



## BUSINESS NEWS

### IMMEDIATE RELEASE

## CEMIG REPORTS FIRST QUARTER 2003 EARNINGS

**Belo Horizonte, Brazil, May 19, 2003 – Companhia Energética de Minas Gerais – CEMIG – (NYSE: CIG; BOV: CMIG4, CMIG3 and LATIBEX: XCMIG),** a leading fully-integrated electricity company in Brazil, today reported net income of R\$151.7 million for the first quarter of 2003, a drop from net income of R\$219.9 million in the first quarter of 2002.

CEMIG's first quarter 2003 results were aided by higher revenues from gross electricity supply, and by financial revenues from appreciation of the *real* in relation to the U.S. dollar.

Mr. Djalma Bastos, our CEO, had the following to say about the results: "We are happy with the Company's performance in the first quarter. Not only did we see energy sales volumes rise but we are profitable again thanks to the Company's solid fundamentals. Our unchanged focus on the core business and our ability to develop profitable projects and remain financially sound make Cemig one of the greatest investment opportunities in Brazil. Profitability will continue to be a priority in the coming quarters. The measures we took earlier in the year to cut operating expenses, as well as the comprehensive capital budget review we performed, should enable us to produce strong returns."

Revenues from gross electricity supply were R\$1.458 billion in the first quarter of 2003, a 23.56% increase over the R\$1.180 reported in the first quarter of 2002. This result was fundamentally due to a 10.51% tariff readjustment as of April 8, 2002, an increase in the Charges for Emergency Capacity in the first quarter of 2003, and a 5.58% increase in the volume of energy sold.

Revenues from electricity supply to other concessionaires were R\$4.3 million in the first quarter, an 89.15% reduction from the R\$39.2 million recorded in the first quarter of 2002. These revenues are mainly from energy transactions on the Wholesale Electricity Market (MAE) in the prior period, which amounted to R\$32.27 million.

In the first quarter CEMIG recognized revenues of R\$315.2 million from the extraordinary tariff readjustment, which refers to billing losses and the parcel of expenses from the energy sold on the MAE during the Rationing Program. The Company is receiving the amounts recognized as revenues from the extraordinary



tariff readjustment by means of an additional readjustment, effective for 82 months as of January 2002.

General and administrative expenses were R\$965 million in the first quarter, a 0.21% increase over G&A expenses in the first quarter of 2002. The higher number was due substantially to higher personnel expenses and the Fuel Consumption Account (CCC), which offset the reduction in expenses from energy purchased for resale and post-employment obligations.

The financial result was impacted by exchange rate variations in relation to foreign currency loans and financing, and to the reversal of the provision for devaluation to market value of the National Treasury Notes.

Net non-operating expenses of R\$9.3 million in the first quarter of 2003 rose 33.42% over the R\$7 million reported in the same quarter of the prior year. The non-operating result is comprised of losses on projects and damages in the deactivation of Fixed Assets.

Mr. Flávio Decat, our CFO, said: "Our major concern in the quarter was to preserve the Company's liquidity despite the volatility of the country's major indicators. In particular, appreciation of the dollar caused heavy losses to companies doing business in Brazil. In addition, Brazil's major bonds had wide spreads, which affected corporate bond and syndicated loan costs, which are the main instruments used to roll over maturing debt or to finance expansion projects. Accordingly, we have taken measures to reduce the operating expenses to the level required by the new electricity rate as well as the capital expenditure forecasted for this year in order to significantly reduce the Company's indebtedness. Thus, with a more favorable outlook and expectations of stronger cash flow due to the rate adjustment granted to us last April by ANEEL, we will be able to meet the goals established by the Board of Directors early this year and add value to shareholders' investments.

*Certain statements and assumptions contained herein are forward-looking statements based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results could differ materially from those expressed or implied in such statements.*

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Chart I

Statement of Income (consolidated)						
Values in millions of <i>Reais</i>						
	2003	2002				
	1Q.	Year	4Q	3Q	2Q	1Q
<b>Net Revenue</b>	1,088	5,119	1,298	1,539	1,043	1,239
<b>Operating Expenses</b>	(965)	(4,593)	(1,186)	(1,490)	(954)	(963)
<b>EBIT</b>	123	525	111	49	89	276
<b>EBITDA</b>	263	1,076	254	187	227	408
<b>Financial Result</b>	158	(616)	142	(450)	(374)	66
<b>Non-Operating Result</b>	(9)	(27)	(7)	(6)	(7)	(7)
<b>Extraordinary Loss</b>	-	(1,045)	-	-	(1,045)	-
<b>Income Tax, Social Contribution and Deferred Income Tax</b>	(120)	(71)	(198)	149	93	(115)
<b>Interest on Capital Reversal</b>	-	220	100	-	120	-
<b>Minority Interest</b>	-	12	1	2	9	-
<b>Net Income</b>	152	(1,002)	149	(256)	(1,115)	220

Chart II

Operating Revenues (consolidated)						
Values in millions of Reais						
	2003	2002				
	1Q	Year	4Q	3Q	2Q	1Q
<b>Retail Sales</b>	1,454	5,458	1,515	1,400	1,402	1,141
<b>Extraordinary Revenues</b>	-	275	6	8	(54)	315
<b>Wholesale</b>	4	534	45	439	11	39
<b>Transmission Grid Revenue</b>	58	185	51	54	42	38
<b>Others</b>	68	300	129	67	61	43
<b>Deductions</b>	(496)	(1,633)	(448)	(429)	(419)	(337)
<b>Net Revenues</b>	1,088	5,119	1,298	1,539	1,043	1,239

Chart III

Operating Expenses (consolidated)						
Values in millions of Reais						
	2003	2002				
	1Q	Year	4Q	3Q	2Q	1Q
<b>Energy Purchased</b>	292	1,733	278	793	302	360
<b>Labor</b>	157	553	155	133	132	133
<b>Depreciation and Amortization</b>	140	551	142	138	139	132
<b>CCC</b>	93	345	92	92	91	70
<b>Transmission Grid Charges</b>	77	298	78	78	77	65
<b>Outsourced Services</b>	65	265	85	68	60	52
<b>Forluz – Employee Post-retirement Benefits</b>	7	145	(17)	54	54	54
<b>Other Expenses</b>	134	703	373	134	99	97
<b>Total</b>	965	4,593	1,186	1,490	954	963



#### Chart IV

#### Breakdown of Electricity Sales (consolidated)

	No. of Consumers		MWh		R\$ thousand	
	1st QUARTER		1st QUARTER		1st QUARTER	
	2003	2002	2003	2002	2003	2002
Residential	4,655,848	4,517,756	1,698,335	1,500,186	515,585	381,126
Industrial	68,255	68,087	5,259,841	5,196,928	562,703	452,737
Commercial, Services and Other	518,529	506,064	886,503	808,195	228,330	175,706
Rural	344,001	326,009	343,294	298,132	59,961	44,851
Others	52,846	51,359	609,728	491,513	102,356	69,999
Own Consumption	1,339	1,377	14,214	11,302	-	-
Unbilled Supply, Net	-	-	-	-	(15,345)	16,321
Wholesale	4	4	52,168	89,633	4,250	6,882
Transaction on the MAE	-	-	-	-	-	32,273
<b>CONSOLIDATED TOTAL</b>	<b>5,640,822</b>	<b>5,470,656</b>	<b>8,864,083</b>	<b>8,395,889</b>	<b>1,457,840</b>	<b>1,179,895</b>

Chart V

<b>Financial Result Breakdown (consolidated)</b>						
<b>Values in millions of Reais</b>						
	2003	2002				
	1Q	Year	4Q	3Q	2Q	1Q
<b>Financial Income</b>						
Investment Income Earned	19	236	39	102	65	30
Charges on Overdue Bills	13	43	14	10	11	8
CRC Assignment Agreement - Interest on Arrears and Monetary Variation	65	308	128	82	56	42
Monetary Restatement of Parcel A Costs	74	199	-	61	76	62
Foreign Exchange Gains	108	75	(7)	53	23	6
PASEP and COFINS on Financial Income	(16)	(45)	(15)	(16)	(8)	(6)
Others	31	51	(52)	87	7	9
	294	867	107	379	230	151
<b>Financial Expenses</b>						
Interest on Loans and Financing	(74)	(251)	(67)	(60)	(67)	(57)
Foreign Exchange Losses	(3)	(803)	166	(625)	(342)	(2)
Monetary Restatement Losses - Loans and Financing	(36)	(101)	(31)	(54)	(12)	(4)
Financial Transaction Tax ("CPMF")	(9)	(28)	(9)	(7)	(7)	(5)
Marketable Security Loss Provision	26	(61)	9	(49)	(26)	5
Advance Sales of Electric Energy	-	(10)	-	(6)	(4)	-
Others	(40)	(8)	66	(27)	(26)	(21)
	(136)	(1,262)	134	(828)	(484)	(84)
Interest on Capital	-	(220)	(100)	-	(120)	-
	158	(615)	142	(450)	(374)	67

Chart VI

<b>Related Party Transactions</b>		
<b>Values in millions of Reais</b>		
	<b>03/31/2003</b>	<b>12/31/2002</b>
	<b>State of Minas Gerais Government</b>	<b>State of Minas Gerais Government</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Customers and Distributors	10	8
Tax Recoverable -		
State VAT Recoverable in 48 Months	24	15
<b>Non-current Assets</b>		
Account Receivable from Minas Gerais State Government	820	755
Tax Recoverable -		
VAT Recoverable in 48 Months	79	68
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Taxes, Fees and Charges		
VAT - ICMS Payable	128	44
Interest on Capital and Dividends	50	50
<b>Long-term Liabilities</b>		
Debentures	27	26
	<b>1Q 2003</b>	<b>1Q 2002</b>
<b>FINANCIAL</b>		
Electricity Sales	7	4
Deductions from Operating Revenues – ICMS	(312)	(241)
Financial Income-		
Monetary Restatement and Interest on CRC Assignment Agreement	65	42



## Chart VII

### Share Ownership

Shareholders	Number of Shares as of March 31, 2003					
	Common	%	Preferred	%	Total	%
State of Minas Gerais	36,119,657,399	51.0	3,030,572,489	3.3	39,150,229,888	24.1
Southern Electric Brasil Part. Ltda.	23,362,956,173	33.0	-	-	23,362,956,173	14.4
Other	125,680,827	0.2	182,462,458	0.2	308,143,285	0.2
Local	8,986,368,626	12.7	46,070,419,019	50.5	55,056,787,645	34.0
Foreign	2,279,504,898	3.2	41,996,197,136	46.0	44,275,702,034	27.3
<b>Total</b>	<b>70,874,167,923</b>	<b>100.0</b>	<b>91,279,651,102</b>	<b>100.0</b>	<b>162,153,819,025</b>	<b>100.0</b>



Chart VIII

<b>BALANCE SHEETS (consolidated)</b>		
<b>ASSETS</b>		
<b>Values in Millions of Reais</b>		
	<b>2003</b>	<b>2002</b>
	<b>1Q</b>	<b>Year</b>
<b>CURRENT ASSETS</b>		
Cash and Cash equivalents	278	123
Consumers and Distributors	861	882
Dealership – Rate Adjustment	270	258
Dealership - Energy Transportation	20	18
Dealers - Transactions on the MAE	94	83
Tax Recoverable	76	21
Rationing Bonds and Costs	27	-
Materials and Supplies	20	21
Prepaid Expenses – CVA	2	226
Receivable from Federal Government - Loss Revenue Related to Low-income Customers	64	42
Other	110	146
	<b>1,822</b>	<b>1,820</b>
<b>NONCURRENT ASSETS</b>		
Account Receivable from Minas Gerais State Government	820	755
Consumers – Rate Adjustment	1,145	1,150
Prepaid Expenses - CVA	521	195
Tax Credits	540	541
Marketable Securities - Available for Sale	73	53
Rationing – Bonds and Adaptation Costs	25	52
Dealers - Transactions on the MAE	463	463
Recoverable Taxes	91	82
Escrow Account in Connection with Litigation	67	66
Other Receivables	96	106
	<b>3,841</b>	<b>3,463</b>
<b>PERMANENT ASSETS</b>		
Investments	686	608
Property, Plant and Equipment	7,915	7,898
Deferred Charges	24	25
	<b>8,625</b>	<b>8,531</b>
<b>TOTAL ASSETS</b>	<b>14,288</b>	<b>13,814</b>

<b>BALANCE SHEET (consolidated)</b>		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Values in Millions of Reais</b>		
	<b>2003</b>	<b>2002</b>
	<b>1Q</b>	<b>Year</b>
<b>CURRENT LIABILITIES</b>		
Suppliers	1,085	1,275
Taxes Payable	277	151
Loans, Financing and Debentures	950	834
Payroll and Related Charges	103	108
Interest on Capital and Dividends	204	211
Employee Post-retirement Benefits	177	181
Regulatory Charges	151	94
Profit-Sharing	30	26
Other	75	81
	3,052	2,961
<b>LONG-TERM LIABILITIES</b>		
Loans and Financing	1,753	1,717
Debentures	913	834
Employee Post-retirement Benefits	1,604	1,656
Suppliers - Wholesale	355	334
Taxes, Fees and Charges	331	217
Reserve for Contingencies	334	315
Other	85	70
	5,375	5,143
	-	-
<b>PARTICIPATION IN ASSOCIATE COMPANIES</b>	28	29
<b>SHAREHOLDERS' EQUITY</b>		
Paid-in Capital	1,622	1,622
Capital Reserves	4,032	4,032
Retained Earnings (Losses)	152	-
	5,806	5,654
Funds for Capital Increase	27	27
	5,833	5,681
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	14,288	13,814