

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MATERIAL ANNOUNCEMENT

Applications to Energy Ministry for opening of administrative proceedings: Concessions of the *Volta Grande, Jaguara, São Simão* and *Miranda* Plants

Cemig (*Companhia Energética de Minas Gerais*), a listed company with securities 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, Cemig's wholly-owned subsidiary Cemig Geração e Transmissão S.A. (**'Cemig GT'**):

- reiterated, to the Mining and Energy Ministry ('MME'), its request for extension, for 20 (twenty) years, of the concessions of the *Jaguara, São Simão* and *Miranda* Hydroelectric Plants as specified by Clause 4 of its Concession Contract No. 007 of 1997;
- **and, subsidiarily,**

requested opening of an Administrative Proceeding under Paragraph 1-C of Article 8 of Law 12783/2013, in benefit of one of the service providing subsidiaries of Cemig GT.

Paragraph 1-C was added to Article 8 of Law 12783, of 2013, by Law 13360, of November 17, 2016, and enables the federal government to grant a concession contract for electricity generation for a period of 30 (thirty) years when there is transfer of control of a legal entity that is already providing this service (in this case, one of the subsidiaries of Cemig GT), and is under direct or indirect control of an individual State, or the Federal District, or the municipality, provided that:

- I – the tender, which may be by auction or by competitive bidding, is held by the controlling stockholder on or before February 28, 2018; and
- II – the transfer of control takes place by June 30, 2018.

The subsidiary request is made on the grounds of the spirit of conciliation and cooperation that should govern the relationship between a concession holder and the concession-granting power, and the constant quest, at all times, for alternatives that present the best solution for consumers, for the country and for the stockholders of the Company – who in this case include the people of the state of Minas Gerais.

Thus, in the event that the Ministry decides to maintain its position, and if all the court judgments that have determined that Law 12783/2013 should prevail to the detriment of the provisions of the Second Subclause of Clause 4 of Contract CEMIG 007 of 1997 are maintained, Cemig GT has requested, for the benefit of one of its subsidiaries, application of the rule that is now contained in §1-C of Article 8 of Law 12783 of 2013.

We would point out that the presentation of the Subsidiary Request does not result in any waiver by Cemig GT of its right – which is the subject of the legal actions that it currently has in progress against the federal government – to guaranteed extension of the concessions as specified in Clause 4 of Concession Contract 007/1997.

Cemig further reports that, also today (Feb. 21, 2017) it has filed with the MME a response to the formal question that had been addressed to it by that Ministry – namely a request for statement as to its interest in remaining as provider of electricity generation service after the completion of the concession of the *Volta Grande* Hydroelectric Plant, scheduled to occur on February 23, 2017. In this response, and adding a request of its own, the Company:

- stated its interest in remaining responsible for the provision of electricity generation service by this hydroelectric plant, and also
- requested opening of an administrative proceeding under §1-C of Article 8 of Law 12783/2013, to the benefit of one of the service providing subsidiaries of Cemig GT.

Cemig will keep its stockholders and the market timely and appropriately informed on the progress of this matter.

Belo Horizonte, February 21, 2017

Adézio de Almeida Lima
Chief Finance and Investor Relations Officer