

# COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

## MARKET ANNOUNCEMENT

Reply to CVM Inquiry Letter 574/2016-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 additional explanation**

Dear Sir,

1. I refer to news reports published on December 20, 21 and 22, 2016, in some newspapers – such as the *Folha de São Paulo* and *Valor Econômico* – mentioning, among other subjects, motivation for the change in the Executive Board of Companhia Energética de Minas Gerais, and also to the market announcement of December 12, 2016, in response to Official Letter 567/2016/CVM/SEP/GEA-1 of December 20, 2016.
2. I request you to clarify whether the reports are true, in particular in relation to the following statements:
  - I In November, Mauro Borges, at the time CEO of Cemig, and Fabiano Pereira, at that time financial director, had communicated to Governor Fernando Pimentel offers to resign if necessary as a response to those pressures and against the strengthening position of the PMDB in the company.
  - II Allegedly, Fernando Pimentel was being pressured to change the principal appointments in the company to please the parties in his alliance, at a delicate moment when the Judiciary is imminently to decide on consequences of a legal action in which he is accused of corruption and money laundering, allegedly while he was Minister of Development, from 2011 to 2014.
  - III The new Chief Executive Officer and Deputy CEO are seen as people that are close to the PMDB, indicating an increase in the power of that party in relation to Fernando Pimentel, who would, allegedly, be opening up spaces in important positions in the company to please allies.
  - IV The changes, allegedly, were not related to dissatisfaction on the part of the government with the management of Mauro Borges, but rather – allegedly – reflect a pressure that the parties of the governor's allied base have exercised on him to maintain their support for his government.

3. I request your statement on the items stated above, principally in relation to the criteria applied in the choice of managers, and any other information considered to be important on the subject.
4. Your statement should be given through the *Empresas.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.
5. 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.
6. Further, §1 of Article 4 of CVM Instruction 358/2002 specifies the obligation, also, to seek information from the managers and controlling stockholders of the company, and from all other persons who have access to material facts or events, to ascertain whether they have knowledge of information that ought to be published to the market.
7. We warn you that the CVM 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, which is sent exclusively by e-mail.

### Reply by CEMIG

Dear Ms. Nilza Maria Silva de Oliveira,

In response to Official Letter 574/2016/CVM/SEP/GEA-1 of December 22, 2016, we inform you that the company is not aware of any information that gave rise to the above news report published in the media.

Mr. Mauro Borges Lemos and Mr. Fabiano Maia Pereira requested to leave the Company for personal reasons, and it is the function of the Board of Directors to dismiss and elect members of the Executive Board.

Further we would explain that in the composition of the new Executive Board, the only new member who was not already a member of the previous Executive Board was the CEO elected at the meeting of the Board of Directors of December 21, 2016, Mr. Bernardo Afonso Salomão de Alvarenga; and he was an employee of the Company from 1980 to 2007, and its Chief Trading Officer from 2007 to 2010.

Belo Horizonte, December 23, 2016.

Franklin Moreira Gonçalves  
Acting Chief Finance and Investor Relations Officer