

# COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

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

## EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS

**JUNE 27, 2017**

### CONVOCAÇÃO

Stockholders are hereby called to an Extraordinary General Meeting of Stockholders to be held on June 27, 2017 at 11 a.m., at the company's head office, Av. Barbacena 1200, 21<sup>st</sup> floor, Belo Horizonte, Minas Gerais, Brazil to decide on the following matters:

- ratification of the limit for the Company's consolidated indebtedness specified in Subclause 'a' of §7 of Clause 11 of the Company's by-laws being exceeded in 2016, subject to an upper limit of 4.99 times the Company's Ebitda (profit before interest, taxes, depreciation and amortization); and
- ratification of the limit stated in Subclause 'd' of §7 of Clause 11 of the by-laws, for the consolidated total of funds allocated to capital investments in the year, being exceeded in 2016, subject to an upper limit of 1.87 times the Company's Ebitda.

#### 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, and of Paragraph 1 of Clause 9 of the Company's by-laws, by exhibiting at the time, or depositing, preferably by June 23, 2017, 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*) at Av. Barbacena 1200 – 19th Floor, B1 Wing, Belo Horizonte, Minas Gerais.

Belo Horizonte, May 22, 2017

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 JUNE 27, 2017**

Dear Stockholders:

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

– Whereas:

- a) Under §7 of Clause 11 of the by-laws, in the administration of the Company and in the exercise of the right to vote in subsidiaries, affiliated companies and consortia, the Board of Directors and the Executive Board are required faithfully to obey and comply with the following targets:
  - 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 (Net debt) / (Net debt + Stockholders’ equity) within an upper limit of 40%;
  - 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% of Ebitda;
- b) under §9 of Clause 11 of the by-laws, targets for 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: limited to 2.5 times Ebitda;
  - Consolidated (Net debt) / (Net debt + Stockholders’ equity): limited to a maximum of 50%.
- c) above these limits, including the case of limitation of Consolidated funds allocated to capital investment and acquisition of any assets in any business year to 40% of Ebitda, these targets may be exceeded upon prior justification and specific approval by the stockholders in a General Meeting of Stockholders;
- d) the Board of Directors submitted a proposal to the Extraordinary General Meeting of Stockholders to ratify:
  - the limit for the Company’s consolidated indebtedness specified in Subclause ‘a’ of §7 of Clause 11 of the Company’s by-laws being exceeded in 2016, subject to an upper limit of 4.12 times the Company’s Ebitda (profit before interest, taxes, depreciation and amortization);
  - the limit established in Subclause ‘b’ of §7 of Clause 11 of the by-laws for the consolidated ratio of (Net debt) / (Net debt + Stockholders’ equity) to be exceeded in 2016, subject to an upper limit of 52%; and
  - the limit stated in Subclause ‘d’ of §7 of Clause 11 of the by-laws for the consolidated amount of funds allocated to capital investment and acquisition of any assets in the business year to be exceeded, subject to an upper limit of 146% of Cemig’s Ebitda, as per CRCA (Board Spending Decision) 034/2016, of April 29, 2016;

e) on June 30, 2016, the Company held an Extraordinary General Meeting of Stockholders, which authorized that these limits should be exceeded, as follows:

| Indicators – Consolidated                    | 2016 | Value   |         |  |
|--|------|---------|---------|--|
| Net debt / Ebitda                            | 4.12 | <= 2.0  | <= 2.5  | Standard limit                               |
| Net Debt / (Net debt + Stockholders' equity) | 0.52 | <= 0.40 | <= 0.50 | Requires authorization by Board of Directors |
| Capex / Ebitda                               | 1.46 | <= 0.40 |         | Requires authorization by EGM or AGM         |

f) – however, the ratios that occurred in fact in 2016 are the following:

| Indicators – Consolidated | 2016 | Value   |        |  |
|---------------------------|------|---------|--------|--|
| Net debt / Ebitda         | 4.99 | <= 2.0  | <= 2.5 | Requires authorization by Board of Directors |
| Capex / Ebitda            | 1.87 | <= 0.40 |        | Requires authorization by EGM or AGM         |

– ***do now propose to you as follows:***

- ratification of the limit stated in Subclause ‘a’ of §7 of Clause 11 of the Company’s by-laws, for the Company’s consolidated indebtedness, being exceeded in 2016, with an upper limit of 4.99 times the Company’s Ebitda (profit before interest, taxes, depreciation and amortization); and
- ratification of the limit stated in Subclause ‘d’ of §7 of Clause 11 of the by-laws, for the consolidated total of funds allocated to capital investments in the year, being exceeded in 2016, with an upper limit of 1.87 times the Company’s Ebitda.

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, May 22, 2017

José Afonso Bicalho Beltrão da Silva  
 Bernardo Afonso Salomão de Alvarenga  
 Antônio Dirceu Araújo Xavier  
 Arcângelo Eustáquio Torres Queiroz  
 Bruno Magalhães Menicucci  
 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  
 Saulo Alves Pereira Junior