

# COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

## MATERIAL ANNOUNCEMENT

### Settlement of additional Eurobond tranche

In continuation of the **Material Announcement** published on **December 7, 2018** and in compliance with CVM Instruction 358 of January 3, 2002 as amended, **Cemig** (*Companhia Energética de Minas Gerais* – listed on the stock exchanges of São Paulo, New York and Madrid), **hereby reports** to the Brazilian Securities Commission (CVM), the São Paulo Stock Exchange (B3) and the market **as follows**:

Today (July 18) Cemig’s wholly-owned subsidiary **Cemig Geração e Transmissão S.A. (‘Cemig GT’)** completed financial settlement of the additional tranche of Eurobonds arising from re-opening of the initial issue made on December 5, 2017.

The additional tranche, for US\$500 million, with settlement of principal in December 2024, with six-monthly interest, was priced on July 12, 2018 at yield of 9.14% p.a.

A hedge transaction was concomitantly contracted, for the whole period of the issue, comprising:

- a call spread on the principal, in which Cemig GT is protected over the interval between R\$ 3.85/US\$ and R\$ 5.00/US\$; and
- a swap transaction for 100% of the interest, exchanging the 9.25% annual coupon for a rate equivalent to 125.52% of the CDI rate.

This rate is significantly more advantageous than the cost of the original issue, which was for a rate equivalent to 150% of the CDI rate.

The net proceeds will be allocated to payment of debts with shorter maturities and higher average cost, resulting in lengthening of the debt profile and reduction of the Company’s financial expenses.

Belo Horizonte, July 18, 2018

Maurício Fernandes Leonardo Júnior  
Chief Finance and Investor Relations Officer