



FINANCIAL STATEMENTS

2nd Quarter 2002

- Chief Financial Officer - DFN
- Chief Investor Relation Officer





A Melhor Energia do Brasil

Disclaimer

Certain statements contained in this presentation are “Forward-Looking Statements” within the meaning of the US Securities Laws, and are thus prospective and subject to risks and uncertainties. “Forward-Looking Statements” are matters that are not historical facts and are beyond our control. For a discussion of risks and uncertainties as they relate to us, please refer to our 2000 Form 20F, and in particular Item 3 under “Key information - Risk Factors”.



Highlights

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A Melhor Energia do Brasil

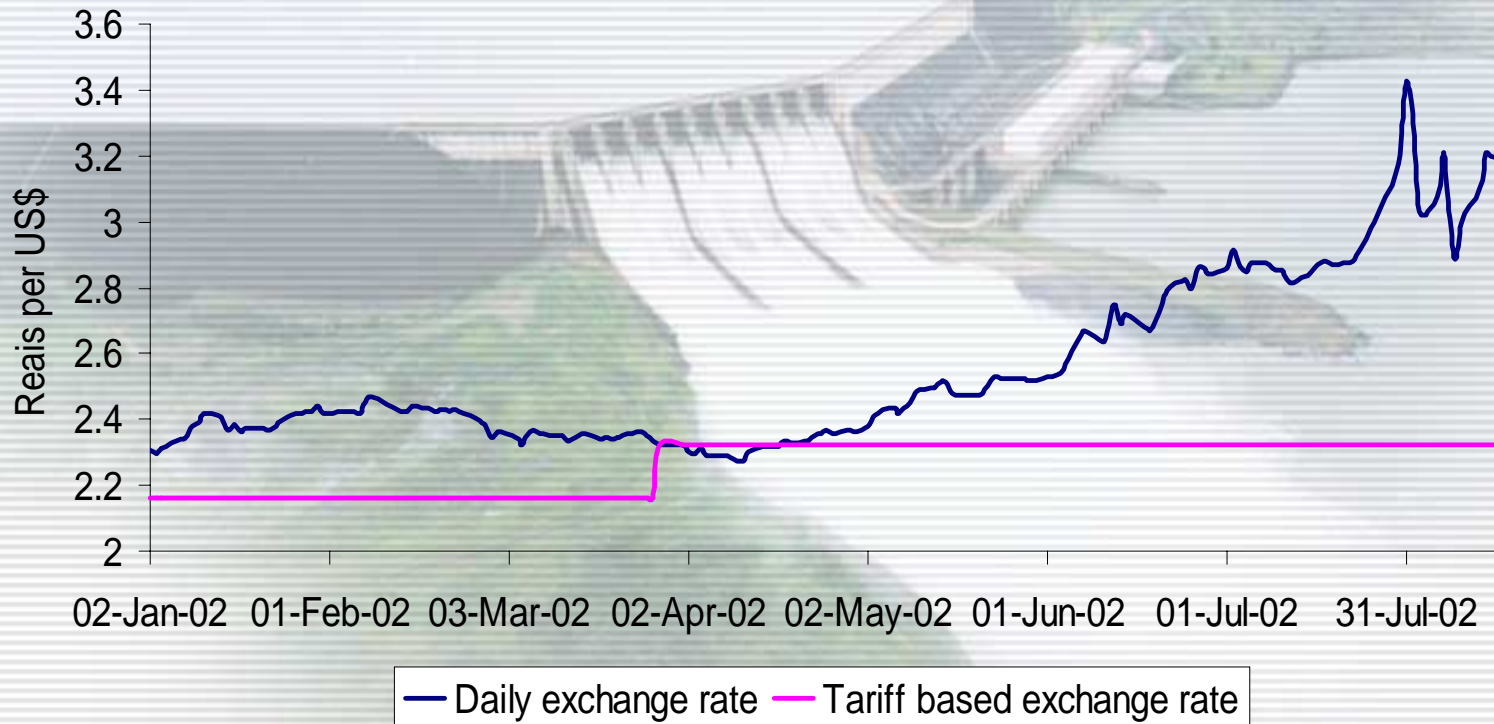
- ✓ **Sales:**
 - ✓ rationing loss recovery in Jan-Feb 02;
 - ✓ emergency capacity charges in March, 02;
 - ✓ 10.51% rate adjustment , in April, 2002;
- ✓ **Regulatory Agreement (still pending and subject to approval);**
- ✓ **Debt rollover : US\$ 95.0 MI**
- ✓ **CEMIG's shares at Madrid Stock Exchange;**
- ✓ **Controlling stake acquisition of Infovias (US\$ 32 MI);**
- ✓ **CRC**
 - ✓ still under negotiation
 - ✓ 20F filling delayed.

Highlights



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Real volatility



Real devaluation:

Jan to Jun 02 : 22.6%

Jan to Jun 01 : 17.9%



Highlights



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Net Income
R\$174 Million

Return on Equity
2.5%



Shareholders' Equity
R\$6,957 Million

EBITDA
R\$ 626 Million



Interest on capital
R\$120 Million



Total debt
R\$2,650 Million



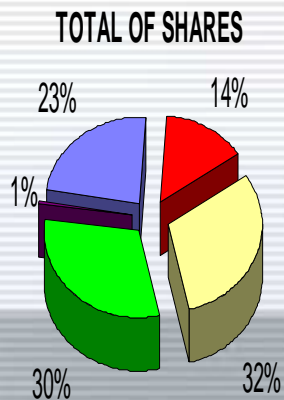
Interest Charges
R\$115 Million



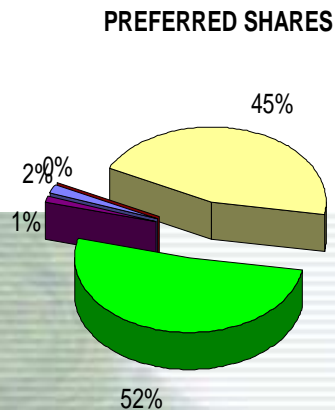
Highlights



CEMIG's SHAREHOLDING CAPITAL JUNE/2002

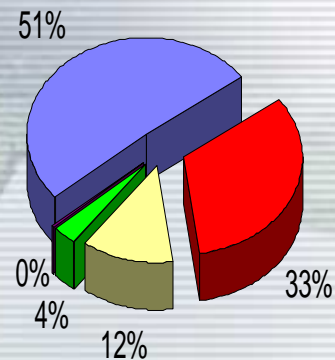


- State of Minas Gerais
- Southern Electric Brasil Part. Ltda.
- Private Investors and Other Shareholders
- Foreign Investors
- Others



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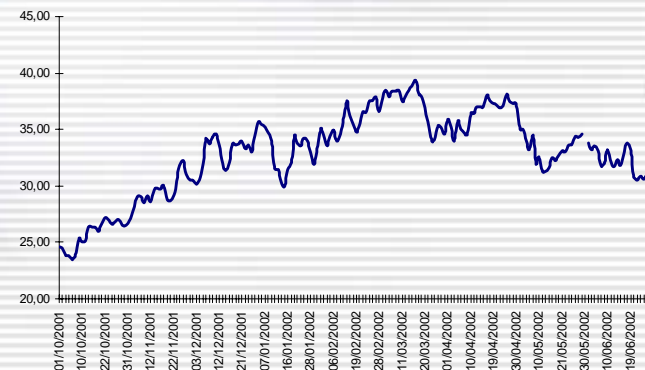
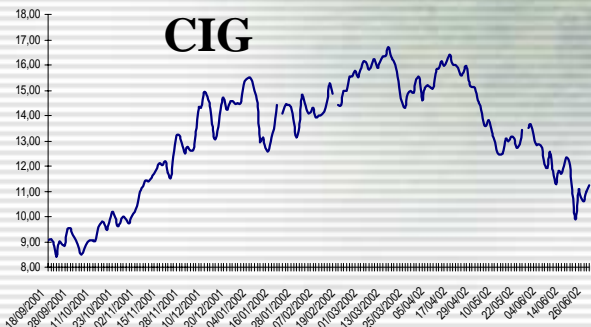
COMMON SHARES



**Listing
New York Stock Exchange**

**BOVESPA
Corporate Governance
Level I**

CMIG4

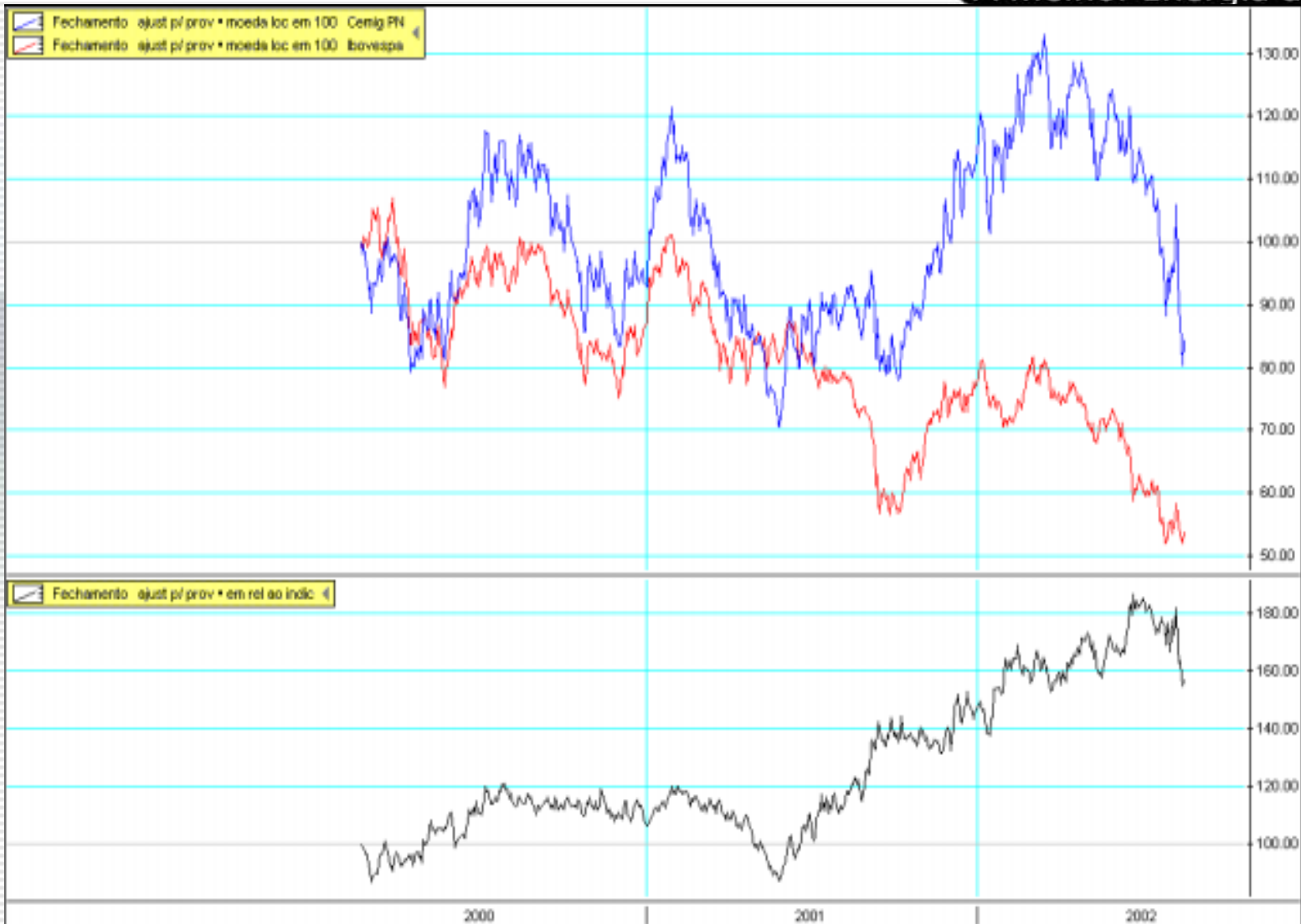


Stock has outperformed IBOVESPA



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High return investment added value to core business



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Consolidated Statement of Income as of June 2002

Values in R\$ million

Description	Cemig	Gasmig	Infovias	Sá Carvalho	Ipatinga	Total
Net Operating Revenue	2,203.5	60.7	2.7	11.1	3.7	2,281.7
Operating Expenses	1,835.4	49.4	15.6	2.7	3.1	1,906.2
Operating Margin (%)	16.7	18.6	(484.1)	75.7	18.1	16.5
Financial Income	(248.6)	1.5	(25.2)	1.0	0.5	(270.8)
Non-operating Income	(13.8)	0.0	0.0	0.0	0.0	(13.8)
Income before Income Tax	105.7	12.7	(38.1)	9.4	1.2	91.0
Net Income	51.0	4.7	(21.7)	2.3	0.3	36.5
Reversal of interest on capital	120.0	-	-	-	-	120.0
Income after Income Tax	174.7	8.0	(16.4)	7.2	0.9	174.4
Net Margin (%)	7.9	13.2	(614.7)	64.9	24.1	7.6
EBITDA Margin (%)	28.4	21.0	(207.2)	87.2	97.9	28.3

All financial information in Brazilian GAAP

Sound Balance Sheet sustains growth

The CEMIG logo is displayed in a large, green, stylized font with a glowing effect. To the left of the logo, there is a small image of two workers in yellow safety gear and blue hard hats, one holding a clipboard. The background of the top banner features a stylized Brazilian flag.

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Values in R\$ million

A Melhor Energia do Brasil

Description	As of Jun/02	As of Jun/01	Change%
ASSETS	13.995	13.523	3,5
Current Assets	1.632	1.546	5,6
Noncurrent Assets	4.245	4.010	5,9
Permanent Assets	8.118	7.968	1,9
LIABILITIES AND SHAREHOLDERS' EQUITY	13.995	13.523	3,5
Current Liabilities	2.210	1.919	15,2
Long-term Liabilities	4.828	4.482	7,7
Shareholders' Equity	6.957	7.122	(2,3)

All financial information in Brazilian GAAP

Key figures as of June 30, 2002



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A Melhor Energia do Brasil

Own Generation

10,592 GWh  (7.8) %

Number of Consumers

5,520 mil 

Retail Sales

17,552 GWh  (10.3) %

Net Operating Revenue

R\$2,204 MI 

Operating Expenses

R\$1,835 MI 

Operating Margin

16.7 %  47.8 %

EBITDA

R\$627 MI 

EBITDA Margin

28.4 %  17.4 %

FX losses

(R\$297 MI)  38.3 %

Company Net Profit

R\$175 MI  ---

Net Margin

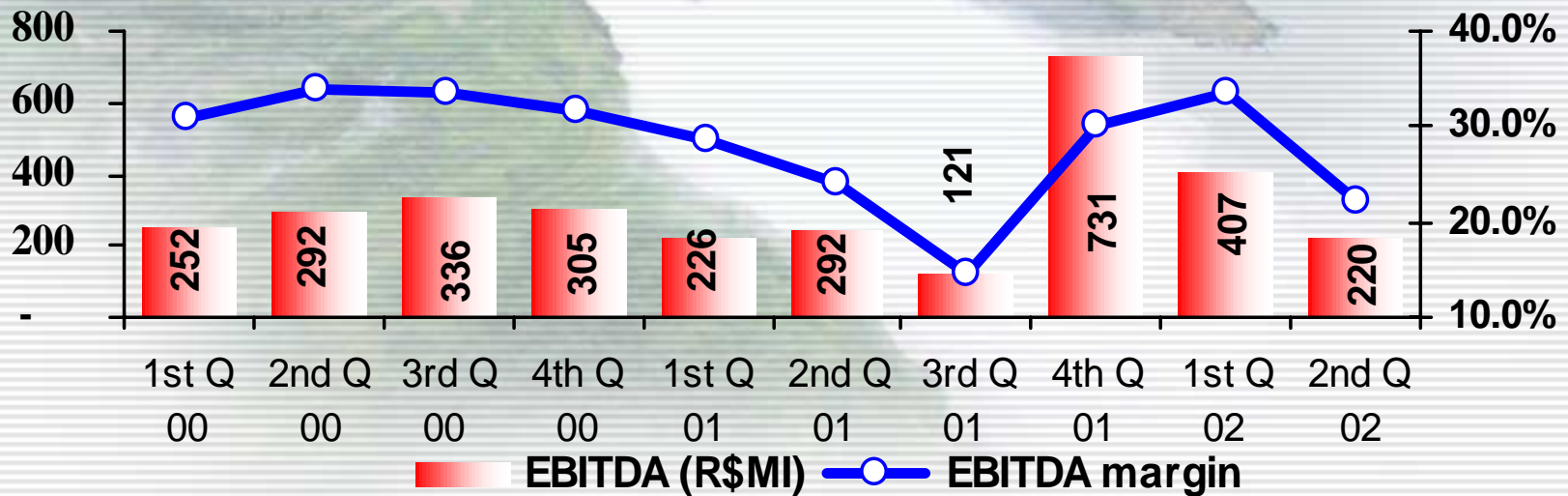
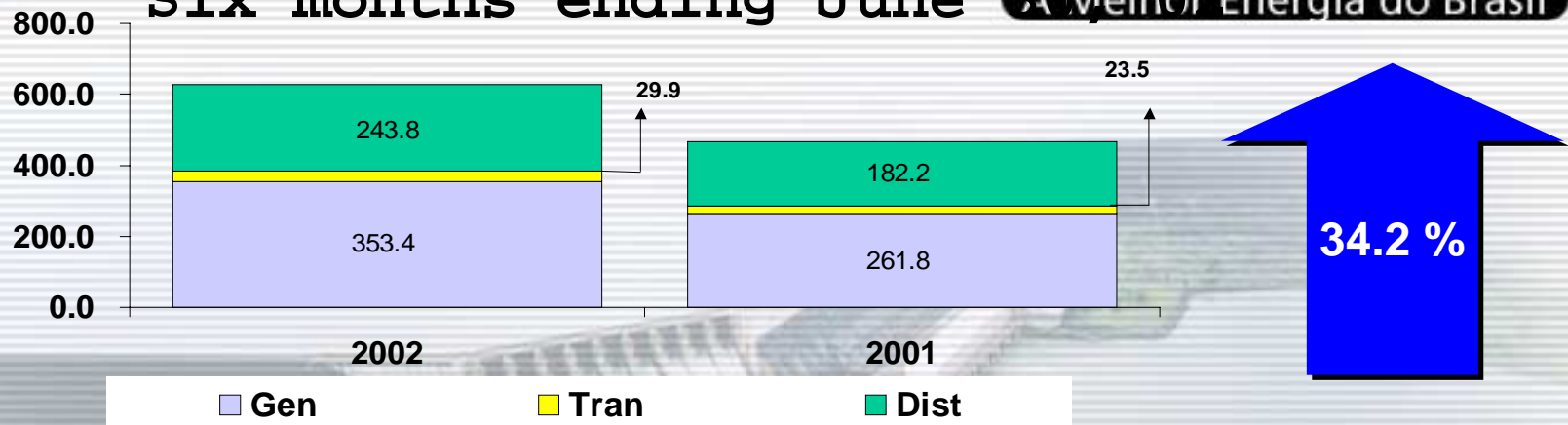
7.9 %  ---

All financial information in Brazilian GAAP

EBITDA



Six months ending June A Melhor Energia do Brasil



All financial information in Brazilian GAAP

Net Income 15% higher in 2001



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Holding

Statement of Income						
Values in million of Reais						
	2002			2001		
	1st HALF	2nd QUA	1st QUA	1st HALF	2nd QUA	YEAR
Net Revenue	2,204	994	1,210	1,933	1,004	4,713
Operating Expenses	(1,835)	(902)	(933)	(1,713)	(886)	(3,804)
EBIT	369	92	277	220	118	909
Financial Result	(249)	(316)	67	(169)	(69)	(205)
Non-Operating Result	(14)	(7)	(7)	(26)	(3)	(90)
Net Income	174	(46)	220	14	27	478

All financial information in Brazilian GAAP



**Net Revenue increased 14%
due to tariff readjustment**



A Melhor Energia do Brasil

Holding

Operating Revenues						
Values in million of Reais						
	2002			2001		
	1st HALF	2nd QUA	1st QUA	1st HALF	2nd QUA	YEAR
Retail Sales	2,530	1,396	1,134	2,467	1,282	4,553
Extraordinary Revenues	261	(54)	315	-	-	1,058
Wholesale	43	4	39	17	9	145
Transmission Grid Revenue	80	42	38	73	37	154
Others	38	20	18	54	29	108
Deductions	(748)	(413)	(335)	(677)	(352)	(1,303)
Net Revenues	2,204	994	1,210	1,933	1,004	4,713

- Rate readjustment of 10.5% in April
- Sales volume reduced by 10%

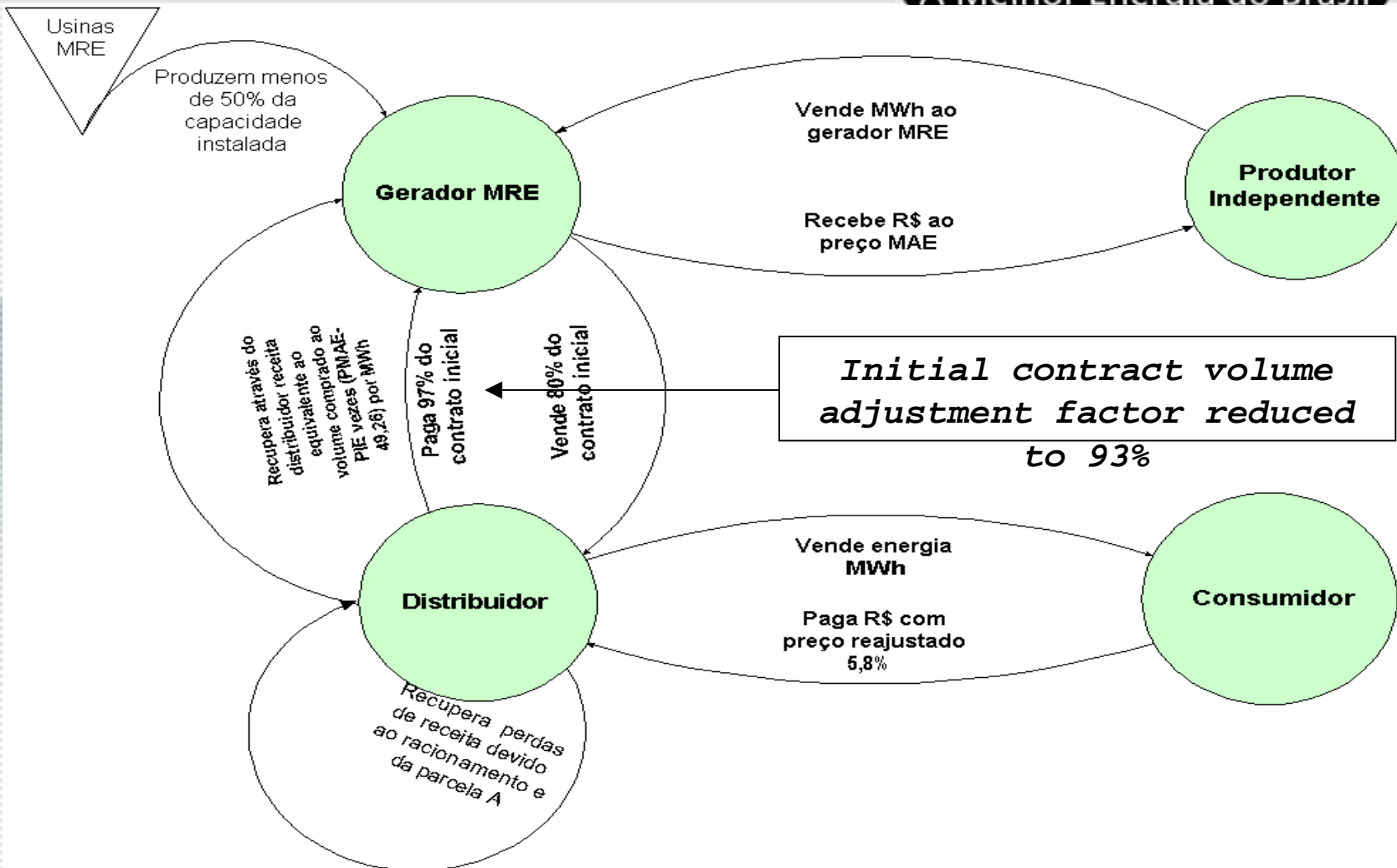
All financial information in Brazilian GAAP



Aneel reduced the adjustment factor of the initial contract volume



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All financial information in Brazilian GAAP



Energy purchased reflects rationing adjustment

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A Melhor Energia do Brasil

Holding

Operating Expenses						
Values in million of Reais						
	2002			2001		
	1st HALF	2nd QUA	1st QUA	1st HALF	2nd QUA	YEAR
Energy Purchased	662	302	360	512	280	1,514
Labor	262	130	132	302	135	549
Depreciation and amortization	258	129	129	248	125	503
CCC	160	90	70	156	85	249
Transmission Grid Charges	142	77	65	132	66	250
Outsourced Services	108	58	50	102	56	214
Forluz – Employee post-retirement benefits	108	54	54	101	50	201
Other Expenses	135	61	74	161	90	324
Total	1,835	902	933	1,713	886	3,804

All financial information in Brazilian GAAP

Labor Costs

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Values in million of Reais

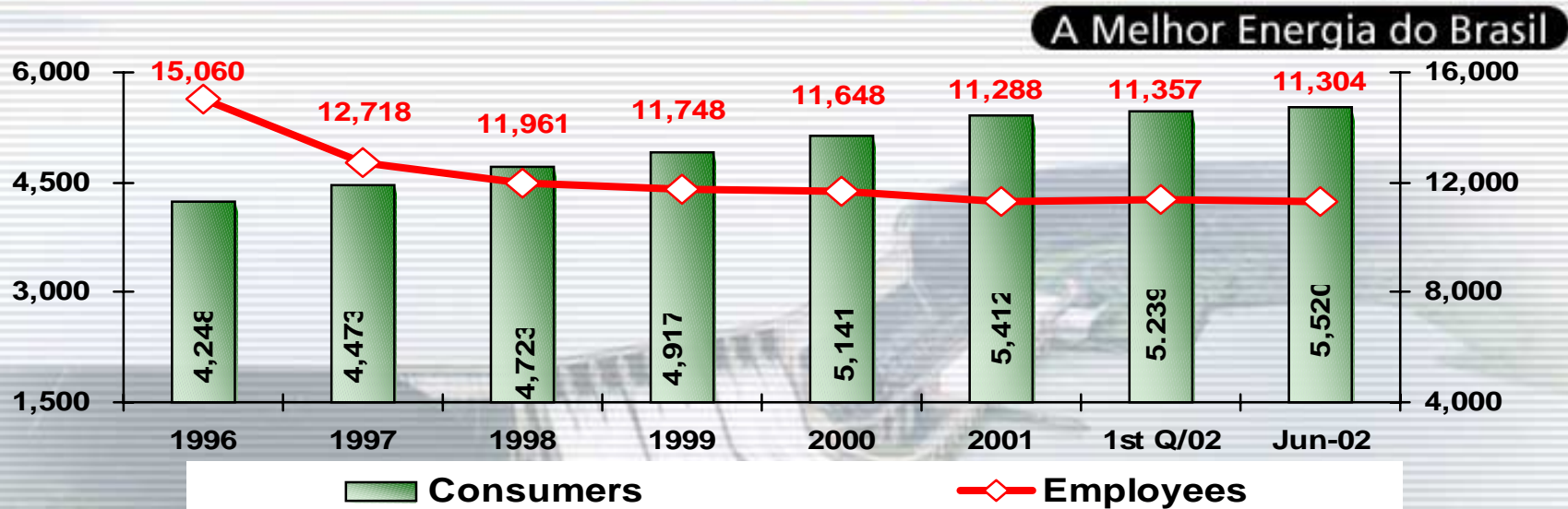
A Melhor Energia do Brasil

Description	Jun/02	Jun/01	Change (%)
Payroll	264.0	259.0	1.9
Forluz Expenses	17.5	16.3	7.2
Health care and insurance	27.0	31.2	(13.5)
Subtotal	308.5	306.5	0.7
Capitalized costs	(48.6)	(36.7)	32.5
Subtotal	259.9	269.8	(3.7)
Voluntary Dismissal Program	1.8	32.5	(94.6)
Total Cost	261.7	302.4	(13.5)

✓ Salary increase of 8.16%, granted last Nov, offset by a 1.6% reduction in headcounts

All financial information in Brazilian GAAP

Productivity Gains



	1997	1998	1999	2000	2001	As of June/02	As of June/ 01
Consumers per Employee	352	391	418	441	479	488	461
MWh sold / Employee	2,676	3,282	3,332	3,647	3,093	1,516	1,694
Labor expenses per net revenue	27.9	19.2	16.0	14.2	11.7	11.6	15.6
Net revenue per expenses	0.83	0.73	0.86	0.81	0.81	0.83	0.89
Added value ratio	1.21	1.38	1.16	1.24	1.24	1.20	1.13
Sales decreased (%) 2001/2000	3.10	2.20	(0.03)	7.00	(16.2)	(10.3)	(3.0)
Operating expenses / MWh	49	50	75	69	109	107	89

Exchange earnings in 2002 compared to exchange losses in 2001

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Company

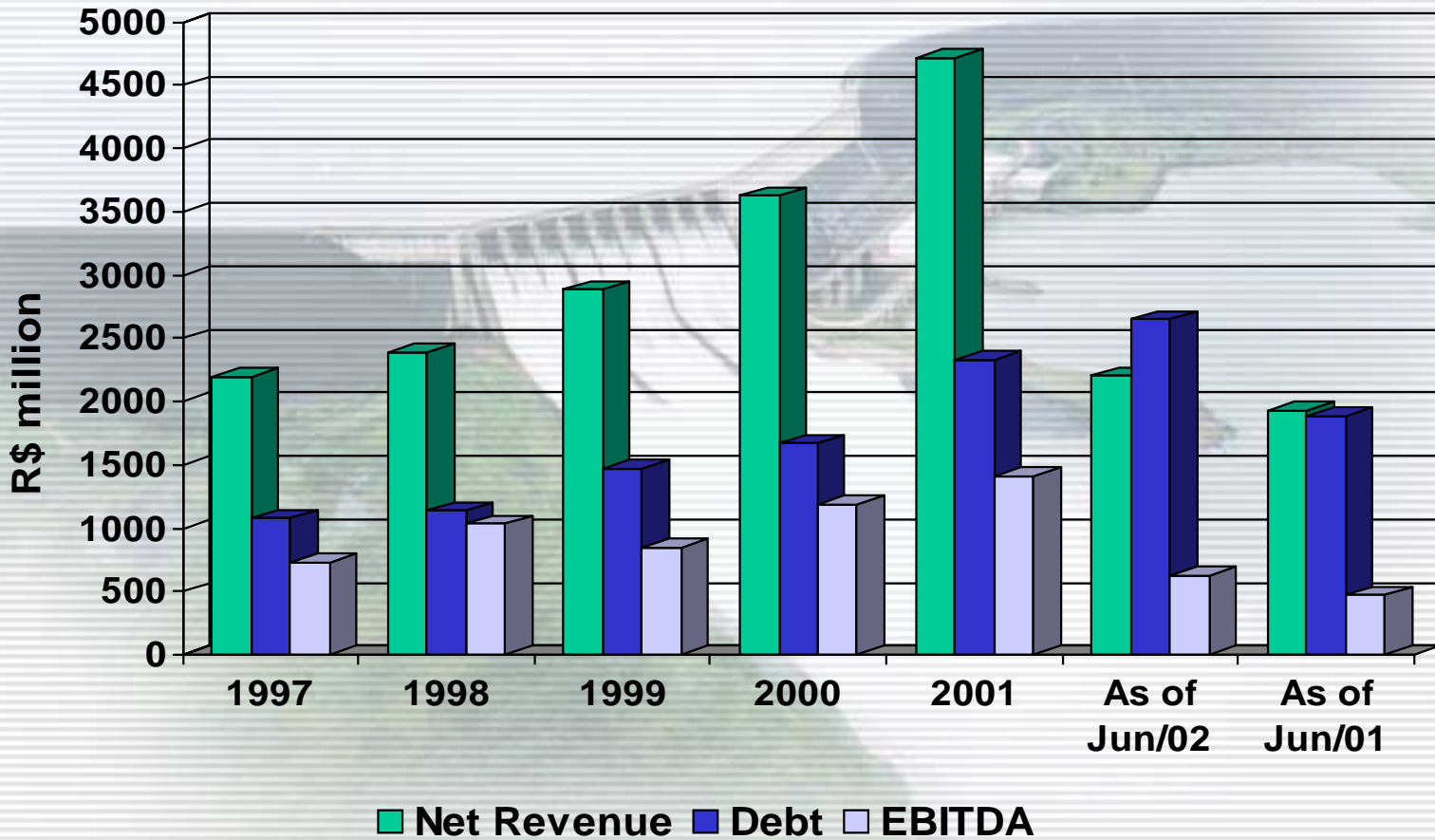
Financial Statements Analysis						
Values in million of Reais						
	2002			2001		
	1st HALF	2nd QUA	1st QUA	1st HALF	2nd QUA	YEAR
Financial Revenues						
CRC Contract	135	92	42	99	57	253
Financial Application Income	90	62	28	27	14	78
Monetary Variation - Extraordinary Revenues	138	76	62	-	-	26
FX - Gains	29	23	6	15	8	58
Others	19	9	10	47	17	21
	411	262	149	188	96	506
Financial Expenses						
Interest on Loans and Financing	(115)	(60)	(55)	(83)	(38)	(221)
Monetary Variation - Utilities	(51)	(31)	(20)	(10)	(7)	(33)
CPMF - Financial Transactions Tax	(11)	(6)	(5)	(11)	(6)	(27)
FX - Losses	(327)	(325)	(2)	(230)	(100)	(267)
Others	(36)	(36)	-	(22)	(13)	(60)
	(540)	(458)	(82)	(356)	(164)	(608)
Interests on Capital	120	120	-	-	-	103
	(249)	(316)	67	(169)	(69)	(205)

All financial information in Brazilian GAAP

Debt growth caused by FX losses



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Cash Flow

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(Values in thousands of Reais)

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	Consolidated		Company	
	Year to	Year to	Year to	Year to
	30/06/2002	30/06/2001 Reclassified	30/06/2002	30/06/2001 Reclassified
From Operating Activities				
Net income (loss)	174,441	14,152	174,441	14,152
Depreciation and amortization	270,843	253,544	257,729	247,729
Extraordinary revenues	(261,425)	-	(261,425)	-
Sales to other utilities	(32,272)	-	(32,272)	-
Energy purchased from IPP	42,986	-	42,986	-
Post-employment expenses	108,498	10,053	108,498	10,053
Others	(70,068)	271,194	(65,711)	(220,499)
Cash from operating activities	233,003	548,943	224,246	51,435
Financing activities				
Borrowings	147,512	90,690	147,512	90,690
Debt repayment	(227,257)	(191,291)	(214,343)	(191,291)
Special obligations	67,410	99,906	67,410	99,906
Sales paid in advance	(30,370)	(28,955)	(30,370)	(28,955)
Advance for future capital increase	11,526	-	-	-
Dividends and interest on capital	(367)	(105)	(367)	(110)
Cash available for investment activities	201,457	(29,755)	(30,158)	(29,760)
Investments				
In affiliates	187,629	4,374	223,600	31,236
PPE	285,099	288,354	244,517	249,233
Deferred assets	10,260	165	-	-
Change in cash	482,988	292,893	468,117	280,469
Breakdown of the change in cash and cash equivalent account				
At fiscal year beginning	705,844	245,108	642,492	219,281
At first half end	424,313	471,403	368,463	423,402



Foreign Currency debt reduced by Eurobond repayment



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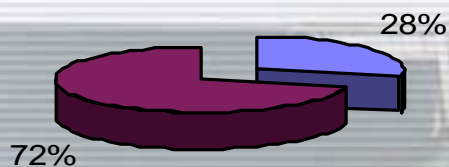
Million of Reais

Holding

	Short-term (*)	Long-term	Total
Foreign Currency	483	1,217	1,700
Local Currency	136	1,054	1,190
Scrow Account	(205)	(35)	(240)
Total	414	2,236	2,650

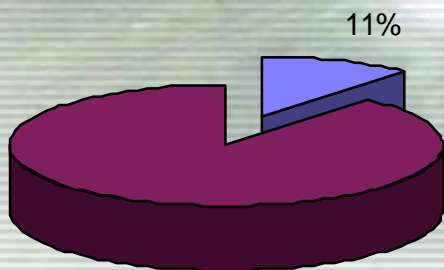
(*) Including interest and charges

Foreign Currency



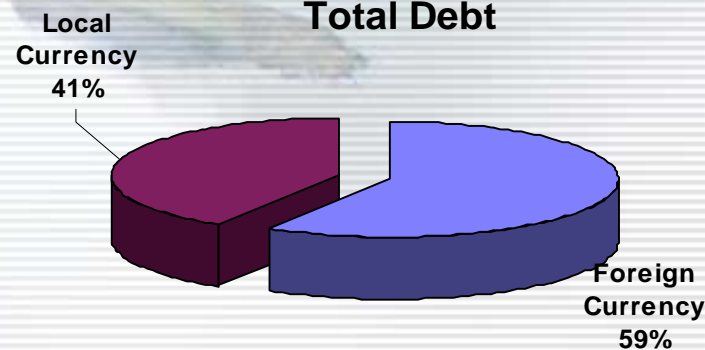
■ Short-term ■ Long-term

Local Currency



■ Short-term ■ Long-term

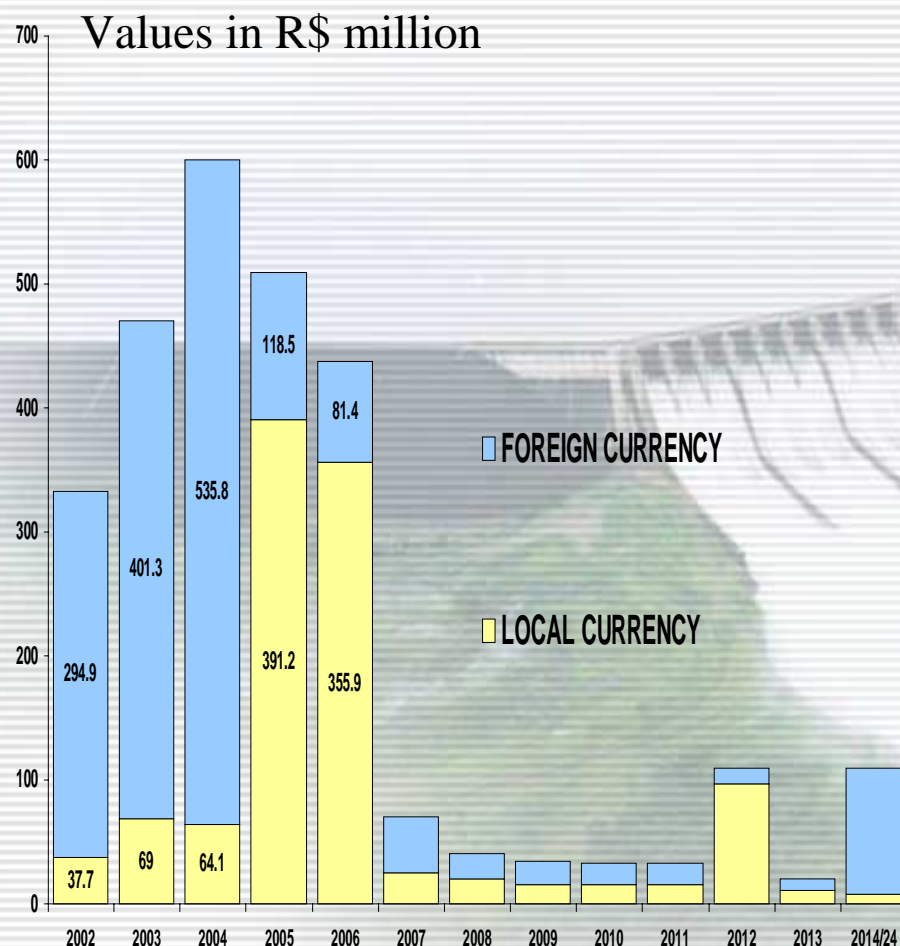
Total Debt



Debt Maturity Schedule

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- US\$95 million rollover in the second quarter:
 - Banco Itaú S/A
 - US\$50 million
 - Tenor: 59 months
 - Libor (6 mos) plus 3.25% p.a.
 - Citibank N.A., ABN – AMRO Real S.A.
 - US\$45,6 million,
 - Tenor : 36 months,
 - Libor (6 mos) plus 4.25% p.a..
- To be rolled over in 2002
 - US\$87,6 million.
- To be rolled over in 2003
 - US\$124,3 million.

All financial information in Brazilian GAAP

Related part transactions



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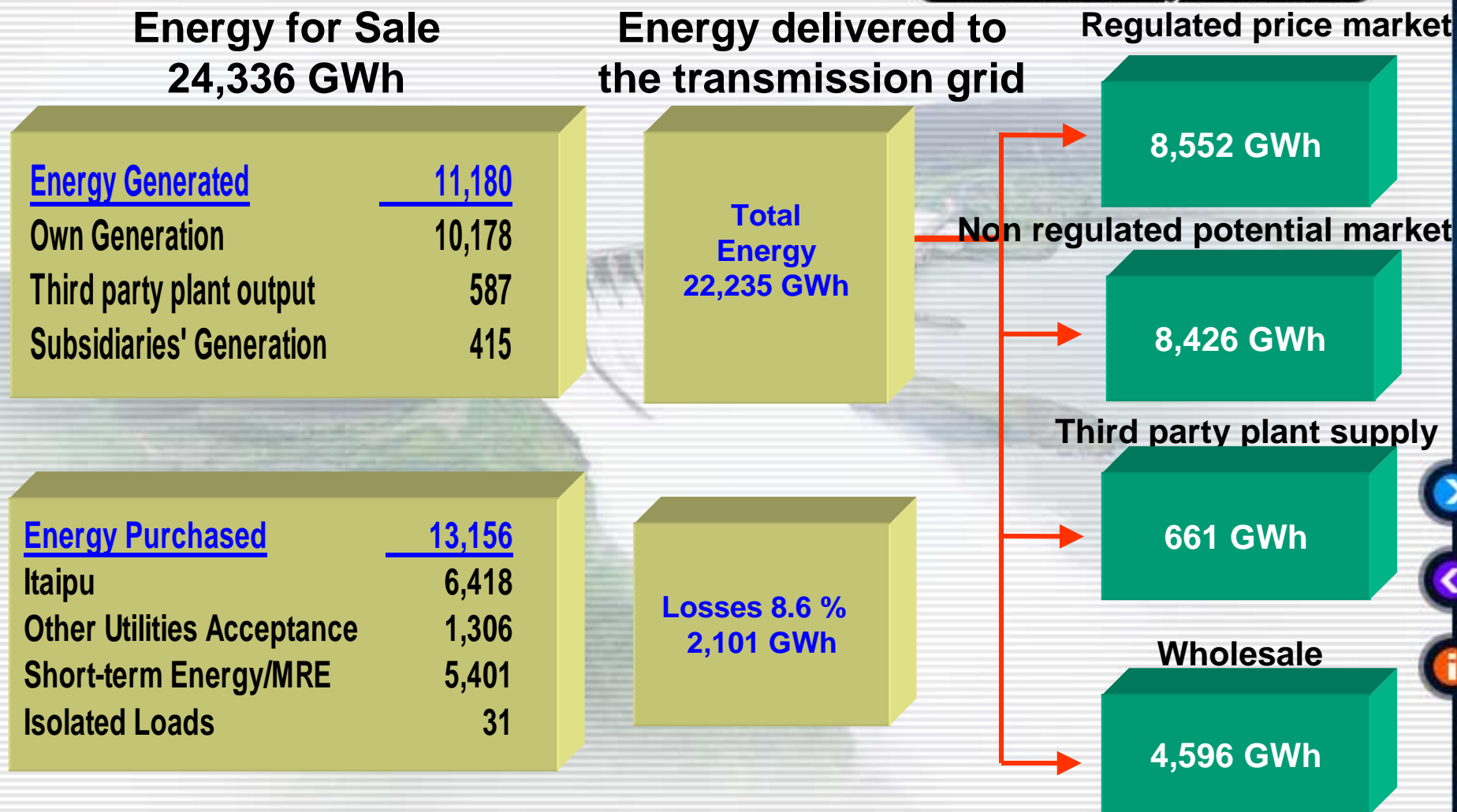
A Melhor Energia do Brasil**Values in thousand of Reais – 06/30/2002**

	<i>Minas Gerais State Government</i>
ASSETS	
Current Assets	
Receivable accounts	8,427
Taxes and social recoverable charges	
Recoverable taxes - State ICMS (VAT) - Complementary Law 102	22,958
Long-term receivables	
CRC receivables from Minas Gerais State Government	1,626,874
Others	
Recoverable taxes - State ICMS (VAT)	18,843
Recoverable taxes - State ICMS (VAT) - Complementary Law 102	47,433
LIABILITIES	
Current Liabilities	
Taxes and social charges - State VAT	
ICMS (VAT) payable	80,361
Dividends to be paid	78,464
STATEMENT OF INCOME	
Gross Sales	10,952
Gross Sales Deduction - ICMS (VAT)	(538,124)
Interest and monetary restatement - Receivable accounts from the Minas Gerais State Government	134,769

All financial information in Brazilian GAAP

Energy Balance 2002

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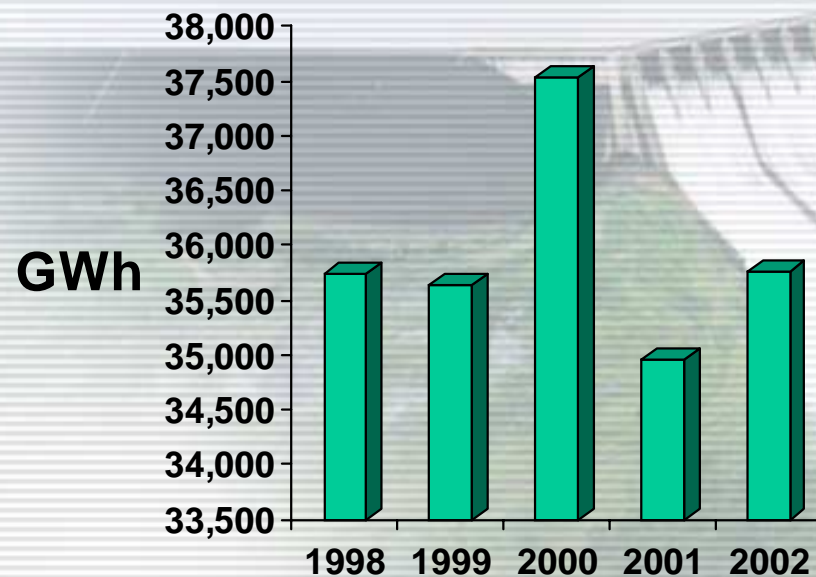
Energy retail sale volume growth analysis



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Retail sale growth



- **Estimated retail sales in 2002 are:**

- Matches 1998 and 1999's
- 4.7% lower than 2000's
- 2.3% higher than 2001's



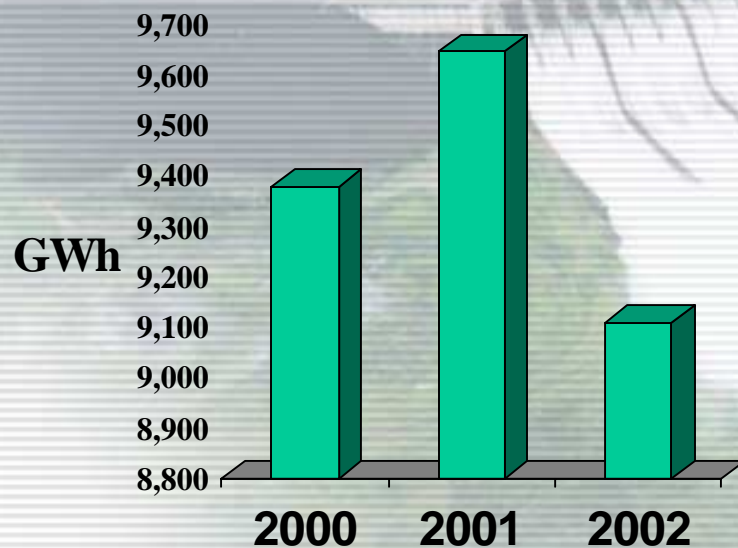
Energy retail sale volume growth analysis



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Second Quarter Analysis



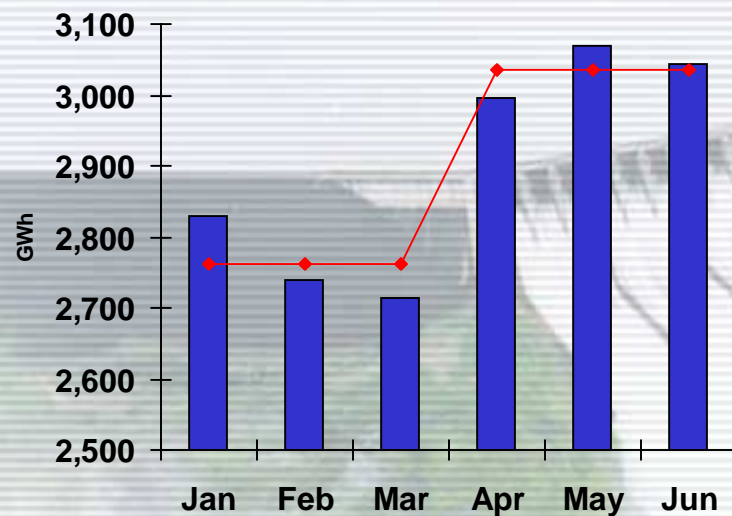
- 2nd Q 02 retail sale volume is :
 - 1.4% lower than 2000's
 - 5.6% lower than 2001's



Energy retail sale volume growth analysis



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■ Retail Sales

◆ Monthly average consumption

- In the 2nd Q 02, the monthly average retail sale volume was 10% higher than 1st Q 02



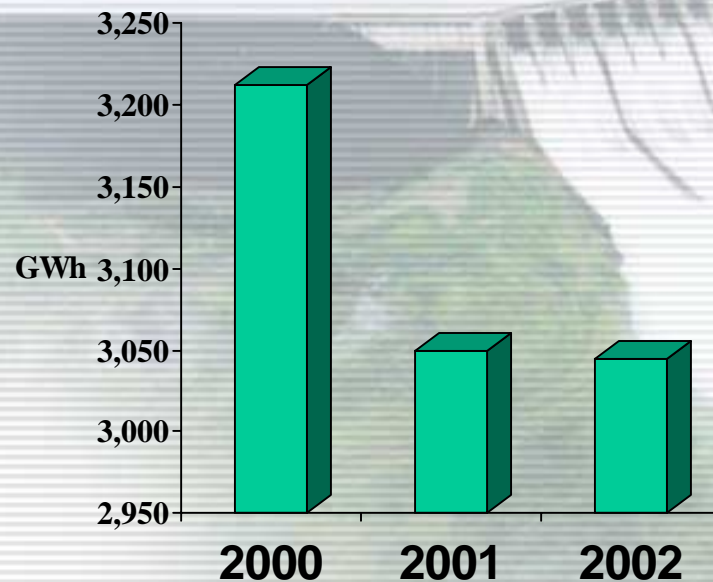
Energy retail sale volume growth analysis



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June retail sale analysis



- **June 02 retail sales were:**
 - **Approximately flat compared to June 2001's**
 - **5% lower than 2000's**



Energy retail sale volume growth analysis



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- **2002 energy retail sale estimate is still higher than the 2001 energy retail sales**
- **Nonetheless, 2002 estimate matches 98 and 99 retail sales**
- **The impact of 2001/2002 rationing will persist for at least 3 years**
- **This means that 2000 retail sale level will be matched only in 2005**



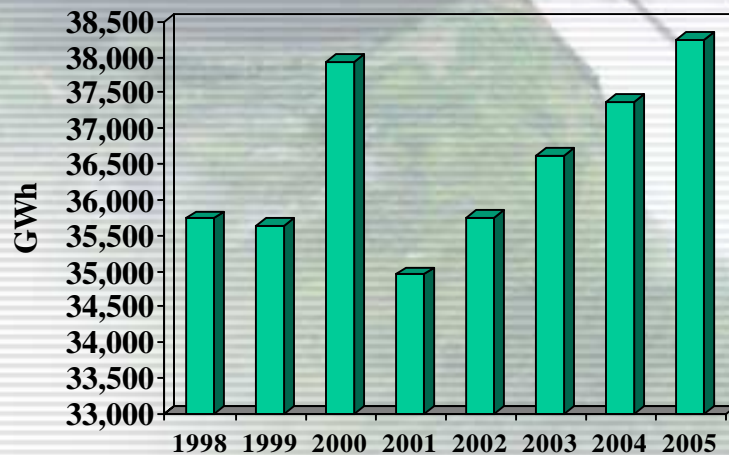
Retail sale volume growth estimate reflects the impact of 2001-2002 rationing



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2002-2005 estimated energy retail sale growth

- For the 2003-2005 period the annual growth rate estimated is 2.2%
- 2000-2004 CAGR is - 0.4%



- **The major reasons for a slower growth are:**
 - **Change in the average residential and commercial consumption :**
 - in the 1st half 02 is 16% and 13% lower than 2001's, respectively;
 - **Change in the industrial consumption pattern :**
 - some are replacing utility supply by self-generation (hydropower projects at the aluminum industry, cogeneration projects at the steel and fertilizer industries) and diesel fired generators or other alternatives during peak hours.



Therefore, we are revising our estimate for 2002



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- **New requirements for low income consumer subsidy brought a R\$ 5 million monthly revenue loss.**
- **The reduction of the initial contract volume rose from 2.4% to 6.3%, implying in a lower revenue loss recovery**
- **Consumption growth estimate now is 2.3% down from 4%, previously foreseen.**



CAPEX

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R\$3.4 billion planned for the next 4 years Economic Basis

Items	Actual			Projected			
	2000	2001	As of Jun/02	2002	2003	2004	2005
Generation	144.4	169.0	133.7	416.7	201.3	91.2	13.8
Transmission	8.9	46.8	19.5	44.6	96.6	104.2	94.9
Sub-transmission	40.6	31.5	25.5	98.8	130.9	121.9	126.7
Distribution	291.8	348.1	115.5	399.5	354.9	321.0	292.4
Other	17.3	6.8	9.1	93.0	64.7	87.9	90.5
Infovias	18.5	33.2	117.0	117.0	-	-	-
TOTAL	521.5	635.4	420.3	1,169.6	848.4	726.2	618.2

Values in million of reais

All financial information in Brazilian GAAP

Main Projects

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Generation Capacity Expansion (MW)

PLANT	2002	2003	2004	2005	2006	CEMIG's Participation (%)
Hydro power plants						
In operation	5,434					
Under construction						
FUNIL	180					49.00
QUEIMADOS		105				82.50
AIMORÉS		330				49.00
IRAPÉ				360		
CAPIM BRANCO I			240			21.05
CAPIM BRANCO II					210	21.05
Thermal power plants						
In operation	171					
Under construction						
SULMINAS			500			31.00
BARREIRO		13				
IGARAPÉ		219				
Others	1					
Cemig's total capacity	5,694	6,175	6,380	6,740	6,784	



Queimado



Funil



Aimorés



Porto Estrela

Outlook

All financial information in Brazilian GAAP

Accomplishment with the best Corporate Governance practices

CEMIG

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- **BOVESPA Level I : CMIG3 and CMIG4**
- **NYSE Level II ADR: CIG**
- **Latibex : XCMIG**
- **Dow Jones Sustainability Index 2000 and 2001**

