

ENERGY CO OF MINAS GERAIS

Form 6-K

November 22, 2010

[Table of Contents](#)

## **FORM 6-K**

# **SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

### **REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of November 2010**

**Commission File Number 1-15224**

## **Energy Company of Minas Gerais**

(Translation of Registrant's Name Into English)

**Avenida Barbacena, 1200**

**30190-131 Belo Horizonte, Minas Gerais, Brazil**

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

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Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If ☒ Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): **N/A**

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Table of Contents

Index

| Item      | Description of Item   |
|-----------|---|
| <u>1.</u> | <u>Third Quarter 2010 Earnings Release, Companhia Energética de Minas Gerais CEMIG</u>  |
| <u>2.</u> | <u>Quarterly Financial Information for the quarter ended September 30, 2010, Companhia Energética de Minas Gerais CEMIG</u>   |
| <u>3.</u> | <u>Market Announcement Transfer of Shares in Empresa Norte de Transmissão de Energia S.A. (ENTE), Empresa Regional de Transmissão de Energia S.A. (ERTE) and Empresa Catarinense de Transmissão de Energia S.A. (ECTE), Companhia Energética de Minas Gerais CEMIG, November 12, 2010</u> |
| <u>4.</u> | <u>Market Announcement Acquisition of shares in Light: payment and transfer of final tranche, Companhia Energética de Minas Gerais CEMIG, November 17, 2010</u>   |
| <u>5.</u> | <u>Summary of Principal Decisions of the 496th Meeting of the Board of Directors, Companhia Energética de Minas Gerais CEMIG, November 18, 2010</u>   |
| <u>6.</u> | <u>Summary of Principal Decisions of the 124th Meeting of the Board of Directors, Cemig Geração e Transmissão S.A., November 18, 2010</u>   |
| <u>7.</u> | <u>Summary of Principal Decisions of the 117th Meeting of the Board of Directors, Cemig Distribuição S.A., November 18, 2010</u>  |

Forward-Looking Statements

This report contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. Actual results could differ materially from those predicted in such forward-looking statements. Factors which may cause actual results to differ materially from those discussed herein include those risk factors set forth in our most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. CEMIG undertakes no obligation to revise these forward-looking statements to reflect events or circumstances after the date hereof, and claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA ENERGETICA DE MINAS  
GERAIS CEMIG

By: /s/ Djalma Bastos de Moraes  
Name: Djalma Bastos de Moraes  
Title: Chief Executive Officer

Date: November 22, 2010

Table of Contents

1. Third Quarter 2010 Earnings Release, Companhia Energética de Minas Gerais CEMIG

Table of Contents

**EARNINGS RELEASE**

**3Q2010**

**Cemig H**

**(Figures in R\$ 000, except where otherwise indicated)**

Table of Contents

**Disclaimer**

Some statements and estimates in this material may represent expectations about future events or results that involve risks and uncertainties known and unknown. There is no guarantee that the events or results referred to in these expectations will occur.

These expectations are based on present assumptions and analyses from the viewpoint of our management, based on their experience, the macroeconomic environment, market conditions in the energy sector and our expected future results, many of which are not under Cemig's control.

Important factors that can lead to significant differences between actual results and projections about future events or results include Cemig's business strategy, Brazilian and international economic conditions, technology, Cemig's financial strategy, changes in the energy sector, hydrological conditions, conditions in the financial and energy markets, uncertainty regarding future results of operations, plans and objectives as well as other factors. Because of these and other factors, our actual results may differ significantly from those indicated in or implied by these statements.

Table of Contents

The information and opinions contained herein should not be understood as a recommendation to potential investors and no investment decision should be based on the truthfulness, or completeness as of the date hereof of this information or these opinions. None of Cemig's professionals nor any of their related parties or representatives shall have any liability for any losses that may result from the use of the content of this presentation.

To evaluate the risks and uncertainties as they relate to Cemig, and to obtain additional information about factors that could lead to different results from those estimated by Cemig, please consult the section on Risk Factors included in our Formulário de Referência filed with the Brazilian Securities Commission – CVM, and in Form 20-F filed with the U.S. Securities and Exchange Commission – SEC.



Table of Contents

**Contents**

|   |    |
|---|----|
| <b><u>Disclaimer</u></b>  | 6  |
| <b><u>3Q10 Highlights</u></b>   | 12 |
| <b><u>Share price appreciation</u></b>  | 12 |
| <b><u>Economic Summary</u></b>  | 13 |
| <b><u>The electricity market of Cemig GT</u></b>                                    | 15 |
| <b><u>The electricity market of Cemig D</u></b>                                     | 17 |
| <b><u>The electricity market of Light</u></b>                                       | 19 |
| <b><u>Consolidated operational revenue</u></b>                                      | 19 |
| <b><u>Revenue from electricity supply</u></b>                                       | 19 |
| <b><u>Revenue from use of the grid Free Consumers</u></b>                           | 20 |
| <b><u>EBITDA</u></b>  | 21 |
| <b><u>Net income</u></b>  | 21 |
| <b><u>Deductions from operational revenues</u></b>                                  | 22 |
| <b><u>Operational costs and expenses (excluding Financial revenue/expenses)</u></b> | 23 |
| <b><u>Financial revenues (expenses)</u></b>   | 27 |
| <b><u>Income tax and Social Contribution tax</u></b>                                | 28 |
| <b><u>CEMIG GT Tables I to III</u></b>  | 29 |
| <b><u>CEMIG D Tables I to IV</u></b>  | 30 |

Table of Contents

- *Cemig's CEO, Mr. Djalma Bastos de Moraes, comments as follows:*

*The exceptional results that we are now presenting for the third quarter of 2010 reflect the success of our Long-term Strategic Plan, and the strategy that is linked to it which, by focusing on the long term, enables Cemig to present growing results, with a balanced portfolio of businesses, and with low risk.*

*After successfully making several acquisitions, Cemig is now in an excellent position in a context of strong economic growth, as is shown by the exceptional growth of our consumer market and the growth of our results in financial terms which are now back to pre-crisis levels.*

*We continue to do our homework, bringing our management practices into the companies that we acquire, and helping to improve their results through focus on operational excellence as is shown by the increases in the margins of the companies in which we have acquired interests.*

*Finally, the results presented show that we are on the right path, and that the decisions that we have taken in the last few years are constantly adding value to our businesses, making Cemig a company that is stronger and more solid every day, with efficient corporate management.*

Table of Contents

*Mr. Luiz Fernando Rolla, Cemig's Chief Officer for Finance, Investor Relations and Control of Holdings, made these comments:*

*In the third quarter we continued to provide consistent and robust cash flow, as a result of our operations, which aim to add value for our shareholders.*

*Our Ebitda in the quarter is R\$ 1.2 billion, 11% more than in the third quarter of 2009, boosted by our policy of maintaining high levels of operational efficiency – the excellence of which is evidenced by our Net income, of R\$ 553 million in this third quarter, 90% more than in the second quarter of this year.*

*This new level of results reflects the correctness of our growth strategy via acquisitions and new projects, within the process of consolidation of the sector. Even with as many as the 62 companies and 10 consortia that it now has, the Cemig Group presents operations that are synergetic, increasingly profitable, and positioned with lower risk, and greater stability – and results that are always growing over the long term.*

*Even after making the payments, in the year of 2010, for our acquisitions and for distribution of dividends, we continue to maintain a solid balance sheet, also reflected in our robust cash position of R\$ 4.2 billion – which makes it possible to carry out our Long-term Strategic Plan, while also guaranteeing our dividend policy, and the management of our debt, and carry out our planned capital expenditure, including those investments that are associated with opportunities for acquisitions.*

*The excellent results that we are presenting today show that we continue to add value, in a continuous and sustainable manner, for all our shareholders – and all our other stakeholders.*

Table of Contents

*The rest of this release gives the highlights of our third quarter financial figures.*

Table of Contents

**3Q10 Highlights**

|                                    |            |                    |
|------------------------------------|------------|--------------------|
| • Record Ebitda, of                | <i>R\$</i> | <i>1.2 billion</i> |
| • Net income:                      | <i>R\$</i> | <i>553 million</i> |
| • Net sales revenue                | <i>R\$</i> | <i>3.2 billion</i> |
| • Cash position:                   | <i>R\$</i> | <i>4.2 billion</i> |
| • Total sales up 8% from 3Q09, at: |            | <i>16,478 GWh</i>  |

**Share price appreciation**

|              | Close of 3Q10 | Close of 3Q09 | Appreciation  |
|--------------|---------------|---------------|---------------|
| <b>CMIG4</b> | <b>27.45</b>  | <b>23.38</b>  | <b>17.43%</b> |
| <b>CMIG3</b> | <b>20.10</b>  | <b>18.65</b>  | <b>7.78%</b>  |
| <b>CIG</b>   | <b>16.39</b>  | <b>13.68</b>  | <b>24.37%</b> |
| <b>CIG.C</b> | <b>11.93</b>  | <b>10.86</b>  | <b>9.88%</b>  |
| <b>XCMIG</b> | <b>11.67</b>  | <b>10.38</b>  | <b>12.43%</b> |
| Ibovespa     | 69,429        | 61,517        | 12.86%        |
| IEE index    | 25,497        | 22,330        | 14.18%        |

Table of Contents

**Economic Summary**

|                       | <b>3Q10</b> | <b>3Q09</b> | <b>Change (%)</b> |
|-----------------------|-------------|-------------|-------------------|
| Electricity sold, MWh | 16,478,003  | 15,242,398  | 8.11%             |
| Gross revenue         | 4,811,819   | 4,400,855   | 9.34%             |
| Net revenue           | 3,183,177   | 2,988,939   | 6.50%             |
| EBITDA                | 1,187,899   | 1,072,505   | 10.76%            |
| Net income            | 553,320     | 567,038     | -2.42%            |

**Cemig's aggregate energy market**

In the third quarter of 2010 ( **3Q10** ), Cemig sold a total of 16,478 GWh, 8.11% more than in the third quarter of 2009 ( **3Q09** ).

Highlights were the high volume of energy sold to industrial consumers, totaling 6,521 GWh in the quarter, and also the volume of energy sold to other concession holders, which was 6% higher than in 3Q09.

Table of Contents**Consolidated sales volume MWh**

|  |                   | MWh (*)           | Change,<br>% |
|--|-------------------|-------------------|--------------|
|  | 3Q10              | 3Q09              |              |
| Residential                                  | 2,475,266         | 2,390,877         | 3.53         |
| Industrial                                   | 6,521,231         | 5,618,583         | 16.07        |
| Commercial, services and others              | 1,492,038         | 1,456,060         | 2.47         |
| Rural  | 748,867           | 678,046           | 10.44        |
| Public authorities                           | 269,547           | 255,566           | 5.47         |
| Public illumination                          | 310,552           | 304,818           | 1.88         |
| Public service                               | 355,252           | 335,729           | 5.82         |
| <b>Subtotal</b>                              | <b>12,172,753</b> | <b>11,039,679</b> | <b>10.26</b> |
| Own consumption                              | 14,499            | 12,635            | 14.75        |
|  | <b>12,187,252</b> | <b>11,052,314</b> | <b>10.27</b> |
| Wholesale supply to other concession holders | 3,671,488         | 3,463,773         | 6.00         |
| Transactions in electricity on the CCEE      | 597,554           | 726,311           | (17.73)      |
| Sales under the Proinfa program              | 21,709            |                   |              |
| <b>Total</b>                                 | <b>16,478,003</b> | <b>15,242,398</b> | <b>8.11</b>  |

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(\*) The information in MWh has not been reviewed by the external auditors.

**Sales to final consumers**

The total volume of electricity sold to final consumers in the third quarter of 2010 was 12.187 GWh, or 10.27% more than the 11.052 GWh sold in the third quarter of 2009. There was outstanding growth in consumption by the industrial and rural categories of consumer, respectively 16.07% and 10.44% higher than in 3Q09.

The growth in all the consumer types reflects the definite resumption of growth in Brazil's economy, which is already 10.4% bigger than in the pre-crisis period (3Q08).

Table of Contents

This chart shows the breakdown of the Cemig Group's sales to final consumers:

**The electricity market of Cemig GT**

Cemig GT sold 9,001 GWh in 3Q10, 3.06% more than in 3Q09 (8,733 GWh). This level of sales is the result of Cemig's sales and business strategy, and its position as the largest wholesale supplier in the Brazilian market.

This increase is mainly due to the higher volume of electricity supplied to Free Consumers, which grew by a robust 23.29%.



Table of Contents

The volume of electricity sold to other concession holders, and under bilateral contracts, was 7.41% lower year-on-year. This mainly reflects the lower volume of electricity traded in the Regulated Market (CCEAR contracts), due to completion of some contracts, and redirection of the electricity to industrial clients.

|   | 3Q10             | MWh (*)<br>3Q09  | Change. %    |
|---|------------------|------------------|--------------|
| Industrial  | 4,941,138        | 4,018,184        | 22.97        |
| Commercial  | 15,458           | 1,296            | 1,092.75     |
|   | <b>4,956,596</b> | <b>4,019,480</b> | <b>23.31</b> |
| Wholesale supply to other concession holders (**) | 3,856,193        | 4,164,971        | (7.41)       |
| Transactions in electricity on the CCEE           | 166,227          | 548,999          | (69.72)      |
| Sales under the Proinfa program                   | 21,708           |                  |              |
| <b>Total</b>                                      | <b>9,000,724</b> | <b>8,733,450</b> | <b>3.06</b>  |

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(\*) Information in MWh has not been reviewed by external auditors.

(\*\*\*) Includes Regulated Market Electricity Sale Contracts (CCEARs) and bilateral contracts with other agents.

Table of Contents

**The electricity market of Cemig D**

Cemig D sold 6,301 GWh in 3Q10, 11.17% more than in 3Q09.

This increase reflects the recovery of the economy in the distribution company's concession area, led by the residential, commercial and rural consumer categories. As a result of the migration of consumers from the captive market to the free market, sales to the industrial category were 0.91% lower in 3Q10 than in 3Q09.

Adjusted for this migration, consumption by the industrial category was 11% higher, representing a volume of sales to final consumers 6% higher.

Table of Contents

|  | 3Q10             | MWh(*)<br>3Q09<br>Reclassified | Change. %    |
|--|------------------|--------------------------------|--------------|
| Residential                                  | 2,021,422        | 1,950,636                      | 3.63         |
| Industrial                                   | 1,209,299        | 1,220,376                      | -0.91        |
| Commercial. services and others              | 1,116,538        | 1,101,849                      | 1.33         |
| Rural  | 745,724          | 675,052                        | 10.47        |
| Public authorities                           | 187,221          | 176,293                        | 6.2          |
| Public illumination                          | 266,952          | 262,849                        | 1.56         |
| Public service                               | 285,923          | 270,005                        | 5.9          |
| <b>Subtotal</b>                              | <b>5,833,079</b> | <b>5,657,060</b>               | <b>3.11</b>  |
| Own consumption                              | 8,138            | 8,621                          | -5.6         |
|  | <b>5,841,217</b> | <b>5,665,681</b>               | <b>3.1</b>   |
| Transactions in electricity on the CCEE (**) | 459,994          | 2,613                          | 17,504.06    |
| <b>Total</b>                                 | <b>6,301,211</b> | <b>5,668,294</b>               | <b>11.17</b> |

(\*) The information in MWh has not been reviewed by the external auditors.

(\*\*) Figures given in MWh are for net purchase/sale.

The table below shows the sources and uses of electricity of Cemig D for June through August 2010.

**Cemig Distribuição**

| Item                               | Energy (GWh)<br>June-August 2010 | Energy (GWh)<br>June-August 2009 | Change. %<br>2010/2009 |
|------------------------------------|----------------------------------|----------------------------------|------------------------|
| <b>Line load (a+b+c)</b>           | 12,226                           | 10,817                           | 13.0                   |
| Transported for distributors (a)   | 71                               | 68                               | 4.4                    |
| Transported for Free Consumers (b) | 5,025                            | 3,804                            | 32.1                   |
| Own load (c)                       | 7,130                            | 6,945                            | 2.7                    |
| Consumption by captive market      | 5,725                            | 5,553                            | 3.1                    |
| Losses in distribution network     | 1,405                            | 1,392                            | 0.9                    |

Sources: CCEE

Table of Contents

**The electricity market of Light**

Light sold 5,144 GWh in 3Q10, 3.1% more than in 3Q09. There are more details on Light's sales in 3Q10 in this report:  
[http://www.mzweb.com.br/light/web/arquivos/Press Release 3T10 eng final.pdf](http://www.mzweb.com.br/light/web/arquivos/Press%20Release%203T10%20eng%20final.pdf)

**Consolidated operational revenue**

**Revenue from electricity supply**

Revenue from supply of electricity in 3Q10 was R\$ 3,859,583, 3.81% higher than in 3Q09 (R\$ 3,718,027).

The main factors affecting revenue in 2010 were:

- Tariff Adjustment with average impact on consumer tariffs of 1.67%, in effect from April 8, 2010.
- Volume of energy invoiced to final consumers 10.26% higher (this excludes Cemig's own internal consumption).

Table of Contents

Volume of electricity sold to other concession holders 25.24% higher year-on-year, though with a lower average selling price, of R\$ 98.37/MWh in 3Q10, compared to R\$ 109.51 per MWh in 3Q09. This comparison principally reflects sale of electricity through the adjustment auctions to the distributors, held in 2009, with an average price of R\$ 145.00/MWh. As a result, in spite of the volume of electricity sold to other concession holders being 25.24% higher, the revenue from wholesale supply was only 12.50% higher, at R\$ 426,723 in 3Q10, compared to R\$ 379,312 in 3Q09.

**Revenue from use of the grid – Free Consumers**

This Revenue is from the TUSD – Tariff for Use of the Distribution System – arising from the charges made to Free Consumers, on energy sold, and also from the revenue for use of Cemig GT – s part of the national grid. It was 46.25% higher in 3Q10, at R\$ 767,299, than in 3Q09 (R\$ 524,635.)

This change is due to higher transport of electricity to Free Consumers, as a result of the recovery of industrial activity, and migration of captive clients to the free market, and also to the consolidation in 2010 of the operations of Taesa, acquired in 2009.

# Table of Contents

## EBITDA

Cemig's Ebitda in the third quarter of 2010 was 10.76% higher than in 3Q09. Adjusted for the non-recurring items, it was 9.40% higher.

| Ebitda R\$ 000                                   | 3Q10             | 3Q09             | Change. %    |
|--|------------------|------------------|--------------|
| Net income                                       | 553,320          | 567,038          | (2.42)       |
| + Income tax and Social Contribution tax expense | 203,583          | 287,165          | (29.11)      |
| + Profit shares                                  | 52,554           | 26,094           | 101.40       |
| - Financial revenue (expenses)                   | 165,585          | 10,344           | 1,500.78     |
| + Depreciation and amortization                  | 212,857          | 173,675          | 22.56        |
| + Minority interests                             |                  | 8,189            |              |
| <b>EBITDA</b>                                    | <b>1,187,899</b> | <b>1,072,505</b> | <b>10.76</b> |
| Non-recurring items:                             |                  |                  |              |
| + PDV and PPD Voluntary Retirement Programs      | (3,387)          | 10,205           |              |
| <b>= ADJUSTED EBITDA</b>                         | <b>1,184,512</b> | <b>1,082,710</b> | <b>9.40</b>  |

## Net income

In the third quarter of 2010 (3Q10), Cemig reported Net income of R\$ 553,320, 2.42% less than the net income of R\$ 567,038 reported for the third quarter of 2009 (3Q09). This mainly is mainly due to the difference between net financial expenses in the two quarters: R\$ 165,585 in 3Q10, vs. R\$ 10,344 in 3Q09.

Table of Contents

For its positive effect on the result for 2010, we highlight the contribution to Net income of the Companies in which we acquired equity interests over the year of 2009, which contributed an aggregate R\$ 49,587 to the Company's Net income in 3Q10.

**Deductions from operational revenues**

The main variations in deductions from revenue between the two years are as follows:

**The Fuel Consumption Account - CCC**

The deduction from revenue for the CCC in 3Q10 was R\$ 191,684, 88.96% more than in 3Q09 (R\$ 101,439). This charge is for the costs of operation of the thermal plants in the national grid and in the isolated systems. It is shared (prorated) between electricity concession holders, on a basis set by an Aneel Resolution. This is a non-controllable cost: the amount recorded as relating to distribution services is equal to the amount passed through to the tariff. For the portion relating to transmission services the Company charges the CCC amount to Free Consumers on their invoices and passes it on to Eletrobrás.

Table of Contents

**CDE – Energy Development Account**

The deduction from revenue for the CDE was R\$ 117,305 in 3Q10, 11.69% higher than in 3Q09 (R\$ 105,024). This is a non-controllable cost. The amount posted for electricity distribution services is passed through in full to the tariff. For the amount posted in relation to electricity transmission services the company also merely passes through the charge – this part is charged to Free Consumers on the invoice for the use of the grid, and passed onto Eletrobrás.

The other deductions from revenue are taxes, calculated as a percentage of amounts invoiced. Hence their year-on-year variations are directly proportional to the change in revenue.

**Operational costs and expenses (excluding Financial revenue/expenses)**

Operational costs and expenses (excluding Financial revenue/expenses) totaled R\$ 2,208,135 in 3Q10, 5.65% more than in 3Q09 (R\$ 2,090,109). This result is mainly due to the increased expenditure on energy bought for resale and



Table of Contents

outsourced services, partially offset by lower operational provisions.

These are the main variations in expenses:

**Electricity bought for resale**

The expense on electricity bought for resale in 3Q10 was R\$ 1,077,342 5.69% more than in 3Q09 (R\$ 1,019,362). This is a non-controllable cost: the expense recognized in the income statement is equal to the amount effectively passed on to the tariff. There is more information on this in Explanatory Note 28 to the Consolidated Quarterly Information.

**Outsourced services**

The expense on outsourced services in 3Q10 was R\$ 234,180, 37.52% more than in 3Q09 (R\$ 170,287) the highest variation being in expenditure on maintenance and conservation of facilities and electrical equipment.

The expense on maintenance and conservation of electrical facilities and equipment in 3Q10 was R\$ 52,475, an increase of 110.72% from 3Q09 (R\$ 24,902). The change arises primarily from greater activity of the Company in

Table of Contents

preventive maintenance of its distribution networks, and also from consolidation of the companies acquired in 2009.

**Personnel**

Personnel expenses in 3Q10, at R\$ 264,864, were 4.76% lower than in 3Q09 (R\$ 278,102). This substantially is due to the difference in the expense on the PDV Voluntary Retirement Program in the two quarters: an expense of R\$ 10,205 in 3Q09, but a reversal of expense, of R\$ 3,387, in 3Q10, arising from an adjustment to the provision. Note also the reduction in the number of employees, from 9,837 in September 2009 to 8,949 in September 2010.

**Charges for use of the transmission grid**

Expenses on charges for the use of the transmission grid were 5.01% higher, at R\$ 207,903, in 3Q10, than in 3Q09 (R\$ 197,980). These charges, set by an Aneel Resolution, are payable by electricity distribution and generation agents for use of the facilities that are components of the national grid. This is a non-controllable cost, in the Distribution activity: the expense recognized in the Income statement corresponds to the value effectively passed through to the tariff.

Table of Contents

**Post-employment obligations**

Expenses on post-employment obligations totaled R\$ 40,500 in 3Q10, 8.70% more than in 3Q09 (R\$ 37,258). These expenses basically represent the interest applicable to Cemig's actuarial obligations, net of the investment yield expected from the assets of the pension plans, estimated by an external actuary. The higher expense in 3Q10 is basically due to lower expectation of income from the plan's assets in 2010.

**Operational provisions**

Operational provisions in 3Q10 took the form of a reversal of provision totaling R\$ 33,272, compared to a provision expense of R\$ 42,154 in 3Q09. The change mainly reflects reversal of provisions for legal proceedings in 2010, due to review of amounts previously provisioned.

Table of Contents

**Financial revenues (expenses)**

The main factors in the difference between financial revenues/expenses in 3Q10 and 3Q09 are:

- Revenue from cash investments R\$ 51,554 higher in 3Q10, due to a higher volume of cash invested.
- Revenue from arrears penalty payments on client invoices R\$ 43,264 lower, mainly due to less default by clients in 2010.
- Expense on net monetary adjustment of regulatory assets (CVA, the General Agreement for the Electricity Sector, and the Deferred Tariff Adjustment) of R\$ 14,657 in 3Q10, compared to revenue of R\$ 13,778 in 3Q09. This change mainly reflects monetary variation on the CVA: a net expense of R\$ 18,394 in 3Q10, compared to net revenue of R\$ 7,887 in 3Q09. Also, in 2010 the regulatory assets were lower in total than in 2009, because more of them had been paid down by receipt through client electricity bills.

Table of Contents

- Higher expenses on costs of loans and financings: these were R\$ 293,987 in 3Q10, compared to R\$ 199,156 in 3Q09. This reflects entry of new financings, principally the R\$ 2,700,000 in debentures raised by Cemig GT (Cemig Geração e Transmissão) in March 2010.

**Income tax and Social Contribution tax**

In 3Q10, Cemig's expense on income tax and the Social Contribution tax was R\$ 203,583, equal to 25.15% of the pre-tax profit of R\$ 809,457. In 3Q09, the expense on income tax and Social Contribution was R\$ 287,165, equal to 32.32% of the pre-tax profit of R\$ 888,486.

Table of Contents**CEMIG GT Tables I to III**

Table I

| <b>Statement of Results</b><br>(Values in millions of reais) | <b>3Q10</b> | <b>3Q09</b> | <b>Change%</b> | <b>9M10</b>  | <b>9M09</b>  | <b>Change%</b> |
|--|-------------|-------------|----------------|--------------|--------------|----------------|
| Net Revenue  | 991         | 843         | 18             | 2,685        | 2,612        | 3              |
| Operating Expenses   | (404)       | (330)       | 22             | (1,179)      | (996)        | 18             |
| <b>EBIT</b>  | <b>587</b>  | <b>513</b>  | <b>14</b>      | <b>1,506</b> | <b>1,616</b> | <b>(7)</b>     |
| <b>EBITDA</b>  | <b>666</b>  | <b>570</b>  | <b>17</b>      | <b>1,728</b> | <b>1,786</b> |                |
| Financial Result   | (117)       | (55)        | 113            | (318)        | (148)        | 115            |
| Provision for Income Taxes, Social Cont & Deferred           |             |             |                |              |              |                |
| Income Tax   | (116)       | (133)       | (13)           | (329)        | (442)        | (26)           |
| Employee Participation                                       | (11)        | (6)         | 83             | (28)         | (22)         | 27             |
| <b>Net Income</b>  | <b>343</b>  | <b>319</b>  | <b>8</b>       | <b>831</b>   | <b>1,004</b> | <b>(17)</b>    |

Table II

| <b>Operating Revenues</b><br>(Values in millions of reais) | <b>3Q10</b>  | <b>3Q09</b>  | <b>Change%</b> | <b>9M10</b>  | <b>9M09</b>  | <b>Change%</b> |
|--|--------------|--------------|----------------|--------------|--------------|----------------|
| Sales to end consumers                                     | 573          | 455          | 26             | 1,564        | 1,298        | 20             |
| Supply   | 402          | 437          | (8)            | 1,122        | 1,333        | (16)           |
| Revenues from Trans. Network + Transactions in the         |              |              |                |              |              |                |
| CCEE   | 280          | 171          | 64             | 706          | 636          | 11             |
| Others   | 5            | 6            | (17)           | 23           | 18           | 28             |
| <b>Subtotal</b>  | <b>1,260</b> | <b>1,069</b> | <b>18</b>      | <b>3,415</b> | <b>3,285</b> | <b>4</b>       |
| Deductions   | (269)        | (226)        | 19             | (730)        | (673)        | 8              |
| <b>Net Revenues</b>  | <b>991</b>   | <b>843</b>   | <b>18</b>      | <b>2,685</b> | <b>2,612</b> | <b>3</b>       |

Table III

| <b>Operating Expenses</b><br>(Values in millions of reais) | <b>3Q10</b> | <b>3Q09</b> | <b>Change%</b> | <b>9M10</b>  | <b>9M09</b> | <b>Change%</b> |
|--|-------------|-------------|----------------|--------------|-------------|----------------|
| Personnel/Administrators/Councillors                       | 71          | 65          | 9              | 217          | 235         | (8)            |
| Depreciation and Amortization                              | 79          | 57          | 39             | 222          | 170         | 31             |
| Charges for Use of Basic Transmission Network              | 57          | 66          | (14)           | 193          | 208         | (7)            |
| Contracted Services  | 28          | 35          | (20)           | 104          | 88          | 18             |
| Forluz Post-Retirement Employee Benefits                   | 7           | 7           |                | 23           | 22          | 5              |
| Materials  | 4           | 4           |                | 13           | 10          | 30             |
| Royalties  | 35          | 35          |                | 100          | 105         | (5)            |
| Operating Provisions                                       |             |             |                | (6)          | 1           |                |
| Other Expenses   | 27          | 15          | 80             | 71           | 36          | 97             |
| Purchased Energy   | 96          | 46          | 109            | 242          | 117         |                |
| Raw material for production                                |             |             |                |              | 4           | (100)          |
| <b>Total</b>   | <b>404</b>  | <b>330</b>  | <b>22</b>      | <b>1,179</b> | <b>996</b>  | <b>18</b>      |



Table of Contents**CEMIG D Tables I to IV**

Table I

**CEMIG D Market**

| Quarter | Captive Consumers | (GWh)          | T.E.D(2) | GW           |
|---------|-------------------|----------------|----------|--------------|
|         |                   | TUSD ENERGY(1) |          | TUSD PICK(3) |
| 1Q09    | 5,448             | 3,269          | 8,717    | 21           |
| 2Q09    | 5,478             | 3,593          | 9,071    | 21           |
| 3Q09    | 5,666             | 3,915          | 9,581    | 22           |
| 4Q09    | 5,740             | 4,304          | 10,043   | 22           |
| 1Q10    | 5,613             | 4,385          | 9,998    | 23           |
| 2Q10    | 5,710             | 4,914          | 10,625   | 24           |
| 3Q10    | 5,841             | 5,047          | 10,888   | 25           |

- 
- (1) Refers to the quantity of electricity for calculation of the regulatory charges charged to free consumer clients ( Portion A )
- (2) Total electricity distributed
- (3) Sum of the demand on which the TUSD is invoiced, according to demand contracted ( Portion B ).

Table II

| <b>Statement of Results</b>                        |            |            |             |            |            |             |
|--|------------|------------|-------------|------------|------------|-------------|
| (Values in million of Reais)                       | 3Q10       | 3Q09       | Change%     | 9M10       | 9M09       | Change%     |
| Net Revenue  | 1,673      | 1,761      | (5)         | 5,086      | 4,537      | 12          |
| Operating Expenses                                 | 1,485      | 1,520      | (2)         | 4,684      | 4,148      | 13          |
| <b>EBIT</b>  | <b>188</b> | <b>241</b> | <b>(22)</b> | <b>402</b> | <b>389</b> | <b>3</b>    |
| <b>EBITDA</b>                                      | <b>284</b> | <b>321</b> | <b>(12)</b> | <b>686</b> | <b>632</b> | <b>9</b>    |
| Financial Result                                   | (35)       | 43         | (181)       | (105)      | 36         | (392)       |
| Provision for Income Taxes, Social Cont & Deferred |            |            |             |            |            |             |
| Income Tax   | (18)       | (74)       | (76)        | (31)       | (76)       | (59)        |
| Employee Participation                             | (37)       | (19)       | 95          | (96)       | (70)       | 37          |
| <b>Net Income</b>                                  | <b>98</b>  | <b>191</b> | <b>(49)</b> | <b>170</b> | <b>279</b> | <b>(39)</b> |

Table III

|      |      |         |      |      |         |
|------|------|---------|------|------|---------|
| 3Q10 | 3Q09 | Change% | 9M10 | 9M09 | Change% |
|------|------|---------|------|------|---------|



**Operating Revenues**

(Values in million of Reais)

|                        |              |              |            |              |              |           |
|------------------------|--------------|--------------|------------|--------------|--------------|-----------|
| Sales to end consumers | 2,348        | 2,394        | (2)        | 7,138        | 6,487        | 10        |
| TUSD                   | 432          | 307          | 41         | 1,187        | 845          | 40        |
| Subtotal               | 2,780        | 2,701        | 3          | 8,325        | 7,332        | 14        |
| Others                 | 23           | 28           | (18)       | 62           | 65           | (5)       |
| <b>Subtotal</b>        | <b>2,803</b> | <b>2,729</b> | <b>3</b>   | <b>8,387</b> | <b>7,397</b> | <b>13</b> |
| Deductions             | (1,130)      | (968)        | 17         | (3,301)      | (2,860)      | 15        |
| <b>Net Revenues</b>    | <b>1,673</b> | <b>1,761</b> | <b>(5)</b> | <b>5,086</b> | <b>4,537</b> | <b>12</b> |

Table IV

**Operating Expenses**

(Values in million of Reais)

|   | 3Q10         | 3Q09         | Change%    | 9M10         | 9M09         | Change%   |
|---|--------------|--------------|------------|--------------|--------------|-----------|
| Purchased Energy                              | 793          | 884          | (10)       | 2,362        | 2,128        | 11        |
| Personnel/Administrators/Councillors          | 159          | 180          | (12)       | 548          | 694          | (21)      |
| Depreciation and Amortization                 | 96           | 80           | 20         | 284          | 243          | 17        |
| Charges for Use of Basic Transmission Network | 177          | 138          | 28         | 513          | 393          | 31        |
| Contracted Services                           | 171          | 116          | 47         | 437          | 363          | 20        |
| Forluz Post-Retirement Employee Benefits      | 26           | 23           | 13         | 78           | 69           | 13        |
| Materials                                     | 23           | 21           | 10         | 67           | 62           | 8         |
| Operating Provisions                          | 10           | 37           | (73)       | 244          | 61           | 300       |
| Other Expenses                                | 30           | 41           | (27)       | 151          | 135          | 12        |
| <b>Total</b>                                  | <b>1,485</b> | <b>1,520</b> | <b>(2)</b> | <b>4,684</b> | <b>4,148</b> | <b>13</b> |

Table of Contents**Cemig. Consolidated Tables I to XI**

Table I

**Statement of Results**

(Values in million of Reais)

|  | 3Q10         | 3Q09         | Change%    | 9M10         | 9M09         | Change%     |
|--|--------------|--------------|------------|--------------|--------------|-------------|
| Net Revenue  | 3,183        | 2,989        | 6          | 9,048        | 8,323        | 9           |
| Operating Expenses                                 | (2,208)      | (2,090)      | 6          | (6,648)      | (5,951)      | 12          |
| <b>EBIT</b>  | <b>975</b>   | <b>899</b>   | <b>8</b>   | <b>2,400</b> | <b>2,372</b> | <b>1</b>    |
| <b>EBITDA</b>                                      | <b>1,188</b> | <b>1,073</b> | <b>11</b>  | <b>3,011</b> | <b>2,888</b> | <b>4</b>    |
| Financial Result                                   | (165)        | (10)         | 1,550      | (433)        | (81)         | 435         |
| Provision for Income Taxes, Social Cont & Deferred |              |              |            |              |              |             |
| Income Tax   | (204)        | (288)        | (29)       | (572)        | (722)        | (21)        |
| Employee Participation                             | (53)         | (26)         | 104        | (132)        | (99)         | 33          |
| Minority Shareholders                              |              | (8)          | (100)      |              | (43)         | (100)       |
| <b>Net Income</b>                                  | <b>553</b>   | <b>567</b>   | <b>(2)</b> | <b>1,263</b> | <b>1,427</b> | <b>(11)</b> |

Table II

**Statement of Results - per Company**

(Values in million of Reais)

|   | Cemig H      |              |   | Cemig D    |            |   | Cemig GT     |              |   |
|---|--------------|--------------|---|------------|------------|---|--------------|--------------|---|
|   | 9M10         | 9M09         |   | 9M10       | 9M09       |   | 9M10         | 9M09         |   |
| Net Revenue                               | 9,048        | 8,323        |   | 5,086      | 4,537      |   | 2,685        | 2,612        |   |
| Operating Expenses                        | - 6,648      | - 5,951      | - | 4,684      | - 4,148    | - | 1,179        | - 996        | - |
| <b>EBIT</b>                               | <b>2,400</b> | <b>2,372</b> |   | <b>402</b> | <b>389</b> |   | <b>1,506</b> | <b>1,616</b> |   |
| <b>EBITDA</b>                             | <b>3,011</b> | <b>2,888</b> |   | <b>686</b> | <b>632</b> |   | <b>1,728</b> | <b>1,786</b> |   |
| Financial Result                          | - 433        | - 81         | - | 104        | 36         | - | 318          | - 148        | - |
| Provision for Income Taxes, Social Cont & |              |              |   |            |            |   |              |              |   |
| Deferred Income Tax                       | - 572        | - 722        | - | 32         | - 76       | - | 329          | - 442        | - |
| Employee Participation                    | - 132        | - 99         | - | 96         | - 70       |   |              |              |   |
| Minority Shareholders                     |              | - 43         |   |            |            |   | 831          | 1,004        |   |
| <b>Net Income</b>                         | <b>1,263</b> | <b>1,427</b> |   | <b>170</b> | <b>279</b> |   | <b>831</b>   | <b>1,004</b> |   |

Table III

**Cash Flow Statement**

(Values in million of Reais)

|   | 3Q10         | 3Q09         | Change%      | 9M10         | 9M09         | Change%   |
|---|--------------|--------------|--------------|--------------|--------------|-----------|
| <b>Cash at start of period</b>                | <b>3,755</b> | <b>2,251</b> | <b>67</b>    | <b>4,425</b> | <b>2,284</b> | <b>94</b> |
| <b>Cash from operations</b>                   | <b>1,147</b> | <b>1,363</b> | <b>(16)</b>  | <b>3,033</b> | <b>2,671</b> | <b>14</b> |
| Net income                                    | 553          | 567          | (2)          | 1,263        | 1,427        | (11)      |
| Depreciation and amortization                 | 213          | 173          | 23           | 611          | 517          | 18        |
| Suppliers                                     | 263          | 36           | 631          | 173          | - 159        | (209)     |
| Deferred Tariff Adjustment                    | 2            |              |              |              | 133          | (100)     |
| Regulatory Asset - Transmission Tariff Review | 50           | 21           |              | 50           | 136          |           |
| Other adjustments                             | 66           | 566          | (88)         | 936          | 617          | 52        |
| <b>Financing activity</b>                     | <b>- 103</b> | <b>100</b>   | <b>(203)</b> | <b>- 105</b> | <b>103</b>   | <b>2</b>  |

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|   |   |              |   |              |  |           |   |              |   |              |  |           |
|---|---|--------------|---|--------------|--|-----------|---|--------------|---|--------------|--|-----------|
| Financing obtained and capital increases  |   | 454          |   | 121          |  | 275       |   | 4.373        |   | 592          |  | 639       |
| Payment of loans and financing            | - | 546          | - | 9            |  | 5.967     | - | 4.001        | - | 214          |  | 1.770     |
| Interest on Own Capital and Dividends     | - | 4            | - | 12           |  |           | - | 470          | - | 481          |  | (2)       |
| Investment activity                       | - | 621          | - | 945          |  | (34)      | - | 3.175        | - | 2.083        |  | 52        |
| Investments                               | - | 59           | - | 50           |  | 18        | - | 447          | - | 216          |  | 107       |
| Property, Plant and Equipment /Intangible | - | 562          | - | 895          |  | (37)      | - | 2.728        | - | 1.867        |  | 46        |
| <b>Cash at the end of period</b>          |   | <b>4.178</b> |   | <b>2.769</b> |  | <b>51</b> |   | <b>4.178</b> |   | <b>2.769</b> |  | <b>51</b> |

Table of Contents

Table IV

| Energy Sales - (in GW)          | 3Q10          | 3Q09          | Change%   | 9M10          | 9M09          | Change%  |
|---------------------------------|---------------|---------------|-----------|---------------|---------------|----------|
| Residential                     | 2,475         | 2,391         | 4         | 7,343         | 7,259         | 1        |
| Industrial                      | 6,521         | 5,619         | 16        | 18,149        | 16,751        | 8        |
| Commercial                      | 1,492         | 1,456         | 2         | 4,558         | 4,553         | 0        |
| Rural                           | 748           | 678           | 10        | 1,859         | 1,655         | 12       |
| Others                          | 936           | 896           | 4         | 2,708         | 2,697         | 0        |
| <b>Subtotal</b>                 | <b>12,172</b> | <b>11,040</b> | <b>10</b> | <b>34,617</b> | <b>32,915</b> | <b>5</b> |
| Own Consumption                 | 15            | 13            | 19        | 40            | 39            | 3        |
| Supply                          | 3,671         | 3,463         | 6         | 10,098        | 9,737         | 4        |
| Transactions on the CCEE        | 598           | 726           | (18)      | 3,971         | 2,009         | 98       |
| Sales under the Proinfa program | 22            |               |           | 39            |               |          |
| <b>TOTAL</b>                    | <b>16,478</b> | <b>15,242</b> | <b>8</b>  | <b>48,765</b> | <b>44,700</b> | <b>9</b> |

Table V

| Energy Sales<br>(Values in million of Reais) | 3Q10         | 3Q09         | Change%  | 9M10          | 9M09          | Change%  |
|--|--------------|--------------|----------|---------------|---------------|----------|
| Residential                                  | 1,174        | 1,128        | 4        | 3,548         | 3,374         | 5        |
| Industrial                                   | 1,037        | 962          | 8        | 2,959         | 2,771         | 7        |
| Commercial                                   | 649          | 646          | 0        | 2,012         | 1,985         | 1        |
| Rural  | 176          | 168          | 5        | 476           | 407           | 17       |
| Others                                       | 298          | 289          | 3        | 871           | 850           | 2        |
| <b>Electricity sold to final consumers</b>   | <b>3,334</b> | <b>3,193</b> | <b>4</b> | <b>9,866</b>  | <b>9,387</b>  | <b>5</b> |
| Low-Income Consumers Subsidy                 | 32           | 51           | (37)     | 99            | 111           | (11)     |
| Unbilled Supply, Net                         | 25           | 5            | 400      | (29)          | (63)          | (54)     |
| Supply                                       | 427          | 379          | 13       | 1,093         | 1,106         | (1)      |
| Transactions on the CCEE                     | 36           | 24           | 50       | 106           | 121           | (13)     |
| Final result of the second review of CEMIG D |              | 66           |          | 71            | (137)         | (152)    |
| Sales under the Proinfa program              | 6            |              |          | 11            |               |          |
| Additional charge Law 12111/09               | (1)          |              |          | 4             |               |          |
| <b>TOTAL</b>                                 | <b>3,859</b> | <b>3,718</b> | <b>4</b> | <b>11,221</b> | <b>10,525</b> | <b>7</b> |

Table VI

| Operating Revenues<br>(Values in million of Reais) | 3Q10         | 3Q09         | Change%  | 9M10          | 9M09          | Change%  |
|--|--------------|--------------|----------|---------------|---------------|----------|
| Sales to end consumers                             | 3,391        | 3,248        | 4        | 9,936         | 9,435         | 5        |
| TUSD   | 419          | 247          | 70       | 1,115         | 845           | 32       |
| Effects of the Definitive Tariff Review            |              | 66           | (100)    | 71            | (137)         |          |
| Supply + Transactions in the CCEE                  | 463          | 403          | 15       | 1,199         | 1,227         | (2)      |
| Revenues from Trans. Network                       | 348          | 278          | 25       | 887           | 755           | 17       |
| Gas Supply   | 106          | 83           | 28       | 292           | 234           | 25       |
| Others   | 85           | 76           | 12       | 221           | 206           | 7        |
| <b>Subtotal</b>                                    | <b>4,812</b> | <b>4,401</b> | <b>9</b> | <b>13,721</b> | <b>12,565</b> | <b>9</b> |
| Deductions   | (1,629)      | (1,412)      | 15       | (4,673)       | (4,242)       | 10       |

|                     |              |              |          |              |              |          |
|---------------------|--------------|--------------|----------|--------------|--------------|----------|
| <b>Net Revenues</b> | <b>3,183</b> | <b>2,989</b> | <b>6</b> | <b>9,048</b> | <b>8,323</b> | <b>9</b> |
|---------------------|--------------|--------------|----------|--------------|--------------|----------|

Table of Contents

Table VII

| <b>Operating Expenses</b><br>(Values in million of Reais) | <b>3Q10</b>  | <b>3Q09</b>  | <b>Change%</b> | <b>9M10</b>  | <b>9M09</b>  | <b>Change%</b> |
|---|--------------|--------------|----------------|--------------|--------------|----------------|
| Personnel/Administrators/Councillors                      | 265          | 278          | (5)            | 858          | 1,024        | (16)           |
| Forluz Post-Retirement Employee Benefits                  | 41           | 37           | 9              | 126          | 106          | 20             |
| Materials   | 31           | 27           | 13             | 89           | 79           | 12             |
| Raw material for production                               |              |              |                |              | 4            | (100)          |
| Contracted Services                                       | 234          | 170          | 38             | 639          | 532          | 20             |
| Purchased Energy  | 1,077        | 1,019        | 6              | 3,024        | 2,529        | 20             |
| Royalties   | 38           | 42           | (10)           | 113          | 115          | (1)            |
| Depreciation and Amortization                             | 213          | 174          | 23             | 611          | 517          | 18             |
| Operating Provisions                                      | (33)         | 42           | (179)          | 174          | 89           | 96             |
| Charges for Use of Basic Transmission Network             | 208          | 198          | 5              | 599          | 613          | (2)            |
| Gas Purchased for Resale                                  | 62           | 44           | 41             | 163          | 129          | 26             |
| Other Expenses  | 73           | 58           | 25             | 253          | 214          | 18             |
| <b>Total</b>  | <b>2,208</b> | <b>2,090</b> | <b>6</b>       | <b>6,648</b> | <b>5,951</b> | <b>12</b>      |

Table VIII

| <b>Financial Result Breakdown</b><br>(Values in million of Reais) | <b>3Q10</b>  | <b>3Q09</b>  | <b>Change%</b> | <b>9M10</b>    | <b>9M09</b>  | <b>Change%</b> |
|---|--------------|--------------|----------------|----------------|--------------|----------------|
| <b>Financial Revenues</b>   | <b>243</b>   | <b>270</b>   | <b>(10)</b>    | <b>677</b>     | <b>685</b>   | <b>(1)</b>     |
| Income from Investments   | 103          | 51           | 102            | 286            | 183          | 56             |
| Fines on Energy Accounts  | 35           | 78           | (55)           | 103            | 139          | (26)           |
| CRC Contract/State (interest + monetary variation)                | 41           | 68           | (40)           | 111            | 117          | (5)            |
| Monetary variation of Extraordinary Tariff                        |              |              |                |                |              |                |
| Recomposition and RTD   | 33           | 35           | (7)            | 100            | 115          | (13)           |
| Exchange Rate Variations  | 27           | 29           | (6)            | 44             | 119          | (63)           |
| PASEP/COFINS  | (15)         | (9)          | 74             | (26)           | (27)         | (4)            |
| Adjustment to Present Value                                       | 1            | 1            | 80             | 14             | 1            | 862            |
| Others  | 18           | 17           | 8              | 45             | 37           | 20             |
| <b>Financial Expenses</b>   | <b>(408)</b> | <b>(280)</b> | <b>46</b>      | <b>(1,109)</b> | <b>(766)</b> | <b>45</b>      |
| Charges on Loans and Financing                                    | (294)        | (199)        | 48             | (792)          | (549)        | 44             |
| Monetary variation of Extraordinary Tariff                        |              |              |                |                |              |                |
| Recomposition   | (24)         | (5)          | 380            | (34)           | (3)          |                |
| Exchange Rate Variations  | (4)          | (12)         | (67)           | (25)           | (17)         |                |
| Monetary Variations Liabilities - Loans and Financing             | (11)         | 1            | (2,257)        | (82)           | (6)          | 1,380          |
| Adjustment to Present Value                                       |              | (3)          | (100)          | (1)            | (7)          | (93)           |
| Reversal of provision for PIS and Cofins taxes                    |              | 8            |                |                | 8            | (100)          |
| Losses from Derivatives   | (6)          | (4)          | 67             | (9)            | (80)         | (89)           |
| Other   | (69)         | (66)         | 5              | (167)          | (112)        | 49             |
| <b>Financial Result</b>   | <b>(165)</b> | <b>(10)</b>  | <b>1,615</b>   | <b>(433)</b>   | <b>(81)</b>  | <b>432</b>     |

Table of Contents

Table IX

**BALANCE SHEETS - ASSETS**

(Values in million of Reais)

|  | 9M10          | 6M10          |
|--|---------------|---------------|
| <b>CURRENT ASSETS</b>  | <b>9,365</b>  | <b>8,898</b>  |
| Cash and Cash Equivalents  | 4,178         | 3,755         |
| Consumers and Distributors                                       | 2,239         | 2,220         |
| Consumers Rate Adjustment  |               | 66            |
| Dealership - Energy Transportation                               | 425           | 428           |
| Dealers - Transactions on the MAE                                | 48            | 46            |
| Tax Recoverable  | 1,256         | 1,155         |
| Materials and Supplies   | 47            | 45            |
| Prepaid Expenses - CVA   | 221           | 282           |
| Tax Credits  | 246           | 200           |
| Regulatory Assets - Transmission Rate Adjustment                 | 68            | 92            |
| Other  | 637           | 609           |
| <b>NONCURRENT ASSETS</b>   | <b>40,847</b> | <b>40,034</b> |
| Account Receivable from Minas Gerais State Government            | 1,792         | 1,831         |
| Prepaid Expenses - CVA   | 214           | 89            |
| Tax Credits  | 559           | 604           |
| Recoverable Taxes  | 254           | 241           |
| Escrow Account re: Lawsuits                                      | 876           | 796           |
| Regulatory Assets - Transmission Rate Adjustment                 | 94            | 100           |
| Consumers and Distributors                                       | 4             | 1             |
| Other Receivables; Regulatory Assets; Deferred Tariff Adjustment | 152           | 120           |
| Investments  | 24            | 24            |
| Property, Plant and Equipment                                    | 15,881        | 15,525        |
| Intangible   | 2,546         | 2,577         |
| <b>TOTAL ASSETS</b>  | <b>31,761</b> | <b>30,806</b> |

Table of Contents

## Tables X

**BALANCE SHEETS LIABILITIES AND SHAREHOLDERS EQUITY**

(Values in million of Reais)

|   | 9M10          | 6M10          |
|---|---------------|---------------|
| <b>CURRENT LIABILITIES</b>  | <b>6,044</b>  | <b>5,971</b>  |
| Suppliers   | 994           | 936           |
| Taxes payable   | 1,070         | 886           |
| Loan, Financing and Debentures                                    | 1,749         | 1,846         |
| Payroll,related charges and employee participation                | 235           | 308           |
| Interest on capital and dividends                                 | 487           | 487           |
| Employee post-retirement benefits                                 | 100           | 104           |
| Regulatory charges  | 337           | 358           |
| Other Obligations - Provision for losses on financial instruments | 601           | 600           |
| Regulatory Liabilities - CVA                                      | 471           | 446           |
| <b>NON CURRENT LIABILITIES</b>                                    | <b>14,148</b> | <b>13,815</b> |
| Loan, Financing and Debentures                                    | 11,034        | 10,807        |
| Employee post-retirement benefits                                 | 1,259         | 1,271         |
| Taxes and social charges  | 786           | 719           |
| Reserve for contingencies   | 363           | 431           |
| Other   | 545           | 456           |
| Prepaid expenses - CVA  | 161           | 131           |
| PARTICIPATION IN ASSOCIATE COMPANIES                              |               |               |
| <b>SHAREHOLDERS EQUITY</b>  | <b>11,569</b> | <b>11,020</b> |
| Registered Capital  | 3,412         | 3,412         |
| Capital reserves  | 3,954         | 3,954         |
| Income reserves   | 2,882         | 2,882         |
|   | (3)           |               |
| Accumulated Income  | 1,297         | 745           |
| Funds for capital increase  | 27            | 27            |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>                  | <b>31,761</b> | <b>30,806</b> |

## Tables XI

**Ner. of consumers**

|                                     | 9M10              | 9M09              |
|-------------------------------------|-------------------|-------------------|
| Residential                         | 9,470,694         | 9,267,800         |
| Industrial                          | 87,210            | 87,086            |
| Commercial                          | 880,546           | 867,675           |
| Rural                               | 524,819           | 465,213           |
| Others                              | 82,302            | 79,046            |
| Electricity sold to final consumers | 11,045,571        | 10,766,820        |
| Own Consumption                     | 1,183             | 1,164             |
| Supply                              | 90                | 86                |
| <b>TOTAL</b>                        | <b>11,046,844</b> | <b>10,768,070</b> |





Table of Contents

|                            |   |
|----------------------------|---|
| 2.                         | Quarterly Financial Information for the quarter ended September 30, 2010, Companhia |
| Energética de Minas Gerais | CEMIG   |

Table of Contents

**CONTENTS**

|  |     |
|--|-----|
| <u>BALANCE SHEETS</u>  | 38  |
| <u>INCOME STATEMENTS</u>   | 40  |
| <u>STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY</u>   | 41  |
| <u>STATEMENTS OF CASH FLOWS</u>  | 42  |
| <u>EXPLANATORY NOTES TO THE QUARTERLY INFORMATION (ITR)</u>                                      | 44  |
| 1) <u>OPERATIONAL CONTEXT</u>  | 44  |
| 2. <u>PRES. ENTATION OF THE QUARTERLY INFORMATION</u>  | 49  |
| 3. <u>CASH &amp; CASH EQUIVALENTS</u>  | 55  |
| 4. <u>CONSUMERS AND TRADERS</u>  | 55  |
| 5. <u>REGULATORY ASSETS AND LIABILITIES</u>  | 56  |
| 6. <u>THE EXTRAORDINARY TARIFF RECOMPOSITION, AND PORTION A</u>                                  | 56  |
| 7. <u>TRADERS' TRANSACTIONS IN FREE ENERGY</u>   | 58  |
| 8. <u>REVIEW OF THE TRANSMISSION TARIFF</u>  | 59  |
| 9. <u>ANTICIPATED EXPENSES AND REGULATORY LIABILITIES - CVA</u>                                  | 60  |
| 10. <u>TAXES OFFSETTABLE</u>   | 61  |
| 11. <u>TAX CREDITS</u>   | 62  |
| 12. <u>DEPOSITS LINKED TO LEGAL ACTIONS</u>  | 64  |
| 13. <u>ACCOUNTS RECEIVABLE FROM THE GOVERNMENT OF THE STATE OF MINAS GERAIS; AND RECEIVABLES</u> |     |
| <u>INVESTMENT FUND</u>   | 64  |
| 14. <u>INVESTMENTS</u>   | 67  |
| 15. <u>FIXED ASSETS</u>  | 73  |
| 16. <u>INTANGIBLE</u>  | 74  |
| 17. <u>SUPPLIERS</u>   | 76  |
| 18. <u>TAXES, CHARGES AND CONTRIBUTIONS</u>  | 76  |
| 19. <u>LOANS, FINANCINGS AND DEBENTURES</u>  | 77  |
| 20. <u>REGULATORY CHARGES</u>  | 80  |
| 21. <u>POST-EMPLOYMENT OBLIGATIONS</u>   | 80  |
| 22. <u>CONTINGENCIES FOR LEGAL PROCEEDINGS</u>   | 83  |
| 23. <u>STOCKHOLDERS' EQUITY</u>  | 91  |
| 24. <u>REVENUE FROM SUPPLY OF ELECTRICITY</u>  | 92  |
| 25. <u>REVENUE FROM USE OF THE NETWORK - FREE CONSUMERS</u>                                      | 93  |
| 26. <u>OTHER OPERATIONAL REVENUES</u>  | 93  |
| 27. <u>DEDUCTIONS FROM OPERATIONAL REVENUES</u>  | 94  |
| 28. <u>OPERATIONAL COSTS AND EXPENSES</u>  | 94  |
| 29. <u>NET FINANCIAL REVENUE (EXPENSES)</u>  | 96  |
| 30. <u>TRANSACTIONS WITH RELATED PARTIES</u>   | 97  |
| 31. <u>FINANCIAL INSTRUMENTS</u>   | 98  |
| 32. <u>FINAL RESULT OF THE SECOND TARIFF REVIEW, AND THE TARIFF ADJUSTMENT, OF CEMIG D</u>       | 104 |
| 33. <u>FINANCIAL STATEMENTS SEPARATED BY COMPANY</u>   | 106 |
| 34. <u>SUMMARY FINANCIAL STATEMENT BY ACTIVITY</u>   | 107 |
| <u>CONSOLIDATED ECONOMIC AND FINANCIAL PERFORMANCE</u>   | 108 |
| <u>OTHER INFORMATION THAT THE COMPANY BELIEVES TO BE MATERIAL</u>                                | 123 |



Table of Contents**BALANCE SHEETS****AT SEPTEMBER 30 AND JUNE 30, 2010****ASSETS****R\$ 000**

|   | <b>Consolidated</b> |                   | <b>Holding company</b> |                   |
|---|---------------------|-------------------|------------------------|-------------------|
|   | <b>30/09/2010</b>   | <b>30/06/2010</b> | <b>30/09/2010</b>      | <b>30/06/2010</b> |
| <b>CURRENT</b>  |                     |                   |                        |                   |
| Cash and cash equivalents (Note 3)                          | 4,178,835           | 3,754,516         | 432,355                | 428,321           |
| Consumers and traders (Note 4)                              | 2,238,548           | 2,220,462         |                        |                   |
| Extraordinary Tariff Recomposition, and Portion A (Note 6)  |                     | 65,512            |                        |                   |
| Concession holders transport of energy                      | 425,619             | 428,236           |                        |                   |
| Taxes subject to offsetting (Note 10)                       | 1,256,262           | 1,155,224         | 6,403                  | 6,406             |
| Anticipated expenses CVA (Note 9)                           | 221,225             | 282,301           |                        |                   |
| Traders Transactions in Free Energy (Note 7)                | 47,678              | 46,141            |                        |                   |
| Tax credits (Note 11)                                       | 245,580             | 200,053           | 20,790                 | 10,966            |
| Dividends receivable  |                     |                   | 633,741                | 421,145           |
| Transmission Tariff Review (Note 8)                         | 68,468              | 91,954            |                        |                   |
| Inventories   | 46,832              | 44,616            | 615                    | 444               |
| Other credits   | 635,999             | 609,413           | 10,408                 | 13,070            |
| <b>TOTAL, CURRENT</b>                                       | <b>9,365,046</b>    | <b>8,898,428</b>  | <b>1,104,312</b>       | <b>880,352</b>    |
| <b>NON-CURRENT</b>  |                     |                   |                        |                   |
| <b>Long term assets</b>                                     |                     |                   |                        |                   |
| Accounts receivable from Minas Gerais State Govt. (Note 13) | 1,792,189           | 1,830,892         |                        |                   |
| Credit Receivables Investment Fund (Note 13)                |                     |                   | 927,550                | 911,777           |
| Anticipated expenses CVA (Note 9)                           | 214,392             | 88,675            |                        |                   |
| Tax credits (Note 11)                                       | 558,897             | 603,591           | 59,671                 | 79,146            |
| Taxes subject to offsetting (Note 10)                       | 254,828             | 241,519           | 142,433                | 116,824           |
| Deposits linked to legal actions (Note 12)                  | 876,237             | 796,165           | 119,180                | 95,460            |
| Consumers and traders (Note 4)                              | 93,651              | 100,117           |                        |                   |
| Transmission Tariff Review (Note 8)                         | 4,043               | 1,055             |                        |                   |
| Other credits   | 150,966             | 120,060           | 41,872                 | 43,690            |
|   | <b>3,945,203</b>    | <b>3,782,074</b>  | <b>1,290,706</b>       | <b>1,246,897</b>  |
| <b>Investments (Note 14)</b>                                | <b>23,563</b>       | <b>23,821</b>     | <b>10,088,350</b>      | <b>9,802,968</b>  |
| <b>Fixed assets (Note 15)</b>                               | <b>15,881,480</b>   | <b>15,524,986</b> | <b>1,990</b>           | <b>1,987</b>      |

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|                      |            |            |            |            |
|----------------------|------------|------------|------------|------------|
| Intangible (Note 16) | 2,545,808  | 2,577,033  | 867        | 1,147      |
| TOTAL, NON-CURRENT   | 22,396,054 | 21,907,914 | 11,381,913 | 11,052,999 |
| TOTAL ASSETS         | 31,761,100 | 30,806,342 | 12,486,225 | 11,933,351 |

The Explanatory Notes are an integral part of the Quarterly Information.

Table of Contents**BALANCE SHEETS****AT SEPTEMBER 30 AND JUNE 30, 2010****LIABILITIES****R\$ 000**

|  | <b>Consolidated</b> |                   | <b>Holding company</b> |                   |
|--|---------------------|-------------------|------------------------|-------------------|
|  | <b>30/09/2010</b>   | <b>30/06/2010</b> | <b>30/09/2010</b>      | <b>30/06/2010</b> |
| <b>CURRENT</b>   |                     |                   |                        |                   |
| Suppliers (Note 17)  | 993,633             | 935,632           | 1,143                  | 3,852             |
| Regulatory charges (Note 20)                               | 337,138             | 357,816           |                        |                   |
| Profit shares  | 76,332              | 54,562            | 3,267                  | 2,295             |
| Taxes, charges and contributions (Note 18)                 | 1,070,928           | 886,709           | 83,186                 | 47,574            |
| Interest on Equity and dividends payable (Note 30)         | 487,062             | 487,063           | 487,062                | 487,063           |
| Loans and financings (Note 19)                             | 1,387,928           | 1,605,442         | 20,975                 | 19,263            |
| Debentures (Note 19)                                       | 361,115             | 240,946           |                        |                   |
| Salaries and mandatory charges on payroll                  | 235,045             | 308,105           | 13,049                 | 16,142            |
| Regulatory liabilities CVA (Note 9)                        | 471,191             | 445,589           |                        |                   |
| Post-employment obligations (Note 21)                      | 100,437             | 104,033           | 3,810                  | 3,987             |
| Provision for losses on financial instruments (Note 31)    | 61,786              | 60,076            |                        |                   |
| Transmission Tariff Review (Note 8)                        | 58,576              | 75,568            |                        |                   |
| Debt to related parties                                    |                     |                   | 4,318                  | 4,288             |
| Contingency provisions (Note 22)                           |                     | 76,141            |                        |                   |
| Extraordinary Tariff Recomposition, and Portion A (Note 6) | 16,273              |                   |                        |                   |
| Other obligations  | 386,346             | 333,354           | 17,604                 | 18,046            |
| <b>TOTAL, CURRENT</b>                                      | <b>6,043,790</b>    | <b>5,971,036</b>  | <b>634,414</b>         | <b>602,510</b>    |
| <b>NON-CURRENT</b>   |                     |                   |                        |                   |
| Regulatory charges (Note 20)                               | 251,094             | 206,710           |                        |                   |
| Regulatory liabilities CVA (Note 9)                        | 160,813             | 130,827           |                        |                   |
| Loans and financings (Note 19)                             | 6,483,486           | 6,598,049         | 36,794                 | 36,794            |
| Debentures (Note 19)                                       | 4,551,444           | 4,208,523         |                        |                   |
| Taxes, charges and contributions (Note 18)                 | 786,453             | 719,377           |                        |                   |
| Contingency provisions (Note 22)                           | 363,031             | 430,804           | 121,838                | 150,664           |
| Post-employment obligations (Note 21)                      | 1,259,030           | 1,271,265         | 50,495                 | 49,735            |
| Other obligations  | 291,989             | 249,976           | 72,714                 | 73,873            |
| <b>TOTAL, NON-CURRENT</b>                                  | <b>14,147,340</b>   | <b>13,815,531</b> | <b>281,841</b>         | <b>311,066</b>    |
| <b>STOCKHOLDERS EQUITY (Note 23)</b>                       |                     |                   |                        |                   |
| Registered capital   | 3,412,073           | 3,412,073         | 3,412,073              | 3,412,073         |
| Capital reserves   | 3,953,850           | 3,953,850         | 3,953,850              | 3,953,850         |
| Profit reserves  | 2,882,308           | 2,882,308         | 2,882,308              | 2,882,308         |
| Accumulated Stockholders equity conversion adjustment      | (3,305)             | (180)             | (3,305)                | (180)             |
| Funds allocated to increase of capital                     | 27,124              | 27,124            | 27,124                 | 27,124            |

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|                           |            |            |            |            |
|---------------------------|------------|------------|------------|------------|
| Retained earnings         | 1,297,920  | 744,600    | 1,297,920  | 744,600    |
| TOTAL STOCKHOLDERS EQUITY | 11,569,970 | 11,019,775 | 11,569,970 | 11,019,775 |
| TOTAL LIABILITIES         | 31,761,100 | 30,806,342 | 12,486,225 | 11,933,351 |

The Explanatory Notes are an integral part of the Quarterly Information.



[Table of Contents](#)**INCOME STATEMENTS****FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009****(R\$ 000, expect net profit per share)**

|  | <b>Consolidated</b> |                                    | <b>Holding company</b> |                   |
|--|---------------------|------------------------------------|------------------------|-------------------|
|  | <b>30/09/2010</b>   | <b>30/09/2009<br/>Reclassified</b> | <b>30/09/2010</b>      | <b>30/09/2009</b> |
| <b>OPERATIONAL REVENUE</b>   |                     |                                    |                        |                   |
| Revenue from supply of electricity (Note 24)   | 11,220,947          | 10,525,222                         |                        |                   |
| Revenue for use of the network Free Consumers (Note 25)                              | 2,001,917           | 1,600,922                          |                        |                   |
| Other operational revenues (Note 26)   | 498,387             | 438,720                            | 338                    | 267               |
|  | 13,721,251          | 12,564,864                         | 338                    | 267               |
| <b>Deductions from operational revenue</b> (Note 27)                                 | (4,673,416)         | (4,242,228)                        |                        | (2)               |
| <b>NET OPERATIONAL REVENUE</b>   | 9,047,835           | 8,322,636                          | 338                    | 265               |
| <b>OPERATIONAL COSTS</b>   |                     |                                    |                        |                   |
| <b>COST OF ELECTRICITY AND GAS</b> (Note 28)   |                     |                                    |                        |                   |
| Electricity bought for resale  | (3,023,885)         | (2,529,469)                        |                        |                   |
| Charges for the use of the basic transmission grid                                   | (598,012)           | (612,627)                          |                        |                   |
| Gas purchased for resale   | (162,685)           | (128,610)                          |                        |                   |
|  | (3,784,582)         | (3,270,706)                        |                        |                   |
| <b>COST OF OPERATION</b> (Note 28)   |                     |                                    |                        |                   |
| Personnel and managers   | (677,343)           | (690,293)                          |                        |                   |
| Post-employment obligations  | (94,793)            | (70,487)                           |                        |                   |
| Materials  | (80,918)            | (76,816)                           |                        |                   |
| Raw materials and inputs for generation  |                     | (4,070)                            |                        |                   |
| Outsourced services  | (495,672)           | (447,979)                          |                        |                   |
| Depreciation and amortization  | (591,850)           | (501,699)                          |                        |                   |
| Operational provisions   | (218,223)           | (39,814)                           |                        |                   |
| Royalties for use of water resources   | (104,925)           | (109,336)                          |                        |                   |
| Other  | (137,212)           | (91,612)                           |                        |                   |
|  | (2,400,936)         | (2,032,106)                        |                        |                   |
| <b>TOTAL COST</b>  | (6,185,518)         | (5,302,812)                        |                        |                   |
| <b>GROSS PROFIT</b>  | 2,862,317           | 3,019,824                          | 338                    | 265               |
| <b>OPERATIONAL EXPENSES</b> (Note 28)  |                     |                                    |                        |                   |
| Selling expenses   | (113,907)           | (119,741)                          |                        |                   |
| General and administrative expenses  | (300,776)           | (479,353)                          | 55,660                 | (10,963)          |
| Other operational expenses   | (47,467)            | (49,521)                           | (12,275)               | (15,986)          |
|  | (462,150)           | (648,615)                          | 43,385                 | (26,949)          |
| <b>Operational profit before equity gains/losses and financial revenues/expenses</b> | 2,400,167           | 2,371,209                          | 43,723                 | (26,684)          |
| <b>Equity gain (loss) from subsidiaries</b>  |                     |                                    | 1,294,423              | 1,543,364         |

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|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| <b>Net financial revenue (expenses)</b> (Note 29)         | (433,336) | (81,308)  | 17,975    | 9,817     |
| <b>Profit before taxation and profit shares</b>           | 1,966,831 | 2,289,901 | 1,356,121 | 1,526,497 |
| Income tax and Social Contribution tax (Note 11)          | (645,082) | (759,874) | (75,247)  | (83,599)  |
| Deferred income tax and Social Contribution tax (Note 11) | 73,382    | 39,217    | (13,338)  | (13,118)  |
| Employees and managers profit shares                      | (132,072) | (99,163)  | (4,477)   | (2,706)   |
| Minority interests  |           | (43,007)  |           |           |
| <b>NET PROFIT FOR THE PERIOD</b>                          | 1,263,059 | 1,427,074 | 1,263,059 | 1,427,074 |
| <b>NET PROFIT PER SHARE R\$</b>                           |           |           | 1.85166   | 2.30033   |

The Explanatory Notes are an integral part of the Quarterly Information.

Table of Contents

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE THIRD QUARTER AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2010 ( 9M10 )

R\$ '000

|   | Registered<br>capital | Capital<br>reserves | Profit<br>reserves | Retained<br>earnings | Conversion /<br>Valuation<br>Adjustment to<br>Stockholders<br>equity | Funds allocated to<br>increase of capital | Total             |
|---|-----------------------|---------------------|--------------------|----------------------|--|---|-------------------|
| <b>BALANCES ON JUNE 30, 2010</b>                                      | <b>3,412,073</b>      | <b>3,953,850</b>    | <b>2,882,308</b>   | <b>744,600</b>       | <b>(180)</b>   | <b>27,124</b>                             | <b>11,019,775</b> |
| Adjustment to stockholders' equity in<br>affiliated company (Note 23) |                       |                     |                    |                      | 1,542  |   | 1,542             |
| Balance sheet conversion adjustment                                   |                       |                     |                    |                      | (4,667)  |   | (4,667)           |
| Net profit in the quarter   |                       |                     |                    | 553,320              |  |   | 553,320           |
| <b>BALANCES ON SEPTEMBER 30,<br/>2010</b>                             | <b>3,412,073</b>      | <b>3,953,850</b>    | <b>2,882,308</b>   | <b>1,297,920</b>     | <b>(3,305)</b>   | <b>27,124</b>                             | <b>11,569,970</b> |
| <b>BALANCES AT DECEMBER 31, 2009</b>                                  | <b>3,101,884</b>      | <b>3,969,099</b>    | <b>3,177,248</b>   |                      | <b>150</b>   | <b>27,124</b>                             | <b>10,275,505</b> |
| Increase in registered capital (Note 23)                              | 310,189               | (15,249)            | (294,940)          |                      |  |   |                   |
| Adjustment to stockholders' equity in<br>affiliated company (Note 23) |                       |                     |                    |                      | 1,993  |   | 1,993             |
| Balance sheet conversion adjustment                                   |                       |                     |                    |                      | (5,448)  |   | (5,448)           |
| Prior year adjustment in affiliated<br>company                        |                       |                     |                    | 34,861               |  |   | 34,861            |
| Net profit for the period   |                       |                     |                    | 1,263,059            |  |   | 1,263,059         |
| <b>BALANCES ON SEPTEMBER 30,<br/>2010</b>                             | <b>3,412,073</b>      | <b>3,953,850</b>    | <b>2,882,308</b>   | <b>1,297,920</b>     | <b>(3,305)</b>   | <b>27,124</b>                             | <b>11,569,970</b> |

The Explanatory Notes are an integral part of the Quarterly Information.

Table of Contents**STATEMENTS OF CASH FLOWS****FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009****R\$ 000**

|  | <b>Consolidated</b> |                   | <b>Holding company</b> |                   |
|--|---------------------|-------------------|------------------------|-------------------|
|  | <b>30/09/2010</b>   | <b>30/09/2009</b> | <b>30/09/2010</b>      | <b>30/09/2009</b> |
| <b>CASH FLOW FROM OPERATIONS</b>   |                     |                   |                        |                   |
| Net profit for the period  | 1.263.059           | 1.427.074         | 1.263.059              | 1.427.074         |
| <b>Expenses (Revenues) not affecting Cash and cash equivalents</b>         |                     |                   |                        |                   |
| Depreciation and amortization  | 610.975             | 517.204           | 127                    | 140               |
| Net write-offs of fixed assets   | 12.060              | 16.938            |                        |                   |
| Equity gain (loss) from subsidiaries                                       |                     |                   | (1.294.423)            | (1.543.364)       |
| Interest and monetary variations Non-current                               | 112.546             | (43.755)          | (40.410)               | (35.966)          |
| Revision of permitted transmission revenue                                 | 50.073              | (136.657)         |                        |                   |
| Deferred federal taxes   | (73.381)            | (39.217)          | 13.338                 | 13.118            |
| Provisions (reversals) for operational losses                              | (29.433)            | 88.765            | (101.861)              | (30.557)          |
| Provision for losses (Gains on financial instruments                       | (6.956)             | 80.136            |                        |                   |
| Provisions for losses in recovery of Extraordinary                         |                     |                   |                        |                   |
| Tariff Recomposition amounts   |                     | (7.915)           |                        |                   |
| Amortization of goodwill on acquisitions                                   | 53.853              | 16.352            | 35.286                 | 16.352            |
| Post-employment obligations  | 126.457             | 105.760           | 9.408                  | 4.252             |
| Minority interests   |                     | 43.007            |                        |                   |
| Additional low-income consumers subsidy 2008 and 2009 Tariff Adjustments   | (55.263)            |                   |                        |                   |
| Write-off of CVA prior years   | 70.889              |                   |                        |                   |
| Write-off of regulatory assets PIS, Pasep and Cofins taxes                 | 46.240              |                   |                        |                   |
| Others   | (3.113)             | 7.616             |                        |                   |
|  | 2.178.006           | 2.075.308         | (115.476)              | (148.951)         |
| <b>(Increase) reduction of assets</b>                                      |                     |                   |                        |                   |
| Consumers and traders  | (139.102)           | (298.788)         |                        |                   |
| Extraordinary Tariff Recomposition Current                                 | 227.445             | 240.047           |                        |                   |
| Amortization of accounts receivable from the Minas Gerais State Government | 101.079             | 143.647           |                        |                   |
| Traders transactions on CCEE   | (1.055)             | 3.317             |                        |                   |
| Deferred tax credits   | (15.315)            | 9.909             | 25.646                 | 23.462            |
| Taxes offsetable   | (383.681)           | (503.031)         | 14.095                 | (14.370)          |
| Transport of electricity   | (8.591)             | 74.623            |                        |                   |
| Other credits  | (255.766)           | 173.430           | 25.029                 | (7.041)           |
| Deferred Tariff Adjustment   |                     | 133.423           |                        |                   |
| Anticipated expenses CVA   | 21.038              | 35.782            |                        |                   |
| Payments into court  | (247.804)           | (175.649)         | (23.718)               | (7.631)           |
| Review of the transmission tariff  | 55.271              |                   |                        |                   |
| Dividends received from subsidiaries                                       |                     |                   | 1.159.294              | 820.171           |
|  | (646.481)           | (163.290)         | 1.200.346              | 814.591           |
| <b>Increase (reduction) of liabilities</b>                                 |                     |                   |                        |                   |

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|   |           |           |           |         |
|---|-----------|-----------|-----------|---------|
| Suppliers                                 | 173.741   | (159.782) | (13.132)  | (1.447) |
| Taxes, charges and contributions          | 635.332   | 892.623   | 50.347    | 54.186  |
| Salaries and mandatory charges on payroll | (119.261) | 83.305    | (5.374)   | 457     |
| Regulatory charges                        | 87.415    | 11.142    |           |         |
| Loans, financings and debentures          | 605.282   | 64.805    | (2.383)   | (3.716) |
| Post-employment obligations               | (39.977)  | (147.612) | (7.329)   | (6.714) |
| Regulatory liabilities CVA                | 170.080   | 34.245    |           |         |
| Losses on financial instruments           | (12.712)  | (16.365)  |           |         |
| Contingency provisions                    | 32.370    |           | (102.334) |         |
| Others                                    | (30.668)  | (3.314)   | (13.507)  | (7.972) |
|   | 1.501.602 | 759.047   | (93.712)  | 34.794  |
| NET CASH FROM OPERATIONAL ACTIVITIES      | 3.033.127 | 2.671.065 | 991.158   | 700.434 |

Table of Contents

|   | Consolidated       |                    | Holding company  |                  |
|---|--------------------|--------------------|------------------|------------------|
|   | 30/09/2010         | 30/09/2009         | 30/09/2010       | 30/09/2009       |
| <b>CASH FLOWS IN INVESTMENT ACTIVITIES</b>    |                    |                    |                  |                  |
| Investments                                   | (446.797)          | (216.492)          | (729.996)        | (543.981)        |
| Investments in fixed and intangible assets    | (2.727.684)        | (1.866.350)        | (387)            | 745              |
| <b>NET CASH USED IN INVESTMENT ACTIVITIES</b> | <b>(3.174.481)</b> | <b>(2.082.842)</b> | <b>(730.383)</b> | <b>(543.236)</b> |
| <b>CASH FLOW IN FINANCING ACTIVITIES</b>      |                    |                    |                  |                  |
| Financings and debentures obtained            | 4.372.711          | 592.380            |                  |                  |
| Reduction of capital                          |                    |                    |                  | 185.000          |
| Payments of loans and financings              | (4.000.681)        | (214.211)          | (18.397)         |                  |
| Minority interests                            | (6.948)            |                    |                  |                  |
| Interest on Equity, and dividends             | (469.852)          | (481.160)          | (466.727)        | (481.159)        |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>  | <b>(104.770)</b>   | <b>(102.991)</b>   | <b>(485.124)</b> | <b>(296.159)</b> |
| <b>NET CHANGE IN CASH POSITION</b>            | <b>(246.124)</b>   | <b>485.232</b>     | <b>(224.349)</b> | <b>(138.961)</b> |
| <b>STATEMENT OF CHANGES IN CASH POSITION</b>  |                    |                    |                  |                  |
| Beginning of period                           | 4.424.959          | 2.283.937          | 656.704          | 256.906          |
| End of period                                 | 4.178.835          | 2.769.169          | 432.355          | 117.945          |
|   | <b>(246.124)</b>   | <b>485.232</b>     | <b>(224.349)</b> | <b>(138.961)</b> |

The Explanatory Notes are an integral part of the Quarterly Information.



Table of Contents

**EXPLANATORY NOTES TO THE QUARTERLY INFORMATION (ITR)**

**FOR SEPTEMBER 30, 2010**

**(Figures in R\$ 000, except where otherwise stated)**

**1) OPERATIONAL CONTEXT**

**Companhia Energética de Minas Gerais ( Cemig or the Company )** is a listed corporation registered in the Brazilian Registry of Corporate Taxpayers (CNPJ) under number 17.155.730/0001-64, with shares traded at Corporate Governance Level 1 on the São Paulo stock exchange and on the stock exchanges of the US and Spain. It operates exclusively as a holding company, with stockholdings in companies controlled individually or jointly, the principal objectives of which are to build and operate systems for generation, transformation, transmission, distribution and sale of electricity, and also activities in the various fields of energy, for the purpose of commercial operation.

Cemig had stockholdings in the following operational companies on September 30, 2010:

- **Cemig Geração e Transmissão S.A. ( Cemig GT )** (subsidiary, 100% stake), registered with the CVM (Brazilian Securities Commission): Generation and transmission of electricity, through 48 power plants, of which 43 are hydroelectric, 4 wind plants and one a thermal plant, and transmission lines, most of which are part of the Brazilian national generation and transmission grid system. Cemig GT has stockholdings in the following subsidiaries and jointly controlled:
- **Hidrelétrica Cachoeirão S.A.** (jointly controlled, 49.00% stake): Production and sale of electricity as an independent power producer, through the Cachoeirão hydroelectric power plant, at Pocrane, in the State of Minas Gerais, with installed capacity of 27MW (information not reviewed by external auditors). The plant began operating in 2009.
- **Central Eólica Praias de Parajuru S.A.** (jointly controlled 49.00% stake): Production and sale of electricity at the Praias de Parajuru Wind Farm, in the county of Beberibe in the state of Ceará, Northern Brazil, with installed capacity of 28.8MW (information not reviewed by external auditors). The plant began operating in August 2009.
- **Baguari Energia S.A.** (jointly controlled, 69.39% stake): Construction, operation, maintenance and commercial operation, through its participation in the UHE Baguari Consortium (Baguari Energia 49.00%, Neoenergia 51.00%), of the Baguari Hydroelectric Plant, with installed capacity of 140MW (information not reviewed by external auditors), on the Doce River in Governador Valadares, Minas Gerais State. The various units of this plant began operating over the period September 2009 to May 2010.





Table of Contents

- Transmissora Aliança de Energia Elétrica S.A. ( Taesa ) previously named Terna Participações S.A. (jointly controlled, 32.27% stake): Construction, operation and maintenance of electricity transmission facilities in 11 states of Brazil through the following companies in which it has a controlling or other interest: TSN Transmissora Sudeste Nordeste S.A.; Novatrans Energia S.A.; ETEO Empresa de Transmissão de Energia do Oeste S.A.; ETAU Empresa de Transmissão do Alto Uruguai S.A.; Brasnorte Transmissora de Energia S.A. and Terna Serviços Ltda. These companies control an aggregate of more than 3,712km (information not reviewed by external auditors) of high voltage transmission lines (230 to 500kV), components of the Brazilian National Grid.
  - Transmissora Alvorada de Energia S.A. ( Alvorada ) (jointly controlled, 74.50% stake): Holding of a 62.80% interest in Transmissora Alterosa de Energia S.A.
  - Transmissora Alterosa de Energia S.A. ( Alterosa ) (jointly controlled, 36.23% stake): Holding of a 29.42% interest in Transmissora Aliança de Energia S.A.
  - Central Eólica Praias do Morgado S.A. (jointly controlled, 49% stake): Production and sale of electricity through the Praias do Morgado Wind Farm in the county of Aracaju in the state of Ceará, Northern Brazil, with installed capacity of 28.8MW (information not reviewed by external auditors). The plant began operating in April 2010.
  - Central Eólica Volta do Rio S.A. (jointly controlled, 49% stake): Production and sale of electricity through the Volta do Rio Wind Farm in the municipality of Aracaju in the state of Ceará, Northern Brazil, with installed capacity of 42MW (information not reviewed by external auditors). The plant began operating in September 2010.
- Subsidiaries and jointly-controlled subsidiaries of Cemig GT at pre-operational stage:
- Guanhães Energia S.A. (jointly controlled, 49.00% stake): Production and sale of electricity through building and commercial operation of the following Small Hydro Plants in Minas Gerais state: Dores de Guanhães, Senhora do Porto and Jacaré, in the county of Dores de Guanhães; and Small Hydro Plants Fortuna II, in the county of Virginópolis. The plants are scheduled to start operating in August 2011, and will have total installed capacity of 44MW (information not reviewed by external auditors).
  - Cemig Baguari Energia S.A. (subsidiary, 100% stake): Production and sale of electricity as an independent producer in future projects.
  - Madeira Energia S.A. (jointly controlled, 10.00% stake): Construction, operation and commercial operation of the Santo Antônio Hydroelectric Plant in the Madeira river basin, in the State of Rondônia, with generation capacity of 3,150 MW (information not reviewed by external auditors) and commercial startup scheduled for 2012.



Table of Contents

- Hidrelétrica Pipoca S.A. (jointly controlled, 49.00% stake): Independent production of electricity, through construction and commercial operation of the Pipoca Small Hydro Plant, with installed capacity of 20MW (information not reviewed by external auditors), located on the Manhuaçu River, in the municipalities of Caratinga and Ipanema, in the State of Minas Gerais. Startup of commercial operation in October 2010.

- Empresa Brasileira de Transmissão de Energia ( EBTE ) (jointly-controlled subsidiary, 49% stake): Holder of public service electricity transmission concession for transmission lines in the state of Mato Grosso. Operational startup is scheduled for December 2010.

Lightger S.A. ( Light Ger ) (jointly controlled, 49% stake): Independent power production through building and commercial operation of the hydroelectric potential referred to as the Paracambi Small Hydro Plant, with installed capacity of 25MW, (information not reviewed by external auditors), on the Ribeirão das Lages River in the county of Paracambi, in the State of Rio de Janeiro. The first rotor is scheduled to start operation in October 2011.

- Cemig Distribuição S.A. ( Cemig D ) (wholly-owned subsidiary 100% stake), registered with the CVM (Securities Commission): Distribution of electricity through distribution networks and lines in approximately 97% of the Brazilian state of Minas Gerais, serving 7,000,655 consumers on September 30, 2010 (information not reviewed by external auditors).

- Light S.A. ( Light ) (Jointly-controlled subsidiary 15.53% stake): Objects are to hold direct or indirect interests in other companies and, directly or indirectly, to operate electricity services, including generation, transmission, trading or distribution, and other related services. Light S.A. is the controlling stockholder of:

- Light Serviços de Eletricidade S.A. ( Light SESA ) (100% stake): A listed corporation primarily operating in electricity distribution, with 2.0 million consumers in 31 municipalities of the state of Rio de Janeiro. (information not reviewed by external auditors).

- Light Energia S.A. ( Light Energia ) (100% stake): An unlisted corporation whose principal activities are to study, plan, build and commercially operate systems of generation, transmission and sale of electricity and related services;

- Light Esco Prestação de Serviços Ltda. ( Light Esco ) (100% stake): Provision of services of co-generation, planning, administration and solutions including electricity efficiency and structuring of energy sourcing, and trading of electricity in the free market.

- Itaocara Energia Ltda. ( Itaocara Energia ) (100% stake): Company at pre-operational stage, whose principal objects are planning, building, installation and commercial operation of electricity power plants.



Table of Contents

- Lightger S.A. ( Lightger ) (51.00% stake), and Lighthidro Ltda. ( Lighthidro ) (100% stake): Companies at pre-operational stage, formed to participate in auctions of concessions, authorizations and permissions in new plants. On December 24, 2008, Lightger obtained the installation license authorizing the start of works on the Paracambi Small Hydro Plant.
- Instituto Light para o Desenvolvimento Urbano e Social ( the Light Institute ) (100% stake): Participation in social and cultural projects, and interest in economic and social development of cities, reaffirming the Company's vocation for social action and Corporate Citizenship.
- Lightcom Comercializadora de Energia S.A. (Lightcom) (100% stake): Purchase, sale, importation and exportation of electricity and general consultancy in the Free and Regulated Electricity Markets.
- Axxiom Soluções Tecnológicas S.A. ( Axxiom ) (jointly controlled 51.00% stake): Formed in August 2008 to provide complete services of implementation and management of systems for electricity sector companies.
- Sá Carvalho S.A. (subsidiary, 100% stake): Production and sale of electricity, as a public electricity service concession holder, through the *Sá Carvalho* hydroelectric power plant.
- Usina Térmica Ipatinga S.A. (subsidiary, 100% stake): Production and sale, as an Independent Power Producer, of thermally generated electricity, through the Ipatinga thermal plant, located on the premises of Usiminas (Usinas Siderúrgicas de Minas Gerais S.A.).
- Companhia de Gás de Minas Gerais ( Gasmig ) (jointly controlled, 55.19% stake): Acquisition, transport and distribution of combustible gas or sub-products and derivatives, through concession for distribution of gas in the State of Minas Gerais.
- Cemig Telecomunicações S.A. ( Cemig Telecom ) previously named Empresa de Infovias S.A. (subsidiary, 100% stake): Provision and commercial operation of specialized telecommunications services, through an integrated system consisting of fiber optic cables, coaxial cables, and electronic and associated equipment (multi-service network).
- Efficientia S.A. (subsidiary, 100% stake): Provides electricity efficiency and optimization services and energy solutions through studies and execution of projects, as well as providing services of operation and maintenance in energy supply facilities.
- Horizontes Energia S.A. (subsidiary, 100% stake): Production and sale of electricity, as an independent power producer, through the *Machado Mineiro* and *Salto do Paraopeba* hydroelectric power plants, in the State of Minas Gerais, and the *Salto do Voltão* and *Salto do Passo Velho* power plants in the State of Santa Catarina.

- Central Termelétrica de Cogeração S.A. (subsidiary, 100% stake): Production and sale of electricity produced by thermal generation as an independent producer, in future projects.

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### Table of Contents

- Rosal Energia S.A. (subsidiary, 100% stake): Production and sale of electricity, as a public electricity service concession holder, at the Rosal hydroelectric power plant, on the border between the States of Rio de Janeiro and Espírito Santo, Brazil.
- Central Hidrelétrica Pai Joaquim S.A. (subsidiary, 100% stake): Production and sale of electricity as an independent producer, in future projects.
- Cemig PCH S.A. (subsidiary, 100% stake): Production and sale of electricity as an independent power producer, through the *Pai Joaquim* hydroelectric power plant.
- Cemig Capim Branco Energia S.A. (subsidiary, 100% stake): Production and sale of electricity as an independent power producer, through the *Amador Aguiar I and II* hydroelectric power plants, built through a consortium with private-sector partners.
- UTE Barreiro S.A. (subsidiary, 100% stake): Production and sale of thermally generated electricity, as an independent power producer, through construction and operation of the *UTE Barreiro* thermal generation plant, located on the premises of V&M do Brasil S.A., in Minas Gerais state.
- Cemig Trading S.A. (subsidiary: 100% stake): Sale and intermediation of business transactions related to energy.
- Companhia Transleste de Transmissão (jointly controlled, 25.00% stake): Operation of the 345kV transmission line connecting the substation located in *Montes Claros* to the substation of the *Irapé* hydroelectric power plant.
- Companhia Transudeste de Transmissão (jointly controlled, 24.00% stake): Construction, operation and maintenance of national grid transmission lines and facilities the 345kV *Itutinga Juiz de Fora* transmission line.
- Companhia Transirapé de Transmissão (jointly controlled, 24.50% stake): Construction, operation and maintenance of the 230kV *Irapé Araçuaí* transmission line also part of the national grid.
- EPTE (Empresa Paraense de Transmissão de Energia S.A.) (jointly controlled, 41.05% stake): Holder of a public service electricity transmission concession, for the 500kV transmission line in the State of *Pará*. ETEP has formed the wholly-owned subsidiary ESDE (Empresa Santos Dumont de Energia S.A.).



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- ENTE (Empresa Norte de Transmissão de Energia S.A.) (jointly controlled, 36.69% stake): Holder of a public service electricity transmission concession, for two 500kV transmission lines in the States of *Pará* and *Maranhão*.
- ERTE (Empresa Regional de Transmissão de Energia S.A.) (jointly controlled, 36.69% stake): Holder of a public service electricity transmission concession, for a 230kV transmission line in the State of *Pará*.
- EATE (Empresa Amazonense de Transmissão de Energia S.A.) (jointly controlled, 37.44% stake): Holder of the public service electricity transmission concession for the 500kV transmission lines between the sectionalizing Substations of *Tucuruí*, *Marabá*, *Imperatriz*, *Presidente Dutra* and *Açailândia*. EATE has holdings in the following transmission companies: EBTE (Empresa Brasileira de Transmissão de Energia), with a 51% stake; STC (Sistema de Transmissão Catarinense), with a stake of 80%, and Lumitrans Cia. Transmissora de Energia Elétrica, with a stake of 80%.

Table of Contents

- ECTE (Empresa Catarinense de Transmissão de Energia S.A.) (jointly controlled, 13.37% stake): Holder of a public electricity transmission service concession operating a 525kV transmission line in the State of *Santa Catarina*.
- Axxiom Soluções Tecnológicas S.A. ( Axxiom ) (jointly controlled, 49.00% stake): Formed in August 2008 to provide complete services of implementation and management of systems for electricity sector companies.
- Transchile Charrúa Transmisión S.A. ( Transchile ) (jointly controlled, 49.00% stake): Implementation, operation and maintenance of the *Charrúa Nueva Temuco 220kV transmission line* and two sections of transmission line at the Charrúa and Nueva Temuco substations, in the central region of Chile. The head office of Transchile is in Santiago, Chile. The transmission line began operating in January 2010.
- Companhia de Transmissão Centroeste de Minas (jointly controlled, 51.00% stake): Construction, operation and maintenance of the 345kV *Furnas Pimenta* transmission line part of the national grid. The transmission line began operating in April 2010.

Cemig also has stockholdings in the companies listed below, which were at pre-operational stage on September 30, 2010:

- Cemig Serviços S.A. ( Cemig Serviços ) - (subsidiary, 100% stake): Provision of services related to planning, construction, operation and maintenance of electricity generation, transmission and distribution systems, and provision of administrative, commercial and engineering services in the various fields of energy, from any source.

Where Cemig exercises joint control it does so through stockholders' agreements with the other stockholders of the investee company.

## **2. PRESENTATION OF THE QUARTERLY INFORMATION**

### **2.1. Presentation of the quarterly information**

The Quarterly Information (ITR), both for the holding company and consolidated, was prepared according to Brazilian accounting practices, comprising: the Brazilian Corporate Law; the statements, orientations and interpretations issued by the Brazilian Accounting Statements Committee; rules of the Brazilian Securities Commission (CVM - *Comissão de Valores Mobiliários*); and rules of the specific legislation applicable to holders of Brazilian electricity concessions, issued by the Brazilian National Electricity Agency, Anel.

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This Quarterly Information (ITR) has been prepared according to principles, practices and criteria consistent with those adopted in the preparation of the annual financial statements at December 31, 2009. Hence this Quarterly Information should be read in conjunction with those annual financial statements, published on April 20, 2010 and approved by the Executive Board on March 9, 2010.

Table of Contents

Additionally, to optimize the information provided to the market, the Company is presenting, in Explanatory Note 33, income statements separated by company. All the information presented was obtained from the accounting records of the Company and its subsidiaries.

The reclassification made to the balances of September 30, 2009 for the purposes of comparability in compliance with the change in the Electricity Public Service Accounting Manual (MCSPEE) is as follows:

| Original line                | Consolidated |
|------------------------------|--------------|
| Other operational expenses   |              |
| Emergency Acquisition Charge | 11,866       |
| Reclassified to              | Consolidated |
| Deductions from revenue      |              |
| Emergency Acquisition Charge | (11,866)     |

## 2.2. Application of the new accounting rules starting in 2010

In continuation of the process, begun in 2008, of harmonizing Brazilian accounting rules with International Financial Reporting Standards IFRS, issued by the IASB – International Accounting Standards Board, in 2009 the CPC issued, and the CVM approved, several accounting statements, with obligatory application for the business years starting on or after January 1, 2010, backdated to 2009 for the purposes of comparability.

However, as allowed by CVM Decision 603, of November 10, 2009, as amended by CVM Decision 626, of March 31, 2010, the Company opted to present its quarterly information in accordance with the accounting rules adopted in Brazil up to December 31, 2009.

The Company is in the process of assessing the possible effects of application of the technical statements so far issued and has concluded, preliminarily, that the main effects will arise from the application of the following rules:

Technical Interpretation ICPC 01 – *Concession Contracts*, which establishes the general principles for recognition and measurement of obligations and the respective rights of concession contracts. Under ICPC 01, the remuneration received or receivable by the concession holder is to be recorded at fair value, corresponding to rights held in relation to a financial asset and/or an intangible asset. At present it is not possible to estimate the effects arising from the application of this rule, since the concepts introduced are still being studied for the purposes of application, but adjustments are expected, arising from the reclassification of the fixed assets as an intangible and/or a financial asset, recognition of construction revenue, and treatment of obligations linked to the concession.

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CPC Statement 17 *Construction Contracts*, which establishes the accounting treatment of revenues and expenses associated with construction contracts. The applicability of this accounting statement is directly related to the resolution of doubts arising from Technical Interpretation ICPC 01, since the recognition of this revenue is not provided for in the regulatory tariff environment. Thus, the company believes that it is not possible, in the present scenario, to securely quantify the impact of adoption of the said statement.

Table of Contents

Statement CPC 30 *Revenues*, which sets out the accounting treatment of revenues that arise from certain types of transaction and event: sale of goods; provision of services; and use, by third parties, of other assets of the entity that generate profits, royalties and dividends. The applicability of this accounting statement is directly related to the resolution of doubts arising from Technical Interpretation ICPC 01, since the recognition of this revenue is not provided for in the regulatory tariff environment. Thus, the company believes that it is not possible, in the present scenario, to securely quantify the impact of adoption of the said statement.

Statement CPC 24 *Subsequent event*, and ICPC 08 *Accounting of the proposal for payment of dividends*: Management has the obligation to propose distribution of the profits at the end of the business year. This distribution can be changed by the stockholders. Thus, according to CPC 24 the part of the proposed dividends that is not declared and is in excess of the obligatory minimum dividend and the interest on equity shall be maintained within Stockholders' equity and shall not be recognized as a liability at the end of the period. Dividends that are additional to the minimum shall be posted in liabilities as and when they are approved by the competent bodies of the company.

Statement CPC 43 This establishes the *criteria for the initial adoption of CPCs 15 to 40*, and specifies that the exceptions in relation to the international rules are limited to the maintenance of equity income in the individual financial statements that have investments valued by the equity method and maintenance of the deferred asset formed up to December 31, 2008, until its entire amortization. At present, in Brazil, regulatory assets and liabilities are recorded, and when the regulator establishes criteria for allocation of revenue or expense to subsequent periods, a regulatory asset or liability is recognized. At present these regulatory assets and liabilities represent a difference in generally accepted accounting principles between the accounting principles adopted in Brazil, and IFRS. Until this moment there is no definition on the recognition of regulatory assets and liabilities, so, the management is awaiting to assess its possible effects on the financial statements prepared in accordance with accounting practices adopted in Brazil.

The Company is participating in the discussions and debates in the market, especially in the professional organizations of the accounting sector and with the regulators, in relation to the interpretations on the criteria for application of these Statements, among which we highlight Technical Interpretation ICPC 01, and these parties may possibly make a position statement on specific aspects for application in the electricity sector. At this moment, due to the conceptual doubts that have given rise to differing interpretations as to the correct application of these rules in the Brazilian regulatory environment, and until there is a better understanding on the practical application of the Statements, we believe it is not possible yet to quantify the possible effects on the financial statements with a reasonable degree of certainty.

Table of Contents

**2.3. Transmission revenue Criteria for recognition**

On October 14, 2009 the CVM, through a decision of its Council, ordered that the electricity transmission service concession holders controlled by Taesa should, as from the first disclosure of ITRs of 2010, change the accounting treatment to be adopted in accounting of the revenue, with effects backdated in 2009 only for the purposes of comparability, Taesa being exempted from having to restate its accounting statements for the previous business years.

Considering that Cemig GT and the transmission companies of the TBE Group have electricity transmission concession contracts similar to those of Taesa, they too should adopt the same procedures ordered by the CVM.

On May 4, 2010, the CVM, through its Official Letter SEP/GEA 189/10, authorized non-application of this new practice for the ITRs to be published during the 2010 business year, allowing it to be adopted only after the business year ending December 31, 2010, jointly with the other accounting pronouncements that have effect in 2010.

It has not been possible to evaluate the impact on the Stockholders' equity of concession holders arising from the linearization of revenue, due to the conceptual doubts that have given rise to differing interpretations as to the correct application of Technical Interpretation ICPC 01 *Concession contracts*, and its interaction with CPC 17 *Construction contracts* and CPC 30 *Revenues*, in the regulatory environment, as described above.

**2.4. Criterion for consolidation of the Quarterly Information**

The Quarterly Information (ITR) of the subsidiaries and jointly-controlled companies mentioned in Explanatory Note 1 has been consolidated as follows: The data of the jointly-controlled subsidiaries was consolidated based on the method of proportional consolidation, applicable to each component of the accounting statements of the jointly-controlled subsidiaries. All the subsidiaries, including those that are jointly-controlled, follow accounting practices that are consistent with those of the holding company.

In the consolidation, the interests of the holding company in the Stockholders' equity of the controlled companies, and material balances of assets, liabilities, revenues and expenses arising from transactions effected between the companies, have been eliminated.

The dates of the Quarterly Information of the subsidiaries used for calculation of equity gains (losses) and consolidation coincide with those of the holding company.

The references made in this Quarterly Information of the subsidiaries and of the jointly-controlled subsidiaries are realized in proportion to the Company's stake.





Table of Contents

The accounting statements of Transchile, for the purpose of consolidation, are converted from Chilean accounting principles to Brazilian accounting principles, with Chilean pesos being converted to Reais at the exchange rate of the last day of the quarter, since the functional currency of Cemig is the Real and that of Transchile is the US dollar.

The dates of the quarterly information of the subsidiaries and jointly-controlled subsidiaries used for calculation of equity gains (losses) and consolidation coincide with those of the holding company.

In accordance with CVM Instruction 408, the Consolidated Quarterly Information includes the balances and the transactions of the exclusive investment funds, the only unit holders of which are the Company and its subsidiaries, comprising public and private debt securities and debentures of companies with minimum risk rating A+(bra) (Brazilian long-term rating), ensuring high liquidity of the securities.

The exclusive fund, the Quarterly Information of which is regularly reviewed, is subject to obligations restricted to: payment for services provided for administration of the assets, attributed to operation of the investments, such as custody fees, audit fees and other expenses. There are, thus, no significant financial obligations, nor assets of the unit holders to guarantee these obligations.



# Table of Contents

The Company uses the full and proportional consolidation criteria, as shown in the following table. The proportions of holding indicated are of the subsidiary's total capital:

|   |                       | 30/09/2010        |                     |
|---|-----------------------|-------------------|---------------------|
| Subsidiaries and jointly-controlled subsidiaries        | Form of consolidation | Direct holding, % | Indirect holding, % |
| Subsidiaries and jointly-controlled subsidiaries        |                       |                   |                     |
| Cemig GT  | Full                  | 100.00            |                     |
| Cemig Baguari Energia                                   | Full                  |                   | 100.00              |
| Hidrelétrica Cachoeirão                                 | Proportional          |                   | 49.00               |
| Guanhães Energia  | Proportional          |                   | 49.00               |
| Madeira Energia   | Proportional          |                   | 10.00               |
| Hidrelétrica Pipoca                                     | Proportional          |                   | 49.00               |
| Baguari Energia   | Proportional          |                   | 69.39               |
| Empresa Brasileira de Transmissão de Energia S.A   EBTE | Proportional          |                   | 49.00               |
| Praias de Parajuru Wind Farm                            | Proportional          |                   | 49.00               |
| Central Eólica Volta do Rio                             | Proportional          |                   | 49.00               |
| Central Eólica Praias de Morgado                        | Proportional          |                   | 49.00               |
| TAESA   | Proportional          |                   | 32.27               |
| Alterosa  | Proportional          |                   | 36.23               |
| Alvorada  | Proportional          |                   | 74.50               |
| Light Ger   | Proportional          |                   | 49.00               |
| Cemig D   | Full                  | 100.00            |                     |
| Cemig Telecom   | Full                  | 100.00            |                     |
| Ativas Data Center                                      | Proportional          |                   | 49.00               |
| Rosal Energia   | Full                  | 100.00            |                     |
| Sá Carvalho   | Full                  | 100.00            |                     |
| Horizontes Energia                                      | Full                  | 100.00            |                     |
| Usina Térmica Ipatinga                                  | Full                  | 100.00            |                     |
| Cemig PCH   | Full                  | 100.00            |                     |
| Cemig Capim Branco Energia                              | Full                  | 100.00            |                     |
| Cemig Trading   | Full                  | 100.00            |                     |
| Efficientia   | Full                  | 100.00            |                     |
| Central Termelétrica de Cogeração                       | Full                  | 100.00            |                     |
| UTE Barreiro  | Full                  | 100.00            |                     |
| Central Hidrelétrica Pai Joaquim                        | Full                  | 100.00            |                     |
| Cemig Serviços  | Full                  | 100.00            |                     |
| GASMIG  | Proportional          | 55.19             |                     |
| Companhia Transleste de Transmissão                     | Proportional          | 25.00             |                     |
| Companhia Transudeste de Transmissão                    | Proportional          | 24.00             |                     |
| Companhia Transirapé de Transmissão                     | Proportional          | 24.50             |                     |
| Light S.A.  | Proportional          | 25.53             |                     |
| Light Sesa  | Full                  |                   | 25.53               |
| Light Energia   | Full                  |                   | 25.53               |
| Light Esco  | Full                  |                   | 25.53               |
| Lightger  | Full                  |                   | 13.02               |
| Light Hidro   | Full                  |                   | 25.53               |
| Light Institute   | Full                  |                   | 25.53               |
| Itaocara Energia  | Full                  |                   | 25.53               |
| Lightcom  | Full                  |                   | 25.53               |
| Axxiom  | Proportional          |                   | 13.02               |
| Transchile  | Proportional          | 49.00             |                     |
| Companhia de Transmissão Centroeste de Minas            | Proportional          | 51.00             |                     |

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|  |              |       |       |
|--|--------------|-------|-------|
| Empresa Amazonense de Transmissão de Energia - EATE  | Proportional | 37.99 |       |
| Sistema de Transmissão Catarinense - STC             | Full         |       | 30.39 |
| Lumitrans Cia. Transmissora de Energia Elétrica      | Full         |       | 30.39 |
| Empresa Brasileira de Transmissão de Energia - EBTE  | Proportional |       | 19.37 |
| Empresa Paraense de Transmissão de Energia - ETEP    | Proportional | 41.49 |       |
| Empresa Santos Dumont de Energia - ESDE              | Full         |       | 41.49 |
| Empresa Norte de Transmissão de Energia - ENTE       | Proportional | 36.69 |       |
| Empresa Regional de Transmissão de Energia - ERTE    | Proportional | 36.69 |       |
| Empresa Catarinense de Transmissão de Energia - ECTE | Proportional | 13.37 |       |
| Axxiom   | Proportional | 49.00 |       |

Table of Contents**3 . CASH & CASH EQUIVALENTS**

|                                 | <b>Consolidated</b> |                   | <b>Holding company</b> |                   |
|---------------------------------|---------------------|-------------------|------------------------|-------------------|
|                                 | <b>30/09/2010</b>   | <b>30/06/2010</b> | <b>30/09/2010</b>      | <b>30/06/2010</b> |
| Bank accounts                   | 92,941              | 90,492            | 9,442                  | 9,726             |
| Cash investments                |                     |                   |                        |                   |
| Bank certificates of deposit    | 3,707,593           | 3,295,962         | 422,625                | 418,478           |
| National Treasury Notes         | 149,090             |                   |                        |                   |
| Treasury Financial Notes (LFTs) | 50,561              | 186,688           | 15                     | 16                |
| National Treasury Notes (LTNs)  | 25,848              |                   | 23                     |                   |
| Others                          | 152,802             | 181,374           | 250                    | 101               |
|                                 | 4,085,894           | 3,664,024         | 422,913                | 418,595           |
|                                 | <b>4,178,835</b>    | <b>3,754,516</b>  | <b>432,355</b>         | <b>428,321</b>    |

Cash investments are transactions contracted with Brazilian institutions, and international financial institutions with branch offices in Brazil, at normal market prices and on normal market conditions. All the transactions are highly liquid, promptly convertible into a known amount of cash, and are subject to insignificant risk of change in value. Bank Certificates of Deposit (CBDs), with fixed or floating rates, and Time Deposits with Special Guarantee (DPGEs) are remunerated at a percentage (varying from 100% to 110%) of the CDI rate published by Cetip (the Custody and Settlement Chamber).

**4 . CONSUMERS AND TRADERS**

|  | <b>Consolidated</b> |                   | <b>Holding company</b> |                   |
|--|---------------------|-------------------|------------------------|-------------------|
|  | <b>30/09/2010</b>   | <b>30/06/2010</b> | <b>30/09/2010</b>      | <b>30/06/2010</b> |
| Retail supply invoiced                       | 1,984,821           | 1,989,175         | 46,071                 | 46,071            |
| Retail supply not invoiced                   | 791,995             | 740,554           |                        |                   |
| Wholesale supply to other concession holders | 68,319              | 66,649            |                        |                   |
| (-) Provision for doubtful receivables       | (512,936)           | (475,799)         | (46,071)               | (46,071)          |
|  | <b>2,332,199</b>    | <b>2,320,579</b>  |                        |                   |
| Current assets                               | <b>2,238,548</b>    | <b>2,220,462</b>  |                        |                   |
| Non-current assets                           | <b>93,651</b>       | <b>100,117</b>    |                        |                   |

Under rules laid down by Aneel, the criteria for constitution of provisions for doubtful receivables are as follows: (i) for consumers with significant debts payable, an individual analysis is made of the balance, taking into account the history of default, negotiations in progress and the existence of real guarantees; (ii) for other consumers, debts are provisioned in full as follows: from residential consumers, when past due and unpaid for more than 90 days; from commercial consumers, when past due and unpaid for more than 180 days; and for the other consumer categories, when past due and unpaid more than 360 days.

The Provision for doubtful receivables is considered to be sufficient to cover any losses in the realization of these assets.



Table of Contents**5 . REGULATORY ASSETS AND LIABILITIES**

The General Agreement for the Electricity Sector, signed in 2001, and the new regulations governing the electricity sector, resulted in the constitution of several regulatory assets and liabilities, and also in deferral of federal taxes applicable to these assets and liabilities (which are settled as and when the assets and liabilities are received and/or paid), as follows:

|   | <b>Consolidated</b> |                   |
|---|---------------------|-------------------|
|   | <b>30/09/2010</b>   | <b>30/06/2010</b> |
| <b>Assets</b>   |                     |                   |
| Extraordinary Tariff Recomposition, and Portion A (Note 6)                |                     | 65,512            |
| Traders Transactions in Free energy during the rationing program (Note 7) | 47,678              | 46,141            |
| Pre-paid expenses CVA (Note 9)  | 435,617             | 370,976           |
| Review of Tariff for Use of the Distribution System (TUSD)                | 3,089               | 3,984             |
| TUSD discounts Source with incentive                                      | 7,639               | 11,315            |
| TUSD discounts Self-Producers and Independent Producers                   | 6,913               | 10,240            |
| Low-income subsidy  | 132,370             | 126,548           |
| Transmission Tariff Review Adjustment Portion (Note 8)                    | 72,511              | 93,009            |
| Discounts for irrigation enterprises                                      | 2,063               | 3,056             |
| Other regulatory assets   | 62,467              | 14,821            |
|   | <b>770,347</b>      | <b>745,602</b>    |
| <b>Liabilities</b>  |                     |                   |
| Free energy Reimbursements to generators                                  | (15,202)            | (45,264)          |
| Amounts to be restituted in the tariff CVA (Note 9)                       | (632,005)           | (576,416)         |
| Extraordinary Tariff Recomposition, and Portion A (Note 6)                | (16,273)            |                   |
| Transmission Tariff Review Adjustment Portion (Note 8)                    | (58,576)            | (75,568)          |
| Provision for other financial components                                  | (26,631)            | (24,311)          |
| Other regulatory liabilities  | (61,706)            | (9,773)           |
|   | <b>(810,392)</b>    | <b>(731,332)</b>  |
| Taxes, charges and contributions Deferred liabilities (Note 18)           | (50,031)            | (72,372)          |
|   | <b>(860,423)</b>    | <b>(803,704)</b>  |
| <b>Total</b>  | <b>(90,076)</b>     | <b>(58,102)</b>   |

**6 . THE EXTRAORDINARY TARIFF RECOMPOSITION, AND PORTION A**

The Brazilian federal government, through the Electricity Emergency Chamber (GCE), signed an agreement with the electricity distributors and generators in December 2001, named The General Agreement for the Electricity Sector, which set criteria for ensuring the economic and financial equilibrium of concession contracts and for recomposition of the extraordinary revenues and losses which occurred during the Rationing Program, through an Extraordinary Tariff Recomposition ( RTE ), established to compensate for the variation in non-manageable costs of Portion A that took place in the period from January 1 to October 25, 2001.

**a) The Extraordinary Tariff Recomposition**

The RTE came into effect on December 27, 2001, through the following tariff adjustments:



Table of Contents

- Adjustment of 2.90% for consumers in the residential category (excluding low-rental consumers), and rural and public-illumination consumption; and for industrial high-voltage consumer categories for whom the cost of electricity represents 18.00% or more of the average cost of production and which meet certain requirements related to load factor and electricity demand, specified in the Resolution.
- Increase of 7.90% for other consumers.

The RTE was used to compensate the following items:

- Losses of invoiced sales revenue in the period from June 1, 2001 to February 28, 2002, corresponding to the difference between Cemig's estimated revenue if the rationing program had not been put in place and the actual revenue while the program was in place, according to a formula published by Aneel. Calculation of this value did not take into account any losses from default by consumers.
- Pass-through to be made to the generators who bought energy in the MAE which was succeeded in 2004 by the Electricity Trading Chamber (the CCEE), in the period from June 1, 2001 to February 28, 2002, for more than R\$ 49.26/MWh (referred to as Free Energy).

On January 12, 2010, Aneel published Normative Resolution 387, establishing that the balances of payments due for Free Energy and for Loss of Revenue, after completion of the process of collection of the RTE in distributors' retail supply tariffs, should be recalculated using a new methodology.

The final passthrough of Free Energy amounts will be the sum of the monthly differences, positive or negative, between the passthroughs for Free Energy made in accordance with certain defined criteria, and the passthroughs already made, plus financial remuneration at the Selic rate, from the date of occurrence of the difference up to the date of completion of the charging of the RTE within retail supply tariffs.

Due to the recalculation by Aneel of the amounts to be transferred by the Distributors to the Generators, an additional amount was decided, to be passed through by the Company, of R\$ 30,602. Since the period for receipt of the RTE has already expired, it was necessary to post, in September 2010, a counterpart loss of that amount, corresponding to the additional amount passed through to the generators, in accordance with the order by Aneel.

**b) Portion A**

The items of Portion A are defined as being the sum of the differences, positive or negative, in the period January 1 to October 25, 2001, between the amounts of the non-controllable costs presented in the basis of calculation for determination of the last annual Tariff Adjustment, and the disbursements which actually took place in the period.



Table of Contents

The recovery of Portion A began in March 2008, shortly after the end of the period of validity of the RTE, using the same recovery mechanisms, that is to say, the adjustment applied to tariffs for compensation of the amounts of the RTE will continue in effect for compensation of the items of Portion A.

The Portion A credits are updated by the variation in the Selic rate up to the month in which they are actually offset, and there is no time limit for their realization.

As and when amounts of Portion A are received through the tariff, Cemig transfers those amounts from Assets to the Income statement. For Cemig D (Cemig Distribuição S.A.), the amounts transferred were:

| Amounts transferred to Expenses                         | Consolidated   |                |
|---|----------------|----------------|
|   | 3Q10           | 3Q09           |
| Energy bought for resale                                | 151,048        | 143,829        |
| Fuel Consumption Account CCC                            | 66,884         | 63,688         |
| Global Reversion Reserve RGR                            | 6,684          | 6,364          |
| Tariff for transport of electricity from Itaipu         | 2,579          | 2,456          |
| Tariff for use of national grid transmission facilities | 17,275         | 16,449         |
| Royalties for use of water resources                    | 5,932          | 5,649          |
| Connection Realization of Portion A                     | 364            | 347            |
| Delivery service inspection charge                      | 626            | 596            |
|   | <b>251,392</b> | <b>239,378</b> |

In September 2010 the Company completed its receipt of the amount of Portion A.

The amount of R\$ 16,273 posted in Liabilities relating to Portion A arises from an excess amount received in September 2010. The amount will be reimbursed to consumers in the next tariff cycle.

## 7. TRADERS TRANSACTIONS IN FREE ENERGY

The receivables of the subsidiary Cemig GT for transactions in Free Energy in the Electricity Trading Chamber (CCEE) during the period of the Rationing Program are as follows:

|  | Consolidated |            |
|--|--------------|------------|
|  | 30/09/2010   | 30/06/2010 |
| Current assets                           |              |            |
| Amounts to be received from distributors | 47,678       | 46,141     |

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The amounts to be received in Assets refer to the difference between the prices paid by the Company in the transactions in energy on the CCEE, during the period when the Rationing Program was in force, and the rate of R\$ 49.26/MWh. This difference is to be reimbursed through the amounts raised by means of the RTE, as specified in the General Agreement for the Electricity Sector.

In accordance with Aneel Resolution 36 of January 29, 2003, the electricity distributors have, since March 2003, been collecting the amounts obtained monthly by means of the RTE and passing them through to the generators and distributors that have amounts to be received, among which Cemig GT is included.

Table of Contents

On January 12, 2010, Aneel published Normative Resolution 387, establishing that the balances of payments due for Free Energy (receivable by the generators) and Loss of Revenue (receivable by the distributors), after completion of the collection of the Extraordinary Tariff Recomposition (RTE) in distributors' retail supply tariffs, should be recalculated using a new methodology.

The final passthrough of Free Energy amounts will be the sum of the monthly differences, positive or negative, between the passthroughs for Free Energy made in accordance with criteria defined in this new methodology, and the passthroughs already made, plus financial remuneration at the Selic rate, from the date of occurrence of the difference up to the date of completion of the charging of the RTE in retail supply tariffs.

As a result of the recalculation by Aneel of the amounts to be received by the Distributors, the Company recorded an amount of R\$ 36,388, corresponding to the amounts to be received by the Distributors, of which, up to September 2010, the company received the amount of R\$ 7,388.

The amounts receivable by Cemig GT are updated by the variation in the Selic rate plus 1.00% interest per year.

The conclusion of certain court proceedings in progress, brought by market agents, in relation to interpretation of the rules in force at the time of the transactions on the CCEE, could result in changes in the amounts recorded. For more details please see Explanatory Note 22.

## **8 . REVIEW OF THE TRANSMISSION TARIFF**

### **The First Tariff Review**

Cemig GT's first Tariff Review, for the whole of the asset base of Cemig GT, was approved by the Council of Aneel on June 17, 2009. In it Aneel set the percentage for repositioning of the Company's Permitted Annual Revenue (RAP) at 5.35%, backdated to 2005.

On June 1, 2010, Aneel granted and partially approved an Administrative Appeal filed by the Company, ordering the repositioning of its first periodic Tariff Review from 5.35% to 6.96%, for the following reasons:

- (i) costs incurred in preparation of the evaluation report, in the amount of R\$ 978;
- (ii) alteration of the Net Remuneration Basis by R\$ 1,140;

(iii) inclusion of the Sector Charges on the difference, of Revenues, applied for of the last four cycles and by the Updating of the Financial Amount, due to the alteration of the profile of Remuneration for the Facilities, authorized at R\$ 8,424.

## Table of Contents

Aneel additionally established a financial component of R\$ 168,632 to be paid to the Company by means of the Adjustment Portion ( PA ) in 24 months. This is the backdated effect of the tariff repositioning over the period from July 1, 2005 to June 30, 2009, increased by the R\$ 10,542 arising from the Administrative Appeal. The first part, of R\$ 85,732, was incorporated into the adjustment for the 2009/2010 cycle, and the second part, of R\$ 93,009, is being offset in the 2010/2011 adjustment.

## Second Tariff Review

On June 8, 2010, Aneel homologated the result of the Second Transmission Tariff Review of Cemig GT, which set the repositioning of the Permitted Annual Revenue (RAP) at a negative percentage, 15.88%, backdated to June 2009. This resulted in a requirement for reimbursement of R\$ 75,568 to the users of the Transmission System during the July tariff cycle of 2011. This amount was registered as a reduction in revenue by Cemig GT in the second quarter of 2010.

As and when the amounts of the Adjustment Portion for the 1st and 2nd Tariff reviews are received/discounted in the tariff, the Company transfers the corresponding amounts recorded in Assets and Liabilities to the Income statement.

|  | 30/09/2010      | 30/06/2010      |
|--|-----------------|-----------------|
| <b>Review of the Transmission Tariff First Review</b>        |                 |                 |
| Amount homologated   | 158,090         | 158,090         |
| Updating by IGPM rate  | 2,475           | 2,868           |
| Amounts received   | (96,557)        | (78,932)        |
| <b>Total of the first Review of the Transmission Tariff</b>  | <b>64,008</b>   | <b>82,026</b>   |
| <b>Review of the Transmission Tariff Second Review</b>       |                 |                 |
| Amount homologated   | (64,585)        | (64,585)        |
| Updating by IGPM rate  | (126)           |                 |
| Amounts received   | 14,638          |                 |
| <b>Total of the second Review of the Transmission Tariff</b> | <b>(50,073)</b> | <b>(64,585)</b> |
| Current assets   | 68,468          | 91,954          |
| Non-current assets   | 4,043           | 1,055           |
| Current liabilities  | (58,576)        | (75,568)        |
|  | <b>13,935</b>   | <b>17,441</b>   |

## 9 . ANTICIPATED EXPENSES AND REGULATORY LIABILITIES CVA

The balance on the Account to Compensate for Variation of Portion A items (known as the CVA account) is made up of the positive and negative differences between the estimate of non-manageable costs used for deciding the tariff adjustment, and the payments actually made. The variations ascertained are compensated in the subsequent Tariff Adjustments.





Table of Contents

The following is a statement of the balance on the CVA account:

|                         | Consolidated<br>30/09/2010 | 30/06/2010       |
|-------------------------|----------------------------|------------------|
| Cemig Distribuição      | (207,974)                  | (228,530)        |
| Light                   | 11,587                     | 23,090           |
|                         | <b>(196,387)</b>           | <b>(205,440)</b> |
| Current assets          | 221,225                    | 282,301          |
| Non-current assets      | 214,392                    | 88,675           |
| Current liabilities     | (471,191)                  | (445,589)        |
| Non-current liabilities | (160,813)                  | (130,827)        |
| Net amounts             | <b>(196,387)</b>           | <b>(205,440)</b> |

**10. TAXES OFFSETABLE**

|                         | Consolidated     |                  | Holding company |                |
|-------------------------|------------------|------------------|-----------------|----------------|
|                         | 30/09/2010       | 30/06/2010       | 30/09/2010      | 30/06/2010     |
| <b>Current</b>          |                  |                  |                 |                |
| ICMS tax recoverable    | 243,970          | 246,817          | 3,832           | 3,828          |
| Income tax              | 663,596          | 568,443          |                 |                |
| Social Contribution tax | 234,060          | 197,543          |                 |                |
| Pasep tax               | 19,552           | 22,847           | 1               | 2              |
| Cofins tax              | 90,841           | 105,387          | 4               | 10             |
| Others                  | 4,243            | 14,187           | 2,566           | 2,566          |
|                         | 1,256,262        | 1,155,224        | 6,403           | 6,406          |
| <b>Non-current</b>      |                  |                  |                 |                |
| ICMS tax recoverable    | 81,640           | 80,249           | 426             | 426            |
| Income tax              | 119,895          | 92,526           | 116,254         | 90,153         |
| Social Contribution tax | 26,022           | 26,245           | 25,753          | 26,245         |
| Pasep and Cofins        | 27,271           | 42,499           |                 |                |
|                         | 254,828          | 241,519          | 142,433         | 116,824        |
|                         | <b>1,511,090</b> | <b>1,396,743</b> | <b>148,836</b>  | <b>123,230</b> |

The credits for Pasep and Cofins taxes arise from payments made in excess by the Company as a result of adoption of the non-cumulative regime for revenues of the transmission companies whose electricity supply contracts were prior to October 31, 2003, and for which subsequent regulation by the Brazilian tax authority allowed review and inclusion in the cumulative regime. As a consequence of this review, restitution of excess tax paid in prior periods was allowed.

The balances of income tax and Social Contribution tax refer to tax credits in corporate income tax returns of previous years, and advance payments made in 2010, which will be offset against federal taxes becoming payable, in each business year, posted in Taxes and contributions.

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The credits of ICMS tax recoverable, posted in Long term assets, arise from acquisitions of fixed assets, and can be offset in 48 months. The transfer to short-term has been made in accordance with the estimates of the amounts which should be realized up to December 2011.

Table of Contents**11 . TAX CREDITS****a) Deferred income tax and Social Contribution tax:**

Cemig and its subsidiaries have deferred income tax credits, constituted at the rate of 25.00%, and deferred Social Contribution tax credits, at the rate of 9.00%, as follows:

|   | <b>Consolidated</b> |                   | <b>Holding company</b> |                   |
|---|---------------------|-------------------|------------------------|-------------------|
|   | <b>30/09/2010</b>   | <b>30/06/2010</b> | <b>30/09/2010</b>      | <b>30/06/2010</b> |
| Tax credits on temporary differences                  |                     |                   |                        |                   |
| Tax loss carryforwards / Negative taxable balances    | 105,150             | 117,439           |                        |                   |
| Contingency provisions                                | 134,382             | 164,476           | 59,706                 | 70,304            |
| Post-employment obligations                           | 90,462              | 80,151            | 3,839                  | 3,290             |
| Provision for doubtful receivables                    | 194,881             | 187,679           | 15,768                 | 15,664            |
| Provision for Pasep and Cofins taxes    Extraordinary |                     |                   |                        |                   |
| Tariff Recomposition                                  | 2,392               | 1,741             |                        |                   |
| Financial instruments                                 | 54,177              | 52,587            |                        |                   |
| FX variation  | 124,312             | 123,389           |                        |                   |
| Taxes with demandability suspended                    | 44,111              | 28,979            |                        |                   |
| Goodwill premium on absorption                        | 6,352               | 6,755             |                        |                   |
| Others  | 48,258              | 40,448            | 1,148                  | 854               |
|   | <b>804,477</b>      | <b>803,644</b>    | <b>80,461</b>          | <b>90,112</b>     |
| Current assets  | 245,580             | 200,053           | 20,790                 | 10,966            |
| Non-current assets                                    | 558,897             | 603,591           | 59,671                 | 79,146            |

At its meeting on March 23, 2010, the Board of Directors approved the technical study prepared by the CFO's department on the forecasts for future profitability adjusted to present value, which show capacity for realization of the deferred tax asset in a maximum period of 10 years, as defined in CVM Instruction 371. This study includes Cemig and its subsidiaries Cemig GT and Cemig D, and was submitted to Cemig's Audit Board for examination on March 4, 2010,

In accordance with the individual estimates of Cemig and its subsidiaries, future taxable profits enable the deferred tax asset existing on September 30, 2010 to be realized as follows:

|              | <b>Consolidated</b> | <b>Holding company</b> |
|--------------|---------------------|------------------------|
| 2010         | 116,273             | 7,119                  |
| 2011         | 172,792             | 18,228                 |
| 2012         | 132,536             | 20,778                 |
| 2013         | 126,248             | 20,778                 |
| 2014 to 2015 | 124,170             | 12,023                 |
| 2016 to 2017 | 99,128              | 768                    |

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|              |                |               |
|--------------|----------------|---------------|
| 2018 to 2019 | 33,330         | 767           |
|              | <b>804,477</b> | <b>80,461</b> |

On September 30, 2010 the holding company has tax credits not recognized in its Quarterly Information totaling R\$ 389,532.

## Table of Contents

The credits not recognized refer basically to the effective loss arising from the assignment of the credits of accounts receivable from the state government to the Credit Receivables Fund in the first quarter of 2006, as set out in Explanatory Note 13. As a result of this assignment the provision for losses on recovery of the amounts constituted in previous years became deductible for the purposes of income tax and Social Contribution. The portion not recognized, in relation to this matter, is R\$ 388,485.

### b) Reconciliation of the expense on income tax and the Social Contribution tax:

This table shows the reconciliation of the nominal expense on income tax (rate 25%) and Social Contribution tax (rate 9%) with the expense shown in the Income statement:

|   | Consolidated     |                  | Holding company |                 |
|---|------------------|------------------|-----------------|-----------------|
|   | 30/09/2010       | 30/09/2009       | 30/09/2010      | 30/09/2009      |
| Profit before income tax and Social Contribution tax                | 1,966,831        | 2,289,901        | 1,356,121       | 1,526,497       |
| Income tax and Social Contribution nominal expense                  | (668,723)        | (778,566)        | (461,081)       | (519,009)       |
| Tax effects applicable to:  |                  |                  |                 |                 |
| Equity gain (loss) from subsidiaries                                |                  |                  | 345,405         | 426,412         |
| Employees profit shares   | 46,053           | 33,717           | 1,522           | 920             |
| Non-deductible contributions and donations                          | (5,612)          | (4,986)          | (937)           | (245)           |
| Tax incentives  | 20,472           | 16,062           | 1,340           | 148             |
| Tax credits not recognized  | 18,828           | 1,709            | 19,865          | 81              |
| Amortization of goodwill  | (7,794)          | (5,560)          | (8,821)         | (5,560)         |
| Income tax and Social Contribution prior year tax return adjustment | (1,471)          | (11,423)         | (1,471)         |                 |
| Others  | 26,547           | 28,390           | 15,593          | 536             |
| <b>Income tax and Social Contribution tax effective expense</b>     | <b>(571,700)</b> | <b>(720,657)</b> | <b>(88,585)</b> | <b>(96,717)</b> |

### Light subscribes to the new Refis Installment Tax Payment program (Law 11941/09)

On November 6, 2009, the Board of Directors of the indirect subsidiary Light Sesa approved agreement to the program of reduction and installment payment of taxes under Law 11941/09.

The principal benefits of this adhesion to the new Refis system, further to the actual disbursement of cash being by installments, are the reduction of interest and penalty payments, in the amount of R\$ 128,921, and the possibility of paying the remaining portion of the interest and penalty payments with the use of tax loss carryforwards.

The initial amount included in the Refis was R\$ 585,639. Since R\$ 262,428 was offset against tax losses, the actual amount divided into installments which will result in future disbursements of cash is R\$ 323,211.

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Light Sesa has been making the minimum payments, plus payment of the installments arising from the migration of the Social Security PAES (REFIS II), in the consolidated amount of R\$ 1,752, while it awaits a notice from the Brazilian Federal Revenue Service for the due consolidation. The variation of the balance is explained by the updating of the Selic rate in the period, in the amount of R\$ 6,252, as well as the amount paid to the Social Security PAES (PAES Previdenciário).

Table of Contents**12 . DEPOSITS LINKED TO LEGAL ACTIONS**

Deposits linked to legal actions refers principally to employment-law actions and matters related to tax obligations.

The main payments into court in relation to tax obligations relate to income tax withheld at source on Interest on Equity, and to exclusion of amounts of ICMS tax from the amount taxable by PIS and Cofins tax.

|                                  | <b>Consolidated</b> |                   | <b>Holding company</b> |                   |
|----------------------------------|---------------------|-------------------|------------------------|-------------------|
|                                  | <b>30/09/2010</b>   | <b>30/06/2010</b> | <b>30/09/2010</b>      | <b>30/06/2010</b> |
| Employment law cases             | 204,587             | 201,175           | 48,531                 | 49,028            |
| Tax obligations                  |                     |                   |                        |                   |
| Income tax on Interest on Equity | 13,714              | 13,714            |                        |                   |
| PASEP and Cofins taxes           | 493,858             | 430,739           |                        |                   |
| Others                           | 15,615              | 16,789            | 2,971                  | 2,935             |
| <b>Others</b>                    | 148,463             | 133,748           | 67,678                 | 43,497            |
|                                  | <b>876,237</b>      | <b>796,165</b>    | <b>119,180</b>         | <b>95,460</b>     |

The balances of deposits paid into court in relation to the PASEP and Cofins taxes have corresponding provisions recorded in Taxes, charges and contributions. For more details, see Explanatory Note 18.

**13 . ACCOUNTS RECEIVABLE FROM THE GOVERNMENT OF THE STATE OF MINAS GERAIS; AND RECEIVABLES INVESTMENT FUND**

The outstanding credit balance receivable on the CRC (Results Compensation) Account was transferred to the State of Minas Gerais in 1995, under an Agreement to assign that account ( the CRC Agreement ), in accordance with Law 8724/93, for monthly amortization over 17 years starting on June 1, 1998, with annual interest of 6% plus monetary updating by the Ufir index.

The First Amendment to the CRC Agreement, signed on January 24, 2001, replaced the monetary updating unit in the Agreement, which had been the Ufir, with the IGP-DI inflation index, backdated to November 2000, due to the abolition of the Ufir in October 2000.

Second and Third Amendments to the CRC Agreement were signed in October 2002, setting new conditions for amortization of the credits by the Minas Gerais state government. The main clauses were: (i) monetary updating by the IGP-DI inflation index; (ii) amortization of the two Amendments by May 2015; (iii) interest rates of 6.00% and 12.00% for the Second and Third Amendments, respectively; and (iv) guarantee of retention, in full, of dividends becoming due to Minas Gerais state, for settlement of the Third Amendment.





Table of Contents

**a) Fourth Amendment to the CRC Agreement**

As a result of default in receipt of the credits specified in the Second and Third Amendments, the Fourth Amendment was signed, with the aim of making possible full receipt of the CRC balance through retention of dividends becoming payable to State Government. This agreement was approved by the Extraordinary General Meeting of Stockholders completed on January 12, 2006.

The Fourth Amendment to the CRC contract had backdated effect on the outstanding balance existing on December 31, 2004, and consolidated the amounts receivable under the Second and Third Amendments, corresponding to a total of R\$ 4,795,729 on September 30, 2010.

The government of the state will amortize the debit in 61 consecutive half-yearly installments, becoming due by June 30 and December 31 of each year, over the period from June 2005 to June 2035 inclusive. The amounts of the portions for amortization of the principal, updated by the IGP-DI index, increase over the period, from R\$ 28,828 for the 1st, and R\$ 97,232 for the 61st expressed in currency of September 30, 2010.

The debt is being amortized, as priority, by the retention of 65% of the minimum obligatory dividends payable to the State Government. If the amount is not enough to amortize the portion becoming due, the retention may be of up to 65% of all and any amount of extraordinary dividends or extraordinary Interest on Equity. The dividends retained are to be used for amortization of the Agreement in the following order:

(i) settlement of past due installments; (ii) settlement of the installment for the current half-year; (iii) anticipated settlement of up to 2 installments; and, (iv) amortization of the debtor balance.

On September 30, 2010 the installments of the Agreement becoming due on December 31, 2010 and June 30, 2011, had been amortized in advance.

The Fourth Amendment provides that, so as to ensure complete receipt of the credits, the provisions of the Bylaws must be obeyed they lay down certain targets to be met annually in conformity with the Strategic Plan. The principal of these are as follows:

| Target  | Index required          |
|---|-------------------------|
| Debt / Ebitda                                 | Less than 2 (1)         |
| (Debt) / (Debt plus Stockholders equity)      | 40% or less (2)         |
| Capital expenditure and acquisition of assets | 40%, or less, of Ebitda |

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Ebitda = Earnings before interest, taxes on profit, depreciation and amortization.

(1) Less than 2.5 in certain situations specified in the Bylaws.

(2) 50% or less, in certain situations also specified in the Bylaws.

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The Extraordinary General Meeting of Stockholders of May 5, 2010 authorized that the index required for the 2010 business year in relation to the restrictive clause Capital expenditure and acquisition of assets / Ebitda should be equivalent to 90%, in view of the Company's investment programs planned for the year. As a result, none of the restrictive clauses for the year 2010 was not complied with.

# Table of Contents

## b) Transfer of the CRC credits to a Receivables Investment Fund ( FIDC )

On January 27, 2006 Cemig transferred the credits under the CRC into a Receivables Investment Fund ( FIDC ). The amount of the FIDC was established by the administrator based on long-term financial projections for Cemig, with estimation of the dividends that will be retained for amortization of the outstanding debtor balance on the CRC Agreement. Based on these projections, the FIDC was valued at a total of R\$ 1,659,125, of which R\$ 900,000 in senior units and R\$ 759,125 in subordinated units.

The senior units were subscribed and acquired by financial institutions and will be amortized in 20 half-yearly installments, from June 2006, updated by the variation of the CDI plus interest of 1.7% of interest per year, guaranteed by Cemig.

The subordinated units were subscribed by Cemig and correspond to the difference between the total value of the FIDC and the value of the senior units.

The updating of the subordinated units corresponds to the difference between the valuation of the FIDC using a rate of 10.00% per year, and the increase in value of the senior units by the variation of the CDI rate plus interest of 1.70% per year.

Movement in the FIDC in 3Q10 was as follows:

|  | Consolidated and Holding company |
|--|----------------------------------|
| <b>Balance at June 30, 2010</b>                      | <b>1,830,892</b>                 |
| Monetary updating on the senior units                | 25,691                           |
| Monetary updating on the subordinated units          | 15,773                           |
| Amortization of the senior units                     | (80,167)                         |
| Balance on September 30, 2010                        | <b>1,792,189</b>                 |
| <b>Composition of the FIDC on September 30, 2010</b> |                                  |
| - Senior units held by third parties                 | 864,839                          |
| - Subordinated units owned by Cemig                  | 921,511                          |
| - Dividends retained by the Fund                     | 6,039                            |
|  | 927,550                          |
| <b>TOTAL</b>   | <b>1,792,189</b>                 |

Cemig paid dividends on June 29, 2010, R\$ 67,399 being used for amortization of part of the senior units. Additionally, the Company injected R\$ 14,501 into the fund to complete the amount necessary for redemption of the senior units and other operational expenses of the FIDC. The amortization of R\$ 80,167 of the senior units was effected only on July 10, 2010.

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The dividends proposed by the Executive Board to the Board of Directors, to be distributed to stockholders for the business year 2009, are posted in Current Liabilities. Of the dividends to be distributed, R\$ 103,691 is payable to the Minas Gerais State Government, of which R\$ 67,399 will be retained for settlement of part of CRC credits becoming due.

Table of Contents**c) Criterion of consolidation for the FIDC**

Due to the guarantee offered by Cemig of settlement of the senior units, in the event that the dividends payable to the state government are not sufficient for amortization of the installments, the consolidated Quarterly Information presents the balance of the FIDC registered in full in Cemig, and the senior units are presented as a debt under Loans and financings in Current and Non-current liabilities. Similarly, in the consolidation, the monetary updating of the FIDC has been recognized in full as a financial revenue, and in counterpart, the amount of the monetary updating of the senior units is recorded as a cost of debt.

**14. INVESTMENTS**

|  | <b>Consolidated</b> |                   | <b>Holding company</b> |                   |
|--|---------------------|-------------------|------------------------|-------------------|
|  | <b>30/09/2010</b>   | <b>30/06/2010</b> | <b>30/09/2010</b>      | <b>30/06/2010</b> |
| In subsidiaries and jointly-controlled subsidiaries          |                     |                   |                        |                   |
| Cemig GT   |                     |                   | 4,236,883              | 3,981,934         |
| Cemig D  |                     |                   | 2,697,081              | 2,665,332         |
| Light  |                     |                   | 730,718                | 789,883           |
| Cemig Telecom  |                     |                   | 287,366                | 287,596           |
| Gasmig   |                     |                   | 440,438                | 429,131           |
| Rosal Energia  |                     |                   | 67,712                 | 63,647            |
| Sá Carvalho  |                     |                   | 63,397                 | 57,374            |
| Horizontes Energia   |                     |                   | 72,979                 | 70,814            |
| Usina Térmica Ipatinga                                       |                     |                   | 38,162                 | 35,690            |
| Cemig PCH  |                     |                   | 45,711                 | 42,127            |
| Cemig Capim Branco Energia                                   |                     |                   | 40,232                 | 30,935            |
| Companhia Transleste de Transmissão                          |                     |                   | 15,056                 | 14,208            |
| UTE Barreiro   |                     |                   | 8,523                  | 8,759             |
| Companhia Transudeste de Transmissão                         |                     |                   | 9,405                  | 10,255            |
| Usina Hidrelétrica Pai Joaquim                               |                     |                   | 486                    | 488               |
| Companhia Transirapé de Transmissão                          |                     |                   | 7,061                  | 7,854             |
| Transchile   |                     |                   | 21,074                 | 24,283            |
| Efficientia  |                     |                   | 9,548                  | 8,161             |
| Central Termelétrica de Cogeração                            |                     |                   | 6,781                  | 6,444             |
| Companhia de Transmissão Centroeste de Minas                 |                     |                   | 19,307                 | 17,951            |
| Cemig Trading  |                     |                   | 36,407                 | 33,514            |
| Empresa Paraense de Transmissão de Energia - ETEP            |                     |                   | 47,021                 | 44,014            |
| Empresa Norte de Transmissão de Energia - ENTE               |                     |                   | 77,730                 | 70,398            |
| Empresa Regional de Transmissão de Energia - RTE             |                     |                   | 13,322                 | 12,014            |
| Empresa Amazonense de Transmissão de Energia - EATE          |                     |                   | 177,726                | 159,641           |
| Empresa Catarinense de Transmissão de Energia - ECTE         |                     |                   | 9,159                  | 8,254             |
| Axxiom Soluções Tecnológicas                                 |                     |                   | 2,465                  | 2,385             |
| Cemig Serviços   |                     |                   | 59                     | 77                |
|  |                     |                   | 9,181,809              | 8,883,163         |
| Goodwill premium on acquisition of interest in Rosal Energia |                     |                   | 23,484                 | 24,865            |
| Goodwill premium on acquisition of interest in ETEP          |                     |                   | 61,033                 | 61,773            |
| Goodwill premium on acquisition of interest in ENTE          |                     |                   | 91,439                 | 92,472            |
| Goodwill premium on acquisition of interest in ERTE          |                     |                   | 22,148                 | 22,399            |

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|  |               |               |                   |                  |
|--|---------------|---------------|-------------------|------------------|
| Goodwill premium on acquisition of interest in EATE  |               |               | 357,275           | 361,608          |
| Goodwill premium on acquisition of interest in ECTE  |               |               | 14,259            | 14,437           |
| Goodwill premium on acquisition of interest in Light |               |               | 333,401           | 338,749          |
| Other investments                                    | 23,563        | 23,821        | 3,502             | 3,502            |
|  | 23,563        | 23,821        | 906,541           | 919,805          |
|  | <b>23,563</b> | <b>23,821</b> | <b>10,088,350</b> | <b>9,802,968</b> |

Table of Contents**a) The main information on the investees is as follows:**

| Company   | No. of shares | Cemig<br>interest (%) | At September 30, 2010 | Stockholders<br>equity | 9M2010    |                  |
|---|---------------|-----------------------|-----------------------|------------------------|-----------|------------------|
|   |               |                       | Registered<br>capital |                        | Dividends | Profit<br>(loss) |
| Cemig GT  | 2,896,785,358 | 100.00                | 3,296,785             | 4,236,883-             | 159,156   | 831,148          |
| Cemig D   | 2,261,997,787 | 100.00                | 2,261,998             | 2,697,081              | 118,159   | 170,117          |
| Light   | 203,934,060   | 25.53                 | 2,225,822             | 2,861,911              | 363,003   | 350,102          |
| Cemig Telecom   | 381,023,385   | 100.00                | 225,082               | 287,366                | 8,200     | 11,388           |
| Rosal Energia   | 46,944,467    | 100.00                | 46,944                | 67,712                 |           | 15,288           |
| Sá Carvalho   | 361,200,000   | 100.00                | 36,833                | 63,397                 |           | 17,984           |
| Gasmig  | 409,255,483   | 55.19                 | 643,779               | 798,003                | 55,012    | 67,515           |
| Horizontes Energia                                    | 64,257,563    | 100.00                | 64,258                | 72,979                 |           | 5,825            |
| Usina Térmica Ipatinga                                | 29,174,281    | 100.00                | 29,174                | 38,162                 |           | 6,454            |
| Cemig PCH   | 30,952,000    | 100.00                | 30,952                | 45,711                 |           | 12,670           |
| Cemig Capim Branco Energia                            | 5,528,000     | 100.00                | 5,528                 | 40,232                 |           | 25,300           |
| Companhia Transleste de<br>Transmissão                | 49,569,000    | 25.00                 | 49,569                | 60,225                 | 9,190     | 8,836            |
| UTE Barreiro  | 23,328,000    | 100.00                | 11,918                | 8,523                  |           | (6,671)          |
| Companhia Transudeste de<br>Transmissão               | 30,000,000    | 24.00                 | 30,000                | 39,188                 | 7,409     | 4,799            |
| Central Hidrelétrica Pai Joaquim                      | 486,000       | 100.00                | 486                   | 486                    |           | 508              |
| Companhia Transirapé de<br>Transmissão                | 22,340,490    | 24.50                 | 22,340                | 28,822                 | 6,267     | 3,881            |
| Transchile  | 33,340,000    | 49.00                 | 66,951                | 43,008                 |           | (4,632)          |
| Efficientia   | 6,051,994     | 100.00                | 6,052                 | 9,548                  |           | 2,971            |
| Central Termelétrica de Cogeração                     | 5,000,000     | 100.00                | 5,001                 | 6,781                  |           | 1,188            |
| Companhia de Transmissão<br>Centroeste de Minas       | 51,000        | 51.00                 | 51                    | 37,855                 |           | 3,514            |
| Cemig Trading   | 160,297       | 100.00                | 160                   | 36,407                 |           | 1,353            |
| Empresa Paraense de Transmissão<br>de Energia ETEP    | 45,000,010    | 41.49                 | 82,309                | 113,329                | 26,443    | 26,614           |
| Empresa Norte de Transmissão de<br>Energia ENTE       | 100,840,000   | 36.69                 | 145,663               | 211,861                | 40,217    | 54,171           |
| Empresa Regional de Transmissão<br>de Energia ERTE    | 23,400,000    | 36.69                 | 23,400                | 36,313                 | 15,729    | 10,268           |
| Empresa Amazonense de<br>Transmissão de Energia EATE  | 180,000,010   | 37.99                 | 323,579               | 467,873                | 103,939   | 110,873          |
| Empresa Catarinense de<br>Transmissão de Energia ECTE | 42,095,000    | 13.37                 | 42,095                | 68,525                 | 22,999    | 19,275           |
| Axxiom Soluções Tecnológicas                          | 7,200,000     | 49.00                 | 7,200                 | 5,032                  |           | (221)            |
| Cemig Serviços  | 100,000       | 100.00                | 100                   | 59                     |           | (40)             |





Table of Contents

| Company   | No. of shares | Cemig stake<br>% | At September 30, 2009 |                        | 9M09      |                  |
|---|---------------|------------------|-----------------------|------------------------|-----------|------------------|
|   |               |                  | Registered<br>capital | Stockholders<br>equity | Dividends | Profit<br>(Loss) |
| Cemig GT  | 2,896,785,358 | 100.00           | 2,896,785             | 4,324,787              | 159,790   | 1,003,849        |
| Cemig D   | 2,261,997,787 | 100.00           | 2,261,998             | 2,641,436              | 113,653   | 279,078          |
| Rio Minas Energia                                     | 709,309,572   | 25.00            | 709,309               | 1,362,400              |           | 199,391          |
| Infovias  | 381,023,385   | 100.00           | 225,082               | 277,528                | 8,150     | 21,845           |
| Rosal Energia   | 46,944,467    | 100.00           | 46,944                | 67,999                 |           | 16,744           |
| Sá Carvalho   | 361,200,000   | 100.00           | 36,833                | 66,598                 |           | 21,185           |
| Gasmig  | 409,255,000   | 55.19            | 493,780               | 630,826                |           | 53,873           |
| Horizontes Energia                                    | 64,257,563    | 100.00           | 64,258                | 72,515                 |           | 5,777            |
| Usina Térmica Ipatinga                                | 29,174,281    | 100.00           | 29,174                | 38,147                 |           | 6,870            |
| Cemig PCH   | 30,952,000    | 100.00           | 30,952                | 43,947                 |           | 11,685           |
| Cemig Capim Branco Energia                            | 5,528,000     | 100.00           | 5,528                 | 39,479                 |           | 24,547           |
| Companhia Transleste de<br>Transmissão                | 49,569,000    | 25.00            | 49,569                | 59,917                 | 6,896     | 9,173            |
| UTE Barreiro  | 11,918,000    | 100.00           | 11,918                | 3,258                  |           | 2,535            |
| Companhia Transudeste de<br>Transmissão               | 30,000,000    | 24.00            | 30,000                | 39,555                 | 483       | 5,557            |
| Central Hidrelétrica Pai Joaquim                      | 486,000       | 100.00           | 486                   | 477                    |           | (10)             |
| Companhia Transirapé de<br>Transmissão                | 22,340,490    | 24.50            | 22,340                | 29,375                 |           | 4,763            |
| Transchile  | 27,840,000    | 49.00            | 48,340                | 47,894                 |           | (18,384)         |
| Efficientia   | 6,051,994     | 100.00           | 6,052                 | 10,855                 |           | 4,541            |
| Central Termelétrica de Cogeração                     | 150,000,000   | 100.00           | 150,001               | 157,524                |           | 7,399            |
| Companhia de Transmissão<br>Centroeste de Minas       | 51,000        | 51.00            | 51                    | 23,439                 |           |                  |
| Cemig Trading   | 160,297       | 100.00           | 160                   | 3,656                  |           | 3,463            |
| Empresa Paraense de Transmissão<br>de Energia ETEP    | 45,000,010    | 39.33            | 69,569                | 107,616                | 2,348     | 25,623           |
| Empresa Norte de Transmissão de<br>Energia ENTE       | 100,840,000   | 36.69            | 120,128               | 195,746                | 19,902    | 54,280           |
| Empresa Regional de Transmissão<br>de Energia ERTE    | 23,400,000    | 36.69            | 23,400                | 36,120                 | 6,480     | 10,780           |
| Empresa Amazonense de<br>Transmissão de Energia EATE  | 180,000,010   | 35.34            | 273,469               | 441,988                | 3,687     | 117,082          |
| Empresa Catarinense de<br>Transmissão de Energia ECTE | 42,095,000    | 13.37            | 42,095                | 66,368                 | 14,747    | 18,398           |
| Axxiom Soluções Tecnológicas                          | 7,200,000     | 49.00            | 7,200                 | 5,632                  |           | (810)            |



# Table of Contents

The movement of investments in subsidiaries is as follows:

|  | 30/06/2010 | Equity gain<br>(loss) | Capital<br>injection /<br>Acquisition | Dividends<br>proposed | Others  | 30/09/2010 |
|--|------------|-----------------------|---------------------------------------|-----------------------|---------|------------|
| Cemig GT   | 3,981,934  | 342,685               |                                       | (89,278)              | 1,542   | 4,236,883  |
| Cemig D  | 2,665,332  | 98,030                |                                       | (66,281)              |         | 2,697,081  |
| Light  | 789,883    | 33,521                |                                       | (92,686)              |         | 730,718    |
| Cemig Telecom  | 287,596    | 7,970                 |                                       | (8,200)               |         | 287,366    |
| Rosal Energia  | 63,647     | 4,065                 |                                       |                       |         | 67,712     |
| Sá Carvalho  | 57,374     | 6,023                 |                                       |                       |         | 63,397     |
| Gasmig   | 429,131    | 11,307                |                                       |                       |         | 440,438    |
| Horizontes Energia                                   | 70,814     | 2,165                 |                                       |                       |         | 72,979     |
| Usina Térmica Ipatinga                               | 35,690     | 2,472                 |                                       |                       |         | 38,162     |
| Cemig PCH  | 42,127     | 3,584                 |                                       |                       |         | 45,711     |
| Cemig Capim Branco Energia                           | 30,935     | 9,297                 |                                       |                       |         | 40,232     |
| Companhia Transleste de Transmissão                  | 14,208     | 848                   |                                       |                       |         | 15,056     |
| UTE Barreiro   | 8,759      | (236)                 |                                       |                       |         | 8,523      |
| Companhia Transudeste de Transmissão                 | 10,255     | 484                   |                                       | (1,334)               |         | 9,405      |
| Central Hidrelétrica Pai Joaquim                     | 488        | (2)                   |                                       |                       |         | 486        |
| Companhia Transirapé de Transmissão                  | 7,854      | 359                   |                                       | (1,152)               |         | 7,061      |
| Transchile   | 24,283     | (2,007)               |                                       |                       | (1,202) | 21,074     |
| Efficientia  | 8,161      | 1,387                 |                                       |                       |         | 9,548      |
| Central Termelétrica de Cogeração                    | 6,444      | 337                   |                                       |                       |         | 6,781      |
| Companhia de Transmissão Centroeste de Minas         | 17,951     | 1,792                 |                                       |                       | (436)   | 19,307     |
| Cemig Trading  | 33,514     | 2,893                 |                                       |                       |         | 36,407     |
| Empresa Paraense de Transmissão de Energia - ETEP    | 44,014     | 3,815                 | 75                                    | (883)                 |         | 47,021     |
| Empresa Norte de Transmissão de Energia - ENTE       | 70,398     | 7,332                 |                                       |                       |         | 77,730     |
| Empresa Regional de Transmissão de Energia - ERTE    | 12,014     | 1,308                 |                                       |                       |         | 13,322     |
| Empresa Amazonense de Transmissão de Energia - EATE  | 159,641    | 15,616                | 795                                   |                       | 1,674   | 177,726    |
| Empresa Catarinense de Transmissão de Energia - ECTE | 8,254      | 905                   |                                       |                       |         | 9,159      |
| Axxiom Soluções Tecnológicas                         | 2,385      | 80                    |                                       |                       |         | 2,465      |
| Cemig Serviços                                       | 77         | (18)                  |                                       |                       |         | 59         |
|  | 8,883,163  | 556,012               | 870                                   | (259,814)             | (1,578) | 9,181,809  |

## b) Stockholding in Light

A discount was ascertained on the acquisition of Light, corresponding to the difference between the amount paid by Rio Minas Energia ( RME ) and the book value of the stake in the stockholders' equity of Light, in the amount of R\$ 364,961 (Cemig's portion is 25.00%). This discount arises from the estimate of the results of future years as a function of the commercial operation of the electricity distribution and generation concessions, and is being amortized from October 2006 to May 2026, the date of the termination of the distribution concession, on a straight-line basis. The remaining value of the discount, R\$ 72,683 (R\$ 73,843 on June 30, 2010), was incorporated into the Company's stockholders' equity after the split of RME, and is being presented in the consolidated quarterly information as a Non-current liability, under Other obligations.



Table of Contents

**c) Goodwill on acquisitions of equity interests**

The goodwill on acquisition of the companies by the Company is the difference between the amount paid for the jointly-controlled subsidiaries and the book value of the stake in their stockholders' equity, arising from the added value of the concessions.

These items of goodwill will be amortized over the remaining period of validity of the concessions.

**d) Completion of the transaction to purchase shares in LIGHT**

The payment for the acquisition by Cemig of the 25,494,500 common shares in Light S.A. (Light) owned by Andrade Gutierrez Concessões ( AGC ), representing 12.50% of the registered capital and voting stock of Light, was made on March 25, 2010. The price paid by Cemig for this share purchase was R\$ 718,518, corresponding to R\$ 29.54 per share, this value resulting from the updating of the price stipulated in the contract by the CDI (Interbank Certificate of Deposit) rate, published by Cetip – the Financial Securities Custody and Settlement Center, from December 1, 2009 to the date of the payment, and deduction of the dividends of R\$ 2.12 per share declared by Light at the Ordinary General Meeting completed on March 24, 2010.

As well as providing for the payment for the shares made on that day, the Contract provides for acquisition by Cemig, of 1,081,649 (one million eighty one thousand six hundred forty nine) common shares issued by Light, representing, approximately, 0.53% of the voting and total capital of Light, owned by AGC. The price corresponding to the 0.53% of the capital of Light is R\$ 31,949, and this amount, also, will be adjusted by the CDI rate from December 1, 2009 to the date of payment, deducting any dividends and/or Interest on Equity paid or declared by Light in that period.

The Contract also provides for assignment of the shares acquired to an affiliated company of Cemig, or to third parties.

The Company recognizes a premium, in this transaction, in the amount of R\$ 344,098, arising from the added value of the concession.

Additional option to purchase shares in Light

Cemig, if the sale option is exercised, will acquire 100% of the share units of LUCE INVESTMENT FUND, which holds 75% (seventy five per cent) of the shares of LUCE BRASIL FUNDO DE INVESTIMENTO EM PARTICIPAÇÕES. The result would be that Cemig would acquire 19,932,112 common shares in Light S.A., representing 9.75% of its total and voting capital for the price of US\$340,455, from which would be deducted any dividends and Interest on Equity paid or declared by Light S.A. in the period starting on December 1, 2009, up to and including the date of the exercise of the option, if any.



Table of Contents

The option was exercised on October 6, 2010; ENLIGHTED PARTNERS VENTURE CAPITAL LLC, the indirect controlling stockholder of LUCE EMPREENDIMENTOS E PARTICIPAÇÕES S.A., gave notice of its decision to exercise its option to sell units of LUCE BRASIL FUNDO DE INVESTIMENTO EM PARTICIPAÇÕES, as mentioned in the Material Announcement previously published.

The completion of this transaction is conditional upon certain contractually established requirements being complied with, and also the approval of the competent bodies such as, where necessary, the financing agents and debenture holders of Light and of its subsidiaries.

**e) Acquisition of a complementary stake in Transmissora Aliança de Energia Elétrica Taesa**

On May 6, 2010 Cemig GT made a Public Offer to acquire shares and units from minority stockholders, through Transmissora Alterosa de Energia Elétrica. The transaction resulted in the acquisition of 24.42% of the shares until then held by the minority stockholders, equivalent to 56.69% of the total capital of Taesa, for R\$ 1,001,851, or R\$ 15.57 per share.

A premium of R\$ 523,367 was ascertained, corresponding to future profitability from commercial operation of the concessions in the period specified by the regulator. The goodwill will be amortized over the remaining period of validity of the concessions.

With this transaction the company, together with Fundo de Investimentos em Participação Coliseu, concluded the process of acquisition of Transmissora Aliança de Energia Elétrica Taesa (formerly Terna Participações). Some of the minority stockholders did not accept the Public Offer to acquire shares, and 4.72% of the shares of Taesa remained in circulation in the market.

**f) Acquisition of stockholding**

On July 8, 2010, Cemig Telecomunicações S.A. signed a share purchase contract with Ativas Participações S.A., for the purchase of 9,804,900 common shares, or 49% of the voting stock of Ativas Data Center S. A. The objects of Ativas Data Center S.A. are provision of the services of supply of IT and communication technology infrastructure, including hosting and colocation of IT environments, database storage and site backup, professional information safety and availability security services, IT consultancy, connectivity with sale of access and Internet bandwidth. For these purposes it is building a data center classified as Tier III (Uptime Institute), to serve medium-sized and large-scale corporations. The initial investment was R\$ 6,753, equivalent to 6,753,615 common shares, being increased by R\$ 1.00 for each share pending paying up by Ativas Participações S.A. until March 31, 2011.

Table of Contents**g) Acquisition of equity interest - Lightger SA**

Cemig Geração e Transmissão acquired from Light.S.A, on August 18, 2010, 49% of the registered and voting capital of Lightger, a special purpose company subsidiary of Light, holder of authorization for commercial operation of the Paracambi Small Hydro Plant. Cemig GT paid, for the acquisition, R\$ 19,960 representing 25,939,013 common shares in Lightger.

**15. FIXED ASSETS**

|  |                   | Consolidated             |                   |                   |
|--|-------------------|--------------------------|-------------------|-------------------|
|  |                   | 30/09/2010               |                   | 30/06/2010        |
|  | Historic cost     | Accumulated depreciation | Net value         | Net value         |
| <b>In service</b>                            | <b>25,889,821</b> | <b>(10,961,367)</b>      | <b>14,928,454</b> | <b>14,767,541</b> |
| Distribution                                 | 12,343,241        | (5,764,008)              | 6,579,233         | 6,494,871         |
| Generation                                   | 8,768,442         | (3,506,349)              | 5,262,093         | 5,210,793         |
| Transmission                                 | 3,741,530         | (1,160,878)              | 2,580,652         | 2,569,022         |
| Management                                   | 421,846           | (280,450)                | 141,396           | 145,492           |
| Telecoms                                     | 434,611           | (211,058)                | 223,553           | 204,176           |
| Gas  | 180,151           | (38,624)                 | 141,527           | 143,187           |
| <b>In progress</b>                           | <b>3,511,385</b>  |                          | <b>3,511,385</b>  | <b>3,303,935</b>  |
| Distribution                                 | 1,598,464         |                          | 1,598,464         | 1,481,364         |
| Generation                                   | 1,005,094         |                          | 1,005,094         | 943,138           |
| Transmission                                 | 429,666           |                          | 429,666           | 418,942           |
| Management                                   | 43,508            |                          | 43,508            | 73,534            |
| Telecoms                                     | 35,326            |                          | 35,326            | 26,342            |
| Gas  | 399,327           |                          | 399,327           | 360,615           |
| <b>Total fixed assets</b>                    | <b>29,401,206</b> | <b>(10,961,367)</b>      | <b>18,439,839</b> | <b>18,071,476</b> |
| Special Obligations linked to the concession | (2,864,082)       | 305,723                  | (2,558,359)       | (2,546,490)       |
| <b>Net fixed assets</b>                      | <b>26,537,124</b> | <b>(10,655,644)</b>      | <b>15,881,480</b> | <b>15,524,986</b> |

Special Obligations linked to the concession are basically contributions made by consumers for execution of the undertakings necessary for Cemig to comply with requests for retail supply of electricity. Any settlement of these obligations depends on the will of Aneel, at the termination of the Distribution concessions, through reduction of the residual value of the Fixed Asset for the purposes of determining the value that the Concession-granting Power will pay to the concession holder.

Some land sites and buildings of the subsidiaries, registered in Fixed assets Administration, have been given in guarantee for lawsuits involving tax, labor-law, civil disputes and other contingencies in the amount, net of depreciation, of R\$ 7,268 on September 30, 2010 (R\$ 7,412 on June 30, 2010).

The company has not identified any indications of loss in the recoverable value of its fixed assets. The Concession Contracts provide that at the end of each concession the Concession-granting Power shall determine the amount to be indemnified to the Company. Thus Management believes that the book value of the non-depreciated Fixed assets, at the end of the concession, will be reimbursable by the Concession-granting



Power.

Additionally, and due to the control of the remuneratory basis, which is higher than the amount recognized in the accounting, the Company believes there is no indication of a need to constitute a provision.

Table of Contents**16. INTANGIBLE**

|  | Gross accounting<br>value | 30/09/2010<br>Accumulated<br>amortization | Book value | 30/06/2010<br>Residual value |
|--|---------------------------|---|------------|------------------------------|
| <b><i>In service Useful life defined</i></b>                     | <b>12,465</b>             | <b>(12,461)</b>                           | <b>4</b>   | <b>284</b>                   |
| <b><i>Useful life defined</i></b>                                | <b>12,465</b>             | <b>(12,461)</b>                           | <b>4</b>   | <b>284</b>                   |
| Software use rights  | 2,950                     | (2,950)                                   |            |                              |
| Brands and patents   | 5                         | (1)                                       | 4          | 4                            |
| Right to commercial operation of concession<br>Cemig Telecom S.A | 9,510                     | (9,510)                                   |            | 280                          |
| <b><i>In progress</i></b>  | <b>863</b>                |   | <b>863</b> | <b>863</b>                   |
| Assets in formation  | 863                       |   | 863        | 863                          |
| <b>Total, Intangible</b>   | <b>13,328</b>             | <b>(12,461)</b>                           | <b>867</b> | <b>1,147</b>                 |

|   | Gross accounting<br>value | 30/09/2010<br>Accumulated<br>amortization | Book value       | 30/06/2010<br>Residual value |
|---|---------------------------|---|------------------|------------------------------|
| <b><i>In service Useful life defined</i></b>                      | <b>3,092,605</b>          | <b>(632,322)</b>                          | <b>2,460,283</b> | <b>2,480,790</b>             |
| Software use rights   | 324,434                   | (181,368)                                 | 143,066          | 156,692                      |
| Brands and patents  | 37                        | (4)                                       | 33               | 81                           |
| Temporary easements   | 82,741                    | (3,349)                                   | 79,392           | 78,396                       |
| Right to commercial operation of concession<br>Cemig Telecom S.A. | 9,510                     | (9,510)                                   |                  | 279                          |
| Central Eólica Praias de Parajuru S.A.                            | 30,820                    | (1,669)                                   | 29,151           | 29,607                       |
| Central Eólica Praias de Morgado S.A.                             | 41,932                    | (874)                                     | 41,058           | 42,238                       |
| Central Eólica Volta do Rio S.A.                                  | 27,028                    | (117)                                     | 26,911           | 28,548                       |
| EATE  | 397,333                   | (40,058)                                  | 357,275          | 361,608                      |
| ECTE  | 16,062                    | (1,803)                                   | 14,259           | 14,437                       |
| ENTE  | 101,170                   | (9,732)                                   | 91,438           | 92,472                       |
| ETEP  | 68,007                    | (6,975)                                   | 61,032           | 61,772                       |
| ERTE  | 24,445                    | (2,297)                                   | 22,148           | 22,398                       |
| Rosal Energia S.A   | 55,256                    | (31,772)                                  | 23,484           | 24,865                       |
| UTE Ipatinga S.A  | 84,584                    | (59,209)                                  | 25,375           | 26,868                       |
| Light S.A.  | 344,098                   | (10,697)                                  | 333,401          | 338,749                      |
| Transmissora Aliança De Energia Elétrica S.A.                     | 1,453,912                 | (271,874)                                 | 1,182,038        | 1,198,009                    |
| Others  | 31,236                    | (1,014)                                   | 30,222           | 3,771                        |
| <b><i>In progress</i></b>   | <b>85,525</b>             |   | <b>85,525</b>    | <b>96,243</b>                |
| Assets in formation   | 85,525                    |   | 85,525           | 96,243                       |
| <b>Total, Intangible</b>  | <b>3,178,130</b>          | <b>(632,322)</b>                          | <b>2,545,808</b> | <b>2,577,033</b>             |



# Table of Contents

The movement in intangible assets is as follows:

|   |                     | HOLDING COMPANY          |                          |
|---|---------------------|--------------------------|--------------------------|
|   |                     | Balance on<br>30/06/2010 | Balance on<br>30/09/2010 |
| In service  | Useful life defined | Amortization             |                          |
|   |                     | 284                      | (280)                    |
| Brands and patents  |                     | 4                        | 4                        |
| Right to commercial operation of concession Cemig Telecom |                     | 280                      | (280)                    |
| <b>In progress</b>  |                     | <b>863</b>               | <b>863</b>               |
| Assets in formation                                       |                     | 863                      | 863                      |
| <b>TOTAL, INTANGIBLE</b>                                  |                     | <b>1,147</b>             | <b>(280)</b>             |

|   |                     | CONSOLIDATED             |               |                 |                          |
|---|---------------------|--------------------------|---------------|-----------------|--------------------------|
|   |                     | Balance on<br>30/06/2010 | Additions     | Amortization    | Balance on<br>30/09/2010 |
| In service  | Useful life defined | Transfers                |               |                 |                          |
|   |                     | 2,480,790                | 30,495        | (62,874)        | 11,872                   |
| Software use rights   |                     | 156,692                  |               | (27,742)        | 14,116                   |
| Brands and patents  |                     | 81                       | 5             | (7)             | 79                       |
| Temporary easements   |                     | 78,396                   | 4,085         | (3,101)         | 12                       |
| Right to commercial operation of concession<br>Cemig Telecom S.A. |                     | 279                      |               | (279)           |                          |
| Central Eólica Praias de Parajuru S.A.                            |                     | 29,607                   |               | (382)           | (74)                     |
| Central Eólica Praias de Morgado S.A.                             |                     | 42,238                   |               | (518)           | (662)                    |
| Central Eólica Volta do Rio S.A.                                  |                     | 28,548                   |               | (117)           | (1,520)                  |
| EATE  |                     | 361,608                  |               | (4,333)         |                          |
| ECTE  |                     | 14,437                   |               | (178)           |                          |
| ENTE  |                     | 92,472                   |               | (1,034)         |                          |
| EPTE  |                     | 61,772                   |               | (740)           |                          |
| ERTE  |                     | 22,398                   |               | (250)           |                          |
| Rosal Energia S.A   |                     | 24,865                   |               | (1,381)         |                          |
| UTE Ipatinga S.A  |                     | 26,868                   |               | (1,493)         |                          |
| Light S.A.  |                     | 338,749                  |               | (5,348)         |                          |
| Transmissora Aliança De Energia Elétrica<br>S.A.                  |                     | 1,198,009                |               | (15,971)        |                          |
| Others  |                     | 3,771                    | 26,405        |                 |                          |
| <b>In progress</b>  |                     | <b>96,243</b>            | <b>4,264</b>  |                 | <b>(14,982)</b>          |
| Assets in formation   |                     | 96,243                   | 4,264         |                 | (14,982)                 |
| <b>TOTAL, INTANGIBLE</b>  |                     | <b>2,577,033</b>         | <b>34,759</b> | <b>(62,874)</b> | <b>(3,110)</b>           |

The intangible assets Software use rights, Brands and patents, Temporary easements, and others, are amortizable by the linear method, and the rates used are those defined by Aneel.

The assets of the Operation of Law Public Service Award are due to the added value of the concessions and amortized over the remaining period of the concessions.

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Company has not identified indications of loss of recoverable value of its intangible assets that have defined useful life, and are being amortized over the period of the concession or over periods specified by Aneel Normative Resolution 367/09.

Table of Contents**17. SUPPLIERS**

|   | <b>Consolidated</b> |                   | <b>Holding company</b> |                   |
|---|---------------------|-------------------|------------------------|-------------------|
|   | <b>30/09/2010</b>   | <b>30/06/2010</b> | <b>30/09/2010</b>      | <b>30/06/2010</b> |
| Wholesale supply and transport of electricity |                     |                   |                        |                   |
| Eletrobrás energy from Itaipu                 | 153,919             | 160,457           |                        |                   |
| Furnas  | 19,071              | 18,417            |                        |                   |
| CCEE  | 66,398              | 57,231            |                        |                   |
| RTE under Aneel Res. 387/09                   | 24,871              | 45,264            |                        |                   |
| Others  | 452,572             | 331,896           |                        |                   |
|   | 716,831             | 613,265           |                        |                   |
| Materials and services                        | 276,802             | 322,367           | 1,143                  | 3,852             |
|   | <b>993,633</b>      | <b>935,632</b>    | <b>1,143</b>           | <b>3,852</b>      |

**18. TAXES, CHARGES AND CONTRIBUTIONS**

|                         | <b>Consolidated</b> |                   | <b>Holding company</b> |                   |
|-------------------------|---------------------|-------------------|------------------------|-------------------|
|                         | <b>30/09/2010</b>   | <b>30/06/2010</b> | <b>30/09/2010</b>      | <b>30/06/2010</b> |
| <b>Current</b>          |                     |                   |                        |                   |
| Income tax              | 415,751             | 269,763           | 37,969                 | 20,679            |
| Social Contribution tax | 137,909             | 97,096            | 10,161                 | 6,129             |
| ICMS tax                | 303,038             | 314,067           | 18,091                 | 18,100            |
| Cofins tax              | 66,516              | 62,606            | 11,819                 |                   |
| Pasep tax               | 19,702              | 18,870            | 2,566                  |                   |
| Social security system  | 19,154              | 18,730            | 1,621                  | 1,667             |
| Others                  | 50,854              | 25,973            | 959                    | 999               |
|                         | 1,012,924           | 807,105           | 83,186                 | 47,574            |
| Deferred obligations    |                     |                   |                        |                   |
| Income tax              | 33,496              | 46,074            |                        |                   |
| Social Contribution tax | 13,646              | 17,897            |                        |                   |
| Cofins tax              | 8,925               | 12,844            |                        |                   |
| Pasep tax               | 1,937               | 2,789             |                        |                   |
|                         | 58,004              | 79,604            |                        |                   |
|                         | <b>1,070,928</b>    | <b>886,709</b>    | <b>83,186</b>          | <b>47,574</b>     |
| <b>Non-current</b>      |                     |                   |                        |                   |
| Income tax              |                     | 32,669            |                        |                   |
| Social Contribution tax |                     | 11,761            |                        |                   |
| Cofins tax              | 422,406             | 372,449           |                        |                   |
| Pasep tax               | 91,706              | 80,861            |                        |                   |
| Others                  | 45,869              | 976               |                        |                   |
|                         | 559,981             | 498,716           |                        |                   |
| Deferred obligations    |                     |                   |                        |                   |
| Income tax              | 166,524             | 162,251           |                        |                   |
| Social Contribution tax | 59,948              | 58,410            |                        |                   |
|                         | 226,472             | 220,661           |                        |                   |
|                         | <b>786,453</b>      | <b>719,377</b>    |                        |                   |

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The Deferred obligations, under *Current*, are basically the assets and liabilities linked to the General Agreement for the Electricity Sector and other regulatory issues, and become due as and when those assets and liabilities are realized.

The Non-current obligations for Pasep and Cofins taxes refer to the legal action challenging the constitutionality of the inclusion of ICMS tax in the taxable amount for these taxes, and applying for offsetting of the amounts paid in the last 10 years. The Company obtained a Court injunction enabling it not to make the payment and authorizing payment into Court starting from 2008.

Table of Contents

The non-current deferred obligations for income tax and Social Contribution refer, substantially, to the recognition of financial instruments (FX variation, and hedge transactions) by the cash method, which are payable as and when realized, by payment or redemption, and to the marking of financial instruments to fair value, implemented by the change in the Corporate Law, to be reversed as and when realized.

**19. LOANS, FINANCINGS AND DEBENTURES**

|  |           |                           |          |         | Consolidated |           |            |
|--|-----------|---------------------------|----------|---------|--------------|-----------|------------|
|  | Principal | Annual financial cost     |          |         | 30/09/2010   |           | 30/06/2010 |
| FINANCING SOURCES  | maturity  | (%)                       | Currency | Current | Non-current  | Total     | Total      |
| FOREIGN CURRENCY   |           |                           |          |         |              |           |            |
| ABN Amro Bank N.A. (2)                                     | 2013      | 6                         | US\$     | 22,247  | 42,355       | 64,602    | 67,658     |
| Banco do Brasil various bonds (1)                          | 2024      | Various                   | US\$     | 10,134  | 45,795       | 55,929    | 64,765     |
| Brazilian federal Treasury Inter-American Development Bank | 2024      | Libor + Spread            | US\$     | 3,895   | 17,417       | 21,312    | 24,687     |
| Others   | 2026      | 2,12                      | US\$     | 1,491   | 34,414       | 35,905    | 41,435     |
|  | Various   | Various                   | Various  | 14,597  | 13,615       | 28,212    | 29,269     |
| Debt in foreign currency                                   |           |                           |          | 52,364  | 153,596      | 205,960   | 227,814    |
| BRAZILIAN CURRENCY   |           |                           |          |         |              |           |            |
| Banco do Brasil  | 2012      | 110.00% of CDI            | R\$      | 329,645 | 582,000      | 911,645   | 886,164    |
| Banco do Brasil  | 2013      | CDI + 1.70%               | R\$      | 34,310  | 69,305       | 103,615   | 105,695    |
| Banco do Brasil  | 2013      | 107.60 of CDI             | R\$      | 5,646   | 126,000      | 131,646   | 128,046    |
| Banco do Brasil  | 2014      | 104.10% of CDI            | R\$      | 54,199  | 1,200,000    | 1,254,199 | 1,220,998  |
| Banco do Brasil (6)  | 2013      | 10,83*                    | R\$      | 21,675  | 600,000      | 621,675   | 605,773    |
| Banco do Brasil (6)  | 2013      | 11,58**                   | R\$      | (2,909) | (7,455)      | (10,364)  | (11,599)   |
| Banco Itaú BBA   | 2013      | CDI + 1.70%               | R\$      | 91,597  | 182,227      | 273,824   | 291,358    |
| Banco Votorantim S.A.                                      | 2010      | 113.50 of CDI             | R\$      | 56,032  |              | 56,032    | 54,417     |
| Banco Votorantim S.A.                                      | 2013      | CDI + 1.70%               | R\$      | 26,933  | 50,974       | 77,907    | 87,074     |
| Brazilian Development Bank (BNDES)                         |           |                           |          |         |              |           |            |
|  | 2026      | TJLP + 2.34%              | R\$      | 8,035   | 113,189      | 121,224   | 124,174    |
| Bradesco   | 2014      | CDI + 1.70%               | R\$      | 116,070 | 227,848      | 343,918   | 337,057    |
| Debentures (4)   | 2011      | 104.00% of CDI            | R\$      | 21,029  | 238,816      | 259,845   | 252,973    |
| Debentures Minas Gerais state government (4) (5)           | 2031      | IGP-M                     | R\$      |         | 40,476       | 40,476    | 39,301     |
| Debentures (4)   | 2014      | IGP-M index + 10.50%      | R\$      | 11,099  | 324,052      | 335,151   | 319,991    |
| Debentures (4)   | 2017      | IPCA + 7.96               | R\$      | 28,631  | 459,212      | 487,843   | 478,989    |
| Debentures (4) (6)   | 2012      | CDI + 0.90% (*)           | R\$      | 114,720 | 1,565,992    | 1,680,712 | 1,634,249  |
| Debentures (4) (6)   | 2012      | 0,1051(***)               | R\$      | (1,568) | (475)        | (2,043)   | (2,539)    |
| Debentures (4) (6)   | 2015      | IPCA + 7.68(*)            | R\$      | 62,771  | 1,169,907    | 1,232,678 | 1,211,037  |
| Debentures (4) (6)   | 2015      | 0,042(***)                | R\$      | (482)   | (1,643)      | (2,125)   | (2,163)    |
| ELETROBRÁS   | 2013      | Finel + 7.50 to 8.50%     | R\$      | 12,513  | 27,111       | 39,624    | 42,574     |
| ELETROBRÁS   |           |                           |          |         |              |           |            |
|  | 2023      | Ufir, RGR + 6.00 to 8.00% | R\$      | 56,604  | 280,740      | 337,344   | 350,473    |
| Santander do Brasil  | 2013      | CDI + 1.70%               | R\$      | 21,192  | 39,837       | 61,029    | 68,565     |
| Unibanco   | 2013      | CDI + 1.70%               | R\$      | 121,627 | 167,201      | 288,828   | 314,298    |
| Unibanco   | 2013      | CDI + 1.70%               | R\$      | 20,975  | 36,794       | 57,769    | 56,057     |
| Itaú and Bradesco (3)                                      | 2015      | CDI + 1.70%               | R\$      | 154,390 | 710,249      | 864,639   | 919,115    |
| Debentures IV (4)  | 2015      | TJLP + 4.00%              | R\$      | 5       | 18           | 23        | 24         |
| Debentures V (4)   | 2014      | CDI + 1.50%               | R\$      | 22,613  | 208,978      | 231,591   | 235,483    |
| Debentures VI (4)  | 2011      | 115% of CDI               | R\$      | 79,076  |              | 79,076    | 76,583     |
| BNDES: Finem   | 2019      | TJLP                      | R\$      | 24,830  | 104,211      | 129,041   | 134,052    |
| CCB Bradesco S.A.  | 2017      | CDI + 0.85%               | R\$      | 11,143  | 114,896      | 126,039   | 122,566    |
| Brazilian Development Bank (BNDES)                         |           |                           |          |         |              |           |            |
|  | 2033      | TJLP + 2.40%              | R\$      |         | 175,709      | 175,709   | 172,125    |
| Debentures (4)   | 2013      | IPCA                      | R\$      |         | 175,735      | 175,735   | 172,820    |



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|                          |      |              |     |                  |                   |                   |                   |
|--------------------------|------|--------------|-----|------------------|-------------------|-------------------|-------------------|
| BNDES Onlending          | 2033 | TJLP         | R\$ |                  | 213,867           | 213,867           | 177,578           |
| BNDES Principal          |      |              |     |                  |                   |                   |                   |
| Subcredit A/B/C/D        | 2022 | Various      | R\$ | 21,910           | 88,802            | 110,712           | 257,452           |
| Federal Savings Bank     |      |              |     |                  |                   |                   |                   |
| (CEF)                    | 2022 | TJLP + 3.50% | R\$ | 6,390            | 61,236            | 67,626            | 67,111            |
| CEF                      | 2021 | TJLP + 3.50% | R\$ | 5,241            | 49,356            | 54,597            | 55,319            |
| CEF                      | 2022 | TJLP + 3.50% | R\$ | 8,776            | 85,297            | 94,073            | 93,235            |
| BNDES                    | 2018 | Various      | R\$ | 65,338           | 422,990           | 488,328           | 506,010           |
| Syndicate of Banks       | 2010 | 113% of CDI  | R\$ |                  |                   |                   | 332,449           |
| BNDES                    | 2016 | TJLP + 3.12% | R\$ | 38               | 162,266           | 162,304           | 157,122           |
| BNDES                    | 2024 | TJLP + 2.56% | R\$ | 8,089            | 92,185            | 100,274           | 73,083            |
| Debentures (4)           | 2012 | TJLP         | R\$ | 16,565           | 31,963            | 48,528            | 32,721            |
| Debentures (4)           | 2015 | CDI + 1.30%  | R\$ | 4,815            | 195,412           | 200,227           |                   |
| Debentures (4)           | 2015 | IPCA + 7.91% | R\$ | 1,841            | 143,001           | 144,842           |                   |
| BNDES                    | 2025 | TJLP + 2.15% | R\$ | 1,966            | 39,335            | 41,301            | 35,179            |
| BNDES                    | 2015 | TJLP + 5.5%  | R\$ | 11,829           | 48,233            | 60,062            | 63,370            |
| Others                   | 2025 | Various      | R\$ | 41,480           | 265,487           | 306,967           | 148,787           |
| <b>Debt in Brazilian</b> |      |              |     |                  |                   |                   |                   |
| <b>currency</b>          |      |              |     | <b>1,696,679</b> | <b>10,881,334</b> | <b>12,578,013</b> | <b>12,425,146</b> |
| <b>Overall total,</b>    |      |              |     |                  |                   |                   |                   |
| <b>consolidated</b>      |      |              |     | <b>1,749,043</b> | <b>11,034,930</b> | <b>12,783,973</b> | <b>12,652,960</b> |

(1) Interest rates vary: 2.00 to 8.00 % p.a.; Six-month Libor plus spread of 0.81 to 0.88% per year;

# Table of Contents

(2) Swaps for exchange of rates were contracted. The following are the rates for the loans and financings taking the swaps into account: CDI rate + 1.50% p.a.

(3) Refers to the senior units of the credit rights funds. See Explanatory Note 13;

(4) Nominal, unsecured, book-entry debentures not convertible into shares, without preference.

(5) Contracts adjusted to present value, as per changes to the Corporate Law made by Law 11638/07.

(6) Contracts with rates and amounts adjusted in accordance with CPC 08.

\* Contractual rate.

\*\* Internal rate of return, including transaction cost.

\*\*\* Effective cost of the transaction.

The consolidated composition of loans, by currency and indexor, with the respective amortization, is as follows:

|                                    | 2010             | 2011             | 2012             | 2013             | 2014             | 2015             | 2016           | 2017 and subsequent years | Total             |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|---------------------------|-------------------|
| <b>Currency</b>                    |                  |                  |                  |                  |                  |                  |                |                           |                   |
| US dollar                          | 20,200           | 34,534           | 31,934           | 28,851           | 5,014            | 2,406            | 4,719          | 61,599                    | 189,257           |
| Euro                               | 896              | 4,097            | 2,810            | 1,524            | 1,524            | 1,524            | 1,524          |                           | 13,899            |
| UMBndes (**)                       | 90               | 316              | 317              | 316              | 316              | 316              | 633            | 500                       | 2,804             |
|                                    | <b>21,186</b>    | <b>38,947</b>    | <b>35,061</b>    | <b>30,691</b>    | <b>6,854</b>     | <b>4,246</b>     | <b>6,876</b>   | <b>62,099</b>             | <b>205,960</b>    |
| <b>Indexor</b>                     |                  |                  |                  |                  |                  |                  |                |                           |                   |
| IPCA (Expanded CPI)                | 80,883           | 12,053           | 115,032          | 493,783          | 433,640          | 599,020          | 306,141        |                           | 2,040,552         |
| Ufir (Fiscal Reference Unit) / RGR | 14,090           | 56,894           | 53,437           | 47,785           | 46,407           | 40,104           | 54,013         | 25,376                    | 338,106           |
| Interbank CD (CDI)                 | 859,741          | 1,143,950        | 2,830,644        | 1,187,743        | 753,730          | 249,256          | 39,483         |                           | 7,064,547         |
| Eletrobrás Finel index             | 3,128            | 12,512           | 12,513           | 11,470           |                  |                  |                |                           | 39,623            |
| URTJ (*)                           | 60,947           | 186,434          | 217,242          | 223,071          | 240,823          | 225,660          | 272,323        | 559,489                   | 1,985,989         |
| IGP-M inflation index              | 13,523           | 5,698            | 5,771            | 5,773            | 329,783          | 4,603            | 2,615          | 47,802                    | 415,568           |
| UMBndes (**)                       | 2,582            | 9,763            | 10,312           | 10,916           | 11,480           | 11,960           | 8,096          | 115                       | 65,224            |
| Others (IGP-DI, INPC) (***)        | 3,401            |                  | 396              | 805              | 9,343            | 347              | 801            | 195                       | 15,288            |
| No indexor                         | 22,145           | 39               | 769              | 590,116          |                  | 47               |                |                           | 613,116           |
|                                    | <b>1,060,440</b> | <b>1,427,343</b> | <b>3,246,116</b> | <b>2,571,462</b> | <b>1,825,206</b> | <b>1,130,997</b> | <b>683,472</b> | <b>632,977</b>            | <b>12,578,013</b> |
|                                    | <b>1,081,626</b> | <b>1,466,290</b> | <b>3,281,177</b> | <b>2,602,153</b> | <b>1,832,060</b> | <b>1,135,243</b> | <b>690,348</b> | <b>695,076</b>            | <b>12,783,973</b> |

(\*) URTJ = Interest Rate Reference Unit.

(\*\*) UMBndes = BNDES Monetary Unit.

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(\*\*\*) IGP-DI inflation index (General Price Index Domestic Availability).

INPC National Consumer Price Index.

The principal currencies and indexors used for monetary updating of the loans, financings and debentures had the following variations:

| Currency  | Change, %, in quarter ended 30/09/2010 | YTD % variation in 2010 |
|-----------|--|-------------------------|
| US dollar | (5.96)                                 | (2.70)                  |
| Euro      | 4.81                                   | (7.85)                  |

| Indexor | Change, %, in quarter ended 30/09/2010 | YTD % variation in 2010 |
|---------|--|-------------------------|
| IGP-M   | 2.09                                   | 7.89                    |
| Finel   | 0.41                                   | 1.54                    |
| CDI     | 2.57                                   | 6.97                    |
| UMBndes | (5.39)                                 | (1.58)                  |

Table of Contents

The movement on loans, financings and debentures is as follows:

|   | <b>Consolidated</b> |
|---|---------------------|
| <b>Balance at June 30</b>                   | <b>12,652,960</b>   |
| Initial balance acquisition of subsidiaries | 21,722              |
| Loans and financings obtained               | 452,953             |
| Monetary and FX variation                   | 13,175              |
| Fund raising costs                          | (1,939)             |
| Amortization of fund raising costs          | 2,192               |
| Financial charges provisioned               | 295,000             |
| Financial charges paid                      | (97,799)            |
| Capitalization                              | 3                   |
| Adjustment to present value                 | (1,972)             |
| Amortization of financings                  | (552,322)           |
| <b>Balance on September 30, 2010</b>        | <b>12,783,973</b>   |

**a) Restrictive covenant clauses**

Cemig and its subsidiaries have contracts for loans and financings with restrictive covenant clauses, requiring compliance at the end of each calendar half-year (June 30 and December 31). On June 30, 2010, some clauses were not complied with. Due to this, the company obtained from its creditors, on that day, consent that they would not exercise their rights to demand immediate or early payment of amounts owed until June 30, 2011.

The financing contracts of Taesa have restrictive covenants relating to debt servicing coverage indices. On September 30, 2010, Taesa and its subsidiaries had debt servicing coverage indices that complied with the limits established in the contract.

Madeira Energia has a loan contracted with the BNDES and with Banco da Amazônia S.A with restrictive covenant clauses that were fully complied with on September 30, 2010.



Table of Contents**20. REGULATORY CHARGES**

|  | 30/09/2010     | Consolidated<br>30/06/2010 |
|--|----------------|----------------------------|
| Global Reversion Reserve RGR                           | 43,730         | 32,823                     |
| Fuel Consumption Account CCC                           | 53,179         | 49,612                     |
| CDE Energy Development Account                         | 38,945         | 38,721                     |
| Eletrobrás Compulsory loan                             | 1,207          | 1,207                      |
| Aneel inspection charge                                | 3,742          | 3,912                      |
| Energy Efficiency                                      | 203,763        | 211,009                    |
| Research and Development                               | 214,839        | 205,451                    |
| Energy System Expansion Research                       | 2,794          | 2,252                      |
| National Scientific and Technological Development Fund | 5,594          | 4,890                      |
| Alternative Energy Program Proinfa                     | 3,285          | 3,187                      |
| 0.30% additional payment Law 12111/09                  | 17,154         | 11,462                     |
|  | <b>588,232</b> | <b>564,526</b>             |
| Current liabilities                                    | 337,138        | 357,816                    |
| Non-current liabilities                                | 251,094        | 206,710                    |

**21. POST-EMPLOYMENT OBLIGATIONS****The Forluz Pension Fund**

Cemig is a sponsor of Forluz – the Forluminas Social Security Foundation, a non-profit legal entity whose object is to provide its associates and participants and their dependents and beneficiaries with a financial income to complement retirement and pension, in accordance with the Forluz pension plan they are subscribed in.

The actuarial obligations and assets of the Plans on December 31, 2004 were segregated between Cemig, Cemig GT and Cemig D on the basis of the allocation of employees in each of these companies.

Forluz makes the following supplementary pension benefit plans available to its participants:

The Mixed Benefits Plan ( Plan B ): A plan that is defined-contribution at the stage of accumulation of funds, for retirement benefits for normal time of service; and provides defined-benefit coverage for disability or death of participants still in active employment, and also receipt of the benefits for time of contribution. The contributions of the Sponsors are equal to the basic monthly contributions of the participants, and this is the only plan open for joining by new participants.

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Of the Sponsors' contribution to this plan, 27.52% goes to the portion with defined benefit characteristics, relating to the coverage for invalidity or death for the active participant, and this is used for amortization of the defined obligation through an actuarial calculation. The remaining 72.48%, for the portion of the plan with defined-contribution characteristics, goes to the nominal accounts of the participants and is recognized in the income statement for the period in accordance with the payments made by the Company, under Personnel expenses.

## Table of Contents

Hence the obligations for payment of supplementary pension benefits under the Mixed Plan, with defined contribution characteristics, and their respective assets, in the same amount of R\$ 2,767,140, on December, 31, 2009, are not presented in this Explanatory Note.

Pension Benefits Balances Plan ( Plan A ): This includes all the currently employed and assisted participants who opted to migrate from the previous Defined-benefit Plan, and are entitled to a benefit proportional to those balances. For participants who are still working, this benefit has been deferred to the retirement date.

Defined Benefit Plan: This is the benefit plan adopted by Forluz up to 1998, which complements the amount of the Official Social Security benefit so as to result in the average real salary of the employee's last three working years in the Company. After the process of migration that was carried out in June 2007, approved by the Private Pension Plans Secretariat (SPC), in which more than 80% of the participants migrated to Plans A and B, 51 participants remained in the Defined Benefit plan.

Cemig, Cemig GT and Cemig D also maintain, independently of the plans made available by Forluz, payments of part of the life insurance premium for the retirees, and contribute to a health plan and a dental plan for the employees, retirees and dependents, administered by Forluz.

## **Separation of the Health Plan**

On August 26, 2008 the Executive Council of Forluz, complying with orders issued by the Private Pension Plans Authority (SPC), decided to transfer management of the Cemig Integrated Health Plan (PSI) to a separate entity to be created for that purpose. The reason for the decision was the SPC's belief that it would be impossible to maintain those participants in the Health Plan who were not also inscribed in the pension and retirement plans. To protect the interests of the participants, and also to comply with the SPC's requirement, Forluz opted to separate the activities, keeping the present dental and pension plans within itself. Conclusion of the process of separation of the health plan was completed in September 2010, thus starting from October 1, the Health Plan shall be administered by and all the existing benefits and cover will be maintained.

Health was completed in September 2010, thus starting from October 1, the Health Plan shall be administered by Cemig Health and maintained all existing benefits and coverage.

## **Amortization of actuarial obligations**

Part of the consolidated actuarial obligation for post-employment benefits in the amount of R\$ 872,288 at September 30, 2010 (R\$ 893,027 at June 30, 2005) has been recognized as an obligation payable by Cemig, and is being amortized by June 2024, through monthly installments calculated by the system of constant installments (the so-called "Price table"). After the Third Amendment to the Forluz Agreement, the amounts began to be adjusted only by the IPCA Inflation Index (Amplified National Consumer Price Index) published by the Brazilian Geography and Statistics Institute (IBGE), plus 6% per year.





Table of Contents

The liabilities and expenses recognized by the Companies in connection with the Supplementary Retirement Plan, Health Plan, Dental Plan and Life insurance are adjusted in accordance with the terms of CVM Decision 371/00 and an Opinion prepared by independent actuaries. Hence the financial updating of the obligation in the debt agreed with Forluz mentioned in the previous paragraph does not produce accounting effects in Cemig's Income statement.

The amounts recognized in the balance sheet at December 31, 2009, as they appear in the opinion prepared by an external actuary in conformity with CVM Decision 371, are presented in this Explanatory Note.

**The Braslight Pension Fund**

Light is a sponsor of Fundação de Seguridade Social Braslight, a non-profit private pension plan entity whose purpose is to guarantee retirement revenue to Company employees subscribed with the Foundation, and pension revenue to their dependents.

Braslight was instituted in April 1974, and has three plans – A, B and C – put in place in 1975, 1984 and 1998 respectively. About 96% of the active participants of the other plans have migrated to plan C.

In plans A and B the benefits are of the defined type. In Plan C, which is of the mixed type, the programmable benefits (retirement not arising from invalidity, and the respective reversal in pension), during the capitalization phase are of the defined contribution type, without any link to the INSS, and the risk benefits (illness assistance, retirement for invalidity and pension for death of a participant who is still working, becomes invalid or receives illness assistance), as well as those of continued income, once granted, are of the defined type.

On October 2, 2001, the Private Pension Plans Secretariat approved a contract for a solution for the technical deficit and the refinancing of the reserve to be amortized relating to the pension plans of Braslight, which were recorded in full. This is being paid in 300 monthly installments, starting from July 2001, updated by the variation of the IGP-DI inflation index plus interest of 6.00% per year, totaling R\$ 963,108 at 30 September, 2010 (R\$ 971,749 on June 30, 2010). The effect on the Company's consolidated result is of the portion corresponding to 25.53% of this amount, according to proportional consolidation.

The movement in Net liabilities has been as follows:

| Consolidated                               | Pension plans and retirement supplement plans |           | Health plan | Dental plan | Life insurance | Total     |
|--|---|-----------|-------------|-------------|----------------|-----------|
|  | Forluz  | Braslight |             |             |                |           |
| Net liabilities on 30/06/2010              | 234,063                                       | 248,112   | 387,052     | 21,060      | 485,011        | 1,375,298 |
| Expense recognized in the Income statement | 6,681   | 3,734     | 17,657      | 1,045       | 11,383         | 40,500    |
| Contributions paid                         | (34,119)                                      | (5,940)   | (13,494)    | (191)       | (2,587)        | (56,331)  |

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|                               |                |                |                |               |                |                  |
|-------------------------------|----------------|----------------|----------------|---------------|----------------|------------------|
| Net liabilities on 30/09/2010 | <b>206,625</b> | <b>245,906</b> | <b>391,215</b> | <b>21,914</b> | <b>493,807</b> | <b>1,359,467</b> |
| Current liabilities           | 76,528         | 23,909         |                |               |                | 100,437          |
| Non-current liabilities       | 130,097        | 221,997        | 391,215        | 21,914        | 493,807        | 1,259,030        |

# Table of Contents

| Holding company                  | Pension plans and retirement supplement plans<br>Forluz | Health plan   | Dental plan  | Life insurance | Total         |
|----------------------------------|---|---------------|--------------|----------------|---------------|
| Net liabilities on 30/06/2010    | 11,309  | 20,113        | 1,092        | 21,208         | 53,722        |
| Expense recognized in the Income | 505   | 1,764         | 89           | 778            | 3,136         |
| Contributions paid               | (1,691)   | (718)         | (10)         | (134)          | (2,553)       |
| Balance on 30/09/2010            | <b>10,123</b>   | <b>21,159</b> | <b>1,171</b> | <b>21,852</b>  | <b>54,305</b> |
| Current liabilities              | 3,810   |               |              |                | 3,810         |
| Non-current liabilities          | 6,313   | 21,159        | 1,171        | 21,852         | 50,495        |

The amounts recorded as Current refer to the contributions to be made by Cemig in the next 12 months for amortization of the actuarial liabilities.

## 22 . CONTINGENCIES FOR LEGAL PROCEEDINGS

Cemig and its subsidiaries are parties in court and administrative proceedings before various courts and government bodies, arising from the normal course of business, involving tax, labor-law, civil and other issues.

**Actions in which the company is creditor with success considered probable**

### Pasep and Cofins widening of the calculation base

The holding company has legal proceedings challenging the enlargement of the taxable basis for calculation of the Pasep and Cofins taxes, on financial revenue and on other non-operational revenues, in the period from 1999 to January 2004, by Law 9718 of November 27, 1998; and has a judgment in its favor at first instance. In the event that this action is won in the final instance (i.e. subject to no further appeal) and we would note that the Federal Supreme Court has ruled on several similar cases in favor of the taxpayer the gain to be registered in the results of the year will be R\$ 183,817 (R\$181,668 on June 30, 2010), net of income tax and Social Contribution Tax.



Table of Contents**Actions in which the company would be debtor**

For those contingencies where negative outcomes are considered probable, the Company and its subsidiaries have constituted provisions for losses.

Cemig's management believes that any disbursements in excess of the amounts provisioned, when the respective processes are completed, will not significantly affect the result of operations or the financial position of the holding company nor the consolidated result.

|                                  | Consolidated             |                         |                  |                | Deposits           |                          |
|----------------------------------|--------------------------|-------------------------|------------------|----------------|--------------------|--------------------------|
|                                  | Balance on<br>30/06/2010 | Additions<br>(reversal) | Written<br>off   | Balance        | paid into<br>court | Balance on<br>30/09/2010 |
| <b>Employment-law cases</b>      |                          |                         |                  |                |                    |                          |
| Various                          | 123,510                  | 3,822                   | (12,246)         | 115,086        | (13,091)           | 101,995                  |
| <b>Civil cases</b>               |                          |                         |                  |                |                    |                          |
| Personal damages                 | 21,818                   | 154                     | (1,879)          | 20,093         |                    | 20,093                   |
| Tariff increases                 | 125,303                  | 2,478                   | (99,768)         | 28,013         | (16,324)           | 11,689                   |
| Environmental                    | 5,669                    |                         | (172)            | 5,497          |                    | 5,497                    |
| Other                            | 154,696                  | 6,960                   | (48,183)         | 113,473        | (28,935)           | 84,538                   |
| <b>Tax</b>                       |                          |                         |                  |                |                    |                          |
| Finsocial                        | 21,635                   | 98                      |                  | 21,733         | (21,733)           |                          |
| PIS and Cofins taxes             | 3,450                    | 1,338                   |                  | 4,788          |                    | 4,788                    |
| ICMS tax                         | 57,672                   | 1,519                   | (25,702)         | 33,489         | (10,302)           | 23,187                   |
| Taxes and contributions          |                          |                         |                  |                |                    |                          |
| suspension of demandability      | 185                      |                         |                  | 185            |                    | 185                      |
| Social security system           | 17,027                   | 215                     |                  | 17,242         |                    | 17,242                   |
| Other                            | 5,294                    | 10,266                  |                  | 15,560         | (518)              | 15,042                   |
| <b>Regulatory</b>                |                          |                         |                  |                |                    |                          |
| Aneel administrative proceedings | 85,184                   | 592                     | (929)            | 84,847         | (6,072)            | 78,775                   |
| Total                            | <b>621,443</b>           | <b>27,442</b>           | <b>(188,879)</b> | <b>460,006</b> | <b>(96,975)</b>    | <b>363,031</b>           |

|                             | Holding company          |                         |                |         | Deposits<br>paid into<br>court | Balance on<br>30/09/2010 |
|-----------------------------|--------------------------|-------------------------|----------------|---------|--------------------------------|--------------------------|
|                             | Balance on<br>30/06/2010 | Additions<br>(reversal) | Written<br>off | Balance |                                |                          |
| <b>Employment-law cases</b> |                          |                         |                |         |                                |                          |
| Various                     | 72,559                   |                         | (11,590)       | 60,969  | (8,944)                        | 52,025                   |
|                             |                          |                         |                |         |                                |                          |
| <b>Civil cases</b>          |                          |                         |                |         |                                |                          |
| Personal damages            | 17,536                   |                         | (1,879)        | 15,657  |                                | 15,657                   |
| Tariff increases            | 20,552                   |                         | (4,228)        | 16,324  | (16,324)                       |                          |
| Other                       | 84,943                   |                         | (42,753)       | 42,190  | (21,909)                       | 20,281                   |

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|                                  |                |               |                 |                |                 |                |
|----------------------------------|----------------|---------------|-----------------|----------------|-----------------|----------------|
| <b>Tax</b>                       |                |               |                 |                |                 |                |
| Finsocial                        | 21,635         | 98            |                 | 21,733         | (21,733)        |                |
| Social security system           | 1,183          | 22            |                 | 1,205          |                 | 1,205          |
| Other                            | 2,943          | 10,121        |                 | 13,064         | (518)           | 12,546         |
|                                  |                |               |                 |                |                 |                |
| <b>Regulatory</b>                |                |               |                 |                |                 |                |
| Aneel administrative proceedings | 25,741         | 455           |                 | 26,196         | (6,072)         | 20,124         |
| Total                            | <b>247,092</b> | <b>10,696</b> | <b>(60,450)</b> | <b>197,338</b> | <b>(75,500)</b> | <b>121,838</b> |

Table of Contents

The details on the provisions constituted are as follows:

(a) Employment-law cases: The complaints under the labor laws are basically disputes on overtime, additional amounts for dangerous work, property damages and pain and suffering.

(b) Civil disputes tariff increase

Various industrial consumers have filed actions against Cemig seeking reimbursement for the amounts paid as a result of the tariff increase during the federal government's economic stabilization plan known as the *Cruzado Plan* in 1986, alleging that the said increase violated the control of prices instituted by that plan. Cemig estimates the amounts to be provisioned based on the disputed amounts billed and based on recent court decisions. The total exposure of Cemig and its subsidiaries in this matter, in the understanding of management, is R\$ 80,248. The part of this in which loss is considered probable has been provisioned in full, in the amount of R\$ 28,013 (R\$ 49,162 on June 30, 2010).

In May 2010, the Company signed a settlement in relation to the legal action filed by an industrial consumer in relation to reimbursement of increase of the tariff introduced by the National Water and Energy Department (DNAEE) during the *Cruzado* economic plan. Under this agreement the Company agreed to pay to the consumer the amount of R\$ 177,592, of which R\$ 92,592 was to be offset against unpaid invoices, and R\$ 85,000 to be paid by deduction from future payments for supply of electricity and use of the distribution systems, without any adjustment or monetary updating, and including the fees of Counsel. The amount of R\$ 177,592 has been recognized in full in the income statement for the period.

Under the agreement, the amounts provisioned and not yet offset by electricity invoices, in the amount of R\$ 76,141, now become, effectively, Accounts Payable, and have been transferred to Other current liabilities.

(c) ICMS tax

Since 1999, Light has been inspected on various occasions by the tax authority of Rio de Janeiro State in relation to the ICMS value added tax, charged by states. The infringement notices received so far and not paid are the subject of contestation in the administrative and legal spheres. Based on the opinion of its counsel and calculation of the amounts involved in the infringement notices, Management believes that only a part of these amounts represents probable risk of loss, and the amount of R\$ 25,113 is provisioned.



Table of Contents

(d) Taxes and contributions - demandabilities suspended

Cemig did have a provision of R\$ 86,437 relating to the deduction, from the amount subject to corporate income tax, of the expense of the Social Contribution tax since 1988. On April 17, 1998, the 8th Federal Court granted Cemig an injunction, which was overturned in April 2010. Cemig paid the amount of R\$ 91,487 on May 21, 2010. The Company has made an application for Provisional Remedy to appeal against this judgment.

(e) Social security system

In December 1999 the National Social Security Institute (INSS) issued infringement notices against Light for alleged joint liability to withhold payments at source on amounts paid for services of contractors, and the applicability of the Social Security contribution to employees' profit shares.

Light challenged the legality of Law 7787/89, which increased the Social Security contribution percentage applying to payrolls, believing that it also changed the basis of calculations of Social Security contributions during the period July to September 1989. As a result of the Provisional Remedy given by the Court, the Company has offset the amounts payable for Social Security contribution.

The company assesses the chance of loss in the actions mentioned as probable, and the provisions for the actions brought by the INSS total R\$ 16,035 (R\$ 15,844 on June 30, 2009).

(f) Aneel administrative proceedings

On January 9, 2007, Aneel notified Cemig D (Cemig Distribuição S.A.) that it considered certain criteria adopted by the Company in calculation of the revenue from the subsidy for low-income consumers to be incorrect, questioning the criteria for identification of the consumers who should receive the benefit and also the calculation of the difference to be reimbursed by Eletrobrás, in the estimated amount of R\$ 143,000. The Company has made a provision corresponding to loss in this dispute of which it considers the chances to be probable, in the amount of R\$ 53,582.

(g) Others

Other civil actions are primarily claims for personal damages by individuals, mainly due to accidents allegedly occurring as a result of the Company's business, and damages as a result of power outages. The provision at September 30, 2010 represents the potential loss on these claims.

Among the civil cases we highlight an action for indemnity arising from a fire on grazing land of a rural property, allegedly due to breakage of an electricity cable. The chances of loss in this action are assessed as probable , in the amount of R\$ 13,714, which has been 100% provisioned.

Table of Contents

(h) Actions with chances of loss assessed as possible or remote

Cemig and its subsidiaries are disputing other actions in the courts for which they assess the chances of loss as possible or remote . The following are the details of the most important of these:

(i) Income tax and Social Contribution on post-employment benefits

The federal tax authority issued an Infringement Notice on October 11, 2001, in the amount which updated is R\$ 325,826, as a result of the use of tax credits which resulted in the rectification, for the reduction of taxes payable, of the income tax declarations for 1997, 1998 and 1999. The income tax returns were rectified as a result of the change in the method of accounting of the liabilities for post-employment benefits. The additional post-employment obligations, which resulted from the changes in the method of accounting, were recognized in the tax years that were rectified, resulting in a tax loss and a negative basis for calculation of the Social Contribution.

Cemig presented an administrative appeal to the Finance Ministry Taxpayers Council, obtaining a favorable decision for the years of 1997 and 1998 and an adverse decision in relation to the year 1999. This adverse decision would result in a reduction of the tax loss carryforward, registered as tax credits, in the historic amount of R\$ 26,631. The tax credits were not reduced, and no provision was made for contingencies for any losses as a result of this decision, since Cemig believes it has solid legal grounds for defense in the Courts, for the procedures adopted for recovery of the said tax credits. Thus, it assesses the chances of loss in this action as remote .

The tax credits constituted, mentioned in the previous paragraph, were used by Cemig to offset federal taxes and contributions paid in the business years of 2002 and 2003. Due to this fact, Cemig had the offsetting proceedings refused by the federal tax authority and would be exposed to an additional penalty, updated to September 30, 2010 of R\$ 306,619 (R\$ 303,435 on June 30, 2010). With the decision of the Taxpayers Council, mentioned above, Cemig considers that the refusal of this process of offsetting becomes null. Thus, no contingency provision has been constituted to meet any losses, since Cemig believes that it has solid legal grounds for the procedures adopted and assesses the chances of loss in this action as remote .

(II) Tax on Inheritance and Donations (ITCD)

The State of Minas Gerais is challenging the Company in the courts for non-payment of the Tax on Donations (ITCD) in relation to contributions of consumers, the amount of which on September 30, 2010 was R\$ 210,480 (R\$ 204,485 on June 30, 2010). No provision has been made for this dispute, since the Company believes it has arguments on the merit for defense against this claim. The Company assesses the chances of loss in this action as remote .

Table of Contents

(iii) Acts of the regulatory agency

Aneel filed an administrative action against Cemig stating that the company owes R\$ 945,067 to the federal government (R\$ 1,240,698 on June 30, 2010) as a result of an alleged error in the calculation of credits under the CRC (Results Compensation) Account, which were, in the past, used to offset amounts owed to the federal government. On October 31, 2002 Aneel issued a final administrative decision against Cemig. On January 9, 2004 the National Treasury issued an Official Collection Notice for the amount of the debit. Cemig did not make the payment because it believes that it has arguments on the merit for defense in the Courts and, thus, has not constituted a provision for this action. The Company assesses the chances of loss in this action as possible .

(iv) Social Security and tax obligations - indemnity for the Anuênio and profit shares.

In 2006 Cemig and its subsidiaries Cemig GT and Cemig D paid indemnities to their employees, totaling R\$ 177,685, in exchange for the rights to future payments known as the Anuênio which would otherwise be incorporated in the future, into salaries. The Company and its subsidiaries did not make payments of income tax and Social Security contribution in relation to this amount because they considered that these obligations are not applicable to amounts paid as indemnity. However, to avoid the risk of a future fine arising from a differing interpretation by the federal tax authority and the National Social Security Institution (INSS), the Company decided to apply for orders of Mandamus, which allowed payment into Court of the potential obligations on these amounts, with a total of R\$ 172,192. These are posted in Deposits linked to legal actions (Note 12). No provision has been made for any losses. The Company assesses the chance of loss in this action as possible .

In September 2006 Cemig was notified by the INSS (National Social Security System) as a result of the non-payment of the Social Security contribution on the amounts paid as profit shares in the period 2000 to 2004, representing a total of R\$ 128,011 (R\$ 125,594 on June 30, 2010). Cemig has appealed, in administrative proceedings, against the decision. No provision has been made for any losses. Cemig believes it has arguments of merit for defense, and the chances of loss in this action are assessed as remote .

(V) ICMS tax

Since 2002 the company has received a subsidy from Eletrobrás for the discounts given to low-income consumers. The Minas Gerais State Tax Authority served an infringement notice on Cemig, relating to the period from 2002 to 2005, on the argument that the subsidy received should be the subject of ICMS tax. The potential for loss in this action would be R\$ 128,328, not including any ICMS tax which might be claimed by the Tax Authority for the periods subsequent to the infringement notice. The company decided to join the Minas Gerais State Special Tax Installment Payment Program for ICMS, created by the State Government through Decree 45358 of May 4, 2010, recognizing, as a result of this, a provision of R\$ 25,702.

Table of Contents

Cemig was served an infringement notice, as co-defendant, in which the Minas Gerais State Tax Authority demanded payment of R\$ 49,748 (R\$ 48,689 at June 30, 2010) in ICMS tax on sales of excess electricity by industrial consumers during the period of electricity rationing. If the Company does have to pay ICMS tax on these transactions, it will be able to charge consumers the same amount to recover the amount of the tax plus any possible penalty charge. The chances of loss in this action are assessed as possible .

(vi) Regulatory contingency - CCEE

In an action dating from August 2002, AES Sul Distribuidora has challenged in the courts the criteria for accounting of electricity sale transactions in the wholesale electricity market during the period of rationing. It obtained a judgment in its favor in February 2006, which orders Aneel, working with the CCEE, to comply with the claim by AES Sul and recalculate the settlement of the transactions during the rationing period, leaving out of account Aneel's Dispatch No. 288/2002. This was to be put into effect in the CCEE starting in November 2008, resulting in an additional disbursement for Cemig, for the expense on purchase of energy in the short-term market, in the CCEE, in the amount of approximately R\$ 106,364 (R\$ 103,718 on June 30, 2010). On November 9, 2008 the Company obtained an injunction in the Regional Federal Appeal Court suspending the obligatory nature of the requirement to pay into court the amount owed arising from the Special Financial Settlement carried out by the CCEE. Because of the above, no provision was constituted for this dispute, since the Company believes it has arguments on the merit for defense against this claim. The Company assesses the chances of losses from this action as possible .

(vii) Environmental claims

An environmental association, through a public civil action, claimed indemnity for supposed collective environmental damages as a result of the construction and operation of the Nova Ponte Plant. The amount involved in the action is R\$ 1,196,469 (R\$ 1,173,390 at June 30, 2010). The Company believes it has arguments of merit for legal defense and thus has not made a provision for this action. The chance of losses from this action is assessed as possible .

(viii) Civil claims - consumers

Several consumers and the Public Attorney of the State of Minas Gerais have brought civil actions against Cemig contesting tariff increases applied in previous years, including: the tariff subsidies granted to low-income consumers; the extraordinary tariff recomposition; and the inflation index used to increase the tariff for electricity in April 2003; requesting 200% reimbursement on the amounts considered charged in error by the company. The case was rejected by the courts in August 2010 and the case was set aside, as expected by the Company's counsel.

Table of Contents

Cemig is defendant in legal proceedings challenging the criteria for measurement of amounts to be charged in relation to the contribution for public illumination, in the total amount of R\$ 1,031,678 (R\$ 981,776 on June 30, 2010). The Company believes that it has arguments of merit for legal defense, and has thus made no provision for this action. The chance of loss from this action is assessed as possible .

A public class action challenging the Conduct Adjustment Undertaking entered into between Cemig and the Public Attorneys Office demands return to the public funds of the amounts paid to the contractors providing services to the Company that implemented the *Light for Everyone* Program. The amount involved in the action is R\$ 1,852,648 (R\$ 1,792,530 at June 30, 2010). The Company believes it has arguments of merit for legal defense and thus has not made a provision for this action. The chance of loss from this action is assessed as possible .

(iX) PIS and Cofins taxes

Light had two legal actions challenging the applicability of the PIS and Cofins taxes, in the manner specified by Law 9718/98, as follows:

The first questioned the changes imposed by the said law in relation to: (i) expansion of the taxable base of the said taxes, and (ii) the increase in the tax rate of the Cofins tax from 2% to 3%. In the Company's Appeal to the Federal Supreme Court, final judgment was given, against which there is no further appeal, in relation to the expansion of the taxable base of calculation of the tax, granting the Appeal, and declaring Article 3, § 1º, of Law 9718/98 unconstitutional. The respective reversal of provision was made in the second quarter of 2008, in the amount of R\$ 108,090, with counterpart entry in Financial expenses.

In the second, the company alleges expiry by limitation of time of part of the amounts demanded in the Collection Letter issued by the federal tax authority on January 31, 2007, on the grounds of the federal inspectors not having posted a tax credit within the legal period. An injunction was obtained suspending collection. This was upheld by the Regional Federal Appeal Court, and at present awaits judgment on an appeal to the Higher Appeal Courts. As to the merits, the judgment of the first instance is awaited. The advisors of the Company's legal department assess the chance of loss as possible . Light opted to include this case in the new procedure for payment by installments (Law 11941/09).

(X) Tax on Services (ISS)

Cemig is involved in litigation with the Municipality of Belo Horizonte on the criteria for applicability of the ISS tax on services performed by the Company. The amount involved in the action is R\$ 24,525 (R\$ 44,433 on June 30, 2010). No provision has been made for any losses. Cemig believes it has arguments of merit for defense. The chances of loss in this action are assessed as remote .

Table of Contents

(xi) Action for annulment of the RME Agreement

A public class action was filed applying for annulment of the transaction for acquisition of an interest in the Light Group by Cemig through the company RME, and of the stockholdings of the other partners, and of all the subsequent transactions. The amount involved is R\$ 2,576,689. The Company believes it has arguments of merit for defense, and thus has not made a provision for these actions. The company assesses the chances of loss in this action as remote .

In addition to the issues described above, Cemig and its subsidiaries are involved, on the plaintiff or defendant side, in other cases, of smaller scale, related to the normal course of their operations. Management believes that it has adequate defense for these actions, and does not expect significant losses relating to these issues that might have an adverse effect on the Company's financial position or the consolidated result of its operations.

## **23 . STOCKHOLDERS EQUITY**

Capital increase at the Ordinary and Extraordinary General Meetings of Stockholders held in April 2010

The General Meeting of Stockholders held on April 29, 2010 approved an increase in the registered capital of Cemig from R\$ 3,101,884 to R\$ 3,412,073 with issue of new shares, through capitalization of R\$ 294,940 of the balance of the Earnings Reserve and R\$ 15,428 of the Capital Reserve, with consequent distribution of a stock dividend of 10% in new shares to stockholders, of the same type as those held, with nominal value of R\$ 5.00.

The Company's registered capital is represented by 298,269,668 common shares and 384,144,914 preferred shares, all with nominal value of R\$ 5.00.

Change in the Company's stockholding structure

In 1997 the Government of the State of Minas Gerais sold approximately 32.96% of the Company's common shares to a group of investors led by Southern Electric Brasil Participações Ltda. ( SEB ).

On June 16, 2010, as advised in correspondence sent to the Company by Southern Electric Brasil Participações Ltda. ( SEB ), Southern's holding in Cemig was sold to AGC Energia S.A. ( AGC Energia ), an unlisted S.A. corporation controlled by Andrade Gutierrez Concessões S.A. ( AGC ).

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The transfer of shares took place under the share purchase agreement signed between SEB and AGC Energia, with AGC as consenting party, on November 12, 2009, as amended, and is for the sale of the entire stockholding of SEB in CEMIG, that is to say 98,321,592 nominal common shares issued by Cemig, representing 32.96% of the voting stock and 14.41% of the total capital of CEMIG.



Table of Contents

We emphasize that this transaction does not change the composition of the stockholding control nor the administrative structure of Cemig.

Prior-year adjustment in a subsidiary

With the intention of harmonizing accounting practices between the companies of the Cemig Group, the Company posted directly in Stockholders' equity an adjustment of R\$ 34,861, for revenue recognized by one of its subsidiaries in 2010, arising from a contract for intermediation of electricity in previous years.

**24 . REVENUE FROM SUPPLY OF ELECTRICITY**

This table shows supply of electricity by type of consumer:

|   | (Not reviewed by external auditors) |                   |                   |                   |                   |                   |
|---|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | Number of consumers (*)             |                   | MWh (*)           |                   | R\$               |                   |
|   | 30/09/2010                          | 30/09/2009        | 30/09/2010        | 30/09/2009        | 30/09/2010        | 30/09/2009        |
| Residential                             | 9,470,694                           | 9,267,800         | 7,343,299         | 7,258,610         | 3,547,737         | 3,374,600         |
| Industrial                              | 87,210                              | 87,086            | 18,149,884        | 16,751,048        | 2,959,010         | 2,771,419         |
| Commercial, services and others         | 880,546                             | 867,675           | 4,558,053         | 4,553,494         | 2,011,813         | 1,984,772         |
| Rural                                   | 524,819                             | 465,213           | 1,859,940         | 1,654,615         | 476,010           | 407,373           |
| Public authorities                      | 68,747                              | 65,971            | 789,045           | 781,589           | 342,984           | 335,310           |
| Public illumination                     | 3,702                               | 3,323             | 907,086           | 920,208           | 231,676           | 227,293           |
| Public service                          | 9,853                               | 9,752             | 1,009,757         | 995,127           | 296,769           | 286,497           |
| Subtotal                                | 11,045,571                          | 10,766,820        | 34,617,064        | 32,914,691        | 9,865,999         | 9,387,264         |
| Own consumption                         | 1,183                               | 1,164             | 39,552            | 38,291            |                   |                   |
| Low-income subsidy (1)                  |                                     |                   |                   |                   | 99,486            | 110,896           |
| Retail supply not invoiced, net         |                                     |                   |                   |                   | (29,056)          | (62,740)          |
|   | 11,046,754                          | 10,767,984        | 34,656,616        | 32,952,982        | 9,936,429         | 9,435,420         |
| Supply to other concession holders (**) | 90                                  | 86                | 10,098,398        | 9,737,282         | 1,093,238         | 1,106,045         |
| Transactions in energy on the CCEE      |                                     |                   | 3,971,052         | 2,009,456         | 106,054           | 121,215           |
| Sales under the Proinfa program         |                                     |                   | 39,400            |                   | 10,811            |                   |
| Effect of the Final Tariff Review (2)   |                                     |                   |                   |                   | 71,302            | (137,458)         |
| Additional charge - Law 12111/09        |                                     |                   |                   |                   | 3,113             |                   |
| <b>Total</b>                            | <b>11.046.844</b>                   | <b>10.768.070</b> | <b>48.765.466</b> | <b>44.699.720</b> | <b>11.220.947</b> | <b>10.525.222</b> |

(\*) The Number of consumers column includes 100% of the consumers of Light.

The MWh column includes a proportion of the total electricity sold by Light, in proportion to the Company's stockholding.

(\*\*) Includes Regulated Market Electricity Sale Contracts (CCEARs) and bilateral contracts with other agents.

(1) Revenue recognized arising from the subsidy from Eletrobrás, for the discount given on tariffs charged to low-income consumers. The amounts have been homologated by Aneel and are reimbursed by Eletrobrás.

(2) Amount recognized, as counterpart to a regulatory liability, due to homologation of the Final Result of the Company's Tariff Review, in March 2009. The amount of R\$ 71,302 refers to the amortization of the regulatory liabilities in January-March 2010. See complementary explanations in Note 32.

Table of Contents**25 . REVENUE FROM USE OF THE NETWORK    FREE CONSUMERS**

|   | 30/09/2010       | Consolidated<br>30/09/2009 |
|---|------------------|----------------------------|
| Tariff for Use of the Electricity Distribution Systems (TUSD) | 1.115.336        | 845.477                    |
| Revenue from use of the basic grid                            | 874.066          | 521.393                    |
| System connection revenue                                     | 77.101           | 97.395                     |
| Review of the transmission tariff                             | (64.586)         | 136.657                    |
|   | <b>2.001.917</b> | <b>1.600.922</b>           |

The revenue from the Tariff for Use of the Distribution System – TUSD – refers basically to the charging of a tariff for the use of the distribution network on sales of electricity to Free Consumers.

Revenue from Use of the Basic Grid refers to the tariff charged to agents in the electricity sector, including Free Consumers connected to the high voltage network, for use of that part of the National transmission Grid that is owned by the Company. Supply of electricity to the Brazilian grid system is recorded when it takes place, and invoiced monthly, in accordance with the payments specified by the concession contract. Under some of these contracts the revenue to be reimbursed in the last 15 years of the concession will be 50% less than in the first 15 years. The company recognizes the payments received under these concessions in accordance with each contract.

**26 . OTHER OPERATIONAL REVENUES**

|                    | 30/09/2010     | Consolidated<br>30/09/2009 | Holding company<br>30/09/2010 | 30/09/2009 |
|--------------------|----------------|----------------------------|-------------------------------|------------|
| Supply of gas      | 291.611        | 234.063                    |                               |            |
| Charged service    | 12.368         | 12.887                     |                               |            |
| Telecoms service   | 93.053         | 90.076                     |                               |            |
| Services provided  | 53.937         | 41.178                     | 10                            |            |
| Rental and leasing | 46.804         | 50.035                     | 328                           | 267        |
| Other              | 614            | 10.481                     |                               |            |
|                    | <b>498.387</b> | <b>438.720</b>             | <b>338</b>                    | <b>267</b> |



Table of Contents**27 . DEDUCTIONS FROM OPERATIONAL REVENUES**

|   | Consolidated<br>30/09/2010 | 30/09/2009<br>Reclassified |
|---|----------------------------|----------------------------|
| <b>Taxes on revenue</b>   |                            |                            |
| ICMS tax  | 2.326.801                  | 2.226.919                  |
| Cofins tax  | 1.019.325                  | 911.516                    |
| PIS and Pasep taxes   | 218.630                    | 185.907                    |
| Others  | 3.697                      | 2.705                      |
|   | 3.568.453                  | 3.327.047                  |
| <b>Charges to the consumer</b>                                    |                            |                            |
| Global Reversion Reserve RGR                                      | 142.477                    | 141.911                    |
| Energy Efficiency Program P.E.E.                                  | 32.917                     | 28.854                     |
| CDE Energy Development Account                                    | 344.919                    | 300.445                    |
| Fuel Consumption Account CCC                                      | 491.221                    | 376.108                    |
| Research and Development P&D                                      | 26.050                     | 22.443                     |
| National Scientific and Technological Development Fund            | 23.079                     | 22.404                     |
| Energy system expansion research EPE (Mining and Energy Ministry) | 11.911                     | 11.150                     |
| Emergency Capacity Charge   | 15.235                     | 11.866                     |
| 0.30% additional payment (Law 12111/09)                           | 17.154                     |                            |
|   | 1.104.963                  | 915.181                    |
|   | <b>4.673.416</b>           | <b>4.242.228</b>           |

Cemig pays the ICMS tax applicable to Portion A in accordance with the invoicing of the amounts on customers' electricity bills.

**28 . OPERATIONAL COSTS AND EXPENSES**

|  | Consolidated<br>30/09/2010 | 30/09/2009<br>Reclassified | Holding company<br>30/09/2010 | 30/09/2009    |
|--|----------------------------|----------------------------|-------------------------------|---------------|
| <b>OPERATIONAL COSTS AND EXPENSES (REVENUES)</b>   |                            |                            |                               |               |
| Personnel (a)                                      | 858.094                    | 1.024.354                  | 29.245                        | 25.560        |
| Post-employment obligations                        | 126.457                    | 105.760                    | 9.408                         | 4.252         |
| Materials  | 88.704                     | 79.232                     | 282                           | 230           |
| Raw materials                                      |                            | 4.070                      |                               |               |
| Outsourced services                                | 638.706                    | 531.908                    | 7.139                         | 9.676         |
| Energy bought for resale (b)                       | 3.023.885                  | 2.529.469                  |                               |               |
| Depreciation and amortization                      | 610.975                    | 517.204                    | 127                           | 140           |
| Royalties for use of water resources               | 113.444                    | 114.984                    |                               |               |
| Provisions (reversals) for operational losses (c)  | 173.861                    | 88.765                     | (101.861)                     | (30.557)      |
| Charges for the use of the basic transmission grid | 598.012                    | 612.627                    |                               |               |
| Gas purchased for resale                           | 162.685                    | 128.610                    |                               |               |
| Other operational expenses, net (d)                | 252.845                    | 214.444                    | 12.275                        | 17.648        |
|  | <b>6.647.668</b>           | <b>5.951.427</b>           | <b>(43.385)</b>               | <b>26.949</b> |

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| (a) PERSONNEL COSTS AND EXPENSES                     | Consolidated   |                  | Holding company |               |
|--|----------------|------------------|-----------------|---------------|
|  | 30/09/2010     | 30/09/2009       | 30/09/2010      | 30/09/2009    |
| Remuneration and salary-related charges and expenses | 772.385        | 787.985          | 22.545          | 15.453        |
| Supplementary pension contributions    Defined       |                |                  |                 |               |
| Contribution plan                                    | 45.058         | 45.963           | 2.861           | 2.155         |
| Assistance benefits                                  | 89.732         | 87.926           | 2.492           | 2.038         |
|  | <b>907.175</b> | <b>921.874</b>   | <b>27.898</b>   | <b>19.646</b> |
|  |                |                  |                 |               |
| The PPD Voluntary Retirement Program                 |                | (486)            |                 | (8)           |
| The PDV Temporary Voluntary Retirement Program       | 21.992         | 201.389          | 1.347           | 5.922         |
| (-) Personnel costs transferred to Works in progress | (71.073)       | (98.423)         |                 |               |
|  | <b>858.094</b> | <b>1.024.354</b> | <b>29.245</b>   | <b>25.560</b> |

# Table of Contents

## The PDV Temporary Voluntary Retirement Program

In April 2009 Cemig put in place a temporary Voluntary Retirement Program named the PDV which was joined by 1,221 employees. The financial incentive for employees who subscribed to the PDV program was an indemnity varying between 3 and 16 times the employee's monthly remuneration, according to criteria set in the Program's regulations, among which the main factor is the time of contribution remaining for qualification for full retirement benefits under the National Social Security program. Another of the incentives is payment of the contribution to the pension fund and the National Social Security System up to the date when the employee would meet the requirements for retirement benefits under the National Social Security System (limited to 5 years), and deposit of the extra payment of 40% on the balance of the FGTS fund (the payment that would be obligatory if the contract were being rescinded by the employer).

Additionally, Cemig guarantees full payment of the costs of the Group Life Insurance Plan (for 6 months) and the Health Plan (for 12 months), from the date of the employee leaving the Company, which must be between June 2009 and September 2010.

| (b) ENERGY BOUGHT FOR RESALE                        | Consolidated     |                  |
|---|------------------|------------------|
|   | 30/09/2010       | 30/09/2009       |
| From Itaipu Binacional                              | 1.050.820        | 819.116          |
| Spot market   | 166.914          | 212.737          |
| Proinfa (the Alternative Energy Sources Program)    | 156.807          | 122.879          |
| (Reimbursement of CVA) Initial Contracts            | (197.025)        |                  |
| Bilateral Contracts                                 | 330.402          | 439.239          |
| Electricity acquired at auction in Regulated Market | 1.604.473        | 985.923          |
| Portion A   | 151.048          | 143.829          |
| Credits of Pasep and Cofins taxes                   | (239.554)        | (194.254)        |
|   | <b>3.023.885</b> | <b>2.529.469</b> |

The Portion A amounts refer to transfer to the Income statement of the respective amounts received in the tariff. See information in Explanatory Note 06.

| c) OPERATIONAL PROVISIONS                                  | Consolidated   |               | Holding company |                 |
|--|----------------|---------------|-----------------|-----------------|
|  | 30/09/2010     | 30/09/2009    | 30/09/2010      | 30/09/2009      |
| Pension plan premiums                                      | (8.861)        | (5.003)       | (395)           | (217)           |
| Provision (reversal) for doubtful receivables              | 75.709         | 108.632       |                 | (2.367)         |
| Provision for labor-law contingencies                      | (9.335)        | (3.544)       | (11.921)        | (4.895)         |
| Provision for Aneel administrative proceedings             | 11.037         | 3.175         | 2.193           | 982             |
| Provision for legal contingencies civil actions            | (53.442)       | 9.923         | (54.184)        | 9.923           |
| Provision (Reversal) for civil actions on tariff increases | 126.273        | (29.227)      | (38.711)        | (29.227)        |
| Inflationary profit  | (3.970)        | 249           | (3.970)         | 249             |
| Other provisions (reversals)                               | 36.450         | 4.560         | 5.127           | (5.005)         |
|  | <b>173.861</b> | <b>88.765</b> | <b>101.861</b>  | <b>(30.557)</b> |

| (d) OTHER OPERATIONAL EXPENSES, NET | Consolidated |            | Holding company |            |
|-------------------------------------|--------------|------------|-----------------|------------|
|                                     | 30/09/2010   | 30/09/2009 | 30/09/2010      | 30/09/2009 |

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|   |                |                |               |               |
|---|----------------|----------------|---------------|---------------|
| Leasings and rentals                                | 38.641         | 27.694         | 593           | 571           |
| Advertising and marketing                           | 21.019         | 16.310         | 87            | 227           |
| Own consumption of electricity                      | 7.960          | 11.022         |               |               |
| Subsidies and donations                             | 23.766         | 23.376         | 2.754         | 720           |
| Aneel inspection charge                             | 33.870         | 31.542         |               |               |
| (*) License Charge for Occupation of Highway Lands. | 27.114         | 27.304         |               |               |
| Concessions for consideration                       | 16.608         | 8.121          |               |               |
| Taxes and charges (IPTU, IPVA and others)           | 16.003         | 13.064         | 222           | 89            |
| Insurance   | 9.064          | 4.764          | 933           | 116           |
| CCEE Contribution                                   | 3.648          | 3.480          | 3             |               |
| Forluz Current Administration expense               | 7.647          | 9.072          | 464           | 443           |
| Other expenses                                      | 47.505         | 38.695         | 7.219         | 15.482        |
|   | <b>252.845</b> | <b>214.444</b> | <b>12.275</b> | <b>17.648</b> |



Table of Contents**29 . NET FINANCIAL REVENUE (EXPENSES)**

|  | <b>Consolidated</b> |                   | <b>Holding company</b> |                   |
|--|---------------------|-------------------|------------------------|-------------------|
|  | <b>30/09/2010</b>   | <b>30/09/2009</b> | <b>30/09/2010</b>      | <b>30/09/2009</b> |
| <b>FINANCIAL REVENUES</b>  |                     |                   |                        |                   |
| Revenue from cash investments  | 286.287             | 183.144           | 34.071                 | 14.560            |
| Arrears penalty payments on electricity bills  | 103.108             | 139.464           |                        |                   |
| Interest and monetary updating on accounts receivable from the Minas Gerais state government | 111.086             | 116.963           |                        |                   |
| Monetary updating of CVA   | 10.854              | 28.822            |                        |                   |
| Monetary updating on items under the General Agreement for the Electricity Sector            | 9.434               | 35.261            |                        |                   |
| FX variations  | 43.517              | 118.586           | 2                      | 21                |
| Pasep and Cofins taxes on financial revenues   | (26.254)            | (27.450)          | (26.410)               | (26.047)          |
| Gains on financial instruments   | 3.638               | 306               |                        |                   |
| Adjustment to present value  | 14.298              | 1.486             |                        |                   |
| FIDC revenues  |                     |                   | 40.410                 | 35.966            |
| Monetary updating on taxes offsetable  | 79.611              | 51.209            | 5.129                  | 10.257            |
| Other  | 40.966              | 36.933            | 7.817                  | 3.857             |
|  | <b>676.545</b>      | <b>684.724</b>    | <b>61.019</b>          | <b>38.614</b>     |
| <b>FINANCIAL EXPENSES</b>  |                     |                   |                        |                   |
| Costs of loans and financings  | (791.696)           | (549.177)         | (5.361)                | (6.823)           |
| Monetary updating on items under the General Agreement for the Electricity Sector            |                     | (2.663)           |                        |                   |
| Monetary updating of CVA   | (34.390)            | 306               |                        |                   |
| FX variations  | (24.493)            | (16.669)          | (101)                  | (11)              |
| Monetary updating on loans and financings  | (82.228)            | (5.539)           |                        |                   |
| Adjustment to present value  | (547)               | (7.400)           |                        |                   |
| Losses on financial instruments  | (10.594)            | (80.442)          |                        |                   |
| Reversal of provision for PIS and Cofins tax on Revenue                                      |                     | 7.915             |                        |                   |
| Amortization of goodwill on investments  | (47.714)            | (16.932)          | (35.286)               | (16.352)          |
| Other  | (118.219)           | (95.431)          | (2.296)                | (5.611)           |
|  | <b>(1.109.881)</b>  | <b>(766.032)</b>  | <b>(43.064)</b>        | <b>(28.797)</b>   |
| <b>NET FINANCIAL REVENUE (EXPENSES)</b>  | <b>(433.336)</b>    | <b>(81.308)</b>   | <b>17.975</b>          | <b>9.817</b>      |

The Pasep and Cofins expenses apply to financial revenues on regulatory assets and Interest on Equity.



Table of Contents**30 . TRANSACTIONS WITH RELATED PARTIES**

The principal balances and transactions with related parties of Cemig and its subsidiaries are:

| COMPANIES  | ASSETS     |            | LIABILITIES |            | REVENUES    |             | EXPENSES   |            |
|--|------------|------------|-------------|------------|-------------|-------------|------------|------------|
|  | 30/09/2010 | 31/06/2010 | 30/09/2010  | 31/06/2010 | 30/09/2010  | 30/09/2009  | 30/09/2010 | 30/09/2009 |
| <b>Cemig Distribuição S.A. ( Cemig D )</b>               |            |            |             |            |             |             |            |            |
| Interest on Equity, and dividends                        | 229,559    | 173,220    |             |            |             |             |            |            |
| Affiliates and subsidiaries / parent company             | 3          | 3          | 1,647       | 1,627      |             |             |            |            |
| <b>Cemig Geração e Transmissão S.A. ( Cemig GT )</b>     |            |            |             |            |             |             |            |            |
| Interest on Equity, and dividends                        | 186,234    | 110,347    |             |            |             |             |            |            |
| Affiliates and subsidiaries / parent company             |            |            | 2,671       | 2,661      |             |             |            |            |
| <b>Light S.A.</b>  |            |            |             |            |             |             |            |            |
| Interest on Equity, and dividends                        | 92,686     |            |             |            |             |             |            |            |
| <b>Minas Gerais state government</b>                     |            |            |             |            |             |             |            |            |
| Consumers and traders (1)                                | 1,500      | 1,450      |             |            | 63,495      | 58,929      |            |            |
| Taxes offsetable ICMS current (2)                        | 220,226    | 212,941    | 294,472     | 309,549    | (1,974,454) | (1,844,119) |            |            |
| Accounts receivable from Minas Gerais state gov. CRC (3) | 1,792,189  | 1,830,892  |             |            | 111,086     | 116,963     |            |            |
| Taxes offsetable ICMS Non-current (2)                    | 64,868     | 65,464     |             |            |             |             |            |            |
| Consumers and traders (4)                                |            | 50,361     |             |            |             |             |            |            |
| Interest on Equity, and dividends                        |            |            | 103,691     | 103,691    |             |             |            |            |
| Debentures (5)   |            |            | 40,476      | 39,301     |             |             | (3,422)    | (3,193)    |
| Receivables fund (6)                                     |            |            | 864,839     | 911,777    |             |             |            |            |
| Financings Minas Gerais Development Bank (7)             |            |            | 13,949      | 16,787     |             |             |            |            |
| <b>Forluz</b>  |            |            |             |            |             |             |            |            |
|  |            |            | 76,529      | 80,137     |             |             | (110,297)  | (95,069)   |

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|  |         |         |           |                   |
|--|---------|---------|-----------|-------------------|
| Post-employment obligations Current (8)      |         |         |           |                   |
| Post-employment obligations Non-current (8)  |         |         | 1,037,033 | 1,047,049         |
| Others                                       |         |         | 7,059     | 18,389            |
| Personnel (9)                                |         |         |           | (45,058) (45,963) |
| Current administration expense (10)          |         |         |           | (7,647) (9,072)   |
| <b>Andrade Gutierrez S.A.</b>                |         |         |           |                   |
| <i>Light for Everyone</i>                    |         |         |           |                   |
| program - Current                            | 11,487  | 10,817  | 403       | 6,671             |
| <i>Light for Everyone</i>                    |         |         |           |                   |
| program - Non-current                        |         |         | 2,923     | 526               |
| Other credits (11)                           |         | 15,825  |           |                   |
| <b>Others</b>                                |         |         |           |                   |
| Interest on Equity                           | 124,110 | 137,578 |           |                   |
| Affiliates and subsidiaries / parent company |         |         |           |                   |
|  | 6,691   | 9,418   |           |                   |

Main material comments on the above transactions:

- (1) Refers to sale of energy to the government of the State of Minas Gerais transactions are made on terms equivalent to those that prevail in the transactions with independent parties, considering that the price of the energy is that set by Aneel through a Resolution referring to the company's annual Tariff Adjustment.
- (2) The transactions with ICMS tax posted in the financial statements refer to transactions for sale of electricity and are carried out in accordance with the specific legislation of the State of Minas Gerais.
- (3) Injection of the credits of the CRC into a Receivables Fund, in senior and subordinated units. See information in Explanatory Note 13.
- (4) A substantial portion of the amount refers to the renegotiation of a debit originating from the sale of energy to Copasa, with payment scheduled up to September 2012, and financial updating by the IGP M inflation index + 0.5% per month.
- (5) Private issue of R\$ 120,000 in non-convertible debentures, updated by the IGP M inflation index, for completion of the Irapé hydroelectric plant, with redemption 25 years from the issue date. The amount at June 30, 2010 was adjusted to present value, as per Explanatory Note 19.
- (6) Senior units owned by third parties, in the amount of R\$ 900,000, amortized in 20 half-yearly installments, from June 2006, with monetary updating by the CDI rate plus interest of 1.7% p.a. See information in Explanatory Note 13.
- (7) Financings of the subsidiaries Transleste, Transudeste and Transirapé with maturity in 2019 (TJLP long-term interest rate + 4.5% p.a. and UMBdes 4.54% p.a.), and of Transleste, in 2017 and 2025 (rates 5% p.a. and 10% p. a.).
- (8) Part of the contracts of Forluz are adjusted by the IPCA (Expanded Consumer Price) Inflation Index of the IBGE (Brazilian Geography and Statistics Institute), and part are adjusted based on the Salary Adjustment Index of the employees of Cemig, Cemig GT and Cemig D, excluding productivity factors, plus 6% p.a., with amortization up to 2024. See information in Explanatory Note 21.

Table of Contents

- (9) Cemig's contributions to the Pension Fund related to the employees participating in the Mixed Plan (see Explanatory Note 21), calculated on the monthly remunerations, in accordance with the Regulations of the Fund.
- (10) Funds for annual current administrative costs of the Pension Fund, in accordance with the specific legislation of the sector. The amounts are estimated as a percentage of the Company's total payroll.
- (11) Amount received from the Stockholder, as a result of Cemig's waiver of exercise of the option to purchase generation assets of Light.

For more information on the main transactions, see Explanatory Notes 4, 10, 13, 19, 21, 24, 28 and 29.

### 31 . FINANCIAL INSTRUMENTS

The Company's financial instruments comprise only: Cash and cash equivalents, Consumers and traders, Amounts receivable from the Minas Gerais State Government, Loans and financings, Obligations under debentures, and currency swaps; the gains and losses obtained on the transactions are registered in full by the accrual method.

The Company's financial instruments were recorded at fair value and are classified as follows:

- *Financial instruments measured at fair value via the income statement:* In this category are Cash investments and Derivative investments (mentioned in item b ). They are valued at fair value and the gains or losses are recognized directly in the Income statement.
- *Receivables:* In this category are credits receivable from consumers and traders, and credits receivable from the Government of Minas Gerais State. They are recognized at their nominal realization value, similar to the fair values.
- *Loans and financings, and Obligations under debentures:* These are measured at the amortized cost using the effective interest rates method.
- *Derivative financial instruments:* These are valued at fair value and the gains or losses are recognized directly in the income statement.

#### a) Management of risks

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Management of corporate risks is a management tool that is part of Corporate Governance practices and aligned with the process of planning, which sets the strategic objectives of the Company's business.

The Company has a Financial Risks Management Committee, the purpose of which is to implement guidelines and monitor the financial risk of transactions that might negatively affect the Company's liquidity or profitability, recommending hedge protection strategies in relation to foreign exchange, interest rate and inflation risks. These have effects that are in line with the Company's strategy.

The key aim of the Financial Risks Management Committee is to give predictability to the Company's cash flow and position for a maximum of 12 months, taking into account the economic scenario published by a firm of external consultants.

## Table of Contents

The principal risks to which the Company is exposed are as follows:

### Exchange rate risk

Cemig and its subsidiaries and jointly-controlled subsidiaries as a whole are exposed to the risk of increase in exchange rates, especially of the US dollar against the real, with significant impact on indebtedness, profit and cash flow. To reduce the Company's exposure to increases in exchange rates, on June 30, 2010 Cemig had hedge transactions contracted, which are described in more detail in item b .

The net exposure to exchange rates is as follows:

| EXPOSURE TO FOREIGN EXCHANGE RATES (Note 19) | Consolidated and Holding |                |
|--|--------------------------|----------------|
|  | 30/09/2010               | 31/06/2010     |
| US dollar                                    |                          |                |
| Loans and financings                         | 189,257                  | 210,295        |
| (+/-) Contracted hedges / swaps              | (47,568)                 | (50,581)       |
|  | <b>141,689</b>           | <b>159,714</b> |
| Euro   |                          |                |
| Loans and financings                         | 13,899                   | 14,472         |
| Other foreign currencies                     |                          |                |
| Loans and financings                         |                          |                |
| Others                                       | 2,804                    | 3,047          |
| <b>Net liability exposure</b>                | <b>158,392</b>           | <b>177,233</b> |

### Sensitivity analysis

Based on its financial consultants the Company estimates that, in a probable scenario, the appreciation of the exchange rates of foreign currencies against the Real on September 30, 2011 will be 3.51% (i.e. the Dollar would be at R\$ 1.768 and the Euro at R\$ 2.25). The Company has made a sensitivity analysis of the effects on its results arising from increases of 25% and 50% in the exchange rate, in relation to the scenario that it rates as probable designating these alternative scenarios as possible and remote , respectively.

| Risk: FX exposure               | Base scenario<br>30/09/2010 | Probable<br>scenario | Possible scenario:<br>FX depreciation 25% | Remote scenario:<br>FX depreciation 50% |
|---------------------------------|-----------------------------|----------------------|---|---|
| US dollar                       |                             |                      |   |   |
| Loans and financings            | 189,257                     | 197,501              | 246,876                                   | 296,252                                 |
| ( ) Contracted hedges and swaps | (47,568)                    | (49,640)             | (62,050)                                  | (74,460)                                |
|                                 | <b>141,689</b>              | <b>147,861</b>       | <b>184,826</b>                            | <b>221,792</b>                          |
| Other foreign currencies        |                             |                      |   |   |
| Loans and financings            |                             |                      |   |   |

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|   |                |                |                 |                 |
|---|----------------|----------------|-----------------|-----------------|
| Euro  | 13,899         | 13,536         | 16,920          | 20,303          |
| Other   | 2,804          | 2,846          | 3,561           | 4,275           |
| <b>Net liability exposure</b>                   | <b>158,392</b> | <b>164,243</b> | <b>205,307</b>  | <b>246,370</b>  |
| <b>Net effect of exchange rate depreciation</b> |                | <b>(5,851)</b> | <b>(46,915)</b> | <b>(87,978)</b> |



# Table of Contents

## Interest rate risk

Cemig and its subsidiaries are exposed to the risk of increase in international interest rates, affecting loans and financings in foreign currency with floating interest rates (principally Libor), in the amount of R\$ 47,983 (R\$ 42,691 on June 30, 2009).

As to the risk of increase in domestic Brazilian interest rates, the Company's exposure arises from its net liabilities indexed to variation in the Selic and CDI rates, as follows:

| EXPOSURE TO BRAZILIAN INTEREST RATES        | Consolidated       |                    |
|---|--------------------|--------------------|
|   | 30/09/2010         | 30/06/2010         |
| <b>Assets</b>                               |                    |                    |
| Cash investments (Note 3)                   | 4,085,894          | 3,664,024          |
| Regulatory assets (Note 5)                  | 483,295            | 482,629            |
|   | 4,569,189          | 4,146,653          |
| <b>Liabilities</b>                          |                    |                    |
| Loans, financings and debentures (Note 19). | (7,064,547)        | (7,193,741)        |
| Regulatory assets (Note 5)                  | (648,278)          | (576,415)          |
| Contracted hedges / swaps (Note 31)         | (47,568)           | (50,581)           |
|   | (7,760,393)        | (7,820,737)        |
| <b>Net liability exposure</b>               | <b>(3,192,204)</b> | <b>(3,674,084)</b> |

## Sensitivity analysis

In relation to the most significant risk of increase in interest rates, the Company estimates that, in a probable scenario, the Selic rate on September 30, 2011 will be 10.75%. The Company has made a sensitivity analysis of the effects on its results arising from increases of 25% and 50% in the Selic rate, in relation to the scenario that it considers as Probable designating these alternative scenarios as Possible and Remote, respectively. Variation in the CDI rate accompanies the variation in the Selic rate.

Estimation of the Scenarios for the path of interest rates will take into account the projection of the Company's basic, optimistic and pessimistic scenarios, as described in the Hedging Policy.

|   |                                | Probable                  | Possible                    | Remote                     |
|---|--------------------------------|---------------------------|-----------------------------|----------------------------|
| Risk: Increase in Brazilian domestic interest rates | Base scenario:<br>Selic 10.75% | scenario: Selic<br>10.75% | scenario: Selic<br>13.4375% | scenario: Selic<br>16.125% |
| Assets  |                                |                           |                             |                            |
| Cash investments                                    | 4,085,894                      | 4,525,128                 | 4,634,936                   | 4,744,744                  |
| Regulatory assets                                   | 483,295                        | 535,249                   | 548,238                     | 561,226                    |
|   | 4,569,189                      | 5,060,377                 | 5,183,174                   | 5,305,970                  |

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|  |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
| <b>Liabilities</b>                                   |                    |                    |                    |                    |
| Loans, financings and debentures                     | (7,064,547)        | (7,823,986)        | (8,013,846)        | (8,203,705)        |
| Regulatory liabilities                               | (648,278)          | (717,968)          | (735,390)          | (752,813)          |
| Contracted hedge / swap transactions                 | (47,568)           | (52,682)           | (53,960)           | (55,238)           |
|  | (7,760,393)        | (8,594,636)        | (8,803,196)        | (9,011,756)        |
| <b>Net liability exposure</b>                        | <b>(3,192,204)</b> | <b>(3,534,259)</b> | <b>(3,620,022)</b> | <b>(3,705,786)</b> |
| <b>Net effect of the variation in the Selic rate</b> |                    | <b>(342,055)</b>   | <b>(428,818)</b>   | <b>(514,582)</b>   |

*Credit risk*

The risk arising from the possibility of Cemig and its subsidiaries incurring losses as a result of difficulty in receiving amounts billed to its clients is considered to be low. The Company carries out monitoring for the purpose of reducing default, on an individual basis, with its consumers. Negotiations are also entered into for receipt of any receivables in arrears.

Table of Contents

In relation to the risk of the Company suffering losses resulting from a financial institution where it makes deposits being declared insolvent, a Cash Investment Policy was approved, and is in force since 2004, in which each institution is analyzed according to criteria of current liquidity, degree of leverage, degree of default, profitability, and costs, and also analysis by three financial risk rating agencies. The institutions receive maximum limits of allocation of funds, and these are reviewed, both periodically and also in the event of any change in the macroeconomic scenarios of the Brazilian economy.

*Energy scarcity risk*

The electricity sold is generated, substantially, by hydroelectric power plants. A prolonged period of scarcity of rainfall could result in reduction of the volume of water in the reservoirs of the generation plants, limiting recovery of their volume, and resulting in losses as a result of increased costs in the acquisition of electricity, or reduction of revenues in the event of adoption of another rationing program, like the one put in place in 2001.

*Risk of early maturity of debt*

The Company has contracts for loans and financings with restrictive covenant clauses normally applicable to these types of transaction, related to complying with economic and/or financial indices, cash flow and other indicators. Non-compliance with these covenants could result in early maturity of debts. On September 30, 2010 these clauses were complied with, as stated in Explanatory Note 19.

*Risk of non-renewal of concessions*

The Company has concessions for commercial operation of generation, transmission and distribution services, and its Management expects that they will be renewed by Aneel and/or the Mining and Energy Ministry. If the regulatory bodies do not grant the applications for renewals of these concessions, or if they decide to renew them upon imposition of additional costs for the Company ( concessions for consideration ) or setting of a price ceiling, the present levels of profitability and activity could be altered.

The Company has not suffered any significant negative impact as a result of events related to the risks described above.

**b) Financial instruments    Derivatives**

The derivative instruments contracted by Cemig and its subsidiaries have the purpose of protecting their operations against the risks arising from foreign exchange variation and are not used for speculative purposes.

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The principal amounts of the transactions in derivatives are not posted in the Balance sheet, since they refer to transactions that do not require cash payments of the principal: only the gains or losses that actually occur are recorded. On September 30, 2010 the net result of these transactions was a loss of R\$ 6,956 (vs. loss of R\$ 80,136 on September 30, 2009), recorded in Financial revenues (expenses).

# Table of Contents

The Company has a Financial Risks Management Committee, created to monitor the financial risks in relation to volatility and trends of inflation indices, exchange rates and interest rates that affect its financial transactions and which could negatively affect its liquidity and profitability. This Committee aims, when implementing Action Plans, to set Guidelines for proactive operation in the environment of financial risks.

## Method of calculation of the fair value of positions

The fair value of cash investments has been calculated taking into consideration the market prices of each security, or market information that makes such calculation possible, and future interest rates and FX rates applying to similar securities. The market value of the security corresponds to its value at maturity, brought to present value by the discount factor obtained from the market yield curve in Reais.

This table shows the derivative instruments contracted by the subsidiaries Cemig Distribuição e Madeira Energia on September 30, 2010.

| Receivable by<br>the Company                            | Payable by the<br>Company  | Maturities<br>period                | Trading<br>market    | Value of principal<br>contracted |            | Amount according to<br>contract |            | Unrealized loss<br>Fair value |            | Accumulated effect<br>Amount |            |          |
|---|--|-------------------------------------|----------------------|----------------------------------|------------|---------------------------------|------------|-------------------------------|------------|------------------------------|------------|----------|
|   |  |                                     |                      | 30/09/2010                       | 30/06/2010 | 30/09/2010                      | 30/06/2010 | 30/09/2010                    | 30/06/2010 | 30/09/2010                   | 30/09/2010 |          |
| Cemig D   |  |                                     |                      |                                  |            |                                 |            |                               |            |                              |            |          |
| US\$  |  |                                     |                      |                                  |            |                                 |            |                               |            |                              |            |          |
| FX variation +<br>rate<br>(5.58% p.a. to<br>7.14% p.a.) | R\$<br>100% of the<br>CDI + rate<br>(1.5% p.a. to<br>3.01% p.a.) | From<br>04/2009<br>until<br>06/2013 | Over-the-<br>counter | USD                              | 28,077     | USD                             | 28,077     | (66,856)                      | (59,928)   | (66,406)                     | (61,099)   | (22,327) |
| Madeira   |  |                                     |                      |                                  |            |                                 |            |                               |            |                              |            |          |
| Energia S.A   |  |                                     |                      |                                  |            |                                 |            |                               |            |                              |            |          |
| R\$: IGP M<br>index                                     | R\$: 5.86%<br>fixed -<br>rate                                    | In 12/2012                          | Over-the-<br>counter | R\$                              | 120,000    | R\$                             | 120,000    | 202                           | 466        | 202                          | 466        | 32,232   |
|   |  |                                     |                      |                                  |            |                                 |            | (66,654)                      | (59,462)   | (66,204)                     | (60,633)   | (32,327) |
|   |  |                                     |                      |                                  |            |                                 |            |                               |            |                              |            | (54,654) |

Additionally, the jointly-controlled subsidiary Light uses swap transactions to reduce foreign exchange variation risk. The unrealized net value of these transactions on September 30, 2010 was negative at R\$ 855 (R\$ 1,365 on September 30, 2009).

The counterparty in the derivatives transactions of Cemig Distribuição and Madeira Energia is Banco Santander ABN, and the contracts are for FX and indexor swaps.

Table of Contents*Sensitivity analysis*

The derivative instrument described above shows that the Company is exposed to variation in the CDI rate. The Company estimates that the CDI rate on September 30, 2010 will be 10.75%. The Company has made a sensitivity analysis of the effects on its results arising from increases in the Selic rate of 25% and 50%, respectively, in relation to September 30, 2010 scenarios which we consider to be possible and remote, respectively. In these scenarios, the CDI rate at September 30, 2011 would be, respectively: 13.4375%, and 16.125%.

|  | <b>Base scenario:<br/>Selic 10.75%</b> | <b>Probable<br/>scenario: Selic<br/>10.75%</b> | <b>Possible<br/>scenario<br/>Selic 13.4375%</b> | <b>Remote<br/>scenario:<br/>Selic 16.125%</b> |
|--|--|--|---|---|
| <b>Risk: Rise in Brazilian domestic interest rates</b> |  |  |   |   |
| Contracts updated at 100.00% of CDI rate               | 47,568                                 | 52,682   | 53,960  | 55,238  |
| <b>Net effect of the variation in the CDI rate</b>     |  | <b>(5,114)</b>                                 | <b>(6,392)</b>                                  | <b>(7,670)</b>                                |
| <b>Risk: Increase in US\$ exchange rate</b>            |  |  |   |   |
| Contracts updated at 100.00% of CDI rate               | 47,568                                 | 49,640   | 62,050  | 74,460  |
| <b>Net effect of variation of US\$</b>                 |  | <b>(2,072)</b>                                 | <b>(14,482)</b>                                 | <b>(26,892)</b>                               |
| <b>Net effect</b>                                      |  | <b>(3,041)</b>                                 | <b>8,090</b>                                    | <b>19,222</b>                                 |

*Value and type of margin guarantees*

The Company does not make margin deposits for derivative instruments.



## Table of Contents

### 32 . FINAL RESULT OF THE SECOND TARIFF REVIEW, AND THE TARIFF ADJUSTMENT, OF CEMIG D

#### 2010 Tariff Review

On April 6, 2010 Aneel published the result of the annual Tariff Adjustment of Cemig D. The impact on the Company's tariffs was an average increase of 1.67%, from April 8, 2010.

On March 26, 2010, Aneel published a Technical Note with details of the Tariff Adjustment of Cemig D. The principal adjustments that affected the Company's 2010 Income statement as a result of this announcement were the following:

| Item  | Adjustments (1Q 2010) |
|---|-----------------------|
| Write-off of CVA prior years  | (70,889)              |
| Additional low-income consumers subsidy Tariff adjustments of 2008 and 2009 | 106,388               |
| Write-off of regulatory asset: Pasep and Cofins taxes                       | (46,240)              |
| Financial balance of prior years to be offset                               | (30,573)              |
| <b>Total</b>  | <b>(41,314)</b>       |

The writing off of the CVA balance relating to prior years, shown in the table above, in the amount of R\$ 70,889, is due to residual balances of CVA which, in the Company's judgment, were not fully covered in the past tariff adjustments. This difference was not included in the 2010 Tariff Adjustment Index (IRT) in spite of the administrative appeal made by the company to Aneel for this purpose.

The amount written off referring to Financial balance to be offset, of previous business years, in the amount of R\$ 30,573, refers to the revision by Aneel of the amount included in the tariff in a previous business year relating to CVA, with the identification of excess amount passed through, that was compensated for in the IRT of 2010.

The amounts transferred to the Income statement relating to the adjustments mentioned above are shown in the table below:

| Item  | CVA<br>30/09/2010 | Financial<br>balance<br>30/09/2010 |
|---|-------------------|------------------------------------|
| <b>Deductions from operational revenues</b> |                   |                                    |
| - CDE Energy Development Account            | (8,556)           | 224                                |
| - Fuel Consumption Account CCC              | (6,354)           | (3,274)                            |
|   | <b>(14,910)</b>   | <b>(3,050)</b>                     |
| <b>Operational costs and expenses:</b>      |                   |                                    |
| - Energy bought for resale                  |                   |                                    |
| Spot market                                 | (22,262)          | (2,013)                            |



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|  |                 |                 |
|--|-----------------|-----------------|
| Energy bought in auctions                        | 143,158         | (38,330)        |
| From Itaipu Binacional                           | (392,358)       | 10,766          |
| Bilateral Contracts                              | (12,500)        | 16,943          |
| Proinfa (the Alternative Energy Sources Program) | (1,620)         | (8,320)         |
| Reimbursement of CVA Initial Contracts           | 253,754         |                 |
|  | (31,828)        | (20,954)        |
| - Charges for use of the Grid                    | (21,564)        | (6,569)         |
| - Other expenses, net                            |                 |                 |
| Royalties for use of water resources             | (2,587)         |                 |
| <b>Total</b>                                     | <b>(70,889)</b> | <b>(30,573)</b> |

Table of Contents

The Tariff Review - final levels decided

In March 2009 Aneel homologated the final result of the Tariff Review of Cemig D, the effects of which took place from April 2008.

The final result of the Company's Second Tariff Review resulted in an average reduction of 19.62%, which compares with the average reduction of 18.09% applied on a provisional basis in April 2008.

As a result of the homologation of the Final Tariff Review, Aneel recalculated the amounts which, in its judgment, should have been those actually recognized in the Company's Tariff Adjustment as from April 2008.

The effects on the Income statement relate primarily to the reduction in the value of the Reference Company used as a basis for reimbursement of the Company's controllable costs; and also to a review, by Aneel, of the criterion for calculation of the reimbursement in the tariff of the financial regulatory assets, which resulted in discounting of amounts which, in the regulator's view, were included in excess in the Tariff Adjustment of Cemig D in 2008.

These amounts, totaling R\$ 264,626, recorded in Current liabilities, under Regulatory liabilities Tariff Review, were transferred monthly to the income statement, on a linear basis, in the period from April 8, 2009 to April 7, 2010.

Table of Contents**33 . FINANCIAL STATEMENTS SEPARATED BY COMPANY****FOR THE PERIOD ENDED SEPTEMBER 30, 2010****R\$ 000**

| DESCRIPTION                               | HOLDING    | CEMIG - GT | CEMIG - D   | RME Light | ETEP,ENTE,<br>ERTE,EATE,<br>ECTE | GASMIG   | CEMIG<br>TELECOM | SÁ CARVALHO | ROSAL   | OTHERS   | ELIMINAT |
|---|------------|------------|-------------|-----------|----------------------------------|----------|------------------|-------------|---------|----------|----------|
| <b>ASSETS</b>                             | 12,486,225 | 13,343,138 | 10,105,346  | 2,323,913 | 705,454                          | 870,399  | 393,600          | 106,441     | 87,664  | 559,015  | (9,22    |
| Cash and cash equivalents                 | 432,355    | 2,417,624  | 759,788     | 216,940   | 31,896                           | 48,256   | 74,251           | 18,505      | 14,769  | 164,451  |          |
| Accounts receivables                      | 1,561,291  | 479,638    | 1,841,966   | 383,797   | 24,624                           | 208,017  |                  | 4,458       | 3,091   | 22,756   | 2        |
| Regulatory Assets                         |            | 120,190    | 406,157     | 29,460    |                                  |          |                  |             |         |          |          |
| Other Assets                              | 401,372    | 907,206    | 2,103,568   | 461,841   | 37,971                           | 68,640   | 54,589           | 15,402      | 136     | 32,729   | (5       |
| Investments/Fixed assets                  | 10,091,207 | 9,418,480  | 4,993,868   | 1,231,875 | 610,963                          | 545,486  | 264,760          | 68,076      | 69,667  | 339,079  | (9,18    |
| <b>LIABILITIES</b>                        | 12,486,225 | 13,343,138 | 10,105,346  | 2,323,913 | 705,454                          | 870,399  | 393,600          | 106,441     | 87,664  | 559,015  | (9,22    |
| Suppliers and Supplies                    | 1,143      | 161,026    | 716,661     | 127,658   | 2,458                            | 40,781   | 15,993           | 9,957       | 9,007   | 28,107   | (8       |
| Loans, financings and debentures          | 57,768     | 7,559,191  | 3,058,435   | 641,733   | 298,115                          | 162,304  | 67,165           |             |         | 74,624   | 86       |
| Interest on equity and dividends          | 487,062    | 186,234    | 229,559     | 92,683    | 32,047                           | 1,014    | 6,970            | 9,453       | 7,208   | 68,620   | (63      |
| Post-employment obligations               | 54,305     | 250,629    | 808,628     | 245,906   |                                  |          |                  |             |         |          |          |
| Other liabilities                         | 315,976    | 949,176    | 2,594,982   | 485,215   | 47,876                           | 225,861  | 16,107           | 23,635      | 3,736   | 53,606   | (18      |
| Stockholders equity                       | 11,569,970 | 4,236,883  | 2,697,081   | 730,717   | 324,958                          | 440,438  | 287,366          | 63,397      | 67,712  | 334,058  | (9,18    |
| <b>RESULTS</b>                            |            |            |             |           |                                  |          |                  |             |         |          |          |
| Net operational revenue                   | 338        | 2,685,090  | 5,086,021   | 931,502   | 144,218                          | 232,241  | 74,988           | 33,968      | 25,936  | 129,936  | (29      |
| <b>OPERATIONAL COSTS AND EXPENSES</b>     |            |            |             |           |                                  |          |                  |             |         |          |          |
| Personnel                                 | (29,245)   | (216,680)  | (547,696)   | (36,053)  | (4,942)                          | (11,656) | (6,104)          | (721)       | (956)   | (4,041)  |          |
| Post-employment obligations               | (9,408)    | (23,183)   | (77,706)    | (16,160)  |                                  |          |                  |             |         |          |          |
| Materials                                 | (282)      | (13,124)   | (67,378)    | (5,484)   | (284)                            | (884)    | (598)            | (186)       | (121)   | (363)    |          |
| Outsourced services                       | (7,139)    | (104,183)  | (437,573)   | (54,463)  | (8,116)                          | (3,800)  | (11,203)         | (2,775)     | (2,407) | (17,168) | 1        |
| Royalties for use of water resources      |            | (100,774)  | (8,519)     |           |                                  |          |                  | (1,291)     | (973)   | (1,887)  |          |
| Electricity bought for resale             |            | (242,333)  | (2,362,143) | (517,893) |                                  |          |                  | (543)       | (1,634) | (4,614)  | 10       |
| Charges for use of the basic transmission |            | (192,809)  | (513,446)   | (65,484)  |                                  |          |                  |             | (2,049) | (5,216)  | 18       |

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|  |                 |                |                |               |               |               |               |               |               |               |
|--|-----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| network  |                 |                |                |               |               |               |               |               |               |               |
| Depreciation and amortization  | (127)           | (222,150)      | (283,553)      | (50,460)      | (13,976)      | (4,312)       | (23,203)      | (1,674)       | (1,626)       | (9,893)       |
| Operational provisions   | 101,861         | 6,230          | (243,719)      | (28,278)      |               |               | (59)          | 22            | (225)         | (9,693)       |
| Gas purchased for resale   |                 |                |                |               | (162,685)     |               |               |               |               |               |
| Other expenses, net  | (12,275)        | (70,306)       | (142,145)      | (12,498)      | (2,042)       | 143           | (8,923)       | (174)         | (282)         | (4,359)       |
|  | 43,385          | (1,179,313)    | (4,683,877)    | (786,772)     | (29,359)      | (183,194)     | (50,091)      | (7,343)       | (10,274)      | (57,233)      |
| Operational profit (loss) before financial revenues (expenses)                   | 43,723          | 1,505,777      | 402,144        | 144,730       | 114,858       | 49,047        | 24,898        | 26,626        | 15,662        | 72,702        |
| Financial revenues (expenses)  | 17,975          | (318,090)      | (104,205)      | (19,245)      | (21,347)      | 5,819         | 1,195         | 1,181         | 1,131         | 2,249         |
| Profit (loss) before Income Tax, Social Contribution and employees profit shares | 61,698          | 1,187,687      | 297,939        | 125,484       | 93,511        | 54,866        | 26,092        | 27,807        | 16,794        | 74,952        |
| Income tax and Social Contribution   | (88,585)        | (329,143)      | (31,923)       | (47,332)      | (15,211)      | (17,603)      | (6,505)       | (9,694)       | (1,417)       | (24,287)      |
| Employees profit shares  | (4,477)         | (27,396)       | (95,899)       | (3,831)       |               |               | 1             | (130)         | (88)          | (250)         |
| <b>Net profit for the period</b>   | <b>(31,364)</b> | <b>831,148</b> | <b>170,117</b> | <b>74,321</b> | <b>78,300</b> | <b>37,263</b> | <b>19,588</b> | <b>17,984</b> | <b>15,288</b> | <b>50,415</b> |

Table of Contents**34 . SUMMARY FINANCIAL STATEMENT BY ACTIVITY**

| Description  | Generation         | Electricity<br>Transmission | Distribution       | Gas              | Telecom         | Others        | Elimination      | TOTAL              |
|--|--------------------|-----------------------------|--------------------|------------------|-----------------|---------------|------------------|--------------------|
| <b>OPERATIONAL REVENUE</b>                                     |                    |                             |                    |                  |                 |               |                  |                    |
| Revenue from supply of electricity                             | 2,881,958          |                             | 8,450,811          |                  |                 | 3             | (111,826)        | 11,220,947         |
| Revenue for use of the network Free Consumers                  | 59,430             | 827,151                     | 1,303,913          |                  |                 |               | (188,577)        | 2,001,917          |
| Other revenues   | 16,620             | 3,881                       | 80,349             | 291,611          | 93,322          | 16,174        | (3,571)          | 498,388            |
|  | <b>2,958,008</b>   | <b>831,033</b>              | <b>9,835,072</b>   | <b>291,611</b>   | <b>93,322</b>   | <b>16,178</b> | <b>(303,973)</b> | <b>13,721,251</b>  |
| <b>DEDUCTIONS FROM OPERATIONAL REVENUE</b>                     |                    |                             |                    |                  |                 |               |                  |                    |
|  | (625,579)          | (149,524)                   | (3,817,549)        | (59,370)         | (18,334)        | (3,060)       |                  | (4,673,416)        |
| <b>NET OPERATIONAL REVENUE</b>                                 | <b>2,332,430</b>   | <b>681,509</b>              | <b>6,017,523</b>   | <b>232,241</b>   | <b>74,988</b>   | <b>13,118</b> | <b>(303,973)</b> | <b>9,047,835</b>   |
| <b>OPERATIONAL COSTS</b>                                       |                    |                             |                    |                  |                 |               |                  |                    |
| <b>COST OF ELECTRICITY SERVICE</b>                             |                    |                             |                    |                  |                 |               |                  |                    |
| Electricity bought for resale                                  | (249,114)          |                             | (2,880,036)        |                  |                 | (10)          | 105,275          | (3,023,885)        |
| Charges for use of Transmission and Distribution Systems       | (207,754)          | 111                         | (578,930)          |                  |                 |               | 188,560          | (598,012)          |
| Gas purchased for resale                                       |                    |                             |                    | (162,685)        |                 |               |                  | (162,685)          |
|  | (456,868)          | 111                         | (3,458,966)        | (162,685)        |                 | (10)          | 293,836          | (3,784,582)        |
| <b>COST OF OPERATION</b>                                       |                    |                             |                    |                  |                 |               |                  |                    |
| Personnel expenses   | (129,998)          | (93,609)                    | (583,749)          | (11,656)         | (6,104)         | (32,978)      |                  | (858,094)          |
| Private pension plan entity                                    | (23,183)           |                             | (93,866)           |                  |                 | (9,408)       |                  | (126,457)          |
| Material   | (9,921)            | (4,116)                     | (72,862)           | (884)            | (598)           | (323)         |                  | (88,704)           |
| Outsourced services  | (84,400)           | (48,547)                    | (492,035)          | (3,800)          | (11,203)        | (8,842)       | 10,121           | (638,706)          |
| Depreciation and amortization                                  | (155,768)          | (93,246)                    | (334,013)          | (4,312)          | (23,203)        | (433)         |                  | (610,975)          |
| Provisions   | (3,268)            | (265)                       | (271,997)          |                  | (59)            | 101,727       |                  | (173,861)          |
| Royalties for use of water resources                           | (104,925)          |                             | (8,519)            |                  |                 |               |                  | (113,444)          |
| Other  | (54,057)           | (22,996)                    | (154,644)          | 143              | (8,923)         | (12,385)      | 17               | (252,845)          |
|  | (565,520)          | (262,778)                   | (2,011,683)        | (20,509)         | (50,091)        | 37,359        | 10,137           | (2,863,086)        |
| <b>TOTAL COST</b>  | <b>(1,022,388)</b> | <b>(262,668)</b>            | <b>(5,470,649)</b> | <b>(183,194)</b> | <b>(50,091)</b> | <b>37,349</b> | <b>303,973</b>   | <b>(6,647,668)</b> |
| <b>GROSS PROFIT</b>  | <b>1,310,042</b>   | <b>418,841</b>              | <b>546,874</b>     | <b>49,047</b>    | <b>24,898</b>   | <b>50,466</b> |                  | <b>2,400,167</b>   |
| <b>EBITDA</b>  |                    |                             |                    |                  |                 |               |                  |                    |
| <b>1,465,809</b>   | <b>512,087</b>     | <b>880,887</b>              | <b>53,359</b>      | <b>48,101</b>    | <b>50,900</b>   |               |                  | <b>3,011,143</b>   |
| <b>Operational profit before financial revenues (expenses)</b> |                    |                             |                    |                  |                 |               |                  |                    |
|  | 1,310,042          | 418,841                     | 546,874            | 49,047           | 24,898          | 50,466        |                  | 2,400,167          |
| <b>NET FINANCIAL REVENUE</b>                                   | <b>(228,006)</b>   | <b>(111,225)</b>            | <b>(123,451)</b>   | <b>5,819</b>     | <b>1,195</b>    | <b>22,331</b> |                  | <b>(433,336)</b>   |

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|   |                |                |                |               |               |                 |                  |
|---|----------------|----------------|----------------|---------------|---------------|-----------------|------------------|
| <b>(EXPENSES)</b>                               |                |                |                |               |               |                 |                  |
| Profit before taxes and profit shares           | 1,082,036      | 307,616        | 423,423        | 54,866        | 26,092        | 72,797          | 1,966,831        |
| Income tax and Social Contribution tax          | (334,705)      | (59,128)       | (147,482)      | (17,603)      | (4,444)       | (81,720)        | (645,082)        |
| Deferred income tax and Social Contribution tax | 20,147         | 606            | 68,227         |               | (2,061)       | (13,537)        | 73,381           |
| EMPLOYEES' PROFIT SHARES                        | (18,629)       | (8,986)        | (99,730)       |               | 1             | (4,728)         | (132,072)        |
| <b>NET PROFIT FOR THE PERIOD</b>                | <b>748,850</b> | <b>240,109</b> | <b>244,438</b> | <b>37,263</b> | <b>19,588</b> | <b>(27,188)</b> | <b>1,263,059</b> |

Table of Contents

**CONSOLIDATED ECONOMIC AND FINANCIAL PERFORMANCE**

**A. Performance in the 9 months to September 30, 2010 ( 9M10 )**

***Profit in the period***

In January through September 2010 (9M10), Cemig reported consolidated net profit of R\$ 1,263,059, 11.49% less than the consolidated net profit of R\$ 1,427,074 reported for January through September 2009 (9M09). The reduction mainly reflects non-recurring items in 2010 and 2009, and an increase in net financial expenses from R\$ 81,308 in 2009 to R\$ 433,336 in 2010, as described in more detail in this report.

As a positive item in the result for 2010, we highlight the result of consolidation of the Companies acquired by Cemig GT in 2009 – Taesa and Lightger – which contributed an aggregate R\$ 94,244 to the Company's net profit.

***Ebitda (method of calculation not reviewed by external auditors)***

Cemig's Ebitda in 9M10 was 4.25% higher than in 9M09. Adjusted for non-recurring items, Ebitda was 7.41% higher year-on-year.

The higher Ebitda in 9M10 than in 9M09 mainly reflects Net operational revenue 8.71% higher, partially offset by Operational costs and expenses (excluding Depreciation and amortization) 11.70% higher. Higher operational costs and expenses were reflected in Ebitda margin, which was 33.28% in 9M10, compared to 34.71% in 9M09.

The main non-recurring items affecting Ebitda are:

- Publication by Aneel, on April 6, 2010, of the results of the Tariff Adjustment of Cemig D, in which regulatory assets and liabilities were written off, with a negative effect on the income statement of R\$ 54,613 (see Explanatory Note 32);
- In 2010 the company recorded a reduction of revenue of R\$ 64,586 arising from the Second Periodic Tariff Review of the Transmission Tariff, which repositioned the tariff level by a negative percentage, -15.88%, which was applied to revenue backdated to July 2009.

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- In 2009 the company recorded a positive revenue item of R\$ 158,090, arising from the tariff repositioning under its First Transmission Tariff Review, which was an increase of 5.35%, for a period backdated to 2005.
- Cemig D recognized an expense of R\$ 177,592, for settlement of a legal action brought by Rima Industrial S.A., for reimbursement of the tariff increase introduced by the National Water and Energy Authority (DNAEE) during the *Cruzado* economic plan of 1986.



# Table of Contents

- An expense on ICMS tax was recognized relating to the subsidy for the discount on tariffs for low-income consumers, in the amount of R\$ 25,702, resulting from the decision to subscribe to the Tax Amnesty program put in place by the government of the State of Minas Gerais.
- Provisions, in 2010 and 2009, of R\$ 21,992, and R\$ 200,903, respectively, for the Company's Voluntary Retirement Program.

The Companies acquired in 2009 made a positive contribution of R\$ 224,440 to the Company's Ebitda in 9M10.

| EBITDA - R\$ '000   | 30/09/2010       | 30/09/2009       | Change,<br>% |
|---|------------------|------------------|--------------|
| Net profit  | 1,263,059        | 1,427,074        | (11.49)      |
| + Provision for current and deferred income tax and Social Contribution tax   | 571,700          | 720,657          | (20.67)      |
| + Financial revenues (expenses)   | 433,336          | 81,308           | 432.96       |
| + Depreciation and amortization   | 610,975          | 517,204          | 18.13        |
| + Profit shares   | 132,072          | 99,163           | 33.19        |
| + Minority interests  |                  | 43,007           |              |
| <b>= EBITDA</b>   | <b>3,011,142</b> | <b>2,888,413</b> | <b>4.25</b>  |
| Non-recurring items:  |                  |                  |              |
| + Write-off of CVA prior years  | 70,889           |                  |              |
| - Additional low-income consumers subsidy Tariff adjustments of 2008 and 2009 | (93,089)         |                  |              |
| + Write-off of regulatory asset: Pasep and Cofins taxes                       | 46,240           |                  |              |
| + Prior years balance for offsetting  | 30,573           |                  |              |
| + Settlement with Rima Industrial S.A.  | 177,592          |                  |              |
| + Review of Transmission Revenue Explanatory Note 8                           | 64,586           | (158,090)        |              |
| + ICMS tax: low-income consumers  | 25,702           |                  |              |
| + Tariff review Net revenue   |                  | 213,803          |              |
| - + Tariff review Operational expense   |                  | (20,987)         |              |
| + PDV Voluntary Retirement Program  | 21,992           | 200,904          | (89.05)      |
| <b>= ADJUSTED EBITDA</b>  | <b>3,355,627</b> | <b>3,124,043</b> | <b>7.41</b>  |

*Revenue from supply of electricity*

Gross revenue from retail electricity sales was R\$ 11,220,947 in January through September 2010, compared to R\$ 10,525,222 in the first nine months of 2009 an increase of 6.61%.

## Table of Contents

### Final consumers

Revenue from electricity sold to final consumers, excluding Cemig's own consumption, was R\$ 9,810,736 in 9M10, compared to R\$ 9,257,808 in 9M09. The main items affecting this result are:

- Increase of 5.17% in the volume of energy invoiced to final consumers (excluding internal consumption).
- Tariff increase for Cemig D with average effect on consumer tariffs of 1.67%, starting from April 8, 2010;
- Tariff adjustment in Cemig Distribuição, with average impact on consumer tariffs of 6.21%, from April 8, 2009 (full effect in 9M10);
- Posting of regulatory liabilities arising from the adjustment in the Company's Tariff Review, with effect backdated to 2009, representing a reduction in gross revenue of R\$ 213,803 in that year.
- Recording by Cemig D of additional revenue of R\$ 93,089 in 2010 relating to the subsidy for low-income consumers, in accordance with a Technical Note published by Aneel, arising from the 2010 Tariff Adjustment.

### Electricity sold to final consumers (MWh)

(Data not reviewed by external auditors)

| Consumption by consumer type    | January to September<br>2010 | MWh<br>January to September<br>2009 | Change, %   |
|---------------------------------|------------------------------|-------------------------------------|-------------|
| Residential                     | 7,343,299                    | 7,258,610                           | 1.17        |
| Industrial                      | 18,149,884                   | 16,751,048                          | 8.35        |
| Commercial, services and others | 4,558,053                    | 4,553,494                           | 0.10        |
| Rural                           | 1,859,940                    | 1,654,615                           | 12.41       |
| Public authorities              | 789,045                      | 781,589                             | 0.95        |
| Public illumination             | 907,086                      | 920,208                             | (1.43)      |
| Public service                  | 1,009,757                    | 995,127                             | 1.47        |
| <b>Total</b>                    | <b>34,617,064</b>            | <b>32,914,691</b>                   | <b>5.17</b> |

### Revenue from wholesale electricity sales

The volume of electricity sold to other concession holders was 3.71% higher in 9M10 than 9M09, but average price in these sales was lower at R\$ 108,26/MWh in 2010, compared to R\$ 113.59/MWh in 2009. This reduction mainly reflected electricity sales contracts made through the adjustment auctions, to the distributors, held exclusively for 2009, with average price of R\$ 145.00 per MWh. As a result, revenue from wholesale supply to other concession holders was 1,16% lower, at R\$ 1,093,238 in 2010 compared to R\$ 1,106,045 in 2009. The volume of electricity sold to other concession holders in 9M10 totaled 10,098,398 MWh, compared to 9,737,282 in 9M09.

*Revenue from use of the network Free Consumers*

Revenue from use of the grid in 2010 was 25.05%, or R\$ 400,995 higher in 2Q10 than in 2Q09 (at R\$ 2,001,917 in 2010, vs. R\$ 1,600,922 in 2009).

Table of Contents

The revenue of Cemig D and Light from the Tariff for Use of the Distribution System (TUSD) was 31.92% higher, at R\$ 1,115,336, in 2010, than in 2009 (R\$ 845,477). This revenue comes from charges made to Free Consumers on energy sold by other agents of the electricity sector, and its increase arises from a higher volume of transport of energy for free consumers, a consequence of the recovery of industrial activity and of migration of captive clients to the free market.

Also included in the balance on this line are Revenues from use of the Grid and the connection system, which totaled R\$ 951,167 in 2010, compared to R\$ 618,788 in 2009. The increase of 53.71% mainly represents the consolidation of Taesa.

In 2010 the Company recorded a reduction of revenue, of R\$ 64,586, in the income statement, from the application of the tariff repositioning, of 15.88%, applied to Transmission Revenue, backdated to July 2009, decided in the Periodic Transmission Tariff Review. In 2009, by contrast, a positive revenue item of R\$ 136,657 was recorded, as a result of the Transmission Tariff Review, also with backdated effect, but covering the period from July 1, 2005 to June 30, 2009.

***Non-controllable costs***

Differences between the sums of non-controllable costs (also known as CVA), used as a reference in calculating the tariff adjustment, and the disbursements actually made, are offset in subsequent tariff adjustments. They are recorded in Assets and Liabilities. Complying with the Aneel Chart of Accounts, some items are allocated as Deductions from Operational Revenue. Further information is in Explanatory note No. 9 to the Quarterly Information.

In the period from March 2008 to September 2010 the Company began to receive, in the tariff, the amounts posted in assets under Portion A. The portion of non-controllable costs that was actually received in the tariff is transferred to Operational expenses.

***Deductions from operational revenue***

Deductions from operational revenue in 9M10 totaled R\$ 4,673,416, 10.16% more than in 9M09 (R\$ 4,242,228). The following paragraphs describe the main year-on-year differences in the amounts of the deductions from revenue:

The Fuel Consumption Account CCC

The deduction from revenue for the CCC account in 9M10 was R\$ 491,221, 30.61% more than in 9M09 (R\$ 376,108). This charge is for the costs of operation of the thermal plants in the national grid and in the isolated systems. It is shared between electricity concession holders, on a basis set by an Aneel Resolution.



Table of Contents

This is a non-controllable cost. The amount for electricity distribution services is passed through in full to the tariff. For the amount in relation to electricity transmission services, the company passes through the charge to Free Consumers on their invoices for use of the grid. Both parts are passed on to Eletrobrás.

CDE – Energy Development Account

The deduction from revenue for the CDE account in 9M10 was R\$ 344,919, 14.80% more than in 9M09 (R\$ 300,445). These payments are specified by a Resolution issued by the regulator, Aneel. This is a non-controllable cost. The amount relating to electricity distribution services is passed through in full to the tariff. For the amount relating to electricity transmission services the company passes through the charge to Free Consumers on the invoice for the use of the grid. Both are passed onto Eletrobrás.

The other deductions from revenue are taxes, calculated as a percentage of amounts invoiced. Hence their variations are mainly proportional to the changes in revenue.

*Operational costs and expenses (excluding Financial revenue /expenses)*

Operational costs and expenses (excluding net financial revenue/expenses) in 9M10 totaled R\$ 6,647,668, an increase of 11.70% compared to the expenses of R\$ 5,951,427 in 9M09. The difference is mainly due to increase in the non-controllable costs of Energy bought for resale, partially offset by lower Personnel expenses. Another contributing factor in higher Operational expenses was the provision of R\$ 177,592, recorded in Other expenses, for a settlement with a large consumer. There is more information on this in Explanatory Note 28 to the Consolidated Quarterly Information.

The main variations in operational expenses were:

Electricity bought for resale

The expense on electricity purchased for resale in 9M10 was R\$ 3,023,885, 19.55% more than in 9M09 (R\$2,529,469). This is a non-controllable cost in the Distribution activity: the expense recognized in the Income statement corresponds to the amount actually passed through to the tariff. See more information on this in Explanatory Note 28 to the Consolidated Quarterly Information.

Charges for use of the transmission grid

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The expense on charges for use of the transmission network in January through September 2010 was R\$ 598,012, vs. R\$ 612,627 in 9M09, a variation of 2.39%.

These charges, set by an Aneel Resolution, are payable by electricity distribution and generation agents for use of the facilities that are components of the national grid, and are set by an Aneel Resolution. This is a non-controllable cost in the Distribution activity: the expense recognized in the Income statement is the same as the amount actually passed through to the tariff.



Table of Contents

Personnel

Personnel expenses in 9M10 were R\$ 858,094, compared to R\$ 1,024,354 in 9M09, a reduction of 16.23%. This mainly reflects the expense on the PDV Voluntary Retirement Program, of R\$ 200,904 in 9M09, compared to R\$ 21,992 in 9M10, associated with the lower number of employees which was reduced from 9,837 in September 2009 to 8,949 in September 2010.

Depreciation and amortization

Depreciation and amortization was 18.13% higher year-on-year, at R\$ 610.975 in January-September 2010, compared to R\$ 517,204 in January-September 2009. This result arises substantially from (i) the increase in fixed assets due to new investments made in the *Clarear*, *CresceMinas* and *Luz para Todos* ( *Light For Everyone* ) programs; (ii) amortization of Intangible assets, represented by the Company's new client invoicing software; and (iii) consolidation of the companies acquired in 3Q09.

Post-employment obligations

The expense on post-employment obligations in 9M10 was R\$ 126,457, 19.57% more than the expense of R\$ 105,760 posted in 9M09. These expenses basically represent the interest applicable to Cemig's actuarial obligations, net of the investment yield expected from the pension plans assets, estimated by an external actuary. The increase in this expense basically reflects lower expectation of revenue from the plan's assets in 2010.

Operational provisions

Operational provisions in 9M10 totaled R\$ 173,861, 95.87% more than their total of R\$ 88,765 in 9M09. The difference reflects, substantially, a settlement of a legal action brought by an industrial consumer relating to the tariff increase ordered by Ministerial Order 045/86 of the DNAEE. The amount of R\$ 177,592 was provisioned in May.

Gas purchased for resale

The expense on gas purchased for resale in 9M10 was R\$ 162,685, 26.49% more than in 9M09 (R\$ 128,610). This higher figure mainly reflects the higher quantity of gas bought in 9M10, as a consequence of greater operation by the thermal generation plants, clients of Gasmig, in 2010.

*Financial revenues (expenses)*

The result of this line in 9M10 was a net financial expense of R\$ 433,336, which compares with a net financial expense of R\$ 81,308 in 9M09. The main factors in this financial result are:

- Higher revenue from cash investments: R\$ 286,287 in 9M10, 56.32% more than in R\$ 183,144, as a result of a higher volume of cash invested in 2010;

Table of Contents

- Revenue from net monetary adjustment on regulatory assets (CVA; the General Agreement for the Electricity Sector; and the Deferred Tariff Adjustment) 98.84% lower. In 9M10 this revenue was R\$ 14,102, compared to R\$ 61,726 in 9M09. The change is mainly because the value of the various regulatory assets had been reduced in 2010 - as they were partially paid off by receipt of amounts in the tariff through clients' electricity bills.
- Higher expenses on costs of loans and financings: R\$ 791,696 in 9M10, compared to R\$ 549,177 in 9M09. This reflects the entry of new financings, one of the most important being the issue by Cemig GT in October 2009 of R\$ 2,700,000 in Promissory Notes, settled in March 2010; and the raising of funds by a debenture issue in March 2010, of the same amount, used to settle the Promissory Notes.
- Higher monetary updating on loans and financings: R\$ 82,228 in 9M10, compared to R\$ 5,539 in 9M09. The higher figure is mainly due to the higher volume of funding raised, and the variation in inflation indices and other indexes of contracts on the company's loans, financings and debentures - principally the IGP-M inflation index, which was 1.61% over the period of 9M09, and 7.89% over the period of 9M10.

For a breakdown of financial revenues and expenses, see Explanatory Note 29 to the Consolidated Quarterly Information.

***Income tax and the Social Contribution tax***

In 9M10 Cemig's expense on income tax and the Social Contribution was R\$ 571,700, on profit of R\$ 1,966,831 before tax effects, a percentage of 29.07%. In 9M09 Cemig's expense on income tax and the Social Contribution was R\$ 720,657, on profit of R\$ 2,289,901, before tax effects, a percentage of 31.47%. These effective rates are compared with the nominal rates in Note 10 to the Consolidated Quarterly Information.



Table of Contents**A. Performance in the third quarter of 2010 ( 3Q10 )****INCOME STATEMENTS FOR THE THIRD QUARTERS OF 2010 AND 2009**

|  | <b>Third<br/>Quarter 2010</b> | <b>Third<br/>Quarter 2009<br/>Reclassified</b> | <b>Change, %</b> |
|--|-------------------------------|--|------------------|
| <b>OPERATIONAL REVENUE</b>   |                               |  |                  |
| Revenue from supply of electricity                                   | 3,859,583                     | 3,718,027                                      | 3.81             |
| Revenue from use of the network                                      | 767,299                       | 524,635  | 46.25            |
| Other operational revenues   | 184,937                       | 158,193  | 16.91            |
| <b>Gross operational revenue</b>                                     | <b>4,811,819</b>              | <b>4,400,855</b>                               | <b>9.34</b>      |
| Deductions from operational revenue                                  | (1,628,642)                   | (1,411,916)                                    | 15.35            |
| <b>Net operational revenue</b>                                       | <b>3,183,177</b>              | <b>2,988,939</b>                               | <b>6.50</b>      |
| <b>OPERATIONAL COSTS AND EXPENSES</b>                                |                               |  |                  |
| Personnel, managers and board members                                | (264,864)                     | (278,102)                                      | (4.76)           |
| Post-employment obligations  | (40,500)                      | (37,258)                                       | 8.70             |
| Materials  | (30,642)                      | (27,064)                                       | 13.22            |
| Outsourced services  | (234,180)                     | (170,287)                                      | 37.52            |
| Electricity bought for resale  | (1,077,342)                   | (1,019,362)                                    | 5.69             |
| Depreciation and amortization  | (212,857)                     | (173,675)                                      | 22.56            |
| Royalties for use of water resources                                 | (37,831)                      | (42,100)                                       | (10.14)          |
| Operational provisions   | 33,272                        | (42,154)                                       | (178.93)         |
| Charges for the use of the basic transmission grid                   | (207,903)                     | (197,980)                                      | 5.01             |
| Gas purchased for resale   | (61,603)                      | (43,735)                                       | 40.86            |
| Other operational expenses, net                                      | (73,685)                      | (58,392)                                       | 26.19            |
|  | (2,208,135)                   | (2,090,109)                                    | 5.65             |
| <b>Operational profit (loss) before Financial revenue (expenses)</b> | <b>975,042</b>                | <b>898,830</b>                                 | <b>8.48</b>      |
| <b>NET FINANCIAL EXPENSES</b>  | <b>(165,585)</b>              | <b>(10,344)</b>                                | <b>1.500.78</b>  |
| <b>Profit before income tax and Social Contribution tax</b>          | <b>809,457</b>                | <b>888,486</b>                                 | <b>(8.89)</b>    |
| Income tax and Social Contribution tax                               | (232,191)                     | (289,742)                                      | (19.86)          |
| Deferred income tax and Social Contribution tax                      | 28,608                        | 2,577  | 1.010.13         |
| Profit shares  | (52,554)                      | (26,094)                                       | 101.40           |
| Minority interests   |                               | (8,189)  |                  |
| <b>Net profit for the period</b>                                     | <b>553,320</b>                | <b>567,038</b>                                 | <b>(2.42)</b>    |
| <b>Net profit per thousand shares, R\$</b>                           | <b>0.81117</b>                | <b>0.91433</b>                                 | <b>(11.28)</b>   |

*Profit for the quarter*

In the third quarter of 2010 (3Q10), Cemig reported net profit of R\$ 553,320, 2.42% less than the net profit of R\$ 567,038 reported for the third quarter of 2009 (3Q09). This mainly reflects the difference between net financial expenses of R\$ 165,585 in 3Q10 and R\$ 10,344 in 3Q09.

For its positive effect on the result for 2010, we highlight the Net profit of the Companies acquired in the fourth quarter of 2009, which contributed an aggregate R\$ 49,587 to the Company's net profit in 3Q10.



Table of Contents

*Ebitda (method of calculation not reviewed by external auditors)*

Ebitda in 3Q10 was 10.76% higher than in 3Q09: Adjusted for non-recurring items, Ebitda was 9.40% higher year-on-year.

| <b>EBITDA - R\$ 000</b>                          | <b>3Q10</b>      | <b>3Q09</b>      | <b>Change, %</b> |
|--|------------------|------------------|------------------|
| Net profit                                       | 553,320          | 567,038          | (2.42)           |
| + Income tax and Social Contribution tax expense | 203,583          | 287,165          | (29.11)          |
| + Profit shares                                  | 52,554           | 26,094           | 101,40           |
| - Financial revenue (expenses)                   | 165,585          | 10,344           | 1,500,78         |
| + Depreciation and amortization                  | 212,857          | 173,675          | 22,56            |
| + Minority interests                             |                  | 8,189            |                  |
| <b>EBITDA</b>                                    | <b>1.187.899</b> | <b>1.072.505</b> | <b>10,76</b>     |
| Non-recurring items:                             |                  |                  |                  |
| + PDV and PPD Voluntary Retirement Programs      | (3.387)          | 10.205           |                  |
| <b>= ADJUSTED EBITDA</b>                         | <b>1.184.512</b> | <b>1.082.710</b> | <b>9,40</b>      |

Ebitda benefited from the companies acquired in the fourth quarter of 2009, which contributed a total of R\$ 101,859 in 3Q10.





Table of Contents

## Revenue from supply of electricity

|  | MWh (*)           |                   |              | R\$              |                  |              |
|--|-------------------|-------------------|--------------|------------------|------------------|--------------|
|  | 3Q10              | 3Q09              | Change,<br>% | 3Q10             | 3Q09             | Change,<br>% |
| Residential                                  | 2,475,266         | 2,390,877         | 3,53         | 1,173,927        | 1,128,090        | 4.06         |
| Industrial                                   | 6,521,231         | 5,618,583         | 16,07        | 1,037,608        | 961,728          | 7.89         |
| Commercial, services and others              | 1,492,038         | 1,456,060         | 2,47         | 649,065          | 646,072          | 0.46         |
| Rural  | 748,867           | 678,046           | 10,44        | 175,878          | 168,301          | 4.50         |
| Public authorities                           | 269,547           | 255,566           | 5,47         | 116,212          | 111,389          | 4.33         |
| Public illumination                          | 310,552           | 304,818           | 1,88         | 77,675           | 76,669           | 1.31         |
| Public service                               | 355,252           | 335,729           | 5,82         | 103,254          | 100,429          | 2.81         |
| <b>Subtotal</b>                              | <b>12,172,753</b> | <b>11,039,679</b> | <b>10,26</b> | <b>3,333,619</b> | <b>3,192,678</b> | <b>4.41</b>  |
| Own consumption                              | 14,499            | 12,635            | 14,75        |                  |                  |              |
| Subsidy for low-income consumers             |                   |                   |              | 32,419           | 50,518           | (35.83)      |
| Uninvoiced supply, net                       |                   |                   |              | 25,455           | 5,292            | 381.01       |
|  | <b>12,187,252</b> | <b>11,052,314</b> | <b>10,27</b> | <b>3,391,493</b> | <b>3,248,488</b> | <b>4.40</b>  |
| Wholesale supply to other concession holders | 3,671,488         | 3,463,773         | 6,00         | 426,723          | 379,312          | 12.50        |
| Transactions in electricity on the CCEE      | 597,554           | 726,311           | (17,73)      | 36,366           | 24,070           | 51.08        |
| Sales under the Proinfa program              | 21,709            |                   |              | 6,499            |                  |              |
| Effects of the Final Tariff Review           |                   |                   |              |                  | 66,157           |              |
| Additional charge Law 12111/09               |                   |                   |              | (1,498)          |                  |              |
| <b>Total</b>                                 | <b>16,478,003</b> | <b>15,242,398</b> | <b>8,11</b>  | <b>3,859,583</b> | <b>3,718,027</b> | <b>3.81</b>  |

(\*) The information in MWh has not been reviewed by the external auditors.

Revenue from supply of electricity in 3Q10 was R\$ 3,859,583, 3.81% higher than in 3Q09 (R\$ 3,718,027).

The main factors affecting revenue in 2010 were:

- Tariff Adjustment with average impact on consumer tariffs of 1.67%, starting from April 8, 2010.
- Volume of energy invoiced to final consumers 10.26% higher (this excludes Cemig's own internal consumption).

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The volume of electricity sold to other concession holders was 6.00% higher, which recorded an increase in average price in these sales, at R\$ 116.23/MWh in 3Q10, compared to R\$ 109.51/MWh in 3Q09. The Increase in the amount of energy sold, associated with an increase of 6.14% of average price, the revenue with electricity sold to other concession holders increased 12.50% in the third quarter of 2010 compared to third quarter 2009.

Table of Contents***Revenue from use of the network***

This Revenue is from the TUSD – Tariff for Use of the Distribution System – arising from the charges made to Free Consumers, on energy sold, and also from the revenue for use of Cemig GT's part of the national grid. It was 46.25% higher, in 3Q10, at R\$ 767,299, than in 3Q09 (R\$ 524,635.)

As well as reflecting higher transport of electricity for Free Consumers, as a result of the recovery in industrial activity, and migration of captive clients to the free market, the figures in 2010 include consolidation of the revenues of the transmission company Taesa, acquired in the fourth quarter of 2009.

***Non-controllable costs***

Differences between the sums of non-controllable costs (also known as CVA), used as a reference in calculating the Tariff Adjustment, and the disbursements actually made, are offset in subsequent tariff adjustments. They are recorded in Assets and Liabilities. Due to a change in Anel's plan of accounts, some items were transferred to Deductions from operational revenue. For more information, please see Explanatory Notes 2 and 9 to the Quarterly Information.

**Deductions from operational revenue**

|  | 3Q10             | 3Q09<br>Reclassified | Change,<br>% |
|--|------------------|----------------------|--------------|
| ICMS tax   | 802,296          | 743,222              | 7.95         |
| Cofins tax   | 341,222          | 314,678              | 8.44         |
| PIS and Pasep taxes  | 73,968           | 63,315               | 16.83        |
| Others   | 1,160            | 734                  | 58.04        |
|  | <b>1,218,646</b> | <b>1,121,949</b>     | <b>8.62</b>  |
| Global Reversion Reserve – RGR                                 | 57,758           | 49,554               | 16.56        |
| Energy Efficiency Program – P.E.E.                             | 11,152           | 10,770               | 3.55         |
| Energy Development Account – CDE                               | 117,305          | 105,024              | 11.69        |
| Fuel Consumption Account – CCC                                 | 191,684          | 101,439              | 88.96        |
| Research and Development – P&D                                 | 9,067            | 7,930                | 14.34        |
| National Scientific and Technological Development Fund – FNDCT | 8,040            | 7,666                | 4.88         |
| Energy System Expansion Research (EPE / Energy Ministry)       | 4,391            | 3,811                | 15.22        |
| Emergency Capacity Charge                                      | 4,907            | 3,773                | 30.06        |
| 0.30% additional payment (Law 12111/09)                        | 5,692            |                      |              |
|  | <b>409,996</b>   | <b>289,967</b>       | <b>41.39</b> |
|  | <b>1,628,642</b> | <b>1,411,916</b>     | <b>15.35</b> |



Table of Contents

The main changes in the deductions from revenue between the two years are as follows:

The Fuel Consumption Account CCC

The deduction from revenue for the CCC in 3Q10 was R\$ 191,684, 88.96% more than in 3Q09 (R\$ 101,439). This charge is for the costs of operation of the thermal plants in the national grid and in the isolated systems. It is shared between electricity concession holders, on a basis set by an Aneel Resolution. This is a non-controllable cost. The amount related to electricity distribution services is passed through in full to the tariff. The amount related to electricity transmission services is charged to Free Consumers on the invoice for the use of the grid. Both are passed on to Eletrobrás.

CDE Energy Development Account

The deduction from revenue for the CDE was R\$ 117,305 in 3Q10, 11.69% higher than in 3Q09 (R\$ 105,024). This is a non-controllable cost. The amount related to electricity distribution services is passed through in full to the tariff. The amount related to electricity transmission services is charged to Free Consumers on the invoice for the use of the grid. Both are passed on to Eletrobrás.

The other deductions from revenue are taxes, calculated as a percentage of amounts invoiced. Hence their year-on-year variations are directly proportional to the change in revenue.

*Operational costs and expenses (excluding Financial revenue /expenses)*

Operational costs and expenses (excluding Financial revenue/expenses) totaled R\$ 2,208,135 in 3Q10, 5.65% more than in 3Q09 (R\$ 2,090,109). This result is mainly due to higher cost of energy bought for resale and expenditure on outsourced services, partially offset by lower operational provisions.

The main variations in expenses were:

Electricity bought for resale

The expense on electricity bought for resale in 3Q10 was R\$ 1,077,342 5.69% more than in 3Q09 (R\$ 1,019,362). This is a non-controllable cost: the expense recognized in the income statement is the amount passed on to the tariff. There is more information on this in Explanatory Note 28 to the Consolidated Quarterly Information.

Outsourced services

The expense on outsourced services in 3Q10 was R\$ 234,180, 37.52% more than in 3Q09 (R\$ 170,287), the main change in expenses being in maintenance and conservation of electricity facilities and equipment.

Table of Contents

- The expense on maintenance and conservation of electrical facilities and equipment in 3Q10 was R\$ 52,475, an increase of 110.72% from 3Q09 (R\$ 24,902). The change arises primarily from more activity of the Company in preventive maintenance of its distribution networks, and also from consolidation of the Companies acquired in the 4th quarter of 2009.

Personnel

Personnel expenses in 3Q10, at R\$ 264,864, were 4.76% lower than in 3Q09 (R\$278,102). This substantially is due to the difference in the expense on the PDV Voluntary Retirement Program in the two quarters: an expense of R\$ 10,205 in 3Q09, but a reversal of expense, of R\$ 3,387, in 3Q10, arising from an adjustment to the provision. Note also the reduction in the number of employees, from 9,837 in September 2010 to 8,949 in September 2010.

Charges for use of the transmission grid

Expenses on charges for the use of the transmission grid were 5.01% higher, at R\$207,903, in 3Q10, than in 3Q09 (R\$ 197,980). These charges, set by an Aneel Resolution, are payable by electricity distribution and generation agents for use of the facilities that are components of the national grid. This is a non-controllable cost in the Distribution activity: the deduction from revenue recognized in the Income statement is equal to the value passed through to the tariff.

Post-employment obligations

Expenses on post-employment obligations totaled R\$ 40,500 in 3Q10, 8.70% more than in 3Q09 (R\$ 37,258). These expenses basically represent the interest applicable to Cemig's actuarial obligations, net of the investment yield expected from the pension plans' assets, estimated by an external actuary. The higher expense in 2010 basically reflects lower expectation of revenue from the plan's assets in 2010.

Operational provisions

Expenses on operational provisions in 3Q10 were R\$ 33,272, compared to R\$ 42,154 in 3Q09. The change mainly reflects reversal of provisions for legal proceedings in 2010, due to review of amounts previously provisioned.

Table of Contents**Financial revenues (expenses)**

|  | 3Q10             | 3Q09            | Change %        |
|--|------------------|-----------------|-----------------|
| <b>FINANCIAL REVENUES</b>  |                  |                 |                 |
| Revenue from cash investments  | 102,658          | 51,104          | 100.88          |
| Arrears penalty payments on electricity bills  | 35,185           | 78,449          | (55.15)         |
| Interest and monetary updating on accounts receivable from the Minas Gerais state government | 41,463           | 67,959          | (38.99)         |
| Monetary updating of CVA   | 6,900            | 7,548           | (8.59)          |
| Monetary updating on items under the General Agreement for the Electricity Sector            | 2,703            | 8,573           | (68.47)         |
| Monetary updating on Deferred Tariff Adjustment  |                  | (1,802)         |                 |
| FX variations  | 27,197           | 28,710          | (5.27)          |
| Pasep and Cofins taxes on financial revenues   | (14,964)         | (8,614)         | 73.72           |
| Gains on financial instruments   | 3,638            | 306             | 1,088.89        |
| Adjustment to present value  | 1,003            | 555             | 80.72           |
| Monetary variation on taxes offsetable   | 23,269           | 19,364          | 20.17           |
| Other  | 14,247           | 18,196          | (21.70)         |
|  | 243,299          | 270,348         | (10.01)         |
| <b>FINANCIAL EXPENSES</b>  |                  |                 |                 |
| Costs of loans and financings  | (293,987)        | (199,156)       | 47.62           |
| Monetary updating on items under the General Agreement for the Electricity Sector            | 1,034            | (880)           |                 |
| Monetary updating CCEE   |                  | (4,013)         |                 |
| Monetary updating of CVA   | (25,294)         | 339             |                 |
| FX variations  | (3,879)          | (11,971)        | (67.60)         |
| Monetary updating on loans and financings  | (11,316)         | 510             |                 |
| Adjustment to present value  | (116)            | (2,829)         | (95.90)         |
| Losses on financial instruments  | (5,941)          | (3,596)         | 65.21           |
| Reversal of provision for PIS and Cofins taxes   |                  | 7,915           |                 |
| Amortization of goodwill on investments  | (19,838)         | (8,776)         | 126.05          |
| Other  | (49,547)         | (53,942)        | (8.15)          |
|  | (408,884)        | (280,692)       | 45.67           |
|  | <b>(165,585)</b> | <b>(10,344)</b> | <b>1,500.78</b> |

The main factors in the difference between financial revenues/expenses in 3Q10 and 3Q09 are:

- Revenue from cash investments R\$ 51,554 higher, due to a higher volume of cash invested in 2010.
- Revenue from arrears penalty payments on client invoices R\$ 43,264 lower, mainly due to lower default by clients in 2010.
- Expense on net monetary adjustment of regulatory assets (CVA, the General Agreement for the Electricity Sector, and the Deferred Tariff Adjustment) of R\$ 14,657 in 3Q10, compared to revenue of R\$ 13,778 in 3Q09. This change mainly reflects monetary on the CVA: a net



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expense of R\$ 18,394 in 3Q10, compared to net revenue of R\$ 7,887 in 3Q09. Also, in 2010 the regulatory assets were lower in total than in 3Q09, since more of them had been paid down by receipt through client electricity bills.

Table of Contents

- Higher expenses of loans and financings: R\$ 293,987 in 3Q10, compared to R\$ 199,156 in 3Q09. This reflects entry of new financings, principally the R\$ 2,700,000 debentures issue by Cemig GT (Cemig Geração e Transmissão) in March 2010.

***Income tax and Social Contribution tax***

In 3Q10, Cemig's expenses on income tax and the Social Contribution totaled R\$ 203,583, on profit of R\$ 809,457, before tax effects, a percentage of 25.15%. In 3Q09, the Company's expense on income tax and the Social Contribution was R\$ 287,165, equal to 32.32% of the pre-tax profit of R\$ 888,486.





Table of Contents

**OTHER INFORMATION THAT THE COMPANY BELIEVES TO BE MATERIAL**

Information not reviewed by our external auditors.

**Investor Relations**

In 2009, through strategic activities aiming to enable investors and stockholders to make a correct valuation of our businesses and our prospects for growth and addition of value, we increased Cemig's exposure to the Brazilian and global capital markets as a leading company in its sector.

We maintain a constant and proactive flow of communication with Cemig's investor market, strengthening our credibility, seeking to increase interest in our securities and ensure that investors are satisfied with them.

Our results are published in presentations given by video webcasts and conference calls, with simultaneous translation into English, at which members of the Executive Board are always present – developing an increasingly transparent relationship, in line with the best corporate governance practices.

To serve our stockholders, who are spread over more than 40 countries, and facilitate optimum coverage of investors, Cemig was present in Brazil and worldwide at innumerable seminars, conferences, investor meetings, congresses, and roadshows; and also held video and telephone conference calls with analysts, investors and other parties interested in the capital markets.

At the end of May, for the 15th year running, we held our now traditional *Cemig Meeting with the Capital Markets and Investors*, together with Apimec, the Brazilian Capital Markets and Analysts' Association, in the town of Belo Horizonte, Minas Gerais, where these professionals once again had the opportunity to interact with the company's directors and principal executives.

**Corporate governance**

Our corporate governance model is based on principles of transparency, equity and accountability, focusing on clear definition of the roles and responsibilities of the Board of Directors and the Executive Board in the formulation, approval and execution of policies and guidelines for managing the company's business.

We seek sustainable development of the Company through balance between the economic, financial, environmental and social aspects of our enterprises, aiming to improve the relationship with our stockholders, clients, and employees, the public at large and other stakeholders.



Table of Contents

Cemig's preferred and common shares have been listed at Corporate Governance Level 1 on the São Paulo Stock Exchange since 2001 (with tickers CMIG3 and CMIG4 respectively). This classification represents a guarantee to our stockholders of optimum reporting of information, and also that stockholdings are relatively widely dispersed. Further, because Cemig has ADRs (American Depositary Receipts) listed on the New York Stock Exchange, representing its preferred (PN) shares (with ticker CIG) and its common (ON) shares (with ticker CIG.C), it is also subject to the regulations of the US Securities and Exchange Commission (SEC) and the New York Stock Exchange Listed Companies Manual. Our preferred shares have also been listed on the Latibex market of the Madrid stock exchange (with ticker XCMIG) since 2002.

Since the end of 2006 our material procedures related to preparation of the Consolidated Financial Statements have been compliant with the requirements of Section 404 of the Sarbanes-Oxley law of the US.

Our bylaws include the targets of the Strategic Plan, and also our dividend policy. They lay down the following requirements:

- Consolidated debt to be kept equal to or less than 2 times Ebitda.
- The consolidated ratio  $[(\text{Net debt}) / (\text{Net debt} + \text{Stockholders' equity})]$  to be kept equal to or less than 40%.
- Consolidated funds in Current assets to be limited to 5% of Ebitda.
- Consolidated funds allocated to capital expenditure in each business year to be limited to 40% of Ebitda (exceptionally, 65% in 2006 and 55% in 2007).
- Investment to be only in distribution, generation and transmission projects which offer real minimum internal rates of return equal to or greater than those specified in the company's Long-Term Strategic Plan, subject to the legal obligations.
- Expenses of the subsidiary Cemig Distribuição (Cemig D), and of any subsidiary which operates in distribution of electricity, to be limited to amounts not greater than the amounts recognized in the tariff adjustments and tariff reviews.

The Board of Directors may authorize figures in excess of these levels, in response to temporary needs, up to the following limits:

- Consolidated debt: maximum of 2.5 times Ebitda.

- The consolidated ratio  $[(\text{Net debt}) / (\text{Net debt} + \text{Stockholders' equity})]$ ; maximum of 50%.
- Consolidated funds in Current assets: maximum of 10% of Ebitda.



Table of Contents

**Board of Directors**

*Meetings*

Our Board of Directors met 25 times in 2009, to discuss strategic planning, projects, acquisitions of new assets, and various investments, and other subjects.

*Membership, election and period of office*

The present Board of Directors was elected on April 29, 2010, by the cumulative voting method, as specified by Article 141 of Law 6404 of December 15, 1976, as amended.

The period of office of the present members of the Board of Directors expires at the Annual General Meeting of Stockholders to be held in 2012.

*Principal responsibilities and attributions:*

The Board of Directors has the following responsibilities and attributions, as well as those conferred on it by law:

- Decision, before signing, on any contract to be entered into between Cemig and any of its stockholders or their parent companies.
- Decision on any sale of assets, loans, financings, placing of a charge on the company's property, plant or equipment, guarantees to third parties, or other legal acts or transactions, with value of R\$ 5 million or more.
- Authorization for issuance of securities in the domestic or external market to raise funds.
- Approval of the Long-term Strategic Plan, and its revisions, and of the Multi-year Strategic Implementation Plan and its revisions, and the Annual Budget.

Since 2006 Cemig has had Committees, made up of members of the Board of Directors, to discuss and analyze matters to be decided by the Board, as follows:

1. Board of Directors Support Committee
2. Corporate Governance Committee
3. Human Resources Committee
4. Strategy Committee
5. Finance Committee; and,
6. Audit and Risks Committee

***Qualification and remuneration***

The members of the Board of Directors have training and experience in a wide range of areas (business administration, engineering, law, economics, etc.), and very broad experience in business management. Their remuneration is on average 20% of that of the Chief Officers, and does not include any share purchase options.

Table of Contents

The names of the members of the Board of Directors and their résumés is on our website at: <http://ri.cemig.com.br>.

*Audit Committee*

As well as the Brazilian Corporate Law, in relation to the requirements of the Sarbanes-Oxley law, to which we are subject due to our shares being registered with the US Securities and Exchange Commission (SEC), the regulator of the capital markets of the United states, we opted to exercise the exemption allowed by the Exchange Act, Rule 10-3A, and regulated by SEC release 82-1234, which accepts the activity of the Audit Board as an alternative to the Audit Committee specified by the Sarbanes-Oxley law.

*The Executive Board*

The Executive Board is made up of nine members whose individual functions are set by the company's Bylaws. They are elected by the Board of Directors for periods of office of three years. They may be reelected; they may also be dismissed at any time by the Board of Directors.

Members are allowed to hold simultaneous non-remunerated positions in the management of wholly-owned subsidiaries, or subsidiaries or affiliates of Cemig, upon decision by the Boards of Directors of those companies. They are also, obligatorily, members of the Boards of Directors of Cemig GT (Generation and Transmission) and Cemig D (Distribution), with the same positions as on the board of Cemig itself.

The period of office of the present Chief Officers expires at the first meeting of the Board of Directors held after the Ordinary General Meeting of Stockholders of 2012.

The members of the Executive Board and their résumés are on our website: <http://ri.cemig.com.br>.

The Chief Officers have individual responsibilities established by the Board of Directors and the Bylaws, including:

- Current management of the company's business, complying with the Bylaws, the Long-term Strategic Plan, the Multi-Year Strategic Implementation Plan, and the Annual Budget.
- Decision on any disposal of goods, loans or financings, placing of any charge on any of the Company's property, plant or equipment, guarantees to third parties, or other legal acts or transactions, in amounts less than R\$ 14 million.

The Executive Board normally meets weekly. It held 59 meetings in 2009.

A list of the names and summary resumes of its members is available on our website: <http://ri.cemig.com>.

Table of Contents

***The Audit Board***

***Meetings***

10 meetings were held in 2009.

***Membership, election and period of office***

We have a permanent Audit Board, made up of five sitting members and their respective substitute members. They are elected by the Ordinary (Annual) General Meeting of Stockholders, for a period of office of one year, and may be reelected:

- one member is elected by the holders of the preferred shares;
- one member is elected by holders of common shares not belonging to the controlling stockholder group and representing at least 10% of the registered capital; and
- three members are elected by the majority stockholder.

The members of the Audit Board are listed on our website: <http://ri.cemig.com.br>.

***Principal responsibilities and attributions:***

As well as the attributions specified by Law 6404 of December 15, 1976, as amended, in relation to the Sarbanes-Oxley law to which we are subject due to our shares being registered with the Securities and Exchange Commission (SEC), the capital markets regulator of the United states - we opted to exercise the exemption allowed by Rule 10-3A of the Exchange Act, regulated by SEC Release 82-1234, which accepts the activity of the Audit Board as an alternative to the Audit Committee as defined by the Sarbanes-Oxley law.

***Qualification and remuneration***

The Audit Board is a multi-disciplinary body, made up of members with various competencies (accounting, economics, business administration, and others). Their remuneration is 10% of the average earned by the Chief Officers.

Résumé information on its members is on our website: <http://ri.cemig.com.br>.

***The Sarbanes-Oxley Law***

Cemig has obtained certification of its internal controls for mitigation of the risks involved in the preparation and disclosure of the financial statements, issued in accordance with Section 404 of the Sarbanes-Oxley Law and the rules of the Public Company Accounting Oversight Board (PCAOB), included in the annual 20-F report relating to the business year ending December 31, 2006, filed with the US Securities and Exchange Commission (SEC) on July 23, 2007.

Table of Contents

A link was established between the potentially significant controls and accounting records in the financial statements for 2008, and the design of the processes and key controls for ensuring mitigation of the risks associated with the preparation and disclosure of the financial statements for the year ended December 31, 2008 was validated.

***Management of corporate risks***

Corporate risk management is a management tool that is an integral part of our corporate governance practices. For it to have maximum efficacy, and for it to be more easily included in the organization's culture, we aim to align it with the company's process of Strategic Planning which defines the strategic objectives of the company's business. Other instances of management that relate to corporate risk management include: The Corporate Governance Committee, Compliance with the Sarbanes-Oxley Law, the Budget Prioritization Committee, Internal Auditing, the Energy Risks Management Committee, the Insurable Risks Committee, and the Control and Management Committee.

Cemig's corporate risks management structure was put in place in 2003. The risks matrix was revised for the first time in 2004, and a second time in 2005-6, aiming to identify changes in relation to the level of performance expected for each process. An improvement in the effectiveness of the strategic controls, commitment in implementation of the mitigating action plans proposed, and reduction of the financial impact and of the probability of occurrence of innumerable risks, has been perceived.

The method for measurement of risks that Cemig has chosen is the ORCA Method, which was put in place with the assistance of external consultants, based on four dimensions: objectives, risks, internal controls and alignment.

To ensure safety, confidentiality of information, and speed in the process of periodic revision and review of the matrix of corporate risks, we use the SGIR (Integrated Risk Management System) application, which embodies the methodology referred to above. Cemig also has a site giving employees access to information on the subject, which enables the risks identified by managers to be continuously and dynamically monitored.

***Functional structure***

The main determining factor for the option adopted for functional structure is decentralized management by Risk Managers. This expresses the corporative and matricial nature of the function, with monitoring centralized by the Corporate Risk Management Unit, which generates significant information with a systemic view and meets the demands of the Corporate Risk Management Committee. The Committee analyzes and prioritizes the actions established by the Board of Directors and the Executive Board.

Table of Contents

***Challenges***

The main challenges to be faced by corporate risk management in Cemig are:

- Improvement of the methodology of calculation of financial exposure risks, to provide the maximum possible objectivity for the assessment made by managers, offering senior management maximum security in the process of taking decisions. The results expected are: improvement in the quality of the information related to the matrix, and guarantee of compliance with the directive guidelines that arise from the Corporate Risk Management Policy.
- Creation of standard reports, to meet the needs of various levels of decision in the company.

***Statement of Ethical Principles and Code of Professional Conduct***

The approval by the Board of Directors, in May 2004, of the Statement of Ethical Principles and Code of Professional Conduct (<http://ri.cemig.com.br>), stating a list of 11 principles of ethical conduct and values incorporated into Cemig's company culture, was an important step in perfecting the company's internal system of corporate government and increasing our overall corporate transparency.

Cemig's Ethics Committee was created on August 12, 2004, to coordinate all actions relating to management of the Declaration of Ethical Principles and Code of Professional Conduct. This includes assessment and decision on any possible non-compliances with the document.

In December 2006 we created the Information Channel, to be used only by Cemig employees and workers. It enabled the Ethics Committee to receive anonymous reports, via an open channel on our intranet – the Anonymous Information Channel. These reports can deal with any type of irregular practice contrary to the company's interest, such as: financial fraud, changing, falsification or suppression of financial, tax or accounting documents; undue appropriation of goods or resources; receipt of undue advantage by managers or employees; irregular contracting; or other practices considered to be illegal.

***The Ethics Committee***

This was created on August 12, 2004, with three sitting members and three substitute members, and is responsible for management (interpretation, publicizing, application and updating) of the Code of Professional Conduct.



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It can receive and investigate any reports of violations of the ethical principles and rules of conduct, provided they are presented in a written document signed by the interested party, and sent to the address: Cemig, Av. Barbacena 1200, SA/17°/B2, accompanied by indication of the means of proof (witnesses, documents or other sufficient and appropriate means). They can also be sent by email or telephone the address and phone number are well known to all the company's employees.

# Table of Contents

In December 2006 we put in place our Anonymous Information Channel, available on the corporate intranet, the purpose of which is to receive, submit and process accusations of irregular practices, such as financial fraud, undue appropriation of assets, receipt of irregular advantages or illegal contracting. This channel is one more step for the company in the direction of improving transparency, correct behavior and the concept of corporate governance itself within Cemig. This new instrument of corporate governance improves the management of our employees and of our business, and reaffirms our ethical principles.

Cemig's Statement of Ethical Principles and Code of Professional Conduct of Cemig is consolidated into 11 Principles, which express the ethical conduct and values incorporated into its culture. It is available on our website at <http://ri.cemig.com.br>.

## **POSITION OF STOCKHOLDERS WITH MORE THAN 5% OF THE VOTING STOCK ON SEPTEMBER 30, 2009**

| Stockholders                          | COMMON<br>SHARES   |              | PREFERRED<br>SHARES |             | TOTAL SHARES       |              |
|---------------------------------------|--------------------|--------------|---------------------|-------------|--------------------|--------------|
|                                       | (thousands)        | %            | (thousands)         | %           | (thousands)        | %            |
| State of Minas Gerais                 | 151,993,292        | 50.96        |                     | 0.00        | 151,993,292        | 22.27        |
| Other entities of Minas Gerais State  | 40,197             | 0.01         | 7,057,472           | 1.84        | 7,097,669          | 1.00         |
| <b>Total, controlling stockholder</b> | <b>152,033,489</b> | <b>50.97</b> | <b>7,057,472</b>    | <b>1.84</b> | <b>159,090,961</b> | <b>23.31</b> |
| AGC Energia S/A                       | 98,321,592         | 32.96        |                     | 0.00        | 98,321,592         | 14.41        |

**Note:** The stockholder AGC Energia S.A. is a wholly-controlled subsidiary of Andrade Gutierrez Concessões S.A., a corporation registered for listing with the CVM.

Table of Contents**SHARES OF THE CONTROLLING STOCKHOLDER, SENIOR MANAGEMENT AND MEMBERS OF THE AUDIT BOARD**

|                                    | <b>30.09.2010</b> |           | <b>30.09.2009</b> |           |
|------------------------------------|-------------------|-----------|-------------------|-----------|
|                                    | <b>ON</b>         | <b>PN</b> | <b>ON</b>         | <b>PN</b> |
| CONTROLLING STOCKHOLDER            | 152,033,489       | 7,057,472 | 138,212,264       | 6,415,884 |
| BOARD OF DIRECTORS                 | 8,687             | 481       | 110               | 438       |
| Adriano Magalhães Chaves           | 1                 |           | 1                 |           |
| Aécio Ferreira da Cunha            | 1                 |           |                   |           |
| Antônio Adriano Silva              | 1                 |           | 1                 |           |
| Arcângelo Eustáquio Torres Queiroz | 1                 |           |                   |           |
| Cezar Manoel de Medeiros           | 1                 |           | 1                 |           |
| Djalma Bastos de Moraes            |                   | 55        |                   | 50        |
| Eduardo Borges de Andrade          |                   | 1         |                   |           |
| Fernando Henrique Schüffner Neto   |                   | 424       |                   | 386       |
| Francelino Pereira dos Santos      | 1                 |           | 1                 |           |
| Franklin Moreira Gonçalves         | 1                 |           | 1                 |           |
| Guilherme Horta Gonçalves Junior   | 1                 |           | 1                 |           |
| Guy Maria Villela Paschoal         | 11                |           | 10                |           |
| João Camilo Penna                  | 1                 | 1         | 1                 | 1         |
| Lauro Sérgio Vasconcelos David     | 1                 |           | 1                 |           |
| Luiz Antônio Athayde Vasconcelos   | 1                 |           | 1                 |           |
| Marco Antônio Rodrigues da Cunha   | 1                 |           | 1                 |           |
| Maria Estela Kubitschek Lopes      | 1                 |           | 1                 |           |
| Newton Brandão Ferraz Ramos        | 1                 |           |                   |           |
| Otávio Marques de Azevedo          |                   | 1         |                   |           |
| Paulo Márcio de Oliveira Monteiro  |                   | 421       |                   |           |
| Paulo Roberto Reckziegel Guedes    |                   | 1         |                   |           |
| Paulo Sérgio Machado Ribeiro       | 96                | 1         | 88                | 1         |
| Renato Torres de Faria             |                   | 1         |                   |           |
| Ricardo Antônio Mello Castanheira  | 1                 |           |                   |           |
| Ricardo Coutinho de Sena           |                   | 1         |                   |           |
| Saulo Alves Pereira Júnior         |                   | 1         |                   |           |
| Sérgio Alair Barroso               | 1                 |           | 1                 |           |
| Tarcísio Augusto Carneiro          | 2.201             | 280       |                   |           |

Table of Contents

| NAME                                  | STOCKHOLDING POSITION |                          |    |     |
|---------------------------------------|-----------------------|--------------------------|----|-----|
|                                       | 30.09.2010            | 30.09.2009               |    |     |
|                                       | ON Shares<br>(common) | PN Shares<br>(preferred) | ON | PN  |
| <b>EXECUTIVE BOARD</b>                | 9                     | 479                      | 9  | 436 |
| Djalma Bastos de Moraes               |                       | 55                       |    | 50  |
| Arlindo Porto Neto                    | 1                     |                          | 1  |     |
| Bernardo Afonso Salomão de Alvarenga  | 1                     |                          | 1  |     |
| Fernando Henrique Schüffner Neto      |                       | 424                      |    | 386 |
| José Carlos de Mattos                 |                       |                          |    |     |
| Luiz Fernando Rolla                   | 6                     |                          | 6  |     |
| Luiz Henrique de Castro Carvalho      |                       |                          |    |     |
| Marco Antônio Rodrigues da Cunha      | 1                     |                          | 1  |     |
| Márcio Augusto Vasconcelos Nunes      |                       |                          |    |     |
| <b>AUDIT BOARD</b>                    | 4,400                 |                          |    |     |
| Aliomar Silva Lima                    |                       |                          |    |     |
| Ari Barcelos da Silva                 |                       |                          |    |     |
| Aristóteles Luiz Menezes Vasconcellos |                       |                          |    |     |
| Drummond                              |                       |                          |    |     |
| Helton da Silva Soares                |                       |                          |    |     |
| Luiz Guarita Neto                     |                       |                          |    |     |
| Marcus Eolo de Lamounier Bicalho      |                       |                          |    |     |
| Newton de Moura                       |                       |                          |    |     |
| Rafael Cardoso Cordeiro               | 4,400                 |                          |    |     |
| Thales de Souza Ramos Filho           |                       |                          |    |     |
| Vicente de Paulo Barros Pegoraro      |                       |                          |    |     |

**SHARES IN CIRCULATION**

(OTHER THAN SHARES OWNED BY THE STATE OF MINAS GERAIS) (\*)

| DATE       | COMMON<br>SHARES | %     | PREFERRED<br>SHARES | %     | TOTAL<br>SHARES | %     |
|------------|------------------|-------|---------------------|-------|-----------------|-------|
| 30.09.2010 | 146,229,446      | 49.03 | 376,794,855         | 98.09 | 523,024,301     | 76.64 |
| 30.09.2009 | 132,934,068      | 49.03 | 342,541,418         | 98.09 | 475,475,486     | 76.64 |

(\*) Changes in numbers of shares arise from corporate action and/or events during 2010.

[Table of Contents](#)





Table of Contents

3. Market Announcement Transfer of Shares in Empresa Norte de Transmissão de Energia S.A. (ENTE), Empresa Regional de Transmissão de Energia S.A. (ERTE) and Empresa Catarinense de Transmissão de Energia S.A. (ECTE), Companhia Energética de Minas Gerais CEMIG, November 12, 2010



Table of Contents

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

LISTED COMPANY

CNPJ 17.155.730/0001-64

NIRE 33300266003

**MARKET ANNOUNCEMENT**

**Transfer of shares in ENTE, ERTE and ECTE**

**CEMIG** (*Companhia Energética de Minas Gerais*), a listed company with securities traded on the stock exchanges of São Paulo, New York and Madrid, in accordance with CVM Instruction 358 of January 3, 2002, as amended, and complementing the information given in the Material Announcement of October 28, 2009, hereby publicly informs the Brazilian Securities Commission (CVM), the São Paulo Stock, Commodities and Futures Exchange (BM&F Bovespa S.A.) and the market in general as follows:

On today's date, ownership was transferred to **Cemig** of the following equity interests held by **MDU Resources Luxembourg II LLC**, S.à.r.l. in the following companies:

| Company   | Percentage of voting stock and total stock |
|---|--|
| Empresa Norte de Transmissão de Energia S.A. (ENTE)       | 13.3%;                                     |
| Empresa Regional de Transmissão de Energia S.A. (ERTE)    | 13.3%;                                     |
| Empresa Catarinense de Transmissão de Energia S.A. (ECTE) | 5.73%;                                     |

for the corresponding amount of R\$ 100,498,468.54 (one hundred million four hundred ninety eight thousand four hundred sixty eight Reais and fifty four centavos).

Belo Horizonte, November 12, 2010

Luiz Fernando Rolla

Chief Officer for Finance, Investor Relations and Control of Holdings

Av. Barbacena 1200      Santo Agostinho      30190-131 Belo Horizonte, MG      Brazil Tel.: +55 31 3506-5024      Fax +55 31 3506-5025

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Table of Contents

4. Market Announcement Acquisition of shares in Light: payment and transfer of final tranche, Companhia Energética de Minas Gerais CEMIG, November 17, 2010

Table of Contents

**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

**LISTED COMPANY  
CNPJ 17.155.730/0001-64**

**MARKET ANNOUNCEMENT**

**Acquisition of shares in *Light*: payment and transfer of final tranche.**

In accordance with CVM Instruction 358 of January 3, 2002, as amended, **Cemig** (*Companhia Energética de Minas Gerais*), a listed company with securities traded on the stock exchanges of São Paulo, New York and Madrid, hereby publicly informs the Brazilian Securities Commission (CVM), the São Paulo Stock, Commodities and Futures Exchange (BM&F Bovespa S.A.) and the market in general, that:

On today's date 1,081,649 (one million and eighty one thousand six hundred and forty nine) common shares, representing 0.53% of the voting and total stock of **Light S. A. (Light)** were transferred from the ownership of **Andrade Gutierrez Concessões S.A. (AGC)** to **Companhia Energética de Minas Gerais (CEMIG)**, and the corresponding payment was made. This transfer completes the agreement for acquisition disclosed in the Material Announcement dated March 25, 2010.

The value received by AGC for the sale of these shares was R\$ 30,471,088.05 (thirty million four hundred and seventy one thousand and eighty eight Reais and five centavos), corresponding to R\$ 28.17 (twenty eight Reais and seventeen centavos) per share of Light S.A.

Belo Horizonte, November 17, 2010

Luiz Fernando Rolla  
Chief Officer for Finance, Investor Relations and Control of Holdings

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Table of Contents

5. Summary of Principal Decisions of the 496th Meeting of the Board of Directors, Companhia Energética de Minas Gerais CEMIG, November 18, 2010

Table of Contents

**COMPANHIA ENERGÉTICA DE MINAS GERAIS - CEMIG**

**LISTED COMPANY**

**CNPJ 17.155.730/0001-64**

**NIRE 31300040127**

**BOARD OF DIRECTORS**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 496th meeting, held on November 18, 2010, the Board of Directors of Companhia Energética de Minas Gerais decided the following matters:

1-Constitution of a consortium, with Light Energia S.A.

2-Signing of partnership arrangements with Municipal Councils for the Rights of Children and Adolescents.

3-Signing of a working agreement for participation in the Mixed Benefits Pension Plan (Plan B), between Cemig Saúde and Forluz.

4-Signing of amendments with Banco do Brasil.

5-Signing of a loan agreement with Lightger S.A.

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6-Increase in the registered capital of UTE Barreiro.

7- Increase in the registered capital of Itaocara Energia S.A.

8- Filing of a legal action.

9- Signing of terms of settlement and quittance of an assignment agreement.

10-Signing of an undertaking for offsetting, settlement and other matters.

11-New valuation of generation assets.

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Table of Contents

6. Summary of Principal Decisions of the 124th Meeting of the Board of Directors, Cemig Geração e Transmissão S.A.,  
November 18, 2010

140

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Table of Contents

**CEMIG GERAÇÃO E TRANSMISSÃO S.A.**

**LISTED COMPANY**

**CNPJ 06.981.176/0001-58**

**NIRE 31300020550**

**BOARD OF DIRECTORS**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 124th meeting, held on November 18, 2010, the Board of Directors of Cemig Geração e Transmissão S.A. decided the following matters:

1. Signing of a working agreement for participation in the Mixed Benefits Pension Plan (Plan B), between Cemig Saúde and Forluz.
2. Constitution of a consortium, with Light Energia S.A.
3. Signing of amendments with Banco do Brasil.
4. Signing of partnership arrangements with Municipal Councils for the Rights of Children and Adolescents.

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Table of Contents

7. Summary of Principal Decisions of the 117th Meeting of the Board of Directors, Cemig Distribuição S.A., November 18, 2010

Table of Contents

**CEMIG DISTRIBUIÇÃO S.A.**

**LISTED COMPANY**

**CNPJ 06.981.180/0001-16**

**BOARD OF DIRECTORS**

**SUMMARY OF PRINCIPAL DECISIONS**

At its 117th meeting, held on November 18, 2010, the Board of Directors of Cemig Distribuição S.A. decided the following matter:

- 1- Award of Lot 6 of Electronic Auction 530 H00616.
- 2- Award of Sole Lot of Electronic Auction 530 H01111.
- 3- Signing of contractual amendment with Embratel Re-ratification of CRCA.
- 4- Signing of an amendment to contract with A&C Centro de Contatos S.A. / Re-ratification of CRCA.
- 5- Signing of partnership arrangements with Municipal Councils for the Rights of Children and Adolescents.

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- 6- Signing of a working agreement for participation in the Mixed Benefits Pension Plan (Plan B), between Cemig Saúde and Forluz.
- 7- Signing of amendments with Banco do Brasil.
- 8- Signing of an amendment to the Contract for Implementation of the Cresceminas Program.
- 9- Revision of Phase III of the Luz para Todos (*Light for Everyone*) Program.

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