



A Melhor Energia do Brasil.

Successful Strategy

Performance reflects balanced portfolio structure

August, 2014



CIG
LISTED
NYSE

CIG.C
LISTED
NYSE

Disclaimer



Some statements and estimates in this material may represent expectations about future events or results that involve risks and uncertainties known and unknown. There is no guarantee that the events or results referred to in these expectations will occur.

These expectations are based on present assumptions and analyses from the viewpoint of our management, based on their experience, the macroeconomic environment, market conditions in the energy sector and our expected future results, many of which are not under Cemig's control.

Important factors that can lead to significant differences between actual results and projections about future events or results include Cemig's business strategy, Brazilian and international economic conditions, technology, Cemig's financial strategy, changes in the energy sector, hydrological conditions, conditions in the financial markets, uncertainty regarding future results of operations, plans and objectives as well as other factors. Because of these and other factors, our actual results may differ significantly from those indicated in or implied by these statements.

The information and opinions contained herein should not be understood as a recommendation to potential investors and no investment decision should be based on the truthfulness, or completeness as of the date hereof of this information or these opinions. None of Cemig's professionals nor any of their related parties or representatives shall have any liability for any losses that may result from the use of the content of this presentation.

To evaluate the risks and uncertainties as they relate to Cemig, and to obtain additional information about factors that could lead to different results from those estimated by Cemig, please consult the section on Risk Factors included in our Formulário de Referência filed with the Brazilian Securities Commission – CVM, and in Form 20-F filed with the U.S. Securities and Exchange Commission – SEC.

All figures are in BR GAAP.



Brazil's Leading Power Utility



Integrated
Power
Utility in
Brazil

#1

Growth in
EBITDA
2007-13

+47%

Market cap
of US\$
10.8⁽¹⁾ B.

#1⁽²⁾

Role in
industry

**Leading
consolidator**

In the Power Industry since 1952

(1) As of August 18th, 2014

(2) In the Brazilian Energy Industry



Cemig: Strength in Numbers



Number of power plants

70

Total installed capacity

7,468 MW

Locations in Minas Gerais State

5,415

Size of Distribution concession area vs France

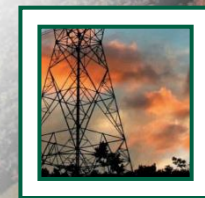
Larger

Electricity Distribution lines

526,869 km

Power Transmission lines

9,454 km

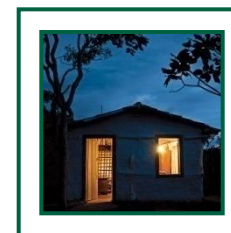
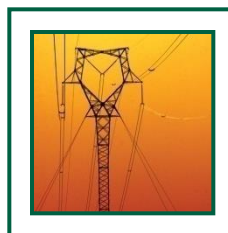


Cemig at a Glance



- Based in State of Minas Gerais, controlling shareholder
 - growing throughout Brazil and Chile
- Strong financial profile:

| | | |
|--------|------------------------|------------------|
| – 1H14 | Net revenues: R\$ 9.5B | EBITDA: R\$ 3.7B |
| – 1H13 | Net revenues: R\$ 7.1B | EBITDA: R\$ 2.8B |
- Highest liquidity in the sector
 - listed on 3 stock exchanges New York, São Paulo, Madrid
 - More than 120.000 shareholders in more than 40 countries
 - Average Daily Trading Volume of preferred shares in 2014, up to August 18th:
 - R\$68M in Bovespa
 - US\$36M in NYSE
- Solid dividend policy
 - Minimum 50% payout ratio
 - Every two years, may pay extra dividends, if cash conditions permit
- Strong Growth outlook in the long run
 - Acquisitions
 - Re-pricing of energy contracts



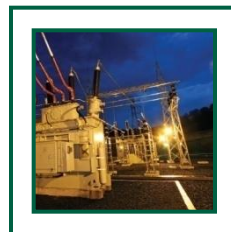
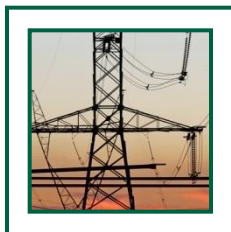
The Cemig Story – Agenda



The positioning

The performance

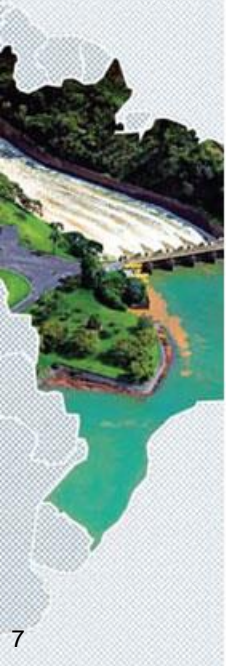
The growth



Cemig is Uniquely Positioned



- 1 The Brazil advantage
- 2 Unmatched scale
- 3 Diversified portfolio
- 4 Leader in renewable energy
- 5 Strong governance



An Emerging Powerhouse Economy



Latin American economy

#1

Ranking of economy in world*

#7

GDP 2013

US\$4.8 Trillion

GDP growth 2014**

0.9%

Population

202 M

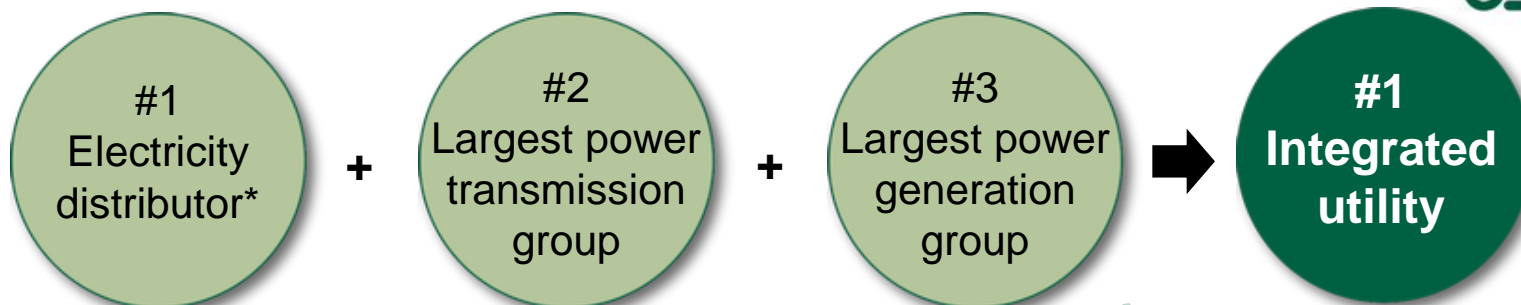
Investment grade by Moody's, Fitch and S&P

* World Bank on August 4th 2013

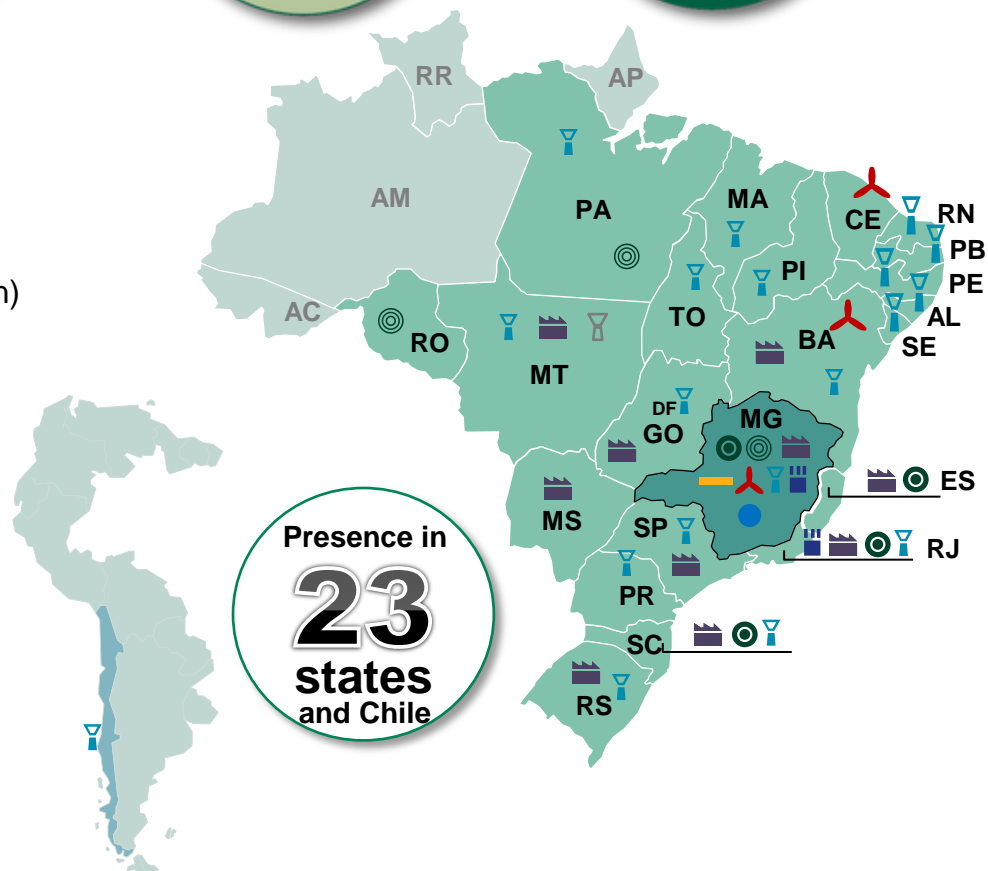
** Brazil's Central Bank Focus Report, August 4th 2013



Largest Integrated Utility in Brazil



- Power Generation
- Power Generation (under construction)
- Power Transmission
- Power Transmission (under construction)
- Electricity Distribution
- Cemig "Free Consumer" Clients
- Wind Power Generation
- Natural Gas Distribution
- Telecom Backbone Provider

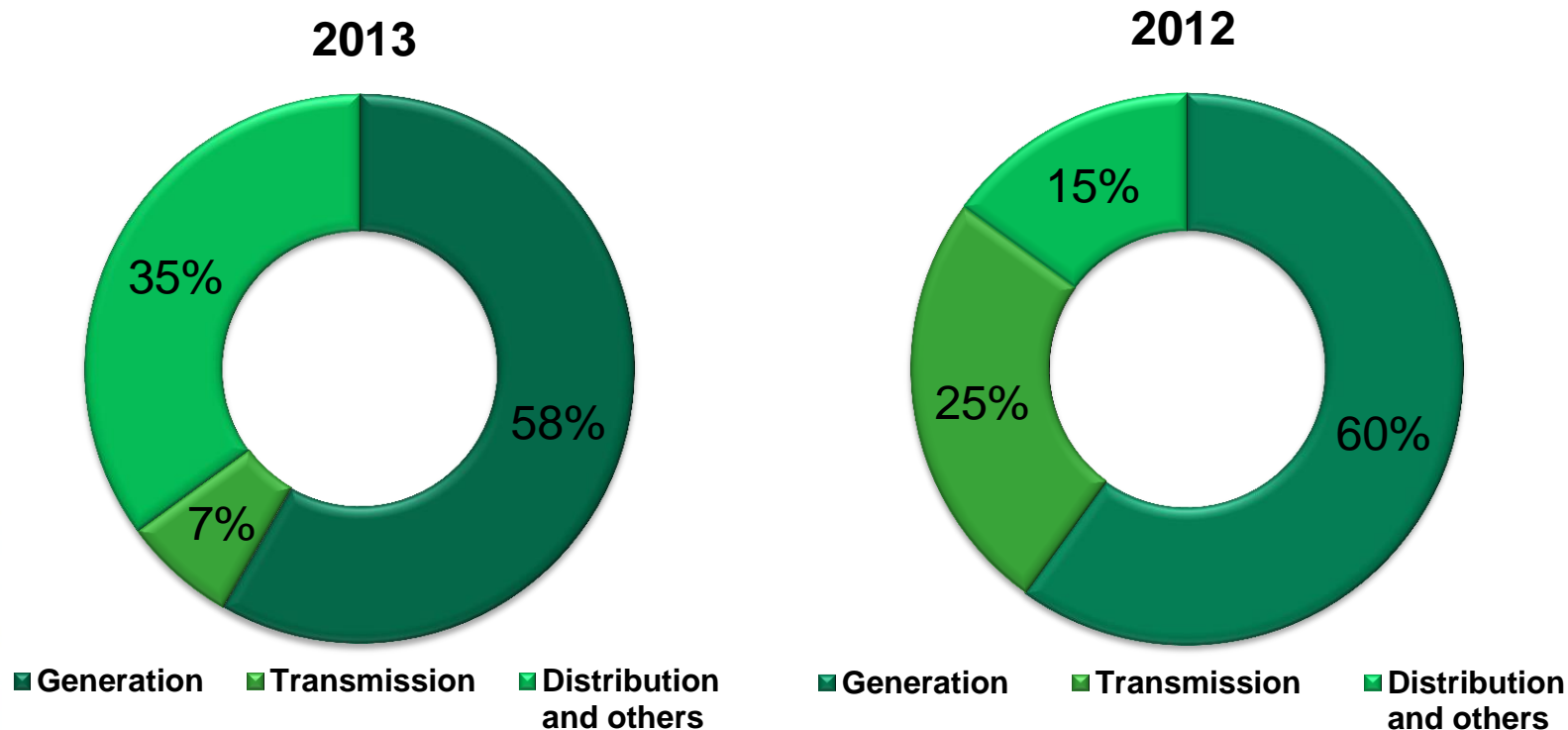


* in terms of length of electricity distribution lines

Diversified, Low Risk Business Portfolio



Breakdown of Ebitda

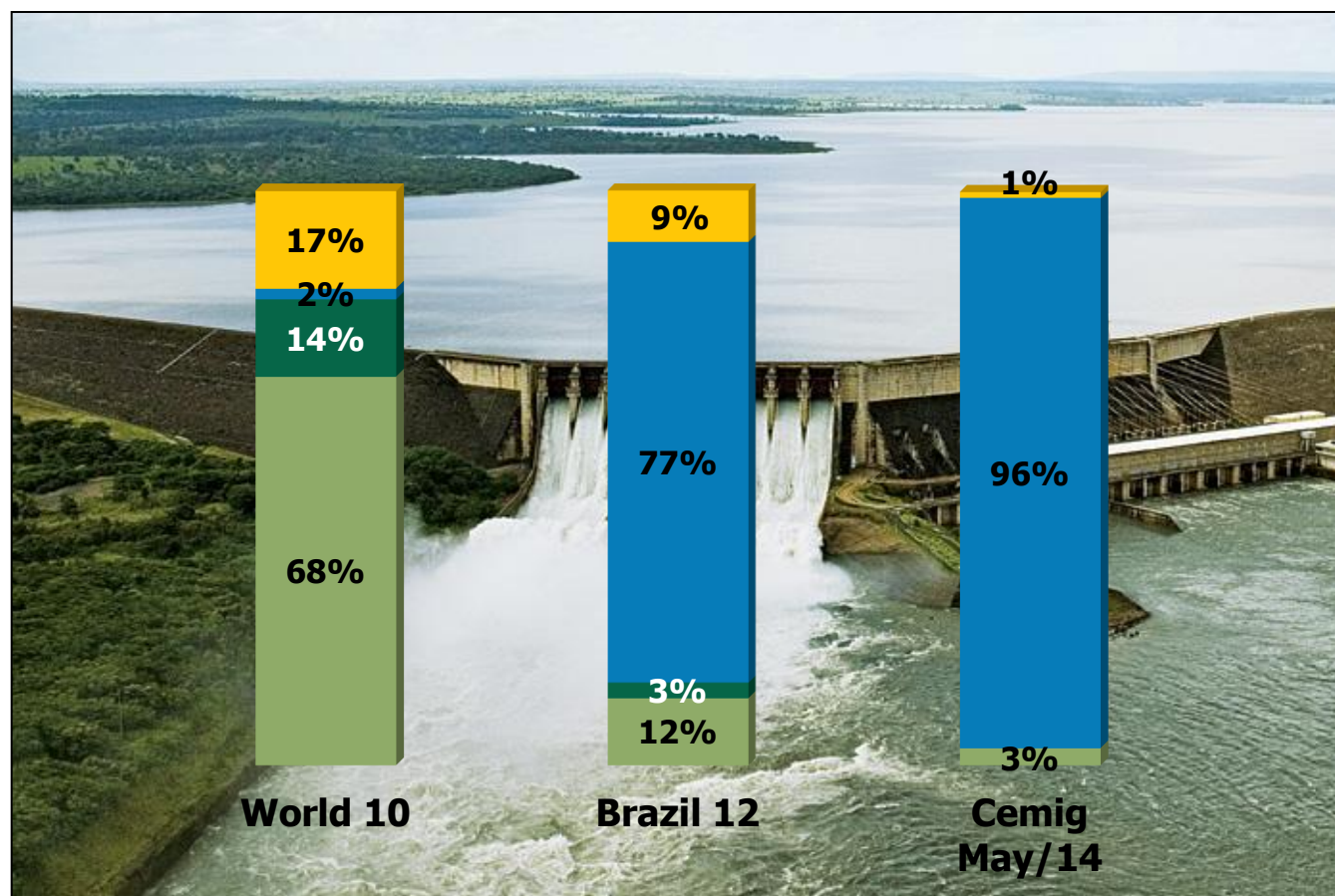


Most of the revenues are inflation protected

Leader in Renewable Hydro Power Energy



Power Generation by Source

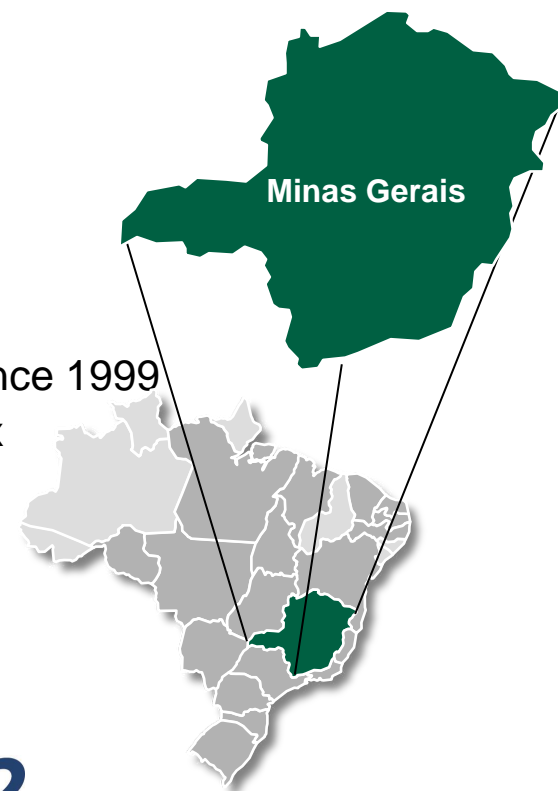


■ Fossil Source Fuels ■ Nuclear ■ Hydro ■ Others

Best-in-Class Corporate Governance



- ✓ Minas Gerais, controlling shareholder – a positive influence
 - one of fastest growing, investor-friendly states in Brazil
 - growth and profitability interest aligned with minority shareholders
 - 8 from a total of 15 members are appointed by minority shareholders
- ✓ Pro-market corporate bylaws include
 - Minimum 50% dividend payout
 - Capex limited to 40% of EBITDA
 - Net debt limited to 2.5x EBITDA
 - Net debt limited to 50% of total cap.
- ✓ Leader in sustainability
 - only Latin American utility in DJSI – Dow Jones since 1999
 - Included in the ISE – Bovespa Sustainability Index since 2005
- ✓ Present in the Global Dow Index



MEMBER OF
Dow Jones Sustainability Indices
 In Collaboration with RobecoSAM



Índice de Sustentabilidade Empresarial
ISE
 2014

Corporate Responsibility
Prime
 rated by
 ekom research

Índice Carbono Eficiente
IC02

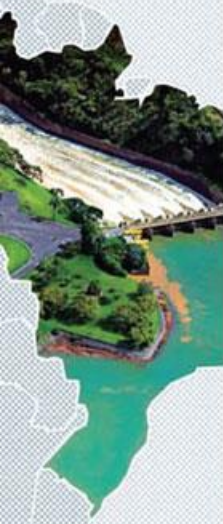
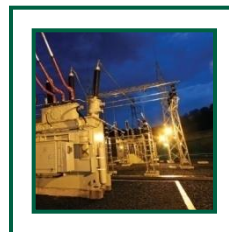
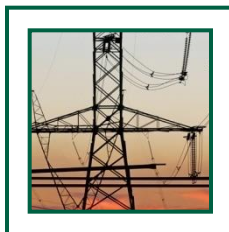
The Cemig Story – Agenda



The positioning

The performance

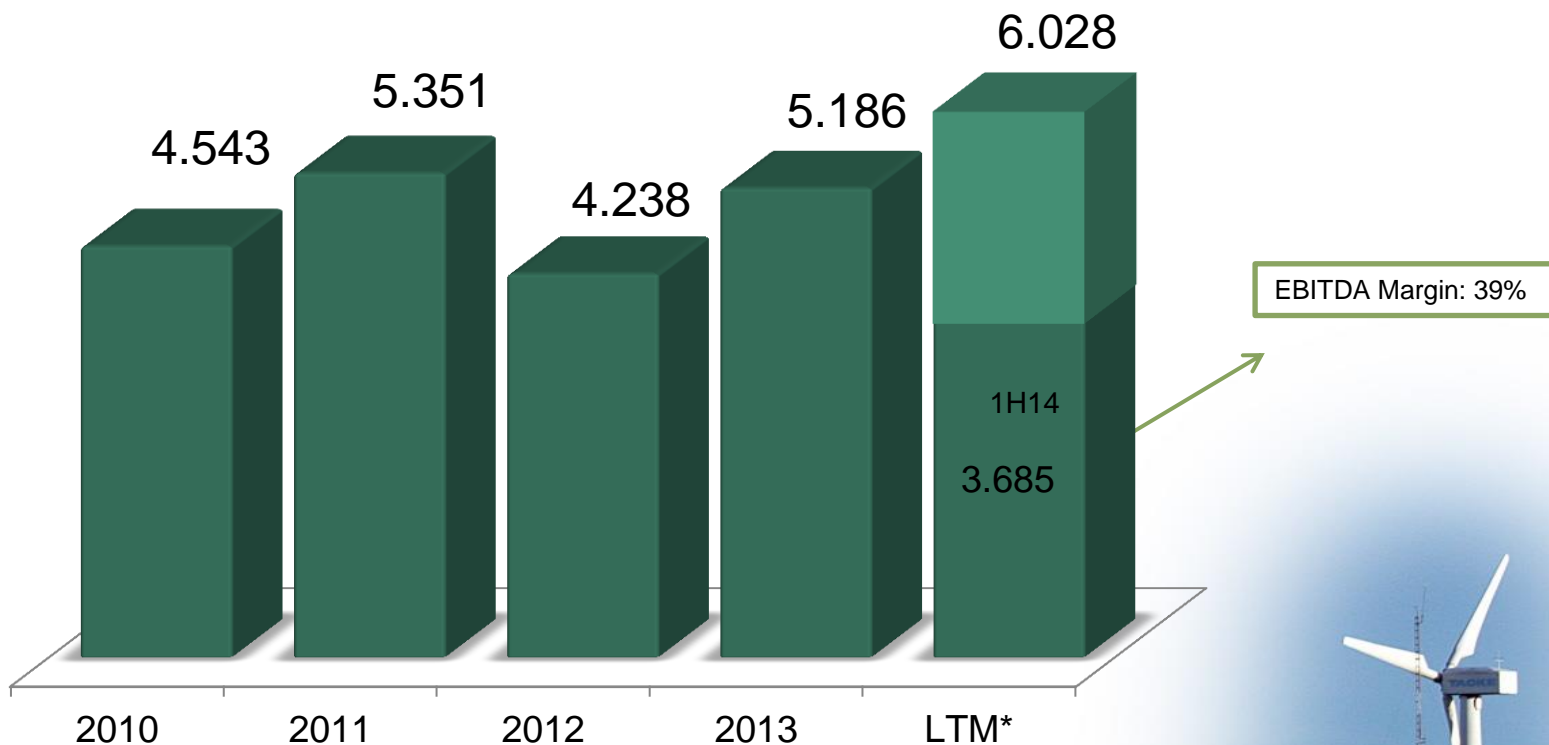
The growth



Growth in EBITDA - Guidance



R\$ million



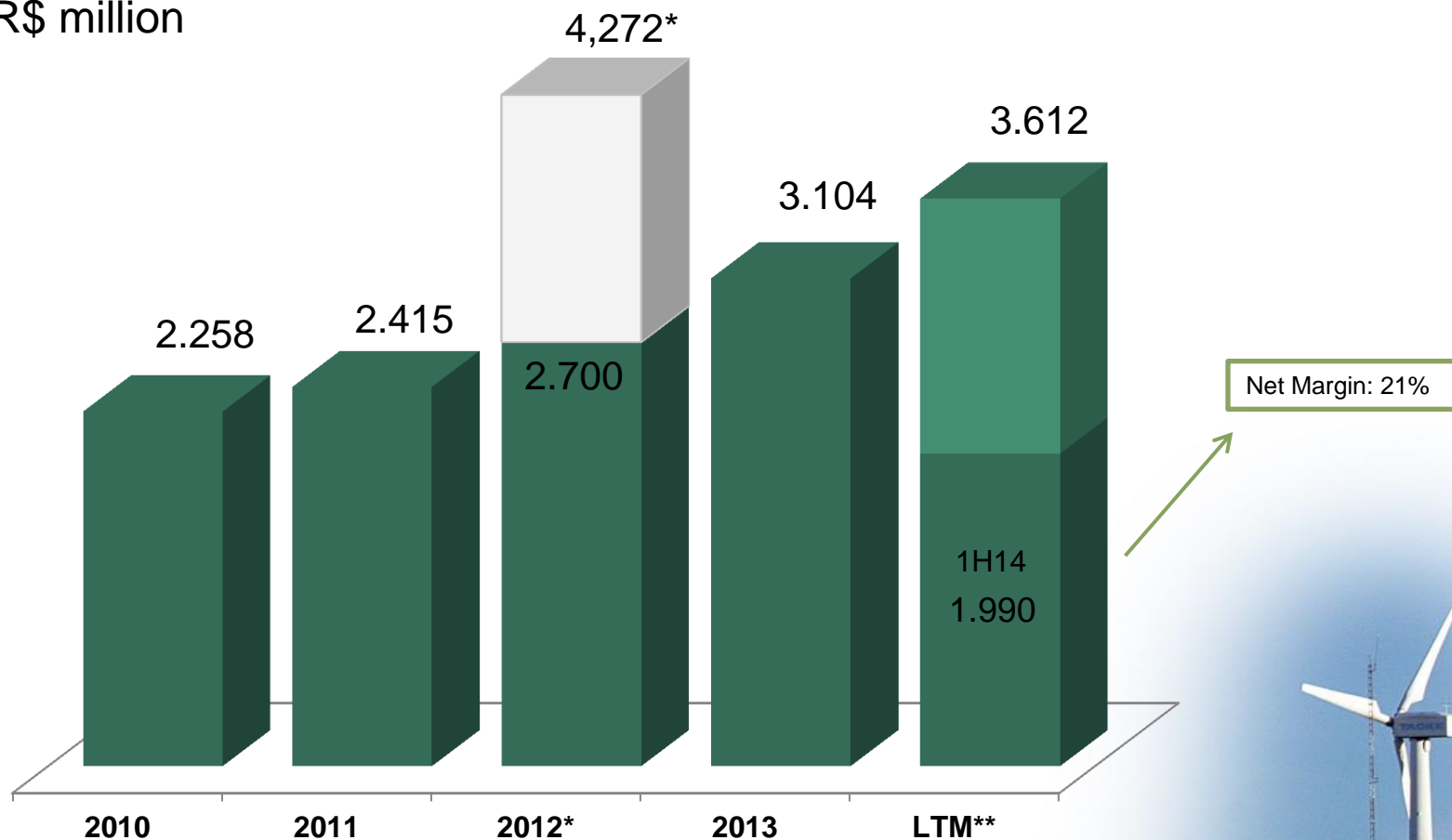
*Last twelve months



Net Income Continues to Expand



R\$ million



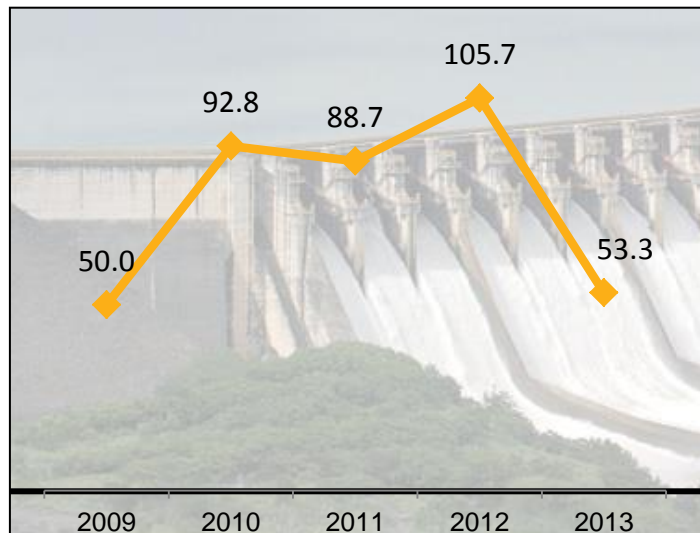
*Includes non-recurring gain of R\$1,572 million with the CRC's (Accounts receivable from Minas Gerais State government) anticipated settlement.

**Last twelve months

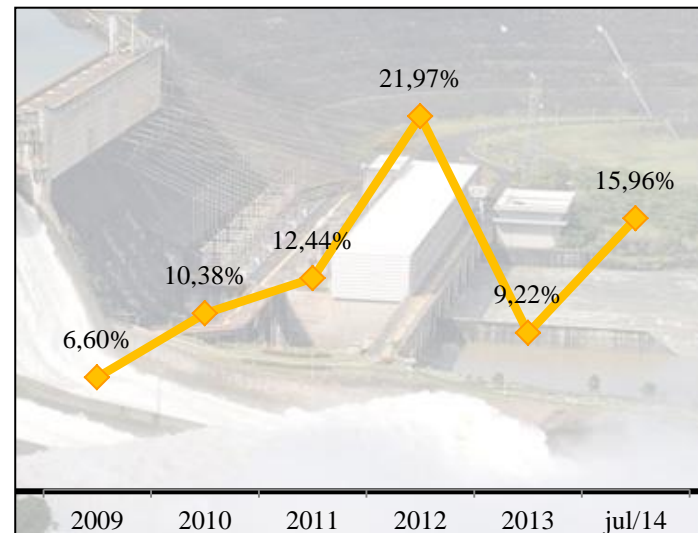
Attractive and Secure Dividend Payout



Dividend Payout
(% of Net Income)



Dividend Yield (%)*
Preferred shares



- Dividend Yield of 15.96% in July 2014
- Cemig decided to pay extraordinary dividend of R\$ 1.7 billion – corresponding to R\$ 1.35 per share
 - ✓ R\$ 1.1 billion paid on July 8, 2014
 - ✓ R\$ 604 million to be paid September 30, 2014

Strong Balance Sheet to Support Growth



Net debt to EBITDA

1.4X

Debt in foreign currency^(*)

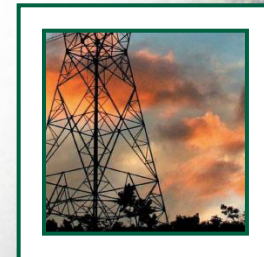
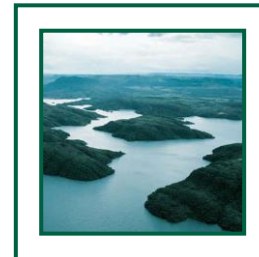
0.3%

Cash on hand – 1H14

R\$3.3B

Net Revenue 1H14

R\$9.5B



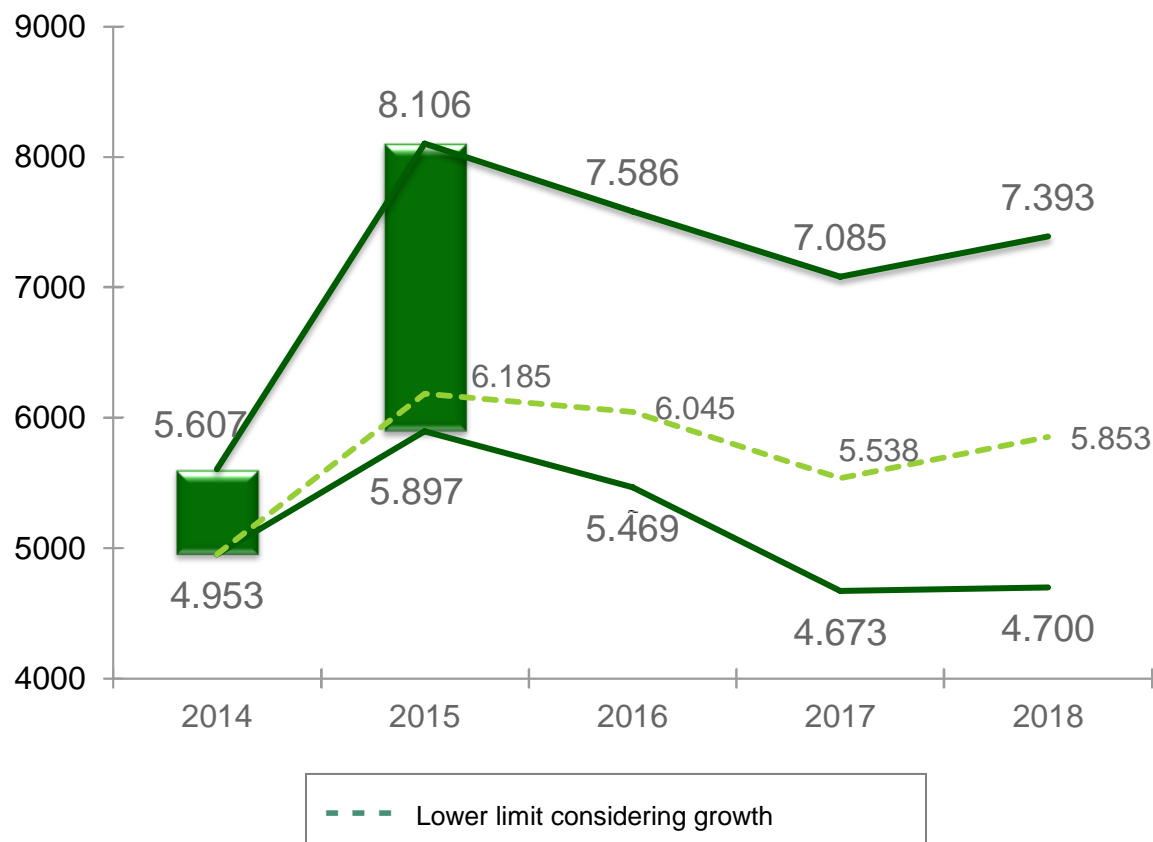
^{*}Net of financial hedging

EBITDA Guidance – 2014/2018



CEMIG, CONSOLIDATED

Constant June 2014 R\$ '000

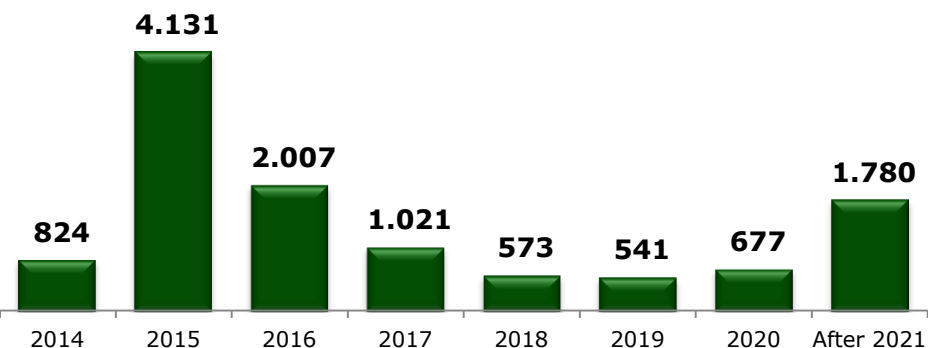


(*) Ebitda includes all minority participation.

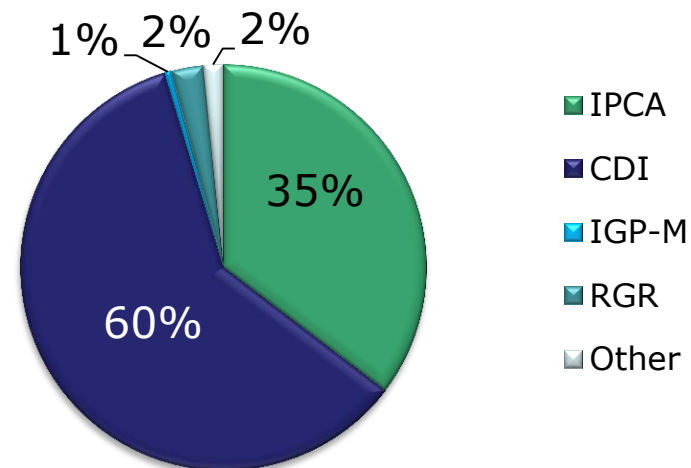
Consolidated debt profile – 2Q14

Maturities timetable R\$billion
Average tenor: 3.9 years

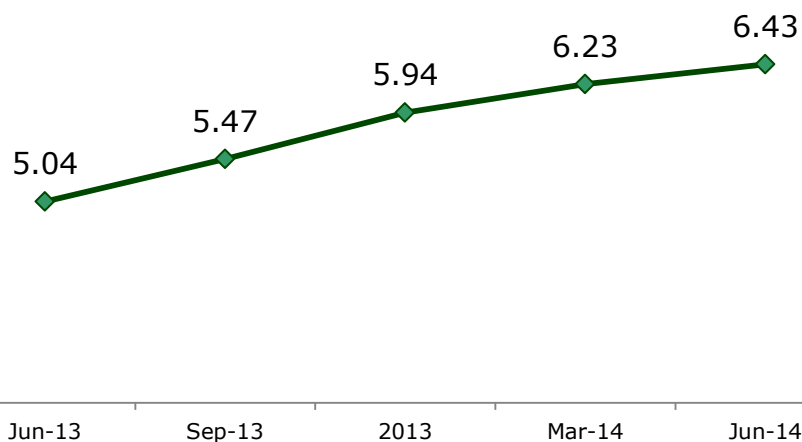
Total net debt: R\$ 8.3 billion



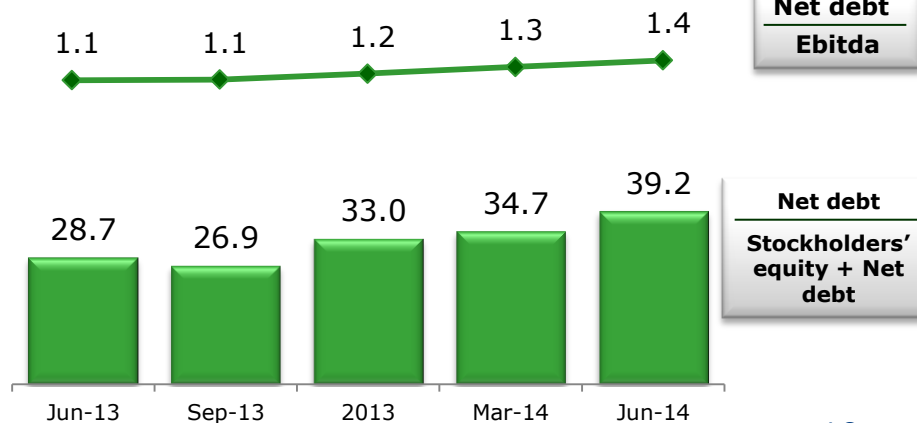
Main indexes



Average real cost of debt - %



Leverage - %



Superior credit capacity recognized by the major rating agencies



AA(bra) Cemig H, Cemig GT and Cemig D National scale

| Investment Grade | | | | | | | | | Speculative Grade | | | | | | | | | | |
|------------------|----|-----|----|---|----|------|-----|------|-------------------|----|-----|----|---|----|-----|----|---|----|---|
| AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | CCC | CC | C | RD | D |



Investment
Grade

Aa1.br Cemig GT National scale
Aa2.br Cemig H and Cemig D National scale
Baa3 Cemig GT Global scale
Ba1 Cemig H and Cemig D Global scale

| Investment Grade | | | | | | | | | | Speculative Grade | | | | | | | | | | |
|------------------|-----|-----|-----|----|----|----|------|------|------|-------------------|-----|-----|----|----|----|------|------|------|----|---|
| Aaa | Aa1 | Aa2 | Aa3 | A1 | A2 | A3 | Baa1 | Baa2 | Baa3 | Ba1 | Ba2 | Ba3 | B1 | B2 | B3 | Caa1 | Caa2 | Caa3 | Ca | C |



BrAA+ Cemig H, Cemig GT and Cemig D National scale
BB+ Cemig H, Cemig GT and Cemig D Global scale

| Investment Grade | | | | | | | | | | Speculative Grade | | | | | | |
|------------------|-----|----|-----|----|---|----|------|-----|------|-------------------|----|-----|----|---|----|---------|
| AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB | BBB- | BB+ | BB | BB- | B+ | B | B- | C a CCC |



Solid fundamentals assured by excellent financial management, stable profitability, strong cash generation and robust corporate governance.

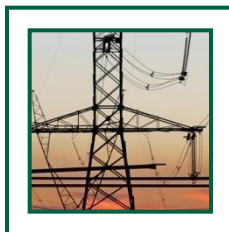
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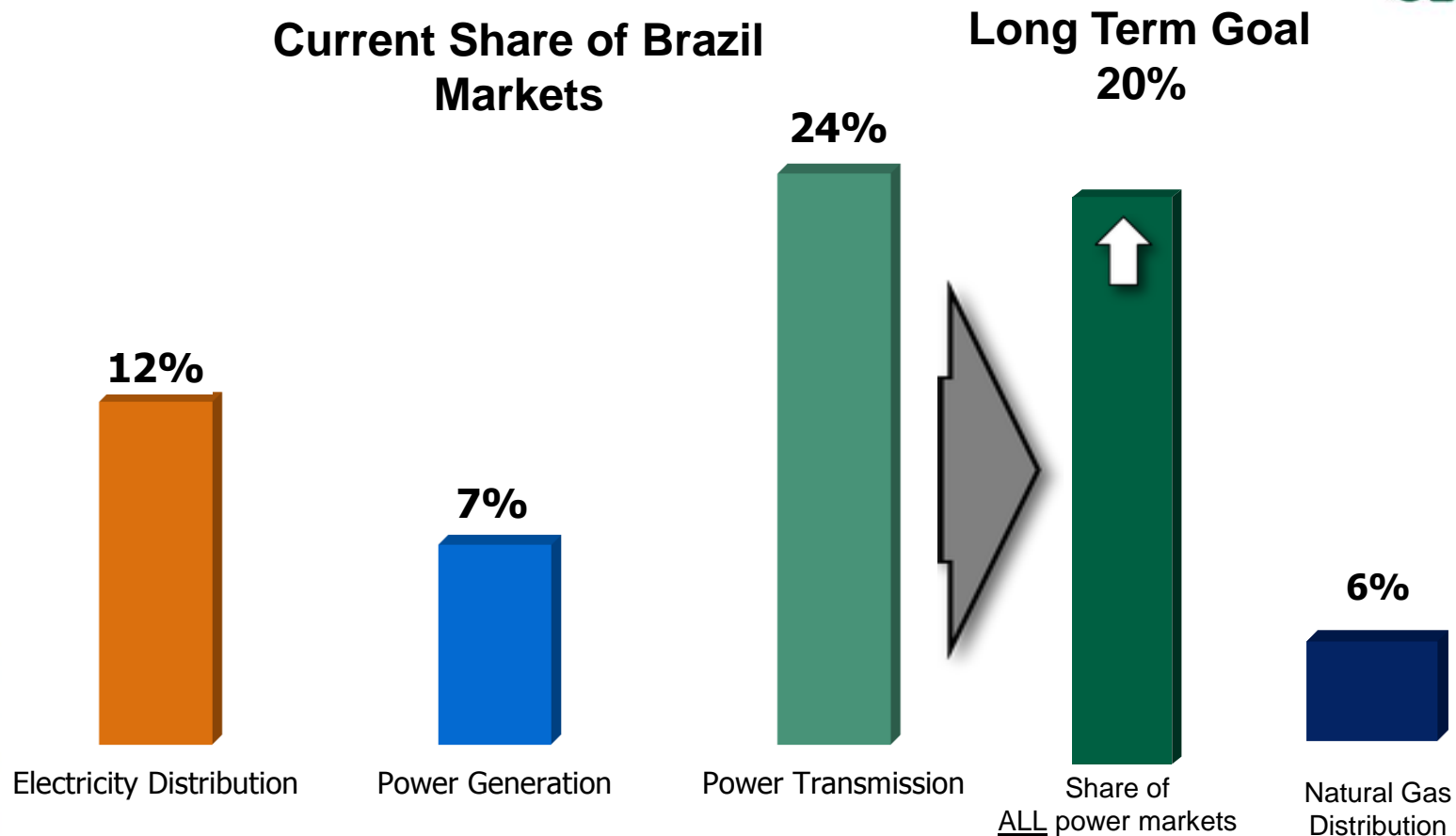
The positioning

The performance

The growth

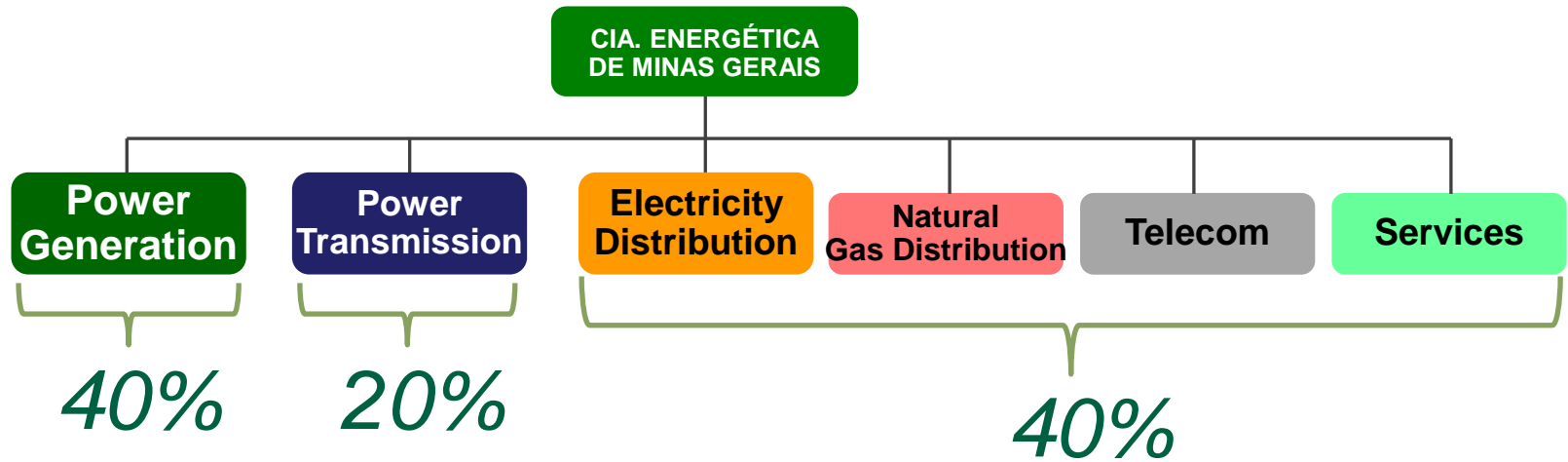


Clear Long Term Goals



- Brazilian generation market – (% of total installed capacity)
- Brazilian transmission market – (% of Permitted Annual Revenue (RAP))
- Brazilian electricity distribution market – (% of all electricity distributed to free and captive clients in Brazil)

Target Ebitda contribution by business in the long run



Growth Drivers



1

Leverage price increases



2

Improve operating efficiency



3

Geographic expansion

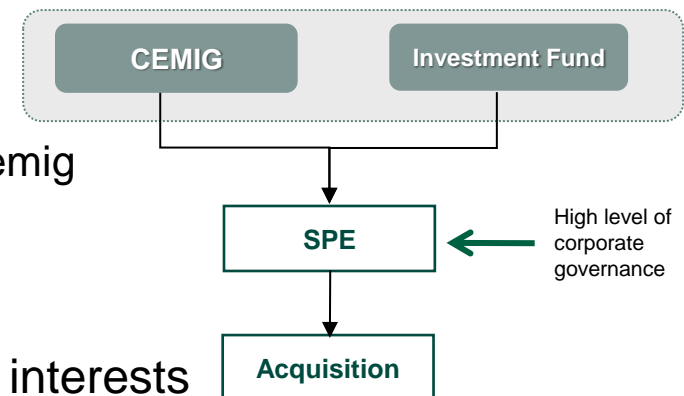


Record of Successful Acquisitions

Business Model for Growth



- Partnerships with Equity Investment Funds (FIPs) in acquisitions create a new growth driver
- Structuring of partnerships with FIPs produces a growth strategy that optimizes capital needs
- Innovative acquisition structure enables Cemig to use it in other expansion opportunities, aligned with its Long-Term Strategic Plan.
- Attractive return to investors, at low risk
- Best-in-class Corporate Governance
 - Investors enter as financial partners and Cemig as operating partner
 - Possibility of increasing stake in the future
- Strategic positioning with minority or equal interests assures Cemig greater access to financial capital markets



Clear Priorities for 2014



Priorities

1

Execute cost reductions

2

Integrate Taesa and Light acquisitions

3

Participate in green fields

4

Select new acquisitions



Why Invest in Cemig



Leading power utility in Brazil

Powerful drivers fueling growth

Sound Balance Sheet

Consistent profitable track record

Strong Dividend Policy

World Leader in Sustainability



A Melhor Energia do Brasil.

Appendix



Brazilian GDP growth is driven by domestic market

Investment Grade
(S&P, Fitch and Moody's)

Economics

- Largest Latin America economy
- 7th largest world economy
- GDP (2013): US\$ 4.8 trillion
- Inhabitants: 201 million
- Area: 8.5 million km²
- Currency⁽¹⁾: Reais (BRL) – US\$1 = R\$ 2.35
- Reserves⁽²⁾: US\$ 375 billion

Economic Development Acceleration Plan – Second Phase (PAC 2)

- Federal plan to invest US\$ 598 billion in the period of 2011-2014
- Electric Power Generation: US\$ 71 billion
- Electric Power Transmission: US\$ 17 billion
- Renewable Fuel projects*: US\$ 626 million
- Energy Efficiency: R\$ 689 million

*Ethanol, Biodiesel and Alcohol pipeline

Electric Power Industry

- Power Generation
 - ✓ Installed Capacity⁽³⁾: 107 GW
 - 65.9% Hydro; 10.8% Natural Gas; 5.6% Oil;
 - 7.1% Biomass; 1.6% Nuclear; 1.6% Coal;
 - 1.4% wind farm
- Power Transmission
 - ✓ National Network: 102,000 km
 - ✓ Peak Demand in 2009: 64.04 GWh/h
- Electricity Distribution
 - ✓ Energy Consumption in 2009: 388,204 GWh
 - 43% industries and 26% householders
 - ✓ 99% penetration countrywide
 - ✓ More than 50% of South America
 - ✓ Peak Demand comparable to UK

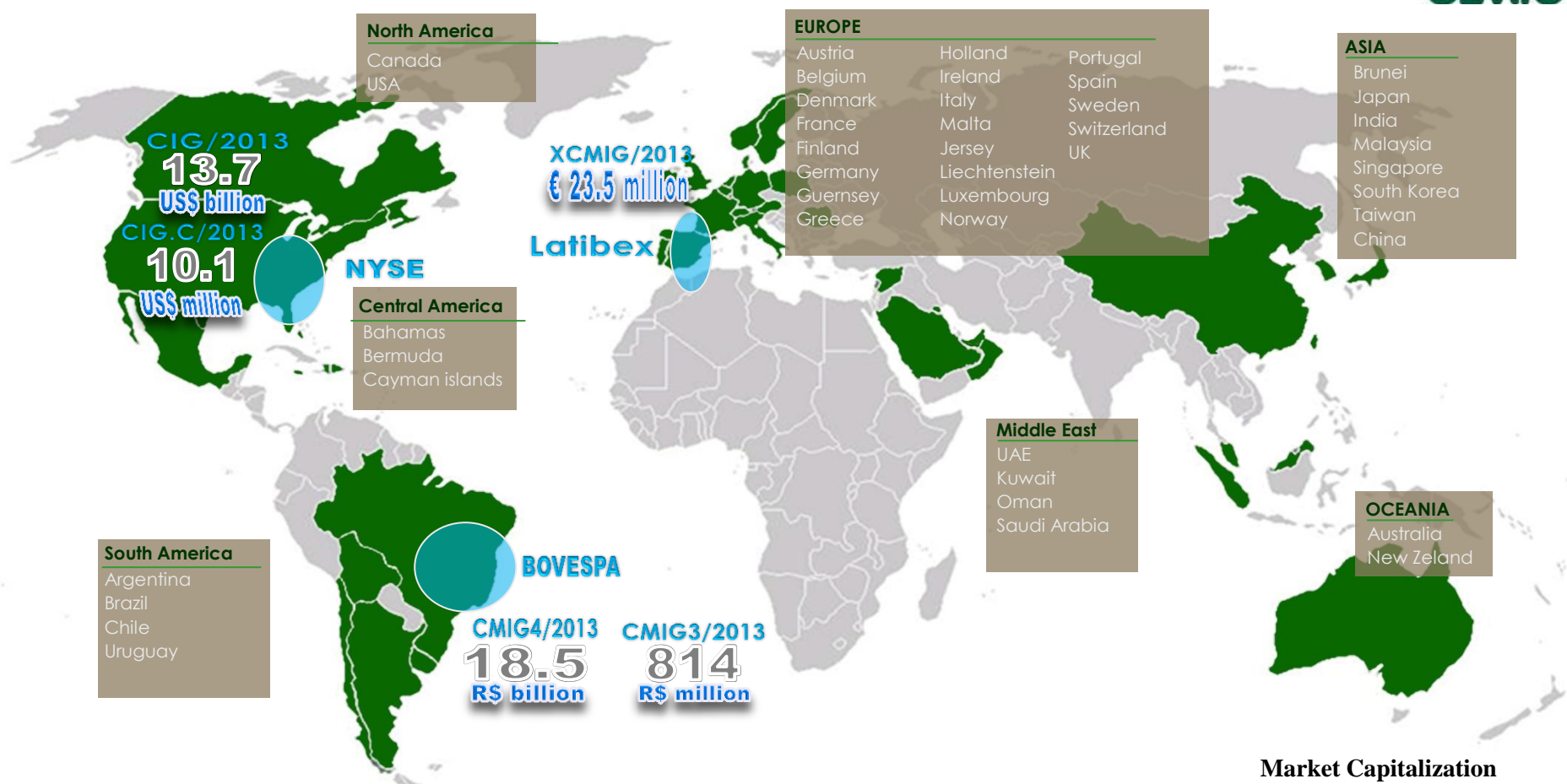
Source: Brazilian Institute for Geography and Statistics (IBGE), Brazilian Electricity Regulator (ANEEL), Brazilian Association of Transmission Companies (ABRATTEE), Energy Research Company (EPE).

(1) As of December 27th, 2013 - Brazilian Central Bank

(2) As of December 03rd, 2013 - Brazilian Central Bank

(3) As of June 30th, 2010

Strong shareholders base assures liquidity



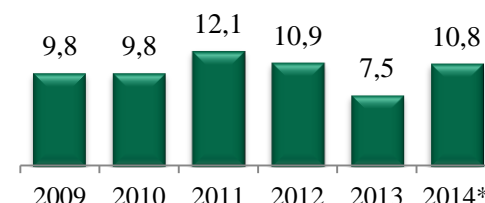
Average daily trading volume of preferred shares in 2014, up to August 19th

Bovespa: R\$ 78 million

NYSE: US\$ 27 million

- Shares traded on 3 stock exchanges
- Over 120,000 stockholders in more than 40 countries

Market Capitalization (US\$ Billion)

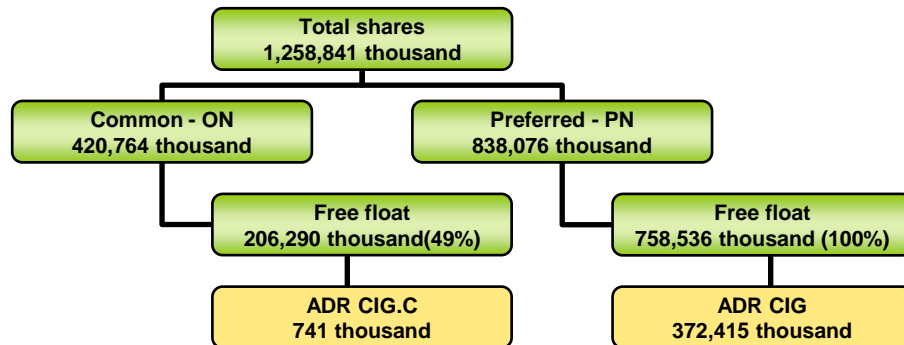


* As of August 19th 2014

The blend of shareholders provides long term perspective



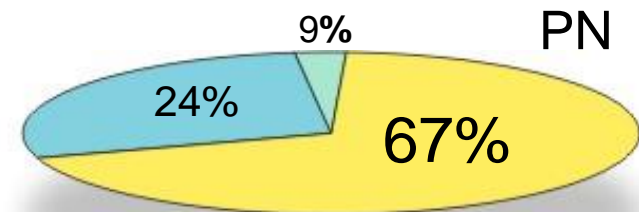
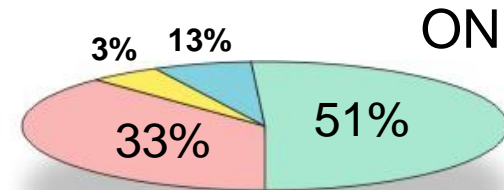
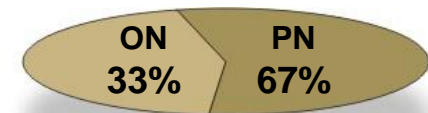
- Our shareholder diversity provides a global business management vision focused on sustainability of the company's activities
- Listed in major stock exchanges
 - **BOVESPA (Brazil)**
 - **NYSE (USA)**
 - **LATIBEX (Spain)**



Share nominal value = R\$5.00

ADR outstanding approximately 20% of total shares and 36.97% of PN shares
1 ADR = 1 share in Bovespa
ON shares have voting rights

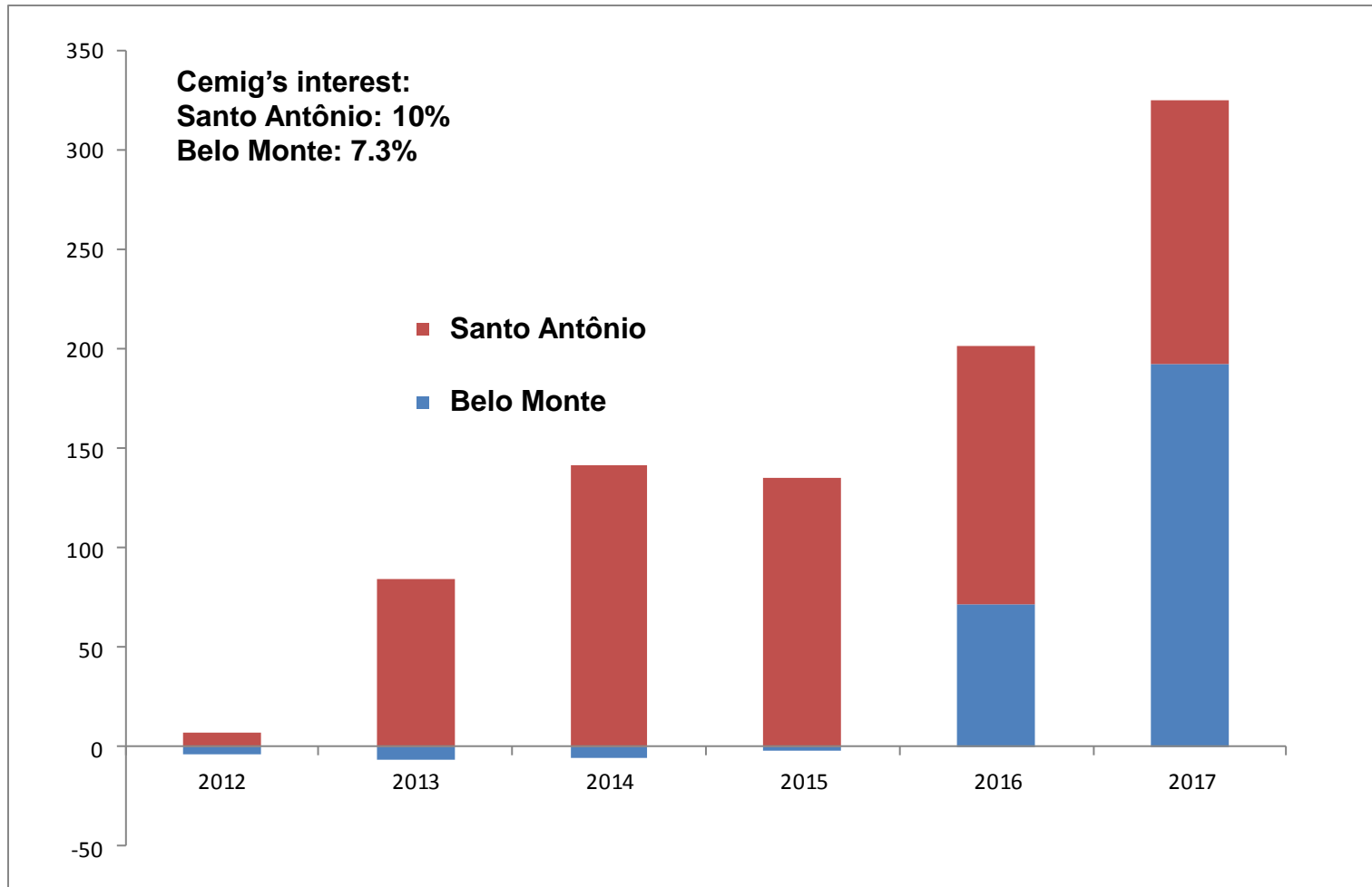
Total Shares



Ebitda from holdings in Santo Antônio and Belo Monte



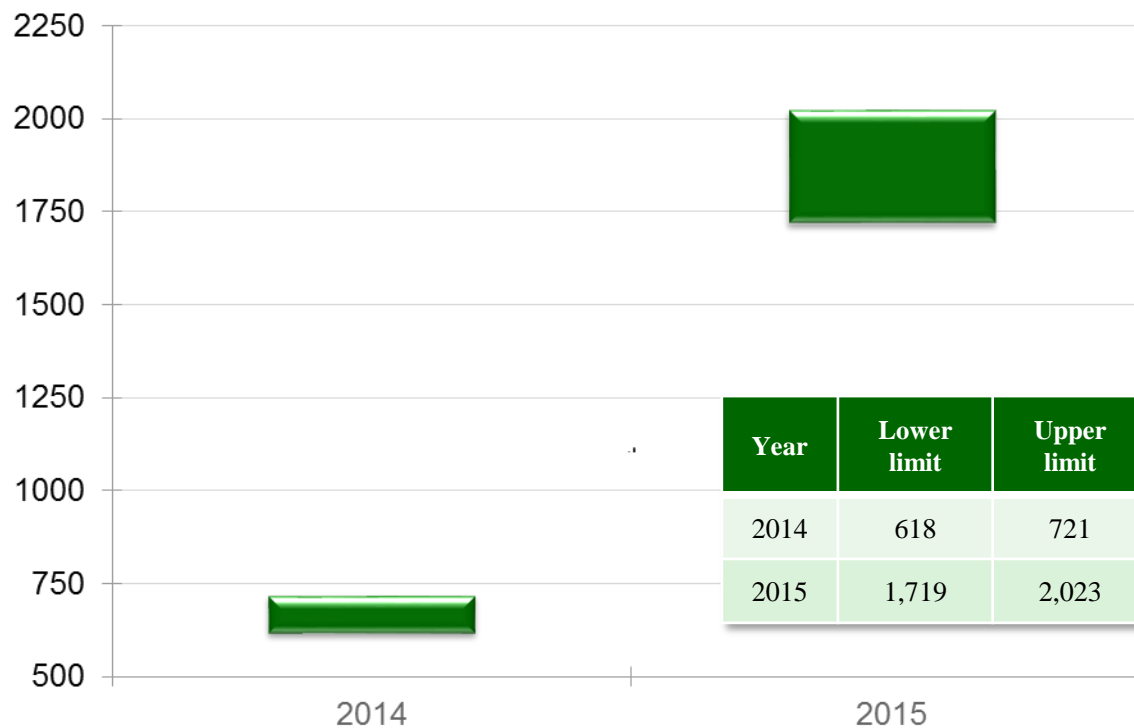
Constant June, 2013 R\$ million



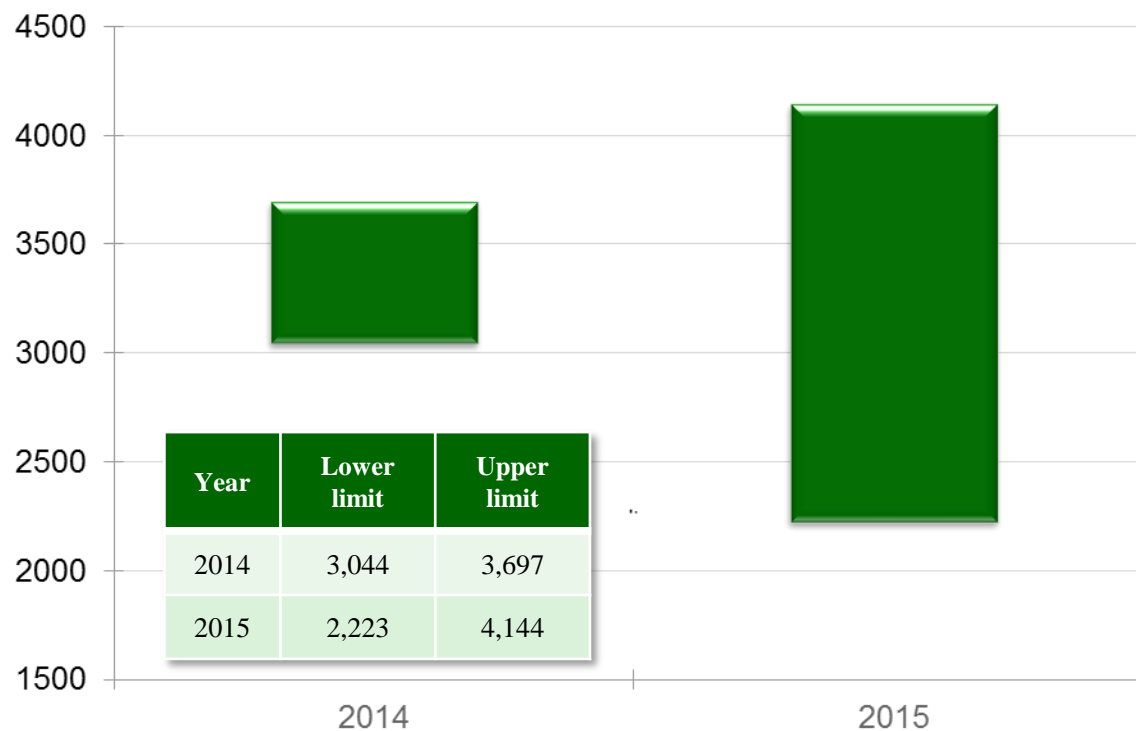
CEMIG D EBITDA Guidance – 2014/2015



(Constant June 2014 R\$ million)



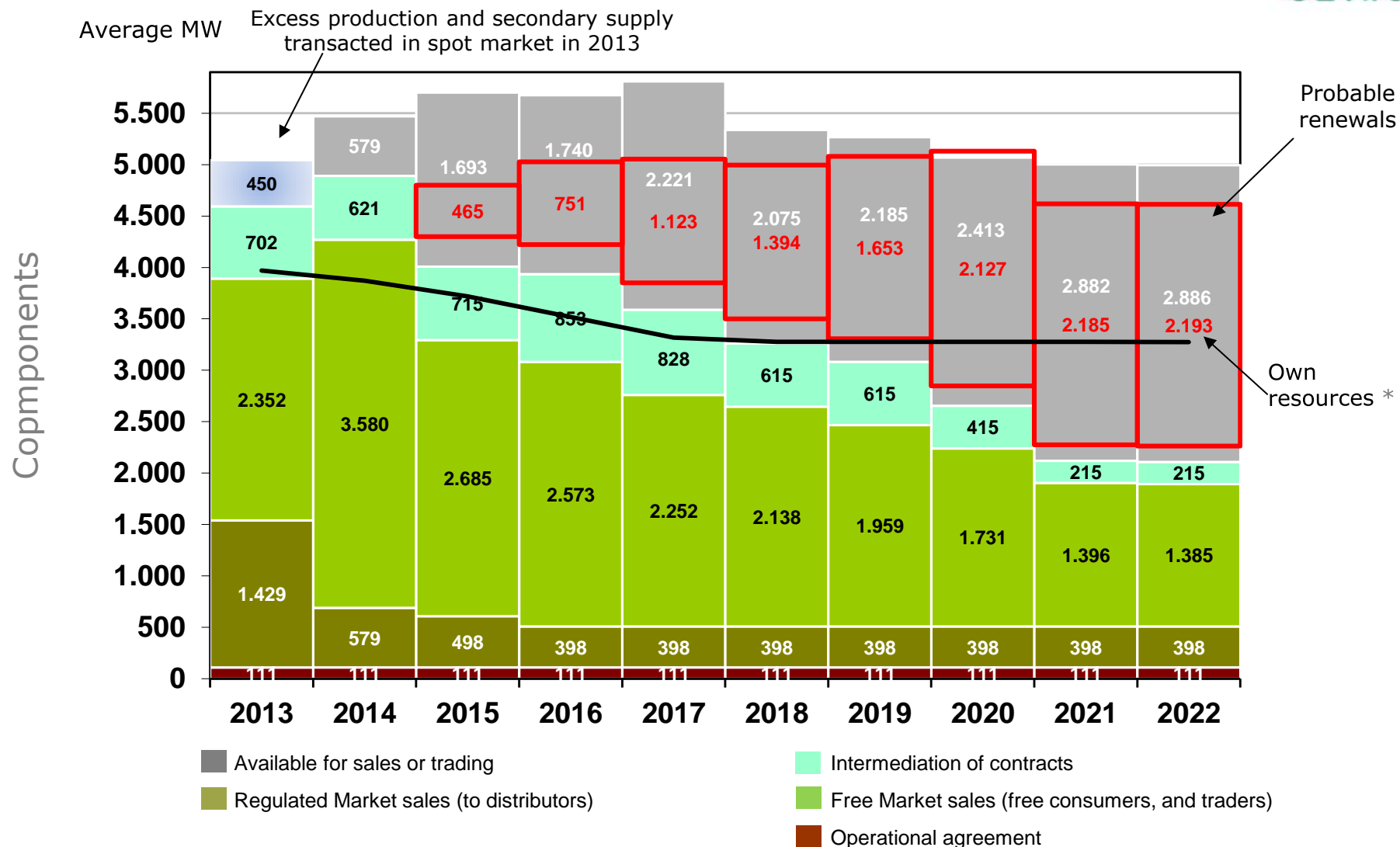
CEMIG GT EBITDA Guidance – 2014/2015



(*) EBITDA: includes ali minority participation.

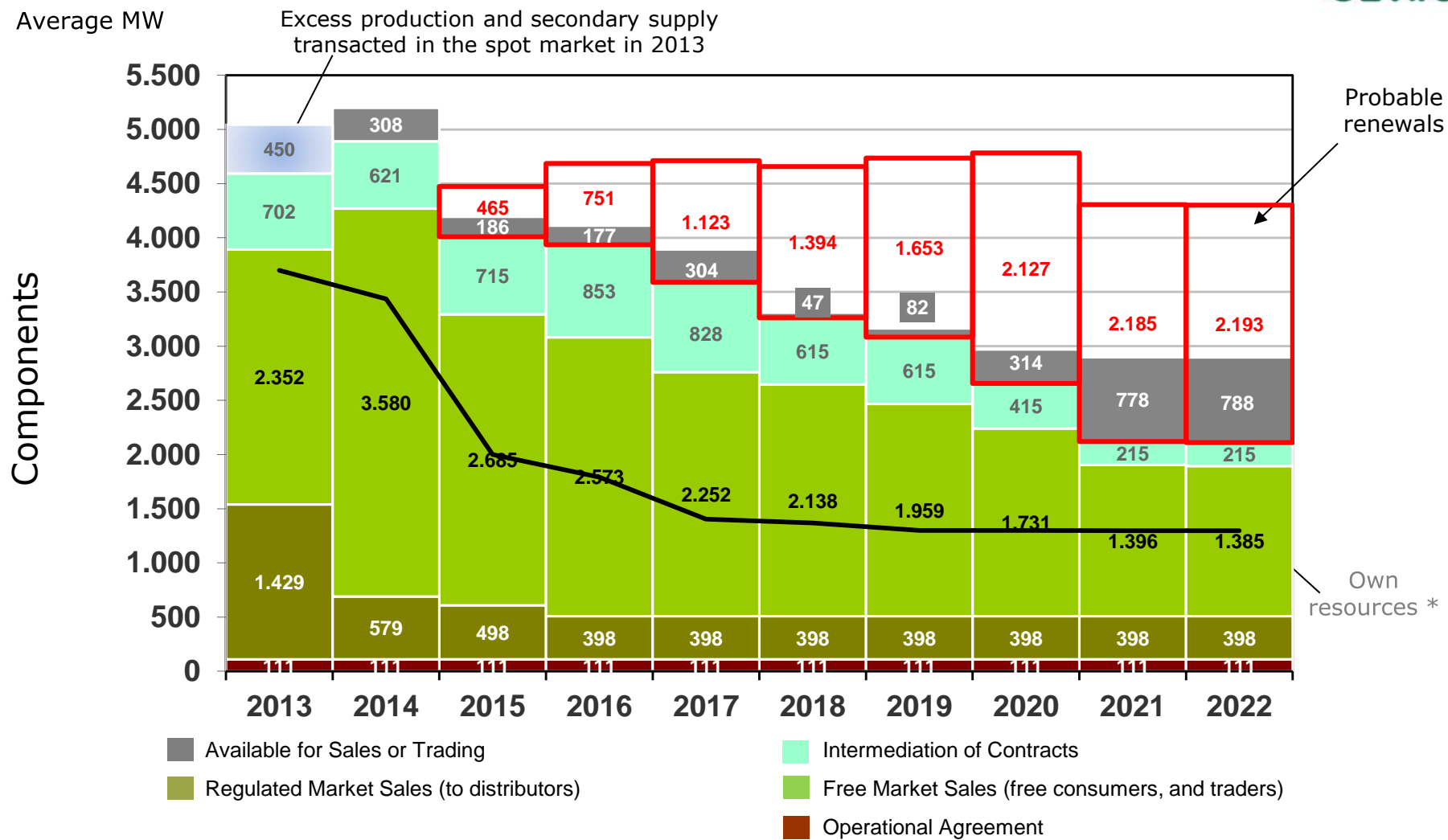
(Constant June 2014 R\$ million)

CEMIG GT – Supply-demand balance



(*) Assumes exclusion of the Hydroelectric Plants of which the **second** concession period expires in coming years. Maintains the Jaguará, São Simão and Miranda plants.

CEMIG GT – Supply-demand balance

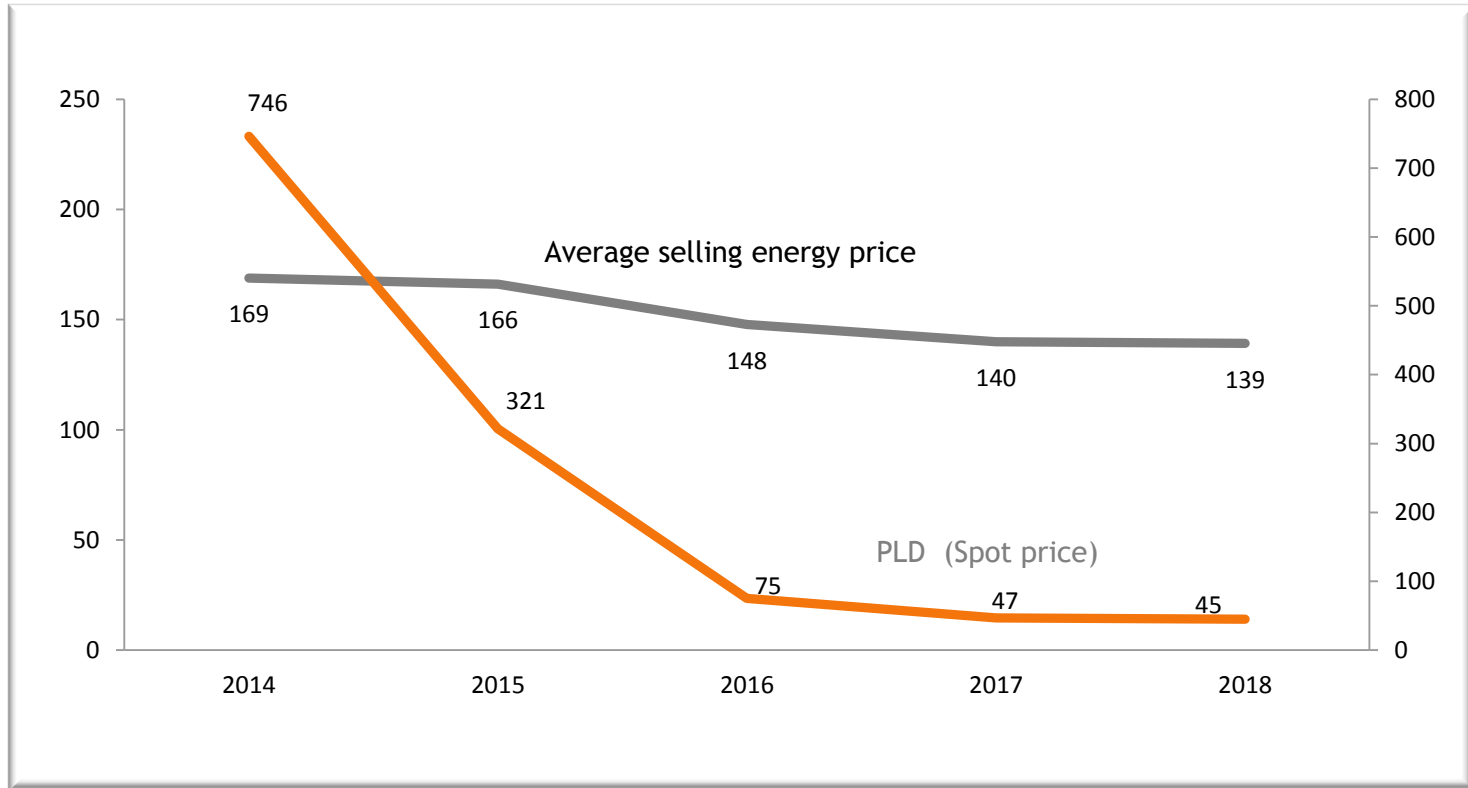


(*) Excludes Hydroelectric Plants with **first and second** concession period expiring in coming years.

Declining average prices in the period, considering spot prices



June 2014 R\$/MWh

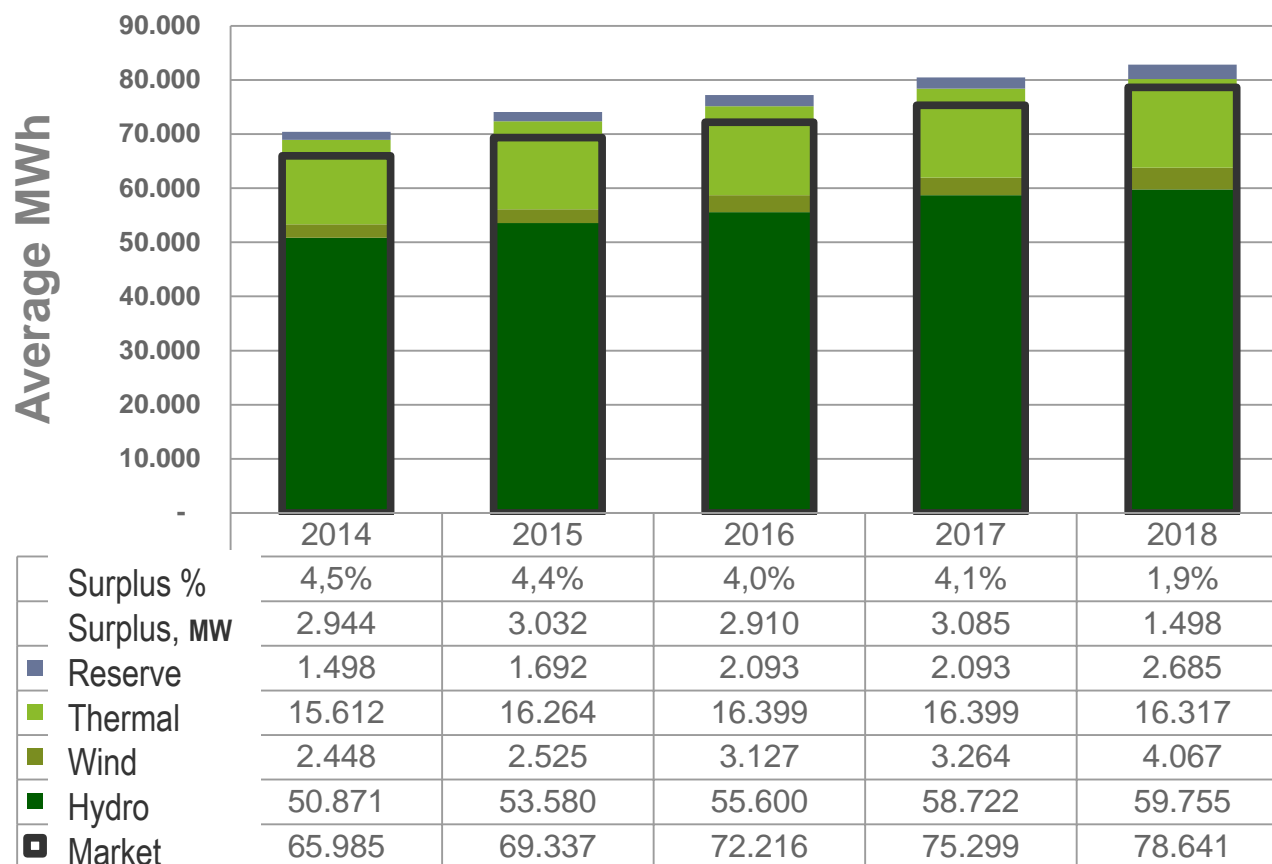


The average price considers Cemig's current generation plant portfolio.

Brazilian National Grid: projections made in 2014 for 2014 –18



2014 Forecast



Source: **PMO, May 2014**; Analysis: Cemig,

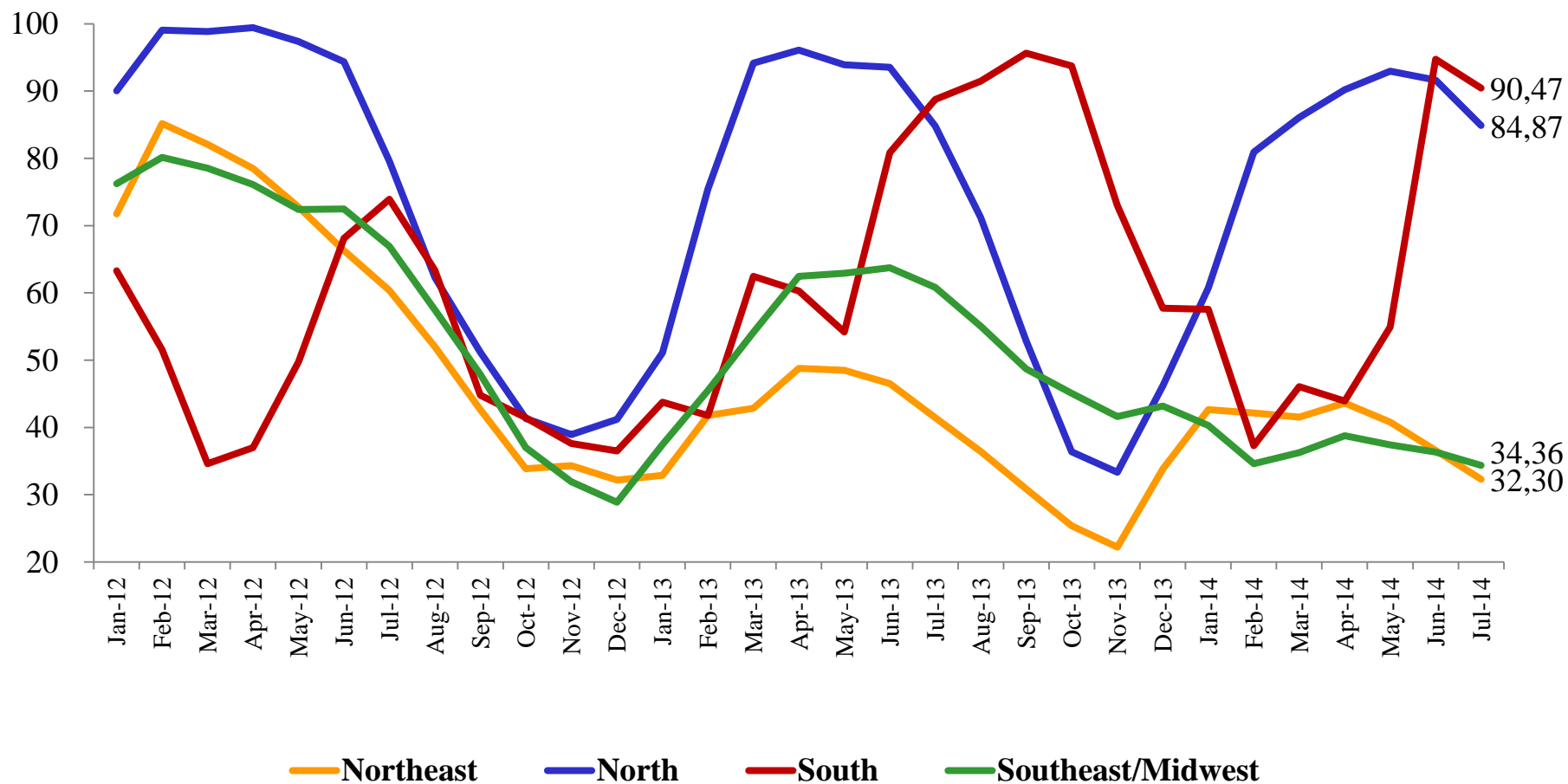
Assumes: (i) GDP Growth of 4.8% from 2014–2018 (1st four-monthly revision, 2013).

(ii) Excludes thermal projects that sold electricity in new-built energy auctions that were not built.

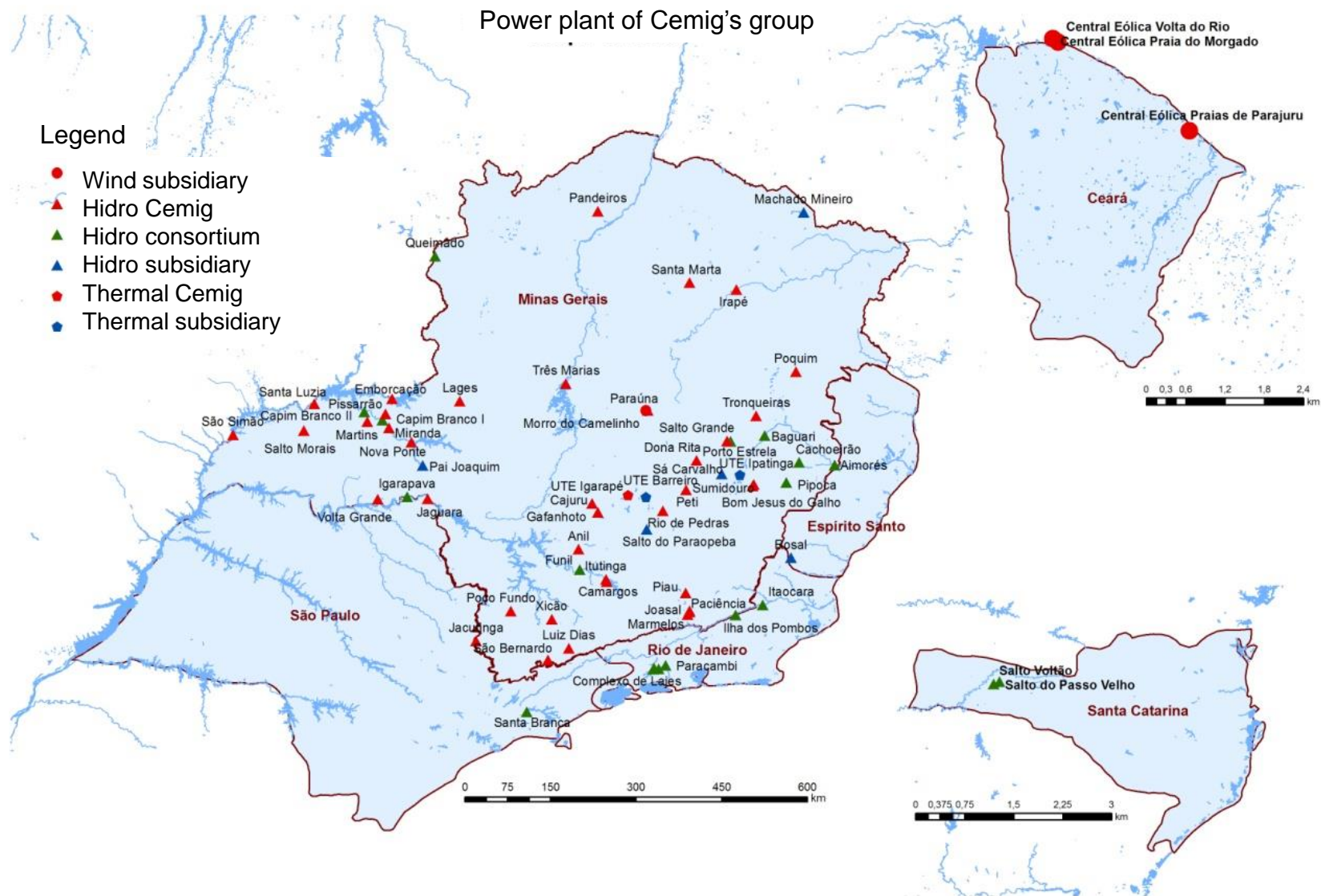
Level of reservoirs (%)*



Level of reservoirs by region (%)



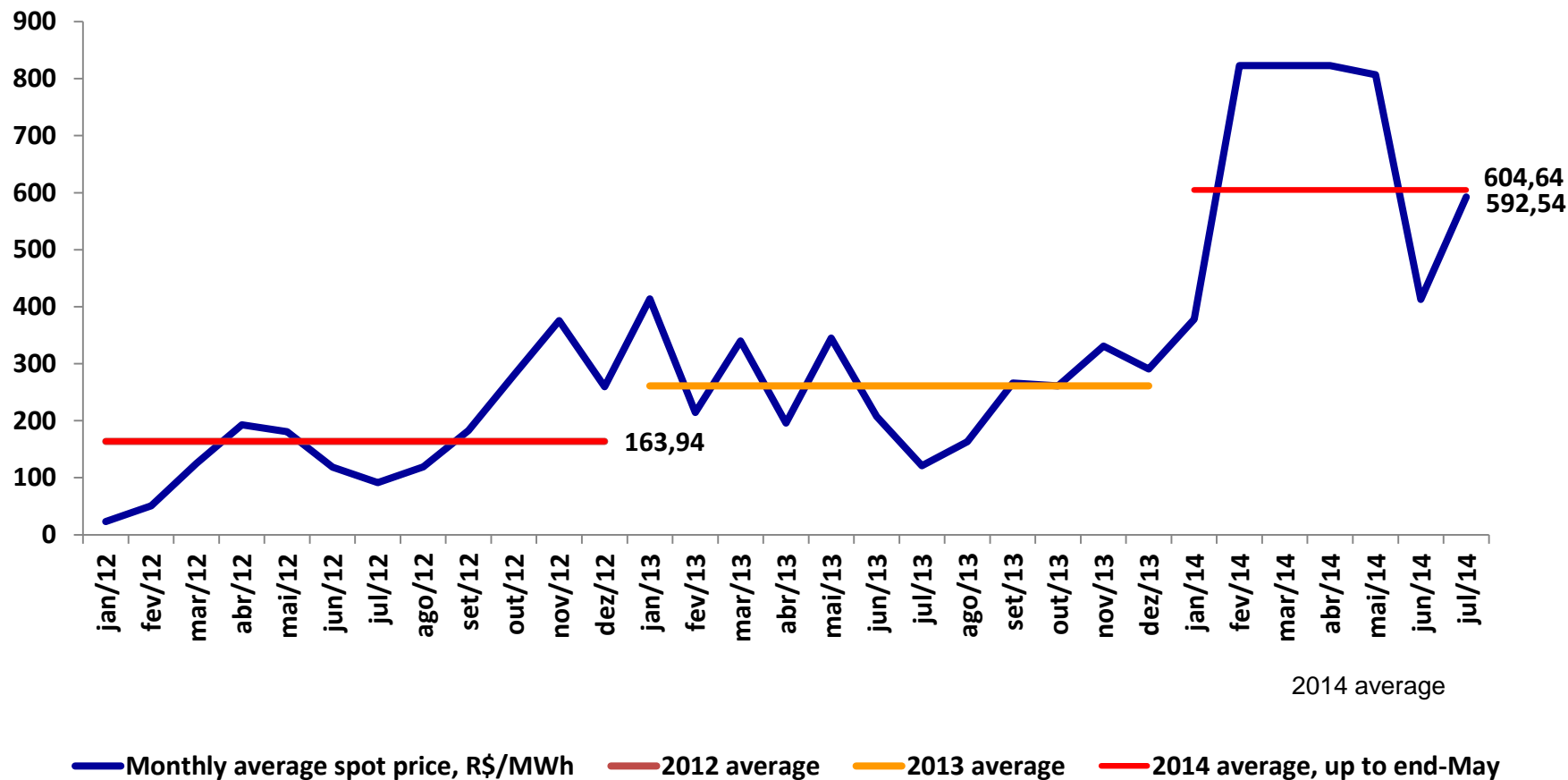
Minas Gerais state - Main Rivers and Plant



Spot Market: 2012 – 2014



Brazil: electricity spot price - monthly average (R\$/MWh)



*Source: CCEE

Law 12,783/2013 (MP579):

- Reduction of sector charges
- Extension of concessions for additional 30 years, conditioned to an early renewal in 2013, for those expiring between 2013 and 2017
- Revenue covering only operation and maintenance costs

Cemig's concessions expiring between 2013 and 2017:

- 21 power plants (2.4 GW – assured energy)
 - ✓ Among them, 3 HPP which have not been granted with a extension yet, account for 1.8 GW of assured energy
- Transmission concession contract in Minas Gerais. EBITDA reduction of R\$336 million
- Distribution concession in Minas Gerais. No changes

| Segment | Company's Decision |
|---|--------------------|
| Generation (18 HPP of 2 nd renewal) | Didn't accept |
| Generation (3 HPP of 1 st renewal) | Don't agree |
| Transmission | Accepted |
| Distribution | Accepted |

Contracts maturing of generation plants

2nd maturity:

| # | Type | Plant | Expiry of concession | Installed capacity (MW) | Assured energy (average MW) |
|--------------------------|------|--------------|----------------------|-------------------------|-----------------------------|
| 1 | HPP | Três Marias | Jul/2015 | 396 | 239 |
| 2 | HPP | Volta Grande | Feb/2017 | 380 | 229 |
| 3 | HPP | Salto Grande | Jul/2015 | 102 | 75 |
| 4 | HPP | Itutinga | Jul/2015 | 52 | 28 |
| 5 | HPP | Camargos | Jul/2015 | 46 | 21 |
| 6 | SHPP | Piau | Jul/2015 | 18 | 14 |
| 7 | SHPP | Gafanhoto | Jul/2015 | 14 | 7 |
| 8 | SHPP | Peti | Jul/2015 | 9 | 6 |
| 9 | SHPP | Joasal | Jul/2015 | 8 | 5 |
| 10 | SHPP | Tronqueiras | Jul/2015 | 9 | 4 |
| 11 | SHPP | Cajurú | Jul/2015 | 7 | 3 |
| 12 | SHPP | Marmelos | Jul/2015 | 4 | 3 |
| 13 | SHPP | Martins | Jul/2015 | 8 | 3 |
| 14 | SHPP | Paciência | Jul/2015 | 4 | 2 |
| 15 | SHPP | Anil | Jul/2015 | 2 | 1 |
| 16 | SHPP | Sumidouro | Jul/2015 | 2 | 1 |
| 17 | SHPP | Santa Marta | Jul/2015 | 1 | 1 |
| 18 | SHPP | Poquim | Jul/2015 | 1 | 0 |
| TOTAL 2nd renewal | | | | 1,064 | 642 |

1st maturity:

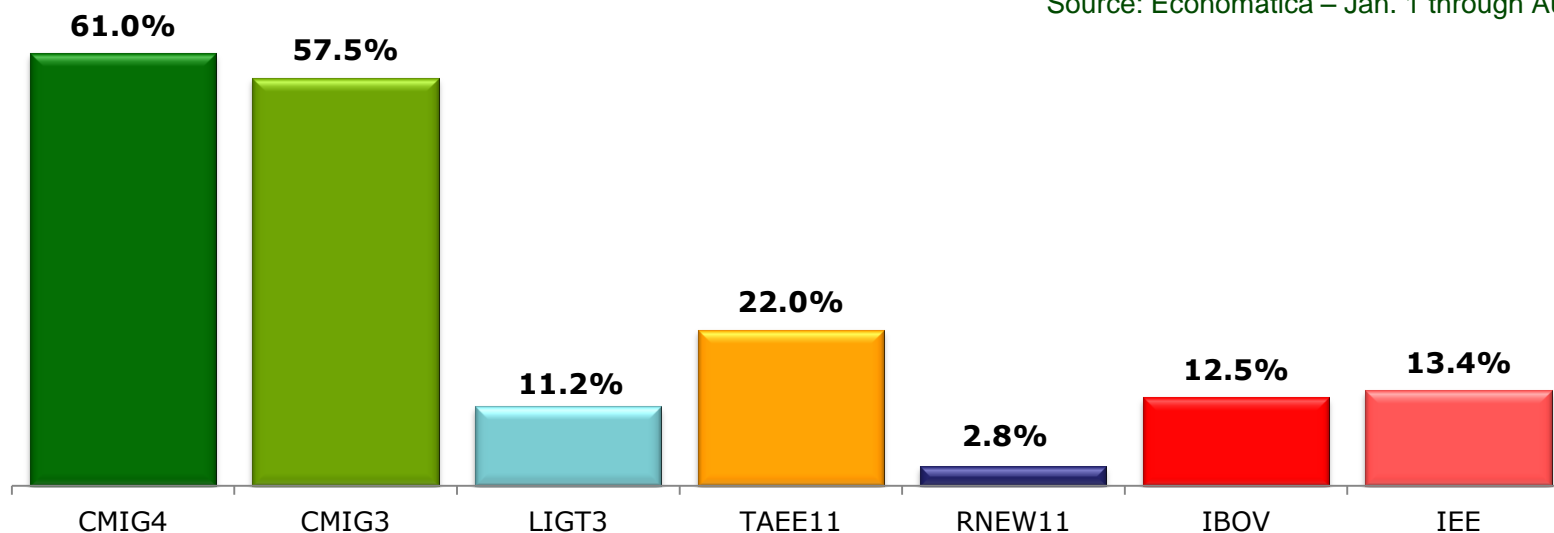
| # | Type | Plant | Expiry of concession | Installed capacity (MW) | Assured energy (average MW) |
|--------------------------|------|-----------|----------------------|-------------------------|-----------------------------|
| 1 | HPP | São Simão | Jan/2015 | 1,710 | 1,281 |
| 2 | HPP | Jaguara | Aug/2013 | 424 | 336 |
| 3 | HPP | Miranda | Dec/2016 | 408 | 202 |
| TOTAL 1st renewal | | | | 2,542 | 1,819 |

Contracts maturing of transmission plants



| # | Plant | Location | Expiry of concession |
|---------------|--|------------------------------|----------------------|
| TBE | | | |
| 1 | EBTE – LT Juína-Brasnorte | Mato Grosso | out/38 |
| 2 | ETEP – LT Tucuruí – Vila do Conde | Pará | jun/31 |
| 3 | ENTE – LTs Tucuruí – Marabá – Açailândia | Pará/Maranhão | dez/32 |
| 4 | ERTE – LT Vila do Conde – Santa Maria | Pará | dez/32 |
| 5 | EATE – LT Tucuruí – Presidente Dutra | Pará | jun/31 |
| 6 | ECTE – LT Campos Novos – Blumenau | Santa Catarina | nov/30 |
| 7 | STC – LT Barra Grande | Santa Catarina | jun/36 |
| 8 | Lumitrans – LT Machadinho | Santa Catarina | jul/34 |
| 9 | ESDE – LT Barbacena2-Juiz de Fora 1 (Projeto em andamento) | Minas Gerais | nov/39 |
| Taesa | | | |
| 10 | TSN | Goiás/ Bahia | dez/30 |
| 11 | Munirah | Bahia | fev/34 |
| 12 | Gtesa | Pernambuco/ Paraíba | jan/32 |
| 13 | Patesa | Rio Grande do Norte | dez/32 |
| 14 | NVT | Maranhão/Distrito Federal | dez/30 |
| 15 | ETAU | Santa Catarina/Rio G. do Sul | dez/32 |
| 16 | ETEO | São Paulo | mai/30 |
| 17 | Brasnorte | Mato Grosso | mar/38 |
| 18 | STE | Rio Grande do Sul | dez/32 |
| 19 | ATE | Paraná/São Paulo | fev/34 |
| 20 | ATE II | Tocantins/Piauí/Bahia | mar/35 |
| 21 | ATE III | Tocantins/Pará | mar/36 |
| 22 | São Gotardo (Projeto em andamento) | Minas Gerais | ago/42 |
| Others | | | |
| 23 | Transchile – LT Charrua – Nueva Temuco | Chile | mai/28 |
| 24 | Centroeste de Minas – LT Furnas – Pimenta | Minas Gerais | mar/35 |
| 25 | Rede Básica | Minas Gerais | jul/15 |
| 26 | Sub-Estação – SE Itajubá – 3 | Minas Gerais | out/30 |
| 27 | Transleste – LT Irapé – Montes Claros | Minas Gerais | fev/34 |
| 28 | Transudeste – LT Itutinga – Juiz de Fora | Minas Gerais | mar/35 |
| 29 | Transirapé – LT Irapé – Araçuaí | Minas Gerais | mar/35 |

Source: Economática – Jan. 1 through August 5, 2014.



Strong dividend policy

- Dividend Yield of 15.96% in July 2014
- Cemig decided to pay extraordinary dividend of R\$ 1.7 bn – corresponding to R\$ 1.35 per share
 - ✓ R\$ 1.1 billion paid on July 8, 2014
 - ✓ R\$ 604 million to be paid September 30, 2014

Market Recognition



- *Best Investor Relations, Utilities* – IR Magazine 2014 Brazil Awards
- Apimec Award 2014 – Professional Category of Investor Relations
- *2014 Transparency Trophy*
 - ✓ Winner in category ‘Listed Company with billing above R\$ 5 billion’
- ‘Best Brazilian company in electricity sector, 2014’ – IstoÉ Dinheiro Magazine
- Latam Stars Index: only energy sector company included
 - ✓ New Latam stock index assesses sustainability of companies’ management



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Sustentabilidade
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