ANNUAL AND SUSTAINABILITY REPORT 2013

2.8 LA1 LA7 LA10 EU1 EU4 EU28 EU29 EN8 EN16 EN30

Financial data (Economic Dimension - in R$) are consolidated according to the IFRS standard. The other data refer to the controlling company (holding) Cemig – Companhia Energética de Minas Gerais S.A. and its wholly-owned subsidiaries: Cemig Distribuição S.A. (Cemig D) and Cemig Geração e Transmissão S.A. (Cemig GT) in accordance with the Global Reporting Initiative - GRI

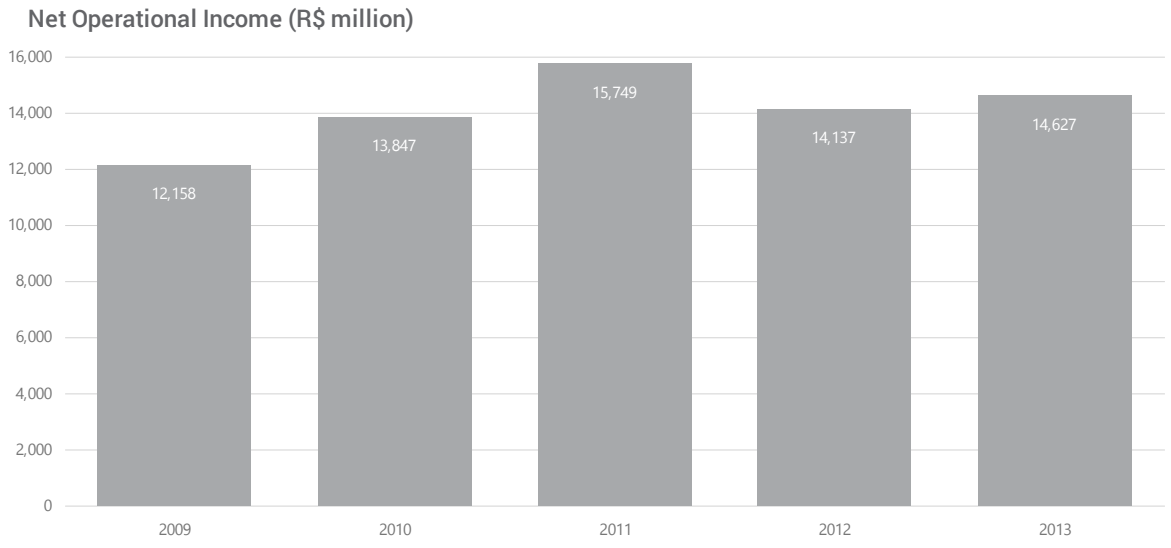
For more information on the GRI methodology, please visit the website: www.globalreporting.org.

GENERAL DATA	2009	2010	2011	2012	2013
Number of consumers - in thousands The chart with the number of consumers per category is described under the item "Cemig's Market".	6,833	7,065	7,336	7,535	7,781
Number of employees	9,746	8,859	8,706	8,368	7,922
Number of municipalities served	774	774	774	774	774
Concession area - km² Contemplates changes in previous years, reflecting only the concession area of Cemig Distribuição.	567,478	567,740	567,740	567,740	567,478
FEC - Number of interruptions	6.76	6.56	7.01	7.04	6.26
DEC – Hours of interruption	14.09	13.00	14.32	14.74	12.49
Number of plants in operation Figures for Cemig.	65	66	66	70	70
Installed capacity - MW Consolidated Cemig figures, proportionally including the stakes held in controlled / affiliated companies, contemplating changes in previous years for compatibility with the new criteria.	6,754	6,896	6,964	7,032	7,158
Extension of transmission lines - km Consolidated Cemig figures, proportionally including the stakes held in controlled / affiliated companies, contemplating changes in previous years for compatibility with the new criteria.	7,506	8,768	8,794	9,413	9,748

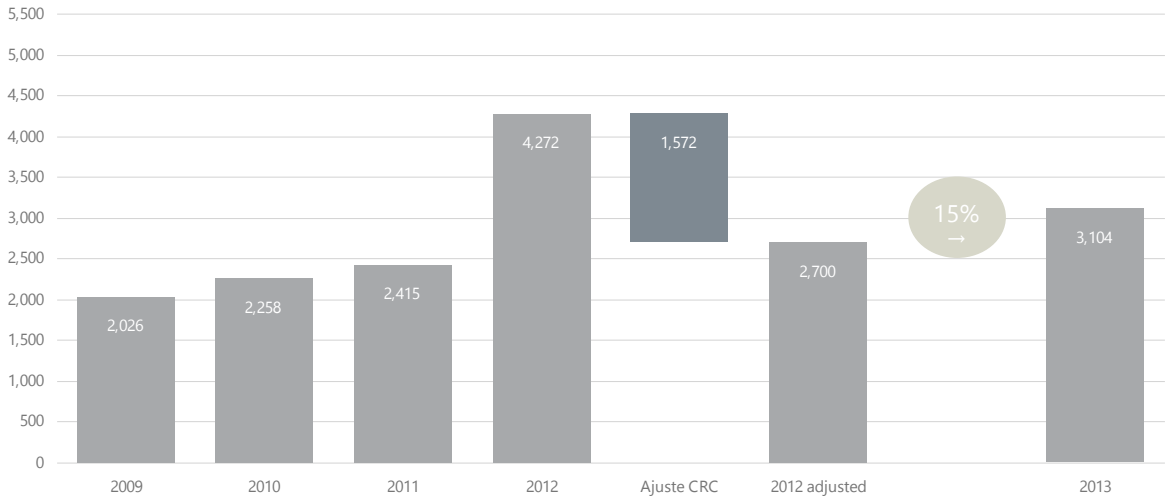
Extension of subtransmission lines - km		16,959	16,835	16,915	17,594	17,218
Extension of distribution network – km	Total	450,316	453,935	467,679	480,932	486,045
	Urban	96,971	91,465	93,823	96,182	98,175
	Rural	353,345	362,470	373,856	384,750	387,870
Economic Dimension		2009	2010	2011	2012	2013
Net operational revenues - R$ million		12,158	12,863	15,749	14,137	14,627
Ebitda - R$ million		4,588	4,543	5,351	5,084	5,983
Net profit (loss) - R$ million		2,134	2,258	2,415	4,272	3,104
Stockholders' equity - R$ million		11,166	11,476	11,745	12,044	12,638
Market cap (R$ million)		19,595	18,220	22,694	19,292	17,629
Dividends paid (R$ million) Dividend amount for 2012 to be proposed at the General Shareholders' Meeting on April 30, 2014.		944	1,196	2,036	2,918	2,818
Dividend Yield (%)		10.4	12.4	11	22	9.2
Environmental Dimension		2009	2010	2011	2012	2013
Resources invested in the environment - R$ million [EN30] Total resources invested in the environment destined for operation, maintenance, and new ventures.		88.4	80.3	107.5	152.0	181.8
Fleet fuel consumption (GJ)		232,491	217,553	198,640	180,407	169,470
Installed capacity free of GHG emissions (%)		97.2	97.2	97.2	97.3	97.3
Total water consumption - m³ [EN8] Total water consumed for administrative and industrial purposes.		1,658,341	1,846,281	1,597,078	1,449,756	1,313,486
Direct CO_2 emissions - metric tons [EN16]		111,758	59,922	24,506	53,573	146,101
R&D investments on the environment (R$ million)		0.7	0.8	2.5	6.6	10
Social Dimension		2009	2010	2011	2012	2013
Average number of hours of training per employee		72.43	75.66	43.18	35.50	69.6

Total resources invested in social responsibility - R$ million Sum of resources invested in External Social Indicators and Total Internal Social Indicators For further information, see the Social Responsibility Report.	45,365	77,440	75,074	115,023	83,234
Accident frequency rate - own employees Number of accidents resulting in injuries with time lost, per 200,000 hours worked.	0.51	0.41	0.25	0.23	0.34
Accident frequency rate - contracted employees 10 Number of accidents resulting in injuries with time lost, per 200,000 hours worked.	0.96	0.60	0.79	0.51	0.45

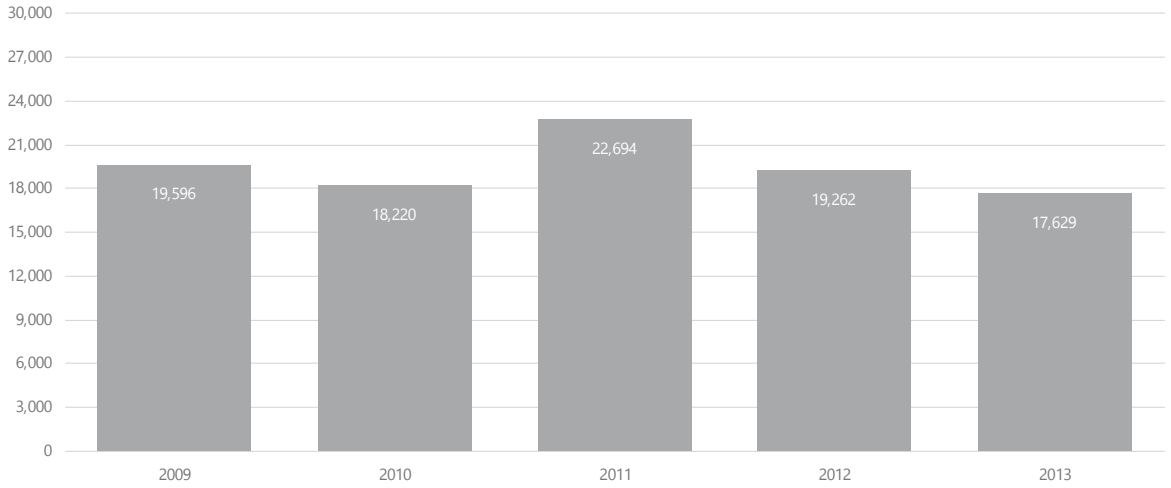
MAIN GRAPHICS



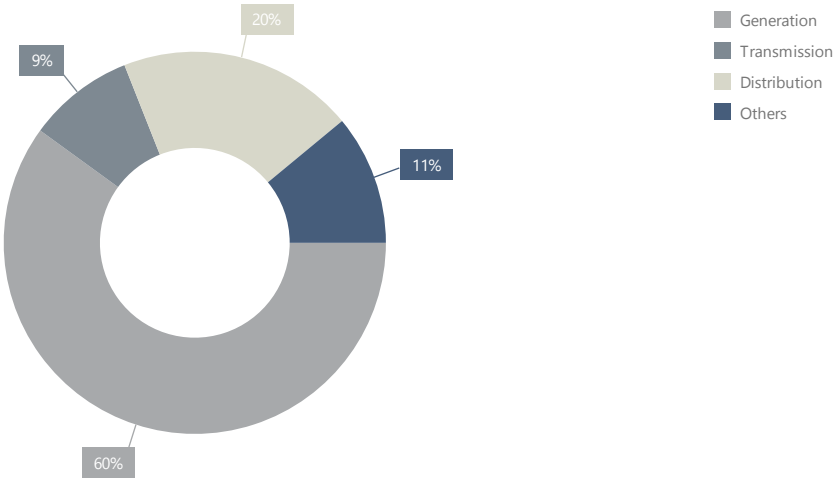
Net Profit (R$ million)



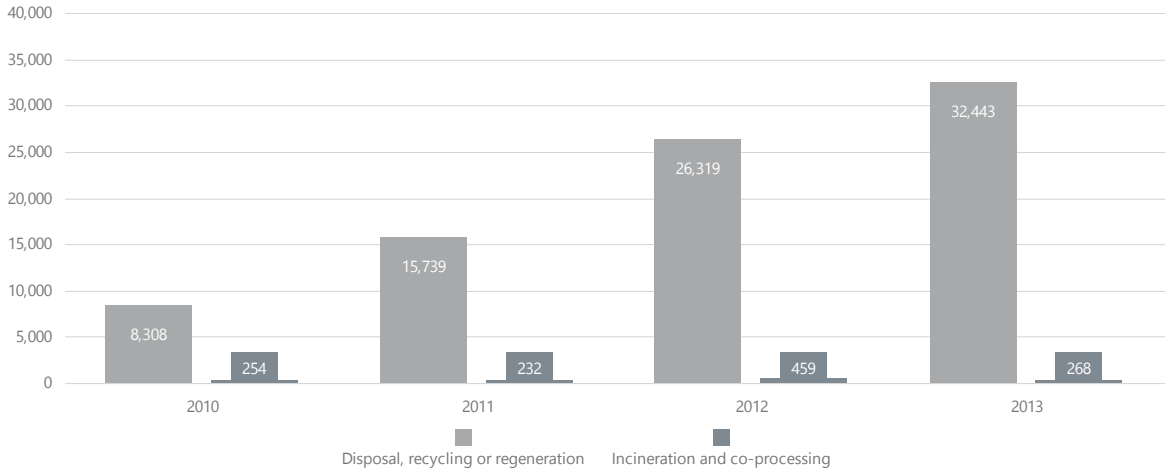
Market Value (R$ Millions)



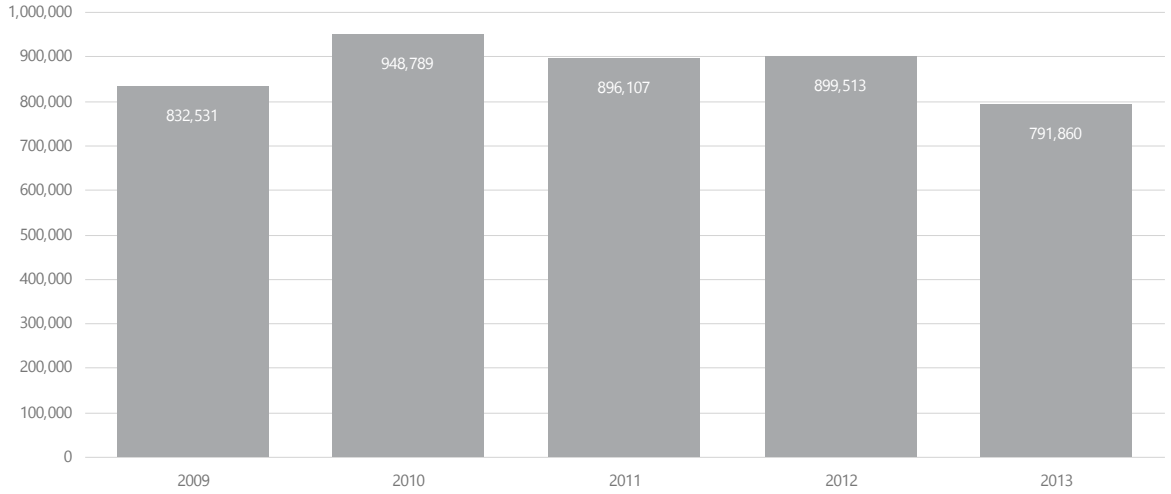
Net Profit by Segment



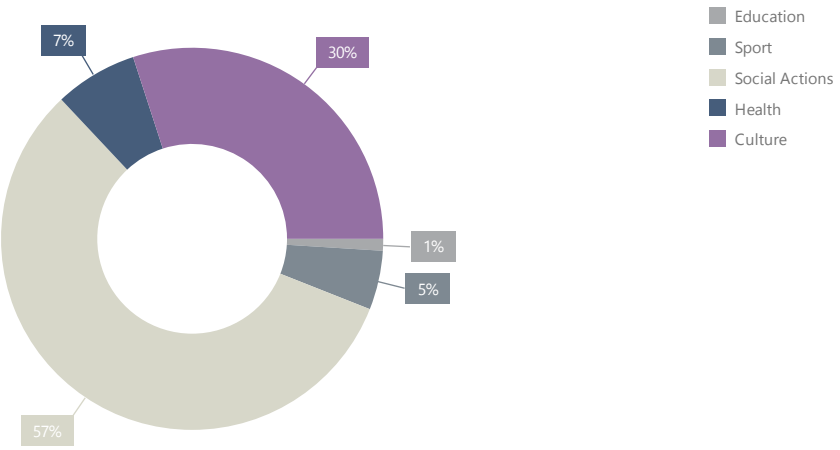
Final Disposal of Residues (t)



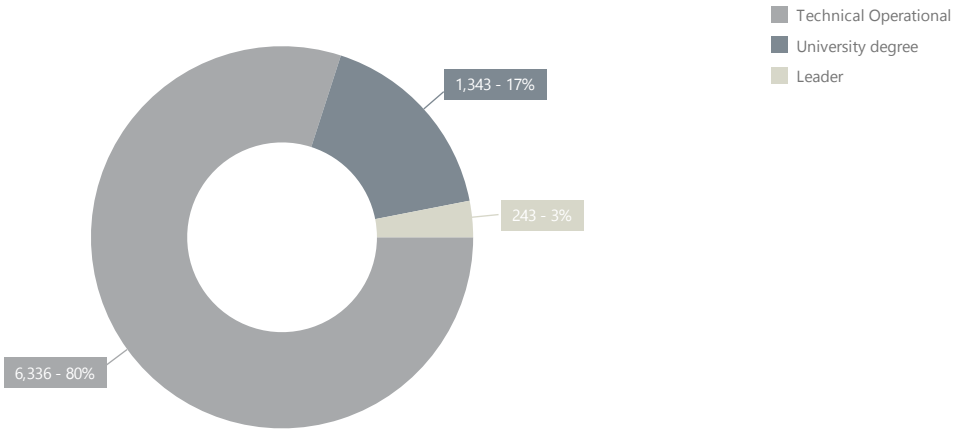
Industrial Water Consumption (m³)



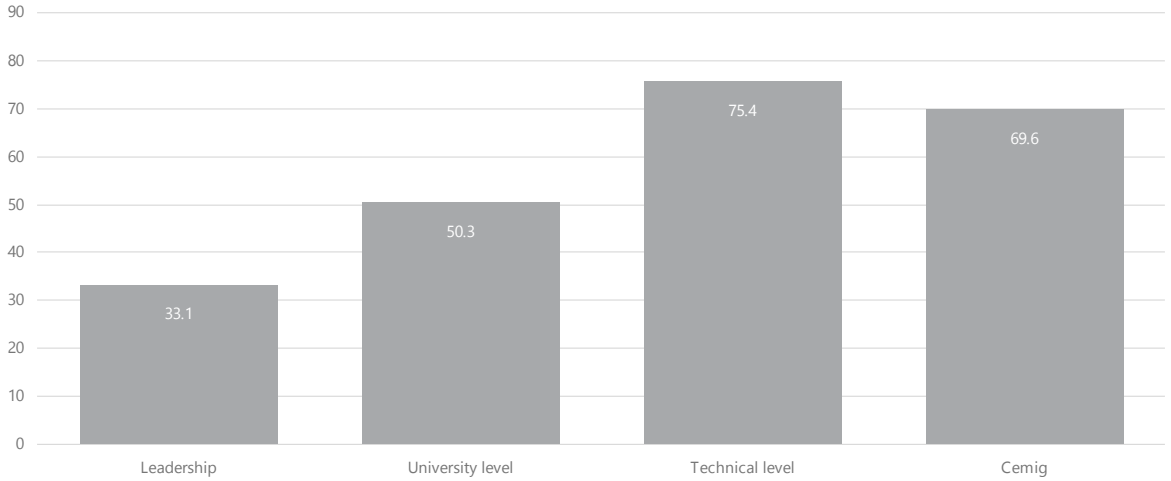
Social Investment Areas



Employees by Category



Average hours of training per category



INTRODUCTION

This Annual Sustainability Report has been prepared to provide information in a single document about Cemig's performance in its various fields of activity. This report is published annually and this edition refers to the 2013 fiscal year. It is primarily a comprehensive corporate instrument for dialoguing with the public audiences interested in the Company's performance and activities. It also serves as a management tool for Cemig to show the development of indicators and metrics under the responsibility of its many areas.

All accounting data of the Company's Financial Statements disclosed in this report were previously audited by Deloitte Touche Tohmatsu Auditores Independentes in accordance with International Financial Reporting Standards - IFRS and are available on Cemig's website.In addition to an audit of the economic-financial data in the report, Cemig promoted an independent verification of the

3.9 3.10 3.11 3.13

other information, especially GRI and Global Impact indicators, by Bureau Veritas Certification in order to guarantee the quality of the data.

If any of the information in previous reports has been revised, whether it is because of accounting re-classifications or revisions to measuring methods, the data will have explanations for the changes in order to facilitate understanding.

In order to meet the growing demand of stakeholders, commentary on the main companies that comprise Cemig's holdings, as well as the strategic activities for each one, have been included in this version of the report. The aim is to provide the reader with a better understanding of how the actions of these companies contribute to the Group reaching its strategic goals. In addition, we have included the major projects and programs undertaken, as well how they benefit Cemig and/or stakeholders.

In this report, Cemig sought to highlight the importance of the relationship with its Residential and Corporate Customers, Investors and Shareholders, Internal Public, Suppliers, Communities, and issues related to the environment and social responsibility with the aim of always considering the strategic objectives of the Corporation when implementing any actions. Another development is the availability of the complete Annual Report for 2013 on line via Cemig's website and in tablet version.

Any questions regarding this report may be directed to the Corporate Sustainability Superintendence or Investor Relations Superintendence (contact information can be found on the back cover of this report).

LIMITS OF THIS REPORT

3.5 3.6 3.7 3.8

The accounting data presented in this report refer to the companies in which Cemig – Companhia Energética de Minas Gerais - has a stake, unless otherwise noted. The accounting data were consolidated proportionately in accordance with the criteria established in Brazilian legislation (for further details, please see Explanatory Note Nr. 3 in the Standardized Financial Statements on the company's website). The name **Cemig** is used to refer to the following companies: Cemig Distribuição S.A., Cemig Geração e Transmissão S.A., and Companhia Energética de Minas Gerais. The terms **Group and Company** are used as synonyms of "Cemig", except when mentioned in the text. The name **Companhia Energética de Minas Gerais** is used to refer to the employees or to those operations carried out explicitly within the scope of the "controlling" company, that is, not including subsidiary companies.

This report contains more information about Light, Taesa and Renova, companies that Cemig participates in managing despite only being a minority shareholder. However, these companies issue their own reports with complete quantitative and qualitative information. Such mentions are due to the importance of the contribution of these companies to the Cemig Group's attainment of its strategic objectives. With regard to the huge hydroelectric power plants in the northern region of the country, Santo Antônio HPP and Belo Monte HPP, Cemig is a minority shareholder and does not participate in their operational management or have a controlling stake. However, this report includes information to explain their relevance to the Company's strategy. It is worth mentioning that the respective building consortia are responsible for the programs and projects of these enterprises. Although this report contains more information about these subsidiaries than the report from the previous year, the scope has not changed.

GRI PRINCIPLES ADOPTED IN THE REPORT DRAFTING PROCESS

3.5 4.14 EU19

To ensure transparency in the process of reporting sustainability, Cemig has adopted GRI - Global Reporting Initiative – methodology, version 3.1, which recommends several principles be applied, namely the inclusion of stakeholders, sustainability context, materiality, completeness, balance, comparability, accuracy, timeliness, clarity, and reliability. Additionally, all indicators and information from the GRI Sector Supplement for the Electric Sector have been included, as well as the progress in complying with the ten principles of the Global Impact.

Bureau Veritas Certification carried out independent auditing between December 2013 and March 2014 in order to appraise the Annual and Sustainability Report against the GRI principles and indicators. See the Declaration of Independent Verification in the appendix at the end of this report.

In the 2013 Annual and Sustainability Report, all GRI and essential indicators were met, beyond those thatare part of thesector supplementfor the utility sector, thereby ensuring that the Company continues with the highest level of adherence to GRI guidelines. A+. This classification means that the report meets all essential guidelines and was independently verified.

MATERIALITY MATRIX

4.14 4.15 4.16 4.17

The main subjects addressed in this report are part of the management strategy, especially the Company's sustainability strategy, and were defined according to the materiality results for 2013.

With the objective of understanding how internal and external stakeholders would be involved in determining these subjects, Cemig developed the Materiality Matrix, according to GRI G3.1 methodology and incorporated guidelines from the new methodology of GRI-G4.

Through the institutional process called Stakeholder Mapping, the Company identified the following relationship groups as stakeholders:

- Government
- Shareholders and Investors
- Residential Customers
- Corporate Customers
- Communities (NGOs, society, universities and research centers, etc.)
- Employees
- Suppliers
- Media

For each group, it was identified the most addressed topics in various information sources. To do this, there was a selection of sources considered important to Cemig or its stakeholders, which contain accurate and reliable information about the company, present various stakeholders' expectations, complaints, and questions about the company, consolidate the company's research findings, besides information from media and documents internally published.

Thus, the following sources were selected: sustainability rating agencies, Cemig's strategic planning and master plan, ombudsman, customer service, media analysis, research findings on organizational climate, overall results of the materiality test conducted in 2012 and specific to community, suppliers, and industry experts groups, analysis of global trends in sustainability and

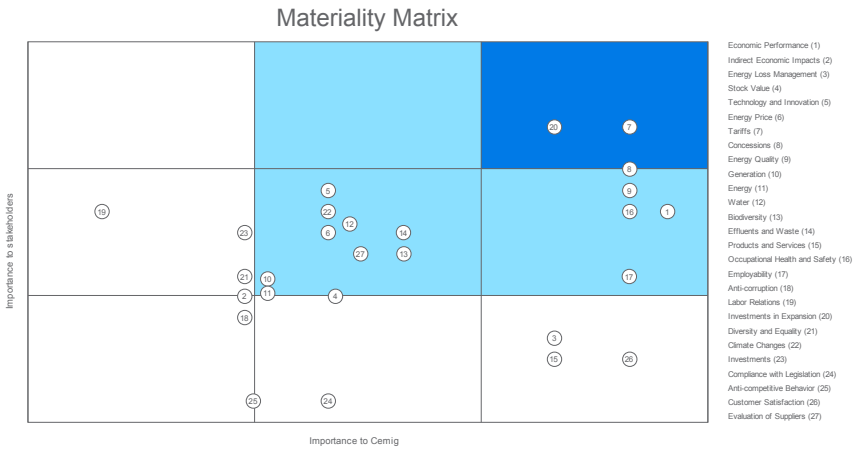
results from research with external stakeholders.

Material themes were divided into two groups: Importance to Cemig and Importance to Stakeholders. Priority was determined by considering the degree to which each source represents Cemig and its stakeholders.

The themes Corporate Governance, Strategy, Risk Management, Ethics, Alternative Energy, and those related to the ten Global Compact's principles were not included in the Materiality Matrix. However, since they are important to some stakeholders and Cemig, it was decided to include them in this report.

The following chart shows the Materiality Matrix. The themes are divided into quadrants by degree of relevance according to the correlation between the perception of stakeholders and Cemig itself. The themes in the upper right quadrant (dark blue) were considered as the most relevant to both Cemig and stakeholders. So naturally, these themes were given priority in the report and in the company's strategy. The themes in the adjacent quadrants (light blue) were considered as important, and together with the previously mentioned quadrant, they are the themes directly linked to the Company's sustainability strategy.

The themes in the left quadrants and bottom row were considered as less relevant to Cemig and/or stakeholders.



The following table indicates where the materiality matrix themes in this report are addressed, and which indicators they refer to:

THEMES	WHERE THEY ARE ADDRESSED	GRI INDICATORS
1 - Economic performance	Financial Results	EC1 EC2 EC3 EC4
2 - Indirect economic impacts	Community	EC9
3 – Energy loss management	Customers and Consumers / Loss Management	EU11
4 - Stock value	Financial Results / Capital Markets	–
5 - Technology and innovation	Strategy	EU6 EC2
6 - Energy price	Customers and Consumers	EC1 EC2
7 - Tariffs	Customers and Consumers	EC1 EC2
8 - Concessions	Strategy	EU6
9 - Energy quality	Customers and Consumers	EU11 EU12
10 – Generation	Strategy	EU6
11 - Energy	Environment	EN3 EN4 EN5 EN6 EN7
12 - Water	Environment	EN8 EN9 EN10
13 - Biodiversity	Environment	EN11 EN12 EU13 EN13 EN14 EN15
14 - Effluents and waste	Environment	EN16 EN17 EN18 EN19 EN20 EN21 EN22 EN23 EN24 EN25
15 – Products and services	Strategy	EN26 EN27
16 – Occupational health and safety	Internal Public	LA6 LA7 LA8 EU16
17 – Employability	Internal Public	LA10 LA11 HR3 EU14 EU18
18 – Anti-corruption	Internal Public	LA4 LA5 LA9 HR5
19 – Labor Relations	Internal Public	LA4 LA5 LA9 HR5
20 – Investments in expansion	Strategy	EC8
21 - Diversity and equality	Internal Public	HR4
22 – Climate changes	Environment	EU11 EN16 EN17 EN18 EN19 EN20
23 - Investments		EC8
24 – Compliance with legislation		SO7 SO8
25 - Anti-Competitive Behavior	Internal Public	LA1 LA2 LA3 LA13 LA14 EC5 EU15
26 – Customer satisfaction	Customers and Consumers	PR5
27 – Evaluation of suppliers	Suppliers	HR1 HR2 HR6 HR7

Throughout the report, the material issues are presented in more detail including qualitative and quantitative information and their relation to the business strategy and stakeholders, if applicable.

LEGENDS OF THE REPORT

The Remissive Index of GRI Indicators and Global Compact Principles, which can be found at the end of this report presents a summary of all available information, organized in synthetic manner.

The contents of this report relating to GRI Indicators and Global Compact principles feature highlighted markings throughout the text, which make their location or association with the indicator or corresponding principle easier.

GLOSSARY

In order to provide a better understanding of the terms featured in this report, Cemig has made available a glossary, which can be accessed on the company's website at: http://ri.cemig.com.br/static/enu/glossario.asp?idioma=enu.

MESSAGE FROM THE ADMINISTRATION

1.1

Once again, we ended the year that the task was completed, adding value to our shareholders, and through our actions, reaffirming our role as a consolidator company in the Brazilian electricity sector.

We knew we would have challenges in 2013 in view of the tariff revision of Cemig Distribuição and the decrease in our transmission revenues due to compensation criteria established in MP 579, as well as the expiration of the 1st concession period of our Jaguara power plant, which we will have to discuss extending for an additional period, as provided for in our concession contract. However, despite these challenges, we made a profit of over R$ 3.1 billion in 2013. Although there was a profit of R$ 4.3 billion in the previous year, which would indicate a decrease in our performance, we should note that the profits of the previous year were the result of an extraordinary event, the early settlement of the CRC contract. Excluding this non-recurring event, our performance has improved over the previous year, which indicates Cemig's continued growth. These results represent an earnings per share of R$ 2.47, where we paid R$ 4.6 billion in dividends in 2013 resulting in a dividend yield of 9.9%. With lower interest rates expected over the long term, these figures reported by Cemig make our actions an investment with an attractive return for our thousands of shareholders.

Despite the good results, our actions in 2013 were further affected by regulatory uncertainties in the electricity sector due to the effects of MP 579 and the capital outflow from emerging markets including Brazil in pursuit of bonds with a perceived lower risk, especially government bonds from the United States. Even in this unfavorable scenario, our common shares showed a positive variation of 4.0% and preferred shares fell 0.2% in 2013, compared to drops in the Ibovespa and the

Electricity Sector Index of 15.50% and 8.83% respectively.

With regard to new investments, a number of significant events occurred for our Company in 2013. A highlight in the renewable energy area is the acquisition of 51% of Brasil PCH, an investment of R$ 740 million, and an investment agreement that will give Cemig GT, our wholly owned subsidiary, a controlling stake in Renova Energia, which will enable this Company to implement a significant investment program in the coming years and consolidate our position as one of the major participants among Brazilian conglomerates in the renewable energy market.

We would also like to highlight the partnership with Vale S.A. to generate assets through a new company called Aliança Geração de Energia S.A., which was created with combined assets of over R$ 4 billion. With this partnership, we increase the potential to generate new business and maximize results in the energy generation area through the combination of experience in operational, financial, and project management.

In the energy distribution area, Cemig Distribuição reported R$ 884 million in investments in 2013, with investments of R$ 3.7 billion planned for the period between 2013 and 2017.

We also want to emphasize our commitment to society by improving the quality and reliability of service to our customers. The duration of service interruptions of Cemig Distribuição customers as calculated through the DEC Index was 12.49 hours in 2013 compared to 14.74 hours in 2012, an improvement of 15.26%. Moreover, the frequency of interruptions as measured by the FEC, which was already below the minimum levels required by the Regulatory Agency, also improved going from 7.04 interruptions in 2012 to 6.26 in 2013, an improvement of 11.08%.

Growth, consistent financial results, and commitment to providing our customers with quality service represent the materialization of our strategic vision, based on principles of sustainability and social responsibility, which is also evident by Cemig being selected for the 14th consecutive year in the Dow Jones Sustainability Index.

Cemig was also selected in 2013 to be part of the UN Global Compact Index, the Global Compact 100 (GC100), which lists a hundred global companies committed to corporate sustainability linked to better performance in capital markets. This form of action demonstrates Cemig's commitment to aligning its strategy with the principles of the Global Compact agreement.

In 2014, there will be major challenges once again for our Company and the Brazilian electricity sector. The low reservoir levels of power plants in late 2013 and early 2014 increased energy prices in the wholesale market to above R$ 800.00/Mwh putting pressure on the cash flow of distribution companies because of the significant cost of purchasing energy. This situation makes it essential for the federal government and regulatory bodies to provide support in building solutions to maintain the economic-financial balance of companies in the sector and enable the settlement of transactions between electric distribution and generation companies.

In this scenario, the rainfall in the coming months in comparison with the historical averages will be a factor in determining energy policy and prices for 2014.

Also, the Soccer World Cup will be held in 2014. The electricity sector has an important role to play in this world-level event by supplying reliable power during the period of the games.

Before ending, we would like to thank our employees, whose professional expertise is recognized nationwide. It is the commitment, expertise, and talent of all our collaborators that make Cemig "the best energy company in Brazil".

Our results were only possible with the support of all company shareholders, who we would like

thank for their support and trust throughout the year.

4.2

Executive Board +

DJALMA BASTOS DE MORAIS
CEO President

ARLINDO PORTO NETO
Vice President

FERNANDO HENRIQUE SCHÜFFNER NETO
Chief Business Development Officer

FREDERICO PACHECO DE MEDEIROS
Chief Corporate Management Officer

JOSÉ CARLOS DE MATTOS
Chief Natural Gas Officer

RICARDO JOSÉ CHARBEL
Chief Distribution and Commercialization Officer

JOSÉ RAIMUNDO DIAS FONSECA
Chief Commercial Officer

LUIZ FERNANDO ROLLA
Chief Finance and Investor Relations Officer

LUIZ HENRIQUE DE CASTRO CARVALHO
Chief Generation and Transmission Officer

LUIZ HENRIQUE MICHALICK
Chief Institutional Relations and Communications Officer

MARIA CELESTE MORAIS GUIMARÃES
Chief Legal Officer

Board of Directors +

Effective Members

DOROTHEA FONSECA FURQUIM WERNECK

DJALMA BASTOS DE MORAIS

WANDO PEREIRA BORGES

ARCÂNGELO EUSTÁQUIO TORRES QUEIROZ

TADEU BARRETO GUIMARÃES

JOÃO CAMILO PENNA

JOAQUIM FRANCISCO DE CASTRO NETO

FUAD JORGE NOMAN FILHO

GUY MARIA VILLELA PASCHOAL

EDUARDO BORGES DE ANDRADE

OTÁVIO MARQUES DE AZEVEDO

RICARDO COUTINHO DE SENA

PAULO ROBERTO RECKZIEGEL GUEDES

SAULO ALVES PEREIRA JUNIOR

Alternate Members

PAULO SÉRGIO MACHADO RIBEIRO

LAURO SÉRGIO VASCONCELOS DAVID

MARCO ANTONIO RODRIGUES DA CUNHA

FRANKLIN MOREIRA GONÇALVES

LEONARDO MAURÍCIO COLOMBINI LIMA

GUILHERME HORTA GONÇALVES JÚNIOR

ADRIANO MAGALHÃES CHAVES

LUIZ AUGUSTO DE BARROS

CHRISTIANO MIGUEL MOYSÉS

TARCÍSIO AUGUSTO CARNEIRO

BRUNO MAGALHÃES MENICUCCI

MARINA ROSENTHAL ROCHA

NEWTON BRANDÃO FERRAZ RAMOS

JOSÉ AUGUSTO GOMES CAMPOS

Audit Board +

Effective Members

ARISTÓTELES LUIZ MENEZES VASCONCELLOS DRUMMOND

LUIZ GUARITÁ NETO

THALES DE SOUZA RAMOS FILHO

LAURO SANDER

HELTON DA SILVA SOARES

Alternate Members

MARCUS EOLO DE LAMOUNIER BICALHO

ARI BARCELOS DA SILVA

ALIOMAR SILVA LIMA

SALVADOR JOSÉ CARDOSO DE SIQUEIRA

BRUNO GONÇALVES SIQUEIRA

2013 Highlights

2.10

- Listed in the Dow Jones Sustainability Index for the 14th consecutive year
- 2nd consecutive year in the Dow Jones Emerging Markets Index
- Selected to be part of the new UN Global Compact Index - Global Compact 100 (CG 100)
- Recognized by the CDP for the 2nd consecutive year as one of the Ten Brazilian Companies with the highest "Transparency" ratings for releasing information related to climate change.
- Classified in the Bovespa Corporate Sustainability Index - ISE for the 9th consecutive year
- Best of the Biggest Utility Companies 2013 Award in the Electric Energy category
- 'Reclame Aqui' Service Quality Award
- 1st place in the Abrasca Best Annual Reports Award
- 1st place in the ET Carbon Ranking Lader Award by the ET Carbon Ranking (UK) - Brics 300 (Environmental Investment Organization)
- Selected to participate in the BM&FBovespa ICO2 Index for the 4th time
- Cemig is voted as the 3rd most prestigious brand in Minas Gerais in a survey conducted Grupo Troiano de Branding.
- Rated as BB+ on the global scale and brAA+ on the national scale by the Standard & Poor's credit rating with a stable outlook for both.
- Voted among the 10 most sustainable utilities in the world by Corporate Knights - Canada

Market presence:

- Operates in 22 states in Brazil, Federal District, and Chile
- Has 21.9% of free consumers market in Brazil
- Shares traded on the BM&FBovespa and stock exchanges in New York and Madrid
- More than 120 thousand shareholders in 40 countries

BRIEF HISTORY

In 2013, Cemig celebrated its 61st anniversary. Since its founding on May 22, 1952, the company has assumed the role of taking collective welfare to the regions where it operates in an innovative and sustainable manner. This determination has led it to become the largest electricity distributor on transmission lines and networks and grow into one of the largest energy generation and transmission companies in the country.

Learn more about Cemig's history.

MISSION, VISION AND VALUES

4.8

Cemig's management area has a foundation based on the guidelines expressed in the mission, vision, and values in the Master Plan and the Company's Strategic Plan.

The Company's **Mission** is **"**To operate in the energy sector with profitability, quality and social responsibility,"

Its **Vision** is to **"**Consolidate itself in this decade as the largest group in the domestic electric energy industry in terms of market value, with operations in the gas market, world leader in sustainability, admired by its clients and recognized for its solidity and performance".

The organizational values represent the beliefs and attitudes that give personality to Cemig's relationship with people and are sustained by Integrity, Ethics, Wealth, Social Responsibility, Enthusiasm at Work, and Entrepreneurial Spirit.

ETHICAL CONDUCT

4.8 | 4.9 | HR3 | SO2 | SO3 | PG10

In its Declaration of Ethical Principles and Code of Professional Conduct, Cemig consolidates 11 ethical behaviors and values incorporated into the Company's culture, which demonstrates the improvements to the internal corporate governance system and the priority given to corporate transparency.

They govern the professional behavior, actions, and decisions of employees, contractors, service providers, managers, directors, and members of the Board of Directors and Audit Board.

Cemig's Anti-fraud Policy also aims to ensure that the Company conducts its activities based on the highest expectations regarding the ethical behavior of its Managers, Collaborators and Suppliers, and non-acceptance of the practice or concealment of Fraud and Corruption in any form. Through its Anti-Fraud Policy, the Company confirms its commitment to developing and maintaining control systems, norms, procedures, standards and activities aimed at the prevention, detection, reporting and effective combat of irregular practices. Cemig also stresses its commitment to the principles of the United Nations - UN Global Compact in relation to the matter, especially Principle 10 – "Fight Corruption in all its forms, including blackmail and bribery", which is incorporated into Cemig's Booklet on Corporate Social Responsibility.

All employees, managers and administrators, when assuming their position or upon signing the employment contract, solemnly commit and declare, in writing, that they know, comply with, and accept the values and principles in Cemig's Declaration of Ethical Principles and the Code of Professional Conduct.

In 2013, about 300 interns and 669 newly hired employees made the commitment and attended the "First Energy" training session where the "Declaration of Ethical Principles and Code of Professional Conduct" was presented, representing 8.44% of trained professionals and 16,056 dedicated hours.

CHANNEL FOR INQUIRIES AND WRONGDOING REPORTING

SO4

The Company ensures the maintenance of internal and external relationship channels to handle inquiries and reports of wrongdoing. These channels are available to society, customers, suppliers, investors, and employees. They handle both anonymous and identified reports of irregular practices

or practices that are considered illegal and contrary to Cemig's "Declaration of Ethical Principles and Code of Professional Conduct" and/or the "Code of Ethical Conduct for Public Officers and Upper Administration of the State".

In order to receive reports of wrongdoing from the external public, Cemig has a service line connected to the Ombudsman office, http://www2.cemig.com.br/ouv20a/Default.aspx, which counts among its responsibilities the duty of receiving and analyzing suggestions, complaints, compliments, and reports of wrongdoing from customers related to Cemig's activities. These are then forwarded through the procedures necessary to resolve the problem cited, with feedback provided to interested parties, in order to guarantee their rights and timely handling of the issues presented. Information on customers who have been in contact with the Ombudsman Office is available under the item, 'Consumer Satisfaction', in the 'Customers and Consumers' chapter of this report.

External reports of wrongdoing received by the Ombudsman office that do not fall under the competence of this body are registered with the Whistleblower's Line and follow the normal path through the Ethics Commission. The main task of the Commission is to monitor compliance with the values, principles, and responsibilities in Cemig's Declaration of Ethical Principles and Code of Professional Conduct, whilst also observing the Code of Ethical Conduct for Public Officers and Upper Administration of the State. In addition, when performing its duties, the Commission gives equal weight to the principles of the Global Compact. The Ethics Commission can be reached by e-mail at comissaodeetica@cemig.com.br or by phone at +55 (31) 3506-7744.

In 2013, the Ethics Committee received and forwarded 145 reports of wrongdoing. In this same period, 148 reports were investigated. No cases of corruption involving Cemig and its controlled and affiliated companies were identified through an internal audit or the Whistleblower's Line in the year of 2013.

For more information, access here.

The operation of the Whistleblower's Line and the management of the Declaration of Ethical Principles and Code of Professional Conduct are subject to annual evaluation by means of an external audit, performed as part of the process of certifying the internal controls in accordance with the Sarbanes-Oxley Act (SOX).

By having securities traded on the US Exchange, Cemig is obliged to comply with the laws of that market.

Internal Audit and Anti-fraud Policy

Cemig has an Anti-fraud Policy, in line with the requirements of the American Sarbanes-Oxley Act, which formalizes that Cemig does not accept the practice or concealment of Fraud and Corruption, in all their forms, including bribery, extortion, kickbacks, and money laundering. This Policy also establishes the responsibilities of the Administrators, Management Body, and Company collaborators in its wholly owned and controlled subsidiaries.

The focus of the work performed through Cemig's Internal Audit is to conduct preventive audits of the controls in place for various processes, in order to comply with the Sarbanes-Oxley Act, Normative Instruction No. 14/2008 of the Accounting Court of the Minas Gerais State (which assesses the legality of companies' practices with regard to budget, financial and asset management), and Cemig's Norms and Procedure Instructions, in accordance with the best Corporate Governance practices and the Declaration of Ethical Principles and Code of Professional Conduct.

All of the Company's subsidiaries and affiliates are included in the Triennial Internal Audit Plan. The processes and companies that are audited for the year are determined by assessing the risks they represent to Cemig's businesses and financial statements. Specific risks related to fraud are among the risk factors assessed. All risk factors are reviewed annually in the audit work-planning phase to identify any changes in processes or new events that could bring uncertainty to the business. Every three years, 100% of the company's processes are audited.

CEMIG'S MAIN BUSINESSES

The main areas of Cemig's businesses are generation, transmission and distribution of electric energy and energy solutions. The company also has operations in the areas of exploration and distribution of natural gas and data transmission.





GENERATION	TRANSMISSION	DISTRIBUTION	NATURAL GAS	COMMERCIALIZATION
Installed Capacity: 7,038 MW	Extension of lines: 9,748 km	Extension of networks: 484,469 km	1,488 million cubic meters (m^3) of gas sold in 2013	21.9% of market share

Cemig has 7,922 direct employees (Dec/2013). In addition to the holding company, Companhia Energética de Minas Gerais – Cemig, the Cemig group comprises the wholly-owned subsidiaries Cemig Geração e Transmissão S/A (Cemig GT), Cemig Distribuição S/A (Cemig D) and a number of subsidiaries (151), consortia (18) and an equity fund, with assets in 22 states in Brazil including the Federal District (reference date 2013).

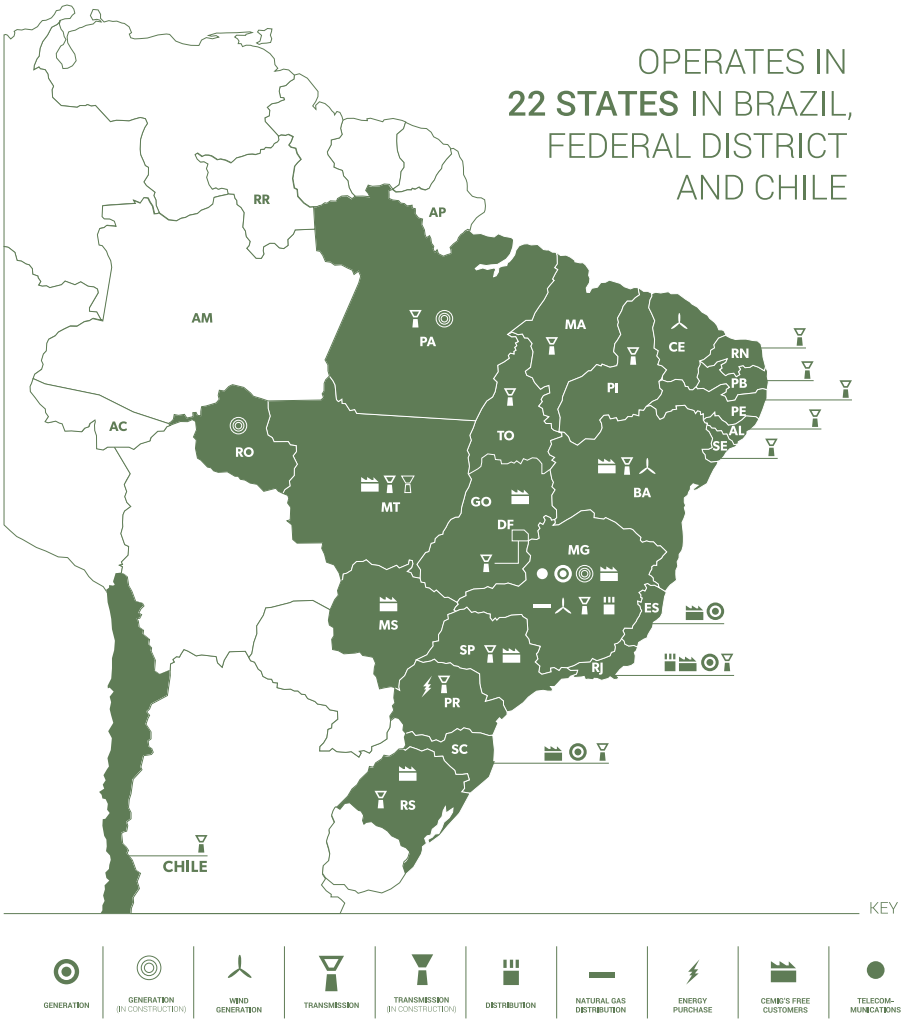
For a more detailed description of Cemig's businesses, click here.

See the complete organizational structure of Cemig Group companies.

Cemig's participation in the capital of the most noteworthy subsidiaries and affiliates

GENERATION	TRANSMISSION	DISTRIBUTION	GAS	OTHER BUSINESSES
Cemig Geração e Transmissão S.A. Cemig GT) 100% Cemig	Cemig Geração e Transmissão S.A. (Cemig GT) 100% Cemig	Cemig Distribuição S.A. (Cemig D) 100% Cemig	Companhia de Gás de Minas Gerais (Gasmig) 58.71% CV 59.57% CT	Axxiom Soluções Tecnológicas S.A. 51 % Light 49% Cemig
Light S.A. 26.06% Cemig	Transmissora Aliança de Energia Elétrica S.A. (Taesa) 42.38% CV 43.36% CT	Light S.A. 26.06% Cemig	Natural gas exploration blocks: 24.5% Cemig Bacia do São Francisco, Bacia do Recôncavo Bahiano, and Bacia Potiguar.	Efficientia S.A. 100% Cemig
Norte Energia S.A. (Belo Monte) 14.18% Amazônia Energia e Participações S.A. (Cemig and Light)				Cemig Telecom S.A. 99.99% Cemig
Santo Antônio 10% Cemig				
Renova Energia S.A. 32.23% CV 21.86% CT				

* Subsequent Fact: On December 19, 2013, Relevant Event published that Cemig had informed the market that it would indirectly acquire a further stake of 4.41% in Norte Energia. The percentage shown already includes this acquisition. See details about this acquisition under the item 'Investments'.

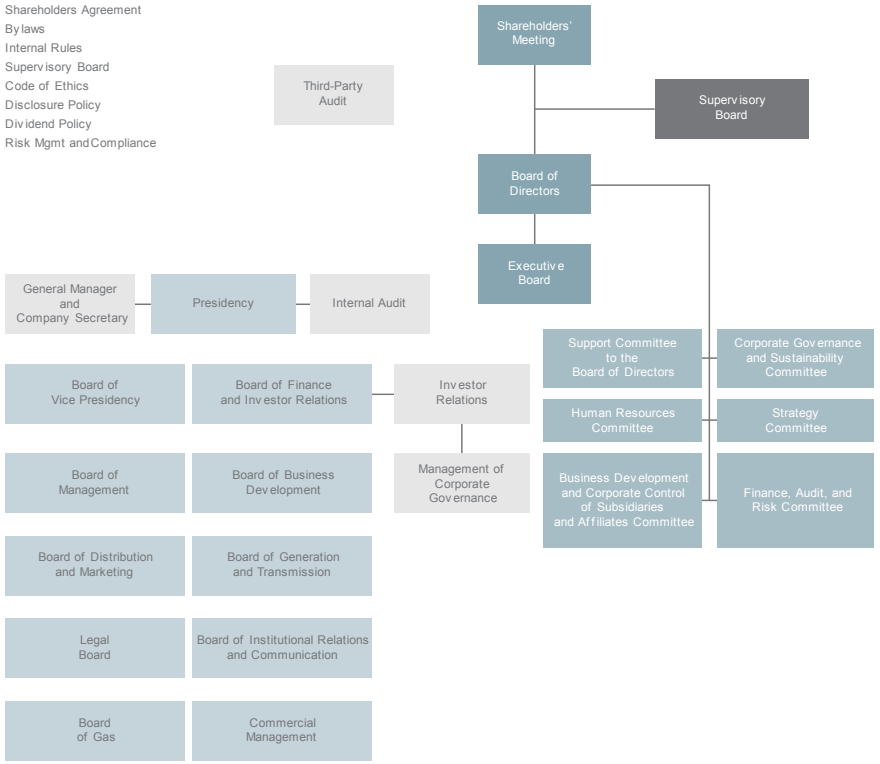


GOVERNANCE MODEL AND MAIN PRACTICES

4.1

To obtain a well-structured and transparent governance model, various actions were taken including Cemig's adoption of recommendations from the Brazilian Corporate Governance Institute's (IBGC) Best Corporate Governance Practices, in addition to fostering a relationship based on trust, respect and integrity with shareholders, investors, customers, employees, suppliers, society, and government.

The chart below illustrates Cemig's structure and main corporate governance devices:



See details on Cemig's corporate governance model in the Investor Relations website.

The company has adopted BM&FBovespa Level 1 Corporate Governance practices. To learn more about the main Level 1 practices, please visit the BM&FBovespa website.

Cemig's controlling shareholder is the State of Minas Gerais, which holds 51% of the common shares (voting shares). AGC Energia S.A. is another major shareholder holding 32.96% of the common shares. AGC Energia is a signatory of a shareholder agreement with the State of Minas Gerais, which stipulates that a minimum standard of governance must be maintained, defines rules of preference if shares are sold, and reserves the right for AGC Energia to appoint the company's New Businesses Executive Officer. AGC Energia appointed 5 of the 14 members of the Board of Directors elected during the most recent General Shareholder's Meeting.

Other corporate governance practices:

- Internal Rules of Procedure of the Board of Directors

  http://ri.cemig.com.br/static/enu/regint_cons_administracao.asp?idioma=enu
- Internal Rules of Procedure of the Audit Board

  http://ri.cemig.com.br/static/enu/regint_cons_fiscal.asp?idioma=enu
- Differentiated Company Bylaws **http://ri.cemig.com.br/static/enu/estatuto_social.asp?idioma=enu**

Cemig's Bylaws contain a unique, pro-market dividends policy, which can be seen in the item "Capital Markets", along with other definitions:

- they focus on investments in the Company's core business.

- establish the obligations and limits of authority for the upper management based on Long Term Strategic Plan, and

- establish debt limits for the Company, thereby reducing the risk of insolvency.

GENERAL SHAREHOLDERS' MEETINGS

4.4

The General Shareholders' Meeting is held by the end of April each year, in accordance with current legislation. Extraordinary Shareholders' Meetings may take place throughout the year, as many times as necessary. Both are convened with a minimum 15-day notice via publication on the CVM (Securities and Exchange Commission of Brazil), Company's Investor Relations website, and in mass circulated national newspapers.

The 2013 dates for these meetings including a summary of the main deliberations, as well as the meeting dates scheduled for 2014 are available in the Company's Calendar of Corporate Events.

In 2013, 5 Extraordinary Shareholders' Meetings were held in addition to the General Shareholder's Meeting held on April 30, 2013.

Opinions, suggestions or recommendations concerning Shareholder's Meeting may be forwarded to by e-mail to ri@cemig.com.br, also available on Company's Investor Relations website.

Shareholders Agreement

On August 1, 2011, the Minas Gerais state government signed a Shareholders Agreement with AGC Energia S.A., with the intervention and consent of BNDES Participações S.A. with a validity of fifteen years. The agreement maintains Minas Gerais state as a hegemonic, isolated and sovereign controller of the Company and attributes a few prerogatives to AGC Energia in order to contribute to the Company's continued sustainable growth, amongst other contractual terms.

ADMINISTRATION

4.5 4.6 4.7 4.9

Cemig's administration is composed of the Board of Directors and the Executive Board. The members of the Board of Directors, elected in the General Shareholder's Meeting, elect their chairperson and vice-chairperson, and appoint the Executive Board.

The **Board of Directors** is a decision-making collegiate and multidisciplinary body, whose main tasks are to establish the general directives of the Company's businesses and approve the annual budget, in addition to electing, dismissing the members of the Board, and establishing their responsibilities. It is composed of 14 effective members and their respective alternates, who are appointed by the shareholders. They have diverse and complementary educational backgrounds and professional experience. The Minas Gerais State Shareholder elected eight of the members, AGC Energia S.A. elected five, and minority shareholders holding preferred shares elected one member. Among the effective board members, five are considered independent, according to criteria of the Brazilian Institute for Corporate Governance (IBGC). All board members and their alternates are appointed for 2 years, and may be reappointed following the end of their term. The terms for current members expires in the General Shareholder's Meeting to be held in April 2014.

The Board member's curriculum vitae are available here.

In 2013, the Board of Directors met 28 times to deliberate on various matters, from strategic planning to investment projects. At the beginning of each meeting, board members are invited to

discuss any conflicts of interest with the matters that are to be deliberated over.

Information on the composition, election, terms, main responsibilities and duties of the Board of Directors are available in the Board of Directors Internal Rules of Procedures.

Since 2006, there have been committees consisting of members of the Board to review and discuss subject matters to be decided by the Board. The tasks of each committee are available on the Company's website.

Cemig's **Executive Board** is composed of 11 members, whose duties are established in the Company's Bylaws. The members meet on a weekly basis and may be elected or dismissed at any time by the Board of Directors. They serve for three years and may be reelected. The Board of Director members may exercise concurrently non-remunerated administrative positions in Cemig's wholly owned or controlled subsidiaries and affiliated companies. The term for the present directors expires at the 1st meeting of the Board of Directors to be held following the General Shareholders' Meeting in 2015.

The Executive Board relies on the support of 24 management committees, 2 subcommittees and 1 commission, composed of executives from various areas of the Company, who meet whenever deemed necessary, to ensure strategic decisions are made by the Executive Board and Board of Directors.

The members of the **Audit Board** are also elected in the General Shareholders' Meeting. The Audit Committee is permanent and consists of 5 members and their respective alternates, which meet the requirement of independence, according to international practices, being elected by the shareholders, through the annual general meeting, for the term of 1 year and may be re-elected.

The Audit Board members are elected by the shareholders in the following proportion:

- one member is elected by holders of preferred shares
- one member is elected by holders of the common shares, who, not belonging to the controlling group, represent at least 10% of the capital stock
- three members are elected by the controlling shareholder.

The Audit Board also has the duty of examining all reports of wrongdoing forwarded by the Ethics Commission. Reports of wrongdoing are collected and classified as operational or non-operational through an electronic system available on the Company's Intranet - Whistleblower's Line. The Audit Board analyzes each non-operational report and proposes treatment measures for the Internal Audit. At Cemig, the Audit Board acts as an alternative to the Audit Committee, as permitted by the Exchange Act, Rule 10-3a, regulated by Release 82-1234 of the Securities and Exchange Commission - SEC. In 2013, the Audit Board held 10 meetings.

The amounts and conditions of remuneration for the Company's Administrators and Audit Board members remained the same from the prior year, as defined in the General Shareholders' Meeting and Extraordinary General Meeting held on 4/30/2013. Having favorable opinion of the state of Minas Gerais Corporate Governance Committee, this issue was approved as it was recommended. . Thus, the amount of funds allocated for the Remuneration of the Administration and Audit Committees, comprising the Board of Directors, Executive Board, and Audit Board, is R$ 16,400,000.00, including a health insurance plan for directors equal to the current health plan for the Company's employees. The CEO is entitled to monthly fees of R$ 37,100.00 and the other executive officers, individually, are entitled to R$ 31,800.00. The current amounts received by executive officers shall be corrected, consequently, in the same proportion, in respect to paid leave, bonuses, and other benefits. The monthly remuneration of each member of the Board of Directors,

excluding sitting Board members and alternates that hold the position of Executive Officers and observing the conditions related to the bonus paid to the board, is equal to 20% of what an Executive Officer receives on average, which is equal to R$ 6,456.36. The remuneration of members of the Audit Board is equivalent to 10% of the average received by Executive Officers, which is an amount to R$ 3,228.18. Each alternate member of the Audit Board is entitled to 80% of the monthly remuneration of a sitting member, which is R$ 2,582.54. See Explanatory Note No. 28 in the Financial Statements under item, 'Remuneration of Key Management Personnel'.

RISK MANAGEMENT

4.11

Corporate risk management is an integral management tool for Cemig's corporate governance practices, where strategic risks are identified, and its processes/ operations. Strategic risks are related to the vision and goals of the Company or of strategic decisions that may not achieve the planned success. There is a matrix for this risks where 24 strategic risks are identified, such as Difficulties in Fundraising, Environmental Contingencies and Failure in Controlling Cemig D. Losses. Operational risks are those that arise in the course of business functions, that is, they are associated with people, systems, and processes that its operation depends on. The logbook with the risks of the last review cycle was completed, identifying and mapping 160 risks such as dam ruptures, regulatory uncertainties about the commercialization of generated energy, and the non-reduction of technical and commercial losses at levels determined by the regulator.

In 2012 and 2013, around R$ 2 million was invested in improving Cemig's risk management process, which involved the revision of the management model and establishment of a new system that would increase transparency and reliability of the whole process. In addition, the new tool enables the flow of persons involved in risk management such as the process manager, corporate risk management team, managers, superintendents, and administrators. The new system will make it possible to run a model that considers, for example, the causes and consequences of a risk, assigns different hierarchical levels of the organization to it, and enters new parameters in the management model. The tool will allow a risk being managed at an operational level to have a direct link with a risk is being assessed at the strategic level.

In 2014, more than R$1.7 million will be invested on a new project designed to develop new methodologies to assist in the process of estimating probability of occurrence and extent of probable losses associated with a negative outcome from a series of events that would impair the company's performance.

In addition, the Company has a Financial Risk Management Committee for the purpose of implementing directives and monitoring the Financial Risk of transactions that could put the Company's liquidity and profitability at risk. The committee makes recommendations on strategies to protect against risks related to the exchange rate, interest, and inflation, which are effectively in line with the Company's strategy. Sensitivity analyzes of these risks are performed as described in Explanatory Note No. 29 of the Financial Statements.

The risk factors that Cemig is exposed to are described on the Company's Reference Form.

CEMIG'S STRATEGY

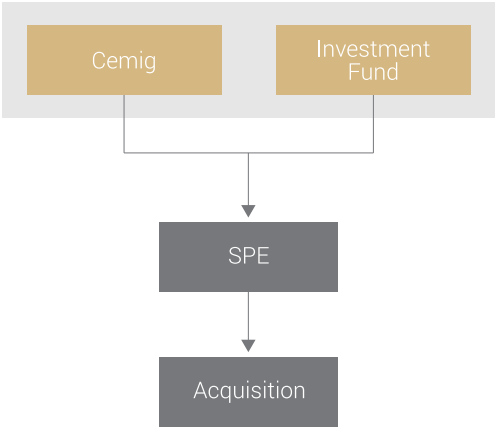
EC8

Cemig has a structured strategic planning / management process that enables the Company to determine the goals it would like to achieve by 2035. The Strategic Planning process is conducted by the Company's Board of Directors with the participation of the Executive Board and starts by defining the strategic fundamentals represented by the Mission, Vision of the Future, Values, Long-Term Strategic Goal, and Strategic Guidelines (Learn more about Cemig's Mission, Vision, and Values in Chapter A).

Together with the new Vision of the Future, a new comprehensive plan in connection with Cemig's Integrated Strategic Plan was approved. The objective is to maximize value creation by taking four pillars into consideration – customers, the community, the environment and investors – by training and qualifying people and exploring synergies that will lead the Conglomerate to become one of the main agents of consolidation in the electricity sector in Brazil. See the actions and expense reports concerning these pillars, respectively, in the chapters Customers and Consumers, Community, Environment, and Financial Results in this report. The main strategic challenges set forth in Cemig's Master Plan are focusing on execution and operational improvement, sustainable growth, and identifying and capturing synergies.

In order to maintain its business and expand in the market, the Company monitors its equity stakes, supervising the management and development of controlled companies and affiliates, guided by the respective good governance criteria, always working to ensure that its business plans and investment program plans are fulfilled. The Competitive Intelligence Center collects, analyzes, transfers, and disseminates relevant knowledge and information when decisions must be made, transforming them into concrete actions and producing results that are aligned with the Company's strategy. In this way, the center monitors the evolution of the economic, institutional, competitive, and regulatory environment of its whole subsidiaries, controlled companies, and affiliates and anticipates new trends in the energy sector, observing regulatory changes, mergers and acquisitions in the sector, and the behavior of suppliers, competitors, and partners.

Cemig has adopted a structure of making acquisitions through partnerships with Investment Funds, as in the investments in Taesa and in Light, which establishes a vehicle for growth that allows the Company, even with a minority stake, to assume a strategic and competitive position in those assets, as well as combine its expertise to the financial capacity of its partners.



In order to adapt to the impacts of the changes in the Brazilian Electricity Sector by the Federal Government through the publication of Law No. 12,783 of January 11, 2013, Cemig performed an assessment of the regulatory changes and their implications for the Corporation, reassessed the scenarios, reviewed the existing strategic initiatives, and created new initiatives with the goal of keeping the focus on the sustainable growth of the Group to achieve its vision of the future.

One of the priorities of the company is increased operational efficiency through various initiatives including the Distribution Development Plan, which aims to improve the quality of energy supply (see details in under the item Investments in Generation, Transmission and Distribution) and reduce costs by implementing several measures related to improving management.

OBJECTIVES AND GOALS

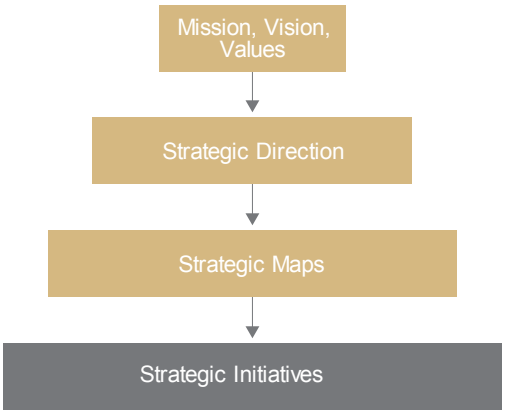
The following are Cemig's main short and medium-term objectives and goals, all properly aligned with the strategic plan, and approved by the materiality test:

STRATEGIC OBJECTIVE	SUBJECT MATERIAL	GOAL	TIME PERIOD	GRI INDICATORS
Maximize shareholder value sustainably in view of the Long-Term Strategic Plan	Economic performance	Keep the Company's consolidated debt at a value less than or equal to 2 (two) times EBITDA (earnings before interest, taxes, depreciation and amortization).	Annually	4.9 4.11
		Maintain a consolidated ratio of debt as measured by net debt / (net debt + equity), limited to 40% (forty percent).	Annually	
	Stock value	Distribute at least 50% of net income as dividends.	Annually	
Increase cash flow	Investments	Invest US $ 1.6 billion in Cemig Generation and Transmission	2017	EC1 EC2 EC8 EU26
		Invest R$ 4.9 billion in Cemig Distribuição	2017	
		Participate in Aneel's auctions for acquisitions of strategic assets	Annually	
		Serve 1.2 million new customers in urban areas	2017	
		Serve 56,177 customers in the Rural Universalization of Electricity Distribution Services Program	2014	
	Economic performance	Increase cash flow: present Ebitda of at least R$ 6,447 million	2017	EC1 EC2 EC8
	Water	Reduce water consumption by 4% based on consumption in 2011	2020	EN8 EN9 EN10

	Energy	Reduce energy consumption by 4% based on consumption in 2011	2020	EN3 EN4 EN5 EN6
	Emissions	Reduce the intensity of greenhouse gas emissions (tCO_2eq/MWh) by 8% based on emissions verified in 2008	2015	EN16 EN17 EN18 EN19 EN20
	Waste	Dispose, recycle, or regenerate 99% of industrial waste	2020	EN22 EN23 EN24
Ensure sustainability	Biodiversity	Keep affected biomass at a maximum of 1,772kg	2017	EN11 EN12 EN13 EN14 EN15 EU13
		Complete the study on the effectiveness and sustainability of the Riparian Forest Program at the Volta Grande HPP in Minas Gerais for the Conservation of Ecological Processes and Biodiversity project.	2016	
		Complete the inventory for urban forestation in Belo Horizonte using it as a routine tool for work planning and scheduling	2015	
		Incorporate the methodology of Integrated Management of Vegetation as standard procedure for right-of-way areas under Transmisson Lines	2017	
	Compliance	Review the socio-environmental adequacy program 2014-2018	2014	
		Review the Declaration of Ethical Principles and Code of Professional Conduct	2015	HR4 HR6 HR7
		Intensify Itinerant Ombudsman Project - Hold 1 event per month for interaction (clarification on Ombudsman procedures) between CEMIG's internal areas.	2014	
	Diversity and Equality	Develop the reduced and simplified version of the Annual Sustainability Report	2014	HR4 EU24
Ensure quality		Have trainning efficiency rating greater than 95%	2014	EU14 LA10 LA11
		Have more than 47 hours of training per employee	2014	EU14 LA10
	Evaluation of suppliers	Have index of contracted service quality above 80%	2014	HR2

standards defined by the regulator	Energy quality	DEC below 10.83 h	2017	EU6 EU29
		FEC below 7.56	2017	EU6 EU28
	Loss Management	Total losses less than 10.85%	2017	EU6 EU12
	Energy quality	Index of Perceived Quality Satisfaction greater than 82%	2017	PR5
Develop sustainable strategic skills	Employability	Review the plan for positions and remuneration	2014	LA14 LA3
		Review the Performance Management Model	2014	LA12
Make safety a value in corporate culture	Health and safety	Complete work for the Health and Safety Pact	2014	LA7 LA8 EU16
		Aiming Zero Accidents target, to have frequency rate of workforce accidents lower than 2.14		
Have performance-based management	Employability	Review the Performance Management Model	2014	LA7 LA8 EU16
Be innovative in finding technological solutions for business	Technology and Innovation	Spend R$ 290 million in research and development	Until 2018	EU8

Cemig utilizes the Balanced Scorecard (BSC) tool to translate and communicate the company's strategy to stakeholders. In 2013, the corporate strategy maps were revised. These maps present strategic positioning and include the challenges in the Generation, Transmission and Distribution. They are composed of objectives, indicators, goals, and strategic initiatives. In order to allow people to learn about Cemig's strategies and understand how they contribute to achieving the goals of these strategies, Cemig has adopted a model that unfolds through contribution panels. The contribution panels consist of contribution objectives, indicators and actions defined by the area of organizational structure and aligned with the requirements for quality, environment, and health and safety management systems.



The maps are monitored through a structure flow of meetings at the various hierarchical levels, whose purpose is to correct deviations, review and modify the strategy as needed, allowing all staff

to participate in the Company's Strategic Planning / Management process.

Concessions

Law 12,783/2013 of January 11, 2013, which governs the concessions of the electricity sector in Brazil, has the following characteristics:

- Main objective: reduce the final tariff for the consumer

- Concessions extended for 30 additional years, conditional upon renewal in early 2013, noting new tariff conditions thereafter for concessions that expire in the period from 2013 to 2017

- Revenues will only cover operational and maintenance costs.

Generation

A Law 12,783/2013 does not guarantee the renewal of concessions under the same initial tariff conditions provided for in the concession contracts formalized before the enactment of the aforementioned Law.

In view of this, for the 21 hydroelectric power plants whose concessions expire in the period between 2013 and 2107, the Company has taken the following decision: to plead in court for the right to first renewal under the initial conditions for the three concessions that have not yet been renewed (São Simão, Jaguara, and Miranda - see First Renewal Table below), and to return the 18 power plants whose concessions have already been renewed. If concessions were renewed for the 18 power plants and they operated under the new tariff conditions, they would be unprofitable. All the power plants mentioned above that have been affected by Law 12.783/2013 are located in Minas Gerais state, and in total, guarantee a mean power output of 2.4 GW.

Concession of Jaguara Hydroelectric Power Plant

As provided in the concession contract for the Jaguara HPP, Cemig requested the renewal of the concession. On May 3, 2013, the Ministry of Mines and Energy rejected the Company's request because it was determined that the request was not in accordance with the terms defined in Law 12,783/13.

On June 20, 2013, Cemig GT was granted an injunction on a Writ of Mandamus filed in the Superior Court of Justice (STJ) against the decision by the Ministry of Mines and Energy, which did not analyze the request for an extension of the deadline for the concession of the Jaguara Hydroelectric Power Plant (424 MW with a Guaranteed Power Output of 336 MW), which was set to expire on August 28, 2013. The Minister-Rapporteur granted the injunction, allowing Cemig GT to remain with the concession of the Jaguara HPP until the final judgment of the action.

Accordingly, the Company has recorded revenues, operating costs, and expenses of the plant in accordance with current accounting practices, considering that it remains in control of the Asset. The decision is preliminary and does not yet represent the decision on the merit of the proposed action, which shall be subject to review by the Superior Court of Justice (STJ) at a later time.

Plants whose concessions were not renewed (1st Renewal):

#	TYPE	POWER PLANTS	EXPIRATION OF CONCESSION	CAPACITY INSTALLED (MW)	GUARANTEED OUTPUT (AVG. OF MW)
1	HPP	São Simão	Jan. 2015	1,71	1,281
2	HPP	Jaguara	Aug. 2013	424	336
3	HPP	Miranda	Dec. 2016	408	202
TOTAL:				2,542	1,819

To reduce the impact of the non-renewal of these concessions, Cemig has sought to make several acquisitions described along this chapter.

Power plants that will be returned to the Federal Government (2nd Renewal):

#	TYPE	POWER PLANTS	EXPIRATION OF CONCESSION	CAPACITY INSTALLED (MW)	GUARANTEED OUTPUT (AVG. OF MW)
1	HPP	Três Marias	Jul. 2015	396	239
2	HPP	Volta Grande	Feb. 2015	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	SPH	Piau	Jul. 2015	18	14
7	SPH	Gafanhoto	Jul. 2015	14	7
8	SPH	Peti	Jul. 2015	9	6
9	SPH	Joasal	Jul. 2015	8	5
10	SPH	Tronqueiras	Jul. 2015	9	4
11	SPH	Cajuru	Jul. 2015	7	3
12	SPH	Marmelos	Jul. 2015	4	3
13	SPH	Martins	Jul. 2015	8	3
14	SPH	Paciência	Jul. 2015	4	2
15	SPH	Anil	Jul. 2015	2	1
16	SPH	Sumidouro	Jul. 2015	2	1
17	SPH	Dona Rita	Apr. 2008 Returned to the grantor as per Ordinance MME Nr. 189 of June 6, 2013.	1	1
18	SPH	Poquim	Jul. 2015	1	0
TOTAL:				1,064	642

Transmission

The Concession Contracts established Allowed Annual Revenue (RAPs) for the assets of the Cemig GT transmission system. These RAPs constituted the initial revenue responsible for the concessionaire's economic-financial balance. In July 2012, Aneel ratified the RAPs to remain in effect until June 2013, given that the regulation period for transmission companies begins in July of each year and goes on to June the following year.

However, as a result of the concessions being brought forward as determined by Law No. 12,783/13, the companies that adhered to the renewal of concessions, as is the case of Cemig GT in its Transmission business, had RAPs in force only until December 2012. Another consequence of concession renewal was the postponement of the tariff review, which was scheduled for 2013 and has been now postponed for 2018.

In January 2013, new RAPs were published as a result of the extraordinary revision of transmission revenues. The RAPs were reduced due to transmission company revenues only covering the costs related to the Operation and Maintenance of the assets, added to the remaining charges and a 10% margin.

The rules for renewal stipulate compensation for assets that have not yet depreciated, predefined tariffs for generator-produced energy, new RAPs for transmission companies, new quality standards set by Aneel, and annual revenue correction using the Broad Consumer Price Index (IPCA) for annual transmission adjustments, replacing the IGP-M Index.

Regarding indemnity for transmission companies, assets existing before May 31, 2000 shall be indemnified in the future. Assets existing after May 31, 2000 were indemnified based on the New Replacement Value (VNR) calculated by Aneel at R$ 285 million for Cemig GT.

With the compensation, the amounts related to the remuneration and depreciation of assets were removed from the calculation of revenue, which led to an RAP of R$ 179 million (year), scheduled to remain in effect from January 2013 to June 2013.

In July 2013, there was an annual readjustment of tariffs and the RAP went to R$ 199 million with the addition of revenue from new construction projects and the adjustment portion pertaining to the previous period. The total variation in RAP was 11.66% from January to July 2013.

The EBITDA for energy transmission should see a reduction by R$ 336 million, while the cash flow in the distribution segment should not see any changes due to the new law.

EU10

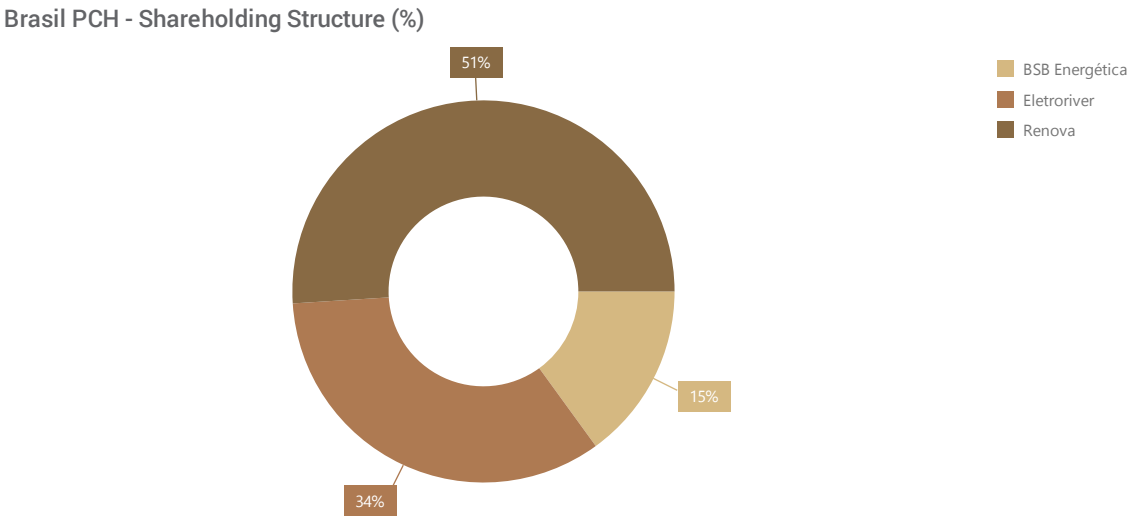
FOCUS ON RENEWABLE ENERGY

In 2013, 97% of Cemig's energy generation came from renewable sources, mainly hydro and wind power, which gives the Company an energy matrix with low carbon emissions.

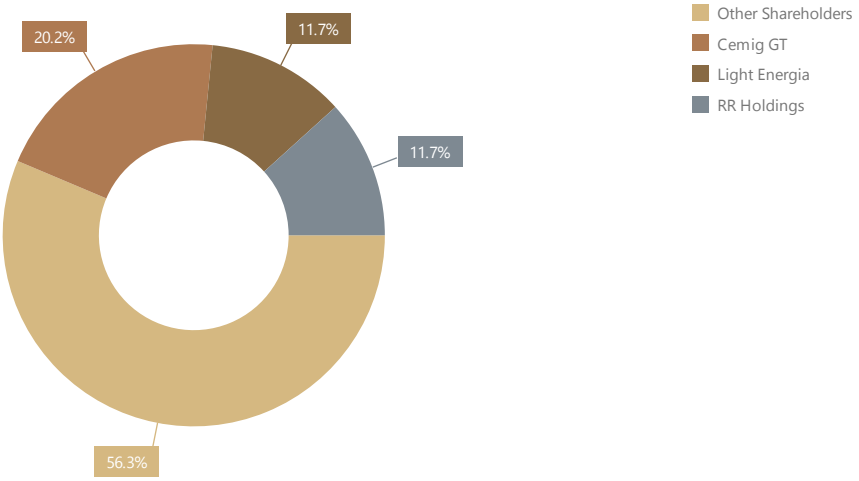
CEMIG – GENERATION PORTFOLIO IN MW			THE VALUES REFER ONLY TO CEMIG'S DIRECT OR INDIRECT STAKE AS OF 12/31/2013			
Status	HPP	SHP	Eolics	Solar	Thermal	Total
Operating	6,721	194	70	1	184	7,170
Under construction/contractors	1,126	29	105	1	-	1,261
Under development	7,068	191	1,271	36	1,500	10,066
Total	14,915	414	1,446	38	1,684	18,497

Assuming a growth model that increasingly targets the use of renewable energy, in October 2013, Cemig GT took part in the increase in the capital of Renova, a leading company in the wind energy market in Brazil, totaling 32.23% of the voting capital.

The main objective for acquiring a stake in Renova is to make the company an arm for Cemig's expansion into the renewable energy market (except large-scale hydroelectric power plants). Cemig entered into the controlling shareholder block of the company by transferring its stake in Brasil PCH to Renova. Brasil PCH holds 13 small hydropower plants (SHP), with an installed capacity of 291 MW and assured energy of 194 average-MW. It was a strategic acquisition for Renova Energia that added operating assets to its base and increased cash flow, which will allow growth in new and already contracted projects. In addition, it strengthened water generation, which lessens the risk of depending on a single source.



Renova Shareholding Structure - Dec/2013



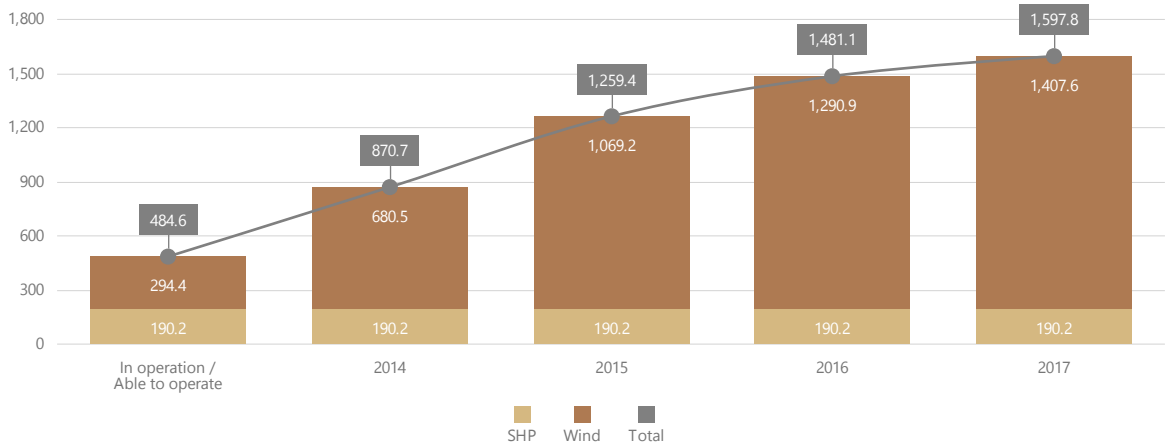
Renova focuses on generating renewable electricity with expertise in wind, solar, and small hydropower plants (SHPs) and is the owner of the largest wind farm complex in Latin America, located in rural Bahia in the municipalities of Caetité, Guanambi, and Igaporã. The company has more than 1GW in installed capacity contracted in wind farms, in addition to an extensive portfolio of projects with a capacity factor above the national average.

In 2013, Renova was the leader in the renewable generation segment in the country with the commercialization in the Second A-5 Auction of 355.5 MW and the commercialization in the Energy Reserve Auction of 73.7 MW to be generated by nine wind farms located in the state of Bahia, which corresponds to an installed capacity of 159.0 MW.

In the field of solar power generation, Renova delivered two distributed generation projects in 2013. The first project has an installed capacity of 25.65 kWp and the installed capacity of the second project is 13.3 kWp. Since 2011, Renova has been monitoring the solar irradiation (temperature data and frequency of light) of an area 150 km long in southwest Bahia, the region with the greatest potential for solar irradiation in the country.

The development pipeline of Renova's projects is illustrated in the figure below.

Installed Capacity (MW) - Renova



The sum of the electricity produced by the generating units of these projects represents a significant portion of all contracted energy from SHPs selected in the first stage of PROINFA.

Cemig also participates in the construction of four SHPs in Minas Gerais state (Dores de Guanhães, Senhora do Porto, Fortune II, and Jacaré), totaling an installed capacity of 44 MW.

In December 2013, Cemig and Vale S.A. formalized the association to create the company, Aliança Geração de Energia S.A., which will be a single vehicle to hold both the Parties' present assets in generation consortia and investments in future electricity generation projects.

Aliança Geração de Energia S.A. will be comprised of stakes in power generation assets including Porto Estrela, Igarapava, Funil, Capim Branco I and II, Aimorés, and Candonga, which will have an installed hydro capacity of 1,158 MW (652 MW) when in operation, and other generation projects. Vale and CEMIG GT will hold 55% and 45%, respectively, of the total capital of this new company. With this partnership, there is greater potential to generate new business and maximize results through the combination of experience in operational, financial, and project management.

Cemig will also acquire a 49% stake in the future company Aliança Norte Energia Participações S.A., which will hold Vale's 9% stake in Norte Energia S.A. With the acquisition, Cemig will indirectly hold an additional 4.41% stake in Norte Energia, which represents and installed capacity of 495.39 MW (201 average-MW).

The parties prepared the Association and Acquisition contracts, establishing shared control between the parties and full alignment in all decision-making concerning the companies' operations.

New large-scale developments in the northern region of the country:

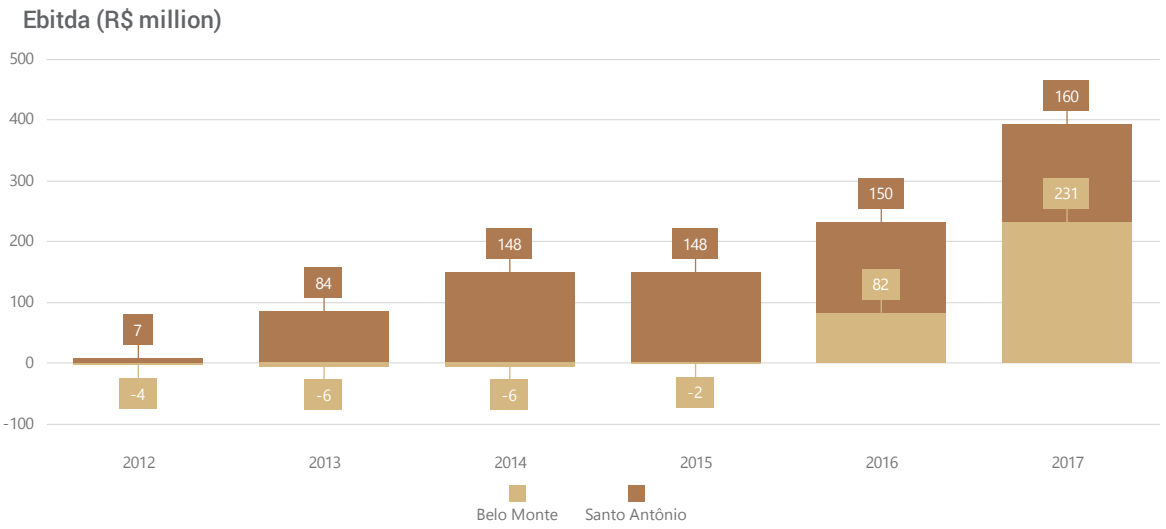
NORTE ENERGIA (BELO MONTE)	MADEIRA ENERGIA (SANTO ANTÔNIO)
The Belo Monte Hydroelectric Power Plant is being built on the Xingu River in the state of Pará near the city of Altamira (Pará Estate). In February 2014, 65% of civil works had already been executed. The plant is expected to be fully operational in 2019 with all 24 turbines in operation. It is currently the largest power plant under construction anywhere in the world with a total investment of approximately R$ 29 billion. The installed capacity will be 11,233 MW with assured energy of 4,571 MW, which represents approximately 10% of national domestic consumption (388 TWh in 2009). The Belo Monte plant will be the third largest dam in the world only behind the Chinese Three Gorges Dam (20,300 MW) and the Brazilian and Paraguayan Itaipu Dam (14,000 MW), and will be the largest fully Brazilian hydroelectric power plant. The preliminary permit for the Belo Monte project was granted by the Brazilian Institute of Environment and Renewable Natural Resources - IBAMA on February 1, 2010 on the condition of requirements, one of which included the participation of stakeholders. On September 2011, IBAMA issued the Installation License authorizing the start of construction on the venture.	Located in Porto Velho, state of Rondônia, the Santo Antônio Hydroelectric Power Plant was deployed in 2008 and started generating power in March 2012, nine months ahead of schedule. Completion of all the works is scheduled for November 2016. There will be 50 turbines with a capacity 71.6 MW each, totaling 3,568 MW when completed. Through power generation technology using bulb turbines, it will be the second largest hydroelectric plant in the world using this technology and ranked the first in unit capacity for each bulb turbine. In addition, it will be the country's third-largest hydroelectric plant in assured energy and Brazil's sixth largest in installed capacity, enough energy supply more than 45 million people. The Santo Antônio Hydroelectric Power Plant, has received investments in the amount of R$ 17.5 billion, of which R$ 2 billion is targeted for environmental actions. Among them include the Acreditar (Believe) Program, which has trained more than 40,000 people in the region. At the height of the works, the construction of the hydroelectric plant will generate approximately 20,000 jobs, 80% of which will be filled by residents in the region.. IBAMA issued the Operating License for this venture in 2011
CEMIG'S PARTICIPATION: 14.18%	CEMIG'S PARTICIPATION: 10%

EU10

The Santo Antônio and Belo Monte power plants, in conjunction with the new SHPs mentioned in the previous chapter will increase the Cemig Groups's installed capacity for hydroelectric generation by 1,908 MW over the next six years, considering Cemig's percentage of participation in these

projects, meeting Cemig's strategic objective for growth.

The figure below shows the expected EBITDA growth for Cemig once the Belo Monte and Santo Antônio hydropower plants go into operation.



- Constant values as of Jun/2013

- The following shares of Cemig were considered: Santo Antonio = 10% and Belo Monte = 7.3% (in December 19th, Cemig announced that would increase its stake in Belo Monte HPP to 14.18%)

INVESTMENTS IN GENERATION, TRANSMISSION AND DISTRIBUTION

EU6

Investments in Generation

Below are presented the principal amounts of the capital Cemig invested in 2013, complementing the information on these enterprises already provided in the item 'Renewable Energy'.

- Creation of Aliança Geração de Energia S/A

Aliança Geração de Energia S.A. will be comprised of stakes in power generation assets belonging to Vale e Cemig GT, which shall hold 55% and 45%, respectively, of the total capital of this new company. Cemig GT's stake mentioned above was valued at R$ 2.03 billion.

- Acquisition of shares in Aliança Norte Energia Participações (subsequent event)

According to the Material Fact released on December 19, 2013, Cemig GT will acquire a 49% holding in the future company Aliança Norte Energia Participações S.A for approximately R$ 206 million, which will hold the 9% interest held by Vale in Norte Energia S.A. The purchase price corresponding to the value of capital contributions that Vale has made up to 12/31/2013, will be paid in full on the date of closing, and adjusted according to the IPCA. With its acquisition, Cemig GT, will indirectly hold an additional stake of 4.41% in Norte Energia, totaling a participation of 14.18%.

- Signing of Investment Agreement with Renova

The issue price of Renova shares has been set at R$ 16.2266 per common share, pursuant to Art.

170, paragraph 1, subparagraph 1 of the Brazilian Corporate Law resulting in a value of up to R$ 1,414,732,915.53 for the portion of the increase in the share capital of Renova to be subscribed and paid by Cemig GT. The above amounts are to be updated by the CDI Rate as of December 31, 2012.

- Acquisition of interest in Brazil PCH

See details and rationale for the acquisition under the item Renewable Energy. The amount invested by Cemig GT in Renova was destined for the capitalization of Renova so that Renova, in conjunction with Chipley, company in which Cemig GT also has a stake, could pay for the share acquisition in Brasil PCH. The price of this acquisition will be R$ 676,531.00 on the base date of December 31, 2012, updated by the CDI Rate plus 2% per year until the date of effective payment.

In addition to the above investments, Cemig made other investments to expand, renovate, and improve its generator complex. The projects that stand out among the main projects include:

- Amazônia Energia Participações S.A. (Belo Monte)

Cemig holds a 74.5% stake in Amazônia Energia, which in turn holds a 9.77% stake in the Belo Monte Hydroelectric Power Plant. Amount invested in 2013: R$ 119 million.

- PCH Guanhães (Programa Minas PCH)

In September 2012, construction began on four SHPs in the East region of Minas Gerais with total installed capacity of 44 MW: Senhora do Porto, Dores de Guanhães and Jacaré, located in the municipality of Dores de Guanhães, and Fortuna II, in the municipalities of Guanhães and Virginópolis. A total investment of R$ 321 million is planned for PCH Guanhães, in which Cemig has a 49% stake. Construction is in progress with the first unit entering into commercial operation in the second half of 2014. Amount invested in 2013: R$ 110 million.

Note: The values mentioned refer only to activities in 2013 and do not represent the total value of the project.

Investments in Transmission

For the five-year period from 2013 to 2017, transmission expansion plans involve a total investment of R$ 606 million. Of this amount, R$ 297 million has been allocated for works currently in progress and R$ 306 million will be for future works to be effected and authorized by Aneel during this period. In addition to this amount, investments of just over R$ 3 million are planned to serve free consumers. All investments in Transmission mentioned below meet the strategic objectives of increased operational performance of assets.

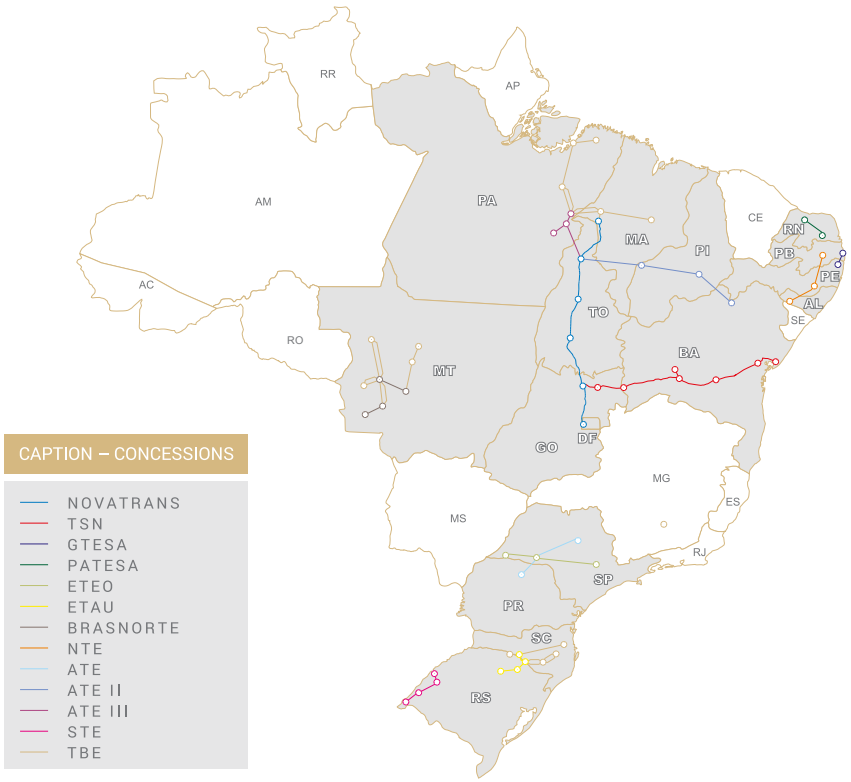
In 2013, Cemig invested in reinforcements and improvements to its transmission system, in particular on the acquisition of transformers and reinforcements to the Taquaril Substation, which is responsible for providing service to the Belo Horizonte metropolitan area. Investments totaled R$ 94 million.

Transmissora Aliança de Energia Elétrica S.A. - Taesa has been the vector of Cemig's growth in the transmission sector. Taesa is a private company, controlled by Cemig GT, wich holds 42.38% of the voting capital and 43.36% of the total capital, and FIP Coliseu. It is exclusively dedicated to the construction, operation and maintenance of transmission lines and operates in all regions of the country. From 2009 to 2013, Taesa has grown significantly, from 8 to 28 concessions, including 18 acquired in M&A processes and 2 acquired at Aneel auctions.

In 2013, through the affiliate EATE, the Company acquired 10% of the transmission companies

Transudeste, Transleste and Transirapé with a payment of R$ 33.5 million of EATE's own funds. That same year the company was the winning bidder of Lot "A" in Auction 013/2013-Aneel with the right to explore, for 30 years, a concession comprising a 500 kV transmission line with 85 km, in Minas Gerais state, guaranteeing an initial RAP of R$ 11.0 million.

Taesa - Map of transmission lines by concession:



Investments in Distribution

Distribution operations include an expansion plan (Distribution Development Plan - PDD) based on projections of market growth for the current tariff cycle (2013-2017), as shown below.

Distribution Development Plan - PDD

Objectives	2013-2017	Expected Results
Improve network reliability	Investment of R$ 3.7 billion	Strengthen the eletric system in BHMA FIFA World Cup 2014
Reduce supply interruptions	800 high-voltage enterprises	By 2017:
Reduce power losses	50,000 low-voltage works	1.22 million new urban consumers
Adherence to regulatory values	5000 collaborators	45,000 new rural consumers

It is important to note that approximately R$ 800 million of planned investments for this tariff cycle will be used for 2014 FIFA World Cup events in Minas Gerais. These investments aim to strengthen the Electrical System of the Belo Horizonte Metropolitan Area in order to ensure the supply of energy to the fans.

In 2013, Cemig invested R$ 884.5 million in the Distribution System, which consisted of R$ 265.5 million invested in the High-Voltage Distribution System and R$ 619 million in the Medium and

Low-Voltage Distribution System.

Investments of R$ 150 million were also made to ensure the availability of electricity with the quality, safety, and in the quantity that consumers require.

Also noteworthy are the investments in works that have already begun on substations. With energization scheduled for 2015, R$ 140 million was disbursed in 2013 to increase the capacity of power supply in several regions of Minas Gerais state in order to meet growing market demands with higher quality, reliability, and safety.

Light S.A. Investments

In 2013, R$ 712.6 million was invested in the distribution segment by Light S.A. This is an increase in 2.7% from the amount invested in 2012. Other investment highlights include: (i) investments for the development of distribution and expansion networks in order to meet market growth, to increase the robustness of the network, including the underground network, and to improve quality, in the amount of R$ 349.8 million (ii) project to combat energy losses (shielding the network, electronic metering system and regularization of fraud) with an investment of R$ 192.1 million, and (iii) R$ 148.7 million for investments specifically for the World Cup and Olympic Games.

In January 2014, Light S.A. and Furnas Centrais Elétricas entered into a shareholder agreement to manage SPE Energia Olímpica, a special purpose company created for the deployment, construction, operation, and maintenance of a substation to supply electricity to Rio de Janeiro's Olympic Park. The shareholding structure of SPE Energia Olímpica is formed by Light S.A. with 50.1% of the share capital and Furnas with 49.9%.

Investments in Natural Gas

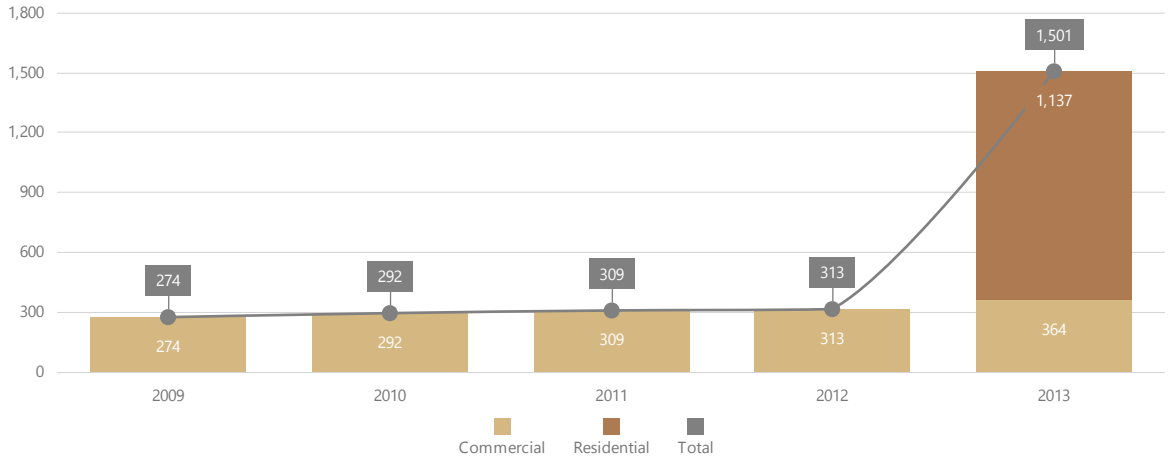
Gasmig, exclusive distributor of piped natural gas in Minas Gerais, serves the industrial, residential, general use, compressed and liquefied natural gas, automotive and thermoelectric segments.

In addition to meeting the Company's strategic growth objective, investments in Gasmig are an effort to offer diversified products and services to customers, considered an important theme in the materiality matrix. Additionally, it is worth mentioning that the natural gas supply contributes to reduce greenhouse gases emissions since consumers would use dirtier fossil fuels in the absence of natural gas.

In 2013, R$ 54.6 million were invested in the expansion of natural gas distribution networks with the construction of 30.3 km of networks in the Belo Horizonte Metropolitan Area (RMBH), southern Minas Gerais, Vale do Aço, and the Mantiqueira region (Juiz de Fora).

One of the more notable works is the Anel Sul Project in Belo Horizonte, which provides service to residential and commercial segments in urban neighborhoods such as Santo Agostinho and Lourdes and aims to provide service beyond residences, restaurants, bars, and gyms. Expectations regarding the service to these segments are positive with a view of consolidating the Anel Sul Project in the coming years, which will expand the customer base significantly, especially with the expansion of urban networks to other neighborhoods as planned for the project. With its effective entry into the residential segment in 2013, Gasmig tripled its customer base from 313 clients in 2012 to 1,501 in 2013. In the residential segment alone, the company already has 1,137 connected customers.

Gasmig – Evolution of the Number of Customers

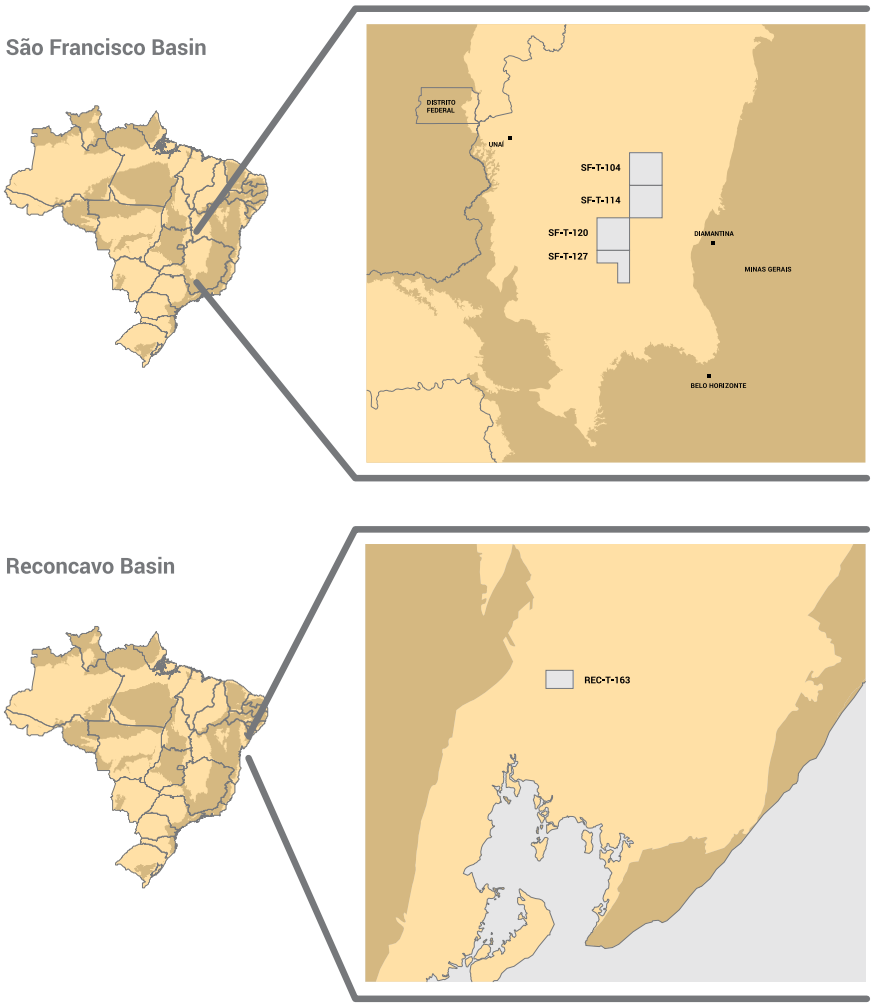


Through the Interiorization Project, aimed at expanding the natural gas supply to the State, networks and the installation of compression and liquefied natural gas structures were completed in 2013. This has enabled transport by trailer to the cities of Itabira, Governador Valadares (Vale do Aço), and Pouso Alegre (Southern region of Minas), contributing to the industrialization of these regions. With the aim of expanding the supply of natural gas to the entire State, the planning phase has begun for the construction of the country's largest distribution pipeline to serve the Triângulo Mineiro and serve other areas of the Interiorization Project with alternative modes of transportation (CNG/LNG).

Another prominent project is focused on the recovery of the CNG segment (compressed natural gas vehicles). Gasmig has encouraged the use of Natural Gas Vehicles throughout 2013 by promoting the "Vou no Gás" (Go on Gas) campaign, which rewards up to 600 m³ of vehicular natural gas for switching from gasoline.

Natural gas has become increasingly strategic for the country, accounting for 51% of thermoelectric generation in Brazil in 2013. To participate in the exploration of natural gas, in 2008, Cemig purchased 5 blocks for natural gas exploration in the 10th Bidding Round of the National Petroleum Agency (ANP) through consortia in which the company owns a 24.5% stake. The acquisition of these blocks makes it possible to install thermoelectric power plants next to gas exploration fields, optimizing the energy source since transporting electricity is more economically viable than transporting gas.

The exploration blocks and their location are marked in the figure below.



In addition to the amount paid for the acquisition of these blocks, the following minimum investments are planned in order to operationalize exploration:

BLOCKS	STATE	BONUSES PAID (R$)	PEM PROGRAMA EXPLORATÓRIO MÍNIMO – MINIMUM EXPLORATORY PROGRAM (UT) UNIDADE DE TRABALHO – WORK UNIT	ESTIMATED PEM (R$)	EXPECTED HYDROCARBON
REC-T-163	BA	2,501,115	2,235	5,600,000	Light oil
SF-T-104	MG	4,000,000	3,265	20,225,000	Gas
SF-T-114	MG	2,001,115	3,265	20,225,000	Gas
SF-T-120	MG	400,000	1,000	4,000,000	Gas
SF-T-127	MG	401,115	1,000	4,000,000	Gas

ELECTRICAL INCLUSION INITIATIVES

EU26

EC9

With the publication of Aneel Normative Resolution No. 488/2012 and in order to provide electricity to registered beneficiaries in the rural areas in its concession area, Cemig elaborated its Universalization Plan for Electricity Distribution in Rural Areas to be executed from 2012 to 2014. The targets set for Aneel to meet by 2014 will likely only be partly met, mainly due to the population increase in concession areas and the complexity of the construction schedule.

From Aneel Order No. 2,344 of July 17, 2012, which declares the Company does not offer universal service in rural areas, new targets were set for the Universalization Plan with the proposal to provide service to the 56,177 beneficiaries currently on record. For assistance under the Rural Universalization Plan, those interested should go to a Cemig Service Agency and request the service upon presenting the necessary documentation.

In 2013, Cemig drafted a new proposal to revise its Universalization Plan. It includes new goals and new target dates (2013 to 2016), and is currently under review by Aneel.

The service rate for rural consumers in Cemig's concession area is now approximately 93%. The need for service in this market has grown essentially due the natural growth of the consumer base in recent years, a consequence of the division of rural properties and increasing rural population.

Electrical inclusion has become an instrument for social integration and economic improvement in the rural communities served. It improves quality of life, offers comfort, facilitates opportunities for better health and safety, increases job opportunities and income, adds value to the production, sale, and preservation of rural products, improves access to information, leads to increased consumption of durable goods, encourages families to return to rural areas for good, and relieves the impact that uncontrolled rural migration has caused in urban centers.

For Cemig, investments in this market represent the possibility of expanding its customer base, and accordingly, its revenues, meeting the strategic objective "Increase Cash Generation".

Cemig's main electrical inclusion initiatives are described below:

Rural Electrification Program

In compliance with the Universalization Plan submitted to Aneel, Cemig Distribuição is providing service in rural areas in continuation of the Luz para Todos program, which was completed in its concession area in December.

The ongoing Universalization Program provides free service to one point per property with loads of up to 50 kW.

In 2013, Cemig promoted connecting around 7,000 new consumer units. In doing so, the Company has considered the need to build a new network to serve customers and service requests in places where the network is already installed, which corresponds to an investment of R$ 70 million. In addition, about 1,000 requests for load increases were granted, enabling the expansion of rural activities on the properties.

Campos de Luz ("Fields of Light") program

The Campos de Luz program consists in the revitalization of amateur football fields in Minas Gerais through illumination and adaptation of equipment, so they can be used for playing sports, entertainment, social events and professional training to underprivileged children and youth from local communities to regions throughout the state.

In the 2012-2013 biennium, with the end of the fourth stage of the program, Cemig promoted the

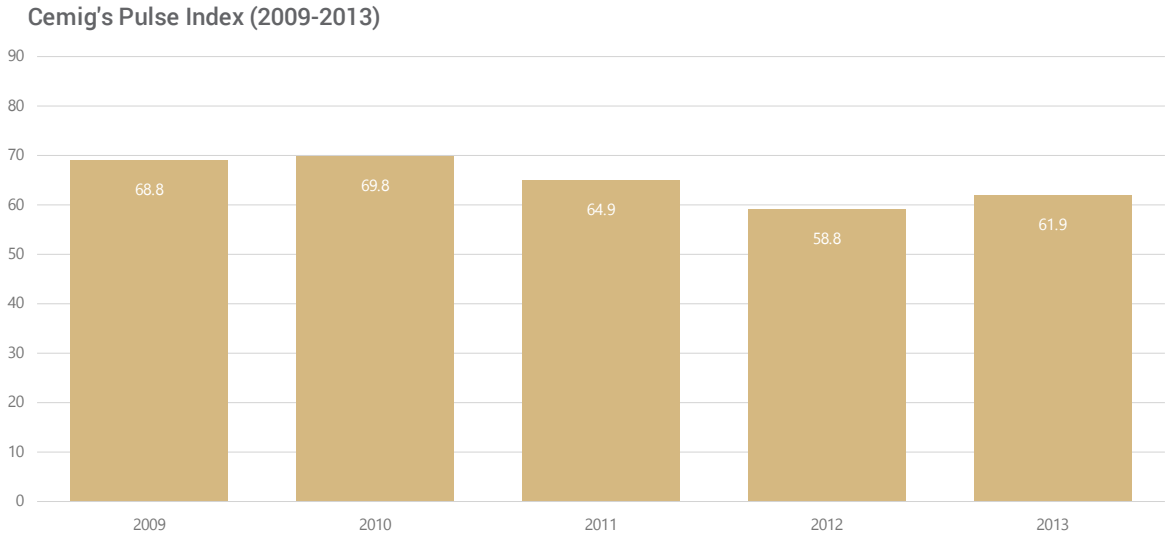
lighting of 150 amateur football fields in 504 of the 774 municipalities in the concession area of Cemig D, totaling 865 fields since the establishment of the program. Some of the benefits under the program include the improvement of sports and cultural activities, greater reassurance for residents, greater use of existing spaces, decreased crime and vandalism, and improvement in the quality of life of communities.

Urban Market

Cemig D has carried out all service requests since 2006, when the regulatory agency considered its urban concession area as universal. In 2013, Cemig promoted the connection of around 280,000 new consumer units taking into account the service that will require a new network to be built and requested service where a network is already readily available.

BRAND AND REPUTATION

Cemig measures its reputation through the Reputation Institute's annual survey called the Pulse Index, which is an indicator that measures the evolution of the company's reputation compared to benchmark companies. The main objective is to understand the public expectations and perceptions about the company. In 2013, Cemig's stakeholders provided feedback. They included 302 people from the states of Southeast Brazil, both male and female, ages 18 to 65, with various educational backgrounds.



The study conducted in 2013 showed an increase of 3.1 index points, which demonstrates Cemig's reputation with its stakeholders. According to this study, a good reputation goes beyond being well regarded in general. The stakeholders should have a good impression of the company with trust, admiration, and respect. In this way, the results demonstrate that the relationship between Cemig and its stakeholders has improved.

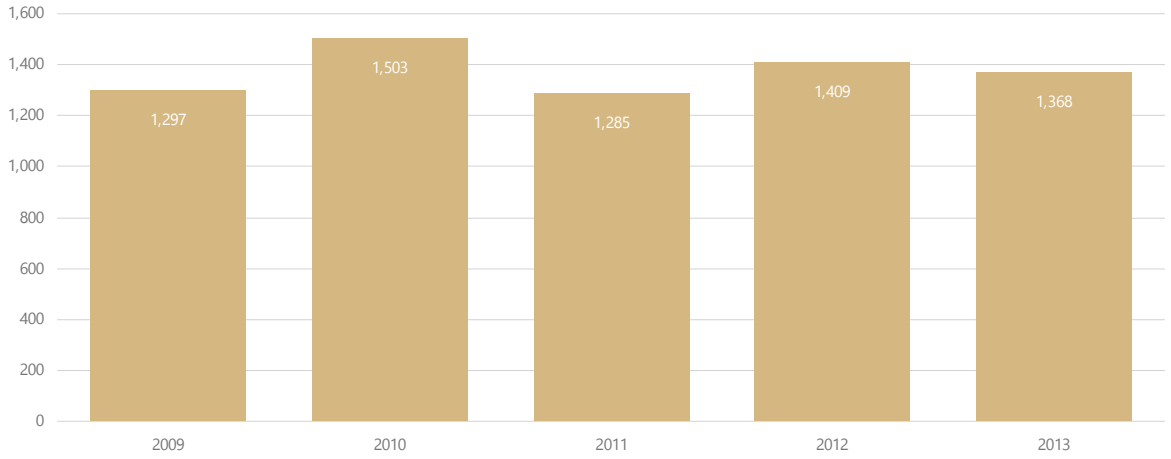
Another highlight of the study is the finding that the quality of the service provided by Cemig to its custumer is a
predominant factor for recognition.

A brand valuation study is also conducted to the company annually. In this study, more than 3,100 interviews have been conducted, in addition to the analysis of some of the company's

financial data.

Regarding the brand, the value in 2013 fell by 3% compared to 2012. Much of this decline can be attributed to the impacts of MP 579 (Federal Law 12,783/13), which imposed major changes to the operation of all companies in the sector.

Cemig Brand Value – EVA Shareholders Scenario (R$ million)



This scenario reinforces Cemig's necessity to keep working on key issues in terms of brand and reputation, mainly related to price, tariff, technical support, customer service, quality and share price. To this end, focus groups with free customers and medium-voltage customers were created. The findings from the surveys and focus groups will be used as a basis for the actions to be developed in 2014.

INNOVATION

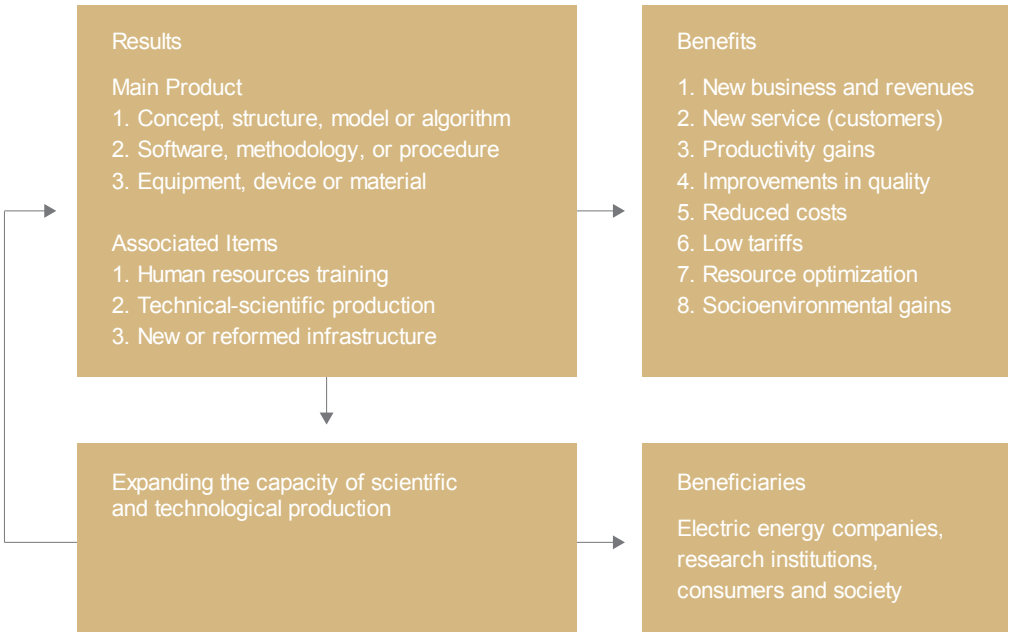
PG9

Innovation in finding technological solutions for business is a part of Cemig's strategic objectives. The Company works in the constant search for innovation as a way to maintain its trajectory in the long term.

EU8

Research and Development Projects

Through Cemig's Research and Development Program (R&D) new methodologies, processes, software, materials, devices and equipment for improving the electrical system and operating process are developed, in addition to increased personal and asset security, benefiting the electricity sector, Cemig, and society. The figure below shows the main results, benefits, and beneficiaries of R&D projects, which can be divided between operational efficiency (75% of total projects) and breaks (25%), focused on alternative technologies with the aim of looking to the future. Among the main projects of alternative sources of energy stands out solar power, wind energy, and biomass.



Cemig also has an area to look after the interests of intellectual property, Cemig's Brands and Patents Office, which is responsible for protecting and ensuring the privilege and the right to use the innovations developed by its employees, in addition to R&D products. Currently, Cemig has the largest number of patents in the National Institute of Industrial Property (INPI) amongst electricity companies in Brazil. The company has registered 43 patents and requested another 4 in 2013. There are currently 5 patents in the licensing process for third parties, which can be a source of revenue for the company.

The main R&D projects developed in 2013 include:

- **Smart Grid**

The Cities of the Future project started in the city of Sete Lagoas - MG to develop a Functional Model for Smart Grid, contemplating solutions for automated metering, intelligent automatic network solutions for reconfiguration and recomposition of rural and urban feeders with medium and low charge density, insertion of distributed generation, Consumer participation, IT solutions and Telecommunications. With the deployment of smart grids, consumers will have more control of their energy use and electricity bill. It will be able to monitor the quality of the energy supplied by Cemig in real time, besides promoting home automation in which domestic appliances can be connected to the electrical system, and calculate CO_2 emissions from energy consumed.

Smart metering data have already been collected, enabling analyses with little time lag on the behavior of the electrical grid during consumer use.

In 2013, the "Consumption Schedule" page was launched, with one of its highlights being the consumer's ability to monitor and adjust their energy use habits.

- **Water Resources**

The methodology is being developed in conjunction with the Federal University of Viçosa to calculate the volume and distribution of sediments in damned reservoirs. The storage capacity is naturally reduced by silting of the reservoir caused by factors such as influent and fluent flow, concentration and granulometry of the sediments transported, operating regime of the

reservoir, and anthropic action in the basin. Therefore, it is essential to consider this variability to perform a proper analysis of water storage capacity since it has a direct relation to water availability for the intended use of the reservoir.

As a final result, the operation of the reservoirs is expected to be more effective from the perspective of energy generation and flood control with greater anticipation in issuing alerts for cities in the areas of influence of the reservoirs. The deadline for the project as agreed with Aneel is October 2014.

To learn more about the company's research and development projects in this area, please access here.

- **Development of methodology for soil decontamination impregnated with mineral insulating oil**

The main objective of the project is to develop a methodology / technique based on studies of physical-chemical processes (advanced oxidative) and/or biological (bioremediation) with a view to decontaminate waste contaminated soils for proper final disposal.

In this sense, the following were the most significant results obtained in 2013:

• mastery of composting techniques, phytoremediation and oxidation by magnesium peroxide for treatment and processing of hazardous waste mineral oil in inert waste;

• possibility of treating waste mineral oil on the spot, without sending it for incineration or co-processing.

- **Partial diagnosis of afforestation in municipalities in Minas Gerais state and the identification and propagation of native tree species and potential use in street afforestation.**

In 2013, a field survey began in 35 cities in Minas Gerais state that is scheduled to be completed in September 2014. The project enables Cemig to gain comprehensive knowledge of the urban reality in relation to afforestation, in all regions of the state in order to facilitate management. The use of species suitable for street afforestation especially under electrical wiring allows the concessionaire to optimize electricity distribution services as interruption in supply and power cuts decrease from emergency pruning or falling branches. It will also significantly reduce spending on pruning services, since it will only be needed for tree maintenance (dry twigs, for example). Consequently, maintenance costs of power distribution networks will be lower.

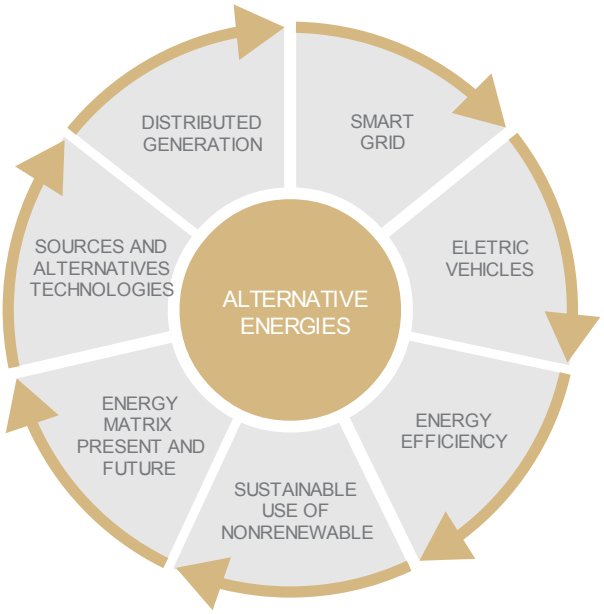
For more information about R&D, please access here.

ENERGY ALTERNATIVES

In Cemig's vision, energy alternatives are a set of energy sources, transformation technologies, and uses of energy that are characterized by being non-traditional in the present and potentially sustainable, which translates into low environmental impact, economic viability, social justice, and cultural acceptance.

Because they are integral elements and mutually dependent in the energy matrix, new sources and technologies, distributed generation, Smart-Grid design, electric vehicles, energy efficiency, and better use of traditional energy resources make up the energy alternatives.

The research and implementation of alternative energy sources, in addition to meeting the strategic objectives associated with the growth of the generating complex via low-impact generation, in the matrix of materiality is related to (i) Investment in Expansion of Generation, (ii) Technology and Innovations, (iii) Emissions, and (iv) Indirect Economic Impacts.



Cemig has kept up with state-of-the-art technologies and directed efforts to the development of new technological routes and new business options. Examples of these projects are described below. The investments in these lines were made in R&D projects under the framework of Cemig/Aneel and Cemig/Fapemig.

- **Mitigation of atmospheric effluents at the Barreiro Thermal Power Plant**

At the end of 2013, the GT 482 project, "Mitigation of Atmospheric Effluents at the Barreiro Thermal Power Plant", was initiated and is expected to last for 24 months. Resulting from a partnership between Cemig, Cefet, and the companies Neomatrix and V&M do Brasil, the project includes the construction of a plant next to the Barreiro Thermal Power Plant located in Belo Horizonte, MG to contain and immobilize greenhouse gases from power generation activities at the plant with the prospect of a 25% reduction in treated effluent emissions. By making it possible to introduce less polluting thermal power plants in the energy market, the project contributes to the diversification of the energy matrix.

- **Electricity production using biogas from the biodigestion of vinasse**

The main objective of the project is to facilitate electricity production using vinasse biogas for developing an efficient and cost-effective system for biogas purification. The system was installed throughout 2013, and the project is expected to be completed in 2014 with the operation of the plant, evaluation of results, and its applicability in the Brazilian electricity sector.

- **Development of a system to calculate the installation potential of photovoltaic solar power plants and large solar thermal power plants**

The second version of the Solarimetric Atlas of Minas Gerais is under development. This new version will have an even more pronounced scientific appeal and will incorporate data from the five modern solarimetric stations installed in Diamantina, Jaíba, Paracatu, Sete Lagoas, and Uberlândia for validation or eventual redefinition of solarimetric maps of the state.

Photovoltaic Solar Power Plant in Sete Lagoas

In 2013, Cemig carried on with the construction of the experimental Photovoltaic Solar Power Plant (USF) in Sete Lagoas, in partnership with the Spanish company Solaria, the Federal University of Minas Gerais (UFMG), and the Minas Gerais State Research Foundation (Fapemig). The forecast for completion of the works is by the end of 2014. It will be the largest solar power plant in Latin America in terms of power with a capacity of 3.3 MWp, which is enough to power about three thousand homes, as well as being one of the most well-funded research centers on photovoltaic systems in the world. Cemig's expectations is that this plant will bring economic development to the community, attract investments from other industries and, consequently, generate indirect jobs.

Mineirão Solar Project

In 2013, the installation of the photovoltaic solar power plant (USF) in the Governor Magalhães Pinto Stadium (also called Mineirão) was completed. It is the first 2014 FIFA World Cup hosting stadium to have this kind of a power plant. The Mineirão solar power plant has an installed capacity of 1.42 MW and about 6,000 solar panels. According to the contract signed in 2012, the Portuguese company Martifer Solar S.A. will be in charge of the implementation, operation, and maintenance of this venture at an overall cost of 3.7 million euros. In January 2014, the Mineirão SPV Power Plant entered the commissioning and functional testing phase. It is operating on an experimental basis for tests and adjustments on the supervision and control systems for generation. Commercial operation is expected to begin before the handover of the stadium for the World Cup games.

TARIFFS

Reducing electricity tariffs was one of the recurring themes in discussions between society, government, and electric utilities in 2013. Certainly, the issue has not yet been exhausted. Therefore, Cemig considers the importance of explaining to its diverse customers how their tariffs are determined and what are the criteria for readjustment (Law No. 12,783 did not set any readjustment criteria, but established guidelines for electricity generation, transmission and distribution concessions, the reduction of regulatory charges, and reasonable tariffs).

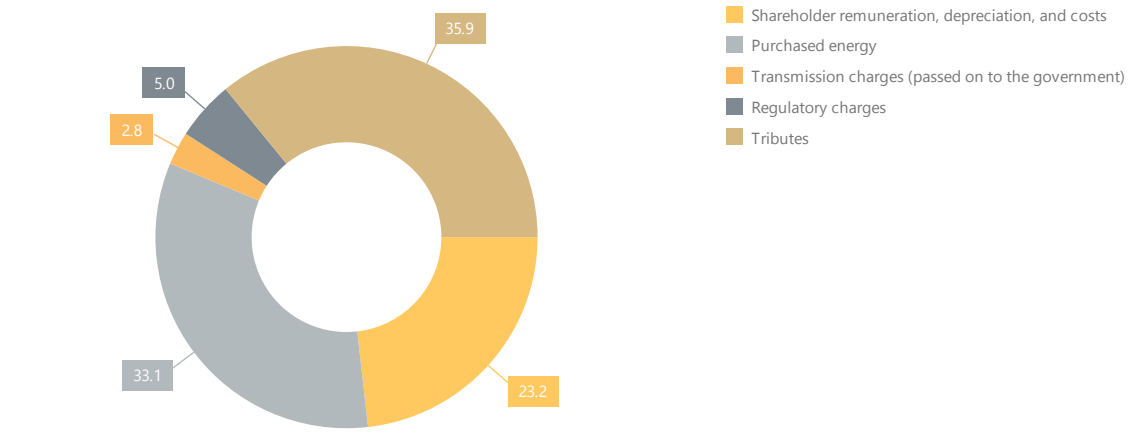
Cemig Distribuição ("Cemig Distribution")

The National Electric Energy Agency (Aneel) is the body that regulates and supervises companies in the Brazilian electricity market. For Cemig D, the regulating agency determines the cost associated with each type of consumer, which is used to calculate the different tariffs between the various classes of consumption and voltage levels.

In addition to charging for taxes (ICMS, PIS, Cofins and Pasep) and the Public Lighting Contribution - CIP, revenues collected through tariffs should include two types of costs: manageable costs, known as Parcel B, and non-manageable costs, called Parcel A. Manageable costs are the operational costs for distribution, shareholder remuneration, and the reintegration quota on capital invested. Non-manageable costs already are those that the distributor collects from consumers and passes on to the other agents in the industry such as energy purchase, transport (transmission), industry charges and taxes.

The following is the current breakdown of tariffs for electricity:

Breakdown of Tariffs Value (%)



Electricity tariffs of Cemig D and all other power distribution utilities are subject to three types of adjustments.

- Ordinary tariff review
- Extraordinary tariff review
- Annual Tariff Adjustment

Ordinary tariff revision

In April 2013, Cemig D underwent the third Ordinary Tariff Review in which Aneel defined in public meeting, an average index increase of 2.99% for the tariffs for Cemig D electricity consumers effective from April 8, 2013 until April 7, 2014.

For medium and high-voltage captive consumers such as industries and the service sector, the average reduction was 4.83%. For low-voltage consumers, the average readjustment was 6.98%, for Full Residential, 4.87%, and for Low Income, 6.30%. As at the beginning of 2013, there was an extraordinary tariff review, the impact reported here was calculated by comparing the tariffs approved in January 2013 with those established in April 2013.

Pursuant to the Federal Constitution, Cemig D is required to collect taxes directly on the consumer's bill and pass them to competent authorities. These taxes included Cofins, PIS/Pasep, and the ICMS state tax. In the case of Minas Gerais, the roughly 2.8 million residential customers that consume less than 90 kWh/month are exempt from paying ICMS. Consumers' bills also include a charge for the Public Lighting Contribution Service - CIP, which is set by the municipal government. Cemig D only collects this fee and turns it over to the municipalities. The payment of this tax attaches to municipal governments the responsibility of designing, implementing, expanding, operating and maintaining public lighting facilities.

Extraordinary Tariff Review

Provisional measure No. 579 of September 11, 2012 established in Articles 21 and 24 that energy distribution utilities are no longer required to pay the "Global Reversion Reserve" (RGR) tax or an apportionment to the Prorated Fuel Consumption Account (CCC) for electric power generation in isolated systems. There was a 75% reduction in the contribution for the Energy Development Account (CDE).

The determinations of Provisory Measure No. 579 imply reduction in electrical energy transmission and generation costs in the Nationwide Interconnected System (SIN). Provisory measure No. 579 became Federal Law No. 12,783 of January 11, 2013, and implemented through an Extraordinary Review in January 2013, at which time the effects of this law were enforced on tariffs for electricity distribution in the country.

The extraordinary revision resulted in a tariff reduction for Cemig D residential customers by an average of 18.14%. On average, the readjustment for Cemig D consumers including free consumers was nearly 22%. For medium and high-voltage captive consumers such as industries and the service sector, there was a 22% reduction.

The tariffs stipulated by Authoritative Resolution 1,422/13, were in effect from January 24, 2013 to April 7, 2013 when Cemig D underwent the ordinary tariff revision as provided for in the concession contract.

Annual Tariff Adjustment

Tariffs are adjusted annually in April, except in years where happens is a tariff review. This objective of this process is to pass on the full non-manageable costs and monetarily adjust the manageable costs established during the Tariff Review. The index for adjusting manageable costs is the General Market Price Index (IGP-M) from which the X Factor is subtracted for productivity catch up following the logic of the price-cap regulatory model.

The next adjustment to Cemig D tariffs will be in April 2014.

The following table indicates the dates of tariff reviews in 2013:

RESOLUTION	TYPE OF TARIFF REVISION	DATE OF ENTRY INTO FORCE	END OF TERM
REH 1269/12	Ordinary Revision	04/08/2012	01/23/2013
REH 1422/13	Extraordinary Revision	01/24/2013	04/07/2013
REH 1507/13	Ordinary Revision	04/08/2013	04/07/2014

In order to view other documents on tariff revision, visit Cemig's website.

Light tariff revision

In a public meeting that took place on November 5, 2013, Aneel approved Light SESA's tariff readjustment for the period beginning on November 7, 2013 (November 2013 to November 2018), including all consumption categories (residential, industrial, commercial, rural and other), in accordance with publications of Authoritative Resolution No. 1650 and Technical Note No. 485/2013.

Considering the new financial component that only applies for the next 12 months, as well as the

elimination of the current financial component in Light SESA's tariffs, consumers have seen an average increase of 3.65% in their electric bills from November 7, 2013.

Regarding to non-technical losses, Aneel acknowledged that combating these losses in Rio de Janeiro is especially difficult and incomparable to any other concession in the country. Therefore, the agency has relaxed the level of regulatory losses, raising the level from 30% to 40% of the low-voltage market. The percentage of the tariff to be recognized will be 40.41% over the low-voltage market, which shall remain unchanged throughout the cycle. The amount corresponding to the difference between this percentage and a reference figure that starts from 31.37% at the beginning of the cycle until it reaches 30.5% in 2018 will be invested in the Company's program to combat energy loss and addressed as Special Obligations outside the Regulatory Remuneration Base. The progress of the program to combat energy loss will be monitored by ANEEL as a condition for maintaining the level at 40.41%.

CORPORATE CLIENTS

Cemig has a structure that is unique to meeting the specific needs of corporate clients in their decision-making on energy supply.

In 2013, the amount of energy billed by Cemig to free customers in the industrial and commercial classes totaled 18,797,321 MWh, which represents 21.9% of the free energy market in the country. This makes Cemig the largest energy seller to free end-user customers in Brazil.

At the end of 2013, the Company had 375 end-user customers located in the states of Minas Gerais, Bahia, Espírito Santo, Mato Grosso do Sul, Pará, Paraná, Pernambuco, Rio de Janeiro, Rio Grande do Sul, Rondônia, Santa Catarina and São Paulo.

2.7

MARKET EVOLUTION

EU3

The Cemig Group commercializes energy through Cemig Distribuição, Cemig Geração e Transmissão, and its wholly-owned subsidiaries Horizontes Energia, Termelétrica Ipatinga, Sá Carvalho, Termelétrica de Barreiro, Cemig PCH, Rosal Energia, and Cemig Capim Branco Energia.

This market corresponds to energy sold to (I) captive consumers within the concession area in Minas Gerais state; (II) free customers in Minas Gerais and other states in Brazil, in the Free Procurement Environment (ACL); (III) other agents in the electricity sector, sales companies and independent generators and producers of energy in the Free Procurement Environment (ACL); (IV) distributors in the Regulated Procurement Environment (ACR), and (V) the Electric Energy Commercialization Chamber (CCEE) eliminating existing transactions between the companies in the Cemig Corporation.

Energy sales to end consumers totaled 45,394 GWh in 2013 representing a decline of 1.7% compared to 2012.

The amount of energy supplied to captive consumers in 2013 totaled 25,645 GWh representing an increase of 4.1% compared to the previous year, due to market expansion of Residential, Commercial, and Rural Services driven by government policies on employment and income and the acquisition of goods stimulated by the availability of credit.

The amount of energy supplied to free customers totaled 19,749 GWh in 2013, representing a decrease of 8.3% compared to 2012 due to reduced industrial energy consumption and the decline in productive activity caused by the low level of domestic investment and unfavorable conditions of the international economic environment.

Details on the Cemig Group's electric energy consumer classes is available in the following tables with a breakdown of transactions carried out in 2013, compared to those in 2012.

The number of customers billed by Cemig reached 7.781 million in December 2013, representing an increase of 3.3% compared to December 2012.

BREAKDOWN	GWh		VAR % 2013/12
	2012	2013	
End user	46,167	45,394	-1.7%
Residential	8,871	9,473	6.8%
Industrial	25,428	23,452	-7.8%
Commercial and Services	5,718	6,035	5.5%
Rural	2,857	3,028	6.0%
Public Authorities	831	861	3.6%
Public Lighting	1,242	1,267	2.0%
Public Services	1,186	1,242	4.7%
Own Consumption	34	35	3.0%
Wholesale sales Sales in ACL for Distributors and in ACR for Generation and Commercialization	13,122	16,127	22.9%
Regulated Market – ACR	10,122	11,716	15.7%
Free Market - ACL	2,999	4,411	47.1%
Sales in CCEE Sum of the balances of monthly purchases (-) and sales (+)	3,631	3,177	-12.5%
TOTAL SOLD ENERGY	62,920	64,699	2.8%

BREAKDOWN	CONSUMERS		VAR % 2013/12
	2012	2013	
End user	7,535,117	7,781,454	3.3%
Residential	6,032,910	6,249,373	3.6%
Industrial	77,450	77,181	-0.3%
Commercial and Services	690,691	709,500	2.7%
Rural	660,138	670,529	1.6%
Public Authorities	60,457	60,463	0.0%
Public Lighting	3,467	3,861	11.4%
Public Services	9,194	9,788	6.4%
Own Consumption	809	756	-6.6%
Wholesale sales Sales in ACL for Distributors and in ACR for Generation and Commercialization	52	55	5.8%
Regulated Market – ACR	36	36	0.0%
Free Market - ACL	16	18	12.5%
TOTAL SOLD ENERGY	7,535,169	7,781,508	3,3%

Sales to final consumers

Residential

Residential consumption represents 14.6% of the energy sold by Cemig totaling 9,473 GWh in 2013, an increase of 6.8% compared to 2012. This has been the highest annual growth rate since 2010.

The behavior of this consumer class is associated with the following factors:

a. addition of 216,463 consumers representing a 3.6% growth, which is the highest rate since 2009;
b. 3.4% increase in the average monthly consumption per consumer, 128.5 kWh/month in 2013, the highest figure since 2001 (124.6 kWh/month);
c. climate conditions with temperatures above the historical average in several months in 2013
d. continued, although at a more moderate pace, consumption of goods and services by households, which was made possible by government policies on employment and income and the acquisition of goods stimulated by the availability of credit.

Industrial

The energy used by captive and free customers represents 36.2% of the volume of energy commercialized by Cemig and totaled 23,452 GWh in 2013, a decline of 7.8% compared to 2012.

The behavior of this consumer class in 2013 is associated with industrial activity in Minas Gerais, which declined due to a low level of domestic investment and unfavorable conditions in the international economic environment.

Industrial production in the state showed a 1.3% decline in 2013 as seen in 9 of the 13 activities

surveyed, primarily in the following sectors: vehicles (-7.6%), mineral extraction (-6.2%), basic metallurgy (-3.1%) and metal products (-7.7%).

Commercial and Services

The energy used by captive and free customers represents 36.2% of the volume of energy commercialized by Cemig and totaled 6,035 GWh in 2013, an increase of 5,6% compared to 2012.

The behavior of this consumer class is associated with the following:

a. 18,809 consumers connected, representing a 2.7% growth;
b. climate conditions with temperatures above the historical average in several months in 2013
c. dynamics of the tertiary sector involving the provision of services to families and various economic sectors.

Rural

This class receives 4.7% of energy distributed and, with consumption of 3,028 GWh, grew 6.0% compared to 2012, associated with:

1. increase in the consumption of irrigation at 8.4%; and
2. 2. 4.8% increase in average monthly consumption per consumer (378.4 kWh / month) compared to 2012 (361.1 kWh / month).

Other Classes

The other classes – Government, Public Lighting, Public Services, and Own Consumption - together represent 5.2% of the energy distributed, totaling 3,405 GWh, which is an increase of 3.4% in 2013 compared to 2012.

Sales in ACL and ACR

Energy sales to other agents in the electricity sector in free and regulated procurement environments reached 16,127 GWh, representing a 22.9% growth.

The 15.7% growth in sales to Distributors in the Regulated Procurement Environment (ACR) is a result of new contracts taking effect in 2013 and 47.7% in sales in the Free Procurement Environment due to short-term commercial opportunities offered by the elevated Settlement Price of Differences (SPD) in 2013.

Sales in the Electricity Trade Chamber (CCEE)

Sales in the CEE have fallen 12.5% due to the unfavorable hydrological situation, low reservoir storage conditions, and dispatch of thermal power plants for energy security since the beginning of the 2012/2013 rainy season.

Electric Energy Balance

EU12

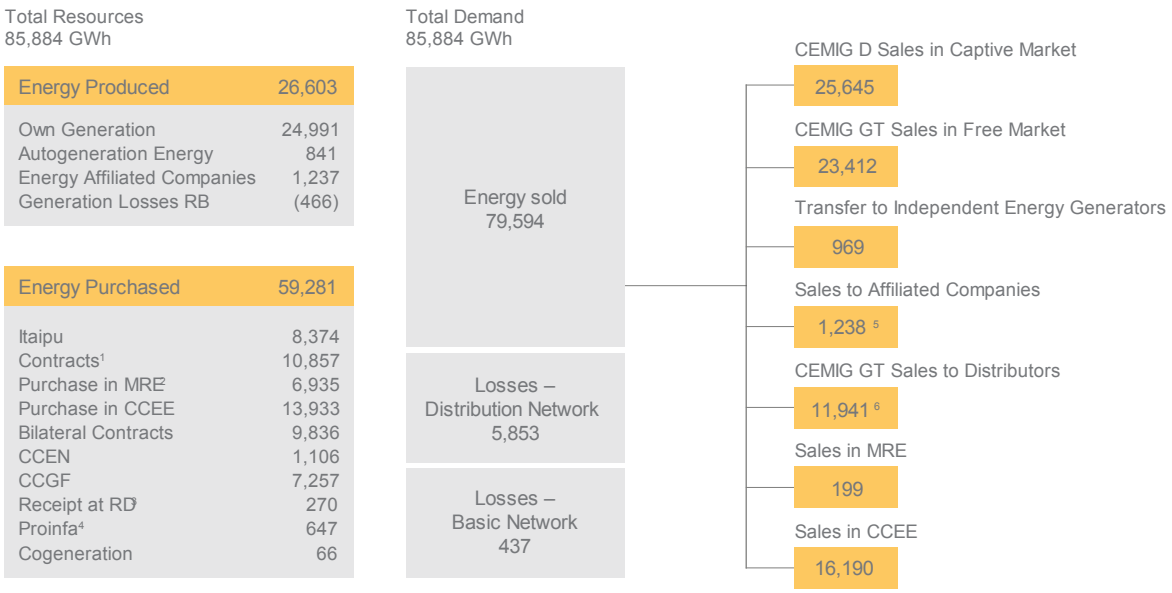
The electric energy balance in Cemig's consolidated market encompasses electric energy purchase and sale transactions by Cemig Distribuição, Cemig Geração e Transmissão, Horizontes, Barreiro, Sá Carvalho, Ipatinga, Cemig PCH, Rosal and Capim Branco.

The resources utilized in 2013 totaled 85,884 GWh, representing an increase of 2.6% over the

quantity of resources utilized in the previous year.

The total for energy losses in the grid and distribution networks was 6,290 GWh, which corresponds to 7.3% of total resources, and represents a 0.4% decline in losses compared to 2012 (6,317 GWh).

Balance of Energy – January to December 2013 – Cemig Consolidated



Comprises the balance of power companies Cemig D, Cemig GT, Capim Branco, Cemig PCH, Horizontes, Cachoeirão, Rosal, Sá Carvalho and Barreiro.
Does not include intercompany transactions.

[1]Energy contract in the Regulated Trading Environment and adjustment auction.
[2]Energy reallocation mechanism.
[3]Generation directly injected into the distribution system.
[4]Program to promote alternative energy sources.
[5]Bilateral contracts of companies Sá Carvalho, Horizontes, Pai Joaquim, Rosal, Barreiro, and Cachoeirão Generation UTE Ipatinga.
[6]Cemig GT Sales, in the Free Regulated Contracting Environment (ACR).

Natural Gas Commercialization

Gasmig achieved the sale of 1.488 billion cubic meters of natural gas, reaching a new record level of gas supply to the market (total market, including thermal power plants) with more than 4 million m³/day on average in 2013. As a result, annual gross revenues also reached a record of R$ 1.510 billion.

DEMAND-SIDE MANAGEMENT

EU7
EU12

Meeting the electricity demand of the various types of Cemig consumers requires the utilization of a large quantity of resources. The electrical generation, transmission and distribution systems must be scaled in order to meet the consumer demands, even at times of higher energy consumption (peak hours). Large variations in the volume of energy consumed during peak and other hours can result in loss of efficiency, as the Company's infrastructure would run the risk of being underutilized at certain times. With the goal of minimizing these peaks and, consequently, instances in which its infrastructure is underutilized at times of lower demand, Cemig works together with its largest industrial consumers, through commercial policies (hourly-seasonal tariffs) which provide incentives to shift the energy demand away from peak hours.

The table below shows how demand-side management actions allowed for a reduction in the demand for electric energy at peak hours in 2013 .

new accounting practices were considered from January 1, 2013, under IFRS 11, which only considers wholly-owned subsidiaries.

	WINTER	SUMMER
Cemig's maximum demand (MWh/h)	8,385	7,783
Total reduced (MWh/h)	620	620
Demand reduced / Maximum demand (%)	7.40	7.97

EFFICIENCY AND ENERGY CONSERVATION

SO1 EU23 EN5 EN6 EN7 EN18 EN26

Through the Energia Inteligente ("Intelligent Energy") Program

In compliance with Law No. 9.991/00., Cemig has developed various energy efficiency initiatives aimed at disseminating to the public the importance of efficient electricity use and the best way to use electricity, which results in reduced waste, and consequently, direct financial savings.

The Energia Inteligente Program reflects Cemig's concern in providing customers with quality service and guiding them on the correct and rational use of electricity, which benefits the environment in ways including reducing greenhouse gas emissions. In the last 10 years, Cemig has invested nearly R$ 500 million in more than 150 initiatives in this program. Below are the main results of the projects under the program in 2013.

RESULTS OF THE ENERGIA INTELIGENTE (" INTELLIGENT ENERGY") PROGRAM						
ACTION	TARGET PUBLIC	OPERATION IN	INVESTMENT	ENERGY SAVINGS	PEAK DEMAND REDUCTION	AVOIDED EMISSIONS
Replacing electric shower heads with solar heating systems	Low income housing projects	1,098 solar heating systems	R$ 3.8 million	469 MWh/year	363 kW	45 tCO_2e
Replacing electric shower heads with solar heating systems	Public Hospitals and philanthropic entities	6 entities	R$ 5.7 million	370 MWh/year	656 kW	36 tCO_2e
Replacement of electric shower heads	ILPIs (Long Term Care Facilities for the Elderly)	104 systems	R$ 4.8 million	1,706 MWh/year	752 kW	164 tCO_2e
Replacing autoclaves	Public Hospitals	38 autoclaves in 25 hospitals	R$ 5.9 million	3,547 MWh/year	854 kW	341 tCO_2e
Obsolete lighting systems in public hospitals replaced with high efficiency lighting systems	Hospital Lighting	2 hospitals, replacing approx. 980 sets of energy efficient fixtures and fluorescent lamps	R$ 800 thousand	86 MWh/year	19 kW	8 tCO_2e
Energy efficiency projects in the rural	Small irrigating farmers in	220 irrigation systems	R$ 4.1 million	1,907 MWh/year	589 kW	183 tCO_2e

sector	Jaíba-MG					
Conviver Project - guidance related to energy efficiency measures.	Low-income clients	36,523 families. 2,164 refrigerators and 140,699 compact fluorescent lamps were replaced.	R$ 10.1 million	9,335 MWh/year	3,697 kW	896 tCO_2e
Other projects (Sinergia, Cemig nas Escolas, PLAMGE and Plano de Gestão)	Students, city halls, trainnings and program management	The projects Cemig na EScola and PLAMGE had only expenses related to the completion of the project (they were completed in early 2013) and have no measurable benefits as they are educational typology and municipal energy management, respectively. The management plan is a tool used for training and program management and has no benefits	R$ 1.1 million	Does not apply	Does not apply	Does not apply
Efficientia	Customers from industrial and service segments	Industries, service companies, etc.	R$ 11.6 million	32,599.23 MWh/year	1,663.47 kW	3,195 tCO_2e
TOTAL			R$ 48.0 MILION	50,020 MWH/YEAR	8,593 kW	4,801 tCO_2e

Conviver Project

SO1 SO9 SO10 EC9

The Conviver project brings Cemig closer to those living in poor communities in the Belo Horizonte Metropolitan Area (RMBH) and countryside around the state. One of the focuses in energy distribution is related to the reduced quality in supply whenever there are disruptions or shutdowns in the electrical system. Aiming to reduce peak demand and improve the quality of energy supply, the Conviver program has a direct effect on the homes of low-income families by adjusting their energy consumption according to their ability to pay, which reduces waste and payment delinquencies to the Company.

Initiatives taken include replacing showerheads and exchanging high energy consuming refrigerators and lamps for those that are more efficient. The project even replaces obsolete electrical installations and donates standard meters. Educational activities are also carried out on efficient energy use and the reduction of environmental impacts (such as greenhouse gases, for

example) caused by the misuse of natural resources.

Cemig's strategic map at the distribution level has the following strategic objectives, which are aligned with the objectives of the Conviver program:

- Customer as value;
- Expand the company's operations in the distribution market;
- Increase operational efficiency;
- Reduce delinquencies and losses;
- Safety as a value in the corporate culture.

When the Conviver Program is introduced to a new municipality, studies are conducted before and after the project is deployed in order to measure the fulfillment of expectations in the communities benefited. The capture of expectations not only covers project-related aspects, but also Cemig in general. The community is asked about the biggest problems in the area, their vision of the Company and services provided, and how the local population sees itself contributing to the success of the initiative. Furthermore, a sustainability study is conducted with an initial diagnosis, and subsequently, a diagnosis of the results to see how awareness has expanded in the local community concerning everyday choices in the use of appliances. The choice of new areas for the project is based on data showing, for example, high default rates and a high incidence of illegal connections to the electrical system, among other strategic interests to Cemig. Initially, the leaders in the community are identified and a Reference Group is created to monitor the project, which is reported on later by a social team.

The Conviver project not only calls attention to energy efficiency, but also to relationships with communities in order to promote sustainability and local quality of life. This project enables significant gains by reducing energy losses and delinquencies in the communities served. There were 533 illegal connections regularized and 1,727 debts negotiated, totaling a negotiated amount of R$ 1.2 million.

As an indirect benefit to the Company, we can highlight that the favorability index increased in the IASC, and the image of the project improved in the municipalities where it has been deployed for the following reasons:

- Provides service to households in the RMBH and countryside in Minas Gerais;
- Creates jobs from the hiring of Conviver personnel;
- Improves services provided by Cemig;
- Provides access to the reduced cost benefits (Social Tariff) and tax exemption on the Value-Added Tax on Goods and Services (ICMS);
- Reduces energy bills.

Conviver Rural Project: Project for low-income consumer units developed to assist 1,044 small irrigating farmers in the Jaíba irrigation District located in the northern region of the state. In 2013, 220 irrigation systems were deployed and R$4.1 million were allocated for the program, which estimates a peak demand reduction of 589kW and energy savings of 1,907 MWh/year.

The objective of the project is the modernization of drip and spray irrigation systems as a way to conserve energy and water. The rational use of electricity and water by replacing obsolete irrigation systems with more efficient systems saves approximately 57% on energy and 44.5% on water.

The project increases the utilization rates of agricultural lots, increased productivity, and increased income for small farmers. In addition, it promotes economic and social development in the region, and improves quality of life.

Internal Campaign: In 2013, a campaign called "Attitudes that Move the World" promoted water and energy conservation involving 3,700 employees and contractors through lectures, demonstrations, brochures, giveaways, and even a competition that received 300 projects for energy and water conservation and awarded the six best and most creative ideas.

Efficientia: Efficientia S.A., a subsidiary of Cemig has been active in the development and feasibility of technological solutions that promote efficient energy use at its customers' facilities. In 2013, the company signed contracts with customers in the industrial and service sectors for the implementation of projects such as the modernization of lighting systems, photovoltaic energy generation and cogeneration, which will result in an estimated 13,164 MWh/year in energy consumption savings and the generation of an additional 219 MWh/year. In addition to effective energy savings, the energy efficiency projects implemented by Efficientia provide a reduction in load on the electric system at peak hours and serve as demand-side management projects. The total investment for these projects planned for 2014 is R$ 16.7 million. In 2013, the master plan for connecting the Santa Vitória TPP was completed under the supervision of Efficientia and is expected to be deployed in 2014. In this TPP, the thermoelectric cogeneration of sugar cane bagasse will generate up to 20 MW.

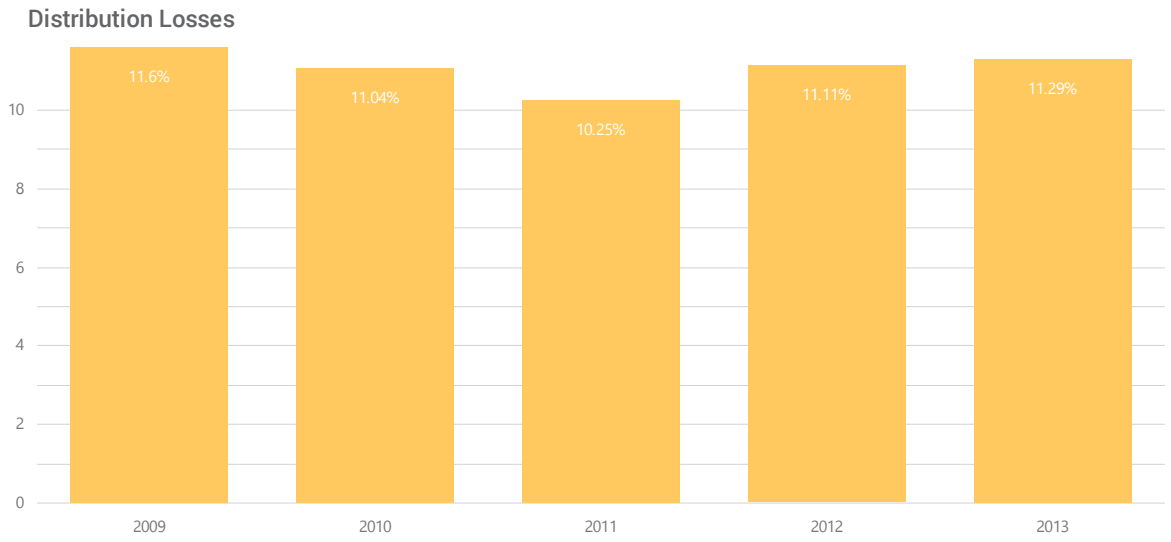
ENERGY LOSS MANAGEMENT

EU12

One of Cemig's strategic objectives is loss control, since these losses represent income not earned and indirectly affect the environment through increased greenhouse gas emissions, for example. This is also a highly relevant issue for stakeholders in materiality matrix.

The Total Distribution Loss Index (IPTD) is the sum of technical losses (PPTD) and non-technical losses (PPNT). Technical losses in the distribution system are part of conveying energy through equipment and along transmission and distribution lines. Among other factors, they are affected by power plant dispatch conditions, the extent to which works to upgrade the electrical system have been accomplished, consumer market behavior, and the performance of specific reduction actions. Non-technical losses relate to irregularities in consumer units.

The IPTD in 2013 was 11.29%, against a target of a 10.48% limit until the end of 2017. Note that, in defining the regulatory goal during the 3rd Tariff Revision Cycle, Aneel made significant changes in the methodology for calculating technical losses by imposing extremely challenging limits on Cemig.



The projected results for technical losses in 2013 was 9.12%, and 2.17% for non-technical losses.

Also, in relation to non-technical losses, Aneel sets the reference values for the low voltage market (BT). Considering this, the results for the percentage of non-technical losses (PPNT) in relation to the low voltage billed market in 2013 was 6.25%.

Actions carried out in 2013 to control and minimize technical losses include the following:

- R$ 94.9 million investment in works to upgrade the medium/low voltage electrical system, and R$ 234.2 million invested to expand and upgrade the sub-transmission system (69 kV to 230 kV);
- Medium Voltage reactive compensation project: completion of installation of 385 fixed capacitors banks in the electrical system at an investment of R$ 5.7 million and a reduction in associated technical losses at R$ 5.5 million per year (corresponding to 40.4 GWh/year);
- Acquisition and installation of distribution transformers with amorphous core technology, which reduce no-load losses by about 80%, as well as upgrading of the corresponding low voltage circuits.

In addition to these actions, other specific accomplishments to control technical losses stand out such as prospecting for new grid and conductor technologies, studies to increase the electrical system's operating efficiency, establishment of criteria to limit the levels of technical losses in medium and low voltage circuits, preparation of a medium voltage reactive compensation plan, and 225 automatic capacitor banks scheduled to be installed by 2016.

The actions described above resulted in 3,897.6 tCO2 avoided.

To reduce non-technical losses in 2013, R$ 12.78 million were invested in programs for inspecting 77,760 consumer units with suspected irregularities, with gains of R$ 90.4 million (corresponding to 223 GWh), considering potential revenue from back payments for energy charged and added energy after regulation. These actions resulted in avoided emissions of 21,408 tCO_2.

Other actions worth mentioning that were carried out in 2013 to reduce technical losses include:

- Improvements in the target selection system, including new parameters for generating inspections, digitalizing documents (Term of Occurrence and Inspection and photos) and storage on appropriate software (Gedoc);
- A high target hit rate for inspections: 33%, and energy/inspection increase of 1.28 MWh/inspection (an increase of 9.40% compared to 2012);

- Improvements and automation of calculation systems irregularity management (20% increase in productivity and 65% reduction in pending estimates of irregularity);
- Enforcement of 59,466 irregular-consumption revenue recovery actions with 97.52% compliance;
- Investment of R$ 27.70 Million to replace 342,000 obsolete meters, representing an increase in revenue of R$ 8.62 million (equivalent to 24.62 GWh);
- Regularization of 2,685 illegal connections, representing a loss reduction of R$ 2.61 million (equivalent to 6.5 GWh);
- Continuation of the work of the Commercial Losses Combat and Prevention Workgroup, working in conjunction with the Civil and Military Police, the Public Ministry, the Authorities and the press to criminalize fraudsters, regularize illegal connections, and dissemination of information to raise citizen awareness of the damage caused by Losses.

Light

Commercial losses – non-technical losses – recorded in 2013 totaled 5,738 GWh, representing 42.18% of the power invoiced in the low voltage market and a decrease of 3.24% compared to 2012. Total losses amounted to 8,351 GWh or 22.82% of the grid load.

Progress in Light's total losses

	2011	2012	2013
Electrical Losses - Total (%) over wire load	21.70	23.60	22.80
Technical Losses - (%) over wire load	6.70	7.10	7.10
Non-Technical Losses - (%) over wire load	15.03	16.50	15.70
Non-Technical Losses / LT Market (%)	40.48	45.42	42.18

An investment of R$ 192 million was made for a shielding network, electronic measuring system, and regularization of fraud.

Light Legal (Zero Loss Areas)

The "Light Legal" project was consolidated in 2013 as a major action to combat the Company's commercial losses. Linked to electronic measurement, the project has gained increasingly significant results.

The actions of the project are carried out in small areas called Zero Loss Areas hosting approximately 15 thousand customers with non-technical loss and default rates. A contractor carries out the actions in each area focusing on improving indicators. In 2013, "Light Legal" was deployed in 26 areas and served 416 thousand customers.

Dedicated teams of technicians, electricians and commercial service agents, with permanent infrastructure in the relevant area, are given above-market-average fixed compensation and aggressive variable compensation, removing the requirement for field inspections by Light and ensuring greater commitment to results. This system has enhanced loss reduction efficiency, and the shorter distances traveled by crews help minimize impacts on the environment.

Service agents also visit customers to negotiate installment payments, update their account details, provide tips on efficient electricity consumption and explain their consumer rights and duties.

With investments in network shielding, installation of electronic meters, and the deployment of the "Light Legal" program, commercial losses of 45.6% have decreased by 25.3%, and timely payments at 90.17% have increased by 9.29%.

RELATIONSHIP WITH CUSTOMERS IN DEFAULT

EU27

The non-payment of energy bills prompted 337,610 suspensions of service.

Service may be suspended from the moment the customer goes into default with the distributor, who must provide a notice in writing at least 15 days in advance, in accordance with industry regulations (Aneel Resolution No. 414/10).

Reconnections are also regulated by the Resolution mentioned above, which determines that reconnection should be made in 24 hours for urban areas and 48 hours for rural areas. The periods for reconnection begin as soon as the debt is paid, whether by customer notice, a receipt or other supporting document, or by reducing the amount owed in the distributor's system. For exceptional cases called urgent reconnections, the period for reconnection is 4 hours in urban areas and 8 hours in rural areas.

The table below shows the number of customers grouped according to the time between suspension of electric service and reconnection.

DURATION OF DISCONNECTION	QUANTITY PER TIME OF DISCONNECTION
<48 hours	130,075
48 hours - 1 week	42,781
1 week - 1 month	35,317
1 month – 1 year	66,494
> 1 year	14,260

ENERGY QUALITY

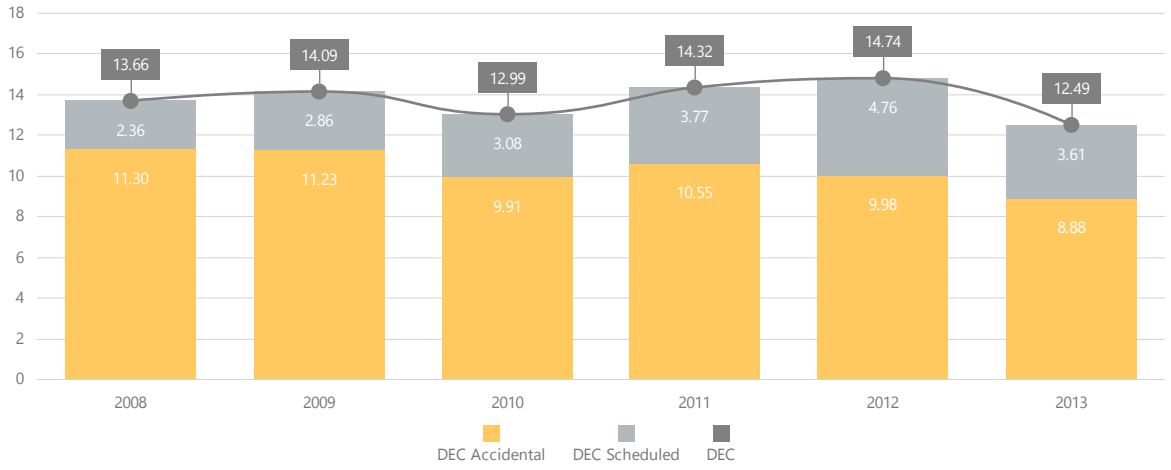
Cemig engages in activities and undertakes initiatives aimed at improving operational management, logistical organization of emergency services, and constantly performs inspections and preventive maintenance on substations, lines and distribution networks. It also invests in the qualifications of its professionals in state-of-the-art technologies and in the standardization of work processes in order to guarantee the quality of energy supply, and consequently, customer and consumer satisfaction.

Equivalent Duration of Interruption per Consumer Unit (DEC) and Equivalent Frequency of Interruption per Consumer Unit (FEC) are tools for energy supply that help to assess the effectiveness of the actions and initiatives mentioned above. In analyzing these indicators, the difference should be noted between interruptions caused by accidents and interruptions scheduled for maintenance and improvements to the electric system, which will eventually requires the interruption of electric service.

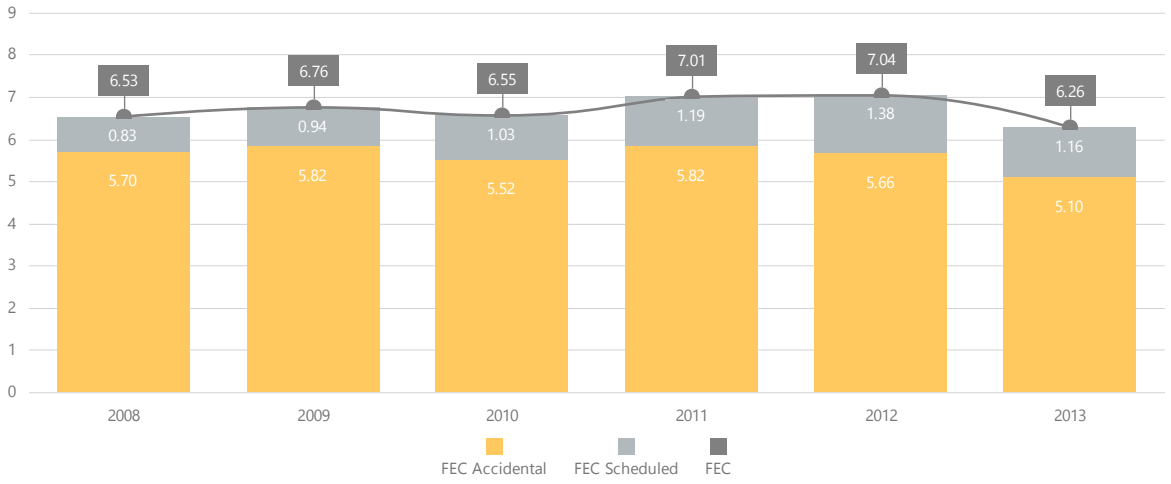
The graphs below display the evolution of Cemig's DEC (measured in hours) and FEC (measured in

number of interruptions) indicators in the last 4 years. Note that total DEC has been reduced by more than 2 hours, which represents a decline for the second consecutive year of accidental DEC, and a reduction of FEC to levels lower than in 2010. These results reflect the Company's investments in preventive maintenance such as cleaning tracks, pruning, changing cross arms, maintenance on structures, poles, transformers and damaged cables, and other actions such as network shielding, and refurbishment and interconnection of circuits. Another important action was a change at the technological level through systematic investments in electric system automation, which will allow automatic and remote restoration of electricity after service interruptions.

Average outage duration per consumer (DEC)



Average outage frequency per consumer (FEC)



From 2013, Aneel established a standard in which unmet DEC and FEC targets entail lower rate increases during tariff reviews; however, they do not result in fines.

PR9

In relation to other technical issues, Cemig was penalized 12 times by Aneel in 2013, receiving a warning and fines that totaled R$ 59,856,514.44.The Company exercises control using annual goals for the reduction in fines received through specific internal controls and processes that have a direct effect on the effort to reduce the initial amount of fines levied. It is important to note that the amounts effectively paid are adjusted based on the Selic (Brazilian Central Bank Rate). In the same year, Cemig effectively paid 6 fines in the amount of R$ 1,188,999.54 related to 1 infraction in 2012 and another 5 in 2013. The company filed 3 lawsuits and an administrative decision is still pending on 2 other cases. In the end, an 18.9% reduction of the total amount in fines was obtained.

Historically, the fine had been reduced by 41.8% in 2009, 46% in 2010, 21.7% in 2011, and 67.6% in 2012.

RELATIONSHIP WITH CONSUMERS

EU24

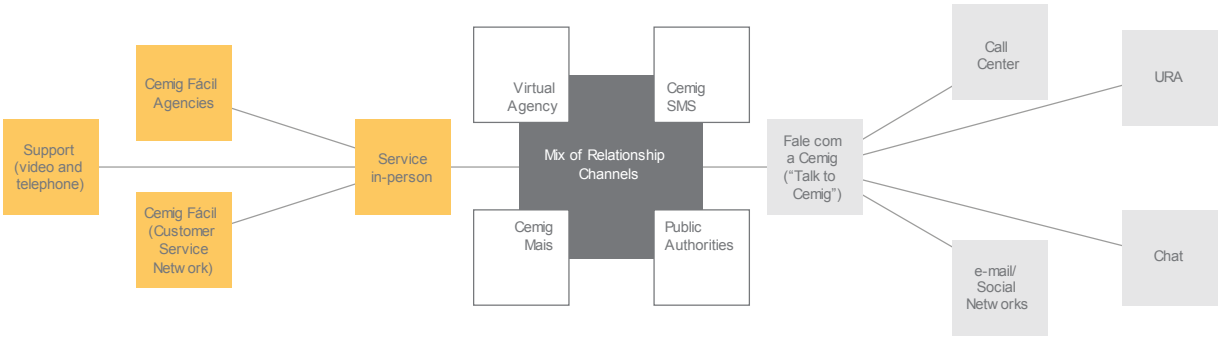
Customer commitment is a guideline in the Company's Ethical Principles so that it is a standard for all employees and is a part of the Company's vision. Accordingly, Cemig offers different channels of communication, invests in innovation, and offers guidance on energy conservation as a criterion for providing responsible service.

Additionally, there is a Consumers' Council that represents their collective interests and promotes their defense by forwarding suggestions, cooperating in monitoring, and providing reports and complaints to Cemig based on general conditions for supplying electricity.

In addition, there is information on the Company's website on the rights and duties of each party, how consumers can avoid wasting energy, simulate consumption, understand each part of their electric bill, and learn about reduced cost benefits program (Social Tariff)

The Social Tariff program is aimed towards consumers enrolled in the Single Registry of Social Programs, who have a Social Identification Number (NIS) and a per capita family income of up to half the minimum wage, consumers enrolled in the Continuous Cash Provision (BPC) social assistance program, as well as Aboriginal and Quilombola populations. . For more information, please visit this.

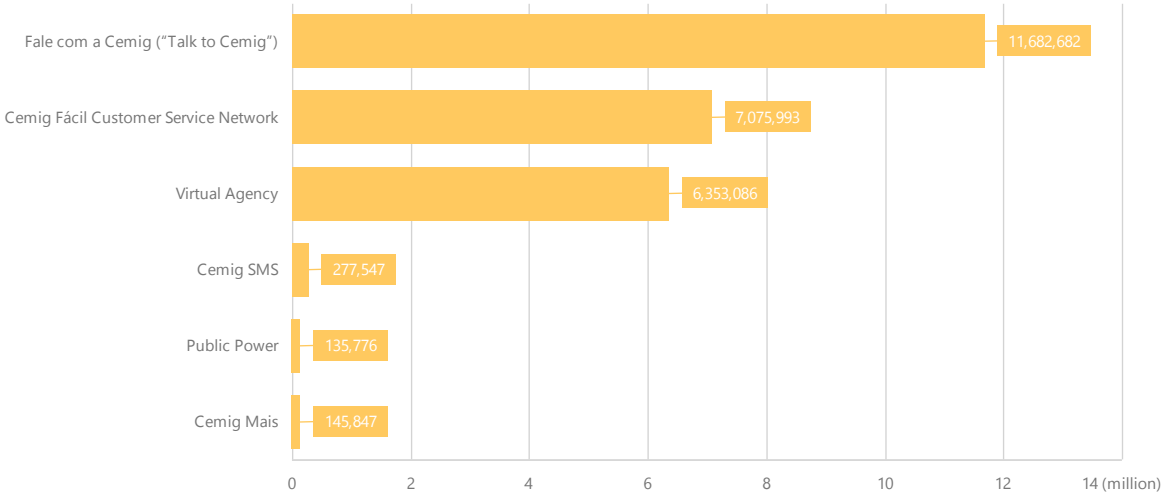
Cemig provides several communication channels for customer service including Internet, in-person, and telephone, as illustrated below:



Customers and consumers can receive on-site service through Cemig's 'Easy Care Network', which includes service agencies and posts in all 774 municipalities within the Company's concession area. Long-distance customer care (by dialing 116) is provided through the Fale com a Cemig ("Talk to Cemig") call center. Another very important communication channel is through 'Cemig Torpedo', which allows consumers to reach Cemig through SMS messages sent to the number 29810. There are three services available: Power Outage, Payment Inquiry, and Meter Readings.

The following information is related to customer service channels in 2013:

Customer Service Channels



One of the highlights in 2013 was the launch of two new customer service channels on social networks: 'Cemig Atende' on Facebook and Twitter (@cemig_atende), to add to the already existing communication channels offers greater convenience and interaction with its different stakeholders.

The company also seeks to offer better customer service and interaction with special consumers by making available different communication channels such as online services, Cemig Torpedo, and phone lines for the hearing impaired, which requiring the compatible technology for their use, in addition to the adequacy of 100% of customer service agencies and facilities to accessibility standards (ABNT-NBR 9050). Online channels are available for users with special needs through tailored software and devices. Other services are available on the site such as registration, requests for important information regarding energy use, and requests for electric bills in Braille. These services were used by 767 clients in 2013.

CONSUMER SATISFACTION

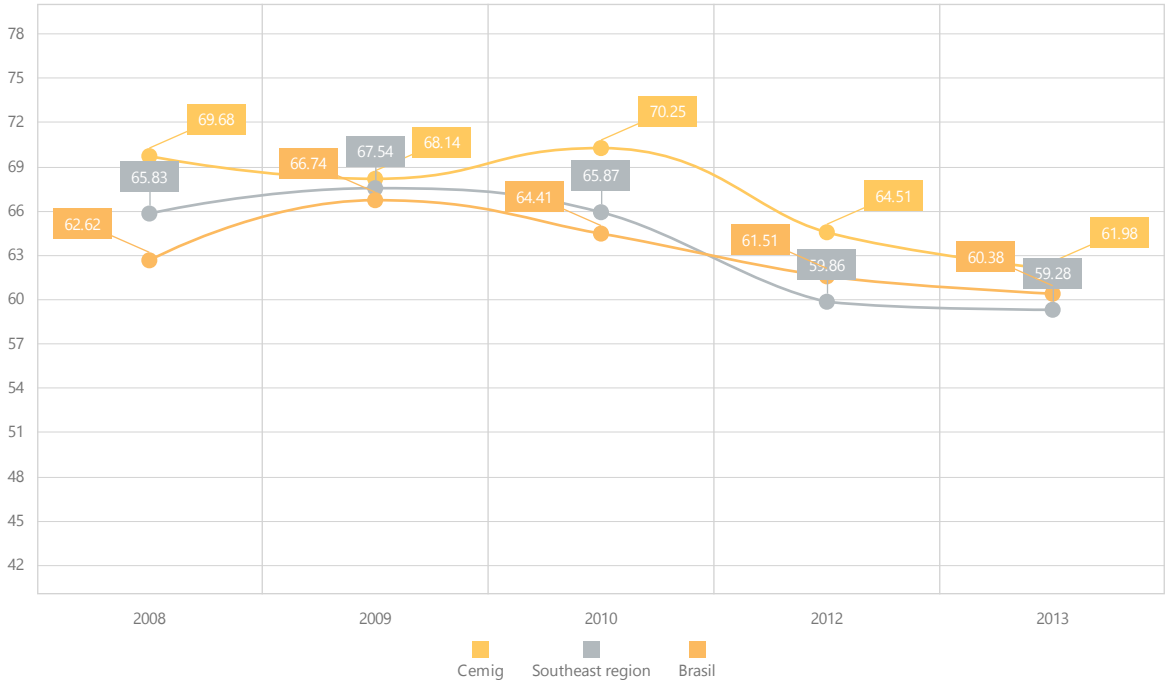
PR5

Focusing on the customer is one of Cemig's strategic objectives where Customer Satisfaction is the key to reaching this goal. Customer satisfaction has a direct impact on Cemig business, influencing branding, movement in stock prices, acquisitions, and even has an effect on contracting personnel and/or services.

The Company is assessed using the Aneel Consumer Satisfaction Index (IASC) and the Perceived Quality Satisfaction Index (ISQP). These are some of the tools used to monitor and determine the perceived quality of the product and services that the distributor provides. Indexes are generated that can be used to compare results year after year.

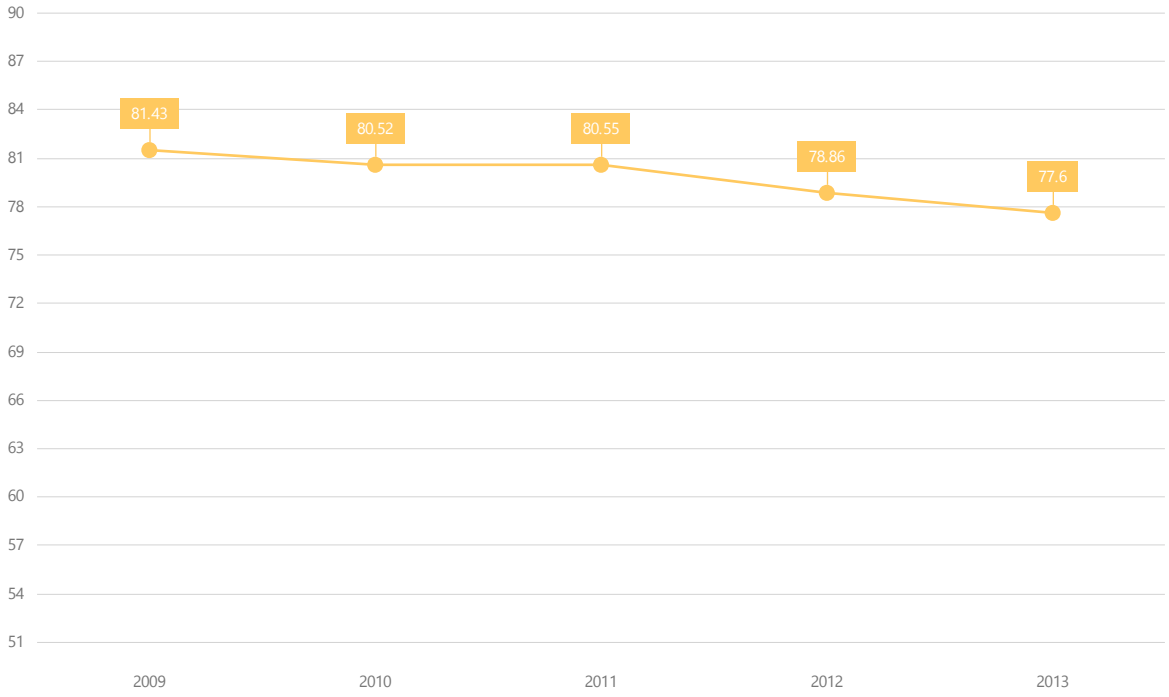
According to the IASC, Cemig has remained above average in the industry in the Southeast region and nationwide, reaching a score of 61.98 points in 2013. However, like the national trend in the sector, there has been a decrease in consumer satisfaction in recent years.

Progress of customer satisfaction – IASC



The ISQP Index has also demonstrated the downward trend in recent years. In 2013, Cemig reached a score of 77.6 points, which is just short of the goal of 78.0.

ISQP



The results of these indices are the basis for an action plan comprising a set of initiatives that include improving communication channels and service procedures and deploying campaigns and new technologies that enhance the customer / company interface. This results in faster service provision and improvement in IASC and ISQP indices. One of the most significant actions to improve the quality of energy supplied is the Distribution Development Plan (PDD), which among other objectives aims at reducing the frequency and duration of electricity disruptions and has a direct impact on IASQ and ISQP indices. (For more information about PDD, please see the item

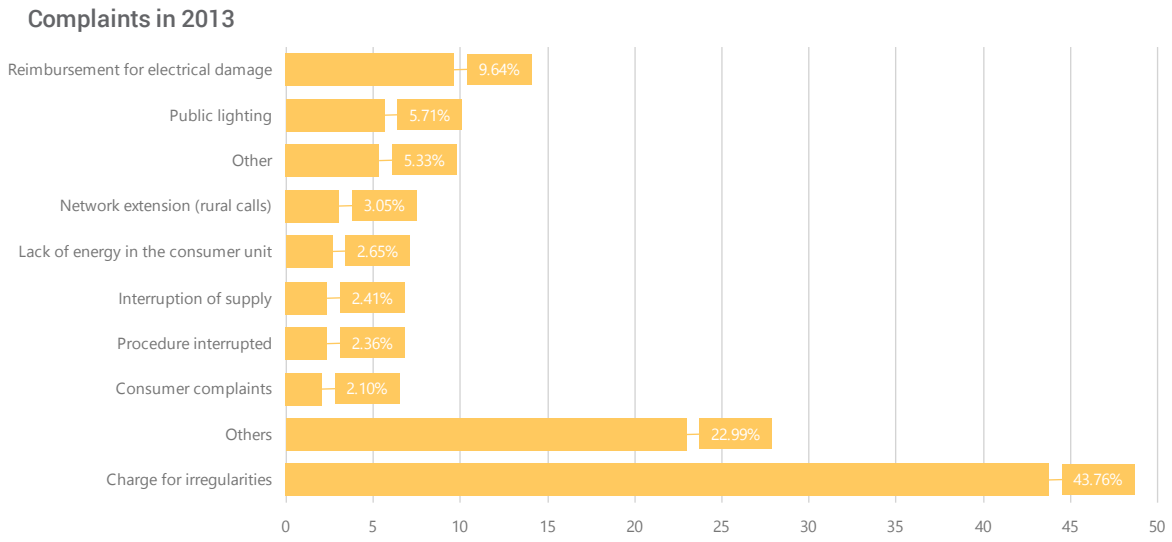
Investments in Transmission and Distribution)

The municipal governments in the concession area periodically answer a satisfaction survey called the Municipal Government Quality Index - ISPM. This survey is not cumulative and is conducted for each administrative cycle. In 2013, 225 interviews were conducted with the mayors from all regions in Minas Gerais state, which represents a sample of 29% of the municipalities in Cemig's concession area. The resulting index was 75.1. By analyzing the indices from 2009 to 2013, we can see there was an increase of 3.5% in the Company's overall results.

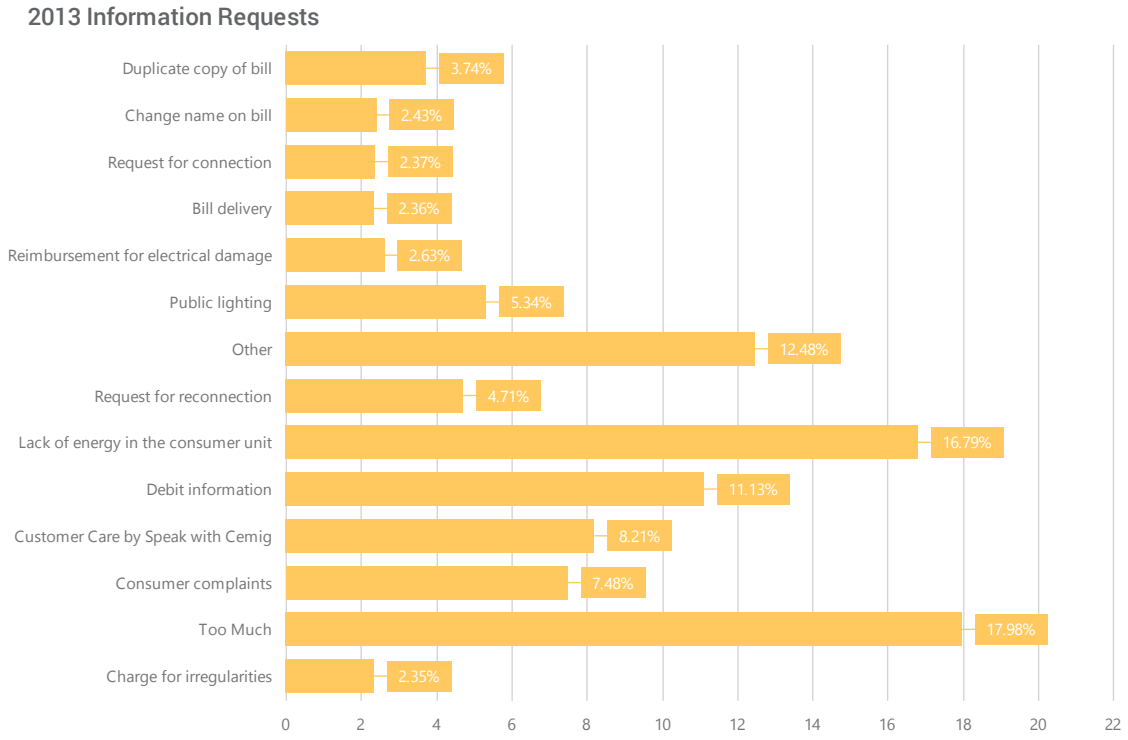
OMBUDSMAN'S OFFICE

The Cemig Ombudsman's Office was created in November 2003 and is certified in the Quality Management System - ISO 9001. It is an impartial service channel that aims to establish direct contact in the relationship between Cemig and its diverse customers. The office receives and analyzes reports, complaints, suggestions and compliments and seeks to improve services provided in Cemig's activities, and serves as a liaison between customers and Company management. This channel is an important tool for administrative transparency, and its quality of customer service is critical to the brand and the reputation of Cemig. In the last ten years, the Ombudsman's Office at Cemig has received nearly 300,000 responses from consumers. Almost 30,000 of these responses turned into processes that ultimately benefited more than 5,000 consumers. In addition, the Ombudsman's Office has handled another 30,000 claims directly from Aneel.

In 2013, 5,516 of the 42,770 cases reported were classified as complaints. From this figure, 3,393 were handled by the Ombudsman's Office. Charges incurred for irregularities were the main reason complaints were made to the Ombudsman's Office. This year, the office handled 2,414 claims, which corresponds to 43.76% of all complaints.



The vast majority of cases were classified as Information Requests. In 2013, 36,950 cases were reported. From this figure, 6,204 customers contacted the Ombudsman's Office to request information about energy disruptions in the consumer unit, corresponding to 16.79% of all cases.



Concerning customer feedback to Aneel, the regulatory agency received 27,893 cases related to Cemig. From this figure, 7,023 resulted in legal proceedings, which were forwarded to the Ombudsman's Office at Cemig to be handled by the office's Case Management System (SGO).

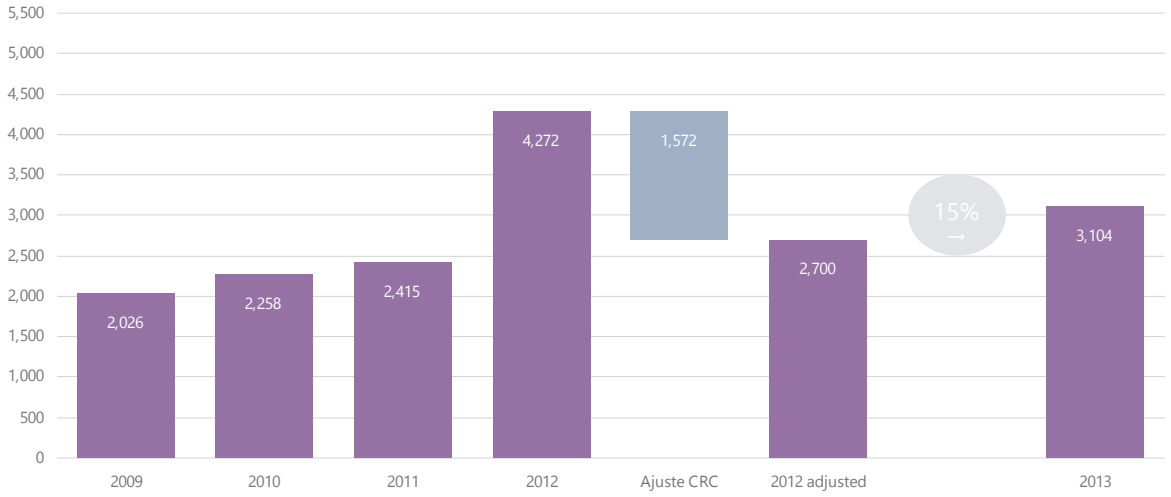
For 2014, Cemig will strengthen its Itinerant Ombudsman Project through monthly meetings to increase interaction between the Company's various customer service areas in order to respond to cases received in a faster and more transparent way. Another important development is the deployment of a quality indicator for responses, which aims to reduce the number of cases and claims between Aneel and Cemig.

FINANCIAL YEAR RESULT

2.8

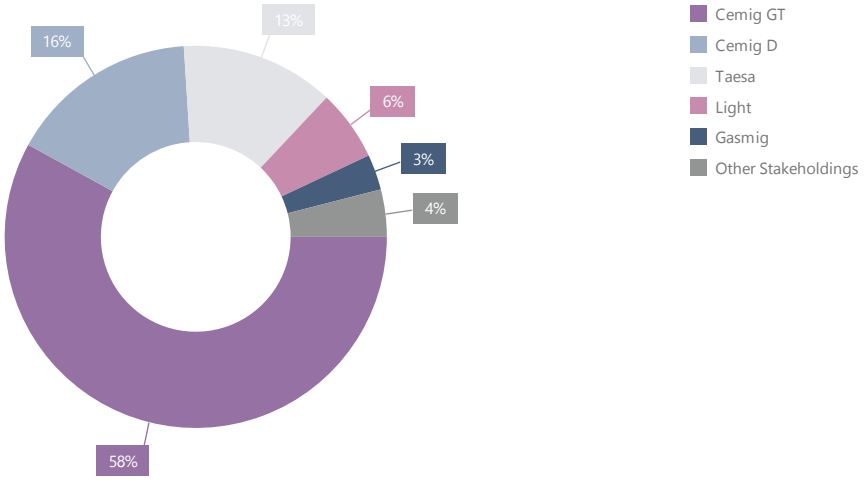
In the financial year of 2013, Cemig presented a result of R$3,104 million in comparison with the result of R$4,272 million in the financial year of 2012, representing a reduction of 27.34%. The reduction derives, principally, from the extraordinary effect on the net profit of 2012 due to the anticipated liquidation of CRC's contract with the Government of the State of Minas Gerais. Excluding this extraordinary share of the result of 2012, a growth of 15% in the net profit of 2013 is verified.

Net Profit (R$ million)



In the figure below, the contribution to the company's net profit is presented. It can be observed that the other subsidiaries contributed with 26% of the net profit of 2013.

Contribution to Cemig's net profit by company



OPERATIONAL REVENUE

The composition of the operational revenues is presented below:

R$ MILLION	2013	2012	CHANGE %
Revenue from supply of electricity	14,741	15,380	-4.15
Revenue from Use of Distribution Systems (the TUSD charge)	1,008	1,808	-44.25
Transmission revenue			
Transmission concession revenue	404	662	-38.97
Transmission construction revenue	91	107	-14.79
Transmission indemnity revenue	21	192	-89.23
Distribution construction revenue	884	1,229	-28.09
Transactions in electricity on the CCEE	1,193	387	208.34
Other operational revenues	1,048	507	106.62
Sector/Regulatory charges - deductions from revenue	-4,763	-6,135	-22.36
NET OPERATIONAL REVENUE	14,627	14,137	3.47

Gross Supply of Energy

The revenue with the Gross Supply of Electric Energy was R$14,741 million in 2013 in comparison to the R$15,380 million in 2012, which represents a reduction of 4.15%.

Get to know the details of the supply for the various segments of clients in the item 'Clients and Consumers/Evolution of the Market'.

End Consumers

The revenue with Energy Sold to End Consumers in 2013, excluding own consumption, was R$12,597 million, whereas in 2012, it was R$13,691 million, which means a reduction of 7.99%.

The principal items that affected the result are as follows:

- Average tariff reduction seen by the captive consumers of 18.14%, according to the Extraordinary Tariff Revision established by the Provisional Measure 579/12. The tariffs were applied from 24 of January of 2013 to 07 of April of 2013, when the result of the process of Cemig D's Ordinary Tariff Revision occurred;
- Annual tariff readjustments with an average impact on the tariffs of Cemig Distribuição's captive consumers of 3.85%, starting from 08 of April of 2012 (full effect in 2013);
- Annual tariff readjustments with an average impact on the tariffs of Cemig Distribuição's captive consumers of 2.99%, starting from 08 of April of 2012;
- Reduction of 1.78% in the quantity of electric energy supplied to end consumers;
- Readjustment in the contracts of sale of energy for free consumers in 2013, with the main part of the contracts indexed to the variation of the IGP-M.

Revenue with Supply to Other Utilities

The revenue with energy sold was R$2,144 million in 2013 compared to R$1,689 million in 2012, which represented an increase of 26.94%. The principal facts that caused this result are listed below:

- Increase of 20.64% in the quantity of energy sold to other concessionaries, which was of 16,127,376 MWh in 2013, compared to 13,368,096 MWh in 2012;

- Increase of 5.22% in the average sale price of energy, which was R$132.94 per MWh in the financial year of 2013 in comparison to R$126.35 per MWh in 2012.

Revenue from the Use of Electric Distribution Systems

Refers to the rate of use of the Distribution System (TUSD), arising from charges to free consumers on energy sold. In 2013, revenue was R$ 1,008 million compared to R$ 1,808 million in 2012, a decrease of 44.25%. This variation is mainly due to the reduction in the tariff rate arising from Tariff Review of Cemig D, with average effect perceived by free consumers, of 33.22%, as of April 8, 2013, and reduced consumption of large industrial customers in 2013.

Revenue with Transactions with energy in the CCEE

The revenue with Transactions with energy in CCEE was R$1,193 million in 2013 compared to R$387 million in 2012, which represented an increase of 208.27%. This result is due to a greater availability of energy for liquidation in CCEE in the period, deriving, principally, from the energy migrated from free consumers and from the excess of energy resulting from the contracts for availability, associated with the rise of 57.81% verified in the average value of the Liquidation Price of Differences - PLD (R$263.06/MWh in 2013 and R$166.99/MWh in 2012).

Other Operational Revenues

The Company's other revenues are as follows:

R$ MILLION	CONSOLIDATED	
	2013	2012
Charged service	10	17
Telecoms services	127	145
Services rendered	122	96
Subsidies — Revenue recognized for the tariff subsidies applicable to certain users of distribution services, reimbursed by Eletrobras.	673	176
Rental and leasing	57	71
Other	59	1
	1,048	506

This variation was caused, principally, by the passing on of the resources of the Energy Development Account (CDE), to compensate for the subsidies in the Tariffs for Use of the Distribution System (TUSD), which were not incorporated into the tariff, to the amount of R$488 in the financial year of 2013.

TAXES AND APPLICABLE CHARGES OVER THE REVENUE

The applicable taxes over the operational revenue were R$4,763 million in 2013 compared to R$6,135 million in 2012, representing a reduction of 22.36%. This result derives, principally, from

the application of the MP 579/12, in terms of the reduction of the following regulatory charges:

- Reversion Global Reserve;
- Energy Development Account; and
- Fuel Consumption Account.

Information regarding the amounts of these charges is found in the Company's [Financial Statements].

OPERATIONAL COSTS AND EXPENSES

The Operational Costs and Expenses, excluding the Financial Results, represented the amount of R$11,232 million in 2013 compared to R$11,528 million in 2012, a reduction of 2.57%. More information regarding the composition of the Operational Costs and Expenses is available in Explanatory Note No.26 of the Consolidated Financial Statements. See the principal variations in Expenses in the Company's Financial Statements.

EBITDA

Profit before interest, taxes, depreciation and amortization (Ebitda):

EBITDA - R$ MILLION	2013	2012	CHANGE %
Net profit for the period	3,104	4,272	27.34
(+) Income tax and Social Contribution tax.	950	833	14.05
(+) Financial revenue (expenses)	308	1,630	118.90
(+) Amortization and depreciation	824	763	7.99
(=) EBTIDA	5,186	4,238	22.37

The increase of the EBITDA in 2013 in comparison to the same period of 2012 is due, principally, to the increase of R$490 million in the Company's operational revenue, associated to a reduction of R$357 million in the operational costs (excluding depreciation and amortization). In this way, the Company's Ebitda Margin rose from 29.98% in 2012 to 35.46% in 2013.

INCOME TAX AND SOCIAL CONTRIBUTION

In 2013, the Company showed expenses with Income Tax and Social Contributions to the amount of R$950 million in relation to the result of R$4.054 million before tax purposes, representing a percentage of 23.44%. In 2012, the Company showed expenses with Income Tax and Social Contributions in the amount of R$833 million in relation to the Result of R$5,104 million, representing a percentage of 16.31%. These effective income taxes are conciliated with the nominal taxes in the Explanatory Note No.10 of the Consolidated Financial Statements.

NET FINANCIAL RESULT

The result in 2013 was a Net Financial Loss of R$308 million, compared with a Net Financial Revenue of R$1,630 million in 2012. The principal factors that affected the Financial Result are listed below:

- Cemig legally discussed the illegibility of the 1st section of Article 2 of Law No.9,718, of November 27, 1998, regarding the expansion of the calculation base of the Contribution to PASEP and COFINS over Financial Revenue and other Non-Operational Revenues, regarding the period of 1999 to January 2004, and obtained success through a court decision. As a result, the transfer of the credit to its subsidiaries, being that, for Cemig D, was in a percentage of 51.93%, and Cemig GT 48.07% of the total claimed, making the compensation with other federal taxes possible. The total gain for the Company was R$313 million, with the value of R$81 million as a reversal of PASEP and COFINS and R$232 million as revenue of monetary variation being recognized in the financial result.
- Revenue with the monetary correction of the CRC contract, in 2012, of R$ 2,383 billion as a result of their anticipated quittance. More details in Explanatory Note No.12;
- Reduction in the costs of Loan and Funding Charges: R$698 million in 2013 compared to R$811 million in 2012. This reduction derives from the lowest stock of debt linked to the variation of the CDI in 2013 in comparison with 2012. It must be highlighted that in the case of the indexed debt to the variation of the CDI, all of the variation of the index is allocated as charges, with the debts indexed to inflation indexes, only the interests are allocated as charges, with the variation of the inflationary indexer allocated as a loss with monetary variation.

See the composition of the Funding Revenues and Losses in Explanatory Note No. 27 of the Consolidated Financial Statements.

See also the Proposed Allocation of the Results in the item 'Capital and Dividends Market'.

CAPITAL LIQUIDITY AND RESOURCES

Cemig's business is capital intensive. Historically, the Company has needed capital to fund the construction of new generation installations and for the expansion and modernization of existing generation, transmission and distribution installations.

The liquidity demands are also affected by the policy of dividends. Cemig funds its capital liquidity and needs principally with cash flow generated through operations and, on a lower scale, with resources coming from funding.

The Company understands that the current cash reserves, generated by operations and foreseen resources coming from funding, will be sufficient during the next 12 months in order to attend to the liquidity needs.

CASH AND CASH EQUIVALENT

The cash and cash equivalents on December 31, 2013 totaled R$2,202 million, in comparison with R$1,919 million on December 31, 2012. On December 31, 2013, neither cash, nor cash equivalents were maintained in currencies other than the Real. The reasons for this variation are presented below.

CASH FLOW COMING FROM OPERATIONAL ACTIVITIES

The net cash flow generated from the operational activities in 2013 and 2012 totaled R$3,515 million and R$2,427 million, respectively. The increase in the cash flow generated by operational activities in 2013 in comparison with 2012 owes itself, principally, to the growth of the net profit of the financial year of 2013, after the adjustment of the items that did not affect the cash flow.

CASH FLOW OF INVESTMENT ACTIVITIES

The net cash flow generated in the investment activities in 2013 totaled R$2,503 million, compared to the net cash flow consumed in the investment activities in 2013 of R$505 million. This variation derives, principally, from the inflow in 2012, due to the transfer of the ownership of the TBE group to TAESA. More details in Explanatory Note No.15.

CASH FLOW OF FUNDING ACTIVITIES

The cash flow consumed in the funding activities during 2013 totaled R$5,735 million, and it was composed of the amortization of R$3,601 million in financing, the payment of R$4,600 million in dividends and interests of its own capital, partially compensated by the funding resources to the amount of R$2,467 million.

The cash flow consumed in the funding activities during 2012 totaled R$2,107 million, and it was composed of the amortization of R$5,275 billion in funding, the payment of R$1,748 million in dividends and interests on own capital, partially compensated by funding resources to the amount of R$4,916 million.

FUNDING AND DEBT MANAGEMENT POLICY

The Company has sought to ensure that its credit quality at satisfactory levels denoting “investment grade”, i.e. low credit risk, in order to benefit from financial costs consistent with the profitability of the business as well as to demonstrate that the process of expansion of Cemig’s activities have been sustainable.

In 2013, R$ 2,394 million was raised in Cemig D, of which R$ 191 million were raised by issuing a bank credit bill/note in favor of Bank of Brazil for purchasing energy, R$ 2,179 million through the 3rd issue of bonds for redemption of the promissory notes of the 5th and 6th issues and investments, and R$ 24 million in Eletrobras funding for the ‘Cresce Minas’ (Minas Growth) program.

In addition Cemig D, extended part of its debt by renewing loans amounting to R$ 600 million, contracted via commercial lines of credit with the Bank of Brazil.

Noteworthy is the 3rd Public Bond Issue comprising 2,160,000 simple bonds not convertible into shares, unsecured, in three series totaling R$ 2,179 million. The net proceeds from the bond issue

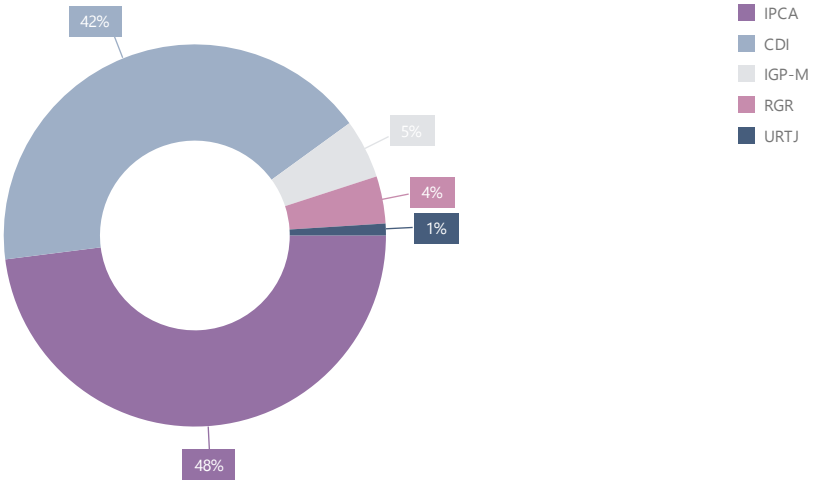
were used for full redemption of trade promissory notes of the 5th and 6th Cemig D issue, which were issued on January 13, 2012, at their nominal value plus interest and investments in distribution infrastructure. 410,817 first-series bonds, 1,095,508 second-series bonds and 653,675 third-series bonds were issued, with maturities of 5, 8 and 12 years respectively from their date of issue,

The first-series bonds will be entitled to interest of CDI + 0.69 % p.a., and the bonds of the second and third series will have their par value adjusted according to the cost-of-living index and will be entitled to interest equal to 4.70 % p.a. and 5.10% p.a., respectively.

These bonds are guaranteed by Cemig and were issued on the New Fixed-Income Market regulated by the Brazilian Association of Financial and Capital Market Firms (ANBIMA). It is worth noting that this new market is the outcome of a joint effort, undertaken by the CVM, the Central Bank, Brazilian Development Bank (BNDES), the Ministry of Finance and businesses, in order to foster a more liquid trading environment in the secondary market, one likely to broaden the investor base (including foreign investors) and, more importantly, enable longer-term and inflation-indexed operations conducive to the infrastructure investments required for Brazil's growth, and creating funding channels in addition to those of the BNDES.

Cemig GT extended part of its debt by renewing loans, worth R$ 600 million, arranged with the Bank of Brazil, by means of a bank credit bill/note. Moreover, on January 30, 2014 Cemig GT concluded its 4th issue of simple debentures in the amount of R$ 500 million, which fall due in a single installment in December 2016 and cost of CDI + 0.85 % p.a. Its resources were used to raise liquidity after debt pay-offs.

Main debt indexes as of December 31st, 2013

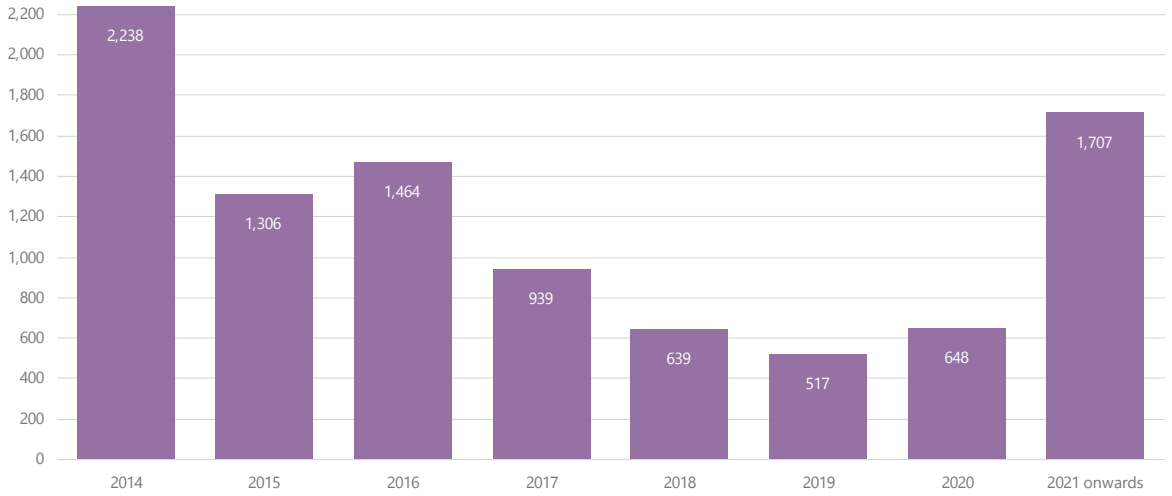


The makeup of Cemig's liabilities reflects the sources of its funds (bank loans used to roll over debt, issues of bonds and promissory notes, a significant demand for which has been allocated to securities linked to the local interest rate), as well as its intention to avoid debt denominated in foreign currencies (which currently stands at 0.5% of all debt). The average cost of Cemig's debt is 5.94% p.a. at constant prices.

Management has promoted debt management by focusing on extending maturities, limiting debt to the levels recommended by the Bylaws, reducing borrowing costs and assuring the Company's ability to pay, avoiding any pressure on cash flow that might suggest a risk of refinancing. The Company's debt as of December 31, 2013, has successfully complied with its amortization schedule over the years, with an average term of 4.3 years.

The debt amortization schedule can be seen in the following graph:

Schedule of Debt Amortization (R$ million)



The Standard & Poor's ("S&P") risk agency upgraded Cemig's global credit rating from BB to BB+, and its domestic credit rating from brAA- to brAA+, with stable prospects for both -.

S&P also upgraded the ratings of Cemig's subsidiaries Cemig Distribuição SA (Cemig D) and Cemig Geração e Transmissão SA (Cemig GT) to BB+ on the global scale and brAA+ on the domestic scale, in addition to changing its score of Cemig's risk profile from "reasonable" to "satisfactory".

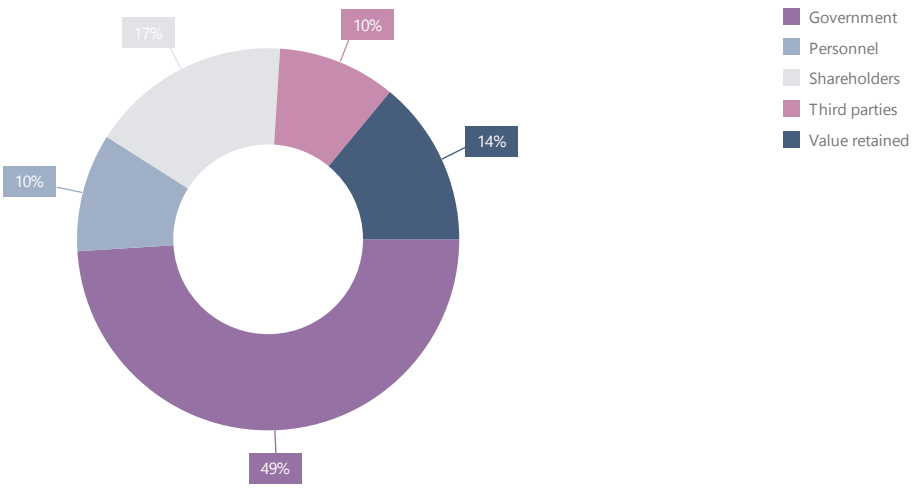
Moody's had already scheduled a review of the ratings of Cemig and its subsidiaries for possible downgrade; Fitch kept the ratings of the firms unchanged.

VALUE ADDED DISTRIBUTION

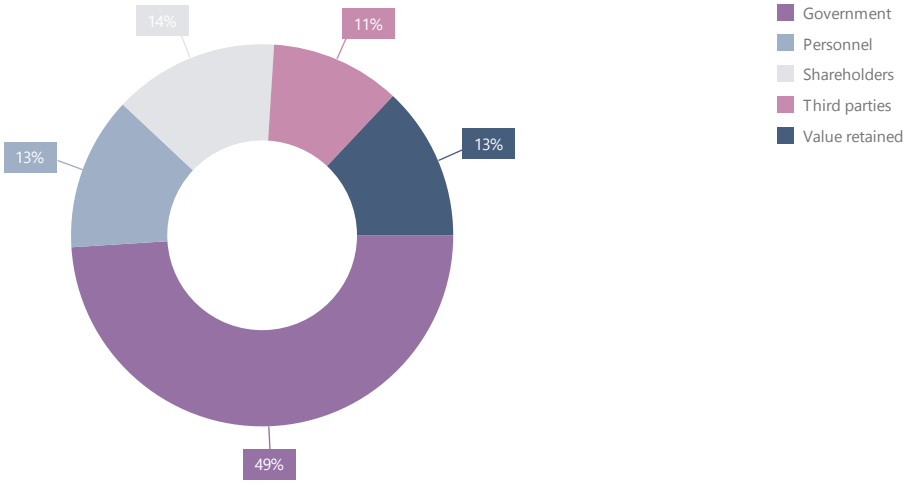
EC1

The Statement of Value Added shows the Company's representativeness to society and its wealth generation, amounting to R$ 11,568 million in added value in 2013 compared to R$ 14,048 million in 2012.

Distribution of Added Value in 2012



Distribution of Added Value in 2013



CAPITAL MARKET AND DIVIDENDS

Cemig became a publicly held company on October 14, 1960, with its shares initially listed on the Stock Exchange of the State of Minas Gerais and from 1971 in the Stock Exchange of Sao Paulo (BM&FBovespa) with the tickers CMIG3 (ON) and CMIG4 (PN). In 1993, the company was enlisted on the New York Stock Exchange with the tickers CIG and CIG/C, and afterwards, in 2001, joined the Level 2 of corporate governance of the New York Stock Exchange and Level 1 of Corporative Governance of the BM&FBovespa. Besides this, the Company's shares have been traded since 2002 in the Madrid Stock Exchange (Latibex) with the XCMIG ticker.

Share prices

Below are the closing quotations of the Cemig shares listed in the São Paulo (Bovespa), New York (NYSE) and Madrid (LATIBEX) stock exchanges.

DENOMINATION	TICKERS	CURRENCY	CLOSING 2012	CLOSING 2013
Cemig PN	CMIG4	R$	14.04	14.01
Cemig ON	CMIG3	R$	13.65	14.20
ADR ADRs (American Depositary Receipt) são recibos de depósitos americanos. PN	CIG	US$	6.75	5.86
ADR ON	CIG.C	US$	7.16	6.39
Cemig PN (Latibex)	XCMIG	Euro	8.31	4.39

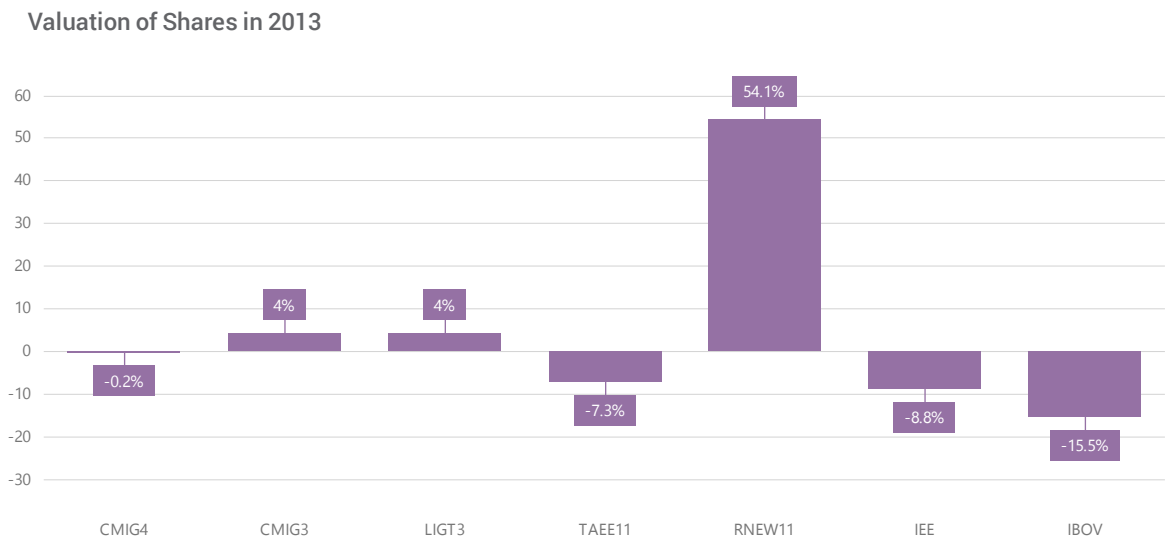
Source – Latibex and Economática – quotations adjusted by yields, including dividends

In 2013 the trading volume of the preferred shares, CMIG4, was R$ 18.5 billion, with a daily trading average of almost R$ 75 million. This volume places among the most heavily traded on Bovespa, which provides investors with security and liquidity.

It is noteworthy that the average daily trading volume of Cemig preferred shares on the New York Stock Exchange matched the volumes traded in the Brazilian market when converted into reais, which strengthens Cemig's position as a global investment option. In 2013, ADR PN (CIG) flow

amounted to USD 6.8 billion, with an average of approximately USD 27.5 million.

In terms of performance, in 2013 both types of Cemig shares traded on Bovespa performed better than the electricity industry index IEE (which includes Cemig). The Company's preferred shares (CMIG4) remained almost stable with a slight decline of 0.20 %. Common shares (CMIG3) on the other hand rose by 4.0%. The following graph shows the value of the shares of companies traded on the BM&FBovespa in which Cemig has equity holdings, compared with the Bovespa index and that of the electricity industry. A favorable aspect is the 54.1 % rise in the price of Renova stock.



CMIG4 - Cemig preferred shares

CMIG3 - Cemig common shares

LIGT3 – "Light" shares

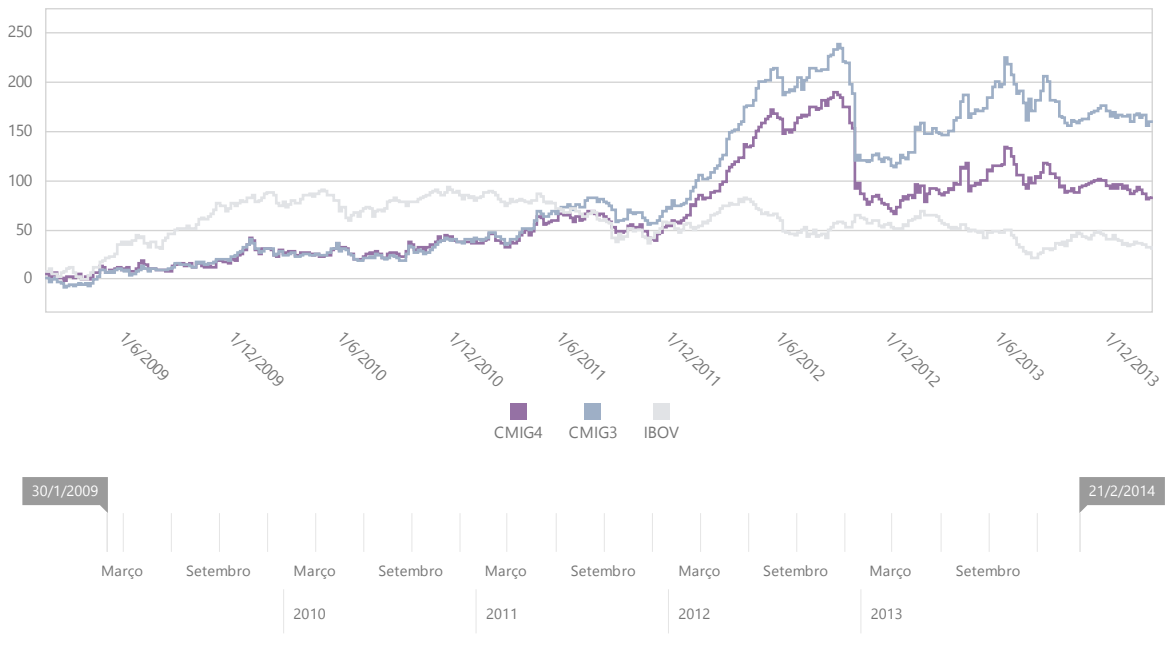
TAEE11 - Taesa shares

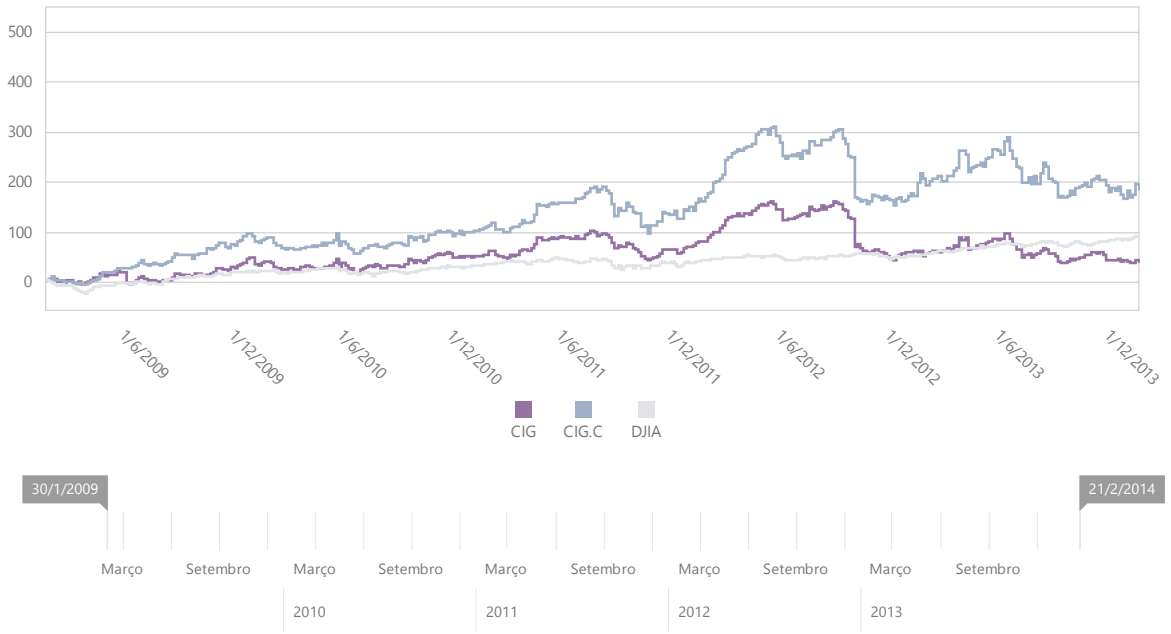
RNEW11 – Renova shares

IEE - Index of power companies

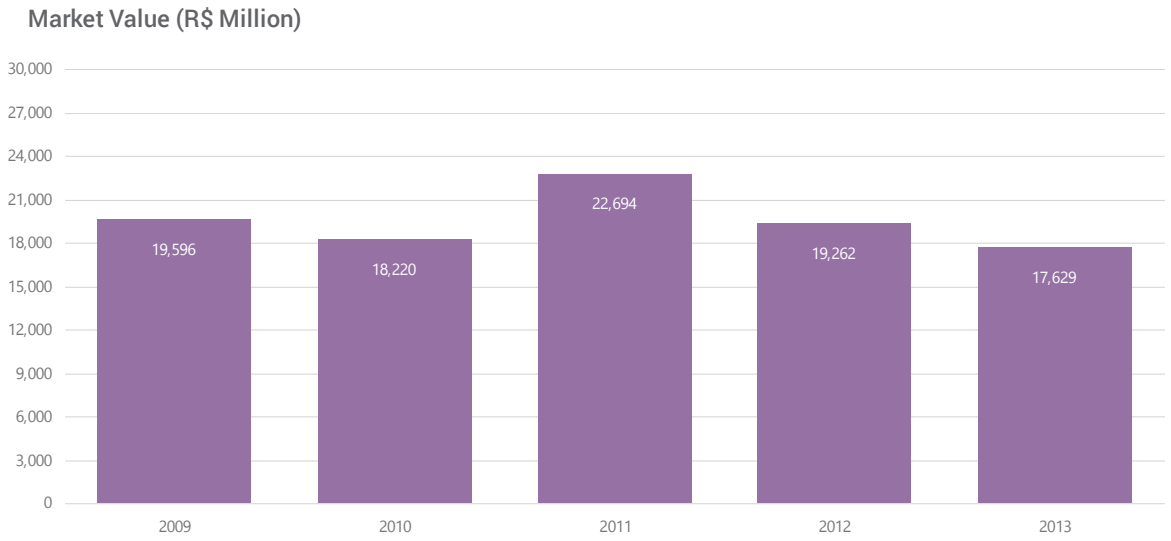
IBOV - Bovespa Index

The following charts show the development of Cemig's share price over the last few years, compared to other indicators.





The graph beneath already shows the development of Cemig's market capitalization for the last five years.



The new regulatory requirements imposed by Provisional Measure No. 579 of September 11, 2012 (later converted into Federal Law 12,783/13) strongly influenced the decline in market value in 2013 and 2012.

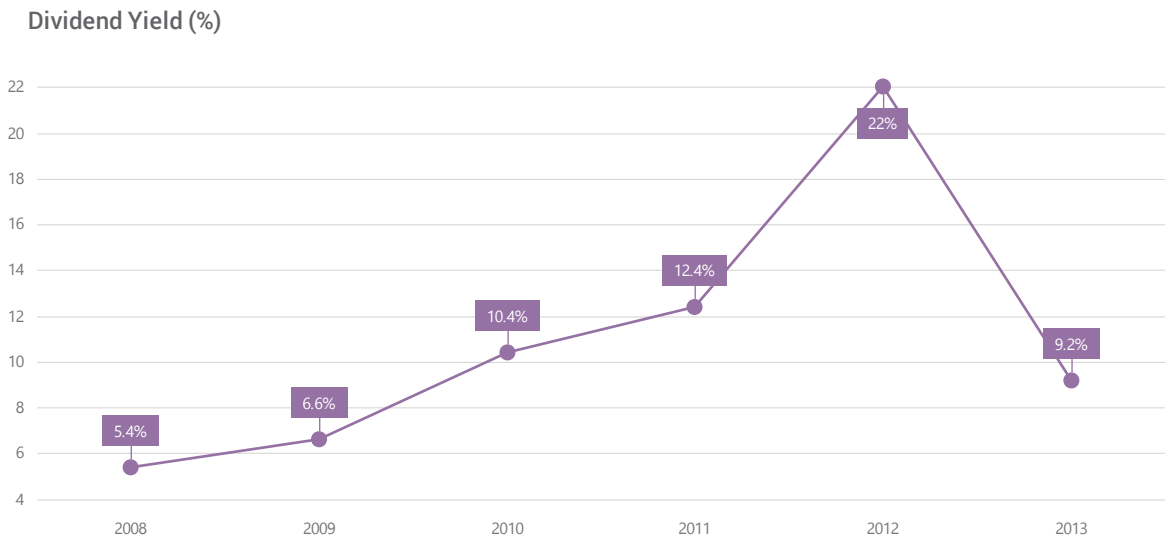
Dividend payment policy

Cemig's Bylaws brings the commitment to pay out a dividend of no less than 50% of the previous year's net income. In addition, every two years or more frequently, extraordinary dividends are paid out if the amount of ready cash permits.

Dividends are usually paid in two equal installments: the first by June 30 and the second by December 30 of the year following the fiscal year to which they relate.

In 2013 the Company paid out R$ 5.051 billion in earnings. Of these, R$ 4.518 billion are for the year 2012, with R$ 1.6 billion in extraordinary dividends (declared on 12/20/2012), R$ 1.7 billion in interest on shareholders' equity (also declared on 12/20/2012) and R$ 1.218 billion in regular dividends (declared on 04/30/2013). In addition, R$ 533 million of Interest on Equity (declared on

12/05/2013) for the year 2013, will be deducted from the minimum mandatory dividend for 2013, which will be announced at the shareholders' meeting in April 2014.



Proposal for allocation of profit

The Board of Directors intends to propose a motion to the shareholders' annual meeting scheduled for April 2014, according to which the year's profit and the balance of retained profits expected from dissolving the valuation adjustments reserve, amounting to R$ 3,104 million and R$ 109 million respectively, be allocated as follows:

- R$ 533 million for payment of interest on equity;
- R$ 1,068 million for regular dividends;
- R$ 54 million for supplementary dividends;
- R$ 1,558 million are posted to net equity and held there in the reserve required by the Bylaws, for paying future dividends

INVESTOR RELATIONS

Cemig's Investor Relations area continues to seek different ways of becoming closer to capital market analysts, both domestic and international investors, including individuals, thus demonstrating its commitment to its shareholders.

In 2013, Cemig launched its mobile application that follows trends and enables access to key information on the Investor Relations website. Amongst the information available are:

- Meetings with capital-market professionals and analysts from the Belo Horizonte chapter of the Capital-Market Professionals and Analysts Association (APIMEC),
- 267 meetings were held with domestic and international analysts and investors at conferences and non-deal road shows.
- Disclosure of quarterly and annual results with live content transmitted by video webcast and teleconference, with simultaneous English translation.
- Cemig exhibited at 9 domestic fairs (Expo Money- Sao Paulo, Belo Horizonte, Brasília, Goiânia, Salvador, Florianópolis and Porto Alegre) and 4 international ones (Money Show in Orlando and San Francisco, Las Vegas, USA).

- The 18th Annual Cemig Conference (Apimec) took place in June where Cemig's directors, supervisors and managers met with analysts and professionals of the domestic financial market. In the course of the Conference, a technical visit was made to the Nova Ponte Hidropower Plant. Also noteworthy is the efficiency of Cemig's relationship with its investors and the promptness of its reports to the Securities Trading Commission - CVM, the capital market merit awards granted by IR AWARDS.

COMMITMENTS TO THE INTERNAL PUBLIC

After listening to employees through surveys and internal discussion forums, Cemig has committed to revising some of its processes in 2013 against the backdrop of the business strategy. A highlight is the elaboration of the Performance Management process, which is related to the goals of the corporate strategic map, in order to balance the measurement and monitoring of existing competencies with the expected results of employees and their teams.

Another Cemig commitment is greater emphasis on Communication and Relationships. Face-to-face contact is increasingly preferred to strengthen dialogue and build mutual trust with the Company. Therefore, an initiative called 'Our HR' was created to provide personalized attention to issues and questions related to human resources for employees in the various cities where Cemig operates.

In 2013, Cemig structured its staff of professionals according to the demands imposed by present regulatory conditions in the energy sector with a view to achieving greater efficiency and alignment with best market practices. Thus, there was the incentive to release employees fully able to retire and hire employees based on identified labor shortages and professional profiles that match the Company's various processes. This shift has led to a direct reflection on training and development in order to conform to the corporate strategic map, which indicates that one of the objectives is to develop strategic skills in a sustainable way. Therefore, in addition to the qualifications of those hired, critical knowledge of those terminated from employment has been retained within the company. For more information on the subject, please see 'Learning Management' in this chapter.

LA9

The Health and Safety Agreement was signed into the Collective Bargaining Agreement (ACT) of 2013. As of 2014 under the agreement, training will be provided for a working group involving the participation of Company and union representatives. In order to survey the health and safety of its employees and contractors and propose new measures, Cemig and the labor unions will begin negotiations toward the Global Compact, focusing on preventing occupational accidents and diseases. All labor union delegations will join the Company in designing coordinated measures to establish a culture of safety in the firm. To assure uniform information among all participants (Cemig and the labor unions), it was decided to hold meetings every two weeks and to announce meeting agendas to staff at once.

One of Cemig's values, Ethics, is described as respecting the dignity of individuals. In Cemig's

HR4 PG1 PG2 PG6

Declaration of Ethical Principles and Code of Professional Conduct under principle No. 4, "Professional Integrity", the Company assumes a commitment to value diversity and non-discrimination, whether based on apparent attributes such as race, gender, age and appearance, or subjacent attributes such as religion, political ideology, and seniority.

All Cemig personnel must respect this value. For this purpose, every act of inauguration or employment contract is accompanied with a formal declaration obliging employees to know, observe, and adhere to the values and principles in the Declaration.

In addition, Cemig is a signatory of the United Nations Global Compact, which encourages practices that eliminate any kind of work discrimination.

Demonstrating its commitment to non-discrimination, the Company offers employees the possibility of enrolling a same sex partner as a dependent in their health insurance plan and beneficiary in their pension plan.

As a traditionally male professional environment, Cemig has strived to hire and encourage women to remain on the workforce in technical to management level positions. The Company provides equal opportunities and additional benefits including follow-ups for employees during pregnancy and postpartum, and neonatal follow-ups for the first three months after birth. The Company also provides flexibility in work schedules to allow employees to leave the Company for one hour per day for breastfeeding, and offers childcare assistance.

HR4 HR11

Situations considered to be discriminatory or violate human rights can be reported through the Company's anonymous reporting channel. The Ethics Committee determined that there were no complaints regarding these issues in 2013.

PROFESSIONAL PROFILE OF PERSONNEL

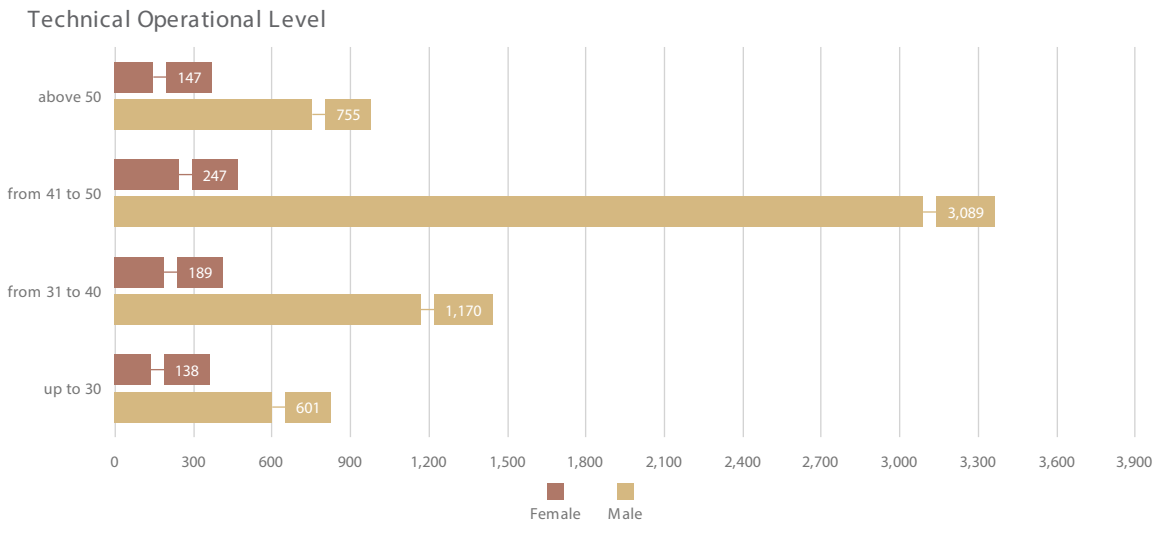
LA1 LA13

The charts and tables presented below show the profile of Cemig's professionals:

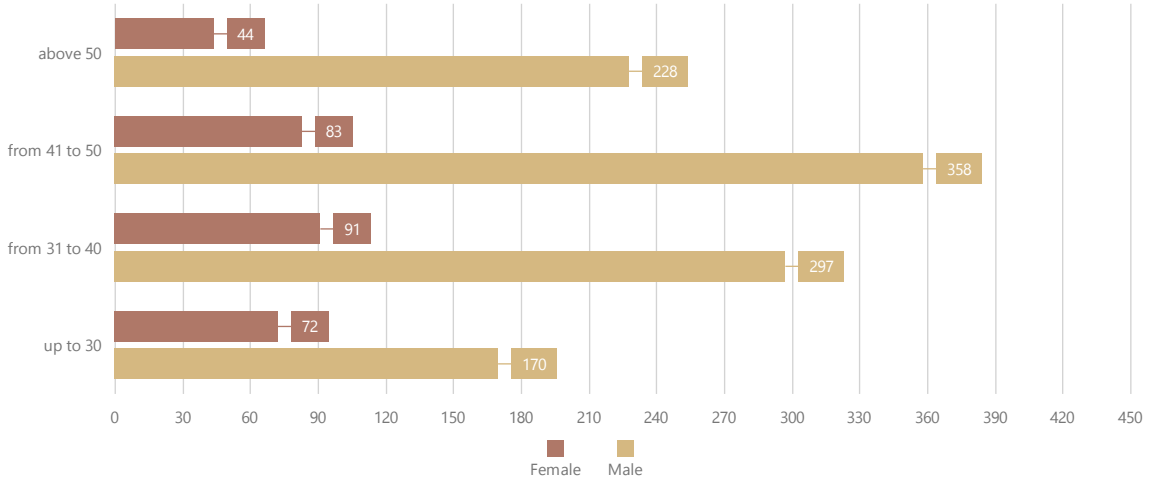
Mesoregion	CEMIG WORKFORCE						TOTAL PER REGION	PERMANENT		TEMPORARY					
	LEADERSHIP ROLE		UNIVERSITY LEVEL		TECHNICAL LEVEL			OWN		MOT		INTERN		YOUNG APPRENTICE	
	M	F	M	F	M	F		M	F	M	F	M	F	M	F
Campo das Vertentes	3	-	15	-	204	17	239	222	17	2	1	6	3	-	-
Central	-	-	2	1	138	12	153	140	13	1	-	-	-	-	-
Metropolitan	187	31	923	278	2,372	415	4,206	3,482	724	112	196	118	141	117	138
Northwest	2	-	1	-	72	4	79	75	4	-	-	1	-	-	-
North	2	-	13	4	378	58	455	393	62	8	6	5	5	-	-
West	1	-	9	-	269	20	299	279	20	16	22	8	1	-	-
South	3	-	12	-	547	37	599	562	37	4	9	5	3	-	-
Triangle	7	-	36	3	769	67	882	812	70	-	4	12	5	-	-
Vale do Jequitinhonha	-	-	-	-	70	13	83	70	13	-	2	-	-	-	-
Vale do Mucuri	1	-	1	1	73	5	81	75	6	-	-	1	-	-	-
Vale do Rio Doce	5	-	26	-	446	44	521	477	44	4	4	7	5	-	-
Zona da Mata	1	-	15	3	276	29	324	292	32	2	8	8	2	-	-
Total	212	31	1,053	290	5,614	721	7,921 [One of the employees is not assigned in Minas Gerais, therefore he was not considered in the total sum.]	6,879	1,042	149	252	171	165	117	138

Legend: M Male; F: Female; MOT: Temporary Labor

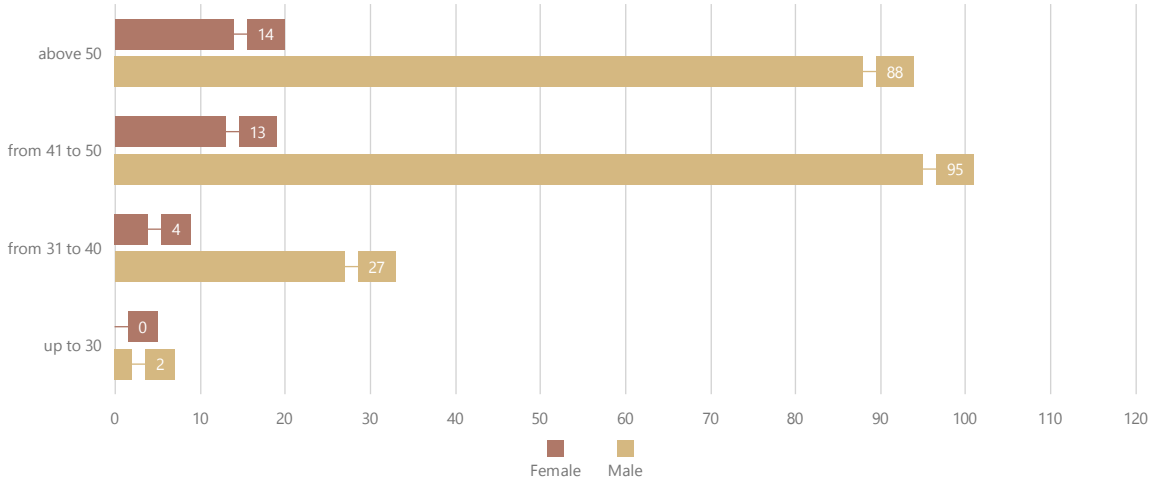
Number of employees by Functional Category, Gender, and Age Group



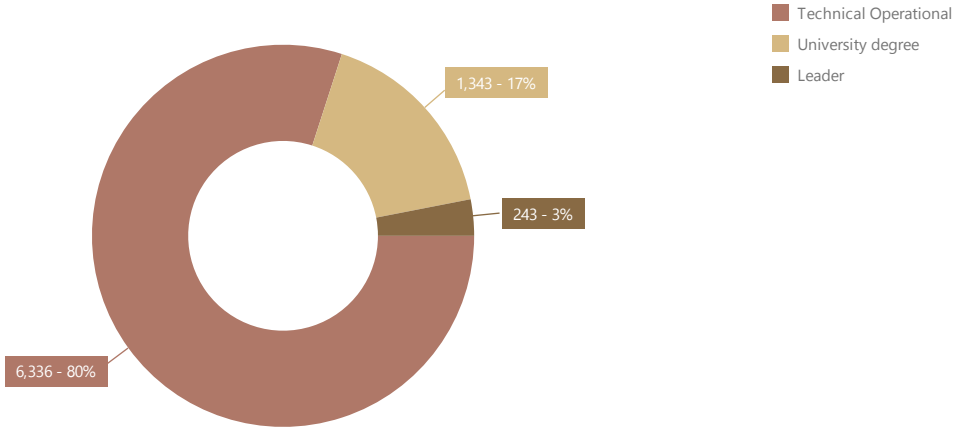
University Degree



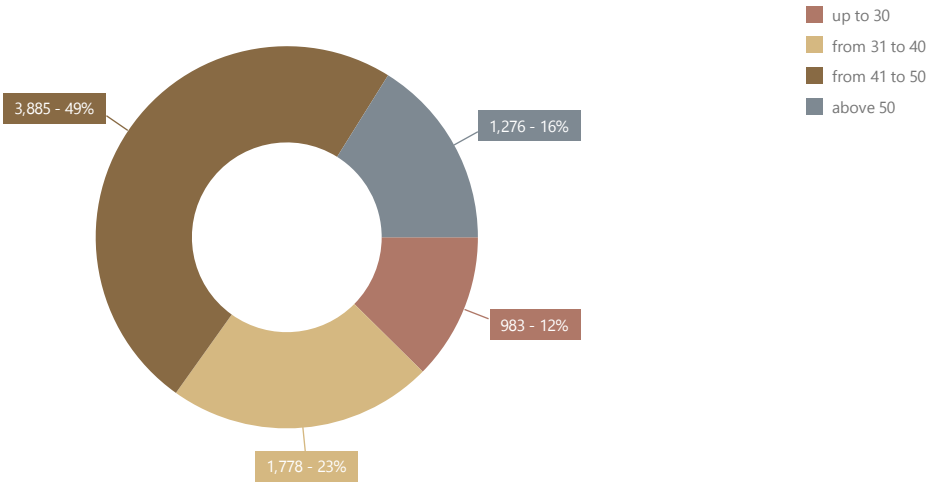
Leadership Roles



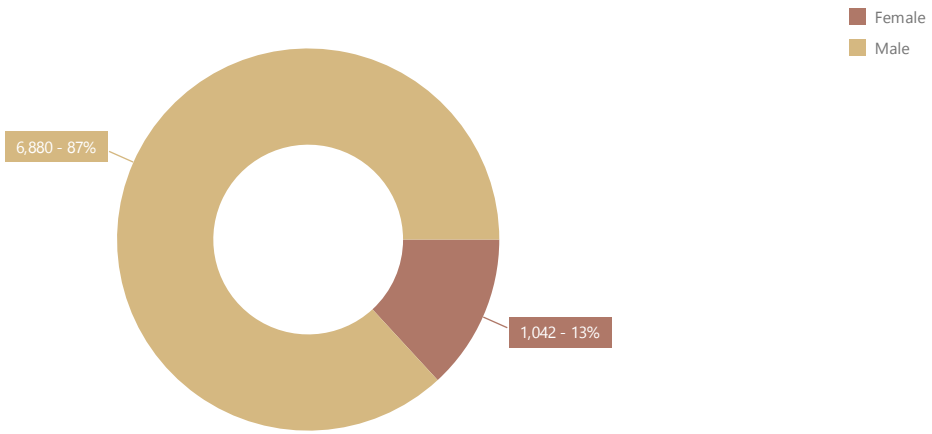
Employees by Category



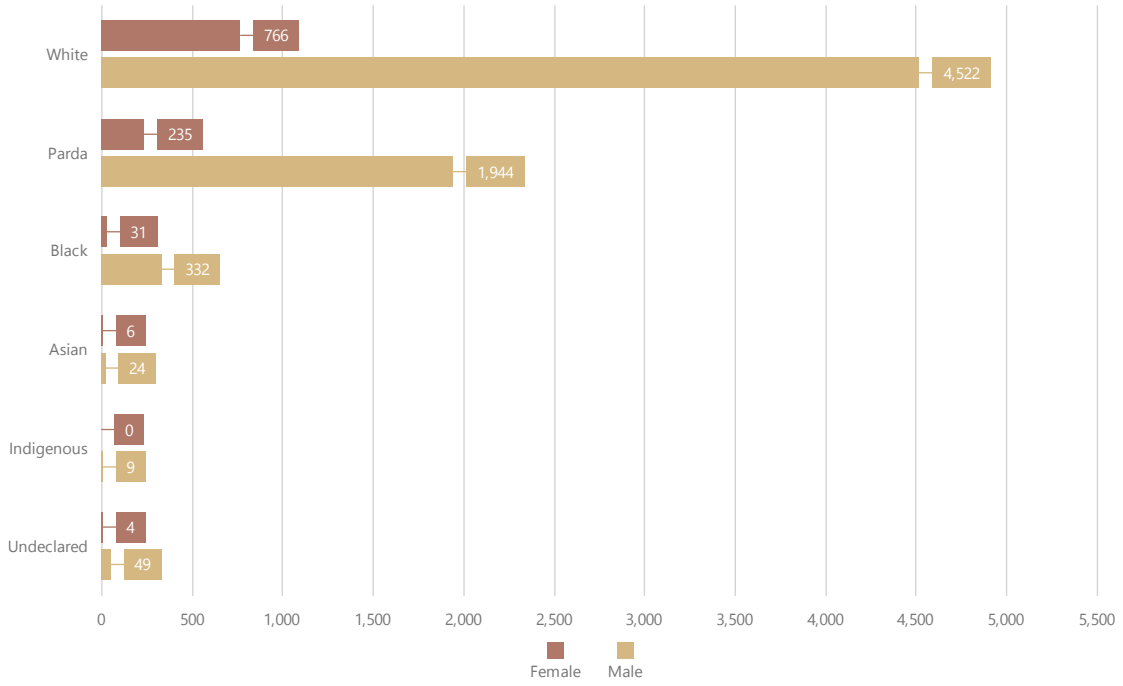
Employees by Age Group

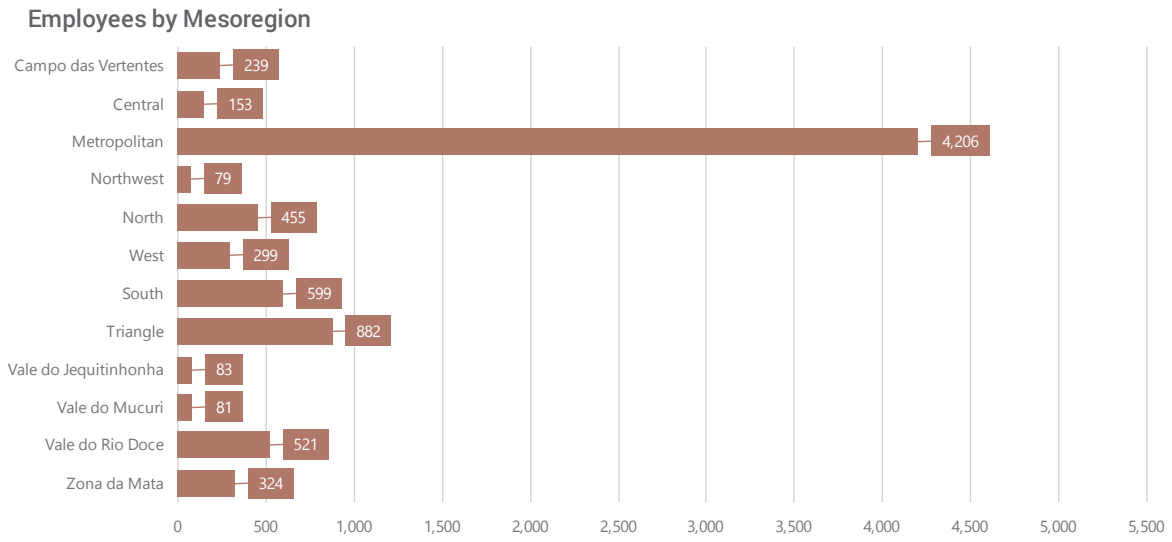


Employees by Gender



Employees by Race and Gender





Of the Board of Directors and the Executive Board members, 4.17% are up to 30 years old, 22.92% are between 30 and 50 years old , and 72.92% are above 50 years old.

LA2

The turnoverrate in 2013 was 11.32%. A total of 776 employees were hired through the public selection process and 1,222 left the company. About 80% of these 1,222 adhered to incentive programs for dismissal. There were various reasons for terminating the other employees' contracts, and 26 were terminated within the same year they were hired by the Company.

The chart below indicates the average operational time of employees terminated in 2013.

AVERAGE OPERATIONAL TIME FOR EMPLOYEES TERMINATED IN 2013		
AGE	MALE	FEMALE
Up to 30	7 years	6 years
31 to 50	25 years	21 years
Over 50	30 years	28 years

Remuneration, Benefits, and Preparing for Retirement

Cemig aims to offer employees a market competitive compensation package. Under the Positions and Remuneration Plan (PCR), job descriptions are based on their nature and complexity, as well as the knowledge requirements needed to perform job duties. Remunerations are set considering job evaluations, which are done according to specific methodology.

The PCR also establishes criteria for granting horizontal and vertical advancements that among other factors consider the employee's performance. In the 2012/2013 performance management cycle, 2,213 employees received individual salary changes, or 28% of all the staff evaluated.

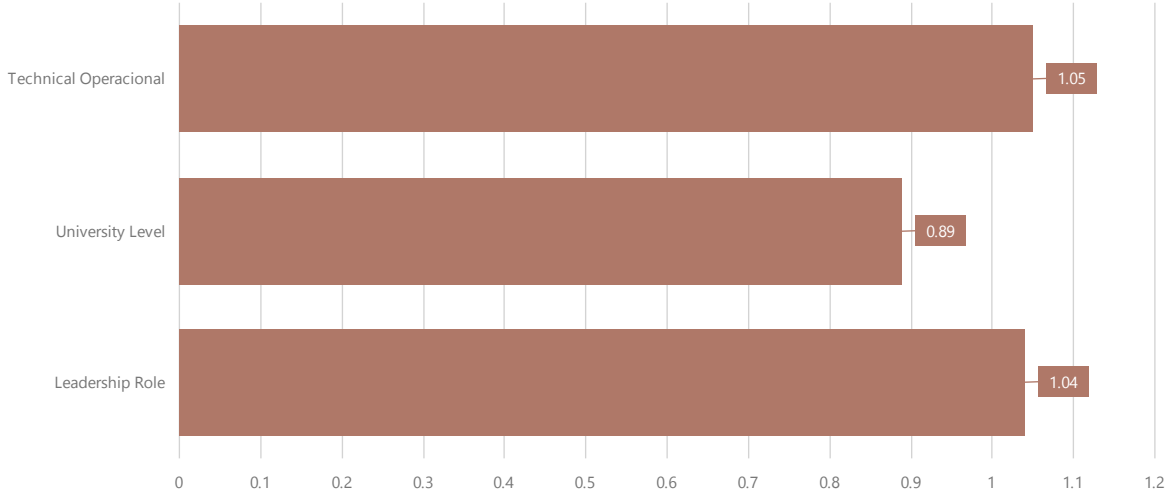
Since 1997, Cemig has granted its employees a share in profits and results through the Profit Sharing program (PLR) adopted by the Company for payment of variable remuneration. Currently, the distribution of profits from the PLR program are subject to the achievement of corporate indicator targets, which are defined according to the strategic objectives of the organization. Furthermore, the payment of variable remuneration also depends on the balance between corporate

and specific targets for management / employees. Profit sharing is paid in in the form of salary multiples, which vary according to the functional level in the organization.

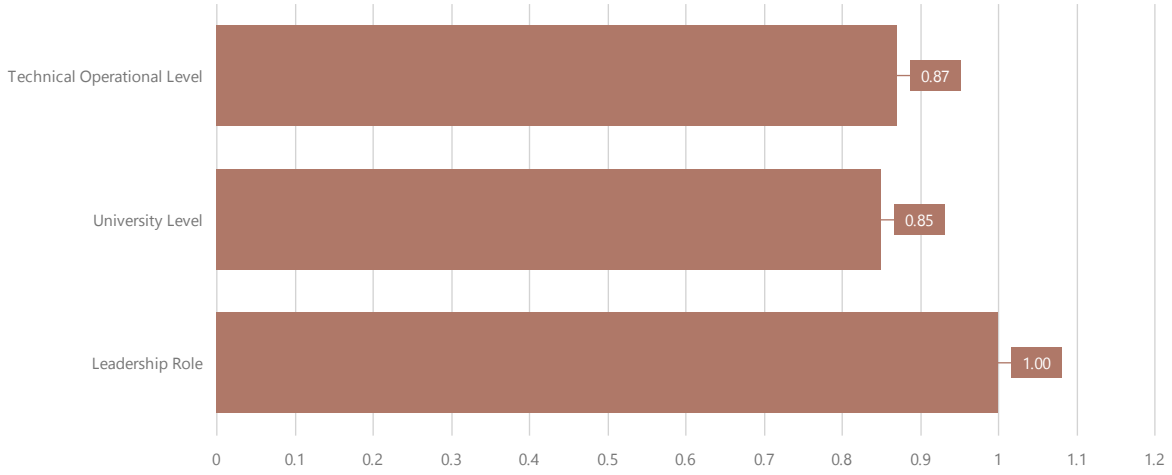
In 2014, Cemig will conduct a complete review of the PCR program with a view of aligning the program to the company's reality and strategic objectives. In addition, remuneration surveys will be conducted annually to compare employees' salaries to market value.

LA14

Proportion of Base Salary on Dec. 31, 2013 (mean BS women / mean BS men)



Proportion of Remuneration on Dec. 31, 2013 (mean remuneration women / mean remuneration men)



EC5

	CEMIG H	CEMIG D	CEMIG GT	CEMIG
Lowest base salary / minimum wage in force on December 31, 2013	3.55	2.11	2.14	2.11
Lowest remuneration / minimum wage in force on December 31, 2013	4.68	2.75	2.78	2.75

LA3

EC3

The Company grants its employees a range of benefits that go beyond what the law stipulates:

- **Benefits provided directly by the company:** payment of part of the employee's contribution to the supplementary pension plan; special loan to employees experiencing financial difficulties; loan for healthcare expenses; reimbursement of expenses for employees and/or dependents with disabilities; educational assistance; daycare allowance; funeral assistance

in the event of the death of an employee or direct dependent; despite the legal obligation of CLT requiring the employer to provide maternity leave of up to four months, Cemig grants its employees with maternity leave of up to six months; special paternity leave (if the mother has a disabling illness); 5 consecutive days off for civil marriage instead of the 3 days stipulated by law, including other benefits.

- **Benefits administered by Cemig's Supplementary Social Security Foundation – Forluz:** Private Pension Plan; loan for any reason with below-market interest rates.
- **Benefits administered by 'Cemig Saúde' Healthcare Insurance:** coverage of costs for medical appointments, tests and exams, outpatient care, hospitalization, surgery, obstetric care, and dental treatment for employees and their dependents; free course for employees becoming parents that includes talks with a doctor, nutritionist, psychologist, and nurse.

LA11

Cemig systematically executes the voluntary Preparation for Retirement Program (PPA). Employees are entitled to enroll an adult companion who is a member of the family or in a close relationship with the employee to learn in detail about the benefits of the Forluz pension plan, and attend lectures on entrepreneurship, volunteering, medical and psychological approaches, and other activities. In 2013, there were 10 events with 180 participants. In addition, there is an ongoing course through the Forluz social security and financial education program called 'Para Viver Melhor' (Living Better), which addresses issues such as budget management, investment, getting out of debt, and how to live better within financial possibilities.

EU15

EMPLOYEES WHO ARE ENTITLED TO RETIRE (%)						
CEMIG	From 2014 to 2018			From 2019 to 2023		
	Leader	University Degree	Tech Op Level	Leader	University Degree	Tech Op Level
Campo das Vertentes	0	0.04	0.33	0.03	0.06	0.85
Central	0	0	0.23	0	0	0.37
Metropolitan	0.9	2.25	6.55	1.01	3.33	7.45
Northwest	0	0	0.05	0.01	0.01	0.16
North	0	0.01	0.71	0	0.1	1.36
West	0.01	0.04	0.44	0	0.04	1.04
South	0.01	0.04	0.74	0.01	0.08	2.26
Triangle	0.01	0.08	1.21	0.06	0.14	2.51
Vale do Jequitinhonha	0	0	0.1	0	0	0.24
Vale do Mucuri	0	0.01	0.14	0	0	0.27
Vale do Rio Doce	0.01	0.04	0.8	0.03	0.15	1.69
Zona da Mata	0	0.05	0.44	0.01	0.06	1.2

Note: Number of employees on December 31, 2013 = 7,922

LABOR UNION RELATIONS

The effective conduct of negotiations with the collective workforce is a crucial element to corporate results. The quality of union relations directly affects the organizational climate, profit, and performance of the Company. Therefore, it is essential to have a solid and satisfactory relationship between labor unions and the Company.

HR5 PG3

Because of Cemig's public commitment to abide by the Global Compact, and internally with its Human Resources Policy, the Company recognizes unions as legitimate representatives and respects the options of affiliation of its employees. The company has set up a specific management department to relate with unions and is constantly in contact with them.

LA4

Negotiations of the 2012/2013 Collective Labor Agreement between the Company and Unions were not successful and require collective bargaining between the negotiating parties. In July 2013, the Regional Labor Tribunal Court - TRT-MG - published the decision resulting from four years of mediation efforts from January 11, 2012 to October 31, 2016. However, the economic clauses may be revised annually through a new collective agreement between the Company and the various unions representing employees. Thus, for the 2013/2014 period, the Collective Bargaining Agreement (ACT) was entered into with a 6.85% wage adjustment, correction of economic clauses under the same percentage, and includes an extra voucher. All employees (100%) are covered under the 2013/2014 ACT and TRT-MG decision.

The decision holds the same points of ACTs from previous years, which includes the payment of day or nightshift overtime; bonuses; a ceiling established for financial aid assistance for vocational or undergraduate programs; 13th month salary advance - first installment; absolve union leaders and guaranteed employment period; funds for granting wage adjustments according to the Positions and Remuneration Plan - PCR.

LA9

In the context of health and safety at work, the regulations of the Internal Commission for Accident Prevention (CIPAS) are guaranteed, including participation of unions; medical health inventory; inspection and supervision of contracted companies as to work safety and notification of serious or fatal accidents.

LA5

Cemig considers strikes to be legitimate. However, by providing services considered essential to the population, workers and unions must give a formal notice at least 72 hours in advance thereof, as established by Law 7.783/99. During negotiations in 2013 to renew the ACT, about 10% of employees went on strike for 18 days. The Emergency Operational Committee, which was created for the primary objective of establishing a Contingency Plan to maintain the Company's essential services in the event of a strike, was set in motion and no negative occurrences were recorded.

ORGANIZATIONAL LEARNING

EU14 LA11

To respond quickly and effectively in an increasingly complex and constantly changing environment, Cemig continually invests in the combination of knowledge and development of employee skills in order to create strategies that generate sustainable results and ensure the competitiveness of the organization, which demonstrates the importance of the issue to the Company. Thus, through organizational learning, the Company seeks to ensure the appropriate skills to run the business. In 2013, Cemig's corporate university - UniverCemig - worked intensively on qualifying new employees and contractors and developing new training programs, many of which were developed in partnership with the Company's knowledge areas.

The partnerships formed have enabled the development of educational actions focused on serving

emerging demands in business areas and educational actions focusing on topics related to strategic support in order to increase the motivation of employees, improve the organizational climate, and consequently, increase productivity.

For example, the course on Regulatory Aspects was the result of a partnership between UniverCemig and the area dedicated to regulating the electricity sector.

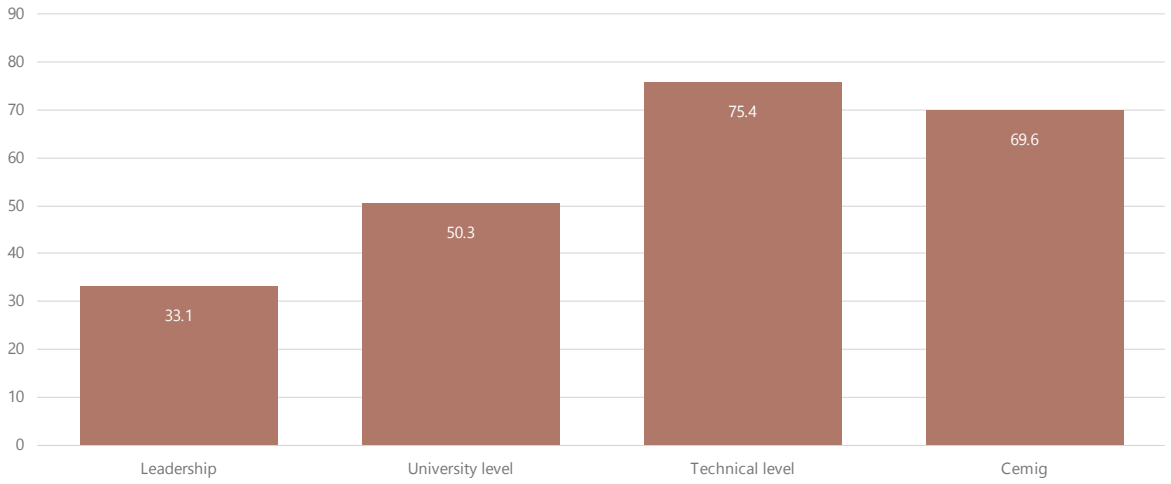
17,399 participants

548,949.4 hours of training

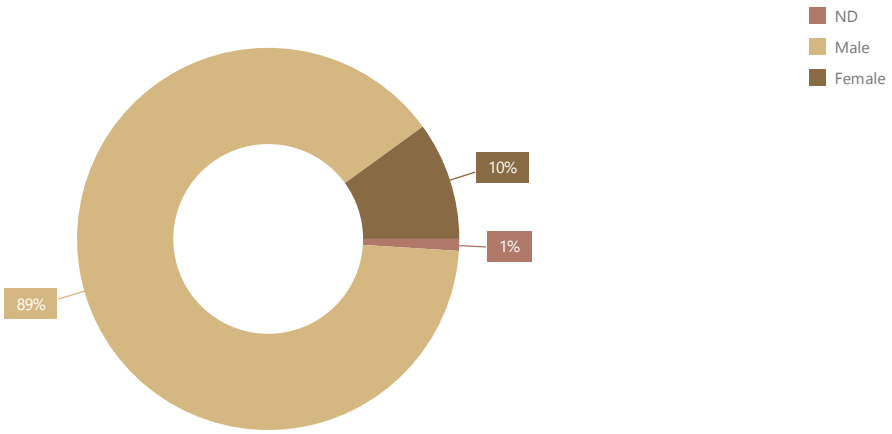
R$ 27.14 million invested

LA10

Average hours of training per category



Workload by Gender



HR3

The courses offered in 2013 emphasized the safety and well-being of employees in the workplace. These training courses aim to contribute to improving levels of safety in the workplace.

EU18

The programs with the greatest impact include the following:

PROGRAM	NO. OF PARTICIPATING EMPLOYEES		TRAINING HOURS	
	Own Employees	Contract Workers	Own Employees	Contract Workers
Human relations in life and at work	313	6	6,451	48
Work accident prevention for Cipa members	756	5	18,044	120
Defensive driving	1,781	33	42,512	788
Retirement preparation seminar	184	-	-	4,404
Driving in adverse conditions	297	1	7,208	24
Regulatory Norm NR10/NR35	4,103	48	105,492	1,120
Regulatory Norm NR33	360	27	3,320	216
Techniques for supervising contracted teams	-	389	-	12,496
Development course on safety techniques for contractors	-	80	-	5,164
Development course for contracted supervisors	-	116	-	2,716
Contract Management and Supervision	85	-	2,370	-

LA11
EU14

It is also worth mentioning the Integrated Training Process, which is a four-month training course at UniverCemig where new electricians develop their knowledge of Cemig's electric power systems and networks. The studies and intense workload of practical activities aim to prepare these employees to work effectively in the Company. Topics addressed in the course include internal procedures, safety and well-being in the workplace, civil and criminal liability of electric power system activities, healthy eating, and environmental management at Cemig.

In addition, employees hired in 2013 participated in the First Energy program, intended to increase their knowledge of the Company and their familiarity with its lines of business, its scale of values, structure, and the benefits it offers, among other information.

EU18

The training initiatives at UniverCemig were also extended to other companies. Over the course of the year, about 1,144 participants and 44,108 training hours were recorded. These initiatives targeted external audiences and offered activities such as training for electricians and development courses on safety techniques for contractors.

In 2013, the 'Circuit of Knowledge Program' was launched in partnership with Cemig's Inter-Management Association - CTA, which offered lectures on issues strategic to the company. These lectures target the Company's management personnel and serve to enable Cemig's specialists to

share knowledge on specific topics. Lectures on energy safety assessment and debates on the current situation of emerging BRIC countries, competition in the energy sector, and impacts of new regulation in the energy business (Federal Law n°12.783/2013),were held in three editions of the program.

TALENT MANAGEMENT

Successful efforts to attract and retain professionals possessing skills that contribute significantly to the firm enable Cemig to maintain its competitive edge and pursue its business strategies, Talent Management is thought to be a decisive for the company and it is accordingly assigned a spot on its corporate map. The Company seeks to differentiate itself by means of its intellectual capital, of employees committed to generating customer value of sense of leadership and of teamwork.

In order to attract and retain talent, Cemig offers in-house mobility, which combines the Company's needs with the employee's expectations of career development, offering them the opportunity of starting interesting career paths, with vacancies filled either by selection from current staff or by competitive recruiting.

Furthermore, the Company's has tools to manage talent, which include offering horizontal and vertical job promotions, in accordance with the Positions and Remuneration Plan - PCR, appointing employees to leadership positions, and shaping university graduates into specialists.

With a view to managing talent for leadership roles, Cemig conducts the Succession Management Program to plan the replacement of leadership positions. It is an adequate tool for identifying potential successors with the suitable skills required. Currently, 39.5% of Cemig's leadership positions have been filled from this program.

The purpose of Performance Management is to link personnel management to organizational strategy by establishing performance goals and individual development agreements. At Cemig, multidimensional performance and objective assessments are conducted.

Through an objective-oriented performance assessment, all employees are evaluated annually according to agreed-to corporate and specific goals, which reflects in the variable remuneration received by each employee.

LA12

Multidimensional performance assessments are applied to all employees annually. Administrative/operational technicians and degreed professionals are given a 180° multidimensional assessment, which involves a self-assessment, and an assessment by peers and supervisors. Those in leadership positions are evaluated using a 360° assessment system, which involves a self-assessment and an assessment by peers, superiors, clients, and subordinates. Multidimensional performance assessments were conducted on 99.01% of the employees in 2013, 12.87% female and 87.13% male.

These figures comprise the 7,814 employees working without lost time in May 2013, which is the month the performance assessments were conducted.

Organizational climate management is an ongoing process that consists of three steps, which include conducting an organizational climate survey, planning actions for improvement, and implementing and monitoring these actions. The results of the survey are used as feedback for the other stages of the process.

The most recent survey was conducted at the end of 2012. The next one was scheduled for October

2013, but has been postponed to February 2014. The employees requested the survey be given at a later date since the Company conducts other surveys in the second half of the year, which coincides with factors such as collective bargaining that could potentially influence the results.

OCCUPATIONAL HEALTH, SAFETY, AND WELLNESS

EU16

Commitment to health and safety is the very first principle listed in Cemig's Declaration of Ethical Principles and Code of Professional Conduct and "Enforce safety as a value belonging to the corporate culture" is one of the goals of the corporate strategy map derived from the Master Plan. Fostering safe and wholesome working conditions for its workers and freelancers and the staffs of its contractors is an important means enabling the Company to operate its business efficiently. The degree to which this goal is achieved directly affects the working environment and may even affect the Company's brand and image, as well as cause labor and legal contingencies.

The Company maintains a policy of Occupational Health, Safety & Wellness - OHS&W, which unfolding is materialized in an internal technical manual that covers a lot of safety instructions compulsory, compliance available on the Cemig intranet. In addition to periodic audits, the company establishes criteria and procedures for accountability and penalties for non-compliance of policy, standards, instructions, procedures or OHS&W guidelines.

In the field of health, 2013 saw growth of the In-House Happiness and Wellness program - FIB, which aims to mobilize Cemig employees for collective and individual well-being. The FIB program uses biopsychology techniques based on the science of the mind and body. Physical exercises have been developed that stimulate the balanced functioning of the glands of the body. These exercises have been scientifically proven to result in achieving physical and psychological well-being. In addition to increasing the number of 'felicitadores' (congratulators), employees responsible for teaching their respective areas the techniques learned, some of the practices have been integrated into courses at UniverCemig.

The physical and emotional health of employees is important to individuals and the Company since it leads to greater creativity and productivity. In addition to being a factor in preventive health care, physical exercise relieves stress, which is ever so present in modern life.

The main objective of the Vital Energy program is to raise employee awareness about the importance of quality of life, both personal and at work. Three of its subprograms encourage physical activity, especially by employees in risky positions who have health conditions that require special attention.

LA8

The Vital Energy program has reached 4,936 employees. Of these employees, 78% received the benefit of paying zero in co-payments; 6% of the employees had to pay a co-payment of 15% of the cost, and 15.35% of employees participating in the Vital Energy program had a co-payment of 30%. The 'Encontro Marcado' (Scheduled Meeting) project, in partnership with Cemig Saúde, addressed various topics between February and November 2013 such as adolescence, skin cancer, menopause, vision disturbance, back pain, Parkinson's disease, cholesterol, dementia, breast cancer, and healthy eating.

To learn about Cemig's programs related to health and wellness, click here.

Social inventories have been used as a tool since they were implemented in 2008 to assist in managing organizational climate. A survey is conducted on the social variables that predispose employees to work accidents. The survey also covers aspects of routines and the work environment

that need improvement. The data gathered enables a social assistant to make referrals and guide employees. In addition, an action plan is developed and validated by the manager. In 2013, 268 employees were subject to a Social Inventory.

In view of the technological developments in the electricity sector and the consequent need for revising work methodologies, the Company maintains internal committees that discuss technical matters directly or indirectly related to OHS&W policy. These committees also participate in various working groups at the national level, as well as ABNT committees and study groups.

To disseminate OHS&W guidelines, the Company provides an intranet portal to its workforce members that contains all the necessary technical information, which is mostly shared with the public through its Internet website. Thus, Cemig aims to continue encouraging practices to reduce the number of accidents and diseases, not only in the company, but also in the electricity sector as a whole.

Cemig has its own methodology for the proactive management of OHS&W risks called Hira-Cemig, in which profiles with a numerical classification system are created for the risks involved in every internal process. The methodology favors decisions taken with regard to investments and other actions to ensure acceptable working conditions. In 2013, this methodology was revised to include principles of Ergonomics and Resilience Engineering. The work resulted in new internal and technical instructions, and work safety instructions. In addition, 96% of Cemig's generation and 100 % of its transmission are certified with the international OHSAS 18001 standard.

To monitor workforce safety, the Company maintains the SIMASP system (Auditing and Monitoring System for Safety Analysis), which standardizes and unifies workplace safety inspections. The system provides the information to generate the Practiced Safety Indicator -ISP, which illustrates the compliance by Cemig's own employees and contractors with occupational health and safety requirements and procedures.

LA6

Through electronic election, 264 employees were elected to integrate the 75 Internal Accident Prevention Commissions – Cipas, which consists of representatives of employees, employers, and labor unions, and operates in an autonomous and independent manner. These commissions work on preventing accidents and occupational diseases. If there are no Cipas,there are appointees who report to these commissions, thus all Cemig employees (100%) are represented.

EU21

The Company has a document that makes up the Quality Management System Handbook, valid for all certified firms engaged in relevant lines of business, on Readiness and Emergency Response. Available on the intranet, this procedure establishes guidelines and requirements for preparation and response plans to environmental, health, and safety emergencies, including simulations of occurrences such as fires, explosions, dams, flooded drainage systems, leaks, drowning, and shock. For more information about the emergency management of dams, please see 'Reservoir Management' in this report.

LA7

Reactive risk management of OHS&W policy, which includes accident management, is carried out on a monthly basis through the Monitoring System of Accidents and Risks in the Workplace (SMART). The system generates statistical reports from the existing accident records. The results for the last three years are shown in the table below.

TYPE OF ACCIDENT	TYPE OF EMPLOYEE	2013	2012	2011
Work accidents without lost time	Own Employees	38	47	41
	Contracted Personnel	159	194	139
	Total	197	241	180
Work accidents with lost time	Own Employees	23	16	19
	Contracted Personnel	90	169	111
	Total	113	185	130
Occupational Diseases	Own Employees	No record	1	No record
	Contracted Personnel	NA	NA	NA
	Total	NA	NA	NA
Lost days	Own Employees	411	639	208
	Contracted Personnel	2,427	1,627	3,429
	Total	2,838	2,266	3,637
Absenteeism	Own Employees	1.26	1.50	1.50
	Contracted Personnel	NA	NA	NA
	Total	NA	NA	NA
Work-related fatalities	Own Employees	1	0	0
	Contracted Personnel	3	2	7
	Total	4	2	7

NA: Not available

In 2013, there was one fatal accident involving a Cemig employed that occurred as a result of an electrical arc. In relation to contracted personnel, there was one accident caused by the impact of an object (tree fall), one traffic accident, and one accident resulting from a broken post.

For every fatal accident, an analysis and investigation committee is created to identify the causes of the accident and propose measures to prevent it from reoccurring. These measures are related to training, work procedure improvements, and others. Furthermore, they are disclosed internally to provide coverage of the actions for the entire company and for contractors.

The company has increasingly invested in training, equipment technology and review of working procedures in order to improve their safety indicators. Over the last few years, the indices for the accident frequency rate of the workforce and third parties have declined, as shown in the following table:

SAFETY INDICATORS CRITERIA US 200,000	2009	2010	2011	2012	2013
Own employees AFR	0.51	0.40	0.25	0.23	0.34
Contractors AFR	0.96	0.53	0.76	0.51	0.45
workforce AFR	0.79	0.58	0.63	0.44	0.42

The primary causes of lost time were mental illnesses, diseases involving the musculoskeletal system, and trauma. Consequently, Cemig took the following actions: created a study group of Psychosocial Factors to support the development of a Psychosocial Profile for OHS&W Risk Management; carried out labor activities during the workday and encouraged race sponsoring; created a group to study the Frequency Manual in order to manage absenteeism in real-time and implement actions to prevent and promote health.

HR8

Regarding outsourced workers in the context of property and industrial security, Cemig invests in training courses and recycles these professionals, addressing aspects of human rights, among others.

Thus, 176 security guards (100% of the staff in this position) are trained in matters linked to occupational health and safety and human rights, representing 59.86% of all employees in Cemig's security department.

DEVELOPMENT OF SUPPLIERS

PG2

Cemig's Declaration of Ethical Principles and Code of Professional Conduct, Antifraud Policy, Supply Policy, and the Suppliers Relationship Manual define the general strategy of the supply chain and establish a set of principles and guidelines, translated into five priority commitments: a commitment to the public good and respect for the principles of legality; commitment to corporate ethics, equality, transparency, and social and environmental responsibility. Since its introduction, Cemig's Supply policy has been used as a guide for all relationships between suppliers and contracted parties. The policy is permanently posted on the Supplier Portal of the Company's website (available at the following web address: http://compras.cemig.com.br). It is also posted annually during the Cemig Suppliers Award event.

Cemig's material suppliers and service providers were honored at the 4th Edition of the Cemig Suppliers Award event. The award encourages quality in the supply of goods and services. It also recognizes the coordination necessary between suppliers and Cemig to reach common goals. In 2013, all suppliers with significant contracts participated in the event, totaling 831 participants. Of this total, 37 reached the "Assured Materials Supply" level of excellence, and 3 were recognized for their actions related to Social and Environmental Responsibility and Work Safety. This was the first time that work safety was considered for the Award.

HR2

Of the 831 significant contracts signed in 2013, 100% have clauses related to human rights (prevention of child labor, forced labor or slave-like labor conditions, compliance with labor laws, non-discrimination, prevention of moral and sexual harassment, guarantee of free association and collective bargaining, and others). In 2013, Cemig initiated 38 administrative proceedings: 27 for contractual defaults, 6 for serious or fatal accidents, 1 for nonconformities in R&D Project agreements, and 4 for suspicion of fraud in electronic trading.

Cemig does not directly develop a policy for contracting local suppliers due to its legal nature

(public joint stock enterprise subject to bidding law 8666/93 and principles of equality). However, the strengthening of local business can be seen by the number of suppliers who have registered on the supplier portal. In 2013, 60,336 of the 74,129 suppliers are from Minas Gerais, representing 81.4% of the total. Moreover, Cemig supports and participates effectively in development programs of suppliers located in Minas Gerais, in partnership with FIEMG entities - Minas Gerais Federation of Industries and SEBRAE - Brazilian Support Service for Small and Very Small Firms. Furthermore, it is important to note that there are tie-breaking criteria for bids benefitting micro and small businesses.

The proportion of spending on local suppliers in 2013 was as follows:

- On suppliers from Minas Gerais for purchasing materials: 38.51%;
- On suppliers from Minas Gerais for contracting services: 62.19%;
- Total spent on suppliers from Minas Gerais for materials and services: 51.71%.

Some of the highlights of advances in management in 2013 include:

Implementation of Integrated Logistics Operations into Cemig's material supply chain:

- The use of Integrated Logistics Operations and the comprehensive management of direct activities and support activities of the logistics process allows synergy gains to be captured in the process.

  The most common benefits include reduced costs, increased skill, improved data management of operations, and maximizing operational efficiency, which results in quality and effectiveness of service provision to the customer at the best operating costs for the company.

  Moreover, integrated logistics will be implemented in 2014 for materials and transporting special cargo. In addition to financial gains, this initiative will enable improvements to response times for connecting consumers and for maintenance and expansion of the Company's electrical system.

  Integration of Infrastructure Service Partners

- A seminar on integration was held in Belo Horizonte with Company's partners that provide infrastructure services. The event addressed topics such as quality indicators for services provided, contract management, environmental management, accident frequency rates, and others.

  Carbon Management in the Value Chain Program

- The second edition of the Carbon Management in the Value Chain Program, developed by the Energy and Climate Change Working Group of the Brazilian Business Council for Sustainable Development (BCSD), representing Brazil in the World Business Council for Sustainable Development (WBCSD), raised awareness and trained 101 suppliers of member companies on developing their greenhouse gas (GHG) emission inventories.

  Cemig was one of the sponsors of the 2013 edition of the program along with nine other member companies of the BCSD. Thirty suppliers finalized their emission inventories and three others are currently in the process, which is an increase of approximately 70% compared to the 2012 edition of the program. For more information about the program are

available here.

HR2
HR5
HR6
HR7
PG4
PG5

Sustainability Criteria on Hiring Third Parties

In 2013, Cemig included in all of its bidding notices and material and/or service contracts clauses that protect Human Rights and call attention to issues related to tax, labor, and pension laws, insurance, occupational hygiene, health and safety, supporting and respecting human rights in its area of influence, not employing child labor,forced or slave-like labor, and eliminating discrimination in the workplace. This action reinforces the adoption and implementation of the UN Global Compact's ten principles. As a signatory, Cemig seeks to reduce any reputational risks and violations by the Company itself and its partners.

Compliance with the conditions in the Company's bidding notices and contracts are verified and audited during contract execution. This procedure is applied throughout the supply chain and assured to be implemented in 100% of the cases.

In every case throughout 2013, suppliers were required to declare that they do not employ anyone under age 18 (eighteen) to work at night, or in hazardous or unhealthy working conditions, and do not employ anyone under age 16 (sixteen) under any circumstances, in accordance with Law 8666/93. This declaration is necessary to register new suppliers or renew registrations.

Sustainability risks in Cemig's supply chain are identified through a rigorous registration process that requires compliance with legal, technical, financial, social, and environmental criteria and enables approved suppliers to participate in the bidding process for the provision of materials and services to Cemig. Depending on the type of material or service to be provided, prospective suppliers must pass the Industrial Technical Evaluation (ITE) if they intend to supply materials or the Technical Evaluation for Contractors (TEC) if they intend to provide services. Cemig monitors the performance of its contracted services (contractors) through IQSC - Quality Index of Contracted Services, which combines the quality scores with the social and environmental aspects, targeting values above 80%.

These assessments, apart from reflecting aspects related to producing goods or providing services, also verified aspects of the environment and social responsibility, in accordance with the SA 8000 standard and Global Compact guidelines, such as child labor, forced labor or labor akin to slave, degrading work, appreciation of social diversity, employee benefit programs, environmental compliance, customer service and volunteering for social welfare projects. If these risks are deemed significant, the prospective supplier is rejected and is not issued bidding documents. Whenever the company purchases inputs of any sort, it demands to see the supplier's water consumer permit, which is the legal document that assures the right to actual access to water and measures its use.

In 2013, 70 suppliers were assessed using the ITE for registration, 12 were assessed using the TEC to register to provide services, and 18 specific assessments were conducted for the Cemig Suppliers Award.

Suppliers that receive poor scores in these technical reviews or other monitoring methods used by the company, may be fined, receive warnings or be invited to attend meetings, or else their orders or contracts, permits denied, administrative procedures may be initiated to strike them from the rolls, depending on the seriousness of the breach and its repetition.

In 2013, daily inspections of contractors continued. 11,254 safety inspections were conducted to analyze Practiced Safety, totaling 208,634 man-hours for inspection. Quality inspections of services provided are routine procedures to measure the quality of performed services and waste management. In 2013, 71,436 inspections of emergency and commercial services were conducted.

RELATIONSHIP STRATEGY

SO1

Cemig's relationship with the communities in its area of operation is guided by a sense of co-responsibility in stimulating local economic and social development For this purpose, the company operates in a manner consistent with its values , principles and policies, as pointed out in its Statement of Ethical Principles and Code of Professional Conduct, Sponsorship Policy, Communication Policy and Communication with the Community. In this context, the company has three priorities:

- minimizing the social impacts directly and indirectly related to its business;
- promoting the benefits of energy efficiency programs,

  Information on energy efficiency can be found under the item 'Energy efficiency and conservation'.

  and accessibility to electric energy service in low-income communities; and
- investing in projects that promote access to culture, sports, social development and citizenship.

Lines of action are identified and given priority based on the needs and expectations of the communities that Cemig has a relationship with and according to internal guidelines for social investment. Opinion polls, workshops, and working groups are used to assess the satisfaction of these communities with the Company. At the same time, they consolidate the communities' wishes and suggestions, making the goal of attaining shared values between the Company and the community more objective-oriented.

As part of the strategy, established guidelines should be met for the processes that involve the development and management of social projects in the communities. Cemig's Social Responsibility Committee, which comprises representatives of each executive board, monitors the results of these projects.

The social projects developed in the communities are correlated to the themes identified in Cemig's material matrix. They form part of the sustainability strategy and are aligned with the Company's Mission and Vision.

Cemig's Sponsorship Policy is a document that reiterates the Company's commitment to transparency in its management processes as demonstrated by making public its presumptions,

rationale, and sources for funding used as a guide in establishing sponsorships, support, partnerships, and the use of federal laws and incentives in its diverse investments in social projects, culture, and sports.

RELATIONSHIP WITH LOCAL COMMUNITIES

EU20
EU22
EC9

In order to build substations, hydropower plants, and repeater stations, Cemig may at times need to purchase the property of residents in the communities where it operates or constitute administrative easements in cases where distribution lines or networks, and transmission lines are needed. There is an internal document titled "Socio Environmental Negotiations at Cemig" to guide this whole process.

In 2013, there were 581 negotiations with property owners to deploy 40 projects for Cemig and Major Clients. The individual integrity of every citizen, culture, and history of the communities affected by the projects are always respected. The company values friendly negotiations and aims to be socially responsible within the community. Property owners affected by the projects are compensated according to fair market values. Specific occurrences:

- negotiations with 397 owners for the construction of 9 Distribution Lines and Transmission Lines;
- negotiations with 12 owner for the construction of 11 Substations and Repeater Stations;
- negotiations with 58 owners for the construction of 14 Distribution Networks;
- Negotiation with 114 owners for construction of 06 facilities that will join the Cemig system

In addition to the relationship initiatives with the communities located in the regions where Cemig and its subsidiaries operate, it is worth mentioning some of the initiatives taken by companies where Cemig does not have a controlling stake. Cemig's participates in these other projects as part of its strategic objectives for diversification of the business and for growth by participating in large-scale hydroelectric ventures. It is worth stressing that owing to the scale of the projects, several lawsuits are brought, which are addressed and handled by builders consortia and public bodies, and do not involve Cemig, which is a minority shareholder.

Below is a description of the main social initiatives that these companies adopted in 2013:

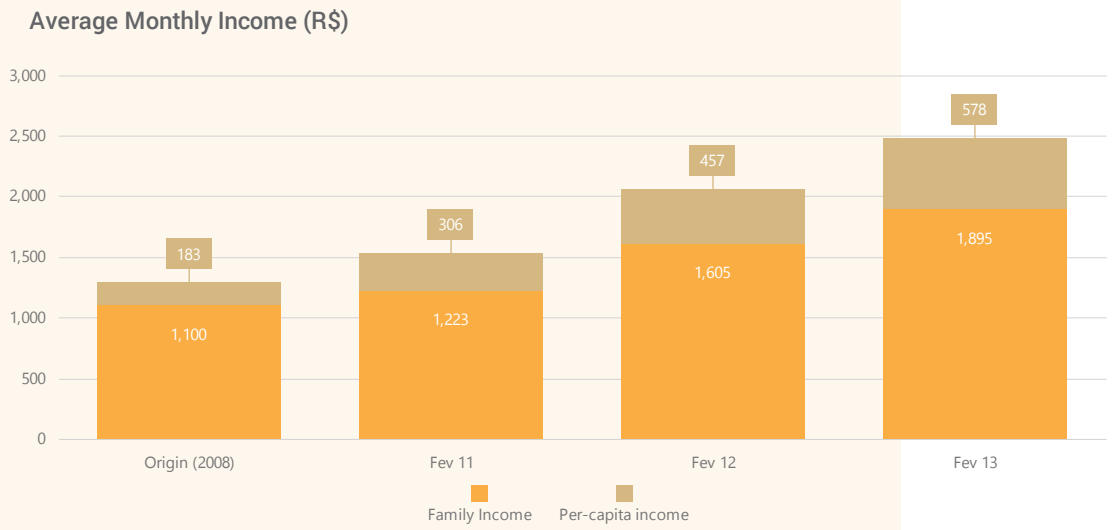
"Projeto Vitrine" (showcase project) – Santo Antônio Energia – UHE Santo Antônio

Cemig holds a 10% stake in Santo Antônio Energia.

'Projeto Vitrine' was created to reinforce activities already undertaken by Santo Antônio Energia in order to support the production and productive reintegration of families in resettlement areas.

The project began at a community lot in the Novo Engenho Velho resettlement community, where work activities included fish farming, horticulture, cassava farming, flour production, fruit farming, and raising small animals (free-range chickens). Farming and handling techniques were applied to make as much use as possible of the land available on small rural properties by integrating activities. Costs, effluent emissions, and waste were reduced by reusing natural resources and improving the efficiency of the entire production process. The objective is to turn the lot into a technological showcase for farmers in the resettlement area.

As a verified finding, the development of quality-of-life levels is shown, as reflected by higher monthly incomes. The graph also shows social reintegration, since currently, the community and its output develop independently with respect to the Santo Antônio Power Company.



Catavento Program - Renova Energia

Cemig holds a 21.86% stake in the total capital of Renova Energia.

A private social investment initiative focused on results and in cooperation with Renova's businesses, the Catavento Program is a result of the company's engagement in causes of public interest in the areas where it operates.

Among the organizations that bid for projects and partnerships (organizations supporting in the execution), the Catavento program currently features 14 public and private organizations and 9 farmer associations. For 15 projects, which include some that are so complex that they could be divided into subprojects, the program directly involved about 10,000 people between March 2012 and August 2013.

The target areas for investments in this program are culture and heritage, socioeconomics, and the environment.

In 2013, the highlights in the area of Socioeconomics included the ATER Project, which provided technical assistance to small farmers with a view to ecological and family agriculture, access to political policies, and partnerships with farmer groups accompanied by the Company to provide school meals. The income linked to the National School Meals Program (PNAE) reached R$ 94,726.00 in 2013.

Key Actions Related to Social Issues - Belo Monte HPP

Cemig has an approximately 14% stake in the Belo Monte Hydropower Power Plant. It is the largest engineering project currently underway in the country, and has received plenty of attention from the media due to the economic significance of the venture compared to

the social and economic impacts involved in the region where the plant is being built.

In 2013, the major initiatives associated with the Belo Monte HPP were:

The education and health programs, as envisaged in the Basic Environmental Plan – PBA, proceeded, completing 48 school projects (construction and refurbishing) that benefited over 8000 schoolchildren. 32 healthcare projects, especially Basic Healthcare Units, were completed and fully equipped. The deployment of the Action Program for Malaria Control attained very impressive results with a decrease of malaria cases by 80% in the region where the Belo Monte HPP is being constructed.

With regard to episode of downtimes, there were various reasons: Indians, fishermen, riparians, and workers. In cases of invasion of construction sites for protests, negotiations, or other purposes, the option is to negotiate their withdrawal without violence, while at the same time, seeking legal instruments in the justice system to liberate the occupied areas.

The Center for Social and Psychological Support services for Interfered Communities and Migrants, and the Shelter for Migrants in Altamira and Vitória do Xingu were completed and deployed in 2013. More than 5,000 families have been visited, and from this number, 500 have received treatment. This project is the result of an agreement between Norte Energia and local municipal governments that focuses on providing social assistance services to communities located near the enterprise.

In addition, various communication and relationship channels are maintained with the community, especially free telephone service, which reached 6,035 people in 2013, radio programs with 520 media placements in local radio stations, official website and blog with more than 300,000 visits, more than 150 meetings with the local community to present environmental projects, discuss relocating the population, and provide information about the projects.

Initiatives with the Local Community - Light

Cemig holds a 26.06% stake in Light.

In 2013, Light strengthened its partnership with the Rio de Janeiro state government. The company operates in the areas where Pacifying Police Units (UPPs) have been installed. The expanded presence of Light in pacified communities of Rio de Janeiro has contributed to a new relationship with customers that is based on formalization and changing habits.

The Efficient Community Project promotes changing light bulbs and old refrigerators for newer and more efficient ones, with Selo Procel (a Brazilian program focused in evaluation energy consumption of electrical devices). In addition to exchanging equipment, Light promotes lectures and home visits provide guidance on rational energy use. Personnel from Light go out to the communities in shifts to answer questions residents may have. In 2013, the number of consumers considering energy efficiency actions rose to 103,718 (in 2012, this figure was 72,054). For more information about Light's Sustainability Report, please visit: http://www.relatoriolight.com.br/?lang=en

Proximidade ("Proximity") Program

Since 2005, Cemig has run an annual program that aims to present the activities related to operating its hydropower plants for communities, advise on safety and prevention issues, and provide contact details to find more information on the subject. These events have become forums where the Company has the opportunity to welcome the populations' demands and establish partnerships with those responsible for disseminating information and for the safety and prevention of floods. This way, alerts may be issued during flooding events, anticipating preventive actions and mitigating the damaging effects of floods.

Proximidade Program is a way to strengthen links with local communities, thus helping to spread information about the monitoring of floods and droughts in the region where the company does business, especially for developing businesses that depend on a steady water supply. For this purpose, Cemig schedules events throughout the year in various towns, consisting of lectures on the weather forecast, the company's flood control efforts, procedures to ensure the physical safety of dams, environmental measures and other issues related to plant operation. The program even includes a guided tour to a hydropower plant in the region. These meetings include the participation of public officials, civil defense, fire departments, police, management agencies of water resources and the environment, river basin committees, mayors, judges and prosecutors, community associations, class representatives, and the press. The sharing of information and responsibilities has shown to be an important mitigating action for the effects from the variability of flow rates and demonstrates the co-responsibility of all involved in providing greater safety and rational use of the watershed.

During the rainy season, Cemig also issues bulletins about climate conditions, river levels, and reservoir operations in the regions affected by the heaviest rain, which are broadcast on local radio stations and in written communications.

Ten events of the Proximity Program were held in 2013, reaching an audience of about 550 people. Some actions resulting from the interaction between participants in the event have been implemented. For example, bathymetric surveys were carried out at berthing areas in Itira, downstream from the Irapé Hydropower Plant, due to the formation of sandbars in the Jequitinhonha River, which has made it difficult for ferryboats to approach the moorings. The information obtained enables Cemig to make the necessary adjustments in the system that aims to serve the public.

For more information on the Proximity Program and the booklet, "Rainy Season and Reservoir Operations", please access here.

Indigenous Communities - Belo Monte HPP

By having a stake in the Belo Monte HPP, even as a minority shareholder, Cemig is also concerned with reporting how the issue is coming along in relation to the indigenous population in the vicinity of the hydropower plant. Due to the Belo Monte project, the Brazilian government has stipulated a number of conditions to ensure that indigenous communities remain on traditionally occupied lands recognized by the State. The indigenous areas will remain untouched by the dam, construction sites, access roads, and other engineering structures necessary for the construction of the Belo Monte Hydropower Plant. Any interference in hunting, fishing, and agricultural activities in

the areas near the plant will be compensated by socio-environmental programs and projects established in the Environmental Impact Assessment (EIA) and Basic Environmental Plan (PBA).

To serve indigenous communities seeking information on the environmental licensing process for the Belo Monte HPP, as a condition, the Indigenous Communication Program was created.

The program provides an Information Center for Indigenous Communities, which is located in Altamira, Pará and offers in-person service and support for meetings/training courses for indigenous peoples in the city, entrepreneurs, and others that are legally established in the environmental licensing process. In addition, the Information Center holds the radio system, which covers an area of approximately 55,000 km² of the indigenous lands of nine ethnic groups at different levels of contact. The system broadcasts information about the progress of the environmental licensing process and the project. It also receives information requests from indigenous communities. Commencing in 2011, the radio system comprises a network of 41 radio stations, including 35 villages and some focal points.

HEALTH AND SAFETY IN COMMUNITIES

PR1
LA8

In order to guide various segments of the population on the dangers of electricity and the safe way to use it, Cemig continued to participate throughout 2013 in various forms of media including newspapers, TV (local and national television), radio, and the internet. Additional information and safety tips were given, especially during big national events such as Carnival, June festivals, and Christmas. The Company also conducted scheduled and periodic inspections, in addition to tracking the accidents rate in the population in order to identify situations and areas that require more intensive accident prevention measures or development of new social projects.

The 8th National Accident Prevention Week with the Public was held simultaneously with the more concentrated External Campaign for Accident Prevention with the Public (Cepap), in partnership with the Brazilian Association of Electric Energy Distributors (Abradee). The objective of the campaigns is to raise the public's awareness on the dangers of electricity grids, broaden the dissemination of accident prevention actions, and attract new strategic partners for this purpose. Events such as educational lectures are held in schools, construction worksites, businesses, and associations. These lecture events are also held with community and neighborhood representatives, among others.

People are approached or stopped on streets, buses, in social events, and others places in order to quickly and directly provide guidance and disseminate information on how to use electricity safely. The buzzword in the last campaign was 'longe' (far) because only a safe distance from electricity grids prevent accidents that are often fatal. Some of the topics addressed were how to install a television antenna, how to use a kite, construction and electricity theft. These are cases where information and awareness are decisive factors. In 2013, these actions reached approximately 4 million people.

Cemig widely reported the 2nd National Drawing and Writing Contest, sponsored by the Brazilian Association for Awareness on the Dangers of Electricity (Abracopel), which had the safe use of electricity as the theme. The objective is to encourage the participation of children, teenagers, and teachers to develop concepts for the safe use of electricity in order to plant the seed of cultural change for the future.

The data on accidents with the population are presented below:

EU25

NUMBER OF ACCIDENTS IN THE POPULATION	2011	2012	2013
Non-fatal accidents	144	82	114
Fatal accidents	38	29	28

INVESTMENTS IN THE COMMUNITY

Cemig benefits the local public by investing in the community, creating recreational opportunities, promoting culture, and at the same time, enabling the formation of strategic partnerships that foster good relationships with stakeholders and promote corporate image in the municipalities where the Company operates. The table and chart below illustrate these investments stratified by theme and amount invested.

In 2013, Cemig continued making social investments. Investments in Healthcare and Heritage Preservation were not the focus of monitoring in previous reports. They are relevant in 2013 to the overall context of the company's expenditures.

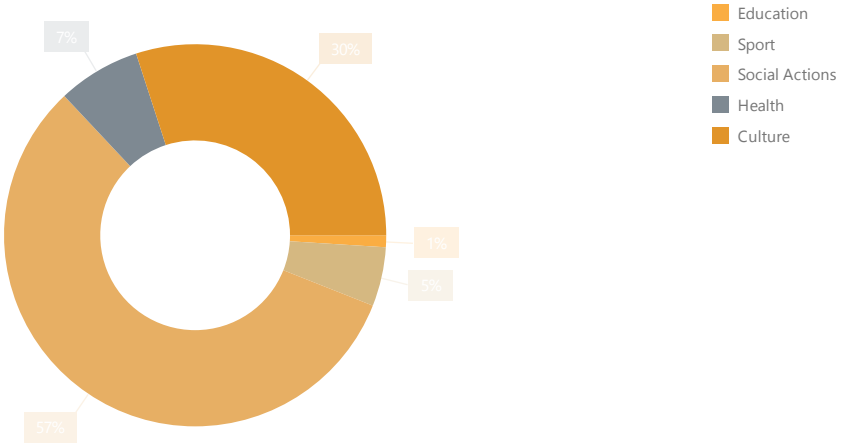
Social Investment Areas

IN R$ MILLION	2011	2012	2013
Culture	16.14	24.70	24.8
Sports	4.20	8.85	3.8
Education	1.03	1.20	1.2
Healthcare	ND	ND	5.5
FIA, AI 6% The AI6% Program aims to encourage employe Donations	12.8	12	11.4
Heritage Preservation	ND	ND	0.12
Intelligent Energy Program	39.56	55.19	36.4
Total	**73.73**	**101.94**	83.23

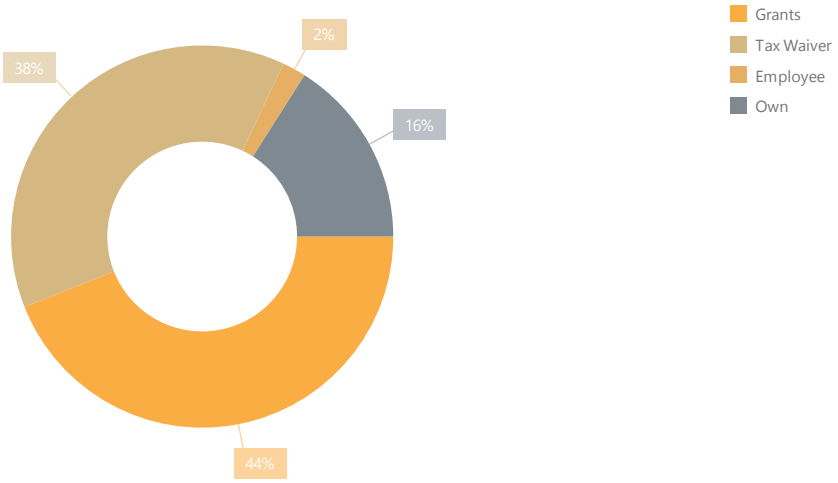
ND - no data available

These resources do not include projects undertaken by companies in which Cemig has a stake, such as Light and Taesa.

Social Investment Areas



Origin of the Funds Invested



The details for 2013 of these long-term programs follow, except for the Energia Inteligente ("Smart Power") Program, which is described in the item 'Power Efficiency'.

Sports Initiatives: Cemig invests in sports projects using its own resources and the incentive from the Sports Law. The Sports Incentive Law - Law 11.438/2006 allows companies to invest up to 1% of owed Income Tax on sports projects approved by the Ministry of Sports. In 2013, a total of R$ 3.8 million was invested in Sports, benefiting social recovery and citizenship, especially for children and adolescents, who will be able to practice sports and have the possibility of becoming athletes. Projects that were sponsored include football, water sports, rugby, paralympic athletics, running, tae-kwon-do, and volleyball. These initiatives have earned the company for the fourth consecutive year, the Corporate Sports Friend Award, which was created by the Ministry of Sports. Cemig was considered as the company that invests the most in sports in the Minas Gerais state.

The Versol Project, which works to promote social inclusion and citizenship of children and youth from low socioeconomic backgrounds by offering ways to socialize through sports and vocational courses, was instrumental for the recognition given to the reservoir of the Três Marias Hydropower Plant as a location for practicing sports and holding competitions. Initiated in 2010, the project is a partnership between Cemig, the Três Marias municipal government, and the Rumo Nautico Institute. It is coordinated by the Grael brothers. The project offers 230 opening per semester for children and adolescents ages 9 to 24, male or female, who are enrolled in a public school. Participants of the program take classes in sailing, kayaking, rowing, swimming, volleyball, and

other sports. They also take part in leisure activities. In addition, they learn about outboard motors, climate behavior, ecotourism, and biology.

SO5

Cultural Initiatives: The cultural sponsorship policy is organized in two programs: 'Cemig Cultural' and 'Filme em Minas' (Cultural Cemig and Film in Minas) - Audiovisual Stimulus Program. Cemig collaborates with the State Department of Culture (MG) for the two initiatives, which ensures alignment with public policy, a strategic factor for assertiveness in the choice of projects to be sponsored and for the participation and continuity of related structured actions.

The program involves projects related primarily to the following areas: Heritage, Literature, Museology, University Extension, Maintenance of Collections and Assets, Erudite Music, Regional Music, Integrated Arts Festivals, and Performing Arts. With regard to cultural sponsorships, Cemig utilized tax waiver laws, but also financed maintenance actions with its own resources through agreements to support the actions of the Estrada Real Institute and through a partnership with the State Department of Culture aimed at establishing the "Cemig Popular Art Center", which is part of the "Praça da Liberdade Cultural Circuit", a strategic initiative by the Minas Gerais state government. There were 24.8 cultural sponsorship projects in 2013, with investments of R$ 6.6 million from the Company's own resources and R$ 18.2 million from incentive laws.

Taesa Cultural Initiatives

Taesa, a company in which Cemig owns a 43.36 % equity stake, in 2013 invested in the following projects under the Rouanet Act:

- A theatrical production: "Elis, the musical" entailing the design, production and performance of a musical with a libretto by Nelson Motta and directed by Dennis Carvalho. The plot narrates the story of the singer Elis Regina's devotion to music.
- 'A Menina Esqueleto' [The Skeleton Girl] is the production of a family-oriented children's show involving several artistic genres combined with theatre, such as contemporary dance, puppetry and multimedia. Initially 36 performances are planned, with affordable admission prices.
- The "Cultural Guide to the Costa Verde [Green Coast]" project involves a comprehensive survey of 100 existing cultural attractions located along the Costa Verde. These attractions will then be presented in a Cultural Guide addressed to visitors, which will be distributed without charge at selected strategic points throughout the state of Rio de Janeiro.
- The "Fado Tropical" project consists of producing and enacting a concert of classical instrumental music conducted by the singer Fafa de Belem, featuring the works of Brazilian and Portuguese composers and poets, performed by celebrated renowned Brazilian and Portuguese musicians.
- The "Symphonic Music" project consists in recording a show by Sergio Reis and Renato Teixeira to the produce a DVD entitled "Sincere Friendship, Live, in Rio de Janeiro."
- The "Circus" project involves producing, editing and publishing an art book in three languages (Portuguese, English and Spanish) with photographs by Gustavo Malheiros about the tricks and routines of circus performers who appeared at the First International Circus Festival of Rio de Janeiro.

Initiatives for the Preservation of Cultural Heritage: The Marmelos HPP, built in Juiz de Fora,

Minas Gerais, in 1889, was the first major hydroelectric project in South America. In 1980, Cemig bought the plant and in 1983 it was listed as a heritage site by the city of Juiz de Fora and converted into a cultural space. The Marmelos Zero Museum was built inside the plant and has been operated by Univesidade Federal de Juiz de Fora (UFJF) since 2000.

The agreement between the UFJF and Cemig aims to enhance services for museum visitors, keeping it open to the public every day. In 2005, the plant won a second listing, this time granted by the Institute for the Historical and Artistic Heritage of Minas Gerais State (Iepha), which demonstrated the paramount importance of its conservation as an historic building.

The place houses valuable documents from the late 19th and early 20th centuries, such as books of accounts and records of the first shareholders meeting of the Minas Gerais Energy Company, bills, old photographs, and draft blueprints of the plant.

In 2012, it became necessary to overhaul the museum, which was thereupon closed to the public. In September 2013, the funding agreement between Cemig and UFJF for restoring the museum was signed. The project's cost is estimated at about R$ 120,000. The work will be performed during the first few months of 2014.

Rescue Program of Traditional Knowledge on the Use of Medicinal Plants - Renova Energia

The program originated at the time of Renova's startup with the goal of preserving traditional lore concerning medicinal plants, and compiling a record of local culture on the subject. It was initially undertaken as a prerequisite for implementing the program, but then expanded beyond its original scope, becoming a literary work that systematizes this knowledge and benefits the community. In 2013, the publishing project was carried out with a view to reinforcing the initiative of paying tribute to the people of the backwoods, the importance of their work and the lore they keep alive, and further, that all this knowledge contained in these keepers be valued and appropriated by the youth of coming generations.

Museological Plan of the Alto Sertão da Bahia Museum (MASB) - Renova Energia

The MASB is a regional museum that aims to identify, preserve and cherish the region's memories and traditions by preserving both its tangible and intangible heritage.

The museum was designed in 2013 in a participatory manner. More than 2,300 people took part in it, designing a layout of a regional museum featuring a central exhibition site and 10 satellite museums distributed over three municipalities, in what could be called a model of shared management. The process of identifying memories and traditions, fostered in the satellite museums, carries out the measures designated in the plan.

Educational Initiatives: The Company's principal educational project is 'Cemig nas Escolas' (Cemig in Schools), whose goal is to reach, within the space of 36 months, 4,000 teachers and 450,000 students attending 780 public schools throughout the state of Minas Gerais. The first stage of the project will address 188 municipalities located in the Jequitinhonha and Mucuri river valleys. The goal of this project born of a partnership between the State's Department of Education and Cemig, is to encourage the responsible use of natural resources, encouraging new behaviors - both at the

individual and the collective levels - and to develop on school premises, measures intended to assure the efficient use of electricity.

Donations: The amount of cash invested in donations refers to exemptions from electricity bills of social organizations, and funds transferred to the Children and Youth Fund, by both employees and the company.

In 2013, 1,989 Cemig employees took part in the incentive program for donations to the Children and Youth Fund. Funds were allocated to 105 municipalities in order to benefit 191 institutions. The amount invested was R$ 1.3 million.

Great diversity can be seen in the scope of activities of the various institutions benefiting from the program, encompassing the fields of education, job training and income generation, shelters and old age homes. Emphasis is placed on shelters for people with special needs, which make up 36.2% of all beneficiary institutions. The actual effects calculated include care for 27,600 children and adolescents throughout several regions of Minas Gerais State. Other institutions have benefited from the transfer made by the company to the FIA, which amounted to 4.17 million.

As an example of the Donations item with its own resources, 1,149 social organizations received exemption from their energy bills totaling nearly R$ 6 million that could be spent for other purposes instead of paying the electric bill.

Health: Regarding projects in health care, Cemig was a pioneer in Minas Gerais in supporting the Mário Penna Association's project for expanding installed capacity, refurbishing and purchase of equipment for cancer treatment.

Participation in Discussion Groups on Strategic Interests: Cemig's participation in strategic interest focus groups is extremely wide-ranging, involving a number of areas important to the industry. Internally there are strategic efforts aiming at monitoring Brazil's political landscape and track regulatory issues affecting the electrical power industry, in order to map risks important to the Company to mitigate threats, maximize opportunities for companies of the Cemig group, and notify the affected areas.

Here are a few examples of positive results obtained during 2013, from the committees in which the company participates. They were attained thanks to Cemig's institutional links to state and federal environmental agencies:

- Active participation in technical forums, especially in the Environmental Forum of the Electrical Power Industry (FMASE) enabled a contribution to be made to environmental legislation. Cemig directly participated in the review and updating of legislation relevant to environmental policy.
- Through its technical representatives in the Environmental Working Group of the Brazilian Association of Independent Power Suppliers (Apine), Cemig contributed to the drafting of the "Proposal for regulating the social and environmental aspects of projects in operation," a document submitted to regulatory agencies intended to assure proper accounting and allocation of environmental costs during the operational stage of projects, especially aimed at minimizing the related financial risks.
- Cemig's representatives, in cooperation with ABRADEE – Brazilian Association of Electric Power Distributors -- reviewed the Guide for Preparing Social and Environmental Reports for submission to the National Electric Power Agency (ANEEL).

ENVIRONMENT

In all its business operations, Cemig's environmental performance is guided by its Statement of Ethical Principles and Code of Professional Conduct, its Environmental Policy, Biodiversity Policy and its Climate Change Commitments. These documents were drawn up in order to stress consistency between the Company's strategic planning and management and sharing benefits with society in the regions it serves. The principles addressed in these documents are known and practiced by everybody who works at Cemig or on Cemig's behalf.

ENVIRONMENTAL STRATEGY

EN14

The environmental strategy aims to balance the development, the environmental protection, the preservation of biodiversity, the rational use of natural resources and the compliance with the environmental legislation with the Business Mission and Vision and the Strategic Planning of the Company. In its formulation, the current and future risks and opportunities, the challenges, the medium and long-term scenarios and the expectations of the public with which Cemig interacts with are considered.

The Socio-Environmental Adaptation program is multiannual and takes a transversal approach throughout Cemig. It is a tool that details the strategy on a tactical level, in which the strategic guiding points are established. Through a matrix or prioritization, the operation of the strategy is driven based on the definition of programs and initiatives with their respective responsibilities, actions, goals, objectives and allocation of resources. The prioritized socio-environmental programs and initiatives are duly correlated with the subject matter identified in Cemig's strategic planning and in the materiality matrix, as for example: Biodiversity, Water, Management of Residues and Climate Change. The goals relative to these topics are demonstrated under the item 'Strategy' in this Report.

Priority Matrix of Social and Environmental Programs and Initiatives

All of the programs consider the real development of the relationship with a diverse public fundamental to the elaboration and execution of these projects through operating networks and building partnerships. Below is the environmental strategy and its tactical and operational breakdown.

The implementation of the Social and Environmental Compliance Program is periodically monitored by the Social and Environmental Compliance Committee composed of representatives of Cemig's boards.

ENVIRONMENTAL MANAGEMENT

EN12
SO1

The continuous management of the socio-environmental impacts of all of Cemig's business is based on a robust system of identification, assessment and control of the impacts in all of the phases of its ventures – from the conception of the project to its operation. Cemig's more significant socio-environmental impacts are related to the phases of installation of ventures and the activities of generation and distribution of the electric energy. The principal guideline of its socio-environmental interventions is to avoid the negative impact and, when this is not possible, to minimize or compensate its effects, duly monitored. Another guideline is to facilitate programs that will positively influence the regions of its activity, sharing values with society, searching for legitimate opportunities of contribution for environmental conservation and social development, taking into consideration the experience and participation of the diverse public with whom the Company has a relationship.

Environmental Management System

The Environmental Management System (SGA) enables adoption of best practices shown to minimize environmental risks and optimize operating costs. Acting preventively, it is designed to reduce environmental accidents, properly prepare employees for responding to emergencies, and becoming more assertive in following environmental strategy and fulfilling the commitments undertaken toward supervisory agencies.

Compliance with SGA is achieved internally through certification according to ISO standard

14001/2004, or else through adoption of an Internal Management System called SGA Level 1, designed on the basis of the principles embodied in NBR ISO 14001/2004, both of them audited by outside certifying bodies. Irrespective of the implementation of the Environmental Management System, 100% of Cemig's activities must obey the minimum requirements of environmental suitability, which are governed by internal procedures and periodically audited by the Company's Internal Auditory.

The table below presents data on the coverage of Cemig's Environmental Management System, ensuring 100 % coverage of energy generated, transmitted and distributed to consumers:

COVERAGE OF THE ENVIRONMENTAL MANAGEMENT SYSTEM AT CEMIG			
Activity	ISO 14001	SGA Level 1	Minimum Requirements
Generation — Regarding generated MW	52%	46%	2%
Transmission — Regarding extension of Cemig GT's transmission lines	56%	44%	0%
Distribution — Regarding comsumers	12%	7%	81%

Minimum Requirements: They exist only in the areas where the EMS based on the ISO 14001 or the EMS Level 1 are not implemented.

In addition to the activities described above, the following corporate support areas are certified by the Environmental Management System (Cemig Level 1 – SGA L1 or ISO 14001): Logistics and Materials Management; Asset and Industrial Security; Procurement of Materials and Services.

Environmental Licensing

PG7
PG8

The compliance with Brazilian environmental legislation and the active monitoring of the discussions and proposals of their possible changes are practices that minimize the environmental risk associated to the business.A Term of Cooperation was signed in 2013 with the State Secretary of Environment and Sustainable Development of Minas Gerais to make the process of the environmental regularization of businesses of public utility that are geared towards the generation, transmission and distribution of energy and natural gas more efficient. This initiative leaded to important improvements in Cemig's daily environmental processes, helping in the optimization of the time elapsed in the processes of environmental regularization, without expense to the population and to the environment. Besides this, it improved the communication and the proximity between the involved parties.

In the tables below, the statuses of the two environmental licensing processes are shown:

Cemig Distribuição ("Cemig Distribution")

DOCUMENTS		STATUS	QUANTITY	VENTURES
Corrective Licensing	Corrective operating license	Obtained	1	75 Distribution Lines/ 47 Southern network substations
New License	Environmental Authorizations of Operation	Obtained	5	DL Santa Lucia 1 – Santa Lucia 4/LD Igarapé – Igarapé 2/Gafanhoto plant/Bragantina system
	DAIA - Authorizing Document of Environmental Intervention	Obtained	67	13 Distribution Lines and Substations/54 new Unique DAIAs for ventures of distribution networks
		Renovation	2	SubstationIbiraci/ Substation Piumhi 2
	Declarations of non-exchangeable licenses	Obtained	14	10 Substations/ 4 Distribution lines
	Environmental licensing	Obtained	3	LD Araçuai 2-Itaobim/ LD Jaboticaubas – Pedro Leopoldo 3/Southern Network
		Renovation	`1	LD Araxa 2 - Jaguara

Cemig Geração e Transmissão (“Cemig Generation and Transmission”)

DOCUMENTS		STATUS	QUANTITY		VENTURES
Corrective licensing	Corrective operating license	In analysis	22		Diverse ventures
		Obtained	1		Jaguara HPP
New licensings	Environmental Licensing	Exempt	10		Diverse ventures
	Granting of Hydroelectric use	In analysis	24	18 linked to Corrective operating license processes	
				6 linked to Corrective operating license renewal processes	
	Renovation of Corrective operating license	In analysis	10		

Cemig GT has 75.3% of its ventures duly licensed and 24.7% in the process of obtaining the respective environmental licenses, totaling 100% of regularity. Already Cemig D has 68.7% of its ventures duly licensed and 31.3% in the licensing process.

In 2013, Renova Energia obtained its first provisional license of seven solar energy plants with 30MW of power for each, totaling 210 MW of power, in the Bahian town of Caetité.

The ventures in which Cemig participates are in their construction phase such as the Belo Monte Hydropower plant and the small hydropower plants (SHPs) of Guanhães Energia. They have an installation license and they are complying with the environmental conditions foreseen in the respective licenses, duly taxed by the competent environmental bodies. Ibama has evaluated the implementation of the Basic Environmental Plan of Belo Monte and has considered 81% of the programs with adequate implementation, 16% with needs for adjustments and adaptations and 3% with pending issues.

In relation to Guanhães Energia, which consists of the implementation of the Dores de Guanhães, Senhora do Porto, Jacaré and Fortuna II SHPs, the development of 40 environmental programs to be carried out during the implementation and operation of the small hydroelectric plants is foreseen in the Environmental Control Plan – PCA, aiming to mitigate the impacts of construction and to stimulate the development of the affected regions. Below there is a brief description of two environmental programs in progress:

Fauna Rescue Project in the Cleaning of the Reservoirs

This project is constituted by a set of actions and measures that aim to mitigate the impacts generated from the vegetation destruction, which consists of the deforestation prior to the installation of the reservoirs. The activities of the project were carried out during the deforestation of

the reservoirs of the small hydro plants of Dores de Guanhães, Senhora do Porto and Jacaré. In the small hydro plant Fortuna II the activities have still not been carried out, since there was no deforestation in the area of the reservoir.

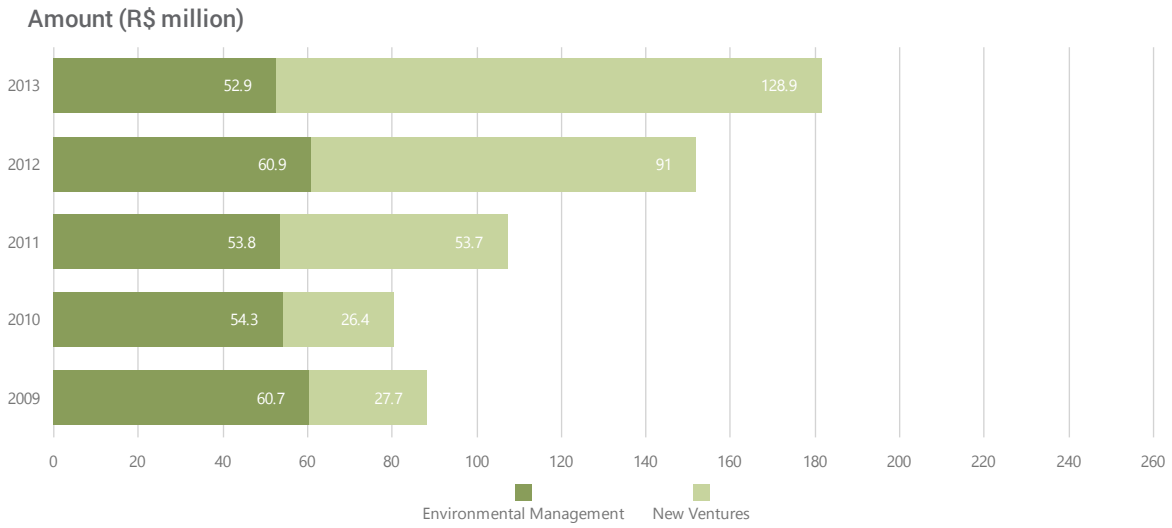
Ichthyofauna Monitoring Programs (fishes)

The monitoring of the ichthyofauna in the area of the ventures presents the following objectives: To follow on with the inventory of the ichthyofauna, to monitor the population dynamic of the most important species for fishing and to carry out the fishing diagnostics, to advance the knowledge about the diet of the fish of the region, to advance the knowledge about the reproduction and delineating actions for the conservation and the management of the ichthyofauna. The first campaign of the program was took place in January of 2010 and the activities are in progress. Until now, eight monitoring campaigns have been taken place.

Applied Resources

EN30

To meet all the legal obligations, to maintain the Environmental Management System and promote improvements in the processes and environmental initiatives, Cemig invested R$ 181.8 million in the last year, 19.7% more than in 2012, with 71% of this variation due to the rise of investments in new ventures. The prioritization and the allocation of the resources is revised periodically by the Environmental Suitability Committee, in accordance with that explained in the **Environmental strategy** section. The amount invested is subdivided into resources applied in Environmental Management and in New Ventures, according to the graph below:



In Environmental Management, R$ 52.9 million were invested: R$ 558,300 in waste management, R$10 million in R&D **Resources from Law No. 9,991/2000** and the remaining R$ 42.4 million were used in investments and diverse expenses, including prevention measures and pollution control. Some R$ 11.7 million were invested in the environment by the Consortia in which Cemig participates.

As an example, in 2013, the construction of six containment systems against mineral oil leakages in Cemig Distribuição's Electric Substations (ES) was concluded. The prioritization and the allocation of resources for carrying out the works were based on environmental variables and on the electric system. They played a part in the inventory of the works that covered all of Cemig D's substations. The resources applied in new ventures refer principally to the construction of the Belo

Monte, Santo Antonio Hydroelectric Plants and the SHPs of Guanhães Energia.

MATERIALS

EN1

In the table below the materials of greater use and of operational relevance in the Company and their respective consumptions are shown, all from a non-renewable source:

YEAR	TRANSFORMERS FOR DISTRIBUTION (UN)	CONCRETE POSTS (UN)	CABLES (M)	CABLE (KG)	METERS (UN)	PUBLIC LIGHTING (UN) COMPOSED OF RELAY LAMPS, REACTORS AND LIGHTS
2009	14,978	46,663	7,947,761	2,441,632	149,169	757,425
2010	9,623	38,509	8,568,304	1,546,142	383,645	2,124,812
2011	7,138	36,729	9,941,812	2,038,986	761,259	1,094,624
2012	13,393	49,001	11,915,226	2,606,570	548,993	744,091
2013	14,209	52,243	10,795,817	2,684,791	843,185	734,429

There was a slight growth in the consumption of some items in relation to the year of 2012, due to the investments carried out by Cemig D in the preparatory works for the events of the 2014 FIFA World Cup and the 2013 FIFA Confederations Cup and also to supply the final works of the Distribution Development Plan – and of the Substitution Program of Obsolete Measures, which took 600,000 items of equipment out of use. These initiatives contribute directly to the improvement of the electric system, reducing the interruptions and consequently improving the indexes of energy quality (DEC/FEC) and of the satisfaction of Cemig's clients.

Residues

EN2
EN22
EN23

Waste management at Cemig prioritizes the prevention and control of pollution from the progressive reduction of waste generation to its environmentally adequate final disposal in a manner that complies with the environmental legislation. All of the stages of handling, conditioning, storage and final destination are duly audited.

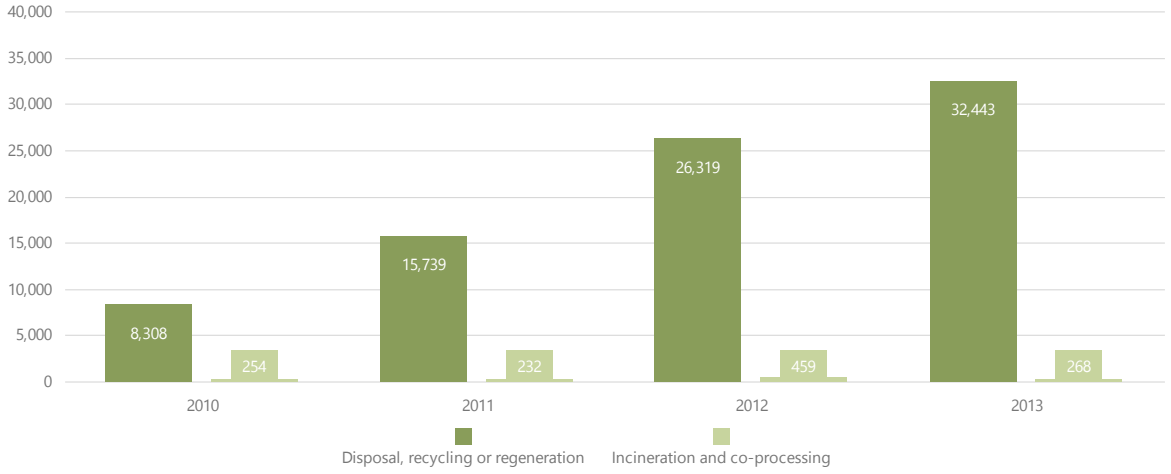
The large quantity of equipment that are substituted annually in Cemig's electric system, as well as the intensive use of isolating mineral oil in their electrical equipment, concomitant to the need of continuous monitoring and suitable final disposal, avoiding leaks and spillages are factors that make Cemig consider the management of residues as a relevant aspect as shown in the Company's materiality matrix. The Reversal Logistics and final disposal are carried out by a certified area in the Environmental Management System – Level 1, which receives the wastes, which are duly identified, separated and conditioned by the areas where they are generated 32,711 tons of residues of non-usable tons were transferred to the final disposal, with 32,443 tons being

disposed of or recycled (99%) and 268 tons (1%) were co-processed or incinerated. The revenue obtained with the sale of residues reached R$ 8.9 million, representing an increase of approximately 6%, in relation to the revenue from the previous year. The main sold residues were cables and wires, posts, metallic balers and distribution transformers.

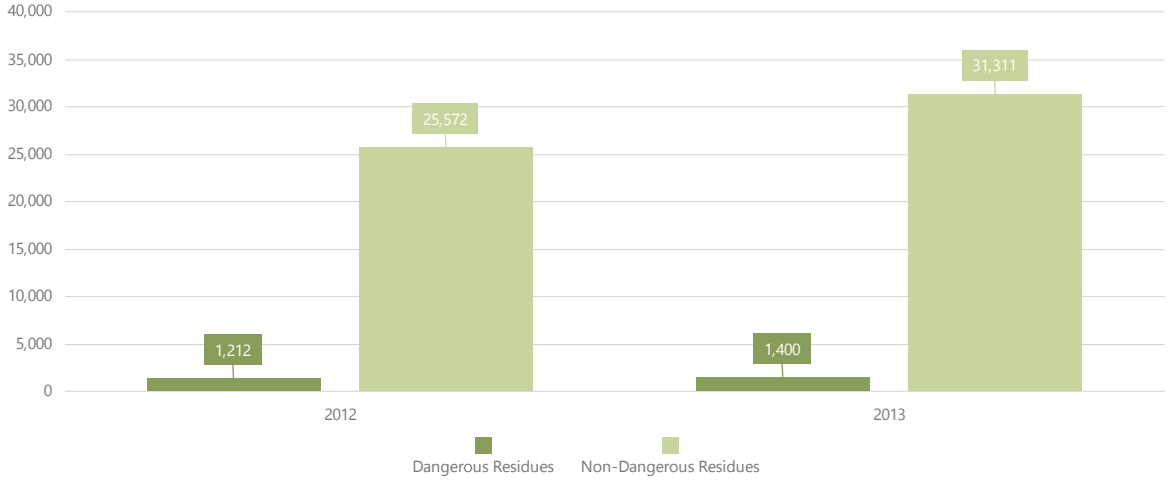
In relation to 2012, an increase of 22% in the disposal of residues is highlighted, with posts, distribution transformers, diverse oily residues and crossbeams being the items that most contributed to this variation. This increase is related to the modernization of Cemig D's system, as it appears in the Investments in Transmission and Distribution,of the chapter about Strategy. Of the total of destined oily residues, 112.9 tons of insulating mineral oil were re-generated and re-used by the company. This measure, besides providing environmental benefits, such as the non-generation of contaminated residues, has provided Cemig with an avoided cost of approximately R$ 898,000, only considering the figures for purchasing oil, without considering the costs for the final waste disposal.

In relation to the residues permeated with oil, a reduction of 31% in relation to the previous period is observed, due to the greater control in the activities of the maintenance of equipment, which contributed directly to the R$ 117,700 reduction of final disposal costs. There weren't any significant spills and leakages in 2013.

Final Disposal of Residues (t)



Dangerous and Non-Dangerous Residues (t)



There was no disposal of residues contaminated by PCB

Polychlorinated biphenyls were used as insulation for electrical equipment.See:http://www.mma.gov.br/port/conama/processos/30BB387D/GuiaPCB_VersaoFinal2.pdf in 2013. The electric equipment contaminated with PCB, when taken out of operation, will be sent for decontamination or thermal destruction through the contracting of a company licensed for the execution of this service.

MANAGEMENT OF NATURAL RESOURCES

Energy

EN18 PG8 EN3 EN4 EN5 EN18 EN29

Cemig has defined a medium term corporate goal to reach by 2020. It is to reduce total electric energy consumption1 by at least 4%, using consumption in 2011 as a reference. In this way, the Company intends to improve its management of natural resources, in addition to contributing to the corporate strategic objectives of increasing the efficiency of operational assets and guaranteeing sustainability. In the table below Cemig's direct and indirect energy consumptions are shown, as well as the variation of this consumption in relation to the previous period.

TOTAL ENERGY CONSUMPTION (GIGA JOULE – GJ)								
Year	Electric energy	Variation in relation to the previous period (%)	Fuel for fleet, Emergency Generators, Equipment and machines	Variation in relation to the previous period (%)	Fuel for Thermal Plants	Variation in relation to the previous period (%)	TOTAL	Variation in relation to the previous period (%)
2009	165,030	nd	234,015	nd	821,181	nd	1,220,226	nd
2010	167,735	+1.64	219,146	-6.35	291,481	-64.5	678,362	-44.4
2011	168,740	+0.6	202,931	-7.4	101,315	-65.24	472,986	-30.27
2012	159,345	-5.57	183,195	-9.72	545,986	+438.9	888,526	+87.85
2013	157,487	-1.17	171,896	-6.17	1,923,927	+252.37	2,253,310	+153.6

The variation in the total energy consumption was 153.6% greater than the previous period, principally due to the fuel consumption by the Igarapé

UTE Igarapé has its energy dispatched to the National Interconnected System in accordance with the demand and necessity of the National Electric System, which is controlled by the National System Operator - ONS. Thermal Plant, which has passed through a revitalization process since 2008, and was in commission phase of equipment. The electrical energy consumption went down by 1.17% in relation to 2012, contributing positively to the achievement of the corporative goal. The fuel consumption went down by 6.17%, representing an avoided cost of approximately R$ 863,000 for the Company. This reduction was principally due to the practices of Cemig's Fleet Management, which substituted 274 vehicles previously supplied

with common diesel for Diesel S-10 http://nxt.anp.gov.br/nxt/gateway.dll/leg/resolucoes_anp/2013/dezembro/ranp%2050%20-%202013.xml, to the reduction and optimization of transport lines of employees and the results obtained with the Fleet Monitoring System, installed in 2012.

The average efficiency of the thermal plants (UTE) in 2013 was 23.38% and 26.10%, for UTE Ipatinga and UTE Barreiro, respectively. In the Igarapé UTE, it was not possible to determine its efficiency, because it was at equipment commission phase.

The table below presents Cemig's installed capacity and net capacity of electric energy, according to the different generating sources. It is highlighted that 99.4% of the energy generated came from non-greenhouse gas emitting sources.

EU1 EU2 EU30

CEMIG'S GENERATOR PARK								
Source	Cemig's installed capacity - MW				Net Generation - MWh			
	2013	%	2012	%	2013	%	2012	%
Hydraulic	6,639,033	96.6	6,513,951	96.6	26,635,887	97.6	37,925,473	98.6
Thermal – combustion fuel	131,000	1.9	131,000	1.9	167,506	0.6	23,115	0.1
Thermal – processed gases	52,900	0.8	52,900	0.8	312,665	1.1	391,363	1.0
Wind	48,804	0.7	48,784	0.7	183,412	0.7	128,849	0.3
TOTAL	6,871,737	100.0	6,746,635	100.0	27,299,470	100.0	38,468,800	100.0

Water

EN9 EN25

The State of Minas Gerais has one of the biggest hydric reserves in Brazil, which contributed to the formation of Cemig's generator part predominantly composed of 63 hydroelectric plants that manage 2,148.5 km^2 of reservoirs, totaling 6,639,033 MW, representing 96.6% of the Company's installed capacity. Besides being the main raw material for the electricity production, water is sensitive to climatic variations, variable to the consequences of the exploration of other natural resources, it is rather impacted by the anthropic actions and is subject to the regulatory environment, which makes the management and conservation of this resource be an aspect of high relevance for the Company. It is highlighted that in accordance with the information made available by the United Nations Organization – UN1 and by the National Water Agency - ANA, no plant belonging to Cemig is located in an area of hydric stress.

Fully guaranteeing the regularity in relation to the uses of the hydric resources, the grants linked directly to the generation of electric energy are linked to technical studies of the venture, taking into account the regularized flow, characteristics of the reservoir and of the busbar. Cemig carried out

the management of 209 processes of the use of hydric resources that are related to all of the Company's activities, 40 new processes of the registering of insignificant use and 169 processes of granting were administered.

Visit the map with the location of Cemig's grants here.

The management of hydric resources in Brazil, according to that established in the National Policies and the State of Hydro Resources is discussed, prioritized and negotiated with the participation of public power, of the civil society and water users. Cemig, as a great user of water for the generation of electric energy, acts actively in the collegiate of decisions and regulatory fora of this Policy, monitoring and proposing more suitable decisions for the electric sector conciliating with the multiple uses of the basins. It actively participates in all of the fora dedicated to hydric resources in their area of activity, such as the National and State Council of Hydric Resources, Hydrographic Basin Committees, Technical Chambers and Labor groups. With an activity geared towards Minas Gerais, Cemig is a member of the 20 state committees of the Hydrographic Basin and of six federal committees. It is also part of the Brazilian Association of Generator Companies of Electric Energy – Abrage, where it acted in 2013 as the coordinator of the Labor Group of Hydric Resources. For additional Details about Cemig's institutional participations, access here.

Hydrometeorological Monitoring

Cemig carries out a series of initiatives related to water quality and quantity that enable the accurate management of possible impacts to its business. As a preventive measure, the Company invests in practices that provide greater security in view of the diverse possible scenarios, using modern equipment and techniques such as the Storm Location System (SLT), Telemetry and Hydrometeorological Monitoring System (STH), mathematic models of hydrological simulations, weather and climate forecasts, and the revitalization of its hydroelectric program.

Currently, Cemig operates a hydrometeorological network with 241 monitoring stations, which includes 95 for monitoring rain, 68 for river flow rates, 37 for tracking reservoir levels, 41 weather stations that monitor rain, temperature, air humidity, wind speed and direction, solar radiation, and atmospheric pressure. These stations are distributed in strategic locations in the states of Minas Gerais, Goiás, and Espírito Santo. Their data is received in real time in the headquarters in Belo Horizonte.

The Radar acquired by the Company in 2011 is a primary instrument for expanding assertiveness in hydrological forecasts and enables greater security for the public and for the operation of its hydroelectric enterprises.

More information under the item, Climate Changes. Click here to know further details.

EU21

Reservoir Management

When drafting the Operating Instructions for its reservoirs, Cemig considers environmental, social, and flood control restrictions, which are respected when operating decisions are made for its hydroelectric power plants.

Cemig continues to invest in research and technology, in search of better actions to minimize risks related to silting in reservoirs, deviations in weather forecasting, and loss of physical warranties of SHPs due to decreases in water availability. One of the existing control measures is Cemig's participation in the Energy Reallocation Mechanism, which serves to share hydrological risks: hydropower plants in situations with high inflows and generations transfer energy to hydropower

plants in situations with low inflows and generations. This participation frees the Electric System National Operator (ONS) to dispatch the plants and ensure compliance with Cemig's energy sale commitments.

In addition, actions related to reservoir operating regulations were planned in order to ensure water availability at the quality and quantity needed for all uses in the watershed. Cemig evaluates scenarios related to potential conflicts with stakeholders such as the impacts of prolonged periods without rain possibly leading to an increase in competition between the energy sector and other users, and flooding caused by excessive rain.

Annual dam safety exercises are composed of field inspections, collection and analysis of instrumentation data, planning and monitoring maintenance services, analysis of the results, and classification of civil structures. The vulnerability of each dam is automatically calculated on an ongoing basis and is monitored by the Dam Control and Safety System (Inspector). The system was developed in an R&D project and incorporates georeferencing tools, which enable an overall analysis of the behavior of each dam to monitor deterioration. Cemig was a pioneer in Brazil in developing emergency plans for dam breaks and began research on the the subject in 2003. Currently, the Company has specific emergency plans available for each dam.

The Company adopts two effective ways to anticipate possible conflicts with stakeholders. The first is its participation in Watershed Committees, Technical Councils, and Working Groups, and the other is the deployment of the Proximity Program (see more details in the chapter Community). In these settings, conflicts and alternative discussions are identified, and actions are agreed upon to minimize impacts.

Monitoring Water Quality

In order to minimize the risks associated with the water quality in its reservoirs and in order to evaluate the impact of its activities, Cemig regularly monitors a network covering the major watersheds in Minas Gerais. It includes 43 reservoirs and more than 200 stations for collecting physical, chemical, and biological data. The results obtained through nine specific parameters are used to calculate the Water Quality Index (IQA), which indicates the degree of water contamination in rivers and reservoirs by organic materials, nutrients, and solids, normal indicators of pollution associated with household waste disposal. The table below shows the WQI data for Cemig's main hydropower plants, average annual results for 2013:

HYDROPOWER PLANT	WATER BODY	IQA	QUALITY LEVEL	RANGE
Irapé	Jequitinhonha	78.25	Excellent	90 < IQA ≤ 100
Volta Grande	Grande	81.00	Good	70 < IQA ≤ 90
Nova Ponte	Araguari	75.60	Average	50 < IQA ≤ 70
Salto Grande	Rio Santo Antônio	70.45	Poor	25 < IQA ≤ 50
São Simão	Paranaíba	71.77	Very poor	0 < IQA ≤ 25
Cajuru	São Francisco	80.53		
Piau	Piau	71.41		

To deploy the system that calculates the Water Quality Index (IQA) of Reservoirs, studies were carried out to determine the weights and parameters that should be set for monitoring water quality in 2014. IQA calculations will give results that are more representative and reflect the actual conditions of the Company's reservoirs.

The Company is conducting two research and development projects in partnership with UFMG, UFLA, Cefet, and PUC Minas to study the Biotic Integrity Index, which will enable methodological innovation in monitoring water quality in its reservoirs.

An extensive database (called Siságua) is available on the Internet that serves to share microbiological, chemical, and physical data of the aquatic ecosystems where the Company's enterprises are located with the community.

Cemig transferred R$ 2.7 million to the Technological Center Foundation of Minas Gerais (CETEC) and to Unesco - Hidroex to improve monitoring and water quality studies. One of the main objectives of the partnership is to develop research that aims to reduce economic and environmental impacts caused by invasive species like the golden mussel. Since 2002, Cemig, Cetec, and other institutions have collectively conducted studies and socioenvironmental education campaigns aimed at preventing the proliferation of the golden mussel. Over the years, the Company has invested more than R$ 8 million on studies related to the mollusk, and created the Bioengineering Center for Species Invading Hydropower Plants (CBEIH) under its leadership. Currently, the CBEIH is responsible for monitoring 51 stations located at reservoirs and provides decision-making support in relation to the invading species irresponsibly introduced in Brazil. Visit www.cbeih.org.

For information on financial compensation and amounts paid by Cemig in 2013, access here.

EN8

EN9

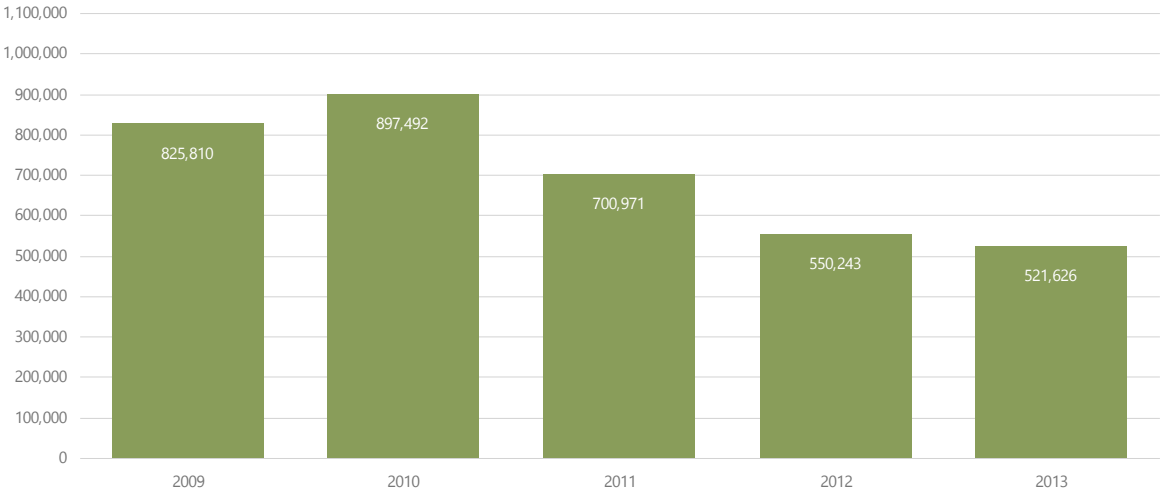
Water Consumption and Effluents

The total water consumption for administrative purposes at Cemig was 521,626 m³, which includes water from the public water supply, surface collection, and wells, as shown in the chart below

EN10 | EN21 | EN25

The administrative water consumption values for 2012, 2011 and 2010 were corrected and only consider actual consumption and not invoiced consumption.

Administrative Water Consumption (m³)

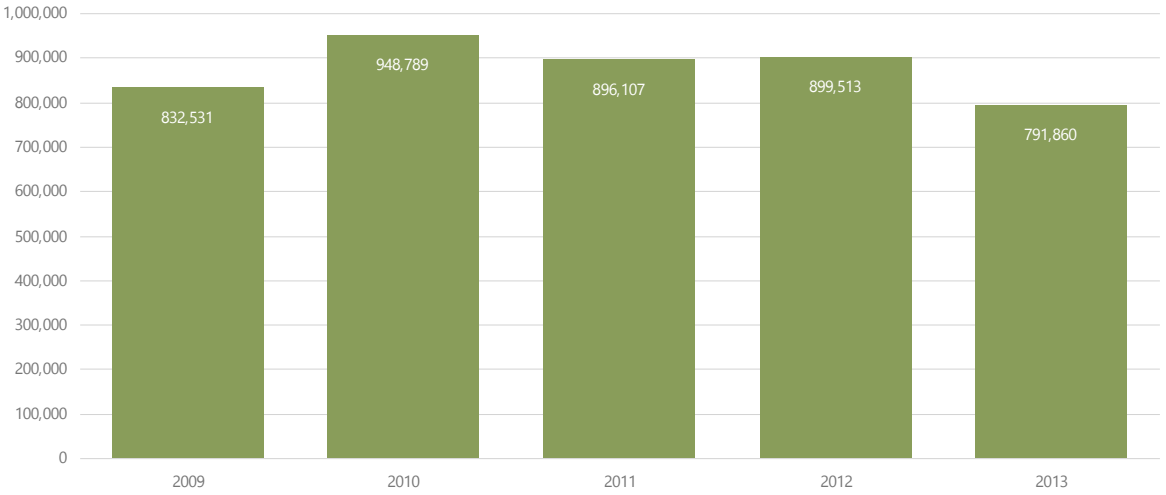


Effluents generated in administrative units are disposed of in the public disposal system or in controlled septic tanks, and do not have any direct impact on watercourses. Industrial activity to generate energy is not representative of consumptive use of water. Therefore, it is not counted in total water consumption. In 2013, 417,301 m³ of sanitary effluents were generated

Generation of domestic effluents calculated according to the water return to sewer ratio = 0.8, according to NBR 7229.

Industrial water consumption used to cool thermal power plants totaled 791,860 m3. This consumption was 13.6% lower than the previous year. The Company's thermal power plants do not generate effluents. The productive process at the Barreiro HTP and Ipatinga HTP involves the recirculation of water used, while at the Igarapé HTP, the water returns to the watercourse after its use. The supply sources for water include surface collection and the public water supply.

Industrial Water Consumption (m³)



Total water consumption at Cemig totaled 1,313,486 m3, according to the information displayed in the graph below:

Total Water Consumption (m³)

1.2 PG7 PG8

BIODIVERSITY

Hotspot: term defined by the English ecologist Norman Myers in 1988 that indicates priority areas for conservation, with high biodiversity and threatened in high grade on the planet. In Brazil there are two hotspots: the Atlantic Forest and Cerrado. Information:http://www.conservation.org.br/como/index.php?id=8

Cemig operates in two main terrestrial hotspots - the Cerrado and the Atlantic Forest, and in 2,148.5 km2 of fresh water, biomes threatened by human intervention and that require effective preservation and conservation measures. The main environmental impacts of the Company's business in these environments are related to fish communities that inhabit the watercourse where company enterprises are located and the coexistence of arboreal vegetation on electric transmission and distribution lines. The Company's Biodiversity Policy formalizes the importance of these conditions to the company. More information on the initiatives and results are given in the items below.

The actions developed by the socioenvironmental programs 'Peixe Vivo' (Live Fish) and 'Premiar', which are the main programs established in Cemig's environmental strategy. The aim of these programs is to minimize risks and costs, especially in relation to environmental fines and interruptions in the generation and distribution of energy.

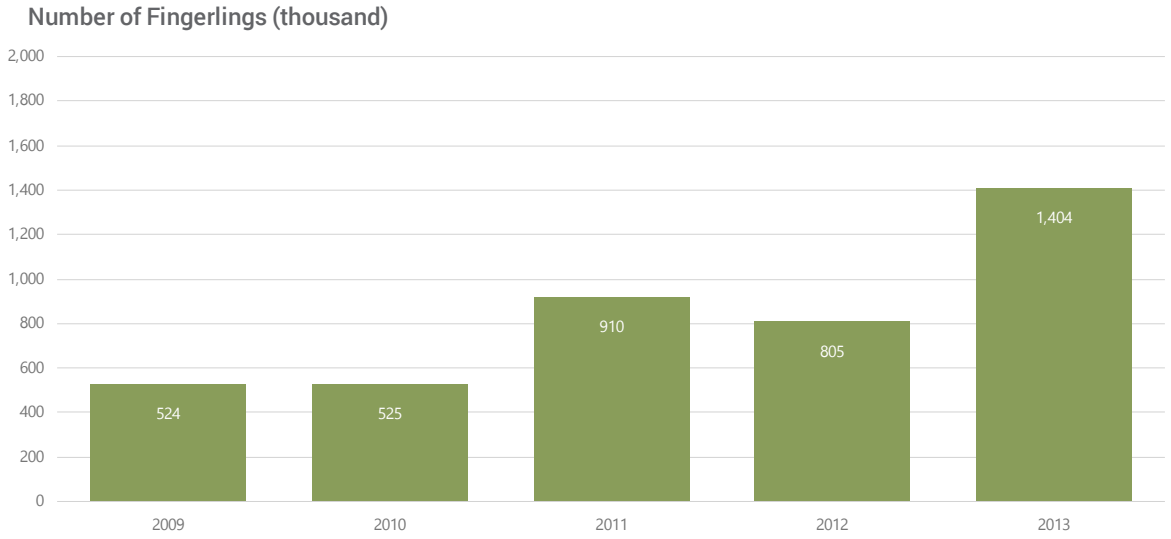
Peixe Vivo

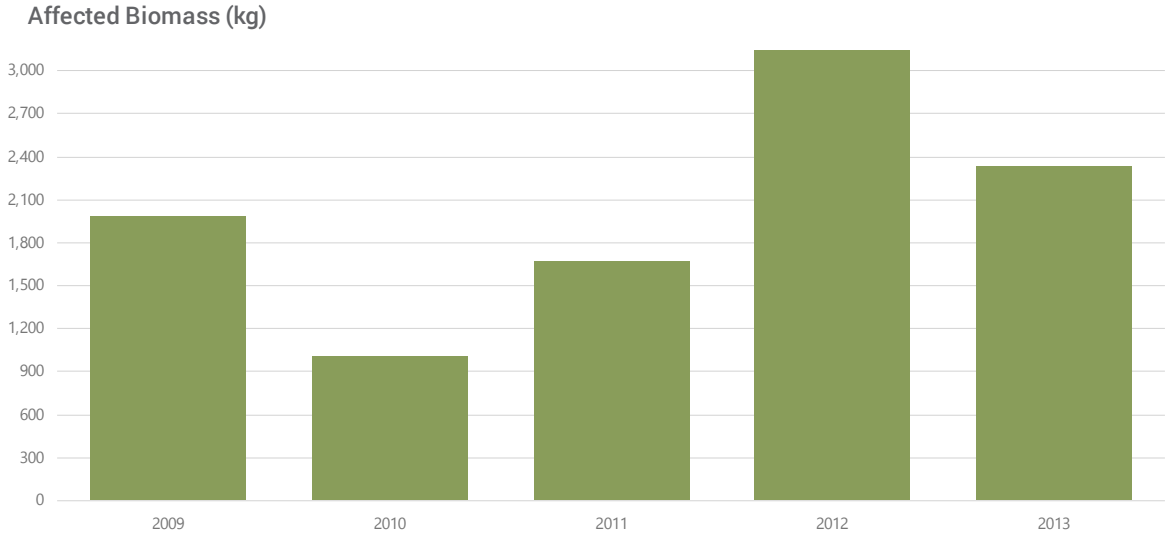
EN12 EN14

Due to the large number of power plants managed by Cemig in its energy matrix, there is a heavy impact on ichthyofauna in aquatic biomes, and consequently, on the economic activities linked to fishing where these projects are located. These impacts are a concern for the environment, so the Company has placed controls and given significant attention to the issue. It is even one of Cemig's strategic drivers. As the main environmental program linked to the strategic environmental pillar, "Management of impacts on biodiversity", and its respective driver, "Save the Ichthyofauna," the Peixe Vivo Program has been around for 6 years and has made significant achievements in relation to its initial objective, which was to contribute to the conservation of fish populations in watersheds where Cemig's reservoirs are located. Among the most relevant results, one that stands out is the consolidation of studies, research, experiments, and positive and negative experiences in a robust database that contributes to and ensures greater environmental safety in operations with drainage and machine start-ups at the Company's power plants. Since its deployment, the actions developed

by the program have enabled a 77% reduction in the total of dead fish at power plants, which avoids interruptions in the generation of energy or possible fines due to environmental damage.

In 2013, Cemig invested around R$ 11 million on research projects and management actions. The program was a finalist in the Green Project Awards Brasil 2013, under the category "Products or Services". There are 168 collaborators in the 18 projects in the program's portfolio. These people are researchers, undergraduate students, master's and doctorate-level students who comprised, or currently comprise, research teams that have disseminated 170 technical papers. Also in 2013, a highlight was the low quantity of fish rescued, approximately 480 kg of fish, which is 92% lower than the average in previous years (6,232 kg). This low number is due in part to the efforts to carry out activities with greater environmental safety, as well as the low abundance of fish detected when monitoring took place this year near the outflow channel of the plants. According to the graph below, the affected biomass **Biomass from dead fish (in kg) due to direct impacts cause by hydroelectric power plants** in 2013 was 2,360 kg, a total quantity 25.8% lower than in 2012.





Around 1.4 million fingerlings, totaling 19 tons, were released in 67 fish restocking operations, which included the participation of 2,570 people from local communities in 42 municipalities. Given the growing interest of stakeholders in the medium term, the program aims to enhance the process of monitoring the efficiency of this management action by further developing the projects. For

example, there are plans to mark the released fish physically and genetically for scientific reasons. The program publishes a biannual report of the projects underway, results, and targets reached. It also informs stakeholders of its main activities carried out during the year.

For more information about the program, click here.

Vegetation Management

EN11 EN12 EU13 EN14 EN13 EN15

By being the largest electricity distributor in Brazil, in terms of power lines and networks, Cemig understands the critical nature of the interference of electric networks on vegetation and prioritizes its actions to minimize risk of disconnections and power outages when carrying out sustainable actions to control vegetation. Launched in 2009, the Special Program for Integrated Management of Trees and Networks (Premiar) has the following objectives:

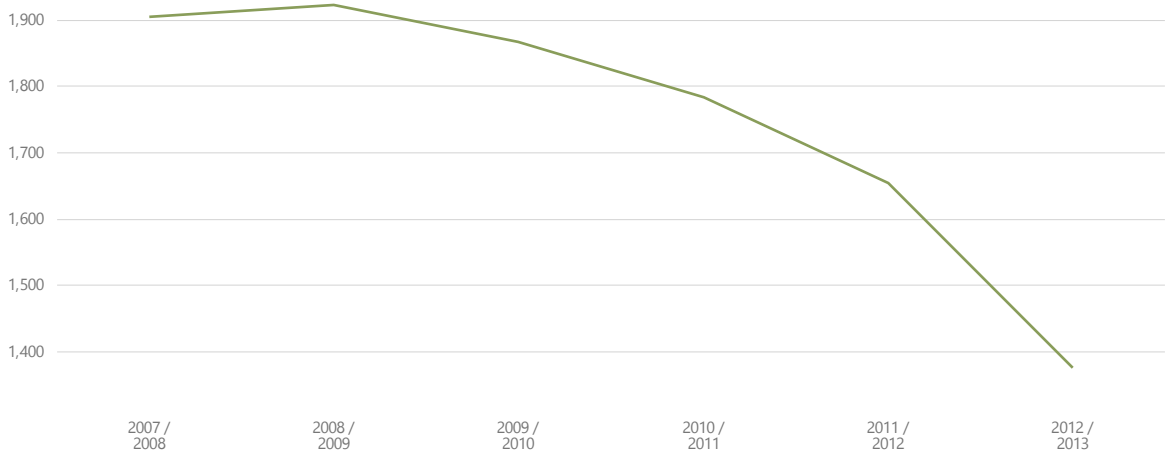
- Facilitate a strong partnership between concessionaries and public authorities in the search for solutions to make networks and trees compatible
- Promoting innovation in handling techniques for trees and networks in a sustainable manner, and the professionalization of related activities
- Improve the quality of supply of electricity through the maintenance and continuous improvement of arboriculture management actions

To further Premiar's actions, Cemig has partnered with Belo Horizonte and Contagem Municipalities, where specialized arborist professionals meet the demands required to establish the best vegetation management, by indicating and approving pruning and cleaning services for easements in the networks and distribution lines.

One of the main actions of the program was the development of a system to manage handling activities. This system, namedGeoárvores, includes modules to manage tree pruning, removal and planting services and has been integrated as a tool and company database for handling management.

The Program carries out the removal of trees that pose a risk to the community and the electrical system, and subsequent planting of seedlings of appropriate species into the urban environment, contributing directly to reducing the cost of system shutdowns and improving quality indexes and consumer satisfaction. Cemig has 27% of the installed network protected. 2,153 tree removals and749 plantingswere carried out in 2013.The small number planted is related to the intense drought that occurred in 2013 in Belo Horizonte, but historically in the program, the number planted has exceeded the number removed. An important indicator of the effectiveness of the program is the reduction of the influence of electric power outages caused by trees. Of the total outages in the 2007/2008 period, before Premiar program creation, about 20% were caused by trees in Belo Horizonte, as compared with 15% in the 2012/2013 period. In the current 2013/2014 cycle, this indicator already shows further improvement, confirming the stability of the procedures implemented.

Interruptions in the Power Grid due to trees in the Belo Horizonte Network



In another line of work, in partnership with Belo Horizonte Municipality, Cemig is carrying out an inventory of urban arboriculture in the municipality, obtaining data regarding the quantity and characteristics of trees present in parks, medians, sidewalks, rolling tracks and internal plots, as well as a risk assessment of existing trees. 177,139 trees of 382 registered species have been inventoried.

With the proposition of discussing good arboriculture practices, besides enhancing the work of professionals involved in urban planning, power distribution and arboriculture, Cemig is promoting an arboriculture tour that traverses cities in Minas Gerais state. Seven events, involving various public figures linked to environmental management, were held. The Tour provides the opportunity to present and discuss best practices and procedures for tree planning in the urban environment.

The circuit provides the opportunity to present and discuss the best practices and procedures for planning of trees in the urban environment Since March 1999, the Company has adopted the Protected Distribution Network – PDN as a minimum standard of urban assistance, in definitive substitution to the bare conventional networks, becoming the pioneer in this practice in Brazil. Currently, Cemig has 27% of all protected distribution networks.

Cemig has recovered approximately 800 hectares of riparian vegetation surrounding its reservoirs, in partnership with landowners in permanent preservation areas. As an example, Cemig recovered the flora of the Pau Furado State Park, in Uberlândia and Araguari cities, as a measure to compensate for the construction of Avantiguara - Prata 1 Transmission Line, where native seedlings were planted.Cemig currently holds morethan 5,000 hectares of protected areas in its environmental reserves.

For information regarding Environmentally Protected Areas, the production of seeds and seedlings and other information regarding biodiversity for Cemig, visit here.

Integrated Vegetation Management experiments in São José dos Salgados and Juiz de Fora are in development, through R & D projects. In 2013, these experiments showed results pertinent to compliance with the stated objective, namely that of managing vegetation along Transmission Lines and improving the coexistence of vegetation and the electrical system. It may be observed that selective control over large sized trees provided security for the electrical system and shrub, grass and small tree maintenance, preserved the soil, prevented erosion and provided a habitat for wildlife in the region.

Network Modification in the Serra do Brigadeiro Park:

The work at Serra do Brigadeiro Park, comprised of the conversion from conventional monophasic Rural Distribution Network (RDN) to protected monophasic RDN, has been concluded. One of the main objectives of this work was the protection of the Muriquis, an endangered primate species, against accidental electrocution due to contact with the electrified network. The protected network does not eliminate the risk entirely, but aids in reducing it. The projects, to shield lines and networks, and regularization of easements seek to avoid accidents with animals in parks and minimize interruptions by contact with trees and/or fires, thus directly contributing to reducing DEC/FEC indicators.

Whenever Cemig and participating companies carry out new ventures, studies are conducted to identify endangered species of flora and fauna. As an example of this activity, charts of endangered species in the Eolics Complex Alto Sertão I and II ventures, carried out by Renova Energy, are presented below.

Fauna

SCIENTIFIC NAME	POPULAR NAME	RISK LEVEL IUCN (2013)	HABITAT
Penelope jacucaca	Jacucaca	Vulnerable	Caatinga, gerais and estacional
Phylloscartes roquettei	Cara-dourada	Endangered	Estacional
Arremon franciscanus	Tico-tico-do-são-francisco	Near threatened	Caatinga and estacional
Gyalophylax hellmayri	João-chique-chique	Near threatened	Cerrado e Caatinga
Herpsilochmus sellowi	Chorozinho-da-caatinga	Least concern	Caatinga and Cerrado
Leopardus pardalis	Jaguatirica	Least concern	Caatinga, gerais and estacional
Panthera onca	Onça-pintada	Near threatened	Estacional
Puma concolor	Onça-parda	Least concern	Caatinga and Estacional
Leopardus tigrinus	Gato do mato pequeno	Vulnerable	Caatinga, gerais and estacional

Flora

SCIENTIFIC NAME	POPULAR NAME	RISK LEVEL IUCN (2013)	HABITAT
Amburana cearenses	Umburana macho	Vulnerable	Caatinga
Anadenanthera colubrina var. cebil	Angico	Least concern	Caatinga
Arrojadoa dinae	Cacto rabo de raposa	Near threatened	Cerrado
Cedrela odorata	Cedro	Vulnerable	Mata Estacional and Caatinga
Lafoensia pacari	Pacari	Least concern	Cerrado
Micranthocereus polyanthus	Cacto	Endangered	Caatinga
Pereskia grandifolia	Quiabento	Least concern	Caatinga
Pterogyne nitens	Madeira nova	Near threatened	Caatinga
Tabeluia impetiginosa	Ipê rosa	Least concern	Cerrado, Mata Estacional
Tacinga inamoena	Palmatória	Least concern	Caatinga
Zeyheria tuberculosa	Bolsinha de pastor	Vulnerable	Caatinga

For information about the intersection and proximity to developments in Environmentally Protected Areas, visit: the microsite of the Verde Minas Program.

EC2

PG7

CLIMATE CHANGE

Cemig's activity in relation to climate change is part of its business strategy to lead the worldwide electric power industry in relation to sustainability.

Within this corporate vision, the company pays special attention to the development and consolidation of a predominantly renewable energy matrix, in identifying potential risks and opportunities to its business and in finding solutions to adapt and mitigate the potential effects that may impact them. Examples of such solutions are described in the CDP questionary.

Cemig's commitment to climate change, expressed in the document approved by the Executive Board of the Company defines its key initiatives and ways of working.

Carbon Disclosure Project - CDP

Much more than a story, a management tool

Cemig has fully responded to the CDP Climate Change disclosure questionarysince 2010. In a setting of growth in the level of information and consistent initiatives in carbon management, the CDP is a management tool that enables Cemig to identify improvement opportunities and implement measures referenced by the best practices globally reported. The Company was recognized by the CDP for the second consecutive time as one of the ten Brazilian companies that excelled in "Transparency" of disclosure related to climate change. The selection of the ten companies took into account the level of detail and

quality of the answers related to a set of criteria, such as risk management and climate change opportunities, commitment to mitigation and initiatives to reduce Greenhouse Gas emissions. To access all reports to the CDP, visit:http://cemig.infoinvest.com.br/enu/s-16-enu.html?idioma=enu

In 2013 the company won 1st place in theET Carbon Ranking Leader Awardby theCarbon Ranking ET Brics 300 (Environmental Investment Organization- UK), a ranking which assesses greenhouse gas emissions, transparency and reliability of the data of Brazilian Indian, Chinese and Russian corporations. It was also featured for selection, for the fourth consecutive year, for inclusion in the BM&FBovespa's ICO2 Carbon Efficiency Index. Equally significant was Cemig's participation in the United Nations Climate Change Conference, COP 19, in Warsaw, Poland, presenting its corporate strategy to meet the challenges posed by climate adaptation on the"Adaptation: 21st century's challenge for the business sector" panel.

1.2

Risk Management and Climate Opportunities

Cemig invests in practices that place it in a situation of greater security, in the face of multiple scenarios of potential risks related to climate change. Regarding minimization of physical climate risks, the company uses modern techniques and equipment, such as Storm Location System (SLT), Telemetry and Hydro-meteorological Monitoring System (THS) and various Mathematical Models for Hydrological and Climate Forecasting Simulation. Cemig uses a modern meteorological radar, which allows for a higher level of confidence in predicting the intensity and location of storms, lightning and winds, directly resulting in more targeted and effective performance by line and network teams in rebuilding the electrical system in the event of power interruptions due to meteorological causes.Cemig has a research project underway that will enable the development of a performance indicator for the weather radar, measuring its effective availability for use in the company's activities, and for society.

The Company continues to work in strategic research and development projects that evaluate the impact of climate change on the "physical assurance" of hydroelectric plants, projected for completion in 2014, and is also involved in other research projects focused on its activities that are impacted by weather conditions, such as studies of the satellite monitoring of fires and its impact on distribution and transmission lines (concluded in December 2013), monitoring and predicting the occurrence of electrical discharges in the atmosphere and research to improve monitoring severe weather by meteorological radars (expected to be concluded in 2014).

Regarding regulatory risks, the main risks are related to the needs of adaptations, and the costs of operations in modified regulatory scenarios which, in the medium term, do not require major structural changes or a new business strategy. The Company monitors and, if necessary, proposes regulations more appropriate to the energy sector, aiming at the lowest adaptation cost and management of likely changes. It also participates in institutionalbusinessdiscussions andthink tanksthat support decision-making at a national level, such as the CTClima Forum of the Brazilian Business Council for Sustainable Development.

A significant opportunity envisioned by Cemig is the growth and diversification of its renewable matrix by Renova, a key corporate tool to enable feasible to large-scale projects, using renewable energy sources. Thus, offering a diverse renewable matrix, with risks and costs controlled and low GHG emissions, the Company consolidates its strategic vision and competitive advantage in the electricity sector.

The details and more information about Cemig's carbon management can be accessed on the Company's response to the CDP 2013 at http://cemig.infoinvest.com.br/enu/s-16-enu.html?idioma=enu

Promoting the Use of Renewable Energy Sources

EN6

Defined as a corporate strategic driver, promoting the use of renewable energy sources is also geared to promoting greater diversification of generators, with new generation sources: wind, solar and other possibilities indicated by the Company's research andinnovation. Cemig's entry into controlling block of Renova Energia (detailed in the 'EnergyAlternatives'itemin Strategy chapter) reinforces this position.

Recent R&D projects present results that can be used on a large scale by the Company in the medium and long term such as i) the generation of electricity in solar plants connected to the electrical system, know-how being innovatively developed by Cemig through Solar Power Plant projects in Sete Lagoas and Solar Mineirão (project already underway), ii) smart grid implementation, on an experimental basis, in the city of Sete Lagoas.

For more information about Cemig's R&D, visit http://www.cemig.com.br/en-us/Company_and_Future/innovation/Research_and_Development/Pages/research_and_development.aspx

EMISSIONS

EN16
EN17
EN19
EN20
EN29

In 2013, 146,101 tCO_2e were directly emitted by Cemig, representing 1.8% of the total greenhouse gas emissions of the Company.

The emitting sources of Cemig's GGE calculated in Scope 1 are:

SCOPE 1 - SOURCES OF ATMOSPHERIC EMISSIONS
Fuel consumption of the corporative fleet
Consumption of aircrafts and small vessels
Emergency generators
Fuel used in the start up of the UTE Barreiro - processed gas thermal plant
Fuel used in the UTE Igarapé
Machines and equipment
SF6 emissions from the electrical equipment
Fertilizers used in the production of seedlings and plantations
Fuel used in forklift trucks and cranes

The Scope 1 emissions increased comparatively in 2012 because in 2013, there was an elevated consumption of fuel in the commissioning of the equipment at the Igarapé HPP. This equipment had been out of operation for the last three years. The intensity of direct emissions from Cemig in 2013 was 0.005492 tCO_2e/MWh, a value 29.6% smaller than that established as a goal1 by the Company.

In relation to the indirect emissions, Scope 2, 608,251 tCO_2e were emitted, which represents 7.2% of the Company's total emissions. Of this total, 99.3% refer to emissions attributed to the energy losses in the electric energy transmission and distribution systems. It is worth highlighting that Scope 2 is strongly influenced by the emission factor

http://www.mct.gov.br/index.php/content/view/321144.html#ancora

of the SIN, which presented a rise of 39% in relation to 2012.

The emitting sources of GGE calculated in Cemig's Scope 2 are:

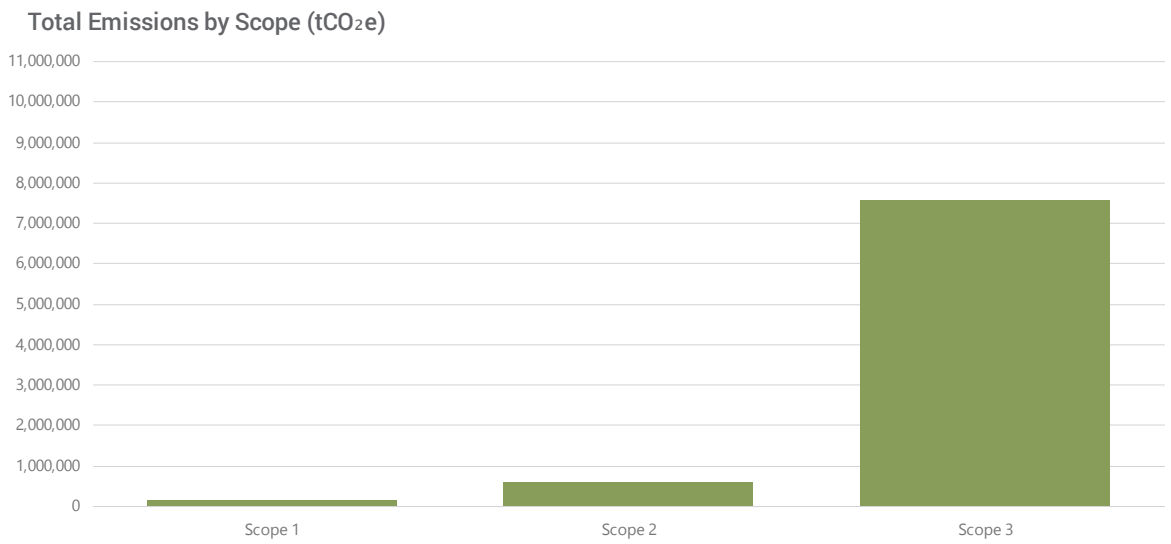
SCOPE 2 – SOURCES OF ATMOSPHERIC EMISSIONS
Consumption of electric energy in the administrative and operational units
Technical losses of electric energy in the Transmission and Distribution systems

The principal generating sources in Cemig primarily originate in the sphere of Scope 3, in other words, they are emissions resulting from the company's activities, but they occur in sources that do not belong to it or are not controlled by it. The principal source of the emissions calculated in Scope 3 is the consumption of the electric energy by Cemig's end consumers. In 2013, the Company

registered an increase of 2.6% in total sales, which generated an increase of 43.6% in indirect emissions, again highlighting the emission factor of the SIN used to calculate these emissions. The emitting sources calculated in Cemig's Scope 3 were:

SCOPE 3 – SOURCE OF ATMOSPHERIC EMISSIONS
Third-party transport of materials, solid residues and equipment
Air travel
Consumption of petrol, ethanol and diesel oil by the distribution contractors
Consumption of electric energy by the end consumers
Third-party transport of employees

The graph below shows the total of Cemig's direct and indirect emissions in 2013:



For more information regarding Cemig's GGE, click here.

The emissions of sulfur dioxide (SO_2) and nitrogen oxide (NO_x)

SO_2 and NO_x are gases that cause acid rain

are from the burning of combustion fuels by the thermal plants. The increase of 85% in the emissions of SO2 and 28.6% of NOx in relation to the year of 2012 owes itself principally to the gradual resumption of the activities of the Igarapé HPP that was in the process of commissioning after going through a revitalization program.

TOTAL EMISSIONS (T)		
Year	SO_2	NO_x
2009	479	61
2010	354	56
2011	406	87
2012	486	131
2013	899	169

CDM projects

EN18

With respect to Clean Development Mechanism (CDM) projects, Cemig has ventures at different stages to obtain Reduced Emissions Certificate (REC) linked to the Power Plants (HPPs and SHPs), and to the Solar and Wind Power Plants, as set out below.

PROJECT	STATUS	ESTIMATED ANNUAL CO_2 EQUIVALENT REDUCTION	TRACEABILITY
SPE Guanhães, 4 PCHs, 44 MW	Registered	62,949	http://cdm.unfccc.int/Projects/DB/RINA1280831660.48/view
UHE Baguari, 140 MW	Registered	63,234	http://cdm.unfccc.int/Projects/DB/SGS-UKL1282040767.96/view
PCH Cachoeirão, 27 MW	Registered	26,400	http://cdm.unfccc.int/Projects/DB/RINA1305214649.79/view
PCH Pipoca, 20 MW	Registered	17,051	https://cdm.unfccc.int/Projects/DB/RINA1339141027.8/view
PCH Paracambi, 25 MW	Log in	60,819	http://cdm.unfccc.int/Projects/Validation/DB/CM9008HKCPWOPOTJ7CH0DOP14IN3T1/view.html
Solar Settesolar, 3 MW	Registered	942	http://cdm.unfccc.int/Projects/DB/RWTUV1356098187.07/view
Eólicas Renova (2009), 129 MW	Registered	117,424	http://cdm.unfccc.int/Projects/DB/LRQA%20Ltd1349355823.93/view
Eólicas Renova (2009), 164 MW	Log in	150,801	http://cdm.unfccc.int/Projects/Validation/DB/XMPL2JRB0KUCLA2A31XXO20P0YLASJ/view.html
Eólicas Renova (2010), 162 MW	Registered	166,924	http://cdm.unfccc.int/Projects/DB/BVQI1350473592.78/view
Eólicas Renova (2011), 213 MW	Log in	215,666	http://cdm.unfccc.int/Projects/Validation/DB/G5GTD3EVZK265RRN4LQK9QF3AK0W5K/view.html

Santo Antônio Energia, the company responsible for the implementation and operation of the Santo Antônio hydroelectric plant, was registered with the United Nations to participate in the Clean Development Mechanism (CDM). The authorization enables the sale of about 20 million tons of carbon credits in the next five years. With the UN's backing, the Santo Antônio hydroelectric plant becomes first large scale plant in commercial operations in Brazil to effectively generate carbon credits for the global market.

RECOGNITIONS

2.10

Cemig is chosen as the 3rd most respected brand in Minas Gerais

According to the study carried out by the Grupo Troiano of Branding Cemig was considered as the 3rd most respected brand amongst the companies in the State of Minas Gerais. The survey was carried out with 3 thousand interviewees that evaluated 72 companies in the following criteria: the quality of the products and services, admiration and confidence, social and environmental responsibility, capacity for innovation, history and evolution and work environment.

Cemig receives the Best of the Biggest 2013 award in the Electric Energy category

The fourth edition of the Annual Balance of the Trade Association of Sao Paulo analyzed 10 thousand Brazilian companies, until coming up with 20 companies that achieved recognition in their respective areas, for generation capacity and profit and growth. The integral subsidiary Cemig Geração and Transmissão were defeated in the electric energy category.

Cemig receives the Complain Here Customer Service Quality award

255 companies of 70,000 people registered on the www.reclameaqui.com.br site, divided into 62 categories and the winners were chosen after popular vote. Cemig won the Complain Here Customer Service Quality award in the public services category – electric energy.

Cemig remains in 1st position in the Abrasca award

Cemig remained in 1st place in Abrasca's evaluation in the category 1, which evaluates the annual reports of the publicly held companies on the BMF&Bovespa. The company obtained a grading of 96.67 points of a total of 100 points.

Award of the best strategic campaign

Elevation of the Rating: In Dec/2013, the risk agency Standard & Poor's, ("S&P") increased Cemig's credit rating on the global scale, from BB to BB+, and on the national scale, and from brAA- to brAA+, with a stable perspective for both. S&P increased, also, the ratings of the subsidiaries Cemig Distribuição SA (Cemig D) and Cemig Geração e Transmissão SA (Cemig GT) from BB+ on the

global scale and to brAA+ on the national scale, besides revising the evaluation of Cemig's risk profile from "regular" to "satisfactory".

To read the report in full,
visit: http://cemig.infoinvest.com.br/ptb/11024/RatingsReviewReport_SP_11142013_por.pdf

Cemig was the winner of the 15th edition of the Abrasca Best Annual Report Award.

This award is granted by the Brazilian Association of Publicly-held Companies - Abrasca and, in 2013, had a participation of 95 companies/entities that competed in five different categories. Cemig was the winner in the Publicly Held Company category – Group 1 (net revenue above R$ 3 billion), together with Souza Cruz S/A.

The award is an important recognition of the effort from Cemig in offering ever more precise and transparent information to the market.

To get to know the list of winners of the Abrasca Best Annual Report 2013 Award,
visit: http://www.abrasca.org.br/Eventos/Premio-Abrasca-Relatorio-Anual/2013

CONSOLIDATED SOCIAL BALANCE SHEET

CALCULATION BASE	2013			2012			
	VALUE (THOUSAND REAL)			VALUE (THOUSAND REAL)			
Net Revenue (NR)	14,627,280			14,137,358			
Operational Result (OR)	4,362,471			3,474,721			
Gross Payroll (GP)	1,038,555			1,030,607			
2) INTERNAL SOCIAL INDICATORS	VALUE (THOUSAND R$)	% OVER FPB	% OVER RL	VALUE (THOUSAND R$)		% OVER FPB	% OVER RL
Food	75,221	7.24	0.51	73,217		7.10	0.52
Compulsory social charges	282,123	27.16	1.93	276,948		26.87	1.96
Private Pension Plan.	77,058	7.42	0.53	71,554		6.94	0.51
Health	44,546	4.29	0.30	43,185		4.19	0.31
Safety and medicine at work	18,716	1.80	0.13	18,740		1.82	0.13
Education	463	0.04	-	639		0.06	-
CE Culture	78	0.01	-	76		0.01	-
Professional training and development	27,125	2.61	0.19	26,501		2.57	0.19
Nurseries or assistance-nurseries	2,102	0.20	0.01	2,036		0.20	0.01
Share in the profits or results	228,763	22.03	1.56	238,795		23.17	1.69
Others	18,422	1.77	0.13	17,443		1.69	0.12
Total – Internal Social Indicators	774,617	74.57	5.29	769,134		74.62	5.44

3) EXTERNAL SOCIAL INDICATORS	VALUE (THOUSAND R$)	% OVER RO	% OVER RL	VALUE (THOUSAND R$)		% OVER RO	% OVER RL
Education	1,200	0.03	0.01	1,200		0.03	0.01
Culture	24,831	0.57	0.17	20,275		0.58	0.14
Other Donations/Subsidies/ASIN Project/Sports	51,638	1.18	0.35	57,730		1.66	0.41
Total of the Contributions for Society	77,669	1.78	0.53	79,205		2.27	0.56
Taxes (excluding social charges)	5,629,760	129.05	38.49	6,705,564		192.98	47.43
Total – External Social Indicators	5,707,429	130.83	39.02	6,784,769		195.25	47.99

4) ENVIRONMENTAL INDICATORS	VALUE (THOUSAND R$)	% OVER RO	% OVER RL	VALUE (THOUSAND R$)		%OVER RO	%OVER RL
Related with the operation of the company	181,300	4.16	1.24	163,177		4.70	1.15
In Programs and/or external projects	-	-	-	-		-	-
Total of the Investments in the Environment	181,300	4.16	1.24	163,177		4.70	1.15
The establishment of annual goals to minimize residues, the general consumption in the production/operation and to increase the efficiency in the use of natural resources, the company:	(x) it doesn't have goals ( ) complies 0 to 50%		( ) complies 51 to 75% ( ) complies 76 to 100%	(x) it doesn't have goals ( ) complies 0 to 50%			( ) complies 51 to 75% ( ) complies 76 to 100%

5) INDICATORS OF THE FUNCTIONAL BODY	2013	2012
No. of employees at the end of the period	7,922	8,368
No. of admissions during the period	776	4
No. of third-party employees	ND	ND
No. of interns	336	505
No. of employee above the age of 45	3,375	3,928
No. of women employees in the company	1,042	1,089
% of managing positions filled by women	12.76	12.20
No. of black employees in the company	2,542	2,628
% of managing positions filled by black employees	13.17	13.64
No. of bearers of		

deficiencies or special needs	85			41		
6) INFORMATION RELEVANT TO THE EXERCISE OF CORPORATE CITIZENSHIP	2013			..		
Total number of work accidents with employees	61			There isn't a goal		
The social and environmental projects developed by the company were defined by:	( ) directors	(x) directors and managers	( ) all of the employees	( ) directors	(x) directors and managers	( ) all of the employees
The security and hygiene standards in the working environment were defined by:	( ) directors and managers	(x) all of the employees	( ) All + CIPA	( ) directors and managers	(x) all of the employees	( ) All + CIPA
The private pension plan contemplates:	( ) directors	( ) directors and managers	(x) all of the employees	( ) directors	( ) directors and managers	(x) all of the employees
The share in the profits or results contemplates:	( ) directors	( ) directors and managers	(x) all of the employees	( ) directors	( ) directors and managers	(x) all of the employees
In the selection of the suppliers, the same ethical standards and of social and environmental responsibility adopted by the company:	( ) they are not considered	( ) they are suggested	(x) they are Demanded	( ) they will not be considered	( ) they will be suggested	(x) they will be demanded
In terms of the participation of employees in voluntary work programs, the company:	( ) it doesn't develop	( ) it supports	(x) it organizes and provides incentives	( ) it will not include	( ) it will support	(x) it will organize and provide incentives
Total number of claims and complaints from consumers:	in the company ___ND___	in the Procon ___ND___	in Court ___ND___	in the company ___ND___	in the Procon ___ND___	in the company ___ND___
% of claims and complaints solved:	in the company ___ND___	in the Procon ___ND___	in Court ___ND___	in the company ___ND___	in the Procon ___ND___	in the company ___ND___
Total added value to be distributed (in thousand R$)	In 2013:		11.568			
Distribution of the Added Value (DAV)	48.36% government		14.70% shareholders	49.26% government		16.30% shareholders
	13.38% collaborators		11.18% third-parties	10.29% collaborators		10.04 % third-parties
	12.38% retained			14.11% retained		
7) OTHER INFORMATION						

I – In 2013, Cemig invested a total of R$181.8 million in resources related to environmental questions: R$128.9 million in assets in the implementation of new ventures and R$52.9 million in environmental management. The resources applied in Consortia in which Cemig participates totaled R$11.7 million.

II – The water quality of Cemig's reservoirs is monitored regularly, in a network that contemplates the principal hydrographic basins of Minas Gerais (Grande, Paranaíba, Pardo, São Francisco, Doce, Paraíba do Sul, Itabapoana and Jequitinhonha), covering a total of 43 reservoirs and more than 200 stations of the collection of physical, chemical and biological data.

III – In 2013, 32,711 tons of residues and unserviceable materials disposed of, with 32,443 tons being disposed of or recycled, 268 tons were co-processed

or incinerated. Of the total presented, 98.4% refer only to the residues disposed by Cemig D, derived from the Plan of the Modernization of the Distributing System. Within these values, 113 tons of unsuitable isolated mineral oil were disposed of for internal consumption, with 252 tons of residues permeated with oil and 10 tons of EPIs co-processed. Of the presented amounts, 1,400 tons represented dangerous residues and 31,310 tons of non-dangerous residues.

GRI REFERENCE LIST

Informações / Relatos / Indicadores GRI		Observações	Atendimento
1	STRATEGY AND ANALYSIS		
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.		Fully
1.2	Description of key impacts, risks, and opportunities.	There is no specific chapter. The information is dispersed throughout the text.	Partially
2	ORGANIZATIONAL PROFILE		
2.1	Name of the organization.		Fully
2.2	Primary brands, products, and/or services.		Fully
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.		Fully
2.4	Location of organization's headquarters.		Fully
2.5	Number of countries where the organization operates		Fully
2.6	Nature of ownership and legal form.	Cemig is a mixed capital company controlled by the state of Minas Gerais, which holds 51% of the voting shares.	Fully
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	There were no significant changes in the Company regarding size, organizational structure, and ownership control.	Fully
2.8	Scale of the reporting organization		Fully
2.9	Significant changes during the reporting period regarding size, structure, or ownership	There were no significant changes in the company as to the size, structure and ownership	Fully

		control.	
2.10	Awards received in the reporting period.		Fully
EU1	Installed capacity, broken down by primary energy source and by regulatory regime		Fully
EU2	Net energy output broken down by primary energy source and by regulatory regime		Fully
EU3	Number of residential, industrial, institutional and commercial customer accounts		Fully
EU4	Length of above and underground transmission and distribution lines by regulatory regime	Additional Information: Transmission lines are all overhead. There are 16km of underground subtransmission lines and the rest are overhead. With regard to the distribution network, 687km are underground and the rest are overhead.	Fully
EU5	Allocation of CO_{2e} emissions allowances or equivalent, broken down by carbon trading framework.	No funds were raised through the sale of carbon credits.	Partially
3	REPORT PARAMETERS		
	Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.		Fully
3.2	Date of most recent previous report (if any).		Fully
3.3	Reporting cycle (annual, biennial, etc.)		Fully
3.4	Contact point for questions regarding the report or its contents.		Fully
	Report Scope and Boundary		
3.5	Process for defining report content	In 2013, the decision was made to review the materiality test performed in 2012. A new test will be performed in 2014.	Partially
3.6	Boundary of the report	There were no reported decisions taken that do not apply to or significantly diverge from the GRI protocols.	Fully

3.7	State any specific limitations on the scope or boundary of the report.		Fully
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.		Fully
3.9	Data measurement techniques and the bases of calculations	No decisions have been reported that do not apply the GRI protocols or to substantially diverge	Fully
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement		Fully
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		Fully
	GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report.		Fully
	Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report.		Fully
4	GOVERNANCE, COMMITMENTS, AND ENGAGEMENT		
	Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	The Board of Directors consists of 14 members of which 13 are men and 1 is a woman. Among them, 12 are over age 50, and none of them are black, indigenous, Asian, or have a disability.	Fully
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Does not apply to Cemig's governance model.	Fully
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Does not apply to Cemig's governance model.	Fully
		There is no formal representatives for the	

4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	employees on the Board of Directors at Cemig. The investor Relations area provides a specific channel for contact with minority shareholders, and at the discretion of the area, questions may be forwarded to the Board of Directors.	Partially
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).		Fully
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		Fully
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.		Fully
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.		Fully
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.		Fully
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	None at Cemig.	Fully
	Commitments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Cemig always considers the precautionary principle in the processes of risk management, operations planning, and new business development. During planning, all factors are considered that may present risks to the health and safety of employees, suppliers, customers, and the general population.	Fully

4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Cemig has been a signatory of the UN Global Pact since 2009.	Fully
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	Cemig participates in the following associations: ABRADEE (Brazilian Association of Electricity Distributors), FIEMG (Federation of Industries of the State of Minas Gerais), CEBDS (Brazilian Business Council for Sustainable Development)	Fully
	Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organization		Fully
4.15	Basis for identification and selection of stakeholders with whom to engage		Fully
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		Fully
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting		Fully
5	MANAGEMENT APPROACH AND PERFORMANCE INDICATORS		
	Economic Performance		
	Economic reports relating to the specific form of management of the Power Sector		
	Availability and reliablility		
EU6	Management approach to ensure short and long-term electricity availability and reliability.		Fully
	Aspect: Demand-Side Management		
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs.		Fully
	Aspect: Research and Development		
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development.		Fully

	Aspect: Plant Decommissioning		
EU9	Provisions for decommissioning of nuclear power sites.	Does not apply. Cemig does not own or operate any nuclear plants.	Fully
	Economic Performance Indicators		
	Aspect: Economic Performance		
EC1	Direct economic value generated and distributed	EVA presented has a different breakdown than the one demanded by GRI	Partially
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change		Fully
EC3	Coverage of the organization's defined benefit plan obligations		Partially
EC4	Significant financial assistance received from government	In 2013, revenues from tariff subsidies were R$ 488 million, of which Cemig is entitled R$ 136 million. Compensation for the cost of energy purchased in the spot market totaling R$ 519 million was also considered. For more information, see Explanatory Note No. 13, in the Financial Statements (DFP).	Fully
	Aspect: Market Presence		
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.		Fully
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		Fully
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Cemig has no specific standards for hiring local employees. Since, Cemig is a mixed capital company, hiring can only be done through a public recruitment exam.	Fully
	Aspect: Indirect Economic Impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.		Fully
	Understanding and describing		

EC9	significant indirect economic impacts, including the extent of impacts.		Fully
	Economic Performance Indicators Specific to the Power Sector		
	Aspect: Availability and Reliability		
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.		Partially
	Aspect: System Efficency		
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.		Fully
EU12	Transmission and distribution losses as a percentage of total energy		Fully
	Environmental Performance		
	Environmental Performance Indicators		
	Aspect: Materials		
EN1	Materials used by weight or volume. **Comments on the indicator:** Report in-use inventory of solid and liquid high level and low level PCBs contained in equipment.		Fully
EN2	Percentage of materials used that are recycled input materials		Fully
	Aspect: Energy		
EN3	Direct energy consumption by primary energy source		Fully
EN4	Indirect energy consumption by primary source.		Fully
EN5	Energy saved due to conservation and efficiency improvements		Fully
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives		Fully
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		Fully

	Aspect: Water		
EN8	Total water withdrawal by source. **Comments on the indicator:** Report overall water usage for processing, cooling and consumption in thermal and nuclear power plants, including use of water in ash handling.		Fully
EN9	Water sources significantly affected by withdrawal of water.		Fully
EN10	Percentage and total volume of water recycled and reused.	The amount of water that Cemig recycles or reuses is insignificant	Fully
	Aspect: Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		Fully
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. **Comments on the indicator:** Include maintenance of transmission line corridors; fragmentation and isolation (islandization); and impacts of thermal discharge.		Fully
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.		Fully
EN13	Habitats protected or restored.		Fully
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity. **Comments on the indicator:** Report the impacts (including fragmentation and isolation), develop mitigation measures and monitor the residual effects of new units and existing units with respect to the following: areas with forest, landscape, ecosystems and freshwater wetland. The assessment and mitigation plans must consider the conservation of native species, changes in migration, or create habitat for animals (like fish transposition) caused by the infrastructure of the organization (such as power lines and dams).		Fully

EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		Fully
	Aspect: Emissions, Effluents, and Waste		
EN16	Total direct and indirect greenhouse gas emissions by weight. **Comments on the indicator:** Report emissions of CO_2 per MW/h broken down by country or regulatory system, to: - the net generation from the total generation capacity - the net generation from all fossil fuel generation - estimated liquid delivery to end users. Include emissions from its own generation, as well as gross energy purchased, including line losses.		Fully
EN17	Other relevant indirect greenhouse gas emissions by weight		Fully
EN18	Initiatives to reduce greenhouse gas emission sand reductions achieved		Fully
EN19	Emissions of ozone-depleting substances by weight.	Information not available.	Not reported
EN20	NO, SO, and other significant air emissions by type and weight. **Comments on the indicator:** Report emissions per MWh net generation		Fully
EN21	Total water discharge by quality and destination. **Comments on the indicator:** Include thermal discharges.		Fully
EN22	Total weight of waste by type and disposal method. **Comments on the indicator:** Include PCB waste. Report on nuclear waste using IAEA definitions and protocols. Report mass and activity of spent nuclear fuel sent for processing and reprocessing per year. In addition, report radioactive waste produced per net MWh nuclear generation per year. Report (in terms of mass and activity) low/intermediate level waste and high level waste separately, based on IAEA radioactive waste classification. This should also include waste produced from reprocessing		Fully

	activities, where data is available.		
EN23	Total number and volume of significant spills.	There were no significant spills in 2013.	Fully
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Cemig does not transport waste internationally.	Fully
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.		Fully
	Aspect: Products and Services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Cemig views the impacts as insignificant. Existing relevant projects are related to biodiversity and have been reported in indicators EN12 and EN14.	Fully
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	The Company's main product is electricity, which due to its nature, does not require packaging.	Não aplicável
	Aspect : Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	In 2013, Cemig received a notice of an outstanding environmental fee by Cemig D for R$ 450.00.	Fully
	Aspect : Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.		Fully
	Aspect : Overall		
EN30	Total environmental protection expenditures and investments by type.		Fully
	Social Performance Indicators		
	Labor Practices and Decent Work Performance Indicators		
	Aspect: Employment		

EU14	Programs and processes to ensure the availability of a skilled workforce.		Fully
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.		Fully
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.		Fully
LA1	Total workforce by employment type, employment contract, and region, broken down by gender. **Comments on the indicator:** Report on total contractor workforce (contractor, subcontractor, independent contractor) by employment type, employment contract and region.	There is no stratified control for outsourced labor.	Partially
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region. **Comments on the indicator:** For the employees leaving employment during the reporting period, provide the average length of tenure of employees leaving broken down by gender and age group.	Turnover at Cemig is very low and does not represent a material issue.	Partially
EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities.	This control does not exist for outsourced labor.	Not reported
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	The absolute figures are reported, but not the percentage. There is no control for 100% of contractors' information.	Partially
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		Fully
LA15	Return to work and retention rates after parental leave, by gender.	In 2013, maternity leave was granted to 18 women, and 7 of them remained on maternity leave into 2014; the other 11 returned to work after the end of the leave period. In total, 16 women returned from maternity leave in 2013. From these, only one employee requested termination. In reviewing the 12 months subsequent to returning from leave, the retention rate was	Fully

		determined to be 94%. Among men, in 2013, 119 took paternity leave. In addition, one employee was entitled to paternity leave due to adoption. All returned to work after the end of their leave period.	
	Aspect: Labor/Management Relations		
LA4	Percentage of employees covered by collective bargaining agreements. **Comments on the indicator:** Report on percentage of contractor employees (contractor, subcontractor and independent contractor) working for the reporting organization covered by collective bargaining agreements by country or regulatory regime.	Cemig does not have a control procedure over outsourced labor.	Partially
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.		Fully
	Aspect: Occupational Health and Safety		
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.		Fully
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender. **Comments on the indicator:** Report on health and safety performance of contractors and subcontractors working onsite or on behalf of the reporting organization off site.		Fully
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		Fully
LA9	Health and safety topics covered in formal agreements with trade unions.		Fully
	Aspect: Training and Education		
LA10	Average hours of training per year per employee by gender, and by		Fully

	employee category		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		Fully
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.		Fully
	Aspect: Diversity and Equal Opportunity		
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity		Fully
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.		Fully
	Human Rights Performance Indicators		
	Aspect: Investment and Procurement Practices		
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening..	There were no significant investment agreements in 2013.	Fully
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone on human rights screening, and actions taken.		Fully
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		Fully
	Aspect: Non-discrimination		
HR4	Total number of incidents of discrimination and corrective actions taken		Fully
	Aspect: Freedom of Ass ociation and Collective Bargaining Core		
	Operations and significant suppliers		

	identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights **Comments on the indicator:** Report on management mechanisms to address the right to organize, right to bargain and right to strike or instances of lock out given the context of the industry's need to ensure continuous provision of essential services. Where the right to strike does not exist or is limited, report on remedial measures such as binding arbitration. Where freedom of association or expression are limited or prevented by regulatory regime, report on mechanisms and processes that exist for getting employee input on conditions of employment		
HR5			Fully
	Aspect: Child Labor		
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		Fully
	Aspect: Forced and Compulsory Labor		
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		Fully
	Aspect: Security Practices		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations		Fully
	Aspect: Indigenous Rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	In 2013, there were no cases of violations against the rights of indigenous peoples	Fully
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	There were no reviews of human rights violations and/or assessments of impacts on operations	Fully
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	There were no complaints regarding human rights issues	Fully

	Society Performance Indicators		
	Aspect: Community		
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development	The participation of stakeholders in decision-making process occurs in accordance with commitments made in large infrastructure projects. In 2013, there were no major projects	Fully
EU20	Approach to managing the impacts of displacement		Fully
	Aspect: Prevention and Preparedness for Emergency and Disaster		
EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans		Partially
	Aspect: Local communityies		
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs **Comments on the indicator:** Include discussions of programs related to: • Ways in which information is exchanged and local population is involved, prior, during and after the event and the provision for intervener funding for the local population; • Influx of workers and impacts on neighboring communities (including changes to local social structures and culture); • Changes to land-use including loss of global commons (e.g. access to land, natural resources, and heritage); • Impacts on infrastructure (e.g. roads, housing), and access to services (e.g. education, utilities, healthcare); and • Changes to the aesthetics and quality of the landscape		Fully
SO9	Operations with significant potential or actual negative impacts on local communities		Fully
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities		Fully
EU22	Number of people physically or economically displaced and compensation, broken down by type of project		Fully

	Aspect: Corruption		
SO2	Percentage and total number of business units analyzed for risks related to corruption		Fully
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures		Fully
SO4	Actions taken in response to incidents of corruption		Fully
	Aspect: Public Policy		
SO5	Public policy positions and participation in public policy development and lobbying		Fully
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Since Cemig is a mixed capital company, the Company cannot and does not appropriate financial contributions for politicians, political parties, or related institutions	Fully
	Aspect: Anti-Competitive Behavior		
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	The Company was not process administratively or judicially for competition violations, whether for anti-trust practices, monopoly, or unfair competition. All acquisitions, before taking effect, are approved by CADE (Administrative Council for Economic Defense), an autarchy linked to the Brazilian Ministry of Justice	Fully
	Aspect: Conformity		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	The amounts accrued for significant fines in 2013 are given in detail in the financial statements. See Explanatory Note No. 23, at the financial Statements 2013	Partially
	Product Responsibility Performance Indicators		
	Aspect: Access		
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services		Fully
	Aspect: Provision of Information		
	Practices to address language,		

EU24	cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services		Fully
	Aspect: Customer Health and Safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. **Comments on the indicator:** For electric utilities the following categories should also be assessed: • Resource planning • Generation • Transmission • Distribution • Use State the processes for assessing community health risks including monitoring, prevention measures and, if applicable, long term health-related studies. Identify community health risks that are assessed such as: • Compliance with exposure limit(s) to electric fields (in kV per m) and magnetic fields (in μT) where available, for members of the public and employees in the areas in which the reporting organization operates.	In compliance with Aneels' Regulatory Resolution No. 398/2010, Cemig made calculations and/or took measurements of the electric and magnetic field in all facilities with a rated voltage less than 138kV that are part of the Company's assets. In all cases, the values were verified to be lower than the limits established in the referred resolution for both employees and members of the community	Fully
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	There are no cases of noncompliance related to the subject	Fully
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases	Information unavailable	Partially
	Aspect: Products and Service Labeling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	There is no labeling on energy services	Not reported
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	There is no labeling on energy services	Not reported

PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction		Fully
	Aspect: Marketing Communication		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Cemig observes the recommendations of the Brazilian Association of Corporate Communication (ABERJE) and follows its own Strategic Communication Plan, which provides specific approaches to communication with each stakeholder. The Company's advertising campaigns are made by companies that follow the Brazilian Advertising Self-Regulation Code, regulated by the National Council for Self-Regulation (CONAR)	Fully
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	The Company did not record any nonconformities in 2013 in relation to marketing, advertising, promotion, and sponsorship activities	Fully
	Aspect: Customer Privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	In 2013, there were no demands for investigations into privacy violations or loss of customer data at Cemig	Fully
	Aspect: Compliance		
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services		Fully
EU26	Percentage of population unserved in licensed distribution or service areas		Fully
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime		Fully
EU28	Power outage frequency		Fully
EU29	Average power outage duration		Fully
EU30	Average plant availability factor by energy source and by regulatory regime		Fully

GLOBAL COMPACT
Human Rights
Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights
Principle 2: make sure that they are not complicit in human rights abuses.
Labour
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

DECLARATION OF INDEPENDENT VERIFICATION

BUREAU VERITAS' INDEPENDENT ASSURANCE STATEMENT

INTRODUCTION

Bureau Veritas Certification Brasil (Bureau Veritas) has been engaged by Companhia Energética de Minas Gerais S.A. (Cemig) to conduct independent assurance of its 2013 Annual Sustainability Report (the Report), covering evaluation of the report content, quality and the reporting boundary. The information and its presentation in the Report are the sole responsibility of the management of Cemig. Bureau Veritas' responsibility was to provide independent assurance according to the scope defined below.

SCOPE OF WORK

Assurance conducted on the Report, that included in its criteria the requirements set out in the Guidelines and Principles[1] of the Global Reporting Initiative GRI-G3.1 (2011)

The assurance process was conducted to meet the requirements of a Type 2 assurance engagement as defined by AA1000 2008 Assurance Standard[2] (AA1000 AS).

The Assurance over the accuracy and reliability of the reported performance data and information relates solely to the companies Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A.;

Excluded from the scope of our work is assurance of any information relating to:

- Activities outside the defined assurance period;
- Statements of position (expressions of opinion, belief, goals or future intention)on the part of Cemig;
- Economic and financial information contained in this Report which has been taken from financial statements verified by independent financial auditors;
- Inventory of Greenhouse Gas (GHG) emissions in its entirety.

1 Materiality, Stakeholder Inclusiveness, Sustainability Context, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity, and Reliability
2 Published by *Accountability: The Institute of Social and Ethical Accountability* (http://www.accountability.org.uk), including the Principles of Materiality, Responsiveness and Completeness.

METHODOLOGY

Our work was conducted using Bureau Veritas' internal protocol for the Independent Assurance of Sustainability Reports, based on current best practice and included the following activities:

1. Interviews with the personnel responsible for material issues and Report content;
2. Analysis of documentary evidence provided by Cemig in relation to the reporting period (2013);
3. Desk review of Cemig's stakeholder engagement activities and response to stakeholders through the reporting process;
4. Evaluation of the method used to define material issues included in the Report, taking into account the sustainability context and the scope of CEMIG's activities.
5. The following facilities, projects and/or communities were visited:Head Office in Belo Horizonte (MG); Company Efficientia (MG), São Bento Housing Complex in Nova Lima (MG);Cruzeiro Community in Nova Lima (BH); and São Bento Community in Belo Horizonte (MG).

The process was designed to provide a high level of assurance concerning the nature and extent of Cemig's adherence to the AA1000 AS accountability principles, and a high level of assurance concerning the reliability of specified performance information within the report, providing a sound basis for our conclusions.

TECHNICAL REPORT

- The Report publishes Cemig's performance in an integrated manner that is more aligned with the overall management of the company compared to previous reporting;
- Cemig's materiality test was conducted by consulting different information sources and stakeholders, and allocating degrees of significance to each material issue. The method used by Cemig and its results were deemed to be appropriate;
- For the first time Cemig published its short and medium term objectives and targets, in line with the strategy of the company, including priorities identified through consultation with its stakeholders. It is expected that in future reports the reader will be able to assess the performance of the company against those defined commitments and challenges;
- Cemig resubmitted its emissions inventory of Greenhouse Gases for independent external certification in compliance with the NBR ISO 14064 standard. The data used to compile the EN3, EN4, EN16, EN17 and EN19 indicators were derived from this inventory;

- Concerning the recovery of riparian woodlands, presented by Cemig in the Biodiversity section, information about the recovered areas (800 ha) was evidenced; however, no data were identified regarding the effectiveness of the reforestation projects over time;

- Cemig´s reporting on the measures adopted for contingency planning, management planning and training programs to handle disasters/emergencies is weak, apart from that relating to recovery/restoration plans (EU21 indicator);

- Regarding the index of Satisfaction with Quality Perceived (ISQP), many actions taken by the company to improve its performance with clients were evidenced. Nevertheless, the Report does not provide adequate disclosure from the Clients Committee created in 2012 to achieve and maintain excellence in client service and support;

- Cemig continued to publish information about projects, programs and actions of companies in which it has influence but no direct control, although no clear strategy was evident relating to the selection of published information concerning those enterprises;

- Cemig complied with all the essential indicators of GRI version G3.1 and the Electrical Sector Supplement[3], besides several additional indicators of the GRI-G3.1;

- In the course of the assurance, inconsistencies identified in the Report regarding one or more principles of the GRI G3.1 were satisfactorily revised;

- It was noted that recommendations made in the previous assurance Statement were partially dealt with by Cemig in this reporting cycle. For continuity those recommendations that have not yet been addressed are maintained below, alongside new recommendations from this assurance cycle.

RECOMMENDATIONS FOR THE NEXT CYCLE

- Consider a new Materiality test to achieve balance and completeness in its reporting, should it adopt the new G4 version of the GRI (which presents both opportunities and challenges relating to the Principle of Materiality);
- Engage with local governments as a key stakeholder group, considering that the company has strong interactions with the local administrations in many municipalities in the state of Minas Gerais;

3 Sustainability Reporting Guidelines & Electric Utility Sector Supplement, Version 3.0/EUSS Final Version

- Review, for potential inclusion in the Report, information that relates to material issues of the enterprises in wich Cemig has an interest but no direct control;
- Disclose more clearly the work of the Clients Committee, whose objective is to achieve and maintain excellence in client service and support;
- Publish representative information on its monitoring of actions for the recovery of the riparian woodland;
- Progress the disclosure of information regarding the EU21 indicator, reporting how the company is prepared for emergencies beyond its facilities;
- Improve its management on human rights in the supply chain of Distribution services, given that the focus of its monitoring and control is still concentrated on health & safety issues (recommendation from the previous cycle);
- Standardise the compilation of the main quantitative data reported, with the introduction of tools to contribute to the efficiency of consolidation and internal assurance processes (recommendation from the previous cycle);
- Improve the systematic collection of information about fines and non-monetary sanctions (GRI indicators SO8 and EN28) since there is no centralized management on the issue (recommendation from previous cycle, updated);
- Invest in the engagement of strategic personnel for developing the Report, to avoid issues of staff turn-over and to ensure that data and information continues to add to the quality of the Report (recommendation from previous cycle).

CONCLUSION

According to the scope of the assurance, the information and data presented in the Report:

- are deemed to be accurate, free from significant error or misrepresentation, accessible and understandable to stakeholders;
- provide a fair and balanced representation of the sustainability performance in relation to the company's operational activities;

Cemig´s self-assessment, pursuant to GRI version 3.1 guidelines, as demonstrated in the Report's Content Index, was confirmed by this assurance to be commensurate with an A+ application level.

STATEMENT OF INDEPENDENCE, IMPARTIALITY AND COMPETENCE

Bureau Veritas is an independent professional services firm that specializing in Quality, Health, Safety, Social and Environmental management with more than 180 years history in providing independent assurance services.

No member of the assurance team has any commercial links with CEMIG, its Directors or Managers beyond that required of this assignment. We have conducted this assurance independently, and it is our opinion that there has been no conflict of interest.

Bureau Veritas has implemented a Code of Ethics across its business to maintain high ethical standards among staff in their day to day business activities.

CONTACT US

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São Paulo, April 2014.

Alexander Vervuurt
Lead-assuror
Bureau Veritas Certification - Brasil

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DECLARATION OF EXAMINATION OF THE LEVEL OF APPLICATION BY THE GRI

CREDITS

Edition

Superintendence of Corporate Communication - CE

Coordination

Superintendence of Investor Relations - RI

Superintendence of Corporate Sustainability - SE

Graphics Project

Perfil 252

Consultancy for planning, data collection, analysis of indicators and wording of the report

Keyassociados

Photos

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