

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MATERIAL ANNOUNCEMENT

Renova: Completion of Alto Sertão II Wind Farm Complex Sale

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 reports** to the Brazilian Securities Commission (CVM), the São Paulo Stock Exchange (BM&F Bovespa S.A.) and the market **as follows**:

Today (August 3, 2017) **Cemig**'s affiliated company **Renova Energia S.A.** (**'Renova'**) published the following Material Announcement:

“ Complementing its Material Announcements of January 13 and April 18, 2017, and in accordance with CVM Instruction 358/2002, as amended, **Renova Energia S.A.** (RNEW11) (**'Renova'**), **reports** to its stockholders and the market **as follows**:

Today (August 3, 2017) **Renova** completed the sale to **AES Tietê Energia** (**'AES Tietê'**) of **Renova's** entire equity interest in Nova Energia Holding S.A. (**'Nova Energia'**), which, through **Renova Eólica Participações S.A.** (**'Renova Eólica'**), owns the **Alto Sertão II Wind Farm Complex** (**'the Complex'**).

The base value of the acquisition (**'the Acquisition Price'**) is R\$ 600 million, and **AES Tietê** has also assumed the debt of the **Alto Sertão II Complex**, which totaled R\$ 1.15 billion at December 31, 2016.

The **Acquisition Price** will be adjusted based on certain variations in working capital and net debt of the **Complex**. It may also be increased by up to R\$ 100 million under earn-out clauses, depending on the performance of the **Complex** as measured over a period of five years from the completion of the transaction.

A tranche totaling R\$ 364.6 million of the amount received as **Acquisition Price** has been allocated to Extraordinary Amortization of the debentures of **Renova's** Third Issue of Non-convertible Debentures (Unsecured, with Additional Asset Guarantee, for Public Distribution, in a Single Series, with Restricted Distribution Efforts), settling the whole of the outstanding balance of principal and remuneratory interest owed by **Renova** under that issue.

This transaction underlines and re-emphasizes **Renova's** commitment to re-establish its financial stability and sustainability over the long term. ”

Belo Horizonte, August 3, 2017

Adézio de Almeida Lima
Chief Finance and Investor Relations Officer