Successful Strategy
Performance reflects balanced portfolio structure
2016
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.

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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

- #1 Integrated Power Utility in Brazil
- #4 Market cap US$ 3.5$^{(1)}$ B.
- Growth in EBITDA 2008-15 +23%
- Role in Industry
- Leading consolidator

In the Power Industry since 1952

(1) As of November 3rd, 2016
(2) In the Brazilian Energy Industry
Cemig: Strength in Numbers

- **109** Power plants
- **8.1 GW** Total installed capacity
- **532,000 km** Electricity Distribution lines
- **9,500 km** Power Transmission lines

(1) The Power Plant is not yet operating commercially
Cemig at a Glance

- Based in State of Minas Gerais, controlling shareholder
  - Assets in 23 Brazilian states

- Strong financial profile:
  - 1H16 Net revenues: R$9.2 B  EBITDA: R$1.3 B
  - 1H15 Net revenues: R$11.2 B  EBITDA: R$3.8 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 September 30th
    R$54.1M in Bovespa and US$9.7M in NYSE

- Solid dividend policy
  - Minimum 50% payout ratio
  - Every two years, may pay extra dividends, if cash conditions permit

- Shareholder Structure:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>ON</th>
<th>PN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minas Gerais</td>
<td>51%</td>
<td>0%</td>
</tr>
<tr>
<td>AGC Energia S.A.</td>
<td>20%</td>
<td>3%</td>
</tr>
<tr>
<td>BNDESPAR</td>
<td>13%</td>
<td>3%</td>
</tr>
<tr>
<td>Other stockholders</td>
<td>16%</td>
<td>94%</td>
</tr>
</tbody>
</table>

A Melhor Energia do Brasil.
Cemig is Uniquely Positioned

The Brazil advantage

An Emerging Powerhouse Economy

#1  Latin American economy

#7  Ranking of economy in world\(^{(1)}\)

R\$5.9 Trillion  GDP 2015

-3.22%  GDP growth 2016\(^{(2)}\)

206 M  Population

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\(^{(1)}\) World Bank
\(^{(2)}\) Brazil’s Central Bank Focus Report, October 21\(^{st}\) 2016
Cemig is Uniquely Positioned

Unmatched scale

Largest Integrated Utility in Brazil

#1 Integrated Power Utility in Brazil

- Electricity Distributor
- Largest Power Transmission Group
- Largest Power Generation Group

Presence in 23 states

- 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
Cemig is Uniquely Positioned

Diversified portfolio

Diversified, Low Risk Business Portfolio

Breakdown of Ebitda

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>4,172</td>
<td>3,791</td>
</tr>
<tr>
<td>Generation</td>
<td>592</td>
<td>774</td>
</tr>
<tr>
<td>Transmission</td>
<td>1,045</td>
<td>1,570</td>
</tr>
<tr>
<td>Distribution</td>
<td>-854</td>
<td>-245</td>
</tr>
</tbody>
</table>

Most of the revenues are inflation protected
Power Generation by Source

<table>
<thead>
<tr>
<th>Source</th>
<th>Fossil Source Fuels</th>
<th>Nuclear</th>
<th>Hydro</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>World 2014</td>
<td>44%</td>
<td>17%</td>
<td>28%</td>
<td>11%</td>
</tr>
<tr>
<td>Brazil 2016</td>
<td>28%</td>
<td>2%</td>
<td>64%</td>
<td>2%</td>
</tr>
<tr>
<td>Cemig 2016</td>
<td>2%</td>
<td>95%</td>
<td>64%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: EPE [BEN 2011 – Preliminary Results and IEA [Key World Energy Statistics-2010]
Best-in-Class Corporate Governance

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

✓ 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

EBITDA Margin: 13%

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (R$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4,238</td>
</tr>
<tr>
<td>2013</td>
<td>5,186</td>
</tr>
<tr>
<td>2014</td>
<td>6,382</td>
</tr>
<tr>
<td>2015</td>
<td>4,954</td>
</tr>
<tr>
<td>LTM</td>
<td>2,463</td>
</tr>
</tbody>
</table>

1H16

LTM - Last twelve months
Net Income

R$ million

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income (R$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4,272*</td>
</tr>
<tr>
<td>2013</td>
<td>3,104</td>
</tr>
<tr>
<td>2014</td>
<td>3,137</td>
</tr>
<tr>
<td>2015</td>
<td>2,492</td>
</tr>
<tr>
<td>LTM</td>
<td>680</td>
</tr>
<tr>
<td>1H16</td>
<td>207</td>
</tr>
</tbody>
</table>

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.
Attractive and Secure Dividend Payout

Dividend Payout (% of Net Income)

- Paid
- Average
- Policy

2011: 89
2012: 106
2013: 53
2014: 142
2015: 25
in 2016: 25

Dividend Yield (%)

- 2011: 12.4
- 2012: 22.0
- 2013: 9.2
- 2014: 23.5
- 2015: 4.6
in 2016: 5.7
<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt to EBITDA</td>
<td>5.26x</td>
</tr>
<tr>
<td>Debt in foreign currency(*)</td>
<td>0.2%</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>R$2.5B</td>
</tr>
<tr>
<td>Net Revenue – 1H16</td>
<td>R$9.2B</td>
</tr>
</tbody>
</table>

*Net of financial hedging
EBITDA Guidance – 2015/2019

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 *Jaguará* 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)

Figures in constant 2016 currency
Cemig - consolidated debt profile

**R$ million**

Maturities timetable – Average tenor: 2.8 years

**Total net debt: R$ 12.9 billion**

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>3,773</td>
<td>3,772</td>
<td>3,695</td>
<td>1,099</td>
<td>1,060</td>
<td>814</td>
<td>554</td>
<td>680</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost of debt – %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>Jun-15</td>
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<tr>
<td>Sep-15</td>
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<tr>
<td>2015</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>Mar-16</td>
</tr>
<tr>
<td>Jun-16</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Leverage – %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>2017</td>
</tr>
</tbody>
</table>

**Main indexors**

- CDI: 9.81, 10.32, 11.74, 13.38, 13.88, 14.28, 15.13, 15.67
- IPCA: 4.51, 4.55, 5.03, 4.16, 4.50, 3.74, 5.58, 5.33
- URTJ: 1.80, 1.80, 1.67, 2.40, 4.39, 5.26
- RGR/Others: 50.7, 45.4, 43.8, 47.4, 50.5, 48.4

**Net debt**

- Ebitda: 2012 - 2016
- Stockholders’ equity + Net debt: 2014 - Jun-16
Superior credit capacity

In October 2016

**Fitch Ratings**

<table>
<thead>
<tr>
<th>Investment Grade</th>
<th>Speculative Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>BB+</td>
</tr>
<tr>
<td>AA+</td>
<td>BB</td>
</tr>
<tr>
<td>AA</td>
<td>BB-</td>
</tr>
<tr>
<td>AA-</td>
<td>B+</td>
</tr>
<tr>
<td>A+</td>
<td>B-</td>
</tr>
<tr>
<td>A</td>
<td>CCC</td>
</tr>
<tr>
<td>A-</td>
<td>CC</td>
</tr>
<tr>
<td>BBB+</td>
<td>C</td>
</tr>
<tr>
<td>BBB</td>
<td>C</td>
</tr>
<tr>
<td>BBB-</td>
<td>RD/D</td>
</tr>
</tbody>
</table>

**Credit Capacity**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Company</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>A(bra)</td>
<td>Cemig H, Cemig GT and Cemig D</td>
<td>National Scale</td>
</tr>
<tr>
<td>Baa1.br</td>
<td>Cemig H, Cemig GT and Cemig D</td>
<td>National Scale</td>
</tr>
<tr>
<td>B1</td>
<td>Cemig H, Cemig GT and Cemig D</td>
<td>Global Scale</td>
</tr>
</tbody>
</table>

**Standard & Poor’s**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Company</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>brA</td>
<td>Cemig H, Cemig GT and Cemig D</td>
<td>National Scale</td>
</tr>
<tr>
<td>BB-</td>
<td>Cemig H, Cemig GT and Cemig D</td>
<td>Global Scale</td>
</tr>
</tbody>
</table>

**Solid fundamentals assured by excellent financial management, stable profitability, strong cash generation and robust corporate governance.**
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
Strong shareholders base assures liquidity

Average daily trading volume of shares in 2016
**Bovespa:** R$54.1 million
**NYSE:** US$9.7 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)**

### Total Shares

- **Common - ON**
  - 420,764 thousand
- **Preferred - PN**
  - 838,076 thousand
- **Free float**
  - 206,187 thousand (49%)
  - 826,957 thousand (98.7%)
- **ADR CIG.C**
  - 462 thousand
- **ADR CIG**
  - 284,918 thousand

### Share Nominal Value

- Share nominal value = R$5.00

### ADR

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

### Shareholders

- **MG government**
- **AGC Energia SA**
- **Local Investors**
- **International Investors**
Brazilian National Grid: projections made in 2015 for 2015–19

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.
Level of reservoirs (%) by region (%)*

*Source: ONS
Brazil: electricity spot price - monthly average (R$/MWh)

Spot price
Investor Relations

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