

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

LISTED COMPANY – CNPJ 17.155.730/0001-64

MARKET ANNOUNCEMENT

Reply to CVM Inquiry Letter 338/2019-CVM/SEP/GEA-1, of Nov. 12, 2019

Question asked by the Brazilian Securities Commission (CVM)

Cia. Energética de Minas Gerais – CEMIG

To Mr. Maurício Fernandes Leonardo Júnior
Chief Investor Relations Officer

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

Dear Sir,

We refer to the news item published on October 9, 2019, in the newspaper *Valor Econômico*, in the *Empresas* section, under the headline:

“Cemig creates subsidiary to operate in solar generation”.

We request information/explanations on this item, by November 12, 2019, including your confirmation of it or otherwise, and also any other information that is considered to be important. The report contains the following statements:

“ Cemig plans to invest approximately R\$ 300 million by 2020 in the construction of solar electricity generation plants in Minas Gerais. The project will be part of a new distributed generation company which has been given the name of Cemig S!M, the creation of which was announced yesterday in Belo Horizonte. The company will have 49% of the plants and the private group Mori Energia will have 51%.

The announcement of the new company takes place on the eve of the governor of Minas Gerais state, Cemig’s controlling stockholder, announcing a plan for privatizations. The plan is expected to include the sale of Cemig, which is currently controlled by the State of Minas Gerais.

Cemig S!M is the result of bringing together two other companies of the group, Cemig GD and Efficientia. In all there will be 32 solar plants, nine already planned to start operating by the end of the year, and the rest early in 2020. They will be installed in the North and North-west Regions of the state of Minas, spread over 17 municipalities.

With estimated total installed generation capacity of 150 MW, the plants are expected to generate 300 gigawatt-hours per year. The clients, in the first phase, will be commercial and industrial companies using supply at low voltage, and will be able to save up to 18% on their purchases of energy.

By the end of the year, the investment planned by Cemig S!M is approximately R\$ 200 million, possibly rising to R\$ 300 million – of a total likely to be around R\$ 600 million. The first part of these funds of Cemig will come from the company’s own cash position, but the directors of the company are already discussing future credit lines with banks – public and private.

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

Reply by CEMIG

Dear Ms. Nilza Maria Silva de Oliveira,
Company Monitoring Management Unit 1

In response to Official Inquiry Letter 338/2018-SAE, of November 12, 2019, Cemig (Companhia Energética de Minas Gerais) (‘Cemig’ or ‘the Company’), informs you that on October 8, 2019 the brand name Cemig S!M was launched, a trading name under which two pre-existing wholly-owned subsidiaries of Cemig operate: Cemig Geração Distribuída S.A. (‘Cemig GD’) and Efficientia S.A. (‘Efficientia’).

It is important to point out that no new company has been created arising from bringing together these two existing companies of the group: Cemig GD and Efficientia.

The Company further explains that, as published in item 10.8 of its 2019 Reference Form, cash injections of R\$ 261.6 million are planned for the period 2019–2021, almost the entirety of this allocated for acquisition of assets already existing, especially distributed generation assets.

Thus, it can be seen that, as of today’s date, there has been no fact or event which, in the light of CVM Instruction 358/2002, could justify publication to the market of a Material Announcement about this subject.

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

Belo Horizonte, November 13, 2019

Daniel Faria Costa
Acting Chief Finance and Investor Relations Officer