



COMPANHIA DE SANEAMENTO DE MINAS GERAIS – COPASA MG
PUBLICLY-HELD COMPANY
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BYLAWS OF COMPANHIA DE SANEAMENTO DE MINAS GERAIS -
COPASA MG
(as approved by the Extraordinary Shareholders' Meeting held on January 6th, 2015)

CHAPTER I
Name, Headquarters, Duration and Purpose

Article 1 It shall be incumbent upon Companhia de Saneamento de Minas Gerais - COPASA MG, a government-controlled authorized-capital corporation controlled by the State of Minas Gerais and incorporated pursuant to Law 2.842 of July 5, 1963, to plan, execute, expand, remodel and explore public sanitation services.

Sole Paragraph For purposes of these Bylaws, basic sanitation is the group of services, infrastructure and operating facilities for:

- a) Potable water supply, consisting of the activities that are necessary to provide the population with potable water, from catchment to buildings' connections and respective measurement instruments;
- b) Sewage, consisting of activities of collection, transportation, treatment and proper final disposal of sewage, from buildings' connections to the final disposal in the environment;
- c) Urban cleaning and handling of solid residues, consisting of activities of collection, transportation, transshipment, treatment and final disposal of domestic garbage and garbage originating from the cleaning of public routes and thoroughfares.

Article 2 The Company's headquarters and jurisdiction are located in the City of Belo Horizonte, State of Minas Gerais, and the Company's duration is indeterminate.

Sole Paragraph Following a resolution by the Board of Directors, the Company shall open or close subsidiaries, branches, offices and sales offices, and any other establishments to perform its activities anywhere in the country or overseas.

Article 3 To comply with its purpose, COPASA MG shall invest in water supply, sewage and solid waste projects and corporate development projects that together provide the Company with real return of investments equal to or higher than its cost of capital.

Article 4 In order to comply with its institutional purposes, COPASA MG shall:



a) apply for loans and financing from a domestic or international financial institution or a development agency, undertaking to provide a consideration, as the case may be, in accordance with the conditions set forth in the Company's Indebtedness Policy, as follows:

1. COPASA MG's net indebtedness limit shall be equal to or less than 2.8 times the EBITDA, although this figure can reach as high as 3.0 times the EBITDA, if authorized by the Board of Directors;
2. COPASA MG's total debt obligations must be equal to or less than its Shareholders' Equity; and
3. COPASA MG's EBITDA must be 1.5 times higher than its Debt Servicing Cost.

b) Propose expropriations;

c) Take over services;

d) Receive donations and incentives;

e) Operate in Brazil and overseas;

f) Execute agreements and form pools or any other type of partnership with government or private entities;

g) Execute agreements, including public service planning, concession and permission agreements;

h) Outsource part of its activities, pursuant to article 72 of Federal Law 8,666 of June 21, 1993, and paragraph 1 of article 25 of Federal Law 8,987 of February 13, 1995; and

i) Contract a service provider or construction developer the corporate purpose of which is not the rendering of basic sanitation services; and

j) To execute assembly, recovery and study services inherent to the initial and post-maintenance verification of water and sewage meters, their commercialization being strictly forbidden.

Sole Paragraph In order to perform the activities of its corporate purpose, COPASA MG is authorized to participate as a majority or minority shareholder in other corporations whose corporate purposes involve the provision of water supply and sewage services.

Article 5 The Company shall be ruled by these Bylaws and the legal provisions applicable to corporations, including Law 6,404/76 ("Brazilian Corporate Law"), as amended.

Paragraph One With the Company's listing on the Novo Mercado segment of the São Paulo Stock Exchange – BM&FBOVESPA, the Company, its shareholders, managers and members of the Audit Committee are subject to the provisions of the Novo Mercado Listing Rules of the São Paulo Stock Exchange – BM&FBOVESPA ("Novo Mercado Listing Rules").



Paragraph Two The provisions of the Novo Mercado Listing Rules shall prevail over Bylaws provisions, in case of any damage to the recipients' rights in the public tender offers provided for herein.

Paragraph Three The Company, its management and shareholders shall comply with the Regulations for the Listing of Issuers and Admission for the Trading of Securities, including rules related to the withdrawal and exclusion of securities admitted for trading in the organized markets managed by the BM&FBOVESPA.

CHAPTER II Capital Stock and Shares

Article 6 The Company's capital stock is two billion, seven hundred seventy-three million, nine hundred eighty-five thousand, six hundred fourteen reais and sixty-six centavos (R\$2,773,985,614.66), fully subscribed and paid-in, represented by one hundred nineteen million, six hundred eighty-four thousand, four hundred and thirty (119,684,430) common shares, all of them non-par and registered shares.

Paragraph One The capital stock shall be exclusively represented by common shares.

Paragraph Two Each common share shall be entitled to one vote in the resolutions of the Company's General Meetings.

Paragraph Three The shares shall be indivisible in relation to the Company. When the share belongs to more than one person, the rights granted to it shall be exercised by the representative of the condominium.

Paragraph Four The shares are book-entry shares and shall be maintained in a deposit account in a financial institution authorized by the Brazilian Securities and Exchange Commission - CVM, on behalf of their holders, without the issuance of certificates, and the transfer and approval cost, as well as the service related to the shares held on custody, may be charged from the shareholder.

Paragraph Five The issuance of beneficiary parties by the Company is prohibited.

Article 7 The Company is authorized to increase the capital stock up to the limit of three billion reais (R\$ 3,000,000,000.00), regardless of statutory amendment, by resolution of the Board of Directors, to whom it shall also be incumbent upon to set forth the issuance conditions, including the price, term and form of its payment. In the event of subscription with payment in assets, the competence for the capital increase shall be of the General Meeting, after hearing the Fiscal Council.

Paragraph One The Company may issue common shares, debentures convertible into common shares and subscription bonus within the authorized capital limit.

Paragraph Two At the General Meeting's discretion, the preemptive right may be excluded, or the term for its exercise may be reduced, in the issuances of shares,



debentures convertible into shares and subscription bonus, whose placement is made by means of sale on a stock exchange or public subscription, under the terms of the law, and within the authorized capital limit.

Article 8 The Company may, by resolution of the Board of Directors, acquire its own shares to be held in treasury and subsequent disposal or cancellation, up to the amount of the balance of profit and reserves, except the legal reserve, without decrease in the capital stock, in compliance with the applicable legal and regulating provisions.

Article 9 The Company may, by resolution of the General Meeting, grant a call option in favor of the managers, employees and collaborators, and this option may be extended to the managers and employees of the Company's direct or indirect subsidiaries.

CHAPTER III General Meetings

Article 10 The General Meeting shall meet, on an ordinary basis, within the four (04) months following the end of each fiscal year and, on an extraordinary basis, whenever there are social interests, complying, in its call, instatement and resolution, with the pertinent legal prescriptions and the provisions of these present Bylaws.

Sole Paragraph The General Meetings shall be called, at least, fifteen (15) consecutive days in advance, and chaired by the Chairman of the Board of Directors or, in his absence, by his substitute, and have as secretary a shareholder chosen by the Chairman of the Meeting among the shareholders attending the meeting.

Article 11 To take part in the General Meeting, the shareholder shall deposit in the Company, at least three (03) consecutive days in advance, counted from the date of the respective meeting: (i) a receipt issued by the depositary financial institution of the book-entry shares held by him/her or in custody, pursuant to the Article 126 of the Corporation Law; (ii) power of attorney, duly regulated under the terms of the law and of these Bylaws, in the assumption of representation of the shareholder. The shareholder or his/her legal representative shall attend the General Meeting with documents proving his/her identity.

Sole Paragraph The shareholder may be represented at the General Meeting by an attorney in fact constituted at least one (01) year, who is a shareholder, manager of the Company, attorney, financial institution or manager of investment funds who represent the condominium persons.



Article 12 The resolutions of the General Meeting, except the special assumptions provided for by the law, and pursuant to this Bylaws, shall be taken by absolute majority vote, not computing the blank votes.

CHAPTER IV Management

Article 13 The Company shall be managed by a Board of Directors and a Board of Executive Officers, with powers granted by the applicable law and pursuant to these present Bylaws.

Sole Paragraph The investiture of the managers shall be conditioned to the previous subscription of the Statement of Consent of the Managers provided for in the BM&FBOVESPA Novo Mercado Rules, as well as pursuant to the applicable legal requirements.

Board of Directors

Article 14 The Board of Directors shall be comprised of at least five (05) and at most nine (09) members, of which one shall be its Chairman and another its Vice Chairman elected by the General Meeting and dismissed by it at any time.

Paragraph One The General Meeting shall determine, by the absolute majority vote, not computing the blank votes, previously to its election, the number of positions of the Company's Board of Directors to be filled each year, in compliance with the minimum of five (05) members.

Paragraph Two The Board of Directors shall be comprised of, at least, twenty percent (20%) of independent members, who must be expressly declared as such at the Meeting which elects them. It is considered independent the member who (i) does not have any connection with the Company, except interest in the capital stock; (ii) is not a controlling shareholder, spouse or relative up to the second level of the controlling shareholder, is not and has not been in the last three (3) months connected to the company or entity related to the controlling shareholder (excluding from this restriction people connected to public education and/or research institutions); (iii) has not been in the last three (3) years an employee or executive officer of the Company, of the controlling shareholder or of a subsidiary of the Company; (iv) is not a supplier or buyer, direct or indirect, of services or products of the Company, in an importance that implies loss of independence; (v) is not an employee or manager of company or entity which is offering or demanding services and/or products to the Company; (vi) is not an spouse or relative up to the second level of any manager of the Company; (vii) does not receive other compensation of the Company in addition to the compensation of board member (earnings in cash arising from a possible interest in the capital are excluded from this restriction); or (viii) the board member elected pursuant to Article 141, Paragraphs 4 and



5 and Article 239 of Law 6,404/76.

Paragraph Three If in view of the observance to the percentage referred to in the paragraph above, results in a fractional number of board members, it shall be rounded off pursuant to the Novo Mercado Rules

Paragraph Four That who: (i) is an employee or holds a position in a company that shall be considered a competitor of the Company; (ii) has or represents interest conflicting with the Company; or (iii) has in the Board of Directors, in the Board of Executive Officer or in the Fiscal Council a blood relative or similar up to the third (3rd) level may not be selected to the Board of Directors, except for an exemption of the Meeting.

Paragraph Five The positions of Chairman of the Board of Directors and Chief Executive Officer or top executive of the Company cannot be cumulated by same person.

Article 15 The members of the Board of Directors shall be invested in office by means of the signature of the respective agreement in the books of Minutes of the Board of Directors, remaining subject to the requirements, impediments, duties, obligations and responsibilities provided for in the Articles 145 to 158 of the Corporation Law.

Article 16 The global or individual compensation of the Board of Directors shall be annually determined by the General Meeting.

Sole paragraph Should the Meeting determine the global compensation, it shall be incumbent upon the Board of Directors to resolve on the respective distribution.

Article 17 The Board of Directors shall meet, on an ordinary basis, monthly, and on an extraordinary basis, whenever necessary.

Article 18 The meetings of the Board of Directors may be called by its Chairman or its Vice Chairman, by means of a written notice delivered five (05) consecutive days in advance, and with presentation of the agenda of issues to be dealt with. On an urgent basis, the meetings of Board of Directors may be called by its Chairman not complying with the term above, as long as all those integrating the Board are entirely aware.

Sole Paragraph Regardless of the formalities provided for in this Article, the meeting with the attendance of all Board Members by themselves or represented pursuant to the Paragraph Two of the Article 19 of these Bylaws shall be considered regular.

Article 19 The meetings of the Board of Directors shall only be instated with the attendance of the majority of its members in office.

Paragraph One The meetings of the Board of Directors shall be chaired by the Chairman of the Board of Directors and have a secretary appointed by him. In the event of temporary absence of the Chairman of the Board of Directors, these meetings shall be



chaired by the Vice Chairman of the Board of Directors or, in his absence, by a Board member chosen by majority vote of the other members of the Board of Directors. It is incumbent upon the Chairman of the meeting to appoint the secretary.

Paragraph Two In the event of temporary absence of any member of the Board of Directors, the member of the Board of Directors may, based on the agenda of issues to be dealt with, show his/her vote in written, by means of a letter or facsimile delivered to the Chairman of the Board of Directors, on the date of the meeting, or also, by electronic mail digitally certified, with proof of receipt by the Chairman of the Board of Directors.

Paragraph Three In the event of vacancy in the position of any member of the Board of Directors, the substitute shall be appointed, to complete the respective term of office, by an Extraordinary General Meeting.

Paragraph Four The members of the Board of Directors may not abstain from the exercise of their functions for more than thirty (30) consecutive days under penalty of loss of the term of office, except in the event of leave granted by the Board of Directors itself.

Article 20 The resolutions of the Board of Directors shall be taken by means of favorable vote of the majority of members in office, computing the votes cast pursuant to the Article 19, Paragraph Two of these Bylaws, and in the case of tie, it shall be incumbent upon the Chairman of the Board of Directors the casting vote.

Article 21 The meetings of the Board of Directors shall be preferably carried out at the Company's headquarters. Meetings by means of teleconferences or videoconferences shall be allowed, as well as their recording and transcription. Such participation shall be considered as personal attendance in the referred meeting. In this case, the members of the Board of Directors remotely participating in the meeting of the Board may express their votes, on the date of the meeting, by means of letter or facsimile or electronic mail digitally certified.

Paragraph One At the end of the meeting, the Minutes shall be drawn up, which shall be signed by all the Members physically attending the meeting, and subsequently transcribed in the Registration Book of Minutes of the Company's Board of Directors. The votes of the Board members who remotely participate in the meeting of the Board, or who have manifested themselves pursuant to the Article 19, Paragraph Two of these Bylaws, must equally be in the Registration Book of Minutes of the Board of Directors, and the copy of the letter, facsimile or electronic message, as the case may be, containing the vote of the Board member, must be attached to the Book right after the transcription of the minutes.

Paragraph Two The minutes of the meeting of the Company's Board of Directors containing the resolution aimed at producing effects before third parties must be published and filed in the public registry of commercial companies.



Paragraph Three The Board of Directors may admit, in its meetings, other participants, with the purpose of rendering clarifications of any nature. The voting right, however, is prohibited to them.

Article 22 It is incumbent upon the Board of Directors:

- a) to elect and dismiss the Company's Board of Executive Officers;
- b) to determine the attributions of the Executive Officers, to define their assigned areas, organizational units and competences which will be under their responsibility, in compliance with the applicable provisions of these Bylaws;
- c) to determine the general guidance of the Company's businesses;
- d) to approve the business plans and annual budgets, and the multiyear, operational and investment plans of the Company;
- e) to call the General Meeting in the events provided for by the law or when deemed convenient;
- f) to inspect the management of the Board of Executive Officers, examine at any time the Company's records and papers, request information about agreements entered into or to be entered into by the Company and practice any other acts required for the exercise of their functions;
- g) to express an opinion about the report and the accounts of the Board of Executive Officers, as well about the financial statements for the year that must be submitted to the Annual General Meeting;
- h) to approve the Company's organization plan, as well as the issuance and amendment of any rules and regulations of the Company's internal organization;
- i) to approve the methodology to be used in the economic-financial feasibility studies;
- j) to approve the methodology for calculating the Company's cost of capital and the periodicity of its revision;
- k) to approve the new concessions whose Net Present Value - NPV, based on the economic-financial feasibility study carried out by the Company, is negative;
- l) to approve the plan of positions and salaries of the Company and its regulation;
- m) approval of any investment or expenses not provided for in the Annual Budget approved, of amounts equal or higher than nine million reais (R\$ 9,000,000.00), limited to one hundred and fifty million reais (R\$ 150,000,000.00). The approval of these investments or expenses, above this amount, is incumbent upon the General Meeting;
- n) to resolve, by proposal of the Board of Executive Officers, to exclude properties from the Company's permanent assets, given that those were sold and the services are no longer used;
- o) to authorize, by means of proposal from the Board of Executive Officers, the establishment of an administrative proceeding of bidding, exemption and



unenforceability of bidding, and the addendums to the corresponding contracting and approvals of administrative bidding proceeding, of value equal to or higher than nine million reais (R\$9,000,000.00), limited to one hundred and fifty million reais (R\$150,000,000.00). The authorization for the establishment of these administrative proceedings, above the aforementioned amounts, is incumbent upon the General Meeting;

p) to resolve, by proposal of the Board of Executive Officers, on covenants and agreements not provided for in item "o" comprising loans, financing and other legal business to be entered into by the Company, as well as the addendums to the corresponding contracting, in amounts equal to or higher than nine million reais (R\$9,000,000.00), limited to one hundred and fifty million reais (R\$150,000,000.00). The General Meeting shall be responsible for resolving on covenants and agreements above the aforementioned amounts;

q) to resolve on the proposal of the Board of Executive Officers on the use of properties to grant guarantees to third parties, in an amount above one million reais (R\$1,000,000.00);

r) to resolve, by proposal of the Board of Executive Officers, on the acquisition and constitution of liens over properties of any value;

s) to authorize, by means of proposal of the Board of Executive Officers, the bringing of court suits, administrative proceedings and execution of court and out-of-court agreements of amount equal or higher than three million reais (R\$ 3,000,000.00), limited to one hundred million reais (R\$ 100,000,000.00). The authorization of these procedures, above this amount, is incumbent upon the General Meeting;

t) to choose and dismiss independent auditors;

u) to resolve on matters submitted to it by the Board of Executive Officers;

v) to propose to the resolution of the General Meeting the distribution of dividends and/or interest on equity and the allocation to be given to the remaining balance of the income for each year, including employees' participation on income;

w) to submit to the General Meeting proposals of capital increase above the authorized capital limit, or with payment in assets, as well as of amendment to the Bylaws;

x) to resolve on the issue of unsecured debentures non-convertible into shares, and on the placement, pricing and payment conditions of shares, convertible debentures and subscription bonuses, within the limits of the authorized capital, inclusively for the granting of the share purchase option pursuant to these Bylaws;

y) to resolve on the opportunity of issuance of debentures, the manner of subscription or placement and the type of debentures to be issued, the time, the payment conditions of interest, profit sharing and reimbursement premium of debentures, if there should be one, as well as the time and conditions of maturity, amortization or redemption of debentures;



z) to resolve on the acquisition of shares issued by the Company for purposes of cancellation or to be held in treasury, as well as on its resale or replacement in the market, in compliance with the rules issued by the Brazilian Securities and Exchange Commission – CVM and other applicable legal provisions;

aa) to agree with any public tender offer aiming the Company's shares through substantiated opinion, released within fifteen (15) days as of the publication of the call notice for the public tender offer, which shall include, at least, (i) the convenience and the appropriateness of the public tender offer as to the interest of group of shareholders and in relation to the liquidity of their securities; (ii) the repercussions of the public tender offer over the Company's interests; (iii) the strategic plans revealed by offeror in relation to the Company; (iv) other issues the Board of Directors deems relevant, as well as the information required by CVM's applicable rules;

bb) to approve the contracting of a depository institution that provides services of book-entry shares;

cc) to propose to the General Meeting the issuance of debt securities in the international market and of simple debentures, not convertible into shares and without real guarantee, for public or private distribution, as well as resolve on the terms and conditions of the issuance;

dd) to propose to the General Meeting the issuance of commercial papers for public distribution in Brazil or abroad, as well as resolve on the terms and conditions of the issuance;

ee) to propose to the General Meeting the declaration of interim and periodical dividends, as well as interest on capital, under the terms of the Corporation Law and other applicable laws; and

ff) to resolve on the order of its works and set forth regimental rules of its operation, in compliance with the provisions of the Company's Bylaws.

gg) to define a three-name list of companies specialized in companies economic valuation to prepare a valuation report on the Company's shares, in cases of public offering for the Company's deregistering as a publicly-held company or the Company's delisting from Novo Mercado.

Sole Paragraph Any member of the Board of Directors can request for changes in the attributions of the Executive Officers, in compliance with the provision in item "b" of this article, to be submitted to General Meeting resolution, which will be convoked in the Bylaws form.

Article 23 The Board of Directors, for its assistance, may set forth the formation of technical and consulting Committees, with defined purposes and functions, integrated by members of the Company's management bodies or not.



Sole Paragraph It shall be incumbent upon the Board of Directors to set forth the applicable rules to the Committees, including rules about composition, term of office, compensation and operation.

Board of Executive Officers

Article 24 The Board of Executive Officers shall be comprised by up to eleven (11) members, shareholders or not, residents in the country, elected by the Board of Directors, who shall be designated as follows, being authorised the accumulation of functions by an Officer: Chief Executive Officer, Vice Chief Executive Officer; and up to nine (09) Officers, whose areas and attributions shall be determined by the Board of Directors.

Sole Paragraph In the event of election of a Company's employee to exercise the position as Executive Officer, his/her employment contract shall compulsorily be suspended.

Article 25 The term of office of the members of the Board of Directors shall be three (03) years, and shall end on the date of the third Annual General Meeting subsequent to the Board of Directors meeting which elected them. Reelection is allowed. The Executive Officers shall remain in the exercise of their positions until the election and investiture of their successors.

Sole Paragraph That who has in the Board of Directors, in the Board of Executive Officers or in the Fiscal Council a blood relative up to third (3rd) level may not be elected for the Board of Executive Officer, except for exemption of the Meeting.

Article 26 The global or individual compensation of the Board of Executive Officers shall be annually determined by the General Meeting.

Sole Paragraph Should the Meeting determine the global compensation, it shall be incumbent upon the Board of Directors to resolve on the respective distribution.

Article 27 The members of the Board of Executive Officers shall be invested in office by means of the signature of the respective instrument in the book of Minutes of the Board of Executive Officers, remaining subject to the requirements, impediments, duties, obligations and responsibilities provided for in the Articles 145 to 158 of the Corporation Law.

Article 28 The Executive Board shall ordinarily meet, at least, 01 (once) every month and extraordinarily, whenever the corporate business so requires, called by the Chief Executive Officer, at least, twenty-four (24) hours in advance, or by two thirds (2/3) of the executive officers, in this case, at least, forty-eight (48) hours in advance, and the meeting shall only be instated with the attendance of the majority of its members.



Paragraph One In the event of temporary absence of any executive officer, he/she, based on the agenda of issues to be discussed, may vote in writing, by means of letter or facsimile delivered to the Chief Executive Officer, or via digitally certified e-mail, with acknowledgement of receipt by the Chief Executive Officer.

Paragraph Two Should be vacant any position, it shall be incumbent upon the Executive Board to appoint among its members, a deputy who shall accumulate, on an interim basis, the duties of the replaced member, until the definite appointment of position to be decided by the first meeting of the Board of Directors to be held, and the deputy elected shall act until the end of the original term of office.

Paragraph Three The executive officers shall be entitled to a paid leave of up to thirty (30) days, consecutive or not at every calendar year, granted by the Executive Board, non-cumulative, including paid vacations. It shall be incumbent upon the Executive Board to appoint among its members, a deputy who shall accumulate, on an interim basis, the duties of the replaced member.

Paragraph Four The executive officers during their term of office shall be entitled to a non-paid leave of up to ninety (90) days, consecutive or not, granted by the Board of Directors. It shall be incumbent upon the Board of Directors, by appointment of the Chief Executive Officer, to elect a person, not unfamiliar to the Company, to exercise the position during the absence of the regular member. After the expiration of leave granted, the executive officer under leave shall be automatically vested again into his/her position, to conclude his/her original term of office.

Paragraph Five The executive officers may not leave the exercise of their duties no later than thirty (30) consecutive days, under the penalty of loss of their term of office, except for the cases provided for in the paragraphs three and four.

Paragraph Six The meetings of the Executive Board may be held by means of conference calls, videoconferences or other means of communication. Such participation shall be considered as personal attendance in the referred meeting. In this case, the Executive Board members who remotely participate at the Executive Board's meeting shall express their votes by means of letter, facsimile or digitally certified e-mail.

Paragraph Seven At the end of the meeting, the minutes shall be drawn up and signed by all the executive officers physically present at the meeting, and subsequently recorded on the Minutes Book of the Company's Executive Board. The votes rendered by executive officers who remotely took part in the Executive Board's meeting or who have manifested their vote pursuant to the Paragraph One of this Article, shall be equally included in the Minutes Book of the Company's Executive Board, and a copy of the letter, facsimile or e-mail, according to the situation, containing the vote of the executive officer, shall be attached to the Book immediately after the minutes are drawn up.

Article 29 The resolutions of the meetings of the Board of Executive Officers shall be taken by majority vote of those attending each meeting, or who have expressed their



vote pursuant to the Article 27, Paragraph One of these Bylaws, and in the event of tie, the Chief Executive Officer shall be incumbent upon the casting vote.

Article 30 It is incumbent upon the Board of Executive Officers the management of the general social businesses and the practice, therefore, of all the necessary or convenient acts, except those to which the competence is, by law or by these present Bylaws, attributed to the General Meeting or to the Board of Directors. In the exercise of their functions, the executive Officers may carry out all operations and practice all acts of common management required for the achievement of the goals of their positions, in compliance with the provisions of these present Bylaws as to the means of representation and to the jurisdiction for the practice of certain acts, and the general guidance of the businesses set forth by the Board of Directors, including to resolve on the investment of funds, waive, renounce, assign rights, confess debts, make agreements, enter into commitments, contract obligations, enter into contracts, acquire, sell and burden personal and real property, post bond, guarantees and sureties, issue, endorse, guarantee, discount, draw and endorse general securities, as well as open, manage and close accounts in credit establishments, in compliance with the legal restrictions and those set forth in these Bylaws.

Paragraph One It is incumbent upon the Chief Executive Officer:

- a) to call and chair the meetings of the Board of Executive Officers;
- b) To manage the company, assuring that the decisions and guidelines of the Board of Directors and the Shareholders' Meeting are dutifully observed.
- c) to coordinate the Company's global planning, including the preparation of business plans and annual budgets and multiyear, operational and investment plans of the Company to be submitted to the Board of Directors, and guide the Company's works;
- d) to define the basic guidelines of personnel management and approval of the Company;
- e) to prepare the Company's organization plan and issue the corresponding rules;
- f) to propose to the Board of Directors the creation, determination of maturities and extinguishment of new position or function;
- g) to provide adequate personnel to the Company's needs within the existing budget availabilities;
- h) to give other attributions to the Executive Officers in the Company's interest, in compliance with the provision in these Bylaws and in the resolutions of the Board of Directors concerning it; and
- i) all the other necessary or convenient acts, except those to which the competence by these present Bylaws is attributed to the Board of Executive Officers as a joint committee.

Paragraph Two It is incumbent upon the Vice Chief Executive Officer to assist the Chief Executive Officer in his functions, in the Company's management.



Article 31 It is incumbent upon the Board of Executive Officers, as a joint committee:

- a) to comply with and cause the compliance with the Bylaws and the resolutions of the General Meeting and the Board of Directors;
- b) to approve the business plans and annual budgets, and the multiyear, operational and investment plans of the Company, to be submitted to the Board of Directors, as well as their updating and reviews, including schedules, amount and allocation of investments provided for therein;
- c) to approve new concessions, whose Net Present Value (VPL) according to the economic-financial feasibility study conducted by the Company, calculated using the methodology approved by the Board of Directors, is positive. Negative VPL cases should be submitted to the Board of Directors;
- d) approval of any investment or expense not provided for in the Annual Budget approved, of amounts equal or higher than one million and five hundred thousand reais (R\$1,500,000.00) and lower than nine million reais (R\$ 9,000,000.00);
- e) to authorize the exclusion of personal property from permanent assets, in the amount of up to one million reais (R\$1,000,000.00), by reason of disposal, as well as destruction, loss or misplacement;
- f) to authorize the establishment of an administrative proceeding involving bidding, exemption and unenforceability of bidding, and the addendums to the corresponding contracting and approvals of administrative bidding proceeding, in amounts equal to or greater than one million and five hundred thousand reais (R\$1,500,000.00) and less than nine million reais (R\$9,000,000.00).
- g) to approve covenants and agreements not provided for in item "f" involving loans, financing and other legal business to be entered into by the Company, as well as the addendums to the respective contracting, which individually or jointly have amounts equal to or greater than one million and five hundred thousand reais (R\$1,500,000.00) and less than nine million reais (R\$9,000,000.00)
- h) to authorize the bringing of court suits, administrative proceedings and the execution of court and out-of-court agreements, of an amount lower than three million reais (R\$ 3,000,000.00);
- i) to authorize the Company's accounting provisions, regardless of their amount, by means of proposal of the Chief Financial and Investor Relations Officer;
- j) to call meetings of the Board of Directors in the absence of its Chairman or Vice Chairman;
- k) authorize the transfer of assets to electricity concessionaires, pursuant to the legislation governing this matter.

Article 32 The Company shall be considered obligated when represented:

- a) by the Chief Executive Officer jointly with another Executive Officer or with one (01)



attorney in fact with special powers duly constituted;

b) by two (02) Executive Officers, indistinctively, or by one (01) Executive Officer jointly with one (01) attorney in fact duly constituted, for the turnover of the Company's financial resources, exchange acceptances and endorsements;

c) by two (02) attorneys in fact jointly, with special powers, duly constituted; and

d) by one (01) single Executive Officer or one (01) attorney in fact with special powers, duly constituted, for the practice of the following acts:

1. representation of the Company before any federal, state and municipal public bodies, class entities, as well at the General Shareholders' Meetings of the companies in which the Company participates;
2. endorsement of checks for deposit in bank accounts of the Company;
3. transactions of bank accounts instituted out of the Company's headquarters; and
4. of representation of the Company before unions or Labor Court, for matters of hiring, suspension or lay-off of employees, and for labor agreements.

e) by one (1) Executive Officer jointly with one (1) Head of Department or one (1) Supervisory Board Member, to practice the following acts:

1. enter into agreements for: technical and scientific cooperation that does not result in burdens for the Company; sponsorship of social welfare entity; transfer of the amounts collected by the program CONFIA EM 6%; or any other program replacing it;
2. enter into the following agreements: energy supply; rental; services provided by COPASA MG; establishment of subsidy to social welfare entities; settlement of accounts; assignments, permission or concession of use free of charge to COPASA MG; commitment and responsibility instrument for the use or occupancy of right-of-way; registering instrument; payment instrument; and material deposit instrument.

Sole Paragraph The powers of attorney shall be granted on behalf of the Company by the signature of the Chief Executive Officer jointly with another Executive Officer, specifying the powers granted and, except those for court purposes, shall have a maturity period limited to, at most, one (01) year.

Article 33 It is incumbent on the Executive Officers:

a) to carry out the duties of their area, assuming responsibility for carrying out the decisions and complying with the guidelines of the Board of Directors and the Shareholders' Meeting;

b) to participate in the meetings of the Executive Board, helping define the policies to be adopted by the Company and reporting on issues related to their areas;



c) to assume any other duties attributed by the Chief Executive Officer.

Paragraph One In addition to their own duties and responsibilities, Executive Officers will also be in charge of the areas appointed by the Board of Directors.

Paragraph Two The Chief Financial and Investor Relations Officer shall, additionally, provide information to investors in general, to the Brazilian Securities and Exchange Commission (CVM), to the stock exchanges or over-the-counter markets, domestic and abroad, as well as to the related regulatory bodies, and maintain the Company's records with those institutions updated.

CHAPTER V Fiscal Council

Article 34 The Company shall have a Fiscal Council that will operate on a permanent basis and shall have three (3) to five (5) sitting members, one of them the Chairman and the other Vice-Chairman, and the same number of alternate members, shareholders or not, elected by the Annual General Meeting. The term of office of Fiscal Council Members will be one (1) year, with reelection possible, except in case of dismissal. The Members of the Fiscal Council will remain in office until their successors are elected and take office. The Fiscal Council shall have attributions and the powers granted by the law.

Paragraph One The investiture of the members of the Fiscal Council shall be conditioned to the previous subscription of the Statement of Consent of the Members of the Fiscal Council, as required by the BM&FBOVESPA Novo Mercado Rules, as well as pursuant to the applicable legal requirements.

Paragraph Two The compensation of the members of the Fiscal Council shall be determined by the General Meeting electing them, in compliance with the legal limits.

Paragraph Three In the event of temporary absence of any member of the Fiscal Council, he/she shall be replaced by the respective alternate member.

Paragraph Four In the event of vacancy in the Fiscal Council, this body shall call an Extraordinary General Meeting, based on the prerogative of the Article 163, V of the Corporate Law, with the purpose of electing a substitute a respective alternate member to exercise the position until the end of the term of office of the Fiscal Council.

Paragraph Five The meetings of the Fiscal Council may be carried out by means of conference call, videoconference or other means of communication. Such participation shall be considered as if the participant attended in person the referred meeting. In this case, the members of the Fiscal Council who remotely participate in the meeting shall express and formalize their votes or opinions by means of letter, facsimile or electronic mail digitally certified. The Fiscal Council shall meet annually and extraordinarily, upon the call by the Chairman or the Vice Chairman, or by the Chairman of the Board of Directors, by means of a written notice and attached agenda of the issues to be discussed.



Paragraph Six At the end of the meeting, the minutes shall be drawn up, signed by all the Fiscal Council Members physically attending the meeting, and then transcribed in the Registration Book of Minutes of the Company's Fiscal Council. The votes or opinions expressed by the Board members who remotely participate in the meeting or who have expressed themselves pursuant to the Paragraph Five of this Article, shall equally be in the Registration Book of Minutes of the Fiscal Council, and the copy of the letter, facsimile or electronic message, as the case may be, with the vote or opinion of the Fiscal Council Members, must be attached to the Book right after the transcription of the minutes.

Paragraph Seven The Chairman of the Fiscal Council can call the meetings and, in the absence of the Chairman, the Vice-Chairman or the Chairman of the Board of Directors, by means of written notice sent at least five (5) calendar days prior to the meeting and the attached agenda of issues to be discussed. If urgent matters arise, the Chairman of the Fiscal Council can call a meeting without respecting the five-day call notice, as long as all members of the Council are aware of the meeting.

Paragraph Eight The meetings of the Fiscal Council will only be convened with the presence of most of its members, including the alternate members in case of absence of the sitting members.

Paragraph Nine The meetings will be presided over by the Chairman of the Fiscal Council, and, in case of his absence, by the Vice-Chairman or, in case of absence of the latter, by a Member chosen by the majority of the members attending the meeting and the Head of the Chief Executive Office shall be the secretary, and in his absence, an employee appointed by the Company's CEO.

CHAPTER VI

Fiscal Year, Income and Dividends

Article 35 The fiscal year shall begin on January 1 and end on December 31 of each year, when the financial statements provided for in the applicable legislation shall be prepared.

Article 36 The net income determined in the year shall have the following appropriation:

- a) the portion of five percent (05%) shall be deduced for the constitution of the legal reserve, which shall not exceed twenty percent (20%) of the capital stock;
- b) the portion corresponding to, at least, twenty-five percent (25%) of the net income, calculated on the balance obtained with deductions and additions provided for in the Article 202, I, II and III of the Corporation Law, shall be distributed to shareholders as mandatory minimum annual dividend;
- c) the remaining balance, after complying with the provisions in the previous items of this Article, shall have the appropriation determined by the Shareholders' Meeting based on the management proposal, pursuant to the provisions in the Article 176,



Paragraph three and 196 of the Corporation Law, in compliance with the provisions in the Article 134, Paragraph four of the referred Law. Should the balance of profit reserves surpass the capital stock, the Shareholders' Meeting shall resolve on the use of the excess in the payment or in the capital stock increase or, also, in the distribution of additional dividends to the shareholders.

Article 37 The Company may pay its shareholders interest on equity (IOE), which may be imputed to the mandatory minimum dividend.

Article 38 The Company may draw up mid-year and/or quarterly balance sheets, and it may, based on them, declare, by resolution of the Board of Directors, interim and periodical dividends or interest on equity. The interim and periodical dividends and interest on equity provided for in this Article may be imputed to the mandatory minimum dividends.

Article 39 The dividends and interest on equity which are not claimed within the term of three (03) years after the date on which they are made available to shareholders revert favor of the Company.

Article 40 The Company may grant donations and incentives to beneficent entities, as long as previously authorized by the General Meeting, justifiably.

CHAPTER VII Liability of Managers

Article 41 The managers are responsible before the Company and third parties for acts practiced in the exercise of their functions, under the terms of the law and these present Bylaws.

Article 42 The Company, in the cases it does not take the active pole of the actions, shall ensure to the members of the Board of Directors, of the Fiscal Council and of the Board of Executive Officers, by means of its Office of the Attorney General or by contracted third parties, the defense in judicial and administrative proceedings proposed by third parties against its managers, during or after the respective terms of office, until the end of the prescriptive term of responsibility of these managers, by acts related to the exercise of their own functions.

Paragraph One The guarantee provided for in the *caput* of this Article is extended to the Company's employees and to its attorneys in fact legally constituted, who operate on behalf of the Company.

Paragraph Two Should the member of the Board of Directors, of the Fiscal Council, the Executive Officer or the employee be condemned, with decision made final and



unappealable, based on violation of the law or these Bylaws or due to his/her fault or malice, he/she shall reimburse the Company of all the costs, expenses and losses caused to it.

Paragraph Three When the Company does not opportunely appoint an Attorney for the defense of a member of the Board of Directors, of the Fiscal Council, of the Board of Executive Officers or employee, if he/she is dismissed, he/she shall be entitled to the repayment of costs and fees of counsel disbursed in the suit.

Paragraph Four The Company may, by resolution of the Board of Directors, contract in favor of the members of its Board of Directors and its Executive Officers, insurance for coverage of liability resulting from the exercise of their positions.

CHAPTER VIII Disposal of the Share Control

Article 43 The direct or indirect disposal, on the account of the State of Minas Gerais, of the Company's control is prohibited, including by shareholders' agreement about the exercise of the control power, except in the assumption provided for in the item II of the paragraph 4 of the Article 14 of the State Constitution.

Article 44 Should the assumption provided for in the item II of the paragraph 4 of the Article 14 of the State Constitution or its amendment take place, the direct or indirect disposal of the Company's control, both by means of a single operation and by means of successive operations, it shall be contracted under suspensive or dissolving condition that the acquirer undertakes to carry out the public tender offer for the acquisition of other shares from other shareholders of the Company, in compliance with the conditions and terms provided for in the current legislation and in the Novo Mercado Rules, by means of ensuring equal treatment to that given to the selling shareholder.

Paragraph One The public offering referred to in this Article shall also be carried out in the events in which there is onerous assignment of rights of subscription of shares and other securities or rights related to securities convertible into shares of the Company, which shall result in the disposal of the Company's control.

Paragraph Two The public tender offer for the acquisition of shares referred to in this Article shall be required in the event of disposal of control of the company which holds the Company's control power to third party. In this assumption, the selling controlling shareholder shall undertake to declare to the Brazilian Securities and Exchange Commission – CVM and to the BM&FBOVESPA the amount attributed to the Company by the disposal of its control, attaching the documentation proving this amount.

Article 45 The shareholder to acquire the Company's control power due to a private a private agreement entered into with the controlling shareholder, comprising any number of shares, shall undertake to: (i) conduct the public tender offer pursuant to Article 44



hereof and (ii) according to the following terms pay the amount corresponding to the difference between the public tender offer price and the amount paid per share eventually acquired at the stock exchange during six (6) months prior to the Control power acquisition date, duly restated up to payment date. Said amount shall be distributed among all persons who sold the Company's shares at trading sessions where the Buyer made the acquisitions, proportionally to the daily selling net balance of each one, and BM&FBOVESPA shall operate the distribution, pursuant to its rules.

Article 46 The Company shall not record transfers of shares for the Buyer or that (those) who shall hold the control power, while he (they) does (do) not sign the Statement of Consent of the Controlling Shareholders referred to in Novo Mercado Rules.

Sole Paragraph Accordingly, no shareholders' agreement about the exercise of the control power may be registered at the Company's headquarters without the subscription, by its signatories, of the Instrument of Agreement of the Controlling Shareholders referred to in the *caput* of this Article.

CHAPTER IX

Withdrawal from the Novo Mercado of the São Paulo Stock Exchange – BM&FBOVESPA and Cancellation of Publicly-Held Company Registration

Article 47 If the Company's delisting from the Novo Mercado is resolved, so that its shares are then registered to be traded out of Novo Mercado or due to corporate restructuring in which the company resulting from this restructuring does not have its securities accepted for trading at the Novo Mercado within one hundred and twenty (120) days as of the date of the General Meeting that approved said operation, the Controlling Shareholder shall conduct a public tender offer for the shares held by other Company's shareholders, at least, by corresponding Economic Value to be verified in valuation report prepared pursuant to Paragraphs 1 and 2 of Article 51, and observing the applicable legal rules and regulations.

Paragraph One The public offering provided for in this Article shall comply with the applicable rules provided for by the law, the rules of public offering for acquisition of shares issued by the Brazilian Securities and Exchange Commission – CVM, as well as those provided for in the *Novo Mercado* Rules.

Paragraph Two The withdrawal of the Company from BM&FBOVESPA Novo Mercado for the securities issued by it start having a registration for trading out of this special listing segment must be previously approved at the Shareholders' Meeting of the Company, and the performance of the public tender offer referred to in the *caput* of this article must be informed to the BM&FBOVESPA and disclosed to the market immediately after the performance of this Meeting.



Paragraph Three Should the withdrawal of the Company from BM&FBOVESPA Novo Mercado takes place by virtue of corporate reorganization in which the company resulting from the reorganization is not admitted for trading in the Novo Mercado, the performance of the public tender offer referred to in the caput of this Article must be informed to the BM&FBOVESPA and disclosed to the market immediately after the performance of the general meeting approving the referred reorganization.

Article 48 In the assumption there is no Controlling Shareholder, if the Company's delisting from Novo Mercado is resolved so that its securities are then registered to be traded out of Novo Mercado, or due to corporate restructuring in which the company resulting from this restructuring does not have its securities accepted for trading at the Novo Mercado within one hundred and twenty (120) days as of the date of the General Meeting that approved said operation, the Company's delisting shall be subject to the materialization of the public tender offer under same conditions provided for in the Article above

Paragraph One Said General Meeting shall define that (those) in charge of the public tender offer, who in attendance of the meeting, shall expressly undertake the responsibility for conducting the public tender offer.

Paragraph Two If those in charge of conducting the public tender offer are not defined, in the event the corporate restructuring operation in which the company resulting from this restructuring does not have its securities accepted for trading at the Novo Mercado, the shareholders who favorably voted on the corporate restructuring shall conduct said offering.

Article 49 The Company's delisting from Novo Mercado due to the failure to comply with the Novo Mercado Rules depends on the materialization of the public tender offer, at least, by the shares Economic Value to be verified in valuation report referred to by Article 51 hereof, observing the applicable legal rules and regulations.

Paragraph One The Controlling Shareholder shall conduct the public tender offer provided for in the caput of this Article.

Paragraph Two In the event there is no Controlling Shareholder and the Company's delisting from Novo Mercado referred to in the caput derives from resolution at the General Meeting, shareholders who voted favorably on said resolution that implied the respective non-compliance shall conduct the public tender offer provided for in the caput.

Paragraph Three In the event there is no Controlling Shareholder and the Company's delisting from Novo Mercado referred to in the caput derives from act or fact of the Management, the Company's Management shall call for a Shareholders' General Meeting whose agenda shall resolve on how to remedy the failure to comply with Novo Mercado Rules, or where applicable, resolve on the Company's delisting from the Novo Mercado.



Paragraph Four In the event the General Meeting mentioned in Paragraph 3 above resolves on the Company's delisting from Novo Mercado, said General Meeting shall define that(those) in charge of conducting the public tender offer provided for in the caput, who in attendance of the meeting, shall expressly undertake the responsibility for conducting said offering.

Article 50 In the event of public tender offer conducted by the controlling shareholder or by the Company aiming at the Company's deregistering as a publicly-held company, the minimum price to be tendered shall correspond to the economic value verified in valuation report prepared pursuant to Article 51, observing applicable legal rules and regulations.

Paragraph One The choice of the specialized company responsible for the preparation of the appraisal report mentioned in this Chapter is exclusively incumbent upon the General Meeting, from the presentation, by the Board of Directors, of a three-name list, and the respective resolution, not computing the blank votes, must be taken by majority vote of the shareholders representing the outstanding shares attending that meeting, which, if instated in first call, must count on the attendance of shareholders representing, at least, twenty percent (20%) of the total outstanding shares, or, if instated in second call, it may count on the attendance of any number of shareholders representing the outstanding shares. Outstanding shares are considered as all shares issued by the Company, except those held by the controlling shareholder, by persons connected to it, by the Company's managers and those held in treasury.

Paragraph Two The costs incurred with the preparation of the report shall be fully paid by the offerer.

CHAPTER X Dissolution

Article 52 The Company shall be liquidated in the events provided for by the law, and the Shareholders' Meeting is the appropriate body to determine the form of dissolution and appoint the liquidator and the Fiscal Council that must operate in the dissolution period.

CHAPTER XI General Provisions

Article 53 The Company, its Shareholders, Managers and members of the Fiscal Council undertake to decide, through arbitration before the Market Arbitration Panel, all and any dispute or controversy that may arise among them, as long as not comprising non-disposable rights, related or arising, in particular, from application, validity, efficiency, interpretation, violation and its effects, of the provisions contained in the Brazilian Corporation Law, in the Company's Bylaws, in the rules issued by the Brazilian Monetary Council, by the Central Bank of Brazil and by the Brazilian Securities and Exchange



Commission, as well as in the other rules applicable to the operation of the general capital markets, in addition to those included in the *Novo Mercado* Rules, Arbitration Rules, Sanction Regulation and *Novo Mercado* Listing Agreement.

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