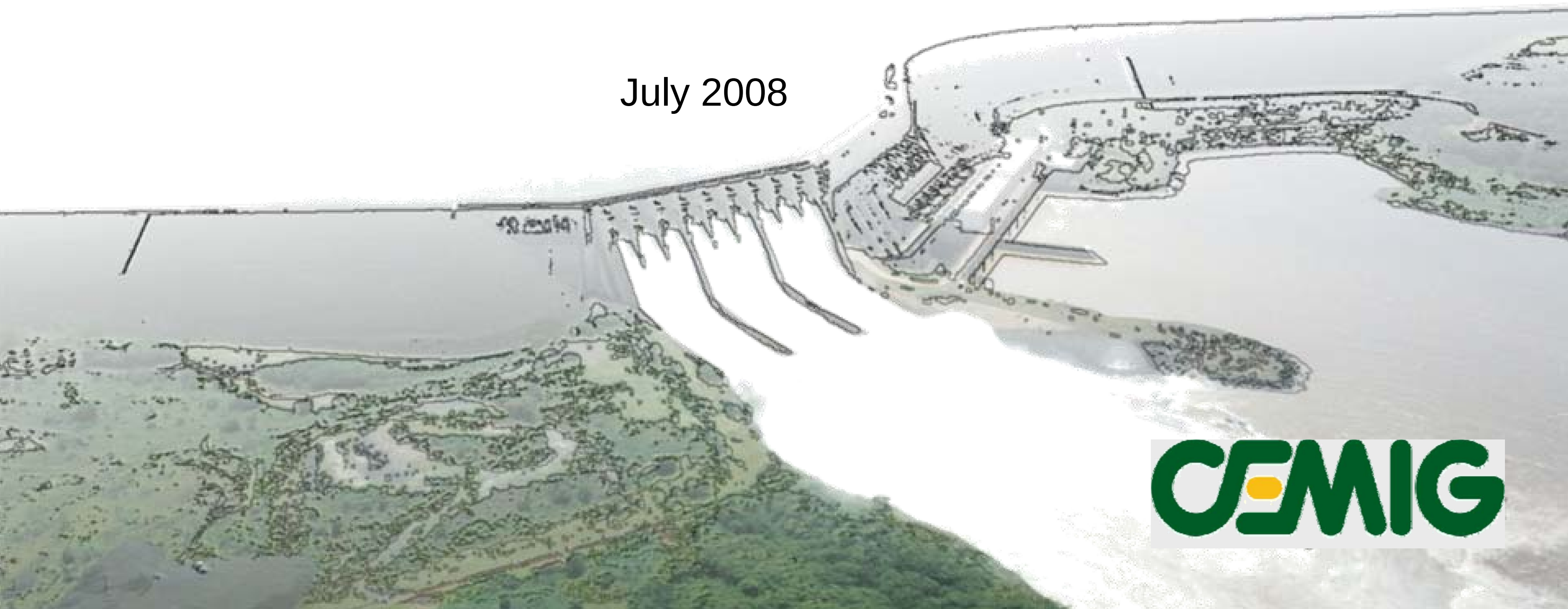




Companhia Energética de Minas Gerais – CEMIG

Implementation of the Long Term Strategic Plan ensures solid performance

July 2008



Disclaimer

Some statements contained in this presentation are "forward-looking statements" within the meaning of the US Securities Law and are subject to risks and uncertainties. Such statements are forecasts which may different from final numbers, which are not under our control. For a discussion of the risks and uncertainties as they relate to us, please refer to our 20F form for 2006, and in particular item 3 which contains "Basic Information – Risk Factors".

All figures are in BR GAAP.

Agenda

- Executive Summary
- Report
  - Background
  - Strategy Overview
  - Business Outlook
  - Financial Highlights
  - Our Strategy shows Solid Results
  - Market Recognition
  - Appendix – Regulatory Framework

Agenda

A Melhor Energia do Brasil.

- Executive Summary
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  - Financial Highlights
  - Our Strategy shows Solid Results
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Brazil – an overview

A Melhor Energia do Brasil.

Investment Grade (S&P and Fitch)

Economics

- Largest Latin America economy
- 8th largest world economy
- GDP (2007): US$ 1.5 trillion (+5.4%)
- GDP expected CAGR (5yrs): 4%
- Flow of Trade (2007): US$ 281 billion
- Inhabitants: 188 million
- Area: 8.5 million km^2
- Currency: Reais (BRL) – US$1 = R$ 1.76
- Reserves: US$ 190 billion

Economic Development Acceleration Plan (PAC)

- Federal plan to invest US$ 250 billion in the period of 2007-2010
- Electric Power Generation: US$ 35 billion
- Electric Power Transmission: US$ 7 billion
- Renewable Fuel projects*: US$ 9 billion

* Ethanol, Biodiesel and Alcohol pipeline

Electric Power Industry

- Power Generation
  - ✓Installed Capacity: 99 GW
    - 81.2% Hydro; 9.4% Natural Gas
    - 2.1% Nuclear; .5% Coal
    - 1.4% Oil; 4.4% Others
  - ✓15% of power output are investor owned
  - ✓2005 revenues: US$ 12.5 billion
- Power Transmission
  - ✓National Network: 85,399 km
  - ✓2005 revenues: US$ 2.7 billion
- Electricity Distribution
  - ✓Energy Consumption: 347,371 GWh
    - 44% industries and 25% householders
  - ✓99% penetration countrywide
  - ✓More than 50% of South America
  - ✓Peak Demand comparable to UK
  - ✓2005 revenues of US$ 26.7 billion

Source: Brazilian Institute for Geography and Statistics (IBGE), Brazilian Electricity Regulator (ANEEL), Brazilian Association of Transmission Companies (ABRATEE), Energy Research Company (EPE).

Cemig – the leading power utility in Brazil

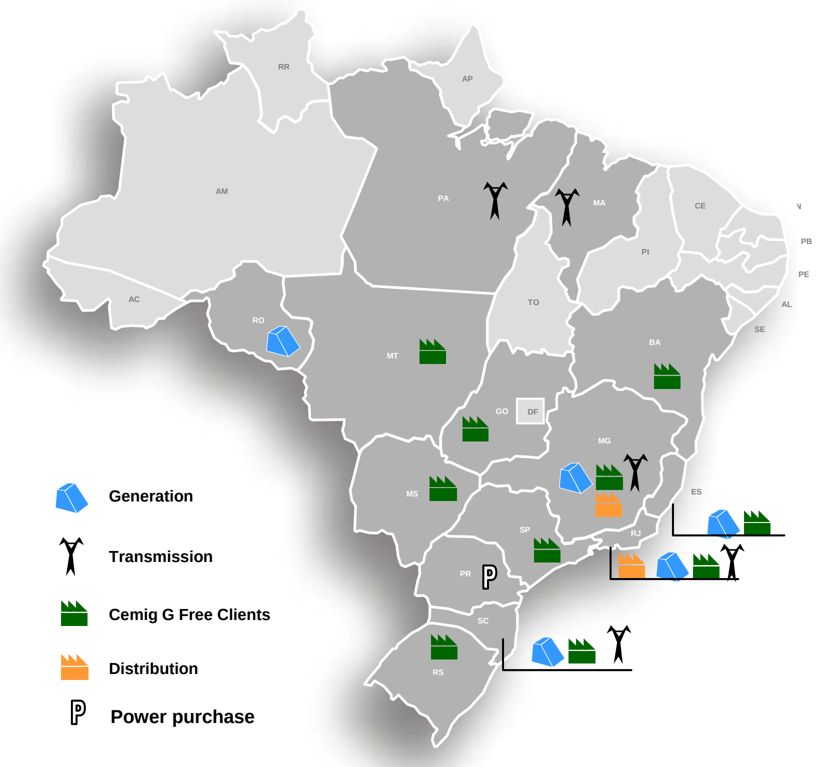
A Melhor Energia do Brasil.

Power Industry

- ✓Largest electricity distributor
- ✓Fifth largest power generator
- ✓Sixth largest transmission Co.

Finances

- ✓Total assets: US$ 15 billion
- ✓Stockholders' equity: US$ 5.4 billion
- ✓Consolidated net revenue (1Q08TTM) : US$ 6.5 billion
- ✓07 EBITDA: US$ 2.5 billion
- ✓07 Net Income: US$ 1.1 billion

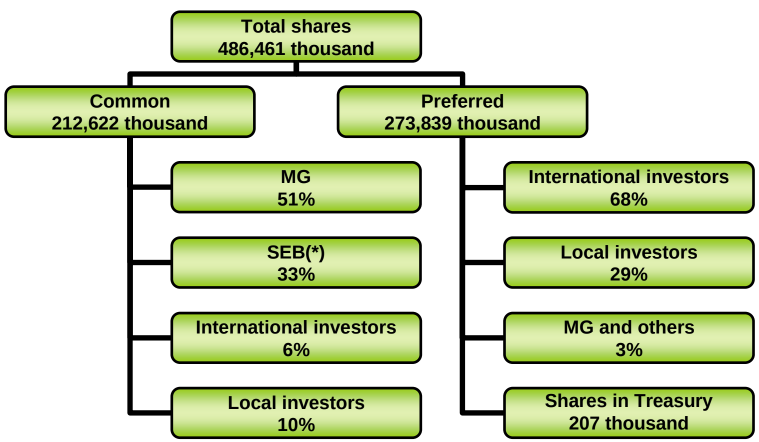


The blend of shareholders provides long term perspective

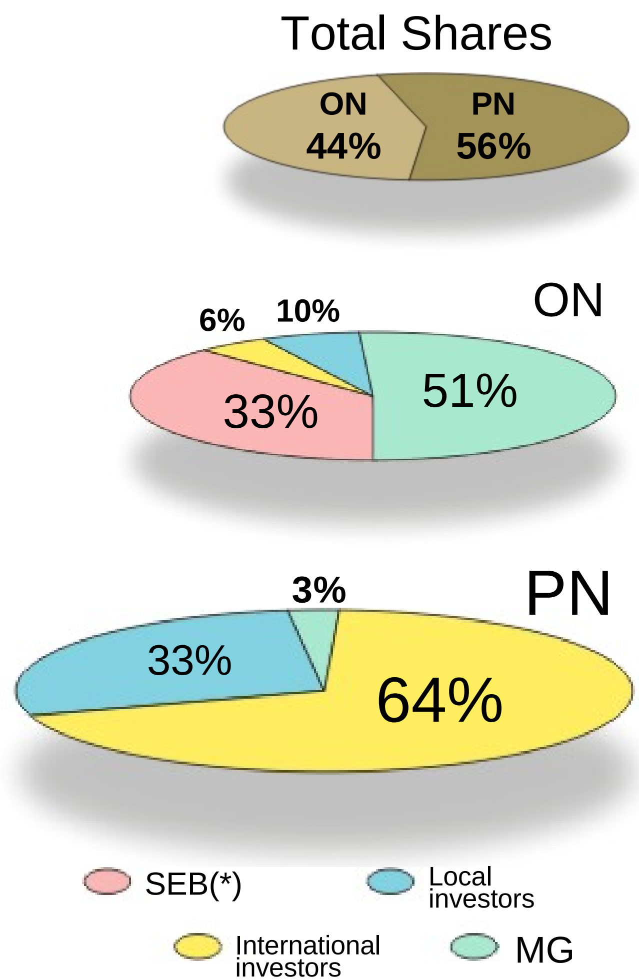
A Melhor Energia do Brasil.

- Our shareholder diversity provides a global business management vision focused on sustainability of the company's activities

- Listed in major stock exchanges
  - **BOVESPA (Brazil)**
  - **NYSE (USA)**
  - **LATIBEX (Spain)**



Share nominal value = R$5.00



(*) Controlled by international investors

Discipline in investing

A Melhor Energia do Brasil.

Leadership in Consolidation of Brazil's Electricity Sector

- Focus on: generation, transmission and distribution of electricity and natural gas
- Return compatible with each business risk
- Strategic partnerships
  - High standards of corporate governance
  - Transparency on project's economic-financial evaluation
  - Access to low cost financing
- Value adding through:
  - Projects with attractive return
  - Reduction of operational costs
- Complying with the principle of sustainability
  - Projects that are environmentally correct
  - Respect for the interests of the community we serve
- Focus on long term
  - Carrying out the Long-Term Strategic Plan
  - Leadership in consolidation of the Brazilian electricity sector

Sustainability

Our business portfolio seeks lower risk exposure

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- Power generation
  - More competitive environment
    - Regulated market : long term contracts with distributors sales through public auctions.
    - Un-regulated market : medium term contract with large clients. Contract terms bilaterally negotiated.
- Power transmission
  - Most successful regulation
  - Stable cash flow: fixed income alike investment
- Electricity distribution
  - Strongly regulated
    - Operating expenses: Full pass-through mechanism. Yearly adjustment for non controllable costs and inflation.
    - 5 year rate setting review: sharing productivity gains with users
    - Revenues come from grid use and sales to captive market
- Natural gas distribution
  - Same concession area of Cemig Distribuição
  - Partnership with Petrobrás (Petrobrás 40% and Cemig 55%)
- Telecommunication backbone services
  - Synergy: usage of power transmission lines for fiber optics cables
    - 60% of capacity used by Cemig Group

The blend of business assures sustainable growth

A Melhor Energia do Brasil.

Cemig Consolidated – 1Q08

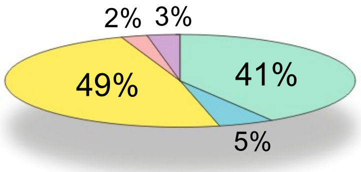
Power Generation

- •10 companies
- •Revenue: R$ 817 million
- • 55% free consumers
- • 45% distributors
- •Net income R$ 202 million
- •Ebitda: R$ 439 million
- •Sales Volume 7,939 GWh
- •7% market share
- •Sixth largest in Brazil

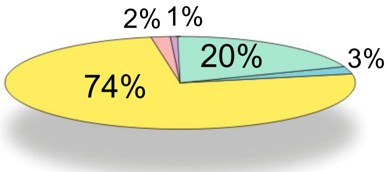
Power Transmission

- •5 companies
- •Revenue R$ 145 million
- •Net Income R$ 35 million
- •Ebitda R$ 73 milion
- •5% market share
- •Sixth largest in Brazil

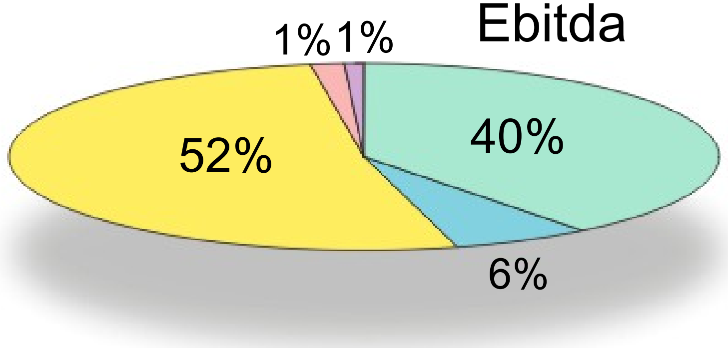
Net Income



Gross Revenue



Ebitda



Others

- •3 companies
- •Revenue R$ 25 million
- •Net income R$ 6 million
- •Ebitda R$ 14 million

Holding Co.

- •Revenue R$ 97 million
- •Net income (R$ 49) million
- •Ebitda (R$ 48 million)

Electricity Distribution

- •2 companies
- •Revenue R$ 3.194 billion
- • 89% captive market
- • 11% grid usage
- •Net income R$ 286 million
- •Ebitda R$ 597 million
- •Sales Volume 6,683 GWh
- •10% market share
- • Largest in Brazil (transport)

Gas Distribution

- •1 company
- •Revenue R$ 92 million
- •Net income R$ 11 million
- •Ebitda R$ 13 million
- •Sales Volume 22.21 million m3
- •4 % market share
- •Sixth largest in Brazil

•Reference: 1Q08

Strong Management

- Higher standards of Corporate Governance and integrity
- 14 Board of Directors Members
  - 6 independent members appointed by minority shareholders
- Full SOX (Sarbanes Oxley) compliance
- Growth-driven Long Term Strategic Plan, incorporated to our bylaws
- Expansion opportunities evaluated using strict profitability criteria
  - Invest only in projects that offer real internal rates of return, above our cost of capital
- Market recognition of sustainability and high technical standards:

Dow Jones Sustainability Indexes
Member 2007/08

Quality Process Certification
NBR ISO 9001:2000

Best company to work in
Exame magazine 2007 edition

Best southeast Distribution Co.
ANEEL (reg. agency) 2007 survey

Strategic Plan Results

A Melhor Energia do Brasil.

✓ Expansion:

- Acquisition of Light S.A. in 2006, through RME, a company formed in partnership with private investors:
  - Over 3.8 million consumers in 31 municipalities in the state of Rio de Janeiro;
  - Third largest electricity distributor in Brazil.

- Acquisition of TBE in 2006, a group of five power transmission companies located in the North and South of Brazil, totaling 2,000 km of transmission lines.

- Acquisition of Lumitrans (40 km, 525 kV) and STC (195 km, 230 kV) in 2008

- Construction of a transmission line in Chile.

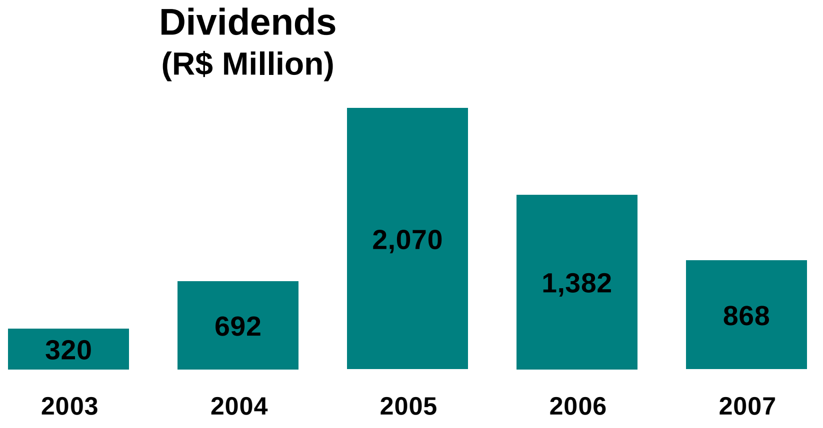
- Generation capacity increased more than 900 MW over the last 12 months
  - Baguari power plant construction started – 140 MW;
  - Small Hydros Program: 91MW
  - Santo Antönio Power plant 3,150 MW

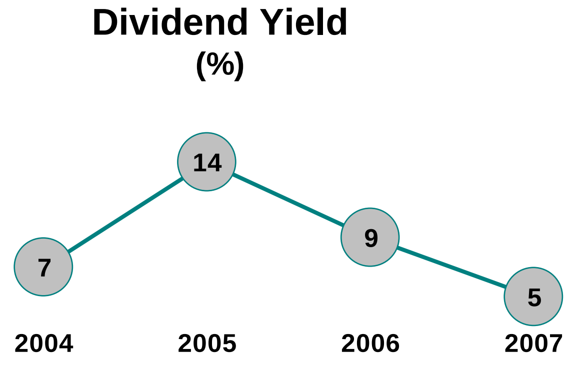
- Now serving over 10 million customers units.

- Total sales of 57,520 GWh in 1Q08 TTM

Strategic Plan Results

- ✓ Dividends:
  - – R$ 1.3 billion were paid in 2007, representing 80% of 2006 net income:
    - Interest on Equity: R$ 169mn (as announced last year);
    - Complementary dividend: R$ 716mn;
    - Extraordinary dividend: R$ 497mn;
  - – General Shareholders Meeting approved to pay R$ 868 million in 2008, representing 50% of 2007 net income





Strategic Plan Results

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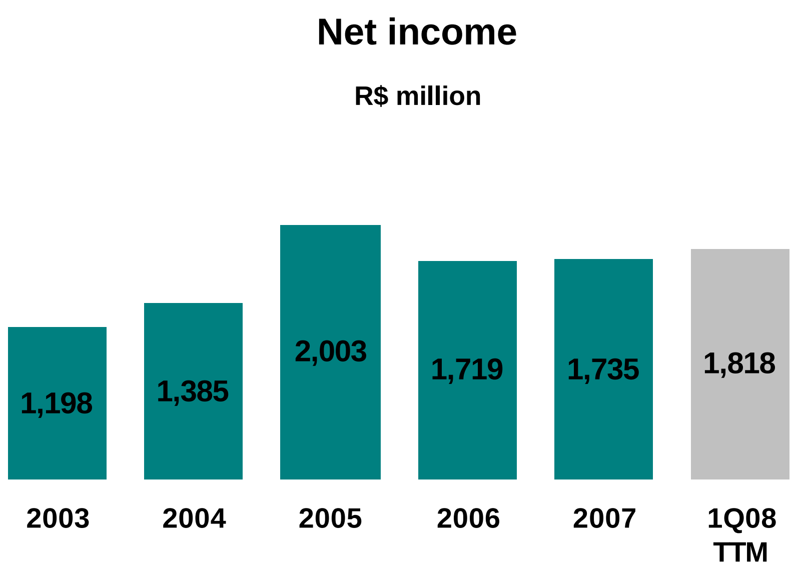
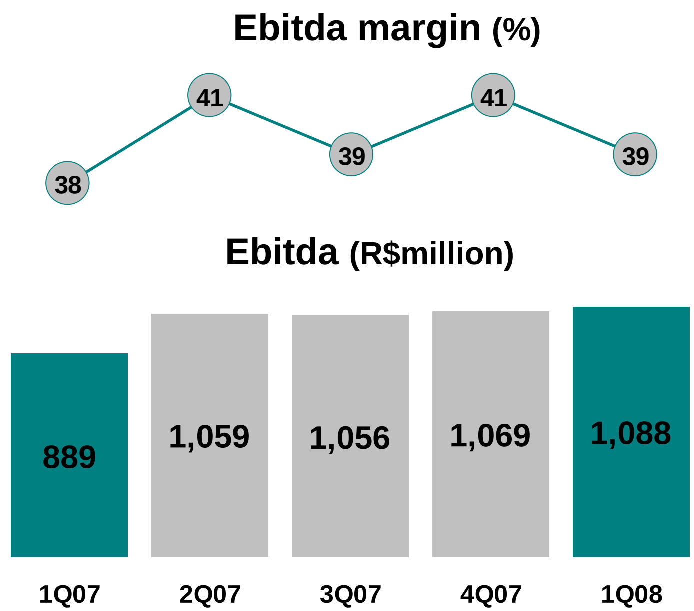
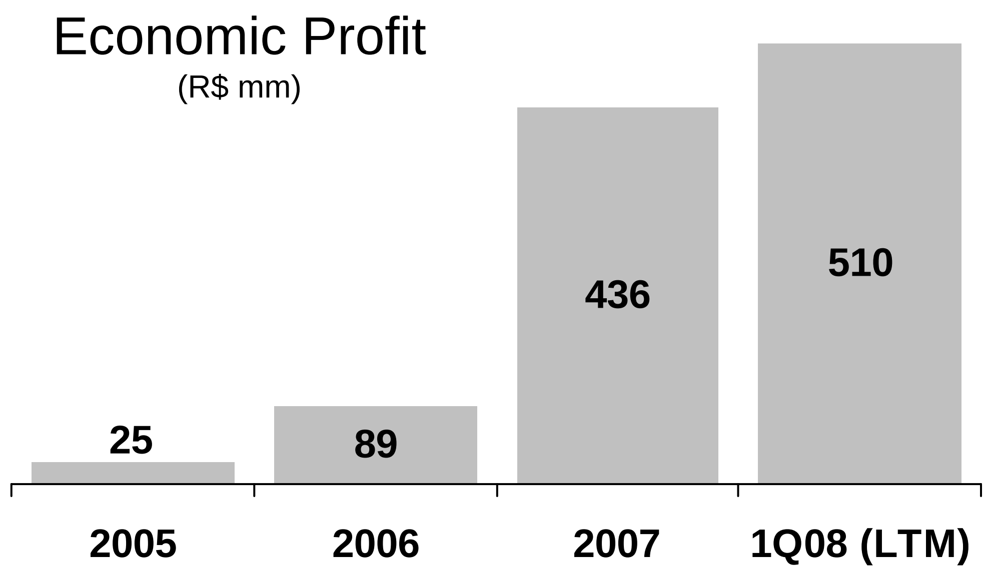
- Solid Financial Situation:
  - Complying with Strategic Plan commitments;
  - Return on investment compatible with each business risk;
  - Extended debt profile and lower costs;
  - Last twelve month Ebitda reaching R$4,272 mm





Performance Indicators

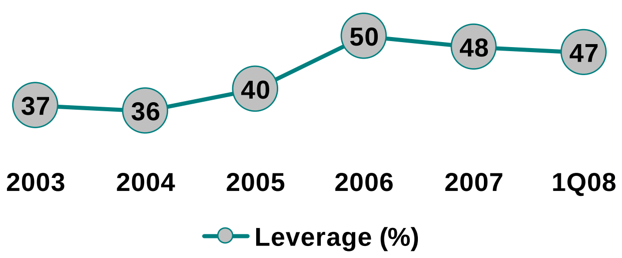


KPI	2005	2006	2007	1Q08 (LTM)
ROIC	**13.8%**	**12.3%**	**13.9%**	**14.0%**
WACC Nominal	**13.6%**	**11.7%**	**11.1%**	**10.9%**
Cost of debt	12.4%	13.8%	11.1%	10.0%
Cost of equity	17.3%	14.3%	14.6%	14.7%
Economic Profit % (ROIC - WACC)	**0.2%**	**0.7%**	**2.8%**	**3.1%**
Average invested capital (R$ '000)	**11,794,791**	**13,645,889**	**15,600,301**	**16,320,828**
Economic Profit (R$ '000)	**25,408**	**89,458**	**436,319**	**510,411**

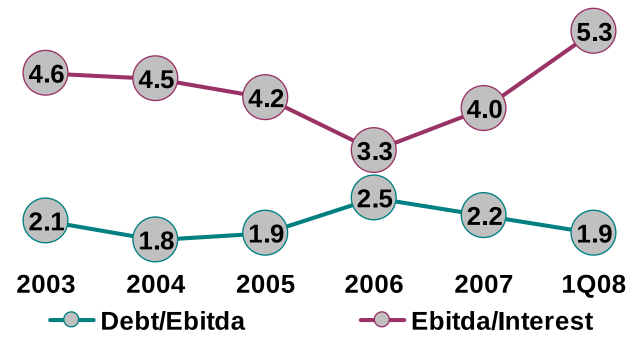
Continuous improvement of our KPI

A Melhor Energia do Brasil.

Leverage (%)
Debt / (Debt + Stockholders' equity)

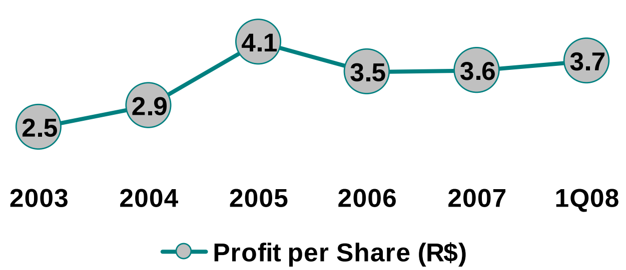


Key debt indicators (%)

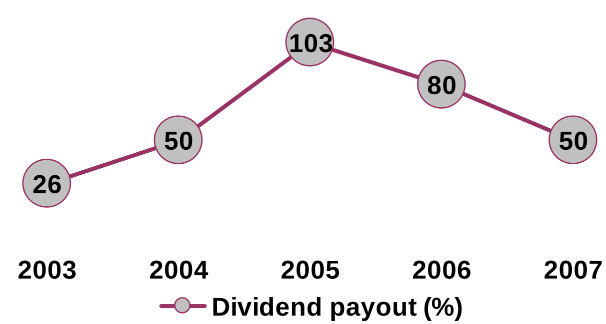


Key performance indicators in line with Long Term Strategic Plan

Earnings per share (R$)



Dividend payout (%)

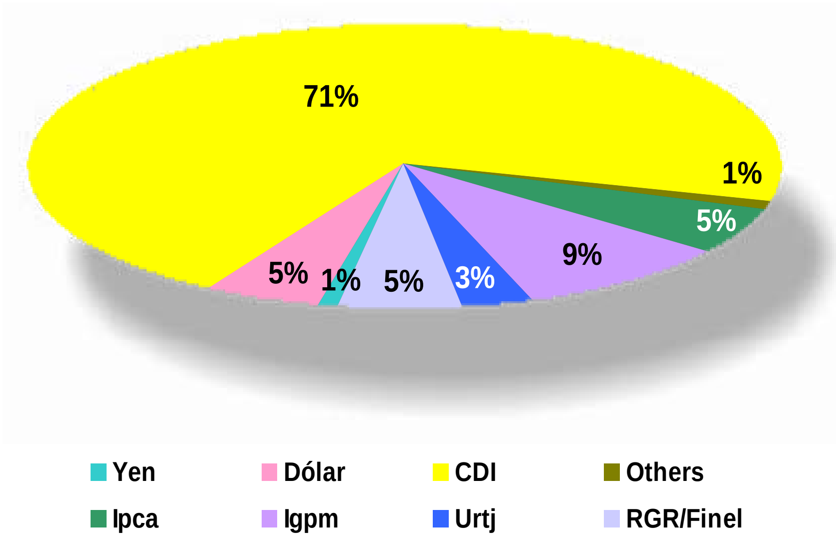


Extended Debt Profile, with Cost Reduction

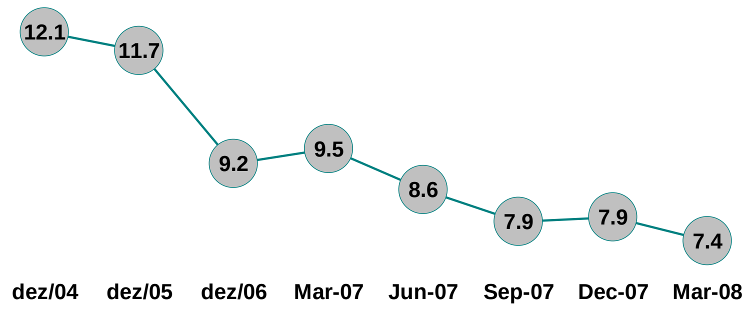
A Melhor Energia do Brasil.

- ✓ Long-term preservation of credit quality at levels sufficient for a low risk rating
  - AA3.br for Moody's and A+.br for Fitch

Main Indices

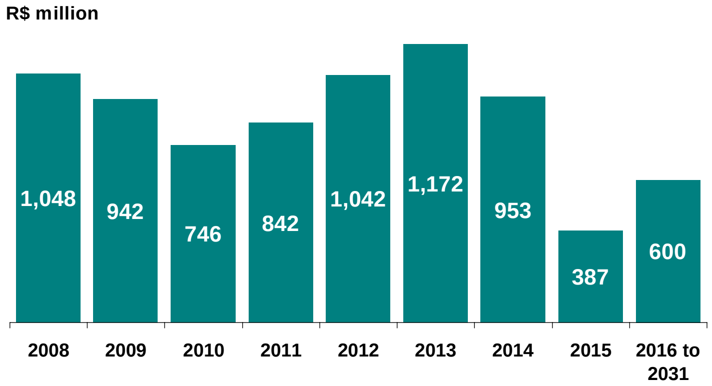


Real Average Cost (%)



Consolidated Maturity Schedule

Average tenor: 4.7 years



EBITDA Guidance 2008/2012

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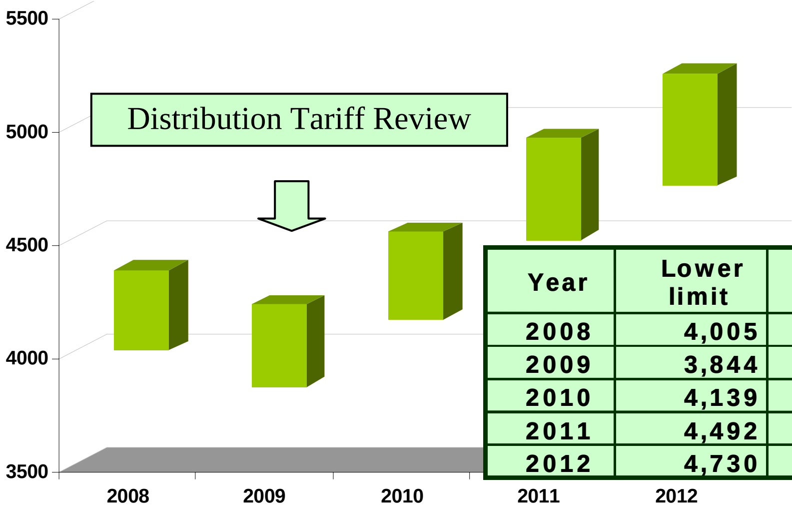
(Constant as of June 2008 R$ million)

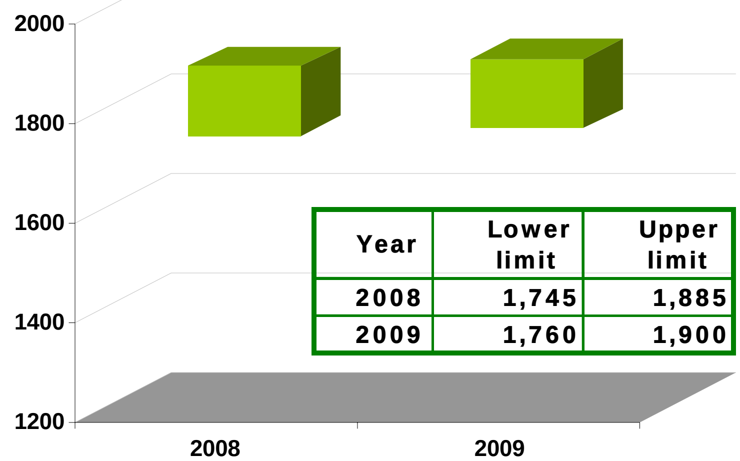
Consolidated figures

Consolidated including amounts for Holding companies and affiliates



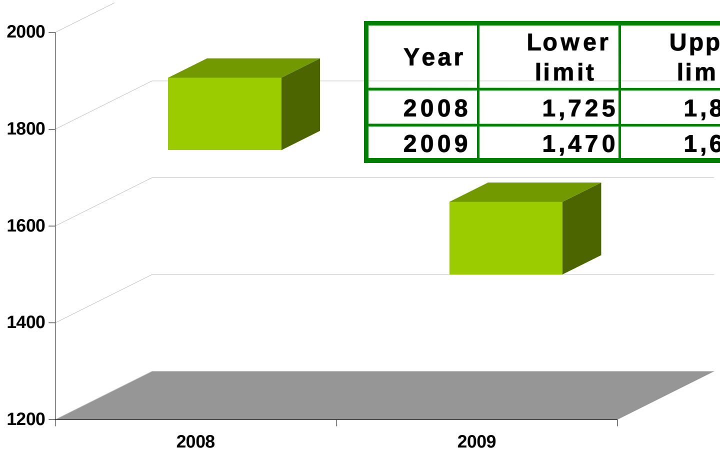
Year	Lower limit	Upper limit
2008	4,005	4,360
2009	3,844	4,207
2010	4,139	4,529
2011	4,492	4,940
2012	4,730	5,228

Power Generation and Transmission Company



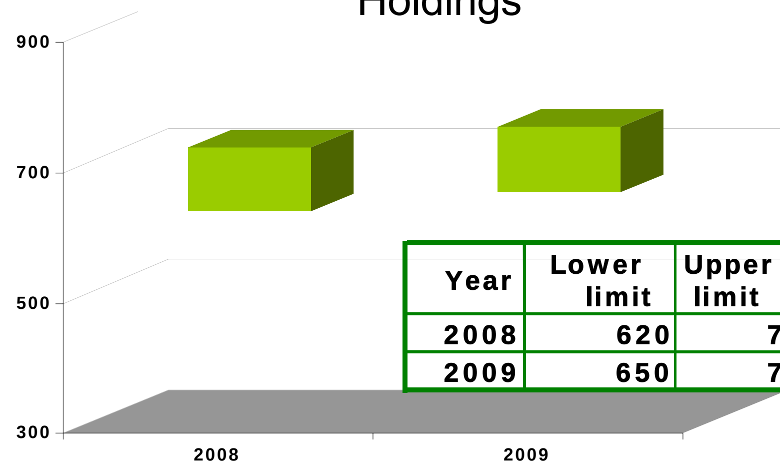
Year	Lower limit	Upper limit
2008	1,745	1,885
2009	1,760	1,900

Electricity Distribution Company



Year	Lower limit	Upper limit
2008	1,725	1,875
2009	1,470	1,620

Holdings



Year	Lower limit	Upper limit
2008	620	720
2009	650	750

Results reflect fundamentals and long-term vision

CEMIG
A Melhor Energia do Brasil.

- ✓ Organizational re-structuring addresses the consolidation process of electricity industry
- ✓ Operational excellence aligned with reduction of costs
- ✓ Strategic Plan guidelines establish high priority for value adding investments
- ✓ Risk management addresses all major processes
- ✓ Corporate governance is a constantly evolving corporate value
- ✓ Financial management focused on the improvement of credit quality and financing cost reduction
- ✓ Major clauses of the Bylaws ensure sustainability and governance
- ✓ Commitment to return for investors

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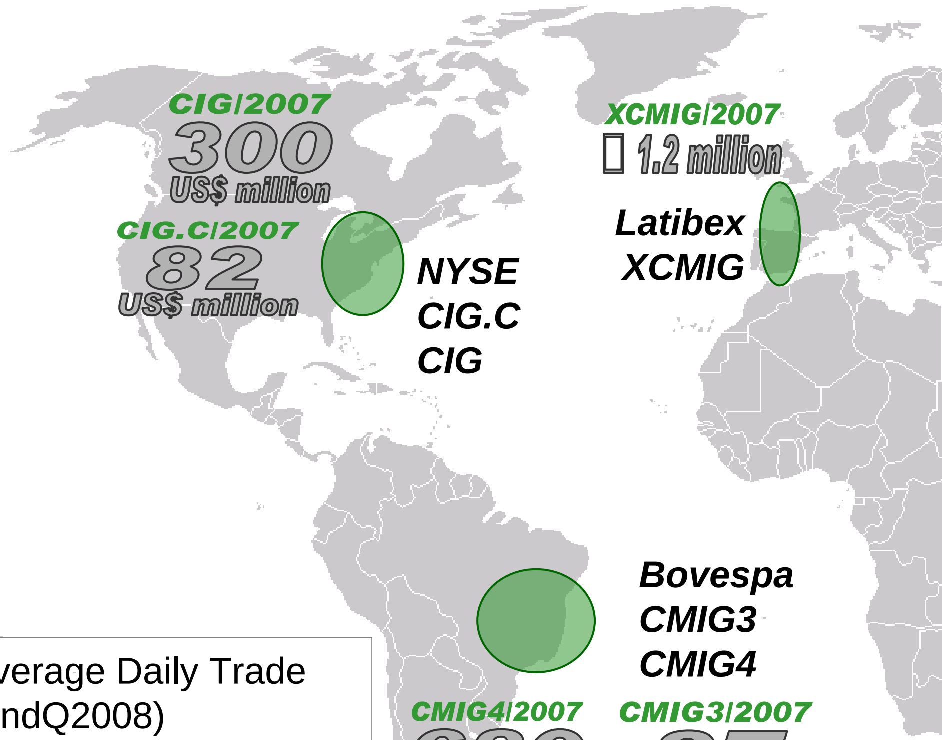
Strong shareholders base assures liquidity

A Melhor Energia do Brasil.

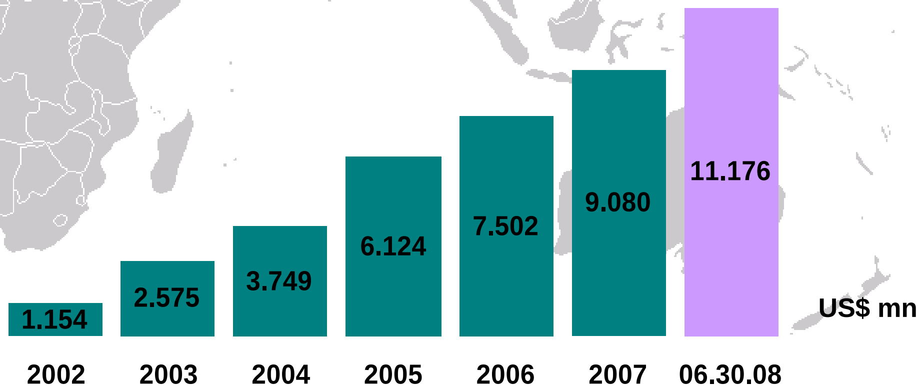


Shareholders from 42 countries (investing in Bovespa)

Average Daily Trade (2ndQ2008)

Bovespa: RS 60 million

NYSE: US$ 33 million



US$ 11.2 billion

Market Cap.

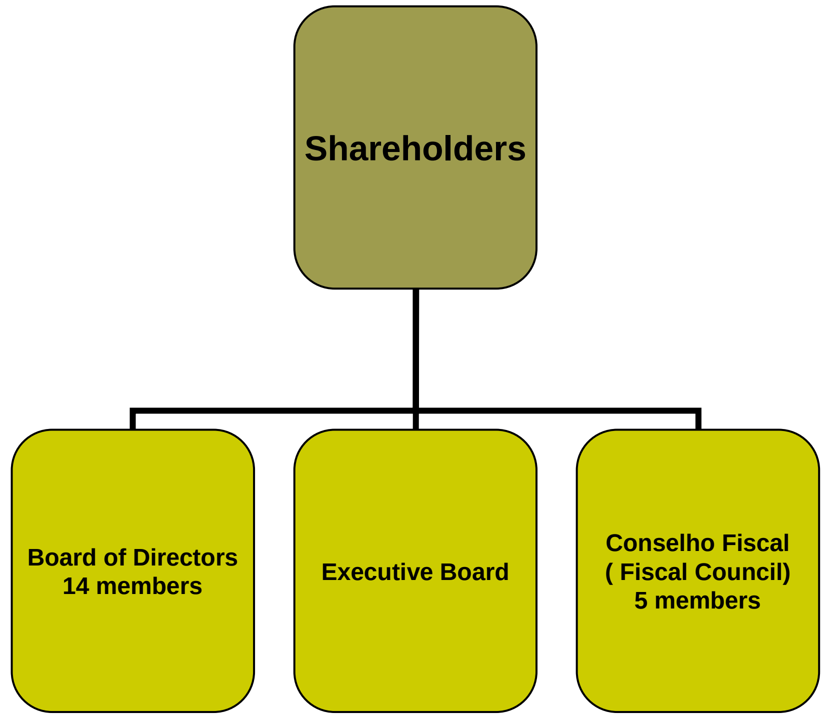
Preferred Shares: CMIG4, CIG, XCEMIG
Common Shares: CMIG3, CIG.C

Corporate Governance: implementation of best practices

CEMIG A Melhor Energia do Brasil.

Highlights

- Code of ethics;
- 6 BoD members appointed by minority shareholders;
- BoD approves all investments above R$5mn;
- BoD approves nomination of external auditors;
- Executive Board coordinates external auditor selection process (in compliance with the Brazilian Procurement Legislation for state owned companies);
- Fiscal Council plays Audit Committee key role, including:
  - Accounting practices;
  - Dividend policy;
  - Prevention of fraud;
  - Financial statements analysis.
- SOX compliance:
  - Sections 302 and 404 Certification;
- BOVESPA level 1;
- NYSE listed company practices.



COMPANHIA NÍVEL 1 MERCADO BOVESPA - BRASIL

CIG LISTED NYSE

Latibex LATINOAMERICA EN EUROS

Sustainability: component of the business

A Melhor Energia do Brasil.

- Social and Environmental responsibilities are a commitment to our long-term vision: they guarantee the preservation of our activities and prevent undue costs to be passed to the society through a balanced relationship with the environment and the community.
- Recognition of our actions to ensure sustainability:
  - ✓ selection to the Dow Jones Sustainability World Index for the eighth time in a row, this time as world leader in the Utilities "Supersector";
  - ✓ Selection to the Corporate Sustainability Index of the Sao Paulo Stock Exchange (Bovespa) for the second year in a row.

Dow Jones Sustainability Indexes
Member 2007/08

ISE Índice de Sustentabilidade Empresarial

- Best Distribution company of the Southeast region in Brazil
  - ✓ Cemig Distribuição S.A. won the Quality Award – IASC 2006:
    - ▫Consumer survey organized by ANEEL – the Federal Electricity Agency;
- ISO Certification
  - ✓ Cemig Distribuição S.A. expanded the certification of its operating processes to NBR ISO 9001:2000
    - ▫More than 80% of workforce operates in compliance with this certification;
- Best Company to Work In
  - ✓ Award for the "large companies" category, survey by Exame magazine
    - ▫Special Award – Best and Largest Employer

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Long Term Strategic Plan addresses sustainable growth

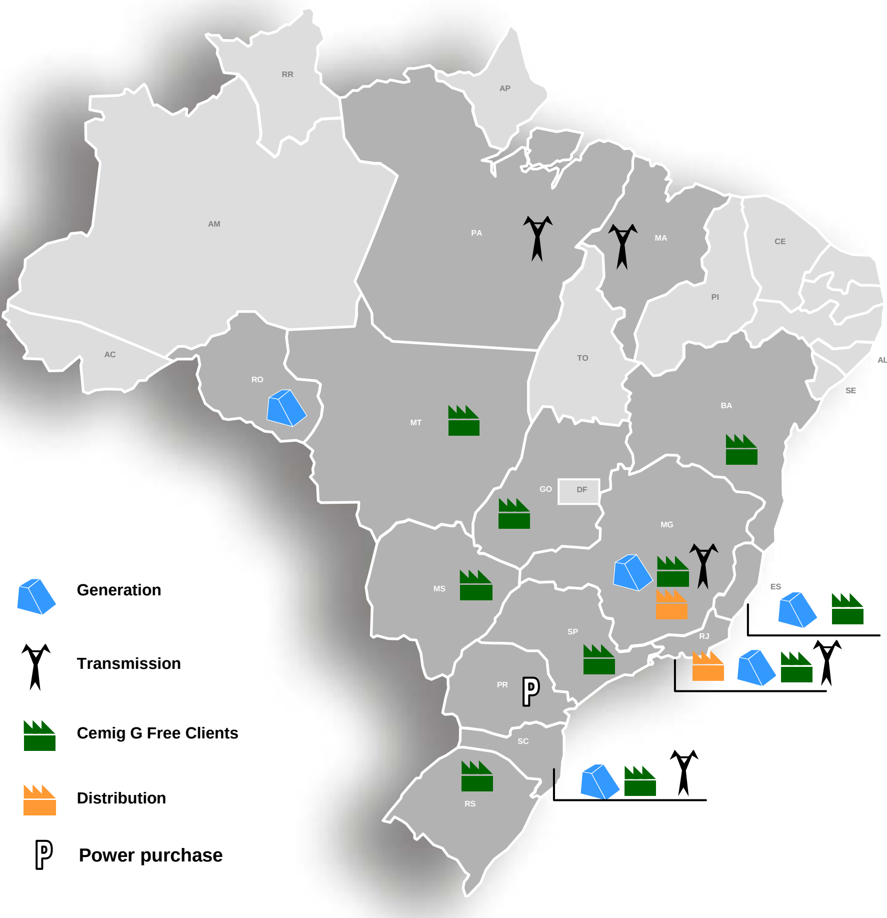
- Broadening of CEMIG's area of activity, focusing on the electric industry
  - Growth within Brazil's geographical area;
  - First steps towards international investments;
  - Expansion in line with Brazilian regulatory limits and sustainable growth:
    - Acting prudently
    - Adding value
  - Invest only in electricity energy related business.

- Addressing shareholders' long-term interests:
  - New dividend policy with a 50% payout and extraordinary dividends, every two years, provided cash availability.
  - Corporate governance focused on transparency and respect of minority shareholders' interests.

- Incorporation of our goals and commitments to our bylaws to secure stability of the company's long-term planning
  - Capex limited to 40% of EBITDA:
  - Debt limited to 2x EBITDA:
    - In years of acquisitions: 2.5 x EBITDA.
  - Debt limited to 40% of Total Capitalization:
    - In years with acquisitions: 50% x Total CAP.

Expanding rapidly to consolidate Brazilian leadership

CEMIG
A Melhor Energia do Brasil.



2,722 GWh Supply contracts signed with Distributors and Traders

Estados	Categoria	Consumidores	GWh	MW	km
ES	Free	1	12	55	
GO	Free	1	7		
MA					29
MG	GT + controladas (free + distributors)	134	6,670	6,501	4,964
	Captive		5,175		
MS	Free	1	3		
MT	Free	1	12		
PA					288
RJ	Free	1	2	112 *(2)*	16
	Captive		1,508*(1)*		
RS	Free	1	8		
SC	Free	6	19	10	19
SP	Free	5	460		
Total		151	13,876	6,678	5,316

(1) 25% of Light, (2) 13% of Light

First steps toward international opportunities

- Investment in Chile:
  - Charrúa – Nueva Temuco transmission line 220 kV, 205 km
  - Concession period : 20 years
  - Partner : Alusa (51%)
  - Total investment: US$ 63.4 million
  - Annual revenue: US$ 6.5 million
  - Financing: 70% of the investment
  - Capital injected by Cemig so far: US$ 6 million
  - Project began: June 2005
  - Environmental license given: February 2007
  - Works began: March 2007
  - Operational start up : July 2008
- Development of management capacity to operate in regulatory environments of other countries.
- Inter-American Development Bank releases first tranche: US$25mn

Cemig's Business Structure

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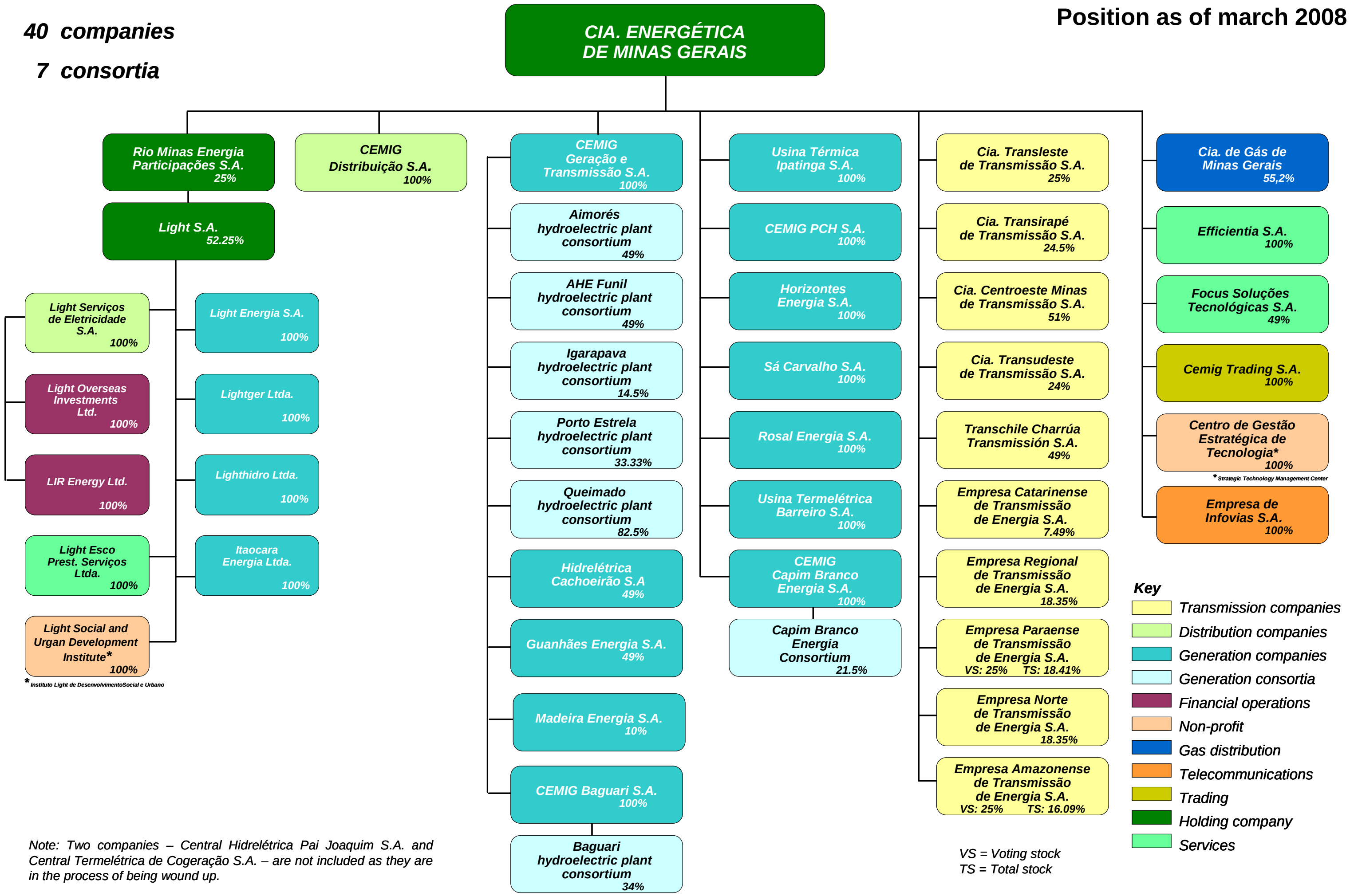
40 companies

7 consortia

Position as of march 2008



Note: Two companies – Central Hidrelétrica Pai Joaquim S.A. and Central Termelétrica de Cogeração S.A. – are not included as they are in the process of being wound up.

Human capital: alignment with the Strategic Plan

- **Performance management**: compensation linked to business results.
  - Company's adequacy to new industry challenges
  - Engaged and stimulated employees
- **Succession Management Program:** involving 752 professionals in management position and 1,800 to assume strategic functions, ensures development of skills necessary to lead the company's growth.
- **Technical and Managerial Training** investment of R$ 15.5 million ensures operational excellence
- **Workplace Management:** permanent pursuance of better quality standards
- Dow Jones Sustainability Index recognizes excellence of our HR
  - Occupational Health and Safety Index: 100%
  - Human Capital Development Index: 100%
  - Labor-law Practices Index: 92%
- "**Proteção Brasil" award 2007**: best electricity safety system
  - Recognition by companies and specialist professionals for improvement in work, health and safety conditions.

Progressive reduction in labor expenses

CEMIG
A Melhor Energia do Brasil.

Seniority Bonus (anuênio) elimination	Bylaws alteration	Especial bonus elimination: 16.7%	Efficiency program with Consultants	Voluntary dismissal program
Nov 2005	Oct 2007	Nov 2007	Jan 2008	Mar 2008

Net Revenue

Operational Expenses

Operational Result

Financial Result

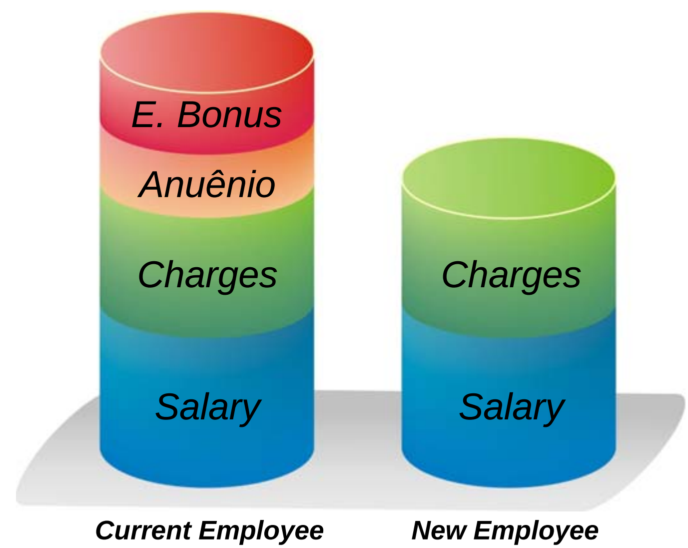
Non Operational Result

Earnings Before Income Taxes

Profit Shares

Minority Interests

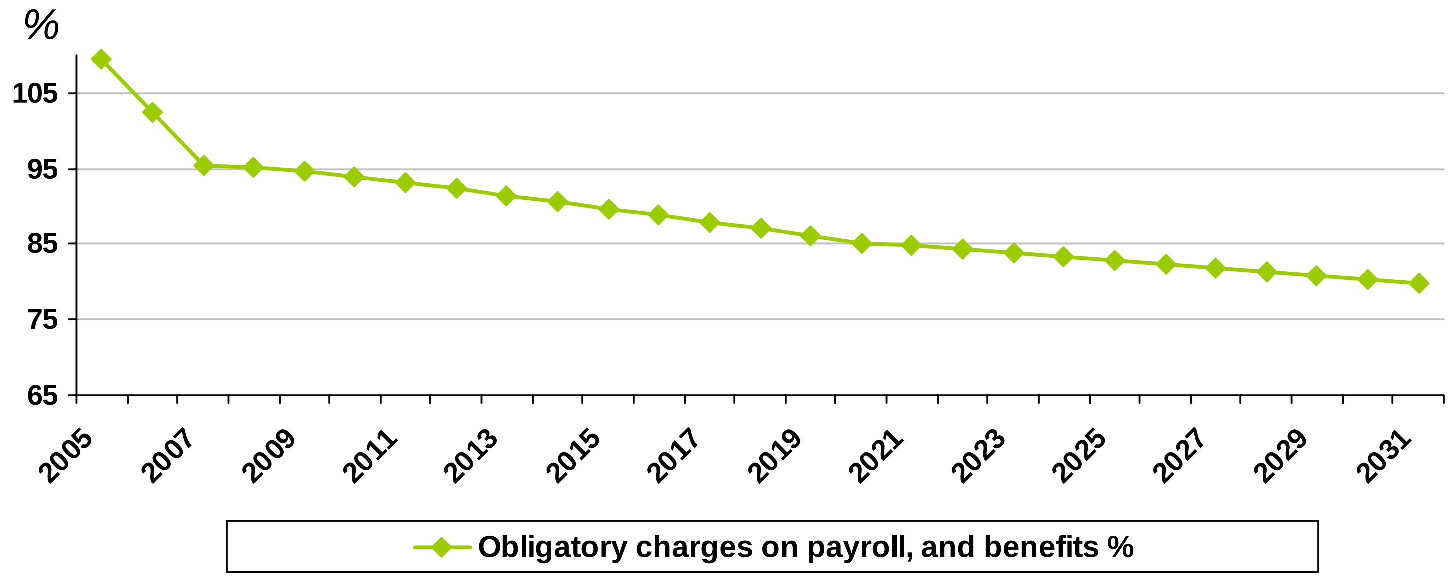
Net Income



Expected future impacts on labor expenses

A Melhor Energia do Brasil.

Obligatory charges on payroll, and benefits



✓ With our strategy of permanently unburdening payroll, the percentage of charges and benefits payable on total payroll will gradually diminish, with future employee “turnover”

The 2007 Collective Labor Agreement

✓ Specific assumptions adopted for our investment in unburdening of future payroll through suppression of future "gratification" bonuses:

- Annual turnover: 300 employees.
- Average monthly payroll cost: R$ 48.7 million.
- WACC for discount: 12% p.a.
- Productivity: 2%
- Employees' average time with the company: 18.6 years.

Expected return on the investment: IRR of 14.45% per year – and this may be strengthened by the Voluntary Retirement Plan.

Agenda

- Background
- Strategy Overview
- **Business Outlook**
- Financial Highlights
- Our Strategy shows Solid Results
- Market Recognition
- Appendix – Regulatory Framework

Power Generation: Cemig

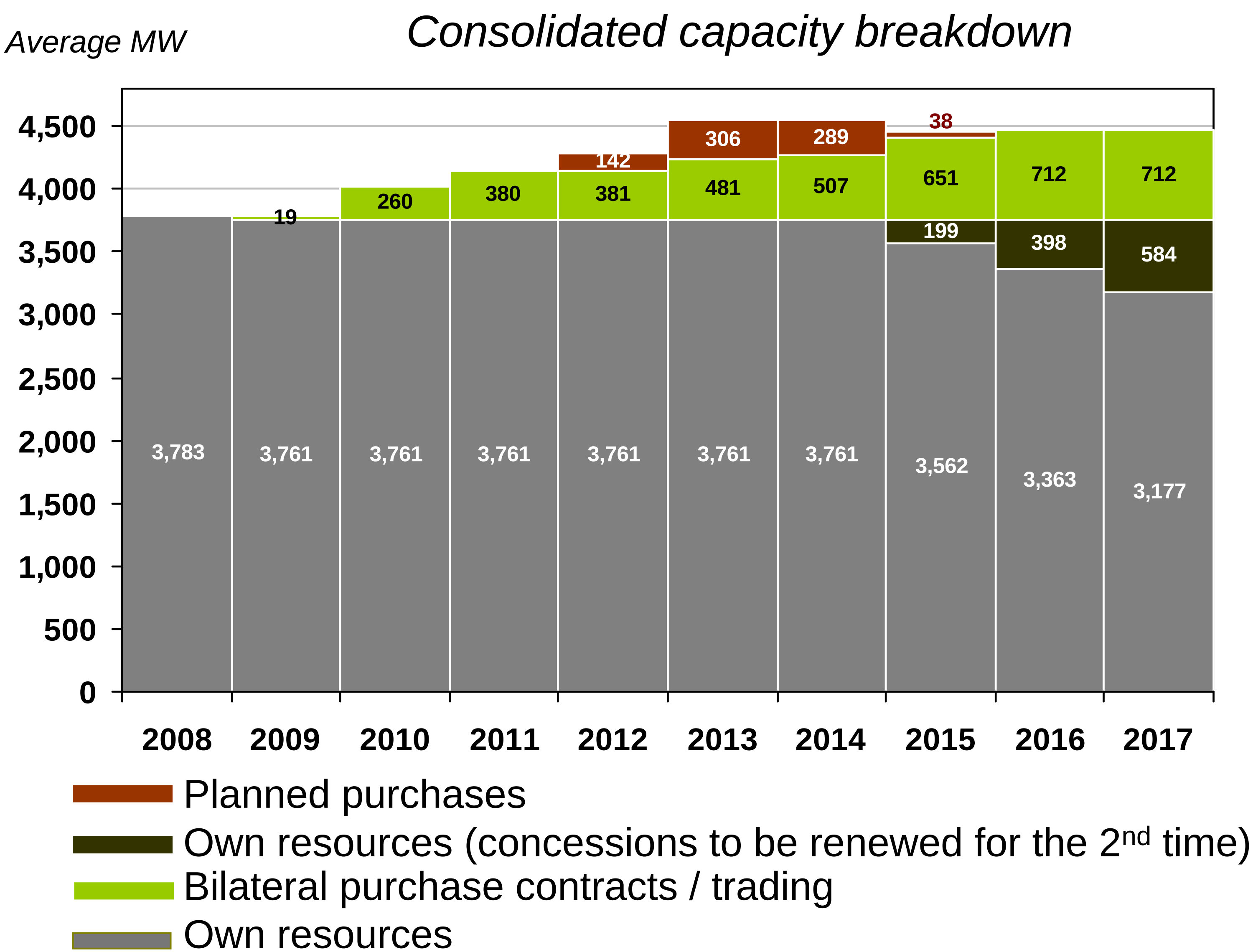
A Melhor Energia do Brasil.

Cemig´s consolidated generation assets (March/08)

Plant	Installed capacity (MW)	Efective Power (MW Average)
Largest hydroelectric plants		
São Simão	1,710	1,281
Emborcação	1,192	497
Nova Ponte	510	276
Jaguara	424	336
Miranda	408	202
Três Marias	396	239
Volta Grande	380	229
Irapé	360	206
Aimorés	162	84
Light Geração (13,54%)	112	70
Others	839	497
Total hydro-electric	**6,493**	**3,918**
Total thermal	**184**	**123**
Wind	**1**	**0**
Total	**6,678**	**4,041**

- Cemig provides 7% of Brazil's generation capacity and supplies 19% of Brazil's free customers market

The power purchased to meet client´s needs



Our power generation contracts start re-pricing in 2010

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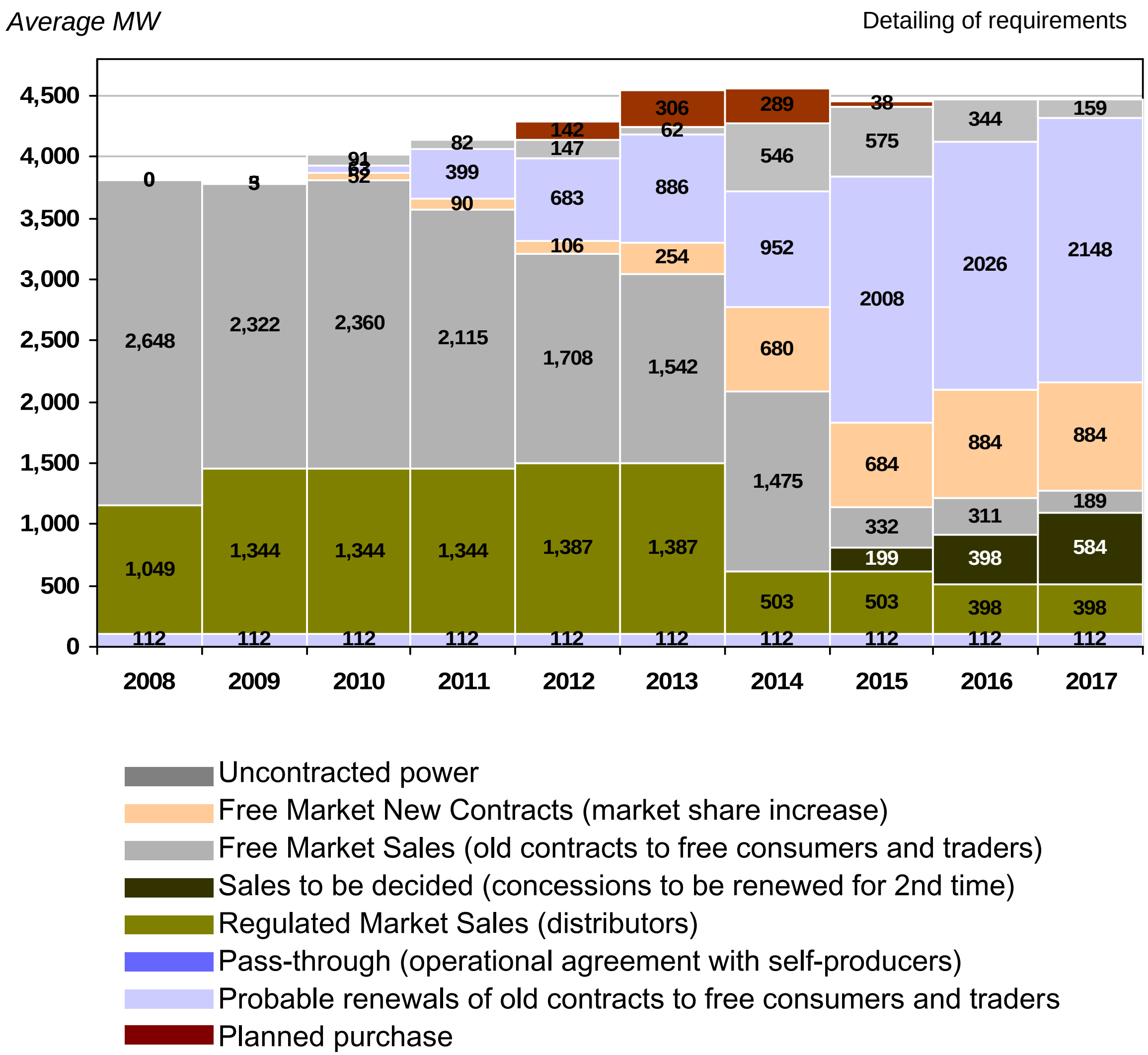
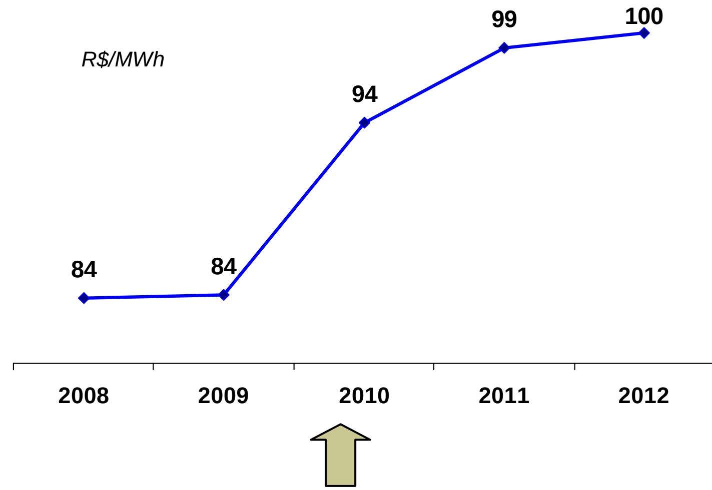
Balance of supply and demand – CEMIG GT



Guidance for 2008-2012
Constant prices as of June/08

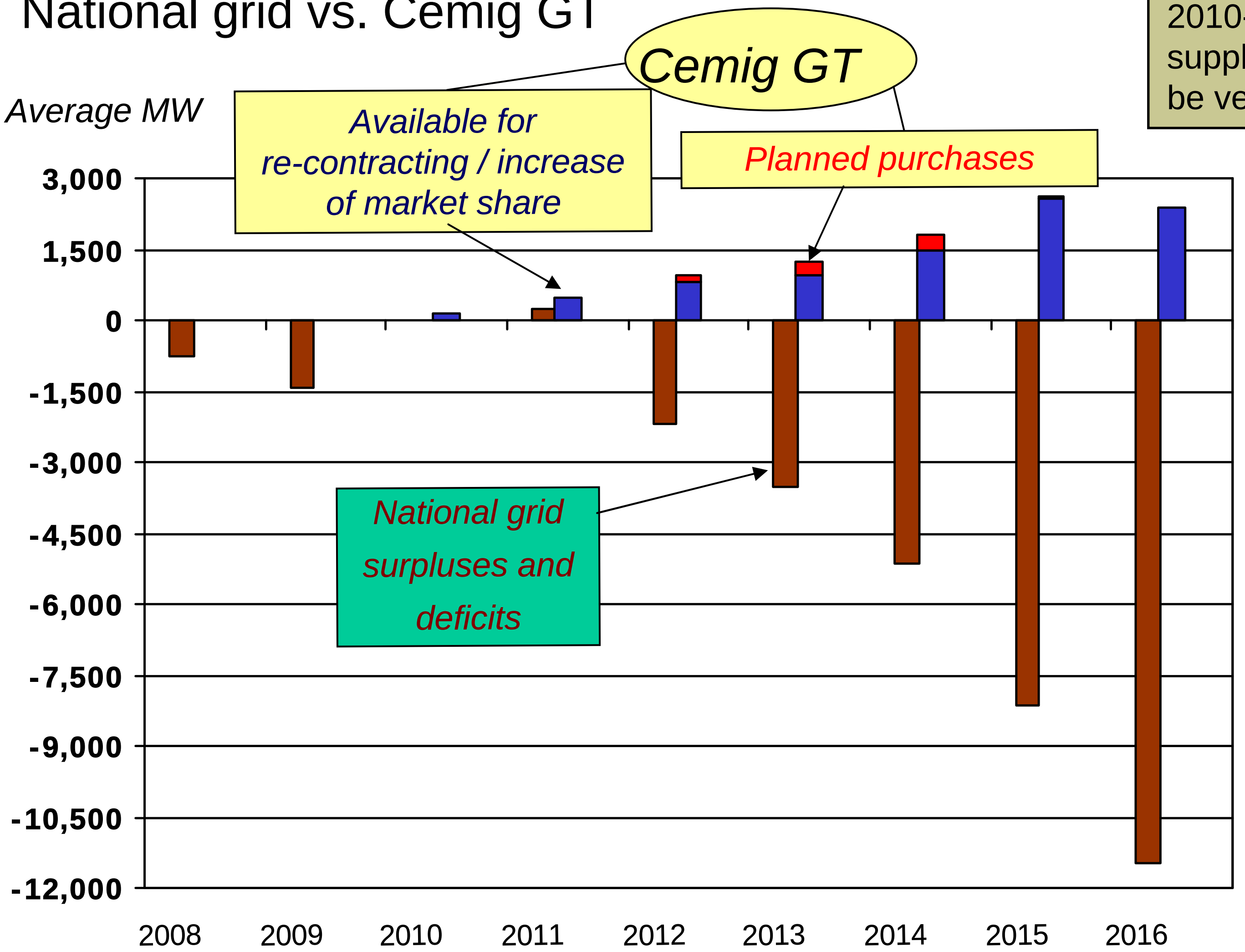


- Actual contract prices + forward price trend for the re-contracting.
- After 2014 all free customer’s contracts will have been re-priced

Balance of supply and demand

National grid vs. Cemig GT

2010-2012: country's supply-demand balance will be very tight



Sources: ONS/CCEE May 2008 study; EPE PDE , 2007–2016; and Cemig Research.

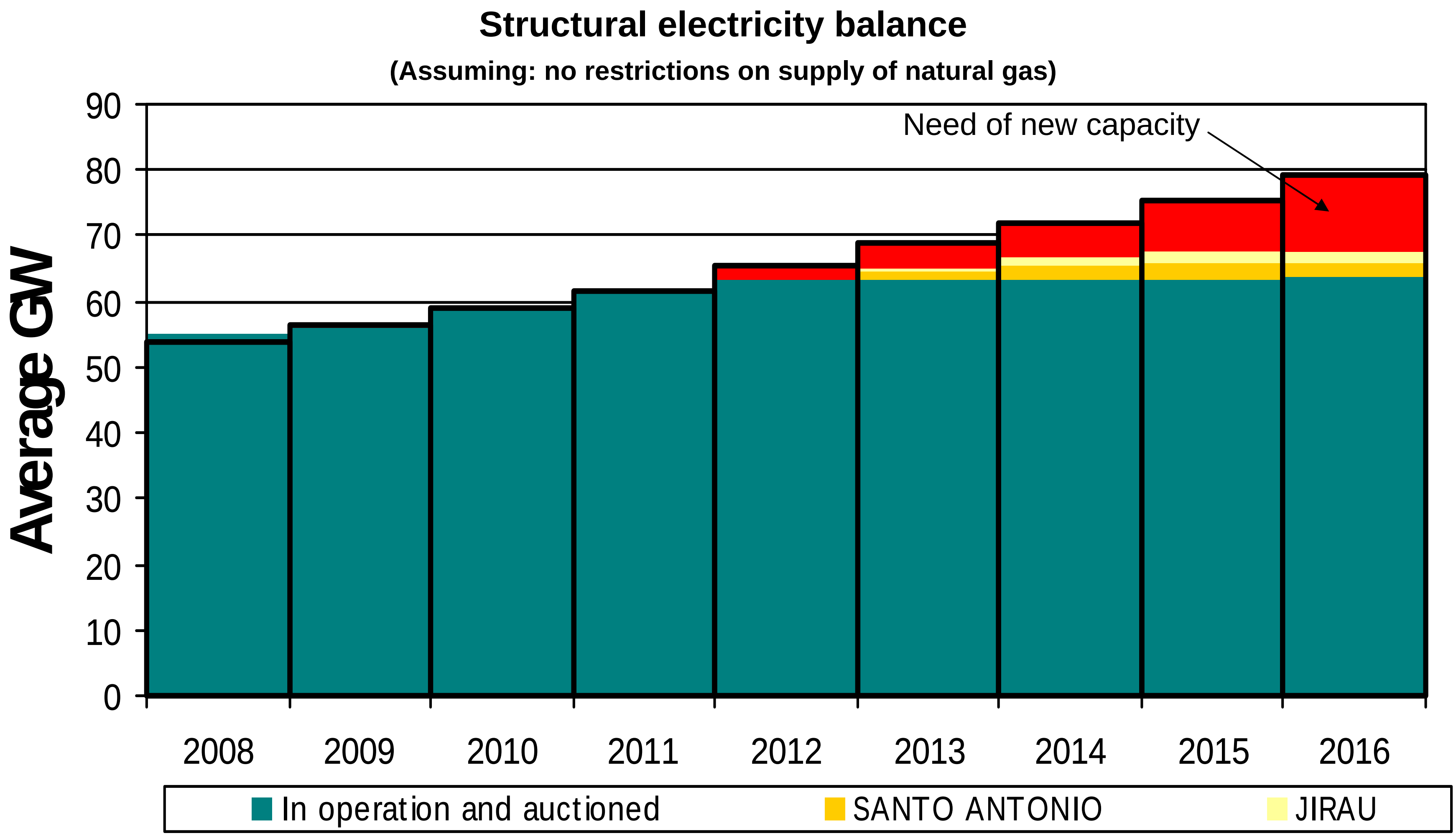
Power Generation Auctions

- New Energy Regular Auctions:
  - 2008 Auctions
    - A-3 scheduled to August, 12nd ;
    - A-5 scheduled to August, 28th .

- Reserve Capacity Auction
  - Scheduled for July, 30th , 2008;
  - 118 Byomass generation plants qualified, totalling 7,811 MW;
  - 15 year long contracts.
- Old Energy Auction:
  - Every year on last working day of November;
  - Power delivery from the next year on;
  - 8 year long contracts (can be from 3 to 15 years).

- New Energy Special Auctions – Madeira River Projects:
  - Santo Antönio Power Plant: December 10, 2007:
    - 3,150 MW of installed capacity
    - 2,218 MWAverage of energy > Capacity Factor (CF) of 69%;
    - Price: R$78.87/MWh (equivalent to R$99/MWh for a traditional 55% CF Hydro Power in Brazil
    - Winner consortium:
      - 10% Cemig
      - 39% Furnas
      - 20% Equity Fund (Santander-Banif)
      - 17.6% Odebrecht
      - 12.4% Andrade Gutierrez
    - Start-up schedule:
      - 140 MW in 2012; 860 MW in 2013; 860 MW in 2014; 860 MW in 2015 and 430 MW in 2016
  - Jirau: 3,326 MW of installed capacity: May 19 2008:
    - start-up in 2013
    - Winner Consortium: Energia Sustentável leaded by Suez
    - Price: R$ 71.40/MWh
    - Effective power of 2,000 Average MW
    - Capacity factor of 60%

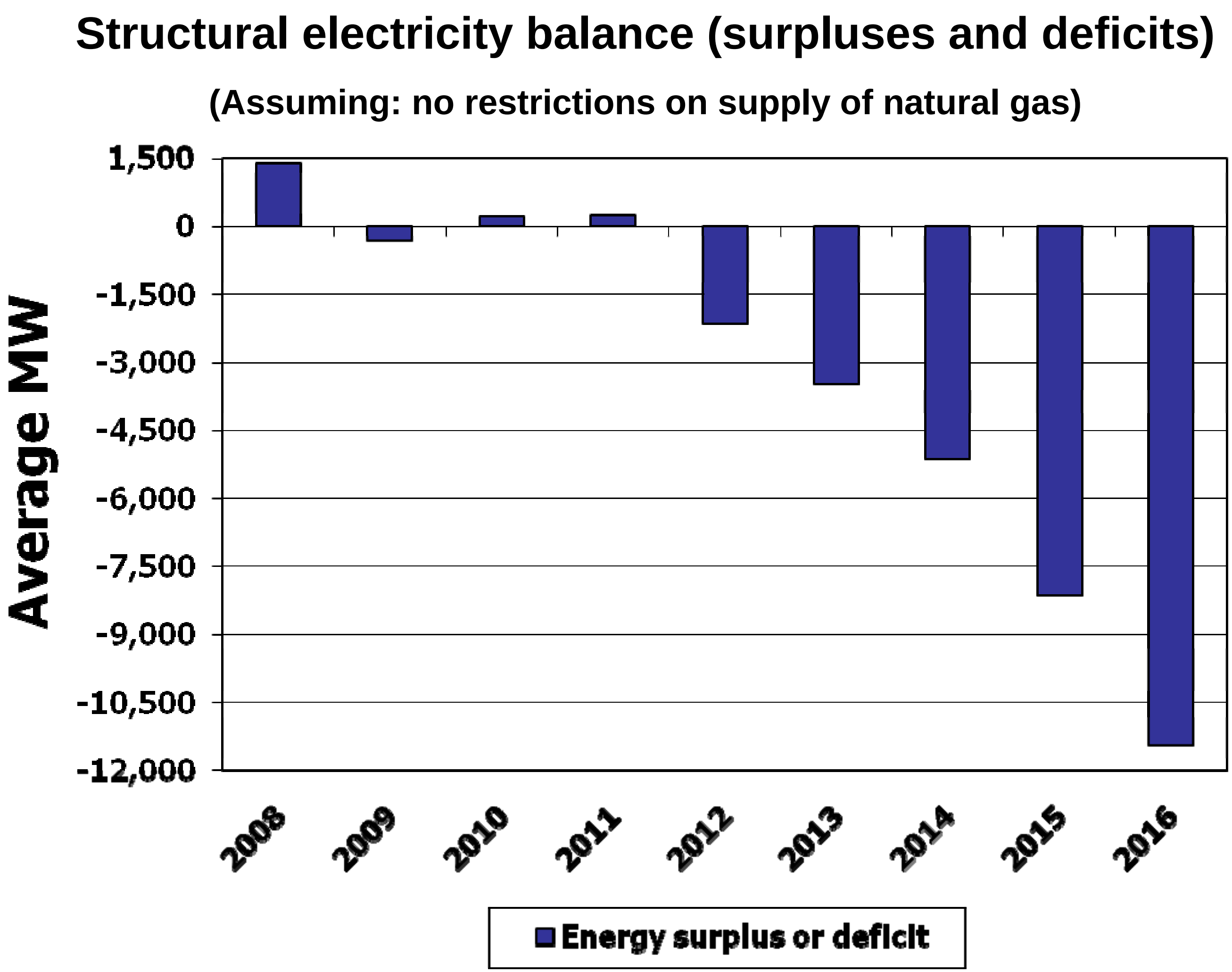
Supply–Demand balance in the Brazilian System



Sources: PMO May 2008, Cemig research. GDP of 4.2% and market growth of 4.9%

Supply–Demand balance in the Brazilian System

A Melhor Energia do Brasil.



Sources: PMO May 2008, Cemig research.

Brazilian hydroelectric power generation potential

CEMIG
A Melhor Energia do Brasil.

Amazon region:

Estimated capacity to be developed is 63% of the total available

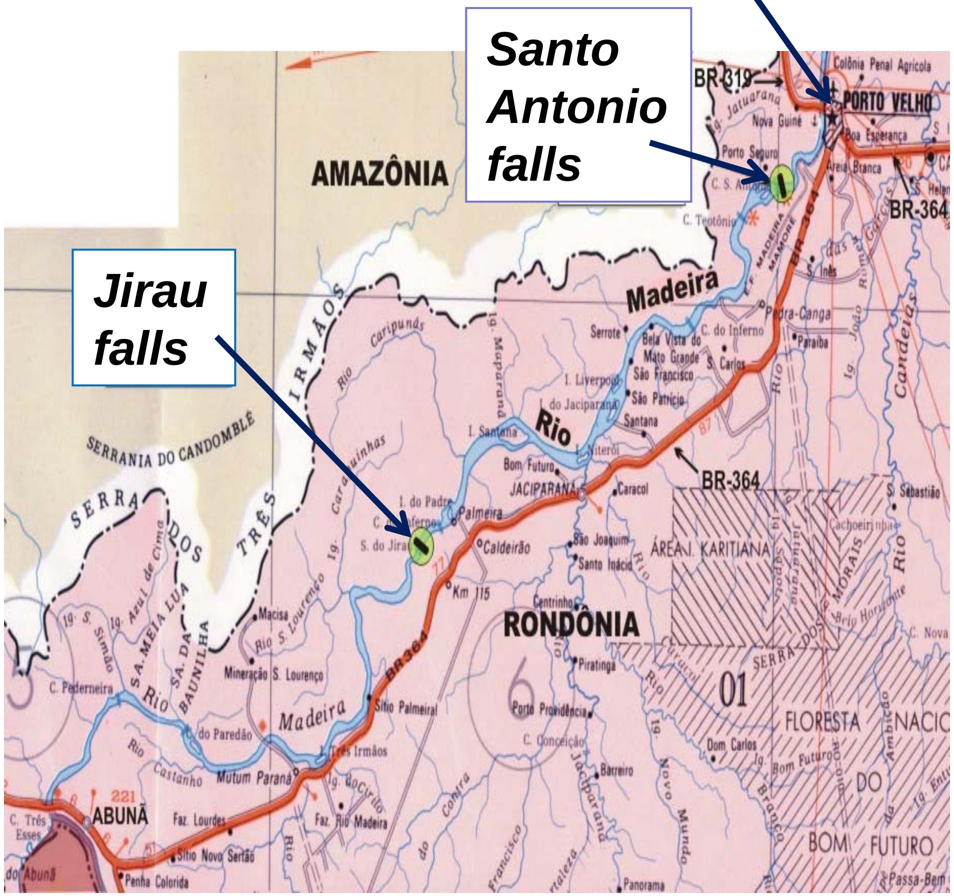
Situation as of January 2008, MW

Region	State	Operation & Construction	Estimated	Overall total
NORTH	AC	0	1.058	1.058
	AM	250	20.227	20.477
	AP	78	1.739	1.817
	PA	8.395	41.920	50.315
	RO	275	13.166	13.441
	RR	5	5.257	5.262
	TO	1.415	5.117	6.532
NORTHEAST	AL	1.581	2.682	4.263
	BA	6.824	5.215	12.039
	CE	4	21	25
	MA	114	2.102	2.216
	PB	4	7	11
	PE	750	823	1.573
	PI	113	360	473
	RN	0	2	2
	SE	1.581	2.665	4.246
SOUTHEAST	ES	106	1.283	1.389
	MG	11.193	12.916	24.109
	RJ	1.119	2.122	3.241
	SP	10.804	4.305	15.109
CENTER-WEST	DF	30	0	30
	GO	5.283	7.009	12.292
	MS	3.456	2.520	5.976
	MT	953	16.685	17.638
SOUTH	PR	15.241	8.927	24.168
	RS	3.370	8.080	11.450
	SC	2.959	4.509	7.468
TOTAL		75.903	170.717	246.620

Source: Eletrobrás (SIPOT).

The Madeira River generation complex

Located upstream from
Porto Velho, capital of the State
of Rondônia:



Santo Antônio hydroelectric plant General data

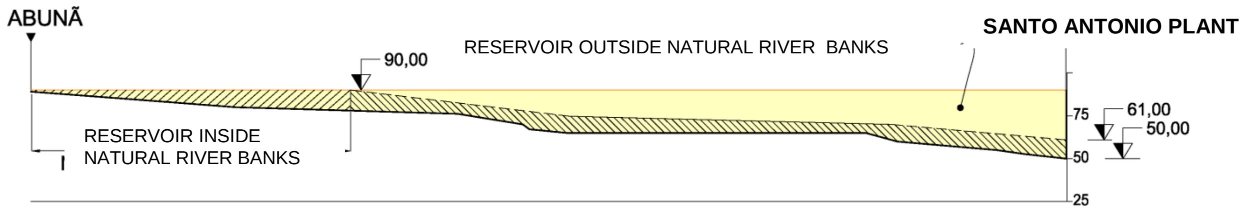
Installed power	3,150 MW
Firm energy at location	2,218 MW average
Generation units	44
Type of rotors	Bulb

Main contract events

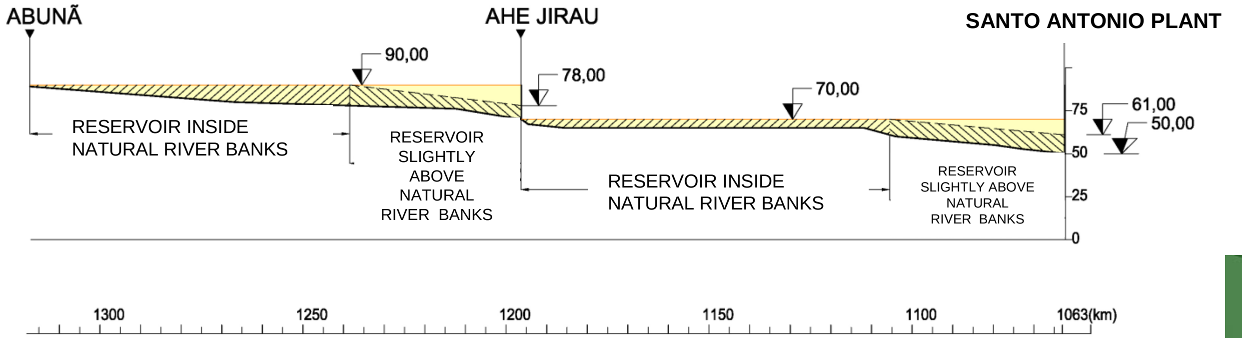
- **01/11/07** – Tender published
- **23/11/07** – Bidders registered
- **30/11/07** – Guarantees deposited
- **10/12/07** – Auction held
- **28/05/08** – Concession contract
- **01/12/2012** – Startup
- **31/05/2043** – End of concession

Madeira River generation complex

I – Single plant alternative – rejected by a close margin

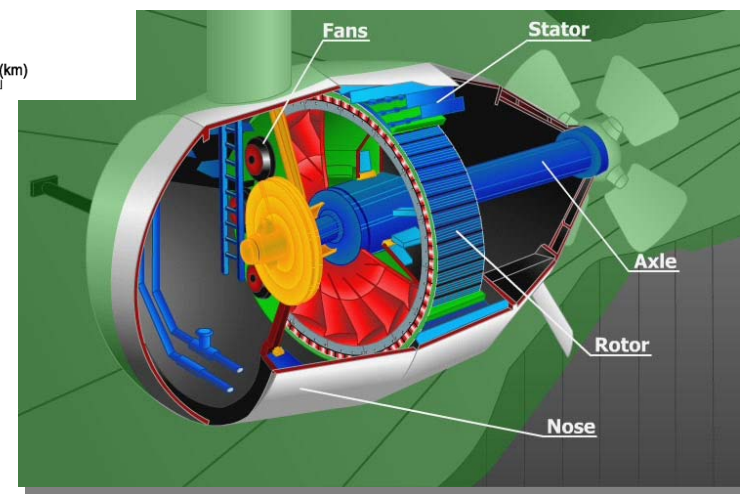


II – Alternative with two lower-fall plants – SELECTED



Alternative dam locations

A bulb rotor



Santo Antônio hydro plant – basic information

- Low-fall plant (13.9 m), average estimated flow 568 m^3/s, lake 271 km^2, resulting in lower ratio between reservoir area and total energy generated than in other Amazon region plants: index of 0.09
  - Balbina (250 MW, 2,360 km^2 reservoir): index 9.44
  - Samuel (217 MW, 584 km^2 reservoir): index 2.69
  - Manso (210 MW, 387 km^2 reservoir): index 1.84
  - Tucuruí (4000 MW, 2,414 km^2 reservoir): index 0.61
- Low population on banks of Madeira River:

  1,762 people affected ,in 415 homes
- Management of construction: Furnas and Cemig (being decided)
- EPC Group
  - Construction leaders:
    - Norberto Odebrecht and Andrade Gutierrez
  - Manufacturers of rotors and generators:
    - Alstom, VA Tech Hydro and Voith

Santo Antônio Hydro Plant: model's assumptions

Scenario	Impact on IRR
IRR on initial base case – including bringing forward completion date	**11.12%**
A. Increase in assured energy – 2% (power gain)	+ 0.54%
Base case rate of return	**11.66%**
B. Releverage	+ 0.84%
Target return rate of the investment	**12.50%**
C. Additional Fiscal Credits	+ 1.23%
D. Additional increase in assured energy (for each 1% of additional gain, up to 10%)	+ 0,19%

Business Opportunities: Small Hydros Program

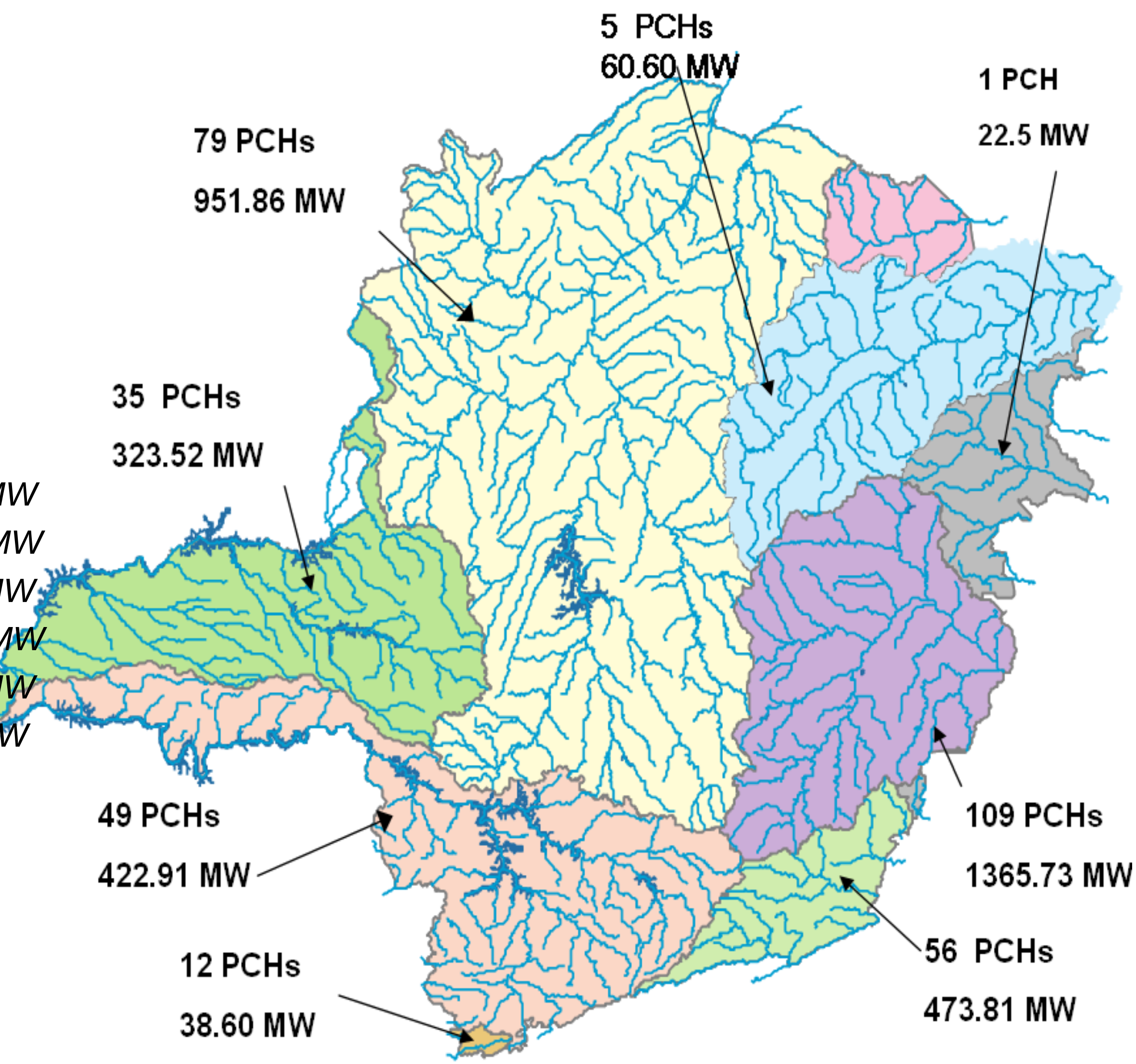
CEMIG
A Melhor Energia do Brasil.

- *Short-term supply alternative*
- *Successful funding format:*
  - *30% Equity*
    - *Cemig 49%*
    - *Private Investor 51%*
  - *70% Debt*
    - *BNDES*
- *Current status*
  - *6 plants contracted : 91 MW*

PCH Cachoeirão	*27 MW*
PCH Pipoca	*20 MW*
PCH Senhora do Porto	*12 MW*
PCH Dores de Guanhães	*14 MW*
PCH Jacaré	*9 MW*
PCH Furtuna II	*9 MW*

  - *Investments of R$ 380 million*
- *Under Negotiation*
  - *16 Plants*
  - *236 MW os installed capacity*

(*) PCH = Small Hydro Power Plant



Business Opportunities: biomass cogeneration

A Melhor Energia do Brasil.

Sugar and ethanol potencial in Minas gerais

Plants	Quantity	Generatn. (MWa*)	Surplus (MWa*)
Existing	**26**	**530**	**420**
Expected	**59**	**2046**	**1755**
With Protocol	34	1191	953
Without Protocol**	13	591	591
Other***	12	264	211
TOTAL	**85**	**2576**	**2175**

* Average generation in 6 months of the year

** Data provided to Cemig on consultation access

*** Crushing data from 9 mills with no expected startup date

Note: Protocol entered into with the State of Minas Gerais

- ✓ Approximately 75% of the plants are located in the heavy-industry region known as the Minas Triangle
- ✓ Generation available from April to September, the dry season for the hydro power plants

Power Transmission: Cemig

A Melhor Energia do Brasil.

Cemig Consolidated - lenght of transmission network, km (March/2008)

	2004	2005	2006	2007	1Q08
500-kV lines	2,163	2,165	2,592	2,488	2,491
345-kV lines	1,942	1,976	1,969	2,001	2,001
230-kV lines	751	751	803	824	824
Total	4,856	4,892	5,364	5,313	5,316

- Operational Start-up of two transmission lines in 2007:
  - Itutinga-Juiz de Fora (Transudeste) - 345 kv, 34 km;
  - Irapé-Araçuaí (Transirapé) - 230 kv, 15 km.
- Start-up of Charrúa – Nueva Temuco transmission line in 2008:
  - 220 kV, 205 km
- Cemig Corporation stands for 5% of Brazil´s transmission capacity;
- Sixth largest transmission company.

Power Transmission tariff review and auctions

A Melhor Energia do Brasil.

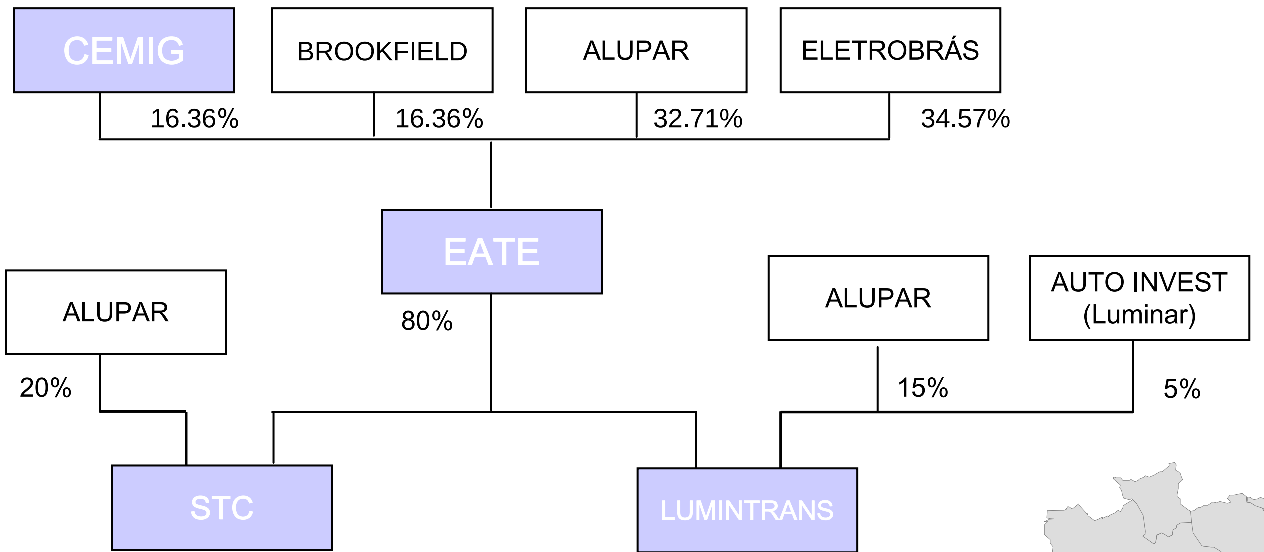
- June 27th auction results:
  - Largest auction organized by Aneel since 1998
  - Average discount of 20.18%
  - 3,000 km (19 lines and 20 substations) to be added to the National Grid among 12 Brazilian States
  - Estimated total investment of R$ 2.86 billion
  - Operational start-up ranging from 15 to 36 months
  - Cemig´s consortia won a set of 5 lines, with 775 km and 2 substations, operating at 230 kV, annual revenue of R$ 26 million.

- Allowed return on asset approach (existing assets in 1995):
  - Benchmark WACC: currently 8.45%;
  - Tariff review: WACC enlarged to 9.18%;
  - Asset base review every 10 years (2 cycles)

- 2007 Tariff Review:
  - Due since 2005;
  - New methodology disclosed on March, 09, 2007;
  - Small part of Cemig´s revenue was reviewed. As a result our total transmission revenue was reduced by 3%;
  - Asset base review shall occur in 2008.

Acquisition of Empresa Amazonense de Transmissão de Energia - EATE (TBE)

A Melhor Energia do Brasil.



Participations in EATE: Position as of March 31, 2008

- ✓ Conclusion of the operation subject to meeting certain conditions established in the contracts, including, among others, approval of the operation by ANEEL, BNDES and other financing entities. In addition, the operation must be submitted to Cade.

STC (Barra Grande – Lages – Rio do Sul)

Lumitrans (Machadinho – Campos Novos)

Santa Catarina Transmission System - STC

A Melhor Energia do Brasil.

- ✓ 230 Kv line extending 195 km (SE Barra Grande – SE Lages – SE Rio do Sul) and SEs Lages and Rio do Sul
- ✓ Concession contract 006/2006 for the period of 30 years
- ✓ Start-up: November 8, 2007
- ✓ Correction of RAP by the IPCA
- ✓ As of the 16th year of operation, reduction of 50%
- ✓ Additional revenues of R$ 1.9 million to remunerate investment in bays and cable OPGW (Basis: Aug. 2006)
- ✓ Indebtedness (12/31/2007): D/(D+PL) = 71%
- ✓ BNDES financing released in March 2008
  - Amount: R$ 124,386 thousand
  - Amortization period: 14 years
  - Cost: TJLP + 2.41%
- ✓ Acquisition price: R$ 49,086 thousand (Basis: July 2007)
- ✓ EATE participation: 80%

2008 PROJECTIONS	
RAP	23,278 thou.
EBITDA	18,429 thou.
Net Income	6,161 thou.
Total Debt (12/31/07)	136,416 thou.

Lumitrans - Companhia Transmissora de Energia Elétrica

A Melhor Energia do Brasil.

- ✓ 525 kV line and 40 km (Machadinho – Campos Novos)
- ✓ Concession contract 007/2004, amended in August 2006, projecting:
  - Transfer of 80% of the capital of Lumitrans, winner of the auction for the technical company and delay of the start-up date
- ✓ Start-up date: October 3, 2007
- ✓ Correction of RAP by the IGPM
- ✓ Indebtedness (12/31/2007): D/(D+PL) = 66%
- ✓ Financing: BNDES released on march 2008
  - Amount: R$ 48,526 thousand
  - Amortization period: 14 years
  - BNDES Cost: TJLP + 4.55%
- ✓ Acquisition price: R$ 28,069 thousand (Basis: July 2007)
- ✓ EATE participation: 80%

2008 PROJECTIONS	
RAP	14,605 thous.
EBITDA	10,715 thous.
Net Income	3,818 thous.
Total Debt (12/31/07)	53,818 thous.

Electricity Distribution: Cemig

(March/2008)

Cemig - Length of network, km	2004	2005	2006	2007	1Q08
SUB-TRANSMISSION	16,086	16,040	16,788	16,676	16,676
161-kV lines	55	55	55	55	55
138-kV lines	10,504	10,521	11,254	11,145	11,145
69-kV lines	4,544	4,481	4,513	4,510	4,510
Lines below 69 kV	983	983	966	966	966
DISTRIBUTION	367,437	379,400	402,539	429,560	434,871
Overhead distribution network	82,819	83,826	92,083	90,524	90,835
Underground urban distribution network	708	759	1,767	1,049	1,133
Overhead distribution network in rural areas	283,910	294,815	308,689	337,987	342,903
TOTAL	383,523	395,440	419,327	446,236	451,582

- Cemig supplies 10% of Brazil´s captive market
- Largest distribution company (by km of lines, number of consumers and transported energy)

Electricity Distribution tariff review

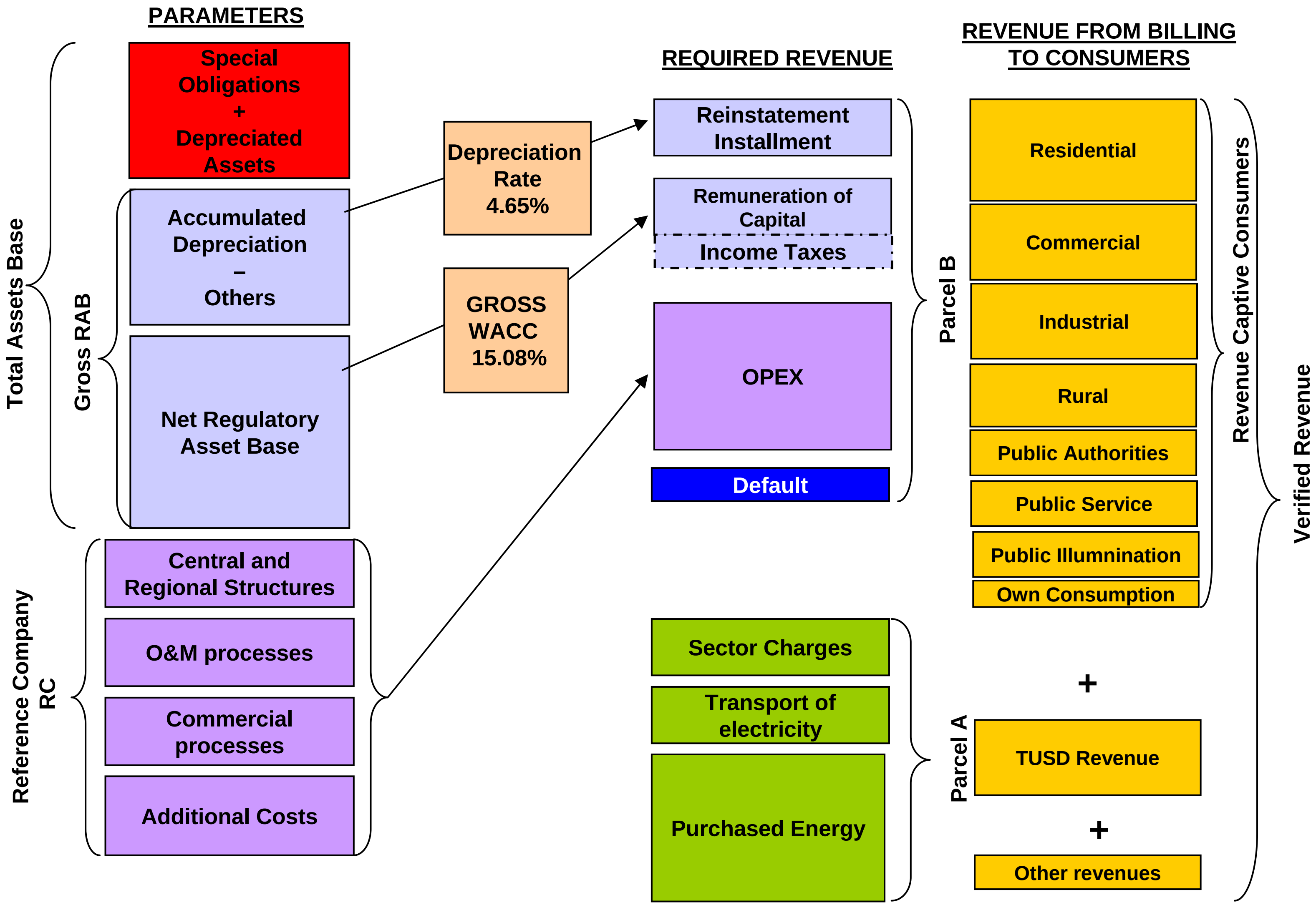
- Allowed return on asset approach:
  - Benchmark WACC: currently 11.26%;
  - Tariff review: WACC will be 9.95%.

- New Tariff Review methodology:
  - Reference company model disclosed:
    - Black box opened.
  - Asset base review every 10 years (2 cycles): CEMIG in 2013;
  - Regulatory energy losses and delinquency rate specific for each concession area;
  - Special obligation financed asset depreciation will be granted in the long run;
  - X Factor: excluded the influence of Consumers Satisfaction Index.

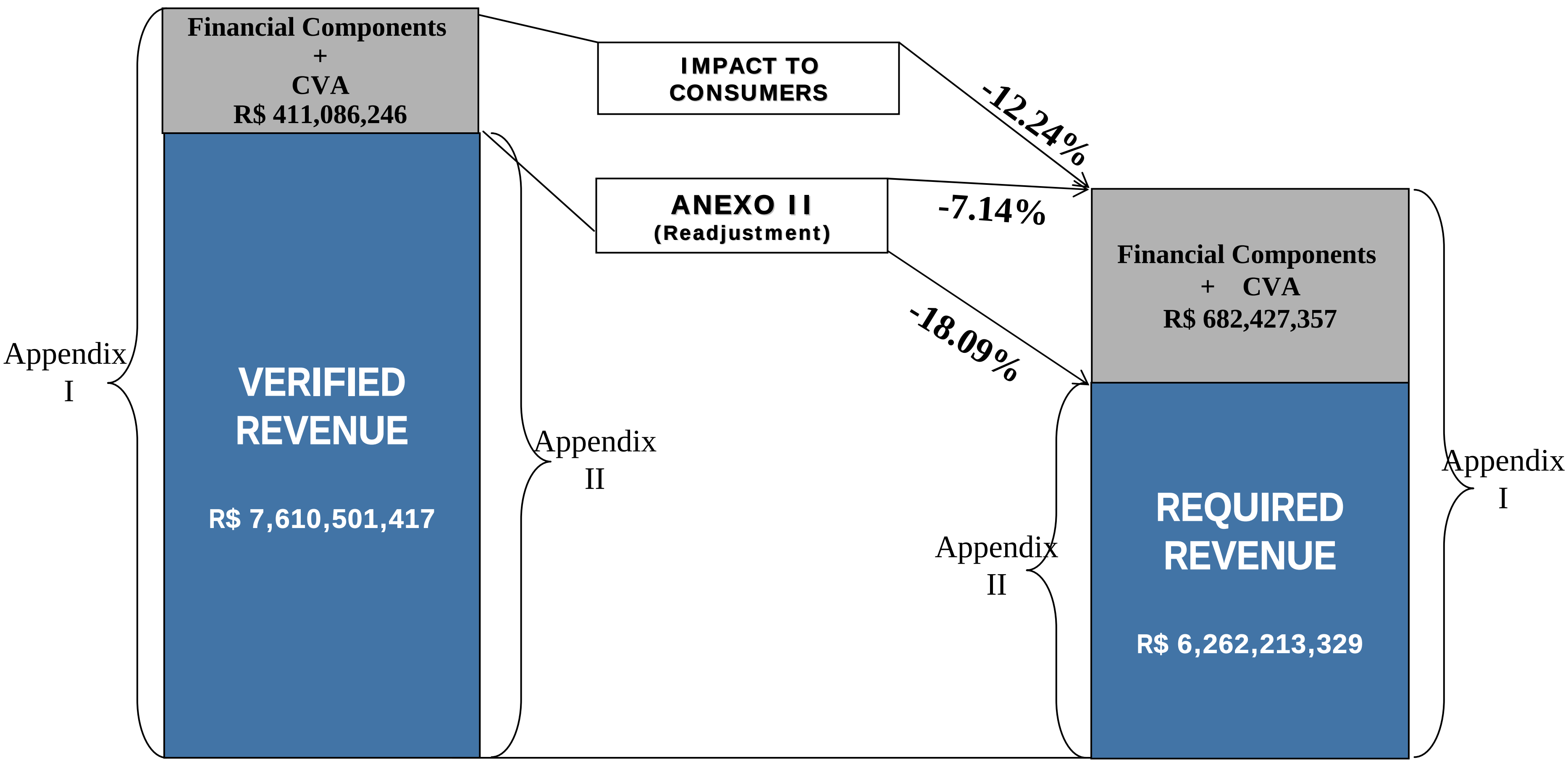
- 2007 Reviews
  - Coelce, Eletropaulo, Escelsa, Celpa, Elektro, Enersul, Bandeirante and CPFL
  - Outcome accordingly to the methodology
  - Reductions due to ROA and non-controllable costs

- Cemig Distribution Companies tariff reviews:
  - Cemig Distribuição: -12,24% valid from April 8, 2008 forward.
  - Light: November, 2008.

Tariff Review Process



Cemig D readjustment and Impact on Tariff



Anex I: Tariffs billed to consumers, including RTE, CVA and financial components, without taxes.

Anex II: Tariffs considered "clean", base for posterior readjustments posteriores, without taxes (ICMS, Pasep/Cofins)

Review 2003 vs Review 2008

A Melhor Energia do Brasil.

2003	2008
• Regulatory Ebitda Margin: 21.2%	• Regulatory Ebitda Margin: 21%
• Losses coverage: inadequate	• Losses coverage: sufficient
• Market Growth: 3.7% p.a. (with risk of being lower; at the time, was 2.0% p.a.)	• Market Growth: 3.17% p.a. (less risk than in 2003)
• X Factor (Xe): 1.25%	• X Factor (Xe) : 0.84%

CAPEX

(R$ million)	Actual			Estimated
Business	2006	2007	1Q08	2008
CEMIG Generation & Transmission	**157**	**315**	**30**	**334**
Generation	99	281	28	210
Transmission - Basic Network	58	34	2	124
CEMIG Distribution	**1,229**	**601**	**60**	**1,184**
Sub-Transmission	83	67	13	393
Distribution	1,146	534	47	791
Expansion and reinf. of existing network	217	310	32	381
Luz para Todos	884	124	1	276
Others	45	100	14	134
CEMIG Holding	**558**	**10**	**7**	**43**
Capital Contributions	33	6	6	37
Others	1	4	1	6
RME 25% Contr. - Acquisition of LIGHT	175	-	-	-
Acq. of Transmission Companies - TBE	349	-	-	-
Total Investment Projects	**1,944**	**926**	**97**	**1,561**

Estimated amounts as per company planning for the 2008/2012 cycle.

✓ Low realization in the first quarter in function of process of new projects hiring

Planned expansion

Power Generation

Capacity, MW	CEMIG %	1Q08	2008	2009	2012
Santo Antônio Hydro Plant	10				3,150
Cachoeirão Small Hydro Plant (	49		27		
Pipoca PCH	49			20	
Senhora do Porto PCH	49			12	
Dores de Guanhães PCH	49			14	
Jacaré JCH	49			9	
Fortuna II PCH	49			9	
Baguari Hydro Plant	34			140	
Capacity under construction			27	204	3,150
Cemig stake (MW)			14	79	315
CEMIG TOTAL		6,678	6,692	6,770	7,085

Expansion of transmission

Length of transmission network/km	CEMIG %	1Q08	2008	2009
Furnas – Pimenta – 345 Kv	49			75
Charrua-Nueva Temuco - 220 KV	49		190	
Lumitrans - 525 kV	13		40	
Catarinense transmission system - 230 kV	13		195	
Km added			190	75
Cemig stake (Km)			124	37
CEMIG TOTAL		5,316	5,440	5,476

Light for All Program – Phase 2

R$ thousand

	2008	2009	2010	Total
Light for All Program - 2	**211,819**	**254,181**	**-**	**466,000**
Eletrobras CDE	78,999	94,810	-	173,809
Eletrobras RGR	67,150	80,588	-	147,738
Minas Gerais state	-	75,000	75,000	150,000
Own Funds	65,670	3,783	-	(5,547)
Target – number of consumers	**25,000**	**30,000**	**-**	**55,000**
R$ per connection	**8,472.76**	**8,472.70**	**-**	**8,472.73**

(*) Value of passthrough to tarrif being negotiated with Eletrobrás and Aneel

- ✓ Expansion of the *Light for Everyone* Program is made possible because of government subsidies.

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How we will finance our growth

A Melhor Energia do Brasil.

- Our strategy encompasses key elements in financing our expansion
  - We will seek partners who can add value via:
    - reduced need for equity;
    - transparency of the economic/financial projects valuation;
    - access to low-cost financing.
  - Maximization of cash management:
    - Generation of surplus;
    - Rollover of maturing debt.
  - Search for the best opportunities to raise funds to finance expansion;
  - Continual improvement of our credit risk rating.

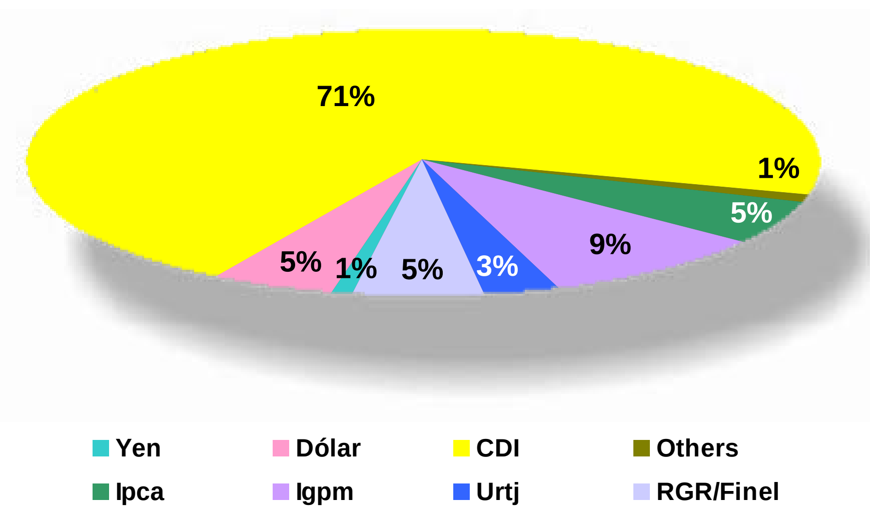
Cash Flow Statement (Consolidated)
Amounts in Millions of Reais

	1Q 2008	1Q 2007
Cash at the Start of the Period	2,066	1,375
Cash Generated by Operations	***637***	***728***
Net Income	490	407
Depreciation and Amortization	201	179
Suppliers	188	148
RTD - Deferred Tariff Readjustment	100	130
Other Adjustments	(342)	(136)
Financing Activity	***(94)***	***4***
Financing Obtained and Capital Increase	21	315
Loan Payments and Financing	(115)	(512)
Short-Term Loans	-	200
Interest on Own Capital and Dividends	-	1
Investment Activity	***(150)***	***(224)***
Investments Outside Concession	(12)	(38)
Concession Investments	(107)	(252)
Special Obligations - Consumer Contributions	(27)	71
Others - Acquisition of Controlled Companies	(4)	(5)
Cash at the End of the Period	**2,459**	**1,883**

Key indicators point out to superior credit quality

- ✓ Long-term preservation of credit quality at levels sufficient for a low risk rating
  - AA3.br for Moody's and A+.br for Fitch
- ✓ Reduction of exchange rate risk
- ✓ Exposure in CDI/Selic in line with expectations for reduced interest rates

Main Indices



Consolidated Debt

3/31/2008

Indicator	CEMIG Consoli-dated	CEMIG GT	CEMIG D
Debt	7,732	3,173	2,811
Debt in Foreign Currency	475 (6%)	126 (4%)	260 (9%)
Net Debt (1)	5,273	2,197	1,883
EBITDA / Interest (2)	5.3	5.1	6.4
Debt / EBITDA (2)	1.9	1.9	1.9
Net Debt / (PL + Net Debt) (2)	46.5%	49.8%	50.9%

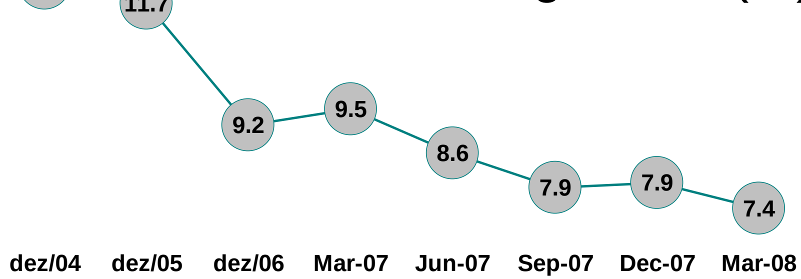
R$/million

(1) Net Debt = Total Debt – Cash and Cash Equivalents – Regulatory Asset (RTE/BNDES)

(2) As defined in loan contracts signed with ItaúBBA

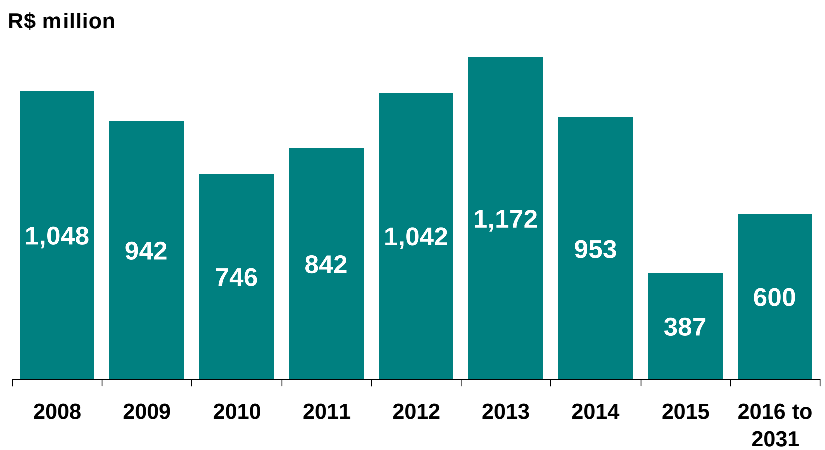
Extended Debt Profile, with Cost Reduction

Real Average Cost (%)



Consolidated Maturity Schedule

Average tenor: 4.7 years



Main Creditors (In millions of Reais)

Banco do Brasil	R$1,800 (23%)
Debenturistas	R$ 1,753 (23%)
Banco Itaú BBA(*)	R$ 1,303 (17%)
Unibanco	R$ 549 (7%)
Bradesco (*)	R$ 738 (10%)
Eletrobrás	R$ 404 (5%)
Caixa Econ.Federal	R$ 206 (3%)
BNDES	R$ 200 (3%)

(*) – *Includes FIDC*

- ✓ Average cost of debt: 7.41% per year at constant prices, as of march 2008

Opportunities: financial market high liquidity

Bank Loans

•Debt rollover

•Assignment of receivables

Local Capital Market

- Debentures are the major funding source (long-term, denominated in Wholesale Prices Index [IGP-M])
- FIDC (receivables fund)

International Capital Market

- Eurobonds
- Perpetual bonds

Multilateral Agencies

- IFC, JBIC, CAF
- Long Term
- Tax breaks on remittance of interests

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A business portfolio focused on electricity

Company	Electricity sales GWH	Net revenue R$ million	Ebitda R$ million	Debt R$ million	Consumers	Employees
	1st Quarter 2008					
Cemig GT	7,473	683	461	3,173	172	2,265
Cemig D	5,175	1,648	529	2,811	6,476,950	8,311
RME (25%)	1,508	400	68	486	3,880,570 (3)	3,759 (3)
TBE	-	18	16	142	-	58
Others	(279)	6	14	1,120 (2)	-	-
Total, consolidated	**13,877**	**2,755**	**1,088**	**7,732**	**10,357,692**	**14,518** (1)

(1) Includes employees of Cemig holding company.

(2) Includes R$ 956 million from FIDC fund.

(3) Includes 100% of Light.

Expansion of consolidated net income

✓ Result shows growth consistent with solid fundamentals

- Growing productivity in all areas
- Continuous improvement in operational margins
- Diversification of the risk inherent to each business through integrated structure

Statement of Results (Consolidated)
Values in millions of *reais*

	1st Q. 2008	1st Q. 2007	2007
Net Revenue	2,755	2,302	10,246
Operating Expenses	(1,869)	(1,592)	(6,951)
EBIT	**886**	**710**	**3,295**
EBITDA	**1,088**	**889**	**4,073**
Financial Result	(79)	(67)	(356)
Non-Operating Result	(6)	(6)	(10)
Provision for Income Taxes, Social Cont & Deferred Income Tax	(276)	(204)	(623)
Employee Participation	(22)	(21)	(455)
Minority Shareholders	(13)	(5)	(116)
Net Income	**490**	**407**	**1,735**
Net Margin	**18%**	**18%**	**17%**

Consolidated net revenue

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- Growth in net revenue reflects business diversification, and positive effects of acquisitions (RME/Light S.A. and TBE companies)
- Cemig Distribution provides 58% of total net revenue

Operating Revenues (consolidated)
Values in million of Reais

	1st Q. 2008	1st Q. 2007	2007
Sales to end consumers	3,257	2,788	12,050
TUSD	309	316	1,314
Subtotal	3,566	3,104	13,364
Supply + Transactions in the CCEE	319	247	1,236
Revenues from Trans. Network	172	160	632
Gas Supply	92	64	297
Others	54	76	261
Subtotal	**4,203**	**3,651**	**15,790**
Deductions	(1,448)	(1,349)	(5,544)
Net Revenues	**2,755**	**2,302**	**10,246**

A Melhor Energia do Brasil.

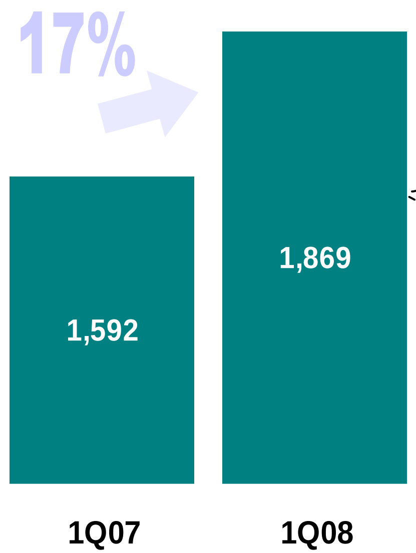
Operating Expenses (consolidated)
Values in millions of reais

	1st Q. 2008	1st Q. 2007	2007
Purchased Energy	725	600	2794
Personnel/Administrators/Councillors	284	239	968
Depreciation and Amortization	201	179	778
Charges for Use of Basic Transmission Network	173	147	650
Contracted Services	145	121	619
Forluz – Post-Retirement Employee Benefits	62	31	123
Materials	48	23	94
Royalties	34	38	137
Gas Purchased for Resale	54	30	154
Operating Provisions	96	105	291
Other Expenses	47	79	343
Total	**1,869**	**1,592**	**6,951**

✓ Cemig Distribuição contributes with 65 % of total costs

Consolidated Expenses' Increase

Consolidated



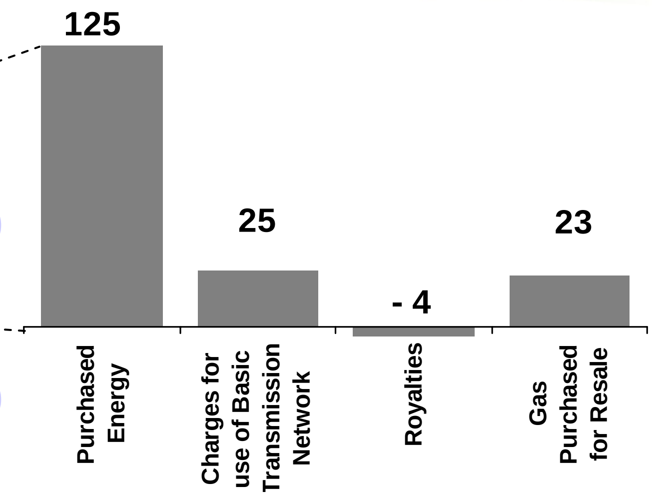
Variation of operating expenses

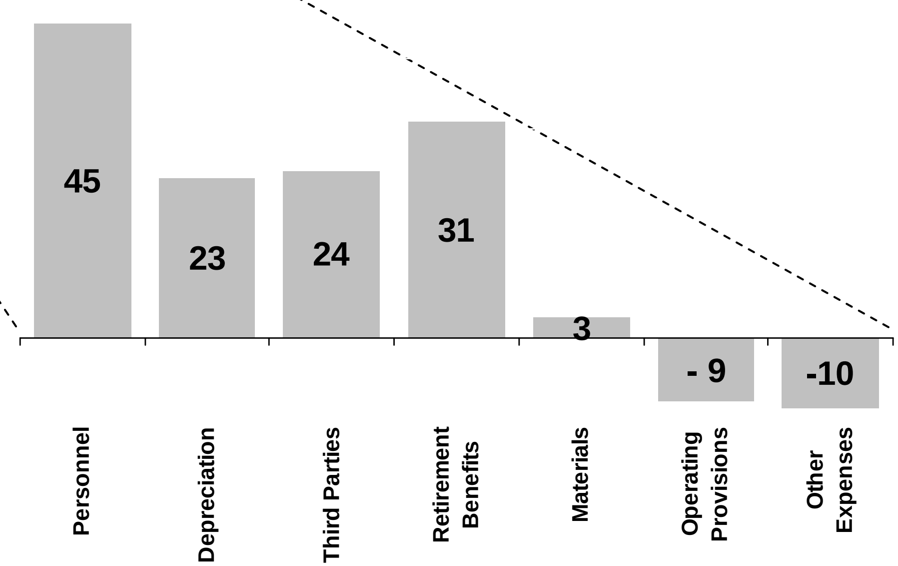
Uncontrollable
R$ 169 mm

Controllable
R$ 107 mm

61%

39%





	1Q08	1Q07	%
Personnel Expenses	284,363	239,421	18.8%
Provision for Prêmio de Desligamento Program	(6,112)	-	0.0%
Personnel costs transferred to Work in Progress	19,194	34,762	-44.8%
Payroll	297,445	274,183	8.5%

✓ Increased personnel expenses due to low transfer to works in progress

A Melhor Energia do Brasil.

- ✓ *Increasing profitability, growth in sales and strict expense control*

Income Statement - CEMIG GT
Values in millions of *reais*

	1st Q. 2008	1st Q. 2007	2007
Net Revenue	683	587	2,666
Operating Expenses	(278)	(252)	(1,193)
EBIT	**405**	**335**	**1,473**
EBITDA	**461**	**391**	**1,696**
Financial Result	(80)	(69)	(333)
Non-Operating Result	(7)	6	(3)
Provision for Income Taxes, Social Cont & Deferred Income Tax	(107)	(91)	(280)
Employee Participation	(5)	(5)	(110)
Net Income	**206**	**176**	**747**

Income Statement - CEMIG D
Values in millions of *reais*

	1st Q. 2008	1st Q. 2007	2007
Net Revenue	1,648	1,297	5,976
Operating Expenses	(1,229)	(1,007)	(4,526)
EBIT	**419**	**290**	**1,450**
EBITDA	**529**	**385**	**1,867**
Financial Result	10	11	8
Non-Operating Result	(1)	(10)	(43)
Provision for Income Taxes, Social Cont & Deferred Income Tax	(141)	(95)	(312)
Employee Participation	(16)	(16)	(332)
Net Income	**271**	**180**	**771**

- ✓ Growth of 5% in sales to captive consumers in relation to 1Q07 offset the 1% reduction in energy transported (TUSD market)

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Market Recognition

A Melhor Energia do Brasil.

Included in the DJSI for the 8th year running. Selected as worldwide leader of the Utilities “Supersector”.

Prêmio Anefac
Transparency Trophy, 2007.

Fiat Qualitas Award
Best Worldwide Power Supplier

Guia Exame – Você S/A 2006
Included in "150 Best Companies to Work For" for 2006, as the best one amongst the large cap companies

“Most Admired Company in Brazil” in “energy suppliers” category.

Included in Bovespa Corporate Sustainability Index.

Investor Relations

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Accounting criteria for Financial Statements consolidation

- RME owns 52,247% stake on Light and, under the accounting rules, consolidates 100% of the financial statements of its subsidiary;
- Cemig owns 25% of RME, and thus consolidates 25% of Light, applying a 11.5% reduction in the line “Minority interest”.
  - for the other companies in the group, figures are consolidated in proportion of Cemig’s holding;
- In this presentation:
  - we have maintained the RME information compatible with the financial statements: 25%;
  - figures for the assets are labeled LIGHT S.A., and stake adopted is 13,06%;
  - figures for people – number of employees, consumers – are informed as 100% of Light and of TBE.

Glossary

Average outage frequency (FEC): Average number of outages suffered in a given period per consumer, in a given group of consumers.

Debt coverage index: Ebitda divided by total financial expenses in the year. This gives a figure for the company's capacity to pay debt servicing.

Deferred Tariff Adjustment (RTD): Every four years Aneel decides on a "periodic" tariff *review* for each electricity distributor, to adjust the level of annual adjustments to preserve the financial equilibrium of the concession contracts, coverage of efficient operational costs and adequate remuneration of investment. On April 8, 2003, this adjustment for Cemig was set provisionally at 31.53%, but the final adjustment decided was 44.41%, and the percentage difference of 12.88% will be applied to Cemig's tariffs in "deferred" format: i.e., as an addition to each of the annual tariff adjustments decided for the years 2004 through 2007, cumulatively. The difference between the adjustment to which Cemig Distribuição is entitled and the tariff in fact charged to consumers has been recognized in Cemig's financial reporting as a Regulatory Asset.

Ebitda: Earnings before interest, tax, depreciation and amortization – a measure of a company's operational cash flow, providing an indicator of the cash flow generated by a company's principal business.

Ebitda margin: Ebitda/net operating revenue. This provides a view of the company's cash generation capacity.

Hedge: Financial mechanism for protection against fluctuations in prices – e.g. of commodities -, or variables such as interest rates or exchange rates.

Hydroelectric power plant: A generating plant that uses the mechanical energy of falling water to operate electricity generators.

Manageable costs: Costs that essentially depend on the efficacy of corporate management, such as personnel expenses, materials, outsourced services, etc. – also referred to as controllable costs.

Net margin: Net income / Net operating revenue – an indication of a business's profitability.

Outage time per consumer (DEC): Average service outage time per consumer in a given group of consumers over the specified period.

The Extraordinary Tariff Recomposition (RTE): This was a tariff adjustment granted by the government in December 2001 to the distributors and generators of the regions where rationing was imposed. It was one of the conditions of the *General Accord for the Electricity Sector*: an increase of 2.9% in the tariff of residential consumers (with the exception of Low-Income Residential Consumers), and an increase of 7.9% for other consumers. Its purpose was to make good the losses suffered by distributors and generators as a result of the reduction of consumption imposed by the government. The duration of the adjustment varies in accordance with the time necessary to recover the loss of each concession holder.

The CCC (Fuel Consumption Account): This account was created to accumulate funds to cover the increase in costs associated with greater use of thermal generation plants in the event of drought – since the marginal operating costs of thermal plants are greater than those of hydroelectric plants. All Brazil's electricity companies are obliged to make an annual contribution to the CCC, calculated on the basis of estimates of the amount of fuel likely to be required by the thermal plants in the following year.

Glossary

The CDE (Energy Development) Account: This is a source of subsidies to make alternative energy sources such as wind and biomass more competitive, and promote universalization of electricity services. It is funded by annual payments made by the concession holders for the use of public assets, and also from penalty payments imposed by Aneel for infringements.

The CRC (Results Compensation Account): Before 1993, electricity concession holders in Brazil were given a guarantee of a rate of return on their investment in the assets used in the provision of electricity to clients, and the tariffs charged to clients were uniform over the whole country. Profits generated by the more profitable concession holders were reallocated to the less profitable concession holders, in such a way that the rate of return on assets was equal to the national average for all of the companies. Though the results for the majority of Brazil's electricity concession holders were deficits, these were posted by the federal government as *assets* in the "CRC account" of each company. When the CRC Account, and the concept of guaranteed return, were abolished, concession holders that had positive balances in their "CRC accounts" were able to offset these balances against any liabilities owed to the federal government.

The CVA – the Offsetting Account for Variations of "Portion A" items: "Portion A" is the list, used in the calculation of the electricity distributors' annual tariff adjustments, of the utility's cost items that are not under its own control. The CVA mechanism compensates for changes in the list's total over the year to the new tariff date. The variation – positive or negative – is passed on in the tariff adjustment .

The Global Reversion Reserve (RGR): This is an annual amount included in the costs of concession holders to generate a fund for expansion and improvement of public electricity services. The amounts are paid monthly to Eletrobrás, which is responsible for the management of the resulting fund, and are to be employed in the Procel mechanism.

Thermal power plant: A generating plant that converts chemical energy contained in fossil fuels into electricity.

Total return to stockholders: Sum of the dividend yield and the percentage appreciation in the stock price.

TUSD – Toll for Use of the Distribution System: This is paid by generation companies, and by Free Consumers, for the use of the distribution system belonging to the distribution concession holder to which the generator or Free Consumer is connected, and is revised annually in accordance with inflation and the investments made by the distributor in the previous year for maintenance and expansion of its network. The amount is: the quantity of energy contracted with the distribution concession holder for each link point, in kW, multiplied by a tariff in R$/kW set by Aneel.

Volt: Unit of the electrical potential at which energy is supplied.

Voltage: For the purposes of efficient transport of electrical energy over transmission lines from the generating plant to the consumer, there are various levels of transmission voltage. Similarly, electricity is used by consumers at various different voltage levels.

Watt (W): Unit of power required for a device to operate. 1,000 watts is a kilowatt (kW), 1 million watt is a Megawatt (MW), and 1 billion watts is a Gigawatt (GW).

Watt-hour: Measure of energy (work done by electric power): The kilowatt hour, Megawatt hour, Gigawatt hour and Terawatt hour (KWh, MWh, GWh, TWh) respectively represent 1,000, 1 million, 1 billion and 1 trillion watt-hours.

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Power Generation: Brazil

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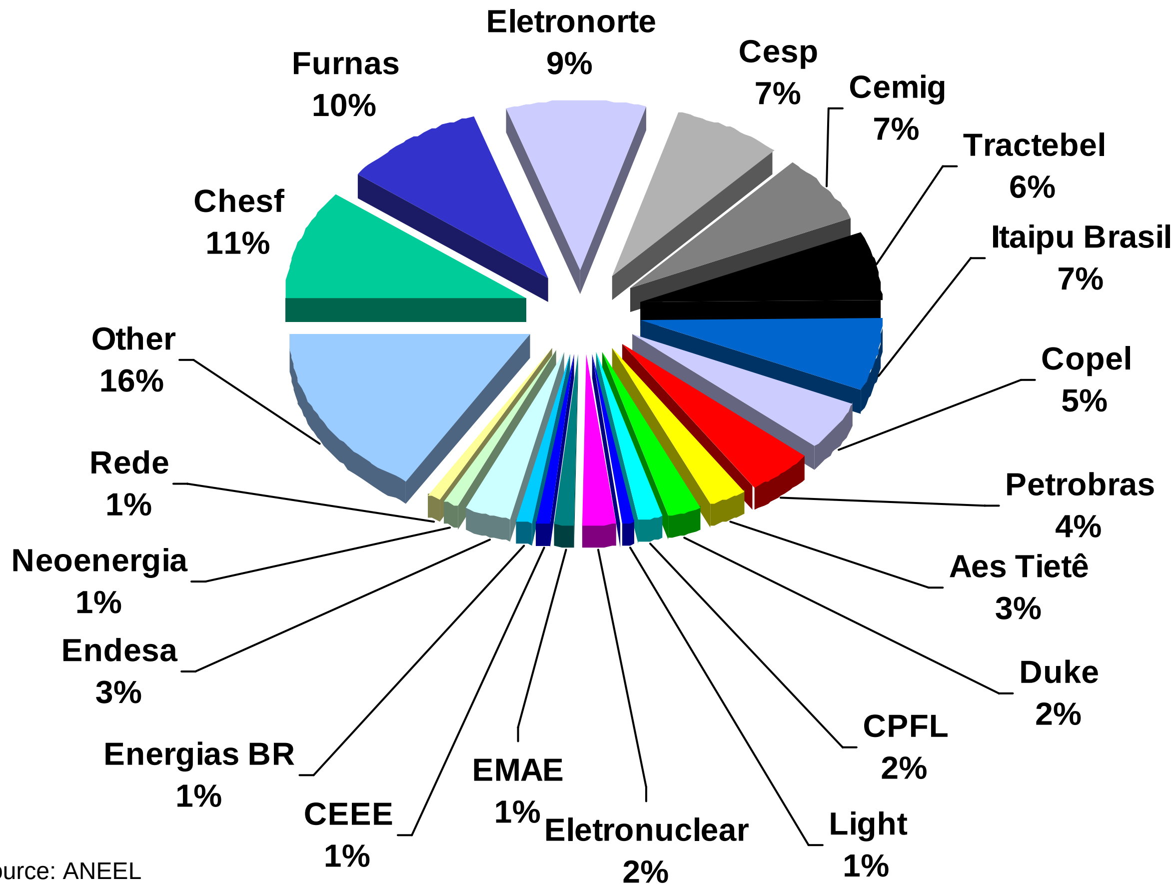
Brazilian power generation capacity

(% of total installed capacity – Dec-2007)



Source: ANEEL

Comments

- Federal state-owned companies still have the greatest installed capacity
- Social and environmental issues are the most critical points for expanding existing capacity
- Fair setting of the “price ceiling” at auctions is crucial for the feasibility of new projects

Power Generators are the most exposed to risks

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- Regulated market
  - Concessions granted based on the least price approach.
  - Power purchase contract:
    - Auctions organized by a Federal agency:
      - Final buyer : Electricity Distributors.
    - New capacity : longer term, no market risk, inflation adjusted;
    - Existing capacity: shorter term, volume reduction at the distributor discretion, inflation adjusted.
- Unregulated market (free market)
  - Target: large industrial clients, large businesses;
  - Price freely negotiated: conditions , term, inflation adjustment;
  - Usually take or pay contracts.

Power Generation Price Trend

- Price will behave differently according to the nature of the contract to be auctioned by ANEEL:
  - Existing capacity (so called “old energy”) contracts:
    - power to be supplied in a year from now;
    - Term of 8 years;
    - Imply distributor ‘s forecasted demand risk:
      - Contractual volume can be reduced.
  - New capacity (so called “new energy”) contracts:
    - Power to be supplied in three or five years from now;
    - Term of 30 years;
    - No risk on the contractual volume reduction by distributors.

Power Transmission: Brazil

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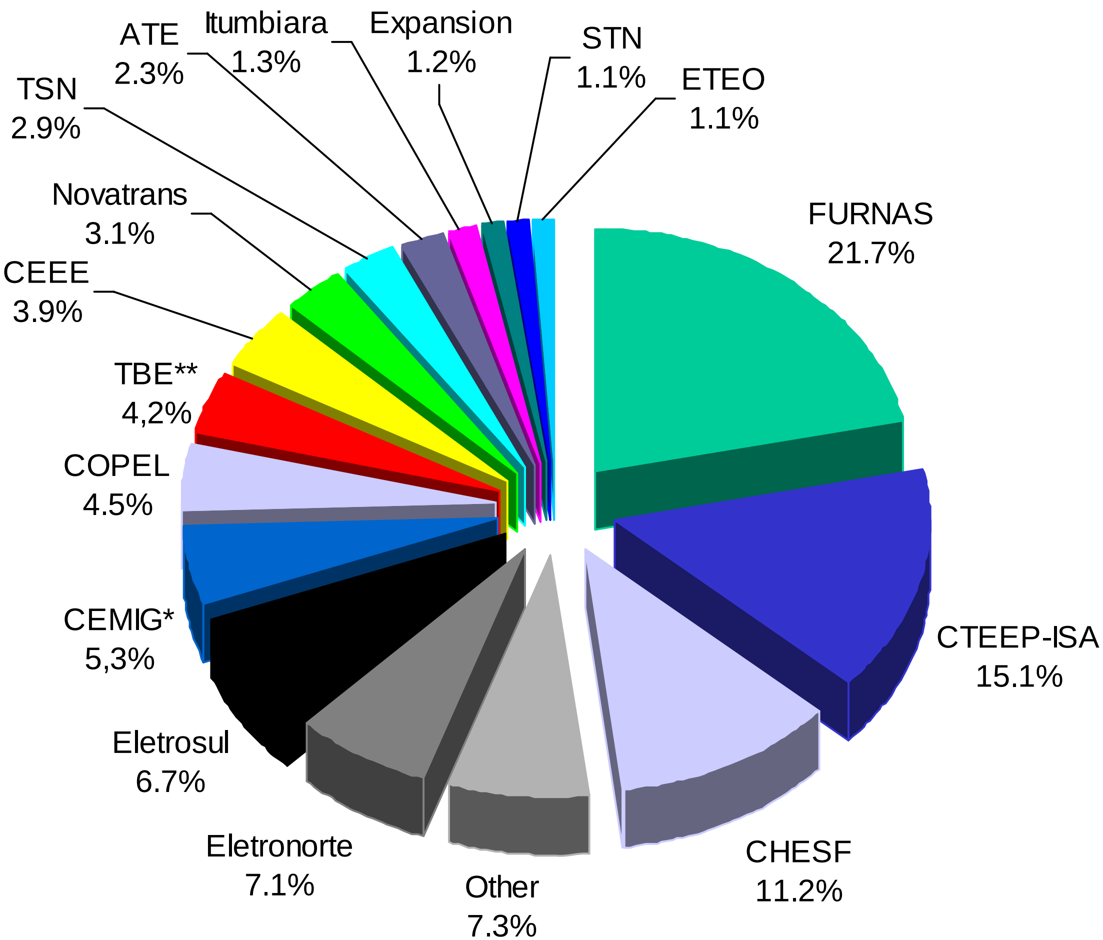
(2006 installed capacity)



Comments

- Infrastructure companies have won the auctions for new lines, particularly Spanish companies.
- The format for the expansion of new lines – auction based on the lowest RAP (Annual Permitted Revenue) – has attracted investors.

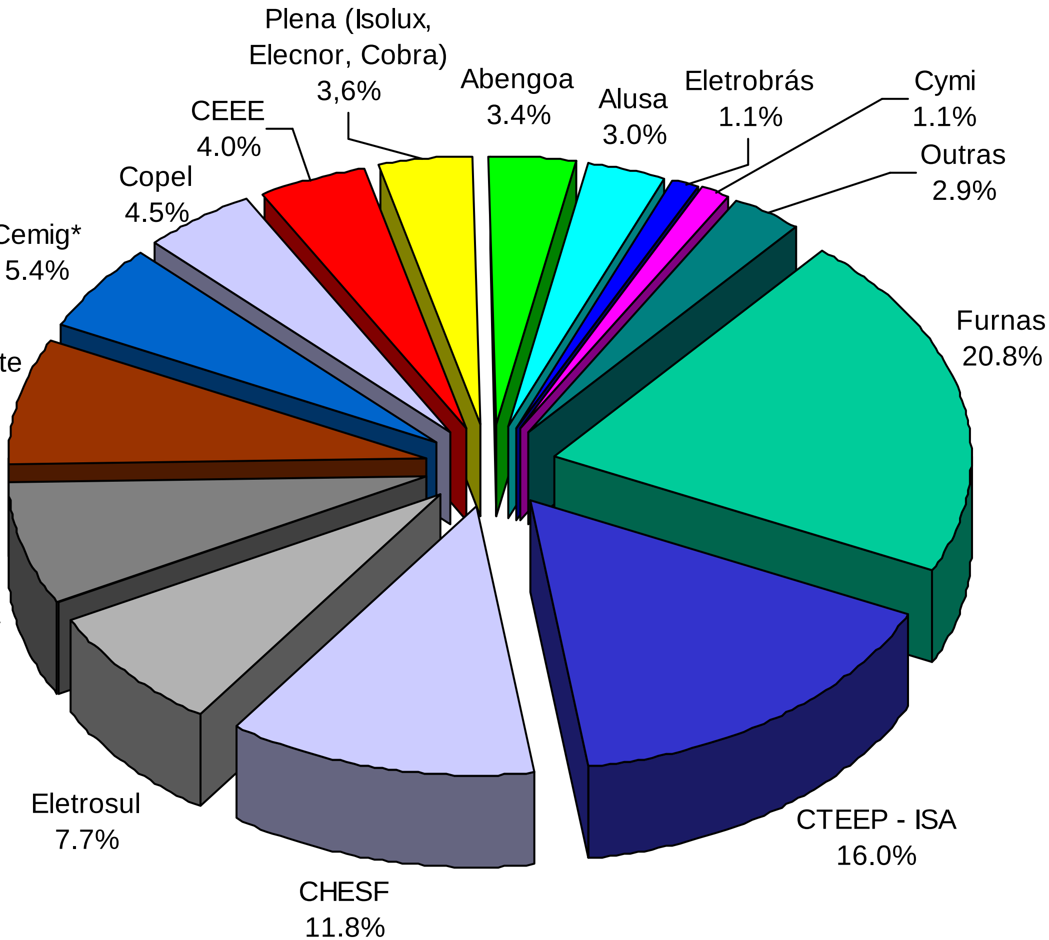
* Includes the 21% stake in TBE;

** Deducting the 21% stake in CEMIG

Source: ANEEL (TECHNICAL NOTE No. 082/2006 – SRT/ANEEL of Jun-27-2006)

Power Transmission: Brazil

(2007 Annual Permitted Revenue)



Comments

- Infrastructure companies have won the auctions for new lines, particularly Spanish companies.
- The format for the expansion of new lines – auction based on the lowest RAP (Annual Permitted Revenue) – has attracted investors.

* Not including Cemig´s stake in TBE. Considering this stake, Cemig is the sixth largest transmission Company in Brazil

Source: ANEEL (TECHNICAL NOTE No. 496/2007 – SRT/ANEEL)

Transmission regulation is the most successful one

A Melhor Energia do Brasil.

- Competition for concession contract:
  - Cap price approach;
  - Allowed revenue: the winner bid is the lowest revenue earned from users;
  - 30-year long concession.
- Stable Cash flow
  - Guaranteed contracts signed with users:
    - Receivables pledged as guarantees;
    - Annual inflation adjustment;
    - Revenue secured regardless the use of the asset;
- Low operating risk:
    - Penalties are applied only in the case of bad maintenance or poor performance.
- Fixed income alike investment.

Transmission network expansion

- Facilities built before 1995:
  - Concession will expire on July 8, 2015;
  - 20-year extension may be granted at ANEEL discretion;
  - Allowed return to be reviewed in a near future;
- Expansion projects can be carried out in three ways:
  - New concessions to be granted through auctions:
    - Projects are selected by the ONS in light of the National Grid needs;
    - Auctions are organized by ANEEL;
    - Contracts are standard and term is for 30 years;
    - Bids are made on annual revenue.
  - Authorization to build, directly requested by the ANEEL:
    - In certain cases, ANEEL may request any utility to build a transmission line or a substation of regional impact.
  - Acquisition of existing facility.

Electricity Distribution: Brazil

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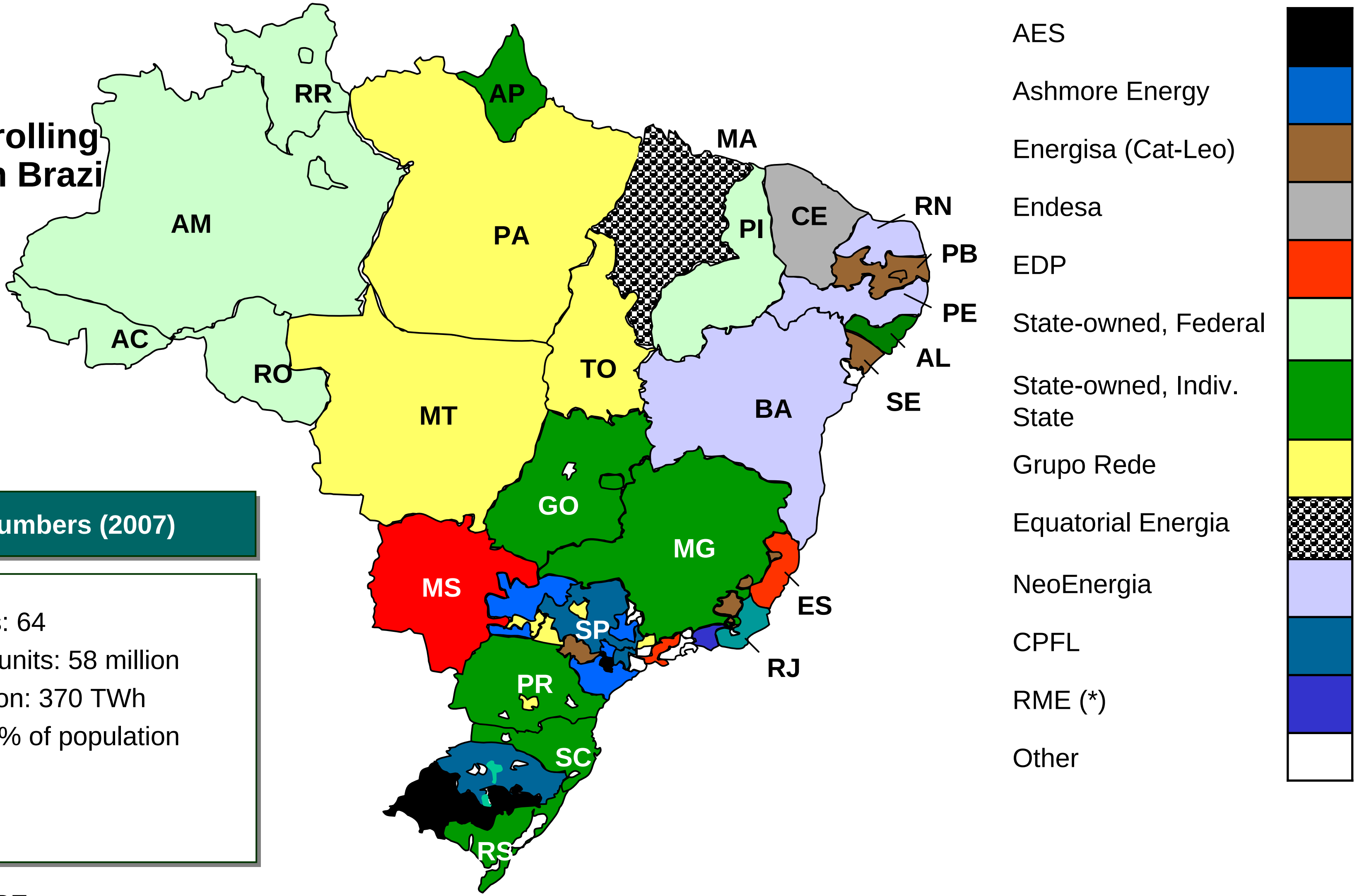
Main controlling groups in Brazil



Brazil Numbers (2007)

- Companies: 64
- Consumer units: 58 million
- Consumption: 370 TWh
- Access: 97% of population

Source: Aneel, EPE

(*) Cemig has 13%stake

Electricity Distribution business is the most regulated one

CEMIG
A Melhor Energia do Brasil.

- Allowed return on asset approach:
  - Benchmark WACC: currently 11.26%;
  - 2008 tariff review: WACC reduced to 9.98%.
- Operating expenses:
  - Full passed through mechanism:
    - Energy purchase expenses under certain circumstances.
  - Yearly inflation adjusted;
  - Tracking account for offsetting estimated expenses.
- Revenues come from:
  - Charges on D grid use by the access free users;
  - Sales to captive users.
- 5 year rate setting review:
  - Sharing productivity gains with users.
- Distributors are supposed to buy power to meet 100% of the forecasted demand, through auctions organized by Federal Agency – ANEEL:
  - In case a large consumption client (eligible as free consumer) chooses another supplier, distributor are allowed to reduce the contractual volume at the same amount;
  - If the growth is poor, contractual volume can be reduced by 4% yearly.

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Notes

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