COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MARKET NOTICE

Reply to CVM Inquiry Letter 289/2018/CVM/SEP/GEA-1

Question asked by the Brazilian Securities Commission (CVM)

Rio de Janeiro, July 25, 2018.

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Subject: Request for information on news media report

"Dear Sir,

1. We refer to the news report published today in the news medium *Valor Econômico*, in the *Empresas* ('Companies') section, under the headline:

"Cemig assessing 'Plan B' for sale of Light"

which contains the following statements:

“ Facing challenges in its efforts to sell its interest in Light, the Minas Gerais state company Cemig is assessing a ‘Plan B’ for payment of the put option exercised against it, which is to be settled in November of this year. The priority continues to be the sale of control of the Rio de Janeiro electricity distributor Light, but, since the proposals received so far have not been considered attractive, Cemig is working with an alternative for payment of the put option that will avoid Light becoming a state company.

According to one source, Cemig needs approximately R$ 600 million to pay the option. There is R$ 100 million deposited in a guarantee account, which remained from the proceeds of the sale of part of the control stockholding in the transmission company Taesa. The idea is to rely on the sale of Cemig Telecom to finance the rest.

The minimum price established for the assets of Cemig Telecom, which will be auctioned on August 8, is R$ 367 million. Since there are many bidders interested in the company, Cemig’s expectation is that the transaction will be made for a premium over the minimum price. According to Cemig, there are 17 investors interested.

Valor has found that they include Brazil’s principal telephone network operators, mobile telephone tower companies, investment funds, and foreign companies, such as Sterlite Power Grid of India.

Even resolving the problem relating to the put option, Cemig will still need to avoid allowing Light to become a majority-state-controlled company. With settlement of the put option, its interest will increase from 43% to 52% of Light, which could cause early maturity of debts due to covenants in financing contracts.

[...]

A possible problem involves the situation of Renova Energia, controlled by Cemig and by Light. As well as its net debt of R$ 1.3 billion, while generating extremely low cash flow, Renova needs funds to complete the works on the Alto Sertão III wind complex, which are behind schedule.

Valor has found that between R$ 300 and R$ 400 million is still needed to complete the project. Further to this, there is R$ 200 million in debts to suppliers that need to be settled. With the present debt, and the problems resulting from the works being behind schedule, such as the exposure to the electricity spot market, these costs could make the return on the project unfeasible.”

2 We request a statement by your company on the truthfulness of this report, and if it is true, reasons why Cemig understood that this was not a matter for a Material Announcement, and also commentaries on other information considered important on the subject.

3 This statement must be given through the *Empresa.NET* System, in the category: *Market notice*, sub-category: *Responses to consultations by CVM/B3; Media News Report* – and should include a transcription of this Official Letter.

4 We warn you that, by order of our Company Relations Supervision Management, using its legal powers under Sub-item II of Article 9 of Law No. 6385/1976 and CVM Instruction 452/07, a coercive fine of R$ 1,000 (one thousand Reais) is applicable, without prejudice to other administrative sanctions, for non-compliance with the requirement contained in this Official Letter, which is sent exclusively by e-mail, **by July 26, 2018**, notwithstanding the provisions of §1 of Article 6 of CVM Instruction 358/02. **”**

Reply by CEMIG

Dear Mr. Cláudio José Paulo, Acting Manager

In reply to Official Letter 289/2018/CVM/SEP/GEA-1, Cemig states as follows:

Cemig believes that transparency and accountability are not only legally imposed duties but indispensable prerequisites for efficient management.

For this reason, aiming to keep investors duly informed, Cemig has published Material Announcements, on June 1, 2017 and July 7, 2017, announcing and updating its program of disinvestment which, among other aims, seeks to enhance the Company's financial equilibrium, through accelerated reduction of its net indebtedness.

Cemig reiterates that the assets referred to in the article published by the newspaper *Valor Econômico* are part of the said disinvestment program, and that it has been keeping the market and other interested parties updated on the processes of sale of those assets.

As of today's date, there is no new information which, under CVM Instruction 358/2002, would justify publication of a further Material Announced on any of these subjects.

Finally, Cemig encourages the communications media, for the benefit of its readers, always to state its sources, and once again re-emphasizes that it is available for verification of information.

Belo Horizonte, July 26, 2018

Maurício Fernandes Leonardo Júnior
Chief Finance and Investor Relations Officer