

# COMPANHIA ENERGÉTICA DSE MINAS GERAIS – CEMIG

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

## MATERIAL ANNOUNCEMENT

### Renova: Completion of contract for sale of Umburanas Projects

**Cemig** (*Companhia Energética de Minas Gerais*), a listed company with securities traded on the stock exchanges of São Paulo, New York and Madrid, as per 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 Cemig's affiliated company **Renova Energia S.A.** ('Renova') published the following Material Announcement:

“ Complementing the Material Announcement published on August 8, 2017, **Renova Energia S.A.** (RNEW11) ('the Company' or 'Renova'), in compliance with CVM Instruction 358/2002 as amended, hereby **informs** its stockholders and the market in general **as follows**:

Today **Renova** and **Engie Brasil Energia S.A.** ('Engie') (through its subsidiary *Engie Brasil Energias Complementares Participações Ltda.*) signed a Contract for Assignment of Rights and Obligations relating to the Umburanas wind farm complex.

The base price of the transaction is R\$ 15 million (fifteen million Reais), subject to adjustments if certain conditions precedent of the transaction are met ('the Transaction').

The scope of the Transaction covers assignment of the rights to the following projects:

- (i) The 'Umburanas I Project', established by the 2013 A-5 LEN ('New-build') Auction, with installed capacity of 355.5MW. This was later decontracted under the MCSD A4+ offsetting scheme, as disclosed by the Company in the Material Announcement dated May 19, 2017.
- (ii) The 'Umburanas II Project', under the 2014 A-5 LEN Auction, with installed capacity of 108.9MW.
- (iii) The 'Umburanas III Project', referring to the remaining wind generation potential held by Renova in the region of Umburanas.

As well as the benefit in terms of liquidity in the short term, this transaction meets two more of Renova's medium and long-term strategic objectives that add significant value to the Company:

- Reduction of need for capex in the medium term: The sale of the Umburanas II project, which contracted supply in the 2014 LEN Auction (108.9MW) to start in January 2019, reduces the need for disbursement of capital expenditure in the next 18 months.
- Reduction of trading exposure: The scope of the Transaction also includes assignment of the Free Market PPAs, with total contracted level of 165.2 MW average, reducing the exposure arising from these contracts as from July 1, 2019.

The Transaction is subject to certain conditions precedent specified in the Contract, including approval by regulatory bodies.

Renova informs the market that the Transaction does not in any way adversely affect the negotiations currently in progress with Brookfield Energia Renovável, of which Renova informed the market in a Market Announcement on July 4, 2017 and a Material Announcement on July 17, 2017. ”

Belo Horizonte, August 23, 2017

Adézio de Almeida Lima  
Chief Finance and Investor Relations Officer