



2011

NIRI Annual Conference

JUNE 12-15

JW MARRIOTT GRANDE LAKES, ORLANDO, FL

Making The Most of your IR Program going to Asia and beyond

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Agenda

Brazil Outlook

Cemig Background

IR Basis

Flying around the Globe

Conclusion



Brazil – an overview



Investment Grade (S&P and Fitch)

Economics

- Largest Latin America economy
- 8th largest world economy
- GDP (2010): US\$ 2.1 trillion (7.5%)
- GDP expected CAGR (5yrs): 4.3%.
- Inhabitants: 191 million.
- Area: 8.5 million km².
- Currency: Reais (BRL) * US\$1 = R\$ 1.63
- Monetary Reserves (03/2011): US\$ 317 billion

*Exchange rate in March/31st/2011



Cemig – the leading power utility in Brazil

Outlook

Power Industry

- ✓ Largest electricity distributor
- ✓ Third largest power generator group
- ✓ Third largest power transmission g.

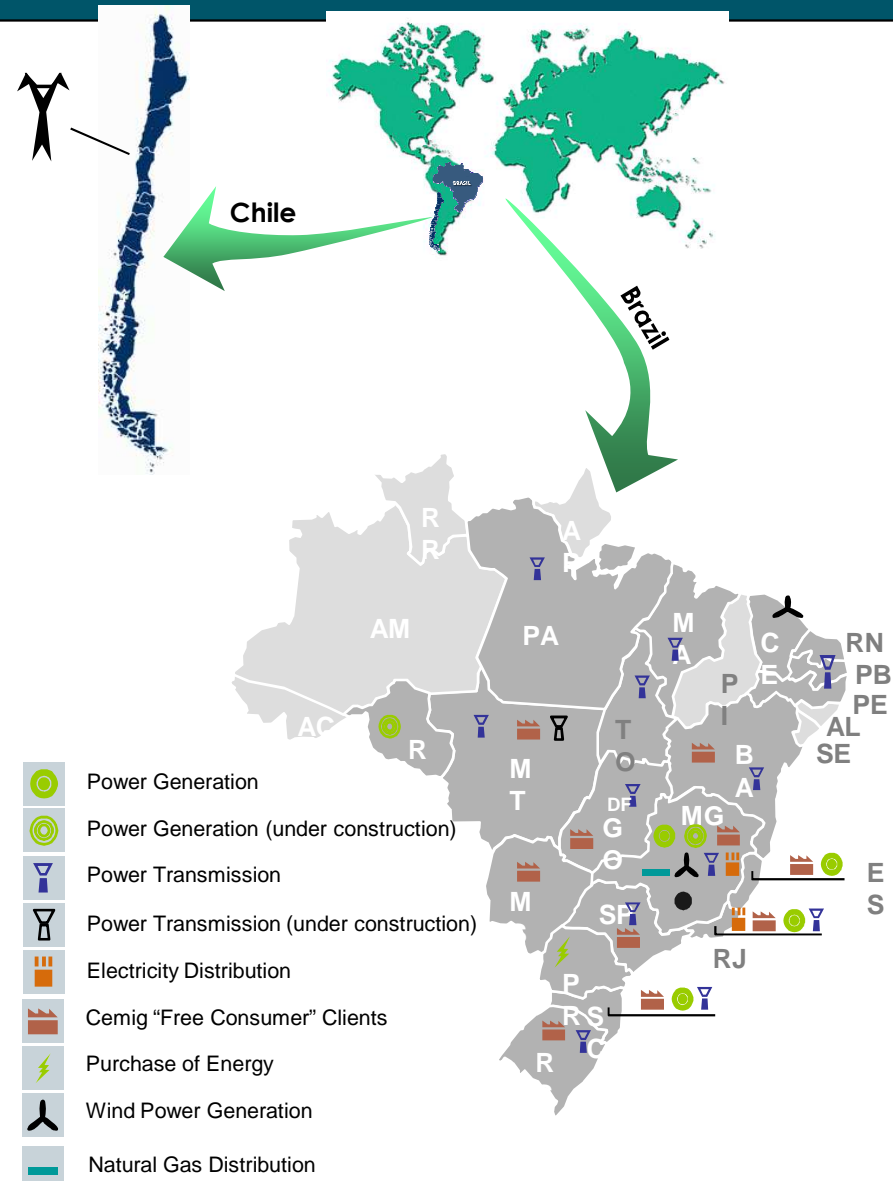
Finances (*)

- ✓ Market Cap: US\$ 13 billion
- ✓ Total assets: US\$ 21 billion
- ✓ Stockholders' equity: US\$ 7.4 billion
- ✓ Consolidated net revenue (1Q11TTM) :
US\$ 8.2 billion
- ✓ 2010 EBITDA: US\$ 2.8 billion
- ✓ 2010 Net Income: US\$ 1.4 billion

*Exchange rate in March/31st/2011

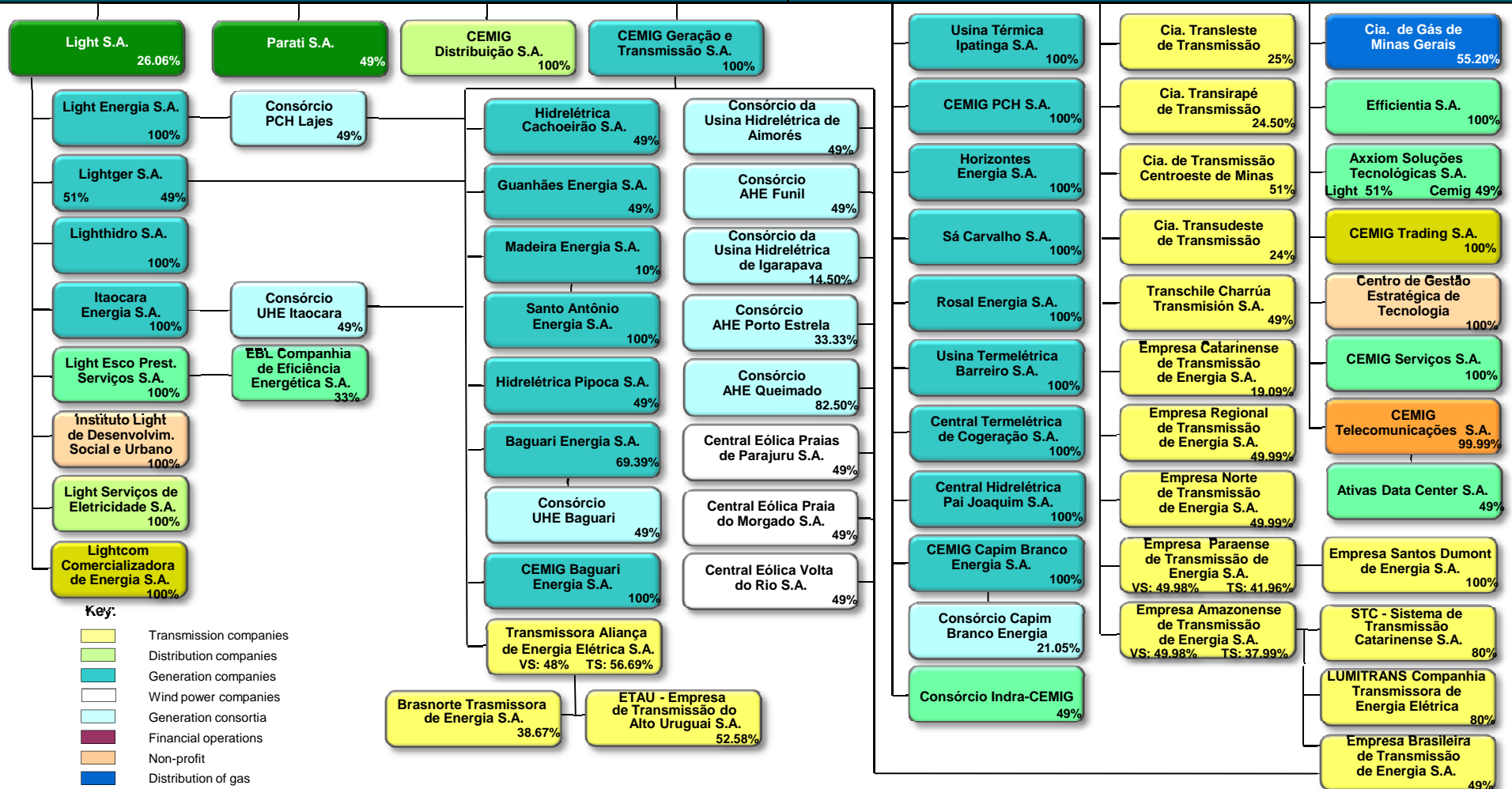


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Cemig – the corporate group

Background



Key:

- Transmission companies
- Distribution companies
- Generation companies
- Wind power companies
- Generation consortia
- Financial operations
- Non-profit
- Distribution of gas
- Telecoms
- Trading
- Holding company
- Services

58 Companies

10 Consortias



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At March 2nd, 2010

5/20

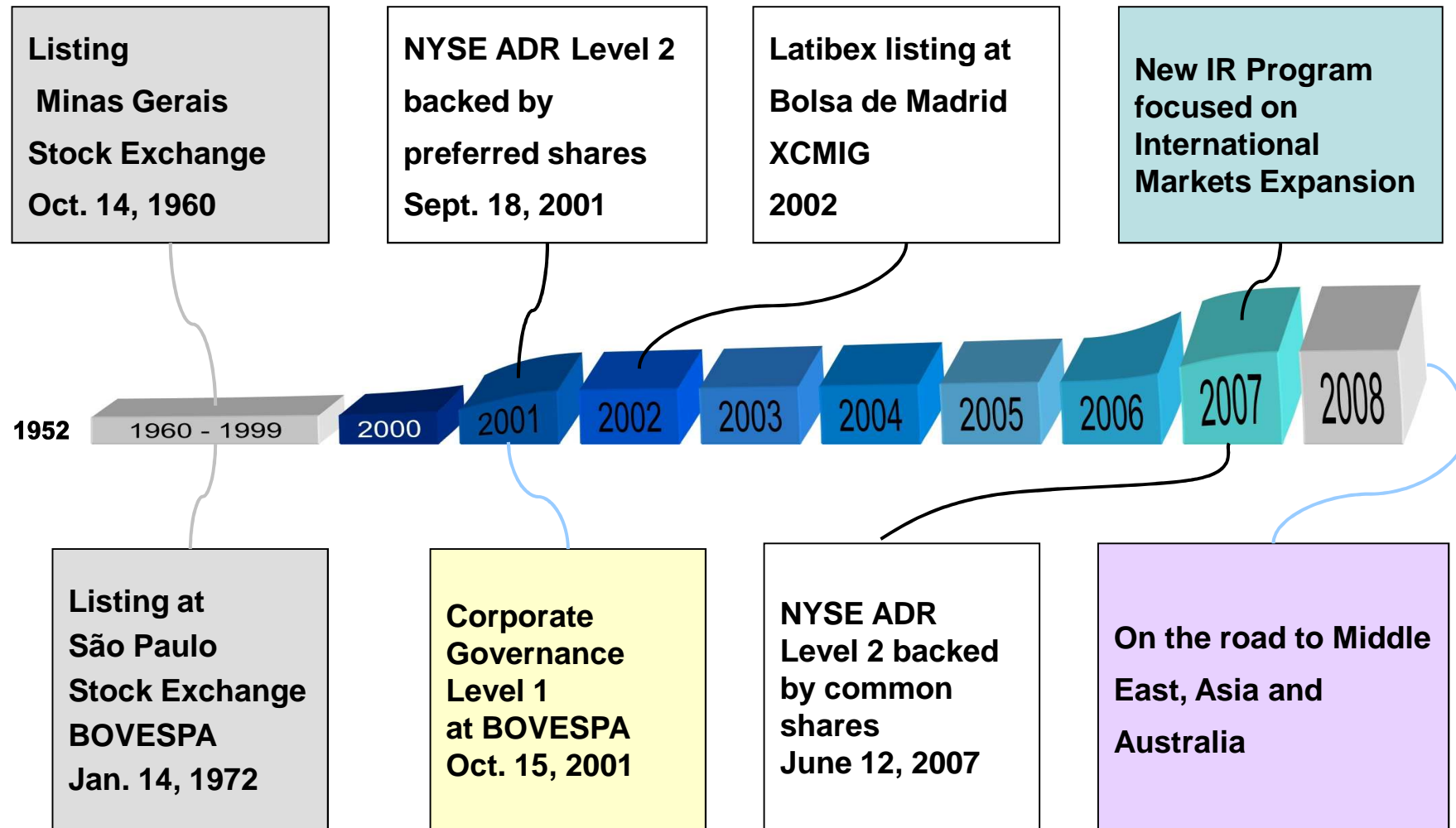
VS = Voting stock TS= Total stock

Cemig - Shareholders in 42 Countries



Cemig's milestones in the capital market

Background



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IR Goal: Adding Value to Shareholders



Flying around the Globe

- Before starting
- Choosing the right partners
- Acting prudently
- Preparing the company
- Communication is always a key
- Enhancing the IR program towards new markets



Before Starting

Why going so far

- Huge capital available (never forget the Sovereign Funds...)
- IR efforts open the trail for debt and other business opportunities
- Global trading is around the clock
- Get closer to your future shareholder!
- Want to be a global investment option?

Market Intelligence

- Market studies and potential investor tracking
- Shareholders ID + Perception Study > Targeting!
- Define your long term goals
- One year IR Program + 3 years vision



Choosing the right partners

Organizing the start-up

- Use other's expertise first, but **lead** the road-show decisions
- Global banks with local experience
 - Understand cultural aspects
 - Closer to prospects
 - But you're going to be one more...
- Bank from your country going to new markets
 - Better understanding of your economy
 - Need to gain space in the market place
 - You will be "the" one

Who will be with you?

- Western sales person x "local face" ?
 - Each Country is a different new world!



Acting Prudently

Move step by step

- One inch first, one mile later
 - Once you start visiting a new market, you have to come back in order to develop a connection. They are not your next door neighbor...
 - If you're not from US or Europe, they must learn about your country first, than your Company and sector

It's a long way to a new shareholder

- "A Plan is nothing, planning is everything" (Eisenhower)
 - It's always a moving target
 - Select few cities for each road-show: remember, you will not be in Continental Europe, although the Banks will treat you likewise...
 - Avoid the terrible "as we" are here, how about extend to...



Preparing the Company

Understanding cultural differences

- Middle East, China and Japan
 - From Asia do the Arabian World, you will visit thousands of history in each place
 - And each city will be different, with something in common but unique in details. The details make the difference!

Training for different environments

- It's not about time zones only: "train your brain"
 - The team involved in a road show must have basic lessons of cultural habits and business attitude
 - Arrange the trip in order to rest at least two nights before a business meeting, when travelling to 8 h time zone difference or more: you must be alert and focused !



Communication is always a key

Dealing with multiple cultures

- Middle East, Australia, Singapore, Japan, Korea, Hong Kong, Beijing and Taiwan: it's more than a simple Babel
 - You must be sound and clear with your message, no matter who is on the other side of the table
 - The same message needs different delivery to reach the same understanding
 - Korea is not Japan; Taiwan is not Beijing; Hong Kong is not Singapore and Abu Dhabi is not Dubai...
- “you” must speak Chinese
 - Never go to China without a Chinese by your side
 - Be sure your “guide” really understand English
- It's good to speak Arabic, but not essential
 - Its important to understand local habits



Enhancing IR Program towards new markets

Designing IR specific program

- Improve road show quality
 - Learn about shareholders base, set **your** targets
 - Be selective (remember you will be far, far away...)
 - Timing, duration and scope: be alert to local events, typhoons and earth quakes seasons, etc.
 - Split the routes: do not try to do everything at once

Maximize resources

- It's about trip costs too, but human capital is crucial here
 - Never go alone to such distant markets
 - Hierarchy can be everything or nothing: select your team properly
 - In such distant places, time is more than money...



Enhancing IR Program towards new markets

Where to go

- Middle East
 - Abu Dhabi; Dubai; Qatar; Saudi Arabic; etc.
 - Pay attention in the local traditions
(Never show the sole of your shoes...) (Sunday is working day...)
 - Think 100x before going on their summer...
 - Better to be listed in US or Europe
- Australia
 - Sidney, Melbourne. From infrastructure to head funds...
- Japan
 - Tokyo is the place. Hierarchy still prevails. Looooong term
- Korea
 - Seoul is one hour flight from Tokyo
 - Have their own stile, with new funds opportunities



Enhancing IR Program towards new markets

Where to go

- Singapore
 - Like any other western big financial center
 - Land of Big investors ... The world is their market!
- Hong Kong
 - Open to new opportunities, but still focused on Asia
- Beijing and Shanghai
 - The “real” China. Take longer to reach a position...
 - Like to hear the story, but prefer private equity or debt
- Taiwan
 - The “real” Tiger
 - Seeking diversification for capital allocation
 - More simple than Continental China



Conclusion - Making the most of your IR Program going to Asia and Beyond

Importance of the access to new international capital markets

- Never forget: US is still the largest capital market of the world, followed by Europe
- Be careful with fashionable places – always seek “real” new opportunities
- We have limited resources, including time: be selective and move one step a time
- The world speaks English, but we have to “speak” other languages and learn about history and culture
- Distant markets + difficult approach > investors for long term: never expect results after a single trip...
- Cultural diversity is a challenge for IR: respect before judge and never, ever, underestimate
- Always lead the pace and crosscheck everything: sell side giants can know less than you think





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