

# COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

## MATERIAL ANNOUNCEMENT

### Cancellation of unsubscribed shares in Parati; absorption of Redentor by RME

**Cemig** (*Companhia Energética de Minas Gerais*), a listed company 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**:

At its meeting of August 12, 2016, the Board of Directors of Cemig decided:

1. – to ratify the vote cast by the representatives of **Cemig** in the Extraordinary General Meeting of Stockholders (‘EGM’) of its subsidiary **Parati S.A. – Participações em Ativos de Energia Elétrica (‘Parati’)**, held on June 28, 2016, to authorize:

cancellation of	167,089,397	nominal shares in <b>Parati</b> without par value which had not been subscribed and paid,
of which	83,544,698	are common shares
and	83,544,699	are preferred shares; and

2. – to orient the members of the Board of **Parati** appointed by **Cemig**, to vote in favor of the agenda at the meeting of the Board of Directors and at the EGM of **Parati** that decides to approve and orient the vote on the absorption of **Redentor Energia S.A. (‘Redentor’)** by **RME – Rio Minas Energia Participações S.A. (‘RME’)** in accordance with its by-laws and the applicable legislation, to be effected in the following steps:

- a) signature of a protocol and justification of absorption of **Redentor** by **RME**;
- b) EGM of **Redentor** for approval of the absorption of **Redentor** by **RME**;
- c) EGM of **RME** for approval of the absorption of **Redentor** by **RME**;
- d) Signature, by **Parati**, of a stock subscription undertaking for subscription of new shares to be subscribed by **Parati** in **RME**, for the purpose of the absorption – with the related recording of the subscription in the nominal share registry of **RME** – which will cancel the related stockholding interest held by **Parati** in **Redentor**, and will replace it with a similar stockholding held by **Parati** in **RME**, so that, after implementation of these steps, **Parati** will be the holder of all the shares in **RME**.
- e) Authorization for the managers of **Parati** appointed by **Cemig** to execute all such acts as are necessary for the absorption, and as a consequence, extinction of **Redentor** for all purposes of law.

**Cemig** will keep its stockholders and the market duly informed on all new information relating to the above subject.

Belo Horizonte, August 12, 2016

Fabiano Maia Pereira  
Chief Finance and Investor Relations Officer