

ENERGY CO OF MINAS GERAIS  
Form 6-K  
July 19, 2018

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 6-K**

**REPORT OF FOREIGN ISSUER**  
**PURSUANT TO RULE 13A-16 OR 15D-16 OF**  
**THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of July, 2018**

**Commission File Number: 1-15224**

**Energy Company of Minas Gerais**

(Translation of Registrant's Name Into English)

**Avenida Barbacena, 1200**  
**30190-131 Belo Horizonte, Minas Gerais, Brazil**

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(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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### **FORWARD-LOOKING STATEMENTS**

This report contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. Actual results could differ materially from those predicted in such forward-looking statements. Factors which may cause actual results to differ materially from those discussed herein include those risk factors set forth in our most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. CEMIG undertakes no obligation to revise these forward-looking statements to reflect events or circumstances after the date hereof, and claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA ENERGÉTICA DE MINAS

GERAIS CEMIG

By: /s/ MAURÍCIO FERNANDES LEONARDO JÚNIOR

Name: Maurício Fernandes Leonardo Júnior

Title: Chief Finance and Investor Relations Officer

Date: July 13, 2018

**SUMMARY OF MINUTES OF THE 720TH MEETING OF THE BOARD OF DIRECTORS HELD ON  
JANUARY 12, 2018**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

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

**BOARD OF DIRECTORS**

**SUMMARY OF MINUTES**

**OF THE**

**720<sup>TH</sup> MEETING**

**Date, time and place:** January 12, 2018, at 9.30 a.m., at the Company's head office, with participation also by telephone conference call.

**Meeting Committee:** Chair: José Afonso Bicalho Beltrão da Silva;

Secretary: Anamaria Pugedo Frade Barros

**Summary of proceedings:**

**I Conflict of interest:** The Board members listed below said they had no conflict of interest in the matters on the agenda of this meeting.

**II The Board approved:**

- a) The Budget for 2018, subject to its being monitored monthly and to adjustments by this Board when necessary; and cancelation of the decision on setting of the budget for January 2018.



- b) New Internal Regulations on Competitive Bids and Contracts.
- c) The proposal, by the Board member Helvécio Miranda Magalhães Junior, that the members of the Board of Directors should authorize their Chair to call an Extraordinary General Meeting of Stockholders to be held on February 28, 2018 at 3 p.m.; and that in the absence of the minimum quorum the Chair should be authorized to make a second convocation of the stockholders within the legal period, to decide on: absorption by Cemig of Cemig Telecomunicações S.A. ( CemigTelecom ).
- d) The minutes of this meeting.

**III The Board authorized** signature, in 2018, of Corporate Surety Letters, as guarantor of Cemig Geração e Transmissão S.A. (Cemig GT).

**IV The Board nominated** Mr. José Maria Rabelo as sitting member of the Board of Directors of Madeira Energia S.A. ( Mesa ), to serve the remainder of the present period of office, or until a duly elected successor is sworn in.

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**V The Board ratified** the vote in favor of the agenda by representatives of the Company in the Extraordinary General Meeting of Stockholders of:

1) Luce Empreendimentos e Participações S.A. (Lepsa), of December 29, 2017, on:

- a) reduction of the share capital, the quantity of shares subscribed and paid up being unchanged;
- b) consequent alteration of the head paragraph of Clause 5 of the By-laws;
- c) alteration of the by-laws to reflect the provisions of Law 13303/2016;
- d) consolidation of the bylaws;
- e) ratification of signature, with Lepsa as Consenting Party, of the following legal instruments:

Second Amendment to the Contract for Fiduciary Assignment of Shares held in Guarantee, of Light S.A. ( Light );

Second Amendment to the Contract for Fiduciary Assignment of Receivables in Guarantee;

Third Amendment to the Contract for Fiduciary Assignment of Shares held in Guarantee (Transmissora Aliança de Energia Elétrica S.A. Taesa );

Third Amendment to the Contract for Fiduciary Assignment of Receivables in Guarantee;

Fourth Amendment to the Contract for Fiduciary Assignment of Shares held in Guarantee ( Taesa );

the signatories being the Companies and the former stockholders of Lepsa.

2) RME Rio Minas Energia Participações S.A. ( RME ), of December 29, 2017, on:

- a) reduction of the share capital, the quantity of shares subscribed and paid up being unchanged;
- b) consequent alteration of the head paragraph of Clause 5 of the By-laws;
- c) alteration of the second paragraph of Clause 28 of the by-laws, which deals with representation of RME and granting of powers of attorney;
- d) consolidation of the bylaws; and
- e) ratification of signature, with RME as Consenting Party, of the following legal instruments:

First Amendment to the Stockholders Agreement of RME (principal);

First Amendment to the Stockholders Agreement of RME (conditional);

Second Amendment to the Contract for Fiduciary Assignment of Shares held in Guarantee ( Light );

Second Amendment to the Contract for Fiduciary Assignment of Receivables in Guarantee;

Third Amendment to the Contract for Fiduciary Assignment of Shares held in Guarantee ( Taesa );

Third Amendment to the Contract for Fiduciary Assignment of Receivables in Guarantee; and

Fourth Amendment to the Contract for Fiduciary Assignment of Shares held in Guarantee ( Taesa );

the signatories to these documents being the stockholders of RME.

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**VI In relation to CemigTelecom:**

a) The Board submitted the following proposal to the EGM:

Approval and authorization of signature of the Protocol of Absorption and Justification, with CemigTelecom, so as to set out the terms and conditions to govern the absorption of CemigTelecom by this Company (Cemig).

Ratification, since this is an absorption of a wholly-owned subsidiary, of the appointment of the three expert witnesses,

Mr. Flávio de Almeida Araújo, CRC/MG 86.861,

Mr. Francisco do Couto, CRC/MG 58.343, and

Mr. Leonardo George de Magalhães, CRC/MG 53.140,

to provide a valuation, under and for the purposes of Article 8 of Law 6404/1976, of the Stockholders' equity of CemigTelecom.

Approval of the Valuation Opinion on the Stockholders' equity of CemigTelecom, at book value, prepared by the three experts, in the terms of and for the purposes of Article 8 of Law 6404/1976.

Authorization for absorption of CemigTelecom by Cemig, and subsequently, its extinction.

Authorization for Cemig to be the successor of CemigTelecom, in all its rights and obligations, for all purposes of law and otherwise.

Authorization for transfer to Cemig, by absorption, of all the establishments, tangible and intangible assets and goods, inventories, real estate property, credits, assets, rights, employees, stockholdings, contracts, obligations, liabilities, tax books and tax invoices, controls, records, accounting, documents, systems and information of CemigTelecom, including the shares in Ativas Data Center S.A. (Ativas), which are 19.6% of the share capital of Ativas, and the contracts related to that stockholding interest.

b) The Board oriented the representatives of the Company to vote, at the EGM of CemigTelecom, in favor of this absorption, and on cancellation of the registry of CemigTelecom as a company registered for listing with the Brazilian Securities Commission (CVM).

c)

The Board authorized, as the case may be, signature of the documents necessary for amendment of the Private Deed of the Second Issue of Non-convertible Debentures of CemigTelecom, with asset guarantee and additional surety guarantee, in a single series, for public distribution with restricted placement efforts, in the amount of twenty seven million Reais, signed on May 10, 2017 with Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários, with the Company as consenting party, or total early redemption of the debentures issued by CemigTelecom on May 10, 2017.

The terms and conditions in these documents shall be the subject of specific analysis and decision by the Executive Board, based on the applicable legislation and on no further burden being placed upon the Company in relation to the original contracting.

- d) The Board authorized start of the procedure for disposal of telecommunications assets not appropriate for the Company's main activity and assignment of the contracts associated with these assets, through administrative proceedings for exemption from tender.

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**VII Votes against:**

The Board members Carlos Eduardo Lessa Brandão and Patrícia Gracindo Marques de Assis Bentes voted against approval of the 2018 budget.

**VIII Conditional vote:** The Board member Arlindo Magno de Oliveira gave approval to the 2018 budget conditional upon non-inclusion of disposal of Cemig's stockholding interest in Light.

**IX Comments:** The following made comments on subjects of interest to the Company:

The Chair;

Patrícia Gracindo Marques de Assis Bentes, Hermes Jorge Chipp,

Carlos Eduardo Lessa Brandão, Daniel Alves Ferreira,

Arlindo Magno de Oliveira, Marcelo Gasparino da Silva,

Board members: Arcângelo Eustáquio Torres Queiroz, José Pais Rangel;

Adézio de Almeida Lima, Luciano de Araújo Ferraz,

Chief Officers: José Maria Rabelo;

General managers: Leonardo George Magalhães, Tarcísio Albuquerque Queiroz;

Manager: Marcelo Pereira de Carvalho;

Director of CemigTelecom Fernando Augusto Campos.

The following were present:

Board members: José Afonso Bicalho Beltrão da Silva, Marcelo Gasparino da Silva,

Marco Antônio de Rezende Teixeira, Nelson José Hubner Moreira,

Bernardo Afonso Salomão de Alvarenga, Agostinho Faria Cardoso,

Alexandre Silva Macedo,

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|   |                                    |
|---|------------------------------------|
| Antônio Dirceu Araújo Xavier,                     | Aloísio Macário Ferreira de Souza, |
| Arcângelo Eustáquio Torres Queiroz,               | Antônio Carlos de Andrada Tovar,   |
| Arlindo Magno de Oliveira,                        | Geber Soares de Oliveira,          |
| Carlos Eduardo Lessa Brandão,                     | Luiz Guilherme Piva,               |
| Daniel Alves Ferreira,                            | Manoel Eduardo Lima Lopes,         |
| Helvécio Miranda Magalhães Junior,                | Otávio Silva Camargo,              |
| Hermes Jorge Chipp,                               | Paulo Sérgio Machado Ribeiro,      |
| José Pais Rangel,                                 | Ricardo Wagner Righi de Toledo,    |
| Marco Antônio Soares da Cunha<br>Castello Branco, | Wieland Silberschneider;           |
| Patrícia Gracindo Marques de Assis<br>Bentes,     |                                    |

Member of the Audit Board:

Edson Moura Soares;

Adézio de Almeida Lima,

Luciano de Araújo Ferraz,

Chief Officers:

José Maria Rabelo;

General Managers:

Leonardo George Magalhães,

Tarcísio Albuquerque Queiroz;

Manager:

Marcelo Pereira de Carvalho,

Director of Cemig Telecom:

Fernando Augusto Campos,

Secretary:

Anamaria Pugedo Frade Barros.

Signed by: Anamaria Pugedo Frade Barros.

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**SUMMARY OF PRINCIPAL DISCUSSIONS OF THE 721TH MEETING OF THE BOARD OF  
DIRECTORS HELD ON JANUARY 17, 2018**

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**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**  
**LISTED COMPANY CNPJ 17.155.730/0001-64 NIRE 31300040127**

**BOARD OF DIRECTORS**

**Meeting of January 17, 2018**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 721<sup>st</sup> meeting, held on January 17, 2018, the Board of Directors of **Cemig** (*Companhia Energética de Minas Gerais*) decided the following:

**Cancellation** of the Convocation to an Extraordinary General Meeting of Stockholders scheduled for January 24, 2018 at 3 p.m. at the Company's head office, Avenida Barbacena 1200, 2<sup>nd</sup> floor, Belo Horizonte, Minas Gerais, Brazil.

The agenda of the meeting was:

- (1) Authorization for certain limits in the by-laws to be exceeded; and
- (2) Extension of the present period of office of the members of the Board of Directors.

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**SUMMARY OF PRINCIPAL DISCUSSIONS OF THE 722TH MEETING OF THE BOARD OF  
DIRECTORS HELD ON FEBRUARY 8, 2018**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**  
**LISTED COMPANY CNPJ 17.155.730/0001-64 NIRE 31300040127**

**BOARD OF DIRECTORS**

**Meeting of February 8, 2018**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 722<sup>nd</sup> meeting, held on February 8, 2018, the Board of Directors of **Cemig** (*Companhia Energética de Minas Gerais*) decided the following:

1. Advance against Future Capital Increase, in Cemig D.

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**SUMMARY OF MINUTES OF THE 724TH MEETING OF THE BOARD OF DIRECTORS HELD ON  
MARCH 7, 2018**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**  
**LISTED COMPANY CNPJ 17.155.730/0001-64 NIRE 31300040127**  
**BOARD OF DIRECTORS**  
**SUMMARY OF MINUTES**  
**OF THE**  
**724<sup>TH</sup> MEETING**

**Date, time and place:** March 7, 2018, at 5.45 p.m., at the Company's head office,  
with participation also by telephone conference call.

**Meeting Committee:** Chair: José Afonso Bicalho Beltrão da Silva;  
Secretary: Anamaria Pugedo Frade Barros.

**Summary of proceedings:**

**I Conflict of interest:** The Board members listed below stated that they had no conflict of interest with the matters on the agenda of the meeting.

**II The Board approved:**

- a) The proposal by the Chair, as follows:
  - i) Adézio de Almeida Lima no longer to be Chief Finance and Investor Relations Officer;
  - ii) Mr. José Maria Rabelo no longer to be Chief New Business Officer;
  - iii)

election as Chief Finance and Investor Relations Officer, to serve the rest of the present period of office, that is to say until the first meeting of the Board of Directors after the Annual General Meeting of 2018, of

**Mr. Maurício Fernandes Leonardo Júnior**

Brazilian, married, lawyer, resident and domiciled in Belo Horizonte, Minas Gerais, at Rua Guaicuí 596, Luxemburgo, CEP 30380-342, bearer of Identity Card 3801178-2-SSPPR and CPF 558882599-34;

iv) and election as Chief Business Development Officer of

**Mr. Daniel Faria Costa**

Brazilian, married, lawyer, domiciled in Uberlândia, Minas Gerais, at Rua Planalto 120/303, Santa Mônica, CEP 38408-064, Identity Card M-3182586-SSPMG, and CPF 504896666-04.

b) The minutes of this meeting.

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**III Vote:** The matter in subclause a of item II, above, was approved, with the Board members Patrícia Gracindo Marques de Assis Bentes and Carlos Eduardo Lessa Brandão voting against.

**IV Composition of the Executive Board:**

The Chair informed the meeting that the Executive Board is now as follows:

|  |   |
|--|---|
| Chief Executive Officer:                                 | Bernardo Afonso Salomão de Alvarenga;           |
| Deputy CEO:  | Bernardo Afonso Salomão de Alvarenga (interim); |
| Chief Trading Officer:                                   | Dimas Costa;                                    |
| Chief Business Development Officer:                      | Daniel Faria Costa                              |
| Interim Chief Distribution and Sales Officer:            | Ronaldo Gomes de Abreu;                         |
| Chief Finance and Investor Relations Officer:            | Maurício Fernandes Leonardo Júnior              |
| Chief Generation and Transmission Officer:               | Franklin Moreira Gonçalves;                     |
| Chief Corporate Management Officer:                      | José de Araújo Lins Neto;                       |
| Chief Counsel:   | Luciano de Araújo Ferraz;                       |
| Chief Officer for Human Relations and Resources:         | Maura Galuppo Botelho Martins;                  |
| Chief Institutional Relations and Communication Officer: | Thiago de Azevedo Camargo.                      |

**V Compliance:** The Chief Officers elected declared in advance that they are not subject to any prohibition on exercise of commercial activity, that they do not occupy any post in a company which could be considered to be a competitor of the Company, and that they do not have nor represent any interest conflicting with that of Cemig ; and made a solemn commitment to become aware of, obey and comply with the principles, ethical values and rules established by the Code of Professional Conduct of Cemig and the Code of Ethical Conduct of Government Workers and Senior Administration of the State of Minas Gerais.

**VI Comment:** The following spoke on the matter on the agenda:

The Chair;

Board members: José Pais Rangel,

Hermes Jorge Chipp,

Patrícia Gracindo Marques de Assis Bentes, Arlindo Magno de Oliveira,

Aloísio Macário Ferreira de Souza,

Carlos Eduardo Lessa Brandão;

**The following were present:**

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Board members: José Afonso Bicalho Beltrão da Silva, Hermes Jorge Chipp,  
Marco Antônio de Rezende Teixeira, Nelson José Hubner Moreira,  
Bernardo Afonso Salomão de Alvarenga, Manoel Eduardo Lima Lopes,  
Antônio Dirceu Araújo Xavier, Agostinho Faria Cardoso,  
Arcângelo Eustáquio Torres Queiroz, Alexandre Silva Macedo,  
Arlindo Magno de Oliveira, Antônio Carlos de Andrada Tovar,  
Carlos Eduardo Lessa Brandão, Geber Soares de Oliveira,  
Helvécio Miranda Magalhães Junior, Luiz Guilherme Piva,  
José Pais Rangel, Otávio Silva Camargo,  
Marco Antônio Soares da Cunha Castello Branco, Paulo Sérgio Machado Ribeiro,  
Patrícia Gracindo Marques de Assis Bentes, Ricardo Wagner Righi de Toledo,  
Wieland Silberschneider;  
Aloísio Macário Ferreira de Souza,  
Secretary: Anamaria Pugedo Frade Barros.  
( Signed by: ) Anamaria Pugedo Frade Barros.

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**SUMMARY OF PRINCIPAL DISCUSSIONS OF THE 725TH MEETING OF THE BOARD OF  
DIRECTORS HELD ON MARCH 15, 2018**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

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

**BOARD OF DIRECTORS**

**Meeting of March 15, 2018**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 725<sup>th</sup> meeting, held on March 15, 2018, the Board of Directors of **Cemig** (*Companhia Energética de Minas Gerais*) decided the following:

2. Constitution of a company; injection of capital; and orientation of vote in Extraordinary General Meeting of Stockholders of Efficientia S.A.
3. Orientation of vote at meetings of Light S.A.
4. Change in the composition of a Committee of the Board of Directors.

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**SUMMARY OF PRINCIPAL DISCUSSIONS OF THE 726TH MEETING OF THE BOARD OF  
DIRECTORS HELD ON MARCH 22, 2018**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**  
**LISTED COMPANY CNPJ 17.155.730/0001-64 NIRE 31300040127**

**BOARD OF DIRECTORS**

**1<sup>st</sup> Meeting of March 22, 2018**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 726<sup>h</sup> meeting, held on March 22, 2018, 2018, the Board of Directors of **Cemig** (*Companhia Energética de Minas Gerais*) decided the following:

1. Guarantee for issue of Promissory Notes by Cemig D.

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**SUMMARY OF MINUTES OF THE 726TH MEETING OF THE BOARD OF DIRECTORS HELD ON  
MARCH 7, 2018**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**  
**LISTED COMPANY - CNPJ 17.155.730/0001-64 NIRE 31300040127**  
**BOARD OF DIRECTORS**  
**SUMMARY OF MINUTES**  
**OF THE**  
**726<sup>TH</sup> MEETING**

**Date, time and place:** March 22, 2018, at 9 a.m., at the Company's head office, with participation also by telephone conference call.

**Meeting Committee:** Chair: José Afonso Bicalho Beltrão da Silva;

Secretary: Anamaria Pugedo Frade Barros.

**Summary of proceedings:**

- I Conflict of interest:** The board members listed below said they had no conflict of interest in the matters on the agenda of this meeting.
- II The Board approved** the minutes of this meeting.
- III The Board authorized**, in relation to the guarantee of Promissory Notes issued by Cemig D:
- 1) Provision of guarantee in the form of surety**, to be given on the physical Notes and in accordance with the terms of the applicable regulations, for the ninth issue of promissory Notes by Cemig Distribuição S.A. ( The Issue , the Notes , and the Issuer , respectively), for public distribution, with restricted placement efforts, under CVM Instruction 476/2009, as amended, and CVM Instruction 566/2015, and other applicable regulations ( The Restricted Offering ); the target public to be professional investors, as defined in Article 9A of CVM Instruction 539/2013, as amended ( Professional Investors ) with the following principal characteristics:



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|                   |   |
|-------------------|---|
| Issuer:           | Cemig Distribuição S.A.   |
| Managers:         | Financial institutions that are part of the Brazilian Securities Distribution System ( the Lead Manager , and Managers ).   |
| Fiduciary Agent:  | Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários.  |
| Surety guarantee: | The promissory notes ( the Notes ) and all the obligations resulting from them will have the guarantee of Companhia Energética de Minas Gerais ( Guarantor , or Cemig ), written upon each Note ( the Surety ). |
| Asset guarantee:  | Fiduciary assignment of preferred shares owned by Cemig in Companhia de Gás de Minas Gerais ( Gasmig ), the total valuation of such shares to correspond to the total amount of the Issue.                      |

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|  |   |
|--|---|
| Use of proceeds:                             | Replenishment of cash position as a result of the payment of the Third issue of Debentures by the Issuer, and strengthening of working capital.   |
| Volume of the Issue:                         | Up to four hundred million Reais, on the Issue Date (as defined below).   |
| Number of series:                            | The issue will have one single series.  |
| Nominal Unit Value:                          | One million Reais, on the Issue Date.   |
| Quantity of Notes:                           | Up to four hundred.   |
| Placement procedure and regime:              | Public distribution, with restricted placement efforts, in accordance with CVM Instruction 476, under the regime of firm individual (not joint) guarantee of subscription by the Lead Manager and by the other Managers, for the volume of one hundred and eighty million Reais, to be exercised in accordance with the terms and conditions to be specified in the related distribution contract for the Notes; and under the regime of best placement efforts for a volume of up to two hundred and twenty million Reais. |
| Issue Date:                                  | Date of the actual subscription, and payment of subscription, of the Notes, as specified on the physical Notes.   |
| Form of subscription and subscription price: | Each Note will be paid at sight, for the Nominal Unit Value, on the date of subscription, as per procedures of the São Paulo securities exchange - B3 S.A. ( the B3 ).  |
| Maturity period:                             | Up to five hundred and forty days from the Issue Date.  |
| Monetary updating and remuneratory interest: | <p>The Nominal Unit Value of the Notes shall not undergo monetary updating.</p> <p>The Notes will pay remuneratory interest equal to one hundred and fifty one per cent of the accumulated variation represented by the one-day <i>over extra-grupo</i> Interbank Deposit (<i>Depósitos Interfinanceiros</i>, or DI) Rate, expressed in the form of percentage per year, on the two hundred and fifty-two business days basis,</p>  |

calculated and published daily by B3 in its daily bulletin available at <http://www.cetip.com.br> ( the Remuneration ).

The Remuneration will be calculated on an exponential and cumulative basis, *pro rata temporis*, by business days elapsed, on the Nominal Unit Value of each Note, from the Issue Date up to the Remuneration Payment Date, according to the criteria set out in the *Cetip21 Manual of Formulas for Notes and Bonds (Caderno de Fórmulas Notas Comerciais e Obrigações - Cetip21 )* - available for consultation on the above web page.

These criteria will be printed on the physical Notes.

Payment of the Remuneration and amortization of the Nominal Unit Value:

In a single payment, on the Maturity Date, or on the date established in the Early Redemption Offer (as defined below), or the date of optional early redemption, or on the date on which early maturity of the Notes takes place as a result of any of the Default Events described on the printed Notes.

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Renegotiation:

None.

Early Redemption Offer:

The Issuer may, at its exclusive option and at any time from thirty days after the Issue Date, make an offer for early redemption of the entirety of the Notes (a partial redemption offer not being permitted), addressed to all holders of the Notes, without distinction, and they shall all have equal conditions to accept the offer for early redemption of the notes they hold ( Early Redemption Offer ), and all the stages of this Early Redemption Offer process shall take place outside the ambit of B3.

Early redemption shall require payment of the Nominal Unit Value, plus the remuneration, calculated *pro rata temporis* from the Issue Date up to the actual date of the redemption.

The other terms and conditions of the Early Redemption Offer shall be detailed on the printed Notes.

The B3 must be informed of the effective redemption date at least three business days in advance;

Optional early redemption:

The Issuer may, in the terms of Paragraphs 2, 3 and 4 of Article 5 of CVM Instruction 566, at its exclusive option, make early redemption of the totality of the Notes (a partial redemption offer not being permitted), at any time starting from the seventh month from the Issue Date, upon payment of the Nominal Unit Value plus the Remuneration, calculated *pro rata temporis* from the Issue Date up to the date of actual redemption, in accordance with the applicable legislation, plus payment of a redemption premium equivalent to 1.5% per year, proportional to the period remaining before the Maturity Date, calculated according to a formula to be described on the printed Notes. The other terms and conditions of the Optional Early Redemption shall be detailed on the printed Notes. All Notes redeemed by the Issuer will be canceled; they may not be held in Treasury.

Early maturity:

The holders of the Notes may declare early maturity of all the obligations arising from the notes they hold and demand immediate payment by the Issuer and/or by the Guarantor of the Nominal Unit Value of the Notes plus the remuneration, calculated *pro rata temporis*, from the Issue Date up to the date of actual payment, and due charges, as applicable, by letter requiring identified proof of delivery or with advice of receipt addressed to the head office of the Issuer and/or of the Guarantor, in any of the early maturity events that are usual in this type of transaction, applicable both to the Issuer and to the Guarantor, agreed jointly between the Issuer and the Managers and stated on the printed Notes, being based on the conditions stated in the Issuer's previous issues.

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Arrears charges:

(a) Arrears interest calculated *pro rata temporis*, from the date of default until the date of actual payment, of 1% per month; and

(b) a contractual penalty payment, irreducible and of a non-compensatory nature, of 2% on the amount due and unpaid, without prejudice to the Remuneration.

Form and proof of ownership:

The Notes will be issued in printed form and will be held in custody by the institution contracted to provide physical custody services of the Notes ( Custodian ). Transfer of ownership shall be by nominal endorsement, without guarantee, stating merely transfer of ownership. For all purposes of law, ownership of the Notes shall be proven by possession of the related physical Note. Additionally, if the Notes are deposited electronically on the B3, their ownership shall be proven by the statement issued by the B3 in the name of the Note holder.

Subscription price:

The Notes shall be subscribed on the Issue Date, at their Nominal Unit Value, and paid in full at sight in the act of subscription in Brazilian currency, exclusively through the Assets Distribution Module ( MDA ), in accordance with the settlement rules of the B3.

Distribution, trading and electronic custody:

In the primary market the Notes will be deposited for distribution exclusively through the MDA; and for trading in the secondary market through the Cetip21 (the Cetip-securities Module); both are administered and operated by the B3. Financial settlement of both distribution and trading will be in accordance with the procedures of the B3, and the Notes will be held in custody electronically in the B3. The Notes may be traded in regulated securities markets only after 90 days from the date of each subscription or acquisition by Professional Investors, in accordance with Articles 13 and 15 of CVM Instruction 476, and subject to compliance by the Issuer with the obligations stated in Article 17 of that Instruction.

Place of payment:

(a) For Notes deposited electronically in the B3, payments shall be made in accordance with the procedures of the B3; or

(b) for holders of the Notes that are not deposited electronically with the B3, in accordance the procedures adopted by the Mandated Bank.

Extension of periods:

Any payment date of an obligation that is specified in the printed Notes shall be considered automatically extended until the following business day, without any addition to the amounts to be paid, if that due date falls on a Saturday, Sunday, or declared national holiday.

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- 2) **Fiduciary assignment of shares in Gasmig owned by the Company**, with value that shall correspond to the total amount of the Issue, in the terms of Article 40 of Law 6404/1976, on the following principal conditions, as well as others to be established in a specific instrument for that purpose:
- a) Cemig will place a fiduciary charge on preferred shares in Gasmig in the amount of the issue, and also on any preferred shares arising from a capital increase, or stock splits or bonuses, and also securities and other rights relating to this type of share that are issued as from the date of signature of said charge.
  - b) Cemig and the Issuer will strengthen or replace this collateral in certain events which shall include but not be limited to the event that it becomes the object of lien, sequester, arrest or any other judicial or arbitration measure or administrative measure with similar effect or is canceled, invalidated or contested, by granting a fiduciary charge on additional PN shares in Gasmig that it owns, subject to the limits of guarantee granted by Cemig to other creditors, in other debt instruments.
  - c) Cemig shall cause Gasmig to make official filing of the fiduciary charge, constituted as per the terms of the Contract, in the nominal Share Registry Book of Gasmig, in accordance with Article 40 of the Corporate Law. The fiduciary charge will be made by signature of the Contract for Fiduciary assignment of shares in Gasmig between the Issuer, Cemig and the Fiduciary Agent.

(3) **Execution of all and any acts** necessary to put into effect the decisions approved above.

**Comment:** The Board member **Aloísio Macário Ferreira de Souza** expressed his discomfort with the period made available for analysis of the subject and made comments on the cost of this transaction, considering it high, even in the context of the present indebtedness of Cemig D.

**IV Abstention:** The Board members

**Carlos Eduardo Lessa Brandão,**

**Marcelo Gasparino da Silva**

and **Patrícia Gracindo Marques de Assis Bentes**

abstained from voting on the matter referred to in Item III above.



**V Comments:** The following spoke on the matter on the agenda:

The Chair;

Board members: Patrícia Gracindo Marques de Assis Bentes,  
**The following were present:**

Aloísio Macário Ferreira de Souza;

Board members:

José Afonso Bicalho Beltrão da Silva,  
Marco Antônio de Rezende Teixeira,  
Bernardo Afonso Salomão de Alvarenga,  
Antônio Dirceu Araújo Xavier,  
Arcângelo Eustáquio Torres Queiroz,  
Arlindo Magno de Oliveira,  
Carlos Eduardo Lessa Brandão,  
Helmécio Miranda Magalhães Junior,  
Marcelo Gasparino da Silva,  
Marco Antônio Soares da Cunha Castello Branco,  
Patrícia Gracindo Marques de Assis Bentes,

José Pais Rangel,  
Hermes Jorge Chipp,  
Nelson José Hubner Moreira,  
Agostinho Faria Cardoso,  
Alexandre Silva Macedo,  
Antônio Carlos de Andrada Tovar,  
Geber Soares de Oliveira,  
Luiz Guilherme Piva,  
Otávio Silva Camargo,  
Paulo Sérgio Machado Ribeiro,  
Ricardo Wagner Righi de Toledo,  
Wieland Silberschneider;

Chief Officer: Aloísio Macário Ferreira de Souza,  
Maurício Fernandes Leonardo Júnior;  
Secretary: Anamaria Pugedo Frade Barros.  
( Signed by: ) Anamaria Pugedo Frade Barros.

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**SUMMARY OF PRINCIPAL DISCUSSIONS OF THE 727TH MEETING OF THE BOARD OF  
DIRECTORS HELD ON MARCH 22, 2018**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

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

**BOARD OF DIRECTORS**

**2<sup>nd</sup> Meeting of March 22, 2018**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 727<sup>th</sup> meeting, held on March 22, 2018, 2018, the Board of Directors of **Cemig** (*Companhia Energética de Minas Gerais*) decided the following:

1. Contracting of legal action guarantee insurance.
2. Infrastructure macroprojects investment program for the 2018-2022 cycle.
3. Nominations of managers, and the related orientations of vote, in meetings of companies of the Cemig Group .
4. Orientation of vote in meetings of Light.
5. Increase in the share capital, and alteration of the by-laws.
6. Convocation of an Extraordinary General Meeting of Stockholders on the capital increase and change in the by-laws.
7. Presentation of a proposal.

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**SUMMARY OF PRINCIPAL DISCUSSIONS OF THE 729TH MEETING OF THE BOARD OF  
DIRECTORS HELD ON APRIL 9, 2018**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**  
**LISTED COMPANY CNPJ 17.155.730/0001-64 NIRE 31300040127**  
**BOARD OF DIRECTORS**  
**SUMMARY OF MINUTES**  
**OF THE**  
**729<sup>TH</sup> MEETING**

**Date, time and place:** April 9, 2018, at 10.45 a.m., at the Company's head office,  
with participation also by telephone conference call.

**Meeting Committee:** Chair: José Afonso Bicalho Beltrão da Silva;  
Secretary: Anamaria Pugedo Frade Barros.

**Summary of proceedings:**

**I Conflict of interest:** The Board Members listed below stated that they had no conflict of interest with the matters on the agenda of the meeting.

**II The Board approved:**

- a) **Alteration** of the placement procedure and regime of the Ninth Issue of promissory Notes by Cemig D, the drafting to read as follows:

Public distribution, with restricted efforts, in accordance with CVM Instruction 476/2009, under the regime of firm guarantee of subscription, individually and not jointly, by the Lead Manager and the other Managers, for a volume of two hundred and eighty million Reais, to be exercised in accordance with terms and conditions to be specified in the related distribution contract for the Notes; and best placement efforts for the volume of up to one hundred and twenty million Reais, the other terms of PD 072/2018 remaining unchanged.

b) The minutes of this meeting.

**III Vote and abstention:** The matter referred to in subclause a of item II above was approved, with the abstention of the Board members:

Carlos Eduardo Lessa Brandão and Patrícia Gracindo Marques de Assis Bentes.

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**IV Comments:** The following made comments on the subject of the agenda:

The Chair;

Board Members: Bernardo Afonso Salomão de Alvarenga, Alexandre Silva Macedo,

Chief Officer: Patrícia Gracindo Marques de Assis Bentes, Aloísio Macário Ferreira de Souza;  
Maurício Fernandes Leonardo Júnior.

**The following were present:**

Board members: Marco Antônio Soares da Cunha Castello Branco, José Afonso Bicalho Beltrão da Silva,  
Bernardo Afonso Salomão de Alvarenga, José Pais Rangel,  
Antônio Dirceu Araújo Xavier, Marcelo Gasparino da Silva,  
Arcângelo Eustáquio Torres Queiroz, Otávio Silva Camargo,  
Carlos Eduardo Lessa Brandão, Paulo Sérgio Machado Ribeiro,  
Daniel Alves Ferreira, Alexandre Silva Macedo,  
Helvécio Miranda Magalhães Junior, Geber Soares de Oliveira,  
Hermes Jorge Chipp, Luiz Guilherme Piva,  
Antônio Carlos de Andrada Tovar, Manoel Eduardo Lima Lopes,  
Patrícia Gracindo Marques de Assis Bentes, Ricardo Wagner Righi de Toledo,  
Aloísio Macário Ferreira de Souza, Wieland Silberschneider;  
Chief officers: Daniel Faria Costa, Luciano de Araújo Ferraz,  
Dimas Costa, Maurício Fernandes Leonardo Júnior;  
Secretary: Anamaria Pugedo Frade Barros.  
Signed by: ) Anamaria Pugedo Frade Barros.

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**SUMMARY OF PRINCIPAL DISCUSSIONS OF THE 731TH MEETING OF THE BOARD OF  
DIRECTORS HELD ON APRIL 25, 2018**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

**LISTED COMPANY CNPJ 17.155.730/0001-64 NIRE**

**BOARD OF DIRECTORS**

**Meeting of April 25, 2018**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 731<sup>st</sup> meeting, held on April 25, 2018, the Board of Directors of **Cemig** (*Companhia Energética de Minas Gerais*) decided the following:

Orientation of vote in meetings of Light.

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**SUMMARY OF PRINCIPAL DISCUSSIONS OF THE 732TH MEETING OF THE BOARD OF  
DIRECTORS HELD ON MAY 2, 2018**

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**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

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

**BOARD OF DIRECTORS**

**Meeting of May 2, 2018**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 732<sup>nd</sup> meeting, held on May 2, 2018, the Board of Directors of **Cemig** (*Companhia Energética de Minas Gerais*) decided the following:

1. Election of: Mr. Adézio de Almeida Lima as Chair of this Board of Directors, and of: Mr. Marco Antônio Soares da Cunha Castello Branco as Deputy Chair, to serve for the period of office 2018 2020.
2. Reappointment of the incumbent Chief Officers, for a period of office of 3 years, that is to say until the first meeting of the Board of Directors held after the Annual General Meeting of Stockholders of 2021, as follows:

|  |                                      |
|--|--------------------------------------|
| Chief Executive Officer:                                 | Bernardo Afonso Salomão de Alvarenga |
| Deputy CEO (interim):                                    | Bernardo Afonso Salomão de Alvarenga |
| Chief Trading Officer:                                   | Dimas Costa                          |
| Chief Business Development Officer:                      | Daniel Faria Costa                   |
| Chief Distribution and Sales Officer (interim):          | Ronaldo Gomes de Abreu               |
| Chief Finance and Investor Relations Officer:            | Maurício Fernandes Leonardo Júnior   |
| Chief Generation and Transmission Officer:               | Franklin Moreira Gonçalves           |
| Chief Corporate Management Officer:                      | José de Araújo Lins Neto             |
| Chief Officer for Human Relations and Resources:         | Maura Galuppo Botelho Martins        |
| Chief Institutional Relations and Communication Officer: | Thiago de Azevedo Camargo            |
| Chief Counsel:   | Luciano de Araújo Ferraz             |

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**SUMMARY OF PRINCIPAL DISCUSSIONS OF THE 733TH MEETING OF THE BOARD OF  
DIRECTORS HELD ON MAY 8, 2018**

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**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

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

**BOARD OF DIRECTORS**

**Meeting of May 8, 2018**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 733<sup>rd</sup> meeting, held on May 8, 2018, the Board of Directors of **Cemig** (*Companhia Energética de Minas Gerais*) decided the following:

1. Submission to an Extraordinary General Meeting of Stockholders of a proposal for change in the by-laws.
2. Orientation of vote at Extraordinary General Meetings of Stockholders of Cemig D and Cemig GT on change in the by-laws.
3. Calling of an Extraordinary General Meeting of Stockholders to be held on June 11, 2018 at 11 a.m. for change in the by-laws, and other decisions arising from that change.

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**SUMMARY OF MINUTES OF THE 734TH MEETING OF THE BOARD OF DIRECTORS HELD ON  
MAY 24, 2018**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**  
**LISTED COMPANY CNPJ 17.155.730/0001-64 NIRE 31300040127**

**BOARD OF DIRECTORS**

**Meeting of May 24, 2018**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 734<sup>th</sup> meeting, held on May 24, 2018, the Board of Directors of **Companhia Energética de Minas Gerais** decided the following:

1. Grant of annual paid leave to the Chief Executive Officer, in accordance with the by-laws.
2. Signature of the Distribution Concession Contract between Cemig D and Aneel, with Cemig as consenting party.
3. Nomination of managers and orientation of vote in a company of the Cemig Group.
4. Increase in the share capital of Light Soluções and consequent orientation of vote in meetings of Light S.A.
5. Changes in composition of the Executive Board:
  - a) Mr. Bernardo Afonso Salomão de Alvarenga no longer to be Deputy CEO.
  - b) Election of Mr. Luiz Humberto Fernandes as Deputy CEO, to serve the rest of the current period of office.

The members of the Executive Board are now as follows:

Chief Executive Officer:  
Deputy CEO:  
Chief Trading Officer:

Bernardo Afonso Salomão de Alvarenga  
Luiz Humberto Fernandes  
Dimas Costa

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|  |                                    |
|--|------------------------------------|
| Chief Business Development Officer:                      | Daniel Faria Costa                 |
| Chief Distribution and Sales Officer:                    | Ronaldo Gomes de Abreu (interim)   |
| Chief Finance and Investor Relations Officer:            | Maurício Fernandes Leonardo Júnior |
| Chief Generation and Transmission Officer:               | Franklin Moreira Gonçalves         |
| Chief Corporate Management Officer:                      | José de Araújo Lins Neto           |
| Chief Counsel:   | Luciano de Araújo Ferraz           |
| Chief Officer for Human Relations and Resources:         | Maura Galuppo Botelho Martins      |
| Chief Institutional Relations and Communication Officer: | Thiago de Azevedo Camargo          |

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**MARKET ANNOUNCEMENT DATED MAY 30, 2018: ACQUISITION OF STOCKHOLDING**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

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

**MARKET ANNOUNCEMENT**

**Acquisition of stockholding**

**Cemig** (*Companhia Energética de Minas Gerais*), a listed company with securities traded on the stock exchanges of São Paulo, New York and Madrid, in compliance with Item 12 of CVM Instruction 358 of January 3, 2002 as amended, **hereby reports** to the Brazilian Securities Commission (CVM), the São Paulo Stock Exchange (B3 S.A. Brasil, Bolsa, Balcão) and the market as follows:

Cemig has received correspondence from Itaú Unibanco S.A. with the following content:

Itaú Unibanco S.A., CNPJ 60.701.190/0001-04 ( Itaú Unibanco ) hereby advises your Company ( Cemig ) that on May 28, 2018 the aggregate of shares and other securities and derivative financial instruments related to such shares, as applicable, held by the aggregate of investment funds managed by Itaú Unibanco comprised:  
5.009% of the common shares of Cemig (CMIG3),

being a total of 24,425,575 shares.

Itaú Unibanco further states that this stockholding does not have the objective of changing the composition of Cemig's stockholding control or management structure.

For clarity, we re-emphasize that this notice refers to positions held by investment funds managed by Itaú Unibanco, in the context of its activity of management of funds for third parties (asset management).

Belo Horizonte, May 30, 2018

Maurício Fernandes Leonardo Júnior

Chief Finance and Investor Relations Officer

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**SUMMARY OF PRINCIPAL DISCUSSIONS OF THE 735TH MEETING OF THE BOARD OF  
DIRECTORS HELD ON JUNE 5, 2018**



**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

**LISTED COMPANY CNPJ 17.155.730/0001-64 NIRE**

**BOARD OF DIRECTORS**

**Meeting of June 5, 2018**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 735<sup>th</sup> meeting, held on June 5, 2018, the Board of Directors of **Cemig** (*Companhia Energética de Minas Gerais*) decided the following:

1. Orientation of vote in meeting of Light.

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**MARKET ANNOUNCEMENT DATED JUNE 6, 2018: CEMIG GT: PURCHASE AUCTION  
INCENTIVE-BEARING SOLAR AND WIND SUPPLY**

40

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**  
**LISTED COMPANY CNPJ 17.155.730/0001-64 NIRE 31300040127**

**MARKET ANNOUNCEMENT**

**Cemig GT: purchase auction**

**incentive-bearing solar and wind supply**

In accordance with CVM Instruction 358 of January 3, 2002, as amended, **Cemig** (*Companhia Energética de Minas Gerais*), listed and traded on the stock exchanges of São Paulo, New York and Madrid, and its wholly-owned subsidiary **Cemig Geração e Transmissão S.A.** ( **Cemig GT** ), hereby inform the Brazilian Securities Commission (CVM), the São Paulo Stock Exchange (B3) and the market in general, **as follows:**

Today Cemig GT held its Purchase Auction LP 03/2018 for Purchase of Incentive-bearing Solar and Wind Power Supply.

Contracts totaling 431.49 MW average were awarded for supply starting January 2022, with 20-year duration.

The projects that were awarded the contracts have total installed capacity of 1,240 MW.

With this contracting, Cemig has improved the terms for renewal of contracts with its clients, and is in a position to expand its market share.

Belo Horizonte, June 6, 2018.

Daniel Faria Costa

Acting Chief Finance and Investor Relations Officer

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**MARKET NOTICE DATED JUNE 11, 2018: ALTERATION TO CORPORATE EVENTS CALENDAR**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

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

**MARKET NOTICE**

**Alteration to Corporate Events Calendar**

**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 Item 5.5.1 of the Level 1 Corporate Governance Listing Regulations of the São Paulo Stock Exchange (B3) **hereby informs** the public **as follows**:

**Cemig has re-presented its Corporate Events Calendar for the following events:**

**Submission of the Principal Decisions of the Extraordinary General Meeting of Stockholders to the São Paulo Stock Exchange:**

**From: June 11, 2018**  
**To: June 12, 2018**

**Submission of the Minutes of the Extraordinary General Meeting of Stockholders to the São Paulo Stock Exchange:**

**From: June 11, 2018**  
**To: June 12, 2018**

Belo Horizonte, June 11, 2018.

Maurício Fernandes Leonardo Júnior

Chief Finance and Investor Relations Officer

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**MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS HELD ON  
JUNE 11, 2018**



**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

**CNPJ 17.155.730/0001-64 NIRE 31300040127**

**MINUTES**

**OF THE**

**EXTRAORDINARY**

**GENERAL MEETING OF STOCKHOLDERS**

**HELD ON**

**JUNE 11, 2018**

On the eleventh day of June of the year two thousand and eighteen at 11 a.m., at Avenida Barbacena 1,219, 23rd Floor, B Wing, Santo Agostinho, Belo Horizonte, Minas Gerais, Brazil, stockholders representing more than two-thirds of the voting stock of Companhia Energética de Minas Gerais Cemig met in Extraordinary General Meeting, on first convocation, as verified in the Stockholders Attendance Book, where all placed their signatures and made the required statements. The stockholder **The State of Minas Gerais** was represented by the State Procurator Ms. Ana Paula Muggler Rodarte, for the Office of the General Attorney of the State of Minas Gerais, in accordance with the current legislation.

Initially, Ms. **Anamaria Pugedo Frade Barros**, a stockholder, and General Manager of Cemig's Corporate Executive Office, stated that there was a quorum for an Extraordinary General Meeting of Stockholders; and that the stockholders present should choose the Chair of this Meeting, in accordance with Clause 10 of the Company's by-laws.

Asking for the floor, the representative of the Stockholder **The State of Minas Gerais** put forward the name of the representative of the stockholder **Carlos Henrique Cordeiro Finholdt, Luciano de Araújo Ferraz**, to chair the meeting.

The proposal of the representative of the stockholder **The State of Minas Gerais** was put to debate, and subsequently to the vote, and approved unanimously, that is to say by 387,300,267 votes.

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The Chair then declared the Meeting open and invited me, **Anamaria Pugedo Frade Barros**, to be Secretary of the meeting, asking me to read the convocation notice, published on May 10, 11 and 12 of this year, in the newspapers *Minas Gerais*, official publication of the Powers of the State, on pages 36, 40 and 54, respectively, and *O Tempo*, on pages 27, 29 and 24, respectively, the content of which is as follows:

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

CNPJ 17.155.730/0001-64 NIRE 31300040127

**EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS**

**CONVOCATION**

Stockholders are hereby called to an Extraordinary General Meeting of Stockholders to be held on June 11, 2018 at 11 a.m., at the Company's head office, Av. Barbacena 1219, 2<sup>9</sup> floor, Belo Horizonte, Minas Gerais, Brazil, to decide on the following matters:

- 1) Changes to the by-laws, in accordance with Law 13303/2016 and Minas Gerais State Decree 47154/2017, with improvement of the provisions of the by-laws.
- 2) Election of the Board of Directors, for a new period of office, if the change to the by-laws is approved.
- 3) Election of the Audit Board, for a new period of office, if the change to the by-laws is approved.
- 4) Adjustment to the Annual Global Allocation for remuneration of the Managers, members of the Audit Board and of the Audit Committee, if the change to the by-laws is approved.
- 5) Setting of the compensation of the representatives of the Audit Committee, if the change to the by-laws is approved.
- 6) Orientation of representatives of Cemig, at the Extraordinary General Meeting of Cemig Distribuição S.A., to vote in favor of the changes to the by-laws and the resulting recomposition of the Board of Directors and of the Audit Board, if changes are made to the by-laws and to the composition of the Board of Directors and the Audit Board of the sole stockholder, Cemig.

- 7) Orientation of representatives of Cemig, at the Extraordinary General Meeting of Cemig Geração e Transmissão S.A., to vote in favor of the changes to the by-laws and the resulting recomposition of the Board of Directors and of the Audit Board, if changes are made to the by-laws and to the composition of the Board of Directors and the Audit Board of the sole stockholder, Cemig.

Under Article 3 of CVM Instruction 165/1991, as amended by CVM Instruction 282/1998 and subsequent amendments, adoption of the multiple voting system for election of members of the Company's Board of Directors requires the vote of stockholders representing a minimum of 5% (five per cent) of the voting stock.

Any stockholder who wishes to do so may exercise the right to vote using the remote voting system, under CVM Instruction 481/09, by sending the corresponding Remote Voting Statement (*Boletim de Voto à Distância* - BVD), through the stockholder's custodian institution or mandated bank, or directly to the Company.

Any stockholder wishing to be represented by proxy at the said General Meeting of Stockholders should obey the precepts of Article 126 of Law 6406 of 1976, and of §1 of Clause 9 of the Company's by-laws, by exhibiting at the time, or depositing, preferably by June 7, 2018, proofs of ownership of the shares, issued by a depository financial institution, and a power of attorney with specific powers, at Cemig's Corporate Executive Office (*Superintendência da Secretaria Geral*), Av. Barbacena, 1219, 23<sup>rd</sup> Floor, Belo Horizonte, Minas Gerais, Brazil.

Belo Horizonte, May 8, 2018

Adézio de Almeida Lima

Chair of the Board of Directors

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The representative of the stockholder **The State of Minas Gerais** stated that the Office of the General Attorney of the State, as formal representative of the controlling stockholder, would make a statement of position to this Meeting in the terms of Official Letter OF.SEF.GAB.SEC n° 433/2018, and without technical assessment immediately make a copy of this document available.

He also referred to the issuance of Opinion CJ/AGE 15977/2018, on the subject of changes in by-laws.

In accordance with CVM Instruction 481/2009, the Chair then asked the Secretary to read the spreadsheet of summary consolidated voting, recording the votes given by Remote Voting Forms, published to the Market on June 7 of this year, which will be at the disposal of stockholders for any consultation.

The Chair then stated that, under Federal Law 13303 of June 30, 2016 and Minas Gerais State Decree 47154 of February 20, 2017, Cemig is required to adapt its by-laws to the provisions of that legislation, and it is thus appropriate to improve the provisions of the by-laws.

For this purpose he requested me, Secretary, to read the Proposal by the Board of Directors which deals with items 1, 6 and 7 of the agenda, the content of which is as follows:

**PROPOSAL**

**BY THE BOARD OF DIRECTORS**

**TO THE EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 11, 2018 AT 11 A.M.**

Dear Stockholders:

*The Board of Directors of Companhia Energética de Minas Gerais - Cemig:*

*whereas:*

- a) Federal Law 13303, in effect from June 30, 2016, makes provisions on the legal form of by-laws of a publicly-owned company, a mixed-economy company and their subsidiaries, whether public ownership is at Federal, State, Federal District, or Municipal level. The State Companies Law, as it is known, regulated Article 173 §1 of the Constitution of 1988, covering subjects such as governance, corporate organization, control, bids/tenders, and contracts, applicable to state-controlled companies;
- b) the State Companies Law establishes a series of corporate governance and transparency mechanisms to be obeyed by the state-controlled companies, with the rules for publication of information, risk management

practices, codes of conduct, forms of oversight by the State and by society, constitution and functioning of Boards, and minimum requirements for appointment of managers;

- c) the State Companies Law orders adaptation of the by-laws of the companies to which it applies, to follow good corporate governance practices, which range from criteria for financial performance to social and environmental responsibility.
- d) the strong point of the State Companies Law has been to give detailed rules on oversight and control with a view to greater transparency in corporate governance, to avoid conflicts of interests and to allow timely control by the State company of strategic decisions;
- e) Minas Gerais State Decree 47154 came into force on February 20, 2017, governing the legal structure of by-laws of a public company, a mixed-economy company and subsidiaries, at the level of Minas Gerais State, in the terms of Federal Law 13303/2016;
- f) the State Decree regulated the State Companies Law, dealing with its provisions to adapt to the context of the Minas Gerais state companies, and for this reason Cemig is required to obey its provisions;

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- g) the new rules are to be applied after the revision of the by-laws, to take place within 24 (twenty four) months, and this period closes on June 30, 2018 the transition period was granted to enable the state companies to review their internal rules and corporate management procedures;
- h) due to Law 13303/2016 and State Decree 47154/2017, Cemig has to make the necessary adaptation to the by-laws to comply with the said legislation;
- i) the proposed drafting not only makes the by-laws compliant with the legislation, but also enhances the provisions therein;
- j) under Clause 21, §4, Sub-clause g of the by-laws of Cemig, orientation of vote in General Meetings of Stockholders of Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A. is made by Extraordinary General Meeting of Stockholders of Cemig the sub-clause states:

§4 The following matters shall require a decision by the Executive Board: ...

- g) approval, upon proposal by the Chief Executive Officer, prepared jointly with the Chief Business Development Officer and the Chief Finance and Investor Relations Officer, of the statements of vote in the General Meetings of the wholly-owned and other subsidiaries, affiliated companies and in the consortia in which the Company participates, except in the case of the wholly-owned subsidiaries Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A., for which the competency to decide on these matters shall be that of the General Meeting of Stockholders, and decisions must obey the provisions of these Bylaws, the decisions of the Board of Directors, the Long-term Strategic Plan and the Multi-year Strategic Implementation Plan; ; and

- k) Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A. are wholly-owned subsidiaries of Cemig and will hold Extraordinary Annual General Meetings of Stockholders to change the by-laws.

*do now propose to you:*

**I Approval of change in the Company s by-laws in their entirety, adapting them to the requirements of Federal Law 13303/2016 and State Decree 47154/2017, providing for best corporate governance practices, and improvement of the drafting, as follows:**

**CHAPTER I**

**Name, constitution, objects, head office and duration**

Clause 1 Companhia Energética de Minas Gerais – Cemig, constituted on May 22, 1952 as a corporation with mixed private and public sector stockholdings, is governed by these Bylaws and by the applicable legislation, and its objects are:

to build, operate and make commercial use of systems for generation, transmission, distribution and sale of electricity, and related services;

to operate in the various fields of energy, from whatever source, with a view to economic and commercial operation;

to provide consultancy services within its field of operation to companies in and outside Brazil; and

to carry out activities directly or indirectly related to its objects, including development and commercial operation of telecommunication and information systems, technological research and development, and innovation.

§1 The activities specified in this Clause may be exercised directly by Cemig or, as intermediary, by companies constituted by it or in which it may hold a majority or minority stockholding interest, upon decision by the Board of Directors, under State Laws 828 of December 14, 1951, 8655 of September 18, 1984, 15290 of August 4, 2004 and 18695 of January 5, 2010.

§2 No subsidiary of Cemig, wholly-owned or otherwise, may take any action or make any decision which might affect the condition of the State of Minas Gerais as controlling stockholder of the Company, in the terms of the Constitution of the State of Minas Gerais and the legislation from time to time in force.

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§3 Since the Company's securities are traded on the special listing section known as Corporate Governance Level 1 on the Sao Paulo Stock Exchange (B3 S.A. - Brasil, Bolsa, Balcão), the Company, its stockholders, managers and members of the Audit Board are subject to the provisions of the *Level 1 Corporate Governance Regulations* of the B3 (under this or any name attributed to it in future).

Clause 2 The Company shall have its head office and management at Av. Barbacena 1219, Santo Agostinho, 30190-131 Belo Horizonte, Minas Gerais, and may open offices, representations or any other establishment in or outside Brazil upon authorization by the Executive Board.

Clause 3 The Company shall have indeterminate duration.

## **CHAPTER II**

### **Share Capital**

Clause 4 The share capital of the Company is

R\$ 7,293,763,005.00

(seven billion two hundred ninety three million seven hundred sixty three thousand and five Reais),

represented by:

a) 487,614,213

(four hundred eighty seven million six hundred fourteen thousand two hundred thirteen)

nominal common shares each with nominal value of R\$ 5.00 (five Reais); and

b) 971,138,388

(nine hundred seventy one million one hundred thirty eight thousand three hundred eighty eight)

nominal preferred shares each with nominal value of R\$ 5.00 (five Reais).

§1 The right to vote is reserved exclusively for the common shares; each common share has the right to one vote in decisions of the General Meeting of Stockholders.

Clause 5 The preferred shares have right of preference in the event of reimbursement of shares and shall have the right to a minimum annual dividend of the greater of the following amounts:

- a) 10% (ten percent) of their nominal value;
- b) 3% (three percent) of the value of the stockholders equity corresponding to the shares.

Clause 6 The common shares and the preferred shares have equal rights to distribution of bonuses and stock dividends.

Clause 7 In business years in which the Company does not make enough profit to pay dividends to its stockholders, the State of Minas Gerais guarantees to the shares issued by the Company up to August 5, 2004 and held by individual persons a minimum dividend of 6% (six percent) per year, under Clause 4 of State Law 15290/2004.

Clause 8 The shares subscribed by the State of Minas Gerais shall at all times, obligatorily, be the majority of the shares carrying the right to vote, and shall be subscribed in accordance with the applicable legislation. Payment for subscription of shares by other parties, whether individuals or legal entities, shall be made as specified by the General Meeting of Stockholders which decides on the subject.

§1 The Executive Board may, in order to obey a decision by a General Meeting of Stockholders, suspend the services of transfer and registry of shares, subject to the applicable legislation.

§2 The stockholders shall have the right of preference in subscription of increases of capital and in the issue of the Company's securities, in accordance with the applicable legislation. There shall, however, be no right of preference when the increase in the registered capital is paid with resources arising from tax incentive systems, subject to the terms of §1 of Article 172 of Law 6404 of December 15, 1976, as amended.

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Clause 9 The Company's authorized share capital may be increased by up to 10% (ten per cent) of the Company's share capital, without the need for any change in the by-laws, upon decision by the Board of Directors, after prior consultation of the Audit Board.

§1 As well as the other conditions relating to the issuance of new shares, the competency to determine the number of shares to be issued, the issue price, and the period and conditions of paying for their subscription shall be held by the of the Board of Directors.

### **CHAPTER III**

#### **The General Meeting of Stockholders**

Clause 10 The General Meeting of Stockholders shall be held, ordinarily, within the first 4 (four) months of the year, for the purposes specified by the applicable legislation, and extraordinarily whenever necessary, and shall be called with minimum advance notice of 15 (fifteen) days. The relevant provisions of law shall be obeyed in its convocation, opening and decisions.

§1 In the event that a provision of law or regulations alters this minimum period for convocation, it shall prevail.

§2 Stockholders may be represented in General Meetings of Stockholders in the manner specified in Article 126 of Law 6404, as amended, by showing at the time of the meeting, or by previously depositing at the Company's head office, proof of ownership of the shares, issued by the depositary financial institution, accompanied by the proxy's identity document and a power of attorney with specific powers.

Clause 11 Ordinary or extraordinary General Meetings of Stockholders shall be chaired by a stockholder elected by the Meeting from among those present, who shall choose one or more secretaries.

### **CHAPTER IV**

#### **Management**

Clause 12 The Company shall be managed by the Board of Directors and the Executive Board.

- §1 The structure and composition of the Board of Directors and the Executive Board of the Company shall be identical in the wholly-owned subsidiaries Cemig Distribuição S.A and Cemig Geração e Transmissão S.A., with occasional exceptions if approved by the Board of Directors.
- §2 Where filling of appointments to positions on the Board of Directors and/or Executive Board of the Company's subsidiary or affiliated companies is the competency of the Company, it shall do so in accordance with criteria and a policy of eligibility and assessment approved by the Board of Directors.
- §3 Where filling of positions on the support committees to the Boards of Directors of the subsidiaries and affiliated companies is the competency of the Company, it shall do so in accordance with specific regulations, to be approved by the Boards of Directors of the respective subsidiaries or affiliated companies.
- §4 In the management of the Company, and of the wholly-owned subsidiaries Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A., and of the other subsidiaries or affiliates, and of the consortia in which any of them have direct or indirect holdings, the Board of Directors and the Executive Board shall obey the provisions of the Company's Long-term Strategic Plan.
- §5 The Long-term Strategy shall contain (i) fundamentals grounds, targets, goals and results to be pursued and achieved in the long term by the Company, and (ii) the Company's dividend policy; and shall comply with the commitments and prior requirements in §7 of Clause 12 of these by-laws.
- §6 The Company's Multi-year Business Plan shall reflect the assumptions and premises of the Long-term Strategy, and shall contain the targets for 5 (five) years, including the Annual Budget.

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- §7 The Long-term Strategy, the Multi-year Business Plan and the Annual Budget shall be reviewed annually by the Executive Board and submitted, at the latest, to the last ordinary meeting of the Board of Directors of the prior year, for decision, and the Company must disclose its conclusions, in accordance with the applicable law, subject to secrecy for strategic information whose disclosure might be prejudicial to the Company's interests.
- §8 The Executive Board shall obey and comply with targets and limits established by the Board of Directors, especially in relation to indebtedness, liquidity, rates of return, investment and regulatory compliance.
- §9 In companies in which the Company has an interest, whether controlling or otherwise, practices of governance and control must be adopted that are in proportion to the importance, materiality and the risks of the business.
- §10 The Long-term Strategy, the Multi-year Business Plan and the Annual Budget shall be reflected in all plans, projections, activities, strategies, investments and expenses of the Company and its wholly-owned or other subsidiaries, affiliated companies or consortia in which it directly or indirectly holds an interest.
- §11 The global or individual amount of the compensation of the Board of Directors, the Executive Board and the Audit Committee shall be set by the General Meeting of Stockholders, in accordance with the applicable legislation. Payment of any type of percentage or other participation in the profits of the Company to any member of the Audit Board or the Board of Directors is forbidden, with the exception of the Board member representing the employees.
- §12 For the purpose of improving the Company, every year the managers and the members of the committee shall undergo individual and collective performance evaluation, with the following minimal requirements:
- a) description of acts of management practiced, as to lawfulness and efficacy of administrative action;
  - b) contribution to the profit for the period; and
  - c) pursuit and achievement of the objectives established in the Multi-year Business Plan and compliance with the Long-term Strategy.

§13

The managers of the company may not be sworn in unless they have agreed to and signed the applicable legal and regulatory terms and documents. In all practice of their responsibilities they shall obey the requirements, prohibitions and obligations specified in the applicable legislation and regulations.

## Section I

### The Board of Directors

Clause 13 The Board of Directors of the Company comprises 9 (nine) sitting members and the same number of substitute members. One shall be the Chair, and another shall be the Vice-Chair.

- §1 The substitute members shall substitute the respective members of the Board if the latter are absent or impeded from exercising their functions and, in the event of a vacancy, shall do so until the related replacement.
- §2 The members of the Board of Directors shall be elected for concurrent periods of office of 2 (two) years, and may be dismissed at any time, by the General Meeting of Stockholders. Re-election for a maximum of 3 (three) consecutive periods of office is permitted, subject to the requirements and prohibitions established in the applicable legislation and regulations.
- §3 The composition of the Board of Directors must obey the following rules:
- a) The minority holders of common shares, and the holders of preferred shares, have the right to elect, in separate votes, one member each, in accordance with the applicable legislation.
  - b) At least 25% (twenty five per cent) of the members must be independent; and at least one, in the event that the minority stockholders decide to exercise the option of multiple vote, in the terms of Article 141 of Law 6404/1976.

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- c) The employees have the right to elect one member, subject to the provisions of Federal Law 12353 of December 28, 2010, as applicable.
- d) In any event, the majority of the members shall be elected by the controlling stockholder of the Company.

§4 For election and for holding of office, the member of the Board of Directors representing the employees is subject to all the criteria, requirements, impediments and prohibitions specified in Law 6404/1976, Law 13303 of June 30, 2016, and regulations made under those laws.

§5 Without prejudice to the impediments and prohibitions specified in these by-laws, the member of the Board of Directors representing the employees shall not take part in debate and decisions on subjects that involve union relationships, remuneration, and/or benefits, including matters relating to private pension plans and/or other assistance plans, and/or in any other situation in which a conflict of interest is characterized.

§6 The Boards of Directors of the wholly-owned subsidiaries Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A. shall, be made up of the same members and substitute members elected to the Board of Directors of the Company, for periods running concurrently from start to termination, being remunerated for only one of these positions.

§7 The posts of Chairman of the Board of Directors and Chief Executive Officer of the Company may not be held by the same person.

§8 The members of the Board of Directors shall be allowed to exercise other remunerated activity, as long as there is no incompatibility of time and/or conflict of interests.

§9 Subject to the provisions of these by-laws, the Board of Directors may delegate powers to the Executive Board for approval and signature of legal transactions related to the ordinary acts of management, including sale of electricity.

Clause 14 In the event of a vacancy on the Board of Directors, the first subsequent General Meeting of Stockholders shall elect a new member, for the period of office that remained to the previous member.

§1 In this event, if the previous Board member was elected by a minority, the new member shall be elected by the same minority; the same rule shall be obeyed for the member representing the employees.

Clause 15 The Board of Directors shall meet, ordinarily, in accordance with its Regulations, at least once a month, to analyze the results of the Company and its subsidiaries and affiliated companies, and to decide on other matters included on the agenda; and shall meet in extraordinary meeting, if called by its Chair or its Vice-Chair, or by one third of its members, or when requested by the Executive Board.

§1 Meetings of the Board of Directors shall be called by its Chair or Vice-Chair, with at least 10 (ten) days prior notice in writing or by email, containing the agenda. Convocation is not necessary when all the members of the Board of Directors, or their substitute members, are present. The Chair may call meetings of the Board of Directors on the basis of urgency without their being subject to this period of notice, provided that the other members of the Board are advised of the convocation.

§2 Decisions of the Board of Directors shall be taken by the majority of the votes of the Board Members present, and in the event of a tie the Chair shall have the casting vote.

Clause 16 The Chair of the Board of Directors has the competency to grant leave to the Board's members, and the other members of the Board have the competency to grant leave to the Chair.

Clause 17 The Chair and Vice-Chair of the Board of Directors shall be chosen by the members of that Board, at the first meeting of the Board of Directors that takes place after the election of its members, and the Vice-Chair shall take the place of the Chair when the Chair is absent or impeded from exercising his/her functions.

Clause 18 The following are functions of the Board of Directors:

- a) to set the general orientation of the Company's business;
- b) to elect, dismiss and evaluate the Executive Officers of the Company, in accordance with the applicable legislation, subject to the by-laws;

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- c) to approve the policy on transactions with the related parties;
- d) to decide, upon proposal by the Executive Board, on disposal of, or placement of a charge upon, any of the Company's property, plant or equipment, and on the Company giving any guarantee to any third party of which the individual value is equal to 1% (one per cent) or more of the Company's Stockholders' equity;
- e) to decide, upon proposal by the Executive Board, on the Company's investment projects, signing of contracts and other legal transactions, contracting of loans or financings, or the constitution of any obligations in the name of the Company which, individually or jointly, have value equal to 1% (one per cent) or more of the Company's Stockholders' equity, including injections of capital into wholly-owned or other subsidiaries or affiliated companies or the consortia in which the Company participates;
- f) to call the General Meeting of Stockholders;
- g) to monitor and inspect the management by the Executive Board: the Board of Directors may, at any time, examine the books and papers of the Company, and request information on contracts entered into or in the process of being entered into, and on any other administrative facts or acts which it deems to be of interest to it;
- h) to give a prior opinion on the Executive Board's report of management and accounts of the Company;
- i) to choose and to dismiss the Company's auditors, from among companies with international reputation that are authorized by the Securities Commission (CVM) to audit listed companies, subject to statement of position by the Audit Board;
- j) upon proposal by the Executive Board, to authorize commencement of administrative tender proceedings, and proceedings for dispensation from or non-requirement of tender, and the corresponding contracts, for amounts equal to 1% (one per cent) or more of the Company's Stockholders' equity;
- k)

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upon proposal by the Executive Board, to authorize filing of legal actions, or administrative proceedings, or entering into court or out-of-court settlements, for amounts equal to 1% (one per cent) or more of the Company's Stockholders' equity;

- l) to authorize issue of securities, in the domestic or external markets, for the raising of funding, in the form of debentures, promissory notes, medium-term notes and other instruments;
- m) to approve the Long-term Strategy, the Multi-year Business Plan and the Annual Budget, and alterations and revisions to them;
- n) annually, to set the directives and establish the limits, including financial limits, for spending on personnel, including concession of benefits and collective employment agreements, subject to the competency of the General Meeting of Stockholders and subject to the Annual Budget;
- o) to authorize the exercise of the right of preference and rights under stockholders' agreements or voting agreements in wholly-owned or other subsidiaries, affiliated companies and the consortia in which the Company participates, except in the cases of the wholly-owned subsidiaries Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A., for which the General Meeting of Stockholders has the competency for decision on these matters;
- p) to approve participation in the share capital of, and constitution or extinction of, any company, undertaking or consortium;
- q) to approve, in accordance with its Internal Regulations, the institution of committees supporting the Board of Directors the opinions or decisions of which are not a necessary condition for decision on the matters by the Board of Directors;
- r) to accompany the activities of internal auditing;
- s) to discuss, approve and monitor decisions that involve corporate governance practices, relationship with interested parties, people management policy and code of conduct;

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- t) to ensure implementation of, and to supervise, the systems for management of risks and internal controls established for the prevention and mitigation of the principal risks to which the Company is exposed, including the risks related to safety and security of accounting and financial information and the occurrence of corruption or fraud;
- u) to establish an information disclosure policy to mitigate the risk of contradiction between the various areas and the managers of the Company;
- v) to make statements on any increase in number of the Company's own staff, concession of benefits or advantages, or revision of a salaries and careers plan, including alteration in the amount paid for commissioned posts or free appointments, and compensation of Chief Officers;
- w) to appoint, and to dismiss, in both cases with grounds, the head of the Internal Audit Unit, from among the Company's career employees;
- x) to elect the members of the Audit Committee, at the first meeting held after the Annual General Meeting, and to dismiss them, at any time, upon vote given with grounds by absolute majority of the members of the Board of Directors;
- y) to analyze, every year, the success in meeting targets and results in execution of the Multi-year Business Plan and the Long-term Strategy, and to publish its conclusions and state them to the Legislative Assembly of Minas Gerais State and to the Minas Gerais State Audit Court; and
- z) to approve the complementary policies, including the policy on holdings, in accordance with the terms of these by-laws.

§1 The financial limits relating to decisions by the Board of Directors that are identified by a percentage of the Company's Stockholders' equity shall be automatically adopted when the financial statements of each year are approved.

## **Section II**

### **The Executive Board**

Clause 19 The Executive Board comprises 11 (eleven) Executive Officers, who may be stockholders, resident in Brazil, elected by the Board of Directors for a period of two years, subject to the requirements of the applicable legislation and regulations. Re-election for a maximum of three consecutive periods of office is permitted.

§1 The Executive Officers shall remain in their posts until their duly elected successors take office.

§2 The Executive Officers shall exercise their positions as full-time occupations in exclusive dedication to the service of the Company. They may at the same time exercise non-remunerated positions in the management of the Company's wholly-owned or other subsidiaries or affiliated companies, at the option of the Board of Directors. In particular they shall also obligatorily hold the corresponding positions in the wholly-owned subsidiaries Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A.

§3 Executive Officers who are not employees shall have the right to an annual paid leave of not more than 30 (thirty) days. This leave may not be accumulated, and its remuneration shall be augmented by one-third of the monthly compensation currently in effect.

Clause 20 In the event of absence, leave, vacancy, impediment or resignation of the Chief Executive Officer, this post shall be exercised by the Deputy Chief Executive Officer.

§1 In the event of absence, leave, vacancy, impediment or resignation of any of the other members of the Executive Board, the Executive Board may, on approval of the majority of its members, attribute the exercise of the respective functions to another Executive Officer, for as long as the period of absence or leave lasts.

§2 The Chief Executive Officer or member of the Executive Board elected in this way shall hold the position for the remaining time of the period of office of the Executive Officer who is substituted.

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Clause 21 The Executive Board shall meet, ordinarily, at least two times per month; and, extraordinarily, whenever called by the Chief Executive Officer or by two Executive Officers with at least two days prior notice in writing or by email or other digital medium, such notice not being required if all the Executive Officers are present. The decisions of the Executive Board shall be taken by vote of the majority of its members, and in the event of a tie the Chief Executive Officer shall have a casting vote.

Clause 22 The Executive Board is responsible for current management of the Company's business, subject to obedience to the Long-term Strategy, the Multi-year Business Plan, and the Annual Budget, prepared and approved in accordance with these Bylaws.

§1 The Multi-year Business Plan shall comprise plans and projections for the period of five business years, and must be updated at least once a year, and shall deal in detail with the following subjects, among others:

- a) the Company's strategies and actions, including any project related to its objects;
- b) new investments and business opportunities, including those of the Company's wholly-owned and other subsidiaries and affiliated companies, and the consortia in which it participates;
- c) the amounts to be invested or in any other way contributed from the Company's own funds or funds of third parties; and
- d) the rates of return and profits to be obtained or generated by the Company.

§2 The Annual Budget shall reflect the Company's Multi-year Business Plan and, consequently, the Long-term Strategy, and must give details of operational revenue and expenses, costs, capital expenditure, cash flow, the amount to be allocated to the payment of dividends, investments of cash from the Company's own funds or from funds of third parties, and any other data that the Executive Board considers to be necessary.

§3 The Long-term Strategy, the Multi-year Business Plan, and the Annual Budget shall be:

- a) prepared under coordination by the Chief Executive Officer, with participation of all the Chief Officers;

- b) prepared and updated annually, by the end of each business year, to take effect in the following business year;
- c) submitted to examination by the Executive Board and, subsequently, to approval by the Board of Directors.

§4 The following matters shall require a decision by the Executive Board:

- a) approval of the plan of organization of the Company and issuance of the corresponding rules and any changes to them;
- b) examination, and submission to the Board of Directors, for approval, of the Long-term Strategy and the Multi-year Business Plan, and revisions of them, including timetables, amount and allocation of the capital expenditure specified in it;
- c) examination, and submission to the Board of Directors, for approval, of the Annual Budget, which must reflect the Multi-year Business Plan in force at the time, and revisions of it;
- d) decision on reallocation of investments or expenditure specified in the Annual Budget which amount, individually or in aggregate, in a single financial year, to less than 1% (one per cent) of the Company's Stockholders' equity, with consequent adaptation of the targets approved, obeying the Multi-year Business Plan, the Long-term Strategy and the Annual Budget;
- e) approval of disposal of, or placement of a charge upon, any of the Company's property, plant or equipment, and/or giving of guarantees to third parties, in amounts less than 1% (one per cent) of the Company's Stockholders' equity;
- f) authorization of the Company's capital expenditure projects, or signing of agreements and legal transactions in general, or contracting of loans and financings and the creation of any obligation in the name of the Company, based on the Annual Budget approved, which individually or in aggregate have values less than 1% (one per cent) of the Company's Stockholders' equity, including injection of capital into wholly-owned or other subsidiaries, affiliated companies, and the consortia in which the Company participates;



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- g) authorization to open administrative tender proceedings, and proceedings for dispensation from or non-requirement of tender, and contract, for amounts of up to 1% (one per cent) of the Company's Stockholders' equity, limited to R\$ 100,000,000.00 (one hundred million Reais), adjusted annually by the IPCA (expanded Consumer Price) index, if it is positive;
  - h) authorization to file legal actions and administrative proceedings, and to enter into Court and out-of-court settlements, for amounts less than 1% (one per cent) of the Company's Stockholders' equity;
  - i) approval of the nominations of employees to hold management posts in the Company, upon proposal by the Chief Officer concerned, subject to the provisions of Sub-clause h of Sub-item I of Clause 23;
  - j) authorization of expenditure on personnel, and collective agreements and other employment instruments, subject to the competency of the General Meeting of Stockholders, the directives and limits approved by the Board of Directors, and the Annual Budget approved;
  - k) examination of and decision on contracting of external consultants, when requested by the office of any Chief Officer's Department, subject to the provisions of Clause 18, Sub-clause j, and Clause 22, §4, Sub-clause g;
  - l) formulation, for decision by the Board of Directors or the General Meeting of Stockholders, of policies complementary to these by-laws, including the policy on stockholding interests.
- §5 Acts that are necessary for the regular functioning of the Company, signature of contracts, and other legal transactions, shall be carried out by the Chief Executive Officer, jointly with one Executive Officer, or by two Executive Officers, or by a person holding a valid power of attorney.
- §6 Powers of attorney must be granted by the Chief Executive Officer, jointly with one Executive Officer, except for the power described in Sub-clause c of Sub-item I of Clause 23, for which only the signature of the Chief Executive Officer is required.
- §7 Subject to the provisions of these by-laws the Executive Board may delegate powers to approve and sign legal transactions relating to matters in the remit of the bodies pertaining to each Executive Officer, for

ordinary acts of management, including sale of electricity.

§8 The financial limits for decision by the Executive Board that correspond to a percentage of the Company's Stockholders' equity shall be automatically adopted upon approval of the financial statements of each year.

§9 At the limits of its competencies and areas of autonomy, the Executive Board may attribute, by formal act, limits of autonomy to lower levels, upon composition of technical committees with decision capacity in specific subjects.

Clause 23 Subject to the provisions in the preceding Clauses and good corporate governance practices, it shall be the duty of each member of the Executive Board to comply with these by-laws, the decisions of the General Meeting of Stockholders and of the Board of Directors, the Internal Regulations and the decisions of the Executive Board, and cause others to comply with them. The duties of the members of the Executive Board, among others, are as follows:

I- Duties of the Chief Executive Officer:

- a) to coordinate and manage the work of the Company, and all the strategic and institutional activities of the affiliated companies, subsidiaries and consortia in which the Company has an interest;
- b) to coordinate preparation, consolidation and implementation of the Company's Long-term Strategy and Multi-year Business Plan, and those of the affiliated and subsidiary companies in the latter case, jointly with the Chief Officer responsible, and in both cases with the participation of the other Chief Officers;
- c) to represent the Company in the Courts, on the plaintiff or defendant side;
- d) to sign, jointly with one Chief Officer, documents which bind the Company;
- e) to present the annual report on the Company's business to the Board of Directors and to the Ordinary General Meeting of Stockholders;

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- f) to hire and dismiss employees of the Company;
- g) to conduct the activities of the Governance Office, Strategic Planning, Compliance, and Corporate Risk Management;
- h) jointly with the Chief Officer responsible, to propose to the Executive Board nominations for management positions in the Company; and
- i) to propose the nominations for positions of Management and on the Audit Boards of the wholly-owned and other subsidiaries, affiliated companies and consortia in which the Company has an interest, and of the statutory bodies of *Fundação Forluminas de Seguridade Social (Forluz)* and *Cemig Saúde*, after consultation of the Chief Officer responsible.

II- Duties of the Deputy CEO:

To substitute the CEO in the event of absence, leave, vacancy, impediment or resignation, and other functions.

III- Duties of the Chief Finance and Investor Relations Officer:

To manage the processes and activities relating to the financial area and relations with investors.

IV- Duties of the Chief Corporate Management Officer:

To plan and arrange the activities relating to supply of materials and services, infrastructure, information technology, telecommunications and transactional services.

V- Duties of the Chief Distribution and Trading Officer:

To manage the processes and activities of distribution and sales of electricity.

VI- Duties of the Chief Generation and Transmission Officer:

To manage the processes and activities of generation and transmission of electricity.

VII- Duties of the Chief Trading Officer:

To manage the processes and activities relating to trading of electricity and the electricity system, market planning, and commercial relationship, in the Free Market for electricity in Brazil.

VIII- Duties of the Chief Officer for Management of Holdings:

To manage the processes and activities relating to accompaniment of the management of the Company's wholly-owned subsidiaries with the exception of Cemig GT and Cemig D, other subsidiaries, affiliated companies, and negotiation and implementation of partnerships, consortia, associations and special-purpose companies, obeying the Policy on Holdings.

IX- Duties of the Chief Officer for Human Relations:

To coordinate the policy and actions in the management of people of the Company, its wholly owned subsidiaries and other subsidiaries.

X- Duties of the Chief Counsel:

To plan, coordinate and manage the legal activities of the Company and its wholly-owned subsidiaries and subsidiaries.

XI- Duties of the Chief Officer for Institutional Relations and Communication:

To coordinate and administer processes and activities related to communication and institutional relations, externally and internally, in the area related to the Company and its wholly-owned and other subsidiaries.

§1 In relation to the affiliated companies the Executive Officers shall act at all times in obedience to the related by-laws or articles of association and stockholders' agreements.

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- §2 The competencies to enter into contracts and other legal transactions and for constitution of any obligation in the name of the Company given to the Chief Officers under this Clause do not exclude the competency of the Executive Board and of the Board of Directors, as the case may be, nor the need for obedience to the provisions in these Bylaws in relation to the financial limits and to prior obtaining of authorizations from the management bodies, when required.
- §3 As well as exercise of the duties set for them in these Bylaws, each Chief Officer's Department has the right to cooperation, assistance and support of the other Chief Officer's Departments in the areas of its respective competencies, aiming for the Company's success in its greater objectives and interests.
- §4 It is the competency of each Chief Officer, within the area of his/her activity, to arrange for the actions necessary for compliance with and effective implementation of the work safety policies approved by the Company.
- §5 The individual attributions of each Chief Officer are set specifically in the Internal Regulations of the Executive Board. Among others, these include the following:
- a) to propose to the Executive Board, for approval or submission to the Board of Directors or the General Meeting of Stockholders, approval of legal transactions in the Chief Officer's area of activity;
  - b) to propose, implement and manage the work safety policy within the scope of his/her activities;
  - c) to disclose, at least annually, to the Executive Board, the reports on performance related to the activities which he/she coordinates and monitors; and
  - d) to represent the Company in relations with the market, the bodies, associations and other related entities of the electricity sector, including those of regulation and inspection.

### **Section III**

#### **The Audit Committee**

The Audit Committee is an independent, consultative, permanent body, with its own budget allocation. Its objective is to provide advice and support to the Board of Directors, to which it reports. It also has the responsibility of other activities attributed to it by legislation.

- §1 The Audit Committee has three members, the majority of them independent, nominated and elected by the Board of Directors, in the first meeting after the Annual General Meeting, for periods of office of three years, not to run concurrently. One re-election is permitted.
- §2 Exceptionally, in the first election of the members of the Audit Committee, one member shall be elected for a period of office of two years.
- §3 The minutes of the meetings of the Audit Committee, which shall be every two months, must be disclosed, except when the Board of Directors considers that disclosure might put legitimate interest at risk, and in this case only its summary shall be disclosed.
- §4 The restriction in §3 may not be used in opposition to the control and/or inspection bodies to which the Company, and its wholly-owned and other subsidiaries, are subject these shall have total and unrestricted access to the content of the minutes of the Audit Committee, subject to the obligation of secrecy and confidentiality.
- §5 The internal control over the Company entrusted to the Office of the General Inspector ( *Controladoria* ) of Minas Gerais State shall be of a subsidiary nature, and shall be subject to the principles of motivation, reasonableness, appropriateness and proportionality, and it must make itself compatible with the duties of the Internal Audit Unit and the Audit Committee.

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Clause 25 The Audit Committee may exercise its duties and responsibilities in relation to such wholly-owned and other subsidiaries of the Company as adopt the regime of sharing of a Common Audit Committee.

Clause 26 The following are attributions and duties of the Audit Committee:

- a) to state opinion on contracting, and dismissal, of external auditors;
- b) to supervise the activities of the independent auditors, evaluating their independence, the quality of the services provided and the appropriateness of such services to the Company's needs;
- c) to supervise the activities carried out in the areas of internal control, internal audit and preparation of the financial statements;
- d) to monitor the quality and integrity of the internal control mechanisms, the financial statements and the information and measurements disclosed by the Company;
- e) to evaluate and monitor the Company's exposures to risk – it may requisition, among other matters, detailed information on policies and procedures relating to compensation of the management, utilization of assets, and expenditures incurred in the name of the Company;
- f) to evaluate and monitor, jointly with the management and the Internal Audit Unit, the appropriateness of the transactions with related parties;
- g) to prepare an annual report with information on its activities, results, conclusions and recommendations, reporting any significant divergence between management, the independent auditors and the Audit Committee in relation to the financial statements;
- h) to assess the reasonableness of the parameters on which the actuarial calculations are based, and the actuarial result of the benefit plans maintained by the pension fund, when the Company is sponsor of a closed private pension plan entity;

- i) to give opinion, in such a way as to assist the stockholders in their appointment of managers, members of the Board of Directors support committees, and members of the Audit Board on compliance with the requirements of, and absence of prohibitions for the related elections; and
- j) to verify compliance in the process of evaluation of managers, members of the Board of Directors support committees, and members of the Audit Board.

§1 If an eligibility and evaluation committee is created, the competencies described in sub-clauses i and j of this Clause shall be transferred to that body.

Clause 27 The Audit Committee has operational autonomy to conduct or decide on carrying out of consultations, evaluations and investigations within the scope of its activities, including contracting and use of independent external specialists.

§1 The Audit Committee must have the means for receiving accusations, including those of a confidential nature, internal and external to the Company, on subjects related to its area of duties.

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## CHAPTER V

### Control Areas

Clause 28 The following are Control Areas: Internal Audit, Compliance, and Corporate Risk Management.

§1 The Control Areas operate with independence, and have the prerogative of reporting directly to the Board of Directors, as applicable, in accordance with the applicable legislation.

Clause 29 The Internal Audit Unit is linked to the Board of Directors, with a view to preparation of the financial statements, and is responsible for assessing:

- a) appropriateness of internal controls, and the effectiveness of risk management and the governance process; and
- b) reliability of the process of collection, measurement, classification, accumulation, recording and disclosure of events and transactions.

Clause 30 The Compliance Area, linked to the Chief Executive Officer, is responsible for:

- a) managing the Company's compliance program, exercising prevention, detection of and response to failures in compliance with the internal and external rules and any deviation of conduct; and
- b) coordinating and defining the methodology to be used in the management of internal controls.

§1 The officer responsible for the Compliance Area reports directly to the Board of Directors in any situations in which involvement of the Chief Executive Officer in irregularities is suspected or when that Officer, having received a report of a situation, evades the obligation to adopt measures that are necessary in relation to it.

Clause 31 The Corporate Risk Management Area, linked to the CEO and led by a statutory director, is responsible for:

- a) coordinating and mapping the management of the portfolio of corporate risks;
- b) supporting the other areas of the Company in adoption of the decisions on the corporate risk policy and adoption of the risk appetite parameters decided by the Board of Directors; and
- c) deciding the methodology to be used in corporate risk management and supporting the other areas in its implementation.

§1 The risk management area shall periodically send reports to the Audit Committee containing its indications and recommendations.

## CHAPTER VI

### The Audit Board

Clause 32 The Audit Board shall function permanently, and shall comprise five sitting members and their respective substitute members, who shall be elected for a period of office of two years, when a General Meeting of Stockholders is held.

§1 The following rules for appointment must be obeyed in the composition of the Audit Board:

- a) The minority holders of common shares, and the holders of preferred shares, both have the right to elect, in separate votes, one member each, in accordance with the applicable legislation.
- b) The majority of the members shall be elected by the controlling stockholder of the Company, and at least one shall be a government employee with a permanent link to the Public Administration.

§2 The Audit Board shall elect its Chair from among its members, and the Chair shall call and chair the meetings.

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§3 Where appointment of members of the Audit Board of subsidiary and/or affiliated companies is a competency of the Company, this shall be done according to criteria and an eligibility and assessment policy approved by the Board of Directors.

Clause 33 In the event of resignation, death or impediment, a member of the Audit Board shall be replaced by his or her respective substitute, until the new member is elected, and such member shall be chosen by the same party that appointed the substitute.

Clause 34 The Audit Board shall have the attributions set by the applicable legislation and, to the extent that they do not conflict with Brazilian legislation, those required by the laws of the countries in which the Company's shares are listed and traded, including the following:

- a) to monitor and inspect, through any one of its members, the acts of the managers and to verify compliance with their duties under the law and by-laws;
- b) to give opinion on the annual report of management, and to include in such opinion any such complementary information that it deems to be necessary or useful to the decision of the General Meeting of Stockholders;
- c) to give opinion on any proposals made by the management bodies, to be submitted to the General Meeting of Stockholders or the Board of Directors, as the case may be, in relation to change in share capital, issue of debentures or warrants, investment plans and/or capital budgets, distribution of dividends, transformation, absorption, merger or split;
- d) to report, through the person of any of its members, to the management bodies and, if these do not take the measures necessary for the protection of the Company's interests, to the General Meeting of Stockholders, any errors, frauds or crimes that they discover, and suggest measures that will be useful to the Company;
- e) to call the Annual General Meeting, if the management bodies delay its convocation by more than 1 (one) month, and to call an Extraordinary Meeting of Stockholders whenever there are serious or urgent reasons, and include on the agenda of such Meetings whatever matters they consider to be necessary;
- f)

to analyze, at least quarterly, a trial balance and other financial statements prepared periodically by the Company;

- g) to examine the financial statements for the business year and to give opinion on them; and
- h) to carry out these functions during liquidation, having in mind the special provisions that regulate that procedure.

Clause 35 The global or individual compensation of the members of the Audit Board shall be set by the General Meeting of Stockholders which elects it, in accordance with the applicable legislation.

## CHAPTER VII

### The Business Year

Clause 36 The business year shall coincide with the calendar year, closing on December 31 of each year, when the Financial Statements shall be prepared, in accordance with the applicable legislation. Financial statements for periods of six months or interim statements for shorter periods may be prepared.

Clause 37 Before any sharing of the profit, there shall be deducted from the result for the business year, in this order: retained losses, the provision for income tax, the Social Contribution tax on Net Profit, and then, successively, employees and managers profit shares.

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§1 The net profit ascertained in each business year shall be allocated as follows:

- a) 5% (five per cent) to the legal reserve, up to the maximum limit specified by law;
- b) 50% (fifty per cent) distributed as mandatory dividend to the stockholders of the Company, subject to the other terms of these Bylaws and the applicable legislation; and
- c) the balance, after the retention specified in a capital expenditure and/or investment budget prepared by the Company's management, in compliance with the Company's Long-term Strategy and the dividend policy contained therein and duly approved, shall be applied in the constitution of a profit reserve for the purpose of distribution of extraordinary dividends, in accordance with Clause 30 of these by-laws, up to the maximum limit specified by Clause 199 of the Corporate Law.

Clause 38 The dividends shall be distributed in the following order:

- a) the minimum annual dividend guaranteed to the preferred shares;
- b) the dividend for the common shares, up to a percentage equal to that guaranteed to the preferred shares.

§1 Once the dividends specified in Sub-clauses a and b of the head paragraph of this clause have been distributed, the preferred shares shall have equality of rights with the common shares in any distribution of additional dividends.

§2 The Board of Directors may declare interim dividends, in the form of Interest on Equity, on account of retained earnings, profit reserves or profit reported in half-yearly or interim statements of financial position.

§3 The amounts paid or credited as Interest on Equity, in accordance with the relevant legislation, shall be imputed as on account of the amounts of the mandatory dividend or of the dividend payable under the Bylaws to the preferred shares, being for all purposes of law a part of the amount of the dividends distributed by the Company.

Clause 39



Without prejudice to the mandatory dividend, every two years, or more frequently if the Company's availability of cash so permits, the Company shall use the profit reserve specified in Sub-clause c of Clause 37 of these by-laws for the distribution of extraordinary dividends, up to the limit of cash available, as determined by the Board of Directors, in obedience to the Company's Long-term Strategy and the dividend policy contained therein.

Clause 40 The dividends declared, mandatory or extraordinary, shall be paid in 2 (two) equal installments, the first by June 30 and the second by December 30 of each year, and the Executive Board shall decide the location and processes of payment, subject to these periods.

§1 Dividends not claimed within a period of 3 (three) years from the date on which they are placed at the disposal of the stockholder shall revert to the benefit of the Company.

Clause 41 The employees have the right to a share in the profits or results of the Company, on criteria authorized by the Executive Board based on the guidelines approved by the Board of Directors and limits established by the General Meeting of Stockholders, in accordance with the applicable legislation.

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## **CHAPTER VIII**

### **Liability of Management**

Clause 42 Under the applicable law and regulations, and these by-laws, members of the Company's management are accountable to the Company and to third parties for actions they take in exercise of their functions.

Clause 43 The Company will provide defense, on the plaintiff or defendant side, for members and former members of the Board of Directors, the Audit Board and the Executive Board in Court and/or administrative proceedings, during or after their periods of office, occasioned by events or acts related to the exercise of their specific functions.

§1 This guarantee also extends to employees who legally carry out actions by delegation or acting under authority from members of the Company's Management.

§2 Upon decision by the Board of Directors, the Company may contract third-party liability insurance to cover procedural expenses, fees of counsel and indemnities arising from legal or administrative actions referred to in the head paragraph of this Clause.

§3 Contracting of insurance may also cover defense of the insured parties in other spheres, provided that the acts in question do not show manifest illegality or abuse of power.

§4 If funding of procedural expenses, fees and/or other expenses is less expensive than contracting or activation of insurance, the Company may contract a specialized external office for defense in relation to the acts being impugned.

§5 Any member of the Board of Directors or the Audit Board, or any Chief Officer or employee, who is convicted of a crime in a final judgment against which there is no further appeal, must reimburse the Company all the costs, expenses and losses caused to it.

## **CHAPTER IX**

### **Resolution of disputes**

Clause 44 The Company, its stockholders, managers and members of the Audit Board undertake to resolve through arbitration, preceded by mediation, before the Market Arbitration Chamber (CAM) of the B3 or the FGV Mediation and Arbitration Chamber, all and any dispute or controversy that may arise between them related to or arising from, in particular, the application, validity, efficacy, interpretation or violation of the provisions contained in the applicable legislation and regulations, the by-laws, any stockholders agreements filed at the head office, the rules issued by the Brazilian Securities Commission, or the other rules applicable to the functioning of the capital markets in general, as well as those contained in the Level 1 Regulations of the B3.

§1 Without prejudice to the validity of this arbitration clause, application for urgency measures, before the arbitration tribunal has been constituted, should be remitted to the Judiciary, through the courts of the legal district of Belo Horizonte, Minas Gerais.

## CHAPTER X

### General provisions

Clause 45 Admission to the permanent staff of employees of the Company shall be by approval in a public competition.

§1 The employees are subject to the applicable employment law and the internal regulations of the Company.

Clause 46 In contracts entered into, and other legal transactions, between the Company and its related parties, including the State of Minas Gerais, the Company's policy of transactions with related parties shall be obeyed.

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Clause 47 References to the term "applicable legislation" in these by-laws includes reference to the regulatory rules, subject to the prevalence of Law over rules of an infra-legal nature.

Clause 48 Financial covenants currently in effect for the Company must obligatorily be mentioned in the Company's policy on dividends and indebtedness, to be approved by the General Meeting of Stockholders.

Clause 49 Policies complementary to these by-laws, required by the applicable legislation, shall be approved by the Board of Directors upon proposal by the Executive Board.

Clause 50 Upon being sworn in, and annually, management, members of the Audit Board and members of the Audit Committee, including the representatives of employees and minorities, must take part in specific trainings made available by the Company on the following subjects:

- a) corporate law and the capital markets;
- b) disclosure of information;
- c) internal controls;
- d) code of conduct;
- e) Federal Law 12846 of August 1, 2013;
- f) tenders and contracts;
- g) other subjects related to the Company's activities.

§1 Those who have not participated in annual training made available by the Company in the last two years are prohibited from being re-appointed to their positions.

Clause 51

For the purposes of the provisions of Article 17, §2, IV and Article 22, §1, V of Law 13303/2016 and Article 26, IX of State Decree 47154 of February 20, 2017, contracting of Cemig or its wholly-owned subsidiaries for activities carried out under natural monopoly, in the role of consumer, are not considered to be activities preventing appointment as managers, nor as independent managers.

## CHAPTER XI

### Transitory provisions

Clause 52 The rules relating to the members of the Board of Directors, the Executive Board, the Audit Board and the Audit Committee specified in the by-laws shall be applied as from the first periods of office beginning after the change in these by-laws, reflecting the adaptation specified by Law 13303/2016 and State Law 47154/2017.

§1 Exceptionally, the first period of office of the members of the Board of Directors, the Executive Board and the Audit Board shall begin with the election held immediately after the approval of these by-laws, ending at the Annual General meeting of 2020.

§2 The inter-regnum period between the Annual General Meeting held on April 30, 2018 and the election immediately after the approval of these by-laws shall not be considered as a new period of office for the purposes of Clause 13, §2, Clause 19 and Clause 32 of these by-laws.

Clause 53 Until the representative of the employees on the Board of Directors is chosen in accordance with sub-clause c of §3 and §4 of Clause 13 of these by-laws, an employee who complies with these specific requirements shall be designated as substitute member, and the unions representing the various groups of employees shall be advised of the designation.

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Clause 54 The internal processes, organizational structure, names and terms used in the Company on the date of approval of these by-laws shall remain operative until the Board of Directors lays down the specific new arrangements.

Clause 55 Any cases of omission in these by-laws shall be resolved by the General Meeting of Stockholders, subject to the applicable legislation.

**II. Orientation, of the representatives of Cemig at the Extraordinary General Meetings of Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A., to vote in favor of the change to the by-laws and election of the members of the Board of Directors and Audit Board.**

As can be seen, the objective of this proposal is to meet the legitimate interests of the stockholders and of the Company, and for this reason it is the hope of the Board of Directors that it will be approved.

(a) Belo Horizonte, May 8, 2018

Adézio de Almeida Lima

Marco Antônio Soares da Cunha Castello Branco

Bernardo Afonso Salomão de Alvarenga

Daniel Alves Ferreira

José Pais Rangel

Luiz Guilherme Piva

Marcelo Gasparino da Silva

Marco Aurélio Crocco Afonso

Patrícia Gracindo Marques de Assis Bentes

The Chair then placed the said Proposal by the Board of Directors to this Meeting in debate.

The representative of the stockholder **The State of Minas Gerais** then presented adjustments in the version of the by-laws contained in the said Proposal, to:

A) change the drafting:

1) of sub-clause c of §12 of Clause 12 of the by-laws, to read as follows:  
Clause 12 [...]

§ 12 [...]

c)

achievement of the objectives established in the Multi-year Business Plan and in accordance with the long-term Strategy and Annual Budget.

2) of §9 of Clause 13 of the by-laws, to read as follows:  
Clause 13

§9 The Board of Directors may confer delegation of powers to the Executive Board for approval and signature of legal transactions related to the ordinary acts of management, including sale of electricity.

3) of Clause 15 of the by-laws, to read as follows:  
Clause 15 The Board of Directors shall meet ordinarily, in accordance with its Internal regulations, at least once a month, to analyze the results of the Company and its wholly-owned and other subsidiaries and affiliated companies, and to decide on other matters included on the agenda. It shall also meet extraordinarily, on convocation by its Chair, or by its Vice-Chair, or by one-third of its members, or when requested by the Executive Board.

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4) of §3 of Clause 19 of the by-laws, to read as follows:  
Clause 19 [...]

§3 Those members of the Executive Board who are not employees, or those with employment contracts suspended, shall have the right to annual paid leave of not more than 30 (thirty) days, non-cumulative, receiving an additional one-third of the current monthly remuneration.

5) of Sub-items V and VII of Clause 23, to read as follows:  
Clause 23 [...]

V To the Chief Officer for Distribution and Sales: To manage the processes and activities of distribution of electricity and sales in the Regulated Market.

[...]

VII To the Chief Trading Officer: To generate the processes and activities related to trading and sale of electricity and the use of the electricity system, market planning, and commercial relationship in the Free Market. ; and

B) to include §6 in Clause 24, with the following drafting:

§6 Members of the Board of Directors who are also members of the Audit Committee shall receive only the remuneration of the latter.

The representative of **BNDES Participações S.A. (BNDESPar)** also presented adjustments to the version of the by-laws contained in the Proposal by the Board of Directors to this meeting, to alter the drafting as follows:

1. In the head paragraph of clause 9, to provide for a limit to the authorized capital expressed in amount or in number of shares, as per Article 168 of Law 6404/1976, as amended and, if the percentage form is maintained, it should be based on the value of the share capital fixed in the by-laws, so that the authorization is not unlimited.
2. In Clause 12, §3, to provide that the positions on the committees of support to the Board of Directors in the subsidiaries and affiliated companies should be filled by members of the boards of directors of the company,



in line with best corporate governance practices.

3. In Clause 12, §5, to specify a minimum period of 5 (five) years as projection for the long-term strategy, not including the dividends policy because, under Clause 48 of the by-laws contained in the Proposal under discussion, that policy must be approved by the General Meeting of Stockholders and not by the Board of Directors.
4. In Clause 12, §7, exclusion of the final part, because what should be published and submitted to the Legislative Assembly and the Audit Court of the State of Minas Gerais is the annual analysis, made by the Board of Directors, in terms of achievement of targets and results in the execution of the long-term strategy and the business plan and not its approval, which is provided for in Clause 18, Sub-clause y of the by-laws under examination.
5. In §9 of Article 13, since the generic delegation by the Board of Directors to the Executive Board for approval of legal transactions should be treated on the basis of restriction or dispensation of the need for prior statement of opinion by the Board of Directors on certain legal transactions, or with increase of the level of autonomy of the body over this type of matter, provided that there is clear specification of the situations in which it is applicable, otherwise a competency that is exclusive to the body specified in the by-laws itself would be violated.
6. In Clauses 18, Sub-clause j , and 22, §4, Sub-clause g , to be aligned in terms of the limits of autonomy set for the Executive Board and Board of Directors, as well as making reference to the situations of dispensation or non-requirement of tender, or of the non-applicability of the duty to hold a tender, specified in Law 13303/2016.
7. In Clause 18, Sub-clause l , to state that the competency of the Board of Directors for issuance of debentures is restricted to those not convertible into shares, under Law 6404/1976.

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8. In Clause 18, Sub-clause q , to provide that the committees of support to the Board of Directors should give their opinion before the decisions of that Board on the matters applicable to them, even if of a non-binding nature, because to the contrary the function of these committees would be null.
  9. In Clause 20, §1, of by-laws, which should completely regulate the process of replacement of members of the Executive Board, including new election, and not only in the matter of redistribution of function in the event of a post being vacant; and that body should function with a minimum number of 3 members, under Law 13303/2016.
  10. In Clauses 23, I, Sub-clause g , and 30, of the by-laws, which should specify that the areas of compliance and risk management, separated in the proposal, should be linked to the chief executive officer, but led by a statutory director, as specified in Law 13303/2016.
  11. In Clause 23, II, to provide that the Deputy CEO should have functions additional to substitution of the CEO.
  12. Exclusion of §5 of Clause 24, since the by-laws do not have the power to regulate or limit the activity of the central body of internal control of the Executive Power, the competences of which arise from Law.
  13. Exclusion of §1 of Clause 26, permanently setting the duties specified in Sub-clauses i and j in the ambit of the Audit Committee, as specified in State Decree 47154/2017, or to create a separate committee with the duties defined in Article 10 of Law 13303/2016, with the status of a body under the by-laws.
  14. In Clause 33, to provide for election by the General Meeting of Stockholders to fill the post of a member of the Audit Board in the event of vacancy, in line with the competencies set by Article 161, §3, of Law 6404/1976;
  15. Exclusion of Clause 52, since it aims to regulate prior situations unnecessarily, and contrary to statements by the CVM (Securities Commission) on the immediate applicability of the requirements and prohibitions on the members of the bodies under the by-laws as from Law 13303/2016 coming into effect.
  16. Clause 54 to provide for a period for adaptation of processes and internal structures to the new by-laws, in the absence of which its coming into full effect might be suspended indefinitely.
- The Chair then stated that, in relation to §5 of Clause 24 of the by-laws, the draft portrays the orientation received from the General Attorney of the State of Minas Gerais which, through Opinion AGE 15964/2018 concludes that the

control exercised by the General Comptroller of the State, in relation to state-controlled companies, is subsidiary to the internal control of the company, provided that any act in question obeys the requirements of motive, reasonability, appropriateness and proportionality.

The Proposal by the Board of Directors was submitted to debate and, subsequently, to the vote and was approved by a majority, containing the alterations presented by the representative of the State of Minas Gerais and the alterations presented and referred to in items 1, 3, 4, 6, 7, 9, 10, 11 and 14 above by the representative of **BNDESPar**, that is to say, by 302,823,138 votes in favor, 10,632,956 against and 69,730,102 votes of abstention; the other alterations suggested by the representative of **BNDESPar** being rejected, by majority, that is to say, by 259,113,102 votes against, 54,342,992 votes in favor, and 69,730,102 votes of abstention.

The Chair stated that, for the purposes of decision on item 1 of the agenda of this meeting, there were left out of account 4,114,071 shares, since they were cases of decision using remote voting.

On this matter, the Chair requested the transcript of the alterations approved in relation to the Proposal by the Board of Directors to this Meeting arising from the adjustments presented by the representative of **BNDESPar** and approved, namely the following:

Clause 9 The Company's Share Capital may be increased by up to a limit of 10% (ten percent) of the share capital set in the by-laws, without need for change in the by-laws and upon decision of the Board of Directors, having previously heard statement of opinion by the Audit Board.

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Clause 12 [...]

§5 The Long-term Strategy shall contain fundamentals, targets, goals and results to be pursued and achieved in the long term by the Company, reflecting its dividend policy, and must obey the commitments and requirements specified in §7 of Clause 12 of these by-laws.

[...]

§7 The Long-term Strategy, the Multi-year Business Plan and the Annual Budget shall be revised annually by the Executive Board and submitted no later than the last ordinary meeting of the Board of Directors of the prior year, in the terms of the applicable legislation.

[...] ;

Clause 18 [...]

j) to authorize, upon proposal by the Executive Board, opening of administrative tender proceedings, or proceedings for dispensation or non-requirement of tender, or of non-applicability of the duty to tender, and the corresponding contractings, when the amount is 1% (one percent) or more of the Company's Stockholders' equity, or more than R\$ 100,000,000.00 (one hundred million Reais), as adjusted annually by the IPCA Inflation Index, if positive; [ ] ;

l) to authorize the issuance of securities in the Brazilian or external market, for raising of funding in the form of non-convertible debentures, promissory notes, commercial papers and other instruments; [ ] ;

Clause 20

§1 In the event of any of the other members of the Executive Board being absent, on leave, their seat being vacant, impediment of their position or resignation, that Board may, on approval by the majority of its members, attribute the temporary exercise of the related functions to another member of the Executive Board.

[...] ;

Clause 23 [...]

I To the Chief Executive Officer:

[...]

g) to be responsible for the activities of the Management Units controlling Governance, Strategic Planning, Compliance and Corporate Risk Management; [ ].

II To the Deputy Chief Executive Officer: to assist the CEO in the exercise of his functions and substitute him in the event of absence, leave, his position being vacant or impeded, or resignation.

[...]. ;

Clause 30 The Compliance Management Unit, responsible to the Chief Executive Officer and led by a Chief Officer, is responsible for:

a) managing the Company's compliance program, with prevention and detection of, and response to, any failings in compliance with internal or external rules and/or inappropriate contact; and

b) to coordinate and define the methodology to be used in the management of internal controls.

§1 The person responsible for the Compliance Management Unit shall report directly to the Board of Directors in any situation in which it is suspected that the Chief Executive Officer is involved in irregularities, or when the CEO omits to act on his obligation to adopt necessary measures in relation to the situation reported to him. ;

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Clause 33 In the event of resignation, death or impediment, a member of the Audit Board shall be replaced by his or her respective substitute, until the new member is elected, and such member shall be chosen by the same party that appointed the substitute.

In relation to Clauses 12, §3; 13, §9; 18, sub-clause q ; 26, §1 and 52 of the Proposal by the Board of Directors to this Meeting, the representative of BNDESPar presented a statement of opinion contrary to their approval.

The Chair then explained that in functional terms the duties and functions of the Internal Audit Unit are subordinated to the Board of Directors; but that the Internal Audit Unit shall be administratively subordinated to the office of the Chief Executive Officer.

He further stated that, under the recently-approved provision of the by-laws, it would not be a function of this Meeting to orient any vote by the representative(s) of Cemig in the Extraordinary General Meeting of Stockholders of Cemig Distribuição S.A. or Cemig Geração e Transmissão S.A., on changes to the by-laws or election of members of the Board of Directors or the Audit Board, for which reason items 6 and 7 of the Convocation are not successful.

The Chair then stated that, as a result of the change to the by-laws that had just been decided and in accordance with Item 2 of the convocation, it was necessary to elect the members of the Board of Directors, for a new period of office of 2 (two) years, exceptionally to end at the Annual General Meeting of 2020.

Finally, the Chair pointed out that it will be necessary first and in view of §3 of Clause 13 of the by-laws, to elect the sitting member and respective substitute nominated by representatives of the holders of preferred shares, and only then to apply the instrument of Multiple Vote to fill the remaining vacancies on the Board of Directors.

Since there was found not to be the minimum legally required quorum of preferred shares for nomination of a sitting and substitute member of the Board of Directors, the Chair stated that Multiple Vote would be adopted for election of 8 members and their respective substitutes to that Board.

The Chair stated that adoption of Multiple Vote had been requested by the stockholder **Fundo de Investimentos em Ações Dinâmica Energia FIA Dinâmica**, as per a letter in the Company's possession, and that 43,033,363 shares would be necessary for the election of each member of the Board of Directors.

Then, and by adoption of Multiple Vote, the representative of the stockholder **BNDESPar**, as per the voting spreadsheet, attributed, for sitting member of the Board of Directors, 54,342,998 shares, to:

**Ms Patrícia Gracindo Marques de Assis Bentes**

Brazilian, divorced, company manager, domiciled in Rio de Janeiro, RJ, at Rua Ministro Ramos Monteiro 37/701 B, Leblon, CEP 22430-100, bearer of Identity Card 59879098-6, issued by the Public Safety Department of São Paulo State, and CPF nº 810318827-15;

her substitute member not to be elected at this opportunity.

The representative of the stockholder The State of Minas Gerais, as per the voting spreadsheet, then attributed, per sitting member of the Board of Directors, 43,033,364 shares to complement the Board of Directors, electing the following:

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Sitting members:

**Adézio de Almeida Lima**

Brazilian, married, economist, domiciled in Brasília, Federal District, at SQN 311, Bloco F, apto. 102, Asa Norte, CEP 70765-100, bearer of Identity Card 2514340, issued by the Public Safety Department of the Federal District, and CPF 342530507-78;

**Marco Antônio Soares da Cunha Castello Branco**

Brazilian, married, engineer, domiciled in Belo Horizonte, MG, at Rua Pium-I 1601/401, Cruzeiro, CEP 30310-080, bearer of Identity Card M753845, issued by the Minas Gerais State Public Safety Department, and CPF 371150576-72;

**Bernardo Afonso Salomão de Alvarenga**

Brazilian, married, economist, domiciled in Belo Horizonte, Minas Gerais at Av. Barbacena 1,219, 22nd floor, B Wing, CEP 30190-130, bearer of Identity Card MG-899851, issued by the Public Safety Department of Minas Gerais State, and CPF 154691316-53;

**Luiz Guilherme Piva**

Brazilian, married, engineer, domiciled in Belo Horizonte, MG, at Rua Professor Estevão Pinto 555/404, Serra, CEP 30220-060, bearer of Identity Card MG2084020, issued by the State Public Safety Department of Minas Gerais State, and CPF 454442936-68; and

**Marco Aurélio Crocco Afonso**

Brazilian, in stable union, economist, domiciled in Belo Horizonte, MG, at Rua Cristina 303/301, Sion, CEP 30310-800, bearer of Identity Card M1624401, issued by Minas Gerais Public Safety Department, and CPF 382386166-20;

and as substitute members:

**José Maria Rabelo**

Brazilian, married, lawyer, resident and domiciled in Brasília, Federal District, at SQN 214, Bloco F, Ap. 207, Asa Norte, CEP 70873-030, bearer of Identity Card



851287 issued by the Minas Gerais State Public Safety Department, and CPF nº 232814566-34;

**Ricardo Wagner Righi de Toledo**

Brazilian, widower, manager, domiciled in Belo Horizonte, Minas Gerais, at Rua Arquiteto Rafaello Berti 690, Mangabeiras, CEP 30210-120, bearer of Identity Card MG4172543, issued by the Minas Gerais State Public Safety Department, and CPF 299492466-87;

**Geber Soares de Oliveira**

Brazilian, legally separated, accountant, domiciled in Belo Horizonte, MG, at R. Carlos Turner 275/202, Silveira, CEP 31140-520, bearer of Identity Card MG1673562, issued by the Public Safety Department of the State of Minas Gerais, and CPF 373022806-49; and

**Cristian Regis Duarte Silva**

Brazilian, married, communications executive, domiciled in Belo Horizonte, MG, at Rua Bolivia 357, Apto. 102, São Pedro, CEP 30330-360, bearer of Identity Card M4414313, issued by the State Public Safety Department of Minas Gerais State, and CPF 583432616-15; and

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**Alcione Maria Martins Comonian**

Brazilian, married, teacher, resident and domiciled in Belo Horizonte, Minas Gerais at Rua Icaraí 365, Caiçara, CEP 30770-160, bearer of Identity Card MG2511807, issued by the Public Safety Department of Minas Gerais State, and CPF 482072096-15; respectively.

Two seats still being vacant, the Chair said that Law 6404/1976 omits to specify the manner of decision in relation to the leftover balance of shares that took part in the composition of the Board of Directors through adoption of Multiple Vote.

On this matter, and considering that the by-laws also have no rule for distribution of these leftover shares, the holders of voting rights present at the meeting decided at this time to adopt, as the criterion for filling the two remaining vacancies on the Board of Directors resulting from the distribution of shares by Multiple Vote, the use of the highest proportion of leftover shares relative to the distribution of the six previously-filled seats.

As candidate for one of the seats on the Board of Directors, Mr. Anderson Carlos Koch, as per the voting spreadsheet, attributed 42,431,983 shares to complement the Board of Directors, electing:

**José Pais Rangel**

Brazilian, married, lawyer, domiciled in Rio de Janeiro, Rio de Janeiro State, at Av. Presidente Vargas 463/13º andar, Centro, CEP 20071-003, bearer of Identity Card No. 22191 issued by the Brazilian Bar association of Rio de Janeiro (OAB/RJ), and CPF 239775667-68;

and as his substitute member,

**José João Abdalla Filho**

Brazilian, single, banker, domiciled in Rio de Janeiro, RJ, at Av. Presidente Vargas 463, 13th floor, Centro, CEP 20071-003, bearer of Identity Card 1439471-1, issued by the Public Safety Department of São Paulo State, and CPF 245730788-00.

Then, the representative of the State of Minas Gerais, as per the voting spreadsheet, attributed 33,313,326 shares to complement the Board of Directors, electing the following:

**Marcelo Gasparino da Silva**

Brazilian, married, lawyer, domiciled in Florianópolis, Santa Catarina State, at Rua Esteves Júnior 605/1411, Centro, CEP 88015-130, bearer of Identity Card 2302967, issued by the Santa Catarina State Public Safety Department, and CPF 807383469-34;

and as his substitute member:

**Manoel Eduardo Lima Lopes**

Brazilian, married, lawyer and accountant, domiciled in Rio de Janeiro, RJ, at Av. Presidente Vargas 463/13th Floor, Centro, CEP 20071-003, bearer of Identity Card 1767127, issued by the Félix Pacheco Institute of Rio de Janeiro State, and CPF 046227237-00.

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Then, and as per Clause 53 of the recently-decided by-laws, the seat as substitute member of the Board of Directors attributed to a representative of the employees was allocated to Mr.

**Márcio José Peres**

Brazilian, married, engineer, bearer of Identity Card 12729567-7, issued by SSP/SP, and CPF 713401066-04, domiciled in Belo Horizonte, MG, at Av. Barbacena 1200, 12th Floor, Santo Agostinho, CEP 30190-131;

the related seat of a sitting member remaining unfilled, with 249,015,057 votes in favor, 13,006,245 against and 125,278,965 votes of abstention.

The Board members elected declared in advance that they are not subject to any prohibition on exercise of commercial activity, that they do not occupy any post in a company which could be considered to be a competitor of the Company, and that they do not have nor represent any interest conflicting with that of Cemig; and they made a solemn commitment to become aware of, obey and comply with the principles, ethical values and rules established by the Code of Professional Conduct of Companhia Energética de Minas Gerais - Cemig, and the Code of Ethical Conduct of Government Workers and Senior Administration of the State of Minas Gerais.

The Chair stated that assumption of these posts is conditional on presentation of the statements contained in the relevant federal and state legislation.

He then said that as a result of the new composition of the Board of Directors, and as stated by Clause 12, §1 of the by-laws of Cemig just approved, there was a need to change the composition of the Board of Directors of the wholly-owned subsidiaries Cemig Distribuição S.A. ( Cemig D ) and Cemig Geração e Transmissão S.A. ( Cemig GT ), since the structure and composition of the Boards of Directors of those Companies are required to be identical to those of Cemig.

The Chair then dealt with items 4 and 5 of the agenda, relating to the setting of compensation of the representatives of the Audit Committee, and adjustment of the Annual Global Allocation for compensation of the Managers, Members of the Audit Board, and members of the Audit Committee, and proposed as follows:

- 1) To set the Annual Global allocation for Compensation of the members of the Board of Directors, the Executive Board, the Audit Board and the Audit Committee at the amount of up to R\$ 30,766,415.00 (thirty million seven hundred sixty-six thousand four hundred fifteen Reais), the other amounts and criteria remaining the same as those approved by the Ordinary (Annual) and Extraordinary General Meetings of Stockholders of Cemig held, concurrently, on April 30 of this year.

2)

To establish that the monthly remuneration of each one of the members of the Audit Committee shall be equivalent to R\$ 20,590.90 (twenty thousand five hundred ninety Reais and ninety centavos).

- 3) To establish that the members of the Board of Directors that are also members of the Audit Committee shall receive only the compensation of the latter.

The proposal by the representative of the stockholder The State of Minas Gerais being placed in debate, the representative of BNDESPar recorded his view that this item of the agenda should not pass because in the convocation the amounts and the criteria to be considered had not been stated.

The proposal of the representative of the stockholder The State of Minas Gerais was put to vote and approved by majority, as follows:

249,015,057 votes in favor, 13,006,245 against and 125,278,965 votes of abstention.

Then, considering Item 3 of the convocation, the Chair stated that it was necessary to elect the members of the Audit Board, for a new period of office of 2 (two) years, exceptionally ending with the Annual General Meeting to be held in 2020.

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The Chair said that this election would be carried out with separate voting, in the case of candidates indicated by holders of preferred shares and by minority stockholders of common shares.

The Chair thus placed the election of the sitting and substitute members of the Audit Board in debate.

Asking for the floor, as holder of preferred shares, the representative of the stockholder **FIA Dinâmica** nominated the following persons to be members of the Board of Directors:

Sitting member:

**Rodrigo de Mesquita Pereira**

Brazilian, married, lawyer, domiciled in São Paulo, São Paulo State at Rua Dr. Fernandes Coelho 85, 6° Andar, Pinheiros, CEP 05423-040, bearer of Identity Card 8364447-7 issued by the São Paulo State Public Safety Department (SSPSP), and CPF 091622518-64;

and, as his substitute member,

**Michele da Silva Gonsales**

Brazilian, married, lawyer, domiciled in São Paulo, SP, at Rua Sabará 402/42, Higienópolis, CEP 01239-010, bearer of Identity Card 33347425-9, issued by the São Paulo State Public Safety Department, and CPF 324731878-00.

The Chair then put the above nominations to debate, and, subsequently, to a vote separately, i.e. with only holders of the preferred shares participating and they were approved by a majority of votes, with 77,663,677 votes in favor, 92,860,436 abstentions, and no votes against.

The Chair stated that, for the purposes of composition of the Audit Board, there were left out of account 203,675,889 shares, since candidates for the Audit Board to be elected by the holders of preferred shares, separately, were not included on the remote voting form.

Asking for the floor, the representative of **FIA Dinâmica**, for the minority of common stockholders with the right to vote, proposed the following names for the Audit Board:

Sitting member:

**Manuel Jeremias Leite Caldas**

Brazilian, married, engineer, domiciled in Rio de Janeiro, RJ, at Av. Lúcio Costa 6700/1103, Barra da Tijuca, CEP 22795-900, bearer of Identity Card 284123 issued by the Air Ministry and CPF 535866207-30;

and as his substitute member,

**Ronaldo Dias**

Brazilian, married, accountant, domiciled in Rio de Janeiro, RJ, at Rua Maxwell 452/704, Vila Isabel, CEP 20541-100, bearer of Identity Card 2201087-0 issued by the Rio de Janeiro State Traffic Department (Detran), and CPF 221285307-68.

Asking for the floor, the representative of the stockholder BNDESPar, also for the minority of common stockholders with the right to vote, proposed the following appointments to the Audit Board:

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As sitting member:

**Cláudio Morais Machado**

Brazilian, married, accountant, domiciled in Porto Alegre, RS, at Rua General Rondon 411, Assunção, CEP 91900-120, bearer of Identity Card 9002545292, issued by the Public Safety Department of the State of Rio Grande do Sul, and CPF 070068530-87;

and as his substitute member,

**Carlos Roberto de Albuquerque Sá**

Brazilian, divorced, engineer, domiciled in São Paulo, SP, at Alameda Jauaperi 755/132, Moema, CEP 04523-013, bearer of Identity Card 2321952, issued by the Felix Pacheco Institute of Rio de Janeiro and CPF 212107217-91.

The above nominations were put to debate, and, subsequently, to a vote, separately, by the minority of holders of voting shares, and the nominations of the representative of the stockholder BNDESPar received 54,342,992 votes in favor, while the nominations of the representative of **FIA Dinâmica** received 42,431.983 votes, there having been counted in relation to these nominations 37,931,075 abstentions, and no votes against.

The Chair then stated that the nomination by the majority stockholder of members of the Audit Board was at this time not successful, due to the provision in CVM Official Letter 227/2018/CVM/SEP/GEA-1, of June 7, 2018, which states a decision by the CVM that the prohibitions established by Article 17, §2, of Law 13303/2016, are applicable also to candidates to the Audit Board of public companies and mixed-economy companies.

For this reason, the representative of the stockholder **The State of Minas Gerais** stated that the majority stockholder will proceed to a re-composition of the Audit Board at another time in the future.

The Members of the Audit Board elected declared in advance that they are not subject to any prohibition on exercise of commercial activity, and assumed a solemn undertaking to be aware of, obey and comply with the principles, ethical values and rules established by the Code of Professional Conduct of Companhia Energética de Minas Gerais Cemig, and the Code of Ethical Conduct of Government Workers and Senior Administration of the State of Minas Gerais.

The Chair noted that their taking office is conditional upon presentation of the statements contained in the relevant federal and state legislation.



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The meeting being opened to the floor, since no-one else wished to speak, the Chair ordered the session suspended for the time necessary for the writing of these minutes.

The session being reopened, the Chair, after putting the said minutes to debate and to the vote and verifying that they had been approved unanimously, that is to say by 387,300,267 votes, and signed, closed the meeting.

For the record, I, **Anamaria Pugedo Frade Barros**, Secretary, wrote these minutes and sign them together with all those present.

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**This text is a translation, provided for information only. The original text in Portuguese is the legally valid version.**

**MARKET ANNOUNCEMENT DATED JUNE 12, 2018: CHANGES TO THE BY-LAWS ENHANCING  
CORPORATE GOVERNANCE**

75

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

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

**MARKET ANNOUNCEMENT**

**Changes to the by-laws enhancing corporate governance**

**Cemig** (*Companhia Energética de Minas Gerais*), a listed company with securities traded on the stock exchanges of São Paulo, New York and Madrid, **hereby informs** the public, the CVM (the Brazilian Securities Commission) and the São Paulo stock exchange (B3) **as follows:**

The Extraordinary General Meeting of Stockholders of Cemig held on June 11, approved alteration of the Company's by-laws, to formalize best practices in corporate governance, and provide formal compliance with Law 13306/2016 (the State Companies Law).

The improvements now formally incorporated in the by-laws include:

Reduction of the number of members of the Board of Directors from 15 to 9 reflecting the Best Corporate Governance Practices Code of the Brazilian Corporate Governance Institute (*Instituto Brasileiro de Governança Corporativa*, IBGC), and the Corporate Sustainability Assessment Manual of the Dow Jones Sustainability Index.

Creation of the Audit Committee (*Comitê de Auditoria*). The Audit Board (*Conselho Fiscal*) remains in existence.

The Eligibility and Assessment Policy for appointments to the Board of Directors or Executive Board of subsidiaries or affiliated companies.

The Related Party Transactions Policy.

Formal designation for the Board of Directors to ensure implementation of and supervision of the Company's systems of risks and internal controls.

Optional power for the Executive Board to expand technical committees on which members are career employees and which have autonomy to make decisions on specific subjects.

The CEO to be responsible for directing compliance and corporate risk management.

Greater emphasis on the company's control functions: internal audit, compliance, and corporate risk management.

Adoption of an arbitration chamber for resolution of any disputes between the company, its stockholders, managers, and/or members of the Audit Board.

These changes to the by-laws show the commitment of the controlling and minority stockholders to enhancement of the process of management and corporate governance practices, as a means of ensuring Cemig's sustainability and profitability in the long term.

Belo Horizonte, June 12, 2018.

Maurício Fernandes Leonardo Júnior

Chief Finance and Investor Relations Officer

Av. Barbacena 1200 Santo Agostinho 30190-131 Belo Horizonte, MG Brazil Tel.: +55 31 3506-5024 Fax +55 31 3506-5025

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**SUMMARY OF THE PRINCIPAL DISCUSSIONS OF THE 736TH MEETING OF THE BOARD OF  
DIRECTORS HELD ON JUNE 12, 2018**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

**LISTED COMPANY CNPJ 17.155.730/0001-64 NIRE**

**BOARD OF DIRECTORS**

**Meeting of June 12, 2018**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 736<sup>th</sup> meeting, held on June 12, 2018, the Board of Directors of **Cemig** (*Companhia Energética de Minas Gerais*) decided the following:

**1. Reelection** of the Chair and Deputy Chair of the Board of Directors:

Mr. Adézio de Almeida Lima reelected as Chair,

and Mr. Marco Antônio Soares da Cunha Castello Branco as Deputy Chair,

to serve the new period of office arising from the changes in the by-laws.

**2. Election** of the members of the Audit Committee:

Mr. José Pais Rangel,

Mr. Pedro Carlos de Mello,

and Mr. Gilberto José Cardoso.

**3. Reelection** of the members of the Executive Board to serve the new period of office arising from the changes in the by-laws:

|   |                                      |
|---|--------------------------------------|
| CEO:  | Bernardo Afonso Salomão de Alvarenga |
| Deputy CEO:   | Luiz Humberto Fernandes              |
| Chief Trading Officer:  | Dimas Costa                          |
| Chief Officer for Management of Holdings:                     | Daniel Faria Costa                   |
| Chief Distribution and Sales Officer (interim):               | Ronaldo Gomes de Abreu               |
| Chief Finance and Investor Relations Officer:                 | Maurício Fernandes Leonardo Júnior   |
| Chief Generation and Transmission Officer:                    | Franklin Moreira Gonçalves           |
| Chief Corporate Management Officer:                           | José de Araújo Lins Neto             |
| Chief Officers for Human Resources and Relations:             | Maura Galuppo Botelho Martins        |
| Chief Officer for Institutional Relations and Communications: | Thiago de Azevedo Camargo            |
| Chief Counsel:  | Luciano de Araújo Ferraz             |

|                    |           |                    |              |            |           |
|--------------------|-----------|--------------------|--------------|------------|-----------|
| Av. Barbacena 1200 | Santo     |                    | Tel.: +55 31 | Fax +55 31 |           |
| Agostinho          | 30190-131 | Belo Horizonte, MG | Brazil       | 3506-5024  | 3506-5025 |

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**SUMMARY OF THE PRINCIPAL DISCUSSIONS OF THE 737TH MEETING OF THE BOARD OF  
DIRECTORS HELD ON JUNE 19, 2018**



**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

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

**BOARD OF DIRECTORS**

**Meeting of June 19, 2018**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 737<sup>th</sup> meeting, held on June 19, 2018, the Board of Directors of **Cemig** (*Companhia Energética de Minas Gerais*) decided the following:

1. Nomination of Managers for companies of the Cemig Group .
2. Orientation of vote in meetings of Taesa.
3. Convocation of an Extraordinary General Meeting of Stockholders, to be held on July 23, 2018 at 10 a.m., on the subject of change in the membership of the Audit Board.
4. Changes in composition of the Executive Board:
  - a) Change in the Chief Counsel.
  - b)

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Election of Ms. Neila Maria Barreto Leal as Chief Counsel, to serve the rest of the current period of office.

The members of the Executive Board are now as follows:

|  |                                      |
|--|--------------------------------------|
| Chief Executive Officer:                                 | Bernardo Afonso Salomão de Alvarenga |
| Deputy CEO:  | Luiz Humberto Fernandes              |
| Chief Trading Officer:                                   | Dimas Costa                          |
| Chief Distribution and Sales Officer (interim):          | Ronaldo Gomes de Abreu               |
| Chief Finance and Investor Relations Officer:            | Maurício Fernandes Leonardo Júnior   |
| Chief Generation and Transmission Officer:               | Franklin Moreira Gonçalves           |
| Chief Officer for Management of Holdings:                | Daniel Faria Costa                   |
| Chief Officer for Human Relations:                       | Maura Galuppo Botelho Martins        |
| Chief Corporate Management Officer:                      | José de Araújo Lins Neto             |
| Chief Institutional Relations and Communication Officer: | Thiago de Azevedo Camargo            |
| Chief Counsel:   | Neila Maria Barreto Leal.            |

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**MARKET NOTICE DATED JUNE 19, 2018: REPLY TO CVM INQUIRY LETTER  
232/2018/CVM/SEP/GEA-1**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**  
**LISTED COMPANY CNPJ 17.155.730/0001-64 NIRE 31300040127**

**MARKET NOTICE**

**Reply to CVM Inquiry Letter 232/2018/CVM/SEP/GEA-1**

**Question asked by the Brazilian Securities Commission (CVM)**

Rio de Janeiro, Tuesday, June 12, 2018.

Mr. Maurício Fernandes Leonardo Júnior

Investor Relations Director

CIA ENERGETICA DE MINAS GERAIS CEMIG

Av. Barbacena 1200 5th floor, B1 Wing, Santo Agostinho

Belo Horizonte, MG

CEP: 30.190-131

Fax: (31) 3506-5026 /Telephone: (31) 3506-5024

Email: ri@cemig.com.br

cc: emissores@b3.com.br

**Subject: Request for information Reiteration of requirement  
Official Letter 198/ 2018-CVM/SEP/GEA-1.**

Dear Sir,

1 We refer to the Market Announcement published by the Issuer on May 14, 2018, in response to the above-mentioned Official Letter, which requests explanations about a news report in the *Estadão Online* news medium, under the heading:

*Santo Antônio Hydroelectric Plant declares imminent risk of financial failure .*

- 2 On this subject, the Issuer alleged in the said correspondence that it did not see any reason for disclosure additional to, or concomitant with, the Material Announcement or Market Announcement, because it considered the explanations published by Santo Antônio Energia S.A. on the subject to be sufficient.
- 3 However, in view of the significant scale of the investment for the Issuer, bearing in mind that it is larger than the net profit of Cemig in the business year ended December 31, 2017[1], we reiterate the requirements contained in that Official Letter.
- 4 Thus, we now once again request the need for statement by the company on the reasons why it opted not to publish a Material Announcement in relation to the question under discussion, and also commentaries on other information considered important on the subject, especially in relation to the possible impacts of losses relating to the investments in Santo Antônio Energia S.A. on the Issuer's position in terms of equity and financial situation.
- 5 This statement must be given through the *Empresa.NET* system, in the category: *Market notice*; Sub-category: *Responses to consultations by CVM/B3*; Subject: *Media News Report*; and should include a transcription of this Official Letter.

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6 We warn you that, by order of our Company Relations Supervision Management, using its legal powers under Sub-item II of Article 9 of Law No. 6385/1976 and CVM Instruction 452/07, a coercive fine of **R\$ 1,000 (one thousand Reais)** is applicable, without prejudice to other administrative sanctions, for non-compliance with the requirement contained in this Official Letter, which is sent exclusively by e-mail, **by June 13, 2018**, notwithstanding the provisions of §1 of Article 6 of CVM Instruction 358/02.

**Reply by CEMIG**

Dear Ms. Nilza Maria Silva de Oliveira,

In response to Official Letter 232/2018/CVM/SEP/GEA-1, Cemig (*Companhia Energética de Minas Gerais*) ( Cemig or the Company ) provides the following additional statements in relation to the requirements contained in Official Letter 198/2018-CVM/SEP/GEA-1.

At the time, through our Market Announcement in response to Official Letter 198/2018-CVM/SEP/GEA-1, we informed you that after the responses published by Santo Antônio Energia S.A. ( SAE ) itself on the media report published by the *Estado on May 9, 2018*, we saw no reason, under CVM Instruction 358/2002, that would justify disclosure, by the Company, of information concomitant with or additional to the Material Announcement published by SAE.

On this point, it should be noted that the debts of SAE, which are the subject of a Court action in the judiciary, are still under discussion and are susceptible to negotiation and potential agreement for payment by instalments, and that this was stated in the Material Announcement published by SAE on May 10, 2018, which was attached to our previous response:

Santo Antônio Energia S.A. ( SAE or the Company ), in accordance with CVM Instruction 358 of January 3, 2002 as amended, and in reference to the Material Announcements published on April 17, 20 and 24, 2018, and the report published on May 9 in the *O Estado de S. Paulo* newspaper ( *Santo Antônio Hydroelectric Plant declares imminent risk of financial failure* ), hereby advises the market as follows:

As has already been stated in the above-mentioned Material Announcements, the Company has applied to the Courts to re-establish the effects of the interim injunction previously granted by the regional Federal Court of Brasília, in relation to the criteria for calculation of the Availability Factor of the Santo Antônio hydroelectric plant, which was also given in the Higher Appeal Court ( STJ ), to the case records of which the item in the Estado de S. Paulo refers. Notwithstanding such measures, and in compliance with Aneel Dispatch 946/2018 and based on the decision in favor given by its Board of Directors, the Company, on May 9, 2018, formalized a proposal to Aneel for payment by installments of the debit relating to the calculation of the Availability Factor (*Fator de Disponibilidade* - FID) of the Santo Antônio Hydroelectric Plant. The Company continues to honor all its financial, legal and contractual obligations. SAE will continue to keep its stockholders and the market duly informed on the progress of and the results arising from these matters.

In light of these facts, in relation to the Company's investment in SAE being of an amount higher than Cemig's net profit in the business year ended December 31, 2017, at the time we did not see a situation of risk capable of

impacting the investments made by the Company in SAE, since SAE is taking the necessary, adequate and appropriate judicial and administrative measures to mitigate any risks that may occur.

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And, indeed, SAE subsequently gave further explanation on the question, in its Market Announcement published on May 11, 2018:

*The media report referred to makes reference to the passage in the writ filed by the Company in the action for Suspension of Mandamus currently before the Higher Appeal Court, which was extracted out of its context and which cannot be interpreted in isolation. This being so, any mention of risk in the said writ should be interpreted in the specific context of the related Court action which, because its objective is to obtain an injunction to suspend the Company's debt, highlighted the urgency and importance of the subject, not dealing with (nor could it) other alternatives for resolution of the debit referred to, such as normal business negotiations, which are in progress, with Aneel. Therefore, the general risk of the Company must be analyzed based on the ample and wide-ranging information regularly provided by the Company's Management, as per the Material Announcements referred to above, and in no event based on partial extracts made from isolated legal proceedings, based on the Media. Finally, the Company notes that it continues to comply with all its financial, legal and contractual obligations, and also awaits developments resulting from the proposal presented to Aneel, and from a legal action currently in progress, to provide the basis of its next decisions on the subject and on the continuing compliance with its obligations.*

We also highlight that there was no atypical movement in the share prices of the Company trading on the exchange in the days subsequent to the publication of the media report and publication of the Material Announcements and Market Announcements by SAE and by the Company.

Solely for the purposes of information, we remind you that in the Company's financial statements for the first quarter of 2018 the subject was included through Explanatory Note 15 – Investment at Page 43, as follows:

**Investment in the Santo Antônio plant through Madeira Energia S.A. ( Mesa ) and FIP Melbourne The FID (Availability Factor)**

On July 31, 2015, the Regional Federal Appeal Court accepted the request by Santo Antônio Energia S.A. ( SAE – a subsidiary of the investee Madeira Energia S.A.) for interim relief on appeal. This relief suspended the application of the Availability Factor (FID) related to the generating units of the Santo Antônio hydroelectric plant not dispatched by the National System Operator (ONS). This decision, which had ordered Aneel and the CCEE to adopt the necessary procedures to make that decision effective in the CCEE's accounting and settlement, was suspended by the Higher Appeal Court (STJ), and after an unfavorable decision against SAESA in a constitutional appeal to the Supreme Federal Court (STF), the suspension was maintained. On March 31, 2018, SAE had an amount accrued as current liabilities of R\$ 691,464, representing the effect of the application of the FID in that claim. SAESA expects and will make its best efforts to re-establish the effects of the interim injunction until final court decision. On April 24, 2018, in an Extraordinary Meeting, Aneel granted interim relief in the administrative application presented by SAE on April 19, 2018, for suspension of the payment of guarantees required by CCEE, and also the related financial settlement, in relation to the calculation of the availability factor (FID) of the Santo Antônio hydroelectric plant, in which the payment expired on that date. After receiving the CCEE notification and recalculation of the debit relating to the FID, SAE will present to Aneel a proposal for resolution of it, which should be previously approved by its Board of Directors.

Finally, we report the following new developments from the discussions in relation to the FID of SAE:



On April 27, 2018, the CCEE advised a new amount for the debit, namely R\$ 724,808,282.61.

On May 9, 2018, SAE presented to Aneel a proposal for payment by instalments of the debit relating to the calculation of the FID for the Santo Antônio hydroelectric plant which would be in line with its capacity for payment.

On May 22, 2018, in an Ordinary Public Meeting, Aneel, by its Dispatch 1146/2018, did not accept the proposal for payment of the debit presented by Santo Antônio Energia S.A., and ordered the Company to present a new proposal for payment of the debit directly to the Electricity Trading Exchange (CCEE) by May 28, 2018, and authorized CCEE to analyze and decide on the proposal for payment of the debit by instalment and set the conditions for its operationalization in up to 45 (forty-five) days from publication of the Dispatch.

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Complying with the period established, on May 28, 2018 SAE sent a proposal to the CCEE for payment of the debit by instalments, in such a way that the flow of payments would be compatible with the cash flow generated by the Company.

SAE continues to employ its best efforts with CCEE for acceptance of the proposal. The period for reply by CCEE is up to 45 (forty-five) days from publication of the Dispatch.

As to the possible impacts relating to the investments in SAE, we highlight that in its accounting Cemig does not consolidate the results of SAE, which is neither a subsidiary nor an affiliated company under Law 6404/76 and Law 1303/16: these amounts are recorded as gain (loss) by the equity method, and their effects are recognized and published in the Company's quarterly information.

Any change in the situation that could have influence on the investment made by the Company in SAE will immediately be communicated by Cemig to the market in accordance with CVM Instruction 358/2002.

Please do not hesitate to contact us if you need any further explanation.

Belo Horizonte, June 19, 2018.

Maurício Fernandes Leonardo Júnior

Chief Finance and Investor Relations Officer

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**CONVOCATION AND PROPOSAL TO THE EXTRAORDINARY GENERAL MEETING OF  
STOCKHOLDERS TO BE HELD ON JULY 23, 2018 DATED JUNE 19, 2018**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

**CNPJ 17.155.730/0001-64 NIRE 31300040127**

**EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS**

**JULY 23, 2018**

**CONVOCATION**

Stockholders are hereby called to an Extraordinary General Meeting of Stockholders to be held on July 23, 2018 at 10 a.m., at the company's head office, Av. Barbacena 1219, 2<sup>ª</sup> floor, Belo Horizonte, Minas Gerais, Brazil, to decide on:

Election of members of the Audit Board nominated by the majority stockholder, to serve the rest of the current period of office.

Stockholders may opt to exercise their right to vote through the remote voting system, in accordance with CVM Instruction 481/2009, by sending the related Remote Voting Form via their custody agent, or the mandated bank, or directly to the Company.

*Proxy votes*

Any stockholder who wishes to be represented by proxy at the said General Meeting of Stockholders should obey the precepts of Article 126 of Law 6406 of 1976, as amended, and of §2 of Article 10 of Clause 10 of the by-laws, by exhibiting at the time, or previously depositing at the Company's head office, preferably by July 19, 2018, the proof of ownership of the shares, issued by the depositary financial institution, an identity document, and a power of attorney with specific powers, at Cemig's Corporate Executive Office (*Superintendência da Secretaria Geral*) at Av. Barbacena 1219 2<sup>ª</sup> Floor, Belo Horizonte, Minas Gerais, Brazil.

Belo Horizonte, June 19, 2018.

Adézio de Almeida Lima

Chair of the Board of Directors

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**PROPOSAL**  
**by the Board of Directors**  
**to the**  
**ANNUAL GENERAL MEETING OF STOCKHOLDERS**  
**TO BE HELD ON**  
**JULY 23, 2018 AT 10 A.M.**

Election of the members of the Audit Board nominated by the majority stockholder, to serve the rest of the current period of office.

**Sitting members**

José Afonso Bicalho Beltrão da Silva

Marco Antônio de Rezende Teixeira

Camila Nunes da Cunha Pereira Paulino

**Substitute members**

Helvécio Miranda Magalhães Júnior

Flávia Cristina Mendonça Faria Da Pieve

Wieland Silberschneider

**12.5. Information about the Member of the Audit Board:**

|   |   |
|---|---|
| <b>Name:</b>  | <i>José Afonso Bicalho Beltrão da Silva</i>                 |
| <b>Date of birth:</b>   | <i>05-10-1948</i>   |
| <b>Profession:</b>  | <i>Economist</i>  |
| <b>CPF:</b>   | <i>098044046-72</i>   |
| <b>Position:</b>  | <i>Sitting member</i>                                       |
| <b>Date of election:</b>  | <i>23-07-2018</i>   |
| <b>Date sworn in:</b>   | <i>23-07-2018</i>   |
| <b>Period of office:</b>  | <i>Until the Annual General Meeting to be held in 2020.</i> |
| <b>Other positions or functions held or exercised in the Company:</b>   | <i>None.</i>  |
| <b>Whether was elected by the controlling stockholder or not:</b>       | <i>Yes.</i>   |
| <b>State whether the candidate will be an independent board member:</b> | <i>Not applicable.</i>                                      |

**If yes, state the criterion used by the issuer to determine independence:**

**Number of consecutive periods of office:** 0

*i. Principal professional experience in the last 5 years, indicating:*

*name of company;*

*positions and functions inherent to the position;*

*principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.*

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*Prefecture of the City of Belo Horizonte: Secretary of Finance*

*Jan. 2006 to July 2012.*

*PBH Ativos S.A.: CEO March 2009 to July 2014.*

*Brazilian Industry, Development and Foreign Trade Ministry: Advisor*

*April 2013 to December 2014.*

*Brazilian Development Bank (BNDES): Advisor*

*April 2013 to December 2014.*

*Minas Gerais State Government: Finance Secretary*

*since January 2015.*

*Companhia Energética de Minas Gerais, Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A.: Member of the Board of Directors*

*Jan. 22, 2015 to April 30, 2018.*

*Transmissora Aliança de Energia Elétrica S.A. (Taesa):*

*Member of the Board of Directors since November 2015.*

***i. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.***

*Companhia Energética de Minas Gerais, Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A.: Member of the Board of Directors,*

*Jan. 22, 2015 to April 30, 2018.*

*Transmissora Aliança de Energia Elétrica S.A. (Taesa):*

*Member of the Board of Directors since November 2015.*

***a. Description of any of the following events that have taken place in the last 5 years:***

- i. any criminal conviction;***



No

Yes If yes, describe:

*Subject of judgment at first instance, in 2015, given by the 4<sup>th</sup> Federal Court of Belo Horizonte, in Criminal Action No. 2008.38.00.004809-0. The Appeal lodged is currently before the Regional Federal Court of the First Region, Judicial Section, of Minas Gerais State (Case No. 004711-51.2008.4.01.3800), on the grounds of Article 106 of the Constitution of the State of Minas Gerais, which states that it is the competency of the State Appeal Court (2<sup>nd</sup> instance) to be the first initial forum of hearing and judgment of Minas Gerais State Secretaries.*

ii. **Any guilty judgment in an administrative proceeding of the CVM, and penalties applied:**

No

Yes - If yes, describe:

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- iii. *Any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.*

No.

Yes - *If yes, describe:*

**12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in table format, the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.**

0%

**12.7. Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws:**

0%

**12.8. For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.**

0%

**12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:**

- a) *Any other manager/s of Cemig:*

No.

Yes - *If yes, describe the relationship:*

- b) *Any manager/s of any company/ies directly or indirectly controlled by Cemig:*

No

Yes *If yes, describe the relationship and the controlled company:*

- c) *Any administrator/s of the State of Minas Gerais:*

No

*Yes If yes, describe:*

**12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:**

**a. Any company directly or indirectly controlled by Cemig:**

*No*

*Yes If yes, describe the relationship and the company/ies:*

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CEMIG

**b. With the State of Minas Gerais;**

No

Yes If yes, describe the relationship:

Minas Gerais State Government: Finance Secretary since January 2015.

**c. and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:**

No

Yes If yes, describe the relationship and the company/ies:

Transmissora Aliança de Energia Elétrica S.A. (Taesa):

Member of the Board of Directors since November 2015.

Parati S.A. Participações em Ativos de Energia Elétrica:

Member of the Board of Directors since March 2015.

**12.5. Information about the Member of the Audit Board:**

|   |  |
|---|--|
| <b>Name:</b>  | <b>Marco Antônio de Rezende Teixeira</b>             |
| <b>Date of birth:</b>   | 23-09-1956   |
| <b>Profession:</b>  | Lawyer   |
| <b>CPF:</b>   | 371.515.926-04                                       |
| <b>Position:</b>  | Sitting member                                       |
| <b>Date of election:</b>  | 23-07-2018   |
| <b>Date sworn in:</b>   | 23-07-2018   |
| <b>Period of office:</b>  | Until the Annual General Meeting to be held in 2020. |
| <b>Whether elected by the controlling stockholder:</b>                  | Yes.   |
| <b>State whether the candidate will be an independent board member:</b> | Not applicable.                                      |

If yes, state the criterion used by the issuer to determine independence:

Number of consecutive periods of office: 0

**i. Principal professional experience in the last 5 years, indicating:**

*name of company;*

*positions and functions inherent to the position;*

*principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.*

*CBTU (Brazilian Urban Trains Company): Counsel*

*Since June 1983 (seceded to municipality of Belo Horizonte since 1993).*

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CEMIG

*Municipality of Belo Horizonte: Procurator-General*

*1997 to 2012.*

*Rezende Teixeira Sociedade de Advogados: Managing Partner*

*2012 to 2015.*

*MOP Assessoria Empresarial Ltda: Managing Partner*

*2012 to 2014.*

*State Secretary January 2015.*

*Cemig, Cemig D and Cemig GT: Member of the Board of Directors*

*January 2015 to April 2018.*

**ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.**

*Cemig, Cemig D and Cemig GT: Member of the Board of Directors*

*January 2015 to April 2018.*

**a. Description of any of the following events that have taken place in the last 5 years:**

**i. any criminal conviction;**

*No*

*Yes - If yes, describe:*

**ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:**

*No*

*Yes - If yes, describe:*

**iii.**

*any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.*

No.

Yes - If yes, describe:

**12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in table format, the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.**

0%

**12.7. Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws:**

0%

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CEMIG

**12.8. For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.**

0%

**12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:**

**a) Any other manager/s of Cemig:**

No.

Yes - If yes, describe the relationship:

**b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:**

No

Yes If yes, describe the relationship and the controlled company:

**c) Any administrator/s of the State of Minas Gerais:**

No

Yes - If yes, describe:

**12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:**

**a. Any company directly or indirectly controlled by Cemig:**

No

Yes If yes, describe the relationship and the company/ies:

**b. with the State of Minas Gerais;**

No

Yes If yes, describe the relationship:



*State Secretary, Minas Gerais*

*c. and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:*

*No*

*Yes If yes, describe the relationship and the company/ies:*

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**12.5. Information about the Member of the Audit Board:**

|  |  |
|--|--|
| <b>Name:</b>   | <b>Camila Nunes da Cunha Pereira Paulino</b>         |
| <b>Date of birth:</b>  | 09-08-1982   |
| <b>Profession:</b>   | Public Relations                                     |
| <b>CPF:</b>  | 053.194.916-89                                       |
| <b>Position:</b>   | Sitting member                                       |
| <b>Date of election:</b>   | 23-07-2018   |
| <b>Date sworn in:</b>  | 23-07-2018   |
| <b>Period of office:</b>   | Until the Annual General Meeting to be held in 2020. |
| <b>Whether was elected by the controlling stockholder or not:</b>                | Yes.   |
| <b>State whether the candidate will be an independent board member:</b>          | Not applicable.                                      |
| <b>If yes, state the criterion used by the issuer to determine independence:</b> |  |
| <b>Number of consecutive periods of office:</b>                                  | 0  |
| <b>Please supply:</b>  |  |

**i. Principal professional experience in the last 5 years, indicating:****name of company;****positions and functions inherent to the position;****principal activity of the company in which such experiences took place, highlighting the companies or organizations that are (i) Cemig companies, or (ii) companies of parties directly or indirectly holding at least 5% of the Common (ON) or preferred (PN) shares in Cemig.***Companhia Energética de Minas Gerais, Cemig Distribuição S.A. and**Cemig Geração e Transmissão S.A.: Member, Audit Board**May 12, 2017 to April 30, 2018.**Coponor, Minas Gerais: Adviser to the CEO's office since September 2016:**Activities: Improvement of management processes – SAP; internal communication; planning and structuring of technology projects; analysis of impacts; support and organization of training for improvements in the SAP system.**Copasa, MG: Work via Indra consultancy company**September 2009 to September 2016.*

**ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.**

*Coponor, MG: Adviser to the CEO's office.*

*Companhia Energética de Minas Gerais, Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A.: Member, Audit Board*

*May 12, 2017 to April 30, 2018.*

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CEMIG

**a. Description of any of the following events that have taken place in the last 5 years:**

**i. any criminal conviction;**

No

Yes - If yes, describe:

**ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:**

No

Yes - If yes, describe:

**iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.**

No

Yes - If yes, describe:

**12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in table format, the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.**

0%

**12.7. Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws:**

0%

**12.8. For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.**

0%

**12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:**

**a. Any other manager/s of Cemig:**

No

Yes - If yes, describe the relationship:

**b. Any manager/s of any company/ies directly or indirectly controlled by Cemig:**

No

Yes If yes, describe the relationship and the controlled company:

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**c. Any administrator/s of the State of Minas Gerais:**

No

Yes If yes, describe:

**12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:**

**a. Any company(ies) directly or indirectly controlled by Cemig:**

No

Yes If yes, describe the relationship and the company/ies:

**b. With the State of Minas Gerais:**

No

Yes If yes, describe the relationship:

**c. and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:**

No

Yes If yes, describe the relationship and the company/ies:

**12.5. Information about the Member of the Audit Board:**

|  |  |
|--|--|
| <b>Name:</b>   | <b>Helvécio Miranda Magalhães Júnior</b>             |
| <b>Date of birth:</b>  | 28-05-1963   |
| <b>Profession:</b>   | Doctor   |
| <b>CPF:</b>  | 561.966.446-53                                       |
| <b>Position:</b>   | Substitute member                                    |
| <b>Date of election:</b>   | 23-07-2018   |
| <b>Date sworn in:</b>  | 23-07-2018   |
| <b>Period of office:</b>   | Until the Annual General Meeting to be held in 2020. |
| <b>Whether was elected by the controlling stockholder or not:</b>                | Yes.   |
| <b>State whether the candidate will be an independent board member:</b>          | Not applicable.                                      |
| <b>If yes, state the criterion used by the issuer to determine independence:</b> |  |

*Number of consecutive periods of office:* 0

*i. Principal professional experience in the last 5 years, indicating:*

*name of company;*

*positions and functions inherent to the position;*

*principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.*

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CEMIG

*Brazilian Health Ministry: Secretary for Healthcare*

*2011 to 2014.*

*Minas Gerais State:*

*State Secretary for Planning and Management;*

*Prodemge Chair of the Board of Directors;*

*BDMG Chair of the Board of Directors.*

*Companhia Energética de Minas Gerais, Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A.: Member of the Board of Directors*

*January 22, 2015 to April 30, 2018.*

*Parati S.A. Participações em Ativos de Energia Elétrica ( Parati ):*

*Member of the Board of Directors April 30, 2015 to October 31, 2016.*

*Rio Minas Energia Participações S.A. ( RME ):*

*Member of the Board of Directors since October 31, 2016.*

*Luce Empreendimentos e Participações S.A. (Lepsa):*

*Member of the Board of Directors October 31, 2016 to December 29, 2017.*

*Transmissora Aliança de Energia Elétrica S.A. ( Taesa ): Member, Audit Board*

*since April 26, 2018.*

**ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.**

*Companhia Energética de Minas Gerais, Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A.: Member of the Board of Directors*

*January 22, 2015 to April 30, 2018.*

*Transmissora Aliança de Energia Elétrica S.A. ( Taesa ): Member of Audit Board*

*since April 26, 2018.*



**a. Description of any of the following events that have taken place in the last 5 years:**

**i. any criminal conviction;**

No

Yes - If yes, describe:

**ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:**

No

Yes - If yes, describe:

**iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.**

No.

Yes - If yes, describe:

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CEMIG

**12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in table format, the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.**

0%

**12.7. Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws:**

0%

**12.8. For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.**

0%

**12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:**

**a. Any other manager/s of Cemig:**

No.

Yes - If yes, describe the relationship:

**b. Any manager/s of any company/ies directly or indirectly controlled by Cemig:**

No

Yes If yes, describe the relationship and the controlled company:

**c. Any administrator/s of the State of Minas Gerais:**

No

Yes - If yes, describe:

**12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:**

**a. Any company directly or indirectly controlled by Cemig:**

No

Yes If yes, describe the relationship and the company/ies:

*Parati S.A. Member of the Board of Directors.*

**b. with the State of Minas Gerais;**

No

Yes If yes, describe:

*Minas Gerais State State Secretary for Planning and Management;*

*Prodemge Chair of the Board of Directors;*

*BDMG Chair of the Board of Directors.*

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CEMIG

- c. *and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:*

No

Yes *If yes, describe the relationship and the company/ies:*

**12.5. Information about the Member of the Audit Board:**

|  |   |
|--|---|
| <b>Name:</b>   | <i>Flávia Cristina Mendonça Faria Da Pieve</i>              |
| <b>Date of birth:</b>  | <i>26-02-1976</i>   |
| <b>Profession:</b>   | <i>Lawyer</i>   |
| <b>CPF:</b>  | <i>037.964.286-73</i>                                       |
| <b>Position:</b>   | <i>Substitute member</i>                                    |
| <b>Date of election:</b>   | <i>23-07-2018</i>   |
| <b>Date sworn in:</b>  | <i>23-07-2018</i>   |
| <b>Period of office:</b>   | <i>Until the Annual General Meeting to be held in 2020.</i> |
| <b>Other positions or functions held or exercised in the Company:</b>            | <i>None.</i>  |
| <b>Whether was elected by the controlling stockholder or not:</b>                | <i>Yes</i>  |
| <b>Whether was elected by the controlling stockholder or not:</b>                | <i>Yes.</i>   |
| <b>State whether the candidate will be an independent board member:</b>          | <i>Not applicable.</i>                                      |
| <b>If yes, state the criterion used by the issuer to determine independence:</b> |   |
| <b>Number of consecutive periods of office:</b>                                  | <i>0</i>  |
| <b>Please supply:</b>  |   |

- a. *Summary CV, containing:*

- i. *Principal professional experience in the last 5 years, indicating:*

*name of company;*

*positions and functions inherent to the position;*

*principal activity of the company in which such experiences took place, highlighting the companies or organizations that are (i) Cemig companies, or (ii) companies of parties directly or indirectly holding at least 5% of the Common (ON) or preferred (PN) shares in Cemig.*

*Minas Gerais State:*

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*Assistant State Secretary for the Governor's Political Office since January 2017;*

*Cemig, Cemig D and Cemig GT: Member of Audit Board May 2017 to April 2018;*

*MGI: Member of the Board of Directors April 2017 to April 2018;*

*Copasa: Member of the Audit Board since April 2018.*

*Municipality of Belo Horizonte:*

*Auditor-general; coordinator of auditors May 2014 to December 2016;*

*Acting Deputy Procurator-General December 2012 to October 2013;*

*Procurator-General's Office: Manager External Control Activities Office*

*July 2012 to May 2014;*

*Office of the Procurator-General: Legal Adviser February 2009 to July 2012.*

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CEMIG

**ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.**

*Cemig, Cemig D and Cemig GT: Member, Audit Board May 2017 to April 2018;*

*MGI: Member of the Audit Board April 2017 to April 2018.*

*Copasa: Member of the Audit Board since April 2018.*

**b. Description of any of the following events that have taken place in the last 5 years:**

**i. any criminal conviction;**

No

Yes - If yes, describe:

**ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:**

No

Yes - If yes, describe:

**iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.**

No.

Yes - If yes, describe:

**12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in table format, the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.**

0%

**12.7. Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws:**

0%

*12.8. For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.*

0%

*12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:*

*a. Any other manager/s of Cemig:*

*No.*

*Yes - If yes, describe the relationship:*

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CEMIG

**b. Any manager/s of any company/ies directly or indirectly controlled by Cemig:**

No

Yes If yes, describe the relationship and the controlled company:

**c. Any administrator/s of the State of Minas Gerais:**

No

Yes - If yes, describe:

**12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:**

**a. Any company(ies) directly or indirectly controlled by Cemig:**

No

Yes If yes, describe the relationship and the company/ies:

**b. With the State of Minas Gerais:**

No

Yes - If yes, describe the relationship:

**c. and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:**

No

Yes If yes, describe the relationship and the company/ies:

**12.5. Information about the Member of the Audit Board:**

|                          |                                |
|--------------------------|--------------------------------|
| <b>Name:</b>             | <b>Wieland Silberschneider</b> |
| <b>Profession:</b>       | <b>Economist</b>               |
| <b>CPF:</b>              | <b>451.960.796-53</b>          |
| <b>Date of birth:</b>    | <b>03-11-1960</b>              |
| <b>Position:</b>         | <b>Substitute member</b>       |
| <b>Date of election:</b> | <b>23-07-2018</b>              |



|  |  |
|--|--|
| <i>Date sworn in:</i>  | 23-07-2018   |
| <i>Period of office:</i>   | Until the Annual General Meeting to be held in 2020. |
| <i>Whether was elected by the controlling stockholder or not:</i>                | Yes.   |
| <i>State whether the candidate will be an independent board member:</i>          | Not applicable.                                      |
| <i>If yes, state the criterion used by the issuer to determine independence:</i> |  |
| <i>Number of consecutive periods of office:</i>                                  | 0  |

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CEMIG

*Please supply:*

*i. Principal professional experience in the last 5 years, indicating:*

*name of company;*

*positions and functions inherent to the position;*

*principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.*

*Minas Gerais State Department of Finance: State Revenue Tax Auditor*

*since January 2005.*

*Abrinq Foundation for Children's Rights: Program consultant*

*since January 2005.*

*ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.*

*a. Description of any of the following events that have taken place in the last 5 years:*

*i. any criminal conviction;*

*No*

*Yes - If yes, describe:*

*ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:*

*No*

*Yes - If yes, describe:*

- iii. *any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.*

No.

Yes - If yes, describe:

**12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:**

- a. *Any other manager/s of Cemig:*

No.

Yes - If yes, describe the relationship:

- b. *Any manager/s of any company/ies directly or indirectly controlled by Cemig:*

No

Yes If yes, describe the relationship and the controlled company:

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CEMIG

**c. Any administrator/s of the State of Minas Gerais:**

No

Yes - If yes, describe:

**12.10. State whether, in 2013, 2014, and/or 2015 the candidate had any relationship of subordination with:**

**a. Any company directly or indirectly controlled by Cemig:**

No

Yes - If yes, describe the relationship and the company/ies:

**b. with the State of Minas Gerais;**

No

Yes - If yes, describe the relationship:

**c. and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:**

No

Yes - If yes, describe the relationship and the company/ies:

**MATERIAL ANNOUNCEMENT DATED JULY 2, 2018: CEMIG D APPEALS ANEEL INFRINGEMENT NOTICE**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

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

**MATERIAL ANNOUNCEMENT**

**Cemig D appeals Aneel infringement notice**

**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 the Brazilian electricity regulator, Aneel, posted on its website its Infringement Notice 0018/2018 SFE, advising of the opening of administrative proceedings against Cemig Distribuição S.A. ( Cemig D ), for alleged non-compliance in calculation of the service outage indicators DEC (duration) and FEC (frequency) for the year 2016.

The notice orders Cemig to recalculate these two indicators, and applies a fine totaling R\$ 12,495,000.80 (twelve million, four hundred ninety five thousand Reais and eighty centavos), with deadline for compliance 30 days after final judgment in any administrative appeal.

Cemig will lodge an administrative appeal, since it believes that it calculates the DEC and FEC indicators correctly.

Belo Horizonte, July 2, 2018.

Maurício Fernandes Leonardo Júnior

Chief Finance and Investor Relations Officer

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**MATERIAL ANNOUNCEMENT DATED JULY 9, 2018: CHANGE IN TIMETABLE FOR DISPOSAL OF  
TELECOM ASSETS**

106



**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

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

**MATERIAL ANNOUNCEMENT**

**Change in timetable for disposal of telecom assets**

Complementing the Material Announcement published on May 25, 2018, **Cemig** (*Companhia Energética de Minas Gerais*, listed in São Paulo, New York and Madrid), in compliance with CVM Instruction 358 of January 3, 2002 as amended, **hereby reports** to the Brazilian Securities Commission (CVM), the São Paulo Stock Exchange (B3) and the market **as follows**:

Cemig has changed the timetable specified in Tender Announcement No. 500-Y12121, for the competitive tender offering disposal of telecommunications assets and assignment of the contractual position in the contracts associated with these assets.

The purpose of the change of timetable is to give more time for parties interested in the tender to evaluate the extensive documentation made available in the Data Room, ensuring preparation of the most appropriate and competitive economic proposals.

Among other changes, the date of the Public Session has been changed from July 25, 2018 to August 8, 2018.

The new timetable is on Cemig's Procurement Site: <http://compras.cemig.com.br/>.

Belo Horizonte, July 9, 2018.

Maurício Fernandes Leonardo Júnior

Chief Finance and Investor Relations Officer

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**MATERIAL ANNOUNCEMENT DATED JULY 12, 2018: ADDITIONAL ISSUE OF EURO BONDS BY  
CEMIG GT**

108

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

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

**MATERIAL ANNOUNCEMENT**

**Additional issue of Eurobonds by Cemig GT**

**Cemig** (*Companhia Energética de Minas Gerais*, listed in São Paulo, New York and Madrid), in compliance with CVM Instruction 358 of January 3, 2002 as amended, **hereby reports** to the Brazilian Securities Commission (CVM), the São Paulo Stock Exchange (B3) and the market **as follows**:

On today's date Cemig's wholly-owned subsidiary **Cemig Geração e Transmissão S.A.** ( **Cemig GT** ) completed the pricing of an additional tranche of US\$500,000,000.00 (five hundred million dollars) resulting from re-opening of the Eurobond issue originally placed on December 5, 2017.

This additional issue was priced at a yield of 9.14% p.a., with maturity, in 2024, on the same date as the rest of the issue. Settlement will be on July 18, 2018.

This issue is aligned with Cemig's strategy of lengthening of its debt profile and reduction of financial expenses: the proceeds of this new tranche of this issue will be used for payment of debt maturing in the coming months. Also, Cemig expects that, depending on market conditions on the settlement date, the final cost of this issue, after an exchange rate hedge, will be lower than the average cost of the debts that will be settled with these proceeds.

The initial demand for this additional transaction exceeded US\$1 billion, i.e. more than twice the volume offered by the Company. This fact once again demonstrates the confidence of the investor market in Cemig's management, strategy and fundamentals.

Belo Horizonte, July 12, 2018.

Maurício Fernandes Leonardo Júnior

Chief Finance and Investor Relations Officer

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**This text is a translation, provided for information only. The original text in Portuguese is the legally valid version.**

**FIRST QUARTER 2018 RESULTS**

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## STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2018 AND DECEMBER 31, 2017

## ASSETS

(Thousands of Brazilian Reais)

|  | Note | Consolidated     |                  | Holding Company |                  |
|--|------|------------------|------------------|-----------------|------------------|
|  |      | 03/31/2018       | 12/31/2017       | 03/31/2018      | 12/31/2017       |
| <b>CURRENT</b>                                     |      |                  |                  |                 |                  |
| Cash and cash equivalents                          | 5    | 422,328          | 1,030,257        | 21,030          | 38,672           |
| Securities   | 6    | 438,513          | 1,058,384        | 20,256          | 63,960           |
| Customers and traders and Concession holders       |      |                  |                  |                 |                  |
| Transport of electricity                           | 7    | 3,399,760        | 3,885,392        | 17,809          |                  |
| Concession financial assets                        | 14   | 1,020,131        | 847,877          |                 |                  |
| Recoverable taxes                                  | 8    | 159,070          | 173,790          | 6,052           | 43               |
| Income and social contribution tax recoverable     | 9a   | 289,289          | 339,574          | 23,447          | 19,722           |
| Dividends receivable                               |      | 68,938           | 76,893           | 378,673         | 603,049          |
| Restricted cash                                    | 10   | 108,197          | 106,227          | 89,556          | 87,872           |
| Inventories  |      | 35,186           | 38,134           | 10              | 10               |
| Advances to suppliers                              | 28   | 127,528          | 116,050          |                 |                  |
| Accounts receivable from the State of Minas Gerais | 11   | 238,869          | 235,018          | 238,869         | 235,018          |
| Reimbursement of tariff subsidies                  | 13   | 76,731           | 77,086           |                 |                  |
| Low-income subscriber subsidy                      |      | 27,043           | 26,660           |                 |                  |
| Derivative financial instruments Swaps             | 29   | 8,231            |                  |                 |                  |
| Other  |      | 493,295          | 525,961          | 12,226          | 10,473           |
| <b>TOTAL, CURRENT</b>                              |      | <b>6,913,109</b> | <b>8,537,303</b> | <b>807,928</b>  | <b>1,058,819</b> |
| <b>NON-CURRENT</b>                                 |      |                  |                  |                 |                  |
| Securities   | 6    | 9,936            | 29,753           | 429             | 1,737            |
| Advance to suppliers                               | 28   | 47,072           | 6,870            |                 |                  |
| Customers and traders and Concession holders       |      |                  |                  |                 |                  |
| Transport of electricity                           | 7    | 252,278          | 255,328          | 11,458          |                  |
| Recoverable taxes                                  | 8    | 228,597          | 230,678          | 1,810           | 1,810            |
| Income and Social Contribution taxes recoverable   | 9a   | 15,120           | 20,617           | 15,120          | 20,617           |
| Deferred income and Social Contribution taxes      | 9b   | 1,939,086        | 1,871,228        | 776,723         | 756,739          |
| Escrow deposits                                    | 12   | 2,359,736        | 2,335,632        | 284,438         | 277,791          |
| Derivative financial instruments Swaps             | 29   | 64,504           | 8,649            |                 |                  |
| Other  |      | 664,108          | 628,443          | 22,376          | 34,978           |
| Concession financial assets                        | 14   | 6,428,553        | 6,604,625        |                 |                  |
| Investments Equity method                          | 15   | 7,821,362        | 7,792,225        | 14,174,491      | 13,692,183       |
| Property, plant and equipment                      | 16   | 2,725,712        | 2,762,310        | 273,487         | 1,810            |
| Intangible assets                                  | 17   | 11,167,780       | 11,155,928       | 14,152          | 2,458            |

|                           |                   |                   |                   |                   |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>TOTAL, NON-CURRENT</b> | <b>33,723,844</b> | <b>33,702,286</b> | <b>15,574,484</b> | <b>14,790,123</b> |
| <b>TOTAL ASSETS</b>       | <b>40,636,953</b> | <b>42,239,589</b> | <b>16,382,412</b> | <b>15,848,942</b> |

The condensed notes are an integral part of the interim financial information.

## STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2018 AND DECEMBER 31, 2017

## LIABILITIES

(Thousands of Brazilian Reais)

|  | Note | Consolidated      |                   | Holding Company  |                  |
|--|------|-------------------|-------------------|------------------|------------------|
|  |      | 03/31/2018        | 12/31/2017        | 03/31/2018       | 12/31/2017       |
| Suppliers  | 18   | 1,623,467         | 2,342,757         | 6,632            | 4,667            |
| Regulatory charges                                   | 21   | 426,283           | 512,673           |                  |                  |
| Profit sharing                                       |      | 27,518            | 9,089             | 1,247            | 348              |
| Taxes payable  | 19a  | 632,156           | 704,572           | 9,758            | 5,841            |
| Income and social contribution tax                   | 19b  | 46,211            | 115,296           | 38               |                  |
| Interest on equity and dividends payable             | 24   | 427,669           | 427,832           | 425,833          | 425,838          |
| Loans, financings and debentures                     | 20   | 2,588,160         | 2,370,551         | 20,456           |                  |
| Payroll and related charges                          |      | 186,668           | 207,091           | 12,066           | 11,072           |
| Post-retirement obligation                           | 22   | 242,388           | 231,894           | 13,426           | 12,974           |
| Concessions payable                                  |      | 2,431             | 2,987             |                  |                  |
| Concession financial liabilities                     | 14   | 155,214           | 414,800           |                  |                  |
| Derivative financial Instruments put options         | 29   | 541,767           | 507,232           | 541,767          | 507,232          |
| Advances from clients                                | 7    | 176,871           | 232,762           |                  |                  |
| Derivative financial instruments Swaps               | 29   | 497               | 12,595            |                  |                  |
| Other obligations                                    |      | 470,899           | 570,153           | 2,071            | 6,218            |
| <b>TOTAL, CURRENT</b>                                |      | <b>7,548,199</b>  | <b>8,662,284</b>  | <b>1,033,294</b> | <b>974,190</b>   |
| <b>NON-CURRENT</b>                                   |      |                   |                   |                  |                  |
| Regulatory charges                                   | 21   | 267,188           | 249,817           |                  |                  |
| Loans, financings and debentures                     | 20   | 11,110,656        | 12,027,146        | 44,576           |                  |
| Taxes payable  | 19a  | 28,762            | 28,199            | 1,060            |                  |
| Deferred income tax and social contribution tax      | 9b   | 724,063           | 734,689           |                  |                  |
| Provisions   | 23   | 687,661           | 678,113           | 67,334           | 63,194           |
| Post-retirement obligation                           | 22   | 3,973,715         | 3,954,287         | 453,264          | 446,523          |
| Concessions payable                                  |      | 18,714            | 18,240            |                  |                  |
| Pasep and Cofins taxes to be reimbursed to customers | 19   | 1,096,460         | 1,087,230         |                  |                  |
| Derivative financial Instruments put options         | 29   | 312,167           | 307,792           |                  |                  |
| Derivative financial instruments Swaps               | 29   | 7,183             | 28,515            |                  |                  |
| Other obligations                                    |      | 122,744           | 133,141           | 47,639           | 39,049           |
| <b>TOTAL, NON-CURRENT</b>                            |      | <b>18,349,313</b> | <b>19,247,169</b> | <b>613,873</b>   | <b>548,766</b>   |
| <b>TOTAL LIABILITIES</b>                             |      | <b>25,897,512</b> | <b>27,909,453</b> | <b>1,647,167</b> | <b>1,522,956</b> |
| <b>EQUITY</b>  | 24   |                   |                   |                  |                  |

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|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| Share capital  | 6,294,208         | 6,294,208         | 6,294,208         | 6,294,208         |
| Capital reserves   | 1,924,503         | 1,924,503         | 1,924,503         | 1,924,503         |
| Profit reserves  | 5,729,550         | 5,728,574         | 5,729,550         | 5,728,574         |
| Equity valuation adjustments                                   | (826,761)         | (836,522)         | (826,761)         | (836,522)         |
| Subscription of shares to be capitalized                       | 1,324,773         | 1,215,223         | 1,324,773         | 1,215,223         |
| Retained earnings  | 288,972           |                   | 288,972           |                   |
| <b>EQUITY ATTRIBUTABLE TO EQUITY<br/>HOLDERS OF THE PARENT</b> | <b>14,735,245</b> | <b>14,325,986</b> | <b>14,735,245</b> | <b>14,325,986</b> |
| <b>NON-CONTROLLING INTERESTS</b>                               | <b>4,196</b>      | <b>4,150</b>      |                   |                   |
| <b>TOTAL EQUITY</b>  | <b>14,739,441</b> | <b>14,330,136</b> | <b>14,735,245</b> | <b>14,325,986</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>                            | <b>40,636,953</b> | <b>42,239,589</b> | <b>16,382,412</b> | <b>15,848,942</b> |

The condensed notes are an integral part of the interim financial information.

## STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017

(Thousands of Brazilian Reais except earnings per share)

|   | Note | Consolidated<br>03/31/2018 | Consolidated<br>03/31/2017 | Holding Company<br>03/31/2018 | Holding Company<br>03/31/2017 |
|---|------|----------------------------|----------------------------|-------------------------------|-------------------------------|
| <b>NET REVENUE</b>  | 25   | <b>4,935,431</b>           | <b>4,812,930</b>           | <b>73</b>                     | <b>94</b>                     |
| <b>OPERATING COSTS</b>                                      |      |                            |                            |                               |                               |
| <b>COST OF ENERGY AND GAS</b>                               | 26   |                            |                            |                               |                               |
| Energy purchased for resale                                 |      | (2,263,693)                | (2,093,088)                |                               |                               |
| Charges for use of the national grid                        |      | (392,542)                  | (206,497)                  |                               |                               |
| Gas purchased for resale                                    |      | (263,233)                  | (222,512)                  |                               |                               |
|   |      | (2,919,468)                | (2,522,097)                |                               |                               |
| <b>OTHER COSTS</b>  | 26   |                            |                            |                               |                               |
| Personnel and managers                                      |      | (240,802)                  | (287,507)                  |                               |                               |
| Materials   |      | (7,155)                    | (6,259)                    |                               |                               |
| Outsourced services   |      | (170,770)                  | (146,436)                  |                               |                               |
| Depreciation and amortization                               |      | (194,686)                  | (186,444)                  |                               |                               |
| Operating provisions, net                                   |      | (12,779)                   | (78,932)                   |                               |                               |
| Infrastructure construction cost                            |      | (180,669)                  | (200,559)                  |                               |                               |
| Other   |      | (3,286)                    | (7,194)                    |                               |                               |
|   |      | (810,147)                  | (913,331)                  |                               |                               |
| <b>TOTAL COST</b>   |      | <b>(3,729,615)</b>         | <b>(3,435,428)</b>         |                               |                               |
| <b>GROSS PROFIT</b>   |      | <b>1,205,816</b>           | <b>1,377,502</b>           | <b>73</b>                     | <b>94</b>                     |
| <b>OPERATING EXPENSES</b>                                   | 26   |                            |                            |                               |                               |
| Selling expenses  |      | (76,183)                   | (66,195)                   |                               |                               |
| General and administrative expenses                         |      | (216,649)                  | (205,998)                  | (9,596)                       | (19,504)                      |
| Operating provisions  |      | (43,686)                   | (63,404)                   | (39,311)                      | (16,468)                      |
| Other operating revenues (expenses)                         |      | (132,160)                  | (172,677)                  | (14,375)                      | (13,400)                      |
|   |      | (468,678)                  | (508,274)                  | (63,282)                      | (49,372)                      |
| Share of profit, net, of associates and joint ventures      | 15   | 56,874                     | 29,641                     | 498,370                       | 359,462                       |
| <b>Income before finance income (expenses) and taxes</b>    |      | <b>794,012</b>             | <b>898,869</b>             | <b>435,161</b>                | <b>310,184</b>                |
| Finance income  | 27   | 241,854                    | 179,891                    | 11,248                        | 23,580                        |
| Finance expenses  | 27   | (399,654)                  | (572,637)                  | (894)                         | (1,127)                       |
| <b>Income before income tax and social contribution tax</b> |      | <b>636,212</b>             | <b>506,123</b>             | <b>445,515</b>                | <b>332,637</b>                |
| Current income and social contribution taxes                | 9c   | (185,026)                  | (233,457)                  |                               |                               |
| Deferred income and social contribution taxes               | 9c   | 13,409                     | 70,068                     | 18,934                        | 9,959                         |

|  |            |                |                |                |                |
|--|------------|----------------|----------------|----------------|----------------|
| <b>NET INCOME FOR THE PERIOD</b>                         |            | <b>464,595</b> | <b>342,734</b> | <b>464,449</b> | <b>342,596</b> |
| <b>Total of net income for the period attributed to:</b> |            |                |                |                |                |
| Equity holders of the parent                             |            | 464,449        | 342,596        | 464,449        | 342,596        |
| Non-controlling interests                                |            | 146            | 138            |                |                |
|  |            | <b>464,595</b> | <b>342,734</b> | <b>464,449</b> | <b>342,596</b> |
| <b>Basic earnings per preferred share</b>                | <b>R\$</b> | 24             | <b>0.319</b>   | <b>0.272</b>   | <b>0.319</b>   |
| <b>Basic earnings per common share</b>                   | <b>R\$</b> | 24             | <b>0.319</b>   | <b>0.272</b>   | <b>0.319</b>   |

The condensed notes are an integral part of the interim financial information.

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017

(Thousands of Brazilian Reais)

|  | Consolidated   |                | Holding Company |                |
|--|----------------|----------------|-----------------|----------------|
|  | 03/31/2018     | 03/31/2017     | 03/31/2018      | 03/31/2017     |
| <b>NET INCOME FOR THE PERIOD</b>   | <b>464,595</b> | <b>342,734</b> | <b>464,449</b>  | <b>342,596</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>  |                |                |                 |                |
| <b>Items not to be reclassified to profit or loss in subsequent periods</b>  |                |                |                 |                |
| Post retirement liabilities premeasurement of obligations of the defined benefit plans, net of taxes   | (416)          | (681)          |                 |                |
| Equity gain (loss) on other comprehensive income in subsidiary and jointly-controlled entity, net of taxes   |                | (866)          | (416)           | (1,547)        |
|  | <b>(416)</b>   | <b>(1,547)</b> | <b>(416)</b>    | <b>(1,547)</b> |
| <b>Items to be reclassified to profit or loss in subsequent periods</b>  |                |                |                 |                |
| Equity gain on other comprehensive income, in subsidiary and jointly-controlled entity, relating to fair value of financial asset available for sale, net of tax |                | 35,691         |                 | 35,691         |
| <b>COMPREHENSIVE INCOME FOR THE PERIOD</b>   | <b>464,179</b> | <b>376,878</b> | <b>464,033</b>  | <b>376,740</b> |
| <b>Total of comprehensive income for the period attributed to:</b>   |                |                |                 |                |
| Equity holders of the parent   | 464,033        | 376,740        | 464,033         | 376,740        |
| Non-controlling interests  | 146            | 138            |                 |                |
|  | <b>464,179</b> | <b>376,878</b> | <b>464,033</b>  | <b>376,740</b> |

The condensed notes are an integral part of the interim financial information.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

(Thousands of Brazilian Reais)

|   | Share capital | Subscription of shares to be capitalized | Capital reserves | Profit reserves | Equity valuation adjustments | Retained earnings | Total Equity holders of the parent | Non-controlling interests | Total Equity |
|---|---------------|--|------------------|-----------------|------------------------------|-------------------|------------------------------------|---------------------------|--------------|
| <b>BALANCES ON DECEMBER 31, 2017</b>                                  | 6,294,208     | 1,215,223                                | 1,924,503        | 5,728,574       | (836,522)                    |                   | 14,325,986                         | 4,150                     | 14,330,136   |
| First adoption CPC 48   |               |  |                  |                 |                              | (181,846)         | (181,846)                          |                           | (181,846)    |
| Net income for the period   |               |  |                  |                 |                              | 464,449           | 464,449                            | 146                       | 464,595      |
| <b>Other comprehensive income</b>                                     |               |  |                  |                 |                              |                   |                                    |                           |              |
| Measurement of obligations of the defined benefit plans, net of taxes |               |  |                  |                 | (416)                        |                   | (416)                              |                           | (416)        |
| <b>Total comprehensive income for the period</b>                      |               |  |                  |                 | (416)                        | 464,449           | 464,033                            | 146                       | 464,179      |
| Subscription of shares to be capitalized                              |               | 109,550                                  |                  |                 |                              |                   | 109,550                            |                           | 109,550      |
| <b>Other changes in Equity:</b>                                       |               |  |                  |                 |                              |                   |                                    |                           |              |
| Dividends under the by-laws   |               |  |                  |                 |                              |                   |                                    | (100)                     | (100)        |
| <b>Constitution of reserves</b>                                       |               |  |                  |                 |                              |                   |                                    |                           |              |
| Tax incentives reserve  |               |  |                  | 976             |                              | (976)             |                                    |                           |              |
| <b>Realization of reserves</b>  |               |  |                  |                 |                              |                   |                                    |                           |              |



|   |  |  |  |  |        |       |        |  |        |
|---|--|--|--|--|--------|-------|--------|--|--------|
| Realization of<br>deemed cost of<br>P&E |  |  |  |  | 10,177 | 7,345 | 17,522 |  | 17,522 |
|---|--|--|--|--|--------|-------|--------|--|--------|

|                                     |                  |                  |                  |                  |                  |                |                   |              |                   |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|----------------|-------------------|--------------|-------------------|
| <b>AS OF<br/>MARCH 31,<br/>2018</b> | <b>6,294,208</b> | <b>1,324,773</b> | <b>1,924,503</b> | <b>5,729,550</b> | <b>(826,761)</b> | <b>288,972</b> | <b>14,735,245</b> | <b>4,196</b> | <b>14,739,441</b> |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|----------------|-------------------|--------------|-------------------|

The condensed notes are an integral part of the interim financial information.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

(Thousands of Brazilian Reais)

|  | Share<br>capital | Capital<br>reserves | Profit<br>reserves | Equity<br>valuation<br>adjustments | Retained<br>earnings | Total<br>Equity<br>holders of<br>the parent | Non-controlling<br>interests | Total<br>Equity   |
|--|------------------|---------------------|--------------------|------------------------------------|----------------------|---|------------------------------|-------------------|
| <b>BALANCES ON<br/>DECEMBER 31,<br/>2016</b>   | <b>6,294,208</b> | <b>1,924,503</b>    | <b>5,199,855</b>   | <b>(488,285)</b>                   |                      | <b>12,930,281</b>                           | <b>4,090</b>                 | <b>12,934,371</b> |
| Net income for the<br>period   |                  |                     |                    |                                    | 342,596              | 342,596                                     | 138                          | 342,734           |
| <b>Other<br/>comprehensive<br/>income</b>  |                  |                     |                    |                                    |                      |   |                              |                   |
| Measurement of<br>obligations of the<br>defined benefit<br>plans, net of taxes                                 |                  |                     |                    | (681)                              |                      | (681)                                       |                              | (681)             |
| Equity gain (loss)<br>on Other<br>comprehensive<br>income in<br>subsidiary and<br>jointly-controlled<br>entity |                  |                     |                    | 16,573                             |                      | 16,573                                      |                              | 16,573            |
| <b>Total<br/>comprehensive<br/>income for the<br/>period</b>   |                  |                     |                    | <b>15,892</b>                      | <b>342,596</b>       | <b>358,488</b>                              | <b>138</b>                   | <b>358,626</b>    |
| <b>Other changes in<br/>Equity:</b>  |                  |                     |                    |                                    |                      |   |                              |                   |
| <b>Constitution of<br/>reserves</b>  |                  |                     |                    |                                    |                      |   |                              |                   |
| Tax incentives<br>reserve  |                  |                     | 889                |                                    | (889)                |   |                              |                   |
| Appropriation of<br>retain earnings to<br>profit reserves  |                  |                     |                    |                                    |                      |   |                              |                   |

**Realization of reserves**

Realization of deemed cost of PP&E

(10,085) 10,085

**AS OF MARCH 31, 2017**

6,294,208 1,924,503 5,200,744 (482,478) 351,792 13,288,769 4,228 13,292,997

**Equity holders of the parent**

4,228 4,228

**Non-controlling interests**

6,294,208 1,924,503 5,200,744 (482,478) 351,792 13,288,769 13,288,769

The condensed notes are an integral part of the interim financial information.

## STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017

(Thousands of Brazilian Reais)

|   | Note | Consolidated<br>03/31/2018 | Consolidated<br>03/31/2017 | Holding Company<br>03/31/2018 | Holding Company<br>03/31/2017 |
|---|------|----------------------------|----------------------------|-------------------------------|-------------------------------|
| <b>CASH FLOW FROM OPERATIONS</b>  |      |                            |                            |                               |                               |
| Net income for the period   |      | 464,595                    | 342,734                    | 464,449                       | 342,596                       |
| <b>Adjustments to reconcile net income to net cash flows:</b>   |      |                            |                            |                               |                               |
| Income tax and Social Contribution taxes  |      | 171,617                    | 163,389                    | (18,934)                      | (9,959)                       |
| Depreciation and amortization   | 26   | 212,991                    | 201,365                    | 118                           | 135                           |
| Loss on write off of net residual value of unrecoverable Concession financial assets , PP&E and Intangible assets |      | 928                        | 16,737                     |                               |                               |
| Gain on sale of investments   | 15   | (56,874)                   | (29,641)                   | (498,370)                     | (359,462)                     |
| Interest and monetary variation   |      | 194,070                    | 355,879                    | (11,199)                      | (4,232)                       |
| Appropriation of transaction costs  | 20   | 9,000                      |                            |                               |                               |
| Provisions for operating losses   | 26   | 133,208                    | 208,532                    | 39,311                        | 16,468                        |
| Derivative financial instruments  |      | (97,516)                   |                            |                               |                               |
| CVA ( <i>Portion A items Compensation</i> ) Account and <i>Other financial components</i> in tariff adjustments   | 25   | (441,156)                  | 302,602                    |                               |                               |
| Post-retirement obligation  | 22   | 101,279                    | 114,006                    | 10,995                        | 10,621                        |
|   |      | <b>692,142</b>             | <b>1,675,603</b>           | <b>(13,630)</b>               | <b>(3,833)</b>                |
| <b>(Increase) / decrease in assets</b>  |      |                            |                            |                               |                               |
| Customers and traders and Concession holders  |      |                            |                            |                               |                               |
| Transport of electricity  |      | 262,384                    | (422,710)                  |                               |                               |
| CVA and <i>Other financial components</i> in tariff adjustments   | 14   | 153,267                    | 2,721                      |                               |                               |
| Energy Development Account (CDE)  |      | (3,387)                    |                            |                               |                               |
| Recoverable taxes   |      | (76)                       | (10,129)                   | (76)                          | (95)                          |
| Income and social contribution tax credit   |      | (4,419)                    | 192,007                    | (350)                         | 79,193                        |
| Transport of electricity  |      |                            | (26,342)                   |                               |                               |
| Escrow deposits   |      | (17,652)                   | (13,907)                   | 997                           | 6,166                         |
| Dividends received from investments   |      | 35,642                     | 144                        | 261,155                       | 146                           |
| Concession financial assets   |      | 190,403                    | 56,940                     |                               |                               |
| Advances to suppliers   |      | (47,499)                   | (76,209)                   |                               |                               |
| Gas drawing rights  |      | 317                        | 306,876                    |                               |                               |
| Others  |      | 6,062                      | 129,759                    | 13,564                        | 5,546                         |
|   |      | <b>575,042</b>             | <b>139,150</b>             | <b>275,290</b>                | <b>90,956</b>                 |

|   |                    |                  |                 |                 |
|---|--------------------|------------------|-----------------|-----------------|
| <b>Increase (decrease) in liabilities</b>           |                    |                  |                 |                 |
| Suppliers   | (719,290)          | (324,981)        | (2,732)         | 1,782           |
| Taxes payable                                       | (25,723)           | (264,433)        | 170             | (80,621)        |
| Income and social contribution taxes payable        |                    | (83,018)         |                 | 2,081           |
| Payroll and related charges                         | (20,423)           | (13,174)         | (986)           | (743)           |
| Regulatory charges                                  | (69,019)           | 2,339            |                 |                 |
| Advances from clients                               | (55,891)           | 109,487          |                 |                 |
| Post-retirement obligation                          | 22                 | (71,357)         | (3,802)         | (3,324)         |
| Others  | (115,141)          | (71,019)         | (5,521)         | (6,383)         |
|   | <b>(1,076,844)</b> | <b>(705,085)</b> | <b>(12,871)</b> | <b>(87,208)</b> |
| <b>Cash generated by operating activities</b>       | <b>190,340</b>     | <b>1,109,668</b> | <b>248,789</b>  | <b>(85)</b>     |
| Interest paid on loans and financings               | (344,753)          | (477,684)        |                 |                 |
| Income and Social Contribution taxes paid           | (218,654)          | (103,900)        |                 | (2,081)         |
| <b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b> | <b>(373,067)</b>   | <b>528,084</b>   | <b>248,789</b>  | <b>(2,166)</b>  |

|   |             | <b>Consolidated</b> |                   | <b>Holding Company</b> |                   |
|---|-------------|---------------------|-------------------|------------------------|-------------------|
|   | <b>Note</b> | <b>03/31/2018</b>   | <b>03/31/2017</b> | <b>03/31/2018</b>      | <b>03/31/2017</b> |
| <b>INVESTING ACTIVITIES</b>                               |             |                     |                   |                        |                   |
| Marketable securities                                     |             | 648,697             | 192,458           | 45,012                 | 79,615            |
| Restricted cash   |             | (1,970)             | (11,137)          | (1,393)                | (11,118)          |
| Investments   |             |                     |                   |                        |                   |
| Acquisition of equity investees                           |             | (82,309)            | (162,191)         | (420,016)              | (100,000)         |
| Capital contributions in investees                        |             |                     |                   | 428                    |                   |
| Property, plant and equipment                             | 16          | (12,398)            | (12,490)          |                        |                   |
| Intangible assets   |             | (173,707)           | (170,346)         | (7)                    |                   |
| <b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>       |             | <b>378,313</b>      | <b>(163,706)</b>  | <b>(375,976)</b>       | <b>(31,503)</b>   |
| <b>FINANCING ACTIVITIES</b>                               |             |                     |                   |                        |                   |
| Subscription of shares, to be capitalized                 | 24          | 109,550             |                   | 109,550                |                   |
| Payment of loans, financings and debentures               | 20          | (722,462)           | (517,245)         |                        |                   |
| Interest on capital and dividends paid                    |             | (263)               |                   | (5)                    |                   |
| <b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>       |             | <b>(613,175)</b>    | <b>(517,245)</b>  | <b>109,545</b>         |                   |
| Decrease in cash and cash equivalents                     |             | (607,929)           | (152,867)         | (17,642)               | (33,669)          |
| Cash and cash equivalents at the beginning of the period  | 5           | 1,030,257           | 995,132           | 38,672                 | 69,352            |
| <b>Cash and cash equivalents at the end of the period</b> | <b>5</b>    | <b>422,328</b>      | <b>842,265</b>    | <b>21,030</b>          | <b>35,683</b>     |

The condensed notes are an integral part of the interim financial information.

## STATEMENTS OF ADDED VALUE

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017

(THOUSANDS OF BRAZILIAN REAIS)

|   | Consolidated     |                  | Holding Company |            |
|---|------------------|------------------|-----------------|------------|
|   | 03/31/2018       | 03/31/2017       | 03/31/2018      | 03/31/2017 |
| <b>REVENUES</b>   |                  |                  |                 |            |
| Sales of electricity, gas and services  | 7,321,858        | 7,009,618        | 80              | 109        |
| Distribution construction revenue   | 176,797          | 197,639          |                 |            |
| Transmission construction revenue   | 1,063            | 2,920            |                 |            |
| Gain on financial updating of the Concession Grant Fee  | 81,827           | 79,506           |                 |            |
| Adjustment to expectation of cash flow from the indemnifiable Financial assets of the distribution concession | 792              | 1,227            |                 |            |
| Transmission indemnity revenue  | 49,841           | 65,830           |                 |            |
| Generation indemnity revenue  | 17,245           |                  |                 |            |
| Investments in PP&E   | 18,527           | 3,424            |                 |            |
| Other revenues  | 3,689            | 328              |                 |            |
| Provision for Doubtful Receivables (PECLD)  | (76,183)         | (66,195)         |                 |            |
|   | <b>7,595,456</b> | <b>7,294,297</b> | <b>80</b>       | <b>109</b> |
| <b>INPUTS ACQUIRED FROM THIRD PARTIES</b>   |                  |                  |                 |            |
| Electricity purchased for resale  | (2,477,831)      | (2,299,124)      |                 |            |
| Charges for use of national grid  | (437,078)        | (230,748)        |                 |            |
| Outsourced services   | (311,249)        | (295,495)        | (1,967)         | (2,717)    |
| Gas purchased for resale  | (263,233)        | (222,512)        |                 |            |

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|  |                    |                    |                  |                 |
|--|--------------------|--------------------|------------------|-----------------|
| Materials  | (107,126)          | (95,008)           | (42)             | (16)            |
| Other operational costs                                    | (108,989)          | (211,689)          | (41,043)         | (18,555)        |
|  | <b>(3,705,506)</b> | <b>(3,354,576)</b> | <b>(43,052)</b>  | <b>(21,288)</b> |
| <b>GROSS VALUE ADDED</b>                                   | <b>3,889,950</b>   | <b>3,939,721</b>   | <b>(42,972)</b>  | <b>(21,179)</b> |
| <b>RETENTIONS</b>  |                    |                    |                  |                 |
| Depreciation and amortization                              | (212,991)          | (201,365)          | (118)            | (135)           |
| <b>NET ADDED VALUE PRODUCED BY THE COMPANY</b>             | <b>3,676,959</b>   | <b>3,738,356</b>   | <b>(43,090)</b>  | <b>(21,314)</b> |
| <b>ADDED VALUE RECEIVED BY TRANSFER</b>                    |                    |                    |                  |                 |
| Equity method gains in non-consolidated investees          | 56,874             | 29,641             | 498,370          | 359,462         |
| Financial revenues   | 241,854            | 179,891            | 11,248           | 23,580          |
| <b>ADDED VALUE TO BE DISTRIBUTED</b>                       | <b>3,975,687</b>   | <b>3,947,888</b>   | <b>466,528</b>   | <b>361,728</b>  |
| <b>DISTRIBUTION OF ADDED VALUE</b>                         |                    |                    |                  |                 |
|  |                    | %                  | %                | %               |
| <b>Employees</b>   | <b>404,065</b>     | 10.16              | <b>454,495</b>   | <b>11.52</b>    |
| Direct remuneration  | 269,062            | 6.77               | 300,314          | 7.61            |
| Benefits   | 117,811            | 2.96               | 134,037          | 3.40            |
| FGTS   | 17,192             | 0.43               | 20,144           | 0.51            |
| <b>Taxes</b>   | <b>2,675,845</b>   | <b>67.31</b>       | <b>2,531,121</b> | <b>64.11</b>    |
| Federal  | 1,416,111          | 35.62              | 1,194,565        | 30.26           |
| State  | 1,254,322          | 31.55              | 1,331,650        | 33.73           |
| Municipal  | 5,412              | 0.14               | 4,906            | 0.12            |
| <b>Remuneration of external capital</b>                    | <b>431,182</b>     | <b>10.84</b>       | <b>619,538</b>   | <b>15.69</b>    |
| Interest   | 407,298            | 10.24              | 594,083          | 15.05           |
| Rentals  | 23,884             | 0.60               | 25,455           | 0.64            |
| <b>Remuneration of own capital</b>                         | <b>464,595</b>     | <b>11.69</b>       | <b>342,734</b>   | <b>8.68</b>     |
| Retained earnings  | 464,449            | 11.69              | 342,596          | 8.68            |
| Non-controlling shareholders interest in Retained earnings | 146                |                    | 138              |                 |
|  | <b>3,975,687</b>   | <b>100.00</b>      | <b>3,947,888</b> | <b>100.00</b>   |
|  |                    |                    | <b>466,528</b>   | <b>100.00</b>   |
|  |                    |                    |                  | <b>361,728</b>  |
|  |                    |                    |                  | <b>100.00</b>   |



The condensed notes are an integral part of the interim financial information.

**CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION**

**FOR THE QUARTER ENDED AS OF MARCH 31, 2018**

**(In Thousands of Brazilian Reais except where otherwise indicated)**

**1. OPERATING CONTEXT**

**a) The Company**

Companhia Energética de Minas Gerais (Parent company or Holding Company) is a listed corporation, registered in the Brazilian Registry of Corporate Taxpayers (CNPJ) under number 17.155.730/0001-64, with shares traded on the São Paulo Stock Exchange ( B3 ) at Corporate Governance Level 1; through ADRs on the New York Stock Exchange ( NYSE ); and on the stock exchange of Madrid ( Latibex ). It is domiciled in Brazil, with head office at Avenida Barbacena 1200, Belo Horizonte, Minas Gerais. It operates exclusively as a holding company, with subsidiaries and investments in associates or jointly controlled entities (collectively refer to as Cemig or the Company ), which are engaged in the construction and operation of infrastructure used in the generation, transformation, transmission, distribution and sale of electricity, and also activities in the various fields of energy sector, for the purpose of commercial operation.

As of March 31, 2018 Cemig's current liabilities exceeded its current assets by R\$ 635,090 and R\$ 225,366, respectively, in the consolidated and the Holding Company. In the quarter then ended, the Company generated negative consolidated operating cash flow in the amount of R\$ 373,067 (positive in the amount of R\$ 528,084 in the same period of 2017) and the Holding Company generated a positive operating cash flow of R\$ 248,789 (R\$ 2,166 in the same period of 2017). Additionally, as of March 31, 2018, Cemig's consolidated indebtedness from loans, financings and debentures on current and non-current liabilities comprised R\$ 2,588,160 and R\$ 11,110,656, respectively. The Company's management monitors its cash flow and, in that way, studies actions in order to the adjustment of its current financial position to the levels considered adequate to meet its necessities.

As part of the Company's indebtedness management, in 2017 the subsidiary Cemig GT, issued Eurobonds for an amount of US\$ 1 billion (R\$3.2 billion) which mature in 2024. In 2017, Cemig entered into negotiations with its main creditors aiming at a Bank Debt Refinancing, representing up to R\$3,441 million of which R\$ 2,700 million of the subsidiary Cemig D and R\$ 741 million of the subsidiary Cemig GT. These two initiatives have balanced the Company's cash flows, extended average debt maturities, and improved credit quality.

Based on the facts and circumstances that existed on this date, Management evaluated the Company's ability to continue on a going concern basis and is convinced that its operations have the capacity to generate funds to continue its business in the future. In addition, Management is not aware of any material uncertainties that could generate significant doubts about its ability to continue operating. Therefore, these interim financial information have been prepared on a going concern basis.

**Merger of Cemig Telecomunicações S.A. Cemig Telecom**

On March 31, 2018, Cemig completed the merger of its wholly-owned subsidiary Cemig Telecom at book value. As a result, Cemig Telecom has been wound up and Cemig has taken over all subsidiary's assets, rights and obligations. Considering this is wholly-owned subsidiary merger there has not been capital increase nor new shares issuance. The Cemig Telecom shares have been extinguished on the merger date.

The balance sheet of Cemig Telecom used for the merger, at March 31, 2018, is as follows:

|                     | <b>03/31/2018</b> |                                     | <b>03/31/2018</b> |
|---------------------|-------------------|-------------------------------------|-------------------|
| <b>Assets</b>       |                   | <b>Liability</b>                    |                   |
| Current             | 24,986            | Current                             | 33,816            |
| Non-current         |                   | Non-current                         | 55,407            |
| Non-current assets  | 15,313            |                                     |                   |
| Investments         | 17,116            |                                     |                   |
| Net PP&E            | 271,766           |                                     |                   |
| Intangible assets   | 11,716            |                                     |                   |
|                     | <b>315,911</b>    | <b>Equity</b>                       | <b>251,674</b>    |
| <b>Total assets</b> | <b>340,897</b>    | <b>Total Liabilities and Equity</b> | <b>340,897</b>    |

The Company's management is studying alternatives related to possible sales of the assets merged from Cemig Telecom and such studies are expected to be concluded in the second quarter of 2018. Due to this reason, the Company has concluded that Cemig Telecom's assets should not be reclassified to current assets since they have not met the criteria for classification as held for sale under technical pronouncement CPC 31 / IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The merger was approved by the Extraordinary General Meetings of the Company and its subsidiary held on February 28, 2018.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB), Technical Pronouncement 21 (R1) - CPC21, which applies to interim financial information, and the rules issued by the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or CVM), applicable to preparation of Quarterly Information (*Informações Trimestrais*, or ITR).

These interim financial information have been prepared according to principles, practices and criteria consistent with those adopted in the preparation of the December 31, 2017 financial statements, except for the adoption of new pronouncements that came into force as from January 1, 2018, which impacts are presented in Note 2.2 to this interim financial information.

Thus, this interim financial information should be read in conjunction with the said financial statements, approved by the Company's Fiscal Council on March 28, 2018.

Material information in the interim financial information is being disclosed, which is used by Management in its administration of the Company.

On May 14, 2018, the Company's Executive Board authorized the issuance of these interim financial information for the quarter ended on March 31, 2018.

## **2.2 Adoption of new pronouncements effective as from January 1, 2018**

### **IFRS 15/CPC 47 *Revenue from contracts with customers***

IFRS 15/CPC 47 Revenue from contracts with customers establishes a five-step model to account for revenues arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount which reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. This new pronouncement will supersede all current requirements for recognition of revenue under the CPCs/IFRS. Additionally, IFRS 15/CPC 47 establishes requirements for more detailed presentation and disclosure than the standards currently in effect.

The Company and its subsidiaries adopted the new standard based on the prospective method, with the impacts accounted for as of January 1, 2018.

The Company and its subsidiaries performed an assessment of the five steps for recognition and measurement of revenue, as required by IFRS 15/CPC 47:

1. Identify the contracts signed with its customers;
2. Identify the performance obligations in each type of contract;
3. Determine the price of each type of transaction;
4. Allocate the price to the performance obligations contained in the contract; and
5. Recognize the revenue when (or to the extent that) the entity satisfies each performance obligation of the contract.

The impact of the adoption of this pronouncement occurred in the recognition of reimbursements to customers resulting from the penalties for breach of quality indicators in the electricity supply, mainly the indicators DIC, FIC, DMIC and DICRI, as a reduction of revenues from use of the distribution network (TUSD). Until December 31, 2017, these reimbursements were recognized as operating expense.

This table shows the impact of adoption of IFRS 15 (CPC 47) on the statement of income for the quarter ended March 31, 2018:

|  | <b>03/31/2018<br/>with<br/>adoption<br/>of<br/>IFRS<br/>15/CPC 47</b> | <b>Effect of<br/>adoption<br/>of<br/>IFRS<br/>15/CPC<br/>47</b> | <b>03/31/2018<br/>without<br/>adoption<br/>of<br/>IFRS<br/>15/CPC 47</b> |
|--|---|---|--|
| <b>NET REVENUE</b>                             | <b>4,867,877</b>  | <b>16,446</b>   | <b>4,884,323</b>   |
| <b>OPERATING COSTS</b>                         | <b>(3,645,615)</b>  |   | <b>(3,645,615)</b>   |
| <b>OPERATING EXPENSES</b>                      |   |   |  |
| Other operating revenues (expenses)            | (66,573)  | (16,446)  | (83,019)   |
|  | <b>(472,855)</b>  | <b>(16,446)</b>   | <b>(489,301)</b>   |
| Equity in earnings of unconsolidated investees | (35,766)  |   | (35,766)   |
| Net financial revenues (expenses)              | (157,800)   |   | (157,800)  |
| Income and Social Contribution taxes           | (175,788)   |   | (175,788)  |
| <b>Net income for the period</b>               | <b>380,053</b>  |   | <b>380,053</b>   |

a) Refers to penalties for violation of energy supply quality indicators, mainly the indicators DIC, FIC, DMIC and DICRI.

*IFRS 9/CPC 48 Financial instruments*

IFRS 9/CPC 48 establishes that all financial activities recognized that are within the scope of IAS 39 (equivalent to CPC 38) should subsequently be measured at amortized cost or fair value, reflecting the business model in which the assets are administered, and their cash flow characteristics, not affecting accounting recognition of the Company's financial assets and liabilities. IFRS 9/CPC 48 contains three categories of accounting for financial instruments: Amortized cost; Fair value through other comprehensive income; and Fair value through profit or loss. The standard has eliminated the existing categories under IAS 39/CPC 38 and, thus, the Company and its subsidiaries have reclassified those categories to comply with the new standard, as follows:

| <b>Consolidated</b>   | <b>Classification</b>             |                                   |
|---|-----------------------------------|-----------------------------------|
|   | <b>IFRS 39/CPC 38</b>             | <b>IFRS 9/CPC 48</b>              |
| <b>Financial assets:</b>  |                                   |                                   |
| Cash equivalents Investments  | Loans and receivables             | Amortized cost                    |
| Securities Investments (1)  | Held to maturity                  | Amortized cost                    |
| Securities Investments (1)  | Available for sale                | Fair value through profit or loss |
| Consumers and Traders; Concession holders (power transport)   | Loans and receivables             | Amortized cost                    |
| Restricted cash   | Loans and receivables             | Amortized cost                    |
| Advances to suppliers   | Loans and receivables             | Amortized cost                    |
| Accounts receivable from the State of Minas Gerais  | Loans and receivables             | Amortized cost                    |
| Receivables from related parties  | Loans and receivables             | Amortized cost                    |
| Concession financial assets CVA (Portion A Costs Variation Compensation) Account, and <i>Other financial components</i> , in tariff adjustments | Loans and receivables             | Amortized cost                    |
| Reimbursement of tariff subsidies   | Loans and receivables             | Amortized cost                    |
| Low-income subsidy  | Loans and receivables             | Amortized cost                    |
| Escrow deposits in litigation   | Loans and receivables             | Amortized cost                    |
| Derivative financial instructions (swap transactions)   | Fair value through profit or loss | Fair value through profit or loss |
| Concession financial assets   |                                   |                                   |
| Transmission infrastructure   | Loans and receivables             | Amortized cost                    |
| Concession financial assets Distribution infrastructure   | Available for sale                | Fair value through profit or loss |
| Indemnities receivable Transmission   | Loans and receivables (2)         | Fair value through profit or loss |
| Indemnities receivable Generation   | Loans and receivables (2)         | Fair value through profit or loss |
| Concession grant fee Generation concessions   | Loans and receivables             | Amortized cost                    |
| Other   | Loans and receivables             | Amortized cost                    |
| <b>Financial liabilities</b>  |                                   |                                   |
| Loans, financings and debentures  | Amortized cost                    | Amortized cost                    |

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|   |                                   |                                   |
|---|-----------------------------------|-----------------------------------|
| Debt agreed with pension fund (Forluz)  | Amortized cost                    | Amortized cost                    |
| Concession financial liabilities CVA<br>(Portion A Costs Variation<br>Compensation) Account, and <i>Other<br/>financial components</i> , in tariff<br>adjustments | Amortized cost                    | Amortized cost                    |
| Concessions payable   | Amortized cost                    | Amortized cost                    |
| The Minas Gerais State Tax Debits<br>Regularization Plan (PRCT)   | Amortized cost                    | Amortized cost                    |
| Suppliers   | Amortized cost                    | Amortized cost                    |
| Advances from clients   | Amortized cost                    | Amortized cost                    |
| Derivative financial instructions (swap<br>transactions)  | Fair value through profit or loss | Fair value through profit or loss |
| Derivative financial instruments Put<br>options   | Fair value through profit or loss | Fair value through profit or loss |

- 1) Recognized at their nominal realization values, which are similar to fair value.
- 2) The Company has securities with various classifications under IFRS 9 / CPC 48.



Impairment

The material impact resulting from the adoption of the standard as from January 1, 2018 is related to the impairment of trade accounts receivable.

The new pronouncement also establishes that in relation to the impairment losses of financial assets, the expectation of loss model in the credit is no longer losses incurred, but a prospective model of expected credit losses, based on probabilities.

Based on the new pronouncement provisions for expected losses were measured based on the losses expected in the next 12 months, as a function of the potential default events, or losses of credit expected for the whole life of a financial instrument, if the credit risk has significantly increased since its initial recognition.

The Company and its subsidiaries have adopted, in its analyses, a simplified approach, considering that the balance of its accounts receivable from clients do not have a significant financial components, and have calculated the expectation of loss considering the historic average of non-collection over the total billed in each month (based on the last 12 months of billing), segregated by type of customers and projected for the next 12 months, taking into account the aging of receivables, including those not yet due. The estimated loss for the past due balances of customers who renegotiated their debt has been calculated based on the maturity date of the original invoice, with the new terms negotiated not being taken into account. For the balances that are more than 12 months past due, expectation of total loss was assumed.

The estimated effects at January 1, 2018 arising from adoption of IFRS 9, resulted in an increase in the provision for doubtful accounts and a corresponding effect in Equity, as follows:

|  | <b>01/01/2018</b> |
|--|-------------------|
| Customers and Traders; Transport of energy (a)               | 150,114           |
| Reflex of the adjustment due to the jointly controlled Light | 82,770            |
| Deferred income and social contribution taxes (a)            | (51,038)          |
|  | <b>181,846</b>    |

(a) Refers to estimated losses on doubtful accounts receivable from consumers of Cemig D.

### **2.3 Correlation between the Explanatory Notes published in the annual financial statements and those in the interim financial information**

The table below shows the correlation between the Explanatory Notes published in the consolidated annual financial statements at December 31, 2017 and the consolidated Interim financial information at March 31, 2018.



The Company understand that this interim financial information presents the material updating of information relating to its equity situation, and its results for the quarter ended March 31, 2018, in compliance with the requirements for disclosure stated by the CVM (Brazilian Securities Commission).

| Number of the Note |            | Title of the Note   |
|--------------------|------------|---|
| 12/31/2017         | 03/31/2018 |   |
| 1                  | 1          | Operational context   |
| 2                  | 2          | Basis of preparation  |
| 3                  | 3          | Consolidation principles  |
| 4                  | 4          | Concessions and authorizations  |
| 5                  | 31         | Operational segments  |
| 6                  | 5          | Cash and cash equivalents   |
| 7                  | 6          | Securities  |
| 8                  | 7          | Customers and traders; Concession holders (transport of energy)                                 |
| 9                  | 8          | Recoverable taxes   |
| 10                 | 9          | Income and Social Contribution tax  |
| 11                 | 10         | Restricted cash   |
| 12                 | 11         | Accounts Receivable from the State of Minas Gerais  |
| 13                 | 12         | Escrow deposits in litigation   |
| 14                 | 13         | Reimbursement of tariff subsidies   |
| 15                 | 14         | Concession financial assets and liabilities   |
| 16                 | 15         | Investments   |
| 17                 | 16         | Property, plant and equipment   |
| 18                 | 17         | Intangible assets   |
| 19                 | 18         | Suppliers   |
| 20                 | 19         | Taxes payable, Income tax and social contribution tax and amounts to be reimbursed to customers |
| 21                 | 20         | Loans, financings and debentures  |
| 22                 | 21         | Regulatory charges  |
| 23                 | 22         | Post-retirement obligations   |
| 24                 | 23         | Provisions  |
| 25                 | 24         | Equity and remuneration to shareholders   |
| 26                 | 25         | Revenue   |
| 27                 | 26         | Operating costs and expenses  |
| 28                 | 27         | Financial revenue and expenses  |
| 29                 | 28         | Related party transactions  |
| 30                 | 29         | Financial instruments and risk management   |
| 31                 | 30         | Measurement at fair value   |
| 34                 | 32         | The annual tariff adjustment  |
| 35                 | 33         | Transactions not involving cash   |
| 36                 | 34         | Subsequent events   |

The Notes to the 2017 annual statements that have not been included in these consolidated interim financial information because they had no material changes, and/or were not applicable to the interim information, are as follows:

| <b>Number</b> | <b>Title of the Note</b> |
|---------------|--------------------------|
| 32            | Insurance                |
| 33            | Commitments              |

### 3. PRINCIPLES OF CONSOLIDATION

The reporting dates for the interim financial information of subsidiaries and jointly-controlled entities used for the purposes of consolidation and equity method gains (losses), respectively, coincide with those of the Company. Accounting practices are applied uniformly in line with those used by the Company.

The following subsidiaries and are included in the consolidated interim financial information:

| <b>Subsidiary</b>   | <b>Criteria</b> | <b>03/31/2018<br/>Direct<br/>interest,<br/>%</b> | <b>12/31/2017<br/>Direct<br/>interest,<br/>%</b> |
|---|-----------------|--|--|
| Cemig Geração e Transmissão                               | Consolidated    | 100.00   | 100.00   |
| Cemig Distribuição  | Consolidated    | 100.00   | 100.00   |
| Gasmig  | Consolidated    | 99.57  | 99.57  |
| Cemig Telecom (2)   | Consolidated    |  | 100.00   |
| Rosal Energia   | Consolidated    | 100.00   | 100.00   |
| Sá Carvalho   | Consolidated    | 100.00   | 100.00   |
| Horizontes Energia  | Consolidated    | 100.00   | 100.00   |
| ENGED (Usina Térmica Ipatinga) (1)                        | Consolidated    | 100.00   | 100.00   |
| Cemig PCH   | Consolidated    | 100.00   | 100.00   |
| Cemig Trading   | Consolidated    | 100.00   | 100.00   |
| Efficientia   | Consolidated    | 100.00   | 100.00   |
| Cemig Comercializadora de Energia Incentivada             | Consolidated    | 100.00   | 100.00   |
| UTE Barreiro  | Consolidated    | 100.00   | 100.00   |
| Empresa de Serviços e Comercialização de Energia Elétrica | Consolidated    | 100.00   | 100.00   |

(1) In 2018, the corporate name of UTE Ipatinga was changed to Empresa de Negócios em Geração Distribuída S.A.

(2) Company merged into Cemig on March 31, 2018.

**4. CONCESSIONS AND AUTHORIZATIONS**

Cemig and its subsidiaries hold the following concessions and authorizations with ANEEL:

|   | <b>Company holding concession<br/>or authorization</b> | <b>Concession or authorization<br/>contract</b> | <b>Expiration<br/>date</b> |
|---|--|---|----------------------------|
| <b>POWER GENERATION</b>   |  |   |                            |
| <b>Hydroelectric plants</b>   |  |   |                            |
| Emborcação (1)  | Cemig GT   | 07/1997   | 07/2025                    |
| Nova Ponte (1)  | Cemig GT   | 07/1997   | 07/2025                    |
| Santa Luzia (1)   | Cemig GT   | 07/1997   | 02/2026                    |
| Sá Carvalho (1)   | Sá Carvalho  | 01/2004   | 12/2024                    |
| Rosal (1)   | Rosal Energia  | 01/1997   | 05/2032                    |
| Machado Mineiro (1)   |  |   | 07/2025                    |
| Salto Voltão (1)  |  |   | 10/2030                    |
|   | Horizontes Energia                                     | Resolution 331/2002                             |                            |
| Salto Paraopeba (1)   |  |   | 10/2030                    |
| Salto do Passo Velho (1)  |  |   | 10/2030                    |
| PCH Pai Joaquim (1)   | Cemig PCH  | Resolution 377/2005                             | 04/2032                    |
| Irapé (1)   | Cemig GT   | 14/2000   | 02/2035                    |
| Queimado (Consórcio) (1)  | Cemig GT   | 06/1997   | 01/2033                    |
| Salto Morais (1)  | Cemig GT   | 02/2013   | 07/2020                    |
| Rio de Pedras (1)   | Cemig GT   | 02/2013   | 09/2024                    |
| Luiz Dias (1)   | Cemig GT   | 02/2013   | 08/2025                    |
| Poço Fundo (1)  | Cemig GT   | 02/2013   | 08/2025                    |
| São Bernardo (1)  | Cemig GT   | 02/2013   | 08/2025                    |
| Xicão (1)   | Cemig GT   | 02/2013   | 08/2025                    |
| Três Marias (2)   | Cemig Geração Três Marias                              | 08/2016   | 01/2046                    |
| Salto Grande (2)  | Cemig Geração Salto Grande                             | 09/2016   | 01/2046                    |
| Itutinga (2)  | Cemig Geração Itutinga                                 | 10/2016   | 01/2046                    |
| Camargos (2)  | Cemig Geração Camargos                                 | 11/2016   | 01/2046                    |
| Coronel Domiciano, Joasal, Marmelos,<br>Paciência e Piau (2)        | Cemig Geração Sul                                      | 12/2016 e 13/2016                               | 01/2046                    |
| Dona Rita, Ervália, Neblina, Peti,<br>Sinceridade e Tronqueiras (2) | Cemig Geração Leste                                    | 14/2016 e 15/2016                               | 01/2046                    |
| Cajurú, Gafanhoto e Martins (2)                                     | Cemig Geração Oeste                                    | 16/2016   | 01/2046                    |
| <b>Thermal plants</b>   |  |   |                            |
| Igarapé (1)   | Cemig GT   | 07/1997   | 08/2024                    |
| <b>POWER TRANSMISSION</b>   |  |   |                            |
| National grid (3)   | Cemig GT   | 006/1997  | 01/2043                    |
| Itajubá Substation (3)  | Cemig GT   | 79/2000   | 10/2030                    |
| <b>ELECTRICITY DISTRIBUTION (4)</b>                                 |  |   |                            |
|   | Cemig D  | 002/1997  | 12/2045                    |

003/1997

004/1997

005/1997

|                             |        |                       |         |
|-----------------------------|--------|-----------------------|---------|
| <b>GAS DISTRIBUTION (4)</b> | Gasmig | State Law 11,021/1993 | 01/2053 |
|-----------------------------|--------|-----------------------|---------|

- (1) Generation concession contracts that are not within the scope of ICPC 01 /IFRC 12, whose infrastructure assets are recorded as PP&E since the concession grantor does not have control over whom the service is provided to as the output is being sold mainly in the Free Market ( ACL ).
- (2) Generation concession contracts within the scope of scope of ICPC 01 /IFRIC 12, under which Cemig has the right to receive cash and therefore, recognizes a concession financial assets.
- (3) Transmission concession contracts within the scope of ICPC 01 /IFRIC 12, under which Cemig has the right to receive cash and therefore, recognizes a concession financial assets.
- (4) Concession contracts that are within the scope of ICPC 01 /IFRIC 12 and under which the concession infrastructure assets are recorded under the intangible and financial assets bifurcation model.

**5. CASH AND CASH EQUIVALENTS**

|   | <b>Consolidated</b> |                   | <b>Holding Company</b> |                   |
|---|---------------------|-------------------|------------------------|-------------------|
|   | <b>03/31/2018</b>   | <b>12/31/2017</b> | <b>03/31/2018</b>      | <b>12/31/2017</b> |
| Bank accounts                           | 41,998              | 113,495           | 5,140                  | 4,645             |
| Cash equivalents                        |                     |                   |                        |                   |
| Bank certificates of deposit (CDBs) (1) | 307,709             | 685,826           | 12,752                 | 20,799            |
| Overnight (2)                           | 72,621              | 226,629           | 3,138                  | 13,228            |
| Others                                  |                     | 4,307             |                        |                   |
|   | <b>380,330</b>      | <b>916,762</b>    | <b>15,890</b>          | <b>34,027</b>     |
|   | <b>422,328</b>      | <b>1,030,257</b>  | <b>21,030</b>          | <b>38,672</b>     |

(1) *Bank Certificates of Deposit (Certificados de Depósito Bancário, or CDBs)*, accrued interest at 75% to 106%, of the CDI Rate (Interbank Rate for Interbank Certificates of Deposit or *Certificados de Depósito Inter-bancário* CDIs) published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação, or Cetip*) on March 31, 2018 (50% to 106% on December 31, 2017). For these CDBs, the Company has repo transactions which state, on their trading notes, the bank's commitment to repurchase the security, on demand, on the maturity date of the transaction, or earlier, at the Company's option.

(2) *Overnight* transactions are repos available for redemption on the following day. They are usually backed by Treasury Bills, Notes or Bonds and referenced to a pre-fixed rate of 6.39%, on March 31, 2018 (6.89% on December 31, 2017). Their purpose is to settle the Company's short-term obligations, or to be used in the acquisition of other assets with better return to replenish the portfolio.

The Company's exposure to interest rate risks and sensitivity analysis for financial assets and liabilities are disclosed in Note 29.

**6. SECURITIES**

|   | <b>Consolidated</b> |                   | <b>Holding Company</b> |                   |
|---|---------------------|-------------------|------------------------|-------------------|
|   | <b>03/31/2018</b>   | <b>12/31/2017</b> | <b>03/31/2018</b>      | <b>12/31/2017</b> |
| <b>Investments</b>                      |                     |                   |                        |                   |
| <b>Current</b>                          |                     |                   |                        |                   |
| Bank certificates of deposit (CDBs) (1) | 1,774               | 2,652             | 68                     | 144               |
| Financial Notes (LFs) – Banks (2)       | 197,627             | 303,355           | 8,539                  | 17,706            |
| Treasury Financial Notes (LFTs) (3)     | 221,567             | 739,945           | 9,574                  | 43,189            |



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|                    |                |                  |               |               |
|--------------------|----------------|------------------|---------------|---------------|
| Debentures (4)     | 7,250          | 10,663           | 832           | 2,142         |
| Others             | 10,295         | 1,769            | 1,243         | 779           |
|                    | <b>438,513</b> | <b>1,058,384</b> | <b>20,256</b> | <b>63,960</b> |
| <b>Non-current</b> |                |                  |               |               |
| Debentures         | 9,936          | 29,753           | 429           | 1,737         |
|                    | <b>9,936</b>   | <b>29,753</b>    | <b>429</b>    | <b>1,737</b>  |
|                    | <b>448,449</b> | <b>1,088,137</b> | <b>20,685</b> | <b>65,697</b> |

(1) Investments in Bank certificates of deposit CDBs accrue interest at Interbank Certificates of Deposit CDI rate, published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip) which was 100.50% to 105.25% on March 31, 2018 (100.25% to 105.25% on December 31, 2017).

(2) *Bank Financial Notes (Letras Financeiras*, or LFs) are fixed-rate fixed-income securities, issued by banks and that accrued interest a percentage of the CDI published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip). The LFs accrued interest of 102% to 112% of the CDI rate on March 31, 2018 (102.01% to 112% for the year ended December 31, 2017).

(3) *Treasury Financial Notes* (LFTs) are fixed-rate securities, their yield follows the daily changes in the Selic rate between the date of purchase and the date of maturity.

(4) *Debentures* are medium and long-term debt securities, which give their holders a right of credit against the issuing company. The debentures have remuneration varying from 104.25% to 161.54% of the CDI rate on March 31, 2018 (104.25% to 161.54% for the year ended December 31, 2017).

Note 29 provides further information on these securities. Investments in securities of related parties are shown in Note 28.

## 7. CUSTOMERS, TRADERS AND POWER TRANSPORT CONCESSION HOLDERS

|  | Balances<br>not yet<br>due | Up to 90 days<br>past due | Consolidated<br>More than 90<br>days past<br>due | 03/31/2018       | 12/31/2017       |
|--|----------------------------|---------------------------|--|------------------|------------------|
| Billed supply  | 1,020,470                  | 671,191                   | 811,480  | 2,503,141        | 2,688,622        |
| Unbilled supply  | 910,758                    |                           |  | 910,758          | 993,699          |
| Other concession holders wholesale<br>supply           | 31,024                     | 62,823                    | 1,763  | 95,610           | 25,642           |
| Other concession holders wholesale<br>supply, unbilled | 247,944                    |                           |  | 247,944          | 283,061          |
| CCEE (Wholesale Trading Exchange)                      | 263,772                    | 9,332                     | 168  | 273,272          | 381,150          |
| Concession Holders power transport                     | 44,363                     | 25,343                    | 94,821   | 164,527          | 159,194          |
| Concession Holders power transport,<br>unbilled        | 182,961                    |                           |  | 182,961          | 177,308          |
| ( ) Provision for doubtful receivables                 | (46,636)                   | (17,422)                  | (662,117)  | (726,175)        | (567,956)        |
|  | <b>2,654,656</b>           | <b>751,267</b>            | <b>246,115</b>                                   | <b>3,652,038</b> | <b>4,140,720</b> |
| <b>Current assets</b>                                  |                            |                           |  | <b>3,399,760</b> | <b>3,885,392</b> |
| <b>Non-current assets</b>                              |                            |                           |  | <b>252,278</b>   | <b>255,328</b>   |

|  | Balances<br>not yet due | Up to 90 days<br>past due | Holding Company<br>More than 90<br>days past<br>due | 03/31/2018 | 12/31/2017 |
|--|-------------------------|---------------------------|---|------------|------------|
| Billed supply                          | 16,355                  | 274                       | 1,976   | 18,604     |            |
| Unbilled supply                        | 11,796                  |                           |   | 11,796     |            |
| ( ) Provision for doubtful receivables |                         |                           | (1,133)   | (1,133)    |            |

28,151                      274                      843                      29,267

**Current assets** **17,809**

**Non-current assets** **11,458**

Note 29 presents the Company and its subsidiaries' exposure to credit risk related to customers and traders.

The allowance for doubtful accounts is considered to be sufficient to cover any potential losses in the realization of accounts receivable, and the breakdown by type of customers is as follows:

|                                       | <b>03/31/2018</b> | <b>12/31/2017</b> |
|---------------------------------------|-------------------|-------------------|
| Residential                           | 142,737           | 160,482           |
| Industrial                            | 203,180           | 178,058           |
| Commercial, services and others       | 167,125           | 117,438           |
| Rural                                 | 27,418            | 17,334            |
| Public authorities                    | 85,924            | 11,984            |
| Public lighting                       | 5,607             | 4,740             |
| Public services                       | 26,454            | 10,187            |
| Charges for use of the network (TUSD) | 67,730            | 67,733            |
|                                       | <b>726,175</b>    | <b>567,956</b>    |

Changes in the allowance for doubtful accounts on the first quarter are as follows:

|                                     |                |
|-------------------------------------|----------------|
| <b>Balance at December 31, 2016</b> | <b>660,105</b> |
| Additions, net                      | 66,195         |
| <b>Balance at December 31, 2017</b> | <b>726,300</b> |
| <b>Balance at December 31, 2017</b> | <b>567,956</b> |
| First adoption of CPC 48            | 150,114        |
| Additions, net                      | 76,183         |
| Written off                         | (68,078)       |
| <b>Balance at March 31, 2018</b>    | <b>726,175</b> |

The Company recorded, on January 1, 2018, the effects arising from the adoption of IFRS 9 / CPC 48, as a result of the retained earnings. More detail in Note 2 of these Interim Financial Information.

#### Advances from clients

Cemig GT and Cemig D receives advance payments for the sale of energy from certain customers. Advance payments related to services not yet provide are as follows:

|   |                |
|---|----------------|
| <b>Consolidated and Holding Company</b> |                |
| <b>Balance at December 31, 2016</b>     | <b>181,200</b> |
| Addition                                | 141,875        |

|                                     |                |
|-------------------------------------|----------------|
| Supply completed                    | (32,388)       |
| Monetary adjustment                 | 12,561         |
| <b>Balance at March 31, 2017</b>    | <b>303,248</b> |
| <b>Balance at December 31, 2017</b> | <b>232,762</b> |
| Supply completed                    | (59,510)       |
| Monetary adjustment                 | 3,619          |
| <b>Balance at March 31, 2018</b>    | <b>176,871</b> |

Advance payments are adjusted until the actual delivery of the power supply by Cemig GT and Cemig D under the following terms:

| Counterparty                         | 03/31/2018                   |                                     | MWh deliverable | Balance on 03/31/2018 | Balance on 12/31/2017 |
|--------------------------------------|------------------------------|-------------------------------------|-----------------|-----------------------|-----------------------|
|                                      | Specified period for billing | Index for adjusting prepaid amounts |                 |                       |                       |
| BTG Pactual                          | Jan. 2018                    | 1.57% p.m.                          |                 |                       | 17,287                |
| BTG Pactual                          | Jan. 2018                    | 1.2% p.m.                           |                 |                       | 25,633                |
| Deal Comercializadora                | Jan. 2018                    | 1.2% p.m.                           |                 |                       | 772                   |
| White Martins Gases Industriais Ltda | May 2018 to Mar. 2019        | 124% of CDI                         | 286,189         | 139,362               | 147,066               |
| White Martins Gases Industriais Ltda | May 2018 to Mar. 2019        | 124% of CDI                         |                 | 37,509                | 42,004                |
|                                      |                              |                                     |                 | <b>176,871</b>        | <b>232,762</b>        |

Revenue from advanced sales of power supply is recognized in the statement of income only when the supply actually take place.

## 8. RECOVERABLE TAXES

|                    | Consolidated   |                | Holding Company |              |
|--------------------|----------------|----------------|-----------------|--------------|
|                    | 03/31/2018     | 12/31/2017     | 03/31/2018      | 12/31/2017   |
| <b>Current</b>     |                |                |                 |              |
| ICMS (VAT)         | 74,134         | 71,430         | 5,839           |              |
| PIS and Pasep      | 10,605         | 12,130         | 20              | 6            |
| Cofins             | 49,813         | 56,023         | 103             | 37           |
| Others             | 24,518         | 34,207         | 90              |              |
|                    | <b>159,070</b> | <b>173,790</b> | <b>6,052</b>    | <b>43</b>    |
| <b>Non-current</b> |                |                |                 |              |
| ICMS (VAT)         | 226,132        | 224,752        |                 |              |
| PIS and Pasep      | 43             | 569            | 3               | 2            |
| Cofins             | 197            | 3,131          | 11              | 12           |
| Others             | 2,225          | 2,226          | 1,796           | 1,796        |
|                    | <b>228,597</b> | <b>230,678</b> | <b>1,810</b>    | <b>1,810</b> |
|                    | <b>387,667</b> | <b>404,468</b> | <b>7,862</b>    | <b>1,853</b> |

The ICMS (VAT) credits that are reported in non-current assets arise from acquisitions of property, plant and equipment, and intangible assets, and can be offset against taxes payable in the next 48 months. The transfer to non-current was made in accordance with management's best estimate of the amounts which will likely be realized after March 2019.

Credits of PIS-PASEP and COFINS generated by the acquisition of machinery and equipment can be offset immediately.

## **9. INCOME AND SOCIAL CONTRIBUTION TAXES**

### **a) Income and Social Contribution tax recoverable**

The balances of income tax and social contribution tax refer to tax credits in the corporate income tax returns of prior years and to advance payments which will be offset against federal taxes eventually payable.

|                         | Consolidated   |                | Holding Company |               |
|-------------------------|----------------|----------------|-----------------|---------------|
|                         | 03/31/2018     | 12/31/2017     | 03/31/2018      | 12/31/2017    |
| <b>Current</b>          |                |                |                 |               |
| Income tax              | 169,749        | 223,539        | 20,714          | 19,124        |
| Social contribution tax | 119,540        | 116,035        | 2,733           | 598           |
|                         | <b>289,289</b> | <b>339,574</b> | <b>23,447</b>   | <b>19,722</b> |
| <b>Non-current</b>      |                |                |                 |               |
| Income tax              | 1,188          | 6,685          | 1,188           | 6,685         |
| Social contribution tax | 13,932         | 13,932         | 13,932          | 13,932        |
|                         | <b>15,120</b>  | <b>20,617</b>  | <b>15,120</b>   | <b>20,617</b> |
|                         | <b>304,409</b> | <b>360,191</b> | <b>38,567</b>   | <b>40,339</b> |

## b) Deferred income tax and Social Contribution tax

The Company and its subsidiaries have tax credits for income tax and the social contribution tax, arising from balances of tax losses, negative base for the social contribution tax, and temporary differences, at the rates of 25% (for income tax) and 9% (for the social contribution tax), as follows:

|  | Consolidated     |                  | Holding Company |                |
|--|------------------|------------------|-----------------|----------------|
|  | 03/31/2018       | 12/31/2017       | 03/31/2018      | 12/31/2017     |
| <b>Deferred tax assets</b>                                       |                  |                  |                 |                |
| Tax loss carryforwards   | 502,926          | 523,595          | 167,426         | 165,235        |
| Provisions   | 1,111,822        | 1,092,557        | 542,548         | 527,166        |
| Post-retirement obligations                                      | 1,195,441        | 1,179,257        | 147,974         | 144,176        |
| Estimated provision for doubtful receivables                     | 261,759          | 207,415          | 8,161           | 7,775          |
| Taxes with suspended liability                                   | 14,158           | 14,093           |                 |                |
| Paid concession  | 8,304            | 8,227            |                 |                |
| Adjustment to fair value: Swap/loss                              | 838              | 12,923           | 838             |                |
| Others   | 14,516           | 14,212           | 4,990           |                |
| <b>Total</b>   | <b>3,109,764</b> | <b>3,052,279</b> | <b>871,937</b>  | <b>844,352</b> |
| <b>Deferred tax liabilities</b>                                  |                  |                  |                 |                |
| Funding cost   | (28,105)         | (31,115)         |                 |                |
| Deemed cost  | (255,947)        | (275,543)        |                 |                |
| Cost of acquisition of equity interests                          | (459,094)        | (463,573)        | (86,989)        | (87,613)       |
| Borrowing costs capitalized                                      | (166,357)        | (165,582)        |                 |                |
| Taxes on revenues not redeemed Presumed Profit accounting method | (1,961)          | (785)            |                 |                |



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|                                     |                    |                    |                 |                 |
|-------------------------------------|--------------------|--------------------|-----------------|-----------------|
| Transmission assets: Indemnity gain | (919,753)          | (937,485)          |                 |                 |
| Adjustment to fair value: Swap gain | (22,118)           |                    |                 |                 |
| Others                              | (41,406)           | (41,657)           | (8,225)         |                 |
| <b>Total</b>                        | <b>(1,894,741)</b> | <b>(1,915,740)</b> | <b>(95,214)</b> | <b>(87,613)</b> |
| <b>Total, net</b>                   | <b>1,215,023</b>   | <b>1,136,539</b>   | <b>776,723</b>  | <b>756,739</b>  |
| <b>Total assets</b>                 | <b>1,939,086</b>   | <b>1,871,228</b>   | <b>776,723</b>  | <b>756,739</b>  |
| <b>Total liabilities</b>            | <b>(724,063)</b>   | <b>(734,689)</b>   |                 |                 |

## c) Reconciliation of income tax and Social Contribution tax effective rate

This table reconciles the statutory income tax (rate 25%) and the social contribution tax (rate 9%) with the current income tax expense in the statement of income:

|   | Consolidated     |                  | Holding Company |                |
|---|------------------|------------------|-----------------|----------------|
|   | 03/31/2018       | 03/31/2017       | 03/31/2018      | 03/31/2017     |
| <b>Profit before income and Social Contribution taxes</b>                           | <b>636,212</b>   | <b>506,123</b>   | <b>445,515</b>  | <b>332,637</b> |
| Income tax and Social Contribution tax nominal expense                              | (216,312)        | (172,082)        | (151,475)       | (113,097)      |
| Tax effects applicable to:  |                  |                  |                 |                |
| Gain (loss) in subsidiaries by equity method (net of effects of Interest on Equity) | 17,737           | 8,593            | 170,069         | 122,841        |
| Non-deductible contributions and donations  | (369)            | (832)            |                 |                |
| Tax incentives  | 3,191            | 3,796            |                 |                |
| Voluntary retirement provision  | (254)            |                  | (2)             |                |
| Tax credits not recognized  |                  | 93               |                 |                |
| Difference between Presumed Profit and Real Profit                                  | 27,210           | 2,627            |                 |                |
| Non-deductible penalties  | (4,006)          | (4,758)          | (6)             | (6)            |
| Excess reactive power and demand  |                  | (3,075)          |                 |                |
| Others  | 1,186            | 2,249            | 348             | 221            |
| <b>Income tax and Social Contribution effective gain (expense)</b>                  | <b>(171,617)</b> | <b>(163,389)</b> | <b>18,934</b>   | <b>9,959</b>   |
| <b>Current tax</b>  | <b>(185,026)</b> | <b>(233,457)</b> |                 |                |
| <b>Deferred tax</b>   | <b>13,409</b>    | <b>70,068</b>    | <b>18,934</b>   | <b>9,959</b>   |
|   | <b>(171,617)</b> | <b>(163,389)</b> | <b>18,934</b>   | <b>9,959</b>   |
| <b>Effective rate</b>   | <b>26.97%</b>    | <b>32.28%</b>    | <b>4.25%</b>    | <b>2.91%</b>   |

**10. RESTRICTED CASH**

The balance of Restricted cash amounting to R\$ 108,197 in the Consolidated and R\$ 89,556 in the Holding Company, refers mainly amounts deposited with a financial institution, in accordance with the Shareholders' agreement of the jointly controlled Rio Minas Energia Participações RME, as a guarantee for the settlement of the options to sell an interest in RME.

**11. ACCOUNTS RECEIVABLE FROM THE STATE OF MINAS GERAIS**

On October 25, 2017 the Company signed a Debt Recognition Agreement with Minas Gerais State, through its Tax Office, where the state committed to reimburse to the Company the total amount deposited, after adjusting it for inflation using the IGP-M index, related to the dispute on the criteria to be used to adjust the amounts passed through by the State government as an advance for future capital contributions in the previous year.

The parties agreed that the Minas Gerais State will reimburse the Company R\$ 281,309, of which R\$ 239,445 relate to the historical amounts deposited, and R\$ 45,718 relate to the monetary adjustment, which R\$ 3,851 is related to the three-months period ended March 31, 2018, which will be paid in 12 consecutive monthly installments, each adjusted by the IGP M inflation index through the settlement date, starting on November 10, 2017. Further, the agreement states that, in the event of arrears or default by the State in the payment of the agreed consecutive monthly installments, Cemig is authorized to retain dividends or Interest on Equity distributable to the State in proportion to the State's equity interest, for as long as the arrears and/or default continues. Until March 31, 2018, a total of R\$ 46,291 had been collected regarding two installments and the remaining balance of R\$ 238,869 is still outstanding. Even though installments are overdue since January 2018, Company's Management believes that no impairment losses is expected on these receivables considering the aforementioned guarantees.

## 12. ESCROW DEPOSITS

These deposits are mainly related to legal proceeding relating to labor and tax contingencies.

Escrow deposits mainly relate to tax disputes, mainly on the calculation of PASEP/COFINS, for which the Company believes the amounts of ICMS (VAT) should be exclude from the taxable amount on which the PASEP/COFINS taxes are charged.

|   | Consolidated     |                  | Holding Company |                |
|---|------------------|------------------|-----------------|----------------|
|   | 03/31/2018       | 12/31/2017       | 03/31/2018      | 12/31/2017     |
| <b>Labor claims</b>   | <b>316,483</b>   | <b>303,699</b>   | <b>36,426</b>   | <b>35,270</b>  |
| <b>Tax contingencies</b>  |                  |                  |                 |                |
| Income tax on interest on equity                                    | 27,083           | 26,861           | 248             | 244            |
| PASEP/COFINS taxes (1)  | 1,317,445        | 1,337,086        |                 |                |
| Donations and legacy tax (ITCD)                                     | 49,509           | 48,981           | 49,070          | 48,541         |
| Urban property tax (IPTU)   | 88,164           | 79,505           | 72,004          | 68,675         |
| Finsocial tax   | 37,494           | 37,170           | 37,494          | 37,170         |
| Income and social contr. tax on indemnity for employees benefit (2) | 269,367          | 267,432          | 12,946          | 12,853         |
| Others  | 144,046          | 116,585          | 31,314          | 31,252         |
|   | <b>1,933,108</b> | <b>1,913,620</b> | <b>203,076</b>  | <b>198,735</b> |
| <b>Others</b>   |                  |                  |                 |                |
| Regulatory  | 52,613           | 60,243           | 30,073          | 29,589         |
| Third party   | 15,941           | 16,094           | 5,813           | 5,811          |
| Customer relations  | 6,568            | 6,204            | 1,568           | 1,561          |
| Court embargo   | 12,281           | 14,358           | 5,872           | 5,515          |
| Others  | 22,742           | 21,414           | 1,610           | 1,310          |
|   | <b>110,145</b>   | <b>118,313</b>   | <b>44,936</b>   | <b>43,786</b>  |
|   | <b>2,359,736</b> | <b>2,335,632</b> | <b>284,438</b>  | <b>277,791</b> |

(1) The escrow deposits relating to Pasep and Cofins taxes refer to the case challenging the constitutionality of inclusion of the ICMS (VAT), which *has been* charged, *within* the amount on which the Pasep and Cofins taxes are calculated. See more details in Note 23 (*Inclusion of ICMS (VAT) in the taxable base for Pasep /Cofins*).

(2) See more details in Note 23 *Provisions* (Indemnity of employees future benefit the Anuênio ).

### 1) Inclusion of ICMS (VAT) in the taxable base for Pasep /Cofins

Refers to the escrow deposits made in the action challenging the constitutionality of inclusion of ICMS (VAT), already charged, *within* the taxable amount for calculation of these two contributions. The subsidiaries Cemig D and Cemig GT obtained interim relief from the Court allowing them not to make the payment, and authorizing payment as

escrow deposits, starting in 2008, and maintained this procedure until August 2011. After that date, while continuing to challenge the basis of the calculation in court, they opted to pay the taxes monthly.

On October 2017, the Federal Supreme Court (STF) published its Joint Judgment on the Extraordinary Appeal, on the basis of setting a global precedent, in favor of the argument of the subsidiaries. Based on the opinion of its legal advisers, the subsidiaries adopted the following procedures:

Cemig GT reversed the provision in the amount of R\$ 101,233, with effect on the net income for 2017, recorded the reversal as a deductions on revenue, in the fourth quarter of that year, remaining an escrow deposit in amount of R\$ 185,205.

Cemig D wrote down the liabilities relating to these contributions; and recorded a liability for reimbursement to consumers. More details in Note 19.

**13. REIMBURSEMENT OF TARIFF SUBSIDIES**

Subsidies on tariffs charged to users of distribution services are reimbursed to distributors through the funds from the Energy Development Account (CDE).

On March 31, 2018, the amount recognized as subsidies revenues was R\$225,493 (R\$191,254 in 2017). Of such amounts, Cemig D recorded a receivable of R\$73,345 (R\$73,345 in 2017) and Cemig GT recorded a receivable of R\$3,386 (R\$3,741 in 2017), in current assets.

**14. CONCESSION FINANCIAL ASSETS AND LIABILITIES**

| <b>Consolidated</b>  | <b>03/31/2018</b> | <b>12/31/2017</b> |
|--|-------------------|-------------------|
| Financial assets (1)   |                   |                   |
| Distribution concessions   | 375,758           | 369,762           |
| Transmission concessions (1.2)   | 546,672           | 547,800           |
| Receivable for residual value Transmission (1.1)   | 1,852,673         | 1,928,038         |
| Receivable for residual value Generation (1.3)   | 1,918,002         | 1,900,757         |
| Concession grant fee Generation concessions (1.4)  | 2,357,819         | 2,337,135         |
|  | <b>7,050,924</b>  | <b>7,083,492</b>  |
| CVA (Portion A Compensation) Account and <i>Other Financial Components</i> in tariff adjustments (2) | 397,760           | 369,010           |
| <b>Total</b>   | <b>7,448,684</b>  | <b>7,452,502</b>  |
| <b>Current assets</b>  | <b>1,020,131</b>  | <b>847,877</b>    |
| <b>Non-current assets</b>  | <b>6,428,553</b>  | <b>6,604,625</b>  |
| <b>Financial liabilities Consolidated</b>  | <b>03/31/2018</b> | <b>12/31/2017</b> |
| CVA (Portion A Compensation) Account and <i>Other Financial Components</i> in tariff adjustments (2) | 155,214           | 414,800           |
| <b>Current liabilities</b>   | <b>155,214</b>    | <b>414,800</b>    |

The changes in concession financial assets are as follows:

|   | <b>Transmission</b> | <b>Generation</b> | <b>Distribution</b> | <b>Consolidated</b> |
|---|---------------------|-------------------|---------------------|---------------------|
| <b>Balances at December 31, 2016</b>      | <b>2,287,511</b>    | <b>2,800,389</b>  | <b>216,107</b>      | <b>5,304,007</b>    |
| Additions                                 | 2,920               |                   | 25,206              | 28,126              |
| Transfers of indemnity plants not renewed |                     | 70,252            |                     | 70,252              |
| Disposals                                 | (218)               |                   | (16)                | (234)               |
| Amounts received                          | (4,245)             | (55,615)          |                     | (59,860)            |

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|   |                  |                  |                |                  |
|---|------------------|------------------|----------------|------------------|
| Monetary updating   | 65,830           | 79,506           | 1,228          | 146,564          |
| <b>Balances at March 31, 2017</b>                                 | <b>2,351,798</b> | <b>2,894,532</b> | <b>242,525</b> | <b>5,488,855</b> |
| <b>Balances at December 31, 2017</b>                              | <b>2,475,838</b> | <b>4,237,892</b> | <b>369,762</b> | <b>7,083,492</b> |
| Additions   | 1,063            |                  |                | 1,063            |
| Amounts received  | (130,324)        | (61,142)         |                | (191,466)        |
| Transfers between PP&E, Financial assets and<br>Intangible assets |                  |                  | 5,250          | 5,250            |
| Monetary updating   | 52,768           | 99,071           | 792            | 152,631          |
| Disposals   |                  |                  | (46)           | (46)             |
| <b>Balances at March 31, 2017</b>                                 | <b>2,399,345</b> | <b>4,275,821</b> | <b>375,758</b> | <b>7,050,924</b> |

1) Financial assets related to infrastructure

The energy distribution and transmission concession contracts and the gas distribution contracts are within the scope of ICPC 01 (IFRIC 12). The financial assets under these contracts refer to the investment made in infrastructure that will be returned to the grantor at the end of the concession contract and for which the Company has a contractual right to receive cash from the grantor during the concession contract as well as at the end of the concession contract.

1.1) Transmission Residual value receivable

Cemig's transmission concession contracts are within the scope of ICPC 01 (IFRIC 12). The financial assets under these contracts refer to the investment made in infrastructure that will be returned to the grantor at the end of the concession contract and for which the Company is entitled to receive an amount corresponding to the residual value of the infrastructure assets at the end of the concession contract.

On April 22, 2016 the Mining and Energy Ministry (*Ministério de Minas e Energia*, or MME) published its Ministerial Order 120, setting the deadline and method of payment for the remaining amount corresponding to the residual value of the assets. The Ministerial Order determined that the amounts homologated by the regulator should become part of the Regulatory Remuneration Asset Base (*Base de Remuneração Regulatória*, or BRR) and that the cost of capital should be added to the related Permitted Annual Revenues (RAP).

On August 16, 2016, the regulator, through its Dispatch 2,181, homologated the amount of R\$ 892,050, in Reais as of December 2012, for the portion of the residual value of assets to be paid to the Cemig GT. Such amount was recorded as a financial asset, with specific maturity and interest rate.

The amount of indemnity to be received, updated until March 31, 2018, amounted to R\$ 1,852,673 (R\$ 1,928,038 as of December 31, 2017), corresponding to the following:

*Portions of remuneration and depreciation not paid since the extensions of concessions*

An amount of R\$ 972,663, corresponding to the portions of remuneration and depreciation not paid since the extensions of the concessions, through the tariff adjustment in 2017 (R\$ 992,802 as of December 31, 2017), which will be inflation adjusted using the IPCA (Expanded National Customer Price) index, and remunerated at the weighted average cost of capital of the transmission industry as defined by the regulator for the periodic tariff review, to be paid over a period of eight years, in the form of reimbursement through the RAP.

*Residual Value of transmission assets - injunction awarded to industrial customers*

On April 10, 2017, an preliminary injunction was granted to the Brazilian Large Free Customers Association (*Associação Brasileira de Grandes Consumidores Livres*), the Brazilian Auto Glass Industry Technical Association (*Associação Técnica Brasileira das Indústrias Automáticas de Vidro*) and the Brazilian Ferro-alloys and Silicon Metal Producers Association (*Associação Brasileira dos Produtores de Ferroligas e de Silício Metálico*) in their legal action against the regulator and the Federal Government requesting suspension of the effects on their tariffs of payment of the residual value of transmission assets payable to agents of the electricity sector who accepted the terms of Law 12,783/2013.



The preliminary injunction was partial, with effects related to suspension of the inclusion in the customer tariffs paid by these associations of the portion of the indemnity corresponding to the remuneration at cost of capital included since the date of extension of the concessions amounting to R\$ 321,669 at March 31, 2018(R\$ 316,138 at December 31, 2017) updated by IPCA.

In compliance with the court decision, the regulator, in its Technical Note 183/201-SGT/ ANEEL of June 22, 2017, presented a new calculation, excluding the amounts that refer to the cost of own capital. Cemig believes that this is a provisional decision, and that its right to receive the amount referring to the assets of the basic national grid system (*Rede Básica Sistema Elétrico*, or RBSE) is guaranteed by law, so that no adjustment to the amount recorded at March 31, 2018 is necessary.

*Adjustment of the BRR of Transmission Assets – Aneel Technical Note 183/2017*

In the tariff review processes of Cemig GT, ratified on June 23, 2009 and on June 8, 2010 the addition of certain conducting cables was not included in the tariff calculation. The new values calculated with the inclusion of the said conducting cables in the Remuneration Assets Base for the period from July 2005 to December 2012 resulted in the amount of R\$ 149,255 as of July 2017, to be received by Cemig GT in 12 months, through RAP. At March 31, 2018, the outstanding amount receivable was R\$ 37,313 (R\$ 74,627 at December 31, 2017).

*Remaining balance to be received through RAP*

The remaining balance, of R\$ 521,028 at March 31, 2018 (R\$ 544,471 at December 31, 2017) was incorporated into the regulatory remuneration base of assets, and is being recovered through RAP. Cemig GT expects to receive in full the receivables in relation to the residual value of the transmission assets, whose changes are as follows:

|                              |                  |
|------------------------------|------------------|
| <b>Balance at 12/31/2017</b> | <b>1,928,038</b> |
| Monetary adjustment          | 49,841           |
| Amounts received *           | (125,206)        |
| <b>Total 03/31/2018</b>      | <b>1,852,673</b> |
| <br>                         |                  |
| <b>Balance at 12/31/2016</b> | <b>1,805,230</b> |
| Monetary adjustment          | 65,830           |
| <b>Total 03/31/2017</b>      | <b>1,871,060</b> |

\* Receipts of credits started to occur from July 2017, after homologation by ANEEL.

## 1.2) Transmission – Assets remunerated by tariff

For new assets related to improvements and upgrades of facilities constructed by transmission concession holders, the regulator calculates an additional portion of Permitted Annual Revenue (RAP) in accordance with a methodology specified in the *Proret – Tariff Regulation Procedures*.

Under the *Proret*, the revenue established in the Resolutions is payable to the transmission concessionaires as from the date of start of commercial operation of the facilities. In the periods between tariff reviews, the revenues associated with the improvements and upgrades of facilities are provisional. They are then ultimately determined in the review immediately subsequent to the start of commercial operation of the facilities; this review then has effect starting the date when commercial operations begin. At March 31, 2018, the receivable amounts to R\$ 546,672 (R\$ 547,800 at December 31, 2017).



**1.3) Generation Residual value financial asset**

*Plants operated under the Quotas regime as from January 1, 2016*

Starting August 2013, various concession contracts under the Concession Contract 007/1997 started expiring. Upon expiration of the concession contract, Cemig GT has a right to receive an amount corresponding to the residual value of the infrastructure assets, as specified in such concession contract. The financial asset balance corresponding to such amounts, including Deemed Cost, are recognized in Financial Assets, amounted to R\$ 816,411 at March 31, 2018 and December 31, 2017 .

| <b>Generation plant</b>               | <b>Concession expiration date</b> | <b>Installed capacity (MW)</b> | <b>Net balance of assets based on historical cost</b> | <b>Net balance of assets based on fair value (replacement cost)</b> |
|---------------------------------------|-----------------------------------|--------------------------------|---|---|
| <b>Lot D:</b>                         |                                   |                                |   |   |
| Três Marias Hydroelectric Plant       | July 2015                         | 396                            | 71,694  | 413,450   |
| Salto Grande Hydroelectric Plant      | July 2015                         | 102                            | 10,835  | 39,379  |
| Itutinga Hydroelectric Plant          | July 2015                         | 52                             | 3,671   | 6,589   |
| Camargos Hydroelectric Plant          | July 2015                         | 46                             | 7,818   | 23,095  |
| Piau Small Hydroelectric Plant        | July 2015                         | 18.01                          | 1,531   | 9,005   |
| Gafanhoto Small Hydroelectric Plant   | July 2015                         | 14                             | 1,232   | 10,262  |
| Peti Small Hydroelectric Plant        | July 2015                         | 9.4                            | 1,346   | 7,871   |
| Dona Rita Small Hydroelectric Plant   | Sep. 2013                         | 2.41                           | 534   | 534   |
| Tronqueiras Small Hydroelectric Plant | July 2015                         | 8.5                            | 1,908   | 12,323  |
| Joasal Small Hydroelectric Plant      | July 2015                         | 8.4                            | 1,379   | 7,622   |
| Martins Small Hydroelectric Plant     | July 2015                         | 7.7                            | 2,132   | 4,041   |
| Cajuru Small Hydroelectric Plant      | July 2015                         | 7.2                            | 3,576   | 4,252   |
| Paciência Small Hydroelectric Plant   | July 2015                         | 4.08                           | 728   | 3,936   |
| Marmelos Small Hydroelectric Plant    | July 2015                         | 4                              | 616   | 4,265   |
| <b>Others:</b>                        |                                   |                                |   |   |
| Volta Grande Hydroelectric Plant      | Feb. 2017                         | 380                            | 25,621  | 70,118  |
| Miranda Hydroelectric Plant           | Dec. 2016                         | 408                            | 26,710  | 22,546  |
| Jaguara Hydroelectric Plant           | Aug. 2013                         | 424                            | 40,452  | 174,203   |
| São Simão Hydroelectric Plant         | Jan. 2015                         | 1,710                          | 2,258   | 2,920   |
|                                       |                                   | <b>3,601.70</b>                | <b>204,041</b>  | <b>816,411</b>  |

As stated in Aneel Normative Resolution 615/2014, the valuation reports that support the amounts to be received by the Company in relation to the residual value of the plants, previously operated by Cemig GT, that were included in Lot D and for the *Volta Grande* plant have submitted to the regulator. The Company do not expect any losses in the realization of these amounts.

On March 31, 2018, investments made after the *Jaguara*, *São Simão* and *Miranda* plants came into operation, in the amounts of R\$174,203, R\$2,920 and R\$22,546 respectively, are recorded as concession financial assets, and the determination of the final amounts to be paid to the Company are under discussions with the regulator. Management does not expect any losses in realization of these amounts.

*Miranda and São Simão plants*

In accordance with the Mining and Energy Ministry Order 291/17, the amounts of the basic project of Miranda and São Simão plants were recorded as concession financial asset and are being monetary adjusted, as shown below:

| <b>Plants</b>  | <b>Miranda</b> | <b>São</b>     |                  |
|--|----------------|----------------|------------------|
| <b>Concession termination date</b>                                 | <b>DEC./16</b> | <b>Simão</b>   | <b>Total</b>     |
|  |                | <b>JAN./15</b> |                  |
| <b>Residual value of assets based on deemed cost on 12/31/2017</b> | <b>609,995</b> | <b>202,744</b> | <b>812,739</b>   |
| Adjustment (1)   | 174,157        | 40,855         | 215,012          |
| <b>Amounts based on MME Order</b>                                  | <b>784,152</b> | <b>243,599</b> | <b>1,027,751</b> |
| Monetary updating  | 25,373         | 31,222         | 56,595           |
| <b>Residual value of assets of basic project on 12/31/2017</b>     | <b>809,525</b> | <b>274,821</b> | <b>1,084,346</b> |
| Monetary updating  | 12,875         | 4,370          | 17,245           |
| <b>Residual value of assets of basic project on 03/31/2018</b>     | <b>822,400</b> | <b>279,191</b> | <b>1,101,591</b> |

(1) Adjustment of the residual value of the São Simão and Miranda plant, as per MME Order 291/17.

Cemig GT is discussing with the Ministry of Mines and Energy the criteria used to determine the amounts informed by its Order 291/17, as well as the payment date, since that Order establishes that payment must be made by the Federal Government on or before December 31, 2018, provided that is subject to budget and financial availability.

**1.4) Concession grant fee Generation concessions**

In June 2016, the Concession Contracts 08 to 16/2016, relating to 18 hydroelectric plants of Lot D of Aneel Auction 12/2015, won by Cemig GT, were transferred to the related specific-purpose entities (SPEs), wholly-owned subsidiaries of Cemig GT, as follows:

| <b>SPE</b>                      | <b>Plants</b> | <b>Balances</b>   | <b>Monetary</b> | <b>Amounts</b>  | <b>Balances</b>   |
|---------------------------------|---------------|-------------------|-----------------|-----------------|-------------------|
|                                 |               | <b>on</b>         | <b>updating</b> | <b>received</b> | <b>on</b>         |
|                                 |               | <b>12/31/2017</b> |                 |                 | <b>03/31/2018</b> |
| Cemig Geração Três Marias S.A.  | Três Marias   | 1,330,134         | 44,361          | (32,851)        | 1,341,644         |
| Cemig Geração Salto Grande S.A. | Salto Grande  | 417,393           | 13,981          | (10,360)        | 421,014           |
|                                 | Itutinga      | 155,594           | 5,837           | (4,405)         | 157,026           |

|                             |  |                  |               |                 |                  |
|-----------------------------|--|------------------|---------------|-----------------|------------------|
| Cemig Geração Itutinga S.A. |  |                  |               |                 |                  |
| Cemig Geração Camargos S.A. | Camargos   | 116,710          | 4,350         | (3,279)         | 117,781          |
| Cemig Geração Sul S.A.      | Coronel Domiciano, Joasal, Marmelos, Paciência e Piau        | 152,170          | 6,050         | (4,614)         | 153,606          |
| Cemig Geração Leste S.A.    | Dona Rita, Ervália, Neblina, Peti, Sinceridade e Tronqueiras | 103,133          | 4,509         | (3,503)         | 104,139          |
| Cemig Geração Oeste S.A.    | Cajurú, Gafanhoto e Martins                                  | 62,001           | 2,738         | (2,130)         | 62,609           |
| <b>Total</b>                |  | <b>2,337,135</b> | <b>81,826</b> | <b>(61,142)</b> | <b>2,357,819</b> |

|                                 | Plants   | Balances<br>on<br>12/31/2016 | Monetary<br>updating | Amounts<br>received | Balances<br>on<br>03/31/2017 |
|---------------------------------|--|------------------------------|----------------------|---------------------|------------------------------|
| Cemig Geração Três Marias S.A.  | Três Marias  | 1,283,197                    | 42,718               | (29,881)            | 1,296,034                    |
| Cemig Geração Salto Grande S.A. | Salto Grande   | 402,639                      | 13,472               | (9,424)             | 406,687                      |
| Cemig Geração Itutinga S.A.     | Itutinga   | 149,904                      | 5,728                | (4,006)             | 151,626                      |
| Cemig Geração Camargos S.A.     | Camargos   | 112,447                      | 4,264                | (2,983)             | 113,728                      |
| Cemig Geração Sul S.A.          | Coronel Domiciano, Joasal, Marmelos, Paciência e Piau        | 146,553                      | 5,999                | (4,197)             | 148,355                      |
| Cemig Geração Leste S.A.        | Dona Rita, Ervália, Neblina, Peti, Sinceridade e Tronqueiras | 99,315                       | 4,556                | (3,187)             | 100,684                      |
| Cemig Geração Oeste S.A.        | Cajurú, Gafanhoto e Martins                                  | 59,710                       | 2,769                | (1,937)             | 60,542                       |
| <b>Total</b>                    |  | <b>2,253,765</b>             | <b>79,506</b>        | <b>(55,615)</b>     | <b>2,277,656</b>             |

Cemig GT s paid a concession fee for a 30-year concession contract related to 18 hydroelectric plants for an amount of R\$ 2,216,353. The amount of the concession fee was recognized as a financial asset, as Cemig GT has an unconditional right to receive the amount paid, updated by the IPCA Index and remuneratory interest (the total amounts the project internal return rate), during the period of the concession. Of the energy produced by these plants, 70% are sold in the Regulated Market (ACR) and 30% in the Free Market (ACL).

2) Account for compensation of variation of portion A items (CVA) and *Other financial components*

The Amendment that extended the period of the concession of Cemig D guarantees that, in the event of termination of the concession contract, for any reason, the remaining balances (assets and liabilities) of any shortfall in payment or reimbursement through the tariff must also be included payable to Cemig D by the grantor. The balances on (i) the CVA (*Compensation for Variation of Portion A items*) Account, (ii) the account for Neutrality of Sector Charges, and (iii) *Other financial components* in the tariff calculation, refer to the positive and negative differences between the estimate of the Company s non-manageable costs and the payments actually made. The variations are subject to monetary adjustment using the Selic rate and considered in the subsequent tariff adjustments.

The balances of these financial assets and liabilities are shown below. It should be noted that in the balance sheet amounts are presented net, in assets or liabilities, in accordance with the tariff adjustments approved or to be approved:

| Balance sheet | 03/31/2018  |   | Total | 12/31/2017  |   | Total |
|---------------|---|---|-------|---|---|-------|
|               | Amounts<br>ratified<br>by<br>Aneel in<br>the last<br>tariff | Amounts to<br>be ratified<br>by Aneel in<br>the next<br>tariff<br>adjustments |       | Amounts<br>ratified<br>by<br>Aneel in<br>the last<br>tariff | Amounts to<br>be ratified<br>by Aneel in<br>the next<br>tariff<br>adjustments |       |



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|                               | <b>adjustment</b> |                    | <b>adjustment</b>  |                  |                    |                    |
|-------------------------------|-------------------|--------------------|--------------------|------------------|--------------------|--------------------|
| <b>Assets</b>                 | <b>60,767</b>     | <b>2,852,276</b>   | <b>2,913,043</b>   | <b>381,588</b>   | <b>2,330,978</b>   | <b>2,712,566</b>   |
| Current assets                | 58,883            | 2,307,567          | 2,366,450          | 381,588          | 1,379,162          | 1,760,750          |
| Non-current assets            | 1,884             | 544,709            | 546,593            |                  | 951,816            | 951,816            |
| <b>Liabilities</b>            | <b>(214,097)</b>  | <b>(2,456,400)</b> | <b>(2,670,497)</b> | <b>(796,388)</b> | <b>(1,961,968)</b> | <b>(2,758,356)</b> |
| Current liabilities           | (214,097)         | (1,953,303)        | (2,167,400)        | (796,388)        | (1,220,637)        | (2,017,025)        |
| Non-current liabilities       |                   | (503,097)          | (503,097)          |                  | (741,331)          | (741,331)          |
| <b>Total current, net</b>     | <b>(155,214)</b>  | <b>354,264</b>     | <b>199,050</b>     | <b>(414,800)</b> | <b>158,525</b>     | <b>(256,275)</b>   |
| <b>Total non-current, net</b> | <b>1,884</b>      | <b>41,612</b>      | <b>43,496</b>      |                  | <b>210,485</b>     | <b>210,485</b>     |
| <b>Total, net</b>             | <b>(153,330)</b>  | <b>395,876</b>     | <b>242,546</b>     | <b>(414,800)</b> | <b>369,010</b>     | <b>(45,790)</b>    |

| Financial components   | 03/31/2018  |   |                | 12/31/2017  |   |                 |
|--|---|---|----------------|---|---|-----------------|
|  | Amounts<br>ratified<br>by<br>Aneel in<br>the last<br>tariff<br>adjustment | Amounts<br>to<br>be ratified<br>by Aneel<br>in<br>the next<br>tariff<br>adjustments | Total          | Amounts<br>ratified<br>by<br>Aneel in<br>the last<br>tariff<br>adjustment | Amounts<br>to<br>be ratified<br>by Aneel<br>in<br>the next<br>tariff<br>adjustments | Total           |
| <b>Items of Portion A</b>                                      |   |   |                |   |   |                 |
| Energy Development Account (CDE) quota                         | (50,306)  | (4,558)   | (54,864)       | (154,234)   | (89,414)  | (243,648)       |
| Tariff for use of transmission facilities of grid participants | 3,750   | 61,007  | 64,757         | 9,058   | 23,448  | 32,506          |
| Tariff for transport of Itaipu supply                          | 1,031   | 5,591   | 6,622          | 2,332   | 1,306   | 3,638           |
| Alternative power source program (Proinfa)                     | (1,752)   | 6,101   | 4,349          | (5,148)   | 1,513   | (3,635)         |
| ESS/EER System Service/Energy Charges (1)                      | (14,219)  | (655,322)   | (669,541)      | (40,105)  | (586,413)   | (626,518)       |
| Electricity purchased for resale (2)                           | (39,590)  | 1,588,162   | 1,548,572      | (90,616)  | 1,326,263   | 1,235,647       |
| <b>Other financial components</b>                              |   |   |                |   |   |                 |
| Over contracting of supply                                     | 3,343   | (218,638)   | (215,295)      | 8,357   | (211,337)   | (202,980)       |
| Neutrality of Portion A  | (12,232)  | 96,121  | 83,889         | (30,581)  | 74,076  | 43,495          |
| Other financial items  | (42,845)  | (427,356)   | (470,201)      | (111,825)   |   | (111,825)       |
| Tariff Flag balances (3)                                       |   | 37  | 37             |   | (134,008)   | (134,008)       |
| Excess demand and reactive power (4)                           | (510)   | (55,269)  | (55,779)       | (2,038)   | (36,424)  | (38,462)        |
| <b>TOTAL</b>   | <b>(153,330)</b>  | <b>395,876</b>  | <b>242,546</b> | <b>(414,800)</b>  | <b>369,010</b>  | <b>(45,790)</b> |

- (1) Due to the great increase in the costs of hydrology risk, as from July 2017, the regulator amended the rules for pass-through of the excess on the Energy Reserve Account (Conta de Energia de Reserva, or Coner), to relieve the cash pressure of the distributors. Cemig D received approximately R\$ 254 million from Coner, not included in the tariff coverage, directly impacting the CVA amount of the ESS/EER to be returned to the customer at May, 2018.
- (2) Due to unfavorable hydrology condition since July 2017, there has been less hydroelectric generation and as a result more dispatching of thermal plants, increasing the spot price (PLD), and affecting the level of reduction of the physical power offtake guarantee of the hydroelectric plants. For the distributors, this results in higher costs of CCEAR (Regulated Market) contracts with thermal plants, and higher hydrology risk costs for the Itaipu plants, for those that trade power supply under Physical Guarantee Quotas, and for those that sold CCEARs and renegotiated the hydrology risk. In view of these factors, the difference from the cost taken into account in setting the tariff is greater, resulting in an increase in the deferred asset related to purchase of power supply on March 31, 2018 and December 31, 2017.
- (3) Billing arising from the Flag Tariff System not yet homologated by Aneel.

(4) From March, 2017, under Proret 2.1A, from this point onward amounts of excess of demand and excess of reactive power were appropriated to sector financial liabilities, and will be amortized only at the time of homologation of the 5<sup>th</sup> periodic tariff review cycle.

Changes in balances of financial assets and liabilities:

|   |                  |
|---|------------------|
| <b>Balance at December 31, 2016</b>                   | <b>(407,250)</b> |
| (-)Net constitution of financial liabilities          | (157,842)        |
| (-)Amortization                                       | (144,760)        |
| (-)Payments from the Flag Tariff Centralizing Account | (2,721)          |
| (+)Updating Selic rate                                | (6,169)          |
| <b>Balance at March 31, 2017</b>                      | <b>(718,742)</b> |
| <b>Balance at December 31, 2017</b>                   | <b>(45,790)</b>  |
| (-)Net constitution of financial liabilities          | 178,444          |
| (-)Amortization                                       | 262,712          |
| (-)Payments from the Flag Tariff Centralizing Account | (153,267)        |
| (+)Updating Selic rate                                | 447              |
| <b>Balance at March 31, 2018</b>                      | <b>242,546</b>   |

Payments from the Flag Tariff Centralizing Account – CCRBT

The Flag Account (*Conta Centralizadora de Recursos de Bandeiras Tarifárias – CCRBT* or *Conta Bandeira*) manages the funds that are collected from captive customers of distribution concession and permission holders operating in the national grid, and are paid, on behalf of the CDE, directly to the Flag Account. The resulting funds are passed through by the Wholesale Trading Chamber (CCEE) to distribution agents, based on the difference between the realized amounts of costs of thermal generation and the exposure to short term market prices, and the amount covered by the tariff in force.

Pass-through of funds from the Flag Account from January to March, 2018 totaled R\$ 153,267 (R\$ 2,721 from January to March, 2017) and were recognized as a partial realization of the CVA receivable previously constituted.

**15. INVESTMENTS**

This table provides information of investments in the subsidiaries, jointly-controlled entities and affiliated companies.

|                                       | Control            | Consolidated |            | Holding Company |            |
|---------------------------------------|--------------------|--------------|------------|-----------------|------------|
|                                       |                    | 03/31/2018   | 12/31/2017 | 03/31/2018      | 12/31/2017 |
| Cemig Geração e Transmissão           | Subsidiary         |              |            | 5,041,111       | 4,793,832  |
| Hidrelétrica Cachoeirão               | Jointly-controlled | 47,757       | 57,957     |                 |            |
| Guanhães Energia                      | Jointly-controlled | 42,848       | 25,018     |                 |            |
| Hidrelétrica Pipoca                   | Jointly-controlled | 28,486       | 26,023     |                 |            |
| Retiro Baixo                          | Jointly-controlled | 161,454      | 157,773    |                 |            |
| Aliança Norte (Belo Monte Plant)      | Jointly-controlled | 607,318      | 576,704    |                 |            |
| Madeira Energia (Santo Antônio Plant) | Affiliated         | 508,285      | 534,761    |                 |            |
| FIP Melbourne (Santo Antônio Plant)   | Affiliated         | 559,490      | 582,504    |                 |            |
| Lightger                              | Jointly-controlled | 42,412       | 40,832     |                 |            |
| Baguari Energia                       | Jointly-controlled | 158,575      | 148,422    |                 |            |
| Renova                                | Jointly-controlled | 241,208      | 282,524    |                 |            |
| Aliança Geração                       | Jointly-controlled | 1,272,146    | 1,242,170  |                 |            |
| Central Eólica Praias de Parajuru     | Jointly-controlled | 58,351       | 60,101     |                 |            |
| Central Eólica Volta do Rio           | Jointly-controlled | 61,410       | 67,725     |                 |            |
| Central Eólica Praias de Morgado      | Jointly-controlled | 48,826       | 50,569     |                 |            |
| Amazônia Energia (Belo Monte Plant)   | Jointly-controlled | 915,691      | 866,554    |                 |            |
| Usina Hidrelétrica Itaocara S.A.      | Jointly-controlled | 6,404        | 3,699      |                 |            |

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|  |                    |                  |                  |                   |                   |
|--|--------------------|------------------|------------------|-------------------|-------------------|
| Cemig Distribuição                             | Subsidiary         |                  |                  | 4,123,956         | 3,737,310         |
| Light  | Jointly-controlled | 1,492,783        | 1,534,294        | 1,055,460         | 1,083,140         |
| TAESA  | Jointly-controlled | 1,147,014        | 1,101,462        | 1,147,012         | 1,101,462         |
| Cemig Telecom (3)                              | Subsidiary         |                  |                  |                   | 247,313           |
| Ativas Data Center                             | Affiliated         | 17,116           | 17,450           | 17,116            |                   |
| Gasmig   | Subsidiary         |                  |                  | 1,425,068         | 1,418,271         |
| Rosal Energia                                  | Subsidiary         |                  |                  | 131,567           | 106,897           |
| Sá Carvalho                                    | Subsidiary         |                  |                  | 113,302           | 102,536           |
| Horizontes Energia                             | Subsidiary         |                  |                  | 60,689            | 53,165            |
| Usina Térmica Ipatinga                         | Subsidiary         |                  |                  | 4,985             | 4,932             |
| Cemig PCH                                      | Subsidiary         |                  |                  | 106,549           | 96,944            |
| LEPSA (1)                                      | Subsidiary         |                  |                  | 442,229           | 455,861           |
| RME  | Jointly-controlled | 372,947          | 383,233          | 372,947           | 383,233           |
| UTE Barreiro                                   | Subsidiary         |                  |                  | 18,130            | 17,982            |
| Empresa de Comercialização de Energia Elétrica | Subsidiary         |                  |                  | 31,403            | 18,403            |
| Efficientia                                    | Subsidiary         |                  |                  | 7,448             | 7,084             |
| Cemig Comercializadora de Energia Incentivada  | Subsidiary         |                  |                  | 2,119             | 2,004             |
| Companhia de Transmissão Centroeeste de Minas  | Jointly-controlled | 20,777           | 20,584           | 20,777            | 20,584            |
| Cemig Trading                                  | Subsidiary         |                  |                  | 42,385            | 29,206            |
| Axxiom Soluções Tecnológicas                   | Jointly-controlled | 10,064           | 11,866           | 10,064            | 11,866            |
| Cemig Overseas (2)                             | Subsidiary         |                  |                  | 174               | 158               |
| <b>Total of investments</b>                    |                    | <b>7,821,362</b> | <b>7,792,225</b> | <b>14,174,491</b> | <b>13,692,183</b> |

- 1) On November 2017, the Company acquired all the shares of Lepsa, and therefore as from that date now consolidates that company in its interim financial information. Lepsa's sole asset is comprised of an investment in common and preferred shares in Light. Hence the Company no longer presents the investment that it previously held in Lepsa in its interim financial information, presenting only the interest in Light.
- 2) Company in Spain to evaluate opportunities for investments abroad. As of March 31, 2018, the Company has no operations.
- 3) On March 31, 2018 Cemig Telecom was merged into the Company.

The Company's investees that are not consolidated are jointly-controlled entities, with the exception of the interest in the Santo Antônio power plant, and Ativas Data Center, which became an investee in which Cemig has significant influence.

a) Right to exploitation of the regulated activity

In the process of allocation of the acquisition price of the jointly-controlled subsidiaries, a valuation was made of the intangible assets relating to the right to operate the regulated activity. This asset is presented together with the acquisition cost of the investments in the previous table. These assets will be amortized over the remaining period of the concessions on the straight-line basis.

| <b>Holding Company</b>                | <b>12/31/2016</b> | <b>Amortization</b> | <b>03/31/2017</b> | <b>12/31/2017</b> | <b>Amortization</b> | <b>03/31/2018</b> |
|---------------------------------------|-------------------|---------------------|-------------------|-------------------|---------------------|-------------------|
| Cemig Geração e Transmissão           | 303,937           | (3,426)             | 300,511           | 285,768           | (3,336)             | 282,432           |
| Retiro Baixo                          | 29,525            | (296)               | 29,229            | 28,344            | (296)               | 28,048            |
| Central Eólica Praias de Parajuru     | 19,341            | (382)               | 18,959            | 16,503            | (354)               | 16,149            |
| Central Eólica Volta do Rio           | 13,807            | (252)               | 13,555            | 11,035            | (218)               | 10,817            |
| Central Eólica Praias de Morgado      | 27,406            | (514)               | 26,892            | 23,956            | (486)               | 23,470            |
| Madeira Energia (Santo Antônio plant) | 157,340           | (1,489)             | 155,851           | 151,384           | (1,489)             | 149,895           |
| Aliança Norte (Belo Monte plant)      | 56,518            | (493)               | 56,025            | 54,546            | (493)               | 54,053            |
| TAESA                                 | 288,146           | (3,390)             | 284,756           | 188,745           | (2,330)             | 186,415           |
| Light                                 | 208,800           | (5,590)             | 203,210           | 186,437           | (5,590)             | 180,847           |
| Gasmig                                | 207,498           | (1,978)             | 205,520           | 199,586           | (1,978)             | 197,608           |
| LEPSA                                 | 48,429            | (1,266)             | 47,163            |                   |                     |                   |
| RME                                   | 48,429            | (1,266)             | 47,163            | 43,365            | (1,266)             | 42,099            |
| <b>TOTAL</b>                          | <b>1,105,239</b>  | <b>(16,916)</b>     | <b>1,088,323</b>  | <b>903,901</b>    | <b>(14,500)</b>     | <b>889,401</b>    |

| <b>Consolidated</b> | <b>12/31/2016</b> | <b>Amortization</b> | <b>03/31/2017</b> | <b>12/31/2017</b> | <b>Amortization</b> | <b>03/31/2018</b> |
|---------------------|-------------------|---------------------|-------------------|-------------------|---------------------|-------------------|
| TAESA               | 288,146           | (3,390)             | 284,756           | 188,745           | (2,330)             | 186,415           |
| Light               | 208,800           | (5,590)             | 203,210           | 186,437           | (5,590)             | 180,847           |
| Gasmig              | 207,498           | (1,978)             | 205,520           | 199,586           | (1,978)             | 197,608           |
| LEPSA               | 48,429            | (1,266)             | 47,163            |                   |                     |                   |
| RME                 | 48,429            | (1,266)             | 47,163            | 43,365            | (1,266)             | 42,099            |
| <b>TOTAL</b>        | <b>801,302</b>    | <b>(13,490)</b>     | <b>787,812</b>    | <b>618,133</b>    | <b>(11,164)</b>     | <b>606,969</b>    |

## b) Changes of investments in the subsidiaries, jointly-controlled and affiliated entities are as follows:

| <b>Holding Company</b>                         | <b>12/31/2017</b> | <b>Gain<br/>(loss) by<br/>equity<br/>method<br/>(Income comprehensive<br/>statement)</b> | <b>Gain<br/>(loss)<br/>by<br/>equity<br/>method<br/>(Other<br/>income)</b> | <b>Dividends</b> | <b>Injections<br/>/<br/>acquisitions</b> | <b>Others</b>    | <b>03/31/2018</b> |
|--|-------------------|--|--|------------------|--|------------------|-------------------|
| Cemig Geração e Transmissão                    | 4,793,832         | 247,279  |  |                  |  |                  | 5,041,111         |
| Cemig Distribuição (2)                         | 3,737,310         | 65,722   |  |                  | 420,000                                  | (99,076)         | 4,123,956         |
| Cemig Telecom (1)                              | 247,313           | 4,778  | (416)  |                  |  | (251,675)        |                   |
| Ativas Data Center (1)                         |                   |  |  |                  |  | 17,116           | 17,116            |
| Rosal Energia                                  | 106,897           | 7,123  | 17,547   |                  |  |                  | 131,567           |
| Sá Carvalho                                    | 102,536           | 10,766   |  |                  |  |                  | 113,302           |
| Gasmig   | 1,418,271         | 30,023   |  | (23,226)         |  |                  | 1,425,068         |
| Horizontes Energia                             | 53,165            | 7,524  |  |                  |  |                  | 60,689            |
| Usina Térmica Ipatinga                         | 4,932             | 53   |  |                  |  |                  | 4,985             |
| Cemig PCH                                      | 96,944            | 9,605  |  |                  |  |                  | 106,549           |
| LEPSA (2)                                      | 455,861           | 11,914   | (6)  | (3,463)          |  | (22,077)         | 442,229           |
| RME (2)  | 383,233           | 7,479  | (5)  | (1,200)          |  | (16,560)         | 372,947           |
| UTE Barreiro                                   | 17,982            | 148  |  |                  |  |                  | 18,130            |
| Empresa de Comercialização de Energia Elétrica | 18,403            | 13,000   |  |                  |  |                  | 31,403            |
| Efficientia                                    | 7,084             | 364  |  |                  |  |                  | 7,448             |
| Cemig Comercializadora de Energia Incentivada  | 2,004             | 115  |  |                  |  |                  | 2,119             |
| Companhia de Transmissão Centroeste de Minas   | 20,584            | 1,394  |  | (1,201)          |  |                  | 20,777            |
| Light (2)                                      | 1,083,140         | 24,156   | (13)   | (7,689)          |  | (44,134)         | 1,055,460         |
| Cemig Trading                                  | 29,206            | 13,179   |  |                  |  |                  | 42,385            |
| Axxiom Soluções Tecnológicas                   | 11,866            | (1,802)  |  |                  |  |                  | 10,064            |
| Taesa  | 1,101,462         | 45,550   |  |                  |  |                  | 1,147,012         |
| Cemig Overseas                                 | 158               |  |  |                  | 16                                       |                  | 174               |
|  | <b>13,692,183</b> | <b>498,370</b>   | <b>17,107</b>  | <b>(36,779)</b>  | <b>420,016</b>                           | <b>(416,406)</b> | <b>14,174,491</b> |

- (1) The changes included in the Others column arise from the merger of Cemig Telecom in March, 2018. See Note 1.
- (2) The changes included in the Other column result from the impacts arising from the first adoption of the new accounting pronouncements on January 1, 2018 recognized by the investees directly in Shareholders Equity, without passing through the period's result. See Note 2.2.

**Advance for Future Capital Increase ( AFAC ), in Cemig D**

On December 11, 2017 and February 8, 2018, the Company's Board of Directors authorized the transfer to Cemig D the amounts of up to R\$ 1,600,000 and R\$ 600,000, respectively, as an Advance for Future Capital Increase (Adiantamento para Futuro Aumento de Capital, or AFAC) to be subsequently converted into a capital increase through approval by future Extraordinary General Meeting of Cemig D.

As of March 31, 2018 the total amount transferred was R\$ 1,920,000.



| <b>Consolidated</b>         | <b>12/31/2017</b> | <b>Equity<br/>method<br/>gain<br/>(Statement<br/>of<br/>income)</b> | <b>Equity<br/>method<br/>gain<br/>(Other<br/>comprehensive<br/>income)</b> | <b>Dividends</b> | <b>Injections<br/>/<br/>acquisitions</b> | <b>Other</b>    | <b>03/31/2018</b> |
|-----------------------------|-------------------|---|--|------------------|--|-----------------|-------------------|
| Companhia de Transmissão    |                   |   |  |                  |  |                 |                   |
| Centroeste de Minas         | 20,584            | 1,394   |  | (1,201)          |  |                 | 20,777            |
| Light                       | 1,534,294         | 36,244  | (13)   | (11,532)         |  | (66,210)        | 1,492,783         |
| Axxiom Soluções             |                   |   |  |                  |  |                 |                   |
| Tecnológicas                | 11,866            | (1,802)   |  |                  |  |                 | 10,064            |
| RME                         | 383,233           | 7,479   | (5)  | (1,200)          |  | (16,560)        | 372,947           |
| Hidrelétrica Cachoeirão     | 57,957            | 2,713   |  | (12,913)         |  |                 | 47,757            |
| Guanhães Energia            | 25,018            | (145)   |  |                  | 17,975                                   |                 | 42,848            |
| Hidrelétrica Pipoca         | 26,023            | 2,859   |  | (396)            |  |                 | 28,486            |
| Madeira Energia (Santo      |                   |   |  |                  |  |                 |                   |
| Antônio Plant)              | 534,761           | (26,476)  |  |                  |  |                 | 508,285           |
| FIP Melbourne (Santo        |                   |   |  |                  |  |                 |                   |
| Antônio Plant)              | 582,504           | (23,014)  |  |                  |  |                 | 559,490           |
| Lightger                    | 40,832            | 2,025   |  | (445)            |  |                 | 42,412            |
| Baguari Energia             | 148,422           | 10,153  |  |                  |  |                 | 158,575           |
| Central Eólica Praias de    |                   |   |  |                  |  |                 |                   |
| Parajuru                    | 60,101            | (1,750)   |  |                  |  |                 | 58,351            |
| Central Eólica Volta do Rio | 67,725            | (6,315)   |  |                  |  |                 | 61,410            |
| Central Eólica Praias de    |                   |   |  |                  |  |                 |                   |
| Morgado                     | 50,569            | (1,743)   |  |                  |  |                 | 48,826            |
| Amazônia Energia (Belo      |                   |   |  |                  |  |                 |                   |
| Monte Plant)                | 866,554           | 10,821  |  |                  | 38,316                                   |                 | 915,691           |
| Ativas Data Center          | 17,450            | (763)   |  |                  |  | 429             | 17,116            |
| Taesa                       | 1,101,462         | 45,552  |  |                  |  |                 | 1,147,014         |
| Renova                      | 282,524           | (41,316)  |  |                  |  |                 | 241,208           |
| Usina Hidrelétrica Itaocara |                   |   |  |                  |  |                 |                   |
| S.A.                        | 3,699             | (191)   |  |                  | 2,896                                    |                 | 6,404             |
| Aliança Geração             | 1,242,170         | 29,976  |  |                  |  |                 | 1,272,146         |
| Aliança Norte (Belo Monte   |                   |   |  |                  |  |                 |                   |
| Plant)                      | 576,704           | 7,492   |  |                  | 23,122                                   |                 | 607,318           |
| Retiro Baixo                | 157,773           | 3,681   |  |                  |  |                 | 161,454           |
| <b>Total of investments</b> | <b>7,792,225</b>  | <b>56,874</b>   | <b>(18)</b>  | <b>(27,687)</b>  | <b>82,309</b>                            | <b>(82,341)</b> | <b>7,821,362</b>  |

1) The changes included in the Other column derive from the impacts arising from the first adoption of the new accounting pronouncements on January 1, 2018 recognized by the investees directly in Shareholders Equity, without passing through the result for the period. See Note 2.2.

| <b>Holding Company</b>                            | <b>12/31/2016</b> | <b>Equity<br/>method<br/>gain<br/>(Statement<br/>of<br/>income)</b> | <b>Equity<br/>method<br/>gain<br/>(Other<br/>comprehensive<br/>income)</b> | <b>Dividends</b> | <b>Injections<br/>/<br/>acquisitions</b> | <b>03/31/2017</b> |
|---|-------------------|---|--|------------------|--|-------------------|
| Cemig Geração e Transmissão                       | 4,583,195         | 184,990   | 16,207   |                  | 100,000                                  | 4,884,392         |
| Cemig Distribuição                                | 2,499,867         | 48,908  |  |                  |  | 2,548,775         |
| Cemig Telecom                                     | 191,515           | 2,170   | (680)  |                  |  | 193,005           |
| Rosal Energia(1)                                  | 141,038           | (13,522)  |  |                  |  | 127,516           |
| Sá Carvalho                                       | 106,111           | 9,957   |  |                  |  | 116,068           |
| Gasmig  | 1,419,492         | 39,726  |  |                  |  | 1,459,218         |
| Horizontes Energia                                | 52,396            | 4,409   |  | (399)            |  | 56,406            |
| Usina Térmica Ipatinga                            | 4,009             | 105   |  |                  |  | 4,114             |
| Cemig PCH   | 91,969            | 3,280   |  |                  |  | 95,249            |
| LEPSA   | 343,802           | 1,576   | (50)   |                  |  | 345,328           |
| RME   | 340,063           | 1,469   |  |                  |  | 341,532           |
| Companhia Transleste de<br>Transmissão            | 21,588            | 1,305   |  | (1,265)          |  | 21,628            |
| UTE Barreiro                                      | 39,266            | 831   |  | (24)             |  | 40,073            |
| Companhia Transudeste de<br>Transmissão           | 20,505            | 997   |  |                  |  | 21,502            |
| Empresa de Comercialização de<br>Energia Elétrica | 20,154            | 8,867   |  |                  |  | 29,021            |
| Companhia Transirapé de<br>Transmissão            | 23,952            | 1,202   |  |                  |  | 25,154            |
| Transchile  |                   |   |  |                  |  |                   |
| Efficientia                                       | 4,868             | 68  |  |                  |  | 4,936             |
| Cemig Comercializadora de<br>Energia Incentivada  | 1,867             | 143   |  |                  |  | 2,010             |
| Companhia de Transmissão<br>Centroeste de Minas   | 21,171            | 1,158   |  | (1,346)          |  | 20,983            |
| Light(2)  | 1,070,477         | (11,316)  | 418  |                  |  | 1,059,579         |
| Cemig Trading                                     | 28,635            | 13,940  |  |                  |  | 42,575            |
| Axxiom Soluções Tecnológicas                      | 19,264            | (2,128)   |  |                  |  | 17,136            |
| Parati  |                   |   |  |                  |  |                   |
| Taesa   | 1,582,633         | 61,327  |  |                  |  | 1,643,960         |
| Cemig Overseas                                    | 20                |   |  |                  |  | 20                |
|   | <b>12,627,857</b> | <b>359,462</b>  | <b>15,895</b>  | <b>(3,034)</b>   | <b>100,000</b>                           | <b>13,100,180</b> |

| <b>Consolidated</b>                                    | <b>12/31/2016</b> | <b>Equity<br/>method<br/>gain<br/>(Statement<br/>of<br/>income)</b> | <b>Equity<br/>method<br/>gain<br/>(Other<br/>comprehensive<br/>income)</b> | <b>Dividends</b> | <b>Injections<br/>/<br/>acquisitions</b> | <b>Others</b> | <b>03/31/2017</b> |
|--|-------------------|---|--|------------------|--|---------------|-------------------|
| Companhia Transleste de Transmissão                    | 21,588            | 1,305   |  | (1,265)          |  |               | 21,628            |
| Companhia Transudeste de Transmissão                   | 20,505            | 997   |  |                  |  |               | 21,502            |
| Companhia Transirapé de Transmissão                    | 23,952            | 1,202   |  |                  |  |               | 25,154            |
| Transchile   |                   |   |  |                  |  |               |                   |
| Companhia de Transmissão Centroeste de Minas Light (2) | 21,171            | 1,158   |  | (1,346)          |  |               | 20,983            |
| Axiom Soluções Tecnológicas                            | 1,070,477         | (11,316)  | 418  |                  |  |               | 1,059,579         |
| LEPSA  | 19,264            | (2,128)   |  |                  |  |               | 17,136            |
| RME  | 343,802           | 1,577   | (51)   |                  |  |               | 345,328           |
| Hidrelétrica Cachoeirão                                | 340,063           | 1,469   |  |                  |  |               | 341,532           |
| Guanhães Energia (1)                                   | 50,411            | 3,246   |  | (2,641)          | 72,030                                   | (59,071)      | 51,016            |
| Hidrelétrica Pipoca                                    | 31,809            | 1,984   |  | (1,284)          |  |               | 32,509            |
| Madeira Energia (Santo Antônio Plant)                  | 643,890           | (23,075)  |  |                  |  |               | 620,815           |
| FIP Melbourne (Santo Antônio Plant)                    | 677,182           | (20,066)  |  |                  |  |               | 657,116           |
| Lightger   | 41,543            | 2,355   |  | (642)            |  |               | 43,256            |
| Baguari Energia  | 162,106           | 6,575   |  | (259)            |  |               | 168,422           |
| Central Eólica Praias de Parajuru                      | 63,307            | (509)   |  | (406)            |  |               | 62,392            |
| Central Eólica Volta do Rio Morgado                    | 81,228            | (2,207)   |  |                  |  |               | 79,021            |
| Central Eólica Praias de Morgado                       | 59,586            | (1,308)   |  |                  |  |               | 58,278            |
| Amazônia Energia(Belo Monte Plant)                     | 781,022           | 8,832   |  |                  | 45,039                                   |               | 834,893           |
| Ativas Data Center (2) Parati                          | 17,741            | (725)   |  |                  |  | 2,003         | 19,019            |
| Taesá  | 1,582,633         | 61,326  |  |                  |  | 1             | 1,643,960         |
| Renova   | 688,625           | (28,246)  | 16,206   |                  | 18,000                                   |               | 694,585           |
| Usina Hidrelétrica Itaocara S,A,                       | 2,782             |   |  |                  |  |               | 2,782             |
| Aliança Geração  | 1,319,055         | 23,152  |  |                  |  |               | 1,342,207         |
| Aliança Norte(Belo Monte Plant)                        | 527,498           | 2,184   |  |                  | 27,122                                   |               | 556,804           |

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|   |                  |               |               |                |                |                 |                  |
|---|------------------|---------------|---------------|----------------|----------------|-----------------|------------------|
| Retiro Baixo  | 161,848          | 3,369         |               |                |                |                 | 165,217          |
| <b>Total of investments</b>                                     | <b>8,753,088</b> | <b>29,641</b> | <b>16,573</b> | <b>(7,843)</b> | <b>162,191</b> | <b>(57,067)</b> | <b>8,896,583</b> |
| Guanhães uncovered liabilities of jointly-controlled entity (1) | (59,071)         |               |               |                |                | 59,071          |                  |
| <b>Total</b>  | <b>8,694,017</b> | <b>29,641</b> | <b>16,573</b> | <b>(7,843)</b> | <b>162,191</b> | <b>2,004</b>    | <b>8,896,583</b> |

(1) Transfer to uncovered liabilities.

(2) Deactivation on fixed assets assigned cost of Light R\$ 815 and Comprehensive Income of R\$ 1,233

c) Information from the subsidiaries, jointly-controlled and affiliated entities, not adjusted for the percentage represented by the Company's ownership interest

| Company                           | Schedule<br>1<br>Number<br>of shares | 03/31/2018  |                      |           | 12/31/2017  |                       |           |
|-----------------------------------|--------------------------------------|---|----------------------|-----------|---|-----------------------|-----------|
|                                   |                                      | Schedule<br>2<br>Cemig<br>interest<br>Schedule<br>1<br>3% | (ii)Share<br>capital | Equity    | Schedule<br>1<br>Cemig<br>interest<br>Schedule<br>2<br>2% | (iii)Share<br>capital | Equity    |
| Cemig Geração e Transmissão       | 2,896,785,358                        | 100.00  | 1,837,710            | 5,041,111 | 100.00  | 1,837,710             | 4,793,832 |
| Hidrelétrica Cachoeirão           | 35,000,000                           | 49.00   | 35,000               | 97,463    | 49.00   | 35,000                | 118,280   |
| Guanhães Energia                  | 358,511,000                          | 49.00   | 358,511              | 87,445    | 49.00   | 330,536               | 51,058    |
| Hidrelétrica Pipoca               | 41,360,000                           | 49.00   | 41,360               | 58,134    | 49.00   | 41,360                | 53,108    |
| Retiro Baixo                      | 222,850,000                          | 49.90   | 222,850              | 265,849   | 49.90   | 222,850               | 257,880   |
| Aliança Norte                     |                                      |   |                      |           |   |                       |           |
| (Belo Monte Plant)                | 39,919,934,434                       | 49.00   | 1,164,975            | 1,127,645 | 49.00   | 1,119,255             | 1,065,628 |
| Madeira Energia                   |                                      |   |                      |           |   |                       |           |
| (Santo Antônio Plant)             | 9,730,201,137                        | 18.13   | 9,546,672            | 5,062,360 | 18.13   | 9,546,672             | 5,327,114 |
| Lightger                          | 79,078,937                           | 49.00   | 79,232               | 86,555    | 49.00   | 79,232                | 83,331    |
| Baguari Energia (1)               | 26,157,300,278                       | 69.39   | 186,573              | 228,527   | 69.39   | 186,573               | 213,895   |
| Renova (2)                        | 417,197,244                          | 36.23   | 2,919,019            | 659,265   | 36.23   | 2,919,019             | 779,808   |
| Aliança Geração                   | 1,291,582,500                        | 45.00   | 1,291,488            | 1,938,580 | 45.00   | 1,291,488             | 1,857,905 |
| Central Eólica Praias de Parajuru | 70,560,000                           | 49.00   | 70,560               | 86,125    | 49.00   | 70,560                | 88,976    |
| Central Eólica Volta do Rio       | 117,230,000                          | 49.00   | 117,230              | 103,250   | 49.00   | 117,230               | 115,694   |
| Central Eólica Praias de Morgado  | 52,960,000                           | 49.00   | 52,960               | 51,747    | 49.00   | 52,960                | 54,312    |
| Amazônia Energia (1)              |                                      |   |                      |           |   |                       |           |
| (Belo Monte Plant)                | 1,281,030,446                        | 74.50   | 1,281,030            | 1,229,115 | 74.50   | 1,229,600             | 1,163,160 |
| Usina Hidrelétrica                |                                      |   |                      |           |   |                       |           |
| Itaocara S,A,                     | 17,014,114                           | 49.00   | 17,014               | 13,070    | 49.00   | 11,102                | 7,549     |
| Cemig Distribuição                | 2,359,113,452                        | 100.00  | 2,771,998            | 4,123,956 | 100.00  | 2,771,998             | 3,737,310 |
| Light                             | 203,934,060                          | 26.06   | 2,225,822            | 3,355,834 | 26.06   | 2,225,822             | 3,461,971 |
| Cemig Telecom (2)                 |                                      |   |                      |           | 100.00  | 292,399               | 247,313   |
| Rosal Energia                     | 46,944,467                           | 100.00  | 46,944               | 131,567   | 100.00  | 46,944                | 106,897   |
| Sá Carvalho                       | 361,200,000                          | 100.00  | 36,833               | 113,302   | 100.00  | 36,833                | 102,536   |
| Gasmig                            | 409,255,483                          | 99.57   | 665,429              | 975,805   | 99.57   | 665,429               | 1,223,948 |

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|  |               |        |           |           |        |           |           |
|--|---------------|--------|-----------|-----------|--------|-----------|-----------|
| Horizontes Energia                                   | 39,257,563    | 100.00 | 39,258    | 60,689    | 100.00 | 39,258    | 53,165    |
| Usina Térmica Ipatinga                               | 174,281       | 100.00 | 174       | 4,985     | 100.00 | 174       | 4,932     |
| Cemig PCH  | 35,952,000    | 100.00 | 35,952    | 106,549   | 100.00 | 35,952    | 96,944    |
| LEPSA  | 1,379,839,905 | 100.00 | 406,341   | 442,321   | 100.00 | 406,341   | 455,861   |
| RME  | 1,365,421,406 | 75.00  | 403,040   | 441,137   | 75.00  | 403,040   | 453,157   |
| UTE Barreiro   | 16,902,000    | 100.00 | 16,902    | 18,130    | 100.00 | 16,902    | 17,982    |
| Empresa de<br>Comercialização de<br>Energia Elétrica | 486,000       | 100.00 | 486       | 31,403    | 100.00 | 486       | 18,403    |
| Efficientia  | 6,051,994     | 100.00 | 6,052     | 7,448     | 100.00 | 6,052     | 7,084     |
| Cemig Comercializadora<br>de Energia Incentivada     | 1,000,000     | 100.00 | 1,000     | 2,119     | 100.00 | 1,000     | 2,004     |
| Companhia de<br>Transmissão Centroeste<br>de Minas   | 28,000,000    | 51.00  | 28,000    | 40,740    | 51.00  | 28,000    | 40,361    |
| Cemig Trading  | 1,000,000     | 100.00 | 1,000     | 42,385    | 100.00 | 1,000     | 29,206    |
| Axxiom Soluções<br>Tecnológicas                      | 17,200,000    | 49.00  | 46,600    | 20,539    | 49.00  | 46,600    | 24,216    |
| TAESA  | 1,033,496,721 | 21.68  | 3,042,034 | 4,564,829 | 21.68  | 3,042,034 | 4,346,746 |

- 1) Jointly-control under a Shareholders Agreement
- 2) On March 31 ,2018 Cemig Telecom was merged into the Company.

On March 31, 2018, the current liabilities of some jointly-controlled entities exceeded their current assets, as follows:

Light: On March 31, 2018, Light had consolidated negative working capital of R\$ 1,744,131 (R\$ 1,355,157 on December 31, 2017). The management of Light has been negotiating important renewal of its loans and financings, as creation of the Fund for Investment in Light Credit Rights (FIDC) and is in a new international bond issuance which will be the process of extending its debt maturity profile as well as expects a higher operating cash flow generation from the tariff adjustment, effective as from March 15, 2018, which resulted in an average increase in electricity bills of 10.36%. Management believes that by extending its debt maturity profile the current financial situation will be reverted.

Madeira Energia ( Mesa ): The excess of current liabilities over current assets, equal to R\$ 2,155,727, arises mainly from the balances of the accounts Suppliers, Other liabilities and Loans and financings. Mesa expects to adjust the flow of its debt servicing payments with the BNDES and the onlending banks, and the release of funds from the reserve account to be allocated to these payments, which will be replaced by a bank guarantee and operational cash generation.

Renova Energia: On March 31, 2018, Renova Energia reported loss of R\$ 120,543 and accumulated losses of R\$ 2,135,133. Renova Energia is required to obtain capital to comply with the construction commitments of wind and solar generating plants.

For this purpose it has taken several measures to rebalance its liquidity and cash flow structure through the sale of assets, using the funds to pay suppliers and amortize debt, as well as optimizing the portfolio, with sale of projects and/or operational assets.

The management of Renova Energia believes that with the success of these measures it will be possible to recover the economic and financial equilibrium, and liquidity.

Management has analyzed the indications of impairment referred to above and, based on available information and believes that there is no material uncertainty as to the continuation of the operations of these investees.

#### **Investment in the *Santo Antônio* hydroelectric plant, through Madeira Energia S.A. ( Mesa ) and FIP Melbourne**

The Company has a direct and indirect investments, of 10% and 8.13% respectively, in Madeira Energia S.A. (which holds an investment in Santo Antônio Energia S.A.), of R\$ 1,067,775 at March 31, 2018 (R\$ 1,117,265 at December 31, 2017).

Madeira Energia S.A. ( Mesa ) and its subsidiary Santo Antônio Energia S.A. ( Saesa ) are incurring construction costs related to the construction of the *Santo Antônio* hydroelectric plant. Total construction costs related to amounted to R\$ 23,393,393 (Mesa, consolidated) on March 31, 2018. According to financial projections prepared by its management, such construction costs will be recovered through future revenues from operations as all the entity's generation plants are currently under operation.

The Federal Public Attorneys Office, have conducted and are in the process of conducting investigations and other legal measures are in progress, involving other indirect Shareholders of Madeira Energia S.A. and certain executives of those other indirect Shareholders. In this context, the Federal Public Attorneys have started investigations on irregularities involving contractors and suppliers of Mesa and of its other Shareholders. In response to allegations of possible illegal activities, the investee and its other Shareholders have started an independent internal investigation. It

is not possible to determine the results of these investigations, or the developments arising from them, which may at some time in the future affect the investee.

The effects of any changes to the current scenario will be reflected, appropriately, in the financial statements of the Company and its subsidiary Cemig GT.

*The FID (Availability Factor)*

On July 31, 2015, the Regional Federal Appeal Court accepted the request by Santo Antônio Energia S.A. ( SAESA a subsidiary of the investee Madeira Energia S.A.) for interim relief on appeal. This relief suspended the application of the Availability Factor (FID) related to the generating units of the Santo Antônio hydroelectric plant not dispatched by the National System Operator (ONS). This decision, which had ordered Aneel and the CCEE to adopt the necessary procedures to make that decision effective in the CCEE s accounting and settlement, was suspended by the Higher Appeal Court (STJ), and after an unfavorable decision against SAESA in a constitutional appeal into the Supreme Federal Court (STF), the suspension was maintained. On March 31, 2018, SAESA had an amount accrued as current liabilities of R\$ 691,464, representing the effect of the application of the FID in that claim.



SAESA expects and will make its best efforts to re-establish the effects of the interim injunction until final court decision.

On April 24, 2018, in an Extraordinary Meeting, Aneel granted interim relief in the administrative application presented by SAESA on April 19, 2018, for suspension of the payment of guarantees required by CCEE, and also the related financial settlement, in relation to the calculation of the availability factor (FID) of the Santo Antônio hydroelectric plant, in which the payment expired on that date.

After receiving the CCEE notification and recalculation of the debit relating to the FID, SAESA will present to Aneel a proposal for resolution of it, which should be previously approved by its Board of Directors.

#### Arbitration proceedings

In 2014, Cemig GT and SAAG Investimentos S.A. (SAAG), a vehicle through which Cemig GT holds an indirect equity interest in Mesa, opened arbitration proceedings, in the Market Arbitration Chamber, challenging the following: (a) the increase approved in the capital of Mesa of approximately R\$ 750 million partially to be allocated to payment of the claims by the Santo Antonio Construction Consortium (CCSA), based on absence of quantification of the amounts supposedly owed, and absence of prior approval by the Board of Directors, as required by the bylaws and Shareholders Agreement of Mesa; and also on the existence of credits owed to Mesa by CCSA, for an amount greater than the claims; and (b) the adjustment for impairment carried out by the Executive Board of Mesa, in the amount of R\$ 750 million, relating to certain credits owed to Mesa by CCSA, on the grounds that those credits are owed in their totality by express provision of contract.

The arbitration judgment by the Market Arbitration Chamber recognized the right of Cemig GT and SAAG in full, and ordered the annulment of the acts being impugned. As a consequence of this decision, Mesa reversed the impairment, and posted a provision for receivables in the amount of R\$ 678,551 in its financial statements as of December 31, 2017.

To resolve the question of the liability of the CCSA consortium to reimburse the costs of re-establishment of the collateral and use of the contractual limiting factor, the affiliated company opened arbitration proceedings with the International Chamber of Commerce (ICC) against CCSA, which are in progress. This process is confidential under the Arbitration Regulations of the ICC.

#### **Investment in the *Belo Monte* Plant through *Amazônia Energia S.A.* and *Aliança Norte***

Amazônia Energia and Aliança Norte are Shareholders in Norte Energia S.A. (NESA), which holds the concession to operate the Belo Monte Hydroelectric Plant, on the Xingu River, in the State of Pará, and manages that interest. Through the jointly-controlled entities referred to above, Cemig GT owns an indirect equity interest in NESA of 11.74%.

NESA will still require significant funds for costs of organization, development and pre-operating costs, resulting in negative net working capital of R\$ 2,371,188 as of March 31, 2018. The completion of the construction works for *Belo Monte* plant, and consequent generation of revenues, in turn, depend on the capacity of the investee to continue to comply with the schedule of works envisaged, as well as obtaining the necessary financial resources, either from its shareholders and / or from third parties.

On April 7, 2015, NESA was awarded a preliminary injunction ordering the regulator to abstain, until hearing of the application for an injunction made in the original case, from applying to Appellant any penalties or sanctions in relation to the Belo Monte Hydroelectric Plant not starting operations on the date established in the original timetable for the project, including those specified in an Aneel Normative Resolution and in the Concession Contract for the Belo Monte Hydroelectric Plant ANEEL n° 595/2013 and its Concession contract 01/2010-MME. The legal advisers of NESA have classified the probability of loss as possible and estimated the potential loss on March 31, 2018 to approximately R\$ 592,711.

Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys Office, which involve other Shareholders of NESA and certain executives of those other Shareholders. In this context, the Federal Public Attorneys have started investigations on irregularities involving contractors and suppliers of NESA and of its other Shareholders, which are still in progress. At present it is not possible to determine the outcome of these investigations, and their possible consequences. These might at some time in the future affect the investee. In addition, based on the results of the independent internal investigation conducted by NESA and its other Shareholders, a write-down of the value of the infrastructure of NESA, by R\$ 183,000 was already recorded in 2015.

The effects of any changes in the current scenario will be reflected, appropriately, in the financial statements of the Company.

### **Investment in Renova Energia S.A. ( Renova )**

#### *Conclusion of negotiations with Brookfield*

On February 23, 2018, Renova received a binding offer from Brookfield Energia Renovável S.A. ( BER ) for acquisition of the assets of the whole Alto Sertão III Complex ( ASIII Complex ), and also approximately 1.1 GW in certain wind projects under development. On February 27, 2018 the Board of Directors of Renova approved the proposal received and granted BER exclusivity for a further 30 (thirty) days, automatically renewable for 30 (thirty) additional days, for finalization of the documents of the transaction.

On May 10, 2018, Renova announced the closure of negotiations with BER involving the sale of assets, as no agreement was reached on the final terms of the transaction.

Renova's management informed that they are working together with its controlling shareholders on a new restructuring plan aimed to equating the capital structure and honoring its commitments, which will inform the market as soon as possible.

#### *Binding proposal by Cemig presented to Renova*

On March 27, 2018 Cemig (the equity holder of Cemig GT) presented a binding proposal to the jointly-controlled entity Renova, for acquisition of 100% of the shares in Chipley SP Participações S.A. ( Chipley ) held by Renova, or 51% of the shares in Brasil PCH S.A. held by Chipley. On May 3, 2018, Renova's Board of Directors decided not to accept Cemig's proposal.

#### *Risks related to compliance with laws and regulations*

On January 19, 2018, Renova responded to a formal statement by the Civil Police of Minas Gerais State received in November 2017, relating to the investigation being carried out by that Police Force related to certain capital injections made by the equity holders of the parent of Renova, and capital injections made by Renova in certain projects under development in previous years. As a consequence, the governance bodies of Renova requested the opening of an internal investigation, which is being conducted by an independent party.

In addition, a monitoring committee was set up, composed by an independent counselor, the Chairman of the Audit Committee and the chairman of the Board of Directors, who, together with the Audit Committee, will monitor the internal investigation.

The investigation is in progress, and it is not possible to determine any effects of this investigation, nor any impacts on the interim financial information of Renova, of the Company for the quarter ended March 31, 2018.

**16. PROPERTY, PLANT AND EQUIPMENT**

| Consolidated                             | 03/31/2018       |                          |                  | 12/31/2017       |                          |                  |
|--|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|  | Historical cost  | Accumulated depreciation | Net value        | Historical cost  | Accumulated depreciation | Net value        |
| <b>In service</b>                        |                  |                          |                  |                  |                          |                  |
| Land                                     | 224,924          | (14,275)                 | 210,649          | 224,924          | (13,652)                 | 211,272          |
| Reservoirs, dams and watercourses        | 3,284,948        | (2,071,751)              | 1,213,197        | 3,284,948        | (2,051,372)              | 1,233,576        |
| Buildings, works and improvements        | 1,117,515        | (790,384)                | 327,131          | 1,116,990        | (785,628)                | 331,362          |
| Machinery and equipment                  | 2,975,374        | (2,105,220)              | 870,154          | 2,935,643        | (2,062,092)              | 873,551          |
| Vehicles                                 | 28,816           | (25,991)                 | 2,825            | 28,816           | (25,711)                 | 3,105            |
| Furniture and utensils                   | 16,103           | (12,794)                 | 3,309            | 16,109           | (12,714)                 | 3,395            |
|  | <b>7,647,680</b> | <b>(5,020,415)</b>       | <b>2,627,265</b> | <b>7,607,430</b> | <b>(4,951,169)</b>       | <b>2,656,261</b> |
| <b>In progress</b>                       | 98,447           |                          | 98,447           | 106,049          |                          | 106,049          |
| <b>Net property, plant and equipment</b> | <b>7,746,127</b> | <b>(5,020,415)</b>       | <b>2,725,712</b> | <b>7,713,479</b> | <b>(4,951,169)</b>       | <b>2,762,310</b> |

| Holding Company                          | 03/31/2018      |                          |                | 12/31/2017      |                          |              |
|--|-----------------|--------------------------|----------------|-----------------|--------------------------|--------------|
|  | Historical cost | Accumulated depreciation | Net value      | Historical cost | Accumulated depreciation | Net value    |
| <b>In service</b>                        |                 |                          |                |                 |                          |              |
| Land                                     | 82              |                          | 82             |                 |                          |              |
| Buildings, works and improvements        | 116             |                          | 116            |                 |                          |              |
| Machinery and equipment                  | 265,765         | (2,378)                  | 263,387        | 3,627           | (2,289)                  | 1,338        |
| Furniture and utensils                   | 1,062           | (644)                    | 418            | 657             | (644)                    | 13           |
|  | <b>267,025</b>  | <b>(3,022)</b>           | <b>264,003</b> | <b>4,284</b>    | <b>(2,933)</b>           | <b>1,351</b> |
| <b>In progress</b>                       |                 |                          |                |                 |                          |              |
| Development Assets                       | 9,484           |                          | 9,484          | 459             |                          | 459          |
| <b>Net property, plant and equipment</b> | <b>276,509</b>  | <b>(3,022)</b>           | <b>273,487</b> | <b>4,743</b>    | <b>(2,933)</b>           | <b>1,810</b> |

The changes in PP&E are as follow:

| <b>Consolidated</b>                      | <b>Balance of<br/>12/31/2017</b> | <b>Addition</b> | <b>Disposals</b> | <b>Depreciation</b> | <b>Transfers /<br/>capitalizations</b> | <b>Balance of<br/>03/31/2018</b> |
|--|----------------------------------|-----------------|------------------|---------------------|--|----------------------------------|
| <b>In service</b>                        |                                  |                 |                  |                     |  |                                  |
| Land                                     | 211,272                          |                 |                  | (623)               |  | 210,649                          |
| Reservoirs, dams and watercourses        | 1,233,576                        |                 |                  | (20,382)            | 3                                      | 1,213,197                        |
| Buildings, works and improvements        | 331,362                          |                 |                  | (4,680)             | 449                                    | 327,131                          |
| Machinery and equipment                  | 873,551                          |                 | (52)             | (22,295)            | 18,950                                 | 870,154                          |
| Vehicles                                 | 3,105                            |                 |                  | (280)               |  | 2,825                            |
| Furniture and utensils                   | 3,395                            |                 |                  | (86)                |  | 3,309                            |
|  | <b>2,656,261</b>                 |                 | <b>(52)</b>      | <b>(48,346)</b>     | <b>19,402</b>                          | <b>2,627,265</b>                 |
| <b>In progress</b>                       | 106,049                          | <b>12,398</b>   |                  |                     | (20,000)                               | 98,447                           |
| <b>Net property, plant and equipment</b> | <b>2,762,310</b>                 | <b>12,398</b>   | <b>(52)</b>      | <b>(48,346)</b>     | <b>(598)</b>                           | <b>2,725,712</b>                 |

| Consolidated                                 | Balance of<br>12/31/2016 | Jaguara,<br>Miranda and<br>Volta Grande |                  | Disposals      | Depreciation    | Transfers<br>/<br>capitalizations | Balance of<br>03/31/2017 |
|--|--------------------------|---|------------------|----------------|-----------------|-----------------------------------|--------------------------|
|  |                          | Addition                                | Plants (1)       |                |                 |                                   |                          |
| <b>In service</b>                            |                          |   |                  |                |                 |                                   |                          |
| Land   | 278,650                  |   | (61,287)         |                | 76              |                                   | 217,439                  |
| Reservoirs, dams and<br>watercourses         | 1,761,013                |   | (440,923)        | 303            | (22,943)        | 63                                | 1,297,513                |
| Buildings, works and<br>improvements         | 418,480                  |   | (68,971)         |                | (4,876)         | 239                               | 344,872                  |
| Machinery and equipment                      | 1,171,189                |   | (298,058)        | (5,122)        | (24,188)        | 31,296                            | 875,117                  |
| Vehicles                                     | 4,230                    |   |                  |                | (283)           |                                   | 3,947                    |
| Furniture and utensils                       | 3,408                    |   |                  |                | (102)           | 42                                | 3,348                    |
|  | <b>3,636,970</b>         |   | <b>(869,239)</b> | <b>(4,819)</b> | <b>(52,316)</b> | <b>31,640</b>                     | <b>2,742,236</b>         |
| <b>In progress</b>                           | 138,106                  | 12,490                                  | (130)            | (1,835)        |                 | (31,640)                          | 116,991                  |
| <b>Net property, plant and<br/>equipment</b> | <b>3,775,076</b>         | <b>12,490</b>                           | <b>(869,369)</b> | <b>(6,654)</b> | <b>(52,316)</b> |                                   | <b>2,859,227</b>         |
|  |                          |   |                  |                |                 |                                   |                          |
| <b>Holding Company</b>                       |                          |   |                  |                |                 |                                   |                          |
| <b>In service</b>                            |                          |   |                  |                |                 |                                   |                          |
| Land   |                          |   |                  |                | 82              |                                   | 82                       |
| Buildings, works and improvements            |                          |   |                  |                | 116             |                                   | 116                      |
| Machinery and equipment                      |                          |   |                  | 1,338          | 262,138         | (89)                              | 263,387                  |
| Furniture and utensils                       |                          |   |                  | 13             | 405             |                                   | 418                      |
|  |                          |   |                  | <b>1,351</b>   | <b>262,741</b>  | <b>(89)</b>                       | <b>264,003</b>           |
| <b>In progress</b>                           |                          |   |                  | 459            | 9,025           |                                   | 9,484                    |
| <b>Net property, plant and equipment</b>     |                          |   |                  | <b>1,810</b>   | <b>271,766</b>  | <b>(89)</b>                       | <b>273,487</b>           |

(1) Transferred to Generation concession assets, in relation to the *Jaguara*, *Miranda* and *Volta Grande* Plants in the amount of R\$ 799,117 and to Concession financial assets, in relation to the *Volta Grande* Plant in the amount of R\$ 70,252.

(2) Related to the merged of its subsidiary Cemig Telecom. See Note 1.

The average annual depreciation rate for the Company and its subsidiaries on the first quarter of 2018 is 3.14%. Depreciation rates, which take into consideration the expected useful life of the assets, are revised annually by Management.

The Company and its subsidiaries have not identified any evidence of impairment of its Property, plant and equipment assets. The generation concession contracts provide that at the end of each concession the grantor must determine the amount to be paid to Cemig GT for the residual value of the infrastructure assets. Management believes that the amounts ultimately received will be higher than the historical residual value.

The residual value of the assets is the residual balance of the assets at the end of the concession contract which will be transferred to the grantor at the end of the concession contract and for which Cemig is entitled to receive in cash. For contracts under which Cemig does not have a right to receive such amounts or there is uncertainty related to collection of the amounts, such as in the case of thermal generation and hydroelectric generation as an independent power producer, no residual value is recognized, and the depreciation rates are adjusted so that all the assets are depreciated within the concession term.

### **Consortium**

Cemig GT is a partner in the electricity generation consortium for the *Queimado* plant, for which no separate company with independent legal existence was formed to manage the object of the concession, whose controls are being kept in fixed assets and Intangible assets. Cemig GT's portion in the consortium is recorded and controlled separately in the respective categories of PP&E and Intangible assets.

| Holding Company e Consolidated | Interest in power |                   | Average annual |                |
|--------------------------------|-------------------|-------------------|----------------|----------------|
|                                | output, %         | depreciation rate | %03/31/2018    | 12/31/2017     |
| <b>In service</b>              |                   |                   |                |                |
| Queimado plant                 | 82.5              | 4.05              | 217,185        | 217,109        |
| Accumulated depreciation       |                   |                   | (92,834)       | (90,649)       |
| <b>Total in operation</b>      |                   |                   | <b>124,351</b> | <b>126,460</b> |
| <b>In progress</b>             |                   |                   |                |                |
| Queimado plant                 | 82.5              |                   | 265            | 340            |
| <b>Total in construction</b>   |                   |                   | <b>265</b>     | <b>340</b>     |

## 17. INTANGIBLE ASSETS

Composition of the balance at March 31, 2018 and at December 31, 2017:

| Consolidated                 | 03/31/2018        |                          |                   | 12/31/2017        |                          |                   |
|------------------------------|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|
|                              | Historical cost   | Accumulated amortization | Residual value    | Historical cost   | Accumulated amortization | Residual value    |
| <b>In service</b>            |                   |                          |                   |                   |                          |                   |
| Useful life defined          |                   |                          |                   |                   |                          |                   |
| Temporary easements          | 11,749            | (2,158)                  | 9,591             | 11,749            | (1,990)                  | 9,759             |
| Paid concession              | 19,169            | (11,421)                 | 7,748             | 19,169            | (11,251)                 | 7,918             |
| Assets of concession         | 17,953,788        | (7,560,932)              | 10,392,856        | 17,837,687        | (7,402,296)              | 10,435,391        |
| Others                       | 87,451            | (65,977)                 | 21,474            | 81,721            | (64,533)                 | 17,188            |
|                              | <b>18,072,157</b> | <b>(7,640,488)</b>       | <b>10,431,669</b> | <b>17,950,326</b> | <b>(7,480,070)</b>       | <b>10,470,256</b> |
| <b>In progress</b>           | 736,111           |                          | 736,111           | 685,672           |                          | 685,672           |
| <b>Net intangible assets</b> | <b>18,808,268</b> | <b>(7,640,488)</b>       | <b>11,167,780</b> | <b>18,635,998</b> | <b>(7,480,070)</b>       | <b>11,155,928</b> |

| Holding Company     | 03/31/2018      |                          |                | 12/31/2017      |                          |                |
|---------------------|-----------------|--------------------------|----------------|-----------------|--------------------------|----------------|
|                     | Historical cost | Accumulated amortization | Residual value | Historical cost | Accumulated amortization | Residual value |
| <b>In service</b>   |                 |                          |                |                 |                          |                |
| Useful life defined |                 |                          |                |                 |                          |                |
| Rights of software  |                 | 23,879                   | (12,215)       | 11,664          | 3,789                    | (3,748)        |
|                     |                 |                          |                |                 |                          | 41             |



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|                              |               |                 |               |              |                |              |
|------------------------------|---------------|-----------------|---------------|--------------|----------------|--------------|
| Paid concession              | 9             | (8)             | 1             | 9            | (7)            | 2            |
| Assets of concession         | 230           | (64)            | 166           |              |                |              |
|                              | <b>24,118</b> | <b>(12,287)</b> | <b>11,831</b> | <b>3,798</b> | <b>(3,755)</b> | <b>43</b>    |
| <b>In progress</b>           | <b>2,321</b>  |                 | <b>2,321</b>  | <b>2,414</b> |                | <b>2,414</b> |
| <b>Net intangible assets</b> | <b>26,439</b> | <b>(12,287)</b> | <b>14,152</b> | <b>6,212</b> | <b>(3,755)</b> | <b>2,457</b> |

## Changes in Intangible assets:

| <b>Consolidated</b>          | <b>Balance at 12/31/2017</b> | <b>Addition</b> | <b>Disposals</b> | <b>Amortization</b> | <b>Transfer (1)</b> | <b>Balance at 03/31/2018</b> |
|------------------------------|------------------------------|-----------------|------------------|---------------------|---------------------|------------------------------|
| <b>In service</b>            |                              |                 |                  |                     |                     |                              |
| Useful life defined          |                              |                 |                  |                     |                     |                              |
| Temporary easements          | 9,759                        |                 |                  | (168)               |                     | 9,591                        |
| Paid concession              | 7,918                        |                 |                  | (170)               |                     | 7,748                        |
| Assets of concession         | 10,435,391                   | (1,486)         | (351)            | (163,043)           | 122,345             | 10,392,856                   |
| Others                       | 17,188                       | 909             | 4,043            | (1,264)             | 598                 | 21,474                       |
|                              | <b>10,470,256</b>            | <b>(577)</b>    | <b>3,692</b>     | <b>(164,645)</b>    | <b>122,943</b>      | <b>10,431,669</b>            |
| <b>In progress</b>           | 685,672                      | 182,556         | (4,522)          |                     | (127,595)           | 736,111                      |
| <b>Net intangible assets</b> | <b>11,155,928</b>            | <b>181,979</b>  | <b>(830)</b>     | <b>(164,645)</b>    | <b>(4,652)</b>      | <b>11,167,780</b>            |

(1) The residual balance of the transfers refers to the balances transferred to financial assets.

| <b>Consolidated</b>          | <b>Balance at 12/31/2016</b> | <b>Addition</b> | <b>Jaguara, Special obligations write-down (1)</b> | <b>Volta Grande and Miranda plants</b> | <b>Disposals</b> | <b>Amortization</b> | <b>Transfer</b> | <b>Balance at 03/31/2017</b> |
|------------------------------|------------------------------|-----------------|--|--|------------------|---------------------|-----------------|------------------------------|
| <b>In service</b>            |                              |                 |  |  |                  |                     |                 |                              |
| Useful life defined          |                              |                 |  |  |                  |                     |                 |                              |
| Temporary easements          | 10,434                       |                 |  |  |                  |                     |                 | 10,434                       |
| Paid concession              | 8,597                        |                 |  |  |                  | (170)               |                 | 8,427                        |
| Assets of concession         | 9,247,923                    |                 | 17,069   |  | (1,830)          | (147,352)           | 347,523         | 9,463,333                    |
| Others                       | 17,430                       |                 |  | (80)                                   |                  | (1,527)             | 614             | 16,437                       |
|                              | <b>9,284,384</b>             |                 | <b>17,069</b>                                      | <b>(80)</b>                            | <b>(1,830)</b>   | <b>(149,049)</b>    | <b>348,137</b>  | <b>9,498,631</b>             |
| <b>In progress</b>           | 1,535,296                    | 192,697         |  |  | (8,019)          |                     | (373,343)       | 1,346,631                    |
| <b>Net intangible assets</b> | <b>10,819,680</b>            | <b>192,697</b>  | <b>17,069</b>                                      | <b>(80)</b>                            | <b>(9,849)</b>   | <b>(149,049)</b>    | <b>(25,206)</b> | <b>10,845,262</b>            |

| <b>Holding Company</b> | <b>Balance at</b> | <b>Merger Telecom (2)</b> | <b>Additions</b> | <b>Disposals</b> | <b>Amortization</b> | <b>Balance at</b> |
|------------------------|-------------------|---------------------------|------------------|------------------|---------------------|-------------------|
|------------------------|-------------------|---------------------------|------------------|------------------|---------------------|-------------------|

|                              | 12/31/2017   |               |            | 03/31/2018  |             |               |
|------------------------------|--------------|---------------|------------|-------------|-------------|---------------|
| <b>In service</b>            |              |               |            |             |             |               |
| Useful life defined          |              |               |            |             |             |               |
| Rights of software           | 41           | 11,550        | 101        | (28)        |             | 11,664        |
| Temporary easements          | 2            |               |            | (1)         |             | 1             |
| Assets of concession         |              | 166           |            |             |             | 166           |
|                              | <b>43</b>    | <b>11,716</b> | <b>101</b> | <b>(29)</b> |             | <b>11,831</b> |
| <b>In progress</b>           | <b>2,415</b> |               |            | <b>(94)</b> |             | <b>2,321</b>  |
| <b>Net intangible assets</b> | <b>2,458</b> | <b>11,716</b> | <b>101</b> | <b>(94)</b> | <b>(29)</b> | <b>14,152</b> |

(1) The write-down of a Special Obligation arises from signature of a Debt Recognition Contract by Eletrobras, in the amount of R\$ 98,236, for restitution of amounts calculated in the final settlement of Financing and Subsidy Contracts for the *Luz Para Todos* ( Light for All ) program, with funds from the CDE account, and return of funds related to the Global Reversion Reserve (RGR).

(2) On March 31, Cemig Telecom was merged into the Company, see Note 1

The intangible asset easements, onerous concessions, assets of concession, and Others, are amortizable by the straight-line method and taking into account the consumption pattern of these rights. The Company and its subsidiaries have not identified any evidence of impairment of its intangible assets. The Company and its subsidiaries have no intangible assets with non-defined useful life. The amount of additions on March 31, 2018 includes R\$ 8,272 (R\$ 22,351 on March 31, 2017) of capitalized borrowing costs, as presented in Note 20.

The annual average amortization rate is 3.85% on the first quarter of 2018. The main annual amortization rate reflects the expected useful life of assets and pattern of their consumption by the management.

Under the regulations of the electricity sector, goods and facilities used in the distribution are linked to these services, and cannot be withdrawn, disposed of, assigned or given in mortgage guarantee without the prior express authorization of the Regulator. Undoing of that link, for assets of an electricity concession requires that the proceeds of the disposal are used for purposes of the concession.

## 18. SUPPLIERS

|                                   | Consolidated     |                  |
|-----------------------------------|------------------|------------------|
|                                   | 03/31/2018       | 12/31/2017       |
| Energy on spot market CCEE        | 149,417          | 468,216          |
| Charges for use of energy network | 151,519          | 153,146          |
| Energy purchased for resale       | 713,276          | 870,654          |
| Itaipu Binational                 | 226,315          | 240,220          |
| Gas purchased for resale          | 80,721           | 186,401          |
| Materials and services            | 302,219          | 424,120          |
|                                   | <b>1,623,467</b> | <b>2,342,757</b> |

## 19. TAXES PAYABLE, INCOME TAX AND SOCIAL CONTRIBUTION TAX AND AMOUNTS TO BE REIMBURSED TO CUSTOMERS

### a) Taxes payable and amounts to be reimbursed to customers

|                               | Consolidated   |                | Holding Company |              |
|-------------------------------|----------------|----------------|-----------------|--------------|
|                               | 03/31/2018     | 12/31/2017     | 03/31/2018      | 12/31/2017   |
| Current                       |                |                |                 |              |
| ICMS (I)                      | 462,891        | 496,916        | 5,660           |              |
| COFINS                        | 103,419        | 126,065        | 1,359           | 2,484        |
| PASEP                         | 22,478         | 27,154         | 244             | 484          |
| Social Security Contributions | 17,868         | 19,522         | 1,820           | 1,913        |
| Others                        | 25,500         | 34,915         | 675             | 960          |
|                               | <b>632,156</b> | <b>704,572</b> | <b>9,758</b>    | <b>5,841</b> |
| Non-Current                   |                |                |                 |              |
| COFINS                        | 24,699         | 24,216         | 871             |              |
| PASEP                         | 4,063          | 3,983          | 189             |              |

|  |                  |                  |               |              |
|--|------------------|------------------|---------------|--------------|
|  | <b>28,762</b>    | <b>28,199</b>    | <b>1,060</b>  |              |
|  | <b>660,918</b>   | <b>732,771</b>   | <b>10,818</b> | <b>5,841</b> |
| <b>Amounts to be reimbursed to customers</b> |                  |                  |               |              |
| <b>Non-current</b>                           |                  |                  |               |              |
| Pasep and Cofins (II)                        | 1,096,460        | 1,087,230        |               |              |
|  | <b>1,096,460</b> | <b>1,087,230</b> |               |              |

**(I) The Tax Amnesty Program (PRCT).**

In 2017 the subsidiaries Cemig D and Cemig GT joined the terms of the Minas Gerais State Tax Amnesty Program (*Plano de Regularização de Créditos Tributários*, or PRCT), for payment of ICMS through installments, updated and net of the reductions of penalty payments and interest as specified in State Law 22,549, and subsequent decrees that specified the conditions for payment of tax debits by installments.

The main tax issues that led to the decision of Cemig D to subscribe to the PRCT relate to ICMS on the CDE subvention in the period January 2013 to October 2016, and also to the classification of residential condominiums in the *commercial* category, which has a different ICMS rate, generating disagreement with the tax authority on interpretation, over the period 2013 to 2015. The amount included in the PRCT for Cemig D, in the amount of R\$ 557,673, net of the reduction in interest and penalty payments by 90%, was paid in 6 (six) installments, adjusted at a 50% of the Selic rate and the 6<sup>th</sup> installment was paid on April 2, 2018.

**(II) The long-term obligations for the Pasep and Cofins included the amounts relating to the Court challenge of the constitutionality of inclusion of the amount of ICMS tax within the base amount on which these contributions are calculated. The subsidiaries Cemig D and Cemig GT obtain interim relief from the Court allowing them not to make the payment and authorizing payment of the deposits into court (starting in 2008), and maintained this procedure until August 2011. After that date, while continuing to challenge the basis of the calculation in court, it opted to pay the taxes monthly.**

On October 2017, the Federal Supreme Court (STF) published its Joint Judgment on the Extraordinary Appeal, on the basis of setting a global precedent, in favor of the argument of the subsidiaries. Based on the opinion of its legal advisers, the Company wrote down the liabilities relating to these contributions and recorded a potential liability related to the reimbursement to its customers. On March 31, 2018, the liability to its customers in the amount of R\$ 1,096,460 (R\$ 1,087,230 on December 31, 2017), which is equivalent to the updated amount of the escrow deposits already made which total R\$ 1,120,056 (R\$ 1,110,376 on December 31, 2017), net of the Pasep and Cofins incident on its revenue from updating, in the amount of R\$ 23,596 (R\$ 23,146 on December 31, 2017). This liability was recorded considering that the subsidiary passes to its Customers the tax effects incident upon its electricity bill, maintaining the neutrality of tariffs. The restitution to Customers will depend upon the court escrow deposit being lifted and a decision by Aneel on the mechanisms to be adopted. The net effect arising from the recognition of this matter on the net income for the year 2017, was null.

**b) Income tax and social contribution tax**

|                         | <b>Consolidated</b> |                   |
|-------------------------|---------------------|-------------------|
|                         | <b>03/31/2018</b>   | <b>12/31/2017</b> |
| <b>Current</b>          |                     |                   |
| Income tax              | 34,919              | 88,152            |
| Social contribution tax | 11,292              | 27,144            |
|                         | <b>46,211</b>       | <b>115,296</b>    |



**20. LOANS, FINANCINGS AND DEBENTURES**

| Financing source                     | Principal maturity | Annual financial cost %   | Currency | Current        | Consolidated           |                  | 12/31/2017 Total |          |
|--------------------------------------|--------------------|---------------------------|----------|----------------|------------------------|------------------|------------------|----------|
|                                      |                    |                           |          |                | 03/31/2018 Non-current | Total            |                  |          |
| <b>FOREIGN CURRENCY</b>              |                    |                           |          |                |                        |                  |                  |          |
| KfW                                  | 2019               | 1,78%                     | EURO     | 4,320          | 211                    | 4,531            | 4,383            |          |
| Eurobonds (3)                        | 2024               | 9.25%                     | USD      | 115,696        | 3,323,800              | 3,439,496        | 3,333,149        |          |
| Banco do Brasil:                     |                    |                           |          |                |                        |                  |                  |          |
| Various Bonds (1)                    | 2024               | Various                   | US\$     | 3,206          | 21,581                 | 24,787           | 22,933           |          |
| (-) Transaction costs                |                    |                           |          |                | (14,516)               | (14,516)         | (15,400)         |          |
| (-) Interest paid in advance         |                    |                           |          |                | (46,473)               | (46,473)         | (47,690)         |          |
| <b>Debt in foreign currency</b>      |                    |                           |          | <b>123,222</b> | <b>3,284,603</b>       | <b>3,407,825</b> | <b>3,297,375</b> |          |
| <b>BRAZILIAN CURRENCY</b>            |                    |                           |          |                |                        |                  |                  |          |
| Banco do Brasil S.A.                 | 2021               | 140.00% of CDI Rate       | R\$      | 62,589         | 679,443                | 742,032          | 742,364          |          |
| Banco do Brasil S.A.                 | 2022               | 146.50% of CDI            | R\$      | 2,401          | 500,000                | 502,401          | 500,193          |          |
| Caixa Econômica Federal              | 2018               | 119.00% of CDI            | R\$      |                |                        |                  | 8,346            |          |
| Caixa Econômica Federal              | 2022               | 146.50% of CDI            | R\$      | 1,361          | 625,500                | 626,861          | 626,667          |          |
| Eletrobrás                           | 2023               | UFIR; RGR + 6.00 to 8.00% | R\$      | 14,466         | 30,881                 | 45,347           | 49,789           |          |
| Large customers                      | 2024               | Various                   | R\$      | 2,068          | 2,375                  | 4,443            | 4,304            |          |
| FINEP                                | 2018               | TJLP + 5% and TJLP + 8%   | R\$      | 1,572          |                        | 1,572            | 2,359            |          |
| Consórcio Pipoca                     | 2018               | IPCA                      | R\$      | 185            |                        | 185              | 185              |          |
| Banco da Amazônia S.A.               | 2018               | CDI + 1.90%               | R\$      | 123,966        |                        | 123,966          | 121,470          |          |
| Sonda (2)                            | 2021               | 110.00% of CDI            | R\$      |                | 43,275                 | 43,275           | 41,993           |          |
| (-) Transaction costs                |                    |                           |          |                | (805)                  | (21,601)         | (22,406)         | (26,435) |
| <b>Debt in Brazilian currency</b>    |                    |                           |          | <b>207,803</b> | <b>1,859,873</b>       | <b>2,067,676</b> | <b>2,071,235</b> |          |
| <b>Total of loans and financings</b> |                    |                           |          | <b>331,025</b> | <b>5,144,476</b>       | <b>5,475,501</b> | <b>5,368,610</b> |          |



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|  |      |                                    |     |                  |                   |                   |                   |
|--|------|------------------------------------|-----|------------------|-------------------|-------------------|-------------------|
| Debtures 3rd Issue 2nd Series (3)                        | 2019 | IPCA + 6.00                        | R\$ | 145,756          |                   | 145,756           | 301,065           |
| Debtures 3rd Issue 3rd Series (3)                        | 2022 | IPCA + 6.20                        | R\$ | 6,970            | 969,809           | 976,779           | 1,010,202         |
| Debtures 5 <sup>a</sup> Issue Single series (3)          | 2018 | CDI + 1.70                         | R\$ | 717,120          |                   | 717,120           | 703,021           |
| Debtures 6th Issue 1st series (3)                        | 2018 | CDI + 1.60                         | R\$ | 517,750          |                   | 517,750           | 507,692           |
| Debtures 6th Issue 2nd series (3)                        | 2020 | IPCA + 8.07                        | R\$ | 1,734            | 31,322            | 33,056            | 32,093            |
| Debtures 7th Issue 1st series (3)                        | 2021 | 140.00% of CDI                     | R\$ | 168,574          | 1,373,237         | 1,541,811         | 1,683,557         |
| Debtures 3rd Issue 1st series (4)                        | 2018 | CDI + 0.69                         | R\$ |                  |                   |                   | 447,114           |
| Debtures 3rd Issue 2nd series (4)                        | 2021 | IPCA + 4.70                        | R\$ | 501,139          | 1,000,841         | 1,501,980         | 1,537,147         |
| Debtures 3rd Issue 3rd series (4)                        | 2025 | IPCA + 5.10                        | R\$ | 5,294            | 891,324           | 896,618           | 920,197           |
| Debtures 4th Issue, single series (4)                    | 2018 | CDI + 4.05                         | R\$ | 20,523           |                   | 20,523            | 20,008            |
| Debtures 5th Issue, single series (4)                    | 2022 | 146.50% of CDI                     | R\$ | 5,791            | 1,575,000         | 1,580,791         | 1,576,220         |
| Debtures (5)   | 2018 | CDI + 1.60                         | R\$ | 100,343          |                   | 100,343           | 100,328           |
| Debtures (5)   | 2018 | CDI + 0.74                         | R\$ | 33,349           |                   | 33,349            | 33,350            |
| Debtures (5)   | 2022 | TJLP+1.82 (75%) e Selic+1.82 (25%) | R\$ | 33,137           | 114,654           | 147,791           | 155,377           |
| Debtures (5)   | 2019 | 116.50% of CDI                     | R\$ | 116              | 50,000            | 50,116            | 50,330            |
| Debtures (2)   | 2019 | 128.50% of CDI                     | R\$ | 20,760           | 1,883             | 22,643            | 26,552            |
| ( ) FIC Pampulha: Securities of subsidiary companies (6) |      |                                    |     | (16,483)         |                   | (16,483)          | (25,492)          |
| (-) Transaction costs                                    |      |                                    |     | (4,738)          | (41,890)          | (46,628)          | (49,674)          |
| <b>Total, debtures</b>                                   |      |                                    |     | <b>2,257,135</b> | <b>5,966,180</b>  | <b>8,223,315</b>  | <b>9,029,087</b>  |
| <b>Overall total</b>                                     |      |                                    |     | <b>2,588,160</b> | <b>11,110,656</b> | <b>13,698,816</b> | <b>14,397,697</b> |



| Financing source                     | Principal maturity | Annual financial cost % | Currency | Current       | Holding Company |               |       |
|--------------------------------------|--------------------|-------------------------|----------|---------------|-----------------|---------------|-------|
|                                      |                    |                         |          |               | 03/31/2018      | 12/31/2017    |       |
|                                      |                    |                         |          |               | Non-current     | Total         | Total |
| <b>FOREIGN CURRENCY</b>              |                    |                         |          |               |                 |               |       |
| Sonda (2)                            | 2021               | 110.00% do CDI          | R\$      |               | 43,275          | 43,275        |       |
| (-) Transaction costs                |                    |                         |          |               | (555)           | (555)         |       |
| <b>Total of loans and financings</b> |                    |                         |          |               | <b>42,720</b>   | <b>42,720</b> |       |
| Debentures (2)                       | 2019               | 128.50% do CDI          | R\$      | 20,760        | 1,883           | 22,643        |       |
| (-) Transaction costs                |                    |                         |          | (304)         | (27)            | (331)         |       |
| <b>Total, debentures</b>             |                    |                         |          | <b>20,456</b> | <b>1,856</b>    | <b>22,312</b> |       |
| <b>Overall total Holding Company</b> |                    |                         |          | <b>20,456</b> | <b>44,576</b>   | <b>65,032</b> |       |

(1) Net balance of the Restructured Debt comprising bonds at par and discounted, with balance of R\$ 151,534, less the amounts given as Deposits in guarantee, with balance of R\$ 126,747. Interest rates vary from 2 to 8% p.a.; six-month Libor plus spread of 0.81% to 0.88% p.a.

(2) Holding Company

(3) Cemig Geração e Transmissão

(4) Cemig Distribuição

(5) Gasmig

(6) FIC Pampulha has financial investments in securities issued by subsidiaries of the Company. For more information on this fund, see Note 28.

For the debentures issued by the subsidiaries there are no agreements for renegotiation, nor debentures held in treasury. There is an early maturity clause for cross-default in the event of non-payment, by Company or Cemig GT, of any pecuniary obligation with individual or aggregate value greater than R\$ 50 million ( cross default ).

### Guarantees

The guarantees of the debtor balance on loans and financings, on March 31, 2018, were as follows:

|                               | 03/31/2018        |
|-------------------------------|-------------------|
| Promissory Notes and Sureties | 8,293,125         |
| Receivables                   | 3,959,463         |
| Shares                        | 1,250,893         |
| Without guarantee             | 195,335           |
| <b>TOTAL</b>                  | <b>13,698,816</b> |



The composition of loans, financings and debentures, by currency and indexers, with the respective amortization, is as follows:

| <b>Consolidated<br/>Currency</b>           | <b>2018</b>      | <b>2019</b>      | <b>2020</b>      | <b>2021</b>      | <b>2022</b>      | <b>2023</b>    | <b>2024</b>      | <b>After<br/>2024</b> | <b>Total</b>      |
|--|------------------|------------------|------------------|------------------|------------------|----------------|------------------|-----------------------|-------------------|
| Euros                                      | 4,320            | 211              |                  |                  |                  |                |                  |                       | 4,531             |
| US dollar                                  | 118,902          |                  |                  |                  |                  |                | 3,345,381        |                       | 3,464,283         |
| <b>Total,<br/>currency<br/>denominated</b> | <b>123,222</b>   | <b>211</b>       |                  |                  |                  |                | <b>3,345,381</b> |                       | <b>3,468,814</b>  |
| <b>Indexers</b>                            |                  |                  |                  |                  |                  |                |                  |                       |                   |
| IPCA (1)                                   | 23,381           | 653,360          | 828,649          | 827,925          | 552,566          | 222,831        | 222,831          | 222,831               | 3,554,374         |
| UFIR/RGR<br>(2)                            | 12,222           | 12,881           | 11,194           | 3,407            | 3,264            | 2,379          |                  |                       | 45,347            |
| CDI (3)                                    | 1,572,217        | 994,117          | 1,118,917        | 1,526,055        | 1,432,140        |                |                  |                       | 6,643,446         |
| URTJ/TJLP<br>(4)                           | 20,683           | 22,967           | 23,111           | 22,777           | 22,877           |                |                  |                       | 112,415           |
| IGP-DI (5)                                 | 1,752            | 632              | 631              | 118              | 524              | 524            | 262              |                       | 4,443             |
| <b>Total<br/>governed by<br/>indexers</b>  | <b>1,630,255</b> | <b>1,683,957</b> | <b>1,982,502</b> | <b>2,380,282</b> | <b>2,011,371</b> | <b>225,734</b> | <b>223,093</b>   | <b>222,831</b>        | <b>10,360,025</b> |
| (-)<br>Transaction<br>costs                | (1,963)          | (15,052)         | (16,725)         | (20,758)         | (13,957)         | (193)          | (14,709)         | (193)                 | (83,550)          |
| (-) Interest<br>paid in<br>advance         |                  |                  |                  |                  |                  |                | (46,473)         |                       | (46,473)          |
| <b>Overall total</b>                       | <b>1,751,514</b> | <b>1,669,116</b> | <b>1,965,777</b> | <b>2,359,524</b> | <b>1,997,414</b> | <b>225,541</b> | <b>3,507,292</b> | <b>222,638</b>        | <b>13,698,816</b> |

| <b>Holding Company<br/>Indexers</b> | <b>2018</b>   | <b>2019</b>  | <b>2020</b> | <b>2021</b>   | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>After<br/>2024</b> | <b>Total</b>  |
|-------------------------------------|---------------|--------------|-------------|---------------|-------------|-------------|-------------|-----------------------|---------------|
| CDI (3)                             | 15,110        | 7,533        |             | 43,275        |             |             |             |                       | 65,918        |
| <b>Total governed by indexers</b>   | <b>15,110</b> | <b>7,533</b> |             | <b>43,275</b> |             |             |             |                       | <b>65,918</b> |
| (-) Transaction costs               | (220)         | (111)        |             | (555)         |             |             |             |                       | (886)         |

|                      |               |              |               |               |
|----------------------|---------------|--------------|---------------|---------------|
| <b>Overall total</b> | <b>14,890</b> | <b>7,422</b> | <b>42,720</b> | <b>65,032</b> |
|----------------------|---------------|--------------|---------------|---------------|

- (1) Expanded National Customer Price (IPCA) Index.
- (2) Fiscal Reference Unit (Ufir / RGR).
- (3) CDI: Interbank Rate for Certificates of Deposit.
- (4) URTJ: Interest rate reference unit.
- (5) IGP-DI ( General Domestic Availability ) Price Index.

The principal currencies and indexors used for monetary updating of loans and financings had the following variations:

| Currency  | Accumulated<br>change in<br>1Q18, % | Accumulated<br>change in<br>1Q17, % | Indexer | Accumulated<br>change in<br>1Q18, % | Accumulated<br>change in<br>1Q17, % |
|-----------|-------------------------------------|-------------------------------------|---------|-------------------------------------|-------------------------------------|
| US dollar | 0.48                                | (2.78)                              | IPCA    | 0.70                                | 0.96                                |
| Euro      | 2.91                                | (1.42)                              | CDI     | 1.59                                | 2.98                                |
|           |                                     |                                     | TJLP    | (3.57)                              |                                     |

The changes in loans, financings and debentures were as follows:

|   | Consolidated      | Holding<br>Company |
|---|-------------------|--------------------|
| <b>Balance at December 31, 2016</b>                       | <b>15,179,280</b> |                    |
| Monetary and exchange rate variation                      | 44,555            |                    |
| Financial charges provisioned                             | 468,742           |                    |
| Appropriation of transaction costs                        | 15,030            |                    |
| Financial charges paid                                    | (477,684)         |                    |
| Amortization of financings                                | (517,245)         |                    |
| <b>Subtotal</b>   | <b>14,712,678</b> |                    |
| FIC Pampulha: Securities of subsidiary companies          | 15,258            |                    |
| <b>Balance at March 31, 2017</b>                          | <b>14,727,936</b> |                    |
| <b>Balance at December 31, 2017</b>                       | <b>14,397,697</b> |                    |
| Monetary and exchange rate variation                      | 54,705            |                    |
| Financial charges provisioned                             | 295,620           |                    |
| Appropriation of transaction costs                        | 9,000             |                    |
| Financial charges paid                                    | (344,753)         |                    |
| Amortization of financings                                | (722,462)         |                    |
| <b>Subtotal</b>   | <b>13,689,807</b> |                    |
| FIC Pampulha: Securities of subsidiary companies          | 9,009             |                    |
| Balance of loans arising from the merged of Cemig Telecom |                   | 65,032             |
| <b>Balance at March 31, 2018</b>                          | <b>13,698,816</b> | <b>65,032</b>      |

#### Borrowing costs, capitalized

Costs of loans directly related to acquisition, construction or production of an asset which necessarily requires a significant time to be concluded for the purpose of use or sale are capitalized as part of the cost of the corresponding

asset. All other costs of loans are recorded as finance costs in the period in which they are incurred. Costs of loans include interest and other costs incurred by the Company in relation to the loan.

The subsidiaries Cemig D and Gasmig transferred to Intangible assets the costs of loans and financings linked to working in progress, as follows:

|  | <b>03/31/2018</b> | <b>03/31/2017</b> |
|--|-------------------|-------------------|
| Costs of loans and financings            | 304,620           | 483,772           |
| Financing costs on Intangible assets (1) | (8,272)           | (22,351)          |
| <b>Net effect in Profit or loss</b>      | <b>296,348</b>    | <b>461,421</b>    |

(1) The average rate of capitalization of financing costs on Intangible assets were 9.64%p.a... in 2018 (17.17%p.a. in 2017).



The amounts of the capitalized borrowing costs have been excluded from the statement of cash flows, in the additions to cash flow of investment activities, because they do not represent an outflow of cash for acquisition of the related asset.

### Restrictive covenants

The Company has contracts with covenants linked to financial index, as follows:

| Title               | Parameter                     | Ratio required              |                              | Compliance required |
|---------------------|-------------------------------|-----------------------------|------------------------------|---------------------|
|                     |                               | Issuer                      | Cemig (Guarantor)            |                     |
|                     |                               |                             | The following, or less:      |                     |
|                     |                               |                             | 4.5 on June 30, 2018         |                     |
|                     |                               |                             | 4.25 on December 31, 2018    |                     |
| Banco do Brasil:    |                               | The following, or less:     | 4.25 on June 30, 2019        |                     |
| Bank Credit Notes,  | Net debt                      | 5.5 on June 30, 2018        | 3.5 on                       |                     |
| and                 | /                             | 5.0 on December 31, 2018    | December 31, 2019            | Half-yearly         |
| Fixed Credit        | (Ebitda + Dividends received) | 5.0 on June 30, 2019        | 3.5 on June 30, 2020         |                     |
| Cemig GT (1)        |                               | 4.5 on December 31, 2019    | 3.0 on                       |                     |
|                     |                               | 4.5 on June 30, 2020        | December 31, 2020            |                     |
|                     |                               | 3.0 on December 31, 2020    | 3.0 on June 30, 2021         |                     |
|                     |                               | 3.0 on June 30, 2021        | 2.5 on / after Dec. 31, 2021 |                     |
|                     |                               | 2.5 on /after Dec. 31, 2021 | 31, 2021                     |                     |
| 7th Debenture Issue | Net debt                      | The following, or less:     | The following, or less:      | Half-yearly         |
| Cemig GT (2)        | /                             | 5.5 in 2017                 | 4.5 in 2017                  |                     |
|                     |                               | 5.0 in 2018                 |                              |                     |

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|                               |             |              |
|-------------------------------|-------------|--------------|
| (Ebitda + Dividends received) | 4.5 in 2019 | 4.25 in 2018 |
|                               | 3.0 in 2020 | 3.5 in 2019  |
|                               | 2.5 in 2021 | 3.0 in 2020  |
|                               |             | 2.5 in 2021  |

|              |                                  |                             |                                |             |
|--------------|----------------------------------|-----------------------------|--------------------------------|-------------|
|              |                                  |                             | The following, or less:        |             |
|              |                                  |                             | 5.0 on December 31, 2017       |             |
|              |                                  |                             | 5.0 on June 30, 2018           |             |
|              |                                  | The following, or less:     | 4.25 on December 31, 2018      |             |
|              | Net debt                         | 5.5 on December 31, 2017    | 4.25 on June 30, 2019          |             |
| Eurobonds    | /                                | 5.5 on June 30, 2018        | 3.5 on December 31, 2019       | Half-yearly |
| Cemig GT (3) | Ebitda adjusted for the Covenant | 5.0 on December 31, 2018    | 5.0 on June 30, 2019           |             |
|              |                                  | 5.0 on June 30, 2019        | 3.5 on June 30, 2020           |             |
|              |                                  | 4.5 on December 31, 2019    | 3.0 on December 31, 2020       |             |
|              |                                  | 4.5 on June 30, 2020        | 3.0 on June 30, 2021           |             |
|              |                                  | 3.0 on December 31, 2020    | 3.0 on and after Dec. 31, 2021 |             |
|              |                                  | 3.0 on June 30, 2021        |                                |             |
|              |                                  | 2.5 on /after Dec. 31, 2021 |                                |             |

|                          |                               |                          |                           |             |
|--------------------------|-------------------------------|--------------------------|---------------------------|-------------|
| Bank Credit Notes of     | Net debt                      | The following, or less:  | The following, or less:   | Half-yearly |
| Banco do Brasil          | /                             | 7.5 on December 31, 2017 | 4.5 on December 31, 2017  |             |
| and                      | (Ebitda + Dividends received) | 7.5 on June 30, 2018     | 4.5 on June 30, 2018      |             |
| Caixa Econômica Federal; |                               | 4.5 on December 31, 2018 | 4.25 on December 31, 2018 |             |
| and                      | Current liquidity             | 3.8 on June 30, 2019     | 4.25 on December 31, 2018 |             |
|                          |                               | 3.8 on December 31, 2019 |                           |             |

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|                     |                             |                              |
|---------------------|-----------------------------|------------------------------|
| 5th Debenture Issue | 3.3 on June 30, 2020        | 4.25 on June 30, 2019        |
| CEMIG D (4)         | 3.3 on December 31, 2020    | 3.5 on December 31, 2019     |
|                     | 3.3 on June 30, 2021        | 3.5 on June 30, 2020         |
|                     | 3.3 on /after Dec. 31, 2021 | 3.0 on December 31, 2020     |
|                     | 0.6x on/after Dec. 31, 2017 | 3.0 on June 30, 2021         |
|                     |                             | 2.5 on / after Dec. 31, 2021 |
|                     |                             | 0.6x on/ after Dec. 31, 2027 |

|                       |  |               |        |
|-----------------------|--|---------------|--------|
|                       | Overall indebtedness<br>(Total liabilities/Total assets) | Less than 0.6 | Annual |
| Gasmig Debentures (5) | Ebitda / Debt servicing                                  | 1.3 or more   | Annual |
|                       | Ebitda / Net finance income (expenses)                   | 2.5 or more   | Annual |
|                       | Net debt / Ebitda  | 2.5 or less   | Annual |

- (1) Through contractual amendments, a further early maturity clause was added to Cemig GT's Bank Credit Notes and Fixed Credit Line with Banco do Brasil, requiring compliance with a financial ratio similar to that required by the 7<sup>th</sup> Debenture Issue.
- (2) 7th Issue of Debentures by Cemig GT, in December 2016, of R\$ 2,240 million.
- (3) There is also an obligation to comply with a maintenance covenant which requires that the debt in Cemig Consolidated (as per financial statements), shall have asset guarantee for debt of 1.75x Ebitda (2.0 x in December 2017); and a damage covenant, requiring real guarantee for debt in Cemig GT of 1.5x Ebitda. In the event that maintenance financial covenants are exceeded at any time, the interest rate will automatically be increased by 2% p.a. as long as the excess continues.
- (4) The Bank Credit Notes of Banco do Brasil and Caixa Econômica Federal were amended in December 2017, to include requirement for 6-monthly compliance with covenants as described above. The 5th Debenture Issue

included demand ability of compliance with the Covenants.

- (5) If Gasmig does not achieve the required covenants, Gasmig must, within 120 days from the date of notice in writing from BNDES or BNDESPar, constitute guarantees acceptable to the debenture holders for the total amount of the debt, subject to the rules of the National Monetary Council (CMN), unless the required ratios are restored within that period. Cross-default: Certain contractually specified situations can cause early maturity of other debts.

As of March 31, 2018, the Company was in compliance with the restrictive covenants.

## 21. REGULATORY CHARGES

|  | <b>Consolidated</b> |                   |
|--|---------------------|-------------------|
|  | <b>03/31/2018</b>   | <b>12/31/2017</b> |
| <b>Liabilities</b>                                     |                     |                   |
| Global Reversion Reserve (RGR)                         | 30,384              | 36,591            |
| Energy Development Account (CDE)                       | 129,390             | 206,022           |
| Aneel inspection charge                                | 2,131               | 2,154             |
| Energy Efficiency                                      | 236,315             | 223,767           |
| Research and development                               | 239,425             | 233,398           |
| Energy System Expansion Research                       | 1,829               | 2,696             |
| National Scientific and Technological Development Fund | 3,330               | 5,066             |
| Proinfra Alternative Energy Program                    | 6,495               | 6,612             |
| Royalties for use of water resources                   | 13,160              | 15,172            |
| Emergency capacity charge                              | 30,996              | 30,996            |
| Customer charges Tariff Flag amounts                   | 16                  | 16                |
|  | <b>693,471</b>      | <b>762,490</b>    |
| <b>Current liabilities</b>                             | <b>426,283</b>      | <b>512,673</b>    |
| <b>Non-current liabilities</b>                         | <b>267,188</b>      | <b>249,817</b>    |

## 22. POST-RETIREMENT OBLIGATION

Changes in net liabilities were as follows:

| <b>Holding Company</b>                      | <b>Pension<br/>plans and<br/>retirement<br/>supplement<br/>plans</b> | <b>Health<br/>Plan</b> | <b>Dental<br/>Plan</b> | <b>Life<br/>insurance</b> | <b>Total</b>   |
|---|--|------------------------|------------------------|---------------------------|----------------|
| <b>Net liabilities on December 31, 2016</b> | <b>257,933</b>   | <b>95,655</b>          | <b>2,452</b>           | <b>41,424</b>             | <b>397,464</b> |
| Expense recognized in statement of income   | 6,780  | 2,609                  | 69                     | 1,163                     | 10,621         |
| Contributions paid                          | (1,610)  | (1,564)                | (39)                   | (111)                     | (3,324)        |
| <b>Net liabilities on March 31, 2017</b>    | <b>263,103</b>   | <b>96,700</b>          | <b>2,482</b>           | <b>42,476</b>             | <b>404,761</b> |
| <b>Net liabilities on December 31, 2017</b> | <b>333,484</b>   | <b>111,568</b>         | <b>2,659</b>           | <b>11,786</b>             | <b>459,497</b> |
| Expense recognized in statement of income   | 7,917  | 2,694                  | 64                     | 320                       | 10,995         |
| Contributions paid                          | (2,029)  | (1,657)                | (38)                   | (78)                      | (3,802)        |

|  |                |                |              |                   |                   |
|--|----------------|----------------|--------------|-------------------|-------------------|
| <b>Net liabilities on March 31, 2018</b> | <b>339,372</b> | <b>112,605</b> | <b>2,685</b> | <b>12,028</b>     | <b>466,690</b>    |
|  |                |                |              | <b>03/31/2018</b> | <b>12/31/2017</b> |
| <b>Current liabilities</b>               |                |                |              | <b>13,426</b>     | <b>12,974</b>     |
| <b>Non-current liabilities</b>           |                |                |              | <b>453,264</b>    | <b>446,523</b>    |

| <b>Consolidated</b>                         | <b>Pension<br/>plans and<br/>retirement<br/>supplement<br/>plans</b> | <b>Health<br/>Plan</b> | <b>Dental<br/>Plan</b> | <b>Life<br/>insurance</b> | <b>Total</b>     |
|---|--|------------------------|------------------------|---------------------------|------------------|
| <b>Net liabilities on December 31, 2016</b> | <b>1,679,154</b>   | <b>1,710,787</b>       | <b>37,549</b>          | <b>813,921</b>            | <b>4,241,411</b> |
| Expense recognized in Statement of income   | 43,491   | 47,315                 | 1,043                  | 22,157                    | 114,006          |
| Contributions paid                          | (32,678)   | (25,318)               | (607)                  | (1,683)                   | (60,286)         |
| <b>Net liabilities on March 31, 2017</b>    | <b>1,689,967</b>   | <b>1,732,784</b>       | <b>37,985</b>          | <b>834,395</b>            | <b>4,295,131</b> |
| <b>Net liabilities on December 31, 2017</b> | <b>2,068,355</b>   | <b>1,809,441</b>       | <b>38,505</b>          | <b>269,880</b>            | <b>4,186,181</b> |
| Expense recognized in Statement of income   | 47,985   | 45,581                 | 953                    | 6,760                     | 101,279          |
| Contributions paid                          | (41,240)   | (27,214)               | (619)                  | (2,284)                   | (71,357)         |
| <b>Net liabilities on March 31, 2018</b>    | <b>2,075,100</b>   | <b>1,827,808</b>       | <b>38,839</b>          | <b>274,356</b>            | <b>4,216,103</b> |

|                                | <b>03/31/2018</b> | <b>12/31/2017</b> |
|--------------------------------|-------------------|-------------------|
| <b>Current liabilities</b>     | <b>242,388</b>    | <b>231,894</b>    |
| <b>Non-current liabilities</b> | <b>3,973,715</b>  | <b>3,954,287</b>  |

The amounts recorded in current liabilities refer to the contributions to be made by Cemig and its subsidiaries in the next 12 months to amortize the post-retirement obligations.

The amounts reported as Expense recognized in the statement of income refer to the costs of post-retirement obligations, totaling R\$ 83,271 on March 31, 2018 (R\$ 94,638 on March 31, 2017), plus the finance expenses and monetary updating on the debt with Forluz, in the amounts of R\$ 18,007 on March 31, 2018 (R\$ 19,368 on March 31, 2017)

#### **Debt agreed with the pension fund (Forluz)**

The Company recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R\$ 704,887 on March 31, 2018 (R\$ 720,498 on December 31, 2017). This amount has been recognized as an obligation payable by the Company, and is being amortized up to June 2024, through monthly installments calculated by the system of constant installments (known as the Price table), and adjusted by the IPCA (Expanded National Consumer Price) inflation index (published by the Brazilian Geography and Statistics Institute - IBGE) plus 6% per year. Because the Company is required to pay this debt even if Forluz has a surplus, the Company and its subsidiaries maintain the record of the debt in full, and the effects of inflation adjustment and interest are recorded in the statement of income as finance expense.

#### **Agreement to cover the deficit on Forluz Pension Plan A**

Forluz and the sponsors Cemig, Cemig GT and Cemig D signed Debt Assumption Instruments to cover the Deficit of Plan A for the years 2015 and 2016. In March, 2018 the total amount payable by Cemig and its subsidiaries Cemig D and Cemig GT as a result of the deficit found in Plan A is R\$ 383,964 (R\$ 283,291 on December 31, 2017) with

monthly amortizations up to December 2031, calculated by the system of constant installments (known as the Price Table ). Remuneratory interest applicable to the outstanding balance is 6% p.a., plus the effect of the IPCA (Expanded National Customer Price) index published by the IBGE. If the plan reaches actuarial surplus before the full period of amortization of the contracts, the Company and its subsidiaries will be exempted from payment of the remaining installments and the contracts will be extinguished.



**23. PROVISIONS**

The Company and its subsidiaries are involved in certain legal and administrative proceedings in various courts and government bodies, arising from the normal course of business, regarding employment-law, civil, tax, environmental and regulatory matters, and other issues.

**Actions in which the Company is defendant**

The Company and its subsidiaries recorded Provisions for contingencies in relation to the legal actions in which, based on the assessment of the Company and its legal advisors, the chances of loss are assessed as probable (i.e. an outflow of funds to settle the obligation will be necessary), as follows:

|                     | <b>12/31/2017</b> | <b>Additions</b> | <b>Consolidated<br/>Reversals</b> | <b>Settled</b> | <b>03/31/2018</b> |
|---------------------|-------------------|------------------|-----------------------------------|----------------|-------------------|
| Labor               | 473,874           | 17,054           |                                   | (3,090)        | 487,838           |
| Civil               |                   |                  |                                   |                |                   |
| Consumer relations  | 18,632            | 5,005            | (320)                             | (4,519)        | 18,798            |
| Other civil actions | 43,105            | 82               | (6,066)                           | (64)           | 37,057            |
|                     | <b>61,737</b>     | <b>5,087</b>     | <b>(6,386)</b>                    | <b>(4,583)</b> | <b>55,855</b>     |
| Tax                 | 57,048            | 69               |                                   | (27)           | 57,090            |
| Environmental       | 45                | 28               |                                   | (27)           | 46                |
| Regulatory          | 39,812            | 3,385            |                                   | (237)          | 42,960            |
| Other               | 45,597            | 1,099            | (2,782)                           | (42)           | 43,872            |
| <b>Total</b>        | <b>678,113</b>    | <b>26,722</b>    | <b>(9,168)</b>                    | <b>(8,006)</b> | <b>687,661</b>    |

|                     | <b>12/31/2016</b> | <b>Additions</b> | <b>Consolidated<br/>Reversals</b> | <b>Settled</b> | <b>03/31/2017</b> |
|---------------------|-------------------|------------------|-----------------------------------|----------------|-------------------|
| Labor               | 349,273           | 66,578           | (3,272)                           | (14,196)       | 398,383           |
| Civil               |                   |                  |                                   |                |                   |
| Consumer relations  | 14,741            | 3,489            | (526)                             | (3,624)        | 14,080            |
| Other civil actions | 40,443            | 4,513            | (31)                              | (397)          | 44,528            |
|                     | <b>55,184</b>     | <b>8,002</b>     | <b>(557)</b>                      | <b>(4,021)</b> | <b>58,608</b>     |
| Tax                 | 69,922            | 1,594            |                                   | (422)          | 71,094            |
| Environmental       | 39                | 1                |                                   |                | 40                |
| Regulatory          | 43,100            | 1,082            | (4)                               | (79)           | 44,099            |
| Corporate           | 239,445           |                  |                                   |                | 239,445           |
| Other               | 58,054            | 6,326            |                                   | (1,532)        | 62,848            |

|              |                |               |                |                 |                |
|--------------|----------------|---------------|----------------|-----------------|----------------|
| <b>Total</b> | <b>815,017</b> | <b>83,583</b> | <b>(3,833)</b> | <b>(20,250)</b> | <b>874,517</b> |
|--------------|----------------|---------------|----------------|-----------------|----------------|

|                     | <b>Holding Company</b> |                |                  |                  |                |                   |
|---------------------|------------------------|----------------|------------------|------------------|----------------|-------------------|
|                     | <b>Merged<br/>of</b>   |                |                  |                  |                |                   |
|                     | <b>12/31/2017</b>      | <b>Telecom</b> | <b>Additions</b> | <b>Reversals</b> | <b>Settled</b> | <b>03/31/2018</b> |
| Labor               | 38,603                 | 22             | 1,110            |                  | (299)          | 39,436            |
| Civil               |                        |                |                  |                  |                |                   |
| Consumer relations  | 1,024                  |                | 714              |                  | (307)          | 1,431             |
| Other civil actions | 958                    |                | 14               |                  |                | 972               |
|                     | <b>1,982</b>           |                | <b>728</b>       |                  | <b>(307)</b>   | <b>2,403</b>      |
| Tax                 | 7,473                  |                | 15               |                  | (12)           | 7,476             |
| Regulatory          | 13,959                 |                | 2,959            |                  | (40)           | 16,878            |
| Other               | 1,177                  |                | 31               | (67)             |                | 1,141             |
| <b>Total</b>        | <b>63,194</b>          | <b>22</b>      | <b>4,843</b>     | <b>(67)</b>      | <b>(658)</b>   | <b>67,334</b>     |

|                     | Holding Company |              |                |                | 03/31/2017     |
|---------------------|-----------------|--------------|----------------|----------------|----------------|
|                     | 12/31/2016      | Additions    | Reversals      | Settled        |                |
| Labor               | 34,928          | 2,463        | (3,016)        | (2,463)        | 31,912         |
| Civil               |                 |              |                |                |                |
| Consumer relations  | 1,435           | 1            | (412)          |                | 1,024          |
| Other civil actions | 3,238           | 604          | (31)           | (2)            | 3,809          |
|                     | <b>4,673</b>    | <b>605</b>   | <b>(443)</b>   | <b>(2)</b>     | <b>4,833</b>   |
| Tax                 | 8,869           | 604          |                | (113)          | 9,360          |
| Regulatory          | 21,614          | 569          |                |                | 22,183         |
| Corporate           | 239,445         |              |                |                | 239,445        |
| Other               | 466             | 35           |                |                | 501            |
| <b>Total</b>        | <b>309,995</b>  | <b>4,276</b> | <b>(3,459)</b> | <b>(2,578)</b> | <b>308,234</b> |

The Company's management and its subsidiaries, in view of the long periods and manner of working of the Brazilian judiciary and tax and regulatory systems, believes that it is not practical to provide information that would be useful to the users of these Interim Financial Information in relation to the the timing of any cash outflows, or any possibility of reimbursements, might occur. The management of the Company and its subsidiaries believe that any disbursements in excess of the amounts provisioned, when the respective processes are completed, will not significantly affect the Company's result of operations or financial position.

The details on the main provisions and contingent liabilities are provided below, with the best estimation of expected future disbursements for these contingencies:

**Provisions, made for legal actions in which the chances of loss have been assessed as probable ; and contingent liabilities, for actions in which the chances of loss are assessed as possible**

Labor claims

The Company and its subsidiaries are involved in various legal claims filed by its employees and by employees of service providing companies. Most of these claims relate to overtime and additional pay, severance payments, various benefits, salary adjustments and the effects of such items on a supplementary retirement plan. In addition to these actions, there are others relating to outsourcing of labor, complementary additions to or re-calculation of retirement pension payments by Forluz, and salary adjustments.

The aggregate amount of the contingency is approximately R\$ 1,973,864 (R\$ 1,854,257 on December 31, 2017), of which R\$ 487,838 (R\$ 473,874 on December 31, 2017) has been provisioned the amount estimated as probably necessary for settlement of these disputes.

Customers claims

The Company and its subsidiaries are involved in various civil actions relating to indemnity for moral and material damages, arising, principally, from allegations of irregularity in measurement of consumption, and claims of undue

charging, in the normal course of business, totaling R\$ 48,922 (R\$ 56,017 on December 31, 2017), of which R\$ 18,798 (R\$ 18,632 on December 31, 2017) has been provisioned this being the probable estimate for funds needed to settle these disputes.

Other civil proceedings

The Company and its subsidiaries are involved in various civil actions claiming indemnity for moral and material damages, among others, arising from incidents occurred in the normal course of business, in the amount of R\$ 221,703 (R\$ 218,455 on December 31, 2017), of which R\$ 37,057 (R\$ 43,105 on December 31, 2017) has been provisioned the amount estimated as probably necessary for settlement of these disputes.

### Tax

The Company and its subsidiaries are involved in numerous administrative and judicial claims actions relating to taxes, including, among other matters, subjects relating to the ICMS (Value Added tax on goods and services); the Urban Property Tax (*Imposto sobre a Propriedade Territorial Urbana*, or IPTU); the Rural Property Tax (ITR); the Tax on Donations and Legacies (ITCD); the Social Integration Program (*Programa de Integração Social*, or PIS); the Contribution to Finance Social Security (*Contribuição para o Financiamento da Seguridade Social*, or Cofins); Corporate Income (*Imposto de Renda Pessoa Jurídica*, or IRPJ); the Social Contribution (*Contribuição Social sobre o Lucro Líquido*, or CSLL); and motions to tax enforcement. The aggregate amount of this contingency is approximately R\$ 162,910 (R\$ 159,109 on December 31, 2017), of which R\$ 42,414 (R\$ 43,970 on December 31, 2017) has been provisioned the amount estimated as probably necessary for settlement of these disputes.

In addition to the issues above the Company and its subsidiaries are involved in various proceedings on the applicability of the IPTU Urban Land Tax to real estate properties that are in use for providing public services. The aggregate amount of the contingency is approximately R\$ 125,423 (R\$ 121,948 on December 31, 2017). Of this total, R\$ 14,676 has been recognized (R\$ 13,078 on December 31, 2017) this being the amount estimated as probably necessary for settlement of these disputes.

### Environmental

The Company and its subsidiaries are involved in environmental matters, in which the subjects include protected areas, environmental licenses, recovery of environmental damage, and other matters, in the approximate total amount of R\$ 70,192 (R\$ 68,097 on December 31, 2017) of which R\$ 46 (R\$ 45 on December 31, 2017) has been provisioned the amount estimated as probably necessary for settlement of these disputes.

### Regulatory

The Company and its subsidiaries are involved in numerous administrative and judicial proceedings, challenging, mainly: (i) tariff charges in invoices for use of the distribution system by a self-producer; (ii) alleged violation of targets for continuity indicators in retail supply of electricity; and (iii) the tariff increase made during the Federal Government's economic stabilization plan referred to as the Cruzado Plan, in 1986. The aggregate amount of the contingency is approximately R\$ 212,839 (R\$ 222,434 on December 31, 2017), of which R\$ 42,960 (R\$ 39,812 on December 31, 2017) has been recognized as provision the amount estimated as probably necessary for settlement of these disputes.

### Other legal actions in the normal course of business

#### *Breach of contract Power line pathways and accesses cleaning services contract*

The Company and its subsidiaries are involved in disputes alleging losses suffered as a result of supposed breaches of contract at the time of provision of services of cleaning of power line pathways and firebreaks. The amount recorded is R\$ 32,969 (R\$ 31,987 at December 31, 2017), this being estimated as the likely amount of funds necessary to settle this dispute.

#### *Other legal proceedings*

The Company and its subsidiaries are involved as plaintiff or defendant, in other less significant claims, related to the normal course of their operations, with an estimated total amount of R\$ 164,765 (R\$ 170,158 on December 31, 2017), of which R\$ 10,903 (R\$ 13,655 on December 31, 2017) the amount estimated as probably necessary for settlement of these disputes has been provisioned. Management believes that it has appropriate defense for these proceedings, and does not expect these issues to give rise to significant losses that could have an adverse effect on the Company's financial position or profit.

**Contingent liabilities** whose losses are assessed as **possible** , and the Company believes it has arguments of merit for legal defense

Taxes and contributions

The Company and its subsidiaries are involved in numerous administrative and judicial proceedings in relation to taxes. Below are details of the main claims:

*Indemnity of employees future benefit (the Anuênio )*

In 2006 The Company and its subsidiaries paid an indemnity to its employees, totaling R\$ 177,686, in exchange for rights to future payments (referred to as the *Anuênio*) for time of service, which would otherwise be incorporated, in the future, into salaries. The Company and its subsidiaries did not pay income tax and Social Security contributions on this amount because it considered that those obligations are not applicable to amounts paid as an indemnity. However, to avoid the risk of a future fine, The Company *and its subsidiaries* obtained an injection, which permitted to make an escrow deposit of R\$ 121,834, which updated now represents the amount of R\$ 269,367 (R\$ 267,432 at December 31, 2017). The updated amount of the contingency is R\$ 314,307 (R\$ 311,138 on December 31, 2017) and, based on the arguments above, management has classified the chance of loss as **possible** .

*Social Security contributions*

The Brazilian federal tax authority (*Secretaria da Receita Federal*) has filed administrative proceedings related to various matters: employee profit sharing; the Workers Food Program (*Programa de Alimentação do Trabalhador*, or PAT); education benefit; food benefit; Special Additional Retirement payment; overtime payments; hazardous occupation payments; matters related to Sest/Senat (transport workers support programs); and fines for non-compliance with accessory obligations. The Company and its subsidiaries have presented defenses and await judgment. The amount of the contingency is approximately R\$ 1,541,934 (R\$ 1,647,343 on December 31, 2017). Management has classified the chance of loss as **possible** , also taking into account assessment of the chance of loss in the judicial sphere, (the claims mentioned are in the administrative sphere), based on the evaluation of the claims and the related case law.

*Non-homologation of offsetting of tax credit*

The federal tax authority did not ratify the Company's declared offsetting, in Corporate income tax returns, of carry-forwards and undue or excess payment of federal taxes IRPJ, CSLL, PIS and Cofins identified by official tax deposit receipts ( DARFs and DCTFs ). The Company and its subsidiaries are contesting the non-homologation of the amounts offset. The amount of the contingency is R\$ 282,004 (R\$ 274,836 on December 31, 2017), and the chance of loss was classified as **possible** , since the relevant requirements of the National Tax Code (CTN) have been complied with.

*Corporate tax return restitution and offsetting*

The Company was a party in an administrative case involving requests for restitution and compensation of credits arising from tax losses carry-forward balances indicated in the corporate tax returns for the calendar years from 1997 to 2000, and also for over payments identified in the corresponding tax payment receipts (DARFs and DCTFs). Due to completion of all appeals in the administrative sphere, an ordinary legal action has been filed, for the approximated amount of R\$ 582,802 (R\$ 576,386 on December 31, 2017). The chances of loss in this action are assessed as

possible , due to nullities in the conduct of the administrative proceedings and the understanding that mistaken assumptions were used by the tax authorities in the administrative judgment, and also based on analysis of the Company s argument and documents of proof.



*Income tax withheld on capital gain in a shareholding transaction*

The federal tax authority issued a tax assessment on Cemig as a jointly responsible party with its jointly-controlled entity Parati S.A. Participações em Ativos de Energia Elétrica (Parati), relating to withholding income tax (*Imposto de Renda Retido na Fonte*, or IRRF) allegedly applicable to returns paid by reason of a capital gain in a shareholding transaction relating to the purchase by Parati, and sale, by Enlighted, on July 7, 2011, of 100% of the equity interests in Luce LLC (a company with head office in Delaware, USA), holder of 75% of the shares in the Luce Brasil equity investment fund (FIP Luce), which was indirect holder, through Luce Empreendimentos e Participações S.A., of approximately 13.03% of the total and voting shares of Light S.A. (Light). The amount of the contingency is approximately R\$ 214,670 (R\$ 212,393 on December 31, 2017), and the loss has been assessed as possible .

*The Social Contribution tax on net income (CSLL)*

The federal tax authority issued a tax assessment against the Company and its subsidiaries for the years of 2012 and 2013, alleging undue non-addition, or deduction, of amounts relating to the following items in calculating the Social Contribution tax on net income: (i) taxes with liability suspended; (ii) donations and sponsorship (Law 8,313/91); and (iii) fines for various alleged infringements. The amount of this contingency is R\$ 329,491 (R\$ 322,196 on December 31, 2017). The Company has classified the chances of loss as possible , in accordance with the analysis of the case law on the subject.

Regulatory matters

*Public Lighting Contribution (CIP)*

Cemig and Cemig D are defendants in several public civil claims (class actions) requesting nullity of the clause in the Electricity Supply Contracts for public illumination signed between the Company and the various municipalities of its concession area, and restitution by the Company of the difference representing the amounts charged in the last 20 years, in the event that the courts recognize that these amounts were unduly charged. The actions are grounded on a supposed error by Cemig in the estimation of the period of time that was used in calculation of the consumption of electricity for public illumination, funded by the Public Lighting Contribution (*Contribuição para Iluminação Pública*, or CIP).

The Company believes it has arguments of merit for defense in these claims, since the charge at present made is grounded on Aneel Normative Resolution 456/2000. As a result it has not constituted a provision for this action, the amount of which is estimated at R\$ 1,244,323 (R\$ 1,224,274 on December 31, 2017). The Company has assessed the chances of loss in this action as possible , due to the Customer Defense Code (*Código de Defesa do Consumidor*, or CDC) not being applicable, because the matter is governed by the specific regulation of the electricity sector, and because Cemig complied with Aneel Resolutions 414 and 456, which deal with the subject.

*Accounting of electricity sale transactions in the Electricity Trading Chamber (CCEE)*

In a claim dating from August 2002, AES Sul Distribuidora challenged in the courts the criteria for accounting of electricity sale transactions in the wholesale electricity market (*Mercado Atacadista de Energia*, or MAE) (predecessor of the present Wholesale Electricity Exchange Chamber *Câmara de Comercialização de Energia Elétrica*, or CCEE), during the period of rationing. It obtained a favorable interim judgment in February 2006, which ordered Aneel, working with the CCEE, to comply with the claim by AES Sul and recalculate the settlement of the transactions during the rationing period, not considering Aneel's Dispatch 288 of 2002. This should take effect in the

CCEE as from November 2008, resulting in an additional disbursement for Cemig GT, related to the expense on purchase of energy in the spot market on the CCEE, in the approximate amount of R\$ 294,881 (R\$ 287,515 on December 31, 2017). On November 9, 2008 Cemig GT obtained an interim decision in the Regional Federal Appeal Court (*Tribunal Regional Federal*, or TRF) suspending the obligatory nature of the requirement to pay into court the amount that would have been owed under the Special Financial Settlement made by the CCEE.

Cemig GT has classified the chance of loss as possible, since this action deals with the General Agreement for the Electricity Sector, in which the Company has the full documentation to support its arguments.

*System Service Charges (ESS) Resolution of the National Energy Policy Council*

Resolution 3 of the National Energy Policy Council (*Conselho Nacional de Política Energética*, or CNPE) of March 6, 2013 established new criteria for the prorating of the cost of additional dispatch of thermal plants. Under the new criteria, the costs of the System Service Charges for Electricity Security (*Encargos do Serviço do Sistema*, or ESS), which were previously prorated in full between free customers and distributors, was now to be prorated between all the agents participating in the National Grid System, including generators and traders.

In May 2013, the Brazilian Independent Electricity Producers Association (*Associação Brasileira dos Produtores Independentes de Energia Elétrica*, or Apine), of which Cemig GT is a member, obtained an interim court decision suspending the effects of Articles 2 and 3 of Resolution CNPE 3, exempting generators from payment of the ESS under that Resolution.

As a result of the interim decision, the CCEE carried out the financial settlement for transactions from April through December 2013 using the criteria prior to Resolution. As a result, Cemig GT recorded the costs of the ESS in accordance with the criteria for financial settlement published by the CCEE, without the effects of Resolution CNPE 3.

The applications by the plaintiff (Apine) were granted in the first instance, confirming the interim decision granted in favor of its members, which include Cemig GT and its subsidiaries. This decision was subject of an appeal, distributed to the 7th Panel of the Regional Federal Court (*Tribunal Federal Regional*, or TRF) of the 1st Region, which is still pending of judgment.

The amount of the contingency is approximately R\$ 206,919 (R\$ 201,586 on December 31, 2017). In spite of the successful judgment at first instance, the Association's legal advisers still considered the chances of loss of this contingency as possible. Cemig GT agrees with this, since there are not yet elements to make it possible to foresee the outcome of the Appeal filed by the Federal Government.

Tariff increases

*Exclusion of customers classified as low-income*

The Federal Public Attorneys Office filed a class action against the Company and Aneel, to avoid exclusion of customers from classification in the *Low-income residential tariff* sub-category, requesting an order for Cemig D to pay twice the amount paid in excess by customers. Judgment was given in favor of the plaintiffs, but the Company and Aneel have filed an interlocutory appeal and await judgment. The amount of the contingency is approximately R\$ 282,269 (R\$ 275,458 on December 31, 2017). Cemig D has classified the chances of loss as possible due to other favorable decisions on this matter.

Environmental claims

*Impact arising from construction of power plants*

The Public Attorneys of Minas Gerais State, together with an association and individuals, have brought class actions requiring Cemig GT to invest at least 0.5% of the annual gross operating revenue of the *Emborcação, Pissarrão, Funil, Volta Grande, Poquim, Paraúna, Miranda, Nova Ponte, Rio de Pedras* and *Peti* plants in environmental protection and preservation of the water tables of the counties where these power plants are located, and proportional

indemnity for allegedly irrecoverable environmental damage caused, arising from omission to comply with Minas Gerais State Law 12,503/1997. Cemig GT has filed appeals to the Higher Appeal Court (STJ) and the Federal Supreme Court (STF). Based on the opinions of its legal advisers, Cemig GT believes that this is a matter involving legislation at infra-constitutional level (there is a Federal Law with an analogous object) and thus a constitutional matter, on the issue of whether the state law is constitutional or not, so that the final decision is one for the national Higher Appeal Court (STJ) and the Federal Supreme Court (STF). No provision has been made, since based on the opinion of its legal advisers management has classified the chance of loss as possible . The amount of the contingency is R\$ 130,250 (R\$ 126,664 on December 31, 2017).

The Public Attorneys Office of Minas Gerais State has filed class actions requiring the formation of a Permanent Preservation Area (APP) around the reservoir of the *Capim Branco* hydroelectric plant, suspension of the effects of the environmental licenses, and recovery of alleged environmental damage. Based on the opinion of its legal advisers in relation to the changes that have been made in the new Forest Code and in the case law on this subject, Cemig GT has classified the chance of loss in this dispute as possible . The estimated value of the contingency is R\$ 81,116 (R\$ 79,378 on December 31, 2017).

### Other contingent liabilities

#### *Early settlement of the CRC (Earnings Compensation) Account*

The Company is involved in an administrative proceeding at the Audit Court of the State of Minas Gerais which challenges: (i) a difference of amounts relating to the discount offered by Cemig for early repayment of the credit owed to Cemig by the State under the Receivables Assignment Contract in relation to the CRC Account (*Conta de Resultados a Compensar*, or Earnings Compensation Account) this payment was completed in the first quarter of 2013; and also (ii) possible undue financial burden on the State after the signature of the Amendments that aimed to re-establish the economic and financial balance of the Contract. The amount of the contingency is approximately R\$ 400,569 (R\$ 397,897 on December 31, 2017), and, based on the Opinion of the Public Attorneys Office of the Audit Board of the State of Minas Gerais, the Company believes that it has met the legal requirements. Thus, it has assessed the chances of loss as possible, since it believes that the adjustment was made in faithful obedience to the legislation applicable to the case.

#### *Contractual imbalance*

Cemig D is a party in disputes alleging losses suffered by third parties as a result of supposed breach of contract at the time of implementation of part of the rural electrification program known as *Luz Para Todos* ( *Light for All* ). The estimated amount is R\$ 268,062 (R\$ 261,281 on December 31, 2017), and no provision has been made. Cemig D has classified the chances of loss as possible as a result of the analysis that has been made of the argument and documentation used by the contracted parties in attempting to make the Company liable for any losses that allegedly occurred.

The Parent company is also a party in other disputes arising from alleged non-compliance with contracts in the normal course of business, for an estimated total of R\$ 82,335 (R\$ 79,985 on December 31, 2017). Cemig D has classified the chance of loss as possible, after analysis of the case law on this subject.

#### *Irregularities in competitive tender proceedings*

Cemig D is a party in a dispute alleging irregularities in competitive tender proceedings, governed by an online invitation to bid. The estimated amount is R\$ 26,324 (R\$ 26,149 on December 31, 2017), and no provision has been made. Cemig D has classified the chance of loss as possible, after analysis of the case law on this subject.

## **24. EQUITY AND REMUNERATION TO SHAREHOLDERS**

The Company's issued and outstanding share capital on March 31, 2018 and December 31, 2017 is R\$ 6,294,208, represented by 420,764,708 common shares and 838,076,946 preferred shares, all with nominal value of R\$ 5.00 (five Reais).

**(a) Capital Increase**

On October 26, 2017, the Shareholders Extraordinary Meeting of Shareholders unanimously approved the proposal by the Board of Directors for a capital increase through issuance of up to 199,910,947 new shares, each with par value of R\$ 5.00 with the same rights providing to those shares in the same class of shares that resulted in the capital increase.

Up to December 31, 2017, R\$ 1,215,223 had been subscribed by Shareholders, and a total of 184,965,518 shares at the price of R\$6.57, comprising 13,139,679 ON (common) shares and 1,815,750 PN (preferred) shares.

On March 21, 2018, Cemig sold the totality of the remaining shares not subscribed through a public offer of a single and indivisible lot of shares, which resulted in a financial volume of R\$ 110,700. A total of 13,139,799 remaining common shares (ON) were sold for an average price of R\$ 7.30, totaling R\$ 95,773; and 1,815,750 remaining preferred shares (PN) were sold for an average price of R\$ 8.22, for a total of R\$14,927.

On April 23, 2018, the Shareholders Extraordinary General Meeting approved a Company capital increase in the amount of R\$ 999,555, whose capital increased from R\$ 6,294,208 to R\$ 7,293,763, throughout the issue and subscription of 199,910,947 new shares, each with par value of R\$ 5.00 (five Reais), comprising 66,849,505 common shares and 133,061,442 preferred shares.

The capital increase, considering the issuance price, represented proceeds of R\$1,324,773. The difference, in the amount of R\$ 325,218, will be allocated to the capital reserve account.

**(b) Earnings per share**

Considering the capital increase on April 23, 2018 described above, the calculation of basic and diluted earnings is presented as follows:

| <b>Number of shares</b>          | <b>03/31/2018</b>    | <b>03/31/2017</b>    |
|----------------------------------|----------------------|----------------------|
| Common shares already paid up    | 420,764,708          | 420,764,708          |
| Common shares to be paid up      | 66,849,505           |                      |
| Treasury shares                  | (69)                 |                      |
|                                  | <b>487,614,144</b>   | <b>420,764,708</b>   |
| Preferred shares already paid up | 838,076,946          | 838,076,946          |
| Preferred shares to be paid up   | 133,061,442          |                      |
| Treasury shares                  | (560,649)            | (560,718)            |
|                                  | <b>970,577,739</b>   | <b>837,516,228</b>   |
| <b>Total</b>                     | <b>1,458,191,883</b> | <b>1,258,280,936</b> |

Basic and diluted earnings per share

|   | <b>03/31/2018</b> | <b>03/31/2017</b> |
|---|-------------------|-------------------|
| Net income for the period (A)                           | 464,449           | 342,596           |
| Total of shares (B)                                     | 1,458,191,883     | 1,258,280,936     |
| <b>Basic and diluted earnings per share (A/B) (R\$)</b> | <b>0,319</b>      | <b>0,2729</b>     |

Considering the subscribed shares have the right to dividends for 2017 year, if these dividends had been considered in the calculation of the basic and diluted earnings per share for the first quarter of 2017, the result of the calculation would have been 0.2349.

The call and put options related to investments described in Note 29 could potentially dilute basic earnings per share in the future; however, they have not caused dilution on the earning per share in the presented periods.

**(c) Equity valuation adjustments**

| Equity valuation adjustments   | Consolidated     |                  |
|--|------------------|------------------|
|  | 03/31/2018       | 12/31/2017       |
| Adjustments to Actuarial liabilities Employee benefits                                     | (234,520)        | (234,519)        |
| Accumulated Other Comprehensive Income   |                  |                  |
| Deemed cost of PP&E  | 648,694          | 638,517          |
| Variation in fair value of financial asset available for sale in jointly-controlled entity |                  | 139              |
| Cumulative translation adjustments   | 537              | 398              |
| Adjustments to actuarial liabilities Employee benefits                                     | (1,241,559)      | (1,241,144)      |
| Financial instruments Hedge  | 87               | 87               |
|  | <b>(592,241)</b> | <b>(602,003)</b> |
| <b>Equity valuation adjustments</b>  | <b>(826,761)</b> | <b>(836,522)</b> |

**25. REVENUE**

The revenue of The Company and its subsidiaries are as follows:

|  | Consolidated     |                  |
|--|------------------|------------------|
|  | 03/31/2018       | 03/31/2017       |
| Revenue from supply of energy(a)   | 5,397,905        | 5,771,613        |
| Revenue from use of the electricity distribution systems (TUSD) (b)                                      | 373,741          | 463,049          |
| CVA, and <i>Other financial components</i> in tariff increases (c)                                       | 441,156          | (302,602)        |
| Transmission revenue   |                  |                  |
| Transmission concession revenue (d)  | 100,991          | 92,500           |
| Transmission construction revenue (e)  | 1,063            | 2,920            |
| Transmission indemnity revenue (g)   | 49,841           | 65,830           |
| Generation Indemnity Revenue (h)   | 17,245           |                  |
| Distribution construction revenue (e)  | 176,797          | 197,639          |
| Adjustment to expectation of cash flow from indemnifiable Financial asset of distribution concession (j) | 792              | 1,227            |
| Revenue from updating of the Concession Grant Fee (f)  | 81,827           | 79,506           |
| Energy transactions on the CCEE (i)  | 134,327          | 226,648          |
| Supply of gas  | 428,071          | 410,541          |
| Fine for breach of standard continuity indicator (l)   | (16,446)         |                  |
| Other operating revenues (k)   | 462,113          | 347,869          |
| Deductions on revenue (l)  | (2,713,992)      | (2,543,810)      |
| <b>Net operating revenue</b>   | <b>4,935,431</b> | <b>4,812,930</b> |



(1) As mentioned in Note 2.2, as from January 1, 2018, these amounts are now recognized as a reduction of revenue rather than operating expenses, as amended by Pronouncement CPC 47 / IFRS 15.

**a) Revenue from energy supply**

This table shows energy supply by type of customer:

|  | MWh (1)           |                   | R\$              |                  |
|--|-------------------|-------------------|------------------|------------------|
|  | 03/31/2018        | 03/31/2017        | 03/31/2018       | 03/31/2017       |
| Residential                                      | 2,593,117         | 2,537,050         | 1,917,981        | 1,991,413        |
| Industrial                                       | 4,028,060         | 4,253,259         | 1,105,786        | 1,181,771        |
| Commercial, Services and Others                  | 2,042,937         | 1,912,090         | 1,069,278        | 1,140,139        |
| Rural  | 765,502           | 798,476           | 342,763          | 368,314          |
| Public authorities                               | 213,598           | 210,613           | 120,850          | 131,139          |
| Public lighting                                  | 343,406           | 334,480           | 124,416          | 129,852          |
| Public services                                  | 322,058           | 314,937           | 134,272          | 144,258          |
| Subtotal   | <b>10,308,678</b> | <b>10,360,905</b> | <b>4,815,346</b> | <b>5,086,886</b> |
| Own consumption                                  | 12,124            | 9,262             |                  |                  |
| Unbilled revenue                                 |                   |                   | (81,954)         | 35,746           |
|  | <b>10,320,802</b> | <b>10,370,167</b> | <b>4,733,392</b> | <b>5,122,632</b> |
| Wholesale supply to other concession holders (2) | 2,632,799         | 2,894,117         | 701,491          | 457,794          |
| Wholesale supply unbilled, net                   |                   |                   | (36,978)         | 191,187          |
| Total  | <b>12,953,601</b> | <b>13,264,284</b> | <b>5,397,905</b> | <b>5,771,613</b> |

(1) Data not reviewed by external auditors.

(2) Includes a CCEAR (Regulated Market Sales Contract), bilateral contracts with other agents, and the revenues from management of generation assets (GAG) for the 18 hydroelectric plants of Lot D of Auction no 12/2015.

**b) Revenue from Use of the Distribution System (the TUSD charge)**

A significant part of the large industrial customers in the concession areas of Cemig D are now Free Customers energy is sold to them by the Cemig group's generation and transmission company, Cemig GT, and also by other generators. Thus, the charges for use of the distribution network ( TUSD ) of these Free customers are charged separately from the posting under this line.

**c) The CVA Account, and Other financial components**

The results from variations in (i) the CVA Account (*Portion A Costs Variation Compensation Account*), and in (ii) *Other financial components* in calculation of tariffs, refer to the positive and negative differences between the estimate of non-manageable costs of the subsidiary Cemig D and the payments actually made. The amounts

recognized arise from balances recorded in the current period, homologated or to be homologated in tariff adjustment processes. For more information please see Note 14.

**d) Transmission concession revenue**

Transmission revenue comprises the amount received from agents of the electricity sector for operation and maintenance of transmission lines of the national grid, in the form of the Permitted Annual Revenue (*Receita Anual Permitida*, or RAP), plus an adjustment for expectation of cash flow arising from the variation in the fair value of the Remuneration Assets Base in the amount of R\$ 2,927 for the quarter ended March 31, 2018.

**e) Construction revenue**

Entities that are within the scope of ICPC 01 (R1) should record a construction or improvement of the infrastructure of the concession in accordance with CPC 17 (R1) *Construction Contracts*. The costs of infrastructure construction carried out by the Company are measured reliably; the revenues and expenses corresponding to these construction services are recognized as and when they are incurred, up to the reporting date. Any expected loss on construction contracts is recognized immediately as an expense. Considering that the regulatory model currently in effect does not provide for specific remuneration for construction or improvement of the infrastructure of the concession; that constructions and improvements are substantially executed through specialized services of outsourced parties; and that all construction revenues is related to the construction of the infrastructure of the energy distribution services, the Company's management believed that revenues related to construction services are immaterial.

**f) Gain on financial updating of the Concession Grant Fee**

Represents the inflation adjustment using the IPCA inflation index, plus interest, on the Concession Grant Fee for the concession awarded as Lot D of Auction 12/2015. See Note 14.

**g) Transmission indemnity revenue**

On the quarter ended March 31, 2018, the Company recognized revenue in the total amount of R\$ 49,841 (R\$ 65,830 on March 31, 2017), corresponded to updating, by the IPCA index, of the balance of indemnity receivable existing. See Note 14.

**h) Generation indemnity revenue**

On the quarter ended March 31, 2018, the Company recognized revenue of R\$ 17,245, for the adjustment to the balance of non-amortized indemnities for the concessions of the *São Simão* and *Miranda* Hydroelectric Plants, as per Ministerial Order 291/17, also taking into account the updating of the amounts. See Notes 14.

**i) Revenue from energy transactions in the CCEE (Wholesale Trading Chamber)**

The revenue from transactions made through the Wholesale Electricity Exchange (*Câmara de Comercialização de Energia Elétrica*, or CCEE) is the monthly positive net balance of settlements of transactions for purchase and sale of energy in the Spot Market, through the CCEE.

**j) Adjustment to expected cash flow from Financial assets on residual value of infrastructure assets of distribution concessions**

Monetary adjustment of the Regulatory Remuneration Asset Base resulting in the recognition of income from the adjustments on the expectation of cash flow from the Financial asset on the residual value of the infrastructure assets of distribution concessions.

**k) Other operating revenues**

|                                 | <b>Consolidated</b> |                   |
|---------------------------------|---------------------|-------------------|
|                                 | <b>03/31/2018</b>   | <b>03/31/2017</b> |
| Charged service                 | 2,936               | 2,056             |
| Telecoms services               | 44,037              | 36,242            |
| Services rendered               | 41,711              | 35,284            |
| Subsidies (*)                   | 265,272             | 242,682           |
| Rental and leasing              | 20,915              | 28,936            |
| Unpaid energy reimbursement (2) | 84,092              |                   |
| Other                           | 3,150               | 2,669             |
|                                 | <b>462,113</b>      | <b>347,869</b>    |

- (1) Revenue recognized for the tariff subsidies applied to users of distribution services, reimbursed by Eletrobras.
- (2) Renewal of uncontracted energy due to alteration of electricity sales agreements CCEAR agreed between Santo Antônio Energia S. A., subsidiary of Madeira Energia, and Cemig Distribuição. The amount will be settled in 24 monthly installments and monthly updated by SELIC.

**l) Taxes and charges reported as deductions on revenue**

|  | <b>Consolidated</b> |                   |
|--|---------------------|-------------------|
|  | <b>03/31/2018</b>   | <b>03/31/2017</b> |
| <b>Taxes on revenue</b>  |                     |                   |
| ICMS (VAT)   | 1,253,097           | 1,331,246         |
| Cofins   | 558,380             | 529,287           |
| PIS and Pasep  | 121,232             | 114,907           |
| Others   | 2,248               | 1,900             |
|  | <b>1,934,957</b>    | <b>1,977,340</b>  |
| <b>Charges to the customer</b>                                 |                     |                   |
| Global Reversion Reserve (RGR)                                 | 5,240               | 9,867             |
| Energy Efficiency Program                                      | 13,213              | 12,787            |
| Energy Development Account (CDE)                               | 587,855             | 443,621           |
| Research and Development (R&D)                                 | 8,513               | 10,453            |
| National Scientific and Technological Development Fund (FNDCT) | 8,513               | 10,453            |
| Energy System Expansion Research (EPE of MME)                  | 4,257               | 5,227             |
| Customer charges Proinfra alternative sources program          | 10,241              | 9,663             |
| Energy Services Inspection Charge                              | 6,217               | 8,310             |
| Royalties for use of water resources                           | 18,214              | 26,831            |
| Customer charges the Flag Tariff system                        | 116,772             | 29,258            |
|  | <b>779,035</b>      | <b>566,470</b>    |
|  | <b>2,713,992</b>    | <b>2,543,810</b>  |

**26. OPERATING COSTS AND EXPENSES**

|   | <b>Consolidated</b> |                   | <b>Holding Company</b> |                   |
|---|---------------------|-------------------|------------------------|-------------------|
|   | <b>03/31/2018</b>   | <b>03/31/2017</b> | <b>03/31/2018</b>      | <b>03/31/2017</b> |
| Personnel (a)                           | 331,664             | 381,208           | 7,469                  | 16,676            |
| Employees and managers profit sharing   | 19,577              | 18,884            | 1,411                  | 492               |
| Post-retirement benefits <i>Note 22</i> | 83,271              | 94,638            | 10,109                 | 9,668             |
| Materials                               | 15,290              | 11,279            | 42                     | 16                |
| Outsourced services (b)                 | 235,793             | 208,624           | 1,967                  | 2,717             |
| Energy purchased for resale (c)         | 2,263,693           | 2,093,088         |                        |                   |
| Depreciation and amortization           | 212,991             | 201,365           | 118                    | 135               |
| Operating provisions (d)                | 133,207             | 208,532           | 39,311                 | 16,468            |
| Charges for use of the national grid    | 392,542             | 206,497           |                        |                   |
| Gas purchased for resale                | 263,233             | 222,512           |                        |                   |
| Construction costs (e)                  | 180,669             | 200,559           |                        |                   |

|                                   |                  |                  |               |               |
|-----------------------------------|------------------|------------------|---------------|---------------|
| Other operating expenses, net (f) | 66,363           | 96,516           | 2,855         | 3,200         |
|                                   | <b>4,198,293</b> | <b>3,943,702</b> | <b>63,282</b> | <b>49,372</b> |

**a) Personnel expenses**

**Programmed Voluntary Retirement Plan (PDVP 2018)**

In March 2018, the Company approved the 2018 Employee Voluntary Severance Program ( the 2018 PDVP ). Those eligible to take part were any employees who have worked with Cemig for 25 years or more by December 31, 2018. The 2018 PDVP will have its acceptance period from April 2 to 30, 2018 and it will pay the standard legal severance payments including: payment for the period of notice, and especially, an amount equal to the penalty payment of 40% of the Base Value of the employee s FGTS fund, as well as the other payments specified by the legislation.

The 2018 PDVP, was accepted and signed-off by 175 employees, for which the estimated cost in the amount of R\$ 28,129 will be recorded on the second quarter of 2018.

**b) Outsourced services**

|   | <b>Consolidated</b> |                   | <b>Holding Company</b> |                   |
|---|---------------------|-------------------|------------------------|-------------------|
|   | <b>03/31/2018</b>   | <b>03/31/2017</b> | <b>03/31/2018</b>      | <b>03/31/2017</b> |
| Meter reading and bill delivery                                     | 30,696              | 33,376            |                        |                   |
| Communication   | 18,409              | 14,846            | 126                    | 62                |
| Maintenance and conservation of electrical facilities and equipment | 78,393              | 64,033            | 5                      | 19                |
| Building conservation and cleaning                                  | 25,930              | 22,502            | 58                     | 167               |
| Contracted labor  | 3,941               | 2,386             |                        |                   |
| Freight and airfares  | 847                 | 1,295             | 115                    | 382               |
| Accommodation and meals   | 2,584               | 2,998             | 39                     | 41                |
| Security services   | 4,978               | 5,313             |                        |                   |
| Consultancy   | 3,288               | 2,994             | 38                     | 150               |
| Maintenance and conservation of furniture and utensils              | 595                 | 782               |                        |                   |
| Information technology  | 11,161              | 13,096            | 192                    | 141               |
| Maintenance and conservation of vehicles                            | 498                 | 5,741             |                        | 14                |
| Disconnection and reconnection                                      | 10,139              | 4,279             |                        |                   |
| Environment   | 2,134               | 4,789             |                        |                   |
| Legal services  | 4,781               | 2,893             | 271                    | 292               |
| Legal procedural costs  | 371                 | 443               |                        | 10                |
| Tree pruning  | 4,029               | 3,657             |                        |                   |
| Cleaning of power line pathways                                     | 5,973               | 1,076             |                        |                   |
| Copying and legal publications                                      | 4,207               | 3,776             | 71                     | 30                |
| Inspection of customer units  | 1,863               | 628               |                        |                   |
| Printing of tax invoices and energy bills                           | 500                 | 700               |                        |                   |
| Other expenses  | 20,476              | 17,802            | 1,052                  | 1,409             |
|   | <b>235,793</b>      | <b>208,624</b>    | <b>1,967</b>           | <b>2,717</b>      |

**c) Energy purchased for resale**

|  | <b>Consolidated</b> |                   |
|--|---------------------|-------------------|
|  | <b>03/31/2018</b>   | <b>03/31/2017</b> |
| Supply from Itaipu Binacional            | 288,243             | 294,046           |
| Physical guarantee quota contracts       | 171,384             | 109,154           |
| Quotas for Angra I and II nuclear plants | 66,712              | 60,944            |
| Spot market                              | 219,111             | 157,403           |
| Proinfa Program                          | 79,848              | 75,322            |



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|  |                  |                  |
|--|------------------|------------------|
| Bilateral contracts                          | 105,085          | 71,913           |
| Energy acquired in Regulated Market auctions | 723,513          | 742,232          |
| Energy acquired in the Free Market           | 823,936          | 788,110          |
| Pasep and Cofins credits                     | (214,139)        | (206,036)        |
|  | <b>2,263,693</b> | <b>2,093,088</b> |

**d) Operating provisions (reversals)**

|  | Consolidated   |                | Holding Company |               |
|--|----------------|----------------|-----------------|---------------|
|  | 03/31/2018     | 03/31/2017     | 03/31/2018      | 03/31/2017    |
| Estimated losses on doubtful receivables       | 76,183         | 66,195         |                 |               |
| Estimated losses on other accounts receivables | 560            |                |                 |               |
| Contingency provisions (reversals) (1)         |                |                |                 |               |
| Labor claims                                   | 17,054         | 63,306         | 1,110           | (553)         |
| Civil  | (1,299)        | 7,445          | 728             | 162           |
| Tax  | 69             | 1,594          | 15              | 604           |
| Environmental                                  | 28             | 1              |                 |               |
| Regulatory                                     | 3,385          | 1,078          | 2,959           | 569           |
| Other  | (1,683)        | 6,326          | (36)            | 35            |
|  | 17,554         | 79,750         | 4,776           | 817           |
|  | <b>94,297</b>  | <b>145,945</b> | <b>4,776</b>    | <b>817</b>    |
| Adjustment for losses                          |                |                |                 |               |
| Put option Parati (Note 29)                    | 34,535         | 15,651         | 34,535          | 15,651        |
| Put option SAAG (Note 29)                      | 4,375          | 46,936         |                 |               |
|  | <b>38,910</b>  | <b>62,587</b>  | <b>34,535</b>   | <b>15,651</b> |
|  | <b>133,207</b> | <b>208,532</b> | <b>39,311</b>   | <b>16,468</b> |

(1) The contingency provisions of Holding Company are presented in the consolidated income statement as operating expenses.

**e) Construction cost**

|                        | Consolidated   |                |
|------------------------|----------------|----------------|
|                        | 03/31/2018     | 03/31/2017     |
| Personnel and managers | 14,570         | 10,246         |
| Materials              | 75,934         | 79,630         |
| Outsourced services    | 74,028         | 87,797         |
| Others                 | 16,137         | 22,886         |
|                        | <b>180,669</b> | <b>200,559</b> |

**f) Other operating expenses (revenues), net**

|   | <b>Consolidated</b> |                   | <b>Holding Company</b> |                   |
|---|---------------------|-------------------|------------------------|-------------------|
|   | <b>03/31/2018</b>   | <b>03/31/2017</b> | <b>03/31/2018</b>      | <b>03/31/2017</b> |
| Leasing and rentals                                     | 22,495              | 23,988            | 829                    | 595               |
| Advertising   | 1,512               | 832               | 4                      |                   |
| Own consumption of energy                               | 6,597               | 5,510             |                        |                   |
| Subsidies and donations                                 | 1,805               | 3,533             |                        |                   |
| Paid concession   | 778                 | 752               |                        |                   |
| Insurance   | 1,918               | 2,524             | 402                    | 851               |
| CCEE annual charge                                      | 1,924               | 2,028             |                        |                   |
| Net loss (gain) on deactivation and disposal of assets  | 1,982               | 2,560             |                        |                   |
| Forluz Administrative running cost                      | 7,862               | 6,471             | 278                    | 320               |
| Collection agents                                       | 17,458              | 17,452            |                        |                   |
| Fine for violation of standard continuity indicator (1) |                     | 14,554            |                        |                   |
| Other expenses  | 2,031               | 16,312            | 1,342                  | 1,434             |
|   | <b>66,362</b>       | <b>96,516</b>     | <b>2,855</b>           | <b>3,200</b>      |

(1) As mentioned in Note 2.2, as from January 1, 2018 these amounts are now recognized as a reduction of revenue rather than operating expenses, as amended by Pronouncement CPC 47 / IFRS 15.

**27. FINANCE INCOME AND EXPENSES**

|   | <b>Consolidated</b> |                   | <b>Holding Company</b> |                   |
|---|---------------------|-------------------|------------------------|-------------------|
|   | <b>03/31/2018</b>   | <b>03/31/2017</b> | <b>03/31/2018</b>      | <b>03/31/2017</b> |
| <b>FINANCE INCOME</b>                                       |                     |                   |                        |                   |
| Income from cash investments                                | 23,727              | 64,830            | 2,575                  | 15,765            |
| Arrears fees on sale of energy                              | 75,662              | 72,864            |                        |                   |
| Foreign exchange variations                                 | 2,508               | 8,387             |                        |                   |
| Monetary variations   | 5,186               | 8,398             |                        | 1,028             |
| Monetary variations CVA                                     | 447                 |                   |                        |                   |
| Monetary updating on Court escrow deposits                  | 6,452               | 9,936             | 7,347                  | 4,232             |
| Pasep and Cofins charged on finance income                  | (8,927)             | (11,112)          | (549)                  | (1,150)           |
| Gain on Financial instruments (Note 29)                     | 97,517              |                   |                        |                   |
| Adjustment to present value                                 | 6,790               | 12,303            |                        |                   |
| Other   | 32,492              | 14,285            | 1,875                  | 3,705             |
|   | <b>241,854</b>      | <b>179,891</b>    | <b>11,248</b>          | <b>23,580</b>     |
| <b>FINANCE EXPENSES</b>                                     |                     |                   |                        |                   |
| Costs of loans and financings                               | (287,348)           | (446,391)         |                        |                   |
| Cost of debt appropriation of transaction costs             | (9,000)             | (15,030)          |                        |                   |
| Foreign exchange variations                                 | (19,374)            |                   |                        |                   |
| Monetary updating loans and financings                      | (38,673)            | (43,407)          |                        |                   |
| Monetary updating onerous concessions                       | (664)               | (380)             |                        |                   |
| Charges and monetary updating on post-retirement obligation | (18,007)            | (19,368)          | (886)                  | (953)             |
| Monetary updating CCEE obligations                          |                     | (9,562)           |                        |                   |
| Monetary updating CVA                                       |                     | (6,169)           |                        |                   |
| Monetary updating Advance sales of power supply             | (3,619)             | (12,561)          |                        |                   |
| Other   | (22,969)            | (19,769)          | (8)                    | (174)             |
|   | <b>(399,654)</b>    | <b>(572,637)</b>  | <b>(894)</b>           | <b>(1,127)</b>    |
| <b>NET FINANCE INCOME (EXPENSES)</b>                        | <b>(157,800)</b>    | <b>(392,746)</b>  | <b>10,354</b>          | <b>22,453</b>     |

The Pasep and Cofins expenses apply to Interest on Equity.

**28. RELATED PARTY TRANSACTIONS**

Cemig's main balances and transactions with related parties and its jointly-controlled entities are as follows:

| COMPANY / item                            | ASSETS     |            | LIABILITIES |            | REVENUE    |            | EXPENSES   |            |
|---|------------|------------|-------------|------------|------------|------------|------------|------------|
|   | 03/31/2018 | 12/31/2017 | 03/31/2018  | 12/31/2017 | 03/31/2018 | 03/31/2017 | 03/31/2018 | 03/31/2017 |
| <b>Shareholder</b>                        |            |            |             |            |            |            |            |            |
| <b>Minas Gerais State Govt</b>            |            |            |             |            |            |            |            |            |
| <b>Current</b>                            |            |            |             |            |            |            |            |            |
| Customers and traders (1)                 | 99,938     | 54,926     |             |            | 30,588     | 36,360     |            |            |
| <b>Public Lighting</b>                    |            |            |             |            |            |            |            |            |
| Contribution (CIP) (1)                    | 1,311      | 1,220      |             |            |            |            |            |            |
| <b>Accounts</b>                           |            |            |             |            |            |            |            |            |
| Receivable AFAC (2)                       | 238,869    | 235,018    |             |            | 3,851      |            |            |            |
| <b>Non-current</b>                        |            |            |             |            |            |            |            |            |
| Customers and traders (1)                 | 36,617     | 50,349     |             |            |            |            |            |            |
| <b>Public Lighting</b>                    |            |            |             |            |            |            |            |            |
| Contribution (CIP) (1)                    | 874        | 1,119      |             |            |            |            |            |            |
| <b>Jointly-controlled entity</b>          |            |            |             |            |            |            |            |            |
| <b>Aliança Geração</b>                    |            |            |             |            |            |            |            |            |
| <b>Current</b>                            |            |            |             |            |            |            |            |            |
| Transactions with energy (3)              |            |            | 7,087       | 7,105      |            |            | (38,088)   | (35,127)   |
| Provision of services (4)                 | 1,709      | 1,657      |             |            | 3,269      | 2,603      |            |            |
| Interest on Equity, and dividends         | 45,315     | 72,315     |             |            |            |            |            |            |
| <b>Baguari Energia</b>                    |            |            |             |            |            |            |            |            |
| <b>Current</b>                            |            |            |             |            |            |            |            |            |
| Transactions with energy (3)              |            |            | 852         | 858        | 223        | 215        | (1,805)    | (1,630)    |
| Services (4)                              | 214        | 211        |             |            |            |            |            |            |
| <b>Madeira Energia</b>                    |            |            |             |            |            |            |            |            |
| <b>Current</b>                            |            |            |             |            |            |            |            |            |
| Transactions with energy (3)              |            |            | 13,085      | 56,531     | 8,552      | 5,451      | (148,493)  | (140,026)  |
| Advance for future power supply (5)       | 76,428     | 66,185     |             |            | 3,373      | 2,955      |            |            |
| Reimbursement for decontracted supply (6) | 42,046     |            |             |            | 135        |            |            |            |
| <b>Non-current</b>                        |            |            |             |            |            |            |            |            |
| Advance for future power supply (5)       |            | 6,870      |             |            |            |            |            |            |
|   | 35,038     |            |             |            |            |            |            |            |

|  |         |         |       |       |        |        |          |          |
|--|---------|---------|-------|-------|--------|--------|----------|----------|
| Reimbursement for decontracted supply (6)                  |         |         |       |       |        |        |          |          |
| <b>Norte Energia</b>                                       |         |         |       |       |        |        |          |          |
| <b>Current</b>   |         |         |       |       |        |        |          |          |
| Transactions with energy (3)                               | 130     | 130     | 5,242 | 3,640 | 3,967  | 1,298  | (43,411) | (27,208) |
| <b>Lightger</b>  |         |         |       |       |        |        |          |          |
| <b>Current</b>   |         |         |       |       |        |        |          |          |
| Transactions with energy (3)                               |         |         |       |       |        |        | (4,629)  | (4,846)  |
| Interest on Equity, and dividends                          | 445     |         |       |       |        |        |          |          |
| <b>Hidrelétrica Pipoca</b>                                 |         |         |       |       |        |        |          |          |
| <b>Current</b>   |         |         |       |       |        |        |          |          |
| Transactions with energy (3)                               |         |         | 1,218 |       |        |        | (5,167)  | (3,567)  |
| Interest on Equity, and dividends                          |         | 584     |       |       |        |        |          |          |
| <b>Retiro Baixo</b>  |         |         |       |       |        |        |          |          |
| <b>Current</b>   |         |         |       |       |        |        |          |          |
| Transactions with energy (3)                               |         |         | 523   | 528   |        |        | (1,142)  | (1,486)  |
| Interest on Equity, and dividends                          | 2,581   | 2,581   |       |       |        |        |          |          |
| <b>Centroeste</b>  |         |         |       |       |        |        |          |          |
| <b>Current</b>   |         |         |       |       |        |        |          |          |
| Interest on Equity, and dividends                          | 1,201   |         |       |       |        |        |          |          |
| <b>Renova</b>  |         |         |       |       |        |        |          |          |
| <b>Current</b>   |         |         |       |       |        |        |          |          |
| Transactions with energy (3)                               |         |         | 43    | 1,744 |        |        | (30,866) | (51,504) |
| <b>Non-current</b>   |         |         |       |       |        |        |          |          |
| Advance for future delivery of power supply (7)            | 47,072  |         |       |       | 522    | 27,725 |          |          |
| Accounts receivable (8)                                    | 358,789 | 350,200 |       |       | 8,589  | 17,043 |          |          |
| <b>Empresa Amazonense de Transmissão de Energia (EATE)</b> |         |         |       |       |        |        |          |          |
| <b>Current</b>   |         |         |       |       |        |        |          |          |
| Transactions with energy (3)                               |         |         | 2,690 | 2,882 |        |        | (5,972)  | (6,547)  |
| <b>Light</b>   |         |         |       |       |        |        |          |          |
| <b>Current</b>   |         |         |       |       |        |        |          |          |
| Transactions with energy (3)                               | 2,720   | 1,128   | 484   | 483   | 15,584 | 12,489 | (254)    | (205)    |
| Interest on Equity, and dividends                          | 6,489   |         |       |       |        |        |          |          |



| COMPANY / item                             | ASSETS     |            | LIABILITIES |            | REVENUE    |            | EXPENSES   |            |
|--|------------|------------|-------------|------------|------------|------------|------------|------------|
|  | 03/31/2018 | 12/31/2017 | 03/31/2018  | 12/31/2017 | 03/31/2018 | 03/31/2017 | 03/31/2018 | 03/31/2017 |
| <b>Taesa</b>                               |            |            |             |            |            |            |            |            |
| <b>Current</b>                             |            |            |             |            |            |            |            |            |
| Transactions with energy (3)               |            |            | 11.517      | 12.105     |            |            | (31.613)   | (28.498)   |
| Services (4)                               | 172        | 404        |             |            | 139        | 134        |            |            |
| <b>Companhia Transirapé de Transmissão</b> |            |            |             |            |            |            |            |            |
| <b>Current</b>                             |            |            |             |            |            |            |            |            |
| Transactions with energy (3)               |            |            | 911         | 964        |            |            | (2.353)    | (2.433)    |
| Services (4)                               | 90         | 90         |             |            | 319        | 314        |            |            |
| Interest on Equity, and dividends          |            | 1.413      |             |            |            |            |            |            |
| <b>Axxiom</b>                              |            |            |             |            |            |            |            |            |
| <b>Current</b>                             |            |            |             |            |            |            |            |            |
| Provision of services (9)                  |            |            | 2.605       | 2.982      |            |            |            |            |
| <b>Transudeste</b>                         |            |            |             |            |            |            |            |            |
| <b>Current</b>                             |            |            |             |            |            |            |            |            |
| Transactions with energy (3)               |            |            | 182         | 191        |            |            | (405)      | (352)      |
| Services (4)                               | 156        | 175        |             |            | 130        | 150        |            |            |
| <b>Transleste</b>                          |            |            |             |            |            |            |            |            |
| <b>Current</b>                             |            |            |             |            |            |            |            |            |
| Transactions with energy (3)               |            |            | 293         | 308        |            |            | (653)      | (697)      |
| Services (4)                               | 120        | 120        |             |            | 276        | 272        |            |            |
| <b>Hidrelétrica Cachoeirão</b>             |            |            |             |            |            |            |            |            |
| <b>Current</b>                             |            |            |             |            |            |            |            |            |
| Interest on Equity, and dividends          | 6.662      |            |             |            |            |            |            |            |
| <b>Parati</b>                              |            |            |             |            |            |            |            |            |
| <b>Current</b>                             |            |            |             |            |            |            |            |            |
| Interest on Equity, and dividends          | 6.167      |            |             |            |            |            |            |            |
| <b>Other related parties</b>               |            |            |             |            |            |            |            |            |
| <b>FIC Pampulha</b>                        |            |            |             |            |            |            |            |            |
| <b>Current</b>                             |            |            |             |            |            |            |            |            |
| Cash and cash equivalents                  | 118.856    | 322.423    |             |            |            |            |            |            |



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|   |          |           |           |          |          |
|---|----------|-----------|-----------|----------|----------|
| Securities                                    | 430.128  | 1.037.423 | 8.515     | 36.800   |          |
| (-) Securities issued by subsidiary companies |          |           |           |          |          |
| (10)  | (16.483) | (25.493)  |           |          |          |
| <b>Non-current</b>                            |          |           |           |          |          |
| Securities                                    | 9.949    | 30.124    |           |          |          |
| <b>Forluz</b>                                 |          |           |           |          |          |
| <b>Current</b>                                |          |           |           |          |          |
| Post-retirement obligations (11)              |          | 116.827   | 108.843   | (47.985) | (43.491) |
| Supplementary pension contributions (12)      |          |           |           | (19.092) | (21.651) |
| Administrative running costs (13)             |          |           |           | (7.862)  | (6.471)  |
| Operational leasing (14)                      |          | 1.616     | 4.998     | (11.528) | (11.775) |
| <b>Non-current</b>                            |          |           |           |          |          |
| Post-retirement obligations (11)              |          | 1.958.273 | 1.959.512 |          |          |
| <b>Cemig Saúde</b>                            |          |           |           |          |          |
| <b>Current</b>                                |          |           |           |          |          |
| Health Plan and Dental Plan (15)              |          | 116.953   | 115.045   | (46.534) | (48.358) |
| <b>Non-current</b>                            |          |           |           |          |          |
| Health Plan and Dental Plan (15)              |          | 1.749.964 | 1.633.291 |          |          |

The main conditions and characteristics of interest with reference to the related party transactions are:

- (1) This refers to sale of energy supply to the Minas Gerais State government. The price of the supply is the one set by Aneel through a Resolution relating to the annual tariff adjustment of Cemig D. In 2017 the government of Minas Gerais State signed a debt recognition agreement with Cemig D for payment of debts relating to the supply of power due and unpaid, in the amount of R\$ 113,032 , to be settled in 24 installments, updated monthly by the variation of the IGP-M. The first portion, in the amount of R\$ 5,418, was settled in December 2017, and the others have due dates up to November, 2019.
- (2) This refers to the recalculation of the monetary updating of amounts relating to the Advance for Future Capital Increase (AFAC), which were returned to the State of Minas Gerais. Amount transferred from administrative deposit to Accounts Receivable from Minas Gerais State, on September 30, 2017 (see Notes 11).
- (3) Transactions with energy between generators and distributors were made in auctions organized by the Federal Government; transactions for transport of electricity, made by transmission companies, arise from the centralized operation of the National Grid carried out by the National System Operator (ONS).
- (4) Refers to a contract to provide plant operation and maintenance services.
- (5) In 2017, advance payments were made to Santo Antônio Energia, subsidiary of Madeira Energia. For the purposes of settlement invoices for energy supply to be issued by Santo Antônio Energia starting in 2018, in 12 tranches, will be used;



- (6) This refers to reimbursement of supply of energy that was decontracted due to alteration of Regulated Market Electricity Sale Contracts (CCEARs) between Santo Antônio Energia (subsidiary of Madeira Energia) and Cemig D (Distribution), with value totaling R\$ 84,092, to be settled in 24 monthly installments, with monetary adjustment by the Selic rate. The first two installments were received in February and March 2018, and the others have due dates up to January 2020.
- (7) This refers to advance payments under Agreements for Incentive-bearing Power Supply becoming due in April through August 2018, discounted at 155% of the rate for Interbank Certificates of Deposit published by Cetip.
- (8) Cemig GT has an item of R\$ 359 million receivable from Renova that will be paid in monthly installments over 2021 with actualization at 150% to 155% of the CDI rate.
- (9) This refers to a contract for development of management software between Cemig D and Axxiom Soluções Tecnológicas S.A., instituted in Aneel Dispatch 2,657/2017.
- (10) FIC Pampulha has financial investments in securities issued by subsidiary companies of the Company. There is more information, and characteristics of the fund, in the description below.
- (11) The contracts of Forluz are updated by the Expanded Customer Price Index (IPCA) calculated by the Brazilian Geography and Statistics Institute (*Instituto Brasileiro de Geografia e Estatística*, or IBGE) plus interest of 6% per annum and will be amortized up to the business year of 2031 (See Note 22).
- (12) The Company's contributions to the pension fund for the employees participating in the Mixed Plan, and calculated on the monthly remuneration, in accordance with the regulations of the Fund.
- (13) Funds for annual current administrative costs of the Pension Fund in accordance with the specific legislation of the sector. The amounts are estimated as a percentage of the Company's payroll.
- (14) Rental of the Company's administrative head offices, in effect to March 2019 and May 2034, adjusted annually by IPCA inflation index.
- (15) Post-retirement obligations relating to the employees' health and dental plan (see Note 22).

#### Dividends receivable from subsidiaries

| Dividends receivable | Consolidated  |               | Holding Company |                |
|----------------------|---------------|---------------|-----------------|----------------|
|                      | 03/31/2018    | 12/31/2017    | 03/31/2018      | 12/31/2017     |
| Cemig GT             |               |               | 364,230         | 564,230        |
| Other                | 68,938        | 76,893        | 14,443          | 38,819         |
|                      | <b>68,938</b> | <b>76,893</b> | <b>378,673</b>  | <b>603,049</b> |

#### Guarantees on loans, financings and debentures

Cemig has provided guarantees on loans, financings and debentures of the following related parties – not consolidated in the Interim Financial Information because they relate to jointly-controlled entities or affiliated companies:

| Related party                 | Relationship              | Type              | Objective  | 03/31/2018 | Maturity |
|-------------------------------|---------------------------|-------------------|------------|------------|----------|
| Norte Energia (NESA)          | Affiliated                | Surety            | Financing  | 2,532,991  | 2042     |
| Light (1)                     | Jointly-controlled entity | Counter-guarantee | Financing  | 683,615    | 2042     |
| Santo Antônio Energia (SAESA) | Jointly-controlled entity | Surety            | Financing  | 1,919,421  | 2034     |
|                               | Jointly-controlled entity | Surety            | Debentures | 804,199    | 2037     |

Santo Antônio Energia  
(SAESA)

|            |                           |        |           |       |      |
|------------|---------------------------|--------|-----------|-------|------|
| Centroeste | Jointly-controlled entity | Surety | Financing | 7,573 | 2023 |
|------------|---------------------------|--------|-----------|-------|------|

**5,947,799**

(1) Related to execution of guarantees of the Norte Energia financing.

At March 31, 2018, Management believes that there is no need to recognize any provisions in the Company's Interim Financial Information for the purpose of meeting any obligations arising under these sureties and/or guarantees.

**Cash investments in FIC Pampulha investment fund of Cemig, its subsidiaries and affiliates**

Cemig and its subsidiaries and affiliates invest part of their financial resources in an investment fund which has the characteristics of fixed income and obeys the Company's cash investment policy. The amounts invested by the fund at March 31, 2018 are reported in Securities in Current or Non-current assets, or presented after deduction of the account line Debentures in Current or Non-current liabilities.

- (6) This refers to reimbursement of supply of energy that was decontracted due to alteration of Regulated Market Electricity Sale Contracts (CCEARs) between Santo Antônio Energia (subsidiary of Madeira Energia) and Cemig D (Distribution), with value totaling R\$ 84,092, to be settled in 24 monthly installments, with monetary adjustment by the Selic rate. The first two installments were received in February and March 2018, and the others have due dates up to January 2020.
- (7) This refers to advance payments under Agreements for Incentive-bearing Power Supply becoming due in April through August 2018, discounted at 155% of the rate for Interbank Certificates of Deposit published by Cetip.
- (8) Cemig GT has an item of R\$ 359 million receivable from Renova that will be paid in monthly installments over 2021 with actualization at 150% to 155% of the CDI rate.
- (9) This refers to a contract for development of management software between Cemig D and Axxiom Soluções Tecnológicas S.A., instituted in Aneel Dispatch 2,657/2017.
- (10) FIC Pampulha has financial investments in securities issued by subsidiary companies of the Company. There is more information, and characteristics of the fund, in the description below.
- (11) The contracts of Forluz are updated by the Expanded Customer Price Index (IPCA) calculated by the Brazilian Geography and Statistics Institute (*Instituto Brasileiro de Geografia e Estatística*, or IBGE) plus interest of 6% per annum and will be amortized up to the business year of 2031 (See Note 22).
- (12) The Company's contributions to the pension fund for the employees participating in the Mixed Plan, and calculated on the monthly remuneration, in accordance with the regulations of the Fund.
- (13) Funds for annual current administrative costs of the Pension Fund in accordance with the specific legislation of the sector. The amounts are estimated as a percentage of the Company's payroll.
- (14) Rental of the Company's administrative head offices, in effect to March 2019 and May 2034, adjusted annually by IPCA inflation index.
- (15) Post-retirement obligations relating to the employees' health and dental plan (see Note 22).

#### Dividends receivable from subsidiaries

| Dividends receivable | Consolidated  |               | Holding Company |                |
|----------------------|---------------|---------------|-----------------|----------------|
|                      | 03/31/2018    | 12/31/2017    | 03/31/2018      | 12/31/2017     |
| Cemig GT             |               |               | 364,230         | 564,230        |
| Other                | 68,938        | 76,893        | 14,443          | 38,819         |
|                      | <b>68,938</b> | <b>76,893</b> | <b>378,673</b>  | <b>603,049</b> |

#### Guarantees on loans, financings and debentures

Cemig has provided guarantees on loans, financings and debentures of the following related parties not consolidated in the Interim Financial Information because they relate to jointly-controlled entities or affiliated companies:

| Related party        | Relationship              | Type              | Objective | 03/31/2018 | Maturity |
|----------------------|---------------------------|-------------------|-----------|------------|----------|
| Norte Energia (NESA) | Affiliated                | Surety            | Financing | 2,532,991  | 2042     |
| Light (1)            | Jointly-controlled entity | Counter-guarantee | Financing | 683,615    | 2042     |
|                      | Jointly-controlled entity | Surety            | Financing | 1,919,421  | 2034     |

|                               |                           |        |            |                  |      |
|-------------------------------|---------------------------|--------|------------|------------------|------|
| Santo Antônio Energia (SAESA) |                           |        |            |                  |      |
| Santo Antônio Energia (SAESA) | Jointly-controlled entity | Surety | Debentures | 804,199          | 2037 |
| Centroeste                    | Jointly-controlled entity | Surety | Financing  | 7,573            | 2023 |
|                               |                           |        |            | <b>5,947,799</b> |      |