



COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

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

MARKET ANNOUNCEMENT

Reply to CVM Inquiry Letter 1552/2017-SAE, of September 22, 2017

Question asked by BM&FBovespa

September 22, 2017
1552/2017-SAE

Companhia Energética de Minas Gerais – CEMIG
To Mr. Adézio de Almeida Lima
Investor Relations Director

Subject: Request for information on news media report

Dear Sirs,

A report in *Valor Econômico* newspaper of September 22, 2017, under the headline:

“Dispute for generation plants will call for strong financing”

states, among other information, that:

1. Cemig, the Planning Ministry, and the Office of the Federal Attorney General, have negotiated an understanding that only two of the four generation plants will be auctioned – the São Simão and Volta Grande Plants – which have total generating capacity of 2,090 MW, and represent R\$ 8.032 billion of the total proposed concession value of R\$ 11 billion.
2. Under the agreement, the Miranda and Jaguará Plants will not go into the auction. Their concessions would be given to Cemig in return for payment of the Concession Grant Fee.
3. For Miranda, the government is demanding a concession grant fee of R\$ 1.1 billion, while at the same time, according to the Company’s argument, it owes Cemig an indemnity of R\$ 1.060 billion. There would be a settlement of the two obligations and Cemig would pay only R\$ 40 million – completing the amount of the concession fee – and receive the concession.
4. For the Jaguará Plant, the amount set for the concession grant fee is R\$ 1.9 billion. Cemig has signed a financing transaction with a foreign bank which will enable it to pay the amount.
5. Even so, an agreement will come up against the Federal Audit Board (‘TCU’). The opinion of the TCU is that the concessions belong to the country – i.e. are under the control of the federal government – and should thus be auctioned.
6. Cemig and the mining company Vale are studying the possibility of taking part in the auction of the São Simão and Volta Grande plants – through Aliança Geração de Energia S.A.

We request information/explanations on the items indicated, by September 25, 2017, including your confirmation of them or otherwise, and also any other information that is considered to be important.

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Reply by CEMIG

In response to Official Letter n° 1552/2017-SAE, of September 22, 2017, in relation to the news report in *Valor Econômico* newspaper of September 22, 2017, Cemig provides the following information:

According to the news report published by *Valor Econômico* newspaper of September 22, 2017, it is stated that Cemig and the federal government have negotiated an agreement for the *Miranda* and *Jaguara* hydroelectric plants. Contrary to what is apparently supposed, it is not stated in the news report that these parties have reached a concrete agreement to this effect. The report itself states this as follows: “*Valor* has learned, from sources in the government and Cemig, though, that there is no completed final agreement on the subject.”

Clearly, signature of a lending transaction with a foreign bank for acquisition of the Jaguara Plant would presuppose a concrete agreement reached between Cemig and the federal government.

Since no concrete agreement has been reached, the picture of the transaction as reported in items 2, 3 and 4 of the Official Letter is mere conjecture, and as a result it would not require publication to the market.

Finally, the fact that the report states that Vale and Cemig are “studying whether to participate” in the auction of the *São Simão* and *Volta Grande* Plants through *Aliança* shows only that the parties are evaluating whether it would in their interest to comply with the terms of the auction – and no more than that.

Belo Horizonte, September 25, 2017

Adézio de Almeida Lima
Chief Finance and Investor Relations Officer