

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MATERIAL ANNOUNCEMENT

100% split of Parati, with proportional absorption by RME and Lepsa

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**:

On October 31, 2016 General Meetings of Stockholders were held by **PARATI S.A. – PARTICIPAÇÕES EM ATIVOS DE ENERGIA ELÉTRICA** (‘Parati’), and its wholly-owned subsidiaries **RME – RIO MINAS ENERGIA PARTICIPAÇÕES S.A.** (‘RME’) and **LUCE EMPREENDIMENTOS E PARTICIPAÇÕES S.A.** (LEPSA), approving a 100% split of **Parati**, and absorption of the parts by **RME** and **Lepsa**. The objective was to simplify the stockholding structure, to achieve administrative, economic and financial gains, as stated in the document *Protocol and Justification of total split of Parati, with absorption of the assets and liabilities by RME and Lepsa*; and also in accordance with its by-laws and the applicable legislation.

As a consequence, all procedures will now be adopted for filing and publication of the split, for the purpose of extinction of Parati for all purposes of law.

The following will then be stockholders of **RME** and **Lepsa**, with identical equity interests in proportion to their holdings in Parati:

Cemig;	Banco Santander (Brasil) S.A.,
BV Financeira S.A. – Crédito, Financiamento e Investimento,	
BB - Banco de Investimento S.A.; and	Banco BTG Pactual S.A.

– jointly, ‘the Direct stockholders’.

Legal instruments have been signed to formalize the related alterations to the rights and obligations relating to the Put Option granted by Cemig to the Direct Stockholders on shares in Parati, with the result that the said rights and obligations now apply, instead, to the shares in **RME** and **Lepsa**, since these two companies received the whole of the body of assets and liabilities that were split off as a result of the 100% split of their controlling and sole stockholder, **Parati**.

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

Belo Horizonte, November 1, 2016

Fabiano Maia Pereira
Chief Finance and Investor Relations Officer