

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MATERIAL ANNOUNCEMENT

TAESA – Restricted Offering Settlement

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:**

Today the Cemig affiliated company **Transmissora Aliança de Energia Elétrica S.A. ('Taesa')** filed the following **Material Announcement:**

“TRANSMISSORA ALIANÇA DE ENERGIA ELÉTRICA S.A. (BM&FBOVESPA Ticker: TAE11) (“TAESA” or the “Company”), pursuant to Section 157, §4° of Law No. 6,404, dated December 15, 1976, as amended, and the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários) (“CVM”) Rule No. 358, dated January 3rd, 2002, as amended, in addition to the material fact dated September 29, 2016, hereby informs its shareholders and the market in general of the settlement of its restricted offering (the “Restricted Offering”) of 65,702,230 units (each unit being evidenced by certificados de depósito de ações, each of which represents one outstanding ação ordinária (common share) and two outstanding ações preferenciais (preferred shares)) (the “Units”) to be offered and sold by Fundo de Investimento em Participações Coliseu (“FIP Coliseu”) and Companhia Energética de Minas Gerais – CEMIG (“CEMIG” and, together with FIP Coliseu, the “Selling Shareholders”), in accordance with CVM Rule No. 476, dated January 16, 2009, as amended (“CVM Rule 476”).

The Restricted Offering was a secondary offering, with restricted placement efforts of 65,702,230 Units held by the Selling Shareholders, being 25,000,000 Units held by FIP Coliseu and 40,702,230 Units held by CEMIG, at a price per Unit of R\$19.65.

Because this was a secondary offering with restricted placement efforts the Company did not receive any proceeds. The Selling Shareholders were the beneficiaries of the net proceeds arising from the sale of Units and will be responsible for the payment of all costs and fees of the Restricted Offering.

With the settlement of the Restricted Offering, FIP Coliseu holds 153,775,790 common shares issued by the Company, representing 26.03% of the voting capital of the Company and 14.88% of the capital stock of the Company and CEMIG holds 252,369,999 common shares issued by the Company, representing 42.72% of the voting capital of the Company and 73,646,184 preferred shares issued by the Company, which, together with the common shares represents 31.54% of the capital stock of the Company. The outstanding Units (other than Units held by FIP Coliseu, CEMIG, the Company's management and treasury shares) represents 53,58% of the Company's capital stock and 31.24% of the Company's voting stock.

This material fact is disclosed for informative purposes only and shall not, under any circumstances, be construed as an investment recommendation. This material fact does not constitute an offer to sell or the solicitation of an offer to buy the Company's securities, including the Units, and shall not

constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.”

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

Belo Horizonte, October 24, 2016

Fabiano Maia Pereira
Chief Finance and Investor Relations Officer