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## STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2018 AND DECEMBER 31, 2017

### ASSETS

(Thousands of Brazilian Reais)

	Note	Consolidated		Holding company	
		03/31/2018	12/31/2017	03/31/2018	12/31/2017
<b>CURRENT</b>					
Cash and cash equivalents	5	150,188	403,339	123,136	366,169
Securities	6	195,202	520,963	77,684	397,734
Customers and traders	7	857,645	850,487	740,344	763,187
Concession holders – Transport of electricity	7	103,884	89,153	103,980	89,249
Recoverable taxes	8	29,714	30,840	28,903	30,064
Income and social contribution tax recoverable	9a	104,498	138,435	104,498	138,435
Concession financial assets	11	665,867	689,353	430,023	456,101
Advances to suppliers		107,657	98,914	74,029	69,914
Hydrological risk renegotiation premium		17,164	16,681	17,164	16,681
Derivative financial instruments – Swaps		8,231	-	8,231	-
Other		105,590	135,907	108,790	139,237
<b>TOTAL, CURRENT</b>		<b>2,345,640</b>	<b>2,974,072</b>	<b>1,816,782</b>	<b>2,466,771</b>
<b>NON-CURRENT</b>					
Securities	6	4,434	14,659	1,764	11,191
Recoverable taxes	8	7,073	8,272	7,073	8,272
Escrow deposits	10	313,870	309,994	313,870	309,994
Receivable from related parties	25	360,043	351,709	362,674	357,549
Hydrological risk renegotiation premium		32,977	35,060	32,977	35,060
Advances to suppliers		47,072	5,084	47,072	2,061
Derivative financial instruments – Swaps	26	64,504	8,649	64,504	8,649
Other		71,562	59,886	71,544	59,875
Concession financial assets	11	6,009,299	6,024,377	3,887,324	3,920,494
Investments – Equity method	12	4,760,661	4,723,336	7,361,454	7,209,862
Property, plant and equipment	13	2,131,576	2,162,890	2,123,896	2,155,847
Intangible assets	14	32,361	32,640	32,361	32,640
<b>TOTAL, NON-CURRENT</b>		<b>13,835,432</b>	<b>13,736,556</b>	<b>14,306,513</b>	<b>14,111,494</b>
<b>TOTAL ASSETS</b>		<b>16,181,072</b>	<b>16,710,628</b>	<b>16,123,295</b>	<b>16,578,265</b>

The condensed notes are an integral part of the interim financial information.

## STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2018 AND DECEMBER 31, 2017

### LIABILITIES

(Thousands of Brazilian Reais)

	Note	Consolidated		Holding company	
		03/31/2018	12/31/2017	03/31/2018	12/31/2017
<b>CURRENT</b>					
Loans and financings	17	307,523	153,991	307,523	153,991
Debentures	17	1,546,389	1,453,430	1,550,812	1,456,365
Suppliers	15	316,584	472,043	302,354	454,512
Income tax and social contribution tax		33,063	99,832	-	-
Taxes payable	16	55,312	133,666	47,264	126,038
Regulatory charges	18	149,395	151,532	147,508	149,698
Post-retirement obligation	19	54,713	52,395	54,713	52,395
Profit sharing		364,230	564,230	364,230	564,230
Payroll and related charges		44,119	48,547	44,119	48,547
Advances from clients	7	139,362	190,758	139,362	190,758
Derivative financial instruments - Swaps	26	497	12,596	497	12,596
Other obligations		37,770	59,230	37,644	54,734
<b>TOTAL, CURRENT</b>		<b>3,048,957</b>	<b>3,392,250</b>	<b>2,996,026</b>	<b>3,263,864</b>
<b>NON-CURRENT</b>					
Loans and Financings	17	3,937,085	3,977,975	3,937,085	3,977,975
Debentures	17	2,344,166	2,734,767	2,344,166	2,734,767
Deferred income tax and social contribution tax	9b	424,803	416,446	424,499	416,305
Taxes payable	16	3,905	3,830	3,905	3,830
Regulatory charges	18	84,040	84,557	79,518	80,737
Post-retirement obligation	19	855,646	852,136	855,646	852,136
Provisions	20	99,249	96,310	99,233	96,294
Derivative financial instruments - Swaps		7,183	28,515	7,183	28,515
Derivative financial Instruments - Put options	26	316,050	311,593	316,050	311,593
Other obligations		18,878	18,417	18,874	18,417
<b>TOTAL, NON-CURRENT</b>		<b>8,091,005</b>	<b>8,524,546</b>	<b>8,086,159</b>	<b>8,520,569</b>
<b>TOTAL LIABILITIES</b>		<b>11,139,962</b>	<b>11,916,796</b>	<b>11,082,185</b>	<b>11,784,433</b>
<b>EQUITY</b>	21				
Share capital		1,837,710	1,837,710	1,837,710	1,837,710
Profit reserves		2,702,600	2,702,600	2,702,600	2,702,600
Equity valuation adjustments		150,054	153,522	150,054	153,522
Advance for future capital increase		100,000	100,000	100,000	100,000
Retained earnings		250,746	-	250,746	-
<b>TOTAL EQUITY</b>		<b>5,041,110</b>	<b>4,793,832</b>	<b>5,041,110</b>	<b>4,793,832</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>16,181,072</b>	<b>16,710,628</b>	<b>16,123,295</b>	<b>16,578,265</b>

The condensed notes are an integral part of the interim financial information.

## STATEMENTS OF INCOME

### FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017

(Thousands of Brazilian Reals except earnings per share)

	Note	Consolidated		Holding company	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
<b>NET REVENUE</b>	22	<b>1,562,484</b>	<b>1,674,283</b>	<b>1,389,384</b>	<b>1,517,693</b>
<b>OPERATING COSTS</b>					
<b>COST OF ENERGY</b>	23				
Charges for use of the national grid		(69,642)	(81,936)	(61,774)	(74,377)
Energy purchased for resale		(795,414)	(734,282)	(785,966)	(731,804)
		<u>(865,056)</u>	<u>(816,218)</u>	<u>(847,740)</u>	<u>(806,181)</u>
<b>COST</b>	23				
Personnel and managers		(60,494)	(66,164)	(55,471)	(63,181)
Materials		(956)	(1,589)	(598)	(1,198)
Outsourced services		(10,325)	(11,094)	(8,356)	(8,879)
Depreciation and amortization		(35,195)	(39,788)	(35,154)	(39,780)
Operating provisions, net		(3,956)	(8,631)	(3,956)	(8,631)
Infrastructure construction cost		(1,063)	(2,920)	(1,063)	(2,920)
Other		(40)	(8,225)	168	(7,332)
		<u>(112,029)</u>	<u>(138,411)</u>	<u>(104,430)</u>	<u>(131,921)</u>
<b>TOTAL COST</b>		<b>(977,085)</b>	<b>(954,629)</b>	<b>(952,170)</b>	<b>(938,102)</b>
<b>GROSS PROFIT</b>		<b>585,399</b>	<b>719,654</b>	<b>437,214</b>	<b>579,591</b>
<b>OPERATING EXPENSES</b>	23				
Selling expenses		(133)	-	(133)	-
General and administrative expenses		(47,062)	(50,486)	(47,009)	(50,486)
Other operating expenses		(31,132)	(75,411)	(30,934)	(75,323)
		<u>(78,327)</u>	<u>(125,897)</u>	<u>(78,076)</u>	<u>(125,809)</u>
Share of (loss) profit, net, of associates and joint ventures	12	(31,230)	(25,224)	83,037	85,731
<b>Income before finance income (expenses) and taxes</b>		<b>475,842</b>	<b>568,533</b>	<b>442,175</b>	<b>539,513</b>
Finance income	24	132,644	44,578	126,749	36,300
Finance expenses	24	(237,703)	(339,892)	(236,208)	(339,828)
<b>Income before income tax and social contribution tax</b>		<b>370,783</b>	<b>273,219</b>	<b>332,716</b>	<b>235,985</b>
Current income and social contribution taxes	9c	(115,148)	(94,314)	(77,244)	(57,619)
Deferred income and social contribution taxes	9c	(8,357)	6,085	(8,194)	6,624
<b>NET INCOME FOR THE PERIOD</b>		<b>247,278</b>	<b>184,990</b>	<b>247,278</b>	<b>184,990</b>
<b>Basic and Diluted earnings per common share – R\$</b>	21	<b>0.0854</b>	<b>0.0639</b>	<b>0.0854</b>	<b>0.0639</b>

The condensed notes are an integral part of the interim financial information.

**STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017**

**(Thousands of Brazilian Reais)**

	Consolidated		Holding company	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
<b>NET INCOME FOR THE PERIOD</b>	<b>247,278</b>	<b>184,990</b>	<b>247,278</b>	<b>184,990</b>
<b>Items not to be reclassified to profit or loss in subsequent periods</b>				
Equity gain (loss) on other comprehensive income in subsidiary and jointly-controlled entity, net of taxes	-	16,207	-	16,207
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>247,278</b>	<b>201,197</b>	<b>247,278</b>	<b>201,197</b>
Comprehensive income attributed to equity holders of the parent	<u>247,278</u>	<u>201,197</u>	<u>247,278</u>	<u>201,197</u>

The condensed notes are an integral part of the interim financial information.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017

(Thousands of Brazilian Reais)

	Share capital	Advance for future capital increase	Profit reserves	Equity valuation adjustments	Retained earnings	Total Equity
<b>BALANCES ON DECEMBER 31, 2016</b>	<b>1,837,710</b>	-	<b>2,474,659</b>	<b>270,825</b>	-	<b>4,583,194</b>
Net income for the period	-	-	-	-	184,990	184,990
<b>Other comprehensive income</b>						
Equity gain (loss) on other comprehensive income in subsidiary and jointly-controlled entity	-	-	-	16,207	-	16,207
<b>Total Comprehensive income for the period</b>	-	-	-	<b>16,207</b>	<b>184,990</b>	<b>201,197</b>
Advance for future capital increase	-	100,000	-	-	-	100,000
<b>Constitution of reserves</b>						
Tax incentives reserve	-	-	889	-	(889)	-
<b>Realization of reserves</b>						
Realization of deemed cost of PP&E	-	-	-	(6,284)	6,284	-
<b>AS OF MARCH 31, 2017</b>	<b>1,837,710</b>	<b>100,000</b>	<b>2,475,548</b>	<b>280,748</b>	<b>190,385</b>	<b>4,884,391</b>
<b>BALANCES ON DECEMBER 31, 2017</b>	<b>1,837,710</b>	<b>100,000</b>	<b>2,702,600</b>	<b>153,522</b>	-	<b>4,793,832</b>
Net income for the period	-	-	-	-	247,278	247,278
<b>Total Comprehensive income for the period</b>	-	-	-	-	<b>247,278</b>	<b>247,278</b>
<b>Realization of reserves</b>						
Realization of deemed cost of PP&E	-	-	-	(3,468)	3,468	-
<b>AS OF MARCH 31, 2018</b>	<b>1,837,710</b>	<b>100,000</b>	<b>2,702,600</b>	<b>150,054</b>	<b>250,746</b>	<b>5,041,110</b>

The condensed notes are an integral part of the interim financial information.

## STATEMENTS OF CASH FLOW

### FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017

(Thousands of Brazilian Reais)

	Note	Consolidated		Holding company	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
<b>CASH FLOW FROM OPERATIONS</b>					
Net income for the period		247,278	184,990	247,278	184,990
<b>Adjustments to reconcile net income to net cash flows:</b>					
Depreciation and amortization	23	36,549	41,174	36,508	41,166
Loss on write off of net residual value of unrecoverable Concession financial assets , PP&E and Intangible assets		-	6,758	-	6,685
Share of loss (profit) of associates and joint ventures	12	31,230	25,224	(83,037)	(85,731)
Interest and monetary variation		50,564	152,186	138,478	231,692
Appropriation of transaction costs	17	6,210	8,862	6,210	8,862
Income tax and social contribution tax	9c	123,505	88,229	85,438	50,995
Provisions for operating losses, net	23	4,542	8,630	4,542	8,630
Derivative financial instruments - Swap	24	(97,517)	-	(97,517)	-
Derivative financial instruments - Put options	26	4,457	46,936	4,457	46,936
Post-retirement obligation	19	21,938	24,448	21,938	24,448
		<u>428,756</u>	<u>587,437</u>	<u>364,295</u>	<u>518,673</u>
<b>(Increase) / Decrease in assets</b>					
Customers and traders		(7,291)	(98,858)	22,710	(74,355)
Recoverable taxes		2,325	(973)	2,360	(854)
Income and social contribution tax recoverable		15,668	27,176	(4,363)	27,176
Transport of electricity		(14,731)	(15,639)	(14,731)	(15,692)
Escrow deposits		(1,525)	(2,778)	(1,525)	(2,778)
Dividends received from investments		34,230	-	34,230	-
Concession financial assets		190,403	56,940	129,261	1,325
Advances to suppliers		(46,550)	696	(46,550)	696
Others		2,449	45,205	1,312	53,243
		<u>174,978</u>	<u>11,769</u>	<u>122,704</u>	<u>(11,239)</u>
<b>Increase (decrease) in liabilities</b>					
Suppliers		(155,459)	(16,383)	(152,158)	(18,024)
Taxes payable		(50,325)	(54,736)	(50,745)	(58,662)
Income and social contribution taxes payable		-	(27,200)	-	(26,531)
Payroll and related charges		(4,428)	(3,608)	(4,428)	(3,605)
Regulatory charges		(2,654)	12,748	(3,409)	12,957
Post-retirement obligation		(16,110)	(13,659)	(16,110)	(13,659)
Advances from clients		(54,240)	109,487	(54,240)	109,487
Others		(22,015)	(11,133)	(17,649)	(9,820)
		<u>(305,231)</u>	<u>(4,484)</u>	<u>(298,739)</u>	<u>(7,857)</u>
<b>Cash generated by operating activities</b>		<u>298,503</u>	<u>594,722</u>	<u>188,260</u>	<u>499,577</u>
Income and social contribution taxes paid		(190,857)	(40,607)	(66,153)	(31,088)
Interest paid on loans and financings	17	(127,739)	(261,313)	(127,739)	(261,313)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>		<u>(20,093)</u>	<u>292,802</u>	<u>(5,632)</u>	<u>207,176</u>
<b>INVESTING ACTIVITIES</b>					
Capital contribution in investees	12b	(82,309)	(162,191)	(82,309)	(162,191)
Property, plant and equipment	13	(4,112)	(3,525)	(3,434)	(3,423)
Intangible assets	14	(844)	(11)	(844)	(11)
Marketable securities		341,045	98,524	336,024	160,707
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>		<u>253,780</u>	<u>(67,203)</u>	<u>249,437</u>	<u>(4,918)</u>

The condensed notes are an integral part of the interim financial information.

	Note	Consolidated		Holding company	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
<b>FINANCING ACTIVITIES</b>					
Interest on capital and dividends paid		(200,000)	-	(200,000)	-
Payment of loans, financings and debentures	17	(286,838)	(482,729)	(286,838)	(482,729)
Advance for future capital increase	21	-	100,000	-	100,000
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>		<b>(486,838)</b>	<b>(382,729)</b>	<b>(486,838)</b>	<b>(382,729)</b>
Net decrease in cash and cash equivalents		(253,151)	(157,130)	(243,033)	(180,471)
Cash and cash equivalents at the beginning of the period	5	403,339	427,827	366,169	361,252
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>150,188</b>	<b>270,697</b>	<b>123,136</b>	<b>180,781</b>

The condensed notes are an integral part of the interim financial information.



## STATEMENTS OF ADDED VALUE

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017

(Thousands of Brazilian Reais)

	Consolidated		Holding company	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
<b>REVENUES</b>				
Sales of electricity and services	1,809,022	1,927,656	1,687,971	1,827,020
Construction revenue	1,063	2,920	1,063	2,920
Gain on financial updating of the Concession Grant Fee	81,827	79,506	-	-
Investments in PP&E	18,527	3,424	18,527	3,424
Transmission indemnity revenue	49,841	65,830	49,841	65,830
Generation indemnity revenue	17,245	-	17,245	-
Provision for Doubtful Receivables (PECLD)	(133)	-	(133)	-
Other revenues (expenses)	(230)	-	(230)	-
	<u>1,977,162</u>	<u>2,079,336</u>	<u>1,774,284</u>	<u>1,899,194</u>
<b>INPUTS ACQUIRED FROM THIRD PARTIES</b>				
Electricity purchased for resale	(869,600)	(802,318)	(859,337)	(799,587)
Charges for use of national grid	(76,378)	(89,526)	(67,795)	(81,353)
Outsourced services	(28,657)	(27,889)	(26,686)	(25,672)
Materials	(18,512)	(7,617)	(18,154)	(7,226)
Paid concession	(778)	(752)	(778)	(752)
Other operational costs	(15,008)	(67,872)	(14,812)	(67,102)
	<u>(1,008,933)</u>	<u>(995,974)</u>	<u>(987,562)</u>	<u>(981,692)</u>
<b>GROSS VALUE ADDED</b>	<b>968,229</b>	<b>1,083,362</b>	<b>786,722</b>	<b>917,502</b>
<b>RETENTIONS</b>				
Depreciation and amortization	(36,549)	(41,174)	(36,508)	(41,166)
<b>NET ADDED VALUE</b>	<b>931,680</b>	<b>1,042,188</b>	<b>750,214</b>	<b>876,336</b>
<b>ADDED VALUE RECEIVED BY TRANSFER</b>				
Equity method gains in non-consolidated investees	(31,230)	(25,224)	83,037	85,731
Financial revenues	132,644	44,578	126,749	36,300
	<u>101,414</u>	<u>19,354</u>	<u>209,786</u>	<u>122,031</u>
<b>ADDED VALUE TO BE DISTRIBUTED</b>	<b>1,033,094</b>	<b>1,061,542</b>	<b>960,000</b>	<b>998,367</b>
<b>DISTRIBUTION OF ADDED VALUE</b>				
		%	%	%
<b>Employees</b>	<b>91.784</b>	<b>8,88</b>	<b>104.235</b>	<b>9,82</b>
Direct remuneration	61.980	6,00	70.088	6,60
Benefits (recovery of expenses)	25.666	2,48	29.284	2,76
FGTS	4.138	0,40	4.863	0,46
Taxes	<b>450.215</b>	<b>43,58</b>	<b>427.148</b>	<b>40,24</b>
Federal	312.740	30,27	290.174	27,34
State	136.851	13,25	136.414	12,85
Municipal	624	0,06	560	0,05
<b>Remuneration of external capital</b>	<b>243.817</b>	<b>23,60</b>	<b>345.169</b>	<b>32,52</b>
Interest	237.703	23,01	339.892	32,02
Rentals	6.114	0,59	5.277	0,50
<b>Remuneration of own capital</b>	<b>247.278</b>	<b>23,94</b>	<b>184.990</b>	<b>17,42</b>
Retained earnings	247.278	23,94	184.990	17,42
	<u>1.033.094</u>	<u>100,00</u>	<u>1.061.542</u>	<u>100,00</u>
	<u>960.000</u>	<u>100,00</u>	<u>960.000</u>	<u>100,00</u>
	<u>998.367</u>	<u>100,00</u>	<u>998.367</u>	<u>100,00</u>

The condensed notes are an integral part of the interim financial information.

## CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED AS OF MARCH 31, 2018

(In thousands of Brazilian Reais - except where otherwise indicated)

### 1. OPERATING CONTEXT

Cemig Geração e Transmissão S.A. ('the Company', 'Cemig GT' or 'Cemig Geração e Transmissão') is a Brazilian corporation registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or CVM) and a wholly-owned subsidiary of Companhia Energética de Minas Gerais ("Cemig"). It was incorporated on September 8, 2004, and began operating on January 1, 2005, pursuant to the process of separation of activities ('unbundling') of Cemig. Its shares are not traded on any exchange. It is domiciled in Brazil, with head office at Avenida Barbacena 1200, Belo Horizonte, Minas Gerais.

Company is engaged in: (i) study, plan, design, build and commercially operate systems of generation, transmission and sale of electricity and related services for which concessions are granted, under any form of law, to it or to subsidiaries; (ii) to operate in the various fields of energy sector, from any source, for the purpose of economic and commercial operation; (iii) to provide consultancy services within its field of operation to companies in Brazil and abroad; and (iv) to carry out activities directly or indirectly related to its objects.

Company has interests in 59 power plants, of which 54 are hydroelectric, three are wind power plants, one is thermal, and one is solar, and associated transmission lines, most of which are part of the Brazilian national generation and transmission grid system, with installed capacity for 4,854 MW (information not reviewed by external auditors).

As of March 31, 2018, the Company's current liabilities exceeded its current assets by R\$ 703,317 and R\$ 1,179,244 in the consolidated and in the holding company, respectively. In quarter then ended, the Company generated negative operational cash flow on the consolidated of R\$ 20,093 (R\$ 292,802 positive in the first quarter of 2017); and negative operational cash flow of R\$ 5,632 in the holding company (R\$ 207,176 positive in the first quarter of 2017), mainly due to the higher volume of payments relating to advances to suppliers, purchases of energy and income tax and social contribution tax, associated with the reduction of advances from clients.

As of March 31, 2018, Company's consolidated indebtedness from loans, financings and debentures on current and non-current liabilities comprised R\$ 1,853,912 and R\$ 6,281,251, respectively. Management monitors the Company's cash flow, and for this purpose assesses measures to adjust the present situation of its financial assets and liabilities to the levels considered appropriate to meet its needs.

As part of the Company's indebtedness management, in 2017 Company issued Eurobonds for an amount of US\$ 1 billion (R\$ 3.2 billions), which mature in 2024. Also, carried out a re-profiling of its debt, for a total amount of R\$ 741 million. These two initiatives have balanced Company's cash flows, extended average debt maturities, and improved credit quality.

Based on the facts and circumstances that existed on this date, Management evaluated the Company's ability to continue on a going concern basis and is convinced that its operations have the capacity to generate funds to continue its business in the future. In addition, Management is not aware of any material uncertainties that could generate significant doubts about its ability to continue operating. Therefore, these interim financial information have been prepared on a going concern basis.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

The individual and consolidated interim financial information has been prepared in accordance with International Accounting Standard No. 34 – *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB), Accounting Pronouncement 21 (R1) – 'CPC21', which applies to interim financial information, and the rules issued by the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or CVM), applicable to preparation of Quarterly Information (*Informações Trimestrais*, or ITR).

These interim financial information have been prepared according to principles, practices and criteria consistent with those adopted in the preparation of the December 31, 2017 financial statements, except for the adoption of new pronouncements that came into force as from January 1, 2018, which impacts are presented in Note 2.2 to this interim financial information.

Thus, this interim financial information should be read in conjunction with the said financial statements, approved by the Company's Fiscal Council on March 28, 2018.

Material information in the interim financial information is being disclosed, which is used by Management in its administration of the Company.

On May 14, 2018, the Company's Executive Board authorized the issuance of these interim financial information.

## 2.2 Adoption of new pronouncements effective as from January 1, 2018

### *IFRS 15/CPC 47 - Revenue from contracts with customers*

IFRS 15/CPC 47 - Revenue from contracts with customers - establishes a five-step model to account for revenues arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount which reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. This new pronouncement will supersede all current requirements for recognition of revenue under the CPCs/IFRS. Additionally, IFRS 15/CPC 47 establishes requirements for more detailed presentation and disclosure than the standards currently in effect.

The Company and its subsidiaries performed an assessment of the five steps for recognition and measurement of revenue, as required by IFRS 15/CPC 47:

1. Identify the contracts signed with its customers;
2. Identify the performance obligations in each type of contract;
3. Determine the price of each type of transaction;
4. Allocate the price to the performance obligations contained in the contract; and
5. Recognize the revenue when (or to the extent that) the entity satisfies each performance obligation of the contract.

The Company and its subsidiaries have adopted the new standard based on the prospective method, as from January 1, 2018, without significant financial effects in its interim financial information.

### *IFRS 9/CPC 48 – Financial Instruments*

IFRS 9/CPC 48 - Financial Instruments - establishes that all financial activities recognized that are within the scope of IAS 39 (equivalent to CPC 38) should subsequently be measured at amortized cost or fair value, reflecting the business model in which the assets are administered, and their cash flow characteristics, not affecting accounting recognition of the Company's financial assets and liabilities. IFRS 9/CPC 48 contains three categories of accounting for financial instruments: Amortized cost; Fair value through other comprehensive income; and Fair value through profit or loss.

The standard has eliminated the existing categories under IAS 39/CPC 38 and, thus, the Company and its subsidiaries have reclassified those categories to comply with the new standard, as follows:

Consolidated	Classification	
	IFRS 39 (CPC 38)	IFRS 9 (CPC 48)
<b>Financial assets</b>		
Cash equivalents – Investments	Loans and receivables	Amortized cost
Securities – Investments (1)	Held to maturity	Amortized cost
Securities – Investments (1)	Available for sale	Fair value through profit or loss
Customers and Traders; Concession holders (power transport)	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Advances to suppliers	Loans and receivables	Amortized cost
Receivable from related parties	Loans and receivables	Amortized cost
Escrow deposits	Loans and receivables	Amortized cost
Derivative financial instruments (swaps)	Fair value through profit or loss	Fair value through profit or loss
Concession financial assets – Transmission infrastructure	Loans and receivables	Amortized cost
Indemnities receivable – Transmission	Loans and receivables (2)	Fair value through profit or loss
Indemnities receivable – Generation	Loans and receivables (2)	Fair value through profit or loss
Concession grant fee – Generation concessions	Loans and receivables	Amortized cost
Other	Loans and receivables	Amortized cost
<b>Financial liabilities</b>		
Loans, financings and debentures	Amortized cost	Amortized cost
Debt agreed with pension fund (Forluz)	Amortized cost	Amortized cost
Concessions payable	Amortized cost	Amortized cost
Suppliers	Amortized cost	Amortized cost
Advances from clients	Amortized cost	Amortized cost
Derivative financial instruments (swaps)	Fair value through profit or loss	Fair value through profit or loss
Derivative financial instruments – Put options	Fair value through profit or loss	Fair value through profit or loss

1) The Company has 'securities' with varying classifications under IFRS 9/CPC 48.

2) They are recognized at their nominal realization values, which are similar to fair value.

The Company and its subsidiaries have adopted the new standard based on the prospective method, as from January 1, 2018, without significant financial effects in its interim financial information.

### 2.3 Correlation between the Explanatory Notes published in the complete annual financial statements and those in the interim financial information

The table below shows the correlation between the Explanatory Notes published in the consolidated annual financial statements at December 31, 2017 and the consolidated Interim financial information at March 31, 2018.

The Company understand that this interim financial information presents the material updating of information relating to its equity situation, and its results for the quarter ended March 31, 2018, in compliance with the requirements for disclosure stated by the CVM (Brazilian Securities Commission).

Number of the Note		Title of the Note
12/31/2017	03/ 31/2018	
1	1	Operational context
2	2	Basis of preparation
3	3	Consolidation principles
4	4	Concessions and authorizations
5	28	Operational segments
6	5	Cash and cash equivalents
7	6	Securities
8	7	Customers and Traders
9	8	Recoverable Taxes
10	9	Income and Social Contribution tax recoverable
11	9	Income and Social Contribution tax
12	10	Escrow deposits in litigation
13	11	Financial assets of the concession
14	12	Investments
15	13	Property, plant and equipment
16	14	Intangible assets
17	15	Suppliers
18	16	Taxes and social security
19	17	Loans, financings and debentures
20	18	Regulatory charges
21	19	Post-retirement obligations
22	20	Provisions
23	21	Total equity
24	22	Revenue
25	23	Operating costs and expenses
26	24	Financial revenue and expenses
27	25	Related party transactions
28	26	Financial instruments and risk management
29	27	Measurement at fair value
32	29	Subsequent events

The Notes to the 2017 annual statements that have not been included in these consolidated interim financial information because they had no material changes, and/or were not applicable to the interim information, are as follows:

Number of the Note	Title of the Note
30	Insurance
31	Commitments

### 3. PRINCIPLES OF CONSOLIDATION

The reporting dates for the interim financial information of subsidiaries and jointly-controlled entities used for the purposes of consolidation and equity method gains (losses), respectively, coincide with those of the Company. Accounting practices are applied uniformly in line with those used by the Company.

The following subsidiaries and are included in the consolidated interim financial information:

Subsidiary	03/31/2018 and 12/31/2017	
	Direct interest, %	
Cemig Baguari		100.00
Cemig Geração Três Marias S.A.		100.00
Cemig Geração Salto Grande S.A.		100.00
Cemig Geração Itutinga S.A.		100.00
Cemig Geração Camargos S.A.		100.00
Cemig Geração Sul S.A.		100.00
Cemig Geração Leste S.A.		100.00
Cemig Geração Oeste S.A.		100.00

## 4. CONCESSIONS AND AUTHORIZATIONS

Cemig GT, including its consortium and subsidiaries, holds the following concessions or authorizations:

	Company holding concession	Concession contract	Expiration date
<b>POWER GENERATION</b>			
<b>Hydroelectric plants</b>			
Emborcação (1)	Cemig GT	07/1997	07/2025
Nova Ponte (1)	Cemig GT	07/1997	07/2025
Santa Luzia (1)	Cemig GT	07/1997	02/2026
Irapé (1)	Cemig GT	14/2000	02/2035
Queimado (Consortium) (1)	Cemig GT	06/1997	01/2033
Salto Morais (1)	Cemig GT	02/2013	07/2020
Rio de Pedras (1)	Cemig GT	02/2013	09/2024
Luiz Dias (1)	Cemig GT	02/2013	08/2025
Poço Fundo (1)	Cemig GT	02/2013	08/2025
São Bernardo (1)	Cemig GT	02/2013	08/2025
Xicão (1)	Cemig GT	02/2013	08/2025
Três Marias (2)	Cemig Geração Três Marias	08/2016	01/2046
Salto Grande (2)	Cemig Geração Salto Grande	09/2016	01/2046
Itutinga (2)	Cemig Geração Itutinga	10/2016	01/2046
Camargos (2)	Cemig Geração Camargos	11/2016	01/2046
Coronel Domiciano, Joasal, Marmelos, Paciência and Piau (2)	Cemig Geração Sul	12/2016 e 13/2016	01/2046
Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras (2)	Cemig Geração Leste	14/2016 e 15/2016	01/2046
Cajurú, Gafanhoto and Martins (2)	Cemig Geração Oeste	16/2016	01/2046
<b>Thermal plants</b>			
Igarapé (1)	Cemig GT	07/1997	08/2024
<b>POWER TRANSMISSION</b>			
National grid (3)	Cemig GT	006/1997	01/2043
Itajubá Substation (3)	Cemig GT	79/2000	10/2030

(1) Generation concession contracts that are not within the scope of ICPC 01 /IFRIC 12, whose infrastructure assets are recorded as PP&E since the concession grantor does not have control over whom the service is provided to as the output is being sold mainly in the Free Market ('ACL').

(2) Generation concession contracts within the scope of scope of ICPC 01 /IFRIC 12, under which Cemig has the right to receive cash and therefore, recognizes a concession financial assets.

(3) Transmission concession contracts within the scope of ICPC 01 /IFRIC 12, under which Cemig has the right to receive cash and therefore, recognizes a concession financial assets.

## 5. CASH AND CASH EQUIVALENTS

	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Bank accounts	7,564	4,700	6,461	2,077
Cash equivalents:				
Bank certificates of deposit (CDBs)	110,216	282,675	103,783	274,542
Overnight	32,408	111,657	12,892	85,243
Others	-	4,307	-	4,307
	<b>142,624</b>	<b>398,639</b>	<b>116,675</b>	<b>364,092</b>
	<b>150,188</b>	<b>403,339</b>	<b>123,136</b>	<b>366,169</b>

Bank Certificates of Deposit (*Certificados de Depósito Bancário*, or CDBs), accrued interest at 75% to 106%, of the CDI Rate (Interbank Rate for Interbank Certificates of Deposit or *Certificados de Depósito Inter-bancário – CDIs*) published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip) on March 31, 2018 (85% to 106% on December 31, 2017).

Overnight transactions are repos available for redemption on the following day. They are usually backed by Treasury Bills, Notes or Bonds and referenced to a pre-fixed rate of 6.39%, on March 31, 2018 (6.89% on December 31, 2017). Their purpose is to settle the Company's short-term obligations, or to be used in the acquisition of other assets with better return to replenish the portfolio.

The Company's exposure to interest rate risks and sensitivity analysis for financial assets and liabilities are disclosed in Note 26.

## 6. SECURITIES

	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Bank certificates of deposit (CDBs)	707	1,214	281	927
Financial Notes (LFs) – Banks	88,193	149,459	35,084	114,102
Treasury Financial Notes (LFTs)	98,877	364,561	39,333	278,319
Debentures	11,806	20,334	4,696	15,524
Others	53	54	54	53
	<b>199,636</b>	<b>535,622</b>	<b>79,448</b>	<b>408,925</b>
<b>Current</b>	<b>195,202</b>	<b>520,963</b>	<b>77,684</b>	<b>397,734</b>
<b>Non-current</b>	<b>4,434</b>	<b>14,659</b>	<b>1,764</b>	<b>11,191</b>

Investments in Bank certificates of deposit - CDBs accrue interest at Interbank Certificates of Deposit CDI rate, published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip) which was 100.50% to 105.25% on March 31, 2018 (100.25% to 105.25% on December 31, 2017).

*Bank Financial Notes (Letras Financeiras*, or LFs) are fixed-rate fixed-income securities, issued by banks and that accrue interest a percentage of the CDI published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip). The LFs accrued interest of 102% to 112% of the CDI rate on March 31, 2018 (102.10% to 112% for the year ended December 31, 2017).

*Treasury Financial Notes (LFTs)* are fixed-rate securities, their yield follows the daily changes in the Selic rate between the date of purchase and the date of maturity.

*Debentures* are medium and long-term debt securities, which give their holders a right of credit against the issuing company. The debentures have remuneration varying from 104.25% to 161.54% of the CDI rate on March 31, 2018 (104.25% to 161.54% for the year ended December 31, 2017).

Note 26 provides further information on these securities. Investments in securities of related parties are shown in Note 25.



## 7. CUSTOMERS, TRADERS AND POWER TRANSPORT CONCESSION HOLDERS

	Balances not yet due		Up to 90 days past due	More than 90 days past due	Consolidated		Holding company	
	Billed supply	Unbilled supply			03/31/2018	12/31/2017	03/31/2018	12/31/2017
Industrial	17,167	189,861	40,888	37,177	285,093	331,437	221,883	286,360
Commercial, Services and Others	9,741	36,111	512	219	46,583	38,589	46,583	38,589
Other concession holders – wholesale supply	-	227,105	45,585	1,763	274,453	308,589	239,213	273,526
Concession Holders – power transport	3,624	81,023	11,730	7,507	103,884	89,153	103,980	89,249
CCEE (Wholesale Trading Exchange)	263,772	-	9,332	168	273,272	193,495	254,421	186,335
(-) Provision for doubtful receivables	-	-	-	(21,756)	(21,756)	(21,623)	(21,756)	(21,623)
	<b>294,304</b>	<b>534,100</b>	<b>108,047</b>	<b>25,078</b>	<b>961,529</b>	<b>939,640</b>	<b>844,324</b>	<b>852,436</b>
<b>Current assets</b>								
Customers and Traders					857,645	850,487	740,344	763,187
Power Transport Concession Holders					103,884	89,153	103,980	89,249

Note 26 presents Company and its subsidiaries' exposure to credit risk related to customers and traders.

The allowance for doubtful accounts is considered to be sufficient to cover any potential losses in the realization of accounts receivable, and its changes is as follows:

<b>Consolidated and Holding company</b>	
Balance at December 31, 2016	4,109
Additions, net	-
Balance at March 31, 2017	4,109
Balance at December 31, 2017	21,623
Additions, net	133
Balance at March 31, 2018	21,756

### Advances from clients

Cemig GT receives advance payments for the sale of energy from certain customers. Advance payments related to services not yet provide are as follows:

<b>Consolidated and Holding company</b>	
Balance at December 31, 2016	181,200
Addition	141,875
Supply completed	(32,388)
Monetary adjustment	12,561
Balance at March 31, 2017	303,248
Balance at December 31, 2017	190,758
Supply completed	(54,240)
Monetary adjustment	2,844
Balance at March 31, 2018	139,362

Advance payments are adjusted until the actual delivery of the power supply under the following terms:

Mar. 31, 2018				Balance on 03/31/2018	Balance on 12/31/2017
Counterparty	Specified period for billing	Index for adjusting prepaid amounts	MWh deliverable		
BTG Pactual	-	1.57% a.m.	-	-	17,287
BTG Pactual	-	1.2%a.m.	-	-	25,633
Deal Comercializadora	-	1.2% a.m.	-	-	772
White Martins Gases Industriais Ltda	May 18 to March 19	124% do CDI	286,189	139,362	147,066
				<b>139,362</b>	<b>190,758</b>

Revenue from advanced sales of power supply is recognized in the statement of income only when the supply actually take place.

## 8. RECOVERABLE TAXES

	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
<b>Current</b>				
ICMS (VAT)	7,140	6,644	6,329	5,868
COFINS	1,234	2,400	1,234	2,400
PASEP	154	488	154	488
Social Security Contributions	14,935	13,690	14,935	13,690
Others	6,251	7,618	6,251	7,618
	<b>29,714</b>	<b>30,840</b>	<b>28,903</b>	<b>30,064</b>
<b>Non-current</b>				
ICMS (VAT)	7,073	7,731	7,073	7,731
COFINS	-	451	-	451
PASEP	-	90	-	90
	<b>7,073</b>	<b>8,272</b>	<b>7,073</b>	<b>8,272</b>
	<b>36,787</b>	<b>39,112</b>	<b>35,976</b>	<b>38,336</b>

The ICMS (VAT) credits that are reported in non-current assets arise from acquisitions of property, plant and equipment, and intangible assets, and can be offset against taxes payable in the next 48 months. The transfer to non-current was made in accordance with management's best estimate of the amounts which will likely be realized after March 2019.

Credits of PIS-PASEP and COFINS generated by the acquisition of machinery and equipment can be offset immediately.

## 9. INCOME AND SOCIAL CONTRIBUTION TAXES

### a) Income and Social Contribution tax recoverable

The balances of income tax and social contribution tax refer to tax credits in the corporate income tax returns of prior years and to advance payments which will be offset against federal taxes eventually payable.

	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
<b>Current</b>				
Income tax	45,910	85,093	45,910	85,093
Social contribution tax	58,588	53,342	58,588	53,342
	<b>104,498</b>	<b>138,435</b>	<b>104,498</b>	<b>138,435</b>

## b) Deferred income tax and Social Contribution tax

Cemig GT and its subsidiaries have tax credits for income tax and the Social Contribution tax, arising from balances of tax losses, negative base for the social contribution tax, and temporary differences, at the rates of 25% (for income tax) and 9% (for the social contribution tax), as follows:

	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
<b>ASSETS</b>				
Post-retirement obligations	255,414	252,231	255,414	252,231
Estimated provision for doubtful receivables	7,397	7,352	7,397	7,352
Provisions for contingencies	33,739	32,740	33,739	32,740
Other Provisions	364,183	366,304	364,183	366,304
Paid concession	8,304	8,227	8,304	8,227
Adjustment to fair value: Swap/loss	-	11,037	-	11,037
Others	3,770	2,235	3,770	2,235
	<b>672,807</b>	<b>680,126</b>	<b>672,807</b>	<b>680,126</b>
<b>LIABILITIES</b>				
Deemed cost	(234,476)	(236,262)	(234,476)	(236,262)
Transmission assets: Indemnity gain	(659,796)	(675,533)	(659,796)	(675,533)
Cost of acquisition of equity interests	(134,815)	(136,967)	(134,815)	(136,967)
Escrow deposits monetary adjustment	(28,550)	(28,007)	(28,550)	(28,007)
Adjustment to fair value: Swap gain	(22,118)	-	(22,118)	-
Others	(17,855)	(19,803)	(17,551)	(19,662)
	<b>(1,097,610)</b>	<b>(1,096,572)</b>	<b>(1,097,306)</b>	<b>(1,096,431)</b>
<b>Total net liabilities presented in the statement of financial position</b>	<b>(424,803)</b>	<b>(416,446)</b>	<b>(424,499)</b>	<b>(416,305)</b>

The changes in deferred income and Social Contribution taxes were as follows:

	Consolidated	Holding company
<b>Balance at December 31, 2016</b>	<b>(286,174)</b>	<b>(285,529)</b>
Effects allocated to statement of income	6,085	6,624
<b>Balance at March 31, 2017</b>	<b>(280,089)</b>	<b>(278,905)</b>
<b>Balance at December 31, 2017</b>	<b>(416,446)</b>	<b>(416,305)</b>
Effects allocated to statement of income	(8,357)	(8,194)
<b>Balance at March 31, 2018</b>	<b>(424,803)</b>	<b>(424,499)</b>

### c) Reconciliation of income tax and Social Contribution tax effective rate

This table reconciles the statutory income tax (rate 25%) and the social contribution tax (rate 9%) with the current income tax expense in the statement of income:

	Consolidated		Holding company	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
<b>Profit before income and social contribution taxes</b>	<b>370,783</b>	<b>273,219</b>	<b>332,716</b>	<b>235,985</b>
Income tax and social contribution tax – nominal expense	(126,067)	(92,894)	(113,123)	(80,235)
Tax effects applicable to:				
Tax incentives	1,416	1,657	1,416	1,657
Gain (loss) in subsidiaries by equity method	(12,102)	(10,060)	26,749	27,664
Non-deductible penalties	(261)	(56)	(261)	(56)
Non-deductible contributions and donations	(37)	(212)	(37)	(38)
Difference between Presumed Profit and Real Profit	13,684	13,313	-	-
Others	(138)	23	(182)	13
<b>Income tax and social contribution – effective expense</b>	<b>(123,505)</b>	<b>(88,229)</b>	<b>(85,438)</b>	<b>(50,995)</b>
Current tax	(115,148)	(94,314)	(77,244)	(57,619)
Deferred tax	(8,357)	6,085	(8,194)	6,624
	<b>(123,505)</b>	<b>(88,229)</b>	<b>(85,438)</b>	<b>(50,995)</b>
<b>Effective rate</b>	<b>33.31%</b>	<b>32.29%</b>	<b>25.68%</b>	<b>21.61%</b>

## 10. ESCROW DEPOSITS

These deposits are mainly related to legal proceeding relating to labor and tax contingencies.

Escrow deposits mainly relate to tax disputes, mainly on the calculation of PASEP/COFINS, for which the Company believes the amounts of ICMS (VAT) should be exclude from the taxable amount on which the PASEP/COFINS taxes are charged.

	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
<b>Labor claims</b>	<b>31,072</b>	<b>29,676</b>	<b>31,072</b>	<b>29,676</b>
<b>Tax contingencies</b>				
Income tax on interest on equity	15,035	14,908	15,035	14,908
PASEP/COFINS taxes (1)	185,205	183,606	185,205	183,606
Income and social contr. tax on indemnity for employees' 'Anuênio' benefit (2)	63,483	63,027	63,483	63,027
Urban property tax (IPTU)	9,837	6,497	9,837	6,497
Others	1,028	4,186	1,028	4,186
	<b>274,588</b>	<b>272,224</b>	<b>274,588</b>	<b>272,224</b>
<b>Others</b>				
Court embargo	276	521	276	521
Regulatory	3,366	3,308	3,366	3,308
Others	4,568	4,265	4,568	4,265
	<b>8,210</b>	<b>8,094</b>	<b>8,210</b>	<b>8,094</b>
	<b>313,870</b>	<b>309,994</b>	<b>313,870</b>	<b>309,994</b>

- (1) The escrow deposits relating to Pasep and Cofins taxes refer to the case challenging the constitutionality of inclusion of the ICMS (VAT), which has been charged, within the amount on which the Pasep and Cofins taxes are calculated. See more details in Note 20 (Inclusion of ICMS (VAT) in the taxable base for Pasep/Cofins).
- (2) See more details in Note 20 – Provisions (Indemnity of employees' future benefit - the 'Anuênio').

## 11. CONCESSION FINANCIAL ASSETS

The balances of the financial assets are as follows:

	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Receivable for residual value – Transmission	1,852,673	1,928,038	1,852,673	1,928,038
Transmission – Assets remunerated by tariff	546,672	547,800	546,672	547,800
Receivable for residual value – Generation	1,918,002	1,900,757	1,918,002	1,900,757
Concession grant fee – Generation concessions	2,357,819	2,337,135	-	-
	<b>6,675,166</b>	<b>6,713,730</b>	<b>4,317,347</b>	<b>4,376,595</b>
<b>Current</b>	<b>665,867</b>	<b>689,353</b>	<b>430,023</b>	<b>456,101</b>
<b>Non-current</b>	<b>6,009,299</b>	<b>6,024,377</b>	<b>3,887,324</b>	<b>3,920,494</b>

The changes in concession financial assets are as follows:

	Consolidated			Holding company		
	Generation	Transmission	Total	Generation	Transmission	Total
<b>Balances at December 31, 2016</b>	<b>2,800,388</b>	<b>2,287,512</b>	<b>5,087,900</b>	<b>546,625</b>	<b>2,287,510</b>	<b>2,834,135</b>
Additions	-	2,920	2,920	-	2,920	2,920
Monetary updating	79,506	65,830	145,336	-	65,830	65,830
Amounts received	(55,615)	(4,245)	(59,860)	-	(4,245)	(4,245)
Disposals	-	(218)	(218)	-	(218)	(218)
Transfers of indemnity – plant not renewed - UHE Volta Grande	70,252	-	70,252	70,252	-	70,252
<b>Balances at March 31, 2017</b>	<b>2,894,531</b>	<b>2,351,799</b>	<b>5,246,330</b>	<b>616,877</b>	<b>2,351,797</b>	<b>2,968,674</b>
<b>Balances at December 31, 2017</b>	<b>4,237,892</b>	<b>2,475,838</b>	<b>6,713,730</b>	<b>1,900,757</b>	<b>2,475,838</b>	<b>4,376,595</b>
Additions	-	1,063	1,063	-	1,063	1,063
Monetary updating	99,071	49,841	148,912	17,245	49,841	67,086
Adjustment of expectation of cash flow from the Concession financial assets	-	2,927	2,927	-	2,927	2,927
Amounts received	(61,142)	(130,324)	(191,466)	-	(130,324)	(130,324)
<b>Balances at March 31, 2018</b>	<b>4,275,821</b>	<b>2,399,345</b>	<b>6,675,166</b>	<b>1,918,002</b>	<b>2,399,345</b>	<b>4,317,347</b>

### Transmission – Residual value receivable

Company's transmission concession contracts are within the scope of ICPC 01 (IFRIC 12). The financial assets under these contracts refer to the investment made in infrastructure that will be returned to the grantor at the end of the concession contract and for which the Company is entitled to receive an amount corresponding to the residual value of the infrastructure assets at the end of the concession contract.

On April 22, 2016 the Mining and Energy Ministry (*Ministério de Minas e Energia*, or MME) published its Ministerial Order 120, setting the deadline and method of payment for the remaining amount corresponding to the residual value of the assets. The Ministerial Order determined that the amounts homologated by the regulator should become part of the Regulatory Remuneration Asset Base (*Base de Remuneração Regulatória*, or BRR) and that the cost of capital should be added to the related Permitted Annual Revenues ('RAP').

On August 16, 2016, the regulator, through its Dispatch 2,181, homologated the amount of R\$ 892,050, in Reais as of December 2012, for the portion of the residual value of assets to be paid to the Company. Such amount was recorded as a financial asset, with specific maturity and interest rate, which as of March 31, 2018, amounted to R\$ 1,852,673 (R\$ 1,928,038 as of December 31, 2017), corresponding to the following:

*Portions of remuneration and depreciation not paid since the extensions of concessions*

An amount of R\$ 972,663, corresponding to the portions of remuneration and depreciation not paid since the extensions of the concessions, through the tariff adjustment in 2017 (R\$ 992,802 as of December 31, 2017), which will be inflation adjusted using the IPCA (Expanded National Customer Price) index, and remunerated at the weighted average cost of capital of the transmission industry as defined by the regulator for the periodic tariff review, to be paid over a period of eight years, in the form of reimbursement through the RAP .

*Residual Value of transmission assets – injunction awarded to industrial customers*

On April 10, 2017, an preliminary injunction was granted to the Brazilian Large Free Customers' Association (*Associação Brasileira de Grandes Consumidores Livres*), the Brazilian Auto Glass Industry Technical Association (*Associação Técnica Brasileira das Indústrias Automáticas de Vidro*) and the Brazilian Ferro-alloys and Silicon Metal Producers' Association (*Associação Brasileira dos Produtores de Ferroligas e de Silício Metálico*) in their legal action against the regulator and the Federal Government requesting suspension of the effects on their tariffs of payment of the residual value of transmission assets payable to agents of the electricity sector who accepted the terms of Law 12,783/2013.

The preliminary injunction was partial, with effects related to suspension of the inclusion in the customer tariffs paid by these associations of the portion of the indemnity corresponding to the remuneration at cost of capital included since the date of extension of the concessions – amounting to R\$ 321,669 at March 31, 2018 (R\$ 316,138 at December 31, 2017) updated by IPCA.

In compliance with the court decision, the regulator, in its Technical Note 183/201-SGT/ANEEL of June 22, 2017, presented a new calculation, excluding the amounts that refer to the cost of own capital. Cemig believes that this is a provisional decision, and that its right to receive the amount referring to the assets of the basic national grid system (*Rede Básica Sistema Elétrico*, or RBSE) is guaranteed by law, so that no adjustment to the amount recorded at March 31, 2018 is necessary.

#### *Adjustment of the BRR of Transmission Assets – Aneel Technical Note 183/2017*

In the tariff review processes of Cemig GT, ratified on June 23, 2009 and on June 8, 2010, the addition of certain conducting cables was not included in the tariff calculation. The new values calculated with the inclusion of the said conducting cables in the Remuneration Assets Base for the period from July 2005 to December 2012 resulted in the amount of R\$ 149,255 as of July 2017, to be received by Cemig GT in 12 months, through RAP. At March 31, 2018, the outstanding amount receivable was R\$ 37,313 (R\$ 74,627 at December 31, 2017).

#### *Remaining balance to be received through RAP*

The remaining balance, of R\$ 521,028 at March 31, 2018 (R\$ 544,471 at December 31, 2017) was incorporated into the regulatory remuneration base of assets, and is being recovered through RAP. Company expects to receive in full the receivables in relation to the residual value of the transmission assets, whose changes are as follows:

<b>Balance at 12/31/2017</b>	<b>1,928,038</b>
Monetary adjustment	49,841
Amounts received *	(125,206)
<b>Total 03/31/2018</b>	<b>1,852,673</b>
<b>Balance at 12/31/2016</b>	<b>1,805,230</b>
Monetary adjustment	65,830
<b>Total 03/31/2017</b>	<b>1,871,060</b>

\* Receipts of credits started to occur from July 2017, after homologation by ANEEL.

#### **Transmission – Assets remunerated by tariff**

For new assets related to improvements and upgrades of facilities constructed by transmission concession holders, the regulator calculates an additional portion of Permitted Annual Revenue (RAP) in accordance with a methodology specified in the Proret – Tariff Regulation Procedures.

Under the *Proret*, the revenue established in the Resolutions is payable to the transmission concessionaires as from the date of start of commercial operation of the facilities. In the periods between tariff reviews, the revenues associated with the improvements and upgrades of facilities are provisional. They are then ultimately determined in the review immediately subsequent to the start of commercial operation of the facilities; this review then has effect starting the date when commercial operations begin. At March 31, 2018, the receivable amounts to R\$ 546,672 (R\$ 547,800 at December 31, 2017).

### Generation – Residual value financial asset

Starting August 2013, various concession contracts under the Concession Contract 007/1997 started expiring. Upon expiration of the concession contract, Company has a right to receive an amount corresponding to the residual value of the infrastructure assets, as specified in such concession contract. The financial asset balance corresponding to such amounts, including Deemed Cost, are recognized in Financial Assets, amounted to R\$ 816,411 at March 31, 2018 and December 31, 2017.

Generation plant	Concession expiration date	Installed capacity (MW)	Net balance of assets based on historical cost	Net balance of assets based on fair value (replacement cost)
<b>Lot D:</b>				
Três Marias Hydroelectric Plant	July 2015	396	71,694	413,450
Salto Grande Hydroelectric Plant	July 2015	102	10,835	39,379
Itutinga Hydroelectric Plant	July 2015	52	3,671	6,589
Camargos Hydroelectric Plant	July 2015	46	7,818	23,095
Piau Small Hydroelectric Plant	July 2015	18.01	1,531	9,005
Gafanhoto Small Hydroelectric Plant	July 2015	14	1,232	10,262
Peti Small Hydroelectric Plant	July 2015	9.4	1,346	7,871
Dona Rita Small Hydroelectric Plant	Sep. 2013	2.41	534	534
Tronqueiras Small Hydroelectric Plant	July 2015	8.5	1,908	12,323
Joasal Small Hydroelectric Plant	July 2015	8.4	1,379	7,622
Martins Small Hydroelectric Plant	July 2015	7.7	2,132	4,041
Cajuru Small Hydroelectric Plant	July 2015	7.2	3,576	4,252
Paciência Small Hydroelectric Plant	July 2015	4.08	728	3,936
Marmelos Small Hydroelectric Plant	July 2015	4	616	4,265
<b>Others:</b>				
Volta Grande Hydroelectric Plant	Feb. 2017	380	25,621	70,118
Miranda Hydroelectric Plant	Dec. 2016	408	26,710	22,546
Jaguara Hydroelectric Plant	Aug. 2013	424	40,452	174,203
São Simão Hydroelectric Plant	Jan. 2015	1,710	2,258	2,920
		<b>3,601.70</b>	<b>204,041</b>	<b>816,411</b>

As stated in Aneel Normative Resolution 615/2014, the valuation reports that support the amounts to be received by the Company in relation to the residual value of the plants, previously operated by Company, that were included in Lot D and for the *Volta Grande* plant have submitted to the regulator. The Company do not expect any losses in the realization of these amounts.

On March 31, 2018, investments made after the *Jaguara*, *São Simão* and *Miranda* plants came into operation, in the amounts of R\$ R\$174,203, R\$2,920 and R\$22,546 respectively, are recorded as concession financial assets, and the determination of the final amounts to be paid to the Company are under discussions with the regulator. Management does not expect losses in realization of these amounts.



### Miranda and São Simão plants

In accordance with the Mining and Energy Ministry Order 291/17, the amounts of the basic project of Miranda and São Simão plants were recorded as concession financial asset and are being monetary adjusted, as shown below:

Plants	Miranda	São Simão	Total
<b>Concession termination date</b>	<b>DEC./16</b>	<b>JAN./15</b>	
Residual value of assets based on deemed cost on 12/31/2017	609,995	202,744	812,739
Adjustment (1)	174,157	40,855	215,012
<b>Amounts based on MME Order</b>	<b>784,152</b>	<b>243,599</b>	<b>1,027,751</b>
Monetary updating	25,373	31,222	56,595
Residual value of assets of basic project on 12/31/2017	809,525	274,821	1,084,346
Monetary updating	12,875	4,370	17,245
Residual value of assets of basic project on 03/31/2018	<b>822,400</b>	<b>279,191</b>	<b>1,101,591</b>

(1) Adjustment of the residual value of the São Simão and Miranda plant, as per MME Order 291/17.

Company is discussing with the Ministry of Mines and Energy the criteria used to determine the amounts informed by its Order 291/17, as well as the payment date, since that Order establishes that payment must be made by the Federal Government on or before December 31, 2018, provided that is subject to budget and financial availability.

### Concession grant fee – Generation concessions

In June 2016, the Concession Contracts 08 to 16/2016, relating to 18 hydroelectric plants of Lot D of Aneel Auction 12/2015, won by Cemig GT, were transferred to the related specific-purpose entities (SPEs), Company's wholly-owned subsidiaries, as follows:

SPE	Plants	Balance at 12/31/2017	Monetary updating	Amounts received	Balances on 03/31/2018
Cemig Geração Três Marias S.A.	Três Marias	1,330,134	44,361	(32,851)	1,341,644
Cemig Geração Salto Grande S.A.	Salto Grande	417,393	13,981	(10,360)	421,014
Cemig Geração Itutinga S.A.	Itutinga	155,594	5,837	(4,405)	157,026
Cemig Geração Camargos S.A.	Camargos	116,710	4,350	(3,279)	117,781
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência e Piau	152,170	6,050	(4,614)	153,606
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade e Tronqueiras	103,133	4,509	(3,503)	104,139
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto e Martins	62,001	2,738	(2,130)	62,609
<b>Total</b>		<b>2,337,135</b>	<b>81,826</b>	<b>(61,142)</b>	<b>2,357,819</b>

	Plants	Balance at 12/31/2016	Monetary updating	Amounts received	Balances on 03/31/2017
Cemig Geração Três Marias S.A.	Três Marias	1,283,197	42,718	(29,881)	1,296,034
Cemig Geração Salto Grande S.A.	Salto Grande	402,639	13,472	(9,424)	406,687
Cemig Geração Itutinga S.A.	Itutinga	149,904	5,728	(4,006)	151,626
Cemig Geração Camargos S.A.	Camargos	112,447	4,264	(2,983)	113,728
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência e Piau	146,553	5,999	(4,197)	148,355
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade e Tronqueiras	99,315	4,556	(3,187)	100,684
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto e Martins	59,710	2,769	(1,937)	60,542
<b>Total</b>		<b>2,253,765</b>	<b>79,506</b>	<b>(55,615)</b>	<b>2,277,656</b>

Company paid a concession fee for a 30-year concession contract related to 18 hydroelectric plants for an amount of R\$ 2,216,353. The amount of the concession fee was recognized as a financial asset, as Company has an unconditional right to receive the amount paid, updated by the IPCA Index and remuneratory interest (the total amounts the project internal return rate), during the period of the concession. Of the energy produced by these plants, 70% are sold in the Regulated Market (ACR) and 30% in the Free Market (ACL).

## 12. INVESTMENTS

Information from investments in the subsidiaries, jointly-controlled entities and affiliated companies is as follows:

	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
<b>Affiliated companies</b>				
Madeira Energia (usina de Santo Antônio)	508,285	534,761	508,285	534,761
FIP Melbourne (usina de Santo Antônio)	559,490	582,504	559,490	582,504
<b>Jointly-controlled entities</b>				
Hidrelétrica Cachoeirão	47,757	57,957	47,757	57,957
Guanhães Energia	42,848	25,018	42,848	25,018
Hidrelétrica Pipoca	28,486	26,023	28,486	26,023
Lightger	42,412	40,832	42,412	40,832
Baguari Energia	158,575	148,422	158,575	148,422
Central Eólica Praias Parajuru	58,351	60,101	58,351	60,101
Central Eólica Volta do Rio	61,410	67,725	61,410	67,725
Central Eólica Praias de Morgado	48,826	50,569	48,826	50,569
Aliança Norte (usina de Belo Monte)	607,318	576,704	607,318	576,704
Amazônia Energia (usina de Belo Monte)	915,691	866,554	915,691	866,554
Aliança Geração	1,272,146	1,242,170	1,272,146	1,242,170
Retiro Baixo	161,454	157,773	161,454	157,773
Renova	241,208	282,524	241,208	282,524
Usina Hidrelétrica Itaocara S.A.	6,404	3,699	6,404	3,699
<b>Subsidiaries</b>				
Cemig Baguari	-	-	13	23
Cemig Geração Três Marias S.A.	-	-	1,442,377	1,391,822
Cemig Geração Salto Grande S.A.	-	-	458,991	440,122
Cemig Geração Itutinga S.A.	-	-	181,827	171,279
Cemig Geração Camargos S.A.	-	-	139,311	130,426
Cemig Geração Sul S.A.	-	-	178,457	167,571
Cemig Geração Leste S.A.	-	-	125,185	115,885
Cemig Geração Oeste S.A.	-	-	74,632	69,398
<b>Total</b>	<b>4,760,661</b>	<b>4,723,336</b>	<b>7,361,454</b>	<b>7,209,862</b>

The Company's investees that are not consolidated are jointly-controlled entities, with the exception of the interest in the *Santo Antônio* power plant, which is an affiliated company in which the Company has significant influence.

### a) Right to exploitation of the regulated activity

In the process of allocation of the acquisition price of the jointly-controlled subsidiaries, a valuation was made of the intangible assets relating to the right to operate the regulated activity. This asset is presented together with the acquisition cost of the investments in the previous table. These assets will be amortized over the remaining period of the concessions on the straight-line basis.

	Consolidated and Holding company on 12/31/2016	Amortization	Consolidated and Holding company on 03/31/2017	Consolidated and Holding company on 12/31/2017	Amortization	Consolidated and Holding company on 03/31/2018
Retiro Baixo	29,525	(296)	29,229	28,344	(296)	28,048
Central Eólica Praias de Parajuru	19,341	(382)	18,959	16,503	(354)	16,149
Central Eólica Volta do Rio	13,807	(252)	13,555	11,035	(218)	10,817
Central Eólica Praias de Morgado	27,406	(514)	26,892	23,956	(486)	23,470
Madeira Energia (Usina de Santo Antônio)	157,340	(1,489)	155,851	151,384	(1,489)	149,895
Aliança Norte (Usina de Belo Monte)	56,518	(493)	56,025	54,546	(493)	54,053
	<b>303,937</b>	<b>(3,426)</b>	<b>300,511</b>	<b>285,768</b>	<b>(3,336)</b>	<b>282,432</b>

### b) Changes of investments in the subsidiaries, jointly-controlled and affiliated entities are as follows:

Consolidated	12/31/2017	Gain (loss) by equity method (Income statement)	Injections / acquisitions	Dividends	03/31/2018
Hidrelétrica Cachoeirão	57,957	2,713	-	(12,913)	47,757
Guanhães Energia	25,018	(145)	17,975	-	42,848
Hidrelétrica Pipoca	26,023	2,859	-	(396)	28,486
Madeira Energia (usina de Santo Antônio)	534,761	(26,476)	-	-	508,285
FIP Melbourne (usina de Santo Antônio)	582,504	(23,014)	-	-	559,490
Baguari Energia	148,422	10,153	-	-	158,575
Central Eólica Praias Parajuru	60,101	(1,750)	-	-	58,351
Central Eólica Volta do Rio	67,725	(6,315)	-	-	61,410
Central Eólica Praias de Morgado	50,569	(1,743)	-	-	48,826
Lightger	40,832	2,025	-	(445)	42,412
Amazônia Energia (usina de Belo Monte)	866,554	10,821	38,316	-	915,691
Aliança Norte (usina de Belo Monte)	576,704	7,492	23,122	-	607,318
Aliança Geração	1,242,170	29,976	-	-	1,272,146
Retiro Baixo	157,773	3,681	-	-	161,454
Renova	282,524	(41,316)	-	-	241,208
Usina Hidrelétrica Itaocara S.A.	3,699	(191)	2,896	-	6,404
<b>Total of investments</b>	<b>4,723,336</b>	<b>(31,230)</b>	<b>82,309</b>	<b>(13,754)</b>	<b>4,760,661</b>

Holding company	12/31/2017	Gain (loss) by equity method (Income statement)	Injections / acquisitions	Dividends	03/31/2018
Hidrelétrica Cachoeirão	57,957	2,713	-	(12,913)	47,757
Guanhães Energia	25,018	(145)	17,975	-	42,848
Hidrelétrica Pipoca	26,023	2,859	-	(396)	28,486
Madeira Energia (usina de Santo Antônio)	534,761	(26,476)	-	-	508,285
FIP Melbourne (usina de Santo Antônio)	582,504	(23,014)	-	-	559,490
Baguari Energia	148,422	10,153	-	-	158,575
Central Eólica Praias Parajuru	60,101	(1,750)	-	-	58,351
Central Eólica Volta do Rio	67,725	(6,315)	-	-	61,410
Central Eólica Praias de Morgado	50,569	(1,743)	-	-	48,826
Lightger	40,832	2,025	-	(445)	42,412
Amazônia Energia (usina de Belo Monte)	866,554	10,821	38,316	-	915,691
Aliança Norte (usina de Belo Monte)	576,704	7,492	23,122	-	607,318
Aliança Geração	1,242,170	29,976	-	-	1,272,146
Retiro Baixo	157,773	3,681	-	-	161,454
Renova	282,524	(41,316)	-	-	241,208
Usina Hidrelétrica Itaocara S.A.	3,699	(191)	2,896	-	6,404
Cemig Baguari	23	(10)	-	-	13
Cemig Ger.Três Marias S.A.	1,391,822	50,555	-	-	1,442,377
Cemig Ger.Salto Grande S.A.	440,122	18,869	-	-	458,991
Cemig Ger. Itutinga S.A.	171,279	10,548	-	-	181,827
Cemig Geração Camargos S.A.	130,426	8,885	-	-	139,311
Cemig Geração Sul S.A.	167,571	10,886	-	-	178,457
Cemig Geração Leste S.A.	115,885	9,300	-	-	125,185
Cemig Geração Oeste S.A.	69,398	5,234	-	-	74,632
<b>Total of investments</b>	<b>7,209,862</b>	<b>83,037</b>	<b>82,309</b>	<b>(13,754)</b>	<b>7,361,454</b>

Consolidated	12/31/2016	Gain (loss) by equity method (Income statement)	Injections / acquisitions	Dividends Provision	Other comprehensive income	Others	03/31/2017
Hidrelétrica Cachoeirão	50,411	3,246	-	(2,641)	-	-	51,016
Guanhães Energia (1)	-	(1,510)	72,030	-	-	(59,071)	11,449
Hidrelétrica Pipoca	31,809	1,984	-	(1,284)	-	-	32,509
Madeira Energia (Usina de Santo Antônio)	643,890	(23,075)	-	-	-	-	620,815
FIP Melbourne (Usina de Santo Antônio)	677,182	(20,066)	-	-	-	-	657,116
Baguari Energia	162,106	6,575	-	(259)	-	-	168,422
Central Eólica Praias Parajuru	63,307	(509)	-	(406)	-	-	62,392
Central Eólica Volta do Rio	81,228	(2,207)	-	-	-	-	79,021
Central Eólica Praias de Morgado	59,586	(1,308)	-	-	-	-	58,278
Lightger	41,543	2,355	-	(642)	-	-	43,256
Amazônia Energia (Usina de Belo Monte)	781,022	8,832	45,039	-	-	-	834,893
Aliança Norte (Usina de Belo Monte)	527,498	2,184	27,122	-	-	-	556,804
Aliança Geração	1,319,055	23,152	-	-	-	-	1,342,207
Retiro Baixo	161,848	3,369	-	-	-	-	165,217
Renova	688,625	(28,246)	18,000	-	16,207	(1)	694,585
Usina Hidrelétrica Itaocara S.A.	2,782	-	-	-	-	-	2,782
<b>Total of investments</b>	<b>5,291,892</b>	<b>(25,224)</b>	<b>162,191</b>	<b>(5,232)</b>	<b>16,207</b>	<b>(59,072)</b>	<b>5,380,762</b>
Guanhães – uncovered liabilities of jointly-controlled entity (1)	(59,071)	-	-	-	-	59,071	-
<b>Total</b>	<b>5,232,821</b>	<b>(25,224)</b>	<b>162,191</b>	<b>(5,232)</b>	<b>16,207</b>	<b>(1)</b>	<b>5,380,762</b>

(1) Transfer to uncovered liabilities.

Holding company	12/31/2016	Gain (loss) by equity method (Income statement)	Injections / acquisitions	Dividends Provision	Other comprehensive income	Others	03/31/2017
Hidrelétrica Cachoeirão	50,411	3,246	-	(2,641)	-	-	51,016
Guanhães Energia (1)	-	(1,510)	72,030	-	-	(59,071)	11,449
Hidrelétrica Pipoca	31,809	1,984	-	(1,284)	-	-	32,509
Madeira Energia (Usina de Santo Antônio)	643,890	(23,075)	-	-	-	-	620,815
FIP Melbourne (Usina de Santo Antônio)	677,182	(20,066)	-	-	-	-	657,116
Baguari Energia	162,106	6,575	-	(259)	-	-	168,422
Central Eólica Praias Parajuru	63,307	(509)	-	(406)	-	-	62,392
Central Eólica Volta do Rio	81,228	(2,207)	-	-	-	-	79,021
Central Eólica Praias de Morgado	59,586	(1,308)	-	-	-	-	58,278
Lightger	41,543	2,355	-	(642)	-	-	43,256
Amazônia Energia (Usina de Belo Monte)	781,022	8,832	45,039	-	-	-	834,893
Aliança Norte (Usina de Belo Monte)	527,498	2,184	27,122	-	-	-	556,804
Aliança Geração	1,319,055	23,152	-	-	-	-	1,342,207
Retiro Baixo	161,848	3,369	-	-	-	-	165,217
Renova	688,625	(28,246)	18,000	-	16,207	(1)	694,585
Usina Hidrelétrica Itaocara S.A.	2,782	-	-	-	-	-	2,782
Cemig Baguari	55	(1)	-	-	-	-	54
Cemig Ger.Três Marias S.A.	1,399,282	49,608	-	-	-	-	1,448,890
Cemig Ger.Salto Grande S.A.	440,148	16,977	-	-	-	-	457,125
Cemig Ger. Itutinga S.A.	167,962	10,699	-	-	-	-	178,661
Cemig Geração Camargos S.A.	125,995	8,664	-	-	-	-	134,659
Cemig Geração Sul S.A.	165,133	10,961	-	-	-	-	176,094
Cemig Geração Leste S.A.	113,976	8,939	-	-	-	-	122,915
Cemig Geração Oeste S.A.	69,375	5,108	-	-	-	-	74,483
<b>Total of investments</b>	<b>7,773,818</b>	<b>85,731</b>	<b>162,191</b>	<b>(5,232)</b>	<b>16,207</b>	<b>(59,072)</b>	<b>7,973,643</b>
Guanhães – uncovered liabilities of jointly-controlled entity (1)	(59,071)	-	-	-	-	59,071	-
<b>Total</b>	<b>7,714,747</b>	<b>85,731</b>	<b>162,191</b>	<b>(5,232)</b>	<b>16,207</b>	<b>(1)</b>	<b>7,973,643</b>

(1) Transfer to uncovered liabilities.

**c) Information from the subsidiaries, jointly-controlled and affiliated entities, not adjusted for the percentage represented by the Company's ownership interest:**

Company	Number of shares	March 31, 2018			December 31, 2018		
		Interest %	Share capital	Equity	interest (%)	Share capital	Equity
<b>Affiliated companies</b>							
Madeira Energia (usina de Santo Antônio)	9,730,201,137	18.13	9,546,672	5,062,360	18.13	9,546,672	5,327,114
<b>Jointly-controlled entities</b>							
Hidrelétrica Cachoeirão	35,000,000	49.00	35,000	97,463	49.00	35,000	118,280
Guanhães Energia	358,511,000	49.00	358,511	87,445	49.00	330,536	51,058
Hidrelétrica Pipoca	41,360,000	49.00	41,360	58,134	49.00	41,360	53,108
Baguari Energia (1)	26,157,300,278	69.39	186,573	228,527	69.39	186,573	213,895
Central Eólica Praias de Parajuru	70,560,000	49.00	70,560	86,125	49.00	70,560	88,976
Central Eólica Volta do Rio	117,230,000	49.00	117,230	103,250	49.00	117,230	115,694
Central Eólica Praias de Morgado	52,960,000	49.00	52,960	51,747	49.00	52,960	54,312
Lightger	79,078,937	49.00	79,232	86,555	49.00	79,232	83,331
Aliança Norte (usina de Belo Monte)	39,919,934,434	49.00	1,164,975	1,127,645	49.00	1,119,255	1,065,628
Amazônia Energia (usina de Belo Monte) (1)	1,281,030,446	74.50	1,281,030	1,229,115	74.50	1,229,600	1,163,160
Aliança Geração	1,291,582,500	45.00	1,291,488	1,938,580	45.00	1,291,488	1,857,905
Retiro Baixo	222,850,000	49.90	222,850	265,849	49.90	222,850	257,880
Renova	417,197,244	36.23	2,919,019	659,265	36.23	2,919,019	779,808
Usina Hidrelétrica Itaocara S.A.	17,014,114	49.00	17,014	13,070	49.00	11,102	7,549
<b>Subsidiaries</b>							
Cemig Baguari	1,000	100.00	1	14	100.00	1	32
Cemig Ger.Três Marias S.A.	1,291,423,369	100.00	1,291,423	1,442,377	100.00	1,291,423	1,391,822
Cemig Ger.Salto Grande S.A.	405,267,607	100.00	405,268	458,991	100.00	405,268	440,122
Cemig Ger. Itutinga S.A.	151,309,332	100.00	151,309	181,827	100.00	151,309	171,279
Cemig Geração Camargos S.A.	113,499,102	100.00	113,499	139,311	100.00	113,499	130,426
Cemig Geração Sul S.A.	148,146,505	100.00	148,147	178,457	100.00	148,147	167,571
Cemig Geração Leste S.A.	100,568,929	100.00	100,569	125,185	100.00	100,569	115,885
Cemig Geração Oeste S.A.	60,595,484	100.00	60,595	74,631	100.00	60,595	69,398

(1) Jointly-control under a Shareholders' Agreement.

On March 31, 2018, the current liabilities of some jointly-controlled entities exceeded their current assets, as follows:

**Madeira Energia ('Mesa')**: The excess of current liabilities over current assets, equal to R\$ 2,155,727, arises mainly from the balances of the accounts Suppliers, Other liabilities and Loans and financings. Mesa expects to adjust the flow of its debt servicing payments with the BNDES and the onlending banks, and the release of funds from the reserve account to be allocated to these payments, which will be replaced by a bank guarantee and operational cash generation.

**Renova Energia**: On March 31, 2018, Renova Energia reported loss of R\$ 120,543 and accumulated losses of R\$ 2,135,133. Renova Energia is required to obtain capital to comply with the construction commitments of wind and solar generating plants.

For this purpose it has taken several measures to rebalance its liquidity and cash flow structure through the sale of assets, using the funds to pay suppliers and amortize debt, as well as optimizing the portfolio, with sale of projects and/or operational assets.

The management of Renova Energia believes that with the success of these measures it will be possible to recover the economic and financial equilibrium, and liquidity.

Management has analyzed the indications of impairment referred to above and, based on available information and believes that there is no material uncertainty as to the continuation of the operations of these investees.

**Investment in the *Santo Antônio* hydroelectric plant, through Madeira Energia S.A. ('Mesa') and FIP Melbourne**

The Company has a direct and indirect investments, of 10% and 8.13% respectively, in Madeira Energia S.A. (which holds an investment in Santo Antônio Energia S.A.), of R\$ 1,067,775 at March 31, 2018 (R\$ 1,117,265 at December 31, 2017).

Madeira Energia S.A. ('MESA') and its subsidiary Santo Antônio Energia S.A. ('SAESA') are incurring construction costs related to the construction of the *Santo Antônio* hydroelectric plant. Total construction costs related to amounted to R\$ 23,393,393 (Mesa, consolidated) on March 31, 2018. According to financial projections prepared by its management, such construction costs will be recovered through future revenues from operations as all the entity's generation plants are currently under operation.

The Federal Public Attorneys' Office, have conducted and are in the process of conducting investigations and other legal measures are in progress, involving other indirect Shareholders of Madeira Energia S.A. and certain executives of those other indirect Shareholders. In this context, the Federal Public Attorneys have started investigations on irregularities involving contractors and suppliers of Mesa and of its other Shareholders, which are still in progress. In response to allegations of possible illegal activities, the investee and its other Shareholders have started an independent internal investigation. It is not possible to determine the results of these investigations, or the developments arising from them, which may at some time in the future affect the investee.

The effects of any changes to the current scenario will be reflected, appropriately, in the financial statements of the Company.

### The FID (Availability Factor)

On July 31, 2015, the Regional Federal Appeal Court accepted the request by Santo Antônio Energia S.A. ('SAESA' – a subsidiary of the investee Madeira Energia S.A.) for interim relief, on appeal. This relief suspended the application of the Availability Factor (FID) related to the generating units of the Santo Antônio hydroelectric plant not dispatched by the National System Operator (ONS). This decision, which had ordered Aneel and the CCEE to adopt the necessary procedures to make that decision effective in the CCEE's accounting and settlement, was suspended by the Higher Appeal Court (STJ), and after a unfavorable decision against SAESA in a constitutional appeal into the Supreme Federal Court (STF), the suspension was maintained. On March 31, 2018, SAESA had an amount accrued current liabilities of R\$ 691,464, representing the effect of the application of the FID in that claim.

SAESA expects, and will make its best efforts, to re-establish the effects of the interim injunction until final court decision.

On April 24, 2018, in an Extraordinary Meeting, Aneel granted interim relief in the administrative application presented by SAESA on April 19, 2018, for suspension of the payment of guarantees required by CCEE, and also the related financial settlement, in relation to the calculation of the availability factor (FID) of the Santo Antônio hydroelectric plant, in which the payment expired on that date.

After receiving the CCEE notification and recalculation of the debit relating to the FID, SAESA will present to Aneel a proposal for resolution of it, which should be previously approved by its Board of Directors.

### Arbitration proceedings

In 2014, Cemig GT and SAAG Investimentos S.A. (SAAG), a vehicle through which Cemig GT holds an indirect equity interest in Mesa, opened arbitration proceedings, in the Market Arbitration Chamber, challenging the following: (a) the increase approved in the capital of Mesa of approximately R\$ 750 million partially to be allocated to payment of the claims by the Santo Antonio Construction Consortium ('CCSA'), based on absence of quantification of the amounts supposedly owed, and absence of prior approval by the Board of Directors, as required by the bylaws and Shareholders' Agreement of Mesa; and also on the existence of credits owed to Mesa by CCSA, for an amount greater than the claims; and (b) the adjustment for impairment carried out by the Executive Board of Mesa, in the amount of R\$ 750 million, relating to certain credits owed to Mesa by CCSA, on the grounds that those credits are owed in their totality by express provision of contract.

The arbitration judgment by the Market Arbitration Chamber recognized the right of Cemig GT and SAAG in full, and ordered the annulment of the acts being impugned. As a consequence of this decision, Mesa reversed the impairment, and posted a provision for receivables in the amount of R\$ 678,551 in its financial statements as of December 31, 2017.



To resolve the question of the liability of the CCSA consortium to reimburse the costs of re-establishment of the collateral and use of the contractual limiting factor, the affiliated company opened arbitration proceedings with the International Chamber of Commerce (ICC) against CCSA, which are in progress. This process is confidential under the Arbitration Regulations of the ICC.

### **Investment in the *Belo Monte* Plant through Amazônia Energia S.A. and Aliança Norte**

Amazônia Energia and Aliança Norte are Shareholders in Norte Energia S.A. ('NESA'), which holds the concession to operate the Belo Monte Hydroelectric Plant, on the Xingu River, in the State of Pará, and manages that interest. Through the jointly-controlled entities referred to above, Cemig GT owns an indirect equity interest in NESA of 11.74%.

NESA will still require significant funds for costs of organization, development and pre-operating costs, resulting in negative net working capital of R\$ 2,371,188 as of March 31, 2018. The completion of the construction works for *Belo Monte* plant, and consequent generation of revenues, in turn, depend on the capacity of the investee to continue to comply with the schedule of works envisaged, as well as obtaining the necessary financial resources, either from its shareholders and / or from third parties.

On April 7, 2015, NESA was awarded a preliminary injunction ordering the regulator to "abstain, until hearing of the application for an injunction made in the original case, from applying to Appellant any penalties or sanctions in relation to the Belo Monte Hydroelectric Plant not starting operations on the date established in the original timetable for the project, including those specified in an Aneel Normative Resolution and in the Concession Contract for the Belo Monte Hydroelectric Plant" – ANEEL nº 595/2013 and its Concession contract 01/2010-MME. The legal advisers of NESA have classified the probability of loss as 'possible' and estimated the potential loss on March 31, 2018 to approximately R\$ 592,711.

Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys' Office, which involve other Shareholders of NESA and certain executives of those other Shareholders. In this context, the Federal Public Attorneys have started investigations on irregularities involving contractors and suppliers of NESA and of its other Shareholders, which are still in progress. At present it is not possible to determine the outcome of these investigations, and their possible consequences. These might at some time in the future affect the investee. In addition, based on the results of the independent internal investigation conducted by NESA and its other Shareholders, a write-down of the value of the infrastructure of NESA, by R\$ 183,000 was already recorded in 2015.

The effects of any changed in the current scenario will be reflected, appropriately, in the financial statements of the Company.

## **Investment in Renova Energia S.A. ('Renova')**

### *Conclusion of negotiations with Brookfield*

On February 23, 2018, Renova received a binding offer from Brookfield Energia Renovável S.A. ('BER') for acquisition of the assets of the whole Alto Sertão III Complex ('ASIII Complex'), and also approximately 1.1 GW in certain wind projects under development. On February 27, 2018 the Board of Directors of Renova approved the proposal received and granted BER exclusivity of up to 60 (sixty) days, for finalization of the documents of the transaction.

On May 10, 2018, Renova announced the closure of negotiations with BER involving the sale of assets, as no agreement was reached on the final terms of the transaction.

Renova's management informed that they are working together with its controlling shareholders on a new restructuring plan aimed to equating the capital structure and honoring its commitments, which will inform the market as soon as possible.

### *Binding proposal by Cemig presented to Renova*

On March 27, 2018 Cemig (the equity holder of Cemig GT) presented a binding proposal to the jointly-controlled entity Renova, for acquisition of 100% of the shares in Chipley SP Participações S.A. ('Chipley') held by Renova, or 51% of the shares in Brasil PCH S.A. held by Chipley. On May 3, 2018, Renova's Board of Directors decided not to accept Cemig's proposal.

### *Risks related to compliance with laws and regulations*

On January 19, 2018, Renova responded to a formal statement by the Civil Police of Minas Gerais State received in November 2017, relating to the investigation being carried out by that Police Force related to certain capital injections made by the equity holders of the parent of Renova, and capital injections made by Renova in certain projects under development in previous years. As a consequence, the governance bodies of Renova requested the opening of an internal investigation, which is being conducted by an independent party.

In addition, a monitoring committee was set up, composed by an independent counselor, the Chairman of the Audit Committee and the chairman of the Board of Directors, who, together with the Audit Committee, will monitor the internal investigation.

The investigation is in progress, and it is not possible to determine any effects of this investigation, nor any impacts on the interim financial information of Renova, of the Company for the quarter ended March 31, 2018.

### 13. PROPERTY, PLANT AND EQUIPMENT

Consolidated	03/31/2018			12/31/2017		
	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
<b>In service</b>	<b>6,376,219</b>	<b>(4,325,422)</b>	<b>2,050,797</b>	<b>6,342,503</b>	<b>(4,268,303)</b>	<b>2,074,200</b>
Land	220,582	(14,060)	206,522	220,582	(13,450)	207,132
Reservoirs, dams and watercourses	3,009,602	(1,956,726)	1,052,876	3,009,602	(1,938,497)	1,071,105
Buildings, works and improvements	1,040,089	(759,060)	281,029	1,039,564	(754,945)	284,619
Machinery and equipment	2,063,589	(1,558,895)	504,694	2,030,392	(1,525,069)	505,323
Vehicles	28,712	(25,891)	2,821	28,712	(25,611)	3,101
Furniture and utensils	13,645	(10,790)	2,855	13,651	(10,731)	2,920
<b>In progress</b>	<b>80,779</b>	<b>-</b>	<b>80,779</b>	<b>88,690</b>	<b>-</b>	<b>88,690</b>
Assets In progress	80,779	-	80,779	88,690	-	88,690
<b>Net property, plant and equipment</b>	<b>6,456,998</b>	<b>(4,325,422)</b>	<b>2,131,576</b>	<b>6,431,193</b>	<b>(4,268,303)</b>	<b>2,162,890</b>

Holding company	03/31/2018			12/31/2017		
	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
<b>In service</b>	<b>6,372,137</b>	<b>(4,325,305)</b>	<b>2,046,832</b>	<b>6,339,089</b>	<b>(4,268,227)</b>	<b>2,070,862</b>
Land	220,582	(14,060)	206,522	220,582	(13,450)	207,132
Reservoirs, dams and watercourses	3,009,602	(1,956,726)	1,052,876	3,009,602	(1,938,497)	1,071,105
Buildings, works and improvements	1,040,089	(759,060)	281,029	1,039,564	(754,945)	284,619
Machinery and equipment	2,059,507	(1,558,778)	500,729	2,026,978	(1,524,993)	501,985
Vehicles	28,712	(25,891)	2,821	28,712	(25,611)	3,101
Furniture and utensils	13,645	(10,790)	2,855	13,651	(10,731)	2,920
<b>In progress</b>	<b>77,064</b>	<b>-</b>	<b>77,064</b>	<b>84,985</b>	<b>-</b>	<b>84,985</b>
Assets In progress	77,064	-	77,064	84,985	-	84,985
<b>Net property, plant and equipment</b>	<b>6,449,201</b>	<b>(4,325,305)</b>	<b>2,123,896</b>	<b>6,424,074</b>	<b>(4,268,227)</b>	<b>2,155,847</b>

The changes in PP&E are as follow:

Consolidated	12/31/2017	Addition	Transfers	Depreciation	03/31/2018
<b>In service</b>	<b>2,074,200</b>	<b>-</b>	<b>12,023</b>	<b>(35,426)</b>	<b>2,050,797</b>
Land	207,132	-	-	(610)	206,522
Reservoirs, dams and watercourses	1,071,105	-	3	(18,232)	1,052,876
Buildings, works and improvements	284,619	-	449	(4,039)	281,029
Machinery and equipment	505,323	-	11,571	(12,200)	504,694
Vehicles	3,101	-	-	(280)	2,821
Furniture and utensils	2,920	-	-	(65)	2,855
<b>In progress</b>	<b>88,690</b>	<b>4,112</b>	<b>(12,023)</b>	<b>-</b>	<b>80,779</b>
<b>Net property, plant and equipment</b>	<b>2,162,890</b>	<b>4,112</b>	<b>-</b>	<b>(35,426)</b>	<b>2,131,576</b>

Holding company	12/31/2017	Addition	Transfers	Depreciation	03/31/2018
<b>In service</b>	<b>2,070,862</b>	-	<b>11,355</b>	<b>(35,385)</b>	<b>2,046,832</b>
Land	207,132	-	-	(610)	206,522
Reservoirs, dams and watercourses	1,071,105	-	3	(18,232)	1,052,876
Buildings, works and improvements	284,619	-	449	(4,039)	281,029
Machinery and equipment	501,985	-	10,903	(12,159)	500,729
Vehicles	3,101	-	-	(280)	2,821
Furniture and utensils	2,920	-	-	(65)	2,855
<b>In progress</b>	<b>84,985</b>	<b>3,434</b>	<b>(11,355)</b>	-	<b>77,064</b>
<b>Net property, plant and equipment</b>	<b>2,155,847</b>	<b>3,434</b>	-	<b>(35,385)</b>	<b>2,123,896</b>

Consolidated	12/31/2016	Addition	V.Grande/Jaguara /Miranda Plants (1)	Transfers	Disposals	Depreciation	03/31/20187
<b>In service</b>	<b>3,053,781</b>	-	<b>(869,239)</b>	<b>23,471</b>	<b>(4,816)</b>	<b>(39,869)</b>	<b>2,163,328</b>
Land	274,455	-	(61,287)	-	-	76	213,244
Reservoirs, dams and watercourses	1,590,003	-	(440,923)	-	303	(20,793)	1,128,590
Buildings, works and improvements	369,448	-	(68,971)	229	-	(4,260)	296,446
Machinery and equipment	812,749	-	(298,058)	23,242	(5,119)	(14,529)	518,285
Vehicles	4,225	-	-	-	-	(283)	3,942
Furniture and utensils	2,901	-	-	-	-	(80)	2,821
<b>In progress</b>	<b>116,371</b>	<b>3,525</b>	<b>(130)</b>	<b>(23,471)</b>	<b>(1,835)</b>	-	<b>94,460</b>
<b>Net property, plant and equipment</b>	<b>3,170,152</b>	<b>3,525</b>	<b>(869,369)</b>	-	<b>(6,651)</b>	<b>(39,869)</b>	<b>2,257,788</b>

Holding company	12/31/2016	Addition	V.Grande/Jaguara /Miranda Plants(1)	Transfers	Disposals	Depreciation	03/31/20187
<b>In service</b>	<b>3,053,781</b>	-	<b>(869,239)</b>	<b>22,108</b>	<b>(4,816)</b>	<b>(39,861)</b>	<b>2,161,973</b>
Land	274,455	-	(61,287)	-	-	76	213,244
Reservoirs, dams and watercourses	1,590,003	-	(440,923)	-	303	(20,793)	1,128,590
Buildings, works and improvements	369,448	-	(68,971)	229	-	(4,260)	296,446
Machinery and equipment	812,749	-	(298,058)	21,879	(5,119)	(14,521)	516,930
Vehicles	4,225	-	-	-	-	(283)	3,942
Furniture and utensils	2,901	-	-	-	-	(80)	2,821
<b>In progress</b>	<b>114,599</b>	<b>3,423</b>	<b>(130)</b>	<b>(22,108)</b>	<b>(1,762)</b>	-	<b>94,022</b>
<b>Net property, plant and equipment</b>	<b>3,168,380</b>	<b>3,423</b>	<b>(869,369)</b>	-	<b>(6,578)</b>	<b>(39,861)</b>	<b>2,255,995</b>

(1) Transferred to Generation concession assets, in relation to the *Jaguara*, *Miranda* and *Volta Grande* Plants in the amount of R\$ 799,117 and to Concession financial assets, in relation to the *Volta Grande* Plant in the amount of R\$ 70,252.

The average annual depreciation rate for the Company and its subsidiaries is 3.14%. Depreciation rates, which take into consideration the expected useful life of the assets, are revised annually by Management.

The Company and its subsidiaries have not identified any evidence of impairment of its Property, plant and equipment assets. The generation concession contracts provide that at the end of each concession the grantor must determine the amount to be paid to the Company for the residual value of the infrastructure assets. Management believes that the amounts ultimately received will be higher than the historical residual value.

The residual value of the assets is the residual balance of the assets at the end of the concession contract which will be transferred to the grantor at the end of the concession contract and for which Company is entitled to receive in cash. For contracts under which Company does not have a right to receive such amounts or there is uncertainty related to collection of the amounts, such as in the case of thermal generation and hydroelectric generation as an independent power producer, no residual value is recognized, and the depreciation rates are adjusted so that all the assets are depreciated within the concession term.

### Consortium

Company is a partner in the electricity generation consortium for the *Queimado* plant, for which no separate company with independent legal existence was formed to manage the object of the concession, whose controls are being kept in fixed assets and Intangible assets. Company's portion in the consortium is recorded and controlled separately in the respective categories of PP&E and Intangible assets.

Consolidated and Holding company	Interest in power output, %	Average annual depreciation rate %	03/31/2018	12/31/2017
<b>In service</b>				
Queimado plant	82.50	4.05	217,185	217,109
Accumulated depreciation			(92,834)	(90,649)
<b>Total in operation</b>			<b>124,351</b>	<b>126,460</b>
<b>In progress</b>				
Queimado plant	82.50	-	265	340
<b>Total In progress</b>			<b>265</b>	<b>340</b>

## 14. INTANGIBLE ASSETS

Composition of the balance at March 31, 2018 and December 31, 2017 are as follows:

Consolidated and Holding company	03/31/2018			12/31/2017		
	Historical cost	Accumulated amortization	Residual value	Historical cost	Accumulated amortization	Residual value
<b>In service</b>	<b>93,944</b>	<b>(67,102)</b>	<b>26,842</b>	<b>89,923</b>	<b>(66,001)</b>	<b>23,922</b>
Temporary easements	11,451	(2,158)	9,293	11,451	(1,990)	9,461
Paid concession	19,169	(11,421)	7,748	19,169	(11,251)	7,918
Others	63,324	(53,523)	9,801	59,303	(52,760)	6,543
<b>In progress</b>	<b>5,519</b>	<b>-</b>	<b>5,519</b>	<b>8,718</b>	<b>-</b>	<b>8,718</b>
Assets In progress	5,519	-	5,519	8,718	-	8,718
<b>Net intangible assets</b>	<b>99,463</b>	<b>(67,102)</b>	<b>32,361</b>	<b>98,641</b>	<b>(66,001)</b>	<b>32,640</b>

Changes in intangible assets are as follows:

Consolidated and Holding company	12/31/2017	Addition	Transfers / capitalizations	Amortization	03/31/2018
<b>In service</b>	<b>23,922</b>	-	<b>4,043</b>	<b>(1,123)</b>	<b>26,842</b>
Temporary easements	9,461	-	-	(168)	9,293
Paid concession	7,918	-	-	(170)	7,748
Others	6,543	-	4,043	(785)	9,801
<b>In progress</b>	<b>8,718</b>	<b>844</b>	<b>(4,043)</b>	-	<b>5,519</b>
Assets In progress	8,718	844	(4,043)	-	5,519
<b>Total</b>	<b>32,640</b>	<b>844</b>	<b>-</b>	<b>(1,123)</b>	<b>32,361</b>

Consolidated and Holding company	12/31/2016	Addition	V.Grande/Jaguara/Miranda Plants	Transfers / capitalizations	Disposals	Amortization	03/31/2017
<b>In service</b>	<b>26,532</b>	-	<b>(80)</b>	<b>614</b>	-	<b>(1,179)</b>	<b>25,887</b>
Temporary easements	10,136	-	-	-	-	-	10,136
Paid concession	8,597	-	-	-	-	(170)	8,427
Others	7,799	-	(80)	614	-	(1,009)	7,324
							-
<b>In progress</b>	<b>9,220</b>	<b>11</b>	-	<b>(614)</b>	<b>(15)</b>	-	<b>8,602</b>
Assets In progress	9,220	11	-	(614)	(15)	-	8,602
<b>Total</b>	<b>35,752</b>	<b>11</b>	<b>(80)</b>	<b>-</b>	<b>(15)</b>	<b>(1,179)</b>	<b>34,489</b>

Taking into account the useful life of the related assets, the average annual amortization rate is 15.71%.

The intangible asset easements, onerous concessions, assets of concession, and others, are amortizable by the straight-line method and taking into account the consumption pattern of these rights. The Company and its subsidiaries have not identified any evidence of impairment of its intangible assets. The Company has no intangible assets with non-defined useful life.

## 15. SUPPLIERS

	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Wholesale supply and transport of electricity	287,886	420,268	276,408	409,716
Materials and services	28,698	51,775	25,946	44,796
	<b>316,584</b>	<b>472,043</b>	<b>302,354</b>	<b>454,512</b>

## 16. TAXES PAYABLE

	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
<b>Current</b>				
ICMS (VAT)	9,413	60,635	6,209	57,723
PASEP	5,493	9,782	4,478	9,047
COFINS	24,110	45,139	20,580	41,748
Social Security Contributions	3,249	3,816	3,171	3,522
ISSQN	694	992	623	900
Others	12,353	13,302	12,203	13,098
	<b>55,312</b>	<b>133,666</b>	<b>47,264</b>	<b>126,038</b>
<b>Non-current</b>				
PASEP	546	535	546	535
COFINS	3,359	3,295	3,359	3,295
	<b>3,905</b>	<b>3,830</b>	<b>3,905</b>	<b>3,830</b>
	<b>59,217</b>	<b>137,496</b>	<b>51,169</b>	<b>129,868</b>

## 17. LOANS, FINANCINGS AND DEBENTURES

Financing source	Principal maturity	Annual financial cost %	Currency	Consolidated on 03/31/2018			Consolidated on 12/31/2017
				Current	Non-current	Total	
<b>FOREIGN CURRENCY</b>							
KFW	2019	1.78%	EUR	4,320	211	4,531	4,383
Eurobonds	2024	9.25%	USD	115,696	3,323,800	3,439,496	3,333,149
(-) Transaction costs				-	(14,516)	(14,516)	(15,400)
(-) Interest paid in advance (1)				-	(46,473)	(46,473)	(47,690)
<b>Debt in foreign currency</b>				<b>120,016</b>	<b>3,263,022</b>	<b>3,383,038</b>	<b>3,274,442</b>
<b>BRAZILIAN CURRENCY</b>							
Banco do Brasil S.A.	2021	140.00% do CDI	R\$	62,589	679,443	742,032	742,364
Banco da Amazônia S.A.	2018	CDI + 1.90%	R\$	123,966	-	123,966	121,470
FINEP	2018	TJLP+5% e TJLP+8%	R\$	1,572	-	1,572	2,359
Consórcio Pipoca (2)	2018	IPCA	R\$	185	-	185	185
(-)Transaction costs				(805)	(5,380)	(6,185)	(8,854)
<b>Debt in Brazilian currency</b>				<b>187,507</b>	<b>674,063</b>	<b>861,570</b>	<b>857,524</b>
<b>Total of loans and financings</b>				<b>307,523</b>	<b>3,937,085</b>	<b>4,244,608</b>	<b>4,131,966</b>
Debentures - 3rd Issue' 2nd Series (3)	2019	IPCA + 6.00%	R\$	145,756	-	145,756	301,065
Debentures - 3rd Issue' 3rd Series (3)	2022	IPCA + 6.20%	R\$	6,970	969,809	976,779	1,010,202
Debentures - 5ª Issue - Single series (3)	2018	CDI + 1.70%	R\$	717,120	-	717,120	703,021
Debentures - 6th Issue' 1st series (3)	2018	CDI + 1.60%	R\$	517,750	-	517,750	507,692
Debentures - 6th Issue' 2nd series (3)	2020	IPCA + 8.07%	R\$	1,734	31,322	33,056	32,093
Debentures - 7th Issue' 1st series (3)	2021	140.00% do CDI	R\$	168,574	1,373,237	1,541,811	1,683,557
(-) FIC Pampulha - Securities issued by the Company (4)				(7,346)	-	(7,346)	(12,405)
(-)Transaction costs				(4,169)	(30,202)	(34,371)	(37,028)
<b>Total, debentures</b>				<b>1,546,389</b>	<b>2,344,166</b>	<b>3,890,555</b>	<b>4,188,197</b>
<b>Overall total</b>				<b>1,853,912</b>	<b>6,281,251</b>	<b>8,135,163</b>	<b>8,320,163</b>

Financing source	Principal maturity	Annual financial cost %	Currency	Holding company on 03/31/2018			Holding company on 12/31/2017
				Current	Non-current	Total	Total
<b>FOREIGN CURRENCY</b>							
KFW	2019	1.78%	EUR	4,320	211	4,531	4,383
Eurobonds	2024	9.25%	USD	115,696	3,323,800	3,439,496	3,333,149
(-)Transaction costs				-	(14,516)	(14,516)	(15,400)
(-)Interest paid in advance (1)				-	(46,473)	(46,473)	(47,690)
<b>Debt in foreign currency</b>				<b>120,016</b>	<b>3,263,022</b>	<b>3,383,038</b>	<b>3,274,442</b>
<b>BRAZILIAN CURRENCY</b>							
Banco do Brasil S.A.	2021	140.00% do CDI	R\$	62,589	679,443	742,032	742,364
Banco da Amazônia S.A.	2018	CDI + 1.90% TJLP+5% e	R\$	123,966	-	123,966	121,470
FINEP	2018	TJLP+8%	R\$	1,572	-	1,572	2,359
Consórcio Pipoca (2)	2018	IPCA	R\$	185	-	185	185
(-) Transaction costs				(805)	(5,380)	(6,185)	(8,854)
<b>Debt in Brazilian currency</b>				<b>187,507</b>	<b>674,063</b>	<b>861,570</b>	<b>857,524</b>
<b>Total of loans and financings</b>				<b>307,523</b>	<b>3,937,085</b>	<b>4,244,608</b>	<b>4,131,966</b>
Debentures - 3rd Issue' 2nd Series (3)	2019	IPCA + 6.00%	R\$	145,756	-	145,756	301,065
Debentures - 3rd Issue' 3rd Series (3)	2022	IPCA + 6.20%	R\$	6,970	969,809	976,779	1,010,202
Debentures - 5ª Issue - Single series (3)	2018	CDI + 1.70%	R\$	717,120	-	717,120	703,021
Debentures - 6th Issue' 1st series (3)	2018	CDI + 1.60%	R\$	517,750	-	517,750	507,692
Debentures - 6th Issue' 2nd series (3)	2020	IPCA + 8.07%	R\$	1,734	31,322	33,056	32,093
Debentures - 7th Issue' 1st series (3)	2021	140.00% do CDI	R\$	168,574	1,373,237	1,541,811	1,683,557
(-) FIC Pampulha - Securities issued by the Company (4)				(2,923)	-	(2,923)	(9,470)
(-) Transaction costs				(4,169)	(30,202)	(34,371)	(37,028)
<b>Total, debentures</b>				<b>1,550,812</b>	<b>2,344,166</b>	<b>3,894,978</b>	<b>4,191,132</b>
<b>Overall total</b>				<b>1,858,335</b>	<b>6,281,251</b>	<b>8,139,586</b>	<b>8,323,098</b>

(1) Interest paid in advance on the receipt of Eurobond funds.

(2) Credit for the payment of the share capital of Hidrelétrica Pipoca S.A.

(3) Simple Debentures, not convertible into shares, without preference, nominative and book-entry.

(4) O FIC Pampulha has financial investments in securities issued by the Company. For more information on this fund, see Note 25.

For the debentures issued by the Company, there are no agreements for renegotiation, nor debentures held in treasury. There is an early maturity clause for cross-default in the event of non-payment, by Cemig GT or its equity holder Cemig, of any pecuniary obligation with individual or aggregate value greater than R\$ 50 million ("cross default").

The composition of loans, financings and debentures, by currency and indexers, with the respective amortization, is as follows:

Consolidated	2018	2019	2020	2021	2022	2023	2024	Total
<b>Currency</b>								
Euro	4,320	211	-	-	-	-	-	4,531
US dollar	115,696	-	-	-	-	-	3,323,800	3,439,496
<b>Total, currency denominated</b>	<b>120,016</b>	<b>211</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,323,800</b>	<b>3,444,027</b>
<b>Indexers</b>								
IPCA (1)	9,897	160,409	335,698	320,037	329,735	-	-	1,155,776
CDI (2)	1,395,992	746,643	746,645	746,053	-	-	-	3,635,333
TJLP (3)	1,572	-	-	-	-	-	-	1,572
<b>Total governed by indexers</b>	<b>1,407,461</b>	<b>907,052</b>	<b>1,082,343</b>	<b>1,066,090</b>	<b>329,735</b>	<b>-</b>	<b>-</b>	<b>4,792,681</b>
(-)Transaction costs	(1,743)	(12,917)	(12,945)	(12,906)	(45)	-	(14,516)	(55,072)
(-)Interest paid in advance	-	-	-	-	-	-	(46,473)	(46,473)
<b>Overall total</b>	<b>1,525,734</b>	<b>894,346</b>	<b>1,069,398</b>	<b>1,053,184</b>	<b>329,690</b>	<b>-</b>	<b>3,262,811</b>	<b>8,135,163</b>



Holding company	2018	2019	2020	2021	2022	2023	2024	Total
<b>Currency</b>								
Euro	4,320	211	-	-	-	-	-	4,531
US dollar	115,696	-	-	-	-	-	3,323,800	3,439,496
<b>Total, currency denominated</b>	<b>120,016</b>	<b>211</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,323,800</b>	<b>3,444,027</b>
<b>Indexers</b>								
IPCA (1)	9,897	160,409	335,698	320,037	329,735	-	-	1,155,776
CDI (2)	1,400,415	746,643	746,645	746,053	-	-	-	3,639,756
TJLP (3)	1,572	-	-	-	-	-	-	1,572
<b>Total governed by indexers</b>	<b>1,411,884</b>	<b>907,052</b>	<b>1,082,343</b>	<b>1,066,090</b>	<b>329,735</b>	<b>-</b>	<b>-</b>	<b>4,797,104</b>
(-)Transaction costs	(1,743)	(12,917)	(12,945)	(12,906)	(45)	-	(14,516)	(55,072)
(-)Interest paid in advance	-	-	-	-	-	-	(46,473)	(46,473)
<b>Overall total</b>	<b>1,530,157</b>	<b>894,346</b>	<b>1,069,398</b>	<b>1,053,184</b>	<b>329,690</b>	<b>-</b>	<b>3,262,811</b>	<b>8,139,586</b>

(1) Expanded National Customer Price (IPCA) Index.

(2) CDI: Interbank Rate for Certificates of Deposit.

(3) Long-term interest Rate– TJLP

The principal currencies and indexors used for monetary updating of loans and financings had the following variations:

Currency	Accumulated change first quarter of 2018 %	Accumulated change first quarter of 2017 %	Indicator	Accumulated change first quarter of 2018 %	Accumulated change first quarter of 2017 %
Euros	2.91	(1.42)	IPCA	0.70	0.96
TJLP	(3.57)	-	CDI	1.59	2.98
US dollar	0.48	(2.78)			

The changes in loans, financings and debentures were as follows:

	Consolidated	Holding company
<b>Balance at December 31, 2017</b>	<b>8,320,163</b>	<b>8,323,098</b>
Monetary and exchange rate variation	29,045	29,045
Financial charges provisioned	189,263	189,263
Appropriation of transaction costs	6,210	6,210
Financial charges paid	(127,739)	(127,739)
Amortization of financings	(286,838)	(286,838)
<b>Subtotal</b>	<b>8,130,104</b>	<b>8,133,039</b>
(-) FIC Pampulha - Securities issued by the Company	5,059	6,547
<b>Balance at March 31, 2018</b>	<b>8,135,163</b>	<b>8,139,586</b>

	Consolidated	Holding company
<b>Balance at December 31, 2016</b>	<b>8,633,671</b>	<b>8,643,585</b>
Monetary and exchange rate variation	15,233	15,233
Financial charges provisioned	288,466	288,466
Appropriation of transaction costs	8,862	8,862
Financial charges paid	(261,313)	(261,313)
Amortization of financings	(482,729)	(482,729)
<b>Subtotal</b>	<b>8,202,190</b>	<b>8,212,104</b>
(-) FIC Pampulha - Securities issued by the Company	7,913	10,389
<b>Balance at March 31, 2017</b>	<b>8,210,103</b>	<b>8,222,493</b>

## Guarantees

The guarantees of the debtor balance on loans and financings, on March 31, 2018, were as follows:

	03/31/2018
Sureties	5,884,727
Receivables	1,037,733
Shares	1,208,172
Without guarantee	4,531
<b>TOTAL</b>	<b>8,135,163</b>

## Restrictive covenants

The Company has contracts with covenants linked to financial index, as follows:

Title	Parameter	Ratio required - Issuer -Cemig GT	Ratio required - Cemig (Guarantor)	Compliance required
Banco do Brasil: Bank Credit Notes, and Fixed Credit (1)	Net debt / (Ebitda + Dividends received)	The following, or less: 5.5 on June 30, 2018 5.0 on December 31, 2018 5.0 on June 30, 2019 4.5 on December 31, 2019 4.5 on June 30, 2020 3.0 on December 31, 2020 3.0 on June 30, 2021 2.5 on / after Dec. 31, 2021	The following, or less: 4.5 on June 30, 2018 4.25 on December 31, 2018 4.25 on June 30, 2019 3.5 on December 31, 2019 3.5 on June 30, 2020 3.0 on December 31, 2020 3.0 on June 30, 2021 2.5 on / after Dec. 31, 2021	Half-yearly
7th Debenture Issue (2)	Net debt / (Ebitda + Dividends received)	The following, or less: 5.5 in 2017 5.0 in 2018 4.5 in 2019 3.0 in 2020 2.5 in 2021	The following, or less: 4.5 in 2017 4.25 in 2018 3.5 in 2019 3.0 in 2020 2.5 in 2021	Half-yearly
Eurobonds (3)	Net debt / Ebitda adjusted for the Covenant	The following, or less: 5.5 on December 31, 2017 5.5 on June 30, 2018 5.0 on December 31, 2018 5.0 on June 30, 2019 4.5 on December 31, 2019 4.5 on June 30, 2020 3.0 on December 31, 2020 3.0 on June 30, 2021 2.5 on /after Dec. 31, 2021	The following, or less: 5.0 on December 31, 2017 5.0 on June 30, 2018 4.25 on December 31, 2018 4.25 on June 30, 2019 3.5 on December 31, 2019 3.5 on June 30, 2020 3.0 on December 31, 2020 3.0 on June 30, 2021 3.0 on and after Dec. 31, 2021	Half-yearly

(1) Through contractual amendments, a further early maturity clause was added to Cemig GT's Bank Credit Notes and Fixed Credit Line with Banco do Brasil, requiring compliance with a financial ratio similar to that required by the Eurobonds.

(2) 7th Issue of Debentures by Cemig GT, in December 2016, of R\$ 2,240 million.

(3) In the event of a possible overrun of the financial maintenance covenants, interest will automatically be increased by 2% pa. during the period in which they remain exceeded. There is also an obligation to comply with a debt maintenance bond with collateral in the consolidated of Cemig in relation to EBITDA of 2.0x (1.75x in Dec / 17) and a covenant of "incurrence" of guaranteed debt real in Cemig GT in relation to the 1.5x EBITDA.

As of March 31, 2018, the Company was in compliance with the restrictive covenants.

## 18. REGULATORY CHARGES

	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
<b>Liabilities</b>				
Global Reversion Reserve – RGR	2,779	8,753	2,779	8,753
Royalties for use of water resources	12,340	14,622	11,267	13,549
Energy Development Account – CDE	58,685	51,639	58,685	51,639
Inspection charge of Electricity Services -TFSEE	717	740	570	595
Proinfa – Alternative Energy Program	6,495	6,612	6,495	6,612
National Scientific and Technological Development Fund	1,835	2,359	1,387	1,945
Research and development	149,532	150,050	145,010	146,231
Energy System Expansion Research	1,052	1,314	833	1,111
	<b>233,435</b>	<b>236,089</b>	<b>227,026</b>	<b>230,435</b>
<b>Current liabilities</b>	<b>149,395</b>	<b>151,532</b>	<b>147,508</b>	<b>149,698</b>
<b>Non-current liabilities</b>	<b>84,040</b>	<b>84,557</b>	<b>79,518</b>	<b>80,737</b>

## 19. POST-RETIREMENT OBLIGATION

Changes in net liabilities were as follows:

	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
<b>Net liabilities on December 31, 2016</b>	<b>357,099</b>	<b>356,833</b>	<b>7,662</b>	<b>184,867</b>	<b>906,461</b>
Expense recognized in statement of income	9,310	9,916	214	5,008	24,448
Contributions paid	(7,395)	(5,722)	(136)	(406)	(13,659)
<b>Net liabilities on March 31, 2017</b>	<b>359,014</b>	<b>361,027</b>	<b>7,740</b>	<b>189,469</b>	<b>917,250</b>
<b>Net liabilities on December 31, 2017</b>	<b>435,902</b>	<b>398,630</b>	<b>8,441</b>	<b>61,558</b>	<b>904,531</b>
Expense recognized in statement of income	10,150	10,044	210	1,534	21,938
Contributions paid	(9,334)	(6,083)	(139)	(554)	(16,110)
<b>Net liabilities on March 31, 2018</b>	<b>436,718</b>	<b>402,591</b>	<b>8,512</b>	<b>62,538</b>	<b>910,359</b>
				<b>03/31/ 2018</b>	<b>12/31/ 2017</b>
<b>Current liabilities</b>				54,713	52,395
<b>Non-current liabilities</b>				855,646	852,136

The amounts recorded in current liabilities refer to the contributions to be made by Cemig GT and its subsidiaries in the next 12 months to amortize the post-retirement obligations.

The amounts reported as 'Expense recognized in the statement of income' refer to the costs of post-retirement obligations, totaling R\$ 17,863 on March 31, 2018 (R\$ 20,065 on March 31, 2017), plus the finance expenses and monetary updating on the debt with Forluz, in the amounts of R\$ 4,075 on March 31, 2018 (R\$ 4,393 on March 31, 2017).

### **Debt agreed with the pension fund (Forluz)**

The Company recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R\$ 159,516 on March 31, 2018 (R\$ 163,049 on December 31, 2017). This amount has been recognized as an obligation payable by the Company, and is being amortized up to June 2024, through monthly installments calculated by the system of constant installments (known as the 'Price' table), and adjusted by the IPCA (Expanded National Consumer Price) inflation index (published by the Brazilian Geography and Statistics Institute – IBGE) plus 6% per year. Because the Company is required to pay this debt even if Forluz has a surplus, the Company and its subsidiaries maintain the record of the debt in full, and the effects of inflation adjustment and interest are recorded in the statement of income as finance expense.

### **Agreement to cover the deficit on Forluz Pension Plan 'A'**

Forluz and the sponsors Cemig, Cemig GT and Cemig D signed Debt Assumption Instruments to cover the Deficit of Plan A for the years 2015 and 2016. In March, 2018 the total amount payable by Cemig GT as a result of the deficit found in Plan A is R\$ 86,891 (R\$ 64,109 on December 31, 2017) with monthly amortizations up to December 2031, calculated by the system of constant installments (known as the 'Price Table'). Remuneratory interest applicable to the outstanding balance is 6% p.a., plus the effect of the IPCA (Expanded National Customer Price) index published by the IBGE. If the plan reaches actuarial surplus before the full period of amortization of the contracts, the Company and its subsidiaries will be exempted from payment of the remaining installments and the contracts will be extinguished.

## **20. PROVISIONS**

The Company and its subsidiaries are involved in certain legal and administrative proceedings in various courts and government bodies, arising from the normal course of business, regarding employment-law, civil, tax, environmental and regulatory matters, and other issues.

### **Actions in which the Company is defendant**

The Company and its subsidiaries recorded Provisions for contingencies in relation to the legal actions in which, based on the assessment of the Company and its legal advisors, the chances of loss are assessed as 'probable' (i.e. an outflow of funds to settle the obligation will be necessary), as follows:

Consolidated	12/31/2017	Additions	Reversals	Settled	03/31/2018
Labor	48,964	4,841	-	(936)	52,869
Civil	251	33	-	(28)	256
Tax	9,046	5	-	-	9,051
Regulatory	2,206	58	-	(1)	2,263
Environmental		27	-	(27)	-
Others	35,843	1,014	(2,022)	(25)	34,810
<b>Total</b>	<b>96,310</b>	<b>5,978</b>	<b>(2,022)</b>	<b>(1,017)</b>	<b>99,249</b>

Holding company	12/31/2017	Additions	Reversals	Settled	03/31/2018
Labor	48,948	4,841	-	(936)	52,853
Civil	251	33	-	(28)	256
Tax	9,046	5	-	-	9,051
Regulatory	2,206	58	-	(1)	2,263
Environmental		27	-	(27)	-
Others	35,843	1,014	(2,022)	(25)	34,810
<b>Total</b>	<b>96,294</b>	<b>5,978</b>	<b>(2,022)</b>	<b>(1,017)</b>	<b>99,233</b>

Consolidated and Holding company	12/31/2016	Additions	Reversals	Settled	03/31/2017
Labor	46,286	6,154	-	(1,990)	50,450
Civil	364	19	-	(7)	376
Tax	7,145	310	-	-	7,455
Regulatory	50	9	(4)	(10)	45
Others	51,451	2,142	-	(361)	53,232
<b>Total</b>	<b>105,296</b>	<b>8,634</b>	<b>(4)</b>	<b>(2,368)</b>	<b>111,558</b>

The Company's management, in view of the long periods and manner of working of the Brazilian judiciary and tax and regulatory systems, believes that it is not practical to provide information that would be useful to the users of these Interim Financial Information in relation to the the timing of any cash outflows, or any possibility of reimbursements, might occur. The Company's management believes that any disbursements in excess of the amounts provisioned, when the respective processes are completed, will not significantly affect the Company's result of operations or financial position.

The details on the main provisions and contingent liabilities are provided below, with the best estimation of expected future disbursements for these contingencies:

**Provisions, made for legal actions in which the chances of loss have been assessed as 'probable'; and contingent liabilities, for actions in which the chances of loss are assessed as 'possible'**

#### Labor claims

The Company is involved in various legal claims filed by its employees and by employees of service providing companies. Most of these claims relate to overtime and additional pay, severance payments, various benefits, salary adjustments and the effects of such items on a supplementary retirement plan. In addition to these actions, there are others relating to outsourcing of labor, complementary additions to or re-calculation of retirement pension payments by Forluz, and salary adjustments.

The aggregate amount of the contingency is approximately R\$ 174,994 (R\$ 167,948 on December 31, 2017), of which R\$ 52,869 (R\$ 48,964 on December 31, 2017) has been provisioned – the amount estimated as probably necessary for settlement of these disputes.

#### Tax

The Company is involved in numerous administrative and judicial claims actions relating to taxes, including, among other matters, subjects relating to Social Integration Program (*Programa de Integração Social*, or PIS); the Contribution to Finance Social Security (*Contribuição para o Financiamento da Seguridade Social*, or Cofins); Corporate Income (*Imposto de Renda Pessoa Jurídica*, or IRPJ); the Social Contribution (*Contribuição Social sobre o Lucro Líquido*, or CSLL); and motions to tax enforcement. The aggregate amount of this contingency is approximately R\$ 35,666 (R\$ 37,328 on December 31, 2017), of which R\$ 9,051 (R\$ 9,046 on December 31, 2017) has been provisioned – the amount estimated as probably necessary for settlement of these disputes.

#### Regulatory

The Company is defendant in court and administrative proceedings challenging, mainly, reduction of an electricity supply contract, limitation on the procedure for operation of the sluice dam of a hydroelectric plant, an infraction accusation arising from an inspection by the regulator – and other matters. The aggregate amount of the contingency is approximately R\$ 19,466 (R\$ 23,319 on December 31, 2017), of which R\$ 2,263 (R\$ 2,206 on December 31, 2017) has been recognized as provision – the amount estimated as probably necessary for settlement of these disputes.

#### Other legal actions in the normal course of business

##### *Breach of contract – Power line pathways and accesses cleaning services contract*

The Company is involved in disputes alleging losses suffered as a result of supposed breaches of contract at the time of provision of services of cleaning of power line pathways and firebreaks. The amount recorded is R\$ 32,969 (R\$ 31,987 at December 31, 2017), this being estimated as the likely amount of funds necessary to settle this dispute.

##### Other legal proceedings

The Company is involved as plaintiff or defendant, in other less significant claims, related to the normal course of their operations, with an estimated total amount of R\$ 76,865 (R\$ 77,571 on December 31, 2017), of which R\$ 1,841 (R\$ 4,107 on December 31, 2017) – the amount estimated as probably necessary for settlement of these disputes – has been provisioned. Management believes that it has appropriate defense for these proceedings, and does not expect these issues to give rise to significant losses that could have an adverse effect on the Company's financial position or profit.

## **Contingent liabilities – whose losses are assessed as ‘possible’, and the Company believes it has arguments of merit for legal defense**

### Taxes and contributions

The Company is involved in numerous administrative and judicial proceedings in relation to taxes. Below are details of the main claims:

#### *Indemnity of employees’ future benefit (the ‘Anuênio’)*

In 2006 The Company paid an indemnity to its employees, totaling R\$ 41,860, in exchange for rights to future payments (referred to as the *Anuênio*) for time of service, which would otherwise be incorporated, in the future, into salaries. The Company did not pay income tax and Social Security contributions on this amount because it considered that those obligations are not applicable to amounts paid as an indemnity. However, to avoid the risk of a future fine, The Company obtained an injection, which permitted to make an escrow deposit of R\$ 28,716, which updated now represents the amount of R\$ 63,483 (R\$ 63,027 at December 31, 2017). The updated amount of the contingency is R\$ 74,081 (R\$ 73,334 on December 31, 2017) and, based on the arguments above, management has classified the chance of loss as ‘possible’.

#### *Social Security contributions*

The Brazilian federal tax authority (*Secretaria da Receita Federal*) has filed administrative proceedings related to various matters: employee profit sharing; the Workers’ Food Program (*Programa de Alimentação do Trabalhador*, or PAT); education benefit; food benefit; Special Additional Retirement payment; overtime payments; hazardous occupation payments; matters related to Sest/Senat (transport workers’ support programs); and fines for non-compliance with accessory obligations. The Company have presented defenses and await judgment. The amount of the contingency is approximately R\$ 335,141 (R\$ 458,619 on December 31, 2017). Management has classified the chance of loss as ‘possible’, also taking into account assessment of the chance of loss in the judicial sphere, (the claims mentioned are in the administrative sphere), based on the evaluation of the claims and the related case law.

#### *Non-homologation of offsetting of tax credit*

The federal tax authority did not ratify the Company’s declared offsetting, in Corporate income tax returns, of carry-forwards and undue or excess payment of federal taxes – IRPJ, CSLL, PIS and Cofins – identified by official tax deposit receipts (‘DARFs’ and ‘DCTFs’). The Company are contesting the non-homologation of the amounts offset. The amount of the contingency is R\$ 128,578 (R\$ 126,880 on December 31, 2017), and the chance of loss was classified as ‘possible’, since the relevant requirements of the National Tax Code (CTN) have been complied with.

### *The Social Contribution tax on net income (CSLL)*

The federal tax authority issued a tax assessment against The Company for the years of 2012 and 2013, alleging undue non-addition, or deduction, of amounts relating to the following items in calculating the Social Contribution tax on net income: (i) taxes with liability suspended; (ii) donations and sponsorship (Law 8,313/91); and (iii) fines for various alleged infringements. The amount of this contingency is R\$ 73,667 (R\$ 72,584 on December 31, 2017). The Company has classified the chances of loss as 'possible', in accordance with the analysis of the case law on the subject.

### *Inclusion of ICMS (VAT) in the taxable base for Pasep /Cofins*

On December 31, 2016, the long-term obligations for the Pasep and Cofins included the amounts relating to the Court challenge of the constitutionality of inclusion of the amount of ICMS tax within the base amount on which these contributions are calculated. Company obtained interim relief from the Court allowing them not to make the payment, and authorizing payment as escrow deposits, starting in 2008, and maintained this procedure until August 2011. After that date, while continuing to challenge the basis of the calculation in court, it opted to pay the taxes monthly.

On October 2017, the Federal Supreme Court (STF) published its Joint Judgment on the Extraordinary Appeal, in the form that creates overall precedent, in favor of the argument of the Company. Based on the opinion of its legal advisors, the Company reversed the provision related to these contributions, which was recorded as tax payables.

### Regulatory matters

#### *Accounting of electricity sale transactions in the Electricity Trading Chamber (CCEE)*

In a claim dating from August 2002, AES Sul Distribuidora challenged in the courts the criteria for accounting of electricity sale transactions in the wholesale electricity market (*Mercado Atacadista de Energia*, or MAE) (predecessor of the present Wholesale Electricity Exchange Chamber – *Câmara de Comercialização de Energia Elétrica*, or CCEE), during the period of rationing. It obtained a favorable interim judgment in February 2006, which ordered Aneel, working with the CCEE, to comply with the claim by AES Sul and recalculate the settlement of the transactions during the rationing period, not considering Aneel's Dispatch 288 of 2002. This should take effect in the CCEE as from November 2008, resulting in an additional disbursement for Cemig GT, related to the expense on purchase of energy in the spot market on the CCEE, in the approximate amount of R\$ 294,881 (R\$ 287,515 on December 31, 2017). On November 9, 2008 Company obtained an interim decision in the Regional Federal Appeal Court (*Tribunal Regional Federal*, or TRF) suspending the obligatory nature of the requirement to pay into court the amount that would have been owed under the Special Financial Settlement made by the CCEE.



Company has classified the chance of loss as ‘possible’, since this action deals with the General Agreement for the Electricity Sector, in which the Company has the full documentation to support its arguments.

*System Service Charges (ESS) – Resolution of the National Energy Policy Council*

Resolution 3 of the National Energy Policy Council (*Conselho Nacional de Política Energética*, or CNPE) of March 6, 2013 established new criteria for the prorating of the cost of additional dispatch of thermal plants. Under the new criteria, the costs of the System Service Charges for Electricity Security (*Encargos do Serviço do Sistema*, or ESS), which were previously prorated in full between free customers and distributors, was now to be prorated between all the agents participating in the National Grid System, including generators and traders.

In May 2013, the Brazilian Independent Electricity Producers’ Association (*Associação Brasileira dos Produtores Independentes de Energia Elétrica*, or Apine), of which Company is a member, obtained an interim court decision suspending the effects of Articles 2 and 3 of Resolution CNPE 3, exempting generators from payment of the ESS under that Resolution.

As a result of the interim decision, the CCEE carried out the financial settlement for transactions from April through December 2013 using the criteria prior to Resolution. As a result, Company recorded the costs of the ESS in accordance with the criteria for financial settlement published by the CCEE, without the effects of Resolution CNPE 3.

The applications by the plaintiff (Apine) were granted in the first instance, confirming the interim decision granted in favor of its members, which include Cemig GT and its subsidiaries. This decision was subject of an appeal, distributed to the 7th Panel of the Regional Federal Court (*Tribunal Federal Regional*, or TRF) of the 1st Region, which is still pending of judgment.

The amount of the contingency is approximately R\$ 206,919 (R\$ 201,586 on December 31, 2017). In spite of the successful judgment at first instance, the Association’s legal advisers still considered the chances of loss of this contingency as ‘possible’. Company agrees with this, since there are not yet elements to make it possible to foresee the outcome of the Appeal filed by the Federal Government.

## Environmental claims

### *Impact arising from construction of power plants*

The Public Attorneys of Minas Gerais State, together with an association and individuals, have brought class actions requiring Company to invest at least 0.5% of the annual gross operating revenue of the *Emborcação, Pissarrão, Funil, Volta Grande, Poquim, Paraúna, Miranda, Nova Ponte, Rio de Pedras* and *Peti* plants in environmental protection and preservation of the water tables of the counties where these power plants are located, and proportional indemnity for allegedly irrecoverable environmental damage caused, arising from omission to comply with Minas Gerais State Law 12,503/1997. Company has filed appeals to the Higher Appeal Court (STJ) and the Federal Supreme Court (STF). Based on the opinions of its legal advisers, Company believes that this is a matter involving legislation at infra-constitutional level (there is a Federal Law with an analogous object) and thus a constitutional matter, on the issue of whether the state law is constitutional or not, so that the final decision is one for the national Higher Appeal Court (STJ) and the Federal Supreme Court (STF). No provision has been made, since based on the opinion of its legal advisers management has classified the chance of loss as 'possible'. The amount of the contingency is R\$ 129,730 (R\$ 126,159 on December 31, 2017).

The Public Attorneys' Office of Minas Gerais State has filed class actions requiring the formation of a Permanent Preservation Area (APP) around the reservoir of the *Capim Branco* hydroelectric plant, suspension of the effects of the environmental licenses, and recovery of alleged environmental damage. Based on the opinion of its legal advisers in relation to the changes that have been made in the new Forest Code and in the case law on this subject, Company has classified the chance of loss in this dispute as 'possible'. The estimated value of the contingency is R\$ 81,116 (R\$ 79,378 on December 31, 2017).

### *Other environmental claims*

The Company is involved in environmental matters, in which the subjects include protected areas, environmental licenses, recovery of environmental damage, and other matters, in amount of R\$ 66,214 (R\$ 64,241 on December 31, 2017). No provision has been made, since based on the opinion of its legal advisers management has classified the chance of loss as 'possible'.

## Other contingent liabilities

### *Irregularities in competitive tender proceedings*

The Company is involved in environmental matters, relating to protected areas, environmental licenses, and recovery of alleged environmental damage, in the amount of R\$ 26,324 (R\$ 26,149 at December 31, 2017) and no provision has been made. Company has classified the chance of loss as 'possible', after analysis of the case law on this subject.

## 21. EQUITY AND REMUNERATION TO SHAREHOLDERS

The Company's issued and outstanding share capital on March 31, 2018 and December 31, 2017 is R\$ 1,837,710, represented by 2,896,785,358 common shares, fully subscribed, without nominal value, wholly owned by Companhia Energética de Minas Gerais.

### Basic and diluted earnings per share

Profit per share has been calculated based on the weighted average number of the company's common shares in each of the periods referred to, as follows:

	03/31/2018	03/31/2017
Number of shares	2,896,785,358	2,896,785,358
Net income for the period	247,278	184,990
Earnings per share – Basic and diluted (in R\$)	0.0854	0.0639

The call and put options related to investments described in Note 26 could potentially dilute basic earnings per share in the future; however, they have not caused dilution on the earning per share in the presented periods.

### Advance for Future Capital Increase

On February 10, 2017 the Board of Directors of Cemig, Company's equity holder, authorized the Advance for Future Capital Increase (AFAC) of R\$ 100,000, which will be capitalized, through a specific decision at the Shareholders' Extraordinary Meeting.

### Capital increase – Management Proposal

Considering that, on March 31, 2018, the Profit reserves exceeded the share capital by R\$ 819,874, the Board of Directors will submit to the Shareholders' Extraordinary Meeting a proposal to increase the share capital by R\$ 2,600,000, including the R\$ 100,000 of the AFAC, as per Article 199 of the Corporate Law of 1976 - Law 6,404/76.

## 22. REVENUE

The revenue of The Company and its subsidiaries is as follows:

	Consolidated		Holding company	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Revenue from supply of energy – with taxes (a)	1,530,475	1,570,390	1,417,901	1,466,718
Transmission revenue – with taxes (b)	143,546	127,060	144,500	127,272
Revenue from updating of the Concession Grant Fee (c)	81,827	79,506	-	-
Construction revenue (d)	1,063	2,920	1,063	2,920
Energy transactions on the CCEE (e)	121,734	220,013	106,675	218,321
Transmission indemnity revenue (f)	49,841	65,830	49,841	65,830
Generation Indemnity Revenue (g)	17,245	-	17,245	-
Other operating revenues	13,267	10,193	18,895	14,709
Deductions on revenue (h)	(396,514)	(401,629)	(366,736)	(378,077)
	<b>1,562,484</b>	<b>1,674,283</b>	<b>1,389,384</b>	<b>1,517,693</b>

### a) Revenue from energy supply

This table shows energy supply by type of customer:

	Consolidated				Holding company			
	03/31/2018		03/31/2017		03/31/2018		03/31/2017	
	MWh (1)	R\$	MWh (1)	R\$	MWh (1)	R\$	MWh (1)	R\$
Industrial	3,263,105	763,656	3,434,077	790,168	3,020,910	706,594	3,284,232	755,800
Commercial	684,255	167,808	495,186	123,664	684,255	167,808	495,186	123,664
<b>Subtotal</b>	<b>3,947,360</b>	<b>931,464</b>	<b>3,929,263</b>	<b>913,832</b>	<b>3,705,165</b>	<b>874,402</b>	<b>3,779,418</b>	<b>879,464</b>
Unbilled revenue, net	-	(45,486)	-	16,237	-	(46,200)	-	(242)
	<b>3,947,360</b>	<b>885,978</b>	<b>3,929,263</b>	<b>930,069</b>	<b>3,705,165</b>	<b>828,202</b>	<b>3,779,418</b>	<b>879,222</b>
Wholesale supply to other concession holders (2)	2,620,870	679,263	2,911,274	715,827	2,620,870	624,465	2,911,274	649,335
Wholesale supply unbilled, net	-	(34,766)	-	(75,506)	-	(34,766)	-	(61,839)
	<b>6,568,230</b>	<b>1,530,475</b>	<b>6,840,537</b>	<b>1,570,390</b>	<b>6,326,035</b>	<b>1,417,901</b>	<b>6,690,692</b>	<b>1,466,718</b>

- 1) Data not reviewed by external auditors.
- 2) Includes sales contracts on ACR to distribution companies, sales on the ACL to trade and generation companies, 'bilateral contracts' with other agents, and the revenues from management of generation assets (GAG) for the 18 hydroelectric plants of Lot D of Auction no 12/2015.

### b) Transmission concession revenue

Transmission revenue comprises the amount received from agents of the electricity sector for operation and maintenance of transmission lines of the national grid, in the form of the Permitted Annual Revenue (*Receita Anual Permitida*, or RAP), plus an adjustment for expectation of cash flow arising from the variation in the fair value of the Remuneration Assets Base in the amount of R\$ 2,927 for the quarter ended March 31, 2018.

### c) Gain on financial updating of the Concession Grant Fee

Represents the inflation adjustment using the IPCA inflation index, plus interest, on the Concession Grant Fee for the concession awarded as Lot D of Auction 12/2015. See Note 11.

### d) Construction Revenue

Construction Revenue corresponds to the investments in assets of the transmission concession made by the Company in the period, and is totally offset by the item *Construction costs*.

### e) Revenue from energy transactions in the CCEE (Wholesale Trading Chamber)

The revenue from transactions made through the Wholesale Electricity Exchange (*Câmara de Comercialização de Energia Elétrica*, or CCEE) is the monthly positive net balance of settlements of transactions for purchase and sale of energy in the Spot Market, through the CCEE.

#### f) Transmission indemnity revenue

On for the quarter ended March 31, 2018, the Company recognized revenue in the total amount of R\$ 49,841 (R\$ 65,830 on March 31, 2017), corresponded to updating, by the IPCA index, of the balance of indemnity receivable existing. See Note 11.

#### g) Generation indemnity revenue

On for the quarter ended March 31, 2018, the Company recognized revenue of R\$ 17,245, for the adjustment to the balance of non-amortized indemnities for the concessions of the *São Simão* and *Miranda* Hydroelectric Plants, as per Ministerial Order 291/17, also taking into account the updating of the amounts. See Notes 11.

#### h) Taxes and charges reported as deductions on revenue

	Consolidated		Holding company	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
<b>Taxes on revenue</b>				
ICMS (VAT)	136,586	136,364	126,316	130,177
COFINS	146,836	143,492	133,697	132,081
PIS-PASEP	31,874	31,150	29,025	28,674
ISSQN	548	549	548	549
	<b>315,844</b>	<b>311,555</b>	<b>289,586</b>	<b>291,481</b>
<b>Charges to the customer</b>				
Global Reversion Reserve – RGR	4,688	9,379	4,688	9,379
Energy Development Account – CDE	38,671	27,749	38,671	27,749
Customer charges – Proinfa alternative sources program	10,241	9,663	10,241	9,663
Research and Development (R&D)	3,092	5,231	2,451	4,681
National Scientific and Technological Development Fund (FNDCT)	3,092	5,231	2,451	4,681
Energy System Expansion Research (EPE of MME)	1,546	2,616	1,225	2,341
Energy Services Inspection Charge	1,995	4,104	1,561	3,602
Royalties for use of water resources	17,345	26,101	15,862	24,500
	<b>80,670</b>	<b>90,074</b>	<b>77,150</b>	<b>86,596</b>
	<b>396,514</b>	<b>401,629</b>	<b>366,736</b>	<b>378,077</b>

## 23. OPERATING COSTS AND EXPENSES

	Consolidated		Holding company	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Personnel (a)	79,539	91,345	74,463	88,362
Employees' and managers' profit sharing	4,590	4,437	4,590	4,437
Post-retirement benefits	17,863	20,065	17,863	20,065
Materials	2,049	2,561	1,691	2,170
Outsourced services (b)	26,918	26,701	24,949	24,486
Depreciation and amortization	36,549	41,174	36,508	41,166
Operating provisions (c)	8,999	55,567	8,999	55,567
Charges for use of the national grid	69,642	81,936	61,774	74,377
Energy purchased for resale (d)	795,414	734,282	785,966	731,804
Transmission infrastructure construction cost (e)	1,063	2,920	1,063	2,920
Other operating expenses, net (f)	12,786	19,538	12,380	18,557
	<b>1,055,412</b>	<b>1,080,526</b>	<b>1,030,246</b>	<b>1,063,911</b>

## a) Personnel expenses

### Programmed Voluntary Retirement Plan (PDVP 2018)

In March 2018, the Company approved the 2018 Employee Voluntary Severance Program ('the 2018 PDVP'). Those eligible to take part were any employees who have worked with Cemig for 25 years or more by December 31, 2018. The 2018 PDVP will have its acceptance period from April 2 to 30, 2018 and it will pay the standard legal severance payments – including: payment for the period of notice, and especially, an amount equal to the 'penalty' payment of 40% of the Base Value of the employee's FGTS fund, as well as the other payments specified by the legislation.

The 2018 PDVP, was accepted and signed-off by 21 employees, for which the estimated cost in the amount of R\$ 3,381 will be recorded on the second quarter of 2018.

## b) Outsourced services

	Consolidated		Holding company	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Communication	640	579	616	558
Maintenance and conservation of electrical facilities and equipment	2,112	3,129	3,051	2,706
Building conservation and cleaning	7,165	4,781	5,744	4,093
Contracted labor	1,439	1,089	1,439	1,089
Freight and airfares	338	398	338	395
Accommodation and meals	716	679	706	628
Security services	2,419	2,922	1,885	2,499
Consultancy	556	1,043	556	1,043
Maintenance and conservation of furniture and utensils	148	86	132	81
Information technology	1,903	1,181	1,688	1,181
Maintenance and conservation of vehicles	69	1,634	63	1,574
Electricity	1,097	1,104	1,023	1,022
Environment	1,502	4,232	1,243	3,910
Cleaning of power line pathways	998	145	998	128
Copying services	379	284	351	279
Legal services and Legal procedural costs	678	562	678	562
Other expenses	4,759	2,853	4,438	2,738
	<b>26,918</b>	<b>26,701</b>	<b>24,949</b>	<b>24,486</b>

### c) Operating provisions (reversals)

	Consolidated		Holding company	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Estimated losses on doubtful receivables	133	-	133	-
Estimated losses on other accounts receivables (1)	453	-	453	-
Contingency provisions (reversals)				
Labor claims	4,841	6,154	4,841	6,154
Civil	33	19	33	19
Tax	5	310	5	310
Regulatory	58	5	58	5
Environmental	27		27	
Other	(1,008)	2,143	(1,008)	2,143
	3,956	8,631	3,956	8,631
	<b>4,542</b>	<b>8,631</b>	<b>4,542</b>	<b>8,631</b>
Variation in fair value of derivative financial instruments				
Put option – SAAG (nota 26)	4,457	46,936	4,457	46,936
	<b>8,999</b>	<b>55,567</b>	<b>8,999</b>	<b>55,567</b>

(1) The estimated losses on other accounts receivables are presented in the consolidated income statement as operating expenses.

### d) Energy purchased for resale

	Consolidated		Holding company	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Spot market - CCEE	4,497	14,215	4,495	11,484
Energy acquired in the Free Market	856,293	788,103	854,842	788,103
'Bilateral' contracts	8,811	-	-	-
Pasep and Cofins credits	(74,187)	(68,036)	(73,371)	(67,783)
	<b>795,414</b>	<b>734,282</b>	<b>785,966</b>	<b>731,804</b>

### e) Transmission infrastructure construction cost

	Consolidated		Holding company	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Personnel	93	484	93	484
Materials	561	610	561	610
Outsourced services	313	1,210	313	1,210
Others	96	616	96	616
	<b>1,063</b>	<b>2,920</b>	<b>1,063</b>	<b>2,920</b>

### f) Other operating expenses, net

	Consolidated		Holding company	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Leasing and rentals	5,727	4,975	5,571	4,835
Advertising	196	18	196	18
Subsidies and donations	109	832	109	150
Paid concession	778	752	778	752
Taxes (IPTU, IPVA and others)	342	212	289	142
CCEE annual charge	1,065	994	1,065	994
Insurance	952	1,078	952	1,078
Net loss (gain) on deactivation and disposal of assets	185	1,597	185	1,597
Forluz – Administrative running cost	1,963	1,440	1,963	1,440
Other expenses	1,469	7,640	1,272	7,551
	<b>12,786</b>	<b>19,538</b>	<b>12,380</b>	<b>18,557</b>

## 24. FINANCE INCOME AND EXPENSES

	Consolidated		Holding company	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
<b>FINANCE INCOME</b>				
Income from cash investments	10,397	22,707	7,163	14,227
Arrears fees on sale of energy	3,147	2,763	1,929	2,701
Monetary variations	4,436	2,172	4,436	2,172
Monetary updating on Court escrow deposits	2,351	2,511	2,351	2,511
Gain in Advanced payment	5,366	14,690	3,758	14,690
Pasep and Cofins charged on finance income	(1,629)	(2,037)	(1,425)	(1,769)
Gain on financial instruments (Nota 26)	97,517	-	97,517	-
Other	11,059	1,772	11,020	1,768
	<b>132,644</b>	<b>44,578</b>	<b>126,749</b>	<b>36,300</b>
<b>FINANCE EXPENSES</b>				
Costs of loans and financings	(189,263)	(288,466)	(189,263)	(288,466)
Cost of debt – appropriation of transaction costs	(6,210)	(8,862)	(6,210)	(8,862)
Charges and monetary updating on post-retirement obligation	(4,075)	(4,383)	(4,075)	(4,383)
Monetary updating – loans and financings	(13,117)	(15,338)	(13,117)	(15,338)
Monetary adjustment	(2,821)	(3,665)	(2,760)	(3,626)
Foreign exchange variations - loans and financings	(15,928)	-	(15,928)	-
Monetary adjustment - Advances from clients	(2,844)	(12,561)	(2,844)	(12,561)
Other	(3,445)	(6,617)	(2,011)	(6,592)
	<b>(237,703)</b>	<b>(339,892)</b>	<b>(236,208)</b>	<b>(339,828)</b>
<b>NET FINANCE INCOME (EXPENSES)</b>	<b>(105,059)</b>	<b>(295,314)</b>	<b>(109,459)</b>	<b>(303,528)</b>



## 25. RELATED PARTY TRANSACTIONS

Company's main balances and transactions with related parties and its jointly-controlled entities are as follows:

Company	ASSETS		LIABILITIES		REVENUE		EXPENSES	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017	03/31/2018	03/31/2017	03/31/2018	03/31/2017
<b>Shareholder</b>								
<b>CEMIG</b>								
<b>Current</b>								
Cooperation Working Agreement (1)	-	-	-	2,768	-	-	-	-
Interest on Equity, and dividends	-	-	364,230	564,230	-	-	-	-
<b>Jointly-controlled entity</b>								
<b>Madeira Energia</b>								
<b>Current</b>								
Transactions with energy (2)	-	-	9,683	40,162	8,552	5,451	(145,091)	(97,189)
Advance for future power supply (3)	56,556	49,048	-	-	2,424	2,258	-	-
<b>Non-current</b>								
Advance for future power supply (3)	-	5,084	-	-	-	-	-	-
<b>Aliança Geração</b>								
<b>Current</b>								
Transactions with energy (2)	-	-	-	-	-	-	(18,999)	(16,424)
Services (4)	1,677	1,657	-	-	3,172	2,505	-	-
Interest on Equity, and dividends	45,315	72,315	-	-	-	-	-	-
<b>Norte Energia</b>								
<b>Current</b>								
Transactions with energy (2)	130	130	-	-	3,967	1,298	-	-
<b>Baguari Energia</b>								
<b>Current</b>								
Services (4)	214	211	-	-	223	215	-	-
<b>Lightger</b>								
<b>Current</b>								
Transactions with energy (2)	-	-	-	-	-	-	(4,629)	(4,846)
Interest on Equity, and dividends	445	-	-	-	-	-	-	-
<b>Retiro Baixo</b>								
<b>Current</b>								
Interest on Equity, and dividends	2,581	2,581	-	-	-	-	-	-
<b>Hidrelétrica Pipoca</b>								
<b>Current</b>								
Transactions with energy (2)	-	-	1,218	-	-	-	(5,167)	(3,567)
Interest on Equity, and dividends	-	584	-	-	-	-	-	-
<b>Hidrelétrica Cachoeirão</b>								
<b>Current</b>								
Interest on Equity, and dividends	6,662	-	-	-	-	-	-	-
<b>Renova</b>								
<b>Current</b>								
Transactions with energy (2)	-	-	43	1,744	-	-	(30,866)	(51,504)
<b>Non-current</b>								
Advance for future power supply (5)	47,072	-	-	-	522	-	-	-
Accounts receivable (6)	358,789	350,200	-	-	8,589	17,043	-	-
<b>Empresa Amazonense de Transmissão de Energia (EATE)</b>								
<b>Current</b>								
Transactions with energy (2)	-	-	579	725	-	-	(1,259)	(2,836)
<b>Companhia Transirapé de Transmissão</b>								
<b>Current</b>								
Transactions with energy (2)	-	-	38	46	-	-	-	(157)
Services (4)	90	90	-	-	319	314	-	-
<b>Light</b>								
<b>Current</b>								
Transactions with energy (2)	2,720	1,128	403	404	15,584	12,489	-	-
<b>TAESA</b>								
<b>Current</b>								
Transactions with energy (2)	-	-	2,964	3,605	-	-	(6,423)	(11,391)
Services (4)	172	404	-	-	139	134	-	-

EMPRESAS	ASSETS		LIABILITIES		REVENUE		EXPENSES	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017	03/31/2018	03/31/2017	03/31/2018	03/31/2017
<b>Other related parties</b>								
<b>Cemig Distribuição</b>								
<b>Current</b>								
Cooperation Working Agreement (1)	663	-	-	-	663	-	-	-
Transactions with energy (2)	34,051	22,212	634	3,263	49,043	49,070	(5,991)	(10,662)
<b>FIC Pampulha</b>								
<b>Current</b>								
Cash and cash equivalents	101,703	214,663	-	-	-	-	-	-
Securities	142,951	447,073	-	-	1,535	15,305	-	-
(-)Securities issued by the Company(7)	(7,346)	(12,405)	-	-	-	-	-	-
<b>Non-current</b>								
Securities	4,434	14,660	-	-	-	-	-	-
<b>FORLUZ</b>								
<b>Current</b>								
Post-retirement obligations (8)	-	-	26,438	24,632	-	-	(10,150)	(9,310)
Supplementary pension contributions (9)	-	-	-	-	-	-	(5,011)	(5,546)
Administrative running costs (10)	-	-	-	-	-	-	(1,963)	(1,440)
Operational leasing (11)	-	-	348	1,391	-	-	(3,272)	(3,394)
<b>Non-current</b>								
Post-retirement obligations (8)	-	-	410,280	411,270	-	-	-	-
<b>Cemig Saúde</b>								
<b>Current</b>								
Health Plan and Dental Plan (12)	-	-	26,186	25,822	-	-	(10,254)	(10,130)
<b>Non-current</b>								
Health Plan and Dental Plan (12)	-	-	384,917	338,673	-	-	-	-

The main conditions and characteristics of interest with reference to the related party transactions are:

- (1) Technical Cooperation Working Agreement between Cemig, Cemig D and Cemig GT, instituted by Aneel Dispatch 3,208/2016. Principally includes reimbursement of expenses related to sharing of infrastructure, personnel, transport, telecoms and IT.
- (2) Transactions with energy between generators and distributors were made in auctions organized by the Federal Government; transactions for transport of electricity, made by transmission companies, arise from the centralized operation of the National Grid carried out by the National System Operator (ONS).
- (3) Refers to advance payments made in 2017 to Santo Antônio Energia, subsidiary of Madeira Energia. For the purposes of settlement invoices for energy supply to be issued by Santo Antônio Energia starting in 2018, in 12 tranches, will be used;
- (4) Refers to a contract to provide plant operation and maintenance services.
- (5) This refers to advance payments under Agreements for Incentive-bearing Power Supply becoming due in April through August 2018, discounted at 155% of the rate for Interbank Certificates of Deposit published by Cetip.
- (6) Cemig GT has an item of R\$ 359 million receivable from Renova that will be paid in installments over 2021 with actualization at 150% to 155% of the CDI rate.
- (7) FIC Pampulha has financial investments in securities issued by subsidiary companies of the Company. There is more information, and characteristics of the fund, in the description below.
- (8) The contracts of Forluz are updated by the Expanded Customer Price Index (IPCA) calculated by the Brazilian Geography and Statistics Institute (*Instituto Brasileiro de Geografia e Estatística*, or IBGE) plus interest of 6% per annum and will be amortized up to the business year of 2031 (See Note 19).
- (9) The Company's contributions to the pension fund for the employees participating in the Mixed Plan, and calculated on the monthly remuneration, in accordance with the regulations of the Fund.
- (10) Funds for annual current administrative costs of the Pension Fund in accordance with the specific legislation of the sector. The amounts are estimated as a percentage of the Company's payroll.
- (11) Rental of the Company's administrative head offices, in effect to March 2019 and May 2034, adjusted annually by IPCA inflation index.
- (12) Post-retirement obligations relating to the employees' health and dental plan (see Note 19).

## Cash investments in FIC Pampulha

Company and its subsidiaries invest part of their financial resources in an investment fund which has the characteristics of fixed income and obeys the Company's cash investment policy. The amounts invested by the fund at March 31, 2018 are reported in Securities in Current or Non-current assets, or presented after deduction of the account line Debentures in Current or Non-current liabilities.

The funds applied are allocated only in public and private fixed income securities, subject only to credit risk, with various maturity periods, obeying the unit holders' cash flow needs.

The financial investments of the investment fund in securities of related parties are as follows:

Issuer of security	Type	Annual contractual conditions	Maturity	03/31/2018			12/31/2017		
				Cemig GT 8.01%	Other subsidiaries 12.13% (1)	Total (consolidated) 20.14%	Cemig GT 26.85%	Other subsidiaries 8.32% (1)	Total (consolidated) 35.17%
ETAU	Debentures	108.00% of CDI	12/01/2019	820	1,242	2,062	2,706	838	3,544
LIGHT	Promissory Note	CDI + 3.50%	01/22/2019	1,643	1,715	3,358	5,375	1,666	7,041
				<b>2,463</b>	<b>2,957</b>	<b>5,420</b>	<b>8,081</b>	<b>2,504</b>	<b>10,585</b>

(1) Refers to the other companies consolidated by Cemig GT, which also have participation in the investment funds.

### Remuneration of key management personnel

The total costs of key personnel, comprising the Executive Board, the Fiscal Council and the Board of Directors, in the three-month periods ended March 31, 2018 and 2017, are as follows:

	03/31/2018	03/31/2017
Remuneration	862	1,000
Profit sharing	20	11
Assistance benefits	79	84
<b>Total</b>	<b>961</b>	<b>1,095</b>

## 26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Financial instruments of The Company and its subsidiaries are: Cash and cash equivalents; Securities; Customers and Traders; Concession Holders – Energy Transport; Advances to suppliers; Concession financial assets related to infrastructure, Receivables from related parties, Restricted cash; Escrow deposits in litigation, Loans and financings and Debentures, Obligations under concessions, Obligations to suppliers, Advances from clients, Debt agreed with the pension fund (Forluz); Put options; and Swaps, Gains and losses on transactions are reported in full in the statement of income for the period or in Equity, by the accrual method.

The financial instruments of The Company and its subsidiaries are classified as follows:

- Amortized cost: this category contains: Cash and cash equivalents; Securities, Customers and Traders, Concession Holders – Energy Transport, Restricted cash, Advance to suppliers, Escrow deposits in litigation, Concession financial assets related to infrastructure, Concession grant fee – Generation concessions and Receivables from related parties. They are recognized at their nominal realization value, which is similar to fair value.

- Financial instruments measured at fair value through profit or loss:
  1. Securities in the amount of R\$ 187,185 (R\$ 514,331 on December 31, 2017). They are valued at fair value and the gains or losses are recognized directly in the Statement of income.
  2. *Indemnities receivable – Transmission*: measured at New Replacement Value (Valor Novo de Reposição, or VNR), according to criteria established by the Concession-granting power (“Grantor”), based on the fair value of the assets to be indemnified, and on the weighted average cost of capital (WACC) used by the Grantor, which reflects the concession holder’s return on the operations of the concession. The VNR and the WACC are public information disclosed by the Grantor and by Cemig.
  3. *Indemnities receivable – Generation*
    - Plants operated under the ‘quotas’ regime: measured at New Replacement Value (Valor Novo de Reposição, or VNR ), according to criteria established by the concession Grantor, based on the assets fair value to be indemnified by the termination of the concession, updated by the Selic rate as from publication of Ministerial Order 291 of August 3, 2017. More details in Note 4, and
    - The *Miranda* and *São Simão* plants: measured at New Replacement Value (Valor Novo de Reposição, or VNR), based on the Company’s estimates, to be updated after such amount be authorized by Aneel.
  4. *Derivative financial instruments - Swap transactions*: recognized initially at their fair value and the attributable transaction costs are recognized in the Statement of income when they are incurred. After initial recognition, derivatives are measured at fair value and changes in fair value are accounted for in the statement of income.
  5. *Derivative financial instruments (put options)*: measured at fair value using the Black-Scholes-Merton (BSM) method.
- Other financial liabilities – Non-derivative financial liabilities: related to Loans and financings; debentures; debt agreed with the Pension Fund (Forluz); concessions payable; suppliers; advances from clients. They are measured at amortized cost using the effective interest rate method.

## a) Derivative financial instruments:

### Put option – SAAG

Option contracts were signed between Cemig GT and the private pension entities that participate in the investment structure of SAAG (comprising FIP Melbourne, Parma Participações S.A. and FIP Malbec, jointly, 'the Investment Structure'), giving those entities the right to sell units in the Funds that comprise the Investment Structure, at the option of the Funds, in the 84<sup>th</sup> (eighty-fourth) month from June 2014. The exercise price of the Put Options will correspond to the amount invested by each private pension plan in the Investment Structure, updated pro rata temporis by the Expanded National Customer Price (IPCA) index published by the IBGE, plus interest at 7% per year, less such dividends and Interest on Equity as shall have been paid by SAAG to the pension plan entities. This option was considered to be a derivative instrument, accounted at fair value through profit or loss.

For measurement of the fair value of SAAG put options Company uses the Black-Scholes-Merton ('BCM') model. The assumption was made that the future expenditures of FIP Malbec and FIP Melbourne are insignificant, so that the options are valued as if they were direct equity interests in Mesa. However, neither SAAG nor Mesa are traded on a securities exchange, so that some assumptions are necessary for calculation of the price of the asset and its volatility for application of the BSM model. The closing price of the share of Mesa on December 31, 2017 is ascertained on the basis of free cash flow to equity holders (FCFE), expressed by equivalence of the indirect interests held by the FIPs. Volatility, in turn, is measured as an average of historic volatility (based on the hypothesis that the series of the difference of continuously capitalized returns follows a normal distribution) of comparable companies in the electricity generation sector that are traded on the Bovespa.

Based on the studies made, a liability of R\$ 316,050 (R\$311,593 on December 31, 2017) is recorded in the Company's Interim Financial Information, for the difference between the exercise price and the estimated fair value of the assets.

The changes in the value of the options are as follows:

	Consolidated	Holding company
<b>Balance at December 31, 2016</b>	<b>196,173</b>	<b>196,173</b>
Variation in fair value	46,936	46,936
<b>Balance at March 31, 2017</b>	<b>243,109</b>	<b>243,109</b>
<b>Balance at December 31, 2017</b>	<b>311,593</b>	<b>311,593</b>
Variation in fair value	4,457	4,457
<b>Balance at March 31, 2018</b>	<b>316,050</b>	<b>316,050</b>

Company made an analysis of the sensitivity of the exercise price of the option, varying the risk-free interest rate and the volatility, keeping the other variables of the model unchanged. In this context, scenarios for the risk-free interest rate at 5.66% to 9.66% p.a., and for volatility between 19% and 79% p.a., were used, resulting in estimates of minimum and maximum price for the put option of R\$ 284,810 and R\$ 375,389, respectively.

### Swap transactions

Considering that part of the loans and financings of the Company's subsidiaries is denominated in foreign currency, the companies use derivative financial instruments (swap transactions) to protect the servicing associated with these debts (principal plus interest).

The derivative instruments contracted have the purpose of protecting the operations against the risks arising from foreign exchange variation and are not used for speculative purposes.

The amounts of the principal of derivative transactions are not presented in the balance sheet, since they refer to transactions that do not require cash principal payments to be made: only the gains or losses that actually occur are recorded. The net result of these transactions was positive adjustment, on March 31, 2018, of R\$ 97,517, recorded in finance income (expenses).

The Company has a Financial Risks Management Committee, created to monitor the financial risks in relation to volatility and trends of inflation indices, exchange rates and interest rates that affect its financial transactions and which could negatively affect its liquidity and profitability. The Committee implements action plans and sets guidelines for proactive control of the financial risks environment.

The table below shows the derivative instruments contracted by Company at March 31, 2018 and December 31, 2017:

Company's right (1)	Company's obligation	Maturity period	Trading market	Value of principal contracted (2)	Unrealized gain / loss		Unrealized gain / loss	
					Amount according to contract 03/31/2018	Fair value 03/31/2018	Amount according to contract 12/31/2017	Fair value 12/31/2017
US\$: FX variation + Rate (9.25% p.a.)	R\$: 150.49% of CDI	From 03/2018 to 12/2024	Over the counter	US\$1,000,000	69,865	65,055	50,792	(32,462)

- 1) For the principal, the swap operation has a low limit of R\$ 3.25 and high limit of R\$ 5.00.
- 2) In thousands of US dollar (US\$).

The counterparties of the derivative transactions are the banks Bradesco, Itaú, Goldman Sachs and BTG Pactual. Cemig is guarantor of the derivative instruments contracted by Cemig GT.

## b) Risk management

Corporate risk management is a management tool that is an integral part of the Company's corporate governance practices, and is aligned with the process of planning, which sets the Company's strategic business objectives

The Company has a Financial Risks Management Committee, the purpose of which is to implement guidelines and monitor the financial risk of transactions that could negatively affect the Company's liquidity or profitability, recommending hedge protection strategies to control the Company's exposure to foreign exchange rate risk, interest rate risk, and inflation risks.

The principal risks to which the Company and its subsidiaries are exposed are as follows:

### Interest rate risk

On March 31, 2018 the Company and its subsidiaries were exposed to the risk of increase in Brazilian domestic interest rates. This exposure occurs as a result of net liabilities indexed to variation in interest rates, as follows:

Risk: Exposure to domestic interest rate changes	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
<b>Assets</b>				
Cash equivalents – Cash investments (note 5)	142,624	398,639	116,675	364,092
Securities (note 6)	199,636	535,622	79,448	408,925
Accounts receivable – Renova (note 25)	358,789	350,200	358,789	350,200
Advances to suppliers	154,729	103,998	121,101	71,975
Receivable for residual value – Generation – SELIC (note 11)	1,101,591	1,084,346	1,101,591	1,084,346
Restricted cash	18,630	18,344	18,602	18,326
	<b>1,975,999</b>	<b>2,491,149</b>	<b>1,796,206</b>	<b>2,297,864</b>
<b>Liabilities</b>				
Loans, financings and debentures – CDI rate (note 17)	(3,635,333)	(3,745,699)	(3,639,756)	(3,748,634)
Loans, financings and debentures – TJLP (note 17)	(1,572)	(2,359)	(1,572)	(2,359)
Advances from clients – CDI (note 7)	(139,362)	(147,066)	(139,362)	(147,066)
	<b>(3,776,267)</b>	<b>(3,895,124)</b>	<b>(3,780,690)</b>	<b>(3,898,059)</b>
<b>Net liabilities exposed</b>	<b>(1,800,268)</b>	<b>(1,403,975)</b>	<b>(1,984,484)</b>	<b>(1,600,195)</b>

### Sensitivity analysis

In relation to the most significant interest rate risk, the Company and its subsidiaries estimate that, in a probable scenario, on March 31, 2019 the Selic and TLP rates will be 6.25%. The Company and its subsidiaries have made a sensitivity analysis of the effects on its profit arising from increases in rates of 25% and 50% in relation to the 'probable' scenario. Variation in the CDI rate accompanies the variation in the Selic rate.

Estimation of scenarios for the path of interest rates considers the projections made by The Company and its subsidiaries, based on its financial consultants.

Risk: Increase in Brazilian interest rates Consolidated	03/31/2018	03/31/2019		
	Book value	'Probable' scenario Selic 6.25% TJLP 6.25%	'Possible' scenario Selic 7.81% TJLP 7.81%	'Remote' scenario Selic 9.38% TJLP 9.38%
<b>Assets</b>				
Cash equivalents – Cash investments (note 5)	142,624	151,538	153,763	156,002
Securities (note 6)	199,636	212,113	215,228	218,362
Accounts receivable – Renova (note 25)	358,789	381,213	386,810	392,443
Advances to suppliers	154,729	164,400	166,813	169,243
Receivable for residual value – Generation – SELIC (note 11)	1,101,591	1,170,440	1,187,625	1,204,920
Restricted cash	18,630	19,794	20,085	20,377
	<b>1,975,999</b>	<b>2,099,498</b>	<b>2,130,324</b>	<b>2,161,347</b>
<b>Liabilities</b>				
Loans, financings and debentures – CDI rate (note 17)	(3,635,333)	(3,862,541)	(3,919,253)	(3,976,327)
Loans, financings and debentures – TJLP (note 17)	(1,572)	(1,670)	(1,695)	(1,719)
Advances from clients – CDI (note 7)	(139,362)	(148,072)	(150,246)	(152,434)
	<b>(3,776,267)</b>	<b>(4,012,283)</b>	<b>(4,071,194)</b>	<b>(4,130,480)</b>
<b>Net liabilities exposed</b>	<b>(1,800,268)</b>	<b>(1,912,785)</b>	<b>(1,940,870)</b>	<b>(1,969,133)</b>
<b>Net effect of variation in interest rates</b>		<b>(112,517)</b>	<b>(140,602)</b>	<b>(168,865)</b>

### Risk of increase in inflation

The Company and its subsidiaries are not exposed to the risk of inflation rise due to having more assets than liabilities indexed to the variation of inflation indicators, as follow:

Exposure to increase in inflation	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
<b>Assets</b>				
Concession financial assets related to Distribution infrastructure - IPCA (note 11)	2,357,819	2,337,135	-	-
Receivable for residual value – Transmission – IPCA (note 11)	1,852,673	1,928,038	1,852,673	1,928,038
	<b>4,210,492</b>	<b>4,265,173</b>	<b>1,852,673</b>	<b>1,928,038</b>
<b>Liabilities</b>				
Loans, financings and debentures – IPCA (note 17)	(1,155,776)	(1,343,545)	(1,155,776)	(1,343,545)
Debt agreed with pension fund (Forluz) – IPCA (note 19)	(159,516)	(163,049)	(159,516)	(163,049)
Forluz deficit of pension plan (note 19)	(86,891)	(64,109)	(86,891)	(64,109)
	<b>(1,402,183)</b>	<b>(1,570,703)</b>	<b>(1,402,183)</b>	<b>(1,570,703)</b>
<b>Net assets</b>	<b>2,808,309</b>	<b>2,694,470</b>	<b>450,490</b>	<b>357,335</b>

### Sensitivity analysis

In relation to the most significant risk of increase in inflation, the Company and its subsidiaries estimate that, in a probable scenario, on March 31, 2019 the IPCA inflation index will be 4.32%. The Company and its subsidiaries has made a sensitivity analysis of the effects on its profit arising from increases in inflation of 25% and 50% in relation to the 'probable' scenario, naming these the 'possible' and 'remote' scenarios, respectively.



Risk: increase in inflation Consolidated	03/31/2018	03/31/2019		
	Book value	'Probable' scenario IPCA 4.32%	'Possible' scenario IPCA 5.40%	'Remote' scenario IPCA 6.48%
<b>Assets</b>				
Concession financial assets related to Distribution infrastructure - IPCA (note 11)	2,357,819	2,459,677	2,485,141	2,510,606
Receivable for residual value – Transmission – IPCA (note 11)	1,852,673	1,932,708	1,952,717	1,972,726
	<b>4,210,492</b>	<b>4,392,385</b>	<b>4,437,858</b>	<b>4,483,332</b>
<b>Liabilities</b>				
Loans, financings and debentures – IPCA (note 17)	(1,155,776)	(1,205,706)	(1,218,188)	(1,230,670)
Debt agreed with pension fund (Forluz) – IPCA (note 19)	(159,516)	(166,407)	(168,130)	(169,853)
Forluz deficit of pension plan (note 19)	(86,891)	(90,645)	(91,583)	(92,522)
	<b>(1,402,183)</b>	<b>(1,462,758)</b>	<b>(1,477,901)</b>	<b>(1,493,045)</b>
<b>Net assets</b>	<b>2,808,309</b>	<b>2,929,627</b>	<b>2,959,957</b>	<b>2,990,287</b>
<b>Net effect of variation in inflation</b>		<b>121,318</b>	<b>151,648</b>	<b>181,978</b>

### Exchange rate risk

The Company and its subsidiaries are exposed to the risk of increase in exchange rates, with effect on Loans and financings, Suppliers, and cash flow.

The net exposure to exchange rates is as follows:

Exposure to exchange rates	Consolidated and Holding company			
	03/31/2018		12/31/2017	
	Foreign currency	R\$	Foreign currency	R\$
<b>US dollar</b>				
Loans and financings (note 17)	1,034,746	3,439,496	1,007,785	3,333,149
<b>Euro</b>				
Loans and financings (note 17)	1,109	4,531	1,105	4,383
<b>Net liabilities exposed</b>	<b>1,035,855</b>	<b>3,444,027</b>	<b>1,008,890</b>	<b>3,337,532</b>

### Sensitivity analysis

Based on information from its financial consultants, the Company and its subsidiaries estimate that in a probable scenario the variation of the exchange rates of foreign currencies in relation to the Real, on March 31, 2019 will be an appreciation of the dollar by 5.23%, to R\$ 3.50/US\$, and depreciation of the Euro by 1.32%, to R\$ 4.03/€. The Company has made a sensitivity analysis of the effects on the Company's profit arising from depreciation of the Real exchange rate by 25%, and by 50%, in relation to this 'probable' scenario.

Exposure to exchange rates	03/31/2018	03/31/2019		
	Book value	Scenario US\$1=R\$ 3.50 EUR1=R\$ 4.03	Scenario US\$1=R\$ 4.37 EUR1=R\$ 5.04	Scenario US\$1=R\$ 5.25 EUR1=R\$ 6.05
<b>US dollar</b>				
Loans and financings (note 17)	3,439,496	3,619,542	4,524,427	5,429,313
<b>Euro</b>				
Loans and financings (note 17)	4,531	4,471	5,589	6,707
<b>Net liabilities exposed</b>	<b>3,444,027</b>	<b>3,624,013</b>	<b>4,530,016</b>	<b>5,436,020</b>
<b>Net effect of Exchange rate risk</b>		<b>179,986</b>	<b>1,085,989</b>	<b>1,991,993</b>

## Liquidity risk

Cemig GT has sufficient cash flow to cover the cash needs related to its operating activities.

The Company manages liquidity risk with a group of methods, procedures and instruments that are coherent with the complexity of the business, and applied in permanent control of the financial processes, to guarantee appropriate risk management.

Company manages liquidity risk by permanently monitoring its cash flow in a conservative, budget-oriented manner. Balances are projected monthly, for each one of the companies, over a period of 12 months, and daily liquidity is projected over 180 days.

Short-term investments must comply with certain rigid investing principles established in the Company's Cash Investment Policy, which was approved by the Financial Risks Management Committee. These include applying its resources in private credit investment funds, without market risk, and investment of the remainder directly in bank CDs or repo contracts which earn interest at the CDI rate.

In managing cash investments, the Company seeks to obtain profitability through a rigid analysis of financial institutions' credit, applying operational limits for each bank, based on assessments that take into account their ratings, exposures and balance sheets. It also seeks greater returns on investments by strategically investing in securities with longer investment maturities, while bearing in mind the Company's minimum liquidity control requirements.

Any reduction in the Company's ratings could result in a reduction of its ability to obtain new financings and could also make refinancings of debts not yet due more difficult or more costly. In this situation, any financing or refinancing of the Company's debt could have higher interest rates or might require compliance with more onerous covenants, which could additionally cause restrictions to the operations of the business.

The flow of payments of the Company's obligation to suppliers, for debts agreed with the pension fund, loans, financings and debentures, at floating and fixed rates, including future interest up to contractual maturity dates, is shown in this table:

	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
<b>Financial instruments at (interest rates):</b>						
<b>- Floating rates</b>						
Loans, financings and debentures	32,047	216,711	2,205,615	5,256,694	5,099,426	12,810,493
Concessions payable	248	490	2,117	9,634	14,870	27,359
Debt agreed with pension plan (Forluz)	5,090	5,091	23,346	138,503	49,132	221,162
Solution plan for deficit of the pension plan (FORLUZ)	777	1,562	7,153	42,436	120,885	172,813
	<b>38,162</b>	<b>223,854</b>	<b>2,238,231</b>	<b>5,447,267</b>	<b>5,284,313</b>	<b>13,231,827</b>
<b>- Fixed rate</b>						
Suppliers	168,902	147,682	-	-	-	316,584
	<b>207,064</b>	<b>371,536</b>	<b>2,238,231</b>	<b>5,447,267</b>	<b>5,284,313</b>	<b>13,548,411</b>

### Credit risk

The Company's risk of losses due to difficulty in receipt of amounts invoiced to clients is considered to be low. The Company carries out monitoring for the purpose of reducing default, on an individual basis, with its customers. Negotiations are also entered into for receipt of any receivables in arrears.

The allowance for doubtful debtors constituted on March 31, 2018, considered to be adequate in relation to the credits in arrears receivable by the Company was R\$21.756.

In relation to the risk of losses resulting from insolvency of the financial institutions at which the Company or its subsidiaries have deposits, a Cash Investment Policy was approved and has been in effect since 2004.

Cemig GT manages the counterparty risk of financial institutions based on an internal policy approved by its Financial Risks Management Committee.

This Policy assesses and scales the credit risks of the institutions, the liquidity risk, the market risk of the investment portfolio and the Treasury operational risk.

All investments are made in financial securities that have fixed-income characteristics, always indexed to the CDI rate. The Company does not carry out any transactions that would bring volatility risk into its financial statements.

As a management instrument, Cemig GT divides the investment of its funds into direct purchases of securities (own portfolio) and investment funds. The investment funds invest the funds exclusively in fixed income products, and companies of the Group are the only unit holders. They obey the same policy adopted in the investments for the Company's directly-held own portfolio.

The minimum requirements for concession of credit to financial institutions are centered on three items:

1. Rating by three risk rating agencies.
2. Equity greater than R\$ 400 million.
3. Basel ratio one percentage point above the minimum required by the Brazilian Central Bank.

Banks that exceed these thresholds are classified in three groups, by the value of their equity; and within this classification, limits of concentration by group and by institution are set:

Group	Equity	Concentration	Limit per bank (% of equity) (1)
A1	Over R\$ 3.5 billion	Minimum of 80%	Between 6% and 9%
A2	R\$ 1.0 billion to R\$ 3.5 billion	Maximum 20%	Between 5% and 8%
B	R\$ 400 million to R\$ 1.0 billion	Maximum 20%	Between 5% and 7%

(1) The percentage assigned to each bank depends on individual assessment of indicators, e.g. liquidity, and quality of the credit portfolio.

Further to these points, Cemig also sets two concentration limits:

1. No bank may have more than 30% of the Group's portfolio.
2. No bank may have more than 50% of the portfolio of any individual company.

### Hydrological risk

The greater part of the energy sold by the Company's subsidiaries is generated by hydroelectrical plants. A prolonged period of scarce rainfall can result in lower water volumes in the plants' reservoirs, possibly causing losses due to increased costs of purchasing electricity, due to replacement by thermoelectric generation, or reduction of revenues due to reduction in consumption caused by implementation of wide-ranging programs for saving of electricity.

### Risk of early maturity of debt

The Company has loans, financings and debentures contracts with covenants relating to financial indices of Cemig GT and its controlling shareholder, and cross-default clauses.

As of December 31, 2017, the Company was in compliance with the covenants requiring semi-annual compliance. More details in note 17.

## c) Capital management

The comparisons of the Company's net liabilities and its Equity are as follows:

	Consolidated		Holding company	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Total liabilities	11,139,962	11,916,796	11,082,185	11,784,433
(-) Cash and cash equivalents (note 5)	(150,188)	(403,339)	(123,136)	(366,169)
<b>Net liabilities</b>	<b>10,989,774</b>	<b>11,513,457</b>	<b>10,959,049</b>	<b>11,418,264</b>
<b>Total equity</b>	<b>5,041,110</b>	<b>4,793,832</b>	<b>5,041,110</b>	<b>4,793,832</b>
<b>Net liabilities / equity</b>	<b>2.18</b>	<b>2.40</b>	<b>2.17</b>	<b>2.38</b>

## 27. MEASUREMENT AT FAIR VALUE

The Company measures its financial assets and liabilities at fair value. Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Fair Value Hierarchy aims to increase consistency and comparability: it divides the inputs used in measuring fair value into three broad levels, as follows:

- Level 1 – Active market – Quoted prices: A financial instrument is considered to be quoted in an active market if the prices quoted are promptly and regularly made available by an exchange or organized over-the-counter market, by operators, by brokers or by a market association, by entities whose purpose is to publish prices, or by regulatory agencies, and if those prices represent regular arm's length market transactions made without any preference.
- Level 2 – No active market – Valuation technique: For an instrument that does not have an active market, fair value should be found by using a method of valuation/pricing. Criteria such as data on the current fair value of another instrument that is substantially similar, or discounted cash flow analysis or option pricing models, may be used. The objective of the valuation technique is to establish what would be the transaction price on the measurement date in an arm's-length transaction motivated by business considerations.
- Level 3 – No active market – No observable inputs: The fair value of investments in securities for which there are no prices quoted on an active market, or of derivatives linked to them which are to be settled by delivery of unquoted securities, is determined based on generally accepted valuation techniques, mainly related to discounted cash flow analysis.

The following is a summary of the financial instruments and its respective fair values:

Consolidated	Balance on March 31, 2018	Fair value at March 31, 2018		
		Active market – quoted price (Level 1)	No active market – Valuation technique (Level 2)	No active market – No observable inputs (Level 3)
<b>Financial Assets:</b>				
<u>Amortized cost</u>				
Cash equivalents – Cash investments	142,624	-	142,624	-
Securities	12,451	-	12,451	-
Customers, traders and Concession holders – Transport of electricity	961,529	-	961,529	-
Restricted cash	18,630	-	18,630	-
Advances to suppliers	154,729	-	154,729	-
Receivable from related parties	360,043	-	360,043	-
Escrow deposits	313,870	-	313,870	-
Concession financial assets – Transmission Infrastructure	546,672	-	-	546,672
Concession grant fee – Generation concessions	2,357,819	-	-	2,357,819
	<b>4,868,367</b>	-	<b>1,963,876</b>	<b>2,904,491</b>
<u>Fair value through profit or loss</u>				
Securities				
Bank certificates of deposit	707	-	707	-
Financial Notes (LFs) – Banks	84,358	-	84,358	-
Treasury Financial Notes	98,877	98,877	-	-
Debenture	3,243	-	3,243	-
	<b>187,185</b>	<b>98,877</b>	<b>88,308</b>	-
Derivative financial instruments – Swaps	72,735	-	-	72,735
Receivable for residual value – Transmission	1,852,673	-	-	1,852,673
Receivable for residual value – Generation	1,918,002	-	-	1,918,002
	<b>4,030,595</b>	<b>98,877</b>	<b>88,308</b>	<b>3,843,410</b>
	<b>8,898,962</b>	<b>98,877</b>	<b>2,052,184</b>	<b>6,747,901</b>
<b>Financial liabilities:</b>				
<u>Amortized cost</u>				
Loans, financings and debenture	(8,135,163)	-	(8,135,163)	-
Debt agreed with pension fund (Forluz)	(159,516)	-	(159,516)	-
Forluz deficit of pension plan - FORLUZ	(86,891)	-	(86,891)	-
Concessions payable	(21,145)	-	-	(21,145)
Suppliers	(316,584)	-	(316,584)	-
Advances from clients	(139,362)	-	(139,362)	-
	<b>(8,858,661)</b>	-	<b>(8,837,516)</b>	<b>(21,145)</b>
<u>Fair value through profit or loss</u>				
Derivative financial instruments – Swaps	(7,680)	-	-	(7,680)
Derivative financial Instruments - put options	(316,050)	-	-	(316,050)
	<b>(323,730)</b>	-	-	<b>(323,730)</b>
	<b>(9,182,391)</b>	-	<b>(8,837,516)</b>	<b>(344,875)</b>

Consolidated	Balance on December 31, 2017	Fair value at December 31, 2017		
		Active market – quoted price (Level 1)	No active market – Valuation technique (Level 2)	No active market – No observable inputs (Level 3)
<b>Financial Assets:</b>				
<u>Amortized cost</u>				
Cash equivalents – Cash investments	398,639	-	398,639	-
Securities	21,291	-	21,291	-
Customers, traders and Concession holders – Transport of electricity	939,640	-	939,640	-
Restricted cash	18,344	-	18,344	-
Advances to suppliers	103,998	-	103,998	-
Receivable from related parties	351,709	-	351,709	-
Escrow deposits	309,994	-	309,994	-
Concession financial assets – Transmission Infrastructure	547,800	-	-	547,800
Concession grant fee – Generation concessions	2,337,135	-	-	2,337,135
	<b>5,028,550</b>	<b>-</b>	<b>2,143,615</b>	<b>2,884,935</b>
<u>Fair value through profit or loss</u>				
Securities				
Bank certificates of deposit	1,214	-	1,214	-
Financial Notes (LFs) – Banks	142,881	-	142,881	-
Treasury Financial Notes	364,561	364,561	-	-
Debenture	5,675	-	5,675	-
	<b>514,331</b>	<b>364,561</b>	<b>149,770</b>	<b>-</b>
Derivative financial instruments – Swaps				
Derivative financial instruments – Swaps	8,649	-	-	72,735
Receivable for residual value – Transmission	1,928,038	-	-	1,852,673
Receivable for residual value – Generation	1,900,757	-	-	1,918,002
	<b>4,866,106</b>	<b>364,561</b>	<b>155,445</b>	<b>3,843,410</b>
	<b>9,894,656</b>	<b>364,561</b>	<b>2,299,060</b>	<b>6,728,345</b>
<b>Financial liabilities:</b>				
<u>Amortized cost</u>				
Loans, financings and debenture	(8,320,163)	-	(8,320,163)	-
Debt agreed with pension fund (Forluz)	(163,049)	-	(163,049)	-
Forluz deficit of pension plan - FORLUZ	(64,109)	-	(64,109)	-
Concessions payable	(21,227)	-	-	(21,227)
Suppliers	(472,043)	-	(472,043)	-
Advances from clients	(190,758)	-	(190,758)	-
	<b>(9,231,349)</b>	<b>-</b>	<b>(9,210,122)</b>	<b>(21,227)</b>
<u>Fair value through profit or loss</u>				
Derivative financial instruments – Swaps				
Derivative financial instruments – Swaps	(41,111)	-	-	(7,680)
Derivative financial Instruments - put options				
Derivative financial Instruments - put options	(311,593)	-	-	(316,050)
	<b>(352,704)</b>	<b>-</b>	<b>-</b>	<b>(323,730)</b>
	<b>(9,584,053)</b>	<b>-</b>	<b>(9,210,122)</b>	<b>(344,957)</b>

## Fair value calculation of financial positions

Receivable for residual value – Transmission: measured at New Replacement Value (*Valor Novo de Reposição*, or VNR), according to criteria established in regulations by the Concession grantor ('Grantor'), based on fair value of the assets in service belonging to the concession and which will be revertible at the end of the concession, and on the Weighted average cost of capital (WACC) used by the Grantor, which reflects the concession holder's return on the operations of the concession. The VNR and the WACC are public information disclosed by the Grantor and by Cemig;

#### Receivable for residual value – Generation:

- Plants operated under the ‘quotas’ regime: measured at New Replacement Value (*Valor Novo de Reposição*, or VNR ), according to criteria established by the concession Grantor, based on the assets fair value to be indemnified by the termination of the concession, updated by the Selic rate as from publication of Ministerial Order 291 of August 3, 2017. More details in Note 4.
- The *Miranda* and *São Simão* plants: measured at New Replacement Value (*Valor Novo de Reposição*, or VNR), based on Company’s estimates to be used after such amount be authorized by Aneel.

Cash investments: The fair value of cash investments is calculated taking into consideration the market prices of the security, or market information that makes such calculation possible, and future rates in the fixed income and FX markets applicable to similar securities. The market value of the security is deemed to be its maturity value discounted to present value by the discount factor obtained from the market yield curve in Reais.

#### Derivative financial instruments

The Company’s derivative financial instruments are put options, and swap transactions for protection of debts.

Swap transactions: The fair value of the swap transactions was calculated based on the security market value at the due date brought to present value using discount factor from the market yield curve in Reais.

Put options: The put options for units of FIP Melbourne and FIP Malbec (‘the SAAG Put’) were measured at fair value using the Black-Scholes-Merton (BSM) method.

The movement in relation to the put options and other information about derivative financial instruments is given in Note 26 to the interim financial information.

Other financial liabilities: The Company has calculated the fair value of its loans, financings and debentures using 148.10% of the CDI rate – based on its most recent borrowings. For the loans, financings and debentures, and debt renegotiated with Forluz, with annual rates between IPCA + 6.20% to 8.07% and CDI + 1.60% to 5.62%, the Company considered fair value to be substantially equal to book value.

## **28. OPERATING SEGMENTS**

The operating segments of the Company reflect their management and their organizational structure, used to monitoring its results and are aligned with the regulatory framework of the Brazilian electricity sector, with different legislation for the sectors of generation and transmission of electric energy.



The Company operates in the generation and transmission segment while its subsidiaries operate only in the generation segment.

The tables below show segment information for March 31, 2018 and 2017:

DESCRIPTION	March 31, 2018		
	Generation	Transmission	Total
<b>ASSETS</b>	<b>13,519,189</b>	<b>2,661,883</b>	<b>16,181,072</b>
INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES	4,760,661	-	4,760,661
ADDITIONS TO THE SEGMENT	87,265	-	87,265
ADDITIONS TO FINANCIAL ASSETS	-	1,063	1,063
<b>NET REVENUE</b>	<b>1,423,212</b>	<b>139,272</b>	<b>1,562,484</b>
<b>COST OF ELECTRICITY SERVICE</b>			
Electricity purchased for resale	(795,414)	-	(795,414)
Charges for use of the national grid	(69,642)	-	(69,642)
	(865,056)	-	(865,056)
<b>OPERATING COSTS AND EXPENSES</b>			
Personnel	(54,360)	(25,179)	(79,539)
Employees' and managers' profit sharing	(2,936)	(1,654)	(4,590)
Post-retirement obligations	(11,634)	(6,229)	(17,863)
Materials	(1,495)	(554)	(2,049)
Outsourced services	(20,044)	(6,874)	(26,918)
Depreciation and amortization	(36,549)	-	(36,549)
Provisions	(7,970)	(1,029)	(8,999)
Construction costs	-	(1,063)	(1,063)
Other operating expenses, net	(9,922)	(2,864)	(12,786)
	<b>(144,910)</b>	<b>(45,446)</b>	<b>(190,356)</b>
<b>OPERATING COSTS AND EXPENSES</b>	<b>(1,009,966)</b>	<b>(45,446)</b>	<b>(1,055,412)</b>
Equity in earnings of unconsolidated investees, net	(31,230)	-	(31,230)
<b>Income before finance income (expenses)</b>	<b>382,016</b>	<b>93,826</b>	<b>475,842</b>
Finance income	124,433	8,211	132,644
Finance expenses	(236,533)	(1,170)	(237,703)
<b>Income before income tax and social contribution tax</b>	<b>269,916</b>	<b>100,867</b>	<b>370,783</b>
Income and Social Contribution taxes	(92,517)	(30,988)	(123,505)
<b>NET INCOME FOR THE PERIOD</b>	<b>177,399</b>	<b>69,879</b>	<b>247,278</b>

DESCRIPTION	March 31, 2017		
	Generation	Transmission	Total
<b>ASSETS</b>	<b>13,742,168</b>	<b>2,696,726</b>	<b>16,438,894</b>
INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES	5,380,762	-	5,380,762
ADDITIONS TO THE SEGMENT	165,727	-	165,727
ADDITIONS TO FINANCIAL ASSETS	-	2,920	2,920
<b>NET REVENUE</b>	<b>1,527,647</b>	<b>146,636</b>	<b>1,674,283</b>
<b>COST OF ELECTRICITY SERVICE</b>			
Electricity purchased for resale	(734,282)	-	(734,282)
Charges for use of the national grid	(81,849)	(87)	(81,936)
	(816,131)	(87)	(816,218)
<b>OPERATING COSTS AND EXPENSES</b>			
Personnel	(66,685)	(24,660)	(91,345)
Employees' and managers' profit sharing	(3,025)	(1,412)	(4,437)
Post-retirement obligations	(14,124)	(5,941)	(20,065)
Materials	(1,976)	(546)	(2,522)
Raw material and inputs for production of electricity	(39)	-	(39)
Outsourced services	(21,830)	(4,871)	(26,701)
Depreciation and amortization	(41,174)	-	(41,174)
Provisions	(53,784)	(1,783)	(55,567)
Construction costs	-	(2,920)	(2,920)
Other operating expenses, net	(17,285)	(2,253)	(19,538)
	(219,922)	(44,386)	(264,308)
<b>OPERATING COSTS AND EXPENSES</b>	<b>(1,036,053)</b>	<b>(44,473)</b>	<b>(1,080,526)</b>
Equity in earnings of unconsolidated investees, net	(25,224)	-	(25,224)
<b>Income before finance income (expenses)</b>	<b>466,370</b>	<b>102,163</b>	<b>568,533</b>
Finance income	42,803	1,775	44,578
Finance expenses	(339,225)	(667)	(339,892)
<b>Income before income tax and social contribution tax</b>	<b>169,948</b>	<b>103,271</b>	<b>273,219</b>
Income and Social Contribution taxes	(57,699)	(30,530)	(88,229)
<b>NET INCOME FOR THE PERIOD</b>	<b>112,249</b>	<b>72,741</b>	<b>184,990</b>

## 29. SUBSEQUENT EVENTS

### Advanced payment for future energy supply

On April and May of 2018, Cemig GT made advanced payments of R\$ 54,200 to its jointly controlled investee Renova, in relation to future energy supply becoming due between September 30, 2018 and February 2019. These advances are adjusted to present value at a rate of 155% of the CDI (Interbank Rate for Interbank Certificates of Deposit or *Certificados de Depósito Inter-bancário – CDIs*).

## CONSOLIDATED RESULTS

(Thousands of Brazilian Reais – R\$ except where otherwise indicated)

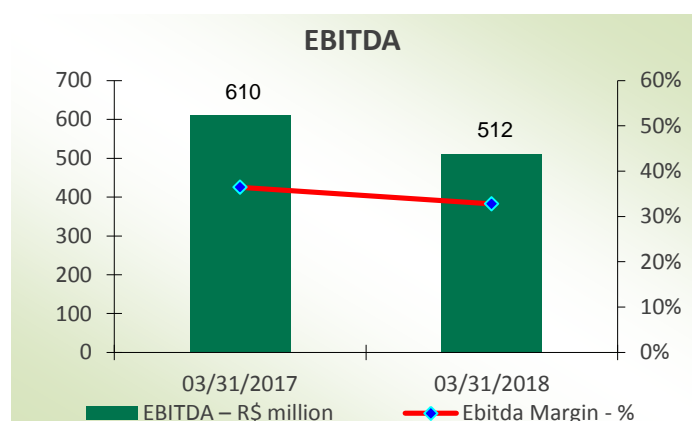
### Net income (loss) for the period

On the first quarter of 2018 (“1Q18”) Cemig GT reports net income of R\$ 247,278, which compares with its net income of R\$ 184,990 in first quarter 2017 (“1Q17”). The main variations in revenue, costs and expenses are noted below, after the Interim Financial Information.

### Ebitda (earnings before interest, tax, depreciation and amortization)

Cemig GT’s Ebitda was 15.96% lower in 1Q18 than 1Q17:

Ebitda – R\$ Thousand	03/31/2018	03/31/2017	Change, %
Net income for the period	247,278	184,990	33.67
Current and deferred income tax and Social Contribution tax	123,505	88,229	39.98
+ Net financial revenue (expenses)	105,059	295,314	(64.42)
+ Amortization and depreciation	36,549	41,174	(11.23)
<b>= Ebitda</b>	<b>512,391</b>	<b>609,707</b>	<b>(15.96)</b>



**Ebitda** is a non-accounting measure prepared by the Company, reconciled with the Interim accounting information in accordance with CVM Circular SNC/SEP 1/2007 and CVM Instruction 527 of October 4, 2012. It comprises Net income adjusted by the effects of net Financial revenue (expenses), Depreciation and amortization, and Income tax and the Social Contribution tax. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. Cemig publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net income or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

Ebitda for 1Q18 was 15.96% lower than in 1Q17, mainly reflecting operating revenues 6.68% lower period-on-period, and a smaller reduction in operational expenses, of 1.97%. Ebitda Margin in 1Q18 was 32.79%, compared to the Ebitda margin of 36.42% in 1Q17.

### **Revenue from supply of electricity**

R\$ '000	03/31/2018			03/31/2017		
	MWh	R\$ mn	Average price billed – R\$/MWh	MWh	R\$ mn	Average price billed – R\$/MWh
Industrial	3,263,105	763,656	234.03	3,434,077	790,168	230.10
Commercial	684,255	167,808	245.24	495,186	123,664	249.73
<b>Subtotal</b>	<b>3,947,360</b>	<b>931,464</b>	<b>235.97</b>	<b>3,929,263</b>	<b>913,832</b>	<b>232.57</b>
Retail supply unbilled, net	-	(45,486)	-	-	16,237	-
	<b>3,947,360</b>	<b>885,978</b>	<b>224.49</b>	<b>3,929,263</b>	<b>930,069</b>	-
Wholesale supply to other concession holders	2,620,870	679,263	259.17	2,911,274	715,827	245.88
Wholesale supply unbilled, net	-	(34,766)	-	-	(75,506)	-
	<b>6,568,230</b>	<b>1,530,475</b>	-	<b>6,840,537</b>	<b>1,570,390</b>	-

Total revenue from supply of energy in 1Q18 was R\$ 1,530,475, compared to R\$ 1,570,390 in 1Q 2017 – i.e. 2.54% lower period-on-period. This mainly reflected volume of energy sold 3.98% lower, partially offset by the effects of increases in average price billed of 1.46% to final customers, and 5.41% for supply to other concession holders, respectively.

### **Transmission revenue**

Cemig GT's revenue from transmission comprises the sum of the revenues from all the transmission assets. The concession contracts establish the Permitted Annual Revenue (*Receita Anual Permitida*, or RAP) for the assets of the existing system, updated annually based on the variation in the IPCA index. Whenever there is a strengthening, improvement or adaptation to an existing asset made under a specific authorization from Aneel, an addition is made to the RAP.

This revenue was R\$ 143,546 in 1Q18, compared to R\$ 127,060 in 1Q17 – or 12.97% higher period-on-period. This variation arises basically from the inflation adjustment of the annual RAP, which was applied in July 2017, plus the new revenues related to the investments authorized to be included. It includes an additional adjustment for expectation of cash flow from financial assets, arising from change in the fair value of the Regulatory Remuneration Assets Base (BRR).

The percentages and the indices applied in this adjustment vary according to the concessions. In 2017 the adjustment was 3.59% (the IPCA index) for the concession of Cemig GT, and 1.57% (the IGP-M Index) for the concession of Cemig Itajubá.

### Revenue from transactions in the Wholesale Trading Market (CCEE)

- Revenue from transactions in energy on the CCEE in 1Q18 was R\$ 121,734, or 44.67% lower than in 1Q17 (R\$ 220,013). The lower revenue from this source reflects the lower quantity of energy available for settlement in the wholesale market in 2018, in spite of the average Spot Price (PLD) being 32.56% higher (R\$ 201.06/MWh in 1Q18, vs. R\$ 151.67/MWh in 1Q17).

### ***Transmission Indemnity revenue***

In 1Q18 this revenue was R\$ 49,841, compared to R\$ 65,830 in 1Q17.

The Company reports the updating of the amount of indemnity receivable based on the average regulatory cost of capital, as specified in the sector regulations.

### ***Generation Indemnity revenue***

In 1Q18 the Company recognized revenue of R\$ 17,245 for the adjustment to the balance not yet amortized of the concessions for the São Simão and Miranda Hydroelectric Plants, as per Ministerial Order 291/17. For more details see Note 4 of these Interim Financial Information.

### ***Taxes and charges reported as deductions from revenue***

Taxes and charges on revenue in 1Q18 totaled R\$ 396,514, compared to R\$ 401,629 in 1Q17 – a period-on-period reduction of 1.27%. The deductions and charges with the most significant impact on revenue are mainly taxes, calculated as a percentage of sales revenue, such as ICMS tax and the Pasep and Cofins taxes. Hence, their variations are substantially proportional to the changes in revenue.

### ***Operating costs and expenses (excluding Financial revenue/expenses)***

Operating costs and expenses (excluding Net financial revenue/expenses) in 1Q18 totaled R\$ 1,055,412, or 2.32% less than in 1Q17 (R\$ 1,080,526).

For more information on the components of Operational costs and expenses see Note 23.

The following paragraphs outline the main variations in operational costs and expenses:

#### Electricity purchased for resale

The expense on energy purchased for resale in 1Q18 was R\$ 795,414, which was 8.33% more than R\$ 734,282 in 1Q17. This reflects an average volume of energy purchased 19.93% higher than prior period in 1Q18, at 5,305,723 MWh, vs. 4,423,976 MWh in 1Q17, with an offsetting effect from the average price per MWh 9.37% lower period-on-period (at R\$ 149.92 in 1Q18, vs. R\$ 165.42 in 1Q17).

#### Personnel expenses

The expense on personnel in 1Q18 was R\$ 79,539, or 12.92% lower than in 1Q17 (R\$ 91,345). In spite of the wage increase of 1.83% as from November 2017, under the Collective Wage Agreement, the negative variation mainly reflects a reduction in headcount, of 15.77% period-on-period: the average number of employees in 1Q18 was 1,335, vs. 1.585 in 1Q17.

#### Construction cost

Construction cost was 63.60% lower Period-on-period in 1Q18, at R\$ 1,063 – compared to R\$ 2,920 in 1Q17. This cost is offset in full by the accounting item Construction revenue, thus having no effect on net income.

#### Post-retirement obligation

The impact of the Company's post-retirement obligation on operating profit was an expense of R\$ 17,863 in 1Q18 – or 10.97% lower than the expense of R\$ 20,065 in 1Q17.

This variation mainly reflects the reduction in the total amount of the life insurance obligation in 4Q17, due to alterations in the capital insured, with effect on the expense recognized as from 1Q18. For more details see Note 19.

#### Operating provisions

Operational provisions in 1Q18 represented an expense of R\$ 8,999, or 83.81% less than in 1Q17 (R\$ 55,567). The difference mainly reflects the provision made for losses on the put options in Saesa – Santo Antônio Energia S.A. in 1Q18, of R\$ 4,457 – compared to the provision of R\$ 46,936 made in 1Q17.

#### ***Equity in earnings of unconsolidated investees***

An equity loss of R\$ 31,230 was recorded in 1Q18 from equity in unconsolidated investees. This compares with a loss of R\$ 25,224 recorded in 1Q17. These losses mainly come from the interests in Renova and Santo Antônio Energia.

Note 12 gives the breakdown of equity method gains/losses, by investee.

### ***Financial revenues (expenses)***

In 1Q18 the Company posted net financial expenses of R\$ 105,059. This was 64.42% less than the net financial expenses of R\$ 295,314 in 1Q17. The most significant variations in components between the two periods were:

- Lower cash investment income: R\$ 10,397 in 1Q18, compared to R\$ 22,707 in 1Q17 – 54.21% lower period-on-period. This mainly reflects the lower variation arising from the CDI rate (1.59% in 1Q18, vs. 2.98% in 1Q17) – the CDI is the principal indexor of investments.
- Gains of R\$ 97,517 on financial instruments in 1Q18, due to the adjustment to fair value of a swap relating to dollar-indexed funding raised (Eurobonds) in 4Q17. (For more information see Note 26.)
- Lower borrowing costs on loans and financings: R\$ 189,263 in 1Q18, or 34.39% less than in 1Q17 (R\$ 288,466). This basically reflects the lower variation resulting from the CDI rate – the main indexor of the debt – in 2018.

For a breakdown of financial revenues and expenses, see Note 24 of these Interim Financial Information.

### ***Income and Social Contribution tax***

In 1Q18, the expense on income tax and the Social Contribution tax was R\$ 123,505, on pre-tax profit of R\$ 370,783 – an effective rate of 33.31%. In 1Q17, the expense on income tax and the Social Contribution tax was R\$ 88,229, or 32.29% of the pre-tax profit of R\$ 273,919. These effective rates are reconciled with the nominal rates in Note 9c.

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(The original is signed by the following signatories:)

**Bernardo Afonso Salomão de  
Alvarenga**

Chief Executive Officer

**Bernardo Afonso Salomão  
de Alvarenga**

Deputy CEO (interim)

**Maurício Fernandes  
Leonardo Júnior**

Chief Finance and Investor  
Relations Officer

**José de Araújo Lins Neto**

Chief Corporate Management  
Officer

**Dimas Costa**

Chief Trading Officer

**Daniel Faria Costa**

Chief Business  
Development Officer

**Thiago de Azevedo Camargo**

Chief Institutional Relations and  
Communication Officer

**Luciano de Araújo Ferraz**

Chief Counsel

**Ronaldo Gomes de Abreu**

Director without portfolio

**Franklin Moreira Gonçalves**

Chief Generation and  
Transmission Officer

**Maura Galuppo Botelho  
Martins**

Chief Officer for Human  
Relations and Resources

**Leonardo George de Magalhães**

Controller  
CRC-MG 53.140

**Leonardo Felipe Mesquita**

Accounting Manager  
ccountant – CRC-MG 85.260



**A free translation from Portuguese into English of Independent Auditor's Report on the Review of Interim Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB**

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## **Report on the review of interim information - ITR**

To the Shareholders and Management of  
**Cemig Geração e Transmissão S.A.**  
Belo Horizonte - MG

### **Introduction**

We have reviewed the individual and consolidated interim financial information of Cemig Geração e Transmissão S.A. ("Company"), contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2018, which comprise the statement of financial position as at March 31, 2018 and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the three-month period then ended, including notes to the interim financial information.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) – Interim Financial Reporting and in accordance with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and International Standards on review of interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the individual and consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, applicable to the preparation of Quarterly Financial Information - ITR, consistently with the rules issued by the Brazilian Securities and Exchange Commission.

## **Emphasis of matter**

### **Risks related to compliance with laws and regulations**

As mentioned in Note 12 to the interim financial information, the Company has direct and indirect investments in Madeira Energia S.A. and Renova Energia S.A. and indirect investment in Norte Energia S.A. (jointly referred to as "non-controlled investees"), which are accounted for under the equity method. Currently, investigations and other legal measures are being conducted by public authorities in connection with these non-controlled investees regarding certain expenditures and their allocations, which involve and also include some of their other shareholders and certain executives of these shareholders. At this point, it is not possible to forecast future developments arising from these investigation procedures by the public authorities, nor their possible effects on the Company's interim financial information. Our conclusion is not modified in respect of this matter.

### **Risk regarding the ability of non-controlled investee Renova Energia S.A. to continue as a going concern**

As disclosed in Note 12 to the interim financial information, the non-controlled investee Renova Energia S.A. has incurred recurring losses and, as at March 31, 2018 has negative net working capital. These events or conditions indicate the existence of relevant uncertainty that may raise significant doubt about its ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### **Excess of income reserves over capital**

As at March 31, 2018, the balance of income reserves exceeds capital. Based on article 199 of the Brazilian Corporation Law (Law No. 6404/76), in this situation, Shareholders' Meeting should propose the application of the exceeding amount as capital increase or payment of dividends. As disclosed in Note 21, the Company's Board will propose to the Shareholders' Meeting a capital increase amounting to R\$ 2,600,000 thousands for elimination of excess income reserves in relation to capital in compliance with the article of referred Corporation Law. Our conclusion is not modified in respect of this matter.



## **Other matters**

### **Statements of value added**

We have also reviewed the individual and consolidated Statements of Value Added (SVA) for the three-month period ended March 31, 2018, prepared under the responsibility of Company management, the presentation of which in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR), and as supplementary information under the IFRS, whereby no SVA presentation is required. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not consistently prepared, in all material respects, in relation to the overall accompanying interim financial information.

### **Review of prior period corresponding figures**

The corresponding figures, individual and consolidated, relating to the statements of profit or loss, of comprehensive income, of changes in equity, of cash flows and value added for the three-month period ended March 31, 2017, presented for comparative purposes, were reviewed by another independent auditor who issued a review report on May 15, 2017, with an unmodified conclusion on the review of the interim financial information, containing emphasis of matters on the renewal of the concessions for Jaguará, São Simão and Miranda hydroelectric plants and on the issues described above, except for the excess of income reserves over capital.

May 15, 2018

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP015199/O-6

Shirley Nara S. Silva  
Accountant CRC-1BA022650/O-0