

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

CNPJ 17.155.730/0001-64 – NIRE 31300040127

ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS CONVOCATION

Stockholders are hereby called to Ordinary (Annual) and Extraordinary General Meetings of Stockholders of **Companhia Energética de Minas Gerais – Cemig**, to be held, concurrently, on April 30, 2018 at 11 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 Examination, discussion and voting on the Report of Management and Financial Statements for the year ended December 31, 2017, and related complementary documents. (*AGM – ON Shares*)
- 2 Allocation of the Net profit for the business year 2017, in the amount of R\$ 1,000,954,000, and the balance of Retained earnings, of R\$ 46,981,000. (*AGM – ON Shares*)
- 3 Decision on the form and date of payment of the minimum mandatory dividend, in the amount of R\$ 500,477,000. (*AGM – ON Shares*)
- 4 Election of the sitting and substitute members of the Board of Directors, due to the completion of the current period of office. (*AGM – ON and PN shares*)
- 5 Election of the sitting and substitute members of the Audit Board, due to completion of their period of office. (*AGM – ON and PN shares*)
- 6 Decision on remuneration of Managers and members of the Audit Board. (*AGM – ON Shares*)
- 7 Orientation of votes of the Company's representative(s) at the Ordinary (Annual) and Extraordinary General Meetings of Stockholders of Cemig Distribuição S.A. to be held, concurrently, on April 30, 2018 at 1 p.m. (*EGM – ON Shares*)
- 8 Orientation of votes of the Company's representative(s) in the Ordinary (Annual) and Extraordinary General Meetings of Stockholders of Cemig Geração e Transmissão S.A., to be held, concurrently, on April 30, 2018 at 5 p.m. (*EGM – ON Shares*)

Notes: (1) Under Article 3 of CVM Instruction 165 of December 11, 1991, as amended by CVM Instruction 282 of June 26, 1998 and later amendments, adoption of the multiple voting system for election of members of the Company's Board of Directors requires the vote of stockholders representing a minimum of 5% (five per cent) of the voting stock.

(2) Any stockholder wishing to do so may exercise the right to vote using the remote voting system, under CVM Instruction 481/09, by sending the corresponding Remote Voting Statement (*Boletim de Voto à Distância*, or BVD), through the stockholder's custodian institution or mandated bank, or directly to the Company.

(3) Any stockholder wishing to be represented by proxy at the General Meetings of Stockholders should obey the precepts of Article 126 of Law 6406 of 1976, and of the sole paragraph of Clause 9 of the Company's by-laws, by exhibiting at the time, or depositing, preferably by April 26, 2018, 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, March 28, 2018.

(Signed) José Afonso Bicalho Beltrão da Silva
Chair of the Board of Directors



PROPOSAL
BY THE BOARD OF DIRECTORS
TO THE
ORDINARY AND EXTRAORDINARY
GENERAL MEETINGS OF STOCKHOLDERS
TO BE HELD ON APRIL 30, 2018

Dear Stockholders:

The Board of Directors of Companhia Energética de Minas Gerais - Cemig:

– whereas:

- a) under Article 192 of Law 6404/1976, as amended, and Clauses 27 to 31 of the by-laws, and in view of the Financial Statements for 2017, which report Net profit of R\$ 1,000,954,000 and a balance of Retained earnings of R\$ 46,981,000, arising from realization of the Reserve for Valuation adjustments to Stockholders' equity, it is the duty of the Board of Directors to make a proposal to the Annual General Meeting for allocation of the Company's net profit;
- b) of the net profit for the business year, under Clause 29 of the by-laws 50% is to be distributed as the mandatory minimum dividend;
- c) the preferred shares have preference in the event of reimbursement of capital and participate in profits on the same conditions as the common shares; and under Article 5 of the by-laws have the right to a minimum annual dividend equal to the greater of:
 - (a) 10% (ten per cent) of their nominal value, and
 - (b) 3% (three percent) of the value of the stockholders' equity corresponding to the shares;
- d) in the capital increase approved by the EGM of October 26, 2017 it was decided that the shares to be subscribed would have full rights to all benefits including any dividends or Interest on Equity that may be declared by the Company; the calculations of the minimum dividends proposed for distribution to the stockholders take into account full subscription of all of the new preferred shares originating from the capital increase, to be calculated finally at the time of the EGM called for ratification of that capital increase;
- e) using the above criterion, the preferred shares are entitled to a minimum dividend of R\$ 485,569,000;

- f) dividends are required to be distributed in the following order:
- 1) the minimum annual dividend guaranteed to the preferred shares; and
 - 2) the dividend for the common shares, up to a percentage equal to that guaranteed to the preferred shares, as per Clause 29 of the by-laws;
- g) Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A. are wholly-owned subsidiaries of Companhia Energética de Minas Gerais – Cemig and will both also hold Ordinary and Extraordinary General Meetings of Stockholders on April 30, 2018;
- h) orientation of votes to be cast by representatives of Cemig in General Meetings of Stockholders of Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A. is governed by Clause 21, §4, Sub-clause ‘g’ of the by-laws of Cemig:

“Clause 21 –

... §4 The following matters shall require a decision by the Executive Board:

- g) approval, upon proposal by the Chief Executive Officer, prepared jointly with the Chief Business Development Officer and the Chief Finance and Investor Relations Officer, of the statements of vote in the General Meetings of the wholly-owned and other subsidiaries, affiliated companies and in the consortia in which the Company participates, except in the case of the wholly-owned subsidiaries Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A., for which the competency to decide on these matters shall be that of the General Meeting of Stockholders, and decisions must obey the provisions of these by-laws, the decisions of the Board of Directors, the Long-term Strategic Plan and the Multi-year Strategic Implementation Plan;”;

– do now propose to you as follows:

- D) that the net profit for 2017, in the amount of R\$ 1,000,954,000, and the balance of Retained earnings, of R\$ 46,981,000, should be allocated as follows:
- a) R\$ 485,569,000 to payment of the mandatory minimum dividend to holders of preferred shares whose names are on the Company’s Nominal Share registry on the date on which the Ordinary (Annual) General Meeting is held;
 - b) R\$ 14,908,000 to payment of the mandatory minimum dividend to holders of common shares whose names are on the Company’s Nominal Share registry on the date on which the Ordinary (Annual) General Meeting is held;

- c) R\$ 546,746,000 to be held in Stockholders' equity in the Retained earnings reserve, to guarantee the Company's consolidated investments planned for the 2018 business year, in accordance with a capital budget; and
- d) R\$ 712,000 to be held in Stockholders' equity in the Tax incentives reserve, in reference to the tax incentive amounts obtained in 2017 as a result of the investments made in the region of Sudene (the Development Authority for the Northeast).

The payment of dividends will be made in a single tranche by December 30, 2018. The payment may be brought forward depending on availability of cash and at the discretion of the Executive Board.

Appendix I to this proposal is a demonstration of the calculation of the proposed dividends, and **Appendix II** states the capital budget.

- II)** That the representative(s) of the Company in the Ordinary and Extraordinary General Meetings of Stockholders of Cemig Distribuição S.A. and of Cemig Geração e Transmissão S.A., to be held on April 30, 2018, should vote in favor of the agenda.

As can be seen, the objective of this proposal is to meet the legitimate interests of the stockholders and of the Company, and for this reason it is the hope of the Board of Directors that it will be approved.

Belo Horizonte, March 28, 2018.

José Afonso Bicalho Beltrão da Silva
 José Pais Rangel
 Marcelo Gasparino da Silva
 Nelson José Hubner Moreira
 Agostinho Faria Cardoso
 Ricardo Wagner Righi de Toledo

Marco Antônio de Rezende Teixeira
 Antônio Dirceu Araújo Xavier
 Arcângelo Eustáquio Torres Queiroz
 Arlindo Magno de Oliveira
 Daniel Alves Ferreira
 Helvécio Miranda Magalhães Junior



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APPENDIX 1

PROPOSAL

BY THE BOARD OF DIRECTORS

TO THE ANNUAL GENERAL MEETING TO BE HELD BY APRIL 30, 2018

FOR ALLOCATION OF THE NET PROFIT FOR THE YEAR 2017

STATEMENT OF CALCULATION OF PROPOSED DIVIDENDS COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

Calculation of the minimum dividends proposed for distribution to shareholders for the year:

RS '000	Holding company	Holding company
	2017	2016
Calculation of Minimum Dividends required by the by-laws for the preferred shares		
Nominal value of the preferred shares already paid up	4,190,385	4,190,385
Nominal value of the preferred shares to be capitalized	665,307	-
	4,855,692	4,190,385
Percentage applied to the nominal value of the preferred shares	10.00%	10.00%
Amount of the dividends by the First payment criterion	485,569	419,039
Stockholders' equity	14,325,986	12,930,281
Preferred shares as a percentage of Equity (net of shares held in Treasury)	66.58%	66.58%
Portion of Equity represented by the preferred shares	9,538,241	8,608,981
Percentage applied to the portion of Equity represented by the shares	3.00%	3.00%
Amount of the dividends by the Second payment criterion	286,147	258,269
Minimum Dividends required by the By-laws for the preferred shares	485,569	419,039
Calculation of the minimum dividend under the by-laws based on the net profit for the period		
Mandatory dividend		
Net profit for the year	1,000,954	334,334
Mandatory dividend – 50% of net profit	500,477	167,167
Calculation of dividends to be distributed		Holding company
		2017
Additional dividends to ensure the minimum payment for the preferred shares		485,569
Dividends remaining for payment of the common shares		14,908
		500,477
Unit value of dividends – R\$		
Minimum dividends required by the by-laws for the preferred shares		0.50
Dividends for the common shares		0.03



Proposal for allocation of net profit
(in accordance with Appendix 9-1-II of CVM Instruction 481/2009)

1. State the net profit for the period.

R\$ 1,000,954,000

2. State the global amount, and the amount per share, of the dividends, including prepaid dividends and Interest on Equity.

Dividends of	R\$ 500,477,000,	
equivalent to	R\$ 0.030572902	per common share
and	R\$ 0.500288822	per preferred share.

The amounts take into account the Company's new share capital, presented for ratification to the EGM of April 23, 2018.

3. State the percentage of the net profit for the period that is to be distributed.

50.00%

4. State the global amount, and the amount per share, of any dividends distributed based on profit of prior years.

None. There is no decision for dividends based on any prior year.

5. State, net of interim dividends paid, and any Interest on Equity previously declared:

- a. Stated separately: the gross value of dividend and Interest on Equity, for each type and class of share.

Dividends	R\$ 14,908,000	for the ON shares
	R\$ 485,569,000	for the PN shares

- b. The form, and deadline, of payment of the dividends and Interest on Equity.

The payment of dividends will be made in a single tranche by December 30, 2018. The payment may be brought forward depending on availability of cash and at the discretion of the Executive Board.

The amounts will be:

ON shares –	R\$ 0.030572902	per share
PN shares –	R\$ 0.500288822	per share

- c. Any updating of, or interest accruing on, the dividends and Interest on Equity.

There is to be no updating.

- d. Date of stockholders' right to the payment of dividends and/or Interest on Equity.

April 30, 2018.

6. If there has been any declaration of dividends or Interest on Equity based on profits for a half year or shorter periods:

- a. State the amount of dividends and/or Interest on Equity previously declared.

Not applicable.

- b. State the date of the respective payment/s.

Not applicable.

7. Give a comparison table showing the amount for each type and class of share:

a. Net profit for the period and the three previous periods.

Business year	2017	2016	2015	2014
Net profit (R\$)	0.34	0.24	0.51	0.63

Notes: In each of the years 2014 and 2015, the amount per share for the PN shares is the same as the amount per share for the ON shares.

In 2016 the amount distributed was only for the preferred shares.

In 2017 the amount distributed for the common shares and the amount distributed for the preferred shares were different.

b. Dividends and Interest on Equity distributed in the three prior business years.

Business year	2016	2015	2014
Dividends (R\$)	0.24	0.34	0.45
Interest on Equity (R\$)	0.30	0.16	0.18
Total (R\$)	0.54	0.50	0.63

Note: In each of the years 2014 and 2015, the amount per share for the PN shares is the same as the amount per share for the ON shares. In 2016, only for the preferred shares.

8. If any part of profit was allocated to the 'legal reserve':

a. State the amount allocated to the legal reserve.

The Company did not deposit in the legal reserve in 2017 due to its having reached its legal limit.

b. State in detail the form of calculation of the Legal Reserve.

The Company did not deposit in the Legal Reserve in 2017 due to that reserve having reached its legal limit.

9. If the Company has any preferred shares carrying the right to fixed or minimum dividends:

a. Describe the form of calculation of the fixed or minimum dividend.

**Minimum dividend:
the greater of:**

- (a) 10% on the nominal values of the preferred shares or
- (b) 3% (three percent) of the value of the stockholders' equity corresponding to the shares.

Note: In the event of decision to distribute dividends higher than the minimum, the greater amount prevails.

- b. **State whether the profit for the year is sufficient to pay the whole of the fixed or minimum dividends.**
- c. Identify whether any portion not paid is cumulative.
Not applicable.
- d. Identify the global amount of the fixed or minimum dividends to be paid to each class of preferred shares.
R\$ 485,569,000 for the PN shares.
- e. Identify the fixed or minimum dividends to be paid, per preferred share of each class.
PN shares: R\$ 0.50028822 per share

10. In relation to the mandatory dividend:

- a. Describe the form of calculation specified in the by-laws.
50% of net profit.
- b. State whether it is being paid in full.
The mandatory dividend is being paid in full.
- c. State any amount retained.
Not applicable.

11. If there is retention of the mandatory dividend due to the Company's financial situation:

- a. State the amount retained.
Not applicable.
- b. Describe, in detail, the financial situation of the Company, dealing among other matters with the aspects of analysis of liquidity, working capital and positive cash flow.
Not applicable.
- c. Justify the retention of dividends.
Not applicable.

12. If there is allocation of profits for a reserve for contingencies:

- a. State the amount allocated to the reserve.
Not applicable.
- b. State the amount of loss assessed as being 'probable' and its cause.
Not applicable.

c. Explain why the loss was assessed as being ‘probable’.
Not applicable.

d. Justify the constitution of the reserve.
Not applicable.

13. If there is allocation of profits to a Future Earnings reserve:

a. State the amount allocated to the Future Earnings reserve.
Not applicable.

b. State the nature of the unrealized profits that gave rise to the reserve.

Not applicable.

14. If there is allocation of profit to one or more reserves specified in the by-laws:

a. Describe the clauses in the by-laws that establish the reserve.
Not applicable.

b. State the amount allocated to the reserve.
Not applicable.

c. Describe how the amount was calculated
Not applicable.

15. If there is retention of profits specified in a capital budget:

a. State the amount of the retention.
R\$ 1,472,556.

b. Provide a copy of the capital budget
See Appendix 2

16. If there is allocation of profit to a Tax Incentive reserve:

a. State the amount allocated to the reserve.
R\$ 712,000.

b. Explain the nature of the allocation.
Relates to the tax incentive amounts obtained in 2017 as a result of the investments made in the area of Sudene.



Appendix 2

CAPITAL BUDGET PROPOSAL BY MANAGEMENT TO THE ORDINARY ANNUAL GENERAL MEETING OF STOCKHOLDERS

TO BE HELD BY

APRIL 30, 2018

In accordance with Article 196 of the Corporate Law and Article 25, §1, Sub-item IV of CVM Instruction 480, we submit, for analysis, and approval of its submission to the Annual General Meeting of Stockholders to be held by April 30, 2018, the proposal for Consolidated Capital Budget for the year 2018, in thousands of Reais:

Investments planned for 2018	R\$ '000
The Distribution Development Plan (PDD)	1,051,699
Electricity generation system	158,132
Electricity transmission system	142,164
Injection of capital into subsidiaries and affiliates	167,164
Infrastructure and other	95,561
	<hr/> 1,472,556

Appendix 3

OPINION OF THE AUDIT BOARD

The undersigned members of the Audit Board of Companhia Energética de Minas Gerais – Cemig, in the performance of their duties under the law and under the by-laws, have examined the Proposal by the Board of Directors to the Ordinary and Extraordinary General Meetings of Stockholders to be held by April 30, 2018, that the net profit for 2017, in the amount of R\$ 1,000,954,000, and the balance of Retained earnings, of R\$ 46,981,000, should be allocated as follows:

- a) R\$ 485,569,000 to be allocated to payment of the minimum mandatory dividend to holders of preferred shares whose names are in the Company's Nominal Share Registry on the date of the AGM;
- b) R\$ 14,908,000 to payment of the minimum mandatory dividend to holders of common shares whose names are in the Company's Nominal Share Registry on the date of the AGM;
- c) R\$ 546,746,000 to be held in Stockholders' equity in the Retained earnings reserve, to provide funding for the Company's planned investments for 2018, in accordance with a capital budget; and
- d) R\$ 712,000 to be held in Stockholders' equity in the Tax incentives reserve, for tax incentive gains obtained in 2017 as a result of investments in the region of Sudene;

– the payment of dividends to be made in a single tranche by December 30, 2018, and able to be brought forward depending on availability of cash and at the discretion of the Executive Board.

The members of the Audit Board, after carefully analyzing the said proposal and further taking into account that the applicable rules have been complied with, are of the opinion that the proposal should be approved by the said General Meetings.

Belo Horizonte, March 28, 2018.

Signed: Edson Moura Soares
Camila Nunes da Cunha Pereira Paulino
Manuel Jeremias Leite Caldas
Rodrigo de Mesquita Pereira

Appendix 4

OPINION OF THE AUDIT BOARD

The members of the Audit Board of Companhia Energética de Minas Gerais – Cemig, undersigned, in performance of their duties under the law and the by-laws, have examined the Report of Management and the Financial Statements for 2017, and the related complementary documents. After verifying that these documents reflect the economic and financial situation of the Company, and considering also the explanations provided by the representatives of the Company's management and of its external auditors, the members of the Audit Board are unanimously in favor of their approval by the Ordinary and Extraordinary General Meetings of Stockholders to be held, concurrently, in 2018,

Belo Horizonte, March 28, 2018.

Signed: Edson Moura Soares
 Camila Nunes da Cunha Pereira Paulino
 Manuel Jeremias Leite Caldas
 Rodrigo de Mesquita Pereira

Appendix 5

CVM Instruction 481 of 2009

13.1 - Description of the remuneration policy or practice, including that of any non-statutory Board of Directors

a. objectives of remuneration policy or practice

The principal objective of the Company's remuneration policy is to establish a system of remuneration of the management that helps to align the interests of the managers with those of the stockholders.

As determined by the by-laws, the global or individual amount of the remuneration of the Executive Board(s), the Board of Directors, and the Audit Board is decided by the General Meeting of Stockholders.

For the purposes of remuneration on payroll, of the Board of Directors, there is no differentiation of payment for participating in committees.

b. Composition of the remuneration, indicating:

i. Description of the elements of the remuneration and of the objectives of each one of them

1. Executive Board

The Ordinary and Extraordinary General Meetings of Stockholders of the Company, held concurrently, on May 12, 2017, approved the following criteria for payment of fees of the Executive Board, maintaining the other items unchanged: Health insurance for the Chief Officers, to be contracted at the same level of the Health Plan in effect for the employees of the Company. The monthly compensation of the Chief Executive Officer was changed to

R\$ 80,000.00 (eighty thousand Reais)

and the remuneration of the other Chief Officers, individually, to the amount of

R\$ 65,000.00 (sixty five thousand Reais),

with the amounts earned by the Chief Officers for paid leave, bonuses and other benefits being, in consequence, adjusted in the same proportion.

The Chief Officers of the Company receive a fixed remuneration, comprising a salary or *pro-labore* and direct benefits, and a variable compensation, represented by a share in the Company's profits.

As determined by the Company's by-laws, the global or individual amount of the remuneration of the Executive Board, including benefits of any type, is decided by the General Meeting of Stockholders in accordance with the legislation from time to time in force. The Chief Officers also have the right to an annual leave, for a period of not more than 30 (thirty) days, non-cumulative,

during which they have the right to a remuneration equivalent to their monthly remuneration plus one-third.

The Company gives its Chief Officers the following direct benefits:

- (i) Monthly, on the 25th of each month or on the first prior business day, an amount equivalent to the meal ticket vouchers established for the employees in the Collective Work Agreement, for the subsequent month, in electronic form, based on the co-participation in accordance with the salary bands.
- (ii) Optional inscription in a group life insurance policy entirely paid for by the Company.
- (iii) Coverage by health plan and dental plan, optionally, paid entirely by the Company (in the case of special dependents, the amount is paid totally by the Chief Officer). Also, the Company gives the Chief Officer participation in a private pension plan (post-retirement), optionally, partially paid for by the Chief Officer him/herself and partially paid for by the Company, in equal proportions.

The other components of the remuneration of the Chief Officers are: An annual bonus of one monthly salary, payments related to paid leave, contribution of the company to the National Social Security Institute ('INSS') and payment of the FGTS (Workers' Time of Service Guarantee Fund) on the salary and profit shares received.

The variable remuneration for the Executive Board consists of profit shares, following the same criteria established in a Specific Collective Agreement of the Company and related to the Company's profits, with checking against targets established by the Board of Directors.

The purpose of the salary or *pro-labore* of the Executive Board is to compensate the time dedicated to the performance of their functions and to their extraordinary contributions to the company, and is established based on an assessment of their duties and responsibilities and of the value of their services in the market.

The purpose of concession of direct benefit is to make the remuneration package more attractive, complementing the legal fees and benefits of the Chief Officers, functioning as a motivational strategy tool in relation to the managers, since the required payments normally charged on employees under payroll do not apply to the amount paid.

The profit shares aim to motivate the members of the Executive Board to an effective participation in the conduct of the business, through a compensation linked to the performance of the organization.

The Company pays the monthly contribution to the FGTS of the Chief Officers, as an act merely of generosity.

2. Board of Directors

The members of the Board of Directors receive a remuneration divided into a fixed part, comprising (a) salary or *pro-labore* and direct benefits, and (b) a variable part, comprising amount corresponding to attendance at meetings.

The stockholders at the Ordinary (Annual) and Extraordinary General Meetings ('AGM/EGM') held on May 12, 2017, decided that the remuneration of each one of the sitting members of the Board of Directors (with the exception of any members who also hold positions of Chief Officer, and subject to the condition relating to the payment of the *jeton* mentioned below) would be as follows:

(a) for the Chairman of the Board of Directors, 30% (thirty per cent) of the remuneration of the Chief Executive Officer, that is to say it would be

R\$ 24,000.00 (twenty four thousand Reais)

and (b) for the other sitting members of the Board of Directors it would be 30% (thirty per cent) of the average monthly remuneration of a Chief Officer of the Company, that is to say it would be

R\$ 19,909.09 (nineteen thousand, nine hundred nine Reais and 9 centavos);

- and also decided (c) that the monthly remuneration of each one of the substitute members of the Board of Directors (which include Board members who participate in committees, including the Support Committee – with the exception of any Board member who also holds a position of Chief Officer, and subject to the condition in relation to the payment of the *jeton* mentioned below) – should be equivalent to 80% (eighty per cent) of the monthly remuneration of a sitting member of the Board of Directors who is not its chair, that is to say, it should be

R\$ 15,927.27 (fifteen thousand nine hundred twenty seven Reais and 27 centavos).

The sitting and substitute members of the Board of Directors shall receive (80%) eighty per cent of the monthly remuneration stipulated, the rest being divided into *jetons* paid to the sitting or substitute members present at meetings. If there is more than one meeting in the month, the *jeton* will be divided proportionately between the number of meetings held in the month; if there is no meeting in the month, the sitting member and the substitute member will receive the total amount of the monthly remuneration.

The substitute members of the Board of Directors who take part in meetings of the Board of Directors as replacement for their sitting member – except those board members who hold positions of Chief Officer – should receive only the remuneration described above for the substitute members of the Board of Directors, even though they are replacing sitting members in meetings.

The other components of the remuneration of the members of the Board of Directors are the company's contributions to the INSS on (a) salary and (b) attendance at meetings. As direct benefits, the Company offers the members of the Board of Directors, sitting and substitute, resident in other municipalities than that of the Company's head office, reimbursement of expenses on accommodation and travel (within Brazil) such as are necessary for their attendance at meetings and for carrying out their functions or when invited by the CEO to a meeting at the Company, and shall also receive, as cost support for travel, R\$ 800 for each trip. Also, the Company gives members of the Board of Directors inscription into a joint life assurance policy, optionally, which is paid for entirely by the Company and also participation in the private pension plan (post-retirement), also

optional, partially paid for by the Member him/herself and partially paid for by the Company, in equal proportions.

The fixed remuneration and other components of the remuneration (company's INSS contribution) aimed to compensate the members of the Board of Directors for the time dedicated to performance of their functions and their contributions to the company, established based on the evaluation of their duties and responsibilities, also making possible, in counterpart, demand for performance by each one of its members, by the chair of the Board of Directors.

The remuneration for attending meetings aims to motivate attendance of members at the meetings that are called, contributing to an effective participation in the conduct of the business and effective performance of their functions.

3. The Audit Board

The members of the Audit Board receive only one fixed remuneration, comprising salary or *pro-labore* and direct benefits.

In the AGM/EGM of May 12, 2017 it was established that the remuneration of members of the Audit Board was fixed at 20% (twenty per cent) of that which, on average, is attributed to each Chief Officer of the Company, that is to say, it is

R\$ 13,272.73 (thirteen thousand, two hundred sixty two Reais and 73 centavos);

and that the monthly remuneration of each substitute member of the Audit Board shall be equivalent to 80% (eighty per cent) of the monthly remuneration of a sitting member, that is to say, it shall be

R\$ 10,618.18 (ten thousand, six hundred eighteen Reais and 18 centavos)

– excluding, in both cases, such benefits as are added by legislation.

The Company also offers, as direct benefits to the sitting and substitute members of the Audit Board who are resident in other municipalities than that of the head office of the Company, reimbursement of expenses for accommodation and travel (inside Brazil), between the municipality where they live and that of the Company's head office, such as are necessary for attending meetings and performance of their functions, or when invited by the Chief Executive Officer to a meeting of the Company, and also that they shall receive, as a payment for assistance with cost, the amount of eight hundred Reais per trip. Also, the Company gives members of the Audit Board membership of a Group Life Insurance Policy, optionally, paid for entirely by the company.

The other components of the remuneration of the Members of the Audit Board include the contribution of the company to the INSS on the salary received. The salary or pro-labore of the members of the Audit Board aims to compensate the time dedicated to the performance of their functions and their contributions to the company, established based on the evaluation of their duties and responsibilities, also making possible, in counterpart, demand for performance by each one of their members.

The direct benefits aim to pay for expenses of travel and meals of the members of the Audit Board who are resident in other municipalities than that of the head office of the Company, and also to provide the option for inscription in the Group Life Insurance Policy.

d) Committees of the Board of Directors.

The committees of the Board of Directors are made up only of sitting or substitute members of the Board of Directors, and there is no direct or indirect remuneration or benefit additionally paid for participation in the meetings of their committees.

ii. **For the last three business years, what is the proportion of each element in the total remuneration?**

a) 2017

Board of Directors

Element	Percentage of the Total Remuneration
Salary or Pro-labore	63.78%
Direct Benefits	1.26%
Others	16.02%
Remuneration for attendance at meetings	15.94%
Profit shares	0.00
Post-retirement	2.99%

* 'Others' refers to the INSS.

Executive Board

Element	Percentage of the Total Remuneration
Salary or Pro-labore	52.96%
Direct Benefits	15.09%
Others	20.48%
Profit shares	2.90%
Post-retirement	8.58%

* 'Others' refers to the INSS and the FGTS.

Audit Board

Element	Percentage of the Total Remuneration
Salary or Pro-labore	81.72%
Direct Benefits	1.93%
Others	16.35%

* 'Others' refers to the INSS.

b) 2016

Board of Directors

Element	Percentage of the Total Remuneration
Salary or Pro-labore	64.10%
Direct Benefits	1.53%
Others	16.06%
Remuneration for attending meetings	16.03%
Profit shares	0.00
Post-retirement	2.29%

* 'Others' refers to the INSS.

Executive Board

Element	Percentage of the Total Remuneration
Salary or Pro-labore	50.14%
Direct Benefits	17.28%
Others	20.57%
Profit shares	3.94%
Post-retirement	8.07%

* 'Others' refers to the INSS and the FGTS.

Audit Board

Element	Percentage of the Total Remuneration
Salary or Pro-labore	81.47%
Direct Benefits	2.24%
Others	16.30%

* 'Others' refers to the INSS.

c) 2015

Board of Directors

Element	Percentage of the Total Remuneration
Salary or Pro-labore	39.12%
Direct Benefits	4.97%
Others	15.68%
Remuneration for attending meetings	39.12%
Profit shares	0.00
Post-retirement	1.11%

* 'Others' refers to the INSS.

Executive Board

Element	Percentage of the Total Remuneration
Salary or Pro-labore	37.90%
Direct Benefits	13.24%
Others	28.33%
Profit shares	14.05%
Post-retirement	6.49%

* 'Others' refers to the INSS and the FGTS.

Audit Board

Element	Percentage of the Total Remuneration
Salary or Pro-labore	76.80%
Direct Benefits	7.80%
Others	15.40%

* 'Others' refers to the INSS.

As from 2015, members of the Support Committee do not receive differentiated fees (they receive remuneration normally as members of the Board of Directors).

iii. Methodology of calculation and adjustment of each one of the elements of the remuneration.

The amounts of the remuneration paid by the Company to its managers are established in a General Meeting of Stockholders.

There is no methodology of adjustment established for the remuneration paid by the Company to its managers.

iv. Reasons that justify the composition of the remuneration.

The composition of the remuneration and its adjustments are solely and exclusively justified by a proposal made by the majority stockholder, the State of Minas Gerais, approved in the annual Ordinary and Extraordinary General Meetings of Stockholders.

v. Existence of any members not remunerated by the issue, and the reason for this.

All the members of the Executive Boards, the Board of Directors and the Audit Board are remunerated by the Company. Members of the Committees of the Board of Directors do not receive additional remuneration because they are already remunerated as members of the Board of Directors.

c. Main indicators or performance that are taken into consideration in the determination of each element of the remuneration.

The Board of Directors has defined a basket with the following corporate indicators, associated to specific targets, which translate their expectations for the business.

- Average outage time per consumer – DEC
- Consolidated net profit of the Company
- Consolidated Ebitda of the Company
- Compliance with budgeted PMSO
- Prudence in the Investments of Distribution
- % of tariff coverage of Cemig D (IRCO)

d. How is the remuneration structured to reflect the results of the performance indicators?

The variable remuneration ('PLR') of the Managers is linked to the Company's indicators of results / profit. The weighting of the profit in these indicators for the members of the Executive Board is 70%. Further, a basket of specific indicators has been defined which translates the specific contribution of each Chief Officer to the business, with weighting of 30%. Since 2012, the PLR paid to the Chief Officer is conditioned to the scope of individual corporate targets established by the Board of Directors in accordance with the Company's strategy.

e. How is the policy or practice of remuneration aligned to the issuer's interests in short, medium and long term?

The Company's remuneration policy incorporates elements of alignment to the interests of the Company in short, medium and long term. Further, the Company has in its by-laws the express obligation to maintain certain financial indicators within numerical limits denoting its financial health. These limits were defined in the Company's Master Plan, as a way of guaranteeing to stockholders that the investments for the expansion of the company will be carried out in a way that preserves its sustainability.

These limits include the following:

- Debt / Ebitda 2 or less
- and
- (Net debt) / (Stockholders' equity + Net debt) 40% or less.

The short-term results, that is to say the annual results, are aligned with the Company's remuneration policy in relation to the payment of the Profit Share, linked to Consolidated net profit and compliance with the budgeted PMSO. In this case, the Company's results during the year will define the amount to be attributed to each manager who is a member of the Executive Board.

Alignment in the medium and long term is the result of the element 'consistency' in meeting the corporate targets relating to the principal indicators, with emphasis on the indicator Prudence in the Investments of Distribution, the aim of which is to evaluate and diagnose the Company's

investments, and also to define and coordinate the implementation of the alteration of the internal processes, so as to ensure compliance with the criteria of prudence established by the regulator (Aneel) in relation to present and future regulation.

This attention to the corporate target shows the Company's caution in managing its investments with safety and intelligent care, with a view to, at each tariff cycle, improvement of the quality of the service with the resources stipulated by the regulator, matching the remuneration of the managers to this financial/strategic indicator.

f. Existence of remuneration paid by subsidiaries, controlled companies or directly or indirectly controlled entities.

There is no remuneration paid by subsidiaries of the Company, or by their direct or indirect controlling parties or by companies under joint control, that has been attributed to members of the Board of Directors, the Executive Board or the Audit Board, as a function of exercise of any position within the Company itself.

g. Existence of any remuneration or benefit linked to the occurrence of any corporate event, such as sale of stockholding control of the issuer.

There is no remuneration or benefit linked to the occurrence of any given corporate event, such as disposal of the stockholding control of the Company.

13.2 - Total remuneration specified for the current business year to Dec. 31, 2018 - annual amounts

2018	Board of Directors	Executive Board	Audit Board	Total
Total number of members ¹	30.00	11.00	10.00	51.00
Number of remunerated members ²	28.00	11.00	10.00	49.00
Fixed annual remuneration (R\$)				
Salary or pro-labore	4,855,679.52	8,760,000.00	1,433,454.60	15,049,134.12
Direct and indirect benefits	99,499.68	2,011,208.38	35,535.60	2,146,243.66

Participation in committees	--	--	--	--
Others	776,908.72	2,626,719.25	286,690.92	3,690,318.89
Description of other fixed remunerations	Company INSS contribution	Company INSS contribution and FGTS	Company INSS contribution	--
Variable remuneration (R\$)				
Bonus	--	--	--	--
Profit shares	--	621,140.19	--	621,140.19
Attendance at meetings	1,213,919.88	--	--	1,213,919.88
Commissions	--	--	--	--
Others	194,227.18	--	--	194,227.18
Description of other variable remunerations	Company INSS contribution	--	--	--
Post-retirement (R\$)	274,014.58	1,348,928.53	--	1,622,943.11
Cessation of position	--	--	--	--
Share-based (including options)	--	--	--	--
Remarks	1) Forecast calculated considering the remuneration criteria of the most recent minutes - AGM/EGM of 2017. For 2017, with alteration in the amount of the life insurance, an increase is expected in the amount of the	1) Forecast calculated considering the criteria of remuneration of the last minutes of AGM/EGM, of 2017. Forecast for profit share assumed maximum target and payment of proportional profit share to directors	1) Forecast calculated using the criteria for remuneration of the last AGM/EGM, of 2017. 2) Number of members was calculated using the annual average of the number of members,	--

	<p>direct and indirect benefits.</p> <p>2) Total number of members as per AGM/EGM held on May 12, 2017 who are sitting and substitute members remunerated by 80% fixed portion plus 20% portion proportional to attending meetings. Except for those holding positions of Executive Officer (member of Executive Board).</p> <p>3) Number of members was calculated using the annual average of number of members, ascertained monthly.</p> <p>4) Composition of the direct and indirect benefits: life insurance</p> <p>5) The number, 28, of remunerated members is equivalent to the total of members of the Board of Directors (15 sitting members and 15 substitute members) excluding the CEO and Chief Generation and Transmission Officer who, as specified by the AGM/EGM of May 12, 2017, are remunerated only for the position of Chief Officer.</p>	<p>who were relieved of positions in 2017. For INSS and FGTS (others) the amounts resulting from payments in accordance with the criteria of remuneration from the most recent AGM/EGM of 2017, and forecast of profit share, were used.</p> <p>2) Number of members considering the total number of Chief Officer's departments.</p> <p>3) Composition of the direct and indirect benefits: Health plan, dental plan, life insurance, meal vouchers, bonuses and payments relating to paid leave plus 1/3 of Leave, and home rent assistance for federal government employees seconded to the Company. For 2017, with alteration in the amount of the life insurance, an increase is expected in the amount of the direct and indirect benefits.</p> <p>4) Number of members was calculated using the annual average of number of members, calculated monthly.</p>	<p>ascertained monthly.</p> <p>3) Composition of the direct and indirect benefits: life insurance. For 2017, with alteration in the amount of the life insurance, an increase is expected in the amount of the direct and indirect benefits.</p>	
Total of the remuneration (R\$)	7,414,249.56	15,367,996.35	1,755,681.12	24,537,927.03

Total remuneration for the current Business Year ended Dec. 31, 2017 - annual amounts

2017	Board of Directors	Executive Board	Audit Board	Total
Total number of members	30.00	11.00	10.00	51.00
Total number of remunerated members	25.00	9.17	9.75	43.92
Annual fixed remuneration (R\$)				
Salary or pro-labore	3,717,862.93	6,484,108.94	1,246,796.89	11,448,768.76
Direct and indirect benefits	73,565.98	1,847,753.74	29,522.60	1,950,842.32
Participation in committees	--	--	--	--
Others	747,284.12	2,507,156.46	249,414.78	3,503,855.36
Description of other fixed remunerations	Company INSS contribution	Company INSS contribution and FGTS	Company INSS contribution	--
Variable remuneration (R\$)				
Bonus	--	--	--	--
Profit shares	--	354,466.27	--	354,466.27
Attendance at meetings	929,465.73	--	--	929,465.73
Commissions	--	--	--	--
Others	186,821.03	--	--	186,821.03
Description of other variable remunerations	Company INSS contribution	--	--	--
Post-retirement	174,486.63	1,050,113.65	--	1,224,600.28
Cessation of position	--	--	--	--
Share-based (including	--	--	--	--

options)

Remarks

1) Any differences between the amounts realized in 2017 and the proposal refers to the approval of the index for adjustment of the pro-labore which took place in 2017, as per AGM/EGM of May 12, 2017, with consequent increase in the payments to the INSS. There were also people relieved of positions in 2017.

2) Total number of members as per AGM/EGM of May 12, 2017, comprising sitting and substitute members remunerated by 80% fixed amount plus 20% portion proportional to attendance at meetings; fee of the Chair of the Board of Directors is distinct from the others.

3) Composition of the direct and indirect benefits: life insurance.

4) The number, 28, of remunerated members is equivalent to the total of members of the Board of Directors (15 sitting members and 15 substitute members) excluding the CEO and Chief Generation and Transmission Officer who, as

1) Any differences between the amounts realized in 2017 and the proposed amounts relates to people being relieved of positions in the year. There was an approval of an adjustment index for the pro-labore which took place in 2017, as per AGM/EGM of May 12, 2017, with consequent increase in the payments to INSS and FGTS ('others') and private pension plan - (post-retirement). Further, the amounts of the meal vouchers and health plan and dental plan were adjusted, while the amounts for home rental assistance and housemoving assistance for federal employees seconded to the Company (benefits) were maintained. The Company's life insurance was adjusted to a higher value as from November 2017. The amount of 2016 profit shares was paid in the first half of the year considering the targets ascertained (the amount specified assumed the maximum limit possible); in 2017 there was no advance payment against profit shares in the second half

1) Any differences between the amounts realized in 2017 and the proposed amounts refer to the approval of the adjustment index for the pro-labore also in 2017, as per AGM/EGM of May 12, 2017, with consequent increase in the amount paid to the INSS (others). The Company's life insurance was adjusted to a higher value as from November 2017 (Benefits).

2) Number of members remunerated was calculated using the annual average of the number of members, taken monthly.

3) Composition of the direct and indirect benefits: Life insurance

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specified by the AGM/EGM of May 12, 2017, are remunerated only for the position of Chief Officer. (in recent years there has been a trend to reduction of the amount distributed).

4) Number of members remunerated was calculated using the annual average number of members, from monthly data. 2) Number of members equivalent to the total of the Chief Officers' Departments.

3) Number of members remunerated was calculated using the annual average of the number of members, taken monthly (there were some dismissals and appointments in 2017 and in some cases one person held more than two appointments).

4) Composition of the direct and indirect benefits: Health plan, dental plan, life insurance, meal vouchers, bonuses and payments related to the Paid leave plus 1/3 of Leave, and home rental assistance for federal government employees seconded to the Company.

Total of the remuneration (R\$)

	5,829,486.42	12,243,599.06	1,525,734.27	19,598,819.75
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2017	Board of Directors	Executive Board	Audit Board	Total
Total number of members	30.00	11.00	10.00	51.00
Total number of remunerated members	25.00	9.17	9.75	43.92
Annual fixed remuneration (R\$)				
Salary or pro-labore	3,717,862.93	6,484,108.94	1,246,796.89	11,448,768.76
Direct and indirect benefits	73,565.98	1,847,753.74	29,522.60	1,950,842.32
Participation in committees	--	--	--	--
Others	747,284.,12	2,507,156.,46	249,414.,78	3,503,855.,36
Description of other fixed remunerations	Company INSS contribution	Company INSS contribution and FGTS	Company INSS contribution	--
Variable remuneration (R\$)				
Bonus	--	--	--	--
Profit shares	--	354,466.,27	--	354,466.,27
Attendance at meetings	929,465.,73	--	--	929,465.,73
Commissions	--	--	--	--
Others	186,821.,03	--	--	186,821.,03
Description of other variable remunerations	Company INSS contribution	--	--	--
Post-retirement	174,486.63	1,050,113.65	--	1,224,600.28
Cessation of position	--	--	--	--
Share-based (including	--	--	--	--

options)

Remarks

1) Any differences between the amounts realized in 2017 and the proposal refer to the approval of the index for adjustment of the pro-labore which took place in 2017, as per AGM/EGM of May 12, 2017, with consequent increase in the payments to the INSS. There were also people relieved of positions in 2017.

2) Total number of members as per AGM/EGM of May 12, 2017, comprising sitting and substitute members remunerated by 80% fixed amount plus 20% portion proportional to attendance at meetings; fee of the Chair of the Board of Directors is distinct from the others.

3) Composition of the direct and indirect benefits: life insurance.

4) The number, 28, of remunerated members is equivalent to the total of members of the Board of Directors (15 sitting members and 15 substitute members) excluding the CEO and Chief Generation and Transmission Officer who, as

1) Any differences between the amounts realized in 2017 and the proposed amounts relates to people being relieved of positions in the year. There was an approval of an adjustment index for the pro-labore which took place in 2017, as per AGM/EGM of May 12, 2017, with consequent increase in the payments to INSS and FGTS ('others') and private pension plan - (post-retirement). Further, the amounts of the meal vouchers and health plan and dental plan were adjusted, while the amounts for home rental assistance and housemoving assistance for federal employees seconded to the Company (benefits) were maintained. The Company's life insurance was adjusted to a higher value as from November 2017. The amount of 2016 profit shares was paid in the first half of the year considering the targets ascertained (the amount specified assumed the maximum limit possible); in 2017 there was no advance payment against profit shares in the second half

1) Any differences between the amounts realized in 2017 and the proposed amounts refer to the approval of the adjustment index for the pro-labore also in 2017, as per AGM/EGM of May 12, 2017, with consequent increase in the amount paid to the INSS (others). The Company's life insurance was adjusted to a higher value as from November 2017 (Benefits).

2) Number of members remunerated was calculated using the annual average of the number of members, taken monthly.

3) Composition of the direct and indirect benefits: Life insurance

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	<p>specified by the AGM/EGM of May 12, 2017, are remunerated only for the position of Chief Officer.</p>	<p>(in recent years there has been a trend to reduction of the amount distributed).</p>		
	<p>4) Number of members remunerated was calculated using the annual average number of members, from monthly data.</p>	<p>2) Number of members equivalent to the total of the Chief Officer's Departments</p>		
		<p>3) Number of members remunerated was calculated using the annual average of the number of members, taken monthly (there were some dismissals and appointments in 2017 and in some cases one person held more than two appointments, on an interim basis).</p>		
		<p>4) Composition of the direct and indirect benefits: Health plan, dental plan, life insurance, meal vouchers, bonuses and payments related to the Paid leave plus 1/3 of Leave, and home rental assistance for federal government employees seconded to the Company.</p>		
<p>Total of the remuneration (R\$)</p>	<p>5,829,486.42</p>	<p>12,243,599.06</p>	<p>1,525,734.27</p>	<p>19,598,819.75</p>

Total remuneration for the business year ended Dec. 31, 2016 - annual amounts

2016	Board of Directors	Executive Board	Audit Board	Total
Total number of members	30.00	11.00	10.00	51.00
Total number of remunerated members	28.17	10.33	10.00	48.50
Annual fixed remuneration (R\$)				
Salary or pro-labore	2,927,539.30	5,272,363.09	970,008.31	9,169,910.70
Direct and indirect benefits	69,684.00	1,816,905.43	26,620.00	1,913,209.43
Participation in committees	--	--	--	--
Others	586,718.31	2,162,610.67	194,020.19	2,943,349.17
Description of other fixed remunerations	Company INSS contribution	Company INSS contribution and FGTS	Company INSS contribution	--
Variable remuneration (R\$)				
Bonus	--	--	--	--
Profit shares	--	414,476.71	--	414,476.71
Attendance at meetings	731,884.83	--	--	731,884.83
Commissions	--	--	--	--
Others	146,679.58	--	--	146,679.58
Description of other variable remunerations	Company INSS contribution	--	--	--
Post-retirement (R\$)	104,507.01	848,815.44	--	953,322.45
Cessation of position	--	--	--	--

Share-based (including options)	--	--	--	--
Remarks	<p>1) Any difference between what was actually realized in 2016 and the proposal refer to the alteration, as per AGM/EGM of April 29, 2016, in the criteria for remuneration of sitting substitute members, which as from May 2016 became 80% fixed amount plus 20% amount proportional to attending meetings, and also the amount of fees for the Chair of the Board of Directors became different from that of the others. With consequent increase in the amounts paid to the INSS (others) and private pension plan (post-retirement). As well as life insurance in the Company (Benefits) having been adjusted to a lower value.</p> <p>2) Total number of members as per AGM/EGM of April 29, 2016; sitting and substitute members remunerated by 80% fixed amount plus 20% portion</p>	<p>1) Any difference between what was realized in 2016 and the proposal relates to non-consideration of the discount on payroll of the fees of amounts reimbursed by the Company to federal bodies for seconded federal employees, since with this, the total disbursement on remuneration is effectively by Cemig. There was also approval in 2016 of an adjustment index to the pro-labore, with consequent increase in the payments to the INSS and FGTS (others) and private pension plan (post-retirement). Further, the amounts of the meal vouchers and health and dental plans were adjusted, while the amounts for home rental assistance and housemoving assistance for federal employees seconded to the Company (benefits) were maintained. The Company's life insurance was</p>	<p>1) Any differences between what was in fact realized in 2016 and the proposed amounts refer to the approval of the adjustment index for the pro-labore also in 2016, with consequent increase in the amount paid to the INSS (others). The Company's life insurance was adjusted to a lower value (Benefits).</p> <p>2) Number of members remunerated was calculated using the annual average of the number of members, taken monthly.</p> <p>3) Composition of the direct and indirect benefits: Life insurance</p>	--

- | | |
|--|---|
| <p>proportional to attending meetings.</p> <p>3) Composition of the direct and indirect benefits: - life insurance</p> <p>4) The number of 28 members remunerated is equivalent to the total of members of the Board of Directors (15 sitting members and 15 substitute members) excluding the CEO and the Chief Generation and Transmission Officer who, as per AGM/EGM of April 29, 2016, are remunerated only for the position of Chief Officer.</p> <p>5) Number of members was calculated using the annual average of number of members, ascertained monthly.</p> | <p>adjusted to a lower value. The amount of the Profit Shares in 2015 was paid in the first half based on the target ascertained (amount calculated considered the maximum possible limit), and in 2016 there was no advance on profit share in the second half of the year (in recent years there has been a tendency for reduction of the amount distributed).</p> <p>2) Number of members equivalent to the total of the Chief Officer's Departments</p> <p>3) Number of members remunerated was calculated using the annual average of the number of members, taken monthly (there were some dismissals and appointments in 2016 and in some cases one person held more than two appointments, on an interim basis).</p> <p>4) Composition of the direct and indirect benefits: Health plan, dental</p> |
|--|---|

		plan, life insurance, meal vouchers, bonuses and payments relating to Paid Leave plus 1/3 of Leave, and home rent assistance for federal government employees seconded to the Company.		
Total of the remuneration (R\$)	4,567,013.,03	10,515,171.,34	1,190,648.,50	16,272,832.,87

Total remuneration for the year ended Dec. 31, 2015 - Annual amounts

2015	Board of Directors	Executive Board	Audit Board	Total
Total number of members	30.00	11.00	10.00	51.00
Total number of remunerated members	28.00	11.00	10.00	44.00
Annual fixed remuneration (R\$)				
Salary or pro-labore	1,256,146.05	4,309,521.56	682,541.20	6,248,208.81
Direct and indirect benefits	159,459.00	1,505,050.75	69,330.00	1,733,839.75
Participation in committees	--	--	--	--
Others	251,701.46	3,221,071.10	136,823.12	3,609,595.68
Description of other fixed remunerations	Company INSS contribution	Company INSS contribution and FGTS	Company INSS contribution	--

Variable remuneration (R\$)				
Bonus	--	--	--	--
Profit shares	--	1,597,303.40	--	1,597,303.40
Attendance at meetings	1,256,146.05	--	--	1,256,146.05
Commissions	--	--	--	--
Others	251,701.46	--	--	251,701.46
Description of other variable remunerations	Company INSS contribution	--	--	--
post-retirement (R\$)	35,491.65	737,587.08	--	773,078.73
Cessation of position	--	--	--	--
Share-based (including options)	--	--	--	--
Remarks	Any differences between what was realized in fact in 2015 and the proposal refer to the alteration, as per AGM/EGM of April 30, 2015, in the criteria for remuneration of the substitute members who, as from May 2015 received 50% fixed amount plus 50% portion proportional to their attendance at meetings, and also the values of the fees became distinct from those of the sittings members; and of the approval of the index for adjustment of the pro-labore for sitting members and substitute members, also in 2015, with	1) Any differences between what was effectively realized in 2015 and the proposal refer to the discount on payroll of the fees for amounts reimbursed by the Company to the federal bodies seconding federal employees to the Company, which reduced the effective pro-labore on payroll (in spite of the approval of the increased index for pro-labore, in 2015, with consequent increase of the payments to the INSS and FGTS (Others) and private pension plan (Post-retirement). In 2015, there was high volume of dismissals and	1) Any differences between what was realized in 2015 and the proposal refer to approval of the index for adjustment to the pro-labore, in 2015, with consequent effect on the payments to the INSS (Others). Also the amount of the life insurance (Benefits) in the Company was adjusted. 2) Number of members was calculated using the annual average of the number of members, ascertained monthly. 3) Composition of the direct and indirect benefits:	

<p>consequent increase in the payments to the INSS (others) and private pension plans (post-retirement). Also the amount of the life insurance (Benefits) in the Company was adjusted.</p> <p>2) Total number of members as per AGM and EGM of April 30, 2015: sitting and substitute members remunerated by 50% fixed amount plus 50% part proportional to attendance at meetings. Except for those holding positions of Executive Officer.</p> <p>3) Composition of the direct and indirect benefits: - life insurance</p> <p>4) The number of 28 members remunerated is equivalent to the total of members of the Board of Directors (15 sitting members and 15 substitute members) excluding the CEO and the Chief Generation and Transmission Officer who, as per AGM/EGM of April 29, 2015, are remunerated only for the position of Chief Officer.</p> <p>4) Number of members was calculated using the annual average of number of</p>	<p>appointments, and the dismissals equally impacted on the total of Others (INSS and FGTS). Further, the amounts of the meal vouchers, dental plan, health plan and life insurance were adjusted, while the amounts for home rental assistance and housemoving assistance for federal employees seconded to the Company (Benefits) was included. The value of the profit share (remaining portion of 2014) was paid in the first half of the year based on the targets measured (the amount planned included the maximum possible limit) and in 2015 there was no advance on profit share in the second half.</p> <p>2) Number of members was calculated using the annual average of the number of members, ascertained monthly.</p> <p>3) Composition of the direct and indirect benefits: Health plan, dental plan, life insurance, meal vouchers, bonuses and payments relating to Paid Leave plus 1/3 of Leave, and home rent and housemoving</p>	<p>Life insurance</p>
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	members, calculated monthly.	assistance for federal government employees seconded to the Company.		
Total of the remuneration (R\$)	3,210,645.67	11,370,533.89	888,694.32	15,469,873.88

13.3 - Variable remuneration of the Board of Directors, Executive Board and Audit Board in the last three business years, and forecast for the current business year.

Current business year ending Dec. 31. 2018 –	Board of Directors	Executive Board	Audit Board	Total
Variable remuneration forecast				
Total number of members	30	11	10	51
Total number of remunerated members	28	11	10	49
Bonus				
Minimum amount specified in the remuneration plan	-	-	-	-
Maximum amount specified in the variable remuneration plan	-	-	-	-
Amount specified in the variable remuneration plan if targets are met	-	-	-	-
Profit shares				
Minimum amount specified in the remuneration plan	-	318,486.02	-	318,486.02
Maximum amount specified in the variable remuneration plan	-	621,140.19	-	621,140.19
Amount specified in the variable remuneration plan if targets are met	-	621,140.19	-	621,140.19

Remarks

The Profit Shares for 2017 have provision for a payment in the first half of 2018. Decision as to the criteria for payment of profit shares of 2017 is awaited. In the forecast, payment of proportional PLR for 2017 to Chief Officers dismissed in 2017 is taken into account.

Business year ended Dec. 31, 2017 – Variable remuneration	Board of Directors	Executive Board	Audit Board	Total
Total number of members	30	11	10	51
Total number of remunerated members	25	9.17	9.75	43.92
Bonus				
Minimum amount specified in the remuneration plan	-	-	-	-
Maximum amount specified in the variable remuneration plan	-	-	-	-
Amount specified in the variable remuneration plan if targets are met	-	-	-	-
Amount actually recognized in the profit and loss account for the year	-	-	-	-
Profit shares				
Minimum amount specified in the remuneration plan	-	242,793.13	-	242,793.13
Maximum amount specified in the variable remuneration plan	-	485,586.25	-	485,586.25
Amount specified in the variable remuneration plan if targets are met	-	485,586.25	-	485,586.25
Amount actually recognized in the profit and loss account for the year	-	354,466.27	-	354,466.27

Remarks

The Profit Shares for 2016 were paid in first half 2017, based on the target measured. For Chief Officers dismissed in 2016, payment was in the second half of 2017. There was

no advance
payment of profit
shares for 2017 in
the second half.

Business year ended Dec. 31, 2016 –	Board of	Executive	Audit	Total
Variable remuneration	Directors	Board	Board	
Total number of members	30	11	10	51
Total number of remunerated members	28.17	10.33	10	48.50
Bonus				
Minimum amount specified in the remuneration plan	-	-	-	-
Maximum amount specified in the variable remuneration plan	-	-	-	-
Amount specified in the variable remuneration plan if the targets are met	-	-	-	-
Amount actually recognized in the profit and loss account for the year	-	-	-	-
Profit shares				
Minimum amount specified in the remuneration plan	-	465.779.54	-	465.779.54
Maximum amount specified in the variable remuneration plan	-	560.036.74	-	560.036.74
Amount specified in the variable remuneration plan if targets are met	-	560.036.74	-	560.036.74
Amount actually recognized in the profit and loss account for the year	-	414.476.71	-	414.476.71
Remarks		The remaining portion of the PLR (for 2015) was paid in first half 2016, based on the targets measured. There was no advance of PLR for 2016 in the second half.		

Business year ended Dec. 31, 2015 -]	Board of Directors	Executive Board	Audit Board	Total
Variable remuneration				
Total number of members	30	11	10	51

Total number of remunerated members	23	11	10	44
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Bonus

Minimum amount specified in the remuneration plan	-	-	-	-
Maximum amount specified in the variable remuneration plan	-	-	-	-
Amount actually recognized in the P&L				
Amount specified in the Variable Remuneration Plan if targets are met	-	-	-	-

Profit shares

Minimum amount specified in the remuneration plan	-	1,913,205.45	-	1,913,205.45
Maximum amount specified in the variable remuneration plan	-	3,219,125.45	-	3,219,125.45
Amount specified in the variable remuneration plan if targets met	-	3,219,125.45	-	3,219,125.45
Amount actually recognized in profit and loss account for year	-	1,597,303.40	-	1,597,303.40

Remarks

The remaining portion of PLR (2014) was paid in first half 2015, taking into account the targets ascertained. There was no advance against 2015 PLR in the second half.

13.4 - Share-based remuneration plan for the Board of Directors and the Executive Board, in effect in the most recent business year and planned for the current business year

The Company does not adopt a plan of remuneration for the Board of Directors and the Executive Board based on shares.

13.5 - Share-based remuneration recognized in the Profit and loss account of the last three business years and that forecast for the current business year for the Board of Directors and the Executive Board

There is no share-based remuneration plan for the Board of Directors and the Executive Board.

13.6 - Unexercised options of the Board of Directors and the Executive Board at the end of the last business year

Not applicable, because there is no share-based remuneration plan for the Board of Directors or the Executive Board.

13.7 - Options exercised and shares delivered in relation to the share-based remuneration of the Board of Directors and the Executive Board

Not applicable, because there is no share-based remuneration plan for the Board of Directors or the Executive Board.

13.8 - Summary description of the information necessary for understanding of the data given in items 13.5 to 13.7.

Not applicable, because there is no share-based remuneration plan for the Board of Directors or the Executive Board.

13.9 - Number of shares or share quotas directly or indirectly held, in Brazil or outside Brazil, and other securities convertible into shares or share quotas, issued by the issuer, its direct or indirect controlling parties, subsidiary companies or entities under common control, by members of the Board of Directors, the Executive Board or the Audit Board.

At Dec. 31, 2017:

CEMIG		
	Number of ON shares	Number of PN shares

Board of Directors	100,637	180,042
Executive Board	5,002	5,000
Audit Board	1,300	246,770
Total	106,939	431,812
Light		
	Number of ON shares	
Board of Directors	-	
Executive Board	-	
Audit Board	-	
Total	-	
Taesa		
	Number of ON shares	Number of PN shares
Board of Directors	-	-
Executive Board	-	-
Audit Board	-	-
Total	-	-

13.10 - Private pension plans in effect granted to members of the Board of Directors or the Executive Board.

Private pension plans	Board of Directors	Executive Board
Number of members	30	11
Number of remunerated members	10	11
Name of the plan	Mixed Benefit Private Pension Plan ('Plan B')	Mixed Benefit Private Pension Plan ('Plan B')
Number of managers qualified to retire	0	0
Conditions for early retirement	There is no early retirement in the said plan	There is no early retirement in the said plan
Updated accumulated contributions up to the end of the last business year, less the portion relative to the contributions made directly by the managers	R\$ 115,509.73	R\$ 1,479,461.79
Updated accumulated contributions during the last business year, less the portion relative to the contributions made directly by the managers.	R\$ 15,062.14	R\$ -

Possibility of redemption and conditions	Yes, in relation to two people (provided they leave employment by the sponsor and take the option for redemption)	Yes, in relation to 11 people (provided that they leave employment by the sponsor and take the option for redemption)
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13.11

Business year ended December 31, 2017			
	Board of Directors	Executive Board	Audit Board
Number of members	30.00	11.00	10.00
Number of remunerated members	25.00	9.17	9.75
Largest individual remuneration (R\$)	320,472.26	1,427,276.21	176,266.09
Lowest individual remuneration (R\$)	124,401.14	1,158,814.29	128,019.93
Average individual remuneration (R\$)	233,179.46	1,360,399.90	152,573.43
<p>The amount of the lowest remuneration calculated excluding members of the Board of Directors, the Executive Board and the Audit Board who exercised their respective positions for less than 12 months. Total number of members of the Board of Directors as per AGM/EGM of May 12, 2017: sitting and substitute members remunerated as to 80% in a fixed portion plus 20% in a portion proportional to attendance at meetings (except those who hold positions of Chief Officers). The number of members remunerated on the Board of Directors, the Executive Board and the Audit Board was calculated using the annual average of the number of members, taken monthly (there were some dismissals and appointments in 2017 and in some cases one person held more than two appointments on the Executive Board, on an interim basis).</p>			

Business year ended December 31, 2016			
	Board of Directors	Executive Board	Audit Board
Number of members	30.00	11.00	10.00
Number of remunerated members	28.17	10.33	10.00

Highest individual remuneration (in Reais)	232,372.56	1,096,241.82	131,367.99
Lowest individual remuneration (in Reais)	116,366.39	895,512.24	105,625.16
Average individual remuneration (in Reais)	163,107.61	1,051,517.13	119,064.85

The amount of the lowest remuneration was calculated excluding members of the Board of Directors, the Executive Board and the Audit Board who exercised their respective positions for less than 12 months. Total number of members of the Board of Directors as per AGM/EGM of April 29, 2016: sitting and substitute members remunerated as to 80% in a fixed portion plus 20% in a portion proportional to attendance at meetings (except those who hold positions of Chief Officers). Number of members remunerated in the Executive Board was calculated using the annual average of the number of members, taken monthly (there were some dismissals and appointments in 2016 and in some cases one person held more than two appointments, on an interim basis).

Business year ended December 31, 2015			
	Board of Directors	Executive Board	Audit Board
Number of members	30.00	11.00	10.00
Number of remunerated members	28.00	11.00	10.00
Highest individual remuneration (R\$)	158,106.81	1,333,031.83	97,938.52
Lowest individual remuneration (R\$)	99,363.80	872,632.60	79,737.40
Average individual remuneration (R\$)	139,593.29	1,033,684.90	88,869.43

The amount of the lowest remuneration was calculated excluding members of the Board of Directors, the Executive Board and the Audit Board who exercised their respective positions for less than 12 months. Total number of members of the Board of Directors as per AGM/EGM of April 30, 2015: sitting and substitute members remunerated as to 50% in a fixed portion plus 50% in proportion to attendance at meetings (except those who hold positions of Chief Officers). Thus, for calculation of the average amount, an average of 23 remunerated members in 2015 was used, because up to April 2015 substitute members received proportionately for attending meetings in substitution of sitting members.

13.12 - Describe contractual arrangements, insurance policies or other instruments that structure mechanisms of remuneration or indemnification for managers in the event of dismissal from position or retirement, indicating what are the financial consequences for the Issuer

There is a requirement to pay indemnity of 40% of the total amount in the FGTS account in the event of dismissal of Chief Officers. Due to its character as indemnity, this applies only to Chief Officers who are removed from their posts before the end of their period of office – this cannot apply to a Chief Officer who resigns.

The Company makes the FGTS deposits for its Chief Officers and, based on a legal understanding in Opinion JR-1809/2002 or December 13, 2002, that the penalty payment should be applied on the deposits made during the period of office of the Chief Officer to those who were employees of the Company, the right was extended to those Chief Officers who were not employees, in accordance with the Constitutional principle of Equality of Right.

Other than life insurance, the Company does not have life insurance policies or other instruments that structure mechanisms of remuneration or indemnity for managers if they are removed from their positions or are retired.

13.13. In relation to the three last business years, indicate the percentage of total remuneration of each body recognized in the Profit and loss account of the issuer for members of the Board of Directors, the Executive Board and the Audit Board who are related parties to the controlling stockholders, direct or indirect.

The percentages of total remuneration of each body attributed to members of the Board of Directors, the Executive Board or the Audit Board who are related parties to the controlling stockholders of the Company, direct or indirect, as defined by the accounting rules that deal with this subject, for the last three years, were:

	2017	2016	2015
Executive Board:	0.00	0.00	0.00
Board of Directors:	91.49	92.96	92.50
Audit Board:	79.56	80.44	79.41

13.14. In relation to the last three business years, indicate the amounts recognized in the Profit and loss account of the Issuer as remuneration of members of the Board of Directors, the Executive Board or the Audit Board, grouped by body, for any reason other than the function that they occupy.

The percentages, for the last three business years, were:

Business year	Board of Directors	Executive Board	Audit Board	Total
2015	0.00	0.00	0.00	0.00
2016	0.00	0.00	0.00	0.00
2017	0.00	0.00	0.00	0.00

13.15. In relation to the last business years, indicate the amount recognized in the Profit and loss account of controlling stockholders, direct or indirect, companies under joint control or subsidiaries of the Issuer, as remuneration of members of the Board of Directors, the Executive Board or the Audit Board of the issuer.

There is no remuneration paid by subsidiaries of the Company, or by their direct or indirect controlling parties or by companies under joint control, that has been attributed to members of the Board of Directors, the Executive Board or the Audit Board, as a function of exercise of any position within the Company itself.

13.16. Supply any other information that the issuer considers to be important.

Appendix 6

Candidates proposed

1.1. BOARD OF DIRECTORS	
SITTING MEMBERS	SUBSTITUTE MEMBERS
Adézio de Almeida Lima (for majority stockholder)	Antônio Carlos de Andrada Tovar (for majority stockholder)
Bernardo Afonso Salomão de Alvarenga, (for majority stockholder)	Luiz Guilherme Piva (for majority stockholder)
Marco Antonio Soares da Cunha Castello Branco (for majority stockholder)	Ricardo Wagner Righi de Toledo (for majority stockholder)
Nelson José Hubner Moreira (for majority stockholder)	Geber Soares de Oliveira (for majority stockholder)
Antônio Dirceu Araújo Xavier (for majority stockholder)	(Position vacant) (for majority stockholder)
Marco Aurélio Crocco Afonso (for majority stockholder)	Alcione Maria Martins Comonian (for majority stockholder)
Agostinho Faria Cardoso (for majority stockholder)	(Position vacant) (for majority stockholder)
Franklin Moreira Gonçalves (for majority stockholder)	(Position vacant) (for majority stockholder)
Marcelo Gasparino da Silva (PN shares)	Aloísio Macário Ferreira de Souza (PN shares)
Daniel Alves Ferreira (for minority stockholder)	Manoel Eduardo Lima Lopes (for minority stockholder)
Manuel Jeremias Leite Caldas (for minority stockholder)	Daniel C. Epstein (for minority stockholder)

Article 10.

Whenever the general assembly is called to elect managers or members of the audit board, the company must supply:

I – At least, the information indicated in items 12.5 to 12.10 of the Reference Form, for the candidates nominated or supported by the management or by the controlling stockholders.

Agostinho Faria Cardoso

12.5. Information about the Board Member:

Nome: Agostinho Faria Cardoso

Date of birth: May 22, 1959

Profession: Engineer

CPF: 355.759.566-87

Position proposed: Sitting member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020.

Other positions or functions held or exercised in the Company: None.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: (We do not have this information.)

Number of consecutive periods of office: 0

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

RI Consultoria e Treinamento - RIconsult
Proprietor and Senior Consultant, since 2014;

Companhia Energética de Minas Gerais
General Manager, 2001 to 2013

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Companhia Energética de Minas Gerais
General Manager, 2001 to 2013

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

0%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

0%

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

a. Any company directly or indirectly controlled by Cemig:

No

Yes - If yes, describe the relationship and the company(ies): Consultant for relations for Light

b. with the State of Minas Gerais;

No

Yes - If yes, describe the relationship:

c. - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No

Yes - If yes, describe the relationship and the company/ies:

Antônio Dirceu Araújo Xavier

12.5. Information about the Board Member:

Name: Antônio Dirceu Araújo Xavier

Date of birth: August 26, 1943

Profession: Lawyer

CPF: 068.412.446-72

Position proposed: Sitting member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020

Other positions or functions held or exercised in the Company: None.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: Yes

Number of consecutive periods of office: 01

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

Dirceu Xavier Advogados

- Counsel – Since 2001

Substitute Member of the Boards of Directors of Cemig, Cemig D and Cemig GT, until May 2016.

Sitting Member of the Boards of Directors of Cemig, Cemig D and Cemig GT.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Eletrabras – Centrais Elétricas Brasileiras S.A. – Head of Procurator's Office

Companhia Mineradora de Minas Gerais (Comig) – Adviser to the CEO

Sitting and Substitute Member of the Boards of Directors of Cemig, Cemig D and Cemig GT.

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

84%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

He is a member of the Human Resources Committee.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

100%

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

a. Any company directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the company/ies:

b. With the State of Minas Gerais and/or AGC Energia S.A. (company of the Andrade Gutierrez Group);

No.

Yes - If yes, describe the relationship:

c. - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No.

Yes - If yes, describe the relationship and the company/ies:

Bernardo Afonso Salomão de Alvarenga

12.5. Information about the Board Member:

Nome: Bernardo Afonso Salomão de Alvarenga

Date of birth: December 23, 1951

Profession: Electrical engineer

CPF: 154.691.316-53

Position proposed: Sitting member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020.

Other positions or functions held or exercised in the Company: CEO.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: (We do not have this information.)

Number of consecutive periods of office: 0

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are (i) Cemig companies, or (ii) companies of parties directly or indirectly holding at least 5% of the Common (ON) or preferred (PN) shares in Cemig.

Ponta Energia Consultores Associados Ltda.
Managing partner – August 2013 to December 2016

Usiminas
Director, Electricity – May 2011 to November 2012

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Engineer in Operational Sales Division – 1980–85
Advisory Engineer, Operational Sales Department, 1985–90;
Advisory Engineer, Pre-operational Sales Department, 1990–92;
Advisory Engineer, Transmission Consumers Sales General Management Unit, 1993–5
Manager, Operational Sales Department, Large Clients – 1995–8;
General Manager, Large Client Sales – 1998–2001;
General Manager, Commercial Relations with Corporate Clients – 2001–5;
Advisor to the Chief Distribution and Sales Officer's Department – Oct.–Dec., 2005;
Advisor to the Chief Finance and Investor Relations Officer's Department, Jan.–Feb., 2006;
General Manager, Wholesale Sales and Trading – March 2006 – April 2007;
Chief Trading Officer of Cemig, Cemig D and Cemig GT – April 2007 – January 2011;
CEO of Cemig, Cemig D and Cemig GT, December to date;

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No
 Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.
 Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.
 Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

0%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

0%

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

No.
 Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.
 Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

No.
 Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

a. Any company directly or indirectly controlled by Cemig:

No.
 Yes - If yes, describe the relationship and the company/ies:

b. With the State of Minas Gerais and/or AGC Energia S.A. (company of the Andrade Gutierrez Group);

No.
 Yes - If yes, describe the relationship:

c. - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No
 Yes - If yes, describe the relationship with the company/ies: Ponta Energia Consultores Associados Ltda. - Managing Partner

Franklin Moreira Gonçalves

12.5. Information about the Board Member:

Name: Franklin Moreira Gonçalves

Date of birth: October 12, 1970

Profession: Data processing technologist

CPF: 754.988.556-72

Position proposed: Sitting member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020

Other positions or functions in the Company: Chief Generation and Transmission Officer.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: Yes

Number of consecutive periods of office: 3

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

System Operation Technician at Cemig Distribuição S.A..

Substitute member of the Boards of Directors of: Companhia Energética de Minas Gerais, since 2003; and Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A., since 2004.

Member of the Board of Directors of the companies of the "TBE Group": Empresa Amazonense de Transmissão de Energia S.A. – EATE; Empresa Regional de Transmissão de Energia S.A. – ERTE; and Empresa Norte de Transmissão de Energia S.A. – ENTE (since September 12, 2011).

Since January 2015, Chief Generation and Transmission Officer of Cemig, and Cemig GT; and Director without Portfolio of Cemig D.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Substitute Member of the Boards of Directors of Cemig, Cemig D and Cemig GT.

Chief Generation and Transmission Officer of Cemig, and Cemig GT; and Director without Portfolio of Cemig D.

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

22%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

a) Any company directly or indirectly controlled by Cemig:

No

Yes - If yes, describe the relationship and the company/ies:

System Operation Technician at Cemig Distribuição S.A., until January 2015.

Chief Generation and Transmission Officer of Cemig, since January 2015.

b) with the State of Minas Gerais;

No.

Yes - If yes, describe the relationship:

c) - and, if material, with any supplier, client, debtor or creditor of Cemig, Cemig D or Cemig GT, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No.

Yes - If yes, describe the relationship and the company/ies:

Geber Soares de Oliveira

12.5. Information about the Board Member:

Name: Geber Soares de Oliveira

Date of birth: August 16, 1962

Profession: Accountant

CPF: 373.022.806-49

Position proposed: Substitute member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020.

Other positions or functions held or exercised in the Company: None.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: (We do not have this information.)

Number of consecutive periods of office: 0

a. **Summary CV, containing:**

i. **Principal professional experience in the last 5 years, indicating:**

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

Minas Gerais State Department of Finance

General Manager, Central Finance Administration

Activities: Planning, coordination and control of the activities related to financial administration and management of the state's financial resources; preparation and management of the cash flow of the State's Treasury; and management of the available cash position of the State of Minas Gerais.

SICOOB COOPSEF - Member of the Board of Directors

ii. **Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.**

b. **Description of any of the following events that have taken place in the last 5 years:**

i. **any criminal conviction;**

No

Yes - If yes, describe:

ii. **any guilty judgment in an administrative proceeding of the CVM, and penalties applied:**

No.

Yes - If yes, describe:

iii. **any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.**

No

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

0%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

0%

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

a) Any company directly or indirectly controlled by Cemig:

No

Yes - If yes, describe the relationship and the company/ies:

b) with the State of Minas Gerais;

No

Yes - If yes, describe the relationship: Full-time government employee in the Finance Department of Minas Gerais State

c) - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No

Yes - If yes, describe the relationship and the company/ies:

Luiz Guilherme Piva

12.5. Information about the Board Member:

Name: Luiz Guilherme Piva

Date of birth: June 2, 1962

Profession: Economist

CPF: 454.442.936-68

Position proposed: Substitute member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020

Other positions or functions held or exercised in the Company: None.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: Yes

Number of consecutive periods of office: 1

a. **Summary CV, containing:**

i. **Principal professional experience in the last 5 years, indicating:**

- **name of company;**
- **positions and functions inherent to the position;**
- **principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.**

LCA Consultores

- **Chief Investment and Corporate Finance Officer – 2007 to 2012.**

Angra Partners

- **Chief Investment Officer – 2012–2013**

Itatiaia Móveis

- **CEO – Managing Director - industrial company with 2,000 employees and annual sales revenue of R\$ 800 million – 2013–2014.**

Director of Minas Gerais Development Bank (BDMG).

- **Responsible for Structured Operations, Capital Markets Product Development; and, currently, Internal Controls.**
- **Adviser to the CEO for Structured Operations and Capital Markets – 2014–15; Coordinator of Private Equity projects and funds, FIDCs and PPPs.**

ii. **Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.**

b. **Description of any of the following events that have taken place in the last 5 years:**

i. **any criminal conviction;**

No
 Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.
 Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.
 Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

100%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

The candidate is a member of the following committees supporting the Board of Directors: Committee on Business Development and Monitoring of Subsidiaries; and the Finance, Audit and Risks Committee.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

100%

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

No.
 Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.
 Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

- No.
 Yes - If yes, describe:

12.10. State whether, in 2013, 2014, and/or 2015 the candidate had any relationship of subordination with:

a) Any company directly or indirectly controlled by Cemig:

- No.
 Yes - If yes, describe the relationship and the company/ies:

b) With the State of Minas Gerais and/or AGC Energia S.A. (company of the Andrade Gutierrez Group);

- No
 Yes - If yes, describe the relationship:
Director of Minas Gerais Development Bank (BDMG).
Adviser to the office of the CEO of BDMG.

c) - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

- No.
 Yes - If yes, describe the relationship and the company/ies:

Marco Antonio Soares da Cunha Castello Branco

12.5. Information about the Board Member:

Name: Marco Antonio Soares da Cunha Castello Branco

Date of birth: August 19, 1960

Profession: Metallurgical engineer

CPF: 371.150.576-72

Position proposed: Sitting member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020

Other positions or functions held or exercised in the Company: None.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: Yes

Number of consecutive periods of office: 1

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

Usinas Siderurgicas de Minas Gerais S. A. (Usiminas)

- CEO – 2008 to 2010.

HYDAC Tecnologia do Brasil Ltda.

- Member of the Advisory Board – since 2010.

Companhia de Saneamento de Minas Gerais – Copasa

- Member of the Board of Directors – since 2015.

Helicópteros do Brasil S.A. – Helibras

- Member of the Board of Directors – since 2015.

Companhia de Desenvolvimento Econômico de Minas Gerais (Codemig)

- Chief Executive Officer – since 2015
- Member of the Board of Directors – since 2015.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Usinas Siderurgicas de Minas Gerais S. A. – CEO

Ternium S. A. – Member of the Board of Directors

Vallourec S.A. – Statutory Director

Vallourec S.A. (Boulogne-Billancourt, France) – Member of the Executive Committee

V&M France S.A.S. (Boulogne-Billancourt, France) – CEO

V&M Deutschland (Düsseldorf, Germany) – CEO

V&M do Brasil S.A. (Belo Horizonte, Brasil) – Chair of the Board of Directors

V&M Corporation (Houston/USA) – Member of the Board of Directors

Hüttenwerk Krupp Mannesmann (Duisburg, Germany) – Member of the Board of Directors Management

Vallourec & Mannesmann do Brasil – CEO and Chair of the Board of Directors

Mannesmann S. A. – Chief Trading Officer

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

84%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

Member of the Committee for New Business Development and Monitoring of Subsidiaries.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

100%

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No

Yes - If yes, describe the relationship and the subsidiary: Sister of Eliana Soares da Cunha Castelo Branco, Financial Management Director of Cemig Telecom.

c) Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

a) Any company directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the company/ies:

b) With the State of Minas Gerais and/or AGC Energia S.A. (company of the Andrade Gutierrez Group);

No

Yes - If yes, describe the relationship:

c) - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No.

Yes - If yes, describe the relationship and the company/ies:

Nelson José Hubner Moreira

12.5. Information about the Board Member:

Name: Nelson José Hubner Moreira

Date of birth: March 16, 1954

Profession: Electrical engineer

CPF: 443.875.207-87

Position proposed: Sitting member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020.

Other positions or functions held or exercised in the Company: None.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: Yes

Number of consecutive periods of office: 1

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

Aneel (Brazilian Electricity Agency; the Brazilian Electricity Regulator).

- Director-General – 2009 to 2013.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Light S.A.

- Board of Directors: February 2015 to date.

CEB – Companhia Energética de Brasília

- Board of Directors: June 2014 to January 2015

Eletrobras

- Board of Directors: September 2005 to February 2008.
-

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

- No.
 Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

- No.
 Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

87%

12.6. For each of the people who has acted as a member of the Board of Directors or the Audit Board in the last business year, state, in table format, the percentage of meetings which the person attended in that period, since becoming a member of each board

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

The person indicated is a member of the Corporate Governance and Sustainability Committees of the Board of Directors.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

100%

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

- No.
 Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

- No.
 Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

- No.
 Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

a) Any company directly or indirectly controlled by Cemig:

- No.
 Yes - If yes, describe the relationship and the company/ies:

b) With the State of Minas Gerais and/or AGC Energia S.A. (company of the Andrade Gutierrez Group);

- No.
 Yes - If yes, describe the relationship:

c) - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

- No.
 Yes - If yes, describe the relationship and the company/ies:

Ricardo Wagner Righi de Toledo

12.5. Information about the Board Member:

Name: Ricardo Wagner Righi de Toledo

Date of birth: September 1, 1957

Profession: Company manager

CPF: 299.492.466-87

Position proposed: Substitute member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020

Other positions or functions held or exercised in the Company: None.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: Yes

Number of consecutive periods of office: 1

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

Companhia de Desenvolvimento Econômico de Minas Gerais (Codemig)

- Director – 2015 to date

Innovare Consultoria Ltda. – Economist

- Independent Consultant – 2012 to 2014

Usiminas S.A.

- Chief Officer for Strategic Planning, M&A and Strategic Alliances – 2008 to 2012

Banco Bonsucesso S.A.

- Deputy CEO – 2005 to 2008

Banco Simples S.A.

- CEO – 2002–2005

Banco Itaú-Banestado S.A.

- Director – 2000 to 2002.

Banco Itaú S.A.

- General Manager, 1997–2002.

BEMGE (Bank of the State of Minas Gerais)

- General Manager, 1980–1997.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Vodafone Brasil S.A. – Member of the Board of Directors
IAS – Indústria Aeronáutica e Serviços S.A. – Member of the Board of Directors
Usiminas S.A. – Director
Banco Bonsucesso S.A. – Deputy CEO
Banco Simples S.A. – Chief Executive
Banco Itaú-Banestado S.A. – Director
Banco Itaú S.A. – General Manager
Banco Bengê S.A. – General Manager
Mineração Usiminas S.A. – Member of the Board of Directors
Soluções Usiminas S.A. – Member of the Board of Directors

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No
 Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.
 Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.
 Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

88%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

Member of the Finance, Audit and Risks Committee, and the Board of Directors Support Committee.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of

participation in meetings held by each body in the period, subsequent to being sworn into the position.

100%

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

a) Any company directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the company/ies:

b) With the State of Minas Gerais and/or AGC Energia S.A. (company of the Andrade Gutierrez Group);

No.

Yes - If yes, describe the relationship:

c) - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No

Yes - If yes, describe the relationship and the company(ies): Usiminas is a corporate client of Cemig

Adézio de Almeida Lima

12.5. Information about the Board Member:

Name: Adézio de Almeida Lima;
Date of birth: May 28, 1963
Profession: Economist
CPF: 371.150.576-72
Position proposed: Sitting member
Date of election: Apr. 30, 2018
Date of taking office: Apr. 30, 2018
Period of Office: *Until the Annual General Meeting to be held in 2020*
Other positions or functions held or exercised in the Company: None.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: Yes

Number of consecutive periods of office: 1

Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

- Companhia Energética de Minas Gerais – Cemig: Chief Finance and Investor Relations Officer
- Member of the Board of Directors of Frax-Le S.A.
- Minas Gerais Development Bank (BDMG) – Member of the Board of Directors and Coordinator of the Audit Committee

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Vodafone Brasil S.A. – Member of the Board of Directors
IAS – Indústria Aeronáutica e Serviços S.A. – Member of the Board of Directors
Usiminas S.A. – Director
Banco Bonsucesso S.A. – Deputy CEO
Banco Simples S.A. – Chief Executive
Banco Itaú-Banestado S.A. – Director
Banco Itaú S.A. – General Manager
Banco Bengel S.A. – General Manager
Mineração Usiminas S.A. – Member of the Board of Directors
Soluções Usiminas S.A. – Member of the Board of Directors

c. Description of any of the following events that have taken place in the last 5 years:

iv. any criminal conviction;

No

Yes - If yes, describe:

v. **any guilty judgment in an administrative proceeding of the CVM, and penalties applied:**

No.

Yes - If yes, describe:

vi. **any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.**

No.

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

0%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

Not applicable.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

Not applicable.

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

d) Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

e) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

f) Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

d) Any company directly or indirectly controlled by Cemig:

No.
 Yes - If yes, describe the relationship and the company/ies:

e) With the State of Minas Gerais and/or AGC Energia S.A. (company of the Andrade Gutierrez Group);

No.
 Yes - If yes, describe the relationship:

f) - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No.
 Yes -

Antônio Carlos de Andrada Tovar

12.5. Information about the Board Member:

Name: Antônio Carlos de Andrada Tovar

Age: 43

Profession: Engineer

CPF: 074.171.737-99

Date of birth:: June 7, 1973

Position proposed: Substitute member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020.

Other positions or functions held or exercised in the Company: Assistant to the Executive Board.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: No

Number of consecutive periods of office: 0

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

The Brazilian Development Bank (BNDES)

Unlisted company

From July 2001 to February 2015

Summary description: Before taking over as head of the Department of Alternative Energy Sources in 2010 he was manager of the Transport and Logistics Department and engineer in the Gas and Oil Department. In recent years he has actively taken part in the structuring of financings for numerous infrastructure projects, including wind farms, hydroelectric plants, thermal plants, transmission lines, gas pipelines, navigation, ports, railroads and highways.

The BNDES is a federal public company, currently linked to the Trade and Industry Ministry (MDIC). Today it is the principal instrument of long-term financing for investment in all segments of the economy, in a policy that includes the social, regional and environmental dimensions.

Since its foundation in 1952 the BNDES has made an outstanding contribution with its support for farming, industry, commerce and services, offering special terms for micro-, small and medium-sized companies. It also has put in place lines of social investment, directed toward education and health, family farming, water and sewerage services, and urban transport.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Substitute member of the Board of Directors of Companhia Energética de Minas Gerais - Cemig since May 2017.

Sitting member of the Board of Directors of Energia Paulista S.A. - 2003 and 2004

Sitting member of the Audit Board of AES Tietê S.A. for the year 2005.

Transmissora Aliança de Energia Elétrica S.A. ('Taesa'), 2016-2017

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

88%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

Not a member of any committee.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

100%

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

a) Any company directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the company/ies:

b) with the State of Minas Gerais;

No.

Yes - If yes, describe the relationship:

c) - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No.

Yes - If yes, describe the relationship:

Marco Aurélio Crocco Afonso

12.5. Information about the Board Member:

Name: Marco Aurélio Crocco Afonso

Date of birth: June 29, 1961

Profession: Economist

CPF: 382386166-20

Position proposed: Sitting member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020

Other positions or functions held or exercised in the Company: None.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: No

Number of consecutive periods of office: 0

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- **name of company;**
- **positions and functions inherent to the position;**
- **principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.**
- *Degree in economics from Universidade Federal de Minas Gerais, master's degree in industrial economics and technology from UFRJ, PhD in economics from the University of London, and Post-doctorate studies at Cambridge University, England, and Paris-Dauphine University (Paris IX), France.*
- *Professor of Economics at UFMG, Level 1 Researcher at the National Science and Technology Development Council (Conselho Nacional de Desenvolvimento Científico e Tecnológico, CNPq). He is a specialist in monetary economics and regional development. He has published 39 scientific articles in Brazilian and international publications, edited 4 books and published 32 book chapters. His research has been concentrated in aspects of economic and regional development, with a strong emphasis on industrial policy and innovation. In the last ten years he has specialized in studies on the relationship between the financial system and regional development, in its innumerable dimensions, such as : regional impacts of monetary policy; bank management and regional development; financialization and territory; microcredit; and financial inclusion and education.*
- *He has held various position in the Federal University of Minas Gerais. He was the Head of the Economics Department, coordinator of postgraduation in economics, and vice-rector of the Economics Faculty. From 2010 to 2014 he was CEO of the Research Development Foundation (Fundep) of UFMG. During his tenure Fundep began to support projects of institutions outside UFMG, such as the Brazilian Space Agency, the National Nuclear Energy Commission, INEP, ITA and others. In 2012 he became president of Confies, the National Support Council for Higher Education and Science and Technology Research Institutions (Conselho Nacional*

das Fundações de Apoio às Instituições de Ensino Superior e de Pesquisa Científica e Tecnológica). *In this period he negotiated directly with MEC and MCTI (Brazil's Education and Trade Ministries), and their new regime of Differentiated Procurement.*

- *Also during his tenure at Fundep he structured the UFMG Spinoffs Support Program, by creating the commercial holding company Fundep Participações S.A., which invests in companies that are born from the technology base of UFMG, thus also strengthening the relationship between the university and companies.*
- *Currently he is CEO of Minas Gerais Development Bank (BDMG), Deputy Chair of the Brazilian Development Association (ABDE), Chair of the Board of Directors of Parque Tecnológico de Minas Gerais (BH-TEC) and of Board of Directors of Minas Gerais Integrated Development Institute (Indi); and a member of the following boards/councils: Consultative Council of Finep (Studies and Projects Financing Agency); Board of Directors of Sebrae-MG; and the Brazil Green Finance Council.*
- *He is a coordinator of international research networks, and patron of the Regional Studies Association (RSA) – Latin America Division.*

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Substitute member of the Board of Directors of Companhia Energética de Minas Gerais - Cemig since May 2017.

Member of the Board of Directors of Energia Paulista S.A. - 2003 and 2004

Member of the Audit Board of AES Tietê S.A. for the year 2005.

Transmissora Aliança de Energia Elétrica S.A. ('Taesa'). 2016-2017

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

0%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

Not a member of any committee.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

100%

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the subsidiary: Axxiom Soluções Tecnológicas S.A, – stable union

c) Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

a) Any company directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the company/ies:

b) with the State of Minas Gerais;

No.

Yes - If yes, describe the relationship:

c) – and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No.

Yes - If yes, describe the relationship:

Alcione Maria Martins Comonian

12.5. Information about the Board Member:

Name: Alcione Maria Martins Comonian

Date of birth: March 21, 1963

Profession: Teacher

CPF: 326.112.426-15

Position proposed: Substitute member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020

Other positions or functions held or exercised in the Company: None.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: No

Number of consecutive periods of office: 0

c. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- **name of company;**
- **positions and functions inherent to the position;**
- **principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.**

2015 – Assistant Secretary to the Government of the State of Minas Gerais
Member of the Board of Prodemege, and MGS;
Member of the Board of Metrominas.

2013 – Manager and administrator of the company MOP.

2009 / 2012 – Cabinet office chief, Prodabel

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Substitute member of the Board of Directors of Companhia Energética de Minas Gerais - Cemig since May 2017.

Sitting member of the Board of Directors of Energia Paulista S.A. - 2003 and 2004

Sitting member of the Audit Board of AES Tietê S.A. for the year 2005.

Transmissora Aliança de Energia Elétrica S.A. ('Taesa'), 2016-2017

d. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

- No.
 Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

88%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

Not a member of any committee.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

100%

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

- No.
 Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the subsidiary: Axxiom Soluções Tecnológicas S.A, - stable union

c) Any administrator/s of the State of Minas Gerais:

- No.
 Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

a) Any company directly or indirectly controlled by Cemig:

- No
 Yes - If yes, describe the relationship and the company/ies: Codemig

b) with the State of Minas Gerais;

- No.
 Yes - If yes, describe the relationship:

c) - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

- No
 Yes - If yes, describe the relationship:

Office of the Assistant General Secretary

12.5. Information on the candidate for Manager:

Name: Aloísio Macário Ferreira de Souza

Date of birth: Apr. 10, 1960

Profession: Accountant

CPF: 540.678.557-53

Elective position: Member of the Board of Directors

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020.

Other positions or functions held or exercised in the Company: None.

Whether nominated by the controlling stockholder: No: nominated by the preferred stockholders.

State whether the candidate will be an independent board member: If yes, state the criterion used by the issuer to determine that status: IBGC, DJSI.

Number of consecutive periods of office: 1

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- Principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

Degree in accounting. Retired; has certification as an Audit Board Member and as a Member of Board of Directors from the Brazilian Corporate Governance institute (IBGC). Was vice-President for Human Resources of Usiminas; Coordinator of the IBGC, Rio chapter; Corporate Governance Manager of Previ. He was a member of the Board of Directors of Usiminas and CPFL Energia; a member of the Audit Board of Eternit; and Substitute Member of the Board of Directors and member of the Human Resources Committee of Cemig.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

a. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of

participation in the meetings held by each body in the period, subsequent to being sworn into the position.

100%

12.7. Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws:

100%

12.8. For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

Member of the Human Resources Committee and sole representative of the board members nominated by the minority stockholders.

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:

a. Any company directly or indirectly controlled by Cemig:

No

Yes - If yes, describe the relationship and the company/ies:

b. with the State of Minas Gerais;

No

Yes - If yes, describe the relationship:

c. - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No

Yes - If yes, describe the relationship and the company/ies:

12.5. Information on the candidate for Manager:

Name: Daniel Alves Ferreira

Date of birth: July 6, 1972

Profession: Lawyer

CPF: 205.862.458-04

Elective position: Member of the Board of Directors

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020

Other positions or functions held or exercised in the Company: None.

Whether nominated by the controlling stockholder: No.

State whether the candidate will be an independent board member: If yes, state the criterion used by the issuer to determine that status: IBGC, DJSI.

Number of consecutive periods of office: 1

Principal professional experience in the last 5 years, indicating:

- **Name of company and its sector of activity;**
- **Position;**
- **Whether the company is part of (i) the same economic group as the Issuer, or (ii) is controlled by a stockholder of the Issuer that holds a direct or indirect equity interest of 5% or more in any one class of security of the Issuer.**

He is the lawyer responsible for mass litigation, and capital markets, at the MPMAE law office (Pereira Almeida, Esteves Advogados), working in Consumer Relations Law, Civil Law and Corporate Law.

He took part in the São Paulo Bar Association's Civil Procedure Law Conferences on:
Aspects of the Reform of the Code of Civil Procedure;
Stable Union; and
Alterations to the Code of Civil Procedure.

iii. State all the administrative positions that the candidate occupies in other companies or organizations of the third sector.

a. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

12.7. Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

Member of the Support Committee.

12.8. For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a. Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b. Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

c. Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:

a. Any company directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the company/ies:

b. with the State of Minas Gerais;

No.

Yes - If yes, describe the relationship and the controlled company:

c. - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No

Yes - If yes, describe the relationship and the company/ies:

Daniel C. Epstein

12.5. Information on the candidate for Manager:

Name: Daniel C. Epstein

Date of birth: Feb. 25, 1978

Profession: Banker

CPF / Passport: 459030423

Elective position: Member of the Board of Directors

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of office: Until April 30, 2020

Other positions or functions held or exercised in the Company:

Whether nominated by the controlling stockholder: No.

State whether the candidate will be an independent board member: If yes, state the criterion used by the issuer to determine independence:

Number of consecutive periods of office: 0

Please supply:

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- **Name of company and its sector of activity;**
- **Position,**
- **Whether the company is part of (i) the same economic group as the Issuer, or (ii) is controlled by a stockholder of the Issuer that holds a direct or indirect equity interest of 5% or more in any one class of security of the Issuer.**

Daniel C. Epstein, Financial professional providing business development services with a history of identifying opportunities, developing and implementing investment strategies, managing internal and external relations, and executing transactions. Experience covers various types of asset, geographies and parts of the capital structure. Bankers Capital International - Managing Director, Investment Bank.

An investment boutique with focus on medium-sized and large companies and institutional investors in global markets. Assisted and advised a company in the sale of a project to institutional developers and investors. Initiated relationships with developers and owners of electricity projects, and identified and negotiated partnerships with institutional investors; AES Eletropaulo - substitute member of the Board of Directors. INTL CStone Financial, Inc. - Director, Investment Bank - Division of the global financial services company

Worked on more than 20 transactions in M&A, private equity investment, debt financing, restructuring transactions (range US\$50 to US\$500 million), mainly in real estate and energy; Responsible for origination, execution of transactions and management of clients and investors. Analyzed opportunities for creation of value to adapt the financial needs and strategic objectives of specific companies to investors' appetites in the context of macroeconomic and sector variables. Initiated new and strengthened relationships with senior management and members of the boards of directors of important companies, mixed funds and individual investors; Developed a business plan, presented to the principal internal stakeholders; Carried out mandates launching alternative strategies and transactions for potential clients; Carried out due diligence and managed preparation for teasers, investment memorandums, presentation and valuation analyses; Proposed terms of investment, reviewed legal documentation and participated in negotiations.

ii. State all the administrative positions that the candidate occupies in other companies or organizations of the third sector.

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

12.7. Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws:

12.8. For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a. Manager/s of Cemig:

No

Yes - If yes, describe the relationship:

b. managers of (i) the Issuer or (ii) direct or indirect subsidiaries of the Issuer

No

Yes - If yes, describe the relationship and the controlled company:

c. managers of (i) the Issuer or of its direct or indirect subsidiaries and (ii) direct or indirect controlling stockholders of the Issuer

No

Yes - If yes, describe:

d. managers of (i) the Issuer or (ii) of direct or indirect controlling stockholders of the Issuer

No

Yes - If yes, describe:

12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:

a. Direct or indirect subsidiary of Cemig, except where the Issuer directly or indirectly holds 100% of the share capital;

No

Yes - If yes, describe the relationship and the company/ies:

b. With the State of Minas Gerais:

No

Yes - If yes, describe the relationship:

c. - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No

Yes - If yes, describe the relationship and the company/ies:

Remuneration:

Manoel Eduardo Lima Lopes

12.5. Information on the candidates for Manager:

Name: Manoel Eduardo Lima Lopes

Date of birth: July 7, 1943

Profession: Lawyer and Accountant

CPF: 046227237-00

Elective position: Member of the Board of Directors

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020

Other positions or functions held or exercised in the Company: None.

Whether nominated by the controlling stockholder: No.

State whether the candidate will be an independent board member: If yes, state the criterion used by the issuer to determine that status: IBGC, DJSI.

Number of consecutive periods of office: 1

Principal professional experience in the last 5 years, indicating:

- **Name of company and its sector of activity;**
- **Position,**
- **Whether the company is part of (i) the same economic group as the Issuer, or (ii) is controlled by a stockholder of the Issuer that holds a direct or indirect equity interest of 5% or more in any one class of security of the Issuer.**

Manoel Eduardo Lima Lopes, Brazilian, accountant and lawyer with solid career including the following positions:

Career employee of Banerj (Banco do Estado do Rio de Janeiro S.A.), hired in 1965 by public competition.

General Auditor, General Manager for Accounting/Controller, consultant for financial institutions, Director of a Financial Institution.

Worked at Banco Clássico in 1994-1998 and 2001-2018. Director of Ibracon - the Brazilian Independent Auditors' Association. Lecturer in Accounting at the Faculdade Moraes Junior. Worked in the liquidation of Distribuidora de Títulos e Valores Imobiliários do Estado do Rio, 1995-1998.

Liquidator, IRB - Brasil Resseguros S.A.. Manager, Controller's Department, March 1998 - June 2001, with functions in accounting, control, and tax planning and execution of IRB - Brasil Re.

Member of the Audit Board of Engie Brasil Energia S.A., 2006-2018.

Member of the Audit Board of CEG, 2013-17.

Substitute Member of the Boards of Directors of Cemig, Cemig D and Cemig GT.

State all the administrative positions that the candidate occupies in other companies or organizations of the third sector.

a. Description of any of the following events that have taken place in the last 5 years:

Any criminal conviction;

No

Yes - If yes, describe:

any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No

Yes - If yes, describe:

Any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in the meetings held by each body in the period, subsequent to being sworn into the position.

12.7. Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

12.8. For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a. Manager/s of Cemig:

No

Yes - If yes, describe the relationship:

b. manager/s of the Issuer or managers of direct or indirect subsidiaries of the Issuer

No

Yes - If yes, describe the relationship and the controlled company:

c. manager/s of the Issuer or of its direct or indirect subsidiaries, or direct or indirect controlling stockholders of the Issuer

No

Yes - If yes, describe:

d. managers of the Issuer or managers of direct or indirect controlling stockholders of the Issuer

No

Yes - If yes, describe:

12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:

a. Direct or indirect subsidiary/ies of the Issuer, except where the Issuer directly or indirectly holds 100% of the share capital

No

Yes - If yes, describe the relationship and the company/ies:

b. Direct or indirect controlling stockholder of the Issuer

No

Yes - If yes, describe the relationship:

c. if material, any supplier, client, debtor or creditor of the Issuer, or of any of its subsidiaries, or of the parent companies or subsidiaries of any of these

No

Yes - If yes, describe the relationship and the company/ies:

Manuel Jeremias Leite Caldas

12.5. Information on the candidates for Manager:

Name: Manuel Jeremias Leite Caldas

Date of birth: January 8, 1956

Profession: Engineer

CPF: 535.866.207-30

Elective position: Member of the Board of Directors

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of office: Until the Annual General Meeting to be held in 2020.

Other positions or functions held or exercised in the Company: None.

Whether nominated by the controlling stockholder: No.

State whether the candidate will be an independent board member: If yes, state the criterion used by the issuer to determine independence:

Number of consecutive periods of office: 0

Please supply:

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

Member of the Audit Board of Cemig, Cemig D and Cemig GT, since April 2016.

Eletrobras: Member of the GIGI Investigation Committee, up to January 2017.

Electrical engineer with master's degree in economics.

Financial consultant of Alto Capital Gestora de Recursos.

Banco PEBB: Manager, Technical Department; Manager and Chief Economist.

Banco Nacional: Manager of Economics and Research Department.

Banco Bozano Simonsen S.A.: Senior Analyst.

iv. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Member of the Audit Board of Cemig, Cemig D and Cemig GT, since April 2015.

Member of Boards of Directors of:

Oi/Telemar, 2013-2017; Forjas Taurus, 2013-2015; Eletropaulo, 2012-2014; Conttax Participações, 2009-2012.

Substitute member of the Boards of Directors of:

Eletropaulo, 2014-2016; Conttax Participações, 2012-2015;

São Carlos Empreendimentos, 2011-2013.

Member of the Audit Boards of:

Eneva, Sep. 2015-2017; Coelba, 2014-2016; CESP, 2013-2016 (Substitute, 2012-2013); Tegma Logística, 2013-2014; Eletrobras, 2012-2016; Eletropaulo, 2010-2012; Cosern, 2009-2011.

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. **any guilty judgment in an administrative proceeding of the CVM, and penalties applied:**

No.

Yes - If yes, describe:

ii. **any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.**

No.

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

12.7. Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

12.8. For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a. Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b. Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

c. Managers of Cemig:

No.

Yes - If yes, describe:

12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:

d. Any company directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the company/ies:

e. with the State of Minas Gerais;

No.

Yes - If yes, describe the relationship:

f. - and, if material, with any supplier, client, debtor or creditor of the State of Minas Gerais, of its subsidiaries, of Cemig, or parent companies or subsidiaries of any of them:

No.

Yes - If yes, describe the relationship and the company/ies:

Marcelo Gasparino da Silva

12.5. Information on the candidate for Manager:

Name: Marcelo Gasparino da Silva

Date of birth: February 13, 1971

Profession: Lawyer

CPF: 807.383.469-34

Elective position: Member of the Board of Directors

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2020

Other positions or functions held or exercised in the Company: None.

Whether nominated by the controlling stockholder: No: nominated by the preferred stockholders.

State whether the candidate will be an independent board member: If yes, state the criterion used by the issuer to determine that status: IBGC, DJSI.

Number of consecutive periods of office: 1

i. Principal professional experience in the last 5 years, indicating:

- **name of company;**
- **positions and functions inherent to the position;**
- **principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.**

Chair of Board of Directors, member of Boards of Directors and Audit Boards; coordinator and member of finance, audit and risk committees, and committees for legal, compliance and related parties in listed companies.

Lawyer specializing in corporate tax law, with degree from ESAG, and MBA course in progress in Controllershship, Auditing and Finance.

He serves as Chair of the Board of Directors of Eternit;

Member of the Board of Directors of AES Eletropaulo, Cemig and Kepler Weber, and

Substitute Member of the Audit Board of Petrobras.

He has served as Chair of the Board of Directors of Usiminas and member of the Boards of Directors of Bradespar, Battistella, Celesc, Eletrobras, Tecnisa, SC Gás, Vale, and Usiminas;

and as member of the Audit Boards of Bradespar, AES Eletropaulo, AES Tietê and Renuka do Brasil.

He serves as Chair of the Related Parties Committee and member of the Audit Committee of Eletropaulo, and Member of the Finance, Audit and Risks Committee of Cemig.

He has served as Coordinator of the Legal and Compliance Committee of Eternit.

He was founding partner and chair of the Consultative Council of the Gasparino, Sachet, Roman, Barros & Marchiori law office, where he worked as a lawyer until 2006.

He began his executive career in 2007 as Legal and Institutional Director of Celesc.

He took part in the CEO program of the FGV in 2016 (IBE/FGV/IDE), attended the Executive Program on Mergers and Acquisition of the London Business School and specialized courses in finance and strategy at the Institute of Directors, in London.

For IBCG (the Brazilian Corporate Governance Institute), he is Coordinator of the Santa Catarina Chapter, member of the Council and Holder of Board Member Certification.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Sitting Member of the Boards of Directors of Cemig, Cemig D and Cemig GT.

a. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

12.7. Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

Member of the Finance, Audit and Risks Committee.

12.8. For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a. Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b. Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

c. Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:

g. Any company directly or indirectly controlled by Cemig:

No

Yes - If yes, describe the relationship and the company/ies:

h. with the State of Minas Gerais;

No

Yes - If yes, describe the relationship:

i. - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No

Yes - If yes, describe the relationship and the company/ies:

Appendix 7

CVM Instruction 481 of 2009

Article 10.

Whenever the general assembly is called to elect managers or members of the audit board, the company must supply:

I - At least, the information indicated in items 12.5 to 12.10 of the Reference Form, for the candidates nominated or supported by the management or by the controlling stockholders.

AUDIT BOARD	
SITTING MEMBERS	SUBSTITUTE MEMBERS
José Afonso Bicalho Beltrão da Silva (for majority stockholder)	Helvécio Miranda Magalhães Junior (for majority stockholder)
Camila Nunes da Cunha Pereira Paulino (for majority stockholder)	Flávia Cristina Mendonça Faria Da Pieve (for majority stockholder)
Francisco Eduardo Moreira (for majority stockholder)	Wieland Silberschneider (for majority stockholder)
Rodrigo de Mesquita Pereira (PN shares)	Michele da Silva Gonsales (PN shares)
Ronaldo Dias (for minority stockholder)	

Camila Nunes da Cunha Pereira Paulino

12.5. information about the Member of the Audit Board:

Name: Camila Nunes da Cunha Pereira Paulino
Date of birth: August 9, 1982
Profession: Public Relations
CPF: 053.194.916-89
Position proposed: Sitting member
Date of election: Apr. 30, 2018
Date of taking office: Apr. 30, 2018
Period of Office: Until the Annual General Meeting to be held in 2019.
Other positions or functions held or exercised in the Company: None.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: (We do not have this information.)

Number of consecutive periods of office: 0

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are (i) Cemig companies, or (ii) companies of parties directly or indirectly holding at least 5% of the Common (ON) or preferred (PN) shares in Cemig.

Copanor, MG: Adviser to the CEO's Office, Since September 2016.

Activities: Improvements in management processes – SAP; internal communication; planning and structuring of technology projects; analysis of impacts; support and organization of training for improvements in the SAP system;

Copasa (Minas Gerais state water utility): Work via Indra consultancy company - September 2009 to September 2016.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Copanor, MG: Adviser to the CEO's office.

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

0%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

0%

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a. Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b. Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

c. Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

a. Any company directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the company/ies:

b. with the State of Minas Gerais;

No.

Yes - If yes, describe the relationship:

c. - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No.

Yes - If yes, describe the relationship and the company/ies:

Flávia Cristina Mendonça Faria Da Pieve

12.5. information about the Member of the Audit Board:

Name: Flávia Cristina Mendonça Faria Da Pieve
Date of birth: February 26, 1976
Profession: Lawyer
CPF: 037.964.286-73
Position proposed: Substitute member
Date of election: Apr. 30, 2018
Date of taking office: Apr. 30, 2018
Period of Office: Until the Annual General Meeting to be held in 2019.
Other positions or functions held or exercised in the Company: None.

Whether was elected by the controlling stockholder or not: Yes.

Independent member: (We do not have this information.)

Number of consecutive periods of office: 0

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are (i) Cemig companies, or (ii) companies of parties directly or indirectly holding at least 5% of the Common (ON) or preferred (PN) shares in Cemig.

Sub-Secretariat of the Governor's Political Office, Minas Gerais State:

Auditor-general of the Municipality of Belo Horizonte – May 2014 to December 2016: coordination of auditors.

Deputy Procurator-general of the Municipality of Belo Horizonte, as substitute, December 2012 to October 2013.

Manager of External Control Activities of the Office of the Procurator-general of the Municipality of Belo Horizonte, July 2012 to May 2014.

Legal Adviser to the Office of the Procurator-general of the Municipality, February 2009 to July 2012.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

0%

12.7. Please supply the information mentioned in item 12.6 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws.

12.8. Please supply:

For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

0%

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a. Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b. Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

c. Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2014, 2015, and/or 2016 the candidate had any relationship of subordination with:

a. Any company directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the company/ies:

b. with the State of Minas Gerais;

No.

Yes - If yes, describe the relationship:

c. - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No.

Yes - If yes, describe the relationship and the company/ies:

José Afonso Bicalho Beltrão da Silva

12.5. information about the Member of the Audit Board:

Name: José Afonso Bicalho Beltrão da Silva

Date of birth: October 5, 1948

Profession: Economist

CPF: 098044046-72

Position proposed: Sitting member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2019

Other positions or functions held or exercised in the Company: None.

State whether the candidate will be an independent board member: If yes, state the criterion used by the issuer to determine independence:

Number of consecutive periods of office: 0

Whether was elected by the controlling stockholder or not: Yes.

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

Prefecture of the City of Belo Horizonte

- Finance Secretary – January 2006 to July 2012.

PBH Ativos S.A.

- CEO – March 2009 to July 2014.

Brazilian Industry, Development and Foreign Trade Ministry

- Advisor – April 2013 to December 2014.

Brazilian Development Bank (BNDES):

- Advisor – April 2013 to December 2014.

Finance Secretary of the Minas Gerais State Government, since January 2015.

Member of the Boards of Directors of Cemig, Cemig D and Cemig GT, since January 2015.

Member of the Board of Directors of Transmissora Aliança de Energia Elétrica S.A. (Taesa), since November 2015.

Member of the Board of Directors of Parati S.A. – Participações em Ativos de Energia Elétrica, since March 2015.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Member of the Boards of Directors of Cemig, Cemig D and Cemig GT, since January 2015.

Member of the Board of Directors of Transmissora Aliança de Energia Elétrica S.A. (Taesa), since November 2015.

a. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes – If yes, describe:

Subject of judgment at first instance, in 2015, given by the 4th Federal Court of Belo Horizonte, in Criminal Action No. 2008.38.00.004809-0. The Appeal lodged is currently before the Regional Federal Court of the First Region, Judicial Section, of Minas Gerais State (Case No. 004711-51.2008.4.01.3800), on the grounds of Article 106 of the Constitution of the State of Minas Gerais,

which states that it is the competency of the State Appeal Court (2nd instance) to be the first initial forum of hearing and judgment of Minas Gerais State Secretaries.

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:

a. Any company directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the company/ies:

b. with the State of Minas Gerais;

No

Yes - If yes describe the relationship: Finance Secretary of the Minas Gerais State Government, since January 2015.

c. - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

No

Yes - If yes, describe the relationship and the company/ies:

Member of the Board of Directors of Transmissora Aliança de Energia Elétrica S.A. (Taesa), since November 2015.

Member of the Board of Directors of Parati S.A. - Participações em Ativos de Energia Elétrica, since March 2015.

Helvécio Miranda Magalhães Júnior

12.5. information about the Member of the Audit Board:

Name: Helvécio Miranda Magalhães Júnior

Date of birth: May 28, 1963

Profession: Doctor

CPF: 561.966.446-53

Position proposed: Substitute member

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of Office: Until the Annual General Meeting to be held in 2019

Other positions or functions held or exercised in the Company: None.

Whether was elected by the controlling stockholder or not: Yes.

State whether the candidate will be an independent board member: If yes, state the criterion used by the issuer to determine independence:

Number of consecutive periods of office: 0

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

Brazilian Health Ministry

Secretary for Healthcare, 2011–14.

Minas Gerais State Secretary for Planning and Management.

Chair of the Board of Directors of Prodemge.

Chair of the Board of Directors of BDMG.

Sitting Member of the Boards of Directors of Cemig, Cemig D and Cemig GT.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Sitting Member of the Boards of Directors of Cemig, Cemig D and Cemig GT.

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

- No.
 Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

- No.
 Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

- No.
 Yes - If yes, describe:

12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:

a. Any company directly or indirectly controlled by Cemig:

- No
 Yes - If yes, describe the relationship and the company/ies:
 Member of the Board of Directors of Parati S.A.

b. with the State of Minas Gerais;

- No
 Yes - If yes, describe: Minas Gerais State Secretary for Planning and Management;
 Chair of the Boards of Directors of Prodemge, and of BDMG.

c. - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

- No.
 Yes - If yes, describe the relationship and the company/ies:

Francisco Eduardo Moreira

12.5. information about the Member of the Audit Board:

Nome: Francisco Eduardo Moreira
Date of birth: May 28, 1963
Profession: Economist
CPF: 443.875.207-87
Position proposed: Sitting member
Date of election: Apr. 30, 2018
Date of taking office: Apr. 30, 2018
Period of Office: Until the Annual General Meeting to be held in 2019
Other positions or functions held or exercised in the Company: None.
Whether was elected by the controlling stockholder or not: Yes.
State whether the candidate will be an independent board member: If yes, state the criterion used by the issuer to determine independence:
Number of consecutive periods of office: 0

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

Deputy Government State Secretary

Member of the Board of Directors of Gasmig (Companhia de Gás de Minas Gerais), since January 2015

Lawyer – Practiced law from 2003 to December 31, 2014.

Furnas Centrais Elétricas: Unlisted mixed private-public-ownership company: June 18, 2008 to May 9, 2011.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

c. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

- No.
 Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

- No.
 Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

- No.
 Yes - If yes, describe:

12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:

a. Any company directly or indirectly controlled by Cemig:

- No.
 Yes - If yes, describe the relationship and the company/ies:

b. with the State of Minas Gerais;

- No.
 Yes - If yes, describe the relationship:

c. - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

- No.
 Yes - If yes, describe the relationship and the company/ies:

Wieland Silberschneider

12.5. information about the Member of the Audit Board:

Name: Wieland Silberschneider
Date of birth: November 3, 1960
Profession: Economist
CPF: 451.960.796-53
Position proposed: Substitute member
Date of election: Apr. 30, 2018
Date of taking office: Apr. 30, 2018
Period of Office: Until the Annual General Meeting to be held in 2019
Other positions or functions held or exercised in the Company: None.
Whether was elected by the controlling stockholder or not: Yes.
State whether the candidate will be an independent board member: If yes, state the criterion used by the issuer to determine independence:
Number of consecutive periods of office: 0

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

Minas Gerais State Department of Finance

- State Revenue Tax Auditor – Since January 2005

Abrinq Foundation for Children's Rights

- Programs Consultant – Since January 2005

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

d. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

a) Any other manager/s of Cemig:

- No.
 Yes - If yes, describe the relationship:

b) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

- No.
 Yes - If yes, describe the relationship and the controlled company:

c) Any administrator/s of the State of Minas Gerais:

- No.
 Yes - If yes, describe:

12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:

a. Any company directly or indirectly controlled by Cemig:

- No.
 Yes - If yes, describe the relationship and the company/ies:

b. with the State of Minas Gerais;

- No.
 Yes - If yes, describe the relationship:

c. - and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:

- No.
 Yes - If yes, describe the relationship and the company/ies:



Michele da Silva Gonsales

12.5. Information on member of the Audit Board:

Name: Michele da Silva Gonsales
Date of birth: Nov. 25, 1983
Profession: Lawyer
CPF: 324.731.878-00
Position: Member of Audit Board
Date of election: Apr. 30, 2018
Date of taking office: Apr. 30, 2018
Period of Office: Until the Annual General Meeting to be held in 2019
Other positions or functions held or exercised in the Company: None.
Whether nominated by the controlling stockholder: No: nominated by the preferred stockholders.
Independent member
Number of consecutive periods of office: 0

a. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

Lawyer, with specialist degree in Company Law from Mackenzie University, and LEC - Legal, Ethics & Compliance, specializing in Compliance.

Member of the Compliance Committee of IASP/SP.

Partner of the Ricardo Gimenez law office.

Worked for 4 years as Legal Manager of a medium-sized construction company.

Works in corporate risk management; preparation of Code of Conduct and implementation of Compliance program.

Analysis, preparation and management of contracts;

Preparation of corporate decisions, strategic legal planning for structuring of business.

Participated in the following courses:

LEC - Legal, Ethics & Compliance;

Extended course in Anti-corruption compliance, completed in 2017, LEC - Legal, Ethics & Compliance;

How to create and manage a Compliance Area - completed 2015.

Course in real estate law, at Getúlio Vargas Foundation, completed June 2014.

Contracts - Business and Practical View - completed September 2013.

Tax in the services sector, extension course, completed June 2010,

Strategic business management - extension course, completed December 2009.

Law degree, Mackenzie University, 2007.

Postgraduate studies in Corporate Law, Mackenzie University, completed 2009.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

b. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No.

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. *any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.*

No.

Yes - If yes, describe:

12.6. *For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.*

12.7. *Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws:*

12.8. *For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.*

12.9. *State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:*

a. *Any other manager/s of Cemig:*

No.

Yes - If yes, describe the relationship:

b. *Any manager/s of any company/ies directly or indirectly controlled by Cemig:*

No.

Yes - If yes, describe the relationship and the controlled company:

c. *Any administrator/s of the State of Minas Gerais:*

No.

Yes - If yes, describe:

12.10. *State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:*

a. *Any company(ies) directly or indirectly controlled by Cemig:*

No.

Yes - If yes, describe the relationship and the company/ies:

b. *With the State of Minas Gerais:*

No.

Yes - If yes, describe the relationship:

c. *- and, if material, with any supplier, client, debtor or creditor of Cemig, or of any of its subsidiaries, or of the State of Minas Gerais, or of any parent company or subsidiary of any of these:*

No.

Yes - If yes, describe the relationship and the company/ies:

Rodrigo de Mesquita Pereira

12.5. Information on member of the Audit Board:

Name: Rodrigo de Mesquita Pereira
Date of birth: October 20, 1964
Profession: Lawyer
CPF: 091.622.518-64
Position for election: Member of Audit Board
Date of election: Apr. 30, 2018
Date of taking office: Apr. 30, 2018
Period of Office: Until the Annual General Meeting to be held in 2019.
Other positions or functions held or exercised in the Company: None.
Whether nominated by the controlling stockholder: No: nominated by the preferred stockholders.
State whether the candidate will be an independent board member: If yes, state the criterion used by the issuer to determine independence:
Number of consecutive periods of office: 1

a. Summary CV, containing:

iii. Principal professional experience in the last 5 years, indicating:

- name of company;
- positions and functions inherent to the position;
- principal activity of the company in which such experiences took place, highlighting the companies or organizations that are part of the same economic group as (i) the Company, or (ii) any of its partners directly or indirectly holding 5% or more of any of the classes or types of shares in the Company.

Law degree from São Paulo University, January 14, 1988.

Latu Sensu postgraduation, and MBA in corporate management from EBAPE of the Getúlio Vargas Foundation, 2005.

Specialization courses in consumption contracts and economic activities, at the Law School of the Getúlio Vargas Foundation (FGV) (2009).

Specialization course in Capital Markets - Legal aspects, from the FGV Law School, 2013.

Latu Sensu postgraduation in common and collective law from PUC University of São Paulo.

Professional career:

1988-91: Practiced law.

Prosecutor with São Paulo State Public Attorneys' Office, 1991-2001.

Lawyer and partner with the Mesquita Pereira, Almeida e Esteves law office (since August 2001).

Member of the Audit Boards of Cemig, Cemig D and Cemig GT since May 2016.

iv. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Member of the Audit Boards of Cemig, Cemig D and Cemig GT, since May 2016.

b. Description of any of the following events that have taken place in the last 5 years:

iv. any criminal conviction;

No.

Yes - If yes, describe:

v. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:



vi. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

12.7. Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws:

12.8. For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

d) Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

e) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

f) Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:

d. Any company directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the company/ies:

e. with Cemig:

No.

Yes - If yes, describe the relationship:

f. - and, if material, with any supplier, client, debtor or creditor of the State of Minas Gerais, of its subsidiaries, of Cemig, or parent companies or subsidiaries of any of them:

No.

Yes - If yes, describe the relationship and the company/ies:

Ronaldo Dias

12.5. Information on member of the Audit Board:

Name: Ronaldo Dias

Date of birth: December 9, 1946

Profession: Accountant

CPF: 221.285.307-68

Position for election: Member of Audit Board

Date of election: Apr. 30, 2018

Date of taking office: Apr. 30, 2018

Period of office: Until the Annual General Meeting to be held in 2019.

Other positions or functions held or exercised in the Company: None.

Whether nominated by the controlling stockholder: No.

State whether the candidate will be an independent board member: If yes, state the criterion used by the issuer to determine independence:

Number of consecutive periods of office: 3

Please supply:

c. Summary CV, containing:

i. Principal professional experience in the last 5 years, indicating:

- **Name of company and its sector of activity;**
- **Position;**
- **Whether the company is part of (i) the same economic group as the Issuer, or (ii) is controlled by a stockholder of the Issuer that holds a direct or indirect equity interest of 5% or more in any one class of security of the Issuer.**

Accountant and legal expert inspector/witness.

Worked at the Brazilian Central Bank from 1980 to 1998, in the following positions:

Auditor,

Inspector of monitoring and oversight,

Coordination of inspection/oversight, and

Deputy Supervisor of Inspection, National Financial System

At Banco Clássico S.A., he served as

Ombudsman, from 2007 to 2013,

Internal Auditor, from 2013 to 2015, and

Administrative Manager of Fundo Dinâmica Energia, from 2014 to 2015.

Is currently Director of Banco Clássico S.A.

Member of the Audit Board of Cemig, Cemig D and Cemig GT (Cemig GT), since April 2015.

ii. Indication of all the management posts that the person occupies or has occupied in companies registered with the CVM.

Member of the Audit Board of Cemig, Cemig D and Cemig GT, since April 2015.

d. Description of any of the following events that have taken place in the last 5 years:

i. any criminal conviction;

No.

Yes - If yes, describe:

ii. any guilty judgment in an administrative proceeding of the CVM, and penalties applied:

No.

Yes - If yes, describe:

iii. any court or administrative judgment against which there is no further appeal which has suspended or disqualified the person from carrying out any professional or commercial activity.

No.

Yes - If yes, describe:

12.6. For each of the people who acted as a member of the Board of Directors or the Audit Board in the last business year, state, in the form of a table, the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

12.7. Please supply the information mentioned in item 12.5 in relation to the members of the committees formed under the by-laws, and also of the audit committee, the risk committee, the finance committee and the remuneration committee, even if such committees or structures are not created by the Bylaws:

12.8. For each of the people who acted as a member of the committees established under the by-laws, and the audit, risk, financial and remuneration committees, even if such committees are not required to exist under the bylaws, state the percentage of participation in meetings held by each body in the period, subsequent to being sworn into the position.

12.9. State whether the candidate has a conjugal relationship, stable union or family relationship up to the second degree with:

g) Any other manager/s of Cemig:

No.

Yes - If yes, describe the relationship:

h) Any manager/s of any company/ies directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the controlled company:

i) Any administrator/s of the State of Minas Gerais:

No.

Yes - If yes, describe:

12.10. State whether, in 2015, 2016 and/or 2017 the candidate had any relationship of subordination with:

g. Any company directly or indirectly controlled by Cemig:

No.

Yes - If yes, describe the relationship and the company/ies:

h. with the State of Minas Gerais;

No.

Yes - If yes, describe the relationship:

i. - and, if material, with any supplier, client, debtor or creditor of the State of Minas Gerais, of its subsidiaries, of Cemig, or parent companies or subsidiaries of any of them:

No.

Yes - If yes, describe the relationship and the company/ies:

Appendix 8

Comments by the Managers on the financial situation of the Company, as per Item 10 of the Reference Form

10.1 –

a. Overall financial and equity conditions

In the previous year, we had to deal with an electricity market that was still retracted, and with financial costs for rolling over of our debt that were still very high as a result of higher risk perception in relation to Brazil.

With the conclusion of 2017, we believe we have made important progress in our financial management.

Starting with management of debt: We previously had approximately R\$ 8.7 billion of debt maturing in 2017 and 2018. After more than 20 years absent from the international financial market, we raised funds outside Brazil, through Cemig GT, of US\$ 1 billion (R\$ 3.2 billion) in bonds, maturing 2024. Also, we carried out a re-profiling of our debt in the total amount of R\$ 3.4 billion. Together these two initiatives have balanced our cash flow, extended average debt maturities, and improved our credit quality.

Additionally, to improve our liquidity and reduce debt in 2017 we announced our disinvestment program, with priority for disposal of the assets that were most liquid, or which do not bring us a return in the short term, or which are not strategic. In spite of the difficulties and complexities inherent in the process of disposal, we are confident that the actions we have taken will produce positive results in 2018, which will enable us to reduce the Company's leverage more accentuatedly, and faster.

We continue in our quest for improvement of operational efficiency. We implemented a new voluntary dismissal program, which was joined in 2017 by 1, 151 employees. We feel confident that this will have positive effects in the coming years in reduction of the Company's operational expenses. Also important is the reduction of default, as a result of our actions during the year. These initiatives are added to others that contribute to the effort for reduction of the Company's operational costs, which are already showing results.

Our net profit was R\$ 1 billion, or 200% more than in 2016 (R\$ 334 million). Our cash flow, measured as Ebitda, was 32.37% higher in 2017, at R\$ 3.492 billion, than in 2016 (R\$ 2.638 billion). We are firmly confident that the improvement in our profitability and cash flow represent a trend for the coming years, as a result of our actions in the present.

On December 31, 2017, Cemig's consolidated Current liabilities exceeded its consolidated current assets by R\$ 125 million, which is a much better situation than in the previous year when net current

liabilities were over R\$ 3 billion. The Company had positive consolidated operating cash flows of R\$ 760 million in 2017, and R\$ 1.213 billion in 2016.

This table shows the improvement in the Company's indicators:

Debt and liquidity			
Year	2015	2016	2017
Gross debt	15,167	15,179	14,398
Net debt	11,732	13,139	12,279
Net debt / Equity %	90.33	101.58	0.86
Net debt / Ebitda %	2.12	4.98	3.52
Current liquidity ratio	0.7	0.7	1.0
Total current, net	(3,697)	(3,162)	(125)

In this context of improvement of our profitability, a highlight is the tariff review for Cemig Distribution (Cemig D), to be concluded in May 2018, with the inclusion of remuneration of the investments that we made since 2013 in the concession, an amount higher than R\$ 5 billion. This recognition, in tariffs, of our investments, associated with the reduction of our commercial losses and operational costs indicate a significant increase in the cash flow of Cemig D as from 2018, marking a new chapter in the history of this subsidiary.

We also do not forget the quality of service to our clients. We maintain our continuous process of improvement of our quality indicators, as measured by duration and average time of outages (the DEC and FEC indicators), in accordance with the requirements of regulation, which have been improving over recent years

In the transmission business, the decision on rules for indemnity of the assets, in the previous year, ensured for us a stable flow of cash for the coming years, making it possible to approve a multi-annual program of investments for Cemig GT, of R\$ 1.1 billion, which will make possible, in the future, addition of new revenues from these investments.

In our generation business, a highlight is the indemnity of more than R\$ 1 billion now agreed for the basic plans of the São Simão and Miranda plants. We are in discussion with the federal government on the criteria for measurement of this indemnity in the quest for a fair indemnity for the investments made by the Company.

We believe that the Company has the financial and equity conditions to implement the business plan and comply with short and medium term obligations.

b. Capital structure

The Chief Officers believe that the Company has a balanced capital structure, represented on December 31, 2017 by debt of R\$ 14.398 billion, of which 16% is short term and 84% long term, and on December 31, 2016 it had debt of R\$ 15.179 billion, of which 32% was short term and 68% long term. On December 31, 2015, total debt was R\$ 15,167 billion, of which 41% was short term and 59% long term. The fact that the total of debt at the end of 2016 was similar to the end of 2015 was due to increased debt in Cemig GT (with the financing of the Concession Grant Fee for the 18 plants

of Lot D), with efforts to reduce the debt of Cemig D. The Company is constantly seeking lengthening of its debt, even in an adverse market situation.

Stockholders' equity at December 31, 2017 was R\$ 14.330 billion, with net debt of R\$ 12.279 billion. At end-December 2016, it was R\$ 12.934 billion, while net debt was R\$ 13.139 billion. At the end of 2015, equity was R\$ 12.988 billion, and net debt R\$ 11.732 billion. The increase in equity from the end of 2016 to the end of 2017 was basically due to the increase in Profit reserves, and an Advance against Future Capital Increase, while the net debt was lower at end-2017 than end-2016, due to the amortizations made in the year. The reduction of stockholders' equity over the year 2016 mainly reflected: (i) recognition of an adjustment of R\$ 515 million in the actuarial liability, and (ii) payment of Interest on Equity with profit reserves, in the amount of R\$ 380 million; the increase in net debt from end-2015 to end-2016 was due to the higher indebtedness in Cemig GT (the financing for the Concession Grant Fee of the 18 plants in Lot D).

The level of financing of the Company's operations with its own capital and of third parties can be seen over the years in the average leverage as shown by the ratio between net debt and Stockholders' equity. Another way of demonstrating debt is through the capital structure, the proportion between own capital and third party capital. The table below shows the level of leverage and the capital structure, measured by the indicators (Net debt) / (Stockholders' equity) and (Stockholders' equity / Total liabilities)

– where:

Net debt = Loans and financings + Debentures – (Cash and cash equivalents + Securities)

and

Total liabilities = (Current liabilities + Noncurrent liabilities) + (Stockholders' equity),

as per the consolidated Statement of financial position (balance sheet).

These figures have been as follows:

Capital structure	2017	2016	2015
1. (Net debt) / (Stockholders' equity)	86%	102%	90%
2. Stockholders' equity / (Liabilities + Stockholders' equity)	34%	31%	32%

The Company's Chief Officers believe that the indicators shown in the table above have been situated at appropriate levels over the period analyzed. The first indicator shows that net debt in 2017 was 86% of Stockholders' equity (102% in 2016 and 90% in 2015). The second indicator shows that for every R\$ 1 invested in the Company in 2017, 34% came from funds of Stockholders' equity (31% in 2016, and 32% in 2015).

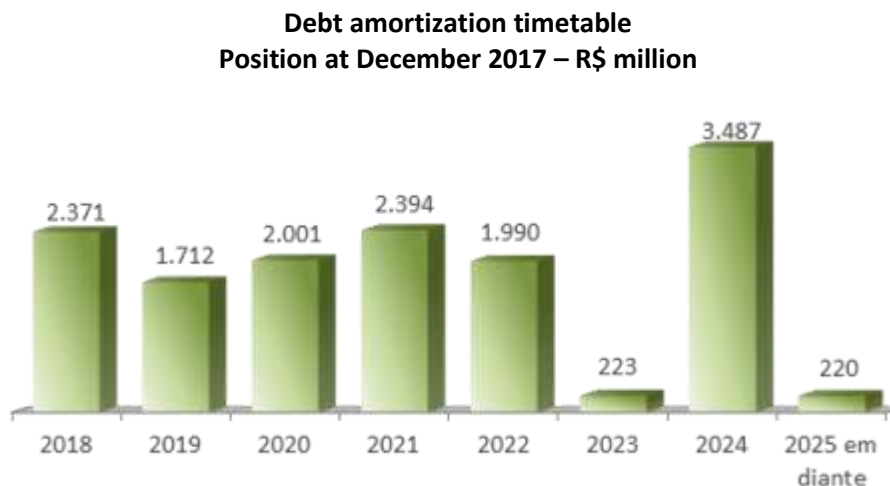
c. Payment capacity in relation to the financial commitments assumed

The Company's chief officers highlight the Company's cash generation capacity, as measured by Ebitda – which was R\$ 3.492 billion in 2017, compared to R\$ 2.638 billion in 2016. In 2015 the figures was higher, at R\$ 5.538 billion.

The total of the Company's cash balance plus securities at the end of 2017 was R\$ 2.118 billion; at the end of 2016 it was R\$ 2.042 billion, and at the end of 2015, R\$ 3.328 billion.

Net debt at the end of 2017 was R\$ 12.279 billion, compared to R\$ 13.139 billion at the end of 2016 and R\$ 11.732 billion at the end of 2015. The net debt/Ebitda of 2017 indicates that 3.52 years' operational cash flow (Ebitda) would be needed to pay the debtor balance, compared to 5.0 years at the end of 2016 and 2.1 years at the end of 2015. These variations in 2017 arise not only from reduction of debt, but also from increase in Ebitda.

As the chart below shows, the total debt of R\$ 14.398 billion has been lengthened, with 42% maturing inside three years and with average tenor of 4.1 years:



The Company's debt is already longer, due to the transactions of re-profiling of the debt carried out in 2017, and the Company has a good outlook for refinancing of its debt maturing in 2018 through long-term transactions.

Thus, the Chief Officers believe that the Company is fully able to refinance its short term debt, since it has been successful in accessing the capital market, both to refinance its investment and to refinance its debt.

The Company's current liabilities totaled R\$ 8.662 billion at December 31, 2017; R\$ 11.447 billion at the end of 2016; and R\$ 13.074 billion at the end of 2015. These changes reflect amortizations, and also the re-profiling of debt during 2017. The principal obligations are loans, financings, suppliers, taxes, dividends and regulatory charges.

On this basis the Chief Officers consider that the Company has capacity not only to pay its debt, but also to maintain its history of faithfully complying with its financial commitments assumed with suppliers, the government, stockholders and employees, and also guaranteeing its future investments and acquisitions.

d. Financing sources used for working capital and investments in non-current assets

The Company's operations are financed through cash flow from its businesses, raising of funds in the capital market, through issuance of securities in both the local and international markets, and by contracting of long-term financings. The Company's operational and financial expenses, investments and maintenance of operational costs, are financed by cash flow, and new acquisitions of investments and fixed assets have been financed by contracting financings and issuance of debentures.

Below is a description of the financing sources for working capital and for investments in non-current assets used by the Company and some of its subsidiaries in the business years 2017, 2016 and 2015:

During 2017 Cemig GT and Cemig D carried out constructive negotiations with their main creditor banks, to replace the debts becoming due in 2017 with new debts with amortization programmed over 36 monthly installments starting in January 2019, in the case of Cemig GT, and July 2019, for Cemig D. The debt that was subject of the reprofiling was with *Banco do Brasil*, *Caixa Econômica Federal* (Brazilian Federal Savings Bank – CEF), *Banco Bradesco* and *Itaú Unibanco*. At the end of December the companies concluded the re-profiling of their debts, through an issue of debentures by Cemig D, for R\$ 1.575 billion, amendments to loan transactions of Cemig D (R\$ 500 million with Banco do Brazil and R\$ 625 million with CEF) and Cemig GT (R\$ 741 million with Banco do Brasil), for a total amount of approximately R\$ 3.4 billion. The reprofiling of the debt of Cemig D had a cost of 146.5% of the variation arising from the CDI rate, and for Cemig GT, 140% of the CDI. The transactions of Cemig D will be amortized in 36 months starting July 2019, as to 6.75% in 2019, 13.50% in 2020, 27.0% in 2021 and 52.75% in 2022. The Cemig GT transaction will be amortized in 36 monthly installments starting January 2019. All the debts have asset guarantees, and obligations for early amortization in the event of sale of assets of Cemig GT and/or the Company.

In 2017 Cemig GT issued Eurobonds in the international market for US\$ 1 billion, with six-monthly coupon, at 9.25% p.a. The 7-year issue has maturity in December 2024, with an option for prepayment, without premium after six years from issue. The issue had a surety guarantee from the Company, and proceeds were used to amortize short-term debt. Fitch and Standard&Poors gave the issue the rating 'B'. To protect against foreign exchange variation, concomitantly with the receipt of proceeds on December 5, 2017 Cemig GT made a hedge transaction, at the cost of 150.49% of the variation arising from the CDI rate, for the total amount including the interest, through a combination of interest rate swap and call spread on the principal (i.e. in which Cemig GT accepts that the protection is up to an agreed price level). The issue deed had restrictive covenants and specified default events, which could generate early maturity of the debt. The package of covenants contains restrictions on investment, on indebtedness, and on payment of dividends, and asset guarantees, among other items, thus providing a combination of operational and financial flexibility for the issue and protection for investors. The covenants were decided according to the commonly accepted covenants for High Yield issues, and will cease to be applied if and when Cemig GT is rated 'investment grade' by two rating agencies.

This table gives the consolidated totals of funds raised in 2016:

Financing source	Signature date	Principal maturity	Annual financial cost, %	Amount (*)
Foreign currency				
Eurobonds	Dec. 5, 2017	2024	9.25%	3,252,374
(-) Transaction costs (*)				(15,530)
Interest paid in advance (*)				(48,097)
Brazilian currency				
Debentures (1)	Nov. 4, 2013	2022	CDI + 0.74%	33,870
Debentures (2)	Apr. 22, 2017	2019	128.50% of CDI	26,238
Debentures – 5th Issue, single series (3)	Dec. 14, 2017	2022	146.50% of CDI	1,575,000
(-) Transaction costs (3)				(10,971)
Total raised				4,812,884

(*) Includes taxes without cash effect, of R\$ 9,573.

(1) Subscription by BNDESPar of Gasmig's fourth Debenture Issue, in June 2017, to support the plan for investment in expansion of the gas distribution network.

CemigTelecom completed its second issue of non-convertible debentures in May 2017 with asset guarantees and additional surety, in a single series, to roll over debt and strengthen cash position.

(3) On December 14, 2017 CemigTelecom made its fifth issue of non-convertible debentures, with maturity 4.5 years, annual remuneration of 146.50% of the CDI rate, to be amortized in 36 monthly installments becoming due as from July 2019. Payment for subscription of the Debentures of the 5th issue was made with the debentures of the 4th issue – thus there was no cash effect in the Company.

In December 2016, Cemig GT concluded the 7th Public Issue of unsecured Debentures, not convertible into shares, unsecured but to be provided with asset guarantee with additional surety from the Company, in a single Series, for public distribution, with restricted placement efforts. A total of 224,000 debentures were issued with nominal unit value of R\$ 10,000 on the issue date, for a total of R\$ 2.240 billion. The net proceeds were allocated to redemption of the 144 (one hundred forty four) Promissory Notes of the sixth issue by Cemig Geração GT issued on December 30, 2015, and also to payment of other debts becoming due in 2016, and replenishment of the cash position of Cemig Geração GT due to its recent payment of debts.

In October 2016, Cemig GT signed a Bank Lending Contract, for R\$ 600 million, for payment and/or amortization of 16 working capital transactions of Cemig Geração GT with Banco do Brasil S.A. The loan has guarantee by the Company, for amortization in four six-monthly installments starting April 2017. The cost of the transaction is 132.90% of the variation arising from the CDI (Interbank CD rate).

In July 2016 Cemig D concluded its Seventh issue of Commercial Promissory Notes, for public distribution with restricted placement efforts, with issuance of 124 promissory Notes with nominal value of R\$ 5 million on the issue date (July 1, 2016), for a total of R\$ 620 million. The net proceeds from the issue of the Notes were allocated to payment of the second part of the Concession Grant Fee for the hydroelectric plants in Lot D of Aneel Auction 12/2015. The seventh note issue by Cemig GT has surety guarantee from the Company.

In March 2016, Cemig D concluded the fourth issue of non-convertible debentures, unsecured, with additional surety guarantee, for public distribution, with restricted placement efforts, issuing 161,500 non-convertible debentures, in a single Series, with nominal value of R\$ 10,000 on the issue date (December 15, 2015), but with date of paying-up/subscription March 26, 2016, totaling R\$ 1,615 billion. The net proceeds were allocated to optional early redemption of the Promissory Notes of the 8th issue by Cemig Distribuição S.A., and payment of other debts, and replenishment of Cemig D's cash position. The remuneratory interest was CDI +4.05% p.a., the nominal value to be paid in two consecutive annual installments, the first due on December 15, 2017 and the second on December 15, 2018.

In March 2016 Cemig D signed a Bank Lending Agreement for R\$ 695 million for rollover of debt with Caixa Econômica Federal. This loan has the surety guarantee of the Company, and is also backed by fiduciary assignment of receivables. It is to be amortized in 48 months, with grace period of 18 months, quarterly payment of interest and amortization in over 30 months with monthly payment of the interest portion. Final maturity is March 23, 2020. The initial cost was 132.14% of average daily value of the CDI rate.

This table gives the consolidated totals of funds raised in 2016:

Financing source	Principal maturity	Annual financing cost	Amount raised
Brazilian currency			
Caixa Econômica Federal – Cemig D	2020	132.14% of CDI	675,008
Debentures (Cemig D)	2018	CDI + 4.05%	1,574,625
KfW (Cemig GT)	2018	1.78%	1,965
Promissory Notes – Cemig GT – 7th Issue	2017	128% of CDI	605,740
Debentures – 4th Issue, 7th Series (Gasmig)	2020	TJLP	23,850
Debentures: 7th Issue (CEMIG GT)	2021	140% of CDI	2,195,200
Banco do Brasil	2018	132.90% of CDI	579,546
Sonda (Cemig Telecom)	2021	110% of CDI	80,842
Financings obtained net of funding costs			5,736,776

Further, in October 2015 Cemig GT extended part of its debt through renewal of lending transactions for R\$ 540 million contracted with Banco do Brasil under bank credit notes, and a new rollover of debt with Banco da Amazônia for R\$ 120 million.

In July 2015, Cemig GT concluded its sixth Issue of unsecured Debentures, not convertible into shares, with additional surety guarantee, for public distribution, with restricted placement efforts, with issuance of 100,000 unsecured non-convertible debentures, in two series, of which 97,275 debentures are of the first Series and 2,725 are of the second Series, with nominal value of R\$ 10,000 on the issue date (July 15, 2015), for a total of R\$ 1.0 billion. The net proceeds from this issue were allocated in replenishment of the cash position of Cemig Geração GT following its payment of debts. This issue has a surety guarantee from the Company.

The net proceeds from this issue were allocated in replenishment of the cash position of Cemig GT following its payment of debts. This issue has a surety guarantee from the Company.

In December 2015, Cemig Geração e Transmissão S.A. concluded its sixth issue of commercial Promissory Notes for public distribution, with restricted efforts, with issuance of 144 Promissory Notes with nominal value of R\$ 10 million on the issue date (December 30, 2015), for a total of R\$ 1.440 billion. The net proceeds from this issue of notes were allocated to payment of the first portion of the Concession Grant Fee for the hydroelectric plants in Lot D of Aneel Auction 12/2015. Cemig GT's sixth issue of notes has surety guarantee by the Company.

In May 2015 Cemig D signed a bank lending agreement with Banco do Brasil for R\$ 100 million, to provide working capital. This had a surety guarantee from the Company, and pledge of duplicate invoices for services, with due dates up to 180 days. The payment was to be made in two equal installments on April 26, 2016 and 2017. The cost of the transaction was 111% of the average daily CDI rate.

In May 2015 Cemig D signed a Bank Lending Agreement with Banco do Brasil, for R\$ 500 million, for working capital. This had a surety guarantee from the Company, and pledge of duplicate invoices for services, with due dates up to 180 days. The interest cost of the transaction was 114% of the average daily CDI rate.

In April 2015 Cemig D concluded its 8th issue of promissory notes, issuing 340 notes with nominal unit value of R\$ 5 million on the issue date (April 1, 2015), totaling R\$ 1.700 billion. The net proceeds from the issue of Notes were allocation to payment of debt and purchase of electricity. This 8th Note issued by Cemig D has a surety guarantee from its controlling stockholder, Cemig.

In January 2015 Cemig signed a Bank Lending Agreement with Caixa Econômica Federal for R\$ 200 million, for payment of debt to Banco do Brasil Bank Credit Note No. 21/00805-1. This loan had surety guarantee from the Company, for payment in 36 months, with grace period of 12 months, and the last maturity on January 22, 2018. The interest cost of the transaction was 119% of the average daily CDI rate.

This table gives the consolidated totals of funds raised in 2015:

Financing source	Principal maturity	Annual financing cost %	Amount raised R\$ '000
Brazilian currency			
Banco do Brasil (Cemig GT)	2015	106.90% of the CDI Rate	593,706
Debentures – Cemig GT – 6th Issue, 2nd Series	2018	CDI + 1.60%	967,400
Debentures – Cemig GT – 6th Issue, 2nd Series	2020	IPCA + 8.07%	27,100
Promissory Notes – Cemig GT – 6th Issue	2016	120% of the CDI Rate	1,406,880
Banco da Amazônia – Cemig GT	2018	CDI + 1.90%	118,363
Caixa Econômica Federal – Cemig D	2018	119% of CDI	200,000
Promissory Notes – Cemig GT – 8th Issue	2016	111.70% do CDI	1,684,700
Banco do Brasil – Cemig D	2020	114% of CDI	486,618
Banco do Brasil – Cemig D	2017	111% of CDI	97,696
Debentures – Gasmig – 4th Issue	2022	TJLP+2.82% (75%); Selic+1.82% (25%)	34,472
Debentures – Gasmig – 5th Issue	2018	CDI + 1.60%	100,000
Itaú Unibanco / Banco BBM – Cemig Telecom	2016	120% of the CDI Rate	22,528
☺Total raised in Brazilian currency			5,739,463

e. Sources of financing for working capital and for investments in non-current assets that the Company intends to use to cover any liquidity shortfalls

It needs to be borne in mind that the Company is a mixed private/public corporation in which the State of Minas Gerais is majority stockholder, and as a result it is legally subject to rules restricting credit to the public sector.

Since 1989, in the attempt to contain the debt of the public sector, the federal government has legislated to impede granting of credit by banks to publicly-owned companies beyond a certain limit. In practice, there are a few alternatives available for raising funds in the banking market.

Based on the exceptions in Brazilian Central Bank Resolution 2827 of March 30, 2001, the following options for raising of funding remain for the Company:

- Loans from federal banks for rolling over of debt;
- Issue of securities in the Brazilian and international markets (debentures, commercial paper, Eurobonds, units of receivables funds);
- Financing for importation;
- Financing from multilateral agencies;
- Financing from development bodies; and
- Bank loans guaranteed by trade bills.

Directives for raising of funds from third parties

The Company's Chief Officers believe that the importance of loans/financings for the capital structure of the Company is in the direct effects of financial leverage, which tend to maximize return on capital. Due to the possibility of deduction of interest for tax purposes, loans/financings are very desirable in the capital structure of the Company, reducing the cost of capital. Further, they allow the Company access to a wider selection of acceptable investment alternatives.

The process of raising of funds from third parties, due to its importance for maximizing the wealth of the stockholder and the direct impact on the Company's capital structure and financial health, is guided by a series of directives able to preserve the Company's credit quality.

These observe the following orientations:

- Take advantage of favorable market conditions. Take advantage of moments of high liquidity in the debt market, offering abundant cheaper funds, to leverage expansion of the Company's activities, increasing the number of possible projects with attractive returns.
- Keep the debt amortization timetable long. Concentration of debt in the short term should be avoided, because it represents pressure on Company's cash flow, compromising availability of funds for investment. A regular amortization timetable should be sought in the long term. However, the longest possible maturity may not be the ideal in certain situations, in that occasionally it may be associated with a higher financial cost.
- Reduce the financial cost. Reduction of the average cost of debt should be sought at all times, because it, along with expectation of return for the stockholder, it is a fundamental part of the Company's weighted average cost of capital, which is the minimum reference for return on investments proposed for implementation.
- Optimize exposure to foreign currency. Optimization of the composition of the debt should be sought in relation to the indexors of the Company's assets. Because its tariff remuneration is basically linked to the IGP-M index, the larger part of the composition of the debt should be linked to this indexor. However, the international debt market is the one with the highest liquidity and funds in foreign currency are welcome, provided that any part of such transactions that do not have the protection of a hedge do not represent a significant financial risk for the Company.
- Maintain coherence with the Company's Long-term Strategic Plan. In its by-laws the Company has an express obligation to maintain certain financial indicators within numerical limits denoting its financial health. These limits have been set in the Company's Long-term Strategic Plan, as a way of guaranteeing to stockholders that the investments for the expansion of the company will be carried out in a way that preserves its sustainability. These limits include:

Consolidated net debt/Ebitda less than or equal to 2; and

Net debt/(Stockholders' equity plus net debt) less than or equal to 40%.

- Maintain compliance with the credit quality parameters of the regulator, the rating agencies and the creditors. The Chief Officers believe that the risk perceptions of the market are important, because they define parameters to attest to the Company's credit quality and guide the decision on interest rates to be sought in loans and financings. Often contracts for loans/financing include covenants imposed by creditors for their protection, giving them the right to break the agreement and demand immediate repayment if it appears that the Company's financial position is weakening. Thus it is important to preserve the Company's credit quality at levels that denote 'investment grade', that is to say, investment of low risk, so as to be able to benefit from financial costs that are compatible with the profitability of the business. The Brazilian regulatory, Aneel, also defines an optimal capital structure for the purposes of remuneration of the asset base of distribution, as specified under its regulations.

f. Levels of indebtedness and the characteristics of these debts

On December 31, 2017 the Company's consolidated debt balance under financial contracts was R\$ 14.398 billion, of which R\$ 12.279 billion was net debt. On December 31, 2016 that balance was R\$ 15.179 billion, with net debt of R\$ 13.139 billion. The changes from 2016 to 2017 arise from amortizations of debt. On December 31, 2015 the consolidated debt balance in financial contracts was R\$ 15.167 billion, of which R\$ 11.732 billion was net debt. The comparison of the figures reflects an increase of debt to finance the payment of the Concession Grant Fee of the 18 plants auctioned as Lot D.

On December 30, 2017 the main indexors of the Company's debt were: CDI (50% of the total), IPCA (26% of the total), US dollar (23% of the total) and 1% other indicators. It should be noted that the debt in dollars, referring to the bonds, have a hedge, at a cost of 150.49% of the CDI rate, for the total amount, including the interest, through a combination of interest rate swap and call spread on the principal (in which Cemig GT acknowledges that it is protected only up to a certain level).

The figures in the table below indicate that the Company's credit quality is still satisfactory, when compared to the parameters usually practiced in the financial market for those indicators, and also that 2017 was positively affected by the increase in Ebitda:

	Ratio at Dec. 31		
	2017	2016	2015
Debt / Stockholder's equity, % ⁽¹⁾	2.95	2.25	2.14
Net Debt / Ebitda ⁽²⁾	3.52	4.98	2.37
(Net debt) / (Stockholders' equity + Net Debt) ⁽³⁾	46	50%	47%

(1) Total liabilities / Stockholders' equity.

(2) Ebitda: Calculated in accordance with CVM Instruction 527/12.

(3) Net debt = debt (loans, financings and debentures) less (cash and cash equivalents plus securities).

i. Significant loan and financing agreements

The Company has entered into numerous financing contracts with various institutions for financing of its projects of expansion, amplification of its activities and rollover of its debt.

FINANCING SOURCE	Principal maturity	Annual financial cost %	Currency	Consolidated – R\$ '000			
				2017			2016
				Current	Non-current	Total	Total
FOREIGN CURRENCY							
KfW	2019	1,78	Euros	4,178	205	4,383	7,416
Eurobonds	2024	9.25%	USD	25,149	3,308,000	3,333,149	-
Banco do Brasil: Various Bonds (1)	2024	Various	US\$	1,455	21,478	22,933	23,049
(-) Transaction costs				-	(15,400)	(15,400)	-
(-) Interest paid in advance				-	(47,690)	(47,690)	-
Debt in foreign currency				30,782	3,266,593	3,297,375	30,465
BRAZILIAN CURRENCY							
Banco do Brasil	2017	108.33% of the CDI Rate	R\$	-	-	-	72,549
Banco do Brasil	2017	108.00% of CDI	R\$	-	-	-	150,683
Banco do Brasil	2017	111.00% of CDI Rate	R\$	-	-	-	50,683
Banco do Brasil	2021	140.00% of CDI Rate	R\$	1,100	741,264	742,364	1,156,368
Banco do Brasil	2022	146.50% of CDI	R\$	193	500,000	500,193	510,289
BNDES	2017	TJLP+2.34%	R\$	-	-	-	74,095
Caixa Econômica Federal	2018	119.00% of CDI	R\$	8,346	-	8,346	108,792
Caixa Econômica Federal	2022	146.50% of CDI	R\$	1,165	625,502	626,667	697,800
Eletrobras	2023	UFIR; RGR + 6.00 to 8.00%	R\$	16,619	33,170	49,789	68,043
Large consumers	2024	Various	R\$	1,965	2,339	4,304	6,317
Finep	2018	TJLP + 5% and TJLP + 8%	R\$	2,359	-	2,359	5,505
Pipoca Consortium	2018	IPCA	R\$	185	-	185	185
Promissory Notes – 7th Issue	2017	128.00% of CDI	R\$	-	-	-	674,196
Banco da Amazônia S.A.	2018	CDI + 1.90%	R\$	121,470	-	121,470	122,596
Sonda (2)	2021	110.00% of CDI	R\$	-	41,993	41,993	83,238
(-) Transaction costs				(2,477)	(23,958)	(26,435)	(52,627)
Debt in Brazilian currency				150,925	1,920,310	2,071,235	3,728,712
Total of loans and financings				181,707	5,186,903	5,368,610	3,759,177
Debentures – 3rd Issue, 1st series (3)	2017	CDI Rate + 0.90%	R\$	-	-	-	543,214
Debentures – 3rd Issue, 2nd Series (3)	2019	IPCA + 6.00%	R\$	157,866	143,199	301,065	293,153
Debentures – 3rd Issue, 3rd Series (3)	2022	IPCA + 6.20%	R\$	50,766	959,436	1,010,202	983,679
Debentures – 5th Issue, 1st series (3)	2018	CDI + 1.70%	R\$	703,021	-	703,021	1,411,295
Debentures – 6th Issue, 1st series (3)	2018	CDI + 1.60%	R\$	507,692	-	507,692	1,040,715
Debentures – 3rd Issue, 2nd Series (3)	2020	IPCA + 8.07%	R\$	1,107	30,986	32,093	31,223
Debentures – 7th Issue, 1st series (3)	2021	140.00% of CDI Rate	R\$	47,319	1,636,238	1,683,557	2,241,592
Debentures – 2nd Issue (3)	2017	IPCA + 7.96%	R\$	-	-	-	235,136
Debentures – 3rd Issue, 1st series (4)	2018	CDI + 0.69%	R\$	447,114	-	447,114	464,072
Debentures – 3rd Issue, 2nd series (4)	2021	IPCA + 4.70%	R\$	59,337	1,477,810	1,537,147	1,496,274
Debentures – 3rd Issue, 3rd series (4)	2025	IPCA + 5.10%	R\$	38,409	881,788	920,197	895,829
Debentures – 4th Issue, single series (4)	2018	CDI + 4.05%	R\$	20,008	-	20,008	1,626,851
Debentures – 5th Issue, single series (4)	2022	146.50% of CDI	R\$	1,220	1,575,000	1,576,220	-
Debentures (5)	2018	CDI + 1.60%	R\$	100,328	-	100,328	100,629
Debentures (5)	2018	CDI + 0.74%	R\$	33,350	-	33,350	66,706
Debentures (5)	2022	TJLP+1.82% (75%); Selic+1.82% (25%)	R\$	33,070	122,307	155,377	133,502
Debentures (5)	2019	116.50% of CDI	R\$	330	50,000	50,330	-
Debentures (2)	2019	128.50% of CDI	R\$	15,352	11,200	26,552	-
(-) FIC Pampulha: Securities of subsidiary companies (6)				(25,492)	-	(25,492)	(64,528)
(-) Transaction costs				(1,953)	(47,721)	(49,674)	(79,239)
Total, debentures				2,188,844	6,840,243	9,029,087	11,420,103
Overall total – Consolidated				2,370,551	12,027,146	14,397,697	15,179,280

(1) Net balance of the Restructured Debt comprising bonds at par and discounted, with balance of R\$ 149,169, less the amounts given as Deposits in guarantee, with balance of R\$ 126,236. Interest rates vary – from 2 to 8% p.a.; six-month Libor plus spread of 0.81% to 0.88% p.a.

(2) CemigTelecom

(3) Cemig Geração e Transmissão

(4) Cemig Distribuição

(5) Gasmig

(6) FIC Pampulha has financial investments in securities issued by subsidiary companies of the Company. For more information and characteristics of this fund, see Note 28.

ii.

The Chief Officers confirm that there are no long-term relationships between the Company and financial institutions, relating to the business years ended December 31, 2017, 2016 and 2015, other than those already described in item 10.1(f)(i) of this Reference Form.

iii. Degree of subordination between the debts

In the event of court or extrajudicial liquidation of the Company there is an order for preference as to payment of the obligations, specified and guaranteed under Law 11.101 of February 9, 2005. Certain debts were contracted with an asset guarantee and, thus, have preference over other debts of the Company in the event of bankruptcy, up to the limit of the asset guarantee constituted.

Approximately 61% of the debts of the Company's subsidiaries have a corporate guarantee from the Company, and approximately 38% of the debt is guaranteed by receivables and/or shares.

iv. Any restrictions imposed on the Issuer, especially in relation to the limits of indebtedness and contracting of new debt, distribution of dividends, disposal of assets, issues of new securities and/or disposal of stockholding control, and also whether the Issuer has complied with these restrictions

As to the existence of financial covenants in financing contracts signed by Cemig D, Cemig GT and the Company:

In 2017 the issue of bonds by Cemig GT specified certain covenants, and defined certain default events able to trigger early maturity of the debt. The package of covenants contains restrictions on investment, on indebtedness, on payment of dividends and asset guarantees, among other items, thus providing a combination of operational and financial flexibility for the issue and protection for investors. The covenants were decided according to the commonly accepted covenants for High Yield issues, and will cease to be applied if and when Cemig GT is rated Investment Grade by two rating agencies.

The covenants requiring six-monthly compliance are the following:

'Maintenance' covenants		
Net debt / Ebitda adjusted for the Covenant		
Period	Cemig	Cemig GT
Dec. 31, 2017	5.00x	5.50x
Jun. 30, 2018	5.00x	5.50x
Dec. 31, 2018	4.25x	5.00x
Jun. 30, 2019	4.25x	5.00x
Dec. 31, 2019	3.50x	4.50x
Jun. 30, 2020	3.50x	4.50x
Dec. 31, 2020	3.00x	3.00x
Jun. 30, 2021	3.00x	3.00x
Dec. 31, 2021 and after	3.00x	2.50x

In the event that ‘maintenance covenants’ are exceeded at any time, the interest rate will automatically be increased by 2% p.a. during the period in which the excess continues. There is also an obligation to comply with a ‘maintenance’ covenant – which requires that the debt in Cemig Consolidated (as per financial statements), shall have asset guarantee for debt of 1.75x Ebitda (2.0 in December 2017); and a ‘damage’ covenant, requiring real guarantee for debt in Cemig GT of 1.5x Ebitda.

In the re-profiling of debt with the creditor banks in 2017, the transactions have covenants limiting the indebtedness capacity of the Company, Cemig D and Cemig GT, as follows:

5th debenture issue, and amendment to contracts with Banco do Brasil and Caixa Econômica Federal:

Net debt / Ebitda		
Period	Cemig	Cemig D
31-12-2017	4.50x	7.50x
30-06-2018	4.50x	7.50x
31-12-2018	4.25x	4.50x
30-06-2019	4.25x	3.80x
31-12-2019	3.50x	3.80x
30-06-2020	3.50x	3.30x
31-12-2020	3.00x	3.30x
30-06-2021	3.00x	3.30x
Dec. 31, 2021 and after	2.50 x	3.30x

Amendments to contracts for loans with Banco do Brasil:

Net debt / Ebitda		
Period	Cemig	Cemig GT
31-12-2017	4.50x	5.50x
30-06-2018	4.50x	5.50x
31-12-2018	4.25x	5.00x
30-06-2019	4.25x	5.00x
31-12-2019	3.50x	4.50x
30-06-2020	3.50x	4.50x
31-12-2020	3.00x	3.00x
30-06-2021	3.00x	3.00x
Dec. 31, 2021 and after	2.50 x	2.50x

In December 2016 Cemig GT raised R\$ 2.240 billion through its seventh debenture issue. The Deed of this issue has a covenant for compliance six-monthly under which Cemig GT has the obligation to keep its Net debt / (Ebitda + Dividends received) less than or equal to:

- 5.5 x in December 2017;
- 5.0 x in December 2018;
- 4.5 x in December 2019;
- 3.0 x in December 2020, and
- 2.5 x in December 2021, inclusive.

This clause also specifies that the Company, guarantor of the transaction, has the obligation to keep its net debt / (Ebitda plus Dividends received) at or below:

- 4.5 x in December 2017;
- 4.25 x in December 2018;
- 3.5 x in December 2019;
- 3.0 x in December 2020, and
- 2.5 x in December 2021, inclusive.

Notes: For these covenants, the terms have the following meanings:

- (1) 'Net debt' means the balance on the accounts of loans, financings and debentures (current and non-current liabilities), plus debts owed to the Forluminas Foundation (the Forluz pension fund) plus put options (value updated monthly); less the total of cash, cash equivalents and securities (current and non-current assets); based on the last consolidated financial statements of Cemig GT or of the Cemig holding company, as the case may be, presented to the CVM.
- 2) 'Ebitda' means profit before interest, taxes on income including Social Contribution on Net Profit, depreciation and amortization, calculated in accordance with CVM Instruction 527 of October 4, 2012, and CVM Official Circular SNC/SEP 01/2007:
 - (a) less (a.1) equity method gain/loss (affiliates), (a.2) provisions for put options, (a.3) non-operational profit/loss, (a.4) stockholding reorganizations and (a.5) accounting effect of the transmission indemnity; and
 - (b) plus (b.1) cash effect of the transmission indemnity and (b.2) dividends received (affiliates).
- (3) 'Dividends received' means dividends and Interest on Equity received during the period in question.

The subsidiary Gasmig also has covenants, as follows:

Description of Covenant	Requirement
Gasmig 4th Issue:	
Ebitda / Debt servicing (1)	1.3 or more
Overall indebtedness (Total liabilities / Total assets)(1)	Less than 0.6
Gasmig 6th Issue:	
Ebitda / Net financial revenue (expenses)(2)	2.5 or more
Overall indebtedness (Total liabilities/Total assets):	0.60 or less
Net debt / Ebitda	2.5 or less

(1) Cross-default: Certain contractually specified situations can cause early maturity of other debts.

(2) Net financial revenue (expenses): Interest and financial expenses, less financial revenues; (does not apply when the net financial revenue is positive).

Financial contracts of Cemig D and Cemig G contain standard clauses restraining payment of dividends if the companies are in default, restraining disposal of assets that would compromise their activities and restrain disposal of stockholding control of the Company.

g. Limits of financings contracted and percentages so far used

Not applicable.

h. Significant alterations in each item of the financial statements

The tables inserted in this item give a summary of the financial and operational information of the Company for the periods indicated. The information below should be read in conjunction with the Company's audited financial statements for the business years ended December 31, 2017, 2016 and 2015 and the related explanatory notes, which have been prepared in accordance with Accounting Practices adopted in Brazil, and IFRS.

Comparison of the Statements of financial position (balance sheet) for the business years ended December 31, 2017 and 2016

ASSETS (R\$ million)	Consolidated				
	2017	% of total	2016	% of total	Change %
CURRENT					
Cash and cash equivalents	1,030	2.44	995	2.37	3.52
Securities	1,058	2.50	1,014	2.41	4.34
Consumers and Traders	4,026	9.53	3,425	8.15	17.55
Financial assets of the concession	848	2.01	730	1.74	16.16
Recoverable taxes	174	0.41	236	0.56	(26.27)
Income tax and Social Contribution taxes recoverable	340	0.80	590	1.40	(42.37)
Dividends receivable	77	0.18	11	0.03	600.00
Restricted cash	106	0.25	367	0.87	(71.12)
Inventories	38	0.09	49	0.12	(22.45)
Advances to suppliers	116	0.27	1	0.00	11.500.00
Accounts Receivable from the State of Minas Gerais	235	0.56	-	-	100.00
Reimbursement of tariff subsidies	73	0.17	64	0.15	14.06
Low-income subsidy	27	0.06	36	0.09	(25.00)
Credits owed by Eletrobras – RGR	-	-	48	0.11	-
Credits owed by Eletrobras – CDE	4	0.01	90	0.21	(95.56)
Subsidies for tariffs	104	0.25	102	0.24	1.96
Other	281	0.67	524	1.25	(46.68)
TOTAL, CURRENT	8,537	20.21	8,285	19.71	3.04
NON-CURRENT					
Securities	30	0.07	31	0.07	(3.23)
Advances to suppliers	7	0.02	229	0.54	(96.94)
Consumers and Traders	255	0.60	146	0.35	74.66
Recoverable taxes	231	0.55	178	0.42	29.78
Income tax and Social Contribution taxes recoverable	20	0.05	112	0.27	(82.14)
Deferred income tax and Social Contribution tax	1,871	4.43	1,797	4.27	4.12
Escrow deposits in litigation	2,335	5.53	1,887	4.49	23.74
Gains on financial instruments	8	0.02	-	-	100.00
Other	628	1.49	1,050	2.50	(40.19)
Financial assets of the concession	6,604	15.63	4,971	11.83	32.85
Investments	7,792	18.45	8,753	20.82	(10.98)
Property, plant and equipment	2,763	6.54	3,775	8.98	(26.81)
Intangible assets	11,158	26.42	10,820	25.74	3.12
TOTAL, NON-CURRENT	33,702	79.79	33,751	80.29	(0.15)
TOTAL ASSETS	42,240	100.00	42,036	100.00	0.49

LIABILITIES (R\$ million)	Consolidated				
	2017	% of total	2016	% of total	Change %
Suppliers	2,343	5.55	1,940	4.62	20.77
Regulatory charges	513	1.21	381	0.91	34.65
Profit sharing	9	0.02	18	0.04	(50.00)
Taxes	704	1.67	794	1.89	(11.34)
Income and Social Contribution taxes	115	0.27	27	0.06	325.93
Interest on Equity, and Dividends, payable	428	1.01	467	1.11	(8.35)
Loans, financings and debentures	2,371	5.61	4,837	11.51	(50.98)
Payroll and related charges	207	0.49	225	0.54	(8.00)
Post-retirement obligations	232	0.55	199	0.47	16.58
Paid concessions	3	0.01	3	0.01	-
Financial liabilities of the concession	415	0.98	482	1.15	13.90
Financial instruments – Put options	507	1.20	1,150	2.74	(55.91)
Advance sales of power supply	233	0.55	181	0.43	28.73
Provision for losses on financial instruments	13	0.03	-	-	100.00
Other obligations	570	1.35	746	1.77	23.59
TOTAL, CURRENT	8,662	20.51	11,447	27.23	(24.33)
NON-CURRENT					
Regulatory charges	250	0.59	455	1.08	(45.05)
Loans and financings	12,027	28.47	10,342	24.60	16.29
Taxes	28	0.07	724	1.72	(96.13)
Deferred income tax and Social Contribution tax	735	1.74	582	1.38	26.29
Provisions	678	1.61	815	1.94	(16.81)
Post-retirement obligations	3,954	9.36	4,043	9.62	(2.20)
Paid concessions	18	0.04	19	0.05	(5.26)
Financial liabilities of the concession	-	-	323	0.77	(100.00)
Pasep and Cofins taxes to be reimbursed to consumers	1,087	2.57	-	-	100.00
Financial instruments – Put options	308	0.73	192	0.46	60.42
Provision for losses on derivative instruments	29	0.07	-	-	100.00
Other obligations	133	0.31	159	0.38	(16.35)
TOTAL, NON-CURRENT	19,247	45.57	17,654	42.00	9.02
TOTAL LIABILITIES	27,909	66.07	29,101	69.23	(4.10)
STOCKHOLDERS' EQUITY					
Share capital	6,294	14.90	6,294	14.97	-
Capital reserves	1,925	4.56	1,925	4.58	-
Profit reserves	5,729	13.56	5,200	12.37	10.17
Share subscriptions yet to be paid-up	1,215	2.88	-	-	100.00
Equity valuation adjustments	(837)	(1.98)	(488)	(1.16)	71.52
ATTRIBUTABLE TO CONTROLLING STOCKHOLDERS	14,326	33.92	12,931	30.76	10.79
ATTRIBUTABLE TO NON-CONTROLLING STOCKHOLDER	4	0.01	4	0.01	-
TOTAL OF STOCKHOLDERS' EQUITY	14,330	33.93	12,935	30.77	10.78
TOTAL LIABILITIES AND EQUITY	42,240	100.00	42,036	100.00	0.49

The main alterations in the account lines of assets and liabilities in the financial statements for 2017, as compared to 2016, are as follows:

Escrow deposits in litigation

- R\$ 448 million higher, basically due to monetary updating of the court escrow deposit in the legal dispute on application of Pasep and Cofins taxes to ICMS tax already charged.

Financial assets of the concession

- Increase of R\$ 1.633 billion in Financial assets of the concession, long term, due to transfer to this account line of the indemnities receivable for generation assets, namely the *Miranda* and *São Simão* plant, for a total of R\$ 1.082 billion (amount transferred from PP&E).

Investments

- R\$ 961 million lower due mainly to disposal of assets and receipt of dividends.

Loans and financings – short and long term

- R\$ 782 million lower, due to greater amortization of debt in 2017 in comparison to new funds raised.

Financial instruments – Put options

- R\$ 643 million lower due to settlement of the put option for Parati on November 30, 2017.

PROFIT AND LOSS ACCOUNTS

Comparison of the operational results of the business years ended December 31, 2017 and 2016.

R\$ mn	Consolidated				
	2017	% of total	2016	% of total	Change %
NET REVENUE	21,712	100.00	18,773	100.00	(15.66)
OPERATING COSTS AND EXPENSES					
Personnel	(1,627)	(7.49)	(1,643)	(8.75)	(0.97)
Employees' and managers' profit shares	(5)	(0.02)	(7)	(0.04)	(28.57)
Post-retirement obligations	229	1.05	(346)	(1.84)	166.18
Materials	(61)	(0.28)	(58)	(0.31)	5.17
Raw materials and inputs for production of electricity	(10)	(0.05)	-	-	-
Outsourced services	(974)	(4.49)	(868)	(4.62)	12.21
Electricity purchased for resale	(10,919)	(50.29)	(8,272)	(44.06)	32.00
Depreciation and amortization	(850)	(3.91)	(834)	(4.44)	1.92
Operational provisions (reversals)	(854)	(3.93)	(713)	(3.80)	19.78
Charges for use of the national grid	(1,174)	(5.41)	(947)	(5.04)	23.97
Gas bought for resale	(1,071)	(4.93)	(877)	(4.67)	22.12
Construction costs	(1,119)	(5.15)	(1,193)	(6.35)	(6.20)
Other operating expenses, net	(383)	(1.76)	(143)	(0.76)	167.83
	<u>(18,817)</u>	<u>(86.67)</u>	<u>(15,902)</u>	<u>(84.71)</u>	<u>18.33</u>
Equity in earnings of unconsolidated investees	(253)	(1.17)	(302)	(1.61)	(16.23)
Adjustment for loss of value in investment	-	-	(762)	(4.06)	-
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Operational profit before financial revenue (expenses) and taxes	2,642	12.17	1,805	9.61	46.37
Financial revenues	804	3.70	1,041	5.55	(22.77)
Financial expenses	<u>(1,800)</u>	<u>(8.29)</u>	<u>(2,478)</u>	<u>(13.20)</u>	<u>(27.36)</u>
Pre-tax profit	1,646	7.58	368	1.96	347.28
Current income tax and Social Contribution tax	(446)	(2.05)	(174)	(0.93)	156.32
Deferred income tax and Social Contribution tax	<u>(198)</u>	<u>(0.91)</u>	<u>140</u>	<u>0.75</u>	<u>-</u>
NET PROFIT FOR THE PERIOD	1,002	4.61	334	1.78	200.00

Net profit for the period

Cemig reports net profit of R\$ 1.001 billion for 2017, compared to net profit of R\$ 334 million in 2016 – a year-on-year increase of 235.33%. The following pages describe the main variations between the two periods in revenues, costs, expenses and financial items.

Ebitda (earnings before interest, tax, depreciation and amortization)

Cemig's Ebitda was 37.98% higher in 2017 than 2016:

Ebitda – R\$ '000	2017	2016	Change, %
Net profit for the year	1,001	334	200
+ Income tax and Social Contribution tax	644	33	1.851.52
+ Financial revenue (expenses)	997	1,437	(30.62)
+ Depreciation and amortization	850	834	1.92
= EBITDA	3,492	2,638	32.41

■ LAJIDA – R\$ milhões ◆ Margem LAJIDA - %

Ebitda is a non-accounting measure prepared by the Company, reconciled with its financial statements in accordance with the specifications in CVM Circular SNC/SEP 01/2007 and CVM Instruction 527 of October 4, 2012. It comprises: net profit adjusted for the effects of net financial revenue (expenses), depreciation, amortization and income tax and the Social Contribution tax. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. Cemig publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net profit or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

The higher Ebitda reflects several factors, described below, after the consolidated financial statements. In line with higher Ebitda, Ebitda margin was higher, at 16.09%, in 2017, than in 2016 (14.05%).

Cash and cash equivalents

Cash and cash equivalents at December 31, 2017 totaled R\$ 1.030 billion, compared to R\$ 995 million on December 31, 2016. No cash nor cash equivalents were held in any other currency than the Real. The main components of this variation:

Cash flow from operations

The totals of net cash generated by operational activities in 2017 and 2016 were, respectively, R\$ 584 million and R\$ 1.213 billion. The lower net cash from operational activities in 2017 than 2016 mainly reflects the lower net profit, after adjustment for non-cash items, which was R\$ 2.861 billion in 2017, vs. R\$ 5.477 billion in 2016.

The lower cash flow from operational activities in 2017 than in 2016 was mainly due to higher cash outflow in 2017 to cover 'portion A' non-manageable costs, due to the higher expense of electricity due to the lower hydroelectric reservoir levels, resulting in the need to store water in the system, and activate thermoelectric plants, resulting in a higher price for power.

Cash used in investment activities

The Company used net cash of R\$ 390 million in investment activities in 2017, compared to net cash of R\$ 614 million used in investment activities in 2016. In 2017 the total invested in securities was

positive R\$ 4 million, compared to redemptions of R\$ 1.401 billion in 2016. In 2017 financing activities consumed R\$ 254 million, compared to R\$ 1.455 billion in 2016.

Cash flow in financing activities

In 2017 financing activities consumed R\$ 159 million. This comprised: amortization of financings, R\$ 4.131 billion; cost of rollover of debt, R\$ 11 million; and payment of R\$ 540 million in dividends and Interest on Equity; partially offset by incoming funds from financings of R\$ 3.308 billion, and capital of R\$ 1.215 billion subscribed by stockholders against the future capital increase.

In 2016 financing activities resulted in a net outflow of R\$ 529 million, comprising: R\$ 5.592 billion paid in amortization of financings; R\$ 675 million paid in dividends and Interest on Equity; and inflow from financings of R\$ 5.737 billion.

**Comparison of the Statements of financial position (balance sheets) for
years ended December 31, 2016 and 2015.**

ASSETS (R\$ million)	Consolidated				
	2016	% of Total	2015	% of Total	Change %
CURRENT					
Cash and cash equivalents	995	2.37	925	2.26	7.57
Securities	1,014	2.41	2,427	5.94	(58.22)
Consumers and Traders	3,425	8.15	3,581	8.76	(4.36)
Concession Holders – Energy Transport	730	1.74	184	0.45	296.74
Financial assets of the concession	236	0.56	874	2.14	(73.00)
Recoverable taxes	590	1.40	175	0.43	237.14
Income tax and Social Contribution taxes recoverable	11	0.03	306	0.75	(96.41)
Dividends receivable	367	0.87	62	0.15	491.94
Restricted cash	49	0.12	-	-	-
Inventories	1	-	37	0.09	(97.30)
Advances to suppliers	64	0.15	87	0.21	(26.44)
Funding from Energy Development Account (CDE)	36	0.09	72	0.18	(50.00)
Credits owed by Eletrobras – RGR	48	0.11	-	-	-
Credits owed by Eletrobras – CDE	90	0.21	-	-	-
Other	629	1.50	647	1.58	(2.78)
TOTAL, CURRENT	8,285	19.71	9,377	22.95	(11.65)
NON-CURRENT					
Securities	31	0.07	84	0.21	(63.10)
Advances to suppliers	229	0.54	60	0.15	281.67
Consumers and Traders	146	0.35	134	0.33	8.96
Recoverable taxes	178	0.42	258	0.63	(31.01)
Income tax and Social Contribution taxes recoverable	112	0.27	206	0.50	(45.63)
Deferred income tax and Social Contribution tax	1,797	4.27	1,498	3.67	19.96
Escrow deposits in litigation	1,887	4.49	1,813	4.44	4.08
Other	1,052	2.50	807	1.98	30.36
Financial assets of the concession	4,971	11.83	2,660	6.51	86.88
Investments	8,753	20.82	9,745	23.85	(10.18)
Property, plant and equipment	3,775	8.98	3,940	9.64	(4.19)
Intangible assets	10,820	25.74	10,275	25.15	5.30
TOTAL, NON-CURRENT	33,751	80.29	31,480	77.05	7.21
TOTAL ASSETS	42,036	100.00	40,857	100.00	2.89

LIABILITIES (R\$ million)	Consolidated				
	2016	% of total	2015	% of total	Change %
Suppliers	1,940	4.62	1,901	4.65	2.05
Regulatory charges	381	0.91	517	1.27	(26.31)
Profit sharing	18	0.04	114	0.28	(84.21)
Taxes	794	1.89	740	1.81	7.30
Income and Social Contribution taxes	27	0.06	11	0.03	145.45
Interest on Equity, and Dividends, payable	467	1.11	1,307	3.20	(64.27)
Loans, financings and debentures	4,837	11.51	6,300	15.42	(23.22)
Payroll and related charges	225	0.54	221	0.54	1.81
Post-retirement obligations	199	0.47	167	0.41	19.16
Paid concessions	3	0.01	3	0.01	-
Financial liabilities of the concession	482	1.15	-	-	-
Financial instruments – Put options	1,150	2.74	1,245	3.05	(7.63)
Advance sales of power supply	181	0.43	-	-	-
Other obligations	743	1.77	548	1.34	35.58
TOTAL, CURRENT	11,447	27.23	13,074	32.00	(12.44)
NON-CURRENT					
Regulatory charges	455	1.08	226	0.55	101.33
Loans and financings	10,342	24.60	8,866	21.70	16.65
Taxes	724	1.72	740	1.81	(2.16)
Deferred income tax and Social Contribution tax	582	1.38	689	1.69	(15.53)
Provisions	815	1.94	755	1.85	7.95
Post-retirement obligations	4,043	9.62	3,086	7.55	31.01
Paid concessions	19	0.05	19	0.05	-
Financial liabilities of the concession	323	0.77	-	-	-
Financial instruments – Put options	192	0.46	148	0.36	29.73
Other obligations	159	0.38	266	0.65	(40.23)
TOTAL, NON-CURRENT	17,654	42.00	14,795	36.21	19.32
TOTAL LIABILITIES	29,101	69.23	27,869	68.21	4.42
STOCKHOLDERS' EQUITY					
Share capital	6,294	14.97	6,294	15.40	-
Capital reserves	1,925	4.58	1,925	4.71	-
Profit reserves	5,200	12.37	4,663	11.41	11.52
Equity valuation adjustments	(488)	(1.16)	102	0.25	(578.43)
ATTRIBUTABLE TO CONTROLLING STOCKHOLDERS	12,931	30.76	12,984	31.78	(0.41)
ATTRIBUTABLE TO NON-CONTROLLING STOCKHOLDER	4	0.01	4	0.01	-
TOTAL OF STOCKHOLDERS' EQUITY	12,935	30.77	12,988	31.79	(0.41)
TOTAL LIABILITIES AND EQUITY	42,036	100.00	40,857	100.00	2.89

The main differences in the lines of assets and liabilities between 2015 and 2016 are as follows:

Securities

- R\$ 1.412 billion lower, for short-term securities, due to funds used for payment of the Concession Grant Fee for Lot D of the generation auction, paid in January 2016.

Financial assets of the concession

- R\$ 2.311 billion higher, long-term, due to payment of the Concession Grant Fee for the generation plant, and financial updating of the amounts receivable on the transmission indemnity.

Investments

- R\$ 992 million lower, mainly due to the adjustment for losses on the investment of Renova, in the amount of R\$ 763 million.

Post-retirement obligations

- R\$ 989 million higher, basically due to the reduction in interest rates used to discount the obligations to present value.

PROFIT AND LOSS ACCOUNTS

Comparison of the operational result of the business years ended December 31, 2016 and 2015.

R\$ mn	Consolidated				
	2016	% of total	2015	% of total	Change %
NET REVENUE	18,773	100.00	21,868	100.00	(14.15)
OPERATING COSTS AND EXPENSES					
Personnel	(1,643)	(8.75)	(1,435)	(6.56)	14.49
Employees' and managers' profit shares	(7)	(0.04)	(137)	(0.63)	(94.89)
Post-retirement obligations	(346)	(1.84)	(156)	(0.71)	121.79
Materials	(58)	(0.31)	(70)	(0.32)	(17.14)
Raw materials and inputs for production of electricity	-	-	(84)	(0.38)	-
Outsourced services	(868)	(4.62)	(899)	(4.11)	(3.45)
Electricity purchased for resale	(8,272)	(44.06)	(9,542)	(43.63)	(13.31)
Depreciation and amortization	(834)	(4.44)	(835)	(3.82)	(0.12)
Operational provisions (reversals)	(713)	(3.80)	(1,401)	(6.41)	(49.11)
Charges for use of the national grid	(947)	(5.04)	(999)	(4.57)	(5.21)
Gas bought for resale	(877)	(4.67)	(1,051)	(4.81)	(16.56)
Construction costs	(1,193)	(6.35)	(1,252)	(5.73)	(4.71)
Other operating expenses, net	(143)	(0.76)	(427)	(1.95)	(66.51)
	(15,902)	(84.71)	(18,288)	(86.63)	(13.05)
Equity in earnings of unconsolidated investees	(302)	(1.61)	393	1.80	-
Adjustment for loss of value in investment	(762)	(4.06)	-	-	-
Fair value results in stockholding transaction	-	-	729	3.33	-
	1,805	9.61	4,702	21.50	(61.61)
Operational profit before financial revenue (expenses) and taxes					
Financial revenues	1,041	5.55	864	3.95	20.49
Financial expenses	(2,478)	(13.20)	(2,204)	(10.08)	12.43
Pre-tax profit	368	1.96	3,362	15.37	(89.05)
Current income tax and Social Contribution tax	(174)	(0.93)	(881)	(4.03)	(80.25)
Deferred income tax and Social Contribution tax	140	0.75	(12)	(0.05)	-
NET PROFIT FOR THE PERIOD	334	1.78	2,469	11.29	(86.44)

Net profit for the year

Cemig reported net profit of R\$ 334 million for 2016. This compares to net profit of R\$ 2.469 billion for 2015 – a year-on-year reduction of 86.44%.

Ebitda (earnings before interest, tax, depreciation and amortization)

Ebitda – R\$ million	2016	2015	Change, %
Net profit for the year	334	2,469	(86.44)
+ Income tax and Social Contribution tax	33	893	(96.30)
+ Financial revenue (expenses)	1,437	1,341	7.16
+ Depreciation and amortization	834	835	(0.12)
= EBITDA	2,638	5,538	(52.37)

Ebitda is a non-accounting measure prepared by the Company, reconciled with its financial statements in accordance with the specifications in CVM Circular SNC/SEP 01/2007 and CVM Instruction 527 of October 4, 2012. It comprises: net profit adjusted for the effects of net financial revenue (expenses), depreciation, amortization and income tax and the Social Contribution tax. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. Cemig publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net profit or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

Ebitda in 2016 was 52.37% below the Ebitda for 2015. This corresponded to the lower net profit in 2016. The resulting Ebitda margin was lower, at 14.05% in 2016, than in 2015 (when Ebitda margin was 25.32%)

Cash flow from operations

The totals of Net cash generated by operational activities in 2016 and 2015 were, respectively, R\$ 1.213 billion and R\$ 3.007 billion. The lower figure for net cash from operations in 2016 than in 2015 principally reflects the payment in 2016, by Cemig GT, of the Concession Grant Fee, of R\$ 2.216 billion, for the concessions of 18 hydroelectric plants, awarded at the Aneel auction of December 2015.

Cash used in investment activities

The Company used net cash of R\$ 614 million in investment activities in 2016, compared to net cash of R\$ 3.217 billion used in investment activities in 2015. The figure for cash consumed in investment activities in 2016 arises principally from Injection of capital into investees totaling R\$ 1.455 billion, partially offset by funds invested in Securities, totaling R\$ 1.401 billion.

Cash flow in financing activities

In 2016 financing activities resulted in a net outflow of R\$ 529 million, comprising: R\$ 5.592 billion paid in amortization of financings; R\$ 675 million paid in dividends and Interest on Equity; and inflow from financings of R\$ 5.737 billion.

Comparison of the Statements of financial position (balance sheet) for the business years ended December 31, 2015 and 2014

ASSETS (R\$ million)	Consolidated				
	2015	% of total	2014	% of total	Change %
CURRENT	334	2.469	(86,44)	334	2.469
Cash and cash equivalents	33	893	(96,30)	33	893
Securities	1,437	1.341	7,16	1.437	1.341
Consumers and Traders	834	835	(0,12)	834	835
Concession Holders – Energy Transport	2,638	5.538	(52,37)	2.638	5.538
Financial assets of the concession	334	2.469	(86,44)	334	2.469
Recoverable taxes	33	893	(96,30)	33	893
Income tax and Social Contribution taxes recoverable	1,437	1.341	7,16	1.437	1.341
Dividends receivable	834	835	(0,12)	834	835
Restricted cash	2,638	5.538	(52,37)	2.638	5.538
Inventories	334	2.469	(86,44)	334	2.469
Advances to suppliers	33	893	(96,30)	33	893
Funding from Energy Development Account (CDE)	1,437	1.341	7,16	1.437	1.341
Other	834	835	(0,12)	834	835
TOTAL, CURRENT	2,638	5.538	(52,37)	2.638	5.538
	334	2.469	(86,44)	334	2.469
NON-CURRENT	33	893	(96,30)	33	893
Securities	1,437	1.341	7,16	1.437	1.341
Advances to suppliers	834	835	(0,12)	834	835
Consumers and Traders	2,638	5.538	(52,37)	2.638	5.538
Concession Holders – Energy Transport	334	2.469	(86,44)	334	2.469
Recoverable taxes	33	893	(96,30)	33	893
Income tax and Social Contribution taxes recoverable	1,437	1.341	7,16	1.437	1.341
Deferred income tax and Social Contribution tax	834	835	(0,12)	834	835
Escrow deposits in litigation	2,638	5.538	(52,37)	2.638	5.538
Other	334	2.469	(86,44)	334	2.469
Financial assets of the concession	33	893	(96,30)	33	893
Investments	1,437	1.341	7,16	1.437	1.341
Property, plant and equipment	834	835	(0,12)	834	835
Intangible assets	2,638	5.538	(52,37)	2.638	5.538
TOTAL, NON-CURRENT	334	2.469	(86,44)	334	2.469
TOTAL ASSETS	33	893	(96,30)	33	893

LIABILITIES (R\$ million)	Consolidated				
	2015	% of total	2014	% of total	Change %
Suppliers	1,901	4.65	1,604	4.58	18.52
Regulatory charges	517	1.27	106	0.30	387.74
Profit sharing	114	0.28	116	0.33	(1.72)
Taxes	740	1.81	555	1.59	33.33
Income and Social Contribution taxes	11	0.03	43	0.12	(74.42)
Interest on Equity, and Dividends, payable	1,307	3.20	1,643	4.69	(20.45)
Loans and financings	5,145	12.59	4,151	11.86	23.95
Debentures	1,156	2.83	1,140	3.26	1.40
Payroll and related charges	221	0.54	195	0.56	13.33
Post-retirement obligations	167	0.41	153	0.44	9.15
Financial instruments – Put options	1,245	3.05	-	-	-
Other obligations	550	1.35	419	1.2	31.26
TOTAL, CURRENT	13,074	32.00	10,125	28.93	29.13
NON-CURRENT					
Regulatory charges	226	0.55	252	0.72	(10.32)
Loans and financings	1,792	4.39	1,832	5.23	(2.18)
Debentures	7,074	17.31	6,386	18.25	10.77
Taxes	740	1.81	723	2.07	2.35
Deferred income tax and Social Contribution tax	689	1.69	611	1.75	12.77
Provisions	755	1.85	755	2.16	-
Post-retirement obligations	3,086	7.55	2,478	7.08	24.54
Financial instruments – Put options	148	0.36	195	0.56	(24.10)
Other obligations	285	0.70	358	1.02	(20.39)
TOTAL, NON-CURRENT	14,795	36.21	13,590	38.83	8.87
TOTAL LIABILITIES	27,869	68.21	23,715	67.76	17.52
STOCKHOLDERS' EQUITY					
Share capital	6,294	15.40	6,294	17.98	-
Capital reserves	1,925	4.71	1,925	5.50	-
Profit reserves	4,663	11.41	2,594	7.41	79.76
Equity valuation adjustments	102	0.25	468	1.34	(78.21)
ATTRIBUTABLE TO CONTROLLING STOCKHOLDERS	12,984	31.78	11,281	32.23	15.10
ATTRIBUTABLE TO NON-CONTROLLING STOCKHOLDER	4	0.01	4	0.01	-
TOTAL OF STOCKHOLDERS' EQUITY	12,988	31.79	11,285	32.24	15.09
TOTAL LIABILITIES AND EQUITY	40,857	100.00	35,000	100	16.73

The main differences in the lines of assets and liabilities between 2015 and 2014 are as follows:

- *Securities*: R\$ 1.433 billion higher, reflecting the funds raised for payment of the first portion of the Concession Grant Fee of the auction of Lot D for generation plants, realized in January 2016.
- *Consumers and Traders*: R\$ 1.439 billion higher mainly on upward tariff adjustment in 2015.
- *Financial assets of the concession*: R\$ 4.815 billion lower due to renewal of the distribution concession, with transfer of the balance indemnifiable to Intangible assets.
- *Intangible assets*: R\$ 6.896 billion higher, due to transfer from Financial assets, mentioned above, and also new investments in distribution made in the year.
- *Financial instruments*: Put options, in Current liabilities: R\$ 1.245 billion higher due to the provision in 2015 for the put option against the Company in Parati.
- *Profit reserves*: R\$ 2.069 billion higher due to the proposal for retention of profits of 2015, and also the mandatory dividends of 2014 not being distributed, in the amount of R\$ 797 million.

PROFIT AND LOSS ACCOUNTS
Comparison of operational results for
the business years ended December 31, 2015 and 2014

R\$ mn	Consolidated				
	2015	% of total	2014	% of total	Change %
NET REVENUE	21,868	100.00	19,598	100.00	11.58
OPERATING COSTS AND EXPENSES					
Personnel	(1,435)	(6.56)	(1,252)	(6.39)	14.62
Employees' and managers' profit shares	(137)	(0.63)	(249)	(1.27)	(44.98)
Post-retirement obligations	(156)	(0.71)	(212)	(1.08)	(26.42)
Materials	(70)	(0.32)	(99)	(0.51)	(29.29)
Raw materials and inputs for production of electricity	(84)	(0.38)	(282)	(1.44)	(70.21)
Outsourced services	(899)	(4.11)	(953)	(4.86)	(5.676)
Electricity purchased for resale	(9,542)	(43.63)	(7,428)	(37.90)	28.46
Depreciation and amortization	(835)	(3.82)	(801)	(4.09)	4.24
Royalties for use of water resources	-	-	(127)	(0.65)	(100.00)
Operational provisions (reversals)	(1,401)	(6.41)	(581)	(2.96)	141.14
Charges for use of the national grid	(999)	(4.57)	(744)	(3.80)	34.27
Gas bought for resale	(1,051)	(4.81)	(254)	(1.30)	313.78
Construction costs	(1,252)	(5.73)	(942)	(4.81)	32.91
Other operating expenses, net	(427)	(1.95)	(525)	(2.68)	(18.67)
	(18,288)	(86.63)	(14,451)	(73.74)	26.55
Equity in earnings of unconsolidated investees	393	1.80	210	1.07	87.14
Fair value results in Corporate Operation	729	3.33	-	-	-
Result of business combinations	-	-	281	1.07	(100.00)
Operational profit before financial revenue (expenses) and taxes	4,702	21.50	5,638	28.77	(16.6)
Financial revenues	864	3.95	535	2.73	61.50
Financial expenses	(2,204)	(10.08)	(1,694)	(8.64)	30.11
Pre-tax profit	3,362	15.37	4,479	22.85	(24.94)
Current income tax and Social Contribution tax	(881)	(4.03)	(1,259)	(6.42)	(30.02)
Deferred income tax and Social Contribution tax	(12)	(0.05)	(83)	(0.42)	(85.54)
NET PROFIT FOR THE PERIOD	2,469	11.29	3,137	16.01	(21.29)

Net profit for the year

Cemig reported net profit of R\$ 2.492 billion for 2015, which compares to net profit of R\$ 3.137 billion for 2014 – a year-on-year reduction of 21.29%. The main variations in elements of the result are as follows:

Cemig's Ebitda was 13.22% lower in 2015 than 2014:

Ebitda – R\$ '000	2015	2014	Change, %
Net profit for the year	2,469	3,137	(21.29)
+ Income tax and Social Contribution tax	893	1,342	(33.46)
+ Financial revenue (expenses)	1,341	1,159	(15.70)
+ Depreciation and amortization	835	801	4.24
= EBITDA	5,538	6,382	(13.22)

Ebitda is a non-accounting measure prepared by the Company, reconciled with its financial statements in accordance with the specifications in CVM Circular SNC/SEP 01/2007 and CVM Instruction 527 of October 4, 2012. It comprises: net profit adjusted for the effects of net financial revenue (expenses), depreciation, amortization and income tax and the Social Contribution tax. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. Cemig publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net profit or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

Cash flow from operations

The totals of Net cash generated by operational activities in 2015 and 2014 were, respectively, R\$ 3.007 billion and R\$ 3.734 billion. The lower net cash from operational activities in 2015 than 2014 mainly reflects the higher net profit in 2013, after adjustment for items not affecting cash flow. Net profit adjusted for items not affecting cash flow in 2015 was R\$ 3.998 billion, or 29.15% lower than the figure of R\$ 5.643 billion for 2014.

Cash used in investment activities

The Company used net cash of R\$ 3.217 billion in investment activities in 2015, compared to net cash of R\$ 4.299 billion used in investment activities in 2014. This mainly reflects acquisitions of equity interests in 2014, in which the highlights were Renova, Madeira Energia and Gasmig.

Cash flow in financing activities

In 2015 financing activities resulted in a net outflow of R\$ 247 million, comprising: R\$ 4.696 billion paid in amortization of financings; R\$ 796 million paid in dividends and Interest on Equity; and inflow from financings of R\$ 5.739 billion.

In 2014 financing activities consumed R\$ 750 million, comprising R\$ 1.394 billion paid in amortization of financings, R\$ 3.917 billion paid in dividends and Interest on Equity, and inflow from financings of R\$ 4.562 billion.

10.2

a. Results of operations of the Issuer, in particular:

i. Description of any important components of revenue

Comparison of the results of the business years ended December 31, 2017 and 2016

Net profit for the period

Cemig reports net profit of R\$ 1.001 billion for 2017, compared to net profit of R\$ 334 million in 2016 – a year-on-year increase of 235.33%. The following pages describe the main variations between the two periods in revenues, costs, expenses and financial items.

Ebitda (earnings before interest, tax, depreciation and amortization)

Cemig's Ebitda was 37.98% higher in 2017 than 2016:

Ebitda – R\$ '000	2017	2016	Change, %
Net profit for the year	1,001	334	200
+ Income tax and Social Contribution tax	644	33	1,851.52
+ Financial revenue (expenses)	997	1,437	(30.62)
+ Depreciation and amortization	850	834	1.92
= EBITDA	3,492	2,638	32.41

Ebitda is a non-accounting measure prepared by the Company, reconciled with its financial statements in accordance with the specifications in CVM Circular SNC/SEP 01/2007 and CVM Instruction 527 of October 4, 2012. It comprises: net profit adjusted for the effects of net financial revenue (expenses), depreciation, amortization and income tax and the Social Contribution tax. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. Cemig publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net profit or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

Sentence – and a percentage 32.41% – missing here? The higher Ebitda reflects numerous factors described below after the consolidated financial statements. In line with the higher Ebitda, Ebitda margin was higher, at 16.09%, in 2017, than in 2016 (14.05%).

The main variations in elements of the result are as follows:

Revenue from supply of electricity

Total revenue from supply of electricity in 2017 was R\$ 23.701 billion, 1.16% higher than in 2016 (R\$ 23.430 billion).

Final consumers

Total revenue from electricity sold to final consumers, excluding Cemig's own consumption, in 2017 was R\$ 20.438 billion, or 0.10% less than the figure for 2016 of R\$ 20.458 million.

The main factors in this revenue were:

- Higher revenues from the ‘Flag Tariff’ components of customer bills: R\$ 454 million in 2017, compared to R\$ 360 million in 2016. This reflects the low level of reservoirs, activating the ‘Yellow Flag’ and ‘Red Flag’ additional tariff rates, leading to higher revenue in 2017.
- The volume of electricity sold in 2017 was 1.36% lower than in 2016.
- The Annual Tariff Adjustment for Cemig D effective May 28, 2016 (full effect in 2017), with average (upward) effect on consumer tariffs of 3.78%.
- The Annual Tariff Adjustment for Cemig D effective May 28, 2017, with an average *negative* effect on consumer tariffs of 10.66%.

Cemig’s electricity market

The total for sales in Cemig’s consolidated electricity market comprises sales to:

- (I) Captive consumers in Cemig’s concession area in the State of Minas Gerais;
- (II) Free Consumers in both the State of Minas Gerais and other States of Brazil, in the Free Market (*Ambiente de Contratação Livre*, or ACL);
- (III) other agents of the electricity sector – traders, generators and independent power producers, also in the Free Market;
- (IV) Distributors, in the Regulated Market (*Ambiente de Contratação Regulada*, or ACR); and
- (V) the Wholesale Trading Exchange (*Câmara de Comercialização de Energia Elétrica*, or CCEE)

(– eliminating transactions between companies of the Cemig Group).

This table shows consumption itemized by type of consumer:

	MWh (1)		
	31/12/2017	31/12/2016	Change, %
Residential	10,008,423	9,915,807	0.93
Industrial	17,760,807	19,494,391	(8.89)
Commercial, Services and Others	7,507,310	6,572,980	14.21
Rural	3,651,472	3,574,724	2.15
Public authorities	865,803	885,748	(2.25)
Public lighting	1,366,938	1,350,405	1.22
Public services	1,301,135	1,252,043	3.92
Subtotal	42,461,888	43,046,098	(1.36)
Own consumption	37,477	37,140	0.91
	42,499,365	43,083,238	(1.36)
Wholesale supply to other concession holders (1)	12,777,405	12,508,453	2.15
Total	55,276,770	55,591,691	(0.57)

(1) Data not reviewed by external auditors.

(2) Includes Regulated Market Electricity Sale Contracts (CCEARs) and ‘bilateral contracts’ with other agents.

One highlight factor is electricity sold to the *industrial* consumer segment was 8.89% lower, mainly due to migration of captive consumers to the Free Market, and to a lesser extent due to the effects of lower economic activity in 2017, directly affecting electricity consumption by this segment of the market.

As a counterpart to this was growth in other sectors:

- The volume of energy sold to the *commercial* segment was 14.21% higher year-on-year, mainly reflecting new clients added to the portfolio of Cemig GT.
- Volume sold to *rural* consumers was 2.15% higher YoY, mainly due to more irrigation and farming activity, and growth in the number of consumers.
- The volume sold to *public service* consumers was 3.92% higher, due to incorporation by Cemig D of new consumer units and higher consumption by captive consumers of medium and higher voltage due to use for water treatment and distribution.

Revenue from Use of Distribution Systems (the TUSD charge)

This is revenue from charging Free Consumers the Tariff for Use of the Distribution System (*Tarifa de Uso do Sistema de Distribuição*, or TUSD) on the volume of energy distributed. This was R\$ 1.611 billion in 2017, or 5.56% less than in 2016 (R\$ 1.705 billion).

The main factors affecting revenue from use of the network in 2017 were:

- Reduction of 0.52% in the tariff for Free Consumers, given in the annual tariff adjustment of May 28.
- Volume of electricity distributed 10.92% higher, mainly due to resumption of production by the Ferro-alloys sector.
- Reduction of approximately 40% in the TUSD which took place in the 2017 Annual Tariff Adjustment, applied as from May 28, 2017.

CVA and Other financial components in tariff adjustment

In its financial statements the Company recognized the difference between actual non-manageable costs, in which the CDE, and purchased energy, are strong components, and the costs that were estimated and used as the basis for decision on Cemig D's tariffs. This balance becomes the amounts that will be passed through to Cemig's tariffs at the next tariff adjustment. In 2017 this represented a gain, in revenue, of R\$ 988 million, whereas in 2016 it represented a negative item in revenue, of R\$ 1.455 million. The difference mainly reflects higher costs of power supply acquired in auctions in 2017 (in 2016 there was a reduction in these costs), in relation to the figures for costs used as the basis for tariffs – this generated a financial asset for the Company, which also represents the amount to be restituted to consumers in the next tariff adjustment.

There are more details in Note 15.

Transmission indemnity revenue

The transition indemnity revenue, in Cemig GT, was R\$ 373 million in 2017, compared to R\$ 751 million in 2016. In the previous year, as a result of the Mining and Energy Ministry setting the criteria for updating of the transmission indemnity, a posting was made, backdated to 2013, of the amount of the updating of the indemnity receivable based on the regulatory cost of own capital, which had a significant impact on the revenue reported.

We highlight the amount of R\$ 149 million recorded in 2017, for the backdated difference of transmission concession assets the values of which were not included in the calculation basis for revenues in the previous tariff reviews. For more details see Note 15 – *Financial assets of the concession*.

Generation Indemnity Revenue

In 2017 the Company recognized revenue of R\$ 272 million for the adjustment to the balance not yet amortized of the concessions for the *São Simão* and *Miranda* Hydroelectric Plants, as per Ministerial Order 291/17. There are more details in Note 4.

Revenue from transactions in the Wholesale Trading Market (CCEE)

Revenue from electricity sales on the CCEE (*Câmara de Comercialização de Energia Elétrica*) was R\$ 860 million in 2017, compared to R\$ 161 million in 2016 – an increase of 435.02%. The change mainly reflects:

- the spot price (*Preço de Liquidação de Diferenças*, or PLD) being 244.28% higher year-on-year, at R\$ 324.17/MWh in 2017, compared to R\$ 91.16/MWh in 2016; and
- the higher quantity of electricity available for settlement in the wholesale market in 2017.

Revenue from supply of gas

Cemig reported revenue from supply of gas totaling R\$ 1.759 billion in 2017, compared to R\$ 1.444 billion in 2016 – an increase of 21.81%. This basically reflects volume of gas sold 23.72% higher YoY (1,319,242m³ in 2017, vs. 1,066,351m³ in 2016).

Construction Revenue

Distribution infrastructure construction revenues totaled R\$ 1.119 billion in 2017, which compares with R\$ 1.193 billion in 2016, a reduction of 6.20%. This revenue is fully offset by Construction costs, of the same amount, and corresponds to the capex investments made by the subsidiaries in assets of the concession in the year.

Other operating revenues

The Company's Other revenues comprise: Transmission concession revenue; Adjustment of expectation of cash flow from an indemnifiable financial asset of the distribution concession; Revenue from updating of the Concession Grant Fee; and Other operating revenues. They totaled R\$ 2.234 billion in 2017, compared to R\$ 2.040 billion in 2016, an increase of 9.51%. The composition of Other Operational Revenues is given at Note 26.

Sector / Regulatory charges reported as Deductions from revenue

Taxes and charges applied to operational revenue in 2017 were R\$ 11.151 billion, or an increase of 6.23% from 2016 (R\$ 10.467 billion).

The Energy Development Account – CDE

The amounts of payments to the Energy Development Account (CDE) are decided by an Aneel Resolution. The purpose of the CDE is to cover costs of concession indemnities, tariff subsidies, the subsidy for balanced tariff reduction, the low-income consumer subsidy, the coal consumption subsidy, and the Fuels Consumption Account (CCC). Charges for the CDE in 2017 were R\$ 1.822 billion, compared to R\$ 2.074 billion in 2016.

This is a non-manageable cost: the difference between the amounts used as a reference for setting of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment.

Consumer charges – the Tariff ‘Flag’ system

Charges to the consumer arising from the Tariff Flag system were higher, at R\$ 454 million, in 2017, compared to R\$ 360 million in 2016, due to the low levels in the reservoirs’ water storage levels – which activated the ‘Yellow Flag’ and ‘Red Flag’ tariffs, leading to higher charges to the consumer.

ICMS tax

The expense on ICMS tax was R\$ 5.847 billion in 2017, vs. R\$ 5.211 billion in 2016. The increase primarily represents Cemig adhering, in October 2017, to the Minas Gerais State Tax Credits Regularization Plan (PRCT), and by doing so settling a specific tranche of ICMS tax. The effects of this agreement were recognized in the profit and loss account in 2017 as R\$ 562 million in Deductions from revenue; R\$ 31 million as financial expense; and R\$ 1 million as Operational expense.

Operational costs and expenses (excluding Financial revenue/expenses)

Operational costs and expenses totaled R\$ 18.817 billion in 2017, or 18.32% more than in 2016 (R\$ 15.903 billion). There is more on the breakdown of Operational costs and expenses in Note 27.

The following paragraphs comment on the main variations:

Personnel expenses

The expense on personnel was R\$ 1.627 billion in 2017, 0.99% less than in 2016 (R\$ 1.643 billion). This arises mainly from the following factors:

- Salary increases, from November 2016 under the Collective Agreement (with full effect in 2016), of 8.50%.
- Recognition of expenses on the voluntary retirement plan, of R\$ 214 million in 2017 and R\$ 93 million in 2016.
- Salary increase of 1.83% under the Collective Work Agreement, as from November 2017.

Tending to reduce the recurrent expense, however, the average number of employees in 2017, at 6,447, was 14.31% lower than in 2016 (7,524).

Electricity purchased for resale

The expense on electricity purchased for resale in 2017 was R\$ 10.920 billion, which compares to R\$ 8.273 billion in 2016 – an increase of 32.00%. The main factors are:

- Expense on power supply acquired at auction 40.00% higher in 2017, at R\$ 3.556 billion, compared to R\$ 2.540 billion in 2016. This is mainly due to activation of the thermoelectric generation plants in 2017, due to the low level of water in the reservoirs of the hydroelectric plants of the system, with consequent increase in expense on fuel for the thermal plants.
- The expense on electricity from Itaipu Binacional was 8.65% higher, at R\$ 1.243 billion in 2017, compared to R\$ 1.144 billion in 2016. The change basically reflects the increased tariff – which was US\$ 25.78/kW-month in 2016, and US\$ 28.73/kW-month as from January 2017.
- Purchases of supply in the spot market 97.50% higher in 2017, at R\$ 1.503 billion, compared to R\$ 761 million in 2016. This basically reflects the higher average spot price (Preço de liquidação por diferenças – PLD), which was R\$ 324.17/MWh in 2017, vs. R\$ 94.16/MWh in 2017.

This is a non-manageable cost: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment. There are more details in Note 27.

Charges for Use of the Transmission Network

Charges for use of the transmission network totaled R\$ 1.174 billion in 2017, compared to R\$ 947 million in 2016, an increase of 23.97%.

This expense is payable by electricity distribution and generation agents for use of the facilities that are components of the national grid. The amounts to be paid are set by an Aneel Resolution.

This is a non-manageable cost: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment.

Operating provisions

Operational provisions totaled R\$ 854 million in 2017, compared to R\$ 704 million in 2016. Importantly, estimated losses for doubtful receivables were lower, at R\$ 248 million in 2017, compared to R\$ 382 million in 2016. We also highlight the higher provisions for employment-law cases: provisions of R\$ 206 million made in 2017, compared to R\$ 120 million in 2016. The increase in the amount provisioned reflects re-evaluations of potential losses in various legal actions as a result of the change in the procedural phase to provisional execution, in relation to actions disputing: the basis for calculation of hazardous work remuneration; claims for equal payment for allegedly unlawful outsourcing; and subsidiary/joint liability. For more information please see Note 24.

Construction cost

Construction costs in 2017 totaled R\$ 1.119 billion, or 6.20% less than in 2016 (R\$ 1.193 billion). This cost is fully offset by Construction Revenue, of the same amount, and corresponds to the Company's investment in assets of the concession in the period.

Gas bought for resale

In 2017 the Company recorded an expense of R\$ 1.071 billion on acquisition of gas. This was 22.06% higher than the comparable expense of R\$ 877 million in 2016. This mainly reflects a volume of gas bought for resale 23.11% higher (at 1,309,459m³ in 2017, compared to 1,063,677m³ in 2016), partially offset by lower charges under the new agreement between Gasmig and Petrobras, which reduced the daily gas offtake obligation.

Post-retirement obligations

The impact of the post-retirement liabilities of the Company and its subsidiaries on operational profit was a reversal of expense, totaling R\$ 229 million in 2017, which compares to an expense of R\$ 345 million in 2016.

This is due to changes in the life insurance policy, in which the capital insured for retirees is reduced by 20%, every 5 years, as from age 60, reaching a minimum of 20%. Section missing here... !!! There are more details in Note 23.

Adjustment for impairment of investments

In 2016 the Company posted an impairment of R\$ 763 million related to the investments in Renova. For more information please see Note 16.

Equity in earnings of unconsolidated investees

The equity method gain from investees in 2017 was negative, a loss of R\$ 252 million, which compares to a loss of R\$ 302 million in 2016. This reflects better equity gain from Light in 2017, which contributed a gain of R\$ 35 million in the year, compared to a loss of R\$ 121 million in 2016. Further details are in Note 16.

Net financial revenue (expenses)

Cemig posted net financial expenses in 2017 of R\$ 997 million, compared to net financial expenses of R\$ 1.437 billion in 2016. The main factors are:

- Costs and charges on loans and financings 20.91% lower, at R\$ 1.467 billion in 2017, compared to R\$ 1.860 billion in 2016. This was due mainly to the increase of debt indexed to the CDI Rate, and the lower value of the CDI rate, indexor for the debt: the CDI rate was 9.93% in 2017, compared to 14.06% in 2016.
- The result of FX variations in the year was lower: a net expense of R\$ 53 million in 2017, compared to a new gain of R\$ 26 million in 2016. This basically arises from an expense of R\$ 57 million in Cemig GT in 2017 resulting from raising of funds indexed to the US dollar (Eurobonds);

- Expense on monetary updating of loans and financing 55.62% lower, at R\$ 109 million in 2017, compared to R\$ 245 million in 2016 – due to the much lower IPCA inflation index in the year (2.95% in 2017, vs. 6.29% in 2016).
- Monetary variation on the *CVA* balances and *Other financial components* of tariffs produced a negative item of R\$ 42 million in 2017, vs. a gain of R\$ 204 million in 2016 – the 2016 figure contained an effect from ratification of the *CVA* amount by Aneel, in May 2016.
- Lower revenue from short-term financial investments: R\$ 205 million in 2017, 35.34% less than in 2016 (R\$ 317 million). This basically reflects the lower CDI rate in the year (9.93% in 2017, vs. 14.06% in 2016).
- Higher monetary updating of tied funds: R\$ 191 million in 2017, compared to R\$ 46 million in 2016. In 2017 the Company recognized a revenue item of R\$ 82 million, for reversal of the provision for the lawsuit challenging the constitutionality of *inclusion* of ICMS tax (payable or already paid) *within* the amount of revenue on which the Pasep and Cofins taxes are charged.
- There was an expense of R\$ 46 million in 2017, for monetary adjustment on the pre-sale of power supply under contract to bring forward power supply sales during the year.

For the breakdown of Financial Revenues and Expenses please see Note 28.

Income and Social Contribution taxes

In 2017, the Company's expense on income tax and the Social Contribution tax totaled R\$ 644 million, on pre-tax profit of R\$ 1.654 billion, an effective rate of 37.80%.

In 2016, the Company's expense on income tax and the Social Contribution tax totaled R\$ 33 million, on pre-tax profit of R\$ 368 million, an effective rate of 8.97%. There is a reconciliation of these effective rates with the nominal tax rates in Note 10c.

Comparison of the results of the business years ended December 31, 2016 and 2015

Operational revenue

Operational revenue breaks down as follows:

R\$ mn	2016	2015 Re-presented	Change %
Revenue from supply of electricity	23,430	22,526	4.01
Revenue from Use of the Distribution System (TUSD charge)	1,705	1,465	16.38
CVA, and Other financial components in tariff increases (c)	(1,455)	1,704	(185.39)
Transmission revenue			
Transmission Concession revenue	312	261	19.54
Transmission construction revenue	54	146	(63.01)
Transmission indemnity revenue	751	101	643.56
Distribution construction revenue	1,139	1,106	2.98
Adjustment to expectation of cash flow from the indemnifiable Financial assets of the distribution concession	8	576	(98.61)
Revenue from financial updating of Concession Grant Fee (1)	299	-	-
Transactions in electricity on the CCEE	161	2,425	(93.36)
Supply of gas	1,444	1,667	(13.38)
Other operating revenues	1,422	1,441	(1.25)
Sector/Regulatory charges reported as Deductions from revenue	(10,497)	(11,549)	(9.11)
Net operating revenue	18,773	21,868	(14.15)

(1) There are more details in Explanatory Note 14.

Revenue from supply of electricity

Revenue from total sales of electricity in 2016 was R\$ 23.430 billion – or 4.01% more than in 2015, when this revenue was R\$ 22.526 billion. This breaks down, by consumer type, as follows:

	R\$ mn	
	2016	2015
Residential	7,819	7,297
Industrial	5,396	5,781
Commercial, Services and Others	4,359	3,956
Rural	1,463	1,407
Public authorities	545	548
Public lighting	528	533
Public services	547	540
Subtotal	20,657	20,062
Own consumption	-	-
Supply not yet invoiced	(199)	257
	20,458	20,319
Wholesale supply to other concession holders (2)	2,713	2,358
Wholesale supply not yet invoiced, net	259	(151)
Total	23,430	22,526

ii. Factors that materially affected the operational results

Provisions and adjustments for operational losses

Provisions and adjustments for operational losses in 2016 totaled R\$ 704 million, compared to R\$ 1.401 billion in 2015, a reduction of 49.75%. This variation principally arises from the adjustment to the losses recorded for the Parati investment options, in the amount of R\$ 55 million, which compares with a provision of R\$ 1.079 billion in 2015 – primarily reflecting the increase of 76.24% in the stock price of Light (an important variable in calculating the fair value of the put option on the Black-Scholes-Merton model), and also the payment of R\$ 498 million in dividends of the companies of the Parati group in the 2016 business year, which made possible a reduction of R\$ 702 million in the option exercise price. There are more details on the criteria for constitution of these provisions in Note 15 (*Put options*).

Personnel

Personnel expenses were R\$ 1.643 billion in 2016, compared to R\$ 1.435 billion in 2015, an increase of 14.49%. This arises mainly from the following factors:

- Salary increases of 3% from March 2015 (full effect in 2016), as a result of the decision by the courts on application from organizations representing the employees.
- Salary increases, under the Collective Agreement, of 10.33%, coming into effect in November 2015 (full effect in 2016).
- Salary increase of 8.50%, as from November 2016, under the Collective Work Agreement.
- Recognition, in 2016, of an expense of R\$ 93 million on the voluntary retirement plan.

Employees' and managers' profit shares

The expense on employees' and managers' profit shares in 2016 was R\$ 7 million, compared to R\$ 137 million in 2015. The lower figure is due to the lower profit (basis of calculation for profit shares) – under the unified collective agreements.

Post-retirement obligations

The impact of the Company's post-retirement liabilities on net profit was an expense of R\$ 345 million, in 2016, compared to an expense of R\$ 156 million in 2015.

Adjustment for impairment of investments

In 2016 the Company posted an impairment of R\$ 763 million related to the investments in Renova. For more information on the breakdown of provisions please see Note 15 to the Financial Statements.

Fair value gain (loss) on stockholding transaction

In 2015 the Company posted a gain of R\$ 729 million relating to the formation of Aliança Geração de Energia, as described in more detail in Note 15.

Equity in earnings of unconsolidated investees

In 2016 Cemig posted a net gain by the equity method of R\$ 302 million, which compares with a gain of R\$ 393 million in 2015. This mainly reflects a loss of R\$ 373 million reported by Renova Energia in 2016, which in turn is basically due to impairment of the investment in TerraForm and write-off of the put option with SunEdison; and impairment of R\$ 68 million posted by Guanhões. There are more details in Explanatory Note 15.

For further details on the composition of financial revenue and expenses please see Note 27; and for more details on reclassification of the accounting balances, see note 2.8.

Income and Social Contribution taxes

In 2016, the expense on income tax and the Social Contribution tax totaled R\$ 33 million, on pre-tax profit of R\$ 368 million, an effective rate of 8.97%.

In 2015, the expense on income tax and the Social Contribution tax totaled R\$ 893 million, on pre-tax profit of R\$ 3.362 billion, an effective rate of 26.55%. There is a reconciliation of these effective rates with the nominal tax rates in Note 10.

b. Variations in revenues attributed to changes in prices, changes in the exchange rate, inflation, alteration of volumes and introduction of new products and/or services.

The principal changes in Revenue from supply of electricity are as follows:

Final consumers

Total revenue from electricity sold to final consumers, excluding Cemig's own consumption, was R\$ 20.458 billion in 2016 – or 0.68% more than in 2015 (R\$ 20.319 billion).

The main factors in this revenue were:

- The Extraordinary Tariff Adjustment for Cemig D, which resulted in an average increase in consumers' tariffs of 28.76%, applicable from March 2, 2015 (full effect in 2016).
- Annual tariff adjustment for Cemig D, with effect on consumer tariffs of 7.07%, effective from April 8, 2015 (full effect in 2016).
- The Annual Tariff Adjustment of Cemig D, with average effect on consumer tariffs of 3.78%, effective from May 28, 2016.
- Reduction of revenue from the 'Tariff Flag' system, to R\$ 360 million in 2016, compared to R\$ 1.067 billion in 2015, due to the improvement in the hydroelectric reservoir water storage levels – enabling lower additional charges to be made in 2016 under the 'Flag' system of temporary additional tariffs.
- Volume of electricity sold was 6.47% lower.

Cemig's electricity market

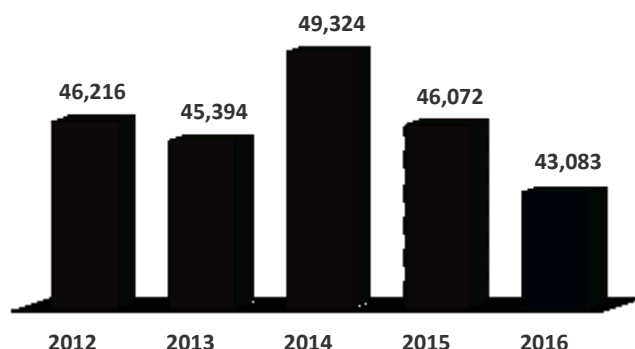
This market comprises sales of electricity to:

- (I) Captive consumers in Cemig's concession area in the State of Minas Gerais;
- (II) Free Consumers in both the State of Minas Gerais and other States of Brazil, in the Free Market (*Ambiente de Contratação Livre*, or ACL);
- (III) other agents of the electricity sector – traders, generators and independent power producers, also in the Free Market;
- (IV) Distributors, in the Regulated Market (*Ambiente de Contratação Regulada*, or ACR); and
- (V) the Wholesale Trading Exchange (*Câmara de Comercialização de Energia Elétrica*, or CCEE)

Cemig sold, delivered and/or traded a total of 55,592 gigawatt-hours in 2016, which compares with 56,904 GWh in 2015, a reduction of 2.3%. Meanwhile the volume of power transported for Free Consumers, through the transmission and distribution systems, was 9.7% higher, at 16,338 GW hours.

This chart shows the changes in supply of electricity to final consumers in the last five years:

GWh invoiced to final consumers



The tables below show the Cemig Group's market in more detail, itemizing electricity supply transactions in 2016, compared to 2015:

	GWh (1)		
	2016	2015	Change, %
Residential	9,916	9,830	0.87
Industrial	19,494	22,969	(15.13)
Commercial, Services and Others	6,573	6,434	2.16
Rural	3,575	3,380	5.77
Public authorities	886	892	(0.67)
Public lighting	1,350	1,326	1.81
Public services	1,252	1,204	3.99
Subtotal	43,046	46,035	(6.49)
Own consumption	37	38	(2.63)
	43,083	46,072	(6.49)
Wholesale supply to other concession holders (2)	12,508	10,831	15.48
Total	55,592	56,904	(2.31)

(1) Data not audited by external auditors.

(2) Includes Regulated Market Electricity Sale Contracts (CCEARs) and 'bilateral contracts' with other agents.

Electricity consumption has been affected principally by the adverse Brazilian political and economic conditions, and also by the significant increases in electricity tariffs which took place, especially, in 2015.

Comments on the various consumer categories:

Residential: Residential consumption in 2016 was slightly – 0.87% – higher than in 2015. This increase is partly due to the 160,000 new consumer connections made in 2016, partially offset by average monthly consumption per consumer 1.35% lower – at 124.6 kWh/month in 2016, compared to 126.3 kWh/month in 2015.

Industrial: Total volume of electricity consumed by captive and free industrial clients was 15.13% lower than in 2015. This arises mainly from the following items:

- Lower availability of power for sale due to the conditions for renewal of concessions – this supply was redirected to the Physical Guarantee Quota regime.
- Lower consumption by industrial clients due to the continuing retraction in economic activity in Minas Gerais state, principally in mining, and nationally, and also the level of activity of the international economy.

Commercial, Services and Others: Consumption was 2.16% higher, YEARS 2015 and 32016 MISSING HERE basically due to a higher volume of electricity invoiced by Cemig GT and its wholly-owned subsidiaries to Free Clients, partially compensated by the lower volume invoiced to captive clients of Cemig D.

Rural: Consumption by this user category was 5.77% higher, reflecting the low volume of rains in the normally rainy season (from February to April) in 2016, and higher temperatures over the whole of the first half of the year, leading to greater use of irrigation systems.

Other categories: Consumption by the other consumer categories (public authorities, public lighting, public services and Cemig's own consumption) was 1.89% higher in 2016.

Revenue from supply to other concession holders

This revenue was R\$ 2.972 billion in 2016, or 34.60% higher than in 2015 (R\$ 2.208 billion). This reflects a volume of electricity sold to other concession holders 15.48% higher: 12,508 GWh in 2016, compared to 10,831 GWh in 2015.

Revenue from Use of Distribution Systems (the TUSD charge)

This is revenue from charging Free Consumers the Tariff for Use of the Distribution System (*Tarifa de Uso do Sistema de Distribuição*, or TUSD), for transport of electricity sold. In 2016 this revenue was R\$ 1.705 billion, 16.38% more than in 2015 (R\$ 1.465 billion).

The main factors were:

- A tariff effect of 96.21% in 2015, due to the Extraordinary Tariff Adjustment as from March 2, 2015, and the Annual Tariff Adjustment of April 2015 (full effect in 2016).
- Reduction of 0.52% in the tariff for Free Consumers, given in the annual tariff adjustment of May 28, 2016.
- Volume of electricity distributed 10.92% higher, mainly due to resumption of production by the Ferro-alloys sector in 2016.

CVA and Other financial components in tariff adjustments

In its financial statements Cemig recognizes the difference between actual non-controllable costs (in which the CDE, and electricity bought for resale, are significant components) and the costs that were used as the basis of decision of the rates charged to consumers. The amount of this difference is passed through to clients in Cemig D's next tariff adjustment – in 2016 this was a negative item – reducing total revenue by R\$ 1.455 billion year-on-year from 2015, compared to an addition to revenues in 2015 of R\$ 1.704 billion, vis-à-vis 2014. The difference between the two years (2016 and 2015) mainly reflects lower costs, in 2016, of acquiring electricity at auction, compared to the costs used as the basis for tariffs – this generated a financial liability for the Company, representing the amount to be restituted to consumers in the next tariff adjustment.

There is more information in Note 14.

Adjustment to expectation of cash flow from indemnifiable Financial assets of distribution concession

A gain of R\$ 8 million was recognized in 2016 on an adjustment to the expectation of cash flow from the indemnifiable financial asset of the distribution concession. This compares with a gain of R\$ 576 million in 2015. This is due to the reduction in the estimate of the financial assets to be indemnified at the end of the concession, following the renewal of the concession contract in December 2015. There are more details in Explanatory Note 14.

Transmission Indemnity revenue

In 2016 Cemig recognized revenue of R\$ 751 million in relation to the following events:

- R\$ 20 million relating to the difference between the amount of the Preliminary Revision made by Aneel on February 23, 2015 of the Opinion sent by the Company, of R\$ 1.157 billion, and the Final Revision;

- R\$ 90 million representing the difference between the variations resulting from the IGP-M index and the IPCA index – since the Company had updated the balance receivable, up to May 2016, by the IGP-M;
- R\$ 438 million, representing the cost of own capital, calculated on the basis of 10.44% p.a.;
- R\$ 44 million for monetary updating by the IGP-M index, up to May 2016, of the balance of indemnity receivable; and
- R\$ 159 million for updating of the balance of indemnity receivable, by the IPCA index and by the cost of capital, in accordance with Mining and Energy Ministry Order 120, in the period July through December 2016.

The amount receivable on December 31, 2016 was R\$ 1.805 billion (R\$ 1.054 billion on December 31, 2015). There are more details in Explanatory Note 14.

Revenue from transactions in the Wholesale Trading Exchange (CCEE)

Revenue from transactions in electricity on the CCEE was R\$ 161 million in 2016, compared to R\$ 2.425 billion in 2015 – a year-on-year reduction of 93.36%.

In 2016 there was a lower quantity of electricity available for settlement in the wholesale market, mainly due to the allocation of the power generated by the *São Simão* plant to the Regulated Market (ACR) from September 16, 2015, under the ‘Quota’ regime, in accordance with the requirements of Ministerial Order 432/2015. The revenues that the company recognizes from that plant currently comprise only the revenues from provision of the services of operation and maintenance of the plant. Thus, the volume of electricity becoming available from the Company was used basically in complying with its contracts with final consumers and other concession holders.

Revenue from supply of gas

The Company reported revenue from supply of gas 13.38% lower year-on-year in 2016, at R\$ 1.444 billion, compared to R\$ 1.667 billion in 2015, mainly due to the lower volume of gas sold (1,066,351m³ in 2016, compared to 1,414,464m³ in 2015), partially offset by upward adjustments in tariffs.

Construction Revenue

Construction and infrastructure revenue related to transmission and distribution totaled R\$ 1.193 billion in 2016, compared to R\$ 1.252 billion in 2014, a year-on-year reduction of 4.71%. This revenue is fully offset by Construction costs, of the same amount, and corresponds to the Company’s investments in assets of the concession in the period.

Other items of operational revenues

The Company's Other revenues, as a whole, were 19.04% higher in 2016, at R\$ 1.733 billion, compared to R\$ 1.702 billion in 2015.

Sector / Regulatory charges reported as Deductions from revenue

Taxes and charges applied to revenue in 2016 were R\$ 10.497 billion, or 9.11% lower than in 2015 (R\$ 11.549 billion).

The Energy Development Account – CDE

The amounts of payments to the Energy Development Account (CDE) are decided by an Aneel Resolution. The purpose of the CDE is to cover costs of concession indemnities, tariff subsidies, the subsidy for balanced tariff reduction, the low-income consumer subsidy, the coal consumption subsidy, and the Fuels Consumption Account (CCC).

Charges for the CDE in 2016 were R\$ 2.074 billion, compared to R\$ 2.870 billion in 2015. This is a non-manageable cost: the difference between the amounts used as a reference for setting of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment.

Consumer charges – the 'Flag' Tariff system

Charges to the consumer arising from the Tariff Flag system were lower, at R\$ 360 million in 2016, compared to R\$ 1.067 billion in 2015, due to the improvement in the hydroelectric reservoir water storage levels – enabling lower additional charges to be made in 2016 under the 'Flag' system of temporary tariff increases.

Other taxes and charges on revenue

The other significant deductions from revenue are taxes, calculated as a percentage of sales revenue. Thus their variations arise, substantially, from the changes in revenue.

c. Impact on inflation, and variation in prices of the principal inputs and products, variation in the exchange rate and in interest rates on the operational and financial results of the Issuer, when significant.

Operational costs and expenses (excluding Financial revenue/expenses)

Operational costs and expenses, excluding Financial revenue (expenses) in 2016 were R\$ 15.903 billion, 13.04% less than in 2015 (R\$ 18.288 billion). There is more on the breakdown of Operational costs and expenses in Note 26.

The main variations in elements of this total are as follows.

Electricity purchased for resale

The expense on electricity purchased for resale in 2016 was R\$ 8.273 billion, which compares to R\$ 9.542 billion in 2015 – a reduction of 13.30%. The main factors are:

- Expenses on electricity acquired at auctions were 36.15% lower, at R\$ 2.540 billion in 2016, compared to R\$ 3.978 billion in 2015, mainly due to some of the thermal plants being deactivated in 2016 due, in turn, to the improvement in the level of the reservoirs of the hydroelectric plants in the system, with a resulting reduction in the expense on combustion fuel for those plants.
- The expense on supply from Itaipu Binacional was 34.03% lower. This amount is indexed to the US dollar, and was R\$ 1.144 billion in 2016, compared to R\$ 1.734 billion in 2015. This change basically reflects reduction of the tariff, which was US\$38.07/kW-month in 2015, and was US\$25.78/kW-month from January 2016.
- The expense on electricity bought in the free market was 18.72% higher, at R\$ 3.279 billion in 2016, compared to R\$ 2.762 billion in 2015. This basically reflects the volume of purchases by Cemig GT 24.41% higher, at 19,002,578 MWh in 2016, compared to 15,273,685 MWh in 2015, as a result of the reduction in the total of Cemig GT's generation capacity with the termination of the concessions for certain of Cemig GT's plants – which began to be operated under the 'Physical Quota Guarantee' regime, reflected in the increase of 118.25% in Cemig D's purchases of supply through physical quota guarantee contracts (R\$ 537 million in 2016, compared to R\$ 252 million in 2015).
- The cost of purchases of supply in the spot market was 18.61% lower – at R\$ 761 million in 2016, vs. R\$ 935 million in 2015) – reflecting the lower cost of electricity in the wholesale market.

This is a non-manageable cost: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment. There is more information in Note 25 to the financial statements.

Charges for Use of the Transmission Network

Charges for use of the transmission network totaled R\$ 947 million in 2016, 5.21% less than in 2015 (R\$ 999 million).

This expense is payable by electricity distribution and generation agents for use of the facilities that are components of the national grid. The amounts to be paid by the Company are set by an Aneel Resolution.

This is a non-manageable cost: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment.

Raw materials and inputs for production of electricity

Expenses on raw materials and inputs for production of electricity in 2016 were R\$ 84 million in 2015. With operation of the Igarapé thermal plant suspended as from August 2015, in accordance with a decision by the National System Operator (ONS), the Company was no longer buying the fuel oil necessary to operate generation by that plant.

Construction cost

Construction costs in 2016 totaled R\$ 1,193 billion, or 4.71% less than in 2015 (R\$ 1.252 billion). This line records the Company's investment in assets of the transmission and distribution concessions in the period, and is fully offset by the line Construction Revenue, in the same amount.

Gas bought for resale

In 2016 the company reported an expense of R\$ 877 million on acquisition of gas, compared to an expense of R\$ 1.051 billion in 2015 – a reduction of 16.56%. The lower figure reflects a lower volume of gas purchased (1,063,677m³ in 2016 compared to 1,405,732m³ in 2015).

Net financial revenue (expenses)

Cemig reports Net financial expenses of R\$ 1.437 billion in 2016, compared to net financial expenses of R\$ 1.341 billion in 2015 (re-presented). The main factors are:

- Charges for loans and financings 39.11% higher, at R\$ 1.928 billion in 2016, compared to R\$ 1.386 billion in 2015. This was due to the higher cost of debt indexed to the CDI rate in

2016, and also the higher variation in the CDI rate itself: 14.06% in 2016, compared to 13.23% in 2015.

- Expense on monetary variation in loans and financings 36.69% lower, at R\$ 245 million in 2016, compared to R\$ 387 million in 2015 – mainly due to the lower inflation rate posted by the IPCA index (6.29% in 2016, compared to 10.67% in 2015).

The expense on foreign exchange variation was 79.65 lower in 2016, at R\$ 35 million, compared to R\$ 172 million in 2015 – reflecting appreciation of the Real against the dollar in 2016 (by 16.54%), compared to its depreciation of 47.01% in 2015.

10.3

a. Introduction, or disposal, of an operational segment

There was no introduction or disposal of an operational segment in the business year 2017.

b. Constitution, acquisition or disposal of an equity interest

Below is a description of certain activities related to the subsidiaries, jointly-controlled entities and affiliated companies in 2016:

Concession contracts for 18 generation plants

On January 5, 2016 Cemig GT signed the concession contracts for operation of 18 generation plants (699.57 MW of total installed generation capacity), acquired by Cemig GT for R\$ 2.216 billion, under Aneel auction 012/2015.

Exchange of Shareholders' Debentures owned by AGC Energia for shares in Cemig

On March 3, 2016, BNDES Participações ('BNDESPar') exchanged the totality of its holding of debentures issued under the Deed of the First Private Issue by AGC Energia of Non-convertible Permanent Asset-guaranteed Exchangeable Shareholders' Debentures, in a Single Series, for 54,342,992 common shares and 16,718,797 preferred shares in Cemig, owned by AGC Energia. After the exchange, the equity interest held by BNDESPar in Cemig – which on March 2, 2016 comprised 0% of the common shares and 1.13% of the preferred shares – increased to 12.9% and 3.13%, respectively. This increased the interest of BNDESPar in the total equity of Cemig from 0.75%, before the transaction, to 6.4%.

CemigTelecom signed an investment agreement for subscription of capital in Ativas

On August 25, 2016, Cemig Telecom S.A., signed an investment agreement with Sonda Procwork Outsourcing Informática Ltda., a member of the Chilean group Sonda S.A., for subscription of capital

in Ativas Data Center, in partnership with Ativas Participações S.A., a company controlled by the Asamar Group.

Sonda is the leading company providing IT services in Latin America, with a presence in 10 countries. This strategic alliance strengthens the commitment of the Company and Ativas to its present and future clients, continuing to ensure high standards of security and availability.

On October 19, 2016, after the conditions precedent specified in the Investment Agreement had been complied with, the transaction was completed.

Sonda, through providing cash of R\$ 114 million, became the holder of a 60% equity interest in Ativas, with Cemig Telecom holding 19.6%, and Ativas Participações holding 20.4% of the company's total capital.

Sale of equity interest in Transchile

On September 12, 2016, Cemig signed an agreement for sale of the whole of its stockholding interest relating to Transchile Charrúa Transmisión S.A. – corresponding to 49% of the share capital – to Ferrovial Transco Chile SpA., a company controlled by Ferrovial S.A., for US\$57 million, the amount to be adjusted on closing. The transaction was completed on October 6, 2016.

Miranda Hydroelectric Plant

The president of the Higher Appeal Court (*Superior Tribunal de Justiça*, or STJ), Justice Laurita Vaz, on December 22, 2016, granted in an interim remedy to maintain Cemig GT in control of the Miranda Hydroelectric Plant, in Minas Gerais, on the initial basis of Concession Contract 007/97, until conclusion of the judgment in the action for mandamus brought by Cemig GT. The Reporting justice repealed that interim remedy on March 29, 2017, in response to a motion for review of judgment brought by the federal government against the Internal Appeal.

Renova group:

On February 2, 2016 the Board of Directors of Renova approved an increase in its share capital, in which Cemig participated through its wholly-owned subsidiary Cemig GT, which approved allocation of up to R\$ 240 million.

On April 1, 2016, Renova canceled the share purchase agreement for the sale of the Espra project ('the Espra Agreement'), owned by Renova, to Terraform Global, Inc. (Terraform Global) through an agreement between the parties, including payment of a severance fee of US\$10 million to Renova. Thus the Espra projects (three small hydroelectric plants) contracted under the terms of the Proinfa program, with installed capacity of 41.8 MW, continued to be under Renova, and once again a part of its operational asset portfolio.

On June 14, 2016, the Board of Directors of Renova approved cancellation of the power purchase agreement between Renova, Comercializadora de Energia S.A. (Renova Trading) and Cemig GT for supply of 25 wind farms in the region of Jacobina, in Bahia state, with 676.2 MW of installed capacity, to start operation on January 1, 2019. The Board of Directors of Renova approved an advance of R\$ 118 million for future supply of electricity contracted in the terms of the contract between Renova Trading and Cemig GT. The Agreement, signed in 2013, provides for the possibility of the parties

bringing forward or delaying payment for the power supply that is the subject of the Contract. The funds will be allocated, as priority, to the Alto Sertão III project, and also to meet other needs of Renova. The amount due will be settled through supply of electricity, in the amount specified in the contract, as from May 2021.

Capital increase in Renova Energia S.A. – the Company increased its capital in Renova, through its wholly-owned subsidiary Cemig GT, by R\$ 240 million. This capital increase was ratified on June 21, 2016, for a total amount of R\$ 280,002,277.44 (R\$ 240 million from the Company, and R\$ 40 million from Light Energia S.A.), through issuance of 42,042,219 common shares and 165 preferred shares, subscribed and paid at the issue price of R\$ 6.66 (common or preferred) and R\$ 19.98 per Unit.

Investment in Renova – Loss due to impairment of assets available for sale

Put option contract

On September 18, 2015 a put option contract was signed under which, on or after March 31, 2016 Renova would have the option to sell up to 7 million shares in TerraForm Global to SunEdison.

The selling price of the shares was stipulated at R\$ 50.48 per share, while SunEdison, at its option, had the right to pay US\$15.00 per share instead of R\$ 50.48. The contract also gave SunEdison an option to buy the same 7 million shares on the same terms.

On the same date, Renova notified SunEdison and TerraForm Global of its exercise of sale of the 7 million shares in TerraForm Global owned by Renova, as specified by contract and as publicly announced in a Material Announcement published by Renova on September 18, 2015.

On April 21, 2016, SunEdison applied for Chapter 11 protection in the United States. On June 1, 2016, the period for payment of the option by SunEdison expired.

Renova priced the option using the Black-Scholes-Merton mathematical model, the future expectation for the exchange rate, and credit risk.

In the first half of 2016 Renova recognized a loss of R\$ 111 million, resulting from the change in the fair value of the option, taking the credit risk into account. In addition it recognized a loss of R\$ 63 million relating to the extinction of the option, and opened arbitration proceedings seeking, among other items, indemnity for losses. At the date of issuance of this report SunEdison had not settled this transaction.

Investment in TerraForm – pricing of the shares

Renova also posted a loss, in the first half of 2016, of R\$ 272 million, reflecting the negative volatility during the period in the stock price of TerraForm, in which Renova has an equity interest of 11.65%, valued on the basis of the market price of the shares.

The amounts mentioned above correspond to the impact on the interim financial statements of Renova. The impact for the Company is proportional to its 34.2% equity interest in Renova, valued by the equity method of accounting at R\$ 93 million.

Advances to Renova under Power Purchase Agreement

On September 6, 2016 the Board of Directors of Renova approved an advance of R\$ 118 million by the Company to Renova for future contracting of power supply in relation to the power purchasing agreement between Renova Comercializadora Energia S.A. and Cemig GT, signed in 2013.

The agreement enables the parties to make advance payments for power supply. The funds will be allocated, as priority, to the Alto Sertão III project, and also to meet other needs of Renova. The amount due will be settled through supply of electricity, in the amount specified in the contract, as from May 2021.

In June 2016 Cemig GT made an advance to Renova Comercializadora de Energia S.A. in the amount of R\$ 94 million under the power purchasing contract and at the same moment signed a guarantee contract for 100% of the shares of Enerbrás S.A. and 100% of the shares of the special purpose companies of Phase B of the Alto Sertão III Project in the name of Cemig GT. An option was also granted to Cemig to purchase 100% of the shares of Enerbrás S.A.

A Share Purchase Agreement was signed enabling Cemig GT to convert the total amount advanced into a stockholding interest in Alto Sertão Participações S.A. ('Alto Sertão'), the controlling stockholder of the companies that comprise Phase A of the Alto Sertão III project, such stockholding interest to be of up to 49.9% of the shares in Alto Sertão. A Share Pledge Agreement was also signed, governing 100% of the shares in Bahia Holding S.A. and 49% of the shares in Ventos de São Cristóvão Energias Renováveis S.A., which holds some of the Company's wind power projects. Exercise of the call option is conditional upon prior approval by the BNDES. Settlement of the purchase option transactions referred to above will require prior approval by the BNDES, Banco do Brasil S.A., where applicable, Aneel and CADE.

Adjustment for impairment in investments

In 2016 the Company recorded an impairment of R\$ 763 million for its investment in Renova. Renova suffered losses totaling R\$ 1.101 billion in the year ended December 31, 2016; it had negative working capital of R\$ 3.211 billion on December 31, 2016, and had negative cash flow. The main reasons for the negative financial figures are: (i) purchases of power that Renova was obliged to make to comply with commitments assumed previously due to the delay in certain wind farms coming into operation; (ii) substantial investments that Renova made in construction of the Alto Sertão III wind complex; (iii) a delay in obtaining long-term financing from the BNDES; (iv) non-compliance by Renova, of certain contractual conditions and non-approval from creditors in 2016, which resulted in certain long-term debts being classified as Current Liabilities; and (v) losses resulting from the Terraform transaction. Further, Renova is currently in arrears with certain payments and in negotiation with creditors in relation to various contracts. As a result of this, with a view to re-establishing its liquidity and its cash generation structure, Renova's management has taken various measures such as sale of assets, reduction of the administrative and operational structure and of administrative costs, greater commitment of stockholders to providing financial support, contracting of long-term financings with BNDES, start of projects for adaptation of cash flow, and seeking creditors' consent for reclassifying certain short-term debts and non-current liabilities.

Within its strategy of restoring the balance of its capital structure and the sustainability of its business in the long term, on April 18, 2017 Renova, Renovapar S.A. and AES Tietê Energia S.A., with Nova Energia Holding S.A. as consenting party, signed a contract for sale of an interest in the Alto Sertão II wind complex. Under this contract AES undertook to acquire 100% of the shares of Nova Energia for R\$ 600 million. Nova Energia controls the sub-holding company Renova Eólica Participações SA., which owns 100% of the 15 special-purpose companies comprising the Alto Sertão II Wind

Complex. The total value of the Transaction has the potential to reach R\$ 700 million under an earn-out clause – half of this amount, that is to say up to R\$ 50 million (fifty million Reais), being retained in an escrow account with release conditional upon performance of the Alto Sertão II Complex as measured after a period of five years from the date of completion of the Transaction. Completion of

the Transaction is subject to a certain conditions precedent stated in the power purchase agreement, including approval by government bodies and creditors.

For more information please see Note 15.

Transmissora Aliança de Energia Elétrica S.A. ('Taesa'),

On April 13, 2016, Taesa won the auction for Lot P of Transmission Auction 013/2015, held by Aneel. Lot P comprising 90 km of transmission lines and two substations in the State of Tocantins. Aneel will give Taesa the right to explore the concessions for 30 years. Taesa did not offer a discount in relation to the RAP (Permitted Annual Revenue) for Lot P specified by Aneel in the Auction tender document, ensuring an initial revenue of R\$ 56 million.

On August 31, 2016 the Board of Directors of Cemig decided to monetize up to 40,702,230 Units in Taesa, corresponding to 40,702,230 common shares and 81,404,460 preferred shares in Taesa owned by Cemig.

On October 24, 2016 Taesa completed its restricted offering of 65,702,230 units (each unit being a Share Deposit Certificate representing one common share and two preferred shares in circulation), to be offered and sold by the Coliseu Equity investment fund and by the Company. The Restricted Offering was a secondary offering, which restricted placement efforts, of 65,702,230 units belonging to the Vendor Stockholders, comprising 25,000,000 units belonging to FIP Coliseu and 40,702,230 units belonging to the Company, for a price per unit of R\$ 19.65.

On December 27, 2016 Taesa received notice from the Coliseu equity investment fund and the Taurus Share investment fund (jointly, 'Vendors'), stating that a share purchase agreement had been entered into with Interconexión Eléctrica S.A. E.S.P, for sale of the totality of its shares in the controlling stockholding block of Taesa, representing, together, 26.03% of the common shares and 14.88% of the total capital of Taesa, for a total amount of R\$ 1,055,932,217.19.

Changes in the Stockholders' Agreement of Parati

In the first and second quarter exchange rates of 2016 certain changes were made in the stockholders' agreement of Parati. The main resulting alterations are as follows:

1) The exercise date of the put option given in 2011 by the Company to the holders of units in the FIP Redentor investment fund, initially set for May 31, 2016, was postponed and divided into two separate exercise dates:

a) The first exercise window: Up to September 23, 2016, inclusive, and covering only preferred shares in Parati up to a limit of 153,634,195, representing 14.30% of the total held by the other direct stockholders. Payment for shares placed in this exercise was to be made by November 30, 2016.

b) Second exercise window: Up to September 23, 2017, inclusive, and able to include the totality of the shares in Parati, independently of whether or not the put option was exercised in the first payment window. Payment for shares placed in this exercise window was to be made by November 30, 2017.

2) New provisions were included to bring forward the exercise window of the put option if the Company does not comply with certain clauses in the Stockholders' agreement, enabling any direct stockholder to present the Company with a notice of bringing forward of the option exercise date, at

which moment the option will be considered exercised by all the direct stockholders, on the totality of their shares.

3) To ensure total payment of the put option the Company offered to its holders, on May 31, 2016: Units held directly by the Company in Taesa, representing 55,234,637 common shares and 110,469,274 preferred shares; and as an additional guarantee, 26.06% (53,152,298 shares) that the Company holds directly in Light.

4) In 2016 there was a simplification in the stockholding in relation to the indirect investment of the Company in Light, with the rescission of the Redentor equity fund, absorption of Redentor Energia S.A. by Rio Minas Energia Participações S.A. (RME), total dissolution of Parati, under which the Company, Santander (Brasil) S.A., BV Financeira S.A., BB – Banco de Investimento S.A. and Banco BTG Pactual became the direct stockholders in RME and in Luce Empreendimentos e S.A. (Lepsa), and holders of the same rights, obligations and equity interests held by Parati. The Company also acquired the equity interests held by Banco BTG Pactual S.A. in RME and Lepsa in 2016. Legal instruments were signed to formalize the changes related to the rights and obligations governing the put option given by the Company to the Direct Stockholders over the shares of Parati, which resulted in those rights and obligations now applying to the shares of RME and Lepsa in circulation, since these two companies received the totality of the group of assets and liabilities that were divided as a result of the split of 100% of its sole controlling stockholder, Parati.

5) The put option may be exercised by the direct stockholders of RME and Lepsa.

Capital increase

On October 26, 2017 the Company approved a capital increase of up to R\$ 1,000,000,000.00 (one billion Reais). The transaction involved issuance of 199,910,947 (one hundred ninety nine million nine hundred ten thousand nine hundred forty seven) new shares at a price of R\$ 6.57 (six Reais and fifty seven centavos) each, representing a discount of 20% (twenty per cent) on the weighted average price of the shares in the last 120 (one hundred and twenty) days. This capital increase has the merit of giving the Company a more robust capital structure, enabling it to reduce the present level of financial expenses and leverage, and enabling new financial transactions.

The paragraphs below describe certain activities related to the subsidiaries, jointly-controlled entities and affiliates in 2017:

On July 3, 2017 Renova Energia S.A. announced closing of the transactions between Renova Energia S.A. and Brookfield Asset Management relating to the contract for sale of the shares that Renova owned in the US company TerraForm Global Inc. The total acquisition price of the shares was US\$92.8 million.

On August 3, 2017 Renova Energia S.A. concluded the sale to AES Tietê Energia of the totality of the shares of Nova Energia Holding S.A., holder, through Renova Eólica Participações S.A., of the Alto Sertão II Wind Complex. The base price of the transaction was R\$ 600 million, and AES Tietê also assumed the debt of the Alto Sertão II Wind Complex, in the amount of R\$ 1.150 billion.

On November 24, 2017 Cemig sold, on the Sao Paulo stock exchange (B3), by auction, 34,000,000 Units in Taesa (Transmissora Aliança de Energia Elétrica S.A. (TAEE11) which the Company owned, for R\$ 21.10 per Unit. This reduced Cemig's equity interest in Taesa from 31.54% to 21.68%. Cemig now owns 218,369,999 common shares in Taesa, and 5,646,184 preferred shares – corresponding to 36.97% of the common shares and 1.28% of the preferred shares. The controlling stockholding block of Taesa remains unchanged: the shares sold were not bound by the Stockholders' Agreement.

On November 23, 2017 Renova Energia S.A. completed sale of the Umburanas Wind Complex to Engie Brasil Energia S.A. The value of the transaction was R\$ 16.94 million.

On November 30, 2017 Cemig announced conclusion of the stockholding restructuring involving the transfer to Transmissora Aliança Energia Elétrica S.A. – Taesa of the equity interests held by Cemig GT in the following transmission concession holders:

Companhia Transleste de Transmissão S.A. ('Transleste'),
 Companhia Transudeste de Transmissão S.A. ('Transudeste'), and
 Companhia Transirapé de Transmissão S.A. ('Transirapé').

The amount received by Cemig in this transaction was R\$ 56,088,002.

On November 30, 2017 Cemig acquired the totality of the shares in Luce Empreendimentos e Participações S.A. – Lepsa and the totality of the preferred shares in Rio Minas Energia Participações S.A. – RME held by BB Banco de Investimento S.A., by BV Financeira S.A.–Crédito, Financiamento e Investimento and by Banco Santander (Brasil) S.A., for R\$1,015,943,507.26. With this acquisition, Cemig increased its stockholding position in RME from 66.27% to 75% of the total capital, while continuing to own a 50% interest in the voting stock of RME; and increased in its stockholding position in Lepsa from 66.62% to 100% of the total and voting capital.

c. Non-usual events or operations/transactions:

In the last three years there have been no events or operations that were non-usual for the Company.

10.4

(a) Significant changes in accounting practices:

2017

There were no significant changes in accounting practices^[sf1] in the year.

2016

The Company and its distribution subsidiary Cemig D, aiming for optimum presentation of its operational and financial performance, concluded that the adjustment for expectation of cash flow

from the indemnifiable financial asset of the concession of the distribution company, originally presented in Financial revenue (within Financial revenue (expenses)), should more appropriately be classified in the group Operational expenses, together with the other revenues related to its end-activity. The Company believes that this allocation gives a more accurate reflection of the electricity distribution business model, and provides a better presentation of its performance.

The following facts support this conclusion:

- Investing in infrastructure is the indispensable activity of the electricity distribution business, the management model of which is based on building, maintaining and operating this infrastructure.
- Part of the electricity distribution industry, and also the electricity transmission industry, already adopt this classification, and thus the Company would be increasing the comparability of its financial statements.
- The increases in Brazilian inflation rates in recent years – which have a direct influence in increasing the value of the financial asset of the concession, have contributed to increasing the importance of this revenue in the profit for the year.

According to the orientations of CPC 23 (IAS 8) – *Accounting Policies, Changes in Accounting Estimates and Errors*, the Company and its subsidiaries have changed their previously adopted accounting policy for an accounting policy that better reflects the performance of the businesses of the Company and its subsidiaries (due to the arguments mentioned above), and have thus proceeded to reclassify, backdated, their Profit and loss accounts and Added value statements originally issued on March 7, 2016.

The reclassifications that have been made have not altered the total of Assets, Equity, Net profit, the Statement of comprehensive income, or the Statement of cash flows.

2015

There were no significant changes in accounting practices during the year 2015.

(b) Significant effects of the alterations in accounting practices

2017

There were no significant alterations in accounting practices in the year[^{sf2}].

2016

The Profit and Loss account and the Statement of added value are presented below, for the purposes of comparison, with the effects of the changes presented in item 'a'^[s3]:

Profit and loss account R\$ '000	Consolidated		
	2015 Published	Reclassifications	2015 Reclassified
NET REVENUE	21,292,211	605,549	21,897,760
OPERATING COSTS			
COST OF ELECTRICITY AND GAS			
Electricity purchased for resale	(9,541,940)	-	(9,541,940)
Charges for use of the national grid	(998,756)	-	(998,756)
Gas bought for resale	(1,050,925)	-	(1,050,925)
	<u>(11,591,621)</u>	-	<u>(11,591,621)</u>
OTHER COSTS			
Personnel and managers	(1,143,290)	-	(1,143,290)
Materials	(42,061)	-	(42,061)
Raw materials and inputs for production of electricity	(83,723)	-	(83,723)
Outsourced services	(739,768)	-	(739,768)
Depreciation and amortization	(811,263)	-	(811,263)
Operating provisions	(22,518)	-	(22,518)
Infrastructure construction cost	(1,251,836)	-	(1,251,836)
Other	(97,118)	-	(97,118)
	<u>(4,191,577)</u>	-	<u>(4,191,577)</u>
TOTAL COST	(15,783,198)	-	(15,783,198)
GROSS PROFIT	5,509,013	605,549	6,114,562
OPERATING EXPENSES			
Selling expenses	(175,595)	-	(175,595)
General and administrative expenses	(673,802)	-	(673,802)
Adjustments for Operational losses and provisions	(1,203,342)	-	(1,203,342)
Other operating (Expenses) revenues, net	(482,053)	-	(482,053)
	<u>(2,534,792)</u>	-	<u>(2,534,792)</u>
Equity in earnings of unconsolidated investees, net	392,990	-	392,990
Adjustment for loss of value in Investments	729,442	-	-
Fair value results in Corporate Operation	-	-	729,442
Operational profit before financial revenue (expenses) and taxes	4,096,653	605,549	4,702,202
Financial revenues	1,469,277	(605,549)	863,728
Financial expenses	(2,204,344)	-	(2,204,344)
Pre-tax profit	3,361,586	-	3,361,586
Current income tax and Social Contribution tax	(881,045)	-	(881,045)
Deferred income tax and Social Contribution tax	(11,538)	-	(11,538)
NET PROFIT FOR THE PERIOD	2,469,003	-	2,469,003
Total of net profit for the year attributed to:			
Interest of the controlling shareholders	2,468,500	-	2,468,500
Interest of non-controlling stockholder	503	-	503
	<u>2,469,003</u>	-	<u>2,469,003</u>
Basic and diluted profit per preferred share	1.96	-	1.96
Basic and diluted profit per common share	1.96	-	1.96

Added Value Statement	R\$ '000	Consolidated			
		2015, published		Reclassifications	2015 Re-presented
REVENUES					
Sales of electricity, gas and services	31,489,211		-	31,489,211	
Distribution construction revenue	1,105,806		-	1,105,806	
Transmission construction revenue	146,030		-	146,030	
Adjustment of expectation of cash flow from indemnifiable financial assets of concession	-		575,631	575,631	
Transmission indemnity revenue	100,529		-	100,529	
Investments in PP&E	79,620		-	79,620	
Other revenues	3,657		-	3,657	
Allowance for doubtful accounts	(175,595)		-	(175,595)	
	32,749,258		575,631	33,324,889	
INPUTS ACQUIRED FROM THIRD PARTIES					
Electricity purchased for resale	(10,440,807)		-	(10,440,807)	
Charges for use of national grid	(1,103,805)		-	(1,103,805)	
Outsourced services	(1,409,516)		-	(1,409,516)	
Gas bought for resale	(1,050,925)		-	(1,050,925)	
Materials	(740,688)		-	(740,688)	
Other operational costs	(1,595,280)		29,918	(1,565,362)	
	(16,341,021)		-	(16,311,103)	
GROSS VALUE ADDED	16,408,237		605,549	17,013,786	
RETENTIONS					
Depreciation and amortization	(834,830)		-	(834,830)	
NET ADDED VALUE PRODUCED BY THE COMPANY	15,573,407		605,549	16,178,956	
ADDED VALUE RECEIVED BY TRANSFER					
Equity in earnings of unconsolidated investees, net	392,990		-	392,990	
Financial revenues	1,469,277		(605,549)	863,728	
Fair value results in Corporate Operation	729,442		-	729,442	
ADDED VALUE TO BE DISTRIBUTED	18,165,116		-	18,165,116	
DISTRIBUTION OF ADDED VALUE					
			%		%
Employees	1,595,391		8.78	1,595,391	8.78
Direct remuneration	1,196,656		6.59	1,196,656	6.59
Benefits	330,008		1.81	330,008	1.81
FGTS fund	68,727		0.38	68,727	0.38
Taxes	11,640,835		64.09	11,640,835	64.09
Federal	7,141,764		39.32	7,141,764	39.32
State	4,489,640		24.72	4,489,640	24.72
Municipal	9,431		0.05	9,431	0.05
Remuneration of external capital	2,459,887		13.54	2,459,887	13.54
Interest	2,354,360		12.96	2,354,360	12.96
Rentals	105,527		0.58	105,527	0.58
Remuneration of own capital	2,469,003		13.59	2,469,003	13.59
Interest on Equity, and dividends	1,256,497		6.92	1,256,497	6.92
Retained earnings	1,212,003		6.67	1,212,003	6.67
Non-controlling stockholders' interest in Retained earnings	503		-	503	-
	18,165,116		100.00	18,165,116	100.00

2015

As indicated above, there were no significant changes in accounting practices during the business year 2015.

(c) **Qualifications and emphases of matter in the Auditor's report:**

Qualifications:

The opinions of external auditors at December 31, 2017, 2016 and 2015 do not contain qualifications:

Emphases of matter:

Under CFC Resolution 1233/09, if the auditor considers it necessary to call the attention of the users to a matter presented or disclosed in the accounting statements which, according to its judgment, has such importance as to be fundamental for users' understanding of the accounting statements, it should include a paragraph of emphasis in the report, provided that it has obtained sufficient and appropriate auditing evidence that there has been no material distortion of the subject in the accounting statements. Such a paragraph should refer only to the information presented or disclosed in the accounting statements.

In the independent auditors' report for December 31, 2017 there are the following paragraphs of emphasis:

Risks related to compliance with laws and regulations

As mentioned in Note 16 to the financial statements, the Company has an indirect investment in Madeira Energia S.A., Renova Energia S.A., and Norte Energia S.A. (jointly referred to as 'non-controlled investees'), which are valued by the equity method of accounting. At present, investigations and other legal measures are in progress, conducted by public authorities, in these non-controlled investees, on the subject of certain expenditures and their destinations, which involve and include also some of their other stockholders and certain executives of those stockholders. At present it is not possible to foresee the future outcomes arising from these processes of investigation by the public authorities, nor their possible reflexive effects on the Company's financial statements. Our opinion regarding this matter is unqualified.

Risk of continuity of the non-controlled investee Renova Energia S.A.

As disclosed in Note 16 to the financial statements, the indirect, non-controlled investee Renova Energia S.A. has been reporting recurring losses, and on December 31, 2017 had negative net working capital. These events or conditions indicate the existence of significant uncertainty that could raise significant doubts as to its capacity to continue to be operational. Our opinion regarding this matter is unqualified.

In the external auditors' report of December 31, 2016, there are the following paragraphs of emphasis:

Renewal of the concessions of the Jaguara, São Simão and Miranda Hydroelectric Plants

As described in Notes 4 and 34 to the financial statements, the Company is disputing in the Courts the renewal of the concession contracts of the Jaguara, São Simão and Miranda

hydroelectric plants, which had expiry dates in August 2013, January 2015, and December 2016, respectively. Our opinion regarding this matter is unqualified.

Risks related to laws and regulations

As mentioned in Notes 1 and 15 to the financial statements, the Company has direct and indirect non-controlling interests in Madeira Energia S.A. (which has an investment in Santo Antônio Energia S.A.). Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys' Office, which involve other indirect shareholders of Madeira Energia S.A. and certain executives of those other indirect shareholders. Our opinion regarding this matter is unqualified.

As mentioned in Notes 1 and 15 to the financial statements, the Company has an indirect non-controlling interest in Norte Energia S.A. At present investigations and other legal measures are in progress conducted by the Federal Public Attorneys' Office, which involve other stockholders of Norte Energia S.A. and certain executives of those other stockholders. Our opinion regarding this matter is unqualified.

Continuity risk in the investee Renova Energia S.A.

As reported in Notes 1, 15 and 34 to the financial statements, the Company has a non-controlling equity interest in Renova Energia S.A., and the conditions of that company indicate the existence of significant uncertainty that could raise significant doubt as to the capacity of Renova Energia S.A. to remain operational. Our opinion regarding this matter is unqualified.

Re-presentation of corresponding amounts

As mentioned in Note 2, as a result of the change in accounting policy adopted by the Company, in relation to the classification of the adjustment of expectation of cash flow from the financial asset of the concession, the corresponding amounts of the financial statements relative to the consolidated Profit and loss account and the Added value statement (supplementary information), relating to the business year ended December 31, 2015, presented for the purpose of comparison, were reclassified and are being re-presented as specified in CPC 23 and IAS 8 – Accounting policies, changes in estimates and errors. Our opinion regarding this matter is unqualified.

In the external auditors' report for December 31, 2015, there are the following paragraphs of emphasis:

Renewal of the concessions of the Jaguará and São Simão Hydroelectric Plants

As described in Note 4 to the financial statements, the Company is disputing in the Courts the renewal of the concession contracts of the Jaguará and São Simão hydroelectric plants, which had expiry dates in August 2013 and January 2015, respectively. Our opinion regarding this matter is unqualified.

Risks related to laws and regulations

As mentioned in Notes 1 and 14 to the financial statements, the Company has direct and indirect non-controlling interests in Madeira Energia S.A. (which has an investment in Santo Antônio Energia S.A.). Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys' Office, which involve other indirect shareholders of Madeira Energia S.A. and certain executives of those other indirect shareholders. Our opinion regarding this matter is unqualified.

As mentioned in Notes 1 and 14 to the financial statements, the Company has an indirect non-controlling interest in Norte Energia S.A. Investigations and other legal measures are in progress conducted by the Federal Public Attorneys' office which involve other stockholders of Norte Energia S.A. and certain executives of those other stockholders. Our opinion regarding this matter is unqualified.

Re-presentation of the financial statements

On March 29, 2016 we issued a report of audit with qualification on the individual and consolidated financial statements of the Company for the business year ended December 31, 2015, which are now being re-presented, reflecting the fact that on that date we had not obtained sufficient auditing evidence in relation to the investments held by the company in Amazônia Energia S.A. and Aliança Norte Energia Participações S.A. (which have investment in Norte Energia S.A.), which are valued by the equity method, as a result of non-finalization of the investigation conducted by the stockholder Centrais Elétricas Brasileiras S.A. – Eletrobras ('Eletrobras') in Norte Energia S.A. As mentioned in Note 2 to the financial statements, those financial statements were altered and are being re-presented to reflect the adjustments identified (i) after conclusion of the investigation conducted by Eletrobras into Norte Energia S.A. and as specified by IAS 8 / CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors, and (2) subsequent events between the date of those financial statements and the date of approval for re-presentation of those financial statements. Our opinion regarding this matter is unqualified.

Continuity risk in the investee Renova Energia S.A.

As reported in Notes 14 and 33, the Company has a non-controlling equity interest in Renova Energia S.A., and the conditions of that company indicate the existence of significant uncertainty that could raise significant doubt as to the capacity of Renova Energia S.A. to remain operational. Our opinion regarding this matter is unqualified.

It should be mentioned that the emphases of matter referred to above aim to highlight significant subjects already contained in the Company's financial statement, and do not represent any divergence on the part of the auditors in relation to the Company's accounting practices.

10.5

The Company has no transactions for which it would be possible to apply accounting policies different from those defined in the accounting rules in effect in Brazil, where judgment would be necessary for application of which policy better represented the essence of a given transaction.

Application of accounting policy is affected by estimates and assumptions used by the Company, which are revised continuously, using as a reference both historic experience and also any significant changes of scenario that could affect the Company's equity situation or results.

The accounting policies relating to the Company's present operations that require judgment and the use of specific valuation criteria are the following:

Financial instruments

Derivative financial instruments (put options): – The options to sell units in FIP Melbourne and FIP Malbec ('the SAAG Put'), and the options to sell shares in RME and Lepsa ('the Parati Put') have been measured at fair value using the Black-Scholes-Merton (BSM) model. The Company and its subsidiary Cemig GT have calculated the fair value of these options having as a reference their respective prices obtained by the BSM model, valued on the closing date of the financial statements for the 2017 business year.

Derivative financial instruments (Swap transactions): Cemig GT maintains derivative hedge instruments to regulate its exposure to risks of variation in exchange rates. Derivatives are recognized initially at their fair value and the attributable transaction costs are recognized in the Profit and loss account when they are incurred. After the initial recognition, derivatives are measured at fair value and changes in fair value are accounted in the Profit and loss account.

Share capital: The rights to minimum dividends established for the preferred shares are described in Note 24 to the financial statements.

Financial instruments available for sale: As from December 31, 2012, assets in this category include the financial assets of the transmission and distribution concession that were covered by Law 12783 (of January 11, 2013). They are measured at New Replacement Value (*Valor Novo de Reposição*, or VNR), equivalent to fair value on the date of these financial statements. The Company recognizes a financial asset resulting from a concession contract when it has an unconditional contractual right to receive cash or another financial asset from, or under the direction of, the Concession-granting power for the services of construction or improvement provided.

Loans and receivables: Loans and receivables include: Cash equivalents, credits payable by consumers and traders, and concession holders (transport of energy), tied funds, litigation escrow deposits, financial assets of the concession, amounts receivable from related parties, and CVA credits

and *Other financial components* in tariff adjustments. The Company recognizes a financial asset resulting from a concession contract when it has an unconditional contractual right to receive cash or another financial asset from, or under the direction of, the Concession-granting power for the services of construction or improvement provided.

The following are initially reported at the value of the electricity supply, and measured at amortized cost: Consumers and Traders; Concession holders (power transport); Traders – Transactions in ‘free energy’; and Accounts receivable from consumers, traders. They include any direct taxes for which the company has the tax responsibility, less taxes withheld at source, which are considered to be tax credits.

The Adjustment for losses on doubtful receivables, for low and medium voltage consumers, is based on estimates by Management, in an amount sufficient to cover probable losses. The principal criteria set by the Company and its subsidiaries are: (i) For consumers with significant balances, the balance receivable is analyzed in the light of the history of the debt, negotiations in progress, and real guarantees. (ii) For other consumers, the following are provisioned: Debts from residential consumers more than 90 days past due; debts from commercial consumers more than 180 days past due; and debts more than 360 days past due from other consumers.

For large consumers an individual analysis is made of the debtors and of the actions in progress for receipt of the credits.

Investments: The Company has investments in affiliated companies, subsidiaries and jointly-controlled entities. Control is obtained when the Company has the power to control the financial and operational policies of an entity to receive benefits from its activities. These investments are based on the equity method in the individual and consolidated financial statements (in the latter case, with the exception of the subsidiary), and are, initially, recognized at fair value.

The Company’s investments include the intangible assets representing the right to commercial operation of the regulated activity identified in the process of allocation of the price for acquisition of the Jointly-held entities, net of any accumulated impairment.

Assets linked to the concessions

Distribution activity: The portion of the assets of the concession that will be totally amortized during the concession period is recorded as an intangible asset and is completely amortized during the concession agreement period, and provided for in ICPC 01 (R1)/IFRIC 12 – *Concession contracts*.

The amortization reflects the pattern of consumption of the rights acquired. It is calculated on the balance of the assets linked to the concession, by the straight-line method, based on the application of the rates set by Aneel for the electricity distribution activity, which are taken into consideration by the regulator during the process of tariff review.

The Company measures the value of the assets which will not be fully amortized by the end of the concession and reports this amount as a financial asset because it is an unconditional right to receive cash or other financial asset directly from the grantor.

Company has measured the parcel of the assets that will be completely amortized by the end of the concession, assuming extension of its concession agreement for a further 30 years, as described in more detail in Note 4.

New assets are recorded initially in Intangible assets, valued at acquisition cost, including capitalized borrowing costs. When the assets start operation they are split into financial assets and intangible assets, according to the criterion mentioned in the previous paragraphs: The portion of the assets that is recorded in financial assets is valued based on the new replacement cost, equivalent to its fair value, having as a reference the amounts homologated by Aneel for the Asset Base for Remuneration in the processes of tariff review.

The book value of assets substituted is written down, with counterpart in the Profit and loss account, and taken into consideration by the regulator in the next tariff review cycle.

Transmission activity: The costs related to the construction of infrastructure are posted in the Profit and loss account when they take place, and an item of Construction revenue is recorded based on the stage of completion of the works, including the taxes applicable to the revenue, and any profit margin.

Since the transmission contracts determine that the concession holders have an unconditional right to receive cash or another financial asset directly from, or in the name of, the Concession-granting power, for the new transmission concessions the Company records a financial asset, during the period of construction of lines, for the transmission revenue to be received during the whole period of the concession, at fair value, as specified ICPC 01 (R1) / IFRIC 12 – *Concession contracts*.

Of the invoiced amounts of Permitted Annual Revenue (RAP), the portion relating to the fair value of the operation and maintenance of the assets is recorded as revenue, in the income statement and the portion relating to the construction revenue, originally recognized at the time of the formation of the assets, is used to write down the financial asset.

Additional expenditures incurred for purposes of capital expansion and improvements to the transmission assets generate additional cash flow, and hence this new cash flow is capitalized into the financial asset balance.

In counterpart to acceptance of the terms of renewal of the old transmission concessions, as described in more detail in Note 4, the greater part of the transmission assets of the old concessions will be the subject of indemnity by the Concession-granting power, having already been written off on December 31, 2012, and an item in Accounts receivable having been posted corresponding to the estimated indemnity to be received in the period of eight years. The remaining portion will be received through the RAP.

Gas distribution activity: The portion of the assets of the concession that will be totally amortized during the concession period is recorded as an Intangible asset and is completely amortized during the concession agreement period.

The amortization reflects the pattern of consumption of the rights acquired. It is calculated on the balance of the assets linked to the concession, by the straight-line method.

Gasmig measures the value of the assets which will not be fully amortized by the end of the concession agreement period, and reports this amount as a financial asset, because it is an unconditional right to receive cash or some other financial asset directly from the grantor.

New assets are recorded initially in Intangible assets, valued at acquisition cost, including capitalized borrowing costs. When they start operation they are split into financial assets and intangible assets, according to the criterion mentioned in the previous paragraphs: the portion of the assets that is recorded in financial assets is valued based on the New Replacement Value, having as a reference the amounts homologated by Aneel for the Remuneration Base of Assets in the processes of tariff review. The book value of assets substituted is written down, with counterpart in the Profit and loss account, and taken into consideration by the regulator in the next tariff review cycle.

Intangible assets: Intangible assets comprise, mainly, the assets relating to the concession contract for services, described above, and software. They are measured at total acquisition cost, less expenses of amortization.

PP&E: The goods in Property, plant and equipment are valued at the cost incurred on the date of their acquisition or formation, including deemed cost, and capitalized financial costs, less accumulated depreciation.

Depreciation is calculated on the balance of property, plant and equipment in service and investments in consortia, on a straight-line basis, using the rates that reflect the estimated useful life of the assets, for the assets related to the electricity activity, limited in certain situations to the period of the concession contracts to which they refer. The main rates are shown in Note 17.

Gains and losses resulting from writing down a fixed asset are measured as the difference between the net value obtained from the sale and the asset's book value, and are recognized in the profit and loss account at the moment of writing down of the asset.

Impairment: In assessing impairment of financial assets, the Company and its subsidiaries use historic trends of the probability of default, timing of recovery and the amounts of loss incurred, adjusted to reflect management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historic trends.

Additionally, management revise, annually, net book value of the non-financial assets, for the purpose of assessing events or changes in the economic, operational or technological circumstances that could

indicate impairment. When such evidence is identified and when the book value exceeds the recoverable value, a provision is made for impairment, adjusting the net book value to the recoverable value. In this case, the recoverable value of an asset or a given cash generating unit is defined as being the greater of the value in use or the net value for sale.

On December 31, 2017 no indications were observed that the Company's material assets were posted at a value higher than their net recoverable value.

Employee benefit – For the Company's retirement benefit pension plan obligations, the liability recorded in the statement of financial position is the greater of: (a) the debt agreed upon with the foundation for amortization of the actuarial obligations, and (b) the present value of the actuarial obligation, as calculated by a qualified actuary, less the fair value of the plan's assets. In the business years presented, the expenses related to the debt agreed upon with the pension fund were registered in Financial revenue (expenses), because they represent interest and monetary updating. The other expenses on the pension fund were recorded as operational expenses.

The actuarial gains and losses arising from adjustment based on experience and on changes in actuarial assumptions are recognized in Other comprehensive income.

Short-term benefits to employees – Employees' profit shares specified in the Company's by-laws are provisioned in accordance with the collective agreement established with the employee union and recorded in Employees' and managers' profit shares in the Profit and Loss account.

Income and Social Contribution taxes

Current: Advances, or amounts subject to offsetting, are posted in current or non-current assets, in accordance with the expected date of their realization up to the close of the current business year, when the tax is duly calculated offset against the advances made.

Deferred: Deferred tax liabilities are recognized for all the inter-temporal tax differences. Deferred tax assets are recognized for all the temporary differences deductible to the extent that it is probable that future taxable profit will be available for the temporary differences to be offset.

Deferred income tax and Social Contribution tax assets are reviewed at reporting date, and are reduced to the extent that their realization is no longer probable.

Operational revenue

In general, for the business of the Company and its subsidiaries in the electricity, gas, telecommunications and other sectors, revenues are recognized when there is persuasive evidence of agreements, when delivery of merchandise takes place or when the services are provided, the prices are fixed or determinable, and receipt is reasonably assured, independently of whether the money has actually been received.

Revenues from sale of electricity are recorded based on the electricity delivered and the tariffs specified in the terms of the contract or in effect in the market. Revenues from retail supply of electricity to final consumers are recorded when the delivery has taken place. The billing is carried out monthly. Unbilled retail supply of electricity, from the period between the last billing and the end of each month, is estimated based on the supply contracted. The differences between the estimated amounts accrued and the actual revenues realized are recorded in the following month. Historically, these have not been significant.

Revenue from the supply of electricity to the Brazilian grid system is recorded when the delivery has taken place and is invoiced to consumers on a monthly basis, in accordance with the payment schedules specified in the concession agreement.

For the transmission concessions, the fair value of the operation and maintenance of the transmission lines and the remuneration of the financial asset are recorded as revenue in the Profit and loss account each month.

The services provided include charges for connection and other related services; the revenues are accounted when the services are provided.

The 'Portion A' revenue and the Other financial items related to tariff adjustments are recognized in the Profit and Loss account when the costs effectively incurred are different from those incorporated into the electricity distribution tariff. For more details, see Note 15.

The gain on adjustment of expectation of cash flow from the indemnifiable financial asset of the distribution concession arising from the variation in the fair value of the Remuneration Asset Base is presented as operational revenue, together with the other revenues related to the Company's end-activity.

Financial revenues and expenses are principally interest income on funds invested, fee income for consumer payments made late, monetary updating on sale of electricity, updating of the financial assets of the concession and interest income on other financial assets. Interest income is recognized in the Profit and loss account using the effective interest method.

Financial expenses include: interest expense on borrowings; and foreign exchange and monetary variation on borrowing cost of debt, financings and debentures. Interest expense on the Company's borrowings that is not capitalized is recognized in the Profit and loss account using the effective interest method.

Information by segment: The operating results of all operating segments for which individualized financial information is available are reviewed regularly by the Company's CEO, to make decisions about resources to be allocated to the segment, and to assess its performance.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire: the Financial assets of the concession, Intangible assets, and Property, plant and equipment.

Determination of adjustment to present value: The Company and its subsidiaries have applied adjustment to present value on certain paid concession contracts. Discount rates were used that are compatible with the cost of funding in transactions with the same maturity on the date of the transactions. These rates are: 12.50% for the small hydro plants and 5.10% for the conventional hydroelectric plants.

10.6

(a) **Assets or liabilities held by the issuer, directly or indirectly, which do not appear in the Statement of financial position (*off-balance sheet items*), such as:**

- i. Operational leasing transactions, owed or receivable;**
- ii. Portfolios of receivables written off, on which the entity maintains risks and responsibilities – state the respective liabilities;**
- iii. Contracts for future purchase or sale of products or services;**
- iv. Non-terminated construction contracts;**
- v. Contracts for future receipts of financings.**

The Company and its subsidiaries have contractual obligations and commitments that include, among others, amortization of loans and financings, contracts with contractors for construction of new projects, and purchase of electricity from Itaipu.

The amounts stated by the Company, as contractual obligations, shown in the table below, are not entirely included in the balance sheet because they do not have all the characteristics necessary for recognition as liabilities. A contractual obligation is not recognized in the accounting statements when the contract has not been fully complied with or does not present conditions for recognition of the corresponding expense or even of a related asset.

The contractual obligations described in the table below arise from contracts with the characteristics described above:

	RS '000	2018	2019	2020	2021	2022	After 2022	Total
Purchase of electricity from Itaipu		1,277,725	1,331,937	1,366,963	1,339,240	1,326,075	1,298,047	7,939,987
Purchase of electricity – auctions		2,837,406	2,815,256	3,178,145	3,724,275	3,898,017	4,040,071	20,493,170
Purchase of electricity								
– ‘bilateral contracts’		296,055	306,703	323,064	338,296	356,022	374,784	1,994,924
Quotas for Angra 1 and Angra 2		264,268	271,632	290,767	297,289	311,101	325,435	1,760,492
Transport of electricity from Itaipu		226,825	231,921	236,130	219,593	206,384	215,877	1,336,730
Other electricity purchase contracts		3,496,832	2,734,524	2,757,608	2,993,556	3,030,128	2,647,242	17,659,890
Purchase of gas for resale		546,013	559,369	586,461	611,267	639,544	669,048	3,611,702
Operational leasing transactions		97,620	76,093	60,648	63,798	67,725	71,980	437,864
Total		9,042,744	8,327,435	8,799,786	9,587,314	9,834,996	9,642,484	55,234,759

The Company has also granted put options, as follows:

- Put option granted to *Fundo de Participações Redentor* (‘Redentor Equity Fund’), which is a stockholder of Parati, for the totality of the shares in Parati owned by the Fund, exercisable on September 23, 2017, with payment date, if exercised, of November 30, 2017. The exercise price of the option is calculated from the sum of the value of the amounts injected by the Fund into Parati, plus the running expenses of the fund, less Interest on Equity, and dividends, distributed by Parati. The exercise price is subject to monetary updating by the CDI (Interbank CD) Rate plus financial remuneration at 0.9% per year.
- Put options signed between Cemig GT and the private pension funds that participate in the investment structure of SAAG in the Santo Antônio plant, comprising *FIP Melbourne*, *Parma Participações S.A.* and *FIP Malbec*, jointly referred to as ‘the Investment Structure’), through contracts for options to sell units in the entities comprising the Investment Structure (‘the Put Options’), which may be exercised, at the private pension entities’ option, in the eighty-fourth month after June 2014. The exercise price of the put options

will correspond to the amount invested by each private pension plan in the Investment Structure, updated *pro rata temporis* by the Expanded National Consumer Price (IPCA) index published by the IBGE, plus interest at 7% per year, less such dividends and Interest on Equity as shall have been paid by SAAG to the pension plan entities.

For more details on these options please see Note 15 to the Financial statements.

(b) Other items not shown in the financial statements

The Company does not have other items that are not evidenced in its financial statements, that have not been previously stated.

10.7 - Items not shown in the financial statements

a) Since such items change or may come to change revenues, expenses, operational profit, financial expenses or other items of the Issuer's financial statements

The items mentioned in the table contained in item 10.6 of this Reference Form, the nature and amount of which have not been recorded in the financial statements, which will have an impact on the Statement of financial position (balance sheet) and also on net profit, arise basically from future contracts for purchase of electricity and gas.

The impact that these obligations may have on the results is demonstrated in the table in item 10.6 of this Reference Form, for each business year, and will be recognized monthly in the Profit and loss account, as and when realized.

In the case of the future expenses on purchase and transport of electricity and gas, the Company will simultaneously record an operational revenue from the sale of that energy and gas, at which point a profit margin will be calculated and recorded as a function of these operations.

In the case of the put option mentioned in item 10.6 of this Reference Form, the impacts would be acquisition of assets related to the put options offered to the stockholders.

b) Nature and purpose of the transaction

For a description of the nature and purpose of each transaction, see item 10.6 of this Reference Form.

c) Nature and amount of the obligations assumed and the rights generated in favor of the issuer as a result of the transaction.

For a description of the amount of the obligations assumed and the rights generated in favor of the Company arising from transactions not evidence in our financial statements, see item 10.6 of this Reference Form.

10.8

a. Investments, including:

i. *Quantitative and qualitative description of investments in progress and planned*

i. As well as the investment made by the wholly owned subsidiaries of the Company, which are necessary to meet the demands and requirements of Aneel, to improve the efficiency of electricity systems, attend new consumers and to mitigate environmental liabilities, the Company has spent funds on the acquisition of assets already constituted.

In the next three years the Company expects to invest approximately **R\$ 26.7 million** as follows:

R\$ million

Activity	2018	2019	2020	Total
Basic program (1)	1.3	0.2	0.2	1.7
Companhia Energética de Minas Gerais (holding company) ^[sf5]	1.3	0.2	0.2	1.7
Capital injections (2)	25.0	0.0	0.0	25.0
Overall total (1) + (2)	26.3	0.2	0.2	26.7

- 1) Estimated amounts, rounded, in June 2017 currency, for the basic investments to maintain the routines of the companies of the Cemig holding company.
- 2) The information in the table above reflects Cemig's present expectations. The Company has no way of ensuring that its investment plan will be implemented as described above: it may suffer changes during its implementation.
- 3) The information in the table above does not include expenditure on research and development and energy efficiency (dealt with by the areas responsible) required of electricity sector companies the funds for which are charged in the tariff and are administered in programs managed separately by the companies.
- 4) The amounts planned for the year **2018, 2019 and 2020** do not include investments in acquisitions and other projects not remunerated by the concession-granting authority which are not recognized in the calculations of the tariffs made by the regulator, Aneel.

ii. Sources of financing of investments

The Company expects to make the investments described above through its own funds, issuance of securities and bank loans for refinancing of debt.

iii. Important disinvestments

Disposal of wind farms

On January 13, 2017 Renova agreed with AES Tietê Energia S.A. ('AES') a binding offer ('the AES Offer') for disposal of the group of wind farms constituting the Alto Sertão II Complex ('Alto Sertão II').

Under the terms described in the AES Offer the base price of the transaction is R\$ 600 million, and the transaction involves purchase of the shares in Renova Eólica Participações S.A., or of Nova Energia Holding S.A. – companies which control the 15 special-purpose companies ('SPCs') that comprise Alto Sertão II, and also a grant to AES of exclusivity for a period of 45 (forty five) days ('the Transaction').

The total value of the Transaction has the potential to reach R\$ 700 million under an earn-out clause – half of this amount, that is to say up to R\$ 50 million (fifty million Reais), being retained in an escrow account with release conditional on the performance of the Alto Sertão II Complex as measured after a period of five years from the date of completion of the Transaction.

The figure of R\$ 650 million for the total value of the acquisition, announced in January 2017, referred to the amount of R\$ 600 million to be paid for the acquisition, plus the amount of R\$ 50 million retained in an escrow account referred to in the above paragraph.

The power purchasing agreement (PPA) was signed on April 18, 2017. Completion of the Transaction is subject to certain conditions precedent stated in the PPA, including approval by government bodies and creditors.

The management of Renova emphasizes that the Transaction is entirely aligned with the strategy of re-adaptation of the capital structure, for the purpose of ensuring sustainability of the Company's business over the long term; and that it will keep the market informed on any events or developments related to the transaction.

b) Acquisition of plant, equipment, patents or other assets that could materially influence the Company's productive capacity.

In 2017, up to the date of filing of this Reference Form, the Company had made the following significant acquisitions, which should materially influence its productive capacity:

Investments in natural gas

2017 was a year of great changes, and principally challenges, for Gasmig, which increased its client base by 102.4%, from 15,490 in 2016 to 31,355 consumer units in 2017.

Gasmig invested R\$ 24 million in expansion of its Natural Gas Distribution Networks in the State of Minas Gerais, with construction of 49.4 km of gas pipelines in Greater Belo Horizonte, the South of Minas and Juiz de Fora, to serve commercial and industrial consumers.

In 2017 Gasmig's residential segment reached 30,605 consumer units, an expansion of 104.92% from the previous year in the number of residential clients in operation. These clients consumed 4,176,000 cubic meters of natural gas, equivalent to a daily average of 11,440 cubic meters, representing a significant increase of 238.11% from 2016 in the volume of sales to this segment.

Gasmig at the end of 2017 launched the largest campaign in Brazil of incentive for the use of VNG. With a bonus of R\$ 2,000 for each one of the first 4,000 vehicles to be converted to natural gas, the investment for conversion was reduced by an average of 50%, enabling the car owner to recover the disbursement faster, due to the saving in expense on fuel. The promotion is in effect for the whole of 2018, and although it is for any potential user who converts his or her vehicle to VNG, its target public are the large consumers of fuel such as taxis, vehicle fleets and transport app companies. In December 2017 the volume of VNG sold was already 2.73% up from December 2016.

c) New products and services, indicating: i) description of the research in progress already published; ii) total amounts spent by the Company on research for development of new products or services; iii) projects in development already disclosed; iv) total amounts spent by the Company in development of new products or services.

Not applicable, because there is no significant research of new products or services in progress that could materially influence the Company's productive capacity.

10.9

All the factors that had a significant impact on the Company's operational performance in the business year 2017, 2016 and 2015 have been commented on and identified in the previous items of this section.

Appendix 9

Report of external auditors on the individual and consolidated financial statements

To the
Stockholders, Board Members and Executive Officers of
Companhia Energética de Minas Gerais
Belo Horizonte, Minas Gerais

Opinion

We have reviewed the individual and consolidated financial statements of Companhia Energética de Minas Gerais – Cemig ('the Company'), respectively identified as the Holding company financial statements and the Consolidated financial statements, which comprise the statement of financial position (balance sheet) on December 31, 2017 and the related profit and loss accounts, statements of comprehensive income, statements of changes in stockholders' equity and statements of cash flows for the business year ended on that date, and the corresponding explanatory notes, including the summary of the principal accounting practices.

In our opinion, the financial statements referred to above adequately present, in all material aspects, the individual and consolidated equity and financial positions of Companhia Energética de Minas Gerais – Cemig on December 31, 2017, the individual and consolidated performance of its operations, and its respective individual and consolidated cash flows for the business year ended on that date, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted in accordance the Brazilian and international rules of auditing. Our responsibilities, in accordance with those rules, are described in the section below entitled "Responsibilities of the auditor for the audit of the individual and consolidated financial statements". We are independent in relation to the Company, and its subsidiaries, in accordance with the relevant ethical principles specified in the Accountant's Code of Professional Ethics and in the professional rules issued by the Federal Accounting Council (CFC), and we comply with the other ethical responsibilities in accordance with these rules. We believe that the auditing evidence obtained is sufficient and appropriate as grounds for our opinion.

Emphases of matter

Risks related to compliance with laws and regulations

As mentioned in Note 16 to the financial statements, the Company has an indirect investment in Madeira Energia S.A., Renova Energia S.A., and Norte Energia S.A. (jointly referred to as 'non-controlled investees'), which are valued by the equity method of accounting. At present, investigations and other legal measures are in progress, conducted by public authorities, in these non-controlled investees, on the subject of certain expenditures and their destinations, which involve and include also some of their other stockholders and certain executives of those stockholders. At present it is not possible to foresee the future outcomes arising from these processes of investigation by the public authorities, nor their possible reflexive effects on the Company's financial statements. Our opinion regarding this matter is unqualified.

Risk of continuity of the non-controlled investee Renova Energia S.A.

As disclosed in Note 16 to the financial statements, the indirect, non-controlled investee Renova Energia S.A. has been reporting recurring losses, and on December 31, 2017 had negative net working capital. These events or conditions indicate the existence of significant uncertainty that could raise significant doubts as to its capacity to continue to be operational. Our opinion regarding this matter is unqualified.

Key audit matters

Key audit matters are those which, in our professional judgment, were the most significant in our audit of the current business period. These matters have been dealt with in the context of our audit of the financial statements as a whole and in the formation of our opinion on the individual and consolidated financial statements as a whole, and in the formation of our opinion on those individual and consolidated financial statements. Thus we do not express a separate opinion on those subjects. For each subject below, the description of how our audit dealt with the subject, including any comments on the results of our procedures, is presented in the context of the financial statements taken as a whole.

We have complied with the responsibilities described in the section entitled "Responsibilities of the auditor in auditing the individual and consolidated financial statements", including those in relation to these key audit matters. Thus, our audit included conduct of procedures planned to respond to our assessment of risks of significant distortions in the financial statements. The results of our procedures, including those executed to deal with the subjects below, supply the basis for our auditing opinion on the Company's financial statements.

Information technology ('IT') environment

In view of the high volume of transactions and due to the fact that the Company's transactions are highly dependent on appropriate functioning of the structure of technology and of its systems, and the complexities inherent to the nature of its business, we consider the information technology environment to be one of the key audit matters.

How our audit dealt with this subject:

Our audit procedures included, among others, assessment of the design and operational efficacy of IT general controls ('ITGC') implemented by the Company for the systems considered to be important for the audit process. The assessment of the ITGC includes procedures of auditing to assess logical access control (access management), change management, and other technology aspects. In relation to the audit of logical access, we analyzed, on a sampling basis, the process of authorization and concession of new users, timely repeal of access for employees transferred or dismissed, and periodic review of users.

We also assessed password policies, safety configuration, and configurations of access to the technology resources. In relation to the process of change management, we assessed whether changes in the systems were duly authorized and approved by the Company's Management; checked the existence of segregation of functions; and analyzed the process of management of the operations, with a focus on the policies for achieving safeguarding of information and timeliness in the treatment of incidents.

We involved our technology professionals in the execution of these procedures.

The combination of the deficiencies in internal controls in the processes of access management and change management constituted a significant deficiency and, thus, altered our evaluation as to the nature, timing and extension (which we expanded) of the substantive procedures we had planned to enable us to obtain sufficient and appropriate audit evidence in relation to the account lines involved, including those mentioned in the subjects presented in the following topics.

Recognition of revenue from supply of energy

As mentioned in Note 26 to the financial statements, a portion of the revenue recognized by the subsidiaries of the Company in 2017, in the amount of R\$ 23,701,361,000, arises from the supply of electricity. Part of the revenues from supply of electricity recognized by the subsidiaries referred to services provided and not invoiced to final clients and consumers ('non-invoiced revenues'), since the billing is carried out taking as a basis metered measurements and cycles of reading which in some cases take place after the closing of the accounting period. The consolidated balances of accounts receivable for supply invoiced and not invoiced at December 31, 2017 totaled R\$ 2,714,264,000 and R\$ 1,276,760,000, respectively, and are stated in Note 8 to the financial statements.

We consider this subject to be significant for our audit due to the scale of the amounts involved and the specificities linked both to the process of invoicing, which is highly dependent on the computer systems and also on the estimate of revenue from supply not yet billed. The latter takes into account historic

data, contractual data, reports with a high volume of data extracted from the Company's systems, manual inputs, and also judgment by Management on the estimate of consumption by final clients and consumers, to ensure that the revenue is accounted in the correct period in question.

How our audit dealt with this subject:

Our procedures included, among others, the following: (i) evaluation of the design and operational efficacy of the internal controls implemented by the Company to ensure adequate recording of the revenue transactions; (ii) involvement of specialists in systems to carry out auditing procedures supported by computerized tools; (iii) tests of detail in the revenue data; (iv) examination of the calculation of the non-invoiced revenue, including understanding and documentation of the process of estimation, determining and review of the assumptions made by management; and (v) involvement of more experienced auditing professionals in defining the strategy of tests, evaluation of the support documentation, and in supervision of the audit procedures executed. Additionally, we evaluated adequacy of the Company's disclosures on this subject.

Based on the result of the audit procedures carried out, which is consistent with the assessment of Management, we consider that the estimates prepared by Management, and the related disclosures in explanatory Notes 8 and 26, are acceptable in the context of the financial statements taken as a whole.

Infrastructure and financial assets of the concession

As disclosed in Notes 15 and 18 to the financial statements, on December 31, 2017 the subsidiaries Cemig Distribuição S.A., Companhia de Gas de Minas Gerais and Cemig Geração e Transmissão S.A. had aggregate balances, representing the infrastructure of the concessions, as follows: Financial assets of the concession, R\$ 7,083,492,000; and Intangible assets of the concession, R\$ 11,155,928,000.

The value of the investments made in infrastructure, in service of the concession, is an essential part in the methodology applied by the concession-granting power in deciding the tariff to be charged by the distributors of electricity and gas to final consumers, and also for deciding the Permitted Annual Revenue (RAP) of the transmission company, under the Concession Contract. The decision on what expenditures are eligible and should be capitalized as a cost of infrastructure is subject to judgment by Management. In 2017 the subsidiaries recognized, in their assets, investments in the infrastructure of the concessions, for distribution of energy and gas, and for transmission, in the total amount of R\$ 1,129,675,000.

Additionally, the decision on which expenses qualify as investment in the infrastructure of the concession also directly impacts the valuation of the financial assets of the electricity generation and distribution concessions. That valuation represents the portion of the investments made by the subsidiary that will not be, or has not been, completely amortized at the end of the concession period, and consequently will be indemnified by the concession-granting power.

Due to the specificities linked to the processes of capitalization, subsequent evaluation of expenditures on infrastructure, and valuation of the financial assets, and also due to the magnitude of the amounts involved, we consider this to be a key matter for our audit.

How our audit dealt with this subject:

Our audit procedures involved, among other matters, evaluation of the design and operational efficacy of the internal controls implemented by the Company on the accounting of the investments in infrastructure, including the sharing of indirect costs, the policies established by the Company for such accounting, and their applicability to the accounting rules in effect, and the comparison of the costs with the historic data and the levels found in the industry.

As part of our procedures we also recalculated the value of the financial assets recorded by the Company and compared the inputs related to the calculation with external market information and criteria established by the concession-granting power, and also evaluated the variations that have taken place in the most recent tariff reviews. An auditing adjustment was identified indicating the need for a complementary item in the updating of the financial assets of the transmission concession, which had not been adjusted by the Company as a result of its non-materiality in relation to the financial statements taken as a whole.

Additionally, we assessed the adequacy of the Company's disclosures on this subject.

Based on the result of the auditing procedures carried out, which is consistent with Management's assessment, we considered that the estimates prepared by Management, and also the related disclosures in explanatory Notes 15 and 18, are acceptable, in the context of the financial statements taken as a whole.

Post-retirement obligations

On December 31, 2017 the net actuarial obligations related to the post-retirement benefits plans sponsored by the Company and its subsidiaries, ascertained in accordance with the actuarial opinion issued by their consultant actuary, total R\$ 4,186,181,000.

We have assessed this area to be significant due to the scale of the amounts recognized in liabilities, and also the degree of judgment associated with the process of measurement of the liability, which includes complex assumptions, such as long-term interest rates, rates of return on the assets of the plans, salary increase indices, employee turnover, death rates and discount rates. Variations in the assumptions can have a material impact on the amounts recognized in the financial statements.

How our audit dealt with this subject:

During our audit examination, we involved specialists from the actuarial area to help us in the evaluation of the premises used in the calculation of the actuarial assets and liabilities of the post-employment benefit plan, described in Note 23 to the financial statements. We have compared these assumptions with comparable market data and reference parameters developed internally based on independent calculations made as part of our procedures. Additionally, our specialists in the actuarial area helped us in carrying out procedures designed to identify any post-retirement benefit plans that had not been previously identified and in the assessment of the adequacy of the disclosures made by the Company.

Based on the result of the auditing procedures carried out on the post-retirement obligations, which is consistent with the assessment of Management, we consider that the criteria and premises associated

with the recognition of these obligations, and identification of the existing obligations, and the related disclosures in Note 23, are acceptable, in the context of the financial statements taken as a whole.

Impairment of investments in affiliated companies and jointly-controlled entities

Under CPC 18 (R2) – *Investments in Associates and Joint Ventures*, which is equivalent to IAS 28, after application of the equity method, the Company should apply the requirements of CPC Technical Pronouncement 38 – *Financial instruments: Recognition and measurement*, which is equivalent to IAS 39, to determine the need to recognize any further impairment of the Company's total net investment in the investee. In 2017, as a result of this analysis, the Company and its subsidiaries believed that there were no indications of loss of value of their investments and, consequently, did not recognize any impairment.

Monitoring of this subject was considered significant for our audit, in view of the scale of the asset balances of the Company and its subsidiaries, especially in relation to the investments recorded by the equity method, totaling R\$ 7,792,225,000, stated in Note 16 to the financial statements, and to the existence of specific circumstances related to delays in commencement of operation, and risk of continuity of some investees and jointly-controlled entities.

How our audit dealt with this subject:

Our auditing procedures included, among other matters: (i) analysis of the internal and external information that could indicate significant loss of value of investments recorded by the equity method, such as history of receipt of dividends and variation in the quoted values of their shares on the stock exchange (when applicable); (ii) analysis of the correct application of CPC 38 by the investees and jointly-controlled entities themselves, through examination of the analysis of indications and of the calculation of the recoverable value of their assets, when applicable; (iii) analysis of the process, controls and premises used by Management for identification of indications of impairment, and calculation of their net recoverable value, when applicable; and (iv) involvement of more experienced auditing professionals in decision on the strategy for test, evaluation of the audit support documentation and in supervision of the audit procedures carried out. Additionally, we evaluated adequacy of the Company's disclosures on this subject.

Based on the result of the audit procedures carried out on the balances of investments in affiliated companies and jointly-controlled entities, which is consistent with the assessment of Management, we consider that the criteria and assumptions for recoverable value of the investments adopted by the management, and also the related disclosures in Note 16, are acceptable, in the context of the financial statements taken as a whole.

Other matters

Added value statement

The individual and consolidated Added Value Statements (DVAs) for the business year ended December 31, 2017 prepared under the responsibility of the Company's Management, and presented as supplementary information for the purpose of IFRS, were submitted to auditing procedures executed jointly with the audit of the Company's financial statements. For formation of our opinion, we have

evaluated whether the statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Accounting Pronouncement CPC 09 – *Added Value Statement*. In our opinion, these statements of added value have been prepared appropriately, in all their material aspects, according to the criteria defined in that Technical Pronouncement, and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Audit of corresponding amounts

The Company's financial statements for the business year ended December 31, 2016, presented for the purpose of comparison, were audited by other independent auditors who issued a report, on April 11, 2017, with an unqualified opinion on those financial statements, and containing emphases of matter related to the subjects described above, and also on the uncertainty on the renewal of the concessions of the Jaguará, São Simão and Miranda hydroelectric plants, and re-presentation of the corresponding amounts.

Other information accompanying the individual and consolidated financial statements and the auditor's report

The Company's management is responsible for this other information which consists of the Report of Management.

Our opinion on the individual and consolidated financial statements does not cover the Report of Management and we do not express any form of auditing conclusion about that report.

In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the report of Management and, when doing so, to consider whether that report is in any significant way inconsistent with the financial statements or with our knowledge obtained in the audit, or in any other way appears to be significantly distorted. If, based on the work carried out, we were to conclude that there is a significant distortion in the Report of Management, we are required to communicate this fact. We have nothing to report in this respect.

Responsibilities of Management and of the governance for the individual and consolidated financial statements

The Management is responsible for the preparation and appropriate presentation of these individual and consolidated financial statements in accordance with accounting practices adopted in Brazil, and with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB), and for the internal controls that it has decided are necessary to make possible the preparation of financial statements that are free of material distortion, whether caused by fraud or error.

In the preparation of the individual and consolidated financial statements, Management is responsible for evaluation of the Company's capacity to continue operating, disclosing, when applicable, subjects related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless Management intends to liquidate the company and its subsidiaries or to cease its operations, or has no realistic alternative to avoid termination of operations.

The responsibility for supervision of the process of preparation of the financial statements rests upon those responsible for the governance of the Company and its subsidiaries.

Responsibilities of the auditor in auditing the individual and consolidated financial statements

Our objectives are to obtain reasonable certainty that the individual and consolidated financial statements, taken as a whole, are free of material distortion, independently of whether caused by fraud or error, and to issue a report of audit containing our opinion. Reasonable certainty is a high level of certainty, but not a guarantee, that an audit carried out in accordance with Brazilian and international auditing rules always detects any existing significant distortions. Distortions may arise from fraud or error and are considered to be material when, individually or jointly, they are able, within a reasonable perspective, to influence users' economic decisions when taken based on the said financial statements.

As a part of an audit realized in accordance with Brazilian and international auditing rules, we exercise professional judgment and maintain professional skepticism throughout the conduct of the audit. Also:

- We identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve override of internal controls, conspiracy, falsification, omission or intentional false representations.
- We obtain understanding of the material internal controls for the audit for us to be able to plan auditing procedures that are appropriate to the circumstances, but not with the objective of expressing an opinion on the efficacy of the internal controls of the Company and its subsidiaries.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We reach conclusions on the appropriateness of the use by Management of the accounting basis of operational continuity and, based on the evidences of auditing obtained, whether there is a material uncertainty in relation to events that might raise significant doubt in relation to the capacity of operational continuity of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and/or consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may lead the Company and its subsidiaries to cease to remain in operational continuity.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures; and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that is compatible with the objective of appropriate presentation.

- We obtain appropriate and sufficient auditing evidence in relation to the financial information of the entities or activities of the business of the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the group and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also supply, to the persons responsible for governance, a declaration that we have complied with the relevant ethical requirements, including the applicable requirements for independence, and we report any relationships or matters that could considerably affect our independence including, when applicable, the respective safeguards.

Of the matters that were the subject of communication with the persons responsible for governance, we determine those that we consider to be most significant in the audit of the financial statements for the current business year and which, thus, constitute the Key Audit Matters. We describe these matters in our audit report, unless any law or regulations have prohibited public disclosure of the subject, or when, in extremely rare circumstances, we may determine that this subject should not be disclosed in our report because the adverse consequences of such disclosure could, within a reasonable perspective, be greater than the benefits of communication for the public interest.

Belo Horizonte, March 28, 2018.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Shirley Nara S. Silva
Accountant – CRC-1BA022650/O-0