

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MATERIAL ANNOUNCEMENT

Renova: Aneel approves transfer of control of wind farms

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 informs** 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 its Material Announcement of August 23, 2017, Renova Energia S.A. (RNEW11) ('Renova'), in compliance with CVM Instruction 358/2002 as amended, hereby informs its stockholders and the market in general as follows:

On today's date, the 40th Public Meeting in 2017 of the Council of Aneel, the Brazilian electricity regulator, approved the transfer of the *Umburanas* wind farm complex to Engie Brasil Energia S.A. ('Engie').

However, since the negotiation involved an application for cancellation of four grants of concessions in that complex, the Council decided:

- (i) to subject Renova to a fine of R\$ 3.8 million; and
- (ii) to suspend Renova's right to contract with Aneel or participate in competitive tenders held by it, for one year.

The decision does not affect the controlling stockholders of Renova.

Below is a copy of the decision, downloaded today from Aneel's website (at: http://www2.aneel.gov.br/aplicacoes_liferay/noticias_area/dsp_detalheNoticia.cfm?idNoticia=9346&idAreaNoticia=425)

“ The Council decided unanimously as follows:

- (i) To suspend the process of decision on Procedure Notices No’s:
 1049/2017; 1050/2017; 1051/2017; 1053/2017; 1054/2017; 1056/2017;
 1057/2017; 1058/2017; 1059/2017; 1061/2017; 1063/2017; 1064/2017;
 1065/2017; 1066/2017; 1067/2017; 1068/2017; 1069/2017 and 1070/2017,
 issued by the SFG against Renova Energia S.A., controlling stockholder of the special-purpose companies (SPCs) *Centrais Eólicas Umburanas 1* to 8, until formalization of the application to Aneel for transfer of stockholding control, to be made within 30 calendar days of the publication of this decision.
- (ii) To repeal, as per the attached Minutes of Resolution, the grants that are the subject of Ministerial Orders 388/2014, 550/2014, 433/2014 and 435/2014, issued by the Mining and Energy Ministry, which gave the authorizations for the wind farm companies *Centrais Eólicas Umburanas 2, 3, 4* and *5* to establish themselves as independent power producers through construction and operation of the wind farms *Umburanas 4, 7, 12* and *14*, without prejudice to the obligations specified in the related grants and auctions.
- (iii) To approve the Plan for Transfer of Stockholding Control from Renova Energia S.A., controlling stockholder of the Special-Purpose Companies *Centrais Eólicas Umburanas 1* to 8 to Engie Brasil Energia S.A., under Article 4C of Law 13360/2016, which authorizes the transfer of stockholding control as an alternative to cancellation of authorization, in light of the new controlling stockholder having shown a real commitment of technical and financial capacity to making the subject of the grant viable, except in relation to repeal of authorizations without penalty, and in relation to the point of connection.
- (iv) To return the case records of the penalty proceedings that are the subject of the Procedure Notices, to the Generation Services Monitoring Supervision Unit (*Superintendência de Fiscalização dos Serviços de Geração – SFG*), which is hereby authorized to set those proceedings aside after actual transfer of stockholding control takes place.
- (v) If the transfer of stockholding control does not take place, for whatever reason, the SFG will return the case records, including the related Procedure Notices, with a proposal to repeal the authorization for construction and commercial operation of the Umburanas Complex wind farms, for a final decision by the Council, in which event there may be penalties, varying depending on the situation of the project.

- (vi) To order Renova Energia S.A., taking into account the attenuating circumstances, to pay fines in the amount of 1% of the value of investment declared to EPE (*Empresa de Pesquisa Energética* – Energy Research Company), of R\$ 826,207.90, R\$ 1,042,881.80, R\$ 926,109.10 and R\$ 1,080,509.60, respectively, in relation to the *Umburanas 4, 7, 12 and 14* wind farms.
- (vii) To suspend, temporarily, the right of Renova Energia S.A. to contract with or take part in competitive bids or tenders held by Aneel, for a (non-cumulative) period of one year, for non-compliance with obligations related to the *Umburanas 4, 7, 12 and 14* wind farms – this penalty may be lifted in the event of transfer from Renova Energia S.A. to a new controlling stockholder.
- (viii) If the fines referred to in item (vi) are not paid, the Generation Concessions and Authorizations Supervision Unit (*Superintendência de Concessões e Autorizações de Geração* – SCG) is hereby authorized to execute the Full Compliance Guarantees related to the *Umburanas 4, 7, 12 and 14* wind farms, which are of the following respective amounts:
R\$ 4,131,039.50, R\$ 5,214,409.00, R\$ 4,630,545.50 and R\$ 5,402,548.00.
- (ix) To suspend execution of the penalties and Full Compliance Guarantees relating to the wind farms *Umburanas 1, 2, 3, 5, 6, 8, 9, 10, 11, 13, 15, 16, 17, 18, 19, 21, 23 and 25*; and, if the plan for transfer of control is fully executed, to authorize the SCG to set aside the related proceedings. ”

Belo Horizonte, October 24, 2017

Adézio de Almeida Lima
Chief Finance and Investor Relations Officer