

# COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

## MARKET ANNOUNCEMENT

### Reply to Inquiry Letter 336/2017-SAE, of March 13, 2017

#### Question asked by BM&FBovespa

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

Dear Sirs,

We refer to the news report published on March 13, 2017 in the newspaper *Valor Econômico*, which contains the following statements:

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1. Cemig aims to raise R\$ 6 billion from sale of majority control of four hydroelectric plants to private investors.
  2. They are the Jaguara, Miranda, São Simão and Volta Grande plants – the concession contracts of which have expired.
  3. The first three of these generate the equivalent of 40% of Cemig’s generation capacity (or 3.2 Gw/h), without taking into account the generation of Cemig’s affiliated companies.
  4. With private investors as principal stockholders of the plants, and Cemig as a minority interest, the contracts can be renewed.
  5. The company would allegedly have up to 2018 to make this sale transaction.
  6. Cemig has stated that sale of its subsidiaries (Cemig GT and Cemig D) has been ruled out. ”

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 March 14, 2017, without prejudice to the provisions of the sole sub-paragraph of Article 6 of CVM Instruction 358/02, and any other information considered to be important.

Your company's response should be sent via 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. The option of replying through a Material Announcement does not exclude the possibility of investigation by the CVM of the responsibilities for non-timely disclosure, under CVM Instruction 358/02.

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 response to Inquiry 336/2017-SAE, of March 13, 2017, we inform you that on February 21, 2017 a Material Announcement was published, under the title:

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

in which we informed the market as follows:

*“ Cemig’s wholly-owned subsidiary Cemig Geração e Transmissão S.A. (‘Cemig GT’) has reiterated, to the Mining and Energy Ministry (‘MME’), its request for extension, for 20 (twenty) years, of the concessions of the Jaguará, 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 from a legal entity which 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. ”*

On that occasion, in relation to the *Jaguara*, *São Simão* and *Miranda* plants, we stated 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. ”*

In relation to the Volta Grande Hydroelectric Plant, that same Material Announcement informed the market that:

*“ on the same date [February 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 ending of the concession period of the Volta Grande Hydroelectric Plant that will take place 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, also to the benefit of one of the service providing subsidiaries of Cemig GT. ”*

We would add that the Company has been constantly informing the market that is it studying possible actions to reduce its debt, increase productivity, and review its portfolio of equity interests, with a focus on its core business and giving priority to companies in which it has stockholding control. When it is within the Company's sphere of competency, and if and when any decisions in this respect are taken, the Company will opportunely inform the market.

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, March 13, 2017.

Adézio de Almeida Lima  
Chief Finance and Investor Relations Officer