

COMPANHIA ENERGÉTICA DE MINAS GERAIS - CEMIG

CEMIG

CNPJ 17.155.730/0001

NOTICE TO STOCKHOLDERS

Board proposes R\$ 1bn capital increase

Cemig (*Companhia Energética De Minas Gerais*) (**‘Cemig’** or **‘the Company’**) hereby **informs** its stockholders and the market **as follows**:

On September 25, 2017 Cemig’s Board of Directors decided to submit to an Extraordinary General Meeting of Stockholders, to be held on October 26, 2017, a proposal to authorize an increase in the Company’s share capital by private subscription, with the following conditions and characteristics:

1. INCREASE IN THE COMPANY’S SHARE CAPITAL:

The proposed increase in the share capital is:

of up to	R\$ 1,000,000,000.00	(one billion Reais)
through issuance of up to	66,849,505	(sixty six million eight hundred forty nine thousand five hundred five) new nominal common shares
and up to	133,150,495	(one hundred thirty three million one hundred fifty thousand four hundred ninety five) new nominal preferred shares
each with nominal value of	R\$ 5.00	(five Reais),
for issue price per share of	R\$ 6.57	(six Reais and fifty seven centavos),
for both common and preferred shares		– ‘the Capital Increase’.

To result in the proportion between common and preferred shares remaining precisely the same as before the capital increase, the precise numbers of the shares in the increase will be

up to	199,910,947	(one hundred ninety nine million nine hundred ten thousand nine hundred forty seven) new shares,
in the proportion of up to	66,849,505	(sixty six million eight hundred forty nine thousand five hundred five) will be common shares
and up to	133,061,442	(one hundred thirty three million sixty one thousand four hundred forty two) will be preferred shares.

2. QUANTITIES, TYPES AND CHARACTERISTICS OF THE SHARES ISSUED:

The issue will be of up to 66,849,505 (sixty six million eight hundred forty nine thousand five hundred five) new common shares
 and up to 133,150,495 (one hundred thirty three million one hundred fifty thousand four hundred ninety five) new preferred shares
 each with nominal value of R\$ 5.00 (five Reais),
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 and up to 133,061,442 (one hundred thirty three million sixty one thousand four hundred forty two) will be preferred shares.

All the shares resulting from the said subscription will have the same rights enjoyed by the present shares in the Company of the same class, including such dividends and/or Interest on Equity as the Company may declare.

3. ISSUE PRICE PER SHARE:

The issue price (R\$ 6.57 per share) was set in accordance with the criteria established in Sub-item III of §1 of Article 170 of Law 6404/76, as amended by Law 9457/97, using as parameter the weighted average market price of the preferred shares in Brazil, on the São Paulo securities exchange ('B3') over the period May 4, 2017 to August 31, 2017 (120 days).

As to the establishment of a single issue price for the common and preferred shares, the Company reports that it complied with the recommendations of CVM Orientation Opinion 05/79, which considers the question at length and concludes that a difference is only admissible when the following two conditions are both present: difference in market prices, and "significant" liquidity.

4. REASONS FOR THE CAPITAL INCREASE:

Management believes that the Capital Increase will provide the Company with an increasingly robust capital structure and cash position, helping to reduce its financial leverage.

5. RIGHT OF FIRST REFUSAL:

The Capital Increase will take place through private subscription, with present shareholders having preference to participate in proportion to their current equity holdings, in the proportion of 15.887624200% of the number of shares of each type that they hold at the close of market on the day of the EGM (i.e. on October 26, 2017).

6. TRADING EX- THE RIGHT OF SUBSCRIPTION:

Shares in the Company acquired as from October 27, 2017, inclusive, will not have the right of preference in subscription to the Capital Increase, and as from that date shares in Company will be traded 'ex-' this right.

7. PAYMENT FOR SUBSCRIPTION OF SHARES:

Payment for subscription of the Shares subscribed in the Capital Increase will obey the rules and procedures of the bookkeeping bank, Itaú Unibanco S.A. ('Itaú'), and of the Assets Deposit Center of the São Paulo securities exchange (Brasil, Bolsa, Balcão – 'B3').

8. THE SUBSCRIPTION PREFERENCE PERIOD:

The proposed right of preference and subscription is to be exercised over the period October 30, 2017 through November 29, 2017 ('the Subscription Preference Period'), in the proportion of 15.887624200% of the number of shares, of each type, held by the subscribing stockholder at the close of market on the day of the EGM that decides on this subject, that is to say October 26, 2017. The shares subscribed must be paid up at sight, in cash.

9. PROCEDURE FOR SUBSCRIPTION OF SHARES:

Holders of common and preferred shares registered with Itaú, whose registration details with the bank are up to date, will receive pre-printed forms using which they may subscribe the issue, and also opt to subscribe leftover shares. They may sign and present these forms at any branch of Itaú, with corresponding payment or authorization for debit in current account. Stockholders who do not receive the printed material from Itaú and wish to exercise their right to subscribe the issue should visit any branch of Itaú.

Holders of shares deposited with the B3 exchange should exercise their rights through their custody agents (brokers), in accordance with the rules and deadlines specified by B3.

Within up to five business days after the date of the Extraordinary General Meeting of Stockholders to be held for the purpose of confirming and approving the said capital increase, the Company will announce the date for credit of the shares subscribed.

For further explanations in relation to subscription of the shares through Itaú, stockholders may contact the INVESTFONE investment center by phone, between 9 a.m. and 6 p.m. on business days:

From State Capital cities: 3003-9285; from other regions: 0800-720-9285.

Holders of shares deposited in the Assets Deposit Center of B3 must exercise their rights through their custody agents (brokers), and in accordance with the rules specified by the Assets Deposit Center, complying with the periods and conditions stated in this Notice to Stockholders.

10. ASSIGNMENT OF THE FIRST REFUSAL RIGHT:

Holders of shares in the company who wish to trade their rights of preference for the subscription may do so, within the Subscription Preference Period, subject to the rules, deadlines and practices of B3, and are reminded to act with the necessary prior timing for the subscription rights to be exercised within the said period.

Holders of shares issued by the Company and deposited at Itaú who wish to trade their first refusal rights may do so at one of the specialized branches of Itaú.

Holders whose shares are in custody at the Assets Deposit Center should contact their custody agents (brokers).

11. PROCEDURE FOR SUBSCRIPTION OF LEFTOVER SHARES:

Any stockholders who opt to subscribe leftover shares may do so, at the same price and on the same conditions, exclusively on the following dates:

1st apportionment: December 1-4, 2017, in proportion to the shares subscribed during the preference period;

2nd apportionment: December 6-7, 2017, in proportion to the shares subscribed in the preference period plus those subscribed in the first apportionment period.

Stockholders whose shares are registered with Itaú may use any branch of Itaú, and Stockholders whose shares are registered at the Assets Deposit Center of B3 should subscribe them through their custody agents (brokers).

If there are any shares not subscribed after these two rounds of allocation, the Company will sell the entire remaining balance of unsubscribed shares on a securities exchange, as optionally permitted by §7º of Article 171 of Law 6404/1976.

12. DILUTION:

The potential percentage dilution resulting from the issue is 13.704239283%, for both the common shares, and the preferred shares.

13. ADDITIONAL INFORMATION:

More detailed information on the capital increase may be obtained

- on the Company's Investor Relations website (<http://ri.cemig.com.br>),
- by phone on (+55-31) 3506-5024, or
- by e-mail on ri@cemig.com.br.

Belo Horizonte, September 29, 2017

Adézio de Almeida Lima
Chief Finance and Investor Relations Officer