



# COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

SOCIEDAD COTIZADA

CNPJ/MF<sup>1</sup> n.º 17.155.730/0001-64

NIRE<sup>2</sup> n.º 31300040127

## JUNTA GENERAL EXTRAORDINARIA DE ACCIONISTAS CONVOCATORIA

Por acuerdo del Consejo de Administración de **COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG** (“CEMIG” o la “Compañía”), se convoca a los señores accionistas a la Junta General Extraordinaria que se celebrará en el domicilio social de la Compañía, sito en Avenida Barbacena, n.º 1200, piso 21º, de la ciudad de Belo Horizonte (Estado de Minas Gerais, Brasil), el día 28 de febrero de 2018, a las 15.00 horas, al objeto de deliberar y resolver acerca de los asuntos comprendidos en el siguiente

### ORDEN DEL DÍA

**Primero.-** Aprobación y autorización para la suscripción del proyecto común de fusión por absorción entre CEMIG y la sociedad CEMIG TELECOMUNICAÇÕES, S.A. – CEMIGTELECOM (“CEMIGTELECOM”), en el cual se establecerán los términos y condiciones que regularán la operación.

**Segundo.-** Ratificación del nombramiento de los tres (3) expertos contables responsables de valorar el patrimonio de CEMIGTELECOM, de conformidad y a los efectos previstos en el artículo 8 de la Ley N.º 6.404/1976 [la Ley de Sociedades Anónimas de Brasil].

**Tercero.-** Aprobación del correspondiente informe de valoración de los activos y pasivos de CEMIGTELECOM a valor neto contable, teniendo en cuenta lo dispuesto en el Punto Segundo anterior.

**Cuarto.-** Autorización para la operación de fusión mediante la absorción de CEMIGTELECOM (sociedad absorbida) por CEMIG (sociedad absorbente), con extinción, vía disolución sin liquidación, de la primera.

**Quinto.-** Autorización para que CEMIG adquiera, por sucesión universal y para todos los efectos legales a que haya lugar, la totalidad de los derechos y obligaciones de CEMIGTELECOM.

<sup>1</sup> N.T. Número de identificación fiscal de las personas jurídicas en Brasil.

<sup>2</sup> N.T. Número de inscripción en el Registro Mercantil.

**Sexto.-** Autorización para la transmisión en bloque a CEMIG de todos los activos y pasivos que integran el patrimonio de CEMIGTELECOM, incluyendo establecimientos, bienes tangibles e intangibles, inventarios, inmobiliario, créditos, derechos, personal, participaciones, contratos, obligaciones, libros y facturas, controles, registros, contabilidad, documentos, sistemas, datos e información; e incluyendo asimismo las acciones que posee CEMIGTELECOM en la sociedad ATIVAS DATA CENTER, S.A., y que representan el 19,6% del capital social total de dicha sociedad, así como los correspondientes contratos relacionados con dicha participación.

Para el ejercicio del derecho de asistencia, los accionistas deberán cumplir con lo dispuesto en el artículo 126 de la Ley N.º 6.404/1976 y sus modificaciones posteriores [la Ley de Sociedades Anónimas de Brasil], y en el párrafo único del artículo 9 de los Estatutos Sociales de la Compañía, por lo que deberán entregar en la Secretaría General Ejecutiva de CEMIG (Avenida Barbacena, n.º 1200, piso 19º, ala B1, de la ciudad de Belo Horizonte), preferentemente hasta el día 26 de febrero de 2018, los certificados expedidos por una entidad depositaria de valores que acrediten la titularidad de las acciones o, en su defecto, exhibir dichos certificados en el acto de celebración de la Junta General.

El accionista que así lo desee podrá delegar su representación en otra persona, en cuyo caso la misma deberá conferirse por escrito y con carácter especial para cada Junta, debiendo entregarse a la Secretaría General Ejecutiva de la Compañía hasta la fecha anteriormente señalada

En Belo Horizonte, a 12 de enero de 2018.

José Afonso Bicalho Beltrão da Silva  
Presidente del Consejo de Administración

## **PROPUESTAS DE ACUERDO QUE SOMETE EL CONSEJO DE ADMINISTRACIÓN A LA JUNTA GENERAL EXTRAORDINARIA DE ACCIONISTAS A CELEBRAR EL DÍA 28 DE FEBRERO DE 2018.**

Señores Accionistas:

El Consejo de Administración de **COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG** (“CEMIG” o la “Compañía”) somete a la consideración y, en su caso, aprobación de la Junta General las siguientes propuestas de acuerdo:

- I- Aprobar y autorizar la suscripción del proyecto común de fusión por absorción entre CEMIG y la sociedad CEMIG TELECOMUNICAÇÕES, S.A. – CEMIGTELECOM (“CEMIGTELECOM”), en el cual se establecerán los términos y condiciones que regularán la operación.
- II- Ratificar, debido a que se trata de una entidad íntegramente participada por CEMIG, el nombramiento de los tres (3) expertos contables que se mencionan a continuación, responsables de valorar el patrimonio de CEMIGTELECOM, de conformidad y a los efectos previstos en el artículo 8 de la Ley N.º 6.404/1976 [la Ley de Sociedades Anónimas de Brasil]:
  - D. Flávio de Almeida Araújo,  
Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 86.861.
  - D. Francisco do Couto,  
Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 58.343.
  - D. Leonardo George de Magalhães,  
Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 53.140.
- III- Aprobar el correspondiente informe de valoración de los activos y pasivos de CEMIGTELECOM a valor neto contable, el cual fue elaborado por los tres (3) expertos contables que se indican en el Punto Segundo anterior, de conformidad y a los efectos previstos en el artículo 8 de la Ley N.º 6.404/1976 [la Ley de Sociedades Anónimas de Brasil].
- IV- Autorizar la operación de fusión mediante la absorción de CEMIGTELECOM (sociedad absorbida) por CEMIG (sociedad absorbente), con extinción, vía disolución sin liquidación, de la primera.
- V- Autorizar a CEMIG a adquirir, por sucesión universal y para todos los efectos legales a que haya lugar, la totalidad de los derechos y obligaciones de CEMIGTELECOM.

VI-Autorizar la transmisión en bloque a CEMIG de todos los activos y pasivos que integran el patrimonio de CEMIGTELECOM, incluyendo establecimientos, bienes tangibles e intangibles, inventarios, inmobiliario, créditos, derechos, personal, participaciones, contratos, obligaciones, libros y facturas, controles, registros, contabilidad, documentos, sistemas, datos e información; e incluyendo asimismo las acciones que posee CEMIGTELECOM en la sociedad ATIVAS DATA CENTER, S.A., y que representan el 19,6% del capital social total de dicha sociedad, así como los correspondientes contratos relacionados con dicha participación.

Como se puede constatar, la presente propuesta tiene por objetivo atender los legítimos intereses de los accionistas y de la Compañía, por lo que el Consejo de Administración espera que la misma sea aprobada por los señores accionistas.

En Belo Horizonte, a 12 de enero de 2018.

Fdo. José Afonso Bicalho Beltrão da Silva

Fdo. Helvécio Miranda Magalhães Junior

Fdo. Marco Antônio de Rezende Teixeira

Fdo. Hermes Jorge Chipp

Fdo. Bernardo Afonso Salomão de Alvarenga

Fdo. José Pais Rangel

Fdo. Antônio Dirceu Araújo Xavier

Fdo. Marcelo Gasparino da Silva

Fdo. Arcângelo Eustáquio Torres Queiroz

Fdo. Marco Antônio Soares da Cunha Castello Branco

Fdo. Arlindo Magno de Oliveira

Fdo. Nelson José Hubner Moreira

Fdo. Carlos Eduardo Lessa Brandão

Fdo. Patrícia Gracindo Marques de Assis Bentes

Fdo. Daniel Alves Ferreira

## ANEXOS

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<b>ANEXO I</b>	Anexo 20-A de la Instrucción de la Comisión del Mercado de Valores de Brasil (CVM) N.º 481/2009
<b>ANEXO II</b>	Anexo 21 de la Instrucción de la Comisión del Mercado de Valores de Brasil (CVM) N.º 481/2009
<b>ANEXO III</b>	Proyecto Común de Fusión por Absorción entre COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG y CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTELECOM)
<b>ANEXO IV</b>	Informe del Consejo de Auditoría de COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG
<b>ANEXO V</b>	Informe de Valoración del Patrimonio de CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTELECOM)
<b>ANEXO VI</b>	Cuentas Anuales de COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG Correspondientes al Ejercicio Cerrado el 31 de Diciembre de 2016
<b>ANEXO VII</b>	Información Financiera Intermedia de COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG Correspondiente al Periodo de Tres Meses Terminado el 30 de Septiembre de 2017
<b>ANEXO VIII</b>	Cuentas Anuales de CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTELECOM) Correspondientes al Ejercicio Cerrado el 31 de Diciembre de 2016
<b>ANEXO IX</b>	Información Financiera Intermedia de CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTELECOM) Correspondiente al Periodo de Tres Meses Terminado el 30 de Septiembre de 2017

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# COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

CNPJ/MF n.º 17.155.730/0001-64

NIRE n.º 31300040127

ANEXO I A LAS PROPUESTAS DE ACUERDO FORMULADAS POR EL CONSEJO DE ADMINISTRACIÓN A LA JUNTA GENERAL EXTRAORDINARIA DE ACCIONISTAS A CELEBRAR EL DÍA 18 DE FEBRERO DE 2018.

## INFORMACIÓN SOBRE LA OPERACIÓN DE FUSIÓN POR ABSORCIÓN

(De conformidad con lo establecido en el Anexo 20-A de la Instrucción de la Comisión del Mercado de Valores de Brasil (CVM) N.º 481/2009)

### 1. Proyecto común de fusión por absorción, a los efectos de lo previsto en los artículos 224 y 225 de la Ley N.º 6.404/1976

El texto íntegro del proyecto común de fusión por absorción suscrito entre COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG (la “Compañía” o “CEMIG”) y CEMIG TELECOMUNICAÇÕES, S.A. – CEMIGTELECOM (“CEMIGTELECOM”) se recoge en el **Anexo III** a las Propuestas de Acuerdo formuladas por el Consejo de Administración (el “Proyecto de Fusión”).

### 2. Indique otros acuerdos, contratos o precontratos que regulen el ejercicio del derecho de voto o la transferencia de acciones emitidas por las sociedades resultantes de la operación, y que se encuentren archivados en el domicilio social de la Sociedad, o de los cuales el accionista de control de la Sociedad sea parte

No procede.

### 3. Describa la operación, incluyendo:

#### a. Los términos y condiciones de la misma

La operación consiste en la fusión entre CEMIG y su filial íntegramente participada CEMIGTELECOM, mediante la absorción de la segunda (sociedad absorbida) por la primera (sociedad absorbente). Como consecuencia de la fusión por absorción, se producirá la extinción, mediante la disolución sin liquidación, de CEMIGTELECOM, traspasándose en bloque, a título universal, su patrimonio neto contable a CEMIG, que adquirirá por sucesión universal la totalidad de los derechos y obligaciones de la sociedad absorbida (la “Fusión” o la “Operación”). Todas las acciones representativas del capital social de CEMIGTELECOM propiedad de CEMIG serán extinguidas, con arreglo a lo previsto en el artículo 226, párrafo primero, de la Ley N.º 6.404, de 15 de diciembre de 1976, y sus modificaciones posteriores (la “Ley de Sociedades Anónimas de Brasil”).

La Fusión no implicará aumento ni reducción del patrimonio neto o del capital social de CEMIG, puesto que CEMIGTELECOM es una sociedad integrada en el perímetro de consolidación de CEMIG por el método de puesta en equivalencia.



Se estima que la fecha a partir de la cual las operaciones de CEMIGTELECOM se considerarán realizadas a efectos contables por cuenta de CEMIG será el 31 de marzo de 2018. La Operación se entenderá completada cuando todos y cada uno de los siguientes eventos hayan tenido lugar:

- (i) Que se haya celebrado una Asamblea General de Obligacionistas de la Segunda Emisión de Obligaciones de CEMIGTELECOM (la “AGO”) hasta la fecha límite del 16 de marzo de 2018, y en la que, entre otros asuntos, se abordará la Fusión y sus implicaciones para los tenedores de los valores.
- (ii) Que sea asegurado a los obligacionistas disidentes o ausentes de la AGO el periodo de seis (6) meses –contados a partir de la fecha de publicación de los acuerdos adoptados por las Juntas Generales que se hayan celebrado para deliberar y resolver sobre la Fusión– para que puedan solicitar, en su caso, la amortización anticipada de las obligaciones en circulación de las que son titulares, con arreglo a lo previsto en el artículo 231, párrafo primero, de la Ley de Sociedades Anónimas de Brasil.
- (iii) Que se haya celebrado una Junta General Extraordinaria de CEMIGTELECOM en la que, entre otros asuntos, se resolverá sobre la aprobación del Proyecto de Fusión y la Fusión propiamente dicha, entre otros asuntos.
- (iv) Que se haya celebrado una Junta General Extraordinaria de Accionistas de CEMIG al objeto de deliberar y resolver sobre los siguientes asuntos:

Primero.- Aprobación y autorización para la suscripción del Proyecto de Fusión.

Segundo.- Ratificación del nombramiento de los tres (3) expertos contables que se mencionan a continuación, responsables de valorar el patrimonio de CEMIGTELECOM:

- D. Flávio de Almeida Araújo,  
Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 86.861.
- D. Francisco do Couto,  
Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 58.343.
- D. Leonardo George de Magalhães,  
Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 53.140.

Tercero.- Aprobación del correspondiente informe de valoración de los activos y pasivos de CEMIGTELECOM a valor neto contable (el “Informe de Valoración”).

Cuarto.- Autorización para la operación de fusión mediante la absorción de CEMIGTELECOM (sociedad absorbida) por CEMIG (sociedad absorbente), con extinción, vía disolución sin liquidación, de la primera.

Quinto.- Autorización para que CEMIG adquiriera, por sucesión universal y para todos los efectos legales a que haya lugar, la totalidad de los derechos y obligaciones de CEMIGTELECOM.

Sexto.- Autorización para la transmisión en bloque a CEMIG de todos los activos y pasivos que integran el patrimonio de CEMIGTELECOM, incluyendo establecimientos, bienes tangibles e intangibles, inventarios, inmobiliario, créditos, derechos, personal, participaciones, contratos, obligaciones, libros y facturas, controles, registros, contabilidad, documentos, sistemas, datos e información; e incluyendo asimismo las acciones que posee CEMIGTELECOM en la sociedad ATIVAS DATA CENTER, S.A., y que representan el 19,6% del capital social total de dicha sociedad, así como los correspondientes contratos relacionados con dicha participación.

**b. Las obligaciones de indemnizar: (i) a los administradores de cualquiera de las sociedades implicadas en la operación; (ii) en caso de no concretarse la operación**

No procede.

**c. Tabla comparativa conteniendo los derechos, prerrogativas y restricciones de las acciones emitidas por las sociedades implicadas o resultantes de la operación, antes y después de la misma**

Después de la Fusión sólo seguirán existiendo las acciones ordinarias y preferentes de CEMIG, las cuales mantendrán los mismos derechos y prerrogativas a la fecha que se indican a continuación:



<b>ACCIÓN ORDINARIA (ON)</b>	
<b>Derecho a dividendos:</b>	Las acciones ordinarias y preferentes tendrán igualdad de condiciones en las ampliaciones de capital liberadas. En los ejercicios sociales en que los beneficios obtenidos por la Compañía no sean suficientes para repartir dividendos a los accionistas, el Estado de Minas Gerais garantizará a las acciones del capital social de la Compañía que se hayan emitido hasta la fecha 5 de agosto de 2004 y que sean propiedad de inversores privados, un dividendo mínimo del seis por ciento (6%) anual.
<b>Derecho a voto:</b>	Pleno.
<b>Descripción del voto restringido:</b>	No aplicable.
<b>Convertibilidad:</b>	No.
<b>Condición para la convertibilidad y efectos sobre el capital social:</b>	No aplicable.
<b>Derecho al reembolso de capital:</b>	Sí.
<b>Descripción de las características del reembolso de capital:</b>	La acción preferente tendrá preferencia en el supuesto de reembolso de acciones.
<b>Restricciones a la libre transmisibilidad:</b>	No.
<b>Descripción de las restricciones:</b>	No aplicable.
<b>Si la acción es rescatable:</b>	No.
<b>Condiciones para la modificación de los derechos otorgados por los valores:</b>	De conformidad con lo establecido en el artículo 109 de la Ley de Sociedades Anónimas de Brasil, ni los Estatutos ni la Junta General podrán privar al accionista de los derechos de: (i) participar en las ganancias sociales; (ii) participar en el reparto del patrimonio de la Sociedad en caso de liquidación; (iii) fiscalizar, en la forma prevista en la Ley de Sociedades Anónimas de Brasil, la gestión de los negocios sociales; (iv) tener preferencia en la suscripción de acciones, acciones convertibles en acciones, obligaciones convertibles en acciones y bonos de suscripción; (v) retirarse de la Sociedad en los casos previstos en la Ley de Sociedades Anónimas de Brasil.
<b>Otras características que se estimen importantes:</b>	Toda la información material pertinente a este apartado ha sido referida en los apartados anteriores.
<b>ACCIÓN PREFERENTE (PN)</b>	
<b>Derecho a dividendos:</b>	En el supuesto de que haya reembolso de acciones, se otorgará preferencia a las acciones preferentes, las cuales percibirán un dividendo mínimo anual igual al mayor de los siguientes valores: a) diez por ciento (10%) de su valor nominal; b) tres por ciento (3%) del valor del valor patrimonial neto de las acciones. Las acciones ordinarias y preferentes tendrán igualdad de condiciones en las ampliaciones de capital liberadas. En los ejercicios sociales en que los beneficios obtenidos por la Compañía no sean suficientes para repartir dividendos a los accionistas, el Estado de Minas Gerais garantizará a las acciones del capital social de la Compañía que se hayan emitido hasta la fecha 5 de agosto de 2004 y que sean propiedad de inversores privados, un dividendo mínimo del seis por ciento (6%) anual.
<b>Derecho a voto:</b>	Restringido.
<b>Descripción del voto restringido:</b>	El derecho de voto en las Juntas Generales se reserva exclusivamente a la acción ordinaria, a razón de un voto por acción.
<b>Convertibilidad:</b>	No.
<b>Condición para la convertibilidad y efectos sobre el capital social:</b>	No aplicable.
<b>Derecho al reembolso de capital:</b>	Sí.
<b>Descripción de las características del reembolso de capital:</b>	La acción preferente tendrá preferencia en el supuesto de reembolso de acciones.
<b>Restricciones a la libre transmisibilidad:</b>	No.
<b>Descripción de las restricciones:</b>	No aplicable.
<b>Si la acción es rescatable:</b>	No.
<b>Condiciones para la modificación de los derechos otorgados por los valores:</b>	De conformidad con lo establecido en el artículo 109 de la Ley de Sociedades Anónimas de Brasil, ni los Estatutos ni la Junta General podrán privar al accionista de los derechos de: (i) participar en las ganancias sociales; (ii) participar en el reparto del patrimonio de la Sociedad en caso de liquidación; (iii) fiscalizar, en la forma prevista en la Ley de Sociedades Anónimas de Brasil, la gestión de los negocios sociales; (iv) tener preferencia en la suscripción de acciones, acciones convertibles en acciones, obligaciones convertibles en acciones y bonos de suscripción; (v) retirarse de la Sociedad en los casos previstos en la Ley de Sociedades Anónimas de Brasil.
<b>Otras características que se estimen importantes:</b>	Toda la información material pertinente a este apartado ha sido referida en los apartados anteriores.

Todas las acciones propiedad de CEMIG emitidas por CEMIGTELECOM serán canceladas como consecuencia de la Fusión. Al no haber entrega de acciones de CEMIG a los accionistas de CEMIGTELECOM, la comparación entre los derechos y prerrogativas de las acciones emitidas por ambas sociedades es irrelevante.

**d. La eventual necesidad de aprobación de la operación por obligacionistas u otros acreedores**

Con respecto a CEMIG, no procede.

Con respecto a CEMIGTELECOM, la Fusión se someterá a la aprobación de la AGO, que deberá manifestarse a favor o en contra de la Operación. Queda asegurado a los obligacionistas disidentes o ausentes de la AGO el periodo de seis (6) meses –contados a partir de la fecha de publicación de los acuerdos adoptados por las Juntas Generales que se hayan celebrado para deliberar y resolver sobre la Fusión– para que puedan solicitar, en su caso, la amortización anticipada de las obligaciones en circulación de las que son titulares, con arreglo a lo previsto en el artículo 231, párrafo primero, de la Ley de Sociedades Anónimas de Brasil.

**e. Los elementos del activo y del pasivo que integrarán cada una de las fracciones del patrimonio, en caso de escisión**

No aplicable.

**f. La intención de las sociedades resultantes de la operación de obtener su registro como emisor de valores de deuda**

No aplicable.

**4. Indique los planes para la conducción de los negocios sociales una vez consumada la operación**

Una vez consumada la Fusión, CEMIG seguirá dedicándose a las actividades cubiertas por su objeto social y mantendrá su registro como sociedad cotizada. Asimismo, adquirirá por sucesión universal la totalidad de los derechos y obligaciones de CEMIGTELECOM.

**5. Proporcione un análisis de los siguientes aspectos de la operación:**

**a. Descripción de los principales beneficios esperados, incluyendo:**

**i) Sinergias**

Se estima que la Fusión proporcionará ganancias derivadas de la optimización de activos y el aprovechamiento de sinergias, y reducirá costes financieros, operacionales y administrativos a través de la concentración de las estructuras actualmente existentes, permitiendo a CEMIG maximizar los recursos disponibles.

## ii) Beneficios fiscales

La Dirección de CEMIG no vislumbra beneficios fiscales provenientes de la Fusión.

## iii) Ventajas estratégicas

Entre las ventajas estratégicas inherentes a la Fusión, se destaca la simplificación de la estructura societaria actual y el aumento de los medios para el aprovechamiento de los recursos disponibles por parte de CEMIG.

## b. Costes

No se esperan costes adicionales derivados de la Fusión, dado que CEMIGTELECOM es una filial participada al 100% por CEMIG y todos sus costes están íntegramente consolidados.

## c. Factores de riesgo

Se espera que la Fusión permitirá la integración de los negocios entre CEMIG y CEMIGTELECOM y el mejor aprovechamiento de las sinergias obtenidas con la combinación. Sin embargo, el proceso de integración podría producir dificultades de naturaleza operativa, regulatoria, comercial, financiera y contractual, lo que podría provocar que no se pudiera aprovechar las sinergias esperadas, incurriéndose en pérdidas o gastos no previstos.

## d. En caso de que se trate de una transacción con una parte relacionada, indicar eventuales alternativas que podrían haber sido utilizadas para alcanzar los mismos objetivos, así como las razones por las cuales dichas alternativas no fueron tenidas en cuenta

No se vislumbra una estructura jurídica alternativa que pudiera resultar en la simplificación e integración de los negocios entre CEMIG y CEMIGTELECOM, con la extinción de una de las personas jurídicas y su sucesión por la otra, tal y como se pretende. El análisis también pierde su relevancia al ser CEMIGTELECOM una filial participada al 100% por CEMIG.

## e. Canje de acciones

No aplicable. Teniendo en cuenta que CEMIG es titular del cien por cien (100%) del capital social de CEMIGTELECOM, la Fusión no supondrá ningún canje de acciones.

## f. En las operaciones que impliquen sociedades de control, filiales o negocios conjuntos:

- (i) **Indicar el tipo de canje de acciones, determinado de conformidad con lo establecido en el artículo 264 de la Ley N.º 6.404/1976;**
- (ii) **Proporcionar una descripción detallada del método para atender el canje, así como de los demás términos y condiciones de la operación;**

- (iii) **En caso de que la operación haya sido precedida en los últimos 12 (doce) meses por una adquisición de control o una adquisición de participación en un bloque de control, proporcionar: (a) el análisis comparativo del método utilizado para atender el canje y del precio pagado en la adquisición de control; y (b) las razones que podrían justificar eventuales diferencias de valoración entre las distintas operaciones; y**
- (iv) **Proporcionar una justificación por la que el tipo de canje de acciones es canjeable, con la descripción de los procedimientos y criterios adoptados para garantizar la canjeabilidad de la operación o, en caso de que el tipo de canje no fuese conmutativo, el detalle del pago o de las medidas equivalentes adoptadas para asegurar una compensación razonable**

Al ser CEMIG titular del 100% de las acciones representativas del capital social de CEMIGTELECOM, la Operación no implicará aumento de capital de CEMIG ni modificación de su composición accionarial, por lo que no habrá canje de acciones.

- 6. Proporcione copias de todas las actas de las reuniones de los órganos de administración de la Sociedad (Consejo de Administración, Consejo de Auditoría y comités especiales) en las que se hayan tomado acuerdos sobre la operación, indicando los eventuales votos disidentes**

El Informe del Consejo de Auditoría de CEMIG se recoge en el **Anexo IV** a las Propuestas de Acuerdo formuladas por el Consejo de Administración.

- 7. Proporcione copias de los estudios, presentaciones, informes, opiniones, dictámenes y demás documentos de las sociedades implicadas en la operación que hayan sido puestos a disposición del accionista de control en todas las fases de la operación**

El Informe de Valoración se recoge en el **Anexo V** a las Propuestas de Acuerdo formuladas por el Consejo de Administración.

- 7.1. Identifique eventuales conflictos de interés habidos entre instituciones financieras, empresas o profesionales encargados de elaborar los documentos mencionados en el apartado 7 anterior, y las sociedades implicadas en la operación**

No procede.

- 8. Indique si hay proyectos de estatutos o si se llevarán a cabo modificaciones en los estatutos de las sociedades resultantes de la operación**

No se han propuesto modificaciones en los Estatutos Sociales de CEMIG, que adquirirá por sucesión universal la totalidad de los derechos y obligaciones de CEMIGTELECOM.

- 9. Indique los estados financieros que se han utilizado a efectos de la operación, de conformidad con la normativa al efecto**

De conformidad con lo dispuesto en el artículo 6 de la Instrucción de la Comisión del Mercado de Valores de Brasil (“CVM”) N.º 565, de 15 de junio de 2015, y sus

modificaciones posteriores (la “Instrucción CVM 565”), se han utilizado los siguientes estados financieros y demás documentos a efectos de la Operación:

- (i) Cuentas anuales de CEMIG correspondientes al ejercicio cerrado el 31 de diciembre de 2016 (que se recogen en el **Anexo VI** a las Propuestas de Acuerdo formuladas por el Consejo de Administración);
- (ii) Información financiera intermedia de CEMIG correspondiente al periodo de tres meses terminado el 30 de septiembre de 2017 (que se recoge en el **Anexo VII** a las Propuestas de Acuerdo formuladas por el Consejo de Administración);
- (iii) Cuentas anuales de CEMIGTELECOM correspondientes al ejercicio cerrado el 31 de diciembre de 2016 (que se recogen en el **Anexo VIII** a las Propuestas de Acuerdo formuladas por el Consejo de Administración); y
- (iv) Información financiera intermedia de CEMIGTELECOM correspondiente al periodo de tres meses terminado el 30 de septiembre de 2017 (que se recoge en el **Anexo IX** a las Propuestas de Acuerdo formuladas por el Consejo de Administración).

La valoración del patrimonio neto contable de CEMIGTELECOM se llevó a cabo sobre la base del balance de situación elaborado en la fecha de referencia 30 de noviembre de 2017, el cual se recoge en el Anexo I al Informe de Valoración.

Se han adoptado los siguientes procedimientos analíticos en relación con los importes de las partidas de activo y de pasivo que componen el balance de situación de CEMIGTELECOM a 30 de noviembre de 2017:

- Lectura de las cuentas anuales correspondientes al ejercicio cerrado el 31 de diciembre de 2016 (que se recogen en el **Anexo VIII** a las Propuestas de Acuerdo formuladas por el Consejo de Administración).
- Lectura del informe de auditoría de fecha 6 de abril de 2017 del auditor externo DELOITTE TOUCHE TOHMATSU AUDITORES INDEPENDENTES, por el que emitió una opinión sin salvedades en relación con el balance de situación a 31 de diciembre de 2016.
- Lectura del informe financiero intermedio correspondiente al periodo de tres meses terminado el 30 de septiembre de 2017 (que se recoge en el **Anexo IX** a las Propuestas de Acuerdo formuladas por el Consejo de Administración), acompañado del informe de revisión limitada sobre los estados financieros intermedios emitido sin salvedades con fecha 10 de noviembre de 2017 por el auditor externo ERNST & YOUNG AUDITORES INDEPENDENTES.
- Revisión analítica del movimiento de las partidas de activo y de pasivo durante el periodo comprendido entre el 30 de septiembre de 2017 y el 30 de noviembre de 2017.



**10. Indique los estados financieros que se han elaborado *pro forma* a efectos de la operación, de conformidad con la normativa al efecto**

Al ser CEMIGTELECOM participada al 100% por CEMIG, sus resultados están consolidados en los estados financieros de la segunda, razón por la cual se presenta la Información Financiera Intermedia de CEMIG correspondiente al periodo de tres meses terminado el 30 de septiembre de 2017 (que se recoge en el **Anexo VII** a las Propuestas de Acuerdo formuladas por el Consejo de Administración), en cumplimiento a lo dispuesto en el artículo 7 de la Instrucción CVM 565.

**11. Proporcione información general sobre las sociedades no cotizadas directamente implicadas en la operación, incluyendo:**

- a. Factores de riesgo, de conformidad con lo recogido en los apartados 4.1 y 4.2 del Documento de Información Corporativa;
- b. Descripción de los principales cambios en los factores de riesgo ocurridos en el ejercicio anterior y expectativas en relación con la reducción o aumento en la exposición a riesgos como resultado de la operación, de conformidad con lo recogido en el apartado 5.4 del Documento de Información Corporativa;
- c. Descripción de las actividades, de conformidad con lo recogido en los apartados 7.1, 7.2, 7.3 y 7.4 del Documento de Información Corporativa;
- d. Descripción del grupo económico, de conformidad con lo recogido en el apartado 15 del Documento de Información Corporativa; y
- e. Descripción del capital social, de conformidad con lo recogido en el apartado 17.1 del Documento de Información Corporativa

No aplicable.

**12. Proporcione una descripción de la estructura de capital y de control después de la operación, de conformidad con lo recogido en el apartado 15 del Documento de Información Corporativa**

Apartados 15.1 y 15.2 del Documento de Información Corporativa de CEMIG:

No sufrirán cambios como consecuencia de la Operación.

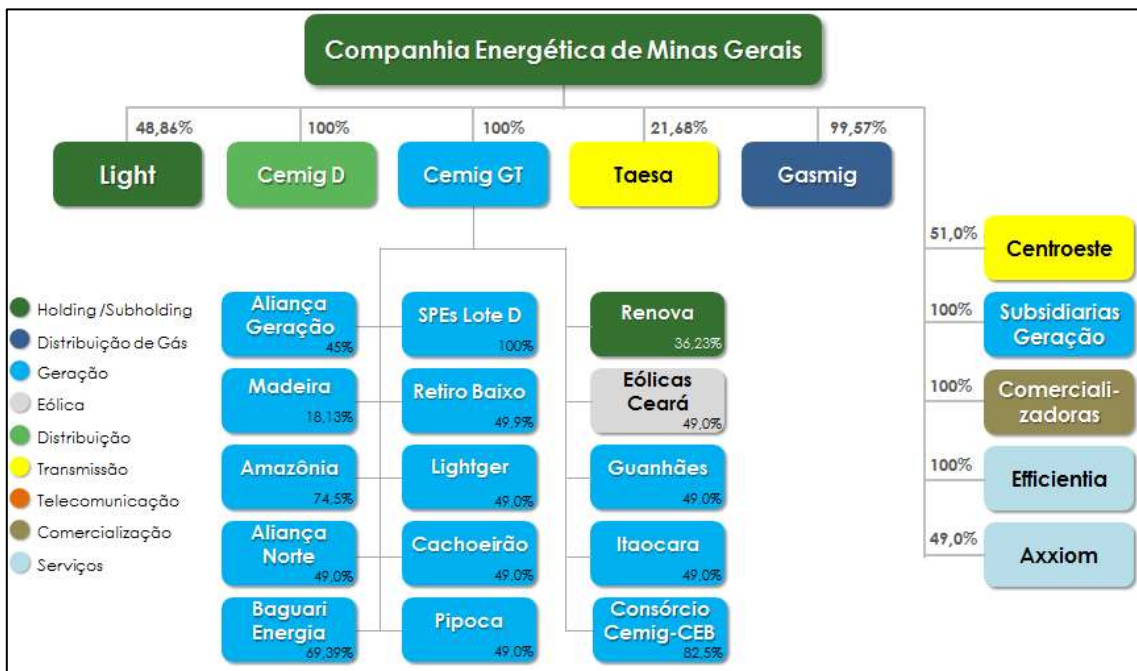
Apartado 15.3 del Documento de Información Corporativa de CEMIG:

No sufrirán cambios como consecuencia de la Operación.

Apartado 15.4 del Documento de Información Corporativa de CEMIG:



- Organigrama antes de la Operación:



- Organigrama después de la Operación:



Apartados 15.5, 15.6, 15.7 y 15.8 del Formulario de Referencia de CEMIG:

No sufrirán cambios como consecuencia de la Operación.

**13. Indique el número, clase y tipo de los valores de cada sociedad implicada en la operación que sean propiedad de cualquier otra sociedad implicada en la operación, o de personas vinculadas a dichas sociedades, tal y como se definen en la normativa que trata de ofertas públicas de adquisición de acciones**

A la fecha, CEMIG es titular de cuatrocientas cuarenta y ocho millones trescientas cuarenta mil ochocientos veintidós (448.340.822) acciones ordinarias, todas nominativas y sin expresión de valor nominal, representativas del cien por cien (100%) del capital social de CEMIGTELECOM.

**14. Indique la exposición de cualquiera de las sociedades implicadas en la operación, o de personas vinculadas a ellas, a instrumentos derivados referenciados a valores emitidos por las demás sociedades implicadas en la operación, tal y como se definen en la normativa que trata de ofertas públicas de adquisición de acciones**

No aplicable.

**15. Proporcione un informe conteniendo todos los negocios realizados en los últimos 6 (seis) meses por las personas abajo indicadas con valores emitidos por las sociedades implicadas en la operación:**

**a. Sociedades implicadas en la operación:**

**i) Operaciones privadas de compra**

No procede.

**ii) Operaciones privadas de venta**

No procede.

**iii) Operaciones de compra en mercados regulados**

No procede.

**iv) Operaciones de venta en mercados regulados**

No procede.

**b. Partes relacionadas con las sociedades implicadas en la operación:**

**i) Operaciones privadas de compra**

No procede.

**ii) Operaciones privadas de venta**

No procede.

**iii) Operaciones de compra en mercados regulados**

No procede.

**iv) Operaciones de venta en mercados regulados**

No procede.

**16. Proporcione el documento por medio del cual el Comité Especial Independiente sometió sus recomendaciones al Consejo de Administración, en el caso de que la negociación se haya llevado a cabo según los términos establecidos en el Dictamen CVM N.º 35/2008**

No aplicable. Al ser CEMIG titular del 100% de las acciones representativas del capital social de CEMIGTELECOM, la Operación no implicará aumento de capital de CEMIG ni modificación de su composición accionarial, por lo que no habrá canje de acciones.

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## COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

CNPJ/MF n.º 17.155.730/0001-64 NIRE n.º 31300040127

ANEXO II A LAS PROPUESTAS DE ACUERDO FORMULADAS POR EL CONSEJO DE ADMINISTRACIÓN A LA JUNTA GENERAL EXTRAORDINARIA DE ACCIONISTAS A CELEBRAR EL DÍA 18 DE FEBRERO DE 2018.

### INFORMACIÓN SOBRE LOS EXPERTOS CONTABLES RESPONSABLES DE VALORAR EL PATRIMONIO DE LA SOCIEDAD ABSORBIDA

(De conformidad con lo establecido en el Anexo 21 de la Instrucción de la Comisión del Mercado de Valores de Brasil (CVM) N.º 481/2009)

SOCIEDAD ABSORBENTE: COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG (“CEMIG”)

SOCIEDAD ABSORBIDA: CEMIG TELECOMUNICAÇÕES, S.A. – CEMIGTELECOM (“CEMIGTELECOM”)

#### 1. Informe los nombres de los expertos responsables de la valoración

– **D. Flávio de Almeida Araújo,**

Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 86.861.

– **D. Francisco do Couto,**

Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 58.343.

– **D. Leonardo George de Magalhães,**

Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 53.140.

#### 2. Describa la formación académica y la experiencia laboral de los expertos responsables de la valoración

- El señor **Flávio de Almeida Araújo** se graduó en Ciencias Contables en la Universidad Federal de Minas Gerais (UFMG) y cuenta con un MBA de Gestión con énfasis en Finanzas por la Fundación Dom Cabral (FDC). Desde agosto de 2006 trabaja en CEMIG. actualmente es gerente financiero de participaciones.
- El señor **Francisco do Couto** se graduó en Ciencias Contables en el Centro Universitario Newton Paiva, tiene especialización en Auditoría Externa por la Universidad Federal de Minas Gerais (UFMG) y cuenta con un MBA en Gestión, Finanzas, Contraloría y Auditoría por la Fundación Getúlio Vargas (FGV). Su vida profesional estuvo casi enteramente dedicada a la contabilidad. Fue auditor independiente durante 10 años. En la UFMG actuó como profesor de graduación y extensión. Desde febrero de 1999, se desempeña como contador en CEMIG, y es actualmente responsable de la elaboración de los estados financieros consolidados del Grupo CEMIG. También es docente de graduación y postgrado en el Centro Universitario UNA desde 2003.

- El señor **Leonardo George de Magalhães** se graduó en Ciencias Contables por la en el Centro Universitario UNA, tiene especialización en Contabilidad por la Fundación Getúlio Vargas (FGV) y en Gestión de Negocios por la Universidad Federal de Minas Gerais (UFMG). En CEMIG actúa como jefe de contraloría desde junio de 2008 y, en forma acumulativa, como jefe de planificación y control corporativo desde septiembre de 2017.

### **3. Proporcione una copia de las propuestas de trabajo y de la retribución pagada a los expertos responsables de la valoración**

La copia de la propuesta de trabajo se recoge en el Anexo I al presente Anexo II.

Alcance del trabajo: Valoración del patrimonio neto contable de CEMIG TELECOMUNICAÇÕES, S.A. – CEMIGTELECOM.

Honorarios: No se pagó ninguna retribución adicional a los expertos, que se encuentran incorporados a la plantilla de CEMIG.

### **4. Describa las relaciones que, en su caso, hayan tenido lugar en los últimos tres (3) años entre los expertos responsables de la valoración y partes relacionadas de la Sociedad, con arreglo a la normativa contable que se refiere a este asunto**

#### **D. Flávio de Almeida Araújo:**

- Actualmente es gerente financiero de participaciones, teniendo como principales atribuciones:
  - Promover la gestión financiera del Grupo CEMIG;
  - Acompañar los resultados económico-financieros de las sociedades que integran el Grupo CEMIG;
  - Participar en los procesos de fusión, escisión, adquisición y enajenación de participaciones;
  - Actuar como miembro de los consejos de administración en las sociedades que integran el Grupo CEMIG.

#### **D. Francisco do Couto**

- Se desempeña como contador en CEMIG y es actualmente responsable de la elaboración de los estados financieros consolidados del Grupo.

#### **D. Leonardo George de Magalhães:**

- Ejecutivo responsable de la contabilidad, gestión de costes y planificación tributaria de CEMIG y filiales y también de presupuesto, planificación económico-financiera y de análisis y seguimiento de proyectos;
- Presidente del Consejo Deliberativo de entidad de previsión social privada FORLUZ; miembro del grupo de trabajo sobre tarifas reguladas del *International Accounting Standards Board (IASB)*;
- Miembro del Consejo de Administración de la sociedad ALIANÇA NORTE ENERGIA PARTICIPAÇÕES, S.A., accionista de la hidroeléctrica de Belo Monte;
- Coordinador del Comité de Control y Gestión de CEMIG, órgano de seguimiento de presupuesto y resultados de los negocios y también de asesoramiento a la Administración en los análisis e iniciativas de control y gestión;



- Coordinador del Comité de Priorización de Presupuesto, órgano de apoyo a la Administración en las deliberaciones y gestión de proyectos de inversión, incluyendo análisis y priorización en la utilización de recursos;
- Representante de CEMIG en eventos de relaciones con inversores en Brasil y en los principales mercados financieros internacionales;
- Participa, en conjunto con el CFO y Superintendente de RI, en las presentaciones trimestrales a los inversores de los resultados de CEMIG;
- Participó en diversos procesos de fusión y adquisiciones de CEMIG.

\* \_ \* \_ \* \_ \*

## ANEXO I AL ANEXO II

### **COPIA DE LA PROPUESTA DE TRABAJO DE LOS EXPERTOS CONTABLES**

El estudio se llevó a cabo con arreglo a lo establecido en la Norma Brasileña de Contabilidad NBC T 13, y comprendió: (a) la planificación de los trabajos; (b) la aplicación de los procedimientos analíticos que se consideraron necesarios en función de las circunstancias; y (c) la emisión del correspondiente informe de valoración del patrimonio que CEMIGTELECOM aportará a CEMIG como consecuencia de la operación de fusión por absorción en virtud de la cual la primera será absorbida por la segunda. El alcance del trabajo consistió en la valoración de los activos y pasivos CEMIGTELECOM a valor neto contable. En tal sentido, se han adoptado los siguientes procedimientos analíticos:

- Lectura de las cuentas anuales correspondientes al ejercicio cerrado el 31 de diciembre de 2016.
- Lectura del informe de auditoría de fecha 6 de abril de 2017 del auditor externo DELOITTE TOUCHE TOHMATSU AUDITORES INDEPENDENTES, por el que emitió una opinión sin salvedades en relación con el balance de situación a 31 de diciembre de 2016.
- Lectura del informe financiero intermedio correspondiente al periodo de tres meses terminado el 30 de septiembre de 2017, acompañado del informe de revisión limitada sobre los estados financieros intermedios emitido sin salvedades con fecha 10 de noviembre de 2017 por el auditor externo ERNST & YOUNG AUDITORES INDEPENDENTES.
- Revisión analítica del movimiento de las partidas de activo y de pasivo durante el periodo comprendido entre el 30 de septiembre de 2017 y el 30 de noviembre de 2017.

A 30 de septiembre de 2017, los libros de contabilidad de CEMIGTELECOM se hallan revestidos de las formalidades legales pertinentes y su llevanza se ha realizado de conformidad con los principios de contabilidad generalmente aceptados en Brasil.

Los expertos han utilizado información y datos históricos auditados por terceros, así como información y datos facilitados por la Dirección de CEMIGTELECOM, vía correo electrónico o a través de la web de la entidad. En virtud de ello, se asume que los datos y la información obtenida para la preparación de este informe es verdadera, completa y correcta.

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**ANEXO III A LAS PROPUESTAS DE ACUERDO FORMULADAS POR EL CONSEJO DE ADMINISTRACIÓN A LA JUNTA GENERAL EXTRAORDINARIA DE ACCIONISTAS A CELEBRAR EL DÍA 18 DE FEBRERO DE 2018**

**PROYECTO COMÚN DE FUSIÓN POR ABSORCIÓN**

**ENTRE**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG  
(sociedad absorbente)**

**Y**

**CEMIG TELECOMUNICAÇÕES, S.A. (CemigTelecom)  
(sociedad absorbida)**

A los efectos de lo previsto en la Ley N.º 6.404, de 15 de diciembre de 1976, y sus modificaciones posteriores (la “Ley de Sociedades Anónimas de Brasil”), los abajo firmantes, en su condición de representantes legales de

(a) **COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG**, sociedad con domicilio social en la Ciudad de Belo Horizonte, Estado de Minas Gerais (Brasil), Avenida Barbacena, n° 1200, y número de identificación fiscal (CNPJ/MF) 17.155.730/0001-64, representada en este acto de conformidad con lo establecido en sus actos de constitución (“CEMIG” o la “ABSORBENTE”); y

(b) **CEMIG TELECOMUNICAÇÕES, S.A. – CemigTelecom**, sociedad con domicilio social en la Ciudad de Belo Horizonte, Estado de Minas Gerais (Brasil), Rua [calle] dos Inconfidentes, n° 1.051, térreo / 1ª sobreloja [planta baja], y número de identificación fiscal (CNPJ/MF) 02.983.428/0001-27, representada en este acto de conformidad con lo establecido en sus actos de constitución (“CEMIGTELECOM” o la “ABSORBIDA”).

(CEMIG y CEMIGTELECOM, en lo sucesivo conjuntamente denominadas como las “Compañías”).

**ACUERDAN** suscribir este proyecto común de fusión (el “Proyecto de Fusión”), con el fin de establecer los términos y condiciones que regirán la operación de fusión por absorción en virtud de la cual CEMIGTELECOM será absorbida por CEMIG (la “Fusión” o la “Operación”).

## **IDENTIFICACIÓN DE LAS SOCIEDADES INTERVINIENTES EN LA FUSIÓN: OBJETO SOCIAL**

1. CEMIG es una sociedad anónima cotizada que tiene por objeto: (a) la construcción, operación y explotación de sistemas de generación, transporte, distribución y comercialización de energía eléctrica y servicios relacionados; (b) el desarrollo de toda clase de actividades destinadas a la explotación económica y comercial de los distintos negocios relacionados con el sector energético, cualesquiera sean sus fuentes; (c) la prestación de servicios de consultoría, en el ámbito de sus sectores de actividad, a empresas brasileñas y extranjeras; y (d) la realización de cualesquier otras actividades relacionadas, ya sea directa o indirectamente, con su objeto social, incluyendo el desarrollo y la explotación de servicios de información y telecomunicaciones.
2. CEMIGTELECOM es una sociedad anónima de capital abierto<sup>3</sup> que tiene por objeto: (a) la prestación de servicios especializados en el área de telecomunicaciones a través de un sistema integrado de cables de fibra óptica, cables coaxiales y equipos electrónicos y asociados, para la transmisión, emisión y recepción de símbolos, caracteres, señales, escritos, imágenes, sonidos e información de cualquier naturaleza; (b) la prestación de servicios de telecomunicaciones a través de la utilización de distintas tecnologías; (c) la prestación de servicios de consultoría a empresas en Brasil y en el exterior; (d) la cesión de su sistema de telecomunicaciones, mediante retribución, (i) a empresas proveedoras de servicios públicos de energía eléctrica, para uso por éstas en la gestión de sus actividades de generación, transporte y distribución; y (ii) a empresas especializadas que deseen operarlo comercialmente como proveedor alternativo de transporte a empresas adjudicatarias de concesiones, permisos o

<sup>3</sup> N.T. En el sentido de que se le permite realizar emisiones de valores de renta fija. Sin embargo, no cotiza sus acciones en bolsa.

licencias para la prestación de servicios de telecomunicaciones; (e) la operación comercial de su sistema de telecomunicaciones como proveedor alternativo de transporte a empresas adjudicatarias de concesiones, permisos o licencias para la prestación de servicios de telecomunicaciones; f) la prestación de servicios de comunicación multimedios (SCM) en todo el territorio brasileño; y g) la participación en el capital social de otras sociedades.

## JUSTIFICACIÓN DE LA FUSIÓN

3. La estructura jurídica elegida para llevar a cabo la integración de los negocios de CEMIGTELECOM y CEMIG es la fusión, en los términos previstos en los artículos 227 y siguientes de la Ley de Sociedades Anónimas de Brasil. En concreto, la Fusión proyectada se arbitrará mediante la absorción de CEMIGTELECOM (sociedad absorbida) por CEMIG (sociedad absorbente), con extinción, vía disolución sin liquidación, de la primera y transmisión en bloque de todo su patrimonio a la segunda, que adquirirá, por sucesión universal, la totalidad de los derechos y obligaciones de la ABSORBIDA.
4. Los saldos de las cuentas acreedoras y deudoras de la ABSORBIDA, que actualmente constituyen sus activos y pasivos, se traspasarán a las cuentas correspondientes en los libros de contabilidad de la ABSORBENTE después de la implementación de la Fusión, y se procederá a realizar las necesarias adaptaciones.
5. La Fusión proporcionará el aprovechamiento de sinergias y reducirá costes financieros, operacionales y administrativos a través de la concentración de las estructuras actualmente existentes, permitiendo a CEMIG maximizar los recursos disponibles.
6. Se estima que la fecha a partir de la cual las operaciones de CEMIGTELECOM se considerarán realizadas a efectos contables por cuenta de CEMIG será el 31 de marzo de 2018 (la “Fecha de Efectividad de la Fusión”), con independencia de la fecha en que sean obtenidas las aprobaciones requeridas a efectos de la FUSIÓN.
7. En la Fecha de Efectividad de la Fusión, CEMIGTELECOM se extinguirá de pleno derecho.

## IDENTIFICACIÓN DE LAS SOCIEDADES INTERVINIENTES EN LA FUSIÓN: CAPITAL SOCIAL

8. La ABSORBENTE es una sociedad anónima cotizada. El capital social asciende a la cantidad de seis mil doscientos noventa y cuatro millones doscientos ocho mil doscientos setenta reales (R\$6.294.208.270,00) y está integrado por: a) cuatrocientas veinte millones setecientos sesenta y cuatro mil setecientos ocho (420.764.708) acciones ordinarias, nominativas, de cinco (R\$5,00) reales de valor nominal cada una de ellas; y b) ochocientos treinta y ocho millones setenta y seis mil novecientos cuarenta y seis (838.076.946) acciones preferentes, nominativas, de cinco (R\$5,00) reales de valor nominal cada una de ellas.320%
9. La ABSORBIDA es una sociedad anónima de capital abierto<sup>4</sup>. El capital social asciende a la cantidad de doscientos noventa y dos reales trescientos noventa y nueve mil trescientos

<sup>4</sup> N.T. La ABSORBENTE es una sociedad anónima de “capital abierto”, en el sentido de que se le permite realizar emisiones de valores de renta fija. Sin embargo, no cotiza sus acciones en bolsa.

tres reales con veintinueve centavos de real (R\$292.399.303,29), totalmente suscrito y desembolsado, y está integrado por cuatrocientas cuarenta y ocho millones trescientas cuarenta mil ochocientos veintidós (448.340.822) acciones ordinarias, nominativas y sin expresión de valor nominal, todas ellas propiedad de la ABSORBENTE, accionista único de la ABSORBIDA:

Accionista Único	Acciones	%
Companhia Energética de Minas Gerais – Cemig	448.340.822	100

## VALORACIÓN DEL PATRIMONIO DE LA ABSORBIDA

10. A efectos de valorar el patrimonio de la ABSORBIDA, de conformidad y a los efectos previstos en el artículo 8 de la Ley de Sociedades Anónimas de Brasil, los administradores de las Compañías, *ad referendum* de los accionistas, designaron a los expertos contables que se indican a continuación (los “Expertos Contables”):

**D. Flávio de Almeida Araújo,**

de nacionalidad brasileña, casado, contador público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 86.861, con domicilio en Rua [calle] José de Alencar, 984/401, barrio de Nova Suíça, de la ciudad de Belo Horizonte (MG), provisto del documento de identidad n.º MG-7.348.434, y del número de identificación fiscal (CPF) n.º 045.915.356-06.

**D. Francisco do Couto,**

de nacionalidad brasileña, casado, contador público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 58.343, con domicilio en Rua [calle] Uberlândia, 555/902, barrio de Carlos Prates, de la ciudad de Belo Horizonte (MG), provisto del documento de identidad n.º MG-3.124.729, y del número de identificación fiscal (CPF) n.º 525.441.416-20.

**D. Leonardo George de Magalhães,**

de nacionalidad brasileña, casado, contador público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 53.140, con domicilio en Rua [calle] Vega, 55, barrio de Quintas do Sol, de la ciudad de Nova Lima (MG), provisto del documento de identidad n.º MG-4.303.799, y del número de identificación fiscal (CPF) n.º 617.665.426-20.

11. Los elementos de activo y de pasivo de la ABSORBIDA que serán traspasados a la ABSORBENTE se valoraron a valor neto contable sobre la base del balance de situación de la ABSORBIDA en la fecha de referencia 30 de noviembre de 2017.

12. Los Expertos Contables concluyeron, sobre la base de dicho balance, que el valor neto contable del patrimonio de CEMIGTELECOM asciende al importe de doscientos cuarenta y cinco millones setecientos sesenta y un mil cuatrocientos trece reales con treinta y seis centavos de real (R\$245.761.413,36), tras los ajustes descritos en el apartado 4 del informe de valoración y la eliminación de la inversión de la ABSORBIDA en la ABSORBENTE.

13. Todo y cualquier cambio producido en el activo o pasivo con posterioridad a la fecha del referido balance se registrará en los estados financieros de la ABSORBENTE en la Fecha de Efectividad de la Fusión.

## PARTICIPACIONES COMUNES Y CANJE DE ACCIONES

14. Teniendo en cuenta que la ABSORBENTE es titular del cien por cien (100%) del capital social de la ABSORBIDA, la Fusión no supondrá ningún canje de acciones de la ABSORBIDA por acciones de la ABSORBENTE. La Fusión no implicará aumento ni reducción del patrimonio neto de la ABSORBENTE, puesto que la ABSORBIDA es una sociedad integrada en el perímetro de consolidación de la ABSORBENTE por el método de puesta en equivalencia. En consecuencia, no habrá aumento o reducción del capital social de la ABSORBENTE, ni tampoco emisión de nuevas acciones.
15. Al no haber otros accionistas de la ABSORBIDA, y al no haber aumento de capital de la ABSORBENTE, no se hace necesario confrontar los parámetros de tipo de canje, por lo que no hay ninguna información adicional a los accionistas de la ABSORBENTE.

## DISPOSICIONES FINALES

16. La aprobación del presente Proyecto de Fusión por el accionista único de la ABSORBIDA y los accionistas de la ABSORBENTE implicará la extinción de la ABSORBIDA en la Fecha de Efectividad de la Fusión, con la cancelación de todas las acciones representativas de su capital social. La Dirección de la ABSORBENTE será responsable del archivado de todos los documentos necesarios para el registro de la Fusión ante los órganos competentes.
17. En la Fecha de Efectividad de la Fusión, todos los bienes, derechos, obligaciones y responsabilidades de la ABSORBIDA se traspasarán automáticamente al patrimonio de la ABSORBENTE, que la sucederá en todos sus derechos y obligaciones, independientemente de cualesquiera formalidades distintas de las previstas en la ley.
18. No se aplican las disposiciones relativas al derecho de receso y de reembolso de acciones, teniendo en cuenta que (i) con respecto a la ABSORBIDA, la ABSORBENTE posee la totalidad de las acciones representativas de su capital social, por lo que no hay accionista disidente en relación con la Fusión; y (ii) con respecto a ABSORBENTE, no hay previsión legal o estatutaria que confiera derecho de receso a eventuales disidentes.
19. De conformidad con lo establecido en el artículo 231 de la Ley de Sociedades Anónimas de Brasil, la Fusión estará sujeta (i) a la aprobación por parte de los obligacionistas de la segunda emisión de obligaciones de la ABSORBIDA reunidos en Asamblea General especialmente convocada a tales efectos; o (ii) a la concesión por la ABSORBIDA de un periodo mínimo de seis (6) meses a los tenedores –contados a partir de la fecha de publicación de los acuerdos adoptados por las Juntas Generales que se hayan celebrado para deliberar y resolver sobre la Fusión– para que puedan solicitar, en su caso, la amortización anticipada de las obligaciones en circulación de las que son titulares.

En prueba de conformidad con todo lo anterior, las Compañías firman el presente instrumento en seis (6) ejemplares del mismo tenor y a un solo efecto, en la ciudad de Belo Horizonte (Brasil), a los \_\_\_\_\_ días del mes de \_\_\_\_\_ del año 2018.



Por la  
**ABSORBENTE**

**COMPANHIA ENERGÉTICA DE MINAS  
GERAIS – CEMIG**

Fdo. \_\_\_\_\_

Por la  
**ABSORBIDA**

**CEMIG TELECOMUNICAÇÕES, S.A.  
CemigTelecom**

Fdo. \_\_\_\_\_

Testigos:

1. \_\_\_\_\_

Nombre y Apellidos

Número de identificación fiscal (CPF/MF):

Documento de identidad:

2. \_\_\_\_\_

Nombre y Apellidos

Número de identificación fiscal (CPF/MF):

Documento de identidad:



ANEXO IV A LAS PROPUESTAS DE ACUERDO FORMULADAS POR EL CONSEJO DE ADMINISTRACIÓN A LA JUNTA GENERAL EXTRAORDINARIA DE ACCIONISTAS A CELEBRAR EL DÍA 18 DE FEBRERO DE 2018

## INFORME DEL CONSEJO DE AUDITORÍA

Los infrascritos miembros del Consejo de Auditoría de **COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG**, en cumplimiento de sus funciones legales y estatutarias, han examinado las propuestas de acuerdo formuladas por el Consejo de Administración a la Junta General Extraordinaria de Accionistas a celebrar el día 18 de febrero de 2018, relativas a:

- I- Aprobar y autorizar la suscripción del proyecto común de fusión por absorción entre CEMIG y la sociedad CEMIG TELECOMUNICAÇÕES, S.A. (“CEMIGTELECOM”), en el cual se establecerán los términos y condiciones que regularán la operación.
- II- Ratificar, debido a que se trata de una entidad íntegramente participada por CEMIG, el nombramiento de los tres (3) expertos contables que se mencionan a continuación, responsables de valorar el patrimonio de CEMIGTELECOM, de conformidad y a los efectos previstos en el artículo 8 de la Ley N.º 6.404/1976 [la Ley de Sociedades Anónimas de Brasil]:
  - D. Flávio de Almeida Araújo,  
Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 86.861.
  - D. Francisco do Couto,  
Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 58.343.
  - D. Leonardo George de Magalhães,  
Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 53.140.
- III- Aprobar el correspondiente informe de valoración de los activos y pasivos de CEMIGTELECOM a valor neto contable, el cual fue elaborado por los tres (3) expertos contables que se indican en el Punto Segundo anterior, de conformidad y a los efectos previstos en el artículo 8 de la Ley N.º 6.404/1976 [la Ley de Sociedades Anónimas de Brasil].
- IV- Autorizar la operación de fusión mediante la absorción de CEMIGTELECOM (sociedad absorbida) por CEMIG (sociedad absorbente), con extinción, vía disolución sin liquidación, de la primera.
- V- Autorizar a CEMIG a adquirir, por sucesión universal y para todos los efectos legales a que haya lugar, la totalidad de los derechos y obligaciones de CEMIGTELECOM.

- VI- Autorizar la transmisión en bloque a CEMIG de todos los activos y pasivos que integran el patrimonio de CEMIGTELECOM, incluyendo establecimientos, bienes tangibles e intangibles, inventarios, inmobiliario, créditos, derechos, personal, participaciones, contratos, obligaciones, libros y facturas, controles, registros, contabilidad, documentos, sistemas, datos e información; e incluyendo asimismo las acciones que posee CEMIGTELECOM en la sociedad ATIVAS DATA CENTER, S.A., y que representan el 19,6% del capital social total de dicha sociedad, así como los correspondientes contratos relacionados con dicha participación.

Tras analizar detenidamente las propuestas mencionadas, y teniendo en cuenta que se han observado las normas legales aplicables, los miembros del Consejo de Auditoría acuerdan dictaminar favorablemente su aprobación por parte de la Junta General Extraordinaria de Accionistas a celebrar el día 18 de febrero de 2018.

En Belo Horizonte, a 25 de enero de 2018.

Fdo. Edson Moura Soares

Fdo. Camila Nunes da Cunha Pereira Paulino

Fdo. Manuel Jeremias Leite Caldas

Fdo. Rodrigo de Mesquita Pereira



**ANEXO V A LAS PROPUESTAS DE ACUERDO FORMULADAS POR EL CONSEJO DE ADMINISTRACIÓN A LA JUNTA GENERAL EXTRAORDINARIA DE ACCIONISTAS A CELEBRAR EL DÍA 18 DE FEBRERO DE 2018**

**INFORME DE VALORACIÓN DEL PATRIMONIO**

**CEMIG TELECOMUNICAÇÕES, S.A. (CemigTelecom)  
(sociedad absorbida)**

A los Administradores de  
**COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG**  
Avenida Barbacena, n.º 1200, piso 18º  
Belo Horizonte, Minas Gerais (Brasil)

A los efectos de lo previsto en los párrafos primero y sexto del artículo 8 de la Ley N.º 6.404/1976 [la “Ley de Sociedades Anónimas de Brasil”], la Dirección de COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG (“CEMIG”) designó a tres (3) expertos contables a quienes se les encomendó la elaboración de un informe de valoración de los activos y pasivos de la sociedad CEMIG TELECOMUNICAÇÕES, S.A. – CEMIGTELECOM (“CEMIGTELECOM”) a valor neto contable en la fecha de referencia 30 de noviembre de 2017. Dichos nombramientos serán debidamente ratificados por una Junta General Extraordinaria de Accionistas de CEMIG que se convocará a estos efectos.

## 1. ACERCA DE LOS EXPERTOS

Los contadores públicos que se indican más adelante fueron designados para actuar como expertos contables responsables de llevar a cabo la valoración del patrimonio de CEMIGTELECOM y elaborar el presente informe de valoración de conformidad con los principios de contabilidad generalmente aceptados en Brasil, tal y como se establece en el apartado 7 de la Norma Brasileña de Contabilidad NBC TG 26: “Presentación de Estados Financieros”:

- D. Flávio de Almeida Araújo,  
Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 86.861.
- D. Francisco do Couto,  
Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 58.343.
- D. Leonardo George de Magalhães,  
Contador Público inscrito en el Colegio Regional de Contadores Públicos del Estado de Minas Gerais (CRC/MG) con el n.º 53.140.

En cumplimiento de los requisitos establecidos en la Instrucción de la Comisión del Mercado de Valores de Brasil (“CVM”) N.º 319/1999 y sus modificaciones posteriores, los expertos designados declaran que: (a) no tienen ningún interés directo o indirecto en CEMIGTELECOM o en sus operaciones; y (b) no se encontraron con ninguna limitación impuesta por los accionistas de control o los administradores de CEMIGTELECOM, que hubiera podido entorpecer o comprometer el acceso, la utilización o el conocimiento de cualquier información, bienes, documentos o metodologías de trabajo relevantes para la emisión de sus conclusiones.

El estudio se llevó a cabo con arreglo a lo establecido en la Norma Brasileña de Contabilidad NBC T 13, y comprendió: (a) la planificación de los trabajos; (b) la aplicación de los procedimientos analíticos que se consideraron necesarios en función de las circunstancias; y (c) la emisión del correspondiente informe de valoración del patrimonio que CEMIGTELECOM aportará a CEMIG como consecuencia de la operación de fusión por absorción en virtud de la cual la primera será absorbida por la segunda.

## 2. INFORMACIÓN GENERAL SOBRE LA ENTIDAD QUE SERÁ ABSORBIDA

CEMIGTELECOM es una sociedad anónima de capital abierto<sup>5</sup> íntegramente participada por CEMIG, que ofrece una red óptica para el transporte de servicios de telecomunicaciones en el Estado de Minas Gerais por medio de las infraestructuras de transporte y distribución de energía eléctrica propiedad de CEMIG.

CEMIGTELECOM se constituyó el 13 de enero de 1999 con la finalidad de brindar servicios en el área de telecomunicaciones a través de un sistema integrado de cables de fibra óptica, cables coaxiales y equipos electrónicos y asociados, para la transmisión, emisión y recepción de símbolos, caracteres, señales, escritos, imágenes, sonidos e información de cualquier naturaleza; además de operar y gestionar sistemas de telecomunicaciones, en calidad de proveedor alternativo de servicios de transporte y otros, a empresas adjudicatarias de concesiones, permisos o licencias para la prestación de servicios de telecomunicaciones.

## 3. OBJETIVO DE LA VALORACIÓN Y FECHA DE REFERENCIA

La valoración de los activos y pasivos de CEMIGTELECOM se llevó a cabo a valor neto contable en la fecha de referencia 30 de noviembre de 2017, a efectos de la operación de fusión por absorción en virtud de la cual CEMIGTELECOM (sociedad absorbida) será absorbida por CEMIG (sociedad absorbente). Como consecuencia de la fusión por absorción, se producirá la extinción, mediante la disolución sin liquidación, de CEMIGTELECOM, traspasándose en bloque, a título universal, su patrimonio neto contable a CEMIG, que adquirirá por sucesión universal la totalidad de los derechos y obligaciones de la sociedad absorbida, en los términos previstos en los artículos 226 y 227 de la Ley de Sociedades Anónimas de Brasil.

## 4. ALCANCE DEL TRABAJO

Se han adoptado los siguientes procedimientos analíticos en relación con los importes de las partidas de activo y de pasivo que componen el balance de situación de CEMIGTELECOM a 30 de noviembre de 2017:

- Lectura de las cuentas anuales correspondientes al ejercicio cerrado el 31 de diciembre de 2016.
- Lectura del informe de auditoría de fecha 6 de abril de 2017 del auditor externo DELOITTE TOUCHE TOHMATSU AUDITORES INDEPENDENTES, por el que emitió una opinión sin salvedades en relación con el balance de situación a 31 de diciembre de 2016.
- Lectura del informe financiero intermedio correspondiente al periodo de tres meses terminado el 30 de septiembre de 2017, acompañado del informe de revisión limitada sobre los estados financieros intermedios emitido sin salvedades con fecha 10 de noviembre de 2017 por el auditor externo ERNST & YOUNG AUDITORES INDEPENDENTES.
- Revisión analítica del movimiento de las partidas de activo y de pasivo durante el periodo comprendido entre el 30 de septiembre de 2017 y el 30 de noviembre de 2017.

<sup>5</sup> N.T. En el sentido de que se le permite realizar emisiones de valores de renta fija. Sin embargo, no cotiza sus acciones en bolsa.



A 30 de septiembre de 2017, los libros de contabilidad de CEMIGTELECOM se hallan revestidos de las formalidades legales pertinentes y su llevanza se ha realizado de conformidad con los principios de contabilidad generalmente aceptados en Brasil.

Los expertos han utilizado información y datos históricos auditados por terceros, así como información y datos facilitados por la Dirección de CEMIGTELECOM, vía correo electrónico o a través de la web de la entidad. En virtud de ello, se asume que los datos y la información obtenida para la preparación de este informe es verdadera, completa y correcta.

El presente informe se ha elaborado para único y exclusivo uso de CEMIG, teniendo en cuenta el objetivo mencionado en el apartado 3 anterior.

## 5. PRESENTACIÓN DEL BALANCE DE SITUACIÓN

El balance de situación cerrado a 30 de noviembre de 2017 ha sido elaborado de conformidad con los principios de contabilidad generalmente aceptados en Brasil. Los expertos han constatado que los activos y pasivos de CEMIGTELECOM se encuentran debidamente contabilizados de acuerdo con el plan de cuentas del sector brasileño de telecomunicaciones.

## 6. COMPOSICIÓN DEL PATRIMONIO NETO CONTABLE

### 6.1. Valoración y fecha de referencia

A 30 de noviembre de 2017, el patrimonio neto contable de CEMIGTELECOM está representado de forma resumida por las siguientes partidas contables:

	<b>Valor neto contable</b>
<b>ACTIVOS A TRANSMITIR</b>	<b>Miles de Reales brasileños (R\$)</b>
Activos corrientes y no corrientes	363.453.288,20
<hr/>	
<b>PASIVOS A ASUMIR</b>	
Pasivos corrientes y no corrientes	117.691.874,84
<hr/>	
<b>VALOR NETO DEL PATRIMONIO A TRANSMITIR</b>	<b>245.761.413,36</b>

### 6.2. Valoración del valor neto del patrimonio a precios de mercado

Si bien tanto CEMIGTELECOM como CEMIG son sociedades de capital abierto, la valoración ya sea a precios de mercado o por medio de otra técnica de valoración no se justifica según lo previsto en el artículo 264 da Ley de Sociedades Anónimas de Brasil, dado que se trata de una fusión por absorción de una entidad íntegramente participada, por lo que no puede valorarse a efectos comparativos o en términos del ejercicio del derecho de retiro. En otras palabras: no habrá cambios en el patrimonio neto de CEMIG, y en consecuencia no habrá emisión de nuevas acciones, razón por la cual no corresponde llevar a cabo ninguna valoración a precios de mercado.

### 6.3. Valoración de los cambios en las partidas de activo y pasivo de CEMIGTELECOM posteriores a la fecha de referencia

A los efectos de lo previsto en el artículo 224, inciso III, de la Ley de Sociedades Anónimas de Brasil, las modificaciones del activo o pasivo acaecidas durante el periodo comprendido entre la fecha de referencia de este informe –es decir: el 30 de noviembre de 2017– y la fecha de efectividad de la fusión de CEMIGTELECOM se registrarán en la contabilidad de CEMIG por el valor neto contable al que estén contabilizados en los libros de la entidad en la fecha de efectos contables de la fusión.

## 7. CONCLUSIÓN

Como consecuencia de los procedimientos analíticos adoptados, hemos concluido que a 30 de noviembre de 2017 el valor neto contable del patrimonio de CEMIGTELECOM asciende al importe de doscientos cuarenta y cinco millones setecientos sesenta y un mil cuatrocientos trece reales con treinta y seis centavos de real (R\$245.761.413,36).

En Belo Horizonte, a 22 de diciembre de 2017.

Fdo. Flávio de Almeida Araújo  
Contador Público  
CRC/MG 86.861

Fdo. Francisco do couto  
Contador Público  
CRC/MG 58.343

Fdo. Leonardo George de Magalhães  
Contador Público  
CRC/MG 53.140



## ANEXO I



CEMIG TELECOMUNICAÇÕES, S.A. (CemigTelecom)

BALANCES DE SITUACIÓN A 30 DE NOVIEMBRE DE 2017 Y 31 DE DICIEMBRE DE  
(Cifras expresadas en Reales brasileños)

	A 30.11.2017	A 31.12.2016	Δ%
<b>ACTIVO</b>			
<b>CORRIENTE</b>			
Efectivo y otros activos líquidos equivalentes	12.806.068	1.033.959	1138,5%
Instrumentos financieros de renta fija	524.834	1.855.029	-71,7%
Cuentas a cobrar: clientes	20.832.186	19.552.443	6,5%
Impuestos recuperables	4.148.829	3.683.818	12,6%
Adelantos	1.677.037	898.825	86,6%
Gastos anticipados	37.559	33.931	10,7%
<b>TOTAL CORRIENTE</b>	<b>40.026.512</b>	<b>27.058.004</b>	<b>47,9%</b>
<b>NO CORRIENTE</b>			
<b>Realizable a Largo Plazo</b>			
Instrumentos financieros mantenidos hasta el vencimiento	203.143	83.248	144,0%
Cuentas a cobrar: clientes	11.602.136	11.875.973	-2,3%
Impuestos recuperables	3.184.911	2.997.422	6,3%
Activo por impuestos diferidos	6.345.656	8.037.818	-21,1%
Otros activos no corrientes	239.113	906.930	-73,6%
Activo financiero: concesiones	4.483.565	4.586.470	-2,2%
Inversiones	17.598.105	19.744.312	-10,9%
Inmovilizado material	270.145.535	261.612.715	3,3%
Inmovilizado intangible	9.624.612	9.489.877	1,4%
<b>TOTAL ACTIVO</b>	<b>363.453.288</b>	<b>346.392.769</b>	<b>4,9%</b>



CEMIG TELECOMUNICAÇÕES, S.A. (CemigTelecom)

BALANCES DE SITUACIÓN A 30 DE NOVIEMBRE DE 2017 Y 31 DE DICIEMBRE DE  
(Cifras expresadas en Reales brasileños)

	A 30.11.2017	A 31.12.2016	Δ%
<b>PASIVO Y PATRIMONIO NETO</b>			
<b>CORRIENTE</b>			
Préstamos y obligaciones	13.132.426	63.751.660	-79,4%
Proveedores	18.778.123	21.750.011	-13,7%
Cargas fiscales	10.597.094	9.572.512	10,7%
Cargas sociales y laborales	3.199.241	4.862.624	-34,2%
Adelantos a clientes	459.764	459.764	0,0%
Otros pasivos corrientes	571.122	973.002	-41,3%
<b>TOTAL CORRIENTE</b>	<b>46.737.770</b>	<b>101.369.573</b>	<b>-53,9%</b>
<b>NO CORRIENTE</b>			
Préstamos y obligaciones	55.109.273	37.620.519	46,5%
Provisiones	56.714	82.858	-31,6%
Adelantos a clientes	4.227.688	4.663.107	-9,3%
Cargas fiscales	1.907.021	2.465.572	-22,7%
Cargas sociales y laborales	3.279.115	2.800.761	17,1%
Ativas Data Center, S.A.	6.374.295	3.409.654	86,9%
<b>TOTAL NO CORRIENTE</b>	<b>70.954.105</b>	<b>51.042.472</b>	<b>39,0%</b>
<b>PATRIMONIO NETO</b>			
Capital social	292.399.303	241.741.866	21,0%
Ajustes por valoración del patrimonio neto	(755.826)	(755.826)	0,0%
Pérdidas acumuladas	(45.882.064)	(47.005.316)	-2,4%
<b>TOTAL PATRIMONIO NETO</b>	<b>245.761.413</b>	<b>193.980.724</b>	<b>26,7%</b>
<b>TOTAL PASIVO Y PATRIMONIO NETO</b>	<b>363.453.288</b>	<b>346.392.769</b>	<b>4,9%</b>

Domicilio social: Avenida Barbacena, 1200 Código postal (CEP): 30190-131 Belo Horizonte (MG) Brasil Teléfono: (+ 5531) 3506-5024 Fax: (+ 5531) 3506-5026

EL TEXTO ORIGINAL EN EL IDIOMA FUENTE DE ESTE COMUNICADO ES LA VERSIÓN OFICIAL AUTORIZADA. LAS TRADUCCIONES SÓLO SE SUMINISTRAN COMO ADAPTACIÓN Y DEBEN COTEJARSE CON EL TEXTO EN EL IDIOMA FUENTE, QUE ES LA ÚNICA VERSIÓN QUE TENDRÁ UN EFECTO LEGAL.

***Companhia Energética de  
Minas Gerais –  
CEMIG***

*Financial Statements as of December 31, 2016 and December  
31, 2015 and for the Years Ended December 31, 2016, 2015 and  
2014 and Report of Independent Registered Public Accounting  
Firm*

## CONTENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION .....	3
CONSOLIDATED STATEMENTS OF INCOME .....	5
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME .....	6
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY .....	7
CONSOLIDATED STATEMENTS OF CASH FLOW .....	9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....	11
1. OPERATING CONTEXT .....	11
2. BASIS OF PREPARATION .....	20
3. PRINCIPLES OF CONSOLIDATION .....	33
4. CONCESSIONS AND AUTHORIZATIONS .....	35
5. OPERATING SEGMENTS .....	47
6. CASH AND CASH EQUIVALENTS .....	51
7. SECURITIES .....	51
8. CONSUMERS, TRADERS AND POWER TRANSPORT CONCESSION HOLDERS .....	52
9. RECOVERABLE TAXES .....	53
10. INCOME AND SOCIAL CONTRIBUTION TAXES .....	54
11. RESTRICTED CASH .....	56
12. ESCROW DEPOSITS .....	56
13. ENERGY DEVELOPMENT ACCOUNT (CDE) .....	57
14. FINANCIAL ASSETS AND LIABILITIES OF THE CONCESSION .....	58
15. INVESTMENTS .....	65
16. PROPERTY, PLANT AND EQUIPMENT .....	91
17. INTANGIBLE ASSETS .....	94
18. SUPPLIERS .....	96
19. TAXES, INCOME TAX AND SOCIAL CONTRIBUTION TAX .....	96
20. LOANS, FINANCINGS AND DEBENTURES .....	98
21. REGULATORY CHARGES .....	104
22. POST-RETIREMENT LIABILITIES .....	105
23. PROVISIONS .....	111
24. EQUITY AND REMUNERATION TO SHAREHOLDERS .....	123
25. REVENUE .....	129
26. OPERATING COSTS AND EXPENSES .....	133
27. FINANCIAL REVENUES AND EXPENSES .....	136
28. RELATED PARTY TRANSACTIONS .....	137
29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT .....	140
30. MEASUREMENT AT FAIR VALUE .....	148
31. INSURANCE .....	150
32. COMMITMENTS .....	151
33. NON-CASH TRANSACTIONS .....	152
34. SUBSEQUENT EVENTS .....	152



## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2016 AND 2015

### ASSETS

(MILLIONS OF BRAZILIAN REAIS - R\$ mn)

	Note	2016	2015
<b>Current</b>			
Cash and cash equivalents	6	995	925
Securities	7	1,014	2,427
Consumers and traders and Concession holders – Transport of electricity	8	3,425	3,765
Financial assets of the concession	14	730	874
Recoverable taxes	9	236	175
Income and social contribution tax credits	10a	590	306
Dividends receivable		11	62
Restricted cash	11	367	-
Inventories		49	37
Advance to suppliers	28	1	87
Energy Development Account (CDE)	13	64	72
Low-income subscriber subsidy		36	31
Receivable from Eletrobras – RGR	21	48	-
Receivable from Eletrobras – CDE		90	-
Other		630	616
<b>TOTAL, CURRENT</b>		<b>8,286</b>	<b>9,377</b>
<b>NON-CURRENT</b>			
Securities	7	31	84
Advance to suppliers	28	229	60
Consumers and traders and Concession holders – Transport of electricity	8	146	133
Recoverable taxes	9	178	258
Income and social contribution taxes recoverable	10a	112	206
Deferred income and social contribution taxes	10b	1,797	1,498
Escrow deposits	12	1,887	1,813
Other credits		1,051	808
Financial assets of the concession	14	4,971	2,660
Investments – Equity method	15	8,753	9,745
Property, plant and equipment	16	3,775	3,940
Intangible assets	17	10,820	10,275
<b>TOTAL, NON-CURRENT</b>		<b>33,750</b>	<b>31,480</b>
<b>TOTAL ASSETS</b>		<b>42,036</b>	<b>40,857</b>

The Notes are an integral part of these Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2016 AND 2015

### LIABILITIES

(MILLIONS OF BRAZILIAN REAIS - R\$ mn)

	Note	2016	2015
<b>CURRENT</b>			
Suppliers	18	1,940	1,901
Regulatory charges	21	381	517
Profit sharing		18	114
Taxes payable	19a	794	740
Income and Social Contribution tax	19b	27	11
Interest on equity and dividends payable	24	467	1,307
Loans, financings and debentures	20	4,837	6,300
Payroll and related charges		225	221
Post-retirement liabilities	22	199	167
Concessions payable		3	3
Financial liabilities of the concession	14	482	-
Financial Instruments - put options	15	1,150	1,245
Advance sales of power supply	8	181	-
Other obligations		743	548
<b>TOTAL, CURRENT</b>		<b>11,447</b>	<b>13,074</b>
<b>NON-CURRENT</b>			
Regulatory charges	21	455	226
Loans, financings and debentures	20	10,342	8,867
Taxes payable	19a	724	740
Deferred income and social contribution tax	10b	582	689
Provisions	23	815	755
Post-retirement liabilities	22	4,043	3,086
Concessions payable		19	19
Financial liabilities of the concession	14	323	-
Financial Instruments - put options	15	192	148
Other obligations		160	265
<b>TOTAL, NON-CURRENT</b>		<b>17,655</b>	<b>14,795</b>
<b>TOTAL LIABILITIES</b>		<b>29,102</b>	<b>27,869</b>
<b>EQUITY</b>			
	24		
Share capital		6,294	6,294
Capital reserves		1,925	1,925
Profit reserves		5,200	4,663
Accumulated Other Comprehensive Income		(489)	102
<b>EQUITY ATTRIBUTABLE TO THE CONTROLLING SHAREHOLDERS</b>		<b>12,930</b>	<b>12,984</b>
<b>EQUITY ATTRIBUTABLE TO NON-CONTROLLING SHAREHOLDER</b>		<b>4</b>	<b>4</b>
<b>TOTAL EQUITY</b>		<b>12,934</b>	<b>12,988</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>42,036</b>	<b>40,857</b>

The Notes are an integral part of these Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

**(MILLIONS OF BRAZILIAN REAIS - R\$ mn)**  
**(except Net income per share)**

	Note	2016	2015 Restated	2014 Restated
<b>NET REVENUE</b>	25	18,773	21,868	19,595
<b>OPERATING COSTS</b>				
<b>COST OF ELECTRICITY AND GAS</b>	26			
Electricity purchased for resale		(8,273)	(9,542)	(7,428)
Charges for the use of the national grid		(947)	(999)	(744)
Gas purchased for resale		(878)	(1,051)	(254)
		<u>(10,098)</u>	<u>(11,592)</u>	<u>(8,426)</u>
<b>OTHER COSTS</b>	26			
Personnel and managers		(1,348)	(1,143)	(999)
Materials		(41)	(126)	(340)
Outsourced services		(720)	(740)	(736)
Depreciation and amortization		(802)	(811)	(779)
Operating provisions		(171)	(23)	(262)
Infrastructure construction cost		(1,193)	(1,252)	(942)
Other		(57)	(96)	(318)
		<u>(4,332)</u>	<u>(4,191)</u>	<u>(4,376)</u>
<b>TOTAL COST</b>		<b>(14,430)</b>	<b>(15,783)</b>	<b>(12,802)</b>
<b>GROSS PROFIT</b>		<b>4,343</b>	<b>6,085</b>	<b>6,793</b>
<b>OPERATING EXPENSES</b>	26			
Selling expenses		(382)	(175)	(128)
General and administrative expenses		(667)	(674)	(654)
Operating provisions		(5)	(1,203)	(190)
Other operating expenses		(420)	(452)	(674)
		<u>(1,474)</u>	<u>(2,504)</u>	<u>(1,646)</u>
Equity in earnings of unconsolidated investees, net	15	(302)	393	210
Impairment of Investments	15	(763)	-	-
Fair value gain (loss) on stockholding transaction	15	-	729	-
Gain on acquisition of control of investee	15	-	-	281
<b>Income before Financial income (expenses) and taxes</b>		<b>1,804</b>	<b>4,703</b>	<b>5,638</b>
Financial revenues	27	1,041	863	535
Financial expenses	27	(2,478)	(2,204)	(1,694)
<b>Income before income tax and social contribution tax</b>		<b>367</b>	<b>3,362</b>	<b>4,479</b>
Current income and social contribution taxes	10c	(174)	(881)	(1,259)
Deferred income and social contribution taxes	10c	141	(12)	(83)
<b>NET INCOME FOR THE YEAR</b>		<b>334</b>	<b>2,469</b>	<b>3,137</b>
Total of net income for the year attributed to:				
Controlling shareholders		334	2,469	3,137
Non-controlling shareholder		-	-	-
		<u>334</u>	<u>2,469</u>	<u>3,137</u>
Basic income per preferred share – R\$	24	0.35	1.96	2.49
Basic income per common share – R\$	24	0.10	1.96	2.49
Diluted income per preferred share – R\$	24	0.32	1.96	2.49
Diluted income per common share – R\$	24	0.07	1.96	2.49

The Notes are an integral part of these Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**  
**(MILLIONS OF BRAZILIAN REAIS - R\$ mn)**

	2016	2015	2014
<b>NET INCOME FOR THE YEAR</b>	<b>334</b>	<b>2,469</b>	<b>3,137</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Post retirement liabilities – remeasurement of obligations of the defined benefit plans, net of taxes	(515)	(360)	(44)
Equity gain (loss) on Other comprehensive income in jointly-controlled entities	4	(1)	(7)
	<u>(511)</u>	<u>(361)</u>	<u>(51)</u>
<b>Items that may be reclassified to profit or loss</b>			
Conversion adjustment of equity gain (loss) in other comprehensive income in subsidiary and jointly-controlled entity	(3)	54	10
Recycling of conversion adjustments to the Income statement arising from sale of Transchile	(39)	-	-
	<u>(42)</u>	<u>54</u>	<u>10</u>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>(219)</u></b>	<b><u>2,162</u></b>	<b><u>3,096</u></b>
Total of comprehensive income for the year attributed to:			
Controlling shareholders	(219)	2,162	3,096
Non-controlling shareholder	-	-	-
	<u>(219)</u>	<u>2,162</u>	<u>3,096</u>

The Notes are an integral part of these Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**  
**(MILLIONS OF BRAZILIAN REAIS - R\$ mn, except where otherwise indicated)**

	Share capital	Capital reserves	Profit reserves	Accumulated Other Comprehensive Income	Retained earnings	Total interest of the controlling shareholders	Total interest of the non-controlling shareholder	Total equity
<b>AS OF DECEMBER 31, 2013</b>	<b>6,294</b>	<b>1,925</b>	<b>3,840</b>	<b>579</b>	<b>-</b>	<b>12,638</b>	<b>-</b>	<b>12,638</b>
Net income for the year	-	-	-	-	3,137	3,137	-	3,137
<b>Other comprehensive income</b>								
Post retirement liabilities, net of taxes	-	-	-	(44)	-	(44)	-	(44)
Equity gain on Other comprehensive income in jointly-controlled entity	-	-	-	3	-	3	-	3
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41)</b>	<b>3,137</b>	<b>3,096</b>	<b>-</b>	<b>3,096</b>
<b>Other changes in equity:</b>								
Additional dividends proposed in 2013 (R\$ 0.04 per share)	-	-	(55)	-	-	(55)	-	(55)
Extraordinary dividends (R\$ 2.23 per share)	-	-	(2,804)	-	-	(2,804)	-	(2,804)
Statutory dividends (R\$ 1.04 per share)	-	-	-	-	(1,364)	(1,364)	-	(1,364)
Interest on Equity (R\$ 0.18 per share)	-	-	-	-	(230)	(230)	-	(230)
<b>Constitution of reserves</b>								
Tax incentives reserve	-	-	29	-	(29)	-	-	-
Profit reserve	-	-	1,584	-	(1,584)	-	-	-
<b>Realization of reserves</b>								
Equity valuation adjustments – deemed cost of PP&E	-	-	-	(70)	70	-	-	-
<b>ATTRIBUTED TO INTEREST OF THE CONTROLLING SHAREHOLDERS</b>	<b>6,294</b>	<b>1,925</b>	<b>2,594</b>	<b>468</b>	<b>-</b>	<b>11,281</b>	<b>-</b>	<b>11,281</b>
Non controlling shareholder	-	-	-	-	-	-	4	4
<b>AS OF DECEMBER 31, 2014</b>	<b>6,294</b>	<b>1,925</b>	<b>2,594</b>	<b>468</b>	<b>-</b>	<b>11,281</b>	<b>4</b>	<b>11,285</b>
Net income for the year	-	-	-	-	2,469	2,469	-	2,469
<b>Other comprehensive income</b>								
Post retirement liabilities, net of taxes	-	-	-	(361)	-	(361)	-	(361)
Equity gain on Other comprehensive income in jointly-controlled entity	-	-	-	54	-	54	-	54
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(307)</b>	<b>2,469</b>	<b>2,162</b>	<b>-</b>	<b>2,162</b>
<b>Other changes in equity:</b>								
Reserve for obligatory dividends not distributed	-	-	797	-	-	797	-	797
Statutory dividends (R\$ 0.84 per share)	-	-	-	-	(1,056)	(1,056)	-	(1,056)
Interest on Equity (R\$ 0.16 per share)	-	-	-	-	(200)	(200)	-	(200)
<b>Constitution of reserves</b>								
Tax incentives reserve	-	-	21	-	(21)	-	-	-
Profit reserve	-	-	1,251	-	(1,251)	-	-	-
<b>Realization of reserves</b>								
Equity valuation adjustments – deemed cost of PP&E	-	-	-	(59)	59	-	-	-
<b>ATTRIBUTED TO INTEREST OF THE CONTROLLING SHAREHOLDERS</b>	<b>6,294</b>	<b>1,925</b>	<b>4,663</b>	<b>102</b>	<b>-</b>	<b>12,984</b>	<b>-</b>	<b>12,984</b>
Non-controlling shareholder	-	-	-	-	-	-	4	4
<b>AS OF DECEMBER 31, 2015</b>	<b>6,294</b>	<b>1,925</b>	<b>4,663</b>	<b>102</b>	<b>-</b>	<b>12,984</b>	<b>4</b>	<b>12,988</b>



	Share capital	Capital reserves	Profit reserves	Equity Valuation adjustments	Retained earnings	Total interest of the controlling shareholders	Total interest of Non-controlling shareholder	Total equity
<b>AS OF DECEMBER 31, 2015</b>	<b>6,294</b>	<b>1,925</b>	<b>4,663</b>	<b>102</b>	<b>-</b>	<b>12,984</b>	<b>4</b>	<b>12,988</b>
Net income for the year	-	-	-	-	334	334	-	334
<b>Other comprehensive income</b>								
Post retirement liabilities – remeasurement of obligations of the defined benefit plans, net of taxes	-	-	-	(515)	-	(515)	-	(515)
Equity gain on Other comprehensive income in subsidiary and jointly-controlled entity	-	-	-	(39)	-	(39)	-	(39)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(554)</b>	<b>334</b>	<b>(220)</b>	<b>-</b>	<b>(220)</b>
<b>Other changes in equity:</b>								
Reserve for mandatory dividends not distributed	-	-	623	-	-	623	-	623
Dividends under by-laws (R\$ 0.16 per share )	-	-	127	-	(204)	(77)	-	(77)
Interest on equity (R\$ 0.30 per share )	-	-	(380)	-	-	(380)	-	(380)
<b>Constitution of reserves</b>								
Tax incentive reserves	-	-	7	-	(7)	-	-	-
Retained earnings reserve	-	-	160	-	(160)	-	-	-
Equity valuation adjustments – deemed cost of PP&E	-	-	-	(37)	37	-	-	-
<b>ATTRIBUTED TO INTEREST OF THE CONTROLLING SHAREHOLDERS</b>	<b>6,294</b>	<b>1,925</b>	<b>5,200</b>	<b>(489)</b>	<b>-</b>	<b>12,930</b>	<b>-</b>	<b>12,930</b>
Non-controlling shareholder	-	-	-	-	-	-	4	4
<b>AS OF DECEMBER 31, 2016</b>	<b>6,294</b>	<b>1,925</b>	<b>5,200</b>	<b>(489)</b>	<b>-</b>	<b>12,930</b>	<b>4</b>	<b>12,934</b>

The Notes are an integral part of these Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF CASH FLOW**  
**FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**  
**(MILLIONS OF BRAZILIAN REAIS - R\$ mn)**

	2016	2015	2014
<b>CASH FLOW FROM OPERATIONS</b>			
Net income for the year	334	2,469	3,137
<b>Expenses (revenues) not affecting cash and cash equivalents</b>			
Income and social contribution taxes	33	893	1,342
Depreciation and amortization	834	835	801
Write-offs of PP&E, Intangible assets and Investments	109	124	105
Gain on disposal of investments	(315)	-	-
Impairment of Investments	763	-	-
Equity in earnings (losses) of unconsolidated investees, net	302	(393)	(210)
Interest and monetary variation	808	818	1,384
Fair value gain (loss) on stockholding transaction	-	(729)	-
Provisions for operating losses	704	1,401	581
Net gain on indemnity of assets	-	-	(420)
Financial assets - CVA	1,455	(1,704)	(1,107)
Gain on acquisition of subsidiary	-	-	(281)
Post-retirement liabilities	447	285	311
	<u>5,475</u>	<u>3,999</u>	<u>5,643</u>
(Increase) / decrease in assets			
Consumers and traders	(64)	(1,470)	(285)
Financial assets - CVA	341	1,529	-
Energy Development Account (CDE)	8	273	(170)
Recoverable Taxes	19	167	320
Income and social contribution tax credit	(62)	(77)	(37)
Transport of electricity	8	(5)	(5)
Escrow deposits	(28)	(67)	(305)
Dividends received from investments	683	487	683
Financial assets	(1,941)	10	6
Advance to suppliers	(120)	(131)	-
Gas	(193)	(141)	(265)
Other	105	(248)	74
	<u>(1,244)</u>	<u>327</u>	<u>16</u>
Increase (decrease) in liabilities			
Suppliers	38	297	472
Taxes payable	38	202	54
Income and social contribution taxes payable	24	(105)	(22)
Payroll and related charges	4	26	4
Regulatory charges	92	386	11
Post-retirement liabilities	(239)	(208)	(195)
Financial instruments – Put options	(150)	-	-
Other	(167)	156	(160)
	<u>(360)</u>	<u>754</u>	<u>164</u>
Cash generated by operating activities	3,871	5,080	5,823
Interest paid on loans and financings	(2,369)	(1,331)	(781)
Income and Social Contribution taxes paid	(289)	(741)	(1,308)
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>	<u><b>1,213</b></u>	<u><b>3,008</b></u>	<u><b>3,734</b></u>

	2016	2015	2014
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
Marketable securities	1,400	(1,499)	116
Financial assets	-	(145)	(80)
Restricted cash	(367)	1	1
Investments			
Acquisition of equity investees	-	(310)	(2,405)
Disposal of Investments	949	-	-
Acquisition of subsidiary – Gasmig	-	-	(465)
Capital increase in investees	(1,455)	(181)	(546)
PP&E	(120)	(126)	(122)
Intangible assets	(1,021)	(957)	(798)
<b>NET CASH USED IN INVESTMENT ACTIVITIES</b>	<b>(614)</b>	<b>(3,217)</b>	<b>(4,299)</b>
<b>CASH FLOW IN FINANCING ACTIVITIES</b>			
Loans, financings and debentures	5,737	5,739	4,562
Payment of loans financings and debentures	(5,591)	(4,696)	(1,394)
Interest on equity and dividends	(675)	(796)	(3,918)
<b>NET CASH FROM (USED IN) FINANCIAL ACTIVITIES</b>	<b>(529)</b>	<b>247</b>	<b>(750)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>70</b>	<b>38</b>	<b>(1,315)</b>
<b>STATEMENT OF CHANGES IN CASH AND CASH EQUIVALENTS</b>			
Beginning of the year	925	887	2,202
End of the year	995	925	887
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>70</b>	<b>38</b>	<b>(1,315)</b>

The Notes are an integral part of these Consolidated Financial Statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2016 AND 2015 AND FOR THE YEARS ENDED ON  
DECEMBER 31, 2016, 2015 AND 2014

(In Millions of Brazilian Reais - R\$ mn - except where otherwise indicated)

### 1. OPERATING CONTEXT

Companhia Energética de Minas Gerais ('Cemig', also herein 'the Company', 'Parent company' or 'Holding company') is a listed corporation registered in the Brazilian Registry of Corporate Taxpayers (CNPJ) under number 17.155.730/0001-64, with shares traded on the BM&F Bovespa ('Bovespa') at Corporate Governance Level 1; on the New York Stock Exchange ('NYSE'); and on the stock exchange of Madrid ('Latibex'). It is domiciled in Brazil, with head office at Avenida Barbacena 1200, Belo Horizonte, capital of the state of Minas Gerais. It operates exclusively as a holding company, with interests in subsidiaries or jointly controlled entities, which are engaged in the activities of the construction and operation of systems for generation, transformation, transmission, distribution and sale of electricity, and also activities in the various fields of energy, for the purpose of commercial operation.

In order to finance the capital expenditures needed to meet long-term growth objectives, CEMIG have incurred a substantial amount of debt. As of December 31, 2016, the CEMIG's Current Liabilities exceeded Current Assets by R\$3,162. As of December 31, 2016, the CEMIG total short-term and long-term loans, financing and debentures are R\$4,837 and R\$10,342, maturing in the first, second, third and fourth quarters of 2017, in the amounts of R\$783, R\$1,017, R\$579 and R\$2,458, respectively. Those CEMIG had positive operating cash flows in the amounts of R\$1,213, R\$3,007 and R\$3,733 in 2016, 2015 and 2014, respectively.

CEMIG H's substantial debt could adversely affect the business, financial condition, and results of operations. Specifically, CEMIG is subject to certain restrictions on its ability to raise funds from third parties, which might prevent it from entering into new contracts for financing of its operations, or for the re-financing of its existing obligations, including the following:

- The by-laws of CEMIG express the obligation for the consolidated figures of the group to maintain certain financial indicators, related to factors including debt and Capital Expenditures, within certain limits, and this could affect its operational flexibility. In the years 2015 and 2016, certain limits and financial ratios specified in the bylaws of CEMIG were exceeded, under approval by the General Meeting of Stockholders. CEMIG has obtained its stockholders to exceed these limits and financial ratios applicable for 2017.

- In relation to loans from outside parties: (i) as a state-controlled company, CEMIG is subject to rules and limits relating to the level of credit applicable to the public sector, including rules established by the National Monetary Council (Conselho Monetário Nacional, or CMN), and by the Brazilian Central Bank; (ii) CEMIG operates in the electricity sector, it is subject to the rules and limits established by Aneel which deal with indebtedness for companies of the electricity sector and (iii) state-controlled companies may use funds arising from transactions with commercial banks only for refinancing of financial obligations, or in transactions guaranteed by duplicate trade bills.
- The National Treasury Department (part of the Finance Ministry) and by the Central Bank would need to approve certain international financial transactions; this approval is usually given only if the purpose of the transaction is to finance importation of goods or to roll over external debt. These rules have the effect of placing limits on the CEMIG H's capacity for indebtedness.
- CEMIG is subject to certain contractual conditions under existing debt instruments. In the event of non-compliance with an obligation under that financing contract, the CEMIG will be required to strengthen the guarantees for the financing, on penalty of early maturity of the contract. Any default event in our financial instruments might lead creditors to cause all the amounts relating to that debt to become payable immediately. Acceleration of debts might cause significant negative effects on the CEMIG H's financial situation, and might also cause activation of cross-default clauses in other financial instruments. In the event of a default, CEMIG H's cash flow might be insufficient to completely settle the debts, or to comply with the servicing of such debts.
- The credit risk rating agencies attribute a rating to Brazil, the Company and its debt securities on a Brazilian basis, and also a rating for the Company on the global basis. If ratings are downgraded due to any external factor, operational performance or high levels of debt, it may increase the cost of capital.

In order to amortize scheduled debt maturities, CEMIG will need to raise significant amounts of debt capital from a broad range of funding sources. To service CEMIG debt after meeting our capital expenditure targets, CEMIG have relied upon, and may continue to rely upon, a combination of cash flows provided by our operations, drawdowns under our available credit facilities, our cash and short-term financial investments balance and the incurrence of additional indebtedness.

CEMIG has several initiatives designed to increase liquidity through entering into new contracts for financing or for the re-financing of its existing obligations and potential divestitures of non-core assets. In 2016, CEMIG introduced a divestment program that contemplates the sale of assets for the period of 2017–2018, with the goal of improving our short-term liquidity position by increasing our cash balance and reducing indebtedness.



Although the CEMIG is significantly leveraged, it expects that the current cash balances, liquidity from its revolving credit facility, cash generated from the initiatives described above, and from operations should be sufficient to meet working capital, capital expenditure, debt service, and other cash needs for the next year. Management believes that they will be successful in their plans.

If, for any reason, CEMIG are faced with continued difficulties in accessing debt financing, this could hamper our ability to make capital expenditures in the amounts needed to maintain our current level of investments or our long-term targets and could impair our ability to timely meet our principal and interest payment obligations with our creditors, as our cash flow from operations is currently insufficient to fund such both planned capital expenditures and all of our debt service obligations. A reduction in our capital expenditure program or the sale of assets could significantly affect our results of operations.

Cemig has interests in the following subsidiaries, jointly-controlled entities and affiliated company (information in MW has not been audited by the external auditors):

**Cemig Geração e Transmissão S.A. ('Cemig GT')** is Cemig's wholly-owned subsidiary operating in generation and transmission. It is listed, in Brazil, but not traded. Cemig GT has interests in 60 power plants, of which 56 are hydroelectric, 3 are wind power plants and one is a thermal plant, and associated transmission lines, most of which are part of the Brazilian national generation and transmission grid system. Cemig GT has interests in the following jointly-controlled entities and affiliated company:

Jointly-controlled entities and affiliated company:

- **Hidrelétrica Cachoeirão S.A. ('Cachoeirão')** (Jointly controlled): Production and sale of electricity as an independent power producer, through the *Cachoeirão* hydroelectric power plant, located at Pocrane, in the State of Minas Gerais.
- **Baguari Energia S.A. ('Baguari Energia')** (Jointly controlled): Construction, operation, maintenance and commercial operation of the *Baguari* Hydroelectric Plant, through participation in the UHE Baguari Consortium (Baguari Energia 49.00%, Neoenergia 51.00%), located on the Doce River in Governador Valadares, Minas Gerais State.
- **Central Eólica Praias de Parajuru S.A. ('Parajuru')** (Jointly controlled): Production and sale of electricity from the *Parajuru* wind farm at Beberibe, in the State of Ceará, Northern Brazil.
- **Central Eólica Praias do Morgado S.A. ('Morgado')** (Jointly controlled): Production and sale of electricity from the *Morgado* wind farm at Acaraú in Ceará, Northern Brazil.

- **Central Eólica Volta do Rio S.A. ('Volta do Rio')** (Jointly controlled): Production and sale of electricity from at the *Volta do Rio* wind farm also at Acaraú, in the State of Ceará, Northern Brazil.
- **Hidroelétrica Pipoca S.A. ('Pipoca')** (Jointly controlled): Independent production of electricity, through construction and commercial operation of the *Pipoca* Small Hydro Plant (*Pequena Central Hidrelétrica*, or PCH), on the Manhuaçu River, in the counties of Caratinga and Ipanema, in the State of Minas Gerais.
- **Madeira Energia S.A. ('Madeira')** (Affiliated): Construction and commercial operation, through its subsidiary **Santo Antônio Energia S.A.**, of the Santo Antônio hydroelectric plant, in the basin of the Madeira River, in the State of Rondônia.
- **Lightger S.A.** (Jointly controlled): Independent power production through building and commercial operation of the *Paracambi* Small Hydro Plant (or PCH), on the Ribeirão das Lages river in the county of Paracambi, in the State of Rio de Janeiro.
- **Renova Energia S.A. ('Renova')** (Jointly controlled): Listed company operating in development, construction and operation of plants generating power from renewable sources – wind power, small hydro plants (SHPs), and solar energy; sales and trading of electricity, and related activities.
- **Retiro Baixo Energética S.A. ('RBE')** (Jointly controlled): RBE holds the concession to operate the *Retiro Baixo* hydroelectric plant, on the Paraopeba River, in the São Francisco river basin, in the municipalities of Curvelo and Pompeu, in Minas Gerais State. The plant has installed capacity of 83.7 MW and assured energy offtake level of 38.5MW average.
- **Aliança Norte Energia Participações S.A. ('Aliança Norte')** (Jointly controlled): A special-purpose company (SPC) created by Cemig GT (49.9% ownership) and Vale S.A. (50.1% ownership), for acquisition of an interest of 9% in Norte Energia S.A. ('Nesa'), the company holding the concession for the *Belo Monte* Hydroelectric Plant, on the Xingu River, in the State of Pará. The first turbine of Belo Monte Plant started operating on April 20, 2016 and the second turbine began operating on July 16, 2016. There are more details on this in Note 15.

- **Aliança Geração de Energia S.A. ('Aliança')** (Jointly controlled): Unlisted corporation created by **Cemig GT** and **Vale S.A.** to become a platform for consolidation of generation assets held by the two parties in generation consortia, and investments in future generation projects. The two parties subscribed their shares in the company by transfer of their interests in the following generation assets: *Porto Estrela*, *Igarapava*, *Funil*, *Capim Branco I* and *II*, *Aimorés* and *Candongá*. With these assets the company has installed hydroelectric generation capacity in operation of 1,158 MW (physical offtake guarantee 652 MW average), and other generation projects. **Vale** and **Cemig GT** respectively hold 55% and 45% of the total capital.
- **Cemig Geração Três Marias S.A.:** A corporation wholly owned by Cemig GT. Its objects are production and sale of electricity as public service concession holder, by commercial operation of the *Três Marias* Hydroelectric Plant, and sale and trading of electricity in the Free Market. It has installed capacity of 396 MW, and guaranteed offtake level ('Assured energy') of 239 MW average.
- **Cemig Geração Salto Grande S.A.:** A corporation wholly owned by **Cemig GT**. Its objects are production and sale of electricity as public concession holder, by commercial operation of the *Salto Grande* Hydroelectric Plant, and trading in electricity in the Free Market. This company has installed generation capacity of 102 MW, and average offtake guarantee of 75 MW.
- **Cemig Geração Camargos S.A.:** Corporation wholly owned by **Cemig GT**. Its objects are production and sale of electricity as public concession holder, by commercial operation of the *Camargos* Hydroelectric Plant, and trading in electricity in the Free Market. Has installed generation capacity of 46 MW, and average offtake guarantee of 21 MW.
- **Cemig Geração Itutinga S.A.:** Corporation wholly owned by **Cemig GT**. Its objects are production and sale of electricity as public concession holder, by commercial operation of the *Itutinga* Hydroelectric Plant, and trading in electricity in the Free Market. Has installed generation capacity of 52 MW, and average offtake guarantee of 28 MW.
- **Cemig Geração Leste S.A.:** Corporation wholly owned by **Cemig GT**. Its objects are production and sale of electricity as public concession holder, by operation of the *Dona Rita*, *Sinceridade*, *Neblina*, *Ervália*, *Tronqueiras* and *Peti* Small Hydroelectric Plants (PCHs), and trading in electricity in the Free Market. Installed generation capacity is 35.16 MW; average offtake guarantee is 18.64 MW.
- **Cemig Geração Oeste S.A.:** Corporation wholly owned by **Cemig GT**. Its objects are production and sale of electricity as public concession holder, by commercial operation of the *Gafanhoto*, *Cajuru* and *Martins* Small Hydroelectric Plants, and trading in electricity in the Free Market. Installed generation capacity is 28.90 MW, and average offtake guarantee 11.21 MW.

- **Cemig Geração Sul S.A.:** Corporation wholly owned by **Cemig GT**. Its objects are production and sale of electricity as public concession holder, by commercial operation of the *Coronel Domiciano, Marmelos, Joasal, Paciência* and *Piau* Small Hydroelectric Plants and trading in electricity in the Free Market. Installed generation capacity is 39.53 MW; average offtake guarantee is 27.42 MW.

Subsidiaries and jointly-controlled entities at development stage:

- **Guanhães Energia S.A. ('Guanhães Energia')** (Jointly controlled): Production and sale of electricity through building and commercial operation of the following Small Hydro Plants (PCHs): *Dores de Guanhães, Senhora do Porto and Jacaré*, in the county of Dores de Guanhães; and *Fortuna II*, in the county of Virgíópolis, in Minas Gerais. Construction works are 97% completed, and start of commercial generation is scheduled for April 2017.
- **Cemig Baguari Energia S.A. ('Cemig Baguari')** (Subsidiary) – Production and sale of electricity as an independent power producer in future projects.
- **Amazônia Energia Participações S.A. ('Amazônia Energia')** (Jointly controlled) – Unlisted company whose object is to hold and manage equity interest 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. It is jointly controlled by **Light S.A.** (25.5%) and **Cemig** (74.5%). Amazônia Energia owns 9.77% of the share capital of Nesa. The first turbine of the Belo Monte Plant started operating on April 20, 2016 and the second turbine began operating on July 16, 2016. There are more details in Note 15.

**Cemig Distribuição S.A. ('Cemig D' or 'Cemig Distribution')** (Subsidiary): Wholly-owned subsidiary, listed but not traded; distributes electricity through networks and distribution lines to practically the whole of the Brazilian State of Minas Gerais.

**Transmissora Aliança de Energia Elétrica S.A. ('Taesa')** (Jointly controlled): Construction, operation and maintenance of electricity transmission facilities in 17 states of Brazil through direct and indirect equity interests in investees.

**Light S.A. ('Light')** (Jointly controlled): Holds direct or indirect interests in other companies and directly or indirectly operates electricity services, including generation, transmission, trading or distribution, and other related services. Light S.A. has the following subsidiaries and jointly-controlled entities:

- **Light Serviços de Eletricidade S.A. ('Light Sesa')** (Subsidiary) – A listed company operating primarily in electricity distribution, in various municipalities of Rio de Janeiro State.

- **Light Energia S.A.** (Subsidiary) – Plans, builds and operate electricity generation, transmission and sales/trading systems and related services. Owns equity interests in two wind power companies – **Central Eólica São Judas Tadeu Ltda.** and **Central Eólica Fontainha Ltda** – and in **Guanhães Energia S.A.** and **Renova Energia S.A.**
  - **Light Esco Prestação de Serviços Ltda. ('Light Esco')** (Subsidiary) – Purchase, sale, importation and exportation of electricity and consultancy services in the electricity sector. Light Esco has an interest in **EBL Companhia de Eficiência Energética S.A.**
  - **Itaocara Energia Ltda.** (Subsidiary) – Company and pre-operational phase: principal activity will be construction and operation of generation plants. It is a member of the Itaocara Hydro Plant Consortium for commercial operation of the Itaocara Hydroelectric Plant (51%). **Cemig GT** owns 49%. There are more details in Note 14.
  - **Lightger S.A.** (Jointly controlled) – Described in the list of jointly controlled entities of Cemig GT, above.
  - **Light Soluções em Eletricidade Ltda.** (Subsidiary): Its main objects are provision of service to low-voltage clients including assembly, overhaul and maintenance of installations in general.
  - **Instituto Light para o Desenvolvimento Urbano e Social (Light Institute)** (Subsidiary): Participation in social and cultural projects, and interest in economic and social development of cities.
  - **Lightcom Comercializadora de Energia S.A.** (Subsidiary): Purchase, sale, importation and exportation of electricity, and general consultancy, in the free and regulated electricity markets.
  - **Axxiom Soluções Tecnológicas S.A.** (Jointly controlled): Unlisted company, providing technology and systems solutions for operational management of public service concession holders, including companies in electricity, gas, water, sewerage, and other utilities. Jointly owned by Light (51%) and Cemig (49%).
  - **Amazônia Energia Participações S.A.** (Jointly controlled) – Described in the list of equity interests of **Cemig GT** above.
  - **Renova Energia S.A.** (Jointly controlled) – Described in the list of equity interests of **Cemig GT** above.
- Sá Carvalho S.A.** (Subsidiary): Production and sale of electricity, as a public electricity service concession holder, through the *Sá Carvalho* hydroelectric power plant.

**Usina Térmica Ipatinga S.A. ('Ipatinga')** (Subsidiary) – Currently without operational activity.

**Companhia de Gás de Minas Gerais ('Gasmig')** (Subsidiary): Acquisition, transport and distribution of combustible gas or sub-products and derivatives, through a concession for distribution of gas in the State of Minas Gerais.

**Cemig Telecomunicações S.A. ('CemigTelecom')** – previously named Empresa de Infovias S.A.)(Subsidiary): Provision and commercial operation of a specialized telecommunications service through an integrated multi-service network of fiber optic cables, coaxial cables, and electronic and associated equipment. CemigTelecom owns 19.6% of **Ativas Data Center ('Ativas')** (a jointly controlled entity), which operates primarily in supply of IT and communications infrastructure services, including physical hosting and related services for medium-sized and large corporations.

**Efficientia S.A.** (Subsidiary): Provides electricity efficiency and optimization services and energy solutions through studies and execution of projects; and services of operation and maintenance in energy supply facilities.

**Horizontes Energia S.A.** (Subsidiary): Production and sale of electricity, as an independent power producer, through the *Machado Mineiro* and *Salto do Paraopeba* hydroelectric power plants in the State of Minas Gerais, and the *Salto do Voltão* and *Salto do Passo Velho* hydro power plants in the State of Santa Catarina.

**Cemig Comercializadora de Energia Incentivada S.A. ('CCEI')** – previously named *Central Termelétrica de Cogeração S.A.* (Subsidiary) – Production and sale of electricity as an independent power producer, in future projects.

**Rosal Energia S.A.** (Subsidiary): Production and sale of electricity, as a public electricity service concession holder, through the *Rosal* hydroelectric power plant located on the border between the States of Rio de Janeiro and Espírito Santo.

**Empresa de Serviços e Comercialização de Energia Elétrica S.A. ('ESCE')** – previously named *Central Hidrelétrica Pai Joaquim S.A.* (Subsidiary): Production and sale of electricity as an independent power producer, in future projects.

**Cemig PCH S.A.** (Subsidiary): Production and sale of electricity as an independent power producer, through the *Pai Joaquim* hydroelectric power plant.

**Cemig Capim Branco Energia S.A. (Capim Branco)** (Subsidiary): Production and sale of electricity as an independent producer, through the *Amador Aguiar I* and *Amador Aguiar II* hydroelectric power plants, built through a consortium with private-sector partners. This company was merged with and into **Cemig GT** in 2015.



**UTE Barreiro S.A.** (Subsidiary): Production and sale of thermally generated electricity, as an independent producer, through construction and operation of the *UTE Barreiro* thermal generation plant, located on the premises of V&M do Brasil S.A., in the State of Minas Gerais.

**Cemig Trading S.A.** (Subsidiary): Sale and intermediation of business transactions related to energy.

**Companhia Transleste de Transmissão** (Jointly controlled): Operation of the transmission line connecting the substation located in Montes Claros to the substation of the *Irapé* hydroelectric power plant.

**Companhia Transudeste de Transmissão** (Jointly controlled): Construction, operation and maintenance of national grid transmission facilities of the *Itutinga–Juiz de Fora* transmission line.

**Companhia Transirapé de Transmissão** (Jointly controlled): Construction, operation and maintenance of the *Irapé–Araçuaí* transmission line.

**Axxiom Soluções Tecnológicas S.A.** (Jointly controlled): Described in the investees of Light, above.

**Transchile Charrúa Transmisión S.A.** (Jointly controlled): Construction, operation and maintenance of the *Charrúa-Nueva Temuco* transmission line, and two sections of transmission line at the *Charrúa* and *Nueva Temuco* substations, in the central region of Chile. The head office of Transchile is in Santiago, Chile. In 2016 Cemig sold the whole of its interest in Transchile to Ferrovial Transco Chile SpA., a company controlled by Ferrovial S.A.

**Companhia de Transmissão Centroeste de Minas** (Jointly controlled): Construction, operation and maintenance of the *Furnas-Pimenta* transmission line – part of the national grid.

**Participações em Ativos de Energia Elétrica ('Parati')** (Jointly controlled): Holding company owning interests, through shares or share units, in other companies, Brazilian or foreign, in any business activity. Parati holds an equity interest of 26.03% in Light. Parati was closed down in 2016, following its reverse absorption by RME and Lepsa, with 50% Cemig ownership in each of these two companies.

Where Cemig exercises joint control it does so through shareholders' agreements with the other shareholders of the investee company.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB).

Management certifies that all the material information in the financial statements, and only that information, is being presented, and that it corresponds to the information used by Management in its administration of the company.

On May 16, 2017, the Company's Audit Board authorized filing of the Financial Statements for the year ended December 31, 2016.

### **2.2 Bases of measurement**

The consolidated financial statements have been prepared based on historical cost, with the exception of the following material items recorded in the Statement of financial position:

- Non-derivative financial assets measured at fair value through profit or loss.
- Financial assets held for trading measured at fair value.
- Financial assets of the Concession measured by the New Replacement Value (VNR), equivalent to fair value.

### **2.3 Functional currency and currency of presentation**

These consolidated financial statements are presented in Reais, which is the Company's presentation and functional currency. All the financial information is presented in millions of Reais, except where otherwise indicated.

### **2.4 Use of estimates and judgments**

The preparation of the consolidated financial statements, under IFRS, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in assets, liabilities, revenues and expenses. Future reported results may differ from these estimates.

Estimates and assumptions are revised continually, using as a reference both historical experience and also any significant changes of scenario that could affect the equity situation of the company or its results in the applicable items. Revisions in relation to accounting estimates are recognized in the period in which the estimates are reviewed, and in any future periods affected.

The principal estimates related to the financial statements refer to recording of effects arising from:

- Allowance for doubtful accounts – see Note 8;
- Deferred income and social contribution taxes – see Note 10;
- Financial assets of the concession – see Note 14;
- Investments – See Note 15.
- Property, plant and equipment – Note 16.
- Intangible assets – see Note 17;
- Depreciation – see Note 16;
- Amortization – see Note 17;
- Employee post-retirement liabilities – see Note 22;
- Provisions – see Note 23;
- Unbilled electricity supplied – see Note 25; and
- Fair value measurement and Derivatives instruments – see Note 30.

## **2.5 Rules, interpretations and changes that came into force on January 1, 2016**

The following rules and changes of rules came into effect during 2016

The Changes to IFRS 7 provide additional orientations to clarify whether a service contract constitutes continuous involvement in an asset transferred, for the purposes of the necessary disclosures in relation to the transferred assets.

The changes to IAS 19 clarify that the rate used to discount obligations for post-retirement benefit should be determined based on AA corporate bond yields at the end of the reporting period.

The changes to IFRS 5 introduce specific orientations in relation to when an entity reclassifies an asset (or group of assets held for sale) from 'held for sale' to 'held for distribution to holders' (or vice-versa).

Changes to IAS 16 and IAS 38 – Clarification of the acceptable methods for depreciation and amortization.

Changes to IAS 1 – Disclosure Initiative – These offer orientations on application of the concept of materiality in practice.

Changes to IFRS 10, IFRS 12 and IAS 28 – *Investment entities: Applying exception from consolidation* – These clarify that exemption from preparing consolidated financial statements is applicable to a controlling entity that is the subsidiary of an investment entity, even if the investment entity values all its subsidiaries at fair value under IFRS 10.

Changes to IFRS 11 – *Joint Arrangements* – provides instructions on accounting for the acquisition of a ‘business combination’ as defined by IFRS 3 – *Business Combinations*.

The application of these changes had no significant impact on the disclosures or the amounts recognized in the financial statements of Cemig.

## **2.6 New and revised rules and interpretations already issued and not yet adopted, with possible impacts for the Company**

In effect for annual periods starting on or after January 1, 2017:

- Changes to IAS 12 – *Recognition of deferred tax assets for non-realized losses*.
- Disclosure Initiative (Changes to IAS 7) – Alters IAS 7 – *Statement of Cash Flows*, to clarify that entities should supply disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. Applicable to annual periods starting on or after January 1, 2017

In effect for annual periods starting on or after January 1, 2018:

- Changes to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – Deals with situations that involve sale or contribution of assets between an investor and its associate or joint venture.
- IFRS 9 – *Financial instruments* – Establishes that all the financial assets recognized that are within the scope of IAS 39 must be subsequently measured at amortized cost or fair value. In relation to the impairment of financial assets, IFRS 9 requires use of a forward-looking ‘expected loss’ impairment model, in contrast to the model of actual impairment stated in IAS 39.
- IFRS 15 – *Revenue from Contracts with Customers*: Issued in May 2014, IFRS 15 established a simple and clear model for companies to use in accounting for revenue arising from contracts with clients. When it comes into effect, it will replace the present orientations on recognition of revenue contained in IAS 18 – *Revenues*, IAS 11 – *Construction Contracts* and the related interpretations.

In effect for annual periods starting on or after January 1, 2019:

- IFRS 16 – *Leases* – With this new rule, lessors will have to recognize the liability for future payments and the right to use of the leased asset for practically all leasing contracts, including those currently classified as operational leasing contracts.

The Company is still evaluating the effects of application of these new rules, and changes to existing rules, on the amounts and disclosures presented in the financial statements.

## 2.7 Principal accounting policies

The accounting policies described in detail below have been applied consistently to all the periods presented in these consolidated financial statements, in accordance with the rules and regulations described in item 2.1 – *Statement of compliance*.

The accounting policies relating to the Company's present operations that require judgment and the use of specific valuation criteria are the following:

### a) Financial instruments

*Financial liabilities relating to put options* – The options to sell units in FIP Melbourne and FIP Malbec ('the SAAG Put') and the options to sell shares in RME and Lepsa ('the Parati PUT') were valued at fair value using the Black-Scholes-Merton (BSM) method. Both the options were calculated using the discounted cash flow method: for the SAAG Put option, up to the third quarter of 2016; and for the Parati Put option, up to the first quarter of 2016. The method used was changed, in the fourth and second quarters, respectively, to the BSM model. The Company calculated the fair value of these options having as a reference their respective prices obtained by the BSM model, valued on the closing date of the financial statements for the 2016 business year.

*Share capital*: The rights to minimum dividends as established for the preferred shares are described in Note 24 to the financial statements.

*Financial instruments available for sale*: As from December 31, 2012, assets in this category include the financial assets of the transmission and distribution concession that were covered by Law 12783 (of January 11, 2013). They are measured at New Replacement Value (*Valor Novo de Reposição*, or VNR), equivalent to fair value on the date of these financial statements. The Company recognizes a financial asset resulting from a concession contract when it has an unconditional contractual right to receive cash or another financial asset from, or under the direction of, the Concession-granting power for the services of construction or improvement provided.

*Loans and receivables* – The category includes: Cash equivalents; Consumers and traders; Power transport concession holders; Financial assets of the concession not covered by Law 12783; the CVA Account (for compensation of changes in Portion A costs) and *Other financial components* of tariff adjustments; Escrow deposits; and Traders – 'Free Energy' transactions.

Cash and cash equivalents includes: Balances of cash; Bank deposits; and cash investments with original maturity of three months or less from the date of contracting, which are subject to an insignificant risk of change in value. Cash and cash equivalents are maintained for the purpose of meeting cash commitments in the short term and not for investment or other purposes.

b) Consumers and traders; Power transport concession holders; and Traders – transactions in ‘Free Energy’

Accounts receivable from Consumers and traders, and from power transport concession holders, are initially recorded at value, whether already invoiced or not, and measured by amortized cost. They include any direct taxes for which the company has the tax responsibility, less taxes withheld at source, which are considered to be tax credits.

The provision for doubtful receivables, for low and medium voltage consumers, is recorded based on estimates by Management, in an amount sufficient to cover probable losses. The principal criteria set by the company are: (i) For consumers with significant balances, the balance receivable is analyzed in the light of the history of the debt, negotiations in progress, and real guarantees. (ii) For other consumers, the following are provisioned: Debts from residential consumers more than 90 days past due; debts from commercial consumers more than 180 days past due; and debts more than 360 days past due from other consumers. These criteria are the same as those established by Aneel.

For large consumers an individual analysis is made of the debtors and of the actions in progress for receipt of the credits.

c) Investments

The Company’s investments include the intangible concession assets identified on acquisitions, net of any accumulated losses by impairment.

d) Assets linked to the concessions

*Electricity distribution activity:* The portion of the assets of the concession that will be totally amortized during the concession period is recorded as intangible and is completely amortized during the concession agreement period.

The amortization reflects the pattern of consumption of the rights acquired. It is calculated on the balance of the assets linked to the concession, by the straight-line method, based on the application of the rates set by Aneel for the electricity distribution activity.



The Company calculates the value of the assets which will not be fully amortized by the end of the concession agreement period, and reports this amount as a financial asset because it is an unconditional right to receive cash or other financial asset directly from the grantor.

Company has measured the parcel of the assets that will be completely amortized by the end of the concession, assuming extension of its concession agreement for a further 30 years, as described in more detail in Note 4.

New assets are recorded initially in Intangible assets, valued at acquisition cost, including capitalized borrowing costs. When the assets start operation they are split into financial assets and intangible assets, according to the criterion mentioned in the previous paragraphs: The portion of the assets that is recorded in financial assets is valued based on the new replacement cost, having as a reference the amounts homologated by Aneel for the Asset Base for Remuneration in the processes of tariff review.

When an asset is replaced, the net book value of the asset is written down as an expense in the Statement of income.

*Transmission activity:* For the new transmission concessions, granted after the year 2000, the costs related to construction of the infrastructure are recorded in the Statement of income as and when they are calculated, and a Construction Revenue is recorded based on the stage of conclusion of the assets, including the taxes applicable to the revenue and any profit margin.

Since the transmission contracts determine that the concession holders have an unconditional right to receive cash or another financial asset directly from, or in the name of, the Concession-granting power, for the new transmission concessions the Company records a financial asset, during the period of construction of lines, the transmission revenue to be received during the whole period of the concession, at fair value.

Of the invoiced amounts of Permitted Annual Revenue (RAP), the portion relating to the fair value of the operation and maintenance of the assets is recorded as revenue in the Statement of income, and the portion relating to the construction revenue, originally recorded at the time of the formation of the assets, is used to recover the financial assets.

Additional expenditures incurred for purposes of capital expansion and improvements to the transmission assets generate additional cash flow, and hence this new cash flow is capitalized into the financial asset balance.

In counterpart to acceptance of the terms of renewal of the old transmission concessions, as described in more detail in Note 4, the greater part of the transmission assets of the old concessions will be the subject of indemnity by the Concession-granting power, having already been written off on December 31, 2012, and an item in Accounts receivable having been posted corresponding to the estimated indemnity to be received.

*Gas distribution activity:* The portion of the assets of the concession that will be amortized in full during the concession is recorded as an Intangible asset and fully amortized over the period of the concession contract.

The amortization is calculated on the balance of the assets linked to the concession by the straight line method, applying amortization rates that reflect the estimated useful life of the assets.

The Company calculates the value of the assets which will not be fully amortized by the end of the concession agreement period, and reports this amount as a financial asset, because it is an unconditional right to receive cash or other financial asset directly from the grantor.

New assets are recorded initially in Intangible assets, valued at acquisition cost, including capitalized borrowing costs. When they start operation they are divided into a financial asset and an intangible asset, in accordance with a criterion mentioned in the previous paragraphs. When an asset is replaced, the net book value of the asset is written down as an expense in the Statement of income.

e) Intangible assets

Intangible assets comprise assets relating to: service concession contracts, and software. These are measured at total acquisition cost, less expenses of amortization.

Interest and other financing charges incurred on financings linked to works in progress are appropriated to Intangible assets in progress, and Consortia, during the period of construction.

For borrowings raised for the construction of a specific PP&E asset, the Company allocates all of the financial costs related to the borrowings directly to the respective assets being financed. For other borrowings raised that are not linked directly to a specific PP&E asset, a weighted average rate is established for the capitalization of the costs of those loans.

For intangible assets linked to the concession, the accounting practices described in the item 'Assets linked to the concession' above are applied.

f) Property, plant and equipment

*Depreciation and amortization:* These are calculated on the balance of property, plant and equipment in service and investments in consortia, on a straight-line basis, using the rates determined by Aneel for the assets related to electricity activities, which reflect the estimated useful life of the assets.

The depreciation rates applied to the Company's property, plant and equipment assets are shown in Note 16 to the financial statements.

Assets not fully depreciated by the end of the concession will be reverted to the Concession-granting power and this non-depreciated portion will be indemnified.

Interest and other financing charges incurred on financings linked to works in progress are appropriated to PP&E assets in progress, and Consortia, during the period of construction.

For borrowings raised for the construction of a specific PP&E asset, the Company capitalizes all of the financial costs related to the borrowings directly to the respective assets being financed. For other borrowings raised that are not linked directly to a specific PP&E asset, a weighted average rate is established for the capitalization of the costs of those loans.

The residual value is the balance remaining of the asset at the end of the concession, thus, as established in a contract signed between the Company and the federal government, at the end of the concession the assets will be reverted to the federal government which, in turn, will indemnify the Company for those assets that have not yet been totally depreciated. In cases where there is no indemnity at the end of the concession, no residual value is recognized, and the depreciation rates are adjusted so that all the assets are depreciated within the concession period. See more details in Note 14.

g) Impairment

In assessing impairment, the Company uses historic trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

h) Benefits to employees

For the Company's retirement benefit pension plan obligations, the liability recorded in the statement of financial position is the greater of: (a) the debt agreed upon with the foundation for amortization of the actuarial obligations, and (b) the present value of the actuarial obligation, as calculated by a qualified actuary, less the fair value of the plan's assets, and adjusted for unrecognized actuarial gains and losses. In the business years presented, the expenses related to the debt agreed upon with the pension fund were registered in Financial revenue (expenses), because they represent interest and monetary updating. The other expenses on the pension fund were recorded as operational expenses.

*Short-term benefits to employees:* Employees' profit shares specified in the Company's by-laws are accrued for in accordance with the collective agreement established with the employee unions and recorded in Employees' and managers' profit shares in the Statement of income.

i) Income and Social Contribution taxes

Deferred income tax and Social Contribution tax assets are reviewed at each financial position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

j) Operational revenue

In general, for the Company's business in the electricity, gas, telecommunications and other sectors, revenues are recognized when there is persuasive evidence of agreements, when delivery of merchandise takes place or when the services are provided, the prices are fixed or determinable, and receipt is reasonably assured, independently of whether the money has actually been received.

Revenues from sale of electricity are recorded based on the electricity delivered and the tariffs specified in the terms of the contract or in effect in the market. Revenues from retail supply of electricity to final consumers are recorded when the delivery has taken place. The billing is carried out monthly. Unbilled retail supply of electricity, from the period between the last billing and the end of each month, is estimated based on the billing from the previous month and is accrued for at the end of the month. The differences between the estimated amounts accrued and the actual revenues realized are recorded in the following month.

Revenue from the supply of electricity to the Brazilian grid system is recorded when the delivery has taken place and is invoiced to consumers on a monthly basis, in accordance with the payment schedules specified in the concession agreement.

For the older transmission concessions, granted before 2000, the fair value of the operation and maintenance of the transmission lines and the remuneration of the financial asset are recorded as revenue in the Statement of income for each period.

The services provided include charges for connection and other related services; the revenues are accounted when the services are provided.

The 'Portion A' revenue and the Other financial items related to tariff adjustments are recognized in the statement of income when the costs effectively incurred are different from those incorporated into the electricity distribution tariff. For more details, see Note 14.

The gain on adjustment of expectation of cash flow from the indemnifiable financial asset of the distribution concession arising from the variation in the fair value of the Remuneration Asset Base is presented as operational revenue, together with the other revenues related to the Company's end-activity.

k) Financial revenue and expenses

Financial revenue includes interest income on funds invested, fee income for consumer payments made late, interest income on financial assets of the concession, and interest income on other financial assets. Interest income is recognized in the Statement of income using the effective interest method.

Financial expenses include: interest expense on borrowings; and foreign exchange and monetary variation on borrowing cost of debt, financings and debentures. Interest expense on the Company's borrowings that is not capitalized is recognized in the Statement of income using the effective interest method.

l) Segment reporting

The operating results of all operating segments for which discrete financial information is available are reviewed regularly by the Company's CEO, to make decisions about resources to be allocated to the segment, and to assess its performance.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire: the Financial assets of the concession; Property, plant and equipment; and Intangible assets other than Goodwill.

m) Determination of the adjustment to present value

The Company has applied adjustment to present value to certain concession contracts held for consideration, and also to the balance of debentures issued by the Company. Discount rates were used that are compatible with the cost of funding in transactions with the same maturity on the date of the transactions. These rates are: 12.50% for the small hydro plants and 5.10% for the conventional hydroelectric plants.

**2.8 Restatement of the Income Statement for the years ended December 31, 2015 and 2014**

The Company, in order to more adequately present its financial and operational performance, concluded that the adjustment related to the expectation of cash flow from the indemnifiable financial asset of the distribution concession should be presented as an operating revenue, instead of financial revenue, under net financial revenue (expenses), as originally presented, in order to be presented together with the other revenues related to its core business. This classification results in a more adequate presentation of the energy distribution business performance and provides a better presentation of the company's performance.

This conclusion is based in the following facts:

- i. Investing in infrastructure is an inherent activity of the energy distribution business, which business model is supported by the construction, maintenance and operation of this infrastructure;
- ii. Part of the energy distribution industry, as well as the energy transmission industry, already adopts this classification, hence the Company will be increasing the comparability of its financial statements with others;
- iii. As a result of the inflation increase in the past years faced by the country, which directly impacted the increase in the financial asset of the concession, impacted the importance of this revenue in the income statement.

In accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the Company changed the accounting policy previously adopted to an accounting policy that better presents its business performance (as described in the above mentioned topics). Therefore, the corresponding figures in the financial statements relating to the consolidated income statement for the year ended December 31, 2015 and 2014, presented for purposes of comparison, were retrospectively reclassified and are being restated for purposes of comparison. The reclassification does not change the total consolidated assets, consolidated equity, net income, statements of comprehensive income and cash flow.



The consolidated income statement for the year ended December 31, 2015, presented for purposes of comparison, is as follows:

	2015	Ajustment	2015 Restated
<b>NET REVENUE</b>	<b>21,292</b>	<b>576</b>	<b>21,868</b>
<b>OPERATING COSTS</b>			
<b>COST OF ELECTRICITY AND GAS</b>			
Electricity purchased for resale	(9,542)	-	(9,542)
Charges for use of the national grid	(999)	-	(999)
Gas bought for resale	(1,051)	-	(1,051)
	(11,592)	-	(11,592)
<b>OTHER COSTS</b>			
Personnel and managers	(1,143)	-	(1,143)
Materials	(126)	-	(126)
Outsourced services	(740)	-	(740)
Depreciation and amortization	(811)	-	(811)
Operating provisions	(23)	-	(23)
Infrastructure construction cost	(1,252)	-	(1,252)
Other	(96)	-	(96)
	(4,191)	-	(4,191)
<b>TOTAL COST</b>	<b>(15,783)</b>	<b>-</b>	<b>(15,783)</b>
<b>GROSS PROFIT</b>	<b>5,509</b>	<b>576</b>	<b>6,085</b>
<b>OPERATING EXPENSES</b>			
Selling expenses	(175)	-	(175)
General and administrative expenses	(674)	-	(674)
Operating provisions	(1,203)	-	(1,203)
Other operating expenses	(482)	30	(452)
	(2,534)	30	(2,504)
Equity method gains in non-consolidated investees	393	-	393
Fair value results in Corporate Operation	729	-	729
<b>Income before Financial income (expenses) and taxes</b>	<b>4,097</b>	<b>606</b>	<b>4,703</b>
Financial revenues	1,469	(606)	863
Financial expenses	(2,204)	-	(2,204)
<b>Income before income tax and social contribution tax</b>	<b>3,362</b>	<b>-</b>	<b>3,362</b>
Current income tax and Social Contribution tax	(881)	-	(881)
Deferred income tax and Social Contribution tax	(12)	-	(12)
<b>NET INCOME FOR THE YEAR</b>	<b>2,469</b>	<b>-</b>	<b>2,469</b>
<b>Total of net income for the year attributed to:</b>			
Interest of the controlling shareholders	2,469	-	2,469
Interest of non-controlling shareholder	-	-	-
	<b>2,469</b>	<b>-</b>	<b>2,469</b>
<b>Basic and diluted income per preferred share</b>	<b>1.96</b>	<b>-</b>	<b>1.96</b>
<b>Basic and diluted income per common share</b>	<b>1.96</b>	<b>-</b>	<b>1.96</b>

The consolidated income statement for the year ended December 31, 2014, presented for purposes of comparison, is as follows:

	2014	Ajustment	2014 Restated
<b>NET REVENUE</b>	<b>19,540</b>	<b>55</b>	<b>19,595</b>
<b>OPERATING COSTS</b>			
<b>COST OF ELECTRICITY AND GAS</b>			
Electricity purchased for resale	(7,428)	-	(7,428)
Charges for the use of the national grid	(744)	-	(744)
Gas purchased for resale	(254)	-	(254)
	<u>(8,426)</u>	<u>-</u>	<u>(8,426)</u>
<b>OTHER COSTS</b>			
Personnel and managers	(999)	-	(999)
Materials	(340)	-	(340)
Outsourced services	(736)	-	(736)
Depreciation and amortization	(779)	-	(779)
Operating provisions	(262)	-	(262)
Infrastructure construction cost	(942)	-	(942)
Other	(318)	-	(318)
	<u>(4,376)</u>	<u>-</u>	<u>(4,376)</u>
<b>TOTAL COST</b>	<b>(12,802)</b>	<b>-</b>	<b>(12,802)</b>
<b>GROSS PROFIT</b>	<b>6,738</b>	<b>55</b>	<b>6,793</b>
<b>OPERATING EXPENSES</b>			
Selling expenses	(128)	-	(128)
General and administrative expenses	(654)	-	(654)
Operating provisions	(190)	-	(190)
Other operating expenses	(677)	3	(674)
	<u>(1,649)</u>	<u>3</u>	<u>(1,646)</u>
Equity in earnings of unconsolidated investees, net	210	-	210
Gain on acquisition of control of investee	281	-	281
<b>Income before Financial income (expenses) and taxes</b>	<b>5,580</b>	<b>58</b>	<b>5,638</b>
Financial revenues	593	(58)	535
Financial expenses	(1,694)	-	(1,694)
<b>Income before income tax and social contribution tax</b>	<b>4,479</b>	<b>-</b>	<b>4,479</b>
Current income and social contribution taxes	(1,259)	-	(1,259)
Deferred income and social contribution taxes	(83)	-	(83)
<b>NET INCOME FOR THE YEAR</b>	<b>3,137</b>	<b>-</b>	<b>3,137</b>

### 3. PRINCIPLES OF CONSOLIDATION

The financial statements date of the subsidiaries and jointly-controlled entities, used for the purposes of calculation of consolidation and equity in earnings of unconsolidated investees coincide with those of the Company.

The Company uses the criteria of full consolidation for the following companies which are direct equity investments of Cemig:

	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
	Direct interest %	Direct interest %	Direct interest %
Cemig Geração e Transmissão	100.00	100.00	100.00
Cemig Distribuição	100.00	100.00	100.00
Gasmig	99.57	99.57	99.57
CemigTelecom	100.00	100.00	100.00
Rosal Energia	100.00	100.00	100.00
Sá Carvalho	100.00	100.00	100.00
Horizontes Energia	100.00	100.00	100.00
Usina Térmica Ipatinga	100.00	100.00	100.00
Cemig PCH	100.00	100.00	100.00
Cemig Capim Branco Energia	-	-	100.00
Cemig Trading	100.00	100.00	100.00
Efficientia	100.00	100.00	100.00
Cemig Comercializadora de Energia Incentivada	100.00	100.00	100.00
UTE Barreiro (Barreiro Thermal Plant)	100.00	100.00	100.00
Empresa de Serviços e Comercialização de Energia Elétrica	100.00	100.00	100.00

#### a) Subsidiaries and jointly-controlled entities

The financial statements of subsidiaries are included in the consolidated financial statements as from the date on which the control starts until the date on which the control ceases to exist. The assets, liabilities and profit (loss) of the subsidiaries were consolidated using full consolidation. The accounting policies of the subsidiaries and jointly-controlled entities are aligned with the policies adopted by the Company. The financial information of the jointly-controlled entities is recognized by the equity method of accounting.

#### b) Consortia

The assets, liabilities, and profits (losses) of a consortium are recorded in accordance with the percentage interest held in the consortium, since these investments are considered to be 'joint operations' in accordance with the requirements of IFRS11.

### **c) Transactions eliminated in consolidation**

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with investee companies recorded by the equity method are eliminated against the investment in proportion to the Company's equity interests in the investee. Unrealized losses are eliminated in the same way as unrealized gains are eliminated, but only up to the point at which there is no evidence of impairment.

The financial statements of Transchile, for the purposes of calculations by the equity method, are converted from US dollars (the functional currency of Transchile) to Reais based on the exchange rate at last quoted day of the year, since Cemig's functional currency is the Real. Foreign currency differences are recognized in Other comprehensive income and presented in equity up to the date of the sale of the interest in Transchile. After conclusion of the sale, the amount recognized in Other comprehensive income, in Equity, was transferred in full to the Income statement. In 2016, the whole of Cemig's interest in Transchile was sold to Ferrovial Transco Chile SpA., a company controlled by Ferrovial S.A. For fuller details please see Note 15.

The consolidated financial statements include the balances and transactions of the investment funds in which the Company and its subsidiaries and jointly-held subsidiaries are the sole unit holders. These funds comprise public securities, private securities and debentures of companies which have low risk classification, ensuring high liquidity.

These investment funds, the financial statements of which are regularly reviewed/audited, are subject to limited obligations, namely payment for services provided by the administrators of the assets, attributed to the operation of the investments, such as charges for custody, auditing and other expenses, and there are no significant financial obligations, nor are there assets of the unit holders to guarantee those obligations.

#### 4. CONCESSIONS AND AUTHORIZATIONS

Cemig and its subsidiaries hold the following concessions and authorizations, from the National Electricity Agency, Aneel:

	Location	Date of concession or authorization	Expiration date
<b>GENERATION</b>			
<b>Hydroelectric plants</b>			
São Simão (1)	Rio Paranaíba	01/1965	01/2015
Emborcação	Rio Paranaíba	07/1975	07/2025
Nova Ponte	Rio Araguari	07/1975	07/2025
Jaguara (1)	Rio Grande	08/1963	08/2013
Miranda (1)	Rio Araguari	12/1986	12/2016
Três Marias	Rio São Francisco	01/2015	01/2045
Volta Grande	Rio Grande	02/1967	02/2017
Irapé	Rio Jequitinhonha	01/1999	02/2035
Salto Grande	Rio Santo Antônio	01/2015	01/2045
Queimado	Rio Preto	11/1997	01/2033
Itutinga	Rio Grande	01/2015	01/2045
Camargos	Rio Grande	01/2015	01/2045
Piau	Rio Piau / Pinho	01/2015	01/2045
Gafanhoto	Rio Pará	01/2015	01/2045
Cachoeirão SHP	Rio Manhuaçu	07/2000	07/2030
Santo Antônio	Madeira	06/2008	06/2043
Baguari	Rio Doce	08/2006	08/2041
Pipoca SHP	Rio Manhuaçu	09/2001	09/2031
Other	Various	Various	Various
<b>Wind farms (2)</b>			
Morro do Camelinho	Gouveia – Minas Gerais	03/2000	01/2017
Praias do Parajuru	Beberibe – Ceará	09/2002	08/2029
Volta do Rio	Acaraú – Ceará	12/2001	08/2034
Praia de Morgado	Acaraú – Ceará	12/2001	08/2034
<b>Thermal plants</b>			
Igarapé	Juatuba – Minas Gerais	01/2001	08/2024
Barreiro	Belo Horizonte, Minas Gerais	02/2002	04/2023
<b>TRANSMISSION</b>			
National grid	Minas Gerais	07/1997	07/2015
Itajubá Substation	Minas Gerais	10/2000	10/2030
<b>DISTRIBUTION</b>			
	Minas Gerais	01/2016	12/2045

(1) The extension of the concession specified in the concession contract is not included in these figures. See details in this Note.

(2) Permission to operate the activity of wind power generation is given by means of authorizations.

#### Generation concessions

In the generation business, the Company sells electricity: (1) through auctions to distributors to meet the demands of their captive markets; and (2) to Free Consumers in the Free Market (*Ambiente de Contratação Livre*, or ACL). In the Free Market, electricity is traded by generation concession holders, Small Hydro Plants (SHPs), self-producers, traders, and importers of electricity.

Free Consumers are those that have demand of more than 3MW at a voltage of 69kV or higher, or at any voltage if their supply began after July 1995.

A consumer that has opted for the Free Market may return to the regulated system only if it gives its distributor five years' prior notice. The purpose of this period of notice is to ensure that if necessary the distributor will be able to buy additional electricity to supply the re-entry of Free Consumers into the Regulated Market. The state-controlled generators can sell electricity to Free Consumers but, unlike the private generators they are obligated to do so through an auction process.

### Auctions of electricity generation concessions

In November 2015, Cemig GT took part in Auction 12/2015 and won the concessions for Lot D. This was for 18 plants – shown below – for five of which the concession had been previously held by Furnas S.A.:

Generating plant	Concession expiry date	Installed capacity (MW)	Average physical offtake guarantee level ('Assured Energy') – MW
Três Marias Hydroelectric Plant	Jan. 2045	396.00	239.00
Salto Grande Hydroelectric Plant	Jan. 2045	102.00	75.00
Itutinga Hydroelectric Plant	Jan. 2045	52.00	28.00
Camargos Hydroelectric Plant	Jan. 2045	46.00	21.00
Piau Small Hydroelectric Plant	Jan. 2045	18.01	13.53
Gafanhoto Small Hydroelectric Plant	Jan. 2045	14.00	6.68
Peti Small Hydroelectric Plant	Jan. 2045	9.40	6.18
Tronqueiras Small Hydroelectric Plant	Jan. 2045	8.50	3.39
Joasal Small Hydroelectric Plant	Jan. 2045	8.40	5.20
Martins Small Hydroelectric Plant	Jan. 2045	7.70	1.84
Cajuru Small Hydroelectric Plant	Jan. 2045	7.20	2.69
Paciência Small Hydroelectric Plant	Jan. 2045	4.08	2.36
Marmelos Small Hydroelectric Plant	Jan. 2045	4.00	2.74
Coronel Domiciano Small Hydroelectric Plant (1)	Jan. 2045	5.04	3.59
Dona Rita Small Hydroelectric Plant (1)	Jan. 2045	2.41	1.03
Ervália Small Hydroelectric Plant (1)	Jan. 2045	6.97	3.03
Neblina Small Hydroelectric Plant (1)	Jan. 2045	6.47	4.66
Sinceridade Small Hydroelectric Plant (1)	Jan. 2045	1.42	0.35
		<b>699.60</b>	<b>420.27</b>

(1) Plants for which the concession was previously held by Furnas.

Please note that the information presented in this table on installed capacity, guaranteed average offtake, and other operational information is not part of the scope of an audit of financial statements, and has thus not been examined by the external auditors.

For more information please see Note 14.

### **Renewal of the concessions of the *Jaguara, São Simão* and *Miranda* Hydroelectric Plants**

The company believes that it has the right to completion of periods of these concessions, based on the original terms of the Concession Contracts, and is currently arguing this in the courts.



### The *Jaguara* hydroelectric plant

As specified in the Concession Contract for the *Jaguara* Plant, the Company applied for the extension of the concession. The Mining and Energy Ministry ('MME') refused the Company's application, on the grounds that the application was made outside the time limits set by Law 12783/13.

On June 20, 2013, Cemig GT obtained an interim injunction in its application to the Higher Appeal Court (*Superior Tribunal de Justiça*, or STJ) for order of *mandamus* No. 20.432/2013, against the decision of the MME not to entertain the application for extension of the period of concession of the *Jaguara* plant (424MW capacity, with average 336 MW assured offtake), which had an expiration date on August 28, 2013. The interim remedy, given by Reporting Justice Sérgio Kukina, ensured that Cemig GT would continue to operate the concession for the *Jaguara* plant until final judgment in the action. On August 23, 2013, Reporting Justice Sérgio Kukina ruled that the application for *mandamus* had failed.

On August 30, 2013 the STJ granted an interim order, published on September 3, 2013, in a new application for *mandamus* in the STJ, against the decision by the Mining and Energy Ministry which, in a dispatch published on August 23, 2013, refused, on its merits, the application by Cemig GT for extension of the concession of the *Jaguara* Plant under its Concession Agreement. This interim order gave Cemig GT the right to remain in control of the *Jaguara* Plant, commercially operating the public service concession granted to it, until final judgment of the case.

On June 24, 2015 the judgment on the application for *mandamus* brought by Cemig GT was completed. With all the votes given by the Justices of the first Section of the STJ, the applications made by Cemig GT were defeated by six judgment votes to 2.

On September 22, 2015, Cemig GT filed a further action, for Provisional Remedy, with the Federal Supreme Court (*Supremo Tribunal Federal*, or STF), to maintain ownership of the concession for the *Jaguara* plant, on the initial bases of the concession agreement.

On November 3, 2015, the Reporting Justice of the Federal Supreme Court published a Dispatch requesting a position from the parties on their interest in holding a reconciliation hearing, due to the complexity and importance of the debate on the subject in the action for Provisional Remedy. On November 4, 2015, Cemig filed a statement with the Court stating its interest in such a hearing.

On December 21, 2015, Supreme Court Justice Dias Toffoli, rapporteur of the case, granted the application for interim injunction made by the Company, to suspend the effects of the judgment of the First Section of the STJ, and keep Cemig GT in possession of the concession to operate the *Jaguara* plant, on the initial bases of the concession agreement, until such time as the Supreme Court might make a decision to the contrary. On February 1, 2016, the decision granting the application for interim injunction applied for was published.

On February 15, 2016 the Panel Judgment of the STJ was published, containing the decision of the First Section of that Court, which refused to grant mandamus and refused the Special Appeal.

On February 22, 2016, in the STF, the Reporting Justice issued a Dispatch extending continuity of the Reconciliation Hearing between Cemig GT and the federal government; the parties are currently awaiting a further dispatch to set a new date for continuation of that hearing, begun on December 15, 2015.

On March 1, 2016 the Company filed an Ordinary Appeal with the STJ against the panel judgment of February 15, 2016, and on April 11, 2016 the Justice Deputy Chair of the STJ issued a decision accepting that this Ordinary Appeal should be heard, and ordered it to be submitted to the STF.

On March 21, 2017 the Federal Supreme Court revoked the interim order given in the case in which Cemig GT is requesting suspension, until final judgment on the Ordinary Appeal by the Supreme Court, of the effects of the judgment of the First Section of the Supreme Court which refused to grant an order to maintain Cemig GT's ownership of the concession for the Jaguara Plant on the initial bases of Concession Contract 007/97. The judgment remitted the case records to the office of the Procurator-General of the Republic (PGR), for that body to state its opinion.

On December 31, 2016 the asset, at book value of R\$ 41, is posted in PP&E, and in 2016 the Company recognized the plant's revenues from sales of power supply, and operational costs, since it remained in control of the asset during this period.

On March 29, 2017 Cemig GT filed an Internal Appeal against the decision that repealed the remedy, requesting a revision of judgment, to allow cognizance to be taken of a Special Appeal.

#### The São Simão hydroelectric plant

On June 3, 2014, the Company filed a request for extension of the concession of the São Simão Hydroelectric Plant, since it believes that the concession contract for this plant is not subject to the new rules created by Provisional Measure 579 (which became Law 12783/2013).

On August 5, 2014, the Council of Aneel decided to recommend to the Mining and Energy Ministry (MME) that renewal of the concession for the São Simão plant should be refused.

On August 29, 2014, the Mining and Energy Minister decided to refuse the request for extension of the period of concession of the São Simão plant, based on Opinion 559/2014/CONJURMME/CGU/AGU.

On September 10, 2014, Cemig GT filed a Hierarchy Appeal with the MME, with request for reconsideration, for the Mining and Energy Minister to reconsider his decision and to grant the Company's request based only on the Concession Contract; and, successively, that the appeal should be sent to the President of the Republic, so that the President should issue a decision in favor of the Company's request in the same terms. This appeal is still pending, awaiting consideration by the MME.

Notwithstanding this, on December 15, 2014 Cemig GT filed an application for mandamus (No. 21465/DF), with the Higher Appeal Court (STJ), requesting interim relief, against an illegal act by the Mining and Energy Minister, violating net and certain right of the plaintiff, for the purpose of obtaining extension of the period of concession of the São Simão plant, based on the Concession Contract.

On December 17, 2014, Justice Mauro Campbell granted an interim order (published on December 19, 2014) that Cemig GT should remain in control of the plant, commercially operating the public service concession conceded to it, until the final judgment on application for mandamus governing the *Jaguara* plant, or until a re-examination of the remedy just refused.

When the judgment in the application for mandamus governing the *Jaguara* plant was concluded, with rejection of the application, the Reporting Justice revoked the interim remedy given in the Application for mandamus relating to the *São Simão* plant, the decision on which was published on June 30, 2015.

On July 3, 2015, Cemig GT filed a Special Appeal for retraction of the decision by the Reporting Justice, or, if the court should not be of that opinion, that the appeal referred to should be submitted to consideration by the First Section of the STJ, for an interim remedy ordering that the Company should continue to hold the concession for the São Simão Plant, on the initial bases of the Concession Contract.

On July 10, 2015, the Energy Planning and Development Department (*Secretaria de Planejamento e Desenvolvimento Energético*) sent an official letter to Cemig GT requiring it to state whether the Company would be interested in remaining in possession of the *São Simão* Plant, on the new bases of Law 12783/13, until its assumption by the winner of a new tender to be held, in view of the repeal of the interim remedy.

In response to this new event, on July 22, 2015 Cemig GT filed a petition with the Chair of the STJ requesting the application for retraction made within the Special Appeal, in such a way that, through reconsideration of the decision appealed against, an interim remedy should be granted, to keep the Company as holder of the concession of the São Simão Plant, on the initial basis of the Concession Agreement, until final judgment be given on this application for mandamus, or, subsidiarily, that, at least, suspension effect should be attributed to the Special Appeal.

On August 20, 2015 it was stated that the MME would take the necessary measures to designate Cemig GT as provider of electricity generation service through the São Simão plant, under the quota regime, on the basis that the revocation of the interim order given in the application for mandamus had immediate enforceability.

In response, Cemig GT stated interest in remaining responsible for the provision of the electricity generation service of the São Simão plant, but pointed out that there are doubts as to the type, and legal security, of this provision of services, since the matter was still pending court and administrative decisions.

The MME, by Ministerial Order 432/2015, published on September 15, 2015, designated Cemig GT as the party responsible for provision of electricity generation service through the São Simão plant, under the quota regime (being responsible for the operation and maintenance of the plant without, however, having the right to its output of electricity, which will be allocated to the Guaranteed Power Offtake Auctions) until the taking over of the concession by the winner of the auction.

Further, in the judiciary, Cemig GT filed a further application for mandamus, to Justice Mauro Campbell Marques, requesting an annulment of the act of coercion, and assertion of the interim remedy that authorized the applicant to remain in possession and operation of the concession of the São Simão plant, on the initial bases of the contract, until final judgment was given on the application for mandamus governing the São Simão plant or, subsidiarily, until the merit of the Special Appeal would be considered.

On September 8, 2015, the decision of the Reporting Justice (Justice Herman Benjamin) was published, refusing the application for interim remedy applied for by the Company.

Also on September 8, 2015, a Special Appeal was filed against the decision of Justice Herman Benjamin that refused the application for interim remedy that had been made. During the Session of the Special Court of the STJ, on November 4, 2015, the Special Appeal was unanimously refused, in the terms of the judgment of the Reporting Justice.

On November 25, 2015, the Special Appeal filed by Cemig GT against the decision that overturned the interim remedy, in application for mandamus N° 21.465/DF, was, unanimously, refused by the first Section of the STJ, the said Appeal Court Judgment being published on December 1, 2015, the judgment on the merits of this application for mandamus remaining to be heard.

On March 6, 2017 the STJ granted an interim remedy maintaining Cemig GT in possession of the concession to operate the São Simão plant on the initial terms of its Concession Contract 007/1997, until conclusion of the judgment of the Company's application for mandamus.

On March 28, 2017 the interim remedy was revoked in the case in which Cemig GT seeks, in the STJ, annulment of the decision of the Mining and Energy Ministry (MME) which refused, on its merits, the application by Cemig GT for extension of the period of concession of the São Simão hydro Plant, in the terms of its Concession Contract.

Considering the present status of the legal dispute, the Company:

- recognized, up to the date of September 15, 2015, the operational revenues from sales of power supply and costs of this plant, in accordance with current accounting practices, in view of the fact that it remained in control of the asset up to that date;
- considering the requirements of Ministerial Order 432/2015, as from September 16, 2015, ceased to recognize the expenses of depreciation on the São Simão plant, and began to recognize revenues relating to the provision of services of operation and maintenance of the plant, in accordance with the regime of quotas;
- transferred, on September 16, 2015, the amount of R\$ 220 from its PP&E to the account line 'Other long term assets', considering that it is still under decision in the Courts. Based on the terms of the concession agreement, this asset is considered as having a recovery value higher than the value at which it is recorded.

#### Concession of the *Miranda* Hydroelectric Plant

On June 10, 2016, Cemig Geração e Transmissão filed application to the regulator, Aneel, to extend the period of the concession for the *Miranda* Hydroelectric Plant for 20 years. On July 12, 2016, Aneel, complying with the judgment vote of the Reporting Council Member in the case, José Jurhosa Junior, decided to submit the case “to the Mining and Energy Ministry with the recommendation not to give cognizance to the request by Cemig Geração e Transmissão S.A. – Cemig GT for extension of the period of concession of the *Miranda* Hydroelectric Plant, since that request was made outside the period stipulated by Law 12783/2013”.

Cemig GT filed a request with the Concession-granting power requesting extension of the concession for the *Miranda* Hydroelectric Plant under Concession Contract 007/1997 – this plant had a period of the concession expiring on December 23, 2016.

Considering that this request was not accepted by the Mining and Energy Ministry, Cemig GT applied to the Higher Appeal Court (STJ) for an interim remedy. This was granted on December 22, 2016, ordering that control of the *Miranda* hydroelectric plant should remain with the Company, on the initial bases of Concession Contract 007/1997, until completion of the judgment in the application for Mandamus made by the Company.

On December 31, 2016 the asset, with book value of R\$ 756, is posted in PP&E, and in 2016 the Company recognized the revenue from sales of power supply, and operational costs, of this plant, since it remained in control of the asset during that period.

On March 29, 2017, the interim remedy (injunction) given in application for mandamus number 23.042/DF, before the Higher Appeal Court (STJ), brought by the Company to annul the decision by the Mining and Energy Ministry (MME) which refused, on merits Cemig GT's request for ratification of the extension of its concession for the Miranda Hydroelectric Plant, under its Concession Contract, number 007/97, was revoked.

#### Administrative proceedings – Material Announcement of February 21, 2017

Subsidiarily to its request for extension for 20 years of the concessions of the Jaguará, São Simão and Miranda Hydroelectric Plants, the Company requested opening of an Administrative Proceeding under Paragraph 1-C of Article 8 of Law 12783/2013, in benefit of Cemig GT.

Paragraph 1-C was added to Article 8 of Law 12783, of 2013, by Law 13360, of November 17, 2016, and enables the federal government to grant a concession contract for electricity generation for a period of 30 (thirty) years when there is transfer of control of a legal entity that is already providing this service (in this case, one of the subsidiaries of Cemig GT), and is under direct or indirect control of an individual State, or the Federal District, or the municipality, provided that:

- I – the tender, which may be by auction or by competitive bidding, is held by the controlling shareholder on or before February 28, 2018; and
- II – the transfer of control takes place by June 30, 2018.

The subsidiary request was made on the grounds of the spirit of conciliation and cooperation that should govern the relationship between a concession holder and the concession-granting power, and the constant quest, at all times, for alternatives that present the best solution for consumers, for the country and for the shareholders of the Company – who in this case include the people of the state of Minas Gerais.

Thus, in the event that the Ministry decides to maintain its position, and if all the court judgments that have determined that Law 12783/2013 should prevail to the detriment of the provisions of the Second Subclause of Clause 4 of Contract CEMIG 007 of 1997 are maintained, Cemig GT has requested, for the benefit of one of its subsidiaries, application of the rule that is now contained in §1-C of Article 8 of Law 12783 of 2013.

We would point out that the presentation of the Subsidiary Request does not result in any waiver by Cemig GT of its right – which is the subject of the legal actions that it currently has in progress against the federal government – that is to say its right to guaranteed extension of the concessions as specified in Clause 4 of Concession Contract 007/1997.

On the same date the Company filed with the MME a response to the formal question as to its interest in remaining as provider of electricity generation service after the ending of the concession period of the *Volta Grande* Hydroelectric Plant, which took place on February 23, 2017. In this response, and adding a request of its own, the Company stated its interest in remaining responsible for the provision of electricity generation service by this hydroelectric plant, and also requested opening of an administrative proceeding for the purposes of §1-C of Article 8 of Law 12783/2013, also to the benefit of one of the service providing subsidiaries of Cemig GT.

Management continues to be confident of its right in relation to the *Jaguara*, *São Simão* and *Miranda* plants, supported by a contractual clause, by the legislation in force, and by opinions issued by renowned jurists. The Company's internal and external legal advisers have categorized the chance of success in the court dispute as 'possible'.

### **Transmission concessions**

Under its transmission concession contracts, the Company is authorized to charge the Tariff for Use of the Transmission System (*Tarifa de Uso do Sistema de Transmissão*, or TUST). Tariffs are adjusted annually on the same date as the adjustments of the Permitted Annual Revenue (*Receitas Anuais Permitidas*, or RAP) of the holders of transmission concessions. This tariff period starts on July 1 of the year of publication of the tariffs and runs until June 30 of the subsequent year.

The service of transport of large quantities of electricity for long distances, in Brazil, is provided by a network of transmission lines and substations operating at a voltage of 230kV or higher, referred to technically as the Basic Grid (*Rede Básica*), or National Grid.

Any agent of the electricity sector that produces or consumes electricity has the right to use the National Grid, as does the consumer, provided certain technical and legal requirements are met. This is referred to as Open Access, and in Brazil is guaranteed by law and by the regulator, Aneel.

The payment for use of transmission service also applies to generation provided by Itaipu Binacional. However, due to the legal characteristics of that plant, the corresponding charges are assumed by a number of holders of distribution concessions that hold quotas of its output.

For the newer transmission concessions – granted after the year 2000 – the portion of the assets that will not be used up during the concession is recorded as a financial asset, because there is an unconditional right to receive cash or other financial assets directly from the grantor at the end of the concession agreement period.



For the older transmission concessions, granted before the year 2000, renewals have been applied for as from January 1, 2013 in accordance with Law 12783, under which the assets are the property of the Concession-granting Power, and the Company is remunerated, as from 2013, for the operation and maintenance of these assets.

### **Distribution of electricity concessions**

Cemig D has the concession from Aneel for commercial exploration of the activity of distribution of electricity in the greater part of the State of Minas Gerais, expiring in December 2045.

As determined by the concession contract, all assets and facilities that are linked to the provision of the distribution service and which have been created by the concession holder are considered reversible and part of the assets of the related concession. These assets are automatically reverted to the Grantor at the end of the contract, and are then valued to determine the amount of the indemnity payable to the concession holder, subject to the amounts and the dates on which they were incorporated into the electricity system.

The Company does not have obligations to make payment in compensation for commercial operation of the distribution concessions, but is required to comply with requirements related to quality, and investments made, in accordance with the concession contract.

The concession contracts, and the Brazilian legislation, establish a mechanism of maximum prices that allows for three types of adjustment to tariffs: (i) an annual tariff adjustment; (ii) periodic review of tariffs; and (iii) extraordinary reviews.

Each year the Company has the right to request the annual adjustment, the purpose of which is to compensate for the effects of inflation on the tariffs, and to allow for certain changes in costs that are outside the Company's control to be passed through to clients – for example the cost of electricity purchased for resale, and sector charges, including charges for the use of the transmission and distribution facilities.

Also, Aneel makes a Periodic Review of tariffs every five years, which aims to identify changes in the Company's costs, and to establish a factor based on scale gains, which will be applied in the annual tariff adjustments, for the purpose of sharing such gains with the Company's consumers.

The Company also has the right to request an extraordinary review of tariffs, in the event that any unforeseen development significantly alters the economic-financial equilibrium of the concession. The Periodic Review and the Extraordinary Review are subject, to a certain degree, to the discretion of Aneel, although there are pre-established rules for each cycle of revision. When the Company requests an annual tariff adjustment, it becomes necessary to prove the resulting financial impact of these events on operations.

Under the distribution concession contracts, the Company is authorized to charge consumers a tariff consisting of two components: (i) One part relating to electricity purchased for resale, charges for use of the transmission grid and charges for use of the distribution system that are not under its control ('Portion A costs'); and (ii) a portion relating to operating costs ('Portion B costs').

#### Renewal of concessions

On December 21, 2015 the Company signed, with the Mining and Energy Ministry, the Fifth Amendment to its concession contracts, extending its electricity distribution concessions for a further 30 years, as from January 1, 2016.

The principal characteristics and terms of the Amendment are as follows:

- The annual tariff adjustment will take place on May 28 of each year, the first to be in 2016. For this first adjustment the rules specified in the previous concession contract will be applied. For the subsequent tariff adjustments the rules in Clause 6 of the Amendment will be applied.
- Limitation of distribution of dividends and/or payment of Interest on Equity to the minimum established by law, if there is non-compliance with the annual indicators for outages for two consecutive years, or for three in any five years, until the regulatory parameters are restored.
- Requirement for injections of capital from the controlling shareholder in an amount sufficient to meet the minimum conditions for economic and financial sustainability.
- Subject to the right to full defense and right of reply, for the concession to be maintained, compliance is required with efficiency criteria for continuity of supply and for economic and financial management, as follows: (i) for five years from January 1, 2016, any non-compliance for two consecutive years, or non-compliance with any of the conditions at the end of five years, will result in extinction of the concession; (ii) as from January 1, 2021, any non-compliance for three consecutive years with the criteria of efficiency in continuity of supply, or for two consecutive years with the criteria of efficiency in economic and financial management, will result in proceedings to establish expiration of the concession.

## Distribution of gas concessions

The concessions for distribution of natural gas are given by Brazilian states, and in the state of Minas Gerais the tariffs for natural gas are set by the regulatory body, the State's Economic Development Secretariat, by market segment. The tariffs comprise a portion for the cost of gas and a portion for the distribution of gas. Every quarter the tariffs are adjusted to pass through the cost of gas, and once a year they are adjusted to update the portion allocated to cover the costs relating to the provision of the distribution service – remuneration of invested capital and to cover all the operating, commercial and administrative expenses of the concession holder.

In addition to these adjustments, in April 2015 the Economic Development Secretariat sent Gasmig Official Letter SEDE/GAB/Nº303/2014 stating the timetable set for the first Tariff Review cycle. The decision process is still in progress; the latest estimated date for its completion is the beginning of the second half of 2017. These reviews occur every five years, to evaluate the changes in the costs of the Company, and to adapt the tariffs. The Concession Contract also specifies the possibility of an extraordinary review of tariffs if any event occurs that puts the economic-financial balance of the Concession at risk.

On December 26, 2014 the Second Amendment to the Concession Contract was signed by Gasmig and the Minas Gerais State Government, extending by 30 years the period of concession in which Gasmig may commercially operate the services of industrial, commercial, institutional and residential piped gas in the state of Minas Gerais. The expiration date of the contract is thus now extended from January 10, 2023 to January 10, 2053.

## Concessions payable

In obtaining the concessions for construction of certain generation projects, the Company undertook to make payments to Aneel, over the period of the contract, as compensation for the commercial operation. The information on the concessions and the amounts to be paid is as follows:

Enterprise	Percentage interest	Nominal value in 2016	Present value in 2016	Amortization period	Updating indexor
Irapé	100.00	35	14	03/2006 to 02/2035	IGP-M
Queimado (Consortium)	82.50	9	4	01/2004 to 12/2032	IGP-M
Salto Morais Small Hydro Plant	100.00	-	-	06/2013 – 07/2020	IPCA
Rio de Pedras Small Hydro Plant	100.00	1	1	06/2013 – 09/2024	IPCA
Various Small Hydro Plants (*)	100.00	4	3	06/2013 – 08/2025	IPCA

(\*) Luiz Dias, Poço Fundo, São Bernardo and Xicão.

The concessions to be paid to the concession-granting power provide for monthly portions with different values over time. For the purposes of accounting and recognition of costs, due to the understanding that they represent an Intangible Asset related to the right of commercial operation, they are recorded as from the date of signature of the contracts at the present value of the payment obligation.

The portions paid to the Concession-granting power in 2016, the present value and the nominal value of the portions to be paid in the forthcoming period of 12 months, are as follows:

Enterprise	Percentage interest	Amounts paid in 2016	Present value of amounts to be paid in 12 months	Nominal value of amounts to be paid in 12 months
Irapé	100.00	2	2	2
Queimado (Consortium)	82.50	1	-	1

(\*) Luiz Dias, Poço Fundo, São Bernardo and Xicão.

The rates used for discounting of liabilities to present value, of 12.50% for the small hydro plants and 5.10% for the conventional hydroelectric plants, are the average rates for raising of funds in normal conditions on the date of registration of each concession.

## 5. OPERATING SEGMENTS

The operating segments of Cemig reflect the structure of the regulatory framework for the Brazilian electricity sector, with different legislation for the sectors of generation, transmission and distribution of electricity. The Company also operates in gas, telecommunications, and other businesses, which have a smaller impact on the results from its operations.

These segments are reflected in the Company's management, organizational structure, and monitoring of results. In accordance with the regulatory framework of the Brazilian electricity sector, there is no segmentation by geographical area.

These tables show the operating revenues, costs and expenses for 2016, 2015 and 2014 in consolidated form:

OPERATING SEGMENTS, 2016								
	ELECTRICITY			TELECOMS	GAS	OTHER (*)	ELIMINATIONS	TOTAL
	GENERATION	TRANSMISSION	DISTRIBUTION					
<b>ASSETS OF THE SEGMENT</b>	14.414	4.267	18.166	338	2.737	2.389	(276)	42.035
<b>ADDITIONS TO THE SEGMENT</b>	916	-	1.602	163	56	-	-	2.737
<b>ADDITIONS TO FINANCIAL ASSETS</b>	2.217	54	-	-	-	-	-	2.271
<b>INVESTMENTS IN SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES</b>	5.292	1.670	1.754	18	-	19	-	8.753
<b>NET REVENUE</b>	5.875	1.113	10.597	125	1.181	116	(234)	18.773
<b>COST OF ELECTRICITY AND GAS</b>	-	-	-	-	-	-	-	-
Electricity bought for resale	(3.071)	-	(5.260)	-	-	-	59	(8.272)
Charges for use of the national grid	(321)	-	(760)	-	-	-	134	(947)
Gas bought for resale	-	-	-	-	(877)	-	-	(877)
<b>Operational costs, total</b>	(3.392)	-	(6.020)	-	(877)	-	193	(10.096)
<b>OPERATIONAL COSTS AND EXPENSES</b>	-	-	-	-	-	-	-	-
Personnel	(271)	(111)	(1.147)	(23)	(47)	(45)	-	(1.644)
Employees' and managers' profit shares	(1)	-	(10)	(1)	-	4	-	(8)
Post-retirement obligations	(54)	(23)	(231)	-	-	(37)	-	(345)
Materials	(11)	(3)	(42)	-	(2)	-	-	(58)
Outsourced services	(129)	(30)	(674)	(23)	(16)	(32)	37	(867)
Depreciation and amortization	(202)	-	(525)	(38)	(54)	(16)	-	(835)
Operational provisions (reversals)	(88)	(10)	(544)	(4)	-	(67)	-	(713)
Construction costs	-	(54)	(1.102)	-	(37)	-	-	(1.193)
Other operational expenses, net	(57)	(13)	(395)	11	(8)	313	4	(145)
<b>Total cost of operation</b>	(813)	(244)	(4.670)	(78)	(164)	120	41	(5.808)
<b>OPERATIONAL COSTS AND EXPENSES</b>	(4.205)	(244)	(10.690)	(78)	(1.041)	120	234	(15.904)
<b>OPERATIONAL PROFIT BEFORE EQUITY GAINS (LOSSES) AND FINANCIAL REVENUE (EXPENSES)</b>	1.670	869	(93)	47	140	236	-	2.869
Equity in earnings of unconsolidated investees, net	(448)	362	(180)	(31)	-	(5)	-	(302)
Adjustment for loss of value in Investments	(763)	-	-	-	-	-	-	(763)
Financial revenues	190	7	743	4	15	82	-	1.041
Financial expenses	(1.320)	(4)	(1.078)	(9)	(49)	(18)	-	(2.478)
<b>PRE-TAX PROFIT</b>	(671)	1.234	(608)	11	106	295	-	367
Income tax and the Social Contribution tax	(24)	5	103	(6)	(8)	(103)	-	(33)
<b>NET PROFIT ( LOSS)</b>	(695)	1.239	(505)	5	98	192	-	334
<b>OTHER COMPREHENSIVE INCOME</b>								
<b>Items that will not be reclassified to profit or loss</b>								
Post retirement liabilities – restatement of obligations of the defined benefit plans, net of taxes	(92)	-	(380)	-	-	(43)	-	(515)
Equity gain (loss) on Other comprehensive income in jointly-controlled entities	-	-	-	-	-	4	-	4
<b>Items that may be reclassified to profit or loss</b>								
Conversion adjustment of equity gain (loss) in other comprehensive income in subsidiary and jointly-controlled entity	-	-	-	-	-	(3)	-	(3)
Recycling of conversion adjustments to the Income statement arising from sale of Transchile	-	(39)	-	-	-	-	-	(39)
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	(92)	(39)	(380)	-	-	(42)	-	(553)
<b>Total of comprehensive income for the year attributed to:</b>								
Controlling shareholders	(787)	(1,200)	(885)	5	98	150	-	(219)
Non-controlling shareholder	-	-	-	-	-	-	-	-

OPERATING SEGMENTS, 2015 (RESTATED)								
ITEM	GENERATION	TRANSMISSION	DISTRIBUTION	TELECOM	GAS	OTHER (*)	ELIMINATIONS	TOTAL
SEGMENT ASSETS	13,382	4,880	17,738	317	2,530	2,986	(976)	40,857
ADDITIONS TO THE SEGMENT	577	-	1,044	42	62	1	-	1,726
ADDITIONS TO FINANCIAL ASSETS	-	146	-	-	-	-	-	146
INVESTMENTS IN ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES	5,751	2,423	1,547	-	-	24	-	9,745
<b>NET REVENUE</b>	<b>7,047</b>	<b>519</b>	<b>12,962</b>	<b>123</b>	<b>1,395</b>	<b>90</b>	<b>(268)</b>	<b>21,868</b>
<b>OPERATING COSTS</b>								
Electricity purchased for resale	(2,669)	-	(6,993)	-	-	-	120	(9,542)
Charges for the use of the national grid	(297)	-	(814)	-	-	-	112	(999)
Gas purchased for resale	-	-	-	-	(1,051)	-	-	(1,051)
	<b>(2,966)</b>	<b>-</b>	<b>(7,807)</b>	<b>-</b>	<b>(1,051)</b>	<b>-</b>	<b>232</b>	<b>(11,592)</b>
<b>OTHER COSTS</b>								
Personnel	(224)	(113)	(1,000)	(15)	(43)	(40)	-	(1,435)
Employees' and managers' profit shares	(24)	(12)	(95)	(2)	-	(4)	-	(137)
Post-retirement liabilities	(21)	(10)	(121)	-	-	(4)	-	(156)
Materials	(95)	(5)	(52)	-	(2)	-	-	(154)
Outsourced services	(143)	(37)	(697)	(25)	(15)	(13)	31	(899)
Depreciation and amortization	(273)	-	(444)	(49)	(54)	(15)	-	(835)
Operating provisions (reversals)	(109)	2	(209)	(1)	-	(1,084)	-	(1,401)
Construction costs	-	(146)	(1,044)	-	(62)	-	-	(1,252)
Other operating expenses, net	(62)	(16)	(283)	(20)	(9)	(42)	5	(426)
<b>Total cost of operation</b>	<b>(951)</b>	<b>(337)</b>	<b>(3,945)</b>	<b>(112)</b>	<b>(185)</b>	<b>(1,202)</b>	<b>36</b>	<b>(6,695)</b>
<b>TOTAL COSTS AND EXPENSES</b>	<b>(3,917)</b>	<b>(337)</b>	<b>(11,752)</b>	<b>(112)</b>	<b>(1,236)</b>	<b>(1,202)</b>	<b>268</b>	<b>(18,287)</b>
<b>Operating profit before Equity gains (losses) and Financial revenue (expenses)</b>	<b>3,130</b>	<b>182</b>	<b>1,210</b>	<b>11</b>	<b>159</b>	<b>(1,112)</b>		<b>3,581</b>
Equity in earnings of unconsolidated investees, net	17	410	(6)	(28)	-	-	-	393
Fair value results in Corporate Operation	729	-	-	-	-	-	-	729
Financial revenues	199	22	543	4	23	73	-	863
Financial expenses	(984)	(7)	(1,130)	(6)	(42)	(35)	-	(2,204)
<b>Income before income tax and social contribution taxes</b>	<b>3,091</b>	<b>607</b>	<b>617</b>	<b>(19)</b>	<b>140</b>	<b>(1,074)</b>	<b>-</b>	<b>3,362</b>
Income and social contribution taxes	(836)	(71)	(256)	(16)	(23)	309	-	(893)
<b>NET INCOME FOR THE YEAR</b>	<b>2,255</b>	<b>536</b>	<b>361</b>	<b>(35)</b>	<b>117</b>	<b>(765)</b>	<b>-</b>	<b>2,469</b>
<b>OTHER COMPREHENSIVE INCOME</b>								
<b>Items that will not be reclassified to profit or loss</b>								
Post retirement liabilities – restatement of obligations of the defined benefit plans, net of taxes	(84)	-	(170)	-	-	(106)	-	(360)
Equity gain (loss) on Other comprehensive income in jointly-controlled entities	-	-	-	-	-	(1)	-	(1)
<b>Items that may be reclassified to profit or loss</b>								
Equity gain (loss) on Other comprehensive income in jointly-controlled entities	14	-	-	-	-	40	-	54
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2,171</b>	<b>536</b>	<b>194</b>	<b>(35)</b>	<b>117</b>	<b>(821)</b>	<b>-</b>	<b>2,162</b>
<b>Total of comprehensive income for the year attributed to:</b>								
Controlling shareholders	2,171	536	194	(35)	117	(821)	-	2,162
Non-controlling shareholder	-	-	-	-	-	-	-	-

(\*) The expense of R\$ 1,084 recorded as operating provisions in the *Others* column refers substantially to expenses on the option to purchase investments held by the parent company and described in Note 15.

OPERATING SEGMENTS. 2014 (RESTATED)								
ITEM	GENERATION	TRANSMISSION	DISTRIBUTION	TELECOM	GAS	OTHER	ELIMINATIONS	TOTAL
SEGMENT ASSETS	11,528	3,882	15,064	327	2,549	2,007	(357)	35,000
ADDITIONS TO THE SEGMENT	2,995	-	792	29	501	19	-	4,336
ADDITIONS TO FINANCIAL ASSETS	-	80	-	-	-	-	-	80
INVESTMENTS IN ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES	4,036	2,315	1,199	-	-	490	-	8,040
NET REVENUE	7,339	708	11,296	119	340	90	(297)	19,595
OPERATING COSTS	-	-	-	-	-	-	-	-
Electricity purchased for resale	(1,833)	-	(5,747)	-	-	-	152	(7,428)
Charges for the use of the national grid	(282)	-	(573)	-	-	-	111	(744)
Gas purchased for resale	-	-	-	-	(254)	-	-	(254)
	(2,115)	-	(6,320)	-	(254)	-	263	(8,426)
OTHER COSTS	-	-	-	-	-	-	-	-
Personnel	(201)	(105)	(886)	(13)	(11)	(36)	-	(1,252)
Employees' and managers' profit shares	(39)	(16)	(184)	(1)	-	(9)	-	(249)
Post-retirement liabilities	(34)	(14)	(153)	-	-	(11)	-	(212)
Materials	(295)	(5)	(80)	-	(1)	-	-	(381)
Outsourced services	(159)	(39)	(737)	(23)	(2)	(23)	30	(953)
Depreciation and amortization	(324)	-	(428)	(34)	(4)	(11)	-	(801)
Royalties for use of water resources	(127)	-	-	-	-	-	-	(127)
Operating provisions (reversals)	(62)	(26)	(300)	-	-	(193)	-	(581)
Construction costs	-	(81)	(861)	-	-	-	-	(942)
Other operating expenses, net	(130)	(34)	(297)	(27)	(11)	(29)	4	(524)
<b>Total cost of operation</b>	<b>(1,371)</b>	<b>(320)</b>	<b>(3,926)</b>	<b>(98)</b>	<b>(29)</b>	<b>(312)</b>	<b>34</b>	<b>(6,022)</b>
<b>TOTAL COSTS AND EXPENSES</b>	<b>(3,486)</b>	<b>(320)</b>	<b>(10,246)</b>	<b>(98)</b>	<b>(283)</b>	<b>(312)</b>	<b>297</b>	<b>(14,448)</b>
<b>Operating profit before Equity gains (losses) and Financial revenue (expenses)</b>	<b>3,853</b>	<b>388</b>	<b>1,050</b>	<b>21</b>	<b>57</b>	<b>(222)</b>	<b>-</b>	<b>5,147</b>
Equity in earnings of unconsolidated investees, net	(386)	386	150	(28)	47	41	-	210
Gain on acquisition of control of investee	-	-	-	-	-	281	-	281
Financial revenues	119	46	300	5	21	44	-	535
Financial expenses	(396)	(291)	(751)	(3)	(6)	(247)	-	(1,694)
<b>Income before income tax and social contribution taxes</b>	<b>3,190</b>	<b>529</b>	<b>749</b>	<b>(5)</b>	<b>119</b>	<b>(103)</b>	<b>-</b>	<b>4,479</b>
Income and social contribution taxes	(1,116)	(44)	(169)	(7)	(12)	6	-	(1,342)
<b>NET INCOME FOR THE YEAR</b>	<b>2,074</b>	<b>485</b>	<b>580</b>	<b>(12)</b>	<b>107</b>	<b>(97)</b>	<b>-</b>	<b>3,137</b>
<b>OTHER COMPREHENSIVE INCOME</b>								
<b>Items that will not be reclassified to profit or loss</b>								
Post retirement liabilities – restatement of obligations of the defined benefit plans, net of taxes	-	-	(36)	-	-	(8)	-	(44)
Equity gain (loss) on other comprehensive income in jointly-controlled entities	-	-	-	-	-	(7)	-	(7)
<b>Items that may be reclassified to profit or loss</b>								
Equity gain (loss) on other comprehensive income in jointly-controlled entities	-	-	-	-	-	10	-	10
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2,074</b>	<b>485</b>	<b>544</b>	<b>(12)</b>	<b>107</b>	<b>(102)</b>	<b>-</b>	<b>3,096</b>
<b>Total of comprehensive income for the year attributed to:</b>								
Controlling shareholders	2,074	485	544	(12)	107	(102)	-	3,096
Non-controlling shareholder	-	-	-	-	-	-	-	-



## 6. CASH AND CASH EQUIVALENTS

	2016	2015
Bank accounts	101	52
Cash investments		
Bank certificates of deposit	524	723
Repos ('Overnight' market)	370	128
Other	-	22
	<u>894</u>	<u>873</u>
	<u>995</u>	<u>925</u>

Bank certificates of deposit (*Certificados de Depósito Bancário*, or CDBs), with fixed or floating rates, are remunerated at a percentage varying from 75% to 106% in 2016 (75% to 111% in 2015) of the CDI rate (Interbank Rate for Certificates of Deposit – *Certificados de Depósito Interbancário*, or CDIs), published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip).

Overnight repo transactions are short-term cash investments, with availability for redemption on the day following the date of investment. They are usually backed by treasury bills, notes or bonds and referenced to a fixed rate of approximately 13.64% p.a. in 2016 (14.3% p.a. in 2015).

The Company's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities are given in Note 29 to the consolidated financial statements.

## 7. SECURITIES

	2016	2015
<b>Cash investments</b>		
<b>Current</b>		
Bank certificates of deposit	46	1,717
Financial Notes – Banks	728	461
Treasury Financial Notes (LFTs)	193	88
Debentures	45	160
Other	2	1
	<u>1,014</u>	<u>2,427</u>
<b>Non-current</b>		
Bank certificates of deposit	-	43
Financial Notes – Banks	14	41
Other	17	-
	<u>31</u>	<u>84</u>
	<u>1,045</u>	<u>2,511</u>

Fixed-rate or floating-rate Bank certificates of deposit (*Certificados de Depósito Bancário*, or CDBs) are remunerated at a percentage of the rate for interbank deposits (*Certificado de Depósito Interbancário*, or CDI rate), which is published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip). This percentage ranges from 100.5% to 105.25% in 2016 (75% to 105% in 2015) depending on the transaction.

Bank Financial Bills (*Letras Financeiras*, or LFs) are fixed-rate fixed-income securities, issued by banks and remunerated at a percentage of the CDI rate published by Cetip. The remuneration rate on the LFs in Cemig's portfolio varies between 104.25% to 112.7% of the CDI rate in 2016 (105% to 116.7% of the CDI rate in 2015).

Treasury Financial Notes (LFTs) are fixed rate securities, the yield on which follows the daily variation of the Selic rate between the date of purchase and the date of purchase of the security.

Debentures are medium and long term debt securities, which give their holders a right of credit against the issuing company. The debentures have remuneration rates varying between 104.25% to 113% of the CDI rate in 2016 (105.4% to 113% of the CDI rate in 2015).

Note 29 gives a classification of these securities. Cash investments in securities of related parties are shown in Note 28.

## 8. CONSUMERS, TRADERS AND POWER TRANSPORT CONCESSION HOLDERS

	Balances not yet due	Up to 90 days past due	More than 90 days past due	2016	2015
Invoiced supply	1,067	710	791	2,568	2,413
Supply not yet invoiced	920	-	-	920	1,125
Wholesale supply to other concession holders	390	20	13	423	99
CCEE (Electricity Trading Chamber)	-	-	1	1	516
Concession holders – Transport of electricity	233	11	75	319	370
(-) Allowance for doubtful accounts	-	-	(660)	(660)	(625)
	<b>2,610</b>	<b>741</b>	<b>220</b>	<b>3,571</b>	<b>3,898</b>
<b>Current assets</b>				<b>3,425</b>	<b>3,765</b>
<b>Non-current assets</b>				<b>146</b>	<b>133</b>

The Company's exposure to credit risk related to Consumers and traders is given in Note 29.

The provision for the allowance for doubtful receivables is considered to be sufficient to cover any losses in the realization of these assets, and breaks down by type of consumer as follows:

	2016	2015
Residential	245	211
Industrial	133	136
Commercial, services and others	152	117
Rural	24	19
Public authorities	10	12
Public illumination	5	5
Public service	15	10
Charges for use of the network - TUSD	68	112
Other	8	3
	<b>660</b>	<b>625</b>

Changes in the provision for doubtful receivables in 2016, 2015 and 2014 were as follows:

<b>Balance on December 31, 2013</b>	<b>585</b>
New provisions	127
Reversals	(62)
<b>Balance on December 31, 2014</b>	<b>650</b>
New provisions	175
Reversals	(200)
<b>Balance on December 31, 2015</b>	<b>625</b>
New provisions (reversals)	382
Written off	(347)
<b>Balance at December 31, 2016</b>	<b>660</b>

### Advance sales of power supply

Cemig GT made a transaction with a large client for an advance on sales of power supply, receiving the amount of R\$ 181 in advance, in relation to the quantity of supply contracted for the period January 1, 2017 to December 31, 2017.

## 9. RECOVERABLE TAXES

	2016	2015
<b>Current</b>		
ICMS tax recoverable	155	113
PIS and Pasep taxes	12	9
Cofins tax	58	44
Other	11	9
	<b>236</b>	<b>175</b>
<b>Non-current</b>		
ICMS tax recoverable	171	183
PIS and Pasep taxes	1	13
Cofins tax	5	60
Other	1	2
	<b>178</b>	<b>258</b>
	<b>414</b>	<b>433</b>

The credits of the PIS, Pasep, Cofins and ICMS taxes, recorded in Non-current assets, arise from acquisitions of property, plant and equipment and can be offset over 48 months. The transfer to Non-current was made in accordance with estimates by management of the amounts which will likely be realized up to December 2017.

## 10. INCOME AND SOCIAL CONTRIBUTION TAXES

### a) Income and social contribution taxes recoverable

The balances of income and social contribution taxes refer to tax credits in corporate income tax returns of previous years and to advance payments in 2016, which will be offset against federal taxes payable for the year 2017. These are posted in Taxes and contributions.

	2016	2015
<b>Current</b>		
Income tax	436	226
Social Contribution tax	154	80
	<u>590</u>	<u>306</u>
<b>Non-current</b>		
Income tax	98	192
Social Contribution tax	14	14
	<u>112</u>	<u>206</u>
	<u><b>702</b></u>	<u><b>512</b></u>

### b) Deferred income and social contribution taxes

Cemig and its subsidiaries have tax credits for income tax, constituted at the rate of 25%, and the social contribution tax, constituted at the rate of 9%, as follows:

	2016	2015
<b>Deferred tax assets</b>		
Tax loss carryforwards	290	236
Provisions	1,027	713
Post-retirement liabilities	1,175	831
Allowance for doubtful receivables	229	210
Taxes payable – suspended liability (1)	202	200
Paid concession	8	9
Other	22	54
<b>Total</b>	<u><b>2,953</b></u>	<u><b>2,253</b></u>
<b>Deferred tax liabilities</b>		
Funding cost	(45)	(20)
Deemed cost	(268)	(280)
Adjustment to present value	-	-
IRT	-	-
Cost of acquisition of equity interests	(481)	(499)
Borrowing costs, capitalized	(149)	(108)
Taxes on revenues from unredeemed cash investments – Presumed Profit accounting method	(2)	(2)
Updating of indemnity value assets	(517)	(262)
Adjustment of expectation of cash flow from the indemnifiable Financial asset of distribution concession	(271)	(273)
Other	(5)	-
<b>Total</b>	<u><b>(1,738)</b></u>	<u><b>(1,444)</b></u>
<b>Total, net</b>	<u><b>1,215</b></u>	<u><b>809</b></u>
<b>Total assets</b>	<b>1,797</b>	<b>1,498</b>
<b>Total liabilities</b>	<b>(582)</b>	<b>(689)</b>

(1) Refers to court escrow deposit of PIS, Pasep and Cofins taxes charged on amounts of ICMS tax.

The changes in Deferred income and social contribution taxes were as follows:

<b>Balance on December 31, 2013</b>	<b>965</b>
Effects allocated to Statement of income	(83)
Deferred taxes recognized in business combination	(269)
Effects allocated to Statement of comprehensive income	22
<b>Balance on December 31, 2014</b>	<b>635</b>
Effects allocated to Statement of income	(12)
Effects allocated to Statement of comprehensive income	191
Realized	(5)
<b>Balance on December 31, 2015</b>	<b>809</b>
Effects allocated to Statement of income	141
Effects allocated to Statement of comprehensive income	265
<b>Balance at December 31, 2016</b>	<b>1,215</b>

The Board of Directors, in a meeting held on April 11, 2017 approved a technical study prepared by the Financial Department, on the forecast for the Company's future profitability. This study was also submitted to examination by the Audit Board on April 11, 2017.

Under the current Brazilian tax legislation deductible temporary differences and accumulated tax losses do not expire by limitation of time. Deferred tax assets have been recognized in relation to these items, because it is probable that the future taxable profits will be available for the Company to be able to use for the benefits of these items.

According to the individual estimates of the Company and its subsidiaries, the future taxable profits enable the Deferred tax asset existing on December 31, 2016 to be realized, as follows:

2017	394
2018	387
2019	437
2020	404
2021	598
2022-2024	490
2025-2026	243
	<b>2,953</b>

### c) Reconciliation of the expense on income and social contribution taxes

This table reconciles the nominal expense on income tax (rate 25%) and the Social Contribution tax (rate 9%) with the actual expense, presented in the Statement of income:

	2016	2015	2014
Profit before income tax and Social Contribution tax	367	3,362	4,479
Income tax and Social Contribution tax – nominal expense	(125)	(1,143)	(1,523)
Tax effects applicable to:			
Gain (loss) in subsidiaries by equity method (net of Interest on Equity)	(132)	105	25
Interest on Equity	129	68	78
Gain on formation of Aliança Geração	-	87	-
Deduction of amortized intangible concession assets – capital gain, Taesa	20	-	-
Non-deductible contributions and donations	(4)	(7)	(13)
Tax incentives	3	43	66
Tax credits not recognized	5	(1)	(1)
Difference between Presumed Profit and Real Profit	126	25	8
Non-deductible penalties	(16)	(10)	(5)
Excess on reactive power and demand levels	(12)	(11)	(12)
Write-down for part of allowance for doubtful debtors	(22)	(32)	-
Other	(5)	(17)	35
<b>Income tax and Social Contribution – effective gain (expense)</b>	<b>(33)</b>	<b>(893)</b>	<b>(1,342)</b>
<b>Effective rate</b>	<b>8.99%</b>	<b>26.56%</b>	<b>29.96%</b>
<b>Current tax</b>	<b>(174)</b>	<b>(881)</b>	<b>(1,259)</b>
<b>Deferred tax</b>	<b>141</b>	<b>(12)</b>	<b>(83)</b>

### Tax incentives – Sudene

The federal tax authority (*Receita Federal*) recognized the right to a reduction of 75% in income tax, including the part paid at the additional rate, calculated based on the operating profit made in the region under the aegis of Sudene (the Development Authority for the Northeast), for 10 years from 2014. The incentive amounts recorded in the Income statement were: R\$ 7 in 2016, R\$ 21 in 2015 and R\$ 25 in 2014. These items were all subsequently transferred to the Tax Incentive Reserve.

## 11. RESTRICTED CASH

The total recorded as Restricted cash, R\$ 367, refers mainly to the amount deposited with Banco Santander, in accordance with the shareholders' agreement of RME and Luce, as guarantee for settlement of the put options. The contract for the account with the depositary bank is in effect until December 15, 2017.

## 12. ESCROW DEPOSITS

These payments are mainly for legal actions relating to employment-law contingencies and tax obligations.

The most important escrow deposits for tax obligations refer to the Pasep and Cofins taxes – in actions seeking to exclude the ICMS tax itself from the calculation base of the Pasep and Cofins taxes.

	2016	2015
<b>Employment law cases</b>	381	367
<b>Tax issues</b>		
Income tax on Interest on Equity	15	15
Pasep and Cofins tax (1)	746	751
ICMS credits on PP&E	37	36
Donations and legacy tax (ITCD)	46	34
Urban property tax (IPTU)	80	68
Finsocial tax	37	23
Other	202	185
	<b>1,163</b>	<b>1,112</b>
<b>Other</b>		
Monetary updating on AFAC from Minas Gerais State Government (2)	239	239
Regulatory	60	57
Third party	13	10
Consumer relations	6	4
Court embargo	8	12
Other	17	12
	<b>343</b>	<b>334</b>
	<b>1,887</b>	<b>1,813</b>

- (1) The escrow deposits relating to Pasep and Cofins taxes refer to the case challenging the constitutionality of inclusion of the ICMS tax, which *has been* charged, *within* the amount on which the Pasep and Cofins taxes are calculated. They have a corresponding provision in Taxes. See more details in Note 19.
- (2) Administrative deposit in case seeking suspension of enforceability of the credit charged by the Minas Gerais State Government for a difference in the monetary updating on the Advance against Future Capital Increase (*Adiantamento contra Futuro Aumento de Capital*, or AFAC). See more details in Note 23.

### 13. ENERGY DEVELOPMENT ACCOUNT (CDE)

#### Reimbursement of tariff subsidy payments

The subsidies applicable to tariffs charged to users of public electricity distribution service, which are reimbursed through payments of funds from the Energy Development Account (CDE).

In 2016, the amount appropriated as incoming subsidies was R\$ 792 (R\$ 801 in 2015 and R\$ 579 in 2014). Of the amount provisioned, the Company has R\$ 64 receivable (R\$ 72 in 2015). This is recognized in current assets.

#### Payments from the Tariff Flag Funds Centralizing Account

The 'Flag Account' (*Conta Centralizadora de Recursos de Bandeiras Tarifárias* – CCRBT or 'Conta Bandeira') manages the funds collected from captive customers of utilities of the national grid holding electricity distribution concessions and permissions – these were paid, on behalf of the CDE, directly to the Flag Account. The resulting funds are passed through by the Wholesale Trading Chamber (CCEE) to distribution agents, based on the differences between (i) realized costs of thermal generation and exposure to short-term market prices, and (ii) the amounts covered by the tariff.

In 2016 the amounts Paid by the Flag Account totaled R\$ 341 (R\$ 1,124 in 2015). This was recognized as a partial realization of the CVA receivable previously constituted.



## 14. FINANCIAL ASSETS AND LIABILITIES OF THE CONCESSION

Financial assets of the concession	2016	2015
Assets related to infrastructure (a)		
Distribution concessions	215	137
Transmission concessions	482	401
Transmission Indemnity receivable	1,805	1,054
Generation Indemnity receivable	547	546
Generation - Assets remunerated by tariff	-	46
Concession Grant Fee – Plants contracted at Auction 12/2015	2,254	-
	<b>5,303</b>	<b>2,184</b>
CVA (Portion A Variation Compensation Account) and Other financial components in tariff adjustments (b)	398	1,350
<b>Total</b>	<b>5,701</b>	<b>3,534</b>
<b>Current assets</b>	<b>730</b>	<b>874</b>
<b>Non-current assets</b>	<b>4,971</b>	<b>2,660</b>

Financial liabilities of the concession	2016	2015
CVA (Portion A Variation Compensation Account) and Other financial components in tariff adjustments (b)	805	-
<b>Current liabilities</b>	482	-
<b>Non-current liabilities</b>	323	-

### a) Assets related to infrastructure

The distribution of energy, transmission of energy and gas contracts of the Company and its subsidiaries are within the criteria for application of Technical Interpretation IFRIC 12, which governs accounting of concessions. These contracts refer to the investment made in infrastructure, which will be the subject of indemnity by the Concession-granting power, during the period and at the end of the concessions, as specified in the regulations of the electricity sector and in the concession contract signed between Cemig and its subsidiaries and the related concession-granting powers.

### Transmission Indemnity receivable

The Company's transmission concession contracts are within the criteria for application of Technical Interpretation IFRIC 12, which deals with accounting of concessions, and refer to invested infrastructure that will be the subject of indemnity by the Concession-granting power during and at the end of their concession periods, as laid down in the regulations for the electricity sector, and in the concession contract.

Aneel Normative Resolution 589, of December 10, 2013, laid down the criteria for calculation of the New Replacement Value (*Valor Novo de Reposição*, or VNR) of the transmission facilities, for the purposes of indemnity.

On August 16, 2016 Aneel, through its Dispatch 2181, homologated the amount of R\$ 892, in currency of November 2012, for the portion of the reversible assets not yet amortized, for the purposes of indemnity to Cemig GT.

On April 22, 2016 the Mining and Energy Ministry (MME) published its Ministerial Order 120, setting the deadline and method of payment of the remaining amount of the indemnity.

The Ministerial Order determined that the amounts homologated by Aneel 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').

The portions of remuneration and depreciation not paid in the period from the extensions of the concessions up to the tariff-setting process of 2017 are to be updated by the IPCA index and remunerated at the real cost of own capital of the transmission segment of the industry as decided by Aneel in the methodologies for Periodic Tariff Reviews of Revenues for Existing Concession Holders, currently 10.44% per year, to be paid over eight years by reimbursement through the RAP.

The Ministerial Order still awaits certain decisions, and as a result Public Hearing 068/2016 was opened on October 14, 2016 to obtain input for improvement of the regulations for calculation of the cost of capital to be added to the RAP (Permitted Annual Revenue) of the transmission concession holders.

Considering that MME Ministerial Order 120 specifies that cost of capital is to comprise two portions – Remuneration; and Depreciation (QRR) – the Company, based on the best information available, made the necessary adjustments, arriving at the following values as indemnity:

Regulatory Remuneration Base (BRR) – Dispatch 2181/2016	1,177
Amount of the indemnity received so far	(285)
<b>Net value of the assets for purposes of indemnity</b>	<b>892</b>
Updating in accordance with MME Order 120/16 – IPCA index / Cost of own capital – Period Jan. 2013 to Dec. 2016	913
<b>Total indemnity</b>	<b>1,805</b>

### Transmission – Assets remunerated by tariff

For the new assets consisting of improvements and strengthening of facilities implemented by the transmission concession holders, Aneel calculates an additional portion of Permitted Annual Revenue (RAP) in accordance with a methodology specified in the Tariff Regulation Procedures (*Procedimentos de Regulação Tarifária*, or Proret).

Under the Proret procedure, the revenue established in the Resolutions is payable to the transmission companies as from the date of start of commercial operation of the facilities. In the periods between reviews, the revenues associated with the improvements and strengthening of facilities are provisional. They are then definitively decided in the review immediately subsequent to the start of commercial operation of the facilities; this review then has effect backdated to the date of start of commercial operation.

### Distribution assets

The Fifth Amendment to the Public Electricity Distribution Service Concession Agreements was signed on December 21, 2015, extending the concessions for a further 30 years, from January 1, 2016 to December 31, 2045. As a result, for determining Financial Assets, the new Amendment signed has been used as a reference, and the portion of Financial assets that will be used during the period of the new concession has been transferred to Intangible assets.

### Generation Indemnity receivable

In July 2015 termination dates for several of the plants operated by the Company was reached under Concession Contract 007/97. As from the termination of the concession, the Company held the indemnity rights of the assets not yet depreciated/amortized, as specified in the concession contract referred to. The accounting balances corresponding to these assets, including the Deemed Cost, were transferred from Fixed assets to Financial assets on the date of termination of the concession, and total R\$ 547.

Generating plant	Concession expiration date	Installed capacity (MW)	Net balance of assets on Dec. 31, 2016 based on historic cost	Net balance of assets on Dec. 31, 2016 based on deemed cost
Três Marias Hydroelectric Plant	July 2015	396	71	414
Salto Grande Hydroelectric Plant	July 2015	102	10	39
Itutinga Hydroelectric Plant	July 2015	52	4	7
Camargos Hydroelectric Plant	July 2015	46	8	23
Piau Small Hydroelectric Plant	July 2015	18,01	2	9
Gafanhoto Small Hydroelectric Plant	July 2015	14	1	10
Peti Small Hydroelectric Plant	July 2015	9,4	1	8
Dona Rita Small Hydroelectric Plant	Sep. 2013	2,41	1	1
Tronqueiras Small Hydroelectric Plant	July 2015	8,5	2	12
Joasal Small Hydroelectric Plant	July 2015	8,4	1	8
Martins Small Hydroelectric Plant	July 2015	7,7	2	4
Cajuru Small Hydroelectric Plant	July 2015	7,2	4	4
Paciência Small Hydroelectric Plant	July 2015	4,08	1	4
Marmelos Small Hydroelectric Plant	July 2015	4	1	4
		<b>679,70</b>	<b>109</b>	<b>547</b>

As specified in Aneel Normative Resolution 615/2014, the Valuation Opinions proposing the amounts of the indemnity of the assets were delivered to Aneel by December 31, 2015. Based on the discussions and valuations currently in progress, management believes that the amount recorded is the best estimate of indemnity taking into account the information available up to the reporting date of the accounting statements at December 31, 2016.

From the termination of the concession contract until January 4, 2016, the plants were operated by the Company under the Quota regime, with remuneration by a tariff only to cover costs of operation and maintenance of the assets. On January 5, 2016 the plants began to be operated in accordance with the terms of the Auction won by Cemig GT on November 25, 2015 ('Auction 12/2015') as described in more detail below:

### **Concession Grant Fee – Auction 12/2015**

Under Provisional Measure 579/2012, enacted as Law 12783/2013, the concessions of 14 plants of **Cemig GT** (*Cajuru, Camargos, Gafanhoto, Itutinga, Joasal, Marmelos, Martins, Paciência, Peti, Piau, Salto Grande, Três Marias, Tronqueiras and Volta Grande*), and those of the *Jaguara, São Simão* and *Miranda* plants were made subject to acceptance of predefined tariffs, and indemnity of the yet unamortized investments made for each plant. At the time, Cemig GT did not accept the terms for renewal.

In November 2015, Cemig GT took part in Auction 12/2015 and won the concessions of Lot D. This lot comprises 18 plants – for five of which the concession had been previously held by Furnas S.A..

The contract for these plants gives Cemig the concession for their commercial operation for the next 30 years, and requires that: in 2016 the whole of the output will be sold in the Regulated Market, under the Physical Guarantee Quota System (*Sistema de Cotas de Garantia Física, or CGF*); and in 2017, 70% of the output will be sold in the Regulated Market and 30% in the Free Market.

Cemig's offer for acquisition of grant of the 30-year concession for the 18 hydroelectric plants was R\$ 2,216. Of this fee, 65% was paid on January 4, 2016, and the remaining 35% (initially R\$ 776) was paid on July 1, 2016 (updated by the Selic rate to a total payment of R\$ 828). The contract was signed by Cemig GT on January 5, 2016.

In June 2016, title to Concession Contracts 08 to 16/2016, relating to the Auction won by Cemig GT on November 25, 2015, was transferred to the related specific-purpose companies (SPCs), wholly-owned subsidiaries of Cemig GT, as follows:

	Balances transferred on May 31, 2016	Monetary updating	Amounts received	Balance at Dec. 31, 2016
Cemig Geração Três Marias S.A.	1,260	192	(169)	1,283
Cemig Geração Salto Grande S.A.	396	60	(53)	403
Cemig Geração Itutinga S.A.	148	25	(23)	150
Cemig Geração Camargos S.A.	110	18	(16)	112
Cemig Geração Sul S.A.	145	26	(24)	147
Cemig Geração Leste S.A.	98	19	(18)	99
Cemig Geração Oeste S.A.	59	12	(11)	60
<b>Total</b>	<b>2,216</b>	<b>352</b>	<b>(314)</b>	<b>2,254</b>

The amount of the concession grant fee was recognized as a financial asset, due to the Company having the unconditional right to receive the amount paid, plus updating by the IPCA Index and remuneratory interest, during the period of the concession.

The changes in Financial assets of the concession related to infrastructure are as follows:

	Transmission	Generation	Distribution	Gas	Total
<b>Balance on December 31. 2013</b>	<b>779</b>	<b>-</b>	<b>5,064</b>	<b>-</b>	<b>5,843</b>
Additions	80	-	-	-	80
Written off	-	-	(19)	-	(19)
Updating of indemnifiable value of assets	420	-	-	-	420
Asset acquired in business combination	-	-	-	656	656
Transfers	(1)	-	844	(656)	187
Amounts received	(6)	-	-	-	(6)
Adjustment to expectation of cash flow from the indemnifiable Financial asset of the distribution concession	-	-	55	-	55
<b>Balance on December 31. 2014</b>	<b>1,272</b>	<b>-</b>	<b>5,944</b>	<b>-</b>	<b>7,216</b>
Additions	146	-	-	-	146
Written off	(6)	-	(31)	-	(37)
Transfer from Financial assets to Intangible assets on renewal of concessions	-	-	(7,162)	-	(7,162)
Transfers	(2)	-	808	-	806
Generation Indemnity receivable	-	546	-	-	546
Amounts received	(10)	-	-	-	(10)
Adjustment to expectation of cash flow from the indemnifiable Financial asset of the distribution concession	-	-	578	-	578
Updating of indemnifiable value of assets	101	-	-	-	101
<b>Balance on December 31. 2015</b>	<b>1,501</b>	<b>546</b>	<b>137</b>	<b>-</b>	<b>2,184</b>
Additions	54	1	-	-	55
Addition – Grant Fee – Plants	-	2,216	-	-	2,216
Written off	(3)	0	-	-	(3)
Amounts received	(16)	(315)	-	-	(331)
Transfer from Financial to Intangible assets	-	-	71	-	71
Updating of the Concession Grant Fee	-	352	-	-	352
Adjustment to expectation of cash flow from the indemnifiable Financial asset of the distribution concession	-	-	8	-	8
Monetary updating	751	-	-	-	751
<b>Balance at December 31, 2016</b>	<b>2,287</b>	<b>2,800</b>	<b>216</b>	<b>-</b>	<b>5,303</b>

## b) CVA Account (Compensation of Portion A items) and Other Financial Components in tariff adjustments

The Amendment that extended the period of the concession of Cemig D guarantees that, in the event of extinction of the concession, for any reason, the remaining balances (assets and liabilities) of any shortfall in payment or reimbursement through the tariff must also be included by the Concession-granting power in the total of the indemnity.

The balances on (i) the CVA Account, (ii) the account for Neutrality of Sector Charges, and (iii) *Other financial items* in the tariff calculation, refers to the positive and negative differences between the estimate of the Company's non-manageable costs and the payments actually made. The variations found are the subject of monetary updating based on the Selic rate and compensated in the subsequent tariff adjustments.

The balances of these financial assets and liabilities are shown below. Please note that in the Interim Accounting Information the balances of each line are presented at net value in assets or liabilities in accordance with the tariff adjustments homologated or to be homologated:

Balances at December 31, 2016	Current		Non-current		Total assets	Total liabilities
	Assets	Liabilities	Assets	Liabilities		
<b>Items of 'Portion A'</b>						
Quota for the Energy Development Account (CDE)	203	(145)	-	(100)	203	(245)
Tariff for use of transmission facilities of grid participants	7	-	3	-	10	-
Tariff for transport of electricity provided by Itaipu	8	-	2	-	10	-
Program to encourage alternative sources of electricity – <i>Proinfa</i>	15	-	2	-	17	-
System Service Charges (ESS) and Reserve Energy Charge (EER)	-	(167)	-	(77)	-	(244)
Electricity purchased for resale	1,676	(1,300)	370	(402)	2,046	(1,702)
<b>Other financial components</b>						
Overcontracting of supply	-	(137)	-	(23)	-	(160)
Neutrality of Portion A	79	(46)	1	(33)	80	(79)
Other financial items	3	(266)	-	(66)	3	(332)
Tariff Flag balances (1)	-	(14)	-	-	-	(14)
<b>TOTAL</b>	<b>1,991</b>	<b>(2,075)</b>	<b>378</b>	<b>(701)</b>	<b>2,369</b>	<b>(2,776)</b>

(1) Billing arising from the Tariff Flag System not yet homologated by Aneel.

Balances at December 31, 2015	Current		Non-current		Total assets	Total liabilities
	Assets	Liabilities	Assets	Liabilities		
<b>Items of 'Portion A'</b>						
Quota for the Energy Development Account (CDE)	249	-	88	-	337	-
Tariff for use of transmission facilities of grid participants	42	-	3	-	45	-
Tariff for transport of electricity from Itaipu	8	-	3	-	11	-
Program to encourage alternative sources of electricity – <i>Proinfa</i>	5	(1)	2	-	7	(1)
System Service Charges (ESS) and Reserve Energy Charge (EER)	-	(255)	-	(53)	-	(308)
Electricity purchased for resale	2,021	(739)	572	(204)	2,593	(943)
<b>Other financial components</b>						
Overcontracting of supply	-	(408)	-	(122)	-	(530)
Neutrality of Portion A	88	(2)	31	-	119	(2)
Other financial items	11	(1)	170	-	181	(1)
'Tariff Flag' amounts (1)	-	(158)	-	-	-	(158)
<b>TOTAL</b>	<b>2,424</b>	<b>(1,564)</b>	<b>869</b>	<b>(379)</b>	<b>3,293</b>	<b>(1,943)</b>

(1) Billing arising from the Tariff Flag System not yet homologated by Aneel.

Balance	Amounts homologated by Aneel in the last tariff adjustment	Amounts to be homologated by Aneel in the next tariff adjustment	2016	2015
Assets	1,444	925	2,369	3,293
Liabilities	(1,046)	(1,730)	(2,776)	(1,943)
	<b>398</b>	<b>(805)</b>	<b>(407)</b>	<b>1,350</b>

This table shows changes in balances of financial assets and liabilities in 2016, 2015 and 2014:

<b>Balance on December 31, 2013</b>	-
New financial assets constituted	1,107
<b>Balance on December 31, 2014</b>	<b>1,107</b>
(+) New financial assets constituted	2,285
(-) Amortization	(581)
(-) Receipt of funds from the ACR Account and from the Centralizing Account for Funds from the Tariff Flag System - CCRBT (1)	(1,529)
(+) Updating – Selic rate	68
<b>Balance on December 31, 2015</b>	<b>1,350</b>
(-) Net constitution of financial assets	(858)
(-) Amortization	(597)
(-) Payments from the Tariff Flag Funds Centralizing Account (1)	(341)
(-) Transfer (2)	(165)
(+) Updating – Selic rate (3)	204
<b>Balance at December 31, 2016</b>	<b>(407)</b>

(1) See more details in Note 13.

(2) The financial component constituted to be passed through to the tariff at the next tariff adjustment, arising from judgments (injunctions/provisional remedy) in legal actions challenging part of the amount of the CDE (Energy Development Account) charge, was reclassified to Credits owed by Eletrobras, and will be amortized with counterpart in deductions from the monthly CDE charges to be paid to Eletrobras, in accordance with a Dispatch issued by Aneel in 2016.

(3) Includes adjustment for homologation of the CVA by Aneel which took place in May 2016.



## 15. INVESTMENTS

This table gives a summary of the financial information on the affiliated companies and jointly-controlled enterprises. The information below reflects the percentage of the Company's equity interest in each item.

	2016	2015
Hidrelétrica Cachoeirão	50	42
Guanhães Energia	-	19
Hidrelétrica Pipoca	32	27
Retiro Baixo	162	148
Aliança Norte (Belo Monte plant through Norte Energia)	527	354
Madeira Energia (Santo Antônio plant through Madeira Energia)	644	676
FIP Melbourne (Santo Antônio plant through Madeira Energia)	677	703
Lightger	42	37
Baguari Energia	162	187
Renova	689	1,527
Aliança Geração	1,319	1,327
Central Eólica Praias de Parajuru	63	63
Central Eólica Volta do Rio	81	85
Central Eólica Praias de Morgado	60	62
Amazônia Energia (Belo Monte plant through Norte Energia)	781	495
Usina Hidrelétrica Itaocara S.A.	3	-
Light	1,070	1,188
TAESA	1,583	2,242
Ativas Data Center	18	-
Epícares Empreendimentos e Participações Ltda	-	-
Luce	344	-
RME	339	-
Companhia Transleste de Transmissão	22	18
Companhia Transudeste de Transmissão	21	18
Companhia Transirapé de Transmissão	24	19
Transchile	-	108
Companhia de Transmissão Centroeste de Minas	21	18
Axxiom Soluções Tecnológicas	19	24
Parati	-	358
<b>Total of investments</b>	<b>8,753</b>	<b>9,745</b>
Ativas Data Center – excess of liabilities over assets of jointly-controlled entity	-	(28)
Guanhães – excess of liabilities over assets of jointly-controlled entity	(59)	-
<b>Total</b>	<b>8,694</b>	<b>9,717</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, and Ativas Data Center, which are affiliated companies in which the Company has significant influence. It was as from the fourth quarter of 2016 that Ativas Data Center became an investee in which Cemig has significant influence.

### a) Right to commercial operation 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 jointly with the historic value of the investments in the table above. These assets will be amortized over the remaining period of the concessions on the straight-line basis.

	Dec. 31, 2013	Additions	Amortization	Dec. 31, 2014	Amortization	Dec. 31, 2015	Additions	Amortization	Written off	Dec. 31, 2016
Rosal	6	-	(6)	-	-	-	-	-	-	-
TAESA	452	-	(19)	433	(18)	415	-	(18)	(109)	288
Light	275	-	(22)	253	(22)	231	-	(22)	-	209
Gasmig	24	203	(7)	220	(5)	215	-	(8)	-	207
LUCE	-	-	-	-	-	-	50	(1)	-	49
RME	-	-	-	-	-	-	49	(1)	-	48
	<b>757</b>	<b>203</b>	<b>(54)</b>	<b>906</b>	<b>(45)</b>	<b>861</b>	<b>99</b>	<b>(50)</b>	<b>(109)</b>	<b>801</b>

b) The movement of Investments in the jointly-controlled entities in 2016, 2015 and 2014, is as follows:

	Dec. 31, 2015	Equity method gain (Statement of income)	Gain (loss) by equity method (Other comprehensive income)	Dividends	Injections / acquisitions	Sales	Incorporation	Other	Dec. 31, 2016
Companhia Transleste de Transmissão	18	6	-	(2)	-	-	-	-	22
Companhia Transudeste de Transmissão	18	4	-	(1)	-	-	-	-	21
Companhia Transirapé de Transmissão	19	5	-	-	-	-	-	-	24
Transchile	108	2	(23)	-	-	(87)	-	-	-
Companhia de Transmissão Centroeste de Minas	18	5	-	(2)	-	-	-	-	21
Light	1,188	(121)	3	-	-	-	-	-	1,070
Axiom Soluções Tecnológicas	24	(5)	-	-	-	-	-	-	19
Luce	-	(18)	1	(57)	252	-	166	-	344
RME	-	(20)	-	(58)	247	-	169	1	339
Hidrelétrica Cachoeirão	42	10	-	(2)	-	-	-	-	50
Guanhães Energia (1)	19	(103)	-	-	25	-	-	59	0
Hidrelétrica Pipoca	27	5	-	-	-	-	-	-	32
Madeira Energia (Santo Antônio Plant through Madeira Energia)	676	(71)	-	-	39	-	-	-	644
FIP Melbourne (Santo Antônio Plant through Madeira Energia)	703	(63)	-	-	40	-	-	(3)	677
LightGer	37	5	-	-	-	-	-	-	42
Baguari Energia	187	41	-	(14)	-	-	-	(52)	162
Central Eólica Praias de Parajuru	63	-	-	-	-	-	-	-	63
Central Eólica Volta do Rio	85	(4)	-	-	-	-	-	-	81
Central Eólica Praias de Morgado	62	(2)	-	-	-	-	-	-	60
Amazônia Energia (Belo Monte Plant through Norte Energia)	495	(6)	-	-	292	-	-	-	781
Ativas Data Center (2)	-	(31)	-	-	99	-	-	(50)	18
Parati	358	(24)	1	-	-	-	(335)	-	-
Taesa	2,242	342	-	(382)	-	(619)	-	-	1,583
Renova (3)	1,527	(372)	19	-	278	-	-	(763)	689
Usina Hidrelétrica Itaocara S.A.	-	-	-	-	3	-	-	-	3
Aliança Geração	1,327	104	-	(112)	-	-	-	-	1,319
Aliança Norte (Belo Monte Plant through Norte Energia)	354	(7)	-	-	180	-	-	-	527
Retiro Baixo	148	16	-	(2)	-	-	-	-	162
<b>Total of investments</b>	<b>9,745</b>	<b>(302)</b>	<b>1</b>	<b>(632)</b>	<b>1,455</b>	<b>(706)</b>	<b>-</b>	<b>(808)</b>	<b>8,753</b>
Ativas Data Center – Uncovered liabilities of jointly-controlled entity	(28)	-	-	-	-	-	-	-	(28)
Guanhães – Uncovered liabilities of jointly-controlled entity	-	-	-	-	-	-	-	(59)	(59)
<b>Total</b>	<b>9,717</b>	<b>(302)</b>	<b>1</b>	<b>(632)</b>	<b>1,455</b>	<b>(706)</b>	<b>-</b>	<b>(867)</b>	<b>8,666</b>

(1) Transfer to uncovered liabilities.

(2) The amount of R\$ 50 refers to the dilution of shareholding interest arising from subscription of share capital by a new shareholder.

(3) The amount of R\$ 763 refers to the impairment of intangible concession assets resulting from the financial difficulties of Renova.

	2014	Equity method gain (Statement of income)	Equity method gain (Other comprehensive income)	Dividends	Injections / acquisitions	Other	2015
Companhia Transleste de Transmissão	14	8	-	(4)	-	-	18
Companhia Transudeste de Transmissão	13	5	-	-	-	-	18
Companhia Transirapé de Transmissão	13	6	-	-	-	-	19
Transchile	67	5	36	-	-	-	108
Companhia de Transmissão Centroeste de Minas Light	22	2	-	(6)	-	-	18
	1,198	(11)	2	(1)	-	-	1,188
Axiom Soluções Tecnológicas	23	1	-	-	-	-	24
Hidrelétrica Cachoeirão	34	8	-	-	-	-	42
Guanhães Energia	69	(49)	-	(1)	-	-	19
Hidrelétrica Pipoca	28	2	-	(3)	-	-	27
Madeira Energia (Santo Antônio plant through Madeira Energia)	674	2	-	-	-	-	676
FIP Melbourne (Santo Antônio plant through Madeira Energia)	708	(5)	-	-	-	-	703
Lightger	38	(1)	-	-	-	-	37
Baguari Energia	193	12	-	(18)	-	-	187
Central Eólica Praias de Parajuru	62	2	-	(1)	-	-	63
Central Eólica Volta do Rio	84	2	-	(1)	-	-	85
Central Eólica Praias de Morgado	62	-	-	-	-	-	62
Amazônia Energia (Belo Monte Plant through Norte Energia)	395	(19)	-	(1)	120	-	495
Ativas Data Center	-	(28)	-	-	-	28	-
Epícares Empreendimentos (1)	92	1	-	1	-	(94)	-
Parati	372	3	-	(17)	-	-	358
Taesá	2,188	383	-	(329)	-	-	2,242
Renova	1,538	(25)	15	(1)	-	-	1,527
Aliança Geração	3	107	-	(93)	581	729	1,327
Aliança Norte (Belo Monte Plant through Norte Energia)	-	(13)	-	-	367	-	354
Retiro Baixo	150	(5)	-	-	3	-	148
<b>Total do Investimento</b>	<b>8,040</b>	<b>393</b>	<b>53</b>	<b>(475)</b>	<b>1,071</b>	<b>663</b>	<b>9,745</b>
Ativas Data Center – Uncovered liabilities of jointly-controlled entity	-	-	-	-	-	(28)	(28)
<b>Total</b>	<b>8,040</b>	<b>393</b>	<b>53</b>	<b>(475)</b>	<b>1,071</b>	<b>635</b>	<b>9,717</b>

(1) The amount of R\$ 94 refers to the assets subscribed to constitute Aliança Geração;

	2013	Equity method gain (Statement of income)	Equity method gain (Other comprehensive income)	Dividends	Injections / acquisitions	Other	2014
Gasmig (1)	577	47	-	(55)	-	(569)	-
Companhia Transleste de Transmissão	29	2	-	(17)	-	-	14
Companhia Transudeste de Transmissão	14	1	-	(2)	-	-	13
Companhia Transirapé de Transmissão	14	-	-	(1)	-	-	13
Transchile	55	2	10	-	-	-	67
Companhia de Transmissão Centroeste de Minas Light	18	5	-	(1)	-	-	22
Axiom Soluções Tecnológicas	1,190	150	(6)	(136)	-	-	1,198
Hidrelétrica Cachoeirão	8	(1)	-	-	16	-	23
Hidrelétrica Cachoeirão	34	8	-	(8)	-	-	34
Guanhães Energia	69	-	-	-	-	-	69
Hidrelétrica Pipoca	24	5	-	(1)	-	-	28
Madeira Energia (Santo Antônio plant through Madeira Energia) (2)	643	(398)	-	-	429	-	674
FIP Melbourne (Santo Antônio plant through Madeira Energia) (2)	-	10	-	-	698	-	708
Lightger	39	-	-	(1)	-	-	38
Baguari Energia	199	8	-	(14)	-	-	193
Central Eólica Praias de Parajuru	61	2	-	(1)	-	-	62
Central Eólica Volta do Rio	78	6	-	-	-	-	84
Central Eólica Praias de Morgado	61	2	-	(1)	-	-	62
Amazônia Energia (Belo Monte Plant through Norte Energia)	311	(17)	-	-	101	-	395
Ativas Data Center	4	(26)	-	-	-	22	-
Epícares Empreendimentos	103	3	-	(14)	-	-	92
Parati	380	41	(1)	(48)	-	-	372
Taesa	2,250	376	-	(438)	-	-	2,188
Renova	-	(12)	-	-	1,550	-	1,538
Aliança	-	-	-	-	3	-	3
Retiro Baixo	-	(4)	-	-	154	-	150
	<b>6,161</b>	<b>210</b>	<b>3</b>	<b>(738)</b>	<b>2,951</b>	<b>(547)</b>	<b>8,040</b>

(1) Consolidation of Gasmig began as from October 2014, and as a result the value of the investment, of R\$ 569 was eliminated.

(2) Acquisition of 7.87% interest on Madeira Energia through FIP Melbourne for R\$697,796. Cemig also has a directly-held stockholding interest of 10.00% on Madeira Energia. Cemig made a capital increase of R\$429,367 in 2016.

### Cemig GT enters into controlling block of Renova

In 2013 Cemig GT's entered into an Investment Agreement with Renova Energia S.A. ('Renova'), RR Participações S.A. ('RR'), Light Energia S.A. ('Light Energia') and Chipley SP Participações S.A. ('Chipley'), governing the entry of Cemig GT, directly or indirectly, into the control block of Renova through subscription of new common shares in Renova. As a result of this transaction, Cemig GT acquired 27.37% interest in Renova Energia S.A. for R\$1,550,071 in 2014, which result in recognition of the concession intangible asset of R\$855,354.

### **Acquisition of equity interest**

In the process of allocation of the acquisition prices of investments, intangible assets were identified relating to the rights of commercial operation of the regulated activities, and these were supported by economic and financial valuation opinions.

These amounts, adjusted for tax effects, will be amortized, on the straight-line basis, over the remaining periods of the authorizations for operation of each facility.

This table gives the principal information on the subsidiaries and jointly-controlled entities, not adjusted for the percentage represented by the Company's ownership interest:

Company	Number of shares	2016			2015			2014		
		Cemig Interest %	Share capital	Equity	Cemig Interest %	Share capital	Equity	Cemig Interest %	Share capital	Equity
Cemig Geração e Transmissão	2,896,785,358	100.00	1,838	4,583	100.00	1,838	4,684	100.00	1,700	3,487
Hidrelétrica Cachoeirão	35,000,000	49.00	35	103	49.00	35	83	49.00	35	69,991
Guanhães Energia	137,608,000	49.00	186	-	49.00	138	38	49.00	138	137,608
Hidrelétrica Pipoca	41,360,000	49.00	41	65	49.00	41	54	49.00	41	58,789
Retiro Baixo	222,850,000	49.90	223	264	49.90	223	296	49.90	217	300
Aliança Norte (Usina de Belo Monte)	34,715,961,339	49.00	1,014	1,077	49.00	647	723	-	-	-
Madeira Energia (Usina de Santo Antônio)	9,730,201,137	18.13	10,152	6,419	18.05	9,762	7,642	17.76	9,456	7,782
Lightger	79,078,937	49.00	79	85	49.00	79	76	49.00	79	79
Baguari Energia (1)	26,157,300,278	69.39	187	248	69.39	262	270	69.39	262	279
Renova (2)	360,815,313	34.15	2,856	1,956	27.37	2,526	5,581	27.37	2,568	5,620
Aliança Geração	1,291,582,500	45.00	1,291	1,973	45.00	1,291	2,949	-	-	-
Central Eólica Praias de Parajuru	70,560,000	49.00	71	89	49.00	71	129	49.00	71	127
Central Eólica Volta do Rio	117,230,000	49.00	117	137	49.00	117	174	49.00	117	171
Central Eólica Praias de Morgado	52,960,000	49.00	53	65	49.00	53	127	49.00	53	127
Amazônia Energia (1) (Usina de Belo Monte)	1,039,491,023	74.50	1,116	1,048	74.50	723	665	74.50	563	529
Usina Hidrelétrica Itaocara S.A.	5,677,000	49.00	6	6	-	-	-	-	-	-
Cemig Distribuição	2,359,113,452	100.00	2,362	2,500	100.00	2,362	2,696	100.00	2,262	2,482
Light	203,934,060	26.06	2,226	3,354	26.06	2,226	4,558	26.06	2,226	4,602
Cemig Telecom	397,683,385	100.00	242	192	100.00	225	169	100.00	225	225
Rosal Energia	46,944,467	100.00	47	141	100.00	47	122	100.00	47	121
Sá Carvalho	361,200,000	100.00	37	106	100.00	37	103	100.00	37	107
Gasmig	409,255,483	99.57	665	1,426	99.57	665	1,408	99.57	665	1,437
Horizontes Energia	39,257,563	100.00	39	52	100.00	64	71	100.00	64	70
Usina Térmica Ipatinga	174,281	100.00	0	4	100.00	-	4	100.00	14	24
Cemig PCH	35,952,000	100.00	36	92	100.00	36	85	100.00	31	67
Cemig Capim Branco Energia	87,579,000	-	-	-	100.00	-	-	100.00	88	130
LUCE	1,379,839,905	66.62	438	443	-	-	-	-	-	-
RME	1,365,421,406	66.27	434	440	-	-	-	-	-	-
Companhia Transleste de Transmissão	49,569,000	25.00	50	81	25.00	50	73	25.00	50	54
UTE Barreiro	30,902,000	100.00	31	39	100.00	31	30	100.00	31	29
Companhia Transudeste de Transmissão	30,000,000	24.00	30	85	24.00	30	73	24.00	30	53
Empresa de Comercialização de Energia Elétrica	486,000	100.00	-	20	100.00	-	9	100.00	-	9
Companhia Transirapé de Transmissão	22,340,490	24.50	22	98	24.50	22	79	24.50	22	56
Transchile	-	-	-	-	49.00	237	221	49.00	161	135
Efficientia	6,051,994	100.00	6	5	100.00	6	6	100.00	6	5
Cemig Comercializadora de Energia Incentivada	1,000,000	100.00	1	2	100.00	5	6	100.00	5	5
Companhia de Transmissão Centroeste de Minas	28,000,000	51.00	28	42	51.00	28	34	51.00	28	41
Cemig Trading	1,000,000	100.00	1	29	100.00	-	30	100.00	-	31
Axiom Soluções Tecnológicas	17,200,000	49.00	47	39	49.00	47	49	49.00	17	48
Parati	1,432,910,602	-	-	-	25.00	1,433	1,431	25.00	1,433	1,481
TAESA	1,033,496,721	31.54	3,042	4,308	43.36	3,042	5,171	43.36	3,042	5,045

(1) Control shared under a Shareholders' Agreement.

(2) Due to the increase in the equity interest in Renova, there was a loss item of R\$2 million reflecting the fact that Renova reported a loss for the year 2016.

On December 31, 2016, the current liabilities of some indirectly jointly-controlled entities were higher than their current assets, as follows:

Guanhães Energia: This was mainly due to issuance of the second series of the sixth commercial Note issue with short-term maturity. The management of Guanhães Energia has obtained funding from the financial market and from the shareholders, allocating it principally to management of its cash for working capital, investments and financial commitments.

Light: On December 31, 2016, Light had a negative working capital balance of R\$ 1,259 (R\$ 423 on December 31, 2015). The operational cash flow of Light has been improving during the year due to the tariff adjustments obtained during the year ended December 31, 2015, its operational performance in 2016, reduction of investments in 2016, and the improvement of the hydrological situation. Additionally, Light has been negotiating renewal of short-term loans and financings and lengthening of its debt profile, and also expects higher operational cash flow following the tariff review. Management believes that success in these steps will reverse the current scenario of negative net working capital. It can also be noted that Light has reported positive consolidated operational cash flow from operations of R\$ 1,118 in 2016 (and R\$ 979 in 2015 and R\$585 em 2014), which has enabled it to amortize loans, financings and debentures in the amount of R\$ 319 in the year ended December 31, 2016. (In 2015 it raised funding of R\$ 160.) Further, on March 14, 2017, Aneel approved the result of the fourth Periodic Tariff Review ('RTP') of the subsidiary Light SESA, which resulted in an average increase of 10.45% in electricity bills from March 15, 2017, ensuring renewed economic and financial balance for the distribution company.

Madeira Energia ('Mesa'): The excess of current liabilities over current assets, equal to R\$ 1,611 in 2016 (R\$543 in 2015), arises mainly from the account lines Suppliers, Other liabilities, Loans and financings, and Contingency provisions. To deal with the situation of negative working capital, Mesa has the benefit of a favorable decision by Aneel to revert, in liabilities, the FID (Availability Factor) account, and release of funds from the debt servicing reserve account which will be replaced by a bank guarantee, with generation of operational cash flow and, if necessary, injections of funds to be made by the shareholders.

Renova Energia: In the year ended December 31, 2016, Renova Energia reported a loss of R\$ 1,101 in 2016 (R\$ 93 in 2015), and on that date its current liabilities exceeded its current assets by R\$ 3,211 in 2016 (R\$ 946 in 2015) (consolidated). Further, Renova Energia has reported negative operational cash flow. The main reasons for this scenario are: (i) transactions to purchase supply of electricity, to honor commitments related to the delays in wind farms coming into operation; (ii) significant investments that are being allocated in the construction of the Alto Sertão III wind farm complex; (iii) delay in release of the long-term financing agreement with the BNDES; (iv) certain long-term financings being reclassified as current due to some ratios in covenants not being achieved, and waivers from creditors not being obtained, in 2016; and (iv) losses arising from the transaction with Terraform.

The management of Renova Energia is taking a range of measures to rebalance its liquidity and cash flow structure. These actions include: sale of certain assets; reduction of the administrative and operational structure, reducing administrative costs; financial support from shareholders, contracting of a long-term financing with the Brazilian Development Bank (BNDES); postponement of certain projects, to balance cash flow; requests to creditors for waivers, which will make possible reclassification of the debt to non-current, ensuring liquidity. The Management of Renova Energia believes that with the success of these measures it will be possible to recover economic and financial equilibrium and the Company's liquidity.

Aliança Geração: This was mainly due to lending transactions with short maturities. Management of Aliança Geração has been taking steps to improve its financial structure and working capital.

The following table provides summarized financial information of the Company's equity investees in 2016, 2015 and 2014:

2016	Parati	Transleste	Transirapé	Centroeste	Transudeste	Luce	RME	Light	Taesa	Axxiom	Aliança Norte
<b>Assets</b>											
Current	12	50	41	61	32	6	3	3,612	1,955	66	2
Cash and cash equivalents	8	3	2	20	4	-	-	668	102	9	2
Non-current	1,327	123	122	1	78	437	437	10,718	6,456	13	1,075
<b>Total assets</b>	1,339	173	163	62	110	443	440	14,330	8,411	79	1,077
<b>Liabilities</b>											
Current	-	28	33	5	22	-	-	4,871	1,074	32	-
Suppliers	-	-	-	-	-	-	-	1,342	37	1	-
Loans and financings –											
Current	-	18	19	3	19	-	-	15,568	9	10	-
Non-current	-	63	32	15	3	-	-	6,105	3,029	8	-
Equity	1,339	82	98	42	85	443	440	3,354	4,308	39	1,077
<b>Total liabilities</b>	1,339	173	163	62	110	443	440	14,330	8,411	79	1,077
<b>Statement of income</b>											
Net sales revenue	-	34	45	13	22	-	-	9,645	1,391	57	-
Cost of sales	-	(2)	(19)	(2)	(1)	-	-	(8,042)	(149)	(64)	-
Depreciation and amortization	-	-	-	(1)	-	-	-	(452)	(1)	(2)	-
<b>Gross profit</b>	-	32	26	11	21	-	-	1,603	1,242	(7)	-
General and administrative expenses (SG&A) :	(6)	-	(1)	-	(1)	(1)	(1)	(753)	(107)	(8)	(2)
Financial revenues	4	2	1	4	1	-	1	148	58	1	-
Financial expenses	(60)	(11)	(5)	(3)	(4)	(41)	(41)	(1,281)	(223)	-	(7)
<b>Operational profit</b>	(62)	23	21	12	17	(42)	(41)	(283)	970	(14)	(9)
Income tax and the Social Contribution tax	-	(2)	(2)	(1)	(1)	-	-	(30)	(108)	5	-
<b>Net profit for the year</b>	(62)	21	19	11	16	(42)	(41)	(313)	862	(9)	(9)
<b>Other comprehensive income for the year</b>											
Net profit for the year	(62)	21	19	11	16	(42)	(41)	(313)	862	(9)	(9)
Gain (loss) on conversion of financial statements	-	-	-	-	-	-	-	(86)	-	-	-
Actuarial gains (losses)	-	-	-	-	-	-	-	-	-	-	-
<b>Comprehensive income for the year</b>	(62)	21	19	11	16	(42)	(41)	(399)	862	(9)	(9)



2016	Cachoeirão	Baguari Energia	Guanhães Energia	Madeira Energia	Pipoca	Retiro Baixo	Renova	Parajuru	Morgado	Volta do Rio	LightGer	Amazônia Energia	Aliança Geração
<b>Assets</b>													
Current	43	45	16	1,520	20	30	136	38	24	37	35	-	388
Cash and cash equivalents	40	11	1	58	17	19	36	18	17	27	32	-	147
Non-current	86	220	65	23,557	98	377	5,765	128	142	245	152	1,048	2,512
<b>Total assets</b>	129	265	81	25,077	118	407	5,901	166	166	282	187	1,048	2,900
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Liabilities</b>													
Current	9	12	191	3,131	8	25	3,347	19	27	37	16	-	592
Suppliers	2	6	-	662	-	1	547	1	1	1	6	-	101
Non-current	17	5	11	15,527	45	118	598	58	74	108	86	-	335
Equity	103	248	(121)	6,419	65	264	1,956	89	65	137	85	1,048	1,973
<b>Total liabilities</b>	129	265	81	25,077	118	407	5,901	166	166	282	187	1,048	2,900
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Statement of income</b>													
Net sales revenue	34	65	-	2,803	25	62	484	27	22	29	36	-	804
Cost of sales	(10)	(12)	-	(1,845)	(6)	(29)	(454)	(17)	(17)	(27)	(17)	-	(314)
Depreciation and amortization	(3)	(9)	-	(673)	(3)	(9)	(93)	(10)	(10)	(17)	(11)	-	(125)
<b>Gross profit</b>	24	53	-	958	19	33	30	10	5	2	19	-	490
General and administrative expenses (SG&A)	-	(1)	-	(146)	(2)	-	(41)	(1)	(1)	(2)	(1)	(1)	(58)
Impairment of PP&E	-	-	-	-	-	-	(281)	-	-	-	-	-	-
Adjustment for losses on investment	-	-	-	-	-	-	(455)	-	-	-	-	-	-
Financial revenues	4	15	-	146	2	2	16	3	3	5	3	-	46
Financial expenses	(3)	(1)	(208)	(1,552)	(6)	(15)	(424)	(7)	(10)	(15)	(10)	(8)	(58)
<b>Operational profit</b>	25	66	(208)	(594)	13	20	(1,155)	5	(3)	(10)	11	(9)	420
Income tax and the Social Contribution tax	(2)	(7)	-	(23)	(2)	(3)	54	(2)	1	3	(3)	-	(127)
<b>Net profit for the year</b>	23	59	(208)	(617)	11	17	(1,101)	3	(2)	(7)	8	(9)	293
<b>Comprehensive income for the year</b>													
Net profit for the year	23	59	(208)	(617)	11	17	(1,101)	3	(2)	(7)	8	(9)	293
Gain (loss) on conversion offinancial statements	-	-	-	-	-	-	(182)	-	-	-	-	-	-
<b>Other comprehensive income for the year</b>	23	59	(208)	(617)	11	17	(1,283)	3	(2)	(7)	8	(9)	293

2015	Parati	Transleste	Transirapé	Centroeste	Transudeste	Transchile	Light	Taesa	Axiom	Aliança Norte	Cachoeirão
<b>Assets</b>											
Current	59	47	34	58	32	39	3,976	2,082	74	1	28
Cash and cash equivalents	46	8	6	16	6	36	447	132	7	1	23
Non-current	1,408	128	114	1	81	299	11,818	7,574	14	726	89
<b>Total assets</b>	<b>1,467</b>	<b>175</b>	<b>148</b>	<b>59</b>	<b>113</b>	<b>338</b>	<b>15,794</b>	<b>9,656</b>	<b>88</b>	<b>727</b>	<b>117</b>
<b>Liabilities</b>											
Current	36	18	20	4	17	21	4,399	1,008	34	-	10
Suppliers	-	-	-	-	-	-	1,450	34	2	-	2
Loans and financings – current	-	6	3	2	-	10	1,629	628	5	-	-
Non-current	-	84	49	21	23	96	6,838	3,477	5	4	24
Equity	1,431	73	79	34	73	221	4,557	5,171	49	723	83
<b>Total liabilities</b>	<b>1,467</b>	<b>175</b>	<b>148</b>	<b>59</b>	<b>113</b>	<b>338</b>	<b>15,794</b>	<b>9,656</b>	<b>88</b>	<b>727</b>	<b>117</b>
<b>Statement of Income</b>											
Net sales revenue	-	33	34	14	22	28	1,222	1,973	66	-	30
Cost of sales	-	(4)	(13)	(4)	(2)	(10)	(460)	(287)	(59)	-	(14)
Depreciation and amortization	-	-	-	(1)	-	(9)	(412)	(15)	(1)	-	(3)
<b>Gross profit</b>	<b>-</b>	<b>29</b>	<b>21</b>	<b>10</b>	<b>20</b>	<b>18</b>	<b>762</b>	<b>1,686</b>	<b>7</b>	<b>-</b>	<b>16</b>
General and administrative expenses	-	-	-	-	-	-	(91)	-	(6)	-	-
Net financial revenue (expenses)	11	(9)	(5)	(3)	(5)	(6)	(672)	(562)	-	(27)	(1)
Financial revenues	48	2	1	2	1	-	1,371	769	1	-	2
Financial expenses	(37)	(11)	(6)	(5)	(6)	(6)	(2,043)	(1,331)	(1)	(27)	(3)
<b>Operating profit</b>	<b>11</b>	<b>20</b>	<b>16</b>	<b>7</b>	<b>15</b>	<b>12</b>	<b>(1)</b>	<b>1,124</b>	<b>1</b>	<b>(27)</b>	<b>15</b>
Income tax and Social Contribution tax	-	(2)	(1)	(1)	(1)	-	(40)	(241)	-	-	(2)
<b>Net profit for the year</b>	<b>11</b>	<b>18</b>	<b>15</b>	<b>6</b>	<b>14</b>	<b>12</b>	<b>(41)</b>	<b>883</b>	<b>1</b>	<b>(27)</b>	<b>13</b>
<b>Comprehensive income for the year</b>											
Net profit for the year	11	18	15	6	14	12	(41)	883	1	(27)	13
Actuarial gain (loss)	1	-	-	-	-	-	8	-	-	-	-
<b>Other comprehensive income for the year</b>	<b>12</b>	<b>18</b>	<b>15</b>	<b>6</b>	<b>14</b>	<b>12</b>	<b>(33)</b>	<b>883</b>	<b>1</b>	<b>(27)</b>	<b>13</b>

2015	Baguari Energia	Guanhães Energia	Madeira Energia	Pipoca	Retiro Baixo	Renova	Parajuru	Morgado	Volta do Rio	Lightger	Amazônia Energia	Aliança Geração
<b>Assets</b>												
Current	72	2	1,608	13	10	551	21	31	46	23	-	243
Cash and cash equivalents	9	1	300	-	1	66	12	12	20	14	-	70
Non-current	220	248	23,754	101	443	8,425	192	209	290	161	666	3,093
<b>Total assets</b>	<b>292</b>	<b>250</b>	<b>25,362</b>	<b>114</b>	<b>453</b>	<b>8,976</b>	<b>213</b>	<b>240</b>	<b>336</b>	<b>184</b>	<b>666</b>	<b>3,336</b>
<b>Liabilities</b>												
Current	16	212	2,151	10	25	1,497	18	28	36	14	-	113
Suppliers	6	-	384	-	6	570	-	-	1	4	-	36
Non-current	6	-	15,569	50	132	1,898	66	85	126	94	-	274
Equity	270	38	7,642	54	296	5,581	129	127	174	76	666	2,949
<b>Total liabilities</b>	<b>292</b>	<b>250</b>	<b>25,362</b>	<b>114</b>	<b>453</b>	<b>8,976</b>	<b>213</b>	<b>240</b>	<b>336</b>	<b>184</b>	<b>666</b>	<b>3,336</b>
<b>Statement of Income</b>												
Net sales revenue	59	-	2,605	22	53	458	31	34	47	32	-	797
Cost of sales	(46)	-	(1,103)	(11)	(40)	(5)	(16)	(18)	(28)	(25)	-	(442)
Depreciation and amortization	(9)	-	(471)	(3)	(9)	(4)	(10)	(10)	(17)	(10)	-	(69)
<b>Gross profit</b>	<b>13</b>	<b>-</b>	<b>1,502</b>	<b>11</b>	<b>13</b>	<b>453</b>	<b>15</b>	<b>16</b>	<b>19</b>	<b>7</b>	<b>-</b>	<b>355</b>
General and administrative expenses	-	(86)	(816)	(2)	(11)	-	(5)	(6)	(2)	(1)	(2)	(69)
Net financial revenue (expenses)	9	(14)	(967)	(3)	(13)	(355)	(5)	(8)	(11)	(7)	(23)	(18)
Financial revenues	10	-	950	2	1	41	2	2	3	2	-	9
Financial expenses	(1)	(14)	(1,917)	(5)	(14)	(396)	(7)	(10)	(14)	(9)	(23)	(27)
<b>Operating profit</b>	<b>22</b>	<b>(100)</b>	<b>(281)</b>	<b>6</b>	<b>(11)</b>	<b>98</b>	<b>5</b>	<b>2</b>	<b>6</b>	<b>(1)</b>	<b>(25)</b>	<b>268</b>
Income tax and Social Contribution tax	(5)	-	266	(1)	1	(191)	(1)	(1)	(2)	(2)	-	(30)
<b>Net profit for the year</b>	<b>17</b>	<b>(100)</b>	<b>(15)</b>	<b>5</b>	<b>(10)</b>	<b>(93)</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>(3)</b>	<b>(25)</b>	<b>238</b>
<b>Comprehensive income for the year</b>												
Net profit for the year	17	(100)	(15)	5	(10)	(93)	4	1	4	(3)	(25)	238
Gain (loss) on conversion of financial statements	-	-	-	-	-	54	-	-	-	-	-	-
<b>Other comprehensive income for the year</b>	<b>17</b>	<b>(100)</b>	<b>(15)</b>	<b>5</b>	<b>(10)</b>	<b>(39)</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>(3)</b>	<b>(25)</b>	<b>238</b>

2014	Parati	Transleste	Transirapé	Centroeste	Transudeste	Transchile	Light	Taesa	Axxiom	Ativas	Epícares
<b>Assets</b>											
Current	125	47	35	67	30	24	2,466	2,292	70	40	31
Cash and cash equivalents	42	7	7	19	4	22	506	329	9	16	14
Non-current	1,390	121	101	-	80	208	12,141	7,197	13	71	157
<b>Total assets</b>	<b>1,515</b>	<b>168</b>	<b>136</b>	<b>67</b>	<b>110</b>	<b>232</b>	<b>14,607</b>	<b>9,489</b>	<b>83</b>	<b>111</b>	<b>188</b>
<b>Liabilities</b>											
Current	34	6	16	8	12	15	2,963	940	26	59	1
Suppliers	-	-	3	-	-	-	1,945	53	2	5	-
Loans and financings – current	-	-	-	-	-	-	580	723	-	-	-
Non-current	-	108	64	18	45	82	7,042	3,504	9	79	2
Equity	1,481	54	56	41	53	135	4,602	5,045	48	(27)	185
<b>Total liabilities</b>	<b>1,515</b>	<b>168</b>	<b>136</b>	<b>67</b>	<b>110</b>	<b>232</b>	<b>14,607</b>	<b>9,489</b>	<b>83</b>	<b>111</b>	<b>188</b>
<b>Statement of Income</b>											
Net sales revenue	-	30	52	14	20	20	9,223	1,924	57	26	41
Cost of sales	-	(4)	(34)	(4)	(2)	(13)	(7,798)	(295)	(54)	(29)	(15)
Depreciation and amortization	-	-	-	-	-	(5)	(415)	(3)	1	7	8
<b>Gross profit</b>	<b>-</b>	<b>26</b>	<b>18</b>	<b>10</b>	<b>18</b>	<b>7</b>	<b>1,425</b>	<b>1,629</b>	<b>3</b>	<b>(3)</b>	<b>26</b>
General and administrative expenses	(6)	-	-	-	-	-	(163)	(29)	-	(10)	(12)
Net financial revenue (expenses)	143	(5)	(4)	-	(5)	(3)	(325)	(469)	(1)	(14)	1
Financial revenues	143	1	1	2	1	-	577	276	1	2	1
Financial expenses	-	(6)	(5)	(2)	(6)	(3)	(902)	(745)	(2)	(16)	-
<b>Operating profit</b>	<b>137</b>	<b>21</b>	<b>14</b>	<b>10</b>	<b>13</b>	<b>4</b>	<b>937</b>	<b>1,131</b>	<b>2</b>	<b>(27)</b>	<b>15</b>
Income tax and Social Contribution tax	(2)	(13)	(12)	(1)	(9)	(1)	(273)	(239)	-	-	(2)
<b>Net profit for the year</b>	<b>135</b>	<b>8</b>	<b>2</b>	<b>9</b>	<b>4</b>	<b>3</b>	<b>664</b>	<b>892</b>	<b>2</b>	<b>(27)</b>	<b>13</b>
<b>Comprehensive income for the year</b>											
Net profit for the year	135	8	2	9	4	3	664	892	2	(27)	13
Gain (loss) on translation	-	-	-	-	-	19	-	-	-	-	-
Actuarial gains (losses)	-	-	-	-	-	-	(17)	-	-	-	-
<b>Other comprehensive income for the year</b>	<b>135</b>	<b>8</b>	<b>2</b>	<b>9</b>	<b>4</b>	<b>22</b>	<b>647</b>	<b>892</b>	<b>2</b>	<b>(27)</b>	<b>13</b>

2014	Cachoeirão	Baguari Energia	Guanhães Energia	Madeira Energia	Pipoca	Retiro Baixo	Renova	Parajuru	Morgado	Volta do Rio	Lightger	Amazônia Energia
<b>Assets</b>												
Current	23	96	34	1,477	19	12	847	15	27	41	21	-
Cash and cash equivalents	19	15	27	241	13	3	596	4	4	4	16	-
Non-current	91	228	511	22,151	104	453	8,402	204	223	304	170	529
<b>Total assets</b>	<b>114</b>	<b>324</b>	<b>545</b>	<b>23,628</b>	<b>123</b>	<b>465</b>	<b>9,249</b>	<b>219</b>	<b>250</b>	<b>345</b>	<b>191</b>	<b>529</b>
<b>Liabilities</b>												
Current	14	39	407	1,961	7	20	656	17	22	26	10	-
Suppliers	2	9	1	1,282	-	-	130	2	2	2	1	-
Loans and financings – current	-	-	-	406	-	-	-	-	-	-	-	-
Non-current	30	6	-	13,885	57	145	2,973	75	101	148	102	-
Equity	70	279	138	7,782	59	300	5,620	127	127	171	79	529
<b>Total liabilities</b>	<b>114</b>	<b>324</b>	<b>545</b>	<b>23,628</b>	<b>123</b>	<b>465</b>	<b>9,249</b>	<b>219</b>	<b>250</b>	<b>345</b>	<b>191</b>	<b>529</b>
<b>Statement of Income</b>												
Net sales revenue	30	56	-	1.858	25	55	163	27	35	55	32	-
Cost of sales	(10)	(46)	-	(3.194)	(9)	(29)	(141)	(13)	(16)	(25)	(24)	-
Depreciation and amortization	(3)	(9)	-	(296)	(3)	(3)	(31)	(9)	(10)	(17)	(11)	-
<b>Gross profit</b>	<b>20</b>	<b>10</b>		<b>(1.336)</b>	<b>16</b>	<b>26</b>	<b>22</b>	<b>14</b>	<b>19</b>	<b>30</b>	<b>8</b>	
General and administrative expenses	(1)	-	-	(202)	(1)	(4)	(14)	(4)	(5)	(5)	-	(23)
Net financial revenue (expenses)	(1)	8	-	(602)	(3)	(26)	(45)	(5)	(8)	(11)	(6)	-
Financial revenues	2	9	-	57	1	1	24	1	1	1	2	-
Financial expenses	(3)	(1)	-	(659)	(4)	(27)	(69)	(6)	(9)	(12)	(8)	-
<b>Operating profit</b>	<b>18</b>	<b>18</b>		<b>(2.140)</b>	<b>12</b>	<b>(4)</b>	<b>(37)</b>	<b>5</b>	<b>6</b>	<b>14</b>	<b>2</b>	<b>(23)</b>
Income tax and Social Contribution tax	(2)	(6)	-	5	(1)	(2)	(6)	(1)	(1)	(1)	(2)	-
<b>Net profit for the year</b>	<b>16</b>	<b>12</b>		<b>(2.135)</b>	<b>11</b>	<b>(6)</b>	<b>(43)</b>	<b>4</b>	<b>5</b>	<b>13</b>		<b>(23)</b>
<b>Comprehensive income for the year</b>												
Net profit for the year	16	12	-	(2.135)	11	(6)	(43)	4	5	13	-	(23)
<b>Other comprehensive income for the year</b>	<b>16</b>	<b>12</b>	<b>-</b>	<b>(2.135)</b>	<b>11</b>	<b>(6)</b>	<b>(43)</b>	<b>4</b>	<b>5</b>	<b>13</b>	<b>-</b>	<b>(23)</b>

## Investments in jointly controlled entities and affiliated companies

### Investment in the Santo Antônio Hydroelectric Plant, through Madeira Energia S.A. (Mesa) and FIP Melbourne

The Company has direct and indirect investments in Madeira Energia S.A. (which holds an investment in Santo Antônio Energia S.A.), of R\$ 1,321 on December 31, 2016 (R\$1,379 in 2015).

Madeira Energia S.A. ('Mesa') and its subsidiary Santo Antônio Energia S.A. ('Saesa') are incurring establishment costs related to the construction of the Santo Antônio Hydroelectric Plant. The property, plant and equipment asset constituted by these expenditures totaled R\$ 22,440 (consolidated) on December 31, 2016, and this amount, according to financial projections prepared by its management, is to be absorbed by future revenues generated as from January, 2017, when all the generator rotors of that entity came into operation.

Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys' Office, which involve other indirect shareholders of Madeira Energia S.A. and certain executives of those other indirect shareholders.

### *Arbitration proceedings*

In 2014, SAAG Investimentos S.A. (SAAG) and Cemig GT opened arbitration proceedings, *in camera*, in the Market Arbitration Chamber, challenging the following: (a) the increase approved in the capital of Mesa of approximately R\$ 750 partially destined to payment of the claims by the Santo Antonio Construction Consortium ('CCSA'), based on absence of investigative 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, able to be offset, in 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, relating to certain credits owed to Mesa by CCSA, on the grounds that these credits, under an express contractual provision, are owed in their entirety. Posting of this impairment contributed to Mesa's situation of negative Net working capital on December 31, 2016, as described above.

The shareholders SAAG and Cemig GT successfully filed an action for provisional remedy for exercise of the right of first refusal to subscribe the additional portion of the capital of Mesa, in the amount of R\$ 175, that was approved in the Extraordinary General Meeting of Stockholders of Mesa held on October 21, 2014. The judgment also suspended all the effects of the decisions as they relate to SAAG and Cemig GT and to their interests in Mesa, including in relation to the dilution and the penalties specified in the shareholders' Agreement of Mesa.

In 2016 the arbitration judgment given by the Market Arbitration Chamber recognized in full the right of Cemig and SAAG, and ordered annulment of the acts being impugned. SAAG and CEMIG are in the process of adopting measures to implement the decision referred to.

*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.

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-operational costs for completion of the plant. According to estimates and forecasts these costs will be repaid by the revenues from future operations.

On April 7, 2015, Nesa was awarded interim judgment ordering Aneel to "abstain, until hearing of the application for an injunction made in the origin case, from applying to Appellant any penalties or sanctions in relation to the Belo Monte Hydroelectric Plant not coming into operation 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". The amount of the estimated loss in Belo Monte up to December 31, 2016 is R\$ 74.

Based on this injunction, all records and the accounting provisions inherent to compliance with the requirements of the concession contract were suspended, but Aliança Norte Energia continues to purchase electricity on the spot market to avoid any future penalties.

Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys' Office, which involve other shareholders of Norte Energia S.A. and certain executives of those other shareholders.

Any changes in the existing scenario will have their impacts reflected in the financial statements.

*Summary of the conclusions of the independent investigation*

Centrais Elétricas Brasileiras S.A. ('Eletrobras') owns an equity interest of 49.98% in Nesa, and has contracted a specialized law office to carry out an independent internal investigation for the purpose of finding any irregularities that may have taken place in projects in which it has an equity interest, including NESA. The motive for this procedure was investigations that were being carried out by the Public Attorneys' Office on irregularities involving some of the contractors and suppliers in investments where Eletrobras was a shareholder, including the company Nesa.

The final reports of the independent internal investigation include certain findings with estimated impacts on the financial statements of Nesa. It was found that certain contracts with some contractors and suppliers of the *Belo Monte* Hydroelectric Plant contain impacts estimated at 1% of the price of a contract, and other estimates of certain fixed amounts, to include bribes and activities of manipulation of bids considered to be of an unlawful nature.

Based on the conclusions and results identified in the independent internal investigation, the management of NESA referred to IAS 16 – *Assets and Equipment*, and concluded that the amount of R\$ 183, attributable to possible overinvoicing, bribes and/or fraudulent bids or activities considered to be of an unlawful nature should not have been included in the historic cost of its assets, because such amounts would not have been necessary to establish the assets at the location and in the condition necessary for their functioning.

The management of Nesa also concluded that it was impracticable to attempt precisely to identify the periods of the prior financial statements in which the excess of capitalized costs might have occurred, due to the fact that the information made available by the independent internal investigation does not individually specify the contracts, payments and reporting periods in which these excesses could have occurred. It is also emphasized that the alleged undue payments were not made by Nesa, but by contractors and suppliers of the Belo Monte hydroelectric plant, which also impeded identification of the precise amounts and period of the payments.

Thus, Nesa applied the procedure specified in IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, making adjustments for the estimated amounts of the excesses of capitalized costs, in a total of R\$ 183, referring to illegal payments in the financial statements at December 31, 2015, due to the impracticability of identifying the adjustments for each previous period affected.

As a result of the adjustment made by NESA, on December 31, 2015 Cemig recognized an adjustment in the amount of R\$ 23, in *Investments* with counterpart in the account *Gain (loss) in subsidiaries by the equity method*. Of this total, R\$ 21 arises from the adjustment made by Cemig GT, and R\$ 2 arises from the adjustment made by Light S.A., in accordance with the specifications of IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*.

#### Investment in Guanhões Energia S.A. – Adjustment for impairment

Based on analysis of the cash flow expected for the investment, Guanhões Energia made an adjustment for impairment of value in the amount of R\$ 139. The effect of this in the accounts of Cemig GT was an expense of R\$ 68, corresponding to its 49% interest in Guanhões, and this was recognized in the statement of income by the equity method, on December 31, 2016.

## Investment in Renova

### *Option contract*

On September 18, 2015 a contract was signed giving Renova the option to sell to SunEdison, on or after March 31, 2016, up to 7,000,000 shares in TerraForm Global, which Renova had received under the agreement governing the first phase of the transaction for sale and exchange of assets.

The exercise price of this option was set at R\$ 50.48 or US\$15.00 at the exchange rate of the day, at SunEdison's choice. The contract also gave SunEdison an option to buy the same 7 million shares in TerraForm Global on the same terms.

Renova also reported that it had notified SunEdison and TerraForm Global of its intention to exercise its option to sell 7 million shares in TerraForm Global owned by Renova, as specified by contract and publicly stated in a Material Announcement published by Renova on September 18, 2015.

In April 2016 there was a restructuring of the Company's capital, which altered Cemig GT's equity interest in the company.

On April 21, 2016, SunEdison applied for Chapter 11 protection in the United States.

On June 1, 2016, the period for payment of the option by SunEdison expired.

Renova priced the option using the Black-Scholes-Merton mathematical model, the future expectation for the exchange rate, and credit risk.

In the first half of 2016 Renova recognized a loss of R\$ 111, for the variation in the price of the option, taking credit risk into account. In addition it recognized a loss of R\$ 63 relating to the extinction of the option, and opened arbitration proceedings seeking, among other items, indemnity for losses.

The figures above refer to the full impact on the financial statements of Renova. The effect for Cemig was proportional to its 34.15% interest in the investee, valued by the equity method at R\$ 60.



### *Investment in TerraForm – pricing of the shares*

Renova Energia has investments in Class A shares (GLBL) in TerraForm ('the TERG Shares'), recorded as financial assets available for sale. Renova Energia adopts this designation because the nature of the investment is not included in any of the other categories of financial instrument (loans, accounts receivable, investments held to maturity, or financial assets at fair value through profit or loss). The asset is classified, in Renova Energia, as a non-current asset under the line *Investments* and is recorded at fair value, based on the market price on a stock exchange (Nasdaq). Under the policy of Renova Energia, gains and losses arising from variation in stock prices are posted directly in Equity under Other comprehensive income. Considering the volatility of the prices of the TERG Shares, Renova Energia evaluates, quarterly, whether there is objective evidence of impairment of these financial assets, that is to say, the management of Renova Energia evaluates whether the fall in the market value of the TERG Shares should be considered 'significant' or 'prolonged'. This evaluation calls for a judgment based on a Renova Energia policy, prepared according to practices used in the Brazilian and international markets, and consists of analysis, instrument by instrument, based on quantitative and qualitative information available in the market as from the moment that an instrument shows a fall in its market value of 20% or more (a 'Significant Fall') or a fall smaller than a Significant Fall, but greater than 5% of its market value in comparison with its acquisition cost for more than 12 months (a 'Prolonged Fall'). If a Significant Fall or a Prolonged Fall in the market value of the instrument is found, the corresponding accumulated portion previously classified in Other comprehensive income will be posted in the Profit and loss account as an impairment.

Impairments, previously recognized in the Profit and loss account, are not reversed through the profit and loss account. Any increase in fair value after an impairment is recognized in Other comprehensive income.

In 2016 the negative adjustments in the fair values that took place in the first and fourth quarter in the amount of R\$ 281 (impact in Cemig: R\$ 96) were recognized in the income statement; and the positive adjustment of R\$ 99 (impact for Cemig: R\$ 34), referring to the second and third quarters, was recognized in Other comprehensive income in Renova Energia.

### *Rescission of share purchase agreement*

On April 1, 2016 Renova Energia S.A. ('Renova') informed its shareholders and the market in general that the share purchase agreement for sale to TerraForm Global, Inc. of the assets of the Espra Project ('the Espra Contract') owned by Renova had been canceled. Thus the assets of the Espra project, comprising three small hydroelectric plants (SHPs), which placed generation contracts under the Proinfa regime, with aggregate installed capacity of 41.8 MW, remain in the Company as part of Renova's portfolio of operational assets. As a result of the cancellation, TerraForm Global paid Renova a penalty payment of R\$ 36 on April 1, 2016 (effect in Cemig: R\$ 12).

The Espra Contract was included in the first phase of the transaction with TerraForm Global and SunEdison, Inc. ('SunEdison'), announced on July 15, 2015.

#### *Adjustment for impairment*

Renova carried out studies to value the balance of PP&E assets in relation to the generation of economic benefits expected from those assets at December 31, 2016, and made an adjustment for impairment of assets in the amount of R\$ 264 (impact on Cemig R\$ 90). This was recognized in a specific account line in the statement of income for 2016. This result arose from projection of cash flow of these assets, discounted, at December 31, 2016.

Cemig had reported in its financial statements the net amount of R\$ 763 for goodwill on the concessions, calculated at the time of the injections of capital into Renova. As a result of the studies on impairment related to discounted cash flow of the investee, management of Cemig GT judged it to be necessary to make a full adjustment of the amount referred to, in the statement of income for 2016.

#### Investment in Light through Parati, RME and Lepsa

##### *Corporate reorganization of Parati*

In 2016 the shareholders decided to put in place a series of measures to simplify the stockholding structure of the Parati group, as follows:

- Extinction of Redentor Energia S.A., through reverse absorption by Rio Minas Energia Participações S.A. ('RME');
- Total split of Parati, with absorption by RME and Luce Empreendimentos e Participações S.A. ('LEPSA') of the separated assets and liabilities;
- Extinction of Parati, through reverse absorption by RME and LEPSA;

In November 2016, RME and LEPSA declared an aggregate total of R\$ 463 in dividends, using retained earnings reserves from prior years. In the same month both companies called for an aggregate capital subscription of R\$ 446, which was paid up exclusively by Cemig.

As a result of these alterations, Cemig had the following stockholdings:

- In RME: 50.00% of the common shares and 50.00% of the preferred shares, representing 66.27 of the total share capital.
- In Lepsa: 50.00% of the common shares and 50.00% of the preferred shares, representing 66.62 of the total share capital.

##### *Exercise of put option*

On September 6, 2016 Cemig received from Banco BTG Pactual ('BTG Pactual') Notice of Intention to Exercise a Put Option, informing irrevocable exercise of BTG Pactual's right to sell to Cemig 153,634,195 preferred shares held by Pactual in Parati ('Shares subject of the Put Option').

In October 2016, due to the extinction of Parati, the Put Option was divided between RME and Lepsa in the proportion of 50% each, with all the conditions of the original Put Option being maintained, except the items modified in the amendments, including alteration to their bylaws.

On November 30, 2016, Cemig paid R\$ 222 for the portion of BTG Pactual in RME and LEPSA, under exercise of the first 'window' of the put.

Further details of the put option are given below in this Note.

#### Disposal of shares in Taesa owned by Cemig

On September 29, 2016, Taesa published announcement of commencement of a secondary public offering with restricted placement efforts, for placement of certificates of deposit of nominal, book-entry shares without par value, each representing one common and two preferred nominal, book-entry shares without par value, free and unencumbered by any lien or charge ('Units'), issued by Taesa and owned by Fundo de Investimentos em Participações Coliseu (FIP Coliseu), and Cemig.

The offering comprised secondary public distribution, with restricted placement efforts, of 65,702,230 Units owned by the Vendor shareholders, at the price of R\$ 19.65 per Unit, resulting in a total amount of R\$ 1,291. The offering transaction was settled on October 24, 2016.

Since this was a public offering with restricted efforts exclusively for secondary distribution, there was no inflow of funds to Taesa. The Vendor shareholders received all of the proceeds from the sale of the Units net of the costs of the offering, i.e. a total of R\$ 1,276, and of this total R\$ 791 was received by Cemig, representing a gross gain of R\$ 181. Cemig recognized this in its Income Statement in October 2016.

#### Investment Agreement for subscription of capital in Ativas

On August 25, 2016, Cemig Telecom S.A., a wholly-owned subsidiary of Cemig, signed an investment agreement with Sonda Procwork Outsourcing Informática Ltda., a member of the Chilean group Sonda S.A., for subscription of capital in Ativas Data Center, in partnership with Ativas Participações S.A., a company controlled by the Asamar Group

Sonda is the leading company providing IT services in Latin America, with a presence in 10 countries, and 17,000 employees.

On October 19, 2016, after the conditions precedent specified in the Investment Agreement had been complied with, the transaction was completed.

Sonda, through providing cash of R\$ 114, became the holder of a 60% equity interest in Ativas, with Cemig Telecom holding 19.6%, and Ativas Participações holding 20.4% of the company's total capital. This represented a gain of R\$ 25 in the financial statements of Cemig Telecom.

#### Disposal of interest related to Transchile

On September 12, 2016, Cemig signed an agreement for sale of the whole of its stockholding interest relating to Transchile Charrúa Transmisión S.A. – corresponding to 49% of the share capital – to Ferrovial Transco Chile SpA., a company controlled by Ferrovial S.A., for US\$57. On October 6, 2016, all of the shares in Transchile Charrúa Transmisión S.A. held by Cemig, corresponding to 49% (forty nine percent) of the total capital, were transferred to Ferrovial Transco Chile SpA., a company controlled by Ferrovial S.A., and the sale completed in the amount of R\$180, representing a gross gain of R\$ 94.

#### **Put options**

In the calculation of the fair value of the option based on the BSM model, the following variables are taken into account: exercise price of the option; closing price of the underlying asset on December 31, 2016; the risk-free interest rate; the volatility of the price of the underlying asset; and the time to maturity of the option.

Analytically, calculation of the exercise price of the options, the risk-free interest rate and the time to maturity is primarily deterministic, so that the main divergence in the put options is in the measurement of the closing price and the volatility of the underlying asset.

#### Put options for shares in Parati

Cemig granted to *Fundo de Participações Redentor*, which is a shareholder of Parati, an option to sell the totality of the shares which that fund holds in Parati, exercisable in May 2016. The exercise price of the option is calculated from the sum of the value of the amounts injected by the Fund into Parati, plus the running expenses of the fund, less Interest on Equity, and dividends, distributed by Parati.

The exercise price is subject to monetary updating by the CDI (Interbank CD) Rate plus financial remuneration at 0.9% per year.

The Equity Fund owns common and preferred shares in Light, and at present exercises joint control, with the Company, over the activities of that company. This being so, this option has been considered to be a derivative instrument which should be accounted at fair value through profit or loss.

For the purposes of determination of the method to be used in measuring the fair value of this option, the Company, up to the first quarter of 2016, observed the daily trading volume of the shares of Light, and also the fact that such option, if exercised by the Fund, will require the sale to the Company, in a single transaction, of shares in Light in a quantity higher than the daily exchange trading averages. Thus, the Company had adopted the discounted cash flow method for measurement of the fair values of the shares. Up to March 31, 2016, the fair value of this option was calculated on the basis of the estimated exercise price on the day of exercise of the option, less the fair value of the shares that are the subject of the put option, also estimated for the date of exercise, brought to present value at the effective rate of 7.5% p.a. (discounting inflation effects). As a result of the changes in the shareholders' Agreement of Parati in the second quarter of 2016, described below, with consequences for the conditions and periods for exercise of the put option, the Company then began to use the Black-Scholes-Merton method for measurement of the fair value of the options.

In the second quarter of 2016 Amendments were signed to the shareholders' Agreement of Parati. The principal changes arising from these amendments are as follows:

- 1) The maturity of the Put Option granted in 2011 by Cemig in favor of the unit holders of FIP Redentor, initially specified to be May 31, 2016, was postponed, to two separate exercise dates:
  - a) First option exercise window: The intention to exercise may be stated by any direct shareholder/s who decide to do so, independently of the exercise of the Put Option by the other direct shareholders, up to September 23, 2016, inclusive, and shall cover only preferred shares in Parati, up to a limit of 153,634,195 shares, representing 14.30% of the total shares in Parati held by the other direct shareholders. Cemig had to make payment by November 30, 2016.
  - b) Second payment window: The intention to exercise may be stated by any direct shareholder/s who decide to do so, independently of the exercise of the Put Option by the other direct shareholders, up to September 23, 2017, inclusive, and may cover the totality of the shares in Parati, being independent of any exercise, or not, of the Put Option in the first payment window. Cemig must make payment by November 30, 2017.
- 2) The Put Option may now be exercised not only by FIP Redentor, but also by the direct shareholders of Parati, including but not limited to the unit holders of FIP Redentor, and/or their affiliates, who shall become holders of a Put Option and/or of the rights arising therefrom, under which each one of the direct shareholders shall individually have the right to sell any shares in Parati that they own.

- 3) Conditions were included for bringing forward the date of exercise of the put option: in the event of any occurrence resulting in bringing forward of the option referred to, any direct shareholder may present to Cemig a notice of bringing forward of the option, at which moment the option shall be considered exercised by all the direct shareholders, over the totality of their shares.
  
- 4) As guarantee for the full payment of the Put Option, on May 31, 2016 Cemig offered to the holders of the put option 55,234,637 common shares and 110,469,274 preferred shares that Cemig directly holds in Transmissora Aliança de Energia S.A. (Taesa), and as further guarantee, 53,152,298 shares that Cemig directly holds in Light.

#### *Amount of the Company's exposure*

The change in the value of the options – the difference between the estimated fair value for the assets and the corresponding exercise price, has been as follows:

	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Initial balance	1,245	166	-
Additions	55	1,079	166
Reductions	(150)	-	-
<b>Final balance</b>	<b>1,150</b>	<b>1,245</b>	<b>166</b>

In the calculation of the fair value of the option based on the Black-Scholes-Merton analysis, the following variables are taken into account: exercise price of the option; closing price of the stock of Light on December 31, 2016 (as a reference for the value of the indirect equity interest held by the direct stockholders of RME and Lepsa in Light); the risk-free interest rate; the volatility of the price of the underlying asset; and the time to maturity of the option.

RME and Lepsa are non-operational holding companies, whose primary purpose is management of their direct equity interest in Light. Consequently, the revenues of these holding companies arise from their interests in the earnings of Light and, residually, from the financial revenue obtained from investment of the amounts available in the cash position. Further, considering that: (i) distribution of the whole of the profit for the period is in the interest of the shareholders of both companies; and (ii) the operational profit, the total of financial revenue (expenses) and changes in the reserve accounts of RME and Lepsa are immaterial for the purposes of calculation of the put option; it becomes clear that the only uncertainty in the flow of these companies is associated with the uncertainty of Light itself, and as a result of this consideration the shares of both companies are valued as if they were direct equity interests in Light itself. Thus, the 'underlying' asset of the options is Light S.A., and the closing price of the underlying asset is the price found for one share of Light on the last business day of the 2016 business year, multiplied by the number of equivalent shares of indirect ownership of the holders of the Parati Put option in Light. The volatility is calculated using a conditional volatility model based on the continuously capitalized series of returns of Light S.A.

The Company has 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 6.6% p.a. and 16.4% p.a., and for volatility between 15% and 63.2% p.a., were used, resulting in estimates of minimum and maximum price for the put option of R\$ 1,126 and R\$ 1,260, respectively.

#### Put options for Units in FIP Melbourne and FIP Malbec

In the calculation of the fair value of the option based on the BSM model, the following variables are taken into account: exercise price of the option; closing price of the underlying asset on December 31, 2016; the risk-free interest rate; the volatility of the price of the underlying asset; and the time to maturity of the option.

Cemig GT and the private pension plan entities participating in the investment structure of SAAG (comprising FIP Melbourne, Parma Participações S.A. and FIP Malbec – jointly, ‘the Investment Structure’) signed put option contracts for units in the entities that comprise the Investment Structure (‘the Put Options’), which the private pension plan entities may exercise in the eighty fourth month after June 2014. The exercise price of the put options correspond to the amount invested by each private pension plan in the Investment Structure, updated *pro rata temporis*, by the Expanded National Consumer 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 has been considered to be a derivative instrument which should be accounted at fair value through profit or loss.

In the fourth quarter of 2016 the Company altered the methodology used in measuring the fair value of the put option of SAAG, and adopted the BSM model, replacing the model of discounted cash flow less the exercise price of the option. This change is in line with best market practices, since the Black-Scholes-Merton method not only calculates the difference between the exercise price of the option and the share price, brought to present value, but also incorporates an important random component that weights these amounts.

We work on the assumption 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 adaptations 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, 2016 is ascertained on the basis of Free cash flow to equity holders (FCFE), expressed by equivalence of the indirect equity 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\$ 196 is recorded in the Company's consolidated financial statements, 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:

	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Initial balance	148	29	-
Adjustment to fair value	48	119	29
Final balance	196	148	29

The Company has 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 6.6% p.a. to 16.4% p.a., and for volatility between 15% and 63.2% p.a., were used, resulting in estimates of minimum and maximum price for the put option of R\$ 126 and R\$ 321, respectively.

#### Sonda options

As part of the process of shareholding restructuring, CemigTelecom and Sonda signed a Purchase Option Agreement (issued by CemigTelecom) and a Sale Option Agreement (issued by Sonda).

These resulted in CemigTelecom simultaneously having a right (put option) and an obligation (call option). The exercise price of the put option will be equivalent to fifteen times the adjusted net profit of Ativas in the business year prior to the exercise date. The exercise price of the call option will be equivalent to sixteen times the adjusted net profit of Ativas in the business year prior to the exercise date. Both options, if exercised, result in the sale of the shares in Ativas currently owned by the Company, and the exercise of one of the options results in nullity of the other. The options may be exercised as from January 1, 2021.

The put and call options in Ativas ('the Ativas Options') were measured at fair value and posted at their net value, i.e. the difference between the fair values of the two options on the reporting date of the financial statements for the business year 2016. Depending on the value of the options, the net value of the Ativas Options may be an asset or a liability of the Company.

The measurement has been made using the Black-Scholes-Merton (BSM) model. In the calculation of the fair value of the Ativas Options based on the BSM model, the following variables are taken into account: closing price of the underlying asset on December 31, 2016; the risk-free interest rate; the volatility of the price of the underlying asset; the time to maturity of the option; and the exercise prices on the exercise date.



The closing price of the underlying asset was based on the value of the transaction in shares of Ativas by Sonda, which took place on October 19, 2016. The calculation of the risk-free interest rate was based on yields of National Treasury Bills. The time to maturity was calculated assuming exercise date on March 31, 2021. Considering that the exercise prices of the options are contingent upon the future financial accounting results of Ativas, the estimate of the exercise prices on the date of maturity was based on statistical analyses and on information of comparable listed companies.

The net effect of the calculation of the call and put options in shares of Ativas amounted to a credit amount of R\$ 5 in the income statement for 2016.

### Formation of Aliança Geração de Energia

For the formation of Aliança Geração de Energia, the Company transferred, in 2015, to Aliança, its interests in the electricity generation consortia, and the interests of the subsidiary Capim Branco Energia S.A., as shown below:

	Dec. 31, 2015
<b>Assets</b>	
Aimorés Hydroelectric Plant Consortium	404
Funil Hydroelectric Plant Consortium	124
Igarapava Hydroelectric Plant Consortium	37
Porto Estrela Hydroelectric Plant Consortium	34
	599
<b>Liabilities</b>	
Porto Estrela – Paid Concession – current	(16)
Porto Estrela Paid Concession – non-current	(134)
	(150)
<b>Net value of assets and liabilities of Cemig GT</b>	450
<b>Net value of assets and liabilities of Capim Branco</b>	131
	581

Cemig GT recognized in its financial statements the gain relating to the valuation at fair value of the investment in Aliança, excluding the effects of valuation of fair value of the company's own assets that were subscribed as capital in Aliança.

This table shows the effects of the transaction in the Company's financial statements at December 31, 2015:

	Cemig	Vale	Total
Fair value of the assets transferred to Aliança	1,867	2,331	4,198
Book value of the assets transferred to Aliança	581	1,277	1,858
Equity interest of the companies in Aliança	-	1	1
Stake held by Cemig, valued at fair value	1,889	-	-
Book value of the assets subscribed (Note 14)	(581)	-	-
Goodwill premium – businesses subscribed as capital of Aliança (100%)	1,308	-	-
Portion of goodwill premium not recognized, relating to the equity interest held by the Company (45%)	(579)	-	-
Gain on the transaction to be reported in the Statement of income for 2015 (55% of the premium)	729	-	-

## Additional equity interest in Gasmig

In October 2014, Cemig concluded the acquisition under its share purchase agreement with Petróleo Brasileiro S.A. (Petrobras) for acquisition of the 40% interest held by its subsidiary Gaspetro in Companhia de Gás de Minas Gerais (Gasmig), which had been approved by the Boards of Directors of both Cemig and Petrobras. The amount paid was R\$ 570,976, being the result of R\$ 600,000 specified in the share purchase agreement, updated by the IGP-M index, less the dividends paid between the base date and the closing of the agreement.

### Business combination carried out in stages – additional effects

Up to the date of the acquisition of the controlling interest in Gasmig, Cemig had an equity interest of 59.57% in the share capital of Gasmig. However, Cemig did not consolidate Gasmig since there was a shareholders' agreement which gave Petrobras significant participating rights.

With the acquisition of the 40% interest in Cemig, referred to above, Cemig obtained control over Gasmig, and began to consolidate Gasmig as from the date of this acquisition.

As specified in IFRS 3 (Business combinations), it was necessary for the Company to value its previous interest in Gasmig at fair value, recognizing the difference in the profit and loss account for the period.

Considering that the valuation opinion for the acquisition of the additional interest of 40% in Gasmig represents the fair value of the assets on the date of acquisition, Cemig made the measurement of its original interest in the investment, as follows:

	Fair value of the original interest (59.60%)
Fair value of Gasmig on the date of acquisition of control	1,427
Cemig's original interest, of 59.57%, valued at fair value on the acquisition date	850
Book value	569
Gain recorded in 2014	281

## Generation companies constituted – Lot D of Auction 12/2015 won by the company in 2015

As described in more detail in Note 14, as a result of Cemig GT having won Lot D of Auction 12/2015 – an award of concessions for 18 plants – in June 2016 the Company transferred ownership of the concessions of these plants to 7 new specific-purpose generation companies, wholly-owned subsidiaries of Cemig GT, which began to be consolidated in the second quarter of 2016.

## 16. PROPERTY, PLANT AND EQUIPMENT

	2016			2015		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
<b>In service</b>						
Land	287	(8)	279	287	(8)	279
Reservoirs, dams and water courses	5,347	(3,586)	1,761	4,867	(3,037)	1,830
Buildings, works and improvements	1,789	(1,371)	418	1,577	(1,140)	437
Machinery and equipment	4,518	(3,347)	1,171	3,862	(2,670)	1,192
Vehicles	29	(25)	4	29	(21)	8
Furniture and utensils	16	(12)	4	15	(11)	4
	<u>11,986</u>	<u>(8,349)</u>	<u>3,637</u>	<u>10,637</u>	<u>(6,887)</u>	<u>3,750</u>
<b>Under construction</b>	<u>138</u>	<u>-</u>	<u>138</u>	<u>190</u>	<u>-</u>	<u>190</u>
<b>Net PP&amp;E</b>	<u><b>12,124</b></u>	<u><b>(8,349)</b></u>	<u><b>3,775</b></u>	<u><b>10,827</b></u>	<u><b>(6,887)</b></u>	<u><b>3,940</b></u>

This table shows the movement in property, plant and equipment:

	2015	Addition	Written off	Depreciation	Transfers Capitalizations	2016
<b>In service</b>						
Land	279	-	-	-	-	279
Reservoirs, dams and watercourses	1,830	-	-	(99)	30	1,761
Buildings, works and improvements	437	-	(1)	(23)	5	418
Machinery and equipment	1,192	-	(42)	(110)	132	1,172
Vehicles	8	-	-	(2)	(2)	4
Furniture and utensils	4	-	-	-	(1)	3
	<u>3,750</u>	<u>-</u>	<u>(43)</u>	<u>(234)</u>	<u>164</u>	<u>3,637</u>
<b>Under construction</b>	<u>190</u>	<u>120</u>	<u>(13)</u>	<u>-</u>	<u>(159)</u>	<u>138</u>
<b>Net property, plant and equipment</b>	<u><b>3,940</b></u>	<u><b>120</b></u>	<u><b>(56)</b></u>	<u><b>(234)</b></u>	<u><b>5</b></u>	<u><b>3,775</b></u>

	2014	Additions	Write-offs	Transfer of assets to Aliança Geração de Energia	Indemnity receivable	Depreciation	Transfers to Other long term assets	Transfers / capitalizations	2015
<b>In service</b>									
Land	372	-	(12)	(41)	(16)	(3)	(17)	(4)	279
Reservoirs, dams and water courses	2,261	-	-	(163)	(46)	(127)	(102)	7	1,830
Buildings, works and improvements	609	-	(1)	(116)	(17)	(32)	(13)	7	437
Machinery and equipment	2,053	-	(3)	(308)	(466)	(149)	(69)	134	1,192
Vehicles	9	-	-	-	-	(3)	-	2	8
Furniture and utensils	5	-	-	-	-	-	-	(1)	4
	<u>5,309</u>	<u>-</u>	<u>(16)</u>	<u>(628)</u>	<u>(545)</u>	<u>(314)</u>	<u>(201)</u>	<u>145</u>	<u>3,750</u>
<b>Under construction</b>	<u>235</u>	<u>126</u>	<u>(4)</u>	<u>(3)</u>	<u>(1)</u>	<u>(1)</u>	<u>(22)</u>	<u>(140)</u>	<u>190</u>
<b>Net PP&amp;E</b>	<u><b>5,544</b></u>	<u><b>126</b></u>	<u><b>(20)</b></u>	<u><b>(631)</b></u>	<u><b>(546)</b></u>	<u><b>(315)</b></u>	<u><b>(223)</b></u>	<u><b>5</b></u>	<u><b>3,940</b></u>

	2013	Additions	Write-offs	Depreciation	Transfers / capitalizations	2014
<b>In service</b>						
Land	377	-	-	(5)	-	372
Reservoirs, dams and water courses	2,395	-	-	(134)	-	2,261
Buildings, works and improvements	712	-	(1)	(25)	(77)	609
Machinery and equipment	2,079	-	(6)	(177)	157	2,053
Vehicles	12	-	-	(3)	-	9
Furniture and utensils	2	-	-	-	3	5
	<u>5,577</u>	<u>-</u>	<u>(7)</u>	<u>(344)</u>	<u>83</u>	<u>5,309</u>
<b>Under construction</b>	240	122	(49)	-	(78)	235
<b>Net PP&amp;E</b>	<u>5,817</u>	<u>122</u>	<u>(56)</u>	<u>(344)</u>	<u>5</u>	<u>5,544</u>

The average annual depreciation rate is 3.51%. The average annual depreciation rates, by activity, are:

Hydroelectric generation	Thermal generation	Management and other	Telecoms
3.30%	3.85%	10.04%	4.61%

The Company has not identified evidence of impairment of its Property, plant and equipment assets. The generation concession contracts provide that at the end of each concession the Concession-granting power shall determine the amount to be indemnified to the Company. Management believes that the indemnity of these assets will be greater than the amount of: their historic cost after depreciation over their useful lives.

Under the Brazilian regulatory framework Aneel, the regulator, is responsible for establishing the useful economic life of the generation and transmission assets in the electricity sector, and for periodically reviewing the estimates. The rates established by Aneel are used in the processes of reviewing tariff rates and calculating of the indemnity due at the end of the concession period, and are recognized as a reasonable estimate of the useful life of the assets of the concession. Thus, these rates were used as the basis for depreciation of the Company's property, plant, and equipment assets.

The depreciation of the items of property, plant and equipment assets is calculated on the total of property, plant and equipment in service, by the straight-line method, using the rates determined by Aneel for the assets related to electricity activities, and reflects the estimated useful life of the assets. The residual value of the assets is the remaining balance of the assets at the end of the concession. As established in the contract signed between the Company and the Nation, at the end of the concession the assets will revert to the Nation, which in turn will indemnify the Company for those assets that have not yet been totally depreciated. In cases where there is no indemnity, or there is uncertainty related to the indemnity, at the end of the concession, such as 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.

The company transferred to Financial assets the remaining accounting balances of the plants at July 2015 which will be the subject of indemnity by the concession-granting power. For more information please see Note 14.

### Consortia

The Company is a partner in an 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, the controls being kept in Fixed assets and Intangible assets. The Company's portion in the consortium is recorded and controlled individually in the respective categories of PP&E and Intangible assets. This table shows the accumulated investments in the consortium, in which Companhia Energética de Brasília has an interest of 17.50%:

	Stake in energy generated, %	Average annual depreciation rate, %	2016	2015
<b>In service</b>				
Porto Estrela plant	33.33%	3.68	-	-
Igarapava plant	14.50%	2.5	-	-
Funil plant	49.00%	4.21	-	-
Queimado plant	82.50%	4	217	212
Aimorés plant	49.00%	3.75	-	-
Capim Branco Energia Consortium	21.05%	3.75	-	-
Accumulated depreciation			(90)	(74)
			<b>127</b>	<b>138</b>
<b>Under construction</b>				
Queimado plant	82.50%		-	4
Porto Estrela plant	33.33%		-	-
Capim Branco Energia Consortium	21.05%		-	-
			-	4
<b>Total, consortia</b>			<b>127</b>	<b>142</b>

## 17. INTANGIBLE ASSETS

### Assets of the concession

In accordance with Interpretation IFRIC 12 – Service Concession Arrangements, the portion of the distribution infrastructure that will be amortized during the concession, comprising the distribution assets, net of the interests held by consumers (‘Special Obligations’), is reported in Intangible assets.

Under the Brazilian regulatory framework Aneel is responsible for setting the economic useful life of the distribution assets of the electricity sector, periodically establishing a review in the valuation of these assets. The rates established by Aneel are used in the processes of reviewing tariff rates and calculating of the indemnity due at the end of the concession period, and are recognized as a reasonable estimate of the useful life of the assets of the concession. These rates, therefore, were used as a basis for valuation and amortization of intangible assets.

The intangible assets Temporary easements, Paid concessions, Right of commercial operation of concessions, and Others, are amortized on the straight-line basis and the rates used are those set by Aneel. The Company has not identified any indications of impairment of its intangible assets, which have defined useful lives.

#### a) Composition of the balance at December 31, 2016 and 2015

	2016			2015		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
<b>In service</b>						
Useful life defined						
Temporary easements	12	(2)	10	11	(1)	10
Paid concession	19	(10)	9	19	(10)	9
Assets of concession	16,288	(7,040)	9,248	15,607	(6,642)	8,965
Other	77	(59)	18	71	(55)	16
	<u>16,396</u>	<u>(7,111)</u>	<u>9,285</u>	<u>15,708</u>	<u>(6,708)</u>	<u>9,000</u>
<b>Under construction</b>	1,535	-	1,535	1,275	-	1,275
<b>Net intangible assets</b>	<u><b>17,931</b></u>	<u><b>(7,111)</b></u>	<u><b>10,820</b></u>	<u><b>16,983</b></u>	<u><b>(6,708)</b></u>	<u><b>10,275</b></u>

**b) Changes in Intangible assets**

	Balance at Dec. 31, 2015	Additions	Special obligations – write-down (1)	Write-offs	Amortization	Transfer	Balance at Dec. 31, 2016
<b>In service</b>							
Useful life defined							
Temporary easements	10	-	-	-	-	-	10
Paid concession	9	-	-	-	-	-	9
Assets of concession	8,967	6	98	(32)	(595)	804	9,248
Other	14	-	-	-	(4)	8	18
	<b>9,000</b>	<b>6</b>	<b>98</b>	<b>(32)</b>	<b>(599)</b>	<b>812</b>	<b>9,285</b>
<b>Under construction</b>	<b>1,275</b>	<b>1,157</b>	<b>-</b>	<b>(8)</b>	<b>-</b>	<b>(889)</b>	<b>1,535</b>
<b>Net intangible assets – Consolidated</b>	<b>10,275</b>	<b>1,163</b>	<b>98</b>	<b>(40)</b>	<b>(599)</b>	<b>(77)</b>	<b>10,820</b>

(1) This write-down of a Special Obligation arises from signature of a Debt Recognition Contract by Eletrobras, in the amount of R\$ 98,236, for restitution of amounts calculated in the final settlement of Financing and Subsidy Contracts for the *Luz Para Todos* ('Light for Everyone') program, with funds from the CDE account, and return of funds related to the Global Reversion Reserve (RGI).

	Balance at Dec. 31, 2014	Additions	Transfer of assets to Aliança Geração de Energia	Indemnity – plants not renewed	Write-offs	Amortization	Transfer from Financial to Intangible on renewal of concessions(*)	Transfers	Balance at Dec. 31, 2015
<b>In service</b>									
Useful life defined									
Temporary easements	12	-	(1)	-	-	-	-	-	11
Paid concession	24	-	(13)	-	-	(2)	-	-	9
Assets of concession	2,223	8	-	-	(21)	(512)	7,162	107	8,967
Other	17	-	-	-	-	(5)	-	1	13
	<b>2,276</b>	<b>8</b>	<b>(14)</b>	<b>-</b>	<b>(21)</b>	<b>(519)</b>	<b>7,162</b>	<b>108</b>	<b>9,000</b>
<b>Under construction</b>	<b>1,103</b>	<b>1,108</b>	<b>-</b>	<b>-</b>	<b>(17)</b>	<b>-</b>	<b>-</b>	<b>(919)</b>	<b>1,275</b>
<b>Net intangible assets – Consolidated</b>	<b>3,379</b>	<b>1,116</b>	<b>(14)</b>	<b>-</b>	<b>(38)</b>	<b>(519)</b>	<b>7,162</b>	<b>(811)</b>	<b>10,275</b>

(\*) See comments in Note 13.

	Balance at Dec. 31, 2013	Adjustment due to business combination	Additions	Write-offs	Amortization	Transfers	Balance at Dec. 31, 2014
<b>In service</b>							
Useful life defined							
Temporary easements	12	-	-	-	-	-	12
Paid concession	27	-	-	-	(3)	-	24
Assets of concession	866	1,073	-	-	(448)	732	2,223
Other	25	-	-	-	(6)	(2)	17
	<b>930</b>	<b>1,073</b>	<b>-</b>	<b>-</b>	<b>(457)</b>	<b>730</b>	<b>2,276</b>
<b>Under construction</b>	<b>1,074</b>	<b>109</b>	<b>868</b>	<b>(25)</b>	<b>-</b>	<b>(923)</b>	<b>1,103</b>
<b>Net intangible assets – Consolidated</b>	<b>2,004</b>	<b>1,182</b>	<b>868</b>	<b>(25)</b>	<b>(457)</b>	<b>(193)</b>	<b>3,379</b>

The annual average amortization rate is 3.51%. The average rates of annual amortization, by activity, set by the legislation for the sector, are:

Hydroelectric generation	Thermal generation	Distribution	Management and other	Telecoms
20.00%	19.35%	3.85%	23.29%	11.56%

The Company has not identified indications of impairment of its intangible assets, which have defined useful lives. The Company has no intangible assets with non-defined useful life. The amount of additions, R\$ 1,163, includes R\$ 142 (R\$ 159 in 2015, and R\$ 70 in 2014) under the heading Capitalized Financial Costs, as presented in Note 20.

## 18. SUPPLIERS

	2016	2015
Electricity on spot market – CCEE	168	308
Charges for use of electricity network	78	81
Electricity purchased for resale	677	647
Itaipu Binacional	207	315
Gas purchased for resale	462	236
Materials and services	348	314
	<b>1,940</b>	<b>1,901</b>

## 19. TAXES, INCOME TAX AND SOCIAL CONTRIBUTION TAX

### a) Taxes payable

The non-current Pasep and Cofins obligations refer to the legal proceedings challenging the constitutionality of inclusion of the ICMS tax, which *has been* charged, *within* the amount on which the Pasep and Cofins taxes are calculated; and seeking authorization to offset the amounts paid over the last ten years. The Company and its subsidiaries Cemig D (Distribution) and Cemig GT (Generation and Transmission) obtained interim relief from the court allowing them not to make the payment, and authorizing payment through court deposits (starting in 2008), and maintained this procedure until July 2011. After that date, while continuing to challenge the basis of the calculation in court, they opted to pay the taxes monthly. Additionally, in July 2015 the Company began to make provision for Pasep and Cofins taxes on updating of Financial assets, in accordance with tax legislation coming into force on that date.



	2016	2015
<b>Current</b>		
ICMS	502	462
Cofins	128	157
Pasep	28	33
INSS	25	22
Other	111	66
	<b>794</b>	<b>740</b>
<b>Non-current</b>		
Cofins	595	609
Pasep	129	131
	<b>724</b>	<b>740</b>
	<b>1,518</b>	<b>1,480</b>

**b) Income tax and Social Contribution tax:**

	2016	2015
<b>Current</b>		
Income tax	19	8
Social Contribution tax	8	3
	<b>27</b>	<b>11</b>

## 20. LOANS, FINANCINGS AND DEBENTURES

Financing source	Principal maturity	Annual financing cost %	Currency	2016			2015
				Current	Non-current	Total	Total
<b>FOREIGN CURRENCY</b>							
Banco do Brasil – Various bonds (1)	2024	Various	US\$				33
KFW	2016	4.50	EURO	-	-	-	3
KFW	2024	1.78	EURO	4	3	7	11
<b>Debt in foreign currency</b>				<b>5</b>	<b>25</b>	<b>30</b>	<b>47</b>
<b>Brazilian currency</b>							
Banco do Brasil	2017	108.33% of CDI	R\$	72	-	72	144
Banco do Brasil	2017	108.00% of CDI	R\$	151	-	151	433
Banco do Brasil	2016	104.10% of CDI	R\$	285	270	555	925
Banco do Brasil (6)	2016	104.25% of CDI	R\$	-	-	-	804
Banco do Brasil	2017	111.00% of CDI	R\$	50	-	50	100
Banco do Brasil	2020	114.00% of CDI	R\$	8	494	502	499
Banco do Brasil	2018	132.90% of CDI	R\$	291	292	583	
Brazilian Development Bank (BNDES)	2026	TJLP+2.34	R\$	8	66	74	81
Brazilian Development Bank (BNDES)	2026	TJLP+2.48	R\$	-	-	-	11
CEF	2018	119.00% of CDI	R\$	100	9	109	201
CEF	2020	132.14% of CDI	R\$	65	616	681	-
Eletrobras	2023	Ufir, RGR + 6.00 to 8.00	R\$	19	49	68	185
Large consumers	2018	Various	R\$	4	2	6	8
Finep	2018	TJLP + 5 and TJLP + 2.5	R\$	3	3	6	9
Promissory Notes - 8 <sup>th</sup> Issue (3)	2016	111.70 of CDI	R\$	-	-	-	1,889
Promissory Notes - 6 <sup>th</sup> Issue (2)	2016	120.00 of CDI	R\$	-	-	-	1,441
Promissory Notes – 7th Issue (2)	2017	128.00% of CDI	R\$	667	-	667	-
BASA	2018	CDI+1.9	R\$	2	120	122	121
Sonda (4)	2021	110% of CDI	R\$	46	37	83	-
Promissory Notes –1 <sup>st</sup> Issue (4)	2015	110.40% of CDI	R\$	-	-	-	23
<b>Debt in Brazilian currency</b>				<b>1,771</b>	<b>1,958</b>	<b>3,729</b>	<b>6,874</b>
<b>Total of loans and financings</b>				<b>1,776</b>	<b>1,983</b>	<b>3,759</b>	<b>6,921</b>
<b>Debt</b>							
Debentures, 2 <sup>nd</sup> Issue (3)	2017	IPCA + 7.96	R\$	235	-	235	441
Debentures - 3 <sup>rd</sup> Issue, 1 <sup>st</sup> Series (2)	2017	CDI + 0.90	R\$	543	-	543	540
Debentures - 3 <sup>rd</sup> Issue, 3 <sup>rd</sup> Series (2)	2022	IPCA + 6.20	R\$	50	933	983	923
Debentures - 3 <sup>rd</sup> Issue, 2 <sup>nd</sup> Series (2)	2019	IPCA + 6.00	R\$	15	278	293	275
Debentures - 3 <sup>rd</sup> Issue, 2 <sup>nd</sup> Series (3)	2021	IPCA + 4.70	R\$	59	1,436	1,495	1,403
Debentures - 3 <sup>rd</sup> Issue, 3 <sup>rd</sup> Series (3)	2025	IPCA + 5.10	R\$	38	857	895	839
Debentures - 3 <sup>rd</sup> Issue, 1 <sup>st</sup> Series (3)	2018	CDI + 0.69	R\$	53	411	464	462
Debentures	2018	CDI+1.60	R\$	553	485	1,038	1,037
Debentures	2020	IPCA+8.07	R\$	1	30	31	29
Debentures – 7th Issue, 1st Series (2)	2021	140.0% of CDI	R\$	(7)	2,204	2,197	-
Debentures, 4th Issue (3)	2018	CDI + 4.05%	R\$	805	793	1,598	-
Debentures - 4 <sup>th</sup> Issue, 2 <sup>nd</sup> Series (2)	2016	CDI+0.85	R\$	-	-	-	501
Debentures - 5 <sup>th</sup> Issue, 1 <sup>st</sup> Series (2)	2018	CDI+1.70	R\$	711	700	1,411	1,412
Debentures (5)	2016	TJLP+3.12	R\$	-	-	-	41
Debentures (5)	2018	CDI + 1.60	R\$	1	100	101	103
Debentures (5)	2018	CDI+0.74	R\$	33	34	67	100
Debentures (5)	2022	TJLP+7.82 (75%) and Selic+1.82(25%)	R\$	20	114	134	125
Cemig Telecom - 1 <sup>st</sup> Issue, 1 <sup>st</sup> Series (4)	2018	TJLP+2.62	R\$	-	-	-	8
Cemig Telecom - 1 <sup>st</sup> Issue, 2 <sup>nd</sup> Series (4)	2018	TJLP+3.32	R\$	-	-	-	3
Cemig Telecom - 1 <sup>st</sup> Issue, 3 <sup>rd</sup> Series (4)	2018	TJLP+1.72	R\$	-	-	-	2
Cemig Telecom - 1 <sup>st</sup> Issue, 4 <sup>th</sup> Series (4)	2018	TJLP+2.62	R\$	-	-	-	2
(-) FIC Pampulha: Securities of subsidiary companies (7)				(49)	(16)	(65)	-
<b>Total. debentures</b>				<b>3,061</b>	<b>8,359</b>	<b>11,420</b>	<b>8,246</b>
<b>Overall total – Consolidated</b>				<b>4,837</b>	<b>10,342</b>	<b>15,179</b>	<b>15,167</b>

(1) Interest rates vary from 2.00 to 8.00% p.a. Six-month Libor plus spread of 0.81% to 0.88% p.a.

(2) Cemig GT (Cemig Geração e Transmissão).

(3) Cemig D (Cemig Distribuição).

(4) Cemig Telecom.

(5) Gasmig.

(6) On April 22, 2016 Cemig D signed amendments to two Bank Credit Notes issued in favor of Banco do Brasil, for a total of R\$ 600 million, to roll over existing debt. The interest rate is 128.00% of the CDI rate, p.a., and the funds will be paid in four six-monthly installments with the last maturity in April 2018.

(7) FIC Pampulha has financial investments in securities issued by subsidiaries of the Company. For more information, and characteristics of the fund, see Note 28

### Guarantees

The guarantees of the debtor balance on loans and financings, on December 31, 2016, were as follows:

	2016
Promissory Notes and Sureties	11,023
Receivables	3,840
Without guarantee	316
<b>TOTAL</b>	<b>15,179</b>

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

	2017	2018	2019	2020	2021	2022	2023	After 2024	Total
<b>Currency</b>									
US dollar	1	-	-	-	-	-	-	22	23
Euro	4	3	-	-	-	-	-	-	7
<b>Total by currency</b>	<b>5</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>30</b>
<b>Indexors</b>									
IPCA index (1)	399	139	628	797	796	531	214	429	3,933
UFIR / RGR (2)	19	17	13	11	3	4	2	-	69
CDI Rate (Bank CD rate) (3)	4,379	3,685	1,155	954	755	-	-	-	10,928
URTJ / TJLP (4)	31	34	31	32	32	26	8	19	213
IGP-DI (5)	2	1	1	-	-	-	-	-	4
TR Rate (6)	2	-	-	-	-	-	-	-	2
<b>Total by indexor</b>	<b>4,832</b>	<b>3,876</b>	<b>1,828</b>	<b>1,794</b>	<b>1,586</b>	<b>561</b>	<b>224</b>	<b>448</b>	<b>15,149</b>
<b>Overall total</b>	<b>4,837</b>	<b>3,879</b>	<b>1,828</b>	<b>1,794</b>	<b>1,586</b>	<b>561</b>	<b>224</b>	<b>470</b>	<b>15,179</b>

- (1) Expanded National Consumer Price (IPCA) Index.
- (2) Fiscal Reference Unit (UFIR / RGR).
- (3) Interbank Rate for Certificates of Deposit.
- (4) URTJ: Interest rate reference unit.
- (5) IGP-DI ('General Domestic Availability Price Index').
- (6) TR Reference Interest Rate

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

Currency	2016 (%)	2015 (%)	Indexor	2016 (%)	2015 (%)
US dollar	(16.54)	47.01	IPCA	6.29	10.67
Euro	(19.10)	31.71	CDI	14.06	13.23

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

<b>Balance on December 31, 2013</b>	<b>9,457</b>
Loans and financings obtained	4,562
Funding costs	-
Financings obtained net of funding costs	4,562
Liabilities assumed in business combinations(*)	392
Monetary and exchange rate variation	266
Financial charges provisioned	1,007
Financial charges paid	(781)
Amortization of financings	(1,394)
<b>Balance on December 31, 2014</b>	<b>13,509</b>
Loans and financings obtained	5,817
Funding costs	(78)
Financings obtained net of funding costs	5,739
Monetary and exchange rate variation	400
Financial charges provisioned	1,545
Financial charges paid	(1,331)
Amortization of financings	(4,695)
<b>Balance on December 31, 2015</b>	<b>15,167</b>
Loans and financings obtained	5,878
Funding costs	(141)
Financings obtained net of funding costs	5,737
Monetary and exchange rate variation	231
Borrowing costs provisioned	2,070
Borrowing costs paid	(2,369)
Amortization of financings	(5,592)
(-) FIC Pampulha: Securities of subsidiary companies	(65)
<b>Balance at December 31, 2016</b>	<b>15,179</b>

(\*) Balance arising from consolidation of Gasmig starting in October 2014.

### Borrowing costs, capitalized

The Company transferred to Intangible assets the costs of loans and financings linked to works, as follows:

	2016	2015	2014
Costs of loans and financings	2,070	1,545	1,007
Financial costs transferred to Intangible assets	(142)	(159)	(70)
Net effect in Profit or loss	<b>1,928</b>	<b>1,386</b>	<b>937</b>

The value of the charges capitalized, R\$ 142 (R\$ 159 in 2015 and R\$70 in 2014), has been excluded from the Statement of Cash Flow, and from the additions to the Cash flow in investment activities, because it does not represent an outflow of cash for acquisition of the related asset.

The average rate of capitalization of the loans and financings whose costs were transferred to works was 18.02% (15.25% in 2015 and 11.62% in 2014).

## Funding raised

This table gives the consolidated totals of funds raised in 2016:

2016	Principal maturity	Annual financial cost, %	Amount raised
<b>Brazilian currency</b>			
Caixa Econômica Federal – Cemig D	2020	132.14% of CDI	674
Debentures (Cemig D)	2018	CDI + 4.05%	1,575
KfW (Cemig GT)	2018	1.78%	2
Promissory Notes – Cemig GT – 7th Issue	2017	128% of CDI	606
Debentures – 4th Issue, 7th Series (Gasmig)	2020	TJLP	24
Debentures: 7th Issue (CEMIG GT)	2021	140% of CDI	2,195
Banco do Brasil	2018	132.90% of CDI	580
Sonda (Cemig Telecom)	2021	110% of CDI	81
<b>Financings obtained net of funding costs</b>			<b>5,737</b>

2015	Principal maturity	Annual financial cost, %	Amount raised
<b>Brazilian currency</b>			
Banco do Brasil (Cemig GT)	2015	106.90% of CDI	593
Debentures 6th Issue – 1st Series (Cemig GT)	2018	CDI + 1.60%	967
Debentures 6th Issue – 2nd Series (Cemig GT)	2020	IPCA + 8.07%	27
Promissory Notes - 6th Issue (Cemig GT)	2016	120% of CDI	1,407
Banco da Amazônia (Cemig GT)	2018	CDI + 1.90%	118
Caixa Econômica Federal (Cemig D)	2018	119% of CDI	200
Promissory Notes – 8th Issue (Cemig D)	2016	111.70% of CDI	1,685
Banco do Brasil (Cemig D)	2020	114% of CDI	487
Banco do Brasil (Cemig D)	2017	111% of CDI	98
Debentures - 4th Issue (Gasmig)	2022	TJLP + 7.82 (75%) and Selic + 1.82 (25%)	34
Debentures - 5th Issue (Gasmig)	2018	CDI + 1.60%	100
Itaú Unibanco/Banco BBM (Cemig Telecom)	2016	120% of CDI	23
<b>Total funding</b>			<b>5,739</b>

2014	Principal maturity	Annual financial cost, %	Amount raised
<b>Foreign currency</b>			
KfW (GT)	2024	1.78%	10
<b>Total in foreign currency</b>			<b>10</b>
<b>Brazilian currency</b>			
Debentures – 4th Issue (GT)	2016	CDI + 0.85%	505
Promissory Notes - 5th Issue (GT)	2015	106.85% of the CDI Rate	1,400
Debentures – 5th Issue (GT)	2018	CDI + 1.70%	1,400
Finep (GT)	2018	TJLP + 2.5%	3
Brazilian Development Bank (BNDES) (D)	2020	TJLP + 2.48%	14
Promissory Notes - 7th Issue (D)	2015	105.00% of the CDI Rate	1,210
Promissory notes – 1 <sup>st</sup> Issue – Cemig Telecom	2015	110.4% of the CDI Rate	20
<b>Total in Brazilian currency</b>			<b>4,552</b>
<b>Total raised</b>			<b>4,562</b>

### 7th Issue of Commercial Promissory Notes

On July 1, 2016 Cemig GT concluded its seventh issue of Commercial Promissory Notes, totaling R\$ 620.. The proceeds were allocated to payment of the second portion of the Concession Grant Fee for the hydroelectric plants in Lot D of Aneel Auction 12/2015, and to strengthen the Company's working capital. The notes have maturity at 360 days, on June 26, 2017, and pay remuneratory interest of 128% of the accumulated variation resulting from the average one-day interbank *over extra grupo* DI rate, which will be paid on the maturity date. This issue has a surety guarantee from the holding company, Cemig.

### **Issue of Bank Credit Note**

On October 24, 2016 Cemig GT issued a Bank Credit Note in favor of Banco do Brasil, in the total amount of R\$ 600, for the purpose of payment and/or amortization of transactions entered into with Banco do Brasil itself. This loan has an annual interest rate of 132.90% of the CDI rate, and will be paid in four half-yearly installments, with the last maturity in October 2018.

### **7th debenture issue**

On December 29, 2016, Cemig Geração e Transmissão S.A. made its seventh issue of non-convertible debentures, for a total of R\$ 2,240, after funding costs, in a single series, with maturity at five years. This issue has guarantees of real assets and an additional surety guarantee. Interest will be paid monthly, with no grace period, at 140% of the CDI rate, up to the 23<sup>rd</sup> month. Starting at the 24<sup>th</sup> month, principal and interest will be paid, with final maturity on December 29, 2021. The proceeds were used for payment of Cemig GT's sixth issue of promissory notes, and also for replenishment of the Company's cash position.

## Debentures

The debentures issued by the Company are not convertible into shares, and have the following characteristics:

Issuer	Guarantee	Annual cost (%)	Maturity	2016	2015
Cemig GT – 2 <sup>nd</sup> Issue – 2 <sup>nd</sup> Series	None	IPCA + 7.68	2015	-	-
Cemig GT – 3 <sup>rd</sup> Issue – 1 <sup>st</sup> Series	Unsecured	CDI + 0.90	2017	543	540
Cemig GT – 3 <sup>rd</sup> Issue – 3 <sup>rd</sup> Series	Unsecured	IPCA + 6.20	2022	983	923
Cemig GT – 3 <sup>rd</sup> Issue – 2 <sup>nd</sup> Series	Unsecured	IPCA + 6.00	2019	293	275
Cemig GT – 4 <sup>th</sup> Issue	Unsecured	CDI + 0.85	2016	-	501
Cemig GT – 5 <sup>th</sup> Issue	Unsecured	CDI*1.70	2018	1,411	1,412
Cemig D – 3 <sup>rd</sup> Issue – 1 <sup>st</sup> Series	Surety	CDI + 0.69	2018	464	462
Cemig D – 3 <sup>rd</sup> Issue – 2 <sup>nd</sup> Series	Surety	IPCA + 4.70	2021	1,495	1,403
Cemig D – 3 <sup>rd</sup> Issue – 3 <sup>rd</sup> Series	Surety	IPCA + 5.10	2025	895	839
Debentures	Surety	CDI+1.6	2018	1,038	1,037
Debentures	Surety	IPCA+8.07	2020	31	29
Cemig D – 2 <sup>nd</sup> Issue	None	IPCA + 7.96	2017	235	441
Cemig D – 4 <sup>th</sup> Issue	Surety	CDI + 4.05%	2018	1,598	-
Debentures – 7 <sup>th</sup> Issue, 1 <sup>st</sup> Series (2)	Receivables (Revenue)	140.0% of CDI	2021	2,197	-
Gasmig	Unsecured	TJLP+3.12	2016	-	41
GASMIG	Unsecured	CDI + 1.60	2018	101	103
Gasmig	Unsecured	CDI+0.62	2015	-	-
Gasmig	Unsecured	CDI+0.74	2018	67	100
Gasmig	Unsecured	TJLP+7.82 (75%) and Selic+1.82(25%)	2022	134	125
Cemig Telecom - 1 <sup>st</sup> Issue, 1 <sup>st</sup> Series (4)	Receivables (Revenue)	TJLP+2.62	2018	-	8
Cemig Telecom - 1 <sup>st</sup> Issue, 2 <sup>nd</sup> Series (4)	Receivables (Revenue)	TJLP+3.32	2018	-	3
Cemig Telecom - 1 <sup>st</sup> Issue, 3 <sup>rd</sup> Series (4)	Receivables (Revenue)	TJLP+1.72	2018	-	2
Cemig Telecom - 1 <sup>st</sup> Issue, 4 <sup>th</sup> Series (4)	Receivables (Revenue)	TJLP+2.62	2018	-	2
Cemig Telecom - 1 <sup>st</sup> Issue, 5 <sup>th</sup> Series (4)	Receivables (Revenue)	TJLP+3.32	2018	-	-
Cemig Telecom - 1 <sup>st</sup> Issue, 6 <sup>th</sup> Series (4)	Receivables (Revenue)	TJLP+1.72	2018	-	-
<b>Subtotal</b>				<b>11,485</b>	<b>8,246</b>
(-)FIC Pampulha-Títulos de empresas controladas				(65)	-
<b>TOTAL</b>				<b>11,420</b>	<b>8,246</b>

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

## Restrictive covenants

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

Transaction	Ratio	Ratio requirement – Issuer	Ratio requirement – Cemig (Guarantor)	Timing requirement
BNDES Financing – Cemig GT (1)	Equity of Guarantor / Total assets of Guarantor	-	30% or more	Annual
Banco do Brasil Credit Note – Cemig GT (2)	Net debt of Surety / Ebitda of Surety	-	Less than or = 6.00 in 2016 5.26 in 2017 5.00 in 2018	Quarterly, from December 2016
7 <sup>th</sup> Debenture Issue – Cemig GT (3)	Net debt / (Ebitda + Dividends received)	Less than or = 5.5 in 2017 5.0 in 2018 4.5 in 2019 3.0 in 2020 2.5 in 2021	Less than or = 4.5 in 2017 4.25 in 2018 3.5 in 2019 3.0 in 2020 2.5 in 2021	Half-yearly, from June 2017
Gasmig Debentures (4)	Total debt / Total assets	Less than 0.6	-	Annual
	Ebitda / Debt servicing	1.30 or more	-	

- (1) If the Company does not succeed in achieving the required ratio, it will have six months from the end of the business year in which the ratio was found, to: (i) constitute real guarantees which in the assessment of the BNDES represent 130.00% of the value of the debtor balance of the contract; or (ii) present an interim balance sheet, audited by an auditor accredited by the CVM, that indicates the return to the index required.
- (2) Bank Credit Note issued in favor of Banco do Brasil in October 2016, for R\$ 600. If additional or more restrictive financial covenants are agreed with other creditors, they will automatically be incorporated into the Bank Credit Note.
- (3) 7<sup>th</sup> Issue of Debentures by Cemig GT, in December 2016, of R\$ 2,240.
- (4) If it does not succeed in achieving the required ratio, Gasmig will have 120 days from the date of a communication in writing from BNDESPar or BNDES to constitute guarantees that are acceptable to the debenture holders for the total amount of the debt, obeying the rules of the National Monetary Council, unless in that period the required ratios have been re-established. Cross-default: Certain contractually specified situations can cause early maturity of other debts.

On December 31, 2016 all the restrictive covenants relating to financial ratios of the Company were complied with.

## 21. REGULATORY CHARGES

	2016	2015
<b>Assets</b>		
Global Reversion Reserve (RGR) (1)	48	-
	48	-
<b>Liabilities</b>		
Global Reversion Reserve – RGR	35	48
Energy Development Account – CDE	189	280
Eletrobrás – Compulsory loan	0	1
Aneel inspection charge	3	3
Energy Efficiency	288	207
Research and Development	234	160
Energy System Expansion Research	3	2
National Scientific and Technological Development Fund	5	3
Proinfra Alternative Energy Program	8	7
Royalties for use of water resources	23	
Emergency capacity charge	31	31
Consumer charges – ‘Tariff Flag’ amounts	17	1
	<b>836</b>	<b>743</b>
<b>Current assets</b>	<b>48</b>	<b>-</b>
<b>Current liabilities</b>	<b>381</b>	<b>517</b>
<b>Non-current liabilities</b>	<b>455</b>	<b>226</b>

- (1) Cemig GT requested from Aneel a review of the amounts paid for the RGR Contribution in previous years, due to the basis of calculation used at the time for calculation of that charge. Cemig GT recognized the right to recover the amount of R\$ 119, to be offset against RGR payable, only after the conclusion, in 2016, of a judgment by Aneel, as per Aneel Technical Note 162/2016, which accepted Cemig GT’s request.



## 22. POST-RETIREMENT LIABILITIES

### **Forluz Pension plan (a Supplementary retirement pension plan)**

Cemig is a sponsor of Forluz – *Forluminas Social Security Foundation*, a non-profit legal entity whose object is to provide its associates and participants and their dependents with a financial income to complement retirement and pension, in accordance with the Forluz pension plan that they are subscribed in.

Forluz makes the following supplementary pension benefit plans available to its participants:

The Mixed Benefits Plan ('Plan B'): This plan operates as a defined-contribution plan during the fund accumulation phase for retirement benefits for normal time of service, and as a defined-benefit plan for disability or death of participants still in active employment, and for receipt of benefits for time of contribution. The Sponsors match the basic monthly contributions of the participants. This is the only plan open for joining by new participants.

Pension Benefits Balances Plan ('Plan A'): This plan includes all currently employed and assisted participants who opted to migrate from the Company's previously sponsored defined benefit plan, and are entitled to a benefit proportional to those balances. For participants who are still working, this benefit has been deferred to the retirement date.

Cemig, Cemig GT and Cemig D also maintain, independently of the plans made available by Forluz, payments of part of the life insurance premium for the retirees, and contribute to a health plan and a dental plan for the active employees, retired employees and dependents, administered by Cemig Saúde.

### **Amortization of the actuarial obligations and recognition in the financial statements**

In this Note the Company states its obligations and expenses incurred for purposes of the Retirement Plan, Health Plan, Dental Plan and the Life Insurance Plan in accordance with the standards specified by the IAS 19 – *Employee Benefits*, and an independent actuarial opinion issued as of December 31, 2016.

The Company has recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R\$ 787 on December 31, 2016 (R\$ 812 on December 31, 2015). This amount has been recognized as an obligation payable by Cemig, its subsidiaries and jointly-controlled entities, and is being amortized by 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 decided to record the debt in full, and record the effects of monetary updating and interest in Financial revenue (expenses) in the Statement of income.

### Independent Actuarial Information

The consolidated actuarial information is as follows:

2016	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Present value of funded obligations	9,743	1,711	38	814	12,306
Fair value of plan assets	(8,128)	-	-	-	(8,128)
<b>Initial net liabilities</b>	<b>1,615</b>	<b>1,711</b>	<b>38</b>	<b>814</b>	<b>4,178</b>
Adjustment to asset ceiling	64	-	-	-	64
<b>Net liabilities in the statement of financial position</b>	<b>1,679</b>	<b>1,711</b>	<b>38</b>	<b>814</b>	<b>4,242</b>

2015	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Present value of funded obligations	8,049	1,323	30	554	9,956
Fair value of plan assets	(6,703)	-	-	-	(6,703)
<b>Net liabilities in statement of financial position</b>	<b>1,346</b>	<b>1,323</b>	<b>30</b>	<b>554</b>	<b>3,253</b>

The changes in the present value of the defined benefit obligation are as follows:

	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
<b>Defined-benefit obligation on December 31, 2013</b>	<b>7,352</b>	<b>1,012</b>	<b>28</b>	<b>600</b>	<b>8,992</b>
Cost of current service	6	6	-	4	16
Interest on the actuarial obligation	869	125	4	73	1,071
Actuarial losses (gains) recognized					
Due to changes in financial assumptions	241	38	1	33	313
Due to adjustments based on experience	329	12	1	(19)	323
	570	50	2	14	636
Benefits paid	(673)	(73)	(2)	(11)	(759)
<b>Defined-benefit obligation on December 31, 2014</b>	<b>8,124</b>	<b>1,120</b>	<b>32</b>	<b>680</b>	<b>9,956</b>
Cost of current service	6	7	1	3	17
Interest on the actuarial obligation	934	135	3	81	1,153
Actuarial losses (gains) recognized					
Due to changes in demographic assumptions	8	43	1	(71)	(19)
Due to changes in financial assumptions	(822)	128	(1)	(122)	(817)
Due to adjustments based on experience	533	(33)	(4)	69	565
	(281)	138	(4)	(124)	(271)
Plan amendment - Past service	-	-	-	(74)	(74)
Benefits paid	(734)	(77)	(2)	(12)	(825)
<b>Defined-benefit obligation on December 31, 2015</b>	<b>8,049</b>	<b>1,323</b>	<b>30</b>	<b>554</b>	<b>9,956</b>
Cost of current service	5	9	0	3	17
Interest on the actuarial obligation	1,013	174	4	72	1,263
Actuarial losses (gains) recognized	0	0	0	0	0
Due to changes in demographic assumptions	(1)	0	0	0	(1)
Due to changes in financial assumptions	1,253	391	9	175	1,828
Due to adjustments based on experience	231	(87)	(3)	21	162
	1,483	304	6	196	1,989
Benefits paid	(807)	(99)	(2)	(11)	(919)
<b>Defined-benefit obligation on December 31, 2016</b>	<b>9,743</b>	<b>1,711</b>	<b>38</b>	<b>814</b>	<b>12,306</b>

Changes in the fair values of the plan assets were as follows:

	Pension plans and retirement supplement plans
<b>Fair value at December 31. 2013</b>	<b>7,728</b>
Real return on the investments	889
Contributions from the Employer	107
Benefits paid	(673)
<b>Fair value at December 31. 2014</b>	<b>8,051</b>
Real return on the investments	(730)
Contributions from the Employer	116
Benefits paid	(734)
<b>Fair value at December 31. 2015</b>	<b>6,703</b>
Real return on the investments	2,105
Contributions from the Employer	127
Benefits paid	(807)
<b>Fair value at December 31. 2016</b>	<b>8,128</b>

The amounts recognized in the 2016, 2015 and 2014 Statement of income are as follows:

2016	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Cost of current service	5	9	-	3	17
Interest on the actuarial obligation	1,014	173	4	72	1,263
Expected return on the assets of the Plan	(833)	-	-	-	(833)
<b>Total expense in 2016 according to actuarial calculation</b>	<b>186</b>	<b>182</b>	<b>4</b>	<b>75</b>	<b>447</b>

2015	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Cost of current service	6	7	1	3	17
Interest on the actuarial obligation	934	135	3	81	1,153
Expected return on the assets of the Plan	(933)	-	-	-	(933)
Past service cost	-	-	-	(74)	(74)
<b>Expense as per actuarial opinion</b>	<b>7</b>	<b>142</b>	<b>4</b>	<b>10</b>	<b>163</b>
Adjustment relating to debt to Forluz	122	-	-	-	122
<b>Expense in 2015</b>	<b>129</b>	<b>142</b>	<b>4</b>	<b>10</b>	<b>285</b>

2014	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Cost of current service	6	6	-	4	16
Interest on the actuarial obligation	869	125	4	73	1,071
Expected return on the assets of the Plan	(922)	-	-	-	(922)
<b>Expense as per actuarial opinion</b>	<b>(47)</b>	<b>131</b>	<b>4</b>	<b>77</b>	<b>165</b>
Adjustment to the asset ceiling	47	-	-	-	47
Adjustment relating to debt to Forluz	99	-	-	-	99
<b>Expense in 2014</b>	<b>99</b>	<b>131</b>	<b>4</b>	<b>77</b>	<b>311</b>

The company made changes to its life insurance, coming into effect on 2015, which result in changes to the maximum limit of the capital insured. This change resulted in a reduction of R\$ 74 in the post-retirement liabilities, with counterpart in the Statement of income for 2015.

### Changes in net liabilities:

	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
<b>Net liabilities on December 31, 2013</b>	<b>808</b>	<b>1,012</b>	<b>29</b>	<b>600</b>	<b>2,449</b>
Expense Recognized in Statement of income	99	131	4	77	311
Contributions paid	(109)	(73)	(2)	(11)	(195)
Actuarial losses (gains)	-	50	2	14	66
<b>Net liabilities on December 31, 2014</b>	<b>798</b>	<b>1,120</b>	<b>33</b>	<b>680</b>	<b>2,631</b>
Expense Recognized in Statement of income	129	142	4	84	359
Contributions paid	(116)	(77)	(3)	(12)	(208)
Plan amendment - Past service	-	-	-	(74)	(74)
Actuarial losses (gains)	535	138	(4)	(124)	545
<b>Net liabilities on December 31, 2015</b>	<b>1,346</b>	<b>1,323</b>	<b>30</b>	<b>554</b>	<b>3,253</b>
Expense recognized in Income statement	187	182	4	75	448
Contributions paid	(128)	(99)	(2)	(11)	(240)
Actuarial losses (gains) ( * )	274	305	6	196	781
<b>Net liabilities on December 31, 2016</b>	<b>1,679</b>	<b>1,711</b>	<b>38</b>	<b>814</b>	<b>4,242</b>
			<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Current liabilities</b>			199	167	153
<b>Non-current liabilities</b>			4,043	3,086	2,478

(\*) Recognized directly in Equity

In 2016, 2015 and 2014, the expenses related to the debt agreed upon with Forluz were registered in Financial revenue (expenses), because they represent interest and monetary updating. The other expenses on the pension fund and on health, dental, and life insurance plans are recorded in the Other operating expenses line.

The independent actuary's estimate for the expense amount to be recognized for the 2017 business year is as follows:

	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Cost of current service	4	11	-	4	19
Interest on the actuarial obligation	980	178	4	85	1,247
Expected return on the assets of the Plan	(810)	-	-	-	(810)
<b>Expense in 2017 as per actuarial opinion</b>	<b>174</b>	<b>189</b>	<b>4</b>	<b>89</b>	<b>456</b>

The expectation for payment of benefits for the 2017 business year is as follows:

	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Estimate of payments of benefits	843	104	2	11	960

The Company and its subsidiaries have the expectation of making contributions of R\$ 133 to the pension fund in 2017 for amortization of the agreed debt, and R\$ 107 to the Defined Contribution Plan (recorded directly in the Statement of income for the year).

The average periods of maturity of the obligations under the benefit plans, in years, are as follows:

Pension and retirement supplement plans		Health Plan	Dental Plan	Life insurance
Plan A	Plan B			
9.58	11.83	13.38	13.38	11.83

The principal categories of assets of the plan, as a percentage of the total of the plan's assets, are as follows:

	2016	2015
Shares of Brazilian companies	3.84%	6.90%
Fixed income securities	74.96%	66.38%
Real estate property	8.14%	9.66%
Other	13.06%	17.06%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

The assets of the Pension Plan include the following assets, valued at fair value, of Cemig, Cemig GT and Cemig D:

	2016	2015
Non-convertible debentures issued by the Sponsor and subsidiaries	397	418
Shares issued by the Sponsor	7	6
Real estate properties of the Foundation occupied by the Sponsors	710	230
	<b>1,114</b>	<b>654</b>

This table gives the main actuarial assumptions:

	2016	2015	2014
Annual discount rate for present value of the actuarial liability	10.50%	13.20%	12.00%
Annual expected return on plan assets	10.50%	13.20%	12.00%
Long-term annual inflation rate	4.50%	5.50%	5.50%
Annual salary increases	6.59%	7.61%	7.61%
Mortality rate	AT-2000	AT-2000	AT-2000
Disability rate	Álvaro vindas	Álvaro vindas	Álvaro Vindas
Disabled mortality rate	AT 49	AT 49	AT 49

Below is a sensitivity analysis of the effects of changes in the principal actuarial assumptions used to determine the defined-benefit obligation on December 31, 2016:

Effects on the defined-benefit obligation	Pension and retirement supplement plan	Health Plan	Dental Plan	Life insurance	TOTAL
Reduction of one year in the mortality table	278	26	1	-	305
Increase of one year in the mortality table	-	-	-	30	30
Reduction of 1% in the discount rate	981	222	5	153	1,361

In the presentation of the sensitivity analysis, the present value of the defined-benefit obligation was calculated using the Unit Projected Credit method, the same method used to calculate the defined-benefit obligation recognized in the Statement of financial position. The Company has not made changes in the methods used to calculate its post-retirement obligations for the business years ending December 31, 2016 and 2015.

## 23. PROVISIONS

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

The Company and its subsidiaries have made 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. that an outflow of funds to settle the obligation will be necessary), as follows:

	2015	Additions	Reversals	Closed	2016
Employment-law cases	290	125	(5)	(60)	350
Civil cases	-	-	-	-	-
Consumer relations	18	15	(3)	(15)	15
Other civil actions	28	18	-	(6)	40
	46	33	(3)	(21)	55
Tax	67	3	(1)	(1)	68
Environmental	-	-	-	-	-
Regulatory	46	3	(3)	(2)	44
Corporate (1)	269	-	(30)	-	239
Other	37	35	(4)	(9)	59
<b>Total</b>	<b>755</b>	<b>199</b>	<b>(46)</b>	<b>(93)</b>	<b>815</b>

	2014	Additions	Reversals	Closed	2015
Employment-law cases	323	39	(35)	(37)	290
Civil cases	-	-	-	-	-
Consumer relations	19	14	(2)	(13)	18
Other civil actions	24	10	-	(6)	28
	43	24	(2)	(19)	46
Tax	72	5	(9)	(1)	67
Environmental	1	-	(1)	-	-
Regulatory	36	13	(3)	-	46
Corporate (1)	239	30	-	-	269
Other	41	6	(9)	(1)	37
<b>TOTAL</b>	<b>755</b>	<b>117</b>	<b>(59)</b>	<b>(58)</b>	<b>755</b>

	2013	Additions	Reversals	Closed	Liabilities assumed in business combination <sup>1</sup>	2014
Employment-law cases	146	250	(7)	(66)	-	323
Civil cases	-	-	-	-	-	-
Consumer relations	29	10	(10)	(10)	-	19
Other civil actions	23	12	(6)	(5)	-	24
	52	22	(16)	(15)	-	43
Tax	26	30	(18)	(16)	50	72
Environmental	1	1	(1)	-	-	1
Regulatory	50	8	(22)	-	-	36
Corporate (1)	-	239	-	-	-	239
Other	31	14	(2)	(2)	-	41
<b>TOTAL</b>	<b>306</b>	<b>564</b>	<b>(66)</b>	<b>(99)</b>	<b>50</b>	<b>755</b>

1. The difference in monetary updating of the Advance against Future Capital Increase made by the government of Minas Gerais State, subject of dispute, has been provisioned with a counterpart in Financial revenue (expenses). There are more details in Note 27.

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 supply information that would be useful to the users of these financial statements about the time when any cash outflows, or any possibility of reimbursements, might take place in fact. 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 principal provisions and contingent liabilities are given below, these being the best estimates 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'**

#### Employment-law cases

The Company and its subsidiaries are parties in various legal actions brought 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 value of the contingency is approximately R\$ 1,544 (R\$ 972 on December 31, 2015), of which R\$ 349 has been provisioned (R\$ 290 on December 31, 2015) – this being the probable estimate for funds needed to settle these disputes.

The increase in the amount of the contingency is due, among other factors, to the larger volume of legal actions being taken by former employees, arising from severances over recent years, and also the higher volume of actions on remuneration for hazardous work, due to new legal arguments which have emerged following recent legislative changes.

#### Consumer relations

The Company and its subsidiaries are parties in various civil actions relating to indemnity for pain and suffering and for material damages, arising, principally, from allegations of irregularity in measurement of consumption, and claims of undue charging, in the normal course of business, totaling R\$ 33 (R\$ 18 on December 31, 2015), of which R\$ 15 (R\$ 17 on December 31, 2015) has been provisioned – this being the probable estimate for funds needed to settle these disputes.



### Other civil cases

Cemig and its subsidiaries are parties in various civil actions claiming indemnity for pain and suffering and for material damages, among others, arising from incidents occurring in the normal course of business, in the amount of R\$ 227 (R\$ 185 on December 31, 2015), of which R\$ 40 (R\$ 29 on December 31, 2015) – the amount estimated as probably necessary for settlement of these disputes – has been provisioned.

### Tax

The Company and its subsidiaries are parties in numerous administrative and court actions relating to taxes, including, among other matters, subjects relating to the ICMS (Value Added) tax on goods and services; the Urban Property Tax (*Imposto sobre a Propriedade Territorial Urbana*, or IPTU); the Rural Property Tax (ITR); the tax on donations and legacies (ITCD), the 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 Tax (*Imposto de Renda Pessoa Jurídica*, or IRPJ), the Social Contribution Tax (*Contribuição Social sobre o Lucro Líquido*, or CSLL) and applications to stay tax execution on tax matters. The amount of the contingency is approximately R\$ 295 (R\$ 257 on December 31, 2015). Of this total, R\$ 70 has been provisioned (R\$ 69 on December 31, 2015) – this being the best probable estimate for funds needed to settle these disputes.

### Environmental

The Company and its subsidiaries are involved in environmental matters, in which the subjects include protected areas, environmental licenses, recovery of environmental damage, and other matters, in the approximate total amount of R\$ 34 (R\$ 26 on December 31, 2015).

### Regulatory

The Company and its subsidiaries are parties in numerous administrative and court proceedings in which the main issues disputed are: (i) the tariff charges in invoices relating to the use of the distribution system by a self-producer; (ii) violation of targets for indicators of continuity in retail supply of electricity; (iii) the tariff increase made during the federal government's economic stabilization plan referred to as the 'Cruzado Plan', in 1986.

The value of the contingency is approximately R\$ 236 (R\$ 202 on December 31, 2015), of which R\$ 43 has been provisioned (R\$ 45 on December 31, 2015) – this being the best probable estimate for funds needed to settle these disputes.

## Corporate

### *Difference of monetary updating on the Advance against Future Capital Increase (AFAC) made by the Minas Gerais State Government*

On December 19, 2014 the Finance Secretary of Minas Gerais State sent an Official Letter to Cemig requesting recalculation of the amounts relating to the Advances against Future Capital Increase made in 1995, 1996, and 1998, which were returned to Minas Gerais State in December 2011, for review of the criterion used by the Company for monetary updating, arguing that application of the Selic rate would be more appropriate, replacing the IGP-M index.

On December 29, 2014 the Company made an administrative deposit applying for suspension of enforceability of the credit being requested by the state, and for its non-inclusion in the Register of Debts owed to the state and in the Registry of Defaulted Payments owed to the state (CADIN).

Based on the opinion of the Company's legal advisors, the chances of loss have been assessed as 'probable' and the amount provisioned, with a counterpart in Financial revenue (expenses) of R\$ 239 (R\$ 269 on December 31, 2015), which is the estimated probable amount of funds that might be used to settle the matter.

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

#### *Breach of contract – provision of services of cleaning power line paths and accesses*

The Company is a party in disputes alleging losses suffered as a result of supposed breach of contract at the time of provision of services of cleaning of power line pathways and firebreaks. The amount provisioned is R\$ 28 (R\$ 24 on December 31, 2015), this being estimated as the likely amount of funds necessary to settle this dispute.

#### *Other legal actions*

In addition to the issues described above, the Company is involved, on plaintiff or defendant side, in other cases, of smaller scale, related to the normal course of its operations, with an estimated total amount of R\$ 179 (R\$ 126 on December 31, 2015), of which R\$ 30 (R\$ 12 on December 31, 2015) – the amount estimated as probably necessary for settlement of these disputes – has been provisioned. Management believes that it has appropriate defense for these actions, 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 – for cases in which the chances of loss are assessed as ‘possible’, and the Company believes it has arguments of merit for legal defense**

Tax and similar charges

The Company is a party in numerous administrative and court proceedings in relation to taxes. Below are details of the principal cases:

*Indemnity of the employees’ future benefit – the ‘Anuênio’*

In 2006, the Company paid an indemnity to its employees, totaling R\$ 178, 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 nor Social Security contributions in relation to these amounts 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 decided to apply for an order of *mandamus*, and the court permitted payment into Court of R\$ 122 which, updated, represents the amount of R\$ 255 (R\$ 237 on December 31, 2015). This was posted in Escrow deposits in litigation. The amount of the contingency, updated, is R\$ 290 (R\$ 264 on December 31, 2015) 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 brought administrative proceedings against the Company, under various headings: employee profit shares (*Participação nos Lucros e Resultados*, or PLR), the Workers’ Food Program (*Programa de Alimentação do Trabalhador*, or PAT), overtime payments, hazardous occupation payments, matters related to Sest/Senat (transport workers’ support programs), and fines for non-compliance with accessory obligations. The Company has presented defenses and awaits judgment. The amount of the contingency is approximately R\$ 1,510 (R\$ 1,361 on December 31, 2015). The Company has assessed the chances of loss as ‘possible’ – reflecting among other considerations the assessment that these legal actions against the company are likely to be unsuccessful, grounded on evaluation of the claims and the related case law.

*Non-homologation of offsetting of tax credit*

In several administrative cases, the federal tax authority did not accept (and ratify) the Company’s declared offsetting of federal taxes using credits arising from undue or excess payment of federal taxes. The amount of the contingency is R\$ 317 (R\$ 663 on December 31, 2015). The Company has assessed the chance of loss as ‘possible’, since it believes that it has met the requirements of the National Tax Code (*Código Tributário Nacional*, or CTN).

The federal tax authority adjusted the debit balance in Cemig GT and Cemig D of the lawsuits in which the PIS and COFINS calculation base is discussed, with a current value of R\$ 121 (R\$ 448 as of December 31, 2015). This is the main factor in reducing the value of contingency.

#### *Corporate tax return – restitution and offsetting*

The Company is a party in an administrative case involving requests for restitution and compensation of credits arising from tax carryforward balances indicated in the tax returns (DIPJs) for the calendar years from 1997 to 2000, and also for excess payments identified by the corresponding tax payment receipts (DARFs and DCTFs). Due to completion of all appeals in the administrative sphere, an ordinary legal action has been filed, for the approximate total amount of R\$ 535 (R\$ 482 on December 31, 2015). The chances of loss in this action are assessed as ‘possible’, due to nullities in the conduct of the administrative proceedings and mistaken assumptions made by the inspectors in the administrative judgment, and also based on analysis of the Company’s argument and documents of proof.

#### *Income tax withheld at sourced (IRRF) on capital gain in a stockholding transaction*

The federal tax authority issued an infringement notice on Cemig as a jointly responsible party with its jointly-controlled entity Parati S.A. Participações em Ativos de Energia Elétrica (Parati), relating to income tax withheld (*Imposto de Renda Retido na Fonte*, or IRRF) allegedly applicable to returns paid by reason of a capital gain in a stockholding transaction relating to the purchase by Parati of 100.00% of the equity interest held by Enlighted in Luce LLC (a company with head office in Delaware, USA), holder of 75.00% of the shares in the Luce Brasil equity investment fund (FIP Luce), which was indirect holder, through Luce Empreendimentos e Participações S.A., of approximately 13.03% of the total and voting shares of Light S.A. (Light). The amount of the contingency is approximately R\$ 198 (R\$ 202 on December 31, 2015), and the chances of loss have been assessed as ‘possible’.

#### *Social Contribution tax (‘CSLL’) on net income*

The federal tax authority issued a claim for incorrect payment against the Company for the business years 2012 and 2013, alleging non-addition, or deduction, by the Company, 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 8313/91); and (iii) fines for various alleged infringements. The amount of this contingency is R\$ 280 (R\$ 227 on December 31, 2015). The Company has classified the chances of loss as ‘possible’, in accordance with the analysis of the case law.

### *ICMS (value added) Tax*

The tax authority of Minas Gerais state has opened several administrative actions against Cemig D, raising a supposed divergence in the classification, for tax purposes, of certain consumers in the years 2011 through 2015. The amount of this contingency is R\$ 82. The company has classified the chance of loss as 'possible', because it believes that it has arguments on the merit for defense in the court, and because of the absence of case law precedent.

### Regulatory matters

#### *Public Lighting Contribution (CIP)*

Cemig is defendant in several public civil actions (class actions), claiming nullity of the clause in the Electricity Supply Contracts for public illumination, signed between the Company and the various municipalities of its concession area, and restitution by the Company of the difference representing the amounts charged in the last 20 years, in the event that the courts recognize that these amounts were unduly charged. The actions are grounded on a supposed mistake by Cemig in the estimate of time that was used for calculation of the consumption of electricity for public illumination, funded by the Public Illumination Contribution (*Contribuição para Iluminação Pública*, or CIP).

The Company believes it has arguments of merit for defense in these claims, since the charge at present made is grounded on Aneel Normative Resolution 456/2000. As a result it has not constituted a provision for this action, the amount of which is estimated at R\$ 1,305 (R\$ 1,232 on December 31, 2015). It has assessed the chances of loss in this action as 'possible', due to the Consumer Defense Code (*Código de Defesa do Consumidor*, or CDC) not being applicable, because the matter is governed by the specific regulation of the electricity sector, and because Cemig complied with Aneel Resolutions 414 and 456, which deal with the subject.

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

In an action 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 Electricity Trading Chamber – *Câmara de Comercialização de Energia Elétrica*, or CCEE), during the period of rationing in 2001–2. It obtained an interim judgment in its favor 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, leaving out of account Aneel's Dispatch 288 of 2002.

This was to be put into effect in the CCEE as from November 2008, resulting in an additional disbursement for Cemig, referring to the expense on purchase of energy in the spot market on the CCEE, in the approximate amount of R\$ 264 (R\$ 230 on December 31, 2015). On November 9, 2008 the Company obtained an interim remedy 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.

The Company has classified the chance of loss as ‘possible’, since this is a unique action (no similar action has previously been judged), and because it 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 March 6, 2013 issued by the National Energy Policy Council (*Conselho Nacional de Política Energética*, or CNPE) established new criteria for the prorating of the cost of the 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 Consumers 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), with which the Company is associated, obtained an interim court remedy suspending the effects of Articles 2 and 3 of CNPE Resolution 3, exempting generators from payment of the ESS under that Resolution.

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

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

The amount of the contingency is approximately R\$ 182 (R\$ 155 on December 31, 2015). In spite of the successful judgment at the first instance, the Association's legal advisers still considered the chances of loss in this contingency as 'possible'. The Company agrees with this, since there are not yet elements to enable foreseeing the outcome of the Appeal filed by the federal government.

#### *PPE assets in service*

In August 2014 Aneel filed a notice of infringement alleged the Company had not met all the requirements for appropriation of costs in works and other procedures adopted and its compliance with the current legislation. This is a type of inspection relating as it does to the Electricity Sector Property Control Manual. The amount of the contingency is R\$ 3 (R\$ 66 on December 31, 2015). The Company has classified the chances of loss as 'possible', because it believes it has arguments of merit for legal defense, due to the regularity and legality of the Normative Acts issued by Aneel, which orient the actions of the Company, and also due to compliance with the Normative Resolutions of Aneel in relation to the requirements of law; and also the public interest in the transfer of electricity assets; and has therefore not constituted a provision for this action.

#### Tariff increases

##### *Exclusion of consumers inscribed as low-income*

The Federal Public Attorneys' Office filed a class action against the Company and Aneel, to avoid exclusion of consumers from classification in the Low-income Residential Tariff Sub-category, requesting an order for the Company to pay 200% of the amount allegedly paid in excess by consumers. Judgment was given in favor of the plaintiffs, but the Company and Aneel have filed an interlocutory appeal and await judgment. On December 31, 2016 the amount of the contingency was approximately R\$ 254 (R\$ 222 on December 31, 2015). The Company has classified the chances of loss as 'possible' due to other favorable judgments on this theme.

### *Periodic Tariff Adjustment – Neutrality of ‘Portion A’*

The Municipal Association for Protection of the Consumer and the Environment (*Associação Municipal de Proteção ao Consumidor e ao Meio Ambiente*, or Amprocom) filed a class action against the Company and against Aneel, for identification of all the consumers allegedly damaged in the processes of Periodic Review and Annual Adjustment of tariffs, in the period 2002 to 2009, and restitution, through credits on electricity bills, of any amounts unduly charged, arising from non-consideration of the impact of future variations in consumer electricity demand on non-manageable cost components, from the distributor’s non-manageable costs (‘Portion A’ costs), and the allegedly undue inclusion of these gains in manageable costs of the distributor (‘Portion B’ costs), causing economic/financial imbalance of the contract. This is an action that could affect all distribution concession holders, which could thus lead to a new Electricity Sector Agreement. The estimated amount of the contingency is R\$ 317 (R\$ 276 on December 31, 2015). The Company has classified the chance of loss as ‘possible’, because it believes it has arguments of merit for legal defense and therefore has not made a provision for this action.

### Environmental issues

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

An environmental association, in a class action, has claimed indemnity for supposed collective environmental damages as a result of the construction and operation of the Nova Ponte Hydroelectric Plant.

Due to the changes made in the environmental legislation and the trend toward a consensus in case law, the Company has re-evaluated the amounts and probabilities of loss on the claims in this action from: R\$ 376 (R\$ 314 on December 31, 2015). Based on the first instance decision, which ruled against the plaintiff’s applications, Management has re-evaluated the probability of loss, classifying it as ‘remote’.

The Public Attorney’s Office of the State of Minas Gerais has brought class actions requiring the Company to invest at least 0.5% of the gross annual operational revenue, since 1997, 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 municipalities where Cemig’s power plants are located, and proportional indemnity for allegedly irreparable environmental damage caused, arising from omission to comply with Minas Gerais State Law 12503/97.



The Company has filed appeals to the Higher Appeal Court (STJ) and the Federal Supreme Court (STF). Based on the opinions of its legal advisers, the Company believes that this is a matter involving legislation at sub-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 a matter for the national Higher Appeal Court (STJ) and the Federal Supreme Court (STF). No provision has been constituted. The estimated amount of the contingency is R\$ 113 (R\$ 99 on December 31, 2015).

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, the Company has classified the probability of loss in this dispute as 'possible'. The estimated value of the contingency is R\$ 71 (R\$ 64 on December 31, 2015).

#### Other contingent liabilities

##### *Early settlement of the CRC (Earnings Compensation) Account*

The Company is a party in an administrative proceeding before the Audit Court of the State of Minas Gerais which challenges (i) a difference of amounts relating to the discount offered by Cemig for early repayment of the credit owed to Cemig by the State under the Receivables Assignment Contract in relation to the CRC Account (*Conta de Resultados a Compensar*, or Earnings Compensation Account) – this payment was completed in the first quarter of 2013 – and also (ii) possible undue financial burden on the State after the signature of the Amendments that aimed to re-establish the economic and financial balance of the Contract. The amount of the contingency is approximately R\$ 390 (R\$ 363 on December 31, 2015), and the Company believes that it has met the legal requirements, having based its actions on the Opinion of the Public Attorneys' Office of the Audit Board of the State of Minas Gerais. Thus, it has assessed the chances of loss as 'possible', since it believes that the adjustment was made in faithful obedience to the legislation applicable to the case.

### *Contractual imbalance*

The Company is a party in disputes alleging losses suffered as a result of supposed breach of contract at the time of implementation of part of the rural electrification program known as *Luz Para Todos* ('Light for Everyone'). The estimated amount is R\$ 237 (R\$ 202 on December 31, 2015) and no provision has been made. The Company has classified the chances of loss as 'possible' as a result of the analysis that has been made of the argument and documentation used by the contracted parties in attempting to make the Company liable for any losses that allegedly occurred.

The Company is also a party in other disputes arising from alleged non-compliance with contracts in the normal course of business, for an estimated total of R\$ 71 (R\$ 33 on December 31, 2015). The Company has classified the chance of loss as 'possible', after analysis of the case law on this subject.

### *Irregularities in competitive tender proceedings*

The Company is a party in a dispute alleging irregularities in competitive tender proceedings, governed by an online invitation to bid. The estimated amount is R\$ 26 (R\$ 24 on December 31, 2015), and no provision has been made. The Company has classified the chances of loss as 'possible', after analysis of the case law on this subject.

### *Alteration of the monetary updated index of employment-law cases*

The Higher Employment Law Appeal Court (*Tribunal Superior do Trabalho*, or TST), considering a position adopted by the Federal Supreme Court (*Supremo Tribunal Federal*, STF) in two actions on constitutionality that dealt with the index for monetary updating of federal debts, decided on August 4, 2015 that employment-law debts in actions not yet decided that discuss debts subsequent to June 30, 2009 should be updated based on the variation of the IPCA-E (Expanded National Consumer Price Index), rather than of the TR reference interest rate. On October 16, 2015 an interim injunction was given by the STF that suspended the effects of the TST decision, on the grounds that decisions on matters of general constitutional importance should exclusively be decided by the STF.

The estimated value of the difference between the monetary updating indices of the employment-law cases is R\$ 176 (R\$ 140 on December 31, 2015). No additional provision has been made, since the Company, based on the assessment by its legal advisers, has assessed the chances of loss in the action as 'possible', as a result of the decision by the STF, and of there being no established case law, nor analysis by legal writers, on the subject, after the injunction given by the Federal Supreme court.

## 24. EQUITY AND REMUNERATION TO SHAREHOLDERS

The Company's registered share capital on December 31, 2016 and 2015 is R\$ 6,294, in 420,764,708 common shares and 838,076,946 preferred shares, all with nominal value of R\$ 5.00 (reais), as follows:

Shareholders	Number of shares on December 31, 2016					
	Common	%	Preferred	%	Total	%
State of Minas Gerais	214,414,739	51	-	-	214,414,739	17
Other entities of Minas Gerais State	56,703	-	4,860,228	1	4,916,931	1
AGC Energia S.A.	84,357,856	20	-	-	84,357,856	7
Other	-	-	-	-	-	-
In Brazil	112,584,011	27	252,478,755	30	365,062,766	28
Rest of world	9,351,399	2	580,737,963	69	590,089,362	47
<b>Total</b>	<b>420,764,708</b>	<b>100</b>	<b>838,076,946</b>	<b>100</b>	<b>1,258,841,654</b>	<b>100</b>

Shareholders	Number of shares on December 31, 2015					
	Common	%	Preferred	%	Total	%
Minas Gerais State	214,414,739	51	-	-	214,414,739	17
Other entities of M.G. State	56,703	-	10,418,812	1	10,475,515	1
AGC Energia S.A.	138,700,848	33	42,671,763	5	181,372,611	15
Others	-	-	-	-	-	-
In Brazil	58,127,167	14	179,358,041	21	237,485,208	18
Rest of world	9,465,251	2	605,628,330	73	615,093,581	49
<b>Total</b>	<b>420,764,708</b>	<b>100</b>	<b>838,076,946</b>	<b>100</b>	<b>1,258,841,654</b>	<b>100</b>

### (a) Earnings per share

The number of shares used in the calculation of basic profit and diluted profit per share, including the effect of the new shares, is as follows:

Number of shares	2016	2015	2014
Common shares	420,764,708	420,764,708	420,764,708
Held in treasury	(69)	(69)	(69)
	<b>420,764,639</b>	<b>420,764,639</b>	<b>420,764,639</b>
Preferred shares	838,076,946	838,076,946	838,076,946
Held in treasury	(560,649)	(560,649)	(560,649)
	<b>837,516,297</b>	<b>837,516,297</b>	<b>837,516,297</b>
<b>Total</b>	<b>1,258,280,936</b>	<b>1,258,280,936</b>	<b>1,258,280,936</b>

### Basic profit per share

The Company's preferred shares carry the right to a minimum mandatory dividend, as shown in more detail in item 'c'.

The following is the calculation of the basic profit per share:

	2016	2015	2014
Profit for the period	334	2,469	3,137
Minimum mandatory dividend for the preferred shares arising from the profit for the period (item c)	204	422	531
Profit not distributed arising from the profit for the period – preferred shares	87	1,221	1,557
Total of the profit for the preferred shares (A)	291	1,643	2,088
Minimum mandatory dividend for the common shares	-	212	266
Profit not distributed arising from the profit for the period – common shares	44	614	783
Total profit for the common shares (B)	44	826	1,049
Basic profit per preferred share ( A / number of preferred shares )	0.35	1.96	2.49
Basic profit per common share ( B / number of common shares )	0.10	1.96	2.49

### Diluted profit per share

The call and put options in shares of investees, described in more detail in Note 15, have potential to dilute the Company's shares. The following shows the calculation of diluted profit per share:

	2016	2015	2014
Profit for the period	334	2,469	3,137
Total basic profit for the preferred shares	291	1,643	2,088
Dilutive effect related to the RME/Lepsa Option	(22)	-	-
Dilutive effect related to the Ativas Option	(5)	-	-
Diluted profit for the preferred shares (C)	264	1,643	2,088
Total profit for the year for the common shares (B)	44	826	1,049
Dilutive effect related to the RME/Lepsa Option	(11)	-	-
Dilutive effect related to the Ativas Option	(2)	-	-
Diluted profit for the common shares (D)	30	826	1,049
Diluted profit per preferred share ( C / No. of preferred shares )	0.32	1.96	2.49
Diluted profit per common share ( D / No. of common shares )	0.07	1.96	2.49

### Shareholders' agreement

On August 1, 2011, the government of Minas Gerais State signed a Shareholders' Agreement with AGC Energia S.A., with BNDES Participações S.A. as consenting party, valid for 15 years. The agreement maintains the State of Minas Gerais as dominant, sole and sovereign controlling shareholder of the Company, and attributes to AGC Energia certain prerogatives for the purpose of contributing to the sustainable growth of the Company, among other provisions.

## (b) Reserves

The account lines Capital Reserves and Profit Reserves are made up as follows:

Capital reserves and shares in Treasury	2016	2015	2014
Investment-related subsidies	1,857	1,857	1,857
Goodwill on issuance of shares	69	69	69
Shares in Treasury	(1)	(1)	(1)
	<b>1,925</b>	<b>1,925</b>	<b>1,925</b>

The Reserve for investment-related subsidies basically refers to the compensation by the federal government for the difference between the profitability obtained by Cemig up to March 1993 and the minimum return guaranteed by the legislation in effect at the time.

The reserve for treasury shares refers to the pass-through by Finor of shares arising from funds applied in Cemig projects in the area covered by Sudene (the development agency for the Northeast) under tax incentive programs.

Profit reserves	2016	2015	2014
Legal reserve	853	853	853
Reserve under the By-laws	57	57	57
Retained earnings reserve	2,813	2,906	1,655
Tax incentives reserve	57	50	29
Reserve for obligatory dividends not distributed	1,420	797	-
	<b>5,200</b>	<b>4,663</b>	<b>2,594</b>

### Legal reserve

Constitution of the Legal Reserve is obligatory, up to the limits established by law. The purpose of the Reserve is to ensure the security of the share capital, its use being allowed only for offsetting of losses or increase in the share capital. The Company did not deposit in the Legal Reserve in 2016 due to its having reached its legal limit.

### Reserve under the by-laws

The Reserve under the By-laws is for future payment of extraordinary dividends, in accordance with Article 28 of the by-laws.

### Retained Earnings reserve

The Retained Earnings Reserves are for profits not distributed in previous years, to guarantee execution of the Company's Investment Program, and amortizations of loans and financings planned for the 2016 business year. The retentions are supported by capital budgets approved by the Board of Directors in the periods in question.

### Tax Incentives Reserve

The federal tax authority (*Receita Federal*) recognized the Company's right to reduction of 75% in income tax, including the tax paid at the additional rate, calculated on the basis of the operating profit in the region of Sudene (the Development Agency for the Northeast), for 10 years starting in 2014. The amount of the tax incentive gain recorded was R\$ 57 in 2016 (R\$50 in 2015 and R\$29 in 2014). This reserve cannot be used for payment of dividends.

### **(c) Dividends**

#### Ordinary dividends

Under its by-laws, Cemig is required to pay to its shareholders, as obligatory dividends, 50% of the net profit of each business year.

The preferred shares have preference in the event of reimbursement of capital and participate in profits on the same conditions as the common shares. They have the right to a minimum annual dividend equal to the greater of:

- (a) 10% of their par value and
- (b) 3% of the portion of equity that they represent.

Under the by-laws, Cemig's shares held by private individuals have the right to a minimum dividend of 6% per year on their par value in all years when Cemig does not obtain sufficient profits to pay dividends to its shareholders. This guarantee is given by the State of Minas Gerais by Article 9 of State Law 828 of December 14, 1951 and Article 1 of State Law 8796 of April 29, 1985.

Under the Company's by-laws, if the Company is able to pay dividends higher than the obligatory minimum dividend required for the preferred shareholders, and the remainder of net profit is sufficient to offer equal dividends for both the common and preferred shares, then the dividend per share will be the same for the holders of common shares and the holders of preferred shares. Dividends declared are paid in two equal installments, the first by June 30 and the second by December 30, of the year following the generation of the profit to which they refer. The Executive Board decides the location and processes of payment, subject to these periods.

The calculation of the dividends proposed for distribution to shareholders based on the profit for the business year is as follows:

Calculation of the Minimum Dividends required by the Bylaws for the preferred shares	2016	2015	2014
Nominal value of the preferred shares	4,190	4,190	4,190
Percentage applied to the nominal value of the preferred shares	10.00%	10.00%	10.00%
Amount of the dividends by the First payment criterion	419	419	419
Equity	12,930	12,984	11,281
Preferred shares as a percentage of Equity (net of shares held in Treasury)	66.58%	66.58%	66.58%
Portion of Equity represented by the preferred shares	8,609	8,645	7,511
Percentage applied to the portion of Equity represented by the preferred shares	3.00%	3.00%	3.00%
Amount of the dividends by the Second payment criterion	258	259	225
Calculation of the Minimum Dividends required by the Bylaws for the preferred shares	419	419	419
Obligatory Dividend			
Net profit for the year	334	2,469	3,137
Obligatory dividend – 50.00% of net income	167	1,235	1,568

In 2016, 2015 and 2014 the mandatory minimum dividend under the by-laws for the preferred shares is R\$ 419.

In December 2016 the Company declared payment of R\$ 380 in the form of Interest on Equity, to be paid in two equal installments, by June 30 and December 30, 2017, to holders of preferred and common shares whose names were on the Company's Nominal Share Registry on December 26, 2016. The total amount of this Interest on Equity will have counterpart in the Retained Earnings Reserve.

Interest on Equity	2016
Interest on Equity – preferred shares and common shares	
– Common shares	127
– Preferred shares	253
	<u>380</u>

Sub-item III of CVM Decision 683/2012 establishes that Interest on Equity paid or credited may only be imputed against the minimum obligatory dividend at its value net of withholding income tax.

Based on this, the following is the proposal for allocation of profit, with the guarantee of minimum dividends for the preferred shares:

Calculation of dividends to be distributed	Holding company
	2016
Interest on Equity paid to holders of the preferred shares	253
Additional dividends to guarantee the minimum payment for the preferred shares	
– Dividends to meet the minimum amount specified in the by-laws	166
– Withholding income tax on Interest on Equity paid for the preferred shares (253.004 x 15%)	38
	204
Total of Interest on Equity paid to the preferred shares from profit reserves	253
Total of Additional Dividends to guarantee the Minimum Payment for the preferred shares paid from the profit for the year	204
	457
Unit value of dividends – R\$	
Minimum Dividends required by the by-laws for the preferred shares	0.5
Dividends proposed – preferred shares (net of withholding tax)	0.5

#### Allocation of Net profit for 2016 – Proposal by management

The Board of Directors decided to propose to the Annual General Meeting to be held on May 12, 2017 that the profit for 2016, in the amount of R\$ 334, and the balance of Retained earnings, of R\$ 37, should be allocated as follows:

- R\$ 204 to be paid as minimum obligatory dividend, to the Company's shareholders, in two equal installments, by June 30 and December 30, 2017 to holders of preferred shares whose names were on the Company's Nominal Share Registry.
- R\$ 161 to be held in Equity in the Retained earnings reserve, to guarantee for the Company's consolidated investments planned for the 2017 business year, in accordance with a capital budget.
- R\$ 7 to be held in Equity in the Tax incentives reserve, in reference to the tax incentive amounts obtained in 2016 in relation to the investments made in the region of Sudene.



#### (d) Accumulated Other Comprehensive Income

Equity valuation adjustments	2016	2015	2014
Adjustments to actuarial liabilities – Employee Retirement Benefits	(170)	(121)	(14)
Other comprehensive income in subsidiary and jointly-controlled entities			
Deemed cost of PP&E	685	720	780
Change in fair value of financial asset available for sale in jointly controlled entity	38	18	-
Cumulative translation adjustments	-	63	26
Adjustments to actuarial liabilities – Employee Retirement Benefits	(1,041)	(578)	(324)
	<u>(318)</u>	<u>223</u>	<u>482</u>
<b>Accumulated Other Comprehensive Income</b>	<b><u>(488)</u></b>	<b><u>102</u></b>	<b><u>468</u></b>

The amounts reported as deemed cost of the generation assets are due to the valuation of the generation assets, with the assessment of their fair value at replacement cost in the initial adoption of international financial standards on January 1, 2009. The new valuation of the generation assets resulted in an increase in their value, posted in the specific line of Equity, net of the tax effects.

This table shows the adjustments arising from conversion of the financial statements:

<b>Balance at December 31, 2014</b>	<b>27</b>
Conversion adjustment of equity method gain in Other comprehensive income of Transchile	36
<b>Balance on December 31, 2015</b>	<b>63</b>
Conversion adjustment of equity method gain in Other comprehensive income of Transchile	(23)
Recycling to Income statement due to the sale of Transchile	(40)
<b>Balance at December 31, 2016</b>	<b>-</b>

## 25. REVENUE

	2016	2015 Restated	2014 Restated
Revenue from supply of electricity (a)	23,430	22,526	17,232
Revenue from use of the electricity distribution systems (TUSD) (b)	1,705	1,465	855
CVA and Other financial components in tariff increases (c)	(1,455)	1,704	1,107
Transmission revenue			
Transmission concession revenue (d)	312	261	557
Transmission construction revenue (e)	54	146	80
Transmission indemnity revenue (g)	751	101	420
Distribution construction revenue (e)	1,139	1,106	861
Adjustment to expectation of cash flow from the indemnifiable Financial asset of the distribution concession (i)	8	576	55
Revenue from financial updating of the Concession Grant Fee (f)*	300	-	-
Transactions in electricity on the CCEE (h)	161	2,425	2,348
Supply of gas	1,444	1,667	422
Other operating revenues (i)	1,421	1,440	1,284
Deductions from revenue (k)	(10,497)	(11,549)	(5,626)
<b>Net operating revenue</b>	<b><u>18,773</u></b>	<b><u>21,868</u></b>	<b><u>19,595</u></b>

\* Net of financial updating of the remaining balance payable of the concession grant fee

### a) Revenue from supply of electricity

This table shows supply of electricity by type of consumer:

	GWh (1)			R\$		
	2016	2015	2014	2016	2015	2014
Residential	9,916	9,830	10,014	7,819	7,297	5,183
Industrial	19,494	22,969	26,026	5,396	5,781	4,793
Commercial, Services and Others	6,573	6,434	6,395	4,359	3,956	2,786
Rural	3,575	3,380	3,390	1,463	1,407	908
Public authorities	886	892	891	545	548	381
Public illumination	1,350	1,326	1,298	528	533	358
Public service	1,252	1,204	1,273	547	540	369
<b>Subtotal</b>	<b>43,046</b>	<b>46,035</b>	<b>49,287</b>	<b>20,657</b>	<b>20,062</b>	<b>14,778</b>
Own consumption	37	38	37	-	-	-
Supply not yet invoiced, net	-	-	-	(199)	257	144
	<b>43,083</b>	<b>46,073</b>	<b>49,324</b>	<b>20,458</b>	<b>20,319</b>	<b>14,922</b>
Wholesale supply to other concession holders (2)	12,509	10,831	14,146	2,713	2,358	2,251
Wholesale supply not yet invoiced, net	-	-	-	259	(151)	59
<b>Total</b>	<b>55,592</b>	<b>56,904</b>	<b>63,470</b>	<b>23,430</b>	<b>22,526</b>	<b>17,232</b>

(1) Data not audited by external auditors.

(2) Includes Regulated Market Electricity Sale Contracts (CCEARs) and 'bilateral contracts' with other agents.

### b) Revenue from Use of Distribution Systems (the TUSD charge)

A significant part of the large industrial consumers in the concession areas of Cemig D and Light are now 'Free Consumers' – energy is sold to them by the Cemig group's generation and transmission company, Cemig GT, as well as other generators. When these users became Free Consumers, they began to pay separate charges for use of the distribution network. This line ('TUSD') records those charges.

### c) The CVA (Portion A Costs Variation Compensation) Account, and Other financial components, in tariff adjustments

The gains arising from variations in the CVA Account (Portion 'A' Costs Variation Compensation Account) and *Other financial components* in calculation of tariffs, refer to the positive and negative differences between the estimate of the Company's non-manageable costs and the payments actually made. The amounts recognized arise from balances constituted in the current period, homologated or to be homologated in tariff adjustment processes. For more information see Note 14.

### d) Transmission Concession Revenue

Transmission Revenue comprises the following:

- Concession Transmission Revenue, which includes the portion received from agents of the electricity sector relating to operation and maintenance of the transmission lines;

- Generation Connection System Revenue, arising from the transmission assets belonging to the generating units.

**e) Construction revenue**

Construction Revenue is substantially offset by Construction costs, and corresponds to the Company's investments in assets of the transmission and distribution concessions in the period.

**f) Gain on financial updating of the Concession Grant Fee**

Represents updating by the IPCA index, plus remuneratory interest, on the Concession Grant Fee for the concession awarded as Lot D of Auction 12/2015. For more details please see Note 14.

**g) Transmission indemnity revenue**

In 2016 the Company recognized revenue of R\$ 751, in relation to the following events:

- R\$ 20 relating to the difference between the amount of the Preliminary Revision made by Aneel – R\$ 1,157 – on February 23, 2015, of the Opinion sent by the Company, and the Final Revision.
- R\$ 44 for monetary updating of the balance of indemnity receivable by the IGP-M index, up to May 2016.
- R\$ 90 representing the difference between the variations resulting from application of the IGP-M index and the IPCA index – since the Company had updated the balance receivable, up to May 2016, by the IGP-M.
- R\$ 438, representing the cost of own capital, calculated on the basis of 10.44% p.a.
- R\$ 159 for updating of the balance of indemnity receivable, by the IPCA index, in accordance with Mining and Energy Ministry Order 120, in the period July through December 2016.

**h) Revenue from transactions in electricity on the CCEE (Wholesale Trading Chamber)**

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

**i) Adjustment to expectation of cash flow from the indemnifiable Financial asset of the distribution concession**

This arises from the gain on the Adjustment made to the expectation of cash flow from the indemnifiable Financial asset of the distribution concession, due to monetary updating of the Regulatory Remuneration Base of assets.

**j) Other operating revenues**

	2016	2015	2014
Charged service	6	14	11
Telecoms services	137	134	135
Services rendered	167	131	118
Subsidies (*)	1,001	996	790
Rental and leasing	105	93	81
Other	5	72	149
	<b>1,421</b>	<b>1,440</b>	<b>1,284</b>

(\*) Revenue recognized for the tariff subsidies applicable to users of distribution services, reimbursed by Eletrobras.

**k) Deductions from revenue**

	2016	2015	2014
<b>Taxes on revenue</b>			
ICMS tax (1)	5,211	4,487	3,198
Cofins tax	2,041	2,263	1,628
PIS and Pasep taxes	443	491	353
Other	7	6	6
	<b>7,702</b>	<b>7,247</b>	<b>5,185</b>
<b>Charges to the consumer</b>			
Global Reversion Reserve – RGR	(18)	36	39
Energy Efficiency Program (P.E.E.)	58	45	47
Energy Development Account – CDE	2,074	2,870	211
Research and Development – P&D	48	47	49
National Scientific and Technological Development Fund – FNDCT	48	47	48
Energy System Expansion Research – EPE	24	24	24
Consumer charges – Proinfra alternative sources program	43	27	29
Electricity Services Inspection Charge	35	37	
Royalties for use of water resources	123	102	
0.30% additional payment (Law 12111/09) (2)	-	-	(6)
Consumer charges – ‘Tariff Flag’ amounts	360	1,067	-
	<b>2,795</b>	<b>4,302</b>	<b>441</b>
	<b>10,497</b>	<b>11,549</b>	<b>5,626</b>

(1) As from January 1, 2016, the rate for consumers in the Commercial, services and other activities category was changed from 18% to 25% (Decree nº 46.924, of December 29, 2015).

(2) Reimbursement recognized by the Company in first quarter 2014, as per Official Letter 782/2013 authorized by Aneel, due to excess payment.

## 26. OPERATING COSTS AND EXPENSES

	2016	2015 Restated	2014 Restated
Personnel (a)	1,643	1,435	1,252
Employees' and managers' profit shares	7	137	249
Post-retirement liabilities – Note 22	345	156	212
Materials	58	154	381
Outsourced services (b)	867	899	953
Electricity purchased for resale (c)	8,273	9,542	7,428
Depreciation and amortization	834	835	801
Operating provisions (d)	704	1,401	581
Charges for the use of the national grid	947	999	744
Gas purchased for resale	877	1,051	254
Construction costs (e)	1,193	1,252	942
Other operating expenses. net (f)	156	426	651
	<b>15,904</b>	<b>18,287</b>	<b>14,448</b>

### a) Personnel expenses

	2016	2015	2014
Remuneration and salary-related charges and expenses	1,350	1,273	1,098
Supplementary pension contributions			
– Defined-contribution plan	100	85	80
Assistance benefits	175	142	144
	<u>1,625</u>	<u>1,500</u>	<u>1,322</u>
Provision for retirement premium (Reversal)	(12)	2	4
Voluntary retirement program	93	-	-
( – ) Personnel costs transferred to Assets	<u>(63)</u>	<u>(67)</u>	<u>(74)</u>
	<u>18</u>	<u>(65)</u>	<u>(70)</u>
	1,643	1,435	1,252

### Programmed Voluntary Retirement Plan (PDVP)

In April 2016, the Company created the PDVP (Voluntary Employee Severance Program). Those eligible to take part were any employees who would have worked with Cemig for 25 years or more by December 31, 2016. For voluntary retirement, the PDVP offered the much more advantageous severance payments which are specified by law only for the case of dismissal without just cause – including payment for the period of notice, but especially deposit of 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.

## b) Outsourced services

	2016	2015	2014
Meter reading and bill delivery	140	122	184
Communication	55	64	67
Maintenance and conservation of electrical facilities and equipment	246	238	230
Building conservation and cleaning	97	100	91
Contracted labor	13	6	7
Freight and airfares	7	10	11
Accommodation and meals	13	17	18
Security services	25	28	26
Consultancy	15	17	24
Maintenance and conservation of furniture and utensils	53	46	37
Maintenance and conservation of vehicles	8	11	12
Disconnection and reconnection	7	26	19
Environment	19	22	29
Legal services and procedural costs	30	24	33
Tree pruning	14	23	23
Cleaning of power line pathways	8	30	29
Copying and legal publications	16	14	9
Inspection of consumer units	1	4	4
Printing of tax invoices and electricity bills	3	4	5
Other	97	93	95
	<b>867</b>	<b>899</b>	<b>953</b>

## c) Electricity purchased for resale

	2016	2015	2014
From Itaipu Binacional	1,144	1,734	830
Physical guarantee quota contracts	537	252	221
Quotas from Angra I and II Nuclear Plants	217	200	179
Spot market	761	935	1,263
Proinfa Program	323	253	262
'Bilateral contracts'	292	326	380
Electricity acquired in Regulated Market auctions	2,540	3,978	3,242
Electricity acquired in the Free Market	3,279	2,762	1,762
Credits of Pasesp and Cofins taxes	(820)	(898)	(711)
	<b>8,273</b>	<b>9,542</b>	<b>7,428</b>

## d) Operating provisions (reversals)

	2016	2015	2014
Allowance for doubtful receivables	382	175	127
Contingency provision			
Employment-law cases	120	4	242
Civil cases	30	22	6
Tax	2	(4)	13
Environmental	-	(1)	-
Regulatory	-	10	(14)
Other	31	(3)	12
	<b>183</b>	<b>28</b>	<b>259</b>
Provision for losses on			
Other accounts receivable	40		
Put option - Parati (Note 15)	55	1,079	166
Put option - SAAG (Note 15)	49	119	29
Put option - Sonda (Note 15)	(5)		
	<b>704</b>	<b>1,401</b>	<b>581</b>

### e) Construction cost

	2016	2015	2014
Personnel and managers	58	65	60
Materials	534	521	415
Outsourced services	448	504	385
Other	153	162	82
	<b>1,193</b>	<b>1,252</b>	<b>942</b>

### f) Other operating expenses (revenues), net

	2016	2015 Restated	2014 Restated
Leasings and rentals	112	102	112
Advertising	13	11	19
Own consumption of electricity	22	21	17
Subsidies and donations	17	31	50
Paid concession	3	7	23
Insurance	9	9	9
CCEE annual charge	8	8	7
Net loss on deactivation and disposal of assets	112	30	97
Forluz – Administrative running cost	25	22	22
Gain on disposal of shares in Taesa	(181)	-	-
Gain on disposal of Transchile	(134)	-	-
Other expenses	150	185	295
	<b>156</b>	<b>426</b>	<b>651</b>

### Operating Leases

The Company has operating lease contracts relating, mainly, to vehicles and buildings used in its operational activities. Their amounts are not material in relation to the Company's total costs.

## 27. FINANCIAL REVENUES AND EXPENSES

	2016	2015 Restated	2014 Restated
<b>FINANCIAL REVENUES</b>			
Income from cash investments	317	251	298
Late charges on overdue electricity bills	277	230	166
Foreign exchange variations	62	76	15
Monetary variations	106	36	53
Monetary variations – CVA	204	68	-
Monetary updating on Court escrow deposits	46	212	-
Pasep and Cofins taxes charged on financial revenues	(88)	(84)	(38)
Contractual penalty payments	12	16	10
Adjustment to present value	-	2	-
Other	105	56	31
	<b>1,041</b>	<b>863</b>	<b>535</b>
<b>FINANCIAL EXPENSES</b>			
Costs of loans and financings	(1,928)	(1,386)	(931)
Foreign exchange variations	(35)	(172)	(26)
Monetary updating – Loans and financings	(245)	(387)	(271)
Monetary updating – concession agreements	(3)	(11)	(17)
Charges and monetary updating on Post-retirement liabilities	(103)	(129)	(99)
Monetary updating – CCEE obligations	(10)	-	-
Adjustment to present value	-	-	-
Other	(154)	(119)	(350)
	<b>(2,478)</b>	<b>(2,204)</b>	<b>(1,694)</b>
<b>NET FINANCIAL REVENUE (EXPENSES)</b>	<b>(1,437)</b>	<b>(1,341)</b>	<b>(1,159)</b>

The Pasep and Cofins expenses apply to Interest on Equity.



## 28. RELATED PARTY TRANSACTIONS

Cemig's principal balances and transactions with related parties are shown here:

COMPANY	ASSETS		LIABILITIES		REVENUE			EXPENSES		
	2016	2015	2016	2015	2016	2015	2014	2016	2015	2014
<b>Controlling shareholder</b>										
<b>MINAS GERAIS STATE GOVT.</b>										
<b>Current</b>										
Consumers and Traders (1)	71	19	-	-	152	150	105	-	-	-
Financings – BDMG	-	-	4	9	-	-	-	(1)	(2)	(1)
Debentures (2)	-	-	-	-	-	-	-	-	-	(30)
<b>Non-current</b>										
Financings – BDMG	-	-	23	50	-	-	-	-	-	-
<b>Jointly-controlled entities</b>										
<b>Aliança Geração</b>										
<b>Current</b>										
Transactions in electricity (2)	-	-	7	11	-	-	-	(142)	(106)	-
Provision of services (3)	4	-	-	-	14	6	-	-	-	-
<b>Baguari Energia</b>										
<b>Current</b>										
Transactions in electricity (2)	-	-	1	1	-	-	-	(7)	(6)	(6)
Interest on Equity, and dividends	-	6	-	-	-	-	-	-	-	-
<b>Madeira Energia</b>										
<b>Current</b>										
Transactions in electricity (2)	-	-	18	16	8	-	-	(574)	(638)	(124)
Advance against future electricity supply (4)	-	87	-	-	-	12	-	-	-	-
<b>Norte Energia</b>										
<b>Current</b>										
Transactions in electricity (2)	-	-	4	-	2	-	-	(49)	-	-
<b>Pipoca</b>										
<b>Current</b>										
Transactions in electricity (2)	-	-	1	1	-	-	-	(16)	(11)	-
Interest on Equity, and dividends	-	1	-	-	-	-	-	-	-	-
<b>Retiro Baixo</b>										
<b>Current</b>										
Dividends, and Interest on Equity	2	-	-	-	-	-	-	-	-	-
<b>Guanhães Energia</b>										
<b>Current</b>										
Adjustment for losses (5)	-	-	59	-	-	-	-	-	-	-
<b>Renova</b>										
<b>Current</b>										
Transactions in electricity (2)	-	-	-	2	-	-	-	(159)	(12)	(12)
<b>Non-current</b>										
Accounts receivable (6)	74	-	-	-	14	-	-	-	-	-
Advance for future delivery of power supply (7)	229	60	-	-	17	-	-	-	-	-
<b>TAESA</b>										
<b>Current</b>										
Transactions in electricity (2)	-	-	10	11	-	-	-	(110)	(94)	(33)
<b>Empresa Amazonense de Transmissão de Energia -EATE</b>										
<b>Current</b>										
Transactions in electricity (2)	-	-	3	3	-	-	-	(25)	(28)	(6)
<b>Light</b>										
<b>Current</b>										
Transactions in electricity (2)	-	1	-	-	59	47	9	(1)	(1)	-
Interest on Equity, and dividends	7	44	-	-	-	-	-	-	-	-
<b>Parati</b>										
<b>Current</b>										
Interest on Equity, and dividends	-	9	-	-	-	-	-	-	-	-
<b>Axxiom</b>										
<b>Current</b>										
Provision of services (8)	-	-	7	6	-	-	-	-	-	-

COMPANY	ASSETS		LIABILITIES		REVENUE			EXPENSES		
	2016	2015	2016	2015	2016	2015	2014	2016	2015	2014
<b>Other related parties</b>										
<b>FIC Pampulha</b>										
<b>Current</b>										
Securities	1,455	1,031	-	-	197	115	181	-	-	-
(-) Securities issued by subsidiary companies of Cemig (9)	(49)	-	-	-	-	-	-	-	-	-
<b>Non-current</b>										
Securities	46	17	-	-	-	-	-	-	-	-
(-) Securities issued by subsidiary companies of Cemig (9)	(15)	-	-	-	-	-	-	-	-	-
<b>FORLUZ</b>										
<b>Current</b>										
Post-retirement obligations (10)	-	-	86	76	-	-	-	(186)	(129)	(99)
Personnel expenses (11)	-	-	-	-	-	-	-	(100)	(85)	(80)
Administrative running costs (12)	-	-	-	-	-	-	-	(25)	(22)	(22)
Operational leasing (13)	-	-	10	2	-	-	-	(39)	(18)	(17)
<b>Non-current</b>										
Post-retirement obligations (10)	-	-	1,593	1,270	-	-	-	-	-	-
<b>CEMIG SAÚDE (HEALTH)</b>										
<b>Current</b>										
Health Plan and Dental Plan (14)	-	-	102	79	-	-	-	(187)	(146)	(135)
<b>Non-current</b>										
Health Plan and Dental Plan (14)	-	-	1,647	1,275	-	-	-	-	-	-

The main conditions relating to the related party transactions are as follows:

- (1) Refers to sale of electricity to the government of the State of Minas Gerais. The price of the electricity is defined by Aneel through a Resolution which decides the Company's annual tariff adjustment.
- (2) Transactions in electricity 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 contract to provide plant operation and maintenance services.
- (4) Effected in February 2015, in accordance with a condition of the power purchase agreement between Cemig GT and Saesa signed on March 19, 2009. For the purpose of settlement, this amount will be updated at a rate of 135% of the CDI rate, and will be offset against invoicing by Saesa for supply of electricity. The offsetting was completed on March 15, 2016.
- (5) A liability was recognized corresponding to the Company's interest in the share capital of Guanhães, due to its negative equity (see Note 15).
- (6) Cemig GT has an item of R\$ 60 receivable from Renova Energia, which will be paid in 12 monthly installments, the first on January 10, 2018 and the last becoming due in December 2018, with monetary updating at 150% of the CDI rate.
- (7) In June 2016, under an electricity supply contract with Renova, Cemig GT advanced R\$ 94 to Renova's trading company, Renova Comercializadora, after guarantees of certain assets of Renova had been provided. Subsequently further advances were made, of R\$ 40 in September, and R\$ 15, R\$ 25 and R\$ 38 on October 3, 17 and 27, 2016, respectively. For the purpose of settlement, this amount will be updated at a rate of 155% of the CDI rate, and offset by invoicing, by Renova, for supply of electricity provided.
- (8) Refers to obligations and expenses on development of management software.
- (9) 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 descriptive text below.
- (10) The contracts of Forluz are updated by the Expanded Consumer Price Index (IPCA) calculated by the Brazilian Geography and Statistics Institute (*Instituto Brasileiro de Geografia e Estatística*, or IBGE) (See Note 22) and will be amortized up to the business year of 2024.
- (11) The Company's contributions to the pension fund for the employees participating in the Mixed Plan, and calculated on the monthly remuneration (see Explanatory Note 26), in accordance with the regulations of the Fund.
- (12) 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.
- (13) Rental of the head office building.
- (14) Contribution by the sponsor to the employees' Health Plan and Dental Plan (See Note 22).

For more information on the principal transactions, please see Notes 8, 18 and 25.

## Guarantees and sureties for loans, financings and debentures

Cemig is provider of surety or guarantee of loans, financings and debentures of the following related parties – not consolidated in the financial statements because they relate to jointly-controlled entities or affiliated companies:

Related party	Relationship	Type	Object of guarantee	2016	Expiration
Norte Energia S.A. ('Nesa')	Affiliated	Surety	Financing	2,357	2042
Light (1)	Jointly-controlled entity	Counter-guarantee	Financing	684	2042
Santo Antônio Energia S.A.	Jointly-controlled entity	Surety	Financing	1,995	2034
Santo Antônio Energia S.A.	Jointly-controlled entity	Surety	Debentures	736	2037
Guanhães	Jointly-controlled entity	Surety	Promissory Note	67	2016
Centroeste	Jointly-controlled entity	Surety	Financing	9	2023
				<u>5,848</u>	

(1) Related to execution of guarantees of the Norte Energia financing.

At December 31, 2016, Management believes that there is no need to recognize any provisions in the Company's financial statements for the purpose of meeting any obligations arising under these sureties and/or guarantees.

## Cash investments in FIC Pampulha – investment fund of Cemig and its subsidiaries and affiliates

Cemig and its subsidiaries and affiliates 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 Presented in the table below are accounted under *Securities* in Current and Non-current assets, or presented as deductions in the account line *Debentures* in Current or Non-current assets, on December 31, 2016.

The funds applied in this investment fund 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 in securities of related parties, in the investment fund, on December 31, 2016 and 2015, are as follows:

Issuer of security	Type	Annual contractual conditions	Maturity	Cemig Holding Company 10.12%	Cemig GT 20.86%	Cemig D 24.94%	Other subsidiaries 22.39% *	Total 2016
Axiom	Debentures	109.00% of CDI Rate	1/29/2017	1	1	1	1	4
ETAU	Debentures	108.00% of CDI	12/1/2019	1	2	3	2	8
				<u>2</u>	<u>3</u>	<u>4</u>	<u>3</u>	<u>12</u>

Issuer of security	Type	Annual contractual conditions	Maturity	Cemig Holding Company 10.12%	Cemig GT 20.86%	Cemig D 24.94%	Other subsidiaries 22.39% *	Total 2015
Axiom	Debentures	109.00% of CDI Rate	1/29/2017	1	3	3	4	11
Ativas	Debentures	CDI + 3.50%	7/1/2017	2	7	5	8	22
Ativas	Debentures	CDI + 3.50%	7/1/2017	3	8	6	10	27
ETAU	Debentures	108.00% of CDI Rate	12/1/2019	1	3	2	4	10
Brasnorte	Debentures	108.00% of CDI Rate	6/22/2016	-	1	1	1	3
				<b>7</b>	<b>22</b>	<b>17</b>	<b>27</b>	<b>73</b>

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

## Remuneration of key management personnel

The total costs of key management personnel, in 2016, 2015 and 2014, are shown in this table:

	2016	2015	2014
Remuneration	25	19	11
Profit shares (reversals)	(1)	2	3
Assistance benefits	2	1	1
	<b>26</b>	<b>22</b>	<b>15</b>

## 29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The financial instruments of the Company and its subsidiaries are restricted to the following: cash and cash equivalents, securities, Consumers, traders, and power transport concession holders; Financial assets of the concession related to infrastructure; Linked funds; Escrow deposits in litigation; the CVA (Portion A Costs Variation Compensation) Account and Other Financial Components in tariff adjustments; Loans and financings; Concession obligations payable; Suppliers; and Post-employment obligations. The gains and losses on transactions are recorded in full in the profit or loss for the business year or in Equity, by the accrual method.

The Company's financial instruments and those of its subsidiaries are recorded at fair value and measured in accordance with the following classifications:

- Loans and receivables: This category contains: Cash equivalents; Credits receivable from Consumers, Traders, and power transport concession holders; Linked funds; Financial assets related to the CVA account, and Other financial components, in calculation of tariffs; the Low-income subscriber subsidy; Reimbursement of tariff subsidies and Other credits owed by Eletrobras; Escrow deposits in litigation; Financial assets of the concession not covered by Law 12783/1; and Financial assets related to Auction 12/2015 for award of generation plants. They are recognized at their nominal realization value, which is similar to fair value.

- Financial instruments at fair value through profit or loss: Securities held for trading, and Put options, are in this category. They are valued at fair value and the gains or losses are recognized directly in the Profit and loss account.
- Financial instruments held to maturity: These include Securities, in the amount of R\$ 50 on December 31, 2016 and R\$ 225 on December 31, 2015, included in Note 7. There is positive intention to hold them to maturity. They are measured at amortized cost using the effective rates method. Fair value, of R\$ 50 on December 31, 2016 and R\$ 224 on December 31, 2015, was measured using information of Level 2.
- Financial instruments available for sale: In this category are Financial assets of the concession related to distribution infrastructure covered by Law 12783/13. They are measured at New Replacement Value (*Valor Novo de Reposição*, or VNR), which is equivalent to fair value on the date of these financial statements.
- Other financial liabilities – Non-derivative financial liabilities: In this category are Loans and financings; Obligations under debentures; Debt agreed with the Pension Fund (Forluz); Concessions payable; and Suppliers. They are measured at amortized cost using the effective rates method. The Company has calculated the fair value of its Loans, financings and debentures using 140% of the CDI rate – based on its most recent funding. For the following, the Company considered fair value to be substantially equal to book value: Loans, financings and debentures with annual rates between IPCA + 6.00% to 8.07% and CDI + 2.00% to 4.05%. For the financings from the BNDES and Eletrobras, fair value is conceptually similar to book value, due to the specific characteristics of the transactions.
- Liabilities measured at fair value – Financial liabilities for the put options: The options to sell units in FIP Melbourne and FIP Malbec ('the SAAG Put'); the options to sell shares in RME and Lepsa ('the Parati PUT'); and the Sonda Options, were valued at fair value using the Black-Scholes-Merton (BSM) model. Both the options were calculated using the discounted cash flow method: for the SAAG Put option, up to the third quarter of 2016; and for the Parati Put option, up to the first quarter of 2016. The method used was changed, in the fourth and second quarters, respectively, to the BSM model. The Company calculated the fair value of these options having as a reference their respective prices obtained by the BSM model, valued on the closing date of the financial statements for the 2016 business year.

The accounting balances of the financial instruments are similar to the fair values, except for loans, of which the accounting balance is R\$ 15,179 (R\$ 15,167 on December 31, 2015) and fair value is R\$ 14,711 (R\$ 15,544 on December 31, 2015), being measured as Level 2, using similar liabilities as reference.

## a) 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 is exposed are as follows:

### Exchange rate risk

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

This table gives the net exposure to exchange rates:

Exposure to exchange rates	2016		2015	
	Foreign currency	R\$	Foreign currency	R\$
US dollars				
Loans and financings (Note 20)	7	23	8	33
Suppliers (Itaipu Binacional)	62	207	83	315
	69	230	91	348
Euro				
Loans, financings and debentures – Euros (Note 20)	2	7	3	14
<b>Net liabilities exposed</b>		<b>237</b>		<b>362</b>

(\*) BNDES monetary unit – reflects the weighted average of the FX variations in the BNDES Basket of Currencies.

### Sensitivity analysis

Based on its financial consultants, the Company estimates that in a probable scenario, at December 31, 2017 the US dollar will have appreciated by 2.82%, to an exchange rate of R\$ 3.351/US\$; and the Euro will have appreciated by 1.95%, to R\$ 3.505/Euro. 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 scenario 1:

Risk: foreign exchange rate exposure	Base scenario Dec. 31. 2016	Scenario 1 USD: R\$ 3.351 Euro: R\$ 3.505	Scenario 2 FX depreciation 25% USD: R\$ 4.189 Euro: R\$ 4.381	Scenario 3 FX depreciation 50% USD: R\$ 5.027 Euro: R\$ 5.258
US dollar				
Loans and financings (Note 20)	23	24	30	36
Suppliers (Itaipu Binacional)	207	212	266	319
	<u>230</u>	<u>236</u>	<u>296</u>	<u>355</u>
Euro				
Loans and financings (Note 20)	7	8	9	11
<b>Net liabilities exposed</b>	<u>237</u>	<u>244</u>	<u>305</u>	<u>366</u>
<b>Net effect of exchange rate variation</b>		<u>7</u>	<u>68</u>	<u>129</u>

### Interest rate risk

Cemig and its subsidiaries are exposed to the risk of increase in international interest rates, affecting loans and financings in foreign currency with floating interest rates (principally Libor), in the amount of R\$ 60 (R\$ 72 on December 31, 2015).

The Company is exposed to the risk of increase in domestic Brazilian interest rates through its net liabilities, indexed to the variations in the Selic and CDI rates, as follows:

Exposure to domestic interest rate changes	2016	2015
<b>Assets</b>		
Cash equivalents – Short-term investments (Note 6)	894	873
Securities (Note 7)	1,045	2,511
Restricted cash	367	-
CVA and Other financial components in tariffs – Selic rate * (Note 14)	398	1,350
Credits owed by Eletrobras	<u>138</u>	<u>-</u>
	<u>2,842</u>	<u>4,734</u>
<b>Liabilities</b>		
Loans, financings and debentures – CDI rate (Note 20)	(10,928)	(10,734)
Loans, financings and debentures – TJLP (Note 20)	(213)	(283)
CVA and Other financial components in tariffs – Selic rate * (Note 14)	(805)	-
	<u>(11,946)</u>	<u>(11,017)</u>
<b>Net liabilities exposed</b>	<b>(9,104)</b>	<b>(6,283)</b>

(\*) Amounts of CVA and Other financial components, indexed to the Selic rate.

### Sensitivity analysis

The Company estimates that, in a probable scenario, on December 31, 2017 the Selic rate will be 9.00% p.a. and the TJLP will be 6.75% p.a. The Company has made a sensitivity analysis of the effects on its profit arising from increases in rates of 25% and 50% in relation to this scenario 1. Variation in the CDI rate accompanies the variation in the Selic rate.

Estimation of the scenarios for the path of interest rates will consider the projection of the Company's scenarios, based on its financial consultants.

Risk: Increase in Brazilian interest rates	2016	December 31, 2017		
	Book value	Scenario 1 Selic 9.00% TJLP 6.75%	Scenario 2 Selic 11.25% TJLP 8.44%	Scenario 3 Selic 13.50% TJLP 10.13%
<b>Assets</b>				
Cash investments (Note 6)	894	974	994	1,014
Securities (Note 7)	1,045	1,139	1,163	1,186
Restricted cash	367	401	409	417
CVA and Other financial components of tariff – Selic rate	398	434	442	451
Credits owed by Eletrobras	138	151	154	157
	<u>2,842</u>	<u>3,099</u>	<u>3,162</u>	<u>3,225</u>
<b>Liabilities</b>				
Loans, financings and debentures – CDI rate (Note 20)	(10,928)	(11,912)	(12,158)	(12,404)
Loans and financings – TJLP (Note 20)	(213)	(227)	(231)	(235)
CVA and <i>Other financial components</i> in tariff adjustments (Note 14)	(805)	(877)	(896)	(914)
	<u>(11,946)</u>	<u>(13,016)</u>	<u>(13,285)</u>	<u>(13,553)</u>
<b>Net liabilities exposed</b>	<b>(9,104)</b>	<b>(9,917)</b>	<b>(10,123)</b>	<b>(10,328)</b>
<b>Net effect of variation in interest rates</b>		<b>(813)</b>	<b>(1,019)</b>	<b>(1,224)</b>

### Risk of increase in inflation

This table shows the Company's net exposure to inflation rates:

Exposure to increase in inflation	2016	2015
<b>Assets</b>		
Financial assets of the concession related to infrastructure –Distribution – IPCA Index (Note 14)	128	121
Financial assets of the concession related to infrastructure Transmission– IPCA index (note 14)*	1,805	1,054
Concession Grant Fee – IPCA (Note 14)	2,254	-
	<u>4,187</u>	<u>1,175</u>
<b>Liabilities</b>		
Loans, financings and debentures – IPCA index (Note 20)	(3,933)	(3,910)
Debt agreed with pension fund (Forluz) – IPCA	(787)	(812)
	<u>(4,720)</u>	<u>(4,722)</u>
<b>Net assets (liabilities) exposed</b>	<b>(533)</b>	<b>(3,547)</b>

(\*) Value of the Financial assets of the concession homologated by Aneel in Dispatch 729 of March 25, 2014.

### Sensitivity analysis

In relation to the most significant risk of increase in inflation, the Company estimates that, in a probable scenario, on December 31, 2017 the IPCA inflation index will be 4.70%. The Company has made a sensitivity analysis of the effects on its profit arising from increases in inflation of 25% and 50% in relation to this scenario 1:



Risk: increase in inflation	2016	December 31, 2017		
	Book value	Scenario 1 IPCA 4.70%	Scenario 2 IPCA 5.88%	Scenario 3 IPCA 7.05%
<b>Assets</b>				
Financial assets of the concession related to infrastructure – Distribution – IPCA Index (Note 14)	128	134	136	137
Financial assets of the concession related to infrastructure Transmission – IPCA index (note 14)*	1,805	1,890	1,911	1,932
Concession Grant Fee – IPCA (Note 14)	2,254	2,360	2,386	2,413
	<u>4,187</u>	<u>4,384</u>	<u>4,433</u>	<u>4,482</u>
<b>Liabilities</b>				
Loans, financings and debentures – IPCA index (Note 20)	(3,933)	(4,118)	(4,164)	(4,210)
Debt agreed with pension fund (Forluz) – IPCA	(787)	(824)	(833)	(842)
	<u>(4,720)</u>	<u>(4,942)</u>	<u>(4,997)</u>	<u>(5,052)</u>
<b>Net liabilities exposed</b>	<b>(533)</b>	<b>(558)</b>	<b>(564)</b>	<b>(570)</b>
<b>Net effect of variation in IPCA / IGP–M indices</b>		<b>(25)</b>	<b>(31)</b>	<b>(37)</b>

### Liquidity risk

Cemig 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.

Cemig 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 on its investment transactions through performing a rigid analysis of financial institutions' credit, obeying operational limits with banks based on assessments that take into account the financial institutions' ratings, risk exposures and equity position. 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.

The greater part of the electricity produced by the Company is generated by hydroelectric 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. Prolongation of generation by thermoelectric plants can pressure costs of acquisition of electricity for the distributors, causing a greater need for cash, and can impact future tariff increases – as indeed has happened with the Extraordinary Tariff Review granted to the distributors in March 2015.

On December 31, 2016 the Company had excess of current liabilities over current assets.

Please refer to note 1 about the Company's several initiatives designed to increase liquidity through entering into new contracts for financing or for the re-financing of its existing obligations and potential divestitures of non-core assets. Any further lowering of credit ratings may have adverse consequences on CEMIG ability to obtain financing or may impact the cost of financing, also making it more difficult and/or costly to refinance maturing obligations. Any financing or refinancing of the CEMIG indebtedness could be at higher interest rates and may require the Company to comply with more onerous covenants, which could further restrict business operations.

The flow of payments of the Company's obligations, for debt agreed with the pension fund, and under loans, financings and debentures, for floating and fixed rates, including the interest specified in contracts, is shown in the table below:

	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	50	1,226	4,834	11,275	2,203	19,588
Concessions payable	-	1	2	10	14	27
Debt agreed with pension fund (Forluz)	11	33	89	596	431	1,160
	<u>61</u>	<u>1,260</u>	<u>4,925</u>	<u>11,881</u>	<u>2,648</u>	<u>20,775</u>
<b>- Fixed rate</b>						
Suppliers	1,771	169	-	-	-	1,940
	<u>1,832</u>	<u>1,429</u>	<u>4,925</u>	<u>11,881</u>	<u>2,648</u>	<u>22,715</u>

### Credit risk

The risk arising from the possibility of Cemig and its subsidiaries incurring losses as a result of difficulty in receiving amounts billed to its clients is considered to be low. The Company carries out monitoring for the purpose of reducing default, on an individual basis, with its consumers. Negotiations are also entered into for receipt of any receivables in arrears. The risk is also reduced by the extremely wide client base.

The allowance for doubtful debtors constituted on December 31, 2016, considered to be adequate in relation to the credits in arrears receivable by the Company and its subsidiaries and jointly-controlled entities, was R\$ 660.

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 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 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.
3. Basel ratio above 12.

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, as follows:

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

\* The percentage assigned to each bank depends on an individual assessment of indicators such as liquidity, quality of the credit portfolio, and other aspects.

Further to these points, Cemig also establishes 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.

### Risk of early maturity of debt

The Company has financing contracts with restrictive covenants normally applicable to this type of transaction, complying with a financial index. Non-compliance with these covenants could cause early maturity of the debt. See Note 20.

On December 31, 2016, all restrictive covenants on the contracts for loans and financings of CemigTelecom were complied with. Those contracts that contained these clauses during the year 2016 have been settled in their entirety.

On December 31, 2016 all the restrictive covenants relating to financial ratios of the Company were complied with.

### Capital management

This table shows the Company's net liabilities in relation to its Equity at December 31, 2016 and 2015:

	2016	2015
Total liabilities	29,102	27,869
(-) Cash and cash equivalents	(995)	(925)
(-) Restricted cash	(367)	-
<b>Net liabilities</b>	<b>27,740</b>	<b>26,944</b>
<b>Total of equity</b>	<b>12,934</b>	<b>12,988</b>
<b>Net liabilities / Equity</b>	<b>2.14</b>	<b>2.07</b>

## 30. 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.

**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: Unobservable inputs: The fair value of investments in securities for which there are no prices quoted on an active market, and/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.

This is a summary of the instruments that are measured at fair value:

	Balance At Dec. 31, 2016	Fair value at December 31, 2016		
		Active market – quoted price (Level 1)	No active market – Valuation technique (Level 2)	No active market – Unobservable inputs (Level 3)
<b>Assets</b>				
<b>Held for trading</b>				
Securities				
Bank certificates of deposit				
Treasury Financial Notes (LFTs)	193	193	-	-
Financial Notes – Banks	724	-	724	-
Debentures	45	-	45	-
	<u>995</u>	<u>193</u>	<u>802</u>	<u>-</u>
<b>Loans and receivables</b>				
Concession Grant Fee	2,254	-	2,254	-
Restricted cash	367	-	367	-
	<u>2,621</u>	<u>-</u>	<u>2,621</u>	<u>-</u>
<b>Available for sale</b>				
Financial assets of the concession related to infrastructure	216	-	-	216
	<u>3,832</u>	<u>193</u>	<u>3,423</u>	<u>216</u>
<b>Liabilities</b>				
<b>Fair value through profit or loss</b>				
Put options: (1)	(1,342)	-	(1,150)	(192)
	<u>2,490</u>	<u>193</u>	<u>2,273</u>	<u>24</u>

(1) After 2016 the Company is using the Black-Scholes-Merton method for measuring the fair value of the options. See more details in Note 15.

	Balance at December 31, 2015	Fair value at December 31, 2015		
		Active market – Quoted price (Level 1)	No active market – Valuation technique (Level 2)	No active market – Unobservable inputs (Level 3)
<b>Assets</b>				
<b>Held for trading</b>				
Securities				
Bank certificates of deposit	1,577	-	1,577	-
Treasury Financial Notes (LFTs)	88	88	-	-
Financial Notes – Banks	460	-	460	-
Debentures	161	-	161	-
	<u>2,286</u>	<u>88</u>	<u>2,198</u>	<u>-</u>
<b>Available for sale</b>				
Financial assets of the concession	137	-	-	137
	<u>2,423</u>	<u>88</u>	<u>2,198</u>	<u>137</u>
<b>Liabilities</b>				
<b>Fair value through profit or loss</b>				
Put options	(1,393)	-	-	(1,393)
	<u>1,030</u>	<u>88</u>	<u>2,198</u>	<u>(1,256)</u>

### **Fair value calculation of financial positions**

Financial assets of the concession related to infrastructure: Measured at New Replacement Value (*valor novo de reposição*, or VNR), according to criteria established in regulations by the Concession-granting power ('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. The movement in Financial assets of the concession is shown in Note 14 to the financial statements.

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.

Put options: The Company has adopted the Black-Scholes-Merton method for measurement of the fair value of the options of SAAG, Parati and Sonda. The fair value of these options was calculated on the basis of the estimated exercise price on the day of exercise of the option, less the fair value of the shares that are the subject of the put option, also estimated for the date of exercise, brought to present value at the reporting date. The movement in relation to the put options, and other information is given in Note 15 to the financial statements.

## **31. INSURANCE**

Cemig and its subsidiaries maintain insurance policies to cover damages to certain items of their assets, in accordance with orientation by specialists, as listed below (item relating to the policy of Cemig – the holding company), taking into account the nature and the degree of risk, for amounts considered sufficient to cover any significant losses related to its assets and liabilities. The risk assumptions adopted, due to their nature, are not part of the scope of an audit of the financial statements, and consequently were not examined by the external auditors.

	Cover	Dates of cover	Amount insured (**)	Annual premium (**)
<b>Cemig Geração e Transmissão</b>				
Air transport / Aircraft	Fuselage Third party liability	Apr. 29, 2016 to Apr. 29, 2017	US\$4,675 US\$14,000	US\$84
Warehouse stores	Fire	Oct. 2, 2016 to Oct 2, 2017	R\$ 16,921	R\$ 25
Facilities in buildings	Fire	Jan. 8, 2017 to Jan. 8, 2018	R\$ 451,860	R\$ 98
Telecoms equipment (1)	Fire	Jan. 8, 2017 to Jan. 8, 2018	R\$ 11,514	R\$ 5
Operational risk	-	Dec. 7, 2016 to Dec. 7, 2017	R\$ 1,438,338	R\$ 1,795
<b>Cemig D (Distribution)</b>				
Air transport / Aircraft	Fuselage Third party liability	Apr. 29, 2016 to Apr. 29, 2017	US\$3,613 US\$14,000	US\$60
Warehouse stores	Fire	Oct. 2, 2016 to Oct 2, 2017	R\$ 94,930	R\$ 143
Facilities in buildings	Fire	Jan. 8, 2017 to Jan. 8, 2018	R\$ 1,073,416	R\$ 232
Telecoms equipment	Fire	Jan. 8, 2017 to Jan. 8, 2018	R\$ 17,208	R\$ 7
Operational risk – Transformers above 15MVA and other power distribution equipment with value above R\$ 1,000 (2)	Total	Dec. 7, 2016 to Dec. 7, 2017	R\$ 563,637	R\$ 703
<b>Gasmig</b>				
Gas distribution network / Third party	Third party liability	Dec. 15, 2016 to Dec. 15, 2017	R\$ 60,000	R\$ 429
Own vehicle fleet (Operation)	Third party only	Jul. 7, 2016 to Jul. 7, 2017	R\$ 400	R\$ 4
Own vehicle fleet (Directors)	Full cover	Oct. 25, 2016 to Oct. 25, 2017	R\$ 100	R\$ 1
Facilities – multirisk	Robbery, theft, fire	Jan. 1, 2017 to Jan. 1, 2018	R\$ 41,375	R\$ 50

(\*\*) Amounts expressed in R\$ '000 or US\$'000.

(1) The new period of validity is from January 8, 2017 to January 8, 2018.

(2) The new period of validity is from December 7, 2016 to December 7, 2017.

Cemig does not have general third-party liability insurance covering accidents, except for its aircraft, and is not seeking proposals for this type of insurance. Additionally, Cemig has not sought proposals for, and does not have current policies for, insurance against events that could affect its facilities, such as earthquakes, floods, systemic failures or business interruption risk. The Company has not suffered significant losses as a result of the above-mentioned risks.

## 32. COMMITMENTS

Cemig and its subsidiaries have contractual obligations and commitments that include, principally, amortization of loans and financings, contracts with contractors for construction of new projects, and purchase of electricity from Itaipu and other sources, as follows:

	2017	2018	2019	2020	2021	After 2022	Total
Loans and financings	4,837	3,880	1,828	1,794	1,586	1,254	15,179
Purchase of electricity from Itaipu	1,266	1,426	1,578	1,754	1,829	98,574	106,427
Purchase of electricity – auctions	3,010	3,084	3,478	3,667	4,295	101,896	119,430
Purchase of electricity – ‘bilateral contracts’	298	314	328	346	361	1,347	2,994
Quotas for Angra 1 and Angra 2	239	251	259	277	284	11,377	12,687
Physical quota guarantees	580	612	640	671	700	28,052	31,255
Transport of electricity from Itaipu	162	232	238	243	226	8,129	9,230
Other electricity purchase contracts	3,736	3,411	2,776	2,887	3,201	30,267	46,278
Purchase of gas for resale	1,006	1,198	1,470	1,817	2,098	0	7,589
Paid concession	3	3	2	2	2	10	22
Debt to pension plan – Forluz	86	91	97	103	109	301	787
Operational leasing contracts	96	91	91	91	91	93	553
<b>Total</b>	<b>15,319</b>	<b>14,593</b>	<b>12,785</b>	<b>13,652</b>	<b>14,782</b>	<b>281,300</b>	<b>352,431</b>

### 33. NON-CASH TRANSACTIONS

In the business years 2016, 2015 and 2014, the Company made the following transactions not involving cash, which are not reflected in the Cash flow statements:

	2016	2015	2014
Transfer from PP&E to Other long-term assets (São Simão plant)	-	223	-
Assets transferred to Aliança Geração de Energia S.A.	-	581	-
Financial charges capitalized	142	159	70

### 34. SUBSEQUENT EVENTS

#### Homologation of Annual Generation Revenue (RAG) of *Volta Grande* Hydroelectric Plant

In February 2017 there was a concession expiry date for the Volta Grande plant, and on March 21, 2017, by its Resolution 2208, Aneel homologated the RAG of the Volta Grande Hydroelectric Plant under the 'quotas' regime, for temporary provision of the service of electricity generation by Cemig GT until it is taken over by the concession holder winning the tender for the plant.

#### Applications to Energy Ministry for opening of administrative proceedings: Concessions of the *Volta Grande, Jaguara, São Simão* and *Miranda* Plants:

In February 2017, Cemig GT reiterated to the Mining and Energy Ministry ('MME'), its request for extension, for 20 (twenty) years, of concessions of the Jaguara, São Simão and Miranda hydroelectric plants, as specified by Clause 4 of its Concession Contract 007/1997. Subsidiarily, it requested opening of an Administrative Proceeding under Paragraph 1-C of Article 8 of Law 12783/2013, to the benefit of one of the service providing subsidiaries of Cemig GT. The terms of Cemig's request is presente below:

Paragraph 1-C was added to Article 8 of Law 12783, of 2013, by Law 13360, of November 17, 2016, and enables the federal government to grant a concession contract for electricity generation for a period of 30 (thirty) years when there is transfer of control of a legal entity that is already providing this service (in this case, one of the subsidiaries of Cemig GT), and is under direct or indirect control of an individual State, or the Federal District, or the municipality, provided that: I – the tender, which may be by auction or by competitive bidding, is held by the controlling stockholder on or before February 28, 2018; and II – the transfer of control takes place by June 30, 2018.



The subsidiary request is made on the grounds of the spirit of conciliation and cooperation that should govern the relationship between a concession holder and the concession-granting power, and the constant quest, at all times, for alternatives that present the best solution for consumers, for the country and for the stockholders of the Company – who in this case include the people of the state of Minas Gerais. Thus, in the event that the Ministry decides to maintain its position, and if all the court judgments that have determined that Law 12783/2013 should prevail to the detriment of the provisions of the Second Subclause of Clause 4 of Contract CEMIG 007 of 1997 are maintained, Cemig GT has requested, for the benefit of one of its subsidiaries, application of the rule that is now contained in §1-C of Article 8 of Law 12783 of 2013.

We would point out that the presentation of the Subsidiary Request does not result in any waiver by Cemig GT of its right – which is the subject of the legal actions that it currently has in progress against the federal government – to guaranteed extension of the concessions as specified in Clause 4 of Concession Contract 007/1997.

On the same date the Company filed with the MME a response to the formal question as to its interest in remaining as provider of electricity generation service after the ending of the concession period of the *Volta Grande* Hydroelectric Plant, which took place on February 23, 2017. In this response, and adding a request of its own, the Company stated its interest in remaining responsible for the provision of electricity generation service by this hydroelectric plant, and also requested opening of an administrative proceeding for the purposes of §1-C of Article 8 of Law 12783/2013, also to the benefit of one of the service providing subsidiaries of Cemig GT.

#### **Interim Injunction granted on São Simão Plant**

The Higher Appeal Court ('STJ') granted an interim injunction to maintain Cemig GT as holder of the concession for the *São Simão* Hydroelectric Plant, in Minas Gerais, on the initial bases of Concession Contract 007/97, until conclusion of judgment in the Company's application for *mandamus* No. 21465, in the STJ.

According to the position report on the STJ website and STJ certificate 1783814, "... the interim injunction applied for by Cemig Geração e Transmissão S.A. is granted, until conclusion of judgment on the current application for *mandamus*, enabling the now applicant to remain in ownership of the concession for the São Simão Plant, on the initial bases of the concession contract, N<sup>o</sup> 007/97."

On March 28, 2017, the interim remedy (injunction) given in Application for Mandamus No. 21.465/DF, before the Higher Appeal Court ('STJ'), brought by the Company for annulment of the decision by the Mining and Energy Ministry (MME) which refused, on merits, the request by Cemig GT for extension of the concession period of the São Simão Hydroelectric Plant, in the terms of its concession contract 007/97, was revoked.

#### **Interim injunction in Supreme Court action for Provisional Remedy 3980 on Jaguará Plant revoked**

The Federal Supreme Court ('STF') refused the order to maintain Cemig GT in possession of the concession for the Jaguara Hydroelectric Plant under the initial terms of Concession Contract 007/97.

The section of the website of the STF that records the current situation of cases stated on March 21, 2017: "the interim remedy previously given has been revoked, with an order that the demand should be sent to the Procurator-general of the Republic, for statement on the case, Mandamus Appeal 34203".

#### **Repeal of interim remedy – *Miranda* plant**

On March 29, 2017, the interim remedy (injunction) given in application for mandamus number 23.042/DF, before the Higher Appeal Court (STJ), brought by the Company to annul the decision by the Mining and Energy Ministry (MME) which refused, on merits Cemig GT's request for ratification of the extension of its concession for the *Miranda* Hydroelectric Plant, under its Concession Contract, number 007/97, was revoked.

#### **Disposal of wind farms by Renova**

On April 18, 2017 a share purchase agreement was signed for sale of the Alto Sertão II Wind Farm Complex. The parties to the agreement are Cemig's affiliated company Renova Energia S.A. ('Renova'), Renovapar S.A. and AES Tietê Energia S.A., with Nova Energia Holding S.A. as consenting party.

Under the agreement AES undertakes to acquire 100% of the shares of Nova Energia for R\$ 600 million. Nova Energia controls the sub-holding company Renova Eólica Participações S.A., which owns 100% of the 15 special-purpose companies which comprise the Alto Sertão II Wind Power Complex.

Completion of the Transaction is subject to certain conditions precedent stated in the Agreement, including approval by government bodies and creditors.

Renova's management emphasizes that the Transaction is aligned to its new Directional Strategy, the goals of which are: (i) restoration of the balance of its capital structure; and (ii) sustainability of the business in the long term.

#### **Changes in the bylaws of Light**

On March 28, 2017 the Board of Directors of Light approved convocation of an Extraordinary General Meeting of Shareholders to:

- (i) Decide on changes to the bylaws; and

- (ii) Consider the possibility of carrying out a primary public offering of shares, with restricted distribution efforts: in Brazil, based on CVM Instruction 476, of January 16, 2009, as amended; and outside Brazil, to qualified institutional investors in the United States, and to investors considered not to be resident or domiciled in the United States, Under Rule 144A and Regulation S of the U.S. Securities Act of 1933, as amended ('the Securities Act'; 'the Offering'), with the possibility of a secondary offer, and possible participation by shareholders of Light.

Light added the following note to its Material Announcement:

“ This Material Announcement is not for publication or distribution, directly or indirectly, in the United States, and does not constitute an offer to sell securities in the United States; and the securities mentioned in it have not been and will not be registered under the Securities Act, or any other law referring to securities, and shall not be offered or sold in the United States of America without the due registry of an exemption from registry applicable under the Securities Act. On the date of publication, no public offering is being carried out in Brazil or in the United States.

No security shall be sold in any state or jurisdiction, including Brazil or the United States of America, in which offering, application for or sale of such security is considered illegal before registry or qualification under the securities laws of such state or jurisdiction.

This Material Announcement is for merely informative purposes, and should not under any circumstances be interpreted as, nor constitute, an investment recommendation or an offer for sale, or a bid or offer to purchase, any securities of the Company in Brazil, including shares issued by it. ”

### **Payment of debentures by Cemig GT**

On February 15, 2017, Cemig GT amortized in full the First Series of its 3<sup>rd</sup> Debenture Issue, in the amount of R\$ 553 (principal, plus interest, calculated up to the date of the actual amortization). The interest on the Second and Third Series of the 3<sup>rd</sup> Debenture Issue, totaling R\$ 76, was paid on the same date. These payments were made from the Company's own funds.

### PDVP Programmed Voluntary Retirement Plan (PDVP 2017)

In March 2017, the Company created the 2017 Employee Voluntary Severance Program ('the 2017 PDVP'). Those eligible to take part were any employees who will have worked with Cemig for 25 years or more by December 31, 2017. Employees will be able to accept the 2017 PDVP from April 3 through September 29, 2017. It provides for payment of an additional premium of five monthly salaries to employees who join in April 2017, to leave the Company in May 2017; the premium diminishes progressively depending on the month of acceptance. An employee who accepts the plan in August 2017, for severance in September 2017, will have the right to a premium corresponding to one monthly remuneration. Employees using the plan to leave on or after September 1, 2017, will have no premium. There will also be payment for voluntary retirement: the PDVP offers the much more advantageous severance payments which are specified by law only for the case of dismissal without just cause – 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.

Due to the variable period for acceptance by the employees, it is not possible to estimate the effect on Cemig's financial statements in 2017.

### Authorization for Cemig to exceed financial ratios specified in the bylaws

The Company's bylaws establish certain target levels for debt and investments which the Company's management must obey. However, the Extraordinary General Meeting of Shareholders of March 31, 2017 gave authorization to exceed these indicators, exceptionally for the year 2017, as follows:

	Target in the by-laws	Higher limit authorized by the Meeting
Consolidated debt / Ebitda	2.00	4.44
(Net debt) / (Net debt + Equity)	40.00%	55.00%
(Capex including acquisition of any assets) / Ebitda	40.00%	192.00%

These new limits approved for 2017 must be reviewed at the time of the approval of the budget for 2017 by the Board of Directors, and must again be submitted to the shareholders in a General Meeting.

### Amendments to contracts of Gasmig

On February 10, 2017, Gasmig signed amendments 07 and 02 (general rules) to its additional gas supply contract (CSA) with Petróleo Brasileiro S.A. – Petrobras, which have changed the expectations of Gasmig's future results. The principal elements of the new gas supply contract, and its consequences in Gasmig's results, are as follows:

- In effect from January 1, 2017, through December 2021.
- Alteration of the Daily Contracted Quantity, and the commitments for daily offtake of gas, adapting to expectations for consumption in the Minas Gerais market until December 2021.
- The Annual Take or Pay commitment will now be on monthly basis, with automatic recovery of the volume of gas paid for and not yet taken.
- Payment by installments of the Take or Pay contract for the year 2015: in up to 36 installments, which may be brought forward.
- Adjustment of the price for acquisition of the gas supplied by Petrobras
- Clauses for programming of more restricted offtake of gas.
- The Take or Pay commitment for annual minimum offtake for the year 2016 will not be calculated/paid.

Arising from the provisions of the previous contract, Gasmig reported R\$ 225 in an account line *Advance to supplier – rights to offtake gas*, in Current assets, with counterpart in *Suppliers of gas*, in Current liabilities. This caused a negative impact in the net working capital of Gasmig, which posted a net negative value of R\$ 354. With the signature of the new contractual amendment, the annual minimum offtake commitment for the year 2016 was extinguished.

Gasmig and Petrobras further negotiated rescission of the *Distribution Contract to Supply the Nitrogen Fertilizers Unit (UFN-V)*, with no financial charge for either side.

#### **Taesá signs concession contracts from Aneel Auction 13/2015 (2nd phase)**

On February 10, 2017, Taesá signed the 30-year concession contracts 17/2017 (*Janaúba*), 04/2017 (*Aimorés*), 03/2017 (*Paraguaçu*) and 19/2017 (*ESTE*).

#### **Indemnification of Transmission assets – Injunction relieve by industrial costumers**

On April 10, 2017, the Associação Brasileira de Grandes Consumidores Livres, da Associação Técnica Brasileira das Indústrias Automáticas de Vidro e da Associação Brasileira dos Produtores de Ferroligas e de Silício Metálico obtained a injunctive relief (*tutela antecipada*) in judicial claims against Aneel and the Federal Government aiming to suspend the effects on their tariffs of the indemnification payment due to energy companies that aderred to law 12.783/13.

The injunctive relief (*tutela antecipada*) was partially granted, with its effects related to the suspension of the inclusion in the tariffs charged to the consumers that are members of those associations of the indemnification related to the remuneration of the cost of capital included since the extension of the concessions.

The Company does not expect to incur in losses in realization of transmission indemnification assets. Please refer to note 14 for more detail about the asset and the criteria for update.

### **Taesá Wins Principal Lot at Aneel Auction 005/2016**

On Monday, April 24, 2017, the Columbia Consortium, formed by the companies Taesá and CTEEP, won the Lot 1 in Transmission Auction 5/2016, held by the Brazilian electricity regulator, Aneel. The consortium offered Permitted Annual Revenue (RAP) of R\$ 267 million.

The undertaking will require investment of R\$ 1.936 billion, and comprises the following 525 kV transmission lines: Guaíba - Sarandi, with 266,3 KM of extension; Foz do Iguaçu - Guaíba, with 173 KM of extension; Londrina - Sarandi, with 75,5 KM of extension. It comprises also 230 kV transmission line Sarandi - Paranavaí Norte, with 85 KM of extension and three substations: (Guaíba, Sarandi e Paranavaí Norte), in the state of Paraná.

The tender specified completion of the works in 60 months, for start of commercial operation in August 2022.

### **International securities issue by Cemig GT**

As per the Material Announcement issued by the Company on April 28, 2017, Cemig GT is preparing a possible international issue of securities. The Board of Directors of Cemig GT has authorized such an issue in the amount of up to US\$1 billion, with maturity of 7 years, the proceeds to be used to refinance existing financial obligations. Also, the Board of Directors of Cemig has made the decision to authorize a surety guarantee.

Carrying out of the Issue is subject, among other factors, to the conditions of the Brazilian and international capital markets, and to obtaining of the related approvals; and if the issue is made it will be carried out in accordance with the applicable law and regulations.

This Material Announcement is for information purposes only. It should not under any circumstances be (i) understood as an offer or solicitation of an offer to acquire any securities of the Company or of Cemig GT, including but not limited to such securities as may at any time be issued in the international market by Cemig GT as part of the Issue; nor (ii) interpreted as an investment recommendation. If the Issue takes place, any decision to purchase securities arising from the Issue should be made exclusively on the basis of the information contained in an offering memorandum which will be prepared in relation to the Issue.

The Company will keep the market and its stockholders informed on any developments relating to the Issue in accordance with the applicable regulations.

\*\*\*\*\*

**(The original is signed by)**

**Bernardo Afonso Salomão de Alvarenga**

Chief Executive Officer

**Bernardo Afonso Salomão de  
Alvarenga**

Deputy CEO

**Adézio de Almeida Lima**

Chief Finance and Investor Relations  
Officer

**Luís Fernando Paroli Santos**  
Chief Distribution and Sales Officer

**Franklin Moreira Gonçalves**  
Chief Generation and Transmission  
Officer

**Maura Galuppo Botelho Martins**  
Chief Officer for Human Relations and  
Resources

**José de Araújo Lins Neto**  
Chief Corporate Management Officer

**Luís Fernando Paroli Santos**  
Chief Institutional Relations and  
Communication Officer

**Dimas Costa**  
Chief Trading Officer

**César Vaz de Melo Fernandes**  
Chief Business Development Officer

**Raul Lycurgo Leite**  
Chief Counsel

**Leonardo George de Magalhães**  
Controller  
CRC-MG 53.140

**Leonardo Felipe Mesquita**  
Accounting Manager  
Accountant – CRC-MG-85.260



## CONTENTS

BALANCE SHEETS .....	2
CONSOLIDATED PROFIT AND LOSS ACCOUNTS .....	4
STATEMENTS OF COMPREHENSIVE INCOME .....	6
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY – CONSOLIDATED .....	8
STATEMENTS OF CASH FLOW .....	9
STATEMENTS OF ADDED VALUE .....	11
CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION .....	12
1. OPERATING CONTEXT .....	12
2. BASIS OF PREPARATION .....	15
3. PRINCIPLES OF CONSOLIDATION .....	17
4. CONCESSIONS AND AUTHORIZATIONS .....	18
5. CASH AND CASH EQUIVALENTS .....	20
6. SECURITIES .....	21
7. CONSUMERS, TRADERS AND POWER TRANSPORT CONCESSION HOLDERS .....	22
8. RECOVERABLE TAXES .....	23
9. INCOME AND SOCIAL CONTRIBUTION TAXES .....	24
10. RESTRICTED CASH .....	26
11. ACCOUNTS RECEIVABLE FROM THE STATE OF MINAS GERAIS .....	26
12. ESCROW DEPOSITS .....	27
13. REIMBURSEMENT OF TARIFF SUBSIDIES .....	28
14. FINANCIAL ASSETS AND LIABILITIES OF THE CONCESSION .....	28
15. INVESTMENTS .....	36
16. PROPERTY, PLANT AND EQUIPMENT .....	49
17. INTANGIBLE ASSETS .....	51
18. SUPPLIERS .....	52
19. TAXES, INCOME TAX AND SOCIAL CONTRIBUTION TAX .....	52
20. LOANS, FINANCINGS AND DEBENTURES .....	54
21. REGULATORY CHARGES .....	58
22. POST-RETIREMENT OBLIGATIONS .....	59
23. PROVISIONS .....	60
24. EQUITY AND REMUNERATION TO STOCKHOLDERS .....	71
25. REVENUE .....	74
26. OPERATING COSTS AND EXPENSES .....	78
27. FINANCIAL REVENUE (EXPENSES) .....	83
28. RELATED PARTY TRANSACTIONS .....	84
29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT .....	87
30. MEASUREMENT AT FAIR VALUE .....	95
31. OPERATING SEGMENTS .....	98
32. THE ANNUAL TARIFF ADJUSTMENT .....	101
33. NON-CASH TRANSACTIONS .....	101
34. SUBSEQUENT EVENTS .....	101
REPORT ON THE REVIEW OF INTERIM INFORMATION .....	104
CONSOLIDATED RESULTS .....	107
RESULTS FOR 9M17 .....	107
RESULTS FOR THIRD QUARTER 2017 .....	115
OTHER INFORMATION THAT THE COMPANY BELIEVES TO BE MATERIAL .....	122





## BALANCE SHEETS

AT SEPTEMBER 30, 2017 AND DECEMBER 31, 2016

### ASSETS

(In thousands of Brazilian Reais – R\$ '000)

	Note	Consolidated		Holding company	
		Sept.30, 2017	Dec. 31, 2016	Sept.30, 2017	Dec. 31, 2016
<b>CURRENT</b>					
Cash and cash equivalents	5	582,382	995,132	131,541	69,352
Securities	6	690,991	1,014,188	21,641	133,359
Consumers, Traders, Electricity transport concession holders	7	3,602,934	3,425,018	-	-
Financial assets of the concession	14	665,674	730,488	-	-
Recoverable taxes	8	246,954	236,284	122	-
Income tax and Social Contribution taxes recoverable	9 <sup>a</sup>	557,307	589,519	37,872	78,174
Dividends receivable		3,742	11,386	711,423	673,239
Restricted cash	10	405,494	367,474	396,038	366,568
Inventories		48,605	49,473	9	12
Advances to suppliers		140,541	1,059	-	-
Accounts receivable from the State of Minas Gerais	11	254,579	-	254,579	-
Funding from Energy Development Account (CDE)	13	73,345	63,751	-	-
Low-income subsidy		40,759	36,261	-	-
Credits owed by Eletrobras – RGR		-	48,379	-	-
Credits owed by Eletrobras – CDE		901	90,065	-	-
Other		541,374	626,993	28,162	20,435
<b>TOTAL, CURRENT</b>		<b>7,855,582</b>	<b>8,285,470</b>	<b>1,581,387</b>	<b>1,341,139</b>
<b>NON-CURRENT</b>					
Securities	6	12,123	31,040	693	5,959
Advances to suppliers		319,913	229,053	-	-
Consumers, Traders, Electricity transport concession holders	7	174,252	146,367	-	-
Recoverable taxes	8	189,675	178,288	1,810	1,816
Income and Social Contribution taxes recoverable	9 <sup>a</sup>	63,639	112,060	63,639	112,060
Deferred income tax and Social Contribution tax	9 <sup>b</sup>	2,003,908	1,797,453	745,028	789,318
Accounts receivable from the State of Minas Gerais	11	23,144	-	23,144	-
Escrow deposits	12	1,743,060	1,886,879	265,243	499,868
Generation concession assets	4	195,611	206,566	-	-
Other		612,847	843,589	10,939	37,743
Financial assets of the concession	14	6,163,319	4,971,244	-	-
Investments	15	8,620,126	8,753,088	12,605,561	12,627,857
Property, plant and equipment	16	2,797,191	3,775,076	1,900	2,201
Intangible assets	17	11,057,685	10,819,680	1,777	1,852
<b>TOTAL, NON-CURRENT</b>		<b>33,976,493</b>	<b>33,750,383</b>	<b>13,719,734</b>	<b>14,078,674</b>
<b>TOTAL ASSETS</b>		<b>41,832,075</b>	<b>42,035,853</b>	<b>15,301,121</b>	<b>15,419,813</b>

The Condensed Notes are an integral part of the Interim Financial Statements.



## BALANCE SHEETS

AT SEPTEMBER 30, 2017 AND DECEMBER 31, 2016

### LIABILITIES (R\$ '000)

	Note	Consolidated		Holding company	
		Sept.30, 2017	Dec. 31, 2016	Sept.30, 2017	Dec. 31, 2016
<b>CURRENT</b>					
Suppliers	18	2,186,448	1,939,593	23,571	20,936
Regulatory charges	21	351,246	380,586	-	-
Taxes	19a	983,993	793,587	4,941	83,634
Income and Social Contribution taxes	19b	99,684	26,866	-	-
Interest on Equity, and dividends, payable	24	198,264	466,987	196,004	466,689
Loans, financings and debentures	20	5,199,471	4,836,923	-	-
Payroll and related charges		247,655	224,741	11,358	9,970
Post-retirement obligations	22	224,137	198,867	12,584	11,143
Financial liabilities of the concession	14	704,418	481,835	-	-
Financial instruments – Put options	15	1,242,818	1,149,881	1,242,818	1,149,881
Advance sales of power supply	7	245,367	181,200	-	-
Other obligations		666,426	766,394	5,573	7,192
<b>TOTAL, CURRENT</b>		<b>12,349,927</b>	<b>11,447,460</b>	<b>1,496,849</b>	<b>1,749,445</b>
<b>NON-CURRENT</b>					
Regulatory charges	21	544,443	454,625	-	-
Loans, financings and debentures	20	8,856,104	10,342,357	-	-
Taxes	19a	722,102	723,922	-	-
Deferred income tax and Social Contribution tax	9b	682,757	582,206	-	-
Provisions	23	713,973	815,017	75,259	309,995
Post-retirement obligations	22	4,156,202	4,042,544	405,611	386,321
Financial liabilities of the concession	14	-	323,140	-	-
Financial instruments – Put options	15	259,655	191,587	-	-
Advance sales of power supply	7	66,745	-	-	-
Other obligations		192,960	178,624	40,293	43,771
<b>TOTAL, NON-CURRENT</b>		<b>16,194,941</b>	<b>17,654,022</b>	<b>521,163</b>	<b>740,087</b>
<b>TOTAL LIABILITIES</b>		<b>28,544,868</b>	<b>29,101,482</b>	<b>2,018,012</b>	<b>2,489,532</b>
<b>STOCKHOLDERS' EQUITY</b>	24				
Share capital		6,294,208	6,294,208	6,294,208	6,294,208
Capital reserves		1,924,503	1,924,503	1,924,503	1,924,503
Profit reserves		5,199,855	5,199,855	5,199,855	5,199,855
Equity valuation adjustments		(575,873)	(488,285)	(575,873)	(488,285)
Retained earnings		440,416	-	440,416	-
<b>ATTRIBUTABLE TO CONTROLLING STOCKHOLDERS</b>		<b>13,283,109</b>	<b>12,930,281</b>	<b>13,283,109</b>	<b>12,930,281</b>
<b>ATTRIBUTABLE TO NON-CONTROLLING STOCKHOLDER</b>		<b>4,098</b>	<b>4,090</b>	<b>-</b>	<b>-</b>
<b>STOCKHOLDERS' EQUITY</b>		<b>13,287,207</b>	<b>12,934,371</b>	<b>13,283,109</b>	<b>12,930,281</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>41,832,075</b>	<b>42,035,853</b>	<b>15,301,121</b>	<b>15,419,813</b>

The Condensed Notes are an integral part of the Interim Financial Statements.



## CONSOLIDATED PROFIT AND LOSS ACCOUNTS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

(In thousands of Brazilian Reais – R\$ '000 – except Net profit per share)

	Note No.	Consolidated		Holding company	
		30/09/2017	30/09/2016	30/09/2017	30/09/2016
<b>NET REVENUE</b>	<b>25</b>	15,153,781	14,106,738	250	582
<b>OPERATING COSTS</b>					
<b>COST OF ELECTRICITY AND GAS</b>	<b>26</b>				
Electricity purchased for resale		(7,685,392)	(6,126,458)	-	-
Charges for use of the national grid		(791,339)	(741,416)	-	-
Gas bought for resale		(789,861)	(623,503)	-	-
		<u>(9,266,592)</u>	<u>(7,491,377)</u>	-	-
<b>OTHER COSTS</b>	<b>26</b>				
Personnel and managers		(992,908)	(981,505)	-	-
Materials		(30,589)	(28,792)	-	-
Outsourced services		(542,357)	(521,118)	-	-
Depreciation and amortization		(570,031)	(578,255)	-	-
Operating provisions (net of reversions)		(195,345)	(121,302)	-	-
Infrastructure construction cost		(736,754)	(917,855)	-	-
Other		(58,101)	(57,683)	-	-
		<u>(3,126,085)</u>	<u>(3,206,510)</u>	-	-
<b>TOTAL COST</b>		<b>(12,392,677)</b>	<b>(10,697,887)</b>	-	-
<b>GROSS PROFIT</b>		<b>2,761,104</b>	<b>3,408,851</b>	<b>250</b>	<b>582</b>
<b>OPERATING EXPENSES</b>	<b>26</b>				
Selling expenses		(191,343)	(282,915)	-	-
General and administrative expenses		(548,075)	(473,230)	(43,214)	(33,248)
Operating provisions		(172,105)	(310,020)	(104,037)	(280,532)
Other operational expenses		(505,239)	(471,889)	(40,435)	(35,809)
		<u>(1,416,762)</u>	<u>(1,538,054)</u>	<u>(187,686)</u>	<u>(349,589)</u>
Equity method gains in non-consolidated investees	15	(20,680)	47,260	320,979	842,337
<b>Operational profit before Financial income (expenses) and taxes</b>		<b>1,323,662</b>	<b>1,918,057</b>	<b>133,543</b>	<b>493,330</b>
Financial revenues	27	550,065	835,191	84,893	77,057
Financial expenses	27	(1,271,951)	(1,888,015)	236,553	(4,332)
<b>Pre-tax profit</b>		<b>601,776</b>	<b>865,233</b>	<b>454,989</b>	<b>566,055</b>
Current income tax and Social Contribution tax	9c	(305,956)	(148,460)	(13,949)	(11,480)
Deferred income tax and Social Contribution tax	9c	101,362	(75,940)	(44,290)	85,988
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>397,182</b>	<b>640,833</b>	<b>396,750</b>	<b>640,563</b>
<b>Total of net profit for the period attributed to:</b>					
Attributable to controlling shareholders		396,750	640,563	396,750	640,563
Attributable to non-controlling stockholder		432	270	-	-
		<u>397,182</u>	<u>640,833</u>	<u>396,750</u>	<u>640,563</u>
<b>Basic and diluted profit per preferred share – R\$</b>	<b>24</b>	<b>0.32</b>	<b>0.51</b>	<b>0.32</b>	<b>0.51</b>
<b>Basic and diluted profit per common share – R\$</b>	<b>24</b>	<b>0.32</b>	<b>0.51</b>	<b>0.32</b>	<b>0.51</b>

The Condensed Notes are an integral part of the Interim Financial Statements.



## CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE QUARTERS ENDED SEPTEMBER 30, 2017 AND 2016

(In thousands of Brazilian Reais – R\$ '000 – except Net profit per share)

	Note No.	Consolidated		Holding company	
		3Q17	3Q16	3Q17	3Q16
<b>NET REVENUE</b>	25	5,135,822	4,895,606	72	129
<b>OPERATING COSTS</b>					
<b>COST OF ELECTRICITY AND GAS</b>	26				
Electricity purchased for resale		(2,942,974)	(2,170,348)	-	-
Charges for use of the national grid		(387,078)	(215,504)	-	-
Gas bought for resale		(304,698)	(196,494)	-	-
		<u>(3,634,750)</u>	<u>(2,582,346)</u>		
<b>OTHER COSTS</b>	26				
Personnel and managers		(304,061)	(297,678)	-	-
Materials		(13,035)	(11,704)	-	-
Outsourced services		(200,960)	(167,146)	-	-
Depreciation and amortization		(184,576)	(195,286)	-	-
Operating provisions (net of reversions)		(23,266)	(34,468)	-	-
Infrastructure construction cost		(295,720)	(334,122)	-	-
Other		(36,742)	(18,720)	-	-
		<u>(1,058,360)</u>	<u>(1,059,124)</u>		
<b>TOTAL COST</b>		<b>(4,693,110)</b>	<b>(3,641,470)</b>		
<b>GROSS PROFIT</b>		<b>442,712</b>	<b>1,254,136</b>	<b>72</b>	<b>129</b>
<b>OPERATING EXPENSES</b>	26				
Selling expenses		(50,458)	(108,349)	-	-
General and administrative expenses		(110,181)	(164,201)	(14,921)	(11,957)
Operating provisions		(115,151)	162,192	(88,726)	165,669
Other operational expenses		(191,538)	(185,548)	(15,405)	(12,272)
		<u>(467,328)</u>	<u>(295,906)</u>	<u>(119,052)</u>	<u>141,440</u>
Equity method gains in non-consolidated investees	15	(80,798)	33,218	(190,646)	339,631
<b>Operational profit before Financial income (expenses) and taxes</b>		<b>(105,414)</b>	<b>991,448</b>	<b>(309,626)</b>	<b>481,200</b>
Financial revenues	27	201,164	231,256	51,875	5,602
Financial expenses	27	(188,750)	(654,168)	238,514	(1,128)
<b>Pre-tax profit</b>		<b>(93,000)</b>	<b>568,536</b>	<b>(19,237)</b>	<b>485,674</b>
Current income tax and Social Contribution tax	9c	(13,234)	(69,593)	(11,416)	757
Deferred income tax and Social Contribution tax	9c	22,568	(65,441)	(53,175)	(53,034)
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>(83,666)</b>	<b>433,502</b>	<b>(83,828)</b>	<b>433,397</b>
<b>Total of net profit for the period attributed to:</b>					
Interest of the controlling shareholders		(83,828)	433,397	(83,828)	433,397
Interest of non-controlling stockholder		162	105	-	-
		<u>(83,666)</u>	<u>433,502</u>	<u>(83,828)</u>	<u>433,397</u>
<b>Basic and diluted profit per preferred share – R\$</b>	24	<b>(0.06)</b>	<b>0.34</b>	<b>(0.06)</b>	<b>0.34</b>
<b>Basic and diluted profit per common share – R\$</b>	24	<b>(0.06)</b>	<b>0.34</b>	<b>(0.06)</b>	<b>0.34</b>

The Condensed Notes are an integral part of the Interim Financial Statements.



## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

R\$ '000

	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>397,182</b>	<b>640,833</b>	<b>396,750</b>	<b>640,563</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that will not be reclassified to the Profit and loss account in subsequent periods</b>				
Adjustment of actuarial liabilities – restatement of obligations of defined benefit plans, net of taxes	(680)	(115)	-	-
Equity gain on Other comprehensive income in jointly-controlled entity	(4,851)	7,415	(5,531)	7,300
	(5,531)	7,300	(5,531)	7,300
<b>Items that may be reclassified to the Profit and loss account in subsequent periods</b>				
Equity gain on Other comprehensive income, in jointly-controlled entity, relating to fair value of financial asset available for sale	(38,134)	(2,441)	(38,134)	(2,451)
Conversion adjustment on transactions outside Brazil	-	(10)	-	-
	(38,134)	(2,451)	(38,134)	(2,451)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>353,517</b>	<b>645,682</b>	<b>353,085</b>	<b>645,412</b>
<b>Total of comprehensive income attributed to:</b>				
Interest of the controlling shareholders	353,085	645,517	353,085	645,412
Interest of non-controlling stockholder	432	165	-	-
	<b>353,517</b>	<b>645,682</b>	<b>353,085</b>	<b>645,412</b>

The Condensed Notes are an integral part of the Interim Financial Statements.



**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTERS ENDED SEPTEMBER 30, 2017 AND 2016**

**R\$ '000**

	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
<b>PROFIT (LOSS) FOR THE PERIOD</b>	(83,666)	433,502	(83,828)	433,397
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that will not be reclassified to the Profit and loss account in subsequent periods</b>				
Equity gain on Other comprehensive income in jointly-controlled entity	-	612	-	612
	-	612	-	612
<b>Items that may be reclassified to the Profit and loss account in subsequent periods</b>				
Equity gain on Other comprehensive income, in jointly-controlled entity, relating to fair value of financial asset available for sale	-	23,607	-	23,607
Conversion adjustment on transactions outside Brazil	-	-	-	-
	-	23,607	-	23,607
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(83,666)</b>	<b>457,721</b>	<b>(83,828)</b>	<b>457,616</b>
<b>Total of comprehensive income attributed to:</b>				
Interest of the controlling shareholders	(83,828)	457,721	(83,828)	457,616
Interest of non-controlling stockholder	162	-	-	-
	<b>(83,666)</b>	<b>457,721</b>	<b>(83,828)</b>	<b>457,616</b>

The Condensed Notes are an integral part of the Interim Financial Statements.



## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY – CONSOLIDATED

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

R\$ '000 – except where otherwise stated

	Share capital	Capital reserves	Profit reserves	Equity valuation adjustments	Retained earnings	Total interest of controlling stockholders	Interest of non-controlling stockholder	Total equity
<b>BALANCES ON DECEMBER 31, 2015</b>	6,294,208	1,924,503	4,662,723	102,264	-	12,983,698	3,978	12,987,676
Profit (loss) for the period	-	-	-	-	640,563	640,563	270	640,833
<b>Other comprehensive income</b>								
Adjustment of actuarial liabilities – restatement of obligations of the defined benefit plans, net of taxes	-	-	-	(115)	-	(115)	-	(115)
Equity gain (loss) on Other comp. income in subsidiary and jointly-controlled entity	-	-	-	4,974	-	4,974	-	4,974
Foreign exchange conversion differences on transactions outside Brazil	-	-	-	(10)	-	(10)	-	(10)
<b>Total comprehensive income for the period</b>	-	-	-	4,849	640,563	645,412	270	645,682
<b>Other changes in Stockholders' equity:</b>								
Tax incentives reserve	-	-	445	-	(445)	-	-	-
Portion of mandatory dividends that will not be distributed – Reversal of provision	-	-	622,530	-	-	622,530	-	622,530
<b>Realization of reserves</b>								
Equity valuation adjustments – deemed cost of PP&E	-	-	-	(29,147)	29,147	-	-	-
<b>BALANCES AT SEPTEMBER 30, 2016</b>	6,294,208	1,924,503	5,285,698	77,966	669,265	14,251,640	4,248	14,255,888
ATTRIBUTABLE TO MINORITY STOCKHOLDERS	-	-	-	-	-	-	4,248	4,248
ATTRIBUTABLE TO CONTROLLING STOCKHOLDERS	6,294,208	1,924,503	5,285,698	77,966	669,265	14,251,640	-	14,251,640
<b>BALANCES ON DECEMBER 31, 2016</b>	6,294,208	1,924,503	5,199,855	(488,285)	-	12,930,281	4,090	12,934,371
Profit (loss) for the period	-	-	-	-	396,750	396,750	432	397,182
<b>Other comprehensive income</b>								
Adjustment of actuarial liabilities – restatement of obligations of the defined benefit plans, net of taxes	-	-	-	(680)	-	(680)	-	(680)
Equity gain (loss) on Other comp. income in jointly-controlled entity	-	-	-	(42,985)	-	(42,985)	-	(42,985)
<b>Total comprehensive income for the period</b>	-	-	-	(43,665)	396,750	353,085	432	353,517
<b>Other changes in Stockholders' equity:</b>								
Additional dividends to minority stockholders proposed	-	-	-	-	-	-	(424)	(424)
<b>Realization of reserves</b>								
Equity valuation adjustments – deemed cost of PP&E	-	-	-	(43,923)	43,666	(257)	-	(257)
<b>BALANCES AT SEPTEMBER 30, 2017</b>	6,294,208	1,924,503	5,199,855	(575,873)	440,416	13,283,109	4,098	13,287,207
ATTRIBUTABLE TO MINORITY STOCKHOLDERS	-	-	-	-	-	-	4,098	4,098
ATTRIBUTABLE TO CONTROLLING STOCKHOLDERS	6,294,208	1,924,503	5,199,855	(575,873)	440,416	13,283,109	-	13,283,109

The Condensed Notes are an integral part of the Interim Financial Statements.



## STATEMENTS OF CASH FLOW

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

R\$ '000

	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
<b>CASH FLOW FROM OPERATIONS</b>				
Net profit for the period	397,182	640,833	396,750	640,563
<b>Expenses (revenues) not affecting cash and cash equivalents</b>				
Income tax and Social Contribution tax	204,594	224,400	58,239	(74,508)
Depreciation and amortization	616,783	601,197	351	382
Losses on write-offs of PP&E and Intangible assets	23,060	61,932	25	41
Equity method gains in non-consolidated investees	20,680	(47,260)	(320,979)	(842,337)
Interest and monetary variation	834,151	589,132	(44,696)	(39,610)
Monetary updating - AFAC	(239,445)	-	(239,445)	-
Provisions (reversals) for operational losses	558,793	714,237	104,037	280,532
CVA ( <i>Compensation of Portion A items</i> ) Account and <i>Other Financial Components</i> in tariff adjustments	(148,216)	937,053	-	-
Adjustment of indemnity – plants with non-renewed concessions (Ministerial Order 291)	(259,516)	-	-	-
Post-retirement obligations	342,018	335,365	31,863	31,458
	<u>2,350,084</u>	<u>4,056,889</u>	<u>(13,855)</u>	<u>(3,479)</u>
(Increase) / decrease in assets				
Consumers and Traders	(397,144)	16,995	-	-
CVA ( <i>Compensation of Portion A items</i> ) Account and <i>Other Financial Components</i> in tariff adjustments	304,841	341,259	-	-
Funding from Energy Development Account (CDE)	(9,594)	7,944	-	-
Recoverable taxes	(22,057)	(34,078)	(116)	3
Income tax and Social Contribution tax recoverable	(24,460)	(129,246)	88,723	29,316
Transport of electricity	-	(27,416)	-	-
Escrow deposits in litigation	(47,440)	(35,383)	1,598	(3,210)
Dividends received from equity holdings	247,824	445,178	361,293	713,900
Financial assets of the concession	314,473	(2,174,997)	-	-
Advances to suppliers	(199,400)	(41,929)	-	-
Gas drawing rights	658,444	-	-	-
Other	(155,307)	(64,848)	19,077	(1,080)
	<u>670,180</u>	<u>(1,696,521)</u>	<u>470,575</u>	<u>738,929</u>
Increase (reduction) in liabilities				
Suppliers	246,855	(280,945)	2,635	(310)
Taxes	188,586	(185,477)	(78,693)	(32,369)
Income tax and Social Contribution tax payable	175,273	75,934	(9,191)	2,314
Payroll and related charges	22,914	59,758	1,388	3,247
Regulatory charges	60,478	(10,789)	-	-
Post-retirement obligations	(203,090)	(173,731)	(11,132)	(9,476)
Other	(29,786)	(189,349)	(11,488)	(17,002)
	<u>461,230</u>	<u>(704,599)</u>	<u>(106,481)</u>	<u>(53,596)</u>
Cash generated by Operations	3,481,494	1,655,769	350,239	681,854
Interest paid on loans and financings	(1,030,773)	(1,320,119)	-	-
Income tax and Social Contribution tax paid	(307,860)	(106,956)	(4,758)	(13,794)
<b>NET CASH FROM OPERATIONAL ACTIVITIES</b>	<u>2,142,861</u>	<u>228,694</u>	<u>345,481</u>	<u>668,060</u>





	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
<b>CASH FLOW IN INVESTMENT ACTIVITIES</b>				
Securities – Cash investments	331,069	1,465,227	116,984	11,385
Financial assets	(160,481)	-	-	-
Restricted cash	(38,020)	(874)	(29,470)	1
Investments				
Cash injection in Investees	(228,205)	(724,750)	(100,121)	(426,660)
In PP&E	(53,883)	(61,332)	-	(484)
In Intangible assets	(691,017)	(779,462)	-	-
<b>NET CASH FLOW FROM (USED IN) INVESTMENT ACTIVITIES</b>	<b>(840,537)</b>	<b>(101,191)</b>	<b>(12,607)</b>	<b>(415,758)</b>
<b>CASH FLOW IN FINANCING ACTIVITIES</b>				
New loans and debentures	60,108	2,858,644	-	-
Loans and debentures paid	(1,506,459)	(2,106,248)	-	-
Interest on Equity, and dividends	(268,723)	(111,453)	(270,685)	(111,453)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>(1,715,074)</b>	<b>640,943</b>	<b>(270,685)</b>	<b>(111,453)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(412,750)</b>	<b>768,446</b>	<b>62,189</b>	<b>140,849</b>
Cash and cash equivalents at start of period	<b>995,132</b>	<b>924,632</b>	<b>69,352</b>	<b>256,484</b>
Cash and cash equivalents at end of period	<b>582,382</b>	<b>1,693,078</b>	<b>131,541</b>	<b>397,333</b>

The Condensed Notes are an integral part of the Interim Financial Statements.



## STATEMENTS OF ADDED VALUE

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

R\$ '000

	Consolidated				Holding company			
	9M17		9M16		9M17		9M16	
<b>REVENUES</b>								
Sales of electricity, gas and services	21,927,158		20,211,783		276		641	
Distribution construction revenue	725,528		881,450		-		-	
Transmission construction revenue	11,226		36,405		-		-	
Gain on financial updating of the Concession Grant Fee	240,420		212,185		-		-	
Adjustment to expectation of cash flow from the indemnifiable Financial assets of the distribution concession	2,277		6,638		-		-	
Transmission indemnity revenue	295,749		692,211		-		-	
Generation indemnity revenue	259,516		-		-		-	
Investments in PP&E	24,549		40,287		-		-	
Other revenues	1,479		3,905		-		-	
Estimated Provision for Doubtful Receivables (PECLD)	(191,343)		(282,915)		-		-	
	<b>23,296,559</b>		<b>21,801,949</b>		<b>276</b>		<b>641</b>	
<b>INPUTS ACQUIRED FROM THIRD PARTIES</b>								
Electricity purchased for resale	(8,424,585)		(6,734,311)		-		-	
Charges for use of national grid	(882,536)		(825,611)		-		-	
Outsourced services	(983,908)		(904,721)		(6,796)		(6,226)	
Gas bought for resale	(789,861)		(623,503)		-		-	
Materials	(392,871)		(521,118)		(89)		(52)	
Other operational costs	(587,938)		(740,543)		(107,183)		(291,438)	
	<b>(12,061,699)</b>		<b>(10,349,807)</b>		<b>(114,068)</b>		<b>(297,716)</b>	
<b>GROSS VALUE ADDED</b>	<b>11,234,860</b>		<b>11,452,142</b>		<b>(113,792)</b>		<b>(297,075)</b>	
<b>RETENTIONS</b>								
Depreciation and amortization	(616,783)		(601,197)		(351)		(382)	
<b>NET ADDED VALUE PRODUCED BY THE COMPANY</b>	<b>10,618,077</b>		<b>10,850,945</b>		<b>(114,143)</b>		<b>(297,457)</b>	
<b>ADDED VALUE RECEIVED BY TRANSFER</b>								
Equity method gains in non-consolidated investees	(20,680)		47,260		320,979		842,337	
Financial revenues	550,065		835,191		84,893		77,057	
<b>ADDED VALUE TO BE DISTRIBUTED</b>	<b>11,147,462</b>		<b>11,733,396</b>		<b>291,729</b>		<b>621,937</b>	
<b>DISTRIBUTION OF ADDED VALUE</b>								
		%		%		%		%
<b>Employees</b>	<b>1,507,087</b>	<b>13.52</b>	<b>1,386,236</b>	<b>11.81</b>	<b>65,849</b>	<b>22.57</b>	<b>48,232</b>	<b>7.76</b>
Direct remuneration	850,936	7.63	856,959	7.3	26,795	9.18	13,137	2.12
Benefits	406,373	3.65	371,145	3.16	31,928	10.94	28,511	4.58
FGTS fund	52,452	0.47	65,213	0.56	1,891	0.65	1,261	0.2
Voluntary retirement program	197,326	1.77	92,919	0.79	5,235	1.79	5,323	0.86
<b>Taxes</b>	<b>7,833,994</b>	<b>70.28</b>	<b>7,631,496</b>	<b>65.04</b>	<b>62,821</b>	<b>21.53</b>	<b>(71,696)</b>	<b>(11.53)</b>
Federal	3,351,706	30.07	3,746,798	31.93	62,186	21.32	(71,965)	(11.57)
State	4,472,137	40.12	3,875,582	33.03	485	0.17	77	0.01
Municipal	10,151	0.09	9,116	0.08	150	0.05	192	0.03
<b>Remuneration of external capital</b>	<b>1,409,199</b>	<b>12.64</b>	<b>2,074,831</b>	<b>17.69</b>	<b>(233,691)</b>	<b>(80.11)</b>	<b>4,838</b>	<b>0.78</b>
Interest	1,326,887	11.90	2,004,756	17.09	(236,553)	(81.09)	4,332	0.7
Rentals	82,312	0.74	70,075	0.6	2,862	0.98	506	0.08
<b>Remuneration of own capital</b>	<b>397,182</b>	<b>3.56</b>	<b>640,833</b>	<b>5.46</b>	<b>396,750</b>	<b>136.00</b>	<b>640,563</b>	<b>102.99</b>
Retained earnings	396,750	3.56	640,563	5.46	396,750	136.00	640,563	102.99
Non-controlling stockholders' interest in Retained earnings	432	-	270	-	-	-	-	-
	<b>11,147,462</b>	<b>100.00</b>	<b>11,733,396</b>	<b>100.00</b>	<b>291,729</b>	<b>100.00</b>	<b>621,937</b>	<b>100.00</b>

The Condensed Notes are an integral part of the Interim Financial Statements.



## CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

(In thousands of Brazilian Reais – R\$ '000 – except where otherwise indicated)

### 1. OPERATING CONTEXT

#### a) The Company

Companhia Energética de Minas Gerais ('Cemig', 'Parent company', 'Holding company' or 'the Company') is a listed corporation registered in the Brazilian Registry of Corporate Taxpayers (CNPJ) under number 17.155.730/0001-64, with shares traded on the BM&F Bovespa ('Bovespa') at Corporate Governance Level 1; on the New York Stock Exchange ('NYSE'); and on the stock exchange of Madrid ('Latibex'). It is domiciled in Brazil, with head office at Avenida Barbacena 1200, Belo Horizonte, Minas Gerais. It operates exclusively as a holding company, with interests in subsidiaries or jointly controlled entities, which are engaged in the activities of the construction and operation of systems for generation, transformation, transmission, distribution and sale of electricity, and also activities in the various fields of energy, for the purpose of commercial operation.

The Company has assumed a significant amount of debt to finance the capital expenses that are necessary for compliance with its long term growth objectives. On September 30, 2017 the consolidated current liabilities of Cemig GT exceeded its consolidated current assets by R\$ 4,494,345. On September 30, 2017, its aggregate totals of loans, financings and debentures, were: R\$ 5,199,471, short-term; and R\$ 8,856,104 long-term. In its consolidated result, the Company reports positive consolidated operational cash flow for the first nine months of 2017 (9M17) of R\$ 2,142,861. In 9M16 this result was positive consolidated operational cash flow of R\$ 228,694.

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.

The substantial volume of Cemig's debt could negatively affect its business, financial situation and operational results. More specifically, Cemig is subject to certain restrictions on its capacity to raise funds from third parties, which could be an impediment when entering into new contracts for financing of its operations, or for refinancing of existing obligations, and this might adversely affect its business, financial situation and operational results, as follows:



- The Company's bylaws require certain consolidated financial ratios to be maintained, on factors including debt and capital expenditure, with consolidated limits for the Group. This could affect the Group's operational flexibility. In 2016 and on September 30, 2019, certain financial limits and indices established in the bylaws were exceeded. These were previously approved by the General Meeting of Stockholders. Cemig obtained approval from its stockholders for the Company to exceed these financial limits and indices as applicable for 2017.
- The following points relate to contracting of loans: (i) as a state-controlled company, Cemig is subject to rules and limits on lending applicable to the public sector, including rules established by the National Monetary Council (CMN) and the Brazilian Central Bank; and (ii) since the Company operates in the electricity sector it is subject to rules and limits established by Aneel governing indebtedness of companies in the electricity sector. Additionally, (iii) state-controlled companies may use funds from transactions with commercial banks only for refinancing of financial obligations, or in transactions guaranteed by trade bills.
- Another rule in force is the requirement for certain international financial transactions to be approved by the Brazilian Federal Treasury (part of the Finance Ministry) and the Central Bank, before their execution; this approval is usually given only if the objective is to finance importation of merchandise or roll over foreign debt. The objective of these rules is to impose limits on the Company's capacity for indebtedness.
- Cemig is subject to the restrictive covenants contained in its contracts for loans, financings and debentures. In the event of non-compliance with an obligation under the terms of the financing contract, Cemig will be required to reinforce the guarantees of the financing, on penalty of early maturity of the contract. Any default event on our financial instruments could lead creditors to cause all amounts related to that debt to become immediately payable. Early maturity of debt could have a significant adverse effect on the Company's financial situation, and could also result in activation of cross-default clauses in other financial instruments. In the event of default, the Company's cash flows could be insufficient to completely satisfy the debt or to comply with the service of those debts.
- The credit risk rating agencies attribute a rating to Brazil, to the Company, and to its debt securities on the Brazilian basis, and also issue a rating for the Company on a global basis. If ratings are reduced due to any factor that is not related to the Company's operational performance or the high level of the debt, the cost of capital could increase.



For the purposes of amortization of the programmed debt maturities, Cemig will raise significant amounts of capital from third parties through a wide range of financing sources available in the market. For the purposes of complying with services of the debt after meeting its investment targets, Cemig depended, and may continue to depend, on a combination of cash flows from operational activities, drawdowns on our available credit lines, the balance of our cash position and financial investments, and contracting of additional debts.

Cemig has a range of initiatives for increasing liquidity by entering into new financing contracts, refinancing existing obligations, and possibly disposal of assets that are not part of its end-activity. In 2016, Cemig presented a program of disinvestment for sale of assets in the period 2017–2018, with the objective of improving its liquidity position in the short term through creation of liquidity and reduction of debt.

Although Cemig has significant leverage, it expects that the balances of current cash, liquidity of the rotating credit line, cash generated by the initiatives described above, and cash flow from operational activities will be sufficient to supply the needs of working capital, investments, debt servicing, and other cash needs of the coming business year. Management believes that its plans will be successful.

If, for any reason, Cemig has difficulty in obtaining financings, this could negatively affect its conditions for making investments in the amounts necessary to maintain the present level of investments or its long-term objectives, and could compromise its ability to pay financial obligations for principal and debt to creditors, considering that the cash flow from its operations might be insufficient to cover its investment program and all of its debt servicing. A reduction in the investment program or the sale of assets could significantly affect the result of its operations.



## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The individual and consolidated Interim Accounting Information has been prepared in accordance with IAS 34 – *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) and Technical Pronouncement 21 – *Interim Reporting (Pronunciamento Técnico 21 – Demonstração Intermediária, or CPC21)* ; and is also presented in a form compliant with the rules issued by the Brazilian Securities Commission (*Comissão de Valores Mobiliários, or CVM*), applicable to preparation of Quarterly Information (*Informações Trimestrais, or ITR*).

The Company has opted to present the individual and the consolidated Interim Financial Statements in a single group, since there is no difference in the values stated for (a) Stockholders' equity and (b) Net profit (loss) between the individual and the consolidated Interim Financial Statements.

This Interim Quarterly Information has been prepared according to principles, practices and criteria consistent with those adopted in the preparation of the annual accounting statements at December 31, 2016. Thus, this Interim financial information should be read in conjunction with the said financial statements, approved by the Company's management on April 11, 2017.

The added value statement is not required by IFRS, but is obligatory for listed companies in Brazil. Its purpose is to show the wealth created by the Company, and its distribution in the reporting period. It is provided as supplementary information to the individual and consolidated quarterly information.

The Company also takes into account the orientations provided by Technical Orientation OCPC07 in preparation of its financial statements. Thus, the material information in the Interim accounting information, and only that information, is being presented, and corresponds to the information used by Management in its administration of the company.

The Executive Board authorized conclusion and publication of this Interim financial information on November 13, 2017.

### 2.2 Correlation between the Explanatory Notes published in the 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, 2016 and the consolidated interim financial accounting information at September 30, 2017.

The Company believes that this Interim accounting information presents the material updating of information relating to its equity situation, and its results for the three-month



and nine-month period ended September 30, 2017, in compliance with the requirements for disclosure stated by the CVM.

Number of the Note		Title of the Note
Dec. 31, 2016	Sep. 30, 2017	
1	1	Operational context
2	2	Basis of preparation
3	3	Consolidation principles
4	4	Concessions and authorizations
5	31	Operational segments
6	5	Cash and cash equivalents
7	6	Securities
8	7	Consumers and traders; Concession holders – Transport of electricity
9	8	Recoverable taxes
10	9	Income and Social Contribution taxes
11	10	Restricted cash
12	12	Escrow deposits in litigation
13	13	Passthrough funding from the Energy Development Account ( <i>Conta de Desenvolvimento Energético</i> , or CDE) and the Flag Tariff Centralizing Account
14	14	Financial Assets and Liabilities of the Concession
15	15	Investments
16	16	Property, plant and equipment
17	17	Intangible assets
18	18	Suppliers
19	19	Taxes and social security
20	20	Loans, financings and debentures
21	21	Regulatory charges
22	22	Post-retirement obligations
23	23	Provisions
24	24	Stockholder's equity and remuneration to stockholders
25	25	Revenue
26	26	Operational costs and expenses
27	27	Financial revenue and expenses
28	28	Related party transactions
29	29	Financial instruments and risk management
30	30	Measurement at fair value
33	33	Transactions not involving cash
34	34	Subsequent events

The Notes to the 2016 annual statements that have not been included in these consolidated interim financial statements because they had no material changes, and/or were not applicable to the interim information, are as follows:

Number	Title of the Note
31	Insurance
32	Commitments



### 3. PRINCIPLES OF CONSOLIDATION

The reporting dates for the interim accounting information on the subsidiaries and jointly-controlled subsidiaries, used for the purposes of calculation of consolidation and equity method gains (losses) coincide with those of the Company.

The Company uses the criteria of full consolidation for the following companies which are direct equity investments of Cemig:

Subsidiary	Form of valuation	Sep. 30, 2017
		Direct stake, %
Cemig Geração e Transmissão	Consolidation	100.00
Cemig Distribuição	Consolidation	100.00
Gasmig	Consolidation	99.57
CemigTelecom	Consolidation	100.00
Rosal Energia	Consolidation	100.00
Sá Carvalho	Consolidation	100.00
Horizontes Energia	Consolidation	100.00
Usina Térmica Ipatinga	Consolidation	100.00
Cemig PCH	Consolidation	100.00
Cemig Trading	Consolidation	100.00
Efficientia	Consolidation	100.00
Cemig Comercializadora de Energia Incentivada	Consolidation	100.00
UTE Barreiro	Consolidation	100.00
Empresa de Serviços e Comercialização de Energia Elétrica	Consolidation	100.00





#### 4. CONCESSIONS AND AUTHORIZATIONS

##### **Renewal of the concessions of the *Jaguara, São Simão, Miranda* and *Volta Grande* Hydroelectric Plants**

The concession contracts (under Concession 007/97) of the *Jaguara, São Simão* and *Miranda* hydroelectric plants, of the subsidiary Cemig GT, reached a maturity date in August 2013, January 2015 and December 2016, respectively. The subsidiary, since it believes that it has the right to renewal of these concessions under the original Concession Contracts, filed administrative and court actions requiring renewal/extension of the concessions. These applications, however, were rejected by the Mining and Energy Ministry, on the view that the request was made out of time in relation to the period/rules set by Law 12783/13.

As part of the legal dispute in the courts, in March 2017 the interim judgments that had maintained Cemig GT in possession of the concession of the plants on the initial basis of the Concession Contract 007/97, were revoked.

Up to the date of lifting of the interim injunctions for each one of the plants, the Subsidiary Cemig GT recognized revenue from sales of electricity and operational costs of this plant, since it remained in control of the asset up to that date. From that date onward, Cemig GT ceased to recognize the expenses of depreciation on the plants, and began to recognize revenues relating to the provision of services of operation and maintenance of the plant, in accordance with the regime of quotas.

Management of the subsidiary continues to argue for its right in relation to the *Jaguara, São Simão* and *Miranda* plants, supported by a contractual clause, by the legislation in force, and by opinions issued by renowned jurists. The subsidiary's internal and external legal advisers have categorized the chance of success in the court disputes as 'possible'.

Since there are legal disputes pending, involving the *São Simão, Jaguara* and *Miranda* plants, on September 27, 2017 the Brazilian federal government auctioned the concessions of those three plants, and also the concession of *Volta Grande* plant, which concession expired in February, 2017. Those concessions were previously held by Cemig GT. The plants have an aggregate generation capacity of 2,922 MW. The concessions were auctioned for a total of R\$ 12,130,784. The parties that won these concessions are not related to Cemig.

Until the signature of the new concession contracts with the concession holders that won Auction 01/2017, and the actual transfer of possession of the related facilities, as long as the period of assisted operation specified in the tender of Auction 01/2017 continues, the Mining and Energy Ministry maintains Cemig GT as the party responsible for provision of service of generation at the *Jaguara, Miranda, São Simão* and *Volta Grande* Plants, to guarantee continuity of service. The Annual Generation Revenue (RAG) of the plants totals R\$ 433,243 per year and was recorded a revenue of R\$330,369 in the nine-month period ended on September 30, 2017 (R\$238.641 in the same period of 2016). The period of assisted operation may not exceed 180 days from the signature of the new concession contracts.



On August 3, 2017 Mining and Energy Ministry Order 291/17 established the values of indemnity, payable to Cemig GT, for the investments made in the São Simão and Miranda plants that have not been amortized up to the end of the contract. The total amount of the indemnity is R\$ 1,027,751, of which R\$ 243,599 relates to indemnity for the São Simão Plant, and R\$ 784,152 is for indemnity for the Miranda Plant – these figures being expressed in September 2015 and December 2016 currency, respectively. The amounts are being updated, pro rata die, by the IPCA (Expanded Consumer Price) index, up to the date of signature of the Concession Contract by whichever party wins the tender for the concession of the Plants and also by the Selic Reference Rate for Federal securities, as from the date of signature of the Concession Contract up to the date of actual payment of the indemnity. The balances not yet amortized of the concessions of the São Simão and Miranda Plants, in relation to their Basic Plans, were adjusted to reflect the matters defined in Ministerial Order 291/17. Updating gains of R\$ 259,516 were recognized in this quarter (see more details in Notes 13 and 24). The subsidiary transferred the balances referred to to Financial Assets of the concession.

On September 30, 2017, the balance not yet amortized of the Jaguará Plant concession, with accounting value of R\$ 169,822, and also the amounts of the investments made after the São Simão and Miranda plants started operation, respectively with book value of R\$ 3,243 and R\$ 22,546, reported under the heading Generation Concession Assets.

Cemig GT is discussing with the Mining and Energy Ministry the criteria used for deciding the amounts states in Ministerial Order 291/17 and also the fact that this Order did not take into consideration the as yet non-amortized balance of the Jaguará Plant and the balances of investments carried out to the São Simão and Miranda Plants after their coming into operation. The Company does not expect to see loss of value in realization of these assets.



## 5. CASH AND CASH EQUIVALENTS

R\$ '000	Consolidated		Holding company	
	Sep, 30, 2017	Dec. 31, 2016	Sep, 30, 2017	Dec. 31, 2016
Bank accounts	33,631	101,419	4,527	4,414
Cash investments				
Bank certificates of deposit ('CDBs')				
(1)	421,000	523,673	123,382	17,098
Overnight (2)	125,726	370,040	3,632	47,840
Other	2,025	-	-	-
	548,751	893,713	127,014	64,938
	<b>582,382</b>	<b>995,132</b>	<b>131,541</b>	<b>69,352</b>

- 1) Bank Certificates of Deposit (*Certificados de Depósito Bancário*, or CBDs), are remunerated at a percentage varying from 60% to 106% at September 30, 2017 (75% to 106% at December 31, 2016) 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). Repo transactions state, in their trading notes, the Bank's commitment to repurchase the security, at sight, on the maturity date of the transaction, or earlier, at the client's option.
- 2) 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 10.14% on September 30, 2017 (13.64% on December 31, 2016); their purpose is to settle obligations of the unit holders of the Fund or to be used in the purchase of other assets with better remuneration to replenish the portfolio.

The Company's exposure to interest rate risk and an analysis of sensitivity of financial assets and liabilities are given in Note 29 to this Interim Consolidated Accounting Information.



## 6. SECURITIES

R\$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
<b>Cash investments</b>				
<b>Current</b>				
Bank certificates of deposit ('CDBs') (1)	40,139	46,011	257	4,238
Financial Notes (LFs) – Banks (2)	532,265	728,293	15,377	94,156
Treasury Financial Notes (LFTs) (3)	103,954	192,995	3,003	24,951
Debentures (4)	12,737	45,289	2,204	9,403
Other	1,896	1,600	800	611
	<b>690,991</b>	<b>1,014,188</b>	<b>21,641</b>	<b>133,359</b>
<b>Non-current</b>				
Financial Notes – Banks	-	14,134	-	1,820
Debentures	12,123	16,906	693	4,139
	<b>12,123</b>	<b>31,040</b>	<b>693</b>	<b>5,959</b>
	<b>703,114</b>	<b>1,045,228</b>	<b>22,334</b>	<b>139,318</b>

- 1) *Bank Certificates of Deposit (Certificados de Depósito Bancário, or CBDs)*, are remunerated at a percentage, varying from 100.8% to 105.25% on September 30, 2017 (the range on December 31, 2016 was from 100.5% to 111%). of the CDI Rate.
- 2) *Bank Financial Notes (Letras Financeiras, or LFs)* are fixed-rate fixed-income securities, issued by banks and remunerated at a percentage of the CDI rate published by Cetip. The LFs in Cemig GT's portfolio have a remuneration rate varying between 102% and 112% of the CDI in 2017 (104.25% to 112.7% at December 31, 2016).
- 3) *Treasury Financial Notes (LFTs)* are fixed rate securities, the yield on which follows the daily variation of the Selic rate between the date of purchase and the date of maturity.
- 4) *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 between 103% and 128% of the CDI rate in 2017 (104.25% to 113% at December 31, 2016).

Note 29 gives a classification of these securities. Cash investments in securities of related parties are shown in Note 28.



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

R\$ '000	Consolidated				
	Balances not yet due	Up to 90 days past due	More than 90 days past due	Sep. 30, 2017	Dec. 31, 2016
Invoiced supply	1,447,494	675,175	800,736	2,923,405	2,568,823
Supply not yet invoiced	904,714			904,714	919,531
Other concession holders – wholesale supply	350,748	17,482	10,136	378,365	422,981
CCEE (Electricity Trading Chamber)	40,248	38,075	168	78,491	1,432
Power transport concession holders	238,710	8,519	96,430	343,659	318,723
(-) Estimated loss on doubtful receivables	-	-	(851,448)	(851,448)	(660,105)
	<b>2,981,914</b>	<b>739,251</b>	<b>56,022</b>	<b>3,777,186</b>	<b>3,571,385</b>
<b>Current assets</b>				<b>3,602,934</b>	<b>3,425,018</b>
<b>Non-current assets</b>				<b>174,252</b>	<b>146,367</b>

The Company's exposure to credit risk related to Consumers and traders is given in Note 29.

The allowance for estimated doubtful receivables is considered to cover any losses in the realization of these assets, and breaks down by type of consumer as follows:

R\$ '000	Sep. 30, 2017	Sep. 30, 2016
Residential	358,373	244,964
Industrial	156,151	132,586
Commercial, services and others	165,257	152,297
Rural	36,956	23,764
Public authorities	40,129	9,672
Public lighting	5,008	5,392
Public services	14,900	15,408
Charges for use of the network – TUSD	67,762	67,733
Other	6,912	8,289
	<b>851,448</b>	<b>660,105</b>

The changes in the adjustment for estimated losses on doubtful receivables in the nine-month period ended in September, 30 is as follows:

	R\$ '000
<b>Balance on December 31, 2015</b>	<b>625,445</b>
Constitution of provision	282,915
Reversals of provisions	(321,581)
<b>Balance at September 30, 2016</b>	<b>586,779</b>
<b>Balance at December 31, 2016</b>	<b>660,105</b>
Constitution of provision	191,343
<b>Balance at September 30, 2017</b>	<b>851,448</b>

### Advance sales of power supply

Cemig made various transactions, with various clients, for advance payment for power supply. The amounts receivable for power not yet delivered are as follows:

R\$ '000	Consolidated
<b>Balance at December 31, 2016</b>	<b>181,200</b>
Addition	282,601
Supply completed	(189,355)
Monetary updating	37,666
<b>Balance at September 30, 2017</b>	<b>312,112</b>
Current liabilities	245,367
Non-current liabilities	66,745



## 8. RECOVERABLE TAXES

R\$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
<b>Current</b>				
ICMS tax recoverable	162,624	155,306	-	-
PIS and Pasep taxes	12,484	12,480	20	-
Cofins tax	57,659	57,634	102	-
Other	14,187	10,864	-	-
	<u>246,954</u>	<u>236,284</u>	<u>122</u>	<u>-</u>
<b>Non-current</b>				
ICMS tax recoverable	184,010	170,551	-	-
PIS and Pasep taxes	534	914	3	4
Cofins tax	2,905	4,597	11	16
Other	2,226	2,226	1,796	1,796
	<u>189,675</u>	<u>178,288</u>	<u>1,810</u>	<u>1,816</u>
	<u><b>436,629</b></u>	<u><b>414,572</b></u>	<u><b>1,932</b></u>	<u><b>1,816</b></u>

The credits of ICMS, reported in Current assets, arise from acquisitions of property, plant and equipment and intangible assets, and can be offset over 48 months.

The credits of the *PIS*, *Pasep* and *Cofins* taxes arise from acquisitions of property, plant and equipment and intangible assets, and can be offset immediately, according to the law 11,774/08. The transfer to Non-current was made in accordance with estimates by Management of the amounts that will be realized after September 30, 2018.



## 9. INCOME AND SOCIAL CONTRIBUTION TAXES

### a) Income and Social Contribution taxes recoverable

The balances of income tax and Social Contribution tax refer to tax credits in corporate income tax returns of previous years and to advance payments which will be offset against federal taxes payable yet to be calculated.

R\$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
<b>Current</b>				
Income tax	417,368	436,167	36,846	78,174
Social Contribution tax	139,939	153,352	1,026	-
	<u>557,307</u>	<u>589,519</u>	<u>37,872</u>	<u>78,174</u>
<b>Non-current</b>				
Income tax	49,709	98,132	49,709	98,132
Social contribution tax	13,930	13,928	13,930	13,928
	<u>63,639</u>	<u>112,060</u>	<u>63,639</u>	<u>112,060</u>
	<b><u>620,946</u></b>	<b><u>701,579</u></b>	<b><u>101,511</u></b>	<b><u>190,234</u></b>

### b) Deferred income tax and Social Contribution tax

Cemig and its subsidiaries have income tax credits, constituted at the rate of 25%, and Social Contribution tax credits, at the rate of 9%, on tax losses/carryforwards and temporary differences, as follows:

R\$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
<b>Deferred tax assets</b>				
Tax loss carryforwards	357,381	290,272	196,784	202,797
Provisions	1,048,698	1,027,279	499,064	547,277
Post-retirement obligations	1,239,740	1,175,074	129,862	121,973
Estimated provision for doubtful receivables	323,483	228,801	7,192	7,192
Taxes payable – suspended liability (1)	203,388	201,711	-	-
Paid concession	8,152	8,262	-	-
Other	15,637	22,096	363	190
<b>Total</b>	<b><u>3,196,479</u></b>	<b><u>2,953,495</u></b>	<b><u>833,265</u></b>	<b><u>879,429</u></b>
<b>Deferred tax liabilities</b>				
Funding cost	(30,864)	(44,835)	-	-
Deemed cost	(277,890)	(268,009)	-	-
Purchase price allocation adjustments	(468,052)	(481,488)	(88,237)	(90,111)
Borrowing costs capitalized	(159,738)	(148,559)	-	-
Taxes on revenues not redeemed –				
Presumed Profit accounting method	(576)	(1,549)	-	-
Transmission assets: Indemnity gain	(666,143)	(516,985)	-	-
Adjustment to expectation of cash flow from the indemnifiable Financial assets of the distribution concession	(264,588)	(270,553)	-	-
Other	(7,477)	(6,270)	-	-
<b>Total</b>	<b><u>(1,875,328)</u></b>	<b><u>(1,738,248)</u></b>	<b><u>(88,237)</u></b>	<b><u>(90,111)</u></b>
<b>Total, net</b>	<b><u>1,321,151</u></b>	<b><u>1,215,247</u></b>	<b><u>745,028</u></b>	<b><u>789,318</u></b>
<b>Total assets</b>	<b>2,003,908</b>	<b>1,797,453</b>	<b>745,028</b>	<b>789,318</b>
<b>Total liabilities</b>	<b>(682,757)</b>	<b>(582,206)</b>	<b>-</b>	<b>-</b>

(1) Refers to court escrow deposit of PIS, Pasep and Cofins taxes charged on amounts of ICMS tax.



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

R\$ '000	Consolidated	Holding company
<b>Balance on December 31, 2015</b>	809,232	778,120
Effects allocated to Profit and loss account	(75,940)	85,987
Effects allocated to Statement of comprehensive income	38	-
Variations in deferred tax assets and liabilities	73	-
<b>Balance at September 30, 2016</b>	<b>733,403</b>	<b>864,107</b>
<b>Balance at December 31, 2016</b>	<b>1,215,247</b>	<b>789,318</b>
Effects allocated to Profit and loss account	101,362	(44,290)
Variations in deferred tax assets and liabilities	4,543	-
<b>Balance at September 30, 2017</b>	<b>1,321,152</b>	<b>745,028</b>

c) Reconciliation of the expense on income and Social Contribution taxes

This table reconciles the nominal expense on income tax (rate 25%) and the Social Contribution tax (rate 9%) with the actual expense, presented in the Statement of income:

R\$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Pre-tax profit	601,776	865,233	454,989	566,055
Income and Social Contribution taxes – nominal expense	(204,604)	(294,179)	(154,696)	(192,459)
Tax effects applicable to:				
Gain (loss) in subsidiaries by equity method (net of effects of Interest on Equity)	(34,968)	(19)	95,207	265,726
Non-deductible contributions and donations	(2,171)	(2,580)	-	-
Tax incentives	4,053	3,184	66	69
Difference in taxable base amount – Presumed profit Vs. Real profit method	59,692	79,861	-	-
Non-deductible penalties	(10,077)	(12,194)	(11)	(14)
Excess reactive power and demand	(9,229)	(9,268)	-	-
Other	(7,290)	10,795	1,195	1,186
<b>Income tax and Social Contribution tax – effective credit (expense)</b>	<b>(204,594)</b>	<b>(224,400)</b>	<b>(58,239)</b>	<b>74,508</b>
<b>Effective rate</b>	<b>34.00%</b>	<b>25.94%</b>	<b>12.80%</b>	<b>13.16%</b>
<b>Current tax</b>	<b>(305,956)</b>	<b>(148,460)</b>	<b>(13,949)</b>	<b>(11,480)</b>
<b>Deferred tax</b>	<b>101,362</b>	<b>(75,940)</b>	<b>(44,290)</b>	<b>85,988</b>

R\$ '000	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
Pre-tax profit	(93,000)	568,536	(19,237)	485,674
Income and Social Contribution taxes – nominal expense	31,620	(193,302)	6,541	(165,129)
Tax effects applicable to:				
Gain (loss) in subsidiaries by equity method (net of effects of Interest on Equity)	(44,064)	9,832	(71,617)	112,486
Non-deductible contributions and donations	(659)	(776)	-	-
Tax incentives	(2,035)	2,075	23	19
Tax credits not recognized	-	1,586	-	66
Difference in taxable base amount – Presumed profit Vs. Real profit method	20,873	45,575	-	-
Non-deductible penalties	(1,672)	(4,612)	-	-
Excess reactive power and demand	(3,117)	(3,111)	-	-
Other	8,388	7,699	462	281
<b>Income tax and Social Contribution tax – effective credit (expense)</b>	<b>9,334</b>	<b>(135,034)</b>	<b>(64,591)</b>	<b>(52,277)</b>
<b>Effective rate</b>	<b>10.04%</b>	<b>23.75%</b>	<b>335.77%</b>	<b>10.76%</b>
<b>Current tax</b>	<b>(13,234)</b>	<b>(69,593)</b>	<b>(11,416)</b>	<b>757</b>
<b>Deferred tax</b>	<b>22,568</b>	<b>(65,441)</b>	<b>(53,175)</b>	<b>(53,034)</b>





## 10. RESTRICTED CASH

The total recorded as Restricted cash, R\$ 405,494 in the Consolidated accounts and R\$ 396,038 in the Holding company accounts, refers mainly to the amount deposited with Banco Santander, in accordance with the stockholders' agreement of RME and Lepsa, as guarantee for settlement of the put options, described in Note 15. The contract for the account with the depositary bank is in effect until December 15, 2017.

## 11. ACCOUNTS RECEIVABLE FROM THE STATE OF MINAS GERAIS

According to the disclosure on note 23, An agreement was reached between Cemig's management and the government of the State of Minas Gerais in the third quarter, expressed in a Debt Recognition Undertaking signed on October 25, 2017 between Cemig and the Finance Department of Minas Gerais State, in which the State undertook to reimburse the total amount of a deposit made by Cemig, with monetary updating by the IGP-M index related to the administrative proceeding related to the criterium to update the amounts transferred to the State of Minas Gerais Government as advance for capital increase in previous years.

The Debt Recognition Undertaking specified that the State will make payment of R\$ 277,723, of which R\$ 238,445 refers to the original amount of the deposit, and R\$ 38,278 relates to its monetary updating to September 30, 2017 – this amount will be returned to the Company by the State in 12 consecutive monthly installments, each updated by the IGP-M index up to the date of actual payment, the first such payment to become due on November 10, 2017. Also, Clause 3 of this Undertaking specifies that, In the event of arrears or default by the State in payment of the agreed consecutive monthly installments, Cemig is authorized to retain dividends or Interest on Equity distributable to the State in proportion to the State's equity interest, for as long as the arrears and/or default continues.



## 12. ESCROW DEPOSITS

These payments are mainly for legal actions relating to employment-law contingencies and tax obligations.

The most important escrow deposits refer to tax disputes, mainly on the Pasep and Cofins taxes – in actions seeking exclude the ICMS tax itself from the taxable amount on which the Pasep and Cofins taxes are charged.

R\$ '000	Consolidated		Holding company	
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
<b>Employment-law cases</b>	<b>320,950</b>	<b>259,415</b>	<b>38,483</b>	<b>31,231</b>
<b>Tax issues</b>				
Income tax on Interest on Equity	26,601	24,130	238	510
Pasep and Cofins taxes (1)	750,839	746,340	-	-
ICMS credits on PP&E	37,249	36,657	-	-
Donations and legacy tax (ITCD)	48,365	45,620	47,926	45,181
Urban property tax (IPTU)	64,498	80,345	53,602	65,694
Finsocial tax	39,083	37,399	39,083	37,399
Income and Social Contr. Tax on the indemnity for employees' 'Anuênio' benefit	265,178	255,127	12,745	12,262
Other	80,895	59,247	30,975	28,702
	<b>1,312,708</b>	<b>1,284,865</b>	<b>184,569</b>	<b>189,748</b>
<b>Other</b>				
Monetary updating on AFAC from Minas Gerais State Government (2)	239,445	239,445	239,445	239,445
Regulatory	51,614	60,227	29,237	27,374
Third party	14,149	13,484	5,979	6,015
Consumer relations	5,975	5,598	1,561	1,548
Court embargo	12,348	7,877	4,071	3,118
Other	25,316	15,968	1,343	1,389
	<b>109,402</b>	<b>342,599</b>	<b>42,191</b>	<b>278,889</b>
	<b>1,743,060</b>	<b>1,886,879</b>	<b>265,243</b>	<b>499,868</b>

- (1) The payments into court relating to Pasep and Cofins taxes refer to the case challenging the constitutionality of inclusion of the ICMS tax, which has been charged, *within* the amount on which the Pasep and Cofins taxes are calculated. They have a corresponding provision in Taxes. See more details in Note 18.
- (2) Administrative deposit in case seeking suspension of enforceability of the credit charged by the Minas Gerais State Government for a difference in the monetary updating on the Advance against Future Capital Increase (*Adiantamento contra Futuro Aumento de Capital*, or AFAC). More details in Note 22.
- (3) See more details in Note 22 – Provisions on 'Anuênio' indemnity.



### 13. REIMBURSEMENT OF TARIFF SUBSIDIES

The subsidies applicable to tariffs charged to users of public electricity distribution service are reimbursed through payments of funds from the Energy Development Account (*Conta de Desenvolvimento Energético*, or CDE).

In 9M17 the total appropriated as incoming subsidies was R\$ 621,731 (R\$ 600,356 in 9M16). Of the amount provisioned, the Company has R\$ 73,345 receivable (R\$ 63,751 at December 31, 2016). This is recognized in Current assets.

### 14. FINANCIAL ASSETS AND LIABILITIES OF THE CONCESSION

Consolidated	Sep. 30, 2017	Dec. 31, 2016
Assets related to infrastructure (1)		
Distribution concessions	271,612	216,107
Transmission concessions (1.2)	473,374	482,281
Indemnity receivable – Transmission (1.1)	1,975,775	1,805,230
Indemnity receivable – Generation (1.3)	1,685,958	546,624
Concession Grant Fee – Generation concessions (1.4)	2,321,817	2,253,765
	6,728,536	5,304,007
CVA ( <i>Compensation of Portion A items</i> ) Account and Other Financial Components in tariff adjustments (2)	100,457	397,725
<b>Total</b>	<b>6,828,993</b>	<b>5,701,732</b>
<b>Current assets</b>	<b>665,674</b>	<b>730,488</b>
<b>Non-current assets</b>	<b>6,163,319</b>	<b>4,971,244</b>

Financial liabilities of the concession	Sep. 30, 2017	Dec. 31, 2016
CVA ( <i>Compensation of Portion A items</i> ) Account and Other Financial Components in tariff adjustments (2)	704,418	804,975
<b>Current liabilities</b>	<b>704,418</b>	<b>481,835</b>
<b>Non-current liabilities</b>	<b>-</b>	<b>323,140</b>

#### 1) Assets related to infrastructure

The electricity distribution and transmission contracts and the gas distribution contracts of the subsidies are within the criteria for application of Technical Interpretation ICPC 01 (IFRIC 12), which governs accounting of concessions. They refer to the investment made in infrastructure that will be the subject of indemnity by the Concession-granting power, during the period and at the end of the concessions, as specified in the regulations of the electricity sector and in the concession contracts signed by Cemig and its subsidiaries with the related concession-granting powers.

#### 1) Transmission – Indemnity receivable

Anel Normative Resolution 589, of December 10, 2013, set the criteria for calculation of the New Replacement Value (*Valor Novo de Reposição*, or VNR) of the transmission facilities, for the purposes of indemnity.



On August 16, 2016 Aneel, by its Dispatch 2181, homologated the amount of R\$ 892,050, in currency of November 2012, for the portion of the reversible assets not yet amortized, for the purposes of indemnity to Cemig GT.

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 of the indemnity.

The Order determined that the amounts homologated by Aneel should become part of the Regulatory Asset Base for Remuneration (*Base de Remuneração Regulatória*, or BRR) and that the cost of capital should be added to the related Permitted Annual Revenues ('RAP').

The portions of remuneration and depreciation not paid in the period from the extensions of the concessions up to the tariff-setting process of 2017 are to be updated by the IPCA inflation index and remunerated at the real cost of capital of the transmission segment of the industry as decided by Aneel in the methodologies for Periodic Tariff Reviews of Revenues for Existing Concession Holders, currently 10.44% per year, to be paid over eight years by reimbursement through the RAP. (More details in Note 25 (g).)

*Indemnity for transmission assets – adjustment to Remuneration Base of the transmission assets – Aneel Technical Note 183/2017*

In the tariff review processes of Cemig GT, ratified on June 23, 2009 (backdated to July 1, 2005) and June 8, 2010 (backdated to July 1, 2009), certain conducting cables, which have been the subject of an application by the subsidiary, were not included in the tariff calculation. Cemig GT applied for inclusion of these assets in the Remuneration Assets Base and, consequently, for backdated calculation of the amounts not considered in the prior tariff reviews.

Aneel ruled in favor of Cemig GT's application, and calculated the differences between the amounts of revenue ratified in the above-mentioned tariff reviews and the new values calculated for inclusion of the said conducting cables for the period from July 2005 to December 2012. Updated, these amounts were calculated to total R\$ 149,255, at June 2017 prices, to be received by Cemig GT over the next 12 months. On September 30, 2017 the balance receivable was R\$ 111,941.



### *Indemnity for transmission assets – Injunction obtained by industrial consumers:*

On April 10, 2017, an interim court remedy was granted to the Brazilian Large-scale Free Consumers 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 Aneel and the federal government requesting suspension of the effects on their tariffs of payment of the indemnity for transmission assets payable to agents of the electricity sector who accepted the terms of Law 12783/2013.

The preventive remedy was partial, with effects related to suspension of the inclusion in the consumer tariffs paid by these associations of the portion of the indemnity corresponding to the remuneration on capital included since the date of extension of the concessions.

Cemig GT has the expectation of realization in full of the credits receivable in relation to the transmission indemnity, and has calculated the following amounts as indemnity:

	R\$ '000
Regulatory Remuneration Base (BRR) – Dispatch 2181/2016	1,177,488
Amount of the indemnity received so far	(285,438)
<b>Net value of the assets for purposes of indemnity</b>	<b>892,050</b>
Updating in accordance with MME Order 120/16 – IPCA index / Cost of capital – Period Jan. 2013 to June 2017.	1,033,780
Adjustment of the BRR of Transmission Assets – Aneel Technical Note 183/2017	149,255
Monetary updating	25,894
Amounts received	(125,204)
<b>Total at September 30, 2017</b>	<b>1,975,775</b>

Normative Resolution 762, of February 21, 2017, set the procedures and criteria to be used in the calculation of the cost of capital to be added to the Permitted Annual Revenue of each transmission concession holder covered by Law 12783/2013, in harmony with Mining and Energy Ministry Order 120/2016. Under this legislation, Cemig GT began to receive this indemnity as from July, 2017.

#### 1.2) Transmission – Assets remunerated by tariff

For new assets that consist of improvements and strengthening of facilities implemented by transmission concession holders, Aneel calculates an additional portion of Permitted Annual Revenue (RAP) in accordance with a methodology specified in the Proret Tariff Regulation Procedures.

Under the Proret procedure, the revenue established in the Resolutions is payable to the transmission companies as from the date of start of commercial operation of the facilities. In the periods between reviews, the revenues associated with the improvements and strengthening of facilities are provisional. They are then definitively decided in the review immediately subsequent to the start of commercial operation of the facilities; this review then has effect backdated to the date of start of commercial operation. On September 30, 2017 the balance by the subsidiary Cemig GT receivable was R\$ 473,374.



### 1.3) Generation – Indemnity receivable

#### *Plants operated under the 'Quotas' regime as from January 1, 2016*

In July 2015 termination dates for concession periods, under Concession Contract 007/97, of several of the plants operated by the subsidiary Cemig GT were reached. As from the termination of the concession, the subsidiary held the indemnity rights of the assets not yet depreciated/amortized, as specified in that concession contract. The accounting balances corresponding to these assets, including the Deemed Cost, were transferred from Fixed assets to Financial assets on the date of termination of the concession, and total R\$ 616,876 on September 30, 2017 (R\$ 546,624 on September 30, 2017).

Generating plant	Concession expiration date	Installed capacity (MW)	Net balance of assets based on historic cost R\$ '000	Net balance of assets based on deemed cost R\$ '000
Lot D:				
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
Other:				
Volta Grande	February 2017	380	25,621	70,252
		<b>1.060</b>	<b>134,621</b>	<b>616,876</b>

As specified in Aneel Normative Resolution 615/2014, the Valuation Opinions for the assets to be indemnified were delivered to Aneel in December 2015, including the Opinion for the *Volta Grande* Plant, which had a concession period expiring on February 23, 2017. The Company and its subsidiary do not expect any losses on the realization of this asset.

From the termination of the concession contract until January 4, 2016, the plants were operated by the Company under the regime of quotas, with remuneration by a tariff only to cover costs of operation and maintenance of the assets.

In November 2015 Cemig GT took place in Auction 12/2015, and won Lot D. As from January 5, 2016, with the signature of the new concession contracts, the assets began to be operated in accordance with the terms of that Auction.

As mentioned in Note 4, on September 27, 2017 the Volta Grande Hydroelectric Plant was auctioned by the federal government. The transfer of the operational assets of the plant may not take place later than 180 days from the date of signature of the new concession contracts.



#### 1.4) Concession grant fee – Generation concessions

In June 2016, title to Concession Contracts 08 to 16/2016, relating to 18 hydroelectric plants of Lot D of Aneel Auction 12/2015, won by Cemig GT, was transferred to the related specific-purpose companies (SPCs), wholly-owned subsidiaries of Cemig GT, as follows:

R\$ '000	Plant	Balance at Dec. 31, 2016	Monetary updating	Amounts received	Balance at Sep. 30, 2017
Cemig Geração Três Marias S.A.	Três Marias	1,283,197	129,986	(92,612)	1,320,571
Cemig Geração Salto Grande S.A.	Salto Grande	402,639	40,973	(29,207)	414,405
Cemig Geração Itutinga S.A.	Itutinga	149,904	17,193	(12,418)	154,679
Cemig Geração Camargos S.A.	Camargos	112,447	12,809	(9,244)	116,012
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência, Piau	146,553	17,884	(13,007)	151,430
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade, Tronqueiras	99,315	13,424	(9,876)	102,863
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto, Martins	59,710	8,151	(6,004)	61,857
<b>Total</b>		<b>2,253,765</b>	<b>240,420</b>	<b>(172,368)</b>	<b>2,321,817</b>

Cemig's offer for acquisition of grant of the 30-year concession for the 18 hydroelectric plants was R\$ 2,216,353. Of this fee, 65% was paid on January 4, 2016, and the remaining 35% (initially R\$ 775,724) was paid on July 1, 2016 (updated by the Selic rate to a total payment of R\$ 827,921). The amount of the concession grant fee was recognized as a financial asset, due to Cemig GT having the unconditional right to receive the amount paid, plus updating by the IPCA Index and remuneratory interest, during the period of the concession.

In 2016, all of the output of the plants was sold in the Regulated Market under the Physical Guarantee Quotas system. Starting in 2017, the second phase of the contract came into effect: 70% of this output was sold in the Regulated Market and 30% in the Free Market.

#### The *Miranda* and *São Simão* plants

On August 3, 2017, the Mining and Energy Ministry published Ministerial Order 291, setting the amounts of indemnity for the *São Simão* and *Miranda* Hydroelectric Plants, the concessions of which had expiry dates in January 2015 and December 2016 respectively.

The Order specifies that the payment shall be made by December 31, 2018, after receipt by the federal government, from the auction concession winners, of the payment of the Concession Grant Fee, resulting from the competitive tender for the concessions. The amount of the indemnity will be updated by the IPCA index (Expanded Consumer Price) index, up to the date of the signature of the Concession Contract by the party that won the tender for the concession of the Plants, and also by the Selic Reference Rate for Federal securities, as from the date of signature of the Concession Contract up to the date of actual payment of the indemnity.

The amounts of the Basic Plan of the plants were transferred to the account *Indemnity receivable*, and subjected to monetary updating, as follows:





Plant	Concession termination date	Net balance of assets based on Historic Cost at September 30, 2017	Net value of assets based on Deemed Cost at September 30, 2017	Net value of the assets of the Basic Plan based on Deemed Cost at September 30, 2017 (A)	Adjustment (1) (B)	Amounts based on MME Order 291 (A)+(B)	Monetary updating (C)	Net balance of the assets of the Basic Plan at Sep. 30, 2017 (A)+(B)+(C)
Miranda	Dec. 2016	750,836	629,368	606,822	177,330	784,152	13,978	798,130
São Simão	Jan. 2015	61,959	205,987	202,744	40,855	243,599	27,353	270,952
		<b>812,795</b>	<b>835,355</b>	<b>809,566</b>	<b>218,185</b>	<b>1,027,751</b>	<b>41,331</b>	<b>1,069,082</b>

(1) Adjustment of the non-amortized balance of the concessions of the *São Simão* and *Miranda* plants, under MME Order 291/17, that plus the monetary updating of R\$41,331 correspond to the total amount of R\$259.516 .

Cemig GT is holding talks with the Mining and Energy Ministry, on the criteria used for the decision on the amounts stated in Ministerial Order 291/17, and also the fact that this Order did not take into consideration the as yet non-amortized balance of the Jaguará Plant in the amount of R\$ 169,822, and the balances of investments carried out to the São Simão and Miranda Plants after their coming into operation, in the amounts (before monetary updating) of R\$ 3,243 and R\$ 22,546, respectively.

The changes in Financial assets of the concession related to infrastructure are as follows:

R\$ '000	Distribution	Transmission	Generation	Consolidated
<b>Balance on December 31, 2015</b>	<b>135,983</b>	<b>1,501,441</b>	<b>546,424</b>	<b>2,183,848</b>
Additions	-	36,405	534	36,939
Addition of Grant Fee – Plants	-	-	2,255,027	2,255,027
Written off	(291)	-	-	(291)
Amounts received	-	(11,327)	(105,642)	(116,969)
Transfer between Financial Assets, PP&E and Intangible	57,650	(426)	-	57,224
Updating of the Concession Grant Fee	-	-	96,911	6,638
Adjustment of expectation of cash flow from the indemnifiable Financial assets of the concession	6,638	-	-	96,911
Monetary updating	-	692,211	-	698,849
<b>Balance at September 30, 2016</b>	<b>199,980</b>	<b>2,218,304</b>	<b>2,793,254</b>	<b>5,211,538</b>
<b>Balance at December 31, 2016</b>	<b>216,107</b>	<b>2,287,511</b>	<b>2,800,389</b>	<b>5,304,007</b>
Additions	-	160,481	-	160,481
Write-offs	(25)	(3,232)	-	(3,257)
Items received	-	(142,105)	(172,368)	(314,473)
Transfer to Financial assets of concession – Indemnity on non-renewed plant – <i>Volta Grande</i> hydroelectric plant	-	-	879,818	879,818
Adjustment to indemnity – plants not renewed (M. Order 291) – including the monetary updating	-	-	259,516	259,516
Transfer between Financial, PPE and Intangible assets	53,252	-	-	53,252
Adjustment of expectation of cash flow from the indemnifiable Financial assets of the concession	2,278	-	-	2,278
Monetary updating	-	146,494	240,420	386,914
<b>Balance at September 30, 2017</b>	<b>271,612</b>	<b>2,449,149</b>	<b>4,007,775</b>	<b>6,728,536</b>

## 2) CVA (Compensation of Portion A items) Account and Other Financial Components in tariff adjustments

The Amendment that extended the period of the concession of Cemig D guarantees that, in the event of extinction of the concession, for any reason, the remaining balances (assets and





liabilities) of any shortfall in payment or reimbursement through the tariff must also be included by the Concession-granting power in the total of the indemnity.

The balances on (i) the CVA Account (*Compensation for Variation of Portion A items*), (ii) the account for Neutrality of Sector Charges, and (iii) *Other financial components* in the tariff calculation, refer to the positive and negative differences between the estimate of the Cemig D's non-manageable costs and the payments actually made. The variations found are the subject of monetary updating based on the Selic rate and compensated in the subsequent tariff adjustments.

The balances of these financial assets and liabilities are shown below. Please note that in the interim accounting information the balances of each line are presented at net value in assets or liabilities in accordance with the tariff adjustments homologated or to be homologated:

STATEMENT OF FINANCIAL POSITION R\$ '000	Sep. 30, 2017			Dec. 31, 2016		
	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total
<b>Assets</b>	<b>685,966</b>	<b>1,376,925</b>	<b>2,062,891</b>	<b>1,443,964</b>	<b>924,914</b>	<b>2,368,878</b>
Current assets	685,966	466,625	1,152,591	1,443,964	547,241	1,991,205
Non-current assets		910,300	910,300	-	377,673	377,673
<b>Liabilities</b>	<b>(1,339,692)</b>	<b>(1,327,160)</b>	<b>(2,666,852)</b>	<b>(1,046,239)</b>	<b>(1,729,889)</b>	<b>(2,776,128)</b>
Current liabilities	(1,339,692)	(517,317)	(1,857,009)	(1,046,239)	(1,029,076)	(2,075,315)
Non-current liabilities		(809,843)	(809,843)		(700,813)	(700,813)
<b>Total current, net</b>	<b>(653,726)</b>	<b>(50,692)</b>	<b>(704,418)</b>	<b>397,725</b>	<b>(481,835)</b>	<b>(84,110)</b>
<b>Total non-current, net</b>		<b>100,457</b>	<b>100,457</b>	<b>-</b>	<b>(323,140)</b>	<b>(323,140)</b>
<b>Total, net</b>	<b>(653,726)</b>	<b>49,765</b>	<b>(603,961)</b>	<b>397,725</b>	<b>(804,975)</b>	<b>(407,250)</b>

Financial components R\$ '000	Sep. 30, 2017			Dec. 31, 2016		
	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total
<b>Items of 'Portion A'</b>						
Quota for the Energy Development Account (CDE)	(245,409)	(87,471)	(332,880)	202,801	(244,840)	(42,039)
Tariff for use of transmission facilities of grid participants	13,963	(10,784)	3,179	1,923	8,103	10,026
Tariff for transport of electricity provided by Itaipu	3,560	(3,070)	490	5,254	3,926	9,180
Program to encourage alternative electricity sources – Proinfa	(8,178)	-	(8,178)	13,080	4,247	17,327
System Service Charges (ESS) and Reserve Energy Charge (EER)	(64,501)	(438,468)	(502,969)	(54,989)	(189,063)	(244,052)
Electricity bought for resale (1)	(138,684)	671,226	532,542	422,852	(78,922)	343,930
<b>Other financial components</b>						
Overcontracting of supply	13,372	(49,569)	(36,197)	(104,671)	(55,834)	(160,505)
Neutrality of Portion A	(48,929)	70,089	21,160	78,254	(76,367)	1,887
Other financial items	(178,920)	-	(178,920)	(166,779)	(162,614)	(329,393)
'Flag Tariff' items (2)		(80,986)	(80,986)	-	(13,611)	(13,611)
Excess demand /reactive power (3)	-	(21,202)	(21,202)	-	-	-
<b>TOTAL</b>	<b>(653,726)</b>	<b>49,765</b>	<b>(603,961)</b>	<b>397,725</b>	<b>(804,975)</b>	<b>(407,250)</b>



- (1) Due to unfavorable hydrological conditions since July 2017, there has been less hydroelectric generation and more dispatching of thermal plants, increasing the spot price (PLD), and affecting the level of reduction of the physical power offtake guarantee of the hydroelectric plants. For the distributors, this results in higher costs of CCEAR contracts, with thermal plants, and higher hydrological risk costs for the Itaipu plant, for those that trade power supply under Physical Guarantee Quotas, and for those that sold CCEARs and renegotiated the Hydrological Risk. In view of these factors, the difference from the cost taken into account in setting the tariff if greater, resulting in an increase in the deferred asset related to purchase of power supply on September 30, 2017.
- (2) Billing arising from the Flag Tariff System in Cemig D not yet homologated by Aneel.
- (3) In accordance with PRORET 2.1A, from this point onward amounts of excess of demand and excess of reactive power were appropriated to sector financial liabilities, and will be amortized only at the time of homologation of the 5th periodic tariff review cycle of Cemig D.

### Movement in balances of financial assets and liabilities:

	R\$ '000
<b>Balance on December 31, 2015</b>	<b>1,349,656</b>
(-) Net constitution of financial assets	(572,483)
(-) Realized	(364,570)
(-) Payments from the Tariff Flag Funds Centralizing Account	(341,259)
(-) Transfer (1)	(164,957)
(+) Updating – Selic rate (2)	206,967
<b>Net liabilities on September 30, 2016</b>	<b>113,354</b>
<b>Balance at December 31, 2016</b>	<b>(407,250)</b>
(+) Net constitution of financial assets	222,233
(-) Realized	(74,017)
(-) Payments from the Flag Tariff Centralizing Account	(304,841)
(+) Updating – Selic rate	(40,086)
<b>Net liabilities on September 30, 2014</b>	<b>(603,961)</b>

- (1) The financial component constituted to be passed through to the tariff at the next tariff adjustment, arising from judgments (injunctions/provisional remedy) in court actions challenging part of the amount of the CDE (Energy Development Account) charge, was reclassified to Other credits, and will be amortized with counterpart in deductions from the monthly CDE charges to be paid to Eletrobras, in accordance with a Dispatch issued by Aneel in 2016.
- (2) Includes adjustment for homologation of the CVA by Aneel which took place in May 2016.

### Payments from the Flag Tariff Funds Centralizing Account

The 'Flag Account' (*Conta Centralizadora de Recursos de Bandeiras Tarifárias – CCRBT* or '*Conta Bandeira*') manages the funds that are collected from captive customers of distribution concession and permission holders operating in the national grid and have been paid, on behalf of the CDE, directly to the Flag Account. The resulting funds are passed through by the Wholesale Trading Chamber (CCEE) to distribution agents, based on the differences between (i) realized costs of thermal generation and exposure to short-term market prices, and (ii) the amounts covered by the tariff.

In 9M17 funds passed through by the Flag Account totaled R\$ 304,841 (R\$ 341,259 in 9M16), and were recognized as a partial realization of CVA receivables constituted.

The amount referred to above includes the receipt of the 'Flag' tariff amounts for December 2016, totalling R\$ 2,406, which was posted in sector Financial liabilities only in January 2017 when approved by Aneel. The remaining balance of R\$ 302,435 refers to the periods of January through August 2017.



## 15. INVESTMENTS

This table shows the investments in affiliates, subsidiaries and jointly-controlled subsidiaries.

Investments	Control	Consolidated		Holding company	
		Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016
Cemig Geração e Transmissão	Subsidiarie	-	-	5,161,385	4,583,195
Hidrelétrica Cachoeirão	Jointly-controlled	56,720	50,411	-	-
Guanhães Energia	Jointly-controlled	25,172	-	-	-
Hidrelétrica Pipoca	Jointly-controlled	33,753	31,809	-	-
Retiro Baixo	Jointly-controlled	159,126	161,848	-	-
Aliança Norte (Belo Monte Plant)	Jointly-controlled	567,829	527,498	-	-
Madeira Energia (Santo Antônio Plant)	affiliate	559,337	643,890	-	-
FIP Melbourne (Santo Antônio Plant)	affiliate	603,973	677,182	-	-
Lightger	Jointly-controlled	41,254	41,543	-	-
Baguari Energia	Jointly-controlled	145,719	162,106	-	-
Renova	Jointly-controlled	622,725	688,625	-	-
Aliança Geração	Jointly-controlled	1,307,456	1,319,055	-	-
Central Eólica Praias de Parajuru	Jointly-controlled	61,608	63,307	-	-
Central Eólica Volta do Rio	Jointly-controlled	75,789	81,228	-	-
Central Eólica Praias de Morgado	Jointly-controlled	55,595	59,586	-	-
Amazônia Energia (Belo Monte Plant)	Jointly-controlled	850,743	781,022	-	-
Usina Hidrelétrica Itaocara S.A.	Jointly-controlled	2,733	2,782	-	-
Cemig Distribuição	Subsidiarie	-	-	1,961,175	2,499,867
Light	Jointly-controlled	1,068,712	1,070,477	1,068,712	1,070,477
Taesa	Jointly-controlled	1,576,156	1,582,633	1,576,156	1,582,633
CemigTelecom	Subsidiarie	-	-	190,823	191,515
Ativas Data Center	affiliate	17,794	17,741	-	-
Gasmig	Subsidiarie	-	-	1,410,047	1,419,492
Rosal Energia	Subsidiarie	-	-	102,163	141,038
Sá Carvalho	Subsidiarie	-	-	106,840	106,111
Horizontes Energia	Subsidiarie	-	-	55,714	52,396
Usina Térmica Ipatinga	Subsidiarie	-	-	3,928	4,009
Cemig PCH	Subsidiarie	-	-	95,708	91,969
Lepsa	Jointly-controlled	342,033	343,802	342,033	343,802
RME	Jointly-controlled	338,249	340,063	338,249	340,063
Companhia Transleste de Transmissão	Jointly-controlled	24,394	21,588	24,394	21,588
UTE Barreiro	Subsidiarie	-	-	37,790	39,266
Companhia Transudeste de Transmissão	Jointly-controlled	23,600	20,505	23,600	20,505
Empresa de Comercialização de Energia Elétrica	Jointly-controlled	-	-	9,386	20,154
Companhia Transirapé de Transmissão	Jointly-controlled	27,567	23,952	27,567	23,952
Efficientia	Subsidiarie	-	-	7,001	4,868
Cemig Comercializadora de Energia Incentivada	Subsidiarie	-	-	2,342	1,867
Companhia de Transmissão Centroeste de Minas	Jointly-controlled	19,355	21,171	19,355	21,171
Cemig Trading	Subsidiarie	-	-	14,953	28,635
Axxiom Soluções Tecnológicas	Jointly-controlled	12,734	19,264	12,734	19,264
Cemig Overseas (*)	Subsidiarie	-	-	141	20
<b>Total of investments</b>		<b>8,620,126</b>	<b>8,753,088</b>	<b>12,605,561</b>	<b>12,627,857</b>
Guanhães – Uncovered liabilities of jointly-controlled entity	Jointly-controlled	-	(59,071)	-	-
<b>Total</b>		<b>8,620,126</b>	<b>8,694,017</b>	<b>12,605,561</b>	<b>12,627,857</b>

(\*) Cemig Overseas: company formed in Spain for assessment of investment opportunities outside Brazil. As of September 30, 2017, it has no operations.

The Company's investees that are not consolidated are jointly-controlled entities, with the exception of the interest in the *Santo Antônio* power plant, and Ativas Data Center, which are affiliated companies in which the Company has significant influence: the subsidiaries Cemig GT and Cemig Telecom, respectively. It was as from the fourth quarter of 2016 that Ativas Data Center became an investee in which Cemig has significant influence.

### a) Right to commercial operation 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 jointly with the historic value of the investments in the table above. These assets will be amortized over the remaining period of the concessions on the straight-line basis.



Holding company	R\$ '000	Dec. 31, 2015	Amortization	Sep. 30, 2016	Dec. 31, 2016	Amortization	Sep. 30, 2017
Renova (1)		805,458	(32,076)	773,382	-	-	-
Retiro Baixo		30,706	(888)	29,818	29,525	(888)	28,637
Central Eólica Praias de Parajuru		20,868	(1,146)	19,722	19,341	(1,146)	18,195
Central Eólica Volta do Rio		14,818	(756)	14,062	13,807	(756)	13,051
Central Eólica Praias de Morgado		29,461	(1,542)	27,919	27,406	(1,542)	25,864
Madeira Energia (Santo Antônio Plant)		163,296	(4,467)	158,829	157,340	(4,467)	152,873
Aliança Norte (Belo Monte Plant)		58,489	(1,479)	57,010	56,518	(1,479)	55,039
<b>Total, Cemig GT</b>		<b>1,123,096</b>	<b>(42,354)</b>	<b>1,080,742</b>	<b>303,937</b>	<b>(10,278)</b>	<b>293,659</b>
Taesa		414,774	(13,982)	400,792	288,146	(10,170)	277,976
Light		231,163	(16,772)	214,391	208,800	(16,772)	192,028
Gasmig		215,410	(5,934)	209,476	207,498	(5,934)	201,564
Lepsa		-	-	-	48,429	(3,798)	44,631
RME		-	-	-	48,429	(3,798)	44,631
<b>OVERALL TOTAL</b>		<b>1,984,443</b>	<b>(79,042)</b>	<b>1,905,401</b>	<b>1,105,239</b>	<b>(50,750)</b>	<b>1,054,489</b>

(1) At December 31, 2016 there was a downward adjustment of Intangible assets of the concession as a result of the financial difficulties of Renova.

Consolidated	R\$ '000	Dec. 31, 2015	Amortization	Sep. 30, 2016	Dec. 31, 2016	Amortization	Sep. 30, 2017
Taesa		414,774	(13,982)	400,792	288,146	(10,170)	277,976
Light		231,163	(16,772)	214,391	208,800	(16,772)	192,028
Gasmig		215,410	(5,934)	209,476	207,498	(5,934)	201,564
Lepsa		-	-	-	48,429	(3,798)	44,631
RME		-	-	-	48,429	(3,798)	44,631
<b>TOTAL</b>		<b>861,347</b>	<b>(36,688)</b>	<b>824,659</b>	<b>801,302</b>	<b>(40,472)</b>	<b>760,830</b>

b) This table shows changes in investments in subsidiaries and jointly-controlled subsidiaries:

Holding company	R\$ '000	Dec. 31, 2016	Equity method gain (Profit and loss account)	Equity method gain (Other comprehensive income)	Dividends	Injections / AFAC	Other	Sep. 30, 2017
Cemig Geração e Transmissão		4,583,195	525,407	(33,852)	-	100,000	-	5,174,750
Cemig Distribuição		2,499,867	(538,692)	-	-	-	-	1,961,175
CemigTelecom		191,515	(12)	(680)	-	-	-	190,823
Rosal Energia		141,038	(7,907)	-	(30,968)	-	-	102,163
Sá Carvalho		106,111	19,360	-	(18,631)	-	-	106,840
Gasmig		1,419,492	88,634	-	(98,079)	-	-	1,410,047
Horizontes Energia		52,396	11,136	-	(7,818)	-	-	55,714
Usina Térmica Ipatinga		4,009	254	-	(335)	-	-	3,928
Cemig PCH		91,969	13,804	-	(10,065)	-	-	95,708
Lepsa		343,802	234	(1,876)	-	-	(127)	342,033
RME		340,063	128	(1,815)	-	-	(127)	338,249
Companhia Transleste de Transmissão		21,588	4,071	-	(1,265)	-	-	24,394
UTE Barreiro		39,266	(2,400)	-	924	-	-	37,790
Companhia Transudeste de Transmissão		20,505	3,095	-	-	-	-	23,600
Empresa de Comercialização de Energia Elétrica		20,154	26,679	-	(37,447)	-	-	9,386
Companhia Transirapé de Transmissão		23,952	3,615	-	-	-	-	27,567
Efficientia		4,868	3,304	-	(1,171)	-	-	7,001
Cemig Comercializadora de Energia Incentivada		1,867	559	-	(84)	-	-	2,342
Companhia de Transmissão Centroeste de Minas		21,171	3,828	-	(5,644)	-	-	19,355
Light		1,070,477	3,677	(5,442)	-	-	-	1,068,712
Cemig Trading		28,635	41,873	-	(55,555)	-	-	14,953
Axxiom Soluções Tecnológicas		19,264	(6,530)	-	-	-	-	12,734
Taesa		1,582,633	126,862	-	(133,339)	-	-	1,576,156
Cemig Overseas		20	-	-	-	121	-	141
		<b>12,627,857</b>	<b>320,979</b>	<b>(43,665)</b>	<b>(399,477)</b>	<b>100,121</b>	<b>(254)</b>	<b>12,605,561</b>



Consolidated R\$ '000	Dec. 31, 2016	Equity method gain (Profit and loss account)	Equity method gain (Other comprehensive income)	Dividends	Injections / acquisitions	Other	Sep. 30, 2017
Companhia Transleste de Transmissão	21,588	4,071	-	(1,265)	-	-	24,394
Companhia Transudeste de Transmissão	20,505	3,095	-	-	-	-	23,600
Companhia Transirapé de Transmissão	23,952	3,615	-	-	-	-	27,567
Companhia de Transmissão Centroeste de Minas	21,171	3,828	-	(5,644)	-	-	19,355
Light	1,070,477	3,677	(5,442)	-	-	-	1,068,712
Axxiom Soluções Tecnológicas	19,264	(6,530)	-	-	-	-	12,734
Lepsa	343,802	234	(1,876)	-	-	(127)	342,033
RME	340,063	128	(1,815)	-	-	(127)	338,249
Hidrelétrica Cachoeirão	50,411	8,950	-	(2,641)	-	-	56,720
Guanhães Energia (1)	-	(2,037)	-	-	86,280	(59,071)	25,172
Hidrelétrica Pipoca	31,809	3,228	-	(1,284)	-	-	33,753
Madeira Energia (Santo Antônio Plant)	643,890	(84,553)	-	-	-	-	559,337
FIP Melbourne (Santo Antônio Plant)	677,182	(73,209)	-	-	-	-	603,973
Lightger	41,543	2,280	-	(2,569)	-	-	41,254
Baguari Energia	162,106	13,887	-	(30,274)	-	-	145,719
Central Eólica Praias de Parajuru	63,307	(1,293)	-	(406)	-	-	61,608
Central Eólica Volta do Rio	81,228	(5,439)	-	-	-	-	75,789
Central Eólica Praias de Morgado	59,586	(3,991)	-	-	-	-	55,595
Amazônia Energia (Belo Monte Plant)	781,022	(6,965)	-	-	76,686	-	850,743
Ativas Data Center	17,741	(1,950)	-	-	-	2,003	17,794
Taesa	1,582,633	126,862	-	(133,339)	-	-	1,576,156
Renova	688,625	(50,048)	(33,852)	-	18,000	-	622,725
Usina Hidrelétrica Itaocara S.A.	2,782	(581)	-	-	532	-	2,733
Aliança Geração	1,319,055	39,977	-	(51,576)	-	-	1,307,456
Aliança Norte (Belo Monte Plant)	527,498	(6,376)	-	-	46,707	-	567,829
Retiro Baixo	161,848	8,460	-	(11,182)	-	-	159,126
<b>Total of investments</b>	<b>8,753,088</b>	<b>(20,680)</b>	<b>(42,985)</b>	<b>(240,180)</b>	<b>228,205</b>	<b>(57,322)</b>	<b>8,620,126</b>
Guanhães – Uncovered liabilities of jointly-controlled entity (1)	(59,071)	-	-	-	-	59,071	-
<b>Total</b>	<b>8,694,017</b>	<b>(20,680)</b>	<b>(42,985)</b>	<b>(240,180)</b>	<b>228,205</b>	<b>1,749</b>	<b>8,620,126</b>

(1) Transfer of uncovered liabilities;



c) This table gives the principal information on the subsidiaries and jointly-controlled subsidiaries, not adjusted for the percentage represented by the Company's ownership interest:

Company	R\$ '000	Number of shares	Sep. 30, 2017			Dec. 31, 2016		
			Cemig interest %	Share capital	Stockholders' equity	Cemig interest %	Share capital	Stockholders' equity
Cemig Geração e Transmissão		2,896,785,358	100.00	1,837,710	5,161,385	100.00	1,837,710	4,583,195
Hidrelétrica Cachoeirão		35,000,000	49.00	35,000	115,755	49.00	35,000	102,880
Guanhães Energia		330,536,000	49.00	330,536	51,371	49.00	185,647	-
Hidrelétrica Pipoca		41,360,000	49.00	41,360	68,884	49.00	41,360	64,916
Retiro Baixo		222,850,000	49.90	222,850	261,501	49.90	222,850	263,680
Aliança Norte (Belo Monte Plant)		38,261,538,617	49.00	1,109,355	1,046,510	49.00	1,014,111	1,076,527
Madeira Energia (Santo Antônio Plant)		9,730,201,137	18.13	9,546,672	5,573,287	18.13	10,151,952	6,418,617
Lightger		79,078,937	49.00	79,232	84,192	49.00	79,232	84,781
Baguari Energia S.A. (1)		26,157,300,278	69.39	186,573	210,000	69.39	186,573	247,662
Renova		417,197,244	36.23	2,960,776	1,718,810	34.15	2,856,255	1,955,598
Aliança Geração		1,291,582,500	45.00	1,291,488	2,905,457	45.00	1,291,488	1,972,519
Central Eólica Praias de Parajuru		70,560,000	49.00	70,560	88,598	49.00	70,560	88,897
Central Eólica Volta do Rio		117,230,000	49.00	117,230	128,037	49.00	117,230	136,886
Central Eólica Praias de Morgado		52,960,000	49.00	52,960	60,676	49.00	52,960	65,128
Amazônia Energia (Belo Monte Plant) (1)		1,176,194,023	74.50	1,218,672	1,141,937	74.50	1,115,739	1,048,351
Usina Hidrelétrica Itaocara S.A.		5,677,000	49.00	6,762	5,578	49.00	5,677	5,677
Cemig Distribuição		2,359,113,452	100.00	2,771,998	1,961,175	100.00	2,361,998	2,499,867
Light		203,934,060	26.06	2,225,822	3,364,098	26.06	2,225,822	3,353,796
CemigTelecom		397,683,385	100.00	241,742	190,823	100.00	241,742	191,515
Rosal Energia		46,944,467	100.00	46,944	102,163	100.00	46,944	141,038
Sá Carvalho		361,200,000	100.00	36,833	106,840	100.00	36,833	106,111
Gasmig		409,255,483	99.57	665,429	1,213,702	99.57	665,429	1,425,622
Horizontes Energia		39,257,563	100.00	39,258	55,714	100.00	39,258	52,396
Usina Térmica Ipatinga		174,281	100.00	174	3,928	100.00	174	4,009
Cemig PCH		35,952,000	100.00	35,952	95,708	100.00	35,952	91,969
Lepsa		1,379,839,905	66.62	437,638	446,415	66.62	437,638	443,370
RME		1,365,421,406	66.27	433,770	443,063	66.27	433,770	440,069
Companhia Transleste de Transmissão		49,569,000	25.00	49,569	97,576	25.00	49,569	81,293
UTE Barreiro		30,902,000	100.00	30,902	37,790	100.00	30,902	39,266
Companhia Transudeste de Transmissão		30,000,000	24.00	30,000	98,333	24.00	30,000	85,438
Empresa de Comercialização de Energia Elétrica		486,000	100.00	486	9,386	100.00	486	20,154
Companhia Transirapé de Transmissão		22,340,490	24.50	22,340	112,518	24.50	22,340	97,763
Efficientia		6,051,994	100.00	6,052	7,001	100.00	6,052	4,868
Cemig Comercializadora de Energia Incentivada		1,000,000	100.00	1,000	2,342	100.00	1,000	1,867
Companhia de Transmissão Centroeste de Minas		28,000,000	51.00	28,000	37,951	51.00	28,000	41,512
Cemig Trading		1,000,000	100.00	1,000	14,953	100.00	1,000	28,635
Axiom Soluções Tecnológicas		17,200,000	49.00	46,600	25,988	49.00	46,600	39,314
Taesá		1,033,496,721	31.54	3,042,034	4,115,980	31.54	3,042,034	4,307,588

(1) Control shared under a Stockholders' Agreement.

On September 30, 2017, the current liabilities of some jointly-controlled entries were higher than their current assets, as follows:

**Light:** On September 30, 2017, Light had consolidated negative net working capital of R\$ 1,960,665 (R\$ 1,258,928 on December 31, 2016). Light has been negotiating renewal of its short-term loans and financings, and is engaged in lengthening its debt profile. It also expects greater operational cash flow as from the periodic tariff review, which took place on March 15, 2017 and resulted in an average increase in consumer electricity bills of 10.45%. The management of Light believes that success in these phases will reverse the present situation of negative net working capital; and that there is no material uncertainty such as might put operational continuity in doubt.

**Madeira Energia ('Mesa'):** The excess of current liabilities over current assets, equal to R\$ 2,164,237, arises mainly from the account lines Suppliers, Other liabilities, Loans and financings, and Contingency provisions. To deal with the situation of negative working



capital, Mesa has the benefit of a favorable decision by Aneel to revert, in liabilities, the FID (Availability Factor) account, and release of funds from the debt servicing reserve account which will be replaced by a bank guarantee, with generation of operational cash flow and normalization of funds subscribed by certain stockholders under a decision by the EGM – and which are, thus, not demandable immediately.

Renova Energia: In the nine-month period ended September 30, 2017, Renova Energia reported accumulated losses of R\$ 1,255,587, and current liabilities R\$ 1,273,273 in excess of current assets (consolidated), and has a need to obtain capital to comply with the construction commitments of wind and solar generating plants. The main reasons for this situation are: a) significant investments that are being allocated in construction of the wind farms of the Alto Sertão III complex; and b) delay in release of the long-term financing with the Brazilian Development Bank (BNDES).

In response to this scenario, the management of Renova is taking a range of measures to rebalance its liquidity structure and cash flow. Renova's actions and plan are as follows:

- (1) On August 3, 2017, with completion of the sale of the Alto Sertão II wind farm complexes to AES Tietê Energia, Renova settled the balance of the debentures and transferred the balance of the debt of those complexes (R\$ 1,115,750, at June 30, 2017), reducing its indebtedness by R\$ 1,480,684.
- (2) Renova is in negotiations with the BNDES for signature of a long-term financing contract for approximately R\$ 900,000, which will replace the existing bridge loan – reported in Current liabilities up to September 30, 2017 – of R\$ 860,149 (principal plus interest). The remainder will be used for works related to the Alto Sertão III complex – Phase A. As soon as the long-term financing is contracted, part of current liabilities will be reclassified to non-current. So far a total of R\$ 2.1 billion has been invested in Phase A of Alto Sertão III – corresponding to 87% (information not reviewed by external auditors) of physical completion, without there having been any release of a long-term financing from the BNDES.
- (3) The stockholders continue to be engaged in providing financial support, to enable Renova to achieve rebalancing of liquidity. In 2017 they provided cash injections of R\$ 62,764.
- (4) Optimization of the portfolio of contracts – with permanent cancellation of projects totaling 210 MW average.
- (5) Possible routes for feasibility of new funding include: optimization of the portfolio; sale of projects and/or operational assets; and entry of new stockholders.

The Management of Renova Energia believes that with the success of these measures it will be possible to recover the Company's equilibrium in economic and financial terms and in terms of liquidity.





## Investment in the *Santo Antônio* Hydroelectric Plant, through Madeira Energia S.A. (Mesa) and FIP Melbourne

The Company has direct and indirect investments in Madeira Energia S.A. (which holds an investment in Santo Antônio Energia S.A.), of R\$ 1,163,310 at September 30, 2017 (R\$ 1,321,072 at December 31, 2016).

Madeira Energia S.A. ('Mesa') and its subsidiary Santo Antônio Energia S.A. ('Saesa') are incurring establishment costs related to the construction of the Santo Antônio Hydroelectric Plant. The property, plant and equipment asset constituted by these expenditures totaled R\$ 21,850,585 (Mesa, consolidated) on September 30, 2017, and this amount, in accordance with financial projections prepared by its management, is to be absorbed by future revenues generated as from January 2017, when the plant began operating with all its generator rotors.

Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys' Office, which involve other indirect shareholders of Madeira Energia S.A. and certain executives of those other indirect shareholders.

### Arbitration proceedings

In 2014, SAAG Investimentos S.A. (SAAG) and Cemig GT opened arbitration proceedings, *in camera* (in confidentiality), in the Market Arbitration Chamber, challenging the following: (a) the increase approved in the capital of Mesa of approximately R\$ 750,000 partially destined 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 Stockholders' Agreement of Mesa; and also on the existence of credits owed to Mesa by CCSA, able to be offset, in 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.





In 2016 the arbitration judgment by the Market Arbitration Chamber recognized the right of Cemig GT and SAAG in full, and ordered 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 Interim Accounting Information at September 30, 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 Subsidiary applied to open arbitration proceedings with the International Chamber of Commerce (ICC) against CCSA, which are in progress. Under the Arbitration Regulations of the ICC, this procedure is taking place *in camera* (in secret).

### **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-operational costs for completion of the plant. According to estimates and forecasts these costs will be repaid by the revenues from future operations.

On April 7, 2015, *Nesa* was awarded interim judgment ordering *Aneel* to “abstain, until hearing of the application for an injunction made in the origin case, from applying to Appellant any penalties or sanctions in relation to the *Belo Monte* Hydroelectric Plant not coming into operation on the date established in the original timetable for the project, including those specified in *Aneel* Normative Resolution 595/2013 and in the Concession Contract 01/2010-MME, of the *Belo Monte* Hydroelectric Plant”. The legal advisers of *Nesa* have classified the probability of loss as ‘possible’, and the value of the estimated loss in *Belo Monte* up to September 30, 2017 is R\$ 250,316.

Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys’ Office, which involve other shareholders of *Norte Energia S.A.* and certain executives of those other shareholders.

The effects of any alterations to the existing scenario will be reflected in the Company’s accounting statements.



## Investment in Renova

### Investment in TerraForm Global

The indirectly jointly-controlled entity Renova had investments in class A (GLBL) shares in TerraForm (‘the TERG Shares’), which were designated as financial assets available for sale, reported at fair value, based on the market trading price on the NASDAQ exchange. Gains and losses arising from variations in the share price were reported directly into Stockholders’ equity under Other comprehensive income.

In 9M17 there was a positive adjustment of R\$ 73,224 (the effect on Cemig was R\$ 26,470), recognized in Other comprehensive income in Renova Energia. In 9M16, the investee posted a loss of R\$ 271,509 (the impact on Cemig GT was R\$ 74,258), reflecting the negative volatility in the stock price of TerraForm in the period, based on the market price of the shares.

On May 15, 2017 Renova and Brookfield Asset Management (‘Brookfield’), through its vehicle Orion US Holding 1 L.P., signed a share purchase agreement for the shares that the investee held in TerraForm Global Inc. On May 26, 2017, Renova published a material announcement reporting sale of its shares in TerraForm to Brookfield. The total price of the acquisition was R\$ 305,766 for completion on July 3, 2017, after compliance with certain conditions precedent.

In June, 2017, Renova entered into an agreement with TerraForm Global (SUNEDISON) in which the parties agree to terminate the arbitration proceedings by compensating Renova for R\$ 48,559, which was paid together with the financial settlement of the sale of Terraform shares.

### Adjustment for impairment

For the period of 9M17, Renova posted an impairment to its PP&E assets, which resulted in a loss of R\$ 119,681 (impact on Cemig: R\$ 52,276) for Phase A of the Alto Sertão III wind farms complex. This was posted in the Profit and loss account for the period.

## Grant of exclusivity

At its meeting of its Board of Directors on July 17, 2017, Cemig GT oriented vote by its representatives in the meeting of the Board of Directors of the investee Renova Energia S.A. (‘Renova’), also held on July 17, 2017, in favor of approval of grant of exclusivity to Brookfield Energia Renovável S.A., including realization of due diligence and negotiation of final documents for a primary subscription in Renova and the sale of the interest held by Light Energia in Renova, as proposed in a non-binding offer. The period of exclusivity of 60 days from July 17, 2017, subsequently extended for 30 days, ended on October 17, 2017. This does not alter the stage of negotiation with Brookfield for the transaction referred to.



## Sale of assets – Umburanas wind complex

On August 23, 2017 Renova signed a Contract for Assignment of Rights and Obligations of the Umburanas Wind Power Complex, with total installed capacity of 605 MW, with Engie Brasil S.A. ('Engie'). The base price of the transaction was R\$ 15,000, subject to adjustments if certain conditions precedent of the transaction are satisfied.

On October 24, 2017, the 40th Public Meeting of the Council of Aneel (the electricity regulator) approved the transfer of the Umburanas Wind Complex to Engie.

However, since the negotiation involved an application for cancellation of four concession grants in this Complex, it was decided: (i) to apply a penalty fine of R\$ 3.8 million to Renova; and (ii) to suspend Renova's right to contract with or participate in tenders/competitive bids held by Aneel for a period of one year. The decision does not affect the controlling stockholders of Renova.

## Put options

The Company has granted certain put options for which it calculates the fair value of the option based on the *Black and Scholes Merton* (BSM) model, in which the following variables are taken into account: exercise price of the option; closing price of the underlying asset on September 30, 2017; the risk-free interest rate; the volatility of the price of the underlying asset; and the time to maturity of the option.

Analytically, calculation of the exercise price of the options, the risk-free interest rate and the time to maturity is primarily deterministic, so that the main divergence in the put options takes place in the measurement of the closing price and the volatility of the underlying asset.

At September 30, 2017 the Company was party to the following options:

Consolidated	Balance on Sep. 30, 2017	Balance on Dec. 31, 2016
Put option - RME and LEPSA	1,242,818	1,149,881
SAAG put option	264,138	196,173
Put / Call option – Ativas and Sonda	(4,483)	(4,586)
	<b>1,502,473</b>	<b>1,341,468</b>

### Put options in shares of RME and Lepsa

Cemig granted a put option, to Fundo de Participações Redentor ('Redentor'), a stockholder of both Luce Empreendimentos e Participações S.A. (Lepsa) and RME (Rio Minas Energia Participações S.A.), giving Redentor the right to sell to Cemig all of Redentor's shares in Parati (which following a reorganization are now shares in RME and Lepsa), exercisable in May 2016. The exercise price of the option is calculated from the sum of the value of the amounts injected by the Fund into Parati, plus the running expenses of the fund, less Interest on Equity, and dividends, distributed by Parati.



The exercise price is subject to monetary updating by the CDI (Interbank CD) Rate plus financial remuneration at 0.9% per year.

RME and Lepsa own common and preferred shares in Light, and at present exercise joint control, with the Company, over the activities for that company. This being so, this option has been considered to be a derivative instrument, accounted at fair value through profit or loss.

In the second quarter of 2016 Amendments were signed to the shareholders' Agreement of Parati. The principal changes arising from these amendments are as follows:

- 1) The maturity of the Put Option granted in 2011 by Cemig in favor of the unit holders of FIP Redentor, initially specified to be May 31, 2016, was postponed, to two separate exercise dates:
  - a) First option exercise window: The intention to exercise may be stated by any direct shareholder/s who decide to do so, independently of the exercise of the Put Option by the other direct shareholders, up to September 23, 2016, inclusive, and shall cover only preferred shares in Parati, up to a limit of 153,634,195 shares, representing 14.30% of the total shares in Parati held by the other direct shareholders.

On September 6, 2016 Cemig received from Banco BTG Pactual ('BTG Pactual') Notice of Intention to Exercise a Put Option, informing irrevocable exercise of BTG Pactual's right to sell to Cemig 153,634,195 preferred shares representing its stockholding in Parati ('Shares subject of the Put Option').

In October 2016, due to the extinction of Parati, the Put Option was divided between RME and Lepsa in the proportion of 50% each, with all the conditions of the original Put Option being maintained, except the items modified in the amendments, including alteration to their bylaws.

On November 30, 2016, Cemig paid R\$ 221.8 million for the portion of BTG Pactual in RME and Lepsa, under exercise of the first 'window' of the put.



- b) Second payment window: The intention to exercise may be stated by any direct shareholder/s who decide to do so, independently of the exercise of the Put Option by the other direct shareholders, up to September 23, 2017, inclusive, and may cover the totality of the shares in Parati, being independent of any exercise, or not, of the Put Option in the first payment window. Cemig must make payment by November 30, 2017.

On September 15, 2017 Cemig received Notices of Intention to Exercise Put Options, under the 'Second Exercise Window', from

- BB–Banco de Investimento S.A. ('BB-BI'),
- BV Financeira S.A. – Crédito, Financiamento e Investimento ('BV Financeira'), and
- Banco Santander (Brasil) S.A. ('Santander')

(jointly, 'the Stockholder Banks'),

giving notice of irrevocable decision to exercise their right to sell to Cemig the totality of their holdings of common and preferred shares ('the Shares Subject of the Put Option'), comprising the totality of their equity interests, in RME and Lepsa.

- 2) The Put Option may now be exercised not only by FIP Redentor, but also by the direct shareholders of Parati, including but not limited to the unit holders of FIP Redentor, and/or their affiliates, who shall become holders of a Put Option and/or of the rights arising therefrom, under which each one of the direct shareholders shall individually have the right to sell any shares in Parati that they own.
- 3) Conditions were included for bringing forward the date of exercise of the put option: in the event of any occurrence resulting in bringing forward of the option referred to, any direct shareholder may present to Cemig a notice of bringing forward of the option, at which moment the option shall be considered exercised by all the direct shareholders, over the totality of their shares.
- 4) As guarantee for the full payment of the Put Option, on May 31, 2016 Cemig offered to the holders of the Put Option 55,234,637 common shares and 110,469,274 preferred shares in Transmissora Aliança de Energia S.A. (Taesa), and as further guarantee, 53,152,298 shares that Cemig directly holds in Light.



### Amount of the Company's exposure

The change in the value of the options – the difference between the estimated fair value for the assets and the corresponding exercise price, in the nine-month periods ended September 30, 2017 and 2016, has been as follows:

	R\$ '000
<b>Balance at December 31, 2016</b>	1,149,881
Variation in fair value	100,957
Reversals	(8,020)
<b>Balance at September 30, 2017</b>	<b>1,242,818</b>
<b>Balance on December 31, 2015</b>	<b>1,245,103</b>
Variation in fair value	267,585
<b>Balance at September 30, 2016</b>	<b>1,512,688</b>

In the calculation of the fair value of the option based on the Black-Scholes-Merton analysis, the following variables are taken into account: exercise price of the option; closing price of the stock of Light on September 30, 2017 (as a reference for the value of the indirect equity interest held by the direct stockholders of RME and Lepsa in Light); the risk-free interest rate; the volatility of the price of the underlying asset; and the time to maturity of the option.

The Company has 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 6.6% p.a. to 16.4% p.a., and for volatility between 15% and 63.2% p.a., were used, resulting in estimates of minimum and maximum price for the put option of R\$ 1,116,760 and R\$ 1,180,151, respectively.

### SAAG Put options

Option Contracts ('the Put Option') 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 entities that comprise the Investment Structure, which may be exercised at the option of the private pension plan entities, in the 84th (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 Consumer 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.



In the fourth quarter of 2016 Cemig GT altered the methodology used in measuring the fair value of the put option of SAAG, and adopted the Black-Scholes-Merton (BSM) model, replacing the model of discounted cash flow less the exercise price of the option. This change is in line with best market practices, since the BSM method not only calculates the difference between the exercise price of the option and the share price, brought to present value, but also incorporates an important random component that weights these amounts.

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 adaptations 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 September 30, 2017 is ascertained on the basis of *Free cash flow to equity holders* (FCFE), with its equivalence in indirect equity 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\$ 264,138 is recorded in the Company's Interim accounting information, for the difference between the exercise price and the estimated fair value of the assets (R\$ 196,173 at December 31, 2016).

The movement in the value of the options in the nine-month periods ended September 30, 2015 and 2016 is as follows:

	R\$ '000
<b>Balance at December 31, 2016</b>	196,173
Variation in fair value	73,299
Reversals	(5,334)
<b>Balance at September 30, 2017</b>	<b>264,138</b>
<b>Balance on December 31, 2015</b>	<b>147,614</b>
Variation in fair value	29,488
<b>Balance at September 30, 2016</b>	<b>177,102</b>

Cemig GT has 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 6.19% p.a. to 10.19% p.a., and for volatility between 16% and 76% p.a., were used, resulting in estimates of minimum and maximum price for the put option of R\$ 226,188 and R\$ 341,307, respectively.





## 16. PROPERTY, PLANT AND EQUIPMENT

Consolidated	R\$ '000	Sep. 30, 2017			Dec. 31, 2016		
		Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
<b>In service</b>							
Land		225,081	(13,126)	211,955	286,368	(7,718)	278,650
Reservoirs, dams and watercourses		3,324,692	(2,068,844)	1,255,848	5,347,448	(3,586,435)	1,761,013
Buildings, works and improvements		1,102,157	(766,382)	335,775	1,789,111	(1,370,631)	418,480
Machinery and equipment		2,939,964	(2,069,474)	870,490	4,518,403	(3,347,214)	1,171,189
Vehicles		28,816	(25,431)	3,385	28,816	(24,586)	4,230
Furniture and utensils		15,830	(12,669)	3,161	15,781	(12,373)	3,408
		<b>7,636,540</b>	<b>(4,955,926)</b>	<b>2,680,614</b>	<b>11,985,927</b>	<b>(8,348,957)</b>	<b>3,636,970</b>
<b>Under construction</b>		<b>116,577</b>	<b>-</b>	<b>116,577</b>	<b>138,106</b>	<b>-</b>	<b>138,106</b>
<b>Net property, plant and equipment</b>		<b>7,753,117</b>	<b>(4,955,926)</b>	<b>2,797,191</b>	<b>12,124,033</b>	<b>(8,348,957)</b>	<b>3,775,076</b>

This table shows the movement in property, plant and equipment:

Consolidated	Balance at Dec. 31, 2016	Addition	Jaguara, Miranda and Volta Grande Plants (1)	Written off	Depreciation	Transfers / capitalizations	Balance at Sep. 30, 2017
R\$ '000							
<b>In service</b>							
Land	278,650	-	(61,287)	-	(5,408)	-	211,955
Reservoirs, dams and watercourses	1,761,013	-	(440,923)	300	(64,913)	371	1,255,848
Buildings, works and improvements	418,480	39	(68,971)	-	(14,546)	773	335,775
Machinery and equipment	1,171,189	253	(297,471)	-	(69,864)	71,726	870,490
Vehicles	4,230	-	-	-	(845)	-	3,385
Furniture and utensils	3,408	58	-	-	(305)	-	3,161
	<b>3,636,970</b>	<b>350</b>	<b>(868,652)</b>	<b>(5,043)</b>	<b>(155,881)</b>	<b>72,870</b>	<b>2,680,614</b>
<b>Under construction</b>	<b>138,106</b>	<b>53,533</b>	<b>(130)</b>	<b>(2,062)</b>	<b>-</b>	<b>(72,870)</b>	<b>116,577</b>
<b>Net property, plant and equipment</b>	<b>3,775,076</b>	<b>53,883</b>	<b>(868,782)</b>	<b>(7,105)</b>	<b>(155,881)</b>	<b>-</b>	<b>2,797,191</b>

(1) Amounts transferred to the account line Generation concession assets, for the Jaguara and Miranda Plants, (more details in Note 4) and to Financial assets of the concession, for the Volta Grande Plant (more details in Note 13).

Consolidated	Balance at Dec. 31, 2015	Addition	Written off	Depreciation	Transfers / capitalizations	Balance at Sep. 30, 2016
R\$ '000						
<b>In service</b>						
Land	278,609	-	(351)	(2,248)	89	276,099
Reservoirs, dams and watercourses	1,830,045	-	(3)	(74,450)	26,852	1,782,444
Buildings, works and improvements	437,311	-	(697)	(17,823)	4,348	423,139
Machinery and equipment	1,192,099	-	(23,128)	(76,748)	83,647	1,175,870
Vehicles	8,082	-	(58)	(1,943)	(1,518)	4,563
Furniture and utensils	4,473	-	(1)	(240)	(713)	3,519
	<b>3,750,619</b>	<b>-</b>	<b>(24,238)</b>	<b>(173,452)</b>	<b>112,705</b>	<b>3,665,634</b>
<b>Under construction</b>	<b>189,704</b>	<b>61,332</b>	<b>(6,237)</b>	<b>-</b>	<b>(112,279)</b>	<b>132,520</b>
<b>Net property, plant and equipment</b>	<b>3,940,323</b>	<b>61,332</b>	<b>(30,475)</b>	<b>(173,452)</b>	<b>426</b>	<b>3,798,154</b>





The average annual depreciation rate for the year 2017 is 3.51% (3.39% in 2016). By activity, the average annual depreciation rates are:

Hydroelectric generation	Thermal generation	Management and other	Telecoms
3.30%	3.85%	10.04%	4.61%

The Company has 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 Concession-granting power shall determine the amount to be indemnified to the Company and its subsidiaries. Management believes that the indemnity of these assets will be greater than the amount of: their historic cost after depreciation over their useful lives.

Under the Brazilian regulatory framework Aneel, the regulator, is responsible for establishing the useful economic life of the generation and transmission assets in the electricity sector, and for periodically reviewing the estimates. The rates established by Aneel are used in the processes of reviewing tariff rates and calculating of the indemnity due at the end of the concession period, and are recognized as a reasonable estimate of the useful life of the assets of the concession. Thus, these rates were used as the basis for depreciation of the Company's property, plant, and equipment assets.

The residual value of the assets is the remaining balance of the assets at the end of the concession. As established in the contract signed between the Company, and its subsidiaries, and the Nation, at the end of the concession the assets will revert to the Nation, which in turn will indemnify the Company for those assets that have not yet been totally depreciated. In cases where there is no indemnity, or there is uncertainty related to the indemnity, at the end of the concession, such as 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.

## Consortium

Cemig GT 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, the controls being kept in Fixed assets and Intangible assets. Cemig GT's portion in the consortium is recorded and controlled individually in the respective categories of PP&E and Intangible assets.

Consolidated	R\$ '000	Stake in power output, %	Average annual depreciation rate %	Sep. 30, 2017	Dec. 31, 2016
<b>In service</b>					
Queimado plant		82.50	3.73	217,061	217,061
Accumulated depreciation				(86,260)	(81,911)
<b>Total in operation</b>				<b>130,801</b>	<b>135,150</b>
<b>Under construction</b>					
Queimado plant		82.50	-	233	233
<b>Total under construction</b>				<b>233</b>	<b>233</b>



## 17. INTANGIBLE ASSETS

### a) Composition of the balance at September 30, 2017 and December 31, 2016

Consolidated R\$ '000	Sep. 30, 2017			Dec. 31, 2016		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
<b>In service</b>						
Useful life defined						
Temporary easements	11,749	(1,820)	9,929	11,749	(1,315)	10,434
Paid concession	19,169	(11,082)	8,087	19,169	(10,572)	8,597
Assets of concession	17,388,860	(7,437,712)	9,951,148	16,287,763	(7,039,840)	9,247,923
Other	79,171	(63,832)	15,339	76,864	(59,434)	17,430
	<b>17,498,949</b>	<b>(7,514,446)</b>	<b>9,984,503</b>	<b>16,395,545</b>	<b>(7,111,161)</b>	<b>9,284,384</b>
<b>Under construction</b>	<b>1,073,182</b>	<b>-</b>	<b>1,073,182</b>	<b>1,535,296</b>	<b>-</b>	<b>1,535,296</b>
<b>Net intangible assets</b>	<b>18,572,131</b>	<b>(7,514,446)</b>	<b>11,057,685</b>	<b>17,930,841</b>	<b>(7,111,161)</b>	<b>10,819,680</b>

Holding company R\$ '000	Average amortization rate	Sep. 30, 2017			Dec. 31, 2016		
		Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
<b>In service</b>							
Useful life defined							
Software use rights	20%	3,789	(3,724)	65	3,789	(3,649)	140
Brands and patents	10%	9	(7)	2	9	(7)	2
		<b>3,798</b>	<b>(3,731)</b>	<b>67</b>	<b>3,798</b>	<b>(3,656)</b>	<b>142</b>
<b>Under construction</b>		<b>1,710</b>	<b>-</b>	<b>1,710</b>	<b>1,710</b>	<b>-</b>	<b>1,710</b>
<b>Net intangible assets</b>		<b>5,508</b>	<b>(3,731)</b>	<b>1,777</b>	<b>5,508</b>	<b>(3,656)</b>	<b>1,852</b>

### b) Changes in Intangible assets

Consolidated R\$ '000	Balance at Dec. 31, 2016	Addition	Write-off of 'Special Obligations'	Jaguara, Volta Grande and Miranda Plants	Written off	Amortization	Transfer (1)	Balance at Sep. 30, 2017
<b>In service</b>								
Useful life defined								
Temporary easements	10,434	-	-	-	-	(505)	-	9,929
Paid concession	8,597	-	-	-	-	(510)	-	8,087
Assets of concession	9,247,923	-	17,069	-	(5,878)	(455,379)	1,147,413	9,951,148
Other	17,430	-	-	(80)	-	(4,508)	2,497	15,339
	<b>9,284,384</b>	<b>-</b>	<b>17,069</b>	<b>(80)</b>	<b>(5,878)</b>	<b>(460,902)</b>	<b>1,149,910</b>	<b>9,984,503</b>
<b>Under construction</b>	<b>1,535,296</b>	<b>747,868</b>	<b>-</b>	<b>-</b>	<b>(6,820)</b>	<b>-</b>	<b>(1,203,162)</b>	<b>1,073,182</b>
<b>Net intangible assets – Consolidated</b>	<b>10,819,680</b>	<b>747,868</b>	<b>17,069</b>	<b>(80)</b>	<b>(12,698)</b>	<b>(460,902)</b>	<b>(53,252)</b>	<b>11,057,685</b>

Consolidated R\$ '000	Balance at Dec. 31, 2015	Addition	Written off	Amortization	Transfer (1)	Balance at Sep. 30, 2016
<b>In service</b>						
Useful life defined						
Temporary easements	10,434	-	-	-	-	10,434
Paid concession	9,275	-	-	(509)	-	8,766
Assets of concession	8,965,474	75	(19,501)	(422,948)	613,564	9,136,664
Other	15,290	-	(6,225)	(4,288)	12,810	17,587
	<b>9,000,473</b>	<b>75</b>	<b>(25,726)</b>	<b>(427,745)</b>	<b>626,374</b>	<b>9,173,451</b>
<b>Under construction</b>	<b>1,274,631</b>	<b>899,785</b>	<b>(5,440)</b>	<b>-</b>	<b>(684,024)</b>	<b>1,484,952</b>
<b>Net intangible assets – Consolidated</b>	<b>10,275,104</b>	<b>899,860</b>	<b>(31,166)</b>	<b>(427,745)</b>	<b>(57,650)</b>	<b>10,658,403</b>

(1) The residual balance of transfer refers to balances transferred to the Financial assets.



The average annual depreciation rate for the year 2017 is 3.81% (4.12% in 2016). The average rates of annual amortization, by activity, set by the legislation for the sector, are:

Hydroelectric generation	Thermal generation	Distribution	Management and other	Telecoms
20.00%	19.35%	3.85%	23.29%	11.56%

The Company has found no indications of impairment of its intangible assets that have defined useful lives. The Company has no intangible assets with non-defined useful life. Among the additions made in the nine-month period ended in September 30, 2017, in the amount of R\$747.868, is included R\$ 56,851 (R\$ 120,398 in 9M16) under the heading Capitalized Financial Costs, as presented in Note 20.

## 18. SUPPLIERS

R\$ '000	Consolidated	
	9M17	9M16
Electricity on spot market – CCEE	237,732	167,860
Charges for use of electricity network	156,323	78,407
Electricity purchased for resale	1,037,427	676,563
Itaipu Binacional	246,453	206,827
Gas bought for resale	216,954	461,589
Materials and services	291,559	348,347
	<b>2,186,448</b>	<b>1,939,593</b>

## 19. TAXES, INCOME TAX AND SOCIAL CONTRIBUTION TAX

### a) Taxes

R\$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Current				
ICMS tax (I)	828,897	501,535	-	-
Cofins tax	93,452	128,030	1,965	32,332
Pasep tax	20,012	27,701	319	6,987
Social security contributions	15,368	24,865	1,869	1,933
Other	26,264	111,456	788	42,382
	<b>983,993</b>	<b>793,587</b>	<b>4,941</b>	<b>83,634</b>
Non-current				
Cofins tax (II)	593,296	594,866	-	-
Pasep tax (II)	128,806	129,056	-	-
	<b>722,102</b>	<b>723,922</b>	-	-
	<b>1,706,095</b>	<b>1,517,509</b>	<b>4,941</b>	<b>83,634</b>

- (I) The Tax Credits Regularization Plan (*Plano de Regularização de Créditos Tributários – PRCT*): During 3Q17 the subsidiaries Cemig D and Cemig GT recognized in their Profit and loss accounts the effects of adhesion to the Minas Gerais State Tax Credits Regularization Plan (PRCT), for settlement of ICMS tax totaling R\$ 557,673 and R\$ 29,951, respectively.

The main tax issue that led to the decision of Cemig D to subscribe to the PRCT relates to ICMS tax on the CDE subvention over the period January 2013 to October 2016, and also the classification of residential condominiums in the *commercial* category, which has a different ICMS rate, generating disagreement with the tax authority on interpretation, over the period 2013 to 2015. The amount of ICMS claimed from Cemig D will be settled, under the PRCT, in six installments, with value updated at 50% of the



Selic rate and a reduction of 90% on fine and interests. The first instalment, of R\$ 93,539, was settled on October 31, 2017.

The issue that led to Cemig GT adopting the PRCT relates to ICMS tax on transfers of power supply received from a consortium, where there was a difference in understanding between the Company and the tax authority in relation to the moment of payment. The amount claimed from Cemig GT, under the PRCT, was R\$ 29,951, and was settled in full on October 31, 2017 and represented a reduction of 95% on fine and interests.

(II) The non-current obligations for *Pasep* and *Cofins* taxes refer to the legal proceedings challenging the constitutionality of inclusion of the ICMS tax as *part* of the taxable amount for calculation of the amounts of *Pasep* and *Cofins* taxes payable, and seeking authorization to offset the amounts paid over the last ten years. The Company and its subsidiaries Cemig D (Distribution) and Cemig GT (Generation and Transmission) obtained interim relief from the court allowing them not to make the payment, and authorizing payment through court deposits (starting in 2008), and maintained this procedure until July 2011. After that date, while continuing to challenge the basis of the calculation in court, they opted to pay the taxes monthly.

(III)

On March 15, 2017, the Federal Supreme Court (*Supremo Tribunal Federal*, or STF) issued a ruling, with the status of general precedent (*'repercussão geral'*) governing all similar cases, in favor of the Company's argument. The Company and its subsidiaries await the results of any changes arising from the decision by the Supreme Court before measuring these effects and reflecting them in its financial statements.

#### b) Income tax and Social Contribution tax

R\$ '000	Consolidated	
	9M17	9M16
<b>Current</b>		
Income tax	73,762	18,381
Social contribution tax	25,922	8,485
	<b>99,684</b>	<b>26,866</b>



## 20. LOANS, FINANCINGS AND DEBENTURES

Financing source	Principal maturity	Annual financial cost %	Currency	Consolidated			
				September 30, 2017			Dec. 31, 2016
				Current	Non-current	Total	Total
<b>FOREIGN CURRENCY</b>							
Banco do Brasil: Various Bonds (1)	2024	Various	US\$	3,021	20,169	23,190	23,049
KfW	2019	1,78	Euros	3,967	2,162	6,129	7,416
<b>Debt in foreign currency</b>				<b>6,988</b>	<b>22,331</b>	<b>29,319</b>	<b>30,465</b>
<b>BRAZILIAN CURRENCY</b>							
Banco do Brasil	2017	108.33% of the CDI Rate	R\$	-	-	-	72,242
Banco do Brasil	2017	108.00% of CDI	R\$	153,650	-	153,650	150,683
Banco do Brasil	2018	112.00% of CDI Rate	R\$	295,581	270,000	565,581	554,748
Banco do Brasil	2017	111.00% of CDI	R\$	-	-	-	50,308
Banco do Brasil	2020	114.00% of the CDI Rate	R\$	185,319	329,144	514,463	501,352
Banco do Brasil	2018	132.90% of CDI	R\$	290,442	149,317	439,759	583,043
BNDES	2026	TJLP+2.34%	R\$	8,065	61,361	69,426	74,095
Caixa Econômica Federal	2018	119.00% of CDI	R\$	33,407	-	33,407	108,792
Caixa Econômica Federal	2020	132.14% of CDI	R\$	272,631	411,457	684,088	681,417
Eletrobras	2023	UFIR; RGR + 6.00 to 8.00%	R\$	16,886	37,449	54,335	68,043
Large consumers	2024	Various	R\$	1,860	2,305	4,165	6,317
Finep	2018	TJLP + 5% and TJLP + 8%	R\$	3,145	-	3,145	5,505
Pipoca Consortium	2018	IPCA	R\$	185	-	185	185
Promissory Notes – 7th Issue	2017	128.00% of CDI	R\$	588,319	-	588,319	667,143
Banco da Amazônia S.A.	2018	CDI + 1.90%	R\$	13,786	119,961	133,747	121,601
Sonda (4)	2021	110% of CDI	R\$	50,482	40,904	91,386	83,238
(-) FIC Pampulha: Securities of subsidiary companies (6)				(49,936)	-	(49,936)	-
<b>Debt in Brazilian currency</b>				<b>1,863,822</b>	<b>1,421,898</b>	<b>3,285,720</b>	<b>3,728,712</b>
<b>Total of loans and financings</b>				<b>1,870,810</b>	<b>1,444,229</b>	<b>3,315,039</b>	<b>3,759,177</b>
Debentures – 3rd Issue, 1st series (2)	2017	CDI Rate + 0.90%	R\$	-	-	-	543,208
Debentures – 3rd Issue, 2nd series (2)	2019	IPCA + 6.00%	R\$	152,272	141,923	294,195	293,122
Debentures – 3rd Issue, 3rd series (2)	2022	IPCA + 6.20%	R\$	35,809	950,808	986,617	983,506
Debentures – 5th Issue, 1st series (2)	2018	CDI + 1.70%	R\$	844,159	700,000	1,544,159	1,411,295
Debentures – 6th Issue, 1st series (2)	2018	CDI + 1.60%	R\$	495,573	-	495,573	1,037,973
Debentures – 6th Issue, 2nd series (2)	2020	IPCA + 8.07%	R\$	475	30,658	31,133	31,117
Debentures – 7th Issue, 1st series (2)	2021	140.00% of CDI Rate	R\$	(5,042)	2,210,853	2,205,811	2,196,841
Debentures, 2nd Issue (3)	2017	IPCA + 7.96%	R\$	253,769	-	253,769	235,136
Debentures – 3rd Issue, 2nd Series (3)	2021	IPCA + 4.70%	R\$	41,685	1,464,025	1,505,710	1,495,108
Debentures – 3rd Issue, 3rd Series (3)	2025	IPCA + 5.10%	R\$	27,041	873,250	900,291	894,918
Debentures – 3rd Issue, 1st series (3)	2018	CDI + 0.69%	R\$	438,571	-	438,571	463,880
Debentures, 4th Issue (3)	2018	CDI + 4.05%	R\$	988,160	804,371	1,792,531	1,597,690
Debentures (5)	2018	CDI + 1.60%	R\$	412	100,000	100,412	100,629
Debentures (5)	2018	CDI + 0.74%	R\$	33,351	-	33,351	66,706
Debentures (5)	2022	TJLP+1.82% (75%); Selic+1.82% (25%)	R\$	27,593	129,963	157,556	133,502
Debentures (4)	2019	128.50% of CDI	R\$	8,605	17,887	26,492	-
(-) FIC Pampulha: Securities of subsidiary companies (6)				(13,772)	(11,863)	(25,635)	(64,528)
<b>Total, debentures</b>				<b>3,328,661</b>	<b>7,411,875</b>	<b>10,740,536</b>	<b>11,420,103</b>
<b>Overall total – Consolidated</b>				<b>5,199,471</b>	<b>8,856,104</b>	<b>14,055,575</b>	<b>15,179,280</b>

(1) Net balance of the Restructured Debt comprising the bonds at par and discounted, with balance of R\$ 144,396, less the amounts given as Deposits in guarantee, with balance of R\$ 121,206. Interest rates vary – from 2 to 8% p.a.; six-month Libor plus spread of 0.81% to 0.88% p.a.

(2) Cemig Geração e Transmissão (3) Cemig Distribuição (4) CemigTelecom (5) Gasmig;

(6) FIC Pampulha has financial investments in securities issued by subsidiary companies of the Company. For more information and characteristics of the fund, see Note 27.

### Guarantees

The debtor balance of loans and financings is guaranteed as follows:

R\$ '000	Sep. 30, 2017
Promissory Notes and Sureties	10,310,897
Receivables	1,399,655
Shares	1,947,197
Without guarantee	397,826
<b>TOTAL</b>	<b>14,055,575</b>



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

Consolidated	2017	2018	2019	2020	2021	2022	2023	After 2023	Total
R\$ '000									
<b>Currency</b>									
US dollar	3,021	-	-	-	-	-	-	20,169	23,190
Euros	1,997	3,939	193	-	-	-	-	-	6,129
<b>Total, currency denominated</b>	<b>5,018</b>	<b>3,939</b>	<b>193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,169</b>	<b>29,319</b>
<b>Indexors</b>									
IPCA index (1)	369,476	141,642	640,175	812,065	811,619	541,688	218,379	436,856	3,971,900
Ufir / RGR (2)	4,806	16,357	12,912	11,210	3,407	3,264	2,379	-	54,335
CDI Rate (3)	3,197,710	3,694,695	1,163,134	951,657	758,533	-	-	-	9,765,729
URTJ / TJLP (4)	7,609	40,809	38,455	38,647	38,202	38,336	7,833	20,236	230,127
IGP-DI (5)	1,486	375	377	603	54	508	508	254	4,165
<b>Total governed by indexors</b>	<b>3,581,087</b>	<b>3,893,878</b>	<b>1,855,053</b>	<b>1,814,182</b>	<b>1,611,815</b>	<b>583,796</b>	<b>229,099</b>	<b>457,346</b>	<b>14,026,256</b>
<b>Overall total</b>	<b>3,586,105</b>	<b>3,897,817</b>	<b>1,855,246</b>	<b>1,814,182</b>	<b>1,611,815</b>	<b>583,796</b>	<b>229,099</b>	<b>477,515</b>	<b>14,055,575</b>

- (1) Expanded National Consumer Price Index (IPCA) (2) Fiscal Reference Unit (Ufir / RGR). (3) CDI: Interbank Rate for Certificates of Deposit.  
(4) URTJ: Interest rate reference unit. (5) IGP-DI ('General - Domestic Availability') Price Index.

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

Currency	Accumulated variation in 9M17, %	Accumulated variation in 9M16, %	Indexor	Accumulated variation in 9M17, %	Accumulated variation in 9M16, %
US dollar	(2.80)	(16.87)	IPCA	1.78	5.51
Euros	8.86	(14.16)	CDI	8.03	10.42

Changes in loans, financings and debentures were as follows:

	R\$ '000	Consolidated
<b>Balance on December 31, 2015</b>		<b>15,166,537</b>
Loans and financings obtained		2,933,271
Transaction costs		(74,627)
Financings obtained net of transaction costs		2,858,644
Monetary and exchange rate variation		216,243
Borrowing costs provisioned		1,504,865
Amortization of transaction cost		47,471
Borrowing costs paid		(1,320,119)
Amortization of financings		(2,106,248)
<b>Subtotal</b>		<b>16,368,031</b>
(-) FIC Pampulha: Securities of subsidiary companies		(98,980)
<b>Balance at September 30, 2016</b>		<b>16,269,051</b>
<b>Balance at December 31, 2016</b>		<b>15,179,280</b>
Loans and financings obtained		60,870
Transaction costs		(762)
Financings obtained net of transaction costs		60,108
Monetary and exchange rate variation		73,833
Borrowing costs provisioned		1,217,735
Amortization of transaction cost		41,090
Borrowing costs paid		(998,967)
Amortization of financings		(1,506,459)
<b>Subtotal</b>		<b>14,066,620</b>
(-) FIC Pampulha: Securities of subsidiary companies		(11,045)
<b>Balance at September 30, 2017</b>		<b>14,055,575</b>



## Borrowing costs capitalized

The subsidiaries transferred to Intangible assets the costs of loans and financings linked to works, as follows:

R\$ '000	9M17	9M16
Costs of loans and financings	1,217,735	1,504,865
Financial costs transferred to Intangible assets	(56,851)	(120,398)
Net effect in Profit or loss	<u>1,160,884</u>	<u>1,384,467</u>

The value of the charges capitalized, R\$ 56,851 (R\$ 120,398 in 2016), has been excluded from the Statement of cash flows, in the additions to Cash flow from investment activities, because it does not represent an outflow of cash for acquisition of the related asset.

The average rate applied to capitalization of the loans and financings whose costs were transferred to works was 11.07% in 9M17 – and 13.13% in 9M16.

## Funding raised

This table shows the funding raised, on Consolidated basis, in 9M17:

Financing source	Signature date	Principal maturity	Annual financial cost, %	Amount(*) R\$ '000
<b>Brazilian currency</b>				
Debentures (1)	November 4, 2013	2022	CDI + 0.74%	33,870
Debentures (2)	April 22, 2017	2019	128.50% of CDI	26,238
<b>Total raised</b>				<u><b>60,108</b></u>

\* Net of funding cost.

- (1) Subscription by BNDESPar of Gasmig's fourth Debenture Issue, in June 2017, to support the plan for investment in expansion of the gas distribution network.
- (2) Cemig Telecom completed its second issue of non-convertible debentures in May 2017 with real guarantees and additional surety, in a single series, to roll over debt and strengthen cash position.

## Debentures

The debentures issued by the Company's subsidiaries are not convertible into shares, and have the following characteristics:

Issuer	Type of guarantee	Annual cost, %	Maturity	Sep. 30, 2017	Dec. 31, 2016
Cemig GT – 3rd Issue – 1st Series	Unsecured	CDI Rate + 0.90%	2017	-	543.208
Cemig GT – 3rd Issue – 2nd Series	Unsecured	IPCA + 6.00%	2019	294.195	293.122
Cemig GT – 3rd Issue – 3rd Series	Unsecured	IPCA + 6.20%	2022	986.617	983.506
Cemig GT – 5th Issue, 1st Series	Unsecured	CDI + 1.70%	2018	1.544.159	1.411.295
Cemig D – 6th Issue – 1st Series	Surety	CDI + 1.60%	2018	495.573	1.037.973
Cemig D – 6th Issue – 2nd Series	Surety	IPCA + 8.07%	2020	31.133	31.117
Cemig GT – 7th Issue – 1st Series	Receivables (Revenue)	140.00% of CDI Rate	2021	2.205.811	2.196.841
Cemig D – 2nd Issue	None	IPCA + 7.96%	2017	253.769	235.136
Cemig D – 3rd Issue – 2nd Series	Surety	IPCA + 4.70%	2021	1.505.710	1.495.108
Cemig D – 3rd Issue – 3rd Series	Surety	IPCA + 5.10%	2025	900.291	894.918
Cemig D – 3rd Issue – 1st Series	Surety	CDI + 0.69%	2018	438.571	463.880
Cemig D – 4th Issue	Surety	CDI + 4.05%	2018	1.792.531	1.597.690
Gasmig	Unsecured	CDI + 1.60%	2018	100.412	100.629
Gasmig	Unsecured	CDI + 0.74%	2018	33.351	66.706
Gasmig	Unsecured	TJLP+1.82% (75%); Selic+1.82% (25%)	2022	157.556	133.502
CemigTelecom	Receivables	128.50% of CDI	2019	26.492	-
<b>Subtotal</b>				<u>10.766.171</u>	<u>11.484.631</u>
(-) FIC Pampulha: Securities of subsidiary companies				<u>(25.635)</u>	<u>(64.528)</u>
<b>TOTAL</b>				<u><b>10.740.536</b></u>	<u><b>11.420.103</b></u>



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

### Restrictive covenants

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

Title	Parameter	Issuer ratio required	Ratio required Cemig (guarantor)	Required compliance frequency
BNDES financing – Cemig GT (1)	Stockholders' equity of Guarantor / Total assets of Guarantor	-	30% or more	Annual
Banco do Brasil Credit Note and fixed credit line – Cemig GT (2)	Net debt / (Ebitda + Dividends received)	Maximum: 5.5 in 2017 5.0 in 2018 4.5 in 2019 3.0 in 2020 2.5 in 2021-	Maximum: 4.5 in 2017 4.25 in 2018 3.5 in 2019 3.0 in 2020 2.5 in 2021	Half-yearly, from December 2017
7th debenture issue – Cemig GT (3)	Net debt / (Ebitda + Dividends received)	Maximum: 5.5 in 2017 5.0 in 2018 4.5 in 2019 3.0 in 2020 2.5 in 2021	Maximum: 4.5 in 2017 4.25 in 2018 3.5 in 2019 3.0 in 2020 2.5 in 2021	Half-yearly, from June 2017
Debentures (Gasmig) (4)	Total liabilities / Total assets Ebitda / Debt servicing	Less than 0.6 1.3 or more	-	Annual

- (1) If the Company does not achieve the required ratio, it will have six months from the end of the business year in which the ratio was found, to:
  - (i) constitute real guarantees which in the assessment of the BNDES represent 130.00% of the value of the debtor balance of the contract; or
  - (ii) present an interim balance sheet, by a CVM-registered auditor, indicating return to the index required.
- (2) 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 S.A., requiring compliance with a financial ratio similar to that demanded by the 7th Debenture Issue.
- (3) 7<sup>th</sup> Issue of Debentures by Cemig GT, in December 2016, of R\$ 2,240,000.
- (4) If Gasmig does not achieve the required ratio, Cemig shall, within 120 days from the date of notice in writing from BNDES or BNDESPar, constitute guarantees acceptable to the debenture holders for the total amount of the debt, subject to the rules of the National Monetary Council (CMN), unless the required ratios are restored within that period. Cross-default: Certain contractually specified situations can cause early maturity of other debts.

The covenant requiring half-yearly compliance relating to the financial ratio for GT (issuer) and Cemig (guarantor) was complied with on June 30, 2017.

The covenants requiring compliance annually were complied with on December 31, 2016.





## 21. REGULATORY CHARGES

R\$ '000	Consolidated	
	9M17	9M16
<b>Current assets</b>		
Credits owed by Eletrobras (1)	-	48,379
	-	48,379
<b>Liabilities</b>		
Global Reversion Reserve (RGR)	46,217	34,659
Energy Development Account (CDE)	180,823	189,330
Aneel inspection charge	2,171	2,877
Energy Efficiency	337,251	287,571
Research and development	271,228	233,560
Energy System Expansion Research	1,419	2,724
National Scientific and Technological Development Fund	2,546	5,146
Proinfa – Alternative Energy Program	6,778	7,720
Royalties for use of water resources	16,244	23,404
Emergency capacity charge	30,996	30,996
Consumer charges – 'Flag Tariff' amounts	16	17,224
	<b>895,689</b>	<b>835,211</b>
<b>Current liabilities</b>	<b>351,246</b>	<b>380,586</b>
<b>Non-current liabilities</b>	<b>544,443</b>	<b>454,625</b>

- (1) Cemig GT requested from Aneel a review of the amounts paid for the RGR Contribution in previous business years, due to the basis of calculation used at the time for calculation of the charge. Cemig GT recognized the right to recover the amount paid in excess, to be offset against RGR payable, only after the conclusion, in 2016, of a judgment by Aneel, as per Aneel Technical Note 162/2016, which accepted Cemig GT's claim. On September 30, 2017 the RGR payable is presented net of the remaining balance receivable, of R\$ 15,073.



## 22. POST-RETIREMENT OBLIGATIONS

Changes in net liabilities were as follows:

Holding company	R\$ '000	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
<b>Net liabilities on December 31, 2015</b>		<b>199,183</b>	<b>74,034</b>	<b>1,958</b>	<b>28,016</b>	<b>303,191</b>
Expense recognized in Profit and loss account		20,817	7,604	206	2,831	31,458
Contributions paid		(4,664)	(4,172)	(104)	(536)	(9,476)
<b>Net liabilities on September 30, 2016</b>		<b>215,336</b>	<b>77,466</b>	<b>2,060</b>	<b>30,311</b>	<b>325,173</b>
<b>Net liabilities on December 31, 2016</b>		<b>257,933</b>	<b>95,655</b>	<b>2,452</b>	<b>41,424</b>	<b>397,464</b>
Expense recognized in Profit and loss account		20,338	7,828	207	3,490	31,863
Contributions paid		(5,838)	(4,898)	(118)	(278)	(11,132)
<b>Net liabilities on September 30, 2017</b>		<b>272,433</b>	<b>98,585</b>	<b>2,541</b>	<b>44,636</b>	<b>418,195</b>
					<b>30/09/2017</b>	<b>31/12/2016</b>
<b>Current liabilities</b>					12,584	11,143
<b>Non-current liabilities</b>					405,611	386,321

Consolidated	R\$ '000	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
<b>Net liabilities on December 31, 2015</b>		<b>1,346,388</b>	<b>1,323,516</b>	<b>30,090</b>	<b>553,377</b>	<b>3,253,371</b>
Expense recognized in Profit and loss account		139,289	136,805	3,111	56,160	335,365
Contributions paid		(94,770)	(68,034)	(1,681)	(9,246)	(173,731)
<b>Net liabilities on September 30, 2016</b>		<b>1,390,907</b>	<b>1,392,287</b>	<b>31,520</b>	<b>600,291</b>	<b>3,415,005</b>
<b>Net liabilities on December 31, 2016</b>		<b>1,679,154</b>	<b>1,710,787</b>	<b>37,549</b>	<b>813,921</b>	<b>4,241,411</b>
Expense recognized in Profit and loss account		130,471	141,947	3,128	66,472	342,018
Contributions paid		(118,638)	(76,868)	(1,816)	(5,768)	(203,090)
<b>Net liabilities on September 30, 2017</b>		<b>1,690,987</b>	<b>1,775,866</b>	<b>38,861</b>	<b>874,625</b>	<b>4,380,339</b>
					<b>30/09/2017</b>	<b>31/12/2016</b>
<b>Current liabilities</b>					224,137	198,867
<b>Non-current liabilities</b>					4,156,202	4,042,544

The amounts recorded as Current liabilities refer to the contributions to be made by Cemig and its subsidiaries in the next 12 months for amortization of the actuarial liabilities.

The amounts reported as expenses in the Consolidated profit and loss account refer to the tranches of post-employment obligations, totaling R\$ 293,617 (R\$ 248,583 for 9M16), plus the financial costs and monetary updating on the debt agreed with Forluz, in the amount of R\$ 48,401 (R\$ 86,782 in 9M16).



### Contract for solution to the deficit on Forluz Pension Plan 'A'

In May 2017 Forluz and the sponsors Cemig, Cemig GT and Cemig D signed an Instrument of Assumption of Debt for Coverage of Deficit in accordance with the deficit solution plan for Plan A (the Retirement Benefits Balances Plan) approved by the Governing Council of Forluz on December 15, 2016.

On September 30, 2017 the total amount payable by Cemig and its subsidiaries as a result of the deficit found in Plan A is R\$ 284,166, with monthly amortizations up to June 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 Consumer Price) index published by the IBGE.

If the plan reaches actuarial balance before the full period of amortization of the contract, the Company is dispensed from payment of the remaining installments and the contract is extinguished.

## 23. PROVISIONS

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

The Company and its subsidiaries have made provisions as follows for contingencies relating to legal actions in which the Company and its legal advisors have assessed the chances of loss as 'probable' (i.e. an outflow of funds to settle the obligation will be necessary):

R\$ '000	Consolidated				
	Dec. 31, 2016	Additions	Reversals	Settled	Sep. 30, 2017
Employment-law cases	349,273	191,670	(3,657)	(47,727)	489,559
Civil cases					
Consumer relations	14,741	11,856	(1,320)	(11,855)	13,422
Other civil actions	40,443	7,844	(238)	(4,274)	43,775
	<b>55,184</b>	<b>19,700</b>	<b>(1,558)</b>	<b>(16,129)</b>	<b>57,197</b>
Tax	69,922	6,033	(3,632)	(588)	71,735
Environmental	39	4	-	-	43
Regulatory	43,100	2,833	(13,811)	(766)	31,356
Corporate	239,445	-	(239,445)	-	-
Other	58,054	8,863	-	(2,834)	64,083
<b>Total</b>	<b>815,017</b>	<b>229,103</b>	<b>(262,103)</b>	<b>(68,044)</b>	<b>713,973</b>



R\$ '000	Consolidated				
	Dec. 31, 2015	Additions	Reversals	Settled	Sep. 30, 2016
Employment-law cases	289,841	73,343	(3,380)	(34,613)	325,191
Civil cases					
Consumer relations	17,378	12,900	(490)	(10,860)	18,928
Other civil actions	28,792	16,398	(76)	(3,461)	41,653
	46,170	<b>29,298</b>	<b>(566)</b>	<b>(14,321)</b>	<b>60,581</b>
Tax	69,014	3,832	(1,216)	(763)	70,867
Environmental	60	38	(59)	(1)	38
Regulatory	45,180	5,475	(1,611)	(1,995)	47,049
Corporate	268,953	-	(29,502)	-	239,451
Other	35,355	33,133	(4,038)	(7,359)	57,091
<b>Total</b>	<b>754,573</b>	<b>145,119</b>	<b>(40,372)</b>	<b>(59,052)</b>	<b>800,268</b>

R\$ '000	Holding company				
	Dec. 31, 2016	Additions	Reversals	Settled	Sep. 30, 2017
Employment-law cases	34,928	15,569	(3,016)	(6,039)	41,442
Civil cases					-
Consumer relations	1,435	8	(26)	(8)	1,409
Other civil actions	3,238	771	(31)	(44)	3,934
	<b>4,673</b>	<b>779</b>	<b>(57)</b>	<b>(52)</b>	<b>5,343</b>
Tax	8,869	4,170	(2,817)	(255)	9,967
Regulatory	21,614	-	(4,241)	-	17,373
Corporate	239,445	-	(239,445)	-	-
Other	466	714	(1)	(45)	1,134
<b>Total</b>	<b>309,995</b>	<b>21,232</b>	<b>(249,577)</b>	<b>(6,391)</b>	<b>75,259</b>

R\$ '000	Holding company				
	Dec. 31, 2015	Additions	Reversals	Settled	Sep. 30, 2016
Employment-law cases	29,169	11,463	-	(5,578)	35,054
Civil cases					
Consumer relations	3,294	5	(491)	-	2,808
Other civil actions	1,289	2,208	(75)	(45)	3,377
	4,583	<b>2,213</b>	<b>(566)</b>	<b>(45)</b>	<b>6,185</b>
Tax	10,306	1,283	(1,078)	(681)	9,830
Regulatory	21,696	1,157	(1,611)	(89)	21,153
Corporate	268,953	-	(29,502)	-	239,451
Other	427	87	(1)	(24)	489
<b>Total</b>	<b>335,134</b>	<b>16,203</b>	<b>(32,758)</b>	<b>(6,417)</b>	<b>312,162</b>

In view of the long periods involved in, and the manner of working of, the Brazilian judiciary, tax and regulatory systems, the managements of the Company and its subsidiaries believe that it is not possible in practice to supply information that would be useful to the users of these interim financial statements about the time when any cash outflows, or any reimbursements, might take place in fact. The Company and its subsidiaries believe 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 principal provisions and contingent liabilities are given below, these being the best estimates 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'.**

#### Employment-law cases

The Company and its subsidiaries are parties in various legal actions brought 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 recalculation of retirement pension payments by Forluz, and salary adjustments.

The aggregate amount of these contingencies is approximately R\$ 1,556,075 (R\$ 1,543,946 on December 31, 2016), of which R\$ 489,559 (R\$ 349,273 on December 31, 2016) has been provisioned – the amount estimated as probably necessary for settlement of these disputes.

#### Consumer relations

The Company and its subsidiaries are parties in various civil actions relating to indemnity for pain and suffering and for material damages, arising, principally, from allegations of irregularity in measurement of consumption, and claims of undue charging, in the normal course of business, totaling R\$ 38,765 (R\$ 33,178 on December 31, 2016), of which R\$ 13,422 (R\$ 14,741 on December 31, 2016) has been provisioned – this being the probable estimate for funds needed to settle these disputes.

#### Other civil cases

Cemig and its subsidiaries are parties in various civil actions claiming indemnity for pain and suffering and for material damages, among others, arising from incidents occurring in the normal course of business, in the amount of R\$ 241,156 (R\$ 227,043 on December 31, 2016), of which R\$ 43,775 (R\$ 40,443 on December 31, 2016) has been provisioned – the amount estimated as probably necessary for settlement of these disputes.

#### Tax

The Company and its subsidiaries are parties in numerous administrative and court actions relating to taxes, including, among other matters, subjects relating to the ICMS (Value Added) tax on goods and services; the Urban Property Tax (*Imposto sobre a Propriedade Territorial Urbana*, or IPTU); the Rural Property Tax (ITR); the Tax on Donations and Legacies (ITCD); the 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 Tax (*Imposto de Renda Pessoa Jurídica*, or IRPJ); the Social Contribution Tax (*Contribuição Social sobre o Lucro Líquido*, or CSLL); and applications to stay execution on tax matters. The aggregate amount of the contingency is approximately R\$ 338,287 (R\$ 295,373 on December 31, 2016), of which R\$ 71,735 (R\$ 69,922 on



December 31, 2016) has been provisioned – the amount estimated as probably necessary for settlement of these disputes.

### Environmental

The Company and its subsidiaries are involved in environmental matters, in which the subjects include protected areas, environmental licenses, recovery of environmental damage, and other matters, in the approximate total amount of R\$ 14,312 (R\$ 34,031 on December 31, 2016), of which R\$ 43 (R\$ 39 on December 31, 2016) has been provisioned – the amount estimated as probably necessary for settlement of these disputes.

### Regulatory

The Company and its subsidiaries are parties in numerous administrative and court proceedings, challenging, principally: (i) tariff charges in invoices for use of the distribution system by a self-producer; (ii) alleged violation of targets for continuity indicators in retail supply of electricity; and (iii) the tariff increase made during the federal government's economic stabilization plan referred to as the 'Cruzado Plan', in 1986. The aggregate amount of the contingency is approximately R\$ 242,386 (R\$ 235,886 on December 31, 2016), of which R\$ 31,356 (R\$ 43,100 on December 31, 2016) has been provisioned – the amount estimated as probably necessary for settlement of these disputes.

### Corporate

#### *Difference of monetary updating on the Advance against Future Capital Increase (AFAC) made by the Minas Gerais State Government*

On December 19, 2014 the Finance Secretary of Minas Gerais State sent an Official Letter to Cemig requesting recalculation of the amounts relating to the Advances against Future Capital Increase made in 1995, 1996, and 1998, which were returned to Minas Gerais State in December 2011, for review of the criterion used by the Company for monetary updating, arguing that application of the Selic rate would be more appropriate, replacing the IGP-M index.

On December 29, 2014 the Company made an administrative deposit applying for suspension of enforceability of the credit being requested by the state, and for its non-inclusion in the Register of Debts owed to the state and in the Registry of Defaulted Payments owed to the State (Cadin).

In the nine-month period ended on September 30, 2017, the management developed negotiations with the State of Minas Gerais and on October 25, 2017, a Debt Recognition Undertaking was signed with the State of Minas Gerais, through its Financial Department, and by Cemig, under which the State undertook to return to the company the total amount deposited, with monetary updating by the IGP-M inflation index. In view of this new situation, the probability of loss was reassessed to 'remote'. Therefore, the Company made a reversion provision of R\$239,445 considering there is no expectation related to future



outflows to settle the obligation that was previously recorded in the future. More details on note 11.

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

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

The Company and its subsidiaries are parties 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 provisioned is R\$ 30,808 (R\$ 28,389 at December 31, 2016), this being estimated as the likely amount of funds necessary to settle this dispute.

#### *Other legal actions*

The Company and its subsidiaries are parties in a lawsuit disputing the removal of residents in areas of access to transmission lines or under transmission line towers. The amount provisioned is R\$ 23,286 (R\$ 21,407 at December 31, 2016), estimated as the likely amount of funds necessary to settle this dispute, based on the opinion of the Company's legal advisors.

In addition to the issues described above, the Company is involved, on plaintiff or defendant side, in other cases, of smaller scale, related to the normal course of its operations, with an estimated total amount of R\$ 170,045 (R\$ 129,563 on December 31, 2016), of which R\$ 9,989 (R\$ 8,297 on December 31, 2016) – the amount estimated as probably necessary for settlement of these disputes – has been provisioned. Management believes that it has appropriate defense for these actions, 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 – for cases in which the chances of loss are assessed as 'possible', and the company believes it has arguments of merit for legal defense**

#### Tax and similar charges

The Company and its subsidiaries are parties in numerous administrative and court proceedings in relation to taxes. Below are details of the principal cases:

#### *Indemnity of employees' future benefit (the 'Anuênio')*

In 2006 the Company paid an indemnity to its employees, totaling R\$ 177,686, 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 and its subsidiaries did not pay income tax nor Social Security contributions in relation to these amounts 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 decided to apply for orders of *mandamus*, which





permitted payment into Court of R\$ 121,834, which updated now represents the amount of R\$265,178 (R\$ 255,127 at December 31, 2016). This was posted in Escrow deposits in litigation. The updated amount of the contingency is R\$ 307,446 (R\$ 290,216 on December 31, 2016) 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 brought administrative proceedings under various headings: employee profit shares; 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 and its subsidiaries have presented defenses and await judgment. The amount of the contingency is approximately R\$ 1,689,042 (R\$ 1,509,940 on December 31, 2016). Management has classified the chance of loss as 'possible', also taking into account assessment of the chance of loss in the judicial sphere (the cases 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 carryforwards and undue or excess payment of federal taxes – IRPJ, CSLL, PIS and Cofins – identified by official tax deposit receipts ('DARFs' and 'DCTFs'). The Company and its subsidiaries are contesting the non-homologation of the amounts offset. The amount of the contingency is R\$ 242,839 (R\$ 317,032 on December 31, 2016). The Company has assessed the chance of loss as 'possible', since the relevant requirements of the National Tax Code (CTN) have been complied with.

#### *Corporate tax return (DIPJ) – restitution and offsetting*

The Company was a party in an administrative case involving requests for restitution and compensation of credits arising from tax carryforward balances indicated in the corporate tax returns for the calendar years from 1997 to 2000, and also for excess payments identified by the corresponding tax payment receipts (DARFs and DCTFs). Due to completion of all appeals in the administrative sphere, an ordinary legal action has been filed, for the approximate total amount of R\$ 568,910 (R\$ 535,465 on December 31, 2016). The chances of loss in this action are assessed as 'possible', due to nullities in the conduct of the administrative proceedings and the understanding that mistaken assumptions were used by the inspectors in the administrative judgment, and also based on analysis of the Company's argument and documents of proof.

#### *Income tax withheld at source (IRRF) on a capital gain in a stockholding transaction*

The federal tax authority issued an infringement notice on Cemig as a jointly responsible party with its jointly-controlled entity Parati S.A. Participações em Ativos de Energia Elétrica





(Parati), relating to withholding income tax (*Imposto de Renda Retido na Fonte*, or IRRF) allegedly applicable to returns paid by reason of a capital gain in a stockholding transaction relating to the purchase by Parati, and sale, by Enlighted, on July 7, 2011, of 100.00% of the equity interests in Luce LLC (a company with head office in Delaware, USA), holder of 75.00% of the shares in the Luce Brasil equity investment fund (FIP Luce), which was indirect holder, through Luce Empreendimentos e Participações S.A., of approximately 13.03% of the total and voting shares of Light S.A. (Light). The amount of the contingency is approximately R\$ 209,739 (R\$ 197,911 on December 31, 2016). The chance of loss has been assessed as 'possible'.

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

The federal tax authority issued a tax infringement claim against the Company for the business years 2012 and 2013, alleging undue non-addition, or deduction, by the Company, of amounts relating to the following items in calculating the Social Contribution tax on net profit: (i) taxes with liability suspended; (ii) donations and sponsorship (Law 8313/91); and (iii) fines for various alleged infringements. The amount of this contingency is R\$ 276,810 (R\$ 279,914 on December 31, 2016). The Company has classified the chances of loss as 'possible', in accordance with the analysis of the case law on the subject.

#### *ICMS (value added) Tax*

The tax authority of Minas Gerais state has opened several administrative actions against Cemig D, raising a supposed divergence in the classification, for tax purposes, of certain consumers in the years 2011 through 2015. The amount of this contingency is R\$ 88,904 (R\$ 82,130 on December 31, 2016). The subsidiary has classified the chance of loss as 'possible', because it believes that it has arguments on the merit for defense in the court, and because of the absence of case law precedent.

#### Regulatory matters

##### *Public Lighting Contribution (CIP)*

Cemig and Cemig D are defendants in several public civil actions (class actions) claiming nullity of the clause in the Electricity Supply Contracts for public illumination signed between the Company and the various municipalities of its concession area, and restitution by the Company of the difference representing the amounts charged in the last 20 years, in the event that the courts recognize that these amounts were unduly charged. The actions are grounded on a supposed error by Cemig in the estimate of the period of time that was used in calculation of the consumption of electricity for public illumination, funded by the Public Lighting Contribution (*Contribuição para Iluminação Pública*, or CIP).

The Company and its subsidiaries believe they have has arguments of merit for defense in these claims, since the charge at present made is grounded on Aneel Normative Resolution 456/2000. As a result it has not constituted a provision for this action, the amount of which is estimated at R\$ 1,239,409 (R\$ 1,304,705 on December 31, 2015). The Company has



assessed the chances of loss in this action as ‘possible’, due to the Consumer Defense Code (*Código de Defesa do Consumidor*, or CDC) not being applicable, because the matter is governed by the specific regulation of the electricity sector, and because Cemig complied with Aneel Resolutions 414 and 456, which deal with the subject.

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

In an action 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 Electricity Trading Chamber – *Câmara de Comercialização de Energia Elétrica*, or CCEE), during the period of rationing, in 2001-2. It obtained an interim judgment in its favor 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, leaving out of account Aneel’s Dispatch 288 of 2002. This was to be put into effect in the CCEE as from November 2008, resulting in an additional disbursement for Cemig GT, referring to the expense on purchase of electricity in the spot market on the CCEE, in the approximate amount of R\$ 279,904 (R\$ 263,847 on December 31, 2016). On November 9, 2008 Cemig GT obtained an interim remedy 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.

Cemig GT has classified the chance of loss as ‘possible’, since this action deals with the General Agreement for the Electricity Sector, in which it 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 Consumers 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 Cemig GT is a member, obtained an interim court remedy suspending the effects of Articles 2 and 3 of CNPE Resolution 3, exempting generators from payment of the ESS under that Resolution.

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



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

The amount of the contingency is approximately R\$ 195,280 (R\$ 182,232 on December 31, 2016). In spite of the successful judgment at first instance, the Association's legal advisers still considered the chances of loss in this contingency as 'possible'. The 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.

### Tariff increases

#### *Exclusion of consumers inscribed as low-income*

The Federal Public Attorneys' Office filed a class action against the Company and Aneel, to avoid exclusion of consumers from classification in the *Low-income* Residential Tariff sub-category, requesting an order for Cemig D to pay 200% of the amount allegedly paid in excess by consumers. Judgment was given in favor of the plaintiffs, but the Company and Aneel have filed an interlocutory appeal and await judgment. The amount of the contingency is approximately R\$ 268,489 (R\$ 253,731 on December 31, 2016). Cemig D has classified the chances of loss as 'possible' due to other favorable judgments on this theme.

#### *Periodic Tariff Adjustment – Neutrality of 'Portion A'*

The Municipal Association for Protection of the Consumer and the Environment (*Associação Municipal de Proteção ao Consumidor e ao Meio Ambiente*, or Amprocom) filed a class action against Cemig D and Aneel, requiring identification of all consumers allegedly damaged in the processes of Periodic Review and Annual Adjustment of tariffs in the period 2002 to 2009, and restitution, through credits on electricity bills, of any amounts unduly charged arising from non-inclusion in the distributor's non-manageable costs components ('Portion A' costs) of the impact of future variations in consumer electricity demand, and the allegedly undue inclusion of these gains in the distributor's manageable costs ('Portion B' costs), causing economic/financial imbalance of the contract. This is an action that could affect all distribution concession holders, which could thus lead to a new Electricity Sector Agreement.

As a result of a judgment being given in favor of Cemig D, and no appeal being made against that decision, the case has been written off (on December 31, 2016 the amount of the action was R\$ 316,675).



## Environmental issues

### *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 the 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 12503/1997. Cemig GT has filed appeals to the Higher Appeal Court (STJ) and the Federal Supreme Court (STF). Based on the opinions of its legal advisers, Cemig GT 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 advisors management has classified the chance of loss as 'possible'. The amount of the contingency is R\$ 127,358 (R\$ 112,704 on December 31, 2016).

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, Cemig GT has classified the chance of loss in this dispute as 'possible'. The estimated value of the contingency is R\$ 77,372 (R\$ 73,169 on December 31, 2016).

## Other contingent liabilities

### *Early settlement of the CRC (Earnings Compensation) Account*

The Company is a party in an administrative proceeding before the Audit Court of the State of Minas Gerais which challenges: (i) a difference of amounts relating to the discount offered by Cemig for early repayment of the credit owed to Cemig by the State under the Receivables Assignment Contract in relation to the CRC Account (*Conta de Resultados a Compensar*, or Earnings Compensation Account) – this payment was completed in the first quarter of 2013; and also (ii) possible undue financial burden on the State after the signature of the Amendments that aimed to re-establish the economic and financial balance of the Contract. The amount of the contingency is approximately R\$ 395,797 (R\$ 390,307 on December 31, 2016), and, based on the Opinion of the Public Attorneys' Office of the Audit Board of the State of Minas Gerais, the Company believes that it has met the legal requirements. Thus, it has assessed the chances of loss as 'possible', since it believes that the adjustment was made in faithful obedience to the legislation applicable to the case.

### *Contractual imbalance*



Cemig D is a party in disputes alleging losses suffered by third parties as a result of supposed breach of contract at the time of implementation of part of the rural electrification program known as *Luz para Todos* ('Light for Everyone'). The estimated amount is R\$ 253,279 (R\$ 236,703 on December 31, 2016). No provision has been made. Cemig D has classified the chances of loss as 'possible' as a result of the analysis that has been made of the argument and documentation used by the contracted parties in attempting to make the Company liable for any losses that allegedly occurred.

The Parent company is also a party in other disputes arising from alleged non-compliance with contracts in the normal course of business, for an estimated total of R\$ 77,176 (R\$ 71,396 on December 31, 2016). Cemig D has classified the chance of loss as 'possible', after analysis of the case law on this subject.

#### *Irregularities in competitive tender proceedings*

Cemig Dis a party in a dispute alleging irregularities in competitive tender proceedings, governed by an online invitation to bid. The estimated amount is R\$ 26,011 (R\$ 25,650 on December 31, 2016). No provision has been made. Cemig D has classified the chance of loss as 'possible', after analysis of the case law on this subject.

#### *Alteration of the monetary updating index of employment-law cases*

The Higher Employment-Law Appeal Court (*Tribunal Superior do Trabalho*, or TST), considering a position adopted by the Federal Supreme Court (*Supremo Tribunal Federal*, STF) in two actions on constitutionality that dealt with the index for monetary updating of federal debts, decided on August 4, 2015 that employment-law debts in actions not yet decided that discuss debts subsequent to June 30, 2009 should be updated based on the variation of the IPCA-E (Expanded National Consumer Price Index), rather than of the TR reference interest rate. On October 16, 2015 an interim injunction was given by the STF that suspended the effects of the TST decision, on the grounds that decisions on matters of general constitutional importance should be decided exclusively by the STF.

The estimated value of the difference between the monetary updating indices of the employment-law cases is R\$ 174,351 (R\$ 175,839 on December 31, 2016). No additional provision has been made, since the Company and its subsidiaries, based on the assessment by its legal advisers, has assessed the chances of loss in the action as 'possible', as a result of the decision by the STF, and of there being no established case law, nor analysis by legal writers on the subject after the injunction given by the Federal Supreme Court.



## 24. EQUITY AND REMUNERATION TO STOCKHOLDERS

The Company's registered share capital on September 30, 2017 is R\$ 6,294,208, in 420,764,708 common shares and 838,076,946 preferred shares, all with nominal value of R\$ 5.00.

### Profit (loss) per share

The number of shares used in the calculation of basic and diluted profit (loss) per share is as follows:

Number of shares	9M17	9M16	3Q17	3Q16
Common shares	420,764,708	420,764,708	420,764,708	420,764,708
Preferred shares	838,076,946	838,076,946	838,076,946	838,076,946
	1,258,841,654	1,258,841,654	1,258,841,654	1,258,841,654
Shares in treasury	(560,718)	(560,718)	(560,718)	(560,718)
<b>Total</b>	<b>1,258,280,936</b>	<b>1,258,280,936</b>	<b>1,258,280,936</b>	<b>1,258,280,936</b>

The following is the calculation of the basic and diluted profit per share:

	9M17	9M16	3Q17	3Q16
Net profit (loss) (A)	397,182	640,833	(83,666)	433,502
Total number of shares (B)	1,258,280,936	1,258,280,936	1,258,280,936	1,258,280,936
<b>Basic and diluted profit (loss) per share (A/B) – R\$</b>	<b>0.32</b>	<b>0.51</b>	<b>(0.06)</b>	<b>0.34</b>

The purchase and sale options of investments described in Note 14 could potentially dilute basic profit per share in the future; however, they have not caused dilution of profit per share in the periods presented here.

### Equity valuation adjustments

Equity valuation adjustments	R\$ '000	Consolidated	
		Sep. 30, 2017	Dec. 31, 2016
Adjustments to actuarial liabilities – Employee benefits – Parent company		(169,719)	(169,719)
Other comprehensive income in subsidiary and jointly-controlled entity			
Deemed cost of PP&E		641,414	685,339
Variation in the fair value of a financial asset available for sale in a jointly-controlled entity		140	38,273
Cumulative translation adjustments		397	398
Adjustments to actuarial liabilities – Employee benefits		(1,048,192)	(1,042,663)
Cash flow hedge instruments		87	87
		(406,154)	(318,566)
<b>Equity valuation adjustments</b>		<b>(575,873)</b>	<b>(488,285)</b>





## Reserves

The account lines Capital reserves and Profit reserves are made up as follows:

Capital reserves and shares in Treasury	R\$ '000	Sep. 30, 2017	Dec. 31, 2016
Investment-related subsidies		1,856,628	1,856,628
Goodwill on issuance of shares		69,230	69,230
Monetary updating of capital		7	7
Shares in treasury		(1,362)	(1,362)
		<b>1,924,503</b>	<b>1,924,503</b>

The Reserve for investment-related donations and subsidies basically refers to the compensation by the federal government for the difference between the profitability obtained by Cemig up to March 1993 and the minimum return guaranteed by the legislation in effect at the time.

The reserve for treasury shares refers to the pass-through by Finor of shares arising from funds applied in Cemig projects in the area covered by Sudene (the development agency for the Northeast) under tax incentive programs.

Profit reserves	R\$ '000	Sep. 30, 2017	Dec. 31, 2016
Legal Reserve		853,018	853,018
Reserve under the by-laws		57,214	57,214
Retained Earnings reserve		2,812,943	2,812,943
Tax incentives reserve		56,834	56,834
Reserve for obligatory dividends not distributed		1,419,846	1,419,846
		<b>5,199,855</b>	<b>5,199,855</b>

### Legal reserve

Constitution of the Legal Reserve is obligatory, up to the limits established by law. The purpose of the Reserve is to ensure the security of the share capital, its use being allowed only for offsetting of losses or increase in the share capital. The Company did not deposit in the Legal Reserve in 2013 due to its having reached its legal limit.

### Reserve under the by-laws

The Reserve under the By-laws is for future payment of extraordinary dividends, in accordance with Clause 28 of the by-laws.

### Retained Earnings reserve

The Retained Earnings reserve refers to profits not distributed in prior years, to guarantee execution of the Company's Investment Program, and amortizations of loans and financings. The retentions are supported by capital budgets approved by the Board of Directors in the periods in question.

### Reserve for obligatory dividends not distributed

	Sep. 30, 2017
Dividends withheld, arising from the profit for 2015	622,530
Dividends withheld, arising from the profit for 2014	797,316
	<b>1,419,846</b>



These dividends were retained in Stockholders' equity, in the business years 2015 and 2014, in the account Reserve for obligatory dividends not distributed; and as per the proposal approved in the Annual General Meetings of 2016 and 2015, the dividends retained will be paid as soon as the Company's financial situation permits.

#### Tax incentives reserve

The federal tax authority (*Receita Federal*) recognized the Company's right to reduction of 75% in income tax, including the tax paid at the additional rate, calculated on the basis of the operating profit in the region of Sudene (the Development Agency for the Northeast), for 10 years starting in 2014. The amount of the Tax incentives reserve on September 30, 2017 was R\$ 56,834. This reserve cannot be used for payment of dividends.

#### Interest on capital and dividends

On June 27, 2017, the Company paid dividends and interest on capital in the amount of R\$270,261 that were approved on Ordinary and extraordinary shareholders meetings held on May 12, 2017. On September 30, 2017 remained the balance of R\$196,302 to be paid.





## 25. REVENUE

R\$ '000	Consolidated	
	9M17	9M16
Revenue from supply of electricity (a)	17,387,754	17,315,733
Revenue from use of the electricity distribution systems (TUSD) (b)	1,230,623	1,348,132
CVA, and <i>Other financial components</i> in tariff increases (c)	148,216	(937,053)
Transmission revenue		
Transmission concession revenue (d)	221,422	228,030
Transmission construction revenue (e)	11,226	36,405
Transmission indemnity revenue (g)	295,749	692,211
Generation Indemnity revenue (h)	259,516	-
Distribution construction revenue (e)	725,528	881,450
Adjustment to expectation of cash flow from the indemnifiable Financial assets of the distribution concession (j)	2,277	6,638
Gain on financial updating of the Concession Grant Fee (f)	240,420	212,185
Transactions in electricity on the CCEE (i)	536,507	138,870
Supply of gas	1,305,636	1,037,126
Other operating revenues (k)	1,097,001	1,080,945
(h) Taxes and charges applied to Revenue	(8,308,094)	(7,933,934)
<b>Net operating revenue</b>	<b>15,153,781</b>	<b>14,106,738</b>

R\$ '000	Consolidated	
	3Q17	3Q16
Revenue from supply of electricity (a)	5,815,621	5,787,568
Revenue from use of the electricity distribution systems (TUSD) (b)	330,147	511,552
CVA, and <i>Other financial components</i> in tariff increases (c)	480,112	(273,498)
Transmission revenue		
Transmission concession revenue (d)	43,985	80,261
Transmission construction revenue (e)	4,201	4,771
Transmission indemnity revenue (g)	25,894	99,742
Generation Indemnity revenue (h)	259,516	-
Distribution construction revenue (e)	291,519	329,351
Adjustment to expectation of cash flow from the indemnifiable Financial assets of the distribution concession (j)	766	1,313
Gain on financial updating of the Concession Grant Fee (f)	89,944	63,491
Transactions in electricity on the CCEE (i)	111,330	87,198
Supply of gas	484,491	339,634
Other operating revenues (k)	379,369	374,093
(h) Taxes and charges applied to Revenue	(3,181,073)	(2,509,870)
<b>Net operating revenue</b>	<b>5,135,822</b>	<b>4,895,606</b>



## a) Revenue from supply of electricity

This table shows supply of electricity, and revenue from it, by type of consumer:

	MWh (1)		R\$ '000	
	9M17	9M16	9M17	9M16
Residential	7,489,980	7,406,095	5,797,313	5,818,783
Industrial	13,162,944	14,541,717	3,633,866	4,042,707
Commercial, Services and Others	5,581,213	4,907,884	3,218,839	3,270,334
Rural	2,769,082	2,699,294	1,203,749	1,073,290
Public authorities	644,621	659,997	389,945	404,713
Public lighting	1,030,199	1,012,312	397,147	395,771
Public services	977,757	930,708	430,943	404,743
<b>Subtotal</b>	<b>31,655,796</b>	<b>32,158,007</b>	<b>15,071,802</b>	<b>15,410,341</b>
Own consumption	26,946	27,614	-	-
Supply not yet invoiced	-	-	(44,741)	(105,308)
<b>Subtotal</b>	<b>31,682,742</b>	<b>32,185,621</b>	<b>15,027,061</b>	<b>15,305,033</b>
Wholesale supply to other concession holders (2)	9,167,876	8,813,064	1,289,188	1,884,424
Wholesale supply not yet invoiced, net	-	-	1,071,505	126,276
<b>Total</b>	<b>40,850,618</b>	<b>40,998,685</b>	<b>17,387,754</b>	<b>17,315,733</b>

	MWh (1)		R\$ '000	
	3Q17	3Q16	3Q17	3Q16
Residential	2,456,908	2,389,353	1,878,293	1,859,109
Industrial	4,458,794	5,031,850	1,210,358	1,379,561
Commercial, Services and Others	1,776,377	1,522,936	982,345	985,574
Rural	1,016,897	1,015,555	424,366	394,504
Public authorities	207,967	208,314	120,600	128,652
Public lighting	354,299	338,892	132,691	129,015
Public services	338,415	318,605	144,190	136,068
<b>Subtotal</b>	<b>10,609,657</b>	<b>10,825,505</b>	<b>4,892,843</b>	<b>5,012,483</b>
Own consumption	8,896	8,528	0	0
Supply not yet invoiced	-	-	-10,305	13,261
<b>Subtotal</b>	<b>10,618,553</b>	<b>10,834,033</b>	<b>4,882,538</b>	<b>5,025,744</b>
Wholesale supply to other concession holders (2)	3,427,498	3,006,675	401,091	677,340
Wholesale supply not yet invoiced, net	-	-	531,992	84,484
<b>Total</b>	<b>14,046,051</b>	<b>13,840,708</b>	<b>5,815,621</b>	<b>5,787,568</b>

(1) Information not reviewed by the external auditors.

(2) Includes a CCEAR (Regulated Market Sales Contract), 'bilateral contracts' with other agents, and the revenues from to management of generation assets (GAG) for the 18 hydroelectric plants of Lot D of Auction no 12/2015.

## b) Revenue from Use of Distribution Systems (the TUSD charge)

A significant part of the large industrial consumers in the concession areas of Cemig D are now 'Free Consumers' – energy is sold to them by the Cemig group's generation and transmission company, Cemig GT, as well as other generators. When these users became Free Consumers, they began to pay separate charges for use of the distribution network. This line ('TUSD') records those charges.



**c) The CVA Account (*Portion 'A' Costs Variation Compensation Account*), and *Other financial components*, in tariff adjustments**

The gains arising from variations in (i) the CVA Account (*Portion A Costs Variation Compensation Account*), and in (ii) *Other financial components* in calculation of tariffs, refer to the positive and negative differences between the estimate of non-manageable costs of the subsidiary Cemig D and the payments actually made. The amounts recognized arise from balances constituted in the current period, homologated or to be homologated in tariff adjustment processes. For more information see Note 14.

**d) 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, represented by the Permitted Annual Revenue (*Receita Anual Permitida*, or RAP).

**e) Construction Revenue**

Construction Revenue is substantially offset by Construction costs, and corresponds to the investments of the Company's subsidiaries in assets of the transmission and distribution concessions in the period.

**f) Gain on financial updating of the Concession Grant Fee**

Represents updating by the IPCA index, plus remuneratory interest, on the Concession Grant Fee for the concession awarded as Lot D of Auction 12/2015. For more details see Note 14.

**g) Transmission Indemnity revenue**

In 9M17 the Company recognized revenue of R\$ 295,749, of which R\$ 146,494 corresponded to updating, by the IPCA index, of the balance of indemnity existing at December 2016, and R\$ 149,255 relating to the adjustment to the BRR (Remuneration Base of Assets) of the transmission assets, as per Aneel Technical Note 183/2017. For more details see Note 14.

**h) Generation Indemnity revenue**

In 9M17 the Company recognized revenue of R\$ 259,516, 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. For more details see Notes 4 and 14.

**i) Revenue from transactions in electricity in the CCEE (Wholesale Trading Chamber)**

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



**j) Adjustment to expectation of cash flow from the indemnifiable Financial assets of the distribution concession**

Gain on Adjustment to expectation of cash flow from the indemnifiable Financial asset of the distribution concession, due to monetary updating of the Regulatory Remuneration Base of assets

**k) Other operating revenues**

R\$ '000	Consolidated	
	9M17	9M16
Charged service	7,723	4,533
Telecoms services	111,342	117,906
Services rendered	116,167	120,149
Subsidies (*)	769,505	757,213
Rental and leasing	88,869	73,423
Other	3,395	7,721
	<b>1,097,001</b>	<b>1,080,945</b>

R\$ '000	Consolidated	
	3Q17	3Q16
Charged service	3,124	1,593
Telecoms services	38,520	59,608
Services rendered	40,635	39,127
Subsidies (*)	266,485	246,636
Rental and leasing	30,531	24,582
Other	74	2,547
	<b>379,369</b>	<b>374,093</b>

(\*) Revenue recognized for the tariff subsidies applied to users of distribution services, including low-income subsidies, which are reimbursed by Eletrobras.

**l) Taxes and charges reported as deductions from revenue**

R\$ '000	Consolidated	
	9M17	9M16
<b>Taxes on revenue</b>		
ICMS tax	4,470,557	3,873,741
Cofins tax	1,654,269	1,529,044
PIS and Pasep taxes	359,137	331,964
Other	5,942	5,238
	<b>6,489,905</b>	<b>5,739,987</b>
<b>Charges to the consumer</b>		
Global Reversion Reserve (RGR) (Recovery of expense)	9,418	(26,420)
Energy Efficiency Program	37,422	44,873
Energy Development Account (CDE)	1,326,946	1,596,577
Research and Development (R&D)	26,914	35,936
National Scientific and Technological Development Fund (FNDCT)	26,914	35,936
Energy System Expansion Research (EPE of MME)	13,457	17,968
Consumer charges – Proinfa alternative sources program	29,626	31,385
Electricity Services Inspection Charge	22,983	26,149
Royalties for use of water resources	66,449	88,754
Consumer charges – the 'Flag Tariff' system	258,060	342,789
	<b>1,818,189</b>	<b>2,193,947</b>
	<b>8,308,094</b>	<b>7,933,934</b>



R\$ '000	Consolidated	
	3Q17	3Q16
<b>Taxes on revenue</b>		
ICMS tax (1)	1,819,209	1,259,453
Cofins tax	584,676	516,259
PIS and Pasep taxes	126,932	112,078
Other	2,115	1,794
	<b>2,532,932</b>	<b>1,889,584</b>
<b>Charges to the consumer</b>		
Global Reversion Reserve (RGR) (Recovery of expense)	9,468	(42,033)
Energy Efficiency Program	11,732	10,978
Energy Development Account (CDE)	467,576	571,148
Research and Development (R&D)	7,927	11,240
National Scientific and Technological Development Fund (FNDCT)	7,927	11,240
Energy System Expansion Research (EPE of MME)	3,963	5,620
Consumer charges – Proinfa alternative sources program	10,049	11,363
Electricity Services Inspection Charge	6,347	8,467
Royalties for use of water resources	21,527	32,692
Consumer charges – the ‘Flag Tariff’ system	101,625	(429)
	<b>648,141</b>	<b>620,286</b>
	<b>3,181,073</b>	<b>2,509,870</b>

(1) In 3Q17 the subsidiaries Cemig GT and Cemig D adhered to the terms of the Minas Gerais State Tax Credits Regularization Plan (*Plano de Regularização de Créditos Tributários*, or PRCT). For more information see Note 19.

## 26. OPERATING COSTS AND EXPENSES

R\$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Personnel (a)	1,275,667	1,217,201	38,796	26,587
Employees' and managers' profit shares	25,777	30,417	1,195	(3,024)
Post-retirement obligations	293,617	248,583	29,482	27,188
Materials	43,248	40,935	89	52
Raw materials and inputs for production of electricity	58	35	-	-
Outsourced services (b)	680,569	601,806	6,796	6,226
Electricity bought for resale (c)	7,685,392	6,126,458	-	-
Depreciation and amortization	616,783	601,197	351	382
Operational provisions (reversals) (d)	558,793	714,237	104,037	280,532
Charges for use of the national grid	791,339	741,416	-	-
Gas bought for resale	789,861	623,503	-	-
Construction costs (e)	736,754	917,855	-	-
Other operational expenses, net (f)	311,581	372,298	6,940	11,646
	<b>13,809,439</b>	<b>12,235,941</b>	<b>187,686</b>	<b>349,589</b>

R\$ '000	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
Personnel (a)	358,505	373,986	17,730	9,430
Employees' and managers' profit shares	886	24,217	233	1,210
Post-retirement obligations	101,589	89,306	10,010	9,380
Materials	16,185	17,057	23	7
Raw materials and inputs for production of electricity	13	8	-	-
Outsourced services (b)	233,805	201,023	3,194	2,397
Electricity bought for resale (c)	2,942,974	2,170,348	-	-
Depreciation and amortization	205,983	202,480	115	122
Operational provisions (reversals) (d)	188,875	(19,375)	88,726	(165,669)
Charges for use of the national grid	387,078	215,504	-	-
Gas bought for resale	304,698	196,494	-	-
Construction costs (e)	295,720	334,122	-	-
Other operational expenses, net (f)	124,127	132,206	(979)	1,683
	<b>5,160,438</b>	<b>3,937,376</b>	<b>119,052</b>	<b>(141,440)</b>



a) Personnel expenses

**Programmed Voluntary Retirement Plan (PDVP)**

In March 2017, the Company created the 2017 Employee Voluntary Severance Program ('the 2017 PDVP'). Those eligible to take part were any employees who will have worked with Cemig for 25 years or more by December 31, 2017. The period for acceptance of the 2017 PDVP was April 3 through October 17, 2017. It provided for payment of an additional premium of five monthly salaries to employees who join in April 2017, to leave the Company in May 2017; the premium diminished progressively depending on the month of acceptance. Thus, for employees who adhered to the program only in August 2017, for voluntary retirement in September 2017, the corresponding premium payment was only one month's salary. For those who joined as from September 1, 2017, there was no premium. The program also paid 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. On September 30, 2017 the amount appropriated as expense on the premium for retirement under the 2017 PDVP, including the severance amounts, was R\$ 197,326, corresponding to acceptance, up to that date, by 1,151 employees.

b) Outsourced services

R\$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Meter reading and bill delivery	106,526	101,587	-	-
Communication	49,163	41,918	239	278
Maintenance and conservation of electrical facilities and equipment	186,971	175,003	84	49
Building conservation and cleaning	78,739	72,068	496	522
Contracted labor	9,252	8,819	-	-
Freight and airfares	5,434	5,156	1,357	1,724
Accommodation and meals	9,842	9,185	151	157
Security services	16,358	18,428	-	-
Consultancy	11,792	8,191	737	407
Maintenance and conservation of furniture and utensils	2,448	2,282	1	3
Information technology	34,289	28,999	771	439
Maintenance and conservation of vehicles	1,381	1,254	-	2
Disconnection and reconnection	23,528	3,540	-	-
Environment	10,058	12,532	-	-
Legal services	13,122	14,220	535	1,008
Legal procedural costs	2,010	2,664	43	48
Tree pruning	14,727	8,888	-	-
Cleaning of power line pathways	10,176	5,728	-	-
Copying and legal publications	16,949	11,746	200	148
Inspection of consumer units	118	613	-	-
Printing of tax invoices and electricity bills	121	2,588	-	-
Other expenses	77,565	66,397	2,182	1,441
	<b>680,569</b>	<b>601,806</b>	<b>6,796</b>	<b>6,226</b>



R\$ '000	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
Meter reading and bill delivery	35,375	34,067	-	-
Communication	15,074	15,469	126	92
Maintenance and conservation of electrical facilities and equipment	60,119	51,512	63	1
Building conservation and cleaning	28,637	24,498	71	176
Contracted labor	4,146	2,610	-	-
Freight and airfares	2,066	2,367	418	893
Accommodation and meals	3,405	3,598	51	63
Security services	5,422	5,945	-	-
Consultancy	3,992	1,234	33	178
Maintenance and conservation of furniture and utensils	832	14,321	1	1
Information technology	10,137	1,152	143	101
Maintenance and conservation of vehicles	457	307	-	1
Disconnection and reconnection	11,196	1,775	-	-
Environment	1,848	4,189	-	-
Legal services	4,321	5,149	95	425
Legal procedural costs	780	779	8	22
Tree pruning	5,760	3,498	-	-
Cleaning of power line pathways	6,126	1,708	-	-
Copying and legal publications	7,098	4,186	141	42
Inspection of consumer units	61	145	-	-
Printing of tax invoices and electricity bills	55	773	-	-
Other expenses	26,898	21,741	2,044	402
	<b>233,805</b>	<b>201,023</b>	<b>3,194</b>	<b>2,397</b>

### c) Electricity purchased for resale

R\$ '000	Consolidated	
	9M17	9M16
Supply from Itaipu Binacional	933,603	880,361
Physical guarantee quota contracts	343,458	403,913
Quotas for Angra I and II nuclear plants	182,832	162,680
Spot market	1,180,780	487,536
Proinfa Program	225,965	244,095
'Bilateral' contracts	269,943	216,963
Electricity acquired in Regulated Market auctions	2,201,909	1,862,534
Electricity acquired in the Free Market	3,086,096	2,476,229
Credits of Pasep and Cofins taxes	(739,194)	(607,853)
	<b>7,685,392</b>	<b>6,126,458</b>

R\$ '000	Consolidated	
	3Q17	3Q16
Supply from Itaipu Binacional	316,786	273,070
Physical guarantee quota contracts	119,006	152,753
Quotas for Angra I and II nuclear plants	60,944	54,227
Spot market	408,859	196,612
Proinfa Program	75,321	81,365
'Bilateral' contracts	121,552	74,872
Electricity acquired in Regulated Market auctions	824,699	650,259
Electricity acquired in the Free Market	1,299,536	902,338
Credits of Pasep and Cofins taxes	(283,729)	(215,148)
	<b>2,942,974</b>	<b>2,170,348</b>



#### d) Operational provisions (reversals)

R\$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Provision for estimate of doubtful receivables	191,343	282,915	-	-
Contingency provisions (reversals)				
Employment-law cases	188,013	69,963	12,553	11,463
Civil cases	18,142	28,732	722	1,647
Tax	2,401	2,616	1,353	205
Environmental	4	(21)	-	-
Regulatory	(10,978)	3,864	(4,241)	(454)
Other	8,864	29,095	713	86
	<u>206,446</u>	<u>134,249</u>	<u>11,100</u>	<u>12,947</u>
	<b>397,789</b>	<b>417,164</b>	<b>11,100</b>	<b>12,947</b>
Change in fair value of derivatives				
Put optio – Ativas e Sonda (Note 15)	102	-	-	-
Put option – RME and Lepsa (Note 15)	92,937	267,585	92,937	267,585
Put option – SAAG (Note 15)	67,965	29,488	-	-
	<u>161,004</u>	<u>297,073</u>	<u>92,937</u>	<u>267,585</u>
	<b>558,793</b>	<b>714,237</b>	<b>104,037</b>	<b>280,532</b>

R\$ '000	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
Provision for estimate of doubtful receivables	50,458	108,349	-	-
Contingency provisions (reversals)				
Employment-law cases	10,288	31,166	532	1,177
Civil cases	8,745	10,909	833	175
Tax	5,565	(567)	3,961	(892)
Environmental	1	36	-	-
Regulatory	(143)	(9,088)	(2,162)	614
Other	2,230	3,110	256	24
	<u>26,686</u>	<u>35,566</u>	<u>3,420</u>	<u>1,098</u>
	<b>77,144</b>	<b>143,915</b>	<b>3,420</b>	<b>1,098</b>
Change in fair value of derivatives				
Put option – Sonda (Note 15)	61	-	-	-
Put option – RME and Lepsa (Note 15)	85,306	(166,767)	85,306	(166,767)
Put option – SAAG (Note 15)	26,364	3,477	-	-
	<u>111,731</u>	<u>(163,290)</u>	<u>85,306</u>	<u>(166,767)</u>
	<b>188,875</b>	<b>(19,375)</b>	<b>88,726</b>	<b>(165,669)</b>

#### e) Construction cost

R\$ '000	Consolidated	
	9M17	9M16
Personnel and managers	38,297	46,155
Materials	334,851	424,240
Outsourced services	300,244	321,916
Other	63,362	125,544
	<u>736,754</u>	<u>917,855</u>

R\$ '000	Consolidated	
	3Q17	3Q16
Personnel and managers	14,143	13,659
Materials	151,691	160,127
Outsourced services	109,061	120,164
Other	20,825	40,172
	<u>295,720</u>	<u>334,122</u>





f) Other operating expenses, net

R\$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
Leasing and rentals	77,095	67,449	2,616	486
Advertising	14,331	6,995	276	193
Own consumption of electricity	15,581	16,536	-	-
Subsidies and donations	9,457	12,364	-	-
Paid concession	2,264	2,154	-	-
Insurance	6,042	7,254	1,693	2,844
CCEE annual charge	6,017	5,802	1	2
Losses on de-activation and disposal of goods and rights	44,876	74,798	-	2
Forluz – Administrative running cost	19,607	18,951	970	937
Collection agents	52,664	53,200	-	1
Fine for violation of Service Continuity standard	24,755	31,060	-	-
Taxes and charges	6,645	7,590	636	288
Other expenses	32,247	68,145	748	6,893
	<b>311,581</b>	<b>372,298</b>	<b>6,940</b>	<b>11,646</b>

R\$ '000	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
Leasing and rentals	32,188	19,921	1,142	177
Advertising	6,017	3,905	100	75
Own consumption of electricity	4,768	5,019	-	-
Subsidies and donations	2,933	3,286	-	-
Paid concession	735	734	-	-
Insurance	1,613	2,335	386	894
CCEE annual charge	1,972	1,850	-	1
Losses on de-activation and disposal of goods and rights	39,538	32,484	-	-
Forluz – Administrative running cost	6,574	6,470	325	320
Collection agents	17,377	17,652	-	1
Fine for violation of Service Continuity standard	3,895	6,035	-	-
Taxes and charges	1,259	1,861	93	39
Other expenses	5,258	30,654	(3,025)	176
	<b>124,127</b>	<b>132,206</b>	<b>(979)</b>	<b>1,683</b>

Operational leasing

The Company and its subsidiaries have operational leasing contracts relating, mainly, to vehicles and buildings used in its operational activities. Their amounts are not material in relation to the total costs of the Company and its subsidiaries.



## 27. FINANCIAL REVENUE (EXPENSES)

R\$ '000	Consolidated		Holding company	
	9M17	9M16	9M17	9M16
<b>FINANCIAL REVENUES</b>				
Income from cash investments	171,530	220,232	39,214	30,510
Late charges on overdue electricity bills	193,057	212,499	-	-
Foreign exchange variations	20,207	56,140	-	1
Monetary variations	27,125	60,974	1,968	10,278
Monetary variations – CVA	-	206,967	-	-
Monetary updating on Court escrow deposits	86,464	42,615	44,696	10,108
Pasep and Cofins taxes charged on financial revenues	(35,529)	(54,349)	(8,704)	(9,020)
Adjustment to present value	-	325	-	-
Other	87,211	89,788	7,719	35,180
	<b>550,065</b>	<b>835,191</b>	<b>84,893</b>	<b>77,057</b>
<b>FINANCIAL EXPENSES</b>				
Costs of loans and financings	(1,201,974)	(1,432,576)	-	-
Foreign exchange variations	(12,633)	(19,225)	(9)	(1)
Monetary updating – loans and financings	(74,655)	(232,366)	-	-
Monetary updating – paid concessions	737	(3,056)	-	-
Charges and monetary updating on Post-retirement liabilities	(48,401)	(86,782)	(2,381)	(4,270)
Monetary updating – CCEE obligations	-	(13,844)	-	-
Monetary updating – Advance Against Capital Increase (AFAC)	(40,086)	-	-	-
Monetary updating – AFAC	239,445	-	239,445	-
Monetary updating – Advance sales of power supply	(37,666)	-	-	-
Adjustment to present value	(2,168)	-	-	-
Other	(94,550)	(100,166)	(502)	(61)
	<b>(1,271,951)</b>	<b>(1,888,015)</b>	<b>236,553</b>	<b>(4,332)</b>
<b>NET FINANCIAL REVENUE (EXPENSES)</b>	<b>(721,886)</b>	<b>(1,052,824)</b>	<b>321,446</b>	<b>72,725</b>

R\$ '000	Consolidated		Holding company	
	3Q17	3Q16	3Q17	3Q16
<b>FINANCIAL REVENUES</b>				
Income from cash investments	46,037	84,755	10,505	15,097
Late charges on overdue electricity bills	55,134	70,166	-	-
Foreign exchange variations	2,618	12,173	-	-
Monetary variations	13,132	33,081	400	3,295
Monetary variations – CVA	-	19,403	-	-
Monetary updating on Court escrow deposits	63,317	3,348	43,744	(13,067)
Pasep and Cofins taxes charged on financial revenues	(13,207)	(15,192)	(4,648)	(1,573)
Adjustment to present value	-	(396)	-	-
Other	34,133	23,918	1,874	1,850
	<b>201,164</b>	<b>231,256</b>	<b>51,875</b>	<b>5,602</b>
<b>FINANCIAL EXPENSES</b>				
Costs of loans and financings	(344,297)	(524,775)	-	-
Foreign exchange variations	5,963	(2,046)	-	(1)
Monetary updating – loans and financings	(5,682)	(46,959)	-	-
Monetary updating – paid concessions	(5)	(301)	-	-
Charges and monetary updating on Post-retirement liabilities	(12,417)	(22,483)	(611)	(1,106)
Monetary updating – CCEE obligations	-	-	-	-
Monetary variations – CVA	(12,006)	-	-	-
Monetary updating – AFAC	239,445	-	239,445	-
Monetary updating – Advance sales of power supply	(12,986)	-	-	-
Adjustment to present value	(562)	-	-	-
Other	(46,203)	(57,604)	(320)	(21)
	<b>(188,750)</b>	<b>(654,168)</b>	<b>238,514</b>	<b>(1,128)</b>
<b>NET FINANCIAL REVENUE (EXPENSES)</b>	<b>12,414</b>	<b>(422,912)</b>	<b>290,389</b>	<b>4,474</b>



## 28. RELATED PARTY TRANSACTIONS

Cemig's principal balances and transactions with related parties and its subsidiaries and jointly-controlled entities are shown here (consolidated):

COMPANY	R\$ '000	ASSETS		LIABILITIES		REVENUE		EXPENSES	
		Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016	9M17	9M16	9M17	9M16
<b>Controlling shareholder</b>									
<b>Minas Gerais State Gov.t</b>									
<b>Current</b>									
Consumers and Traders (1)		97,779	71,340	-	-	101,085	112,168	-	-
Administrative deposit – AFAC (2)		-	-	-	-	38,278	-	-	-
<b>Non-current</b>									
Administrative deposit – AFAC (2)		277,723	239,445	-	-	-	-	-	-
<b>Jointly-controlled entity</b>									
<b>Aliança Geração</b>									
<b>Current</b>									
Transactions in electricity (3)		-	-	7,049	7,037	413	314	(107,335)	(110,703)
Provision of services (4)		2,504	3,706	-	-	9,767	8,420	-	-
<b>Baguari Energia</b>									
<b>Current</b>									
Transactions in electricity (3)		-	-	900	710	111	-	(5,379)	(5,307)
Services (4)		274	398	-	-	646	665	-	-
<b>Madeira Energia</b>									
<b>Current</b>									
Transactions in electricity (3)		-	-	17,229	17,636	18,213	3,164	(508,741)	(449,584)
Advance for future power supply (5)		53,865	-	-	-	-	-	-	-
<b>Non-current</b>									
Advance for future power supply (5)		17,117	86,941	-	-	-	-	-	-
<b>Norte Energia</b>									
<b>Current</b>									
Transactions in electricity (3)		130	130	3,774	3,755	5,680	741	(89,256)	(22,486)
<b>Lightger</b>									
<b>Current</b>									
Transactions in electricity (3)		-	-	-	-	-	-	(15,188)	(14,575)
<b>Hidrelétrica Pipoca</b>									
<b>Current</b>									
Transactions in electricity (3)		-	-	1,595	1,228	-	-	(12,064)	(12,359)
Interest on Equity, and dividends		1,284	-	-	-	-	-	-	-
<b>Retiro Baixo</b>									
<b>Current</b>									
Transactions in electricity (3)		-	-	554	440	-	-	(4,464)	(2,210)
Interest on Equity, and dividends		-	2,146	-	-	-	-	-	-
<b>Guanhães Energia</b>									
<b>Current</b>									
Adjustment for losses (6)		-	-	-	59,071	-	-	-	-
Services (4)		568	241	-	-	332	-	-	-
<b>Renova</b>									
<b>Current</b>									
Transactions in electricity (3)		-	-	1,773	-	-	-	(140,771)	(118,506)
Accounts receivable (7)		62,455	-	-	-	-	-	-	-
<b>Non-current</b>									
Accounts receivable (7)		20,317	73,722	-	-	-	-	-	-
Advance for future power supply (8)		258,166	229,053	-	-	-	-	-	-
<b>EATE</b>									
<b>Current</b>									
Transactions in electricity (3)		-	-	2,962	2,751	-	-	(19,674)	(18,475)
<b>Light</b>									
<b>Current</b>									
Transactions in electricity (3)		1,042	464	481	472	38,203	49,714	(1,106)	(623)
Interest on Equity, and dividends		-	6,852	-	-	-	-	-	-
<b>Taesá</b>									
<b>Current</b>									
Transactions in electricity (3)		-	-	12,451	10,326	33	17	(92,905)	(82,956)
Services (4)		141	482	-	-	667	220	-	-
<b>Companhia Transirapê de Transmissão</b>									
<b>Current</b>									
Transactions in electricity (3)		-	-	950	878	-	-	(7,310)	(6,425)
Services (4)		90	301	-	-	953	755	-	-
Interest on Equity, and dividends		678	678	-	-	-	-	-	-



COMPANY	ASSETS		LIABILITIES		REVENUE		EXPENSES		
	R\$ '000	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2017	Dec. 31, 2016	9M17	9M16	9M17	9M16
<b>Axxiom</b>									
<b>Current</b>									
Provision of services (9)	-	-	2,347	6,980	-	-	-	(38,065)	
Interest on Equity, and dividends	-	144	-	-	-	-	-	-	
<b>Transudeste</b>									
<b>Current</b>									
Transactions in electricity (3)	-	-	-	-	113	-	(1,166)	(1,023)	
Provision of services (4)	175	141	196	150	492	419	-	-	
Interest on Equity, and dividends	213	213	-	-	-	-	-	-	
<b>Transleste</b>									
<b>Current</b>									
Transactions in electricity (3)	-	-	316	243	135	-	(1,878)	(1,605)	
Provision of services (4)	120	178	-	-	819	763	-	-	
Interest on Equity, and dividends	1,559	294	-	-	-	-	-	-	
<b>Other related parties</b>									
<b>FIC Pampulha</b>									
<b>Current</b>									
Cash and cash equivalents	257,625	621,203	-	-	-	-	-	-	
Securities	622,750	833,849	-	-	14,374	128,436	-	-	
(-) Securities issued by subsidiary companies (10)	(63,708)	(49,479)	-	-	-	-	-	-	
<b>Non-current</b>									
Securities	24,192	46,092	-	-	-	-	-	-	
(-) Securities issued by subsidiary companies (10)	(11,863)	(15,049)	-	-	-	-	-	-	
<b>Forluz</b>									
<b>Current</b>									
Post-retirement obligations (11)	-	-	106,399	86,156	-	-	(130,470)	(139,289)	
Administrative running costs (12)	-	-	-	-	-	-	(19,606)	(18,951)	
Operational leasing (13)	-	-	2,872	9,630	-	-	(44,002)	(15,292)	
<b>Non-current</b>									
Post-retirement obligations (11)	-	-	1,584,588	1,592,998	-	-	-	-	
<b>Cemig Saúde (Health)</b>									
<b>Current</b>									
Health Plan and Dental Plan (14)	-	-	110,387	101,756	-	-	(145,075)	(139,916)	
<b>Non-current</b>									
Health Plan and Dental Plan (14)	-	-	1,704,340	1,646,580	-	-	-	-	

The main conditions relating to the related party transactions are as follows:

- Refers to sale of electricity to the government of the State of Minas Gerais – the price of the electricity is that defined by Aneel through a Resolution which decides the Company's annual tariff adjustment.
- Refers to recalculation of the monetary updating on the amounts in the Advance against Future Capital Increase (AFAC) returned to Minas Gerais State. The value was transferred to Accounts Receivable from State of Minas Gerais on September 30, 2017 (See Notes 11 and 12)
- Transactions in electricity 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).
- Refers to a contract to provide plant operation and maintenance services.
- In 2017, advance payments of R\$ 71,100 were made to Santo Antônio Energia, subsidiary of Madeira Energia: R\$ 51,874 was advanced by Cemig GT; R\$ 11,917 by Sá Carvalho; and R\$ 6,309 by Rosal. For the purposes of settlement invoices for supply of electricity to be issued by Santo Antônio Energia starting in 2018, in 12 tranches, will be used
- A liability was recognized in 2016 corresponding to the Company's interest in the share capital of Guanhões, due to its negative equity (see Note 15);
- Cemig GT has an item of R\$ 60,000 receivable from Renova Energia, which will be paid in 12 monthly installments, the first on January 10, 2018 and the last becoming due in December 2018, with monetary updating at 150% of the CDI rate.
- In 2016, as specified in the power supply contract, Cemig GT advanced R\$ 212,000 to Renova's trading company, Renova Comercializadora. For settlement, it was agreed that this amount would be updated at a rate of 155% of the CDI rate, and offset by settlement of power supply invoices issued by Renova, from January 2020. Since there are now negotiations by Renova with players interested in buying assets of the Company, renegotiation of the supply contract, and also the form of payment of the advance made by Cemig GT, are also in the process of renegotiation.
- This refers to a contract for development of management software between Cemig D and Axxiom Soluções Tecnológicas S.A., instituted in Aneel Dispatch 2657/2017.
- 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.
- The contracts of Forluz are updated by the Expanded Consumer Price Index (IPCA) calculated by the Brazilian Geography and Statistics Institute (*Instituto Brasileiro de Geografia e Estatística*, or IBGE) (See Note 22) and will be amortized up to the business year of 2024.
- 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.
- Rental of the Company's administrative headquarters, in effect from March 2019 to May 2034.
- Post-employment obligations relating to the employees' health and dental plan (see Note 22).

For more information on the principal transactions, please see Notes 7, 18 and 25.



## Dividends receivable from subsidiaries

Related party	Consolidado		Controladora	
	Sep. 30, 2017 (*) R\$ '000	Dec. 31, 2016 R\$ '000	Sep. 30, 2017 (*) R\$ '000	Dec. 31, 2016 R\$ '000
Cemig GT	-	-	605.000	605.000
Gasmig	-	-	98.079	58.560
Outras	3.742	11.386	8.344	9.679
	<u>3.742</u>	<u>11.386</u>	<u>711.423</u>	<u>673.239</u>

(\*) Dividends receivable from subsidiaries, eliminated in the consolidation.

## Guarantees: sureties for loans, financings and debentures

Cemig is provider of surety or guarantee of loans, financings and debentures of the following related parties – not consolidated in the financial statements because they relate to jointly-controlled entities or affiliated companies:

Related party	Relationship	Type	Object	9M17 R\$ '000	Maturity
Norte Energia ('Nesa')	Affiliated	Surety	Financing	2,476,515	2042
Light (1)	Jointly-controlled entity	Counter-guarantee	Financing	683,615	2042
Santo Antônio Energia S.A. (Saesa)	Jointly-controlled entity	Surety	Financing	1,974,035	2034
Santo Antônio Energia S.A. (Saesa)	Jointly-controlled entity	Surety	Debentures	774,614	2037
Centroeste	Jointly-controlled entity	Surety	Financing	8,166	2023
				<u>5,916,945</u>	

(1) Related to execution of guarantees of the Norte Energia financing.

At September 30, 2017, Management believes that there is no need to recognize any provisions in the Company's accounting statements for the purpose of meeting any obligations arising under these sureties and/or guarantees.

## Cash investments in FIC Pampulha

### – the investment fund of Cemig and its subsidiaries and affiliates

Cemig and its subsidiaries and affiliates 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 September 30, 2017 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 in this investment fund 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	Sep. 30, 2017 – R\$ '000				
				Cemig 1.59%	Cemig GT 0.21%	Cemig D 34.10%	Other subsidiaries 19.55% (1)	Total 55.45%
ETAU	Debentures	108.00% of CDI	01/12/2019	164	22	3,529	2,023	5,738
				<u>164</u>	<u>22</u>	<u>3,529</u>	<u>2,023</u>	<u>5,738</u>
Issuer of security	Type	Annual contractual conditions	Maturity	Dec. 31, 2016 – R\$ '000				
				Cemig 10.12%	Cemig GT 20.86%	Cemig D 24.94%	Other subsidiaries 22.39% (1)	Total 78.31%
Axxiom	Debentures	109.00% of CDI	29/01/2017	579	1,194	1,427	1,282	4,482
ETAU	Debentures	108.00% of CDI	01/12/2019	1,024	2,110	2,522	2,265	7,921
				<u>1,603</u>	<u>3,304</u>	<u>3,949</u>	<u>3,547</u>	<u>12,403</u>

(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 management personnel, in 9M17 and 9M16, are shown in this table:

R\$ '000	9M017	9M16
Remuneration	23,171	17,796
Profit shares (Reversal)	372	(642)
Assistance benefits	1,209	1,121
<b>Total</b>	<b>24,752</b>	<b>18,275</b>

## 29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The financial instruments of the Company and its subsidiaries are restricted to the following: Cash and cash equivalents; Securities; Consumers and Traders; Concession holders (for transport of electricity); Financial assets of the concession related to infrastructure; Generation concession assets; Restricted funds; Escrow deposits in litigation; the CVA (*Portion A Costs Variation Compensation*) Account and *Other Financial Components* in tariff adjustments; Loans and financings; Concession obligations payable; Suppliers; Post-employment obligations; and Put options. Gains and losses on transactions are recorded in full in the profit and loss account for the business year or in Stockholders' equity, by the accrual method.

The Company's financial instruments and those of its subsidiaries are recorded at fair value and measured in accordance with the following classifications:

- *Loans and receivables*: This category contains: Cash equivalents; Credits receivable from Consumers, Traders, and power transport concession holders; Restricted funds; Financial assets related to the CVA account and to *Other financial components*, in calculation of tariffs; the Low-income user subsidy; Reimbursement of tariff subsidies and Other credits owed by Eletrobras; Escrow deposits in litigation; Financial assets of the concession not covered by Law 12783/13; Financial assets related to Auction 12/2015 for award of generation plants; and Generation concession assets. They are recognized at their nominal realization value, which is similar to fair value.
- *Financial instruments at fair value through profit or loss*: Securities held for trading, in the amount of R\$ 677,051, and Put options, in the amount of R\$ 1,502,473 (respectively R\$ 995,340 and R\$ 1,341,468 on December 31, 2016) are in this category. They are valued at fair value and the gains or losses are recognized directly in the Profit and loss account.
- *Financial instruments held to maturity*: In this category are Securities, in the amount of R\$ 26,064 on September 30, 2017 (R\$ 49,888 on December 31, 2016) – included in Note 6. There is positive intention to hold them to maturity. They are measured at



amortized cost using the effective rates method. Their fair values, of R\$ 26,138 on September 30, 2017, and R\$ 49,738 on December 31, 2016, were measured using information of Level 2.

- *Financial instruments available for sale:* In this category are Financial assets of the concession related to distribution infrastructure covered by Law 12783/13. They are measured at New Replacement Value (*Valor Novo de Reposição*, or VNR), equivalent to fair value on the date of these interim accounting statements.
- *Other financial liabilities – Non-derivative financial liabilities:* In this category are Loans and financings; Obligations under debentures; Debt agreed with the Pension Fund (Forluz); Concessions payable; and Suppliers. They are measured at amortized cost using the effective rates method. The Company has calculated the fair value of its Loans, financings and debentures using 140% of the CDI rate – based on its most recent funding. For the following, the Company considered fair value to be substantially equal to book value: Loans, financings and debentures with annual rates between IPCA + 4.70% to 8.07% and CDI + 0.69% to 5.625%. For the financings from the BNDES and Eletrobras, fair value is conceptually similar to book value, due to the specific characteristics of the transactions.
- *Liabilities measured at fair value – Financial liabilities relating to put options:* The options to sell units in FIP Melbourne and FIP Malbec ('the SAAG Put'); the options to sell shares in RME and Lepsa ('the Parati PUT'); and the Sonda Options, were valued at fair value using the Black-Scholes-Merton (BSM) model. Both the options were calculated using the discounted cash flow method: for the SAAG Put option, up to the third quarter of 2016; and for the Parati Put option, up to the first quarter of 2016. The method used was changed, in the fourth and second quarters, respectively, to the BSM model.

The accounting balances of the financial instruments are similar to the fair values, with the exception of loans, financings and debentures, of which the accounting balance is R\$ 14,055,575 (R\$ 15,179,280 on December 31, 2016) and fair value is R\$ 14,053,986 (R\$ 14,711,130 on December 31, 2016), being measured as Level 2, using similar liabilities as reference.

## 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 is exposed are as follows:

### Exchange rate risk

Cemig and its subsidiaries are exposed to the risk of increase in exchange rates, especially with impact on indebtedness, profit and cash flow.

The net exposure to exchange rates is as follows:

Exposure to exchange rates	Sep. 30, 2017		Dec. 31, 2016	
	Foreign currency	R\$ '000	Foreign currency	R\$ '000
US dollar				
Loans and financings (Note 20)	7,320	23,190	7,072	23,049
Suppliers (Itaipu Binacional)	77,717	246,453	62,320	206,827
	85,037	269,643	69,392	229,876
Euros				
Loans and financings – Euros (Note 20)	1,638	6,129	2,157	7,416
<b>Net liabilities exposed</b>		<b>275,772</b>		<b>237,292</b>

### Sensitivity analysis

Based on information from its financial consultants, the Company estimates that in a probable scenario the variation of the exchange rates of foreign currencies in relation to the Real on September 30, 2018 will be: appreciation of the dollar by 11.14% to R\$ 3.521, and depreciation of the Euro by 0.27% (to R\$ 3.732). 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%.

Risk: foreign exchange rate exposure R\$ '000	Base scenario Sep. 30, 2017	Scenario US\$1=R\$ 3.521 EUR1=R\$ 3.732	Scenario: FX depreciation of 25% US\$1=R\$ 4.401 EUR1=R\$ 4.665	Scenario: FX depreciation of 50% US\$1=R\$ 5.282 EUR1=R\$ 5.598
US dollar				
Loans and financings (Note 20)	23,190	25,774	32,216	38,665
Suppliers (Itaipu Binacional)	246,453	273,914	342,373	410,910
	269,643	299,688	374,589	449,575
Euros				
Loans and financings (Note 20)	6,129	6,113	7,641	9,170
<b>Net liabilities exposed</b>	<b>275,772</b>	<b>305,801</b>	<b>382,230</b>	<b>458,745</b>
<b>Net effect of exchange rate variation</b>		<b>30,029</b>	<b>106,458</b>	<b>182,973</b>





## Interest rate risk

Cemig and its subsidiaries are exposed to the risk of increase in international interest rates, affecting loans and financings in foreign currency with floating interest rates (principally Libor), in the amount of R\$ 58,759 (R\$ \$60,066 on December 31, 2016). On September 30, 2017 Cemig was exposed to the risk of increase in Brazilian domestic interest rates, as a result of net liabilities indexed to variation in interest rates, as follows:

Risk: Exposure to domestic interest rate changes	R\$ '000	Consolidated	
		Sep. 30, 2017	Dec. 31, 2016
<b>Assets</b>			
Cash equivalents – Cash investments (Note 5)		548,751	893,713
Securities (Note 6)		703,114	1,045,228
Accounts receivable – Renova (Note 28)		82,772	74,630
Advance for future delivery of power supply (Note 28)		359,227	229,053
Financial assets of the transmission concession (Note 14)		473,374	482,281
Restricted cash		405,494	367,474
CVA and Other financial components in tariffs – Selic rate * (Note 14)		100,457	397,725
Credits owed by Eletrobras		901	138,444
		<u>2,674,090</u>	<u>3,628,548</u>
<b>Liabilities</b>			
Loans, financings and debentures – CDI rate (Note 20)		(9,765,729)	(10,928,261)
Loans, financings and debentures – TJLP (Note 19)		(230,127)	(213,102)
Advance sales of power supply (Note 7)		(312,112)	(181,200)
CVA and Other financial components in tariffs – Selic rate (Note 14)		(704,418)	(804,975)
		<u>(11,012,386)</u>	<u>(12,127,538)</u>
<b>Net liabilities exposed</b>		<b><u>(8,338,296)</u></b>	<b><u>(8,498,990)</u></b>

(\*) Amounts of CVA and Other financial components are indexed by the Selic rate.

### Sensitivity analysis:

The Company estimates that, in a probable scenario, on September 30, 2018 the Selic rate will be 7.00% p.a. and the TJLP will be 6.25% p.a. The Company has made a sensitivity analysis of the effects on its profit arising from increases in rates of 25% and 50%. Variation in the CDI rate accompanies the variation in the Selic rate. Estimation of scenarios for the path of interest rates will consider the projections made by the Company and its subsidiaries, based on its financial consultants.

Risk: Increase in Brazilian interest rates	R\$ '000	Sep. 30, 2017		Sep. 30, 2018	
		Book value	Scenario Selic 7.00% TJLP 6.25%	Scenario Selic 8.75% TJLP +7.81%	Scenario Selic 10.50% TJLP 9.38%
<b>Assets</b>					
Cash equivalents (Note 5)		548,751	587,164	596,767	606,370
Securities (Note 6)		703,114	752,332	764,636	776,941
Accounts receivable – Renova (Note 28)		82,772	88,566	90,015	91,463
Advance for future delivery of power supply (Note 28)		359,227	384,373	390,659	396,946
Financial assets of the transmission concession (Note 14)		473,374	506,510	514,794	523,078
Restricted cash		405,494	433,879	440,975	448,071
CVA + Other financial components in tariff adjustments – Selic		100,457	107,489	109,247	111,005
Other credits owed by Eletrobras		901	964	980	996
		<u>2,674,090</u>	<u>2,861,277</u>	<u>2,908,073</u>	<u>2,954,870</u>
<b>Liabilities</b>					
Loans and financings – CDI rate (Note 20)		(9,765,729)	(10,449,330)	(10,620,230)	(10,791,131)
Loans and financings – TJLP (Note 20)		(230,127)	(244,510)	(248,100)	(251,713)
Advance sales of power supply (Note 7)		(312,112)	(331,619)	(336,488)	(341,388)
CVA and Other Financial components in tariffs (Note 14)		(704,418)	(753,727)	(766,055)	(778,382)
		<u>(11,012,386)</u>	<u>(11,779,186)</u>	<u>(11,970,873)</u>	<u>(12,162,614)</u>
<b>Net assets (liabilities) exposed</b>		<b><u>(8,338,296)</u></b>	<b><u>(8,917,909)</u></b>	<b><u>(9,062,800)</u></b>	<b><u>(9,207,744)</u></b>
<b>Net effect of variation in interest rates</b>			<b><u>(579,613)</u></b>	<b><u>(724,504)</u></b>	<b><u>(869,448)</u></b>



## Risk of increase in inflation

On September 30, 2017 the Company is exposed to the risk of increase in inflation, as follows:

Exposure to increase in inflation	R\$ '000	Sep. 30, 2017	Dec. 31, 2016
<b>Assets</b>			
Financial assets of the concession – Distribution infrastructure – IPCA (Note 14)		130,340	128,071
Financial assets of the concession – Transmission infrastructure – IPCA (Note 14)		1,975,775	1,805,230
Concession Grant Fee – IPCA (Note 13)		2,321,817	2,253,765
		4,427,932	4,187,066
<b>Liabilities</b>			
Loans, financings and debentures – IPCA (Note 20)		(3,971,900)	(3,933,092)
Debt agreed with pension fund (Forluz) – IPCA		(736,774)	(787,003)
Forluz solution plan		(284,165)	-
		(4,992,839)	(4,720,095)
<b>Net liabilities exposed</b>		<b>(564,907)</b>	<b>(533,029)</b>

## Sensitivity analysis

In relation to the most significant inflation risk, the Company estimates that, in a probable scenario, on September 30, 2018 the IPCA inflation index will be 4.55%. The Company has made a sensitivity analysis of the effects on its profit arising from increases in inflation of 25% and 50%.

Risk: increase in inflation	Sep. 30, 2017	Sep. 30, 2018		
	Book value	Scenario IPCA 4.55%	Scenario IPCA 5.69%	Scenario IPCA 6.82%
<b>Assets</b>				
Financial assets of the concession				
– Distribution infrastructure – IPCA (Note 14)	130,340	136,265	137,743	139,229
Financial assets of the concession				
– Transmission infrastructure – IPCA (Note 14)	1,975,775	2,065,594	2,087,999	2,110,523
Concession Grant Fee – IPCA (Note 14)	2,321,817	2,427,367	2,453,696	2,480,165
	4,427,932	4,629,226	4,679,438	4,729,917
<b>Liabilities</b>				
Loans, financings and debentures – IPCA (Note 20)	(3,971,900)	(4,152,463)	(4,197,504)	(4,242,784)
Debt agreed with pension fund (Forluz) – IPCA	(736,774)	(770,268)	(778,623)	(787,022)
Forluz solution plan	(284,165)	(297,083)	(300,306)	(303,545)
	(4,992,839)	(5,219,814)	(5,276,433)	(5,333,351)
<b>Net liabilities exposed</b>	<b>(564,907)</b>	<b>(590,588)</b>	<b>(596,995)</b>	<b>(603,434)</b>
<b>(Net effect of variation in IPCA index)</b>		<b>(25,681)</b>	<b>(32,088)</b>	<b>(38,527)</b>



## Liquidity risk

Cemig 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 – including permanent monitoring of 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, similarly, 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-securities 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.

On the reporting date of these interim accounting statements, the Company (holding company and consolidated) had an excess of current liabilities over current assets.

Note 1 refers to the various measures taken by the Company and its subsidiaries to increase its liquidity, through new financings, refinancing of existing obligations or, potentially, disinvestment of assets that are not part of the Company's core business. 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 obligations of the Company and its subsidiaries, under debts agreed with the pension fund, loans, financings and debentures, for floating and fixed rates, including future interest up to contractual maturity dates, is shown in the table below:

Consolidated	R\$ '000	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		662,888	2,948,205	2,122,983	9,622,053	1,380,435	16,736,564
The Tax Credits Regularization Plan		123,510	187,694	284,143	-	-	595,347
Paid concessions		249	492	2,103	9,440	14,428	26,712
Debt agreed with pension fund (Forluz)		11,002	22,134	101,653	602,259	299,272	1,036,320
Forluz solution plan (Note 22)		2,515	7,540	20,551	136,579	394,613	561,798
		<b>800,164</b>	<b>3,166,065</b>	<b>2,531,433</b>	<b>10,370,331</b>	<b>2,088,748</b>	<b>18,956,741</b>
<b>- Fixed rate</b>							
Suppliers		2,175,293	11,155	-	-	-	2,186,448
		<b>2,975,457</b>	<b>3,177,220</b>	<b>2,531,433</b>	<b>10,370,331</b>	<b>2,088,748</b>	<b>21,143,189</b>
<b>Holding company</b>							
	R\$ '000	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>							
Debt agreed with pension fund (Forluz)		541	1,089	5,001	29,631	14,724	50,986
Forluz solution plan (Note 22)		124	371	1,011	6,720	19,415	27,641
		<b>665</b>	<b>1,460</b>	<b>6,012</b>	<b>36,351</b>	<b>34,139</b>	<b>78,627</b>
<b>- Fixed rate</b>							
Suppliers		23,571	-	-	-	-	23,571
		<b>24,236</b>	<b>1,460</b>	<b>6,012</b>	<b>36,351</b>	<b>34,139</b>	<b>102,198</b>

## Credit risk

The risk arising from the possibility of Cemig and its subsidiaries incurring losses as a result of difficulty in receiving amounts billed to its clients is considered to be low. The Company carries out monitoring for the purpose of reducing default, on an individual basis, with its consumers. Negotiations are also entered into for receipt of any receivables in arrears. The risk is also reduced by the extremely wide client base.

The allowance for doubtful debtors constituted on September 30, 2017, considered to be adequate in relation to the credits in arrears receivable by the Company and its subsidiaries, was R\$ 851,448.

In relation to the risk of losses resulting from declaration of insolvency of a financial institutions at which the Company has deposits, a Cash Investment Policy was approved and has been in effect since 2004, and is reviewed annually.

Cemig 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 and its subsidiaries make no securities investment transactions that could bring any volatility risk into its financial statements.



As a management instrument, Cemig 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 above 12.

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	Stockholders' equity	Concentration	Limit per bank (% of Equity)**
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 an individual assessment of indicators such as liquidity, quality of the credit portfolio, and other aspects.

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.

### **Risk of over-contracting and under-contracting of power supply**

Sale or purchase of power supply in the spot market to cover a positive or negative exposure of supply contracted, to serve the captive market of Cemig D, is a risk inherent to the electricity distribution business. The regulatory limit for 100% pass-through to consumers of exposure to the spot market, valued at the difference between the distributor's average purchase price and the spot price (PLD), is only the margin between 100% and 105% of the distributor's contracted supply. Any exposure that can be proved to have arisen from factors outside the distributor's control ('involuntary exposure') may also be passed through in full to consumers. The Company's Management is continually managing its contracts for purchase of power supply to mitigate the risk of exposure is to the spot market.

### **Risk of continuity of the concession**

The risk to continuity of the distribution concession arises from the new terms included in the extension of Cemig D's concession for 30 years from January 1, 2016, as specified by Law 12783/13. The extension is subject to new conditions not in the previous concession contract, making continuation of the concession conditional upon compliance by Cemig D with new criteria for quality and economic/financial sustainability, without which the extension may be subject to cancellation in the first five years of the contract – in that not



meeting the criteria in any two consecutive years, or in the fifth year, results in cancellation of the concession.

Additionally, as from 2021, non-compliance with the quality criteria for three consecutive years, or with the minimum parameters for economic/financial sustainability for two consecutive years, results in opening of proceedings with a view to termination of the distribution concession.

### Hydrological risk

The greater part of the electricity sold by the Company's subsidiaries is generated by hydroelectric 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. Prolongation of the generation of electricity using the thermal plants potentially could lead to cost increases for the electricity distributors, causing a greater need for cash, and could result in future increases in tariffs.

### Risk of early maturity of debt

The Company and its subsidiaries have contracts for loans, financings and debentures with restrictive covenants normally applicable to this type of transaction, related to compliance with a financial index. Non-compliance with these covenants could result in earlier maturity of debts. For more details please see Note 20.

The covenant requiring half-yearly compliance, relating to the financial ratios of Cemig and of Cemig (guarantor), were complied with on June 30, 2016. The covenants requiring compliance annually were complied with on December 31, 2016. For fuller details please see Note 20.

### Capital management

This table shows the Company's consolidated net liabilities in relation to its Equity:

	Sep. 30, 2017	Dec. 31, 2016
Total liabilities	28,544,868	29,101,482
(-) Cash and cash equivalents	(582,382)	(995,132)
(-) Restricted cash	(405,494)	(367,474)
<b>Net liabilities</b>	<b>27,556,992</b>	<b>27,738,876</b>
<b>Total equity</b>	<b>13,287,207</b>	<b>12,934,371</b>
<b>Net liabilities / equity</b>	<b>2.07</b>	<b>2.14</b>

## 30. MEASUREMENT AT FAIR VALUE

In the initial recognition, Cemig and its subsidiaries measure their financial assets and liabilities at fair value; after initial recognition, financial assets and liabilities are classified into the categories defined for financial instruments. 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. We adopt the 'Fair Value Hierarchy', to maximize coherence and comparability; this separation divides the inputs potentially 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 instruments that are measured at fair value:

R\$ '000	Balance at Sep. 30, 2017	Fair value at Sep. 30, 2017		
		Active market – quoted price (Level 1)	No active market – Valuation technique (Level 2)	No active market – No observable inputs (Level 3)
<b>Assets</b>				
<b>Held for trading</b>				
<b>Securities</b>				
Bank certificates of deposit	40,133	-	40,133	-
Financial Notes – Banks	521,896	-	521,896	-
Treasury Financial Notes (LFTs)	103,954	103,954	-	-
Debentures	11,068	-	11,068	-
	<b>677,051</b>	<b>103,954</b>	<b>573,097</b>	<b>-</b>
<b>Loans and receivables</b>				
Concession Grant Fee	2,321,817	-	2,321,817	-
Restricted cash	405,494	-	405,494	-
	<b>2,727,311</b>	<b>-</b>	<b>2,727,311</b>	<b>-</b>
<b>Available for sale</b>				
Financial assets of the concession related to infrastructure	271,612	-	-	271,612
	<b>3,675,974</b>	<b>103,954</b>	<b>3,300,408</b>	<b>271,612</b>
<b>Liabilities</b>				
<b>Fair value through profit or loss</b>				
<b>Put options – Assets (Liabilities)</b>				
Sonda	4,484	-	-	4,484
RME and Lepsa	(1,242,818)	-	(1,242,818)	-
SAAG	(264,139)	-	-	(264,139)
	<b>(1,502,473)</b>	<b>-</b>	<b>(1,242,818)</b>	<b>(259,655)</b>
	<b>2,173,501</b>	<b>103,954</b>	<b>2,057,590</b>	<b>11,957</b>





R\$ '000	Balance at Dec. 31, 2016	Fair value at December 31, 2016		
		Active market – quoted price (Level 1)	No active market – Valuation technique (Level 2)	No active market – No observable inputs (Level 3)
<b>Assets</b>				
<b>Held for trading</b>				
Securities				
Bank certificates of deposit	32,782	-	32,782	-
Treasury Financial Notes (LFTs)	192,995	192,995	-	-
Financial Notes – Banks	724,274	-	724,274	-
Debentures	45,289	-	45,289	-
	<b>995,340</b>	<b>192,995</b>	<b>802,345</b>	-
<b>Loans and receivables</b>				
Concession Grant Fee	2,253,765	-	2,253,765	-
Restricted cash	367,474	-	367,474	-
	<b>2,621,239</b>	-	<b>2,621,239</b>	-
<b>Available for sale</b>				
Financial assets of the concession related to infrastructure	216,107	-	-	216,107
	<b>3,832,686</b>	<b>192,995</b>	<b>3,423,584</b>	<b>216,107</b>
<b>Liabilities</b>				
<b>Fair value through profit or loss</b>				
<b>Put options – Assets (Liabilities)</b>				
Sonda	4,586	-	-	4,586
RME and Lepsa	(1,149,881)	-	(1,149,881)	-
SAAG	(196,173)	-	-	(196,173)
	<b>(1,341,468)</b>	-	<b>(1,149,881)</b>	<b>(191,587)</b>
	<b>2,491,218</b>	<b>192,995</b>	<b>2,273,703</b>	<b>24,520</b>

(1) As from 4Q16 the Company began to use the Black-Scholes-Merton method for measuring the fair value of the options. For more details please see Note 15.

## Calculation of fair value of financial positions

Financial assets of the concession related to infrastructure: Measured at New Replacement Value (*Valor novo de reposição*, or VNR), according to criteria established in regulations by the Concession-granting power ('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. The movement in financial assets of the concession is shown in Note 13.

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.

Put options: the Company adopted the Black-Scholes-Merton method for measuring fair value of the SAAG, Parati and Sonda options. The fair value of these options was calculated on the basis of the estimated exercise price on the day of exercise of the option, less the fair value of the underlying shares, also estimated for the date of exercise, brought to present value at the reporting date. The movement in relation to the put options, and other information, is given in Note 15.





### 31. OPERATING SEGMENTS

The operating segments of Cemig reflect the structure of the regulatory framework for the Brazilian electricity sector, with different legislation for the sectors of generation, transmission and distribution of electricity. The Company also operates in gas, telecommunications, and other businesses, which have a smaller impact on the results from its operations.

These segments are reflected in the Company's management, organizational structure, and monitoring of results.

These tables show the costs and expenses for the nine-month periods ended on September 30, 2017 and 2016:

**INFORMATION BY MARKET SEGMENT AT SEPTEMBER 30, 2017**

	ELECTRICITY			TELECOMS	GAS	Other	ELIMINATIONS	TOTAL
	GENERATION	TRANSMISSION	DISTRIBUTION					
<b>ASSETS OF THE SEGMENT</b>	16,270,364	4,147,643	18,430,584	334,918	2,049,736	3,369,322	(2,772,454)	41,830,113
<b>INVESTMENTS IN AFFILIATED AND JOINTLY-CONTROLLED ENTITIES</b>	4,565,559	1,671,072	1,748,994	-	-	634,501	-	8,620,126
<b>ADDITIONS TO THE SEGMENT</b>	249,826	-	705,295	34,738	40,097	-	-	1,029,956
<b>ADDITIONS TO FINANCIAL ASSETS</b>	-	11,226	-	-	-	-	-	11,226
<b>NET REVENUE</b>	<b>5,307,670</b>	<b>547,179</b>	<b>8,281,712</b>	<b>88,389</b>	<b>1,061,564</b>	<b>83,160</b>	<b>(215,893)</b>	<b>15,153,781</b>
<b>COST OF ELECTRICITY AND GAS</b>								
Electricity purchased for resale	(3,021,466)	-	(4,717,386)	-	-	(9)	53,469	(7,685,392)
Charges for use of the national grid	(261,295)	(262)	(661,101)	-	-	-	131,319	(791,339)
Gas bought for resale	-	-	-	-	(789,861)	-	-	(789,861)
<b>Operational costs, total</b>	<b>(3,282,761)</b>	<b>(262)</b>	<b>(5,378,487)</b>	<b>-</b>	<b>(789,861)</b>	<b>(9)</b>	<b>184,788</b>	<b>(9,266,592)</b>
<b>OPERATING COSTS AND EXPENSES</b>								
Personnel	(218,933)	(84,022)	(877,192)	(14,559)	(36,286)	(44,675)	-	(1,275,667)
Employees' and managers' profit shares	(4,182)	(1,871)	(18,131)	(380)	-	(1,213)	-	(25,777)
Post-retirement obligations	(42,539)	(19,850)	(201,745)	-	-	(29,483)	-	(293,617)
Materials	(7,468)	(2,110)	(32,089)	(107)	(1,434)	(112)	14	(43,306)
Outsourced services	(97,890)	(21,278)	(550,614)	(20,624)	(12,231)	(7,278)	29,346	(680,569)
Depreciation and amortization	(136,400)	-	(400,754)	(25,974)	(41,836)	(11,819)	-	(616,783)
Operational provisions (reversals)	(97,543)	(9,148)	(347,608)	(456)	-	(104,038)	-	(558,793)
Construction costs	-	(11,226)	(705,296)	-	(20,232)	-	-	(736,754)
Other operating expenses, net	(35,323)	(6,550)	(240,405)	(18,501)	(7,506)	(7,178)	3,882	(311,581)
<b>Total cost of operation</b>	<b>(640,278)</b>	<b>(156,055)</b>	<b>(3,373,834)</b>	<b>(80,601)</b>	<b>(119,525)</b>	<b>(205,796)</b>	<b>33,242</b>	<b>(4,542,847)</b>
<b>OPERATING COSTS AND EXPENSES</b>	<b>(3,923,039)</b>	<b>(156,317)</b>	<b>(8,752,321)</b>	<b>(80,601)</b>	<b>(909,386)</b>	<b>(205,805)</b>	<b>218,030</b>	<b>(13,809,439)</b>
<b>OPERATIONAL PROFIT BEFORE EQUITY GAINS (LOSSES) AND FINANCIAL REVENUE (EXPENSES)</b>	<b>1,384,631</b>	<b>390,862</b>	<b>(470,609)</b>	<b>7,788</b>	<b>152,178</b>	<b>(122,645)</b>	<b>2,137</b>	<b>1,344,342</b>
Equity method gains in non-consolidated investees	151,126	-	-	(1,951)	-	(169,855)	-	(20,680)
Financial revenues	126,202	5,013	302,727	2,149	24,240	89,734	-	550,065
Financial expenses	(847,998)	(1,886)	(616,487)	(11,450)	(30,594)	236,464	-	(1,271,951)
<b>PRE-TAX PROFIT</b>	<b>813,961</b>	<b>393,989</b>	<b>(784,369)</b>	<b>(3,464)</b>	<b>145,824</b>	<b>33,698</b>	<b>2,137</b>	<b>601,776</b>
Income and Social Contribution taxes	(215,688)	(120,333)	245,677	307	(45,316)	(69,241)	-	(204,594)
<b>NET PROFIT (LOSS)</b>	<b>598,273</b>	<b>273,656</b>	<b>(538,692)</b>	<b>(3,157)</b>	<b>100,508</b>	<b>(35,543)</b>	<b>2,137</b>	<b>397,182</b>
Interest of the controlling shareholders	598,273	273,656	(538,692)	(3,157)	100,076	(35,543)	2,137	396,750
Interest of non-controlling shareholder	-	-	-	-	432	-	-	432
	<b>598,273</b>	<b>273,656</b>	<b>(538,692)</b>	<b>(3,157)</b>	<b>100,508</b>	<b>(35,543)</b>	<b>2,137</b>	<b>397,182</b>

### INFORMATION BY MARKET SEGMENT AT SEPTEMBER 30, 2016

	ELECTRICITY			TELECOMS	GAS	Other	ELIMINATIONS	TOTAL
	GENERATION	TRANSMISSION	DISTRIBUTION					
<b>ASSETS OF THE SEGMENT</b>	<b>14,414,449</b>	<b>4,267,418</b>	<b>18,165,610</b>	<b>337,745</b>	<b>2,737,182</b>	<b>2,388,972</b>	<b>(275,523)</b>	<b>42,035,853</b>
<b>INVESTMENTS IN AFFILIATED AND JOINTLY-CONTROLLED ENTITIES</b>	<b>5,291,892</b>	<b>1,669,849</b>	<b>1,754,342</b>	<b>17,741</b>	<b>-</b>	<b>19,264</b>	<b>-</b>	<b>8,753,088</b>
<b>ADDITIONS TO THE SEGMENT</b>	<b>740,337</b>	<b>-</b>	<b>854,060</b>	<b>27,630</b>	<b>27,390</b>	<b>-</b>	<b>-</b>	<b>1,649,417</b>
<b>ADDITIONS TO FINANCIAL ASSETS</b>	<b>2,255,561</b>	<b>36,405</b>						<b>2,291,966</b>
<b>NET REVENUE</b>	<b>4,268,400</b>	<b>953,846</b>	<b>8,000,957</b>	<b>99,711</b>	<b>847,565</b>	<b>89,562</b>	<b>(153,303)</b>	<b>14,106,738</b>
<b>COST OF ELECTRICITY AND GAS</b>								
Electricity purchased for resale	(2,305,000)	-	(3,857,716)	-	-	(3)	36,261	(6,126,458)
Charges for use of the national grid	(232,477)	(243)	(605,478)	-	-	-	96,782	(741,416)
Gas bought for resale	-	-	-	-	(623,503)	-	-	(623,503)
<b>Operational costs, total</b>	<b>(2,537,477)</b>	<b>(243)</b>	<b>(4,463,194)</b>	<b>-</b>	<b>(623,503)</b>	<b>(3)</b>	<b>133,043</b>	<b>(7,491,377)</b>
<b>OPERATING COSTS AND EXPENSES</b>								
Personnel	(202,412)	(81,019)	(852,103)	(17,546)	(30,424)	(33,697)	-	(1,217,201)
Employees' and managers' profit shares	(4,095)	(2,311)	(26,939)	-	-	2,928	-	(30,417)
Post-retirement obligations	(39,975)	(15,575)	(165,845)	-	-	(27,188)	-	(248,583)
Materials	(8,118)	(2,115)	(29,226)	(74)	(1,387)	(78)	28	(40,970)
Outsourced services	(91,502)	(21,295)	(472,356)	(16,523)	(11,135)	(6,752)	17,757	(601,806)
Depreciation and amortization	(156,261)	-	(367,753)	(24,949)	(40,402)	(11,832)	-	(601,197)
Operational provisions (reversals)	(56,512)	(6,935)	(370,553)	294	-	(280,531)	-	(714,237)
Construction costs	-	(36,405)	(854,060)	-	(27,390)	-	-	(917,855)
Other operating expenses, net	(48,224)	(7,898)	(284,938)	(13,406)	(7,651)	(12,656)	2,475	(372,298)
<b>Total cost of operation</b>	<b>(607,099)</b>	<b>(173,553)</b>	<b>(3,423,773)</b>	<b>(72,204)</b>	<b>(118,389)</b>	<b>(369,806)</b>	<b>20,260</b>	<b>(4,744,564)</b>
<b>OPERATING COSTS AND EXPENSES</b>	<b>(3,144,576)</b>	<b>(173,796)</b>	<b>(7,886,967)</b>	<b>(72,204)</b>	<b>(741,892)</b>	<b>(369,809)</b>	<b>153,303</b>	<b>(12,235,941)</b>
<b>OPERATIONAL PROFIT BEFORE EQUITY GAINS (LOSSES) AND FINANCIAL REVENUE (EXPENSES)</b>	<b>1,123,824</b>	<b>780,050</b>	<b>113,990</b>	<b>27,507</b>	<b>105,673</b>	<b>(280,247)</b>	<b>-</b>	<b>1,870,797</b>
Equity method gains in non-consolidated investees	(155,226)	301,402	(69,934)	(25,648)	-	(3,334)	-	47,260
Financial revenues	134,676	4,100	597,394	3,275	11,548	84,198	-	835,191
Financial expenses	(998,640)	(3,673)	(847,214)	(5,047)	(29,073)	(4,368)	-	(1,888,015)
<b>PRE-TAX PROFIT</b>	<b>104,634</b>	<b>1,081,879</b>	<b>(205,764)</b>	<b>87</b>	<b>88,148</b>	<b>(203,751)</b>	<b>-</b>	<b>865,233</b>
Income and Social Contribution taxes	(65,006)	(217,859)	23,223	(1,962)	(25,250)	62,454	-	(224,400)
<b>NET PROFIT ( LOSS)</b>	<b>39,628</b>	<b>864,020</b>	<b>(182,541)</b>	<b>(1,875)</b>	<b>62,898</b>	<b>(141,297)</b>	<b>-</b>	<b>640,833</b>
Interest of the controlling shareholders	39,628	864,020	(182,541)	(1,875)	62,628	(141,297)	-	640,563
Interest of non-controlling shareholder	-	-	-	-	270	-	-	270
	<b>39,628</b>	<b>864,020</b>	<b>(182,541)</b>	<b>(1,875)</b>	<b>62,898</b>	<b>(141,297)</b>	<b>-</b>	<b>640,833</b>

\* The expense of R\$ 280,531 recorded as operating provisions in the *Others* column refers substantially to expenses on the option to purchase investments held by the parent company and described in Note 14.



## 32. THE ANNUAL TARIFF ADJUSTMENT

On May 23, 2017 Aneel approved the result of the Annual Tariff Adjustment for the subsidiary Cemig D. It represented an average decrease in tariffs of 10.66%, in effect on May 28, 2017, through May 27, 2018.

The average negative affect of 10.66% arises from the following factors:

- Adjustment of the cost items of Portions A and B, contributing 1.29% to the average effect.
- Inclusion of the financial components calculated in the current tariff adjustment for offsetting in the subsequent 12 months, resulting in a reduction of 4.68%.
- Removal of the financial components established in the 2016 tariff adjustment process, which remained in effect up to the date of the adjustment being processed, contributing 7.28% reduction.
- Offsetting of CDE: Offsetting between the amounts payable and receivable, in the amount of R\$ 974,680 in 9M17 (R\$ 761,145 in 9M16).

## 33. NON-CASH TRANSACTIONS

In the half-year periods ended September 30, 2017 and 2016, the Company had the following transactions not involving cash, which are not reflected in the Cash flow statements:

- Capitalized Finance Costs in the amount of R\$ 56,851 in 9M17 (R\$ 120,398 in 9M16).
- Offsetting of CDE: Offsetting between the amounts payable and receivable, in the amount of R\$ 974,680 in 9M17 (R\$ 761,145 in 9M16).

## 34. SUBSEQUENT EVENTS

### **Amendments to contracts for loans with Banco do Brasil**

On October 23, 2017, the subsidiary Cemig GT signed amendments to loan contracts signed with Banco do Brasil, in the total amount of R\$ 549 million, for the purpose of postponing payment of the tranches maturing on October 24, 26 and 30, 2017, for 60 days. The interest to be calculated on the debtor balance was increased from 108% of the CDO rate and 112% of the CDI rate, to 128% of the CDI rate; one of the amendments maintained the original interest rate, of 132.9% of the CDI rate. The

early maturity events were also altered, to be in line with the clauses in Cemig GT's 7th Issue of Non-convertible Debentures.

### **binding proposal for capitalization in Renova**

On November 12, 2017, Renova received a binding proposal for primary investment of R\$ 1.4 billion in Renova, at a price of R\$ 6 per unit. The offer further includes an earn-out of up to R\$ 1.00 (one Real) per unit, for any amount that Renova receives in the future as adjustment to the sale price of the Alto Sertão II Wind Power Complex.

The proposal also specifies conditions precedent that are usual in this type of transaction. In the event of acceptance, Brookfield will be given a period of exclusivity of 60 days, able to be extended for 30 days, to finalize the documents of the transaction.

The transaction will then be subject to consideration and approval by the governance bodies of Renova and its controlling stockholders.

### **Non-binding offers related to the process of disinvestment**

On November 13, 2017, in continuity with the relevant facts disclosed on August 28, 2017 and October 02, 2017, Cemig has received non-binding proposals related to its process of disinvestment, as a result of the first phase of access to the documents and information contained in the Data Room made available to potential investors in relation to the Light group.

Cemig is analyzing these proposals for possible selection for inclusion in the next phase. If a selection is made, conclusion of the disinvestment process will also be subject to: a phase of due diligence, including technical visits; submission of binding proposals; negotiations; final approvals for signature of definitive agreements for the transaction referred to; and approvals of conditions precedent that are usual in this type of transaction.

Considering the stage of the discussions, no modification was made in the accounting treatment of the investment in the jointly controlled subsidiary Light.

### **Capital increase proposal in Cemig**

On October 26, 2017, the Extraordinary General Meeting of Stockholders approved an increase of the Company's share capital, by up to R\$ 1,000,000, through issuance of up to 66,849,505 (sixty six million eight hundred forty nine thousand five hundred five) new common shares and up to 133,150,495 (one hundred thirty three million one hundred fifty thousand four hundred ninety five) new preferred shares, all nominal, book-entry shares, each with nominal value of R\$ 5.00 (five Reais), for issue price per share, for both common and preferred shares, of R\$ 6.57 (six Reais and fifty seven

centavos) ('the Capital Increase'). After such increase, the subscribed and paid-in capital stock of the Company will increase from R\$ 6,294,208 to 7,294,208.

All the shares resulting from this subscription will have the same rights as the shares of the same class on which the capital increase is based. The Capital Increase will be by private subscription, with present shareholders having preference to participate in proportion to their current equity holdings, on the basis of 0.1588762172 of a new share for each share held at the close of market on the day of the EGM that authorizes the Capital Increase.

Such capital increase action will allow the Company to obtain funds in the amount of up to R\$ 1,314,000, being sure that the difference, in the amount of up to R\$ 314,000, will be allocated to the capital reserve account. The potential dilution resulting from the issue, if any shareholder does not join the subscription, is 13.704239283% for common shares and preferred shares. The current shareholders may exercise the preemptive right to subscribe, in the period from October 30, 2017 to November 29, 2017, at 15.887624200% on the shares of the same type that they own at the end of the day of the extraordinary general meeting that deliberates on this subject.



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

The Shareholders, Board of Directors and Officers  
**Companhia Energética de Minas Gerais**  
Belo Horizonte - MG

### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of Companhia Energética de Minas Gerais (“Company”), contained in the Quarterly Information Form (ITR) for the quarter ended September 30, 2017, which comprise the statement of financial position as at September 30, 2017 and the related statement of profit or loss, of comprehensive income for the three-month and nine-month periods then ended, and statement of changes in equity and cash flow statement for the nine-month period then ended, including other explanatory information.

Management is responsible for the preparation of the individual interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) – Interim Financial Reporting, and of the consolidated interim financial information 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 Engagements (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.



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## **Emphasis of matters**

### **Renewal of the concession for Jaguará, São Simão and Miranda**

As disclosed in note 4 to the interim financial information, the Company is challenging the renewal of the concession contracts for the Jaguará, São Simão and Miranda hydroelectric plants. These concession contracts were terminated in August 2013, January 2015 and December 2016, respectively and were auctioned by the granting authority on September 27, 2017. Additionally, the Company is discussing administratively the amounts of the financial assets indemnifiable relative to the plants in question. The Company does not expect to incur losses arising from this matter. Our conclusion is not modified in respect of this matter.

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

As mentioned in Note 14 to the interim financial information, the Company holds indirect non-controlling interests in Madeira Energia S.A. (which has an investment in Santo Antônio Energia S.A.) and Norte Energia S.A. (the “Investees”), valued by the equity method. Investigations and certain legal actions conducted by the Federal Prosecution Office (MPF) involving other indirect shareholders of the Investees and certain executives of these shareholders are underway. At present, it is not possible to determine whether the results of referred to investigations and their respective developments may eventually have future consequences to the investees beyond the effects mentioned in Note 14. The Company’s interim financial information does not include any other effects that may arise from this matter. Our conclusion is not modified in respect of this matter.

### **Risk of continuity of the investee Renova Energia S.A. business operations**

As disclosed in Note 14 to the interim financial information, the Company has indirect non-controlling interest in Renova Energia S.A. (“Renova”), which is accounted for under the equity method, and whose conditions indicate the existence of material uncertainty that may raise significant doubt as to the ability of Renova and its subsidiaries to continue as a going concern. 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 nine-month period ended September 30, 2017, 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.





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**Audit and review of prior year/period corresponding figures**

The amounts corresponding to the statement of financial position as at December 31, 2016, and the statements of profit or loss and comprehensive income for the three-month and nine-month periods ended September 30, 2016, changes in equity, cash flows and value added for the nine-month period then ended, and presented for comparative purposes, were previously audited and reviewed, respectively, by other independent auditors, who issued an unmodified opinion on their independent auditor's report on the individual and consolidated financial statements dated April 11, 2017, and an unmodified conclusion on their review report on the individual and consolidated interim financial information dated April 27, 2017, both containing emphasis of matters on the issues described above.

Belo Horizonte (MG), November 14, 2017

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

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

## CONSOLIDATED RESULTS

(Figures in R\$ '000 unless otherwise indicated)

### Results for 9M17

#### Net profit

For the first nine months of 2017 (9M17) Cemig reported net profit of R\$ 397,182 – compared to net profit of R\$ 640,833 in 9M16. The following pages describe the main variations between the two periods in revenues, costs, expenses and financial items.

We highlight that in 9M17 the subsidiaries Cemig GT and Cemig D adhered to the Minas Gerais State Tax Credits Regularization Plan (PRCT), for settlement of the ICMS tax, which totals an estimated R\$ 582,956 (the amount is to be updated until the date of actual payment). This is to be paid in six equal installments, starting on October 31, 2017. The net effect posted in the third quarter results in 2017 is R\$ 587,624. The amount of R\$ 562,406 is recorded as deductions from revenue; and R\$ 25,218 is posted as expenses (operational and financial).

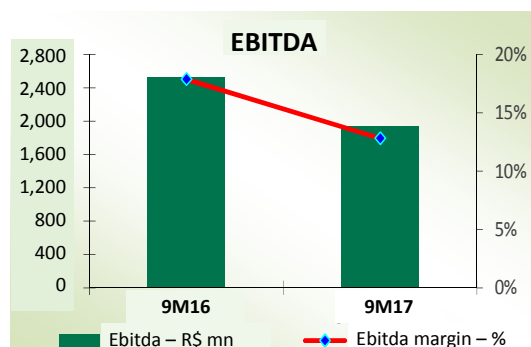
As further non-recurring items in 3Q17, the Company recognized a gain on updating of the indemnity of generation assets, in the amount of R\$ 259,516; and reversal of the provision relating to an Advance against future capital increase (AFAC), the effect of which in the Profit and loss account was R\$ 277,723 – comprising a reversal of provision of R\$ 239,445, and an item in Financial revenue of R\$ 38,278 arising from monetary updating of the administrative deposit. For more details please see Notes 11 and 23.

#### Ebitda

(Earnings before interest, tax, depreciation and amortization)\*

Cemig's consolidated Ebitda in 9M17 was 22.98% below its Ebitda of 9M16:

Ebitda – R\$ '000	9M17	9M16	Change, %
Net profit for the period	397,182	640,833	(38.02)
+ Income tax and Social Contribution tax	204,594	224,400	(8.83)
+ Financial revenue (expenses)	721,886	1,052,824	(31.43)
+ Depreciation and amortization	616,783	601,197	2.59
<b>= EBITDA</b>	<b>1,940,445</b>	<b>2,519,254</b>	<b>(22.98)</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 profit 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 profit or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

The most significant factors in the Ebitda 22.98% lower than in 9M16 are difference are set out below. In line with the variation in Ebitda, Ebitda margin in 9M17 was lower – at 12.80% – in 2017, than 9M16 (17.86%).

#### Revenue from supply of electricity

Revenue from sales of electricity in 9M17 totaled R\$ 17,387,754, compared to R\$ 17,315,733 in 9M16, a year-on-year increase of 0.42%.

#### **Final consumers**

Total revenue from electricity sold to final consumers, excluding Cemig's own consumption, was R\$ 15,027,061 in 9M17 – this was 1.82% lower than the figure for 9M16, of R\$ 15,305,033.

The main factors in this revenue were:

- Lower revenues from the 'Flag' tariff, at R\$ 258,060 in 9M17, compared to R\$ 342,789 in 9M16. This mainly reflects lower amounts under the 'red flag' tariff in 9M17.
- Volume of electricity sold in 9M17 was 1.56% lower than in 1H16.
- The Annual Tariff Adjustment for Cemig D, with average effect on consumer tariffs of 3.78%, effective from May 28, 2016 (full effect in 2017).
- The Annual Tariff Adjustment for Cemig D, with average effect on consumer tariffs of 10.66%, effective from May 28, 2017.

#### **Cemig's electricity market**

The total for sales in Cemig's consolidated electricity market comprises sales to:

- (I) Captive consumers in Cemig's concession area in the State of Minas Gerais;
- (II) Free Consumers in both the State of Minas Gerais and other States of Brazil, in the Free Market (*Ambiente de Contratação Livre*, or ACL);
- (III) other agents of the electricity sector – traders, generators and independent power producers, also in the Free Market;
- (IV) Distributors, in the Regulated Market (*Ambiente de Contratação Regulada*, or ACR); and
- (V) the Wholesale Trading Exchange (*Câmara de Comercialização de Energia Elétrica*, or CCEE)

(– eliminating transactions between companies of the Cemig Group).

The tables below show Cemig's market in more detail, itemizing transactions in 9M17 compared with 9M16.

### Consumption itemized by type of consumer:

	MWh		
	9M17	9M16	Change, %
Residential	7,489,980	7,406,095	1.13
Industrial	13,162,944	14,541,717	(9.48)
Commercial, Services and Others	5,581,213	4,907,884	13.72
Rural	2,769,082	2,699,294	2.59
Public authorities	644,621	659,997	(2.33)
Public lighting	1,030,199	1,012,312	1.77
Public services	977,757	930,708	5.06
Subtotal	<b>31,655,796</b>	<b>32,158,007</b>	<b>(1.56)</b>
Own consumption	26,946	27,614	(2.42)
	<b>31,682,742</b>	<b>32,185,621</b>	<b>(1.56)</b>
Wholesale supply to other concession holders (1)	9,167,876	8,813,064	4.03
Total	<b>40,850,618</b>	<b>40,998,685</b>	<b>(0.36)</b>

(1) Includes Regulated Market Electricity Sale Contracts (CCEARs) and 'bilateral contracts' with other agents.

We highlight the volume of electric power sold to the *industrial* consumer category, which was 9.48% lower YoY, basically due to consumers leaving the status of captive consumer and moving to become consumers in the Free Market.

### Revenue from Use of Distribution Systems (the TUSD charge)

This is revenue from charging Free Consumers the Tariff for Use of the Distribution System (*Tarifa de Uso do Sistema de Distribuição*, or TUSD). In 9M 2017 this revenue was R\$ 1,230,623, compared to R\$ 1,348,132 in 9M16 – a year-on-year reduction of 8.72%. This primarily reflects the reduction of approximately 40% in the TUSD, which took place in the 2017 Annual Tariff Adjustment, applied from May 28, 2017.

### CVA and Other financial components in tariff adjustment

In its interim accounting information Cemig recognizes the difference between actual non-controllable costs (in which the CDE, and electricity bought for resale, are significant components) and the costs that were used as the basis of decision of the rates charged to consumers. This balance is the amount that will be passed through to the Company, or reimbursed to the consumer through Cemig D's next subsequent tariff adjustments. In 9M17 the amount for reimbursement was R\$ 148,216, compared to R\$ 937,053 reimbursable in 9M16.

This variation was mainly due to increased costs of power supply in 9M17 due to the low level of the reservoirs, with a greater difference between the amounts spent and the costs recognized in the tariff. For more details please see Note 14.

### Transmission indemnity revenue

Transmission indemnity revenue was R\$ 295,749 in 9M17, compared to R\$ 692,211 in 9M16. In 2Q17, as a result of the Mining and Energy Ministry setting the criteria for updating of the transmission indemnity, a posting was made, backdated to 2013, of the amount of the updating of the indemnity receivable based on the regulatory cost of own capital, which had a significant impact on the revenue reported.

We highlight the amount recorded in 2017, of R\$ 149,255, for the backdated difference of transmission concession assets the values of which were not included in the calculation basis for revenues in the previous tariff reviews. For more details see Note 14 – *Financial assets of the concession*.

#### Generation Indemnity revenue

In 9M17 the Company recognized revenue of R\$ 259,516, 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. For more details see Note 4.

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

The revenue from electricity transactions in the CCEE in 9M17 was R\$ 536,507, compared to R\$ 138,870 in 9M16 – in other words, R\$ 397,637 higher. This difference is mainly due to the increase of 322.61% in the average Spot Price (*Preço de Liquidação de Diferenças* – PLD), which averaged R\$ 299.42/MWh in 9M17, and R\$ 70.85/MWh in 9M16; and the volume of power supply available for settlement in the wholesale market in 2017.

#### Revenue from supply of gas

Cemig reports revenue from supply of gas totaling R\$ 1,305,636 in 9M17, compared to R\$ 1,037,126 in 9M16 – i.e. 25.89% higher YoY. This basically reflects volume of gas sold 32.10% higher YoY (982,235m<sup>3</sup> in 9M17, vs. 743,534m<sup>3</sup> in 9M16).

#### Construction Revenue

Distribution Infrastructure Construction Revenue in 9M17 was R\$ 736,754, which was 19.73% less than in 9M16 (R\$ 917,855). This revenue is fully offset by Construction costs, of the same amount, and corresponds to the Company's investments in assets of the concession in the period.

#### Other operating revenues

The items in the Other Operating Revenues line comprise: Transmission Concession revenue; Adjustment to expectation of cash flow from the indemnifiable Financial assets of the distribution concession; Gain on financial updating of the Concession Grant Fee; and Other operating revenues. Their total in 9M17 was R\$ 1,561,119, or 2.18% more than in 9M16 (R\$ 1,527,798). See Note 25 for the composition of operational revenues.

#### ***Sector / Regulatory charges reported as Deductions from revenue***

The charges that are recorded as deductions from operational revenue totaled R\$ 8,308,094 in 9M17, or 4.72% more than in 9M16 (R\$ 7,933,934).

The Company adhered to the Minas Gerais State Tax Credits Regularization Plan (*Plano de Regularização de Créditos Tributários – PRCT*), for settlement of ICMS (state value-added tax). The effect reported in 3Q17 was R\$ 562,406 on ICMS from operational revenue.

#### The Energy Development Account – CDE

The amounts of payments to the Energy Development Account (CDE) are decided by an Aneel Resolution. The purpose of the CDE is to cover costs of concession indemnities, tariff subsidies, the subsidy for balanced tariff reduction, the low-income consumer subsidy, the coal consumption subsidy, and the Fuels Consumption Account (CCC). Charges for the CDE in 9M17 were R\$ 1,326,946, which compares to R\$ 1,596,577 in 9M16.

This is a non-manageable cost: the difference between the amounts used as a reference for setting of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment.

#### Consumer charges – the ‘Flag’ Tariff system

Charges to the Consumer related to the ‘Flag’ Tariffs were lower, at R\$ 258.060 in 9M17, compared to R\$ 342,789 in 9M16 – a reduction of 24.72% – mainly reflecting a decrease of the ‘red flag’ revenue in the comparative periods.

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

Operational costs and expenses in 9M17 totaled R\$ 13,809,439, or 12.86% more than in 9M16 (R\$ 12,235.941). For more on the components of Operational costs and expenses see Note 26.

The following paragraphs comment on the main variations:

#### Electricity purchased for resale

This expense in 9M17 was R\$ 7,685,392, 24.45% higher than in 9M16 (R\$ 6,126,458).

This is mainly due to expense on purchase of supply in the spot market being 166.70% higher, at R\$ 1,180,780 in 9M17, compared to R\$ 487,536 in 9M16 – reflecting the higher cost of power supply in the wholesale market in 2017 as a result of the low level of reservoirs, with less volume of production by hydroelectric plants. The result was a higher volume of operation of the thermal plants, for which the increase in expenditure was financed principally by the electricity distributors, which is a feature of the present regulatory model in Brazil.

### Charges for Use of the Transmission Network

Charges for use of the transmission network in 9M17 totaled R\$ 791,339, an increase of 6.73% year-on-year, compared to R\$ 741,416 in 9M16.

This expense is payable by electricity distribution and generation agents for use of the facilities that are components of the national grid. The amounts to be paid are set by an Aneel Resolution.

This is a non-manageable cost: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment.

### Operating provisions

Operational costs and expenses in 9M17 totaled R\$ 558,793, or 21.76% less than in 9M16 (R\$ 714,237). The main factors are:

- Variation in fair value of the investment options related to Parati and SAAG, in the amount of R\$ 160,903 in 9M17, compared to a total provision of R\$ 297,073 in 9M16. More details on the criteria for making of these provisions are in Note 15 (*Put options*).
- Lower provisions for consumer default – at R\$ 191,343 in 9M17, compared to R\$ 282,915 in 9M16 – mainly reflecting the Company's increased efforts in collection of overdue receivables in 2017.
- Within contingencies, there was an increase in contingencies for employment-law cases – to R\$ 188,013 in 9M17, compared to R\$ 69,963 in 9M16. The increase in the amount provisioned reflects re-evaluations of potential losses in various legal actions as a result of the change in the procedural phase to provisional execution, in relation to actions disputing: the basis for calculation of hazardous work remuneration; argument for a principle of equal payment for alleged unlawful outsourcing; and subsidiary/joint liability. For more information see Note 23.

### Personnel

Personnel expenses in 9M17 were R\$ 1,275,667, or 4.80% more than in 9M16 (R\$ 1,217,201). This arises mainly from the following items:

- Salary increase of 8.50%, as from November 2016, under the Collective Work Agreement.
- Recognition, in 2017, of an expense of R\$ 197,326 on the voluntary retirement program, which compares with R\$ 92,919 in 9M16.

- The average number of employees was down 13.49% in the comparison between the periods: 6,631 in 9M17, compared to 7,666 in 9M16.

### Construction cost

Distribution Infrastructure Construction Costs in 9M17 totaled R\$ 736,754, or 19.73% less than in 9M16 (R\$ 917,855). This line records the Company's investment in assets of the concession in the period, and is fully offset by the line Construction Revenue, in the same amount.

### Gas bought for resale

In 9M17 the Company recorded an expense of R\$ 789,861 on acquisition of gas, 26.68% more than its comparable expense of R\$ 623,503 in 9M16. This mainly reflects a volume of gas bought for resale 33.72% higher (987,442m<sup>3</sup> in 9M17, compared to 738,42m<sup>3</sup> in 9M16), partially offset by lower charges under the new agreement between Gasmig and Petrobras, which reduced the daily gas offtake obligation.

### ***Equity method gains in non-consolidated investees***

The result of equity method valuation of interests in investees in 9M17 was a negative item of R\$ 20,680, compared to a gain of R\$ 47,260 in 9M16. The difference mainly reflects negative equity income contributions from Madeira Energia (R\$ 84,553), from Fip Melbourne (Santo Antônio Plant) (R\$ 73,209) and from Renova (R\$ 50,048); and a lower positive gain in Taesa, due to reduction of the equity interest held in that company, which was 43.36% in September 2016, and 31.54% in September 2017. For more details see Note 15.

### ***Net financial revenue (expenses)***

Cemig reports net financial expenses in 9M17 of R\$ 721,886, compared to net financial expenses of R\$ 1,052,824 in 9M16. The main factors are:

- The financial expense on monetary variation in loans and financings was R\$ 157,711 lower, due to the IPCA inflation index (indexor for the debt) being lower in 9M17, at 1.78%, than in 9M16 (5.51%).
- Costs of loans and financings were R\$ 230,602 lower, mainly due to lower CDI rate (main indexor of the debt), which was 8.03% over the period of 9M17, compared to 10.42% in the whole of 9M16.
- Reversion provision related to the monetary updating of AFAC in the amount of R\$239.445. For more information please see Note 23;
- In 9M17 the result of monetary updating of the balances of CVA was a loss of R\$ 40,086 in 9M17, compared to a gain of R\$ 206,967 in 9M16. The positive and negative balances of CVA are updated by the Selic rate. This difference arises from a net payable amount of CVA on September 30, 2017. In 9M16 the corresponding amount was a credit. For more information please see Note 14.



- The expense of monetary variation on the debt agreed with Forluz was R\$ 38,381 lower, also due to the lower value of the IPCA index (index of the debt), as mentioned above.

For a breakdown of financial revenues and expenses please see Note 27.

***Income and Social Contribution taxes***

**In 9M17** the expense on income tax and the Social Contribution totaled R\$ 204,594, on pre-tax profit of R\$ 601,776, an effective rate of 34.00%.

**In 9M16**, the expense on income tax and the Social Contribution tax totaled R\$ 224,400, on pre-tax profit of R\$ 865,233, representing an effective rate of 25.94%. These effective rates are reconciled with the nominal tax rates in Note 9.

## Results for third quarter 2017

For the third quarter of 2017 (3Q17) Cemig reports a net loss of R\$ 83,666, which compares to net profit of R\$ 433,502 in 3Q16. The following pages describe the main variations between the two periods in revenues, costs, expenses and financial items.

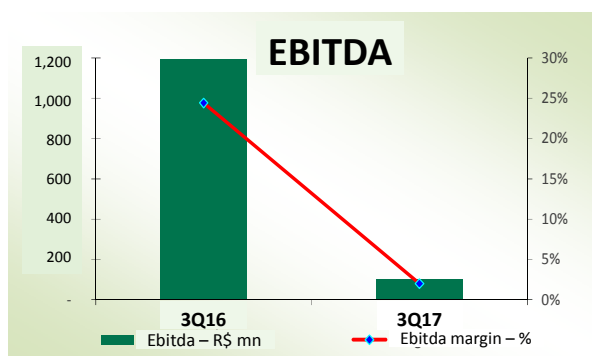
We highlight that in 9M17 Cemig GT and Cemig D adhered to the Minas Gerais State Tax Credits Regularization Plan (PRCT), for settlement of the ICMS tax, which totals an estimated R\$ 582,956 (the amount is to be updated until the date of actual payment). This is to be paid in six equal installments, starting on October 31, 2017. The net effect posted in the third quarter results in 2017 is R\$ 587,629. The amount of R\$ 561,411 is recorded as deductions from revenue; and R\$ 25,218 is posted as expenses (operational and financial).

As further non-recurring items in 3Q17, the Company recognized a gain on updating of the indemnity of generation assets, in the amount of R\$ 259,516; and reversal of the provision relating to an Advance against future capital increase (AFAC), the effect of which in the Profit and loss account was R\$ 277,723 – comprising a reversal of provision of R\$ 239,445, and an item in Financial revenue of R\$ 38,278 arising from monetary updating of the administrative deposit. For more details please see Notes 11 and 23.

**Ebitda** (Earnings before interest, tax, depreciation and amortization\*)

Cemig's consolidated Ebitda in 9M17 was 91.58% below its Ebitda of 9M16:

Ebitda – R\$ '000	3Q17	3Q16	Change, %
Net profit for the period	(83,666)	433,502	-
+ Income tax and Social Contribution tax	(9,334)	135,034	-
+ Financial revenue (expenses)	(12,414)	422,912	(37.69)
+ Depreciation and amortization	205,983	202,480	1.73
<b>= EBITDA</b>	<b>100,569</b>	<b>1,193,928</b>	<b>(91.58)</b>



\*Ebitda is a non-accounting measure prepared by the Company, reconciled with its financial statements in accordance with the specifications in CVM Circular SNC/SEP 01/2007 and CVM Instruction 527 of October 4, 2012. It comprises: net profit adjusted for the effects of net financial revenue (expenses), depreciation, 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 profit or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

Cemig's Ebitda 91.58% lower year-on-year in 3Q17 mainly reflects the comparison of the 3Q17 loss of R\$ 265,788 with the 3Q16 profit of R\$ 433,502. The Company's Ebitda margin in 3Q17 was 1.97%, which compares with 24.39% in 3Q16.

#### Revenue from supply of electricity

Revenue from supply of electricity was R\$ 5,815,621 in 3Q17, or 0.48% higher than in 3Q16 (R\$ 5,787,568).

#### **Final consumers**

Total revenue from electricity sold to final consumers, excluding Cemig's own consumption, in 3Q16 was R\$ 4,882,538 in 3Q17, compared to R\$ 5,025,744 in 9M16 – a YoY reduction of 2.85%.

The main factors in this revenue were:

- The Annual Tariff Adjustment for Cemig D, with average effect on consumer tariffs of 3.78%, effective from May 28, 2016 (full effect in 2017).
- The Annual Tariff Adjustment for Cemig D, with average effect on consumer tariffs of 10.66%, effective from May 28, 2017.
- Volume of electricity sold to final consumers 1.99% higher year-on-year.

#### **Cemig's electricity market**

The total for sales in Cemig's consolidated electricity market comprises sales to:

- (I) Captive consumers in Cemig's concession area in the State of Minas Gerais;
- (II) Free Consumers in both the State of Minas Gerais and other States of Brazil, in the Free Market (*Ambiente de Contratação Livre*, or ACL);
- (III) other agents of the electricity sector – traders, generators and independent power producers, also in the Free Market;
- (IV) Distributors, in the Regulated Market (*Ambiente de Contratação Regulada*, or ACR); and
- (V) the Wholesale Trading Exchange (*Câmara de Comercialização de Energia Elétrica*, or CCEE)

( – eliminating transactions between companies of the Cemig Group).

The table below shows the Cemig Group's market in more detail, itemizing transactions in 3Q17 compared with 3Q16.

This table shows consumption itemized by type of consumer:

	MWh (1)		
	3Q17	3Q16	Change, %
Residential	2,456,908	2,389,353	2.83
Industrial	4,458,794	5,031,850	(11.39)
Commercial, Services and Others	1,776,377	1,522,936	16.64
Rural	1,016,897	1,015,555	0.13
Public authorities	207,967	208,314	(0.17)
Public lighting	354,299	338,892	4.55
Public services	338,415	318,605	6.22
Subtotal	<b>10,609,657</b>	<b>10,825,505</b>	<b>(1.99)</b>
Own consumption	8,896	8,528	4.32
	<b>10,618,553</b>	<b>10,834,033</b>	<b>(1.99)</b>
Wholesale supply to other concession holders (2)	3,427,498	3,006,675	14.00
Total	<b>14,046,051</b>	<b>13,840,708</b>	<b>1.48</b>

(1) Information in MWh has not been reviewed by external auditors.

(2) Includes Regulated Market Electricity Sale Contracts (CCEARs) and 'bilateral contracts' with other agents.

We highlight the volume of electric power sold to the *industrial* consumer category, which was 11.39% lower YoY, basically due to consumers leaving the status of captive consumer and moving to become consumers in the Free Market.

#### Revenue from Use of Distribution Systems (the TUSD charge)

This is revenue from charging Free Consumers the Tariff for Use of the Distribution System (*Tarifa de Uso do Sistema de Distribuição*, or TUSD), for transport of electricity sold. In 3Q17 it totaled R\$ 330,147, compared to R\$ 511,552 in 3Q16 – a year-on-year reduction of 35.46%.

#### CVA and Other financial components in tariff adjustment

In its interim accounting information Cemig recognizes the difference between actual non-controllable costs (in which the CDE, and electricity bought for resale, are significant components) and the costs that were used as the basis of decision of the rates charged to consumers. This balance is the amount that will be passed through to the Company, or reimbursed to the consumer through Cemig D's next subsequent tariff adjustments. In 3Q17 amounts to be passed through to the Company in the next tariff adjustment were recognized totaling R\$ 480,112, compared to the amount of R\$ 273,498 to be reimbursed, arising in 3Q16.

This variation is mainly due to the higher costs of electricity in 3Q17, with a larger difference between the amounts spent and the costs recognized in the tariff. For more details please see Note 14.

### Transmission indemnity revenue

Transmission indemnity revenue in 3Q17 was R\$ 25,894, compared to R\$ 99,742 in 3Q16.

In 2Q16, as a result of the Mining and Energy Ministry setting the criteria for updating of the transmission indemnity, a posting was made, backdated to 2013, of the amount of the updating of the indemnity receivable based on the regulatory cost of own capital, and this had a significant impact on the revenue reported.

### Generation Indemnity revenue

In 3Q17 the Company recognized revenue of R\$ 259,516 for the adjustment to the balance not yet amortized of indemnity for the concessions for the *São Simão* and *Miranda* Hydroelectric Plants, as per Ministerial Order 291/17. For more details see Note 4.

### Revenue from supply of gas

The Company reported revenue from supply of gas 42.65% higher year-on-year in 3Q17, at R\$ 484,491, compared to R\$ 339,634 in 3Q16 – mainly reflecting the higher volume of gas sold: 375,870m<sup>3</sup> in 3Q17, compared to 238,440m<sup>3</sup> in 3Q16.

### Construction Revenue

Construction and infrastructure revenues (transmission, distribution and gas) totaled R\$ 295,720 in 3Q17, 11.49% more than their total of R\$ 334,122 in 3Q16. This revenue is fully offset by Construction costs, of the same amount, and corresponds to the Company's investments in assets of the concession in the period.

### Other items of operational revenues

The items in Other Operating Revenues – comprising Transmission Concession revenue; Adjustment to expectation of cash flow from the indemnifiable Financial assets of the distribution concession; Gain on financial updating of the Concession Grant Fee; and Other operating revenues – were 1.85% lower in 9M17, at R\$ 514,064, than in 9M16 (R\$ 519,158).

### ***Sector / Regulatory charges reported as Deductions from revenue***

The total of the taxes and charges reported as deductions from revenue in 3Q17 was R\$ 3,181,073 – an increase of 26.74% in relation to their total of R\$ 2,509,870 in 3Q16.

The Company adhered to the Minas Gerais State Tax Credits Regularization Plan (PRCT), for settlement of ICMS (state value-added tax). The effect reported in 3Q17 was an expense on ICMS of R\$ 587,629.

### The Energy Development Account – CDE

Payments to the Energy Development Account (CDE) are decided by an Aneel Resolution. The purpose of the CDE is to cover costs of concession indemnities, tariff subsidies, the subsidy for balanced tariff reduction, the low-income consumer subsidy, the coal consumption subsidy, and the Fuels Consumption Account (CCC). The charges for the CDE in 3Q17 were R\$ 467,576, compared to R\$ 571,148 in 3Q16.

This is a non-manageable cost: the difference between the amounts used as a reference for setting of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment.

### Consumer charges – the ‘Flag’ Tariff system

There was an increase in the Consumer Charges related to the ‘Flag’ tariff system: The figure for 3Q17 was an expense of R\$101,625, compared to a reversal, in 3Q16, of R\$ 429. This variation is due to the change in the tariff ‘Flag’ – it was ‘yellow’ in July, and ‘red’ in August, 2017, which compares to ‘green’ in 3Q16 which implies a larger incoming amount in 3Q17.

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

Operational costs and expenses were 31.06% higher YoY: R\$ 5,160,438 in 3Q17, and R\$ 3,937,376 in 3Q16. For more on the components of Operational costs and expenses see Note 26.

The following paragraphs comment on the main variations in expenses:

#### Electricity purchased for resale

The expense on electricity brought for resale in 3Q17 was R\$ 2,942,974, or 35.60% more than in 3Q16 (R\$ 2,170,348). The main factors are:

- The expense on purchase of electricity at auctions was 26.83% higher – at R\$ 824,699 in 3Q17, compared to R\$ 650,259 in 3Q16. This reflected new power purchasing agreements made in the regulated market in 2017.
- The expense on purchase of supply in the spot market was 107.95% higher, at R\$ 408,859, in 3Q17, compared to R\$ 196,612 in 3Q16 – reflecting the higher cost of supply in the wholesale market in 2017 as a result of the low level of the reservoirs, and lower output of supply by the hydroelectric plants. The result was a higher volume of operation of the thermal plants, for which the increase in expenditure was financed principally by the electricity distributors, which is a feature of the present regulatory model in Brazil.

#### Charges for Use of the Transmission Network

Charges for use of the transmission network in 3Q17 totaled R\$ 387,078, compared to R\$ 215,504 in 3Q16, a year-on-year increase of 79.62%.

This expense is payable by electricity distribution and generation agents for use of the facilities that are components of the national grid. The amounts to be paid are set by an Aneel Resolution.

This is a non-manageable cost: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment.

#### Operational provisions

Operational provisions were R\$ 188,875 in 3Q17, compared to a reversal of provisions totalling R\$ 19,375 in 3Q16. The main factors are:

- Reversal of provision on the investment options related to RME and LEPSA, in the total amount of R\$ 166,767, in 3Q16, which compares with provisions of R\$ 85,306 made in 3Q17. More details on the criteria for making of these provisions are in Note 15 (*Put options*).
- Lower provisions for default on receivables: R\$ 50,458 in 3Q17, compared to R\$ 108,349 in 3Q16 – mainly reflecting a lower level of default in the period.

#### Personnel

The expense on personnel in 3Q17 was R\$ 358,505, or 4.14% lower than in 3Q16 (R\$ 373,986). This arises mainly from the following factors:

- A decrease of 17.39% on average number of employees in 3Q17, 6,166 compared to 7,464 in 3Q16 (7,464), partially compensated by a salary increase of 8.50% under the Collective Work Agreement, as from November 2016.
- Recognition, in 3Q17, of an expense of R\$ 31,904 on the voluntary retirement program, which compares with R\$ 29,034 in the same period of 2016.

In counterpart to the items above, the average number of employees in 3Q17 was 17.39% lower, at 6,166, than in 3Q16 (7,464).

#### Employees' and managers' profit shares

This expense in 3Q17 was R\$ 886, compared to R\$ 24,217 in 3Q16. The difference reflects the Company's lower profit – since profit shares are calculated as a percentage of profit.

### Construction cost

Infrastructure construction cost in 3Q17 was R\$ 295,720, compared to R\$ 334,122 in 3Q16 (465,924). This line records the Company's investment in assets of the concession in the period, and is fully offset by the line Construction Revenue, in the same amount.

### Gas bought for resale

In 3Q17 the Company recorded an expense of R\$ 304,698 on acquisition of gas, 55.07% higher than its comparable expense of R\$ 196,494 in 3Q16. This is basically reflects a higher volume of gas purchased (385,467m<sup>3</sup> in 3Q17, compared to 234,926m<sup>3</sup> in 3Q16).

### ***Equity method gains in non-consolidated investees***

In 3Q17 Cemig posted a net equity method loss of R\$ 80,798, which compares with a net gain of R\$ 33,218 in 3Q16. This principally arises from the effect of the equity effect of the equity interest in Renova, which provided an equity loss of R\$ 86,601 in 3Q17, compared with a loss of R\$ 26,179 in 2016 and the interest in Taesa, which provided an equity gain of R\$ 45,006 in 3Q17, compared with a gain of R\$ 90,873 in 2016. For more details please see Note 15.

### ***Net financial revenue (expenses)***

Cemig reported net financial revenue in 3Q17 of R\$ 12,414, compared to net financial expenses of R\$ 422,912 in 3Q16. The main factors are:

- Reversion provision related to the monetary updating of AFAC in the amount of R\$239.445. For more information please see Note 23;
- In 3Q17 the result of monetary updating of the balances of CVA was a loss of R\$ 12,006, compared to a gain of R\$ 19,403 in 3Q16. The positive and negative balances of CVA are updated by the Selic rate. This difference arises from a net payable amount of CVA on September 30, 2017. In 3Q16 the corresponding amount was a credit. For more information please see Note 14.
- Income from cash investments was R\$ 38,718 lower, due mainly to a lower volume of cash invested.
- Financial expense on monetary variation in loans and financings was R\$ 41,277 lower, due to the lower variation of the IPCA inflation index (indexor for the debt) in the quarter – 0.59% in 3Q17, compared to 1.04% in 3Q16.
- Costs of loans and financing was 34.39% lower, at R\$ 344,297 in 3Q17, compared to R\$ 524,775 in 3Q16, due to the lower CDI rate over the period (principal indexor of the debt), of 2.29% in 3Q17, compared to 3.47% in 3Q16.

For a breakdown of financial revenues and expenses please see Note 27.



### ***Income and Social Contribution taxes***

In **3Q17** the expense on income tax and the Social Contribution tax totaled R\$ 9,334, in relation to the pre-tax loss of R\$ 93,000 – representing a percentage proportion of 10.04%.

In **3Q16**, the expense on income tax and the Social Contribution tax was R\$ 135,034, on pre-tax profit of R\$ 568,536 an effective rate of 23.75%. These effective rates are reconciled with the nominal tax rates in Note 9.

## **OTHER INFORMATION THAT THE COMPANY BELIEVES TO BE MATERIAL**

### ***The Board of Directors***

#### Meetings

Our Board of Directors met 25 times up to September 30, 2017, for matters of strategic planning, projects, acquisition of new assets, investments, and other subjects.

#### Membership, election and period of office

The present period of office began with the AGM on April 29, 2016, with election by the multiple voting system.

The periods of office of the present members of the Board of Directors expire at the Annual General Meeting of Stockholders to be held in 2018.

#### Principal responsibilities and duties:

The Board of Directors has the following responsibilities and duties, as well as those conferred on it by law:

- Decision, before signing, on any contract to be entered into between Cemig and any stockholder or a parent company of such stockholder.
- Decision on any sale of assets, loans or financings, charge on the company's property, plant or equipment, guarantees to third parties, or other legal acts or transactions, with value of R\$ 17,355 or more.
- Authorization for issuance of securities in the domestic or external market to raise funds.
- Approval of the Long-term Strategic Plan, and revisions of it, and of the Multi-year Strategic Implementation Plan and revisions of it, and the Annual Budget.

## Committees

- These committees are made up of members of the Board of Directors, to carry out prior discussion and analysis on matters to be decided by the Board, as follows:
  1. Board of Directors' Support Committee;
  2. Corporate Governance and Sustainability Committee;
  3. Human Resources Committee;
  4. Strategy Committee;
  5. Committee for New Business Development and Corporate Control of Subsidiaries and Affiliates; and
  6. Finance, Audit and Risks Committee.

### ***Qualification and remuneration***

The members of the Board of Directors have training and experience in a wide range of areas (business administration, engineering, law, economics, etc.), and very broad experience in business management. The global or individual amount of the remuneration of the Board of Directors is set by the General Meeting of Stockholders, in accordance with legislation in force at the time.

A list with the names of the members of the Board of Directors and their résumés is on our website at: <http://ri.cemig.com.br>.

### ***The Audit Committee***

Our Audit Board (see below) has attributions and duties specified in the Brazilian Corporate Law (Law 6404). In addition to these, in relation to the requirements of the Sarbanes-Oxley Law, to which we are subject due to our shares being registered with the US Securities and Exchange Commission (SEC – the capital markets regulator of the United States), we opted to exercise the exemption allowed by rule 10-3A of the Exchange Act regulated by SEC Release 82–1234, which accepts the activity of the Audit Board as an alternative to the Audit Committee specified by the Sarbanes-Oxley law.

### ***The Executive Board***

The Executive Board is made up of eleven members whose individual functions are set by the company's by-laws. They are elected, and may be dismissed at any time, by the Board of Directors for periods of office of three years. They may also be re-elected.

Members are allowed simultaneously also to hold non-remunerated positions in the management of wholly-owned subsidiaries, subsidiaries or affiliates of Cemig, upon decision by the Board of Directors. They are also, obligatorily, members, with the same positions, of the Boards of Directors of Cemig GT (Generation and Transmission) and Cemig D (Distribution).

The period of office of the present Chief Officers expires at the first meeting of the Board of Directors held after the Annual General Meeting of 2018.

The members of the Executive Board and brief résumés are on our website: <http://ri.cemig.com.br>

The members of the Executive Board (the Company's Chief Officers) have individual responsibilities established by the Board of Directors and the by-laws. These include:

- Current management of the company's business, complying with the by-laws, the Long-term Strategic Plan, the Multi-year Strategic Implementation Plan and the Annual Budget.
- Decision on any disposal of goods, loans or financings, pledge of the company's property, plant or equipment, or guarantees to third parties or other legal acts or transactions, with value of less than R\$ 17.355 million.
- The Executive Board normally meets weekly. It held 37 meetings in the nine months to September 30, 2017.

### ***The Audit Board***

#### Meetings

- Ten meetings have been held in 2017 up to September 30.

#### Membership, election and period of office

- We have a permanent Audit Board, made up of five sitting members and their respective substitute members. They are elected by the Annual General Meeting of Stockholders, for periods of office of one year, and may be reelected. They comprise:
  - one member elected by the holders of the preferred shares;
  - one member elected by holders of at least 10% of the common shares outside the controlling group; and
  - three members elected by the majority stockholder.
- The members of the Audit Board are listed on our website: <http://ri.cemig.com.br>
- Principal responsibilities and duties:
  - As well as the attributions specified by Law 6404 of December 15, 1976, as amended, in relation to the Sarbanes-Oxley law, to which we are subject due to our shares being registered with the Securities and Exchange Commission (SEC – the capital markets regulator of the United States), we opted to exercise the exemption allowed by Rule 10-3A of the Exchange Act, regulated by SEC

Release 82-1234, which accepts the activity of the Audit Board as an alternative to the Audit Committee as defined by the Sarbanes-Oxley Law.

### ***Qualification and remuneration***

The Audit Board is a multi-disciplinary body, made up of members with various competencies (in accounting, economics, business administration, and other areas). The remuneration of the members of the Audit Board shall be set by the General Meeting of Stockholders which elects it, in accordance with the legislation from time to time in force.

Résumé information on its members is on our website: <http://ri.cemig.com.br>.

### ***The Sarbanes-Oxley Law***

Cemig obtained the first certification of its internal controls for mitigation of risks involved in the preparation and disclosure of the financial statements, issued in accordance with Section 404 of the Sarbanes-Oxley Law and the rules of the Public Company Accounting Oversight Board (PCAOB), which is included in the annual 20-F Report relating to the business year ended December 31, 2006, filed with the US Securities and Exchange Commission (SEC) on July 23, 2007.

### ***Corporate risk management***

Corporate risk management is a management tool that is an integral part of Cemig's corporate governance practices. It identifies the events that can interfere in the process of the Company achieving its strategic objectives.

The intention is to provide senior management with information for taking of decisions, thus preserving the Company's value. The practice of risk management is thus a competitive differentiation factor to be used not only defensively, but also as an opportunity for improvement. The structuring and analysis of operations from the point of view of risk management are factors that optimize investment in the control of the activity. They reduce costs, improve performance, and consequently help the Company achieve its targets.

Also, the need to put in place structural elements of the risk management system is one of the aspects that is evaluated for the Company's inclusion in indices such as the DJSI World and the ISE Corporate Sustainability Index.

Cemig's system of risk management was initially implemented in 2003, and has been constantly improved since then. A further element of the organizational structure, the Corporate Risk Management Committee (CMRC), created in 2012, has the following responsibilities: (i) to propose, for approval by the Executive Board, guidelines, policies and procedures to be adopted in the Corporate Risks Management Process, ensuring continuous improvements of the process, and arranging for it to be disseminated; (ii) to analyze and to propose to the Executive Board priority actions dealing with the risks

characterized as 'critical', in the final exposure matrix; and (iii) to submit to the approval of the Executive Board mechanisms to make strategic monitoring operational for the corporate risks identified and effective actions to reduce financial exposure and impact on intangible assets to acceptable levels, taking into account the mitigating plans of action, which are to be in line with the Company's Long-term Strategic Plan. The CMRC meets every two months.

In 2013 a new technological platform was installed exclusively for risk management – the SAP RM (Risk Management) module. This enabled the process of mapping of risks to take place continuously, since updating of information, verifications and assessments of the controls and plans of action become scheduled tasks to be executed by the people responsible within the system itself. This results in all the agents involved in risk management having clearly specified roles and responsibilities, also minimizing costs and use of employee time for these activities and controls. In addition, there is a flow analysis carried out by an independent group in the Company, for periodic evaluation of the controls for the purpose of auditing the effectiveness of the process.

In 2015 this platform came into full operation, generating reliable reports and providing perception of relationships between the risks that are mapped.

Several new steps were taken in 2015. The most significant of these include:

- Adjustments in the standard methodology for management of risks (new model for segmentation of risks, method of quantification of impacts, and approach used in raising information, also incorporating the 'Top-down' approach).
- Review and updating of the Risk Management Policy.
- Mapping of the principal corporate risks ('Top Risks'), and some related to Cemig's Socio-environmental Adaptation Program.
- Approval by the Board of Directors of the matrix of corporate risks and of the risk appetite assumptions.

In the process of the collection of the 'Top Risks' information, a survey was made with the Company's General Managers to establish the principal subjects to be monitored, such as: Loss of concession; degree of indebtedness; liquidity; availability and reliability indicators; and omissions. This produced a matrix that expresses the joint assessment of the impact and probability of occurrence of the risk.

In particular, in relation to Cemig's socio-environmental Adaptation Program, the risks relating to the following aspects, among others, were identified: use of water, handling of vegetation, fish deaths, environmental accidents with oils/material logistics, and compliance with environmental requirements. Cemig adopts measures to mitigate and manage exposure that are aligned with the risk appetite assumptions.

In 2016 Cemig created the Compliance and Corporate Risks ('GC') Management Department, under a General Manager – responsible to the CEO's Office – enabling a greater degree of autonomy in this work.

In risk management processes, in planning of operations and in development of new business initiatives, Cemig always acts in consideration of the precautionary principle. During planning, all the factors that might present risks to health and/or safety of employees, suppliers, clients, the general population or the environment are taken into account.

### ***Statement of Ethical Principles and Code of Professional Conduct***

Cemig's Board of Directors approved the *Cemig Statement of Ethical Principles and Code of Professional Conduct* in May 2004. It can be seen at <http://ri.cemig.com.br>. The Code aims to orient and discipline everyone acting in the name of, or interacting with, Cemig, to ensure ethical behavior at all times, and always in accordance with the law and regulations. It was updated in 2016.

Cemig's Ethics Committee was created on August 12, 2004, to coordinate all actions relating to management of the *Cemig Statement of Ethical Principles and Code of Professional Conduct*. This includes assessment of and decision on any possible non-compliances with the document.

After the Ethics Channel (*Canal de Denúncia Anônima*, as we name it) was created in December 2006, to be used only by Cemig employees and workers, the Ethics Committee began to accept anonymous reports through this anonymous reporting channel, which is available on the company's Intranet. These reports may involve irregular practices that are contrary to the Company's interest, such as: financial fraud, including adulteration, falsification or suppression of financial, tax or accounting documents; misappropriation of goods or funds; receipt of undue advantages by managers or employees; irregular contracting; and other practices considered to be illegal.

### ***The Ethics Committee***

This was created on August 12, 2004, with three sitting members and three substitute members, and is responsible for management (interpretation, publicizing, application and updating) of the Code of Professional Conduct.

The Committee receives and analyzes all reports of violation of ethical principles and standards of conduct, that are presented in a written document and signed by the interested party, accompanied by indications of the corresponding means of proof (witnesses, documentation or other effective method). They can also be sent by email or telephone – the address and phone number are well known to all the company's employees.

Our Ethics Channel – the anonymous reporting channel on the corporate intranet that we put in place in December 2006, to receive and process accusations of irregular practices, such as financial fraud, undue appropriation of assets, receipt of irregular advantages or illegal contracting – is one more step in improving transparency, and in correcting behavior, and a support in the concept of corporate governance in the

Company. As a new instrument of corporate governance it improves the management of our employees and of our business, and reaffirms our ethical principles.

**STOCKHOLDING POSITION OF  
HOLDERS OF MORE THAN 5% OF THE VOTING STOCK  
ON SEPTEMBER 30, 2017**

	COMMON SHARES	%	PREFERRED SHARES	%	TOTAL SHARES	%
State of Minas Gerais	214,414,739	50.96	-	-	214,414,739	17.03
Other entities of Minas Gerais State	56,703	0.01	4,860,228	0.58	8,649,862	0.39
Total, controlling stockholder group	214,471,442	50.97	4,860,228	0.58	223,064,601	17.42
AGC Energia S.A. (1)	68,545,756	16.29	-	-	68,545,756	5.45
FIA Dinâmica Energia S.A.	41,635,754	9.90	62,469,590	7.45	104,105,344	8.27
BNDESPar	54,342,992	12.92	26,220,938	3.13	80,563,930	6.40

(1) AGC Energia S.A. is a wholly-owned subsidiary of Andrade Gutierrez Concessões S.A., a company registered with the CVM.

**CONSOLIDATED STOCKHOLDING POSITION OF  
THE CONTROLLING STOCKHOLDERS AND MANAGERS,  
AND FREE FLOAT,  
ON SEPTEMBER 30, 2017**

	September 30, 2017	
	Common (ON) shares	Preferred (PN) shares
Controlling shareholder	214,471,442	4,860,228
Board of Directors	103,606	181,473
The Executive Board	3	83
Shares in Treasury	69	560,649
Free float	206,189,588	832,474,513
<b>TOTAL</b>	<b>420,764,708</b>	<b>838,076,946</b>

### ***Investor Relations***

In 2016, through strategic actions intended to enable investors and stockholders to make a correct valuation of our businesses and our prospects for growth and addition of value, we have increased Cemig's exposure to the Brazilian and global capital markets.

We maintain a constant and proactive flow of communication with Cemig's investor market, continually reinforcing our credibility, seeking to increase investors' interest in the Company's shares, and to ensure their satisfaction with our shares as an investment.

Our results are published through presentations transmitted via video webcast and telephone conference calls, with simultaneous translation in English, always with members of the Executive Board present, developing a relationship that is increasingly transparent and in keeping with best corporate government practices.

To serve our stockholders – who are spread over more than 40 countries – and to facilitate optimum coverage of investors, Cemig has been present in and outside Brazil at a very large number of events, including seminars, conferences, investor meetings, congresses, roadshows, and events such as *Money Shows*; as well as holding phone and video conference calls with analysts, investors and others interested in the capital markets.

At the beginning of June 2017 we held our 22<sup>nd</sup> annual Meeting between Cemig and the Capital Markets in the city of Belo Horizonte, Minas Gerais – where these professionals had the opportunity to interact with the Company's Directors and principal executives.

### ***Corporate governance***

Our corporate governance model is based on principles of transparency, equity and accountability, focusing on clear definition of the roles and responsibilities of the Board of Directors and the Executive Board in the formulation, approval and execution of policies and guidelines for managing the company's business.

We seek sustainable development of the Company through balance between the economic, financial, environmental and social aspects of our enterprises, aiming always to improve the relationship with our stockholders, clients, and employees, the public at large and other stakeholders.



Cemig's preferred and common shares (tickers: CMIG4 and CMIG3 respectively) have been listed at Corporate Governance Level 1 on the São Paulo Stock Exchange since 2001. This classification represents a guarantee to our stockholders of optimum reporting of information, and also that stockholdings are relatively widely dispersed. Because Cemig has ADRs (American Depositary Receipts) listed on the New York Stock Exchange, representing preferred (PN) shares (with ticker CIG) and common (ON) shares (ticker CIG.C), it is also subject to the regulations of the US Securities and Exchange Commission (SEC) and the New York Stock Exchange Listed Company Manual. Our preferred shares have also been listed on the Latibex of the Madrid stock exchange (with ticker XCMIG) since 2002.

Our by-laws include our dividend policy, and also the following targets from our Long-term Strategic Plan:

- Consolidated indebtedness: limited to 2 times Ebitda;
- Consolidated (Net debt) / (Net debt + Stockholders' equity): limited to 40%.
- Consolidated funds in Current assets – limited to 5% of Ebitda.
- Consolidated funds allocated to capital expenditure in each business year – limited to 40% of Ebitda.
- Investment only in distribution, generation and transmission projects that offer real minimum internal rates of return equal to or greater than those specified in the Long-term Strategic Plan, subject to the legal obligations.
- Limitation of the expenses of the subsidiary Cemig D (Cemig Distribuição S.A.), and of any subsidiary which operates in distribution of electricity, to amounts not greater than the amounts recognized in the official tariff Adjustments and Reviews.
- In response to temporary situations the Board of Directors may authorize figures in excess of these standards, up to the following limits:
  - Consolidated debt: maximum of 2.5 times Ebitda.
  - Consolidated (Net debt) / (Net debt + Stockholders' equity): maximum of 50%.
  - Consolidated funds in Current assets: maximum of 10% of Ebitda.

\*\*\*\*\*

(The original is signed by the following signatories:)

**Bernardo Afonso Salomão de Alvarenga**  
Chief Executive Officer

**Bernardo Afonso Salomão de Alvarenga**  
Deputy CEO (interim)

**Adézio de Almeida Lima**  
Chief Finance and Investor Relations  
Officer

**Ronaldo Gomes de Abreu**  
Interim Chief Distribution and Sales  
Officer

**Franklin Moreira Gonçalves**  
Chief Generation and Transmission  
Officer

**Maura Galuppo Botelho Martins**  
Chief Officer for Human Relations and  
Resources

**José de Araújo Lins Neto**  
Chief Corporate Management Officer

**Thiago de Azevedo Camargo**  
Chief Institutional Relations and  
Communication Officer

**Dimas Costa**  
Chief Trading Officer

**José Maria Rabelo**  
Chief Business Development Officer

**Luciano de Araújo Ferraz**  
Chief Counsel

**Leonardo George de Magalhães**  
Controller  
CRC-MG 53.140

**Leonardo Felipe Mesquita**  
Accounting Manager  
Accountant – CRC-MG-85.260

**CEMIG TELECOMUNICAÇÕES, S.A.**  
**(CEMIGTelecom)**

Estados financieros (cuentas anuales) correspondientes al ejercicio anual terminado el 31 de diciembre de 2016 e Informe de Auditoría Independiente

# **CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)**

**ESTADOS FINANCIEROS (CUENTAS ANUALES) CORRESPONDIENTES AL EJERCICIO ANUAL TERMINADO EL 31 DE DICIEMBRE DE 2016.**

## **ÍNDICE**

<b>Informe de auditoría independiente</b>	<b>2</b>
<b>Estados financieros (cuentas anuales)</b>	
<b>Balances de situación financiera</b>	<b>6</b>
<b>Cuenta de pérdidas y ganancias</b>	<b>7</b>
<b>Estado de ingresos y gastos reconocidos</b>	<b>8</b>
<b>Estado de cambios en el patrimonio neto</b>	<b>9</b>
<b>Estado de flujos de efectivo</b>	<b>10</b>
<b>Estado de valor añadido</b>	<b>11</b>
<b>Notas a los estados financieros</b>	<b>12</b>

## **INFORME DE AUDITORÍA INDEPENDIENTE**

A los Accionistas, Consejeros y Administradores de  
**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTELECOM)**

### ***Opinión***

Hemos auditado los estados financieros (cuentas anuales) de **CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTELECOM)** (la “Compañía”), que comprenden el balance de situación financiera a 31 de diciembre de 2016, la cuenta de pérdidas y ganancias, el estado de ingresos y gastos reconocidos, el estado de cambios en el patrimonio neto y el estado de flujos de efectivo correspondientes al ejercicio anual terminado en dicha fecha, así como las notas a los estados financieros que incluyen un resumen de las políticas contables significativas.

En nuestra opinión, los estados financieros adjuntos expresan razonablemente, en todos los aspectos materiales, la imagen fiel del patrimonio y de la situación financiera de la Compañía a 31 de diciembre de 2016, así como de sus resultados y flujos de efectivo correspondientes al ejercicio anual terminado en dicha fecha, de conformidad con los principios de contabilidad generalmente aceptados en Brasil y las Normas Internacionales de Información Financiera (“NIIF”), emitidas por el Consejo de Normas Internacionales de Contabilidad (“IASB”).

### ***Fundamento de la opinión***

Hemos llevado a cabo nuestra auditoría de conformidad con las normas de auditoría brasileñas e internacionales. Nuestras responsabilidades de acuerdo con dichas normas se describen más adelante en la sección “*Responsabilidades del auditor en relación con la auditoría de los estados financieros*” de nuestro informe. Somos independientes de la Compañía de conformidad con las disposiciones del Código de Ética para Contadores públicos emitidos por el Consejo de Federal de Contabilidad de Brasil (CFC), y hemos cumplido las demás responsabilidades de ética de conformidad con dichos requerimientos. Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión de auditoría.

### ***Énfasis***

#### **Reexpresión de los importes correspondientes**

Tal y como se indica en la nota 5 de los estados financieros adjuntos, la información financiera de la Compañía revelada en los estados financieros correspondientes al ejercicio anual terminado el 31 de diciembre de 2015, que se presenta a efectos comparativos, fueron modificadas y se reexpresan retroactivamente de conformidad con lo previsto en los Pronunciamientos Técnicos CPC 23 [NIC 8] «Políticas Contables, Cambios en las Estimaciones Contables y Errores», debido a ciertos ajustes realizados en los estados financieros de la asociada ATIVAS DATA CENTER, S.A. Dicha reexpresión retroactiva ha afectado al resultado de puesta en equivalencia de la cuenta de pérdidas y ganancias, así como los saldos de las cuentas de patrimonio neto negativo y de pérdidas acumuladas en el balance de situación financiera de la Compañía. Nuestra opinión no contiene modificación en relación con este asunto.

### ***Cuestiones clave de auditoría***

Las cuestiones clave de la auditoría son aquellas que, según el juicio profesional del auditor, han sido de la mayor significatividad en nuestra auditoría de los estados financieros del ejercicio actual. Estas cuestiones han sido tratadas en el contexto de la auditoría de los estados financieros en su conjunto, y en la formación de la opinión de auditoría sobre éstos, sin expresar una opinión por separado sobre estas cuestiones.



### Compromisos financieros de corto plazo

Tal y como se indica en las notas 1 y 27 de los estados financieros adjuntos, a 31 de diciembre de 2016 la Compañía reportó un exceso de pasivos corrientes sobre activos corrientes por importe de 74.312 miles de reales. Este asunto fue considerado como significativo para nuestra auditoría, dado que la conclusión de que no existe incertidumbre material en relación con la capacidad de la Compañía de continuar como empresa en funcionamiento tomó en consideración el juicio formulado por la Dirección de la Compañía acerca de la capacidad de la Compañía para hacer frente a sus compromisos financieros a corto plazo, en particular las alternativas disponibles para acceder al mercado financiero de deuda a largo plazo, la generación futura de efectivo y el apoyo financiero de su accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG).

Nuestros procedimientos de auditoría para cubrir el riesgo significativo en relación con esta cuestión incluyeron: (i) la participación de profesionales de auditoría más experimentados y especializados en la evaluación del asunto; (ii) la evaluación de la capacidad de generación de flujo de efectivo operativo resultante de las concesiones existentes; (iii) la evaluación del historial de captaciones, de las captaciones planificadas, y de la etapa actual de los procesos de captación iniciados; (iv) la evaluación del apoyo financiero del accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG); y (v) la evaluación sobre la razonabilidad de las revelaciones llevadas a cabo por la Dirección.

### Arrendamiento financiero

Tal y como se indica en la nota 9 de los estados financieros adjuntos, la Compañía celebró un contrato de arrendamiento en calidad de arrendatario, el cual fue clasificado bajo la modalidad de arrendamiento financiero. Este asunto fue considerado como significativo para nuestra auditoría al involucrar el juicio formulado por la Dirección de la Compañía para clasificar la modalidad del arrendamiento (operativo o financiero).

Nuestros procedimientos de auditoría para cubrir el riesgo significativo en relación con esta cuestión incluyeron: (i) la participación de profesionales de auditoría más experimentados y especializados en la evaluación del asunto, incluyendo a nuestros especialistas en normas técnicas y profesionales de contabilidad para colaborar en la evaluación de la operación y de su adecuado tratamiento contable; y (ii) la evaluación sobre la razonabilidad de las revelaciones llevadas a cabo por la Dirección.

### **Otras cuestiones**

#### Estado de valor añadido (EVA)

También hemos examinado el estado de valor añadido (EVA) correspondiente al ejercicio anual terminado el 31 de diciembre de 2016, cuya formulación es responsabilidad de la Dirección de la Compañía. La presentación del estado de valor añadido es requerida por la legislación mercantil brasileña como información complementaria a las Normas Internacionales de Información Financiera (“NIIF”). Hemos aplicado a dicho estado financiero los mismos procedimientos de auditoría de los estados financieros de la Compañía. Para la formación de nuestra opinión, evaluamos si este estado financiero se presenta de conformidad con los estados financieros y los registros contables de la Compañía, según corresponda, y si su forma y contenido están de acuerdo con los criterios establecidos en el Pronunciamiento Técnico CPC 09 «Estado de Valor Añadido». En nuestra opinión, consideramos que dicho estado de valor añadido se elaboró de manera adecuada según los criterios establecidos en el citado Pronunciamiento Técnico CPC 09, y está presentado razonablemente, en todos los aspectos significativos, con respecto a los estados financieros en su conjunto.



### ***Otra información***

La Dirección de la Compañía es responsable de la otra información, que abarca el Informe de Gestión, pero no incluye los estados financieros y nuestro correspondiente informe de auditoría. Nuestra opinión sobre los estados financieros no abarca el Informe de Gestión y no expresamos ninguna otra forma de seguridad concluyente.

En relación con nuestra auditoría de los estados financieros, nuestra responsabilidad es leer el Informe de Gestión y, al hacerlo, considerar si hay una incongruencia material entre el Informe de Gestión y los estados financieros o nuestros conocimientos obtenidos en la auditoría, o si, de algún modo, parecen contener una incorrección material. Si, basándonos en el trabajo realizado, concluimos que existe una incongruencia material en el Informe de Gestión, estamos obligados a informar de este hecho. No tenemos nada que comunicar en este sentido.

### ***Responsabilidades de la Dirección y de los responsables del gobierno de la Compañía con respecto a los estados financieros***

La Dirección es responsable de formular los estados financieros de forma que expresen la imagen fiel de conformidad con los principios de contabilidad generalmente aceptados en Brasil y las Normas Internacionales de Información Financiera (“NIIF”), emitidas por el Consejo de Normas Internacionales de Contabilidad (“IASB”), y del control interno que la Dirección considere necesario para permitir la preparación de estados financieros libres de incorrección material, debida a fraude o error. En la preparación de los estados financieros, la Dirección es responsable de la valoración de la capacidad de la Compañía de continuar como empresa en funcionamiento, revelando, según proceda, las cuestiones relacionadas con la empresa en funcionamiento y utilizando la base contable de empresa en funcionamiento, excepto si tienen intención de liquidar la Compañía o cesar sus operaciones, o bien no exista otra alternativa realista.

Los responsables del gobierno de la Compañía son responsables de la supervisión del proceso de los estados financieros.

### ***Responsabilidades del auditor en relación con la auditoría de los estados financieros***

Nuestros objetivos son obtener una seguridad razonable de que los estados financieros en su conjunto están libres de incorrección material, debida a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión. Seguridad razonable es un alto grado de seguridad, pero no garantiza que una auditoría realizada de conformidad con las normas de auditoría brasileñas e internacionales siempre detecte una incorrección material cuando exista. Las incorrecciones pueden deberse a fraude o error y se consideran materiales, si, individualmente o de forma agregada, puede preverse razonablemente que influirán en las decisiones económicas que los usuarios toman basándose en los estados financieros.

Como parte de una auditoría de conformidad con las normas de auditoría brasileñas e internacionales, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

- Identificamos y valoramos los riesgos de incorrección material en los estados financieros, debida a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar una incorrección material debida a fraude es más elevado que en el caso de una incorrección debida a error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionadamente erróneas, o elusión del control interno.
- Obtenemos conocimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno de la Compañía.



- Evaluamos la adecuación de las políticas contables aplicadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por la Dirección.
- Concluimos sobre lo adecuado de utilizar, por parte de la Dirección, la base contable de empresa en funcionamiento y, basándonos en la evidencia de auditoría obtenida, concluimos sobre la existencia, o no, de una incertidumbre material relacionada con hechos o con condiciones que pueden generar dudas significativas sobre la capacidad de la Compañía para continuar como empresa en funcionamiento. Si concluimos que existe una incertidumbre material, se nos requiere llamar la atención en nuestro informe de auditoría sobre la correspondiente información revelada en los estados financieros o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, hechos o condiciones futuros pueden ser causa de que la Compañía dejen de ser una empresa en funcionamiento.
- Evaluamos la presentación global, la estructura y el contenido de los estados financieros, incluida la información revelada, y si los estados financieros representan las transacciones y los hechos subyacentes de un modo que expresen la imagen fiel.

Comunicamos con los responsables del gobierno de la Compañía en relación con, entre otras cuestiones, el alcance y el momento de realización de la auditoría planificados y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa del control interno que identificamos en el transcurso de la auditoría.

También proporcionamos a los responsables del gobierno de la Compañía una declaración de que hemos cumplido con los requerimientos de ética aplicables en relación con la independencia, y comunicado con ellos acerca de todas las relaciones y demás cuestiones de las que se puede esperar razonablemente puedan afectar a nuestra independencia y, cuando sea aplicable, las correspondientes salvaguardas.

Entre las cuestiones que han sido objeto de comunicación con los responsables del gobierno de la Compañía, determinamos las que han sido de mayor significatividad en la auditoría de los estados financieros del periodo actual y que son, en consecuencia, las cuestiones clave de auditoría. Describimos esas cuestiones en nuestro informe de auditoría salvo que las disposiciones legales o reglamentarias prohíban revelar públicamente la cuestión o, en circunstancias extremadamente poco frecuentes, determinamos que una cuestión no se debería comunicar en nuestro informe porque cabe razonablemente esperar que las consecuencias adversas de hacerlo superarían los beneficios de interés público de la misma.

En Belo Horizonte, a 6 de abril de 2017.

DELOITTE TOUCHE TOHMATSU  
AUDITORES INDEPENDENTES  
CRC-2SP 011.609/O-8 F/MG

Marcelo Salvador  
Contador Público  
CRC-1MG 089.422/O-0

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**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)**  
**Balances de situación financiera a 31 de diciembre de 2016 y 2015**

Miles de reales brasileños

<b>ACTIVO</b>	<i>Nota</i>	A 31.12.2016	A 31.12.2015 (reexpresado)	<b>PASIVO Y PATRIMONIO NETO</b>	<i>Nota</i>	A 31.12.2016	A 31.12.2015 (reexpresado)
<b>ACTIVO CORRIENTE</b>				<b>PASIVO CORRIENTE</b>			
Efectivo y otros activos líquidos equivalentes	6	1.034	4.869	Deuda financiera a corto plazo: préstamos y obligaciones	15	63.751	30.519
Inversiones en instrumentos financieros de renta fija y variable	7	1.855	17.313	Acreeedores comerciales: proveedores	16	21.750	11.315
Cuentas a cobrar: clientes	8	19.249	16.173	Cargas sociales y laborales	17	5.836	4.856
Arrendamiento financiero	9	303	-	Cargas fiscales y regulatorias	18	9.573	10.476
Impuestos compensables	10	3.684	2.787	Anticipos de clientes	19	460	460
Gastos anticipados		34	32	<b>TOTAL PASIVO CORRIENTE</b>		<b>101.370</b>	<b>57.626</b>
Otros activos a corto plazo		899	281				
<b>TOTAL ACTIVO CORRIENTE</b>		<b>27.058</b>	<b>41.455</b>	<b>PASIVO NO CORRIENTE</b>			
<b>ACTIVO NO CORRIENTE</b>				Deuda financiera a largo plazo: préstamos y obligaciones	15	37.621	8.504
Realizable a Largo Plazo				Cargas sociales y laborales	17 y 28	2.801	1.454
Inversiones en instrumentos financieros de renta fija y variable	7	83	342	Cargas fiscales y regulatorias	18	2.466	-
Arrendamiento financiero	9	11.876	-	Anticipos de clientes	19	4.579	5.069
Bancos: cuenta garantía		-	4.062	Provisiones para riesgos	20	82	313
Impuestos compensables	10	2.997	2.749	Patrimonio neto negativo de asociada	12	-	76.708
Activos por impuestos diferidos	11	8.037	11.828	Deudas con partes vinculadas	21	3.410	-
Instrumentos financieros derivados	12	4.586	-	Otros pasivos a largo plazo		84	84
Otros activos a largo plazo		908	953	<b>TOTAL PASIVO NO CORRIENTE</b>		<b>51.043</b>	<b>92.132</b>
				<b>PATRIMONIO NETO</b>			
Inversión en asociada	12	19.744	-	Capital social	22	241.741	225.081
Inmovilizado material	13	261.613	249.761	Ajustes por cambio de valor	28	(756)	(75)
Inmovilizado intangible	14	9.490	6.625	Pérdidas acumuladas	22	(47.006)	(56.989)
<b>TOTAL ACTIVO NO CORRIENTE</b>		<b>319.334</b>	<b>276.320</b>	<b>TOTAL PATRIMONIO NETO</b>		<b>193.979</b>	<b>168.017</b>
<b>TOTAL ACTIVO</b>		<b>346.392</b>	<b>317.775</b>	<b>TOTAL PASIVO Y PATRIMONIO NETO</b>		<b>346.392</b>	<b>317.775</b>

*Las notas explicativas forman parte integrante de estos estados financieros.*

**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)****Cuentas de pérdidas y ganancias correspondientes a los ejercicios anuales terminados el 31 de diciembre de 2016 y 2015****Miles de Reales brasileños, a excepción de la cifra de beneficio (pérdida) por acción**

	Nota	Importes acumulados	
		A 31.12.2016	A 31.12.2015 (reexpresado)
INGRESOS NETOS PROCEDENTES DE LAS PRESTACIONES DE SERVICIOS	23	102.446	120.614
COSTO DE LOS SERVICIOS PRESTADOS	24	(67.868)	(83.367)
<b>RESULTADO BRUTO DE EXPLOTACIÓN</b>		<b>34.578</b>	<b>37.247</b>
OTROS GASTOS (INGRESOS) DE EXPLOTACIÓN:			
Gastos generales y de administración	24	(34.184)	(26.364)
Gastos de ventas y marketing	24	(523)	(1.280)
Otros ingresos de explotación	25	28.891	1.956
Ganancias procedentes de dilución del porcentaje de participación en asociada	12	24.717	-
Otros gastos de explotación	24	(7.028)	(692)
Resultado de puesta en equivalencia	12 y 24	(27.165)	(28.833)
Total		(15.292)	(55.213)
<b>RESULTADO ANTES DE INGRESOS (GASTOS) FINANCIEROS E IMPUESTOS</b>		<b>19.286</b>	<b>(17.966)</b>
Ingresos financieros	26	3.999	4.053
Gastos financieros	26	(9.161)	(5.778)
<b>RESULTADO ANTES DE IMPUESTOS</b>		<b>14.124</b>	<b>(19.691)</b>
Impuestos (IRPJ y CSLL) corrientes	11	-	(6.589)
Impuestos (IRPJ y CSLL) diferidos	11	(4.141)	(9.551)
<b>BENEFICIO (PÉRDIDA) NETO (A) DEL EJERCICIO</b>		<b>9.983</b>	<b>(35.831)</b>
NÚMERO MEDIO PONDERADO DE ACCIONES ORDINARIAS EN CIRCULACIÓN (miles de acciones)		397.683	381.023
<b>BENEFICIO (PÉRDIDA) POR ACCIÓN, BÁSICO Y DILUIDO (Reales brasileños)</b>		<b>25,10</b>	<b>(94,04)</b>

*Las notas explicativas forman parte integrante de estos estados financieros.*

**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)****Estados de cambios en el patrimonio neto correspondientes a los ejercicios anuales terminados el 31 de diciembre de 2016 y 2015**

Miles de Reales brasileños

	Capital social	Ajustes por cambio de valor	Pérdidas acumuladas	Total
<b>SALDO A 31 DE DICIEMBRE DE 2014</b>	<b>225.081</b>	<b>248</b>	<b>(21.158)</b>	<b>204.171</b>
Por pérdidas actuariales, netas de efectos impositivos	-	(323)	-	(323)
Pérdida neta del ejercicio	-	-	(35.831)	(35.831)
<b>SALDO A 31 DE DICIEMBRE DE 2015 (reexpresado)</b>	<b>225.081</b>	<b>(75)</b>	<b>(56.989)</b>	<b>168.017</b>
Aumento de capital	16.660	-	-	16.660
Por pérdidas actuariales, netas de efectos impositivos	-	(681)	-	(681)
Beneficio neto del ejercicio	-	-	9.983	9.983
<b>SALDO A 31 DE DICIEMBRE DE 2016</b>	<b>241.741</b>	<b>(756)</b>	<b>(47.006)</b>	<b>193.979</b>

*Las notas explicativas forman parte integrante de estos estados financieros.*

**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)****Estados de ingresos y gastos reconocidos correspondientes a los ejercicios anuales terminados el 31 de diciembre de 2016 y 2015****Miles de Reales brasileños**

	Importes acumulados	
	A 31.12.2016	A 31.12.2015 (reexpresado)
Beneficio (pérdida) neto del ejercicio	9.983	(35.831)
Otros ingresos gastos reconocidos:		
Por ganancias y pérdidas actuariales, netas de efectos impositivos	(681)	(323)
Total de ingresos y gastos reconocidos	9.302	(36.154)
Resultado atribuido a los accionistas de control	9.302	(36.154)
<b>TOTAL DE INGRESOS Y GASTOS RECONOCIDOS</b>	<b>9.302</b>	<b>(36.154)</b>

*Las notas explicativas forman parte integrante de estos estados financieros.*

**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)****Estados de flujos de efectivo correspondientes a los ejercicios anuales terminados el 31 de diciembre de 2016 y 2015**

Miles de Reales brasileños

	Nota	A 31.12.2016	A 31.12.2015 (reexpresado)
<b>FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE EXPLOTACIÓN</b>			
Beneficio (pérdida) del ejercicio		9.983	(35.831)
<b>Ajustes del resultado</b>		<b>29.042</b>	<b>100.593</b>
Amortizaciones y correcciones valorativas por deterioro	13, 14 y 24	37.741	48.968
Gastos financieros	15	8.481	5.062
Impuestos (IRPJ y CSLL) diferidos	11	4.141	9.551
Impuestos (IRPJ y CSLL) corrientes	11	-	6.589
Bajas de inmovilizado material e intangible	13	309	170
Valor neto de operación de arrendamiento financiero	25	(3.215)	-
Valoración de los activos transmitidos por la entidad Eletronet, S.A.	13 y 25	(20.423)	-
Ganancias procedentes de dilución del porcentaje de participación en asociada	12	(24.717)	-
Ganancias procedentes de instrumentos financieros derivados	25	(4.586)	-
Reversión de provisiones para pérdidas		(231)	-
Provisión (reversión) para insolvencias y clientes de dudoso cobro		(182)	1.195
Resultado de puesta en equivalencia	12	27.165	28.833
Provisión para la compensación de pérdidas incurridas por asociada	21	3.410	-
Provisión para obsolescencia de inventarios	13 y 24	1.149	225
<b>Variación de activos y pasivos</b>		<b>7.802</b>	<b>(7.791)</b>
Disminución (aumento) de activos:			
Bancos: cuenta garantía		4.062	56
Cuentas a cobrar: clientes		(2.003)	2.673
Impuestos compensables		(1.145)	5.996
Otros activos		(575)	(69)
Aumento (Disminución) de pasivos:			
Acreedores comerciales: proveedores y otras cuentas a pagar		10.435	(2.263)
Cargas sociales y fiscales		3.981	(1.900)
Anticipos de clientes		(490)	(491)
Otros pasivos		-	(388)
Pagos por impuestos (IRPJ y CSLL)		(1.121)	(6.589)
Pagos por intereses	15	(5.342)	(4.816)
<b>Flujos netos de efectivo de las actividades de explotación</b>		<b>46.827</b>	<b>56.971</b>
<b>FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE INVERSIÓN</b>			
Adquisición de inmovilizado material	13	(41.790)	(42.969)
Disminución (aumento) de inversiones financieras en instrumentos de renta fija y variable		15.717	(8.950)
Cobros por arrendamiento financiero		(658)	-
Aumento del capital social de asociada	12	(98.900)	-
Aumento del inmovilizado intangible	14	(901)	(8)
<b>Flujos netos de efectivo de las actividades de inversión</b>		<b>(126.532)</b>	<b>(51.927)</b>
<b>FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE FINANCIACIÓN</b>			
Aumento de capital	22	16.660	-
Préstamos y financiaciones obtenidos y emisión de obligaciones	15	98.682	33.000
Pagos por préstamos, financiaciones y obligaciones	15	(39.472)	(37.887)
<b>Flujos netos de efectivo de las actividades de financiación</b>		<b>75.870</b>	<b>(4.887)</b>
<b>AUMENTO (DISMINUCIÓN) NETA DE EFECTIVO Y EQUIVALENTES AL EFECTIVO</b>		<b>(3.835)</b>	<b>157</b>
<b>EFECTIVO Y EQUIVALENTES AL EFECTIVO</b>			
Al inicio del ejercicio		4.869	4.712
Al final del ejercicio		1.034	4.869
<b>AUMENTO (DISMINUCIÓN) NETA DE EFECTIVO Y EQUIVALENTES AL EFECTIVO</b>		<b>(3.835)</b>	<b>157</b>

*Las notas explicativas forman parte integrante de estos estados financieros.*

**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)**

Estados de valor añadido correspondientes a los ejercicios anuales terminados el 31 de diciembre de 2016 y 2015

Miles de Reales brasileños

	A 31.12.2016	%	A 31.12.2015	%
<b>1 – INGRESOS</b>	<b>232.031</b>		<b>190.706</b>	
1.1) Ingresos por la venta de servicios	136.523		147.099	
1.2) (Provisión) Reversión para insolvencias y clientes de dudoso cobro	181		(1.195)	
1.3) Adiciones de inmovilizado material en explotación	34.338		35.909	
1.4) Ganancias procedentes de dilución del porcentaje de participación en asociada	24.717		-	
1.5) Valoración de los activos transmitidos por la entidad Eletronet, S.A.	20.423		-	
1.6) Ganancias procedentes de instrumentos financieros derivados	4.586		-	
1.7) Ganancias procedentes de operación de arrendamiento financiero	3.215		-	
1.8) Otros ingresos	8.048		8.893	
<b>2 - INSUMOS ADQUIRIDOS A TERCEROS</b>	<b>72.462</b>		<b>72.667</b>	
2.1) Costos por la venta de mercancías, productos y servicios	11.981		15.298	
2.2) Materiales, energía eléctrica, servicios exteriores y otros	55.532		57.083	
2.3) Pérdida / recuperación de activos	4.784		-	
2.4) Otros gastos de explotación	165		286	
<b>3 - VALOR AÑADIDO BRUTO (1-2)</b>	<b>159.569</b>		<b>118.039</b>	
<b>4 – RETENCIONES</b>	<b>37.741</b>		<b>48.968</b>	
4.1) Amortizaciones y correcciones valorativas por deterioro	37.741		48.968	
<b>5 - VALOR AÑADIDO NETO PRODUCIDO POR LA ENTIDAD (3-4)</b>	<b>121.828</b>		<b>69.071</b>	
<b>6 - VALOR AÑADIDO PROVENIENTE DE TRANSFERENCIAS</b>	<b>(23.166)</b>		<b>(24.780)</b>	
6.1) Resultado de puesta en equivalencia	(27.165)		(28.833)	
6.2) Ingresos financieros	3.999		4.053	
<b>7 - VALOR AÑADIDO A DISTRIBUIR (5+6)</b>	<b>98.662</b>		<b>44.291</b>	
<b>8 - DISTRIBUCIÓN DEL VALOR AÑADIDO</b>	<b>98.662</b>	100%	<b>44.291</b>	100%
<b>8.1) Remuneración al trabajo</b>	<b>28.067</b>	28%	<b>20.825</b>	47%
8.1.1) Sueldos, salarios y asimilados	16.691		13.517	
8.1.2) Prestaciones laborales	5.590		3.589	
8.1.3) Fondo de Ahorro Laboral ("FGTS")	2.746		994	
8.1.4) Otras	3.040		2.725	
<b>8.2) Participación del Estado</b>	<b>44.513</b>	45%	<b>46.519</b>	105%
8.2.1) Impuestos y otros tributos federales	16.579		27.063	
8.2.2) Impuestos y otros tributos estatales	27.934		19.456	
<b>8.3) Remuneración al capital ajeno</b>	<b>16.099</b>	16%	<b>12.778</b>	29%
8.3.1) Intereses	9.161		5.778	
8.3.2) Alquileres	6.938		7.000	
<b>8.4) Remuneración al capital propio</b>	<b>9.983</b>	10%	<b>(35.831)</b>	-81%
8.4.1) Beneficio (pérdida) del ejercicio	9.983		(35.831)	

Las notas explicativas forman parte integrante de estos estados financieros.

# CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)

Notas a los estados financieros (cuentas anuales) correspondientes al ejercicio anual terminado el 31 de diciembre de 2016

(Cifras expresadas en miles de Reales brasileños, a menos que se indique otra cosa)

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## 1. ACTIVIDAD DE LA COMPAÑÍA

### (a) La Compañía

**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTELECOM)** (“CEMIGTELECOM” o la “Compañía”) es una sociedad anónima de capital abierto<sup>1</sup>, íntegramente participada por COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG). La Compañía provee redes de fibra óptica para el transporte de servicios de telecomunicaciones en el Estado de Minas Gerais y en otros Estados del noreste y centro oeste de Brasil, utilizando para ello las infraestructuras de transporte y distribución eléctrica de empresas proveedoras de electricidad, principalmente del accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG).

La Compañía está constituida en Brasil y su domicilio social se encuentra en Rua [calle] Inconfidentes, n° 1051, térreo [planta baja], barrio de Funcionários, en la ciudad de Belo Horizonte, Estado de Minas Gerais. La Compañía cuenta con el permiso de funcionamiento N° 41.002 de 3 de diciembre de 2003 otorgado por ANATEL, el ente regulador brasileño en materia de telecomunicaciones, para proveer servicios de comunicación multimedia (SCM) por un periodo indeterminado.

CEMIGTELECOM fue creada el 13 de enero de 1999 y está enfocada en proveer servicios de telecomunicaciones al segmento corporativo, de proveedores de servicios de Internet (ISP) y de operadores de telecomunicaciones. La Compañía tiene presencia en el mercado mayorista alquilando circuitos especializados a proveedores de servicios de telefonía fija, móvil, televisión por cable, *bussiness carriers*, centro de procesamiento de datos (*data center*) y banda ancha, entre otras.

La actividad principal (*core business*) de la Compañía es la prestación de servicios de telecomunicaciones en el segmento de operadores de telecomunicaciones, proveedores de servicios de Internet (ISP) y la provisión de servicios especializados al segmento corporativo, ofreciendo soluciones de conectividad de redes y acceso a Internet, tales como: acceso a Internet corporativo, comunicación de datos entre matriz y filiales, soluciones de alta capacidad y calidad, alquiler de circuitos especializados (enlaces, redes IP/MPLS y VPN), desarrollo de soluciones a medida para cada negocio y soluciones de conectividad, entre otros.

CEMIGTELECOM ofrece la mayor red de fibra óptica para el transporte de servicios de telecomunicaciones en el Estado de Minas Gerais, con presencia en más de 70 municipios que concentran aproximadamente el 90% del PIB del Estado. Asimismo, ofrece servicios a través de redes de fibra óptica en las áreas metropolitanas de las ciudades capitales de Salvador, Recife, Goiânia y Fortaleza, además de tener presencia en las ciudades de São Paulo y Río de Janeiro, las dos ciudades más grandes de Brasil.

Con el fin de permitir la entrada de un nuevo socio en la entidad participada ATIVAS DATA CENTER, S.A., CEMIGTELECOM asumió una deuda de corto plazo significativa. A 31 de diciembre de 2016, la Compañía registró un exceso de pasivos corrientes sobre activos corrientes por importe de R\$74.312. La deuda financiera de corto y largo plazo representada por préstamos y obligaciones asciende a R\$63.751 y R\$37.621, respectivamente, con vencimientos en el segundo y cuarto trimestres de 2017 por importes de R\$18.134 y R\$46.310, respectivamente. Sin embargo, cabe resaltar que la Compañía contabilizó flujos de efectivo positivos por importes de R\$46.827 y R\$56.971 en los ejercicios 2016 y 2015, respectivamente.

A efectos de poder amortizar los vencimientos de deuda, la Compañía deberá contar con aportaciones significativas de capital por parte de terceros o, en su caso, del accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG), y podría seguir dependiente de la contratación de deudas adicionales.

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<sup>1</sup> N.T. CEMIGTELECOM es una sociedad anónima de capital abierto en el sentido de que se le permite realizar emisiones de valores de renta fija, tales como obligaciones y pagarés de empresa. Sin embargo, no cotiza sus acciones en bolsa.

La Compañía ha puesto en marcha varias iniciativas en aras de aumentar la liquidez a través de la celebración de nuevos contratos de préstamo para la refinanciación de las deudas, además de contar con el soporte financiero de accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG). La Dirección considera que la Compañía tiene la capacidad para continuar generando flujos de efectivo operativos que le permitan afrontar los compromisos de deuda, y que cuenta con las condiciones adecuadas para cumplir con sus obligaciones de corto plazo y realizar las inversiones requeridas para el mantenimiento de sus proyectos.

#### **(b) Inversión en asociada**

Hasta el 18 de octubre de 2016, la Compañía tenía una participación del 49% en la sociedad ATIVAS DATA CENTER, S.A. Con posterioridad a esa fecha, un nuevo socio estratégico, SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA., se incorporó como accionista de ATIVAS DATA CENTER, S.A. y pasó a ostentar una participación del 60% en dicha sociedad. En consecuencia, las participaciones de CEMIGTELECOM y de la sociedad ATIVAS PARTICIPAÇÕES, S.A. se diluyeron, respectivamente, al 19,6% y al 20,4% del capital social total de ATIVAS DATA CENTER, S.A. Tras la operación, la inversión en ATIVAS DATA CENTER, S.A. dejó de clasificarse como inversión en negocio conjunto (“*joint venture*”) para clasificarse como inversión en asociada. La gestión y las principales decisiones sobre las operaciones de ATIVAS DATA CENTER, S.A. son ejercidas por el nuevo accionista de control, de acuerdo con lo establecido en el Pacto de Accionistas de la entidad.

ATIVAS DATA CENTER, S.A. está constituida en Brasil y su domicilio social y parque tecnológico se encuentran en Rua [calle] Agenório Araújo, nº 20, barrio de Camargos, en la ciudad de Belo Horizonte, Estado de Minas Gerais. La Compañía cuenta con oficinas comerciales en las ciudades capitales de São Paulo, Río de Janeiro, Porto Alegre y Curitiba, y tiene como finalidad social:

- i) la provisión de servicios de infraestructuras de TIC (Tecnología de la Información y Comunicaciones), incluyendo infraestructuras de alojamiento web;
- ii) el almacenamiento de bases de datos y de copias de seguridad (*backup*);
- iii) la prestación de servicios profesionales de seguridad de la información y disponibilidad;
- iv) la prestación de servicios de consultoría en TIC y conectividad con venta de acceso y banda de Internet;
- y
- v) la licencia y la cesión de derechos de uso de programas informáticos.

Con la entrada del nuevo accionista de control, se tomaron diversas acciones con vistas a readecuar la estructura organizativa, operacional y financiera de ATIVAS DATA CENTER, S.A. Como parte del plan de reestructuración de esta asociada, se realizó en octubre de 2016 la amortización anticipada de una parte sustancial de su deuda financiera (préstamos y obligaciones), con el objetivo de obtener una estructura de capital compatible con el tamaño de sus negocios.

## **2. BASES DE PRESENTACIÓN DE LOS ESTADOS FINANCIEROS**

#### **(a) Normativa contable aplicada**

Los presentes estados financieros se han preparado de acuerdo con los principios de contabilidad generalmente aceptados en Brasil (“BRGAAP”), comprendidos en la legislación brasileña de sociedades; en los pronunciamientos, orientaciones e interpretaciones técnicas emitidas por el Comité de Pronunciamientos Contables (“CPC”) y aprobadas por el Consejo Federal de Contabilidad de Brasil (“CFC”) y por la Comisión del Mercado de Valores de Brasil (“CVM”); y en las Normas Internacionales de Información Financiera (“NIIF”) emitidas por el Consejo de Normas Internacionales de Contabilidad (“IASB”).

Toda la información financiera significativa utilizada por la Dirección en la gestión de la Compañía ha sido revelada en estos estados financieros.

Con fecha 6 de abril de 2017, el Consejo de Administración aprobó los estados financieros correspondientes al ejercicio anual terminado el 31 de diciembre de 2016.



## **(b) Normas de valoración**

Los estados financieros se han preparado sobre la base del costo histórico y se han ajustado a efectos de reflejar, si procediese, el valor razonable de los activos y pasivos.

## **(c) Moneda funcional y moneda de presentación**

Los estados financieros se presentan en reales brasileños, que es la moneda funcional y de presentación de la Compañía. Toda la información financiera se presenta en miles de reales, a menos que se indique otra cosa.

## **(d) Uso de estimaciones e hipótesis**

La preparación de los estados financieros de acuerdo con las NIIF y la normativa emitida por el CPC requiere que la Dirección realice juicios, estimaciones y asunciones que afectan a la aplicación de las normas y a los importes de activos, pasivos, ingresos y gastos. Las estimaciones y asunciones adoptadas están basadas en experiencias históricas y otros factores que son razonables bajo las circunstancias existentes. Los resultados reales podrían diferir de estas estimaciones.

La Compañía realiza estas estimaciones en función de la mejor información disponible sobre los hechos analizados a la fecha de formulación de los estados financieros. Sin embargo, es posible que acontecimientos futuros obliguen a modificar dichas estimaciones (al alza o a la baja). Los efectos de los eventuales cambios de estimación se reconocen en los estados financieros correspondientes al periodo en que dichas estimaciones fueron modificadas, o de forma prospectiva, reconociendo los efectos del cambio de estimación en los correspondientes estados financieros futuros.

Los principios contables y las áreas que requieren una mayor cantidad de juicios y estimaciones en la preparación de los estados financieros son:

- Nota 4 – Valoración a valor razonable de activos y pasivos
- Nota 8 – Pérdidas por insolvencias y clientes de dudoso cobro
- Nota 9 – Estimación de la realización de los importes correspondientes a las operaciones de arrendamiento financiero
- Nota 11 – Utilización de pérdidas fiscales y realización de diferencias temporarias
- Nota 13 – Inversión en asociada
- Notas 14 y 15 – Estimaciones de la vida útil y de los valores residuales de elementos del inmovilizado material e intangible
- Nota 21 – Provisiones
- Nota 28 – Instrumentos financieros
- Nota 29 – Valoración de activos y pasivos actuariales de prestaciones post-empleo

## **3. PRINCIPIOS CONTABLES Y NORMAS DE VALORACIÓN**

Las políticas contables que se detallan a continuación se han aplicado de modo consistente a todos los periodos que se presentan en estos estados financieros.

### **(a) Instrumentos financieros**

#### **(i) Activos financieros no derivados**

Los créditos y cuentas a cobrar, el efectivo y equivalentes y los depósitos bancarios a la vista en entidades de crédito, se reconocen inicialmente en la fecha en la que fueron originados. Todos los demás activos financieros (incluyendo los activos valorados a valor razonable con cambios en la cuenta de pérdidas y ganancias) se reconocen inicialmente en la fecha de negociación en la cual la Compañía se convierte en una de las partes de las disposiciones contractuales del instrumento.

Un activo financiero se da de baja contablemente cuando expiran los derechos contractuales sobre los flujos de efectivo de este activo, o cuando la Compañía transfiere el derecho a recibir los flujos de efectivo del

activo, así como sus riesgos y beneficios de manera sustancial. Las transacciones en las que la Compañía retiene sustancialmente los riesgos y beneficios inherentes a la propiedad de un activo financiero cedido se reconocen en cuentas de activo o de pasivo, según corresponda.

La compensación de activos y pasivos financieros y el consecuente registro de su importe neto en el balance de situación financiera sólo se produce cuando la Compañía tiene el derecho legal de efectuar la compensación y la intención de liquidar por su importe neto o de realizar el activo y liquidar el pasivo de forma simultánea.

Entre los activos financieros no derivados de la Compañía se incluyen:

- Efectivo y otros activos líquidos equivalentes

El efectivo y otros activos líquidos equivalentes incluyen el efectivo en caja y los depósitos bancarios a la vista en entidades de crédito. También se incluyen bajo este concepto otras inversiones a corto plazo de gran liquidez siempre que sean fácilmente convertibles en importes determinados de efectivo y que estén sujetas a un riesgo insignificante de cambios de valor. A estos efectos se incluyen las inversiones con vencimientos de menos de 3 meses desde la fecha de adquisición. Se mantienen con el fin de cumplir compromisos de pago a corto plazo, y no para la inversión u otros fines.

- Créditos y cuentas a cobrar

Son activos financieros no derivados con pagos determinados o determinables que no cotizan en un mercado activo. Estos activos se reconocen inicialmente al valor razonable de la contraprestación entregada más los costos de transacción incurridos al originar el activo. Posteriormente se valoran a su costo amortizado, correspondiendo éste básicamente al efectivo entregado, menos las devoluciones del principal efectuadas, más los intereses devengados no cobrados calculados de acuerdo con el método del tipo de interés efectivo<sup>2</sup>.

Cuando existe una evidencia objetiva de que el activo puede haber sufrido un deterioro se realiza el correspondiente análisis procediendo a contabilizar una pérdida por deterioro si el importe en libros del activo es superior al valor actual de los flujos de efectivo futuros que se estima va a generar, descontados al tipo de interés efectivo calculado en el momento de su reconocimiento inicial, y se procede a contabilizar una pérdida por deterioro por el importe de esta diferencia.

Las correcciones valorativas por deterioro se reconocen como un gasto o un ingreso, respectivamente, en la cuenta de pérdidas y ganancias. La reversión del deterioro tendrá como límite el importe en libros del crédito que estaría reconocido en la fecha de reversión si no se hubiese registrado el deterioro.

- Inversiones financieras mantenidas hasta el vencimiento

Son activos financieros con cobros determinados o determinables y vencimientos fijos que cotizan en un mercado activo, y sobre los que la Compañía manifiesta su intención y capacidad para conservarlos en su poder hasta la fecha de su vencimiento.

Los criterios de valoración que se aplican a este tipo de activos coinciden con los explicados para los «Créditos y cuentas a cobrar».

- Activos financieros registrados a valor razonable con cambios en la cuenta de pérdidas y ganancias

Son activos financieros clasificados como mantenidos para negociar desde su reconocimiento inicial y que la Compañía tiene la intención de enajenar en el corto plazo. Se clasifican como activos corrientes, salvo que sean dados en garantía, o que no esté prevista o sea factible su liquidación en un plazo inferior a un año, en cuyo caso se incluirán como activos no corrientes. Estos activos financieros se valoran inicialmente al valor razonable de la contraprestación entregada, siendo éste el precio de cotización a la fecha de cierre del balance

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<sup>2</sup> N.T. El tipo de interés efectivo es aquel que iguala exactamente los flujos de efectivo por cobrar (o por pagar) estimados a lo largo de la vida esperada del instrumento financiero (o, cuando sea adecuado, en un período más corto) con el importe neto en libros del activo (o pasivo) financiero.

en el caso de los títulos con cotización oficial en un mercado activo. Los costos directamente atribuibles a la transacción se reconocen como un gasto en la cuenta de pérdidas y ganancias en la fecha de negociación. Con posterioridad a su reconocimiento inicial, se realizan las correcciones valorativas necesarias para reflejar su valor razonable en cada momento, imputándose directamente en la cuenta de pérdidas o ganancias –como ingreso o gasto financiero, según corresponda–, los cambios que se produzcan en dicho valor razonable. Estos activos se dan de baja contablemente cuando expiran los derechos contractuales sobre los flujos de efectivo del activo, o cuando la Compañía transfiere el derecho a recibir los flujos de efectivo del activo, así como sus riesgos y beneficios de manera sustancial.

## **(ii) Pasivos financieros no derivados**

Las emisiones de deuda y pasivos subordinados se reconocen inicialmente en la fecha en la que fueron originados. Todos los demás pasivos financieros (incluyendo los pasivos valorados a valor razonable con cambios en pérdidas y ganancias) se reconocen inicialmente en la fecha de negociación en la cual la Compañía se convierte en una de las partes de las disposiciones contractuales del instrumento. Los pasivos financieros son dados de baja cuando se extinguen, es decir, cuando la obligación derivada del pasivo haya sido pagada o cancelada o bien haya expirado.

Entre los pasivos financieros no derivados de la Compañía se incluyen los préstamos y obligaciones, y los pagos a acreedores comerciales: proveedores y otras cuentas a pagar. Los pasivos financieros se reconocen inicialmente a su valor razonable más los costos de transacción incurridos. Tras su reconocimiento inicial, estos pasivos se valoran a costo amortizado utilizando el método del tipo de interés efectivo.

## **(iii) Capital social**

- Acciones ordinarias

Las acciones ordinarias se clasifican en el patrimonio neto. Los costos adicionales directamente atribuibles a la emisión de acciones u opciones sobre acciones se reconocen como minorando el patrimonio neto, netos de efectos impositivos. La totalidad del capital social de la Compañía está representada por acciones ordinarias.

La obligación de pago del dividendo mínimo obligatorio conforme a lo establecido en los Estatutos Sociales de la Compañía se reconoce en el pasivo del balance de situación financiera.

## **(iv) Instrumentos financieros derivados**

Los derivados se reconocen inicialmente a su valor razonable y los costos directamente atribuibles a la transacción se reconocen como un gasto en la cuenta de pérdidas y ganancias en la fecha de negociación. Con posterioridad a su reconocimiento inicial, se realizan las correcciones valorativas necesarias para reflejar su valor razonable en cada momento, imputándose directamente en la cuenta de pérdidas o ganancias –como ingreso o gasto financiero, según corresponda–, los cambios que se produzcan en dicho valor razonable.

## **(b) Inmovilizado material**

### **(i) Reconocimiento y valoración**

Los elementos que componen el inmovilizado material se hallan valorados por el costo histórico de adquisición o producción. Con posterioridad al reconocimiento inicial, se valorarán a su costo menos la amortización acumulada y el importe acumulado, en su caso, de las correcciones valorativas por deterioro reconocidas.

El costo incluye los gastos directamente atribuibles a la adquisición o producción del activo, además de los intereses devengados por las fuentes de financiación específicas utilizadas para la adquisición o producción del activo. En el caso de los activos construidos por la Compañía, se incluye el costo de materiales y los gastos de personal relacionados directamente con las obras en curso, además de otros costos relacionados con la ubicación del activo y su puesta en condiciones de funcionamiento.

Cuando partes de un elemento del inmovilizado material tienen diferentes vidas útiles, se registran como elementos individuales (componentes principales) del inmovilizado.

El software comprado que forma parte integrante de la funcionalidad de un equipo se capitaliza como parte del equipo.

Las ganancias o pérdidas procedentes de la enajenación de un elemento del inmovilizado material se calculan mediante la comparación entre los recursos procedentes de la enajenación con el importe en libros del inmovilizado, y se reconocen por su importe neto en la cuenta de pérdidas y ganancias bajo el epígrafe "Otros ingresos".

## **(ii) Repuestos**

Los materiales y equipos de repuesto de determinados elementos del inmovilizado material, cuyo destino probable es la sustitución futura de bienes en operación y para los que se espera su uso por más de un ejercicio social, se clasifican en el inventario de repuestos del activo inmovilizado hasta la fecha de su destino final. Los bienes nuevos adquiridos con esa finalidad sólo se incorporan al inmovilizado en explotación en el momento en que se solicitan. Los bienes retirados del inmovilizado en explotación por sustitución se reincorporan al inventario de repuestos y su depreciación suele continuarse, siempre que su reparación y reutilización sean posibles.

## **(iii) Costos posteriores**

El costo de sustitución de un elemento del inmovilizado material se reconoce contablemente cuando es probable que los beneficios económicos incorporados en el elemento fluirán a la Compañía y que su costo pueda medirse de forma fiable. El importe en libros del componente sustituido por otro se transfiere al inventario de repuestos o se da de baja, según el caso. Los costos derivados del mantenimiento diario de los elementos del inmovilizado material se registran en la cuenta de pérdidas y ganancias a medida que se incurren, e incluyen el importe pagado por los servicios de desmantelamiento y reparación, así como el costo de materiales y componentes necesarios para la sustitución y ubicación del activo y su puesta en condiciones de funcionamiento.

## **(iv) Amortización de elementos de inmovilizado material**

El inmovilizado material en explotación, neto en su caso del valor residual del mismo, se amortiza distribuyendo linealmente el costo de los diferentes elementos que lo componen entre los años de vida útil estimada que constituyen el periodo en que la Compañía espera utilizarlos.

La Dirección de la Compañía revisa anualmente la estimación de la vida útil y del valor residual de los activos al menos una vez cada ejercicio o cuando se identifican indicios de cambios en dichas estimaciones. Los eventuales ajustes se reconocen como cambios de estimaciones contables.

Los activos arrendados se amortizan por el periodo más corto entre el plazo del arrendamiento y la vida útil del activo, a menos que esté razonablemente seguro de que la Compañía obtendrá la propiedad del activo al final del periodo del arrendamiento. Los terrenos no se amortizan.

Los principales coeficientes de amortización y la vida útil de los elementos que componen el inmovilizado material se detallan en la nota 14.

Cuando es posible identificar uno o más activos asociados a una solución específica destinado a determinado contrato de prestación de servicios, su vida útil se limita al tiempo estimado de duración del contrato.

## **(c) Inmovilizado intangible**

### **(i) Licencias de uso de software**

Las licencias de uso de software adquiridas a terceros se reconocen inicialmente por su costo de adquisición

y posteriormente se valoran al costo neto de su correspondiente amortización acumulada durante el periodo estimado de vida útil.

El software adquirido como parte integrante de la funcionalidad de un equipo se registra como costo de dicho equipo y se clasifica en el inmovilizado intangible.

## **(ii) Otros activos intangibles**

Otros activos intangibles adquiridos por la Compañía y cuya vida útil es definida se reconocen inicialmente por su costo de producción y posteriormente se valoran al costo neto de su correspondiente amortización acumulada y de las pérdidas por deterioro que, en su caso, hayan experimentado.

## **(iii) Amortización de elementos de inmovilizado intangible**

La amortización de los activos intangibles se calcula sobre el costo de un activo u otro valor sustituto del costo, neto en su caso del valor residual del mismo.

La amortización se reconoce en la cuenta de pérdidas y ganancias distribuyendo linealmente el costo de los diferentes elementos que componen el inmovilizado intangible entre los años de vida útil estimada que constituyen el periodo en que la Compañía espera utilizarlos, salvo en el caso de plusvalías procedentes de una combinación de negocios. Los principales coeficientes de amortización y la vida útil de los elementos que componen el inmovilizado intangible se detallan en la nota 14.

La Dirección de la Compañía revisa anualmente los métodos de amortización, la estimación de la vida útil y del valor residual de los activos en la fecha de cierre del balance. Los eventuales ajustes se reconocen como cambios de estimaciones contables.

## **(d) Pérdidas por deterioro del valor de los activos**

### **(i) Activos financieros**

Un activo financiero que no esté registrado a valor razonable con cambios en pérdidas y ganancias es valorado en la fecha de cierre de cada ejercicio para determinar si existe evidencia objetiva de que hubiera podido sufrir una pérdida por deterioro de valor. Un activo financiero está deteriorado si existe evidencia objetiva de que ha ocurrido una pérdida por deterioro después del reconocimiento inicial del activo, y que esa pérdida por deterioro haya tenido un efecto negativo en los flujos de efectivo futuros del activo que pueden estimarse de manera fiable.

El proceso de valoración y cálculo de las posibles pérdidas por deterioro de partidas a cobrar que traen su causa en la materialización del riesgo de insolvencia de los obligados al pago (riesgo de crédito) se lleva a cabo individualmente para todos los instrumentos de deuda significativos, y colectivamente para los que, no siendo individualmente significativos, son susceptibles de ser clasificados en grupos homogéneos de instrumentos de características similares, en cuyo caso la Compañía establece distintas clasificaciones de las operaciones en atención a la naturaleza de los obligados al pago, situación de la operación y tipo de garantía con la que cuenta, antigüedad de la morosidad, etc. y fija para cada uno de estos grupos de riesgo las pérdidas por deterioro que deben ser reconocidas en los estados financieros.

Una pérdida por deterioro relacionada con un activo financiero valorado a costo amortizado se calcula como la diferencia entre el importe en libros del activo y el valor actual de los flujos de efectivo futuros estimados, descontados al tipo de interés efectivo calculado en el momento de su reconocimiento inicial. En caso de deterioro, el importe en libros del activo financiero se reducirá mediante una cuenta correctora imputándolo a la cuenta de pérdidas y ganancias. Las correcciones valorativas por deterioro se revertirán cuando el importe de dicha pérdida disminuyese por causas relacionadas con un evento posterior y se reconocerán en la cuenta de pérdidas y ganancias. La reversión del deterioro tendrá como límite el importe en libros del crédito que estaría reconocido en la fecha de reversión si no se hubiese registrado el deterioro del valor.

## **(ii) Activos no financieros**

El importe en libros de los activos no financieros de la Compañía, salvo los activos por impuestos (IRPJ y CSLL) diferidos, se revisan a la fecha de cierre de cada ejercicio, o siempre que algún suceso o cambio en las circunstancias indique que el importe contabilizado puede no ser recuperable. Las plusvalías derivadas de combinaciones de negocios y los activos intangibles con vida útil indefinida se someten anualmente a un test de deterioro con el fin de determinar si han sufrido pérdida de valor por deterioro.

El importe recuperable de un activo o de la Unidad Generadora de Efectivo (“UGE”) a la que pertenece el activo es el mayor entre el valor razonable del activo menos sus costos para la venta y valor en uso del activo, entendiendo por éste el valor actual de los flujos de efectivo esperados. Al evaluar el valor en uso, los flujos de efectivo esperados son descontados a valor actual a través de un tipo de descuento antes de impuestos que refleje las condiciones vigentes de mercado en cuanto al periodo de recuperabilidad del capital y los riesgos específicos del activo. Los activos que no pueden someterse individualmente a un test de deterioro se agrupan en una UGE, es decir: el menor grupo de activos que genera entrada de efectivo de uso continuo, y que son en gran parte independientes de los flujos de efectivo de otros activos o grupos de activos. El importe de las plusvalías procedentes de una combinación de negocios se asigna a la UGE o al grupo de UGE para el que se espera obtener beneficios de las sinergias derivadas de la combinación. Esta asignación refleja el nivel más bajo de seguimiento de las plusvalías, y no será mayor que un segmento operativo determinado, de conformidad con lo establecido en la NIIF 8 y el CPC 22.

Una pérdida de valor por deterioro es reconocida si el importe en libros de un activo o de su UGE excede de su importe recuperable estimado. Si el importe recuperable de un activo es inferior a su importe registrado en libros, entonces se entiende que se ha producido un deterioro del valor del activo, que debe ser reconocido contablemente de forma inmediata como una pérdida de valor por deterioro, imputando dicha pérdida a la cuenta de pérdidas y ganancias. Así, la pérdida por deterioro es la diferencia existente entre el importe en libros de un activo y su importe recuperable. Las pérdidas en el importe recuperable relacionadas con las UGE se asignan inicialmente para reducir el importe en libros de cualquier plusvalía asignada a las UGC, y entonces, si aún hubo pérdida remanente, para reducir el importe en libros de los otros activos dentro de la UGC o grupo de UGC sobre una base prorrateada.

Una pérdida por deterioro de valor relacionada con plusvalías no se revierte. En cuanto a otros activos, las pérdidas por deterioro de valor reconocidas en períodos anteriores se valoran a la fecha de cierre de cada ejercicio. Una pérdida por deterioro de valor se revierte si se ha producido un cambio en las estimaciones utilizadas para determinar su valor recuperable. Una pérdida por reducción al valor recuperable se revierte solamente en la condición en que el importe en libros del activo no exceda del importe en libros que que estaría reconocido en la fecha de reversión si no se hubiese registrado el deterioro del valor

## **(e) Beneficios a los empleados**

### **(i) Planes de aportación definida y prestación definida**

Planes de aportación definida son planes de prestaciones post-empleo en los cuales la entidad realiza contribuciones de carácter predeterminado a una entidad separada (un fondo) y no tiene obligación legal ni implícita de realizar contribuciones adicionales, en el caso de que el fondo no tenga suficientes activos para atender a las prestaciones de los empleados que se relacionen con los servicios que éstos han prestado en el ejercicio corriente y en los anteriores. Las obligaciones relacionadas con las contribuciones a realizar a los planes de aportación definida a cambio de los servicios prestados por los empleados se reconocen en la cuenta de pérdidas y ganancias como un gasto del periodo en que el empleado ha prestado tales servicios, o como un pasivo (gasto devengado), después de deducir cualquier aportación ya satisfecha. Si la aportación ya pagada es superior a las aportaciones que se deben realizar según los servicios prestados hasta la fecha del balance, la entidad reconoce la diferencia como un activo (pago anticipado de un gasto) en la medida que el pago por adelantado vaya a dar lugar, por ejemplo, a una reducción en los pagos a efectuar en el futuro o a un reembolso en efectivo.

Planes de prestación definida son planes de prestaciones post-empleo diferentes de los planes de aportación definida. Para la contabilización de los planes de prestación definida se utilizan técnicas actuariales para

hacer una estimación fiable del importe de las prestaciones que los empleados han devengado en razón de los servicios que han prestado durante el ejercicio corriente y en los anteriores. La entidad debe utilizar el método de la unidad de crédito proyectada para determinar tanto el valor actual de sus obligaciones por prestaciones definidas, como el costo por los servicios prestados en el ejercicio actual y, en su caso, el costo de los servicios pasados, que se realiza por un actuario cualificado anualmente. El tipo de descuento es el rendimiento registrado en la fecha de cierre del ejercicio de los títulos valores “de primera línea” y cuyas fechas de vencimiento se acerquen a las condiciones de las obligaciones de la entidad. Este cálculo exige que la entidad determine la cuantía de las prestaciones que resultan atribuibles al ejercicio corriente y a los anteriores y que realice las estimaciones pertinentes (hipótesis actuariales) respecto a las variables demográficas y financieras que influyen en el costo de las prestaciones a suministrar. Las anteriores prestaciones son descontadas utilizando el método de la unidad de crédito proyectada, a fin de determinar el valor actual de la obligación que suponen las prestaciones definidas y el costo de los servicios del ejercicio corriente.

El costo de los servicios pasados es el incremento en el valor actual de las obligaciones derivadas del plan por causa de los servicios prestados por los empleados en ejercicios anteriores, puesto de manifiesto en el ejercicio corriente por la introducción de nuevas prestaciones post-empleo, por la modificación de las ya existentes o por la introducción en el plan de prestaciones a largo plazo de otra naturaleza. El costo de los servicios pasados puede ser positivo (si las prestaciones se introducen de nuevo o se mejoran los existentes) o negativo (si las prestaciones existentes se reducen).

Las ganancias o pérdidas actuariales resultantes de los ajustes basados en la experiencia y los cambios en las hipótesis actuariales son reconocidas inmediatamente en el estado de ingresos y gastos reconocidos a fin de que el activo o pasivo neto por beneficios a los empleados sea reconocido en el balance de situación consolidado y así se refleje el valor total del déficit o superávit del plan.

#### **(ii) Otras prestaciones a los empleados a largo plazo**

Son retribuciones a los empleados (diferentes de las prestaciones post-empleo y de las indemnizaciones por cese) cuyo pago no ha de ser liquidado en el término de los 12 meses siguientes al cierre del ejercicio en el que los empleados hayan prestado los servicios que les otorgan esas retribuciones. Para la contabilización de estas prestaciones se utilizan técnicas actuariales para hacer una estimación fiable del importe de las prestaciones que los empleados han devengado en razón de los servicios que han prestado durante el ejercicio corriente y en los anteriores. La entidad debe utilizar el método de la unidad de crédito proyectada para determinar el valor actual de la obligación. Las ganancias o pérdidas actuariales y los costos derivados de servicios pasados deben reconocerse siempre inmediatamente en resultados. Entre las prestaciones por este concepto se incluyen las obligaciones derivadas de planes de atención médica y dental.

#### **(f) Provisiones**

La Compañía reconoce provisiones para hacer frente a las obligaciones presentes, ya sean legales o implícitas, que surjan como resultado de sucesos pasados, siempre que exista probabilidad de desprenderse de recursos para hacer frente a dicha obligación y que su importe se pueda estimar razonablemente.

#### **(g) Reconocimiento de ingresos procedentes de las actividades ordinarias**

Los ingresos y gastos se imputan a la cuenta de pérdidas y ganancias en función del criterio del devengo, es decir, cuando se produce la corriente real de bienes y servicios que los mismos representan, con independencia del momento en que se produzca la corriente monetaria o financiera derivada de ellos. El ingreso ordinario se reconoce cuando se produce la entrada bruta de beneficios económicos originados en el curso de las actividades ordinarias de la Compañía durante el ejercicio (servicios de telecomunicaciones), siempre que estos beneficios puedan ser valorados con fiabilidad. Los ingresos ordinarios se valoran por el valor razonable de la contraprestación recibida o por recibir, derivada de los mismos. Sólo se reconocen ingresos por la prestación de servicios cuando el importe de los ingresos, grado de realización, costos incurridos y pendientes de incurrir, pueden ser estimados con fiabilidad y en función del grado de realización de la prestación de servicio a la fecha de cierre del balance. Los ingresos se reconocen por su importe neto después de impuestos, cancelaciones o descuentos que en su caso, correspondan, así como de las

eliminaciones de transacciones no realizadas entre partes vinculadas.

**(i) Prestación de servicios**

La Compañía considera como prestados los servicios que, mediante acuerdo comercial formal, resulten en la obligación incondicional de entregar a los clientes los beneficios derivados de las actividades ordinarias de la Compañía, independientemente de su forma de liquidación.

Los servicios se prestan a los clientes de forma continua por el plazo acordado en el contrato. Los ingresos se reconocen en el resultado según la etapa de entrega o disponibilidad de los servicios contratados.

*Servicios de telecomunicaciones*

El artículo 60 de la Ley N° 9.472 de 16 de julio de 1997 (la Ley General de las Telecomunicaciones, LGT), define los servicios de telecomunicaciones como "el conjunto de actividades que posibilita la oferta de capacidad de transporte de datos, emisión o recepción, por cable, radioelectricidad, medios ópticos o cualquier otro proceso electromagnético, de símbolos, caracteres, signos, escritos, imágenes, sonidos o información de cualquier naturaleza". Estos servicios se dividen según diversas modalidades. La Compañía cuenta con el permiso de funcionamiento N° 41.002 de 3 de diciembre de 2003 otorgado por ANATEL, el ente regulador brasileño en materia de telecomunicaciones, para proveer servicios de comunicación multimedia (SCM) por un periodo indeterminado, de acuerdo con el Reglamento de SCM aprobado por la Resolución N° 614 de 28 de mayo de 2013. La retribución de los contratos de prestación de servicios se realiza según bases fijas mensuales, cuyos importes se negocian en función principalmente del nivel de transferencia de datos, la distancia entre los puntos de interconexión, el flujo de datos contratado y el plazo de fidelización, que varía generalmente entre 1 y 5 años.

Los ingresos procedentes de los servicios de telecomunicaciones comprenden el importe inicial acordado en el contrato más las variaciones provenientes de solicitudes adicionales, menos las deducciones que correspondan en concepto de incentivos basados en volumen de contrataciones. Los ingresos se reconocen considerando el grado de realización de la prestación a la fecha de balance, siempre y cuando el resultado de la transacción pueda ser estimado con fiabilidad.

El importe atribuible de los ingresos procedentes de la prestación de servicios de telecomunicaciones se mide en bases mensuales de acuerdo con lo previsto en el contrato. Los servicios iniciados o cancelados durante el curso del mes de referencia se valoran en proporción a los días transcurridos desde la fecha de entrega o puesta a disposición de los servicios a los clientes.

**(ii) Otros ingresos**

a) Alquiler de redes

Ciertos acuerdos comerciales prevén la utilización por parte de los clientes de parte de las redes de fibra óptica de la Compañía, sin que, sin embargo, se asignen en esas redes cualquier equipo o servicios de su propiedad o responsabilidad. No se confunde con el servicio de telecomunicaciones, ya que no cumple los requisitos establecidos en la Ley General de Telecomunicaciones.

Los ingresos de alquiler se reconocen en la cuenta de pérdidas y ganancias según el criterio del devengo durante la duración del contrato.

b) Derecho de paso (alquiler de infraestructuras de transporte y distribución de electricidad)

La Compañía tiene un contrato de "derecho de paso" en las líneas de transporte y distribución eléctrica el accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG), por cuya concesión paga mensualmente, a través de participación en los ingresos, una especie de regalía que varía en función de los ingresos obtenidos por la Compañía. El mismo acuerdo operativo confiere a la Compañía la posibilidad de subrogación de esos derechos de paso a terceros, siempre que haya expresa la aceptación de COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG). Los ingresos de derecho de paso derivados de la subrogación de tales derechos se reconocen según el criterio del devengo.



c) **Indemnización por rescisión anticipada de contrato**

Los contratos de servicios de telecomunicaciones poseen cláusulas de protección que garantizan a la Compañía el derecho a la indemnización (penalidad en concepto de pérdidas y daños preestablecidos) en caso de resolución anticipada y unilateral del contrato por los clientes, a fin de asegurar el retorno mínimo de la inversión realizada por la Compañía.

**(h) Ingresos y gastos financieros**

Los ingresos financieros comprenden principalmente los ingresos provenientes de inversiones financieras, los recargos por mora sobre facturas por los servicios prestados de telecomunicaciones y los intereses devengados sobre otros activos financieros. Los ingresos financieros provenientes de intereses devengados se reconocen en la cuenta de pérdidas y ganancias utilizando el método del tipo de interés efectivo.

Los gastos financieros comprenden los costos por intereses sobre préstamos, financiaciones y obligaciones. Los costos por intereses se reconocen en la cuenta de pérdidas y ganancias utilizando el método del tipo de interés efectivo.

**(i) Arrendamientos**

**1) Arrendamientos operativos**

Los arrendamientos en los que el arrendador conserva una parte significativa de los riesgos y beneficios inherentes a la propiedad del activo arrendado, tienen la consideración de arrendamientos operativos. Los pagos realizados en concepto de arrendamiento operativo se imputan a la cuenta de pérdidas y ganancias sobre una base lineal durante el periodo del arrendamiento.

**2) Arrendamientos financieros activos y pasivos**

Los arrendamientos de bienes del inmovilizado material en los que la Compañía posee sustancialmente los riesgos y beneficios inherentes a la propiedad del activo, se clasifican como "arrendamientos financieros", cuyos pagos mínimos son sistemáticos y separadamente asignados entre el activo y pasivo en abierto y los ingresos o gastos a reconocer. Los gastos financieros se asignan a cada período durante el plazo del arrendamiento, con el fin de producir una tasa periódica constante de intereses sobre el saldo restante del activo o pasivo.

Por otra parte, tal y como se menciona en la nota 9, la Compañía alquiló ciertos activos a terceros, cuyas características preponderantes de su contrato indicaban su clasificación como arrendamiento financiero, habiendo por lo tanto registrado la transacción como una enajenación.

Los bienes adquiridos en la modalidad de arrendamiento financiero se clasifican en el inmovilizado material y se amortiza distribuyendo linealmente el costo entre los años de vida útil estimada del activo.

**3) Política de identificación y clasificación de arrendamientos**

Al principio de un contrato, se define si el documento es o contiene un arrendamiento. Un activo específico es objeto de un arrendamiento si el cumplimiento del contrato depende del uso de aquel activo especificado. Los arrendamientos en los cuales el arrendatario asume los riesgos y beneficios inherentes a la propiedad se clasifican como arrendamientos financieros. En el reconocimiento inicial, el activo y el pasivo se reconocen por importes iguales al valor razonable del bien arrendado, o si inferior, al valor actual de los pagos mínimos del arrendamiento, determinados al inicio del arrendamiento. La Compañía, en su condición de arrendataria, amortiza los activos arrendados durante la vida útil esperada de la misma forma que los activos propios o por un período inferior, si procede, conforme a los términos del contrato de arrendamiento. Por otro lado, cuando la Compañía figura como arrendador, procede a la baja contable del bien arrendado contra el resultado del ejercicio. Los pagos en concepto de arrendamiento financiero se contabilizan separadamente como carga financiera y minorando el activo o pasivo, según el caso.

Los demás arrendamientos se clasifican como arrendamientos operativos y se reconocen linealmente como gastos durante el periodo del arrendamiento, excepto si otra base sistemática es más representativa del patrón temporal del beneficio.

## **(j) Impuesto sobre beneficios (“IRPJ”) y Contribución social sobre el beneficio neto (“CSLL”)**

En Brasil los beneficios obtenidos por las sociedades comportan una tributación del 34%. El IRPJ (Impuesto sobre los beneficios) se grava sobre la renta de las sociedades. El tipo general es del 15% sobre la base imponible. Cuando los beneficios antes de impuestos sean superiores a los 240.000 reales anuales, se establece una tasa adicional del 10% sobre la fracción superior a ese límite. La CSLL (Contribución social sobre el beneficio neto) se grava sobre el beneficio obtenido de las personas jurídicas y su liquidación es paralela a la del IRPJ. El tipo impositivo es del 9%. Se permite la compensación por pérdidas fiscales y bases imponibles negativas de hasta el 30% del beneficio real<sup>3</sup>.

El gasto por IRPJ y CSLL comprende tanto el impuesto corriente como el diferido. Los impuestos, tanto si son del ejercicio corriente como si son diferidos, se reconocen en la cuenta de pérdidas y ganancias del ejercicio, excepto si han surgido de una combinación de negocios o de una transacción registrada directamente en el patrimonio neto o en el estado de ingresos y gastos reconocidos.

### **1) IRPJ y CSLL corrientes**

El gasto o el ingreso por impuesto corriente se determina como la suma del impuesto corriente que resulta de la aplicación de los tipos impositivos vigentes a la fecha de cierre del ejercicio. El impuesto corriente es la cantidad que la Compañía satisface como consecuencia de las liquidaciones fiscales del IRPJ y CSLL relativas a un ejercicio. Las deducciones y otras ventajas fiscales en la cuota del impuesto, excluidas las retenciones y pagos a cuenta, así como las pérdidas fiscales compensables de ejercicios anteriores y aplicadas efectivamente en éste, dan lugar a un menor importe del impuesto corriente.

### **2) IRPJ y CSLL diferidos**

El gasto o el ingreso por impuesto diferido se corresponden con el reconocimiento y la cancelación de los activos y pasivos por impuesto diferido. Estos incluyen las diferencias temporarias que se identifican como aquellos importes que se prevén pagaderos o recuperables derivados de las diferencias entre los importes en libros de los activos y pasivos y su valor fiscal, así como las bases imponibles negativas pendientes de compensación y los créditos por deducciones fiscales no aplicadas fiscalmente. Dichos importes se registran aplicando a las diferencias temporarias o créditos el tipo de gravamen al que se espera recuperarlos o liquidarlos, de acuerdo con la normativa tributaria vigente a la fecha de cierre del ejercicio.

Los activos y pasivos por impuestos diferidos son compensados si existe un derecho legal exigible de compensar los pasivos y activos por impuestos corrientes, y están relacionados con los impuestos sobre beneficios aplicados por la misma autoridad tributaria sobre la misma entidad tributable.

Un activo por impuesto diferido se reconoce sobre diferencias temporarias derivadas de las bases imponibles negativas pendientes de compensación y los créditos por deducciones fiscales no aplicadas fiscalmente, utilizando los tipos impositivos vigentes a la fecha de cierre del ejercicio, y deben fundamentarse en el historial de rentabilidad de la Compañía, así como en estudios técnicos que revelen la probabilidad de disponerse de beneficios fiscales futuros con los que poder compensar las diferencias temporarias.

En cada cierre contable se reconsideran los activos por impuesto diferido registrados, efectuándose las oportunas correcciones a los mismos cuando se considera improbable que se vaya a disponer de beneficios fiscales futuros suficientes para recuperar las deducciones por diferencias temporarias y hacer efectivos los

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<sup>3</sup> N.T. En Brasil, las empresas pueden optar, generalmente, para el cálculo de la base imponible, entre dos diferentes sistemas: un sistema de beneficio presunto o estimado (*lucro presumido*) y un sistema de beneficio real (*lucro real*). El sistema de *lucro presumido* es un método simplificado bajo el cual los contribuyentes optan por calcular su base imponible aplicando un porcentaje a sus ingresos brutos obtenidos durante un trimestre. Se aplica un tipo impositivo del 15% a esta base imponible. Los beneficios que superen una base imponible de 60.000 reales en un trimestre son gravados adicionalmente al 10%. En el sistema de *lucro real*, la declaración y pago del impuesto se realiza trimestralmente, salvo que se opte por realizarla de modo anual. En este último caso, deben realizarse pagos mensuales a cuenta de la cuota definitiva, calculados aplicando el tipo de gravamen a un porcentaje de la facturación mensual, que generalmente es el 8%, incrementado por las ganancias de capital y otros ingresos. La base imponible se calcula a partir del resultado contable, una vez realizadas las adiciones y deducciones de la base imponible que determina la normativa del impuesto.

créditos fiscales.

## **(k) Resultado por acción**

### **1) Básico**

El resultado básico por acción se calcula como el cociente entre el resultado atribuido a los accionistas de control y otros accionistas de la Compañía y el número medio ponderado de acciones ordinarias en circulación a lo largo del ejercicio.

### **2) Diluido**

El resultado diluido por acción se determina de forma similar al resultado básico por acción, ajustando el número medio ponderado de las acciones ordinarias en circulación para tener en cuenta el efecto dilutivo potencial de determinados instrumentos financieros que pudieran generar la emisión de nuevas acciones, de conformidad con lo establecido en el Pronunciamiento Técnico CPC 41 (NIC 33) «Beneficio por acción».

Debido a que no hay instrumentos financieros que pudieran producir la dilución del capital social, en los estados financieros de la Compañía no se registran diferencias entre el beneficio básico y diluido.

## **(l) Información financiera por segmentos de explotación**

Un segmento de explotación es una actividad o grupo de actividades de una entidad, que son identificables y para las cuales es apropiado presentar información financiera separada con el fin de evaluar el rendimiento pasado de la entidad en la consecución de sus objetivos, y para tomar decisiones respecto a la futura asignación de recursos. Los resultados del segmento incluyen elementos directamente atribuibles al segmento, así como aquéllos que pueden asignarse de manera razonable.

Los estados financieros de la Compañía incluyen solamente un segmento de explotación significativo, es decir: la provisión de servicios de telecomunicaciones.

## **(m) Estado de valor añadido**

El Estado de Valor Añadido (EVA) es un estado económico-financiero que muestra el valor generado por una entidad en un ejercicio económico y describe cómo se distribuye dicho valor entre los distintos grupos de interés relacionados con la misma. El aumento de riqueza generada por la actividad de una entidad en el periodo considerado se mide por la diferencia entre el valor de la producción alcanzada en el periodo (vendida, almacenada e inmovilizada) y las adquisiciones externas relacionadas con ese volumen de actividad, siendo posteriormente distribuida a los empleados, prestamistas, accionistas, al Estado y a la autofinanciación de la entidad.

De acuerdo con los BRGAAP aplicables a sociedades cotizadas, el estado de valor añadido debe presentarse como parte integrante de los estados financieros, en los términos de lo dispuesto en el Pronunciamiento Técnico CPC 09 «Estado de Valor Añadido», aunque queda fuera del alcance de las NIIF, respecto a las cuales se presenta únicamente como información financiera adicional.

## **(n) Distribución de dividendos e intereses sobre capital propio**

La distribución de dividendos e intereses sobre capital propio a los accionistas se reconoce como un pasivo en los estados financieros en el momento en que el Consejo de Administración acuerda declarar su pago, de conformidad con lo establecido en los Estatutos Sociales de la Compañía. El beneficio fiscal derivado del pago de intereses sobre capital propio se reconoce como gasto en la cuenta de pérdidas y ganancias mediante la reducción de la base imponible del IRPJ y CSLL corrientes<sup>4</sup>.

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<sup>4</sup> N.T. En Brasil, los intereses sobre capital propio constituyen una de las formas en que una empresa distribuye el beneficio entre sus accionistas (la otra es en forma de dividendos). Este pago se reconoce como gasto en el resultado de la empresa, quedando el inversor obligado al pago de un impuesto del 15% sobre el importe recibido, lo que no ocurre en el caso de los dividendos. Esta cuestión fiscal es beneficiosa para la empresa, pues al contabilizar el pago como gasto transfiere la carga impositiva al inversor.

## (o) Adopción de normas NIIF nuevas y revisadas<sup>5</sup>

### 1) Normas NIIF nuevas y revisadas con fecha de entrada en vigor para todos los ejercicios comenzados el 1 de enero de 2016

La adopción de las normas NIIF nuevas y revisadas que se indican a continuación no han tenido ningún efecto significativo en los importes revelados en los estados financieros de la Compañía correspondientes al ejercicio corriente y al ejercicio anterior.

- Modificaciones a la NIIF 10, NIIF 12 y NIC 28
- Modificaciones a la NIIF 11
- Modificaciones a la NIC 1
- Modificaciones a la NIC 16 y NIC 38
- Modificaciones a la NIC 16 y NIC 41
- Modificaciones a la NIC 27
- Mejoras anuales a las NIIF
- «Entidades de inversión: aplicación de la excepción de consolidación»
- «Contabilización de adquisiciones de participaciones en operaciones conjuntas»
- «Iniciativa de revelación»
- «Aclaración de los métodos aceptables de amortización»
- «Agricultura: plantas productoras»
- «El método de la participación en los estados financieros separados»
- «Ciclo 2012-2014»

### 2) Normas NIIF nuevas y revisadas que han entrado en vigor, pero que todavía no han sido adoptadas por la Compañía

- NIIF 9
- NIIF 15
- NIIF 16
- Modificaciones a la NIIF 2
- Modificaciones a la NIIF 10 y NIC 28
- Modificaciones a la NIC 7
- Modificaciones a la NIC 12
- CINIIF 22
- Mejoras anuales a las NIIF
- Modificaciones a la NIC 40
- «Instrumentos financieros» (b)
- «Ingresos de actividades ordinarias procedentes de contratos con clientes» (b)
- «Arrendamientos» (c)
- «Clasificación y medición de transacciones con pagos basados en acciones»
- «Venta o aportación de activos entre un inversor y su asociada o negocio conjunto» (d)
- «Iniciativa sobre información a revelar» (d)
- «Reconocimiento de activos por impuestos diferidos por pérdidas no realizadas» (a)
- «Transacciones en moneda extranjera y contraprestaciones anticipadas» (b)
- «Ciclo 2014-2016» (a) (b)
- «Transferencias de propiedades de inversión» (b)

- (a) De aplicación obligatoria a todos los ejercicios anuales que comiencen a partir del 1 de enero de 2017. Se permite su adopción anticipada.
- (b) De aplicación obligatoria a todos los ejercicios anuales que comiencen a partir del 1 de enero de 2018. Se permite su adopción anticipada.
- (c) De aplicación obligatoria a todos los ejercicios anuales que comiencen a partir del 1 de enero de 2019. Se permite su adopción anticipada.
- (d) De aplicación obligatoria a todos los ejercicios anuales que comiencen a partir de una fecha aún por determinar.

La Dirección de la Compañía está analizando los posibles impactos que esta nueva normativa tendrá sobre los importes y revelaciones de sus estados financieros, en especial las NIIF 9, 15 y 16 revisadas y las modificaciones a la NIIF 12.

## 4. CÁLCULO DEL VALOR RAZONABLE DE ACTIVOS E PASIVOS

Se define valor razonable como el precio que sería recibido por vender un activo o pagado por transferir un pasivo en una transacción ordenada entre participantes de mercado en la fecha de la valoración, independientemente de si ese precio es directamente observable o estimado utilizando otra técnica de valoración.

Las políticas de revelación de información financiera de la Compañía requieren la determinación del valor razonable para activos y pasivos financieros y no financieros. Los supuestos utilizados para calcular el valor razonable de los activos y pasivos se dan a conocer en las notas específicas sobre dicho activo o pasivo.

<sup>5</sup> N.T. Las Normas Internacionales de Contabilidad (NIC-IAS) fueron publicadas inicialmente por el Comité de Normas Internacionales de Contabilidad (IASC), antecesor del Consejo de Normas Internacionales de Contabilidad (IASB). El IASB publica Normas Internacionales de Información Financiera (NIIF-IFRS). El Comité Permanente de Interpretación (CPI-SIC) fue el antecesor del Comité de Interpretación de las Normas Internacionales de Información Financiera (CINIIF-IFRIC). En Brasil, el Comité de Pronunciamientos Contables (CPC) es una entidad autónoma que tiene como objetivo estudiar, preparar y emitir pronunciamientos sobre procedimientos de contabilidad, teniendo siempre en cuenta la convergencia de las políticas contables brasileñas con los estándares internacionales de contabilidad.

### (i) Instrumentos financieros derivados

Los derivados se reconocen inicialmente a su valor razonable y los costos directamente atribuibles a la transacción se reconocen como un gasto en la cuenta de pérdidas y ganancias en la fecha de negociación. Con posterioridad a su reconocimiento inicial, se realizan las correcciones valorativas necesarias para reflejar su valor razonable en cada momento, imputándose directamente en la cuenta de pérdidas o ganancias –como ingreso o gasto financiero, según corresponda–, los cambios que se produzcan en dicho valor razonable.

### (ii) Pasivos financieros no derivados

El valor razonable de pasivos financieros no derivados se calcula basándose en el valor actual del principal y de los flujos de efectivo futuros, descontados por el tipo de interés de mercado a la fecha de presentación de los estados financieros. Para los arrendamientos financieros, el tipo de interés utilizado está referenciado a contratos de arrendamiento similares.

## 5. REEXPRESIÓN DE LOS ESTADOS FINANCIEROS

La información financiera de la Compañía revelada en los estados financieros correspondientes al ejercicio anual terminado el 31 de diciembre de 2015, que se presenta a efectos comparativos, fueron modificadas y se reexpresan retroactivamente de conformidad con lo previsto en los Pronunciamientos Técnicos CPC 23 «Políticas Contables, Cambios en las Estimaciones Contables y Errores» y CPC 26 (R1) «Presentación de Estados Financieros», debido a ciertos ajustes realizados en los estados financieros de la asociada ATIVAS DATA CENTER, S.A. Dicha reexpresión retroactiva ha afectado al resultado de puesta en equivalencia de la cuenta de pérdidas y ganancias, así como los saldos de las cuentas de patrimonio neto negativo y de pérdidas acumuladas en el balance de situación financiera de la Compañía. La Dirección de CEMIGTELECOM considera que este cambio permite que sus operaciones sean presentadas de forma más fidedigna, resultando en una información confiable y significativa. La reexpresión retroactiva no afecta a los saldos iniciales a 1 de enero de 2015, razón por la cual no se presenta la columna referente a los saldos a esa fecha.

Los efectos de la reexpresión retroactiva de los estados financieros correspondientes al ejercicio anual terminado el 31 de diciembre de 2015 son los que se muestran a continuación:

### BALANCE DE SITUACIÓN FINANCIERA

	A 31.12.2015		
	Saldo original	Reexpresión Retroactiva	Saldo reexpresado
Activo corriente	41.455	-	41.455
Activo no corriente	276.320	-	276.320
<b>Total Activo</b>	<b>317.775</b>	<b>-</b>	<b>317.775</b>
Pasivo corriente	57.626	-	57.626
Pasivo no corriente	90.127	-	92.132
Patrimonio neto negativo de asociada	74.703	2.005	76.708
Otros pasivos no corrientes	15.424	-	15.424
Patrimonio neto			
Capital social	225.081	-	225.081
Ajustes por cambio de valor	(75)	-	(75)
Pérdidas acumuladas	(54.984)	(2.005)	(56.989)
Total Patrimonio neto	170.022	(2.005)	168.017
<b>Total Pasivo y Patrimonio neto</b>	<b>317.775</b>	<b>-</b>	<b>317.775</b>

## CUENTA DE PÉRDIDAS Y GANANCIAS

	A 31.12.2015		
	Saldo original	Reexpresión retroactiva	Saldo reexpresado
Ingresos netos procedentes de las prestaciones de servicios	120.614	-	120.614
Costo de los servicios prestados	(83.367)	-	(83.367)
Resultado bruto de explotación	37.247	-	37.247
Ingresos (gastos) de explotación, netos	(26.380)	-	(26.380)
Resultado de puesta en equivalencia	(26.828)	(2.005)	(28.833)
Total	(53.208)	(2.005)	(55.213)
Resultado de explotación antes del resultado financiero	(15.961)	(2.005)	(17.966)
Resultado financiero	(1.725)	-	(1.725)
Resultado antes impuestos (IRPJ y CSLL)	(17.686)	(2.005)	(19.691)
Impuestos (IRPJ y CSLL) corrientes	(6.589)	-	(6.589)
Impuestos (IRPJ y CSLL) diferidos	(9.551)	-	(9.551)
<b>Pérdida neta del ejercicio</b>	<b>(33.826)</b>	<b>(2.005)</b>	<b>(35.831)</b>

## ESTADO DE INGRESOS Y GASTOS RECONOCIDOS

	A 31.12.2015		
	Saldo original	Reexpresión retroactiva	Saldo reexpresado
<b>Pérdida neta del ejercicio</b>	(33.826)	(2.005)	(35.831)
Otros ingresos y gastos reconocidos:			
Por pérdidas actuariales, netas de efectos impositivos	(323)	-	(323)
<b>Total de ingresos y gastos reconocidos</b>	<b>(34.149)</b>	<b>(2.005)</b>	<b>(36.154)</b>

## ESTADO DE FLUJOS DE EFECTIVO

	A 31.12.2015		
	Saldo original	Reexpresión retroactiva	Saldo reexpresado
Pérdida neta del ejercicio	(33.826)	(2.005)	(35.831)
<b>Ajustes del resultado</b>	<b>98.588</b>	<b>2.005</b>	<b>100.593</b>
Provisión para insolvencias y clientes de dudoso cobro	1.195	-	1.195
Resultado de puesta en equivalencia	26.828	2.005	28.833
Amortizaciones y correcciones valorativas por deterioro	48.968	-	48.968
Otros ajustes del resultado	22.792	-	22.792
<b>Variación de activos y pasivos</b>	<b>(7.791)</b>	<b>-</b>	<b>(7.791)</b>
<b>Flujos netos de efectivo de las actividades de explotación</b>	<b>56.971</b>	<b>-</b>	<b>56.971</b>
<b>Flujos netos de efectivo de las actividades de inversión</b>	<b>(51.927)</b>	<b>-</b>	<b>(51.927)</b>
<b>Flujos netos de efectivo de las actividades de financiación</b>	<b>(4.887)</b>	<b>-</b>	<b>(4.887)</b>
<b>AUMENTO DE EFECTIVO Y EQUIVALENTES AL EFECTIVO</b>	<b>157</b>	<b>-</b>	<b>157</b>
<b>EFECTIVO Y EQUIVALENTES AL EFECTIVO</b>			
Al inicio del ejercicio	4.712	-	4.712
Al final del ejercicio	4.869	-	4.869
<b>AUMENTO DE EFECTIVO Y EQUIVALENTES AL EFECTIVO</b>	<b>157</b>	<b>-</b>	<b>157</b>

## 6. EFECTIVO Y OTROS ACTIVOS LÍQUIDOS EQUIVALENTES

	<u>A 31.12.2016</u>	<u>A 31.12.2015</u>
<b>Efectivo en caja y bancos</b>	<b>261</b>	<b>1.359</b>
<b>Fondos de renta fija</b>		
Certificados de depósito bancario (CDB) (a)	105	872
Operaciones <i>overnight</i> (b)	668	2.638
<b>Total</b>	<b><u>1.034</u></b>	<b><u>4.869</u></b>

A 31 de diciembre de 2016, la totalidad de las inversiones financieras de la Compañía (es decir: los equivalentes al efectivo y los instrumentos financieros de renta fija y variable– ver nota 7) se concentra en el Fondo Pampulha, el fondo de inversión exclusivo de las empresas que forman parte del Grupo CEMIG. La rentabilidad media ponderada de las inversiones financieras del Fondo Pampulha en 2016 se situó en un 106,31% de la variación de los “certificados de depósito interbancario” (“CDI”), según la entidad de compensación y liquidación de valores CETIP (frente al 103,00% a 31 de diciembre de 2015).

- (a) La rentabilidad de los CDB a interés variable viene dada por un porcentaje de los CDI, el cual suele variar entre el 100,50% y el 105,25% del CDI, según la operación.
- (b) Las operaciones de cortísimo plazo *overnight* (a un día) consisten en letras, bonos u obligaciones del Tesoro referenciadas a un tipo de interés fijo, que se realizan un día con vencimiento el día hábil siguiente.

## 7. INSTRUMENTOS FINANCIEROS DE RENTA FIJA Y VARIABLE

Los instrumentos financieros de renta fija y variable de la Compañía incluyen: (i) los valores de renta fija, representados por participaciones de fondos gestionados por entidades financieras que cumplen con los requerimientos de idoneidad y solidez establecidos por el Grupo CEMIG; e (ii) inversiones en valores y CDB con plazos de vencimiento mayores a 90 días y cuyos importes reconocidos en el Activo corriente se espera que sean realizados en el corto plazo.

	<u>A 31.12.2016</u>	<u>A 31.12.2015</u>
<b>Corriente</b>		
Certificados de depósito bancario (CDB) (a)	59	2.873
Obligaciones (b)	131	3.242
Letras financieras del Tesoro (LFT) (c)	349	1.890
Letras financieras (banca) (d)	1.316	9.308
	<b><u>1.855</u></b>	<b><u>17.313</u></b>
<b>No corriente</b>		
Letras financieras (banca) (d)	25	338
Otras inversiones financieras no corrientes	-	4
Obligaciones y pagarés de empresa	58	-
	<b><u>83</u></b>	<b><u>342</u></b>
<b>Total</b>	<b><u>1.938</u></b>	<b><u>17.655</u></b>

- (a) La rentabilidad de los CDB a interés variable viene dada por un porcentaje de los CDI, el cual suele variar entre el 100,50% y el 105,25% del CDI, según la operación.
- (b) La rentabilidad de las obligaciones a interés variable viene dada por un porcentaje de los CDI, el cual suele variar entre el 100% y el 113%, según la operación.
- (c) La rentabilidad de las letras financieras del Tesoro (LFT) a interés variable viene dada por la variación diaria del tipo Selic (tipo de interés de referencia de la economía brasileña) entre la fecha de liquidación de la compra y la fecha de vencimiento del valor, aumentada, en su caso, de las plusvalías o minusvalías que se registren en el momento de la compra.
- (d) La rentabilidad de las letras financieras (banca) a interés variable viene dada por un porcentaje de los CDI, el cual suele variar entre el 104,25% y el 112,70%, según la operación.

## 8. CUENTAS A COBRAR: CLIENTES

	A 31.12.2016	A 31.12.2015
Partes vinculadas (ver nota 21) (*)	5.210	1.919
Terceros	15.464	16.713
Provisión para insolvencias y clientes de dudoso cobro	(1.425)	(2.459)
<b>Total</b>	<b>19.249</b>	<b>16.173</b>

(\*) No tiene en cuenta los importes correspondientes al ICMS de entidades gubernamentales.

El desglose de las cuentas a cobrar vencidas según la antigüedad de los saldos vencidos es el siguiente:

Cuentas a cobrar vencidas	A 31.12.2016			A 31.12.2015
	Partes vinculadas	Terceros	Total	
Entre 1 y 30 días	1.059	1.847	2.906	1.880
Entre 31 y 60 días	1.070	311	1.381	179
Entre 61 y 90 días	543	100	643	85
Entre 91 y 180 días	201	223	424	242
Más de 181 días	766	1.749	2.515	2.456
<b>Total</b>	<b>3.639</b>	<b>4.230</b>	<b>7.869</b>	<b>4.842</b>
Provisión para insolvencias y clientes de dudoso cobro	-	(1.425)	(1.425)	(2.459)
Porcentaje de las pérdidas reconocidas sobre las cuentas a cobrar vencidas	0%	34%	18%	51%

La estimación de las pérdidas por insolvencias se mide y controla por cliente o tercero individual. La provisión se constituye por un importe que se considera razonable para cubrir el riesgo de insolvencia y reflejan la mejor estimación de la Compañía. Las cuentas a cobrar de los clientes que se consideran de dudoso cobro tienen sus pérdidas reconocidas en la cuenta de pérdidas y ganancias por el importe en que se espera incurrir.

El movimiento producido en este epígrafe durante el ejercicio 2016 ha sido el siguiente:

	A 31.12.2016	A 31.12.2015
Saldo a 1 de enero	(2.459)	(1.264)
Baja de provisiones	853	-
Dotaciones	(101)	(1.195)
Reversiones	282	-
Saldo a 31 de diciembre	(1.425)	(2.459)

A 31 de diciembre de 2016, la Compañía tenía registrado el importe R\$5.354 en concepto de saldos vencidos a menos de 180 días, de los cuales R\$4.504 fueron liquidados hasta febrero de 2017. El restante del saldo vencido se encuentra en negociación.

## 9. ARRENDAMIENTO FINANCIERO

Los acuerdos de arrendamiento en los que la Compañía transfiere los riesgos y beneficios inherentes a la propiedad del activo arrendado, tienen la consideración de contratos de arrendamiento financiero. Estas transacciones se reconocen por el menor valor entre el valor razonable del activo arrendado y el valor actual de los flujos de efectivo esperados, descontados a un tipo de interés que permita cubrir los riesgos derivados de las fluctuaciones de los tipos. Los intereses pagados en virtud del arrendamiento financiero se reconocen como ingreso financiero en la cuenta de pérdidas y ganancias sobre una base lineal durante la duración del contrato de arrendamiento.



	A 31.12.2016
<b>Total</b>	<b>12.179</b>
<b>Corriente</b>	<b>303</b>
<b>No corriente</b>	<b>11.876</b>

#### Red GPON: condominios

Con fecha 5 de julio de 2016, CEMIGTELECOM celebró con la sociedad ALGAR TELECOM, S.A., en forma irrevocable e incondicional, un contrato de arrendamiento de redes FTTH GPON<sup>6</sup> propiedad de la Compañía ubicadas en 39 barrios y condominios residenciales de la zona sur de la ciudad capital de Belo Horizonte. La duración del contrato es de 15 años y establece una retribución mensual de R\$112 en los primeros 60 meses, elevándose a R\$132 a partir del 61º mes. La retribución se ajusta cada año de acuerdo con el índice de precios IGP-M.

El importe nominal de los flujos de efectivo esperados del contrato es como sigue:

	A 31.12.2016
Hasta 1 año	1.344
Entre 1 y 5 años	7.080
Más de 5 años	13.494
<b>Total</b>	<b>21.918</b>

El importe total de las contraprestaciones a cobrar en la fecha de la transacción asciende a R\$12.306, descontados a valor actual sobre la base de un tipo de interés real del 9% anual.

## 10. IMPUESTOS COMPENSABLES

	A 31.12.2016	A 31.12.2015
Impuesto ICMS (a)	4.929	4.695
Impuestos IRPJ y CSLL compensables	595	426
Impuesto sobre la Renta Retenido en la Fuente (IRRF)	1.098	401
Otros impuestos	59	14
<b>Total</b>	<b>6.681</b>	<b>5.536</b>
<b>Corriente</b>	<b>3.684</b>	<b>2.787</b>
<b>No corriente</b>	<b>2.997</b>	<b>2.749</b>

(a) Los créditos en concepto del impuesto ICMS<sup>7</sup> se refieren principalmente a devoluciones de Hacienda por la adquisición de elementos de inmovilizado material y pueden compensarse en el transcurso de 48 meses.

## 11. ACTIVOS POR IMPUESTOS DIFERIDOS: IMPUESTOS SOBRE BENEFICIOS (“IRPJ”) Y CONTRIBUCIÓN SOCIAL (“CSLL”)<sup>8</sup>

Los impuestos IRPJ y CSLL diferidos se refieren al activo fiscal por impuestos diferidos que se constituye principalmente sobre las diferencias temporarias, las pérdidas fiscales y la base imponible negativa de la CSLL calculada a la fecha de cierre del balance. El registro contable del IRPJ diferido se llevó a cabo sobre la base del estudio técnico elaborado por la Dirección de la Compañía y aprobado el 18 de marzo de 2016 por los Consejos de Administración y de Auditoría.

<sup>6</sup> N.T. La tecnología de telecomunicaciones FTTH (del inglés *Fiber To The Home*), también conocida como “fibra hasta el hogar”, enmarcada dentro de las tecnologías FTTx, se basa en utilizar cables de fibra óptica y sistemas de distribución ópticos (GPON o *Gigabit-capable Passive Optical Network*) adaptados a esta tecnología para distribuir servicios avanzados, como el Triple Play: telefonía, Internet de banda ancha y televisión, a los hogares y negocios de los abonados.

<sup>7</sup> N.T. *ICMS*: Impuesto a la Circulación de Mercancías y Servicios, por sus siglas en portugués. El ICMS tiene carácter estatal y grava las ventas de mercancías, así como los servicios de transporte de las mismas de un estado a otro, aunque no exista venta. El tipo aplicable lo fija cada estado de la Federación brasileña.

<sup>8</sup> N.T. En Brasil los beneficios obtenidos por las sociedades comportan una tributación del 34%. El IRPJ (Impuesto sobre los beneficios) se grava sobre la renta de las sociedades. El tipo general es del 15% sobre la base imponible. Cuando los beneficios antes de impuestos sean superiores a los 240.000 reales anuales, se establece una tasa adicional del 10% sobre la fracción superior a ese límite. La CSLL (Contribución social sobre el beneficio neto) se grava sobre el beneficio obtenido de las personas jurídicas y su liquidación es paralela a la del IRPJ. El tipo impositivo es del 9%. Se permite la compensación por pérdidas fiscales y bases imponibles negativas de hasta el 30% del beneficio.

Las premisas utilizadas en la elaboración del estudio técnico se basaron en la estimación de beneficios fiscales futuros. A 31 de diciembre de 2015, teniendo en cuenta el plan de negocios de la Compañía y las perspectivas del escenario macroeconómico, el estudio de viabilidad señalaba que los beneficios fiscales futuros previstos durante los diez años siguientes no serían suficientes como para poder compensar las diferencias temporarias y la totalidad de los créditos fiscales registrados. Como consecuencia de ello, la Compañía realizó la reversión de parte del IRPJ y CSLL diferidos reconocidos en ejercicios anteriores por importe de R\$13.491, de los cuales el importe de R\$12.057 por pérdidas fiscales y base imponible negativa de la CSLL, mientras que el importe de R\$1.434 por diferencias temporarias. Como se trata de cambio de estimación, tal ajuste fue reconocido en la cuenta de pérdidas y ganancias del ejercicio con abono a la cuenta de activos por impuestos diferidos.

A 31 de diciembre de 2016, se formuló un nuevo estudio técnico en el que se indicó la posibilidad de completar el saldo por IRPJ y CSLL diferidos por importe de R\$1.569. Los créditos fiscales no reconocidos ascienden a R\$10.385 y se mantienen bajo control en los registros fiscales hasta que se cumplan los requisitos técnicos para su reconocimiento contable.

El importe en libros del activo fiscal diferido se revisa periódicamente, mientras que las proyecciones se revisan anualmente. La Compañía procede a revisar el estudio técnico en cualquier momento durante el ejercicio si se producen circunstancias significativas que pudieran cambiar las estimaciones.

	A 31.12.2016	A 31.12.2015
<b>Activos</b>		
<u>Créditos fiscales diferidos</u>		
Pérdidas fiscales y base imponible negativa de la CSLL	4.973	1.599
Provisión para insolvencias y clientes de dudoso cobro	451	425
Provisión para permuta financiera ( <i>swap</i> ) de activos de la asociada ATIVAS DATA CENTER, S.A.	1.159	-
Plan de bajas voluntarias incentivadas	539	-
Pago de participaciones en beneficios y resultados	-	844
Amortizaciones y correcciones valorativas por deterioro (Ley N° 11.941/2009)	7.018	6.834
Pérdida actuarial contabilizada en el estado de ingresos y gastos reconocidos	390	38
Provisión para obsolescencia de inventarios	390	-
Provisión para deterioro de valor de inversión	1.495	1.495
Otras adiciones temporarias	623	593
<b>Total activos por impuestos diferidos (IRPJ y CSLL)</b>	<b>17.038</b>	<b>11.828</b>
<b>Pasivos</b>		
<u>Obligaciones fiscales diferidas</u>		
Contrato de arrendamiento financiero: red GPON: condominios	(764)	-
Ganancias procedentes de instrumentos financieros derivados	(1.559)	-
Valoración de los activos transmitidos por la entidad ELETRONET, S.A.	(6.678)	-
<b>Total pasivos por impuestos diferidos (IRPJ y CSLL)</b>	<b>(9.001)</b>	<b>-</b>
<b>Total neto activo no corriente</b>	<b>8.037</b>	<b>11.828</b>

La conciliación del resultado contable con el gasto devengado por la aplicación de los tipos impositivos correspondientes a los impuestos IRPJ y CSLL que se presenta en la cuenta de pérdidas y ganancias del ejercicio, es como sigue:

	Acumulado en el ejercicio	
	A 31.12.2016	A 31.12.2015
<b>Beneficio (pérdida) antes de impuestos (IRPJ y CSLL)</b>	<b>14.124</b>	<b>(19.691)</b>
Ganancias procedentes de dilución del porcentaje de participación en asociada	(24.717)	-
Resultado de puesta en equivalencia	27.165	28.833
<b>Beneficio después de impuestos (IRPJ y CSLL)</b>	<b>16.572</b>	<b>9.142</b>
Tipo impositivo (IRPJ y CSLL)	34%	34%
<b>Expectativa de pago de impuestos (IRPJ y CSLL)</b>	<b>(5.635)</b>	<b>(3.108)</b>
<b>Ajustes por variación del tipo impositivo (tipo impositivo efectivo)</b>		
Efectos impositivos:		
Deducciones por subvenciones fiscales	-	312
Otras adiciones y deducciones, netas	(75)	147
Constitución (reversión) parcial de impuestos (IRPJ y CSLL) diferidos	1.569	(13.491)
<b>Impuestos (IRPJ y CSLL): gasto devengado</b>	<b>(4.141)</b>	<b>(16.140)</b>
<b>Impuestos (IRPJ y CSLL)</b>		
Corriente	-	(6.589)
Diferido	(4.141)	(9.551)
<b>TOTAL</b>	<b>(4.141)</b>	<b>(16.140)</b>

Las declaraciones de ingresos de la Compañía están sujetas a revisión por parte de las autoridades fiscales durante un lapso de cinco años. Otros impuestos y tasas y contribuciones también están sujetos a tales condiciones, de conformidad con la legislación aplicable.

El movimiento producido en el activo fiscal diferido durante el ejercicio 2016 es como sigue:

	Saldo a	Acumulado en el ejercicio		Saldo a
	31.12.2015	Constitución	Utilización	31.12.2016
<b>Créditos fiscales diferidos</b>				
Pérdidas fiscales y base imponible negativa de la CSLL	1.599	3.374	-	4.973
Provisión para insolvencias y clientes de dudoso cobro	425	26	-	451
Provisión para permuta financiera ( <i>swap</i> ) de activos de la asociada ATIVAS DATA CENTER, S.A.	-	1.159	-	1.159
Plan de bajas voluntarias incentivadas	-	539	-	539
Pago de participaciones en beneficios y resultados	844	-	(844)	-
Amortizaciones y correcciones valorativas por deterioro (Ley N° 11.941/2009)	6.834	184	-	7.018
Provisión para obsolescencia de inventarios	-	390	-	390
Provisión para deterioro de valor de inversión	1.495	-	-	1.495
Otras adiciones temporarias	593	30	-	623
<b>Total</b>	<b>11.790</b>	<b>5.750</b>	<b>(844)</b>	<b>16.648</b>
<b>Obligaciones fiscales diferidas</b>				
Contrato de arrendamiento financiero: red GPON: condominios	-	(764)	-	(764)
Ganancias procedentes de instrumentos financieros derivados	-	(1.559)	-	(1.559)
Valoración de los activos transmitidos por la entidad ELETRONET, S.A.	-	(6.678)	-	(6.678)
<b>Total</b>	<b>-</b>	<b>(9.298)</b>	<b>-</b>	<b>(9.001)</b>
<b>Créditos (obligaciones) fiscales reconocidos (as)</b>	<b>11.790</b>	<b>(3.548)</b>	<b>(844)</b>	<b>7.647</b>
Pérdida actuarial contabilizada en el estado de ingresos y gastos reconocidos	38	352	-	390
<b>Total créditos (obligaciones) fiscales reconocidos (as)</b>	<b>11.828</b>	<b>(3.196)</b>	<b>(844)</b>	<b>8.037</b>

## 12. INVERSIÓN EN ASOCIADA

A 31 de diciembre de 2015, CEMIGTELECOM poseía el 49% del capital con derecho a voto de la participada ATIVAS DATA CENTER, S.A. Con fecha 19 de octubre de 2016, culminó la operación por la que un nuevo socio estratégico, SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. (“SONDA”), se incorporó como accionista de dicha sociedad. El cierre de la operación tuvo lugar luego de la obtención sin restricciones de la correspondiente aprobación por parte de CADE, organismo brasileño de defensa de la competencia, así como del cumplimiento de las demás condiciones precedentes.

La participación de SONDA en ATIVAS DATA CENTER, S.A. se materializó a través de una inyección de capital por importe de R\$114.000, con lo que SONDA pasó a ostentar una participación del 60% en ATIVAS DATA CENTER, S.A. En consecuencia, las participaciones de CEMIGTELECOM y de la sociedad ATIVAS PARTICIPAÇÕES, S.A. se diluyeron, respectivamente, al 19,6% (R\$98.900) y al 20,4% (R\$102.937) del capital social total de dicha sociedad. Tras la operación, la inversión en ATIVAS DATA CENTER, S.A. dejó de clasificarse como inversión en negocio conjunto (“*joint venture*”) para clasificarse como inversión en asociada.

Desde su creación en el año 2009 y hasta que no finalizaron las obras de construcción de su centro de procesamiento de datos (*data center*) en enero de 2011, ATIVAS DATA CENTER, S.A. estuvo en etapa preoperativa, habiendo acumulado hasta el 31 de diciembre de 2016 pérdidas netas contables por importe de R\$323.867 (frente a R\$194.040 a 31 de diciembre de 2015).

Las cifras principales sobre esta asociada se presentan a continuación en línea con las políticas contables de CEMIGTELECOM:

	<u>A 31.12.2016</u>	<u>A 31.12.2015</u> (reexpresado)
Activo	180.449	230.698
Pasivo	51.735	292.450
Patrimonio neto (Patrimonio neto negativo)	128.714	(61.752)
Ingresos netos	67.557	59.212
Pérdida del periodo	(126.744)	(39.047)

El movimiento de inversión en ATIVAS DATA CENTER, S.A. durante los ejercicios 2015 y 2016 es como sigue:

<u>A 31.12.2015</u> (reexpresado)			<u>A 31.12.2016</u>				
Saldo a <u>01.01.2015</u>	Resultado de <u>puesta en equivalencia</u>	Saldo a <u>31.12.2015</u>	Saldo a <u>01.01.2016</u>	Resultado de <u>puesta en equivalencia</u>	Ganancias por la dilución del porcentaje <u>de participación</u>	Aumento <u>de capital</u>	Saldo a <u>31.12.2016</u>
(47.875)	(28.833)	(76.708)	(76.708)	(27.165)	24.717	98.900	19.744

El importe de la inversión en ATIVAS DATA CENTER, S.A. a 31 de diciembre de 2016 y 2015 se muestra como sigue:

	<u>A 31.12.2016</u>	<u>A 31.12.2015</u>
Patrimonio neto de la asociada según libros	128.714	(61.752)
Efectos impositivos diferidos: activo reconocido por la asociada	(27.979)	(94.796)
Patrimonio neto ajustado de la asociada	100.735	(156.548)
Porcentaje de participación (%)	19,6%	49%
Inversión valorada de acuerdo con el procedimiento de puesta en equivalencia	19.744	(76.708)
Plusvalía pagada en la suscripción de las acciones	4.397	4.397
Provisión para corrección por deterioro del valor de la plusvalía	(4.397)	(4.397)
Saldo de la inversión (Patrimonio neto negativo)	19.744	(76.708)
Pérdida derivada del resultado de puesta en equivalencia	(27.165)	(28.833)

La composición accionarial de ATIVAS DATA CENTER, S.A. a 31 de diciembre de 2016 y 2015 es la siguiente:

Miles de acciones	<u>A 31.12.2016</u>		<u>A 31.12.2015</u>	
	<u>Número de acciones</u>	<u>Participación accionarial</u>	<u>Número de acciones</u>	<u>Participación accionarial</u>
<b>Accionista</b>				
ATIVAS PARTICIPAÇÕES, S.A.	93.134	20,40%	68.144	51,00%
CEMIGTELECOM	89.482	19,60%	65.472	49,00%
SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA.	273.925	60,00%	-	-
<b>Total</b>	<b>456.541</b>	<b>100%</b>	<b>133.616</b>	<b>100%</b>

#### Aumento de capital

#### **Aportaciones de capital realizadas en 2016**

	16.02.2016	14.03.2016	19 de octubre de 2016		Total
			1ª aportación	2ª aportación	
CEMIGTELECOM	3.800	12.860	45.000	37.240	98.900
ATIVAS PARTICIPAÇÕES, S.A.	3.955	13.385	46.837	38.760	102.937
SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA.	-	-	-	114.000	114.000
<b>Total</b>	<b>7.755</b>	<b>26.245</b>	<b>91.837</b>	<b>190.000</b>	<b>315.837</b>

## **Activo / Pasivo financiero correspondiente a opciones de compra y venta sobre acciones**

Con fecha 19 de octubre de 2016, CEMIGTELECOM, ATIVAS PARTICIPAÇÕES, S.A. y SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. (“SONDA”) celebraron un acuerdo de inversión por medio del cual SONDA se incorporó como accionista de ATIVAS DATA CENTER, S.A., sociedad que hasta esa fecha era participada exclusivamente por CEMIGTELECOM (49%) y ATIVAS PARTICIPAÇÕES, S.A. (51%).

SONDA se hizo con el 60% de las acciones de ATIVAS DATA CENTER, S.A., con lo que las participaciones de CEMIGTELECOM y de ATIVAS PARTICIPAÇÕES, S.A. se diluyeron, respectivamente, al 19,6% y al 20,4% del capital social total de dicha sociedad. Tras la operación, la inversión en ATIVAS DATA CENTER, S.A. dejó de clasificarse como inversión en negocio conjunto (“*joint venture*”) para clasificarse como inversión en asociada.

Como parte del proceso de reestructuración societaria, CEMIGTELECOM y SONDA firmaron un acuerdo por el cual fueron otorgadas simultáneamente dos opciones sobre las acciones de ATIVAS DATA CENTER, S.A.: una opción de compra (por CEMIGTELECOM) y una opción de venta (por SONDA).

En consecuencia, CEMIGTELECOM posee simultáneamente un derecho (la opción de venta) y una obligación (la opción de compra) con respecto a las acciones de ATIVAS DATA CENTER, S.A. Por el acuerdo quedó establecido que el precio de ejercicio de la opción de venta será el equivalente a quince veces el beneficio neto ajustado obtenido por ATIVAS DATA CENTER, S.A. en el ejercicio anual anterior a la fecha de ejercicio de la opción. Por su parte, el precio de ejercicio de la opción de compra será el equivalente a diecisiete veces el beneficio neto ajustado obtenido por ATIVAS DATA CENTER, S.A. en el ejercicio anual anterior a la fecha de ejercicio de la opción. Ambas opciones, si ejercidas, importarán la venta de las acciones que actualmente posee la Compañía en ATIVAS DATA CENTER, S.A., teniendo en cuenta que el ejercicio de una de las opciones resultará en la nulidad de la otra. Se fijó el 1 de enero de 2021 como la fecha a partir de la cual las opciones podrán ejercerse.

Las opciones de compra y venta sobre las acciones de ATIVAS DATA CENTER, S.A. (las “Opciones”) se valoraron a valor razonable y fueron registradas por su importe neto, es decir: por la diferencia entre el valor razonable de las Opciones en la fecha de cierre del ejercicio.

La valoración se llevó a cabo por un experto independiente mediante la aplicación del modelo de Black-Scholes-Merton (BSM). Se aseguró de que los resultados fueran consistentes con otros enfoques estocásticos relacionados con procedimientos numéricos.

Se tomaron en cuenta las siguientes variables en el cálculo del valor razonable de las Opciones de acuerdo con el modelo BSM: el precio de cierre del activo objetivo a 31 de diciembre de 2016, el tipo de interés libre de riesgo, la volatilidad del precio del activo objetivo, el tiempo hasta el vencimiento de las Opciones, y los precios de ejercicio en la fecha de ejercicio.

El precio de cierre del activo objetivo se basó en el valor de la transacción culminada el 19 de octubre de 2016. El tipo de interés libre de riesgo fue calculado teniendo en cuenta la rentabilidad de las Letras del Tesoro Nacional (LTN). El tiempo hasta el vencimiento de las Opciones tomó como referencia el 31 de marzo de 2021 como fecha de ejercicio.

Considerando que los precios de ejercicio de las Opciones son contingentes a los resultados futuros de ATIVAS DATA CENTER, S.A., la estimación de los precios de ejercicio en la fecha de vencimiento se basó en análisis estadísticos y en la información de empresas cotizadas comparables. Los precios de ejercicio adoptados en el enfoque BSM se corroboraron con distribuciones estadísticas analizadas mediante procedimientos numéricos. A 31 de diciembre de 2016, el instrumento se encuentra registrado como un activo financiero derivado por importe de R\$4.586.

### 13. INMOVILIZADO MATERIAL

	A 31.12.2016			A 31.12.2015
	<u>Costo</u>	<u>Amortización acumulada</u>	<u>Valor neto</u>	<u>Valor neto</u>
Terrenos	82	-	82	82
Inmuebles	55	(16)	39	40
Instalaciones	68	(25)	43	102
Maquinaria y equipos	11	(2)	9	10
Mobiliario y enseres	1.524	(1.074)	450	472
Computadoras y periféricos	1.953	(1.760)	193	270
Instrumentos de prueba	2.833	(2.674)	159	238
Mejoras	246	(227)	19	33
Sistema de recepción satelital	9.283	(9.282)	1	2
Equipos de redes de telecomunicaciones	361.943	(266.084)	95.859	94.869
Materiales	61.098	(38.694)	22.404	25.009
Cables	192.373	(91.632)	100.741	106.141
Cables de fibra óptica OPGW	18.894	(630)	18.264	-
Cables de fibra óptica ADSS	1.529	(153)	1.376	-
Infraestructura de redes	19.342	(13.140)	6.202	7.869
Inmovilizado en explotación	17.146	-	17.146	14.849
	<b>688.380</b>	<b>(425.393)</b>	<b>262.987</b>	<b>249.986</b>
Provisión para obsolescencia de inventarios	(1.374)	-	(1.374)	(225)
<b>Inmovilizado material, neto</b>	<b>687.006</b>	<b>(425.393)</b>	<b>261.613</b>	<b>249.761</b>

#### Coefficientes de amortización y vida útil de los elementos del inmovilizado material

Los coeficientes de amortización y la vida útil restante de los elementos del inmovilizado material para el ejercicio 2016 fueron determinados de conformidad con informes técnicos emitidos por los ingenieros de la Compañía, y representan una estimación de la vida útil de los activos, como sigue:

<u>Clase de activo</u>	Porcentaje medio amortizado hasta el 31.12.2016	Vida útil media restante (años)	Coefficientes medios de amortización anual
Inmuebles	29%	35,5	2%
Instalaciones	37%	6,3	10%
Maquinaria y equipos	18%	8,2	10%
Mobiliario y enseres	70%	3,0	10%
Computadoras y periféricos	90%	0,5	20%
Instrumentos de prueba	94%	0,6	10%
Mejoras	92%	0,4	20%
Sistema de recepción satelital	100%	0,0	8%
Equipos de redes de telecomunicaciones	74%	2,4	11%
Materiales	63%	5,2	7%
Cables	48%	10,5	5%
Cables de fibra óptica OPGW	3%	14,5	7%
Cables de fibra óptica ADSS	10%	4,5	20%
Infraestructura de redes	68%	5,8	3% al 10%

El movimiento producido en las diferentes cuentas del inmovilizado material durante el ejercicio 2016 ha sido el siguiente:

	Saldo a 31.12.2015	Adiciones	Bajas	Trasposos	Saldo a 31.12.2016
Terrenos	82	-	-	-	82
Inmuebles	55	-	-	-	55
Instalaciones	152	-	(84)	-	68
Maquinaria y equipos	11	-	-	-	11
Mobiliario y enseres	1.469	55	-	-	1.524
Computadoras y periféricos	1.934	19	-	-	1.953
Instrumentos de prueba	2.833	-	-	-	2.833
Mejoras	246	-	-	-	246
Sistema de recepción satelital	9.283	-	-	-	9.283
Equipos de redes de telecomunicaciones	342.087	-	(7.684) (d)	27.540	361.943
Materiales	61.301	-	(2.560) (d)	2.357	61.098
Cables	190.788	-	(3.983) (d)	5.568	192.373
Cables de fibra óptica OPGW	-	18.894 (c)	-	-	18.894
Cables de fibra óptica ADSS	-	1.529 (c)	-	-	1.529
Infraestructura de redes	19.342	-	-	-	19.342
Inmovilizado en explotación	14.849	41.716 (a)	(225)	(39.194)	17.146
<b>Costo total</b>	<b>644.432</b>	<b>62.213</b>	<b>(14.536)</b>	<b>(3.729)</b>	<b>688.380</b>
Amortización acumulada	(394.446)	(35.976)	5.029 (d)	-	(425.393)
Provisión para obsolescencia de inventarios	(225)	225	(1.374)	-	(1.374)
<b>Importe neto amortizable</b>	<b>249.761</b>	<b>26.462</b>	<b>(10.881)</b>	<b>(3.729) (b)</b>	<b>261.613</b>

- (a) Gastos relacionados con proyectos en curso para la ampliación de las redes de telecomunicaciones e inventarios.
- (b) Trasposos efectuados entre cuentas de inmovilizado material e intangible (ver nota 14).
- (c) Activos transmitidos por la entidad ELETRONET, S.A.
- (d) Las bajas realizadas en el periodo se han realizado de acuerdo con lo descrito en la nota 9. Se trata de bienes arrendados por la Compañía mediante un contrato de arrendamiento financiero, con lo que la transacción fue registrada como enajenación.

La Compañía realiza periódicamente estimaciones de la vida útil de sus activos con vida útil definida. Las estimaciones se realizan por los profesionales del cuerpo técnico de ingeniería de la Compañía, quienes consideran a tales efectos las siguientes premisas principales, entre otros aspectos: (i) la información técnica relacionada con la utilización y el mantenimiento de los activos; (ii) las perspectivas de cambios tecnológicos y de mercado; (iii) la existencia en el mercado de servicios de reparación y de repuestos para los bienes; y (iv) la posibilidad de realizar mejoras y actualizaciones en los equipos y en los software relacionados, así como su capacidad de combinación con tecnologías futuras.

A efectos fiscales, no se modificó la vida útil de los bienes admitidos por la normativa fiscal. La diferencia entre el resultado contable y el resultado fiscal tiene la consideración de diferencias temporales, cuyos reflejos se reconocen como activo o pasivo fiscal diferido durante el periodo en que se producen tales diferencias temporales.

#### Transporte de datos de activos en virtud de contrato

En el tercer trimestre de 2016, la Compañía reconoció la propiedad de ciertos activos transmitidos por la entidad ELETRONET, S.A., consistentes en 715 km de cables de fibra óptica OPGW por importe de R\$18.894, y cables de fibra óptica ADSS por importe de R\$1.529. Estos bienes fueron transferidos en virtud de una cláusula contractual que otorgaba a CEMIGTELECOM la propiedad y el dominio sobre ellos.

Durante la vigencia del contrato, se declaró la quiebra de ELETRONET, S.A. el 16 de mayo de 2003, pero la empresa continuó como empresa en funcionamiento. La quiebra no tuvo impacto sobre el cumplimiento del contrato firmado entre las partes. Sin embargo, la inseguridad jurídica provocada por la posibilidad de una eventual inclusión de estos bienes en la masa de la quiebra y sus impredecibles implicaciones futuras, condujo a un escenario de incertidumbre que perduró incluso después de la fecha de extinción del contrato en 2015.



En el primer trimestre de 2016, la Justicia dictó sentencia avalando el acuerdo alcanzado con los acreedores de ELETRONET, S.A. con respecto a la liquidación de la masa de la quiebra. Ante la complejidad del caso, los asesores legales de la Compañía tuvieron la prudencia de sólo recomendar el registro contable de los activos transmitidos cuando ya no hubiera ningún elemento indicativo de riesgo de pérdida de esos derechos y se hubieran despejado todas las incertidumbres legales.

A la vista de la actual etapa de la causa, y teniendo en cuenta la expiración del plazo para que los acreedores y la Fiscalía pudieran manifestarse, en su caso, en contra del acuerdo alcanzado, así como la aceptación de las condiciones de pago avaladas por la Justicia, los asesores legales de la Compañía concluyeron que la posibilidad de revocación o modificación de la sentencia se considera improbable.

La Dirección de la Compañía, basada en el conjunto de evidencias existentes y en la convicción de sus asesores legales internos y externos con respecto a las remotas posibilidades de reversión de la situación legal de ELETRONET, S.A., se decidió por el reconocimiento contable de esos activos y contrató a un experto independiente para llevar a cabo la valoración de los mismos. El correspondiente informe de valoración se emitió el 30 de junio de 2016 y valoró los activos en R\$20.423, estimando en 15 años el tiempo de vida útil restante para los cables de fibra óptica OPGW, y en 5 años para los cables de fibra óptica ADSS.

#### 14. INMOVILIZADO INTANGIBLE

	A 31.12.2015	Acumulado en el ejercicio		A 31.12.2016
		Adiciones	Trasposos	
Licencias de uso de software	1.137	901	-	2.037
Otorgamiento de concesiones de radio	230	-	-	230
Sistemas de gestión	9.268	-	3.729	12.998
<b>Costo total</b>	<b>10.635</b>	<b>901</b>	<b>3.729</b>	<b>15.265</b>
Amortización acumulada	(4.010)	(1.765)	-	(5.775)
<b>Importe neto amortizable</b>	<b>6.625</b>	<b>(864)</b>	<b>3.729</b>	<b>9.490</b>

(a) Trasposos efectuados entre cuentas de inmovilizado material e intangible (ver nota 13).

#### Coefficientes de amortización y vida útil de los elementos del inmovilizado intangible

Los coeficientes de amortización y la vida útil restante de los elementos del inmovilizado intangible para el ejercicio 2016 son los siguientes:

Clase de activo	Vida útil estimada (años)	Porcentaje medio amortizado hasta el 31.12.2016	Vida útil media restante (años)	Coefficientes medios de amortización anual
Licencias de uso de software	5 años	83%	0,8	20%
Otorgamiento de concesiones de radio	15 años	11%	13,4	6,7%
Sistemas de gestión	10 años	30%	7,0	10%

#### 15. DEUDA FINANCIERA: PRÉSTAMOS Y OBLIGACIONES

	A 31.12.2016	A 31.12.2015
Obligaciones (a)	-	16.414
Pagarés de empresa (b)	-	22.609
Contratos de mutuo (c)	101.372	-
<b>Total</b>	<b>101.372</b>	<b>39.023</b>
<b>Corriente</b>	<b>63.751</b>	<b>30.519</b>
<b>No corriente</b>	<b>37.621</b>	<b>8.504</b>

##### (a) Obligaciones

El movimiento producido en las obligaciones (BNDES) emitidas por la Compañía durante el ejercicio 2016 ha sido el siguiente:

Obligaciones (BNDES)	Acumulado en el ejercicio				Saldo a 31.12.2016
	Saldo a 31.12.2015	Pago de intereses	Amortización de principal	Recargos financieros reconocidos	
1ª serie	8.157	(524)	(8.157)	524	-
2ª serie	3.003	(606)	(3.003)	606	-
3ª serie	1.119	(60)	(1.119)	60	-
4ª serie	2.434	(145)	(2.434)	145	-
5ª serie	1.001	(79)	(1.001)	79	-
6ª serie	758	(39)	(758)	39	-
	<b>16.472</b>	<b>(1.453)</b>	<b>(16.472)</b>	<b>1.453</b>	-
Costos de captación	(58)	-	-	58	-
<b>Total</b>	<b>16.414</b>	<b>(1.453)</b>	<b>(16.472)</b>	<b>1.511</b>	-

Con fecha 14 de octubre de 2016, la Compañía realizó la amortización anticipada del saldo insoluto de la 1ª emisión de obligaciones, de conformidad con lo previsto en la Cláusula 15 de la Escritura de Emisión, cuyo importe total adeudado ascendía a R\$10.741 en la fecha de pago. El 17 de octubre de 2016, el Banco de Desarrollo de Brasil (BNDES) emitió el correspondiente documento de liquidación y liberación de las garantías. El 3 de noviembre de 2016, se efectuó la devolución de la garantía depositada en la cuenta garantía por importe de R\$4.187

### (b) Pagarés de empresa

El 23 de diciembre de 2015, la Compañía culminó su 2ª emisión de pagarés de empresa en la modalidad de colocación restringida, de conformidad con lo establecido en las Instrucciones CVM N° 566 de 31 de julio de 2015 y N° 476 de 16 de janeiro de 2009. Se emitieron 46 (cuarenta y seis) pagarés de empresa de R\$500 de importe nominal unitario y en una sola serie, por importe nominal total de R\$23.000. Los recursos netos obtenidos de la emisión se utilizaron para reforzar la estructura de recursos propios de la Compañía. Los pagarés se amortizan a los trescientos sesenta (360) días de la fecha de emisión, y devengan un interés equivalente al 120% de la variación del CDI [certificados de depósito interbancario]. La 2ª emisión de pagarés de empresa de la Compañía cuenta con aval otorgado por el accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG).

El movimiento producido en los pagarés de empresa emitidos por la Compañía durante el ejercicio 2016 ha sido el siguiente:

	Acumulado en el ejercicio				Saldo a 31.12.2016
	Saldo a 31.12.2015	Pago de intereses	Amortización de principal	Recargos financieros reconocidos	
Serie única	23.073	(3.889)	(23.000)	3.816	-
Costos de captación	(464)	-	-	464	-
<b>Total</b>	<b>22.609</b>	<b>(3.889)</b>	<b>(23.000)</b>	<b>4.280</b>	-

Con fecha 19 de diciembre de 2016, la Compañía realizó la liquidación del saldo insoluto de la 2ª emisión de pagarés de empresa, cuyo importe total adeudado ascendía a R\$26.889 en la fecha de pago.

### (c) Contratos de mutuo

	Saldo a 31.12.2015	Captaciones	Recargos financieros reconocidos	Saldo a 31.12.2016
SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. (1)	-	45.000	1.310	46.310
SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. (2)	-	37.240	1.086	38.326
COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG) (3)	-	18.000	134	18.134
	-	<b>100.240</b>	<b>2.530</b>	<b>102.770</b>
Costos de captación	-	(1.558)	160	(1.398)
<b>Total</b>	-	<b>98.682</b>	<b>2.690</b>	<b>101.372</b>

- (1) Contrato de mutuo firmado con SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. a un tipo de interés equivalente al 110% de la variación del CDI [certificados de depósito interbancario], con vencimiento el 19 de octubre de 2017, con el objetivo de financiar la inversión en ATIVAS DATA CENTER, S.A.
- (2) Contrato de mutuo firmado con SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. a un tipo de interés equivalente al 110% de la variación del CDI [certificados de depósito interbancario], con el objetivo de financiar la inversión en ATIVAS DATA CENTER, S.A. El vencimiento del mutuo tendrá lugar en la fecha de ejercicio de la opción de venta otorgada a la Compañía, de acuerdo a lo establecido en el Pacto de Accionistas de ATIVAS DATA CENTER, S.A.
- (3) Contrato de mutuo firmado con el accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG) a un tipo de interés equivalente al 132,90% de la variación del CDI [certificados de depósito interbancario], con vencimiento el 30 de abril de 2017, con el objetivo de financiar el capital de trabajo de la Compañía.

## 16. ACREEDORES COMERCIALES: PROVEEDORES

	<u>A 31.12.2016</u>	<u>A 31.12.2015</u>
Terceros	11.606	6.369
Partes vinculadas (nota 21) (*)	<u>10.144</u>	<u>4.946</u>
<b>Total</b>	<b><u>21.750</u></b>	<b><u>11.315</u></b>

(\*) No tiene en cuenta los importes en concepto del impuesto ICMS adeudados por las entidades vinculadas al Gobierno del Estado de Minas Gerais y el pago de indemnizaciones por contingencias en ATIVAS DATA CENTER, S.A.

En la nota 27 se incluyen detalles sobre la exposición de la Compañía al riesgo atribuible a acreedores comerciales.

## 17. CARGAS SOCIALES Y LABORALES

	<u>A 31.12.2016</u>	<u>A 31.12.2015</u>
Vacaciones, aguinaldos y otros	2.906	2.284
Participaciones en beneficios y resultados	1.257	2.483
Retribuciones a largo plazo a los empleados (nota 28)	2.801	1.454
Plan de bajas voluntarias incentivadas	1.583	-
Otras	90	89
<b>Total</b>	<b><u>8.637</u></b>	<b><u>6.310</u></b>
<b>Corriente</b>	<b><u>5.836</u></b>	<b><u>4.856</u></b>
<b>No corriente</b>	<b><u>2.801</u></b>	<b><u>1.454</u></b>

### Plan de bajas voluntarias incentivadas

El 18 de marzo de 2016, la Dirección de la Compañía lanzó un plan de bajas incentivadas voluntarias denominado "PDVI" con el objetivo de adecuar la plantilla a los requerimientos de su plan de negocios, bajo la premisa de lograr la optimización de los procesos y costos empresariales, y seguir enfocada en la creación de valor y en las metas establecidas en su plan estratégico. El plazo para que los empleados pudieran adherirse al PDVI tuvo inicio el 21 de marzo de 2016 y finalizó el 19 de mayo de 2016.

Un 12% de la plantilla de la Compañía se acogió al PDVI, que estuvo abierto a la adhesión del personal administrativo y técnico con una antigüedad mínima de 13 años o con cualquier antigüedad, siempre que fueran jubilados o estuvieran aptos a jubilarse. Las bajas fueron programadas a la discreción de la Compañía para tener lugar en los 18 meses siguientes tras el cierre del periodo de adhesión. El plan prevé el pago del 40% de los sueldos por cada año de vinculación laboral para los primeros 30 días de vigencia del periodo de adhesión, y del 20% de los sueldos para las adhesiones que tengan lugar entre el 31º día de vigencia del plan y la fecha de cierre del mismo. Asimismo, el reglamento del plan concede el derecho de percibir una indemnización equivalente al 40% del saldo del Fondo de Ahorro Laboral ("FGTS") a cuenta del trabajador, además de otras retribuciones previstas en la ley.

## 18. CARGAS FISCALES Y REGULATORIAS

	<u>A 31.12.2016</u>	<u>A 31.12.2015</u>
Impuesto sobre la Renta Retenido en la Fuente (IRRF)	341	284
Impuesto sobre la Renta de las Personas Jurídicas (Impuesto sobre beneficios) (IRPJ)	-	497
Contribución Social sobre el Beneficio Neto (CSLL, liquidación paralela al IRPJ)	-	269
Impuesto a la Circulación de Mercaderías y Servicios (ICMS, similar al IVA) (a)	2.560	1.838
Contribución a la Financiación de la Seguridad Social (COFINS)	1.320	459
Programa de Integración Social (PIS)	286	99
Fondo de Universalización de los Servicios de Telecomunicaciones (FUST)	90	77
Fondo para el Desarrollo Tecnológico de las Telecomunicaciones (FUNTTEL) (b)	7.137	6.722
Otras	305	231
<b>Total</b>	<b>12.039</b>	<b>10.476</b>
<b>Corriente</b>	<b>9.573</b>	<b>10.476</b>
<b>No corriente</b>	<b>2.466</b>	<b>-</b>

- (a) A partir de enero de 2016, varios Estados brasileños aumentaron el tipo de gravamen del ICMS sobre los servicios de telecomunicaciones, como sigue:

Estado brasileño	Modificación del tipo de gravamen (de - a)	Legislación
MG	25% - 27%	Ley N° 21.781/2015
PE	28% - 30%	Ley N° 15.599/2015
CE	27% - 30%	Ley N° 15.892/2015
RJ	27% - 30%	Ley N° 7.175/2015
RN	27% - 30%	Ley N° 9.991/2015

- (b) Con la conversión del Decreto Provisional N° 638/2014 en la Ley N° 12.996/2014 y la consiguiente reapertura del programa de regularización de deudas fiscales ("REFIS") con arreglo a lo establecido en las Leyes N° 11.941/2009 y N° 12.249/2010, la Compañía trató de incluir sus adeudos con el Fondo para el Desarrollo Tecnológico de las Telecomunicaciones ("FUNTTEL") correspondientes al periodo comprendido entre los años 2006 y 2013. Sin embargo, la solicitud fue denegada por la autoridad debido a que las deudas todavía no habían sido inscritas en el Registro de Deudores Morosos.

Ante esta imposibilidad, la Compañía decidió presentar un recurso de amparo constitucional con el fin de lograr la inclusión de sus adeudos en el REFIS, pero tal recurso fue denegado. La Compañía ha apelado la decisión ante el Tribunal Regional Federal de la 1ª Región.

A 31 de diciembre de 2016, el importe acumulado de los adeudos asciende a R\$7.137, incluyendo intereses y recargos por mora calculados hasta esa fecha para los adeudos vencidos.

Las deudas incurridas a partir de 2014 han sido regularmente canceladas.

Ante la remota posibilidad de inclusión en el REFIS de las deudas con el FUNTTEL, la Compañía está a la espera de que las mismas sean inscritas en el Registro de Deudores Morosos. Hasta el 31 de diciembre de 2016, ya habían sido inscritos los adeudos correspondientes a los años 2008 y 2009, cuyos importes fueron refinanciados y se cancelarán en un lapso de 60 meses.

El movimiento de las deudas con el FUNTTEL inscritas en el Registro de Deudores Morosos durante el ejercicio 2016 ha sido el siguiente:

Competencia	Acumulado en el periodo			
	Adeudos consolidados	Amortización	Recargos financieros reconocidos	Saldo a 31.12.2016
2008	1.006	(132)	44	918
2009	880	(90)	45	835
<b>Total</b>	<b>1.886</b>	<b>(222)</b>	<b>89</b>	<b>1.753</b>

## 19. ANTICIPOS DE CLIENTES

Contrato	Fecha de celebración del contrato	Duración del contrato	Importe contratado	A 31.12.2016		A 31.12.2015	
				Ingresos acumulados		Ingresos acumulados	
				reconocidos	no reconocidos	reconocidos	no reconocidos
1 par de fibras ópticas de 181 km	08.08.2011	10 años	2.187	1.149	1.041	930	1.257
1 par de fibras ópticas de 46 km	12.10.2012	20 años	925	185	740	138	787
1 par de fibras ópticas de 231 km	12.04.2013	20 años	3.822	584	3.238	392	3.430
Otros			515	495	20	460	55
<b>Total</b>			<b>7.449</b>	<b>2.413</b>	<b>5.039</b>	<b>1.920</b>	<b>5.529</b>
<b>Corriente</b>					<b>460</b>		<b>460</b>
<b>No corriente</b>					<b>4.579</b>		<b>5.069</b>

Los contratos vinculados a anticipos de clientes tienen como objeto la cesión onerosa de carácter irrevocable e incondicional de pares de fibra óptica oscura, no incluyendo la cesión de equipos o la prestación de servicios de telecomunicaciones.

Los contratos tienen una duración media de 17 años y no contienen cláusulas de renovación u opción de venta de los activos. Los ingresos emergentes de estos contratos y reconocidos a 31 de diciembre de 2016 ascienden a R\$493.

## 20. PROVISIONES

	A 31.12.2016	A 31.12.2015
Demandas civiles	-	313
Demanda laboral	82	-
	<b>82</b>	<b>313</b>

A 31 de diciembre de 2016, la Compañía tiene reconocidas provisiones para cubrir riesgos y contingencias de acuerdo con su mejor estimación de los desembolsos futuros en relación con estos riesgos y contingencias. La principal contingencia se refiere a una demanda laboral, cuya probabilidad de pérdida se considera “probable” y cuya provisión constituida asciende a R\$82 a 31 de diciembre de 2016.

### Clasificación de las contingencias en función de la probabilidad de pérdida

	Probabilidad de pérdida			Total
	Remota	Posible	Probable	
Fiscales (a)	80	-	-	80
Laborales (b)	188	1.801	82	2.071
Civiles (c)	31	479	-	510
<b>Total</b>	<b>299</b>	<b>2.280</b>	<b>82</b>	<b>2.661</b>

- Los expedientes fiscales están representados por demandas que cuestionan el cobro de tributos del sector de telecomunicaciones (FUST y FUNTTEL) a cargo de ANATEL, ente regulador brasileño del sector de telecomunicaciones. Hay también demandas fiscales que cuestionan la legitimidad de la forma de cobro conjunto de tributos federales y estatales, así como ejecuciones fiscales.
- Los expedientes laborales están representados, en su gran mayoría, por demandas presentadas por empleados de otras empresas colaboradoras de CEMIGTELECOM, ambas figurando como demandadas en causas en las que los demandantes reclaman la igualdad salarial e idénticos derechos laborales concedidos por la Compañía a sus empleados.
- Entre los expedientes civiles, la Compañía figura como demandada en una acción civil pública presentada por el Ministerio Público del Trabajo del Estado de Minas Gerais, en la que se cuestiona la legalidad de la subcontratación de mano de obra supuestamente destinada a las actividades objetivo de la Compañía. CEMIGTELECOM fue condenada en primera instancia al pago de una multa por importe de R\$200, además de la prohibición de continuar empleando mano de obra externalizada en esas actividades. En el año 2014, la Compañía obtuvo una medida cautelar emitida por el Tribunal Superior del Trabajo, por la que se suspendieron los efectos de la decisión de primera instancia hasta el juicio definitivo de la causa, que tramita ante el Supremo Tribunal Federal de Brasil (“STF”). Los asesores legales de la Compañía consideraban como posible la probabilidad de pérdida y,

en caso de una eventual condena, la Compañía podría ser obligada a realizar la reinternalización de parte o de la totalidad de esas actividades. El 22 de marzo de 2017, la Cámara de Diputados aprobó el proyecto de ley 4302/1998, que puso fin a la discusión y permitirá a las empresas externalizar sus actividades objetivo. El referido proyecto de ley fue sancionado por la Presidencia de la República y publicado en el Diario Oficial del Estado el 31 de marzo de 2017.

## 21. SALDOS Y TRANSACCIONES CON PARTES VINCULADAS

CEMIGTELECOM es una entidad íntegramente participada por la eléctrica COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG), que a su vez tiene como principales accionistas con derecho a voto el Gobierno del Estado de Minas Gerais (51%) y la sociedad ANDRADE GUTIÉRREZ CONCESSÕES ENERGIA, S.A. (20%). Forman parte del mismo grupo económico de CEMIGTELECOM las siguientes sociedades:

Sociedad	Porcentaje de participación ostentado por COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG)
CEMIG GERAÇÃO E TRANSMISSÃO, S.A.	100%
CEMIG DISTRIBUIÇÃO, S.A.	100%
ROSAL ENERGIA, S.A.	100%
SÁ CARVALHO, S.A.	100%
COMPANHIA DE GÁS DO ESTADO DE MINAS GERAIS (GASMIG)	99,57%
AXXIOM SOLUÇÕES TECNOLÓGICAS, S.A.	49%
TRANSMISSORA ALIANÇA DE ENERGIA ELÉTRICA, S.A. (TAESA)	31,54%
LIGHT, S.A.	26,06%

Además de la asociada ATIVAS DATA CENTER, S.A., la Compañía considera como partes vinculadas el accionista de control y las personas vinculadas al mismo; las sociedades o personas que directa o indirectamente tienen una influencia significativa en la gestión de la Compañía; la entidad gestora de fondos de pensiones FUNDAÇÃO FORLUMINAS DE SEGURIDADE SOCIAL (FORLUZ) y la entidad gestora de seguros de asistencia médica y dental CEMIG SAÚDE, de la que la Compañía es copatrocinadora junto con las demás entidades que forman parte del Grupo CEMIG; así como los administradores y empleados de la Compañía.

Transacciones activas (ventas): Las principales transacciones comerciales activas de la Compañía con partes vinculadas se refieren a la comercialización de circuitos y otros servicios de telecomunicaciones. En 2016, el 15,11% de la facturación de la Compañía se derivó de transacciones con entidades que forman parte del Grupo CEMIG (frente al 12,79% en 2015).

Transacciones pasivas (compras): Las principales transacciones pasivas de la Compañía con partes vinculadas se refieren al suministro de energía eléctrica a equipos de telecomunicaciones, la prestación de servicios de gestión y mantenimiento de redes de telecomunicaciones y el alquiler (uso compartido) de infraestructuras de transporte y distribución eléctrica para la instalación de cables y equipos de telecomunicaciones.

La asociada ATIVAS DATA CENTER, S.A. tiene registrado como cuentas a cobrar el importe de R\$6.958, correspondiente a una cláusula de indemnización derivada de pasivos pre existentes o no revelados en la fecha de la transacción, conforme a lo previsto en el acuerdo de inversión firmado el 25 de agosto de 2016 entre CEMIGTELECOM, ATIVAS PARTICIPAÇÕES, S.A. y SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. El 49% de este importe es responsabilidad de CEMIGTELECOM, respecto al cual la Compañía dotó una provisión por importe de R\$3.410 a 31 de diciembre de 2016.

El importe de los principales saldos de activos y pasivos a 31 de diciembre de 2016, así como de las transacciones llevadas a cabo con partes vinculadas que influyeron el resultado del ejercicio, se derivan de negocios realizados bajo condiciones y plazos convenidos entre las partes para cada una de las operaciones.

El detalle de las principales transacciones realizadas con partes vinculadas durante los ejercicios 2016 y 2015 es el siguiente:

	A 31.12.2016		Acumulado en el ejercicio	
	Activo	Pasivo	Ventas	Compras
<b><u>COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG)</u></b>				
Servicios de comunicación	26	-	-	-
Reembolso de gastos derivados de acuerdos de cesión de personal	1.170	2.566	1.653	1.878
Otros	3	-	3	-
<b>Total</b>	<b>1.199</b>	<b>2.566</b>	<b>1.656</b>	<b>1.878</b>
<b><u>CEMIG DISTRIBUIÇÃO, S.A.</u></b>				
Servicios de comunicación	3.399	-	11.870	-
Suministro de energía eléctrica	-	263	-	3.158
Servicios de mantenimiento de redes	-	3.319	-	1.878
Derecho de paso/Infraestructuras eléctricas	-	2.771	-	3.955
Otros	38	-	-	-
<b>Total</b>	<b>3.437</b>	<b>6.353</b>	<b>11.870</b>	<b>8.991</b>
<b><u>CEMIG GERAÇÃO E TRANSMISSÃO, S.A.</u></b>				
Servicios de comunicación	272	-	3.255	-
Servicios de mantenimiento de redes	-	328	-	187
Otros	23	-	-	16
<b>Total</b>	<b>295</b>	<b>328</b>	<b>3.255</b>	<b>203</b>
<b><u>FUNDAÇÃO FORLUMINAS DE SEGURIDADE SOCIAL (FORLUZ)</u></b>				
Servicios de comunicación	4	-	61	-
Previsión social voluntaria	-	482	-	-
<b>Total</b>	<b>4</b>	<b>482</b>	<b>61</b>	<b>-</b>
<b><u>CEMIG SAÚDE</u></b>				
Servicios de comunicación	2	-	63	-
Asistencia médica y dental	-	228	-	9
<b>Total</b>	<b>2</b>	<b>228</b>	<b>63</b>	<b>9</b>
<b><u>COMPANHIA DE GÁS DE MINAS GERAIS (GASMIG)</u></b>				
Servicios de comunicación	21	-	193	-
Reembolso de gastos derivados de acuerdos de cesión de personal	-	-	-	-
<b>Total</b>	<b>21</b>	<b>-</b>	<b>193</b>	<b>-</b>
<b><u>ENTIDADES VINCULADAS AL GOBIERNO DEL ESTADO DE MINAS GERAIS</u></b>				
<b>Corriente</b>				
Servicios de comunicación	94	-	659	-
Impuestos compensables (ICMS)	1.552	2.034	(25.851)	-
<b>No corriente</b>				
Impuestos compensables (ICMS)	2.020	-	-	-
<b>Total</b>	<b>3.666</b>	<b>2.034</b>	<b>(25.192)</b>	<b>-</b>
<b><u>AXXION SOLUÇÕES TECNOLÓGICAS, S.A.</u></b>				
Servicios de comunicación	3	-	40	-
Mantenimiento de software	-	131	-	1.078
<b>Total</b>	<b>3</b>	<b>131</b>	<b>40</b>	<b>1.078</b>
<b><u>ATIVAS DATA CENTER, S.A.</u></b>				
Servicios de comunicación	249	-	2.474	-
Pago de indemnizaciones por contingencias	-	3.410	-	-
Servicios <i>outsourcing</i> de centro de procesamiento de datos ( <i>data center</i> )	-	56	-	739
Reembolso de gastos derivados de acuerdos de cesión de personal	-	-	318	-
<b>Total</b>	<b>249</b>	<b>3.466</b>	<b>2.792</b>	<b>739</b>
<b>Total a 31.12.2016</b>	<b>8.876</b>	<b>15.588</b>	<b>(5.262)</b>	<b>12.898</b>

	A 31.12.2015		Acumulado en el ejercicio	
	Activo	Pasivo	Ventas	Compras
<b><u>COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG)</u></b>				
Servicios de comunicación	26	-	-	-
Reembolso de gastos derivados de acuerdos de cesión de personal	389	1.286	1.132	1.065
Otros	3	-	-	-
<b>Total</b>	<b>418</b>	<b>1.286</b>	<b>1.132</b>	<b>1.065</b>
<b><u>CEMIG DISTRIBUIÇÃO, S.A.</u></b>				
Servicios de comunicación	955	-	11.655	-
Suministro de energía eléctrica	-	861	-	5.124
Servicios de mantenimiento de redes	-	1.418	-	1.890
Uso compartido de infraestructuras	-	647	-	4.786
Otros	38	-	-	-
<b>Total</b>	<b>993</b>	<b>2.926</b>	<b>11.655</b>	<b>11.800</b>
<b><u>CEMIG GERAÇÃO E TRANSMISSÃO, S.A.</u></b>				
Servicios de comunicación	273	-	3.410	-
Servicios de mantenimiento de redes	-	141	-	188
Otros	23	-	-	-
<b>Total</b>	<b>296</b>	<b>141</b>	<b>3.410</b>	<b>188</b>
<b><u>FUNDAÇÃO FORLUMINAS DE SEGURIDADE SOCIAL (FORLUZ)</u></b>				
Servicios de comunicación	9	-	102	-
Previsión social voluntaria	-	374	-	1.097
<b>Total</b>	<b>9</b>	<b>374</b>	<b>102</b>	<b>1.097</b>
Servicios de comunicación	2	-	56	-
Asistencia médica y dental	-	176	-	408
<b>Total</b>	<b>2</b>	<b>176</b>	<b>56</b>	<b>408</b>
<b><u>COMPANHIA DE GÁS DE MINAS GERAIS (GASMIG)</u></b>				
Servicios de comunicación	19	-	172	-
Reembolso de gastos derivados de acuerdos de cesión de personal	-	-	-	-
<b>Total</b>	<b>19</b>	<b>-</b>	<b>172</b>	<b>-</b>
<b><u>Entidades vinculadas al Gobierno del Estado de Minas Gerais</u></b>				
<b>Corriente</b>				
Impuestos compensables (ICMS)	3.099	1.425	(17.927)	-
<b>Total</b>	<b>3.099</b>	<b>1.425</b>	<b>(17.927)</b>	<b>-</b>
<b><u>AXXION SOLUÇÕES TECNOLÓGICAS, S.A.</u></b>				
Servicios de comunicación	3	-	37	-
Mantenimiento de software	-	21	-	460
<b>Total</b>	<b>3</b>	<b>21</b>	<b>37</b>	<b>460</b>
<b><u>ATIVAS DATA CENTER, S.A.</u></b>				
Servicios de comunicación	150	-	1.736	-
Servicios <i>outsourcing</i> de centro de procesamiento de datos ( <i>data center</i> )	-	22	-	988
Reembolso de gastos derivados de acuerdos de cesión de personal	29	-	347	22
<b>Total</b>	<b>179</b>	<b>22</b>	<b>2.083</b>	<b>1.010</b>
<b>Total a 31.12.2015</b>	<b>5.018</b>	<b>6.371</b>	<b>720</b>	<b>16.028</b>

**Fondo de renta fija Pampulha:** La Compañía es partícipe del Fondo Pampulha, un fondo de inversión exclusivo con características de renta fija y que sigue la misma política de inversión financiera del Grupo CEMIG. A 31 de diciembre de 2016, los importes invertidos por el fondo correspondientes a la participación de CEMIGTELECOM se contabilizan en los epígrafes “Efectivo y activos líquidos equivalentes” e “Instrumentos financieros de renta fija y variable” del Activo corriente y no corriente. Los recursos destinados al fondo se asignan solamente a emisiones públicas y privadas de valores de renta fija, con sujeción únicamente al riesgo de crédito, con plazos de liquidez variables y en línea con los requerimientos de efectivo de los partícipes.

El Fondo Pampulha realiza inversiones en valores de deuda emitidos por las empresas del Grupo CEMIG: obligaciones y pagarés de empresa.



Fondo de inversión Pampulha	Periodo de vigencia	Cláusula de interés	Activo correspondiente a la participación de CEMIGTELECOM	
			A 31.12.2016	A 31.12.2015
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x AXIOM SOLUÇÕES TECNOLÓGICAS, S.A. (Obligaciones)	abr/2013 a ene/2016	112% del CDI + 1,30% anual	-	173
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	ene/2014 a dic/2016	CDI + 0,80% anual	-	761
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	abr/2013 a feb/2017	CDI + 0,90% anual	15	165
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	jul/2015 a jul/2018	CDI + 1,60% anual	74	817
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x ATIVAS DATA CENTER, S.A. (Pagarés de empresa)	jul/2014 a oct/2016	CDI + 3,50% anual	-	332
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x ATIVAS DATA CENTER, S.A. (Pagarés de empresa)	jul/2014 a oct/2016	CDI + 3,50% anual	-	415
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x ETAU (Obligaciones)	dic/2014 a dic/2019	108% del CDI anual	14	154
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	mar/2016 a dic/2018	CDI + 3,90% anual	14	-
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	jul/2016 a dic/2018	CDI + 4,20% anual	13	-
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x AXIOM SOLUÇÕES TECNOLÓGICAS, S.A. (Obligaciones)	abr/2016 a ene/2017	112% del CDI anual	8	-

La rentabilidad del fondo Pampulha en el periodo terminado el 31 de diciembre de 2016 asciende a R\$2.325 (frente a R\$1.566 a 31 de diciembre de 2015).

**Contrato de mutuo:** El 16 de diciembre de 2016, CEMIGTELECOM firmó un contrato de mutuo con el accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG) por importe de R\$18.000, con la finalidad de completar los fondos necesarios para liquidar íntegramente la 1ª emisión de pagarés de empresa de la Compañía. El préstamo fue concedido por el plazo de 167 días, pagadero en un solo pago al vencimiento previsto para el 31 de mayo de 2017, incluyendo el principal más los intereses correspondientes al 132,90% de la variación del CDI [certificados de depósito interbancario]. El saldo actual registrado a 31 de diciembre de 2016, incluyendo las cargas financieras calculadas a *prorrata temporis*, asciende a R\$18.134 (ver nota 15).

**Retribuciones al personal clave:** La Compañía abonó durante el año 2016 el importe total de R\$3.579 (frente a R\$2.934 a 31 de diciembre de 2015) en concepto de retribuciones y prestaciones al personal clave de la Dirección de la Compañía, entendiéndose como tal los miembros del Consejo de Administración y de la Junta Directiva, como sigue:

Cargo	Retribución		Prestaciones		Total	
	A 31.12.2016	A 31.12.2015	A 31.12.2016	A 31.12.2015	A 31.12.2016	A 31.12.2015
Directivos	2.489	2.213	291	189	2.780	2.402
Consejeros	799	532	-	-	799	532
<b>Total</b>	<b>3.288</b>	<b>2.745</b>	<b>291</b>	<b>189</b>	<b>3.579</b>	<b>2.934</b>

Con fecha 29 de abril de 2016, la Junta General Ordinaria del accionista único de la Compañía fijó para el ejercicio 2016 el límite global anual de R\$5.450 (frente a R\$3.900 para el ejercicio 2015) en concepto de retribuciones a pagar a los directivos y miembros del Consejo de Administración y del Consejo de Auditoría.

**Previsión social voluntaria y otras prestaciones post-empleo a los empleados:** Tal y como se explica en la nota 28, la Compañía es copatrocinadora de la entidad gestora de fondos de pensiones FUNDAÇÃO FORLUMINAS DE SEGURIDADE SOCIAL (“FORLUZ”) y de la entidad gestora de seguros de asistencia médica y dental CEMIG SAÚDE. Las aportaciones realizadas por la Compañía durante los ejercicios 2016 y 2015 han sido las siguientes:

	A 31.12.2016		A 31.12.2015	
	FORLUZ	CEMIG SAÚDE	FORLUZ	CEMIG SAÚDE
Plan mixto de aportaciones (“Plan B”)	3.235	-	2.549	-
Seguro de asistencia médica (“PSI”)	-	1.469	-	1.077
Seguro de asistencia dental (“POD”)	-	52	-	43
<b>Total</b>	<b>3.235</b>	<b>1.521</b>	<b>2.549</b>	<b>1.120</b>

Además de las prestaciones previstas en la ley, la Compañía igualmente concede a sus empleados bonos guardería, seguros de vida grupo, vales de comida y bonos cultura.

*Participaciones en beneficios y resultados:* Los Estatutos Sociales de la Compañía prevén el reparto a los empleados a título de participación en beneficios y resultados, de una cantidad anual como forma de alentarlos a alcanzar los mejores resultados, cuyos indicadores y metas se establecen periódicamente en el marco de los convenios colectivos de trabajo. En el año 2016, los resultados obtenidos por la Compañía le permitieron repartir el importe total de R\$1.856 por este concepto hasta abril de 2017. La cuota de R\$599 fue pagada en el año 2016 y a 31 de diciembre de 2016, el importe de la provisión para cubrir el pago de participaciones asciende a R\$1.257.

## 22. PATRIMONIO NETO

### (a) Capital social

El 18 de febrero de 2016, el accionista único COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG) aumentó el capital social de CEMIGTELECOM en la cifra de R\$16.660. Se suscribieron 16.660 nuevas acciones ordinarias, nominativas y sin expresión de valor nominal, con lo que el capital social de la Compañía, anteriormente fijado en la cifra de R\$225.081, se incrementó a la cifra de R\$241.741 a partir de esa fecha.

A 31 de diciembre de 2016 y 2015, el capital suscrito y desembolsado está representado por acciones ordinarias, nominativas y sin expresión de valor nominal, que se distribuyen como sigue:

#### A 31 de diciembre de 2016

<u>Accionistas</u>	<u>Acciones</u>	<u>Capital social (R\$)</u>	<u>Participación (%)</u>
COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG)	397.683.384	241.741	100%
Otros	1	-	-
<b>Total</b>	<b>397.683.385</b>	<b>241.741</b>	<b>100%</b>

#### A 31 de diciembre de 2015

<u>Accionistas</u>	<u>Acciones</u>	<u>Capital social (R\$)</u>	<u>Participación (%)</u>
COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG)	381.023.384	225.081	100%
Otros	1	-	-
<b>Total</b>	<b>381.023.385</b>	<b>225.081</b>	<b>100%</b>

### (b) Retribuciones a los accionistas

El 50% del beneficio neto ajustado de cada ejercicio se destina al pago del dividendo obligatorio a los accionistas de la Compañía, conforme a lo previsto en los Estatutos Sociales.

### (c) Reserva legal

La reserva legal es aquella cuya dotación es obligatoria en un porcentaje del 5% del beneficio neto obtenido en cada ejercicio, hasta el límite del 20% del capital social, de conformidad con lo establecido en el artículo 193 de la Ley N° 6.404/1976 [la Ley de Sociedades Anónimas de Brasil].

Como consecuencia del saldo de pérdidas acumuladas, no se dotó la reserva legal en el año 2016.

#### (d) Reservas voluntarias

Las reservas voluntarias corresponden a los beneficios no repartidos de ejercicios anteriores que se utilizan para reforzar el capital de trabajo y atender los requerimientos de inversión previstos para los siguientes ejercicios.

#### (e) Beneficio (pérdida) por acción

A continuación se muestra el beneficio (pérdida) por acción y el número medio ponderado de las acciones ordinarias en circulación que se han tenido en cuenta a efectos de calcular el resultado básico y diluido por acción:

	A 31.12.2016	A 31.12.2015
Beneficio (pérdida) del ejercicio	<u>9.983</u>	<u>(35.831)</u>
Número medio ponderado de acciones ordinarias en circulación (miles de acciones)	397.683	381.023
Beneficio (pérdida) por acción, básico y diluido (en Reales brasileños)	<u>25,10</u>	<u>(94,04)</u>

La Compañía no cuenta con instrumentos financieros dilutivos, razón por la cual la pérdida diluida por acción es equivalente a la pérdida básica por acción.

### 23. INGRESOS DE EXPLOTACIÓN, NETOS

	Acumulado en el ejercicio	
	A 31.12.2016	A 31.12.2015
Circuitos dedicados	103.698	91.541
Transporte de señales	7.374	34.634
Servicios integrados	21.973	17.497
Otros ingresos	3.478	3.427
<b>Ingresos de explotación</b>	<u>136.523</u>	<u>147.099</u>
Impuestos, devoluciones, ajuste a valor actual y deducciones	(34.077)	(26.485)
<b>Ingresos de explotación, netos</b>	<u>102.446</u>	<u>120.614</u>

### 24. GASTOS DE EXPLOTACIÓN

<u>Clasificación según la naturaleza del gasto</u>	A 31.12.2016	A 31.12.2015
Infraestructura de redes	(13.258)	(14.413)
Energía eléctrica	(3.342)	(5.298)
Amortizaciones y correcciones valorativas por deterioro	(37.741)	(48.968)
Servicios de mantenimiento y reparación	(17.553)	(19.680)
Gastos de personal (*)	(25.479)	(17.517)
Servicios exteriores	(3.293)	(3.159)
Alquiler de inmuebles	(1.701)	(1.976)
Resultado de puesta en equivalencia	(27.165)	(28.833)
Impuestos PIS-COFINS sobre arrendamiento financiero	(1.636)	-
Pago de indemnizaciones por contingencias en ATIVAS DATA CENTER, S.A.	(3.410)	-
Provisión para obsolescencia de inventarios	(1.149)	-
Otros gastos de explotación	(1.041)	(692)
<b>Total</b>	<u>(136.768)</u>	<u>(140.536)</u>

(\*) Los gastos de personal asignados a proyectos de construcción de redes de telecomunicaciones se registraron en el inmovilizado material activo y ascienden a R\$7.865 a 31 de diciembre de 2016 (frente a R\$6.923 a 31 de diciembre de 2015).

<u>Clasificación según la función</u>	Acumulado	
	A 31.12.2016	A 31.12.2015
Costo de los servicios prestados	(67.868)	(83.367)
Gastos de ventas	(523)	(1.280)
Gastos generales y de administración	(34.184)	(26.364)
Resultado de puesta en equivalencia	(27.165)	(28.833)
Otros gastos de explotación	(7.028)	(692)
<b>Total</b>	<b>(136.768)</b>	<b>(140.536)</b>

## 25. OTROS INGRESOS DE EXPLOTACIÓN

	Acumulado	
	A 31.12.2016	A 31.12.2015
Valoración de activos transferidos por la entidad ELETRONET, S.A. (ver nota 13)	20.423	-
Ganancias procedentes de arrendamiento financiero	3.215	-
Ganancias procedentes de instrumentos financieros derivados (ver nota 27)	4.586	-
Multas y sanciones	283	1.956
Otros	384	-
<b>Total</b>	<b>28.891</b>	<b>1.956</b>

## 26. INGRESOS Y GASTOS FINANCIEROS

### Ingresos financieros

	A 31.12.2016	A 31.12.2015
Rendimientos procedentes de inversiones financieras	2.792	2.185
Intereses activos	169	640
Otros ingresos financieros	1.038	1.228
<b>Total</b>	<b>3.999</b>	<b>4.053</b>

### Gastos financieros

	A 31.12.2016	A 31.12.2015
Intereses pasivos	(7.956)	(5.408)
Otros gastos financieros	(1.205)	(370)
<b>Total</b>	<b>(9.161)</b>	<b>(5.778)</b>

## 27. INSTRUMENTOS FINANCIEROS

### (a) Gestión del riesgo financiero

La Compañía se encuentra expuesta a los siguientes riesgos derivados del uso de instrumentos financieros:

- Riesgo de crédito
- Riesgo de mercado
- Riesgo de liquidez

Esta nota presenta información sobre la exposición de la Compañía a cada uno de los riesgos supramencionados, los objetivos, las políticas y procedimientos para la valoración y gestión del riesgo, y la gestión del capital de la Compañía.

#### Estructura de gestión del riesgo

El Consejo de Administración tiene la responsabilidad general por el establecimiento y supervisión de la estructura de gestión del riesgo de la Compañía. Las políticas de gestión del riesgo aplicadas por la Compañía y su asociada están subordinadas a las del Grupo CEMIG, responsable por el desarrollo y seguimiento de las políticas de gestión del riesgo de la Compañía en su totalidad.

Las políticas de gestión del riesgo de la Compañía se establecen para identificar y analizar los riesgos

enfrentados, para definir límites y controles adecuados, y para monitorear los riesgos y la adherencia a los límites establecidos. Las políticas y sistemas de gestión del riesgo se revisan frecuentemente para reflejar los cambios en las condiciones de mercado y en las actividades de la Compañía. La Compañía, a través de sus normas y procedimientos de capacitación y gestión, tiene como objetivo desarrollar un ambiente de control disciplinado y constructivo, en el cual todos los empleados son conscientes de sus roles y obligaciones.

### Riesgo de crédito

El riesgo de crédito se define como la posibilidad de que un tercero no cumpla con sus obligaciones contractuales, originando con ello pérdidas para la Compañía. Las obligaciones contractuales surgen principalmente de las cuentas a cobrar a clientes y de los instrumentos financieros de la Compañía.

Las políticas de ventas de la Compañía están subordinadas a las políticas de crédito fijadas por la Dirección y tienen como objetivo minimizar eventuales problemas derivados del incumplimiento de sus clientes. La cartera de clientes está compuesta por grandes operadores de telefonía fija y móvil y de televisión por cable e Internet banda ancha, así como por clientes corporativos y proveedores de Internet, además del propio accionista de control. Debido al cambio de enfoque de la Compañía con vistas a aumentar su cuota de mercado en los segmentos corporativo y de proveedores de Internet, y el gradual declive de su participación en el mercado de operadores, desde el año 2015 el riesgo de crédito de la Compañía se ha diluido significativamente a través de la diversificación de su cartera de clientes. Los esfuerzos de ventas al mercado corporativo han sido suficientes como para compensar las pérdidas derivadas de la cancelación de circuitos por operadores y reducir significativamente el riesgo de mercado. La participación de los operadores en los ingresos brutos de explotación de CEMIGTELECOM cayó del 58% en 2015 al 35% en 2016, siendo que el número de clientes corporativos, incluyendo proveedores de Internet, aumentó de 216 en enero de 2015 a 755 en diciembre de 2016. Además, a partir de 2015 hubo una revisión de la política de concesión de crédito por la Dirección de la Compañía. Sin embargo, el principal instrumento que asegura la minimización del riesgo de crédito sigue siendo el derecho de la Compañía de interrumpir el suministro de la señal en caso de incumplimiento contractual, como es el impago.

La exposición de la Compañía al riesgo de crédito se ve influida, principalmente, por las características individuales de cada cliente. Sin embargo, la Dirección también considera el segmento de mercado en el que los clientes operan, ya que este factor puede influir en el riesgo de crédito, sobre todo debido a la sensibilidad del sector de telecomunicaciones frente a las circunstancias económicas del país. La concentración máxima de los ingresos de la Compañía atribuible a un solo cliente es de aproximadamente un 15%.

El nivel de pérdidas por motivo de impago es insignificante. Esto se explica por el hecho de que la política establecida por la Compañía prevé el seguimiento constante del incumplimiento, donde se aplican sanciones contractuales en caso de morosidad, pudiendo hasta en un extremo culminar en la discontinuidad de los servicios al cliente moroso.

La Compañía establece una provisión para la reducción del importe recuperable que representa su mejor estimación de pérdidas en relación con las cuentas a cobrar de clientes y otros créditos. La sensibilidad y la expectativa de pérdidas relacionadas con los riesgos significativos individuales son los únicos parámetros considerados en este análisis. Esto ocurre porque los negocios de la Compañía están orientados sustancialmente al mercado de grandes operadores de telecomunicaciones y al mercado corporativo, por lo que las pérdidas históricas y los análisis globales, geográficos o sectoriales no suelen proporcionar una base razonable para estimar las pérdidas. A 31 de diciembre de 2016, la Compañía tiene dotada una provisión para cubrir el riesgo derivado de insolvencias probables de clientes con origen en operaciones de tráfico por importe de R\$1.425 (frente a R\$2.459 a 31 de diciembre de 2015), representativa del 7% (13% en 2015) del saldo total de las cuentas a cobrar pendientes de pago y del 18% (51% en 2015) de las cuentas a cobrar en mora.

En cuanto al riesgo proveniente de posibles situaciones de insolvencia de las entidades financieras en las que la Compañía mantiene sus depósitos, en 2004 se aprobó en el Grupo CEMIG una política de inversión financiera que establece criterios de selección de contrapartes, por la que se gestiona el riesgo de contraparte según criterios de liquidez corriente, grado de apalancamiento, grado de incumplimiento, rentabilidad y costos, además de la valoración de tres agencias de clasificación de riesgo financiero. Las entidades

financieras reciben límites máximos de asignación de recursos, que son revisados, periódicamente, o bajo cualquier alteración en los escenarios macroeconómicos de la economía brasileña.

### Riesgo de mercado

El riesgo de mercado es el riesgo que expone a la Compañía a alteraciones de los precios de mercado, tales como los tipos de cambio y de interés, lo cual puede tener un impacto financiero significativo en la Compañía. El objetivo de la gestión del riesgo de mercado es mantener bajo control la exposición a esa clase de riesgo dentro de parámetros aceptables, y al mismo tiempo optimizar el retorno.

#### 1. Riesgo de tipo de cambio

La Compañía no está expuesta al riesgo de tipo de cambio con respecto a los pasivos denominados en una moneda distinta de la moneda funcional de la Compañía.

#### 2. Riesgo de tipo de interés

El riesgo de tipo de interés se deriva de la emisión de valores no convertibles. Los pasivos vinculados a tipos de interés variable exponen la Compañía al riesgo de flujo de efectivo. Los pasivos vinculados a tipos de interés fijo exponen la Compañía al riesgo de valor razonable asociado al tipo de interés.

La Compañía evalúa permanentemente su exposición al riesgo de tipo de interés. Se simulan diversos escenarios, teniendo en cuenta las alternativas de refinanciación, renovación de posiciones existentes y la adquisición de nuevas financiaciones e instrumentos de cobertura alternativos.

La Compañía está expuesta al riesgo de elevación de los tipos de interés flotantes, con impacto en los contratos de mutuo, referenciados principalmente al tipo Selic, el tipo de interés de referencia de la economía brasileña, por importe de R\$101.372 (ver nota 15).

La Compañía realiza un seguimiento de la exposición al riesgo de tipo de interés en términos de sensibilidades y estima que, en un escenario probable, los tipos CDI y TJLP se situarán a 31 de diciembre de 2017 en un 10,40% y 7,10%, respectivamente. Paralelamente, la Compañía ha realizado un análisis de sensibilidad de los efectos del alza de los tipos de interés en un 25% y en un 50% en relación con el escenario probable. El tipo Selic sigue la variación del tipo CDI.

A continuación se presenta un análisis de sensibilidad de los instrumentos financieros, elaborados de acuerdo con la Instrucción CVM N° 475/2008, con el fin de demostrar los saldos de los principales activos y pasivos financieros, calculados a una tasa proyectada hasta la fecha de liquidación final de cada contrato, considerando un escenario probable (Escenario I), y con una apreciación del 25% (Escenario II) y del 50% (Escenario III).

Este análisis de sensibilidad tiene como objetivo medir el impacto de los cambios en las variables de mercado sobre los referidos instrumentos financieros de la Compañía, considerando todos los demás indicadores de mercado constantes. Tales valores pueden discrepar de los señalados anteriormente en el momento de su liquidación, debido a las estimaciones utilizadas en su proceso de elaboración. La tabla siguiente incluye los valores del principal más interés.

	Exposición al tipo de interés nacional (% anual)			
	Base CDI	Escenario I CDI	Escenario II CDI	Escenario III CDI
Valor en libros	14,00%	9,38%	11,73%	14,07%
<b>Activos</b>				
<u>Efectivo y activos líquidos equivalentes</u>				
Fondos de renta fija	773	881	846	864
<u>Instrumentos financieros de renta fija y variable</u>				
Fondos de renta fija	1.938	2.209	2.120	2.165
<b>Activo neto expuesto al riesgo de tipo de interés</b>	<b>3.090</b>	<b>2.966</b>	<b>3.029</b>	<b>3.093</b>

### 3. Riesgo de precio

La Compañía actúa en un segmento de negocio donde los precios son libremente pactados, por lo que no se requiere la aplicación de políticas de mitigación de riesgos de esa naturaleza.

#### Valor razonable de los instrumentos financieros

Los saldos de los instrumentos financieros utilizados por la Compañía a 31 de diciembre de 2016 se encuentran en su mayoría registrados por su importe en libros, los cuales no difieren significativamente de los valores de mercado estimados y se clasifican, según se indica a continuación:

- Inversiones financieras mantenidas hasta el vencimiento: se clasifican dentro de esta categoría las inversiones financieras con cobros determinados o determinables y vencimientos fijos que cotizan en un mercado activo, y sobre los que la Compañía manifiesta su intención y capacidad para conservarlos en su poder hasta la fecha de su vencimiento. Estos activos se reconocen inicialmente al valor razonable de la contraprestación entregada más los costos de transacción incurridos al originar el activo. Posteriormente se valoran a su costo amortizado, correspondiendo éste básicamente al efectivo entregado, menos las devoluciones del principal efectuadas, más los intereses devengados no cobrados calculados de acuerdo con el método del tipo de interés efectivo. Cuando existe una evidencia objetiva de que el activo puede haber sufrido un deterioro se realiza el correspondiente análisis procediendo a contabilizar una pérdida por deterioro si el importe en libros del activo es superior al valor actual de los flujos de efectivo futuros que se estima va a generar, descontados al tipo de interés efectivo calculado en el momento de su reconocimiento inicial, y se procede a contabilizar una pérdida por deterioro por el importe de esta diferencia.
- Activos financieros registrados a valor razonable con cambios en pérdidas y ganancias: se clasifican dentro de esta categoría los instrumentos financieros de renta fija y variable mantenidos para negociar. Se valoran a valor razonable, imputándose a la cuenta de pérdidas y ganancias los cambios que se produzcan en su valor razonable.
- Créditos y cuentas a cobrar: se clasifican dentro de esta categoría los saldos a cobrar a deudores comerciales (clientes). Se reconocen por su valor neto realizable y similar a su valor razonable.
- Préstamos (contratos de mutuo): se valoran a costo amortizado utilizando el método del tipo de interés efectivo;
- Proveedores: se clasifican dentro de esta categoría los saldos a pagar a acreedores comerciales (proveedores). Se reconocen por su valor neto realizable y similar a su valor razonable.

Los activos y pasivos financieros de la Compañía se valoran inicialmente por su valor razonable. Valor razonable es el precio que podría ser recibido al vender un activo o el precio que podría ser pagado al liquidar un pasivo en una transacción habitual entre participantes del mercado en la fecha de valoración. Las valoraciones a valor razonable de los activos y pasivos financieros de la Compañía se clasifican utilizando una jerarquía de valor razonable que refleja la relevancia de las variables utilizadas para llevar a cabo dichas valoraciones. Esta jerarquía consta de tres niveles:

- Nivel 1: Instrumentos financieros cuyo valor razonable se calcula tomando en consideración precios cotizados en mercados activos y líquidos para activos o pasivos idénticos.
- Nivel 2: Instrumentos financieros cuyo valor razonable se ha estimado en base a precios cotizados en mercados organizados para instrumentos similares o mediante la utilización de otras técnicas de valoración en las que todos los *inputs* significativos están basados en datos de mercado observables directa o indirectamente.

- Nivel 3: Instrumentos financieros cuyo valor razonable se ha estimado mediante la utilización de técnicas de valoración en las que algún *input* significativo no está basado en datos de mercado observables.

El valor razonable de mercado de los instrumentos financieros no negociables en mercados organizados se establece empleando técnicas de valoración que incluyen el uso de transacciones libres recientes entre partes interesadas y debidamente informadas, referidas a otros instrumentos sustancialmente iguales, el análisis de flujos de efectivo descontados a los tipos de interés y de cambio de mercado vigentes a la fecha de cierre del periodo y modelos de fijación de precios de opciones.

Durante el ejercicio 2015, la Compañía no operó con instrumentos financieros derivados.

### Riesgo de liquidez

El riesgo de liquidez se define como el riesgo de la Compañía para cumplir con sus obligaciones financieras que se liquidan mediante pagos a la vista u otro activo financiero. El enfoque de la Compañía en la gestión de la liquidez es garantizar lo máximo posible una liquidez suficiente como para cumplir con sus obligaciones a vencer, bajo condiciones normales y de estrés, sin causar pérdidas inaceptables o daños a la reputación de la Compañía.

La Compañía opera con un margen de rentabilidad que le confiere un flujo de caja operativo positivo. Típicamente, la Compañía mantiene una disponibilidad financiera inmediata que le garantiza el cumplimiento de sus compromisos de al menos 60 días de operación, incluyendo las obligaciones financieras y las inversiones. Los hechos con un impacto potencial de circunstancias extremas que no pueden ser razonablemente previstas, como desastres naturales o crisis económicas de grandes dimensiones, no se tienen en cuenta en este análisis.

La gestión del riesgo de liquidez se lleva a cabo mediante la aplicación sistemática de un conjunto de metodologías, procedimientos e instrumentos coherentes con la complejidad del negocio, permitiendo el control adecuado del riesgo financiero.

La Compañía gestiona el riesgo de liquidez realizando el seguimiento del flujo de efectivo de manera sistemática. Este proceso se lleva a cabo desde una perspectiva presupuestaria, con la proyección de los saldos mensuales en un periodo de 12 meses, y de liquidez diaria, con la proyección de los saldos diarios a 90 días.

Las inversiones a corto plazo obedecen a principios establecidos en la política de inversión financiera de la Compañía, con el manejo de los recursos en fondos de inversión exclusivos de crédito privado, sin riesgo de mercado, o la inversión directa de los excedentes en operaciones comprometidas referenciadas a la variación del tipo de interés CDI, de acuerdo con las directrices establecidas por el Grupo CEMIG, con vistas a una gestión consolidada de los recursos disponibles y no depende de ningún análisis individual por CEMIGTELECOM.

La gestión de las inversiones financieras se realiza con base en un análisis riguroso de las condiciones de crédito bancario, valorando las entidades financieras según criterios de calificación crediticia, exposición a riesgos y patrimonio. La Compañía también persigue la rentabilidad invirtiendo en instrumentos a largo plazo, teniendo en cuenta siempre el requerimiento fundamental de control de la liquidez.

Los vencimientos de los pasivos financieros de la Compañía, incluyendo el principal y los intereses futuros de los vencimientos contractuales, se desglosan a continuación:

	<u>A 31.12.2016</u>	<u>Flujo contractual</u> <u>Hasta 1 año</u>
<b>Pasivos financieros no derivados</b>		
Mutuo COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG)	18.134	18.134
Mutuo SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA.	46.310	45.617
<b>Total</b>	<b><u>64.444</u></b>	<b><u>63.751</u></b>



Con el fin de permitir la entrada de un nuevo socio en la entidad participada ATIVAS DATA CENTER, S.A., CEMIGTELECOM asumió una deuda de corto plazo significativa. A 31 de diciembre de 2016, la Compañía registró un exceso de pasivos corrientes sobre activos corrientes por importe de R\$74.312. La deuda financiera de corto y largo plazo representada por préstamos y obligaciones asciende a R\$63.751 y R\$37.621, respectivamente, con vencimientos en el segundo y cuarto trimestres de 2017 por importes de R\$18.134 y R\$46.310, respectivamente. Sin embargo, cabe resaltar que la Compañía contabilizó flujos de efectivo positivos por importes de R\$46.827 y R\$56.971 en los ejercicios 2016 y 2015, respectivamente.

A efectos de poder amortizar los vencimientos de deuda, la Compañía deberá contar con aportaciones significativas de capital por parte de terceros o, en su caso, del accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG), y podría seguir dependiente de la contratación de deudas adicionales.

La Compañía ha puesto en marcha varias iniciativas en aras de aumentar la liquidez a través de la celebración de nuevos contratos de préstamo para la refinanciación de las deudas, además de contar con el soporte financiero de accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG). La Dirección considera que la Compañía tiene la capacidad para continuar generando flujos de efectivo operativos que le permitan afrontar los compromisos de deuda, y que cuenta con las condiciones adecuadas para cumplir con sus obligaciones de corto plazo y realizar las inversiones requeridas para el mantenimiento de sus proyectos.

#### **(b) Criterios y premisas utilizados en el cálculo de los valores de mercado**

El efectivo y activos líquidos equivalentes, los instrumentos financieros de renta fija y variable, las cuentas a cobrar de clientes y los proveedores: debido a su naturaleza de corto plazo, los importes registrados son similares a los valores razonables de los instrumentos financieros a la fecha de los estados financieros.

Obligaciones: El valor razonable de las obligaciones a 31 de diciembre de 2015 era de R\$15.345.

## **28. PRESTACIONES POST-EMPLEO Y OTROS BENEFICIOS SOCIALES**

Las prestaciones concedidas a los empleados de la Compañía cubren planes de previsión social voluntaria, seguros de asistencia médica y dental y seguro de vida grupo.

#### Previsión social voluntaria: FORLUZ

CEMIGTELECOM es copatrocinadora de FUNDAÇÃO FORLUMINAS DE SEGURIDADE SOCIAL (“FORLUZ”), una entidad gestora de fondos de pensiones sin ánimo de lucro que tiene por finalidad garantizar a los partícipes y a sus beneficiarios prestaciones de jubilación complementarias a las pensiones del sistema público de seguridad social (“INSS”) y prestaciones por riesgo.

El plan de pensiones copatrocinado por la Compañía se denomina “Plan Mixto de Prestaciones” (“Plan B”). Se trata de un plan de modalidad mixta destinado a cubrir tanto las prestaciones de jubilación (modalidad de aportación definida) como las prestaciones de riesgo por invalidez o fallecimiento (modalidad de prestación definida) del partícipe en activo, entre otras prestaciones. La aportación de la Compañía a este plan es del 27,52% para las prestaciones de riesgo por invalidez o fallecimiento (modalidad de prestación definida), que se proyectan mediante cálculos actuariales. El 72,48% restante se destina a cubrir las prestaciones de jubilación (modalidad de aportación definida) y va a la cuenta de los partícipes. Las aportaciones se reconocen en el resultado de ejercicio en el epígrafe “Gastos de personal”.

#### Seguro de asistencia médica y dental: CEMIG SAÚDE

Adicionalmente, la Compañía es copatrocinadora de seguros de atención médica y dental para el personal en activo y jubilado (y también para sus beneficiarios), los cuales son gestionados por la entidad CEMIG SAÚDE.

Las aportaciones a los planes de previsión social voluntaria, de salud y odontológico se determinan anualmente por los importes considerados suficientes para cubrir los gastos previstos en cada ejercicio,

conforme a la valoración realizada por un actuario externo contratado para este propósito. La adhesión a los tres planes es facultativa y las aportaciones mensuales a cargo de la Compañía y a cargo de los partícipes se realizan en la misma proporción contributiva.

El activo y el pasivo actuariales netos, así como los gastos incurridos por CEMIGTELECOM con respecto a los planes de prestaciones, seguro de atención médica y seguro de atención dental, se encuentran reconocidos en el balance de situación financiera de acuerdo con lo establecido en el Pronunciamiento Técnico CPC 33 (R1) «Retribuciones a los empleados» y en el informe del actuario externo de fecha 31 de diciembre de 2016.

La conciliación de los activos y pasivos actuariales es la que se muestra a continuación:

	Forluz	Cemig Saúde	
	Plan mixto de prestaciones ("Plan B")	Seguro de asistencia médica ("PSI")	Seguro de asistencia dental ("POD")
<b>A 31 de diciembre de 2016</b>			
Valor razonable de los activos afectos al plan	(2.112)	-	-
Valor actual neto de la obligación	2.112	(2.695)	(106)
Activo (pasivo) actuarial neto reconocido	-	<b>(2.695)</b>	<b>(106)</b>
	Forluz	Cemig Saúde	
	Plan mixto de prestaciones ("Plan B")	Seguro de asistencia médica ("PSI")	Seguro de asistencia dental ("POD")
Valor razonable de los activos afectos al plan	1.350	-	-
Valor actual neto de la obligación	(1.578)	(1.174)	(52)
Valor actual de las obligaciones (total)	(228)	(1.174)	(52)
Ajuste al techo de activos ( <i>asset ceiling</i> )	-	-	-
Activo (pasivo) actuarial neto reconocido	<b>(228)</b>	<b>(1.174)</b>	<b>(52)</b>

Los cambios en el valor actual de la obligación por prestaciones definidas es la siguiente:

	Plan mixto de prestaciones ("Plan B")	Seguro de asistencia médica ("PSI")	Seguro de asistencia dental ("POD")
<b>Obligación por prestaciones definidas a 31 de diciembre de 2015</b>	<b>(1.578)</b>	<b>(1.174)</b>	<b>(52)</b>
Costo de los servicios del ejercicio corriente	(70)	(104)	(5)
Costo por intereses	(204)	(154)	(7)
Pérdidas actuariales reconocidas	(302)	(1.281)	(43)
Retribuciones pagadas	111	18	1
<b>Obligación por prestaciones definidas a 31 de diciembre de 2016</b>	<b>(2.043)</b>	<b>(2.695)</b>	<b>(106)</b>

Los cambios en el valor razonable de los activos afectos al plan mixto de prestaciones son los siguientes:

	Plan mixto de prestaciones ("Plan B")
<b>Valor razonable de los activos afectos al plan a 31 de diciembre de 2015</b>	<b>1.350</b>
Retorno real de la inversión realizada	840
Aportaciones de la copatrocinadora	33
Retribuciones pagadas	(111)
<b>Valor razonable de los activos afectos al plan a 31 de diciembre de 2016</b>	<b>2.112</b>

El gasto anual con los planes es el que se muestra a continuación:

	Plan mixto de prestaciones ("Plan B")	Seguro de asistencia médica ("PSI")	Seguro de asistencia dental ("POD")	Total
Costo de los servicios del ejercicio corriente	(70)	(104)	(5)	(179)
Costo por intereses netos sobre el pasivo (activo) de la prestación definida	(28)	(154)	(7)	(189)
<b>Gasto reconocido en la cuenta de pérdidas y ganancias</b>	<b>(98)</b>	<b>(258)</b>	<b>(12)</b>	<b>(368)</b>

El movimiento producido en el activo (pasivo) actuarial neto durante el ejercicio 2016 ha sido el siguiente:

	Plan mixto de prestaciones ("Plan B")	Seguro de asistencia médica ("PSI")	Seguro de asistencia dental ("POD")	Total
<b>Pasivo actuarial neto a 31 de diciembre de 2015</b>	<b>(228)</b>	<b>(1.174)</b>	<b>(52)</b>	<b>(1.454)</b>
Gasto reconocido en la cuenta de pérdidas y ganancias	(98)	(258)	(12)	(368)
Ganancia (pérdida) reconocida en el estado de ingresos y gastos reconocidos	363	(1.281)	(43)	(961)
Ajuste al techo de activos ( <i>asset ceiling</i> )	(70)	-	-	(70)
Retribuciones pagadas	33	18	1	52
<b>Pasivo actuarial neto a 31 de diciembre de 2016</b>	<b>-</b>	<b>(2.695)</b>	<b>(106)</b>	<b>(2.801)</b>

Las principales hipótesis actuariales aplicadas por el actuario externo en el cálculo actuarial han sido las siguientes:

	Plan mixto de prestaciones ("Plan B")		Seguro de asistencia médica ("PSI")		Seguro de asistencia dental ("POD")	
	<u>A</u>	<u>A</u>	<u>A</u>	<u>A</u>	<u>A</u>	<u>A</u>
	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
Tipo de descuento nominal para el valor actual de la obligación	10,50%	13,20%	10,40%	13,14%	10,04%	13,14%
Rendimiento anual previsto sobre los activos del plan	10,50%	13,20%	N/A	N/A	N/A	N/A
Índice anual estimado de incrementos salariales futuros	6,59%	5,50%	N/A	N/A	N/A	N/A
Índice estimado de incremento nominal de las prestaciones	4,50%	5,50%	N/A	N/A	N/A	N/A
Tasa de crecimiento nominal de los costos médicos	N/A	N/A	4,50%	5,50%	4,50%	5,50%
Tasa estimada de inflación a largo plazo	4,50%	5,50%	4,50%	5,50%	4,50%	5,50%
Tabla biométrica de mortalidad general	AT- 2000M, suavizada en 20%	AT- 2000M, suavizada en 20%	AT- 2000M, suavizada en 20%	AT- 2000M, suavizada en 20%	AT- 2000M, suavizada en 20%	AT- 2000M, suavizada en 20%
Tabla biométrica de invalidez	Álvaro Vindas D10%	Álvaro Vindas	Álvaro Vindas	Álvaro Vindas	Álvaro Vindas	Álvaro Vindas
Tabla biométrica de mortalidad de inválidos	Winklevoss suavizada en 30%	Winklevoss suavizada en 30%	Winklevoss suavizada en 30%	Winklevoss suavizada en 30%	Winklevoss suavizada en 30%	Winklevoss suavizada en 30%
Tasa de rotación esperada	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%
Probabilidad de ingreso en jubilación	(a)	(a)	(a)	(a)	(a)	(a)

(a) 100% en la primera edad en la se que alcance el derecho a la prestación plena.

## 29. COMPROMISOS CONTRACTUALES

Los principales compromisos firmes de CEMIGTELECOM frente a terceros incluyen, entre otros, la amortización de préstamos y financiaciones, los contratos de uso compartido de infraestructuras y el alquiler de fibra óptica oscura. El detalle de estos compromisos se muestra en la tabla a continuación:

	2017	2018	2019	2020	2021	2022 y más adelante	Total
Uso compartido de infraestructuras	3.180	2.607	1.178	312	230	-	7.507
Alquiler de fibra óptica oscura	2.438	1.966	1.344	83	142	399	6.372
Préstamos y financiaciones	69.747	-	-	-	61.944	-	131.691
<b>Total</b>	<b>75.365</b>	<b>4.573</b>	<b>2.522</b>	<b>395</b>	<b>62.316</b>	<b>399</b>	<b>145.570</b>

### **30. SEGUROS**

La Compañía realizó una revaluación de los riesgos relacionados con sus activos de telecomunicaciones, así como de la probabilidad de interrupción de sus operaciones a raíz de potenciales siniestros. El estudio concluyó que la probabilidad de siniestros simultáneos y en gran escala que pudieran representar pérdidas financieras y operativas significativas para la Compañía es significativamente remota debido, sobre todo, a la diversidad de distribución geográfica de los activos expuestos a riesgos. Por ello, la Dirección de la Compañía optó, en este momento, por no contratar seguros para la cobertura de siniestros que involucren su centro de operaciones y *headends*, así como otros eventos que podrían afectar a sus equipos de red, cables y demás bienes de su activo inmovilizado. Desde el inicio de sus operaciones y hasta el momento, la Compañía no ha experimentado pérdidas significativas en función de los riesgos arriba mencionados. Las premisas de valoración de riesgos adoptadas por la Compañía, dada su naturaleza, no forman parte del alcance de una auditoría de estados financieros anuales, por lo que no fueron auditadas por el auditor externo.

### **31. HECHOS POSTERIORES AL CIERRE**

- i. Con fecha 15 de marzo de 2017, el Supremo Tribunal Federal de Brasil (“STF”), al juzgar el recurso extraordinario 574.706, decidió por mayoría excluir el impuesto ICMS de la base imponible de los impuestos PIS y COFINS, basándose en que los importes recaudados en concepto de ICMS no se incorporan al patrimonio del contribuyente, de modo que no podrían integrar la base imponible de los tributos mencionados. La Compañía interpuso recursos especiales y extraordinarios sobre la controversia que aún no fueron juzgados, lo que señala buenas probabilidades de éxito en las que se espera recuperar los importes pagados indebidamente desde 2003 y cuyo importe total se estima en R\$7.000. Se espera la decisión definitiva del STF y su aplicación al caso concreto de CEMIGTELECOM.
- ii. El 9 de enero de 2017, el Consejo de Administración de CEMIGTELECOM aprobó la 2ª emisión de obligaciones simples, no convertibles en acciones y emitidas en una sola serie, por importe nominal total de R\$34.000, con garantía mediante fianza solidaria otorgada por el accionista único COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG) y garantía real representada por la cesión fiduciaria de los derechos de cobro del emisor por un importe equivalente al 130% del importe de las cuotas por vencer en concepto de amortización del capital e intereses. El 20 de enero de 2017, el Consejo de Administración de CEMIGTELECOM rectificó el importe nominal total de la emisión, disminuyéndolo a la cifra de R\$27.000. Esa misma fecha, el Consejo de Administración de CEMIG aprobó a prestación de fianza solidaria en garantía del fiel y cabal cumplimiento de todas las obligaciones de pago contraídas por el emisor en virtud de la emisión, constituyéndose como deudora solidaria y principal pagadora de la totalidad de las cantidades que el emisor pudiera adeudar a los tenedores de las obligaciones en la forma y en el momento en que sean debidos, hasta su liquidación final, incluyendo el principal de la deuda y todos los accesorios que, en su caso, correspondan. La Dirección cree que la 2ª emisión de obligaciones tendrá lugar hasta el 15 de abril de 2017.

**NOTAS ACLARATORIAS DEL TRADUCTOR:**

- \* El texto original en el idioma fuente de este documento es la versión oficial autorizada. La traducción sólo se suministra como adaptación y debe cotejarse con el texto en el idioma fuente, que es la única versión que tendrá un efecto legal.
- \* La numeración de las páginas de la versión traducida al castellano no coincide con la paginación del original en portugués.
- \* Todas las notas a pie de página de la versión traducida al castellano son notas del traductor (N.T.), el original en portugués no incluye ninguna nota. La secuencia numérica de las notas es correlativa y tendrá siempre en cuenta el número de las notas inseridas en las páginas precedentes.
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## **ANÁLISIS DE LOS RESULTADOS DEL TERCER TRIMESTRE DE 2017**

**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTELECOM)** ("CEMIGTELECOM" o la "Compañía") obtuvo unos ingresos netos por importe de R\$30.593 miles de reales en el periodo terminado el 30 de septiembre de 2017, lo que supone un incremento del 18% respecto de los ingresos netos por importe de R\$25.952 miles de reales obtenido en el mismo periodo de 2016, como resultado de los esfuerzos de ventas de la Compañía, que buscó ampliar su presencia en otros segmentos de mercado, con enfoque en el segmento de proveedores de Internet y corporativo, incluyendo los servicios suministrados a empresas y al Gobierno.

Los gastos de ventas en el mismo periodo comparativo, incluyendo la amortización y las correcciones valorativas por deterioro, experimentaron un aumento del 12% en línea con el crecimiento de las ventas, mientras que los gastos generales y de administración crecieron un 29%, avanzando desde la cifra de R\$6.264 miles de reales en 2016 hasta la cifra de R\$8.051 miles de reales en 2017.

El EBITDA ajustado (\*) se situó en R\$13.252 miles de reales, un 11% más que el resultado del mismo periodo de 2016 (R\$11.952 miles de reales), como consecuencia de los incrementos de eficiencia. El beneficio neto del periodo se situó en R\$535 miles de reales.

Como consecuencia del apalancamiento financiero, la Compañía cerró el período con un exceso de pasivos corrientes sobre activos corrientes por importe de R\$61.458 mil (frente a R\$74.312 mil a 31 de diciembre de 2016), pero con mejora en función de los fondos provenientes de una emisión de obligaciones y ampliación de los vencimientos de deuda para los años 2018 y 2019.

Las inversiones realizadas por la Compañía en elementos de inmovilizado material e intangible en los seis primeros meses de 2017 ascendieron a R\$34.734 miles de reales (frente a R\$28.459 miles de reales en el mismo período del año anterior), con esfuerzos dirigidos, principalmente, a la obtención de ingresos asociados.

La Dirección

(\*) **EBITDA** [acrónimo en inglés para beneficio antes de intereses, impuestos y cargos por depreciación o amortización]: El EBITDA es una medida no contable adoptada por la Compañía y conciliada con su información financiera intermedia con arreglo a lo dispuesto en la Instrucción CVM Nº 527, de 4 de octubre de 2012, que establece que el EBITDA puede definirse como beneficios antes de los efectos del resultado financiero (neto), impuestos (impuesto sobre beneficios y contribución social) y cargos por depreciación o amortización. El EBITDA ajustado es una medida ajustada por los efectos del resultado por puesta en equivalencia y otros ingresos y gastos que no afectan al movimiento de efectivo y equivalentes al efectivo.

**CEMIG TELECOMUNICAÇÕES, S.A.  
(CEMIGTelecom)**

Información financiera intermedia correspondiente a los periodos de tres y nueve meses terminado el 30 de septiembre de 2017 e Informe de de Revisión Limitada del Auditor Externo

# **CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)**

**INFORMACIÓN FINANCIERA INTERMEDIA CORRESPONDIENTE A LOS PERIODOS DE TRES Y NUEVE MESES TERMINADOS EL 30 DE SEPTIEMBRE DE 2017.**

## **ÍNDICE**

Informe de revisión limitada sobre información financiera intermedia .....	2
Información financiera intermedia	
Balances de situación financiera .....	3
Cuenta de pérdidas y ganancias .....	4
Estado de ingresos y gastos reconocidos .....	5
Estado de cambios en el patrimonio neto .....	6
Estado de flujos de efectivo .....	7
Estado de valor añadido .....	8
Notas a la información financiera intermedia .....	9





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## **INFORME DE REVISIÓN LIMITADA SOBRE INFORMACIÓN FINANCIERA INTERMEDIA**

### **A los Accionistas, Consejeros y Administradores de CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTELECOM)**

#### ***Introducción***

Hemos realizado una revisión limitada de los estados financieros intermedios adjuntos (en adelante, los "estados financieros intermedios") de CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTELECOM) (la "Compañía"), que comprenden el balance de situación a 30 de septiembre de 2017, la cuenta de pérdidas y ganancias y el estado de ingresos y gastos reconocidos correspondientes a los periodos de tres y nueve meses terminados en dicha fecha, el estado de cambios en el patrimonio neto y el estado de flujos de efectivo correspondientes al periodo de nueve meses terminado en dicha fecha, así como las notas explicativas resumidas.

Es responsabilidad de los Administradores de la Compañía la elaboración de dichos estados financieros intermedios de acuerdo con los requerimientos establecidos en la Norma Internacional de Contabilidad (NIC) 34: "Información financiera intermedia", emitida por el Consejo de Normas Internacionales de Contabilidad ("IASB"); en el Pronunciamiento Técnico CPC 21 (R1): "Información financiera intermedia", emitido por el Comité de Pronunciamientos Contables ("CPC"); y en las normas específicas de la Comisión del Mercado de Valores de Brasil ("CVM") para la revelación de la información financiera de periodos intermedios. Nuestra responsabilidad es expresar una conclusión sobre estos estados financieros intermedios basada en nuestra revisión limitada.

#### ***Alcance de la revisión***

Nuestra revisión se ha realizado de acuerdo con la Norma Internacional de Trabajos de Revisión (NITR) 2410: "Revisión de Información Financiera Intermedia realizada por el Auditor Independiente de la Entidad" y la norma brasileña correspondiente (NBC TR 2410). Una revisión limitada de estados financieros intermedios consiste en la formulación de preguntas, principalmente al personal responsable de los asuntos financieros y contables, y en la aplicación de ciertos procedimientos analíticos y otros procedimientos de revisión. El alcance de una revisión limitada es sustancialmente menor que el de una auditoría y, por consiguiente, no permite asegurar que todos los asuntos significativos que podrían ser identificados en una auditoría lleguen a nuestro conocimiento. Por tanto, no expresamos una opinión de auditoría sobre los estados financieros intermedios adjuntos.

#### ***Conclusión***

Como resultado de nuestra revisión limitada, que en ningún momento puede ser entendida como una auditoría de cuentas, no ha llegado a nuestro conocimiento ningún asunto que nos haga concluir que los estados financieros intermedios adjuntos de los periodos de tres y nueve meses terminados el 30 de septiembre de 2017 no han sido preparados, en todos sus aspectos significativos, de acuerdo con los requerimientos establecidos en la Norma Internacional de Contabilidad (NIC) 34: "Información financiera intermedia"; en el Pronunciamiento Técnico CPC 21 (R1): "Información financiera intermedia"; y en las normas específicas de CVM para la revelación de la información financiera de periodos intermedios.

#### ***Otras cuestiones***

##### ***Estado de valor añadido (EVA)***

También hemos revisado el estado de valor añadido (EVA) correspondiente al periodo de nueve meses terminado el 30 de septiembre de 2017, cuya formulación es responsabilidad de los Administradores de la Compañía. La presentación del estado de valor añadido es requerida de acuerdo con las normas específicas de CVM para la preparación de estados financieros de periodos intermedios, aunque quedan fuera del alcance de las Normas Internacionales de Información Financiera ("NIIF"). Hemos aplicado a dicho estado financiero intermedio los mismos procedimientos de revisión limitada mencionados anteriormente y, como resultado de nuestra revisión, no ha llegado a nuestro conocimiento ningún asunto que nos haga concluir que no ha sido preparado, en todos sus aspectos significativos, de conformidad con los estados financieros intermedios en su conjunto.

##### ***Responsabilidad de otro auditor externo***

El examen del balance de situación financiera a 31 de diciembre de 2016 y la revisión de la información financiera intermedia correspondiente a los periodos de tres y nueve meses terminados el 30 de septiembre de 2016, que se presentan a efectos comparativos, se realizaron bajo la responsabilidad de otro auditor externo, quien emitió un informe de auditoría y un informe de revisión limitada, ambos sin modificaciones, en fechas 6 de abril de 2017 y 11 de noviembre de 2016, respectivamente.

En Belo Horizonte, a 10 de noviembre de 2017.

ERNST & YOUNG  
AUDITORES INDEPENDENTES S.S.  
CRC-2SP015199/O-6

Flávio de Aquino Machado  
Contador Público  
CRC-1MG 065.899/O-2

**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)**

**Balances de situación financiera a 30 de septiembre de 2017 y 31 de diciembre de 2016**

**Miles de reales brasileños**

<b>ACTIVO</b>	<i>Nota</i>	<b>A 30.09.2017</b>	<b>A 31.12.2016</b>	<b>PASIVO Y PATRIMONIO NETO</b>	<i>Nota</i>	<b>A 30.09.2017</b>	<b>A 31.12.2016</b>
<b>ACTIVO CORRIENTE</b>				<b>PASIVO CORRIENTE</b>			
Efectivo y otros activos líquidos equivalentes	3	1.616	1.034	Deuda financiera a corto plazo: préstamos y obligaciones	12	58.973	63.751
Inversiones en instrumentos financieros de renta fija y variable	4	6.110	1.855	Acreedores comerciales: proveedores	13	18.723	21.750
Cuentas a cobrar: clientes	5	17.258	19.249	Cargas sociales y laborales	14	4.848	5.836
Arrendamiento financiero	6	323	303	Cargas fiscales y regulatorias	15	9.525	9.573
Impuestos compensables	7	5.181	3.684	Ingresos diferidos	16	460	460
Gastos anticipados		62	34	<b>TOTAL PASIVO CORRIENTE</b>		<b>92.529</b>	<b>101.370</b>
Otros activos a corto plazo		535	899				
<b>TOTAL ACTIVO CORRIENTE</b>		<b>31.085</b>	<b>27.058</b>	<b>PASIVO NO CORRIENTE</b>			
<b>ACTIVO NO CORRIENTE</b>				Deuda financiera a largo plazo: préstamos y obligaciones	12	58.998	37.621
Realizable a Largo Plazo				Cargas sociales y laborales	14	3.192	2.801
Inversiones en instrumentos financieros de renta fija y variable	4	203	83	Cargas fiscales y regulatorias	15	1.982	2.466
Arrendamiento financiero	6	11.631	11.876	Ingresos diferidos	16	4.219	4.579
Impuestos compensables	7	3.334	2.997	Provisiones	17	67	82
Activos por impuestos diferidos	8	8.935	8.037	Deudas con partes vinculadas	18	6.394	3.410
Instrumentos financieros derivados	9	4.484	4.586	Otros pasivos a largo plazo		84	84
Otros activos a largo plazo		239	908	<b>TOTAL PASIVO NO CORRIENTE</b>		<b>74.936</b>	<b>51.043</b>
				<b>PATRIMONIO NETO</b>			
Inversión en asociada	9	17.793	19.744	Capital social	19	241.741	241.741
Inmovilizado material	10	269.946	261.613	Ajustes por cambio de valor		(756)	(756)
Inmovilizado intangible	11	9.917	9.490	Pérdidas acumuladas		(50.883)	(47.006)
<b>TOTAL ACTIVO NO CORRIENTE</b>		<b>326.482</b>	<b>319.334</b>	<b>TOTAL PATRIMONIO NETO</b>		<b>190.102</b>	<b>193.979</b>
<b>TOTAL ACTIVO</b>		<b>357.567</b>	<b>346.392</b>	<b>TOTAL PASIVO Y PATRIMONIO NETO</b>		<b>357.567</b>	<b>346.392</b>

*Las notas explicativas forman parte integrante de esta información financiera intermedia.*

## CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)

### Cuentas de pérdidas y ganancias correspondientes a los periodos de tres y nueve meses terminados el 30 de septiembre de 2017 y 2016

Miles de Reales brasileños, a excepción de la cifra de la pérdida por acción, básica y diluida

	Nota	3 <sup>er</sup> TRIMESTRE		9 MESES	
		A 30.09.2017	A 30.09.2016	A 30.09.2017	A 30.09.2016
INGRESOS NETOS PROCEDENTES DE LAS PRESTACIONES DE SERVICIOS	20	30.593	25.952	88.303	74.641
COSTO DE LOS SERVICIOS PRESTADOS	21	(17.671)	(15.922)	(52.624)	(46.348)
<b>RESULTADO BRUTO DE EXPLOTACIÓN</b>		<b>12.922</b>	<b>10.030</b>	<b>35.679</b>	<b>28.293</b>
OTROS INGRESOS (GASTOS) DE EXPLOTACIÓN:					
Gastos generales y de administración	21	(8.285)	(6.641)	(24.881)	(23.806)
Gastos de ventas y marketing	21	(238)	(124)	(728)	(259)
Otros ingresos de explotación		76	20.963	87	21.225
Otros gastos de explotación	21	(233)	(466)	(3.522)	(572)
Resultado de puesta en equivalencia	9	(459)	(10.141)	(1.951)	(25.647)
Total		(9.139)	3.591	(30.995)	(29.059)
<b>RESULTADO ANTES DE INGRESOS (GASTOS) FINANCIEROS E IMPUESTOS</b>		<b>3.783</b>	<b>13.621</b>	<b>4.684</b>	<b>(766)</b>
Ingresos financieros	22	1.226	844	2.147	(766)
Gastos financieros	22	(3.857)	(1.628)	(11.501)	(5.047)
<b>RESULTADO ANTES DE IMPUESTOS</b>		<b>1.152</b>	<b>12.837</b>	<b>(4.670)</b>	<b>(2.774)</b>
Impuestos (IRPJ y CSLL) corrientes	8	(105)	62	(105)	(24)
Impuestos (IRPJ y CSLL) diferidos	8	(512)	(7.918)	898	(7.766)
<b>BENEFICIO (PÉRDIDA) NETO (A) DEL EJERCICIO</b>		<b>535</b>	<b>4.981</b>	<b>(3.877)</b>	<b>(10.564)</b>
NÚMERO MEDIO PONDERADO DE ACCIONES ORDINARIAS EN CIRCULACIÓN (miles de acciones)		397.683	397.683	397.683	397.683
<b>BENEFICIO (PÉRDIDA) POR ACCIÓN, BÁSICO Y DILUIDO (Reales brasileños)</b>		<b>0,00</b>	<b>0,01</b>	<b>(0,01)</b>	<b>(0,03)</b>

Las notas explicativas forman parte integrante de esta información financiera intermedia.

**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)****Estados de ingresos y gastos reconocidos correspondientes a los periodos de tres y nueve meses terminados el 30 de septiembre de 2017 y 2016****Miles de Reales brasileños**

	3 <sup>er</sup> TRIMESTRE		9 MESES	
	A 30.09.2017	A 30.09.2016	A 30.09.2017	A 30.09.2016
Beneficio (pérdida) neto del periodo	535	4.981	(3.877)	(10.564)
Otros ingresos gastos reconocidos	-	-	-	-
<b>Total de ingresos y gastos reconocidos</b>	<b>535</b>	<b>4.981</b>	<b>(3.877)</b>	<b>(10.564)</b>

*Las notas explicativas forman parte integrante de esta información financiera intermedia.*

**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)****Estados de cambios en el patrimonio neto correspondientes a los periodos de tres y nueve meses terminados el 30 de septiembre de 2017 y 2016****Miles de Reales brasileños**

	<b>Capital social</b>	<b>Ajustes por cambio de valor</b>	<b>Pérdidas acumuladas</b>	<b>Total</b>
<b>SALDO A 31 DE DICIEMBRE DE 2015</b>	<b>225.081</b>	<b>(75)</b>	<b>(56.989)</b>	<b>168.017</b>
Aumento de capital	16.660	-	-	16.660
Pérdida neta del periodo	-	-	(10.564)	(10.564)
<b>SALDO A 30 DE SEPTIEMBRE DE 2016</b>	<b>241.741</b>	<b>(75)</b>	<b>(67.553)</b>	<b>174.113</b>
<b>SALDO A 31 DE DICIEMBRE DE 2016</b>	<b>241.741</b>	<b>(756)</b>	<b>(47.006)</b>	<b>193.979</b>
Pérdida neta del periodo	-	-	(3.877)	(3.877)
<b>SALDO A 30 DE SEPTIEMBRE DE 2017</b>	<b>241.741</b>	<b>(756)</b>	<b>(50.883)</b>	<b>190.102</b>

*Las notas explicativas forman parte integrante de esta información financiera intermedia.*

**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)**

**Estados de flujos de efectivo correspondientes al periodo de nueve meses terminados el 30 de septiembre de 2017 y 2016**  
**Miles de Reales brasileños**

	A 30.09.2017	A 30.09.2016
<b>FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE EXPLOTACIÓN</b>		
Pérdida del periodo	(3.877)	(10.564)
<b>Ajustes del resultado</b>	<b>41.143</b>	<b>41.968</b>
Amortizaciones y correcciones valorativas por deterioro	25.974	24.947
Gastos financieros	10.690	4.433
Impuestos (IRPJ y CSLL) diferidos	(898)	7.766
Bajas de inmovilizado material e intangible	-	117
Valoración de los activos entregados por la entidad Eletronet, S.A.	-	(20.423)
Cambios en el valor razonable de instrumentos financieros derivados	102	-
Reversión de provisiones para pérdidas	(15)	(32)
Provisión (reversión) para insolvencias y clientes de dudoso cobro	355	(262)
Resultado de puesta en equivalencia	1.951	25.647
Provisión para la compensación de pérdidas incurridas por asociada	2.984	-
Reversión de la provisión por obsolescencia de existencias	-	(225)
<b>Variación de activos y pasivos</b>	<b>(5.814)</b>	<b>(5.138)</b>
Disminución (aumento) de activos:		
Cuentas a cobrar: clientes	1.861	(2.584)
Impuestos recuperables	(1.938)	(494)
Otros activos	1.005	(672)
Aumento (Disminución) de pasivos:		
Acreedores comerciales: proveedores y otras cuentas a pagar	(3.028)	680
Cargas sociales y fiscales	(1.129)	371
Ingresos diferidos	(360)	(368)
Pagos por impuestos (IRPJ y CSLL)	105	(1.097)
Pagos por intereses	(2.330)	(974)
<b>Flujos netos de efectivo de las actividades de explotación</b>	<b>31.452</b>	<b>26.266</b>
<b>FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE INVERSIÓN</b>		
Adquisición de inmovilizado material	(34.734)	(28.459)
Disminución (aumento) de inversiones financieras en instrumentos de renta fija y variable	(4.375)	8.461
Aumento del capital social de asociada	-	(16.660)
<b>Flujos netos de efectivo de las actividades de inversión</b>	<b>(39.109)</b>	<b>(36.658)</b>
<b>FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE FINANCIACIÓN</b>		
Aumento de capital	-	16.660
Préstamos y financiaciones obtenidas y emisión de obligaciones	26.239	-
Pagos por préstamos, financiaciones y obligaciones	(18.000)	(5.961)
<b>Flujos netos de efectivo de las actividades de financiación</b>	<b>8.239</b>	<b>10.699</b>
<b>AUMENTO (DISMINUCIÓN) NETA DE EFECTIVO Y EQUIVALENTES AL EFECTIVO</b>	<b>582</b>	<b>307</b>
EFECTIVO Y EQUIVALENTES AL EFECTIVO		
Al inicio del periodo	1.034	4.869
Al final del periodo	1.616	5.176
<b>AUMENTO (DISMINUCIÓN) NETA DE EFECTIVO Y EQUIVALENTES AL EFECTIVO</b>	<b>582</b>	<b>307</b>

*Las notas explicativas forman parte integrante de esta información financiera intermedia.*

**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)****Estados de valor añadido correspondientes al periodo de nueve meses terminados el 30 de septiembre de 2017 y 2016****Miles de Reales brasileños**

	A 30.09.2017	A 30.09.2016
<b>1 – INGRESOS</b>	<b>146.797</b>	<b>153.977</b>
1.1) Ingresos por la venta de servicios	117.853	99.087
1.2) Reversión (Provisión) para insolvencias y clientes de dudoso cobro	(355)	262
1.3) Adiciones de inmovilizado material en explotación	23.973	27.934
1.4) Valoración de los activos entregados por la entidad Eletronet, S.A.	-	20.423
1.5) Ganancias (pérdidas) procedentes de instrumentos financieros derivados	(102)	-
1.6) Otros ingresos	5.428	6.271
<b>2 – INSUMOS ADQUIRIDOS A TERCEROS</b>	<b>58.386</b>	<b>51.282</b>
2.1) Costos por la venta de mercancías, productos y servicios	12.856	8.279
2.2) Materiales, energía eléctrica, servicios exteriores y otros	42.392	42.903
2.3) Pérdida / recuperación de activos	2.984	-
2.4) Otros gastos de explotación	154	100
<b>3 – VALOR AÑADIDO BRUTO (1-2)</b>	<b>88.411</b>	<b>102.695</b>
<b>4 – RETENCIONES</b>	<b>25.974</b>	<b>24.947</b>
4.1) Amortizaciones y correcciones valorativas por deterioro	25.974	24.947
<b>5 – VALOR AÑADIDO NETO PRODUCIDO POR LA ENTIDAD (3-4)</b>	<b>62.437</b>	<b>77.748</b>
<b>6 – VALOR AÑADIDO PROVENIENTE DE TRANSFERENCIAS</b>	<b>197</b>	<b>(22.608)</b>
6.1) Resultado de puesta en equivalencia	(1.951)	(25.647)
6.2) Ingresos financieros	2.148	3.039
<b>7 – VALOR AÑADIDO A DISTRIBUIR (5+6)</b>	<b>62.634</b>	<b>55.140</b>
<b>8 – DISTRIBUCIÓN DEL VALOR AÑADIDO</b>	<b>62.634</b>	<b>55.140</b>
<b>8.1) Remuneración al trabajo</b>	<b>17.635</b>	<b>19.768</b>
8.1.1) Sueldos, salarios y asimilados	10.547	11.067
8.1.2) Prestaciones laborales	3.679	4.059
8.1.3) Fondo de Ahorro Laboral ("FGTS")	1.009	2.381
8.1.4) Otras	2.400	2.261
<b>8.2) Participación del Estado</b>	<b>32.095</b>	<b>35.952</b>
8.2.1) Impuestos y otros tributos federales	8.083	16.123
8.2.2) Impuestos y otros tributos estatales	24.012	19.829
<b>8.3) Remuneración al capital ajeno</b>	<b>16.781</b>	<b>9.984</b>
8.3.1) Intereses	11.501	5.047
8.3.2) Alquileres	5.280	4.937
<b>8.4) Remuneración al capital propio</b>	<b>(3.877)</b>	<b>(10.564)</b>
8.4.1) Pérdida del periodo	(3.877)	(10.564)

*Las notas explicativas forman parte integrante de esta información financiera intermedia.*

# CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTelecom)

Notas a la información financiera intermedia correspondiente a los periodos de tres y nueve meses terminados el 30 de septiembre de 2017

(Cifras expresadas en miles de Reales brasileños, a menos que se indique otra cosa)

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## 1. ACTIVIDAD DE LA COMPAÑÍA

### (a) La Compañía

**CEMIG TELECOMUNICAÇÕES, S.A. (CEMIGTELECOM)** ("CEMIGTELECOM" o la "Compañía") es una sociedad anónima de capital abierto<sup>1</sup>, íntegramente participada por COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG). La Compañía provee redes de fibra óptica para el transporte de servicios de telecomunicaciones en el Estado de Minas Gerais y en otros Estados del noreste y centro oeste de Brasil, utilizando para ello las infraestructuras de transporte y distribución eléctrica de empresas proveedoras de electricidad, principalmente del accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG).

La Compañía está constituida en Brasil y su domicilio social se encuentra en Rua [calle] Inconfidentes, n° 1051, térreo [planta baja], barrio de Funcionários, en la ciudad de Belo Horizonte, Estado de Minas Gerais. La Compañía cuenta con el permiso de funcionamiento N° 41.002 de 3 de diciembre de 2003 otorgado por ANATEL, el ente regulador brasileño en materia de telecomunicaciones, para proveer servicios de comunicación multimedia (SCM) por un periodo indeterminado.

CEMIGTELECOM fue creada el 13 de enero de 1999 y está enfocada en proveer servicios de telecomunicaciones al segmento corporativo, de proveedores de servicios de Internet (ISP) y de operadores de telecomunicaciones. La Compañía tiene presencia en el mercado mayorista alquilando circuitos especializados a proveedores de servicios de telefonía fija, móvil, televisión por cable, *bussiness carriers*, centro de procesamiento de datos (*data center*) y banda ancha, entre otras.

La actividad principal (*core business*) de la Compañía es la prestación de servicios de telecomunicaciones en el segmento de operadores de telecomunicaciones, proveedores de servicios de Internet (ISP) y la provisión de servicios especializados al segmento corporativo, ofreciendo soluciones de conectividad de redes y acceso a Internet, tales como: acceso a Internet corporativo, comunicación de datos entre matriz y filiales, soluciones de alta capacidad y calidad, alquiler de circuitos especializados (enlaces, redes IP/MPLS y VPN), desarrollo de soluciones a medida para cada negocio y soluciones de conectividad, entre otros.

CEMIGTELECOM ofrece redes de fibra óptica para el transporte de servicios de telecomunicaciones en el Estado de Minas Gerais, con presencia en más de 70 municipios del Estado. Asimismo, ofrece servicios a través de redes de fibra óptica en las áreas metropolitanas de las ciudades capitales de Salvador, Recife, Goiânia y Fortaleza, además de tener presencia en São Paulo y Río de Janeiro, las dos ciudades más grandes de Brasil. En total, la Compañía tiene presencia en más de 100 ciudades brasileñas.

Con el fin de permitir la entrada de un nuevo socio en la entidad participada ATIVAS DATA CENTER, S.A., CEMIGTELECOM asumió una deuda de corto plazo significativa en el cuarto trimestre de 2016, con la garantía del accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG). A 30 de septiembre de 2017, la Compañía registró un exceso de pasivos corrientes sobre activos corrientes por importe de R\$61.445 (frente a R\$74.312 a 31 de diciembre de 2016). La deuda financiera de corto plazo asciende a R\$58.973, de los cuales R\$50.426 tienen vencimiento en el cuarto trimestre de 2017. En el último trimestre de 2017, la Dirección llevó a cabo un aumento del capital social de la Compañía por importe de R\$50.657 con el fin de liquidar un contrato de mutuo. Con ello, la Dirección considera que la Compañía tiene la capacidad para continuar generando flujos de efectivo operativos que le permitan afrontar los compromisos de deuda, y que cuenta con las condiciones adecuadas para cumplir con sus obligaciones de corto plazo y realizar las inversiones requeridas para el mantenimiento de sus proyectos.

### (b) Inversión en asociada

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<sup>1</sup> N.T. CEMIGTELECOM es una sociedad anónima de capital abierto en el sentido de que se le permite realizar emisiones de valores de renta fija, tales como obligaciones y pagarés de empresa. Sin embargo, no cotiza sus acciones en bolsa.



Hasta el 18 de octubre de 2016, la Compañía tenía una participación del 49% en la sociedad ATIVAS DATA CENTER, S.A. Con posterioridad a esa fecha, un nuevo socio estratégico, SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA., se incorporó como accionista de ATIVAS DATA CENTER, S.A. y pasó a ostentar una participación del 60% en dicha sociedad. En consecuencia, las participaciones de CEMIGTELECOM y de la sociedad ATIVAS PARTICIPAÇÕES, S.A. se diluyeron, respectivamente, al 19,6% y al 20,4% del capital social total de ATIVAS DATA CENTER, S.A. Tras la operación, la inversión en ATIVAS DATA CENTER, S.A. dejó de clasificarse como inversión en negocio conjunto ("*joint venture*") para clasificarse como inversión en asociada. La gestión y las principales decisiones sobre las operaciones de ATIVAS DATA CENTER, S.A. son ejercidas por el nuevo accionista de control, de acuerdo con lo establecido en el Pacto de Accionistas de la entidad.

ATIVAS DATA CENTER, S.A. está constituida en Brasil y su domicilio social y parque tecnológico se encuentran en Rua [calle] Agenério Araújo, nº 20, barrio de Camargos, en la ciudad de Belo Horizonte, Estado de Minas Gerais. La Compañía cuenta con oficinas comerciales en las ciudades capitales de São Paulo, Río de Janeiro, Porto Alegre y Curitiba, y tiene como finalidad social:

- i) la provisión de servicios de infraestructuras de TIC (Tecnología de la Información y Comunicaciones), incluyendo infraestructuras de alojamiento web;
- ii) el almacenamiento de bases de datos y de copias de seguridad (*backup*);
- iii) la prestación de servicios profesionales de seguridad de la información y disponibilidad;
- iv) la prestación de servicios de consultoría en TIC y conectividad con venta de acceso y banda de Internet; y
- v) la licencia y la cesión de derechos de uso de programas informáticos.

Con la entrada del nuevo accionista de control, se tomaron diversas acciones con vistas a readecuar la estructura organizativa, operacional y financiera de ATIVAS DATA CENTER, S.A. Como parte del plan de reestructuración de esta asociada, se realizó en octubre de 2016 la amortización anticipada de una parte sustancial de su deuda financiera (préstamos y obligaciones), con el objetivo de obtener una estructura de capital compatible con el tamaño de sus negocios.

## **2. BASES DE PRESENTACIÓN DE LA INFORMACIÓN FINANCIERA INTERMEDIA**

### **2.1. Normativa contable aplicada**

La información financiera intermedia correspondiente a los periodos de tres y nueve meses terminados el 30 de septiembre de 2017 se ha preparado de acuerdo con los requerimientos establecidos en la Norma Internacional de Contabilidad (NIC) 34: "Información financiera intermedia", emitida por el Consejo de Normas Internacionales de Contabilidad ("IASB"); en el Pronunciamiento Técnico CPC 21 (R1): "Información financiera intermedia", emitido por el Comité de Pronunciamientos Contables ("CPC"); y en las normas específicas de la Comisión del Mercado de Valores de Brasil ("CVM") para la revelación de la información financiera de periodos intermedios.

Los principios contables y normas de valoración utilizados en la preparación de la presente información financiera intermedia coinciden con los utilizados en la preparación de los estados financieros (cuentas anuales) correspondientes al ejercicio anual terminado el 31 de diciembre de 2016. En consecuencia, para una adecuada comprensión de esta información financiera intermedia, la misma debe leerse conjuntamente con dichos estados financieros, los cuales fueron aprobados por el Consejo de Administración y remitidos a CVM el 6 de abril de 2017.

Con fecha 10 de noviembre de 2017, la Junta Directiva de la Compañía autorizó la formulación y publicación de la presente información financiera intermedia correspondiente a los periodos de tres y nueve meses terminados el 30 de septiembre de 2017.

### 3. EFECTIVO Y OTROS ACTIVOS LÍQUIDOS EQUIVALENTES

	<u>A 30.09.2017</u>	<u>A 31.12.2016</u>
<b>Efectivo en caja y bancos</b>	<b>333</b>	<b>261</b>
<b>Fondos de renta fija</b>		
Certificados de depósito bancario (CDB) (a)	218	105
Operaciones <i>overnight</i> (b)	<u>1.065</u>	<u>668</u>
<b>Total</b>	<b><u>1.616</u></b>	<b><u>1.034</u></b>

A 30 de septiembre de 2017, la totalidad de las inversiones financieras de la Compañía (es decir: los equivalentes al efectivo y los instrumentos financieros de renta fija y variable- ver nota 4) se concentra en el Fondo Pampulha, el fondo de inversión exclusivo de las empresas que forman parte del Grupo CEMIG. La rentabilidad media ponderada de las inversiones financieras del Fondo Pampulha en el periodo de nueve meses terminado el 30 de septiembre de 2017 se situó en un 104,37% de la variación de los "certificados de depósito interbancario" ("CDI"), según la entidad de compensación y liquidación de valores CETIP (frente al 106,31% a 31 de diciembre de 2016).

- a) La rentabilidad de los CDB a interés variable viene dada por un porcentaje de los CDI, el cual suele variar entre el 100,50% y el 105,25% del CDI, según la operación.
- b) Las operaciones de cortísimo plazo *overnight* (a un día) consisten en letras, bonos u obligaciones del Tesoro referenciadas a un tipo de interés fijo, que se realizan un día con vencimiento el día hábil siguiente.

### 4. INSTRUMENTOS FINANCIEROS DE RENTA FIJA Y VARIABLE

Los instrumentos financieros de renta fija y variable de la Compañía incluyen: (i) los valores de renta fija, representados por participaciones de fondos gestionados por entidades financieras que cumplen con los requerimientos de idoneidad y solidez establecidos por el Grupo CEMIG; e (ii) inversiones en valores y CDB con plazos de vencimiento mayores a 90 días y cuyos importes reconocidos en el Activo corriente se espera que sean realizados en el corto plazo.

	<u>A 30.09.2017</u>	<u>A 31.12.2016</u>
<b>Corriente</b>		
Fondos de renta fija con carteras constituidas por:		
Certificados de depósito bancario (CDB) (a)	75	59
Operaciones comprometidas (b)	646	131
Letras financieras del Tesoro (LFT) (b)	881	349
Letras financieras (banca) (c)	4.508	1.316
	<b><u>6.110</u></b>	<b><u>1.855</u></b>
<b>No corriente</b>		
Letras financieras (banca) (c)	-	25
Obligaciones y pagarés de empresa (b)	203	58
	<b><u>203</u></b>	<b><u>83</u></b>
<b>Total</b>	<b><u>6.313</u></b>	<b><u>1.938</u></b>

- (a) La rentabilidad de los CDB a interés variable viene dada por un porcentaje de los CDI, el cual suele variar entre el 100,50% y el 105,25% del CDI, según la operación.
- (b) La rentabilidad de las operaciones comprometidas a interés variable viene dada por un porcentaje de los CDI, el cual suele variar entre el 100% + 0,78% y el 113%, según la operación.
- (c) La rentabilidad de las letras financieras del Tesoro (LFT) a interés variable viene dada por la variación diaria del tipo Selic (tipo de interés de referencia de la economía brasileña) entre la fecha de liquidación de la compra y la fecha de vencimiento del valor, aumentada, en su caso, de las plusvalías o minusvalías que se registren en el momento de la compra.
- (d) La rentabilidad de las letras financieras (banca) a interés variable viene dada por un porcentaje de los CDI, el cual suele variar entre el 100% + 0,52% y el 112%, según la operación.

## 5. CUENTAS A COBRAR: CLIENTES

	<u>A 30.09.2017</u>	<u>A 31.12.2016</u>
Partes vinculadas (ver nota 18)	2.880	5.299
Terceros	16.158	15.375
Provisión para insolvencias y clientes de dudoso cobro	<u>(1.780)</u>	<u>(1.425)</u>
<b>Total</b>	<b><u>17.258</u></b>	<b><u>19.249</u></b>

El desglose de las cuentas a cobrar vencidas según la antigüedad de los saldos vencidos es el siguiente:

Cuentas a cobrar	<u>A 30.09.2017</u>			<u>A 31.12.2016</u>
	Partes vinculadas	Terceros	Total	
Por vencer	1.010	13.308	14.318	12.805
Vencidas entre 1 y 30 días	76	891	967	2.906
Vencidas entre 31 y 60 días	76	58	134	1.381
Vencidas entre 61 y 90 días	76	39	115	643
Vencidas entre 91 y 180 días	232	185	417	424
Vencidas por más de 181 días	1.410	1.677	3.087	2.515
	<b><u>2.880</u></b>	<b><u>16.158</u></b>	<b><u>19.038</u></b>	<b><u>20.674</u></b>
Provisión para insolvencias y clientes de dudoso cobro	-	(1.780)	(1.780)	(1.425)
<b>Total</b>	<b><u>2.880</u></b>	<b><u>14.378</u></b>	<b><u>17.258</u></b>	<b><u>19.249</u></b>
Porcentaje de las pérdidas reconocidas sobre las cuentas a cobrar vencidas	0%	62%	38%	18%

La estimación de las pérdidas por insolvencias se mide y controla por cliente o tercero individual. La provisión se constituye por un importe que se considera razonable para cubrir el riesgo de insolvencia y reflejan la mejor estimación de la Compañía. Las cuentas a cobrar de los clientes que se consideran de dudoso cobro tienen sus pérdidas reconocidas en la cuenta de pérdidas y ganancias por el importe en que se espera incurrir.

El movimiento producido en este epígrafe durante los primeros nueve meses del ejercicio 2017 ha sido el siguiente:

	<u>A 30.09.2017</u>	<u>A 31.12.2016</u>
Saldo al inicio del periodo	(1.425)	(2.459)
Baja de provisiones	-	853
Dotaciones	(361)	(101)
Reversiones	<u>6</u>	<u>282</u>
Saldo al final del periodo	(1.780)	(1.425)

## 6. ARRENDAMIENTO FINANCIERO

Los acuerdos de arrendamiento en los que la Compañía transfiere los riesgos y beneficios inherentes a la propiedad del activo arrendado, tienen la consideración de contratos de arrendamiento financiero. Estas transacciones se reconocen por el menor valor entre el valor razonable del activo arrendado y el valor actual de los flujos de efectivo esperados, descontados a un tipo de interés que permita cubrir los riesgos derivados de las fluctuaciones de los tipos. Los intereses pagados en virtud del arrendamiento financiero se reconocen como ingreso financiero en la cuenta de pérdidas y ganancias sobre una base lineal durante la duración del contrato de arrendamiento.

	<u>A 30.09.2017</u>	<u>A 31.12.2016</u>
<b>Corriente</b>	<b>323</b>	<b>303</b>
<b>No corriente</b>	<b><u>11.631</u></b>	<b><u>11.876</u></b>
<b>Total</b>	<b><u>11.954</u></b>	<b><u>12.179</u></b>

## Red GPON: condominios

Con fecha 5 de julio de 2016, CEMIGTELECOM celebró con la sociedad ALGAR TELECOM, S.A., en forma irrevocable e incondicional, un contrato de arrendamiento de redes FTTH GPON<sup>2</sup> propiedad de la Compañía ubicadas en 39 barrios y condominios residenciales de la zona sur de la ciudad capital de Belo Horizonte. La duración del contrato es de 15 años y establece una retribución mensual de R\$112 en los primeros 60 meses, elevándose a R\$132 a partir del 61º mes. La retribución se ajusta cada año de acuerdo con el índice de precios IGP-M.

El importe nominal de los flujos de efectivo esperados del contrato es como sigue:

	<u>A 30.09.2017</u>	<u>A 31.12.2016</u>
Hasta 1 año	1.345	1.345
Entre 1 y 5 años	5.678	7.080
Más de 5 años	<u>13.887</u>	<u>13.493</u>
<b>Total</b>	<b><u>20.910</u></b>	<b><u>21.918</u></b>

## 7. IMPUESTOS COMPENSABLES

	<u>A 30.09.2017</u>	<u>A 31.12.2016</u>
Impuesto ICMS (a)	6.053	4.929
Impuestos IRPJ y CSLL compensables	873	595
Impuesto sobre la Renta Retenido en la Fuente (IRRF)	1.550	1.098
Otros impuestos	39	59
<b>Total</b>	<b><u>8.515</u></b>	<b><u>6.681</u></b>
<b>Corriente</b>	<b><u>5.181</u></b>	<b><u>3.684</u></b>
<b>No corriente</b>	<b><u>3.334</u></b>	<b><u>2.997</u></b>

- (a) Los créditos en concepto del impuesto ICMS<sup>3</sup> se refieren principalmente a devoluciones de Hacienda por la adquisición de elementos de inmovilizado material y pueden compensarse en el transcurso de 48 meses.

## 8. ACTIVOS POR IMPUESTOS DIFERIDOS: IMPUESTOS SOBRE BENEFICIOS ("IRPJ") Y CONTRIBUCIÓN SOCIAL ("CSLL")<sup>4</sup>

Los impuestos IRPJ y CSLL diferidos se refieren al activo fiscal por impuestos diferidos que se constituye principalmente sobre las diferencias temporarias, las pérdidas fiscales y la base imponible negativa de la CSLL calculada a la fecha de cierre del balance a 30 de septiembre de 2017. El registro contable del IRPJ diferido se llevó a cabo sobre la base del estudio técnico elaborado por la Dirección de la Compañía y aprobado el 6 de abril de 2017 por los Consejos de Administración y de Auditoría.

Las premisas utilizadas en la elaboración del estudio técnico se basaron en la estimación de beneficios fiscales futuros. A 31 de diciembre de 2015, teniendo en cuenta el plan de negocios de la Compañía y las perspectivas del escenario macroeconómico, el estudio de viabilidad señalaba que los beneficios fiscales futuros previstos durante los diez años siguientes no serían suficientes como para poder compensar las diferencias temporarias y la totalidad de los créditos fiscales registrados. Como consecuencia de ello, la Compañía realizó la reversión de parte del IRPJ y CSLL diferidos reconocidos en ejercicios anteriores por importe de R\$13.491, de los cuales el importe de R\$12.057 por pérdidas fiscales y base imponible negativa de la CSLL, mientras que el importe de R\$1.434 por diferencias temporarias. Como se trata de cambio de estimación, tal ajuste fue reconocido en la cuenta de pérdidas y ganancias del ejercicio con abono a la cuenta de activos por impuestos diferidos.

<sup>2</sup> **N.T.** La tecnología de telecomunicaciones FTTH (del inglés *Fiber To The Home*), también conocida como "fibra hasta el hogar", enmarcada dentro de las tecnologías FTTx, se basa en utilizar cables de fibra óptica y sistemas de distribución ópticos (GPON o *Gigabit-capable Passive Optical Network*) adaptados a esta tecnología para distribuir servicios avanzados, como el Triple Play: telefonía, Internet de banda ancha y televisión, a los hogares y negocios de los abonados.

<sup>3</sup> **N.T.** *ICMS*: Impuesto a la Circulación de Mercancías y Servicios, por sus siglas en portugués. El ICMS tiene carácter estatal y grava las ventas de mercancías, así como los servicios de transporte de las mismas de un estado a otro, aunque no exista venta. El tipo aplicable lo fija cada estado de la Federación brasileña.

<sup>4</sup> **N.T.** En Brasil los beneficios obtenidos por las sociedades comportan una tributación del 34%. El IRPJ (Impuesto sobre los beneficios) se grava sobre la renta de las sociedades. El tipo general es del 15% sobre la base imponible. Cuando los beneficios antes de impuestos sean superiores a los 240.000 reales anuales, se establece una tasa adicional del 10% sobre la fracción superior a ese límite. La CSLL (Contribución social sobre el beneficio neto) se grava sobre el beneficio obtenido de las personas jurídicas y su liquidación es paralela a la del IRPJ. El tipo impositivo es del 9%. Se permite la compensación por pérdidas fiscales y bases imponibles negativas de hasta el 30% del beneficio.

A 31 de diciembre de 2016, se formuló un nuevo estudio técnico en el que se indicó la posibilidad de completar el saldo por IRPJ y CSLL diferidos por importe de R\$1.569. Los créditos fiscales no reconocidos ascienden a R\$10.385 y se mantienen bajo control en los registros fiscales hasta que se cumplan los requisitos técnicos para su reconocimiento contable.

El importe en libros del activo fiscal diferido se revisa periódicamente, mientras que las proyecciones se revisan anualmente. La Compañía procede a revisar el estudio técnico en cualquier momento durante el ejercicio si se producen circunstancias significativas que pudieran cambiar las estimaciones.

	A 30.09.2017	A 31.12.2016
<b>Activos</b>		
<u>Créditos fiscales diferidos</u>		
Pérdidas fiscales y base imponible negativa de la CSLL	4.920	4.973
Provisión para insolvencias y clientes de dudoso cobro	573	451
Provisión para contingencias fiscales, de seguridad social, laborales y civiles	28	33
Provisión para reembolso de activos: ATIVAS DATA CENTER, S.A.	2.174	1.159
Plan de bajas voluntarias incentivadas	373	539
Amortizaciones y correcciones valorativas por deterioro (Ley N° 11.941/2009)	6.438	7.018
Pérdida actuarial contabilizada en el estado de ingresos y gastos reconocidos	390	390
Provisión para obsolescencia de inventarios	467	390
Provisión para deterioro de valor de inversión	1.495	1.495
Otras adiciones temporarias	723	590
<b>Total activos por impuestos diferidos (IRPJ y CSLL)</b>	<b>17.581</b>	<b>17.038</b>
<b>Pasivos</b>		
<u>Obligaciones fiscales diferidas</u>		
Contrato de arrendamiento financiero: red GPON: condominios	(843)	(764)
Ganancias procedentes de instrumentos financieros derivados	(1.524)	(1.559)
Valoración de los activos transmitidos por la entidad ELETRONET, S.A.	(6.279)	(6.678)
<b>Total pasivos por impuestos diferidos (IRPJ y CSLL)</b>	<b>(8.646)</b>	<b>(9.001)</b>
<b>Total neto activo no corriente</b>	<b>8.935</b>	<b>8.037</b>

La conciliación del resultado contable con el gasto devengado por la aplicación de los tipos impositivos correspondientes a los impuestos IRPJ y CSLL que se presenta en la cuenta de pérdidas y ganancias del periodo, es como sigue:

	3 <sup>er</sup> TRI 2017	3 <sup>er</sup> TRI 2016
<b>Beneficio (pérdida) antes de impuestos (IRPJ y CSLL)</b>	<b>1.152</b>	<b>12.837</b>
Resultado de puesta en equivalencia	459	10.141
<b>Beneficio después de impuestos (IRPJ y CSLL)</b>	<b>1.611</b>	<b>22.978</b>
Tipo impositivo (IRPJ y CSLL)	34%	34%
<b>Expectativa de pago de impuestos (IRPJ y CSLL)</b>	<b>(548)</b>	<b>(7.813)</b>
<b>Ajustes por variación del tipo impositivo (tipo impositivo efectivo)</b>		
Efectos impositivos:		
Otras adiciones y deducciones, netas	(69)	(43)
<b>Impuestos (IRPJ y CSLL): gasto devengado</b>	<b>(617)</b>	<b>(7.856)</b>
<b>Impuestos (IRPJ y CSLL)</b>		
Corriente	(105)	62
Diferido	(512)	(7.918)
<b>TOTAL</b>	<b>(617)</b>	<b>(7.856)</b>

	9M 2017	9M 2016
<b>Beneficio (pérdida) antes de impuestos (IRPJ y CSLL)</b>	<b>(4.670)</b>	<b>(2.774)</b>
Resultado de puesta en equivalencia	1.951	25.647
<b>Beneficio después de impuestos (IRPJ y CSLL)</b>	<b>(2.719)</b>	<b>22.873</b>
Tipo impositivo (IRPJ y CSLL)	34%	34%
<b>Expectativa de pago de impuestos (IRPJ y CSLL)</b>	<b>(924)</b>	<b>(7.777)</b>
<b>Ajustes por variación del tipo impositivo (tipo impositivo efectivo)</b>		
Efectos impositivos:		
Otras adiciones y deducciones, netas	(131)	(13)
<b>Impuestos (IRPJ y CSLL): gasto devengado</b>	<b>(793)</b>	<b>(7.790)</b>
<b>Impuestos (IRPJ y CSLL)</b>		
Corriente	(105)	(24)
Diferido	898	(7.766)
<b>TOTAL</b>	<b>793</b>	<b>(7.790)</b>

Las declaraciones de ingresos de la Compañía están sujetas a revisión por parte de las autoridades fiscales durante un lapso de cinco años. Otros impuestos y tasas y contribuciones también están sujetos a tales condiciones, de conformidad con la legislación aplicable.

El movimiento producido en el activo fiscal diferido durante los primeros nueve meses del ejercicio 2017 es como sigue:

	Saldo a 31.12.2016	Constitución	Utilización	Saldo a 30.09.2017
<u>Créditos fiscales diferidos</u>				
Pérdidas fiscales y base imponible negativa de la CSLL	4.973	-	(53)	4.920
Provisión para insolvencias y clientes de dudoso cobro	451	122	-	573
Provisión para contingencias fiscales, de seguridad social, laborales y civiles	33	-	(5)	28
Provisión para reembolso de activos: ATIVAS DATA CENTER, S.A.	1.159	1.015	-	2.174
Plan de bajas voluntarias incentivadas	539	-	(166)	373
Amortizaciones y correcciones valorativas por deterioro (Ley N° 11.941/2009)	7.018	-	(580)	6.438
Provisión para obsolescencia de inventarios	390	77	-	467
Provisión para deterioro de valor de inversión	1.495	-	-	1.495
Otras adiciones temporarias	590	133	-	723
<b>Total</b>	<b>16.648</b>	<b>1.347</b>	<b>(804)</b>	<b>17.191</b>
<u>Obligaciones fiscales diferidas</u>				
Contrato de arrendamiento financiero: red GPON: condominios	(764)	(79)	-	(843)
Ganancias procedentes de instrumentos financieros derivados	(1.559)	-	35	(1.524)
Valoración de los activos transmitidos por la entidad ELETRONET, S.A.	(6.678)	-	399	(6.279)
<b>Total</b>	<b>(9.001)</b>	<b>(79)</b>	<b>434</b>	<b>(8.646)</b>
<b>Créditos (obligaciones) fiscales reconocidos (as)</b>	<b>7.647</b>	<b>1.268</b>	<b>(370)</b>	<b>8.545</b>
Pérdida actuarial contabilizada en el estado de ingresos y gastos reconocidos	390	-	-	390
<b>Total créditos (obligaciones) fiscales reconocidos (as)</b>	<b>8.037</b>	<b>1.268</b>	<b>(370)</b>	<b>8.935</b>

## 9. INVERSIÓN EN ASOCIADA

Hasta el tercer trimestre de 2016, CEMIGTELECOM poseía el 49% del capital con derecho a voto de la participada ATIVAS DATA CENTER, S.A. Con fecha 19 de octubre de 2016, culminó la operación por la que un nuevo socio estratégico, SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. ("SONDA"), se incorporó como accionista de dicha sociedad. El cierre de la operación tuvo lugar luego de la obtención sin restricciones de la correspondiente aprobación por parte de CADE, organismo brasileño de defensa de la competencia, así como del cumplimiento de las demás condiciones precedentes.

La participación de SONDA en ATIVAS DATA CENTER, S.A. se materializó a través de una inyección de capital por importe de R\$114.000, con lo que SONDA pasó a ostentar una participación del 60% en ATIVAS DATA CENTER, S.A. En consecuencia, las participaciones de CEMIGTELECOM y de la sociedad ATIVAS PARTICIPAÇÕES, S.A. se diluyeron, respectivamente, al 19,6% (R\$98.900) y al 20,4% (R\$102.937) del capital social total de dicha sociedad. Tras la operación, la inversión en ATIVAS DATA CENTER, S.A. dejó de clasificarse como inversión en negocio conjunto ("*joint venture*") para clasificarse como inversión en asociada.

Desde su creación en el año 2009 y hasta que no finalizaron las obras de construcción de su centro de procesamiento de datos (*data center*) en enero de 2011, ATIVAS DATA CENTER, S.A. estuvo en etapa preoperativa, habiendo acumulado hasta el 30 de septiembre de 2017 pérdidas netas contables por importe de R\$330.065 (frente a R\$322.112 a 31 de diciembre de 2016).

Las cifras principales sobre esta asociada se presentan a continuación en línea con las políticas contables de CEMIGTELECOM:

	<u>A 31.12.2016</u>	<u>A 31.12.2015</u>
Activo	168.873	180.449
Pasivo	50.112	51.735
Patrimonio neto	118.761	(61.752)

	<u>9M 2017</u>	<u>9M 2016</u>
Ingresos netos	49.370	46.654
Pérdida del periodo	(9.954)	(52.342)

El movimiento de inversión en ATIVAS DATA CENTER, S.A. durante los primeros nueve meses de los ejercicios 2016 y 2017 es como sigue:

9M 2016			9M 2017			
Saldo a 01.01.2016	Resultado de puesta en equivalencia	Aumento de capital	Saldo a 30.09.2016	Saldo a 01.01.2017	Resultado de puesta en equivalencia	Saldo a 30.09.2017
(76.708)	(25.647)	16.660	(85.695)	19.744	(1.951)	17.793

El importe de la inversión en ATIVAS DATA CENTER, S.A. a 30 de septiembre de 2017 y 31 de diciembre de 2016 se muestra como sigue:

	<u>A 30.09.2017</u>	<u>A 31.12.2016</u>
Patrimonio neto de la asociada según libros	118.761	128.714
Efectos impositivos diferidos: activo reconocido por la asociada	(27.979)	(27.979)
Patrimonio neto ajustado de la asociada	90.782	100.735
Porcentaje de participación (%)	19,6%	19,6%
Inversión valorada de acuerdo con el procedimiento de puesta en equivalencia	17.793	19.744
Plusvalía pagada en la suscripción de las acciones	4.397	4.397
Provisión para corrección por deterioro del valor de la plusvalía	(4.397)	(4.397)
Saldo de la inversión	17.793	19.744
Pérdida derivada del resultado de puesta en equivalencia	(1.951)	(27.165)

La composición accionarial de ATIVAS DATA CENTER, S.A. a 30 de septiembre de 2017 y 31 de diciembre de 2016 es la siguiente:

Miles de acciones	A 31.12.2016		A 31.12.2015	
	Número de acciones	Participación accionarial	Número de acciones	Participación accionarial
Accionista				
ATIVAS PARTICIPAÇÕES, S.A.	93.134	20,40%	68.144	51,00%
CEMIGTELECOM	89.482	19,60%	65.472	49,00%
SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA.	273.925	60,00%	-	-
<b>Total</b>	<b>456.541</b>	<b>100%</b>	<b>133.616</b>	<b>100%</b>

#### Aumento de capital

##### **Aportaciones de capital realizadas en 2016**

	16.02.2016	14.03.2016	19 de octubre de 2016		Total
			1ª aportación	2ª aportación	
CEMIGTELECOM	3.800	12.860	45.000	37.240	98.900
ATIVAS PARTICIPAÇÕES, S.A.	3.955	13.385	46.837	38.760	102.937
SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA.	-	-	-	114.000	114.000
<b>Total</b>	<b>7.755</b>	<b>26.245</b>	<b>91.837</b>	<b>190.000</b>	<b>315.837</b>

#### **Activo / Pasivo financiero correspondiente a opciones de compra y venta sobre acciones**

Con fecha 19 de octubre de 2016, CEMIGTELECOM, ATIVAS PARTICIPAÇÕES, S.A. y SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. ("SONDA") celebraron un acuerdo de inversión por medio del cual SONDA se incorporó como accionista de ATIVAS DATA CENTER, S.A., sociedad que hasta esa fecha era participada exclusivamente por CEMIGTELECOM (49%) y ATIVAS PARTICIPAÇÕES, S.A. (51%).



SONDA se hizo con el 60% de las acciones de ATIVAS DATA CENTER, S.A., con lo que las participaciones de CEMIGTELECOM y de ATIVAS PARTICIPAÇÕES, S.A. se diluyeron, respectivamente, al 19,6% y al 20,4% del capital social total de dicha sociedad. Tras la operación, la inversión en ATIVAS DATA CENTER, S.A. dejó de clasificarse como inversión en negocio conjunto ("*joint venture*") para clasificarse como inversión en asociada.

Como parte del proceso de reestructuración societaria, CEMIGTELECOM y SONDA firmaron un acuerdo por el cual fueron otorgadas simultáneamente dos opciones sobre las acciones de ATIVAS DATA CENTER, S.A.: una opción de compra (por CEMIGTELECOM) y una opción de venta (por SONDA).

En consecuencia, CEMIGTELECOM posee simultáneamente un derecho (la opción de venta) y una obligación (la opción de compra) con respecto a las acciones de ATIVAS DATA CENTER, S.A. Por el acuerdo quedó establecido que el precio de ejercicio de la opción de venta será el equivalente a quince veces el beneficio neto ajustado obtenido por ATIVAS DATA CENTER, S.A. en el ejercicio anual anterior a la fecha de ejercicio de la opción. Por su parte, el precio de ejercicio de la opción de compra será el equivalente a diecisiete veces el beneficio neto ajustado obtenido por ATIVAS DATA CENTER, S.A. en el ejercicio anual anterior a la fecha de ejercicio de la opción. Ambas opciones, si ejercidas, importarán la venta de las acciones que actualmente posee la Compañía en ATIVAS DATA CENTER, S.A., teniendo en cuenta que el ejercicio de una de las opciones resultará en la nulidad de la otra. Se fijó el 1 de enero de 2021 como la fecha a partir de la cual las opciones podrán ejercerse.

Las opciones de compra y venta sobre las acciones de ATIVAS DATA CENTER, S.A. (las "Opciones") se valoraron a valor razonable y fueron registradas por su importe neto, es decir: por la diferencia entre el valor razonable de las Opciones en la fecha de cierre del balance a 30 de septiembre de 2017.

La valoración se llevó a cabo por un experto independiente mediante la aplicación del modelo de Black-Scholes-Merton (BSM). Se aseguró de que los resultados fueran consistentes con otros enfoques estocásticos relacionados con procedimientos numéricos.

Se tomaron en cuenta las siguientes variables en el cálculo del valor razonable de las Opciones de acuerdo con el modelo BSM: el precio de cierre del activo objetivo a 30 de septiembre de 2017, el tipo de interés libre de riesgo, la volatilidad del precio del activo objetivo, el tiempo hasta el vencimiento de las Opciones, y los precios de ejercicio en la fecha de ejercicio.

El precio de cierre del activo objetivo se basó en el valor de la transacción culminada el 19 de octubre de 2016. El tipo de interés libre de riesgo fue calculado teniendo en cuenta la rentabilidad de las Letras del Tesoro Nacional (LTN). El tiempo hasta el vencimiento de las Opciones tomó como referencia el 31 de marzo de 2021 como fecha de ejercicio.

Considerando que los precios de ejercicio de las Opciones son contingentes a los resultados futuros de ATIVAS DATA CENTER, S.A., la estimación de los precios de ejercicio en la fecha de vencimiento se basó en análisis estadísticos y en la información de empresas cotizadas comparables. Los precios de ejercicio adoptados en el enfoque BSM se corroboraron con distribuciones estadísticas analizadas mediante procedimientos numéricos. A 30 de septiembre de 2017, el instrumento se encuentra registrado como un activo financiero derivado por importe de R\$4.484 (frente a R\$4.586 a 31 de diciembre de 2016).

## 10. INMOVILIZADO MATERIAL

	A 30.09.2017		A 31.12.2016	
	Costo	Amortización acumulada	Valor neto	Valor neto
Terrenos	82	-	82	82
Inmuebles	55	(17)	38	39
Instalaciones	107	(32)	75	43
Maquinaria y equipos	11	(3)	8	9
Mobiliario y enseres	1.582	(1.136)	446	450
Computadoras y periféricos	2.206	(1.858)	348	193
Instrumentos de prueba	2.833	(2.730)	103	159
Mejoras	246	(233)	13	19
Sistema de recepción satelital	9.283	(9.283)	-	1
Equipos de redes de telecomunicaciones	392.054	(278.811)	113.243	95.859
Materiales	64.137	(40.929)	23.208	22.404
Cables	196.331	(99.263)	97.068	100.741
Cables de fibra óptica OPGW	18.894	(1.575)	17.319	18.264
Cables de fibra óptica ADSS	1.529	(382)	1.147	1.376
Infraestructura de redes	19.342	(13.597)	5.745	6.202
Repuestos	10.413	-	10.413	9.312
Inmovilizado en explotación	2.064	-	2.064	7.834
	<b>721.169</b>	<b>(449.849)</b>	<b>271.320</b>	<b>262.987</b>
Provisión para obsolescencia de inventarios	(1.374)	-	(1.374)	(1.374)
<b>Inmovilizado material, neto</b>	<b>719.795</b>	<b>(449.849)</b>	<b>269.946</b>	<b>261.613</b>

### Coeficientes de amortización y vida útil de los elementos del inmovilizado material

Los coeficientes de amortización y la vida útil restante de los elementos del inmovilizado material para el periodo de nueve meses terminado el 30 de septiembre de 2017 fueron determinados de conformidad con informes técnicos emitidos por los ingenieros de la Compañía, y representan una estimación de la vida útil de los activos, como sigue:

<u>Clase de activo</u>	Porcentaje medio amortizado hasta el 30.09.2017	Vida útil media restante (años)	Coeficientes medios de amortización anual
Inmuebles	31%	34,5	2%
Instalaciones	30%	7,0	10%
Maquinaria y equipos	27%	7,3	10%
Mobiliario y enseres	72%	2,8	10%
Computadoras y periféricos	84%	0,8	20%
Instrumentos de prueba	96%	0,4	10%
Mejoras	95%	0,3	20%
Sistema de recepción satelital	100%	0,0	8%
Equipos de redes de telecomunicaciones	71%	2,6	11%
Materiales	64%	5,2	7%
Cables	51%	9,9	5%
Cables de fibra óptica OPGW	8%	13,7	7%
Cables de fibra óptica ADSS	25%	3,8	20%
Infraestructura de redes	70%	5,4	3 al 10%

El movimiento producido en las diferentes cuentas del inmovilizado material durante los primeros nueve meses del ejercicio 2017 ha sido el siguiente:

	Saldo a 31.12.2016	Adiciones	Bajas	Trasposos	Saldo a 30.09.2017
Terrenos	82	-	-	-	82
Inmuebles	55	-	-	-	55
Instalaciones	68	39	-	-	107
Maquinaria y equipos	11	-	-	-	11
Mobiliario y enseres	1.524	58	-	-	1.582
Computadoras y periféricos	1.953	253	-	-	2.206
Instrumentos de prueba	2.833	-	-	-	2.833
Mejoras	246	-	-	-	246
Sistema de recepción satelital	9.283	-	-	-	9.283
Equipos de redes de telecomunicaciones	361.943	-	-	30.111	392.054
Materiales	61.098	-	-	3.039	64.137
Cables	192.373	-	-	3.958	196.331
Cables de fibra óptica OPGW	18.894	18.894	-	-	18.894
Cables de fibra óptica ADSS	1.529	1.529	-	-	1.529
Infraestructura de redes	19.342	-	-	-	19.342
Repuestos	9.312	9.500	-	(8.399)	10.413
Inmovilizado en explotación (a)	7.834	23.973	-	(29.713)	2.064
<b>Costo total</b>	<b>688.380</b>	<b>33.793</b>	-	<b>(1.004)</b>	<b>721.169</b>
Amortización acumulada	(425.393)	(24.456)	-	-	(449.849)
Provisión para obsolescencia de inventarios	(1.374)	-	-	-	(1.374)
<b>Importe neto amortizable</b>	<b>261.613</b>	<b>9.337</b>	-	<b>(1.004) (**)</b>	<b>269.946</b>

(a) Gastos relacionados con proyectos en curso para la ampliación de las redes de telecomunicaciones e inventarios.

	Saldo a 31.12.2015	Adiciones	Bajas	Trasposos	Saldo a 30.09.2016
Terrenos	82	-	-	-	82
Inmuebles	55	-	-	-	55
Instalaciones	152	-	(84)	-	68
Maquinaria y equipos	11	-	-	-	11
Mobiliario y enseres	1.469	6	-	-	1.475
Computadoras y periféricos	1.934	10	-	-	1.944
Instrumentos de prueba	2.833	-	-	-	2.833
Mejoras	246	-	-	-	246
Sistema de recepción satelital	9.283	-	-	-	9.283
Equipos de redes de telecomunicaciones	342.087	-	(239)	19.552	361.400
Materiales	61.301	-	-	1.557	62.858
Cables	190.788	-	-	4.088	194.876
Cables de fibra óptica OPGW	-	18.894 (**)	-	-	18.894
Cables de fibra óptica ADSS	-	1.529 (**)	-	-	1.529
Infraestructura de redes	19.342	-	-	-	19.342
Repuestos	8.030	5.735	(225)	(4.915)	8.625
Inmovilizado en explotación (a)	6.819	21.878	-	(22.561)	6.136
<b>Costo total</b>	<b>644.432</b>	<b>48.052</b>	<b>(548)</b>	<b>(2.279)</b>	<b>689.657</b>
Amortización acumulada	(394.446)	(23.904)	206	-	(418.144)
Provisión para obsolescencia de inventarios	(225)	-	225	-	-
<b>Importe neto amortizable</b>	<b>249.761</b>	<b>24.148</b>	<b>(117)</b>	<b>(2.279) (*)</b>	<b>271.513</b>

(\*) Trasposos efectuados entre cuentas de inmovilizado material e intangible (ver nota 11).

(\*\*) Activos transmitidos por la entidad ELETRONET, S.A.

La Compañía realiza periódicamente estimaciones de la vida útil de sus activos con vida útil definida. Las estimaciones se realizan por los profesionales del cuerpo técnico de ingeniería de la Compañía, quienes consideran a tales efectos las siguientes premisas principales, entre otros aspectos: (i) la información técnica relacionada con la utilización y el mantenimiento de los activos; (ii) las perspectivas de cambios tecnológicos y de mercado; (iii) la existencia en el mercado de servicios de reparación y de repuestos para los bienes; y (iv) la posibilidad de realizar mejoras y actualizaciones en los equipos y en los software relacionados, así como su capacidad de combinación con tecnologías futuras.

A efectos fiscales, no se modificó la vida útil de los bienes admitidos por la normativa fiscal. La diferencia entre el resultado contable y el resultado fiscal tiene la consideración de diferencias temporales, cuyos reflejos se reconocen como activo o pasivo fiscal diferido durante el periodo en que se producen tales diferencias temporales.

## 11. INMOVILIZADO INTANGIBLE

	A 31.12.2016	Adiciones	Trasposos	A 30.09.2017
Licencias de uso de software	2.037	941	-	2.978
Otorgamiento de concesiones de radio	230	-	-	230
Sistemas de gestión	12.998	-	1.004	14.002
<b>Costo total</b>	<b>15.265</b>	<b>941</b>	<b>1.004</b>	<b>17.210</b>
Amortización acumulada	(5.775)	(1.518)	-	(7.293)
<b>Importe neto amortizable</b>	<b>9.490</b>	<b>(577)</b>	<b>1.004</b>	<b>9.917</b>

	A 31.12.2015	Adiciones	Trasposos	A 30.09.2016
Licencias de uso de software	1.137	830	-	1.967
Otorgamiento de concesiones de radio	230	-	-	230
Sistemas de gestión	9.268	-	2.279	11.547
<b>Costo total</b>	<b>10.635</b>	<b>830</b>	<b>2.279</b>	<b>13.744</b>
Amortización acumulada	(4.010)	(1.043)	-	(5.053)
<b>Importe neto amortizable</b>	<b>6.625</b>	<b>(213)</b>	<b>2.279 (*)</b>	<b>8.691</b>

(a) Trasposos efectuados entre cuentas de inmovilizado material e intangible (ver nota 10).

### Coeficientes de amortización y vida útil de los elementos del inmovilizado intangible

El movimiento producido en las diferentes cuentas del inmovilizado intangible durante los primeros nueve meses del ejercicio 2017 ha sido el siguiente:

Clase de activo	Vida útil estimada (años)	Porcentaje medio amortizado hasta el 30.09.2017	Vida útil media restante (años)	Coeficientes medios de amortización anual
Licencias de uso de software	5 años	45%	2,8	20%
Otorgamiento de concesiones de radio	15 años	24%	11,3	6,7%
Sistemas de gestión	10 años	42%	5,8	10%

## 12. DEUDA FINANCIERA: PRÉSTAMOS (CONTRATOS DE MUTUO) Y OBLIGACIONES

	A 30.09.2017	A 31.12.2016
Contratos de mutuo	91.479	101.372
Obligaciones	26.492	-
<b>Total</b>	<b>117.971</b>	<b>101.372</b>
<b>Corriente</b>	<b>58.973</b>	<b>63.751</b>
<b>No corriente</b>	<b>58.998</b>	<b>37.621</b>

El movimiento producido en el epígrafe "Deuda financiera: préstamos (contratos de mutuo) y obligaciones" durante los primeros nueve meses del ejercicio 2017 ha sido el siguiente:

	A 31.12.2016	Captaciones	Amortizaciones del principal	Recargos financieros reconocidos	A 30.09.2017
SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. (1)	46.310	-	-	4.106	50.416
SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. (2)	38.326	-	-	3.396	41.722
COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG) (3)	18.134	-	(19.235)	1.101	-
Obligaciones (4)	-	27.000	(1.095)	1.159	27.064
	<b>102.770</b>	<b>27.000</b>	<b>(20.330)</b>	<b>9.762</b>	<b>119.202</b>
Costos de captación	(1.398)	(761)	-	928	(1.231)
<b>Total</b>	<b>101.372</b>	<b>26.239</b>	<b>(20.330)</b>	<b>10.690</b>	<b>117.971</b>

- (1) Contrato de mutuo firmado con SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. a un tipo de interés equivalente al 110% de la variación del CDI [certificados de depósito interbancario], con vencimiento el 19 de octubre de 2017, con el objetivo de financiar la inversión en ATIVAS DATA CENTER, S.A.
- (2) Contrato de mutuo firmado con SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. a un tipo de

interés equivalente al 110% de la variación del CDI [certificados de depósito interbancario], con el objetivo de financiar la inversión en ATIVAS DATA CENTER, S.A. El vencimiento del mutuo tendrá lugar en la fecha de ejercicio de la opción de venta otorgada a la Compañía, de acuerdo a lo establecido en el Pacto de Accionistas de ATIVAS DATA CENTER, S.A.

- (3) Contrato de mutuo firmado con el accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG) a un tipo de interés equivalente al 132,90% de la variación del CDI [certificados de depósito interbancario], con vencimiento el 30 de abril de 2017, con el objetivo de financiar el capital de trabajo de la Compañía. Dicho préstamo fue liquidado anticipadamente el 22 de mayo de 2017.
- (4) Con fecha 22 de mayo de 2017, la Compañía emitió dos mil setecientas (2.700) obligaciones simples, nominativas, con garantía flotante, de R\$10 de importe nominal unitario y en una sola serie, de conformidad con lo establecido en la Instrucción CVM N° 476 de 16 de janeiro de 2009. Los recursos netos obtenidos de la emisión se utilizaron para liquidar anticipadamente el contrato de mutuo firmado con el accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG) por importe de R\$19.235, así como para reforzar la estructura de recursos propios de la Compañía. Las obligaciones devengan un interés equivalente al 128,50% de la variación del CDI [certificados de depósito interbancario].

### 13. ACREEDORES COMERCIALES: PROVEEDORES

	<u>A 30.09.2016</u>	<u>A 31.12.2016</u>
Terceros	7.945	11.514
Partes vinculadas (nota 18)	<u>10.778</u>	<u>10.236</u>
<b>Total</b>	<b><u>18.723</u></b>	<b><u>21.750</u></b>

En la nota 23 se incluyen detalles sobre la exposición de la Compañía al riesgo atribuible a acreedores comerciales.

### 14. CARGAS SOCIALES Y LABORALES

	<u>A 31.12.2016</u>	<u>A 31.12.2016</u>
Vacaciones, aguinaldos y otros	3.665	2.906
Participaciones en beneficios y resultados	-	1.257
Retribuciones a largo plazo a los empleados (nota 24)	3.192	2.801
Plan de bajas voluntarias incentivadas	1.097	1.583
Otras	86	90
<b>Total</b>	<b><u>8.040</u></b>	<b><u>8.637</u></b>
<b>Corriente</b>	<b><u>4.848</u></b>	<b><u>5.836</u></b>
<b>No corriente</b>	<b><u>3.192</u></b>	<b><u>2.801</u></b>

#### Plan de bajas voluntarias incentivadas

El 18 de marzo de 2016, la Dirección de la Compañía lanzó un plan de bajas incentivadas voluntarias denominado "PDVI" con el objetivo de adecuar la plantilla a los requerimientos de su plan de negocios, bajo la premisa de lograr la optimización de los procesos y costos empresariales, y seguir enfocada en la creación de valor y en las metas establecidas en su plan estratégico. El plazo para que los empleados pudieran adherirse al PDVI tuvo inicio el 21 de marzo de 2016 y finalizó el 19 de mayo de 2016.

Un 12% de la plantilla de la Compañía se acogió al PDVI, que estuvo abierto a la adhesión del personal administrativo y técnico con una antigüedad mínima de 13 años o con cualquier antigüedad, siempre que fueran jubilados o estuvieran aptos a jubilarse. Las bajas fueron programadas a la discreción de la Compañía para tener lugar en los 18 meses siguientes tras el cierre del periodo de adhesión. El plan prevé el pago del 40% de los sueldos por cada año de vinculación laboral para los primeros 30 días de vigencia del periodo de adhesión, y del 20% de los sueldos para las adhesiones que tengan lugar entre el 31º día de vigencia del plan y la fecha de cierre del mismo. Asimismo, el reglamento del plan concede el derecho de percibir una indemnización equivalente al 40% del saldo del Fondo de Ahorro Laboral ("FGTS") a cuenta del trabajador, además de otras retribuciones previstas en la ley. El 18 de octubre de 2017, el PDVI fue concluido y los últimos empleados fueron dados de baja de la Compañía.

## 15. CARGAS FISCALES Y REGULATORIAS

	A 30.09.2017	A 31.12.2016
Impuesto sobre la Renta Retenido en la Fuente (IRRF)	173	341
Impuesto sobre la Renta de las Personas Jurídicas (Impuesto sobre beneficios) (IRPJ)	90	-
Contribución Social sobre el Beneficio Neto (CSLL, liquidación paralela al IRPJ)	15	-
Impuesto a la Circulación de Mercaderías y Servicios (ICMS, similar al IVA) (a)	2.445	2.560
Contribución a la Financiación de la Seguridad Social (COFINS)	1.339	1.320
Programa de Integración Social (PIS)	291	286
Fondo de Universalización de los Servicios de Telecomunicaciones (FUST)	99	90
Fondo para el Desarrollo Tecnológico de las Telecomunicaciones (FUNTTEL) (b)	6.666	7.137
Otras	389	305
<b>Total</b>	<b>11.507</b>	<b>12.039</b>
<b>Corriente</b>	<b>9.525</b>	<b>9.573</b>
<b>No corriente</b>	<b>1.982</b>	<b>2.466</b>

(a) A partir de enero de 2016, varios Estados brasileños aumentaron el tipo de gravamen del ICMS sobre los servicios de telecomunicaciones, como sigue:

Estado brasileño	Modificación del tipo de gravamen (de - a)	Legislación
MG	25% - 27%	Ley Nº 21.781/2015
PE	28% - 30%	Ley Nº 15.599/2015
CE	27% - 30%	Ley Nº 15.892/2015
RJ	27% - 30%	Ley Nº 7.175/2015
RN	27% - 30%	Ley Nº 9.991/2015

(b) Con la conversión del Decreto Provisional Nº 638/2014 en la Ley Nº 12.996/2014 y la consiguiente reapertura del programa de regularización de deudas fiscales ("REFIS") con arreglo a lo establecido en las Leyes Nº 11.941/2009 y Nº 12.249/2010, la Compañía trató de incluir sus adeudos con el Fondo para el Desarrollo Tecnológico de las Telecomunicaciones ("FUNTTEL") correspondientes al periodo comprendido entre los años 2006 y 2013. Sin embargo, la solicitud fue denegada por la autoridad debido a que las deudas todavía no habían sido inscritas en el Registro de Deudores Morosos.

Ante esta imposibilidad, la Compañía decidió presentar un recurso de amparo constitucional con el fin de lograr la inclusión de sus adeudos en el REFIS, pero tal recurso fue denegado. La Compañía ha apelado la decisión ante el Tribunal Regional Federal de la 1ª Región.

A 30 de septiembre de 2017, el importe acumulado de los adeudos asciende a R\$6.666, incluyendo intereses y recargos por mora calculados hasta esa fecha para los adeudos vencidos. A esa misma fecha, se concedió a la Compañía una condonación fiscal por importe de R\$465.

Las deudas incurridas a partir de 2014 han sido regularmente canceladas.

Ante la remota posibilidad de inclusión en el REFIS de las deudas con el FUNTTEL, la Compañía está a la espera de que las mismas sean inscritas en el Registro de Deudores Morosos. Hasta el 31 de diciembre de 2016, ya habían sido inscritos los adeudos correspondientes a los años 2008 y 2009, cuyos importes fueron refinanciados y se cancelarán en un lapso de 60 meses.

El movimiento de las deudas con el FUNTTEL inscritas en el Registro de Deudores Morosos durante los primeros nueve meses del ejercicio 2017 ha sido el siguiente:

Competencia	9M 2017				
	Adeudos consolidados	Amortización	Recargos financieros reconocidos	Condonación de deudas	Saldo a 30.09.2017
2008 y 2009	1.886	(537)	165	(465)	1.049
<b>Total</b>	<b>1.886</b>	<b>(537)</b>	<b>165</b>	<b>(465)</b>	<b>1.049</b>

## 16. INGRESOS DIFERIDOS

Contrato	Fecha de celebración del contrato	Duración del contrato	Importe contratado	A 30.09.2017		A 31.12.2016	
				Ingresos acumulados		Ingresos acumulados	
				reconocidos	no reconocidos	reconocidos	no reconocidos
1 par de fibras ópticas de 181 km	08.08.2011	10 años	2.187	1.312	875	1.149	1.041
1 par de fibras ópticas de 46 km	12.10.2012	20 años	925	221	704	185	740
1 par de fibras ópticas de 231 km	12.04.2013	20 años	3.822	726	3.096	584	3.238
Otros			515	511	4	495	20
<b>Total</b>			<b>7.449</b>	<b>2.770</b>	<b>4.679</b>	<b>2.413</b>	<b>5.039</b>
<b>Corriente</b>					<b>460</b>		<b>460</b>
<b>No corriente</b>					<b>4.219</b>		<b>4.579</b>

Los contratos vinculados a anticipos de clientes tienen como objeto la cesión onerosa de carácter irrevocable e incondicional de pares de fibra óptica oscura, no incluyendo la cesión de equipos o la prestación de servicios de telecomunicaciones.

Los contratos tienen una duración media de 17 años y no contienen cláusulas de renovación u opción de venta de los activos. Los ingresos emergentes de estos contratos y reconocidos a 30 de septiembre de 2017 ascienden a R\$117.

## 17. PROVISIONES

	A 30.09.2017	A 31.12.2016
Demanda laboral	67	82
	<b>67</b>	<b>82</b>

A 30 de septiembre de 2017, la Compañía tiene reconocidas provisiones para cubrir riesgos y contingencias de acuerdo con su mejor estimación de los desembolsos futuros en relación con estos riesgos y contingencias. La principal contingencia se refiere a una demanda laboral, cuya probabilidad de pérdida se considera "probable" y cuya provisión constituida asciende a R\$67 (frente a R\$82 a 31 de diciembre de 2016).

La Compañía es parte demandada en otros procesos, demandas y litigios administrativos y judiciales que suman R\$2.652 a 30 de septiembre de 2017 (frente a R\$2.661 a 31 de diciembre de 2016).

### Clasificación de las contingencias en función de la probabilidad de pérdida

	Probabilidad de pérdida		
	Posible	Probable	Total
Fiscales (a)	-	-	-
Laborales (b)	2.051	67	2.118
Civiles (c)	601	-	601
<b>Total</b>	<b>2.652</b>	<b>67</b>	<b>2.719</b>

- (a) Los expedientes fiscales están representados por demandas que cuestionan el cobro de tributos del sector de telecomunicaciones (FUST y FUNTTEL) a cargo de ANATEL, ente regulador brasileño del sector de telecomunicaciones. El Estado ha ampliado indebidamente su base de cálculo del FUST, lo que ha sido constantemente impugnado en la esfera administrativa. En el ámbito judicial, hay una demanda en curso ante la Justicia Federal que discute el cobro relativo al año 2010. Todas las contribuciones relativas al FUNTEL se encuentran en la justicia, en procesos que cuestionan la legitimidad de la Administración Federal de Impuestos de Brasil para gestionarlas e incluirlas en los programas de regularización de deudas fiscales. La ejecución fiscal relativa a la parte más antigua de ese débito (años 2008 y 2009) se encuentra suspendida. Hay también demandas fiscales que cuestionan la legitimidad de la forma de cobro conjunto de tributos federales y estatales, así como ejecuciones fiscales.
- (b) Los expedientes laborales están representados, en su gran mayoría, por demandas presentadas por empleados de otras empresas colaboradoras de CEMIGTELECOM, ambas figurando como demandadas en causas en las que los demandantes reclaman la igualdad salarial e idénticos derechos laborales concedidos por la Compañía a sus empleados.
- (c) Entre los expedientes civiles, la Compañía figura como demandada en una acción civil pública presentada por el Ministerio Público del Trabajo del Estado de Minas Gerais, en la que se cuestiona

la legalidad de la subcontratación de mano de obra supuestamente destinada a las actividades objetivo de la Compañía. CEMIGTELECOM fue condenada en primera instancia al pago de una multa por importe de R\$200, además de la prohibición de continuar empleando mano de obra externalizada en esas actividades. En el año 2014, la Compañía obtuvo una medida cautelar emitida por el Tribunal Superior del Trabajo, por la que se suspendieron los efectos de la decisión de primera instancia hasta el juicio definitivo de la causa, que tramita ante el Supremo Tribunal Federal de Brasil ("STF"). Los asesores legales de la Compañía consideraban como posible la probabilidad de pérdida y, en caso de una eventual condena, la Compañía podría ser obligada a realizar la reinternalización de parte o de la totalidad de esas actividades. El 31 de marzo de 2017, se promulgó la Ley N° 13.429/2017 que modificó la Ley N° 6.019/1974 para introducir una nueva reforma laboral en la que se permite a las empresas externalizar sus actividades objetivo a través de la contratación de mano de obra temporal. Con ello, hay una tendencia de que el poder judicial analice el asunto bajo un enfoque distinto, razón por la cual la Dirección considera que hay una tendencia de flexibilización en las contrataciones de mano de obra externa, lo que podría influir favorablemente en el desenlace de este proceso.

## 18. SALDOS Y TRANSACCIONES CON PARTES VINCULADAS

CEMIGTELECOM es una entidad íntegramente participada por la eléctrica COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG), que a su vez tiene como principales accionistas con derecho a voto el Gobierno del Estado de Minas Gerais (51%) y la sociedad ANDRADE GUTIÉRREZ CONCESSÕES ENERGIA, S.A. (20%). Forman parte del mismo grupo económico de CEMIGTELECOM las siguientes sociedades:

Sociedad	Porcentaje de participación ostentado por COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG)
CEMIG GERAÇÃO E TRANSMISSÃO, S.A.	100%
CEMIG DISTRIBUIÇÃO, S.A.	100%
ROSAL ENERGIA, S.A.	100%
SÁ CARVALHO, S.A.	100%
COMPANHIA DE GÁS DO ESTADO DE MINAS GERAIS (GASMIG)	99,57%
AXXIOM SOLUÇÕES TECNOLÓGICAS, S.A.	49%
TRANSMISSORA ALIANÇA DE ENERGIA ELÉTRICA, S.A. (TAESA)	31,54%
LIGHT, S.A.	26,06%

Además de la asociada ATIVAS DATA CENTER, S.A., la Compañía considera como partes vinculadas el accionista de control y las personas vinculadas al mismo; las sociedades o personas que directa o indirectamente tienen una influencia significativa en la gestión de la Compañía; la entidad gestora de fondos de pensiones FUNDAÇÃO FORLUMINAS DE SEGURIDADE SOCIAL (FORLUZ) y la entidad gestora de seguros de asistencia médica y dental CEMIG SAÚDE, de la que la Compañía es copatrocinadora junto con las demás entidades que forman parte del Grupo CEMIG; así como los administradores y empleados de la Compañía.

Transacciones activas (ventas): Las principales transacciones comerciales activas de la Compañía con partes vinculadas se refieren a la comercialización de circuitos y otros servicios de telecomunicaciones. A 30 de septiembre de 2017, el 8,38% de la facturación de la Compañía se deriva de transacciones con entidades que forman parte del Grupo CEMIG (frente al 14,39% en 2016).

Transacciones pasivas (compras): Las principales transacciones pasivas de la Compañía con partes vinculadas se refieren al suministro de energía eléctrica a equipos de telecomunicaciones, la prestación de servicios de gestión y mantenimiento de redes de telecomunicaciones y el alquiler (uso compartido) de infraestructuras de transporte y distribución eléctrica para la instalación de cables y equipos de telecomunicaciones.

La asociada ATIVAS DATA CENTER, S.A. tiene registrado como cuentas a cobrar el importe de R\$8.959, correspondiente a una cláusula de indemnización derivada de pasivos pre existentes o no revelados en la fecha de la transacción, conforme a lo previsto en el acuerdo de inversión firmado el 25 de agosto de 2016 entre CEMIGTELECOM, ATIVAS PARTICIPAÇÕES, S.A. y SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA. El 49% de este importe es responsabilidad de CEMIGTELECOM, respecto al cual la Compañía dotó una provisión por importe de R\$3.410 a 31 de diciembre de 2016, más un suplemento por importe de R\$2.984 en el período de nueve meses terminado a 30 de septiembre de 2017, totalizando R\$6.394.



El importe de los principales saldos de activos y pasivos a 30 de septiembre de 2017, así como de las transacciones llevadas a cabo con partes vinculadas que influyeron el resultado del periodo, se derivan de negocios realizados bajo condiciones y plazos convenidos entre las partes para cada una de las operaciones. El detalle de las principales transacciones realizadas con partes vinculadas durante los primeros nueve meses de los ejercicios 2017 y 2016 es el siguiente:

	3 <sup>er</sup> TRI 2017		9M 2017	
	Activo	Pasivo	Ventas	Compras
<b>COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG)</b>				
Servicios de comunicación	26	-	-	-
Reembolso de gastos derivados de acuerdos de cesión de personal	1.780	2.789	1.066	366
Otros	3	-	-	-
<b>Total</b>	<b>1.809</b>	<b>2.789</b>	<b>1.066</b>	<b>366</b>
<b>CEMIG DISTRIBUIÇÃO, S.A.</b>				
Servicios de comunicación	554	-	5.090	-
Suministro de energía eléctrica	-	246	-	2.561
Servicios de mantenimiento de redes	-	4.239	-	945
Derecho de paso/Infraestructuras eléctricas	-	2.540	-	3.208
Otros	38	-	-	-
<b>Total</b>	<b>592</b>	<b>7.025</b>	<b>5.090</b>	<b>6.714</b>
<b>CEMIG GERAÇÃO E TRANSMISSÃO, S.A.</b>				
Servicios de comunicación	126	-	3.255	-
Servicios de mantenimiento de redes	-	422	-	94
Otros	23	-	-	-
<b>Total</b>	<b>149</b>	<b>422</b>	<b>3.255</b>	<b>94</b>
<b>FUNDAÇÃO FORLUMINAS DE SEGURIDADE SOCIAL (FORLUZ)</b>				
Servicios de comunicación	4	-	38	-
Previsión social voluntaria	-	226	-	1.308
<b>Total</b>	<b>4</b>	<b>226</b>	<b>38</b>	<b>1.308</b>
<b>CEMIG SAÚDE</b>				
Servicios de comunicación	6	-	53	-
Asistencia médica y dental	-	135	-	721
<b>Total</b>	<b>6</b>	<b>135</b>	<b>53</b>	<b>721</b>
<b>COMPANHIA DE GÁS DE MINAS GERAIS (GASMIG)</b>				
Servicios de comunicación	-	-	23	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>-</b>
<b>ENTIDADES VINCULADAS AL GOBIERNO DEL ESTADO DE MINAS GERAIS (*)</b>				
<b>Corriente</b>				
Servicios de comunicación	95	-	659	-
Impuestos compensables (ICMS)	1.650	2.023	(25.851)	-
<b>No corriente</b>				
Impuestos compensables (ICMS)	2.640	-	-	-
<b>Total</b>	<b>4.385</b>	<b>2.023</b>	<b>(25.192)</b>	<b>-</b>
<b>AXXION SOLUÇÕES TECNOLÓGICAS, S.A.</b>				
Servicios de comunicación	3	-	31	-
Mantenimiento de software	-	123	-	1.097
<b>Total</b>	<b>3</b>	<b>123</b>	<b>31</b>	<b>1.097</b>
<b>ATIVAS DATA CENTER, S.A.</b>				
Servicios de comunicación	222	-	2.063	-
Pago de indemnizaciones por contingencias	-	6.394	-	2.984
Servicios <i>outsourcing</i> de centro de procesamiento de datos ( <i>data center</i> )	-	58	-	526
Reembolso de gastos derivados de acuerdos de cesión de personal	-	-	118	-
<b>Total</b>	<b>222</b>	<b>6.452</b>	<b>2.181</b>	<b>3.510</b>
<b>Total a 30.09.2017</b>	<b>7.170</b>	<b>19.195</b>	<b>(15.567)</b>	<b>13.810</b>

(\*) No se incluyen en los saldos de cuentas a cobrar y proveedores en lo que respecta al impuesto ICMS.

	3 <sup>er</sup> TRI 2016		9M 2016	
	Activo	Pasivo	Ventas	Compras
<b>COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG)</b>				
Servicios de comunicación	26	-	-	-
Reembolso de gastos derivados de acuerdos de cesión de personal	1.170	2.566	1.300	1.355
Otros	3	-	-	-
<b>Total</b>	<b>1.199</b>	<b>2.566</b>	<b>1.300</b>	<b>1.355</b>
<b>CEMIG DISTRIBUIÇÃO, S.A.</b>				
Servicios de comunicación	3.399	-	7.609	-
Suministro de energía eléctrica	-	264	-	2.335
Servicios de mantenimiento de redes	-	3.295	-	1.417
Derecho de paso/Infraestructuras eléctricas	-	2.771	-	2.825
Otros	38	-	-	-
<b>Total</b>	<b>3.437</b>	<b>6.330</b>	<b>7.609</b>	<b>6.577</b>
<b>CEMIG GERACÃO E TRANSMISSÃO, S.A.</b>				
Servicios de comunicación	272	-	2.444	-
Servicios de mantenimiento de redes	-	328	-	141
Otros	23	-	-	16
<b>Total</b>	<b>295</b>	<b>328</b>	<b>2.444</b>	<b>157</b>
<b>FUNDAÇÃO FORLUMINAS DE SEGURIDADE SOCIAL (FORLUZ)</b>				
Servicios de comunicación	4	-	48	-
Previsión social voluntaria	-	482	-	-
<b>Total</b>	<b>4</b>	<b>482</b>	<b>48</b>	<b>-</b>
<b>CEMIG SAÚDE</b>				
Servicios de comunicación	(3)	-	46	-
Asistencia médica y dental	-	228	-	6
<b>Total</b>	<b>(3)</b>	<b>228</b>	<b>46</b>	<b>6</b>
<b>COMPANHIA DE GÁS DE MINAS GERAIS (GASMIG)</b>				
Servicios de comunicación	21	-	144	-
<b>Total</b>	<b>21</b>	<b>-</b>	<b>144</b>	<b>-</b>
<b>ENTIDADES VINCULADAS AL GOBIERNO DEL ESTADO DE MINAS GERAIS</b>				
<b>Corriente</b>				
Servicios de comunicación	94	-	660	-
Impuestos compensables (ICMS)	1.553	2.035	(18.495)	-
<b>No corriente</b>				
Impuestos compensables (ICMS)	2.020	-	-	-
<b>Total</b>	<b>3.667</b>	<b>2.035</b>	<b>(17.835)</b>	<b>-</b>
<b>AXXION SOLUÇÕES TECNOLÓGICAS, S.A.</b>				
Servicios de comunicación	3	-	30	-
Mantenimiento de software	-	131	-	744
<b>Total</b>	<b>3</b>	<b>131</b>	<b>30</b>	<b>744</b>
<b>ATIVAS DATA CENTER, S.A.</b>				
Servicios de comunicación	249	-	1.812	-
Pago de indemnizaciones por contingencias	-	3.410	-	-
Servicios <i>outsourcing</i> de centro de procesamiento de datos ( <i>data center</i> )	-	171	-	565
Reembolso de gastos derivados de acuerdos de cesión de personal	-	-	231	-
<b>Total</b>	<b>249</b>	<b>3.581</b>	<b>2.043</b>	<b>565</b>
<b>Total a 30.09.2016</b>	<b>8.872</b>	<b>15.681</b>	<b>(4.171)</b>	<b>9.404</b>

(\*) No se incluyen en los saldos de cuentas a cobrar y proveedores en lo que respecta al impuesto ICMS.

	A 30.09.2017		A 31.12.2016	
	Activo	Pasivo	Activo	Pasivo
Cuentas a cobrar: clientes	2.880	-	5.299	-
Dedudores comerciales: proveedores	-	10.778	-	10.236
Impuestos recuperables (AC)	1.650	-	1.553	-
Impuestos recuperables (PC)	2.640	-	2.020	-
Obligaciones fiscales y regulatorias (PC)	-	2.023	-	2.035
Partes vinculadas	-	6.394	-	3.410
<b>Total</b>	<b>7.170</b>	<b>19.195</b>	<b>8.872</b>	<b>15.681</b>

**Fondo de renta fija Pampulha:** La Compañía es partícipe del Fondo Pampulha, un fondo de inversión exclusivo con características de renta fija y que sigue la misma política de inversión financiera del Grupo CEMIG. A 30 de septiembre de 2017, los importes invertidos por el fondo correspondientes a la participación de CEMIGTELECOM se contabilizan en los epígrafes "Efectivo y activos líquidos equivalentes" e "Instrumentos financieros de renta fija y variable" del Activo corriente y no corriente. Los recursos destinados al fondo se asignan solamente a emisiones públicas y privadas de valores de renta fija, con sujeción únicamente al riesgo de crédito, con plazos de liquidez variables y en línea con los requerimientos de efectivo de los partícipes.

El Fondo Pampulha realiza inversiones en valores de deuda emitidos por las empresas del Grupo CEMIG: obligaciones y pagarés de empresa.

Fondo de inversión Pampulha	Periodo de vigencia	Cláusula de interés	Activo correspondiente a la participación de CEMIGTELECOM	
			A 30.09.2017	A 31.12.2016
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	ago/2017 a nov/2017	128% del CDI anual	28	-
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	ago/2017 a nov/2017	128% del CDI anual	84	-
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	ago/2017 a nov/2017	128% del CDI anual	56	-
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	abr/2013 a feb/2017	CDI + 0,90% anual	-	15
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	jul/2015 a jul/2018	CDI + 1,60% anual	115	74
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x ETAU (Pagarés de empresa)	dic/2014 a dic/2019	108% del CDI anual	48	14
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	mar/2016 a dic/2018	CDI + 3,90% anual	51	14
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	jul/2016 a dic/2018	CDI + 4,20% anual	48	13
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x AXIOM SOLUÇÕES TECNOLÓGICAS, S.A. (Obligaciones)	abr/2016 a ene/2017	112% del CDI anual	-	8
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	jun/2017 a nov/2017	128% del CDI anual	251	-
Inversión de CEMIGTELECOM en el fondo Pampulha - Fondo Pampulha x CEMIG GERAÇÃO E TRANSMISSÃO, S.A. (Obligaciones)	jun/2017 a ago/2017	128% del CDI anual	50	-

La rentabilidad del fondo Pampulha en el periodo de nueve meses terminado el 30 de septiembre de 2017 asciende a R\$352 (frente a R\$2.018 a 30 de septiembre de 2016).

**Contrato de mutuo:** El 16 de diciembre de 2016, CEMIGTELECOM firmó un contrato de mutuo con el accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG) por importe de R\$18.000, con la finalidad de completar los fondos necesarios para liquidar íntegramente la 1ª emisión de pagarés de empresa de la Compañía. El préstamo fue concedido por el plazo de 167 días, pagadero en un solo pago al vencimiento previsto para el 30 de abril de 2017, incluyendo el principal más los intereses correspondientes al 132,90% de la variación del CDI [certificados de depósito interbancario]. El saldo actualizado del préstamo por importe de R\$19.235 fue liquidado anticipadamente el 22 de mayo de 2017.

**Retribuciones al personal clave:** La Compañía abonó durante el periodo de nueve meses terminado el 30 de septiembre de 2017 el importe total de R\$4.034 (frente a R\$2.667 a 30 de septiembre de 2016) en concepto de retribuciones y prestaciones al personal clave de la Dirección de la Compañía, entendiéndose como tal los miembros del Consejo de Administración y de la Junta Directiva, como sigue:

Cargo	Retribución		Prestaciones		Total	
	A 30.09.2017	A 30.09.2016	A 30.09.2017	A 30.09.2016	A 30.09.2017	A 30.09.2016
Directivos	3.264	1.845	286	230	3.550	2.075
Consejeros	484	592	-	-	484	592
<b>Total</b>	<b>3.748</b>	<b>2.437</b>	<b>286</b>	<b>230</b>	<b>4.034</b>	<b>2.667</b>

Con fecha 29 de abril de 2017, la Junta General Ordinaria del accionista único de la Compañía fijó para el ejercicio 2017 el límite global anual de R\$5.850 (frente a R\$5.450 para el ejercicio 2016) en concepto de retribuciones a pagar a los directivos y miembros del Consejo de Administración y del Consejo de Auditoría.

**Previsión social voluntaria y otras prestaciones post-empleo a los empleados:** Tal y como se explica en la nota 25, la Compañía es copatrocinadora de la entidad gestora de fondos de pensiones FUNDAÇÃO FORLUMINAS DE SEGURIDADE SOCIAL ("FORLUZ") y de la entidad gestora de seguros de asistencia médica y dental CEMIG SAÚDE. Las aportaciones realizadas por la Compañía en los periodos de tres y nueve meses terminados el 30 de septiembre de 2017 han sido las siguientes:

	3 <sup>er</sup> TRI 2017		3 <sup>er</sup> TRI 2016		9M 2017		9M 2016	
	FORLUZ	CEMIG SAÚDE	FORLUZ	CEMIG SAÚDE	FORLUZ	CEMIG SAÚDE	FORLUZ	CEMIG SAÚDE
Plan mixto de aportaciones ("Plan B")	611	-	695	-	2.273	-	2.401	-
Seguro de asistencia médica ("PSI")	-	388	-	351	-	1.117	-	1.018
Seguro de asistencia dental ("POD")	-	16	-	14	-	46	-	39
<b>Total</b>	<b>611</b>	<b>404</b>	<b>695</b>	<b>365</b>	<b>2.273</b>	<b>1.163</b>	<b>2.401</b>	<b>1.057</b>

Además de las prestaciones previstas en la ley, la Compañía igualmente concede a sus empleados bonos guardería, seguros de vida grupo, vales de comida y bonos cultura.

Participaciones en beneficios y resultados: Los Estatutos Sociales de la Compañía prevén el reparto a los empleados a título de participación en beneficios y resultados, de una cantidad anual como forma de alentarlos a alcanzar los mejores resultados, cuyos indicadores y metas se establecen periódicamente en el marco de los convenios colectivos de trabajo.

## 19. PATRIMONIO NETO

### (a) Capital social

El 18 de febrero de 2016, el accionista único COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG) aumentó el capital social de CEMIGTELECOM en la cifra de R\$16.660. Se suscribieron 16.660 nuevas acciones ordinarias, nominativas y sin expresión de valor nominal, con lo que el capital social de la Compañía, anteriormente fijado en la cifra de R\$225.081, se incrementó a la cifra de R\$241.741 a partir de esa fecha.

A 30 de septiembre de 2017 y 31 de diciembre de 2016, el capital suscrito y desembolsado está representado por acciones ordinarias, nominativas y sin expresión de valor nominal, que se distribuyen como sigue:

<b>Accionistas</b>	Acciones	Capital social (R\$)	Participación (%)
COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG)	397.683.384	241.741	100%
Otros	1	-	-
<b>Total</b>	<b>397.683.385</b>	<b>241.741</b>	<b>100%</b>

### (b) Retribuciones a los accionistas

El 50% del beneficio neto ajustado de cada ejercicio se destina al pago del dividendo obligatorio a los accionistas de la Compañía, conforme a lo previsto en los Estatutos Sociales.

### (c) Reserva legal

La reserva legal es aquella cuya dotación es obligatoria en un porcentaje del 5% del beneficio neto obtenido en cada ejercicio, hasta el límite del 20% del capital social, de conformidad con lo establecido en el artículo 193 de la Ley N° 6.404/1976 [la Ley de Sociedades Anónimas de Brasil].

Como consecuencia del saldo de pérdidas acumuladas, no se dotó la reserva legal en el año 2017.

### (d) Reservas voluntarias

Las reservas voluntarias corresponden a los beneficios no repartidos de ejercicios anteriores que se utilizan para reforzar el capital de trabajo y atender los requerimientos de inversión previstos para los siguientes ejercicios.

### (e) Beneficio (pérdida) por acción

A continuación se muestra el beneficio (pérdida) por acción y el número medio ponderado de las acciones ordinarias en circulación que se han tenido en cuenta a efectos de calcular el resultado básico y diluido por acción:

	3 <sup>er</sup> TRI 2017	3 <sup>er</sup> TRI 2016	9M 2017	9M 2016
Beneficio (pérdida) del periodo	535	4.981	(3.877)	(10.564)
Número medio ponderado de acciones ordinarias en circulación (miles de acciones)	397.683	397.683	397.683	397.683
Beneficio (pérdida) por acción, básico y diluido (en Reales brasileños)	0,00	0,01	(0,01)	(0,03)

La Compañía no cuenta con instrumentos financieros dilutivos, razón por la cual la pérdida diluida por acción es equivalente a la pérdida básica por acción.

## 20. INGRESOS DE EXPLOTACIÓN, NETOS

	3 <sup>er</sup> TRI 2017	3 <sup>er</sup> TRI 2016	9M 2017	9M 2016
Circuitos dedicados	33.696	26.590	96.785	74.940
Transporte de señales	1.438	1.792	4.875	5.376
Servicios integrados	4.487	5.537	13.431	16.169
Otros ingresos	1.177	879	2.762	2.602
<b>Ingresos de explotación</b>	<b>40.798</b>	<b>34.798</b>	<b>117.853</b>	<b>99.087</b>
Impuestos, devoluciones, ajuste a valor actual y deducciones	(10.205)	(8.846)	(29.550)	(24.446)
<b>Ingresos de explotación, netos</b>	<b>30.593</b>	<b>25.952</b>	<b>88.303</b>	<b>74.641</b>

## 21. GASTOS DE EXPLOTACIÓN

	3 <sup>er</sup> TRI 2017	3 <sup>er</sup> TRI 2016	9M 2017	9M 2016
<b>Clasificación según la naturaleza del gasto</b>				
Infraestructura de redes	(4.000)	(3.289)	(12.093)	(9.011)
Energía eléctrica	(803)	(665)	(2.757)	(2.475)
Amortizaciones y correcciones valorativas por deterioro	(8.966)	(8.611)	(25.974)	(24.947)
Servicios de mantenimiento y reparación	(5.629)	(4.300)	(16.266)	(12.453)
Gastos de personal	(5.574)	(4.586)	(15.673)	(17.842)
Servicios exteriores	(798)	(755)	(4.073)	(2.222)
Alquiler de inmuebles	(417)	(427)	(1.301)	(1.290)
Resultado de puesta en equivalencia	(459)	(10.141)	(1.951)	(25.647)
Impuestos PIS-COFINS sobre arrendamiento financiero	(168)	(151)	(353)	(393)
Pérdidas derivadas de instrumentos financieros derivados	(20)	-	(103)	-
Otros gastos de explotación / Recuperación de gastos	(52)	(369)	(3.162)	(352)
<b>Total</b>	<b>(26.886)</b>	<b>(33.294)</b>	<b>(83.706)</b>	<b>(96.632)</b>

### Clasificación según la función

	3 <sup>er</sup> TRI 2017	3 <sup>er</sup> TRI 2016	9M 2017	9M 2016
Costo de los servicios prestados	(17.671)	(15.922)	(52.624)	(46.348)
Gastos generales y de administración	(8.285)	(6.641)	(24.881)	(23.806)
Gastos de ventas y marketing	(238)	(124)	(728)	(259)
Resultado de puesta en equivalencia	(459)	(10.141)	(1.951)	(25.647)
Otros gastos de explotación	(233)	(466)	(3.522)	(572)
<b>Total</b>	<b>(26.886)</b>	<b>(33.294)</b>	<b>(83.706)</b>	<b>(96.632)</b>

## 22. INGRESOS Y GASTOS FINANCIEROS

### Ingresos financieros

	3 <sup>er</sup> TRI 2017	3 <sup>er</sup> TRI 2016	9M 2017	9M 2016
Rendimientos procedentes de inversiones financieras	139	741	386	2.431
Intereses activos	144	17	177	148
Otros ingresos financieros	943	86	1.584	460
<b>Total</b>	<b>1.226</b>	<b>844</b>	<b>2.147</b>	<b>3.039</b>

### Gastos financieros

	3 <sup>er</sup> TRI 2017	3 <sup>er</sup> TRI 2016	9M 2017	9M 2016
Intereses pasivos	(3.128)	(1.434)	(10.081)	(4.246)
Otros gastos financieros	(729)	(194)	(1.420)	(801)
<b>Total</b>	<b>(3.857)</b>	<b>(1.628)</b>	<b>(11.501)</b>	<b>(5.047)</b>

## 23. INSTRUMENTOS FINANCIEROS

### Gestión del riesgo financiero

La Compañía se encuentra expuesta a los siguientes riesgos derivados del uso de instrumentos financieros:

- Riesgo de crédito
- Riesgo de mercado
- Riesgo de liquidez

Esta nota presenta información sobre la exposición de la Compañía a cada uno de los riesgos supramencionados, los objetivos, las políticas y procedimientos para la valoración y gestión del riesgo, y la gestión del capital de la Compañía.

#### Estructura de gestión del riesgo

El Consejo de Administración tiene la responsabilidad general por el establecimiento y supervisión de la estructura de gestión del riesgo de la Compañía. Las políticas de gestión del riesgo aplicadas por la Compañía y su asociada están subordinadas a las del Grupo CEMIG, responsable por el desarrollo y seguimiento de las políticas de gestión del riesgo de la Compañía en su totalidad.

Las políticas de gestión del riesgo de la Compañía se establecen para identificar y analizar los riesgos enfrentados, para definir límites y controles adecuados, y para monitorear los riesgos y la adherencia a los límites establecidos. Las políticas y sistemas de gestión del riesgo se revisan frecuentemente para reflejar los cambios en las condiciones de mercado y en las actividades de la Compañía. La Compañía, a través de sus normas y procedimientos de capacitación y gestión, tiene como objetivo desarrollar un ambiente de control disciplinado y constructivo, en el cual todos los empleados son conscientes de sus roles y obligaciones.

#### Riesgo de crédito

El riesgo de crédito se define como la posibilidad de que un tercero no cumpla con sus obligaciones contractuales, originando con ello pérdidas para la Compañía. Las obligaciones contractuales surgen principalmente de las cuentas a cobrar a clientes y de los instrumentos financieros de la Compañía.

Las políticas de ventas de la Compañía están subordinadas a las políticas de crédito fijadas por la Dirección y tienen como objetivo minimizar eventuales problemas derivados del incumplimiento de sus clientes. La cartera de clientes está compuesta por grandes operadores de telefonía fija y móvil y de televisión por cable e Internet banda ancha, así como por clientes corporativos y proveedores de Internet, además del propio accionista de control. Debido al cambio de enfoque de la Compañía con vistas a aumentar su cuota de mercado en los segmentos corporativo y de proveedores de Internet, y el gradual declive de su participación en el mercado de operadores, desde el año 2015 el riesgo de crédito de la Compañía se ha diluido significativamente a través de la diversificación de su cartera de clientes. Los esfuerzos de ventas al mercado corporativo han sido suficientes como para compensar las pérdidas derivadas de la cancelación de circuitos por operadores y reducir significativamente el riesgo de mercado. A 30 de septiembre de 2017, la aportación a la cifra de ingresos brutos de explotación de CEMIGTELECOM se distribuye como sigue: clientes corporativos: 37%; proveedores de Internet: 34%; operadores de telefonía fija y móvil y de televisión por cable e Internet banda ancha: 29%. Ello muestra la diversificación de la cifra de ingresos de la Compañía, disminuyendo el riesgo de concentración por segmento. En septiembre de 2017, CEMIGTELECOM alcanzó el total de 1.023 clientes.

Además, a partir de 2015 hubo una revisión de la política de concesión de crédito por la Dirección de la Compañía. Sin embargo, el principal instrumento que asegura la minimización del riesgo de crédito sigue siendo el derecho de la Compañía de interrumpir el suministro de la señal en caso de incumplimiento contractual, como es el impago.

La exposición de la Compañía al riesgo de crédito se ve influida, principalmente, por las características individuales de cada cliente. Sin embargo, la Dirección también considera el

segmento de mercado en el que los clientes operan, ya que este factor puede influir en el riesgo de crédito, sobre todo debido a la sensibilidad del sector de telecomunicaciones frente a las circunstancias económicas del país. La concentración máxima de los ingresos de la Compañía atribuible a un solo cliente es de aproximadamente un 9%.

El nivel de pérdidas por motivo de impago es insignificante. Esto se explica por el hecho de que la política establecida por la Compañía prevé el seguimiento constante del incumplimiento, donde se aplican sanciones contractuales en caso de morosidad, pudiendo hasta en un extremo culminar en la discontinuidad de los servicios al cliente moroso.

La Compañía establece una provisión para la reducción del importe recuperable que representa su mejor estimación de pérdidas en relación con las cuentas a cobrar de clientes y otros créditos. La sensibilidad y la expectativa de pérdidas relacionadas con los riesgos significativos individuales son los únicos parámetros considerados en este análisis. Esto ocurre porque los negocios de la Compañía están orientados sustancialmente al mercado de grandes operadores de telecomunicaciones y al mercado corporativo, por lo que las pérdidas históricas y los análisis globales, geográficos o sectoriales no suelen proporcionar una base razonable para estimar las pérdidas. A 30 de septiembre de 2017, la Compañía tiene dotada una provisión para cubrir el riesgo derivado de insolvencias probables de clientes con origen en operaciones de tráfico por importe de R\$1.780 (frente a R\$1.425 a 31 de diciembre de 2016), representativa del 9,4% (7% en 2016) del saldo total de las cuentas a cobrar pendientes de pago y del 38% (18% en 2015) de las cuentas a cobrar en mora.

En cuanto al riesgo proveniente de posibles situaciones de insolvencia de las entidades financieras en las que la Compañía mantiene sus depósitos, en 2004 se aprobó en el Grupo CEMIG una política de inversión financiera que establece criterios de selección de contrapartes, por la que se gestiona el riesgo de contraparte según criterios de liquidez corriente, grado de apalancamiento, grado de incumplimiento, rentabilidad y costos, además de la valoración de tres agencias de clasificación de riesgo financiero. Las entidades financieras reciben límites máximos de asignación de recursos, que son revisados, periódicamente, o bajo cualquier alteración en los escenarios macroeconómicos de la economía brasileña.

### Riesgo de mercado

El riesgo de mercado es el riesgo que expone a la Compañía a alteraciones de los precios de mercado, tales como los tipos de cambio y de interés, lo cual puede tener un impacto financiero significativo en la Compañía. El objetivo de la gestión del riesgo de mercado es mantener bajo control la exposición a esa clase de riesgo dentro de parámetros aceptables, y al mismo tiempo optimizar el retorno.

#### 1. Riesgo de tipo de cambio

La Compañía no está expuesta al riesgo de tipo de cambio con respecto a los pasivos denominados en una moneda distinta de la moneda funcional de la Compañía.

#### 2. Riesgo de tipo de interés

El riesgo de tipo de interés se deriva de la emisión de valores no convertibles. Los pasivos vinculados a tipos de interés variable exponen la Compañía al riesgo de flujo de efectivo. Los pasivos vinculados a tipos de interés fijo exponen la Compañía al riesgo de valor razonable asociado al tipo de interés.

La Compañía evalúa permanentemente su exposición al riesgo de tipo de interés. Se simulan diversos escenarios, teniendo en cuenta las alternativas de refinanciación, renovación de posiciones existentes y la adquisición de nuevas financiaciones e instrumentos de cobertura alternativos.

La Compañía está expuesta al riesgo de elevación de los tipos de interés flotantes, con impacto en los contratos de mutuo y obligaciones, referenciados principalmente al tipo Selic, el tipo de interés de referencia de la economía brasileña, por importe de R\$117.971 (ver nota 12).

La Compañía realiza un seguimiento de la exposición al riesgo de tipo de interés en términos de sensibilidades y estima que, en un escenario probable, el tipo CDI se situará a 30 de septiembre de 2018 en un 8,14%. Paralelamente, la Compañía ha realizado un análisis de sensibilidad de los efectos del alza de los tipos de interés en un 25% y en un 50% en relación con el escenario probable. El tipo Selic sigue la variación del tipo CDI.

A continuación se presenta un análisis de sensibilidad de los instrumentos financieros, elaborados de acuerdo con la Instrucción CVM N° 475/2008, con el fin de demostrar los saldos de los principales activos y pasivos financieros, calculados a una tasa proyectada hasta la fecha de liquidación final de cada contrato, considerando un escenario probable (Escenario I), y con una apreciación del 25% (Escenario II) y del 50% (Escenario III).

Este análisis de sensibilidad tiene como objetivo medir el impacto de los cambios en las variables de mercado sobre los referidos instrumentos financieros de la Compañía, considerando todos los demás indicadores de mercado constantes. Tales valores pueden discrepar de los señalados anteriormente en el momento de su liquidación, debido a las estimaciones utilizadas en su proceso de elaboración. La tabla siguiente incluye los valores del principal más interés.

	Exposición al tipo de interés nacional (% anual)			
	Importe en libros	Escenario I CDI 8,14%	Escenario II CDI 10,18%	Escenario III CDI 12,21%
<b>Activos</b>				
Efectivo y activos líquidos equivalentes				
Fondos de renta fija	1.283	104	131	157
Intrumentos financieros de renta fija y variable				
Fondos de renta fija	6.313	514	642	771
<b>Pasivos</b>				
Obligaciones	(27.064)	(2.203)	(2.754)	(3.305)
Préstamos y contratos de mutuo	(92.138)	(7.500)	(9.375)	(11.250)
<b>Activo (pasivo) neto expuesto al riesgo de tipo de interés</b>	<b>-</b>	<b>(9.085)</b>	<b>(11.356)</b>	<b>(13.627)</b>

### 3. Riesgo de precio

La Compañía actúa en un segmento de negocio donde los precios son libremente pactados, por lo que no se requiere la aplicación de políticas de mitigación de riesgos de esa naturaleza.

#### Valor razonable de los instrumentos financieros

Los saldos de los instrumentos financieros utilizados por la Compañía a 30 de septiembre de 2017 se encuentran en su mayoría registrados por su importe en libros, los cuales no difieren significativamente de los valores de mercado estimados y se clasifican, según se indica a continuación:

- Inversiones financieras mantenidas hasta el vencimiento: se clasifican dentro de esta categoría las inversiones financieras con cobros determinados o determinables y vencimientos fijos que cotizan en un mercado activo, y sobre los que la Compañía manifiesta su intención y capacidad para conservarlos en su poder hasta la fecha de su vencimiento. Estos activos se reconocen inicialmente al valor razonable de la contraprestación entregada más los costos de transacción incurridos al originar el activo. Posteriormente se valoran a su costo amortizado, correspondiendo éste básicamente al efectivo entregado, menos las devoluciones del principal efectuadas, más los intereses devengados no cobrados calculados de acuerdo con el método del tipo de interés efectivo. Cuando existe una evidencia objetiva de que el activo puede haber sufrido un deterioro se realiza el correspondiente análisis procediendo a contabilizar una pérdida por deterioro si el valor contable del activo es superior al valor actual de los flujos de efectivo futuros que se estima va a generar, descontados al tipo de interés efectivo calculado en el momento de su reconocimiento inicial, y se procede a contabilizar una pérdida por deterioro por el importe de esta diferencia.
- Activos financieros registrados a valor razonable con cambios en pérdidas y ganancias: se clasifican dentro de esta categoría los instrumentos financieros de renta fija y variable mantenidos para negociar. Se valoran a valor razonable, imputándose a la cuenta de pérdidas y ganancias los cambios que se produzcan en su valor razonable.



- Créditos y cuentas a cobrar: se clasifican dentro de esta categoría los saldos a cobrar a deudores comerciales (clientes). Se reconocen por su valor neto realizable y similar a su valor razonable.
- Préstamos (contratos de mutuo): se valoran a coste amortizado utilizando el método del tipo de interés efectivo;
- Proveedores: se clasifican dentro de esta categoría los saldos a pagar a acreedores comerciales (proveedores). Se reconocen por su valor neto realizable y similar a su valor razonable.

Los activos y pasivos financieros de la Compañía se valoran inicialmente por su valor razonable. Valor razonable es el precio que podría ser recibido al vender un activo o el precio que podría ser pagado al liquidar un pasivo en una transacción habitual entre participantes del mercado en la fecha de valoración. Las valoraciones a valor razonable de los activos y pasivos financieros de la Compañía se clasifican utilizando una jerarquía de valor razonable que refleja la relevancia de las variables utilizadas para llevar a cabo dichas valoraciones. Esta jerarquía consta de tres niveles:

- Nivel 1: Instrumentos financieros cuyo valor razonable se calcula tomando en consideración precios cotizados en mercados activos y líquidos para activos o pasivos idénticos.
- Nivel 2: Instrumentos financieros cuyo valor razonable se ha estimado en base a precios cotizados en mercados organizados para instrumentos similares o mediante la utilización de otras técnicas de valoración en las que todos los *inputs* significativos están basados en datos de mercado observables directa o indirectamente.
- Nivel 3: Instrumentos financieros cuyo valor razonable se ha estimado mediante la utilización de técnicas de valoración en las que algún *input* significativo no está basado en datos de mercado observables.

El valor razonable de mercado de los instrumentos financieros no negociables en mercados organizados se establece empleando técnicas de valoración que incluyen el uso de transacciones libres recientes entre partes interesadas y debidamente informadas, referidas a otros instrumentos sustancialmente iguales, el análisis de flujos de efectivo descontados a los tipos de interés y de cambio de mercado vigentes a la fecha de cierre del periodo y modelos de fijación de precios de opciones.

	Valor razonable a 30.09.2017			
	Nivel 1	Nivel 2	Nivel 3	Total
<b>Activos</b>				
Efectivo en caja y bancos	333	-	-	333
Certificados de Depósito Bancario (CDB)	-	218	-	218
<i>Overnight</i>	-	1.065	-	1.065
Instrumentos financieros de renta fija y variable	-	6.313	-	6.313
<b>Total</b>	<b>333</b>	<b>7.596</b>	<b>-</b>	<b>7.929</b>

	Valor razonable a 31.12.2016			
	Nivel 1	Nivel 2	Nivel 3	Total
<b>Activos</b>				
Efectivo en caja y bancos	261	-	-	261
Certificados de Depósito Bancario (CDB)	-	105	-	105
<i>Overnight</i>	-	668	-	668
Instrumentos financieros de renta fija y variable	-	1.938	-	1.938
<b>Total</b>	<b>261</b>	<b>2.711</b>	<b>-</b>	<b>2.972</b>

## Riesgo de liquidez

El riesgo de liquidez se define como el riesgo de la Compañía para cumplir con sus obligaciones financieras que se liquidan mediante pagos a la vista u otro activo financiero. El enfoque de la Compañía en la gestión de la liquidez es garantizar lo máximo posible una liquidez suficiente como para cumplir con sus obligaciones a vencer, bajo condiciones normales y de estrés, sin causar pérdidas inaceptables o daños a la reputación de la Compañía.

La Compañía opera con un margen de rentabilidad que le confiere un flujo de caja operativo positivo. Típicamente, la Compañía mantiene una disponibilidad financiera inmediata que le garantiza el cumplimiento de sus compromisos de al menos 60 días de operación, incluyendo las obligaciones financieras y las inversiones. Los hechos con un impacto potencial de circunstancias extremas que no pueden ser razonablemente previstas, como desastres naturales o crisis económicas de grandes dimensiones, no se tienen en cuenta en este análisis.

La gestión del riesgo de liquidez se lleva a cabo mediante la aplicación sistemática de un conjunto de metodologías, procedimientos e instrumentos coherentes con la complejidad del negocio, permitiendo el control adecuado del riesgo financiero.

La Compañía gestiona el riesgo de liquidez realizando el seguimiento del flujo de efectivo de manera sistemática. Este proceso se lleva a cabo desde una perspectiva presupuestaria, con la proyección de los saldos mensuales en un periodo de 12 meses, y de liquidez diaria, con la proyección de los saldos diarios a 90 días.

Las inversiones a corto plazo obedecen a principios establecidos en la política de inversión financiera de la Compañía, con el manejo de los recursos en fondos de inversión exclusivos de crédito privado, sin riesgo de mercado, o la inversión directa de los excedentes en operaciones comprometidas referenciadas a la variación del tipo de interés CDI, de acuerdo con las directrices establecidas por el Grupo CEMIG, con vistas a una gestión consolidada de los recursos disponibles y no depende de ningún análisis individual por CEMIGTELECOM.

La gestión de las inversiones financieras se realiza con base en un análisis riguroso de las condiciones de crédito bancario, valorando las entidades financieras según criterios de calificación crediticia, exposición a riesgos y patrimonio. La Compañía también persigue la rentabilidad invirtiendo en instrumentos a largo plazo, teniendo en cuenta siempre el requerimiento fundamental de control de la liquidez.

Los vencimientos de los pasivos financieros de la Compañía, incluyendo el principal y los intereses futuros de los vencimientos contractuales, se desglosan a continuación:

<b>Pasivos financieros no derivados</b>	<u>A 30.09.2017</u>	<u>Flujo contractual</u>	
		<u>Entre 1 y 2 años</u>	<u>Entre 3 y 5 años</u>
Obligaciones	26.492	29.466	-
Mutuo SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA.	91.479	51.413	55.663
Proveedores	18.723	18.723	-
Ingresos diferidos	4.679	920	3.759
Partes vinculadas	6.394	-	6.394
<b>Total</b>	<b>143.088</b>	<b>100.522</b>	<b>65.816</b>

Con el fin de permitir la entrada de un nuevo socio en la entidad participada ATIVAS DATA CENTER, S.A., CEMIGTELECOM asumió una deuda de corto plazo significativa en el cuarto trimestre de 2016, con la garantía del accionista de control COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG). A 30 de septiembre de 2017, la Compañía registró un exceso de pasivos corrientes sobre activos corrientes por importe de R\$61.445 (frente a R\$74.312 a 31 de diciembre de 2016). La deuda financiera de corto plazo asciende a R\$58.973, de los cuales R\$50.426 tienen vencimiento en el cuarto trimestre de 2017. En el último trimestre de 2017, la Dirección llevó a cabo un aumento del capital social de la Compañía por importe de R\$50.657 con el fin de liquidar un contrato de mutuo. Con ello, la Dirección considera que la Compañía tiene la capacidad para continuar generando flujos de efectivo operativos que le permitan afrontar los compromisos de deuda, y que cuenta con las condiciones adecuadas para cumplir con sus obligaciones de corto plazo y realizar las inversiones requeridas para el mantenimiento de sus proyectos.

## 24. PRESTACIONES POST-EMPLEO Y OTROS BENEFICIOS SOCIALES

Las prestaciones concedidas a los empleados de la Compañía cubren planes de previsión social voluntaria, seguros de asistencia médica y dental y seguro de vida grupo.

### Previsión social voluntaria: FORLUZ

CEMIGTELECOM es copatrocinadora de FUNDAÇÃO FORLUMINAS DE SEGURIDADE SOCIAL ("FORLUZ"), una entidad gestora de fondos de pensiones sin ánimo de lucro que tiene por finalidad garantizar a los partícipes y a sus beneficiarios prestaciones de jubilación complementarias a las pensiones del sistema público de seguridad social ("INSS") y prestaciones por riesgo.

El plan de pensiones copatrocinado por la Compañía se denomina "Plan Mixto de Prestaciones" ("Plan B"). Se trata de un plan de modalidad mixta destinado a cubrir tanto las prestaciones de jubilación (modalidad de aportación definida) como las prestaciones de riesgo por invalidez o fallecimiento (modalidad de prestación definida) del partícipe en activo, entre otras prestaciones. La aportación de la Compañía a este plan es del 27,52% para las prestaciones de riesgo por invalidez o fallecimiento (modalidad de prestación definida), que se proyectan mediante cálculos actuariales. El 72,48% restante se destina a cubrir las prestaciones de jubilación (modalidad de aportación definida) y va a la cuenta de los partícipes. Las aportaciones se reconocen en el resultado de ejercicio en el epígrafe "Gastos de personal".

### Seguro de asistencia médica y dental: CEMIG SAÚDE

Adicionalmente, la Compañía es copatrocinadora de seguros de atención médica y dental para el personal en activo y jubilado (y también para sus beneficiarios), los cuales son gestionados por la entidad CEMIG SAÚDE.

Las aportaciones a los planes de previsión social voluntaria, de salud y odontológico se determinan anualmente por los importes considerados suficientes para cubrir los gastos previstos en cada ejercicio, conforme a la valoración realizada por un actuario externo contratado para este propósito. La adhesión a los tres planes es facultativa y las aportaciones mensuales a cargo de la Compañía y a cargo de los partícipes se realizan en la misma proporción contributiva.

El activo y el pasivo actuariales netos, así como los gastos incurridos por CEMIGTELECOM con respecto a los planes de prestaciones, seguro de atención médica y seguro de atención dental, se encuentran reconocidos en el balance de situación financiera de acuerdo con lo establecido en el Pronunciamiento Técnico CPC 33 (R1) «Retribuciones a los empleados» y en el informe del actuario externo de fecha 31 de diciembre de 2016.

La conciliación de los activos y pasivos actuariales es la que se muestra a continuación:

	FORLUZ	CEMIG SAÚDE		Total
	Plan mixto de prestaciones ("Plan B")	Seguro de asistencia médica ("PSI")	Seguro de asistencia dental ("POD")	
Activo (pasivo) actuarial neto a 31 de diciembre de 2016	-	(2.695)	(106)	(2.801)
Gasto reconocido en la cuenta de pérdidas y ganancias	-	(377)	(14)	(391)
Activo (pasivo) actuarial neto a 30 de septiembre de 2017	-	(3.072)	(120)	(3.192)

## 25. COMPROMISOS CONTRACTUALES

Los principales compromisos firmes de CEMIGTELECOM frente a terceros incluyen, entre otros, la amortización de contratos de mutuo, los contratos de uso compartido de infraestructuras y el alquiler de fibra óptica oscura. El detalle de estos compromisos se muestra en la tabla a continuación:

	2017	2018	2019	2020	2021	2022 y más adelante	Total
Uso compartido de infraestructuras	1.198	3.777	1.486	283	212	-	6.956
Alquiler de fibra óptica oscura	533	1.196	805	22	22	76	2.654
Contratos de mutuo	51.413	17.981	11.485	-	55.663	-	136.542
<b>Total</b>	<b>52.144</b>	<b>22.954</b>	<b>13.776</b>	<b>305</b>	<b>55.897</b>	<b>76</b>	<b>146.152</b>

## 26. SEGUROS

La Compañía realizó una revaluación de los riesgos relacionados con sus activos de telecomunicaciones, así como de la probabilidad de interrupción de sus operaciones a raíz de potenciales siniestros. El estudio concluyó que la probabilidad de siniestros simultáneos y en gran escala que pudieran representar pérdidas financieras y operativas significativas para la Compañía es significativamente remota debido, sobre todo, a la diversidad de distribución geográfica de los activos expuestos a riesgos. Por ello, la Dirección de la Compañía optó, en este momento, por no contratar seguros para la cobertura de siniestros que involucren su centro de operaciones y *headends*, así como otros eventos que podrían afectar a sus equipos de red, cables y demás bienes de su activo inmovilizado. Desde el inicio de sus operaciones y hasta el momento, la Compañía no ha experimentado pérdidas significativas en función de los riesgos arriba mencionados. Las premisas de valoración de riesgos adoptadas por la Compañía, dada su naturaleza, no forman parte del alcance de una revisión limitada de la información financiera de periodos intermedios, por lo que no fueron revisadas por el auditor externo.

## 27. HECHOS POSTERIORES AL CIERRE

Con fecha 8 de noviembre de 2017, de acuerdo con lo consignado en el presupuesto del accionista único COMPANHIA ENERGÉTICA DE MINAS GERAIS (CEMIG), la Compañía aumentó el capital social por importe de R\$50.657. La transacción fue aprobada por la Junta General Extraordinaria del accionista único celebrada esa misma fecha y supuso la emisión de cincuenta millones seiscientos cincuenta y siete mil cuatrocientas treinta y siete (50.657.437) nuevas acciones ordinarias, nominativas y sin expresión de valor nominal de la Compañía. Los fondos fueron utilizados en su totalidad para liquidar un contrato de mutuo con el accionista SONDA PROCWORK OUTSOURCING INFORMÁTICA, LTDA.

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