

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MATERIAL ANNOUNCEMENT

Commitment Undertaking with Coliseu

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 May 31, 2016 Companhia Energética de Minas Gerais (**‘Cemig’**), and Fundo de Investimento em Participações Coliseu (**‘Coliseu’**) (jointly, **‘the Parties’**), as direct and controlling stockholders of **Transmissora Aliança de Energia Elétrica S.A.** (**‘the Company’**), an affiliated company of Cemig, signed a Commitment Undertaking, under which:

- (i) alterations have been made to certain provisions of the Stockholders’ Agreement of the Company (**‘the Agreement’**) that was signed by the Parties on December 28, 2009, and amended on April 20, 2010; and
- (ii) it is agreed that the status of being bound by the Agreement is removed from the following shares as from May 31, 2016:

(a) shares in the Company held by Cemig:

77,525,322	(seventy seven million five hundred twenty five thousand three hundred twenty two) common shares, and
155,050,644	(one hundred fifty five million fifty thousand six hundred forty four) preferred shares; and

(b) common shares in the Company held by Coliseu:

75,000,000	(seventy five million) common shares in the Company.
------------	--

As a consequence of the said shares being no longer bound, the numbers of shares bound by the Agreement are now as follows:

- (a) 215,546,907 (two hundred fifteen million five hundred forty six thousand nine hundred seven) common shares owned by Cemig, and
- (b) 153,775,790 (one hundred fifty three million seven hundred seventy five thousand seven hundred ninety) common shares owned by Coliseu,
– comprising a total of 57.64% of the Company’s common shares on this date.

Cemig and Coliseu irrevocably undertook to sign an amendment to the Agreement by June 30, 2016 to reflect the effects of removal of the bound status from the said shares, and the provisions of the Agreement, which were altered as from this date, as follows:

1. – to subject the creation of any new Directors’ Departments, or alteration or extinction of any of the Directors’ Departments of the Company specified in Clause 9.1 of the Agreement, to the quorum specified in Clause 6.5;
2. – to confirm that the members of the Board of Directors of the Company will continue to be elected in accordance with Clause 8.1 of the Agreement, the drafting of which shall now be as shown below, and the provisions of Clause 8.1.1 of the Agreement and its sub-clauses shall not be applicable until the signature of the second amendment to the Agreement, when the Parties shall adjust Clause 8.1.1. of the Agreement and its subclauses so as to reflect the new composition of the shares bound by the agreement:

“ 8.1. *Composition*

The Company shall have a Board of Directors made up of 11 (eleven) members and an equal number of substitute members, all stockholders of the Company. They shall be elected for periods of office of 1 (one) year, able to be renewed. Coliseu shall appoint 4 (four) members and their respective substitute members; and Cemig shall appoint 5 (five) members and their respective substitute members. The Chair of the Board of Directors shall be appointed by the Party that has the largest number of common shares. The other members of the Board of Directors shall be elected in accordance with Items 5.3, 5.3.1 and 5.3.2 of the Level 2 Listing Regulations.”;

3. – to exclude Clause 8.5.1 of the Agreement, the matters listed in that clause becoming subject to the quorum requirement specified in Clause 8.5 of the Agreement; and
 - to include the following matter as subject to the quorum described in Clause 8.5 of the Agreement, and such other alterations as may be necessary to be compatible with the clauses of the Company’s by-laws:

“ Decision on choice of the agency specialized in contracting executives, which will be responsible for the process of contracting of the Chief Executive Officer (CEO) and the Chief Finance and Investor Relations Director”;

4. – to change Clause 9.1 of the Agreement to provide that the Company shall have an Executive Board made up of 5 (five) members, resident in Brazil, elected by the Board of Directors, having periods of office of 2 (two) years, all to run concurrently, all able to be dismissed at any time, and able to be re-elected individually or as a group, being:

the Chief Executive Officer,
the Chief Finance and Investor Relations Officer,
the Chief Counsel and Chief Regulatory Officer,
the Chief Business Development Officer, and
the Chief Technical Officer;

and the Parties agree from the date hereof the following rules in relation to the Chief Officers:

- (a) The CEO and the Chief Finance and Investor Relations Officer must, obligatorily,
 - (i) be professionals well known to have wide experience in the electricity sector, and/or in the financial, and/or in the investment sector; and
 - (ii) be contracted in the market, via an agency specialized in selection and hiring of executives (i.e. ‘the Headhunter’).
- (b) At the end of the process of contracting conducted by the Headhunter, the Headhunter shall present the Human Resources committee with a list of at least 3 (three) professionals that meet the requirements of each one of the posts, as determined by the Company’s Human Resources Committee (“the List”).
- (c) The Human Resources Committee shall be responsible for proposing one of the names on the List, which shall then be submitted to the Board of Directors for election in accordance with Clause 8.5(j) of the Agreement.

- (d) If there is an impasse in the Human Resources Committee as to the name on the list to be submitted for decision by the Board of Directors for the function of CEO, then the CEO shall be chosen by the representatives of the Operator Stockholder on the Human Resources Committee.
 - (e) If there is an impasse in the Human Resources Committee as to the name on the list to be submitted for decision by the Board of Directors for the function of Chief Finance and Investor Relations Officer, then that chief officer shall be chosen by the representatives of the Investor Stockholder on the Human Resources Committee.
 - (f) The Chief Officers of the Company shall carry out their functions as specified in the by-laws and, additionally, in accordance with the duties defined by the Board of Directors and the Human Resources Committee.
 - (g) The CEO and the Chief Finance and Investor Relations Officer that are in those positions on the date of signature of this Commitment Undertaking may be kept in their positions until the end of their respective periods of office, and may be re-elected, in which case the rules in this present item '4' shall be followed.
 - (h) The Parties must take the measures necessary to alter the periods of office of the Chief Officers to 2 (two) years, and this also applies to the Chief Officers elected at the meeting of the Board of Directors held on May 9, 2016, if applicable.
5. – to disallow any creation and/or existence of directors other than those specified in the by-laws of the Company, it being agreed that:
- (a) before the first meeting of the Board of Directors held after the Annual General Meeting of 2018 (i.e. the end of the periods of office of the Statutory Directors), the Parties shall evaluate the Non-statutory Directorships and decide, jointly, as to transformation of these into Statutory Directorships, under the by-laws, or their abolition;
 - (b) at the end of the present periods of office (i.e., at the first meeting of the Board of Directors of the Company after the Annual General Meeting of 2018), the Parties agree that the Non-statutory Directorships will be abolished; and
 - (c) if the present non-statutory directors are dismissed during their present period of office, the Parties agree that the non-statutory directorships shall be abolished.
6. – to establish that the Committees with technical and/or consultative functions which already exist or are created in the future shall, obligatorily, be made up of members appointed in equal numbers by Coliseu and by Cemig; and
7. – to exclude Clause 13.5 of the Agreement.

The Commitment Undertaking also provides the option for Cemig:

- to request, by December 31, 2016, that the bound status be removed from
81,000,000 additional common shares that Cemig holds in the Company,
- in which event Coliseu may also remove bound status from
21,000,000 common shares in the company that Coliseu holds;

and that once the bound status of these shares has been removed, the Parties shall revise the Agreement by signature of a third Amendment reflecting the balance between the holdings of the Parties in the controlling stockholding block of the Company.

Cemig will keep its stockholders and the market duly informed on all new information on this subject.

Belo Horizonte, June 1, 2016

Fabiano Maia Pereira
Chief Finance and Investor Relations Officer