

21st ANNUAL CEMIG-APIMEC MEETING

May 24, 2016 – Cemig Headquarters, Belo Horizonte, Brazil



Disclaimer

Certain statements and estimates in this material may represent expectations about future events or results, which are subject to risks and uncertainties, which may be known or unknown. There is no guarantee that the events or results will take place as referred to in these expectations.

These expectations are based on the present assumptions and analyses from the point of view of our Senior Management, in accordance with their experience, and also on factors, such as the macroeconomic environment, market conditions in the electricity sector, and expected future results, many of which are not under Cemig's control.

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

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To evaluate the risks and uncertainties as they relate to Cemig, and to obtain additional information about factors that could give rise to different results from those estimated by the Company, we recommend consulting the section Risk Factors included in the Reference Form filed with the Brazilian Securities Commission (CVM) and in the 20-F Form filed with the U.S. Securities and Exchange Commission (SEC).

Main assumptions

Main assumptions

Guidance estimates are inertial. Estimates are based on the company's current configuration, disregarding any future changes in the asset portfolio owned by the holding company.

Cemig will seek to recover the level of the company's market value, ensuring its sustainability.

Cemig will reduce **debt**, increase **productivity**, and review its portfolio of **equity interests**, focusing on its core business, and prioritizing companies in which it holds the control.

Additionally, **Cemig** has updated its **cost of capital**, to reflect the adverse macro scenario.

Main assumptions

As a proactive response to the challenges:

Productivity:

- Revision of the Profit Sharing system, aligning it with market's best practices.
- Implement a Programmed Voluntary Retirement Plan (PDVP).
- Strategic management of suppliers.

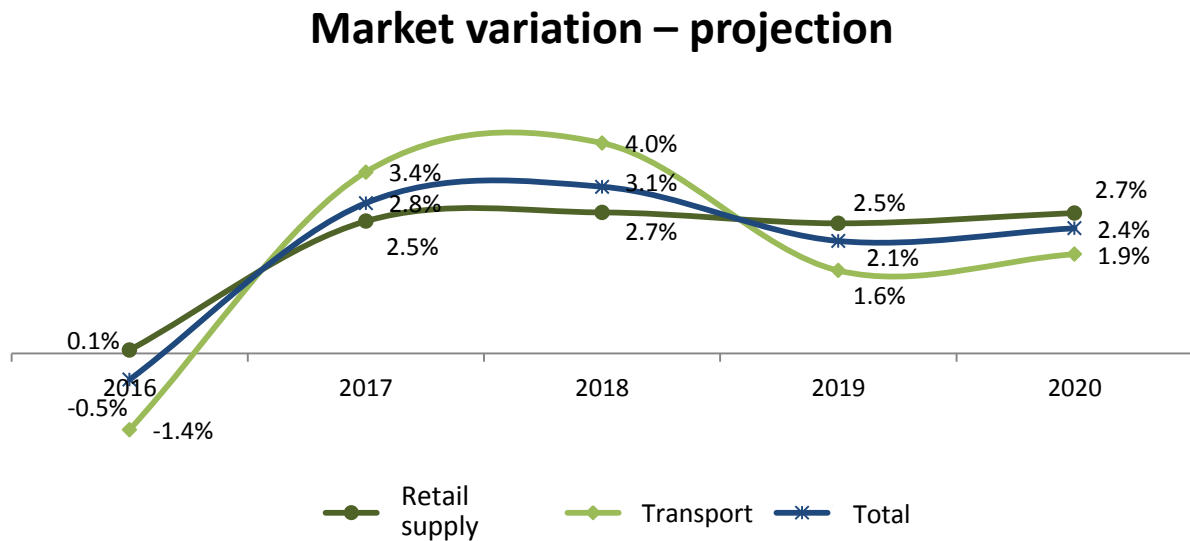
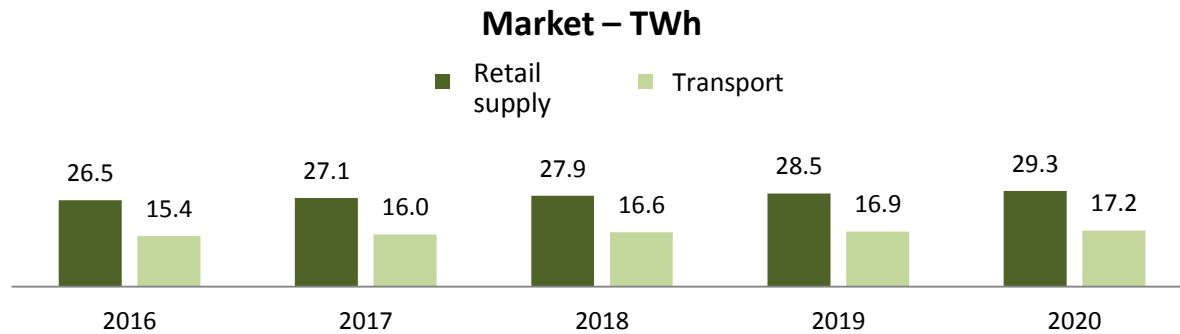
Trading strategy to maximize profit.

Proactive debt management profile.

The **2016-2020 Guidance** reflects the impact of the above-mentioned initiatives.

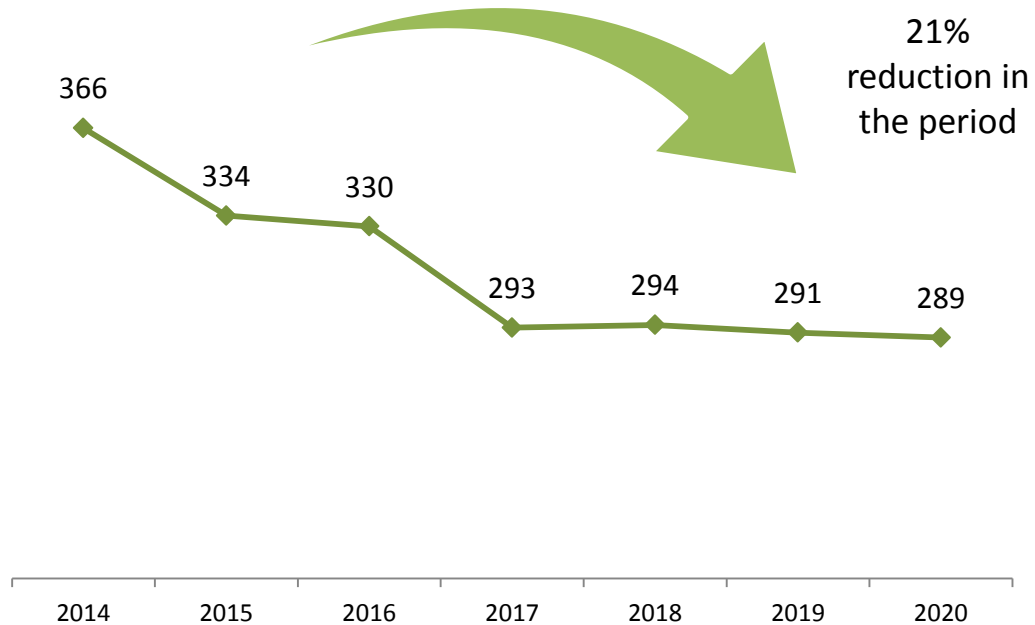
Cemig D – Distribution

Assumption of a 2.6% market growth rate for the period 2017–2020



Productivity increase: Opex vs. number of clients

R\$ per client



2016 currency

Regulatory assumptions

- Tariff increases below inflation
- Tariff review incorporates value of Portion B, recovering the Distributor's margin:
 - New cost of capital
 - Remuneration of 'special obligations'
 - Change in the calculation of annual payments
 - Recovery in average cost (updated figures for market)
 - Lower CVA distortions
- Better coverage with tariff adjustment in new cycle, effectively reflecting costs

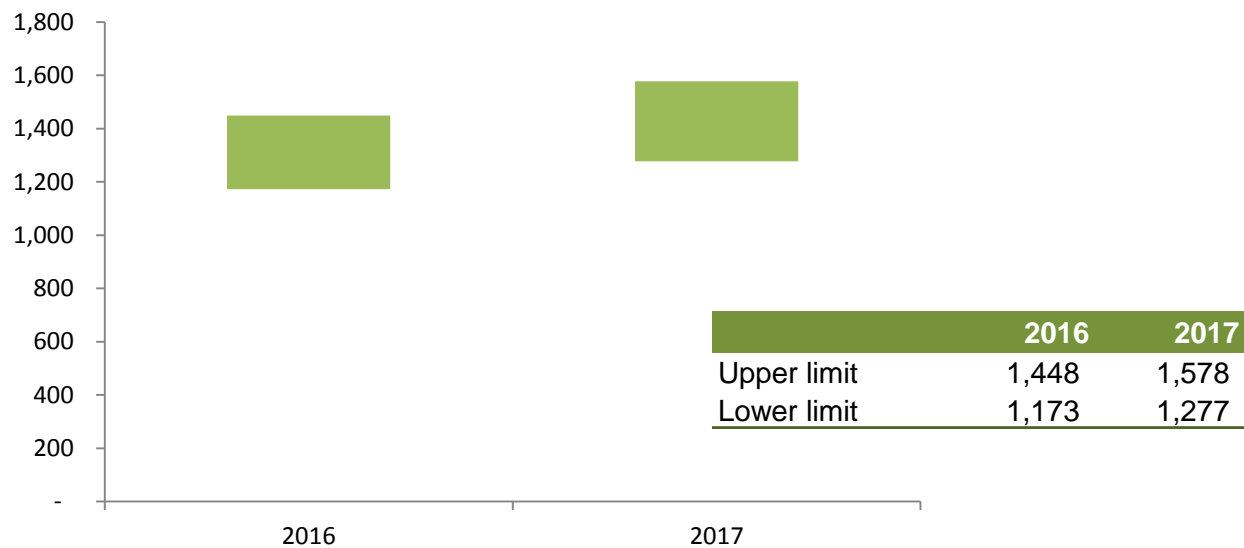
Capex

	R\$ mn
Total planned for 2016–2020	
Electricity system	5,182
Infrastructure / Other	428
Subtotal	5,610
Client funds	848
Total	6,458

Source: Cemig

Figures in constant 2016 currency

EBITDA Guidance range in R\$ mn



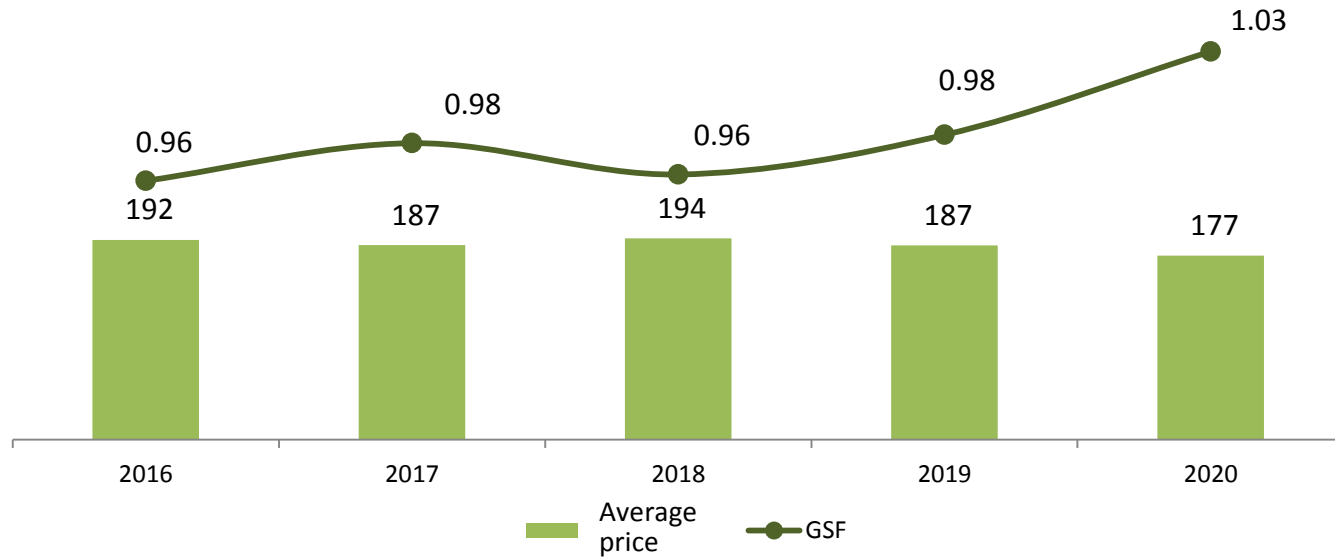
Figures in constant 2016 currency

CEMIG GT – Generation and Transmission

Main assumptions

- Average annual market growth rate of **1.7%** (2017-2020)
- Creation of seven SPV to operate the plants of the 2015 Concessions Auction ('Lot D')
- Considers *Jaguara* and *São Simão* up to June 2016, and *Miranda* up to December 2016
- Excludes benefits from indemnities received from expired generation concession contracts
- Value revision of transmission indemnity considering rules set by Mining and Energy Ministry (impact on financial revenue/expenses)

Average prices and GSF



Source: Cemig

Figures in constant 2016 currency

Capex

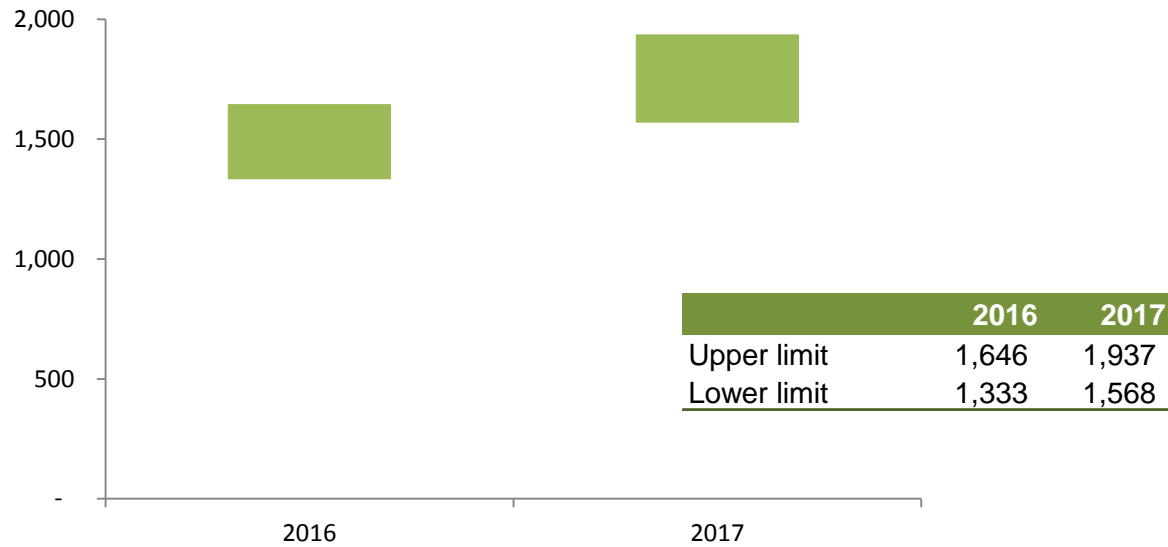
	R\$ mn
Total planned for 2016–2020	
Generation	864
Cash injections*	1,190
Generation concessions – Lot D	2,301
Transmission	636
Total	4,992

* Cash injections: Madeira, Amazônia Energia, Aliança Norte, Itaocara, Renova, Guanhães, Retiro Baixo

Source: Cemig

Figures in constant 2016 currency

EBITDA Guidance range in R\$ mn



Figures in constant 2016 currency

Cemig – Holding company

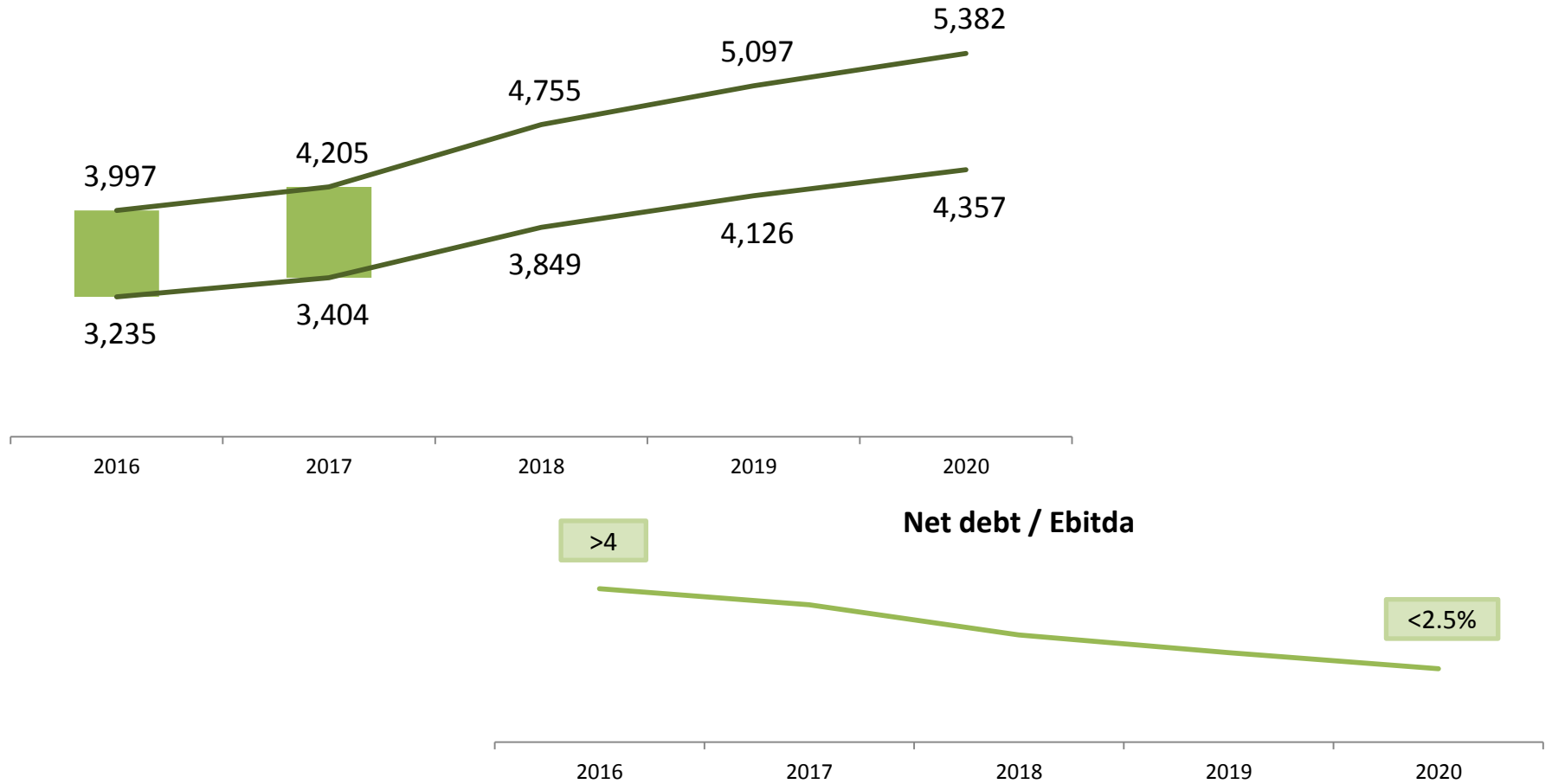
Capex

	R\$ mn
Total planned for 2016–2020	
Cash injections*	494
Other	4
Total	498

* Cash injections: Cemig D, Transirapé, Efficientia, Transudeste
Source: Cemig

Figures in constant 2016 currency

EBITDA Guidance range in R\$ mn



Figures in constant 2016 currency



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