2012 ANNUAL & SUSTAINABILITY REPORT

CEMIG
A Melhor Energia do Brasil.

GROWING

The Cemig Group has experienced outstanding growth over the past few years. It has acquired new assets in several different industries and activities related to its business. Nowadays, the Cemig Group is composed of a wide variety of companies such as Cemig Telecom, Gasmig, Taesa, Axxiom, Light and Renova.

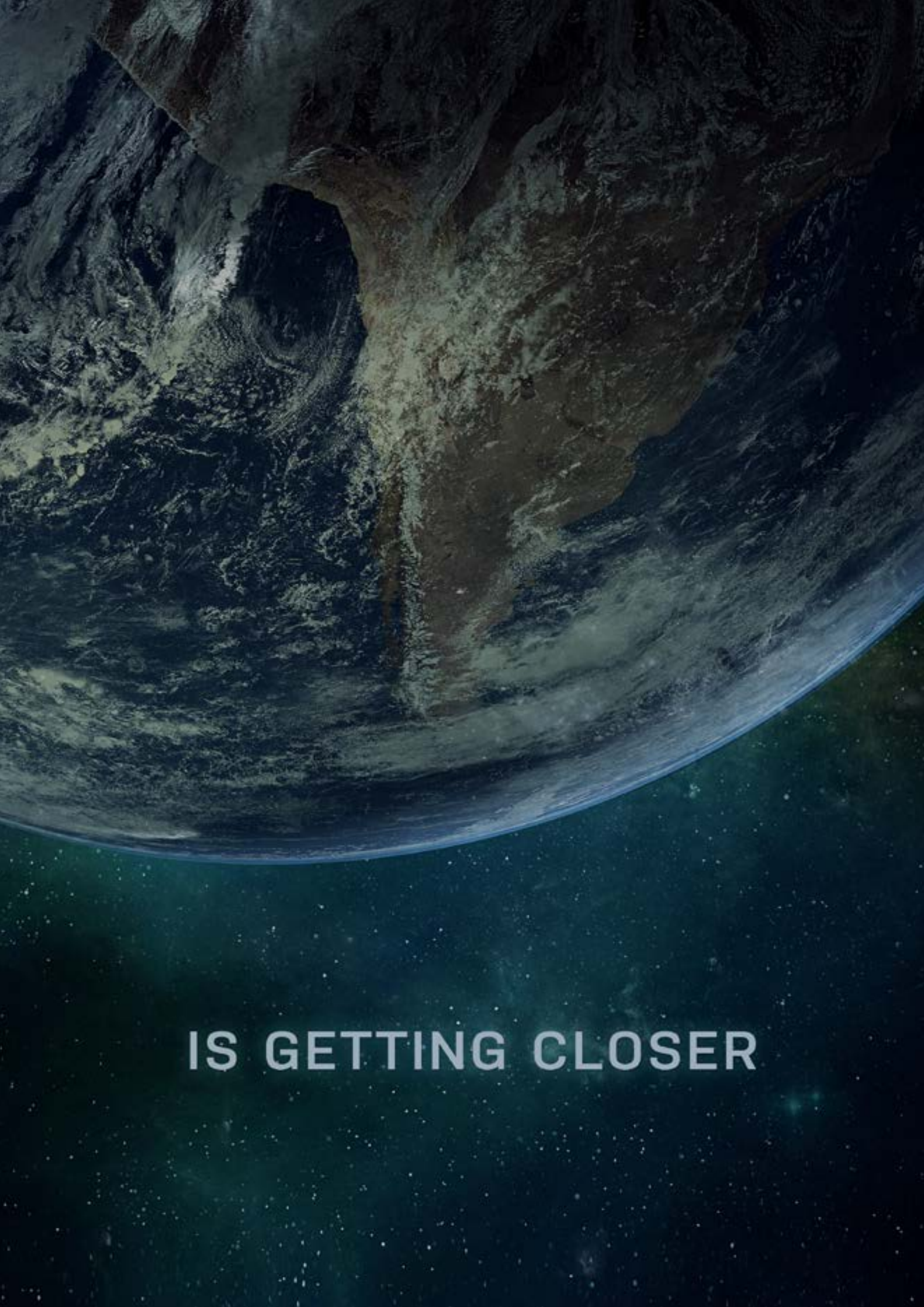
Growth is taking place in a consistent manner as a result of efficient management, investments in innovation, sustainability in a variety of businesses and the constant search for new opportunities.

Sustainability is definitively embedded in the Group's practices. Several energy alternatives are being developed simultaneously, of note among which are solar and wind power. Along with these are important environmental programs that have already produced positive results.

In the social dimension, the Cemig Group has restated its commitment to grow and offer a better quality of life to this and future generations. Social and cultural programs run by the Group have positive impacts on our society. And, along with that, new and modern consumer service channels are being implemented.

In addition to guaranteeing the Company's sustainability and perpetuating its strength, this expansion increases the brand's presence. The Cemig Group, once synonymous with hydroelectric energy, is now moving closer to alternative sources of energy, telecommunications, the natural gas market and solutions in IT. It is moving closer to millions of new clients and consumers and to a select group of global companies every day. And it is moving closer and closer to its commitment to be, above all, a reliable group.

For the Cemig Group, growth means moving closer and closer to its goals, commitments and responsibilities. Always. This has inspired everything that has gone into this report that we now present to you.


IS GETTING CLOSER

CEMIG'S MAIN INDICATORS

EN8 2.8

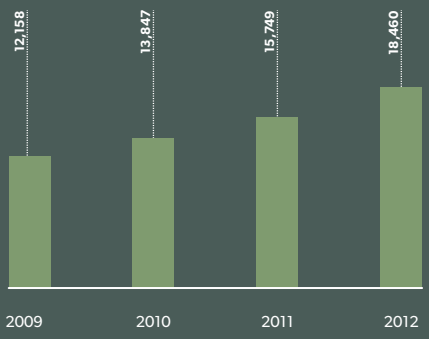
Financial data (Economic Dimension – in R$) are consolidated according to the IFRS standard.
The other data refer to the controlling company (holding company) Cemig – Companhia Energética de Minas Gerais S.A. and its whole subsidiaries: Cemig Distribuição S.A. (Cemig D) and Cemig Geração e Transmissão (Cemig GT) in accordance with the GRI [1].

EN16 3.10 EN30 3.11 LA1 EU1 LA7 EU4 LA10 EU28 EU29

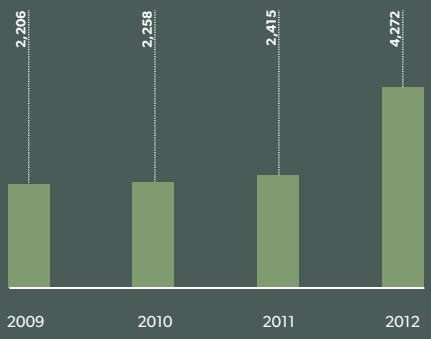
General Data	2008	2009	2010	2011	2012
Number of consumers – in thousands [2]	6,602	6,833	7,065	7,336	7,535
Number of employees	10,422	9,746	8,859	8,706	8,368
Number of municipalities serviced	774	774	774	774	774
Concession area – km² [3]	567,478	567,478	567,740	567,740	567,740
FEC – Number of interruptions	6.53	6.76	6.56	7.01	7.03
DEC – Hours of interruptions	13.65	14.09	13.00	14.32	14.73
Number of plants in operation[4]	63	65	66	66	70
Installed capacity – MW[5]	6,691	6,716	6,896	6,964	7,038
Extension of transmission lines – km[5]	5,755	7,506	8,768	8,794	9,413
Extension of subtransmission lines – km	16,810	16,959	16,835	16,915	17,594
Extension of distribution network – km Total	436,905	450,316	453,935	467,679	493,150
Urban	87,086	96,971	91,465	104,482	108,400
Rural	349,819	353,345	362,470	363,197	384,750
Economic Dimension					
Net operational revenues – R$ million[11]	NA	12,158	13,847	15,749	18,460
Ebitda – R$ million	NA	4,588	4,543	5,351	5,084
Net profit (loss) – R$ million[11]	NA	2,026	2,258	2,415	4,272
Stockholders' equity – R$ million	10,107	11,166	11,476	11,745	12,044
Market capitalization – R$ million	15,761	19,595	18,220	22,694	19,009
Dividends paid – R$ million[6]	931	944	1,196	2,036	2,918
Dividend yield (%)	6	6	9	11	24
Environmental Dimension					
Resources invested in the environment – R$ million[7]	70.5	88.4	80.3	107.5	152.0
Total consumption of fossil fuel (GJ)	15,806	924,422	454,533	204,760	507,109
Fleet fuel consumption (GJ)	255,249	232,491	217,553	198,640	180,407
Installed capacity free of GHG emissions (%)	100	97.2	97.2	97.2	97.3
Total water consumption – cubic meters[8]	1,766,282	1,114,678	1,251,052	1,122,195	833,564
Hazardous waste per energy generated (t/GWh)	8.38	22.4	25.73	28.23	22.45
Direct CO_2 emissions – metric tonnes	287,307	111,758	59,642	24,384	53,567
R&D investments in environment (R$ million)	NA	0.7	0.8	2.5	6.6
Social Dimension					
Average number of hours of training per employee	71.25	72.43	75.66	43.18	35.50
Total resources invested in social responsibility – R$ thousand[9]	45,461	45,365	77,440	75,074	115,023
Accident frequency rate – own employees[10]	0.43	0.51	0.41	0.25	0.23
Accident frequency rate – contracted employees[10]	0.94	0.96	0.60	0.79	0.51

[1] For further information on the GRI methodology, please visit the website: www.globalreporting.org.
[2] The chart with the number of consumers per category is described under item "Cemig's Market".
[3] Contemplates alterations in previous years, reflecting only the concession area of Cemig Distribuição.
[4] Figures for Cemig.
[5] Consolidated Cemig figures, proportionally including the stakes held in controlled / affiliated companies, contemplating alterations in previous years for compatibilization with the new criteria.
[6] Dividend amount for 2012 to be proposed at the General Shareholder Meeting on April/2013.
[7] Total of resources invested in the environment destined for operation and maintenance and new ventures.
[8] Total water consumed for administrative and industrial purposes.
[9] Sum of resources invested in Culture, Education, Sport and R&D.
[10] Number of accidents resulting in injuries, with time lost, per 200,000 hours worked.
[11] There was reclassification in Net Operating Revenue for 2010 and in Net Income for 2009.

NET OPERATING REVENUES (R$ MILLION)



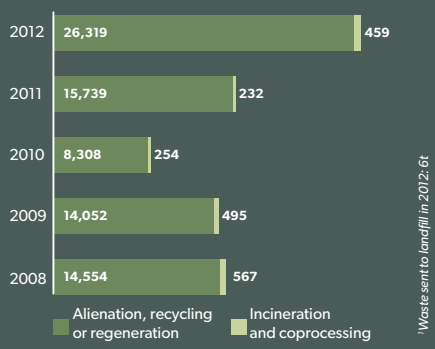
NET PROFIT (R$ MILLION)



MARKET CAPITALIZATION (R$ MILLION)

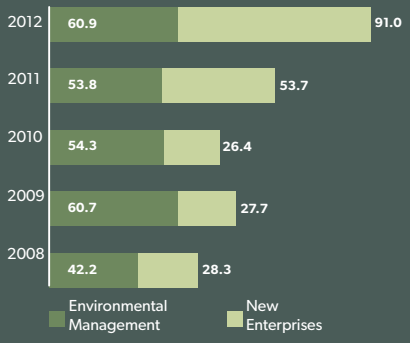
EN22

FINAL DISPOSAL OF WASTE (t)[1]

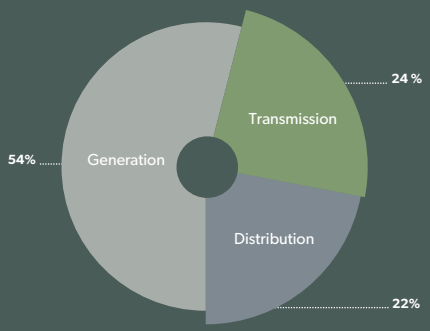


[1]Waste sent to landfill in 2012: 6t

RESOURCES INVESTED IN THE ENVIRONMENT (R$ MILLION)



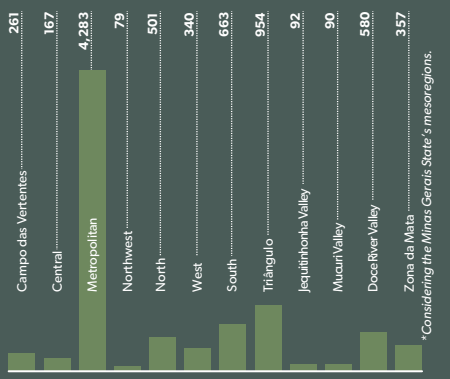
EBITDA STRUCTURE PER BUSINESS – 2012



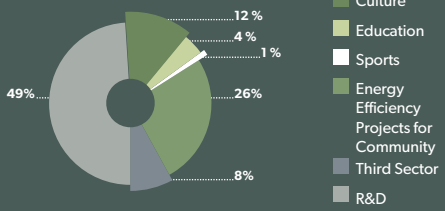
FUNCTIONAL CATEGORY AND GROUPS LINKED TO DIVERSITY

	Gender		Race/Color				Age Group	
	Woman	Man	Black + Parda	White	Indigenous	Asian	Younger than 45	Older than 45
LEADERSHIP POSITION	35	251	39	246	0	1	72	214
UNIVERSITY DEGREE	235	924	247	21	1	3	527	652
OPERATIONAL / TECHNICAL LEVEL	819	6,104	2,342	4,548	10	22	3,861	3,062

NUMBER OF EMPLOYEES PER GEOGRAPHIC REGION*



RESOURCES DESTINED FOR SOCIAL INVESTMENTS



2.8 2012 HIGHLIGHTS

13th consecutive year listed in the Dow Jones Sustainability Index – DJSI World 2012/2013 edition.

8th consecutive year listed in the ISE – Corporate Sustainability Index from BM&FBovespa S.A. Securities, Commodities and Futures Exchange, 2012/2013 edition.

Cemig was selected for the third consecutive time to be a part of the Efficient Carbon Index – ICO2 portfolio. Cemig's share of the index rose from 1.227% to 2.167%, demonstrating its efficiency in terms of carbon emissions.

Cemig GT won the 2012 National Quality Award – PNQ *http://www.fnq.org.br/english*.

The Apimec (Association of Capital Markets Analysts and Investment Professionals) Award - In addition to being elected as the most highlighted "Standout Company" in 2011, Cemig was also recognized in the "Investor Relations Professional" category for the work of Luiz Fernando Rolla, the Executive Finance and Investor Relations Officer.

Cemig was also recognized by the Carbon Disclosure Project – CDP, a non-governmental organization that maintains the world's largest corporate databank on climate change, as one of the ten Brazilian companies with the best performance in implementing effective measures to mitigate the effects of climate change.

The Special Program for the Integrated Management of Trees and Networks – Premiar – won the Innovative Project Award in 2012 presented by *Mundo PM* Magazine, the largest project management magazine in Brazil.

Cemig was the company that best communicated with journalists in 2012. This award is presented by Negócios da Comunicação magazine and the winners are chosen through a survey conducted among 25,000 journalists throughout the country.

NET FISHING IN THE MADEIRA RIVER – SANTO ANTÔNIO SHP

MARKET SHARE IN BRAZIL

12% ***IN ELECTRIC ENERGY DISTRIBUTION.***

7% ***IN ELECTRIC ENERGY GENERATION.***

13% ***IN ELECTRIC ENERGY TRANSMISSION.***

25% ***OF THE FREE CONSUMERS MARKET.***

121,000 ***SHAREHOLDERS IN 40 COUNTRIES.***

TABLE OF CONTENTS

ABOUT THIS REPORT

For the third consecutive year, Cemig presents the Annual and Sustainability Report in an integrated manner, solidifying the practice of divulging, together and in a single report, economic-financial, environmental and social information on the company.

The goal of this report is to present, in an impartial manner, the three pillars of sustainability, along with updated data on Cemig's profile, its corporate governance and its strategy. This report is published annually and this edition refers to the 2012 fiscal year. It is also an instrument for dialoguing with all the publics interested in the Company's performance.

In compliance with Brazilian legislation, beginning with the 2010 Fiscal Year (inclusively), Cemig's financial reports started to be produced in accordance with the IFRS – International Financial Reporting Standards. In order to allow for a comparison of the most recent data with those from 2010 onward, the Company has produced the financial reports from 2010 and 2009 (in full) and 2008 (balance sheet) and the Income Statement for 2010 in accordance with the IFRS standard.

All the accounting data presented in this report have been previously audited by KPMG Auditores Independentes and Deloitte Touche Tohmatsu, the Company's Independent Financial Statement Auditors (the Financial Statements are available on the Company's website and on the CD attached to the printed version of this report).

The Company relies on a number of devices that guarantee the assertiveness of the data contained in the report, among which are independent audits, which are extended to non-accounting data, and the compulsory audits performed on accounting data. However, the information presented in previous reports may be revised, whether due to accounting reclassifications or a measurement method revision. In those cases, in order to facilitate understanding, the explanation is displayed together with the data.

For the first time, in addition to the independent third-party verification performed by Bureau Veritas Certification, Cemig has submitted its Annual and Sustainability Report for evaluation by the GRI Reporting Services sector, which concluded that the Report meets the A+ Application Level requirements.

This edition of the report contains a structural change: an item called "Socio-Environmental Programs" was created. This item covers those of Cemig's programs whose action unfold both on an environmental and social level. This consolidated approach, which is adopted in the socio-environmental programs, contributes towards a better understanding of the Company's actions.

The specific chapters on the Environmental and Social Dimensions, which contain information on

specific indicators and programs that do not interact to a great degree with the other dimensions, have been maintained.

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

Establishing the Limits of this Report

3.5 3.6 3.7 3.8

The data presented in this Report refer to the controlling company (holding company) Cemig – Companhia Energética de Minas Gerais, and its whole subsidiaries: Cemig Distribuição S.A. (Cemig D) and Cemig Geração e Transmissão S.A. (Cemig GT), except when mentioned in the text.

The name Cemig is employed when referring to a set of companies: Cemig Distribuição S.A., Cemig Geração e Transmissão S.A. and Companhia Energética de Minas Gerais. The terms Conglomerate and Company are utilized 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 the subsidiary companies.

The Message from the Administration, the Profile, and accounting data refer to the results produced by all the companies in which Cemig has an equity stake. These accounting data were consolidated proportionally in accordance with the criteria established in Brazilian legislation (for further details, please see the Explanatory Note No. 3 in the Standardized Financial Statements - controlled/ affiliated companies covered in this report are displayed in the "Profile" chapter or are specifically referenced throughout the text.

3.7

With regard to previous reports, Cemig has decided in this edition to enrich the report with additional data on its main subsidiaries, as a means of increase transparency and the understanding of its strategy by the market. Even so, the limits of this report remain the same. The 2012 edition contains information

ST. FRANCIS OF ASSISI CHURCH – BELO HORIZONTE

on projects, programs and actions undertaken by other companies in which Cemig holds an equity stake, especially the Santo Antônio and Belo Monte Hydroelectric Plants, Renova, Light and Taesa.

GRI - Global Reporting Initiative Principles Adopted in the Report Production Process

3.5 4.12 4.14 EU19

For the first time, during the production of this report, version 3.1 of the Global Reporting Initiative - GRI directives were adopted. This guarantees comparability with the reports produced by other companies that have also adopted the GRI principles. In addition, indicators and comments from the GRI Sector Supplement for the Electric Sector have been included, as has progress in achieving compliance with the ten principles of the Global Compact.

Even though it is not legally bound to do so, Cemig has opted to submit all the data in this edition of the report for independent auditing in order to endow the document with an increased level of reliability. The audits were performed by Bureau Veritas Certification between December/2012 and March/2013.

In the 2012 Annual and Sustainability Report, all the GRI indicators from the 2011 version were preserved, which means the reports meet all essential indicators, thereby guaranteeing the Company's continued place at the top level of application of the GRI directives: A+ (complies with all essential directives, and the data are externally verified).

Relevance Test

4.14 4.15 4.16 4.17

Between November/2012 and January/2013 Cemig conducted the Relevance Test (or Materiality Test), which is a diagnosis of stakeholder engagement undertaken with the goal of not only subsidizing the construction of a Relevance Matrix for the 2012 Annual and Sustainability Report, but also as a means of contributing towards the definition of the communication and relationship actions to be taken with regard to the Company's priority publics. Opinions and comments were collected from Cemig's Upper Management, High Voltage Clients, the Community, Consumers, Suppliers, the Press, Investors, Employees and Specialists in the Sector.

The methodology utilized for the diagnosis took into consideration the degree of alignment between the quantitative survey methods (structured questionnaires) and qualitative ones (discussion groups or focus groups). The scripts/topics and questionnaires used in the diagnosis were developed based on the Relevance Matrix constructed in 2010, the information dealt with in the 2011 Report and the document that consolidates the results of the surveys conducted by the Company in 2012 (ISQP - Perceived Quality Satisfaction Index, ISPM - Municipal Government Quality Index, Brand, Reputation and Organizational Climate), along with the issues selected by Cemig as priority topics.

Of note among the themes considered during the Relevance Tests are the following:

	UPPER MANAGEMENT		
DIMENSIONS	ECONOMIC	ENVIRONMENTAL	SOCIAL
	Effects of MP 579	Energy Matrix	Health, Safety, Well-being of Employee
	Investments	Innovation and Technology	Management / Career
	Corporate Governance	Regulations	Training and Development
	Image and Reputation	Environmental Programs	Relationship with Communities
	Investor Relations		Social Tariff
	Relationship with Clients / Big Clients		
	Tariff Structure		

	FOCUS GROUPS		
DIMENSIONS	ECONOMIC	ENVIRONMENTAL	SOCIAL
	Investments	Conservation and preservation	Consumer Services / Channels
		Environmental Investments	Career Management
	Energy Quality	Alternative Sources of Energy	Training and Development
	Effects of MP 579	Environmental Projects	Educational and Social Information projects and programs
	Tariff Structure	Biodiversity	Health, Safety and Well-being (including third parties)
	Financial Performance	Greenhouse Gases – GHG	
		Innovation and Technology	
	Performance of Cemig shares	Environmental Education	Social investments
		Waste management	
	Performance of Quality Indicators	Use of natural resources	
	Corporate Governance	Positive and negative impacts on the company / Environmental damages	Relationship with different publics and communities
	Risk management	Energy Matrix	

Report Subtitles

The contents presented in this report respective to the GRI indicators and to the Global Compact principles feature highlighted markers along the text, which make their location and association with the indicator or corresponding principle easier.

The GRI Indicators and Global Compact Principles Index (at the end of this report) presents a summary of all the information available in the report, organized in a summarized manner.

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://cemig.infoinvest.com.br/static/enu/glossario.asp?idioma=enu.*

CEMIG ART GALLERY

MESSAGE FROM THE ADMINISTRATION

A year of big changes, complexity and challenges.

We would like to once again reaffirm our confidence in the Executive Board's ability to deliver on the commitments assumed with the company's shareholders to add value and drive growth.

This year we saw unequivocable proof that we have made the right decisions reflected not only in our results for the year, but also in the many and fully supportive statements issued by shareholders and investors when the Company was raising capital, or even in declarations made at events in which we participated.

We are confident that our strategic vision, based on the principles of sustainability and social responsibility, of how we should engage in the management of the various enterprises in which we are involved will provide our shareholders with an adequate and attractive return on their investment. This commitment is also evidenced by the fact that Cemig is a signatory of the Global Compact.

Our strategy of seeking to improve operational efficiency and exercise discipline when investing in assets that add value has certainly made a significant contribution to the growth, in virtue of the expansion of the various companies in which we have a significant stake in capital and in management.

Cemig today, through its controlled companies and affiliates, serves over 11 million consumers with a focus on improving the quality of the services rendered. The company has invested R$ 2.5 billion in the distribution sector alone, which represents one of the largest investments in distribution in Brazil and unequivocal proof of the commitment to the communities in which it operates.

The number of new connections exceeded expectation and reached over 200,000 new clients and the quality of the services rendered was recognized once again based on the survey conducted by the regulatory body, the National Electric Energy Agency - Aneel - placing Cemig D among the best companies with over 400,000 consumers in the southeast region.

The earnings that we obtained in 2012 are impressive in size - net profit reached R$ 4.3 billion, or R$ 5.37 per share, which translates into a price-earnings ratio of 4. Compared with the previous year, earnings increased by almost 80%.

The biggest impact was made by the early liquidation of credits in the earnings compensation account. The State of Minas Gerais, our majority shareholder, decided to make an early payment on this contract, which resulted in financial gains in excess of R$ 2 billion.

Of note was the issuance of shares in Taesa, which was greeted very positively by investors and raised a significant amount of capital for Taesa and was reflected positively in our earning with a gain of R$ 259 million for Cemig GT. This very successful issuance conducted in what were considered unfavorable market conditions is a clear demonstration investor trust in our strategies. Taesa is Cemig's preferred vehicle for making investments in electric energy transmission.

Brazilian capital markets once again demonstrated their capacity to finance significant quantities of financial resources for our activities, with over R$ 7 billion raised by the different companies in the group.

On the other hand, on September 11th saw the issuance of Provisory Measure 579 by the Federal Government, which deals with the renovation of concessions with expiry dates that had been established in the respective contracts for the period between 2015 and 2017.

The Federal Government proposed the early expiration of concessions for January of 2013 and imposed a schedule for the decision of whether to participate in the scheme or not with a deadline of December 4th, 2012, which was considered much too short by

the majority of the companies involved. Alterations were also made to the concession contract regime, which saw the concession holders (utility companies) transformed in providers of maintenance and operation services, in contrast with the current contracts, which also include, in addition to the services mentioned above, the commercialization of the products of the assets. In compensation, the Federal Government would reimburse the concession holders whose assets had not yet depreciated to the replacement value. The purpose of the proposal was to transfer the products of the assets as well as the operation and maintenance costs to the electric energy distribution concession holders with the goal of significantly reducing the final tariff charged to consumers, along with the additional benefit of controlling inflation.

Cemig, convinced of the benefits for its consumers, decided to participate in the new public service electric energy transmission and distribution concession contracts with the understanding that, in doing so, it would also be protecting its shareholders' interests. We consider the compensation for the residual value of transmission assets – despite the fact that not all the criteria to be used to calculate it have been defined – to be, at the minimum, fair when compared with he investments made.

However, with regard to generation assets, it was judged that for those concessions up for a second renewal, the operational and maintenance service proposal did not offer the minimum conditions for the rendering of quality services and the corresponding responsibility to provide them. For concessions up for their first renewal, it is our understanding that our contract guarantees renovation for a further 20 years and, therefore, for the benefit of our shareholders and clients, we have decided not to participate. Therefore a decision was made to participate with respect to the first group, while for the second group we intend to proceed in the manner established in the contractual procedures, requesting renewal as each one expires. We expect our rights to be respected and that we will be able to continue to render quality services to our clients.

We have challenges to face in the coming year and we are confident that our strategic vision will lead us to take actions that will greatly benefit our shareholders and clients.

We would like to thank our collaborators for their unwavering support for our operational improvement initiatives and the introduction of new technologies. Our staff is among the most active in the electric sector and is responsible for the excellent reputation for efficiency and technical competence that we enjoy.

We would like to stress once again that these results were only made possible through the support of all the company's shareholders, especially our majority shareholder, represented by Governor Antonio Anastasia, who we thank for his unwavering trust throughout the year.

CEMIG HEADQUARTERS – BELO HORIZONTE

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

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

RICARDO JOSÉ CHARBEL
Chief Distribution and Commercialization Officer

BOARD OF DIRECTORS

EFFECTIVE MEMBERS

Dorothea Fonseca Furquim Werneck
Djalma Bastos de Morais
Wando Pereira Borges
Arcângelo Eustáquio Torres Queiroz
Francelino Pereira dos Santos
João Camilo Penna
Joaquim Francisco de Castro Neto
Fuad Jorge Noman Filho
Guy Maria Villela Paschoal
Eduardo Borges de Andrade
Otávio Marques de Azevedo
Paulo Roberto Reckziegel Guedes
Ricardo Coutinho de Sena
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
Marina Rosenthal Rocha
Bruno Magalhães Menicucci
Newton Brandão Ferraz Ramos
José Augusto Gomes Campos

DOROTHEA FONSECA FURQUIM WERNECK
Chair of the Board of Directors

AUDIT BOARD

EFFECTIVE MEMBERS

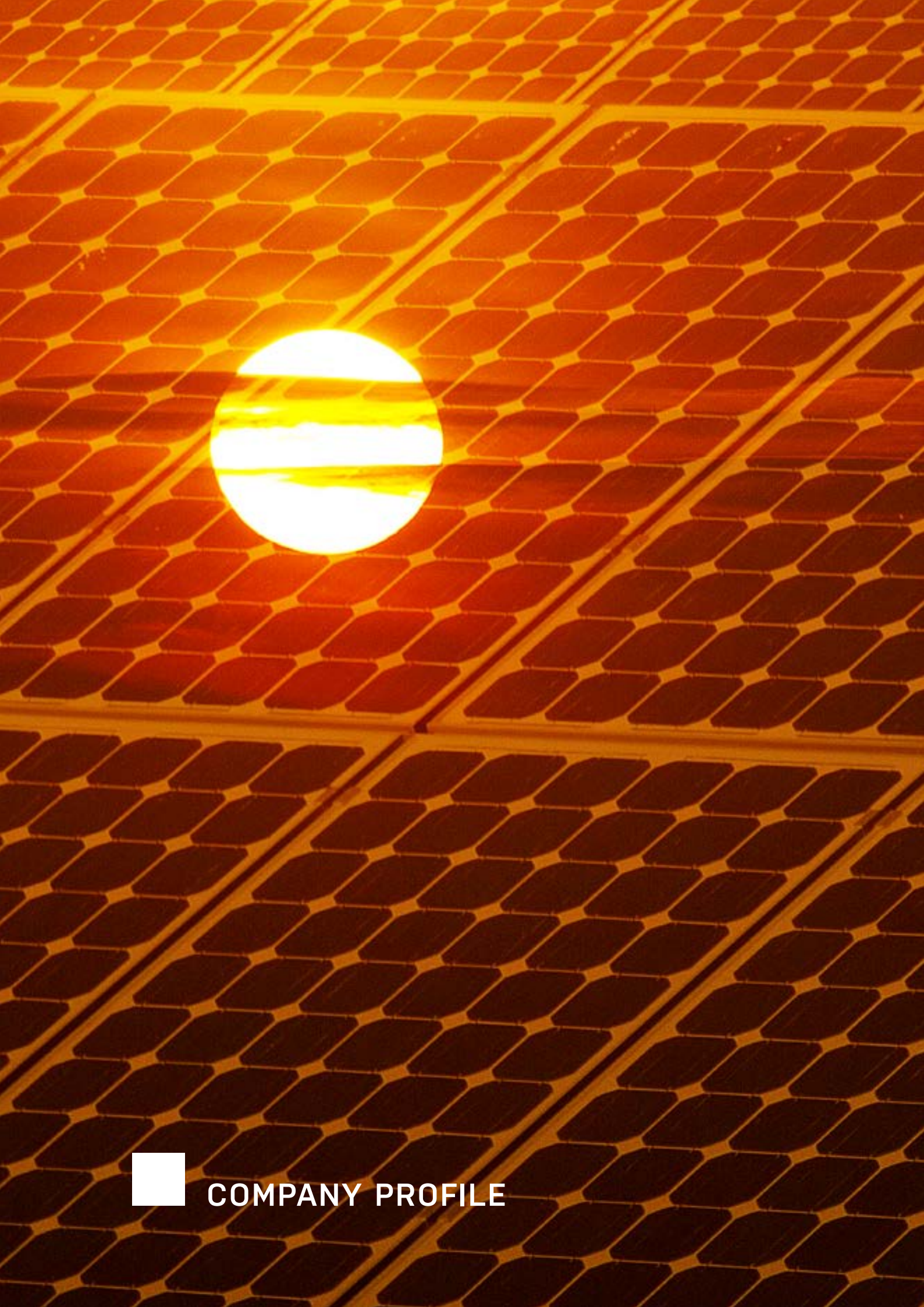
Aristóteles Luiz M. Vasconcellos Drummond
Luiz Guaritá Neto
Thales de Souza Ramos Filho
Vicente de Paulo Barros Pegoraro
Helton da Silva Soares

ALTERNATE MEMBERS

Marcus Eolo de Lamounier Bicalho
Ari Barcelos da Silva
Aliomar Silva Lima
Newton de Moura
VACANT

Reference Date: 12/31/2012

Information on the composition, elections, mandates, main responsibilities and attributions of the Board of Directors, Audit Board and the Executive Board, as well as the board members' résumés (curriculum vitae) are available at the Company's Investor Relations website at the following address: ***http://ri.cemig.com.br/static/enu/diretoria_conselheiros.asp?idioma=enu***.



COMPANY PROFILE

Companhia Energética de Minas Gerais - Cemig celebrated its 60th anniversary in May of 2012 and is proud to be a Company that blends its traditions with modern market practices. Cemig does much more than generate, transmit and distribute the best energy in the country. It also works to perform its activities in a dynamic and innovative manner that fulfills its social responsibilities and promotes collective well-being. Few companies in the world can claim with such certainty that their actions are guided by sustainability, in view of the external recognition evidenced by Cemig's inclusion in the Dow Jones Sustainability Index (13 consecutive years), in the BM&FBovespa Corporate Sustainability Index (8 consecutive years) and many other indicators that the Company regularly submits for assessment.

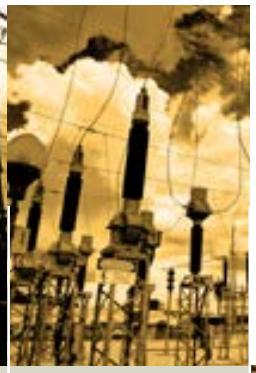
The main areas of Cemig's business are the Generation, Transmission, Commercialization and Distribution of electric energy and Energy Solutions. Cemig also has investments in the exploration for and distribution of natural gas and data transmission. Without compromising its focus on hydroelectric energy, Cemig has been researching and investing in energy alternatives, renewable energy sources and technologies that have a reduced impact on the environment. Currently, Cemig's installed capacity stands at 6,747 MW. With the addition of Light's generation capacity, this figure rises to 7,083 MW. At the end of 2012 the Company had 8,368 direct employees. Cemig, which is one of the main consolidation vectors in the Brazilian electric sector, is operated and coordinated through a holding company, Companhia Energética de Minas Gerais - Cemig, and two subsidiaries: Cemig Geração e Transmissão S.A. (Cemig GT) and Cemig Distribuição S.A. (Cemig D). Cemig also has equity stakes in 120 companies, 16 consortia and on equity fund, with assets in 23 states in Brazil - including the Federal District - and in Chile (reference date December 2012).

Cemig is controlled by the Government of the State of Minas Gerais (51%) and is a joint stock company with 121,000 shareholders in 40 countries (data from December/2012). Its shares are traded on the São Paulo, New York and Madrid stock markets.

The consolidated net operating incomes for the Conglomerate reached R$ 18.46 billion in 2012. Cemig's business portfolio can be seen in the figure below.

GENERATION
Installed Capacity of 7,038 MW

TRANSMISSION
9,748 km



DISTRIBUTION
481,469 km

RETAIL MARKET
Largest Distributor

FREE CONSUMERS
25% of market share

MAP OF THE GEOGRAPHICAL LOCATION OF THE COMPANY'S MAIN ACTIVITIES

PRESENCE IN **23** STATES AND CHILE

KEY

- POWER GENERATION
- POWER GENERATION (UNDER CONSTRUCTION)
- WIND POWER GENERATION
- POWER TRANSMISSION
- POWER TRANSMISSION (UNDER CONSTRUCTION)
- ELECTRICITY DISTRIBUTION
- NATURAL GAS DISTRIBUTION
- PURCHASE OF ENERGY
- CEMIG "FREE CONSUMER" CLIENTS
- TELECOM BACKBONE PROVIDER

CEMIG'S MAIN BUSINESSES

Cemig Distribuição (Cemig D) is a whole subsidiary and is responsible for serving roughly 18 million people in 774 municipalities in Minas Gerais and for the management of the largest electric energy distribution network (480,000 km) in Latin America. Cemig, together with Cemig Geração e Transmissão (Cemig GT), is one of the largest generators in the Country, with a generation system comprised of 63 hydroelectric plants, three thermoelectric plants and four wind farms.

Further information on Cemig D and Cemig GT can be found in the Investments chapter of this report.

In addition to the Cemig D and Cemig GT subsidiaries, Cemig holds many direct and indirect equity stakes. The Cemig conglomerate has holdings in a total of 120 companies and 16 consortia (base date: December 31/2012). The figure below displays Cemig's main businesses and a description of the activities of the most noteworthy subsidiaries, in alphabetical order, in 2012.

CEMIG´S MAIN OPERATIONS

GENERATION	TRANSMISSION	DISTRIBUTION	GAS	OTHER BUSINESSES
Cemig Geração e Transmissão S.A. (Cemig GT) 100%	**Cemig Geração e Transmissão S.A.** (Cemig GT) 100%	**Cemig Distribuição S.A.** (Cemig D) 100%	**Cia. de Gás de Minas Gerais (gas distribution)** 59.57%	**Axxiom Soluções Tecnológicas S.A.** Light: 51% Cemig: 49%
20 Generation Companies 42 Wind Power Generation Companies 10 Generation Consortia	23 Transmission Companies	**Light S.A.** RME: 13.03% LEPSA: 13.03% Cemig: 26.06%	**Gas Exploitation Consortia** SF-T-104..... 24.50% POT--T-603..... 24.50% REC-T-163 ..... 24.50% SF-T-114 ..... 24.50% SF-T-127..... 24.50%	**Cemig Serviços S.A.** 100%
Light S.A. RME: 13.03% LEPSA: 13.03% Cemig: 26.06%	**Transmissora Aliança de Energia Elétrica S.A.** CV: 42.38% CT: 43.36%			**Cemig Telecomunicações S.A.** 99.99%
Renova Energia S.A. CV: 32.31% CT: 21.99%				**Efficientia S.A.** 100%

Axxiom

Axxiom is a Technology and Information company created by Light (51%) and Cemig (49%) that has been providing technological services and solutions to the energy, water and sanitation, natural gas and telecommunications sectors since 2008.

Currently, Axxiom is responsible for the maintenance of the distribution technical systems for which improvements are developed. Axxiom implements systems that adapt to the demands of the electric energy distribution sector and monitors technological evolution and developments.

Together with Cemig, the Company has developed a new product, G-DIS, which unites many of Cemig's distribution management modules such as the dispatching of field teams, measuring energy quality indicators and managing maintenance teams, among other activities.

With Light, Axxiom is working on various projects aimed at the implementation of a system for managing maintenance, emergency and commercial teams, as well as the implementation of a management system for workplace safety inspections and another system for underground chamber inspections.
http://www.axxiom.com.br

Belo Monte

The Belo Monte Hydroelectric Plant is a hydroelectric plant that is being constructed on the Xingu River in the Brazilian state of Pará near the city of Altamira. It is the largest power plant under construction anywhere in the world. Cemig and Light hold and equity stake equal to 9.77% of the capital stock in Norte Energia, the company responsible for the installation, construction and operation of the Plant, which will see total estimated investments of R$ 28.9 billion.

It is worth noting that this a very large undertaking, which raises many different issues that are dealt with

through interactions with the respective publics by the consortium building the enterprise, in which Cemig is a minority shareholder.

Of note among the measures adopted for the legalization of the enterprise is the revision of the Hydroelectric Inventory of the Xingu River, the preparation of an Environmental Impact Assessment (EIA/RIMA), anthropological studies of indigenous populations and the Integrated Environmental Assessment (IEA).

EU19 The Preliminary License for Belo Monte was granted by IBAMA (Brazilian Institute of the Environment and Renewable Natural Resources) on February 1st 2010, with one of the requirements being participation by stakeholders. The following actions were taken in order to allow for discussions regarding the plant: 12 public consultations, 10 workshops involving the community that lives in the region near the enterprise, technical forums in Belém and along the Xingu, visits to more than 4,000 families, four public hearings held by IBAMA (Brazilian Institute of the Environment and Renewable Natural Resources) in which over 6,000 people participated and 30 meetings run by the National Indian Foundation (Funai) in villages. On 1st of September, 2011, IBAMA issued the Installation License authorizing construction of the enterprise to begin.

The area to be flooded was reduced by 60% compared with the initial design: in comparison with the national average, in which the flooded area is 0.49 km² per installed MW, the Belo Monte Power Plant will feature a ratio of just 0.04 km² per installed MW. In addition, of the 503 km² of flooded areas, roughly 228 km² (45%) corresponds to the original bed of the river itself.

In order to undertake this project, approximately 4,300 families in urban zones and 800 families in rural zones will need to be resettled. These people may opt for indemnity in land and cash benefits, monitored relocation or resettlement by the enterprising party in urban or rural areas. Farmers will be transferred to agricultural communities along newly built transport links and the residents of the town will move to houses, complete with urban and sanitation infrastructure, in an area with public facilities such as schools and recreation and leisure areas.

20% of the construction work on the enterprise had been concluded by December of 2012. In 2013 will mark the peak of work on the project, involving an

AXXIOM SOLUÇÕES TECNOLÓGICAS S.A. – OPERATIONAL SYSTEM

CEMIG TELECOM ANTENNA

estimated 28,000 workers. Currently, 70% of the labor working on the Belo Monte project comes from the state of Pará. This predominance of hiring from among the residents of the region was made possible through the professional training programs instituted in the 11 municipalities in the Belo Monte area of influence, thereby reducing the need to hire people from other states.

With regard to indigenous communities, it should be noted that no indigenous communities will be relocated for this enterprise. Any possible interferences with hunting, fishing and agricultural activities in the areas near the plant shall be compensated for through the socio-environmental programs and projects established in the Basic Environmental Project (PBA) approved by IBAMA and exclusive initiatives called for in the Indigenous Component Basic Environmental Project approved by Funai. Through the Indigenous PBA, indigenous communities present in the direct area of influence of the Belo Monte enterprise, covering 12 indigenous lands, will benefit from projects in the areas of healthcare, agricultural management and education, in addition to initiatives aimed at promoting and preserving their culture.

Investments in the socio-environmental realm total R$ 3.88 billion, split between social, environmental and land acquisition actions. The social investments (which are part of the PBA – Basic Environmental Project) total R$ 2.3 billion and involve activities such as the acquisition of classrooms and the renovation of schools, healthcare clinics, sanitation works (water, sewage, rainwater drainage and trash collection), drainage and paving work, work on berths at Belo Monte and Belo Monte do Pontal and work on the riverbank in Altamira and urbanization work on local water courses.

R$ 670 million of financial resources have been earmarked for the PBA as part of the environmental compensation or physical and biotic environment projects, including actions aimed at preserving flora and fauna and environmental compensation projects, such as the creation of green areas. Another R$ 644 million is destined for land acquisition.

The power plant is scheduled to enter into operation in 2015. Its operation will allow for the addition of 818

MW to Cemig's generation system, thus guaranteeing an increase in the Company's share for the market from 7% to 8% in the electric energy generation sector and an increase of 280 MW to Light's generation system.

Cemig Telecom

Cemig Telecom is a telecommunications operator and whole subsidiary of Cemig that currently operates in roughly 70 municipalities in Minas Gerais, employing a business model of serving as an operator for operators.

The Company's objective is to render telecommunications services in the wholesale market, renting specialized circuits, with priority being given to other telecommunications operators such as the operators of fixed telephony, mobile services, cable TV, business carriers, data centers, broadband services and others.

Cemig Telecom has signed contracts related to the Integrated Multi-service System Project (SIM) with companies in the Cemig Group, including the holding company and the distribution, generation and transmission units, for the rendering of corporate voice services.

With the Cemig's Cities of the Future project[1], Cemig Telecom is assisting in prospecting for and analyzing and establishing technical specifications for solutions related to the transmission of data collected from the intelligent meters that are to be installed.

In 2012 Cemig Telecom won the Anuário Telecom "Standout of the Year" award in the Corporate Services segment for the second consecutive year. For over 21 years now Anuário Telecom has been conducting the most comprehensive economic-financial analysis of the telecommunications market under the supervision of consultants from the Getúlio Vargas Foundation (FGV) in São Paulo.
http://www.infovias.com.br

Efficientia

Efficientia is a whole subsidiary of Cemig that, since 2002, has been active in the implementation of energy efficiency projects for Cemig clients.

[1] Details of this program can be found in the item on Innovation.

V&M – COMPANY SERVICED BY EFFICIENTIA S.A.

The Company renders development and technical and financial feasibility services for energy efficiency projects for its clients, implements energy cogeneration and utility service projects, offers consulting services aimed at optimizing companies' energy matrices, offers on-site and at-a-distance training in energy management and even offers consulting services for certification in the ISO 50001 energy efficiency norm.

Efficientia has signed contracts with clients in the industrial and service sectors for the implementation of various projects such as the modernization of compressed air generation systems, the installation of frequency invertors to control the speed of motors in pumping and ventilation systems, the modernization of lighting systems with the installation of LED lighting systems and the modernization of air conditioning systems.

The energy efficiency projects implemented by the Company, in addition to effective energy savings, provide for a reduction in load on the electric system at peak hours, as Efficientia also offers demand-side management projects.
http://www.efficientia.com.br/default.aspx

Gasmig

Cemig is the majority shareholder (59.58%) in Companhia de Gás de Minas Gerais (Gasmig), with Petrobras Gás S.A. – Gaspetro (40%) and the Municipality of Belo Horizonte (0.43%) being the other partners in the ownership group. Gasmig is the only piped natural gas distribution utility company in Minas Gerais and serves the industrial, residential, general use, compressed natural gas, and liquefied natural gas, automotive and thermoelectric segments. With a total extension of 805 km, the pipelines cover 40 municipalities in Minas Gerais.

Gasmig has signed long term natural gas supply contracts with Petrobras, which guarantees the supply of the current market and all the expansions planned for Minas Gerais though to 2030.

In the coming years, Gasmig is planning to expand the natural gas sales market, as well as involve the company in new opportunities in the sector. In the industrial sector, the company is planning to sign contracts with new clients, especially in regions that already have natural gas pipelines installed, focusing on those that are interested in replacing fuels that produce higher levels of greenhouse gas emissions with natural gas.

COMPANHIA DE GÁS DE MINAS GERAIS – GASMIG PIPELINES

Of note in the commercial sector in 2012 was the beginning of work on the Anel Sul Residential Project, which involves the construction of a ring that will allow for the connection of 22 districts in the city of Belo Horizonte, with a potential client base of 79,000 residential units. In addition to the residential segment, branches were included with the goal of connecting fueling stations, clients in the industrial segment and clients in the commercial segment in the Metropolitan Belo Horizonte Region.

In addition, Gasmig is undertaking the Inovagás project, which is intended to serve clients through the provision of efficient energy solutions, including the supply of natural gas and cogeneration, among other solutions. The project also seeks to expand the use of natural gas in hotels and shopping malls through the replacement of equipment and rendering of services.

In the automotive sector, Gasmig has the *Vou no Gás* (Go on Gas) Program, which provides incentives for vehicles in Minas Gerais to switch from gasoline and diesel to vehicular natural gas. Over 30% of the taxis in Belo Horizonte already run on vehicular natural gas. The Minas Gerais State government has entered into an agreement with the company to utilize natural gas in over 1,000 vehicles that comprise the fleet run by government bodies. Gasmig is also involved in the Bus Rapid Transit (BRT) project in Belo Horizonte, offering vehicular natural gas to the fleet of buses in this system.

The table below presents historical and estimated data on Gasmig.

YEAR	2009	2010	2011	2012	2013	2014	2015
Volume of gas commercialized (millions of m^3)	551	961	1,065	1,278*	1,510*	1,800*	1,900*
Investments (R$ million)	427	337	12	99	**	**	**
Avoided emissions of greenhouse gases estimate (thousand tonnes)	1,063	1,244	1,369	16,542***	1,941***	2,313***	2,439***

* Volumes from 2012 to 2015 estimated in market growth projections.
** The Business Plan is under revision. Therefore, investments amounts for the 2013-2015 period will be disclosed following approval by the General Shareholders' Meeting.
*** The amount of avoided greenhouse gas emissions was estimated considering gas supply data proportionally as per market segment, in the year of 2011, of which 93.89% of the gas volume in replacement of fuel in the industrial sector; 3.82% in replacement of gasoline in the automotive sector; 2.29% in replacement of diesel oil in thermoelectric generation.

In 2012 Gasmig constructed 25.84 km of pipeline networks for the distribution of natural gas in the Metropolitan Belo Horizonte Region, the Southern Region of Minas Gerais, the Vale do Aço region and Mantiqueira region (city of Juiz de Fora), with an investment on the order of R$ 42.8 million.
http://www.gasmig.com.br/sites/en/Home/Default.aspx

Light

Cemig holds a 26.06% stake in Light, an energy distributor that operates in 31 municipalities in the State of Rio de Janeiro, serving a region with over 11 million people.

Headquartered in the city of Rio de Janeiro, the Light Group is constituted by the following companies: Light S.A. (holding company), Light Serviços de Eletricidade S.A. (Light SESA), which distributes energy; Light Energia S.A. (Light Energia), which generates energy; Lightger S.A. , which is responsible for the Paracambi SHP project; Itaocara Energia Ltda. (Itaocara), which is responsible for the Itaocara HPP project; Amazônia Energia Participações S.A. (Amazônia), which is involved in the Belo Monte HPP project; Light Esco Prestação de Serviços S.A. (Light Esco) and Lightcom Comercializadora de Energia S.A. (Lightcom), both of which are involved in commercialization activities; Light Soluções em Eletricidade Ltda. (Light Soluções) and Axxiom Soluções Tecnológicas S.A. (Axxiom), which are active service sector; Instituto Light, which is an institutional body; and CR Zongshen E-Power Fabricadora de Veículos S.A. (E-Power), which is involved in the production of two-wheel electrical vehicles.

LIGHT S.A. – RIO DE JANEIRO

Since 2007 Light has been a signatory to the Global Compact, has been producing its financial statements in accordance with the Global Reporting Initiative (GRI) and has been included in the select group of companies in the BM&FBovespa Corporate Sustainability Index (ISE Bovespa). In 2009 it joined the Carbon Disclosure Project (CDP) and began to make public its climate change and greenhouse gas emission policies.

For further information on Light, please access *www.light.com.br*

Renova

Since the beginning 11 years ago, the main business of the Renova Group has been the development of projects in an integrated manner, from prospection through to the implementation and operation of its generation systems. Cemig holds a stake in Renova through Light, which holds 32.31% of the voting capital and 21.99% of the total capital in Renova.

Renova is the only company focused on renewable energy listed at Corporate Governance Level 2 by BM&FBovespa, where it trades under the code RNEW11. Despite the adverse conditions in the energy sector, Renova shares (RNEW11) rose significantly in price in 2012 (20.44%).

A description of the projects undertaken by Renova related to wind power can be found in the Environmental Dimension section under item "Wind Power". *http://www.renovaenergia.com.br/en-us/Paginas/default.aspx*

Santo Antônio Energia (Madeira Energia)

Santo Antônio Energia is a utility company formed jointly by Brazilian companies that are leaders in the construction and operation of hydroelectric plants: Cemig (10%), Andrade Gutierrez (12.4%), Odebrecht Energia (18.6%), Caixa FIP Amazônia Energia (20%) and Eletrobras Furnas (39%).

The Santo Antônio Hydroelectric Plant entered into operation in March of 2012 on the Madeira River in Porto Velho in the state of Rondônia - nine months ahead of schedule. By December of 2012 ten turbines had entered into commercial operation and by November of 2015 it will be producing enough

RENOVA ENERGIA S.A. – WIND FARM IN BAHIA

energy to supply for the consumption of 40 million people. This generation will also result in a new cycle of new resources and energy security for Rondônia and the Northern region - attracting new enterprises and providing opportunities for the population.

The project utilizes run-of-river technology, which allows for a significant reduction in the size of the reservoir in comparison with power plants of the same size that do not employ this technology. The reservoir covers an area of 354.40 km², of which 164.00 km² represents the riverbed, meaning that the flooded area is 190.40 km².

It is worth noting that, as with the Belo Monte enterprise, Santo Antônio Energia receives various different demands, which are dealt with by the Consortium. As a minority shareholder, Cemig is not directly involved in the operations and socio-environmental analyses related to the project.

With regard to the relocation and resettlement of people (Resettlement Program), the families affected received all the assistance necessary for them to move. 574 houses were built in 6 resettlement areas that feature all the necessary infrastructure such as water and sanitation, healthcare, education, security and leisure services. The resettlement program began in early 2008 and, by the end of 2012, 1,815 resettlement processes had been registered.

The *Acreditar* (Believe) Program was created with the objective of providing professional training to allow people to find jobs in the area of the enterprise and to provide qualifications for local labor. So far, 42,442 people have received training through the program, 29,965 of whom have been hired.

Also noteworthy is the fauna conservation and rescue program. Monitoring programs were undertaken for 8 groups of terrestrial and aquatic fauna and birds. 78,833 animals were rescued during the forest clearing stake and at the Jobsite, in addition to 26,085 during the reservoir filling process. *http://www.santoantonioenergia.com.br/site/portal_mesa/en/home/home.aspx*

Taesa

Transmissora Aliança de Energia Elétrica S.A. is a private company that is publicly traded and

MADEIRA RIVER –
SANTO ANTÔNIO HPP

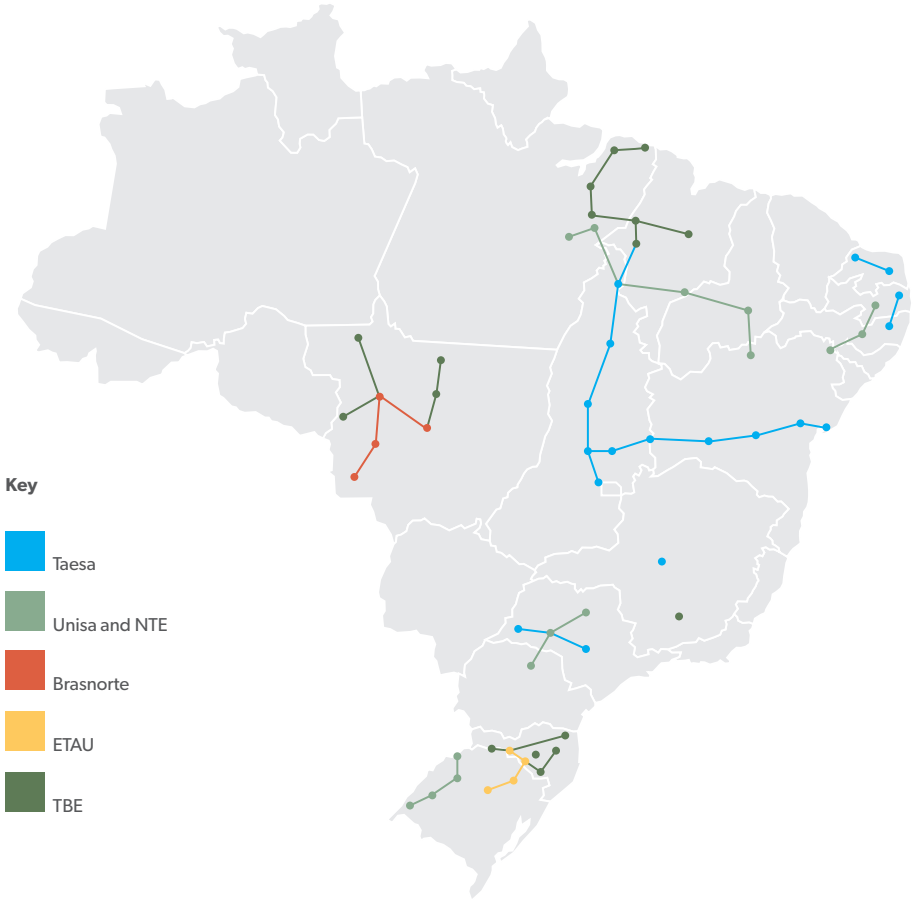
controlled by Cemig GT and by FIP Coliseu. It is exclusively dedicated to the construction, operation and maintenance of transmission lines and today has approximately 300 employees working to manage and operate 6,250 km of transmission lines and operate a total of 47 substations ranging from 230 to 500 kV. Taesa operates in all regions of the country has a control center in Brasília.

Taesa currently has 14 transmission concessions, 6 of which comprise the holding company (TSN, NVT, ETEO, GTESA, PATESA and Munirah), and 5 subsidiaries: ETAU (53%), Brasnorte (39%), São Gotardo (100%), NTE (100%) and Unisa (100%). The latter of these holds 100% of 4 concessions: ATE, ATE II, ATE III and STE. In addition to the 14 concessions, on May 17 of 2012, Taesa announces the signing of a contract transferring 10 equity stakes in the TBE group from Cemig to Taesa. In doing so, the Company will add 3,175 km to its asset base. This transaction is awaiting approval from Aneel (National Electric Energy Agency).

In 2012 shares in Taesa (TAEE11) rose by 93.94%.

With the objective of optimizing the current shareholder and administrative structure, consolidate the Company's cash flow generation at the level of a listed company and reduce costs, in October of 2012 Taesa formally registered a request to incorporate its NTE, STE and ATE subsidiaries with Aneel. This incorporation will only take effect following approval from the Aneel.

The figure below presents the distribution of Taesa's lines in the country.



http://ri.taesa.com.br/taesa2013/web/default_en.asp?idioma=1&conta=44

EN14 1.2

MAIN IMPACTS, RISKS AND OPPORTUNITIES

The utilization of the available resources in a responsible and intelligent manner, investment in innovative energy generation projects and the network renovation program, among others, are aimed at improving the quality of life in society and, at the same time, reducing the environmental, social and economic-financial risks to which the Company is exposed.

The rigorous monitoring of the socio-environmental impacts caused by the Company's operations is imperative to guarantee that the Company enjoys continuous and balanced growth.

In the environmental area, the Company has identified as main risks those associated with the creation of reservoirs and biodiversity, especially in relation to ichthyofauna (fish) and the interference caused by the distribution network with urban trees. For further information, see items "Biodiversity" and "Water Resources" in the Environmental Dimension chapter; and items "Social Strategy" and "Society" in the Social Dimension chapter.

Another significant risk is associated with the inadequate supply of energy distribution services, such as unexpected interruptions and variations in voltage. With the goal of minimizing these risks and reestablishing the energy supply in as short a time as possible, thereby reducing disturbances to the

public and for companies, Cemig has made a series of investments, which are described under item "Energy Quality".

Cemig recognizes as the main environmental risks to its activities to be those related alterations to environmental legislation and issues related to global climate change, which may result in physical, regulatory and strategic risks. Due to the fact that the vast majority of its energy is generated from hydroelectric sources, the Company has made special efforts to identify and manage the potential risk of impacts resulting from extreme weather events. For further information on the process of identifying and managing risks, please see the Economic Dimension chapter/Risk Management.

Cemig assesses the risk of increased carbon emissions from its energy matrix and the financial impact of this increase by conducting environmental due diligence and sensitivity analyses when considering the acquisition of new enterprises, which assists the Company in the decision-making process with regard to the expansion of its business.

EC2 Cemig's actions aimed at minimizing environmental risks can be found in the Environmental Dimension chapter of this report.

From an economic point of view, one relevant risk concerns the commercialization of energy. A lack of liquidity for the execution of energy sale polices or volatility in future prices due to market conditions and/or market perceptions may negatively affect the Company's results. Additionally, in the event the Company is not able to sell all of its resources - own generation capacity plus purchase contracts - in regulated public auctions or in the free procurement environment, the unsold capacity shall be liquidated in the Electric Energy Commercialization Chamber, where liquidation prices tend to be very volatile. If this occurs during periods when there are low liquidation prices, the Company's operational revenues and results may be adversely affected.

Regulatory risks resulting from Cemig's relationship with Aneel must also be taken into consideration. The Company conducts its activities under the terms of concession contracts entered into with the Federal Government through its intermediary agency Aneel and/or under the terms of authorizations granted to companies in the Cemig Conglomerate, as the case may be. Aneel may impose penalties on the Company in the event it fails to observe any disposition of the concession contracts, including those related to compliance with the established quality standards.

Cemig works to identify opportunities in the various areas in which it operates. The acquisition of equity stakes in strategic assets has been identified as an important growth opportunity and allows for an expansion of the Company's presence in various segments of the energy sector, such as wind power (Renova), transmission networks (Taesa) and hydroelectric plants (Belo Monte and Santo Antônio).

Another area in which Cemig is looking for opportunities is participation in auctions for new transmission lines and new energy generation plants, in partnership with companies in the sector, through Special Purpose Companies - SPCs, Whole Subsidiaries or Consortia.

EC2 Cemig is working to explore new business opportunities in a world in which carbon emissions are ever more restricted by undertaking energy efficiency and renewable energy projects, with wind power being especially noteworthy, highlighted by Cemig's stake in Renova Energia, a leader in the wind power segment in Brazil.

Efficientia, a Cemig company, works with the implementation of energy efficiency projects for clients based on performance contracts. The projects vary from the replacement of lighting systems to the construction of energy cogeneration plants that utilize waste process gases.

Also of note are the opportunities identified in new sources of energy such as solar, energy cogeneration in the steel sector, biomass and biomass waste, among others being studied. These new sources of energy provide Cemig with the opportunity to generate and commercialize carbon credits.
As part of its quest to utilize other energy sources, Cemig holds equity stakes in six natural gas

exploration block concessions, located in the states of Minas Gerais (4), Bahia (1) and Rio Grande do Norte (1) and in Gasmig, which holds the exclusive concession for the distribution of natural gas in Minas Gerais.

In the area of energy distribution Cemig is also seeking to identify opportunities. Of note is Cemig's equity stake in Light, a distribution company that serves the city of Rio de Janeiro and the surrounding region.

The Cities of the Future Program is one of the widest-ranging research and development projects involving Smart Grids in Latin America and will serve to subsidize the analysis and decision-making process with regard to implementation throughout Cemig's concession area.

In order to generate new business and take advantage of Cemig's existing infrastructure, Cemig Telecom was created as a telecommunications service provider in the wholesale market, renting specialized circuits to telecommunications operators.

Axxiom Soluções Tecnológicas, a member of the Cemig Conglomerate, is focused on the development, maintenance and integration of IT solutions for the group and for companies in the sector and operates essentially in the field of geo-referenced information systems (GIS), service order management systems (OMS, WFM), corporate management systems (EMS) and R&D projects.

Cemig maintains a Research and Development program with an average annual investment in excess of R$ 60 million. One of the objectives of this program is the development of new business opportunities, whether through research and development projects focused on energy supply alternatives, such as wind, solar and biomass, or through operational efficiency projects.

AUTOMATED SMART GRID REGULATORS – CITIES OF THE FUTURE PROJECT

STRATEGY

4.8

In 2012 the Board of Directors approved a new Vision of the Future for the Company: "Consolidate the Company, in this decade, as the largest group in the national electric sector in terms of market value, be active in the natural gas market, be a world leader in sustainability, be admired by clients and be recognized for its solidity and performance".

The Mission remains unchanged: "Perform in the energy sector with profitability, quality and social responsibility".

Together with the new Vision of the Future, the Board of Directors approved Cemig's Integrated Strategic Plan with the objective of maximizing value creation based on four pillars - clients, the community, the environment and investors - through building capacity of people and the exploitation of synergies that will lead the Conglomerate to become one of the main agents of consolidation in the sector in Brazil. The work was divided among three main fronts: the operational performance of assets; growth; and organizational health.

With regard to operational performance, the potential impact on existing assets was defined based on performance analyses and the comparison with benchmarks. The initiatives necessary to ensure the employment of the best practices within a determined time horizon were then defined.

As for growth, analyses were performed of the current and potential market options and the value creation potential and impact were quantified, based on the four pillars.

The Company conducted a diagnosis of its organizational health and opened dialogues with various levels of the organization in order to prepare proposals for actions and changes that would be necessary to allow Cemig to raise the level of operational performance and growth.

This work resulted in the definition of 21 strategic initiatives that comprise the transformation program that will lead Cemig to achieve its Vision of the Future.

Cemig utilizes the Balanced Scorecard (BSC) tool to translate and communicate the company's strategy to stakeholders. A strategic corporate map has been created, which unfolds into four other maps that represent the challenges faced by Cemig in the Generation, Transmission, Commercialization and Distribution businesses. The BSC is 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 are constituted of contribution objectives, indicators and actions and may be defined per area, team or person and are aligned with the requirements of the quality, environment and health and safety management systems.

Cemig's growth is linked to its strategic planning process. In the growth process, the Company has an executive board that promotes, coordinates, assesses

ATIVAS DATA CENTER

and structures the new asset acquisition opportunities in all the sectors and activities that are directly or indirectly related to its social objective, including businesses related to trading carbon credits. In addition, the structuring of a new business requires that analyses and technical feasibility, economic-financial and environmental studies be undertaken in coordination with the Executive Offices involved.

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.

INTANGIBLE ASSETS

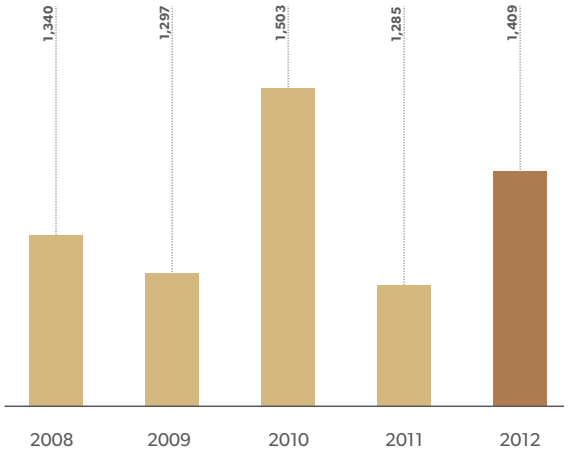
Brand Value

Cemig considers its brand to be one of its most important intangible assets and has been assessing its values since 2007. In that same year, Cemig also began assessing its reputation. The Company's objective is to have an ever stronger brand and an ever more positive reputation.

In 2012 the values of the Cemig brand rose 9.6% in relation to 2011. This increase was due, in large part, to the Company's improved financial projections. This survey, conducted between June and August of 2012, and therefore prior to the passing of law 12,783/12 (MP 579), pointed to a fall in assessment by corporate and residential clients and, simultaneously, a rise among the other publics, especially municipal governments and employees, resulting in a positive general average.

CEMIG BRAND VALUE – EVA

SHAREHOLDERS SCENARIO (R$ MILLION)

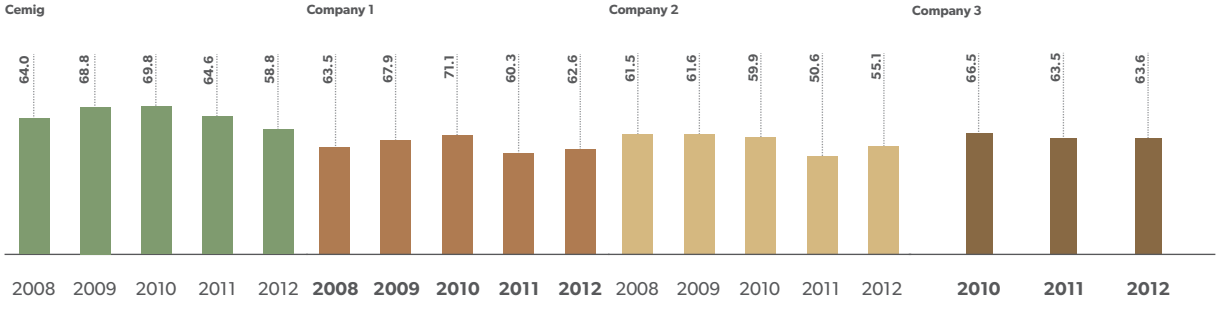


Reputation

Cemig assesses the degree of esteem, admiration, reliability and empathy that the general public holds in relation to the Company through the RepTrak™ Deep Drive methodology, forming a general reputation Pulse index. The Pulse Index score achieved by Cemig in 2012 was 58.8, which signifies a fall in relation to 2011, when the index received a score of 64.6.

CEMIG'S PULSE INDEX AND BENCHMARK

2008-2012 JOINT PROJECT



The results of the two surveys reinforce the need - already noted in previous surveys, for Cemig to continue working on essential issues when dealing with its brand and reputation.

To this end, in 2011 the Brand and Reputation Committee was formalized. This committee analyzes the actions that are to be implemented in an effort to improve the Company's performance with regard to these intangible assets.

Of note among the actions undertaken by the committee in 2012 was the development of the Cemig Brand and Reputation Platform, the goal of which is to guarantee a coherent and consistent position every time the Company presents itself to internal and external publics. This document serves as a strategic reference point for every area of Cemig.

This same committee also created Cemig's directives for the management of its brand and reputation. This document establishes the risks, opportunities and recommendations made by the committee, as well as questions related to the Company's point of contact with its publics. The goal is to ensure alignment between the initiatives undertaken by the various companies in the conglomerate, in a manner that contributes towards the strengthening of its brand and reputation platform and to an increase in favorability in relation to the Company and the degree of reliability at times of crisis.

INTELLECTUAL PROPERTY

Technology and Innovation

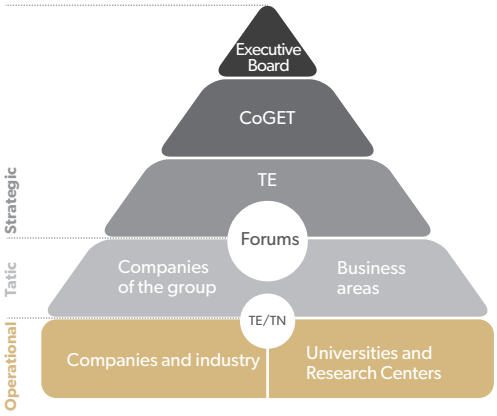
EN18 EU6 EU8

The Company has been working to demonstrate to the market and society that the alignment between applied research, development and conscientious practice adds competitive advantages to its business and for society. Innovation is stimulated by means of Technological Research and Development programs, particularly the Annual Cemig/Aneel R&D Program.

These programs are aimed at technological training and development, in an effort to produce new processes and products and even to improve their characteristics, through the use of the STM - Strategic Technology Management methodology, as shown below.

INNOVATION MANAGEMENT STRUCTURE

STM METHODOLOGY



With the goal of consolidating a culture of innovation by means of the direct participation of specialists in the strategic technology management process and in support of the various innovation management processes, the Company has created technological forums with 12 specific themes that are updated periodically.

Innovation Management is organized in the following manner:

R&D: This is undertaken in the assessment and prioritization stages by the innovation demand Technological Forums in the business areas, taking into consideration their medium and long-term strategic needs and objectives: collecting proposals that display a synergy with the assessed and announced demands; selecting and prioritizing R&D project proposals in accordance with the annual budget planned for the portfolio and the technical and strategic requirements aligned with the business directives. Strategic issues are discussed in the CoGET (Strategy Management Committee) and taken into consideration when deciding upon and monitoring projects, in the physical-financial schedules and in the internalization of knowledge and the results obtained;

Technological Development and Innovation: this takes place based on an assessment of the initiatives undertaken by the business areas related to Innovation Management, with an emphasis on the allocation of costs to the innovation projects, initiatives and activities, which allow for the rationalization of processes, improvements in capacity building and an increase in productivity, incremental gains in production and competitiveness, among other things.

In 2012 R$ 48.5 million were invested in R&D, spread over 100 projects related to Electric Energy Generation, Renewable and Alternative Energy Sources, Quality and Reliability, the Environment, Renewable Energy Sources and Energy Efficiency - all aimed at improving the reliability of the electric energy supply and sustainable development.

The following projects are just some examples of the main initiatives undertaken:

D213	Development of a decontamination methodology for soil impregnated with Insulating mineral oil
GT207	Development of a methodology for the quantification of greenhouse gas emissions at hydroelectric plant reservoirs
D250	Development of high temperature solar collectors (heat pipe technology)
D256	Development of alternative technological solutions for rural electrification within the context of universal access to energy service and frequent theft from neutral conductors
D323	Reconfiguration of distribution networks in order to minimize technical losses
D364	Diagnosis of the soundness of urban trees - trunk and root assessment
D373	Low cost Smart Grid Infrastructure (see highlight box below)
D470	Experimental photovoltaic generation plant

Smart Grid Program

The integration of the information system and the telecommunications system into energy networks opens up new opportunities for the supply of electric energy. This new integrated energy distribution architecture, known as smart grids, connects all users in a safe and intelligent manner. In doing so, it makes it possible to supply energy in a safer, more economical and more sustainable manner.

The Company is evaluating its smart grid architecture through the Cities of the Future project, which is one of the most comprehensive smart grid architecture development research projects in Latin America. The main objectives of the project are listed below:

- Validate, on an adequate and representative scale, the innovative products, services and solutions that are available through the smart grid architecture;
- Analyze the technical and economic feasibility of the value chain involving the new smart grid technology;
- Determine the level of acceptance by consumers through surveys and development of interaction applications aimed at clients with the goal of engaging with them and securing their participation;
- Disseminate knowledge involving the internal public and the various sector agents with regard to this subject.

After finalizing part of the telecommunications network, covering the city of Sete Lagoas-MG and the surrounding region, the work continued with a focus on ensuring the adequacy of the metering process. In September of 2012 Cemig began replacing meters in the Sete Lagoas region. By the end of the year, approximately two thousand intelligent meters had been installed.

Cemig has developed a consumer communication and relationship plan that will constitute part of the pilot project so that it will be involved during testing, informing people of the gains made and what is being done in the region. The actions cover everything from sending out letters to delivering information door-to-door.

With the installation of smart grids, consumers will be able to manage how they use energy while it is being used, thus allowing them to consume energy in a more conscientious manner. In addition, as is already the case in other countries, Brazilian consumers will also be able to generate energy in their residences using, for example, photovoltaic solar panels. With this initiative, in addition to strengthening its relationship with consumers, Cemig will be able to improve the quality and efficiency of the energy distribution process.

When there is an unscheduled interruption to energy supply in the system, Cemig will automatically be advised. The location, isolation and restoration of the energy service will occur in an automated manner, resulting in an improvement in the quality of the services rendered.

Important projects and research are undertaken that are focused on new sources of energy. This produces a culture of innovation at Cemig. A description of these projects can be found in the Environmental Dimension under item "New Energy Sources".

EC4 EC8 EU6

INVESTMENTS

Cresceminas (Grow Minas)

Cresceminas is one of the Minas Gerais government's structuring projects (the Company's majority shareholder), whose main objective is to expand the electric energy distribution availability for supplying the state's growing market.

The project plans for reinforcement works in substations, lines and distribution networks, comprising a set of 687 km of distribution lines, 11 new substations, 101 expansion works in several different existing substations, 4,671 km of new construction, improvements and reinforcement in distribution lines. As a whole, the project will benefit nearly 453 municipalities (59% of the State), with a population on the order of four million and about 1.1 million consumers in the State.

Since the project was started in 2006, 5,220 km of medium and low voltage network have been installed, 664 km of distribution lines have been constructed and 631 MVA of capacity implemented. Investments between 2006 and November 2012 totaled nearly R$ 751 million, of which R$ 480 million were directed to power lines and substations and R$ 271 million to medium voltage networks.

Of note in 2012 were R$ 56 million in investments in substations and distribution lines, leading to an additional 66 MVA and 134 km of distribution lines, along with R$ 2 million invested in the construction of medium and low voltage networks.

Acquisition of an Additional Stake in Gasmig

In 2012 Cemig acquired a further 4.38% of the total capital in Gasmig from the Government of the State of Minas Gerais for R$ 65 million.

Trasmission Asset Investment Contract

On May 17th Cemig, Cemig GT and Aliança de Energia Elétrica S.A. (Taesa) signed a Private Instrument for Investment in Transmission Assets, through which agreement was reached to transfer to Taesa the minority equity stakes held by Cemig and Cemig GT in the capital stock of the following electric energy transmission public service utility companies (i) Empresa Catarinense de Transmissão de Energia S.A. – ECTE; (ii) Empresa Regional de Transmissão de Energia S.A. – ERTE; (iii) Empresa Norte de Transmissão de Energia S.A. – ENTE; (iv) Empresa Paraense de Transmissão de Energia S.A. – ETEP; (v) Empresa Amazonense de Transmissão de Energia S.A. – EATE and (vi) Empresa Brasileira de Transmissão de Energia S.A. - EBTE. ("Corporate Restructuring").

Within the scope of this Corporate Restructuring, Taesa will make payments of R$ 1.732 billion, with R$ 1.668 billion being transferred to Cemig and R$ 64 million to Cemig GT, corrected based on the CDI (interbank deposit rate) beginning on December 31st of 2011.

Following this Corporate Restructuring, Taesa will have an equity stake in 9,378 km of transmission lines, resulting from the addition of 3,127 km, which will strengthen its capacity to generate cash flow and earnings for shareholders.

The Corporate Restructuring is expected to be finalized in 2013, following the approval of the competition regulatory authorities, including CADE - the Economic Defense Administrative Council (the Brazilian competition regulator). It is also subject to pertinent prior approvals which include the Aneel's and the financing banks' acceptance, most importantly from BNDES – the National Social and Economic Development Bank.

Acquisition of the Remaining 50% of Shares in Unisa by Taesa

On the 3rd of July, 2012 Taesa concluded the acquisition of the remaining 50% of the shares held by Abengoa Concessões Brasil Holding S.A. in the capital stock of Unisa. Unisa is a company that was controlled jointly by Taesa and Abengoa and, on the 3rd of July, 2012 it became a whole subsidiary of Taesa. The total value of the acquisition was R$ 904 million. Further details on the acquired assets and recognized liabilities are presented in Explanatory Note # 14 in the Financial Statements.

OTHER INVESTMENTS

Generation

Roughly R$ 162 million were invested in the 2012 fiscal year in expansion, renovation and improvement of Cemig GT's generation system, of which the following are especially noteworthy:

- SPC – Amazonia Energia Participações S/A – R$ 97 million - Cemig holds a 74.5% stake in Amazônia Energia, which in turn holds a 9.77% stake in Usina Hidrelétrica de Belo Monte. This enterprise is 24.93% installed and the main power house is expected to enter into operation in March of 2016.
- SPC Guanhães (Programa Minas PCH) – R$ 19 million. In September of 2012 construction was begun on four SHPs in the East region of Minas Gerais with a 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 this enterprise, in which Cemig has a 49% stake. Construction is scheduled to be complete in two years and the first unit will enter into commercial operation in May of 2014.
- Revitalization of the Igarapé Thermoelectric Plant - With the objective of guaranteeing the availability and reliability of its plants, projects have been undertaken to revitalize the Igarapé Thermoelectric Plant. Periodically, all thermoelectric plants must undergo significant work, as they are subjected to severe temperatures, pressure and corrosion while in operation. This was the largest renovation of the Igarapé Thermoelectric Plant since its inauguration in July of 1978. With an investment of R$ 51 million, this stage is aimed at bringing the plant into compliance with environmental legislation and Cemig's sustainability directives. Of note among the work being conducted are the modernization of the static excitation and compressed air systems, the renovation of the water and effluent treatment plant and the installation of an emergency diesel generator, which will guarantee a supply of electricity for

BARREIRO SUBSTATION

essential loads in the event of a power outage. The first stage was concluded in December of 2012 and, at the request of the National System Operator (ONS), the Igarapé plant has been connected to the National Interconnected System (SIN) due to the low reservoir levels in the Country resulting from a lack of rainfall.

Transmission

During the 2012 fiscal year roughly R$ 85 million in investments were made in the expansion, renovation and improvement of Cemig GT's transmission system.

Distribution

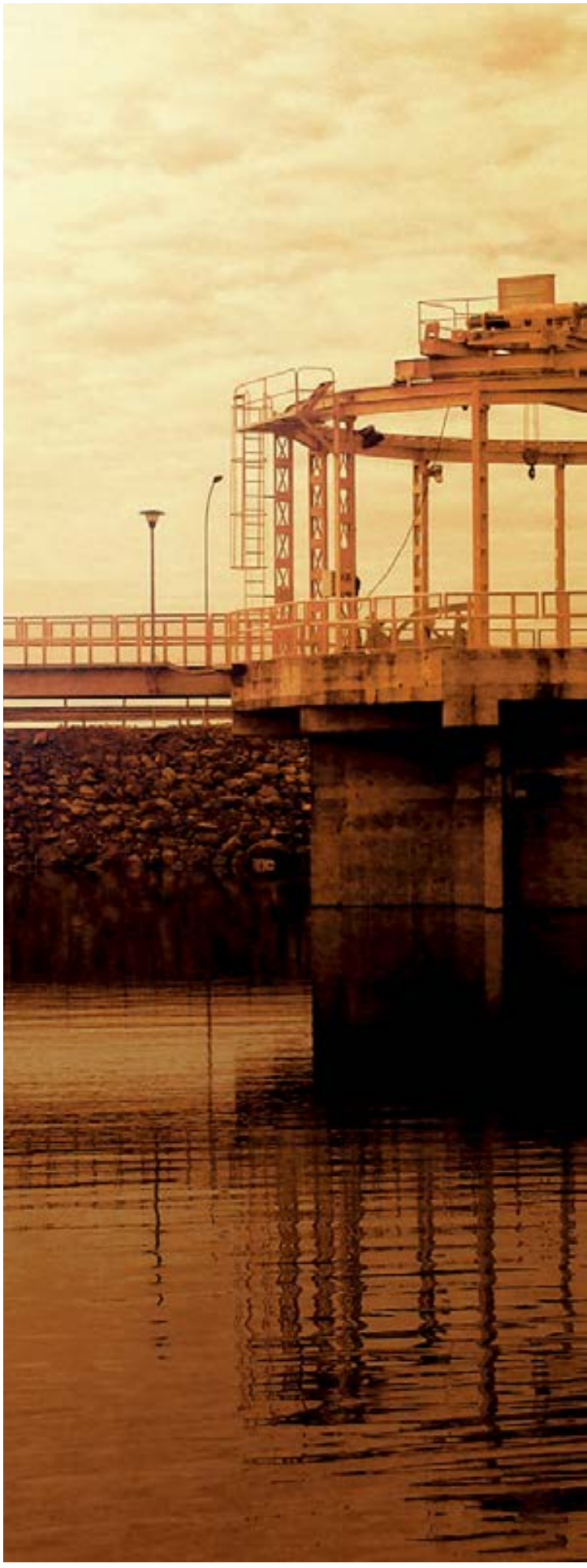
Distribution Development Plan – PDD

Investments in the Distributor's electric power system are aimed at guaranteeing the necessary infrastructure to meet the quality requirements established by clients and determined by the Regulatory Authority (Aneel).

Cemig made investments during the five-year period from 2008-2012 on the order of R$ 3.6 billion (currency quoted in June/2012) within the scope of the Distribution Development Plan, covering the expansion and reinforcement of the distribution system, asset renewal, improvements in quality, maintenance and services rendered to current and new clients.

In 2012 alone R$ 1.19 billion of work was performed, with R$ 413.1 million spent on High Voltage projects and R$ 782.3 million on Medium and Low Voltage projects.

The High Voltage Projects encompassed all the work on system expansion, reinforcement,



QUEIMADO HPP

renewal and renovation of assets associated with distribution lines and substations. The table below shows the figures for the work performed in 2012.

HIGH VOLTAGE PLANS	AMOUNT (R$ MILLION)
Expansion and Reinforcement	372,050
Asset Renewal	6,036
Services for Parties that Access the Network	35,068
Total	**413,154**

The investments in Medium and Low Voltage were related to the distribution network and covered work done to expand, reinforce, renovate and maintain the networks and the replacement of equipment. The table below shows the figures for the work done in 2012.

MEDIUM AND LOW VOLTAGE PLANS	AMOUNT (R$ MILLION)
Expansion and Reinforcement	275,398
Services to Clients and Third-Party Safetys	257,370
Asset Renewal and Maintenance	249,512
Total	**782,280**

It is important to note that in the 2008-2012 period over one million new clients were connected in urban and rural areas in the municipalities within the concession area, with 260,000 new connections being made in 2012 alone. Also in 2012, an additional 481 MVA in transformation capacity, along with 190 km of Distribution Lines, were added to the system.


HOTEL

CORPORATE GOVERNANCE

4.12

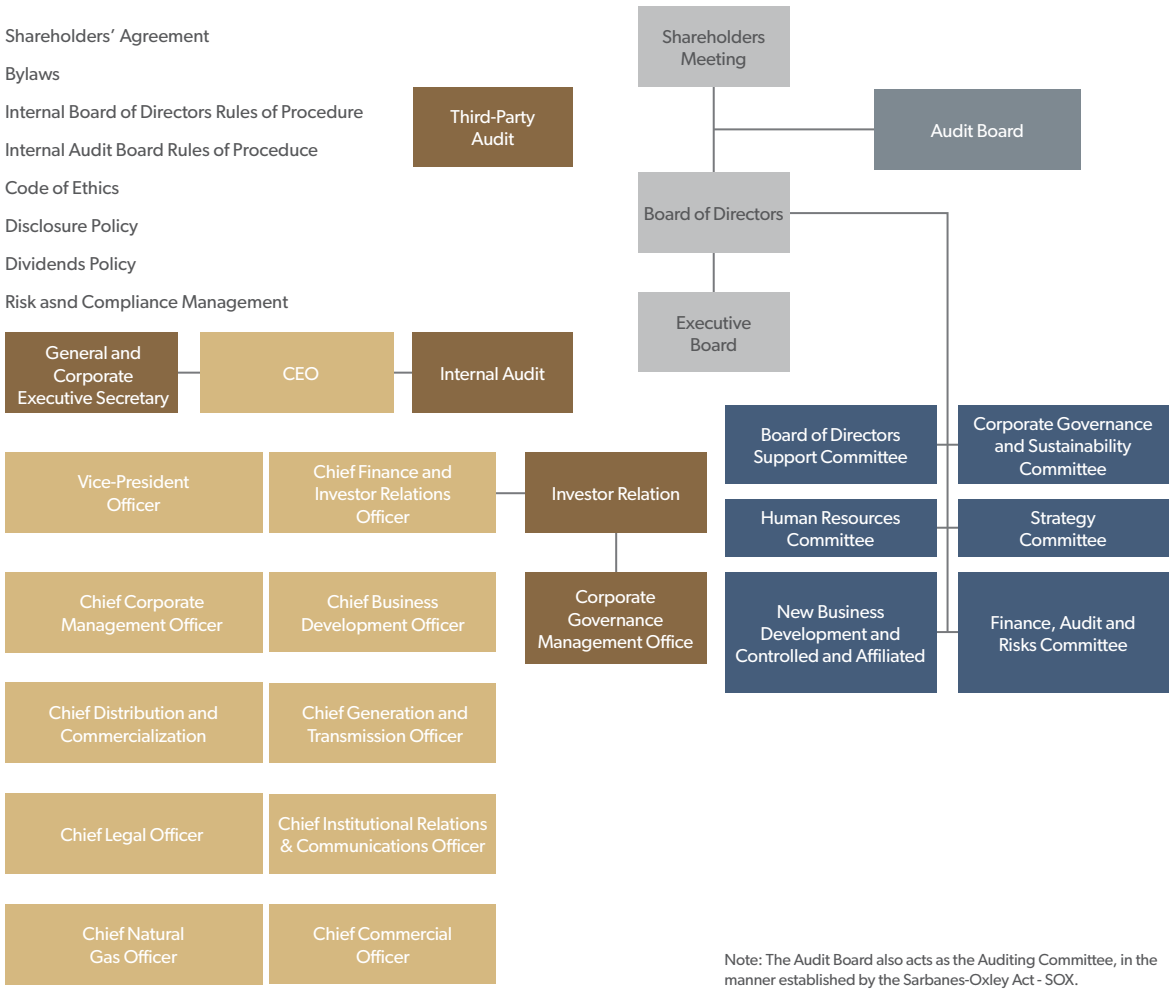
GOVERNANCE MODEL AND MAIN PRACTICES

Cemig's corporate governance model complies with the Code of Best Corporate Governance Practices of the IBGC – Brazilian Corporate Governance Institute, which is based on the principles of transparency, equity and accountability. The model is also based on clear definition of the roles and responsibilities of the Board of Directors and the Executive Board in the formulation, approval and execution of the policies and directives that govern the conduct of the Company's business, as well as the role of the Audit Board in inspecting the actions and accounts of Upper Management.

Cemig is listed at Corporate Governance Level 1 of the BM&FBovespa S.A. – Securities, Commodities and Futures Exchange, which requires the adoption of various specific governance practices, such as:

- A minimum free float of 25% of the capital must be maintained.
- Cash flow and consolidated data must be added to the financial statements and quarterly reports.
- Public meetings must be held annually with analysts and any other interested parties to disseminate economic and financial information, projects and perspectives.
- The calendar for corporate events must be published annually.
- Disclosure of the main contracts signed by companies in the group.
- Respect for the diverse and specific procedures in the case of public stock offerings.
- Compliance with disclosure rules rendering the required information to BM&FBovespa for trades involving securities issued by the Company negotiated or detained by the controlling shareholder and managers.
- Not have beneficiary parties.

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



Note: The Audit Board also acts as the Auditing Committee, in the manner established by the Sarbanes-Oxley Act - SOX.

Cemig has adopted globally recognized Corporate Governance standards and its shares are traded on the following stock exchanges:

- BM&FBovespa S.A. – Stock, Commodities and Futures Market:
  Preferred Shares – CMIG4;
  Common Shares – CMIG3.
- New York Stock Exchange – NYSE:
  Preferred Shares, ADRs Level 2 – CIG;
  Common Shares, ADRs Level 2 – CIG.C.
- Madrid, Latin American Stock Exchange – Latibex – XCMIG.

2.8 – Cemig's controlling shareholder is the State of Minas Gerais, which holds 51% of the common shares (shares with voting rights). AGC Energia S/A is an important shareholder, holding 32.96% of the common shares (shares with voting rights). AGC Energia S/A is an important shareholder, holding shares, which gave AGC Energia S/A the right to appoint 5 of the 14 members of the Board of Directors elected during the most recent General Shareholder's Meeting. AGC Energia is also 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 in the event of sales of shares and reserves for AGC Energia the right to appoint the company's Executive New Businesses Officer.

Other corporate governance practices:

- Internal Rules of Procedure of the Board of Directors[2];
- Internal Rules of Procedure of the Audit Board[3];
- Differentiated Company Bylaws[4]. The Statute contains a unique, pro-market dividends policy, as can be seen in the "Capital Markets" chapter, along with other definitions:
  - It focuses on investments in the Company's core business;
  - establishes the obligations and limits of authority for the upper management based on the Long Term Strategic Plan; and
  - establishes debt limits for the Company, thereby reducing the risk of insolvency.

[2] *http://ri.cemig.com.br/static/enu/regint_cons_administracao.asp?idioma=enu*
[3] *http://ri.cemig.com.br/static/enu/regint_cons_fiscal.asp?idioma=enu*
[4] *http://ri.cemig.com.br/static/enu/estatuto_social.asp?idioma=enu*

NEW YORK STOCK EXCHANGE

- Policy regarding the Dissemination of Information to the Public:
  - As required by Instruction 358 from CVM – the Brazilian Securities Commission, the "Cemig Manual for the Disclosure and Use of Information and Securities Trading Policy" was drafted in 2002 and revised in 2009. It explains employees' and partners' responsibility regarding the disclosure of information considered to be of public interest, as well as the timely and impartial disclosure to the market. Among other regulations, the referred-to document prevents upper management or people with access to strategic information from trading the Company's shares in the period in which the Company's results are announced and obliges all members of the upper management to report any changes in their investments in Company shares.
  - This policy establishes the requirement for the transparent and clear handling of all issues that are of interest to investors and the general public, thus guaranteeing the accuracy and quality of all the information released.

ETHICAL CONDUCT

4.8 4.9 SO4

The Declaration of Ethical Principles and Code of Professional Conduct, consolidates in 11 Principles the ethical conduct and values that are incorporated into the Company's culture. It reinforces the internal system, guiding and disciplining the professional behavior, actions and decision of employees, managers, executive officers and members of the Board of Directors and Audit Board. In addition, contracted parties and service providers also adopt these corporate governance measures. *http://ri.cemig.com.br/static/enu/codigo_etica.asp?idioma=enu.*

HR3

With the goal of guaranteeing the dissemination and awareness of the ethical principles, all employees, managers and members of the upper management, when assuming a position in the company or when signing an employment contract, make a solemn commitment declaring their knowledge and observance of, and adherence to the values and principles contained in Cemig's Declaration of Ethical Principles and Code of Professional Conduct. Compliance with values, principles and responsibilities related to the Declaration is monitored by Cemig's Ethics Commission.

In February of 2012 the "First Energy" training program was held, during which the "Declaration of Ethical Principles and Code of Professional Conduct" was presented to all the roughly 300 interns hired by the company.

In May of 2012 the "Ethical Energy" training program was made available. This program addresses Cemig's ethical principles. In total, 12,670 people, including employees, interns and contracted parties (people with access to the intranet at the time the training was offered) were eligible for the program. Of this total, 7,875 people concluded the training program, (62%), 5,873 of whom were Cemig's own employees (70%).

The Company ensures the maintenance of internal and external relationship channels in order to handle consultations and reports of wrongdoing. These channels are available to society, clients, 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 the 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://www.cemig.com.br/en-us/the_cemig/ethical_conduct/Pages/consultations_and_whistleblowing_reports.aspx)*, which counts among its responsibilities the duty to receive and analyze suggestions, complaints, compliments and reports of wrongdoing related to Cemig's activities from people outside of the company. These are then forwarded through the procedures necessary to resolve the problems cited, with feedback provided to interested parties, all with the goal of guaranteeing their rights and the timely handling of the issues that are presented. Further information on the Ombudsman office can be found in the Social Dimension. External reports of wrongdoing received by the Ombudsman office that do not match the attributions of this body are registered with the Whistleblowers' Line and follow the normal path through the Ethics Commission. In 2012 the Whistleblowers' Line received 145 reports of wrongdoing, 5 of which were forwarded from the Ombudsman office. By the end of the year, 112 of these processes had been concluded and 33 were ongoing. Specifically, the Ombudsman is responsible for auditing, following the complaint until its conclusion

and responding to citizen when he/she demonstrates to be interested in receiving response. In addition, the Ethics commission can be contacted by e-mail at *comissaodeetica@cemig.com.br* or by telephone at +55 (31) 3506-7744.

Compliance with the values, principles and responsibilities related to the Declaration is monitored by Cemig's Ethics Commission. This Commission is formed of three superintendents serving as commission members and another three superintendents serving as alternate members, all of whom are appointed by the Executive Board.

The Ethics Commission coordinates Cemig's actions under the guidance of the Declaration of Ethical Principles and Code of Professional Conduct, whilst also observing the Code of Ethical Conduct for Public Officers and the Upper Administration of the State[5]. In addition, when performing its duties, the Commission gives equal weight to the principles of the Global Compact. For further information please access: ***http://ri.cemig.com.br/static/enu/codigo_etica.asp?idioma=enu.***

SO2 The operation of the Whistleblowers' Line and the management of the Declaration of Ethical Principles and Code of Professional Conduct are subject to an annual evaluation by means of an external audit, performed as part of the process of certifying the entity-level internal controls in accordance with the Sarbanes-Oxley Act (SOX)[6]. In addition, in 2012 the Whistleblowers' Line was audited by Bureau Veritas and was certified as being in conformity with the objectives and procedures for the processing of reports of wrongdoing.

Based on the principle that the Internal Controls System facilitates the identification of risks and that its proper functioning allows for the management or reduction of risks identified, the focus of the work done through the Internal Audit is to conduct preventive audits of the controls that are in place for various processes and sub-processes, with the goal of complying with the Sarbanes-Oxley Act, Normative Instruction No.14/2008 of the Accounting Court of the State of Minas Gerais (which assesses the legality of companies' management practices with regard to budgets, finance and assets) and Cemig's Organization Norms and Procedure Instructions, in accordance with the best Corporate Governance practices and the Declaration of Ethical Principles and Code of Professional Conduct. Cemig is a signatory of the Global Compact. Its 10th principle, which is combating corruption, is being incorporated into Cemig's Corporate Social Responsibility Booklet. In order to establish norms for internal procedures, Cemig has an Antifraud Policy, approved by the Executive Board, which formalizes that Cemig does not accept the practice of or hiding of Fraud or Corruption, in all their forms, including bribery, extortion, kickbacks and money laundering. This Policy also establishes the responsibilities of the Administrators, the Management body and the Company's collaborators from its Whole subsidiaries and Controlled companies. No cases of corruption involving Cemig and its controlled and affiliated companies were identified in the year of 2012.

GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting is held up until the end of April every year, in conformity with the legislation in force. The Extraordinary Shareholders' Meetings may take place along the year as many times as deemed necessary. Both are called with minimum advance period of 15 days by means of publications at the CVM (Securities and Exchange Commission of Brazil), at the Company's Investor Relations website and in nationally relevant newspapers with circulation in the entire country.

During the year of 2012, in addition to the General Shareholders' Meeting, held on the 27th of April, 2012, three Extraordinary Shareholders' Meetings were held on the 19th of June, on the 29th of August and on the 18th of December, 2012[7].

4.4 Opinions, suggestions or recommendations concerning Shareholder's Meetings may be forwarded to the email address *ri@cemig.com.br*, also available at the Company's Investor Relations website.

ADMINISTRATION

Cemig's administration is composed of the Board of Directors and the Executive Board, elected as

[5] *Can be found at the following address: http://www.fazenda.mg.gov.br/secretaria/comissao_etica/codigo_conduta_etica.pdf*

[6] *By having securities traded on the U.S. exchange, Cemig is obliged to comply with the laws of that market.*

[7] *http://ri.cemig.com.br/enu/s-4-enu.html?idioma=enu*

follows: the General Shareholders' Meeting elects the members of the Board of Directors, who, in an internal ballot, elect their chairman and vice, in addition to nominating the Executive Board.

Members of the Audit Board are also elected by the General Shareholders' Meeting.

Board of Directors

4.5 4.6 4.7 4.9

The Board of Directors is a decision-making collegiate body elected by the General Shareholders' Meeting, whose main attributions are to establish the general directives of the Company's businesses, in addition to approve the annual budget and, also, to elect, destitute and establish the responsibilities of the members of the Executive Board.

The Board is composed of 14 effective members and their respective alternates, who are duly nominated by shareholders. Eight of the members were elected by the Minas Gerais State shareholder, five by AGC Energia S/A and one by the minority shareholders owners of preferred shares. 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 enjoy a two-year term, and may be renominated following the end their term. Current member's terms shall expire in the General Shareholders' Meeting to be held in 2014.

The Board of Directors is multidisciplinary, integrated by members with diverse and complementary educational background and professional experiences. The members' curriculum vitae are available at the following Internet address: *http://cemig.infoinvest.com.br/static/enu/diretoria_conselheiros.asp?idioma=enu.*

The remuneration of the Board members is equivalent to 20% of the average remuneration received by the executive officers, does not include stock options and is not linked to the Company's performance. See Explanatory Note No. 26, under item "Key Administration Personnel Remuneration".

In 2012 the Board of Directors met 29 times to deliberate over and decide on a variety of subject matters ranging from strategic planning to investment projects. In the beginning of each meeting, members are invited to manifest their opinion in the event there are conflicting interests concerning the subject matter to be deliberated upon.

Information on the composition, election, terms, main responsibilities and attributions of the Board of Directors can be found in the Board of Directors Internal Rules of Procedures that can be found at the following Internet address: *http://ri.cemig.com.br/static/enu/regint_cons_administracao.asp?idioma=enu.*

As of the year 2006, committees constituted by Board of Directors members analyze and discuss in advance subject matters that are to be deliberated over and decided upon in that forum. The attributions of each committee are available at the following address: *http://cemig.infoinvest.com.br/static/enu/regint_cons_administracao.asp?idioma=enu#11.*

Executive Board

Cemig's Executive Board is composed of 11 members, whose individual functions are established in the Company's Articles of Incorporation. Its members meet weekly and are elected for a three-year term, as well as destituted at any time, by the Board of Directors, and are entitled to stand for reelection. The Board of Director members are allowed to concurrently exercise non-remunerated administrative positions in whole subsidiaries, controlled and affiliated companies of the Cemig Group.

The term of the current executives in the Executive Board 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, two subcommittees and one commission, composed of executives from several different areas of the Company, who meet, whenever deemed necessary, to guarantee strategic decisions are made by the Executive Board and the Board of Directors.

AUDIT BOARD

The Audit Board is permanently constituted by five members, and their respective alternates, who comply

with the independency requirement, in conformity with international practices. They are elected by shareholders during the General Shareholders' Meeting for a year's term, entitled to stand for reelection.

The Audit Board members' indication is done by the shareholders, in the following proportion:

- one member is elected by owners of preferred shares;
- one member is elected by owners of common shares who, provided they do not belong to the controlling group, represent at least 10% of the capital stock; and
- three members are elected by the controlling shareholder.

The Audit Board is multidisciplinary, integrated by members with different educational backgrounds and professional experiences. Its remuneration corresponds to 10% of the average pay received by the executive board members. The Audit Board also has the attribution to examine 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 Intranet – Whistleblowers' 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 allowed by the Exchange Act, Rule No. 10-3ª, regulated by Release 82-1234 of the Securities and Exchange Commission – SEC. In 2012, the Audit Board held 10 meetings.

REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVE BOARD MEMBERS

The total remuneration of the Members of the Board of Directors and Executive Board in the 2012 and 2011 fiscal years was as follows:

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE BOARD (R$ THOUSAND)	2011	2012
Remuneration	9,142	7,762
Profit Sharing	1,980	2,301
Post-employment benefits	713	888
Security benefits	102	1,243
Total	**11,937**	**12,194**

INDEPENDENT AUDITS

In complying with the provisions of article 31 of CVM Instruction 308/99, Cemig rotates its independent auditors. As of the financial statements respective to the second quarter of 2012, audits started to be conducted by Deloitte Touche Tohmatsu Independent Auditors.

Due to the transition period, accounting statements respective to the social year of 2012 were audited by KPMG Independent Auditors and by Deloitte Touche Tohmatsu Independent Auditors, and were approved with no remarks.

As provisioned for by Law, Cemig's independent auditors are selected by means of a public bidding process.

4.9

INTERNAL CONTROLS AND THE SARBANES-OXLEY ACT (SOX)

The Audit Board is permanent and is constituted of 5 members and, as constituted, meets the requirements for exemption from the constitution of an audit committee in conformity with the Securities Act and the Sarbanes-Oxley Act. In 2012 the Audit Board met 10 times.

TRANSACTIONS WITH RELATED PARTIES

A summary of transactions with related parties can be found in Explanatory Note No. 27 in Cemig's Standardized Financial Statements - 2012.

One of the most significant transactions with related parties, the Liquidation of Credits in the Earnings Compensation Account, had an outstanding balance on the 31st of December, 2012 that was liquidated on February 27th and 28th by the Government of the State of Minas Gerais (see explanatory note No. 12 in the Standardized Financial Statements).

Other comments on transactions involving related parties are presented in Explanatory Notes 19, 21 and 25 in the Standardized Financial Statements.

ECONOMIC DIMENSION

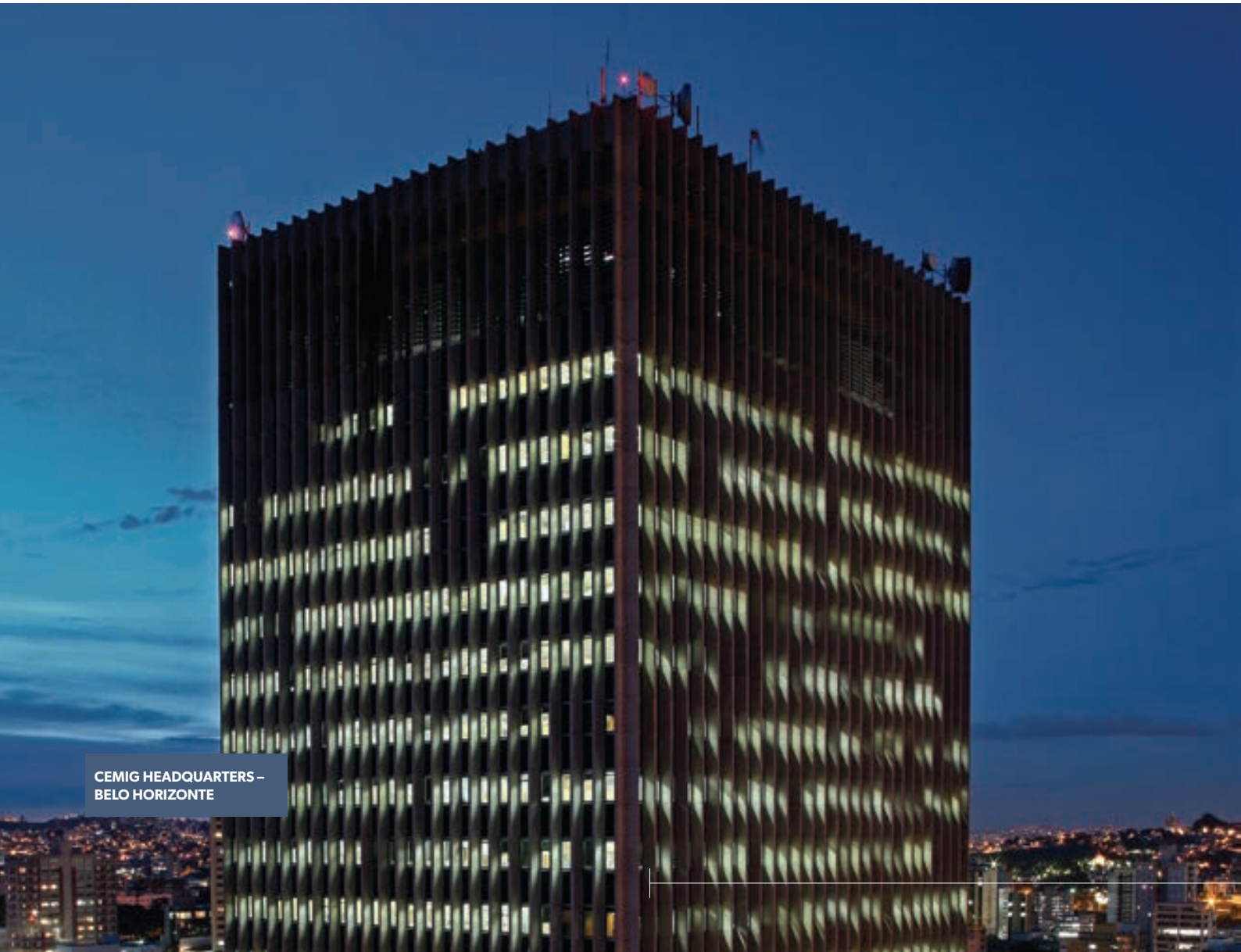
In the 2011 Annual and Sustainability Report the following commitments related to the economic dimension were defined for 2012. The chart below presents the current status of Cemig's efforts to meet these commitments:

2011 OBJECTIVE	2012 RESULT	WHERE TO FIND FURTHER INFORMATION IN THIS REPORT
Conclude the Distributor's Development Plan - PDD	Cemig made investments on the order of R$ 3.6 billion during the 2008-2012 cycle, covering the Expansion and Reinforcement of the Distribution System, Renovation of existing Assets, Quality Improvements, maintenance and Services to current and new Clients.	PDD, in the Chapter on Strategy
Make progress with the Cities of the Future Program	In 2012 the telecommunications network covering Sete Lagoas and the surrounding area was completed. The Company has initiated the replacement of energy consumption meters in the Sete Lagoas region and has developed a consumer communication and relations plan which will be integrated into the pilot project.	See Smart Grid box in the Chapter on Strategy

The main initiatives/challenges related to sustainability within the economic scope in the coming years have been defined: finish the improvement process for the new risk management model; Smart Grid - Cities of the Future - conclude the installation of smart meters and complete the Mineirão Solar and Sete Lagoas solar plants.

4.11 CORPORATE RISK MANAGEMENT

In order to ensure that corporate risks are managed as efficiently as possible and can be handled within the organization's culture, the Company seeks to align risk management with the Strategic Planning process.



CEMIG HEADQUARTERS – BELO HORIZONTE

The risk management value chain covers the following business areas: Generation, Commercialization, Transmission, Distribution and Corporate. The risks refer to events that might prevent the achievement of the objectives and the compliance with the directives established during the strategic planning process. Risks are assessed as per their financial impact and their probability of occurrence in the various businesses, thus supporting the Upper Administration in the decision-making process and the continuity of the businesses. Actions with regard to risks are undertaken in order to: by diminishing their impact and/or probability through the refinement of controls and the implementation of action plans; by transferring them by purchasing insurance policies; by accepting them (due to the effectiveness of the control environment and to the allowed level of financial exposure) or; by avoiding them.

While the structure adopted for the management of Cemig's corporate risks bears a decentralized matrix structure, the monitoring is centralized, which generates relevant sets of information with a systemic vision. This structure allows for the interaction of the Corporate Risk management process with other management components, such as the Budget Prioritization Committee, the Energy Risk Committee, Insurable Risks Committee, Financial Risk and Management and Control, in addition to compliance with the Sarbanes-Oxley Act and with Internal Audits.

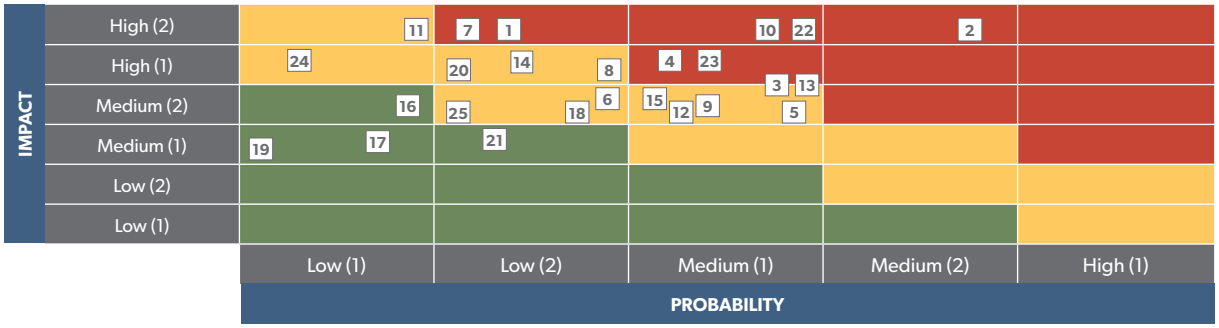
This process is supervised by the Corporate Risk Monitoring Committee – CMRC, which has the following main attributions: propose, for approval by the Executive Board, directives, policies and procedures to be adopted in the Corporate Risk Management Process, thus guaranteeing that continuous improvements to the process are made and disseminated; analyzing and proposing to the Executive Board priority actions contemplating the risks categorized as "critical" in the final exposure matrix; and submitting for approval by the Executive Board mechanisms for the undertaking of strategic monitoring of the identified corporate risks and effective actions for reducing the levels of financial exposure and of intangible impact to an acceptable level, keeping in mind the mitigating action plans, aligned with the Company's Long Term Strategic Plan.

Currently, Cemig employs a methodology to assess strategic risks characterized through a qualitative analysis, which is performed by members of the Committee. This process can be contrasted with that which characterizes the assessment of operational risks at the company, for which a system based on the ORCA (Objectives, Risks, Control and Alignment) methodology is employed for the quantification of risks and the production of reports that subsidize the administrative decision-making process in higher instances of the company.

The CMRC uses scales to classify the strategic risks in accordance with their financial impact, likelihood of occurrence and relevance to the company, with the distribution of percentage estimates between each of the points for each of the scales. These risks have been categorized as: Financial, Operational, Strategic and Regulatory, Concession Renewal, Capital Shortfalls and Environmental Contingencies.

Based on these estimates, Cemig prioritizes each strategic risk following the consolidation of the assessments.

STRATEGIC RISK FACTOR MATRIX



Note: the figures contained in the graph above refer to various identified strategic risks, the publication of which is restricted to in-company documents.

At the end of 2012, Cemig hired a consultancy to improve its risk management model and upgrade it to function with the new system, which was also acquired in 2012. The new Risk Management model and the new system will result in greater speed and improved information quality.

For further information on risks, please see the Main Impacts, Risks and Opportunities chapter.

CORPORATE CLIENTS

In 2012 the amount of energy billed by Cemig to free clients in the industrial and commercial classes totaled 20,473,177 MWh, which represents 21.6% of the free energy market. This makes Cemig the largest seller of energy to free end-user clients in Brazil.

At the end of 2012 the Company had 327 free end-user clients 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.

The Company uses a personalized service structure that features relationship agents, visits and daily contacts, all of which is permanently available.

This structure is composed of two areas: one to serve clients that purchase and sell energy in the wholesale market (generation, commercialization and distribution agents) and another to serve end-user energy consumers (industry, commerce and public and private services, among others) that purchase energy for their own business activities.

In addition, Cemig hosts, sponsors and participates in technical and sector events with the objective of learning about the needs of the market and, by doing so, anticipating the actions required to meet clients' expectations, prospect for new clients and position the company with regard to its competitors. For the Company, this is the most efficient manner of building loyalty and satisfaction among all its clients.

Cemig, in its constant search for new business opportunities in order to serve its corporate clients and betting on the diversification of its energy matrix, has signed an agreement with Energas Geração de Energia, the company responsible for the installation of a station for the collection and exploitation of biogas from the Uberlândia sanitary landfill for the purpose of generating electric energy. Through the agreement, Cemig will commercialize the totality of the energy generated over a period of four years. This enterprise has the capacity to produce approximately 5 MWh, enough energy to supply a city with a population of 60,000 inhabitants. This biogas exploitation project is the second largest in Minas Gerais and the fifth largest in Brazil in terms of its installed capacity.

Cemig is a partner in another project in Minas Gerais with the Horizonte Asja Consortium for the commercialization of energy generated from biogas from a sanitary landfill that was deactivated in 2007. Since operations began in 2010, the plant has been generating an average of 2,800 MWh/month. As stipulated in the contract, between 2011 and 2014 Cemig will receive annually an average of 4.9 MW.

CORPORATE CLIENT RELATIONSHIP CHANNELS

As a means of assessing end consumers' knowledge and utilization of and preferences regarding relationship channels, Cemig conducted a survey through the Innovare company. According to the results of the survey, commercial relationship agents continue to be the main channel, since they continue to render personalized, daily services to end consumers (who represent the largest billing segment) and are, among other attributions, responsible for the constant monitoring of all client requests and needs, with the goal of serving them more quickly and guaranteeing that their expectations are met.

The table below presents the main relationship channels per segment and client type, as well as the means of communication used.

SEGMENT	RELATIONSHIP CHANNEL	MANNER OF COMMUNICATION WITH CLIENTS
End consumers (Transformation industries, Base Industries, Agribusiness, Electro-intensive sectors, Special Clients)	Relationship agents (telephone, e-mail and meetings)	Through own channel
	Corporate events	Agents, website and informative publications
	Cemig website	Agents and informative publications
	Informative publications	Through own channel and agents
	Training programs	Agents
Wholesale (Distributors, Generators and Sellers)	Contact via telephone, e-mail, newspapers, specialized websites, the Cemig Portal, Business visits, participation in market agent associations, such as: ABRACEEL, institutions and Government bodies.	Through commercialization agents.

EU7 DEMAND SIDE MANAGEMENT

Meeting the demand for electric energy from Cemig's various classes of clients requires the utilization of a large quantity of resources. The electrical generation, transmission and distribution systems must be dimensioned in such a manner that allows them to serve this set of consumers, even at times of higher energy consumption (peak hours). The occurrence of large variations between the volume of energy consumed at peak hours and that at other times may result in a loss of efficiency, since the Company's infrastructure runs the risk of being under-utilized at certain times. With the goal of minimizing these peaks and, consequently, instances in which its infrastructure is under-utilized 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 the 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 2012.

	WINTER	SUMMER
Cemig's maximum demand (MWh/h)	8,234	7,575
Total reduced (MWh/h)	512	512
Demand reduced / Maximum demand (%)	6.22	6.76

MANAGEMENT SYSTEMS

From among the various existing management support models, Cemig has opted to utilize the models based on the 9000 and 14000 Series ISO norms, on OHSAS 18001 and on the model of excellence in management from FNQ - *Fundação Nacional da Qualidade* (the National Quality Foundation). This methodology contributes towards a solidification of the Group's processes based on continuously audited management practices both by own people and by third parties. These processes are certified by independent third-party organizations with international credibility. By doing so, Cemig seeks to ensure that, throughout the entire Organization, processes are executed in accordance with pre-defined standards and are wholly traceable.

EU21 The management systems strengthen measures employed to analyze risks, provide emergency services, communicate with and assess suppliers. Training and capacity building programs that comply with the Company's performance standards (e.g. ISO 14001 and OHSAS 18001) are offered for employees, contracted parties and subcontractors.

In 2012 Cemig GT won the *Troféu de Premiada* award presented by FNQ, which is considered one of the highest honors that can be achieved. The award is presented to organizations that demonstrate compliance with excellence criteria that are both broad and persistent throughout the organization's management processes. This is the highest award in Brazil for quality management and is on par with the most respected international awards.

Quality Management System

The requirements established in NBR ISO 9001:2008 are structured in such a manner that an organization, when implementing them, is guaranteed that processes and activities will be of high quality and executed under controlled conditions. Cemig meets all these quality requirements, considering that the majority of the Company's processes and facilities, including all the large

CEMIG ELECTRICIAN

power plants, representing 90% of its installed capacity, all substations and lines over 230 kV, the operational and administrative areas, as well as the energy distribution and commercialization processes and support areas are certified. In 2012, many of these areas were recertified for the 3rd consecutive cycle, thus demonstrating Cemig's commitment to quality and improvement and allowing for their effective management in alignment with the business's macro-processes.

Health and Safety Management System

PR1

The requirements specified in OHSAS 18001:2007 are entirely aimed at management related to the health and safety of workers.

All the processes and activities undertaken at Cemig's large power plants, representing 90% of its installed generation capacity, are certified as being in conformity with the requirements above. In addition, 100% of the Company's substations and transmission lines with a voltage above 230 kV, along with the management offices responsible for: Asset Security, Corporate Education and Knowledge Management, Material and Supplier Quality, Dam Safety and Civil Maintenance Planning are certified in accordance with the OHSAS 18001:2007 requirements. It is important to note the certification in the Executive Energy Distribution and Commercialization Office of the management offices responsible for: Distribution Services Execution and Management; Executive Office's Infrastructure Activities Management, Network Maintenance and Management, Line and Substation Assets, Project Development, Billing, Arrears and Commercial Losses, Relationship Centers and Agencies.

An important factor with regard to Health and Safety Management is the existence of standardized corporate procedures that must be followed by the entire workforce. Further information on these can be found under item "HS&WB" in the Social Dimension chapter.

Environmental Management System

For further information on the Environmental Management System, see item "Environmental Management" in the Environmental Dimension chapter of this report.

Energy Quality

EU28 EU6 EU29 EU21

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

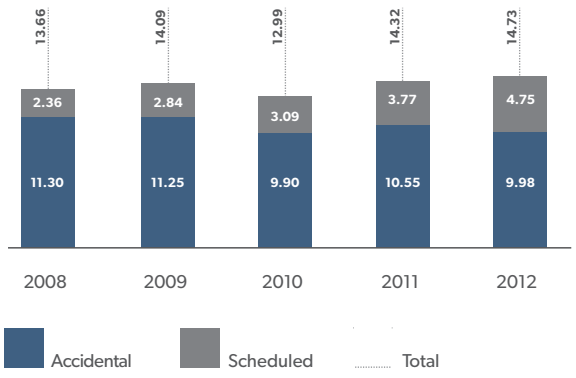
The continuity indicators used are the DEC (Equivalent Duration of Interruption per Consumer Unit) and FEC (Equivalent Frequency of Interruption per Consumer Unit).

The DEC indicator calculated for 2012 was 14.73 hours, which is above the target limit established by Aneel (12.49). This was due to the large number of construction and maintenance projects described under item "PDD – Distributor's Development Program" (Economic Dimension). Aneel only publishes the total DEC figure, though this indicator has two sub-components: accidental DEC and scheduled DEC. Of the 14.73 hours calculated for the DEC, 9.98 hours refer to accidental interruptions and 4.75 hours refer to scheduled interruptions, which are undertaken to improve client service. It is worth noting that the Accidental DEC fell by 5.4% in relation to 2011.

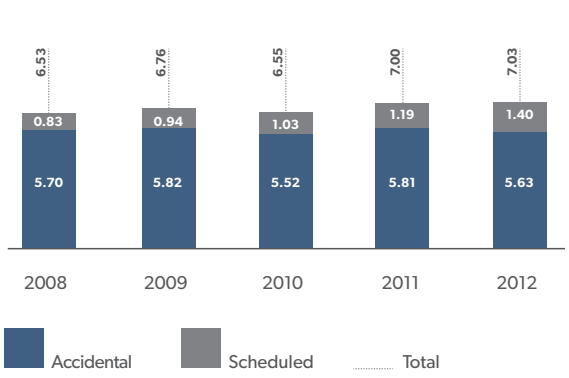
The FEC indicator was calculated at 7.03 interruptions, 20.3% below the target established by Aneel (8.89). Among these interruptions, 5.63 were accidental and 1.40 were scheduled. The accidental FEC fell by 3.1% in relation to the figure calculated in 2011, which was 5.81.

The graphs below display the DEC and FEC indicators for the last 5 years as well as the respective Accidental and Scheduled components.

DEC



FEC



PR9 Cemig was notified of infractions 3 times by Aneel in 2012, generating fines that totaled R$ 5,379,361.01. Cemig exercises control over this using annual goals for the reduction in fines received by means of specific internal controls and processes that have a direct bearing 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* (Central Bank of Brazil Overnight Rate). In that same year, the Company effectively paid 4 fines in the amount of R$ 5,437,210.15 related to 2 infractions in 2011 and another 2 in 2012. The total amount of these fines was initially R$ 16,766,758.73, which translates into a reduction of 67.6%. This means that the Company surpassed its established goal for Regulatory Fine Reduction Index, which had been set at 57%.

Historically, the size of the reduction has been: 27.4% in 2007, 60.8% in 2008, 41.8% in 2009, 46% in 2010, 21.7% in 2011 and 67.6% in 2012.

SO8 In addition to regulatory fines, the Company paid tax-related fines of R$ 7,651,632.78.

Sector Regulation MP # 579

Cemig has as one of its most valuable intangible assets the exploration concessions in the areas of generation, transmission and distribution of electricity. The terms

of the concession agreements vary according to the date of grant.

On the 11th of September, 2012, the Federal Government issued Provisory Measure – MP 579, which deals with electric energy generation, transmission and distribution concessions, reductions in sector charges and the tariff modality and other issues.

Through this Provisory Measure, the Government intends to conclude discussions regarding the possibility of extending the electric energy concessions dealt with in articles 17, §5, 19 and 22 of Law No. 9074 of July 07/1995, the validity periods of which begin to expire in 2015, in accordance with the conditions established in the referred-to Law and in the respective Concession Contracts, or decide whether a new bidding process should be held.

Thus, the Provisory Measure, in dealing with the extension of electric energy distribution, transmission and generation concessions, as described above, imposes new extension conditions on the concession holders (utility companies), allowing for an extension of 30 years, with the early expiration of these concessions and the signing of Additional Terms of the respective Concession Contracts with the new conditions being established by the Granting Power.

With regard to the renewal of the concessions in conformity with the terms of the Provisory Measure, the Company's Board of Directors has made the following decisions:

Electric Energy Distribution

The Company has requested the renewal of the distribution concession contracts held by Cemig D. The expiry date for Cemig D's distribution concessions that will be the object of the renewal for a further 30 years is February of 2016.

Electric Energy Transmission

The Company has requested the renewal of its concession contract. The main effect of this renewal is that the Company will begin to earn expected annual revenues for the operation and maintenance of transmission lines of R$ 148.5 million in 2013, in comparison with annual revenues of R$ 485.2 million that would have been earned in 2013 based on the criteria in the previous concession contract, which included remuneration for operation and maintenance and remuneration for investments not yet amortized by the Company. The figures above are net of taxes.

As a result of the renewal of these concessions, the Company recorded a gain of R$ 192 million in 2012 related to the difference between the accounting value of the assets to be indemnified and the amount expected to be received from the Federal Government.

DOWNTOWN BELO HORIZONTE

Electric Energy Generation

The Company has opted to not renew the 18 electric energy concessions that have already been renewed once by the Granting Power and, as a result, will continue to earn revenues from these assets in accordance with the criteria established in the concession contracts.

With regard to the concessions for the Jaguara, São Simão and Miranda plants, the concessions for which will expire in August/2013, January/2015 and December/2016, respectively, the Company understands that it has the right to an extension of the concessions under the conditions that existed prior to the Provisory Measure, in accordance with the clauses established in the concession contracts and in article 19 of Law No. 9074/1995.

The decisions made by Cemig with regard to the Provisory Measure, mentioned above, reflect the Company's commitment with its shareholders, employees and other stakeholders to maintain the sustainability and growth of the company.

Further details are available in explanatory note No. 4 in the consolidated financial statements.

Market Evolution

EU3

Cemig's market, commented on below, encompasses the commercialization of energy by Cemig Distribuição, Cemig Geração e Transmissão (Cemig GT, Cachoeirão, Pipoca, Baguari Energia and Praias do Parajuru, Praia do Morgado and Volta do Rio Wind Farms - consolidated in proportion to the stakes held by Cemig GT) and Controlled and Affiliated companies (Horizontes, Ipatinga, Sá Carvalho, Barreiro, Cemig PCH, Rosal and Capim Branco) – Light not included.

This market corresponds to energy sold to both captive and free clients within the concession area in Minas Gerais and outside the State, to the commercialization of energy to other agents in the electric sector in the Regulated Procurement Environment - ACR and the Free Procurement Environment – ACL, and to the sales made through PROINFA – Alternative Electric Energy Source Incentive Program and in the CCEE – Electric Energy Commercialization Chamber, not including the existing transactions between the companies in the Cemig corporation.

Cemig's market is detailed in the table presented below, with a list of the transactions conducted in 2012 compared with 2011.

DESCRIPTION	CEMIG'S MARKET (GWh)[1]						
	2008	2009	2010	2011	2012	PART. % 2012	2012 / 11 △%
FINAL CONSUMERS	43,040	39,716	42,873	45,283	46,216	73.0%	2.1%
Residential	7,234	7,774	8,134	8,548	8,871	14.0%	3.8%
Industrial	26,225	22,173	24,442	25,580	25,473	40.2%	-0.4%
Commercial and Services	4,436	4,679	4,862	5,340	5,723	9.0%	7.2%
Rural	2,299	2,208	2,455	2,633	2,857	4.5%	8.5%
Government	702	718	762	802	831	1.3%	3.6%
Public Lighting	1,036	1,058	1,068	1,195	1,242	2.0%	3.9%
Public Services	1,073	1,071	1,114	1,150	1,186	1.9%	3.1%
Own Consumption	35	35	36	35	34	0.1%	-2.3%
WHOLESALE SALES[2]	**11,163**	**14,039**	**14,260**	**14,393**	**13,368**	**21.1%**	**-7.1%**
ACR	7,651	11,498	10,144	10,151	10,329	16.3%	1.8%
ACL	3,512	2,541	4,116	4,242	3,039	4.8%	-28.3%
PROINFA	0	20	85	121	127	0.2%	5.0%
Sales in CCEE[3]	1,221	2,329	4,440	4,605	3,639	5.7%	-21.0%
Total – Energy Sold	55,424	56,104	61,658	64,402	63,350	100.0%	-1.6%
Energy transported	17,411	15,081	19,274	20,350	19,933	-	-2.0%

[1] Includes markets of Cemig D, Cemig GT Consolidated (Cemig GT, Cachoeirão 49%, Wind Farms 49%, Pipoca 49% and Baguari Energia 69.39%) and Cemig Subsidiaries/affiliates (Horizontes, Ipatinga, Sá Carvalho, Barreiro, Cemig PCH, Rosal and Capim Branco) – Does not include Light S/A.

[2] Not included: CCEAR contracts between Cemig GT and Cemig D and sales of Capim Branco affiliated to Cemig D. Also not includes contract between SHP Pipoca and Cemig GT.

[3] Balance of the monthly purchases and sales. Amount may be adjusted along 2013.

The energy commercialized by Cemig in 2012 totaled 63,350 GWh, representing a decrease of 1.6% in relation to 2011.

Energy sales to end consumers totaled 46,216 GWh, representing an increase of 2.1%, due to the expansion of the internal and external market, despite the deceleration of economic activity in Brazil and the deterioration of the global economic situation in 2012.

In December of 2012 approximately 7.5 million clients were billed, representing an increase of 2.7% in relation to December of 2011.

The performance of the main electric energy consumer classes is described below:

NUMBER OF CEMIG CONSUMERS - CONSOLIDATED				
DISCRIMINATION	December 2011	December 2012		△% 2012/ 11
	Number of Consumers	Number of Consumers	%	
Residential	5,862,612	6,032,910	80.1	2.9%
Industrial	77,230	77,455	1.0	0.3%
Captive	77,002	77,170	1.0	0.2%
Free	228	285	0.0	25.0%
Commercial	670,102	690,692	9.2	3.1%
Captive	670,067	690,627	9.2	3.1%
Free	35	65	0.0	85.7%
Rural	653,657	660,138	8.8	1.0%
Other Classes	72,683	73,929	1.0	1.7%
1) Sales to final consumers	7,336,284	7,535,124	100.0	2.7%
CCEAR - ACR	35	36	0.0	2.9%
Free and Bilateral contracts	24	20	0.0	-16.7%
2) Wholesale Sales	59	56	0.0	-5.1%
Total of Consumers	7,336,343	7,535,180	100.0	2.7%

Residential

Residential consumption, which totaled 8,871 GWh in 2012, represented 14.0% of the energy commercialized by Cemig and saw growth of 3.8% in relation to 2011.

The increase in consumption in this class is associated with the connection of new consumer units and increased consumption of goods and services by families in function of the favorable conditions that resulted from policies to stimulate consumption.

In 2012 6.033 million consumers were served by Cemig, representing an increase of 2.9% over 2011. The average monthly consumption per residential unit was 124.2 kWh, 1.8% higher than in the previous year (122.0 KWh/month).

Industrial

The energy consumed by captive and free clients in the concession area within and outside of Minas Gerais represented 40.2% of the energy commercialized by Cemig and totaled 25,472,685 MWh in 2012 - a reduction of 0.4% in comparison with 2011.

The behavior of this consumer class in 2012 is associated with the following factors: (I) fluctuations in the volume of goods produced over the course of the year; (II) lower demand for Brazilian products in the international market: (III) and increase in the availability of imported products in the domestic market; and (IV) a reduction in investment in the sector.

Energy consumption in the Mineral Extraction industry, which is responsible for 11.6% of all energy consumed by the industrial class, rose by 13.0% in 2012 in relation to 2011. In the transformation industries six sectors that account for 66.7% of the industrial class presented different behavior: (I) a reduction in consumption in the steel industry (-4.2%), Ferrous Alloys (-5.1%), Chemicals (-4.9%) and Transport Materials (-7.9%) and (II) growth

in consumption in the Food (4.4%) and Cement/ Clinker (14.8%) industries.

Commercial

The energy consumed by captive and free clients represents 9.0% of the energy commercialized by Cemig and totaled 5,723 GWh in 2012, representing an increase of 7.2% in relation to 2011.

The behavior of this class is associated: (I) with an increase in consumption by families as a result of an increase in household earnings, a strong labor market and the availability of credit; and (II) with an increase in the level of activity in various different economic sectors.

Rural

Consumption in this class reached 2,857 GWh, representing 4.5% of the energy commercialized by Cemig (growth of 8.5% in 2012), and is related to the connection of new rural properties and an increase in the demand for energy for irrigation in function of the atypical weather conditions over the course of 2012.

Other Classes

The other classes - Government, Public Lighting, Public Service and Own Consumption are responsible for the consumption of 5.3% of the energy commercialized by Cemig. Together they consumed 3,293 MWh, which translates into a growth of 3.5% in 2012.

Energy sales to other electric sector agents in the Regulated Procurement Environment - ACR and the Free Procurement Environment – ACL (commercialization and generation companies) totaled 13,368 GWh in 2012, representing a fall of 7.1% in relation to 2011. This is due to (I) growth of 1.8% in the ACR, particularly because of the entrance into force of the new energy contract in 2012 and (II) a decrease of 28.3% in energy sales in the ACL.

The decrease in sales to other agents in the ACL is the result of Cemig GT's energy commercialization strategy, which places a priority on serving end users (free consumers and energy consumers benefitting from incentives) and participation in

SOLAR PROJECT AT THE JOÃO XXIII HOSPITAL – BELO HORIZONTE

the ACR and ACL on the condition that there is sufficient energy backup, it adds value and the risks are minimized.

Sales in the CCEE - Electric Energy Commercialization Chamber fell by 21.0%, mainly in function of the lower availability of secondary energy in 2012 in comparison with 2011.

Sales in PROINFA – Alternative Electric Energy Source Incentive Program rose by 5.0% and this is due to the significant increase in the amount of wind over both the quantity recorded in 2011 and the project values.

Electric Energy Balance

EU12

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

The resources utilized in 2012 totaled 83,912 GWh, representing an increase of 2.9% over the quantity of resources utilized during the same period in the previous year (81,523 GWh).

The parcel of energy produced in 2012 was 38,125 GWh, which constitutes a rise of 12.8% in relation to 2011. The parcel of energy purchased totaled 45,787 GWh, representing a reduction of 4.1%.

Cemig commercialized 77,595 GWh of energy - 2.4% more than was commercialized in 2011 and, of this total, 61.4% (47,682 GWh) were sold to final, captive and free consumers.

The energy supplied by Cemig Distribuição to captive consumers was 24,634 GWh, representing growth of 1.5% in 2012, while the energy commercialized by Cemig Geração e Transmissão in the free market totaled 23,048 GWh, a decrease of 3.7%.

In the Regulated Procurement Environment - ACR, Cemig Geração e Transmissão supplied 11,445 GWh to distributors, which translates into a rise of 8.4% in relation to the previous year, due in large part to the entrance into force of the new energy contract in 2012.

In the electric energy balance in 2012 total losses in the distribution network added up to 5,899 GWh and 418 GWh in the basic network, for a total of 6,317 GWh. These figures are, respectively, 12.0% above and 5.9% below the losses incurred in 2011.

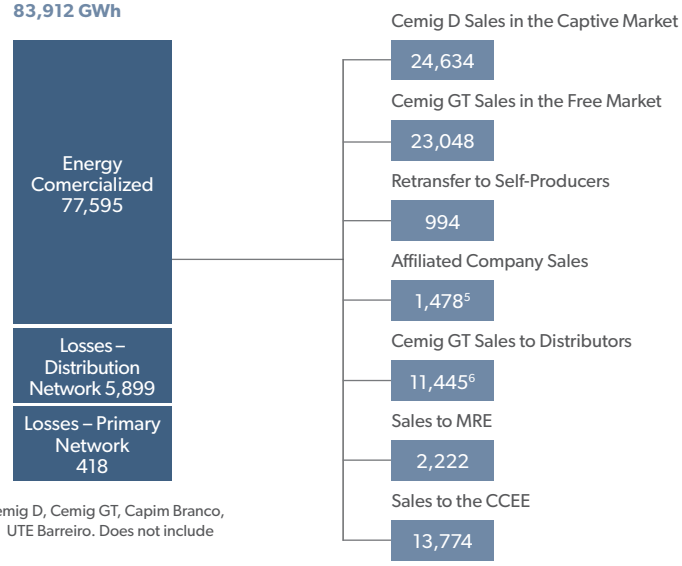
ELECTRIC ENERGY BALANCE

JANUARY TO DECEMBER 2012 – CONSOLIDATED CEMIG

TOTAL RESOURCES
83,912 GWh

Energy Produced	**38,125**
Own Generation	36,117
Self-Produced Energy	1,100
Affil. Comp. Energy	1,643
Generation Losses RB	(735)
Energy Purchased	**45,787**
Itaipu	8,422
Regulated Contracts[1]	18,733
MRE Purchases[2]	655
CCEE Purchases	10,953
Bilateral Contracts	5,862
Received in the Distribution Network[3]	341
PROINFA[4]	667
Cogeneration	154

TOTAL REQUIREMENTS
83,912 GWh



Includes the energy balances of the following companies: Cemig D, Cemig GT, Capim Branco, Cemig PCH, Horizontes, Cachoeirão, Rosal, Sá Carvalho and UTE Barreiro. Does not include transactions between companies.

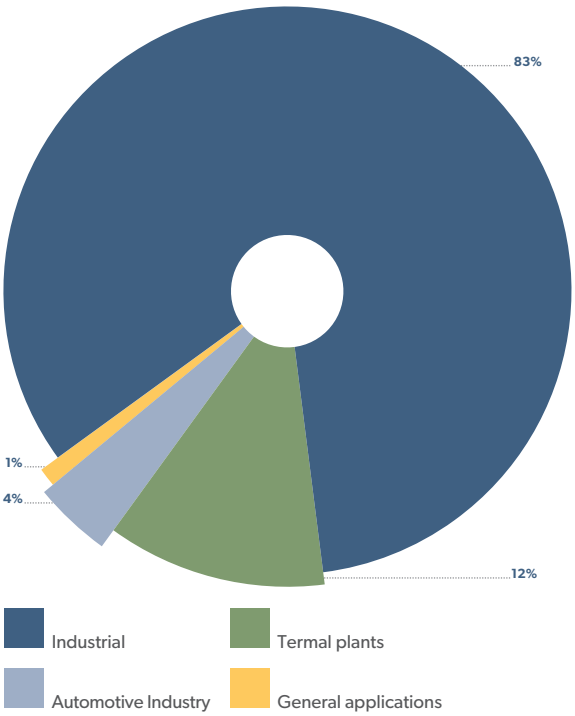
[1] Energy commercialization Contracts in the Regulated Environment and Adjustment Auctions
[2] Energy Reallocation Mechanism
[3] Generation injected directly into the Distribution Network
[4] Alternative Energy Source Incentive Program
[5] Bilateral Contracts – Sá Carvalho, Horizontes, Pai Joaquim, Rosal, Barreiro, Cachoeirão and Ipatinga Thermal Plants
[6] Cemig Gt Sales in the Regulated Procurement Environment - ACR

Natural Gas Commercialization

In 2012, a total of 1.323 billion m^3 were commercialized, compared with 1.065 billion in 2011. The graph below shows the natural gas sales per segment:

COMMERCIALIZATION OF NATURAL GAS PER SEGMENT

(%)



Loss Management

EU12

One of Cemig's strategic objectives is loss control and it has a structured area in place dedicated to that specific purpose, the Distribution Loss and Control Management Office. The Total Distribution Loss Index (IPTD) was implemented to measure this objective with multiannual goals validated annually and followed up monthly by the Executive Board's Panel. The target for the aforementioned indicator is lower than regulatory indices (12.07%), and by the end of 2015 it is 10.6%, and thus closer to values for North America (9.38%) than for South America (17.23%), according to World Bank data from 2000.

Cemig has had good results in controlling total distribution losses, which consist of technical and non-technical losses. Results for 2012 for total energy injected into the system were 9.03% and 2.08%, respectively, against targets of 9.20% and 2.87% set by Aneel using a benchmark model.

Also in regard to non-technical distribution losses, Aneel follows and establishes targets for the low voltage market. The result for non-technical losses in 2012 was 6.45% against a target of 9.05% (29% below the limit set by the Regulatory Agency).

Technical Losses

Technical losses in the distribution system are part and parcel of conveying energy through equipment and along transmission and distribution lines. Among other factors they are affected by power plant dispatch conditions, by the extent to which works to upgrade the electrical system have been accomplished, by consumer market behavior and performance of specific reduction actions.

Among the actions carried out in 2012 to control and minimize technical losses, the following stand out:

- R$ 131 million in investment on upgrading the medium/low voltage electrical system, and R$ 364 million on expanding and upgrading the sub-transmission system – high voltage (69 kV to 230 kV).
- 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.
- Installation of 362 fixed capacitor banks in the medium voltage electrical system.

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, with installation of fixed automatic capacitors planned for the years ahead.

Non-Technical Losses

In 2012 R$ 13.03 million were spent on programs aiming to reduce non-technical losses, meaning inspection of 97,067 consumer units having suspected irregularities, with gains of R$ 138 million

(approximately 196 GWh), considering potential revenue from back payments for energy charged for and added energy after regularization.

Among actions taken and the results for 2012, the following are of note:

- A high target hit rate for inspections: 34%.
- A 35% rise in energy/inspection increase: from 0.76 in 2011 to 1.17 in 2012, confirming the efficacy of the process.
- 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).
- Enforcement of 56,622 irregular-consumption revenue recovery actions.
- Regularization of 15,965 public lighting points alight during daytime with a loss reduction of 10.3 GWh (equivalent to R$ 1.07 million).
- Regularization of 2,120 illegal connections representing a loss reduction of 5.1 GWh or R$ 2.06 million.
- 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 inform in order to raise awareness among citizens of the damage caused by Losses.

Light, a distribution company located in Rio de Janeiro, that Cemig holds an ownership share in, intensified its conventional actions for combating losses (disconnections, reporting to credit protection services, administrative billing) and installed 317,000 electronic meters while shielding the grid at the same time.

In 2012 the company launched a major loss combat feature, the "Light Legal" Program, a new form of customer relationship.

The project is applied in areas with approximately 10 thousand customers with high loss rates and in arrears. Exclusively dedicated teams of technicians and commercial relationship agents with a locally fixed structure have higher than market standard pay and an aggressive variable part, to deal with Light's field inspection and ensure greater commitment to results and increased productivity in the loss fighting process.

Relationship agents first pay customers a prior visit after the debt has been outstanding for 10 days. At this point the customer is offered an installment payment plan and negotiation starts with an explanation of the rights and duties of each one and tips for using electricity efficiently.

This working model enables the result to be long-lasting as the team is always present at the sites. In 2012 the project was implemented in 13 areas and, even with high temperatures, losses in these areas dropped by about 3.3%. Light worked together with 13 partners on 180 thousand customers.

For further information on Light, access *www.light.com.br*

TRANSMISSION LINES – IRAPÉ

TARIFFS

Cemig Distribuição (Cemig D)

Because it works in a regulated market, Cemig's tariffs are regulated and inspected by Aneel. Besides setting tariffs, Aneel also determines the cost associated to each type of consumer, which is used to calculate the different tariffs among the various consumption voltages.

Revenue to be collected by tariff values takes two types of costs into account: manageable and non-manageable costs. Manageable costs mean the operating costs of distribution, remuneration and return on invested capital. Non-manageable costs are those that the distributor only passes on to the other agents in the industry such as energy purchase, transport (transmission) and industry charges and taxes.

Ordinary Tariff Review

This happens every five years when the utility's economic and financial balance is verified.

In this process, manageable costs are recalculated in compliance with the methodology determined by the regulator. Since the concession contract was signed, Cemig Distribuição S.A. has gone through two reviews with the next one forecast for 2013.

The rules and procedures for calculating the Tariff Review are available in Module 2 of the Procedures for Tariff Regulation – PRORET available on Aneel's site (*http://www.aneel.gov.br/area.cfm?idArea=702&idPerfil=2*). Cemig D is working with Aneel to calculate the company's Third Ordinary Tariff Review which will impact tariffs starting on April 8th, 2013.

Tariff reviews promoted by Aneel are preceded by public hearings, where society, industry players and other stakeholders perform their contributions.

Extraordinary Tariff Review

The determinations of Provisory Measure No. 579 imply reduction in electrical energy transmission and generation costs in the nationwide interconnected system.

The new tariffs that contemplate the effects of the extraordinary tariff revision have been homologated and have been in force since the 24th of January, 2013 for all distribution concession holders in the country. In the case of Cemig D, tariffs were reduced by 18.14% and shall be in force until the 7th of April, 2013, when the ordinary tariff revision, scheduled to occur every 5 years as per the concession contract, will take place.

There is no specific frequency for this kind of review, its particular role being to restore serious economic and financial imbalance at any time, as occurred when there was power rationing in 2001.

Provisory Measure 579 of September 11, 2012, articles 21 and 24, established that electrical energy distribution utilities are no longer obliged to pay the "Global Reversion Reserve" tax or the prorated Fuel Consumption Account (CCC) to generate electrical energy at isolated systems. Additionally, there will be a 75% reduction for the Energy Development Account.

Annual Tariff Adjustment

This happens every year in April except in the year when there is a tariff review. The object of this process is to fully pass on non-manageable costs and monetarily restate manageable costs, which were established in the tariff review. The non-manageable cost adjustment index is the IGP-M, but against this index the X factor for productivity catch-up is deducted, following the logic of the price-cap regulatory model.

In April 2012, a 3.88% adjustment was authorized for residential consumers and for the remaining medium and high voltage consumers the average adjustment was 3.79%. On the whole, the average impact for all consumer classes was 3.85%.

The main factors positively impacting this year's adjustment were the IGP-M of 3.23%, an 11.7% increase in transmission expenses and 8.3% in purchased energy. Inversely, industry charges fell 14.3%, mainly due to the Fuel Consumption Account (CCC), a subsidy for thermal generation in isolated systems located in Northern Brazil, which fell by half. As determined by the Federal Constitution, Cemig is required to charge taxes directly to the consumer's bill and pass them on to the competent authorities. The PIS/PASEP and COFINS taxes are examples of contributions charged directly to the bill and are intended for the upkeep of social programs, as well as worker-focused programs, held by the federal government.

ICMS, a state tax, is charged directly to the consumer's bill and fully passed on to the state government. In the case of Minas Gerais, the roughly 2.8 million residential consumers using less than 90 kWh a month are exempt from this tax.

Another charge is the Contribution to Fund the Public Lighting Service (CIP), as determined by the municipal government. Cemig only collects this public lighting tax and passes it on to the municipality. Payment of this tax by the consumer is for the municipal city halls to take responsibility for designing, implementing, expanding, operating and maintaining public lighting facilities.

Cemig Geração e Transmissão (Cemig GT)

Revenue from Cemig's transmission activities consists of the sum of the revenues from all its transmission assets. The Concession Contracts establish the Allowed Annual Revenue (RAP) for the system's assets, which thus determines the initial revenue responsible for the utility's economic and financial balance. From then on, all the upgrades and adjustments implemented by means of Aneel's specific authorization constitute a new portion of the RAP.

Because it works in a regulated market, the revenue from Cemig GT's transmission assets is established by Aneel, and updated through periodical reviews or annual adjustments. Similar to what occurs with the distribution business, the company works with the

Regulatory Agency in the search for recognition of the transmission company's costs in both the review and adjustment processes and in the ratification processes of the RAPs regarding new assets.

In July 2012, Aneel ratified the existing RAPs for the 2012/2013 period, keeping in mind that the regulation period for transmission companies begins in July of each year and goes on to June the following year. Published revenues are the result of readjustments in function of the IGPM, added revenue from new works and the adjustment portion for the previous period. The total variation of the RAP was 6.8%, meaning an Annual Revenue of R$ 485 million for the aforementioned cycle.

Since the concession contract was signed, the transmitting company has undergone two tariff reviews. The next review was expected for July 2013. However, as a result of the concessions being brought forward, as determined by Provisory Measure 579/2012 (Law 12783), the companies who adhered to the renewal, as is the case of Cemig GT, will only have a new tariff review in 2018. This is because the rules implicit in the concession renewal established new RAPs to come into effect as early as January 1, 2013.

For further information on RAP and to learn about Law 12.783 in full, access the following link: *http://www.planalto.gov.br/ccivil_03/_ato2011-2014/2013/Lei/L12783.htm*

ANALYSIS OF RESULTS AND THEIR DISTRIBUTION

Profit for the Year

In the 2012 fiscal year Cemig recorded earnings of R$ 4.272 billion in comparison with earnings of R$ 2.415 billion in the 2011 fiscal year, representing an increase of 76.89%.

This rise in the Company's earnings was driven mainly by revenue growth.

Operational Revenues

A breakdown of operational revenues is as follows:

R$ MILLION	2011	2012	VARIATION %
Gross Electricity Supply	16,568	18,614	12.35
Revenue from Use of Electricity Distribution Systems – TUSD	1,978	2,215	11.98
Transmission Revenue			
Transmission Concession Revenues	1,407	1,675	19.05
Transmission Construction Revenues	120	160	33.33
Transmission Indemnity Revenues	-	192	-
Revenue from Distribution Construction	1,413	1,446	2.34
Natural Gas Construction Revenues	7	25	257.14
Energy transactions in CCEE	269	427	58.74
Other Operating Income	984	1,324	34.55
Taxes and Charges on Revenue	-6,997	-7,618	8.88
Net Operating Revenue	15,749	18,460	17.21

Gross Supply of Electric Energy

Revenues from the Gross Supply of Electric Energy were R$ 18.614 billion in 2012, compared with R$ 16.568 billion in 2011, which represents an increase of 12.35%.

Final Consumers

Revenues from Energy Sold to Final Consumers, excluding own consumption, were R$ 16.671 billion in 2012, compared with R$ 14.955 billion in 2011, an increase of 11.47%.

The main items that affected these results are listed below:

- A 4.49% increase in the volume of energy billed to final consumers (excluding own consumption).
- Tariff adjustments at Cemig D, with an average impact on tariffs for captive consumers of 7.24%, beginning on April 8th of 2011 (whole effect felt in 2012).
- Tariff adjustments at Light, with an average impact on tariffs for consumers of 7.82%, beginning on November 7th of 2011 (whole effect felt in 2012).
- Tariff adjustments at Cemig D, with an average impact on tariffs for consumers of 3.85%, beginning on April 8th of 2012.

ESTAÇÃO SQUARE – BELO HORIZONTE

- Adjustments to energy sales contracts with free consumers, indexed, in their majority, to fluctuations in the IGP-M (General Market Price Index – the most widely used inflation index in Brazil).

Revenues from Supply

Sales of energy to other electric sector agents fell by 4.08%. This decrease in sales to other electric sector agents was the result of the Company's energy commercialization strategy, which places a priority on serving clients that are end users (free consumers and energy consumers that benefit from incentives) and participation in supply markets based on the existence of available energy, the addition of value and the minimization of risks.

Despite the fact that energy sales to other utility companies fell by 4.08%, there was a 20.67% increase in energy sale revenues to R$ 1.903 billion in 2012, compared with R$ 1.577 billion in 2011, in function of a 25.80% increase in the average prices of the energy sold - R$ 137.23/MWh in 2012, compared with R$ 109.08/MWh in 2011.

Revenues from the Use of Electricity Distribution Systems

Cemig D and Light's Revenues from the Use of Electricity Distribution Systems were R$ 2.215 billion in 2012, compared with R$ 1.978 billion in 2011, representing an increase of 11.98%. These revenues resulted from charges levied on free consumers over energy sold by other electric Sector Agents and the increase recorded was due to an increase in the transport of energy to free consumers, mainly as a result of the migration of captive clients to the free market.

Revenues from Transmission Concessions and from Indemnities

Revenues from Transmission Concessions were R$ 1.675 billion in 2012, compared with R$ 1.407 billion in 2011, representing an increase of 19.05%. This change is mainly the result of an increase in the Company's transmission assets in function of the new acquisitions made in the second half of 2011, mainly from Abengoa, acquired through our jointly controlled company Taesa. The revenues contributed by Taesa, proportional to our equity stake, were R$ 696 million

in 2012, compared with R$ 564 million in 2011. In 2012 the Company registered an estimated gain, in function of the indemnity of transmission assets that fell within the criteria of Provisory Measure 579, of R$ 192 million. Futher details may be found in explanatory note No. 4.

Other Operational Revenues

The Company's other operational revenues were as follows:

OTHER REVENUES		
R$ million	2011	2012
Natural Gas Supply	579	755
Taxed Services	14	18
Telecommunication Service	158	162
Service Provision	98	117
Subventions	56	176
Rents and leases	77	86
Others	2	10
Total	984	1,324

Taxes and Charges Levied on Revenues

Taxes levied on operational revenues were R$ 7.618 billion in 2012, compared with R$ 6.997 billion in 2011, representing an increase of 8.88%. The main fluctuations in deductions from Revenues occurred in the Fuel Consumption Bill (CCC) and the Energy Development Bill (CDE). The other deductions from revenues refer to taxes calculated based on a percentage of the amounts invoiced, changes in which resulted mainly from changes in Revenues. A breakdown of the taxes and charges levied on revenues can be seen in Explanatory Note No. 24 of the consolidated Financial Statements.

Operational Costs and Expenses

Operational Costs and Expenses, excluding the Financial Result, were R$ 14.639 billion in 2012, compared with R$ 11.445 billion in 2011, an increase of 27.91%. The main expenses and costs can be found in the Report of Management and in Explanatory Note No. 25 of the Consolidated Financial Statements.

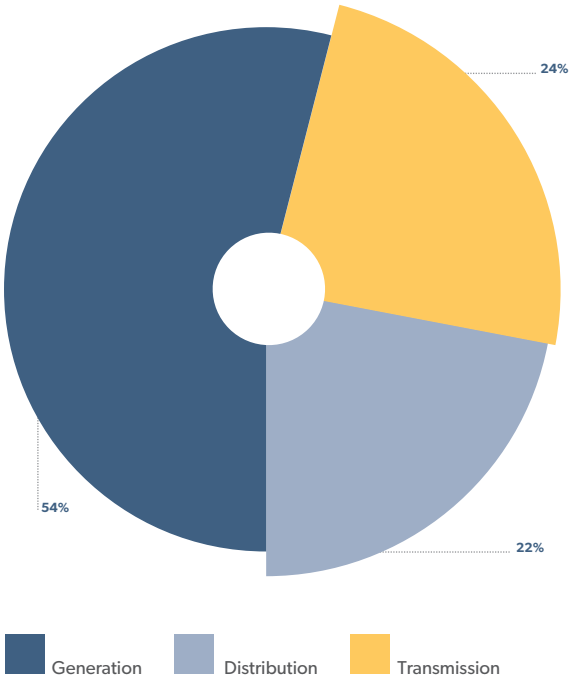
EBITDA

The reduction in Ebitda[8] in 2012 compared with the same period in 2011 was due basically to an increase in energy purchase costs by controlled companies in the distribution business. This increased expense will be received in these companies' next tariff readjustments.

EBITDA			
R$ million	2011	2012	Var. %
Income Statement	2,415	4,272	76.89
+ Social Contributions and Income Tax Provision	918	1,063	15.8
+ Financial Results	970	-1,252	-
+ Amortization and Depreciation	983	1,001	1.83
= EBITDA	5,286	5,084	3.82

A breakdown of the Ebitda per Cemig business is presented in the graph below:

EBITDA STRUCTURE PER BUSINESS - 2012



[8] EBITDA is a non-accounting measurement developed by the Company, conciliated with the financial statements in observance of the provisions of the Ofício-Circular/CVM/SNC/SEP 01/2007 and of CVM Instruction 527, of October 4th, 2012, consisting in the net profit, adjusted by the effects of net financial results, of depreciation and amortization and of income tax and social contributions. EBITDA is not recognized by the Accounting Practices adopted in Brazil or by the IFRS and there is no standardized method for its calculation. Thus, it cannot be compared to other measurements with similar titles provided by other companies. The Reporting Party discloses the EBITDA because it uses it to measure its performance. EBITDA should not be considered in isolation or as a substitute for net profit, operating profit, or as an operational performance indicator or cash flow, nor to measure liquidity or debt payment capacity.

Net Financial Results

The Result in 2012 was a Net Financial Revenues of R$ 1.252 billion, compared with a Net Financial Expense of R$ 970 million in 2011. The main factors that impacted the Financial Results are commented on in the Report from the Administration.

A breakdown of the Financial Revenues and Expenditures may be found in Explanatory Note No. 26 in the Consolidated Financial Statements.

Capital Resources and Liquidity

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

Our liquidity requirements are also affected by Cemig's dividends policy. Capital liquidity and needs are mainly financed with cash generated by the company's operations and, on a smaller scale, from funds raised through financing. The Company believes that its current cash reserves, generated by its operations and planned financing operations, will be sufficient over the next 12 months to meet liquidity needs.

Cash and Cash Equivalents

Cash and cash equivalents totaled R$ 2.486 billion on the 31st of December, 2012 in comparison with R$ 2.862 billion on the 31st of December, 2011. On the 31st of December 2012, neither the cash nor the cash equivalents were held in other currencies than Real. The reasons for this reduction are presented below.

Cash Flow from Operational Activities

The net cash generated through operational activities in 2012 and 2011 totaled R$ 3.114 billion and R$ 3.898 billion, respectively. The reduction in cash generated through operational activities in 2012 compared with 2011 is due to the greater outflow of cash for energy purchase payments.

Cash Flow Consumed by Investments

The net cash consumed by investments in 2012 and 2011 totaled, respectively, R$ 2.1 billion and R$ 4.017 billion. The reduction in cash consumed by investments in 2012 in comparison with 2011 is due to the net cash received from the early withdrawal from the Earnings Compensation Account contract of R$ 1.901 billion and to the dilution of controlled companies totaling an amount of R$ 645 million.

Cash Flow Consumed by Financing

The cash flow consumed by financing in 2012 totaled R$ 1.319 billion and included the amortization of R$ 6.838 billion of financing, the payment of R$ 1.748 billion in dividends and interest on own capital, partially compensated for by financial resources in the amount of R$ 7.195 billion.

The cash flow generated through financing in 2011 totaled R$ 1 million and included the amortization of R$ 2.218 billion of financing and the payment of R$ 2.036 billion in dividends and interest on own capital, compensated for by financing resources in the amount of R$ 4.255 billion.

Capital Raising and Debt Management Policy

The Company maintains its commitment to ensure that its credit rating remains at satisfactory levels that are classified as "investment grade", or that is, low credit risk, in order to benefit from financing costs that are compatible with the profitability of the business, as well as to demonstrate that Cemig's expansion process is being undertaken in a sustainable manner.

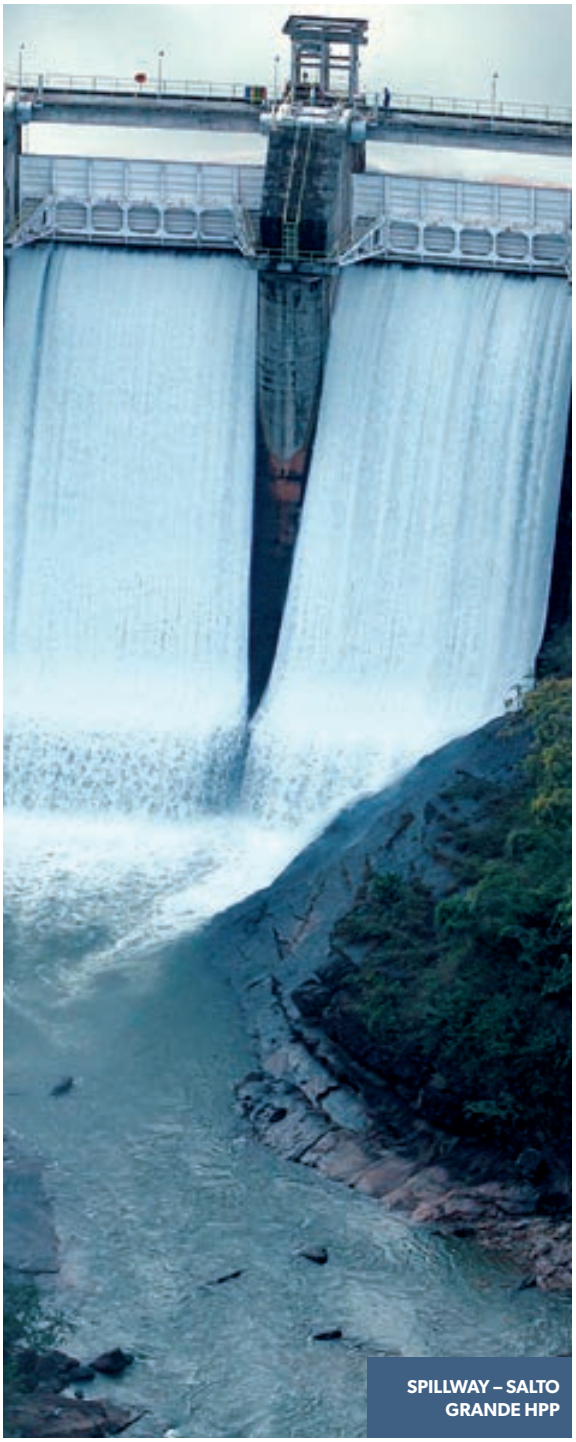
At the end of the year, Cemig took out a short-term loan in the amount of R$ 1.088 billion in order to liquidate the 4th issuance of promissory notes.

In 2012, R$ 1.470 billion were raised by Cemig Distribuição, R$ 200 million of which were raised through the issuance of a Bank Credit Note to *Banco do Brasil* for the refinancing of existing debts, R$ 1.240 billion through two issuances of commercial promissory notes to finance investments, debt payments and/or increase working capital and R$ 34 million in financing from *Eletrobras* for the *Reluz*, *Cresceminas* and *Luz*

para Todos Programs. In addition, the company benefited from R$ 175 million from a straight grant within the scope of the Luz para Todos Program (funds from the Energy Development Bill and the State of Minas Gerais) and a financial subvention related to the tariff policy applicable to low income consumers with funds from *Codemig* for the Administrative Center.

Cemig GT extended part of its debt through the renewal of credit taken out from *Banco do Brasil* in the following manner: i) debt instruments purchased in 2006 with maturity dates after 2012, extending the 2012 parcel to 2013, with a total value of R$ 300 million, maintaining the other installment dates, with financing charges of 104.1% of the CDI (Interbank Deposit Certificate) rate; ii) debt instruments that mature at the end of 2012, in the total amount of R$ 442 million, delaying the due date of the final installment by 5 years, with payments in 2015, 2016 and 2017, for which the financial charges were 108% of the CDI (Interbank Deposit Certificate) rate, calculated beginning on the date on which the contract alterations were signed. In both these transactions, Cemig Holding continued to hold a co-obligation and Cemig GT retained the right to, at its discretion, pay the debt earlier without the incidence of any additional costs.

In March of 2012, Cemig Geração e Transmissão concluded the 3rd Public Issuance of Simple Debentures through which were issued 1,350,000 simple debentures, not convertible into shares, unsecured, in three series, with a total nominal value of R$ 1,350,000. The net resources raised through the issuance of these debentures were used for the complete liquidation of commercial promissory notes from the 4th issuance by the Company issued on January 13th of 2012, covering their nominal value of R$ 1,000,000, along with the remuneratory interest, and to bolster the Company's working capital. 480,000 debentures were issued in the first series, 200,000 debentures in the second series and 670,000 debentures in the third series, with a maturity period of 5 years, 7 years and 10 years counted from the date of issue, respectively. The first series of debentures will pay remuneratory interest equal to the CDI



SPILLWAY – SALTO GRANDE HPP

SANTO ANTÔNIO HPP

(Interbank Deposit Certificate) rate + 0.90%, and the second and third series of debentures will have their nominal unit value adjusted based on the IPCA-IBGE (Special National Broad Consumer Price Index compiled by the Brazilian Institute of Geography and Statisitics) and shall pay remuneratory interest of 6.00% per year and 6.20% per year, respectively. The 3rd Public Issuance of Simple Debentures relies on endorsement from its controlling company, Cemig, and was the first issuance of debentures to be undertaken within the scope of the New Fixed Income Market regulated by Anbima - Brazilian Association of Financial and Capital Market Entities. It is worth noting that this New Market is the result of a joint effort, implemented buy the CVM (Brazilian Securities and Exchange Commission), Central Bank, BNDES (Brazilian Development Bank), Ministry of Finance and by companies, in the sense that it creates a more liquid trading environment in the secondary market that is capable of expanding the investor base (including foreign investors) and, more importantly, allows for the longer term transactions and links to price indices that are compatible with the investments in infrastructure necessary for the growth of the country, creating financing alternatives that complement the resources available from BNDES.

New Issuance of Shares by Taesa

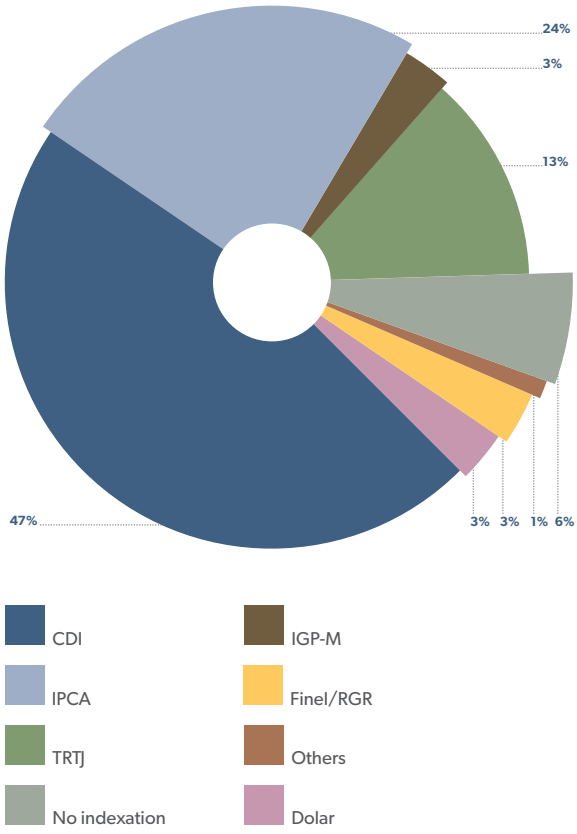
On the 19th of July, 2012 Taesa issued 24 million Units through a public offering at a price of R$ 65 per Unit. The units referred to in this operation are composed of one common and two preferred shares, all nominative and in the form of book-entry shares and with no nominal value. On the 20th of August, 2012 the supplementary lot of the public offering of 3 million Units was successfully completed, totaling 27 million Units through the public offerings.

The increase in Taesa's capital stock, within the limit of its authorized capital, in the amount of R$ 1.755 billion, was achieved through the issuance of 81 million new shares, 27 million of which were common and 54 million were preferred. Following the increase in capital, Taesa had a capital stock of R$ 3,067,535 which, minus the issuance cost of R$ 38,883, totaled R$ 3,028,652.

Following this share issuance, Cemig Geração e Transmissão's stake in Taesa fell from 56.69% to 43.36%. In function of the difference between the asset values of the shares and issue price, a gain of R$ 259,325 was calculated and listed in Cemig GT's results.

MAIN DEBT INDEXATIONS

ON DECEMBER 31ST, 2012



The composition of Cemig's debt is a reflection of sources of resources available to the Company (bank credit utilized to roll over debt and issues of debentures and promissory notes, in which a significant demand has been allocated in paper referenced to local interest rates), as well as its intention to avoid exposure to debt in foreign currency (currently 3%). The concentration of debt at the interbank deposit rate (47%), contributed, for a time, to a reduction in debt costs, considering the recent history of falling interest rates. The average cost of Cemig's debt is 5.03% a year, at constant prices.

The Upper Management has undertaken to manage the company's debt with focus on the long term, on limiting indebtedness to levels stipulated in the bylaws, on reducing financing costs and on the preservation of

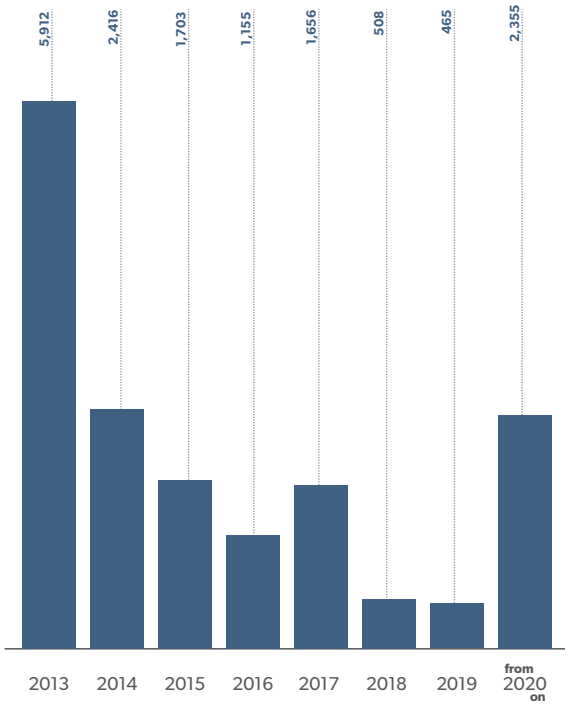
HIGH VOLTAGE TRANSMISSION LINE

the Company's ability to pay, without undue pressure on cash flow that may indicate a refinancing risk. The Company's indebtedness, on December 31st of 2012, featured an amortization schedule satisfactorily scaled over the coming years, with an average maturity of 3.9 years, though there is a concentration of debt that matures in 2013, as shown in the graph below, which was refinanced in March of 2013 through the issuance of debentures by Cemig Distribuição.

The debt amortization schedule is shown in the graph below:

DEBT AMORTIZATION SCHEDULE

POSITION IN DECEMBER 2012 (R$ MILLION)



Cemig's credit ratings and those of its main controlled companies remained unchanged on the course of 2012, even given the Company's expansion through projects and acquisitions, which reflects a positive perception of healthy profitability and strong cash flow, ensured by solid credit indicators and an adequate liquidity profile, upon which the main ratings agencies base their assessments.

Dividends

Cemig, through its bylaws, is commited to distribute a minimum dividend equal to 50% of its net profit calculated in the previous fiscal year. In addition, extraordinary dividends will be paid every two years or with a shorter periodicity, if available cash affords it.

Dividends are paid in two equal installments: the first by June 30th and the second by December 30th in the year subsequent to the fiscal year to which they are related.

In 2011 and 2012 the Company also declared extraordinary dividends in the amount of R$ 850 million (R$ 1.25 per share) and R$ 1.6 billion (R$ 1.88 per share), respectively.

Proposal for the Destination of Earnings

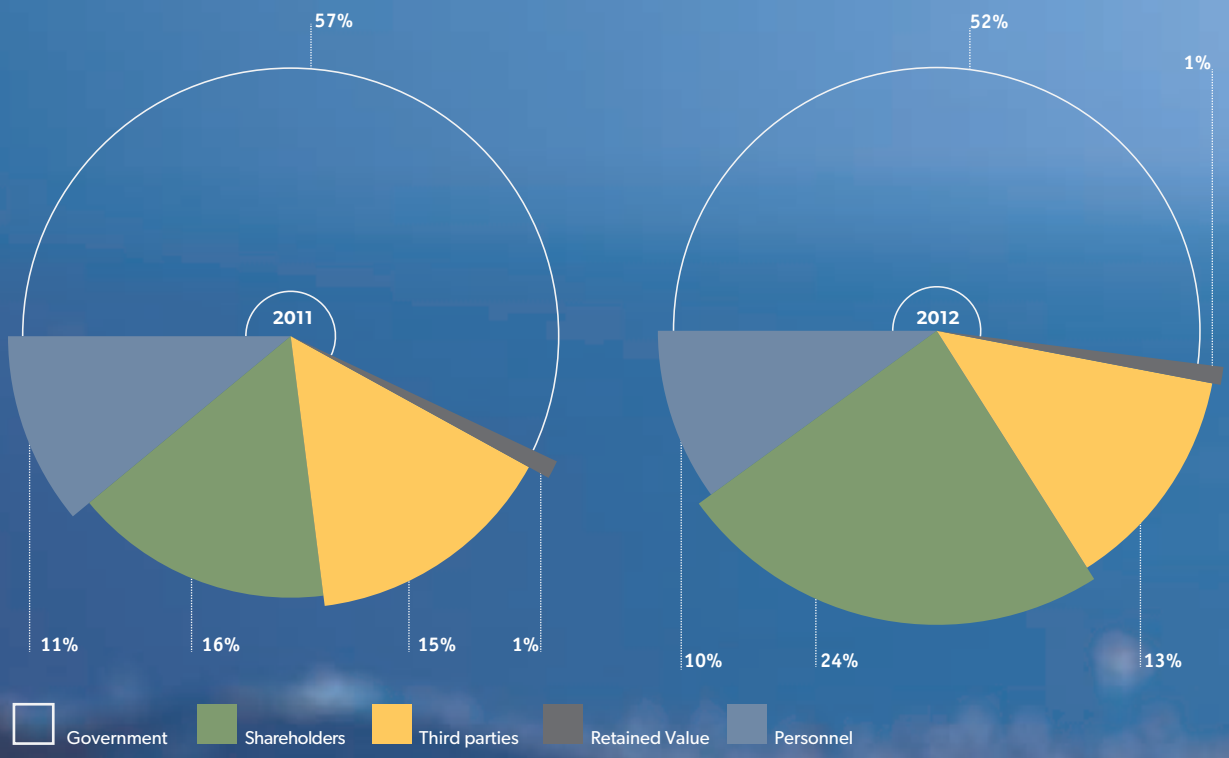
The Board of Directors will propose at the General Shareholders' Meeting to be held in April of 2013 that the earnings from the fiscal year and accumulated profit balance related to the constitution of the Assessment Adjustment Reserve fund, in the amount of R$ 4.272 billion and R$ 121 million, respectively, be employed in the following manner:

- R$ 1.700 billion for the payment of Interest on Own Capital.
- R$ 590 million for ordinary dividends.
- R$ 628 million for additional dividends.
- R$ 171 million for the constitution of a Legal Reserve.
- R$ 1.304 billion to be held as Net Assets in order to guarantee the amortization of loans and financing , along with investments planned for 2013, in accordance with the Company's capital budget.

Distribution of Value Added

EC1 A Breakdown of Value Added demonstrates the Company's importance to society and its capacity to generate wealth, evidenced by the R$ 16.689 billion in value added in 2012, compared with R$ 14.062 billion in 2011.

DISTRIBUTION OF VALUE ADDED



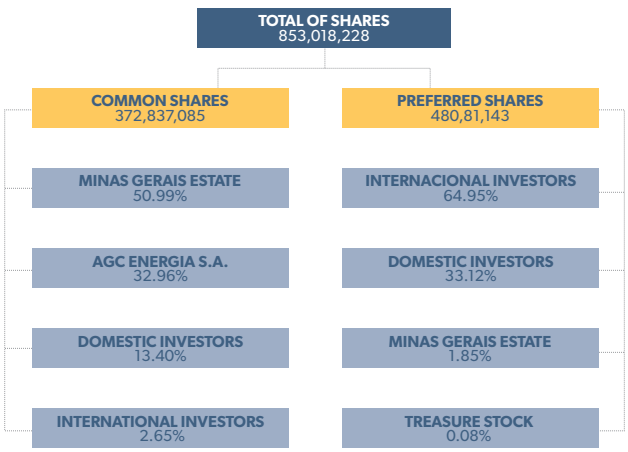
RIO DE JANEIRO

CAPITAL MARKET

Cemig has a base of more than 121,000 shareholders, in 40 countries, distributed according to the following graph:

Shareholding Structure

On December 31, 2012, Cemig's capital stock totaled R$ 4,265 million. The shareholding structure is shown in the following table and graphs:



NYSE
CIG/2012
US$ 13.7 BILLION

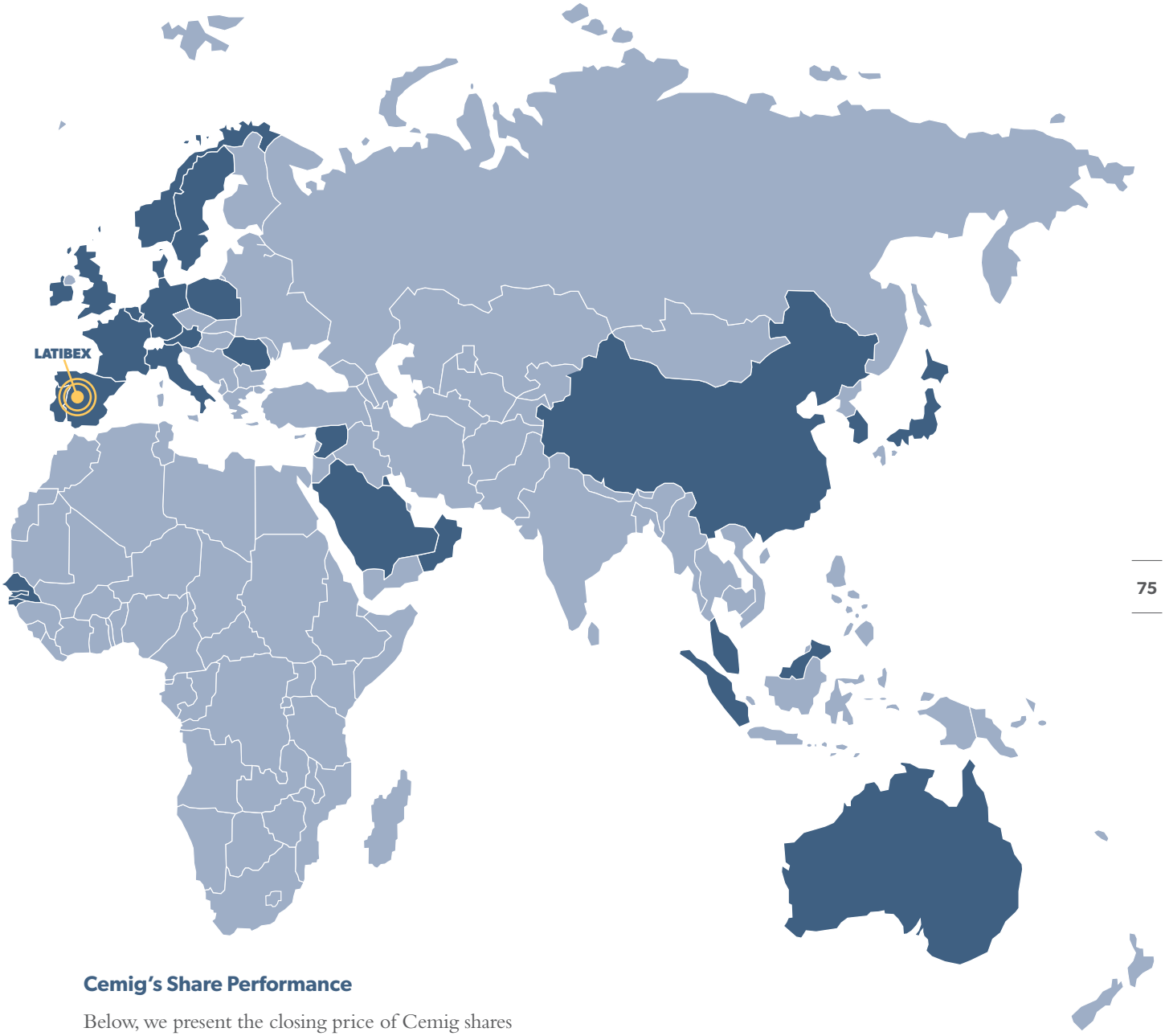
CIG.C/2012
US$ 10.1 MILLION

BOVESPA
CMIG4/2012
R$ 19.6 BILLION

CMIG3/2012
R$ 1.1 BILLION

LATIBEX
XCMIG/2012
€ 23.5 MILLION

Cemig shareholders' countries



Cemig's Share Performance

Below, we present the closing price of Cemig shares for the years 2011 and 2012 in São Paulo (BOVESPA), New York (NYSE) and Madrid (LATIBEX).

NAME	TICKER	CURRENCY	CLOSING 2011	CLOSING 2012
Cemig PN	CMIG4	R$	21.93	22.60
Cemig ON	CMIG3	R$	17.73	21.90
ADR PN	CIG	US$	11.60	10.86
ADR ON	CIG.C	US$	9.10	11.18
Cemig PN (LATIBEX)	XCMIG	Euro	9.91	8.31

Source - Economática - quotations adjusted for profit, including dividends

In 2012 R$ 19.6 billion of preferred shares (CMIG4) were traded, with a daily average of almost R$ 80 million. This volume makes our shares, CMIG4, some of the most actively traded shares on the Bovespa, which provides investors with security and liquidity.

It is worth noting that the daily average for the trading of preferred shares on the New York Stock Exchange is comparable with the volumes traded in the Brazilian market, which reinforces Cemig's position as a global investment option.

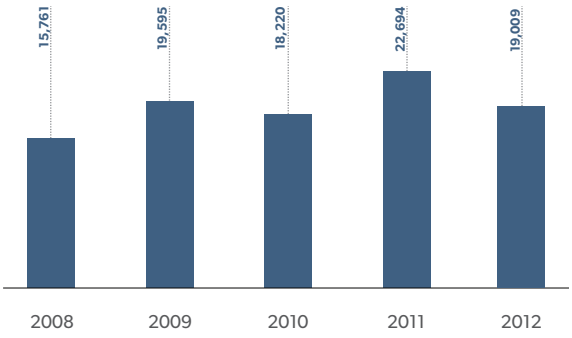
In 2012 Cemig's preferred shares (CMIG4) rose by 3.06% and the common shares (CMIG3) rose by 23.53%. The total return for CMIG4 and CMIG3 shareholders was 5% and 25%, respectively, in 2012.

	CMIG4	CMIG3	CIG	CIG.C	IBOV	DJIA	IEE
2012	3.06%	23.53%	-6.41%	22.83	7.40%	7.26%	-11.72%

The market value is represented by the totality of the Company's shares at the share price on the last trading day of each year. In 2012, the Company saw its market value fall in relation to 2011, reflecting, mainly, the new regulatory conditions in the electric energy generation and transmission sectors established through Provisory Measure No. 579. An analysis of the fluctuations over the past 5 years shows a rise of almost 50%.

MARKET CAPITALIZATION

(R$ MILLION)

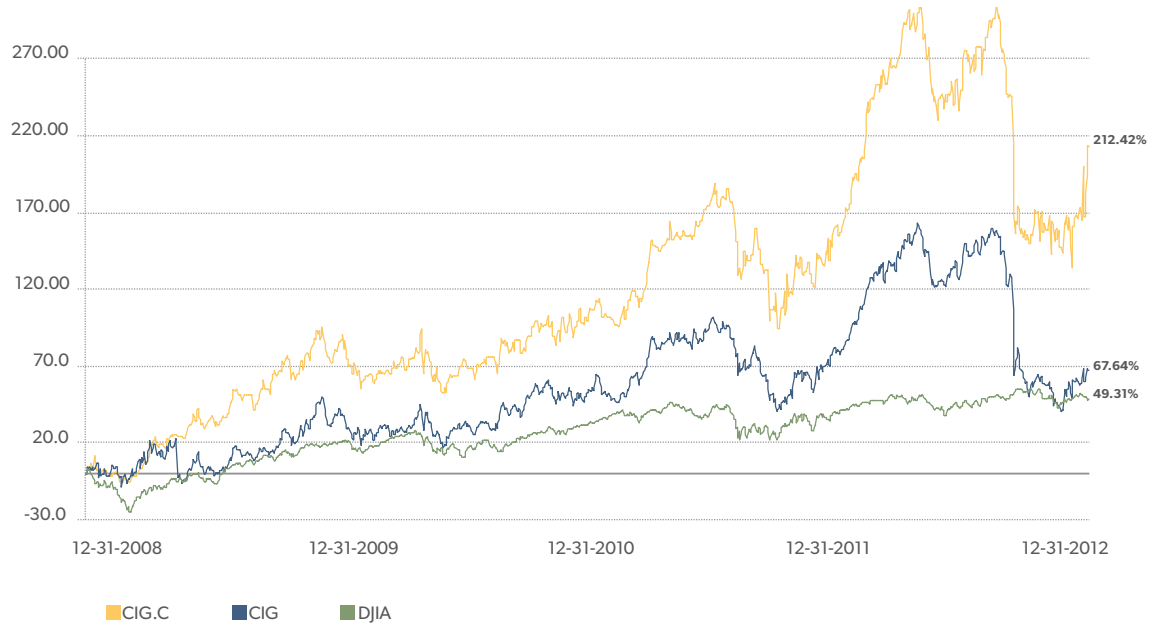


Source: Economática

The graph below shows how Cemig's shares have risen faster than the Ibovespa since 2008.

EVOLUTION OF CEMIG SHARES COMPARED WITH OTHER INDICATORS

Source: Economática



Source: Economática

Besides being present on the Ibovespa index, the Company also stands out in the Efficient Carbon Index (ICO2), the Corporate Sustainability Index (ISE), the Electrical Energy Index (IEE), the Index for Shares with Differentiated Corporate Governance (IGC), IBrX-50 and Indice Brasil 50, among others. Besides the Brazilian stock exchange indices, Cemig is present on the Dow Jones Sustainability World Index, at the New York Stock Exchange and the FTSE Latibex Brasil at the Madrid Stock Exchange.

INVESTOR RELATIONS

In accordance with the best corporate governance practices, Cemig's Investor Relations area (RI) continues to look for different ways to develop closer relationships with its shareholders, with capital market analysts and Brazilian and international investors, including private individuals, which shows its commitment to enhancement of its strategic relationship with different publics.

On the Investor Relations website (*http://cemig.infoinvest.com.br/?idioma=enu*) in Portuguese, English and Spanish, it is possible to access the activities developed and complete comprehensive information on the Company, as presentations, earnings releases and the Investor Relations area's agenda, including:

- Meetings with capital market professionals and analysts at APIMEC - Capital Market Investment Professionals and Analysts Association's regional offices in Belo Horizonte, São Paulo, Rio de Janeiro, Porto Alegre, Florianópolis, Brasilia and Fortaleza;
- Meetings with Brazilian and international analysts at conferences and non-deal road shows.
- Disclosures of quarterly and annual results with presentations transmitted via webcast video and live teleconferences, with simultaneous translation into English.
- Participation at Brazilian (Expo-Money – São Paulo, Belo Horizonte, Brasilia, Goiania, Salvador, Florianopolis and Porto Alegre) and international trade shows (Money Show – Orlando and San Francisco, Las Vegas, in the US).
- 17th Annual Cemig-Apimec Meeting at which Cemig's Executive Board, superintendents and managers meet in June with analysts and professionals from the Brazilian financial market, which includes a technical visit to the Corporate University (UniverCemig).

Also worthy of note is its efficient relationship with investors and promptness in sending information to the Brazilian Securities Exchange Commission (CVM), and the award for recognition by the capital market offered by IR AWARDS in 2012.

- Best conference call.
- Best meeting with the investment analyst community (Over R$ 3 billion).
- Best Investor Relations by industry – Energy and Basic Services received by Cemig's director for Finances and Investor Relations, Luiz Fernando Rolla.

ENVIRONMENTAL DIMENSION

SOCIO-ENVIRONMENTAL PROGRAMS

Various Cemig programs are focused on caring both for the environment and society. This item is new this year and was created so as to contribute to a better understanding of these programs. Reading has been made easier as it consolidates data which were previously found simultaneously in both. Nonetheless, those chapters specifically dedicated to the Environmental Dimension and to the Social Dimension are still an integral part of the report and contain comments on specific indicators and actions. By presenting this item as an interface between social and environmental aspects, the Company is following a global trend towards reporting actions preferably per theme, thus clarifying the alignment between dimensions in the effort to attain sustainable development.

Below is the summary of the advances witnessed in 2012 in Cemig's main socio-environmental programs.

PROJECT OR PROGRAM	INVESTMENT	PUBLIC BENEFITTED	RESULTS
Peixe Vivo	R$ 5 million	Neighboring communities near the hydroelectric plants, fishermen, universities, research centers.	More than 800,000 fingerlings were released, totaling approximately 16 tonnes of fish in 143 fish stocking events. In 2012 the affected biomass was 78% less in relation to the year 2007, when the program was created.
Premiar	R$ 5 million	Population of Belo Horizonte and Contagem.	532,499 tree inspections, replacement of 6,467 at risk of falling and 6,548 saplings planted in Belo Horizonte and Contagem.
Proximity	R$ 50,000	Communities from areas around the reservoirs.	15 events, reaching a public of approximately 680 people among local leaders, government bodies and authorities responsible for safety and the prevention of the effects of floods such as Civil Defense forces, the Fire Department and the Military Police, in addition to the regional press.
Energy Efficiency Program – Intelligent Energy	See table on the program in this item.	See table on the program in this item.	See table on the program in this item.
Catavento Program – Renova Energia	R$ 9 million	Non-governmental organizations, city halls, indirect public administration entities, associations, productive groups and rural communities.	Under implementation.

Described below are some of actions and highlights of the socio-environmental programs:

Peixe Vivo Program

PR1 SO1 EN12

A clear example of the integration between environmental conservation and social benefits can be seen in the Peixe Vivo Program. This program was created five years ago with the goal of establishing effective measures for the preservation of ichthyofauna as well as to benefit the neighbouring communities that use the water resources as a development factor.

In 2012, the Program's fifth year of existence, the results achieved showed a positive return on investment for the Company. By means of effective management, Cemig was able to significantly minimize the risks of fish deaths, the levying of environmental fines and of service interruptions. Since the program was created, an average reduction of 78% in the fish biomass affected by Cemig's hydro power plants every month has been observed.

Additionally, the Peixe Vivo Program undertakes research projects in partnership with universities, thus producing scientific knowledge that serves as the base for ichthyofauna preservation programs both for the company and society as a whole.

There are also 15 ongoing research projects and another four in the procurement phase. More than 75 people

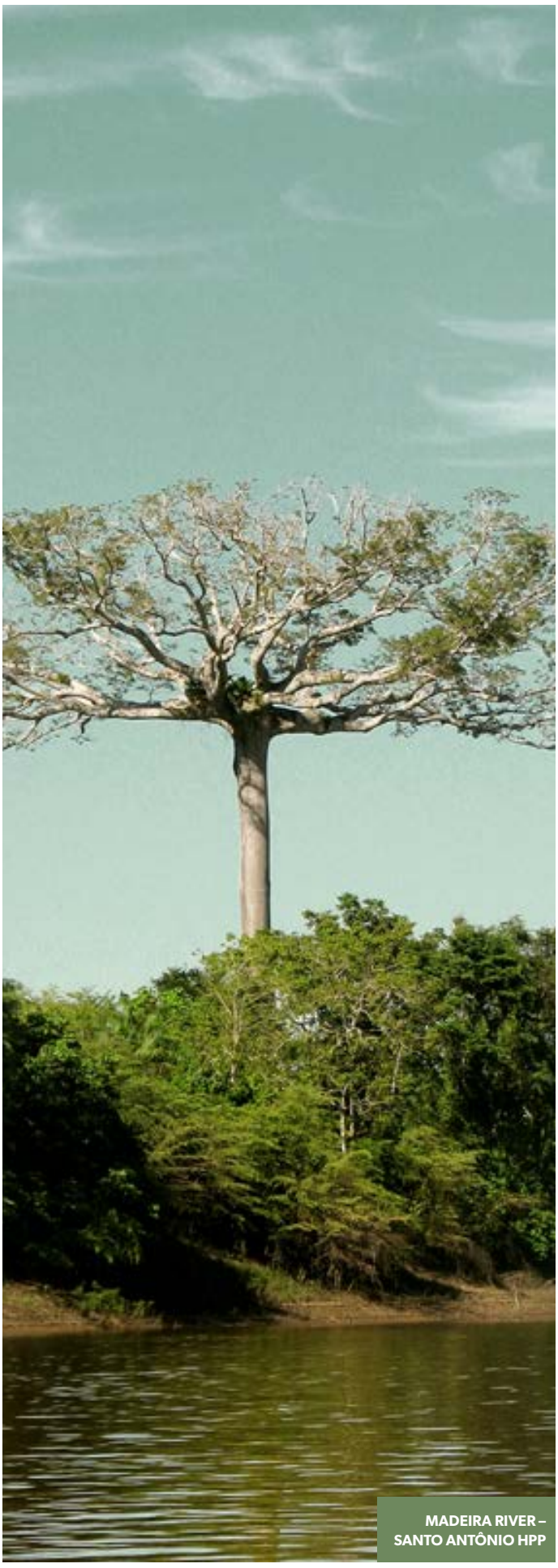
are engaged in the management of these projects, including: researchers, students, masters and doctors. In 2012 more than 30 technical projects were presented at events such as conferences, symposiums and congresses, and two of them were featured in international events.

The Peixe Vivo Program publishes its report biennially. The goal is to present the projects being developed, their results and the goals accomplished, in addition to reporting to the communities on the main activities undertaken. Access: *http://www.cemig.com.br/pt-br/A_Cemig_e_o_Futuro/sustentabilidade/nossos_programas/ambientais/peixe_vivo/publicacoes/Documents/LivroTransposicaoPeixes.pdf*

Another action coordinated by the Peixe Vivo Program involves the fish stocking initiatives. The fish are produced at Cemig's Fish Culture Stations in Volta Grande, Itutinga and Machado Mineiro. They are then released into the hydro power plants' reservoirs, tributaries and rivers in order to restore fish populations. These are important moments which involve the community in actions that raise environmental awareness. More than 800,000 fingerlings were released in 2012, totaling approximately 16 tonnes of fish in 143 fish stocking initiatives that involved regional and local communities that, during the events, also attended lectures on the environment and fish culture themes.

The dissemination of information on the activities undertaken and the information provided to regional and national media generated an increase of 76% in the number of articles published in the press involving Cemig and the preservation of the ichthyofauna in relation to 2006, the year prior to the creation of the Peixe Vivo Program. In addition, the Program has become a benchmark both nationally and internationally for its ichthyofauna conservation measures and for the dialogue with the community. The results of the program were presented in several different countries and Brazilian states.

The relationship with the community, one of the program's main pillars, was marked by several actions that effectively involved the participation of the population. Of note among the initiatives undertaken are:



MADEIRA RIVER – SANTO ANTÔNIO HPP

- The holding of the 38th Brazilian Sailing Championship. The event, held for the first time on a hydroelectric power plant reservoir, brought together 180 sailors from all over the country.
- 4th and 5th Canoe Sprint, a competition held for fishermen in the Três Marias region, is aimed at promoting a culture of fishing and preserving regional traditions. In each edition, nearly 50 fishermen took part.
- 4th and 5th Peixe Vivo Cup, a championship involving the best teams in the league, is the event that closes the sporting season in the City of Três Marias. Nearly 300 people took part in each edition.
- The Versol Project invests in the initiation in sports, in environmental education and trade education for youngsters between 9 and 24 years of age from public schools in the municipality of Três Marias and the surrounding region. The program has become a benchmark in the electric sector and in 2012 alone it served 250 students.

The Peixe Vivo program launched the "Transposição de Peixes" (Fish Transponding) book, the first of a planned series. The book is composed of six chapters and displays the results of the research and methodologies developed by Cemig to assess the migratory dynamics of native species, their swimming performance and the efficacy of fish transponding systems installed at the plants. The publication is composed of studies undertaken by the Company's environmental researchers and analysts. The purpose is to make the knowledge produced by the projects available to all stakeholders and interested parties.

The Peixe Vivo series is a set of projects with different themes that deal with Cemig's, consortia and partner research center's experience in relation to the conservation of ichthyofauna. In the coming years, another three books in the series will be launched: one containing the results of projects aimed at native species fish culture and fish stocking activities, another on projects that involve an analysis of the direct impacts of hydroelectric plants on ichthyofauna and, lastly, one on projects aimed at the assessment and conservation of hydrographic basin habitats.

The book can be accessed at:
http://www.cemig.com.br/pt-br/A_Cemig_e_o_Futuro/sustentabilidade/nossos_programas/ambientais/peixe_vivo/publicacoes/Documents/LivroTransposicaoPeixes.pdf

For additional information on the Peixe Vivo Program, please access:
http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/Programs/environmental_programs/peixe_vivo/Pages/default.aspx

Premiar Program

EN12 EN13 SO1 SO10

Launched in March 2009, the Special Program for the Integrated Management of Trees and Networks – Premiar, is aimed at developing and implementing policies aimed at the integrated management of urban trees in the proximity of electric systems.

The program's actions encompass everything from the reduction of interferences between trees and the electric network all the way to convincing municipalities of the importance of effective management and planning of urban trees. In order to undertake the Premiar program's actions, Cemig entered into a partnership with the City Halls of Belo Horizonte and Contagem. In Contagem, activities were initiated in 2012.

Through Premiar, Cemig maintains its constant quest for operational efficiency with the research and implementation of good management practices for projects and programs. It was possible to see a reduction of 34% in the service interruptions caused by trees in Belo Horizonte in relation to 2009, the year at the program was implemented.

With an investment in excess of R$ 5 million for the replacement of networks, until 2012, 532,499 trees inspections had been conducted, 6,467 trees at risk of falling had been replaced, and 6,548 saplings had been planted in Belo Horizonte and Contagem. In order to improve the adequacy of the trees along the electric networks and allow for a harmonious coexistence

between the system and the trees, 20 initiatives were undertaken to replace bare networks by protected or insulated ones. With the purpose of improving the relationship with the population, face-to-face actions were undertaken by all nine regional offices within the municipality of Belo Horizonte. It was then possible to do informative visits to more than 7,400 residences and verify that 94% of the interviewed had a favorable opinion of Premiar's initiatives, be they to remove a tree, or to plant a more adequate sapling. In addition, meetings were held with community leaders in order to explain the Program's propositions and gather support for the events focused on sustainability and the protection of the environment, such as the 5th *Andando de Bem com a Vida* Festival.

The Program was a nominee for the Fundação COGE award and was elected the Innovation Project for 2012 by Revista Mundo PM, the largest project management publication in Brazil. It was also chosen as the Best Technical Work under the Sustainability and Environment theme presented at the XX National Electric Energy Distribution Seminar (SENDI).

The Belo Horizonte Trees Inventory project, managed by the City Hall, through the Municipal Department for the Environment and benefitting from a partnership with Cemig's, concluded its work in three of the regional administrative offices in the municipality in 2012. The database holding the data generated so far by the project is being analyzed by Cemig's information technology team so that they can be utilized and add value to the tree management planning undertaken by Cemig.

From January to November 2012, 154 articles were published by the press on the urban tree and electric network theme in Belo Horizonte and the city's Greater Metropolitan Area. 16% of the articles in the media were favorable and 75% were neutral, with an estimate of approximately R$ 500,000 generated in spontaneous media coverage.

For more information, please access: ***http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/Programs/environmental_programs/premiar/Pages/default.aspx.***

SO10 — SO9 — PR1

Proximity Program

Since 2005 Cemig has undertaken a series of initiatives that are aimed at fostering integration with communities located in the area of influence around dams that are affected by prolonged droughts or intense rainy seasons, as part of a relationship focused on providing information to the population. In addition to disseminating information, Cemig welcomes demands presented by the population and establishes partnerships with local leaders, government bodies and players responsible for safety and the prevention of floods such as the Civil Defense forces, Fire Department and the Military Police, in addition to local and regional press.

As this important initiative was consolidated, in 2012 Cemig launched the Proximity Program, which expanded the range of initiatives focused on the social development of communities by means of educational programs on water resources and technical empowerment for the development of flood warning systems.

Cemig holds events at several different sites throughout the year, presenting lectures on meteorological forecasts, on what the company does to prevent floods, the procedures to guarantee the physical safety of dams, environmental actions and on other relevant themes for locals. The program also includes a guided local visit to the region's hydro power plant so that people can learn about its structure and how it works.

During the rainy season, Cemig also publishes warning bulletins during flooding events and takes preventive actions in advance, thus diminishing the hazardous effects of floods. These bulletins are broadcast over local radio stations and published in the press and inform people about the climate, the level of the rivers and the operation of the reservoirs in the areas where the rains are occurring with greater intensity.

In 2012, the Proximity Program held 15 events and reached a public of about 680 people.

More information on the Proximity Program and the primer "Rainy Season and the Operation of Reservoirs" can be found at: ***http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/water_resources/Pages/community_integration_plan.aspx.***

Catavento Program – Renova Energia

Renova Energia, a company in which the Cemig Group has a stake, has established the Catavento Program, which implements sustainable projects for socio-environmental development in the Alto Sertão region in the State of Bahia, where the Alto Sertão I Wind Farm Complex is installed.

This program, which started in 2012, goes beyond the initiatives required by the relevant conditioning clauses and legal requisites and is primarily based on dialogue with the communities that live around the enterprise. Non-governmental organizations, city halls, indirect public administration entities, associations, productive groups and rural communities compose the target public of the actions undertaken through the Catavento Program.

More than R$ 9 million were financed by BNDES – the National Bank for Economic and Social Development and among the projects comprised in the first phase of the Program are: the Alto Sertão da Bahia Archeology Museum Museological Plan (MASB), the Casa Anísio Teixeira Scenic Arts Festival (Festcasa), music and theater workshops, professional capacity building programs, recuperation and preservation of water sources for public supply, composting, a plan for developing local productive chains, construction of plants for the benefit of regional culture and apiculture, construction of a phytotherapy laboratory, entrepreneurship actions and technical rural assistance, among others.

For more information on this program, please access *http://www.renovaenergia.com.br/en-us/Paginas/default.aspx*

RENOVA ENERGIA S.A. – WIND FARM IN BAHIA

Energy Efficiency Programs

EN18 EU23 EN26 EN5 EC9 EN6 EN7

In line with the National Energy Efficiency Program, Cemig's Energy Efficiency Program Energia Inteligente (Intelligent Energy) – EI – complies with Federal Law No. 9991/00, which establishes that 1% of the Company's net operating income must be invested in projects and research with this goal. By means of the Energia Inteligente Program, Cemig undertakes several energy efficiency initiatives aimed at impressing upon society the importance of and the right ways to use electric energy, thus reducing wastage. In the last ten years, Cemig has invested nearly half a billion reais in more than 150 different initiatives through this program.

Most important in 2012 were:

ACTION	TARGET PUBLIC	QUANTITY	INVESTMENT	ENERGY SAVINGS	PEAK DEMAND REDUCTION	AVOIDED EMISSIONS
Replacing electric shower heads with solar heating systems	Low income housing projects	6,000 solar heating systems	R$ 11.8 million	1,807 MWh/year	1,840 kW	124 tCO_2e
Replacing electric shower heads with solar heating systems	Public Hospitals and philanthropic entities	1 entity	R$ 1.6 million	140 MWh/year	120 kW	10 tCO_2e
Replacement of electric shower heads	ILPIs (Long Term Care Facilities for the Elderly)	163 systems	R$ 12.2 million	2,918 MWh/year	1,285 kW	200 tCO_2e
Replacing autoclaves	Public Hospitals	71 autoclaves in 38 hospitals	R$ 7.5 million*	5,134 MWh/year	1,315kW	352 tCO_2e
Obsolete lighting systems in public hospitals replaced with high efficiency lighting systems	Lighting in Hospitals	15 hospitals, replacing approx. 8,805 sets of energy efficient fixtures and fluorescent lamps	R$ 205.4 thousand	1,715 MWh/year	367 kW	118 tCO_2e
Energy efficiency projects in the rural sector	Small irrigating farmers in Jaíba-MG	426 irrigation systems	R$ 5.3 million	3,634 MWh/year	1,122 kW	249 tCO_2e
Conviver Project - guidance related to energy efficiency measures	Low income clients	48,542 families** 2,036 refrigerators and 218,439 compact fluorescent lamps were replaced	R$ 7.2 million	11,031 MWh/year	3,962 kW	757 tCO_2e
Cemig at School - Procel, an environmental education program	Elementary and secondary school teachers and students	4,245 teachers were given training in 2,623 schools, promoting the education of nearly 953,921 students.	R$ 1.2 million	Occurs in an indirect manner by raising awareness among students	-	-
Municipal Energy Management - GEM-Cemig culture of energy efficiency	Municipalities with low HDIs	50 municipalities in Minas Gerais. Training for 57 of the utility company's agents and a further 150 municipal technicians	R$ 1.5 million	20,600 MWh/year ***	-	1,413 tCO_2e ***

* This project also promotes renegotiation of some hospital's debts with the utility. In 2012, a total of R$ 4.7 million were renegotiated.

** 1,150 clandestine connections were regularized and 2,542 debt renegotiations were conducted, totaling R$ 2.5 million. An increase of 93,150 kWh/month is estimated as a result of the regularizations.

*** Projected amount.

The Intelligent Energy projects allowed a reduction in energy consumption of 46,979 MW/year and a reduction of 10,011 kW of peak demand in the residential and commercial sectors, which avoided emissions of 3,223 tCO_2e. Details on the programs can be found at the following website: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/Programs/Energy_Efficiency/Pages/default.aspx*.

The Energy Efficiency Program run by Light, a company in which the Cemig Group holds a stake, undertakes activities mainly in those areas in which the UPPs (Pacifying Police Units) have been installed in the city of Rio de Janeiro. This program covers the installation of a new sheathed and telemetered network, along with the implementation of the Comunidade Eficiente Project, which promotes the replacement of refrigerators and lamps by more efficient ones, while giving orientation on the safe and efficient use of electric energy. In 2012, Light also started the installation of heat recuperators and temperature controllers, which reduce the consumption of the electric showerheads.

In 2012, R$ 26.7 million were invested in actions through the Comunidade Eficiente and Light Recicla Projects. 23,797 educational visits were made, 390,575 lamps and 12,044 refrigerators were replaced. In addition, 294 heat recuperators and 1,381 temperature controllers were installed.

REPLACING REFRIGERATORS – CONVIVER PROJECT

Jaíba Project

EC9 Obsolete irrigation equipment, low productivity, seasonal production, unmotivated producers. This was the scene found by Cemig when the implementation of the Conviver Rural Project was just beginning in the North of Minas Gerais (Jaíba Project), which was a project that was created by the State Government in the 1950s and that distributed irrigated 5-hectare lots to small local farmers.

Conviver Rural was created in 2010 in partnership with EMATER – the Minas Gerais State Rural Extension and Technical Assistance Company, with CODEVASF – the São Francisco River Valley Development Agency and the Jaíba Irrigation District. Focusing on low income consuming units, it was developed to provide assistance to 1,044 small irrigating farmers.

The project affords increased utilization rates at the agricultural lots, increased productivity and increased income for small farmers. In addition, it fosters the region's social and economic development, also providing for improvements in the quality of life.

RURAL PRODUCER BENEFITED BY CONVIVER RURAL PROJECT – JAIBA

COMMITMENT TO THE ENVIRONMENT

From production to the end consumer, electric energy travels a long way, some of which is shared with the multiple factors that make up the environment. Society, biodiversity, climate change, water resources and ecoefficiency, among others, are themes that are more frequent in Cemig's businesses at every single stage of development. The synergy between research and innovation and the implementation of solutions, which, aligned with their competencies, add value to society at large and to the biomass in which it performs. As a company that has such a close relationship with natural resources, the success of Cemig's businesses is closely related to the favorability of the environmental conditions towards its enterprises, which makes Cemig a significant catalyst for sustainable development in the regions where it has activities and, at the same time, a global benchmark in corporate sustainability in its sector.

EN14 **ENVIRONMENTAL** STRATEGY

The environmental strategy is aligned with the company's business strategy by means of the Sustainability Directives and is guided mainly by the Environmental Policy, Biodiversity Policy and by the Climate Change Commitment.

Cemig identifies and prioritizes relevant socio-environmental projects within its sustainability strategy by means of a decision matrix that takes into account socio-environmental risks, risks to the businesses and the need to allocate resources for project development. This matrix is an integral part of the pluriannual Socio-Environmental Adequacy Program, which comprises the main projects to be undertaken in the coming years.

Other initiatives focusing on the short and medium term are: maintain certifications of management systems (ISO 14001, ISO 9001 and OHSAS 18001); publicizing, through workshops, the results of the Peixe Vivo Program's research projects for the community at large, and effectively to implement the Premiar Program in Betim-MG. In 2012, some

Global Compact Principle 8

priorities were established for Cemig's initiatives regarding sustainability in that year, which were published in the 2011 Annual and Sustainability Report. The following table presents the current status of these commitments:

2011 OBJECTIVE	2012 RESULTS	WHERE THE INFORMATION CAN BE FOUND IN THIS REPORT
To conclude the Volta Grande Fish Culture Excellence Center	The following projects were undertaken: Renovation of tanks at the fish culture station; Renovation of buildings and laboratories; Construction of an extra laboratory for fish reproduction; Construction of a multifunctional laboratory.	Page 98
To expand the Premiar Program into the cities of Contagem and Betim	In July 2012, the Premiar Contagem project was started. It features a new methodology and application of the lessons learned in the execution of projects in Belo Horizonte. In December, the first meetings were held to determine the scope of implementation of the Premiar project in the municipality of Betim in 2013.	Page 82, 87

RELATIONSHIP WITH SOCIETY

SO5 4.13

In order to provide an adequate relationship with society, represented mainly by the company's publics of interest, Cemig utilizes different communication channels and promotes dialogue in accordance with the reality faced by each stakeholder.

Cemig's main participatory roles in the environmental realm are in: the State Council for Environmental Policy (Copam), the Minas Gerais State Technical Chamber for Infrastructure and the Technical Chamber for Energy and Climate Change, in the State Council for Water Resources, in Basin Committees, in the Minas Gerais State Forum for Global Climate Change and in the Technical Chamber for Energy and Climate Change (CTClima) of the Brazilian Corporate Council for Sustainable Development (CEBDS). It is important to note that these are important forums for the discussion and proposal of directives that are aimed at establishing environmental norms and public policies that contemplate alternatives for the improvement of environmental quality and sustainability in the State of Minas Gerais and in Brazil. Cemig's participation in these forums occurs in a collegiate form and the opinions and contributions are consolidated within the scope of these committees, chambers, councils and forums.

To learn about the projects related to the relationship with society undertaken by Cemig, please access: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/Programs/environmental_programs/Pages/relationship_with_society.aspx*.

In 2012, 50,054 requests from society concerning environmental issues were recorded, of which 92% were processed within 15 days.

For further information see item "Relationship with Clients and Consumers" in the Social Dimension of this report.

ENVIRONMENTAL MANAGEMENT

In order to achieve synergy between the corporate environmental practices and the Company's strategy, Cemig relies on an environmental management system that is applied throughout the Company as a whole. It is aimed at minimizing environmental risks, in addition to fostering compliance with legislation and improvements in the information flow and decisions making. All corporate environmental procedures are made available on the company's intranet, in all the company's units and are fulfilled with by all that work at Cemig or render services on behalf of the Company.

Environmental Management System

Cemig relies on a consolidated Environmental Management System (SGA) to monitor, control and improve the environmental performance of its businesses in a planned and fully documented manner. These systems contribute to improving control over the Company's environmental impact by means of procedures and controls that are audited both internally and by third parties.

All the areas that have any type of interference with the environment, regardless of the implementation of the SGA based on the ISO 14001, compulsorily comply with the Minimum Environmental Adequacy Requirements, an internal tool and initial requirement of Cemig's Environmental Management System (SGA). These are established and aimed at controlling and

protecting the environment, including the assessment of their impacts and action plans for correction of the issues identified. The auditing process for the "Minimum Environmental Adequacy Requirements" is conducted yearly through sampling and the results are forwarded to the respective management offices and executive offices of the audited areas for critical analysis.

Additionally, all areas of Cemig may be certified in the Environmental Management System (SGA) in conformity with the ISO 14001 norm, or adopt an Internal Management System, called SGA Level 1, while they have not yet been certified, whenever necessary. SGA Level 1 is based on the principles and requisites applied in the ISO 14001 norm. Both systems are audited by third parties and by Cemig's own employees. All Cemig's plants with an installed capacity above 30 MW and 100% of the transmission lines above 230 kV are certified as compliant with the Environmental Management System (SGA), encompassing practically 100% of the Company.

The table below presents the SGA scope in Cemig.

CEMIG'S ENVIRONMENTAL MANAGEMENT SYSTEM (SGA) SCOPE

Activity	ISO 14001	SGA Level 1	Minimum Requirements[4]
Generation[1]	52%	46%	2%
Transmission[2]	56%	44%	0%
Distribution[3]	12%	7%	81%

[1] Regarding installed MW.
[2] Regarding the extension of Cemig GT's Transmission Lines.
[3] Regarding consumers.
[4] Minimum Requirements exist only where the SGA has not been implemented, whether based on 14001 or based on Level 1.

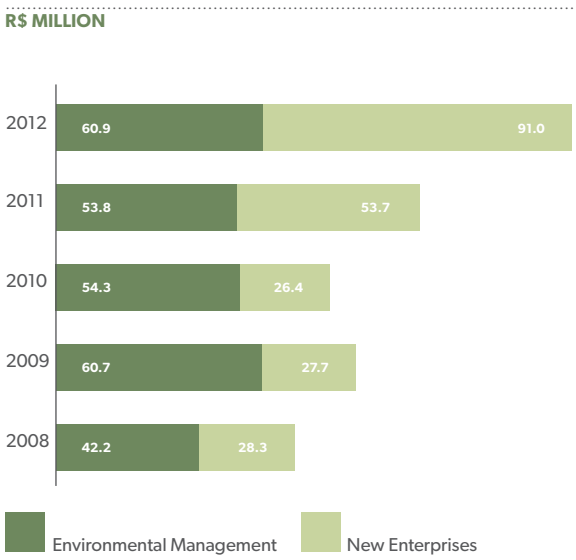
Resources Invested

EN12 EN28 EN30

Recognizing, assessing and responsibly managing the environmental impacts generated by energy generation, transmission and distribution activities are processes that are an integral part of the Environmental Management System (SGA). The main impacts of the businesses are related to the effects on aquatic environments and on biodiversity. For each of the environmental impacts assessed and identified, whether positive of negative, Cemig adopts those practices indicated for their mitigation, compensation or potentialization.

Therefore, in 2012 the Company invested R$ 151.9 million in the environment. This has been broken down into resources invested in Environmental Management and in New Enterprises, as can be seen in the figure below:

RESOURCES INVESTED IN THE ENVIRONMENT (R$ MILLION)



The investment of financial resources is periodically reviewed by the Socio-Environmental Adequacy Program Follow-Up Committee, composed of representatives from the several corporate executive offices.

R$ 60.9 million were invested in environmental management, of which R$ 1.48 million were destined to the management of waste and R$ 59.4 to environmental management, research and development. The amount invested in Research and Development (R&D), R$ 6.63 million, was from the Cemig/Aneel program, representing a 19.5% increase in relation to the previous year.

The investment in environmental initiatives concerning the implementation of new enterprises reached R$ 91 million, which was 69% higher than in 2011, mainly due to the investments made in the Belo Monte HPP. Also represented as new enterprises are the Paracambi and Guanhães SHPs and the Company's stakes in the Santo Antônio and Belo Monte HPPs.

The financial resources invested in the environment by the consortia in which Cemig is a member totaled R$ 11.2 million and are detailed differently from those of the Company's own investments.

In 2012, Cemig was given nine environmental fines totaling R$ 258.8 thousand.

Environmental Licensing

Generation, distribution and transmission enterprises that must comply with the respective environmental authorities, that enforce the legislation in force, are subject to environmental licensing. The effective compliance and regularity of the Company's enterprises is made feasible through the due analysis of all the studies and reports, their unfolding and compliance with the respective conditioning clauses.

Regarding those enterprises for which formal environmental licensing is not required, Cemig's Minimum Environmental Adequacy Requirements are applied, which guarantees the identification, the control and the monitoring of the impacts assessed.

In 2002, the corrective licensing processes (LOC) concerning the enterprises which began operations prior to February 1986 remained active.

The table below describes Cemig GT's current environmental licensing status:

DOCUMENT	CURRENT STATUS	QUANTITY	ENTERPRISE
Corrective Licensing	Obtained	1	Emborcação HPP
Environmental Licensing	Renovation	1	São Simão HPP
Water Use Grant	Obtained	1	Irapé HPP
Grant	Obtained	7	Diverse enterprises

The Company's Electric System is composed of seven grids that encompass all the energy distribution lines and substations. Among them are: the Center, East, Mantiqueira, North, West, South and Triângulo networks.

In 2012, the State System for the Environment (SISEMA) issued the following to Cemig Distribuição: the Corrective Operating Licensing (LOC) for the Northern Grid, comprised of 90 Distribution Lines and 62 energy Substations.

Until the moment, Cemig has 4 licensed grids and the licensing processes for the other 3 are ongoing. The table below describes Cemig D's licensing status in 2012:

DOCUMENT	STATUS	QUANTITY	ENTERPRISE
DAIA – Environmental Intervention Authoritative Document	Obtained	11	Distribution Lines
DAIA – Environmental Intervention Authoritative Document	Obtained	8	Distribution Lines
Environmental License	Formalized	3	New PDD enterprises[1]
Corrective License	Obtained	1	90 Distribution Lines and 62 Substations – Northern Grid
Licenses for Wildlife Capture/ Collection/ Transport/ Exposition or Maintenance	Obtained	4	Diverse enterprises
Flora, Timber, Wooden Scrap and Waste Products and Byproducts Consumer Certificate	Renewed	1	-
Chainsaw Registration Certificate	Renewed	All Cemig D	-

[1] PDD (Distributor's Development Plan)

For further details on environmental licensing and Cemig's ongoing projects, please access: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/Programs/environmental_programs/Pages/enviornmental_licensing.aspx.*

Cemig has 210 water use grants (surface water collection, industrial use, artesian wells, hydroelectric generation, among others), which fully guarantee compliance with legislation with respect to the use of water resources by the Company.

Access a map with the location of Cemig's water use grants: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/water_resources/Pages/map_of_where_cemig_has_grants_for_water_use.aspx.*

Global Compact Principle 8

EN18

NATURAL RESOURCES MANAGEMENT

Focusing on the efficient use of electric energy and water, Cemig is modernizing the way it monitors the management of this consumption at its headquarter in Belo Horizonte, with the Integrated Automated Management System (SIGA). The System was developed through an R&D project, in partnership with the Federal University of Minas Gerais (UFMG), the Federal Technological Education Center (CEFET-MG) and the Project and Studies Financer (FINEP). SIGA is a computational platform that allows for an assessment of parameters and variables, such as: water and energy consumption, ambient temperature, among others.

Materials

EN1

Maintenance, implementation and interventions in the electric energy distribution grids are the main operations that consume a large part of the materials acquired by Cemig. Due to the work being done to improve and optimize the electric system for the 2013 FIFA Confederations' Cup and 2014 FIFA World Cup, as well as the continuity of the investments made in accordance with the Distributor's Development Plan (PDD), the increase in the acquisition of some of the most important materials continued, as presented in the table below:

YEAR	DISTRIBUTION TRANSFORMERS (units)	CONCRETE POSTS (units)	CABLES (meters)	CABLES (kg)	METERS (units)	PUBLIC LIGHTING (units) composed of lamps, relays, reactors and fixtures
2008	4,252	21,181	6,259,928	1,627,698	117,867	795,581
2009	1 4,978	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	1 3,393	49,001	11,915,226	2,606,570	548,993	744,091

Green IT

EN5 EN26

The use of double-sided printing has afforded a 38.67% reduction in paper consumption at Cemig's facilities in relation to the previous year. With supply management and reverse logistics[9] for toners, it was possible to ensure adequate treatment in terms of the disposal of 100% of the print cartridges used in printing processes.

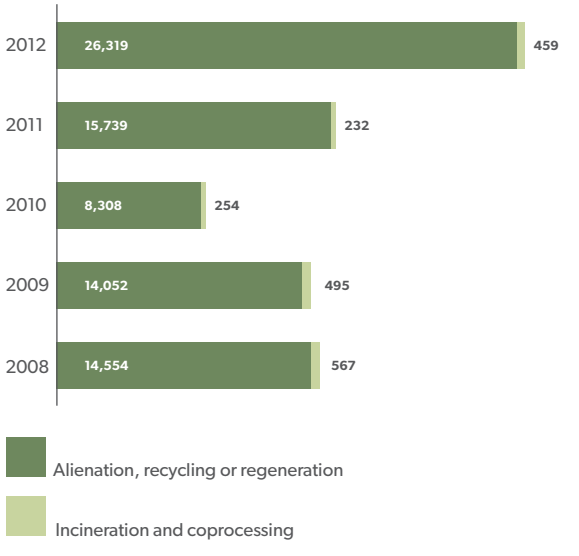
Another measure adopted by Cemig regards the delivery of electricity bills by electronic means (email) for Medium Voltage clients. In addition to guaranteeing that the bill is delivered in advance, this initiative generated cost reductions in the print processes and in paper consumption and reduced the number of lost bills.

Waste

EN2 EN22 EN23 EN26

26,784 tonnes of industrial materials and waste were sent for final disposal, of which, 26,319 tonnes were alienated or recycled, which generated an income of R$ 8.4 million for the Company; 459 tonnes were incinerated or coprocessed and 6 tonnes were disposed of in an industrial landfill. This total represents an increase of 67.7% in relation to the previous year, mainly due to the waste coming from the work and improvements undertaken as part of the Distributor's Development Plan (PDD) and to the optimization of Cemig's electric system.

FINAL DISPOSAL OF WASTE (t)[1]



[1] Waste sent to landfill in 2012: 6t

[9] *Reverse logistics: recuperation of products, packages and materials, from the consumption site to the site of origin or to a safe disposal site, with the lowest environmental risk possible.*

It is important to note that the waste sent for final disposal in 2012 was not necessarily generated in that same year. That is due to temporary storage, during which waste is classified, separated, packaged and identified, and, eventually, duly disposed of. Cemig regenerated 115 tonnes of insulating mineral oil, which are to be used again in its operations.

Following an incident with a transformer and a substation at the Jaguara Hydroelectric Power Plant, containing 97 m^3 of insulating mineral oil, it was realized that, due to the characteristics of the incident, part of the oil spilled extended beyond the limits of the spill basin installed for the equipment. This incident generated a Notice of Violation with a list of demands, which were effectively provided for in conformity with the determinations of the environmental authority. The necessary monitoring initiatives were undertaken to follow up possible effects and, following an investigative study conducted in the impacted area, it was proved that there had been no soil contamination. All the work was duly communicated to the environmental authority, which monitored the activities continuously. The oil-contaminated waste, which had been used in the remediation of area, is being disposed of adequately via coprocessing.

In the tables below we present the waste classified as hazardous and non-hazardous, which represent 3.2% and 96.8%, respectively, of the total. The tables also list their final disposal.

All areas generating waste are responsible for their characterization, separation, packaging, identification, temporary storage and transportation to Cemig's distribution centers, certified in Level 1 SGA. At these sites, the waste will be duly treated in conformity with the environmental legislation and with the internal directives for the entire industrial waste management process.

FINAL DISPOSAL OF HAZARDOUS WASTE IN 2012 (TONNES)

Waste	Final Disposal	2012
Broken Fluorescent Lamps	Decontamination and recycling	5
Burnt-out Fluorescent Lamps	Decontamination and recycling	52
Burnt-out Incandescent Lamps	Recycling	16
Oil contaminated with sulphur	Re-refining	10
Insulating mineral oil	Regeneration	115
Batteries, Cell-phone batteries, Electro electronic equipment	Recycling	–
Electro-electronic waste	Alienation	18.48
Waste contaminated by askarel (Biphenyl Polychloride)	Incineration	66
Asbestos waste	Class 1 landfill	2
Miscellaneous Oily Waste	Alienation / Re-refining	483
Solvents and other class 1 waste	Incineration	12
Scrap batteries	Alienation	84
Scrap lead	Alienation	–
Tonner, printing ribbons and cartridges	Recycling	–
Total Waste sent to Final disposal		863

FINAL DISPOSAL OF NON-HAZARDOUS WASTE IN 2012 (TONNES)

Waste	Final Disposal	2012
Timber waste and wooden waste	Alienation	874
Cables and Wires	Alienation	2,221
Cross-arms	Alienation	336
PPE and Accessories	Coprocessing	17
Tires	Alienation	25
Porcelain	Alienation	131
Poles	Alienation	17,609
Fiber-glass and glass wool waste	Class 2 Landfill	4
Waste impregnated with oil	Coprocessing	364
Insulators scrap	Alienation	260
Lightning rods scrap	Alienation	50
Meters scrap	Alienation	741
Reactors scrap	Alienation	321
Metal scrap	Alienation	1,418
Transformers	Alienation	1,541
Glass	Alienation	10
Total Waste sent to Final disposal		25,921

EN21 EN8 EN25 EN9 EN26 EN10

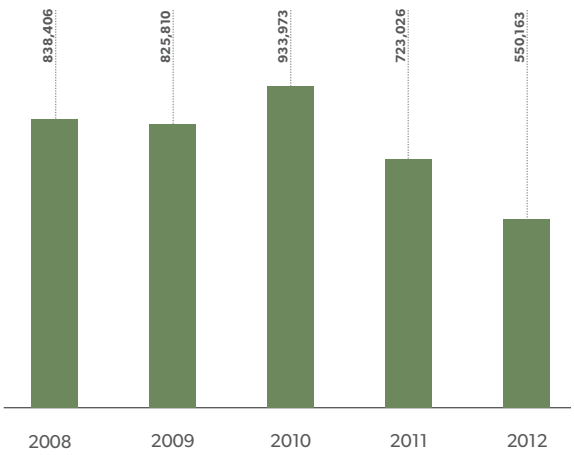
Water and Effluents

The Cemig's total water consumption is segmented as per administrative and industrial use. The administrative use contemplates consumption by employees at the Company's facilities and the industrial use comprises the consumption of water utilized to cool equipment at Thermal Power Plants. The Company's water consumption totals 883,564 m^3, of which 199,489 m^3 are collected superficially, 140,231 m^3 are from artesian wells and 493,844 m^3 are provided by the public water utility.

The water utilized for electric energy generation is not categorized as consumption, since it returns in its entirety to the affected water courses, and therefore is not included in this figure.

Cemig's total water consumption for administrative purposes was 550,163 m^3, including water provided by the public utility, surface water collection and artesian wells. As is presented in the chart below, there was a reduction of 24% in relation to the previous year due to the implementation of control and consumption-reduction measures such as raised awareness among employees, replacement of old hydraulic equipment and the use of tap aerators, among others.

ADMINISTRATIVE WATER CONSUMPTION (m^3)



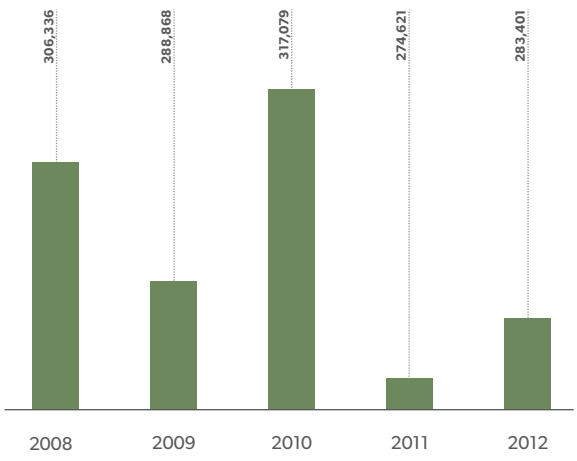
[1] For the Small Hydroelectric Plants that do not utilize meters, the reference consumption of 150 liters/employee/day is adopted, and the existence of 3 employees per facilities was considered based on the NBR 5626/98 norm.
[2] At administrative facilities that began controlled water consumption metering in 2012, previously estimated figures have been adjusted for the metered values.

SÃO FRANCISCO RIVER NATURAL SPRINGS

Effluents generated in the administrative facilities are disposed of into the public sewage networks, or sent to controlled septic tanks and therefore do not affect any watercourse directly. In 2012, 440,131 m^3 of sanitary effluents were generated[10].

The consumption of industrial water utilized for cooling at the thermal power plants totaled 283,401 m^3, which represents an increase of 3% in relation to 2011 due to the restarting of operations at the Igarapé Thermal Power Plant, which consumed 0.86 m^3/MWh. The Company's thermal power plants do not generate effluents because the production process includes the recirculation of the used water. Water sources include both surface collection and the public utility company.

INDUSTRIAL WATER CONSUMPTION (m^3)



[1] Water consumption data at the Ipatinga Thermal Plant were adjusted for all 5 years, due to changes in calculations.
[2] Water consumption at the Igarapé Thermal Plant was added in all 5 years to allow for comparability.

More specifically, at the Barreiro Thermal Power Plant, a reduction in the specific consumption of water was observed in relation to past years. In 2012, 2.17 m^3/MWh generated were consumed, while in 2011 the proportion was 2.91 m^3/MWh, totaling a reduction of 31% in the last four years. This reduction is due to the operation of two new cooling towers (50% increase in the process) and other improvements made to the plant, which increased the efficiency of the plant's cooling system and reestablished the plant's productive capacity and specific water consumption.

[10] Domestic effluent generation calculated in accordance with the water-sewage return rate = 0.8, according to the NBR 7229 norm.

Energy

EN26 EN3 EN29 EN4 EU11 EN5

The object of monitoring measures by Cemig, total energy consumption is composed of the electric energy used in the administrative and industrial facilities, the consumption of fuel by the Company's vehicle fleet and aircraft; the diesel oil utilized in the Emergency Generators; and the energy used at the Igarapé and Barreiro Thermal Plants. Of note is the fact that, in 2012, at the Ipatinga Thermal Power Plant fuel oil was completely replaced with tar-derived oil, a fuel produced internally at the Usiminas's (Usinas Siderúrgicas de Minas Gerais) carbochemical products plant. The table below presents the behavior of the Cemig's total energy consumption data over the past five years:

TOTAL ENERGY CONSUMPTION (GIGAJOULE – GJ)[5]

	2008	2009	2010	2011	2012
Electric energy[1]	166,266	165,030	167,735	168,740	159,345
Fleet fuel, Emergency Generators, Equipment and machines [2 3]	256,539	234,015	219,146	202,931	183,195
Thermal Power Plant Fuel[4]	3,140,913	821,181	291,481	101,315	545,986
Total	3,563,717	1,220,226	678,361	472,986	888,526

[1] Own consumption at Company facilities and offices .
[2] Fleet fuel includes gasoline, diesel oil, ethanol, LPG and jet fuel in Cemig's fleet. Emergency generators were considered as of 2011.
[3] Total consumption of fuels: 98.5% is utilized in transportation equipment and vehicle fleet; 1.4% utilized in Emergency generators and 0.1% in Machines and equipment.
[4] Figures refer to the Barreiro, Igarapé and Ipatinga Thermal Plants. Igarapé restarted activities in 2012, which influenced in a significant manner the total figure for fuel for thermal power plants. In 2012 the Ipatinga Thermal Plant did not utilize any externally acquired fuel oil.
[5] Values respective to previous years have been updated using conversion factors from the 2013 GHG Protocol Tool for the purpose of comparability.

There was an 87.8% variation in total energy consumption in relation to 2011. This increase is due to a rise in fuel consumption at the thermal power plants, since the Igarapé Thermal Power Plant restarted operations after two years under renovation, which had a significant impact on this variation.

The Ipatinga Thermal Power Plant (40 MW), which is operated in partnership with Usiminas, presents a mean thermal efficiency of 22.78%. The Igarapé Thermal Power Plant, after restarting operations, presented a mean thermal efficiency of 25.46%, while the Barreiro Thermal Power Plant, which

is integrated into the V&M do Brasil steel mill, presented a mean thermal efficiency of 23.75%, that is, 13.78% higher than in 2011, following operational improvement work. Fuel consumption occurs only during start-up.

Transportation

EN18

Transportation management found some opportunities to optimize logistics that led to a definitive reduction of 151 vehicles throughout all the fleet and also resulted in a plan for the replacement of fuels with biodiesel. It foresees the change for 270 vehicles in 2013, thus contributing to a reduction in Greenhouse Gas Emissions. To monitor and be active in the reduction of fuel consumption, the Company began relying on the Refueling Card with a contract extension for a further 60 months, thus allowing for greater efficiency in the improvement actions that should be implemented after the monitoring of the its fleet's consumption performance has been concluded.

The total consumption of fuel at Cemig featured a 9% drop in relation to 2011. There has been an accumulated reduction of 29.3% over the last five years, that is more than two million liters of fuel were not consumed by the Company as a result of the constant fuel utilization control measures.

CEMIG ELECTRICIAN

Global Compact Principle 7

Global Compact Principle 8

BIODIVERSITY

EN14 EN26

The correct identification and evaluation of environmental impacts on all its activities allows for the proactive and responsible operation of its businesses, which effectively contributes towards improvements in the environmental quality in the areas in which the Company operates.

Considering the predominance of Hydroelectric Power Plants in its energy matrix, Cemig's environmental strategy in relation to biodiversity is directed at conservation programs aimed at a set of fish species that live in the water courses on which the Company has enterprises, and to environmental management and protection of the trees along the transmission grids and the electric energy distribution networks.

With initiatives aimed towards this goal, Cemig effectively contributes towards the conservation and the promotion of these resources and ecosystems, most especially in two hotspots (areas highly threatened and of great biological importance to the entire planet): the Cerrado and Atlantic Forest. These are environmental programs that are developed and implemented so as to foster alignment between researches, the sharing of acquired technical knowledge and the mitigation of negative impacts on the environment. The main actions are detailed on the Company's website: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/Programs/environmental_programs/Biodiversity/Pages/default.aspx*

Protected Environmental Areas

EN11 EN13 EN14 EU13

Cemig manages 2,205.9 km² of protected environmental areas that contributes to preserve and restore the biodiversity of natural ecosystems aligned with the promotion of activities that raise environmental awareness among members of society and that serve as an incentive to scientific research. They total 57.4 km² of Environmental Stations and 2,148.5 km² of fresh water reservoirs that enable the development of studies, research and the sharing of relevant information on biodiversity and their coexistence with respect to the electric energy enterprises. See in the table below a list of all of Cemig's Environmentally Protected Areas.

PRESERVED FOREST

ENVIRONMENTALLY PROTECTED AREAS	
Land	**Area (km²)**
Galheiro Environmental Station	28.47
Jacob Environmental Station	3.58
Volta Grande	3.91
Peti	6.06
Itutinga	0.35
Machado Mineiro	0.03
Taquaril	0.50
Fartura	14.55
Total - Land	57.42
Fresh Water	2,148.53
Total of Protected Areas	2,205.95

For further information on the Environmental Stations, please access: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/Programs/environmental_programs/Pages/environmental_reserves_and_nurseries.aspx*.

For information regarding Legal Forest Reserves, please access: *http://cemig.infoinvest.com.br/enu/10520/CEMIG20F2012_29042013_ing_fullversion.pdf*

Cemig owns the VERDE MINAS (Green Minas) system, an application that uses a georeferenced database that consolidates in a WEB the data on Cemig's electric system structure, such as hydroelectric power plants, substations and transmission lines, with the poligons of the existing protected environmental areas in the State of Minas Gerais. By doing so, Cemig expands the assessment of the impacts of its projects on biodiversity in order to provide a harmonious relationship between Cemig's operational activities, the environment and the legislation in force.

In 2012, nearly 85% of the existing protected environmental areas in Minas Gerais were available for consultation via the web to all employees, thus enabling the system to be visited by several different areas of the company, among them: planning and design of new substations, transmission lines and distribution networks; identification of the existence of electric system structures inside environmental areas for the corrective environmental licensing process; analysis of the location of transmission lines to help produce answers for authorities. Also in 2012 the project that shall make viable the implementation of new functionalities to provide for the greater expectations and needs of its users was started.

The interferences in the legally protected environmental areas due to the installation of electric energy transmission lines, substations or distribution networks are assessed and monitored in compliance with the company's internal procedures, considering the aspects and impacts of the activities, as well as the applicable legal requirements. The environmental interventions for the implementation of transmission lines and distribution networks are made in accordance with the authorization documents issued by the environmental authorities. It is noteworthy that Cemig currently enjoys a technical cooperation term with the Minas Gerais State Department for the Environment and Sustainable Development (SEMAD), which establishes a partnership relationship between the two parties and includes requisites linked to environmental interventions and their due regularization.

Environmental Education

For Cemig, sharing the knowledge acquired on the environment available is an important tool for multiplying partnerships and for promoting society's commitment to care and preserve the environment.

In 2001, Cemig created, in partnership with Fundação Biodiversitas, the Terra da Gente Program, which is aimed at providing didactic and pedagogical support for environmental education to the Minas Gerais State school system's educators in the Triangulo Mineiro, Alto Paranaíba, Sul de Minas and Campos das Vertentes regions, with an emphasis on the protection, conservation and recuperation of the biodiversity of the Cerrado and Atlantic Forest biomes. At the end of 2012, the program enjoyed partnerships with 174 schools, involving 51,827 new students and empowering more than 3,000 teachers to use the material made available. All throughout its existence, the Terra da Gente Program has contributed towards improvements and raised environmental awareness among more than 300,000 students in elementary schools all around the State of Minas Gerais.

Practices with a focus on socio-environmental education are disseminated in the Environmental

Stations and in specialized centers located at the Company's enterprises. In 2012 more than 7,700 people participated in technical visits, lectures, courses and playful activities in all the regions in which the company performs its activities.

Cemig produced and published the "Cyanobacteria and Water Quality – the importance of always being aware" booklet with the objective of providing information on the ecology and the main problems that these organisms may cause for the population and the environment. It publicizes the means of contagion, the effects of intoxication by Cyanobacteria and the ways of identifying its presence in the water. The booklet was made available to society at meetings and events in the electric sector and on the Company's website. Access: *http://www.cemig.com.br/pt-br/A_Cemig_e_o_Futuro/sustentabilidade/nossos_programas/ambientais/Biodiversidade/Documents/Cartilha_Cianobacterias_2011.pdf*

The Social Communication and Environmental Education Program at Taesa, a company in which the Cemig Group has an equity stake, is aimed especially at raising awareness among members of communities located along the route of their transmission lines on important themes such as how to live safely with the facilities, the consequences of unlawful fires and acts of vandalism, good environmental practices, proper disposal of waste, as well as other themes related to environmental preservation, hygiene and health. In three years more than 700 visits were paid to schools, delivering 500 lectures to a public totaling 30,000 people.

Flora and Fauna Conservation

The conservation of the flora and fauna in the biomes in the areas where Cemig performs its activities is achieved through specific programs that deliver progressive results over the course of their implementation. For flora, the main initiatives are focused on tree management, on the production of seeds and saplings and on the reforestation of protected areas. For fauna, the priority is ichthyofauna, given the extension of the fresh water protected areas, but the Company also boasts initiatives to protect wildlife in its environmental stations.

Information on the programs can be found in the Socio-environmental Projects item of this report. For detailed information on the programs concerning Fauna, please access: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/Programs/environmental_programs/Biodiversity/Pages/fauna_conservation.aspx*

Ichthyofauna

EN12 EN14

Considering the predominance of Hydroelectric Power Plants in Cemig's energy matrix and their consequent environmental impacts, mainly during the filling of the reservoirs, Cemig's environmental strategy concerning biodiversity is directed at conservation programs aimed at the set of species that live in the water courses on which the company has enterprises.

An example of the integration between environmental conservation and the social benefits is the Peixe Vivo Program. Detailed information is provided in the Socio-environmental Projects item of this report.

The Company has concluded the work on two new laboratories constructed in the Volta Grande Fish Culture Station, as part of the project for the creation of the Ichthyology Excellence Center. The labs are already available to the Station's technical team and research teams for routine jobs, experiments and research by means of partnerships with the Federal University of Lavras – UFLA and the Federal University of Minas Gerais – UFMG.

For further information on the Peixe Vivo Program, please access: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/Programs/environmental_programs/peixe_vivo/Pages/default.aspx*

Coexistence with Urban Trees

EN12 EN13

Cemig adopts technological alternatives in its distribution networks in order to improve the relationship with urban trees. For that purpose, the Company adopted, since March 1999, the Protected Distribution Network (RDP) as its minimum standard for urban supply when replacing the conventional unsheathed networks. This is an initiative that made Cemig the first electric utility in Brazil to adopt a Protected Distribution Network as a minimum standard. The greatest benefit of the technologically advanced

networks (protected and insulated low and medium voltage) is the significant reduction in the number of energy service interruptions caused by contact with trees, as well as a reduction in the frequency of pruning actions. In 2012 these networks were extended from 35,215 km in 2011 to 39,032 km in 2012.

Also noteworthy is the Research and Development Project for the Integrated Management of Vegetation in Right-of-Way areas under Transmission Lines. The project focuses on the implementation of communities of plants that do not lead to interferences with the transmission system and, at the same time, promote improvements in the environmental quality in these right-of-way areas, by protecting the soil, providing shelter, food and reproduction areas for animal species. In 2012, more than 130 environmental inspections were made at Cemig's and contracted partie's bases so as to assess the quality of the services rendered in the Vegetation and Waste Management processes (right-of-way clearance and tree pruning). The goal was to identify the opportunities for improvements and disseminate the best practices.

Another program of note with regard to urban tree management, the PREMIAR program, is explained in detail in the Socio-environmental Projects item of this report.

EN13 EN12

Seeds and Saplings

The Riparian Forest Program is a cooperative initiative between the Company, rural proprietors located within the areas around the reservoirs that used to be considered a Permanent Protection Area (APP) and the Government. After the new Brazilian Forest Code was approved, the definition of an APP was altered, introducing new concepts regarding the subject. For further information, please access: *http://www.planalto.gov.br/ccivil_03/_Ato2011-2014/2012/Lei/L12651.htm*

Owners are encouraged by Cemig to preserve their areas and promote riparian reforestation, for which, the Company supplies the saplings and bears the implementation costs, while owners make the areas available and commit to their proper maintenance. These partnerships resulted in 74.2 hectares of planted riparian forests around eight of the Company's reservoirs.

The Company manages two forestry nurseries located in the environmental stations of Itutinga and Volta Grande, along with a seed laboratory located in Belo Horizonte, where urban tree saplings are also produced. A total of 371 thousand saplings of native tree species and 14.5 thousand tree saplings for planting in urban areas, totaling 386 thousand saplings produced.

3,540 kg of fruit were collected and processed to produce 1,049 kg of seeds that were distributed to the Company's tree nurseries and were also ceded to City Halls and partner projects such as: Fundação Zoobotânica, EPAMIG Oratórios and Pitangui, Terra Institute, the Brazilian Congress for Urban Tree Planting, UFLA, ARPAD, ARPA, UFMG, EMBRAPA, CRIDES, the National Forest of Passa Quatro, Associação Rio Pará, EMATER Carvalhos, FESP – Passos, Horto Municipal de Três Corações, UFV, Júlio Terra Nursery – Curvelo and Manuelzão Project.

SEEDLINGS NURSERY – VOLTA GRANDE HPP

EN25 EN9

WATER RESOURCES

For Cemig, fostering the adequate management of water resources within the areas in which it performs its activities means working proactively towards the conservation of the main intake of its assets, since its energy matrix is predominantly composed of hydroelectric power plants.

Cemig participates in all decision-making collegiate and regulation forums involved with both National and State Water Resources Policies. Among these, of note are the National and State Water Resources Councils, River Basin Committees, Technical Chambers and Workgroups. The Company also takes part in the Brazilian Association of the Electric Energy Generation Utilities – ABRAGE, where it served as the coordinator of the Water Resources Workgroup – GTRH in 2012.

This group is aimed at promoting debate on water resource issues, hydrometeorology, hydraulics and the legal and institutional aspects regarding the National Water Resources Policy and the interfaces with the environmental area, all of which are intended to provide the necessary support to ABRAGE in the positioning of the associated companies.

For additional details on the Cemig's institutional participation, please access: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/water_resources/Pages/water_resource_management.aspx*

Monitoring the Quality of the Water

Aligned with the goal of managing in a systemic way the effects of its environmental impacts concerning the filling of reservoirs, Cemig monitors the quality of water through a network comprising the main river basins in Minas Gerais, 43 reservoirs and more than 250 data stations collecting physical, chemical and biological information. The monitoring network was recently improved with an increased number of stations and the inclusion of sampling at different depths, which provide support to the water quality management process in the reservoirs and comply with the conditioning clauses, as well as with both state and federal resolutions. All the data generated are stored in a database that is made available to stakeholders – SISÁGUA *(http://www2.cemig.com.br/sag/)*.

A technical cooperation agreement was entered into for the integration of the Water Management Institute of Minas Gerais - IGAM's water quality monitoring system database with Cemig's system. The objective is to standardize and make available the SISÁGUA data for the Águas de Minas Project.

Cemig utilizes, also as a reservoir monitoring tool, the Water Quality Index (IQA) methodology, which indicates the level of contamination by organic matter, nutrients and solid matter which are usually pollution indicators associated with domestic effluents. This indicator is used by the Water Management Institute of Minas Gerais – IGAM, within the scope of the Águas de Minas Project to assess the quality of water in the State's rivers.

In order to improve the results gathered by the sampling initiatives, Cemig, in partnership with Hidroex[11], is studying, through a research and development project, the adaptation of the Water Quality Index (IQA), which was developed for running water, for effective application in reservoirs. The new index will be called IQAR.

The table below presents the Water Quality Index – IQA data for Cemig's main reservoirs, mean annual results for 2012:

HYDRO POWER PLANT	WATER BODY	IQA	
Irapé	Jequitinhonha	79.04	
Volta Grande	Grande	85.54	
Nova Ponte	Araguari	78.97	
Salto Grande	Santo Antônio	69.50	
São Simão	Paranaíba	74.35	
Cajuru	São Francisco	80.10	
Piau	Piau	63.67	

LEVEL OF QUALITY	RANGE
Excellent	90 < IQA ⇠ 100
Good	70 < IQA ⇠ 90
Medium	50 < IQA ⇠ 70
Bad	25 < IQA ⇠ 50
Very Bad	0 < IQA ⇠ 25

[11] *www.hidroex.mg.gov.br*

Additional information on initiatives related to water resources is available at: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/water_resources/Pages/default.aspx*

Financial Compensation

Generating energy by means of hydroelectric power plants with an installed capacity of 30 MW results in economic gains for states, municipalities and some bodies of the Federal government, through the so called Financial Compensation for the use of water resources for energy generation – CFURH. The Financial Compensation is a sector tax charged for the use of water resources in the generation of electric energy. It corresponds to 6.75% of the value of the energy produced at each hydroelectric power plant. The table below presents the amounts paid in 2012:

FINANCIAL COMPENSATION FOR THE USE OF WATER RESOURCES FOR THE GENERATION OF ENERGY – CFURH	
RECEIVING PARTY	**AMOUNT (R$)**
Municipalities impacted by the construction of hydro power plants	72,309,442.36
States impacted by the construction of hydro power plants	72,309,442.36
National Water Agency	20,085,956.21
National Hydrometeorological Network	4,820,629.49
Total	169,525,470.42

For more information on the financial compensation, please access: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/water_resources/Pages/financial_compensation_for_use_of_water_resources.aspx*

Reservoir Management

The construction of reservoirs for storing water, in addition to the generation of electric energy, helps to control flooding, minimize the effects of droughts and make the resource available, on a regular basis, for other uses such as urban water supply, industrial water supply, irrigation, navigation, recreational purposes, tourism, fishing and aquaculture.

To reduce the effects of flooding, a part of the volume of the Company's reservoirs that are used to control flooding is kept empty during the rainy season. This Reservoir Management is a preventive measure that makes it possible to receive and store

JAGUARA HPP

certain quantities of water that may happen to come and that if fully released would lead to damages at sites located downstream from the dam.

In 2012 heavy rains that fell in Minas Gerais led to generalized flooding in several rivers in the state. At that time, Cemig's hydroelectric power plant reservoirs were fully utilized to accommodate part of the flow and diminish losses caused by the floods. The work done by Cemig to engage with communities situated in the areas of influence of its reservoirs enables the Company to establish partnerships with local leaders, local bodies and with those responsible for the safety and prevention of the effects of flooding.

Cemig invested in the expansion and modernization of the hydrometeorological monitoring network with the installation of 10 new meterological stations and the acquisition of new atmospheric discharge sensors.

Information on this initiative may be found in the Socio-environmental Projects item – Proximity Program – in this report.

It is important to highlight that none of Cemig's hydro power plants are located in areas of water stress, according to the information made available by the United Nations Organization - UN[12] and the National Water Agency (ANA)[13].

Further information on environmental risks is available in Main Impacts, Risks and Opportunities in this report.

[12] www.un.org/waterforlifedecade/scarcity.html
[13] www.ana.gov.br

SPILLWAY – NOVA PONTE HPP

Global Compact Principle 7

EU30 EU1 EU2 EU10

CLIMATE CHANGE

Global discussions on climate changes are growing in volume and in importance every year. This trend leads companies in the electric sector to pay close attention to the development and consolidation of a primarily renewable energy matrix, as well as to the identification of potential risks to the business and the search for solutions to adapt to and mitigate effects that could possibly impact them.

The State of Minas Gerais, Cemig's main area of operations, has one of the largest water reserves in Brazil, which has enabled the company to constitute a low carbon emitting generating system. Nevertheless, it can be affected by climate changes: the company has hydroelectric power plants that represent 96.6% of its installed capacity.

In the table below, more details are shown about Cemig's generating system and its energy matrix:

CEMIG'S GENERATING SYSTEM							
SOURCE	INSTALLED CAPACITY		NET GENERATION				AVERAGE AVAILLABILITY (%)
	2012		2012		2011		2012
	MWh	%	MWh	%	MWh	%	
Hydroelectric	6,514.0	96.6	37,899,892	98.6	33,434,839	98.6	90.31
Thermal – fuel oil	131.0	1.9	23,115	0.1	-	-	-
Thermal – process gases	52.9	0.8	391,363	1.0	368,571	1.1	92.21
Wind Power	48.8	0.7	128,849	0.3	122,722	0.4	55.21
Total Cemig	6,746.7	100.0	38,443,220	100.0	33,926,132	3.4	

To prevent any possible impacts on its business, Cemig invests in practices that position the company in a situation of greater security in the face of a variety of possible scenarios. The company utilizes modern techniques and equipment, such as the Storm Location System (STL), the Hydrometeorological Monitoring and Telemetry System (STH), mathematical models for hydrological simulation and climate and weather forecasting, programs for repowering hydroelectric power plants, energy efficiency and Greenhouse Gases (GHG) control programs, as well as a significant amount of investment in research into themes related to climate change. The discussions, initiatives and lessons learned prepare Cemig for a low carbon economy that is based on the broad evaluation of risks and climate opportunities.

For further information, visit: *http://cemig.infoinvest.com.br/enu/9677/CDPfinalCemig2012_EN.pdf*

The meteorological radar, acquired by the company in 2011, is the most advanced technology for forecasting the intensity and location of storms. It allows teams of electricians to work more efficiently when working to restore the system's functionality in the event of an interruption due to meteorological causes (rain, electrostatic discharge and wind). In 2012 the radar provided highly accurate hydrological predictions, increasing the safety of operations at hydroelectric power enterprises and of the regional population.

The company continues to work on a strategic nation-wide research and development project, in partnership with important research institutes such as INPE, UFRS and UNIFEI. The project assesses the consequences of climate change on the energy generation capacity of hydroelectric power plants. The Company also participates in other research projects focused on its activities that are impacted by climate conditions, such as studies on the monitoring and predictability of wildfires and the monitoring of atmospheric electric discharges.

Cemig actions related to climate change are a part of its business strategy to lead the world's electric energy sector in sustainability. Within this corporate view, the expansion of its generating system is focused mostly on renewable sources of energy, such as hydraulic power generation, solar and wind power, the Renova Energia company is the growth vector in this field. Since 2008 Renova

has been operating three small hydroelectric plants (SHPs) in the extreme south of Bahia, a system called the Hydroelectric Complex of Serra da Prata, and which has the capacity to generate 41.8 MW. Renova has a strong presence in the development of wind power projects, which are described under item "Wind Power" in this report.

Cemig's commitment to climate change is expressed in a document approved by the Company's Executive Board that defines its main initiatives and operational stance. Access: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/Programs/climate_changes/Documents/DezIniciativasClimaING.pdf*

Cemig was selected by the CDP – Carbon Disclosure Project – as one of the top Ten Brazilian Companies with the best performance in taking effective measures to mitigate climate change. And it was, again, selected to participate in BM&FBOVESPA's Carbon Efficiency Index (ICO2[14]) for the third year in a row.

Clean Development Mechanism

EN18

With respect to the Clean Development Mechanism (MDL), Cemig has enterprises in different stages of the Reduced Emission Certificate registration and acquisition process. These are related to hydroelectric power plants (HPPs and SHPs) and to the solar and wind power plants, as stated below. For further and follow-up information on these projects, please access: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/Programs/climate_changes/Pages/carbon_credits.aspx*

PROJECT	STATUS	ANNUAL tCO_2e REDUCTION ESTIMATE
Guanhães SHP, 4 SHPs, 44 MW	Registered	62,949
Baguari HPP	Registered	63,234
Cachoeirão SHP, 27 MW	Registered	26,400
Pipoca SHP, 20 MW	Being Validated	24,082
Paracambi SHP, 25 MW	Being Validated	60,819
Solar Settesolar, 3 MW	Being Registered	942
Renova Wind Farm[1], 129 MW	Registered	117,424
Renova Wind Farm[1], 164 MW	Being Registered	150,801
Renova Wind Farm, 162 MW	Being Registered	166,664
Renova Wind Farm, 213 MW	Being Validated	215,666

[1] Figures respective to 100% of the Renova Wind Farms CDM project. Note that Cemig holds an 8% equity stake in Renova Energia.

Energy Efficiency and Conservation

EN5 EN6 EN7 EN18 EN26

Cemig undertakes a variety of initiatives and projects aimed at the rational use of electric energy, which provide social and environmental benefits for consumers, clients and the society at large.

Aligned with the National Energy Efficiency Program, Cemig's Energy Efficiency Program (Intelligent Energy) complies with Law No. 9991/00, which establishes that 1% of the Company's net operating income must be invested in projects and research regarding the theme.

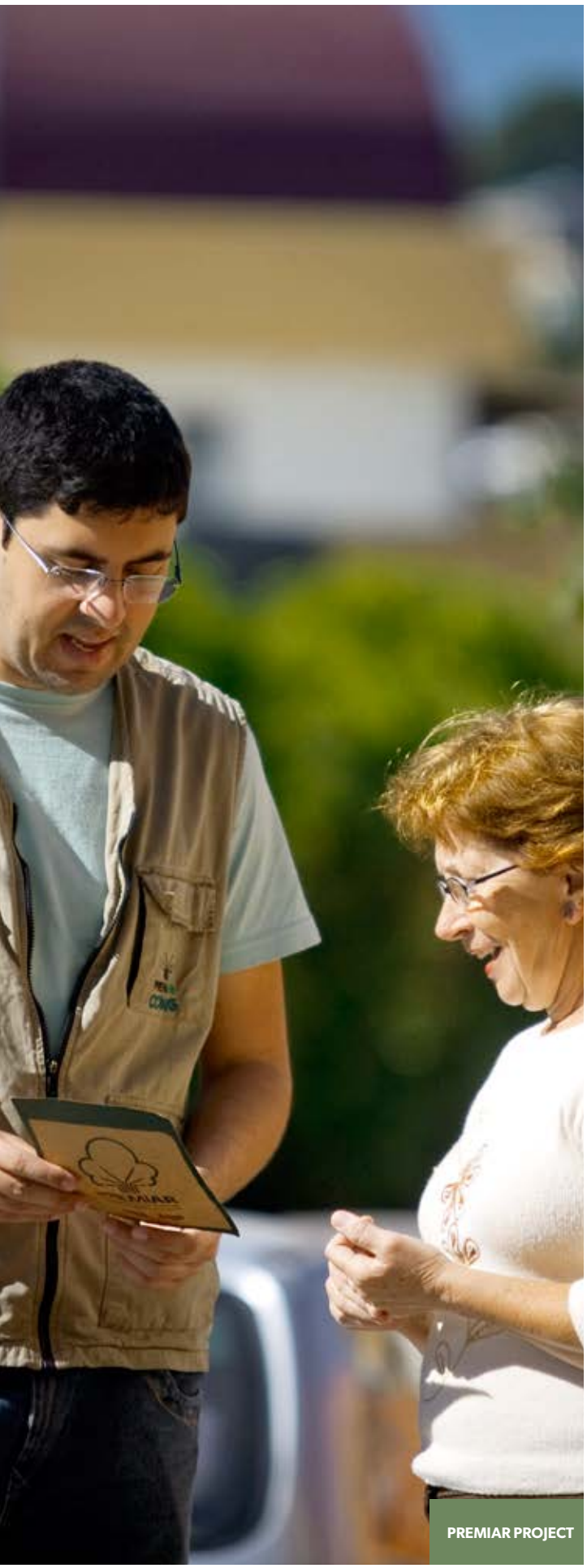
Intelligent Energy program is constituted of several different projects, which, in 2012, were given R$ 48.9 million in funds and led to energy reductions of 46,979 MWh/year and a reduction in peak demand of 10.011 MW in both the residential and commercial sectors, with avoided missions on the order of 3,223 tCO_2e.

For further information on the Intelligent Energy projects, please see the item on Socio-environmental Programs in this report.

Efficientia, an Energy Conservation Services Company (ESCO) and whole subsidiary of Cemig, has strong presence in the specialized consulting services area focused on the optimization of the energy matrix of large industrial clients, with projects that involve the connection of substations to Cemig's grid, especially in the sugar/ethanol producing industry. Additionally, Efficientia has implemented energy efficiency projects through performance contracts, which have resulted in reductions in indirect Greenhouse Effect Emissions for medium and large sized clients in the commercial, industrial, and service sectors.

As of 2012, the results of Efficientia's projects totaled accumulated energy savings on the order of 166,000 MWh/year, which means a projected annual reduction of 11,388 tCO_2e.

[14] *Available at: http://www.bmfbovespa.com.br/indices/ResumoEmissaoGEE.aspx?Indice=ICO2&idioma=pt-br*



PREMIAR PROJECT

Emissions

EN7 EN16 EN17 EN19 EN20 EN26 EN29

In 2012, Cemig published its first Greenhouse Gas Emission Inventory, which was verified by third party audits. The document is available in full at: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/Programs/climate_changes/Pages/default.aspx*

Cemig calculates its Greenhouse Gas – GHG emissions in accordance with the emissions factors of the Brazil GHG Protocol Program.

The table below presents the evolution of Cemig's GHG emissions over the last five years.

GREENHOUSE GAS EMISSION (tCO_2e)					
	2012	2011	2010	2009	2008
Scope 1	53,567	24,384	59,642	111,758	287,307
Scope 2	436,750	168,189	295,478	390,039	282,439
Scope 3	5,341,863	5,202,775	4,937,535	NA	NA
Energy Produced (GWh)	38,125	33,788	32,981	35,667	31,163
Intensity of emissions – Scope 1 (tCO_2e/GWh)	1.41	0.73	1.81	3.13	9.22

For further information, please access: *http://www.cemig.com.br/en-us/Company_and_Future/Sustainability/Programs/environmental_programs/Pages/atmospheric_emissions.aspx*

The Company's thermal power plants are responsible for the sulfur dioxide (SO_2) and nitrogen oxide (NO_x) emissions, which are gases that cause acid rain. Only one of Cemig's Thermal Power Plants utilizes fossil fuel in its operations – the Igarapé Thermal Power Plant, which restarted operations in 2012, thus increasing total emissions. With respect to NO_x there was a 49% increase in relation to 2011, from 87 to 131 tonnes. Concerning SO_2, emissions totaled 486 tonnes, which is 19% higher than in 2011. In 2012, Cemig's Thermal Power Plants generated 414,478 MWh, which represents an 11% increase in relation to 2011.

NEW ENERGY SOURCES

Solar Energy

Solar Mineirão

Cemig approved an investment of four million Euros for the construction of a photovoltaic power plant to be installed on the roof of the Mineirão stadium in Belo Horizonte. Of this amount, 80% will come from the German Development Bank KFW, while the remaining 20% will be the Company's own capital. The photovoltaic solar power plant shall have a 1.2 MW power peak, supplying energy for the Stadium and for the market. The Stadium will be hosting games as part of the 2013 FIFA Confederation's Cup and the 2014 FIFA World Cup.

Solar Maracanã

The Rio de Janeiro State Government has just entered into a partnership with Light, a company in which the Cemig Group holds a stake, for the installation of panels for the collection of solar energy at Maracanã, currently one of the largest stadiums in Brazil. The Solar Maracanã partnership will be the implementation of a photovoltaic ring on the steel structure that will be sustaining the tensioned canvas roofing, generating clean energy equivalent to the consumption of 240 residences and avoiding the emission of 2,560 of tCO_2e into the atmosphere.

Light shall be assuming the investment for the implementation and maintenance of these photovoltaic plates and, following final settlement that shall be made through the sale of the energy generated, the plant will be transferred to the State, which may opt to continue selling this energy to the market or to use in it the State's facilities.

Sete Lagoas Solar Power Plant

In 2012, the construction of an experimental 3.3 MWp solar power plant in Sete Lagoas was started. This is the result of a partnership between Cemig and the Spanish company Solaria, the Federal University of Minas Gerais – UFMG and the Minas Gerais Foundation for Research Support - FAPEMIG within the scope of Aneel's research incentive program. In addition to being a sophisticated research center, it will be the largest plant of its kind in the country. Along with the construction, the Clean Development Mechanism Project was initiated. It was approved by the Brazilian government on December 17, 2012 and sent to UNFCCC (United Nations Framework Convention on Climate Change) for registration, validation and future commercialization of the carbon credits in the European market.

Solar Photovoltaic Energy

Cemig is participating in Aneel's strategic "Technical and Commercial Arrangements for Insertion of the Solar Photovoltaic Power Generation into the Brazilian Energy Matrix" project. This project comprises the development of a business model, the design and installation of a pilot solar photovoltaic power plant with optimized performance and research projects specifically focused on performance, an assessment of the positive and negative impacts on the distribution network and other complementary studies.

Solarimetric Atlas

In order to map the State's energy potential and identify the best sites for attracting and implementing solar power enterprises in Minas Gerais, Cemig developed the Solarimetric Atlas through its Research and Development Program. The material offers solarimetric information to all municipalities in the state, a ranking

INDEPENDÊNCIA STADIUM – BELO HORIZONTE

of the regions with greater potential, subsidies for technological research and development, such as the installation of solar enterprises. R$ 2.85 million were invested in the development of the Solarimetric Atlas, which resulted in five new climatological stations installed in the municipalities of Diamantina, Jaíba, Paracatu, Sete Lagoas and Uberlândia. Cemig has made the Atlas available at the following address: *http://www.cemig.com.br/pt-br/A_Cemig_e_o_Futuro/inovacao/Alternativas_Energeticas/Documents/Atlas_Solarimetrico_CEMIG_12_09_menor.pdf*

Wind Power

Renova Energia, a company in which the Cemig Group has a stake, is a leader in contracted wind power generation in Brazil. It is also one of the largest in the renewable energy segment. The company has invested heavily in wind power generation and had the largest wind farm in Latin America, the Alto Sertão I Complex, inaugurated in 2012, in Bahia. The enterprise is considered an international success case due to the execution model applied for the implementation of the 14 wind farms with 185 aerogenerators and a generation capacity of 294 MW, enough to supply approximately 1 million residences and/or 2.5 million people.

Renova is currently constructing the Alto Sertão II Complex, also in the State of Bahia, with investments on the order of R$ 1.4 billion, comprising 15 wind farms with 230 aerogenerators and 386 MW of energy generation capacity. Together the two enterprises will generate in excess of 700 MW of energy – enough to supply more than six million people.

Biomass and Residual Gases

Efficientia undertakes cogeneration projects utilizing charcoal-burning blast furnace gases, providing self-sufficiency in electric energy, any surplus of which can be commercialized by its clients in the spot market.

The cogeneration Project at the Plantar Steel Mill has been concluded. It utilizes blast furnace gases as fuel and has a generation capacity of 5 MW. The energy savings obtained from this power plant total 36,436.80 MWh/year.

Through its Research and Development Program, Cemig, in partnership with ArcelorMittal Bioflorestas is developing and constructing a carbonization gas transportation system and another system for reutilizing forest biomass waste, which allows for the generation of electric energy in a system constituted of a central burner, an EFGT (externally fueled gas turbine) turbine and a generator. The system is scheduled to be fully commissioned in 2013, composed of carbonization gas transport, residual biomass reutilization and electric energy production systems.

Efficientia also coordinates several different projects in the sugar ethanol sector that use sugar cane bagasse (production waste) and manage the construction of new transmission lines and substations to connect the sugar and ethanol plants to the electric system. These initiatives have enabled the electric energy generated through cogeneration to be injected into the electric system, thus increasing the contribution of renewable sources to the Brazil's energy matrix.

Natural Gas

For more information see the Cemig's Main Businesses chapter of this report.

SOCIAL DIMENSION

SOCIAL RESPONSIBILITY AND COMMUNICATIONS STRATEGY

To grow while involving all its stakeholders, is the social responsibility strategy of this Company, which performs its activities in over 774 cities in Minas Gerais and 22 States in Brazil, providing millions of Brazilians with quality energy.

This is how Cemig attempts to improve its social responsibility management for its internal (employees, service providers and interns) and external stakeholders (community, suppliers, customers and society), and so, once a year, it establishes its social dimension challenges.

In 2012, the following medium term challenges/ actions were defined: Proximity Program – hold at least 87% of events required during 2013 with the participation of local leaders, agencies and players responsible for safety and preventing the effects of floods, such as Civil Defense, the Fire Brigade and the Military Police as well as the regional press. Expand the Conviver Project into the countryside. Within the Knowledge Management process, expand construction of knowledge trees and development tracks.

In order to render accounts of the challenges taken on and reported in the 2011 Annual & Sustainability Report, Cemig provides the table below:

2011 GOAL	2012 RESULT	WHERE THE INFORMATION CAN BE FOUND IN THIS REPORT
Expand the Conviver program to the countryside	After the success of the Conviver Interior I Project, carried out in 2010 and 2011, Cemig committed to carrying out a new Conviver Project throughout the State of Minas Gerais (called Conviver Interior II) in 2012. Due to bidding process issues, the company did not manage to achieve this goal.	Environmental Dimension Chapter
Proceed with the Municipal Energy Management Program	R$ 1.3 million were invested in training civil servants from 50 city halls in Minas Gerais, a survey of the electrical equipment at facilities to identify the potential for reductions and expenditures in electricity consumption.	Environmental Dimension Chapter

The Social Responsibility Committee is made up of representatives from each executive office, and furthers interaction between the Company's different areas, with a view to establishing and complying with its guidelines for social responsibility and citizenship, approving and keeping up with the development and results of each existing project.

Thus, with society, the Company is building a sustainable business model with a view to contributing to the community by fostering the access to culture, sports and social actions to structure and enhancing citizenship engagement. In its Sponsorship Policy there are explicit investment guidelines regarding sponsorships and the use of tax incentives, that translate into transparency in managing funds.

The strategy adopted by Cemig regarding this business model is formalized in a corporate document with a view to establishing guidelines to be met internally in the processes involving the development and the management of corporate projects the Company is socially responsible for.

This document seeks to align the social corporate investments with Cemig's Mission, Vision, Values, Ethical Principles and Sponsorship Policy. Besides formalizing the company's social responsibility strategy, the document consolidates already implemented internal practices regarding the development of its social projects. Further details on the projects carried out by Cemig can be found in the Environmental chapter in this report.

In search of effective measurement to enable the company to allocate funds, time and other resources where they are more efficient and thereby generate a higher social value, the Company began to utilize the London Benchmarking Group (LBG) methodology as a reference.

Indices such as the DJSI have included the LBG methodology in their performance scope. Furthermore, the LBG methodology is aligned with the key GRI indicators.

The table below shows the amounts contributed in the form of donations, investment of own resources and subsidies. Included in the donations are the amounts contributed to the Childhood and Adolescence Fund of the company's and employees'. This item is also made up of the amounts resulting from the partnership with the Social Assistance Voluntary Service (SERVAS), in which materials are passed on to the latter, along with the amounts the Company does not collect because of its electricity bill payment exemption facility for non-profit organizations.

Investments of own resources represent the disbursements made by the company; whereas subventions are the programs receiving subsidies from the Federal Government, such as the energy efficiency program.

CLASSIFICATION OF CONTRIBUTION	R$ MILLION			
	2009	2010	2011	2012
Donations	6.39	18.56	18.21	17.16
Investments in the Community	23.16	33.96	68.01	102.09
Grants	69.14	64.03	60.94	89.94
Total Contributions (in R$)	98.68	116.55	147.16	209.19

Under the LBG methodology, the company's social investments must also be classified in terms of a form of contribution and investment areas, as can be seen as follows:

FORM OF CONTRIBUTION	R$ MILLION			
	2009	2010	2011	2012
Donations	4.65	16.82	16.47	15.42
Investment / Financial Transfer	65.31	71.00	101.96	163.31
Average Cost of Administration *	28.73	28.73	28.73	30.47
Total Contributions (in R$)	98.68	116.55	147.16	209.19

* For the year reference of 2012 there was a methdology review on how to calculate the costs of administration.

INVESTMENT AREAS	R$ MILLION			
	2009	2010	2011	2012
Culture	23.22	19.45	16.14	24.70
Sports	3.83	4.62	4.20	8.85
Education	2.52	0.40	1.03	1.20
Energy Efficiency Projects for Community	39.56	39.56	39.56	55.19
Third Sector	6.39	18.56	18.21	17.16
R&D	23.16	33.96	68.01	102.09
Total Contributions (in R$)	98.68	116.55	147.16	209.19

CHILD BENEFITED BY THE ASIN PROJECT

External Communication

PR6 Cemig submits to the recommendations of the Brazilian Association for Business Communication (Aberje) and follows its own Strategic Communication Plan, which provides for specific approaches for communications with each stakeholder. The Company's publicity campaigns are done by companies who follow the Brazilian Code for Publicity Self-Regulation, regulated by the National Council for Publicity Self-Regulation (Conar).

SO7 PR7 The Company did not record any non-compliances for 2012 regarding communication actions for marketing, advertising, promotion and sponsorship, neither was it sued administratively or judicially for violating the competitive order, either by trust, monopoly or disloyal competition practices.

SO6 Being a mixed economy company, the Cemig may not and does not make any financial contributions for politicians, political parties or related institutions.

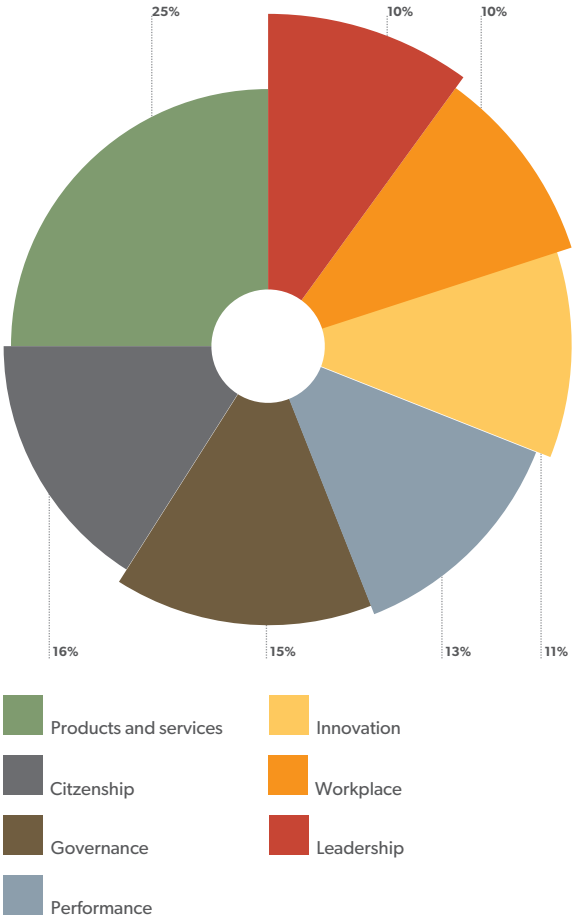
Since 2007 Cemig has measured its reputation annually by means of tools from the Reputation Institute (further information on Reputation and Brand Value under item "Strategy", on page 32). The main objective is to understand the expectations and perceptions of the general public on the company; in this way the methodology enables the factors determining its reputation to be identified. Some of the features noted are:

- Subjective features of the stakeholder's perception on the company, such as: esteem, admiration, trust and empathy.
- Features on products and services of the company, its degree of innovation, its working atmosphere, leadership, financial performance, corporate governance and citizenship.

In 2012, 372 stakeholders of both genders aged between 18 and 65 with different levels of education were heard in the Southeastern states.

From the chart below it can be noted that the Citizenship attribute occupies second place in the reputation ranking, according to the stakeholders. This attribute represents an average among the following statements made to the interviewees: a company that protects the environment; a company that supports good social causes; and a company that contributes to society.

WEIGHT OF REPTRACK™ MODEL IN CEMIG'S REPUTATION IN 2012



ENGAGEMENT AND RELATIONSHIP WITH THE COMMUNITY

Cemig guides its relationship with communities with a sense of co-responsibility in stimulating local economic and social development, through the following priorities: accessibility to electric energy, service for low income communities in energy efficiency and promotion of culture and sports activities. Further details on this topic under item "Electric, Cultural and Sports Inclusion".

HR6 HR7 Based on the principles of the Universal Human Rights Declaration proclaimed by the United Nations in 1948, Cemig built its internal policies, such as those of Communications, Communication with the Community, Human Resources and Code

Global Compact Principle 1

Global Compact Principle 2

of Conduct, promoting dignity, human rights, liberty and equality in legal protection, without distinction of any kind, and ensuring that it does not carry out and does not hire companies that have practices that disrespect these principles, such as forced, slave or child labor.

In all the Company's interactions there is the care to respect and hear those who are affected by some activity or have a direct contact with Cemig. In order to make programs/projects for communication with the communities fully meet Cemig's and its public's necessities, opinion polls, workgroups and workshops are held to evaluate the level of satisfaction of these communities with the Company and at the same time consolidate the yearnings and suggestions making the search for integrated solutions more objective.

SO1 SO9 SO10 EU20 EU22 PR1

Approaches to Territory Management

The company's operations are very closely monitored by internal communication and security areas to make sure potential impacts on the local community are assessed and mitigated. Currently all of Cemig's operations are monitored internally, which ensures negative and positive impacts are being dealt with.

Concerning its environmental licensing processes, on acquiring property to implement new projects, Cemig pays owners a fair price for it, indemnifying them in accordance with market evaluations, both for property acquisition and for payment of indemnities.

In 2012, negotiations were held with 569 owners, with respect for their individual integrity and the history and culture of the communities affected by the projects, involving 699 properties for Cemig and Large Corporate Clients to implement 45 projects.

In the case of the Irapé Hydroelectric Power Plant, studies by Cemig on resettlement, approved by the Federal Department of Justice, suggested that maintenance of community ties and existing neighborly relations would be the best way to contribute to successfully restore productive base sustained by family farming. The identified groups were presented with three property alternatives, with everyone entitled to choose the land they intended to live on. The quality of life of resettled populations is monitored and assessed, which leads to technical assistance initiatives and, again, this process is monitored. So far, Cemig has delivered 362 property titles to resettled parties, 33 of which were delivered in 2012. Throughout the entire regularization process meetings were held with the goal of meeting the demands of the community.

Furthermore, action needs to be undertaken with the residents who sometimes live on the right-of-way beneath transmission lines and distribution grids. In 2012, an agreement was signed by Cemig and the Municipality of Ibirité to initiatives aimed at that objective.

126 families whose houses trespass on the distribution lines' right-of-way will be benefited. Overall investment was R$ 8.18 million. 79.2% of the resources came from Ibirité City Hall and the remaining part from Cemig. In this project, beneficiaries may elect to receive the value of their property in cash or move to one of the apartments built by the Ibirité City Hall. In synergy with these actions a partnership with the Conviver Project is planned to replace high consumption lamps, refrigerators and showers with more efficient ones for families who opt for apartments. As a result, residents will be able to save up to 70% on energy bills.

Being committed to foster development within its concession area, in 2012, Light, the Rio de Janeiro company that the Cemig Group holds equity stake in, joined with the State Government to work in areas where Peacekeeping Police Units (UPPs) have been set up. This has made access easier and created a new relationship with customers. The company is working on transforming the community, regarding regularization initiatives and habit changing.

Investments to improve the pacified community network, including shielding and telemetering, totaled R$ 73 million. In the other communities, Light has invested R$ 5 million on regularization. Investments in energy efficiency are described in the Environmental chapter.

Electrical, Cultural and Sports Inclusion Initiatives

Completion of the Luz para Todos (Light for All) Program

EU23 EU26

In December/2011, Cemig's Luz para Todos Program undertakings were completed with about 285,000 rural connections since 2004, benefiting approximately 1.5 million people in Cemig's concession area.

As defined in Federal Decree 7520/2011, from 2012 to 2014, rural services in Brazil should come under the Rural Universalization Program at no cost to interested parties, as long as the Program's criteria are met. The rural service consists of building the network, installing the meter and installing the kit at the residence (3 light points and 2 power outlets) at the interested party's request.

Thus, the Rural Service Rate ended 2012 at 97.95% and the Urban Area Service Rate remained at 99.75%. So, Cemig's Service Rate came to 99.47%

Cultural Initiatives

SO5

In 2012, sponsorships kept in line with the Company's Sponsorship Policy strategy, working in synergy with existing public policies to improve the State's cultural scene. The Company's two programs – "Cemig Cultural" and "o Filme em Minas" (Cultural Cemig and The Movie in Minas) supported 162 projects in 24 different municipalities, meeting the State Department of Culture's goal for regionalizing production. Total investment in Culture from sponsorships stimulated by federal laws and donations from own resources, was R$ 19.63 million, a 28.55% increase over 2011.

The 2011/2012 Film in Minas Program accommodated 32 projects with a total investment of R$ 4.5 million. Movies funded by the program achieved international recognition, such as the feature films "Girimunho" and "O Palhaço" (The Clown), which was awarded in 12 categories by the Brazilian Cinema Academy.

Sponsorships continued for the upkeep of museums (including the Museum of Arts & Crafts in Belo Horizonte-MG, the Inhotim Contemporary Art Institute and Botanic Garden in Brumadinho-MG, and the Oratory Museum in Ouro Preto-MG), permanent culture centers (such as the Artistic Foundation and the Clovis Salgado Foundation / Palácio das Artes in Belo Horizonte - MG), and for projects encouraging reading (like "Sempre um Papo", the Literary Festivals in Ouro Preto and São João del Rey, maintenance of the State Public Library and the Minas Gerais Public Archive's Publications).

The maintenance of Cemig's Popular Art Center, a space making up Praça da Liberdade's Cultural Circuit, a strategic project for the Minas Gerais State Government, was also began. It houses a permanent collection of the state's typical arts and crafts and holds temporary exhibitions connected with the theme.

The partnership with the State of Minas Gerais Department of Culture ensures the assertiveness of sponsorships, supporting strategic demands and adding value to the Company's brand and reputation as regards citizenship.

Alert to its internal public's access to cultural expressions, the Company celebrated the 20th anniversary of its Art Gallery's Talent Competition. Monthly externally curated exhibitions are selected elevating the space to the best non-commercial fine arts gallery in the State of Minas Gerais. In 2012, there were eight art shows and a commemorative exhibit that brought together renowned artists who have shown their art pieces at the space over these two decades.

Sporting Action

EC9

In Sports, the continuity of the sponsorship of those projects undertaken in the three previous years won national awards and, again, the Corporate Sports Friend Award presented by the Ministry of Sports. Sponsorships comprised initiatives such as U-20 (under 20) football, rugby, Olympic swimming, volleyball, taekwondo, Paralympic gymnastics and nautical sports projects, all in continuing the Versol Project at Três Marias. Resources on the order of R$ 4.5 million were transferred by means of the Sports Law and the projects were selected in conjunction with the State Department for Sports.

RELATIONSHIP WITH SUPPLIERS

Development of Suppliers

Cemig's Supply Policy and the Suppliers Relationship Manual implemented in 2009 during Cemig's Suppliers First Meeting to set the general strategy for the supply chain and establish a set of principles and guidelines translated into five priority commitments.

Since then this Policy has guided all its relationships with suppliers and contracted parties, and is permanently posted on Cemig's website on their Supplier Portal, and annually during the Cemig Suppliers Award.

Cemig's material suppliers and service providers were honored by the Cemig Suppliers Award, third edition, at an event held on June 26, 2012. The award encourages quality in the supply of goods and services. It is also recognition of the syntony suppliers and Cemig must keep to reach common goals.

Of the approximately 500 competing suppliers, the award has recognized 62 of them, who have performed with outstanding excellence, based on criteria such as quality, safety, guaranty and price. Of this total, 32 companies reached the "Assured Materials Supply" level of excellence.

In the 2012 edition, of all the winners, the suppliers that stood out for their Social and Environmental Responsibility actions were honored with trophies.

EC6 — Cemig does not directly develop a local supplier hiring policy, because of its semi-public legal nature. However, the Company participates in and effectively supports supplier development programs within the State of Minas Gerais, in conjunction with the Federation of Industries of Minas Gerais - FIEMG and Micro and Small Business Support Service – SEBRAE. Among these programs we may cite: SEBRAE Business Round; *Fomenta Minas, Compre Bem, Projeto Forte*, Supplier Qualification Program.

MUSEUM OF ARTS & CRAFTS – SPONSORED BY CEMIG

Strengthening of business with local suppliers is made evident from the number of registered suppliers, of which 58,918 are from Minas Gerais, or 81% of the total. Regarding the proportion of spending with local suppliers in 2012, we have:

- Percentage of spending on equipment purchases from Minas Gerais suppliers: 30.03%
- Proportion of spending on hiring of services from Minas Gerais suppliers: 76.49%
- Overall percentage of spending on equipment and services from Minas Gerais suppliers: 61.77%

It is also important to note that there are tiebreakers in bids benefiting micro and small businesses.

EU17 In 2012, 558,451 days were worked by third-party and subcontracted collaborators.[15]

Sustainability Criteria on Hiring Third Parties

HR6 HR1 HR7 HR2 Cemig adopts and supports United Nation's Global Compact principles. Its ten Corporate Social Responsibility principles are Cemig's objectives too, and are disclosed to employees and suppliers through the Corporate Social Responsibility primer.

All bidding process documents for material procurement and service hiring contain clauses protecting human rights, such as not employing child, degrading or forced labor and the requirement to comply with labor legislation.

In 2012, all procurement contracts signed with 1,202 suppliers, including both materials and service providers, featured contract requirements concerning human rights. Compliance with these requirements is verified during the contract period, when audits check whether the requirements listed in the request for proposal and in the contract are being met. This procedure is applied throughout the supply chain as a whole, and its implementation is assured in 100% of the cases.

Cemig checks compliance with requirements for quality, environment, health and safety at work, on procurement of goods and services through an Industrial Technical Evaluation – ITE for equipment manufacturers and Technical Evaluation of Contracted Parties - TEC, in the case of service providers.

In addition to subjects regarding the production of goods or the rendering of services, those regarding social responsibility are also checked in these evaluations, following SA 8.000 Norm and Global Compact guidelines, such as child labor, forced labor, degrading labor, respect for social diversity, employee benefit programs, customer care services and development of voluntary social action projects. Environmental matters including granting licenses, waste handling and management and environmental conformity by companies are also checked.

In 2012, there were 114 visits by ITE for supplier registration, 12 by TEC to register construction companies and 18 specific assessments for the Cemig Suppliers Award. In 2012, the company filed 28 administrative processes: 03 due to failures in private works, 19 for contractual defaults, 05 for serious or fatal accidents, and 01 for suspicion of fraud.

Furthermore, in 2012, for new and existing suppliers to be registered or to renew their registration, each was required to declare that they employ no one under eighteen (18) years of age in any nighttime, dangerous or unhealthy work, and no one under sixteen (16) years of age in any job, a rule that was maintained and monitored, in accordance with Law 8666/93.

At Cemig, all contracts involving intensive use of manpower, in particular technical jobs for energy distribution in urban and rural areas have clauses setting minimum performance expectations regarding human rights. The following are some of the clauses contained in those contracts:

[15] The system that calculates these figures does not include general service (cleaning and maintenance, for example) contractors and also does not include the Cresceminas and Luz para Todos (Light for All) program contractors.

- Perform the jobs within the quality, quantity and safety standards required by providing qualified professionals, trained to an extent commensurate with the jobs.
- Employ enough sufficiently qualified staff to perform the jobs to perfection, keeping them in uniforms, carrying credentials and the Personal Protective Equipment - PPE required.
- Strictly comply with tax, fiscal, labor, social security, insurance, hygiene, health, welfare, work safety and environmental legislation.
- Provide meals to those of its employees allocated to contracted jobs, even when this results from an agreement or a collective bargaining agreement and compromise.
- Supply teams with sanitary and hygienic conditions at construction sites and working points by providing chemical toilets and other hygiene items needed.
- Keep strict control over their employees' working hours, while respecting the legal limit as well as intershift rest periods.
- Construction companies are required to have either their own or a third party social worker for each project to implement and monitor issues relating to workers' health, safety and wellbeing.

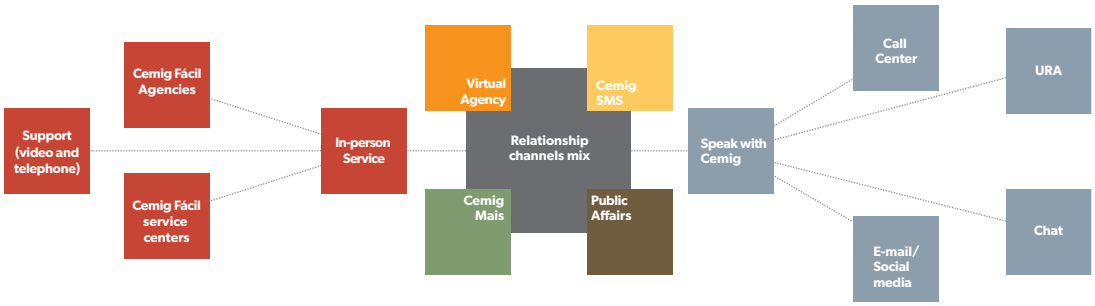
Additionally other types of safety inspections are carried out daily: in 2012; 9,490 safety inspections were conducted for Practiced Safety analysis. Performed Services Quality inspections are routine procedures to measure the quality of performed services and waste management, and, over 2012, more than 63,791 were carried out.

If non-compliances are identified, administrative measures are established ranging from meetings with the contracted party to contract termination.

CITY OF BELO HORIZONTE

CUSTOMER AND CONSUMER RELATIONSHIPS

With a view to providing a quality service, and make consumer access to the company easier, Cemig offers a service channel mix that brings different live and distance communication means together, as illustrated in the figure below:



All Cemig's customers and consumers in the 774 municipalities within its concession area have a site to physically access the company, the Cemig Fácil Network, which attends to approximately 600,000 requests a month. The purpose of implementing this network is to enable customers' requests to be responded to with greater comfort, speed and proximity, with a view to reaching a customer satisfaction rate of over 90% by 2016. In 2012 about 7 million requests were serviced.

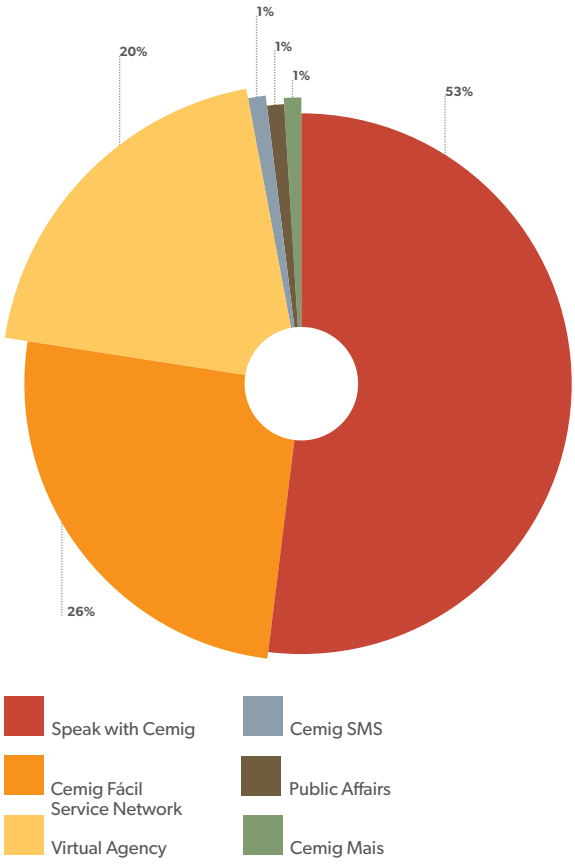
EU24 The Company also seeks to provide better service and interaction with special consumer publics by adapting the Service Agency facilities to accessibility standards (ABNT-NBR 9050), chats at the Virtual Agency, "Cemig SMS" and electricity bills in Braille.

The "Speak with Cemig" channel is a means of contact by phone dialing 116 and/or via the internet. The number of service requests attended to in 2012 was approximately 15 million, 140,000 by chat and 120,000 by e-mail.

Another channel deserving mention is the "Cemig SMS" that enables consumers to contact Cemig using SMS messages. In 2012 approximately 175,000 messages were received.

The following graph illustrates the accesses to the communication channels:

ACCESSES TO THE COMMUNICATION CHANNELS

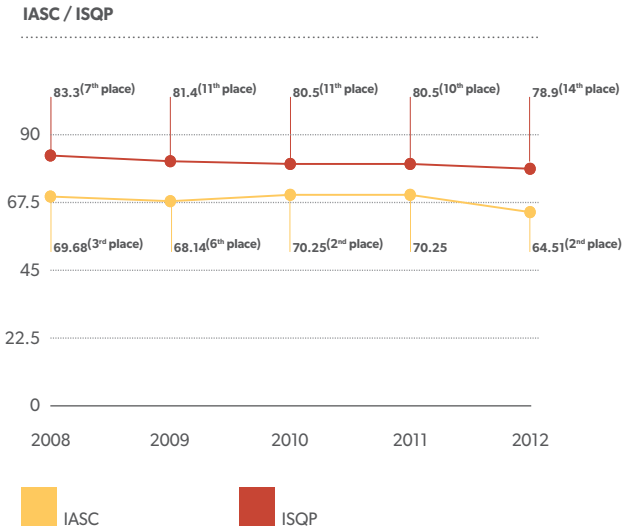


Consumer Satisfaction

PR5 Customer satisfaction directly impacts Cemig's business, affecting the brand valuation, share trading, acquisitions and even hiring of staff and/or services. Cemig monitors customer satisfaction using different surveys that measure the perceived quality of the product and services delivered by the distributor and provide indicators that enable comparisons of year on year results.

FAMILY BENEFITED BY THE CONVIVER PROJECT

The following graph shows the evaluation of the company on Aneel's Residential Consumer Satisfaction Index and on the Perceived Quality Satisfaction Index:



These results enable strategic decisions to be made for the Company's effective growth. Recently the Customer Committee was created in order to institute policies and guidelines with a view of achieving and maintaining excellence in customer service and treatment. Being "admired by the customer" also became part of the company's vision in 2012.

The city halls of the municipalities in the concession area periodically answer a Satisfaction Survey. This survey is done in the first 3 years of each municipal management cycle, and was not done in 2012 as it was election year.

Ombudsman's Office

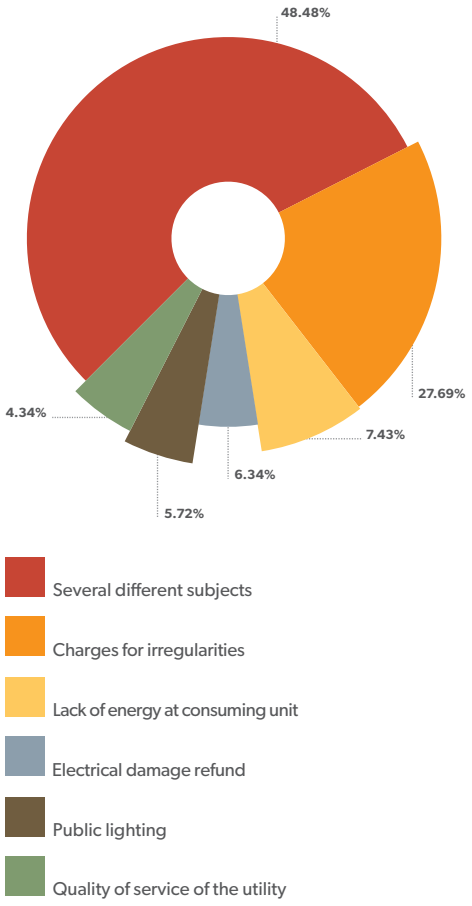
Cemig's Ombudsman's Office delivers post-service services in response to manifestations by stakeholders, establishing timely solutions in accordance with legal requirements, with transparency, respect, quality, value and social responsibility, thereby enabling suggestions for improvement to be sent to the areas involved.

Among the achievements and improvements implemented by the Ombudsman's Office in 2012, in addition to registering SAP-CRM manifestations, complaints converted into processes also began to be dealt with in the SAP

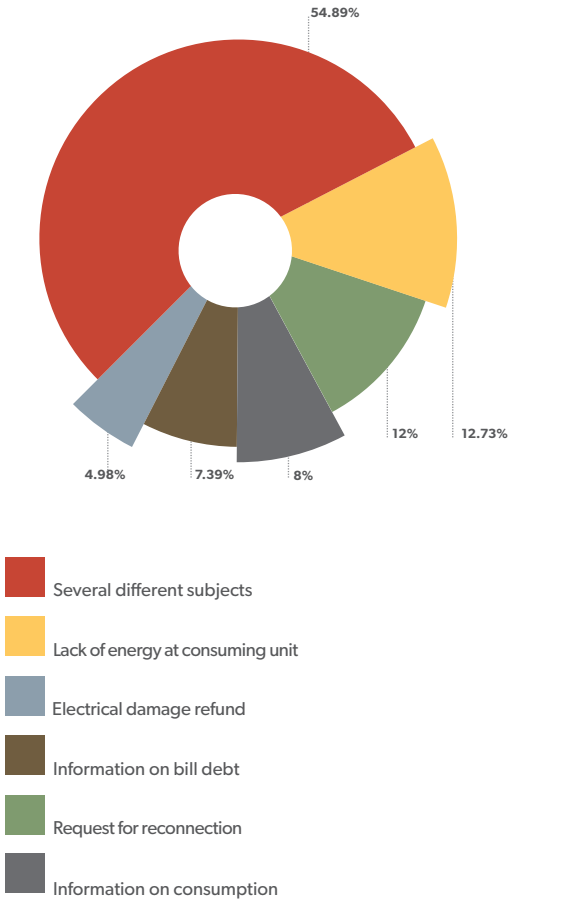
environment, thus enabling information to be fully traceable and reliable. In conformity with Aneel Resolution 470/11, the Ombudsman's Office implemented free access within Cemig's entire concession area through telephone 0800 728 3838 and sends Aneel a monthly report on all manifestations received.

The figures below show the types of complaints and information requested to the Ombudsman's Office.

COMPLAINTS



INFORMATION REQUEST



PR8 Information Security Administration – ASI was not called on in 2012 by any area of Cemig to hold any kind of investigation concerning violation of privacy or loss of customer data. To strengthen information security new internal instructions were approved and campaigns and training were directed to staff.

Relationship with Customers in Arrears

EU27 To improve the suspension rate, in 2012 the use of three actions for credit recovery was enhanced: registrations with credit protection agencies; administrative billing; and Credit Recovery Week – Negotiation with Customers.

The Credit Recovery Campaign lasted 5 days and was promoted by Belo Horizonte's Storekeepers' Chamber – CDL-BH in conjunction with Cemig. This is yet another step towards increasing credit recovery and controlling client arrears. For this campaign to be a success, Cemig approved special debt negotiation rules, and also sent letters and e-mails inviting customers to negotiate. 300 cases were attended to and 245 negotiations accomplished. In all R$ 841,074.93 was negotiated. The Negativation process also obtained significant results, by recovering R$ 15.9 million out of a doubtful debt portfolio, or 9.86% of defaulting consumer debt.

Bill arrears prompted 607,920 electricity supply suspensions which happen subsequent to a written

notice issued 15 days in advance in cases of non-payment of the bill for the service provided.

Reconnecting normally takes 24 hours in urban areas and 48 hours in rural areas. Emergency reconnection requests take 4 hours in urban areas and 8 hours in rural areas.

The table below shows the time lapse between disconnection (suspending electricity supply) and reconnection, not just how long it takes from the time reconnection is requested and when it is effectively carried out.

TOTAL TIME OF DISCONNECTION	NUMBER OF OCCURENCES
< 48 hours	356,842
48 hours – 1 week[1]	127,953
1 week – 1 month[2]	72,547
1 month – 1 year[3]	50,578
> 1 year	0

[1] equivalent to 7 days
[2] equivalent to 30 days
[3] equivalent to 365 days

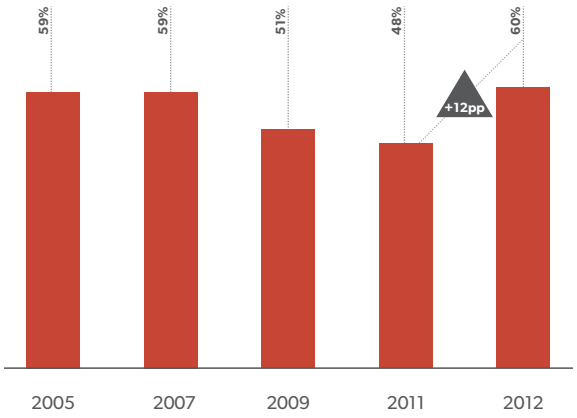
HUMAN CAPITAL MANAGEMENT

In commemorating its 60th anniversary, in May 2012, Cemig highlighted the force of four elements in its history: the Water, the Sun, the Wind and the Human Element. In this way it acknowledged that its employees and other collaborators are an essential part of its business and totally connected with the company's success.

In October 2012, Cemig held the Organizational Climate Sample Survey with the voluntary and randomly selected participation of 65% of its employees. As a general result, the Climate Favorability Index, which seeks to measure employees' perception about the Company's policies and practices and their impacts on employee satisfaction and engagement, was 60% against 48% for the survey conducted in September 2011. This is the Company's best achievement ever.

ORGANIZATIONAL CLIMATE

FAVORABILITY %



Focusing human capital, there was a gradual advance regarding implementation of the Gross Internal Happiness indicator. This is about the "GIH at Cemig" Project, which is developed in partnership with the Instituto Visão Futuro (Future Vision Institute) and was begun as a pilot project in 2010 and transformed into a corporate project in 2012.

In the GIH employees are invited to reflect on Company issues distributed in nine dimensions: psychological well-being, standard of living, governance, education, health, community vitality, the environment, use of time and culture/diversity. The proposals for improving these factors are co-participative, involving actions by the Company and the employees, whose active engagement is encouraged. As one of the actions of the corporate action plan in the 2011/2012 Climate Survey, the extension of the project's actions was introduced in order to strengthen organizational vitality, the sense of belonging, health and well-being, in addition to improving communication between people, organizational levels and areas. So far 170 staff members have been trained.

Internal Public

LA1 LA2 LA13 LA15

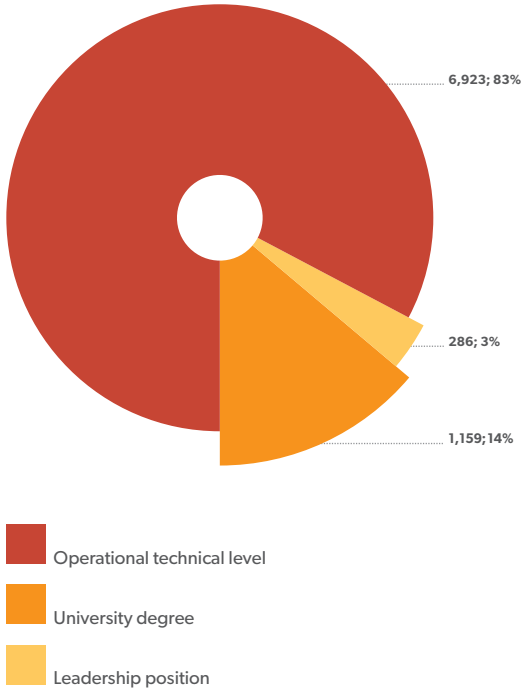
Cemig has 8,368 own employees. 4 employees were hired through public selection process (two women, one 59 years old, in Belo Horizonte and another 39 years old, in Uberaba; two men in Belo Horizonte, between 31 and 35 years of age) and 341 employees were released, presenting a turnover rate of 2.06%. No new employee was released during the reporting period. 290 retirements were the result of joining the Awarded Retirement Program.

The Average Operation Time for Redundant Employees in 2012 is shown in the following table:

AGE	MAN	WOMAN
Up to 30	8 years	7 years
31 to 50	22 years	21 years
Over 50	30 years	26 years

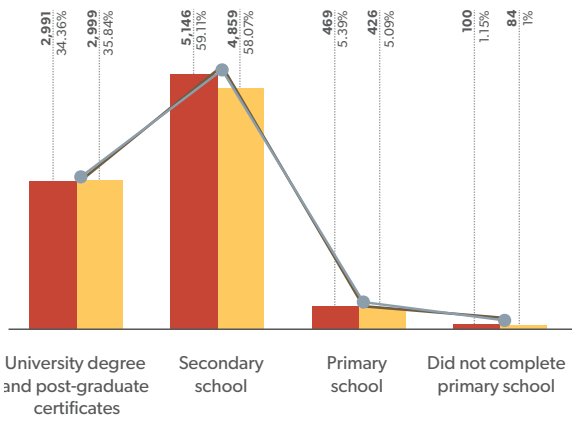
The distribution of employees by job category is depicted in the graph below:

DISTRIBUTION OF EMPLOYEES



Almost 60% of the employees completed high school and about 34% are university graduates, of whom 812 have post-graduate, masters, PhDs or post-doctorate degrees.

LEVEL OF EDUCATION



The Company grants a 6-month maternal leave benefit, 2 months more than the time set by the brazilian labor legislation (CLT). In 2012 maternal leave was granted to 17 women. Only 4 female employees entered 2013 on maternity leave; 13 returned to work after their leave ended.


CEMIG ELECTRICIANS

In the universe of 30 women who returned from maternal leave in 2011, all of them are still at the Company, which is a rate of 100% when analyzing how many stay on for at least 12 months after returning.

In 2012, 161 men were entitled to paternity leave. In addition to them, one employee was entitled to paternity leave because of adoption and another was entitled to special paternity leave, granted when the child's mother is unable to take care of the baby for some reason. In such cases, paternity leave may be extended for up to 30 days from the date the child is born, and may be extended beyond the 30 days, subject to analysis by the Company's social service.

All the 163 new daddies returned to work after their leaves ended. Out of 179 men who returned from paternity leave in 2011, only 2 quit the Company, a rate of 99% when the length of time they stay on for at least 12 months after returning is analyzed.

EU15 Approximately 17% of the employees will be in a position to retire in the next 5 years. Of these 0.95% are in leadership positions, 2.86% are in positions requiring a university education and 13.3% are administrative/operational technicians; from 2018 to 2022, about 24% will be able to retire. Of these 1.2% are in leadership positions, 4% are in positions requiring a university education, and 18.5% are administrative/operational technicians. The table below shows the geographical proportion of this issue:

EMPLOYEES WHO WILL BE ENTITLED TO RETIRE AS PER MESOREGION (%)

	From 2013 to 2017	From 2018 to 2022
Campo das Vertentes	0.48	0.88
Central	0.26	0.30
Metropolitan	10.71	12.38
Northwest	0.02	0.14
North	0.73	1.42
West	0.65	1.05
South	0.88	2.12
Triângulo	1.43	2.49
Jequitinhonha Valley	0.10	0.26
Mucuri Valley	0.19	0.16
Doce River Valley	1.08	1.60
Zona da Mata	0.59	1.06

UNDERGROUND NETWORK ELECTRICIAN

LA11 The Company offers preparation courses for all employees wishing to plan their retirement. In 2012 six classes were held for 190 participants. Moreover, there is preparation of a permanent nature through Forluz's Social Security and Financial Education – "Para Viver Melhor" Program, through which issues such as budget administration, investments, overcoming indebtedness and how to live better within financial possibilities are addressed.

Cemig hired 505 interns and in December 2012 had 475 collaborators hired as Temporary Workers (MOT), which is a type of employment used to temporarily meet the needs of the work load when the organization has proven its inability to adequately reassign personnel and/or in the event that there is an extraordinary increase of the work load.

In 2003, Cemig entered into an agreement with CESAM – *Centro Salesiano do Menor*. The Cemig-Cesam Apprenticeship program is aimed at implementing an apprenticeship program at Cemig's facilities for 255 needy youths who have an employment link with Cesam, in conformity with Law 10097/2000. The CESAM is responsible for the theoretical training of the youths through the Auxiliary Administrative Services course and Cemig helps the youths to gain practical professional experience by allowing them to experience the reality of work at the Company. This partnership has contributed to increased social inclusion insofar as it helps these youths to prepare themselves for the labor market for youths in situations of social and personal risk.

Distribution of the interns hired by MOT and minor apprentices by gender is described in the table below:

	CEMIG – COMPANHIA ENERGÉTICA DE MINAS GERAIS		CEMIG DISTRIBUIÇÃO S.A.		CEMIG GERAÇÃO E TRANSMISSÃO S.A.		CEMIG				
							NUMBER			% GENDER	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	TOTAL	MEN	WOMEN
MOT	0	0	163	228	41	43	204	271	475	43	57
Intern	40	41	159	140	58	67	257	248	505	51	49
CESAM	2	2	98	114	23	16	123	132	255	48	52
Total	42	43	420	482	122	126	584	651	1235	47	53

Commitment to Diversity and Non-Discrimination

In its Declaration of Ethical Principles and Code of Professional Conduct, Cemig assumes a commitment to value diversity and to not engage in or permit discrimination, whether based on apparent or subjacent attributes. In addition, the Company holds as one of its values respect for people's dignity and is a signatory of the Global Compact, which encourages practices that eliminate any type of discrimination at work.

In every act of inauguration or when signing an employment contract, employees make a solemn commitment declaring their knowledge and observance of, and adherence to the values and principles Cemig has institutionally registered.

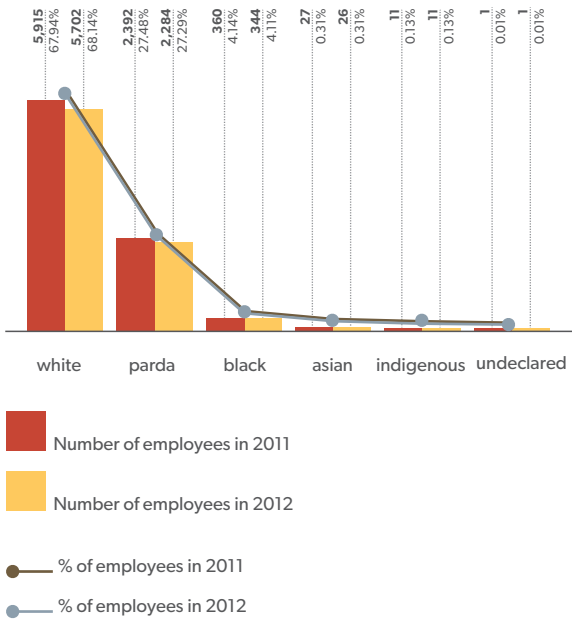
HR4 In the Whistleblowers' Line, for anonymous complaints, situations considered to be of a discriminatory nature can be reported. In 2012 there was no record or lawsuit against Cemig in this regard.

LA13 In the corporate governance groups made up of the Executive Board, the Board of Directors and the Audit Committee, 8.6% of the members are women. The predominating age group is over 50 years old (81%), and no member is under 30. The percentage of executives between 30 and 50 years of age is 19%. All the members who provided a self-declaration of race/color are white.

As in 2011, women represent 13% of the Company's own employees, meaning 1,089 are women. Of the leadership positions at Cemig, 12.2% are occupied by women. 57.6% of all the women have a university degree and 41.4% completed high school; 24.4% are black or parda.

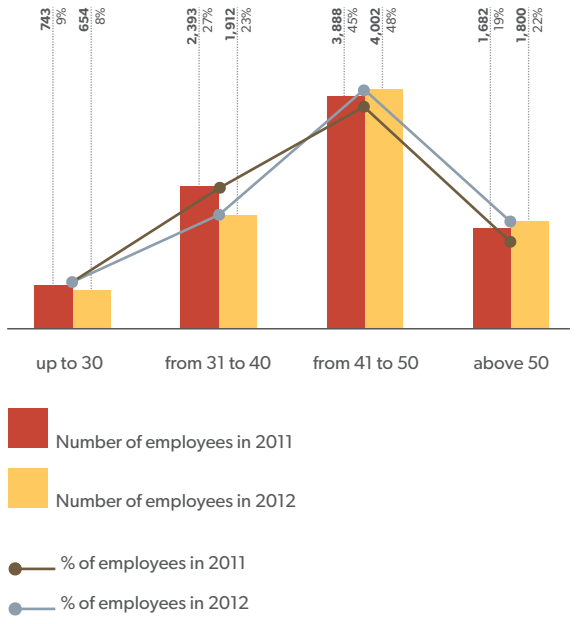
The percentage variation of 2012 over 2011 regarding race/color of the Company's own employees was negligible:

RACE/COLOR



At Cemig, employees over 45 years old are not a minority group as they are 47% of the staff members.

AGE



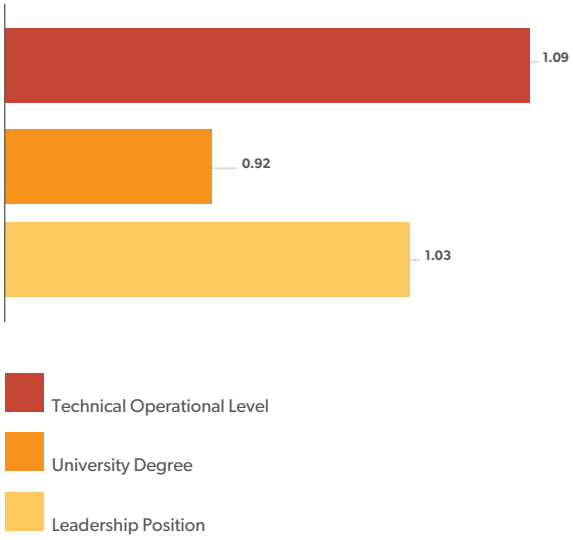
In its public selection processes, Cemig reserves 10% of all vacancies fit for the handicapped, in accordance with State Law No. 11867/95. There are 41 disabled people on the staff, or 0.5%. These figures reflect the way the Company actually goes about hiring according to the law and the fact that field work for disabled people is limited because of exposure to electrical hazards.

LA14

Cemig's Career and Compensation Plan makes no distinction between men and women in the same job position, but there may be a variation because of employees' seniority level. To exemplify, the graph below shows that the average Base Salaries as of December 31, 2012 of women occupying positions of leadership and those in administrative/operational technical jobs are higher than the respective averages for men, contrary to the averages for occupants of university level positions.

BASE SALARY PROPORTION ON DECEMBER 31, 2012

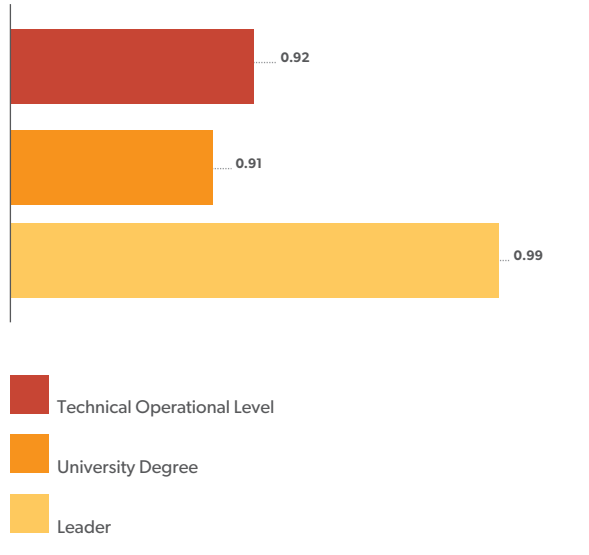
AVERAGE BASE SALARY WOMEN / AVERAGE BASE SALARY MEN



On the other hand, the average pay for women is lower than for men in the three job categories, reflecting the considerably higher number of men working in hazardous areas, which entitles them to a risk premium, as well as the higher number of men in positions of leadership, which entitles them to bonus pay.

REMUNERATION PROPORTION ON DECEMBER 31, 2012

AVERAGE REMUNERATION WOMEN / AVERAGE REMUNERATION MEN



Talent Management

EC7 Being a mixed economy company, Cemig is legally required to hold public selection processes to hire new employees. As such, the company does not recruit employees locally, so there are no restrictions or distinctions regarding recruitment.

Moreover, employees on the Operational Administrative Technical Plan can only be promoted to the University Level Plan through internal selection which is quite similar to the external public selection process.

To combine its requirements with employees' career development expectations, Cemig periodically furthers internal career mobility, enabling employees to take up a professional career that interests them, followed by internal selection and an external public selection process.

In 2012 two public selection processes were held to fill 800 vacancies due to demand by different areas of the company. These selection processes are intended to aerate and regean the work force.

As well as mobility and internal selection and vertical and horizontal job promotions, under the Positions and Remuneration Plan (PCR) rules, appointing employees to leadership jobs and fitting university level employees in as specialists are additional talent management tools.

With a view to managing talent for leadership, Cemig has held the Succession Management Program since 2007. The aim of the program is to plan replacement of those in leadership positions and make it into an appropriate tool for identifying potential successors with suitable profiles for the required competencies. Currently, 34.5% of the leadership staff is from the Succession Management Program. In December 2011, this program won the 2011 FUNCOGE Award, in the "People Empowerment and Development" category. Due to this award, in 2012 the "Succession Management" Case was presented at UNESA, Spanish Electrical Industry Association in Madrid – Spain.

Performance Management

LA12 The purpose of Performance Management is to tie the management of people to the organizational strategy, by contracting individual development goals and agreements. At Cemig multidimensional and objective performance evaluations are applied.

Through an objective-oriented performance evaluation all employees are assessed annually according to agreed-to specific corporate goals, whose results are reflected in the way individual remuneration varies.

Multidimensional performance evaluation is also applied to all employees annually. For technical administrative/operational level and university level employees, multidimensional evaluation utilizes the 180° methodology, which involves self-evaluation, peers' and a superior's assessment. The occupant of leadership positions began to be evaluated in 2012 through 360° multidimensional evaluation, involving self-evaluation, peers', a superior's, customers' and subordinates' assessments.

Multidimensional performance evaluation was done with 98.5% of the women and 98% of the men in 2012. The entire evaluation process is automated via an external provider to ensure the information is inviolable and reliable. The evaluation is made simultaneously and speedily by all the Company's employees.

Based on the multidimensional performance evaluation results, technical competency gaps and behavioral gaps of each technical administrative/operational level and university level employee, as well as of each leader's leadership competency gaps, are surveyed, which enables Individual Development Agreements to be built. With a view to enhancing professionals' performance, these agreements are constructed during the feedback stage. In these stages those being evaluated and their superior evaluator talk about the results, capacity building and development actions, along with their career prospects at the Company.

The multidimensional performance evaluation results also support other people management processes, such as succession management and mobility.

Remuneration and Benefits

Cemig attempts to remunerate its employees competitively and has a Position and Remuneration Plan (PCR), in which job descriptions are based on their nature and complexity, as well as the

knowledge requirements needed to perform them. Remunerations are set considering job evaluations, which are done according to specific methodology.

EC5 Based on December 31/2012 values, the ratio between the lowest base salary paid by Cemig and the current minimum salary is 2.61 for operational employees such as warehouse clerks. In terms of remuneration, the ratio is 3.3.

	CEMIG – COMPANHIA ENERGÉTICA DE MINAS GERAIS	CEMIG DISTRIBUIÇÃO S.A.	CEMIG GERAÇÃO E TRANSMISSÃO S.A.	CEMIG
Lowest base salary/ current minimum salary December 31, 2012	3.57	2.61	2.61	2.61
Lowest remuneration/ minimum salary in force on December 31, 2012	5.04	3.3	3.36	3.3

The PCR also establishes criteria for granting horizontal and vertical advancements that among other factors take the employee's performance into account. In the 2011/2012 performance management cycle, 2,387 employees received individual salary changes, or 28% of all the staff evaluated.

The PCR is periodically reviewed to adjust it to business strategies and the best market practices. Furthermore, annual remuneration surveys are carried out to compare employees' salaries in the context of the market. The results of the most recent survey, done in May 2012, showed that remuneration of about 93% of the employees is above the market average.

Since 1997, Cemig has granted its own employees a share in profits and results through the Profit Sharing program (PLR), a way adopted by the Company for payment of variable remuneration. In order for the PLR to be distributed, the way corporate indicator goals are met is observed, which were set so as to ensure alignment with strategic objectives. In addition to this trigger, only those individuals who obtain the minimum percent result, calculated by weighting both corporate and specific goals, are entitled to receive the variable remuneration.

Payment of the PLR is based on salary multiples which vary according to the level of attribution in the organizational structure.

CEMIG ELECTRICIAN

EC3 LA3

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

- Benefits provided directly by the Company: a fortnightly salary advance; 13th month salary advance in any month of the year, at the employee's request; a vacation loan; reimbursement of expenses for employees and/or their dependents with disabilities; schooling aid; funeral assistance; special paternity leave (when the mother has a disabling illness); salary supplementation for employees on INSS sick pay; 5 consecutive days off for civil marriage instead of the legal 3 days.
- Benefits administered by Cemig's Supplementary Social Security Foundation – Forluz Private Pension Plan.
- Benefits administered by Cemig Saúde healthcare insurance: coverage of expenses for medical appointments, tests and examinations, outpatient care, hospitalization, surgeries, obstetric care and dental treatment for employees and their dependents.

Regarding Temporary Workers (MOT), the basic wage is based on the PCR salary table, and is compatible with the temporary employee's job in the Company. As to benefits, transport vouchers and restaurant vouchers are provided.

Interns are entitled to a bursary of 1.4 minimum salaries for university level or 1.1 for high school level, as well as transport vouchers.

Capacity Building and Development

Cemig's corporate university works to provide strategic educational actions to disseminate the Company's knowledge and culture, while fostering development of employees and values that are fundamental for corporate achievements.

The commitment to continuously improve its processes is part of its guidelines and since its foundation UniverCemig has perfected knowledge transfer by applying new technologies and working methodologies and seeking internal and external partnerships on a ongoing basis.

In 2012, UniverCemig completed the implementation process of the corporate learning and content management platform – LCMS and drew up the first knowledge trees and development tracks. These actions were established through internal alliances and will provide new functionalities and facilities to build annual control and planning of training courses and will allow a professional self-development culture to be consolidated among employees. After completing these projects, UniverCemig is preparing for the 2013 challenge to strengthen its activity in virtual environments and in developing technology mediated programs.

LA10 EU14

Training courses (Culture and Sustainability, Energy Technology and Business) were held for employees at the three UniverCemig schools, according to their career requirements and performance expectations.

All requirements were consolidated into an annual training plan enabling over 19,204 people to take part in classroom and distance events with 297,000 hours of training and investment of R$ 27.1 million.

EU18

Safety at work, social responsibility and ethics are material themes in the UniverCemig training programs. In 2012, major programs were developed in the attempt to line up with these themes according to Cemig's mission and its Declaration of Ethical Principles and Code of Professional Conduct, such as:

PROGRAM	Nº OF EMPLOYEES ATTENDED TO		HOURS OF TRAINING	
	OWN EMPLOYEES	CONTRACT WORKERS	OWN EMPLOYEES	CONTRACT WORKERS
Defensive Vehicle Driving	735	53	17,592	1,272
Administrative Contract Management	213	46	6,816	1,472
Driving in adverse conditions	207	1	4,776	24
Work accident prevention for CIPA members	244	NA	4,880	NA
Regulatory Norm NR 33	749	79	6,152	632
Contextualized Grammar and New Spelling Agreement	1,236	512	2,472	1,024
Seminar on preparation for retirement	154	NA	3,696	NA

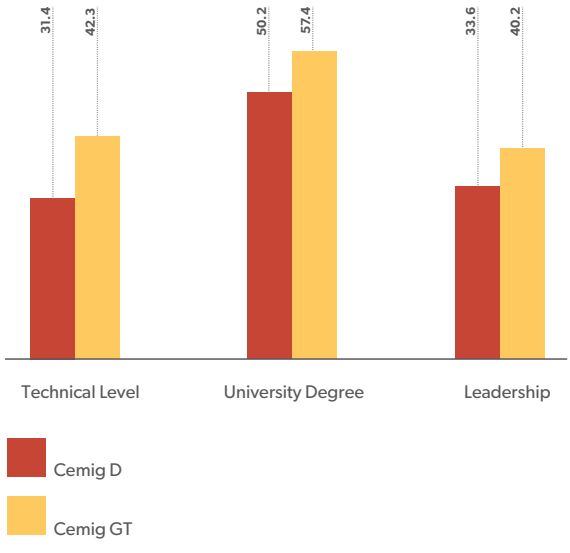
It should be mentioned that Cemig modernized training for defensive driving of light vehicles and pick-up trucks, by acquiring a vehicle overturn simulator model, which is used to raise the participants' awareness on the importance of using a safety belt and teach the driver to release the seat belt and leave the overturned vehicle correctly and safely.

HR3 SO3 It is also worth pointing out that Cemig addresses themes connected with Human Rights, such as fighting corruption and non-discrimination within its training program. In 2012 the following training took place:

TRAINING	Nº OF PARTICIPATIONS	TRAINING HOURS
Ethical Energy (Online)	6,691	13,382
Human Relations in Life and at Work	67	1,340
Total	6,764	14,914

LA10 Average general training came to 35.5 hours broken down by category in the next chart.

TRAINING HOURS / CATEGORY



Cemig also contributed to the formal education of 533 employees with financial aid for technical and graduation courses totaling R$ 1.69 million.

With regard to leadership development, the following actions were taken in 2012 in partnership with the Fundação Dom Cabral:

- Succession Management Program: 41 employees received training in the "Financial Management", "Strategic Management" and "Culture and Change", modules totaling 1,968 hours.
- Supervisor Development Program: development of 103 supervisors in the "People Management" competency for a total number of training hours of 1,648 hours.

EU14 Besides focusing on the internal public, it also offered training to other companies with 3,977 participants and 59,230 hours of training. Of this total, 18.3% of the participants and 25.5% of the training hours were designed for programs on safety at work.

UniverCemig seeks partnerships that produce value for the company, its employees and the community. New important agreements were signed, such as for the creation of a course for Specialization in Smart Grids to be held jointly with the Federal University of Minas Gerais – UFMG, with the objective of presenting and studying all the infrastructure for the energy distribution system, the telecommunications system and the intelligence system required to make Smart Grids effective.

Internal Communication

The Company's internal communication area works to provide its employees and family members with the necessary information at the right time. Every month regular meetings are also held with the Communication Committee, made up of representatives from all the Company's executive offices and from the subsidiaries Gasmig, Efficientia and Cemig Telecom to discuss Cemig's strategic communication actions and raise subjects to be worked on with its publics of interest.

The internal communication attributions in Cemig's strategic process to achieve its vision for 2020 were established and are presented as follows:

- Ensure effective strategic communication with Cemig's stakeholders.
- Excel in the Corporate Communication process.
- Help Cemig be one of the Best Companies to work for in Brazil.
- Be efficient in brand and reputation management.

Cemig currently has the following internal communication channels, with their due applications spelled out below:

COMMUNICATION CHANNELS	APPLICATION
CemigNet (Intranet)	It underwent a large-scale reformulation in 2010, which made it more attractive and interactive. It features daily updates with the publication of news, articles, information, data and facts on the Company as a whole.
Jornal Mural Bulletin (Cemig & Você)	A fortnightly vehicle published in the Belo Horizonte Metropolitan Area and inland hub cities to disclose information relating to the Company and employees about facts that take place inside and outside Cemig with a simplified approach, concise texts and lighter language.
Energia da Gente Newsletter	A monthly periodical focusing on employees and their family members. It features humanized information concerning the Company and its employees, with a view to their involvement and participation, that is fostered by articles that are analytical and comprehensive.
Cemig Informa Bulletins	Bulletins of a corporate nature forwarded by e-mail, directed to specific publics. Notices, notifications, messages and bulletins from the executive board, invitations, posters and promotional pieces are published.
Blog in the media	It provides employees with news carried in the press
Linha Viva (Live Line) Newsletter	A newsletter that comes out sporadically whose object is to inform employees rapidly about material day-to-day facts on the company and to provide strategic news.
Universo Cemig Magazine	A bimonthly magazine reporting on Cemig's main projects.
Diálogo Newsletter	In the Collective Bargaining period, this newsletter is used along with the Diálogo Blog to clarify employees on the Company's stance regarding the collective bargaining agreement. The contents are drawn up directly by the Union Bargaining Committee.
A Word from the Executive Board	A monthly video recorded with Cemig's CEO during the Company's Executive Board meeting with its management corps. It deals with strategic matters and is available on CemigNet.

Health, Occupational Safety and Well Being for Employees and Contracted Workers

EU16 Cemig's Policy for Safety, Health and Well Being sets guidelines to provide healthy, safe working conditions for its own employees, outsourced workers and contracted workers.

Regarding Occupational Health, Safety and Wellbeing – OHS&WB management, Cemig understands that its internal technical manual – containing standardized corporate procedures, the regulatory norms from the Ministry of Labor and Employment and the OHSAS 18001:2007 provisions are the references to be complied with. Procedures are audited periodically, since several company areas are certified under this norm. For details consult item "Management Systems" in the Economic Dimension of this report. The Company is also subject to external inspection by the Ministry of Labor and Employment.

EU21 To attend to emergency health and work safety situations, the company has a general procedure that sets guidelines for specific procedures drawn up as per each area. Simulations encompass occurrences such as fires, explosions, dam failures, flooding of galleries, leaks, drowning, and electric shocks, among others.

The following were noteworthy in 2012:

- Integration of Cemig's Regional Specialized Services in Safety Engineering and Occupational Medicine – SESMTs with those of contracted companies' to attend to the specificities of the different localities in the State, consisting of specialists in Safety, Medicine, Nursing, Psychology and Social Service.
- The studies for improving OHS&WB Risk Management to better address psychosocial risks.

Faced with technological developments in the electricity industry and the resulting neep to review working method, Cemig maintains internal committees that discuss the technical matters that are directly or indirectly related to OHS&WB issues and

take an active part in different workgroups on the country's domestic scene and in ABNT commissions and study groups.

Prior Hazard Identification and Risk Analysis

EU21 PR1

Cemig has its own methodology to identify hazards and assess risks – the Hira-Cemig Methodology – which shows managers risk profiles with the numerical classification of risks present in each activity and favors decision-making on investments and other actions to ensure acceptable working conditions.

Throughout 2012, the methodology was enhanced to include Resilience Engineering Principles, which allow people and organizations to become alert and sensitive to the risk models they adopt so as to control the origin and paths of failures. Immediately prior to any activity, workers perform risk analyses – known internally as *Conversas ao pé do poste* (talks by the post) – whose records are kept in the respective areas. In 2012, the Distribution area implemented a new model for the work force, in order to facilitate and encourage workers to carry out a good risk analysis, without unnecessary records, which enables them to devote more time to perceiving and analyzing the environment and personal and technical conditions to perform their activities. To follow the safety practiced by the work force, the Company keeps at a corporate level the SIMASP computerized system, which standardizes and unifies work safety inspections. The system feeds information on the practiced safety indicator - ISP, which depicts Cemig's own and contracted employees' work compliance with safety and occupational health requirements and procedures.

The Generation and Transmission area analyzed 96 material incidents and did a workout with the participation of safety technicians to study in detail all incidents that occurred in the last 3 years. It also upgraded its safety panel to enable all safety incident communications, their respective analyses and of statistical indices, and the breakdown of incidents by activity and nature to be consulted. It also held periodical safety inspections, also in partnership with other Cemig Group companies and, using SIMASP as a source, began to disclose the non-conformities that occurred most frequently during inspections to the work force.

LA6

By means of an electronic election, about 400 employees were elected to integrate the 77 Internal Accident Prevention Commissions (CIPAs), consisting of representatives from the employees, employer and union entities, with autonomous and independent action to work on the prevention of accidents and occupational diseases. Thus, all the employees (100%) are represented at the CIPAs by about 10% of employees.

To monitor the health and wellbeing of the employees, Cemig made periodical and special medical inventories, psychological evaluations and social inventories. 8,632 periodical medical inventories and 1,156 special medical/psychological inventories were made, with focus on tests to verify conditions of physical, mental and emotional health of the employees who drive company vehicles, work at a height, in confined spaces, in fire brigades, on live line grids and at system operation centers. Besides vigilance in health, medical inventories are guided by a preventive vision, focused on health promotion and prevention.

In the occupational psychology field, a structuring initiative of the periodical psychological inventory was carried out. The inventory aims to evaluate, every two years, employees who perform risk activities, in order to identify mental and emotional aspects that can affect them and negatively interfere with the activities they perform and, consequently, expose them to accidents. 1,813 psychological evaluations were carried out, including those carried out in partnership with the Occupational Medicine area, cited previously. 63 advisory services were also rendered in issues presented by managers, coordinators and supervisors on matters relating to employees and teams.

Social inventories, implemented in 2008, have been consolidated at Cemig as a tool that aids in managing the organizational climate. A survey is made of the social variables that predispose electricians/technicians to occupational accidents. The survey also deals with routine and workplace environment aspects that need to be improved. The data gathered enable the social assistant to guide and make the referrals to the employee needs. An action plan that is validated with the manager is also generated. In 2012, 440 electricians and technicians went through social inventories.

Technical Training and Development in OHS&WB of Employees and Third Parties

EU18 LA8 HR8 EU16

The company relies on the expertise of its corporate university, UniverCemig, to develop and teach classroom and online courses. Upon enrollment, 100% of the electricians (own and those of third-parties) undergo introductory training, both theoretical and practical, whose contents integrate technical and occupational safety features. Recycling (retraining) programs are held every 2 years based on the Brazilian NR-10 norm that regulates electricity services in the Electric Power System – SEP.

Regarding the employees of contracted companies, the Electrical, Gas, Hydraulic and Sanitary Facilities Industry Syndicate of the State of Minas Gerais – SINDIMIG, in partnership with the Federation of Industries of Minas Gerais – FIEMG and with the National Industrial Apprenticeship Service of Minas Gerais – SENAI empowers such professionals. In 2012 1,751 workers from the electrical energy distribution area were trained. Cemig, in turn, offered those in charge of those contracted companies a special course focused on Safety in the Workplace.

All the safety technicians from the Generating and Transmission Executive Office received a refresher course on Brazilian regulatory norms and training to operate SIMASP. In 2012 the scope of theoretical and practical training in Ergonomics was developed, with a work load of 100 hours to be given in 2013 to all the occupational safety technicians and engineers.

Cemig has third-party and contracted workers in its asset and industrial safety staff. In the training and refresher courses for these professionals (when the subjects addressed on the course are reviewed) human rights aspects are addressed, with the following focus: applied legislation and human rights, whose objective is to endow the student with basic knowledge on Law, Constitutional Law and Penal Law, focusing on the main crimes the watchman must prevent, develop knowledge on environmental protection in the surveillance area; and broaden knowledge to respect the political and practical vision of the statement of human rights. In this way, all 254 watchmen are trained in subjects interconnected with health and occupational safety and human rights, representing 49.12% of all the staff in Cemig's safety area.

Actions and Programs for Promotion and Prevention in OHS&WB

LA8 PR1

The Vital Energy Program has as its main objective to sensitize employees on the importance of the quality of life, both personal and at work. Three of its subprograms encourage the practice of physical activities, particularly by employees in risky positions and with health conditions that require special attention.

PROGRAM	DESCRIPTION	BALANCE OF THE PROGRAM IN 2012
PROLONGAR – a Program to Stimulate Physical Activity	By means of partial reimbursements, the program encourages employees that meet the criteria for inclusion in the program to do physical activities, such as swimming, gymnastics and hydrogymnastics and to take part in street race competitions. Besides the financial incentives, it promotes occupational gymnastics during working hours.	1,188 employees entered, and 71.1% engaged in physical activities
PROCOHAR – High Blood Pressure Control Program	By means of partial reimbursements, it encourages employees diagnosed with high blood pressure to do aerobics, in order to improve their cardiovascular conditioning. By means of monthly blood pressure control, the program helps avoid co-morbidities such as heart attacks and stroke.	1,165 employees entered and 83.7% of them with blood pressure of over 140/90
REPENSAR – Obesity Prevention Program	By means of partial reimbursements and benefits, it favors lifestyle changes for overweight and obese employees. Those entered in the program have access to a number of benefits: nutritional evaluation, endocrinological evaluation, psychological accompaniment, reimbursement of medications prescribed to this end and participation in the Prolongar program.	677 employees enrolled

In 2012 the RESPIRAR Program to fight tobaccoism gave way to the NOVOS ARES Program, administered by Cemig Saúde, which operates the healthcare plan restricted to Cemig employees.

This year there were changes to the EQUILIBRAR program, for stress management, and PREVENIR program, for chemical dependence management. Both are currently in the restructuring and adjustment stages.

LA8 Every year, starting in April, Cemig holds a flu vaccination campaign for all employees in active service. In 2012 about 6,000 employees were vaccinated in about 100 establishments in the State. The flu vaccines, in addition to improving quality of life, reducing the number of people infected, the period of duration of the disease and the effects on the organism, helps reduce the absenteeism ratio. To offer social support to the employees, the company offers the following programs, which presented the following achievements in 2012:

PROGRAMS	DESCRIPTION	ACHIEVEMENTS IN 2012
Professional Readaptation Program	It aims to redirect employees whose working ability has been reduced because of an accident or illness, resulting in their changing jobs.	25 new cases of Professional readaptation were entered and of the total number of cases in process, 32 were concluded.
Medical and Social Guidance Course for pregnant couples	Its aim is to provide employees expecting children greater safety in experiencing pregnancy, childbirth and care with the child, reducing the risks for the expectant mother and for the baby, avoiding unnecessary leave from work and worries harmful to the employee's good performance.	The course for pregnant couples was held in 2 groups for 32 couples who, after their children were born, were invited to take part in a reunion to exchange experiences and reflect on the role of parents in their children's upbringing.
Personal and Family Budget Planning Program	By means of lectures, visits and loans, its aim is to raise employees' awareness on the importance of balancing finances.	73 loans were granted for health and housing purposes, among others, totaling R$ 447,028.37.
LA11 Retirement Preparation Seminar	Its aim is to help participants construct their life project and discuss how to use available time on retirement.	6 seminars were held with 207 people taking part.
Social Intervention	Its aim is to guide and cover expenses with health treatment for employees injured at work and retired because of disability because of an accident at work or an occupational disease.	193 social interventions were carried out.
On Call	On call at weekends and holidays, in order to provide social care for employees having serious accidents and family members of employees who have suffered fatal accidents at work or otherwise.	53 duties were held at weekends.

PR1 To disseminate OHS&WB's instructions, the company offers its workforce members an intranet portal containing all the necessary technical information which are mostly shared with the external public by means of its internet site. Thus, Cemig intends to encourage practices to continuously reduce the number of accidents and diseases, not only at the company, but also in the electric energy sector as a whole.

With the intent of discussing themes related to OHS&WB, the company has maintained since 2007, the "Safety Moment". In 2012 alone 988 monthly participations were recorded which resulted in 106 suggestions for which local action plans were started.

Accidents Involving the Workforce and the Population

LA7 In 2012 the Lost Time Accident Frequency Rate diminished 30.15% in relation to 2011, due to a discreet reduction in accidents with its own personnel and a significant reduction in relation to contracted personnel. The figures obtained represent the best result in the last 10 years and move Cemig towards the first quartile of the ranking of companies in the national electric energy industry.

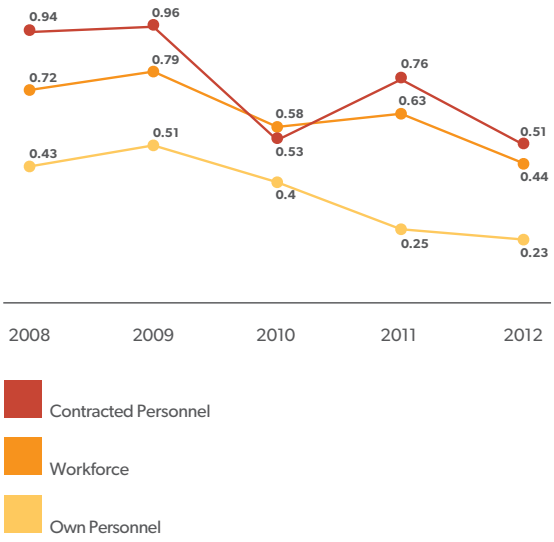
The Fleet Management System which, having been consolidated, not only resulted in a decrease of traffic offenses by 4.3% and a drop in the number of accidents by 12.3% comparing data from the first with the third quarter. It also resulted in greater safety for employees

TRANSMISSION LINE ELECTRICIAN

during travel. The system monitors speeding in dry or rainy weather; sudden braking; the time the vehicle is in neutral, excess of revolution limit and time of vehicle at a standstill while running. The system aims to reduce accident risks, decrease wear and tear of the vehicle and its components, diminishing excessive fuel consumption, among others.

FREQUENCY RATE – CEMIG

CRITERIA US - 200.000



SEVERITY RATE
CRITERIA US – 200.000

	2008	2009	2010	2011	2012
Own Personnel	70	81	12	3	35
Contracted Personnel	168	257	215	259	65
Workforce	125	192	159	194	57

Among the accidents that generated absences, the main ones are related to vehicle traffic and were caused by faulty planning and incomplete preliminary risk analyses. There were cases of fatal accidents with contracted personnel and none with own personnel. With the application in 2013 of the new methodology of hazard anticipation and risk analysis described in this report, allied to the adjustment made in the risk analysis forms to facilitate records, a reversal of this situation is hoped for.

EU25 Cemig records all incidents of an electrical and traffic nature (running over of pedestrians, vehicle collisions) which happen with the population. The cases of poles being crashed into are not counted as an accident

with the population, except when the victim suffers an electric shock.

In 2012 there was a considerable reduction – almost 40% - in relation to the total number of accidents with the population in the previous year (a drop of 182 in 2011 to 111 in 2012) and from 38 to 29 fatal victims. This reduction may be attributed, among other actions, to those of the External Campaign for Prevention of Accidents with the Population – CEPAP, considering that the great majority of accidents in question occur for the lack of knowledge and information on the part of the population on the risks of electricity.

EU25

NUMBER OF ACCIDENTS WITH THE POPULATION				
	Electrical Nature	Traffic	Others	General total
Total Accidents (2012)	78	29	4	111
Fatal accidents (2012)	23	6	0	29
Lawsuits	3	1	1	5

Safety of the Population

EU24

In order to instruct the different segments of the population on the risks of electricity and the safe way to use it, Cemig maintained throughout the year the disclosure of safety information and tips, particularly at major national events, such as Carnival, June celebrations and Christmas parties in different types of media, such as newspaper, television (including on national television), radio and internet (social networks).

Cemig held simultaneously the 7th National Week for Accident Prevention with the Population in partnership with ABRADEE (Brazilian Association of Electrical Energy Distributors) and in a concentrated way with CEPAP – External Campaign for Prevention of Accidents with the Population. In addition to these, the Company, in partnership with schools, building companies, city halls and other bodies works recurrently on campaigns for information dissemination among the population on the efficient use of energy and risk situations in the electric energy grid. The objective of the campaigns is to raise the awareness of the population on the risks that the electric energy networks offer, broaden the publicizing of accident prevention actions and gather new strategic partners to this end.

CEPAP INITIATIVE AT JOBSITE

PR1 In response to Aneel's Normative Resolution No. 398/2010, Cemig made electrical and magnetic field calculations and/or measurements at all the facilities belonging to its assets with nominal voltage equal to or higher than 138 kV. They were verified in all cases where the values were lower than the limits set in the aforementioned resolution both for employees and for members of society.

Labor and Union Relations

HR5 Because of its public commitment to abide by the Global Compact, and internally with its Human Resources Policy, Cemig recognizes the unions as legitimate representatives and respects the options of affiliation of its employees. The Company has set up a specific management to relate with the unions, and is constantly in contact with them.

LA4 The Collective Bargaining Agreement covers 100% of the employees and is entered into annually following negotiation between the Company and the different union entities that represent them. Due to alterations to the electric energy sector's regulatory measures which have led to substantial changes in Cemig's profit, negotiations of the 2012/2013 Collective Labor Agreement between the Company and the Unions were not successful, making agreement between the parties impossible so far. Currently the Regional Labor Court – TRT-MG is mediating negotiation of the agreement.

Of its own accord, the Company adjusted salaries on the base date, according to the index proposed by the Company, even before the TRT's decision. This attitude aimed to reduce the impacts of a longer than expected negotiation period, which could cause its employees trouble. In the event of an alteration to the index, after the court proceedings are over, the difference will be applied.

LA9 Among the health and safety clauses we may cite: regulation of the Internal Commission for Accident Prevention (CIPAS), including participation of the 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 legitimate. However, to render services considered essential to the population, there must be a formal communication by the unions and the workers 72 hours in advance thereof, as set forth by Law 7783/99. During negotiations in 2012 to renew the ACT, there was a one day stoppage in which about 12% of its employees took part. The emergency Operational Committee, created with the primary objective of establishing a Contingency Plan to maintain the Company's essential services in the event of strikes, was set in motion and no negative occurrences were recorded.

CEMIG EMPLOYEE

CONSOLIDATED SOCIAL BALANCE SHEET

1 - Basis of calculations	2012			2011		
	Amount (R$ '000)			Amount (R$ '000)		
Net sales revenue (NR)	18,460,375			15,748,716		
Operational profit (OP)	4,082,602			4,303,312		
Gross payroll (GP)	1,218,975			1,131,846		
2 - Internal social indicators	**Amount R$ '000**	**% of GP**	**% of NR**	**Amount R$ '000**	**% of GP**	**% of NR**
Food	73,217	6.01	0.4	70,032	6.19	0.44
Mandatory charges and payments based on payroll	276,948	22.72	1.5	278,467	24.6	1.77
Private pension plan	71,554	5.87	0.39	67,393	5.95	0.43
Health	43,185	3.54	0.23	43,849	3.87	0.28
Safety and medicine in the workplace	10,831	0.89	0.06	10,786	0.95	0.07
Education	1,691	0.14	0.01	2,182	0.19	0.01
Culture	76	0.01	-	88	0.01	-
Training and professional development	26,501	2.17	0.14	26,200	2.31	0.17
Provision of or assistance for day-care centers	2,036	0.17	0.01	1,854	0.16	0.01
Profit sharing	243,655	19.99	1.32	218,156	19.27	1.39
Others	17,443	1.43	0.09	16,539	1.46	0.11
Internal social indicators – Total	**767,137**	**62.93**	**4.15**	**735,546**	**64.96**	**4.68**
3 - External social indicators	**Amount R$ '000**	**% of OP**	**% of NR**	**Amount R$ '000**	**% of OP**	**% of NR**
Education	1,200	0.03	0.01	1,024	0.02	0.01
Culture	20,275	0.53	0.11	15,273	0.35	0.10
Other donations/subsidies / ASIN project / Sport	57,730	1.51	0.31	84,600	1.97	0.54
Total contributions to society	79,205	2.07	0.43	100,897	2.34	0.65
Taxes (excluding obligatory payroll-related amounts)	8,681,608	227.19	47.03	8,058,517	187.23	51.17
External social indicators – Total	**8,760,813**	**229.26**	**47.46**	**8,159,414**	**189.57**	**51.82**
4 - Environmental indicators	**Amount R$ '000**	**% of OP**	**% of NR**	**Amount R$ '000**	**% of OP**	**% of NR**
Capital expenditure related to company operations	163,177	4.27	0.88	116,532	2.71	0.74
In relation to setting of annual targets to minimize toxic waste and consumption during operations, and increase the efficacy of use of natural resources, the company:	(x) has no targets	( ) meets 51–75% of targets		(x) has no targets	( ) meets 51–75% of targets	
	( ) meets 0–50% of targets	( ) meets 76–100% of targets		( ) meets 0–50% of targets	( ) meets 76–100% of targets	
5 - Workforce indicators	**2012**			**2011**		
Number of employees at end of period	8,368			8,706		
Number of hirings during period	4			7		
Number of outsourced employees	NA			NA		
Number of interns	505			344		
Number of employees over 45 years old	3,928			3,887		
Number of women employed	1,089			1,131		
% of supervisory positions held by women	12.2			12.6		
Number of African-Brazilian employees	2,628			2,752		
% of supervisory positions held by African-Brazilians	13.64			13.77		
Number of employees with disabilities	41			47		

6 - Corporate citizenship	2012			2013 targets		
Ratio of highest to lowest compensation	21.05			NA		
Total number of work accidents	63 Own employees			NA		
Who selects the social and environmental projects developed by the company?	( ) senior management	(X) senior management and line managers	( ) all the employees	( ) senior management	(X) senior management and line managers	( ) all the employees
Who decides the company's work environment health and safety standards?	( ) senior management and line managers	(X) all the employees	( ) All teams + CIPA*	( ) senior management and line managers	(X) all the employees	( ) All teams + CIPA*
In relation to labor union freedom, the right to collective bargaining and/or internal employee representation, the company:	( ) doesn't get involved	(X) follows ILO rules	( ) encourages and follows ILO	( ) will not get involved	(X) will follow ILO rules	( ) will encourage and follow ILO
The company pension plan covers:	( ) senior management	( ) senior management and line managers	(X) all the employees	( ) senior management	( ) senior management and line managers	(X) all the employees
The profit-sharing program covers:	( ) senior management	( ) senior management and line managers	(X) all the employees	( ) senior management	( ) senior management and line managers	(X) all the employees
In selection of suppliers, the standards of ethics and social and environmental responsibility adopted by the company:	( ) are not considered	( ) are suggested	(x) are required	( ) will not be considered	( ) will be suggested	(X) will be required
In relation to employee participation in volunteer work programs, the company:	( ) doesn't get involved	( ) supports	(X) organizes and encourages	( ) will not get involved	( ) will support	(X) will organize and encourage
Total number of consumer complaints and criticisms:	In the company NA	At Procon NA	In Court NA	In the company NA	At Procon NA	In Court NA
% of complaints and criticisms met or solved:	In the company NA	At Procon NA	In Court NA	In the company NA	At Procon NA	In Court NA
Total added value distributable (R$ '000)	In 2012:			Em 2011: 14,383,065		
Distribution of added value (DVA)	51.93% government 24.31% stockholders 9.92% employees 12.56% others 1.28% retained			56.72% government 16.32% stockholders 10.95% employees 15.15% others 0.86% retained		
Other information:	(*) CIPA = Internal Accident Prevention Committee.					

I – In 2012, Cemig invested a total of R$ 151.9 million in the environment: R$ 91 million in putting new projects in place; and R$ 60.9 million in environmental management – including R$ 6.63 million in environment-related research projects. A total of R$ 11.225 million was invested in Consortia in which Cemig participates. New projects in which environmental investment was made include the Paracambi and Guanhães Small Hydro Plants, and the Santo Antônio and Belo Monte hydroelectric complexes.

II – The quality of water of Cemig's principal reservoirs is monitored regularly, in a network covering eight river basins of Minas Gerais (the Grande, Paranaíba, Pardo, São Francisco, Doce, Paraíba do Sul, Itabapoana and Jequitinhonha rivers), comprising a total of 43 reservoirs and 250 stations collecting physical, chemical and biological data.

III – In 2012 Cemig dealt with 26,800 tons of waste: 26,300 tons were sold or recycled, 459 tons were co-processed or incinerated and six tons were disposed of in industrial landfill. Among these amounts: 115 tons of insulating mineral oil not appropriate for use were sold, and 364 tons of oil-impregnated waste and 17 tons of IPE were co-processed. The total also breaks down into 1,200 tons of hazardous wastes, and 25,600 tons of non-hazardous wastes.

2.10

RECOGNITIONS

Following the efforts made by Cemig in 2012 several segments of Society recognized the excellence of its activities, which resulted in several different awards, among which we may highlight the following:

Anefac-Fipecafi-Serasa Award – Transparency Award

The quality and clarity of Cemig's Financial Statements were recognized once again. The Company won for the ninth consecutive time the Transparency Award, granted by Anefac-Fipecafi-Serasa Experian. The Company received the award in the 'Joint-Stock Companies with a turnover above R$ 8 billion' category among the Country's ten joint-stock companies with the best Financial Statements.

Abap Sustainability Award

Cemig stood out once again at the Abap Sustainability Awards by winning the Best Advertiser Award at the 4th ABAP-MG Awards. Cemig was considered the company or organization that made the greatest effort to announce figures, policies, practices and actions aimed at furthering sustainability in the State.

Hugo Werneck Sustainability & Love of Nature Award

The CEO/President of Cemig, Djalma Bastos de Morais, received the best businessman at the Hugo Werneck Sustainability & Love of Nature Awards. Created in 2010, the Hugo Werneck Award is a benchmark in the State of Minas Gerais. The main evaluation criteria adopted by the judging commission in the various categories are knowledge of and care for nature by the leading figures and companies in the State.

Apimec Awards

Cemig's Chief Finance and Investor Relations Officer, Luiz Fernando Rolla, was elected the best investor relations professional in 2011 at the 2012 Apimec Awards. The award, which is presented by Apimec – the Capital Market Investment Professionals and Analysts Association, is in its 39th edition. The goal is to present awards to both institutions and professionals that have contributed a great deal in the previous year to the development and improvement of capital and financial markets and of investment professionals.

Friend of Sports Businessman Award

The Friend of Sports Businessman Award is aimed at paying homage to supporters of Sporting projects, who have contributed, through the Sports Incentives Law, to the development and the strengthening of the country's Sporting initiatives in all their modalities and manifestations. Cemig was the winner for the State of Minas Gerais in the "Best Friend of Sports at the State level" category.

Companies that Best Communicate with Journalists

For the second year in a row, Brazilian journalists chose Cemig as the Company that Best Communicates with Journalists in the electric energy industry. The award was presented by Negócios de Comunicação magazine and was received by Cemig in the presence of all the other 31 companies chosen in the economic segments assessed. The award is intended to recognize the quality of the relationship companies have with journalists and highlighting the level of treatment that these companies offer media professionals in terms of access, availability and ease of obtaining corporate, sector and general information.

14th Abrasca Best Annual Report Award – Honorable Mention

The Cemig 2011 Annual and Sustainability Report, published in 2012, was the highlight in the 'strategy' category of the 14th Abrasca Best Annual Report Awards, organized by ABRASCA – Brazilian Association of Publicly Held Companies, in addition to having been considered the third best report in the large-sized companies category. This award was created with the goal of encouraging companies to improve the quality of the information presented to the market and, in doing so, improve corporate governance mechanisms. Out of a possible 100 points, Cemig achieved a score of 94.33 and the maximum score in 4 items, including socio-environmental aspects.

National Quality Award

Cemig GT, Cemig's wholly-owned subsidiary, was the winner of the 2012 National Quality Award (2012 PNQ), which is the most important award for business management in Brazil. The award aims at promoting management quality and competitiveness among Brazilian organizations.

IR Magazine Brazil Awards

Cemig was selected at the 2012 IR Magazine Brazil Awards as the company with the best relationship with investors in the basic utility and energy industry, offering the best conference call services and the best meeting with the investment analysts' community. Awards received at the event coordinated by IR Magazine, Revista RI and IBRI – Brazillian Institute of Investor Relations, are clear recognition of Cemig's commitment to its shareholders and of the competent work done by the Company's entire Investor Relations team.

3.12

REMISSIVE INDEX OF GRI INDICATORS

	Information / Reports / GRI Indicators	Pages	Observations
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.	10	
1.2	Description of key impacts, risks, and opportunities.	27	
2	Organizational Profile		
2.1	Name of the organization.	16	
2.2	Primary brands, products, and/or services.	16	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	16	
2.4	Location of organization's headquarters.	158	
2.5	Number of countries where the organization operates.	16	
2.6	Nature of ownership and legal form.	16	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	16	
2.8	Scale of the reporting organization.	Back cover, 2, 16, 43	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	6, 16	
2.10	Awards received in the reporting period.	139	
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Back cover, 103	
EU2	Net energy output broken down by primary energy source and by regulatory regime.	103	
EU3	Number of residential, industrial, institutional and commercial customer accounts.	57	
EU4	Length of above and underground transmission and distribution lines by regulatory regime.	Back cover	Additional information: transmission lines are all air. The subtransmission lines have 16 km of underground form, the remainder being air. In the case of the distribution network, 687 km are underground and the remaining air.
EU5	Allocation of CO_2e emissions allowances or equivalent, broken down by carbon trading framework.	-	There was no funding through the sale of carbon credits.
3	Report Parameters		
	Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	6	
3.2	Date of most recent previous report (if any).	6	
3.3	Reporting cycle (annual, biennial, etc.)	6	
3.4	Contact point for questions regarding the report or its contents.	6	
	Report Scope and Boundary		
3.5	Process for defining report content.	7, 8	
3.6	Boundary of the report.	7	
3.7	State any specific limitations on the scope or boundary of the report.	7	
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.	7	

	Information / Reports / GRI Indicators	Pages	Observations
3.9	Data measurement techniques and the bases of calculations.	6	There were no reported measurements that do not apply the GRI protocols or to substantially diverge.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Back cover, 6	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Back cover, 6	
	GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report.	141	
	Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report.	6	
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.	42	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	12	Do not apply to Cemig's governance model.
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.	-	Do not apply to Cemig's governance model.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	45	
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).	46	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	46	
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.	46	
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.	32, 44	
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.	44, 46, 47	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	-	Cemig does not practice such process.
	Comm itments to External Initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	50	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	8, 42	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	88	
	Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organization.	8	
4.15	Basis for identification and selection of stakeholders with whom to engage.	8	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	8	

	Information / Reports / GRI Indicators	Pages	Observations
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.	8	
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.	34, 36, 55	
	Aspect: Demand-Side Management		
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs.	53	
	Aspect: Research and Development		
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development.	34	
	Aspect: Plant Decommissioning		
EU9	Provisions for decommissioning of nuclear power sites.	-	Do not apply. Cemig does not have or operate nuclear power plants.
	Economic Performance Indicators		
	Aspect: Economic Performance		
EC1	Direct economic value generated and distributed.	72	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	28	
EC3	Coverage of the organization's defined benefit plan obligations.	128	
EC4	Significant financial assistance received from government.	36	
	Aspect: Market Presence		
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	127	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	115	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	126	
	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.	36	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	85, 87, 114	
	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.	103	
	Aspect: System Efficiency		
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.	94	
EU12	Transmission and distribution losses as a percentage of total energy.	60, 61	

	Information / Reports / GRI Indicators	Pages	Observations
	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.	91	
EN2	Percentage of materials used that are recycled input materials.	91	
	Aspect: Energy		
EN3	Direct energy consumption by primary energy source.	94	
EN4	Indirect energy consumption by primary source.	94	
EN5	Energy saved due to conservation and efficiency improvements.	85, 91, 94, 104	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	85, 104, 106	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	85, 104, 105	
	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.	Back cover, 93	
EN9	Water sources significantly affected by withdrawal of water.	93, 100	
EN10	Percentage and total volume of water recycled and reused.	93	The amount of water recycled or reused is negligible.
	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.	96	
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.	80, 82, 89, 98, 99	
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.	96	
EN13	Habitats protected or restored.	82, 96, 98, 99	
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).	27, 87, 96, 98	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	-	

	Information / Reports / GRI Indicators	Pages	Observations
	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.	Back cover, 105	
EN17	Other relevant indirect greenhouse gas emissions by weight.	105	
EN18	Initiatives to reduce greenhouse gas emission sand reductions achieved.	34, 85, 91, 95, 104, 106	
EN19	Emissions of ozone-depleting substances by weight.	105	
EN20	NO, SO, and other significant air emissions by type and weight. **Comments on the indicator:** Report emissions per MWh net generation.	105	
EN21	Total water discharge by quality and destination. **Comments on the indicator:** Include thermal discharges.	93	
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 activities, where data is available.	Back cover, 91	
EN23	Total number and volume of significant spills.	91	
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 dos not make international waste trasportation.
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.	93, 100	
	Aspect: Products and Services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	85, 91, 93, 94, 96, 104, 105	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	-	Does not apply.
	Aspect: Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	89	
	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.	94, 105	
	Aspect: Overall		
EN30	Total environmental protection expenditures and investments by type.	Back cover, 89	
	Social Performance Indicators		
	Labor Practices and Decent Work Performance Indicators		
	Aspect: Employment		
EU14	Programs and processes to ensure the availability of a skilled workforce.	128, 129	

	Information / Reports / GRI Indicators	Pages	Observations
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.	123	
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.	130, 132	
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.	Back cover, 121	
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.	121	
EU17	Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities.	116	
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	128, 132	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	128	
LA15	Return to work and retention rates after parental leave, by gender.	121	
	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.	136	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	136	
	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.	131	
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.	Back cover, 133	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	132, 133	
LA9	Health and safety topics covered in formal agreements with trade unions.	136	
	Aspect: Training and Education		
LA10	Average hours of training per year per employee by gender, and by employee category.	Back cover, 128, 129	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	124, 133	
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	126	

	Information / Reports / GRI Indicators	Pages	Observations
	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.	121, 124	
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	125	
	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..	116	
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone on human rights screening, and actions taken.	116	
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.	44, 129	
	Aspect: Non-discrimination		
HR4	Total number of incidents of discrimination and corrective actions taken.	124	
	Aspect: Freedom of Ass ociation and Collective Bargaining Core		
HR5	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.	136	
	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.	112, 116	
	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.	112, 116	
	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.	132	
	Aspect: Indigenous Rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	-	Cemig has no administrative lawsuit on the subject.
	Aspect: Assessment		
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	-	There were no human rights reviews and/or impact assesment in the operations.
	Aspect: Remediation		
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	-	There were no complaints regarding the human rights issue.
	Society Performance Indicators		
	Aspect: Community		
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development.	8, 19	

	Information / Reports / GRI Indicators	Pages	Observations
EU20	Approach to managing the impacts of displacement.	113	
	Aspect: Disaster/ Emergecy/ Planning and Response		
EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans.	53, 55, 130, 131	
	Aspect: Local communities		
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.	80, 82, 113	
SO9	Operations with significant potential or actual negative impacts on local communities.	83, 113	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	82, 83, 113	
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	113	
	Aspect: Corruption		
SO2	Percentage and total number of business units analyzed for risks related to corruption.	45	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	129	
SO4	Actions taken in response to incidents of corruption.	44	
	Aspect: Public Policy		
SO5	Public policy positions and participation in public policy development and lobbying.	88, 114	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	112	
	Aspect: Anti-Competitive Behavior		
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	112	
	Aspect: Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	55	
	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.	85, 114	
	Aspect: Provision of Information		
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services.	118, 135	

	Information / Reports / GRI Indicators	Pages	Observations
	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.	54, 80, 83, 113, 131, 132, 133, 136	
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 were no case concerning non-compliance in the period.
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	134, 135	
	Aspect: Labelling of Products and Services		
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.
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.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	118	
	Aspect : Marketing Communication		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	112	
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.	112	
	Aspect : Customer Privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	120	
	Aspect: Compliance		
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	55	
	Aspect: Compliance		
EU26	Percentage of population unserved in licensed distribution or service areas.	114	
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	120	
EU28	Power outage frequency.	Back cover, 55	
EU29	Average power outage duration.	Back cover, 55	
EU30	Average plant availability factor by energy source and by regulatory regime.	103	

Legend: Sectorial Indicators

Global Compact	Pages
Human Rights	
Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights.	112, 113
Principle 2: Make sure that they are not complicit in human rights abuses.	112, 113
Labour	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	136
Principle 4: The elimination of all forms of forced and compulsory labour.	116
Principle 5: The effective abolition of child labour.	116
Principle 6: The elimination of discrimination in respect of employment and occupation.	124
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges.	90, 96, 103
Principle 8: Undertake initiatives to promote greater environmental responsibility.	87, 90, 91, 96
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	34
Anti-Corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	44

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 2012 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

The assurance process was conducted to meet the requirements of a Type 2 assurance engagement as defined by AA1000 2008 Assurance Standard[1] (AA1000 AS).
Bureau Veritas assurance scope included the following:

- Data and information included in the 2012 Report;
- Evaluation of the Report against the AA1000 Principles of:
  - Inclusivity
  - Materiality
  - Responsiveness
- Assessment of the Report in accordance with the additional principles of Sustainability Context, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity, and Reliability, as defined in the Global Reporting InitiativeT[M's] for Sustainability Reporting Guidelines (GRI G3.1,2011);
- Assurance of application level pursuant to the GRI, version 3.1 guidelines (2011).

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, as well as statements of future commitments;
- Economic-financial information contained in this Report which has been taken from financial statements that have been verified externally by independent auditors;
- Inventory of Greenhouse Gas (GHG) emissions in its entirety.

[1] Published by AccountAbility: *The Institute of Social and Ethical Accountability http://www.accountability.org.uk*

METHODOLOGY

Our work was conducted using Bureau Veritas' internal protocol for the Independent Assurance of Sustainability Reports, based on current best practice[2] and including the following activities:

1. Interviews with the personnel responsible for material issues and involved in the preparation of the Report;

2. Review of documentary evidence provided by Cemig for the reporting period (2012);

3. Verification of performance data relating to the principles that ensure the quality of the information, pursuant to the GRI, version 3.1 guidelines (2011);

4. Site visits to the following Cemig units: Headquarters for Distribution Services of Uberlândia - SO/UL;, Environmental Unit Jacob;, the Hydropower plants of Miranda and Emborcação; Substation of Emborcação; Material Logistic and Administration Headquarters - MS/LA; Advanced Distribution Unit of Uberlândia, Company Efficientia; and Head Office of Belo Horizonte (MG);

5. Analysis of Cemig's stakeholder engagement activities and response to stakeholder through the reporting process;

6. 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.

The assurance 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

- Cemig has made advances in the publication of its report by adhering to the GRI G3.1 2011 guidelines. All key indicators of the GRI G3.1 and of the Supplement for the electricity sector[3] were published as well as several additional indicators of the GRI G3.1;

- The accountability on environmental issues and socio-environmental projects has evolved significantly. The Report introduces the reader to the strategic priorities, actions taken and information about the environmental performance over the reporting period – this follows a recommendation made in the 2012 assurance statement;

[2] Bureau Veritas' independent assurance protocol, as deployed for this assignment, is based on the International Standard on Assurance Engagements (ISAE) 3000, AA1000 Assurance Standard (2008) and the GRI G3 Sustainability Reporting Guidelines.
[3] Sustainability Reporting Guidelines & Electric Utility Sector Supplement, Version 3.0/EUSS Final Version.

- Concerning other recommendations from the 2012 assurance, it is noted that Cemig has carried out actions concerning the EN8 indicator on water consumption. The Report presents a good account of the Company's ability to measure its water consumption, and an comaprison of performance over previous years;

- We evidenced a reduction in sustainability initiatives (projects) at Cemig's environmental stations, which comprehends almost 6,000 hectares. The Company has not addressed the communication of its strategy concerning its socio-environmental initiatives at these stations;

- Cemig has evolved its management of data for the GRI G3.1 indicators LA1, EU17 and EU18 (that require data about hired workers and information about the days worked by contractors) through its implemented system of monitoring and analysis of safety practices (SIMASP);

- A materiality workshop and review was held between November 2012 and January 2013, bringing new views of stakeholders regarding the Report. During this workshop there were heard the senior management representatives, high tension industrial clients, communities, consumers, suppliers, media, investors, employees and industry experts. The report discusses material issues identified as priorities by such stakeholders. However, due to the period of the workshop, there was little time to work more deeply the issues;

- Cemig resubmitted its emissions inventory of Greenhouse Gases to an independent assessment, resulting in a certificate of compliance with the NBR 14064 standard. The data used to compile the EN16 indicator (total direct and indirect greenhouse gas emissions) were derived from this inventory;

- For the first time Cemig has published information programs and activities of companies in which it has equity ownership, showing the percentage participation in major power generation projects, such as the Belo Monte and Santo Antonio hydropower plants. The published information aligns with the GRI Boundary protocol concerning its content and quality;

- All pending issues raised by our team during the Report Assurance were properly solved by Cemig;

- According to the scope of the assurance, the information and data presented in the Report were deemed to be accurate, free of significant error or misrepresentation, and accessible and understandable to stakeholders.

RECOMMENDATIONS FOR THE NEXT REPORT

- Despite the large number of innovative projects and initiatives presented in the Report, the short and medium-term goals remain weak throughout the Report. We recommend that Cemig gives priority to the establishment of formal objectives for the coming years in order to have substantial elements of accountability for its performance towards society. Cemig's strategy as regards the socio-environmental projects at the environmental stations is an example of an approach that could be adopted in the context of medium-term Objectives and Targets, so as to give more clarity to

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readers about its commitment to sustainable development. The Index of Satisfaction with Perceived Quality (ISQP) is a metric example that could compose a range of indicators accompanied by sustainability objectives;

- During the last workshop held by the Company, Cemig heard representatives of various stakeholder groups in order to define the material issues to be reported. We encourage the Company to seek the perception of Local Governments to improve the publication of its Report, since it is present in many cities of the State of Minas Gerais, with strong interaction with local administration;

- The Materiality test performed at the end of the reporting period adds substantive information that enables clearer links between the sustainability strategy of the Company and the vision of stakeholders. We recommend that the Company incorporates its stakeholders views in its strategic analysis, reporting relevant decisions, once its new “Business Vision” incorporated the pursuit of admiration by the customer;

- We recommend for the next Report, more emphasis to the Company’s strategy regarding Perceived Quality, shown as ISQP index, a theme that is deemed relevant by the focal groups that participated of the materiality workshop;

- We suggest that Cemig advances in its management of human rights in the supply chain of the Distribution business, since the current of monitoring and control still focuses too narrowly on issues related to occupational health and safety in this regard;

- We recommend that Cemig systemizes, across the organization, its collection of the main quantitative data reported, with the introduction of tools to contribute to the efficiency of consolidation and internal assurance processes;

- Regarding the GRI SO8 indicator, we recommend the Company to improve the systematic collection of information about fines and non-monetary labor sanctions, since there is no centralized management on the issue, making it difficult to capture the associated data;

- Cemig should continue to invest in strategic personnel for the elaboration of the Report, since the inclusion of data and information that add quality to the Report depend on the full understanding of those responsible for its publication.

CONCLUSION

- Cemig´s self-assessment, pursuant to GRI version 3.1 guidelines (2011), as demonstrated in the Report's Content Index, was confirmed by this assurance, thus earning the Company 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.

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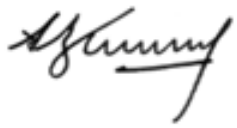
São Paulo, April 2013.



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Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Cemig - Companhia Energética de Minas Gerais S.A.** has presented its report "Annual and Sustainability Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 19 April 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+ GRI REPORT GRI CHECKED

The "+" has been added to this Application Level because Cemig - Companhia Energética de Minas Gerais S.A. has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 12 April 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*

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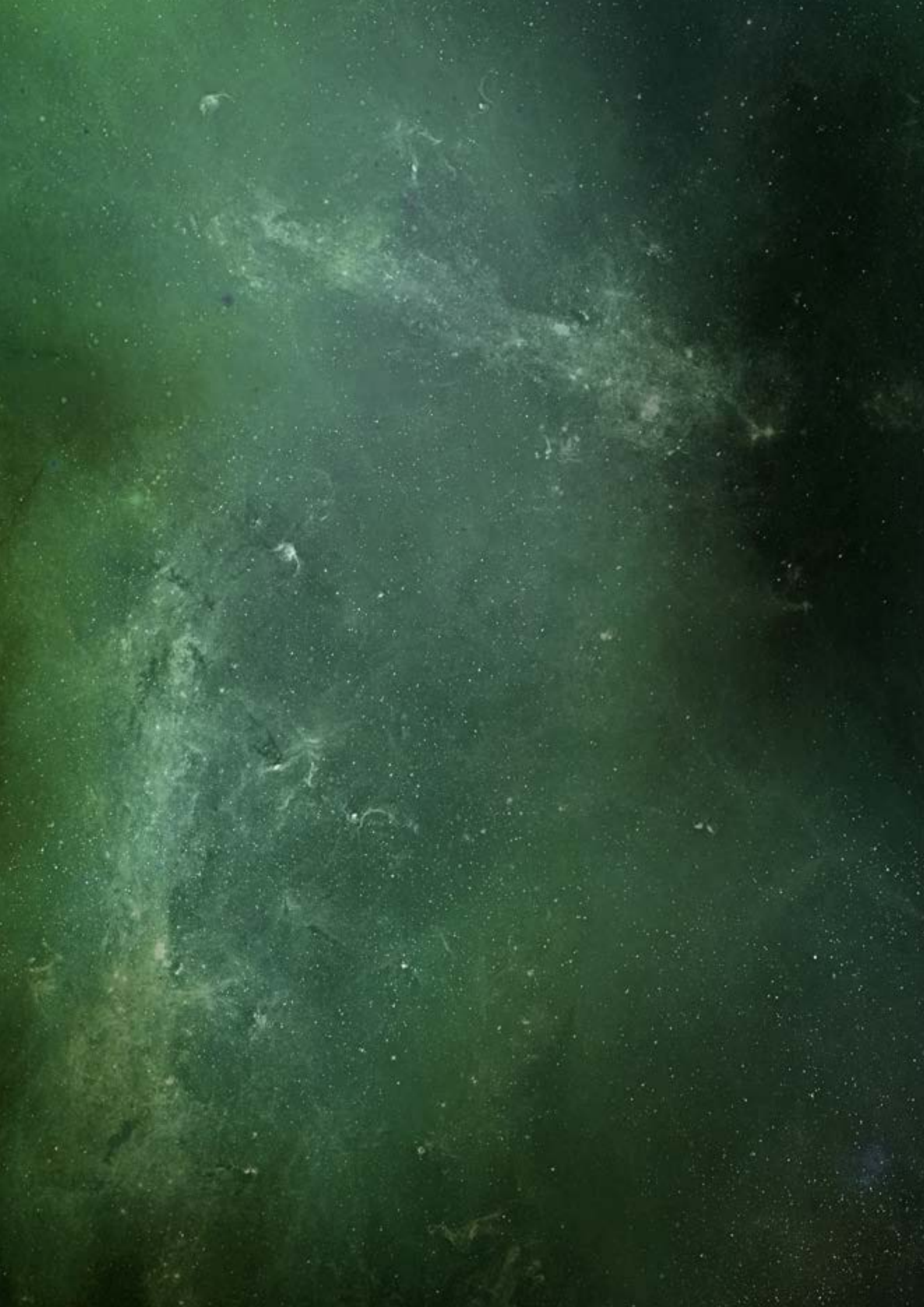


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