

CEMIG GERAÇÃO E TRANSMISSÃO S.A.
LISTED COMPANY – CNPJ 06.981.176/0001-58 – NIRE 31300020550

EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS

CONVOCATION

January 30, 2014

The stockholder Companhia Energética de Minas Gerais – Cemig is hereby called to an Extraordinary General Meeting of Stockholders to be held on January 30, 2014 at 3 p.m. at Av. Barbacena 1200, 12th floor, B1 Wing, in the city of Belo Horizonte, Minas Gerais, to decide on the following matters:

- a) Ratification of the appointment and contracting of Ernst & Young Terco as the specialized company responsible for preparation of the Opinion on the Economic and Financial Valuation of the generation assets of Brasil PCH S.A., of April 22, 2,013, for the purposes of Paragraph 1 of Article 256 of Law 6404/1976.
- b) Approval of the said Valuation Opinion on Brasil PCH S.A.
- c) Approval of the transaction that results in acquisition of 51% of the common shares of Brasil PCH S.A., through Chipley SP Participações S.A., a company in which Cemig GT owns 40% of the share capital.

Belo Horizonte, December 19, 2013.

Dorothea Fonseca Furquim Werneck
Chair of the Board of Directors

PROPOSAL
BY THE BOARD OF DIRECTORS
TO THE
EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS
TO BE HELD ON JANUARY 30, 2014

To the Stockholder Companhia Energética de Minas Gerais:

The Board of Directors of Cemig Geração e Transmissão S.A.,

– *in view of* the following facts and considerations –

- a) Cemig Geração e Transmissão S.A. (“**Cemig GT**”) has signed a share purchase agreement with Petróleo Brasileiro S.A. (“**Petrobras**”), with the signature, as consenting parties, of Companhia Energética de Minas Gerais (**Cemig**) and Brasil PCH S.A. (**Brasil PCH**), governing acquisition (“**the Transaction**”) by **Cemig GT** or by a company in which it has an interest (“**the Purchaser**”) of the 49% of the common shares in **Brasil PCH** that were held by Petrobras (“**the Brasil PCH share purchase agreement**”).
- b) The stockholders’ agreement of **Brasil PCH** provides for the possibility of the other stockholders exercising a right of first refusal in the event of disposal of the shares in Brasil PCH, or, further, a right of joint sale (or “tag-along right”).
- c) The Brasil PCH Share Purchase Agreement made it obligatory for the Purchaser to provide the right of tag-along and the right of first refusal to the other common stockholders of Brasil PCH – namely: *Eletroriver S.A.* – (“**Eletroriver**”) (34.3%), *BSB Energética S.A.* (“**BSB**”) (14.7%) and *Jobelpa S.A.* (“**Jobelpa**”) (2%).
- d) At the demand of Cemig GT, exercise of the tag-along right by Jobelpa was stipulated in the Brasil PCH Share Purchase Agreement as a condition precedent for completion of the Transaction.
- e) The Board of Directors has authorized alteration of the total value of the Transaction, from R\$ 1,321,091,000.00 (one billion three hundred twenty one million ninety one thousand Reais) to any amount less than or equal to R\$ 1,326,530,617.71 (one billion three hundred twenty six million five hundred thirty thousand six hundred seventeen Reais and seventy one centavos), in the event of acquisition of up to 100% of the common shares in Brasil PCH, if there is exercise of the right of tag-along by all the other stockholders of Brasil PCH.
- f) The Board of Directors authorized provision of a guarantee by Cemig of all the obligations and commitments under the Brasil PCH Share Purchase Agreement, under which Cemig would be jointly liable as principal debtor, and not merely as guarantor, to the same extent that, and on the same conditions as those on which, the Purchaser is liable (“the Surety Guarantee”).
- g) Clause 15.7 of the Brasil PCH Share Purchase Agreement allows assignment of the position, rights and obligations of Cemig GT under that Agreement, prior to the date of completion, at the exclusive

option of Cemig GT, without the need for consent from Petrobras, to a company, already constituted or to be constituted, in which Cemig GT would have shares or unit shares representing at least 40% of the share capital, the surety guarantee given by Cemig remaining fully valid and in effect.

- h) Cemig GT entered into an Investment Agreement with RR Participações S.A. (“**RR**”), Light Energia S.A. (“**Light**”), Renova Energia S.A. (“**Renova**”) and Chipley SP Participações S.A. (“**Chipley**”), to provide for, among other matters:
- i. procedures for increase of the capital of Chipley, in such a way that Cemig GT would become holder of 40% of the voting and total stock of Chipley;
 - ii. assignment of the Brasil PCH Share Purchase Agreement to Chipley;
 - iii. increase in the capital of Renova, to be subscribed entirely by Cemig GT; and
 - iv. acquisition by Chipley of 51% or 100%, as the case may be, of the common shares in Brasil PCH.
- i) Concomitantly with the Investment Agreement, Cemig GT and Chipley entered into a Term of Assignment of the PCH Brasil Share Purchase Agreement, to which Cemig, Renova and Renovapar S.A. (“**Renovapar**”) were consenting parties, containing, among other commitments, the following:
- i. Commitment by Chipley to assume the position of the Purchaser of the Shares, becoming subrogated in all the rights and obligation of Cemig GT in the Brasil PCH Share Purchase Agreement, also taking on responsibility for all the costs and obligations assumed by Cemig GT in the process of negotiation, formalization, and conclusion of the acquisition of the shares in Brasil PCH.
 - ii. The surety guarantee provided by Cemig in the Brasil PCH Share Purchase Agreement would remain valid and effective, thenceforth favoring Chipley.
 - iii. Under a **Counter-Guarantee Contract** entered into on the same date by the same parties that signed the Term of Assignment of the Brasil PCH Share Purchase Agreement, **Renova** and **Renovapar** undertook that in the event that the guarantee given by Cemig is executed, they will assign all the shares that they hold in Chipley to Cemig or to whatever party Cemig may indicate, in consideration of a payment of R\$ 1,200.00 (one thousand two hundred Reais), duly updated.
- j) On October 28, 2013, **Petrobras** sent notice to Chipley stating that, within the procedures for the disposal by Petrobras of its common shares in Brasil PCH, when the period for exercise of the first refusal and tag-along rights specified in the Stockholders’ Agreement of Brasil PCH had expired, the ‘Original Stockholding Block’, comprising the companies **Eletroriver** and **BSB**, had not given any notice to Petrobras in relation to exercise of those rights, resulting in release of Petrobras, by the Original Stockholding Block, to sell its shares to Chipley.
- In relation to **Jobelpa**, Petrobras reported that on June 25, 2013 Jobelpa had stated its desire to exercise its tag-along right, and had signed the Term of Adherence to the PCH Share Purchase Agreement (which had been signed by Petrobras and Cemig GT, and subsequently assigned to **Chipley**).
- k) To regulate the acquisition by **Chipley** of the shares held by **Jobelpa** in Brazil PCH, it was in the interests of both Parties that a specific share purchase agreement should be entered into, rather than their merely entering into a Term of Adherence to the Brasil PCH Share Purchase Agreement.
- l) It was required that the transaction of purchase of the shares owned by Jobelpa should be submitted, for consent and approval, to the Brazilian monopolies authority (*Conselho Administrativo de*

Defesa Econômica – CADE) and the Brazilian electricity regulator (National Electricity Agency, *Agência Nacional de Energia Elétrica* – Aneel), simultaneously with the process of approval and consent to the purchase of Petrobras's shares, since the transactions were conditionally linked.

- m) The period for submission to Aneel of the request for consent to the transaction involving acquisition of the shares in Brasil PCH ran until November 4, 2013, since the notice referred to in sub-item "j" above was received on October 28, 2013.
- n) On November 1, 2013, **Chiple**y and **Jobelpa** entered into a share purchase agreement ("**the Jobelpa share purchase agreement**") governing the acquisition by **Chiple**y of the 2% of the voting stock of **Brasil PCH** owned by **Jobelpa**, with **Cemig** as guarantor.
- o) As a consequence of the transaction involving exercise of a tag-along right, resulting from the disposal of the shares in Brasil PCH owned by Petrobras, the Jobelpa share purchase agreement contains the same obligations, rights and guarantees as the Brasil PCH Share Purchase Agreement: it is substantially the same as the Petrobras document, changing only the name of the purchaser, the name of the vendor, the percentage interest involved and the number of common shares, the acquisition price (the unit price of the share being maintained); and excluding the references not applicable to the Jobelpa share purchase agreement, such as the concession of the tag-along and first-refusal rights of the other stockholders of Brasil PCH.
- p) As well as the alterations above, the Jobelpa share purchase agreement will not have Brasil PCH as a consenting party. This is because participation by Brasil PCH with this status in the share purchase agreement signed with Petrobras was questioned by the stockholders of Brasil PCH that were members of the Original Block, who expressed disagreement with the concept of Brasil PCH signing a contract in which it has no right or obligations.
- q) Since **Eletroriver** and **BSB** did not exercise the first refusal right, and the stockholder **Jobelpa** exercised only the right of tag-along (joint sale), in relation to the common shares that it owned, the transaction has taken the form of an acquisition of 51% of the voting stock of Brasil PCH.
- r) Under Article 256 of Law 6404/1976, indirect acquisition by Cemig GT of control of Brasil PCH requires authorization by the General Meeting of Stockholders, since the purchase price constitutes a material investment for the Purchase, as specified in Article 247, sole sub-paragraph, of that Law.
- s) The large quantity of the assets of Brasil PCH makes it impracticable to contract and carry out an assessment of the book value of that company at market prices, within the period between confirmation by Petrobras of the first refusal and tag-along rights and the closing of the transaction.
- t) It not being possible to evaluate whether or not the price paid for the shares of Brasil PCH exceeds one and a half times the book value of the company at market prices, as specified in Paragraph 2 of Article 256 of Law 6404/1976, consequently this circumstance confers the right to withdraw from the Company upon any stockholders that dissent at the General Meeting of Stockholders that decides on the indirect acquisition by Cemig GT of the control of Brasil PCH.

– *now proposes to you as follows:*

- a) Ratification of the appointment and contracting of Ernst & Young Terco, CNPJ 59.527.788/0001-31, with head office in São Paulo at Avenida Juscelino Kubitschek 1830, Torre II, 6th Floor, CEP 04543-900, as the specialized company responsible for preparation of the Opinion on the Economic and Financial Valuation of the generation assets of Brasil PCH S.A., of April 22, 2013, for the purposes of Paragraph 1 of Article 256 of Law 6404/1976.

- b) Approval of the Valuation Opinion on Brasil PCH S.A., referred to above.
- c) Approval of the transaction that results in acquisition of 51% of the common shares of Brasil PCH S.A., an unlisted company with head office in Rio de Janeiro, Rio de Janeiro State at Rua São Bento 8, 8th Floor, Centro, CNPJ/MF 07.314.233/0001-08, its articles of association being filed with the Commercial Board of Rio de Janeiro State (*Jucerja*), under NIRE No. 33.300275-681, through Chipley SP Participações S.A., a company in which Cemig Geração e Transmissão (Cemig GT) owns 40% of the share capital.

As can be seen, the objective of this proposal is to meet legitimate interests of the stockholders and of the Company, and as a result it is the hope of the Board of Directors that you, the stockholders, will approve it.

Belo Horizonte, December 19, 2013.

Dorothea Fonseca Furquim Werneck

Tadeu Barreto Guimarães

Djalma Bastos de Moraes

Bruno Magalhães Menicucci

Arcângelo Eustáquio Torres Queiroz

Luiz Augusto de Barros

Guy Maria Villela Paschoal

Marina Rosenthal Rocha

Joaquim Francisco de Castro Neto

Newton Brandão Ferraz Ramos

Saulo Alves Pereira Junior

Tarcísio Augusto Carneiro