

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MARKET ANNOUNCEMENT

Reply to CVM Inquiry Letter 575/2016-CVM/SEP/GEA-1, of December 22, 2016

Question asked by the Brazilian Securities Commission (CVM)

Rio de Janeiro, December 22, 2016.

To Mr.

Fabiano Maia Pereira

Investor Relations Director,

Cia. Energética de Minas Gerais – CEMIG

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Subject: Request for information on news report

Dear Sir,

I refer to the report published in the newspaper *Valor Econômico* on December 22, 2016, entitled:

“Cemig uses injunction to hold on to Miranda hydroelectric plant concession”.

We request you to state whether the report is true, and if its truth is confirmed, the Company should explain for what reasons it believed that this was not a case of Material Information, and also comment on any other information considered to be important on the subject.

Your statement should be given through the Empresa.net system, in the category: *Market Announcement*, under the sub-category: *Responses to consultations by CVM/Bovespa*; subject heading: *Media News Reports*; and should include a transcription of this letter.

We highlight that, under Article 3 of CVM Instruction 358/2002 it is the responsibility of the Chief Investor Relations Officer to disclose to and advise the CVM, and as the case may be, the stock exchange and/or any organized over-the-counter market on which securities issued by the company are traded, of any material event or fact which takes place or is related to its business, and to make best efforts for its immediate and wide dissemination, simultaneously to all the markets in which such securities are traded.

Further, §1 of Article 4 of CVM Instruction 358/2002 specifies the obligation to seek information from the managers and controlling stockholders of the company, and from all the other people who have access to material facts and events, to ascertain whether they have knowledge of information that ought to be published to the market.

We warn you that the Company Relations Supervision Management, using its powers under law and based on Sub-item II of Article 9 of Law 6385/1976 and CVM Instruction 452/07, may decide to apply a coercive fine of R\$ 1,000 (one thousand Reais), without prejudice to other administrative sanctions, for any non-compliance with the requirement contained in this Official Letter within one business day from becoming aware of the content of this communication, sent exclusively by e-mail.

Reply by CEMIG

Dear Ms. Nilza Maria Silva de Oliveira,

In response to Official Letter 575/2016/CVM/SEP/GEA-1, of December 22, 2016, we state as follows:

On December 21, 2016 Cemig Geração e Transmissão applied to the Higher Appeal Court (*Superior Tribunal de Justiça* – STJ) for an order of *mandamus*, requesting interim relief in the form of an injunction with the objective of maintaining the concession for the Miranda Hydroelectric Plant, which has a concession expiry date on December 23, 2016.

It is the Company's understanding that filing of a legal action is an ordinary act in the life of a Company, and the mere act of applying for interim relief, since it does not automatically generate any immediate effect for the Company, does not characterize a material event or fact, in the terms of Article 2 of CVM Instruction 358/2002.

It was only on December 22, 2016, at 19:13:01 (7.13 p.m.), with the issuance of STJ Certificate 1722447, on the granting of an interim injunction giving Cemig Geração e Transmissão, on a temporary basis, control of the Miranda Hydroelectric Plant, that a material event took place; and the related Material Announcement was filed with the CVM before the end of the same day, namely yesterday, December 22, 2016.

It is, thus, our understanding that, in accordance with the requirement which you state, the material event was communicated as soon as it came into existence, on the same day, December 22, 2016.

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, December 23, 2016.

Franklin Moreira Gonçalves

Acting Chief Finance and Investor Relations Officer