ENERGY CO OF MINAS GERAIS
Form 6-K
April 07, 2011
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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 April 2011**

**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.

Form 20-F x Form 40-F o

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): o

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): o

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 o No x

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: April 7, 2011

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**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

**LISTED COMPANY**

**CNPJ 17.155.730/0001-64**

**NIRE 31300040127**

**MARKET ANNOUNCEMENT**

**Feasibility study for São Paulo-Uberaba gas pipeline**

**Cemig** (Companhia Energética de Minas Gerais), a listed company with securities traded on the stock exchanges of São Paulo, New York and Madrid, as part of its commitment to best corporate governance practices, and in relation to recent reports in the media, hereby informs the public as follows:

- Today **Cemig**, **Petrobras** and the government of the **State of Minas Gerais** signed a Letter of Intent to study the construction of a gas pipeline linking São Paulo to Uberaba, with a view, initially, to supplying the Nitrogenated Fertilizer Plant (UFN V) to be built by **Petrobras**.

- This letter of intent, which has a period of two years, does not include participation by the company in construction of the fertilizer plant, but only the carrying out of technical and feasibility studies for taking part in the construction of the gas pipeline.

Cemig will keep its stockholders and the market opportunely and properly informed on the progress of this project.

Belo Horizonte, March 17, 2011

Luiz Fernando Rolla

Chief Officer for Finance, Investor Relations and Financial Control of Holdings

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

**This text is a translation, provided for information only. The original text in Portuguese is the legally valid version.**

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2. Presentation Cemig s 2010 Results, Companhia Energética de Minas Gerais CEMIG, March 29, 2011

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**APPENDIX**

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**Cemig Consolidated charts from I to IX (Values in million of Reais)**

Charts I

| Energy Sales (Consolidated) | 2010 | 2009 | Change% |
|---|---|---|---|
| Residential | 9.944 | 9.744 | 2 |
| Industrial | 24.826 | 22.638 | 10 |
| Commercial | 6.227 | 6.198 | 0 |
| Rural | 2.466 | 2.220 | 11 |
| Others | 3.663 | 3.635 | 1 |
| **Subtotal** | **47.127** | **44.435** | **6** |
| Own Consumption | 53 | 52 | 3 |
| Supply | 14.204 | 13.860 | 2 |
| Transactions on the CCEE | 4.785 | 2.542 | 88 |
| Sales under the Proinfa program | 85 | 20 | |
| **TOTAL** | **66.255,00** | **60.909** | **9** |

Charts II

| Energy Sales | 2010 | 2009 | Change% |
|---|---|---|---|
| Residential | 4.833 | 4.625 | 4 |
| Industrial | 3.936 | 3.856 | 2 |
| Commercial | 2.718 | 2.740 | (1) |
| Rural | 632 | 572 | 10 |
| Others | 1.171 | 1.173 | (0) |
| **Electricity sold to final consumers** | **13.290** | **12.966** | **2** |
| Low-Income Consumers Subsidy | 133 | 265 | (50) |
| Unbilled Supply, Net | (71) | 2 | (3.650) |
| Supply | 1.445 | 1.634 | (12) |
| Transactions on the CCEE | 133 | 137 | (3) |
| **Sales under the Proinfa program** | **24** | **4** | |
| **TOTAL** | **14.954** | **15.008** | **(0,4)** |

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Charts III

**Sales per Company**

**Cemig Distribution**

| **2010 Sales** | **GWh** |
|---|---|
| Industrial | 4.757 |
| Residencial | 8.134 |
| Rural | 2.455 |
| Commercial | 4.776 |
| Others | 2.979 |
| Sub total | 23.101 |
| Wholesale supply | 1.936 |
| **Total** | **25.037** |

**Cemig GT**

| **2010 Sales** | **GWh** |
|---|---|
| Free Consumers | 18.700 |
| Wholesale supply | 15.339 |
| Wholesale supply others | 10.144 |
| Wholesale supply Cemig Group | 1.356 |
| Wholesale supply bilateral contracts | 3.839 |
| Transactions in the CCEE (PLD) | 2.401 |
| **Total** | **36.440** |

**Independent Generation**

| **2010 Sales** | **GWh** |
|---|---|
| Horizontes | 83 |
| Ipatinga | 300 |
| Sá Carvalho | 490 |
| Barreiro | 98 |
| CEMIG PCH S.A | 120 |
| Rosal | 265 |
| Capim Branco | 522 |
| Cachoeirão | 75 |
| Vendas CCEE (PLD) | 103 |
| **TOTAL** | 2153 |

**RME (25%)**

| 2010 Sales | GWh |
|---|---|
| Industrial | 384 |
| Residencial | 1.810 |
| Commercial | 1.365 |
| Rural | 11 |
| Others | 737 |
| Wholesale supply | 1.068 |
| Transactions in the CCEE (PLD) | 345 |
| **Total** | **5.720** |

**Cemig Consolidated by Company**

| 2010 Sales | GWh | Participação |
|---|---|---|
| Cemig Distribution | 25.037 | 38% |
| Cemig GT | 36.440 | 55% |
| Wholesale Cemig Group | 5.720 | 9% |
| Wholesale Light Group | 2.153 | 3% |
| Independent Generation | (2.784) | |
| RME | (311) | |
| **Total** | **66.255** | **100%** |

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Charts IV

| **Operating Revenues** | **2010** | **2009** | **Change%** |
|---|---|---|---|
| Sales to end consumers | 13.351 | 13.233 | 1 |
| TUSD | 1.658 | 1.332 | 24 |
| Supply + Transactions in the CCEE | 1.578 | 1.771 | (11) |
| Revenues from Trans. Network | 1.555 | 903 | 72 |
| Gas Supply | 398 | 307 | 30 |
| Others | 418 | 349 | 20 |
| **Subtotal** | **18.958** | **17.895** | **6** |
| Deductions | (6.095) | (5.737) | 6 |
| **Net Revenues** | **12.863** | **12.158** | **6** |

Charts V

| **Operating Expenses** | **2010** | **2009** | **Change%** |
|---|---|---|---|
| Personnel/Administrators/Councillors | 1.211 | 1.318 | (8) |
| Forluz Post-Retirement Employee Benefits | 107 | 150 | (29) |
| Materials | 134 | 114 | 18 |
| Raw material for production | | 4 | (100) |
| Contracted Services | 923 | 819 | 13 |
| Purchased Energy | 3.722 | 3.199 | 16 |
| Royalties | 140 | 154 | (9) |
| Depreciation and Amortization | 896 | 895 | 0 |
| Operating Provisions | 138 | 124 | 11 |
| Charges for Use of Basic Transmission Network | 728 | 853 | (15) |
| Gas Purchased for Resale | 225 | 166 | 36 |
| Other Expenses | 466 | 312 | 49 |
| Employee Participation | 325 | 238 | 37 |
| Cost from Operation | 201 | 120 | 68 |
| **TOTAL** | **9.216** | **8.466** | **9** |

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Charts VI

| Financial Result Breakdown | 2010 | 2009 | Change% |
|---|---|---|---|
| **Financial revenues** | **849** | **833** | **2** |
| Revenue from cash investments | 392 | 272 | 44 |
| Arrears penalty payments on electricity bills | 137 | 170 | (19) |
| Minas Gerais state government | 129 | 149 | (13) |
| FX variations | 51 | 116 | (56) |
| Pasep and Cofins taxes on financial revenues | (39) | (40) | (1) |
| Gains on financial instruments | 8 | 1 | 530 |
| Adjustment to present value | 17 | 2 | 708 |
| Other | 154 | 163 | (5) |
| **Financial expenses** | **(1.674)** | **(1.188)** | **41** |
| Costs of loans and financings | (1.075) | (799) | 35 |
| FX variations | (37) | (18) | 107 |
| Monetary updating loans and financings | (144) | (9) | 1.443 |
| Monetary updating paid concessions | (42) | | |
| Losses on financial instruments | (14) | (91) | (85) |
| Charges and monetary updating on Post-employment obligations | (142) | (93) | 53 |
| Amortization of goodwill premium /discount on investments | (72) | (34) | 111 |
| Other | (147) | (144) | 2 |
| **Financial revenue (expenses)** | **(825)** | **(354)** | **133** |

Charts VI

| Statement of Results | 2010 | 2009 | Change% |
|---|---|---|---|
| Net Revenue | 12.863 | 12.158 | 6 |
| Operating Expenses | 9.216 | 8.466 | 9 |
| **EBIT** | **3.647** | **3.692** | **(1)** |
| **EBITDA** | **4.543** | **4.588** | **(1)** |
| Financial Result | (825) | (354) | 133 |
| Provision for Income Taxes, Social Cont & Deferred Income Tax | (564) | (1.131) | (50) |
| Minority Shareholders | | (73) | (100) |
| **Net Income** | **2.258** | **2.134** | **6** |

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Charts VII

| BALANCE SHEETS (CONSOLIDATED) - ASSETS | 2010 | 2009 |
|---|---|---|
| **CURRENT** | **8.086** | **8.617** |
| Cash and cash equivalents | 2.980 | 4.425 |
| Securities cash investments | 322 | |
| Consumers and Traders | 2.263 | 2.278 |
| Concession holders transport of energy | 401 | 367 |
| Financial assets of the concession | 625 | 222 |
| Taxes offsetable | 374 | 357 |
| Income tax and Social Contribution recoverable | 490 | 530 |
| Inventories | 41 | 35 |
| Other credits | 590 | 403 |
| **NON-CURRENT** | **25.470** | **21.677** |
| Accounts receivable from Minas Gerais state government | 1.837 | 1.824 |
| Credit Receivables Investment Fund | | |
| Deferred income tax and Social Contribution tax | 1.801 | 1.108 |
| Taxes offsetable | 140 | 115 |
| Income tax and Social Contribution recoverable | 83 | 118 |
| Deposits linked to legal actions | 1.027 | 693 |
| Consumers and Traders | 96 | 161 |
| Other credits | 114 | 115 |
| Financial assets of the concession | 7.316 | 5.508 |
| Investments | 24 | 26 |
| Fixed assets | 8.229 | 8.303 |
| Intangible | 4.804 | 3.705 |
| **TOTAL ASSETS** | **33.556** | **30.294** |

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Charts VIII

| BALANCE SHEETS<br>LIABILITIES AND SHAREHOLDERS EQUITY | 2010 | 2009 |
|---|---|---|
| **CURRENT** | **6.403** | **10.280** |
| Suppliers | 1.121 | 852 |
| Regulatory charges | 384 | 324 |
| Profit shares | 116 | 98 |
| Taxes, charges and contributions | 404 | 419 |
| Income tax and Social Contribution tax | 137 | 127 |
| Interest on Equity and dividends payable | 1.154 | 954 |
| Loans and financings | 1.574 | 5.878 |
| Debentures | 629 | 781 |
| Salaries and mandatory charges on payroll | 243 | 353 |
| Post-employment obligations | 99 | 94 |
| Provision for losses on financial instruments | 69 | 78 |
| Other obligations | 473 | 320 |
| **NON-CURRENT** | **15.676** | **8.849** |
| Regulatory charges | 142 | 152 |
| Loans and financings | 6.244 | 4.044 |
| Debentures | 4.779 | 590 |
| Taxes, charges and contributions | 693 | 327 |
| Income tax and Social Contribution tax | 1.065 | 989 |
| Provisions | 371 | 562 |
| Concessions payable | 118 | 80 |
| Post-employment obligations | 2.062 | 1.915 |
| Other obligations | 201 | 190 |
| **STOCKHOLDERS EQUITY** | **11.476** | **11.166** |
| Registered capital | 3.412 | 3.102 |
| Capital reserves | 3.954 | 3.969 |
| Profit reserves | 2.873 | 3.177 |
| Adjustments to Stockholders equity | 1.209 | 1.343 |
| Accumulated Conversion Adjustment | 1 | 0 |
| Funds allocated to increase of capital | 27 | 27 |
| Accumulated losses | | (453) |
| **TOTAL LIABILITIES** | **33.556** | **30.294** |

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Charts IX

| Cash Flow Statement | 2010 | 2009 | Change% |
|---|---|---|---|
| **Cash at beginning of period** | **4.425** | **2.284** | **94** |
| **Cash generated by operations** | **3.457** | **2.570** | **35** |
| Net profit | 2.258 | 2.134 | 6 |
| Depreciation and amortization | 896 | 936 | (4) |
| Suppliers | 269 | (40) | (773) |
| Provisions for operational losses | (78) | (168) | (54) |
| Other adjustments | 112 | (292) | (138) |
| **Financing activities** | **(377)** | **3.270** | **(112)** |
| Financings obtained and capital increase | 6.227 | 5.223 | 19 |
| Payments of loans and financings | (4.775) | (1.016) | 370 |
| Interest on Equity, and dividends | (1.829) | (937) | 95 |
| **Investment activity** | **(4.525)** | **(3.699)** | **22** |
| Investments | (1.880) | (1.390) | 35 |
| Fixed and Intangible assets | (2.645) | (2.309) | 15 |
| **Cash at end of period** | **2.980** | **4.425** | **(33)** |

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**Cemig GT charts from I to III (Values in million of Reais)**

Charts I

| **Operating Revenues** | **2010** | **2009** | **Change%** |
|---|---|---|---|
| Sales to end consumers | 2.109 | 1.765 | 19 |
| Supply | 1.571 | 1.793 | (12) |
| Revenues from Trans. Network + Transactions in the CCEE | 1.209 | 789 | 53 |
| Others | 52 | 88 | (41) |
| **Subtotal** | **4.941** | **4.435** | **11** |
| Deductions | (1.026) | (899) | 14 |
| **Net Revenues** | **3.915** | **3.536** | **11** |

Charts II

| **Operating Expenses** | **2010** | **2009** | **Change%** |
|---|---|---|---|
| Personnel/Administrators/Councillors | 307 | 309 | (1) |
| Employee Participation | 75 | 55 | |
| Depreciation and Amortization | 374 | 445 | (16) |
| Charges for Use of Basic Transmission Network | 250 | 275 | (9) |
| Contracted Services | 149 | 151 | (1) |
| Forluz Post-Retirement Employee Benefits | 24 | 30 | (20) |
| Materials | 24 | 21 | 14 |
| Royalties | 135 | 140 | (4) |
| Operating Provisions | (9) | 3 | |
| Other Expenses | 83 | 52 | 60 |
| Purchased Energy | 371 | 149 | 149 |
| Raw material for production | | 4 | (100) |
| Construction Cost | 152 | 89 | 71 |
| **Total** | **1.935** | **1.723** | **12** |

Charts III

| **Statement of Results** | **2010** | **2009** | **Change%** |
|---|---|---|---|
| Net Revenue | 3.915 | 3.536 | 11 |
| Operating Expenses | 1.935 | 1.723 | 12 |
| **EBIT** | **1.980** | **1.813** | **9** |
| **EBITDA** | **2.353** | **2.258** | **4** |
| Financial Result | (513) | (277) | 85 |
| Provision for Income Taxes, Social Cont & Deferred Income Tax | (383) | (433) | (12) |
| **Net Income** | **1.084** | **1.103** | **(2)** |

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**Cemig D charts from I to IV (Values in million of Reais)**

Charts I

| Quarter | Captive Consumers | CEMIG D Market (GWh) TUSD ENERGY1 | T.E.D2 | GW TUSD PICK3 |
|---|---|---|---|---|
| 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 |
| 4Q10 | 5.938 | 4.927 | 10.865 | 25 |

Charts II

| Operating Revenues | 2010 | 2009 | Change% |
|---|---|---|---|
| Sales to end consumers | 9.344 | 9.223 | 1 |
| TUSD | 1.640 | 1.196 | 37 |
| Subtotal | 10.984 | 10.419 | 5 |
| Others | 91 | 85 | 7 |
| **Subtotal** | **11.075** | **10.504** | **5** |
| Deductions | (4.148) | (3.810) | 9 |
| **Net Revenues** | **6.927** | **6.694** | **3** |

Charts III

| Operating Expenses | 2010 | 2009 | Change% |
|---|---|---|---|
| Purchased Energy | 2.925 | 2.483 | 18 |
| Personnel/Administrators/Councillors | 759 | 880 | (14) |
| Depreciation and Amortization | 378 | 357 | 6 |
| Charges for Use of Basic Transmission Network | 616 | 553 | 11 |
| Contracted Services | 642 | 523 | 23 |
| Forluz Post-Retirement Employee Benefits | 78 | 92 | (15) |
| Materials | 99 | 82 | 21 |
| Operating Provisions | 209 | 66 | 217 |
| Other Expenses | 186 | 217 | (14) |
| Employee Participation | 236 | 162 | 46 |
| **Total** | **6.128** | **5.415** | **13** |

Charts IV

| **Statement of Results** | **2010** | **2009** | **Change%** |
|---|---|---|---|
| Net Revenue | 6.927 | 6.694 | 3 |
| Operating Expenses | 6.128 | 5.415 | 13 |
| **EBIT** | **799** | **1.279** | **(38)** |
| **EBITDA** | **1.177** | **1.637** | **(28)** |
| Financial Result | (224) | (87) | 157 |
| Provision for Income Taxes, Social Cont & Deferred Income Tax | (135) | (416) | (68) |
| **Net Income** | **440** | **776** | **(43)** |

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3. Notice to Shareholders, Companhia Energética de Minas Gerais CEMIG, March 29, 2011

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**COMPANHIA ENERGÉTICA DE MINAS GERAIS - CEMIG**

**BRAZILIAN LISTED COMPANY**

**CNPJ 17.155.730/0001-64**

**NOTICE TO SHAREHOLDERS**

We advise our shareholders that the documents referred to in article 133 of Law # 6,404 of December 15, 1976, relating to the year 2010, are available for consultation at the head offices of this Corporation located at Av. Barbacena, 1,200, Belo Horizonte.

Belo Horizonte, March 29, 2011

**Luiz Fernando Rolla**

**Chief Officer for Finance, Investor Relations and Financial Control of Holdings**

Av.Barbacena, 1200 Santo Agostinho CEP 30190-131

Belo Horizonte - MG - Brasil - Tel.: (31)3506-5024 Fax (31)3506-5025

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4. Extraordinary General Meeting of Stockholders CEMIG, March 24, 2011

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**COMPANHIA ENERGÉTICA DE MINAS GERAIS  CEMIG**

LISTED COMPANY

CNPJ 17.155.730/0001-64  NIRE 31300040127

**EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS**

**HELD ON**

**MARCH 24, 2011**

**MINUTES**

At 10.30 a.m. on March 24, 2011, stockholders representing more than two-thirds of the voting stock of **Companhia Energética de Minas Gerais  Cemig** met in **Extraordinary General Meeting** at its head office, on first convocation, at the Company s head office, Av. Barbacena 1200, 21st Floor, Belo Horizonte, Minas Gerais, Brazil, as verified in the Stockholders  Attendance Book, where all placed their signatures and made the required statements.

The stockholder **The State of Minas Gerais** was represented by Dr. Roney Luiz Torres Alves da Silva, Acting General Attorney of the State of Minas Gerais, in accordance with the legislation currently in force.

Initially, Ms. Anamaria Pugedo Frade Barros, General Manager of Cemig s Corporate Executive Office, stated that there was a quorum for an Extraordinary General Meeting of Stockholders. She further stated that the stockholders present should a stockholder to Chair this Meeting, in accordance with Clause 10 of the Company s Bylaws.

Asking for the floor, the representative of the stockholder **The State of Minas Gerais** put forward the name of the stockholder **Maria Celeste Morais Guimarães** to chair the Meeting.

The proposal of the representative of the stockholder The State of Minas Gerais was put to debate, and to the vote, and unanimously approved.

The Chair then declared the Meeting open, noting the presence of Mr. Vicente de Paulo Barros Pegoraro, a member of the Company s Audit Board, and invited me, Anamaria Pugedo Frade Barros, a stockholder, to be Secretary of the Meeting, requesting me to proceed to reading of the convocation notice, published in the newspapers *Minas Gerais*, official publication of the Powers of the State, on February 19, 22 and 23 of this year, *O Tempo*, on February 19, 20 and 21, and *Valor Econômico* on February 21, 22 and 23 of this year, the content of which is as follows:

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**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

LISTED COMPANY

CNPJ 17.155.730/0001-64 NIRE 31300040127

**EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS**

**CONVOCATION**

Stockholders are hereby called to an Extraordinary General Meeting of Stockholders to be held on March 24, 2011 at 10.30 a.m. at the company s head office, Av. Barbacena 1200, 21st floor, in the city of Belo Horizonte, Minas Gerais, Brazil, to decide on the following matters:

**1)** **Authorization** of the grant, by the Company, to Fundo de Investimento em Participações Redentor **FIP Redentor**, of an option to sell to **Cemig**, at the end of the 60th month from the date of subscription of the shares of **Parati S.A.** Participações em Ativos de Energia Elétrica (**Parati S.A.**), the totality of the shares owned by **FIP Redentor** in **Parati S.A.,** with **Cemig** having the obligation to buy such shares, or to appoint a third party that shall buy them.

**2)** **Appointment** of **Banco Bradesco BBI** S.A. to prepare the Valuation Opinion valuing **Parati S.A. Participações em Ativos de Energia Elétrica**, in accordance with Paragraphs 1 and 6 of Article 8 of Law 6404/1976.

**3)** **Approval** of the Economic-Financial Valuation Opinion on **Parati S.A. Participações em Ativos de Energia Elétrica**, prepared by Bradesco BBI S.A. in January 2011, in accordance with the terms of Paragraphs 1 and 6 of Article 8 of Law 6404/1976.

Any stockholder who wishes to be represented by proxy at the said General Meeting of Stockholders should obey the terms of Article 126 of Law 6406/1976, as amended, and the sole paragraph of Clause 9 of the Company s Bylaws, depositing, preferably by August 22, 2011, proofs of ownership of the shares, issued by a depositary financial institution, and a power of attorney with specific powers, at Cemig s Corporate Executive Secretariat Office at Av. Barbacena, 19th floor, B1 Wing, Belo Horizonte, Minas Gerais, or showing them at the time of the meeting.

Belo Horizonte, February 17, 2011,

Dorothea Fonseca Furquim Werneck

Chairman of the Board of Directors

Continuing the proceedings, the Chairman requested the Secretary to read the Proposal by the Board of Directors, and the Opinion of the Audit Board on it, the contents of which documents are as follows:

**PROPOSAL**

**BY THE**

**BOARD OF DIRECTORS**

**TO THE**

**EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MARCH 24, 2011.**

Dear Stockholders:

We, the Board of Directors of Companhia Energética de Minas Gerais Cemig,

• ***WHEREAS:***

1) under the **Share Purchase Agreement** signed on December 30, 2009 between **Cemig** and Fundo de Investimento em Participações PCP ( **FIP PCP** ), in which Equatorial Energia S.A. ( **Equatorial** ) is consenting party, it is agreed that **Cemig** or a company in which Cemig holds a minimum equity interest of 20% will acquire 55.41% of the voting and total stock held by **FIP PCP** in Redentor Energia S.A. ( **Redentor** ), a company listed on the *Novo Mercado* of the BM&FBovespa, which holds 100% of **Rio Minas Energia** Participações S.A. ( **RME** ), which in turn holds 13.03% of the shares of **Light S.A.** ( **Light** ), signing of this contract having been authorized by the Board of Directors through CRCA 080/2009, of December 30, 2009;

2) the minority stockholders of **Redentor** (44.59% of the registered capital) will have the right to sell their shares to the purchaser for the same amount paid for the shares that are in the controlling stockholding block, through a Public Offering for Acquisition of Shares in a Sale of Control ( the **Public Offering** ), in the terms of Article 254-A of Law 6404/1976;

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3) in view of the financial obligations involved in the acquisitions, the analyses made by **Cemig** have indicated that, as the best alternative, the acquisitions should be made in partnership with a financial partner which would acquire part of the shares and receive, in consideration, an option to sell those shares to **Cemig**, with a minimum guaranteed remuneration and this financial partner would be an Equity Investment Fund (FIP), the unit holders of which would be financial institutions interested in participating in projects of low performance risk, that are already being operated by a company with proven operational excellence, and in earning an attractive return;

4) the alternative of acquisition of assets in partnership with an FIP was recently used by Cemig in the acquisition of **Terna** Participações S.A., which showed itself to be an attractive investment opportunity for the market and, for Cemig, an efficient instrument of partnership with the private sector;

5) on February 25, 2010, through CRCA 004/2010, the Board of Directors of Cemig decided to authorize the partnership of **Cemig** with BTG Alpha Participações Ltda. ( **BTG Alpha** ), and, subsequently, with its successor, Fundo de Investimento em Participações Redentor ( **FIP Redentor** ), for acquisition of the equity interest owned by **FIP PCP** in **Light**, through the company named **Parati S.A. Participações** em Ativos de Energia Elétrica ( **Parati** );

6) on March 24, 2010, Cemig signed a Share Purchase Agreement with **Enlighted Partners** Venture Capital ( **Enlighted** ), a limited liability company established in Delaware, USA, granting an Option to Sell 100% of the rights of participation in **Luce Investment Fund**, which holds 75% of the units of Luce Brasil Fundo de Investimento em Participações ( **FIP Luce** ), which, in turn, is the indirect owner of 13.03% (thirteen point zero three per cent) of the registered capital of **Light S.A.** and this Option to Sell could be exercised between October 1 and 6, 2010, and signature of this contract was authorized by the Board of Directors through CRCA 007/2010, of March 19, 2010;

7) the remaining 25% of the equity in **FIP Luce** is held by Fundação de Seguridade Social Braslight ( **Braslight** ), and, with **Enlighted** exercising the Sell Option, **Braslight** will have the right to exercise joint sale of the totality of its holding, as specified in an existing Unit Holders Agreement governing **FIP Luce**;

8) on October 6, 2010, **Enlighted** exercised the said Sell Option and, consequently, **Braslight** also stated its desire to exercise its right of joint sale, so that **Cemig** or a third party indicated by it will have to acquire 100% of the units of **FIP Luce**, which will represent the acquisition of a further 13.03% of the registered and voting capital of **Light**;

9) **Cemig** intends to assign all the rights and obligations specified in the contracts referred to above to **Parati**, the purpose of this being to enable continuation of its policy of expansion through other acquisitions, maintaining its indebtedness capacity, and also allowing maintenance of the debts contracted by **Light**, since that company would not become a company subject to state control and, in addition, neither would it be subject to the rules governing containment of credit to the public sector;

10) the objects of **Parati** will be to acquire the shares that represent up to 26.06% of equity participation in the voting and total capital of **Light**, held, indirectly, by the **FIP PCP,** and by **Enlighted**;

11) **FIP Redentor** has as its unit holders Banco Santander (Brasil) S.A. ( **Santander** ), Banco Votorantim S.A. ( **Votorantim** ), BB Banco de Investimento S.A. ( **Banco do Brasil** ) and Banco BTG Pactual S.A. ( **BTG Pactual** ), the latter being the administrator of the Fund;

12) paying-up by **FIP Redentor** and by **Cemig** of their respective holdings in the registered capital of **Parati** will take place exclusively in Brazilian currency and will be in such a way as results in final ownership by **Cemig** of up to 25%, and by **FIP Redentor** of at least 75%, of the total registered capital of **Parati**, distributed as follows:

(i) Common shares: up to 50% held by **Cemig,** and 50% or more held by **FIP Redentor**; and

(ii) Preferred shares: 100% held by **FIP Redentor**;

13) the estimated amounts of the disbursements necessary for finalization of the transaction, including for the settlement of the **Public Offering** of shares in **Redentor**, in proportion to the stockholdings of the respective stockholders in **Parati**, are R$ 379 million for **Cemig**, and R$ 1.136 billion for **FIP Redentor**, at January 2011 prices;

14) as part of the negotiation the Parties agreed that **Cemig** shall grant an unconditional and irrevocable option, exclusively to **FIP Redentor** (and not to any of its unit holders) ( the **Sell Option** ), under which **FIP Redentor** will have the right, at the end of the 60th month from the date of subscription of the shares in **Parati** ( the **Exercise Date** ), to sell the totality of the shares in Parati belonging to **FIP Redentor** ( **the Acquisition Shares ),** and **Cemig** shall have the obligation to buy them, or to indicate a third party which shall buy them, on payment of the exercise amount ( the **Exercise Amount** ), equivalent to the amount paid at the time of paying-up of the shares, plus expenses (all expenses that are provenly incurred by **FIP Redentor** and/or by the Administrator of FIP Redentor, for its constitution and after its constitution, including expenses of auditing, and management and administration fees), less such dividends and Interest on Equity as are received in the period (in the case of Interest on Equity, the amount received shall be multiplied by 0.5721 for the purposes of calculation), all updated by the average rate for Interbank Certificates of Deposit published by Cetip (the Custody and Settlement Chamber) ( the CDI Rate ) plus a rate of 0.9% per year, *pro rata tempore*, from the date of its actual disbursement / payment to the Exercise Date of the Option to Sell;

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15) the Option Exercise Date may be brought forward in any one of the following situations:

a) non-compliance, by **Cemig**, with any obligations contained in the Definitive Documents (Subscription Agreement, Stockholders Agreement and Secondary Stockholders Agreement), if the said non-compliance is not cured within 30 (thirty) calendar days from receipt of the notice of non-compliance sent by **FIP Redentor**;

b) disposal, transfer or assignment to third parties by **Cemig** of the Shares owned by it in **Parati** or of the rights and obligations arising therefrom, without prior written authorization from **FIP Redentor**, except (provided that **Cemig** s co-obligation in relation to the obligations originally assumed is preserved) between wholly-owned or other subsidiaries of **Cemig**;

c) decision, by any authority, ordering the carrying out of a public offering of shares for change of the control of **Light**, unless **Cemig** bears all the costs and expenses arising from such decision;

d) any termination of concession contracts of **Cemig**, or of its subsidiaries, that represents an amount of 40% (forty per cent) or more of the consolidated Ebitda generated by **Cemig** in the 12 (twelve) months prior to the date of this condition being found;

e) termination of **Light** s distribution services concession contract;

f) any stockholding reorganization, privatization or merger of **Cemig** that causes significant reduction of **Cemig** s capacity to comply with any obligations assumed in the Definitive Documents, as judged by **FIP Redentor**, provided that such judgment is made with due grounds;

g) liquidation, intervention, dissolution or extinction of **Cemig**;

h) application of new taxes on any transactions, payments payable and dividends, in the terms of the Definitive Documents, increase of rates of taxes or of the taxes themselves that already are applicable to any transactions specified in the Definitive Documents, or identification of a tax liability not identified on today s date, such as make or makes any transactions specified in the Definitive Documents unviable or inadvisable, in the judgment of **FIP Redentor**, provided that such judgment is made with due grounds;

i) if the ratio between Net Financial Indebtedness and Ebitda, measured six-monthly, in relation to the prior 12 (twelve) months, based on the revised or audited consolidated balance sheet (as applicable) of **Cemig**, is greater than 3.50x (three point five times);

j) non-approval of the Investment by CADE;

k) any of the following events:

(k.1) if, by December 31, 2011, 100% (one hundred per cent) of the unit shares of **Luce Investment Fund** ( **LIF** ) have not been acquired, or if such acquisition has been carried out without the following prior conditions all having been met:

(i) that **LIF** shall hold a minimum of 75% (seventy five per cent) of the unit shares in Luce Brasil Fundo de Investimento em Participações ( **FIP Luce** );

(ii) that **FIP Luce** shall have a stockholding of not less than 100% (one hundred per cent) in the registered capital of Luce Empreendimentos e Participações S.A. ( **LEPSA** ) and that the latter shall have a stockholding of not less than 13.03% (thirteen point zero three per cent) in the registered capital of **Light**; and

(iii) that Fundação de Seguridade Social Braslight ( **Braslight** ) shall not have signed any agreement for sale nor offered the right of purchase of its unit shares of **FIP Luce**, except in the event of **Braslight** having given to **Parati**, through **LIF**, the right of preference for acquisition of the said unit shares, and of **Cemig** not indicating a third party to acquire the interest held by **BB** and by **Votorantim** in **FIP Redentor** for an amount equivalent to the Exercise Amount on the date of the actual acquisition, or such indicated third party not being accepted by **BTG** or **Santander**;

(k.2) in the event that **Cemig** sells, by the date of the Notice of the Option to Sell, the direct stockholding interest of shares that comprise the controlling stockholding block of **Light** and the parties acquiring such interest are persons that have an interest, on the date of signature of the Stockholders Agreement, greater than 21.1% in the units of Fundo de Investimento em Participações PCP ( **FIP PCP** ) and have had administrative judgment given against them against which there is no further appeal for infringements against the National Financial System, inspected by the Brazilian Central Bank, and/or the securities market, inspected by the Brazilian Securities Commission, or have an interest, on the date of signature of the Stockholders Agreement, greater than 88.0% in the unit shares of Enlighted Partners Venture Capital ( **Enlighted** ) and have had administrative judgment given against them against which there is no further appeal for infringements against the National Financial System, inspected by the Brazilian Central Bank, and/or the securities market, inspected by the Brazilian Securities Commission, and **Cemig** does not appoint a third party to acquire the interest held by **BB** and by **Votorantim** in **FIP Redentor** for an amount equivalent to the Exercise Amount on the date of the actual acquisition, or if such third party is not accepted by **BTG** or **Santander**;

16) a further item of the negotiation agreed is that, in the event of the Exercise Amount being higher than the amount paid-up by **FIP Redentor** at the time of the subscription of the shares of **Parati**, an adjustment factor of (1/(1 0.4279) 1) shall be applied to the difference, to be added to the Exercise Amount;

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17) the Option to Sell shall be exercised by **FIP Redentor**, upon written notice to Cemig of its intention to exercise the Option to Sell, given with minimum prior notice of 240 (two hundred and forty) days prior to the last day of the sixtieth month counted from the first injection of capital by **FIP Redentor** in **Parati** ( the **Exercise Date** );

18) if **Cemig** wishes to indicate a third party to acquire the shares of **Parati**,

(i) such indication must be made by written notice to **FIP Redentor** and to the **Unit Holders**, given at least 210 (two hundred and ten) calendar days prior to the Exercise Date, and

(ii) **Cemig** shall continue to have joint liability with this third party, for the acquisition of the Acquisition Shares;

19) if the Option to Sell is exercised, the payment of the Exercise Amount and the transfer of the shares of **Parati** are conditional upon prior approval of the transaction by the National Electricity Agency, Aneel;

20) if the Consent of Aneel is not obtained by the date of transfer of the shares or, at any moment, Aneel expressly refuses to authorize the transfer of the shares, except in the event of negligence or action with malicious intent on the part of **FIP Redentor**, the latter shall have the right to dispose of the shares either on or outside the securities market, and in the event of disposal outside a securities exchange environment it is agreed that the said sale may take place only if the price set is greater than or equal to the lowest of the prices found in a securities market, by the following three criteria:

(i) average price of the shares of **Light** in the last trading session prior to the closing of the sale;

(ii) daily average of closing prices of the shares of **Light** for the last 30 (thirty) days; and

(iii) daily average of closing prices of the shares of **Light** for the last 90 (ninety) days; and

- if the amount specified for the said disposal:

(i) is less than the Exercise Amount, **Cemig** shall continue to be obliged to pay the difference; or

(ii) if it is greater than the Exercise Amount, and only in cases of omission of the consent by Aneel or an express negative by Aneel to the transfer of the Acquisition Shares to **Cemig**, and if **Cemig** has complied with its contractual obligations, **Cemig** shall have the right to receive the positive excess difference, multiplied by 1 (the number One) less the Adjustment Factor;

• and in any of these events, the expenses incurred by **FIP Redentor** arising from the process of sale shall be deducted from the financial amount of the disposal, and the penalties specified in Clause 6.5 of the Stockholders Agreement shall not be applicable;

21) grant of the Option to Sell is in line with the Long-term Strategic Plan, which specifies growth of Cemig in all the market segments in which it operates, signaling a positive outlook for the Company s cash position, with the possibility, also, of increase of the value of dividends distributed, within the terms of its Bylaws;

22) on October 20, 2010, the Corporate Governance Committee of the State of Minas Gerais issued an opinion in favor of the transaction, as per Official Letter CCGPGF Nº 240/2010, attached;

23) under Paragraph 1 of Clause 1 of the Bylaws of **Cemig** it is a competency of Cemig s Board of Directors to authorize acquisition of interests in the capital of other companies;

24) it is the competency of the Extraordinary General Meeting to authorize the grant by the Company of the Option to Sell, in view of the provisions of Article 256 of Law 6404/1976, since, in the event that the Option to Sell is exercised by **FIP Redentor** and if **Cemig** does not indicate a third party to acquire the shares, **Cemig** will be obliged to acquire control of **Parati**, it not being possible to state at the present moment whether in 60 months time the acquisition referred to will constitute a significant investment for Cemig, nor indeed to calculate whether the shares will exceed one and a half times any of the amounts specified in Item II of Article 256 of Law 6404/1976;

25) on December 6, 2010, the Board of Directors of **Cemig** decided to propose, to the Extraordinary General Meeting of Stockholders, under and for the purposes of Article 256 of Law 6404/1976, authorization of the grant of the Option to Sell;

26) the grant of the Option to Sell was contained in item C of the agenda of the Extraordinary General Meeting of Stockholders scheduled for December 22, 2010, at 11 a.m., as per the Convocation Notice published on December 6, 2010;

27) on December 21, 2010, the Company received CVM Official Letter CVM/SEP/GEA-3/Nº 1211/10, advising of the decision by the Council of the Securities Commission ( **CVM** ) to postpone the General Meeting, due to its recognition that, by reason of its complexity, the matter contained in Item C of the agenda would require a greater period to be ascertained and analyzed by the stockholders, as per a request filed with the CVM on December 13, 2010, by the stockholder **Tempo Capital Principal Fundo de Investimento de Ações**, for interruption of the period of prior notice for convocation of the Company s Extraordinary General Meeting of Stockholders;

28) in view of the said Official Letter from the CVM, **Cemig** informed its stockholders and the market in general that, in relation to the Extraordinary General Meeting of Stockholders scheduled for December 22, 2010 at 11 a.m., item C of the Convocation Notice published on December 6, 2010 had been withdrawn from the agenda;

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29) a new convocation of the General Meeting of Stockholders, to decide on the grant of the Option to Sell, now becomes necessary;

30) the General Meeting of Stockholders will be called to decide on possible acquisition of control of another company, and it is necessary that **Cemig** should present the information required in Appendix 19 of CVM Instruction 481/2009, specified in the attached document;

31) approval by the General Meeting of Stockholders is necessary for appointment of a specialized company to prepare the Valuation Opinion on the assets of Parati ( **the Opinion** ), and for the opinion itself, under Paragraphs 1 and 6 of Clause 8 of Law 6404/1976;

32) Banco Bradesco BBI S.A. ( **Bradesco BBI** ), because it has wide experience in operating as financial adviser in mergers and acquisitions, being certified by Anbima (the Brazilian Association of Financial and Capital Market Entities) and because it has presented the best work proposal, has been contracted to prepare the said Opinion;

33) in accordance with this Opinion, the value of the shares of **Parati**, when assessed by the Discounted Cash Flow method, is between R$ 0.92 and R$ 1.03 per share, and when assessed by valuation of Stockholders Equity at Market Price is R$ 0.89 per share;

34) if the amount to be paid for the shares of **Parati** exceeds one and a half times the largest of the three amounts specified in Item II of Article 256 of Law 6404/1976, any stockholder not agreeing with the decision of the stockholders meeting that approves it shall have the right to withdraw from the company, for reimbursement of the value of its shares, in accordance with Article 137, subject to the provisions of its Sub-item II , as specified by Paragraph 2 of the said Article 256;

35) since it is not possible to state whether in 60 months time the acquisition price referred to will exceed one and a half times any of the amounts specified in Sub-item II of Article 256 of Law 6404/1976, the management of Cemig should, for the purposes of caution, decide to grant the right to withdraw to dissident holders of common shares;

36) any holders of common shares that disagree with the decision of the General Meeting of Stockholders of Cemig shall have a period of 30 (thirty) calendar days from publication of the respective minutes of the said meeting, to claim from the Company, by notice, reimbursement of their shares (Article 137, IV);

37) since the Bylaws of Cemig do not establish the amount of reimbursement, their calculation shall be based on the stockholders equity of Cemig stated in the last previous balance sheet approved by the Annual General Meeting of Stockholders;

38) the stockholders equity contained in the last balance sheet approved by Cemig, raised on December 31, 2009, is R$ 16.57 per share and represents the value of the stockholders equity divided by the number of shares (excluding the shares held in Treasury);

39) the General Meeting of Stockholders is scheduled for March 2011, and it is possible that dissident stockholders may request the raising of a balance sheet at December 31, 2010 for calculation of the amount of the reimbursement, as specified in Paragraph 2 of Article 45 of Law 6404/1976;

40) the financial statements of Cemig at December 31, 2010 are being prepared in accordance with the new accounting rules issued by the Accounting Statements Committee, and an increase in the equity value of the shares is expected, resulting in an amount estimated between R$ 18.00 and R$ 19.00 per share, due to the new valuation of the Company s fixed assets and other effects arising from the harmonization of accounting with international standards;

41) since the matter to be decided in general meeting of stockholders will give rise to the right to withdraw, Cemig should provide the information indicated in Appendix 20 to CVM Instruction 481/2009, and this document is attached;

42) the matter was analyzed by the office of Cemig s Chief Counsel, as per Legal Opinion JR/SC Nº 15,718, of February 10, 2011;

• ***do now propose to you,*** under and for the purposes of Article 256 of Law 6404/1976:

1) **Authorization of the grant** by Cemig, to Fundo de Investimento em Participações Redentor ( **FIP Redentor**), of an unconditional and irrevocable option ( the **Option to Sell** ), under which **FIP Redentor** shall have the right, at the end of the 60th month from the date of subscription of the shares in **Parati S.A. Participações em Ativos de Energia Elétrica** ( the **Exercise Date** ), to sell the totality of the shares belonging to **FIP Redentor,** and Companhia Energética de Minas Gerais (**Cemig**) shall have the obligation to buy them, or to indicate a third party which shall buy them, on payment of the exercise amount ( the **Exercise Amount** ), equivalent to the amount paid at the time of paying-up of the shares of Parati S. A. Participações em Ativos de Energia Elétrica ( **Parati** ), plus expenses (all expenses provenly incurred by **FIP Redentor** and/or by the Administrator of **FIP Redentor**, for its constitution and after its constitution, including expenses of auditing, and management and administration fees), less such dividends and Interest on Equity as are received in the period (in the case of Interest on Equity, the amount received shall be multiplied by 0.5721 for the purposes of calculation), all updated by the average rate for Interbank Certificates of Deposit published by Cetip (the Custody and Settlement Chamber) ( the **CDI Rate** ) plus a rate of 0.9% per year, *pro rata tempore,* from the date of its actual disbursement/payment to the Exercise Date of the Option to Sell;

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and the Option Exercise Date may be brought forward in any one of the following situations:

a) non-compliance, by **Cemig**, with any obligations contained in the Definitive Documents (Subscription Agreement, Stockholders Agreement and Secondary Stockholders Agreement), if the said non-compliance is not cured within 30 (thirty) calendar days from receipt of the notice of non-compliance sent by **FIP Redentor**;

b) disposal, transfer or assignment to third parties by **Cemig** of the Shares owned by it in **Parati** or of the rights and obligations arising therefrom, without prior written authorization from **FIP Redentor**, except (provided that Cemig s co-obligation in relation to the obligations originally assumed is preserved) between wholly-owned or other subsidiaries of **Cemig**;

c) decision, by any authority, ordering the carrying out of a public offering of shares due to change of the control of Light S.A. ( **Light** ), unless **Cemig** bears all the costs and expenses arising from this decision;

d) any termination of concession contracts of **Cemig**, or of its subsidiaries, that represents an amount of 40% (forty per cent) or more of the consolidated Ebitda generated by Cemig in the 12 (twelve) months prior to the date of this condition being found;

e) termination of Light s concession contract for distribution services;

f) any stockholding reorganization, privatization or merger of **Cemig** that causes significant reduction of **Cemig** s capacity to comply with any obligations assumed in the Definitive Documents, as judged by **FIP Redentor**, provided that such judgment is made with due grounds;

g) liquidation, intervention, dissolution or extinction of **Cemig**;

h) application of new taxes on any transactions, payments payable and dividends, in the terms of the Definitive Documents, increase of rates of taxes or of the taxes themselves that already are applicable to any transactions specified in the Definitive Documents, or identification of a tax liability not identified on today s date, such as make or makes any transactions specified in the Definitive Documents unviable or inadvisable, in the judgment of **FIP Redentor**, provided that such judgment is made with due grounds;

i) if the ratio between Net Financial Indebtedness and Ebitda, measured six-monthly, in relation to the prior 12 (twelve) months, based on the revised or audited consolidated balance sheet (as applicable) of Cemig, is greater than 3.50x (three point five times);

j) non-approval of the Investment by the Administrative Economic Defense Council CADE;

k) occurrence of any of the following events:

(k.1) if, by December 31, 2011, 100% (one hundred per cent) of the unit shares of Luce Investment Fund ( **LIF** ) has not been acquired, or if such acquisition has been carried out without the following prior conditions all having been met:

(i) that **LIF** shall hold a minimum of 75% (seventy five per cent) of the unit shares in Luce Brasil Fundo de Investimento em Participações ( **FIP Luce** );

(ii) that **FIP Luce** shall have a stockholding of not less than 100% (one hundred per cent) in the registered capital of Luce Empreendimentos e Participações S.A. ( **LEPSA** ) and that the latter shall have a stockholding of not less than 13.03% (thirteen point zero three per cent) in the registered capital of **Light**; and

(iii) that Fundação de Seguridade Social Braslight ( **Braslight** ) shall not have signed any agreement for sale nor offered the right of purchase of its unit shares of **FIP Luce**, except in the event of **Braslight** having given to the SPC **Parati**, through **LIF**, the right of preference for acquisition of the said unit shares, and of **Cemig** not indicating a third party to acquire the interest held by BB Banco de Investimento S.A. ( **Banco do Brasil** ) and by Votorantim S. A. ( **Votorantim** ) in **FIP Redentor** for an amount equivalent to the Exercise Amount on the date of the actual acquisition, or such indicated third party not being accepted by BTG Alpha Participações Ltda. ( **BTG Alpha** ) or Santander (Brasil) S.A. ( **Santander** );

(k.2) in the event that **Cemig** sells, by the date of the Notice of the Option to Sell, the direct stockholding interest of shares that comprise the controlling stockholding block of **Light** and the parties acquiring such interest are persons that have an interest, on the date of signature of the Stockholders Agreement, greater than 21.1% in the units of Fundo de Investimento em Participações PCP ( **FIP PCP** ) and have had administrative judgment given against them against which there is no further appeal for infringements against the National Financial System, inspected by the Brazilian Central Bank, and/or the securities market, inspected by the Brazilian Securities Commission, or have an interest, on the date of signature of the Stockholders Agreement, greater than 88.0% in the unit shares of Enlighted Partners Venture Capital

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( **Enlighted** ) and have had administrative judgment given against them against which there is no further appeal for infringements against the National Financial System, inspected by the Brazilian Central Bank, and/or the securities market, inspected by the Brazilian Securities Commission, and Cemig does not appoint a third party to acquire the interest held by **BB** and by **Votorantim** in **FIP Redentor** for an amount equivalent to the Exercise Amount on the date of the actual acquisition, or if such third party is not accepted by **BTG** or **Santander**;

The payment of the Exercise Amount and the transfer of the shares of **Parati** are conditional upon prior approval of the transaction by the National Electricity Agency, Aneel.

If the Consent of Aneel is not obtained by the date of transfer of the shares or, at any moment, Aneel expressly refuses to authorize the transfer of the shares, except in the event of negligence or action with malicious intent on the part of **FIP Redentor**, the latter shall have the right to dispose of the shares either in or outside the securities market, and in the event of disposal outside a securities exchange environment it is agreed that the said sale may take place only if the price set is greater than or equal to the lowest of the prices found in a securities market, by the following three criteria:

(i) average price of the shares of **Light** in the last trading session prior to the closing of the sale;

(ii) daily average of closing prices of the shares of **Light** for the last 30 (thirty) days; and

(ii) daily average of closing prices of the shares of **Light** for the last 90 (ninety) days; and

- if the amount specified for the said disposal:

(i) is less than the Exercise Amount, **Cemig** shall continue to be obliged to pay the difference; or

(ii) if it is greater than the Exercise Amount, and only in cases of omission of the consent by Aneel or an express negative by Aneel to the transfer of the Acquisition Shares to **Cemig**, and if **Cemig** has complied with its contractual obligations, **Cemig** shall have the right to receive the positive excess difference, multiplied by 1 (the number One) less the Adjustment Factor;

- and in any of these events, the expenses incurred by **FIP Redentor** arising from the process of sale shall be deducted from the financial amount of the disposal, and the penalties specified in Clause 6.5 of the Stockholders Agreement shall not be applicable;

The decision by the Extraordinary General Meeting of Stockholders that authorizes the grant to **FIP Redentor** of the Option to Sell shall give rise to the possibility of exercise, by such holders of the Company s common shares as dissent from the said decision, of the right to withdraw. The right to withdraw shall apply in relation only to shares held by holders of common shares in the Company provenly held on February 18, 2011.

2) **Appointment** of Banco Bradesco BBI S.A. ( **Bradesco BBI** ) to prepare the Valuation Opinion on **Parati**, in accordance with Paragraphs 1 and 6 of Article 8 of Law 6404/1976.;

3) **Approval** of the Economic-Financial Valuation Opinion on **Parati**, prepared by **Bradesco BBI** S.A. in January 2011, in accordance with the terms of Paragraphs 1 and 6 of Article 8 of Law 6404/1976.

As can be seen, the objective of this proposal is to meet the legitimate interests of the stockholders and of the Company, for which reason it is the hope of the Board of Directors that you, the stockholders, will approve it.

Belo Horizonte, February 17, 2011

Dorothea Fonseca Furquim Werneck
Chairman
Djalma Bastos de Morais
Deputy Chairman
Arcângelo Eustáquio Torres Queiroz
Member
Antônio Adriano Silva
Member
Francelino Pereira dos Santos
Member
João Camilo Penna
Member
Luiz Carlos Costeira Urquiza
Member

Maria Estela Kubitschek Lopes
Member
Guy Maria Villela Paschoal
Member
Eduardo Borges de Andrade
Member
Renato Torres de Faria
Member
Paulo Roberto Reckziegel Guedes
Member
Ricardo Coutinho de Sena
Member
Saulo Alves Pereira Junior
Member

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**OPINION OF THE AUDIT BOARD**

The members of the Audit Board of Companhia Energética de Minas Gerais Cemig, undersigned, in performance of their functions under the law and under the Bylaws, have examined the Proposal made by the Board of Directors to the Extraordinary General Meeting in relation to:

1) **Authorization** of the grant by the Company, to Fundo de Investimento em Participações Redentor ( **FIP Redentor** ), of an unconditional and irrevocable Option to Sell under which **FIP Redentor** shall have the right, at the end of the 60th month from the date of subscription of the shares in **Parati S.A.** Participações em Ativos de Energia Elétrica ( **the Exercise Date** ), to sell the totality of the shares belonging to **FIP Redentor** and **Cemig** shall have the obligation to buy them, or to indicate a third party which shall buy them, on payment of the Exercise Amount, equivalent to the amount paid at the time of the subscription of the shares of **Parati S.A.** Participações em Ativos de Energia Elétrica, plus the expenses (all expenses provenly incurred by **FIP Redentor** and/or by the Administrator of FIP Redentor, for its constitution and after its constitution, including expenses of auditing, and management and administration fees), less such dividends and Interest on Equity as are received in the period (in the case of Interest on Equity, the amount received shall be multiplied by 0.5721 for the purposes of calculation), all updated by the average rate for Interbank Certificates of Deposit published by Cetip (the Custody and Settlement Chamber) ( the CDI Rate ) plus a rate of 0.9% per year, *pro rata tempore*, from the date of its actual disbursement/payment to the Exercise Date of the Option to Sell.

• In the event of the Exercise Amount being higher than the amount paid-up by **FIP Redentor** at the time of the subscription of the shares of **Parati S.A.** Participações em Ativos de Energia Elétrica, an adjustment factor of (1/(1 0.4279) 1) shall be applied to the difference, to be added to the Exercise Amount.

• The Option Exercise Date may be brought forward in any one of the following situations:

a) non-compliance, by **Cemig**, with any obligations contained in the Definitive Documents (Subscription Agreement, Stockholders Agreement and Secondary Stockholders Agreement), if not cured within 30 (thirty) calendar days from receipt of the notice of non-compliance sent by FIP Redentor;

b) disposal, transfer or assignment to third parties by **Cemig** of the Shares owned by it in **Parati** or of the rights and obligations arising therefrom, without prior written authorization from **FIP Redentor**, except (provided that **Cemig** s co-obligation in relation to the obligations originally assumed is preserved) between wholly-owned or other subsidiaries of **Cemig**;

c) decision, by any authority, ordering the carrying out of a public offering of shares for change of the control of **Light S.A.** ( **Light** ), unless **Cemig** bears all the costs and expenses arising from such decision;

d) any termination of concession contracts of **Cemig**, or of its subsidiaries, that represents an amount of 40% (forty per cent) or more of the consolidated Ebitda generated by **Cemig** in the 12 (twelve) months prior to the date of this condition being found;

e) termination of **Light** s concession contract for distribution services;

f) any stockholding reorganization, privatization or merger of **Cemig** that causes significant reduction of **Cemig** s capacity to comply with any obligations assumed in the Definitive Documents, as judged by **FIP Redentor**, provided that such judgment is made with due grounds;

g) liquidation of, intervention in, or dissolution or extinction of **Cemig**;

h) application of new taxes on any transactions, payments owed or dividends, in the terms of the Definitive Documents, increase of such rates of taxes, or increases of the taxes themselves, as are already applicable to any transactions specified in the Definitive Documents, or identification of a tax liability not identified on today s date, such as make or makes any transactions specified in the Definitive Documents unviable or inadvisable, in the judgment of **FIP Redentor**, provided that such judgment is made with due grounds;

i) if the ratio between Net Financial Indebtedness and Ebitda, measured six-monthly, in relation to the prior 12 (twelve) months, based on the revised or audited consolidated balance sheet (as applicable) of **Cemig**, is greater than 3.50x (three point five times);

j) non-approval of the Investment by the Administrative Economic Defense Council CADE;

k) occurrence of any of the following events:

(k.1) if, by December 31, 2011, 100% (one hundred per cent) of the unit shares of Luce Investment Fund ( **LIF** ) have not been acquired, or if such acquisition has been carried out without the following prior conditions all having been met:

(i) that **LIF** shall hold a minimum of 75% (seventy five per cent) of the unit shares in Luce Brasil Fundo de Investimento em Participações ( **FIP Luce** );

(ii) that **FIP Luce** shall have a stockholding interest of not less than 100% in the registered capital of Luce Empreendimentos e Participações S.A. ( **Lepsa** ) and that the latter shall have a stockholding of not less than 13.03% (thirteen point zero three per cent) in the registered capital of **Light**; and

(iii) that Fundação de Seguridade Social Braslight ( **Braslight** ) shall not have signed any agreement for sale nor offered the right of purchase of its units of **FIP Luce**, except in the event of **Braslight** having given to **SPC Parati**, through **LIF**, the right of preference for acquisition of the said units, while **Cemig** does not indicate a third party to acquire the interest held by BB Banco de Investimento S.A. ( **BB** ) and by Votorantim S. A.

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( **Votorantim** ), in **FIP Redentor** for an amount equivalent to the Exercise Amount on the date of the actualacquisition, or such indicated third party not being accepted by BTG Alpha Participações Ltda. ( **BTG Alpha** ) or Santander (Brasil) S. A. ( **Santander** );

(k.2) in the event that **Cemig** sells, by the date of the Notification of the Option to Sell, the direct stockholding interest of shares that are part of the controlling stockholding block of **Light** and the parties acquiring such interest are persons that have an interest, on the date of signature of the Stockholders Agreement, greater than 21.1% in the units of Fundo de Investimento em Participações PCP ( **FIP PCP** ) and have had administrative judgment given against them against which there is no further appeal for infringements against the National Financial System, inspected by the Brazilian Central Bank, and/or the securities market, inspected by the Brazilian Securities Commission, or have an interest, on the date of signature of the Stockholders Agreement, greater than 88.0% in the unit shares of Enlighted Partners Venture Capital ( **Enlighted** ) and have had administrative judgment given against them against which there is no further appeal for infringements against the National Financial System, inspected by the Brazilian Central Bank, and/or the securities market, inspected by the Brazilian Securities Commission, and **Cemig** does not appoint a third party to acquire the interest held by **BB** and by **Votorantim** in **FIP Redentor** for an amount equivalent to the Exercise Amount on the date of the actual acquisition, or if such third party is not accepted by **BTG** or by **Santander**; Payment of the Exercise Amount and the transfer of the shares owned by Parati shall be conditional upon prior approval of the transaction by the National Electricity Agency, Aneel. If authorization by Aneel is not obtained by the date of transfer of the shares or, at any moment, Aneel expressly refuses to authorize the transfers of the shares, except in the event of negligence or action with malicious intent on the part of FIP Redentor, the latter shall have the right to dispose of the shares either in or outside the securities market, and in the event of disposal outside a securities exchange environment it is agreed that the said sale may take place only if the price set is greater than or equal to the lowest of the prices found in a securities market, by the following three criteria:

i) average price of the shares of **Light** in the last trading session prior to the closing of the sale;

ii) daily average of closing prices of the shares of **Light** for the last 30 (thirty) days; and

iii) daily average of closing prices of the shares of **Light** for the last 90 (ninety) days.

If the amount calculated for the said disposal:

i) is less than the Exercise Amount, **Cemig** shall continue to be obliged to pay the difference; or

ii) if it is greater than the Exercise Amount, and only in the event of omission of the consent by Aneel or an express negative by Aneel to the transfer of the Acquisition Shares to Cemig, and if Cemig has complied with its contractual obligations, **Cemig** shall have the right to receive the positive excess difference, multiplied by 1 (the number One) less the Adjustment Factor.

In any of the events, the expenses incurred by FIP Redentor arising from the process of sale shall be deducted from the financial amount of the disposal, and the penalties specified in Clause 6.5 of the Stockholders Agreement shall not be applicable.

The decision by the Extraordinary General Meeting of Stockholders that authorizes the grant to FIP Redentor of the Sell Option shall give rise to the possibility of exercise, by such holders of the Company s common shares as dissent from the said decision, of the right to withdraw. The right to withdraw shall be held only in relation to the shares that the holders of the Company s common shares provenly held on February 18, 2011.

2) **Appointment** of **Banco Bradesco BBI** S.A. to prepare the Evaluation Opinion on **Parati**.

3) **Approval** of the Economic and Financial Valuation Opinion on Parati prepared by Bradesco BBI in January 2011.

After carefully analyzing the proposal referred to, and considering, further, that the legal rules applicable to the matter have been complied with, the opinion of the members of the Audit Board is in favor of their approval by that Meeting.

• Belo Horizonte, February 17, 2011,

(Signed by:)

Aristóteles Luiz Menezes Vasconcellos Drummond, Helton da Silva Soares, Luiz Guaritá Neto, Thales de Souza Ramos Filho and Vicente de Paulo Barros Pegoraro.

The Chairman then made available a copy of the said Opinion, prepared by Bradesco BBI S.A. in January 2011, stating that it will be attached to the present minutes as an integral part thereof.

She then put the Proposal made to this meeting by the Board of Directors to debate.

Asking for the floor, the stockholder **Luiz Fernando Rolla** proposed a **small alteration to the proposal** under discussion: a change in the percentage specified for the situation referred to in Subclause k , of those that can give rise to bringing forward of the Option Exercise Date, to adjust the drafting, to reflect with precision the object of the negotiation

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• **from:**

k) occurrence of any of the following events:

(k.1.) ;

(k.2) in the event that Cemig sells, by the date of the Sell Option Notice, the direct stockholding interest of shares that comprise the controlling stockholding block of **Light** and the parties acquiring such interest are persons that have an interest, on the date of signature of the Stockholders Agreement, greater than **21.1**% in the units of Fundo de Investimento em Participações PCP ( FIP PCP ) and have had administrative judgment given against them against which there is no further appeal for infringements against the National Financial System, inspected by the Brazilian Central Bank, and/or the securities market, inspected by the Brazilian Securities Commission, or have an interest, on the date of signature of the Stockholders Agreement, greater than 88.0% in the unit shares of Enlighted Partners Venture Capital ( Enlighted ) and have had administrative judgment given against them against which there is no further appeal for infringements against the National Financial System, inspected by the Brazilian Central Bank, and/or the securities market, inspected by the Brazilian Securities Commission, and Cemig does not appoint a third party to acquire the interest held by BB and by Votorantim in FIP Redentor for an amount equivalent to the Exercise Amount on the date of the actual acquisition, or if such appointed third party is not accepted by BTG or Santander;

**to:**

k) occurrence of any of the following events:

(k.1.) ;

(k.2) in the event that Cemig sells, by the date of the Sell Option Notice, the direct stockholding interest of shares that comprise the controlling stockholding block of Light and the parties acquiring such interest are persons that have an interest, on the date of signature of the Stockholders Agreement, greater than **21.0**% in the units of Fundo de Investimento em Participações PCP ( FIP PCP ) and have had administrative judgment given against them against which there is no further appeal for infringements against the National Financial System, inspected by the Brazilian Central Bank, and/or the securities market, inspected by the Brazilian Securities Commission, or have an interest, on the date of signature of the Stockholders Agreement, greater than 88.0% in the unit shares of Enlighted Partners Venture Capital ( Enlighted ) and have had administrative judgment given against them against which there is no further appeal for infringements against the National Financial System, inspected by the Brazilian Central Bank, and/or the securities market, inspected by the Brazilian Securities Commission, and Cemig does not appoint a third party to acquire the interest held by BB and by Votorantim in FIP Redentor for an amount equivalent to the Exercise Amount on the date of the actual acquisition, or if such appointed third party is not accepted by BTG or Santander; .

The proposal by the Board of Directors to this Meeting was put to the vote with the alteration suggested by the stockholder Luiz Fernando Rolla, and was approved unanimously.

The meeting being opened to the floor, and since no-one wished to make any statement, the Chairman ordered the session suspended for the time necessary for the writing of the minutes. The session being reopened, the Chairman, after putting the said minutes to debate and to the vote and verifying that they had been approved and signed, closed the meeting.

For the record, I, Anamaria Pugedo Frade Barros, Secretary, wrote these minutes and sign them together with all those present.

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5. Summary of decisions of the 507th Meeting of the Board of Directors CEMIG, March 30, 2011

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**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

**Listed company**

**CNPJ 17.155.730/0001-64**

**NIRE 31300040127**

**MEETING OF THE BOARD OF DIRECTORS**

**SUMMARY OF PRINCIPAL DECISIONS**

The Board of Directors of **Cemig** (Companhia Energética de Minas Gerais), at its 507th meeting, held on March 30, 2011, decided as follows:

1- Budget Proposal for 2011: approved.

2- Limits of financial covenants in the Bylaws:

a) In accordance with the provisions of Paragraph 9 of Article 11 of the Bylaws, the Board gave authorization for the following targets, mentioned in Paragraph 7 of Clause 11 of the Bylaws, to be exceeded: Consolidated ratio Net debt / (Net debt + Stockholders equity) to be : may be up to 46% (forty six per cent);

b) Proposal submitted to the Extraordinary General Meeting of Stockholders to be held on May 12, 2011, for the limit in Subclause (d) of Paragraph 7 of Clause 11 to be exceeded as follows: total funds allocated to capital expenditure and acquisition of any assets, in the year, to be up to 57% (fifty seven per cent) of the Company s Ebitda (Earnings before interest, taxes, depreciation and amortization).

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**This text is a translation, provided for information only. The original text in Portuguese is the legally valid version.**

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6. Market Announcement Uberaba Gas Pipeline: Media Release, CEMIG, March 31, 2011

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**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

**LISTED COMPANY**

**CNPJ 17.155.730/0001-64**

**NIRE 31300040127**

**MARKET ANNOUNCEMENT**

**UBERABA GAS PIPELINE: MEDIA RELEASE**

**Cemig** (Companhia Energética de Minas Gerais)( *the Company* ), a listed company with securities traded on the stock exchanges of São Paulo, New York and Madrid, in accordance with its commitment to best corporate governance practices, hereby informs the public that today it has published the following **media release:**

In view of media reports on the construction of a gas pipeline to serve **Uberaba**, in the Minas Triangle region, Cemig states as follows:

1 Cemig is involved in efforts for construction of the gas pipeline, between São Paulo and Minas Gerais, as far as Uberaba, not only because of the need to supply the Ammonia Plant, to be built by Petrobras, but also because of the strategic importance of this fuel for the whole of the Triangle region, the economy of which is expanding firmly.

2 The plans for this pipeline are being developed jointly with the Minas Gerais State Economic Development Department and Petrobras, to decide on the most viable alternative for its immediate construction.

3 Natural gas has a strategic importance for the Government of Minas Gerais and for Cemig, due to the potential for its use in industry in Minas Gerais, which has not been met.

4 Cemig is present in **natural gas distribution** through its subsidiary **Gasmig**, which already serves Metropolitan Belo Horizonte, Barbacena, Juiz de Fora, the Steel Valley (*Vale do Aço*) and the South of Minas; in **gas transportation**, with the study for the project to serve the Triangle; and in **prospecting for reserves,** for subsequent commercial exploration, at sites in the North of Minas.

5 - Thus, Cemig, Gasmig and the government of Minas Gerais reaffirm their commitment to bring natural gas to the Minas Triangle.

The Executive Board.

Belo Horizonte, March 31, 2011.

Luiz Fernando Rolla

Chief Officer for Finance, Investor Relations and Financial Control of Holdings

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7. Presentation - Earnings Release: CEMIG s 2010 Results CEMIG, March 31, 2011

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**EARNINGS RELEASE**

**Cemig H**

Mr. Djalma Bastos de Morais, CEO:

To meet the targets in our Strategic Plan, we have invested, and grown, in a balanced manner, in electricity generation, distribution and transmission.

Mr. Luiz Fernando Rolla, CFO:

In 2010 we have continued to provide consistent and robust cash flow.

**Highlights:**

| | |
|---|---|
| **R$4.5bi** | **Record Ebitda** |
| **R$2.3bi** | **Net income** |
| **R$12.9bi** | **Net revenue** |

| | |
|---|---|
| **R$3.0bi** | **Cash position** |
| **66,255** | **Total sales, GWh** |

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**Summary**

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**Disclaimer**

Certain statements in this material may represent expectations about future events or results that are subject to risks and uncertainties that may be known or unknown. There is no guarantee that events or results referred to in these expectations will in fact take place.

These expectations are based on current assumptions and analyses from the point of view of our management, in accordance with their experience and other factors such as the macroeconomic environment, market conditions in the electricity sector, and 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 electricity sector; hydrological conditions; conditions in the financial and electricity markets; uncertainty on our results from future operations; plans; objectives; and other factors. Because of these and other aspects, Cemig s future results may differ significantly from those indicated in or implied by such statements.

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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 veracity, currentness or completeness 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 originate different results from those estimated by Cemig, please consult the section on Risk Factors included in the Reference Form filed with the Brazilian Securities Commission (CVM) and in the 20-F form filed with the U.S. Securities and Exchange Commission (SEC)

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Ms. Dorothea Werneck, Chair of the Board of Directors of Cemig, comments:

Our 2010 results show the success of our Strategic Plan, which is placing Cemig as a leader in the consolidation of Brazil s electricity sector.

The growth in all our businesses has benefited from the continuing expansion of the economy of Minas Gerais, and also from the acquisitions we have made, which together with our increasingly efficient structure have enabled us to gain speed of action in an increasingly dynamic sector. Serving more than 10 million consumers and with a presence in 20 states of Brazil and in Chile, Cemig is now a world-class company, and its inclusion for the 11th consecutive year in the Dow Jones Sustainability World Index shows that it is possible to grow and add value not only for shareholders, but for all those we serve, with social responsibility and respect for the environment. We reiterate our commitment to invest with profitability and focus in the electricity sector, in the certainty that this is the right strategy for adding value to the investments of our shareholders.

Cemig s CEO, Djalma Bastos de Morais, comments:

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2010 was a year of superior achievement. To meet the targets in our Strategic Plan, we have invested, and grown, in a balanced manner, in electricity generation, distribution and transmission, always with the focus on value accretion for our shareholders.

The exceptional results achieved in 2010 reflect the success of our growth model which, by focusing on the long term, enables Cemig to present growing results, with a portfolio of businesses that is balanced and has low risk.

After successfully making a series of acquisitions, Cemig is in an excellent position in a context of strong economic growth, as has been shown by the expansion of our consumer market, which reported consolidated sales volume of 66,255 GWh, and of our economic results, which returned a profit of R$ 2.3 billion.

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

Finally, the results show that we are on the right path, and that the decisions 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.

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Cemig s Chief Financial Officer, Luiz Fernando Rolla, says:

In 2010 we continued to provide consistent and robust cash flow, as a result of our operations, which aim to add value for our shareholders. With our policy of maintaining high levels of operational efficiency, we were able to achieve Ebitda of R$ 4.5 billion.

This new level of results reflects the correctness of our strategy of growing through acquisitions and new projects, within the process of consolidation of the sector. Although the Cemig Group now has as many as 58 companies, and has partnerships in 10 consortia, it presents operations that are synergetic, increasingly profitable, positioned with lower risk, and show greater stability and results that are always growing over the long term.

Even after making the payments in 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$ 3 billion which makes it possible to carry out our Long-term Strategic Plan, maintain our dividend policy, successfully administer our debt, and carry out our planned capital expenditure, including those investments that are associated with opportunities for acquisitions.

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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.

This release summarizes the key points of our 2010 results.

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**Share price appreciation**

| Cemig securities | Ticker | Currency | Close of 2009 | Close of 2010 | Change |
|---|---|---|---|---|---|
| Cemig PN | CMIG4 | R$ | 26.12 | 26.71 | 2% |
| Cemig ON | CMIG3 | R$ | 19.60 | 20.75 | 6% |
| ADR PN | CIG | US$ | 15.65 | 16.59 | 6% |
| ADR ON | CIG.C | US$ | 11.86 | 12.44 | 5% |
| Cemig PN (Latibex) | XCMIG | | 12.57 | 12.30 | 2% |

**Economic Summary**

| | 2010 | 2009 | Change, % |
|---|---|---|---|
| Electricity sold, GWh | 66,255 | 60,909 | 9% |
| Gross revenue | 18,958 | 17,895 | 6% |
| Net sales revenue | 12,863 | 12,158 | 6% |
| Ebitda | 4,543 | 4,586 | -1% |
| Net income | 2,258 | 2,134 | 6% |

**The economic context**

Brazil s economic growth in 2010 7.5% was higher than the world average and also that of Latin America, reflecting the country s strong recovery from the recession of 2009. The strong Brazilian GDP was responding to the recovery of the world economy, which in return was mainly

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fired by the emerging economies, and also by Brazil s strong domestic demand.

*Sources: Brazilian Geography and Statistics Institute (IBGE), Finance Ministry.*

Chart:

Brazilian annual GDP growth in the years 2003 through 2010, and the Finance Ministry s forecast estimates for the next 4 years.

These are averages for four-year periods:

- 2003 2006: 3.5%
- 2007 2010: 4.53%
- 2011 2014: 5.89%

As from the second half of 2009, and for the whole of 2010, the rate of growth of industrial production in Minas Gerais the source of the greater part of Cemig s consolidated revenue was stronger the growth rate of Brazil as a whole.

This reflects the voluminous investments announced and in progress in Minas Gerais led by the auto industry, metalworking industries, mining, consumer goods and construction.

Surveys of Minas entrepreneurs show high levels of confidence in the outlook for the state, which is likely to further motivate increasing investments in Minas Gerais in the short and medium term.

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**Industrial output volume index  Monthly with seasonal adjustment**

**Base: 2002 average = 100.**

*Source: Brazilian Geography and Statistics Institute (IBGE).*

Growth in industrial production in Minas Gerais in 2010 (15%) was higher than the figure for all of Brazil (10.5%), and the fourth highest among Brazilian states.

In line with the growth in GDP and industrial production, Brazilian electricity consumption expanded by 7.8% in 2010  one of the largest year-on-year growth rates ever. There has also been a historical trend to high growth in Minas Gerais, with total expansion of 36.5% in the last 8 years, with an annual average of 4.6%.

*Source: EPE (Energy Research Company).*

Brazilian electricity consumption in 2010 was its highest in 8 years, at 419,016 GWh

The very strong growth in Brazilian domestic demand, of 10.3%, created a mismatch between the growth of

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domestic absorption and the capacity for expansion of supply, leading the Central Bank to take some cautionary tightening measures, to favor sustainable growth, and further increase the robustness of the Brazilian financial system. Inflation measured by the IPCA (Expanded Consumer Price) index, was 5.91% over the whole year, within the target range of 2.5% to 6.5% set by the National Monetary Council. The Selic rate (the interest rate adopted by the monetary authority) was 10.75% at the end of the year. The increase in inflation is also a reflection of the great volatility of prices in the food and beverage sector, created by very high rainfall which had a negative effect on that sector s production. Increases in prices of commodities, from September, in line with the recovery of economic growth worldwide, also contributed to the inflationary pressures.

The balance of payments was a surplus, portraying the large historic increase in foreign direct investment (FDI), and the expansion of both exports and imports. In spite of the fall in the trade balance due to the higher proportional increase in imports than in exports, the international reserves which reached US$310 billion in March 2011 provide greater security and reliability for foreign investors.

The expected benign outlook for Brazil in the coming years calls for careful attention from policymakers to

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economic variables, harmony between the governments policies, and investments in physical and human infrastructure.

**Cemig s electricity market**

We refer to Cemig s market as the total sales of electricity by *Cemig D*, *Cemig GT consolidated* (Cemig GT, plus *Cachoeirão, Pipoca* and the proportionate holdings in the *Parajuru*, *Morgado* and *Volta do Rio* wind farms); the subsidiaries and affiliates (*Horizontes*, *Ipatinga*, *Sá Carvalho*, *Barreiro*, *Cemig PCH*, *Rosal* and *Capim Branco*); and *Light* (in proportion to Cemig s holding).

These include sales both to captive consumers and free clients, in the concession area of Minas Gerais and outside the State, and also the sale of electricity to other agents of the electricity sector in the Free and Regulated Markets, and the sales under the *Proinfa* program to encourage alternative electricity sources, and on the CCEE (wholesale market) eliminating transactions between companies of the Cemig group.

In 2010, Cemig sold a total of 66,255 GWh, 9% more than in 2009 (60,909).

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The figure includes a large volume of electricity sold to industrial consumers, totaling 24,826 GWh the result of the strong economic growth and of Cemig s position as leader in the free market in electricity in Brazil. Another highlight is our sales under the *Proinfa* program, which grew by 319% to 84 GWh in 2010, reflecting the startup of the wind farms in Ceará in which Cemig bought stakes in 2009.

| **Consolidated sales volume** | **2010** | **MWh 2009** | **Change** |
|---|---|---|---|
| Residential | 9,944,272 | 9,744,437 | 2% |
| Industrial | 24,826,143 | 22,637,786 | 10% |
| Commercial, services and others | 6,227,336 | 6,197,419 | 0% |
| Rural | 2,466,451 | 2,220,658 | 11% |
| Public authorities | 1,082,741 | 1,070,831 | 1% |
| Public illumination | 1,220,491 | 1,226,347 | 0% |
| Public service | 1,360,002 | 1,338,223 | 2% |
| Subtotal | 47,127,436 | 44,435,701 | 6% |
| Own consumption | 53,417 | 51,555 | 4% |
| | 47,180,853 | 44,487,256 | 6% |
| Wholesale supply to other concession holders (*) | 14,204,530 | 13,859,700 | 2% |
| Transactions in energy on the CCEE | 4,785,039 | 2,541,878 | 88% |
| Sales under the Proinfa program | 84,771 | 20,245 | 319% |
| **Total** | **66,255,193** | **60,909,079** | **9%** |

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

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Sales to final consumers

The total volume of electricity sold to final consumers in 2010 was 47,127 GWh, or 6% more than the 44,487 GWh sold in 2009. Highlights are the *industrial* consumer category, representing 53% of total sales, which grew by 10% from 2009, and the *rural* category, which grew 11%.

The growth in all the types of final consumer reflects the expansion of the domestic market and the continuing recovery in productive activity.

This chart shows the breakdown of the Cemig Groups sales to final consumers:

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**The electricity market of Cemig GT**

Cemig GT sold 36,440 GWh in 2010, 6% more than in 2009 (34,268 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.

The quantity of electricity sold to other concession holders, and under bilateral contracts , was 3% lower. This mainly reflects the lower volume of electricity traded in the Regulated Market (CCEAR contracts), due to the completion of some contracts, and redirection of their electricity to industrial clients.

| | Consolidated MWh (**) (Not reviewed by external auditors) | | |
|---|---|---|---|
| **Description** | **2010** | **2009** | **Change** |
| Industrial | 18,644,010 | 16,418,684 | 14% |
| Commercial | 56,067 | 4,722 | 1087% |
| | 18,700,077 | 16,423,406 | 14% |
| Wholesale supply to other concession holders (*) | 15,253,926 | 15,792,446 | -3% |
| Transactions in energy on the CCEE | 2,401,305 | 2,031,791 | 18% |
| Sales under the Proinfa program | 84,771 | 20,245 | 319% |
| **Total** | **36,440,079** | **34,267,888** | **6%** |

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

In 2010 Cemig GT traded a total of 167,693 GWh including both sales and purchases in electricity auctions. It held 77 auctions, and took part in a further 55 auctions held by other agents.

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(Not audited by external auditors)

**Electricity (GWh)**

| | |
|---|---|
| Own short term | 322 |
| [redacted] | |
| **Total, own energy** | **96,894** |
| [redacted] | |
| Third parties short term | 881 |
| [redacted] | |
| **Total, third parties** | **70,799** |
| [redacted] | |

Cemig GT decides its strategy for activity in the Free Market Auctions based on its own assumptions and premises, including a curve of future price forecasts, and by its Structural Balance Plan, which defines the availability that will be directed to the various agents of this market.

All transactions are analyzed considering best corporate governance practices, and the requirement to add value in the planned results, maximizing revenue and net income, as well as minimizing the volatility of operational cash flow.

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**The electricity market of Cemig D**

Cemig D sold 25,037 GWh in 2010, 11% more than in 2009.

| Description | Consolidated MWh (**) (Not reviewed by external auditors) 2010 | 2009 | Change |
|---|---|---|---|
| Residential | 8,134,143 | 7,774,466 | 5% |
| Industrial | 4,757,191 | 4,826,009 | -1% |
| Commercial, services and others | 4,775,770 | 4,642,166 | 3% |
| Rural | 2,455,112 | 2,208,247 | 11% |
| Public authorities | 762,207 | 718,070 | 6% |
| Public illumination | 1,067,876 | 1,057,666 | 1% |
| Public service | 1,113,789 | 1,070,536 | 4% |
| Subtotal | 23,066,088 | 22,297,160 | 3% |
| Own consumption | 35,505 | 34,844 | 2% |
| | 23,101,593 | 22,332,004 | 3% |
| Transactions in energy on the CCEE | 1,935,630 | 219,494 | 782% |
| **Total** | 25,037,223 | 22,551,498 | 11% |

Consumption by the residential consumer category, at 25,037GWh, was 5% higher than in the previous year. The increase is associated with connection of new consumer units, and growth in private consumption by final consumers, reflecting the favorable conditions of the economy.

**The electricity market of Light**

Light sold 21,492 GWh in 2010, 4% more than in 2009.

For more details on Light s sales in 2010 see:

http://www.mzweb.com.br/light/web/arquivos/Light%20SA%20Release%204T10.pdf,

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## Tariff *Reviews* of Cemig GT and Cemig D

### Tariff Reviews of Cemig GT

First Tariff Review

The first Review of Cemig GT s Transmission Tariff, covering all of its asset base, 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 the Administrative Appeal filed by the Company, ordering a change in the repositioning of its first periodic Tariff Review from 5.35% to 6.96%.

Second Tariff Review

On June 8, 2010, Aneel homologated the result of the Second Review of Cemig GT s tariffs, which set the repositioning of the Permitted Annual Revenue (RAP) at -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 2010 to June 2011 tariff cycle.

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**Cemig D Tariff Adjustment and Review**

Tariff Adjustment of Cemig D

Aneel s adjustment of the retail supply tariffs and TUSD (Tariff for Use of the Distribution System) of Cemig Distribuição S.A. (Cemig D), effective for April 2010 through March 2011, set different increases for different voltage levels the average impact being an increase of 1.67%, in effect from April 8, 2010.

The resulting tariff adjustment now includes the effect of the improvements in procedures for calculating tariff adjustments put in place by the Third Amendment to the Concession Contracts. This amendment specifies neutrality of the non-controllable cost items of Portion A in relation to the sector charges.

**Protection of revenue management of losses**

Cemig D s non-technical losses are currently around 2.24% of the amount of electricity injected into the distribution system. This is lower than the reference level set by Aneel in Cemig D s Tariff *Review*, and well below the Brazilian national average, which is around 5.8%.

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To further improve the company s capacity to react to the practice of irregularities and electricity losses, various measures have been taken, including measures to improve the tools for selection of targets for inspection in the Client Management System (SGC/SAP); to increase productivity in the process of charging and collection for irregular consumption; bulletproofing of revenue of medium- and large-scale consumers; replacement of approximately 80,000 obsolete meters; metering measurements on medium-voltage feeders; and other measures.

**Operational revenue**

This is the breakdown of operational revenues:

| **R$ million (R$ mn)** | **2010** | **2009** |
|---|---|---|
| Revenue from supply of electricity (a) | 14,954 | 15,008 |
| Revenue from use of the electricity distribution systems (TUSD) | 1,658 | 1,332 |
| Revenue from use of the transmission grid (b) | 1,555 | 903 |
| Other operational revenues (c) | 791 | 652 |
| Deductions from operational revenues (d) | (6,095) | (5,737) |
| **Net operational revenue** | **12,863** | **12,158** |

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**Revenue from supply of electricity**

Revenue from supply of electricity in 2010 was R$ 14.953 billion, 0.4% lower than the revenue of R$ 15.008 billion in 2009.

Final consumers

Revenue from sales of electricity to final consumers (excluding Cemig s own consumption) was R$ 13.352 billion (bn) in 2010, 0.9% more than in 2009 (R$ 13.233bn).

The main items affecting this result are:

Increase of 6.06% in the volume of energy invoiced to final consumers (excluding Cemig s own consumption).

Average tariff 3.35% lower in 2010, at R$ 282.01/MWh vs. R$ 291.79/MWh in 2009. This is due to the higher volume of regulatory items included in the tariff in 2009 for example the Extraordinary Tariff Recomposition (RTE), and non-controllable costs of the distribution company (CVA).

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**Revenue from wholesale electricity sales**

The volume of electricity sold to other concession holders was 2.49% higher year-on-year, at 14,204,530 MWh in 2010, compared to 13,859,700 MWh in 2009 but for a lower average sale price, of R$ 101.72/MWh in 2010, vs. R$ 117.87/MWh in 2009, mainly reflecting the contracts made at adjustment auction sales to distributors, held only in 2009, with an average price of R$ 145.00/MWh. As a result, revenue from wholesale supply to other concession holders was 11.57% lower year-on-year, at R$ 1.444bn in 2010, compared to R$ 1.633bn in 2009.

**Revenue from use of the electricity systems**

**Revenue from use of the electricity distribution systems (TUSD)**

The revenue of Cemig D and Light from the Tariff for Use of the Distribution Systems (TUSD) was 24.47% higher, at R$ 1.658bn, in 2010, than in 2009 (R$ 1.332bn). 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.

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**Revenue from use of the transmission grid**

This revenue was 72.20%, or R$ 611 million, higher in 2010, at R$ 1.555bn (compared to R$ 903 million in 2009).

This revenue is from the transmission capacity provided to the national grid, and also from the jointly-controlled transmission subsidiaries, among which we highlight the transmission groups known as TBE and Taesa.

The increase in this revenue in 2010 is mainly due to acquisition of interests in Taesa, in October 2009, and in May 2010 through a public offer to aqcuire shares, which increased these revenues in 2010.

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**Ebitda**

| **Ebitda, R$ mn** | **2010** | **2009** | **Change, %** |
|---|---|---|---|
| Net income | 2,258 | 2,134 | 5.81 |
| + Provision for income tax and Social Contribution tax | 564 | 1,131 | (50.13) |
| + Financial revenues (expenses) | 825 | 355 | 132.39 |
| + Depreciation and amortization | 896 | 895 | |
| + Minority interests | | 73 | |
| **= EBITDA** | **4,543** | **4,588** | **(0.98)** |
| Non-recurring items: | | | |
| + Settlement of legal action with industrial client | 178 | | |
| + ICMS tax: low-income consumers | 26 | | |
| + PDV Voluntary Retirement Program | 40 | 206 | (80.58) |
| **= ADJUSTED EBITDA** | **4,787** | **4,797** | **(0.15)** |

(method of calculation not reviewed by external auditors)

Ebitda was not significantly different in 2010 from 2009: a reduction of 0.98%.

The main non-recurring items affecting Ebitda are:

Recognition of an expense of R$ 179mn in Cemig D, in 2010, arising from the settlement of a legal action brought by an industrial consumer, for reimbursement of the tariff increase introduced by the DNAEE during the Cruzado economic plan (of 1986).

Recognition of an ICMS tax expense in 2010 relating to the subsidy for the discount on tariffs for low-income consumers, in the amount of R$ 26mn, resulting from the

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decision to subscribe to the Tax Amnesty program put in place by the government of the Minas Gerais State.

Provisions, in 2010 and 2009, of R$ 40mn and R$ 206mn, respectively, for the Company s Voluntary Retirement Program.

**Ebitda from the principal companies**

**EBITDA PER COMPANY**

| | |
|---|---|
| CEMIG GT* | 2,043 |
| CEMIG D | 1,177 |
| LIGHT | 376 |
| GASMIG | 67 |
| TBE | 194 |
| TAESA | 311 |
| OTHERS | 375 |
| **CONSOLIDATED** | **4,543** |

**Profit in the period**

Cemig reported net incomeof R$ 2.258 billion in 2010, 5.81% more than its 2009 net income of R$ 2.124 billion.

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**Taxes applicable to operational revenue**

The taxes applied to operational revenue in 2010 totaled R$ 6.095bn, compared to R$ 5.737bn in 2009, an increase of 6.24%. The main variations in these deductions from revenue between the two years are as follows:

**The Fuel Consumption Account CCC**

Expenses on the CCC in 2010 were R$ 532mn, 7.91% more than their total of R$ 493mn in 2009. This charge is for the costs of operation of the thermal plants in the national grid and in the isolated systems. It is shared (pro-rated) between electricity concession holders, on a basis set by an Aneel Resolution.

This is a non-controllable cost: in the distribution activity, the difference between the amounts used as a reference for calculation of tariffs and the cost actually incurred is compensated for in the next tariff adjustment. 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.

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**CDE Energy Development Account**

Expenses on the CDE in 2010 were R$ 423mn, 3.68% more than their total of R$ 408mn in 2009. These payments are specified by a Resolution issued by the regulator, Aneel. This is a non-controllable cost: in the distribution activity, the difference between the amounts used as a reference for calculation of tariffs and the cost actually incurred is compensated for in the next tariff adjustment. For the portion relating to transmission services the Company charges the CDE amount to Free Consumers on their invoices for use of the grid, and passes it on to Eletrobrás.

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

For a breakdown of the taxes applicable to revenues, please see Explanatory Note 23 to the consolidated financial statements.

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

Operational costs and expenses (excluding Financial revenue (expenses)) totaled R$ 9.217bn in 2010, 8.86% more than in 2009 (R$ 8.467bn). This is mainly due to increases in the non-controllable costs of Electricity bought for resale. For more information please see Explanatory Note 24 to the Consolidated Financial Statements.

These are the main variations in expenses:

**Electricity bought for resale**

The total expense on Electricity bought for resale in 2010 was R$ 3.722bn, 16.35% more than in 2009 (R$ 3.199bn), mainly reflecting greater purchases by the distributors in the Regulated Market. This is a non-controllable cost: the difference between the amounts used as a reference for calculation of tariffs and the cost actually incurred is compensated for in the next tariff adjustment. There is a breakdown of this expense in Explanatory Note 24 to the Consolidated Financial Statements.

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**Personnel**

Total personnel expenses in 2010 were R$ 1.211bn, 8.12% less than in 2009 (R$ 853mn). This result is largely due to a much larger expense on the PDV Voluntary Retirement Program in 2009 (when it was put in place), with an expense in that year of R$ 206mn, compared to only R$ 40mn in 2010 (an adjustment of the provision made in 2009). This is associated with reduction of the aggregate number of employees (of the holding company, Cemig D and Cemig GT) from 9,746 at the end of 2009 to 8,859 at the end of 2010.

**Charges for use of the transmission grid**

The expense on charges for use of the transmission network in 2010 was R$ 729mn, 14.54% less than in 2009 (R$ 853mn).

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: the difference between the amounts used as a reference for calculation of tariffs and

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the cost actually incurred is compensated for in the next tariff adjustment.

**Depreciation and amortization**

The expense on depreciation and amortization was unchanged from 2009 to 2010, at R$ 896mn.

**Post-employment obligations**

The expense on post-employment obligations in 2010 was R$ 107mn, compared to R$ 150 million in 2009, a reduction of 28.67%. 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. This year the expense was reduced by higher expectation of returns on the assets of the Plan in 2010 in comparison with the obligations.

**Operational provisions**

Operational provisions in 2010 totaled R$ 138mn, 11.29% more than in 2009 (R$ 124mn). This mainly arose from settlement of a legal action, brought by an industrial consumer questioning a tariff increase made in 1986 by the

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Federal Water Authority (by DNAEE Ministerial Order 045/86). An expense of R$ 178mn was posted for this in 2010. Its effect is partially offset by a reversal in the provision for retirement premiums, of R$ 22mn, in 2010, compared to a provision of R$ 41 milhões em 2009. There is a breakdown on the provisions in Explanatory Note 24 to the consolidated financial statements.

**Gas purchased for resale**

Expenses on gas bought for resale in 2010 were R$ 225mn, 35.54% more than their total of R$ 166mn in 2009. This reflects the higher quantity of gas sold, due mainly in turn to greater operation of the thermal generation plants that are clients of Gasmig, in 2010.

**Financial revenues (expenses)**

In 2010 the company posted net financial expenses of R$ 825mn, compared to net financial expenses of R$ 354mn in 2009. The main factors affecting this result were:

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Higher revenue from cash investments: R$ 392mn in 2010, 44.12% more than in 2009 (R$ 272mn), due to a higher volume of cash being invested in 2010.

Higher expenses on costs of loans and financings: R$ 1.075bn in 2010, compared to R$ 799mn in 2009. The higher figure reflects entry of new financings, one of the most important being the issue of R$ 2.7bn in Promissory Notes by Cemig GT in October 2009, settled in March 2010 wih the proceeds of a debenture issue in March 2010, of the same amount.

Increase in the expense on monetary variation on Loans and financings in Brazilian currency: R$ 144mn in 2010, compared to R$ 9mn in 2009. This reflects, substantially, the higher volume of funding raised, and also the change in inflation indices and other indexors of contracts on the company s loans, financings and debentures principally the IGP M inflation index, which was 1.72% negative over the whole of 2009, and 11.32% positive over the whole of 2010.

For a breakdown of financial revenues and expenses, please see Explanatory Note 25 to the Financial Statements.

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**Income tax and Social Contribution tax**

Cemig s expenses on income tax and the Social Contribution tax in 2010 totaled R$ 564 million, on profit of R$ 2,822 billion before tax, a percentage of 19.99%. This compares with 2009, when Cemig s expenses on income tax and the Social Contribution totaled R$ 1.131 billion, on profit of R$ 3,337 billion before tax, a percentage of 33.89%.

The lower percentage tax rate in 2010 in relation to the profit is due to tax credits recognized in 2010, in the amount of R$ 288,505. These credits are for tax losses that were not recorded in the financial statements and were recognized in 2010 as a result of proof of their realization through the projections of the Company s results.

The effective tax rates are reconciled with the nominal rates in Explanatory Note 9 to the Financial Statements.

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**Appendix**

**Cemig Consolidated charts from I to IX (Values in million of Reais)**

Charts I

| **Energy Sales (Consolidated) - GW** | **2010** | **2009** | **Change%** |
|---|---|---|---|
| Residential | 9,944 | 9,744 | 2 |
| Industrial | 24,826 | 22,638 | 10 |
| Commercial | 6,227 | 6,198 | 0 |
| Rural | 2,466 | 2,220 | 11 |
| Others | 3,663 | 3,635 | 1 |
| **Subtotal** | **47,127** | **44,435** | **6** |
| Own Consumption | 53 | 52 | 3 |
| Supply | 14,204 | 13,860 | 2 |
| Transactions on the CCEE | 4,785 | 2,542 | 88 |
| Sales under the Proinfa program | 85 | 20 | |
| **TOTAL** | **66,255** | **60,909** | **9** |

Charts II

| **Energy Sales** | **2010** | **2009** | **Change%** |
|---|---|---|---|
| Residential | 4,833 | 4,625 | 4 |
| Industrial | 3,936 | 3,856 | 2 |
| Commercial | 2,718 | 2,740 | (1) |
| Rural | 632 | 572 | 10 |
| Others | 1,171 | 1,173 | (0) |
| **Electricity sold to final consumers** | **13,290** | **12,966** | **2** |
| Low-Income Consumers Subsidy | 133 | 265 | (50) |
| Unbilled Supply, Net | (71) | 2 | (3,650) |
| Supply | 1,445 | 1,634 | (12) |
| Transactions on the CCEE | 133 | 137 | (3) |
| **Sales under the Proinfa program** | **24** | **4** | |
| **TOTAL** | **14,954** | **15,008** | **(0.4)** |

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Charts III

### Sales per Company

### Cemig Distribution

| 2010 Sales | GWh |
|---|---|
| Industrial | 4,757 |
| Residencial | 8,134 |
| Rural | 2,455 |
| Commercial | 4,776 |
| Others | 2,979 |
| Sub total | 23,101 |
| Wholesale supply | 1,936 |
| **Total** | **25,037** |

### Independent Generation

| 2010 Sales | GWh |
|---|---|
| Horizontes | 83 |
| Ipatinga | 300 |
| Sá Carvalho | 490 |
| Barreiro | 98 |
| CEMIG PCH S.A | 120 |
| Rosal | 265 |
| Capim Branco | 522 |
| Cachoeirão | 75 |
| Wind farm | 85 |
| Pipoca | 12 |
| Vendas CCEE (PLD) | 103 |
| **TOTAL** | **2,153** |

### Cemig GT

| 2010 Sales | GWh |
|---|---|
| Free Consumers | 18,700 |
| Wholesale supply | 15,339 |
| Wholesale supply others | 10,144 |
| Wholesale supply Cemig Group | 1,356 |
| Wholesale supply bilateral contracts | 3,839 |
| Transactions in the CCEE (PLD) | 2,401 |

| | |
|---|---|
| **Total** | **36,440** |

**Light (25.0) - Distribution**

| **2010 Sales** | **GWh** |
|---|---|
| Industrial | 384 |
| Residencial | 1,810 |
| Commercial | 1,365 |
| Rural | 11 |
| Others | 737 |
| Wholesale supply | 1,068 |
| Transactions in the CCEE (PLD) | 345 |
| **Total** | **5,720** |

**Cemig Consolidated by Company**

| **2010 Sales** | **GWh** | **Participação** |
|---|---|---|
| Cemig Distribution | 25,037 | 38% |
| Cemig GT | 36,440 | 55% |
| Wholesale Cemig Group | 5,720 | 9% |
| Wholesale Light Group | 2,153 | 3% |
| Independent Generation | (2,784) | |
| RME | (311) | |
| **Total** | **66,255** | **100%** |

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Charts IV

| Operating Revenues | 2010 | 2009 | Change% |
|---|---|---|---|
| Sales to end consumers | 13,351 | 13,233 | 1 |
| TUSD | 1,658 | 1,332 | 24 |
| Supply + Transactions in the CCEE | 1,578 | 1,771 | (11) |
| Revenues from Trans. Network | 1,555 | 903 | 72 |
| Gas Supply | 398 | 307 | 30 |
| Others | 418 | 349 | 20 |
| **Subtotal** | **18,958** | **17,895** | **6** |
| Deductions | (6,095) | (5,737) | 6 |
| **Net Revenues** | **12,863** | **12,158** | **6** |

Charts V

| Operating Expenses | 2010 | 2009 | Change% |
|---|---|---|---|
| Personnel/Administrators/Councillors | 1,211 | 1,318 | (8) |
| Fortuz Post-Retirement Employee Benefits | 107 | 150 | (29) |
| Materials | 134 | 114 | 18 |
| Raw material for production | | 4 | (100) |
| Contracted Services | 923 | 819 | 13 |
| Purchased Energy | 3,722 | 3,199 | 16 |
| Royalties | 140 | 154 | (9) |
| Depreciation and Amortization | 896 | 895 | 0 |
| Operating Provisions | 138 | 124 | 11 |
| Charges for Use of Basic Transmission Network | 728 | 853 | (15) |
| Gas Purchased for Resale | 225 | 166 | 36 |
| Other Expenses | 466 | 312 | 49 |
| Employee Participation | 325 | 238 | 37 |
| Cost from Operation | 201 | 120 | 68 |
| **TOTAL** | **9,216** | **8,466** | **9** |

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Charts VI

| Financial Result Breakdown | 2010 | 2009 | Change% |
|---|---|---|---|
| **Financial revenues** | **849** | **833** | **2** |
| Revenue from cash investments | 392 | 272 | 44 |
| Arrears penalty payments on electricity bills | 137 | 170 | (19) |
| Minas Gerais state government | 129 | 149 | (13) |
| FX variations | 51 | 116 | (56) |
| Pasep and Cofins taxes on financial revenues | (39) | (40) | (1) |
| Gains on financial instruments | 8 | 1 | 530 |
| Adjustment to present value | 17 | 2 | 708 |
| Other | 154 | 163 | (5) |
| **Financial expenses** | **(1,674)** | **(1,188)** | **41** |
| Costs of loans and financings | (1,075) | (799) | 35 |
| FX variations | (37) | (18) | 107 |
| Monetary updating loans and financings | (144) | (9) | 1,443 |
| Monetary updating paid concessions | (42) | | |
| Losses on financial instruments | (14) | (91) | (85) |
| Charges and monetary updating on Post-employment obligations | (142) | (93) | 53 |
| Amortization of goodwill premium /discount on investments | (72) | (34) | 111 |
| Other | (147) | (144) | 2 |
| **Financial revenue (expenses)** | **(825)** | **(354)** | **133** |

Charts VI

| Statement of Results | 2010 | 2009 | Change% |
|---|---|---|---|
| Net Revenue | 12,863 | 12,158 | 6 |
| Operating Expenses | 9,216 | 8,466 | 9 |
| **EBIT** | **3,647** | **3,692** | **(1)** |
| **EBITDA** | **4,543** | **4,588** | **(1)** |
| Financial Result | (825) | (354) | 133 |
| Provision for Income Taxes, Social Cont & Deferred Income Tax | (564) | (1,131) | (50) |
| Minority Shareholders | | (73) | (100) |
| **Net Income** | **2,258** | **2,134** | **6** |

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Charts VII

| BALANCE SHEETS (CONSOLIDATED) - ASSETS | 2010 | 2009 |
|---|---|---|
| **CURRENT** | **8,086** | **8,617** |
| Cash and cash equivalents | 2,980 | 4,425 |
| Securities cash Investments | 322 | |
| Consumers and Traders | 2,263 | 2,278 |
| Concession holders transport of energy | 401 | 367 |
| Financial assets of the concession | 625 | 222 |
| Taxes offsetable | 374 | 357 |
| Income tax and Social Contribution recoverable | 490 | 530 |
| Inventories | 41 | 35 |
| Other credits | 590 | 403 |
| **NON-CURRENT** | **25,470** | **21,677** |
| Accounts receivable from Minas Gerais state government | 1,837 | 1,824 |
| Credit Receivables Investment Fund | | |
| Deferred income tax and Social Contribution tax | 1,801 | 1,108 |
| Taxes offsetable | 140 | 115 |
| Income tax and Social Contribution recoverable | 83 | 118 |
| Deposits linked to legal actions | 1,027 | 693 |
| Consumers and Traders | 96 | 161 |
| Other credits | 114 | 115 |
| Financial assets of the concession | 7,316 | 5,508 |
| Investments | 24 | 26 |
| Fixed assets | 8,229 | 8,303 |
| Intangible | 4,804 | 3,705 |
| **TOTAL ASSETS** | **33,556** | **30,294** |

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Charts VIII

| **BALANCE SHEETS**<br>**LIABILITIES AND SHAREHOLDERS EQUITY** | **2010** | **2009** |
|---|---|---|
| **CURRENT** | **6,403** | **10,280** |
| Suppliers | 1,121 | 852 |
| Regulatory charges | 384 | 324 |
| Profit shares | 116 | 98 |
| Taxes, charges and contributions | 404 | 419 |
| Income tax and Social Contribution tax | 137 | 127 |
| Interest on Equity and dividends payable | 1,154 | 954 |
| Loans and financings | 1,574 | 5,878 |
| Debentures | 629 | 781 |
| Salaries and mandatory charges on payroll | 243 | 353 |
| Post-employment obligations | 99 | 94 |
| Provision for losses on financial instruments | 69 | 78 |
| Other obligations | 473 | 320 |
| **NON-CURRENT** | **15,676** | **8,849** |
| Regulatory charges | 142 | 152 |
| Loans and financings | 6,244 | 4,044 |
| Debentures | 4,779 | 590 |
| Taxes, charges and contributions | 693 | 327 |
| Income tax and Social Contribution tax | 1,065 | 989 |
| Provisions | 371 | 562 |
| Concessions payable | 118 | 80 |
| Post-employment obligations | 2,062 | 1,915 |
| Other obligations | 201 | 190 |
| **SHAREHOLDERS EQUITY** | **11,476** | **11,166** |
| Registered capital | 3,412 | 3,102 |
| Capital reserves | 3,954 | 3,969 |
| Profit reserves | 2,873 | 3,177 |
| Adjustments to Stockholders equity | 1,209 | 1,343 |
| Accumulated Conversion Adjustment | 1 | 0 |
| Funds allocated to increase of capital | 27 | 27 |
| Accumulated losses | | (453) |
| **TOTAL LIABILITIES** | **33,556** | **30,294** |

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Charts IX

| Cash Flow Statement | 2010 | 2009 | Change% |
|---|---|---|---|
| **Cash at beginning of period** | **4,425** | **2,284** | **94** |
| **Cash generated by operations** | **3,457** | **2,570** | **35** |
| Net income | 2,258 | 2,134 | 6 |
| Depreciation and amortization | 896 | 936 | (4) |
| Suppliers | 269 | (40) | (773) |
| Provisions for operational losses | (78) | (168) | (54) |
| Other adjustments | 112 | (292) | (138) |
| **Financing activities** | **(377)** | **3,270** | **(112)** |
| Financings obtained and capital increase | 6,227 | 5,223 | 19 |
| Payments of loans and financings | (4,775) | (1,016) | 370 |
| Interest on Equity, and dividends | (1,829) | (937) | 95 |
| **Investment activity** | **(4,525)** | **(3,699)** | **22** |
| Investments | (1,880) | (1,390) | 35 |
| Fixed and Intangible assets | (2,645) | (2,309) | 15 |
| **Cash at end of period** | **2,980** | **4,425** | **(33)** |

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**Cemig GT charts from I to III (Values in million of Reais)**

Charts I

| **Operating Revenues** | **2010** | **2009** | **Change%** |
|---|---|---|---|
| Sales to end consumers | 2,109 | 1,765 | 19 |
| Supply | 1,571 | 1,793 | (12) |
| Revenues from Trans. Network + Transactions in the CCEE | 1,209 | 789 | 53 |
| Others | 52 | 88 | (41) |
| **Subtotal** | **4,941** | **4,435** | **11** |
| Deductions | (1,026) | (899) | 14 |
| **Net Revenues** | **3,915** | **3,536** | **11** |

Charts II

| **Operating Expenses** | **2010** | **2009** | **Change%** |
|---|---|---|---|
| Personnel/Administrators/Councillors | 307 | 309 | (1) |
| Employee Participation | 75 | 55 | |
| Depreciation and Amortization | 374 | 445 | (16) |
| Charges for Use of Basic Transmission Network | 250 | 275 | (9) |
| Contracted Services | 149 | 151 | (1) |
| Fortuz Post-Retirement Employee Benefits | 24 | 30 | (20) |
| Materials | 24 | 21 | 14 |
| Royalties | 135 | 140 | (4) |
| Operating Provisions | (9) | 3 | |
| Other Expenses | 83 | 52 | 60 |
| Purchased Energy | 371 | 149 | 149 |
| Raw material for production | | 4 | (100) |
| Construction Cost | 152 | 89 | 71 |
| **Total** | **1,935** | **1,723** | **12** |

Charts III

| **Statement of Results** | **2010** | **2009** | **Change%** |
|---|---|---|---|
| Net Revenue | 3,915 | 3,536 | 11 |
| Operating Expenses | 1,935 | 1,723 | 12 |
| **EBIT** | **1,980** | **1,813** | **9** |
| **EBITDA** | **2,353** | **2,258** | **4** |
| Financial Result | (513) | (277) | 85 |
| Provision for Income Taxes, Social Cont & Deferred Income Tax | (383) | (433) | (12) |
| **Net Income** | **1,084** | **1,103** | **(2)** |

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**Cemig D charts from I to IV (Values in million of Reais)**

Charts I

**CEMIG D Market**

| Quarter | Captive Consumers | (GWh) TUSD ENERGY(1) | T.E.D(2) | GW 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 |
| 4Q10 | 5,938 | 4,927 | 10,865 | 25 |

Charts II

| Operating Revenues | 2010 | 2009 | Change% |
|---|---|---|---|
| Sales to end consumers | 9,344 | 9,223 | 1 |
| TUSD | 1,640 | 1,196 | 37 |
| Subtotal | 10,984 | 10,419 | 5 |
| Others | 91 | 85 | 7 |
| **Subtotal** | **11,075** | **10,504** | **5** |
| Deductions | (4,148) | (3,810) | 9 |
| **Net Revenues** | **6,927** | **6,694** | **3** |

Charts III

| Operating Expenses | 2010 | 2009 | Change% |
|---|---|---|---|
| Purchased Energy | 2,925 | 2,483 | 18 |
| Personnel/Administrators/Councillors | 759 | 880 | (14) |
| Depreciation and Amortization | 378 | 357 | 6 |
| Charges for Use of Basic Transmission Network | 616 | 553 | 11 |
| Contracted Services | 642 | 523 | 23 |
| Forluz Post-Retirement Employee Benefits | 78 | 92 | (15) |
| Materials | 99 | 82 | 21 |
| Operating Provisions | 209 | 66 | 217 |
| Other Expenses | 186 | 217 | (14) |
| Employee Participation | 236 | 162 | 46 |
| **Total** | **6,128** | **5,415** | **13** |

Charts IV

| Statement of Results | 2010 | 2009 | Change% |
|---|---|---|---|
| Net Revenue | 6,927 | 6,694 | 3 |
| Operating Expenses | 6,128 | 5,415 | 13 |
| **EBIT** | **799** | **1,279** | **(38)** |
| **EBITDA** | **1,177** | **1,637** | **(28)** |
| Financial Result | (224) | (87) | 157 |
| Provision for Income Taxes, Social Cont & Deferred Income Tax | (135) | (416) | (68) |
| **Net Income** | **440** | **776** | **(43)** |

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8. Ordinary and Extraordinary General Meeting: Convocation and Proposal with Appendix CEMIG, April 29, 2011

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**COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG**

LISTED COMPANY

CNPJ 17.155.730/0001-64 ; NIRE 31300040127

**ORDINARY**

**AND**

**EXTRAORDINARY**

**GENERAL MEETINGS OF STOCKHOLDERS**

**CONVOCATION**

Stockholders are hereby called to an Ordinary and an Extraordinary General Meeting of Stockholders, to be held, concurrently, on April 29, 2011 at 4 p.m. at the company s head office, Av. Barbacena 1200, 21st floor, in the city of Belo Horizonte, Minas Gerais, Brazil, to decide on the following matters:

**1** **Examination, debate and voting** on the Report of Management and the Financial Statements for the year ended December 31, 2010, and the respective complementary documents.

**2** **Allocation of the net profit** for the year 2010, in the amount of R$ 2,257,976,000, in accordance with Article 192 of Law 6404, of December 15, 1976, as amended.

**3** **Dividends:** Decision on the form and date of payment of the obligatory dividend and complementary dividends, in the amount of R$ 1,196,074,000.

**4** **Changes to the Bylaws**, to change the names of the following Chief Officers Departments:

- **From:** *Department of Business Development and Corporate Control of Subsidiaries and Affiliates*

**To:** *Department of Business Development*

- **From:** *Department of Finance, Investor Relations and Financial Control of Holdings*

**To:** *Department of Finance and Investor Relations.*

• with the consequential changes to the following parts of the Bylaws:

| | | | |
|---|---|---|---|
| Clause 11: | Paragraph 3; | | |
| Clause 18: | | | |
| Clause 21: | Paragraph 3; | | |
| | Paragraph 4, | Subclauses g and j ; | and |
| Clause 22: | Head paragraph: | Sub-item I | subclauses b and i |
| | | Sub-item III, and its | subclauses b , c , n and p ; |
| | | Sub-item VII | subclause k ; |
| | | Sub-item VIII, and its | subclauses d , m and p ; |
| | | Sub-item IX | subclauses c and f ; and |
| | Paragraph 4. | | |

**5** **Election** of the sitting and substitute members of the Audit Board, due to the completion of their period of office; and setting of their remuneration.

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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**6** **Setting of the remuneration** of the Company s Managers.

**7** **Orientation of the vote** of the Company s representative in the Ordinary and Extraordinary General Meetings of Stockholders of **Cemig Distribuição S.A.** ( **Cemig D** ), also to be held, concurrently, on April 29, 2011, as to the following:

a) Examination, debate and voting on the Report of Management and the Financial Statements for the year ended December 31, 2010, and the respective complementary documents.

b) Allocation of the net profit for the business year 2010, in the amount of R$ 441,002,000, to offsetting of the accumulated loss at December 31, 2010; and offsetting of the remaining balance of the accumulated loss, in the amount of R$ 268,225,000, with the Retained Earnings Reserve, in the amount of R$ 204,202,000, and the amount of R$ 64,023 from the Legal Reserve.

c) Recommendation to the Executive Board to prepare studies with a view to an application to the National Electricity Agency, Aneel, for permission for reduction of capital, to compensate for the effect of non-payment of dividends in 2010, caused by the adoption of International Financial Reporting Standards, if this reduction of capital is advantageous for permitting flow of funds from the Company to Cemig.

d) Changes to the Bylaws to change the names of the following Chief Officers Departments:

**i) From:** *Department of Business Development and Corporate Control of Subsidiaries and Affiliates*

**To:** *Department of Business Development*

**ii) From:** *Department of Finance, Investor Relations and Financial Control of Holdings*

**To:** *Department of Finance and Investor Relations.*

• with the consequential changes to the following parts of the Bylaws:

| | | | |
|---|---|---|---|
| Clause 7: | Paragraph 2; | | |
| Clause 13: | | | |
| Clause 16: | Paragraph 3; | | |
| | Paragraph 4, | Subclauses g and j ; | and |
| Clause 17: | Head paragraph: | Sub-item I | subclauses b and i |
| | | Sub-item III, and its | subclauses b , c , n and p ; |

| | |
|---|---|
| Sub-item VI | subclause j ; |
| Sub-item VII, and its | subclauses d , m and p ; |
| Sub-item IX | subclauses c and f ; and |

Paragraph 4.

e) Election of the sitting and substitute members of the Audit Board, due to the completion of their period of office.

**8** **Orientation of the vote** of the Company s representative in the Ordinary and Extraordinary General Meetings of Stockholders of **Cemig Geração e Transmissão S.A.** ( **Cemig GT** ), also to be held, concurrently, on April 29, 2011, as to the following:

a) Examination, debate and voting on the Report of Management and the Financial Statements for the year ended December 31, 2010, and the respective complementary documents.

b) Allocation of the net profit for the year 2010, in the amount of R$ 1,084,110,000, and of the balance in the Retained Earnings account, in the amount of R$ 101,909,000.

c) Decision on the form and date of payment of the Interest on Equity and the complementary dividends, in the amount of R$ 1,131,813,000.

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d) Changes to the Bylaws to change the names of the following Chief Officers Departments:

**i) From:** *Department of Business Development and Corporate Control of Subsidiaries and Affiliates*

**To:** *Department of Business Development*

**ii) From:** *Department of Finance, Investor Relations and Financial Control of Holdings*

**To:** *Department of Finance and Investor Relations.*

• with the consequential changes to the following parts of the Bylaws:

| | | | |
|---|---|---|---|
| Clause 7: | Paragraph 2; | | |
| Clause 13: | | | |
| Clause 16: | Paragraph 3; | | |
| | Paragraph 4, | Subclauses g and j ; | and |
| Clause 17: | Head paragraph: | Sub-item I | subclauses b and i |
| | | Sub-item III, and its | subclauses b , c , n and p ; |
| | | Sub-item VI | subclause j ; |
| | | Sub-item VII, and its | subclauses d , m and p ; |
| | | Sub-item IX | subclauses c and f ; and |
| | Paragraph 4. | | |

e) Election of the sitting and substitute members of the Audit Board, due to the completion of their period of office.

Any stockholder who wishes to be represented by proxy at the said General Meetings of Stockholders should obey the terms of Article 126 of Law 6406/1976, as amended, and of the sole paragraph of Clause 9 of the Company s Bylaws, depositing, preferably by April 27, 2011, proofs of ownership of the shares, issued by a depositary financial institution, and a power of attorney with specific powers, at Cemig s Corporate Executive Secretariat Office at Av. Barbacena 1200, 19th floor, B1 Wing, Belo Horizonte, Minas Gerais, or showing them at the time of the meeting.

Belo Horizonte, March 28, 2011.

Dorothea Fonseca Furquim Werneck

Chair of the Board of Directors

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**PROPOSAL**

BY THE

**BOARD OF DIRECTORS**

TO THE

**ORDINARY AND EXTRAORDINARY**

**GENERAL MEETINGS OF STOCKHOLDERS**

TO BE HELD, CONCURRENTLY, ON

**APRIL 29, 2011.**

Dear Stockholders:

***The Board of Directors of Companhia Energética de Minas Gerais (Cemig),***

• ***whereas:***

a) under Law 6404/1976, as amended, and Clause 17, Subclause h of the Bylaws, the Board of Directors must make a prior statement of its position on the Report of Management and the accounts of the Company s Executive Board;

b) pursuant to Article 192 of Law 6404 as amended, and Clauses 27 to 31 of the Bylaws, the financial statements for 2010 report net profit of R$ 2,257,976,000 and include a balance of accumulated losses of R$ 238,043,000 relating to adjustments for prior years due to the adoption of new accounting rules;

c) as a result of the new accounting rules, a new valuation was made of the generation assets of the subsidiaries whose accounting balances were significantly lower than fair value, with an increase in assets, with counterpart in Stockholders equity, of R$ 1,495,823,000, net of tax effects, in the initial adoption; and as a result of this new valuation there was an increase in depreciation expense, with an impact of R$ 134,171,000 on the net profit for 2010;

d) there is an opportunity to simplify the names of the following Chief Officers Departments, by changing them as follows:

**From:** *Department of Business Development and Corporate Control of Subsidiaries and Affiliates*

**To:** *Department of Business Development*

**From:** *Department of Finance, Investor Relations and Financial Control of Holdings*

**To:** *Department of Finance and Investor Relations.*

e) Cemig Geração e Transmissão S.A. ( **Cemig GT** ) and Cemig Distribuição S.A. ( **Cemig D** ) are wholly-owned subsidiaries of Companhia Energética de Minas Gerais ( Cemig ) and will hold Extraordinary General Meetings of Stockholders to change their Bylaws on the same date as Cemig makes changes to its Bylaws;

f) Cemig GT and Cemig D will hold Ordinary and Extraordinary General Meetings of Stockholders by April 29, 2011;

g) Clause 21, Paragraph 4, Sub-clause g of the Bylaws of Cemig states as follows:

Clause 21

§4 The following decisions shall require a vote by the Executive Board: ...

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g) approval, upon proposal by the Chief Executive Officer, prepared jointly with the Chief Officer for Business Development and Corporate Control of Subsidiaries and Affiliates and the Chief Officer for Finance, Investor Relations and Financial Control of Holdings, of the statements of vote in the General Meetings of the wholly-owned and other subsidiaries, affiliated companies and of the consortia in which the Company participates, except in the case of the wholly-owned subsidiaries Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A., for which the competency to decide on these matters shall be that of the General Meeting of Stockholders, and decisions must obey the provisions of these Bylaws, the decisions of the Board of Directors, the Long-term Strategic Plan and the multi-year Strategic Implement Plan;

• ***now proposes to you the following:***

**I) Allocation of the net profit for 2010**, in the amount indicated above, as follows:

1) R$ 112,899,000, being 5% of the net profit, should be allocated to the Legal Reserve, in accordance with sub-clause a of the Sole sub-paragraph of Clause 28 of the Bylaws.

2) R$ 1,196,074,000 should be allocated as dividends to those stockholders whose names are on the company s Nominal Share Register on March 29, 2011, as follows:

• R$ 1,128,988,000 to be allocated as obligatory dividends to the Company s stockholders, corresponding to 50% of the net profit in accordance with sub-clause b of the Sole sub-paragraph of Clause 28 of the Bylaws and the applicable legislation.

• R$ 67,086,000 to be allocated as complementary dividends, corresponding to 50% of the resulting effect on the 2010 net profit arising from the new valuation of the generation assets.

3) R$ 590,591,000 to be allocated to the Retained Earnings Reserve, for use in payment of expenses, taxes and debt servicing;

4) R$ 13,351,000 to be used for injection of capital into Transchile Charrúa Trasmisión S.A, corresponding, at December 31, 2010 to US$ 8,012,000, as per Board Spending Decision (CRCA) 030/2010, of May 27, 2010, and CRCA 084/2010 of December 23, 2010.

5) R$ 30,424,000 to be used for injection of capital into Usina Termelétrica de Barreiro S.A, as per CRCA 023/2010, of May 6, 2010, and CRCA 067/2010, of November 19, 2010.

6) R$ 52,714,000 to be used for injection of capital into Empresa Brasileira de Transmissão de Energia S.A. (EBTE), in accordance with CRCA 056/2008, of September 17, 2010.

7) R$ 980,000 to be used for injection of capital into Axxiom Soluções Tecnológicas S.A., as per CRCA 058/2010, of September 17, 2010.

8) R$ 238,043,000 to be allocated for absorption of the accumulated loss relating to adoption of the new accounting rules;

9) R$ 62,555,000 to be held in Stockholders equity in the Reserve under the Bylaws account referred to in Clause 28, Sole Paragraph, Sub-clause c , and Clause 30, of the Bylaws.

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• the payments of dividends to be made in two installments, by June 30 and December 30, 2011, and these dates may be brought forward, in accordance with the availability of cash and at the option of the Executive Board.

Appendix 1 gives a summary of Cemig s Cash Budget for 2011, characterizing the inflow of funds and disbursements for compliance with the allocations of the profit for the year.

Appendix 2 summarizes the calculation of the dividends proposed by Management, in accordance with the Bylaws.

**II) Changes to the Bylaws,** as follows:

1- To change the following names of Chief Officers Departments:

From: *Department of Business Development and Corporate Control of Subsidiaries and Affiliates*

To: *Department of Business Development*

From: *Department of Finance, Investor Relations and Financial Control of Holdings*

To: *Department of Finance and Investor Relations.*

2- Consequent alteration of Paragraph 3 of Clause 11, to the following:

Clause 11

§3 Positions on the support committees to the Boards of Directors of the subsidiaries and affiliated companies, the filling of which is the competency of the Company, shall be filled by Members of the Boards of the respective subsidiaries or affiliated companies.

The Chief Business Development Officer shall always be appointed as one of the members of such committees, who shall always act in shared activity with the Chief Finance and Investor Relations Officer or any other Chief Officer. .

3- Consequent alteration of Clause 11, to the following:

Clause 18:

The Executive Board shall be made up of 11 (eleven) Executive Officers, who may be stockholders, resident in Brazil, elected by the Board of Directors, comprising: Chief Executive Officer; Deputy Chief Executive Officer; Chief Finance and Investor Relations Officer; Chief Corporate Management Officer; Chief Distribution and Sales Officer; Chief Generation and Transmission Officer; Chief Trading Officer; Chief Business Development Officer; Chief Officer for the Gas Division; Chief Counsel; and Chief Institutional Relations and Communication Officer.

4- Consequent alteration of Paragraph 3 and of Sub-items g and j of Paragraph 4 of Clause 21, to read as follows:

Clause 21 -

§3 The Company s Multi-year Strategic Implementation Plan and the Annual Budget shall be prepared and updated annually, by the end of each business year, to be in effect in the following business year. They shall be prepared under the coordination of the Chief Executive Officer and the Chief Officer for Finance and Investor Relations, respectively, and, in relation to the affiliates and subsidiaries, jointly with the Chief Business Development Officer and, at all times, in all aspects, with the participation of all the Company s Chief Officers. The Multi-Year Strategic Implementation Plan and the Annual Budget shall be submitted to examination by the Executive Board and, subsequently, to approval by the Board of Directors.

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§ 4 g) approval, upon proposal by the Chief Executive Officer, prepared jointly with the Chief Officer for Business Development and the Chief Officer for Finance and Investor Relations, of the statements of vote in the General Meetings of the wholly-owned and other subsidiaries, affiliated companies and in the consortia in which the Company participates, except in the case of the wholly-owned subsidiaries Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A., for which the competency to decide on these matters shall be that of the General Meeting of Stockholders, and decisions must obey the provisions of these Bylaws, the decisions of the Board of Directors, the Long-term Strategic Plan and the multi-year Strategic Implement Plan;

j) authorization of provisions in the company s accounts in an amount less than R$ 14,000,000.00 (fourteen million Reais), upon proposal by the Chief Officer for Finance and Investor Relations;

5- Consequent alterations of the following parts of the head paragraph of Clause 22

Subclauses b and i of Sub-item I;

Sub-item III and its subclauses b , c , n and p ;

Subclause k of Sub-item VII;

Sub-item VIII and its subclauses d , m and p ;

and Subclauses c and f of Sub-item IX

• to read as follows:

Clause 22

I To the Chief Executive Officer:

b) to coordinate the preparation, consolidation and implementation of the Company s Multi-Year Strategic Implementation Plan; in the case of the affiliated companies and jointly-controlled subsidiaries, jointly with the Chief Officer for Business Development and in all cases with the participation of the other Chief Officers of the Company;

i) to propose the appointments to Management positions and the Audit Boards of the wholly-owned subsidiaries, and of Fundação Forluminas de Seguridade Social Forluz, after hearing the Chief Officer for Finance and Investor Relations, and of the Company s subsidiaries and affiliated companies and of the consortia in which the Company participates, after hearing the Chief Officer for Business Development, expect in the case of the wholly-owned subsidiaries Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A., for which the provisions of §4 of Clause 12 and §3 of Clause 18 of these Bylaws prevail.

VII To the Chief Trading Officer:

k) in coordination with the Chief Business Development Officer s Department, to manage the trading, of the Company s carbon credits.

VIII To the Chief Business Development Officer:

d) to coordinate, jointly with the Chief Executive Officer, the preparation and consolidation of the Company s Multi-Year Strategic Implementation Plan, and with the Chief Officer for Finance and Investor Relations, of the Annual Budget in relation to the affiliated companies and subsidiaries;

m) to propose, jointly with the Chief Officer for Finance and Investor Relations, to the Executive Board, for approval or for submission to the Board of Directors or to the General Meeting of Stockholders, depending on the competency defined in these Bylaws, matters relating to injections of capital, exercise of the right of preference and making of voting agreements in the subsidiaries and affiliates and in the consortia in which the company participates;

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p) to coordinate, jointly with the Chief Officer for Finance and Investor Relations, processes of disposal of equity interests held by the Company, subject to the provisions of the legislation and regulations from time to time in force;

IX To the Chief Officer for the Gas Division:

c) to carry out research, analyses and studies of investments and new technologies related to oil and gas, jointly with the Office of the Chief Business Development Officer;

f) to propose to the Executive Board, jointly with the Chief Officer for Finance and Investor Relations and the Chief Officer for Business Development, the multi-year plan for capital expenditure and expenses of other special-purpose companies associated with the oil and gas activities; .

6- Consequent alteration of Paragraph 4 of Clause 22, to the following:

Clause 22

§ 4 Projects developed by the Company under the aegis of the Chief Business Development Officer s Department, once structured and constituted, should be assumed by the respective Chief Officer s Department responsible for their construction, execution, operation and commercialization, as defined in these Bylaws. .

**III) Votes:** That the representative of Cemig in the Ordinary and Extraordinary General Meetings of stockholders of Cemig Distribuição S.A. and of Cemig Geração e Transmissão S.A., also to be held, concurrently, on April 29, 2011, should vote in favor of the matters on the agenda, that is to say the following:

**Cemig D**

a) Examination, debate and voting on the Report of Management and the Financial Statements for the year ended December 31, 2010, and the respective complementary documents.

b) allocation of the net profit for the year, in the amount of R$ 441,002,000, to offset the accumulated loss at December 31, 2010; the balance remaining of the loss after this offsetting, in the amount of R$ 268,225,000, to be offset with the Retained Earnings Reserve, in the amount of R$ 204,202,000, and R$ 64,023 from the Legal Reserve.

c) Recommendation to the Executive Board to prepare studies with a view to an application to the National Electricity Agency, Aneel, for permission for reduction of capital, to compensate for the effect of non-payment of dividends in 2010, which in turn results from the adoption of International Financial Reporting Standards, if this reduction of capital is advantageous for permitting flow of funds from the Company to Cemig.

d) Changes to the Bylaws to change the following names of the Chief Officers Departments:

**From:** *Department of New Business Development and Corporate Control of Subsidiaries and Affiliates*

**To:** *Department of New Business Development*

**From:** *Department of Finance, Investor Relations and Financial Control of Holdings*

**To:** *Department of Finance and Investor Relations.*

• with the consequential changes to the following parts of the Bylaws:

| | | | |
|---|---|---|---|
| Clause 7: | Paragraph 2; | | |
| Clause 13: | | | |
| Clause 16: | Paragraph 3; | | |
| | Paragraph 4, | Subclauses g and j ; | and |
| Clause 17: | Head paragraph: | Sub-item I | subclauses b and i |
| | | Sub-item III, and its | subclauses b , c , n and p ; |
| | | Sub-item VI | subclause j ; |

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| | | |
|---|---|---|
| | Sub-item VII, and its | subclauses d , m and p ; |
| | Sub-item IX | subclauses c and f ; and |
| Paragraph 4. | | |

e) Election of the sitting and substitute members of the Audit Board, due to the ending of the current period of office.

**Cemig GT**

a) Examination, debate and voting on the Report of Management and the Financial Statements for the year ended December 31, 2010, and the respective complementary documents.

b) Allocation of the net profit for the year 2010, in the amount of R$ 1,084,110 mil, and of the balance of retained earnings, in the amount of R$ 101,909,000:

c) Decision on the form and date of payment of dividends and Interest on Equity , in the amount of R$ 1,131,813,000.

d) Changes to the Bylaws to change the following names of the Chief Officers Departments:

**From:** *Department of New Business Development and Corporate Control of Subsidiaries and Affiliates*
**To:** *Department of New Business Development*
**From:** *Department of Finance, Investor Relations and Financial Control of Holdings*
**To:** *Department of Finance and Investor Relations.*

• with the consequential changes to the following parts of the Bylaws:

| | | | |
|---|---|---|---|
| Clause 7: | Paragraph 2; | | |
| Clause 13: | | | |
| Clause 16: | Paragraph 3; | | |
| | Paragraph 4, | Subclauses g and j ; | and |
| Clause 17: | Head paragraph: | Sub-item I | subclauses b and i |
| | | Sub-item III, and its | subclauses b , c , n and p ; |
| | | Sub-item VI | subclause j ; |
| | | Sub-item VII, and its | subclauses d , m and p ; |
| | | Sub-item IX | subclauses c and f ; and |
| | Paragraph 4. | | |

e) Election of the sitting and substitute members of the Audit Board, due to the ending of their period of office.

As can be seen, the objective of this proposal is to meet legitimate interests of the stockholders and of the Company, and as a result it is the hope of the Board of Directors that you, the stockholders, will approve it.

Belo Horizonte, March 28, 2011.

Board of Directors

| | | |
|---|---|---|
| Chair | Dorothea Fonseca Furquim Werneck | |
| Vice-Chair | Djalma Bastos de Morais | |
| | João Camilo Penna | Eduardo Borges de Andrade |
| | Luiz Carlos Costeira Urquiza | Saulo Alves Pereira Junior |
| | Antônio Adriano Silva | Francelino Pereira dos Santos |
| | Maria Estela Kubitschek Lopes | Paulo Márcio de Oliveira Monteiro |
| | Arcângelo Eustáquio Torres Queiroz | Guy Maria Villela Paschoal |
| | Paulo Roberto Reckziegel Guedes | Renato Torres de Faria |

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**APPENDIX 1**

**CASH BUDGET FOR 2011**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS - CEMIG**

Current R$ 000

| Item | Total 2011 | % |
|---|---|---|
| **A INITIAL BALANCE** | **291,749** | |
| | | |
| **B FUNDS** | **2,097,717** | **100.0** |
| Others | 66,751 | 3.2 |
| Capital resources | 2,030,966 | 96.8 |
| | | |
| **C DISBURSEMENTS** | **2,331,373** | **100.0** |
| Capital expenditure program | 435,662 | 18.7 |
| Expenses budget | 104,036 | 4.5 |
| Taxes | 34,366 | 1.5 |
| Debt servicing | 452,189 | 19.4 |
| Dividends | 1,196,074 | 51.3 |
| Others | 109,046 | 4.7 |
| | | |
| **D FINAL BALANCE (A+B-C)** | **58,093** | |

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**APPENDIX 2**

**CALCULATION OF PROPOSED DIVIDENDS**

| | 31.12.2010 R$ 000 |
|---|---|
| **(1) Calculation of:** | |
| **Minimum Dividend required by the Bylaws for the preferred shares** | |
| (i) Nominal value of the preferred shares | 1,920,724 |
| Percentage applied to the nominal value of the preferred shares | 10.00% |
| **Amount of the dividends by the first payment criterion** | 192,072 |
| (ii) Stockholders equity | 11,476,133 |
| Preferred shares as % of Stockholders equity (net of shares held in Treasury) | 56.27% |
| Portion of Stockholders equity represented by the preferred shares | 6,457,620 |
| Percentage applied to the portion of Stockholders equity represented by the preferred shares | 3.00% |
| **Amount of the dividends by the second payment criterion** | 193.729 |
| **Minimum dividends required by the Bylaws for the Preferred Shares** | **193,729** |
| **(2) Calculation of the Obligatory Dividend** | |
| Net profit for the year | 2,257,976 |
| **Obligatory dividend = 50.00% of net profit** | **1,128,988** |
| **(3) Net dividends proposed:** | **1,196,074** |
| Total of the dividends proposed for the preferred shares | 673,294 |
| Total of the dividends proposed for the common shares | 522,780 |
| **Dividend per share, R$** | |
| Minimum Dividends required by the Bylaws for the Preferred Shares | 0.50 |
| Obligatory Dividend | 1.75 |
| Dividends proposed | 1.75 |

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**APPENDIX 3**

**Proposal for allocation of net profit (in accordance with Appendix 9-1 II CVM Instruction 481/2009)**

1.State the net profit for the business year.

**R$ 2,257,976,000**

2. State the total amount of dividends and the amount per share, including interim dividends and Interest on Equity, already declared.

**R$ 1,196,074,000, equivalent to R$ 1.75 per share.**

**No interim dividends nor Interest on Equity were declared.**

3. State the percentage of the net profit for the business year that was distributed.

**53% (fifty three per cent).**

4. State the global amount of dividends distributed based on the profits of previous business years, and the amount per share.

**Not applicable.**

5. State, after deduction of interim or advance dividends and Interest on Equity already declared:

**No interim dividends nor Interest on Equity were declared.**

a. The gross amount of dividends and Interest on Equity, separated, for each type and class of share.

**Dividends:**

**R$ 673,294,000 for preferred shares and**

**R$ 522,780,000 for common shares.**

b. The form and period of payment of the dividends and Interest on Equity.

**The dividends and Interest on Equity will be paid in two equal installments, by June 30 and December 30, 2011, and these dates may be brought forward, in accordance with the availability of cash and at the option of the Executive Board.**

c. Any application of monetary updating and interest on the dividends and Interest on Equity.

**There is no provision for updating.**

d. Date of declaration of payment of the dividends and Interest on Equity considered for identification of the stockholders who will be entitled to receive it.

**April 29, 2011.**

6. If there has been a declaration of dividends or Interest on Equity based on profits calculated on six-monthly or more frequent financial statements

**Not applicable.**

a. State the amount of the interim dividends or Interest on Equity already declared.

**Not applicable.**

b. State the date of the respective payments.

**Not applicable.**

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7. Give a comparative table indicating the following amounts per share for each type and class:

a. Net profit for the business year and for the 3 (three) previous business years.

| Business year | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|
| **Net profit (R$)** | **3.31** | **3.00** | **3.80** | **3.51** |

NOTE: The amount per share is the same for both the preferred and the common shares.

b. Dividend and Interest on Equity distributed in the 3 (three) previous years

| Business year | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|
| **Dividends (R$)** | 1.75 | 1.50 | 1.90 | 1.78 |
| **Interest on Equity (R$)** | | | | |
| **Total (R$)** | 1.75 | 1.50 | 1.90 | 1.78 |

NOTE: The amount per share is the same for both the preferred and the common shares.

8. In the event that profits were allocated to the legal reserve:

a. State the amount allocated to the legal reserve.

**R$ 112,899 million**

b. Give details of the form of calculation of the legal reserve.

**5% of the net profit, as per sub-clause a of the sole sub-paragraph of Clause 28 of the Bylaws.**

9. If the company has preferred shares with the right to fixed or minimum dividends

a. Describe the form of calculation of the fixed or minimum dividends.

**Minimum dividends:**

**10% of the nominal value of the preferred shares, or 3% of the amount of the interest in Stockholders Equity represented by the preferred shares, whichever is greater.**

**NOTE: In the event of the distribution of dividends being greater than the minimum, the larger figure prevails.**

b. State whether the profit for the business year is sufficient for the full payment of the fixed or minimum dividends.

**The profit for the business year is sufficient for the full payment of the minimum dividends.**

c. Identify whether any portion unpaid is cumulative.

**Not applicable.**

d. Identify the global amount of the fixed or minimum dividends to be paid to each class of preferred shares.

**Not applicable.**

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e. Identify the global amount of the fixed or minimum dividends to be paid to each class of preferred shares.

**Not applicable.**

10. In relation to the obligatory dividend:

a. Describe the form of calculation specified in the bylaws.

**50% of the net profit.**

b. State whether it is being paid in full.

**The obligatory dividend is being paid in full in 2 installments: by June 30, and December 30, 2011.**

c. State any amount retained.

**Not applicable.**

11. In the event that there is retention of the obligatory dividend due to the company s financial situation:

a. State of the amount of the retention.

**Not applicable.**

b. Describe, in detail, the financial situation of the company, dealing also with aspects relating to analysis of liquidity, working capital and positive cash flows

**Not applicable.**

c. Justify the retention of the dividends.

**Not applicable.**

12. In the event that there is allocation of profit to a contingencies reserve:

a. State the amount allocated to the reserve.

**Not applicable.**

b. Identify the loss that is considered probable and its c