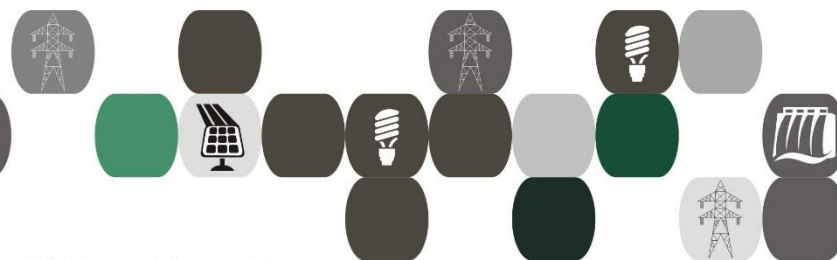




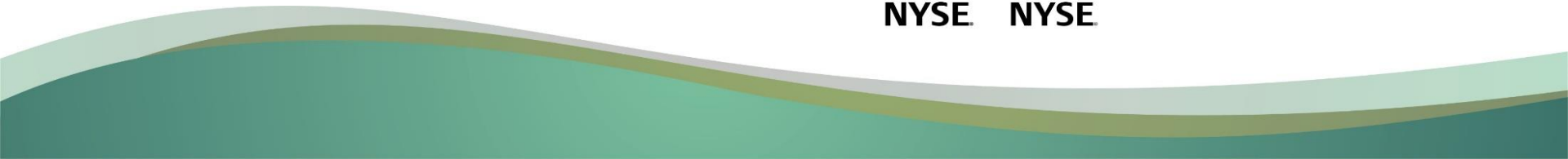
# Successful Strategy

*Performance reflects balanced portfolio structure*  
2016



**CIG**  
**LISTED**  
**NYSE.**

**CIG.C**  
**LISTED**  
**NYSE.**



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.

**#1**

Integrated Power  
Utility in Brazil

**#4**<sup>(2)</sup>

Market cap  
US\$ 3.4<sup>(1)</sup> B.

**+23%**

Growth in EBITDA  
2008-15

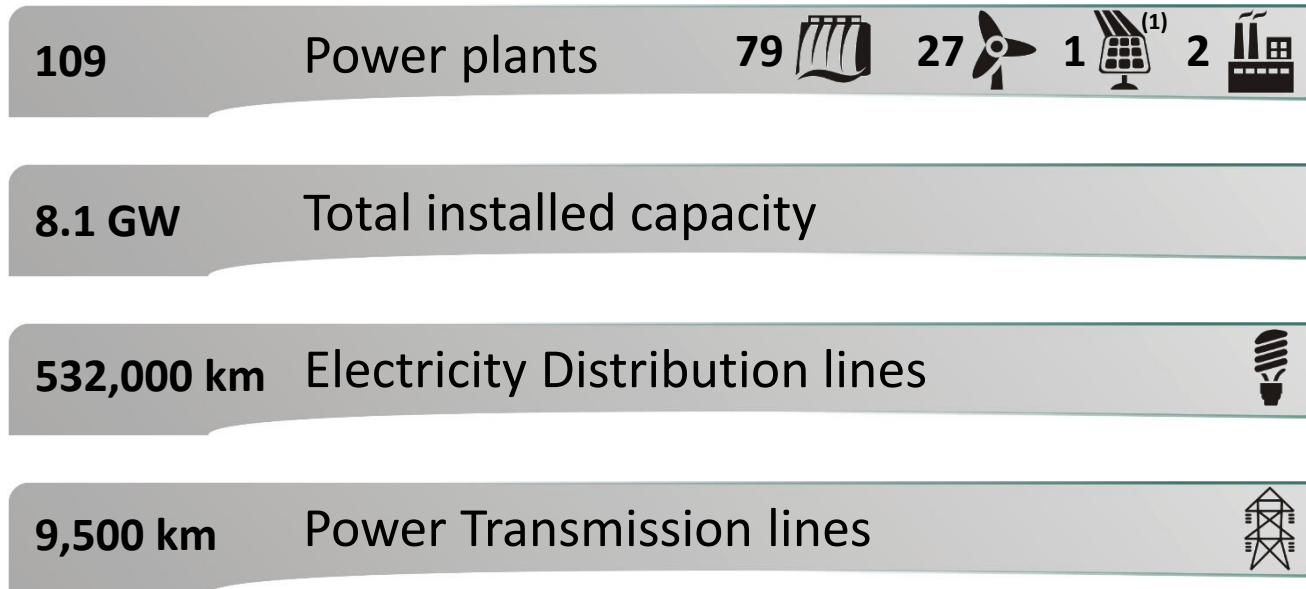
Leading  
consolidator

Role in  
industry

In the Power Industry since **1952**

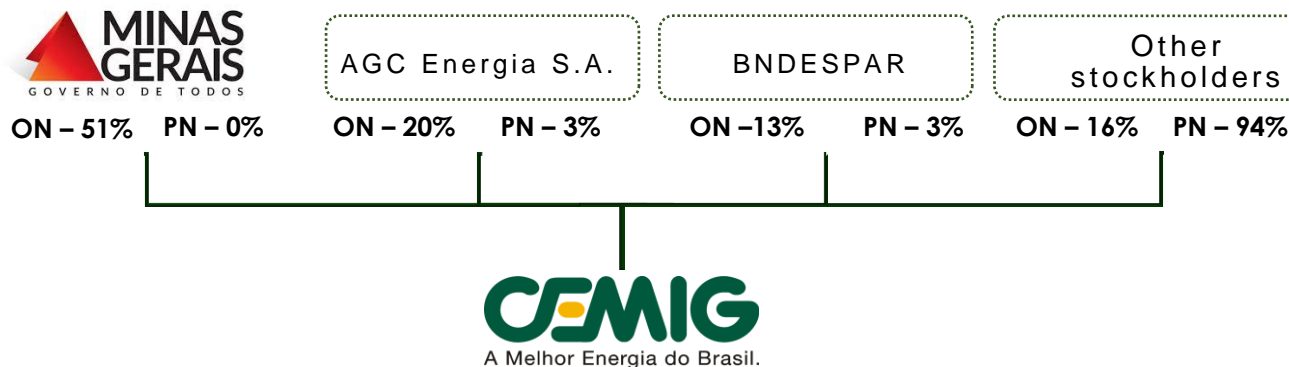
(1) As of July 26<sup>th</sup>, 2016

(2) In the Brazilian Energy Industry



(1) The Power Plant is not yet operating commercially

- Based in State of Minas Gerais, controlling shareholder
  - Assets in 23 Brazilian states and Chile
- Strong financial profile:
  - 1Q16 Net revenues: R\$4.5 B EBITDA: R\$0.6 B
  - 1Q15 Net revenues: R\$5.8 B EBITDA: R\$2.6 B
- 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 in 2016, up to July 26<sup>th</sup>  
**R\$53.5M in Bovespa and US\$9.1M in NYSE**
- Solid dividend policy
  - Minimum 50% payout ratio
  - Every two years, may pay extra dividends, if cash conditions permit
- Shareholder Structure:



## The Brazil advantage

### An Emerging Powerhouse Economy

**#1** Latin American economy

**#7** Ranking of economy in world<sup>(1)</sup>

**R\$5.9 Trillion** GDP 2015

**-3.25%** GDP growth 2016<sup>(2)</sup>

**206 M** Population

(1) World Bank

(2) Brazil's Central Bank Focus Report, Jul 15<sup>th</sup> 2016

# Cemig is Uniquely Positioned

Unmatched scale

## Largest Integrated Utility in Brazil

**#1**

Electricity  
Distributor

**#1**

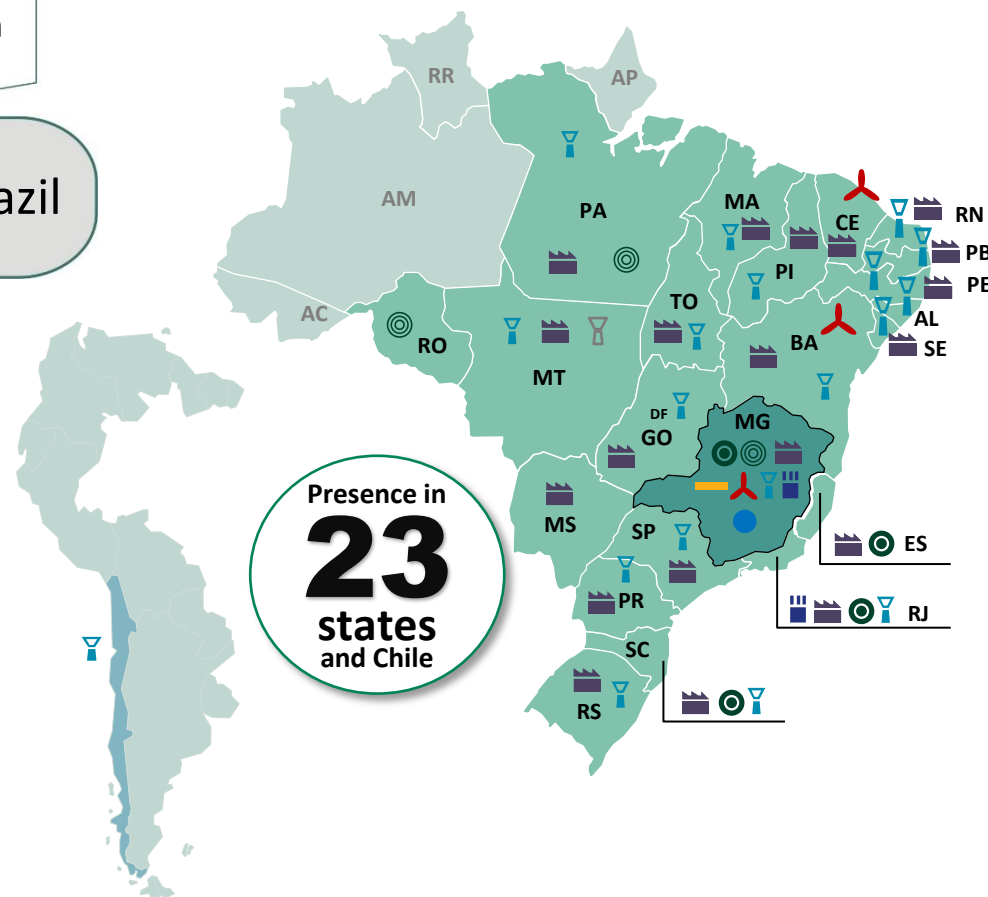
Largest Power  
Transmission  
Group

**#3**

Largest Power  
Generation  
Group

**#1** Integrated Power Utility in Brazil

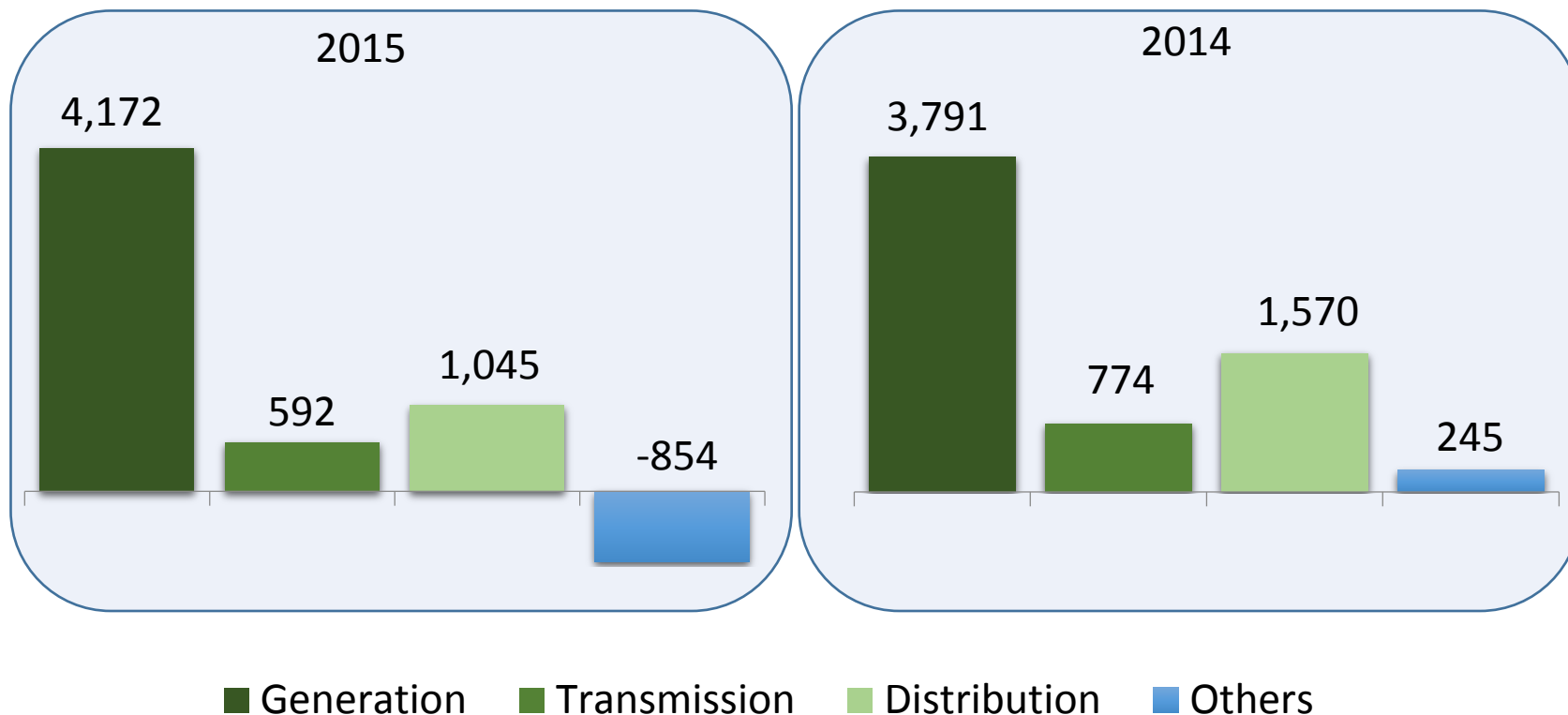
- Power Generation
- Power Generation (under construction)
- Power Transmission
- Power Transmission (under construction)
- Electricity Distribution
- Cemig "Free Consumer" Clients
- Wind Power Generation
- Natural Gas Distribution
- Telecom Backbone Provider



Diversified portfolio

Diversified, Low Risk Business Portfolio

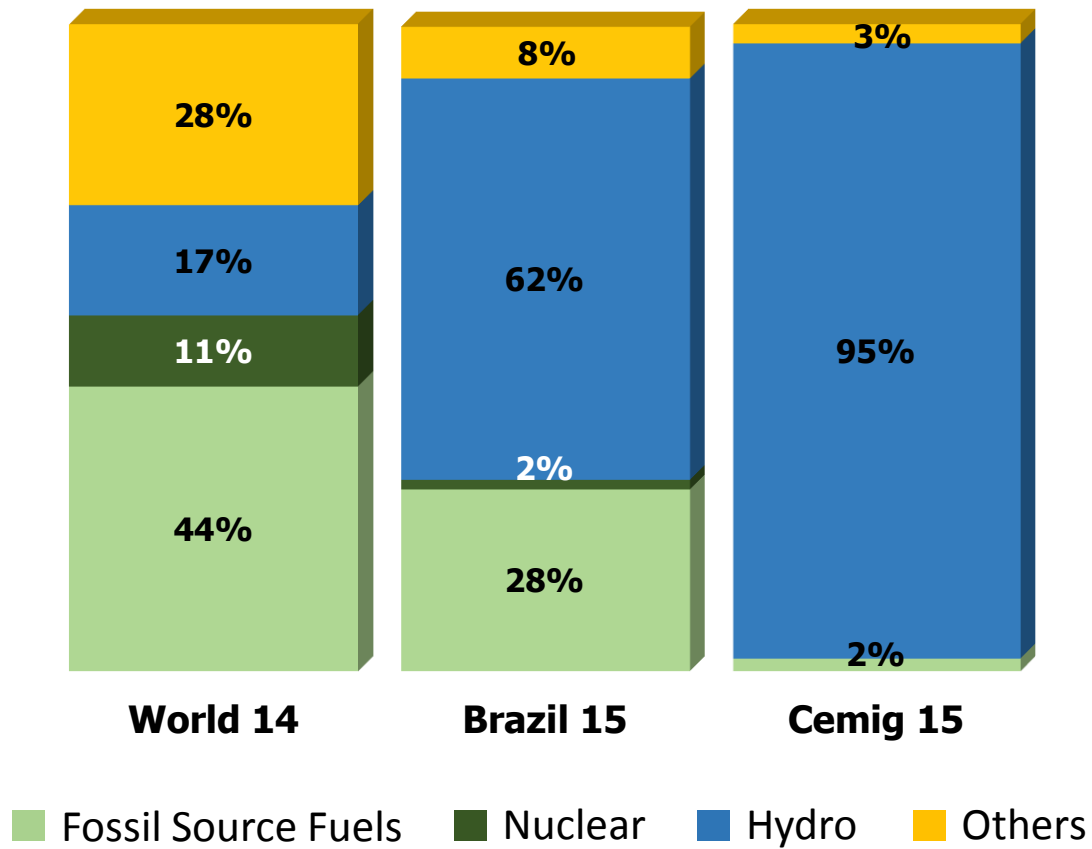
## Breakdown of Ebitda



Most of the revenues are inflation protected



## Power Generation by Source



Source: EPE [BEN 2011 – Preliminar Results and IEA [Key World Energy Statistics-2010]

## Strong 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
- 7 from a total of 15 members are appointed by minority shareholders

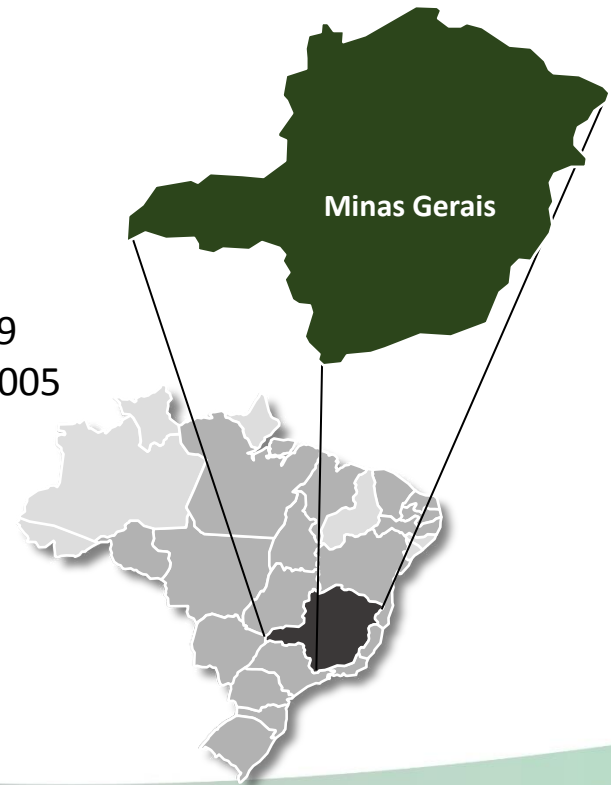
### ✓ Pro-market corporate bylaws include

- 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

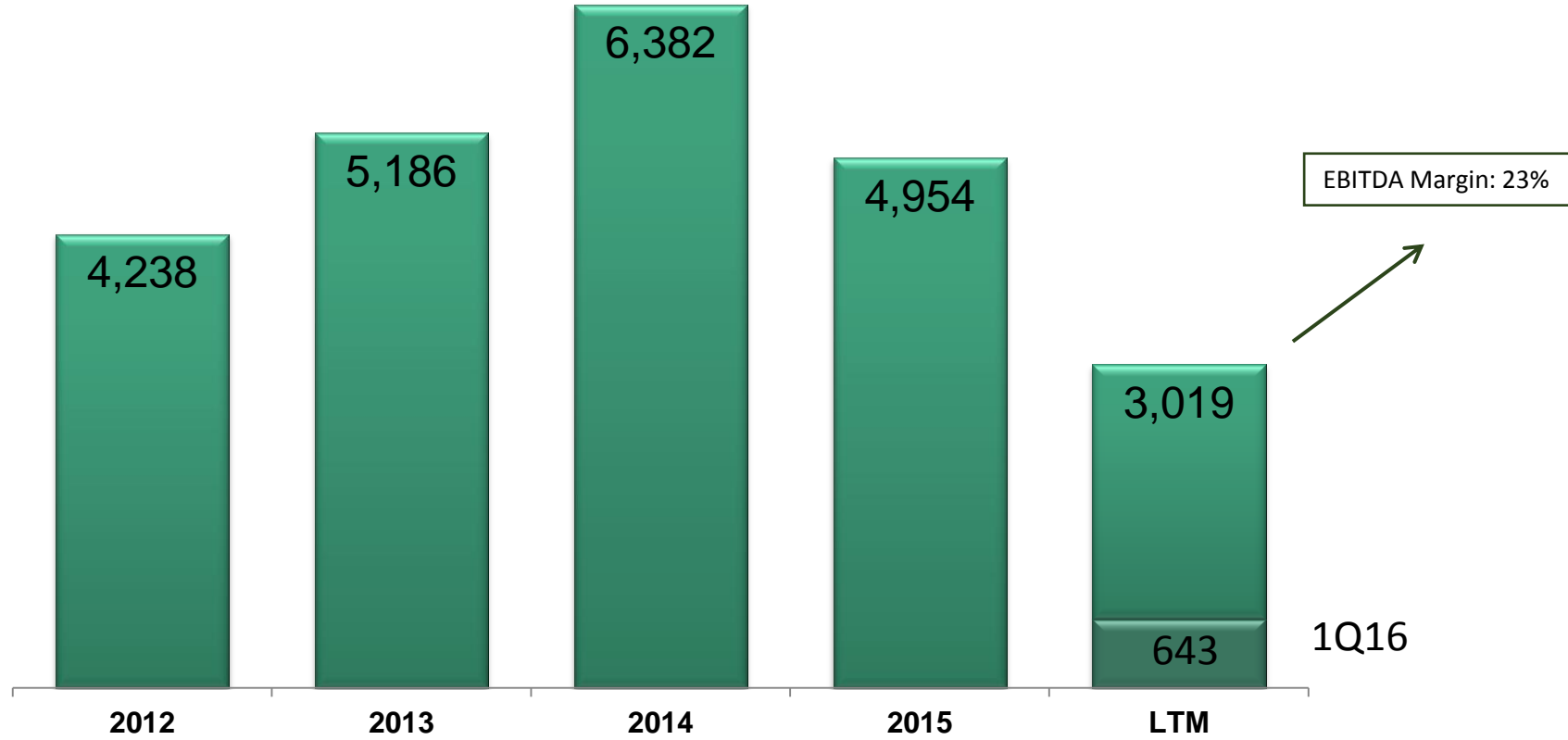
- Only Latin American utility in DJSI – Dow Jones since 1999
- Included in the ISE – Bovespa Sustainability Index since 2005

### ✓ Present in the Global Dow Index



# EBITDA

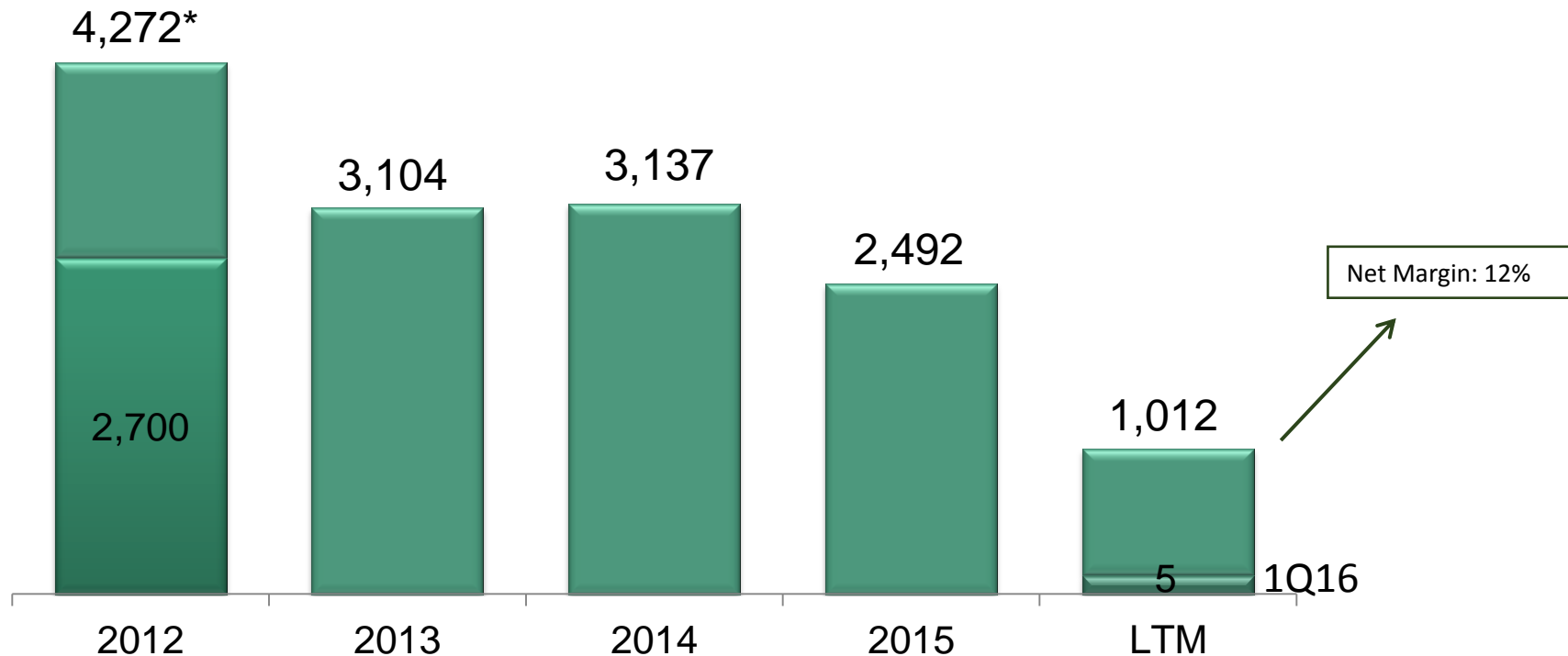
R\$ million



LTM - Last twelve months

# Net Income

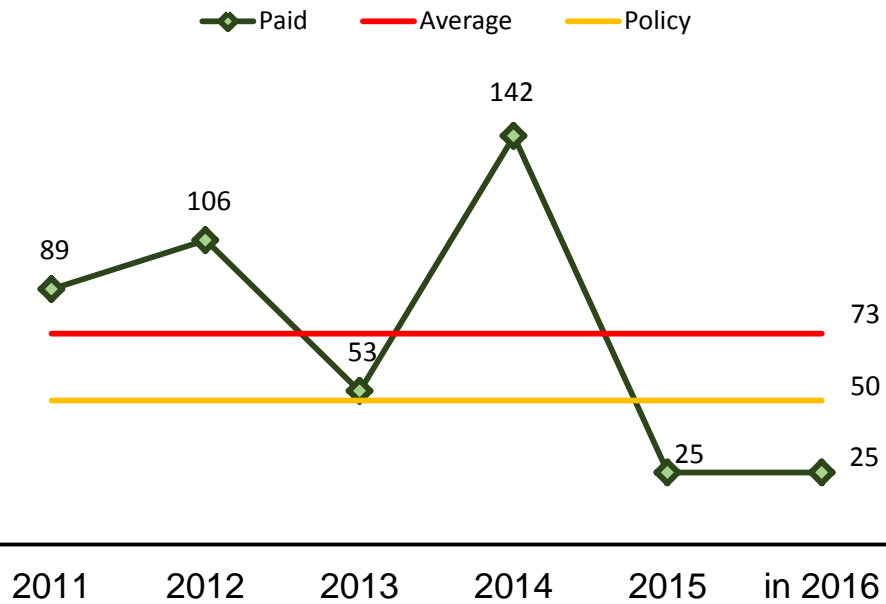
R\$ million



LTM - Last twelve months

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

## Dividend Payout (% of Net Income)



## Dividend Yield (%)



**4.4x**

Net debt to EBITDA

**0.4%**

Debt in foreign currency<sup>(\*)</sup>

**R\$2.1B**

Cash on hand

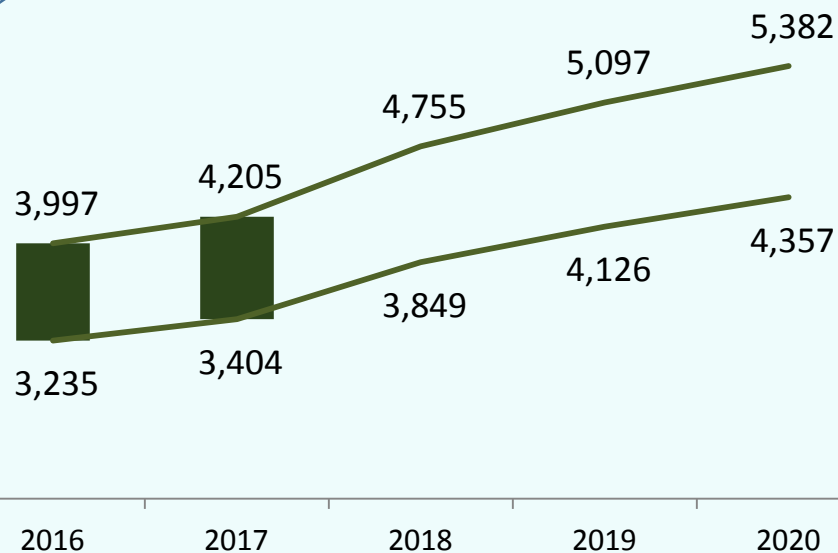
**R\$4.5B**

Net Revenue – 1Q16

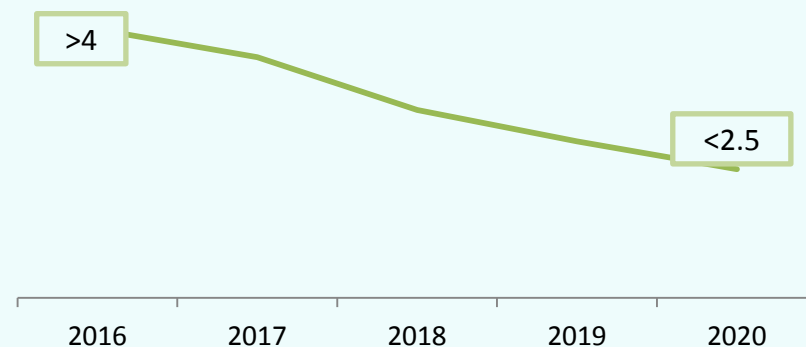
\*Net of financial hedging

## Main assumptions

- Average annual market growth rate of **1.7% GT** and **2.6% D** (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)



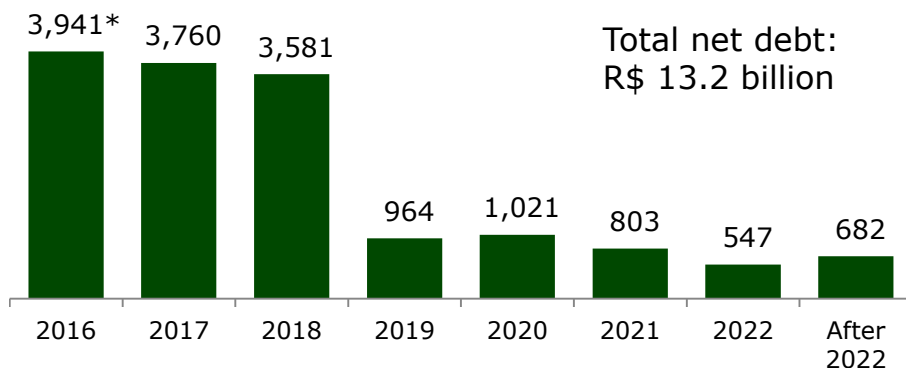
## Net debt / Ebitda



# Cemig - consolidated debt profile

R\$ million

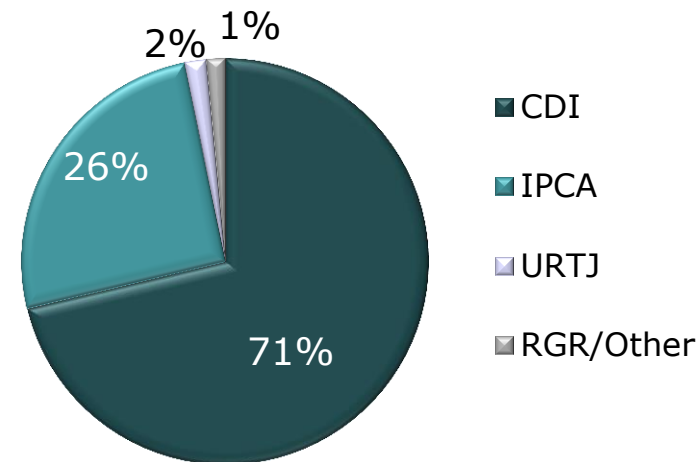
Maturities timetable – Average tenor: 2.8 years



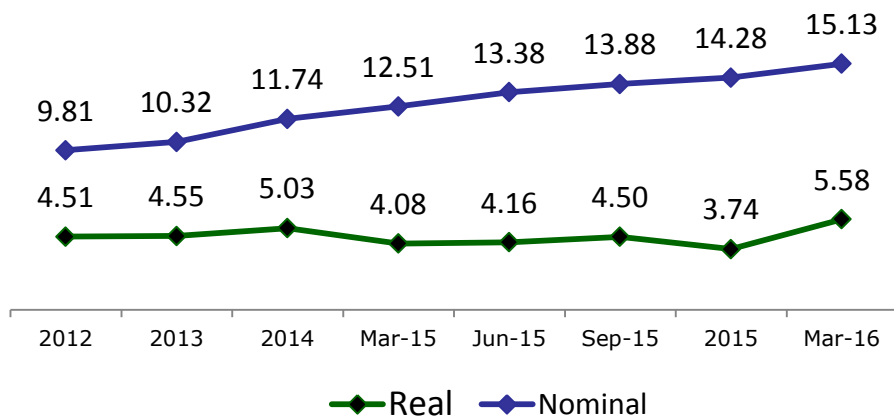
\* A significant part of this total matures in December 2016.

\* R\$ 600 million rolled over for maturity in April 2018.

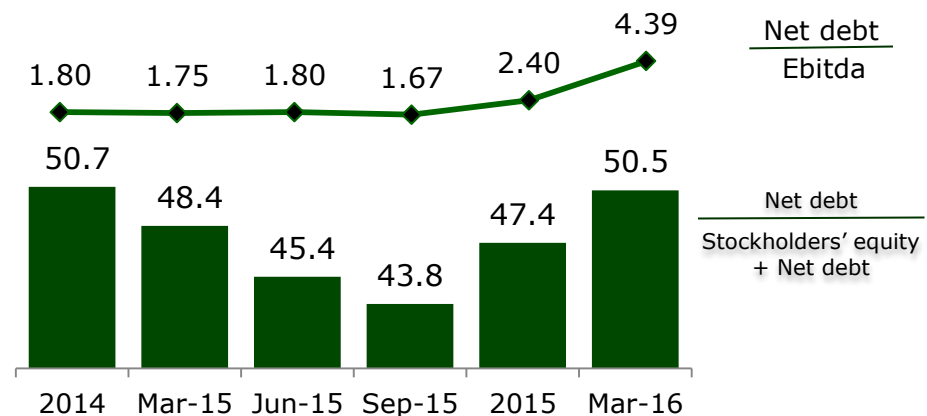
Main indexors



Cost of debt – %



Leverage – %

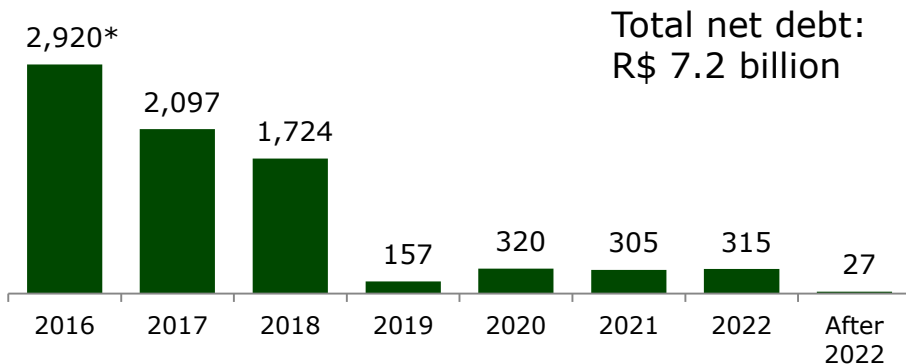




# Cemig GT – debt profile

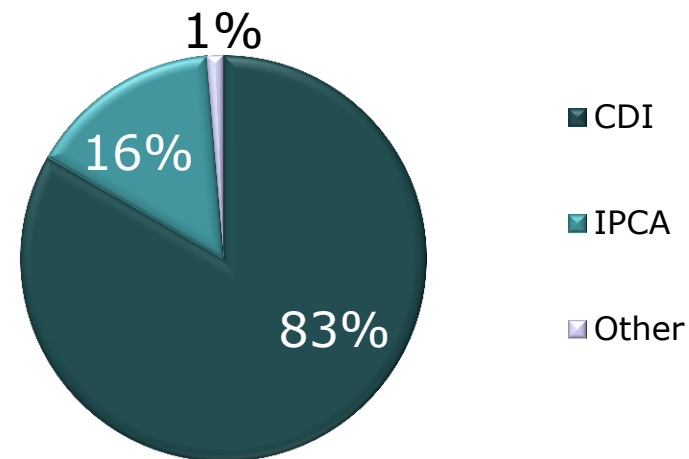
R\$ million

Maturities timetable – Average tenor: 2.2 years

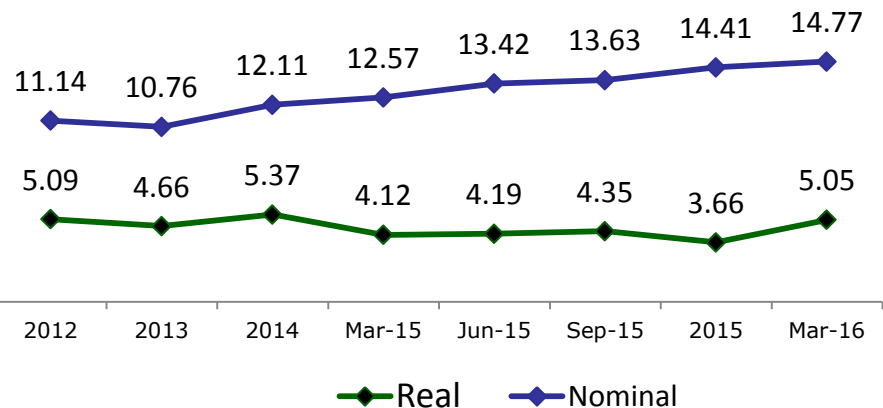


\* A significant part of this total matures in December 2016.

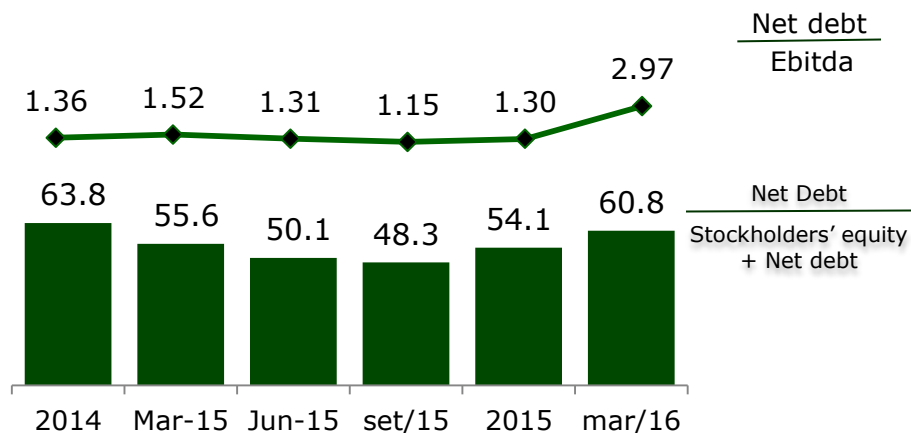
Main indexors



Cost of debt – %



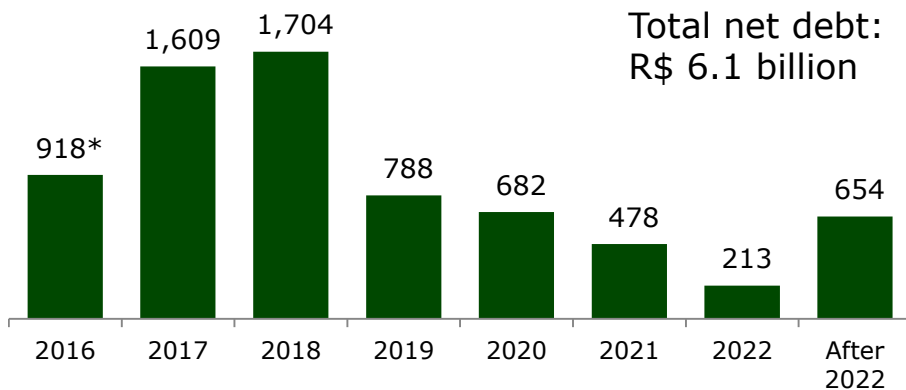
Leverage – %



# Cemig D – debt profile

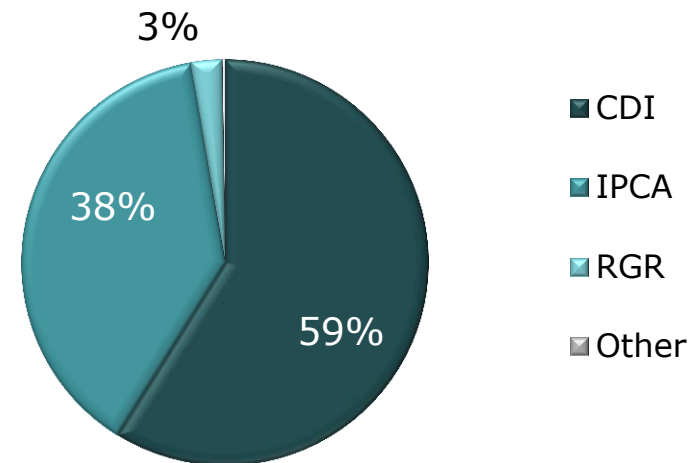
R\$ million

Maturities timetable – Average tenor: 3.5 years

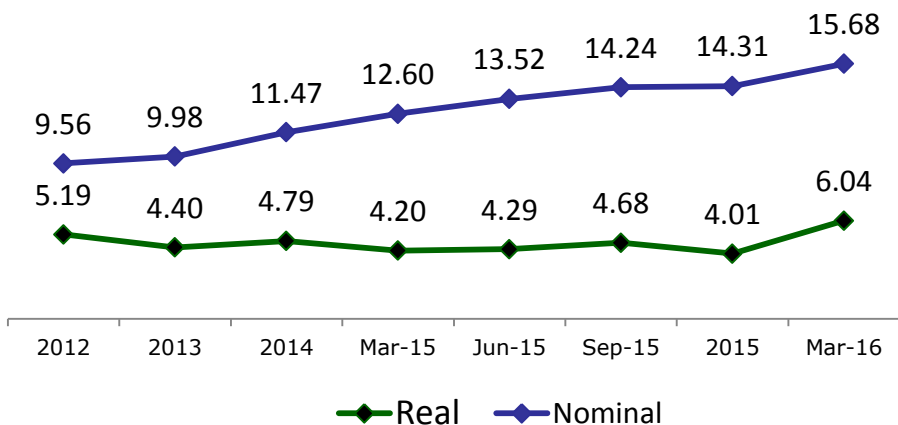


\* Cemig D rolled over R\$ 600 million for maturity in April 2018

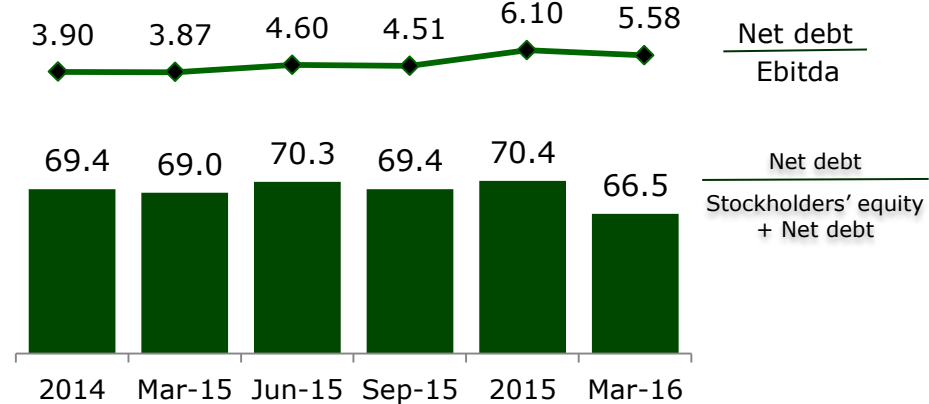
Main indexors



Cost of debt – %



Leverage – %



# Superior credit capacity

In July 2016

**FitchRatings**

A(bra)

Cemig H, Cemig GT and Cemig D

National Scale

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



Baa1.br

Cemig H, Cemig GT and Cemig D

National Scale

B1

Cemig H, Cemig GT and Cemig D

Global Scale

Grau de Investimento										Grau Especulativo													
Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C			

**STANDARD  
& POOR'S**

brA

Cemig H, Cemig GT and Cemig D

National Scale

BB-

Cemig H, Cemig GT and Cemig D

Global Scale

Grau de Investimento										Grau Especulativo													
AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D		

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

Leading power utility in Brazil

Powerful drivers fueling growth

Sound Balance Sheet

Consistent profitable track record

Strong Dividend Policy

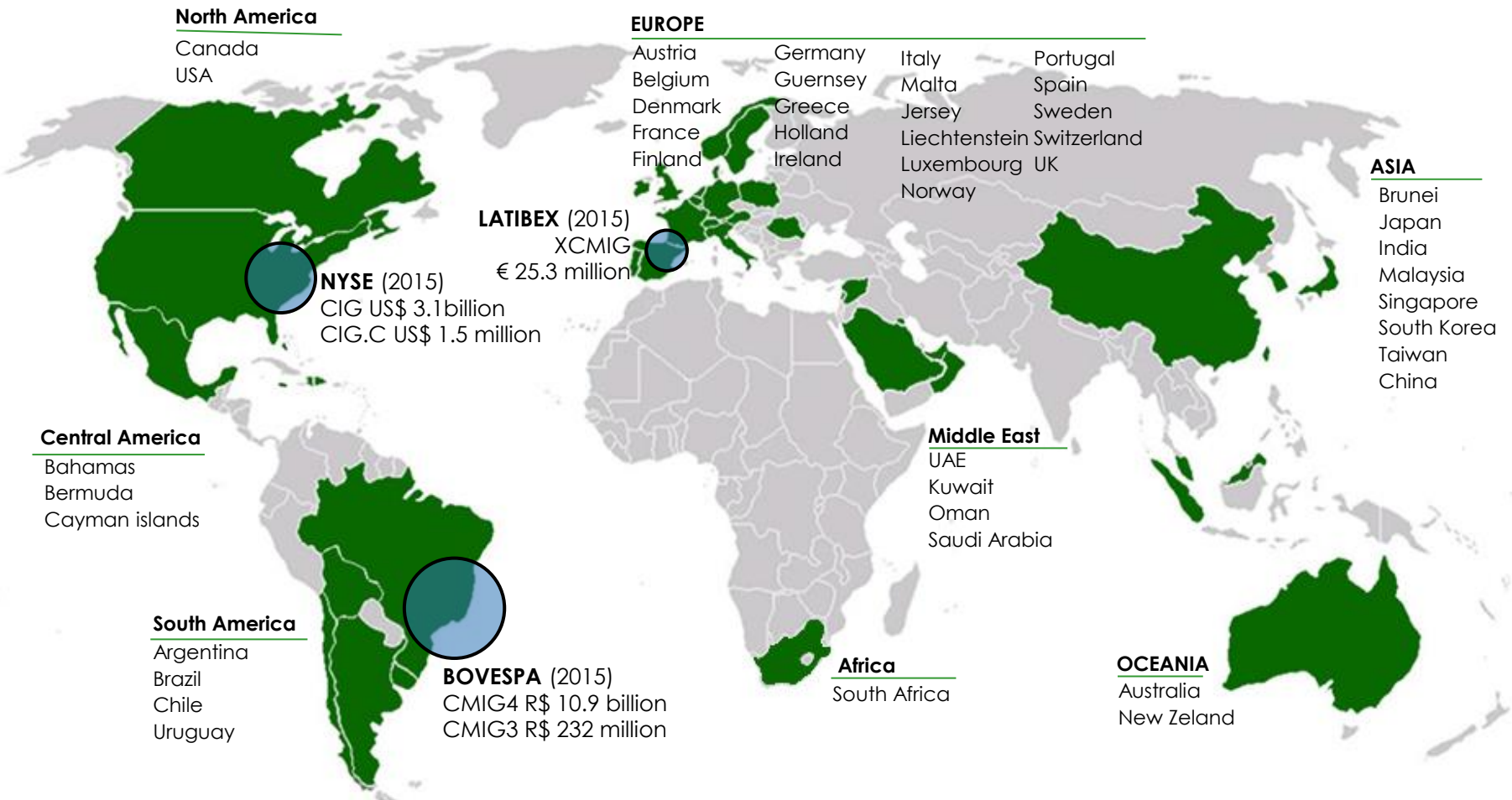
World Leader in Sustainability

# Strong shareholders base assures liquidity

Average daily trading volume of shares in 2016

**Bovespa:** R\$53.5 million

**NYSE:** US\$9.1 million

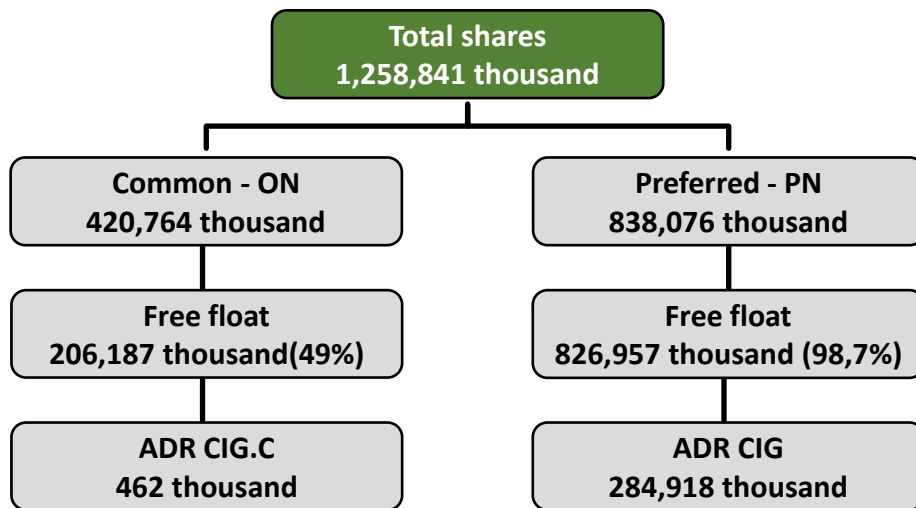


- Shares traded on 3 stock exchanges
- Over 120,000 stockholders in more than 40 countries

# 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

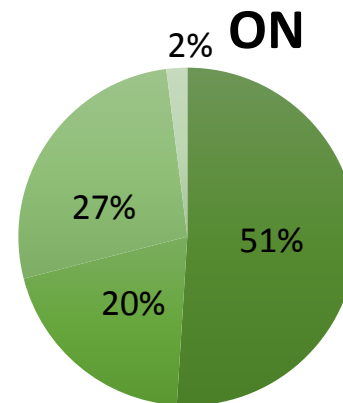
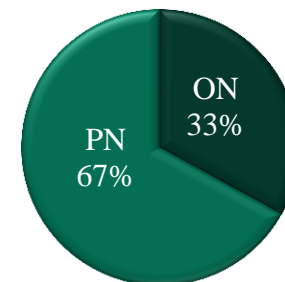
- BOVESPA (Brazil) ,NYSE (USA) and LATIBEX (Spain)**



Share nominal value = R\$5.00

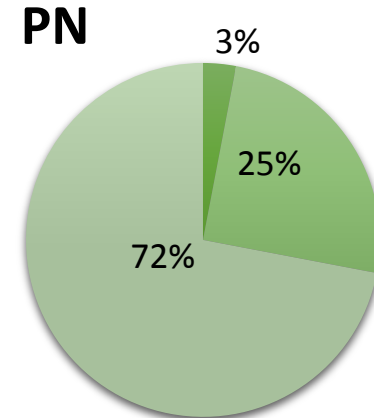
ADR outstanding approximately 22% of total shares and 34% of PN shares  
 1 ADR = 1 share in Bovespa  
 ON shares have voting rights

Total Shares



■ MG government

■ Local Investors



■ AGC Energia SA

■ International Investors

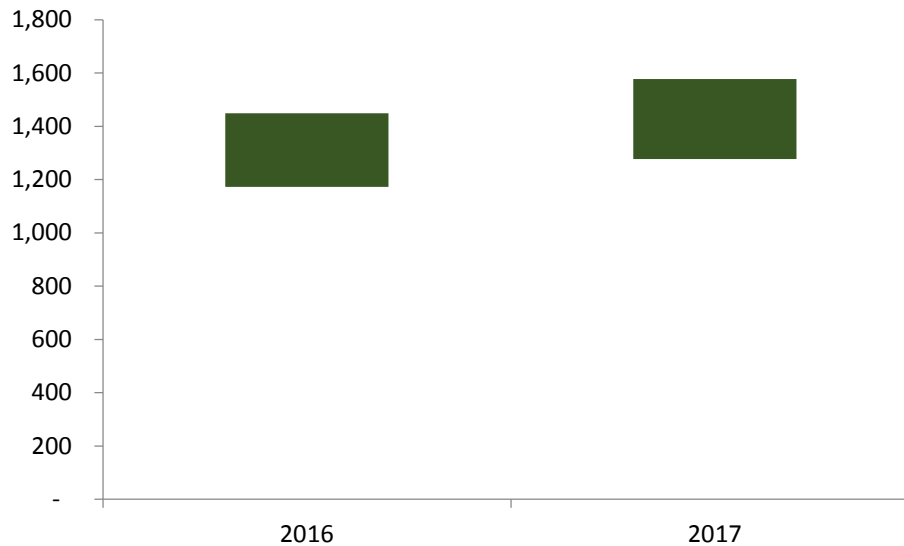
# CEMIG GT - Ebitda Guidance – 2016/2017



Source: Cemig.  
Figures in constant 2016 currency

	2016	2017
Upper limit	1,646	1,937
Lower limit	1,333	1,568

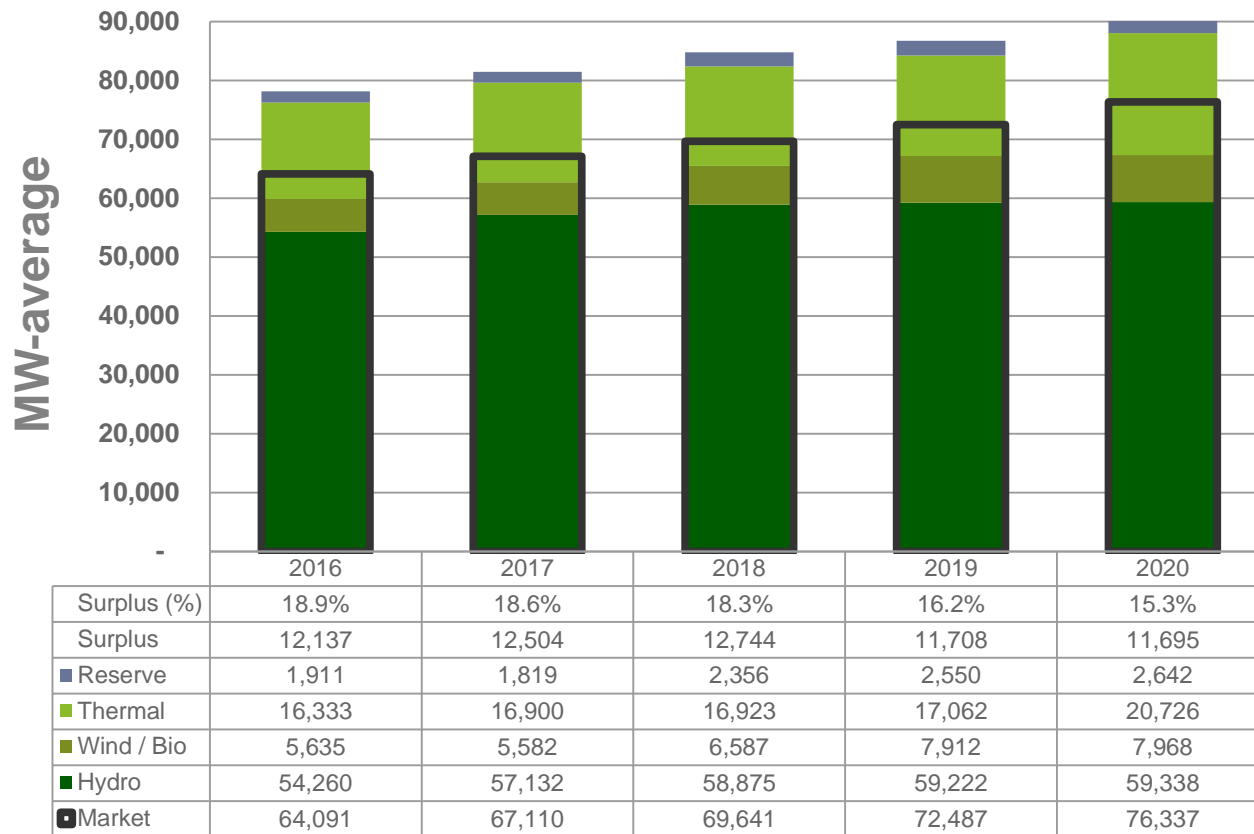
# CEMIG D - Ebitda Guidance – 2016/2017



	2016	2017
Upper limit	1,448	1,578
Lower limit	1,173	1,277

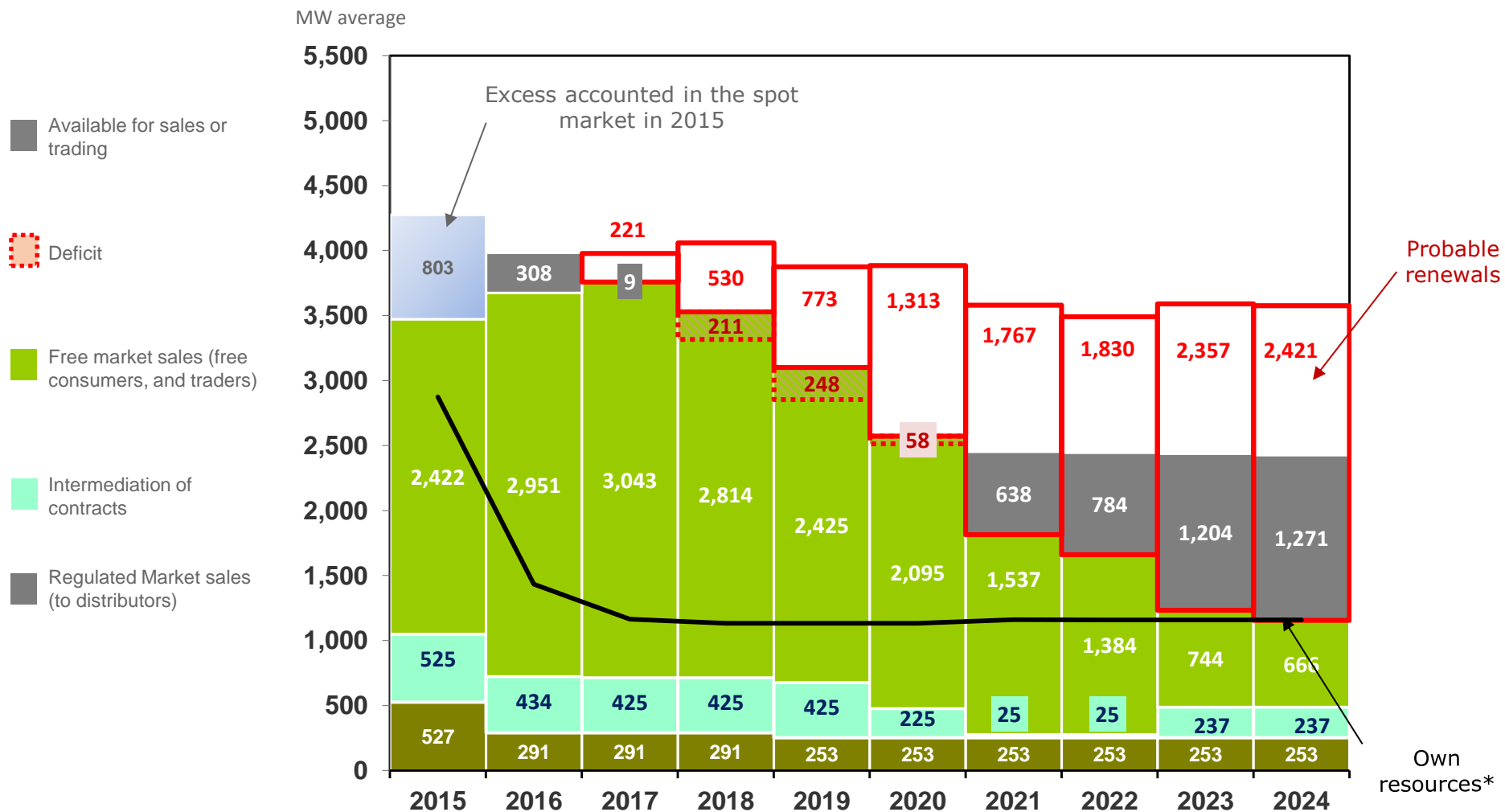
Source: Cemig.  
Constant June 2015 R\$ million





Source: **PMO ( Monthly Operation Program), May 2016**. Analysis made by Cemig considering a GDP growth rate forecast of 1.36% in the 2016-2020 period (1st four-month revision,2016). Information provided from May to December during the first year.

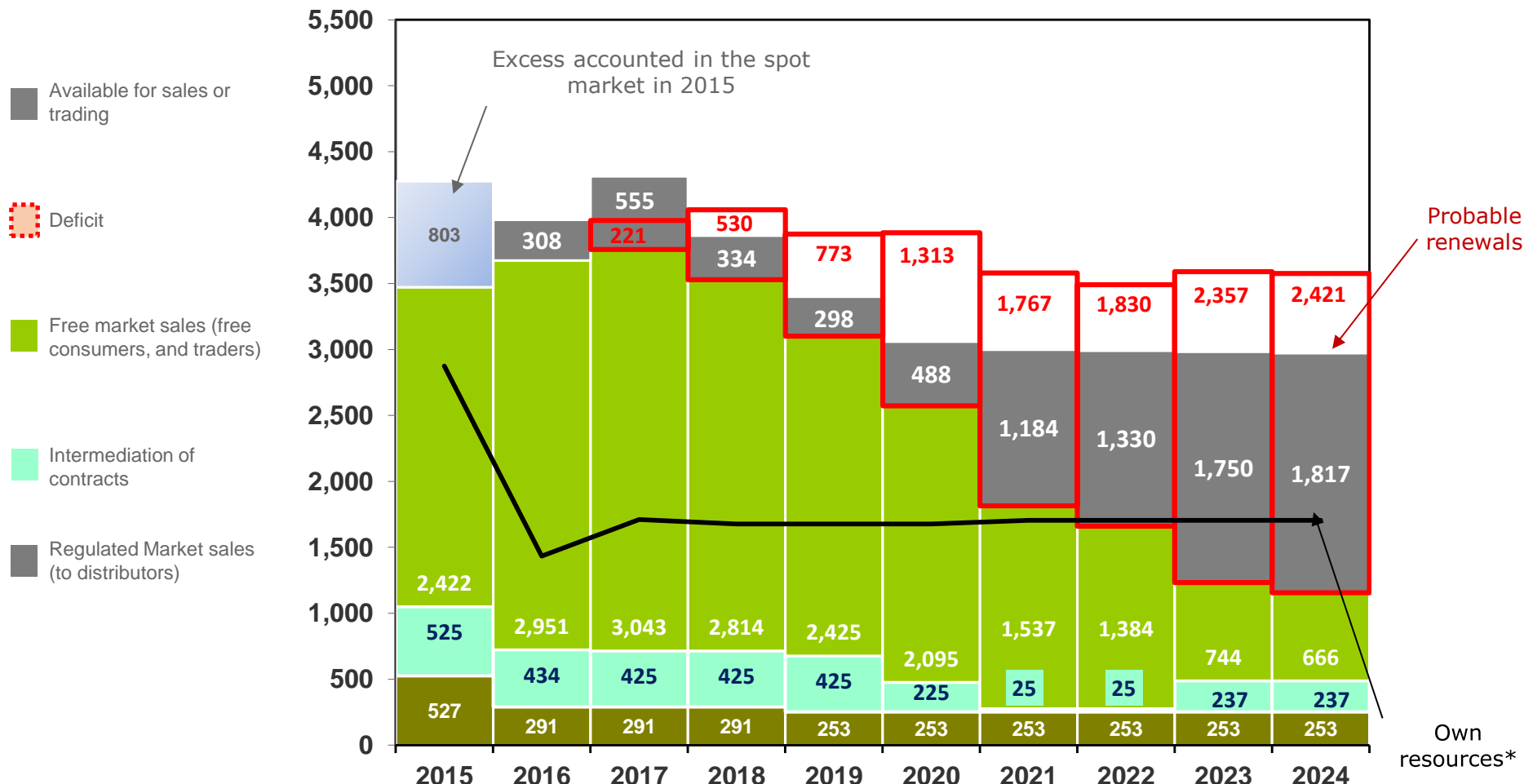
# Cemig GT: Supply/demand



(\*) Assumes exclusion of the Hydroelectric Plants of which the first or second concession periods expire in coming years; and supply availability from SPV within Cemig's holding company.

# Cemig GT: Supply/demand

MW-average



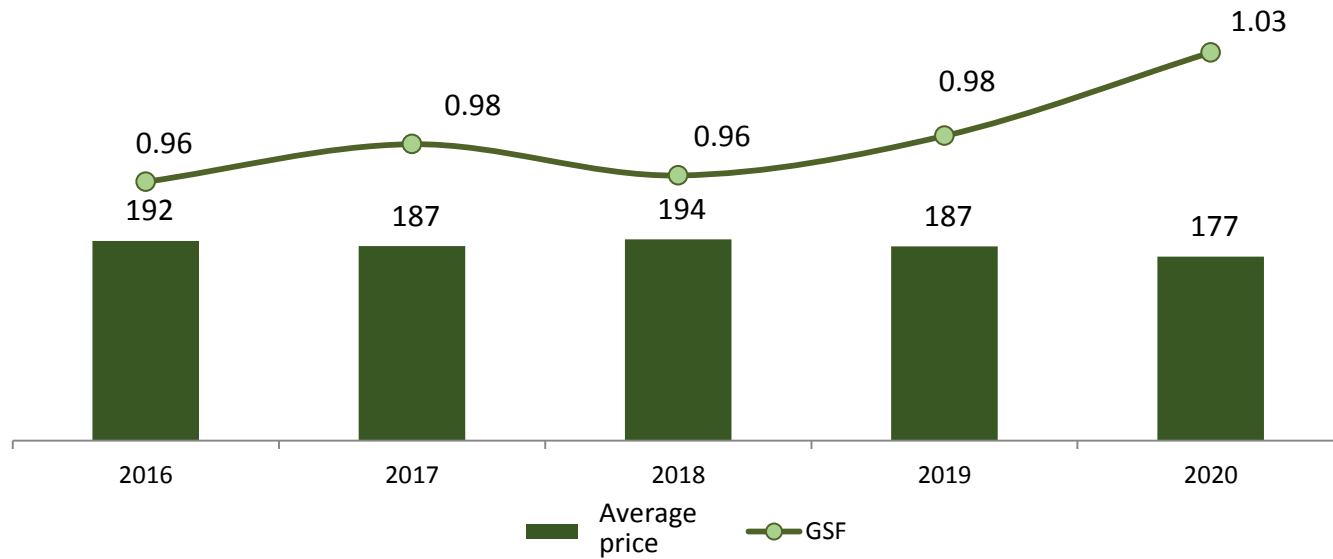
(\* ) Assumes exclusion of hydroelectric plants with first or second concession contracts expiring in the coming years; and supply availability from SPV within Cemig's holding company. It also assumes the renewal of concessions of *Jaguara*, *São Simão* and *Miranda*, treated as per Provisional Measure 688 ('PM 688').

# Cemig GT: Supply/demand

MW-average	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Own generation	2,393	1,438	1,050	1,018	1,018	1,017	1,016	1,014	1,014	1,014
Availability from SPV	0	10	128	128	128	128	156	156	156	156
Purchased	1,358	2,102	2,165	1,748	1,285	1,145	1,256	1,250	1,031	1,021
<b>Total supply:</b>	<b>3,752</b>	<b>3,550</b>	<b>3,343</b>	<b>2,893</b>	<b>2,431</b>	<b>2,290</b>	<b>2,428</b>	<b>2,421</b>	<b>2,201</b>	<b>2,191</b>
Sales: Free Market	2,422	2,951	3,043	2,814	2,425	2,095	1,537	1,384	744	666
Sales: Regulated Market	527	291	291	291	253	253	253	253	253	253
<b>Total demand:</b>	<b>2,949</b>	<b>3,242</b>	<b>3,334</b>	<b>3,105</b>	<b>2,678</b>	<b>2,348</b>	<b>1,790</b>	<b>1,637</b>	<b>997</b>	<b>919</b>
<b>Balance available</b>	<b>803</b>	<b>308</b>	<b>9</b>	<b>-211</b>	<b>-248</b>	<b>-58</b>	<b>638</b>	<b>784</b>	<b>1,204</b>	<b>1,271</b>
Hydroelectric supply As per MP 688	0	0	546	546	546	546	546	546	546	546
<b>Balance available</b>	<b>803</b>	<b>308</b>	<b>555</b>	<b>334</b>	<b>298</b>	<b>488</b>	<b>1,184</b>	<b>1,330</b>	<b>1,750</b>	<b>1,817</b>

*Position as of March 31, 2016*

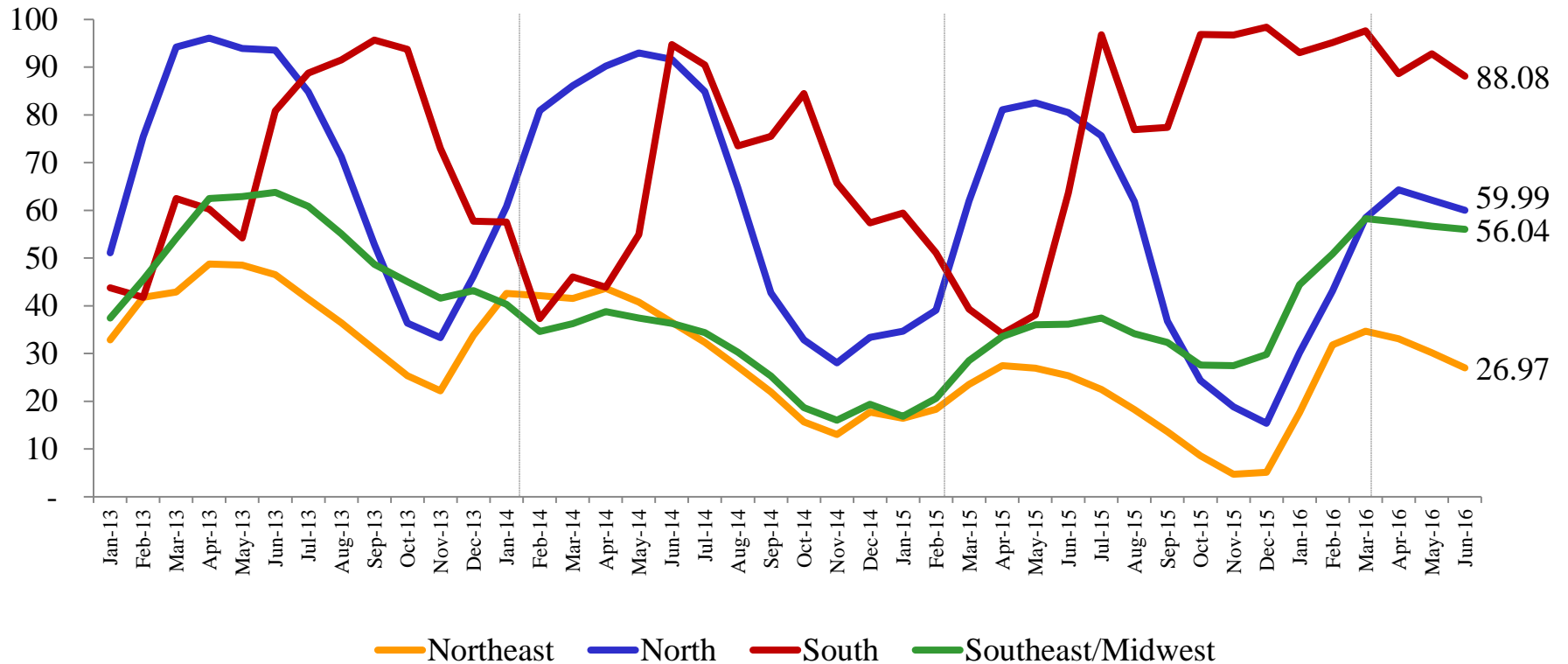
# Average prices and the GSF (Generation Scaling Factor)



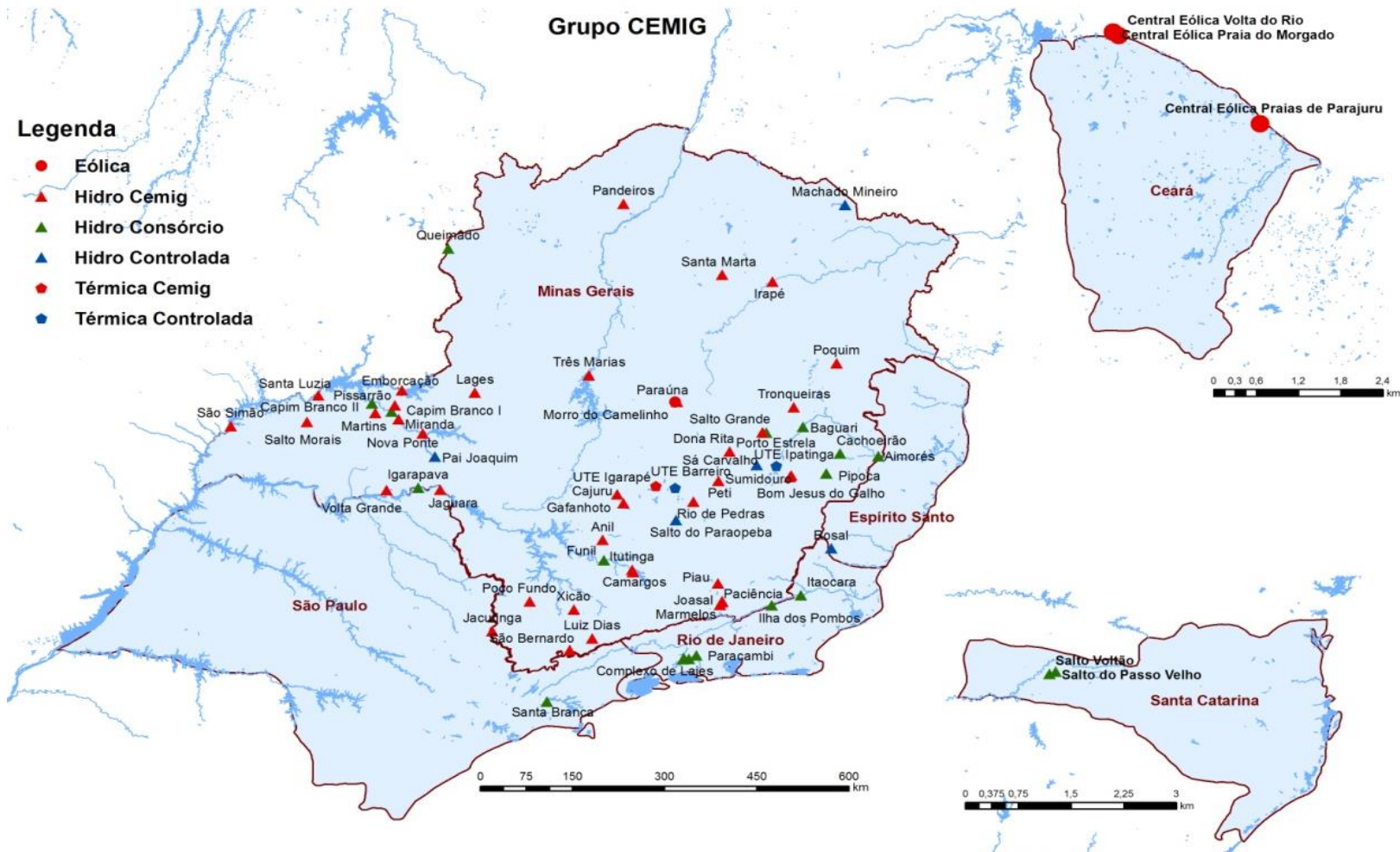
Source: Cemig.  
Figures in constant 2016 currency

# Level of reservoirs (%)

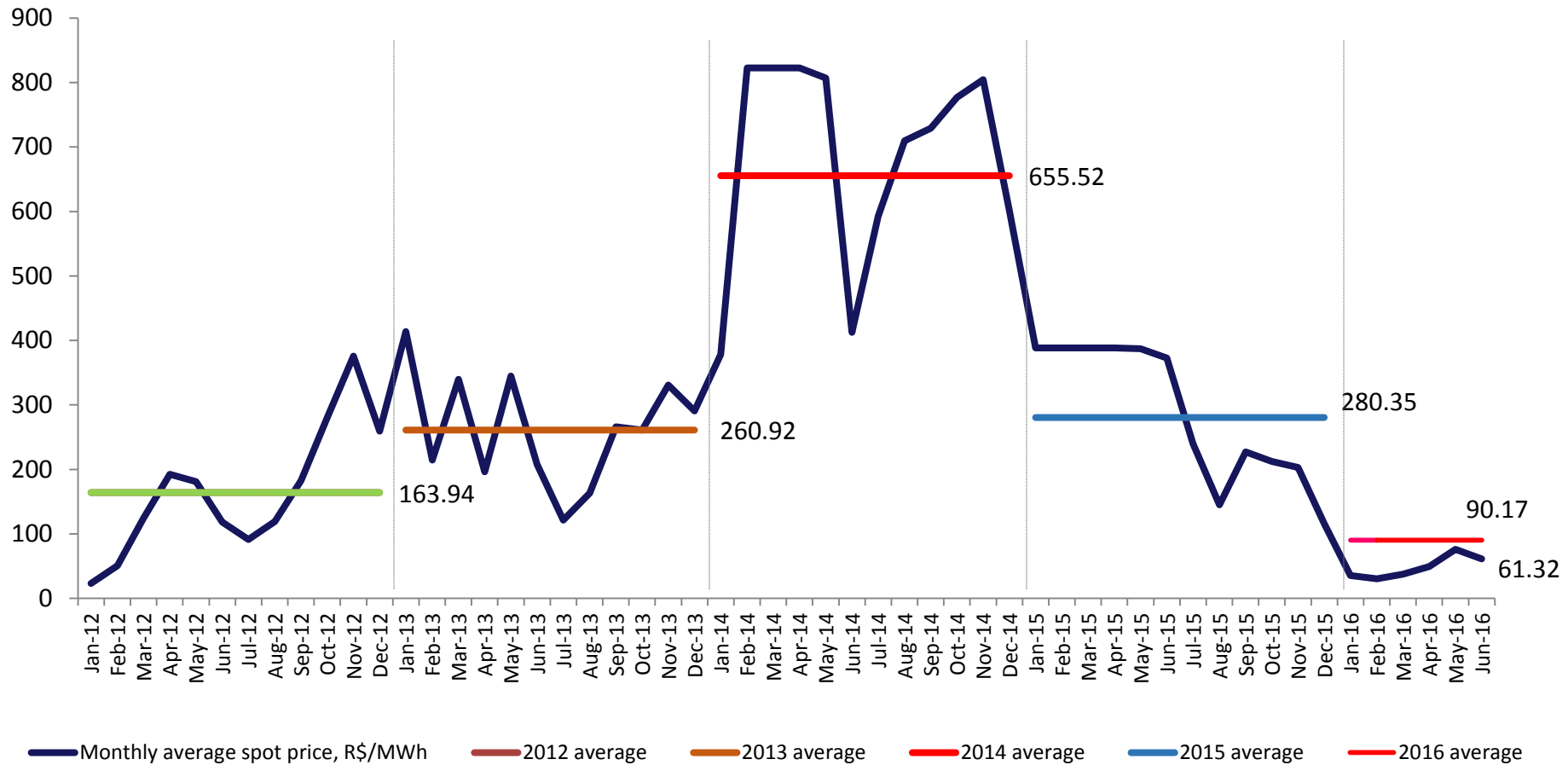
by region (%)\*



\*Source: ONS



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





## 2nd maturity:

#	Type	Plant	Expiry of concession	Installed capacity (MW)	firm output (average MW)	Historic cost 09.30.2015	Deemed Cost 09.30.2015
1	HPP	Volta Grande	Feb/2017	380	229		
<b>TOTAL 2nd renewal</b>				<b>380</b>	<b>229</b>		

## 1st maturity:

#	Type	Plant	Expiry of concession	Installed capacity (MW)	firm output (average MW)	Historic cost 09.30.2015	Deemed Cost 09.30.2015
1	HPP	São Simão	Jan/2015	1,710	1,281		
2	HPP	Jaguara	Aug/2013	424	336		
3	HPP	Miranda	Dec/2016	408	202		
<b>TOTAL 1st renewal</b>				<b>2,542</b>	<b>1,819</b>		

# Cemig GT won Lot D in the Auction held in November 2015

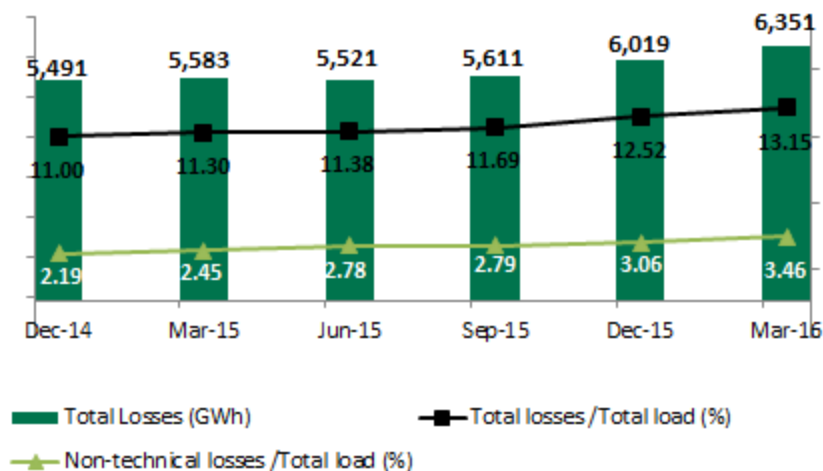
- Concession Grant Fee: total of R\$ 2.26 billion
  - ✓ 1st tranche (65%): January 4, 2016 – R\$ 1.47 billion
  - ✓ 2nd tranche (35%): in up to 180 days – R\$ 779 million
- Total of 18 plants with installed capacity of 699.57 MW (Assured energy 421.3 MW)
  - ✓ 100% of the physical offtake guarantee to go to the Regulated Market from January 1 to December 31, 2016;
  - ✓ as from January 1, 2017 this reduces to 70%.
- Revenue received by Cemig GT for provision of the service: R\$ 498.6 million/year
  - ✓ Comprises: Fee for Management of Generation Assets ('GAG'); and Yield on Concession Grant Fee ('RBO').
- Cemig further expects to receive payment for its electricity generation assets not yet amortized or not depreciated.

Plant	Installed capacity (MW)	firm output (MW)
Três Marias	396,0	239,0
Salto Grande	102,0	75,0
Itutinga	52,0	28,0
Camargos	46,0	21,0
Piau	18,0	13,5
Gafanhoto	14,0	6,7
Peti	9,4	6,2
Tronqueiras	8,5	3,4
Joasal	8,4	5,2
Martins	7,7	1,8
Cajuru	7,2	3,7
Ervália	7,0	3,0
Neblina	6,5	4,7
Coronel Domiciano	5,0	3,6
Paciência	4,1	2,4
Marmelos	4,0	2,7
Dona Rita	2,4	1,0
Sinceridade	1,4	0,4
<b>Total</b>	<b>699,6</b>	<b>421,3</b>

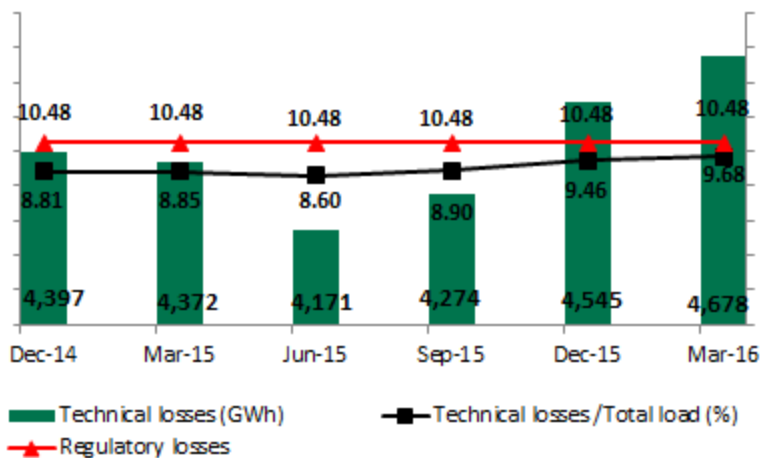
# Contracts maturing of transmission facilities

#	Plant	Location	Expiry of concession
<b>TBE</b>			
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
<b>Taesa</b>			
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
<b>Others</b>			
23	Transchile – LT Charrua – Nueva Temuco	Chile	mai/28
24	Centroeste de Minas – LT Fumas – 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

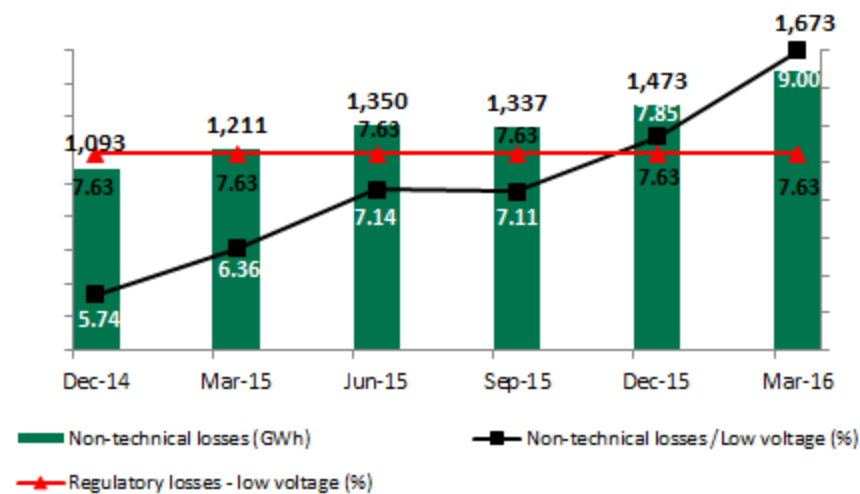
## Total Losses



## Technical Losses



## Non-technical losses / Total low voltage market



## Investor Relations

Phone Number: (55-31) 3506-5024

Fax: (55-31) 3506-5025

Email: [ri@cemig.com.br](mailto:ri@cemig.com.br)

Website: <http://ri.cemig.com.br>

