



# COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

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

## MARKET NOTICE

**Reply to CVM Inquiry Letter 65/2018-CVM/SEP/GEA-1, of February 15, 2018**

**Question asked by the Brazilian Securities Commission (CVM)**

Rio de Janeiro, February 15, 2018.

To Mr. Adézio de Almeida Lima

Investor Relations Director

Companhia Energética de Minas Gerais – CEMIG

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**Subject: Request for information on news report.**

Dear Sir,

1. We refer to the news report published in the newspaper *Valor Econômico*, in the section *Empresas*, under the headline:

*“Sale of assets of Eletrobras, and losses, affect the process of Light”*

which contains the following statements:

*“ While negotiating to try to improve the offers already received – from Equatorial and from Enel – Cemig also does not rule out reopening the data room (the computerized ‘information room’), in the expectation that new interested parties may emerge, according to a source close to the subject. In this event, the negotiations would re-start from zero.*

*According to another source, binding proposals are likely to be received in the second quarter of this year, when the process of due diligence (operational and financial audit) on the company that is offered for sale will take place. Until the end of last year, Cemig expected to complete the transaction in the first half of this year, which now seems increasingly distant.*

*The offers received for the assets so far do not totally meet Cemig's financial needs, Valor has ascertained. Equatorial made a proposal for the whole equity stake in Light owned by Cemig, but for part of the payment to be made in shares. With the stock price of Equatorial rising 12% in the last three months, and the stock price of Light falling 9% in the same period, the transaction becomes more attractive for Equatorial. As a result Equatorial – controlling stockholder of Celpa and Cemar – would use fewer shares to complete the purchase of Light.*

*However, if it wants to do this, it will need to convince Cemig to negotiate the terms, and accept at least part of the payment in shares.*

*At the same time, Light is not the only target of Equatorial – which is seen as one of the leading candidates to buy the distributors of Eletrobras. Equatorial has some successful experiences in the recovery of Cemar, of the state of Maranhão, and Celpa, of the state of Pará – both companies that had been previously financially in tatters.*

*Cemig's initial plan, however, is to receive only cash. Since it has now succeeded in refinancing a large part of its debt, extending maturities, the sale of Light has become less 'urgent'. Thus, it is trying to improve the offers received.*

*Enel of Italy, on the other hand, is interested only in Light's distribution assets, and thus has an even longer path ahead even though it may be considered to be one of the strongest interested parties. Its proposal would be for an amount implying R\$ 17 per share, a source says.*

*This offer provides more attractive terms than the one made by Equatorial, but it is very unlikely that Cemig would sell only the distribution segment. To do this, the transaction would need to include a split of Light – an operation that is considered to be very complex. Not only would this need to be approved by a stockholders' meeting, but the company would have to renegotiate covenants with creditors, which might result in early maturity of debts.*

*Cemig intends to use the proceeds from the sale of Light to pay the put option (option to sell their equity interest in Light to Cemig) that is still held by the banks that are its partners in Light – Santander, Banco do Brasil and Votorantim – which represents an amount of approximately R\$ 700 million. Part of the option, which was to become due in November 2017, was extended for one year. If it uses the proceeds from the sale of Light to pay the banks with dividends, Cemig would have a tax advantage. This would only be possible if Light is sold for cash.”*

2. We request your statement in relation to the veracity of this news report, and if it is true, that you explain the reasons why you believe that this is not a fact of material importance, and also comment on any other information considered to be important on the subject.
3. We also remind you of the obligation in the sole sub-paragraph of Article 4 of CVM Instruction 358/02, to question managers and controlling stockholders of the Company, and all other persons with access to material events or facts, to ascertain whether they had knowledge of information that should be disclosed to the market.
4. Your statement should be given through the Empresas.NET system, in the category: Market Announcement, under the sub-category: Responses to consultations by CVM/B3; subject heading: Media News Reports, and should include a transcription of this letter.
5. Be advised that, by order of our Company Relations Supervision Management, using its legal powers under Sub-item II of Article 9 of Law 6385/1976 and CVM Instruction 452/07, a coercive fine of **R\$ 1,000** (one thousand Reais) is applicable, without prejudice to other administrative sanctions, for non-compliance, **by February 16, 2018**, with the requirement contained in this Official Letter, which is sent exclusively by e-mail, notwithstanding the provisions of §1 of Article 6 of CVM Instruction 358/02.

## Reply by CEMIG

Dear Ms. Nilza Maria Silva de Oliveira,

In reply to Official Letter 65/2018-CVM/SEP/GEA-1, of February 15, 2018, we advise you that, through its Material Announcement of June 1, 2017, subsequently updated on July 7, 2017, Cemig has disclosed and described its divestment program. Light, among other assets, is included in the said program.

Additionally, a Material Announcement was published on November 13, 2017, in which it was emphasized that:

*“ Cemig has received non-binding proposals related to the process of divestment, as a result of the first phase of access to the documents and information contained in the Data Room of the Light group.*

*These proposals are undergoing internal analysis for possible selection for inclusion in the next phase.*

*If any selection is made, conclusion of the process of divestment will also be subject to a phase of due diligence and technical visits, submission of binding proposals, negotiations and final approvals for signature of definitive agreements for the transaction referred to, and also approvals of the conditions precedent that are usual in this type of transaction.”*

We inform you that, up to the present moment, the process of disposal of the equity interest in Light continues to be under internal analysis by the Company.

Cemig takes this opportunity of reiterating its commitment to opportune and timely disclosure of all and any facts that are of interest to its stockholders, in accordance with Article 2 of CVM Instruction 358/2002.

Belo Horizonte, February 16, 2018

José Maria Rabelo  
Acting Chief Finance and Investor Relations Officer