

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

MATERIAL ANNOUNCEMENT

Transfer of wholly-owned generation and trading subsidiaries to Cemig GT

Cemig (*Companhia Energética de Minas Gerais* – listed in São Paulo, New York and Madrid), in compliance with CVM Instruction 358 of January 3, 2002 as amended, **hereby reports** to the Brazilian Securities Commission (CVM), the São Paulo Stock Exchange (B3) and the market **as follows**:

On today's date a meeting of the Board of Directors of Cemig approved transfer to **Cemig Geração e Transmissão S.A.** ('**Cemig GT**') of ownership of the following wholly-owned subsidiaries, which operate in generation and trading:

- Sá Carvalho S.A.
- Horizontes Energia S.A.
- Rosal Energia S.A.
- Cemig PCH S.A.
- Empresa de Serviços de Comercialização de Energia Elétrica S.A.
- Usina Termelétrica do Barreiro S.A.
- Cemig Comercializadora de Energia Incentivada S.A.
- Cemig Trading S.A.

The transfer of ownership was previously approved by the Brazilian National Electricity Agency, Aneel. The transaction took place for consideration of R\$ 396,902,000.00 (three hundred ninety six million nine hundred two thousand Reais), based on an Equity Valuation Opinion, at Book Value, at base-date October 31, 2018. The Opinion will be updated to the date on which payment for the transaction is made by Cemig GT.

Cemig aims to rationalize structure, enabling the companies to increase operational efficiency, and profitability. The subsidiaries have no financial debt. Their track record is of profit, with strong cash flow and dividends. They will be 100% consolidated in the Profit and loss account of Cemig GT as from the next full-year reporting period.

Belo Horizonte, December 14, 2018.

Maurício Fernandes Leonardo Júnior
Chief Finance and Investor Relations Officer