

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

CNPJ 17.155.730/0001-64 – NIRE 31300040127

MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS HELD ON MARCH 30, 2017

On the thirtieth day of March two thousand seventeen, at 10 a.m. at the Company's head office, at Av. Barbacena 1200, 21st Floor, 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 Ms. Ana Paula Muggler Rodarte, State Procurator, for the office of the Advocate-General of the State, in accordance with legislation.

Initially, Ms. Anamaria Pugedo Frade Barros, 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 stockholder **Alexandre Eustáquio Sydney Horta** to chair the meeting. This proposal was put to debate, and to the vote, and approved unanimously.

The Chair then declared the Meeting open, and invited me, Anamaria Pugedo Frade Barros, a stockholder, to be Secretary of the meeting, asking me to read the convocation notice, published on February 23, 24, and 25, 2017 in *Minas Gerais*, official publication of the Powers of the State, on pages 24, 54 and 32, respectively; and in the newspaper *O Tempo*, on pages 38, 28 and 28, respectively, the content of which is as follows:

“ **COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG**

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

**EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS – MARCH 30, 2017
CONVOCATION**

Stockholders are hereby called to an Extraordinary General Meeting of Stockholders to be held on March 30, 2017 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 matters:

- 1) authorization to exceed, in 2017, the targets specified in sub- clauses 'a', 'b', and 'd' of Paragraph 7 of Article 11 of the Company's by-laws;
- 2) ratification of these same targets being exceeded from January 1, 2017 to the date of this Extraordinary General Meeting of Stockholders;
- 3) re-ratification of the drafting of the minutes of the Ordinary and Extraordinary General Meetings of Stockholders held, concurrently, on April 29, 2016, improving their drafting to correct the information recorded in them as to the quantity of votes in favor and against, and abstentions, in election of members of the Board of Directors.

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 March 28, 2017, proofs of ownership of the shares, issued by a depositary 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, February 20, 2017

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

The Chair then asked the Secretary to read the Proposal by the Board of Directors, which deals with the agenda. The content of that document is as follows:

**“ PROPOSAL
BY THE BOARD OF DIRECTORS
TO THE
EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS
TO BE HELD ON MARCH 30, 2017**

Dear Stockholders:

– *whereas:*

- a) in its management of the Company and in the exercise of the right to vote in the wholly-owned subsidiaries, subsidiaries, affiliated companies and consortia, the Board of Directors and the Executive Board are required at all times faithfully to comply with certain targets, as stated in Clause 11, § 7, of the Company's by-laws:
 - to keep the Company's consolidated indebtedness equal to or less than 2 (two) times the Company's Ebitda (Earnings before interest, taxes, depreciation and amortization);
 - to keep the consolidated ratio of (Net debt) / (Net debt + Stockholders' equity) to a maximum of 40% (forty per cent); and
 - to limit the consolidated amount of funds allocated to capital investment and acquisition of any assets in each business year to the equivalent of 40% (forty per cent) of Ebitda (profit before interest, taxes, depreciation and amortization);
- b) under Clause 11, Paragraph 9, of the by-laws the said target values of these indicators may be exceeded for reasons related to temporarily prevailing conditions, upon prior justification and specific approval by the Board of Directors, up to the following limits:
 - Consolidated indebtedness less than or equal to 2.5 times Ebitda (profit before interest, taxes, depreciation and amortization); and
 - Consolidated (Net debt) / (Net debt + Stockholders' equity): maximum of 50%;
- c) above these limits, including the case of limitation of (Consolidated funds allocated to capital investment and acquisition of any assets) to 40% of Ebitda (profit before interest, taxes, depreciation and amortization), the targets may be exceeded upon prior justification with grounds and specific approval by the stockholders in a General Meeting of Stockholders;
- d) authorization was obtained from the stockholders meeting in an Extraordinary General Meeting of Stockholders on May 30, 2016, for exceeding, in 2016,
 - the target of keeping the Company's consolidated indebtedness as specified in Subclause 'a' of Paragraph 7 of Clause 11 of the Company's by-laws to less than or equal to 4.12 (four point one two) times the Company's Ebitda (profit before interest, taxes, depreciation and amortization);
 - the target of keeping the ratio established in Subclause 'b' of Paragraph 7 of Clause 11 of the by-laws, namely the consolidated ratio of (Net debt) / (Net debt + Stockholders' equity) to a maximum of 52%; and
 - the target of keeping the amount stated in Subclause 'd' of Paragraph 7 of Clause 11 of the by-laws, namely the consolidated amount of funds allocated to capital investment and acquisition of any assets in the business year to a limit of 146% of Cemig's Ebitda;
- e) for 2017, the Company expects to obtain a further authorization from the stockholders, after approval of the annual budget by the Board of Directors, since the indicators continue to be, and will continue to be, above the limits stated in the bylaws;

- f) the budget for 2017 is in the process of analysis, discussion and decision by the Board of Directors, making it difficult to calculate the related indicators to provide information for a new decision by the stockholders on the final limits for the current year; and this makes it necessary for the stockholders, in General Meeting, to authorize passage of targets for Paragraph 7 of Clause 11 of the bylaws at preliminary levels, until a further General Meeting of Stockholders can decide on exceeding of the indicators calculated as a function of the 2017 budget, and ratify those targets having been exceeded from January 1, 2017 until the General Meeting of Stockholders that decides on this proposal;
- g) the Ordinary and Extraordinary General Meetings of Stockholders of Cemig held concurrently on April 29, 2016 elected members of the Board of Directors for a new period of office of two years, that is to say, until the AGM of 2018;
- h) the stockholder **José Pais Rangel**, as holder of preferred shares, nominated a sitting member of the Board of Directors and his substitute member;
- i) it was not explicit that these nominations were approved by the votes of the stockholders **José Pais Rangel** and **Geração Futuro L. Par FIA**;
- j) the stockholder **José Pais Rangel** and the representative of **Geração Futuro L. Par FIA**, for the minority of stockholders with voting shares, nominated a sitting member and a substitute member for the Board of Directors;
- k) at those concurrent Ordinary and Extraordinary General Meetings of Stockholders, the chair stated that, to complete the Board of Directors, the following stockholders had the rights to put forward numbers of sitting members of the Board of Directors (and related substitute members) in the following proportions:
- | | |
|----------------------------------|--|
| FIA Dinâmica Energia, | 1.4 members and their respective substitute members; |
| AGC Energia S.A. | 2.9 members and their substitute members; |
| BNDESPar | 1.9 members and their substitute members; and |
| The State of Minas Gerais | 7.5 members and their substitute members; |
- l) the representative of the stockholder **BNDESPar** also nominated a sitting member for the Board of Directors, stating that the substitute member would be appointed later, the seat remaining vacant;
- m) the representatives of the stockholder **FIA Dinâmica Energia** and the representative of the stockholder **AGC Energia S.A.** made nominations of four sitting members and their related substitute members for the Board of Directors;
- n) the representative of the stockholder **The State of Minas Gerais** and the representative of the stockholder **FIA Dinâmica Energia** made nominations of eight sitting members and their related substitute members for the Board of Directors;
- o) the minutes of the said Ordinary and Extraordinary General Meetings of Stockholders were approved unanimously;
- p) an Extraordinary General Meeting of Stockholders was held on October 25, 2016, to make new appointments to the Board of Directors;
- q) in that Extraordinary General Meeting, the representative of **BNDESPar**, for the purpose of verifying that that election by multiple vote was regular, especially in view of the fact that the Board Members previously elected in a separate vote will be maintained in their positions, asked the meeting committee to provide the record of the stockholders present in the said Ordinary/Extraordinary Meetings, as specified in Paragraph 8 of Article 141 of Law 6404/1976, and the respective number of shares that participated in the said separate voting;
- r) it having been found that there was a mistake in the record of the number of votes for election of the stockholders **José Pais Rangel** and **José João Abdalla Filho** in the said Meetings, the representative of the stockholder **BNDESPar** stated that it had not been possible to check that matter, and then requested that Cemig should call a further General Meeting of Stockholders to rectify that number of votes and to ratify the other decisions, and the other stockholders consented to this request;
- s) the Board Members **José Pais Rangel** (sitting member) and **José João Abdalla Filho** (substitute) were elected with the votes of the stockholder **José Pais Rangel** and of **Geração Futuro L. Par FIA**, and these shares were not used in the election of the other members of the Board;
- t) there is a need to improve the drafting of the minutes of the said Ordinary and Extraordinary meetings, so as to correct the information recorded in them on the number of votes in favor, against, and abstentions, in election of members of the Board of Directors;

– *the Board of Directors now proposes to you as follows:*

- 1) authorization to exceed, in 2017:
 - the target for the Company’s consolidated indebtedness as specified in Subclause ‘a’ of Paragraph 7 of Clause 11 of the Company’s by-laws, with an upper limit of 4.44 (four point four four) times the Company’s Ebitda (profit before interest, taxes, depreciation and amortization);
 - the target for the ratio established in Subclause ‘b’ of Paragraph 7 of Clause 11 of the by-laws, namely the consolidated ratio of (Net debt) / (Net debt + Stockholders’ equity), keeping it to a maximum of 55%; and
 - the target for the quantity established in Subclause ‘d’ of Paragraph 7 of Clause 11 of the by-laws, namely the consolidated amount of funds allocated to capital investment and acquisition of any assets in the business year, keeping it to a limit of 192% of the Company’s Ebitda (profit before interest, taxes, depreciation and amortization);
 - such limits, after being reviewed at the time of the approval of the budget for 2007 by the Board of Directors, to be again submitted to the stockholders in a General Meeting;
- 2) ratification of the fact of these ratios having being exceeded, subject to the limits stated above, in the period from January 1, 2017 until the Extraordinary General Meeting of Stockholders that decides on this proposal;
- 3) re-ratification of the drafting of the minutes of the Ordinary and Extraordinary General Meetings of Stockholders held, concurrently, on April 29, 2016, improving their drafting to correct the information recorded in them as to the quantity of votes in favor and against, and abstentions, in election of members of the Board of Directors, as follows:
 - a) nomination by the stockholder **José Pais Rangel**, as holder of preferred shares, of a sitting member and a substitute member for the Board of Directors, altering the record from: 342,287,674 votes in favor, 83,711,741 abstentions and 20,702,073 votes against, to: use of 130,000 votes of the said stockholder, accompanied by **Mr. Daniel Alves Ferreira**, representing a number of investment funds, with 60,353,489 votes in favor, 57,490,173 abstentions and 20,702,073 votes against;
 - b) nomination by the stockholder **José Pais Rangel** and by the representative of **Geração Futuro L. Par FIA**, for the minority of stockholders having the right to vote, of a sitting member and substitute member for the Board of Directors, altering the record from: 342,993,338 votes in favor, 59,146,793 abstentions and 51,496 votes against, to: use of 110,000 votes in this election by the said representatives;
 - c) election, with adoption of the Multiple Vote, by the representative of the stockholder **BNDESPar**, of a sitting member for the Board of Directors, the representative stating that the nomination of this member’s substitute would take place at a later date, the seat remaining vacant, with alteration from: 396,406,730 votes in favor, 847,070 abstentions and 1,908,941 votes against, to: the use of 54,342,992 votes in this election by the said representative;
 - d) election, with adoption of the Multiple Vote, by the representatives of the stockholder **FIA Dinâmica Energia** using 31,845,985 votes, and of **AGC Energia S.A.**, of four sitting members and their substitutes to the Board of Directors, which were accompanied by Mr. Daniel Alves Ferreira, representative of several investment funds, with 47,337 votes, with alteration from: 342,063,738 votes in favor, 55,190,062 abstentions and 1,908,941 votes against, to 116,251,178 Votes in this election by the said representatives;
 - e) election to the Board of Directors, with the adoption of the Multiple Vote, by the representatives of the majority stockholder, **The State of Minas Gerais**, and of **FIA Dinâmica Energia**, using the rest of the shares, that is to say, 8,685,269 votes, of a total of eight sitting members and their substitutes, with alteration from: 342,063,738 votes in favor, 55,190,062 abstentions and 1,908,941 votes against, to: 223,100,008 votes in this election by the said representatives.

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, February 20, 2017

José Afonso Bicalho Beltrão da Silva
 Allan Kardec de Melo Ferreira
 Arcângelo Eustáquio Torres Queiroz
 Daniel Alves Ferreira
 Helvécio Miranda Magalhães Junior
 José Pais Rangel
 Marcelo Gasparino da Silva
 Marco Antônio de Rezende Teixeira

Marco Antônio Soares da Cunha Castello Branco
 Nelson José Hubner Moreira
 Patrícia Gracindo Marques de Assis Bentes
 Paulo Roberto Reckziegel Guedes
 Saulo Alves Pereira Junior
 Bruno Magalhães Menicucci
 Samy Kopit Moscovitch

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The above proposal was put to debate, and subsequently to a vote, and was approved by a majority.

The representative of the stockholder **BNDES Participações S.A. – BNDESPar** stated as follows:

- a) The representative of **BNDESPar** voted
- **in favor** of authorization to exceed, in 2017, the targets specified in sub-items ‘a’ and ‘b’ of §7 of Article 11 of the Company’s by-laws,
 - and **against** authorization to exceed, in 2017, the target specified in sub-item ‘d’ of §7 of Article 11 of the by-laws;
 - and requested that the Company should:
 - follow the path of increased efficiency and disposal of assets for reduction of leverage so as to return to the limit levels specified in the by-laws;
 - present more detail in the statement of the calculation for 2017 in the proposal by Management relating to the amounts for 2017, also taking into account the budget approved for the current year; and
 - obey the correct order of instances for approval in its processes, avoiding submission of matters for decision by the stockholders before all the decisions on such matters in the Board of Directors;
- b) The representative of **BNDESPar** voted
- **in favor** of backdated authorization for the targets specified in sub-clauses ‘a’ and ‘b’ of §7 of Article 11 of the Company’s by-laws having been exceeded since January 1, 2017, and
 - **against** backdated authorization for the target specified in sub- item ‘d’ of §7 of Article 11 of the Company’s by-laws having been exceeded since January 1, 2017.
- c) The representative of **BNDESPar** voted **against** re-ratification of the drafting of the minutes of the Ordinary and Extraordinary General meetings of stockholders held, concurrently, on April 29, 2016, to improve the drafting to correct the information recorded in them on the number of votes in favor, against, and abstentions, in election of members of the Board of Directors.

There being no further business, the Chair opened the meeting to the floor, and since no-one wished to speak, ordered the meeting suspended for the time necessary for the writing of the 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 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.