

XXII

Annual Meeting
with Capital Markets

Disinvestment Program

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Chief Officer for Business Development

The logo for CEMIG, featuring the company name in a bold, green, sans-serif font with a small orange square above the letter 'M'.

CEMIG

Disinvestment program

The strategy was designed to deleverage Cemig:

- After successfully executing its growth strategy, Cemig has now a valuable asset base, which needs to be disinvested to adjust its trajectory and reestablish its financial equilibrium.
- Implementation of the Disinvestment Program will bring Cemig's net debt back to the level of 2.5x Ebitda, over a shorter-term horizon than foreseen in the 'inertial' scenario.
- Given that the sale processes are subject to legislative, corporate and regulatory constraints, a portfolio has been selected that meets the needs of deleveraging based on expectation of a **success rate of at least 50%** by the first half of 2018.

Disinvestment program

→ Criteria for choice of priorities:

1



Liquidity

Assets with highest liquidity

2



Longer-term returns

Assets that are not expected to provide returns in the short term

3



Strategic

Non- strategic assets or in which we have less significant equity interests

Disinvestment program

As a result of this strategy, the following assets were sold between 2016 and 2017, for total proceeds of R\$ 2.046 billion

→ **Transchile S.A.**

- Sale of Cemig's 49% interest in the Charrua-Nueva Temuco transmission line - cash inflow of **R\$ 180 mn**

→ **Taesa**

- Follow-on in shares of Taesa – proceeds of **R\$ 800 mn**

→ **Nova Energia Holding S.A. (Renova)**

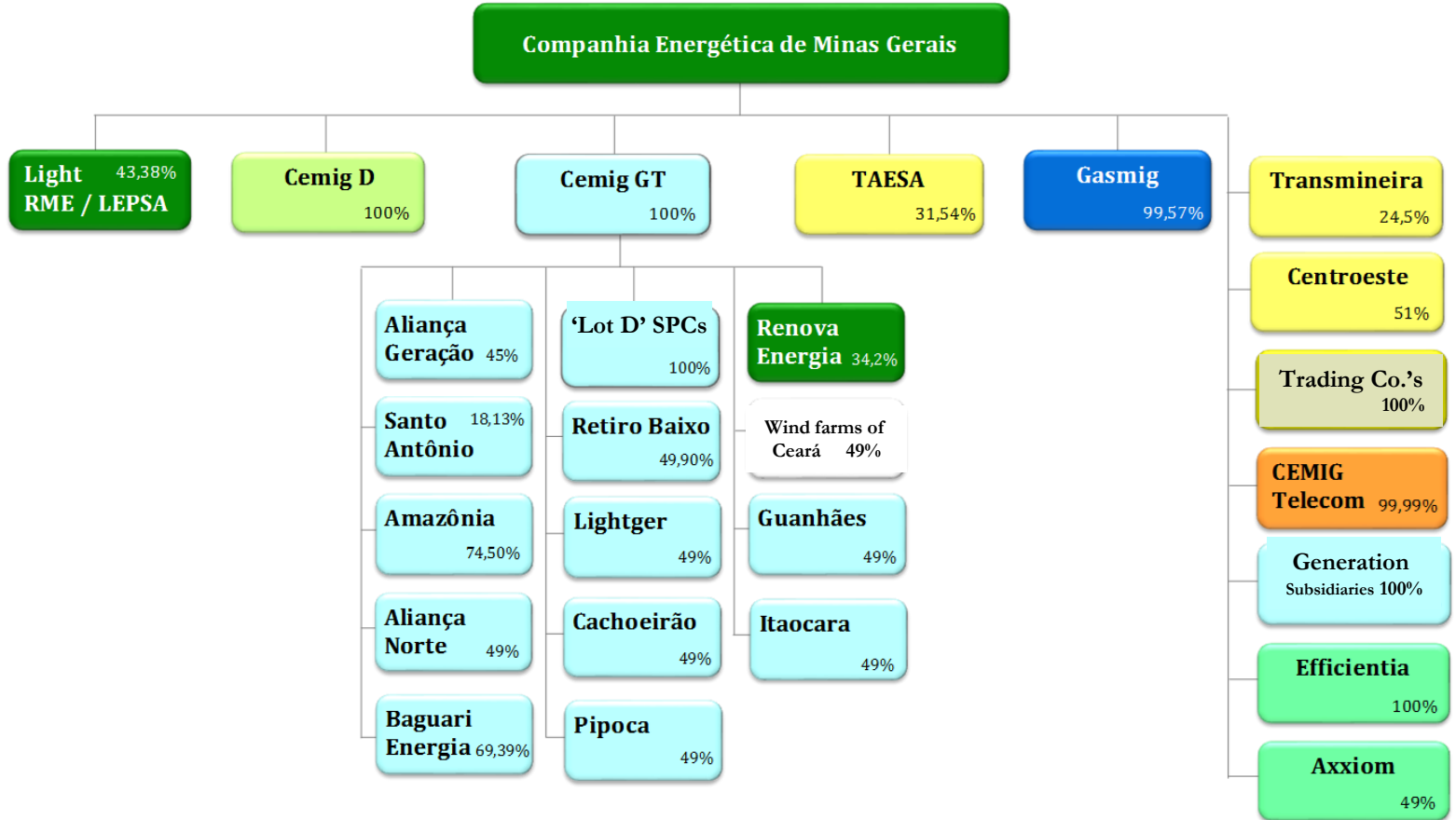
- Sale of Alto Sertão II wind power complex for **R\$ 600 mn**

→ **Terraform Global (Renova)**

- Sale of Renova's shares in TerraForm Global for **R\$ 352 mn**

→ **Ativas Data Center S.A.**

- Entry of new partner following a cash subscription of **R\$ 114 mn**, reducing our interest from 49% to 19.6%














Key

- | | | |
|---|--|---|
| Holding and sub-holding Co's | Telecoms | Transmission |
| Gas distribution | Wind power generation | Services |
| Generation | Trading company | Distribution |

Position on March 31, 2017









Disinvestment program

Company	Criterion			% stake	Book value ¹ R\$ mn	Status
						
	✓	✗	✗	19%	1,432 ²	Negotiation of equity interests
	✓	✗	✓	25%	77	Final phase of signature of contracts
	✗	✓	✓	18%	1,278	Binding proposal
	✗	✓	✗	-	315	Non-binding proposal (primary capitalization)
	✓	✗	✗	43%	530	Negotiation of equity interests
Cachoeirão, Pipoca, Paracambi	✓	✗	✗	49%	127	Negotiation of equity interests
	✗	✗	✓	49% ON 100% PN	1,202	Preparing tender
	✗	✗	✓	100%	193	Preparing tender
	✗	✓	✓	12%	1,392	Hiring advisors
Gas exploration concessions	✗	✗	✓	24.5%	16	Preparing tender
Total					6,562	

(1) Value reported in the Company's accounting. Does not represent a guarantee or expectation of the real sale value of the assets. Exceptions: Taesa, Transmineira, Renova and Light Energia

(2) Market value (BM&F Bovespa) as of March 31, 2017: R\$ 22.44/unit.

Other measures to improve cash position

Company	Criterion			Status
				
	X	✓	X	Non-binding proposal
	X	✓	X	De-contracting with distributors
	X	✓	X	Compliance with arbitration judgment
	X	X	✓	Negotiations of crossover stockholdings with Furnas
Umburanas	X	✓	X	Non-binding proposal
	✓	X	X	Non-binding proposal
Espra	✓	X	X	Non-binding proposal



Investor relations

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