

# COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

## MARKET ANNOUNCEMENT

Reply to CVM Inquiry Letter 3261/2016-SAE/GAE-2, of November 17, 2016

Question asked by BM&FBovespa

November 17, 2016  
3261/2016-SAE/GAE 2

Companhia Energética de Minas Gerais – CEMIG  
At.: Mr. Fabiano Maia Pereira  
Investor Relations Director

Subject: **Request for information on media news report**

Dear Sirs,

A news item published by the newspaper *Valor Econômico* on November 17, 2016 contains, among other information, the following statement:

- Companhia Energética de Minas Gerais (Cemig) is seeking a partner in the private sector in an attempt to keep control of three hydroelectric plants: Jaguará, Miranda and São Simão;
- it intends, together with a private-sector partner, to pay the federal government the Concession Grant Fee for the plants – which would total R\$ 10 billion.

We have not seen this information in the documents sent by your Company through the Empresas.NET System. If this is not the case, please state the document, the pages on which the information is to be found, and the date and time it was sent.

We would note that your Company should publish periodic or one-off information and other information of interest to the market, through the Empresas.NET System, ensuring it receives wide and immediate dissemination and equitable treatment of investors and other market participants.

Having said this, we request explanation on the items indicated, by November 18, 2016, without prejudice to the provisions of the sole sub-paragraph of Article 6 of CVM Instruction 358/02, with your confirmation or otherwise, and any other information deemed to be important.

Your response should be given through the IPE Module, selecting the category *Material Announcement*, or the category *Market Announcement*; the Type: *Responses to consultations by CVM/Bovespa*; and Subject heading: *Media News Reports*. This will result in simultaneous transmission of the file to the BM&FBovespa and to the CVM.

We note the obligation, stated in the sole sub-paragraph of Article 4 of CVM Instruction 358/02, to question managers and controlling stockholders of the Company to ascertain whether they may have knowledge of information that should be disclosed to the market.

The file to be sent should contain the question that is asked above, preceding your company's reply.

This request is made under the Cooperation Working Agreement made between the CVM and BM&FBovespa on December 13, 2011. Non-compliance with the request may make your company subject to an incentive fine by the Company Relations Management Unit (SEP) of the CVM, subject to CVM Instruction 452/07.

### Reply by CEMIG

In reply to Official Letter N° 3261/2016-SAE/GAE 2, of November 17, 2016, we inform you that it is the Company's intention to renew the concessions of the *Jaguara*, *Miranda* and *São Simão* plants, specified in concession contracts 007/1997, as has been widely publicized to the market, since 2013, through various Market Notices and Material Announcements.

In a dispatch of the Federal Supreme Court (STF) published on October 28, 2015 (Action for Provisional Remedy AC 3980), Supreme Court Justice Dias Toffoli made the following recommendation: "In view of the complexity and importance of the debate raised by this case, and the need to encourage self-resolution within the judiciary, the Parties shall state whether they have interest in the holding of a conciliation hearing." Since then, the Company has been seeking courses of action to resolve the case.

During the conference call for publication of its results for the third quarter 2016, held on November 16, 2016, the Company informed the market that it continues to negotiate with the federal government, believing that it will find a positive solution for both parties.

The news report published in the newspaper *Valor Econômico*, which is the subject of the question asked in the above-mentioned official letter, reflects one of the alternatives for a solution that might make an agreement possible for maintaining the concessions referred to. It is only a course of action that the Company is considering – an intention. No transaction has been agreed, nor does it constitute a Material Event, in the terms of Article 2 of CVM Instruction 358/2002.

Cemig takes this opportunity of reiterating its commitment to opportune and timely disclosure of all and any facts that are of interest to its stockholders, in the terms of Article 2 of CVM Instruction 358/2002.

Belo Horizonte, November 18, 2016

Fabiano Maia Pereira

Chief Finance and Investor Relations Officer