XVIII Encontro Anual CEMIG-APIMEC

Guidance: 2013–2017

Uberlândia, May 27, 2013

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Índice de Sustentabilidade Empresarial ISE 2012

Dow Jones Sustainability Indexes Member 2012/13

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Certain statements and estimates in this material may represent expectations about future events or results, which are subject to risks and uncertainties that 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 present assumptions and analyses from the point of view of our senior management, in accordance with their experience and other 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: changes to Cemig's business strategy that may be considered necessary, 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, Cemig's results may differ significantly from those indicated in or implied by 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 originate results different from those estimated by the Company, we recommend consulting the section on 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).

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2013–2017 Guidance: Main Assumptions

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Main Assumptions

Used in Preparing 2013-2017 Guidance

- **In line with the Long-term Strategic Plan:**

In the long term, Cemig will continue to grow. Possible reductions in Ebitda, resulting from Law 12783/2013 (dated January 11, 2013, formerly Provisional Measure (PM) 579 announced on September 11, 2012), may result in changes of magnitude or speed of this growth.

Cemig will adopt several initiatives to achieve the intended result – **operational efficiencies, synergy gains, and growth through acquisitions or equity participations in new projects** – aimed at offsetting any effects related to non-renewal of the concessions for *Jaguara*, *São Simão* and/or *Miranda* Hydro Plants.

Within the current path, therefore, there will be, at least, **preservation of Ebitda, at a level compatible with that of the estimates given in the Guidance for 2012–2016.**

We show two different levels, resulting from the two possibilities – whether:

(a) the concessions referred to above are renewed, or
(b) they are not renewed.

Cemig believes that the concessions will be maintained, in accordance with the provisions written in the concession contracts that were signed.

Main Assumptions

Used in Preparing 2013-2017 Guidance

In proactive response to the challenges:

- **Operational efficiency** – We will continue seeking operational efficiencies aggressively in all processes in the companies of the Group through practices such as: benchmarking, automation, combat of fraud and default, re-engineering of processes, optimization of routines, and other initiatives.
- **Synergies** – Among these measures, it will also look **for synergy with companies of the Group, especially *Light*,** with which Cemig D (Distribution) is developing a formal program of joint operation that started in 2013.
- We also have a program of adjustment in progress for the workforce, implementing the *PID* Incentive Retirement Program, associated with careful repositioning in terms of human capital for the challenges in corporate.
- We will continue to find alternatives to **reduce the cost of funding** for our projects.
- **This Guidance for 2013–17 incorporates the effects** of these and other initiatives.

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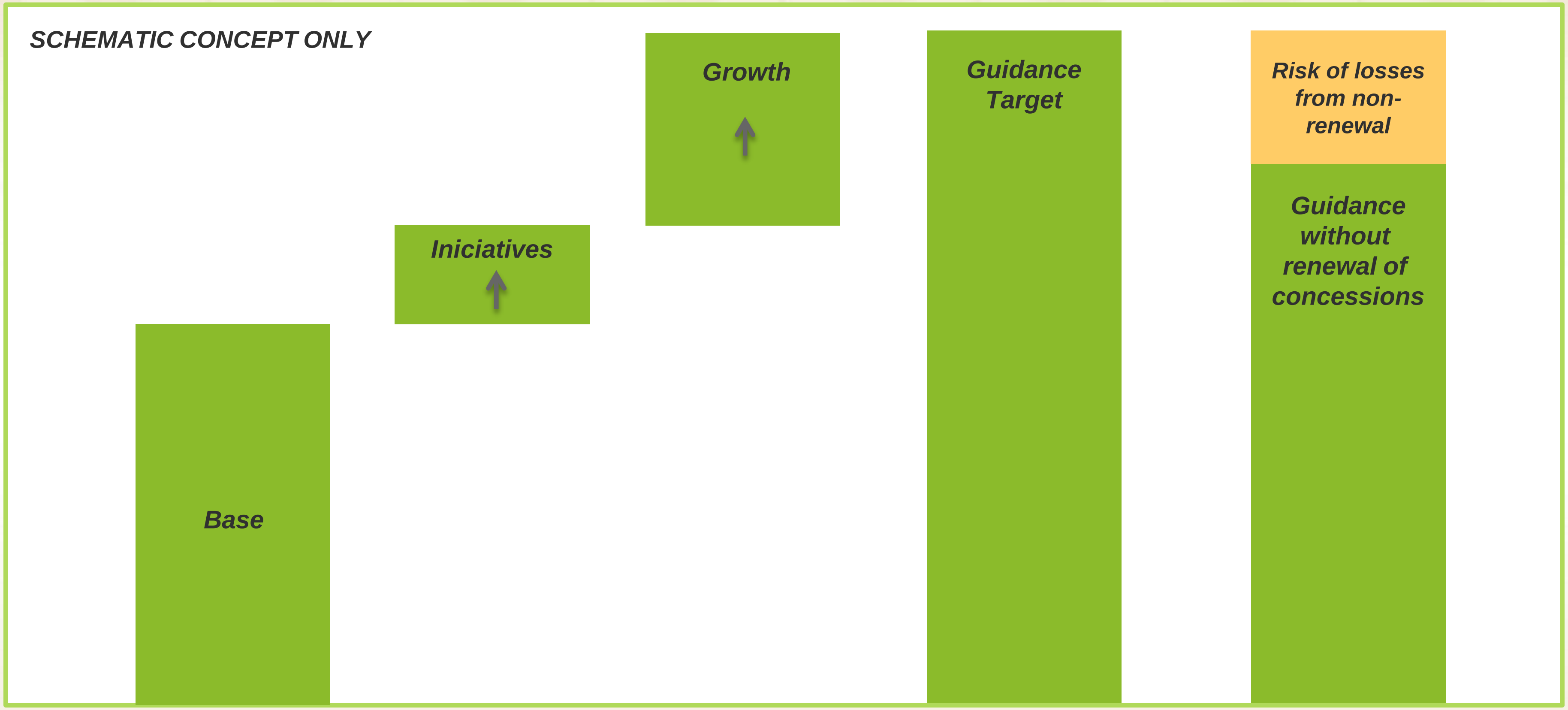
Structure of Cemig's Future Ebitda



The effects of the non-renewal concessions for the three Hydroelectric plants, if indeed they are not renewed, when they expire – *Jaguara* (2013), *São Simão* (2015) and *Miranda* (2017) – will be compensated through growth, including growth through acquisitions, and other strategies. Among these other strategies, it will be: trading in energy; operational efficiency; adaptation of human capital; quest for synergy; and other initiatives, in the numerous companies of the Group.

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CEMIG D – Distribution

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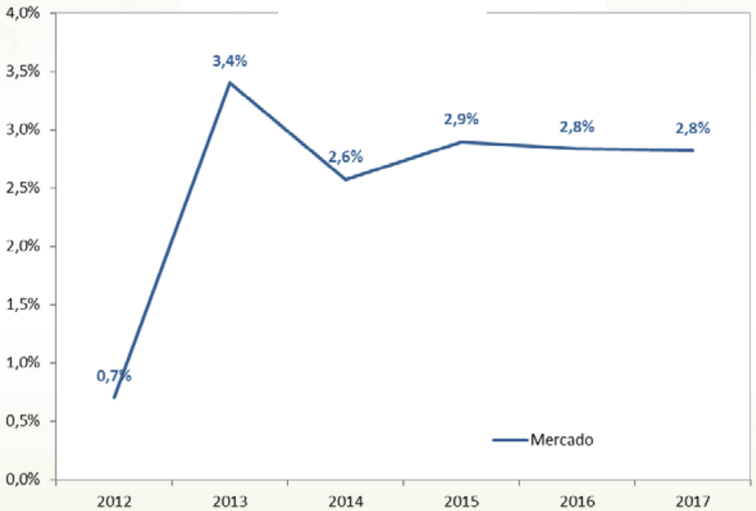
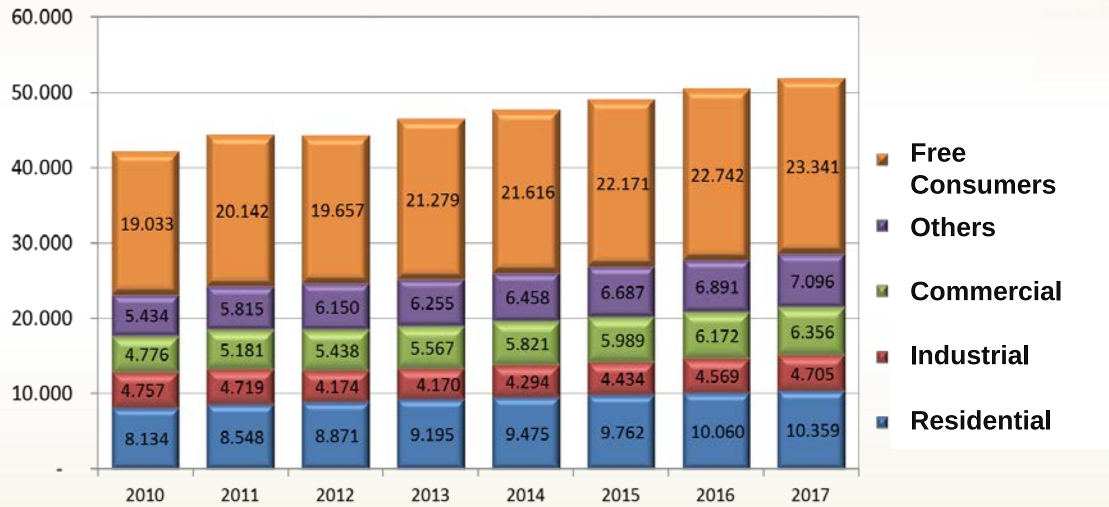
Cemig D: Moderate Growth Over the Coming Years

Expected market scenario

Expected annual growth, %



Expected total market volume, GWh



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After Tariff Review, High Risk Not Factored for Distribution

Cemig D's 3rd Periodic Tariff Review: effects

Remuneration

- WACC reduced from 9.95% to 7.50%.
- Reintegration rate reduced from 4.66% to 3.84%.

Investments

- New Net Regulatory Remuneration Base: R$ 5.5 billion:
  – fails to take account of approximately R$ 1 bn.
- Restitution of unrealized investments (DX): R$ 90mn/year.

X factor

- Productivity (Pd): 1.15%.
- Trajectory (T): PMSO reduced by 0.68%, or R$ 20mn, per year.
- Quality: SAIDI and SAIFI to be measured from 2014.

Losses

- **Technical losses: 7.84% on energy injected.**
- **Non-technical: 7.63% on low voltage market.**
- **Not recognized: 872 MWh/year – or R$ 118 million.**

Repositioning

- Average effect on consumer: +2.9 9%; Residential: +4.99%.

PMSO

Other Assets quota: R$ 147mn

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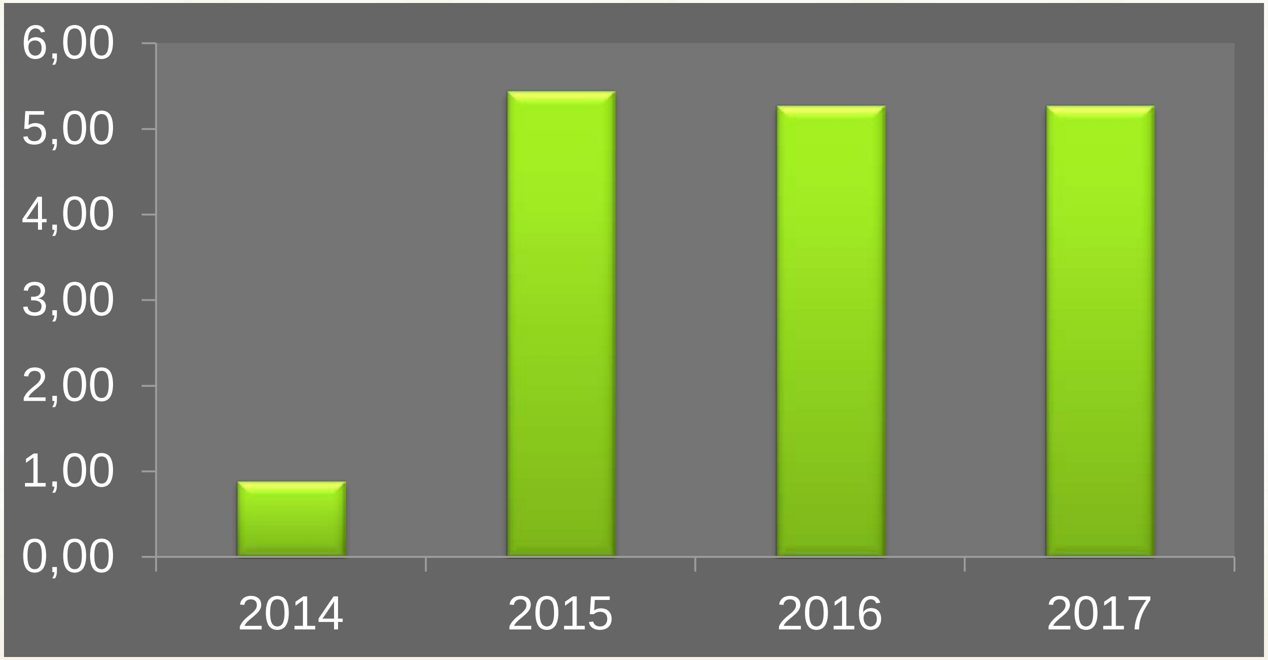
Manageable Revenue in Line with Inflations, Except in 2014

Percentage variations expected for Portion B of the Distribution tariffs



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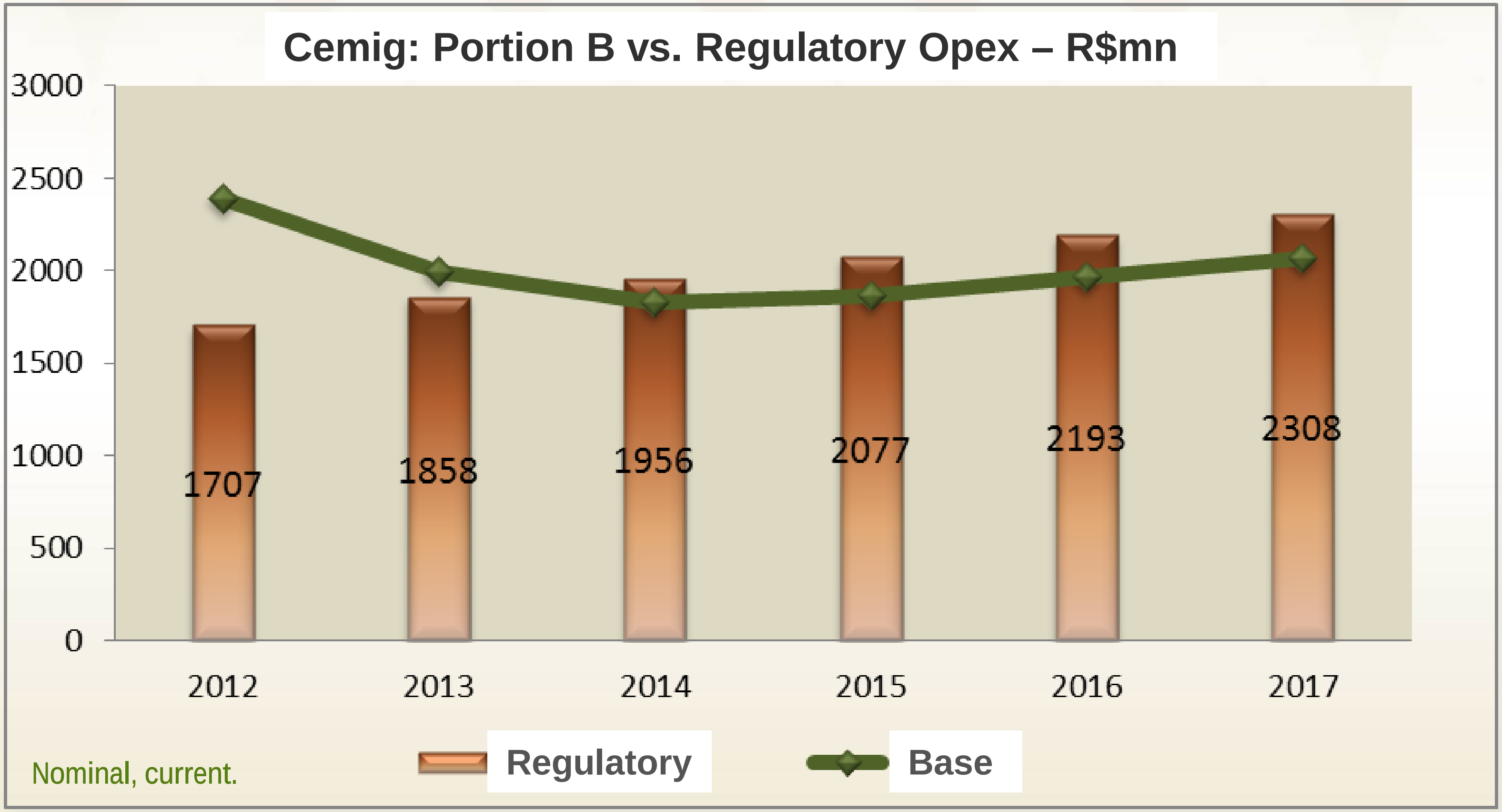
PMSO Below Regulatory Benchmarks of the Cycle, after 2014

Coverage x PMSO Cost + Manageable Expenses



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Planned Investment 2013-2017: Approx. R$ 1 billion / year

Investments specified by the regulatory structure.

Constant June, 2013 R$ ’000	Multi-year planning: total
Electricity system	3,655,388
Infrastructure / Other	713,892
Sub-total	4,369,280
Funds from clients	607,729
Total	4,977,010

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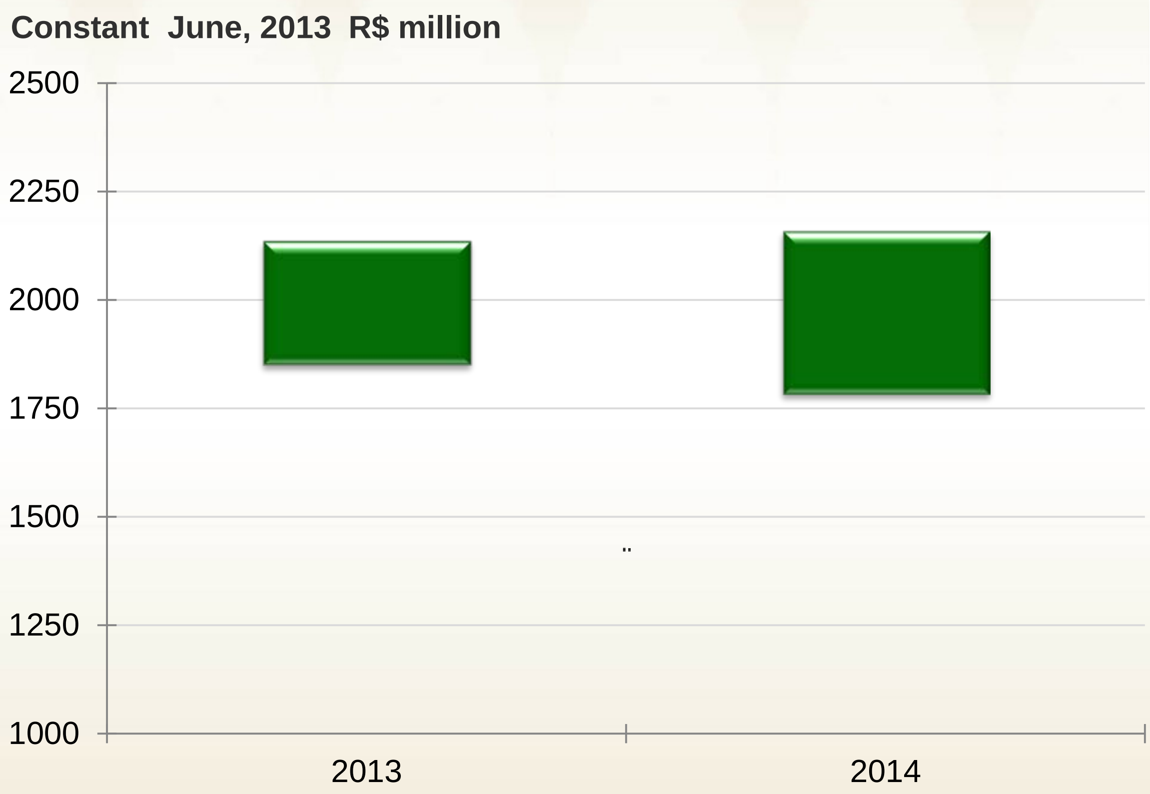
Ebitda in 2013 and 2014

CEMIG D – DISTRIBUTION



Year	Lower limit	Upper limit
2013	1,851	2,137
2014	1,784	2,160

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Cemig GT –
Generation & Transmission

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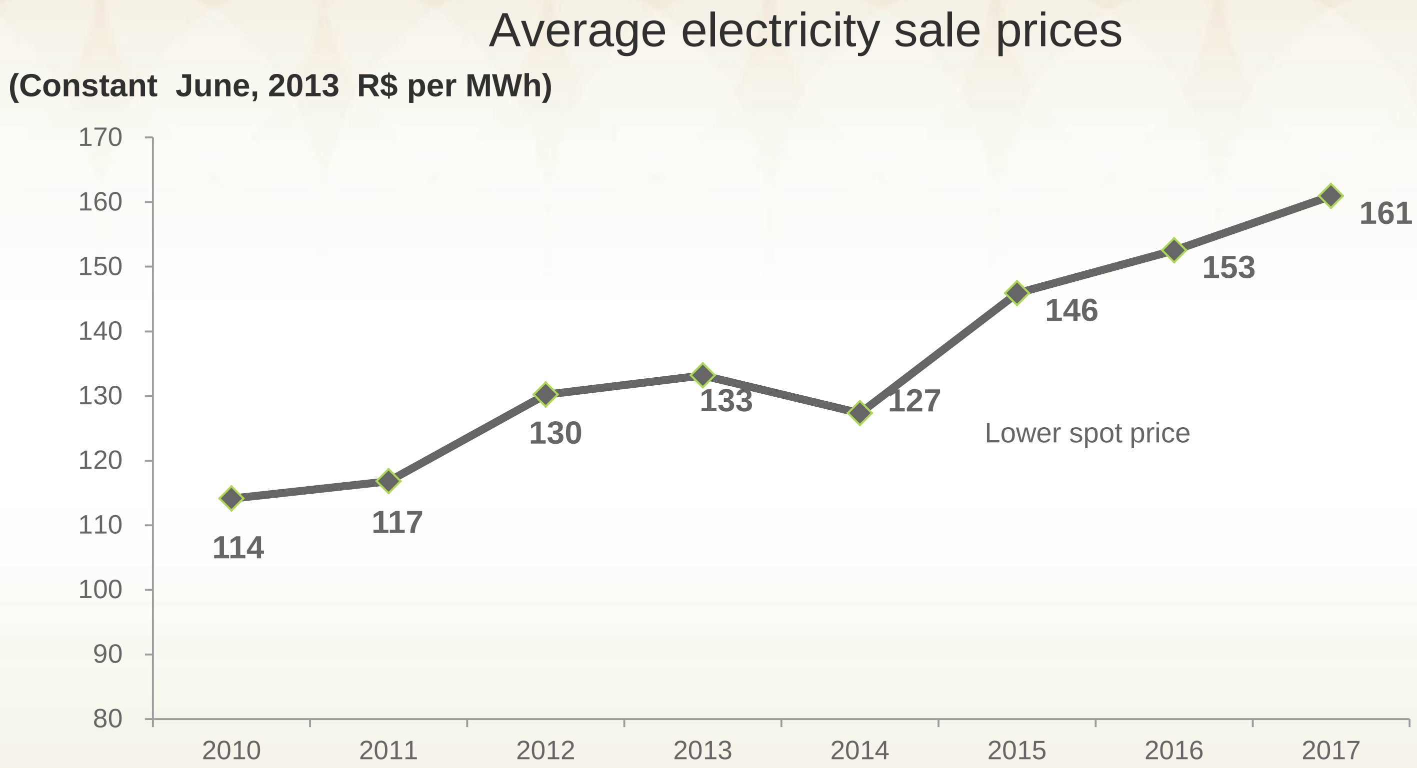
Average Prices Increasing, Except in 2014



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Planned Investments 2013-2017

Constant June, 2013 R$ '000	Multi-year planning: total
Generation	89,788
Injection of funds *	1,180,979
Transmission	289,390
Total	1,672,020

Investments in *Guanhães, Santo Antônio,* and *Belo Monte*.

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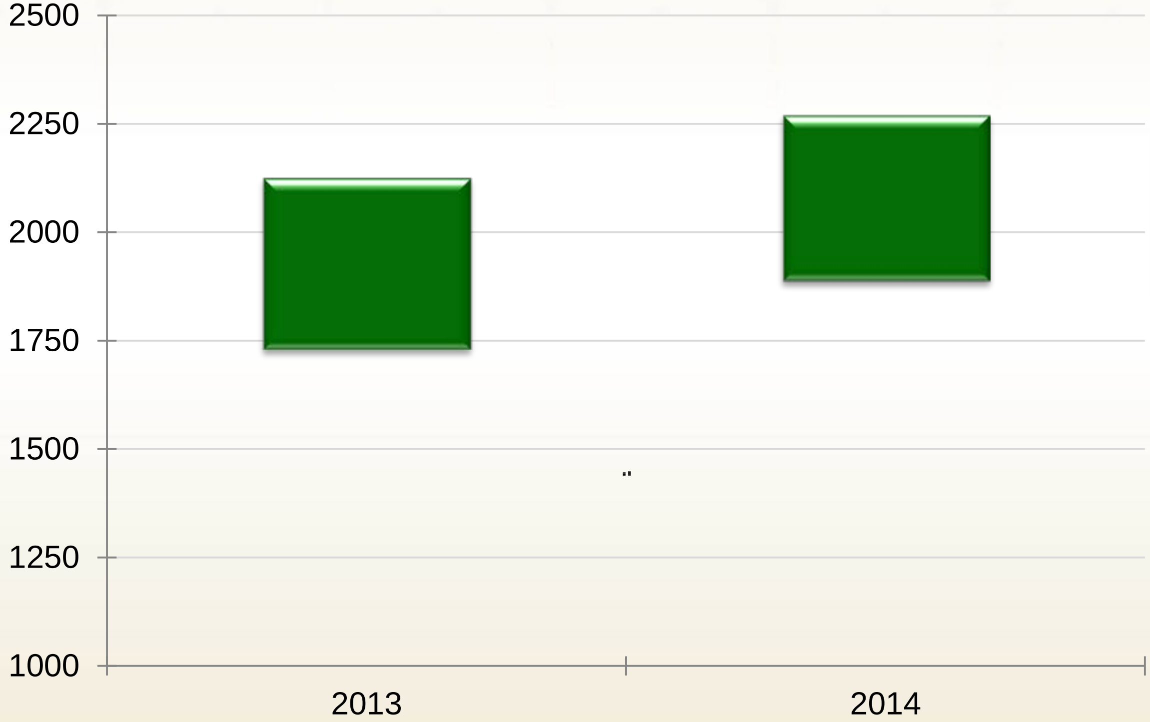
Ebitda in 2013 and 2014

CEMIG GT – GENERATION & TRANSMISSION

Constant June, 2013 R$ million



Year	Lower limit	Upper limit
2013	1,731	2,127
2014	1,889	2,272

Projections take into account the transfer of Taesa to the holding company.

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CEMIG: Holding Company

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Planned Investments 2013 - 2017

Constant June, 2013 R$ '000	Multi-year planning: total
Injection of Funds *	197,837
Other	10,638
Total	208,475

Injection of funds into: Horizontes, Axxiom.
Aquisition / new assets: recent averages between R$1 and R$ 1.5bn/year.

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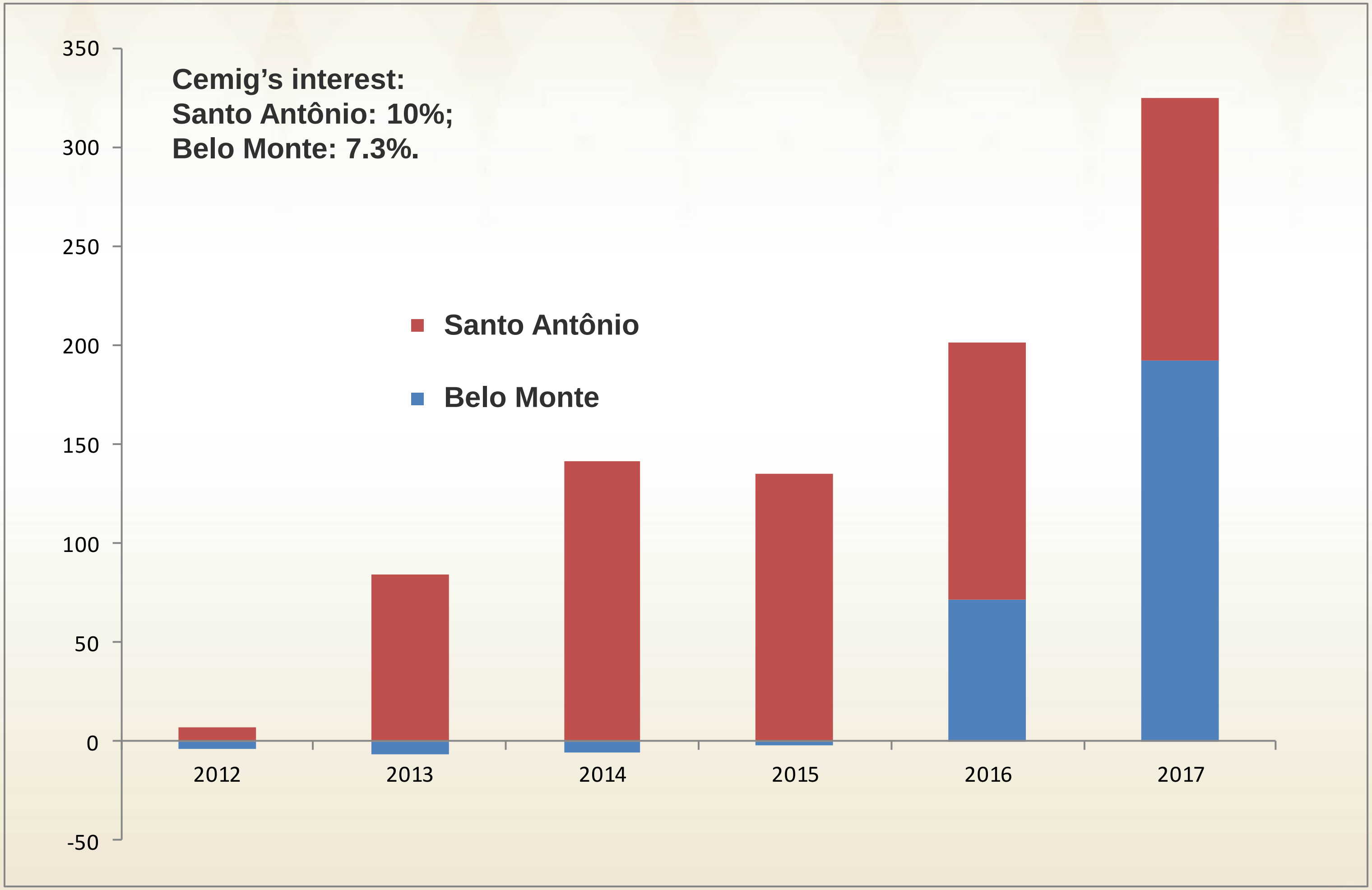
Ebitda from Holdings in Santo Antônio and Belo Monte

Constant June, 2013 R$ million



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Ebitda in 2013 to 2017

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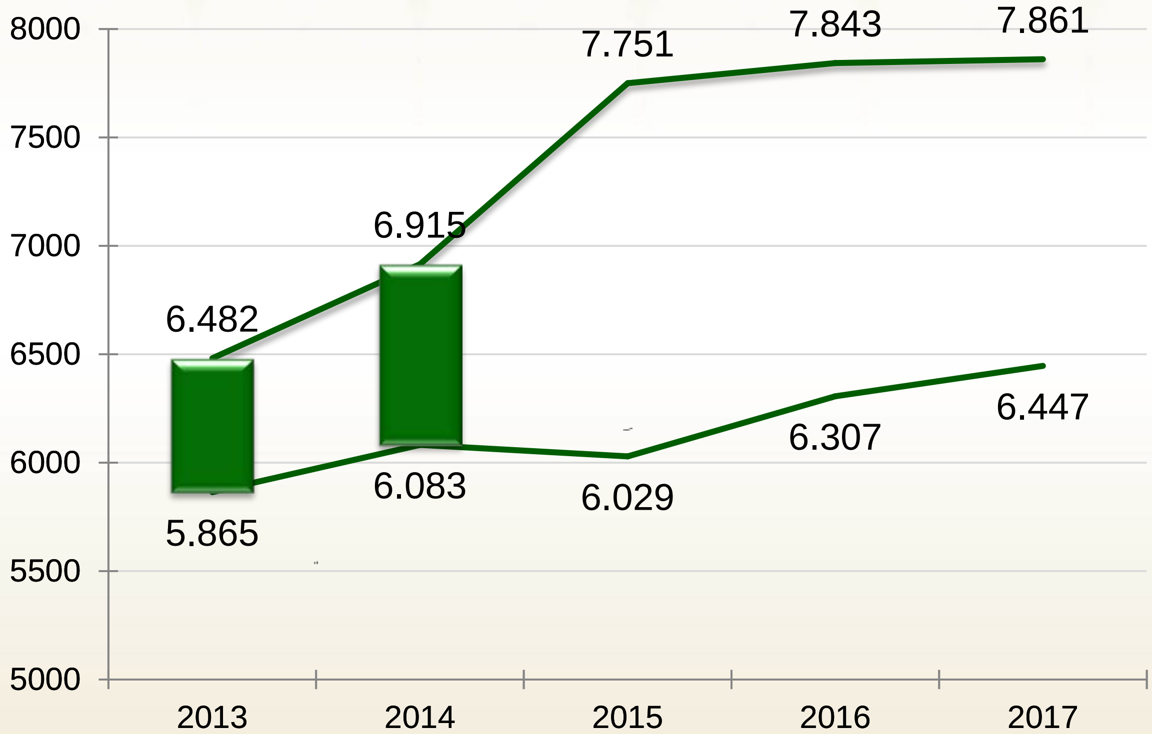
Constant June, 2013 R$ million



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End of presentation

Thank you for your attention.

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