

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS

CONVOCAÇÃO

Stockholders are hereby called to an Extraordinary General Meeting of Stockholders to be held on **December 29**, 2014 at 3 p.m., at the company's head office, Av. Barbacena 1200, 21st floor, Belo Horizonte, Minas Gerais, Brazil, to decide on the following matters:

- 1 Ratification of the appointment of 3 (three) experts for valuation, for the purposes of Article 8 of Law 6404/1976, of the Stockholders' equity of Capim Branco Energia S.A. (**Capim Branco**).
- 2 Approval of the Opinion of Valuation of the Stockholders' equity of Capim Branco, at book value, prepared in accordance with the previous item.
- 3 Authorization for absorption of Capim Branco by Cemig Geração e Transmissão S.A. (Cemig GT), and the subsequent dissolution of Capim Branco.
- 4 Orientation of vote of the representative(s) of the Company in the Extraordinary Annual General Meeting of Cemig GT in relation to:
 - a) Authorization to sign a Protocol of Absorption and Justification, between Cemig GT and Capim Branco, to specify the terms and conditions that will govern the absorption of Capim Branco by Cemig GT.
 - b) Ratification of the nomination of 3 (three) experts for evaluation, for the purposes of Article 8 of Law 6404/1976, of the Stockholders' equity of Capim Branco.
 - c) Approval of the Opinion of Valuation of the Stockholders' equity of Capim Branco, at book value, prepared in accordance with sub-item 'b', above.

d) Authorization, verification and approval of an increase in the share capital of Cemig GT:

– from: R\$ 1,700,000,000.00 (one billion seven hundred million Reais), comprising:

2,896,785,358 (two billion eight hundred ninety six million seven hundred eighty five thousand three hundred fifty eight) nominal common shares without par value

– to: R\$ 1,862,845,041.33 (one billion eight hundred sixty two million eight hundred forty five thousand forty one Reais and thirty three centavos),

without issuance of new shares, thus comprising:

2,896,785,358 (two billion eight hundred ninety six million seven hundred eighty five thousand three hundred fifty eight) nominal common shares without par value;

with consequent alteration of Clause 5 of the by-laws of Cemig GT.

e) Authorization for Capim Branco to be absorbed by Cemig GT, and subsequently dissolved.

f) Authorization for Cemig GT to become successor of Capim Branco in all its rights and obligations, for all and any purposes of law or otherwise.

g) Authorization for the transfer to Cemig GT, by absorption, of all the establishments, tangible and intangible assets and goods, inventories, real estate property, credits, assets, rights, stockholdings, contracts, obligations, liabilities, tax books and tax invoices, controls, records, accounting, documents, systems and information of Capim Branco.

Any stockholder who wishes to be represented by proxy at the said General Meeting of Stockholders should obey the precepts of Article 126 of Law 6406 of 1976, as amended, and of the sole paragraph of Clause 9 of the Company's by-laws, by exhibiting at the time, or depositing, preferably by December 22, 2014, proofs of ownership of the shares, issued by a depositary financial institution, and a power of attorney with specific powers, at Cemig's Corporate Executive Secretariat Office (*Superintendência da Secretaria Geral e Executiva Empresarial*) at Av. Barbacena, 1200 – 19th Floor, B1 Wing, Belo Horizonte, Minas Gerais.

Belo Horizonte, December 11, 2014.

Djalma Bastos de Morais
Vice-Chair of the Board of Directors

PROPOSAL
BY THE BOARD OF DIRECTORS
TO THE
EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS
TO BE HELD ON
DECEMBER 29, 2014

Dear Stockholders:

The Board of Directors of Companhia Energética de Minas Gerais (Cemig) –

– *Whereas:*

a) on December 19, 2013, Cemig Geração e Transmissão S.A. (**Cemig GT**) and Vale S.A. (**Vale**) entered into the following legal instruments:

- 1) the Share purchase and sale agreement ('the Share Purchase Agreement') between Vale, as vendor, and Cemig GT, as purchaser, with Vale Geração Norte S.A. as consenting party, the purpose of which is the acquisition by Cemig GT of up to 49% of the total and voting capital of Vale Geração Norte S.A., now named Aliança Geração Norte S.A. ('the Acquisition'); and,
- 2) the Preliminary Association Agreement (the 'Preliminary Agreement'), between Vale and Cemig GT with Companhia Energética de Minas Gerais - Cemig and Vale Geração de Energia S.A. as consenting parties, providing for contribution to Vale Geração de Energia S.A. of certain Assets of Vale (the 'Vale Assets'), valued at R\$ 2,481 million, in currency of January 1, 2014, and certain assets of Cemig GT ('the Cemig GT Assets'), with value of R\$ 2,030 million, also in currency of January 1, 2014, both valuations being in accordance with an economic/financial valuation prepared by Bradesco BBI, corresponding to final share ownerships, in Vale Geração Energia S.A., of 55% by Vale and 45% by Cemig GT ('the Association'), the transaction having been authorized by the Board of Directors of Cemig and Cemig GT;

b) the formal company name of Vale Geração de Energia S.A. has been changed to Aliança Geração de Energia S.A. – **Aliança**, an unlisted company held by shares constituted in accordance with the laws of the Federal Republic of Brazil, with head office at Rua Sapucaí 383, 4th Floor, Suite 405, Bairro Floresta, 30150-904 Belo Horizonte, Minas Gerais, registered in the CNPJ/MF under No. 12.009.135/0001-05;

- c) under Clause 16.1 of the Preliminary Agreement, the Parties agreed to sign the Final Association Agreement ('the Final Agreement') within 90 (ninety) calendar days from the signature of the Preliminary Agreement;
- d) on March 17, 2014, the Parties signed the First Amendment to the Preliminary Agreement, changing the period for signature of the Final Agreement from 90 (ninety) to 180 (one hundred and eighty) days;
- e) on June 17, 2014 the Parties signed the Second Amendment to the Preliminary Agreement, changing the period for signature of the Final Agreement from 180 (one hundred and eighty) days to 240 (two hundred and forty) days, that is to say until August 16, 2014;
- f) on August 5, 2014, Cemig GT and Vale signed a Final Association Agreement, governing, among other matters, the entry of Cemig GT into the Share Capital of Aliança, by subscription of 98,029 (ninety eight thousand, and twenty nine) nominal common shares without par value;
- g) Cemig GT then held 45% in the voting and total share capital of Aliança, while Vale held 55%;
- h) the Final Agreement states that the total incorporation of Cemig Capim Branco Energia S.A. (Capim Branco) by Cemig GT is a prior condition for the closing of the association transaction, since the direct and indirect equity interest held by Cemig in the Capim Branco Consortium is one of the assets to be subscribed by Cemig GT into Aliança;
- i) by the Closing Date, Capim Branco will be totally absorbed by Cemig GT, resulting from the transfer to Cemig GT of the direct and indirect equity interests held, on today's date, by Capim Branco, equivalent to 26.4752% of the Amador Aguiar I and II Hydroelectric Projects (previously the Capim Branco I and II Hydroelectric Projects), and, of this total, (a) Capim Branco holds 21.05% of the Amador Aguiar I and II projects, and (b) Capim Branco holds 30.3030% of the share capital of Epícares which, in turn, holds 17.8947% of the Amador Aguiar I and II hydroelectric plants;
- j) the National Electricity Agency (Aneel) has approved the transfer to Aliança of the interests held by Capim Branco, by Vale and by Epícares in the shared concession of the Amador Aguiar I and Amador Aguiar II hydroelectric projects (the Capim Branco Consortium), through Aneel Authorizing Resolution 4954/2014 of November 25, 2014, published in the federal Official Gazette of December 5, 2014;
- k) by the absorption, Capim Branco will be absorbed by Cemig GT and Cemig GT will succeed it in all its rights and obligations;
- l) Cemig GT and Capim Branco will sign the Protocol of Absorption and Justification, as specified by Law 6404/1976, specifying the terms and conditions that will govern the incorporation of Capim Branco by Cemig GT;

m) for execution of the absorption of Capim Branco by Cemig GT, Cemig, Cemig GT and Capim Branco will hold an Extraordinary General Meeting of Stockholders (EGM), for, among others, the following purposes:

- 1) authorization of signature, by Cemig GT and Capim Branco, of the Protocol of Absorption and Justification, in the manner specified by Law 6404/1976, to specify the terms and conditions that will govern the absorption of Capim Branco by Cemig GT;
- 2) ratification of the appointment of 3 (three) technical experts to value the Stockholders' equity of Capim Branco, for the purposes of Article 8 of Law 6404.1976;
- 3) approval of the Opinion of Valuation of the Stockholders' equity of Capim Branco, at book value, prepared by the three experts, in accordance with Article 8 of Law 6404/1976;
- 4) authorization of the absorption of Capim Branco by Cemig GT;
- 5) authorization, verification and approval of the increase in the share capital of Cemig GT;
- 6) authorization of the absorption of Capim Branco by Cemig GT, and subsequent dissolution of Capim Branco;
- 7) authorization for Cemig GT to succeed Capim Branco in all its rights and obligations, for all purposes of law and otherwise; and
- 8) transfer to Cemig GT, by absorption, of all the establishments, tangible and intangible assets and goods, inventories, real estate property, credits, assets, rights, stockholdings, contracts, obligations, liabilities, tax books and tax invoices, controls, records, accounting, documents, systems and information of Capim Branco;

n) it is the responsibility of the Board of Directors to approve declarations of vote in the General Meeting of Stockholders; and to orient votes in meetings of the Boards of Directors, of the wholly-owned and other subsidiaries, affiliated companies and consortia in which the company holds interests, when it involves participation in the equity of other companies, or consortia (and the decisions, in any event and not only in the matters relating to participation in the capital of other companies or consortia, must obey the provisions of the Company's by-laws, the Long-Term Strategic Plan and the Multi-year Strategic Plan); and to approve the constitution of, and participation in the share capital of, any companies, projects or consortia, under Article 17, sub-items 'p' and 'q' respectively;

o) it is the responsibility of the Board of Directors to submit their proposals to the General Meetings of Stockholders, to be decided by stockholders; and

p) the matter has been analyzed by the Legal Department of the Company;

– now proposes to you as follows:

- 1) Ratification of the nomination of the following 3 (three) experts – Mr. Flávio de Almeida Araújo, CRC/MG 86.861, Mr. Leonardo Felipe Mesquita, CRC/MG 85.260, and Mr. Leonardo George de Magalhães, CRC/MG 53.140, for evaluation, for the purposes of Article 8 of Law 6404/1976, of the Stockholders' equity of Capim Branco.
- 2) Approval of the Opinion of Valuation of the Stockholders' equity of Capim Branco, at book value, prepared by the three technical experts, in accordance with Article 8 of Law 6404/1976.
- 3) Authorization for Capim Branco to be absorbed by Cemig GT, and subsequently dissolved.
- 4) Orientation of vote in favor, by the representative(s) of the Company in the Extraordinary Annual General Meeting of Cemig Geração e Transmissão S.A. (Cemig GT) in relation to:
 - a) Authorization to sign the Protocol of Absorption and Justification, between Cemig GT and Capim Branco, to specify the terms and conditions that will govern the absorption of Capim Branco by Cemig GT.
 - b) Ratification of the nomination of the following 3 (three) experts – Mr. Flávio de Almeida Araújo, CRC/MG 86.861, Mr. Leonardo Felipe Mesquita, CRC/MG 85.260, and Mr. Leonardo George de Magalhães, CRC/MG 53.140, for valuation, for the purposes of Article 8 of Law 6404/1976, of the Stockholders' equity of Capim Branco.
 - c) Approval of the Opinion of Valuation of the Stockholders' equity of Capim Branco, at book value, prepared by the three experts, in accordance with Article 8 of Law 6404/1976.
 - d) Authorization, verification and approval of an increase in the share capital of Cemig GT:
 - from: R\$ 1,700,000,000.00 (one billion seven hundred million Reais), comprising: 2,896,785,358 (two billion eight hundred ninety six million seven hundred eighty five thousand three hundred fifty eight) nominal common shares without par value
 - to: R\$ 1,862,845,041.33 (one billion eight hundred sixty two million eight hundred forty five thousand forty one Reais and thirty three centavos), without issuance of new shares, thus comprising: 2,896,785,358 (two billion eight hundred ninety six million seven hundred eighty five thousand three hundred fifty eight) nominal common shares without par value;
 with consequent alteration of Clause 5 of the Company's by-laws, to the following:

“Article 5 The Company’s registered capital is R\$ 1,862,845,041.33 (one billion eight hundred sixty two million eight hundred forty five thousand forty one Reais and thirty three centavos), represented by 2,896,785,358 (two billion, eight hundred ninety six million, seven hundred eighty five thousand, three hundred fifty eight) nominal common shares without par value.”;

- e) Authorization for Capim Branco to be absorbed by Cemig GT, and subsequently dissolved.
- f) Authorization for Cemig GT to become successor of Capim Branco in all its rights and obligations, for all and any purposes of law or otherwise.
- g) Authorization for the transfer to Cemig GT, by absorption, of all the establishments, tangible and intangible assets and goods, inventories, real estate property, credits, assets, rights, stockholdings, contracts, obligations, liabilities, tax books and tax invoices, controls, records, accounting, documents, systems and information of Capim Branco.

Belo Horizonte, December 11, 2014

Djalma Bastos de Moraes

Saulo Alves Pereira Junior

Arcângelo Eustáquio Torres Queiroz

Tadeu Barreto Guimarães

Eduardo Borges de Andrade

Wando Pereira Borges

Guy Maria Villela Paschoal

Custódio Antonio de Mattos

João Camilo Penna

Luiz Augusto de Barros

José Pais Rangel

Marina Rosenthal Rocha

Otávio Marques de Azevedo

Newton Brandão Ferraz Ramos

Cemig Capim Branco Energia S.A

Valuation Opinion based on the books of account in Brazil of Cemig Capim Branco Energia S.A on November 30, 2014.

Valuation Opinion on the Stockholders' Equity of Cemig Capim Branco

To the Management of
Companhia Energética de Minas Gerais
Av. Barbacena 1200, 12th Floor
Belo Horizonte, Minas Gerais

In accordance with the provisions of §1 and §6 of Article 8 of Law 6404/76, the Management of Companhia Energética de Minas Gerais appointed, in a General Meeting of Stockholders, three expert specialists to prepare a Valuation Opinion on the equity value of the interest in of Cemig Capim Branco Energia S.A., at book value.

Details of the technical experts responsible

Mr. Flávio de Almeida Araújo, Accountant, registered in the Regional Accounting Council (CRM) of Minas Gerais State under N^o CRC/MG 86.861; Leonardo Felipe Mesquita, Accountant, registered in the CRM of Minas Gerais State under N^o CRC/MG 85.260; and Leonardo George de Magalhães, Accountant, registered in the CRM of Minas Gerais State under N^o CRC/MG 53.140, in accordance with the accounting practices adopted in Brazil, present the result of their work below.

Objective of the valuation

The purpose of the valuation of the Stockholders' Equity, at book value, of Cemig Capim Branco Energia S.A. ('Cemig Capim Branco') on November 30, 2014 is to measure the value of this investment now held by Companhia Energética de Minas Gerais ('Cemig'), for transfer, through absorption, to Cemig Geração e Transmissão S.A. ('Cemig GT'), with increase in the share capital of Cemig GT. This document will thus be part of the protocol of absorption of Cemig Capim Branco by Cemig GT, as determined by Sub-items III and V of Article 224 of Law 6404/76.

Management's responsibility for the accounting information

The management of Cemig Capim Branco Energia S.A is responsible for the bookkeeping and preparation of the accounting information in accordance with accounting practices adopted in Brazil, and also for the material internal controls that it has decided are necessary to enable the said accounting information to be prepared in a manner that is free of material distortion, whether caused by fraud or error.

Scope of the work and responsibility of the appointed technical experts

Our responsibility is to express a conclusion about the book value of the Stockholders' Equity of Cemig Capim Branco Energia S.A. on November 30, 2014, based on its balance sheet, raised on that date.

Stockholders' Equity of Cemig Capim Branco

The elements directly related to the measurement of the equity and financial position of a company are the assets, the liabilities and the stockholders' equity. The latter represents the 'remaining interest in the assets of the entity after all of its liabilities have been deducted', this being the definition under CPC 00 (R1) – *Conceptual Structure for Preparation and Publication of an Accounting and Financial Report (Estrutura Conceitual para Elaboração e Divulgação de Relatório Contábil-Financeiro)*.

Valuation of the investment 'Cemig Capim Branco Energia S.A.', within Cemig

The criteria for valuation of Investment in Affiliates and Subsidiaries is given by Article 248 of Law 6404/76. In the Company's Statement of financial position (Balance sheet), these investments are valued by the equity method, in accordance with the following rules:

I - The value of the Stockholders' equity of the affiliated company or subsidiary shall be determined based on a balance sheet or interim balance sheet raised, obeying the rules of the said Law;

II - The value of the investment will be determined through application, to the value of the Stockholders' Equity referred to in the previous sub-item, of a percentage equal to the Company's equity interest in the share of the affiliated entity or subsidiary.

Since Cemig Capim Branco Energia S.A is a subsidiary of Cemig, the equity method is applied, as follows:

Date	Stockholders' Equity, Cemig Capim Branco	Percentage interest	Cemig investment
November 30, 2014	R\$ 162,84,041.33	100.00	R\$ 162,845,041.33

Conclusion

Based on the work carried out, we have concluded that the value of R\$ 162,845,041.33 (one hundred sixty two million, eight hundred forty five thousand, forty one Reais and thirty three centavos), represents, in all material aspects, the Stockholders' Equity of Cemig Capim Branco indicated at the end of this Opinion, this valuation having been made in accordance with accounting practices adopted in Brazil, extracted from the Statement of financial position (Balance sheet) raised on November 30, 2014 and recorded in its books of account.

Applying the equity method specified by the legislation, the total value of the investment 'Cemig Capim Branco Energia S.A', recorded in the books of account of the investor Cemig, on November 30, 2014, is identical to the Stockholders' Equity of the investee.

It should be pointed out that the above amounts are reviewed quarterly by an independent auditing firm, and coincide with the accounting records of Cemig in the SAP ECC transaction system. Thus, the value of the investment to be transferred to Cemig GT is R\$ 162,845,041.33, detailed in the Statement of Financial Position below:

SUMMARY, STATEMENT OF FINANCIAL POSITION			
CEMIG CAPIM BRANCO			
Assets		Liabilities	
Total, Current	142,165,458.20	Total, Current	42,088,878.37
Total, Non-current	144,065,625.61	Total, Non-current	81,297,164.11
		Total Stockholders' equity	162,845,041.33
Total assets	286,231,083.81	Total of liabilities and stockholders' equity	286,231,083.81

Belo Horizonte, December 5, 2014.

Flávio de Almeida Araújo
CRC/MG 86.861

Leonardo Felipe Mesquita
CRC/MG 85.260

Leonardo George de
Magalhães
CRC/MG 53.140