

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

LISTED COMPANY – 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 May 27, 2016 at 10 a.m., at the company's head office, Av. Barbacena 1200, 21st floor, Belo Horizonte, Minas Gerais, Brazil to decide on the following matter:

- Re-ratification of the decision taken by the Extraordinarily General Meeting held on March 24, 2011, to provide that the Put Option granted by the Company on April 11, 2011 to Redentor Fundo de Investimento em Participações (*FIP Redentor*), may be exercised not only by FIP Redentor, but any person who becomes a direct stockholder of Parati S.A. – Participações em Ativos de Energia Elétrica (*Parati*), including but not limited to holders of units in FIP Redentor, and/or their affiliated parties, who will become holders of the Put Option and/or the rights arising from it, in relation to the shares in Parati that they hold.

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 the sole paragraph of Clause 9 of the Company's by-laws, by exhibiting at the time, or depositing, preferably by May 24, 2016, 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 Secretariat Office (*Superintendência da Secretaria Geral e Executiva Empresarial*) at Av. Barbacena 1200 – 19th Floor, B1 Wing, Belo Horizonte, Minas Gerais.

Belo Horizonte, April 26, 2016.

José Afonso Bicalho Beltrão da Silva
Chair of the Board of Directors

PROPOSAL
BY THE BOARD OF DIRECTORS
TO THE
EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 27, 2016

Dear Stockholders:

The Board of Directors of Companhia Energética de Minas Gerais – Cemig

– *whereas:*

- a) *Companhia Energética de Minas Gerais (Cemig) owns 25% of the share capital of Parati S.A. – Participações em Ativos de Energia Elétrica (Parati) and Redentor Fundo de Investimento em Participações (FIP Redentor) owns the remaining 75%;*
- b) *in 2011, Cemig negotiated the unconditional and irrevocable grant, solely and exclusively to FIP Redentor (and not to any of its Unit Holders), of an option to sell (Put Option), giving FIP Redentor the right, at the end of the 60th (sixtieth) month from the date of the subscription of the shares in Parati (the Exercise Date), to sell the totality of the shares owned by FIP Redentor (‘the Acquisition Shares’), and Cemig will have the obligation to buy them, or to indicate a third party who shall buy them, by payment of the Exercise Price, which shall be equivalent to the amount paid at the time of subscription of the shares, plus expenses (all those expenses provenly incurred by FIP Redentor and/or by the Administrator of FIP Redentor, for its constitution and as from the date of its constitution, including expenses of auditing, management fees and administration charges), less a total of such dividends and Interest on Equity as are received in the period (in the case of Interest on Equity, the amount received shall be multiplied by 0.5721 for the calculation), all updated by the change in the average CDI Rate (the rate for Interbank Certificates of Deposit published by the Cetip Custody and Clearing House (Câmara de Custódia e Liquidação), plus 0.9% per year *pro rata tempore*, as from the date of their actual disbursement/payment up to the Exercise Date of the Put Option;*
- c) *it was further negotiated that in the event that the Exercise Price was higher than the amount subscribed by FIP Redentor when subscribing the shares in Parati, an adjustment factor of $(1/(1-0.4279)-1)$ would be added to the Exercise Price;*
- d) *on March 24, 2011, the Extraordinary General Meeting of Stockholders, in the terms of and for the purposes of Article 256 of Law 6404/1976, authorized the unconditional and irrevocable grant by Cemig to FIP Redentor of an option to sell (Put Option) by which FIP Redentor acquired the right, at the end of the 60th (sixtieth) month from the date of the subscription of the shares in Parati (the Exercise Date), to sell the totality of the shares owned by FIP Redentor (the Acquisition Shares), and Cemig acquired the obligation to buy them, or to indicate a third party who shall buy them, by payment of the Exercise Price, equivalent to the amount paid at the time of subscription of the shares, plus expenses (all those expenses provenly incurred by FIP Redentor and/or by the Administrator of FIP Redentor, for its constitution and as from the date of its constitution, including expenses of auditing, management fees and administration charges), less a total of such dividends and Interest on Equity as are received in the period (in the case of Interest on Equity, the amount received to be multiplied by 0.5721 for the calculation), all*

updated by the change in the average CDI Rate plus 0.9% per year *pro rata tempore*, as from the date of their actual disbursement/payment up to the Exercise Date of the Put Option; in the event that the Exercise Price is higher than the amount subscribed by FIP Redentor when subscribing the shares in Parati, an adjustment factor of $(1/(1-0.4279)-1)$ to be added to the Exercise Price; the parties agreeing to negotiate the situations in which the Exercise Date can be brought forward by FIP Redentor, such conditions to be established in a contractual instrument to be entered into by the parties after the approval by the Board of Directors of Cemig, in the terms of its by-laws; and payment of the Exercise Price and the transfer of the shares of Parati to be conditional upon prior approval of the transaction by the National Electricity Agency (Aneel);

- e) on April 11, 2011, Cemig granted, exclusively to FIP Redentor, unconditionally and irrevocably, an option to sell (Put Option), under which FIP Redentor acquired the right, at the end of the 60th (sixtieth) month from the date of the subscription of the shares in Parati (the Exercise Date), to sell the totality of the common and preferred shares in that company belonging to FIP Redentor, and Cemig acquired the obligation to buy them or to indicate a third party to buy them, by payment of the Exercise Price, as authorized by the Board of Directors of the Company on December 6, 2010 and by the Extraordinary General Meeting of Stockholders of March 24, 2011;
- f) in this grant, Notice of Exercise of the Option was to be given by at least 240 (two hundred and forty) days before the Exercise Date;
- g) on September 2, 2015, within the agreed period, FIP Redentor notified Cemig of its interest in exercising the Put Option, by delivery of a Put Option Exercise Notice to the Company;
- h) Cemig has been advised by Banco BTG Pactual S.A. ('BTG Pactual') of its resignation as administrator of FIP Redentor, which took place on March 30, 2016, and this could result, within 60 (sixty) days, in extinction of this Investment Fund;
- i) as a result of any extinction of FIP Redentor, holders of its Units will become direct holders of the common and preferred shares in Parati;
- j) the Unit Holders of FIP Redentor have the right to sell their unit holdings in FIP Redentor to third parties and wish to preserve this right if and when they become direct shareholders of Parati;
- k) for this purpose and as a consequence of any extinction of FIP Redentor, should it take place, the unit holders of FIP Redentor have requested alteration of certain conditions specified in the Stockholders' Agreement, so as to alter the Put Option, which had been granted exclusively to FIP Redentor, in such a way as to permit the Unit Holders of FIP Redentor to become holders of the Put Option, as direct stockholders of Parati, maintaining their rights and obligations, without altering the other conditions of the grant that had been given;
- l) postponement of the Exercise Date of the Put Option is in the strategic interest of Cemig, for better administration of Cemig's cash flow in the current year;
- m) the Unit Holders of FIP Redentor have made the negotiation of any postponement of the Exercise Date of the Put Option conditional upon their rights being maintained, as per items 'j' and 'k', above.

– do now propose to you as follows:

Proposal by the Board of Directors

- Re-ratification of the decision taken by the Extraordinary General Meeting held on March 24, 2011, to provide that the Put Option granted by the company on April 11, 2011, to *Redentor Fundo de Investimento em Participações (FIP Redentor)*, may be exercised not only by FIP Redentor, but by any person who becomes a direct stockholder of *Parati S.A. – Participações em Ativos de Energia Elétrica (Parati)*, including but not limited to holders of units in FIP Redentor, and/or their affiliated parties, who will become holders of the Put Option and/or the rights arising from it, in relation to the shares in Parati that they hold.

As can be seen, the objective of this proposal is to meet legitimate interests of the stockholders and of the Company, and as a result it is the hope of the Board of Directors that it will be approved by the Stockholders.

Belo Horizonte, April 26, 2016.

José Afonso Bicalho Beltrão da Silva

Mauro Borges Lemos

Allan Kardec de Melo Ferreira

Arcângelo Eustáquio Torres Queiroz

Guy Maria Villela Paschoal

Helvécio Miranda Magalhães Junior

José Pais Rangel

Marco Antônio de Rezende Teixeira

Marco Antônio Soares da Cunha Castello Branco

Nelson José Hubner Moreira

Bruno Magalhães Menicucci

José Augusto Gomes Campos

Marina Rosenthal Rocha

Newton Brandão Ferraz Ramos

Tarcísio Augusto Carneiro