



EARNINGS FORECAST REVIEW 2006 - 2010

CFO AND INVESTOR RELATIONS DIRECTOR

NOVEMBER/06



Disclaimer



- Some statements in this presentation are regarded under U.S. Securities law as *forward-looking statements*, i.e., statements that are subject to risks and uncertainties. Forward-looking statements are forecasts which may differ materially from the final figures and which are not under our control. For further information on the risks and uncertainties as they relate to us, please see our 20-F form for 2005, in particular, item 3 which contains “Basic Information – Risk Factors.”

All figures are expressed in Brazilian GAAP.



AGENDA

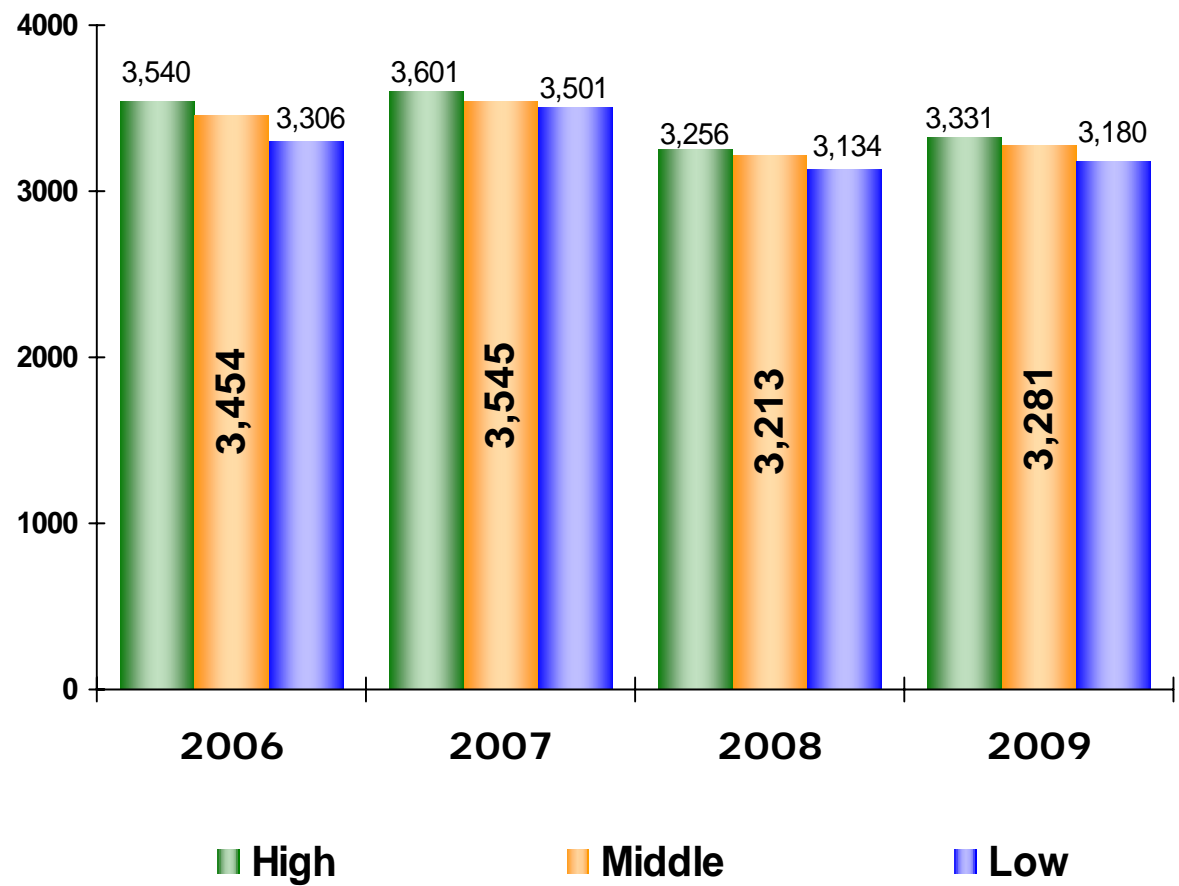
REASONS FOR UPDATING GUIDANCE FROM MAY 2006

GUIDANCE PROCESS REVISIONS AND EXPLANATION

NEW 2006 GUIDANCE

EBITDA FORECAST 2006/09

R\$ MM



**GUIDANCE
MAY 2006**

3,454

(419)

**GUIDANCE
NOV 2006**

3,035

NEGATIVE

POSITIVE

RATE CASE REVENUE REIMBURSEMENT

PROVISIONS

RTD **(173)**

Operational Provisions **59**

PASEP/COFINS **(67)**

(Labor, civil, others)

PROFIT SHARING BONUS

PSB **(80)**

ACQUISITIONS

Revision LIGHT/TBE **(141)**

PERSONAL COLLECTIVE AGREEMENT

Odontology Plan **(17)**



- Reasons for redesigning the process
 - Enhancement of the accuracy of information disclosed to the public
 - Compliance with practices under *Sarbanes- Oxley* law– section 404: certification of information utilized in projections
- Design of new process
 - Creation of a committee with managers from several areas
 - Certification of each step of the process
 - Dedicated modeling *software* and *hardware*
 - Connection of management information systems (SAP) and of risk management
 - Update and communicate with the financial market two times per year
 - Integration of processes that make up the Financial Planning

| Models | Update | Authorized by |
|---|---------------|----------------------|
| Long term projections of CEMIG controlling group | Yes | DFN/A |
| Base year projection for income statement (2006) | Yes | CR |
| Balance sheet projections for base year (Dez/ 2006) | Yes | CR |
| Cash Flow Projections for base year | Yes | CR |
| Macroeconomic indicators | Yes | PP/PE and ED |
| Sales forecast | Yes | ED, PL and RL |
| Invoiced Revenue – Generation, Transmission, Distribution | Yes | PP/TF |
| Invoiced Revenue (Distribution – low income arrival) | Yes | PP/TF |
| RTD – Deferred tariff revenues | Yes | CR |
| RTE – Extraordinary Tariff Adjustment | Yes | PP/TF |
| Pis/Cofins | Yes | CR and PP/IV |
| Operating Expenses (Distribution) | Yes | PP, DDC and DGE |
| Operating Expenses (Generation and Transmission) | Yes | PP, DGT and DGE |
| Other Expenses ^(*) | Yes | CR |
| Purchased Energy | Yes | CV and PP/TF |
| ONS Payment | Yes | CV and PP/TF |
| Other Charges | Yes | PP/TF |
| Investments | Yes | Sub Committee CPE |
| Depreciation | Yes | PP/IV |
| Debt | Yes | CR |

PRIOR SCENARIO

- With Brazil obtaining Investment Grade status for 2008/2009, new resources available will contribute to reduce interest rates
- Structural reforms that will be made during 2007 allow for stronger growth in GDP

UPDATED SCENARIO

- Brazil obtaining Investment Grade status is not sufficient to allow a material reduction in interest rates, remembering that other emerging market countries (during this time) have also received Investment Grade status.

The consequence is small.

- The GDP growth assumes a conservative position due to the weak Brazilian economic performance when compared to other Emerging Market countries.

Brazil should continue to have a lower growth rate than other emerging market countries.



NEW PROJECTION

Comparison between prior and updated scenarios

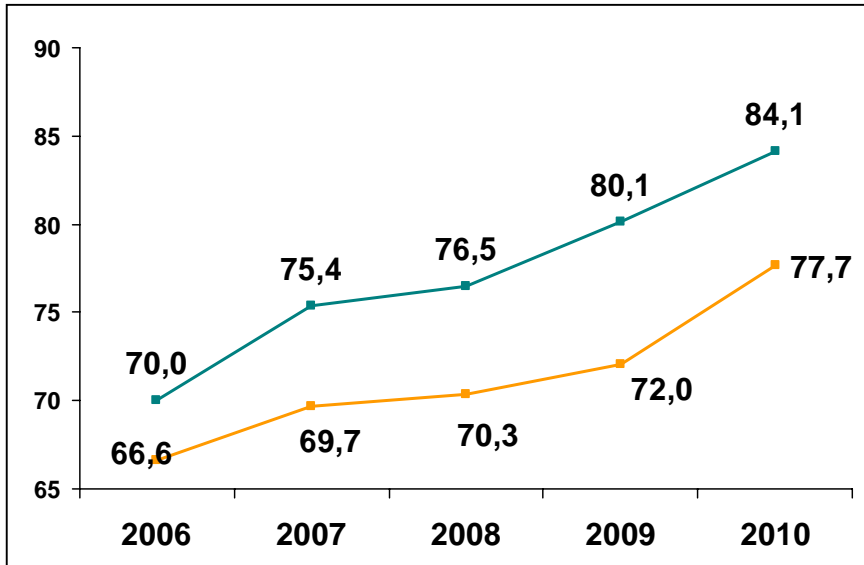
| Year | Prior | | | | Updated | | | |
|------|-------|-----|-------|----------|---------|-----|-------|----------|
| | IGP-M | PIB | Selic | Dollar | IGP-M | PIB | Selic | Dollar |
| | % | | | R\$/US\$ | % | | | R\$/US\$ |
| 2007 | 5.4 | 3.0 | 13.3 | 2.4 | 4.7 | 3.5 | 13.5 | 2.3 |
| 2008 | 5.6 | 3.8 | 12.1 | 2.5 | 4.8 | 3.5 | 13.1 | 2.4 |
| 2009 | 5.7 | 4.2 | 10.3 | 2.6 | 4.8 | 3.5 | 12.9 | 2.6 |
| 2010 | 5.6 | 4.6 | 8.9 | 2.7 | 4.8 | 3.5 | 12.6 | 2.7 |



LARGEST DIFFERENCES

POWER GENERATION PRICE CURVE

REVIEW

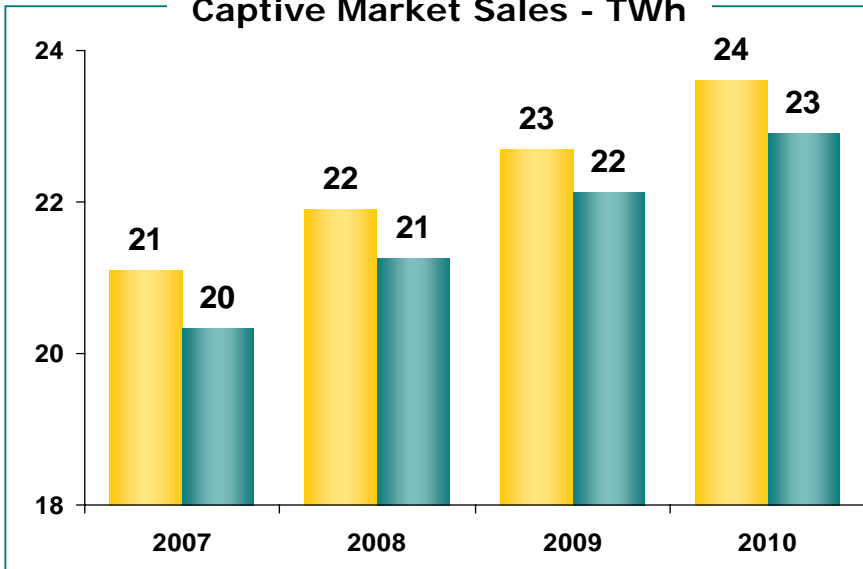


Results from auctions and contracts with free consumers

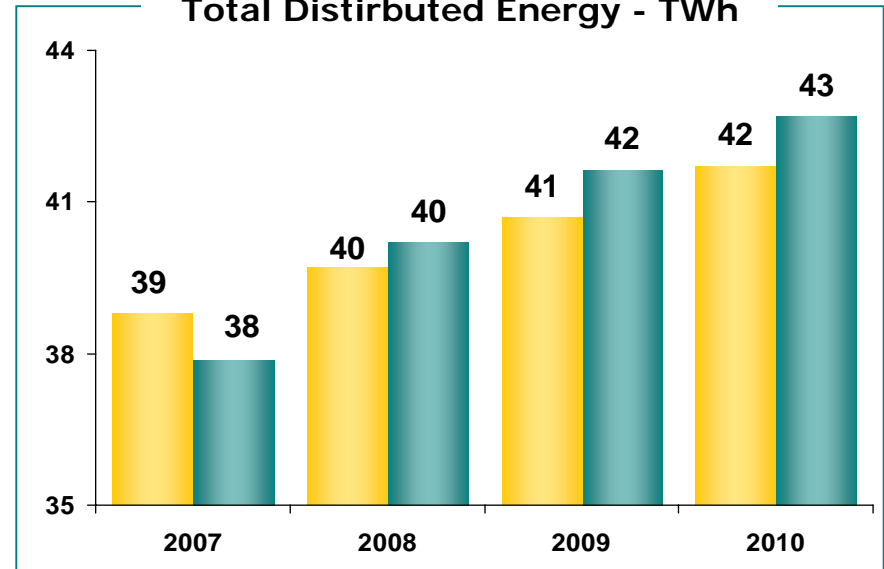
■ **UPDATED GUIDANCE**
■ **PRIOR GUIDANCE**



- For contracts that are to be renewed with free clients, new price expectations were considered that reflect a lower future availability of energy in the market.
- Un-contracted energy (PLD) for 2007/08 was sold at a public offering by CEMIG, attaining a superior price level than the May 2006 assumption.
- Surplus energy (PLD) was priced higher than outlined in May 2006, reflecting effective conditions of attendance in September 2006.
- “BOTOX” power plants expected revenues from 2011 to 2009 (average 355MW, R\$125.78/MWh) .

Captive Market Sales - TWh



Total Distributed Energy - TWh



 **UPDATED GUIDANCE**
 **PRIOR GUIDANCE**

COMMENTS

- Change in macroeconomic environment;
- Move of captive clients to unregulated energy market;
- Move of Network Distribution users to National Grid;
- Planned projects and expansions in the prior cycle that were not carried out.

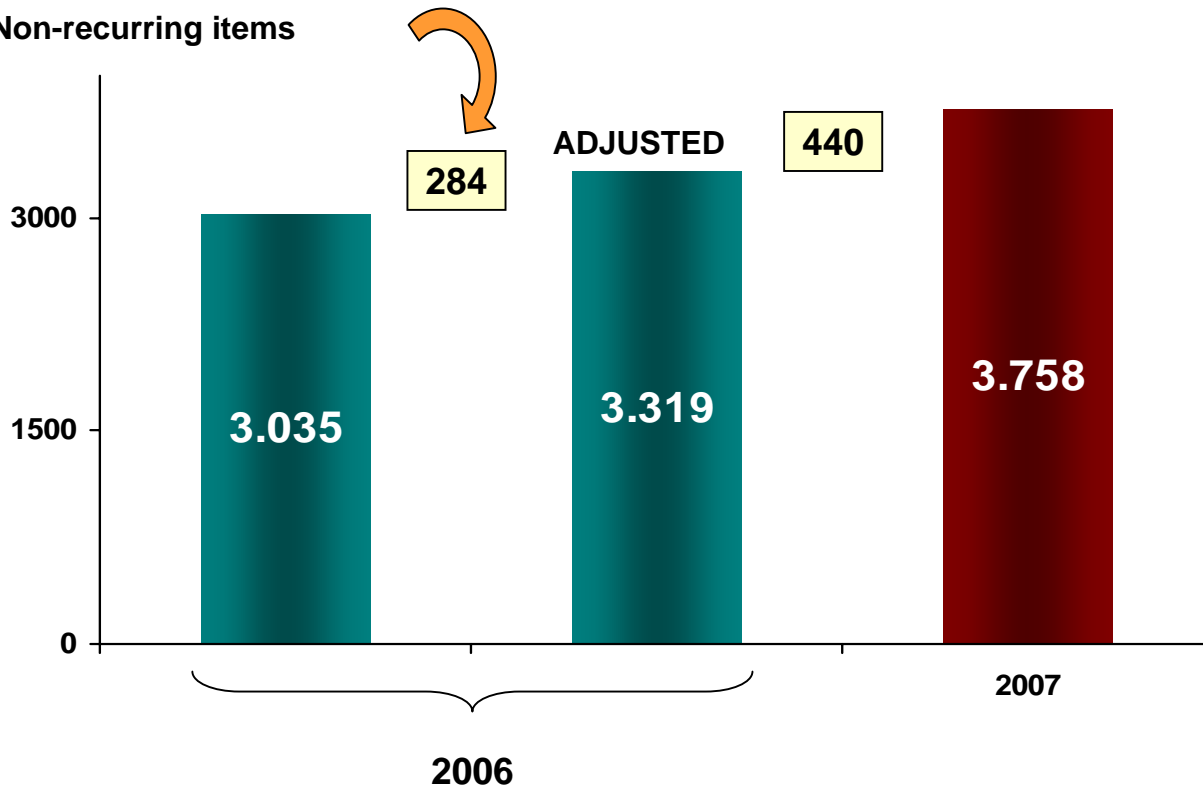


CONSOLIDATED EBITDA Projected Composition 2006/07

CONSOLIDATED EBITDA

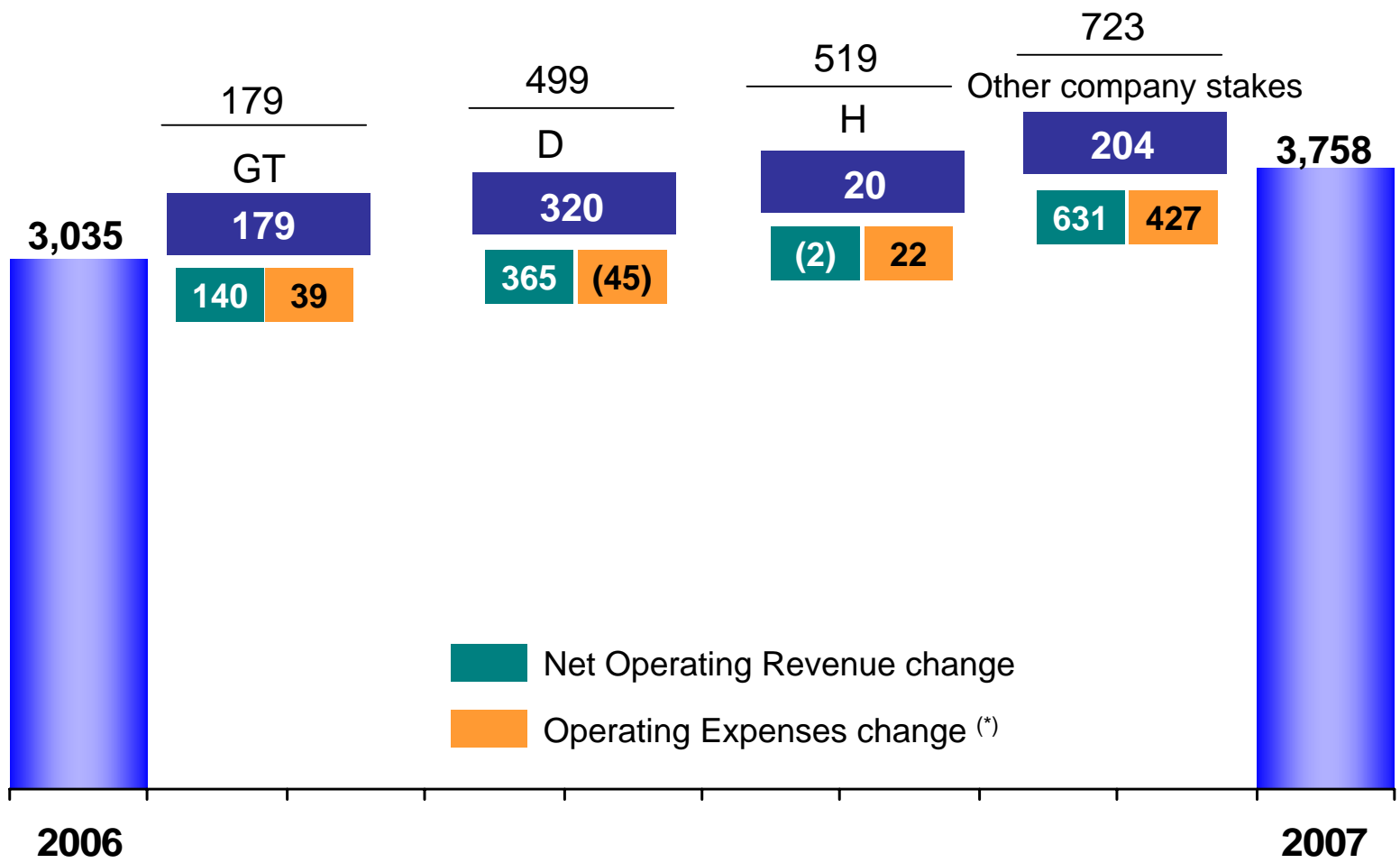
R\$ MM (Currency as of jun/06)

Non-recurring items



PRIOR GUIDANCE includes planning of current companies, and does not consider future acquisition or participation in auctions

EBITDA – R\$ MM



(*) Excluding PR and depreciation

| Companies | 2006 | 2006 adjusted | 2007 | 2008 | 2009 | 2010 |
|---------------------|--------------|--------------------------|--------------|--------------|--------------|--------------|
| GT | 1,391 | 1,451 | 1,570 | 1,630 | 1,717 | 1,820 |
| D | 1,364 | 1,575 | 1,684 | 1,529 | 1,566 | 1,605 |
| OTHER COMPANIES(*) | 280 | 293 | 504 | 485 | 472 | 507 |
| Consolidated | 3,035 | 3,319 | 3,758 | 3,644 | 3,755 | 3,932 |

(*)Includes HOLDING

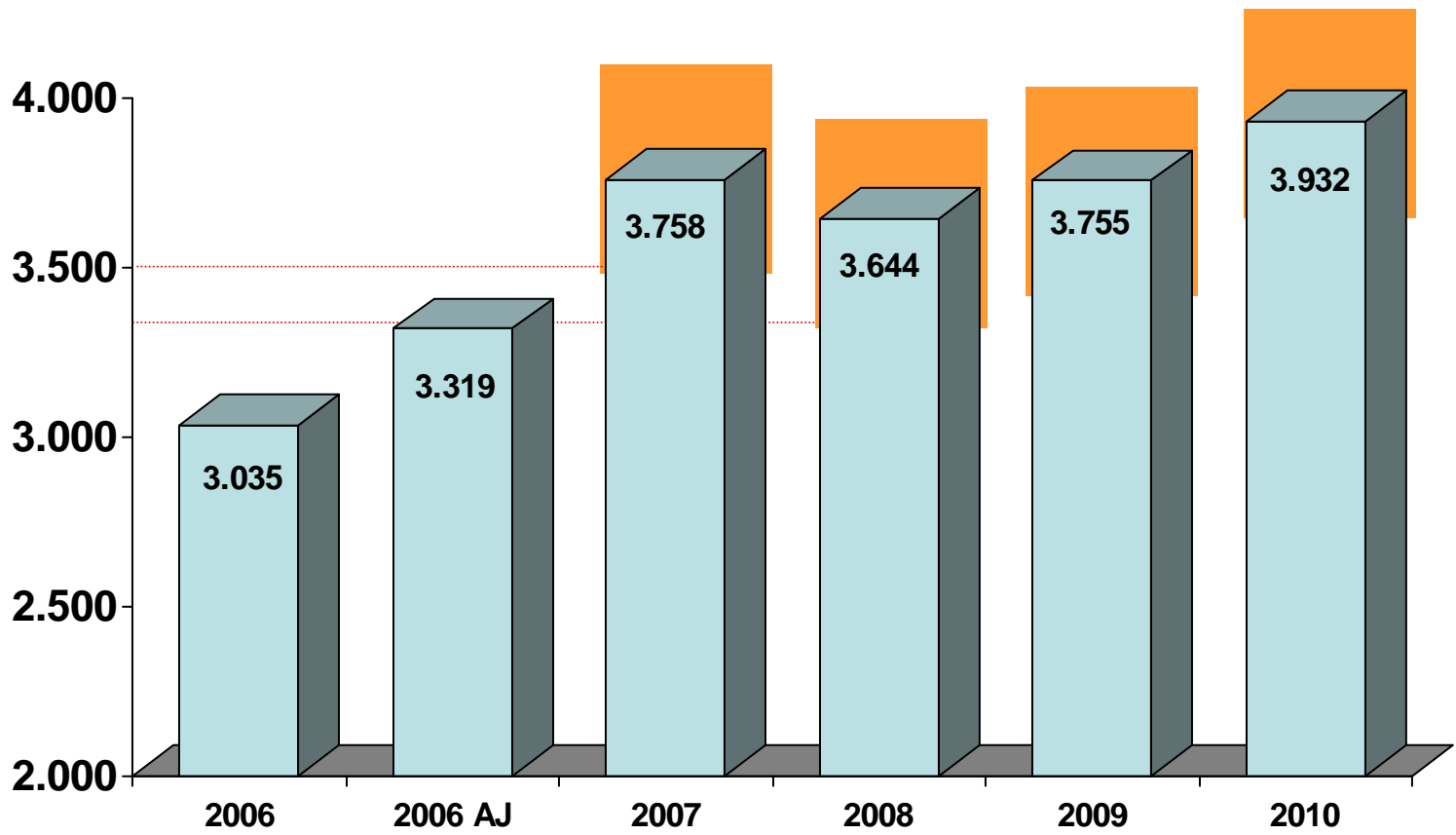
COMMENTS ABOUT DISTRIBUTOR EBITDA IN 2008

1. April 2008 rate review

- Capture productivity

2. Interest charge (R\$50 million, as of today) – financial compensation on the reimbursement for a lower revenue as of May 2004

ASSUMPTION UNCERTAINTIES LEAD TO THE ADOPTION OF RANGES FOR EBITDA FORECAST





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