

# COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

## MARKET NOTICE

### Following success in court action, Cemig D files proposal for early return of ICMS tax to customers

**Cemig** (*Companhia Energética de Minas Gerais* – listed and traded on the exchanges of São Paulo, New York and Madrid), **hereby informs** the CVM (Brazilian Securities Commission), the São Paulo stock exchange (B3) and the market in general **as follows**:

Administrative appeals have been filed with Brazil’s electricity regulator, Aneel (National Electricity Agency), contesting Aneel’s award of an annual tariff increase of 4.27% to Cemig’s wholly-owned distribution subsidiary Cemig D, in effect from May 28, 2020.

The appeals request annulment of the tariff increase, and restitution to Cemig D’s customers of the amounts of the escrow deposits repaid by the Courts to Cemig D on February 13, 2020.

This repayment of escrow deposits is the result of the Supreme Court judgment in favor of Cemig D, against which there is no further appeal, in Cemig D’s legal action (‘the Action’) against the tax authority, which requested – and won – a ruling that amounts of the ICMS tax paid or to be paid by Cemig D must be excluded from the base amount for calculation of PIS, Pasep and Cofins tax payable by Cemig D.

The current administrative appeals request creation of a negative financial component in the calculation of Cemig D’s annual tariff adjustment.

Aneel has given Cemig D the right of reply, and, based on internal assessments and those of its legal advisers, Cemig D has today submitted to Aneel a proposal for bringing forward Cemig D’s already-planned restitution to its customers of a total amount of R\$ 714.4 million – corresponding to part of the funds released by the courts due to Cemig’s success in the Action.

This proposal by Cemig D takes into consideration the wholly exceptional context caused by the Covid-19 pandemic, and Cemig's responsibility to carry out its social function and its duties to the community in which it operates, the rights and interests of which it is obliged loyally to respect and serve (under Article 16, §1 of Law 6404/76).

Cemig D's proposal is also an important contribution to keeping tariffs at reasonable levels, at a moment when all economic agents are seeking measures that can reduce the impacts of the pandemic.

Cemig's offer is also an anticipation of the effects, and treatment in terms of regulations – which are yet to be defined in detail by the tax authorities and Aneel – of the Supreme Court's decision in the Action. These regulatory decisions will be applied equally to all electricity distribution concessions through an Aneel Normative Ruling, which will be issued after conclusion of Public Consultation 005/2020 – during which there will be discussion on the merits, and in which Cemig will be able to take part in a wide-ranging discussion on the subject.

Cemig emphasizes that the portion of the credits that it proposes to repay to its customers has already been posted as a liability in its financial statements.

Thus, in the event that Aneel, in its decision on the administrative appeals mentioned above, accepts Cemig D's proposal, the decision reported in this notice will not cause any impact on Cemig's profit or financial results.

Cemig also notes that the Council of Aneel will also carry out its own analysis and decision on the proposal.

Belo Horizonte, August 5, 2020.

Leonardo George de Magalhães  
Chief Finance and Investor Relations Officer