

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MARKET ANNOUNCEMENT

Reply to B3 Inquiry Letter 1441/2018-SAE, of July 11, 2018

Inquiry by B3 (São Paulo Stock Exchange)

Cia. Energética de Minas Gerais – CEMIG

To Mr. Maurício Fernandes Leonardo Júnior
Chief Investor Relations Officer

Subject: **Request for information on news media report**

A news report in the newspaper *Valor Econômico* of July 11, 2018, under the headline:

“Cemig considering re-opening bond issue”,

contains, among other information, statements that Cemig:

1. – “intends to raise up to US\$ 500 million through re-opening of the bond issue that has previously been placed outside Brazil, with maturity in 2024”; and
2. – “has begun conversations with investors and may possibly complete the transaction this week”.

We request information/explanations on the items indicated, by July 12, 2018, including your confirmation of them or otherwise, and also any other information that is considered to be important.

Reply by CEMIG

Dear Ms. Ana Lucia da Costa Pereira,
Supervision Office for Companies and Equity Securities Offers – B3 S.A.

In response to Official Letter 1441/2018-SAE, of July 11, 2018, we inform you that Companhia Energética de Minas Gerais – Cemig (‘Cemig’ or ‘the Company’) is permanently assessing alternatives for improvement of its capital structure, lengthening of its debt profile and reduction of the cost of its debt.

Consequently the Company, in the normal course of its business, is continuously consulting financial institutions and investors, in Brazil and the rest of the world, as to the conditions on which they would open credit lines for financing of the Company's business.

In the case referred to, financing in the external market through issue of Eurobonds is one possible alternative. As an example, in December 2017 Cemig Geração e Transmissão S.A. ('Cemig GT'), a wholly-owned subsidiary of Cemig, placed an issue of US\$1 billion, and in that issue the indicative demand was US\$3.7 billion. Thus, it was natural to suppose that a further issue in this market would be a viable financing option, in addition to the alternatives available in the local market.

It is appropriate to highlight the characteristics of this type of transaction, in which, initially, the Company prospects qualified investors on potential interest in financing it. Once interest has been identified, the Company may opt to indicate a price level for the transaction, with the objective of quantifying the potential volume of a transaction. If the volume, at the indicated price level, indicates the possibility of success for the transaction the company may opt to begin a process of bookbuilding, culminating in pricing of an issue.

At the same time, when accessing the external debt market it is essential to obey the regulation and practices specific to this market, avoiding broad disclosure by the Company prior to the pricing, due to the risk that this could have adverse effects on the success of the transaction.

In line with this, yesterday the Company carried out an initial monitoring, but without this meaning that the transaction, at that moment, was feasible. It was only today that Cemig priced the re-opening of the Eurobond issue, in the amount of US\$500 million, and, naturally, published a Material Announcement with the related information.

In relation to the media report referred to, in the interests of success of the transaction, and consequently, in the interests of the Company and its stakeholders, no statement of any kind was made prior to the pricing, in accordance, we would note, with the regulation and specific practices of this market, to avoid adverse risks for the transaction.

Cemig takes this opportunity to reiterate its commitment to transparency and best market practices in communication with the market.

Belo Horizonte, July 12, 2018.

Maurício Fernandes Leonardo Júnior
Chief Finance and Investor Relations Officer