

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

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

MATERIAL ANNOUNCEMENT

Renova signs contract for sale of Alto Sertão II wind complex

In continuation of the reports in Material Announcements published on January 13 and 20, 2017, and in accordance with CVM Instruction 358 of January 3, 2002, as amended, **Cemig** (*Companhia Energética de Minas Gerais*), a listed company with securities traded on the stock exchanges of São Paulo, New York and Madrid, **hereby reports** to the Brazilian Securities Commission (CVM), the São Paulo Stock Exchange (BM&F Bovespa S.A.) and the market in general, **as follows**:

Today (April 18, 2017) a share purchase agreement was signed for sale of the Alto Sertão II Wind Farm Complex. The parties to the agreement are Cemig's affiliated company Renova Energia S.A. (**'Renova'**), **Renovapar S.A.** and **AES Tietê Energia S.A.**, with **Nova Energia Holding S.A.** as consenting party.

Further details are in the following Material Announcement issued today by **Renova**:

“... In continuation of the reports in its Material Announcements published on January 12 and 20, 2017, and Market Notices of January 13 and April 13, 2017, Renova Energia S.A. (RNEW11) (**'Renova'**), in accordance with CVM Instruction 358 of January 3, 2002, as amended, hereby **informs** its stockholders and the market **as follows**:

Today (April 18, 2017) **Renova**, **Renovapar S.A.** and **AES Tietê Energia S.A.**, with Nova Energia Holding S.A. (**'Nova Energia'**) as consenting party, signed the Agreement for Sale of Shareholding Interests in the **Alto Sertão II Wind Farm Complex** (**'the Agreement'**). Under the agreement AES undertakes to acquire 100% of the shares of **Nova Energia** for R\$ 600.0 million (six hundred million Reais)(**'the Transaction'**).

Nova Energia controls the sub-holding company **Renova Eólica Participações S.A.**, which owns 100% of the 15 special-purpose companies which comprise the **Alto Sertão II Wind Power Complex**.

The total value of the Transaction has the potential to reach R\$ 700.0 million (seven hundred million Reais) by earn-out – with half of this amount, that is to say up to R\$ 50 million (fifty million Reais), to be retained in an escrow account with release conditional upon performance of the Alto Sertão II Complex after a period of five years from the date of completion of the Transaction.

(The figure of R\$ 650 million mentioned in the Material Announcement published on January 13, 2017 referred to the sum of the R\$ 600.0 million to be paid for the acquisition and the amount of R\$ 50 million referred to.)

Completion of the Transaction is subject to certain conditions precedent stated in the Agreement, including approval by government bodies and creditors.

Renova's management emphasizes that the Transaction is aligned to its new Directional Strategy, the goals of which are: (i) restoration of the balance of its capital structure; and (ii) sustainability of the business in the long term.

Please contact Renova for any discussion of further aspects of the Transaction. ”

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

Belo Horizonte, April 18, 2017.

Adézio de Almeida Lima
Chief Finance and Investor Relations Officer