

ENERGY CO OF MINAS GERAIS

Form 6-K

August 24, 2010

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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 August 2010**

**Commission File Number 1-15224**

## **Energy Company of Minas Gerais**

(Translation of Registrant's Name Into English)

**Avenida Barbacena, 1200**

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

(Address of Principal Executive Offices)

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

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Form 20-F  Form 40-F

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

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

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

Yes  No

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

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17. Material Announcement – Acquisition of Transmission Companies by Taesa, Companhia Energética de Minas Gerais CEMIG, August 6, 2010
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23. Summary of Minutes of the 109th Meeting of the Board of Directors, Cemig Distribuição S.A., June 24, 2010

### Forward-Looking Statements

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

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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: August 24, 2010

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

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**EARNINGS RELEASE**

**2Q 2010**

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

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

- **2Q10 HEADLINES**
  
- Ebitda of ***R\$ 874 million***, and Adjusted Ebitda of ***R\$ 1.1 Billion***
  
- Net income of ***R\$ 291 million***, and Adjusted Net Income of ***R\$ 477 million***
  
- Net sales revenue of ***R\$ 3 billion***
  
- Cash position of ***R\$ 4 billion***
  
- Electricity sold in 2Q10: ***16,769 GWh***, ***12.50%*** increase over the 2Q09



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- Appreciation in value of Cemig's shares and ADRs - 3 months to June 30:

		Close of 2Q10		Close 2Q09	Appreciation %
CMIG4	R\$	26.16	R\$	22.81	14.69
CMIG3	R\$	19.45	R\$	17.54	10.89
CIG	US\$	14.67	US\$	11.65	25.92
CIG.C	US\$	11.20	US\$	8.96	25.00
XCMIG		11.94		9.57	24.76

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- **Economic summary**

(R\$ million)

	2Q10	2Q09	Change (%)
Electricity sold, GWh	16,768	14,905	12.50
Gross revenue	4,525	4,437	1.99
Net revenue	2,954	2,972	(0.60)
EBITDA	874	1,035	(15.60)
Net income	291	524	(44.54)

- **Consolidated electricity market**

In 2Q10 Cemig sold a total of 16,768 GWh, 12.5% more than in the same period of 2009.

As well as the growth in consumption by all the categories of final consumers, one highlight of the quarter was the high volume of electricity traded on the CCEE, which was 311% higher, at 1,853 GWh in 2Q10, than in 2Q09 (450 GWh).

This expansion arises from the higher volume of secondary energy sold than in 2Q09: sales to other concession holders were 9.52% lower, due to the ending of contracts signed by Cemig in the Adjustment Auction in 2009.

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	2Q10	MWh (*) 2Q09	Change, %
Residential	2,518,012	2,421,497	3.99
Industrial	6,040,712	5,538,838	9.06
Commercial, services and others	1,593,513	1,530,866	4.09
Rural	607,873	521,051	16.66
Public authorities	289,769	267,399	8.37
Public illumination	309,525	304,096	1.79
Public service	344,898	332,335	3.78
<b>Subtotal</b>	<b>11,704,302</b>	<b>10,916,082</b>	<b>7.22</b>
Own consumption	13,617	12,841	6.04
<b>Sales to final consumers</b>	<b>11,717,919</b>	<b>10,928,923</b>	<b>7.22</b>
Wholesale supply to other concession holders	3,189,832	3,525,472	(9.52)
Transactions in electricity on the CCEE	1,853,463	450,841	311.11
Sales under the PROINFA program	7,299		
<b>Total</b>	<b>16,768,513</b>	<b>14,905,236</b>	<b>12.50</b>

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

**Sales to final consumers**

The total volume of electricity sold to final consumers in the second quarter of 2010 was 11,718 GWh, or 7.22% more than the 10,929 GWh sold in the second quarter of 2009.

This basically reflects the resumption of economic activity, especially reflected in the industrial and residential user categories, in which consumption was up 9.06% and 3.99% respectively.

This chart shows electricity sales by category of final consumer:

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**Sales volume, by consumer type (%), 2Q10**

Sales to industrial consumers were around 52% of the total sold, followed by the residential category with 21%, and the commercial category with 14%.

In the six-month period ending in June 2010 sales to final consumers totaled 22,469 GWh, 2.60% more than in 2Q09 (21,901 GWh).

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- **The market of Cemig GT**

Cemig GT sold 9,088 GWh in 2Q10, 5.67% more than in 2Q09 (8600 GWh).

The lower total of wholesale supply to other concession holders is basically due to the ending of the contracts signed by Cemig GT in the 2009 Adjustment Auction, when the electricity was again placed in the free market, which expanded significantly, led by the industrial consumer category, which was 12.60% higher, at 4,510 GWh, compared to 4,006 GWh in 2Q09.

As a result of the higher volume of secondary electricity sold in the period, electricity trading transactions on the CCE were 339% higher, at 1120 GWh, compared to 255 GWh in 2Q09.

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Cemig GT Sales volume	2Q10	MWh 2Q09	Change, %
Industrial	4,510,973	4,006,327	12.60
Commercial	14,190	2,145	561.54
Uninvoiced supply , net			
	<b>4,525,163</b>	<b>4,008,472</b>	<b>12.89</b>
Wholesale supply to other concession holders (*)	3,435,310	4,337,061	(20.79)
Transactions in electricity on the CCCE	1,120,848	255,298	339.04
Sales under the PROINFA program	7,300		
<b>Total</b>	<b>9,088,621</b>	<b>8,600,831</b>	<b>5.67</b>

- **The market of Cemig D**

Cemig D sold 5,710 GWh in 2Q10, 3.47% more than in 2Q09.

This increase reflects the recovery in economic activity in the distributor's concession area, led by the residential, commercial and rural consumer categories. As a result of migration of consumers from the captive market to the free market, sales to the industrial category were 1.43% lower in 2Q10 than in 2Q09.

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Adjusted for this migration, consumption by the industrial category was 14% higher, representing a volume of sales to final consumers 7% higher.

	MWh (*)		Change,
Sale volume	2Q10	2Q09	%
Residential	2,009,502	1,956,115	2.73
Industrial	1,160,467	1,177,292	(1.43)
Commercial, services and others	1,187,752	1,153,229	2.99
Rural	604,722	518,071	16.73
Public authorities	197,410	179,525	9.96
Public illumination	266,131	261,392	1.81
Public service	274,904	264,632	3.88
<b>Subtotal</b>	<b>5,700,888</b>	<b>5,510,256</b>	<b>3.46</b>
Own consumption	9,282	8,556	8.49
	5,710,170	5,518,812	3.47
Transactions in electricity on the CCEE (**)	654,191	(90,075)	
<b>Total</b>	<b>6,364,361</b>	<b>5,428,737</b>	

- **The market of Light**

For more details on Light's sales in the second quarter of 2010, please see this link:

[http://www.mzweb.com.br/light/web/arquivos/Light\\_Press\\_Release\\_2T10\\_en.pdf](http://www.mzweb.com.br/light/web/arquivos/Light_Press_Release_2T10_en.pdf)

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- **Consolidated operational revenue**

**Revenue from supply of electricity**

Revenue from supply of electricity in 2Q10 was R\$ 3,718,053, 1.29% more than in 2Q09 (R\$ 3,670,692).

The main factors affecting revenue in 2010 were:

- Tariff Adjustment with average impact on consumer tariffs of +1.67%, starting from April 8th, 2010.
- Volume of energy invoiced to final consumers (excluding Cemig's own internal consumption) 7.22% higher than in 2Q09.

The volume of electricity sold to other concession holders in 2Q10 was 9.52% lower than in 2Q09, and average price in these sales was also lower, at R\$ 105.14/MWh, compared to R\$ 129.54/MWh in 2Q09. This reduction mainly reflected the contracts made through the Adjustment Auction that took place in 2009, which power was sold for an average price of R\$ 145.00/MWh. As a result, Revenue from wholesale supply



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to other concession holders was 26.56% lower year-on-year, at R\$ 335,388 in 2Q10, than in 2Q09 (R\$ 456,680).

**Supply to other concession holders**

The volume of electricity sold to other concession holders in 2Q10 was 9.52% lower than in 2Q09, and average price in these sales was also lower, at R\$ 105.14/MWh, compared to R\$ 129.54/MWh in 2Q09. This reduction mainly reflected the contracts made through the Adjustment Auction that took place in 2009, which power was sold for an average price of R\$ 145.00/MWh. As a result, Revenue from wholesale supply to other concession holders was 26.56% lower year-on-year, at R\$ 335,388 in 2Q10, than in 2Q09 (R\$ 456,680).

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

This refers to the TUSD – Tariff for use of the Distribution System – arising from the charges made to Free Consumers, on energy sold, and also from the revenue for use of Cemig GT's basic transmission grid. It was 3.44% higher in 2Q10, at that R\$ 645,671, than in 2Q09 (R\$ 624,195).

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As well as reflecting higher transport of electricity to free consumers, on resumption of activity by industrial clients, and migration of captive clients to the free market, the figures include revenue from the operations of the transmission company **Taesá**, acquired in the fourth quarter of 2009.

At the same time, the Company recorded a reduction of revenue, of R\$ 64,586, from the tariff repositioning, by a negative percentage of 15.88%, applied to its revenue backdated to July 2009, in the 2010 Transmission Tariff Review. In 2009, by contrast, a Revenue item of R\$ 158,090 was recorded, as a result of the Transmission Tariff Review with backdated effect covering the period from July 1st , 2005 to June 30th , 2009.

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- **EBITDA**

Cemig's Ebitda in the second quarter of 2010 was 15.60% lower than its Ebitda for the second quarter of 2009. Adjusted for the non-recurring items, it was 8.02% higher.

The 15.60% lower figure for Ebitda in 2Q10 than in 2Q09 mainly reflects the following non-recurring adjustments in the years of 2009 and 2010:

- In 2010 the company recorded a reduction of revenue of R\$ 64,586, arising from the tariff repositioning, by a negative percentage, of 15.88%, applied to its revenue backdated to July 2009, in the 2010 Review of the Transmission Tariff.

- In 2009, on the other hand, the company recorded a positive revenue item of R\$ 158,090, arising from the tariff repositioning under its First Transmission Tariff Review, which was an increase of 5.35%, for the period backdated to 2005.

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- Recognition by Cemig's distribution company (Cemig Distribuição S.A. - **Cemig D**) of an expense of R\$ 177,592, for settlement of a legal action brought by **Rima Industrial S.A.**, for reimbursement of the tariff increase introduced by the DNAEE (National Water and Energy Authority) during the *Cruzado* economic plan of 1986.
- Recognition of an ICMS tax expense relating to the subsidy for the discount on tariffs for low-income consumers, in the amount of R\$ 25,702, resulting from the decision to subscribe to the Tax Amnesty program put in place by the government of the State of Minas Gerais.
- Provisions, in 2010 and 2009, of R\$ 14,246, and R\$ 192,918, respectively, for the Company's Voluntary Retirement Program.

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This table shows these non-recurring adjustments:

<b>EBITDA - R\$ 000</b>	<b>2Q10</b>	<b>2Q09</b>	<b>Change %</b>
Net income	290,516	523,794	(44.54)
+ Income tax and Social Contribution tax	154,747	245,493	(36.96)
+ Profit shares	43,452	45,645	(4.80)
- Financial revenue (expenses)	177,109	33,207	433.35
+ Depreciation and amortization	207,891	172,487	20.53
+ Minority interests		14,598	
<b>EBITDA</b>	<b>873,715</b>	<b>1,035,224</b>	<b>(15.60)</b>
Non-recurring items:			
+ Settlement with Rima Industrial S.A.	177,592		
+ ICMS tax low-income consumers	25,702		
+/- Review of Transmission Revenue Explanatory Note 8	64,586	(158,090)	(140.85)
+ PPD/PDV	14,246	192,918	(92.62)
<b>= Adjusted Ebitda</b>	<b>1,155,841</b>	<b>1,070,052</b>	<b>8.02</b>

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

- Net income**

In the second quarter of 2010, CEMIG reported a net income of R\$ 290,516, 44.54% less than the net income of R\$ 523,794 reported for the second quarter of 2009. Basically this reflects non-recurring adjustments in 2010:

- for the court settlement, of R\$ 177,592, made by Cemig Distribuição with an industrial consumer in a legal action arising from a tariff increase made in the *Cruzado* economic plan (of 1986); and

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- recognition of a reduction of revenue, of R\$ 64,586, arising from the 2010 periodic Transmission Tariff Review, which applied a tariff repositioning of 15.88% backdated to July 2009.

When not considering these non-recurring adjustments, the net income of the 2Q10 is 13% lower than in 2Q09, with R\$ 477 million and R\$ 547 million, respectively.

- **Deductions from operational revenues**

Deductions from operational revenues in 2Q10 totaled R\$ 1,571,377, which was 7.86% more than in 2Q09 (R\$ 1,456,890). Main year-on-year variations in the deductions from revenue were:

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**The Fuel Consumption Account CCC**

The deduction from revenue for the CCC was R\$ 169,797 in 2Q10, 11.67% more than in 2Q09 (R\$ 152,049). This is a contribution for the costs of operation of the thermal plants in the national grid and in the isolated systems. It is shared between electricity concession holders, on a basis set by an ANEEL Resolution. This is a non-controllable cost. The amount posted for electricity distribution services is passed through in full to the tariff. For the amount posted in relation to electricity transmission services the company merely passes through the charge it is charged to Free Consumers on the invoice for the use of the basic grid, and passed on to Eletrobrás.

**CDE Energy Development Account**

The deduction from revenue for the CDE was R\$ 117,392 in 2Q10, compared to R\$ 101,959 in 2Q09, an increase of 15.14%. This is a non-controllable cost. The amount posted for electricity distribution services is passed through in full to the tariff. For the amount posted in relation to

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electricity transmission services the company merely passes through the charge this part is charged to Free Consumers on the invoice for the use of the grid, and passed onto Eletrobrás.

**Global Reversion Reserve RGR**

The charge for the RGR in 1Q10 was R\$ 44,907, compared to R\$ 43,730 in 2Q09. This is a non-controllable cost: the expense recognized in the income statement is the amount passed through to the tariff.

The other deductions from revenue are for taxes that are calculated as a percentage of invoiced revenue hence their variations are substantially the same in percentage terms as the changes in revenue.



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- **Non-controllable costs**

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

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

Operational costs and expenses (excluding Financial revenue (expenses)) in 2Q10 totaled R\$ 2,288,387, 8.48% more than in 2Q09 (R\$ 2,109,426). This was mainly due to a provision, of R\$ 177,592, recorded in *Other expenses*, arising from settlement of a legal action with a large industrial consumer in 2Q10.

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The main variations in operational expenses were:

**Personnel expenses**

Personnel expenses totaled R\$ 298,687 in 2Q10, 33.36% less than in 2Q09 (R\$ 448,231). This mainly reflects the expense on the PDV Voluntary Retirement Program, of R\$ 192.918 recorded in the second quarter of 2009, compared to R\$ 14,246 in 2Q10, and also the fact that the number of employees was reduced from 10,144 in June 2009 to 9,341 in June 2010.

**Electricity bought for resale**

The expense on electricity bought for resale in 2Q09 was R\$ 918,207, 9.54% more than the expense of R\$ 838,265 in 2Q09. This is in its major share a non-controllable cost: the expense recognized in the income statement is the amount passed on to the tariff. There is more information on this in Explanatory Note 28 to the Consolidated Quarterly Information.

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**Charges for use of the transmission grid**

Expenses on charges for the use of the transmission grid were R\$ 186,844 in 2Q10, 11.22% higher than in 2Q09 (R\$ 210,456).

These expenses, set by an ANEEL Resolution, are payable by electricity distribution and generation agents for use of the facilities that are components of the national grid. This is a non-controllable cost in the Distribution activity: the deduction from revenue recognized in the Income statement corresponds to the value actually passed through to the tariff.

**Post-employment obligations**

Expenses on post-employment obligations totaled R\$ 44,150 in 2Q10, 27.92% more than in 2Q09 (R\$ 34,515). These expenses basically represent the interest applicable to Cemig's actuarial obligations, net of the investment yield expected from the pension plans' assets, estimated by an external actuary. The higher expense in 2Q10 basically reflects lower expectation of revenue from the plan's assets in 2010.

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**Operational provisions**

Expenses on operational provisions in 2Q10 were R\$ 183,985, compared to R\$ 6,876 in 2Q09. The difference reflects an item of R\$ 177,592, provisioned in May 2010, arising from settlement to terminate a legal action brought by an industrial consumer relating to the tariff increase ordered by the National Water and Electricity Authority (DNAEE) by its Ministerial Order 045, of 1986.

- **Financial revenues (expenses)**

The main factors in the difference between financial revenues/expenses in 2Q10 and 2Q09 are:

Recording of an expense, in 2Q10, of R\$ 338, under Net monetary adjustment on regulatory assets (CVA, the General Agreement for the Electricity Sector, and the Deferred Tariff Adjustment), rather than a revenue, of R\$ 22,325, in 2Q09. The change is mainly because the value of the regulatory assets had been reduced in 2010 as they were partially paid off by receipt of amounts in the tariff through clients' electricity

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bills. For further information regarding this subject see our Explanatory Notes 9 and 29 to the Consolidated Quarterly Information.

- Costs of loans and financings of R\$ 263,018 in 2Q10, compared to R\$ 150,212 in 2Q09. This reflects entry of new financings, principally the R\$ 2,700,000 in debentures raised by Cemig GT (Cemig Geração e Transmissão) in March 2010.
- A higher figure for Monetary updating on loans and financings in Brazilian currency, at R\$ 38,937 in 2Q10, compared to R\$ 2,233 in 1Q09. This reflects the higher volume of funding raised, and the change in inflation indices and other indexes of contracts on the company's loans, financings and debentures principally the IGP-M inflation index, which was 1.15% over the period of 2Q09, and 1.53% over 2Q10.

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- **Income tax and Social Contribution tax**

Cemig's expenses on income tax and the Social Contribution tax in 2Q10 totaled R\$ 154,747, on income of R\$ 488,715 before tax effects, a percentage of 31.66%. In the second quarter of 2009 the Company's expenses on income tax and the Social Contribution were R\$ 245,493, on pre-tax profit of R\$ 829,530, a percentage of 29.59%.

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- **Disclaimer**

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

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Values in million of Reais

	2nd Q. 2010	2nd Q. 2009	Chge%	1st H. 2010	1st H. 2009	Chge%
Sales to end consumers	521	431	21	995	843	18
Supply	358	540	(34)	721	897	(20)
Revenues from Trans. Network + Transactions in the CCEE	195	315	(38)	427	466	(8)
Others	5	5		12	11	9
<b>Subtotal</b>	<b>1,079</b>	<b>1,291</b>	<b>(16)</b>	<b>2,155</b>	<b>2,217</b>	<b>(3)</b>
Deductions	(235)	(246)	(4)	(461)	(447)	3
<b>Net Revenues</b>	<b>844</b>	<b>1,045</b>	<b>(19)</b>	<b>1,694</b>	<b>1,770</b>	<b>(4)</b>

**Chart II**Operating Expenses (consolidated) - CEMIG GT  
Values in millions of reais

	2nd Q. 2010	2nd Q. 2009	Chge%	1st H. 2010	1st H. 2009	Chge%
Personnel/Administrators/Councillors	74	105	(30)	146	169	(14)
Depreciation and Amortization	74	57	30	143	113	27
Charges for Use of Basic Transmission Network	72	70	3	136	142	(4)
Contracted Services	41	28	46	76	53	43
Forluz Post-Retirement Employee Benefits	7	7		15	15	
Materials	5	4	25	9	7	29
Royalties	31	35	(11)	66	70	(6)
Operating Provisions	(6)	1		(6)		
Other Expenses	29	17	71	44	23	91
Purchased Energy	72	44		146	71	106
Raw material for production		4	(100)		4	(100)
<b>Total</b>	<b>399</b>	<b>372</b>	<b>7</b>	<b>775</b>	<b>667</b>	<b>16</b>

**Chart III**



## Statement of Results (Consolidated) - CEMIG GT

Values in millions of reais

	2nd Q. 2010	2nd Q. 2009	Chge%	1st H. 2010	1st H. 2009	Chge%
Net Revenue	844	1,045	(19)	1,694	1,770	(4)
Operating Expenses	(399)	(372)	7	(775)	(667)	16
<b>EBIT</b>	<b>445</b>	<b>673</b>	<b>(34)</b>	<b>919</b>	<b>1,103</b>	<b>(17)</b>
<b>EBITDA</b>	<b>519</b>	<b>747</b>	<b>(31)</b>	<b>1,062</b>	<b>1,216</b>	<b>(13)</b>
Financial Result	(123)	(43)	186	(201)	(93)	116
Provision for Income Taxes, Social Cont & Deferred Income Tax	(81)	(172)	(53)	(214)	(309)	(31)
Employee Participation	(9)	(6)	50	(16)	(16)	
<b>Net Income</b>	<b>232</b>	<b>452</b>	<b>(49)</b>	<b>488</b>	<b>685</b>	<b>(29)</b>

Table of Contents**CEMIG D I to IV****Chart I****CEMIG D Market**

Quarter	Captive Consumers	(GWh)		T.E.D(2)	GW TUSD PICK(3)
		TUSD ENERGY(1)			
1Q09	5,448	3,269		8,717	20.6
2Q09	5,478	3,593		9,071	20.5
3Q09	5,666	3,915		9,581	21.9
4Q09	5,740	4,304		10,043	22.4
1Q10	5,613	4,385		9,998	23.2
2Q10	5,710	4,914		10,625	23.8

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

**Chart II**

Operating Revenues (consolidated) - CEMIG D  
Values in million of Reais

	2nd Q. 2010	2nd Q. 2009	Chge%	1st H. 2010	1st H. 2009	Chge%
Sales to end consumers	2,308	2,189	5	4,615	4,135	12
TUSD	426	276	54	754	538	40
Subtotal	2,734	2,465	11	5,369	4,673	15
Others	20	106	(81)	215	(6)	(3,683)
<b>Subtotal</b>	<b>2,754</b>	<b>2,571</b>	<b>7</b>	<b>5,584</b>	<b>4,667</b>	<b>20</b>
Deductions	(1,082)	(982)	10	(2,171)	(1,893)	15
<b>Net Revenues</b>	<b>1,672</b>	<b>1,589</b>	<b>5</b>	<b>3,413</b>	<b>2,774</b>	<b>23</b>

**Chart III**

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Operating Expenses (consolidated) - CEMIG D

Values in millions of reais

	2nd Q. 2010	2nd Q. 2009	Chge%	1st H. 2010	1st H. 2009	Chge%
Purchased Energy	692	738	(6)	1,569	1,244	26
Personnel/Administrators/Councillors	190	326	(42)	388	513	(24)
Depreciation and Amortization	95	82	16	188	163	15
Charges for Use of Basic Transmission Network	169	135	25	336	255	32
Contracted Services	144	143	1	266	248	7
Forluz Post-Retirement Employee Benefits	26	23	13	52	46	13
Materials	23	20	15	45	41	10
Operating Provisions	219	9	2,333	233	24	871
Other Expenses	78	65	20	121	94	29
<b>Total</b>	<b>1,636</b>	<b>1,541</b>	<b>6</b>	<b>3,198</b>	<b>2,628</b>	<b>22</b>

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## Chart IV

**Statement of Results (Consolidated) - CEMIG D**  
**Values in millions of reais**

	2nd Q. 2010	2nd Q. 2009	Chge%	1st H. 2010	1st H. 2009	Chge%
Net Revenue	1,672	1,589	5	3,413	2,775	23
Operating Expenses	(1,636)	(1,540)	6	(3,198)	(2,628)	22
<b>EBIT</b>	<b>36</b>	<b>49</b>	<b>(27)</b>	<b>215</b>	<b>147</b>	<b>46</b>
<b>EBITDA</b>	<b>131</b>	<b>144</b>	<b>(9)</b>	<b>403</b>	<b>335</b>	<b>20</b>
Financial Result	(46)	1	(4,700)	(69)	(7)	886
Provision for Income Taxes, Social Cont & Deferred Income Tax	30	17	76	(15)	(1)	1,400
Employee Participation	(31)	(19)	63	(59)	(51)	16
<b>Net Income</b>	<b>(11)</b>	<b>48</b>	<b>(123)</b>	<b>72</b>	<b>88</b>	<b>(18)</b>

Table of Contents**CEMIG Consolidated charge I to XI****Chart I****Energy Sales (Consolidated)**

	<b>2nd Q. 2010</b>	<b>2nd Q. 2009</b>	<b>Chge%</b>	<b>1st H. 2010</b>	<b>1st H. 2009</b>	<b>Chge%</b>
Residential	2,518,012	2,421,497	4.0	4,868,033	4,867,733	0.0
Industrial	6,040,712	5,538,838	9.1	11,628,653	11,132,465	4.5
Commercial	1,593,513	1,530,866	4.1	3,066,015	3,097,434	(1.0)
Rural	607,873	521,051	16.7	1,111,073	976,569	13.8
Others	944,192	903,830	4.5	1,770,537	1,800,811	(1.7)
Electricity sold to final consumers	11,704,302	10,916,082	7.2	22,444,311	21,875,012	2.6
Own Consumption	13,617	12,841	6.0	25,053	25,656	(2.4)
Supply	3,189,832	3,525,472	(9.5)	6,426,910	6,273,509	2.4
Transactions on the CCEE	1,853,463	450,841	311.1	3,373,498	1,283,145	162.9
Final result of the second review of CEMIG D	7,299			17,691		
<b>TOTAL</b>	<b>16,768,513</b>	<b>14,905,236</b>	<b>12.5</b>	<b>32,287,463</b>	<b>29,457,322</b>	<b>9.6</b>

**Chart II****Energy Sales (Consolidated)**

	<b>2nd Q. 2010</b>	<b>2nd Q. 2009</b>	<b>Chge%</b>	<b>1st H. 2010</b>	<b>1st H. 2009</b>	<b>Chge%</b>
Residential	1,290,212	1,116,182	15.6	2,338,506	2,188,583	6.9
Industrial	980,492	916,748	7.0	1,906,988	1,786,336	6.8
Commercial	699,897	672,911	4.0	1,343,826	1,309,810	2.6
Rural	153,833	135,220	13.8	294,990	232,207	27.0
Others	304,120	287,112	5.9	566,211	548,194	3.3
Electricity sold to final consumers	3,428,554	3,128,173	9.6	6,450,521	6,065,130	6.4
Low-Income Consumers Subsidy	(72,550)	45,629	(259.0)	148,926	189,832	(21.5)
Unbilled Supply, Net	(10,184)	(28,497)	(64.3)	(54,511)	(68,033)	(19.9)
Supply	335,388	456,680	(26.6)	666,515	726,735	(8.3)
Transactions on the CCEE	31,316	7,697	306.9	69,688	97,146	(28.3)
Final result of the second review of CEMIG D	5,146	61,010	(91.6)	71,302	(203,615)	(135.0)
Additional charge Law 12111/09	(1,382)			4,611		
Sales under the Proinfra program	1,765			4,312		
<b>TOTAL</b>	<b>3,718,053</b>	<b>3,670,692</b>	<b>1.3</b>	<b>7,361,364</b>	<b>6,807,195</b>	<b>8.1</b>

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**Chart III**

**Sales per Company**

**Cemig Distribution**

<b>2° Quarter 2010 Sales</b>	<b>GWh</b>
Industrial	2,272
Residencial	4,045
Rural	1,106
Commercial	2,424
Others	1,476
Sub total	11,323
Wholesale supply	946
<b>Total</b>	<b>12,269</b>

**Cemig GT**

<b>2° Quarter 2010 Sales</b>	<b>GWh</b>
Free Consumers	8,697
Wholesale supply	7,120
Wholesale supply Cemig Group	5,230
Wholesale supply bilateral contracts	654
<b>Total</b>	<b>1,236</b>

**Independent Generation**

<b>2° Quarter 2010 Sales</b>	<b>GWh</b>
Horizontes	39
Ipatinga	1,463
Sá Carvalho	235
Barreiro	49
CEMIG PCH S.A	59
Rosal	132
Capim Branco	6
<b>Total</b>	<b>2,320</b>

**Light (25%)**

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2° Quarter 2010 Sales	GWh
Industrial	166
Residencial	823
Commercial	606
Rural	5
Others	314
Wholesale supply	431
Transactions in the CCEE (PLD)	97
<b>Total</b>	<b>2,442</b>

Cemig Consolidated by Company

2° Quarter 2010 Sales	GWh	Share
Cemig Distribution	12,269	38%
Cemig GT	18,052	56%
Wholesale Cemig Group	2,442	8%
Wholesale Light Group	2,320	7%
Independent Generation	(1,090)	-3%
RME	(1,706)	-5%
<b>Total</b>	<b>32,287</b>	<b>100%</b>

Chart IV

Operating Revenues (consolidated)  
Values in million of Reais

	2nd Q. 2010	2nd Q. 2009	Chge%	1st H. 2010	1st H. 2009	Chge%
Sales to end consumers	3,428	3,129	10	6,451	6,065	6
TUSD	395	325	22	696	599	16
Subtotal	3,823	3,454	11	7,147	6,664	7
Supply + Transactions in the CCEE	367	464	(21)	736	824	(11)
Revenues from Trans. Network	250	298	(16)	538	477	13
Gas Supply	96	79	22	186	151	23
Others	(11)	142	(108)	302	48	529
<b>Subtotal</b>	<b>4,525</b>	<b>4,437</b>	<b>2</b>	<b>8,909</b>	<b>8,164</b>	<b>9</b>
Deductions	(1,571)	(1,465)	7	(3,045)	(2,830)	8
<b>Net Revenues</b>	<b>2,954</b>	<b>2,972</b>	<b>(1)</b>	<b>5,864</b>	<b>5,334</b>	<b>10</b>

Table of Contents**Chart V**

## Operating Expenses (consolidated)

Values in R\$ million

	2nd Q. 2010	2nd Q. 2009	Chge%	1st H. 2010	1st H. 2009	Chge%
Purchased Energy	918	838	10	1,946	1,510	29
Personnel/Administrators/Councillors	298	449	(34)	593	747	(21)
Depreciation and Amortization	208	173	20	398	344	16
Charges for Use of Basic Transmission Network	187	211	(11)	390	415	(6)
Contracted Services	221	201	10	405	362	12
Forluz Post-Retirement Employee Benefits	44	34	29	86	68	26
Materials	30	26	15	58	52	12
Royalties	34	37	(8)	76	73	4
Gas Purchased for Resale	51	46	11	101	85	19
Operating Provisions	184	(8)	(2,400)	207	46	350
Raw material for production		4	(100)		4	(100)
Other Expenses	113	98	15	179	156	15
<b>Total</b>	<b>2,288</b>	<b>2,109</b>	<b>8</b>	<b>4,439</b>	<b>3,862</b>	<b>15</b>

**Chart VI**

## Financial Result Breakdown

Values in millions of reais

	2nd Q. 2010	2nd Q. 2009	Chge%	1st H. 2010	1st H. 2009	Chge%
<b>Financial Revenues</b>	<b>200</b>	<b>205</b>	<b>(2.4)</b>	<b>433</b>	<b>414</b>	<b>4.6</b>
Income from Investments	90	66	36.4	184	132	39.4
Fines on Energy Accounts	36	33	9.1	68	61	11.5
CRC Contract/State (interest + monetary variation)	30	9	233.3	70	49	42.9
Monetary variation of Extraordinary Tariff						
Recomposition and RTD	6	22	(72.7)	11	50	(78.0)
Exchange Rate Variations	0	69	(100.0)	16	90	(82.2)
PASEP/COFINS	-11	-18	(38.9)	-11	-19	(42.1)
Financial Compensation RME	0	0		0	0	
Adjustment to Present Value	7	0		13	1	1,200.0
Derivatives	0	-1	(100.0)	1	0	
Others	42	25	68.0	81	50	62.0
<b>Financial Expenses</b>	<b>-378</b>	<b>-238</b>	<b>58.8</b>	<b>-701</b>	<b>-485</b>	<b>44.5</b>
Charges on Loans and Financing	-262	-150	74.7	-497	-350	42.0
Monetary variation of Extraordinary Tariff						
Recomposition	3	-7	(142.9)	-1	-10	(90.0)
Exchange Rate Variations	-3	-2	50.0	-21	-6	



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Monetary Variarion Liabilities - Loans and

Financing	-39	-2	1,850.0	-71	-6	1,083.3
CPMF	0	0		0	0	
Provision for Losses from Tariff Recomposition	0	-1	(100.0)	0	8	(100.0)
Reversal of provision for PIS and Cofins taxes	-14	-3	366.7	-27	-8	237.5
Losses from Derivatives	-4	-56	(92.9)	-5	-77	(93.5)
Other	-59	-17	247.1	-79	-36	119.4
<b>Financial Result</b>	<b>-178</b>	<b>-33</b>	<b>439.4</b>	<b>-268</b>	<b>-71</b>	<b>277.5</b>

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## Chart VII

## Statement of Results (Consolidated)

Values in millions of reais

	2nd Q. 2010	2nd Q. 2009	Chge%	1st H. 2010	1st H. 2009	Chge%
Net Revenue	2,954	2,972	(0.6)	5,864	5,334	9.9
Operating Expenses	(2,288)	(2,109)	8.5	(4,439)	(3,862)	14.9
<b>EBIT</b>	<b>666</b>	<b>863</b>	<b>(22.8)</b>	<b>1,425</b>	<b>1,472</b>	<b>(3.2)</b>
<b>EBITDA</b>	<b>874</b>	<b>1,035</b>	<b>(15.6)</b>	<b>1,823</b>	<b>1,816</b>	<b>0.4</b>
Financial Result	(178)	(33)	439.4	(268)	(71)	277.5
Provision for Income Taxes, Social Cont & Deferred Income Tax	(153)	(246)	(37.8)	(368)	(433)	(15.0)
Employee Participation	(44)	(45)	(2.2)	(80)	(73)	9.6
Minority Shareholders		(15)	(100.0)		(35)	(100.0)
<b>Net Income</b>	<b>291</b>	<b>524</b>	<b>(44.5)</b>	<b>709</b>	<b>860</b>	<b>(17.6)</b>

## Chart VIII

## Statement of Results (Consolidated) - per Company

Values in millions of reais

	Cemig H		Cemig D		Cemig GT	
	2nd Q. 2010	2nd Q. 2009	2nd Q. 2010	2nd Q. 2009	2nd Q. 2010	2nd Q. 2009
Net Revenue	2,954	2,972	1,672	1,589	844	1,045
Operating Expenses	(2,288)	(2,109)	(1,637)	(1,541)	(399)	(372)
<b>EBIT</b>	<b>666</b>	<b>862</b>	<b>35</b>	<b>48</b>	<b>445</b>	<b>673</b>
<b>EBITDA</b>	<b>874</b>	<b>1,035</b>	<b>130</b>	<b>130</b>	<b>520</b>	<b>729</b>
Financial Result	(178)	(33)	(46)	1	(123)	(43)
Provision for Income Taxes, Social Cont & Deferred Income Tax	(153)	(245)	30	17	(81)	(172)
Employee Participation	(44)	(46)	(30)	(18)		
Minority Shareholders		(14)			232	452
<b>Net Income</b>	<b>291</b>	<b>524</b>	<b>(11)</b>	<b>48</b>	<b>232</b>	<b>452</b>

Table of Contents**Chart IX****BALANCE SHEETS (CONSOLIDATED)  
ASSETS**

Values in millions of reais

	1st H. 2010	1st Q. 2010
<b>CURRENT ASSETS</b>	<b>8,898</b>	<b>9,557</b>
Cash and Cash Equivalents	3,755	4,495
Consumers and Distributors	2,220	2,223
Consumers - Rate Adjustment	66	148
Dealership - Energy Transportation	428	406
Dealers - Transactions on the MAE	46	45
Tax Recoverable	1,155	1,018
Materials and Supplies	45	43
Prepaid Expenses - CVA	282	368
Tax Credits	200	158
Regulatory Assets		
Deferred Tariff Adjustment	92	78
Other	609	575
<b>NONCURRENT ASSETS</b>	<b>3,782</b>	<b>3,784</b>
Account Receivable from Minas Gerais State Government	1,831	1,787
Consumers - Rate Adjustment		
Prepaid Expenses - CVA	89	53
Tax Credits	604	647
Dealers - Transactions on the MAE		
Recoverable Taxes	241	226
Escrow Account re: Lawsuits	796	717
Consumers and Distributors	100	194
Other Receivables; Regulatory Assets; Deferred Tariff Adjustment	121	160
	<b>18,126</b>	<b>16,709</b>
Investments	24	24
Property, Plant and Equipment	15,525	14,612
Intangible	2,577	2,073
<b>TOTAL ASSETS</b>	<b>30,806</b>	<b>30,050</b>

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## Chart X

**BALANCE SHEETS (CONSOLIDATED)****LIABILITIES AND SHAREHOLDERS EQUITY**

Values in millions of reais

	1st H. 2010	1st Q. 2010
<b>CURRENT LIABILITIES</b>	<b>5,971</b>	<b>6,162</b>
Suppliers	936	924
Taxes payable	887	718
Loan, Financing and Debentures	1,846	1,701
Payroll, related charges and employee participation	362	380
Interest on capital and dividends	487	950
Employee post-retirement benefits	104	107
Regulatory charges	357	364
Other Obligations	545	498
Regulatory Liabilities - CVA	447	520
<b>NON CURRENT LIABILITIES</b>	<b>13,815</b>	<b>13,157</b>
Loan, Financing and Debentures	10,807	10,124
Employee post-retirement benefits	1,271	1,278
Taxes and social charges	719	706
Reserve for contingencies	430	559
Other	457	419
Prepaid expenses - CVA	131	71
<b>PARTICIPATION IN ASSOCIATE COMPANIES</b>		
<b>SHAREHOLDERS EQUITY</b>	<b>11,020</b>	<b>10,731</b>
Registered Capital	3,412	3,102
Capital reserves	3,954	3,969
Income reserves	2,882	3,178
Acumulated Income	745	455
Funds for capital increase	27	27
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>30,806</b>	<b>30,050</b>

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## Chart XI

**Cash Flow Statement (consolidated)**  
**Values in million of Reais**

	2nd Q. 2010	2nd Q. 2009	Chge%	1st H. 2010	1st H. 2009	Chge%
<b>Cash at start of period</b>	4,495	2,706	66.1	4,424	2,284	93.7
<b>Cash from operations</b>	<b>600</b>	<b>672</b>	<b>(10.7)</b>	<b>1,887</b>	<b>1,306</b>	<b>44.5</b>
Net income	291	524	(44.5)	710	860	(17.4)
Depreciation and amortization	208	173	20.2	398	344	15.7
Suppliers	(13)	56	(123.2)	(90)	123	(173.2)
Deferred Tariff Adjustment	(2)	14	(114.3)	(2)	133	(101.5)
Other adjustments	116	(95)	(222.1)	871	(154)	(665.6)
<b>Financing activity</b>	<b>(75)</b>	<b>(283)</b>	<b>(73.5)</b>	<b>(2)</b>	<b>(202)</b>	<b>(99.0)</b>
Financing obtained	722	275	162.5	3,919	471	732.1
Payment of loans and financing	(331)	(89)	271.9	(3,455)	(204)	1,593.6
Interest on Own Capital and Dividends	(466)	(469)	(0.6)	(466)	(469)	(0.6)
<b>Investment activity</b>	<b>(1,265)</b>	<b>(844)</b>	<b>49.9</b>	<b>(2,554)</b>	<b>(1,137)</b>	<b>124.6</b>
Investments outside the concession area	(427)	(188)	127.1	(388)	(166)	133.7
Investments in the concession area	(838)	(680)	23.2	(2,166)	(1,017)	113.0
Special obligations - consumer contributions		24	(100.0)		47	(100.0)
<b>Cash at the end of period</b>	<b>3,755</b>	<b>2,251</b>	<b>66.8</b>	<b>3,755</b>	<b>2,251</b>	<b>66.8</b>

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2.	Quarterly Financial Information for the quarter ended June 30, 2009, Companhia Energética de Minas Gerais - CEMIG
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Table of Contents**BALANCE SHEETS**

AT JUNE 30 AND MARCH 31, 2010

**ASSETS****R\$ 000**

	Consolidated		Holding company	
	06/30/2010	03/31/2010	06/30/2010	03/31/2010
<b>CURRENT</b>				
Cash and cash equivalents (Note 3)	3,754,516	4,495,283	428,321	418,788
Consumers and traders (Note 4)	2,220,462	2,222,739		
Extraordinary Tariff Recomposition, and Portion A (Note 6)	65,512	148,064		
Concession holders transport of energy	428,236	405,836		
Taxes subject to offsetting (Note 10)	1,155,224	1,017,604	6,406	6,405
Anticipated expenses CVA (Note 9)	282,301	367,774		
Traders Transactions in Free Energy (Note 7)	46,141	45,175		
Tax credits (Note 11)	200,053	158,002	10,966	16,521
Dividends receivable			421,145	956,316
Transmission Tariff Review (Note 8)	91,954	77,746		
Inventories	44,616	42,790	444	195
Other credits	609,413	575,991	13,070	20,199
<b>TOTAL, CURRENT</b>	<b>8,898,428</b>	<b>9,557,004</b>	<b>880,352</b>	<b>1,418,424</b>
<b>NON-CURRENT</b>				
<b>Long term assets</b>				
Accounts receivable from Minas Gerais State Govt. (Note 13)	1,830,892	1,787,105		
Credit Receivables Investment Fund (Note 13)			911,777	891,633
Anticipated expenses CVA (Note 9)	88,675	52,968		
Tax credits (Note 11)	603,591	647,417	79,146	99,650
Taxes subject to offsetting (Note 10)	241,519	225,720	116,824	102,723
Deposits linked to legal actions (Note 12)	796,165	716,531	95,460	95,462
Consumers and traders (Note 4)	100,117	194,272		
Transmission Tariff Review (Note 8)	1,055	23,423		
Other credits	120,060	136,157	43,690	59,129
	3,782,074	3,783,593	1,246,897	1,248,597
<b>Investments (Note 14)</b>	<b>23,821</b>	<b>23,559</b>	<b>9,802,968</b>	<b>9,603,830</b>
<b>Fixed assets (Note 15)</b>	<b>15,524,986</b>	<b>14,612,271</b>	<b>1,987</b>	<b>1,996</b>
<b>Intangible (Note 16)</b>	<b>2,577,033</b>	<b>2,073,701</b>	<b>1,147</b>	<b>1,440</b>
<b>TOTAL, NON-CURRENT</b>	<b>21,907,914</b>	<b>20,493,124</b>	<b>11,052,999</b>	<b>10,855,863</b>
<b>TOTAL ASSETS</b>	<b>30,806,342</b>	<b>30,050,128</b>	<b>11,933,351</b>	<b>12,274,287</b>

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



Table of Contents**BALANCE SHEETS**

AT JUNE 30 AND MARCH 31, 2010

**LIABILITIES**

R\$ 000

	Consolidated		Holding company	
	06/30/2010	03/31/2010	06/30/2010	03/31/2010
<b>CURRENT</b>				
Suppliers (Note 17)	935,632	924,461	3,852	15,148
Regulatory charges (Note 20)	357,816	363,806		
Profit shares	54,562	46,416	2,295	1,922
Taxes, charges and contributions (Note 18)	886,709	717,940	47,574	23,469
Interest on Equity and dividends payable	487,063	949,623	487,063	949,623
Loans and financings (Note 19)	1605,442	1,617,208	19,263	25,284
Debentures (Note 19)	240,946	83,643		
Salaries and mandatory charges on payroll	308,105	333,854	16,142	17,579
Regulatory liabilities CVA (Note 9)	445,589	520,176		
Post-employment obligations (Note 21)	104,033	106,622	3,987	4,101
Provision for losses on financial instruments (Note 31)	60,076	79,128		
Transmission Tariff Review (Note 8)	75,568			
Debt to related parties			4,288	4,277
Contingency provisions (Note 23)	76,141			
Other obligations	333,354	419,172	18,046	18,728
<b>TOTAL, CURRENT</b>	<b>5,971,036</b>	<b>6,162,049</b>	<b>602,510</b>	<b>1,060,131</b>
<b>NON-CURRENT</b>				
Regulatory charges (Note 20)	206,710	178,177		
Regulatory liabilities CVA (Note 9)	130,827	71,106		
Loans and financings (Note 19)	6,598,049	5,842,066	36,794	55,190
Debentures (Note 19)	4,208,523	4,282,243		
Taxes, charges and contributions (Note 18)	719,377	705,585		
Contingency provisions (Note 23)	430,804	558,936	150,664	304,095
Post-employment obligations (Note 21)	1,271,265	1,277,977	49,735	48,855
Other obligations	249,976	241,006	73,873	75,033
<b>TOTAL, NON-CURRENT</b>	<b>13,815,531</b>	<b>13,157,096</b>	<b>311,066</b>	<b>483,173</b>
<b>STOCKHOLDERS EQUITY (Note 23)</b>				
Registered capital	3,412,073	3,101,884	3,412,073	3,101,884
Capital reserves	3,953,850	3,969,099	3,953,850	3,969,099
Profit reserves	2,882,308	3,177,248	2,882,308	3,177,248
Accumulated Stockholders equity conversion adjustment	(180)	1,544	(180)	1,544
Funds allocated to increase of capital	27,124	27,124	27,124	27,124
Retained earnings	744,600	454,084	744,600	454,084

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<b>TOTAL STOCKHOLDERS EQUITY</b>	11,019,775	10,730,983	11,019,775	10,730,983
<b>TOTAL LIABILITIES</b>	30,806,342	30,050,128	11,933,351	12,274,287

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

Table of Contents**INCOME STATEMENTS****FOR THE HALF-YEAR PERIODS ENDING JUNE 30, 2010 AND 2009****(R\$ 000, expect net profit per thousand shares)**

	Consolidated		Holding company	
	06/30/2010	30/06/2009 Reclassified	06/30/2010	30/06/2009
<b>OPERATIONAL REVENUE</b>				
Revenue from supply of electricity (Note 24)	7,361,364	6,807,195		
Revenue for use of the network Free Consumers (Note 25)	1,234,618	1,076,287		
Other operational revenues (Note 26)	313,450	280,527	159	187
	8,909,432	8,164,009	159	187
<b>Deductions from operational revenue (Note 27)</b>	<b>(3,044,774)</b>	<b>(2,830,312)</b>		
<b>NET OPERATIONAL REVENUE</b>	<b>5,864,658</b>	<b>5,333,697</b>	<b>159</b>	<b>187</b>
<b>OPERATIONAL COSTS</b>				
<b>COST OF ELECTRICITY AND GAS (Note 28)</b>				
Electricity bought for resale	(1,946,543)	(1,510,107)		
Charges for the use of the basic transmission grid	(390,109)	(414,647)		
Gas purchased for resale	(101,082)	(84,875)		
	(2,437,734)	(2,009,629)		
<b>COST OF OPERATION (Note 28)</b>				
Personnel and managers	(466,282)	(469,636)		
Post-employment obligations	(63,835)	(42,566)		
Materials	(52,436)	(50,978)		
Raw materials and inputs for generation		(4,070)		
Outsourced services	(296,865)	(301,680)		
Depreciation and amortization	(382,775)	(332,641)		
Operational provisions	(216,552)	(2,446)		
Royalties for use of water resources	(75,553)	(72,884)		
Other	(88,810)	(66,614)		
	(1,643,108)	(1,343,515)		
<b>TOTAL COST</b>	<b>(4,080,842)</b>	<b>(3,353,144)</b>		
<b>GROSS PROFIT</b>	<b>1,783,816</b>	<b>1,980,553</b>	<b>159</b>	<b>187</b>
<b>OPERATIONAL EXPENSES (Note 28)</b>				
Selling expenses	(75,053)	(87,066)		
General and administrative expenses	(236,219)	(388,223)	20,801	(18,814)
Other operational expenses	(47,419)	(32,885)	(7,700)	(5,380)
	(358,691)	(508,174)	13,101	(24,194)
<b>Operational profit before equity gains and financial revenues (expenses)</b>	<b>1,425,125</b>	<b>1,472,379</b>	<b>13,260</b>	<b>(24,007)</b>
<b>Equity gain (loss) from subsidiaries</b>			<b>738,411</b>	<b>943,606</b>
<b>Net financial revenue (expenses) (Note 29)</b>	<b>(267,751)</b>	<b>(70,964)</b>	<b>18,023</b>	<b>6,561</b>

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<b>Profit before taxation and profit shares</b>	1,157,374	1,401,415	769,694	926,160
Income tax and Social Contribution tax (Note 11)	(412,891)	(470,132)	(40,347)	(56,200)
Deferred income tax and Social Contribution tax (Note 11)	44,774	36,640	(17,264)	(8,033)
Employees and managers profit shares	(79,518)	(73,069)	(2,344)	(1,891)
Minority interests		(34,818)		
<b>NET PROFIT FOR THE PERIOD</b>	<b>709,739</b>	<b>860,036</b>	<b>709,739</b>	<b>860,036</b>
<b>NET PROFIT PER SHARE R\$</b>			<b>1.04048</b>	<b>1.38679</b>

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

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## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

## FOR THE QUARTER AND HALF YEAR ENDING JUNE 30, 2010

(R\$ 000, except dividend per thousand shares)

	Registered capital	Capital reserves	Profit reserves	Retained earnings	Conversion / Valuation Adjustment to Stockholders equity	Funds allocated to increase of capital	Total
<b>BALANCES ON MARCH 31, 2010</b>	<b>3,101,884</b>	<b>3,969,099</b>	<b>3,177,248</b>	<b>454,084</b>	<b>1,544</b>	<b>27,124</b>	<b>10,730,983</b>
Increase in registered capital (Note 23)	310,189	(15,249)	(294,940)				
Adjustment to stockholders' equity in affiliated company					(768)		(768)
Balance sheet conversion adjustment					(956)		(956)
Net profit for the period				290,516			290,516
<b>BALANCES ON JUNE 30, 2010</b>	<b>3,412,073</b>	<b>3,953,850</b>	<b>2,882,308</b>	<b>744,600</b>	<b>(180)</b>	<b>27,124</b>	<b>11,019,775</b>
<b>BALANCES AT DECEMBER 31, 2009</b>	<b>3,101,884</b>	<b>3,969,099</b>	<b>3,177,248</b>		<b>150</b>	<b>27,124</b>	<b>10,275,505</b>
Increase in registered capital (Note 23)	310,189	(15,249)	(294,940)				
Adjustment to stockholders' equity in affiliated company					452		452
Balance sheet conversion adjustment					(782)		(782)
Prior year adjustment in affiliated company (Note 23)				34,861			34,861
Net profit for the period				709,739			709,739
<b>BALANCES ON JUNE 30, 2010</b>	<b>3,412,073</b>	<b>3,953,850</b>	<b>2,882,308</b>	<b>744,600</b>	<b>(180)</b>	<b>27,124</b>	<b>11,019,775</b>

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

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## STATEMENTS OF CASH FLOWS

FOR THE HALF-YEAR PERIODS ENDING JUNE 30, 2010 AND 2009

R\$ 000

	Consolidated		Holding company	
	06/30/2010	30/06/2009	06/30/2010	30/06/2009
<b>CASH FLOW FROM OPERATIONS</b>				
Net profit for the period	709,739	860,036	709,739	860,036
<b>Expenses (revenues) not affecting Cash and cash equivalents</b>				
Depreciation and amortization	398,118	343,529	92	93
Net write-offs of fixed assets	8,188	9,568	136	
Equity gain (loss) from subsidiaries			(738,411)	(943,606)
Interest and monetary variations Non-current	130,697	(105,652)	(24,638)	(26,171)
Regulatory asset Review of Transmission Revenue	64,586	(158,090)		
Deferred federal taxes	(44,774)	(36,640)	17,264	8,033
Provisions (reversals) for operational losses	3,839	32,267	(51,860)	(31,625)
Provision for losses on financial instruments	(3,756)	76,846		
Provisions for losses in recovery of Extraordinary Tariff				
Recomposition amounts		(8,306)		
Amortization of goodwill on acquisitions			21,741	
Post-employment obligations	85,957	68,502	6,272	2,835
Minority interests		34,818		
Additional low-income consumers subsidy 2008 and 2009				
Tariff Adjustments	(81,860)			
Write-off of CVA prior years	70,889			
Write-off of regulatory asset PIS, Pasep and Cofins taxes	46,240			
Others	(4,611)	7,382		
	1,383,252	1,124,260	(59,665)	(130,405)
<b>(Increase) reduction of assets</b>				
Consumers and traders	(101,565)	(249,004)		
Extraordinary Tariff Recomposition Current	161,933	145,734		
Amortization of accounts receivable from the Minas Gerais State Government				
Traders transactions on CCEE	4,653	23,318		
Deferred tax credits	(44,216)	151,636	12,069	23,949
Taxes offsetable	(269,447)	(408,429)	15,137	(15,613)
Transport of electricity	(11,208)	58,098		
Other credits	(166,664)	164,176	20,720	6,432
Deferred Tariff Adjustment	(1,729)	133,423		
Anticipated expenses CVA	78,916	(74,535)		
Payments into Court	(167,731)	(102,790)	2	(7,630)
Transmission Tariff Review	37,252			
Dividends received from subsidiaries			1,145,569	786,397
	(417,431)	(88,419)	1,193,497	793,535
<b>Increase (reduction) of liabilities</b>				
Suppliers	90,110	(123,322)	(10,423)	(1,372)
Taxes, charges and contributions	383,999	380,919	14,736	44,527
Salaries and mandatory charges on payroll	(46,629)	107,792	(2,281)	1,899
Regulatory charges	72,243	(27,403)		
Loans, financings and debentures	325,447	12,444	(4,095)	(5,676)



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Post-employment obligations	16,354	(70,646)	(4,776)	(4,444)
Regulatory liabilities CVA	124,390	(9,858)		
Losses on financial instruments	(17,622)	(12,168)		
Contingency provisions	63,939		(123,509)	
Others	(90,847)	12,965	(12,909)	(3,456)
	921,384	270,723	(143,257)	31,478
<b>NET CASH FROM OPERATIONAL ACTIVITIES</b>	<b>1,887,205</b>	<b>1,306,564</b>	<b>990,575</b>	<b>694,608</b>
<b>CASH FLOW IN FINANCING ACTIVITIES</b>				
Financings and debentures obtained	3,919,757	471,148		
Payments of loans and financings	(3,448,360)	(204,502)	(18,397)	
Interests of non-controlling stockholders	(6,948)			
Interest on Equity, and dividends	(466,726)	(469,309)	(466,726)	(469,309)
	(2,277)	(202,663)	(485,123)	(469,309)
<b>CAPITAL EXPENDITURE</b>				
Investments	(389,131)	(166,916)	(733,349)	(360,883)
On fixed and intangible assets	(2,166,240)	(1,017,712)	(486)	
Special Obligations consumer contributions		47,067		
	(2,555,371)	(1,137,561)	(733,835)	(360,883)
<b>NET CHANGE IN CASH POSITION</b>	<b>(670,443)</b>	<b>(33,660)</b>	<b>(228,383)</b>	<b>(135,584)</b>
<b>STATEMENT OF CHANGES IN CASH POSITION</b>				
Beginning of period	4,424,959	2,283,937	656,704	256,906
End of period	3,754,516	2,250,277	428,321	121,322
	(670,443)	(33,660)	(228,383)	(135,584)

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

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

**At June 30, 2010**

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

**1) OPERATIONAL CONTEXT**

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

On June 30, 2010 **Cemig** had stockholdings in the following company:

- **Cemig Geração e Transmissão S.A. ( Cemig GT )** (subsidiary, 100.00% stake) Generation and transmission of electricity, through 48 power plants, 43 being hydroelectric, four wind power plants and one thermal plant; and transmission lines, most of which are part of the Brazilian national generation and transmission grid system. **Cemig GT** has stockholdings in the following subsidiaries:
- **Hidrelétrica Cachoeirão S.A.** (jointly controlled, stake 49.00%): Production and sale of electricity as an independent power producer, through the Cachoeirão hydroelectric power plant located at Pocrane, in the State of Minas Gerais, with installed capacity of 27MW (not reviewed by external auditors). The plant began operating in 2009.
- **Central Eólica Praias de Parajuru S.A.** (jointly controlled, 49.00% stake): The **Praias de Parajuru Wind Farm**, in the municipality of Beberibe in the state of Ceará, Northern Brazil, with installed capacity of 28.8MW (information not reviewed by external auditors), began production and sale of electricity in August 2009.
- **Baguari Energia S.A.** (jointly controlled, 69.39% stake): Construction, operation, maintenance and commercial operation of the *Baguari* Hydroelectric Plant, through its participation in the UHE Baguari Consortium (Baguari Energia 49.00%, Neoenergia 51.00%), with installed capacity of 140MW (information not reviewed by external auditors), on the Doce River in Governador Valadares, Minas Gerais State. The plant began operations of its units over the period between September 2009 and May 2010.

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• **Transmissora Aliança** de Energia Elétrica S.A. ( **Taes** ) (previously named **Terna Participações S.A.**) (jointly controlled, 32.27% stake): Construction, operation and maintenance of electricity transmission facilities in 11 states of Brazil through the following companies in which it has a controlling or other interest: **TSN** Transmissora Sudeste Nordeste S.A.; **Novatrans** Energia S.A.; **ETEO** Empresa de Transmissão de Energia do Oeste S.A.; **ETAU** Empresa de Transmissão do Alto Uruguai S.A.; **Brasnorte** Transmissora de Energia S.A. and **Terna Serviços** Ltda., which, jointly, control more than 3,712km (information not reviewed by external auditors) of high voltage transmission lines (230 to 500kV), components of the Brazilian National Grid.

• **Transmissora Alvorada** de Energia S.A. ( **Alvorada** ) (jointly controlled, 74.50% stake): Holding in Transmissora **Alterosa** de Energia S.A. (62,80% stake).

• **Transmissora Alterosa** de Energia S.A. ( **Alterosa** ) (jointly controlled, 36,23% stake): Holding in **Transmissora Aliança** de Energia (29,42% stake).

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- **Central Eólica Praias do Morgado S.A.** (jointly-controlled, 49.00% stake): Production and sale of electricity through the **Praias do Morgado Wind Farm**, in the municipality of Aracaju in the state of Ceará, Northern Brazil, with installed capacity of 28.8MW (information not reviewed by external auditors). The plant began operating in August 2010.

**Subsidiaries and jointly-controlled subsidiaries of Cemig GT at pre-operational stage:**

- **Guanhães Energia S.A.** (jointly controlled, 49.00% stake): Production and sale of electricity through building and commercial operation of the following **Small Hydro Plants** in Minas Gerais state: *Dores de Guanhães*, *Senhora do Porto* and *Jacaré*, in the municipality of Dores de Guanhães; and *Fortuna II*, in the municipality of Virginópolis. The plants are scheduled to start operating in 2011, and will have total installed capacity of 44MW (information not reviewed by external auditors).

- **Cemig Baguari Energia S.A.** (subsidiary, 100% stake): Production and sale of electricity as an independent power producer in future projects.

- **Madeira Energia S.A.** (jointly controlled, 10.00% stake): Implementation, construction, operation and commercial operation, through its subsidiary **Santo Antônio Energia S.A.**, of the **Santo Antônio Hydroelectric Plant** in the Madeira river basin, in the State of Rondônia, with power of 3,150 MW (information not reviewed by external auditors) and commercial startup scheduled for 2012.

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

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

- **Central Eólica Volta do Rio S.A.** (jointly controlled, 49% stake): The **Volta do Rio Wind Farm**, in the municipality of Aracaju in the state of Ceará, Northern Brazil, with installed capacity of 42MW (information not reviewed by external auditors). Scheduled to begin production and sale of electricity in August 2010.

- **Cemig Distribuição S.A.** ( **Cemig D** ) (wholly-owned subsidiary, 100% stake), registered with the CVM (Securities Commission): Distribution of electricity through distribution networks and lines in approximately 97.00% of the Brazilian state of Minas Gerais, serving 6,946,974 consumers on June 30, 2010 (information not reviewed by external auditors).

- **Light S.A.** ( **Light** ) (jointly-controlled subsidiary, 25.53% stake): Objects are to hold direct or indirect interests in other companies and, directly or indirectly, to operate electricity services, including generation, transmission, trading or distribution, and other related services.

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Light S.A. is the controlling stockholder of:

- **Light Serviços de Eletricidade S.A. ( Light Sesa )** (wholly-owned subsidiary, 100% stake): A listed corporation primarily operating in electricity distribution, with 4.0 million consumers in 31 municipalities of the state of Rio de Janeiro.
- **Light Energia S.A. ( Light Energia )** (wholly-owned subsidiary, 100% stake): A non-listed corporation mainly operating in the study, planning, construction, and commercial operation of systems for electricity generation, transmission and trading and related services.

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- Light Esco Prestação de Serviços Ltda. ( **Light Esco** ) (wholly-owned subsidiary, 100% stake): Provision of services of co-generation, planning, administration and solutions including electricity efficiency and structuring of energy sourcing, and trading of electricity in the free market.
- Itaocara Energia Ltda. ( **Itaocara Energia** ) (wholly-owned subsidiary, 100% stake): Company at pre-operational phase, primarily to operate in production and commercial operation of electricity.
- Lightger Ltda. ( **Lightger** ) (wholly-owned subsidiary, 100% stake) and Lighthidro Ltda. ( **Lighthidro** ) (wholly-owned subsidiary, 100% stake): Two companies at pre-operational stage, formed to participate in auctions of concessions, authorizations and permissions in new plants. On December 24, 2008, Lightger obtained the installation license authorizing the start of works on the **Paracambi** Small Hydro Plant.
- Instituto Light para o Desenvolvimento Urbano e Social ( the **Light Institute** ) (wholly-owned subsidiary, 100% stake): Participation in social and cultural projects, and interest in economic and social development of cities, reaffirming the Company's vocation for social action and Corporate Citizenship.
- Lightcom Comercializadora de Energia S.A. (**Lightcom**) (wholly-owned subsidiary, 100% stake): Purchase, sale, importation and exportation of electricity and general consultancy in the Free and Regulated Markets for electricity.
- Axxiom Soluções Tecnológicas S.A. ( **Axxiom** ) (jointly controlled, 51.00% stake): Formed in August 2008 to provide complete services of implementation and management of systems for electricity sector companies.
- **Sá Carvalho** S.A. (subsidiary, 100.00% stake): Production and sale of electricity, as a public electricity service concession holder, through the *Sá Carvalho* hydroelectric power plant.
- **Usina Térmica Ipatinga** S.A. (subsidiary, 100% stake): Production and sale, as an Independent Power Producer, of thermally generated electricity, through the Ipatinga thermal plant, located on the premises of **Usiminas** (Usinas Siderúrgicas de Minas Gerais S.A.).
- Companhia de Gás de Minas Gerais ( **Gasmig** ) (jointly controlled, 55.19% stake): Acquisition, transport and distribution of combustible gas or sub-products and derivatives, through concession for distribution of gas in the State of Minas Gerais.
- Cemig Telecomunicações S.A. ( **Cemig Telecom** ) previously named **Empresa de Infovias** S.A. (subsidiary, 100% stake): Provision and commercial operation of specialized telecommunications services, through an integrated system consisting of fiber optic cables, coaxial

cables, and electronic and associated equipment (multi-service network).

- **Efficientia** S.A. (subsidiary, 100.00% stake): Provides electricity efficiency and optimization services and energy solutions through studies and execution of projects, as well as providing services of operation and maintenance in energy supply facilities.
- **Horizontes Energia** S.A. (subsidiary, 100.00% stake): Production and sale of electricity, as an independent power producer, through the *Machado Mineiro* and *Salto do Paraopeba* hydroelectric power plants, in the State of Minas Gerais, and the *Salto do Voltão* and *Salto do Passo Velho* power plants in the State of Santa Catarina.
- **Central Termelétrica de Cogeração** S.A. (subsidiary, 100.00% stake): Production and sale of electricity produced by thermal generation as an independent producer, in future projects.

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- **Rosal Energia S.A.** (subsidiary, 100.00% stake): Production and sale of electricity, as a public electricity service concession holder, at the *Rosal* hydroelectric power plant, on the border between the States of Rio de Janeiro and Espírito Santo, Brazil.
- Central Hidrelétrica **Pai Joaquim S.A.** (subsidiary, 100.00% stake): Production and sale of electricity as an independent producer, in future projects.
- **Cemig PCH S.A.** (subsidiary, 100.00% stake): Production and sale of electricity as an independent power producer, through the *Pai Joaquim* hydroelectric power plant.
- **Cemig Capim Branco Energia S.A.** (subsidiary, 100.00% stake): Production and sale of electricity as an independent power producer, through the *Amador Aguiar I and II* hydroelectric power plants, built through a consortium with private-sector partners.
- **UTE Barreiro S.A.** (subsidiary, 100.00% stake): Production and sale of thermally generated electricity, as an independent power producer, through construction and operation of the *UTE Barreiro* thermal generation plant, located on the premises of V&M do Brasil S.A., in Minas Gerais state.
- **Cemig Trading S.A.** (subsidiary: 100.00% stake): Sale and intermediation of business transactions related to energy.
- Companhia **Transleste** de Transmissão (jointly controlled, 25.00% stake): Operation of the 345kV transmission line connecting the substation located in *Montes Claros* to the substation of the *Irapé* hydroelectric power plant.
- Companhia **Transudeste** de Transmissão (jointly controlled, 24.00% stake): Construction, operation and maintenance of national grid transmission lines and facilities – the 345kV *Itutinga Juiz de Fora* transmission line.
- Companhia **Transirapé** de Transmissão (jointly controlled, 24.50% stake): Construction, operation and maintenance of the 230kV *Irapé Araçuaí* transmission line – also part of the national grid.
- **EPTE** (Empresa Paraense de Transmissão de Energia S.A.) (jointly controlled, 41.05% stake): Holder of a public service electricity transmission concession, for the 500kV transmission line in the State of *Pará*. ETEP has formed the wholly-owned subsidiary **ESDE** (Empresa **Santos Dumont** de Energia S.A.).



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- **ENTE** (Empresa Norte de Transmissão de Energia S.A.) (jointly controlled, 36.69% stake): Holder of a public service electricity transmission concession, for two 500kV transmission lines in the States of *Pará* and *Maranhão*.
- **ERTE** (Empresa Regional de Transmissão de Energia S.A.) (jointly controlled, 36.69% stake): Holder of a public service electricity transmission concession, for a 230kV transmission line in the State of *Pará*.
- **EATE** (Empresa Amazonense de Transmissão de Energia S.A.) (jointly controlled, 25.00% stake): Holder of the public service electricity transmission concession for the 500kV transmission lines between the sectionalizing Substations of *Tucuruí*, *Marabá*, *Imperatriz*, *Presidente Dutra* and *Açailândia*.
- EATE has holdings in the following transmission companies: **EBTE** (Empresa Brasileira de Transmissão de Energia), with a 51% stake; **STC** (Sistema de Transmissão Catarinense), with a stake of 80%, and **Lumitrans** Cia. Transmissora de Energia Elétrica, with a stake of 80%.

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

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

- **Companhia de Transmissão Centroeste de Minas** (jointly controlled, 51.00% stake): Construction, operation and maintenance of the 345kV *Furnas Pimenta* transmission line part of the national grid.
- **Cemig Serviços** (subsidiary, 100% stake): Provision of services related to planning, construction, operation and maintenance of electricity generation, transmission and distribution systems, and provision of administrative, commercial and engineering services in the various fields of energy, from any source.

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

## 2) PRESENTATION OF THE QUARTERLY INFORMATION

### 2.1) Presentation of the Quarterly Information

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

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This Quarterly Information (ITR) has been prepared according to principles, practices and criteria consistent with those adopted in the preparation of the annual financial statements at December 31, 2009. Hence this Quarterly Information should be read in conjunction with those annual financial statements.

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

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

<b>Original line</b>	<b>Consolidated Amount, R\$</b>	<b>Reclassified to</b>	<b>Consolidated Amount, R\$</b>
<b>Other operational expenses</b>		<b>Deductions from revenue</b>	
Emergency Acquisition Charge	8,093	Emergency Acquisition Charge	(8,093)
	<b>8,093</b>		<b>(8,093)</b>

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**2.2) Application of the new accounting rules starting in 2010**

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

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

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

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

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

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

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



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Statement CPC 43 This establishes the criteria for the initial adoption of CPCs 15 to 40, and specifies that the exceptions in relation to the international rules are limited to the maintenance of equity income in the individual financial statements that have investments valued by the equity method and maintenance of the deferred asset formed up to December 31, 2008, until its entire amortization. At present, in Brazil, regulatory assets and liabilities are recorded, and when the regulator establishes criteria for allocation of revenue or expense to subsequent periods, a regulatory asset or liability is recognized. At present these regulatory assets and liabilities represent a difference in generally accepted accounting principles between the accounting principles adopted in Brazil, and IFRS. The IASB is preparing an interpretation which could change the treatment of regulatory assets and liabilities in IFRS. The management is awaiting the result of this new interpretation by the IASB, to assess its possible effects on the financial statements prepared in accordance with accounting practices adopted in Brazil.

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

**2.3) Transmission revenue Criteria for recognition**

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

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

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

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

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

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

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

The portion relating to the interests of minority stockholders in the Stockholders' equity of the subsidiaries is shown separately in Liabilities.

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

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

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

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

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



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

Subsidiaries and jointly-controlled companies	Form of consolidation	06/30/2010	
		Direct holding, %	Indirect holding, %
<b>Subsidiaries</b>			
Cemig GT	Full	100.00	
<b>Direct subsidiaries of Cemig GT</b>			
Cemig Baguari Energia	Full		100.00
Hidrelétrica Cachoeirão	Proportional		49.00
Guanhães Energia	Proportional		49.00
Madeira Energia	Proportional		10.00
Hidrelétrica Pipoca	Proportional		49.00
Baguari Energia	Proportional		69.39
Empresa Brasileira de Transmissão de Energia S.A. EBTE	Proportional		49.00
Central Eólica Praias de Parajuru	Proportional		49.00
Central Eólica Volta do Rio	Proportional		49.00
Central Eólica Praias de Morgado	Proportional		49.00
Transmissora Aliança de Energia Elétrica	Proportional		32.27
Transmissora Alterosa de Energia	Proportional		36.23
Transmissora Alvorada de Energia	Proportional		74.50
Cemig D	Full	100.00	
Cemig Telecom	Full	100.00	
Rosal Energia	Full	100.00	
Sá Carvalho	Full	100.00	
Horizontes Energia	Full	100.00	
Usina Térmica Ipatinga	Full	100.00	
Cemig PCH	Full	100.00	
Cemig Capim Branco Energia	Full	100.00	
Cemig Trading	Full	100.00	
Efficientia	Full	100.00	
Central Termelétrica de Cogeração	Full	100.00	
UTE Barreiro	Full	100.00	
Central Hidrelétrica Pai Joaquim	Full	100.00	
Cemig Serviços	Full	100.00	
Gasmig (Companhia de Gás de Minas Gerais)	Proportional	55.19	
Companhia Transleste de Transmissão	Proportional	25.00	
Companhia Transudeste de Transmissão	Proportional	24.00	
Companhia Transirapé de Transmissão	Proportional	24.50	
Light S.A.	Proportional	25.53	
<b>Direct subsidiaries of Light S.A.</b>			
Light Sesa	Full		25.53
Light Energia	Full		25.53
Light Esco	Full		25.53
Light Ger	Full		25.53
Light Hidro	Full		25.53
Light Institute	Full		25.53
Itaocara Energia	Full		25.53
Lightcom	Full		25.53
Axxiom Soluções Tecnológicas	Proportional		13.02
Transchile	Proportional	49.00	
Companhia de Transmissão Centroeste de Minas	Proportional	51.00	

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Empresa Amazonense de Transmissão de Energia	EATE	Proportional	37.44
<b>Direct subsidiaries of EATE</b>			
Sistema de Transmissão Catarinense	STC	Full	29.95
Lumitrans Companhia Transmissora de Energia Elétrica		Full	29.95
Empresa Brasileira de Transmissão de Energia S.A	EBTE	Proportional	19.09
Empresa Paraense de Transmissão de Energia	ETEP	Proportional	41.05
<b>Direct subsidiaries of ETEP</b>			
Empresa Santos Dumont de Energia	ESDE	Full	41.05
Empresa Norte de Transmissão de Energia	ENTE	Proportional	36.69
Empresa Regional de Transmissão de Energia	ERTE	Proportional	36.69
Empresa Catarinense de Transmissão de Energia	ECTE	Proportional	13.37
Axxiom Soluções Tecnológicas		Proportional	49.00

Table of Contents**3) CASH AND CASH EQUIVALENTS**

	Consolidated		Holding company	
	06/30/2010	03/31/2010	06/30/2010	03/31/2010
Bank accounts	90,492	175,366	9,726	4,418
Cash investments				
Bank certificates of deposit	3,295,962	4,091,548	418,478	413,166
Treasury Financial Notes (LFTs)	186,688	56,188	16	459
National Treasury Notes (LTNs)		43,486		
Others	181,374	128,695	101	745
	3,664,024	4,319,917	418,595	414,370
	<b>3,754,516</b>	<b>4,495,283</b>	<b>428,321</b>	<b>418,788</b>

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

**4) CONSUMERS AND TRADERS**

Current and non-current assets	Consolidated		Holding company	
	06/30/2010	03/31/2010	06/30/2010	03/31/2010
Retail supply invoiced	1,989,175	2,011,619	46,071	47,287
Retail supply not invoiced	740,554	815,152		
Wholesale supply to other concession holders	66,649	62,684		
(-) Provision for doubtful receivables	(475,799)	(472,444)	(46,071)	(47,287)
	<b>2,320,579</b>	<b>2,417,011</b>		

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

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

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

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

	Consolidated	
	06/30/2010	03/31/2010
<b>Assets</b>		
Extraordinary Tariff Recomposition, and Portion A (Note 6)	65,512	148,064
Traders Transactions in Free energy during the rationing program (Note 7)	46,141	45,175
Pre-paid expenses CVA (Note 9)	370,976	420,742
Review of Tariff for Use of the Distribution System (TUSD)	3,984	3,360
TUSD discounts Source with incentive	11,315	14,706
TUSD discounts Self-Producers and Independent Producers	10,240	13,309
Low-income subsidy	126,548	128,088
Transmission Tariff Review Adjustment Portion (Note 8)	93,009	101,169
Discounts for irrigation enterprises	3,056	3,972
Other regulatory assets	14,821	20,908
	745,602	899,493
<b>Liabilities</b>		
Free energy Reimbursements to generators	(45,264)	(43,725)
Amounts to be restituted in the tariff CVA (Note 9)	(576,416)	(591,282)
Review of Tariff for Use of the Distribution System (TUSD)		(289)
Financial adjustment for the 2008 Tariff Review		(2,031)
Adjustment to the Reference Company		(3,114)
Transmission Tariff Review Adjustment Portion (Note 8)	(75,568)	
Provision for overcontracting of electricity	(24,311)	
Other regulatory liabilities	(9,773)	(3,396)
	(731,332)	(643,837)
Taxes, charges and contributions Deferred liabilities (Note 18)	(72,372)	(78,109)
	(803,704)	(721,946)
<b>Total</b>	<b>(58,102)</b>	<b>177,548</b>

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

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

**a) The Extraordinary Tariff Recomposition**

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

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

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The RTE was used to compensate the following items:

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

The period of validity of the RTE of **Cemig D** and of Light Serviços de Eletricidade S.A. (**Light Sesa**), of 74 months, expired in February 2008, and **Cemig D** made a write-off as a loss, of R\$ 348,819 as a result of this period not having been sufficient for receipt of all the assets relating to the losses suffered in the rationing period. Light Sesa posted a write-off, as losses, of R\$ 72,862.

Also as a result of the termination of the period of validity of the RTE, **Cemig D** and **Light Sesa** made write-offs of amounts to be withheld for passthrough to the generators, in the amount of R\$ 360,783. This write-off did not affect the income statement for the period, since the corresponding liability was written off simultaneously.

**b) Portion A**

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

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

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

As and when amounts of Portion A are received through the tariff, Cemig transfers those amounts from Assets to the Income statement. In the case of **Cemig D**, the amounts transferred are:

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Amounts transferred to Expenses	Consolidated	
	January to June 2010	January to June 2009
Energy bought for resale	101,297	93,758
Fuel Consumption Account CCC	44,854	41,516
Global Reversion Reserve RGR	4,188	4,149
Tariff for transport of electricity from Itaipu	1,729	1,601
Tariff for use of national grid transmission facilities	11,585	10,723
Royalties for use of water resources	3,978	3,682
Connection Realization of Portion A	244	226
Delivery service inspection charge	320	388
	<b>168,195</b>	<b>156,043</b>

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The amounts to be received in relation to Portion A, recorded in Assets, are:

	Consolidated	
	06/30/2010	03/31/2010
Compensation of the items of Portion A		
Principal	245,299	245,299
Updating by Selic rate	582,031	579,398
Amounts received	(761,818)	(676,633)
<b>Total of RTE and Portion A</b>	<b>65,512</b>	<b>148,064</b>

#### 7) TRADERS TRANSACTIONS IN FREE ENERGY

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

	Consolidated	
	06/30/2010	03/31/2010
<b>Current assets</b>		
Amounts to be received from distributors	46,141	45,175

The amounts receivable in Assets are the difference between the prices paid by **Cemig GT** in the transactions in energy on the CCEE, during the period when the Rationing Program was in effect, and R\$ 49.26/MWh. This difference is to be reimbursed by the distributors through the amounts raised by means of the RTE, as defined in the General Agreement for the Electricity Sector.

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

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

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

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



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

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**8) THE REVIEW OF THE TRANSMISSION TARIFF**

1<sup>o</sup> Tariff Review

**Cemig GT**'s first Tariff Review 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 the repositioning of its first periodic Tariff Review from 5.35% to 6.96%, for the following reasons:

- (i) costs incurred in preparation of the evaluation report, in the amount of R\$ 978;
- (ii) alteration of the Net Remuneration Basis by R\$ 1,140;
- (iii) inclusion of the Sector Charges on the difference between Revenues applied for in the last four cycles and the result of Financial updating, due to the alteration of the profile of Authorized Facilities, of R\$ 8,424.

Aneel additionally established a financial component of R\$ 168,632 to be paid to the Company as the Adjustment Portion ( PA ) in 24 months. This is the backdated effect of the tariff repositioning over the period from July 1, 2005 to June 30, 2009, increased by the R\$ 10,542 arising from the Administrative Appeal. The first part, of R\$ 85,732, was incorporated into the adjustment for the 2009-10 cycle, and the second part, of R\$ 72,358, will be compensated in the 2010-11 adjustment.

2<sup>nd</sup> Tariff Review

On June 8, 2010, Aneel homologated the result of the Second Tariff Review of **Cemig GT**, 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 July 2011 tariff cycle.

The Company recorded this amount as a reduction of revenue in the second quarter of 2010.

As and when amounts of the Adjustment Portion relating to the 1st and 2nd Tariff Reviews are received through the tariff, the Company transfers the corresponding amount recorded in Assets to the Income statement.

**9) ANTICIPATED EXPENSES AND REGULATORY LIABILITIES CVA**

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

The balance on the CVA account is shown below:

	<b>06/30/2010</b>	<b>Consolidated 03/31/2010</b>
Cemig D	(228,530)	(206,793)
Light	23,090	36,253
	<b>(205,440)</b>	<b>(170,540)</b>
Current assets	282,301	367,774
Non-current assets	88,675	52,968
Current liabilities	(445,589)	(520,176)
Non-current liabilities	(130,827)	(71,106)
Net amounts	<b>(205,440)</b>	<b>(170,540)</b>

Table of Contents**10) TAXES SUBJECT TO OFFSETTING**

	Consolidated		Holding company	
	06/30/2010	03/31/2010	06/30/2010	03/31/2010
<b>Current</b>				
ICMS tax recoverable	246,817	228,735	3,828	3,820
Income tax	568,443	498,226		
Social Contribution tax	197,543	160,029		
Pasep tax	22,847	19,182	2	3
Cofins tax	105,387	91,291	10	12
Others	14,187	20,141	2,566	2,570
	1,155,224	1,017,604	6,406	6,405
<b>Non-current</b>				
ICMS tax recoverable	80,249	79,377	426	426
Income tax	92,526	85,488	90,153	83,862
Social Contribution tax	26,245	18,435	26,245	18,435
Pasep and Cofins	42,499	42,420		
	241,519	225,720	116,824	102,723
	<b>1,396,743</b>	<b>1,243,324</b>	<b>123,230</b>	<b>109,128</b>

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

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

The credits of ICMS tax recoverable, recorded in Long term assets, arise from acquisitions of fixed assets, and can be offset in 48 months. The transfer to Short term was made in accordance with the estimates of the amounts which should be realized up to June 2011.

**11) TAX CREDITS****a) Deferred income tax and Social Contribution tax:**

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

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	Consolidated		Holding company	
	06/30/2010	03/31/2010	06/30/2010	03/31/2010
Tax credits on temporary differences				
Tax loss carryforwards / Negative taxable balances	117,439	145,157		3,982
Contingency provisions	164,476	177,037	70,304	92,645
Post-employment obligations	80,151	81,393	3,290	2,907
Provision for doubtful receivables	187,679	182,302	15,664	16,078
Provision for Pasep and Cofins taxes    Extraordinary				
Tariff Recomposition	1,741	4,348		
Financial instruments	52,587	51,439		
FX variation	123,389	123,549		
Distribution Tariff Review 2009		1,694		
Taxes with demandability suspended	28,979			
Goodwill premium on absorption	6,755			
Others	40,448	38,500	854	559
	<b>803,644</b>	<b>805,419</b>	<b>90,112</b>	<b>116,171</b>
Current assets	200,053	158,002	10,966	16,521
Non-current assets	603,591	647,417	79,146	99,650

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

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

	Consolidated	Holding company
2010	141,164	265
2011	184,044	21,401
2012	157,081	23,831
2013	150,800	23,831
2014 and 2015	91,502	19,086
2016 and 2017	61,573	1,040
2018 and 2019	17,480	658
	<b>803,644</b>	<b>90,112</b>

The holding company had tax credits not recognized in its Quarterly Information (ITR), in the amount of R\$ 409,367 on March 31, 2010.

The credits not recognized refer basically to the effective loss arising from the assignment of the credits of accounts receivable from the state government to the Credit Receivables Fund in the first quarter of 2006 (as per Explanatory Note 13). As a result of this assignment the provision for losses on recovery of the amounts constituted in previous years became deductible for the purposes of income tax and Social Contribution. The portion not recognized in relation to this issue is R\$ 408,320.

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

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

	Consolidated		Holding company	
	06/30/2010	30/06/2009	06/30/2010	30/06/2009
Profit before income tax and Social Contribution tax	1,157,374	1,401,415	769,694	926,160
Income tax and Social Contribution nominal expense	(393,507)	(476,483)	(261,696)	(314,894)
Tax effects applicable to:				
Equity gain (loss) from subsidiaries			210,295	253,227

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Employees profit shares	28,789	24,881	797	643
Non-deductible contributions and donations	(3,100)	(2,796)	(278)	(163)
Tax incentives	20,190	7,373	254	94
Tax credits not recognized	(2,491)	701	76	26
Amortization of goodwill	(4,687)	(2,773)	(5,435)	(2,773)
Income tax and Social Contribution adjustment for prior year tax return	(1,471)	(11,423)	(1,471)	
Others	(11,840)	27,028	(153)	(393)
<b>Income tax and Social Contribution effective expense</b>	<b>(368,117)</b>	<b>(433,492)</b>	<b>(57,611)</b>	<b>(64,233)</b>

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

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

The principal benefits of this adhesion to the new Refis system, further to the actual disbursement of cash being by installments, are the reduction of interest and penalty payments, in the amount of

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R\$ 128,921, and the possibility of paying the remaining portion of the interest and penalty payments with the use of tax loss carryforwards.

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

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

**12) DEPOSITS LINKED TO LEGAL ACTIONS**

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

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

	Consolidated		Holding company	
	06/30/2010	03/31/2010	06/30/2010	03/31/2010
<b>Employment law cases</b>	201,175	176,968	49,028	28,169
<b>Tax obligations</b>				
Income tax on Interest on Equity	13,714	13,714		
PIS and Cofins taxes	430,739	372,704		
Others	16,789	8,775	2,935	3,586
<b>Others</b>	133,748	144,370	43,497	63,707
	<b>796,165</b>	<b>716,531</b>	<b>95,460</b>	<b>95,462</b>

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

**13) ACCOUNTS RECEIVABLE FROM THE GOVERNMENT OF THE STATE OF MINAS GERAIS IN THE FORM OF RIGHTS TO RECEIVABLES**



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

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

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

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Amendments, respectively; and (iv) guarantee of retention, in full, of dividends becoming due to Minas Gerais state, for settlement of the Third Amendment.

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

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

The Fourth Amendment to the CRC Agreement had backdated effect on the outstanding balance existing on December 31, 2004, and consolidated the amounts receivable under the Second and Third Amendments which were a total of R\$ 4,681,956 on June 30, 2010.

The government of the state will amortize the debit in 61 consecutive half-yearly installments, becoming due by June 30 and December 31 of each year, over the period from June 2005 to June 2035. The amounts of the portions for amortization of the principal, updated by the IGP-DI index, increase over the period, from R\$ 28,828 for the 1st, and R\$ 94,925 for the 61st expressed in currency of June 30, 2010.

The debt is being amortized, as priority, by retention of 65% of the minimum obligatory dividends payable to the State Government. If the amount is not enough to amortize the portion becoming due, the retention may be of up to 65% of all and any amount of extraordinary dividends or extraordinary Interest on Equity. The dividends retained are to be used for amortization of the agreement in the following order: (i) settlement of past due installments; (ii) settlement of an installment for the current half-year; (iii) anticipated settlement of up to 2 installments; and, (iv) amortization of the debtor balance.

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

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

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

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

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

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

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

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

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

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

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

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

Movement in the FIDC in 2Q10 was as follows:

	<b>Consolidated and Holding company</b>
<b>Balance at March 31, 2010</b>	<b>1,787,105</b>
Monetary updating on the senior units	23,643
Monetary updating on the subordinated units	5,643
Investment in the subordinated units	14,501
<b>Balance at June 30, 2010</b>	<b>1,830,892</b>
<b>Composition of the FIDC on June 30, 2010</b>	
- Senior units held by third parties	919,115
- Subordinated units owned by Cemig	905,529
- Dividends retained by the Fund	6,248
	911,777
<b>TOTAL</b>	<b>1,830,892</b>

Cemig paid dividends on June 29, 2010, R\$ 67,399 being used for amortization of part of the senior units. Additionally, the Company injected R\$ 14,501 into the fund to complete the amount necessary for redemption of the senior units and other operational expenses of the FIDC. The amortization of R\$ 80,167 of the senior units was effected only on July 1st, 2010.

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

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

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

monetary updating of the senior units is recorded as a cost of debt.

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## 14) INVESTMENTS

	Consolidated		Holding company	
	06/30/2010	03/31/2010	06/30/2010	03/31/2010
In subsidiaries and jointly controlled companies				
Cemig GT			3,981,934	3,820,271
Cemig D			2,665,332	2,728,028
Light			789,883	764,791
Cemig Telecom			287,596	281,513
Gasmig			429,131	415,122
Rosal Energia			63,647	58,214
Sá Carvalho			57,374	51,590
Horizontes Energia			70,814	69,046
Usina Térmica Ipatinga			35,690	33,422
Cemig PCH			42,127	37,002
Cemig Capim Branco Energia			30,935	20,153
Companhia Transleste de Transmissão			14,208	15,775
UTE Barreiro			8,759	4,468
Companhia Transudeste de Transmissão			10,255	9,902
Central Hidrelétrica Pai Joaquim			488	492
Companhia Transirapé de Transmissão			7,854	7,613
Transchile			24,283	26,707
Efficientia			8,161	6,901
Central Termelétrica de Cogeração			6,444	5,848
Companhia de Transmissão Centroeste de Minas			17,951	16,689
Cemig Trading			33,514	30,700
Empresa Paraense de Transmissão de Energia - EPTE			44,014	39,578
Empresa Norte de Transmissão de Energia ENTE			70,398	64,025
Empresa Regional de Transmissão de Energia ERTE			12,014	10,728
Empresa Amazonense de Transmissão de Energia EATE			159,641	142,193
Empresa Catarinense de Transmissão de Energia-ECTE			8,254	7,434
Axxiom Soluções Tecnológicas			2,385	2,454
Cemig Serviços			77	98
			8,883,163	8,670,757
Goodwill on acquisition of stake in Rosal Energia			24,865	26,246
Goodwill on acquisition of stake in EPTE			61,773	62,513
Goodwill on acquisition of stake in ENTE			92,472	93,506
Goodwill on acquisition of stake in ERTE			22,399	22,649
Goodwill on acquisition of stake in EATE			361,608	365,941
Goodwill on acquisition of stake in ECTE			14,437	14,615
Goodwill on acquisition of stake in Light			338,749	344,098
In other investments	23,821	23,559	3,502	3,505
	23,821	23,559	919,805	933,073
	<b>23,821</b>	<b>23,559</b>	<b>9,802,968</b>	<b>9,603,830</b>

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## a) The main information on the investees is as follows:

Subsidiaries	Number of shares	Cemig stake %	At June 30, 2010	Stockholders equity	January to June 2010	
			Registered capital		Dividends	Profit (Loss)
Cemig GT	2,896,785,358	100.00	3,296,785	3,981,934	69,878	488,462
Cemig D	2,261,997,787	100.00	2,261,998	2,665,332	51,878	72,086
Light	203,934,060	25.53	2,225,822	3,093,636		218,825
Cemig Telecom	381,023,385	100.00	225,081	287,596		11,618
Rosal Energia	46,944,467	100.00	46,944	63,647		11,223
Sá Carvalho	361,200,000	100.00	36,833	57,374		11,961
Gasmig	409,255,483	55.19	643,779	777,515	55,012	47,027
Horizontes Energia	64,258,000	100.00	64,258	70,814		3,660
Usina Térmica Ipatinga	29,174,281	100.00	29,174	35,690	160	3,982
Cemig PCH	30,952,000	100.00	30,952	42,127	23	9,086
Cemig Capim Branco Energia	5,528,000	100.00	5,528	30,935		16,003
Companhia Transleste de Transmissão	49,569,000	25.00	49,569	56,836	9,190	5,447
UTE Barreiro	11,918,000	100.00	11,918	8,759		(6,435)
Companhia Transudeste de Transmissão	30,000,000	24.00	30,000	42,729	1,852	2,783
Central Hidrelétrica Pai Joaquim	486,000	100.00	486	488		2
Companhia Transirapé de Transmissão	22,340,490	24.50	22,340	32,057	1,567	2,416
Transchile	33,340,000	49.00	62,852	49,558		(5,357)
Efficientia	6,051,994	100.00	6,052	8,161		1,584
Central Termelétrica de Cogeração	5,000,000	100.00	5,001	6,444		850
Companhia de Transmissão Centroeste de Minas	51,000	51.00	51	35,198		
Cemig Trading	160,297	100.00	160	33,514		(1,539)
Empresa Paraense de Transmissão de Energia ETEP	45,000,010	41.05	82,039	107,217	13,831	17,352
Empresa Norte de Transmissão de Energia ENTE	100,840,000	36.69	144,863	191,878	40,217	34,188
Empresa Regional de Transmissão de Energia ERTE	23,400,000	36.69	23,400	32,748	15,729	6,703
Empresa Amazonense de Transmissão de Energia EATE	180,000,010	37.44	323,579	426,370	103,939	69,370
Empresa Catarinense de Transmissão de Energia ECTE	42,095,000	13.37	42,095	61,752	22,999	12,502
Axxiom Soluções Tecnológicas	7,200,000	49.00	7,200	4,867		(386)
Cemig Serviços	100,000	100.00	100	77		(22)

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Subsidiaries	No. of shares	Cemig stake %	At June 30, 2009		January to June 2009	
			Registered capital	Stockholders equity	Dividends	Profit (Loss)
Cemig GT	2,896,785,358	100.00	2,896,785	4,058,641	107,136	684,638
Cemig D	2,261,997,787	100.00	2,261,998	2,488,194	76,202	88,385
Rio Minas Energia	709,309,572	25.00	709,309	1,317,534		159,823
Cemig Telecom	381,023,385	100.00	225,082	271,380	8,150	15,696
Rosal Energia	86,944,467	100.00	86,944	100,637		9,383
Sá Carvalho	860,000,000	100.00	86,833	109,582		14,170
Gasmig	409,255,000	55.19	474,497	611,421		34,845
Horizontes Energia	64,257,563	100.00	64,258	70,140		3,402
Usina Térmica Ipatinga	64,174,281	100.00	64,174	36,415		5,138
Cemig PCH	50,952,000	100.00	50,952	40,142		7,880
Cemig Capim Branco Energia	45,528,000	100.00	45,528	30,411		15,480
Companhia Transleste de Transmissão	49,569,000	25.00	49,569	56,729	6,896	5,985
UTE Barreiro	11,918,000	100.00	11,918	1,289		567
Companhia Transudeste de Transmissão	30,000,000	24.00	30,000	37,847	483	3,849
Central Hidrelétrica Pai Joaquim	486,000	100.00	486	482		(4)
Companhia Transirapé de Transmissão	22,340,490	24.50	22,340	27,846		3,235
Transchile	27,840,000	49.00	61,563	67,976		
Efficientia	6,051,994	100.00	6,052	8,698		2,385
Central Termelétrica de Cogeração	150,000,000	100.00	150,001	156,116		5,992
Companhia de Transmissão Centroeste de Minas	51,000	51.00	51	14,051		
Cemig Trading	160,297	100.00	160	3,009		2,817
Empresa Paraense de Transmissão de Energia ETEP	45,000,010	38.35	69,569	99,077	2,348	17,084
Empresa Norte de Transmissão de Energia ENTE	100,840,000	35.78	120,128	177,641	19,902	36,176
Empresa Regional de Transmissão de Energia ERTE	23,400,000	35.78	23,400	32,463	6,480	7,122
Empresa Amazonense de Transmissão de Energia EATE	180,000,010	34.47	273,469	401,849	3,687	76,944
Empresa Catarinense de Transmissão de Energia ECTE	42,095,000	13.08	42,095	59,924	14,747	11,954
Axxiom Soluções Tecnológicas	4,200,000	49.00	4,200	4,851		(590)



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The movement of investments in subsidiaries is as follows:

	03/31/2010	Equity gain (loss)	Capital injection / Acquisition	Dividends proposed	Others	06/30/2010
Cemig GT	3,820,271	232,309		(69,878)	(768)	3,981,934
Cemig D	2,728,028	(10,818)		(51,878)		2,665,332
Light	764,791	25,092				789,883
Cemig Telecom	281,513	6,083				287,596
Rosal Energia	58,214	5,433				63,647
Sá Carvalho	51,590	5,784				57,374
Gasmig	415,122	14,008			1	429,131
Horizontes Energia	69,046	1,768				70,814
Usina Térmica Ipatinga	33,422	2,268				35,690
Cemig PCH	37,002	5,125				42,127
Cemig Capim Branco Energia	20,153	10,782				30,935
Companhia Transleste de Transmissão	15,775	732		(2,299)		14,208
UTE Barreiro	4,468	(7,120)	11,411			8,759
Companhia Transudeste de Transmissão	9,902	352			1	10,255
Central Hidrelétrica Pai Joaquim	492	(4)				488
Companhia Transirapé de Transmissão	7,613	311			(70)	7,854
Transchile	26,707	(1,662)			(762)	24,283
Efficientia	6,901	1,259			1	8,161
Central Termelétrica de Cogeração	5,848	595			1	6,444
Companhia de Transmissão Centroeste de Minas	16,689		1,262			17,951
Cemig Trading	30,700	2,814				33,514
Empresa Paraense de Transmissão de Energia ETEP	39,578	3,587	1,107	(258)		44,014
Empresa Norte de Transmissão de Energia ENTE	64,025	6,373				70,398
Empresa Regional de Transmissão de Energia ERTE	10,728	1,286				12,014
Empresa Amazonense de Transmissão de Energia EATE	142,193	13,193	4,255			159,641
Empresa Catarinense de Transmissão de Energia ECTE	7,434	820				8,254
Axxiom Soluções Tecnológicas	2,454	(69)				2,385
Cemig Serviços	98	(21)				77
	<b>8,670,757</b>	<b>320,280</b>	<b>18,035</b>	<b>(124,313)</b>	<b>(1,596)</b>	<b>8,883,163</b>

**b) Stockholding in Light**

A discount was ascertained on the acquisition of **Light**, corresponding to the difference between the amount paid by RME and the book value of the stake in the stockholders' equity of Light, in the amount of R\$ 364,961 (Cemig's portion is 25.00%). This discount arises from the estimate of the profits of future years from commercial operation of the electricity distribution and generation concessions, and is being amortized from October 2006 to May 2026, the date of the termination of the distribution concession, on a straight-line basis. The remaining value of the discount R\$73,843 (R\$ 75,002 in March 31, 2010) was incorporated into the Company's stockholders' equity after the split of RME, and is being presented in the consolidated quarterly information as Non-current liabilities, under Other obligations.

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

The goodwill on the acquisition of the wind generation companies is the difference between the amount paid and the book value of the interest in the Stockholders' equity of the jointly-controlled subsidiaries, arising from the added value of the concession. The goodwill will be amortized over the remaining period of validity of the concessions.

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

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

As well as providing for the payment for the shares, on that date, the Contract provided for acquisition by Cemig, on or before September 21, 2010, of 1,081,649 (one million eighty one thousand six hundred forty nine) common shares issued by Light, representing, approximately, 0.53% of the voting and total capital of Light, owned by AGC. The price corresponding to the 0.53% of the capital of Light is R\$ 31,949. This amount will also be updated by the CDI rate from December 1, 2009 up to the date of payment, and from it will be deducted any dividends and Interest on Equity paid or declared by Light in this period.

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

On this transaction the Company paid a premium of R\$ 344,098, calculated from the added value of the concession.

Additional option to purchase shares in **Light**

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

The option may be exercised at any time between October 1 and October 6, 2010 and its exercise will create an obligation upon Cemig to acquire or indicate a third party that will acquire the totality of the share units of the LUCE Fund for the Price of the Option. Completion of this transaction is conditional upon certain contractually established requirements being met, and also approval by the National Electricity Agency, Aneel; the Administrative Economic Defense Council, CADE; the Brazilian Development Bank (BNDES); and, where necessary, the other financing agents of and debenture holders of Light and its subsidiaries.

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

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

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

With this transaction the company, together with Fundo de Investimentos em Participação Coliseu, concluded the process of acquisition of Transmissora Aliança de Energia Elétrica **Taesa** (formerly **Terna Participações**)

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Some of the minority stockholders did not accept the public offer to acquire shares, and 4.72% of the shares of Taesa remained in circulation in the market.

**f) Acquisition of stockholding**

At a meeting held on June 30, 2010, the Board of Directors of Cemig Telecomunicações S.A. **Cemig Telecom**, a corporation registered for listing, which provides telecommunications services, approved signature of a Share Purchase Agreement with **Ativas Participações S. A.**, for the purchase of 9,804,900 common shares, representing 49% of the total and voting capital of **Ativas Data Center S. A.**

The objects of Ativas Data Center S.A. are provision of the services of supply of IT and communication technology infrastructure, including hosting and colocation of IT environments, database storage and site backup, professional information safety and availability security services, IT consultancy, connectivity with sale of access and Internet bandwidth. For these purposes it is building a data center classified as Tier III (Uptime Institute), to serve medium-sized and large-scale corporations. The transaction was concluded on July 8, 2010.

**15) FIXED ASSETS**

	Historic cost	Consolidated		03/31/2010 Net value
		06/30/2010 Accumulated depreciation	Net value	
<b>In service</b>	<b>25,523,132</b>	<b>(10,755,591)</b>	<b>14,767,541</b>	<b>14,098,543</b>
Distribution	12,144,293	(5,649,422)	6,494,871	6,466,712
Generation	8,667,998	(3,457,205)	5,210,793	5,243,019
Transmission	3,702,087	(1,133,065)	2,569,022	1,992,188
Management	420,775	(275,283)	145,492	120,139
Telecoms	408,060	(203,884)	204,176	196,824
Gas	179,919	(36,732)	143,187	79,661
<b>In progress</b>	<b>3,303,935</b>		<b>3,303,935</b>	<b>3,063,405</b>
Distribution	1.481.364		1.481.364	1.375.795
Generation	943.138		943.138	840.082
Transmission	418.942		418.942	385.624
Management	73.534		73.534	64.255
Telecoms	26.342		26.342	29.301
Gas	360.615		360.615	368.348
<b>Total fixed assets</b>	<b>28,827,067</b>	<b>(10,755,591)</b>	<b>18,071,476</b>	<b>17,161,948</b>
Special Obligations linked to the concession	(2,816,889)	270,399	(2,546,490)	(2,549,677)
<b>Net fixed assets</b>	<b>26,010,178</b>	<b>(10,485,192)</b>	<b>15,524,986</b>	<b>14,612,271</b>

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

Some land sites and buildings of the subsidiaries, registered in Fixed assets Administration, were given in guarantee for lawsuits involving tax, labor-law, civil disputes and other contingencies in the net amount of R\$ 7,412 on June 30, 2010 (R\$ 6,401 on March 31, 2010), net of depreciation.

The company has not identified any indications of recoverable loss of value of its fixed assets. The concession contracts specify that at the end of the period of each concession the Concession-granting Power will decide the amount to be indemnified to the Company. As a result Management believes that the accounting value of fixed assets that are not depreciated at the end of the concession period will be reimbursed by the Concession-granting Power.

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

**16) INTANGIBLE**

		HOLDING COMPANY		
		06/30/2010	Residual	03/31/2010
		Accumulated	value	Residual
		amortization	value	value
		Historic cost		
<i>In service</i>	<i>Useful life defined</i>	12,465	(12,181)	284
				577
	<i>Useful life defined</i>	12,465	(12,181)	284
				577
	Software use rights	2,950	(2,950)	14
	Brands and patents	5	(1)	4
	Right to commercial operation of public service concession			
	Cemig Telecom S.A	9,510	(9,230)	280
				559
	<i>In progress</i>	863		863
	Assets in formation	863		863
	<b>Total intangible assets, Holding company</b>	<b>13,328</b>	<b>(12,181)</b>	<b>1,147</b>

		CONSOLIDATED		
		06/30/2010	Residual	03/31/2010
		Accumulated	value	Residual
		amortization	value	value
		Historic cost		
<i>In service</i>	<i>Useful life defined</i>	2,938,543	(457,753)	2,480,790
				1,987,192
	Software use rights	414,831	(258,139)	156,692
	Brands and patents	92	(11)	81
	Temporary easements	81,616	(3,220)	78,396
	Right to commercial operation of public service concession			
	Cemig Telecom S.A	9,510	(9,231)	279
	Central Eólica Praias de Parajuru S.A.	30,894	(1,287)	29,607
	Central Eólica Praias de Morgado S.A.	42,593	(355)	42,238
	Central Eólica Volta do Rio S.A.	28,548		28,548
	EATE	397,333	(35,725)	361,608
	ECTE	16,062	(1,625)	14,437
	ENTE	101,170	(8,698)	92,472
	ETEP	68,007	(6,235)	61,772
	ERTE	24,445	(2,047)	22,398
	Rosal Energia S.A	55,256	(30,391)	24,865
	UTE Ipatinga S.A	84,584	(57,716)	26,868
	Light S.A.	344,098	(5,349)	338,749
	Transmissora Aliança De Energia Elétrica S.A.	1,234,822	(36,813)	1,198,009
	Others	4,682	(911)	3,771
	<i>In progress</i>	96,243		96,243
	Assets in formation	96,243		96,243
	<b>TOTAL INTANGIBLE ASSETS</b>	<b>3,034,786</b>	<b>(457,753)</b>	<b>2,577,033</b>
				<b>2,073,701</b>

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The changes in *Intangible Assets* are as follows:

	Balance on 03/31/2010	HOLDING COMPANY Amortizations	Balance on 06/30/2010
<b>In service Useful life defined</b>	<b>577</b>	<b>(293)</b>	<b>284</b>
Software use rights	14	(14)	
Brands and patents	4		4
Right to commercial operation of public service concession Cemig Telecom	559	(279)	280
<b>In progress</b>	<b>863</b>		<b>863</b>
Assets in formation	863		863
<b>TOTAL INTANGÍBLE ASSETS</b>	<b>1,440</b>	<b>(293)</b>	<b>1,147</b>



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		CONSOLIDATED				
		Balance on 03/31/2010	Additions	Amortizations	Transfers	Balance on 06/30/2010
<b>In service</b>	<b>Useful life defined</b>	<b>1,987,192</b>	<b>552,737</b>	<b>(33,040)</b>	<b>(26,099)</b>	<b>2,480,790</b>
	Software use rights	193,275		(13,343)	(23,240)	156,692
	Brands and patents	23	65	(7)		81
	Temporary easements	49,277	29,306	(187)		78,396
	Right to commercial operation of public service concession					
	Cemig Telecom S.A	559		(280)		279
	Central Eólica Praias de Parajuru S.A	29,802		(195)		29,607
	Central Eólica Praias do Morgado S.A	42,593		(355)		42,238
	Central Eólica Volta do Rio S.A	28,548				28,548
	EATE	365,941		(4,333)		361,608
	ECTE	14,615		(178)		14,437
	ENTE	93,506		(1,034)		92,472
	EPTE	62,512		(740)		61,772
	ERTE	22,649		(251)		22,398
	Rosal Energia S.A	26,246		(1,381)		24,865
	UTE Ipatinga S.A	28,361		(1,493)		26,868
	Light S.A.	344,098		(5,349)		338,749
	Transmissora Aliança de Energia Elétrica S.A	678,407	523,367	(3,765)		1,198,009
	Other	6,780		(150)	(2,859)	3,771
	<b>In progress</b>	<b>86,509</b>	<b>9,734</b>			<b>96,243</b>
	Assets in formation	86,509	9,734			96,243
	<b>TOTAL INTANGÍBLE ASSETS</b>	<b>2,073,701</b>	<b>562,471</b>	<b>(33,040)</b>	<b>(26,099)</b>	<b>2,577,033</b>

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

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

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## 17) SUPPLIERS

	Consolidated		Holding company	
	06/30/2010	03/31/2010	06/30/2010	31/03/20010
<b>Current</b>				
Wholesale supply and transport of electricity				
Eletrobrás energy from Itaipu	160,457	159,294		
Furnas	18,417	22,964		
CCEE	57,231	29,471		
RTE under Aneel Res. 387/09	45,264	43,725		
Others	331,896	355,049		
	613,265	610,503		
Materials and services	322,367	313,958	3,852	15,148
	<b>935,632</b>	<b>924,461</b>	<b>3,852</b>	<b>15,148</b>

## 18) TAXES, CHARGES AND CONTRIBUTIONS

	Consolidated		Holding company	
	06/30/2010	03/31/2010	06/30/2010	03/31/2010
<b>Current</b>				
Income tax	269,763	157,219	20,679	2,017
Social Contribution tax	97,096	56,551	6,129	771
ICMS tax	314,067	304,520	18,100	18,091
Cofins tax	62,606	73,471		
Pasep tax	18,870	18,142		
Social security system	18,730	23,100	1,667	1,588
Others	25,973	22,388	999	1,002
	807,105	655,391	47,574	23,469
Deferred obligations				
Income tax	46,074	38,628		
Social Contribution tax	17,897	13,906		
Cofins tax	12,844	8,228		
Pasep tax	2,789	1,787		
	79,604	62,549		
	<b>886,709</b>	<b>717,940</b>	<b>47,574</b>	<b>23,469</b>
<b>Non-current</b>				
Income tax	32,669	178,070		
Social Contribution tax	11,761	36,420		
Cofins tax	372,449	323,742		
Pasep tax	80,861	70,286		
Others	976	977		
	498,716	609,495		
Deferred obligations				
Income tax	162,251	68,207		
Social Contribution tax	58,410	24,555		
Cofins tax		2,734		
Pasep tax		594		
	220,661	96,090		
	<b>719,377</b>	<b>705,585</b>		

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

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

The non-current deferred obligations for income tax and Social Contribution refer, substantially, to the recognition of financial instruments (FX variation, and hedge transactions) by the cash method, which are payable as and when realized (by payment or redemption), and to marking to market of

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financial instruments, and adjustment to present value, implemented by the change in the Corporate Law, to be reversed as and when realized.

The non-current Pasep and Cofins liabilities refer substantially to assets and liabilities linked to regulatory issues, which become payable as and when they are realized.

**19) LOANS, FINANCINGS AND DEBENTURES**

	Principal maturity	Annual financial cost (%)	Currency	Current	Consolidated 06/30/2010 Non-current	Total	03/31/2010 Total
<b>FINANCING SOURCES</b>							
<b>FOREIGN CURRENCY</b>							
ABN Amro Bank N.A. (2)							
	2013	6	US\$	22,620	45,038	67,658	90,535
Banco do Brasil A Various bonds (1)							
	2024	Various	US\$	9,552	55,213	64,765	69,572
Brazilian federal Treasury							
	2024	Libor + Spread	US\$	3,675	21,012	24,687	26,537
InterAmerican Development Bank							
	2026	2.12	US\$	118	41,317	41,435	30,720
Others							
	Various	Various	Various	14,828	14,441	29,269	78,462
<b>Debt in foreign currency</b>							
				<b>50,793</b>	<b>177,021</b>	<b>227,814</b>	<b>295,826</b>
<b>BRAZILIAN CURRENCY</b>							
Banco Credit Suisse First Boston S.A.							
	2010	106.00 of CDI	R\$				75,182
Banco do Brasil							
	2012	110.00 of CDI	R\$	304,164	582,000	886,164	123,054
Banco do Brasil							
	2012	110.00 of CDI	R\$				781,471
Banco do Brasil							
	2013	CDI + 1.70%	R\$	32,737	72,958	105,695	115,516
Banco do Brasil							
	2013	107.60 of CDI	R\$	2,046	126,000	128,046	136,894
Banco do Brasil							
	2014	104.10 of CDI	R\$	20,998	1,200,000	1,220,998	1,244,661
Banco do Brasil (6)							
	2013	10.83 *	R\$	5,773	600,000	605,773	
Banco do Brasil (6)							
	2013	11.58 **	R\$	(3,206)	(8,393)	(11,599)	
Banco Itaú BBA							
	2013	CDI + 1.70%	R\$	90,987	200,371	291,358	319,094
Banco Votorantim S.A.							
	2010	113.50 of CDI	R\$	54,417		54,417	55,677
Banco Votorantim S.A.							
	2013	CDI + 1.70%	R\$	26,497	60,577	87,074	103,023
Brazilian Development Bank (BNDES)							
	2026	TJLP+2.34	R\$	9,077	115,097	124,174	124,146
Bradesco							
	2013	CDI + 1.70%	R\$	106,877	230,180	337,057	401,854
Bradesco							
	2010	113.00 of CDI	R\$				
Debentures (4)							
	2011	104.00 of CDI	R\$	14,157	238,816	252,973	247,273
Debentures Minas Gerais state government (4) (5)							
	2031	IGP-M	R\$		39,301	39,301	38,161
Debentures (4)							
	2014	IGP-M index + 10.50%	R\$	2,526	317,465	319,991	335,387
Debentures (4)							
	2017	IPCA + 7.96	R\$	19,116	459,873	478,989	463,943
Debentures (4) (6)							
	2012	CDI+ 0.90 (*)	R\$	68,249	1,566,000	1,634,249	1,595,307
Debentures (4) (6)							
	2013	0.1051 (**)	R\$	(1,643)	(896)	(2,539)	(3,285)
Debentures (4) (6)							
	2015	IPCA + 7.68 (*)	R\$	39,520	1,171,517	1,211,037	1,173,749
Debentures (4) (6)							
	2015	0.042 (***)	R\$	(475)	(1,688)	(2,163)	(2,379)

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Eletrobrás	2013	Finel + 7.50 to 8.50	R\$	12,461	30,113	42,574	45,434
Eletrobrás	2023	Ufir. RGR + 6.00 to 8.00%	R\$	56,023	294,450	350,473	359,705
Santander do Brasil	2013	CDI + 1.70%	R\$	20,918	47,647	68,565	81,048
Unibanco	2013	CDI + 1.70%	R\$	97,067	217,231	314,298	326,696
Banco do Nordeste do Brasil	2010	TR + 7.30	R\$				19,265
Unibanco	2013	CDI + 1.70%	R\$	19,263	36,794	56,057	80,474
Itaú and Bradesco (3)	2015	CDI + 1.70%	R\$	153,149	765,966	919,115	895,472
Debentures IV (4)	2015	TJLP + 4.00%	R\$	5	19	24	26
Debentures V (4)	2014	CDI + 1.50%	R\$	22,150	213,333	235,483	239,361
Debentures VI (4)	2011	115.00 of CDI	R\$	76,583		76,583	78,157
BNDES: Finem	2019	TJLP	R\$	22,939	111,113	134,052	
CCB Bradesco S.A.	2017	CDI + 0.85%	R\$	7,670	114,896	122,566	119,654
Brazilian Development Bank (BNDES)	2033	TJLP + 2.40%	R\$		172,125	172,125	137,403
Debentures (4)	2013	IPCA	R\$		172,820	172,820	167,514
BNDES Onlending	2033	TJLP	R\$		177,578	177,578	173,826
BNDES Principal Subcredit A/B/C/D	2022	Various	R\$	45,916	211,536	257,452	256,338
CEF S.A	2022	TJLP + 3.50%	R\$	6,195	60,916	67,111	65,284
CEF S.A	2021	TJLP + 3.50%	R\$	5,186	50,133	55,319	55,717
CEF S.A	2022	TJLP + 3.50%	R\$	8,073	85,162	93,235	90,824
Brazilian Development Bank (BNDES)	2018	Various	R\$	64,355	441,655	506,010	269,631
Syndicate of Banks	2010	113 of CDI	R\$	332,449		332,449	184,598
Brazilian Development Bank (BNDES)	2016	TJLP + 3.12%	R\$	651	156,471	157,122	140,562
Brazilian Development Bank (BNDES)	2024	TJLP+2.56	R\$	3,744	69,339	73,083	71,011
Debentures (4)	2012	TJLP	R\$	758	31,963	32,721	32,672
Others	2025	Various	R\$	48,223	199,113	247,336	309,934
<b>Debt in Brazilian currency</b>				<b>1,795,595</b>	<b>10,629,551</b>	<b>12,425,146</b>	<b>11,529,334</b>
<b>Overall total, consolidated</b>				<b>1,846,388</b>	<b>10,806,572</b>	<b>12,652,960</b>	<b>11,825,160</b>

(1) Interest rates vary: 2.00 to 8.00 % p.a.;

Six-month Libor plus spread of 0.81 to 0.88% per year;

(2) Swaps for exchange of rates were contracted. The rates for the loans and financings taking the swaps into account are: (3) CDI + 1.50% p.a..

(3) Refers to the senior units of the credit rights funds. See Explanatory Note 12;

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

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

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

**\* Contractual rate.**

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

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

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

	2010	2011	2012	2013	2014	2015	2016	2017 and subsequent years	Total
<b>Currency</b>									
US dollar	17,832	35,940	34,108	31,001	5,653	2,880	2,880	80,001	210,295
Euro	2,066	3,910	2,681	1,454	1,454	1,454	1,453		14,472
UMBndes (**)	180	335	334	334	334	334	334	862	3,047
	20,078	40,185	37,123	32,789	7,441	4,668	4,667	80,863	227,814
<b>Indexor</b>									
IPCA (Expanded Consumer Price Index)	45,982	13,238	113,561	445,828	386,043	551,033	153,291	153,291	1,862,267
Ufir (Fiscal Reference Unit) / RGR	27,527	57,319	53,861	48,210	46,490	38,529	30,913	48,477	351,326
Interbank CD (CDI)	1,151,336	1,139,954	2,824,614	1,117,491	662,808	258,045	20,333	19,160	7,193,741
Eletrobrás Finel internal index	6,230	12,461	12,461	11,422					42,574
URTJ (*)	81,138	180,424	211,551	217,378	234,390	218,386	175,571	585,140	1,903,978
IGP-M inflation index	6,102	5,594	5,650	5,650	323,073	4,498	1,437	47,666	399,670
UMBndes (**)	5,196	10,298	10,878	11,518	12,116	12,600	7,897	806	71,309
Others (IGP-DI, INPC) (***)	3,030		389	424	799	436	192	384	5,654
No indexor	2,752	183	85	591,607					594,627
	1,329,293	1,419,471	3,233,050	2,449,528	1,665,719	1,083,527	389,634	854,924	12,425,146
	<b>1,349,371</b>	<b>1,459,656</b>	<b>3,270,173</b>	<b>2,482,317</b>	<b>1,673,160</b>	<b>1,088,195</b>	<b>394,301</b>	<b>935,787</b>	<b>12,652,960</b>

(\*) URTJ = Interest Rate Reference Unit.

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

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

INPC - National Consumer Price Index.

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

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Currency	Change in	Change in full-		Indexor	Change in	Change in
	2Q10	year 2010	%		2Q10	full-year 2010
US dollar	1.15	3.46		IGP-M	2.83	5.68
Euro	(8.44)	(12.09)		Finel	0.56	1.12
				CDI	2.18	4.25
				UMBndes	0.90	4.02

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

	<b>Consolidated</b>
Balance at March 31, 2010	11,825,160
Acquisition of subsidiaries	384,939
Loans and financings obtained	723,103
Monetary and FX variation	60,959
Transaction costs	(14,083)
Amortization of transaction cost	1,524
Financial charges provisioned	261,130
Financial charges paid	(250,676)
Charges capitalized	1,013
Adjustment to present value	(3,525)
Amortization of financings	(336,584)
<b>Balance at June 31, 2010</b>	<b>12,652,960</b>

Table of Contentsa) **Restrictive covenant clauses**

Cemig and its subsidiaries have loans and financings with restrictive covenants. The most important are:

Description of the restrictive covenant	Index required
Debt / Ebitda	Less than or equal to 2.5
Debt / Ebitda	Less than or equal to 3.36
Net debt / Ebitda	Less than or equal to 3.25
Current debt / Ebitda	Less than or equal to 90%
Debt / (Stockholders' equity + Debt)	Less than or equal to 53%
Ebitda / Costs of debt	Greater than or equal to 2.8
Ebitda / interest	Greater than or equal to 3.0
Ebitda / Financial expenses	Greater than or equal to 2.0
Capital expenditure / Ebitda	Less than or equal to 60%

Net Debt = Total debt, less cash position, less tradable securities.

Ebitda = Earnings before interest, taxes (on profit), depreciation and amortization. Specific criteria for the calculation of Ebitda are made in some contracts, with some variations from this formula.

One of the restrictive covenants mentioned above was not complied with, as follows:

Description of the restrictive covenant	Index required	Position on 06/30/2010
<b>Cemig D</b>		
Financial debt / (Stockholders' equity + Financial debt)	Less than or equal to 53%	53.41%
Capital expenditure / Ebitda	Less than or equal to 60%	100.11%
Debt / Ebitda	Less than or equal to 3.36	3.52
<b>Cemig GT</b>		
Debt / (Stockholders' equity + Debt)	Less than or equal to 53%	58,65%

The company obtained waivers from its creditors, consenting that they would not exercise their rights to demand immediate or early payment of amounts owed up to June 30, 2011. The financings are classified in Current and Non-current liabilities, in accordance with the original terms of the contract, in view of these consents having been obtained.

**20) REGULATORY CHARGES**

		Consolidated	
		06/30/2010	03/31/2010
Global Reversion Reserve	RGR	32,823	35,949
Fuel Consumption Account	CCC	49,612	40,687



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CDE Energy Development Account	38,721	38,693
Eletrobrás Compulsory loan	1,207	1,207
Aneel inspection charge	3,912	3,918
Energy Efficiency	211,009	209,412
Research and Development	205,451	194,964
Energy System Expansion Research	2,252	2,759
National Scientific and Technological Development Fund	4,890	5,282
Alternative Energy Program Proinfa	3,187	3,195
0.30% additional payment Law 12111/09	11,462	5,917
	<b>564,526</b>	<b>541,983</b>
Current liabilities	357,816	363,806
Non-current liabilities	206,710	178,177

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**21) POST-EMPLOYMENT OBLIGATIONS**

**The Forluz Pension Fund**

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

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

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

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

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

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

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

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

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

#### **Separation of the Health Plan**

On August 26, 2008 the Executive Council of Forluz, complying with orders issued by the Private Pension Plans Authority (SPC), decided to transfer management of the Cemig Integrated Health Plan (PSI) to a separate entity to be created for that purpose. The reason for the decision was the SPC's belief that it would be impossible to maintain those participants in the Health Plan who were not also inscribed in the pension and retirement plans. To protect the interests of its participants, and also to comply with the SPC's ruling, Forluz opted to separate the activities, keeping the present dental and pension plans within itself. The period planned for conclusion of the process of

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separation of the health plan is 2010 months, during which time all the existing coverage and benefits will be maintained.

**Amortization of actuarial obligations**

Part of the consolidated actuarial obligation on post-employment benefits, in the amount of R\$ 893,027 at June 30, 2010 (R\$ 900,145 at March 31, 2010) was recognized as an obligation payable by Cemig and its subsidiaries and is being amortized up to June 2024, through monthly installments calculated by the system of constant installments (the so-called Price table). After the Third Amendment to the Forluz Agreement, the amounts began to be adjusted only by the IPCA Inflation Index (Amplified National Consumer Price Index) published by the Brazilian Geography and Statistics Institute (IBGE), plus 6% per year.

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

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

**The Braslight Pension Fund**

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

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

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

On October 2, 2001, the Private Pension Plans Secretariat approved a contract for solution to the technical deficit and the refinancing of the reserve to be amortized relating to the pension plans of Braslight, which were recorded in full, this is being paid in 300 monthly installments, starting from July 2001, updated by the variation of the IGP-DI inflation index and interest of 6.00% per year, totaling R\$ 971,749 at June 30,

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2010 (R\$ 965,998 at March 31, 2010). The effect on the Company's consolidated result is of the portion corresponding to 25.53% of this amount, according to proportional consolidation.

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The movement in net liabilities has been as follows:

Consolidated	Pension plans and retirement supplement plans		Health plan	Dental plan	Life insurance	Total
	Forluz	Braslight				
Net liabilities on March 31, 2010	261,334	246,644	380,295	20,161	476,165	1,384,599
Expense recognized in the Income statement	6,681	7,384	17,657	1,045	11,383	44,150
Contributions paid	(33,952)	(5,916)	(10,900)	(146)	(2,537)	(53,451)
Net liabilities on June 30, 2010	<b>234,063</b>	<b>248,112</b>	<b>387,052</b>	<b>21,060</b>	<b>485,011</b>	<b>1,375,298</b>
Current liabilities	80,137	23,896				104,033
Non-current liabilities	153,926	224,216	387,052	21,060	485,011	1,271,265

Holding company	Pension plans and retirement supplement plans		Health plan	Dental plan	Life insurance	Total
	Forluz					
Net liabilities on March 31, 2010		12,487	18,899	1,013	20,557	52,956
Expense recognized in the Income statement		505	1,764	89	778	3,136
Contributions paid		(1,683)	(550)	(10)	(127)	(2,370)
Net liabilities on June 30, 2010		<b>11,309</b>	<b>20,113</b>	<b>1,092</b>	<b>21,208</b>	<b>53,722</b>
Current liabilities		3,987				3,987
Non-current liabilities		7,322	20,113	1,092	21,208	49,735

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

## 22) CONTINGENCIES FOR LEGAL PROCEEDINGS

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

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

Pasep and Cofins Widening of the calculation base

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The holding company has legal proceedings challenging the enlargement of the taxable basis for calculation of the Pasep and Cofins taxes, on financial revenue and on other non-operational revenues, in the period from 1999 to January 2004, by Law 9718 of November 27, 1998; and has a judgment in its favor at first instance. In the event that this action is won in the final instance (subject to no further appeal) and we would note that the Federal Supreme Court has ruled on several proceedings in favor of the taxpayer the gain to be registered in the results of the year will be R\$ 181,668, (R\$ 179,824 on March 31, 2010), net of income tax and Social Contribution Tax.

### **Actions in which the company is debtor**

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

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

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	Balance on 03/31/2010 (*)	Additions (reversal)	Consolidated		Deposits paid into court	Balance on 06/30/2010
			Written off	Balance		
<b>Employment-law cases</b>						
Various	128,644	1,027	(6,161)	123,510	(11,466)	112,044
<b>Civil cases</b>						
Personal damages	29,947		(8,129)	21,818		21,818
Tariff increases	71,743	178,165	(124,605)	125,303	(33,911)	91,392
Environmental	10,157	(4,488)		5,669		5,669
ICMS Low income		25,702		25,702		25,702
Other	159,186	9,955	(14,445)	154,696	(25,403)	129,293
<b>Tax</b>						
Finsocial	21,592	43		21,635	(22,038)	(403)
PIS and Cofins taxes	3,264	186		3,450		3,450
ICMS tax	30,394	1,576		31,970	(518)	31,452
Taxes and contributions demandabilities suspended	86,634	5,038	(91,487)	185		185
Social security system	16,844	183		17,027	(9,323)	7,704
Other	18,367	24	(13,097)	5,294	(5,767)	(473)
<b>Regulatory</b>						
Aneel administrative proceedings	77,373	7,790	21	85,184	(6,072)	79,112
<b>Total</b>	<b>654,145</b>	<b>47,609</b>	<b>(156,452)</b>	<b>545,302</b>	<b>(114,498)</b>	<b>506,945</b>
Current liabilities						<b>76,141</b>
Non-current liabilities						<b>430,804</b>

(\*) Balance of contingencies without inclusion of Court deposits.

	Balance on 03/31/2010 (*)	Additions (reversal)	Holding company		Deposits paid into court	Balance on 06/30/2010
			Written off	Balance		
<b>Employment-law cases</b>						
Various	78,214		(5,655)	72,559	(9,466)	63,093
<b>Civil cases</b>						
Personal damages	23,338		(5,802)	17,536		17,536
Tariff increases	43,706		(23,154)	20,552	(33,911)	(13,359)
Other	85,242		(299)	84,943	(18,656)	66,287
<b>Tax</b>						
Finsocial	21,592	43		21,635	(22,038)	(403)
Taxes and contributions demandabilities suspended	86,449	5,038	(91,487)			
Social security system	1,165	18		1,183		1,183
Other	15,938		(12,995)	2,943	(6,285)	(3,342)
<b>Regulatory</b>						
Aneel administrative proceedings	24,883	858		25,741	(6,072)	19,669



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Total	380,527	5,957	(139,392)	247,092	(96,428)	150,664
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(\*) Balance of contingencies without inclusion of Court deposits.

The details on the provisions constituted are as follows:

(a) Employment-law cases

The complaints under the labor laws are basically disputes on overtime, additional amounts for dangerous work, property damages and pain and suffering.

(b) Civil disputes - tariff increase

Several industrial consumers filed actions against Cemig seeking reimbursement for the amounts paid as a result of the tariff increase during the federal government's economic stabilization plan known as the Cruzado Plan in 1986, alleging that the said increase violated the control of prices instituted by that plan. Cemig estimates the amounts to be provisioned

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based on the disputed amounts billed and based on recent judicial decisions. The total exposure of Cemig and its subsidiaries in this matter, in the understanding of management, is R\$ 132,890. The part of this in which loss is considered probable has been provisioned in full, in the amount of R\$ 49,162 (R\$ 71,743 on March 31, 2010).

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

(c) ICMS tax

Since 1999, **Light** has been inspected on various occasions by the tax authority of Rio de Janeiro State in relation to the ICMS value added tax, charged by states. The infringement notices received so far and not paid are the subject of contestation in the administrative and legal spheres. Based on the opinion of its counsel and calculation of the amounts involved in the infringement notices, management believes that only a part of these amounts represents probable risk of loss, and the amount of R\$ 25,116 is provisioned.

(d) Taxes and contributions demandabilities suspended

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

(e) Social security system

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

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

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The company assesses the chance of loss in the actions mentioned as probable, and the provisions for the actions brought by the INSS represent the amount of R\$ 15,844 (R\$ 15,679 on March 31, 2010).

(f) Aneel administrative proceedings

On January 9, 2007, Aneel notified Cemig D that it considered certain criteria adopted by the company in calculation of the revenue from the subsidy for low-income consumers to be incorrect, questioning the criteria for identification of the consumers who should receive the benefit and also the calculation of the difference to be reimbursed by Eletrobrás, in the estimated amount of R\$ 143,000. The Company has made a provision corresponding to the loss that it considers probable in this dispute, in the amount of R\$ 51,549.

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(g) Other

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

Among the civil cases we highlight an action for indemnity arising from a fire on grazing land of a rural property, allegedly due to breakage of an electricity cable, in which the loss of which the chances are assessed as probable, in the amount of R\$ 36,646 has been 100% provisioned.

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

Cemig and its subsidiaries are disputing other actions in the courts for which it considers the chances of loss to be possible or remote. The following are the details of the most important of these:

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

The federal tax authority, on October 11, 2001, issued a Notice of Infringement, in the updated amount of R\$ 334,417 as a result of the use of tax credits which resulted in the rectification, for the reduction of taxes payable, of the income tax declarations for 1997, 1998 and 1999. The income tax returns were rectified as a result of the change in the method of accounting of the post-employment benefit liabilities. The additional post-employment benefits which resulted from the changes in the method of accounting were recognized in the tax years rectified, resulting in a tax loss and a negative basis for calculation of the Social Contribution.

Cemig presented an administrative appeal in the Finance Ministry Taxpayers' Council, obtaining a favorable decision for the years of 1997 and 1998 and an adverse decision in relation to the year 1999. This adverse decision would result in a reduction of the negative basis for calculation of tax loss, registered as tax credits, in the historic amount of R\$ 26,631. The tax credits were not reduced, and a provision for contingencies for any losses as a result of this decision was not made, since Cemig believes that it has solid legal argument and grounds for the procedures adopted for recovery of the said tax credits in the Courts. Thus, it assesses the chance of loss in this action as remote.

The tax credits constituted, mentioned in the previous paragraph, were used by Cemig to offset federal taxes and contributions paid in the business years of 2002 and 2003. Due to this fact, Cemig had the offsetting proceedings refused by the federal tax authority and would be exposed to an additional penalty, updated to June 30, 2010, of R\$ 303,435 (R\$ 300,702 at March 31, 2010). With the decision of the Taxpayers Council, mentioned above, Cemig considers that the refusal of this process of offsetting becomes null. Thus, no contingency provision has been constituted to meet any losses, since Cemig believes that it has solid legal grounds for the procedures adopted and rates the chance of loss in this action as remote.

(II) Tax on Inheritance and Donations (ITCD)

The State of Minas Gerais is challenging the Company in the courts for non-payment of the Tax on Donations (ITCD) in relation to contributions of consumers, the amount of which on June 30, 2010 was R\$ 204,485 (R\$ 201,955 on March 31, 2010). No provision has been made for this dispute, since the Company believes it has arguments on the merit for defense against this claim. The Company assesses the chances of loss in this action as remote .

(iii) Acts of the regulatory agency

Aneel filed an administrative action against Cemig stating that the company owes R\$ 1,240,698 (R\$ 1,199,499 on March 31, 2010) to the federal government as a result of an alleged error in the calculation of credits under the CRC (Results Compensation) Account, which were previously utilized to reduce the amounts owed to the federal government. On October 31, 2002 Aneel issued a final administrative decision against Cemig. On January 9, 2004 the National Treasury issued an Official Collection Notice for the amount of the debit. Cemig did not make the payment because it believes that it has arguments on the merit for

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defense in the Courts and, thus, has not constituted a provision for this action. The Company assesses the chances of loss in this action as possible .

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

In 2006 Cemig and its subsidiaries Cemig GT and Cemig D paid indemnities to their employees, totaling R\$ 177,685, in exchange for the rights to future payments known as the *Anuênio* which would otherwise be incorporated in the future, into salaries. The Company and its subsidiaries did not make payments of income tax and social security contribution in relation to this amount because they considered that these obligations are not applicable to amounts paid as indemnity. However, to avoid the risk of a future fine arising from a different interpretation by the federal tax authority and the National Social Security Institution, the Company and its subsidiaries filed for orders of *Mandamus* to allow payment into Court of the amounts of potential obligations, in the amount of R\$ 172,192. This is posted in Deposits connected to legal actions. No provision has been made for possible losses in this matter since the Company and its subsidiaries assess the chances of loss in this action as possible .

In September 2006 Cemig was notified by the INSS as a result of the non-payment of the Social Security contribution on the amounts paid as profit shares in the period 2000 to 2004, representing the amount of R\$ 125,594 (R\$ 123,594 at March 31, 2010). The Company has appealed in administrative proceedings against the decision. No provision has been constituted for possible losses and Cemig believes it has arguments on the merit for defense; the Company assesses the chances of loss in this action as possible .

(v) ICMS tax

Since 2002 the company has received a subvention from Eletrobrás in relation to the discounts given to low-income consumers. The Minas Gerais State Tax Authority served an infringement notice on Cemig, relating to the period from 2002 to 2005, on the argument that the subsidy received should be the subject of ICMS tax. The potential for loss in this action would be R\$ 105,988, not including any ICMS tax which might be claimed by the Tax Authority for the periods subsequent to the infringement notice. The company decided to join the Minas Gerais State Special Tax Installment Payment Program for ICMS, created by the State Government through Decree 45358 of May 4, 2010, recognizing, as a result of this, a provision of R\$ 25,702.

Cemig was served an infringement notice, as co-defendant, in which the Minas Gerais State Tax Authority demanded payment of R\$ 48,689 (R\$ 50,275 at March 31, 2010) in ICMS tax on sales of excess electricity by industrial consumers during the period of electricity rationing. If the Company does have to pay the ICMS on these transactions, it can charge consumers the same amount to recover the amount of the tax plus any possible penalty charge. The chances of loss in this action are assessed as possible .

(vi) The ISS tax on services

Cemig is involved in litigation with the Municipality of Belo Horizonte on the criteria for applicability of the ISS tax on services performed by the company. The amount involved in the action is R\$ 44,433 (R\$ 43,107 on March 31, 2010). No provision has been constituted for possible losses, and Cemig believes it has arguments on the merit for defense; the Company assesses the chances of loss in this action as possible .





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(vii) Regulatory contingency CCEE

In an action dating from August 2002, AES Sul Distribuidora has challenged in the courts the criteria for accounting of electricity sale transactions in the wholesale electricity market during the period of rationing. It obtained a judgment in its favor in February 2006, which orders Aneel and the CCEE to comply with the claim by the Distributor and recalculate the settlement of the transactions during the rationing period leaving out of account its Dispatch No. 288/2002. This was to be put into effect in the CCEE as from November 2008, resulting in an additional disbursement for Cemig, for the expense on purchase of energy in the spot market, in the CCEE, in the amount of approximately R\$ 103,718 (R\$ 99,032 on March 31, 2010). On November 9, 2008, the Company obtained an injunction in the Regional Federal Appeal Court suspending the obligatory nature of the requirement to deposit the amount owed arising from the Special Financial Settlement carried out by the CCEE. Due to the above, no provision is constituted for this dispute, since the Company believes it has arguments on the merit for defense against this claim. It rates the chances of loss in this matter as possible .

(viii) Environmental claims

An environmental association, through a public civil action, claimed indemnity for supposed collective environmental damages as a result of the construction and operation of the *Nova Ponte* Plant. The amount involved in the action is R\$ 1,173,390 (R\$ 1,126,127 on March 31, 2010). The Company believes it has arguments of merit for defense, and thus has not made a provision for these actions. The chances of loss in this action are assessed as possible .

(ix) Civil claims consumers

Several consumers and the Public Attorney of the State of Minas Gerais brought civil actions against Cemig contesting tariff increases applied in previous years, including: the tariff subsidies granted to low-income consumers, the extraordinary tariff recomposition and the inflation index used to increase the tariff for electricity in April 2003, and requesting 200% reimbursement on the amounts considered charge in error by the company. The amount involved in the action is R\$ 1,766,904 (R\$1,734,469 in March 31, 2010). The Company believes it has arguments of merit for defense, and thus has not made a provision for these actions. The chances of loss in this action are assessed as possible .

The company is defendant in legal proceedings challenging the criteria for measurement of amounts to be charged in relation to the contribution of public illumination, in the total amount of R\$ 981,776 (R\$ 963,754 on March 31, 2010). The Company believes that it has arguments on the merit for defense in this dispute and as a result has not constituted provision for this action. The chances of loss in this action are assessed as possible .

A public class action challenging the Conduct Adjustment Undertaking between Cemig and the Public Attorneys Office demands return to the public funds of the amounts paid to the contractors providing services to the Company that implemented the Light for Everyone Program. The amount involved in the action is R\$ 1,792,530 (R\$ 1,723,921 on March 31, 2010). The Company believes that it has arguments on the merit for defense in this dispute and as a result has not constituted provision for this action. The chances of loss in this action are assessed as possible .

(x) PIS and Cofins taxes

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

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

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

(xi) Action for annulment of the RME Agreement

A public class action was filed applying for annulment of the transaction for acquisition of an interest in the **Light** Group by Cemig through the company **RME**, and of the stockholdings of the other partners, and of all the subsequent transactions. The amount involved is R\$ 2,522,599. The Company believes it has arguments of merit for defense, and thus has not made a provision for these actions. The company assesses the chances of loss in this action as possible.

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

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**23) STOCKHOLDERS EQUITY**

Capital increase at ordinary and extraordinary General Meetings of Stockholders held in April 2010

The General Meeting of Stockholders held on April 29, 2010 approved an increase in the registered capital of Cemig from R\$ 3,101,884 to R\$ 3,412,073 with issue of new shares, through capitalization of R\$ 294,940 of the balance of the Earnings reserve and R\$ 15,248 of the Capital reserve, with consequent distribution of a stock dividend of 10% in new shares to stockholders, of the same type as those held, with nominal value of R\$ 5.00.

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

Stockholders Agreement

In 1997 the Government of the State of Minas Gerais sold approximately 33% of the common shares in the Company to a group of investors led by Southern Electric Brasil Participações Ltda. ( Southern ). As part of this transaction the State of Minas Gerais and Southern signed a Stockholders Agreement, which among other provisions contained the requirement for a qualified quorum in decisions made on: significant corporate actions, certain changes to Cemig's bylaws, issuance of debentures and convertible securities, distribution of dividends other than those specified in the bylaws, and changes in the stockholding structure.

In September 1999 the government of the State of Minas Gerais brought an action for annulment, with a request for anticipatory remedy, against the stockholders agreement signed in 1997 with Southern Electric Brasil Participações Ltda. ( Southern ). The Minas Gerais State Appeal Court annulled that Stockholders Agreement in 2003. Appeals brought by Southern are before the Brazilian federal courts.

On June 16, 2010, as advised in correspondence from Southern, Southern's interest in Cemig was sold to **AGC Energia S.A.** ( AGC Energia ), an unlisted corporation controlled by Andrade Gutierrez Concessões S.A. ( AGC ). The transfer of shares took place under the Share Purchase and Sale Agreement ( SPA ) signed between SEB and AGC Energia, with AGC as consenting party, on November 12, 2009, as amended, and is for the sale of the entire stockholding of SEB in Cemig, that is to say 98,321,592 (ninety eight million three hundred twenty one thousand five hundred ninety two) nominal common shares issued by Cemig, representing 32.96% (thirty two point nine six per cent) of the voting stock and 14.41% (fourteen point four one per cent) of the total capital of Cemig.

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

Prior-year adjustment in a subsidiary

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

Table of Contents**24) SUPPLY OF ELECTRICITY**

This table shows supply of electricity by type of consumer:

	(Not reviewed by external auditors)		MWh (*)		R\$	
	Number of consumers					
	06/30/2010 (*)	30/06/2009 (*)	06/30/2010	30/06/2009	06/30/2010	30/06/2009
Residential	9,411,028	9,174,668	4,868,033	4,867,733	2,338.506	2,188,583
Industrial	87,150	87,128	11,628,653	11,132,465	1,906.988	1,786,336
Commercial, services and others	876,444	861,809	3,066,015	3,097,434	1,343.826	1,309,810
Rural	517,953	470,421	1,111,073	976,569	294.990	232,207
Public authorities	68,180	65,600	519,498	526,023	223.925	219,658
Public illumination	3,712	3,319	596,534	615,390	151.589	146,776
Public service	9,838	9,715	654,505	659,398	190.697	181,760
Subtotal	10,974,305	10,672,660	22,444,311	21,875,012	6,450.521	6,065,130
Own consumption	1,189	1,162	25,053	25,656		
Low-income subsidy (1)					148.926	189,832
Retail supply not invoiced, net					(54.511)	(68,033)
	10,975,494	10,673,822	22,469,364	21,900,668	6,544.936	6,186,929
Supply to other concession holders (**)	87	84	6,426,910	6,273,509	666.515	726,735
Transactions in energy on the CCEE			3,373,498	1,283,145	69.688	97,146
Sales under the Proinfra program			17,691		4.312	
Effect of the Final Tariff Review (2)					71.302	(203,615)
Additional charge Law 12111/09					4.611	
<b>Total</b>	<b>10,975,581</b>	<b>10,673,906</b>	<b>32,287,463</b>	<b>29,457,322</b>	<b>7,361.364</b>	<b>6,807,195</b>

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

This table of MWh includes the total electricity sold by Light, proportional to the company's stockholding.

(\*\*) Includes Contracts for Sale of Energy in the Regulated Environment (CCEARs) and bilateral contracts with other agents.

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

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

**25) REVENUE FOR USE OF THE NETWORK - FREE CONSUMERS**

Consolidated

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	06/30/2010	30/06/2009
Tariff for Use of the Electricity Distribution Systems (TUSD)	696,401	598,663
Revenue from use of the basic network	552,644	255,204
System connection revenue	50,159	64,330
Review of the transmission tariff	(64,586)	158,090
	<b>1,234,618</b>	<b>1,076,287</b>

The revenue from the Tariff for Use of the Distribution system TUSD refers basically to the sale of electricity to Free Consumers, with charging of a tariff for the use of the distribution network.

This is the tariff charged to agents in the electricity sector, including Free Consumers connected to the high voltage network, for use of the basic transmission grid owned by the Company, which is part of the Brazilian national grid. Supply of electricity to the Brazilian grid system is recorded when it takes place, and invoiced monthly, in accordance with the reimbursements specified in the concession contract. Under some of these contracts the revenue to be reimbursed in the last 15 years of the concession will be 50% less than in the first 15 years. The company recognizes the reimbursements of these concessions in accordance with each governing contract.

Table of Contents**26) OTHER OPERATIONAL REVENUES**

	Consolidated		Holding company	
	06/30/2010	30/06/2009	06/30/2010	30/06/2009
Supply of gas	185,621	150,741		
Charged service	7,552	7,975		
Telecoms service	60,014	58,385		
Services provided	29,240	26,758	10	
Rental and leasing	30,615	31,563	149	187
Other	408	5,105		
	<b>313,450</b>	<b>280,527</b>	<b>159</b>	<b>187</b>

**27) DEDUCTIONS FROM OPERATIONAL REVENUE**

	Consolidated	
	06/30/2010	30/06/2009 Reclassified
<b><i>Taxes on revenue</i></b>		
ICMS tax	1,524,505	1,483,697
Cofins tax	678,103	596,838
PIS and Pasep taxes	144,662	122,592
Others	2,537	1,971
	<b>2,349,807</b>	<b>2,205,098</b>
<b><i>Charges to the consumer</i></b>		
Global Reversion Reserve RGR	84,719	92,357
Energy Efficiency Program P.E.E.	21,765	18,084
CDE Energy Development Account	227,614	195,421
Fuel Consumption Account CCC	299,537	274,669
Research and Development P&D	16,983	14,513
National Scientific and Technological Development Fund	15,039	14,738
Energy system expansion research EPE (Mining and Energy Ministry)	7,520	7,339
Emergency Capacity Charge	10,328	8,093
0.30% additional payment (Law 12111/09)	11,462	
	<b>694,967</b>	<b>625,214</b>
	<b>3,044,774</b>	<b>2,830,312</b>

Cemig pays the ICMS tax applicable to Portion A in accordance with the invoicing of the amounts on the customer's electricity bill.



Table of Contents**28) OPERATIONAL COSTS AND EXPENSES**

OPERATIONAL COSTS (REVENUES) AND EXPENSES	Consolidated		Holding company	
	06/30/2010	30/06/2009 Reclassified	06/30/2010	30/06/2009
Personnel (a)	593,230	746,252	19,161	17,917
Post-employment obligations	85,957	68,502	6,272	2,835
Materials	58,062	52,168	211	165
Raw materials		4,070		
Outsourced services	404,526	361,621	4,399	5,799
Energy bought for resale (b)	1,946,543	1,510,107		
Depreciation and amortization	398,118	343,529	92	93
Royalties for use of water resources	75,613	72,884		
Provisions (reversals) for operational losses (c)	207,133	46,611	(51,860)	(17,787)
Charges for the use of the basic transmission grid	390,109	414,647		
Gas purchased for resale	101,082	84,875		
Other operational expenses, net (d)	179,160	156,052	8,624	15,172
	<b>4,439,533</b>	<b>3,861,318</b>	<b>(13,101)</b>	<b>24,194</b>

**(a) PERSONNEL COSTS AND EXPENSES**

	Consolidated		Holding company	
	06/30/2010	30/06/2009	06/30/2010	30/06/2009
Remuneration and salary-related charges and expenses	516,198	527,476	14,574	9,219
Supplementary pension contributions – Defined Contribution plan	31,374	31,870	1,916	1,425
Assistance benefits	60,597	60,128	1,661	1,359
	608,169	619,474	18,151	12,003
The PPD Voluntary Retirement Program		(486)		(8)
The PDV Temporary Voluntary Retirement Program	25,378	191,184	1,010	5,922
( ) Personnel costs transferred to Works in progress	(40,317)	(63,920)		
	(14,939)	126,778	1,010	5,914
	<b>593,230</b>	<b>746,252</b>	<b>19,161</b>	<b>17,917</b>

*The PDV Temporary Voluntary Retirement Program*

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

Additionally, Cemig guarantees full payment of the costs of the group life insurance plan (for 6 months) and the health plan (for 12 months), from the date of the employee leaving the Company, which must be between June 2009 and September 2010.

**(b) ENERGY BOUGHT FOR RESALE**

	<b>06/30/2010</b>	<b>Consolidated 30/06/2009</b>
From Itaipu Binacional	826,449	530,709
Short-term electricity	214,521	72,902
Proinfa (the Alternative Energy Sources Program)	110,535	73,632
(Reimbursement of CVA) Initial Contracts	(214,206)	4,509
Bilateral Contracts	202,463	296,411
Electricity acquired in Regulated Market auctions	854,824	556,510
Portion A	101,297	101,766
Credits of Pasep and Cofins taxes	(149,340)	(128,974)
Others		2,642
	<b>1,946,543</b>	<b>1,510,107</b>

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The Portion A amounts refer to transfer to the Income statement of the respective amounts received in the tariff. For more information please see Explanatory Note 6.

**c) OPERATIONAL PROVISIONS**

	Consolidated		Holding company	
	06/30/2010	30/06/2009	06/30/2010	30/06/2009
Pension plan premiums	(4,321)	(2,592)	(224)	(77)
Provision (reversal) for doubtful receivables	49,567	54,613		(1,369)
Provision for labor-law contingencies	1,089	(143)	(331)	(1,705)
Provision for Aneel administrative proceedings	11,373	2,647	1,737	744
Provision for legal contingencies civil actions	(13,047)	6,951	(20,129)	6,951
Provision (Reversal) for civil actions on tariff increases	143,447	(23,086)	(34,483)	(23,086)
Inflationary profit	132	178	132	178
Other provisions	18,893	8,043	1,438	577
	<b>207,133</b>	<b>46,611</b>	<b>(51,860)</b>	<b>(17,787)</b>

**(d) OTHER OPERATIONAL EXPENSES, NET**

	Consolidated		Holding company	
	06/30/2010	30/06/2009	06/30/2010	30/06/2009
Leasings and rentals	21,947	20,015	373	359
Advertising	16,786	11,733	10	137
Own consumption of electricity	5,782	8,837		
Subsidies and donations	13,294	11,734	949	480
Aneel inspection charge	22,838	20,922		
Licensing charge TFDR (*)	27,114	27,281		
Concessions for consideration	10,228	5,135		
Taxes and charges (IPTU, IPVA and others)	12,179	9,426	179	54
Insurance	6,197	2,688	684	75
CCEE Contribution	2,463	2,397	2	1
Forluz Current Administration expense	7,647	6,630	464	326
Other expenses	32,685	29,254	5,963	13,740
	<b>179,160</b>	<b>156,052</b>	<b>8,624</b>	<b>15,172</b>

(\*) License Charge for Occupation of Highway Lands.

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

	Consolidated		Holding company	
	06/30/2010	30/06/2009	06/30/2010	30/06/2009
<b>FINANCIAL REVENUES -</b>				
Revenue from cash investments	183,629	132,040	22,972	12,714
Arrears penalty payments on electricity bills	67,923	61,015		
Interest and monetary updating on accounts receivable from the Minas Gerais state government	69,623	49,004		
Monetary updating of CVA	3,954	21,274		
Monetary updating on items under the General Agreement for the Electricity Sector	6,731	26,688		
Monetary updating on Deferred Tariff Adjustment		1,802		
FX variations	16,320	89,876		1
Pasep and Cofins taxes on financial revenues	(11,290)	(18,836)	(11,262)	(17,713)
Adjustment to present value	13,295	931		
FIDC revenues			24,638	18,413
Monetary Variation of Taxes to offset	56,342	31,845	3,973	7,813
Other	26,719	18,737	5,342	2,780
	433,246	414,376	45,663	24,008
<b>FINANCIAL EXPENSES -</b>				
Charges on loans and financings	(497,709)	(350,021)	(3,650)	(4,863)
Monetary updating on items under the General Agreement for the Electricity Sector	(1,034)	(1,783)		
Monetary updating CCEE		(4,013)		
Monetary updating of CVA	(9,096)	(33)		
FX variations	(20,614)	(4,698)	(100)	
Monetary updating on loans and financings	(70,912)	(6,049)		
Provision for losses on recovery of Extraordinary Tariff				
Recomposition and Free Energy amounts updating		8,306		
Adjustment to present value	(431)	(4,571)		
Losses on financial instruments	(4,653)	(76,846)		
Amortization of goodwill on investments	(27,876)	(8,156)	(21,741)	(8,156)
Other	(68,672)	(37,476)	(2,149)	(4,428)
	(700,997)	(485,340)	(27,640)	(17,447)
<b>NET FINANCIAL REVENUE (EXPENSES)</b>	<b>(267,751)</b>	<b>(70,964)</b>	<b>18,023</b>	<b>6,561</b>

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

Table of Contents**30) RELATED PARTY TRANSACTIONS**

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

COMPANIES	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	06/30/2010	03/31/2010	06/30/2010	03/31/2010	06/30/2010	30/06/2009	06/30/2010	30/06/2009
<b><i>Cemig D</i></b>								
Interest on Equity, and dividends	173,220	202,306						
Affiliates and subsidiaries / parent company	3	4,200	1,627	1,626				
<b><i>Cemig GT</i></b>								
Interest on Equity, and dividends	110,347	418,304						
Affiliates and subsidiaries / parent company		12	2,661	2,652				
<b><i>Light S.A.</i></b>								
Interest on Equity, and dividends		56,341						
<b><i>Minas Gerais state government</i></b>								
Consumers and traders (1)	1,450	1,620			41,843	38,863		
Taxes offsetable ICMS current (2)	212,941	200,203	309,549	302,051	(1,300,184)	(1,214,779)		
Accounts receivable from Minas Gerais state government CRC (3)	1,830,892	1,787,105			44,985	49,004		
Taxes offsetable ICMS Non-current (2)	65,464	65,185						
Consumers and traders (4)	50,361	55,738						
Interest on Equity, and dividends			103,691	207,382				
Debentures (5)			39,301	38,161			(2,248)	(2,031)
Receivables fund (6)			911,777	891,633				
Financings Minas Gerais Development Bank (7)			16,787	17,063				
<b><i>Forluz</i></b>								
Post-employment obligations Current (8)			80,137	82,471			(73,532)	(63,379)
Post-employment obligations Non-current (8)			1,047,049	1,055,484				
Others			18,389	43,592				
Personnel (9)							(31,374)	(31,870)
Current administration expense (10)							(7,647)	(6,630)
<b><i>Andrade Gutierrez SA</i></b>								
Light For Everyone Program			6,671	3,143				
Light For Everyone Program	10,817	13,459	526	207				
Other (11)	15,825	21,077			1,701	2,768		
<b><i>Others</i></b>								
Interest on Equity	137,578	279,364						
Affiliates and subsidiaries / parent company	9,418	10,155						

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Main material comments on the above transactions:

- 
- (1) Refers to sale of energy to the government of the state of Minas Gerais transactions made on terms equivalent to those which prevail in the transactions with independent parties, considering that the price of the energy is that defined by Aneel through a resolution referring to the company's annual tariff adjustment.
  - (2) The transactions in ICMS tax posted in the financial statements refer to transactions for sale of electricity and are carried out in conformity with the specific legislation of the State of Minas Gerais.
  - (3) Injection of the credits of the CRC into a Receivables Fund in senior and subordinated units. For more information please see Explanatory Note 13.
  - (4) A substantial portion of the amount refers to the renegotiation of a debit originating from the sale of electricity to **Copasa**, with provision for payment up to September 2012, and financial updating (by the IGP-M inflation index + 0.5% per month).
  - (5) Private issue of non-convertible debentures for R\$ 120,000, updated by the IGP M inflation index, for completion of the *Irapé* hydroelectric plant, with redemption after 25 years from the issue date. The amount at December 31, 2009 was adjusted to present value, as per Explanatory Note 19.
  - (6) Senior units owned by third parties, in the amount of R\$ 900,000, amortized in 20 half-yearly installments, from June 2006, with monetary updating by the CDI rate plus interest of 1.7% p.a. For more information please see Explanatory Note 13.
  - (7) Financings of the subsidiaries *Transleste*, *Transudeste* and *Transirapé* with maturity in 2019 (TJLP long-term interest rate + 4.5% p.a. and UMBndes 4.54% p.a.), and of *Transleste*, in 2017 and 2025 (rates 5% p.a. and 10% p. a.).
  - (8) Part of the contracts of Forluz are adjusted by the IPCA (Amplified Consumer Price) Inflation Index of the IBGE (Brazilian Geography and Statistics Institute), and part are adjusted based on the Salary Adjustment Index of the employees of Cemig, Cemig GT and Cemig D, excluding productivity factors, plus 6% p.a., with amortization up to 2024. For more information please see Explanatory Note 21.
  - (9) Cemig's contributions to the Pension Fund related to the employees participating in the Mixed Plan (see Explanatory Note 21), calculated on the monthly remunerations in accordance with the regulations of the Fund.
  - (10) Funds for annual current administrative costs of the Pension Fund in accordance with the specific legislation of the sector. The amounts are estimated as a percentage of the Company's total payroll.
  - (11) Amount received from the Stockholder, as a result of Cemig's waiver of exercise of the option to purchase generation assets of light.

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

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**31) FINANCIAL INSTRUMENTS**

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

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

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

**a) Management of risks**

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

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

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

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

*Exchange rate risk*

Cemig and its subsidiaries are exposed to the risk of increase in exchange rates, especially of the US dollar against the real, with significant impact on indebtedness, profit and cash flow. For the purpose of reducing its exposure to increases in exchange rates, on June 30, 2010 Cemig had hedge transactions contracted, described in more detail in item b .



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The net exposure to exchange rates is as follows:

EXPOSURE TO FX RATES (Note 19)	Consolidated and Holding company	
	06/30/2010	03/31/2010
US dollar		
Loans and financings	210,295	250,457
(+/-) Contracted hedges / swaps	(50,581)	6,642
	159,714	257,099
Euro		
Loans and financings	14,472	16,635
Other foreign currencies		
Loans and financings		
Others	3,047	28,734
<b>Net liability exposure</b>	<b>177,233</b>	<b>302,468</b>

*Sensitivity analysis*

The Company, based on their financial advisors, estimates that, in a probable scenario, the appreciation of the exchange rates of foreign currencies against the Real at the end of June 30, 2011 will be 1.69%. The Company has made a sensitivity analysis of the effects on its results arising from increases of 25% and 50% in the exchange rate, in relation to the scenario that it rates as probable considering these alternative scenarios as possible and remote, respectively.

Risk: FX exposure	Base scenario 06/30/2010	Probable scenario	Possible scenario: FX depreciation 25%	Remote scenario: FX depreciation 50%
US dollar				
Loans and financings	210,295	213,855	267,319	320,783
( ) Contracted hedges and swaps	(50,581)	(51,437)	(64,296)	(77,156)
	159,714	162,418	203,022	243,627
Other foreign currencies				
Loans and financings				
Euro	14,472	14,717	18,396	22,076
Other	3,047	3,099	3,873	4,648
<b>Net liability exposure</b>	<b>177,233</b>	<b>180,234</b>	<b>225,291</b>	<b>270,351</b>
<b>Net effect of exchange rate depreciation</b>		<b>(3,001)</b>	<b>(48,058)</b>	<b>(93,118)</b>

*Interest rate risk*

Cemig and its subsidiaries are exposed to the risk of increase in international interest rates, affecting loans and financings in foreign currency with floating interest rates (principally Libor), in the amount of R\$ 42,691 (R\$ 45,509 on March 31, 2010).

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

EXPOSURE TO BRAZILIAN INTEREST RATES	Consolidated	
	06/30/2010	03/31/2010
<b>Assets</b>		
Cash investments (Note 3)	3,664,024	4,319,917
Regulatory assets (Note 5)	482,629	613,981
	4,146,653	4,933,898
<b>Liabilities</b>		
Loans, financings and debentures (Note 19).	(7,193,741)	(7,271,643)
Regulatory assets (Note 5)	(576,415)	(591,282)
Contracted hedges / swaps (Note 31)	(50,581)	6,642
	(7,820,737)	(7,856,383)
<b>Net liability exposure</b>	<b>(3,674,084)</b>	<b>(2,922,385)</b>

Table of Contents*Sensitivity analysis*

In relation to the risk of increase in the Selic interest rate, considered to be the most significant interest rate risk, the Company estimates that, in a probable scenario, the Selic rate on June 30, 2011 will be 12.75%. The Company has made a sensitivity analysis of the effects on its results arising from increases of 25% and 50% in the Selic rate, in relation to the scenario that it considers as probable considering these alternative scenarios as possible and remote, respectively. The CDI rate effectively follows the variation in the Selic rate.

Estimation of the scenarios for the paths of interest rates will be based on the company's projection of the basic, optimistic and pessimistic scenarios, as described in *Hedging policy*.

<b>Risk: Increase in Brazilian domestic interest rates</b>	<b>Base scenario: Selic 10.25%</b>	<b>Probable scenario: Selic 12.75%</b>	<b>Possible scenario: Selic 15.9375%</b>	<b>Remote scenario: Selic 19.125%</b>
<b>Assets</b>				
Cash investments	3,664,024	4,131,187	4,247,978	4,364,769
Regulatory assets	482,629	544,164	559,548	574,932
	4,146,653	4,675,351	4,807,525	4,939,700
<b>Liabilities</b>				
Loans, financings and debentures	(7,193,741)	(8,110,943)	(8,340,243)	(8,569,544)
Regulatory liabilities	(576,415)	(649,908)	(668,281)	(686,654)
Contracted hedge / swap transactions	(50,581)	(57,030)	(58,642)	(60,255)
	(7,820,737)	(8,817,881)	(9,067,167)	(9,316,453)
<b>Net liability exposure</b>	<b>(3,674,084)</b>	<b>(4,142,530)</b>	<b>(4,259,642)</b>	<b>(4,376,753)</b>
<b>Net effect of the variation in the Selic rate</b>		<b>(468,446)</b>	<b>(585,558)</b>	<b>(702,669)</b>

*Credit risk*

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

In relation to the risk of the Company incurring losses resulting from a financial institution being declared insolvent, a Cash Investment Policy has been in force since 2004 in which each institution is analyzed on criteria of current liquidity, degree of leverage, degree of default, profitability, and analysis by three financial risk rating agencies. The institutions receive maximum limits of allocation of funds, that are reviewed periodically or in the event of any change in the macroeconomic scenario of the Brazilian economy.

*Energy scarcity risk*

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

### *Risk of early maturity of debt*

The Company has contracts for loans and financings, with restrictive covenant clauses normally applicable to these types of operation, related to economic and financial indices, cash flow and other indicators meeting certain levels. Non-compliance with these covenants could result in early maturity of debt. Some of these restrictive covenants were not met on June 30, 2010, and the Company obtained formal consent ( waivers ) from the creditors (Note 19), that they will not demand early maturity of the obligation.

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*Risk of non renewal of concessions*

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

The company did not suffer any significant negative impact in the year as a result of events related to the risks described above.

**b) Financial instruments derivatives**

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

The principal amounts of the transactions and derivatives are not posted in the balance sheet, since they refer to transactions which do not require cash payments: only the gains or losses that actually occur are recorded. On June 30, 2010 the net results of these transactions represented a loss of R\$ 3,759 (R\$ 76,648 on June 30, 2009), recorded in Financial revenue (expenses).

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

*Method of calculation of the fair value of positions*

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

The table below shows the derivative instruments contracted by the subsidiaries **Cemig GT**, **Cemig D** and **Madeira Energia** on June 30, 2010.

**Perda não realizada**

**Efeito Acumulado**

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Direito da Companhia e suas controladas	Obrigação da Companhia e suas controladas	Período de Vencimento	Mercado de negociação	Valor principal contratado		Valor Conforme Contrato		Valor Justo		Valor Recebido	Valor Pago
				30/06/2010	31/03/2010	30/06/2010	31/03/2010	30/06/2010	31/03/2010	30/06/2010	30/06/2010
<b>Cemig Distribuição</b>											
US\$	R\$										
variação cambial +taxa	100% do CDI +taxa										
(5,58% a.a. a 7,14% a.a.)	(1,5% a.a. a 3,01% a.a.)	De 04/2009 até 06/2013	Balcão	US\$28.077	US\$8.382	(59.928)	(79.351)	(61.099)	(79.128)		(22.327)
<b>Cemig Geração e Transmissão</b>											
	R\$ ou US\$										
	48,00% do CDI ou Variação cambial										
R\$	Mensal (o										
106,00% do CDI	que for maior)	Em 04/2010	Balcão		R\$ 75.000		100		100		
<b>Madeira</b>											
<b>Energia</b>											
	R\$										
	5,86%										
IGP-M	pré-fixada	Em 12/2012	Balcão	R\$120.000	R\$120.000	466	1.313	466	1.313	18.044	(18.224)
						<b>(59.462)</b>	<b>(77.938)</b>	<b>(60.633)</b>	<b>(77.715)</b>	<b>18.044</b>	<b>(40.551)</b>

Additionally, the jointly controlled subsidiary **Light** uses swap transactions to reduce risks arising from FX variations. The non-realized net value of these transactions on June 30, 2010, was R\$ 1,347 negative (R\$ 2,623 positive on June 30, 2009).

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The counterparties of the derivatives transactions of **Cemig D** and Madeira Energia is the bank **Santander ABN**. The contracts are exchange rate swaps.

*Sensitivity analysis*

The derivative instrument described above shows that the Cemig D is exposed to variation in the CDI rate. The Company, based on their financial advisors, estimates that the CDI rate on June 30, 2011 will be 12.75%. The Company has made a sensitivity analysis of the effects on its results arising from increases in the Selic rate of 25% and 50%, respectively, in relation to June 30, 2010 scenarios which it assesses as possible and remote, respectively. In these possible and remote scenarios, the CDI rate at June 30, 2011, would be: 14.6875% and 17.625%, respectively.

No sensitivity analysis was made for the derivative instrument of the affiliated company **Madeira Energia**, because in this transaction there is no increase in the exposure to Brazilian interest rates, since its payable obligation is expressed in terms of a fixed interest rate.

	Base	Probable scenario	Possible scenario	Remote scenario
<b>Risk: Increase in Brazilian domestic interest rates</b>				
Contracts updated at 100.00% of CDI rate	50,581	57,030	58,642	60,254
<b>Net effect of the variation in the CDI rate</b>		<b>(6,449)</b>	<b>(8,061)</b>	<b>(9,674)</b>
<b>Risk: Increase in US\$ exchange rate</b>				
Contracts updated at 100.00% of CDI rate	50,581	51,437	64,296	77,156
<b>Net effect of variation of US\$</b>		<b>(856)</b>	<b>(13,716)</b>	<b>(26,575)</b>
Net effect		(5,593)	5,654	16,901

*Value and type of margin guarantees*

The Company does not make margin deposits for derivative instruments.

**32) FINAL RESULT OF CEMIG D S SECOND TARIFF REVIEW, AND THE TARIFF ADJUSTMENT**Tariff Review of 2010

On April 6, 2010 Aneel published the result of the Tariff Adjustment of **Cemig D**.

The impact on the Company's tariffs was an average increase of 1.67%, from April 8, 2010.

On March 26, 2010, Aneel published a Technical Note with details of the Tariff Adjustment of **Cemig D**. The principal adjustments that affected the company's results on March 31, 2010, as a result of this announcement, are as follows:

<b>Item</b>	<b>Adjustments</b>
Write-off of CVA - prior years	(70,889)
Additional low-income consumers subsidy - Tariff adjustments of 2008 and 2009	106,388
Write-off of regulatory asset: Pases and Cofins taxes	(46,240)
Prior years balance for offsetting	(30,573)
<b>Total</b>	<b>(41,314)</b>

The writing off of the CVA balance relating to prior years, stated in the table above, in the amount of R\$ 70,889, is due to residual balances of CVA which, in the Company's judgment, were not fully covered in the past tariff adjustments. This difference was not included in the 2010 Tariff



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Adjustment Index (IRT) in spite of the administrative appeal made by the company to Aneel for this purpose.

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

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

Item	CVA 06/30/2010	Financial Balance 06/30/2010
<b>Deductions from Operational Revenue:</b>		
- Energy Development Account CDE	(8,556)	224
- Fuel Consumption Account CCC	(6,354)	(3,274)
	(14,910)	(3,050)
<b>Operational Costs and Expenses:</b>		
- Electricity bought for resale		
Short-term market	(22,262)	(2,013)
Energy bought in auctions	143,158	(38,330)
From Itaipu Binacional	(392,358)	10,766
Bilateral Contracts	(12,500)	16,943
Proinfra (Alternative Energy Sources Program)	(1,620)	(8,320)
Reimbursement of CVA Initial Contracts	253,754	
	(31,828)	(20,954)
- Charges for the use of the basic transmission grid	(21,564)	(6,569)
- Other expenses, net		
Royalties for use of water resources	(2,587)	
	(55,979)	(27,523)
<b>Total</b>	<b>(70,889)</b>	<b>(30,573)</b>

The Tariff Review final levels decided

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

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

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As a result of the homologation of the final tariff review, Aneel recalculated the amounts which, in its judgment, should have been those effectively recognized in the Company's tariff adjustment as from April 2008.

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

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

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**33) SUBSEQUENT EVENTS**

Change in the composition of the Management of companies of the Cemig group.

The Extraordinary General Meeting of Stockholders of Cemig held on August 4, 2010 changed the composition of the Board of Directors and Audit Board of Cemig to the following:

**BOARD OF DIRECTORS**

**Members**

Sergio Alair Barroso  
Djalma Bastos de Moraes  
Arcângelo Eustáquio Torres Queiroz  
Antônio Adriano Silva  
Aécio Ferreira da Cunha  
Francelino Pereira dos Santos  
Maria Estela Kubitschek Lopes  
João Camilo Penna  
Guy Maria Villela Paschoal  
Ricardo Coutinho de Sena  
Paulo Roberto Reckziegel Guedes  
Eduardo Borges de Andrade  
Otávio Marques de Azevedo  
Saulo Alves Pereira Junior

**Substitute members**

Paulo Sérgio Machado Ribeiro  
Lauro Sérgio Vasconcelos David  
Franklin Moreira Gonçalves  
Marco Antonio Rodrigues da Cunha  
Adriano Magalhães Chaves  
Luiz Antônio Athayde Vasconcelos  
Fernando Henrique Schüffner Neto  
Guilherme Horta Gonçalves Júnior  
Cezar Manoel de Medeiros  
Paulo Márcio de Oliveira Monteiro  
Newton Brandão Ferraz Ramos  
Ricardo Antônio Mello Castanheira  
Renato Torres de Faria  
Tarcísio Augusto Carneiro

**AUDIT BOARD**

**Members**

Aristóteles Luiz Menezes Vasconcellos Drumond  
Luiz Guaritá Neto  
Thales de Souza Ramos Filho  
Vicente de Paulo Barros Pegoraro  
Helton da Silva Soares

**Substitute Members**

Marcus Eolo de Lamounier Bicalho  
Ari Barcelos da Silva  
Aliomar Silva Lima  
Newton de Moura  
Rafael Cardoso Cordeiro

Acquisition of stockholding

On August 6, 2010, **Transmissora Aliança de Energia Elétrica S.A. ( Taesa )**, in which Cemig's wholly-owned subsidiary **Cemig GT** holds 48% of the voting stock, signed a Share Purchase Agreement with **CYMI Holding S.A. ( CYMI )**, governing the acquisition by **Taesa** of:

- (i) 49.99% of the voting stock of **NTE** *Nordeste Transmissora de Energia Elétrica S.A.*;
- (i) 49.90% of the voting stock of **STE** *Sul Transmissora de Energia Elétrica S.A.*; and
- (iii) 40% of the voting stock of **IEMG** *Interligação Elétrica de Minas Gerais S.A.*;

- all of which are transmission companies holding public service electricity transmission concessions.

For the acquisition of the stakes in these transmission companies **Taesa** will pay an aggregate total amount of R\$ 275,470,000. The acquisition price will be updated by the accumulated variation of the Selic rate between the date of signature of the Share Purchase Agreement and the business day immediately preceding the date of completion of the actual acquisition of the shares by Taesa.

Conclusion of the transaction and actual acquisition of the shares by Taesa are subject to several prior conditions being met, in particular:

- (i) Non-exercise, by the other stockholders of the transmission companies, of any right of preference or first refusal on the shares to be acquired;
- (ii) approval by the General Meetings of Stockholders of the Vendor and of Taesa;
- (iv) consent of financing banks of the transmission companies; and

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(v) approval of the transaction by the Brazilian National Electricity Agency (Aneel). The transaction will also be submitted to the Brazilian Monopolies Council, CADE, in accordance with Law 8884/94.

Under the stockholders' agreements between the current stockholders of the transmission companies, the remaining stockholders have a tag-along right—the right of joint sale—on the same terms as those specified in the Share Purchase Agreement.

Cemig will publish additional Material Announcements relating to this transaction as it develops.

**Closing of public distribution of the first issue of debentures issued by Transmissora Aliança de Energia Elétrica S.A.**

On July 20, 2010 Transmissora **Aliança** de Energia Elétrica S.A. registered with the CVM the closing of the public distribution of 60,000 non-convertible, unsecured debentures, in two series, of the Issuer's first issue, the first series being of 34,500 debentures and the second series of 25,500 debentures, all nominal and of the book-entry type, with nominal unit value of R\$ 10 on the Issue Date, comprising a total of R\$ 600,000. The Offering was approved by an Extraordinary General Meeting of Stockholders held on June 1, 2010.

Table of Contents**34) SUMMARY FINANCIAL STATEMENTS BY COMPANY****HALF-YEAR PERIOD TO JUNE 30, 2010****R\$ 000**

DESCRIPTION	HOLDING	CEMIG - GT	CEMIG - D	RME Light	ETEP, ENTE, ERTE, EATE, ECTE	GASMIG	INFOVIAS	SÁ CARVALHO	ROSAL	OTHERS	ELIMINATED
<b>ASSETS</b>	12,029,779	12,718,550	9,915,093	2,285,790	687,123	850,536	343,116	101,349	82,370	545,293	(8,656)
Cash and cash equivalents	428,321	2,051,502	782,554	186,304	24,738	62,139	62,334	12,076	10,188	134,361	
Accounts receivables	1,332,922	448,542	1,855,565	391,241	22,474	214,488		5,544	1,678	20,957	286
Regulatory Assets		139,150	400,623	37,594							
Other Assets	462,435	775,597	2,009,576	454,413	38,053	65,559	49,553	15,094	352	53,381	(58)
Investments/Fixed assets	9,806,101	9,303,758	4,866,776	1,216,238	601,858	508,350	231,229	68,635	70,152	336,595	(8,883)
<b>LIABILITIES</b>	12,029,779	12,718,550	9,915,093	2,285,790	687,123	850,536	343,116	101,349	82,370	545,293	(8,656)
Suppliers and Supplies	3,852	147,120	650,463	126,077	5,905	39,895	11,746	8,912	7,693	26,597	(80)
Loans, financings and debentures	56,057	7,403,530	3,055,868	647,208	299,242	157,122	32,721			82,097	919
Interest on equity and dividends	487,063	110,347	173,220		46,978	1,014		14,603	7,208	68,073	(42)
Post-employment obligations	53,722	254,423	819,041	248,112							
Other liabilities	409,310	821,197	2,551,169	474,511	40,676	223,375	11,053	20,460	3,821	53,890	(189)
Stockholders equity	11,019,776	3,981,934	2,665,331	789,883	294,322	429,131	287,596	57,374	63,647	314,636	(8,883)
<b>RESULTS</b>											
Net operational revenue	159	1,694,043	3,413,094	565,418	94,107	147,552	48,427	22,403	17,435	81,273	(219)
<b>OPERATIONAL COSTS AND EXPENSES</b>											
Personnel	(19,161)	(146,069)	(388,212)	(21,155)	(3,295)	(7,579)	(4,045)	(506)	(596)	(2,612)	
Post-employment obligations	(6,272)	(15,456)	(51,804)	(12,425)							
Materials	(211)	(8,681)	(44,737)	(3,213)	(181)	(626)	(86)	(127)	(73)	(126)	
Raw materials											
Outsourced services	(4,399)	(76,253)	(266,389)	(32,001)	(5,443)	(2,556)	(9,587)	(2,123)	(1,636)	(10,584)	6
Royalties for use of water resources		(65,963)	(6,565)					(1,067)	(822)	(1,196)	
Electricity bought for resale		(145,996)	(1,568,811)	(317,133)				36	(177)	(1,785)	87

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Charges for use of the basic transmission network		(135,979)	(335,934)	(38,071)				(1,379)	(4,230)	125	
Depreciation and amortization	(92)	(143,347)	(187,985)	(30,069)	(9,140)	(2,608)	(15,301)	(1,116)	(1,086)	(7,373)	
Operational provisions	51,860	5,945	(233,947)	(22,713)			(21)	21		(8,277)	
Gas purchased for resale					(101,082)						
Other expenses, net	(8,623)	(43,707)	(114,275)	(6,223)	(1,317)	(7)	(2,739)	(71)	(200)	(1,999)	
	13,101	(775,506)	(3,198,659)	(483,003)	(19,377)	(114,459)	(31,779)	(4,953)	(5,968)	(38,182)	219
Operational profit (loss) before financial revenues (expenses)	13,260	918,537	214,434	82,414	74,730	33,093	16,649	17,449	11,467	43,091	
Financial revenues (expenses)	18,023	(200,604)	(69,225)	(8,637)	(15,614)	5,151	892	760	829	675	
Profit (loss) before Income Tax, Social Contribution and employees profit shares	31,283	717,932	145,210	73,777	59,116	38,244	17,541	18,210	12,296	43,765	
Income tax and Social Contribution	(57,611)	(213,400)	(14,599)	(30,782)	(9,792)	(12,289)	(5,924)	(6,143)	(1,016)	(16,562)	
Employees profit shares	(2,344)	(16,070)	(58,525)	(2,192)			1	(106)	(56)	(224)	
<b>Net profit for the period</b>	<b>(28,672)</b>	<b>488,462</b>	<b>72,086</b>	<b>40,803</b>	<b>49,324</b>	<b>25,955</b>	<b>11,618</b>	<b>11,961</b>	<b>11,223</b>	<b>26,979</b>	

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**CONSOLIDATED ECONOMIC AND FINANCIAL PERFORMANCE**

*Net profit for the period*

In the first half of 2010 Cemig reported consolidated net profit of R\$ 709,739, which compares with consolidated net profit of R\$ 860,036 in the first half of 2009 a reduction of 17.48%.

The lower profit is principally due to non-recurring adjustments made in 2010 and 2009 as set out in more detail below.

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

Cemig's Ebitda in the first half of 2010 (1H2010) was not significantly different from the first half of 2009 (1H09), at R\$ 1,823,243 in 2010 compared to R\$ 1,815,908 in 2009. Adjusted for non-recurring items, Ebitda was 6.36% higher year-on-year.

The slight difference in Ebitda in 1H10 from 1H09 mainly reflects net operational revenues being 9.95% higher, the effect being partially offset by Operational costs and expenses 14.89% higher (excluding effects of depreciation and amortization). The higher Operational costs and expenses in 1H10 than in 1H09 are reflected in Ebitda margin, which was 34.06% in 1H09, and 31.09% in 1H09.

The main non-recurring effects affecting Ebitda are:

- Publication by Aneel, on April 6, 2010, of the results of the Tariff Adjustment of **Cemig D**, in which regulatory assets and liabilities were written off, with a negative effect on the income statement of R\$ 54,613.
- In 2010 the company recorded a reduction of revenue of R\$ 64,586, arising from 2nd Periodic Tariff Review of the Transmission Tariff, which repositioned the tariff level by a negative percentage, of 15.88%, which was applied to revenue backdated to July 2009.
- In 2009, on the other hand, the company recorded a positive revenue item of R\$ 158,090, arising from the tariff repositioning under its First Transmission Tariff Review, which was an increase of 5.35%, for a period backdated to 2005.



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- Recognition by Cemig D of an expense of R\$ 177,592, for settlement of a legal action brought by **Rima Industrial S.A.**, for reimbursement of the tariff increase introduced by the DNAEE (the National Water and Energy Authority) during the *Cruzado* economic plan of 1986.
- Recognition of an ICMS tax expense relating to the subsidy for the discount on tariffs for low-income consumers, in the amount of R\$ 25,702, resulting from the decision to subscribe to the Tax Amnesty program put in place by the government of the State of Minas Gerais.
- Provisions, in 2010 and 2009, of R\$ 25,379, and R\$ 190,698, respectively, for the Company's Voluntary Retirement Program.

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<b>EBITDA, R\$ 000</b>	<b>06/30/2010</b>	<b>30/06/2009</b>	<b>Change, %</b>
Net profit	709,739	860,036	(17.48)
+ Provision for current and deferred income tax and Social Contribution tax	368,117	433,492	(15.08)
+ Financial revenues (expenses)	267,751	70,964	277.31
+ Depreciation and amortization	398,118	343,529	15.89
+ Profit shares	79,518	73,069	8.83
+ Minority interests		34,818	
<b>= EBITDA</b>	<b>1,823,243</b>	<b>1,815,908</b>	<b>0.40</b>
Non-recurring items:			
+ Write-off of CVA prior years	70,889		
- Additional low-income consumers subsidy Tariff adjustments of 2008 and 2009	(93,089)		
+ Write-off of regulatory asset: Pasesp and Cofins taxes	46,240		
+ Prior years balance for offsetting	30,573		
+ Settlement with Rima Industrial S.A.	177,592		
+ Review of Transmission Revenue Explanatory Note 8	64,586	(158,090)	
+ ICMS tax: low-income consumers	25,702		
+ Tariff review Net revenue		213,803	
- + Tariff review Operational expense		(20,987)	
+ PDV Voluntary Retirement Program	25,379	190,698	(86.69)
<b>= ADJUSTED EBITDA</b>	<b>2,171,115</b>	<b>2,041,332</b>	<b>6.36</b>

*Revenue from supply of electricity*

Gross revenue from retail electricity sales was R\$ 7,361,364 in the first half of 2010, compared to R\$ 6,807,195 in the first half of 2009 an increase of 8.14%.

Table of Contents***Final consumers***

Revenue from electricity sold to final consumers was R\$ 6,525,311 in 1H10, compared to R\$ 6,065,130 in 1H09. The main items affecting this result are:

- Increase of 2.60% in the volume of energy invoiced to final consumers (excluding internal consumption).
- Tariff increase for Cemig D with average effect on consumer tariffs of 1.67%, starting from April 8, 2010.
- Tariff adjustment in Cemig D, with average impact on consumer tariffs of 6.21%, from April 8, 2009 (full effect in 2010).
- Migration of clients from the captive market, able to buy from electricity sources supported by incentives, in both the industrial and commercial user categories.
- Increase in the average price per MWh of the electricity sold to free consumers, principally due to the annual adjustment to these contracts - most of them are indexed to the IGP-M index.
- Posting of regulatory liabilities arising from the adjustment in the Company's Tariff Review, with effect backdated to 2009, representing a reduction in gross revenue of R\$ 213,803, in that year.
- Recording by Cemig D of additional revenue of R\$ 93,089 from supply in 2010 relating to the subsidy for low-income consumers, as per a Technical Note published by Aneel, arising from the 2010 Tariff Adjustment.

**Electricity sold to final consumers (MWh)**

(Data not audited by external auditors)

Consumption by consumer category	January to June 2010	MWh January to June 2009	Change, %
Residential	4,868,033	4,867,733	0.01
Industrial	11,628,653	11,132,465	4.46
Commercial, services and others	3,066,015	3,097,434	(1.01)
Rural	1,111,073	976,569	13.77
Public authorities	519,498	526,023	(1.24)
Public illumination	596,534	615,390	(3.06)
Public service	654,505	659,398	(0.74)
<b>Total</b>	<b>22,444,311</b>	<b>21,875,012</b>	<b>2.60</b>

***Revenue from wholesale electricity sales***

The volume of electricity sold to other concession holders in 1H10 was 2.45% higher than in 1H09, and average price in these sales was lower, at R\$ 103.71/MWh in 2010, compared to R\$ 115.84/MWh in 2009. This reduction mainly reflected the contracts made through auctions for sales to distributors that were signed exclusively for 2009, with an average price of \$ 145.00 per MWh. As a result, revenue from wholesale supply to other concession holders was 8.29% lower year-on-year, at R\$ 666,515 in 2010, than in 2009 (R\$ 726,735). Volume of electricity sold to other concession holders in 1H10 totaled 6,426,910 MWh, compared to 6,273,509 in 1H09.

*Revenue from use of the network Free Consumers*

Revenue from use of the grid in 1H10 was 14.71%, or R\$ 158,331, higher than in 1H09, at R\$ 1,234,618, compared to R\$ 1,076,287 in 1H09.

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The revenue of **Cemig D** and **Light** from the Tariff for Use of the Distribution Systems (TUSD) was 16.33% higher, at R\$ 696,401, in 1H10, than in 1H09 (R\$ 598,663). This revenue comes from charges made to free consumers on energy sold by other agents of the electricity sector, and its increase arises from a higher volume of transport of energy for free consumers, a consequence of the recovery of industrial activity and of migration of captive clients to the free market.

Also included in the balance on this line are revenues from use of the basic grid and the connection system, which were R\$ 538,217 in 2010, compared to R\$ 477,624 in 2009.

In 2010 the Company recorded a reduction of revenue, of R\$ 64,586, in the income statement, from the application of a tariff repositioning, of a negative percentage, of 15.88%, backdated to July 2009, in the 2010 Review of the Transmission Tariff. In 2009, by contrast, a positive Revenue item of R\$ 158,090 was recorded, as a result of the Transmission Tariff Review, also with backdated effect, but covering the period from July 1, 2005 to June 30, 2009.

It should also be noted that the results for 2010 also include revenue from the operations of Taesa, the transmission company acquired in the fourth quarter of 2009.

***Non-controllable costs***

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

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

***Deductions from operational revenues***

Deductions from operational revenues totaled R\$ 3,044,774 in 1H10, compared to R\$ 2,830,312 in 1H09, an increase of 7.58%. The main variations between the two years are as follows:

The Fuel Consumption Account - CCC

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The deduction from revenue relating to the CCC in 1H10 was R\$ 299,537, compared to R\$ 274,669 in 1H09, an increase of 9.05%. This is a contribution for the costs of operation of the thermal plants in the national grid and in the isolated systems. It is shared between electricity concession holders, on a basis set by an Aneel Resolution.

This is a non-controllable cost. The amount passed through to the tariff is the part related to electricity distribution services. For the amount calculated as relating to transmission services, the company merely passes through the charge, since the CCC is charged to Free Consumers on the invoice for the use of the basic grid, and passed on to Eletrobrás.

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CDE – Energy Development Account

The deduction from revenue relating to the CDE was R\$ 227,614 in 1H10, compared to R\$ 195,421 in 1H09, representing an increase of 16.47%. These payments are specified by a Resolution issued by the regulator, Aneel. This is a non-controllable cost. The amount posted for electricity distribution services is passed through in full to the tariff. For the amount posted in relation to electricity transmission services the company merely passes through the charge – this part is charged to Free Consumers on the invoice for the use of the grid, and passed onto Eletrobrás.

The other deductions from revenue are for taxes that are calculated as a percentage of invoiced revenue – hence their variations are substantially the same in percentage terms as the changes in revenue.

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

Operational costs and expenses (excluding net financial revenue/expenses) in the first half of 2010 totaled R\$ 4,439,533, compared to R\$ 3,861,318 in the first half of 2009, an increase of 14.97%. This is mainly due to increase in the non-controllable costs of Energy bought for resale, partially offset by lower Personnel expenses. Another contributing factor in higher Operational expenses was the provision of R\$ 177,592, recorded in *Other expenses*, for a settlement with a major industrial consumer. Further information is given in Explanatory Note 28 to the Consolidated Quarterly Information.

The main variations in operational expenses were:

Electricity bought for resale

The expense on this account in first half 2010 was R\$ 1,946,543, 28.90% more than the figure of R\$ 1,510,107 for this account in the first half of 2009. This is a non-controllable cost: the deduction from revenue recognized in the Income statement corresponds to the value actually passed through to the tariff. Further information is given in Explanatory Note 28 to the Consolidated Quarterly Information.

Charges for use of the transmission grid

The expense on charges for use of the transmission network in the first half of 2010 was R\$ 390,109, vs. R\$ 414,647 in the first half of 2009, a reduction of 5.92%.



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These expenses, 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 deduction from revenue recognized in the Income statement corresponds to the value actually passed through to the tariff.

### Personnel

Personnel expenses in 1H 2010 were R\$ 593,230, compared to R\$ 746,252 in first half of 2009, a reduction of 20.51%. This mainly reflects the expense on the PDV Voluntary Retirement Program, of R\$ 191,184 in 1H09, compared to R\$ 25,379 in 1H10, and also the fact that the number of employees was reduced from 10,144 in June 2009 to 9,341 in June 2010.

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Depreciation and amortization

Depreciation and amortization expense was 15.89% higher at R\$ 398,118 in 1H10, than in 1Q09 (R\$ 343,529). This result arises substantially from the increase in fixed assets due to the ongoing investments in the *Clarear*, *CresceMinas* and *Luz para Todos* ( Light for Everyone ) programs; amortization of intangible assets represented by the Company's new client invoicing software; and consolidation of the companies acquired in the second half of 2009.

Post-employment obligations

Expenses on post-employment obligations totaled R\$ 85,957 in 1H10, 25.48% more than in 1H09 (R\$ 68,502). These expenses basically represent the interest applicable to Cemig's actuarial obligations, net of the investment yield expected from the pension plans' assets, estimated by an external actuary. The higher expense in 2Q10 basically reflects lower expectation of revenue from the plan's assets in 2010.

Operational provisions

Deductions from operational revenues amounted to R\$ 207,133 in 1Q10, compared to R\$ 46,611 million in 1Q09, an increase of 344.39%. The difference reflects an item of R\$ 177,592, provisioned in May 2010, arising from settlement to terminate a legal action brought by an industrial consumer relating to the tariff increase ordered by the National Water and Electricity Authority (DNAEE) by its Ministerial Order 045, of 1986.

Gas purchased for resale

The cost of gas purchased for resale was R\$ 101,082 in first half 2010, 19.10% higher than in the first half of 2009 (R\$ 84,875). This higher figure mainly reflects the higher quantity of gas bought in the first half of 2010, as a consequence of greater operation by the thermal generation plants.

***Financial revenues (expenses)***

In 1H10 the company reported net financial expenses of R\$ 267.751 million, compared to net financial expenses of R\$ 70.964 million in 1H09. The main factors in this financial result are:

- Higher revenue from cash investments, of R\$ 183,629 in 1H10 39.07% more than in 1H09 (R\$ 132,040) due to the higher amount of cash invested in 2010.

- Revenue from net monetary adjustment on regulatory assets (CVA, the Deferred Tariff Adjustment, and the General Agreement for the Electricity Sector) 98.84% lower in 2010 than 2009. Revenue in the first half of 2010 was R\$ 555, compared to R\$ 47,948 in the first half of 2009. The change is mainly because the value of the regulatory assets had been reduced in 2010 as they were partially paid off by receipt of amounts in the tariff through clients' electricity bills.
- Higher expenses on charges for loans and financings, of R\$ 497,709 in 1H10, vs. R\$ 350,021 in 1H09. This reflects the entry of new financings, one of the most important being the issue of R\$ 2,700,000 in Promissory Notes by Cemig GT, settled in March 2010, and the raising of funds by a debenture issue in March 2010, of the same amount, used to settle the Promissory Notes.

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- Higher monetary updating on loans and financings in Brazilian currency, at R\$ 70,912 in 1H10 the comparison is with R\$ 6,049 in 1H09. This reflects the higher volume of funding raised, and the change in inflation indices and other indexes of contracts on the company's loans, financings and debentures principally the IGP M inflation index, which was 1.24% negative over the period of 1H09, and 5.68% positive over 1H10.

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

*Income tax and Social Contribution tax*

Cemig's expenses on income tax and the Social Contribution in the first half of 2010 totaled R\$ 368,117, on profit of R\$ 1,115,374 before tax effects, a percentage of 33.00%. Cemig's expenses on income tax and the Social Contribution in the first half of 2009 totaled R\$ 433,492, on profit of R\$ 1,401,415 before tax effects, a percentage of 30.93%. These effective rates are compared with the nominal rates in Note 10 to the Consolidated Quarterly Information.

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## INCOME STATEMENTS FOR THE SECOND QUARTERS OF 2010 AND 2009

	2Q2010	2Q2009 Reclassified to	Change %
<b>OPERATIONAL REVENUE</b>			
Revenue from supply of electricity	3,718,053	3,670,692	1.29
Revenue from use of the network	645,671	624,195	3.44
Other operational revenues	161,864	142,259	13.78
Gross operational revenue	<b>4,525,588</b>	<b>4,437,146</b>	<b>1.99</b>
Deductions from operational revenue	(1,571,377)	(1,464,983)	7.26
Net operational revenue	<b>2,954,211</b>	<b>2,972,163</b>	<b>(0.60)</b>
<b>Operational costs and expenses</b>			
Personnel, managers and board members	(298,687)	(448,231)	(33.36)
Post-employment obligations	(44,150)	(34,515)	27.92
Materials	(30,362)	(26,192)	15.92
Raw materials		(4,070)	
Outsourced services	(220,541)	(200,962)	9.74
Electricity bought for resale	(918,207)	(838,265)	9.54
Depreciation and amortization	(207,891)	(172,487)	20.53
Royalties for use of water resources	(34,108)	(36,766)	(7.23)
Operational provisions	(183,985)	6,876	
Charges for the use of the basic transmission grid	(186,844)	(210,456)	(11.22)
Gas purchased for resale	(51,348)	(45,561)	12.70
Other operational expenses, net	(112,264)	(98,797)	13.63
	(2,288,387)	(2,109,426)	8.48
Operational profit (loss) before Financial revenue (expenses)	<b>665,824</b>	<b>862,737</b>	<b>(22.82)</b>
NET FINANCIAL REVENUE (EXPENSES)	(177,109)	(33,207)	433.35
Profit before income tax and Social Contribution tax	<b>488,715</b>	<b>829,530</b>	<b>(41.09)</b>
Income tax and Social Contribution tax	(208,859)	(199,635)	4.62
Deferred income tax and Social Contribution tax	54,112	(45,858)	
Profit shares	(43,452)	(45,645)	(4.80)
Minority interests		(14,598)	
Net profit for the period	<b>290,516</b>	<b>523,794</b>	<b>(44.54)</b>
<b>NET PROFIT PER SHARE, R\$</b>	<b>0,42590</b>	<b>0,84468</b>	<b>(49,58)</b>

*Profit for the quarter*

In the second quarter of 2010 (2Q10), Cemig reported net profit of R\$ 290,516, 44.54% less than the net profit of R\$ 523,794 reported for the second quarter of 2009 (2Q09). Basically this reflects non-recurring adjustments in 2010: (i) for the court settlement, of R\$ 177,592, made by Cemig Distribuição with an industrial consumer in a legal action arising from a tariff increase made in the Cruzado economic plan (of 1986); and (ii) recognition of a reduction of revenue, of R\$ 64,586,



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arising from the 2010 periodic Transmission Tariff Review, which applied a negative tariff repositioning, of 15.88%, with backdating to July 2009.

In 2009, on the other hand, the company recorded a positive revenue item of R\$ 158,090, arising from the tariff repositioning under its First Transmission Tariff Review, which was an increase of 5.35%, with effect backdated to 2005.

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

Cemig's Ebitda in the second quarter of 2010 was 15.60% lower than its Ebitda for the second quarter of 2009. Adjusted for non-recurring items, Ebitda was 8.02% higher.

	2Q10	2Q09	Change %
EBITDA - R\$ 000	290,516	523,794	(44.54)
	154,747	245,493	(36.96)
Net profit	43,452	45,645	(4.80)
+ Income tax and Social Contribution tax	177,109	33,207	433.35
+ Profit shares	207,891	172,487	20.53
- Financial revenue (expenses)		14,598	
+ Depreciation and amortization	<b>873,715</b>	<b>1,035,224</b>	<b>(15.60)</b>
+ Minority interests			
EBITDA	177,592		
Non-recurring items:	25,702		
+ Settlement with Rima Industrial S.A.	64,586	(158,090)	(140.85)
+ ICMS tax low-income consumers	14,246	192,918	(92.62)
+ Review of Transmission Revenue Explanatory Note			
+ 8	<b>1,155,841</b>	<b>1,070,052</b>	<b>8.02</b>

### EBITDA

**ADJUSTED EBITDA**

The 15.60% lower figure for Ebitda in 2Q10 than in 2Q09 mainly reflects the following non-recurring adjustments in the years of 2009 and 2010:

- In 2010 the company recorded a reduction of revenue of R\$ 64,586, arising from 2nd Periodic Tariff Review of the Transmission Tariff, which repositioned the tariff level by a negative percentage, of 15.88%, which was applied to revenue backdated to July 2009.



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- In 2009, on the other hand, the company recorded a positive revenue item of R\$ 158,090, arising from the tariff repositioning under its First Transmission Tariff Review, which was an increase of 5.35%, for a period backdated to 2005.
- Recognition by **Cemig D** of an expense of R\$ 177,592, for settlement of a legal action brought by Rima Industrial S.A., for reimbursement of the tariff increase introduced by the DNAEE (the National Water and Energy Authority) during the Cruzado economic plan of 1986.
- Recognition of an ICMS tax expense relating to the subsidy for the discount on tariffs for low-income consumers, in the amount of R\$ 25,702, resulting from the decision to subscribe to the Tax Amnesty program put in place by the government of the State of Minas Gerais.
- Provisions, in 2010 and 2009, of R\$ 14,246, and R\$ 192,918, respectively, for the Company's Voluntary Retirement Program.

Revenue from supply of electricity

	MWh (*)			R\$		
	2Q10	2Q09	Change, %	2Q10	2Q09	Change %
Residential	2,518,012	2,421,497	3,99	1,290,212	1,116,182	15.59
Industrial	6,040,712	5,538,838	9,06	980,492	916,748	6.95
Commercial, services and others	1,593,513	1,530,866	4,09	699,897	672,911	4.01
Rural	607,873	521,051	16,66	153,833	135,220	13.76
Public authorities	289,769	267,399	8,37	125,534	115,208	8.96
Public illumination	309,525	304,096	1,79	78,270	75,321	3.92
Public service	344,898	332,335	3,78	100,316	96,583	3.87
Subtotal	<b>11,704,302</b>	<b>10,916,082</b>	<b>7,22</b>	<b>3,428,554</b>	<b>3,128,173</b>	<b>9.60</b>
Own consumption	13,617	12,841	6,04			
Subsidy for low-income consumers				(72,550)	45,629	
Uninvoiced supply, net				(10,184)	(28,497)	(64.26)
	<b>11,717,919</b>	<b>10,928,923</b>	<b>7,22</b>	<b>3,345,820</b>	<b>3,145,305</b>	<b>6.38</b>
Wholesale supply to other concession holders	3,189,832	3,525,472	(9,52)	335,388	456,680	(26.56)
Transactions in electricity on the CCEE	1,853,463	450,841	311,11	31,316	7,697	306.86
Sales under Proinfa (alternative sources)	7,299			1,765		
Effects of the Final Tariff Review				5,146	61,010	(91.57)
Additional charge Law 12111/09				(1,382)		
Total	<b>16,768,513</b>	<b>14,905,236</b>	<b>12,50</b>	<b>3,718,053</b>	<b>3,670,692</b>	<b>1.29</b>

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



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Revenue from supply of electricity in 2Q10 was R\$ 3,718,053, 1.29% more than in 2Q09 (R\$ 3,670,692).

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The main factors affecting revenue in 2010 were:

- Tariff adjustment with average impact on consumer tariffs of 1.67%, starting from April 8, 2010.
- Volume of energy invoiced to final consumers 7.22% higher than in 2Q09 (this excludes Cemig's own internal consumption).

The volume of electricity sold to other concession holders in 2Q10 was 9.52% lower than in 2Q09, and average price in these sales was also lower, at R\$ 105.14/MWh, compared to R\$ 129.54/MWh in 2Q09. This reduction mainly reflected the contracts made through auctions for sales to distributors that were signed exclusively for 2009, with an average price of \$ 145.00 per MWh. As a result, Revenue from wholesale supply to other concession holders was 26.56% lower year-on-year, at R\$ 335,388 in 2Q10, than in 2Q09 (R\$ 456,680).

***Revenue from use of the network***

This refers to the TUSD, charged to Free Consumers, on energy sold, and also from the revenue for use of Cemig GT's own basic transmission grid. It was 3.44% higher in 2Q10, at R\$ 645,671, than in 2Q09 (R\$ 624,195).

As well as reflecting higher transport of electricity to free consumers, on resumption of activity by industrial clients, and migration of captive clients to the free market, the figures include revenue from the operations of the transmission company Taesa, acquired in the fourth quarter of 2009.

In 2010 the Company recorded a reduction of revenue, of R\$ 64,586, in the income statement, from the application of a tariff repositioning, of a negative percentage, of 15.88%, backdated to July 2009, in the 2010 Review of the Transmission Tariff. In 2009, by contrast, a positive Revenue item of R\$ 158,090 was recorded, as a result of the Transmission Tariff Review, also with backdated effect, but covering the period from July 1, 2005 to June 30, 2009.

***Non-controllable costs***

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



Table of Contents**Deductions from operational revenue**

	2Q10	2Q09 Reclassified	Change, %
ICMS tax	805,440	743,632	8.31
Cofins tax	326,057	315,499	3.35
PIS and Pasep taxes	70,866	68,461	3.51
ISS value added tax on services	950	950	
	1,203,313	1,128,542	6.63
Global Reversion Reserve RGR	39,812	48,627	(18.13)
Energy Efficiency Program P.E.E.	10,902	9,888	10.25
Energy Development Account CDE	117,392	101,959	15.14
Fuel Consumption Account CCC	169,797	152,049	11.67
Research and Development P&D	8,580	8,158	5.17
National Scientific and Technological Development Fund FNDCT	7,409	8,353	(11.30)
Energy System Expansion Research (EPE / Energy Ministry)	3,719	4,102	(9.34)
Emergency Capacity Charge	4,908	3,305	58,50
0.30% additional payment (Law 12111/09)	5,545		
	368,064	336,441	9.40
	<b>1,571,377</b>	<b>1,464,983</b>	<b>7.26</b>

The main variations between the two years are as follows:

The Fuel Consumption Account CCC

The deduction from revenue relating to the CCC was R\$ 169,797 in 2Q10, compared to R\$ 152,049 in 2Q09, an increase of 11.67%. This is a contribution for the costs of operation of the thermal plants in the national grid and in the isolated systems. It is shared between electricity concession holders, on a basis set by an Aneel Resolution. This is a non-controllable cost. The amount posted for electricity distribution services is passed through in full to the tariff. For the amount posted in relation to electricity transmission services the company merely passes through the charge it is charged to Free Consumers on the invoice for the use of the basic grid, and passed on to Eletrobrás.

CDE Energy Development Account

The deduction from revenue for the CDE was R\$ 117,392 in 2Q10, compared to R\$ 101,959 in 2Q09, an increase of 15.14%. This is a non-controllable cost. The amount posted for electricity distribution services is passed through in full to the tariff. For the amount posted in relation to electricity transmission services the company merely passes through the charge this part is charged to Free Consumers on the invoice for the use of the grid, and passed onto Eletrobrás.

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The other deductions from revenue are of taxes calculated as a percentage of billing, so their variations are directly proportional to the changes in revenue.

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

Operational costs and expenses (excluding Financial revenue (expenses)) totaled R\$ 2,288,387 in 2Q10, 8.48% more than in 2Q09 (R\$ 2,109,426). This was mainly due to a provision, of

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R\$ 177,592, recorded in *Other expenses*, arising from settlement of a legal action with a large industrial consumer in 2Q10.

The main variations in operational expenses were:

Personnel

Personnel expenses totaled R\$ 298,687 in 2Q10, 33.36% lower than in 2Q09 (R\$ 448,231). This mainly reflects the expense on the PDV Voluntary Retirement Program, of R\$ 192,918, recorded in the second quarter of 2009, compared to R\$ 14,246 in 2Q10, and also the fact that the number of employees was reduced from 10,144 in June 2009 to 9,341 in June 2010.

Electricity bought for resale

The expense on electricity bought for resale in 2Q10 was R\$ 918,207, 9.54% more than the expense of R\$ 838,265 in 2Q09. This is a non-controllable cost: the expense recognized in the income statement is the amount passed on to the tariff. There is more information on this in Explanatory Note 28 to the Consolidated Quarterly Information.

Charges for use of the transmission grid

Charges for use of the transmission network amounted to R\$ 186,844 in 1Q10, compared to R\$ 210,456 in 2Q09, representing a reduction of 11.22%.

These expenses, 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 deduction from revenue recognized in the Income statement corresponds to the value actually passed through to the tariff.

Post-employment obligations

Expenses on post-employment obligations totaled R\$ 44,150 in 2Q10, 27.92% higher than in 2Q09 (R\$ 34,515). These expenses basically represent the interest applicable to Cemig's actuarial obligations, net of the investment yield expected from the pension plans' assets, estimated by an external actuary. The higher expense in 2Q10 basically reflects lower expectation of revenue from the plan's assets in 2010.



Operational provisions

Expenses on operational provisions in 2Q10 totaled R\$ 183,985, (R\$ 6,876 in 2Q09). The difference is mainly due to an item of R\$ 177,592, provisioned in May 2010, arising from settlement to terminate a legal action brought by an industrial consumer relating to the tariff increase ordered by the National Water and Electricity Authority (DNAEE) by its Ministerial Order 045, of 1986.

Table of Contents*Financial revenues (expenses)*

	2Q10	2Q09	Change, %
<b>FINANCIAL REVENUES</b>			
Revenue from cash investments	89,306	65,657	36.02
Arrears penalty payments on electricity bills	35,459	33,502	5.84
Interest and monetary updating on accounts receivable from the Minas Gerais state government	29,287	8,998	225.48
Monetary updating of CVA	2,145	9,766	(78.04)
Monetary updating on items under the General Agreement for the Electricity Sector	3,296	11,242	(70.68)
Monetary updating on Deferred Tariff Adjustment		25	
FX variations	711	69,001	(98.97)
Pasep and Cofins taxes on financial revenues	(10,465)	(18,412)	(43.16)
Gains on financial instruments	432	(547)	
Adjustment to present value	7,408	317	2,236.91
Other	42,766	25,632	66.85
	200,345	205,181	(2.36)
<b>FINANCIAL EXPENSES</b>			
Charges on loans and financings	(263,018)	(150,212)	75.10
Monetary updating on items under the General Agreement for the Electricity Sector	(722)	(510)	41.57
Monetary updating CCEE		(4,013)	
Monetary updating of CVA	(5,057)	1,802	
FX variations	(2,764)	(7,282)	(62.04)
Monetary updating on loans and financings	(38,937)	(2,233)	1,643.71
Adjustment to present value	(431)	(4,571)	(90.57)
Losses on financial instruments	(3,450)	(55,576)	(93.79)
Reversal of provision for PIS and Cofins taxes		2,107	
Other	(63,075)	(17,900)	252.37
	(377,454)	(238,388)	58.34
	<b>(177,109)</b>	<b>(33,207)</b>	<b>433.35</b>

The main factors in the difference between financial revenues/expenses in 2Q10 and 2Q09 are:

- Lower net monetary adjustment on regulatory assets (CVA, the Deferred Tariff Adjustment, and the General Agreement for the Electricity Sector). This expense in 2Q10 was R\$ 338, compared to R\$ 22,300 in 2Q09. The change is mainly because the value of the regulatory assets had been reduced in 2010 as they were partially paid off by receipt of amounts in the tariff through clients' electricity bills.
- Higher expenses on charges for loans and financings: R\$ 263,018 in 2Q10, vs. R\$ 150,212 in 2Q09. This reflects entry of new financings, principally the R\$ 2,700,000 in debentures raised by Cemig GT (Cemig Geração e Transmissão) in March 2010.

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- Higher monetary updating on loans and financings in Brazilian currency, at R\$ 38,937 in 2Q10 the comparison is with R\$ 2,233 in 2Q09. This reflects the higher volume of funding raised, and 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 1.15% over the period of 1H09, and 1.53% over the same period of 2010.

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***Income tax and Social Contribution***

Cemig's expenses on income tax and the Social Contribution tax in 2Q10 totaled R\$ 154,747, on profit of R\$ 488,715 before tax effects, a percentage of 31.66%. In 2Q09 the Company's expenses on income tax and the Social Contribution were R\$ 245,493, on pre-tax profit of R\$ 829,530, a percentage of 29.59%.

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

Information not reviewed by our external auditors.

**Investor relations**

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

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

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

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

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

**Corporate governance**

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

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

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

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

Our bylaws include the targets of the Strategic Plan, and our dividend policy, as follows :

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

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

- consolidated debt: maximum of 2.5 times Ebitda.

- consolidated ratio (Net debt) / (Net debt + Stockholders' equity): maximum of 50%.
- consolidated funds in Current assets: maximum of 10% of Ebitda.

#### **Board of Directors**

##### *Meetings*

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

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

The present Board of Directors was elected on April 29, 2009, by the cumulative voting method, as specified by Article 141 of Law 6404 of December 15, 1976, as amended.

The periods of office of the present members of the Board of Directors expire at the Annual General Meeting of Stockholders to be held in 2010.

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***Principal responsibilities and attributions:***

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

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

Since 2006 Cemig has had committees, made up of members of the Board of Directors, to carry out prior discussion and analysis on matters to be decided by the Board, as follows:

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



6. Audit and Risks Committee.

***Qualification and remuneration***

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

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

***Audit Committee***

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

***Executive Board***

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

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

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

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

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

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

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

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

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*Audit Board*

*Meetings*

It held 10 meetings in 2009.

*Membership, election and period of office*

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

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

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

*Principal responsibilities and attributions:*

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

*Qualification and remuneration*

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

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

***The Sarbanes-Oxley Law***

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

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

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***Management of corporate risks***

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

Cemig's corporate risks management structure was put in place in 2003. The risks matrix was revised for the first time in 2004, and a second time in 2005-6, aiming to identify changes in relation to the level of performance expected for each process. Effectiveness of controls has been improved, with the commitment to implement proposed mitigating action plans, reducing the impact and probability of occurrence of innumerable risks.

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

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

***Functional structure***

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

***Challenges***

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

- Improvement of the methodology of calculation of financial exposure risks, to provide the maximum possible objectivity for the assessment made by managers, offering senior management maximum security in the process of taking decisions. The results expected are: improvement in the quality of the information related to the matrix, and guarantee of compliance with the directive guidelines that arise from the

Corporate Risk Management Policy.

- Creation of standard reports, to meet the needs of various decision levels in the company.

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

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

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

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

***The Ethics Committee***

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

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

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

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





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

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

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

	06.30.2010		06.30.2009	
	ON SHARES	PN SHARES	ON SHARES	PN SHARES
CONTROLLING STOCKHOLDER	152,033,489	7,057,472	138,212,264	6,415,884
BOARD OF DIRECTORS	8,687	481	7,899	438
Adriano Magalhães Chaves	1		1	
Aécio Ferreira da Cunha	1			
André Araújo Filho	1		1	
Andréa Leandro Silva	7		7	
Antônio Adriano Silva	1		1	
Arcângelo Eustáquio Torres Queiroz	1			
Britaldo Pedrosa Soares	1		1	
Cezar Manoel de Medeiros	1		1	
Clarissa Della Nina Sadock Accorsi	1			
Djalma Bastos de Morais		55		50
Evandro Veiga Negrão de Lima	8,413		7,649	
Fernando Henrique Schüffner Neto		424		386
Francelino Pereira dos Santos	1		1	
Franklin Moreira Gonçalves	1		1	
Guilherme Horta Gonçalves Junior	1		1	
Guy Maria Villela Paschoal	11		10	
Jeffery Atwood Safford	1		1	
João Camilo Penna				