

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

CNPJ 17.155.730/0001-64 – NIRE 31300040127

EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS

CONVOCAÇÃO

JANUARY 24, 2018

Stockholders are hereby called to an Extraordinary General Meeting of Stockholders to be held on January 24, 2018 at 3 p.m., at the company's head office, Av. Barbacena 1200, 21st floor, Belo Horizonte, Minas Gerais, Brazil, to decide on the following matters:

1. Extension of the present period of office of the members of the Board of Directors of Cemig until the Annual General Meeting to be held in 2019, so that the terminations of the periods of office of the members of the Boards of Directors of Cemig, Cemig D and Cemig GT will coincide.
2. Authorization for certain limits in the by-laws to be exceeded in 2018, as follows:
 - the limit set by Subclause 'a' of §7 of Clause 11 of the by-laws, for the ratio (Consolidated debt / Ebitda) to be exceeded but subject to an upper limit of 3.0 (Ebitda being defined as Profit before interest, taxes, depreciation and amortization);
 - the limit set by Subclause 'b' of §7 of Clause 11 of the by-laws for {Consolidated (Net debt) / (Net debt + Stockholders' equity)} to be exceeded subject to an upper limit of 45%; and
 - the limit set by 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 each business year to be exceeded subject to an upper limit of 43% of Ebitda (defined as Profit before interest, taxes, depreciation and amortization).

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 §1 of Clause 9 of the Company's by-laws, by exhibiting at the time, or depositing, preferably by January 22, 2018, 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 Office (*Superintendência da Secretaria Geral*) at Av. Barbacena 1200 – 12th Floor, B1 Wing, Belo Horizonte, Minas Gerais, Brazil.

Belo Horizonte, December 15, 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
JANUARY 24, 2018

Dear Stockholders:

– *Whereas:*

- a) it is the function of the stockholders to elect the members of the Board of Directors, and the period of office of those Managers is stated in the by-laws;
- b) changes to the by-laws are a matter that requires the decision of an Extraordinary General Meeting of Stockholders;
- c) the present period of office of the members of the Board of Directors of Cemig, as decided by the Ordinary (Annual) and Extraordinary General Meetings of Stockholders of 2016, terminates with the Annual General Meeting of 2018;

and

the present period of office of the members of the Boards of Directors of Cemig Distribuição S.A. (‘Cemig D’) and Cemig Geração e Transmissão S.A. (‘Cemig GT’), as per the Annual General Meeting of 2016, will terminate with the Annual General Meeting of 2019;

- d) Clause 12, §4 of the by-laws of Cemig provides as follows:

“ The Boards of Directors of the wholly-owned subsidiaries Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A. shall, obligatorily, be made up of the members and substitute members elected to the Board of Directors of the Company.”;

- e) Paragraph §1 of Clause 8 of the by-laws of Cemig D and Cemig GT states:

“ The members of the Board of Directors must, obligatorily, be the same members of the Board of Directors of the sole stockholder, Cemig.”;

- f) it is opportune at this moment to extend the period of office of the members of the Board of Directors of Cemig until the Annual General Meeting to be held in 2019, so that the terminations of the periods of office of the members of the Boards of Directors of Cemig, Cemig D and Cemig GT coincide;

g) 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 $\{(\text{Net debt}) / (\text{Net debt} + \text{Stockholders' equity})\}$ to a maximum of 40% (forty per cent); and
- to limit the consolidated amount of funds spent on capital investment and/or the acquisition of any assets, in each business year, to the equivalent of a maximum of 40% (forty per cent) of the Company's Ebitda (Earnings before interest, taxes, depreciation and amortization);

h) under Clause 11, Paragraph 9, of the by-laws the said 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 less than or equal to 2.5 times Ebitda (profit before interest, taxes, depreciation and amortization); and
- Consolidated $\{(\text{Net debt}) / (\text{Net debt} + \text{Stockholders' equity})\}$: maximum of 50%;

i) 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;

j) the proposal for the budget for 2018 will propose the indicators set out below, which are above the levels that can be approved by the Board of Directors:

Indicators – Consolidated	2018	Value		
		Standard limit	Authorization by Board of Directors	
Net debt / Ebitda	3.0	≤ 2.0	≤ 2.5	Standard limit
Net Debt / Net debt + Stockholders' equity	0.45	≤ 0.40	≤ 0.50	Authorization by Board of Directors
Capex / Ebitda	0.43	≤ 0.40		Authorization by EGM or AGM

– *The Board of Directors, by a majority of its members, hereby now proposes to you, the stockholders, as follows:*

1. Extension of the present period of office of the members of the Board of Directors of Cemig until the Annual General Meeting to be held in 2019, so that the terminations of the periods of office of the members of the Boards of Directors of Cemig, Cemig D and Cemig GT will coincide.
2. Authorization for certain limits in the by-laws to be exceeded in 2018, as follows:
 - the limit for the Company’s consolidated indebtedness specified in Subclause ‘a’ of §7 of Clause 11 of the Company’s by-laws to be exceeded subject to an upper limit of 3.0 times 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 subject to an upper limit of 45%; and
 - the limit in Subclause ‘d’ of Paragraph 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 with an upper limit of 43% of the Company’s Ebitda (profit before interest, taxes, depreciation and amortization).

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, December 15, 2017.

José Afonso Bicalho Beltrão da Silva	Helvécio Miranda Magalhães Junior
Marco Antônio de Rezende Teixeira	José Pais Rangel
Bernardo Afonso Salomão de Alvarenga	Marcelo Gasparino da Silva
Antônio Dirceu Araújo Xavier	Marco Antônio Soares da Cunha Castello Branco
Arcângelo Eustáquio Torres Queiroz	Nelson José Hubner Moreira
Daniel Alves Ferreira	Patrícia Gracindo Marques de Assis Bentes