

**CEMIG GERAÇÃO E TRANSMISSÃO S.A.**  
CNPJ 06.981.176/0001-58 – NIRE 31300020550

**GENERAL MEETING OF DEBENTURE HOLDERS  
OF THE SECOND ISSUE,  
OF NON-CONVERTIBLE UNSECURED DEBENTURES IN TWO SERIES  
FOR PUBLIC DISTRIBUTION, BY  
CEMIG GERAÇÃO E TRANSMISSÃO S.A.**

**CONVOCATION**

***October 24, 2013***

**The Issuer**, Cemig Geração e Transmissão S.A. (“Cemig GT”), in accordance with Articles 71 and 124 of Law 6404 of December 15, 1976 (“the Brazilian Corporate Law”), as amended, hereby **calls the holders of debentures of its Second Issue**, of unsecured non-convertible debentures, in two Series, for public distribution, in the total amount of R\$ 2,700,000,000.00 (two billion, seven hundred million Reais), with Issue Date January 15, 2010 (“the Debentures” and “the Issue”, respectively) to attend the **General Meeting of Debenture Holders** of the Issue, to be held:

- on **October 24, 2013**, at 2.30 p.m., in the Giorgi Room (*Sala Giorgi*) of the InterContinental Hotel, Alameda Santos 1123, Jardim Paulista, São Paulo, São Paulo State, Brazil,

to decide on the following agenda:

- (1) Consent, in the terms of Article 174, §3, of the Brazilian Corporate Law, to the reduction of the share capital of Cemig GT:

from R\$ 3,296,785,358.90 (three billion two hundred ninety six million, seven hundred eighty five thousand, three hundred and fifty eight Reais and ninety centavos)  
to R\$ 893,192,096.76 (eight hundred ninety three million one hundred ninety two thousand ninety six Reais and seventy six centavos),

as a consequence of the transfer of the shares in Transmissora Aliança de Energia Elétrica S.A. – **Taes**a to Companhia Energética de Minas Gerais – **Cemig**, which is guarantor of the Debentures of the Issue, for which consent has been given by Authorizing Resolution 4108/2013 of the Brazilian National Electricity Agency, Aneel, of May 14, 2013, and as decided by the Extraordinary General Meeting of Stockholders of Cemig GT held on September 26, 2013, subject to Clauses VII, item (viii), and X, of the Issue Deed.

- (2) Authorization for the Fiduciary Agent to sign such instruments as are necessary for causing the decisions made by the Meeting of Debenture Holders to take effect.

Powers of Attorney granted to representatives of Debenture Holders should be sent to the Fiduciary Agent no less than 2 (two) business days prior to the date of the meeting, at the email address [ger2.agente@oliveiratrust.com.br](mailto:ger2.agente@oliveiratrust.com.br). On the day of the General Meeting, Debenture Holders should be present 30 (thirty) minutes prior to the time of the meeting, carrying their identifying documents and the originals of the documents previously sent by e-mail.

Belo Horizonte, October 2, 2013

**CEMIG GERAÇÃO E TRANSMISSÃO S.A.**  
Issuer

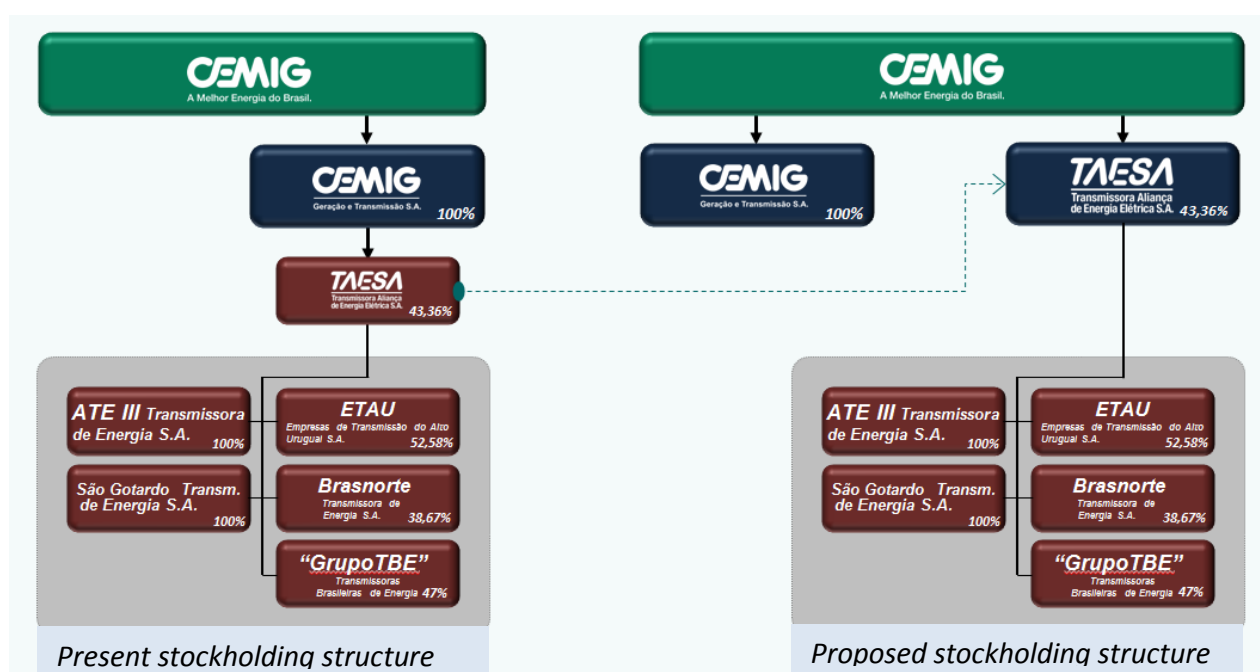
**PROPOSAL**  
BY THE ISSUER  
TO THE  
**GENERAL MEETING OF DEBENTURE HOLDERS**  
OF THE  
**SECOND ISSUE OF NON-CONVERTIBLE DEBENTURES**  
BY  
**CEMIG GERAÇÃO E TRANSMISSÃO S.A.**  
(UNSECURED, IN TWO SERIES, FOR PUBLIC DISTRIBUTION)  
TO BE HELD ON  
**OCTOBER 24, 2013.**

To the Debenture Holders:

– *Whereas:*

- a) on April 23, 2009, Cemig Geração e Transmissão S.A. (**Cemig GT**) signed a Share Purchase Agreement with **Terna S.p.A.**, governing the acquisition by Cemig GT of 173,527,113 shares in **Terna Participações S.A.** (Terna), and by that agreement Companhia Energética de Minas Gerais – **Cemig**, holder of 100% of the shares in Cemig GT, became guarantor of all the obligations of Cemig GT under that Agreement;
- b) the Brazilian National Electricity Agency, Aneel, by its Authorizing Resolution 2107 of September 22, 2009, required that the interest held by **Cemig GT** in **Terna Participações S.A.** should be transferred to the ownership of **Cemig** by December 31, 2012, and the Company should, by June 30, 2012, file an application for prior consent for the effecting of this transfer;
- c) the transaction for acquisition of Terna was completed on November 3, 2009, and the name of Terna was changed to Transmissora Aliança de Energia Elétrica S.A. – **Taesa**;
- d) on June 27, 2012, Cemig filed with Aneel a request for prior consent to the transfer to Cemig of the stockholding interest in Taesa owned by Cemig GT, through reduction of the share capital of **Cemig GT**;
- e) Aneel, by its Authorizing Resolution 4108/2013, of May 14, 2013 (published May 29, 2013), consented to the transfer to **Cemig** of the holdings in **Taesa** owned by **Cemig GT**, through reduction of the share capital of **Cemig GT**, within 120 (one hundred and twenty) calendar days from publication of that Resolution; and to ensure that there is no economic injury to Cemig GT, during the next 5 years Cemig shall make injections of capital into Cemig GT if there is any proven loss as a result of the reduction of capital, as determined by Paragraph 3 of Article 1 of that Resolution;

- f) a Valuation Opinion of the Investment “Taesa” was prepared, by the equity method, as described in Article 248 of Law 6404/1976, which requires that the value of the investment be calculated through application, to the book value of the investee, of the percentage of the equity interest in the affiliated or subsidiary company;
- g) the share capital of Cemig GT will be reduced:
- from R\$ 3,296,785,358.90 (three billion two hundred ninety six million, seven hundred eighty five thousand, three hundred and fifty eight Reais and ninety centavos)
  - to R\$ 893,192,096.76 (eight hundred ninety three million one hundred ninety two thousand ninety six Reais and seventy six centavos)
- the amount of the reduction being equal to the value of the investment Taesa recorded in the accounts of Cemig GT on August 31, 2013, recognized by the equity method.
- h) The credit quality of Cemig GT remains almost unchanged, as shown by the economic and financial statements of Cemig GT before and after the reduction of capital (Appendices I and II), and the projected effects on cash flow (Appendix III): the only flow of funds from Taesa to Cemig GT takes place via payment of dividends; hence when Cemig GT has operational profit, those dividends received as a result of Cemig GT’s shareholding in Taesa are in practice almost entirely passed through to Cemig in the form of payment of dividends. Hence it can be said that Cemig GT does not depend on Taesa to honor its financial commitments. In other words, the transfer of Taesa to Cemig will not affect the capacity of Cemig GT to pay its debt. Further, **Cemig** is irrevocably the guarantor of the Debenture Issue that is the subject of this Proposal ( – Cemig’s Second Debenture Issue, Unsecured, Non-convertible, for Public Distribution, in Two Series – ), having undertaken total joint liability for the total amount of the debt of Cemig GT under the said Debentures.
- i) After the transfer, the stockholding structure of Cemig GT and of Cemig, in relation to the Company’s investment in Taesa, will be as follows:



- j) By reason of the transfer, Cemig will assume all the rights and obligations of Cemig GT in the Stockholders' Agreement and in the Commitment Undertaking of Taesa;
- k) an Extraordinary General Meeting of Stockholders of Cemig GT was held on September 26, 2013, which decided in favor of the reduction of the company's share capital; and
- l) under Article 174 Law 6404/1976, the reduction of share capital becomes effective only 60 (sixty) days after the publication of the minutes of the General Meeting that decides on the subject, the purpose of this period being to enable present creditors of Cemig GT to make any statements of position in relation to the reduction of the capital;

*– Cemig GT now proposes to you as follows:*

- (1) To consent, in the terms of Article 174, §3, of the Brazilian Corporate Law, to the reduction of the share capital of Cemig GT:

from R\$ 3,296,785,358.90 (three billion two hundred ninety six million, seven hundred eighty five thousand, three hundred and fifty eight Reais and ninety centavos)

to R\$ 893,192,096.76 (eight hundred ninety three million one hundred ninety two thousand ninety six Reais and seventy six centavos)

as a consequence of the transfer of the shares in Transmissora Aliança de Energia Elétrica S.A. – Taesa to Companhia Energética de Minas Gerais – Cemig, guarantor of the debentures of the Issue, in accordance with the consent given by the National Electricity Agency, Aneel, through its Authorizing Resolution 4108/2013, of May 14, 2013, and as decided by the Extraordinary General Meeting of Stockholders of Cemig GT held on September 26, 2013, subject to Clauses VII, item (viii), and X, of the Issue Deed.

- (2) To authorize the Fiduciary Agent to sign the instruments necessary for causing the decisions made by the Meeting of Debenture Holders to take effect.

Belo Horizonte, October 2, 2013

**CEMIG GERAÇÃO E TRANSMISSÃO S.A.**

Issuer

**PRO FORMA STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) OF CEMIG GT**  
**RESULTING FROM THE TRANSFER OF TAESA TO CEMIG**

**R\$ '000**

<b>ASSETS</b>	<b>Before the Transfer (Published)</b>	<b>After the Transfer (Pro Forma)</b>
	<b>June 30, 2013</b>	<b>June 30, 2013</b>
<b>CURRENT</b>		
Cash and cash equivalents	514,791	514,791
Securities – Cash investments	788,686	788,686
Consumers and Traders	579,424	579,424
Concession holders – Transport of electricity	24,772	24,772
Financial assets of the concession	2,254	2,254
Recoverable taxes	30,186	30,186
Income tax and Social Contribution tax recoverable	62,831	62,831
Traders – Transactions in “Free Energy”	42,617	42,617
Dividends receivable	37,695	37,695
Inventories	5,832	5,832
Other credits	63,256	63,256
<b>TOTAL, CURRENT</b>	<b>2,152,344</b>	<b>2,152,344</b>
<b>NON-CURRENT</b>		
Securities – Cash investments	45,159	45,159
Recoverable taxes	38,863	38,863
Escrow deposits in legal actions	163,763	163,763
Other credits	12,370	12,370
Financial assets of the concession	759,611	759,611
Investments	3,568,519	1,164,926
PP&E	5,273,818	5,273,818
Intangible assets	73,045	73,045
<b>TOTAL, NON-CURRENT</b>	<b>9,935,148</b>	<b>7,531,555</b>
<b>TOTAL ASSETS</b>	<b>12,087,492</b>	<b>9,683,899</b>

**PRO FORMA STATEMENT OF FINANCIAL POSITION OF CEMIG GT  
RESULTING FROM THE TRANSFER OF TAESA TO CEMIG**

**R\$ '000**

<b>LIABILITIES</b>	<b>Before the Transfer (Published)</b>	<b>After the Transfer (Pro Forma)</b>
	<b>June 30, 2013</b>	<b>June 30, 2013</b>
<b>CURRENT</b>		
Loans and financings	774,099	774,099
Debentures	526,172	526,172
Suppliers	166,089	166,089
Taxes	69,127	69,127
Interest on Equity, and dividends, payable	256,475	256,475
Payroll and related charges	45,328	45,328
Regulatory charges	64,440	64,440
Profit shares	28,077	28,077
Post-retirement liabilities	12,376	12,376
Concessions payable	19,543	19,543
Other obligations	91,021	91,021
<b>TOTAL, CURRENT</b>	<b>2,052,747</b>	<b>2,052,747</b>
<b>NON-CURRENT</b>		
Loans and financings	845,712	845,712
Debentures	1,953,293	1,953,293
Provisions	20,720	20,720
Post-retirement liabilities	595,989	595,989
Taxes	101,233	101,233
Deferred income tax and Social Contribution tax	246,177	246,177
Regulatory charges	97,989	97,989
Concessions payable	175,421	175,421
Other obligations	2,773	2,773
<b>TOTAL, NON-CURRENT LIABILITIES</b>	<b>4,039,307</b>	<b>4,039,307</b>
<b>TOTAL LIABILITIES</b>	<b>6,092,054</b>	<b>6,092,054</b>
<b>STOCKHOLDERS' EQUITY</b>		
Share capital	3,296,785	893,192
Profit reserves	1,418,845	1,418,845
Adjustments to Stockholders' equity	535,739	535,739
Retained earnings	744,069	744,069
<b>TOTAL OF STOCKHOLDERS' EQUITY</b>	<b>5,995,438</b>	<b>3,591,845</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>12,087,492</b>	<b>9,683,899</b>

**PRO FORMA PROFIT AND LOSS ACCOUNT OF CEMIG GT**  
**RESULTING FROM THE TRANSFER OF TAESA TO CEMIG**

**R\$ '000**

	<b>Before the Transfer (Published) 30/06/2013</b>	<b>After the Transfer (Pro Forma) 30/06/2013</b>
<b>REVENUE</b>	<b>2,476,132</b>	<b>2,476,132</b>
<b>OPERATIONAL COSTS</b>		
<b>COST OF ELECTRICITY</b>		
Charges for the use of the national grid	(125,159)	(125,159)
Electricity bought for resale	(528,892)	(528,892)
	<u>(654,051)</u>	<u>(654,051)</u>
<b>OTHER OPERATIONAL COSTS</b>		
Personnel and managers	(102,454)	(102,454)
Materials	(2,245)	(2,245)
Raw materials for production of electricity	(51,717)	(51,717)
Outsourced services	(38,867)	(38,867)
Depreciation and amortization	(143,733)	(143,733)
Operational provisions (reversals)	(7,926)	(7,926)
Royalties for use of water resources	(59,863)	(59,863)
Cost of construction – Transmission Infrastructure	(43,579)	(43,579)
Other costs of operation	(33,950)	(33,950)
	<u>(484,334)</u>	<u>(484,334)</u>
<b>TOTAL COST</b>	<b>(1,138,385)</b>	<b>(1,138,385)</b>
<b>GROSS PROFIT</b>	<b>1,337,747</b>	<b>1,337,747</b>
<b>OPERATIONAL EXPENSES</b>		
Selling expenses	(1,003)	(1,003)
General and administrative expenses	(119,296)	(119,296)
Other operational expenses	(126,118)	(126,118)
	<u>(246,417)</u>	<u>(246,417)</u>
Equity gain (loss) in subsidiaries	116,450	10,865
Profit before Financial revenue (expenses) and taxes	1,207,780	1,102,195
Financial revenues	46,381	46,381
Financial expenses	(256,951)	(256,951)
Pretax profit	<u>997,210</u>	<u>891,625</u>
Income tax and Social Contribution tax	(338,616)	(338,616)
Deferred income tax and Social Contribution tax	30,796	30,796
<b>NET PROFIT FOR THE PERIOD</b>	<b><u>689,390</u></b>	<b><u>583,805</u></b>

**PROJECTED EFFECTS ON THE CASH FLOW OF CEMIG GT**

**RESULTING FROM THE TRANSFER OF TAESA TO CEMIG**

**R\$ million**

	2014	2015	2016	2017
Reduction in Dividends received	(92)	(179)	(170)	(168)
Reduction in Dividends paid	121	140	133	129
<b>Increase (reduction) in the cash flow of Cemig GT</b>	<b>29</b>	<b>(39)</b>	<b>(37)</b>	<b>(39)</b>