts on contacts with foreign **Investors**, to make the most of the

variation in the exchange rate between the dollar and the Real. The conversations are taking place with **Investors** from Europe, the United States, China and Japan, Pereira said.

“The [Company’s] perception is that as soon as they get a clearer view of the Brazilian economy, they will once again invest in the country”, he said. In his view the **Investors** that are closest to agreements are **Companies** that know the electricity sector and already have connections with Brazil. In the Company’s view, within a maximum of two or three years Cemig will have sold the **Assets** that are for sale. ”

2. In view of the above, we require you to state whether the news reported is true, and, if its truth is confirmed, you should explain for what reasons you believed that this was not a case of Material Information, to be published in a Material Announcement; and comment on any other information on the subject that may be considered to be important.
3. Your statement should be given through the *Empresas.NET* system, in the category: *Market Announcement*, under the sub-category *Responses to consultations by CVM/Bovespa*, subject heading *Media News Reports*; and should include a transcription of this letter.
4. We warn you that, by order of the Company Relations Supervision Management, using its powers under Sub-item II of Article 9 of Law 6385/1976 and CVM Instruction 452/07, a coercive fine of R\$ 1,000 (one thousand Reais) is applicable, without prejudice to other administrative sanctions, for not complying with the requirement contained in this Official Letter within one business day from becoming aware of its content. It has been sent exclusively by e-mail, notwithstanding the provisions of §1 of Article 6 of CVM Instruction 358/02.

Reply by CEMIG

Dear Madam,

In reply to Official Letter 217/2016-CVM/SEP/GEA-1, of May 18, 2016, we inform you that the subject referred to was dealt with during the disclosure of the results for the first quarter of 2016.

This is a case, only, of an intention on the part of the Company. No transaction has been put into concrete effect, and thus no Material Event has been characterized under the terms of Article 2 of CVM Instruction 358/2002.

The Company takes this opportunity to offer its most respectful regards and remains at your disposal to provide any further information which may be considered to be necessary for analysis of this statement.

Belo Horizonte, May 19, 2016

Fabiano Maia Pereira
Chief Finance and Investor Relations Officer