

ENERGY CO OF MINAS GERAIS

Form 6-K

May 19, 2009

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## **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 May 2009**

**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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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/ Luiz Fernando Rolla  
Name: Luiz Fernando Rolla  
Title: Chief Financial Officer, Investor Relations  
Officer and Control of Holdings Officer

Date: May 19, 2009

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1. Earnings Release 1st Quarter 2009, Companhia Energética de Minas Gerais CEMIG

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**Brazil's Best Electricity**

**EARNINGS RELEASE**

**1Q09**

**Companhia Energética de Minas Gerais**

**Cemig H**

**(Holding Company)**

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*Cemig's CEO, Djalma Bastos de Moraes, says:*

*Our exceptional result in the first three months of 2009 reflects the success of our Long-term Strategic Plan and the strategy specified in it, which by focusing on the long-term gives Cemig an unparalleled position at this moment in the Brazilian economy, rewarding its stockholders with solid and consistent results.*

*We have successfully concluded two major acquisitions, which as well as adding value to the Company's business, position Cemig as the leader in the Brazilian electricity sector.*

*In spite of the recent deterioration in world economic conditions we have maintained our economic and financial planning, including capital expenditure, amortizations of debt and payment of dividends.*

*This comfortable situation is the result of a group of strategies which range from the maintenance of a balanced portfolio of business to our financial discipline, including our electricity sales strategy, which succeeded in mitigating the lower revenue of our distribution Company arising from the revision of its tariff levels. We continued to do our homework, growing in all sectors in a balanced fashion, with a focus on operational excellence and reduction of expenses, mitigating risks and taking advantage of all the synergies that a Company with integrated businesses and of Cemig's scale offers.*

*Finally, the results presented here show that we are on the right path, and that the decisions taken in recent years are constantly adding value to our business, making Cemig an increasingly strong, solid Company with efficient corporate management.*

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*Cemig's CFO, Luiz Fernando Rolla, comments as follows:*

*In the first quarter of 2009 our Company continues to report consistent, robust cash flow, as a result of our effort, in our operations, incessantly and continually to add value to our businesses.*

*Our adjusted Ebitda was R\$ 974 million, with Ebitda margin of 38%, boosted by our policy of maintaining high levels of operational efficiency, and a level of excellence evidenced by our net Income, which when adjusted for non-recurring effects was R\$ 463 million in this first quarter of 2009.*

*This new level of cash flow is in line with the figures estimated in our financial projections and in the Long-term Strategic Plan, reflecting the correctness of our strategy of growth via acquisitions and new projects, within the process of consolidation of the sector.*

*Cemig Distribution's Tariff Review, and its non-recurring effects, are recorded in this quarter, but their impact on our result is mitigated by our portfolio of businesses since the Cemig Group is made up of 49 companies and 10 consortia, with synergy between their operations, and is increasingly profitable, with a position of lower risk and greater stability of long-term results.*

*Our solid cash position of R\$ 2.7 billion enables the execution of our Strategic Plan, our dividend policy and our management of debt, along with execution of planned capital expenditure, including investments associated with acquisition opportunities.*

*The excellent results which we now present show that we continue to add value, continuously and sustainably, to all our stockholders and stakeholders. The highlights of this quarter are on the next page.*



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• **CEMIG HIGHLIGHTS of 1Q09**

(Thousands of Reais except where otherwise indicated)

- Adjusted Ebitda: *R\$ 974 million*
- Adjusted net Income: *R\$ 463 million*
- Net sales revenue: *R\$ 2.6 billion*
- Cash position: *R\$ 2.7 billion*
- Volume sold in 1Q09: *14,552 GWh*
- Our stock prices: changes in the last twelve months:

|        | Close of<br>1Q09 | Close of<br>1Q08 | Change<br>% |
|--------|------------------|------------------|-------------|
| CMIG 4 | R\$ 26.10        | R\$ 22.21        | +17.51      |
| CMIG 3 | R\$ 19.36        | R\$ 18.99        | +1.94       |
| CIG    | US\$ 14.17       | US\$ 16.16       | -12.31      |
| CIG.C  | US\$ 11.00       | US\$ 15.71       | -29.98      |
| XCMIG  | 11.15            | 11.27            | -1.06       |

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• **Economic summary**

|                      |        | 1Q09   | 1Q08   | Change (%) |
|----------------------|--------|--------|--------|------------|
| Energy sold*         | GWh    | 14,552 | 14,018 | 4%         |
| Gross revenue        | R\$ mn | 3,727  | 4,203  | -11%       |
| Adjusted net revenue | R\$ mn | 2,580  | 2,693  | -4%        |
| Adjusted Ebitda      | R\$ mn | 974    | 1,023  | -5%        |
| Adjusted net Income  | R\$ mn | 463    | 452    | 2%         |

\* Includes figures for Light S.A.

• **Non-recurring effects in 1Q09**

Tariff Review final figures

In March 2009, Aneel homologated the final result of the Tariff review of Cemig Distribuição, with effects backdated to April 2008.

The final figures result in an average reduction of 19.62% in the tariffs of Cemig Distribuição, compared to an average reduction, applied provisionally in April 2008, of 18.09%.

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 in the results are related principally to reduction in the value of the Reference Company, used as the basis for reimbursement of the Company's manageable costs, and also of the review by Aneel of the criterion for calculation of the reimbursement, in the tariff, of the financial regulatory assets. This resulted in discounting of the amounts which, in the

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Regulator's view, were included in excess in recording of the Company's Tariff Adjustment in 2008

This table shows the summary of the non-recurring effects, and the adjusted results:

**Net Income and Ebitda Adjusted - CEMIG Consolidated**

**Summary of the non-recurring effects**

| Valores R\$ milhões                         | 1T09       | 1T08         | Δ%          |
|---|------------|--------------|-------------|
| <b>Lucro Líquido</b>                        | <b>336</b> | <b>490</b>   | <b>-31%</b> |
| (a) Revisão tarifária - receita líquida     | 141        | (41)         |             |
| (b) Revisão tarifária - despesa operacional | (14)       | 3            |             |
| <b>Lucro Líquido ajustado</b>               | <b>463</b> | <b>452</b>   | <b>2,5%</b> |
| <b>LAJIDA</b>                               | <b>781</b> | <b>1.081</b> | <b>-28%</b> |
| (a) Revisão tarifária - receita líquida     | 214        | (62)         |             |
| (b) Revisão tarifária - despesa operacional | (21)       | 4            |             |
| <b>LAJIDA ajustado</b>                      | <b>974</b> | <b>1.023</b> | <b>-5%</b>  |

From this point onward in the analysis below, unless otherwise indicated all references to Net revenue, Ebitda and Net Income refer to the reported figure, not the adjusted figure.

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- Our consolidated electricity market

Our consolidated sales in 1Q09 totaled 14,552 GWh, 4% more than in 1Q08.

This market can be separated into three segments: sales to final consumers, sales to other concession holders, and sales on the wholesale Electricity Trading Chamber (CCEE).

**Sales to final consumers**

Our market in sales to final consumers was 1.6% smaller in 1Q09 than in 1Q08, mainly because consumption by the industrial category of consumers was 8.3% lower while strong growth continued in the residential and commercial consumer categories.

The lower figure directly reflects lower economic activity throughout Brazil and specifically in the State of Minas Gerais, which because it has a strong industrial base, principally in commodities and steel, showed a considerable reduction in its rate of economic growth.

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This table shows the breakdown of our sales to final consumers and YoY changes from 1Q08 to 1Q09:

|  | MWh               |                   |              |
|--|-------------------|-------------------|--------------|
| Electricity volume sold                          | 1Q09              | 1Q08              | Δ%           |
| Residential                                      | 2,446,236         | 2,236,580         | 9.4%         |
| Industrial                                       | 5,593,627         | 6,101,503         | -8.3%        |
| Commercial                                       | 1,566,568         | 1,477,530         | 6.0%         |
| Rural  | 455,518           | 456,423           | -0.2%        |
| Other  | 896,961           | 868,874           | 3.3%         |
| <b>Electricity sold to final consumers (MWh)</b> | <b>10,958,930</b> | <b>11,140,910</b> | <b>-1.6%</b> |
| Own consumption                                  | 12,815            | 13,106            | -2.2%        |
| Supply to other concession holders               | 2,748,037         | 2,712,266         | 1.3%         |
| Transactions in electricity on the CCEE          | 832,304           | 152,163           | 447%         |
| <b>TOTAL</b>                                     | <b>14,552,086</b> | <b>14,018,445</b> | <b>3.8%</b>  |

This chart shows electricity sales by category of consumer:

**Sales to final consumers (%)**

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**Supply to other concession holders**

Due to the lower demand from industrial consumers, at the end of 2008 Cemig began to give priority to sales in the regulated market where sales to other electricity distributors are made.

This is reflected by the 1.3% increase in wholesale supply to other concession holders, with a total value of 2,748 GWh in 1Q09. This selling strategy, allied to good selling prices, enabled the Cemig Group to mitigate part of the adverse effects produced by the reduction in demand from industry.

**Sales on the CCEE (Electricity Trading Chamber)**

In view of the reduction in the demand for electricity from its free consumers, sending reallocated the electricity in the short-term market, through sales on the CCEE, that increased to, due to the higher assured energy in the quarter according the criteria of the interconnected operation of the Hydro Power Plants.

In the first quarter of 2009 these sales totaled 832,304 MWh, 447% more than in 1Q08.

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- **Electricity market: Distribution**

**Cemig D**

The electricity market of Cemig Distribution ( **Cemig D** ) showed a substantial increase, of 4.68%, in 1Q09, due to a strong increase in consumption by the residential and commercial consumer categories.

Towards the end of 2008 consumption by industry began to fall significantly, and it was nearly 21% lower in 1Q09 than in 4Q08 though only 3.43% lower in 1Q09 than in 1Q08.

The table shows Cemig D's sales by consumer category:

| Electricity sales | Cemig D | MWh          |              |             |
|-------------------|---------|--------------|--------------|-------------|
|                   |         | 1Q09         | 1Q08         | Δ%          |
| Residential       |         | 1,905        | 1,730        | 10.12       |
| Industrial        |         | 1,183        | 1,225        | -3.43       |
| Commercial        |         | 1,160        | 1,085        | 6.91        |
| Rural             |         | 452          | 453          | -0.22       |
| Other             |         | 707          | 673          | 5.05        |
| <b>TOTAL</b>      |         | <b>5,408</b> | <b>5,166</b> | <b>4.68</b> |

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**Cemig D Breakdown of sales by consumer type (%)**

**RME LIGHT**

The table below shows the sales of Light SESA, a distribution Company operating in Rio de Janeiro State and controlled by Rio Minas Energia (RME), in which Cemig holds a 25% interest.

Light's sales (of which Cemig consolidates 25%, representing its holding in RME), at 1,251 GWh, were 4% higher in 1Q09 than 1Q08. The fall in consumption by industry was offset by growth in the residential and commercial categories.

The main reason for the higher volume sold was climatic – higher average temperature, increasing the demand by the residential sector, in spite of interruption of billing of Energia Plus, which is a package offered to large clients with their own generation capacity during peak consumption hours.



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| Electricity sales | Light | MWh          |              |           |
|-------------------|-------|--------------|--------------|-----------|
|                   |       | 1Q09         | 1Q08         | Δ%        |
| Residential       |       | 541          | 507          | 7%        |
| Industrial        |       | 108          | 113          | -4%       |
| Commercial        |       | 396          | 383          | 3%        |
| Other             |       | 206          | 202          | 2%        |
| <b>TOTAL</b>      |       | <b>1,251</b> | <b>1,205</b> | <b>4%</b> |

For more details on Light's sales see:

[http://www.mzweb.com.br/light/web/arquivos/Light\\_Press\\_Release\\_1T09\\_eng.pdf](http://www.mzweb.com.br/light/web/arquivos/Light_Press_Release_1T09_eng.pdf)

- **The electricity market: Generation**

**Cemig GT**

Cemig sold 7,923 GWh in 1Q09, 4.1% more than in 1Q08 (7,610 GWh).

The increase in the sales volume figure reflects reallocation of sales from the free market to the regulated market and on the CCEE. This strategy enabled the Company to mitigate the effects of the decrease in the rate of growth of the economy of Brazil, and of the State of Minas Gerais.

With this successful strategy Cemig GT achieved net revenue 7% higher in 1209 than in 1Q08. It is important to note that the Company seeks at all times to minimize the risk related to the sale of energy, seeking contracts for the long term and with low flexibility (high Take or Pay ) this creates greater predictability and less dependence by the Company on the performance of the market in the short-term.

This table gives the breakdown of Cemig GT's sales by volume:

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|                         | MWh          |              |  |             |
|-------------------------|--------------|--------------|--|-------------|
| Sales of Cemig GT       | 1Q09         | 1Q08         |  | Δ%          |
| <b>Free consumers</b>   | 4,137        | 4,493        |  | -7.92       |
| <b>Wholesale supply</b> | 3,013        | 2,980        |  | +1,11       |
| <b>TOTAL</b>            | <b>7,923</b> | <b>7,610</b> |  | <b>+3,7</b> |

**Independent power producers**

Cemig is a partner in eight Independent Power Producers, whose sales in 1Q09 were 13% lower year-on-year, reflecting the reduction in sales to the commercial consumer category. This reduction was partly attenuated by the start up of the Cachoeirão plant, which added 8 GWh in independent generation sales.

| Independent Generation sales | GWh        |            |  |             |
|------------------------------|------------|------------|--|-------------|
|                              | 1Q09       | 1Q08       |  | Δ%          |
| Horizontes                   | 16         | 22         |  | -27         |
| Ipatinga                     | 44         | 84         |  | -48         |
| Sá Carvalho                  | 110        | 118        |  | -7          |
| Barreiro                     | 23         | 25         |  | -8          |
| Cemig PCH S.A                | 29         | 32         |  | -9          |
| Rosal                        | 55         | 55         |  | 0           |
| Capim Branco                 | 122        | 131        |  | -7          |
| Cachoeirão                   | 8          |            |  |             |
| <b>Sales on the CCEE</b>     | <b>26</b>  | <b>6</b>   |  | <b>+333</b> |
| <b>TOTAL</b>                 | <b>433</b> | <b>473</b> |  | <b>-8%</b>  |

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- Consolidated operational revenue**

| R\$ million                                       | 1Q09    | 1Q08    | Δ%  |
|---|---------|---------|-----|
| <b>Sales to final consumers</b>                   | 3,041   | 3,257   | -7  |
| <b>TUSD</b>                                       | 274     | 309     | -11 |
| <b>Effect of the Definitive Tariff Adjustment</b> | (265)   |         |     |
| <b>Subtotal</b>                                   | 3,050   | 3,566   | -14 |
| <b>Wholesale sales, and transactions on CEEE</b>  | 360     | 319     | 13  |
| <b>Revenue for use of the transmission grid</b>   | 179     | 172     | 4   |
| <b>Retail supply of gas</b>                       | 72      | 92      | -22 |
| <b>Others</b>                                     | 66      | 54      | 22  |
| <b>Subtotal</b>                                   | 3,727   | 4,203   | -11 |
| <b>Deductions</b>                                 | (1,361) | (1,448) | -6  |
| <b>Net sales revenue</b>                          | 2,366   | 2,755   | -14 |

**Gross revenue from supply of electricity****Final consumers**

Gross revenue from supply of electricity in 1Q09 was R\$ 3,136,503, 12.27% less than the revenue of R\$ 3,575,243 in 1Q08.

This increase was basically due to the following factors:

- Tariff readjustment of Cemig Distribution (Cemig D), with an average reduction of 12.24% in consumer tariffs, starting from April 8, 2008.
- Volume of energy invoiced to final consumers 1.6% lower (this excludes Cemig's own internal consumption).
- Regulatory liabilities arising from the Company's Tariff Review, backdated to 2009, representing reduction of R\$ 213,803 in gross revenue.

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- Contractual increases in average tariff charged by Cemig GT due to contractual increases (mainly indexed to IGP-M inflation index).

**Supply to other concession holders**

Revenues from energy sold to other concession holders, bilateral contracts, and sales in the wholesale energy market (CCEE) totaled R\$ 359,504 in 1Q09, 12.82% more than in 1Q08 (R\$ 318,649). This is basically due to sales, in these markets, of part of the electricity previously sold to industrial consumers reflecting the reduction in these consumers' demand as a result of the impact of the recession on industry.

**Revenue from use of the network**

Revenue from use of the network was 6.13%, or R\$ 29,500, lower year-on-year in 1Q09, at R\$ 452,092, compared to R\$ 481,592 in 1Q08. This revenue comes mainly from charges to free consumers on electricity sold by other agents of the electricity sector, and was lower due to lower volume of transport of electricity to these free consumers, reflecting the effect of the recession on Brazilian manufacturing output.

A breakdown of the balance is in Explanatory Note 25 to the Consolidated Quarterly Information.

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- **Ebitda**

Adjusted Ebitda in the first 3 months of 2009 was R\$ 974 million, 4.79% less than in 1Q08 (R\$ 1,023 million).

Cemig s recorded Ebitda in 1Q09 was R\$ 780,684, 27.81% lower than in 1Q08, which posted Ebitda of R\$ 1,081,448.

As part of the tariff review of Cemig D, Aneel included in the tariff to be applied as from April 8, 2009 certain financial items relating to previous business years which resulted in the recognition of regulatory assets and liabilities which will be received and/or discounted in the tariff to be applied in the period April 8, 2009 to April 7, 2010.

The financial items mentioned relate principally to reduction of the costs of the Reference Company used by Aneel in calculating reimbursement to the Company of its controllable costs, with effect backdated to April 2008. Recognition of this non-recurring item results in a *negative* contribution of R\$ 192,816 to Ebitda.

In the previous period the company also made non-recurring adjustments relating to the tariff review, but they had positive effect in the income statement.

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This table shows these non-recurring adjustments:

|   | 1Q09     | 1Q08      | Change,<br>% % |
|---|----------|-----------|----------------|
| Net Income  | 336,242  | 490,280   | (31.42)        |
| + Provision for current and deferred income tax and Social Contribution | 187,999  | 276,097   | (31.91)        |
| + Employees and managers shares in results                              | 27,424   | 22,058    | 24.33          |
| + Financial revenues (expenses)   | 37,757   | 79,112    | (52.27)        |
| + Depreciation and amortization   | 171,042  | 201,481   | (15.11)        |
| + Minority interests  | 20,220   | 12,420    | 62.80          |
| EBITDA  | 780,684  | 1,081,448 | (27.81)        |
| Non-recurring items:  |          |           |                |
| - Tariff review Net revenue   | 213,803  | (62,464)  |                |
| + Tariff review Operational expense                                     | (20,987) | 4,330     |                |
| = ADJUSTED EBITDA   | 973,500  | 1,023,314 | (4.87)         |

*(Method of calculation not reviewed by our external auditors.)*

- Net Income**

Adjusted net Income in 1Q08 was R\$ 463 million, 2.5% higher than in 1Q08 (R\$ 452 million).

Cemig reported a recorded 1Q09 net Income of R\$ 336,242, which is 31.42% lower than its 1Q08 net Income of R\$ 490,280.

This lower Income reflects, mainly, extraordinary adjustments in the first quarter of 2009 as a result of the definitive value decided by Aneel for the Company's Tariff Review, which had a negative impact of R\$ 127 million on the result. An extraordinary positive adjustment, of R\$ 38 million, was made to the income statement of 1Q08, also related to the tariff review.

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- **Deductions from operational revenues**

Deductions from operational revenues in 1Q08 totaled R\$ 1,360,541, 6.07% less than in 1Q08 (R\$ 1,448,478).

Main year-on-year variations in the deductions from revenue:

**Fuel Consumption Account CCC**

The deduction from revenue for the CCC was R\$ 122.62 million in 1Q09, compared to R\$ 77.23 million in 1Q08, i. e. 58.78% higher. This refers to the operational costs of thermal plants in the Brazilian grid and isolated systems, split pro-rata between electricity concession holders by an Aneel Resolution. This is a non-controllable cost. The amount posted for electricity distribution services corresponds to the amount actually passed through to the tariff. For the amount posted in relation to electricity transmission services the Company merely passes through the charge, since the CCC is charged to Free Consumers on the invoice for the use of the basic grid, and passed on to Eletrobrás.

**Energy Development Account CDE**

The deduction from revenue for the CDE was R\$ 93,462 in 1Q09, 4.03% lower than in 1Q08 (R\$ 97,387). The payments are specified by an Aneel Resolution. This is a non-controllable cost. The amount posted for electricity distribution services corresponds to the amount actually passed through to the tariff. For the amount posted in relation to electricity transmission services the Company merely passes through the charge since the CCC is charged to free consumer on the invoice for the use of the grid and passed on to Eletrobrás.

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The other deductions from revenue are for taxes calculated as a percentage of billing, and their variations thus substantially arise from the changes in revenue. It should be noted that the taxes applicable to the extraordinary adjustments mentioned above, and deducted from revenue in 2009, have not been calculated.

- **Non-controllable costs**

Differences between the non-controllable costs assumed in calculating tariff adjustments, and disbursements actually made, are recorded in an account known as the CVA (cost variation account), and their total is offset in subsequent tariff adjustments. CVA amounts are registered in Current and Non-current assets. Complying with the Aneel Chart of Accounts, some items are allocated as Deductions from operational revenue. Further information is given in Explanatory note No. 8 to the Quarterly Information.

As from March 2008 the Company began to receive, in the tariff, the amounts posted in assets under Portion A . The portion of the non-controllable costs which were actually received in the tariff is transferred to Operational expenses.

- **Operational costs and expenses**

(excluding Financial revenue/expenses)

Operational costs and expenses (excluding net financial revenue (expenses)) totaled R\$ 1,756,680 in 1Q09, 6.30% less than in 1Q08 (R\$ 1,874,692). This result basically reflects lower costs of purchase of electricity, post-employment benefits and depreciation. Further information is given in Explanatory Note 28 to the Consolidated Quarterly Information.

The main year-on-year variations in expenses are:



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**Personnel expenses**

Personnel expenses totaled R\$ 298.02 million in 1Q09, 4.80% higher than in 1Q08 (R\$ 284.36 million). The total reflects these factors:

- Salary adjustment of 7.26% given to the employees of the holding Company, of Cemig D and Cemig GT in November 2008.
- Provision for the Voluntary Dismissal Program (PPD), in the amount of R\$ 6.11 million, in 1Q08, compared to a reversal of provision, of R\$ 2.22 million, in 1Q09.
- Higher transfer of costs from personnel expenses to works in progress (R\$ 25.86 million in 1Q09, vs. R\$ 19.19 million in 1Q08) due to the higher capital expenditure program in 2009.

Further information on the composition of personnel expenses is given in Explanatory Note 28 to the Quarterly Information.

**Electricity bought for resale**

Expenses on electricity purchased for resale totaled R\$ 671.84 million in 1Q09, 7.38% less than in 1Q07 (R\$ 725,366). This is a non-controllable cost; the amount deducted from revenue is passed through to tariffs.

**Charges for use of the transmission grid**

The expense on charges for use of the transmission network in 1Q09 was R\$ 204.19 million in 1Q09, 18.49% more than in 1Q08 (R\$ 172.32 million).

These charges are payable by distribution and generation agents for use of the facilities and components of the national grid, and are set by Aneel resolution. This is a non-controllable cost, with the deduction from revenue recorded corresponding to the value effectively passed through to the tariff.



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**Depreciation and amortization**

Expense on depreciation and amortization was 15.11% lower, at R\$ 171,042, in 1Q09, than in 1Q08 (R\$ 201,481). This result is substantially due to the depreciation applied to the Special Obligations as from April 2008, the start of the second Tariff Review Cycle.

**Post-employment obligations**

Expenses on post-employment obligations were 44.89% lower, at R\$ 33.987 million, in 1Q09, than in 1Q08 (R\$ 61.668 million). These expenses basically represent interest on the actuarial liabilities of the Company, net of the expected return on pension plan assets, as estimated by an external actuary. The reduction in this expense reflects the reduction in the updated value of the obligations recorded, as a result of the increase in the interest rate used to discount these obligations to present value.

**Operational provisions**

Operational provisions in 1Q09 totaled R\$ 53,487, 44.49% less than in 1Q08 (R\$ 96,353). The difference reflects a lower provision for doubtful receivables and litigation contingencies in 2009. See more information in Expansion in its 22 and 28 of the Consolidated Quarterly Information.

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**Gas purchased for resale**

The cost of gas purchased for resale was R\$ 39.314 million in 1Q09, 26.41% lower than in 1Q08 (R\$ 53.420 million). This reflects lower purchases of gas in 2009, in turn reflecting the effect of the recession on industry.

**Outsourced services**

Expenses on outsourced services in 1Q09 were R\$ 160.66 million, 10.99% higher than in 1Q08 (R\$ 144.75 million). The difference mainly reflects higher expenditure on maintenance and conservation of electricity facilities and increases in service provision contracts.

• **Financial revenues (expenses)**

The Company posted net financial *expenses* of R\$ 37.76 million for 1Q09, which compares with net financial *expenses* of R\$ 79.11 million in 1Q08. The main factors affecting net financial revenues (expenses) were:

- Revenue from cash investments was 23.24% higher in 1Q09, due to a higher volume of cash invested. In 1Q09 this revenue was R\$ 66.38 million, compared to R\$ 53.86 million in 1Q08.
- Revenue from penalty payments on electricity invoices in arrears in 1Q09, at R\$ 27.51 million, was R\$ 23.20 million less than in 1Q08 (R\$ 50.708 million). This difference is mainly due to higher revenue in Cemig D in 1Q08, on settlement of accounts of large industrial consumers for previous years, in which the value of the principal was considerably less than the amount added in payments for arrears.
- Revenue from monetary updating on the General Agreement for the Electricity Sector 65.83% lower, at R\$ 15,446 in 1Q09, compared to R\$ 45,206 in 1Q08 reflecting the lower value of the regulatory

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assets in 2009, due to the values of the principal regulatory assets previously constituted having been amortized.

- Revenue from monetary updating and interest on the Deferred Tariff Adjustment 93.14% lower, at R\$ 1.78 million, in 1Q09, than in 1Q08 (R\$ 25.90 million), due to the reduction of the asset by receipt of amounts receivable, in electricity invoices. For more information please see Explanatory Note 11 to the Consolidated Quarterly Information (ITR).
- Lower Monetary adjustment on loans and financings, at R\$ 3.82 million in 1Q09 compared with R\$ 24.02 million in 1Q08 reflecting higher variation in inflation indices in 1Q09 than in 1Q08.
- Reversal of a provision of R\$ 8.72 million for losses on free energy, which compares with a provision of R\$ 15.99 million made in 1Q08 this results from an adjustment in the estimate for receipt of amounts from distributors.

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

**Income tax and Social Contribution tax**

Cemig's expenses on income tax and the Social Contribution tax in 1Q09 totaled R\$ 187,999, on Income of R\$ 571,885, before tax effects, a percentage of 32.87%. In 1Q08, the Company posted expenses on income tax and Social Contribution of R\$ 276,097 million, 34.48% of the pre-tax Income of R\$ 800,855. These effective rates are compared with the nominal rates in Note 10 to the Consolidated Quarterly Information.

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- **Disclaimer**

Some statements and assumptions in this document are projections based on the viewpoint and assumptions of management, and involve risks and uncertainties both known and unknown. Future outcomes may differ materially from those expressed or implicit in such statements.

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## CEMIG GT Tables I to III

## Chart I

## Operating Revenues (consolidated) - CEMIG GT

Values in million of Reais

|   | 1st Q. 2009 | 1st Q. 2008 | 2008         |
|---|-------------|-------------|--------------|
| Sales to end consumers                                  | 412         | 429         | 1,934        |
| Supply  | 357         | 292         | 1,220        |
| Revenues from Trans. Network + Transactions in the CCEE | 151         | 150         | 617          |
| Others  | 6           | 7           | 30           |
| <b>Subtotal</b>   | <b>926</b>  | <b>878</b>  | <b>3,801</b> |
| Deductions  | (194)       | (195)       | (853)        |
| <b>Net Revenues</b>                                     | <b>732</b>  | <b>683</b>  | <b>2,948</b> |

## Chart II

## Operating Expenses (consolidated) - CEMIG GT

Values in millions of reais

|   | 1st Q. 2009 | 1st Q. 2008 | 2008         |
|---|-------------|-------------|--------------|
| Personnel/Administrators/Councillors          | 69          | 64          | 260          |
| Depreciation and Amortization                 | 56          | 56          | 224          |
| Charges for Use of Basic Transmission Network | 72          | 64          | 272          |
| Contracted Services                           | 24          | 17          | 114          |
| Forluz Post-Retirement Employee Benefits      | 7           | 12          | 48           |
| Materials                                     | 3           | 3           | 17           |
| Royalties                                     | 35          | 31          | 127          |
| Operating Provisions                          |             |             | 1            |
| Other Expenses                                | 14          | 25          | 102          |
| Purchased Energy                              | 27          | (9)         | 83           |
| Raw material for production                   |             | 22          | 83           |
| <b>Total</b>                                  | <b>307</b>  | <b>285</b>  | <b>1,331</b> |

## Chart III

## Statement of Results (Consolidated) - CEMIG GT

Values in millions of reais

|   | 1st Q. 2009 | 1st Q. 2008 | 2008         |
|---|-------------|-------------|--------------|
| Net Revenue   | 732         | 683         | 2,948        |
| Operating Expenses  | (307)       | (285)       | (1,248)      |
| <b>EBIT</b>   | <b>425</b>  | <b>398</b>  | <b>1,700</b> |
| <b>EBITDA</b>   | <b>481</b>  | <b>454</b>  | <b>1,924</b> |
| Financial Result  | (50)        | (80)        | (245)        |
| Provision for Income Taxes, Social Cont & Deferred Income Tax | (137)       | (107)       | (383)        |
| Employee Participation  | (6)         | (5)         | (86)         |
| <b>Net Income</b>   | <b>232</b>  | <b>206</b>  | <b>986</b>   |



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**CEMIG D - Tables I to IV**

**Chart I**

**CEMIG D Market**

| <b>Quarter</b> | <b>Captive Consumers</b> | <b>(GWh)<br/>TUSD<br/>ENERGY(1)</b> | <b>T.E.D(2)</b> | <b>GW<br/>TUSD<br/>PICK(3)</b> |
|----------------|--------------------------|-------------------------------------|-----------------|--------------------------------|
| 1Q06           | 4,856                    | 4,053                               | 8,909           | 17.4                           |
| 2Q06           | 4,986                    | 4,207                               | 9,193           | 17.8                           |
| 3Q06           | 5,069                    | 4,286                               | 9,355           | 18.1                           |
| 4Q06           | 5,059                    | 4,194                               |                 |                                |