

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MATERIAL ANNOUNCEMENT

Light: Exclusivity commitment with EDF for sale of interest in Itaocara Hydroelectric Plant

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 **Light S.A.**, filed the following Material Announcement:

“ Light S.A. (“Light” or “Company”), in compliance with Article 157, 4th paragraph, of Law No. 6.404, of December 15, 1976, as amended, and the Brazilian Securities and Exchange Commission (“CVM”) Rule 358, of January 3, 2002, as amended, hereby announces to its shareholders and the market in general that, following the receipt of a non-binding offer, submitted on September 20, 2016, by EDF S.A. (“Bidder” and “NBO”), an exclusivity letter (“Exclusivity Letter”) was signed between Light and the Bidder (“the Parties”), on this date. This commitment aims to further analyze a potential transaction related to the sale of the fifty-one per cent (51%) stake in Usina Hidrelétrica Itaocara S.A. (“Itaocara”), a company held by the Company through its wholly-owned subsidiary Itaocara Energia Ltda. (“Potential Transaction”).

The aforementioned Exclusivity Letter sets out the main terms and conditions to which the Company shall be submitted until January 31st, 2017, or the date the Parties sign a Sale and Purchase Agreement of Itaocara’s shares (“SPA”), whichever comes first (“Exclusivity period”).

In particular, the Exclusivity Letter grants the Bidder with (i) the right of exclusively appraising any information regarding the Potential Transaction to negotiate the purchase of the foregoing stake during the Exclusivity period; as well as (ii) the Company’s commitment to accept a possible binding and unconditional offer that may eventually be made by the Bidder provided it is, at the least, identical to the NBO. The Potential Transaction shall be subject to necessary regulatory approvals and additional conditions precedent for this kind of transaction.

The Company clarifies that this decision is in line with its mindset of constantly assessing strategic alternatives for its non-operating and non-core assets.

The Company will keep its shareholders and the market in general duly informed on the progress of the negotiations between the Parties in accordance to the legislation in force. ”

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

Belo Horizonte, October 28, 2016

Fabiano Maia Pereira
Chief Finance and Investor Relations Officer