



Successful Strategy

Business Portfolio Ensures Results

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Brazil: Emerging Powerhouse Economy



#1

Latin American economy

#7

Ranking in world economy

US\$2,2T

GDP 2010

7.5%

GDP growth 2010

>60%

Share of GDP - Southeast Region

>US\$145B

Power industry revenue - 2010

- The demand for electricity will increase to 633 Twh from 415 Twh in 10 years
- New power capacity to be built will surpass 50 GW
 - The hydro capacity will be added by 33 GW
 - Wind farms will add another 5GW
- Transmission capacity is also needed due to the long distance the power plants are from the consumption center

Minas Gerais: The business environment to foster great companies



- Investor-friendly attitude
- Foreign investment welcomed
- High ethical standards
- Private investment plays important role to finance economic growth
- Private investor supported by the State to carry out infrastructure projects
- State of opportunities for business
 - Larger iron ore exporter
 - Great potential for natural gas
 - Resources for renewable energy
 - Biomass
 - Wind

Cemig: The Leading Brazilian Power Utility



Integrated power utility in Brazil

#1

Size of concession area vs. France

Larger

Dividend payout ratio

>50%

Structured for global investors vs. peers

**Best
structured**

Role in consolidating the industry

Leader

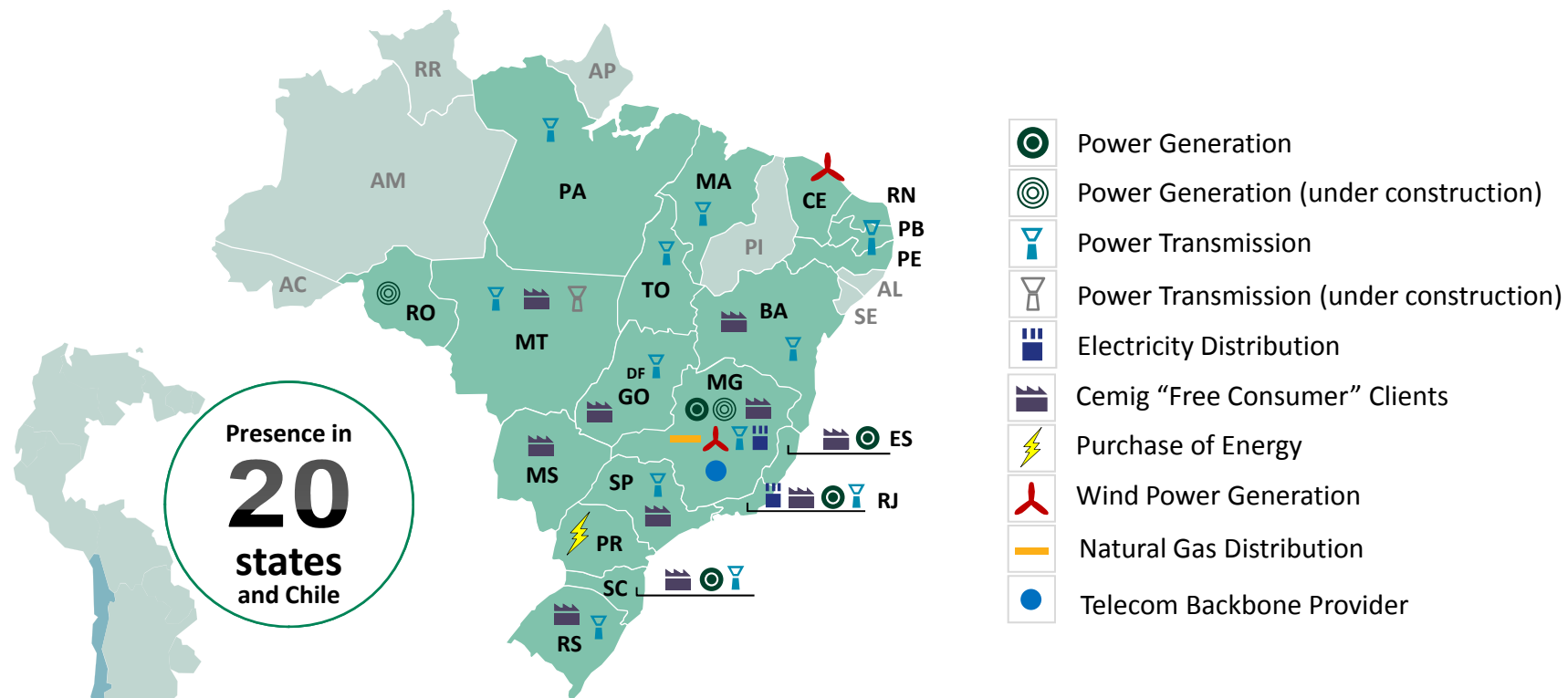
Leadership in sustainability, a core value at Cemig



- Social and Environmental responsibilities
- Long-term vision commitment
- To guarantee the preservation of our activities
- 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:
 - Selected member of Dow Jones Sustainability World Index for the **eleventh** time in a row, now world leader in Utilities "Supersector"
 - Selected member of Corporate Sustainability Index of the Sao Paulo Stock Exchange (Bovespa) for the **sixth** year in a row.



Cemig: Largest Integrated Utility in Brazil



#1
Electricity distributor*

#3
Power transmission group

#3
Power generation group

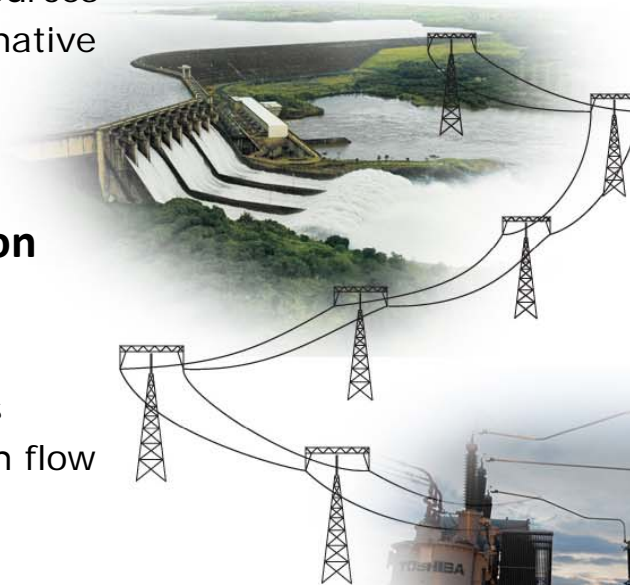
Cemig: Largest Integrated Utility in Brazil



Power Generation

6,896 MW of capacity

- 7% market share
- Sources such as hydro are still competitive
- Growth in renewable sources
- Natural gas as an alternative



Non-regulated market

25% market share



Power Transmission

8,861 Km

- 10% market share
- Highest Ebitda margins
- Stable returns and cash flow



Electricity Distribution

485,046 Km

- 12% market share
- Strongly regulated
- Scale gains to achieve higher returns
- Sector in process of consolidation






Retail

Largest distribution company

Well-Diversified Portfolio, still Evolving



	1Q2011 (% of EBITDA ¹)	Long-Term Goal (% of EBITDA)
 Generation	43%	40%
 Transmission	16%	20%
 Distribution & Others²	41%	40%

- Note:
1. Breakdown of EBITDA 1Q2011
 2. Including Natural Gas Distribution, Electricity Distribution, Telecom, Services

Long term strategy aligned with shareholders' interests



Value creation is a permanent commitment

- **Alignment with shareholders' interests:**
 - Corporate governance as a strategic value
 - Transparency in the decision making process
- **Profitability metrics to assure attractiveness of projects:**
 - Strict financial discipline when investing
 - Investments that add value to our shareholders
 - Best management practices and detailed actions plans to capture synergies
 - Continuous technological and operational improvements
- **Ability to create innovative structure to finance expansion**
 - Partnerships with Equity Investment Funds (FIPs) in recent acquisitions (Terna and Light) to create a new growth driver
 - Partnership with FIPs produces a growth strategy that optimizes capital needs
- **Track record of accretive acquisitions**
 - Growth vehicles to carry out expansion more efficiently

Long term strategy plan to meet shareholders' interests



Focusing on the power industry to maximize gains

- Growth within Brazil's geographical area
- First steps toward international investments
- Expansion in line with sustainable growth
- Investments solely in power industry and gas distribution related business

Addressing shareholders' long-term interests:

- Dividend policy: minimum 50% of payout and extraordinary dividends every other year, provided cash availability (stated in the bylaws)
- Corporate governance focused on respect of minority shareholders' interests

Preserve financial strength to secure a broader access to the investor markets:

- Cash flow stable and predictable
- Net Debt limited to 2.5 x EBITDA
- Net Debt limited to 50% of Net Debt plus Shareholders' Equity

Growth model supports Cemig's leading role in Brazilian electricity

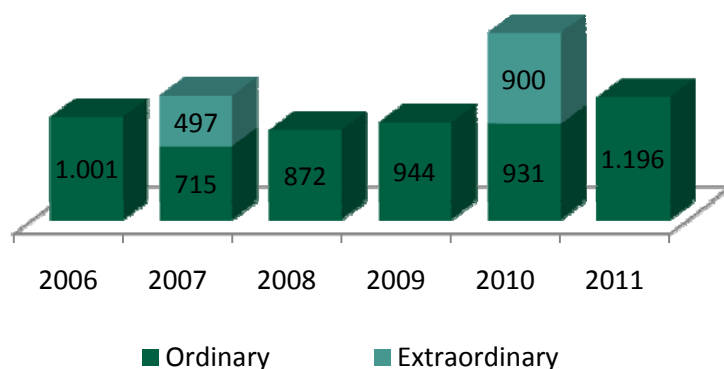
- More efficient projects based on the accumulated expertise in operating electricity facilities
- Acquisition of assets to increase the synergy with and between existing assets
- Experienced project developer

Strategic Plan Results: Dividends

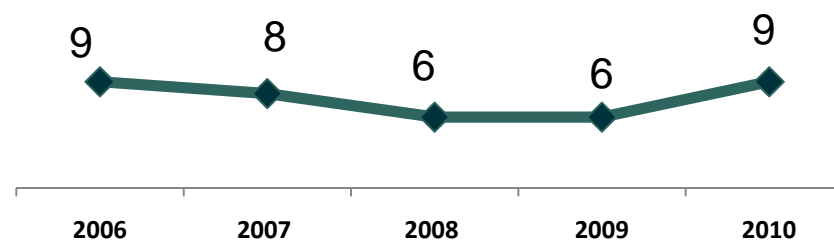


- Dividends paid in 2010 reached R\$ 1.8 billion
 - Ordinary dividends of R\$ 931mn; paid in equal parts in June and December 2010
 - Extraordinary dividends of R\$ 900 million; paid in December 2010
- Approved Net Income distribution for 2010:
 - 52.97% of the net profit - R\$ 1.196 billion to payment of dividends - R\$1.75/share

Dividends paid^(*) - (R\$ Million)

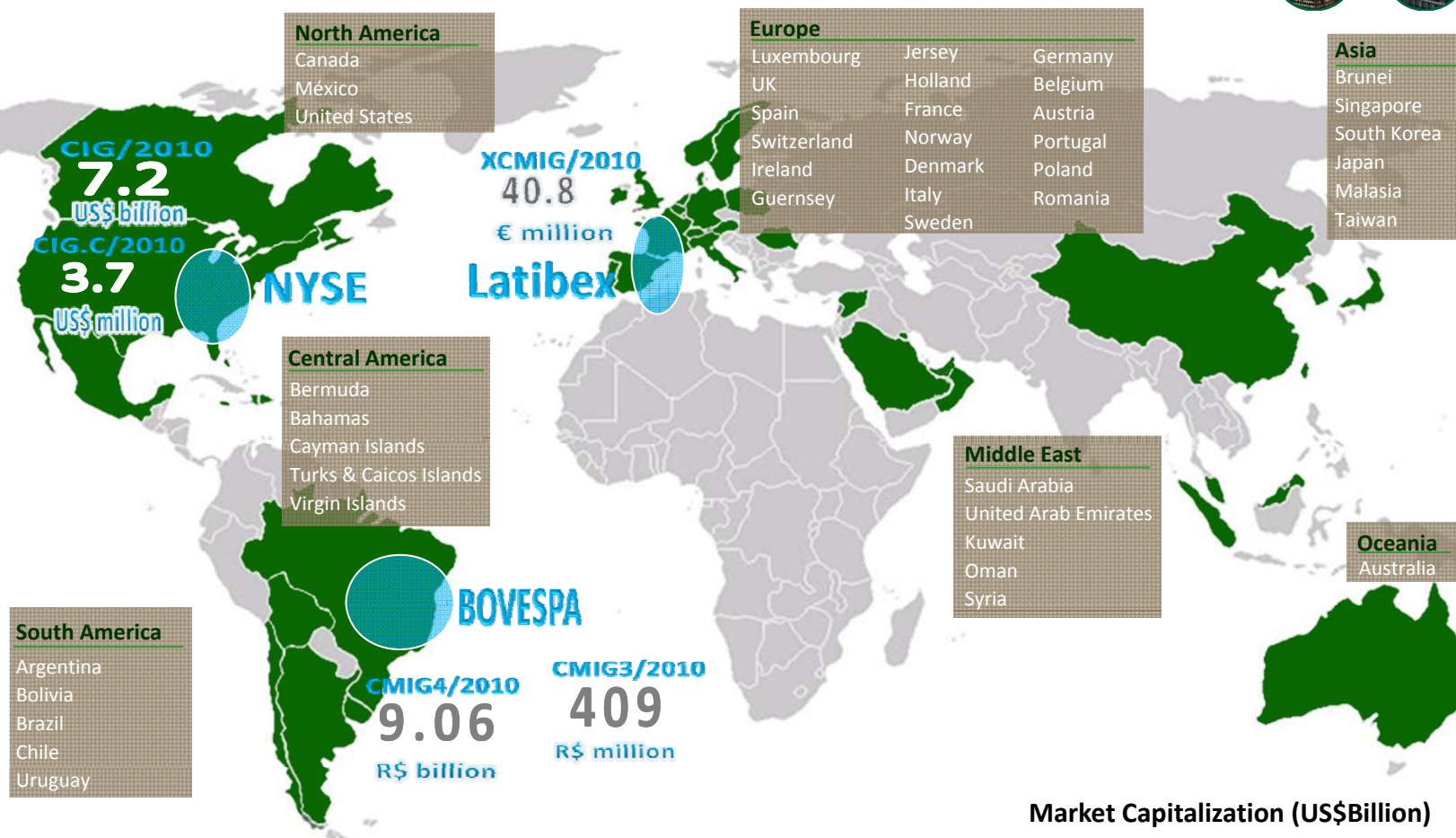


Dividend Yield (%)



* Dividends approved for the year's net income, paid in the coming year in semi-annual basis

Strong shareholder base assures liquidity

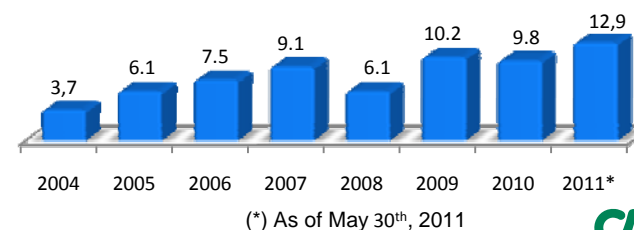


Average Daily Trading Volume – 2010

Bovespa: R\$ 42 million
NYSE: US\$ 32 million

- Shares traded in 3 Stock Exchanges
- More than 114,000 shareholders in 44 countries

Market Capitalization (US\$Billion)



Priorities reflect long-term commitment



- Company's business structure oriented toward electricity sector consolidation
 - Operational excellence aligned with costs reduction
 - Scale as a mean to capture synergies
 - Risk management ensures reliable processes
- Investment criteria defined by Strategic Plan to add value
- Corporate governance as a corporate value constantly evolving
- Financial management to improve credit quality and cost reduction
- Provide return to the investors' investment

An outlook of opportunities



At short term

- Update the long term strategic plan to review shareholders' alignment.
- Improve operating performance to capture gains and synergies in all businesses:
 - Reduce energy loss in Rio de Janeiro
 - Refurbishment of the old power plants
- Enhance service quality to meet the requirements of the concession area:
 - Soccer World Cup
 - Olympic Games
- Incorporate operationally the acquired assets
 - Transmission facilities
- Keep big eyes on the regulatory front:
 - 3rd. Rate review cycle
 - Renewals of the concession contracts to expire in 2015

At long term

- Keep on consolidating power industry assets to gain scale
- Develop skills to compete in the concession contract auctions
- Develop the natural gas business:
 - Carry on the expansion of the gas distribution business
 - Residential client supply will require additional gaspipeline network expansion
 - Natural gas pipeline construction
 - Studies on natural gas drilling.



Investor
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Business structure with low risk for shareholders



Power generation

- Traditional sources such as hydro are still competitive
- Growth in renewable sources
- Natural gas as an alternative

Power Transmission

- High Ebitda margins
- Stable returns and cash flow

Electricity Distribution

- Strongly regulated
- Scale gains are needed for achieving higher returns
- Sector in process of consolidation

Natural Gas Distribution (Gasmig)

- Same concession area as Cemig Distribuição
- Partnership with Petrobrás (Petrobrás 40% and Cemig 55%)
- Sector in consolidation process

Telecommunication backbone services

- Synergy: usage of power transmission lines for fiber optics cables