ENERGY CO OF MINAS GERAIS
Form 6-K
August 21, 2003

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, 2003

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 Form 20-F or Form 40-F.

Form 20-F X 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 X

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

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Item 1

Companhia Energetica de Minas Gerais - CEMIG

Interim Financial Statements
Together with Independent Accountants' Report on Special Review

March 31, 2003

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT ACCOUNTANTS' SPECIAL REVIEW REPORT

To the Shareholders and the Board of Directors of
Companhia Energetica de Minas Gerais - CEMIG
Belo Horizonte - MG

1. We have performed a special review of the quarterly information, presented in Brazilian reais, of Companhia Energetica de Minas Gerais - CEMIG and subsidiaries as of March 31, 2003 and for the quarter then ended, prepared under the responsibility of the Company's management, in accordance with accounting practices adopted in Brazil, consisting of the individual (Company) and consolidated balance sheets, the individual (Company) and consolidated statements of income, management's discussion and analysis and relevant information.

2. We conducted our review in accordance with specific standards established by the Brazilian Institute of Independent Accountants (IBRACON), together with the Federal Accounting Council, which consisted principally of: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company and its subsidiaries as to the principal criteria adopted in the preparation of the quarterly information, and (b) review of the information and subsequent events that had or might have had significant effects on the Company's and its subsidiaries' financial position and results of operations.

3. Based on our special review, we are not aware of any material modifications that should be made to the quarterly information referred to in paragraph 1 above for it to be in conformity with accounting practices adopted in Brazil and accounting standards issued by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of mandatory quarterly financial information.

4. As mentioned in Note 4 to the quarterly information, as of March 31, 2003, the Company and its subsidiaries have recorded, in current and noncurrent assets, accounts receivable in the amount of R$93,732,000 and R$463,357,000 respectively and, in current liabilities, accounts payable in the amount of R$457,875,000, related to energy sale and purchase transactions within the Wholesale Energy Market - MAE. Such amounts were recorded based on calculations prepared and information made available by the MAE. Those amounts are subject to change, depending on the outcome of the claims currently in progress in court, filed by electric energy companies, concerning the interpretation of the market rules in force, as well as review by independent accountants engaged by MAE of those amounts.

5. Executive Act No.14, issued on December 21, 2001 and converted into Law No. 14,438 on April 26, 2002, regulates, among other matters, recovery of the economic and financial equilibrium of Brazilian electric energy distribution, transmission and generating companies as guaranteed under their respective concession agreements. Detailed information and the impacts of such regulation on the financial position and results of operations of the Company and its subsidiaries related to the General Agreement for the Electric Energy Sector are disclosed in Notes 3 and 4 to the quarterly information.

6. The individual (Company) and consolidated balance sheets as of December 31, 2002, presented for comparative purposes, were audited by us, as set forth in our report dated March 27, 2003, issued without qualification and including comments regarding the matters discussed in paragraphs 4 and 5 above and about noncompliance with certain restrictive covenants in loan agreements. The individual (Company) and consolidated statements of income for the quarter ended March 31, 2002, presented for comparative purposes, were reviewed by other independent accountants whose special review report thereon, dated May 15, 2002, was issued without qualification and including comments regarding: (i) the recording of assets and liabilities related to special rate adjustments, recovery of Parcel "A" cost variations and transactions within the Wholesale Energy Market - MAE which were pending review and approval by ANEEL (National Electric Energy Agency), and (ii) negotiations at the time with the Minas Gerais State Government about the payment delay of amounts receivable related to the credit assignment contract for the remaining balance of the CRC (Recoverable Rate Deficit) account.

7. The translation of this quarterly information into English has been made for the convenience of readers outside Brazil.

Belo Horizonte, May 15, 2003

/S/ Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

/S/ Jose Carlos Amadi

Jose Carlos Amadi
Engagement Partner

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED BALANCE SHEETS
MARCH 31, 2003 AND DECEMBER 31, 2002
(Expressed in thousands of Brazilian reais - R$)

A S S E T S

	Consolidated		
	March 31, 2003	December 31, 2002	M
CURRENT ASSETS:			

Cash and cash equivalents	278,340	122,975
Accounts receivable	861,224	882,421
Consumers - Special rate adjustment	269,977	257,577
Concessionaires - Energy transportation	20,386	18,271
Distributors - Energy supply	93,732	82,476
Recoverable taxes	76,145	21,322
Materials and supplies	19,787	20,663
Prepaid expenses - CVA	1,555	225,833
Electricity Rationing Plan - Bonus paid to consumers and adoption costs incurred	27,312	-
Receivables from Federal Government - Revenue losses from low-income consumers	63,956	42,386
Other	109,261	145,848
	1,821,675	1,819,772
NONCURRENT ASSETS:		
Receivable from Minas Gerais State Government	819,899	754,960
Consumers - Special rate adjustment	1,145,441	1,149,563
Prepaid expenses - CVA	521,332	195,208
Tax credits	539,795	540,839
Marketable securities	72,506	53,138
Electricity Rationing Plan - Bonus paid to consumers and adoption costs incurred	24,643	52,083
Distributors - Energy supply	463,357	462,640
Recoverable taxes	91,083	81,583
Escrow deposits	66,878	66,317
Other	96,351	106,248
	3,841,285	3,462,579
PERMANENT ASSETS:		
Investments	686,330	608,657
Property, plant and equipment	7,915,158	7,897,782
Deferred charges	23,991	25,096
	8,625,479	8,531,535
Total assets	14,288,439	13,813,886

The accompanying condensed notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED BALANCE SHEETS
MARCH 31, 2003 AND DECEMBER 31, 2002

(Expressed in thousands of Brazilian reais - R$)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Consolidated		Ma
	March 31, 2003	December 31, 2002	
SHORT-TERM LIABILITIES:			
Suppliers	1,084,685	1,274,725	
Taxes payable	277,023	150,757	
Loans and financing	949,654	834,203	
Payroll and related charges	103,543	108,515	
Dividends and interest on capital	204,274	211,106	
Employee post-retirement benefits	176,981	180,992	
Regulatory charges	151,090	93,856	
Other	104,989	106,492	
	3,052,239	2,960,646	
LONG-TERM LIABILITIES:			
Loans and financing	1,752,981	1,716,489	
Debentures	913,047	834,052	
Employee post-retirement benefits	1,603,588	1,656,488	
Suppliers	354,758	334,295	
Reserve for contingencies	333,971	315,045	
Taxes payable	331,005	216,640	
Other	85,418	70,313	
	5,374,768	5,143,322	
MINORITY INTEREST	28,742	29,035	
SHAREHOLDERS' EQUITY:			
Capital	1,621,538	1,621,538	
Capital reserves	4,032,222	4,032,222	
Income reserves	113	-	
Retained earnings	151,694	-	
	5,805,567	5,653,760	
Funds for future capital increase	27,123	27,123	
	5,832,690	5,680,883	
Total liabilities and shareholders equity	14,288,439	13,813,886	1

The accompanying condensed notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED STATEMENTS OF INCOME
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2003 AND 2002
(Expressed in thousands of Brazilian reais - R$, except for per share data)

	Consolidated	
	Three month periods ended March 31,	
	2003	2002
OPERATING REVENUES:		
Electricity sales	1,457,840	1,179,895
Special rate adjustment	-	315,164
Other operating revenues	125,922	80,968
	1,583,762	1,576,027
DEDUCTIONS FROM OPERATING REVENUES:	(495,704)	(337,223)
Net operating revenues	1,088,058	1,238,804
OPERATING EXPENSES:		
Personnel	(157,384)	(133,275)
Materials and supplies	(20,239)	(15,971)
Outside services	(64,739)	(51,503)
Charges for use of water resources	(11,444)	(8,673)
Electricity purchased for resale	(291,933)	(359,974)
Use of basic transmission network	(77,206)	(64,891)
Depreciation and amortization	(140,464)	(132,423)
Employee post-retirement benefits	(6,529)	(54,250)
Operating provisions	(40,497)	(14,245)
Fuel consumption quota - CCC	(92,718)	(69,537)
Gas purchased for resale	(25,807)	(17,915)
Employee profit sharing	(4,079)	(4,125)
Other	(31,930)	(36,190)
	(964,969)	(962,972)
Income from operations before equity in subsidiaries and financial income (expenses)	123,089	275,832
EQUITY IN SUBSIDIARIES	-	-
FINANCIAL INCOME (EXPENSES)		
Financial income	294,532	150,764
Financial expenses	(136,474)	(84,260)
	158,058	66,504

Income from operations	281,147	342,336
NON-OPERATING EXPENSES, NET	(9,309)	(6,977)
Income before taxes on income	271,838	335,359
Income and social contribution tax credits	(120,415)	(115,280)
Income before minority interest	151,423	220,079
MINORITY INTEREST	271	(132)
NET INCOME FOR THE PERIOD	151,694	219,947
NUMBER OF THOUSANDS OF SHARES	162,084,691	158,931,714
INCOME PER THOUSAND SHARES - R$	0.00094	0.00138

The accompanying condensed notes are an integral part of these financial statements.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2003
(Amounts expressed in thousands of Brazilian reais - R$, unless otherwise indicated)

1) THE COMPANY AND ITS OPERATIONS

Companhia Energetica de Minas Gerais - CEMIG ("CEMIG" or the "Company"), a company organized under the laws of the Federative Republic of Brazil, is an electric power utility concessionaire and public utility controlled by the Government of the State of Minas Gerais, Brazil (the "State Government"). Its principal activities are the construction and operation of systems used in the generation, transmission, distribution and sale of electric energy, as well as in certain related business activities.

The Company has equity interests in the following operating companies:

- Sa Carvalho S.A. ("Sa Carvalho") (100.00% interest) - Its principal activities are the production and sale of electric energy from the Sa Carvalho hydroelectric power plant, as an electric energy public service concessionaire;

- Usina Termica Ipatinga S.A. ("Ipatinga") (100.00% interest) - Its principal activities are the production and sale of electric energy, as an independent power producer, at the Ipatinga thermoelectric power plant located at the facilities of Usinas Siderurgicas de

Minas Gerais - USIMINAS;

- Companhia de Gas de Minas Gerais - GASMIG ("GASMIG") (95.19% interest) - Its principal activities are the operation, production, acquisition, storage, transportation and distribution of natural gas and related products. GASMIG was granted a concession by the Minas Gerais State Government to distribute gas in the State of Minas Gerais;

- Empresa de Infovias S.A. ("Infovias") (99.92% interest) - Its principal activities are rendering telecommunications services and developing activities related thereto, through multiservice networks using optical fiber cable, coaxial cable, and other electronic equipment. Infovias owns 64.91% of the capital stock of Way TV Belo Horizonte S.A., a cable TV and internet services provider in the State of Minas Gerais; and

- Efficientia S.A. - ("Efficientia") (100.00% interest) - Its principal activities are rendering efficiency, optimization and energy solutions services to energy supply facilities. Efficientia S.A. initiated operations in the first quarter of 2003.

Additionally, the Company has a 100.00% interest in each of the following pre-operating stage companies:

- Horizontes Energia S.A. - Its principal activities are expected to be the production and sale of electric energy, as an independent power producer, at the Machado Mineiro and Salto do Paraopeba hydroelectric power plants, located in the State of Minas Gerais, and the Salto Voltao and Salto do Passo Velho hydroelectric power plants, located in the State of Santa Catarina.

- Cemig PCH S.A., Cemig Capim Branco Energia S.A. and UTE Barreiro S.A. - Their principal activities are expected to be the production and sale of electric energy, as independent power producers.

2) PRESENTATION OF THE FINANCIAL STATEMENTS

The accounting practices, methods and criteria used by the Company in the preparation of these quarterly financial statements are consistent with those applied in the financial statements as of and for the year ended December 31, 2002, including consolidation criteria.

The financial statements of controlled companies used to calculate the equity and consolidation are dated March 31, 2003, except those with respect to GASMIG, which are dated February 28, 2003.

3) CONSUMERS - SPECIAL RATE ADJUSTMENT

In December 2001, the Federal Government, through the Camara de Gestao da Crise de Energia Eletrica (the Federal Government's electric energy crisis committee or the "Energy Crisis Committee"), and the electricity distribution and generation concessionaires entered into an agreement entitled Acordo Geral do Setor Eletrico ("General Agreement of the Electricity Sector"). This agreement was entered into to ensure the economic and financial equilibrium of the concession contracts and to reimburse concessionaires for lost revenues related to the period when the Electricity Rationing Plan was in force, through a special rate adjustment.

Law No. 10,438, of April 26, 2002, and the Energy Crisis Committee's Resolution No. 91, of December 21, 2001, established a special rate adjustment applicable as of December 27, 2001. The rate increases were set forth in the Energy Crisis Committee's Resolution No. 130, of April 30, 2002, as follows:

I. an increase of 2.90% for rural and residential consumers (excluding low-income consumers), street lighting and high tension industrial consumers whose costs related to electric energy represent at least 18.00% of average production cost and meet certain criteria, related to charge and demand energy factors which were determined in the Resolution.

II. an increase of 7.90% for all other consumers.

The special rate adjustment mentioned above is being applied to reimburse concessionaires for the following items:

a. Billing losses in the period from June 1, 2001 to February 28, 2002, representing the difference between the Company's estimated revenue, assuming that the Electricity Rationing Plan had not been implemented, and the actual revenue earned during the rationing period, as established by ANEEL (National Energy Authority). The computation does not include overdue payment losses, which the Company does not expect to be material, and the State VAT.

b. Variation in Parcel "A" Items (uncontrollable costs as established by the concession contracts) related to the period from January 1, 2001 to October 25, 2001. The amount to be reimbursed is equal to the difference (positive or negative) between the Parcel "A" costs effectively paid and the estimated Parcel "A" costs used for purposes of computing the most recent annual rate adjustment.

c. Amounts to be paid to generators for energy purchased on the MAE from June 1, 2001 to February 28, 2002, at a price exceeding R$49.26/MWh. This asset includes the related taxes and charges on revenues; however, such taxes and charges are not required to be transferred to the generators. Accordingly, taxes and charges are excluded before transferring these amounts to generators. These amounts may change, depending on the litigation currently in progress, filed by market agents, including the Company, related to the interpretation of the market rules in force.

Under ANEEL Resolution No. 484 of August 29, 2002, the special rate adjustment will be in force for a maximum period of 82 months, January 2002 to October 2008. However, management has determined that the special rate adjustment would not be sufficient to recover CEMIG's rationing losses. This determination was based on certain assumptions, the most relevant of which relate to rate adjustments, inflationary rates, SELIC (Brazilian Central Bank overnight interest rate) and CEMIG's growth in the energy market. Accordingly, the Company recorded a provision relating to rationing losses.

Considering that the assumptions used in management's determination may change throughout the recovery period, management is periodically reviewing these projections, and consequently, the provision mentioned in the prior paragraph.

Recovery of credits through the special rate adjustment, under ANEEL Resolution No. 89 of February 25, 2003, is being made as follows: (i) credits mentioned in item "a" have been in the process of being recovered since January 2002; (ii) credits mentioned in items "a" and "c" have been in the process of being recovered simultaneously since January 2003, in the proportion of 69.22% and 30.78%, respectively; and (iii) credits mentioned in item "b" will be the last to be recovered.

The amounts which will be realized through the special rate adjustment described in items "a" and "b" above are being restated based on SELIC until the month of their effective recovery.

50% of the credits described in item "c" above is being monetarily restated based on SELIC as from January 1, 2003. The remaining 50% will be monetarily restated after the conclusion of the MAE settlement, estimated to occur after the completion of audit work. These procedures were established by ANEEL Resolution No. 36, as of January 29, 2003.

Through Resolutions No. 480 to 482, as of August 29, 2002, ANEEL approved the amounts of billing losses and recovery of variations of the Parcel "A" items.

Despite ANEEL Resolution No. 483, of August 29, 2002, which approved the amounts to be paid to generators for the energy purchased on the MAE during the rationing period, CEMIG recorded such transactions based on updated information provided by MAE in October 2002, which resulted from the MAE's revision of the calculation criteria and which are higher than amounts approved in the mentioned Resolution.

ICMS (State VAT) on the special rate adjustment, related to future billings, which is estimated at R$400,780, only becomes an obligation once the customers are billed. However, because the Company's only responsibility is to transfer this tax from consumers to the State tax authorities, the Company did not record this obligation in advance.

The amounts to be recovered through the special rate adjustments mentioned in items "a", "b" and "c" are as follows:

	Company an	
	March 31, 2003	
	Principal	SELIC restatement
Billing losses during the Electricity Rationing Period	876,848	189,843
Amounts collected	(262,594)	-

	614,254	189,843
Recovery of spot market amounts by generators	456,176	13,045
Amounts collected	(11,361)	-
	444,815	13,045
Recovery of uncontrollable cost variations relating to Parcel "A"	245,299	95,863
	1,304,368	298,751
(-) Provision for losses on the realization of the special rate adjustment	(177,627)	(10,074)
	1,126,741	288,677
Current assets		
Noncurrent assets		

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The proceeds of Special rate adjustments to be paid to generators, as described in item "c", are as follows:

	Company and Con	
	March 31, 2003	
	Principal	SELIC restatement
Amounts to be paid to generators	418,269	12,056
(-) Transference made	(4,410)	-
	413,859	12,056
Short-term liabilities		
Long-term liabilities		

4) WHOLESALE ENERGY MARKET - MAE

(a) Obligations and rights from MAE transactions

As established by the General Agreement of the Electricity Sector, the difference between the amounts paid to generators and distributors related to MAE transactions during the period in which the Electricity Rationing Plan was in force and the amount of R$49.26/MWh will be reimbursed through the special rate adjustment.

According to ANEEL Resolution No. 36, dated January 29, 2003, after March 2003, distribution concessionaires should collect and transfer, on a monthly basis, the special rate adjustment amounts to generators and distributors, including CEMIG, that have amounts receivable.

Of the Special rate adjustment credits to be transferred from distribution concessionaires to CEMIG, corresponding to approximately R$8,263 as of March 31, 2003, CEMIG had received R$3,739. Some distribution concessionaires are not transferring to CEMIG the Special rate adjustments because they believe, based on ANEEL Resolution No. 36 and ANEEL Technical Note No. 004/2003, that CEMIG is challenging the General Agreement of the Electricity Sector because it is contesting the methodology applied to calculate CEMIG's obligations resulting from MAE transactions (see item "b" of this note) and for this reason, such distribution concessionaires are prevented from transferring such amounts.

However, CEMIG does not believe that the injunction granted in December 2002, contesting the methodology applied to calculate the CEMIG's rights and obligations, represents a challenge of the General Agreement of the Electricity Sector. Therefore, the Company is contesting restrictions included in ANEEL Resolution No. 36 and ANEEL Technical Note No. 004/2003, to eliminate any sanction or restriction on CEMIG's ability to receive amounts due.

The amounts to be received from distribution concessionaires are recorded in Current and Noncurrent Assets, under Distributors - Energy supply.

50% of CEMIG's rights and obligations are being monetarily restated based on the SELIC variation, as from January 1, 2003. The remaining 50% will be monetarily restated after the conclusion of MAE settlement.

CEMIG's rights and obligations related to MAE transactions, are set forth below:

	Marc 2
ASSETS	
Current	
Distributors - Energy supply	
Noncurrent	
Distributors - Energy supply	

	========
LIABILITIES	
Current	
Suppliers	

========

The MAE's revision of certain assumptions used to calculate the stated amounts, differences between CEMIG's estimates and the effective values, and judicial claims currently in progress, filed by market agents, related to the interpretation of the market rules in force, may change the amounts recorded.

(b) Financial settlement of the MAE transactions

On February 18, 2003, CEMIG settled part of its outstanding obligations relating to MAE transactions, in the amount of R$335,482, using financing provided by BNDES.

CEMIG is required to settle the remaining outstanding MAE amounts after the completion of an audit on the amounts due by the agents and additional financing to be provided by BNDES.

The amounts paid to MAE were calculated according to an injunction granted to CEMIG on December 25, 2002, determining that CEMIG should be considered as both a distributor and generator for purposes of recording of MAE transactions, notwithstanding ANEEL Resolution No. 447, of August 23, 2002, which determined that CEMIG should be considered as a distribution concessionaire only, not considering its generation activities.

The amounts provided by MAE, in accordance with the injunction, represented a R$122,000 decrease in CEMIG's net liabilities. However, because the methodology to be used to calculate CEMIG's rights and obligations is still pending, the Company opted to keep the amounts previously recorded, according to ANEEL Resolution No. 447.

5) CASH AND CASH EQUIVALENTS

	Consolidated		
	March 31, 2003	December 31, 2002	March 31 2003
Banks	135,123	20,162	132
Short term investments	143,217	102,813	51
	278,340	122,975	183

The majority of the short-term investments of CEMIG and its subsidiaries are invested in Bank Deposit Certificates and debentures issued by third parties (Note 28), indexed primarily to the CDI (Interbank Certificate of deposit rate) variation.

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6) ACCOUNTS RECEIVABLE

Consolidated

Consumer Class	Current	Past due accounts - up to 90 days	Past due accounts - over 90 days
Residential	182,924	112,925	13,757
Industrial	127,413	31,601	78,308
Commercial	85,474	46,627	14,653
Rural	22,677	11,076	5,067
Public authorities	12,168	22,666	14,228
Public lighting	12,574	33,978	27,049
Public services	7,666	31,710	27,375
Subtotal - Consumers	450,896	290,583	180,437
Supply to other concessionaries	9,207	-	-
Allowance for doubtful accounts	-	-	(69,899)
	460,103	290,583	110,538

Company

Consumer Class	Current	Past due accounts - up to 90 days	Past due accounts - over 90 days
Residential	182,924	112,925	13,757
Industrial	125,329	31,601	78,119
Commercial	73,026	46,133	13,220
Rural	22,677	11,076	5,067
Public authorities	12,168	22,666	14,228
Public lighting	12,574	33,978	27,049
Public services	7,666	31,710	27,375
Subtotal - Consumers	436,364	290,089	178,815
Supply to other concessionaries	9,207	-	-
Allowance for doubtful accounts	-	-	(68,472)
	445,571	290,089	110,343

7) RECOVERABLE TAXES

	Consolidated		Compa
	March 31, 2003	December 31, 2002	M

Current Assets		
State VAT - ICMS	32,232	17,978
Income and social contribution tax	39,874	2,842
Other	4,039	502
	76,145	21,322
Noncurrent Assets		
State VAT - ICMS	91,083	81,583

The balances of income and social contribution taxes are primarily related to withheld amounts on short-term investments and prepaid tax in 2003 in amounts greater than due amounts. The credits will be offset in 2003.

The State VAT assets of the Company and its subsidiaries will be recovered through offset against State VAT liabilities. Most of the balance recorded as noncurrent assets is subject to a 48-month compensation period, as established by Supplementary Federal Law No. 102/00. The Company is in a legal dispute with the Minas Gerais State Government in order to compensate tax credits in the amount of R$18,843, also recorded as Other - Noncurrent assets.

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8) PREPAID EXPENSES - CVA

The balance of the recoverable variation account of Parcel "A" items - "CVA", refers to the difference, beginning October 26, 2001, between the estimated Parcel "A" costs of the Company, used in defining rate adjustments, and payments in respect of parcel "A" items actually made. The variations will be recovered in subsequent annual rate adjustments.

However, as a result of Executive Act No. 116, issued on April 4, 2003, the compensation of the "CVA" costs was postponed for 12 months from April 8, 2003, the date of the next scheduled rate increase.

Additionally, the "CVA" balance, for which compensation was postponed, plus the CVA balance to be calculated for the next 12 months, as from April 8, 2003, will be reimbursed though an increase in electric rates for a period of 24 months, beginning April 8, 2004.

The mentioned Executive Act included in "CVA" the variations of the Energy Development Fund (a fund created by the Federal Government for energy development and competitiveness of energy produced through wind farms, small hydroelectric power plants, biomass, natural gas and coal) as from February 10, 2003.

Consolidated and Comp

	Principal	SELIC Restatement	M
System service charges - ESS	131,813	3,689	
Itaipu Binacional electricity purchase tariff	351,218	34,202	
Itaipu Binacional electricity transport tariff	2,983	524	
Fuel usage quota - CCC	(99,045)	(8,693)	
Tariff for use of basic transmission network	55,918	6,231	
Energetic Development Account - CDE	40,455	-	
Charges for use of water resources	3,382	210	
	486,724	36,163	
Current			
Noncurrent			

The above-mentioned amounts are updated based on the SELIC rate from the payment date to effective recovery through annual rate adjustments.

The amounts to be compensated, recorded as Current Assets, refer to variations of uncontrollable costs that were included in the annual rate adjustment on April 8, 2002 and are being transferred monthly to operating expenses on a linear basis.

The System service charges - ESS for the period from September 2000 to December 2002 were accrued based on definitive information provided by MAE and for the period from January 2003 to March 2003, were accrued based on Company estimates and are subject to change. These amounts will be monetarily restated based on SELIC, as from the effective payment (a portion was settled in February 2003, as described in Note 4, item b). The amounts recorded may change due to MAE's revision of certain assumptions used to calculate the stated amounts and judicial claims currently in progress, filed by market agents, related to the interpretation of the market rules in force.

9) RECEIVABLE FROM MINAS GERAIS STATE GOVERNMENT

The remaining balance of the CRC Account (Recoverable Rate Deficit) was transferred to the State Government in 1995, through the CRC Credit Assignment Contract, pursuant to Law No. 8,724/93. This balance is payable monthly, over 17 years beginning June 1, 1998, and accrues annual interest of 6% and is subject to restatement based on the IGP-DI (General Price Index).

In 2002, CEMIG entered into the following amendments with the Minas Gerais State Government:

(a) Second Amendment of the CRC Credit Assignment Contract, signed on October 14, 2002

This Amendment refers to 149 installments, maturing from January 1, 2003 to May 1, 2015, in the total amount of R$1,415,497, as of March 31, 2003. These installments are subject to annual interest of 6% and are updated based on the IGP-DI.

Due to the non-inclusion in the Second Amendment of effective guarantees that would assure the realization of the aforementioned asset, CEMIG recorded an allowance for losses in 2002 that represents the total amount of the referred amendment.

Due to the full allowance recorded, the financial income related to monetary variation and interest on the Second Amendment, from January to March 2003, in the amount of R$94,288, was excluded from the statement of income for 2003. However, in compliance with the Brazilian tax legislation, CEMIG has recorded the federal payable taxes on the mentioned financial income.

The installments of the mentioned Amendment, due from January 1 to May 1, 2003, totaling R$68,517, including monetary variation, interest and fine were not paid. Company management is negotiating the collection of the aforementioned past due amount with the Minas Gerais State Government, under the conditions established by the contract.

(b) Third Amendment of the CRC Credit Assignment Contract, signed on October 24, 2002

The installments originally due from April 1, 1999 to December 1, 1999 and from March 1, 2000 to December 1, 2002 totaling R$819,899 as of March 31, 2003, including interest and fines over past due installments, were renegotiated with the Minas Gerais State Government to annual interest rate of 12.00% and are updated based on the IGP-DI. They will be paid in 149 monthly installments from January 2003 to May 2015. This Amendment established an additional guarantee which now allows the Company to retain dividends and interest on capital to be paid to the Minas Gerais State Government, as a Company shareholder.

The installments of the Third Amendment, due from January 1 to May 1, 2003, totaling R$52,281, including monetary variation, interest and fine were not paid. Company management is negotiating the collection of the aforementioned past due amount with the Minas Gerais State Government, under the conditions established by the contract.

The projection of the Company's future operations indicates that the dividends attributable to the Minas Gerais State Government will be sufficient to assure the full realization of the asset related to the Third Amendment.

Management will monitor future events, which may impact the Company's dividend payment projection, in order to conclude if the above-mentioned guarantee is still effective or an additional allowance under this amendment is necessary.

10) INCOME AND SOCIAL CONTRIBUTION TAXES

(a) Tax credits

The Company and its subsidiaries have tax credits recorded as noncurrent assets. The income tax credits are recorded at a 25.00% rate and social contribution tax credits are recorded at a 9.00% rate. The composition of the balances is as follows:

	Consolidated	
	March 31, 2003	December 31, 2002
Tax credits on:		
Tax loss carryforwards	254,000	233,724
Employee post retirement benefits	79,548	113,081
Reserve for contingencies	135,338	126,799
Accrual for voluntary termination program - PDV	9,214	9,214
Allowance for doubtful accounts	23,318	19,750
Reserve for PASEP/COFINS - Special Rate Adjustment	26,404	26,214
Other	11,973	12,057
	539,795	540,839

CEMIG's Board of Directors approved, on March 27, 2003, the analysis made by CEMIG's Financial and Investor Relations Office on the projected future results of operations, adjusted to present value. According to such analysis, the Company may be able to realize the tax credits set forth above over a ten-year maximum period, in compliance with CVM Resolution No. 371, published on June 27, 2002. CEMIG's Fiscal Council, on March 27, 2003, received such study for consideration.

In accordance with CEMIG's estimates, future taxable income is expected to permit realization of the tax credits, as of March 31, 2003 as follows:

	Consolidated	Company
2003	117.886	117.782
2004	114.461	114.032
2005	96.812	94.632
2006	32.032	28.320
2007	34.412	30.130
2008 to 2010	123.702	115.853
2011 to 2012	20.490	17.936
	539.795	518.685

CEMIG has tax credits not recognized in its financial statements, in the amount of R$19,364, resulting from management estimates that certain obligations, due to their nature, will be realized in a period over ten years.

Additionally, Infovias has tax credits not recognized in its financial statements, in the amount of R$5,902, resulting from estimates of future results of operations approved by the Company's Board of Directors.

(b) Reconciliation of income tax and social contribution tax expenses

The reconciliation between the nominal expense of income tax (25% rate) and social contribution tax (9% rate) and the effective expense presented in the statement of income is as follows:

	Consolidated	
	Three months ended March 31,	
	2003	2002
Income before taxes on income	271,838	335,359
Income and social contribution expenses - nominal	(92,425)	(114,022)
Tax effects on:		
Allowance for losses on receivable from Minas Gerais State Government	(32,037)	
Reversal of social contribution tax on additional monetary restatement	(2,331)	(1,605)
Equity pick-up in subsidiaries	-	-
Contributions and grants not deductible	(957)	(749)
Other	7,335	1,096
Income and social contribution tax expenses in income statement	(120,415)	(115,280)

11) BONUS, NET OF SURCHARGE, AND COSTS TO BE REIMBURSED AS A RESULT OF THE ELECTRICITY RATIONING PLAN

Through the Energy Crisis Committee, the Federal Government established electric energy consumption targets for all consumers of areas affected by the Electricity Rationing Plan in force during the period from June 2001 to February 2002. A financial bonus was established for residential consumers whose electric energy consumption was lower than the target, and surcharges were established for all consumers whose consumption exceeded the target, calculated based on the effective consumption in excess of such target, as established by the Energy Crisis Committee. The balances related to the bonus, costs and surcharge, to be reimbursed by the Federal Government, are as follows:

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	Marc 20
Bonus paid to consumers that consumed less than the target consumption	
Costs incurred related to the adoption of the Electricity Rationing Plan in excess of the 2.00% surcharge on consumer tariffs.	
Current	
Noncurrent	

Part of the surcharges, in the total amount of R$24,101, were not collected from consumers since they were subject to a judicial dispute during the Electricity Rationing Plan. As a result, ANEEL has not reimbursed the Company for the bonuses relating to the unbilled surcharge. This issue is under negotiation with ANEEL, and CEMIG does not expect losses on the realization of this amount.

In conformity with ANEEL Resolution No. 600, dated October 31, 2002, the operation costs related to the adoption of the Electricity Rationing Plan in excess of the 2.00% surcharge on consumer rates are expected to be recovered, after approval by ANEEL, through an increase in electricity rates in force after April 8, 2003.

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12) RECEIVABLES FROM FEDERAL GOVERNMENT - REVENUE LOSSES FROM LOW-INCOME CONSUMERS

The new classification criteria established by the Federal Government for low-income consumers resulted in a decrease in revenues from electricity sales to final customers in the amount of R$63,956 (R$42,386 in 2002 and R$21,570 in 2003), due to the lower rate applied to those customers.

The loss on revenue in 2002 will be reimbursed by the Federal Government according to criteria not yet established. Accordingly, in compliance with ANEEL's request, CEMIG recorded these losses under this caption against electricity sales to final customers in 2002 and 2003.

13) INVESTMENTS

	Consolidated	
	March 31, 2003	December 31, 2002
Equity in subsidiaries		

Empresa de Infovias S.A.	-	-
Companhia de Gas de Minas Gerais - GASMIG	-	-
Usina Termica Ipatinga S.A.	-	-
Sa Carvalho S.A.	-	-
Horizontes Energia S.A.	-	-
Cemig Capim Branco Energia S.A.	-	-
Cemig PCH S.A.	-	-
UTE Barreiro S.A.	-	-
Efficientia S.A.	-	-
	-	-
In consortiums	666,363	588,910
Goodwill on purchase of Infovias	9,510	9,510
Other investments	10,457	10,237
	686,330	608,657

(a) The principal information related to consolidated subsidiaries as of March 31, 2003, is as follows:

	March 31, 2003		
Subsidiaries	Cemig Interest (%)	Capital	Sharehol equit
Empresa de Infovias S.A.	99.92	291,000	2
Companhia de Gas de Minas Gerais -GASMIG *	95.19	46,067	
Usina Termica Ipatinga S.A.	100.00	74,634	
Sa Carvalho S.A.	100.00	86,833	
Horizontes Energia S.A.	100.00	62,871	
Cemig Capim Branco Energia S.A.	100.00	1	
Cemig PCH S.A.	100.00	1	
UTE Barreiro S.A.	100.00	1	
Efficientia S.A.	100.00	10	

In the first quarter of 2003, CEMIG made payments relating to a capital increase in Infovias in the amount of R$26,568.

The independent accountants' report on the financial statements of Infovias, as of December 31, 2002, included comments on: (i) deferred income and social contribution taxes for which realization was based on management profit projections which depend on contracts which are under negotiation; and (ii) need of additional resources from shareholders or third-parties to fund its operations, as well as to ensure the recoverability of its assets at the amounts recorded in its financial statements, until Infovias' own operating revenues reach a level sufficient to absorb these amounts. The interim financial statements of Infovias for the quarter ended March 31, 2003 are still being prepared.

(b) Consortiums

CEMIG and its subsidiary, Cemig Capim Branco Energia S.A., are partners with other companies in certain consortiums for electricity generation projects. The consortiums, which are not separate legal entities, were created to manage the related concession contracts. The Company maintains accounting records of its share in the consortium assets which are jointly managed with the other consortium partners, as follows:

	CEMIG's Participation	March
In Operation		
Porto Estrela Hydroelectric Power Plant	33.33%	
Igarapava Hydroelectric Power Plant	14.50%	
Funil Hydroelectric Power Plant	49.00%	
Under Construction		
Queimado Hydroelectric Power Plant	82.50%	
Aimores Hydroelectric Power Plant	49.00%	
Total Company		
Cemig Capim Branco S.A.		
Capim Branco Hydroelectric Power Plants I and II	21.05%	
Total Consolidated		

The realization of Consortiums investments will occur simultaneously with depreciation on the Consortiums', Property, Plant and Equipment, calculated on a straight-line basis, according to rates established by ANEEL.

14) PROPERTY, PLANT AND EQUIPMENT

	Annual average depreciation rate %	Consolidated March 31, 2003	Consolidated December 31, 2002

In service			
Generation-			
Hydroelectric	2.47	5,514,557	5,512,899
Thermoelectric	1.83	215,223	216,656
Transmission	3.08	1,029,931	1,021,836
Distribution	5.21	6,729,971	6,680,138
Administration	9.63	268,091	266,601
Other	7.48	384,242	379,014
		14,142,015	14,077,144
Accumulated depreciation and amortization			
Generation		(2,166,849)	(2,131,769)
Transmission		(472,454)	(465,022)
Distribution		(2,714,350)	(2,654,365)
Administration		(139,889)	(133,596)
Other		(43,516)	(34,978)
		(5,537,058)	(5,419,730)
Total in service		8,604,957	8,657,414
Construction in progress-			
Generation		277,937	220,360
Transmission		121,824	107,312
Distribution		439,330	442,921
Administration		38,076	33,000
Other		34,949	22,206
Total construction in progress		912,116	825,799
Total		9,517,073	9,483,213
Special liabilities		(1,601,915)	(1,585,431)
Total, net		7,915,158	7,897,782

Special liabilities refers primarily to consumers' contributions to support construction necessary to meet energy supply orders. Our obligation to satisfy these Special liabilities depends on ANEEL's disposition at the end of the distribution concessions through reduction of residual value of Property, plant and equipment to define the value that the Federal Government will pay to concessionaires. According to accounting principles and electric energy sector legislation in force in Brazil, these amounts are not subject to updating, amortization or depreciation.

15) SUPPLIERS

	Consolidated	
	March 31, 2003	December 31, 2002
Short Term		
Electricity suppliers		
Furnas	448,902	259,437

Wholesale Energy Market - MAE	457,875	770,578
Transfer to Generators	71,157	83,974
Other	34,177	30,636
	1,012,111	1,144,625
Supplies and services	72,574	130,100
	1,084,685	1,274,725
Long Term		
Electricity suppliers -		
Transfer to Generators	354,758	334,295

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The amounts to be paid related to energy purchased on the spot market and system service charges - ESS during the period from September 2000 to December 2002 were recorded based on information provided by MAE. The amounts related to the period from January 2003 to March 2003 were accrued based on Company estimates. A portion of these liabilities were settled in February 2003 (Note 4).

The amounts recorded may change due to MAE's revision of certain assumptions used to calculate the stated amounts and judicial claims currently in progress, filed by market agents, including the Company, related to the interpretation of the market rules in force.

As of March 31, 2003, CEMIG had overdue amounts to be paid to Furnas, relating to purchase of energy from Itaipu, in the amount of R$203,511, which R$101,140 was paid on April 2003.

16) TAXES PAYABLE

	Consolidated	
	March 31, 2003	December 31, 2002
Current		
Income Tax	66,548	20,559
Social Contribution Tax	23,839	27,856
ICMS (State VAT)	134,084	44,982
COFINS (tax on revenue)	25,995	29,646
INSS (social security)	12,694	11,828
Other	8,768	8,930
	5,095	6,956
	277,023	150,757
Long Term		

Income Tax	195,333	111,651
Social Contribution Tax	70,320	40,195
COFINS	46,743	46,255
PASEP	18,609	18,539
	331,005	216,640

The federal taxes recorded under long-term liabilities refer to net deferred obligations on assets and liabilities in accordance with the General Agreement of Electricity Sector. The increase in net obligations is due to the payment of a portion of MAE obligations in February 2003.

The Company negotiated with certain financial institutions to prepay part of the State VAT on December 30, 2002, originally due on January 2, 2003, totaling R$76,000. The Company realized a financial gain in this transaction, based on the Interbank certificate of deposit rate- CDI variation.

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17) LOANS, FINANCING AND DEBENTURES

Composition of loan, financing and debentures by currency and indexes is as follows:

	Consolidated	
	March 31, 2003	December 31, 2002
Currency -		
U.S. dollar	1,829,372	1,994,957
EURO	34,247	73,037
Unit of account (basket of currencies)	41,509	51,053
	1,905,128	2,119,047
Indice Geral de Precos - IGP-M (General Price Index)	1,177,289	1,076,252
Indice Interno da Eletrobras - FINEL (Eletrobras Internal Index)	151,196	154,028
UFIR (Tax Reference Unit)	159,995	152,228
SELIC (Brazilian benchmark interest rate)	336,339	-
Other	49,805	37,815
	1,874,624	1,420,323
Escrow accounts (1)		
Income based on CDI (Interbank certificate of deposit) rates	(59,156)	(52,130)
Income based on U.S. dollar variation		
	(104,914)	(102,496)

	(164,070)	(154,626)
	3,615,682	3,384,744

(1) Refers to restricted use funds for payment of foreign currency-denominated financing, in comp
Brasil - BACEN (Brazilian Central Bank) Resolution No. 2,515 of June 29, 1998.

The variations in the principal currencies and indexes used to restate the loans, financing and debentures are as follows:

Currency	Quarterly Variation %	Indexes
U.S. dollar	(5.10)	Indice Geral de Precos - IG (General Price Index)
Euro	(0.94)	Indice Interno da Eletrobra (Eletrobras Internal In
Unit of account (Basket of currencies)	0.53	

Certain of the Company's loan, financing and debenture contracts, in the total amount of R$510,946 as of March 31, 2003, of which R$328,613 are classified as long-term liabilities, contain certain financial covenants that, in the event of noncompliance, may cause the amounts due under the contracts to become immediately due. In addition, the Company has financing contracts that contain cross-default clauses. The Company has obtained waivers from the creditors that are parties to contracts that contain covenants with respect to which it is not in compliance. These waivers affirm that such creditors will not exercise their rights to demand either accelerated or immediate payment of the total amounts due as of December 31, 2002, March 31, 2003 and for most contracts, June 30, 2003. The Company believes that the noncompliance with the debt covenants was an unusual event, and that its operations for 2003 are expected to allow full compliance with debt covenants. Loan, financing and debentures are classified as current and long-term liabilities according to the original contract terms, in compliance with the waivers obtained.

18) RESERVE FOR CONTINGENCIES

CEMIG and its subsidiaries are party to certain legal proceedings in Brazil arising in the normal course of business and relating to tax, labor, civil and other issues.

The Company believes that any loss in excess of the amounts provided for, in respect of such contingencies, will not have a material adverse effect on the Company's results of operations or financial position.

For those contingencies for which an adverse outcome has been deemed probable, CEMIG has recognized reserves for losses:

The composition of provisions recorded is as follows:

	Cons
	March 3 2003
Labor claims	7
Civil lawsuits - Consumers	9
Social contribution tax	9
Finsocial (tax on revenue)	1
Civil lawsuits - Others	2
Other	2
	33

Certain details relating to such reserves are as follows:

(a) Labor claims

The labor claims relate principally to overtime and hazardous occupation compensation. The total exposure for those matters is estimated to be R$95,776, as of March 31, 2003 (R$87,133 as of December 31, 2002). The Company recorded in the first quarter ended March 31, 2003 reserve in the amount of R$6,914 (R$910 in the first quarter of 2002). CEMIG determines the amounts to be reserved based on the nature of the group of claims and the most recent court decisions.

(b) Civil lawsuits - Consumers

A number of industrial consumers have brought legal action against the Company seeking refunds of amounts paid to CEMIG as a result of a rate increase that became effective during the Brazilian government's economic stabilization "Cruzado Plan" in 1986, alleging that such increases violated the price controls instituted as part of that plan. CEMIG determines the amounts to be reserved based on the amount billed subject to consumers' claims and recent court decisions.

The total estimated exposure to the Company for those claims, fully provided for, was R$91,533 as of March 31, 2003 (R$85,727 at December 31, 2002).

(c) Social contribution tax

The Company is deducting the amounts of depreciation, amortization and write-off of supplementary monetary restatement of property, plant and equipment, for purposes of computation of social contribution tax. The Company estimates that its potential exposure in this matter is approximately R$96,495, as of March 31, 2003 (R$93,137 at December 31, 2002). The amount is fully provisioned.

(d) Finsocial (tax on revenue)

In 1994, CEMIG was fined by the Brazilian federal tax authorities due to the exclusion of State VAT from the Finsocial calculation, a tax on billing extinguished in 1992. The Company estimates that its potential exposure in this matter is approximately R$19,558 as of March 31, 2003 (R$19,393 at December 31, 2002). The amount is fully provisioned.

(e) Other

Other reserves are related to a number of lawsuits involving the Federal Government, pursuant to which the Company is disputing the constitutionality of certain federal taxes that have been assessed against it and other general claims arising in the ordinary course of business.

(f) Legal proceedings in which a favorable outcome is probable

CEMIG has other relevant legal proceedings with respect to which the Company believes that a favorable outcome is probable. Certain details relating to such matters are as follows:

(i) Litigation involving FORLUZ with possible financial effects on CEMIG

The Company is defending, together with FORLUZ, a claim brought by its employees' labor union ("Sindieletro") contesting the suspension of increases in the Company's required contribution to the pension fund pursuant to periodic monetary restatements. The total amount sought in this claim is R$633,878. No reserve has been recorded for this claim, since the Company believes that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related thereto.

In addition, some of Forluz's participants are contesting a change in the pension fund's contribution adjustment index from IGP-DI to IPCA of IPEAD (consumer price index calculated by Minas Gerais Accounting Management and Economic Research Institute of Minas Gerais Federal University). The total amount sought in this claim is R$281,985. Management believes that if the outcome is not favorable to Forluz, the additional obligation will be guaranteed by Forluz's surplus, and does not expect to incur losses related to such claim. Therefore, and considering that FORLUZ has a meritorious defense to such claim, no accrual has been recorded for this claim.

(ii) Income and social contribution taxes on post retirement benefits

On October 11, 2001, the Brazilian federal tax authorities issued an assessment notice relating to a R$232,155 discrepancy with respect to tax credits recorded by CEMIG in 2001 that had been partially recovered during the year. These credits result from the change in accounting method for recording post-retirement benefit liabilities, as required by CVM Deliberation No. 371/00. CEMIG is defending the tax assessment notice administratively against the tax authorities. No reserve has been recorded as a result of this notice, since the Company believes that the procedures which generated the tax credits are legally sound.

The tax credits mentioned in the preceding paragraph were offset against federal taxes paid in 2001 and 2002. As a result, the Brazilian federal tax authorities issued a decision against such offset due to the tax assessment mentioned above. CEMIG's total potential exposure as of March 31, 2003 is approximately R$177,835. No reserve for contingencies has been made to cover any liabilities that may result from the tax assessment, since CEMIG believes that it has solid legal grounds, which support the procedures adopted.

(iii) COFINS

The Company began contesting the payment of COFINS (tax on revenue) beginning in 1992. As a result of an unfavorable court ruling, the Company paid R$239,266 of COFINS tax on July 30, 1999.

The Federal Government is claiming that the Company owes approximately R$136,388 in additional fines and interest relating to the non-payment of COFINS. The Company is contesting such claims. No reserve has been recorded for this claim, since the Company believes that it has a meritorious defense against such claim and, consequently, does not expect to incur losses related thereto.

(iv) Regulatory agency acts

ANEEL has a regulatory proceeding pending against CEMIG claiming that CEMIG owes the Federal Government R$197,206 because of a miscalculation of credits in the amount of the cumulative rate deficit (CRC) applied to reduce amounts owed to the Federal Government. The Company believes that it has a meritorious defense against such claim and has therefore recorded no reserve in respect thereto.

On January 16, 2003, ANEEL sent a notice to the Company alleging that it had failed to obtain necessary ANEEL authorization relating to the Company's 5-year contract with Infovias related to the furnishing of data and rendering of services related to geo-technology services. ANEEL may seek to impose a fine upon the Company relating to this matter. The maximum applicable penalty is a fine in an amount equal to 2.00% of CEMIG's revenues during the 12-month period immediately prior to the imposition of the fine. The Company believes that it has a meritorious defense to such claim and has therefore recorded no accrual in respect of such claim.

(v) Civil lawsuits - Consumers

Various consumers brought civil class-action claims against CEMIG contesting rate adjustments applied in prior years, including the special rate adjustment and the Emergency Capacity Charge (Encargo de Capacidade Emergencial) applied starting in 2002. The Company believes that it has a meritorious defense to such claims and has therefore recorded no reserve.

The Company is a defendant, with others enterprises of Consortium of Capim Branco I and Capim Branco II hydroelectric power plants, in a class action lawsuit contesting the construction of such plants. Additionally, the Brazilian Attorney General's Office brought a lawsuit seeking to nullify the Aimores Power Plant concession. Management believes that it has a meritorious defense to these lawsuits and, consequently, does not expect them to prevent the construction and operation of mentioned plants and the realization of related assets.

19) EMPLOYEE POST-RETIREMENT BENEFITS

Since 1973, the Company has been the sponsor of Fundacao Forluminas de Seguridade Social - FORLUZ, a non-profit entity with the purpose of providing its associates, participants and their dependants with additional income to supplement the government pension, in accordance with the pension plan to which they are linked.

FORLUZ offers its associates the following supplementary pension plans:

Mixed Benefit Plan - A defined contribution plan for normal retirement and a defined benefit plan for coverage of active participant's disability and death. The Company's contribution is equivalent to the associate's monthly basic contributions and is the only plan available for new participants.

Settled Benefit Plan - Includes all retired participants who opted for this plan and the balances, at the option date, of active participants who opted for migrating from the Defined Benefit Plan to the above-mentioned Mixed Benefit Plan.

Defined Benefit Plan - Benefit plan adopted by FORLUZ up to 1998, in which the Federal Government Social Security benefit is supplemented in relation to the actual average salary of the employee's final years of service in the Company.

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In addition to the pension plans provided by FORLUZ, the Company also pays part of the life insurance premium for its retirees and of the health care plan for employees, retirees and their dependants. These plans are also managed by FORLUZ.

The changes in net post-retirement liabilities are as follows:

	Defined Benefit Pension Plan	Health
Net liabilities as of December 31, 2002	1,392,088	198,
Net periodic cost recorded in the income statement	(8,276)	6,
Contributions paid	(56,231)	(4,
Net liabilities as of March 31, 2003	1,327,581	200,

Part of the deficit in FORLUZ's actuarial reserves in the amount of R$1,537,044 as of March 31, 2003 (R$1,495,334 at December 31, 2002) was recognized as obligations payable by the Company. These obligations are being amortized through monthly installments, through June 2024, calculated under the fixed-installment system ("Price Table"), subject to annual restatement in accordance with the salary correction index for the Company's employees (not including productivity) included in the defined benefit plan and subject to IPCA - IPEAD for other plans, plus 6% per year.

20) SHAREHOLDERS' EQUITY

The change in shareholders' equity is as follows:

Balance as of December 31, 2002	
Reversal of dividends	
Net income for the quarter ended March 31, 2003	
	-
Balance as of March 31, 2003	
	=

In September 1999, the State of Minas Gerais filed a lawsuit seeking to nullify the shareholders' agreement signed in 1997 with Southern Electric Brasil Participacoes Ltda. On August 7, 2001, the Minas Gerais State Court of Appeals declared the shareholders' agreement null and void. Southern Electric Brasil Participacoes Ltda. appealed the decision which was rejected by the Minas Gerais State Court of Appeals on October 2001. Southern Electric Brasil Participacoes Ltda. has appealed the Court's latest decision.

21) ELECTRICITY SALES

The composition of electricity sales to final customers by class is as follows:

	Consolidated			
	(Not reviewed by accountants)			
	No of consumers		MWh	
	Three months ended March 31,		Three months ended March 31,	
	2003	2002	2003	2002
Residential	4,655,848	4,517,756	1,698,335	1,500,186
Industrial	68,255	68,087	5,259,841	5,196,928
Commercial	518,529	506,064	886,503	808,195
Rural	344,001	326,009	343,294	298,132
Public authorities	43,831	42,055	119,439	96,120
Public lighting	2,145	2,713	249,302	173,569
Public services	6,870	6,591	240,987	221,824
Own consumption	1,339	1,377	14,214	11,302
Unbilled, net	-	-	-	-
	5,640,818	5,470,652	8,811,915	8,306,256
Supply to other concessionaries	4	4	52,168	89,633
MAE transactions	-	-	-	-
Total	5,640,822	5,470,656	8,864,083	8,395,889

	Consolidated (Not reviewed by accountants)			
	No of consumers		MWh	
	Three months ended March 31,		Three months ended March 31,	
	2003	2002	2003	2002
Residential	4,655,848	4,517,756	1,698,335	1,500,186
Industrial	68,253	68,085	5,084,837	4,965,690
Commercial	518,529	506,064	886,503	808,195
Rural	344,001	326,009	343,294	298,132
Public authorities	43,831	42,055	119,439	96,120
Public lighting	2,145	2,713	249,302	173,569
Public services	6,870	6,591	240,987	221,824
Own consumption	1,339	1,377	14,214	11,302
Unbilled, net	-	-	-	-
	5,640,820	5,470,650	8,636,911	8,075,018
Supply to other concessionaries	4	4	52,168	89,633
MAE transactions	-	-	-	-
Total	5,640,820	5,470,654	8,689,079	8,164,651

22) OTHER OPERATING REVENUES

	Consolidated	
	Three months ended March 31,	
	2003	2002
Use of basic transmission network	58,130	38,070
Gas sales	43,975	24,059
Fuel consumption quota	3,755	8,543
Regulated services	1,629	1,545
Services rendered	14,587	3,658
Rent and leasing	3,592	3,648
Other	254	1,445
	125,922	80,968

23) DEDUCTIONS FROM OPERATING REVENUES

	Consolidated	
	Three months ended March 31,	
	2003	2002
State VAT (ICMS) on sales to final consumers	321,698	241,891
Tax on billing - COFINS	47,434	45,256
Global reserve for reversion quota - RGR	30,412	35,768
Tax on billing - PASEP	25,667	9,805
Emergency capacity charge	70,229	4,447
Other	264	56
	495,704	337,223

CEMIG collected, in March 2003, retroactive amounts related to the Emergency capacity charge for the period from July 2, 2002 to August 10, 2002, in the amount of R$29,985. This charge was not collected in the prior year due to a class action injunction which did not allow the amounts to be collected. On April 2003, CEMIG collected the remaining parcel, in the amount of R$16,483.

CEMIG pays the State VAT on the Special rate adjustment according to collection of the amounts in power bills.

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24) ELECTRICITY PURCHASED FOR RESALE

	Co
	200
Itaipu Binacional (through FURNAS)	
Energy traded on spot market - MAE	
Initial contracts	
Special rate adjustment - transfer to generators	
Other	

The electricity acquired from ITAIPU is denominated in US dollars and the prices are defined by ANEEL.

25) OTHER EXPENSES

	Consolidated	
	Three months ended March 31,	
	2003	2002
Fuel consumption quota	3,693	8,54
Rentals and leasing	3,122	3,92
Grants and donations	2,815	2,96
Advertising	1,422	3,43
ANEEL inspection fee	2,911	2,88
Own consumption - Electric energy	2,958	2,30
MAE contribution	832	2,10
Technological and scientific national fund	3,225	2,61
Other taxes (real estate, vehicle, etc.)	3,861	2,27
General expenses	7,091	5,13
	31,930	36,19

The fuel costs incurred for the purpose of electricity generation are reimbursed by Centrais Eletricas Brasileiras S.A. - ELETROBRAS and are recorded as other operating revenues.

26) FINANCIAL INCOME (EXPENSES)

	Consolidated	
	Three months ended March 31,	
	2003	2002
Financial income:		
Investment income earned	19,476	30,149
Late charges on past-due electricity bills	13,385	7,835
Interest and monetary restatement on receivable from Minas Gerais State Government	64,939	41,838
Monetary restatement on special rate adjustment	74,139	62,340
Foreign exchange gains	108,319	5,857
Taxes on financial income (PASEP and COFINS)	(16,273)	(5,687)
Other	30,547	8,432
	294,532	150,764

Financial expenses:

Interest on loans and financing	(74,204)	(56,513)
Monetary restatement - electricity suppliers	(26,363)	(15,708)
Foreign exchange losses	(2,491)	(1,976)
Monetary restatement on loans and financing	(36,461)	(4,056)
Financial transaction tax ("CPMF")	(8,704)	(5,134)
Provision for valuation of marketable securities	25,905	5,400
Other	(14,156)	(6,273)
	(136,474)	(84,260)
	158,058	66,504

Financial charges and inflationary/exchange effects on financing of construction in progress during the three-month period ended March 31, 2003, in the amounts of R$18,301 and R$32,797, respectively, were transferred to Property, plant and equipment and Investments (R$5.525 of financial charges and R$359 of inflationary/exchange effects during the three-month period ended March 31, 2002).

The interest and monetary restatement on Receivable from Minas Gerais State Government, shown in the table above, are related to the Third Amendment signed with the Minas Gerais State Government, taking into account that a full provision for losses has been recorded on the Second Amendment. More information see Note 9.

27) PRINCIPAL TRANSACTIONS WITH RELATED PARTIES

The main balances and transactions with related parties are as follows:

	March 31, 2003	
	Minas Gerais State Government	FORLUZ
ASSETS		
Current assets		
Accounts receivable	10,408	-
Recoverable taxes		
State VAT - ICMS	23,851	-
Other		
Advances for welfare benefits	-	17,641
Noncurrent assets		
Receivable from Minas Gerais State Government	819,899	-
Recoverable taxes		
State VAT- ICMS	79,368	-
LIABILITIES		

Current liabilities		
Taxes payable-		
State VAT - ICMS	127,604	-
Dividends and interest on capital	50,418	-
Employee post-retirement benefits	-	176,981
Other		
Transfer of contributions	-	14,751
Long-term liabilities		
Debentures	27,106	-
Employee post-retirement benefits	-	1,603,588

INCOME STATEMENT	Three months ended March 31, 2003	
Electricity sales to final customers	6,589	-
Deductions from operating revenues - State VAT (ICMS)	(311,609)	-
Employee post-retirement benefits	-	(6,529)
Personnel expenses	-	(8,421)
Financial income-		
Monetary restatement and interest on receivable from Minas Gerais State Government	64,939	-
Non-operating expenses-		
FORLUZ - management expenses	-	(1,380)

The Accounts receivable from the Minas Gerais State Government in the amount of R$10,408 are overdue. Management does not expect losses on the realization of this asset.

28) FINANCIAL INSTRUMENTS

(a) Financial instruments

The financial instruments used by CEMIG, all recorded on its financial statements, are: Cash and cash equivalents, Accounts receivable, Receivable from Minas Gerais State Government, Marketable securities and Loans and financing.

These instruments are managed through monitoring policies and operational strategies focused on liquidity, profitability and safety. The Company operates with banks which meet financial strength and trustworthiness guidelines, according to pre-defined management criteria. The Company's control policy includes continually comparing rates with market levels. The investments of CEMIG and its subsidiaries in other securities, as of March 31, 2003, are as follows:

- o The swap transactions of CEMIG and its subsidiaries are purchased from financial institutions, in the amount of R$2,165 and R$17,845, respectively, through the transfer of public or private securities issued by third parties. These securities have repurchase clauses. The contracts define the repurchase final date and interest rate, which is based on the CDI. The Company and its subsidiaries have the right to call for early redemption of these securities without penalty or loss.

- o Hedge transactions are contracted by CEMIG to reduce the exchange rate risk from the valuation of the US dollar compared to the Brazilian real, in the amount of US$14,387 thousand, equivalent to R$48,241. The gain or loss on these operations arising from the differences between the actual exchange variation and the exchange variation agreed with financial institutions are recognized on the accrual basis.

  As of May 14, 2003, CEMIG had hedge transactions, in the amount of US$57,272 thousand, for short-term foreign debt, which replaced contracts' indexes from U.S. Dollar to CDI variation.

(b) The Company has Brazilian National Treasury Notes acquired from the State Government of Minas Gerais, with final maturity on April 15, 2024, subject to restatement based on the U.S. dollar exchange variation and interest on the restated face value of 6.00% per year (from April 15, 2000 to maturity).

	March 31, 2003
Face value	202,723
Market value	72.506

These securities are recorded at market value, determined based on a quotation from ANDIMA (National Association of Open Market Institutions). This asset is recorded under Marketable securities in noncurrent assets.

29) CORPORATE REORGANIZATION

Currently, CEMIG's electricity generation, transmission and distribution operations are vertically integrated into and directly operated by CEMIG. However, pursuant to CEMIG's principal concession agreements and in accordance with certain changes in the regulatory framework of the Brazilian electricity sector, CEMIG has to restructure its business, resulting in the "unbundling" of its generation, transmission and distribution operations into separate subsidiaries, each wholly owned by CEMIG. According to the concession agreements, CEMIG was to have completed the reorganization process by December 31, 2000.

ANEEL later granted the Company an extension to September 21, 2002 to complete the unbundling process.

The Minas Gerais State Government, the major shareholder, considering that the "unbundling" must be approved in advance by the State Legislature, submitted to the Minas Gerais State Legislature, on March 2, 2001, a bill proposing the restructuring of the Company into three companies, but as this legislation has not yet been adopted, the reorganization process has not yet been completed. Additionally, The Company has submitted an extension request to ANEEL, which has not yet been answered.

On November 11, 2002, ANEEL fined the Company the amount of R$5,507, because CEMIG had not concluded the "unbundling". No accrual has been recorded for this claim, as the Company believes it has a meritorious defense against the fine and any other possible penalties that may be imposed regarding this matter.

30) SUBSEQUENT EVENTS

Periodic Rate Review

The periodic rate review process refers to the revision, every 5 years, of the authorized electricity rates that CEMIG may charge for the distribution of electric energy. in determining the authorized rates, ANEEL considers the Company's structural costs and market changes and return on its investments.

Due to the CEMIG periodic rate review occurred in the present year, the electricity rates were increase by an average of 31.53% and have been in force since April 8, 2003.

31) STATEMENTS OF CASH FLOWS

The individual (Company) and consolidated statements of cash flows for the three-month periods ended March 31, 2003 and 2002 are presented for additional analysis and are not required as part of the basic interim financial statements.

	Consolidated	
	Three month periods ended March 31,	
	2003	2002
CASH FLOWS FROM OPERATIONS:		
Net income for the period	151,694	219,947
Items not affecting cash -		
Depreciation and amortization	140,464	132,423
Special rate adjustment	-	(315,164)
Purchased energy from MAE - suppliers	-	(32,272)
Energy purchased on spot market	-	42,986
Disposals of property, plant and equipment, net	7,561	6,464
Equity in subsidiaries	-	-
Interest and monetary variations, net	(128,368)	(78,657)
Deferred income and social contribution taxes	1,044	35,720
Provisions for operating losses	16,948	12,662
Employee post-retirement benefits	6,529	54,250

Other	(294)	-
	195,578	78,359
(Increase) Decrease in assets -		
Accounts receivable	7,344	(69,043)
Consumers - Special rate adjustment	55,787	42,769
Recoverable taxes	(54,823)	57,273
Other current assets	10,020	(6,017)
Prepaid expenses - CVA	(84,613)	(29,709)
Other noncurrent assets	(155)	(11,031)
	(66,440)	(15,758)
Increase (Decrease) in liabilities -		
Suppliers	(198,447)	53,405
Taxes payable	240,631	111,105
Payroll and related charges	(4,972)	(13,572)
Regulatory charges	57,234	(1,426)
Loans and financing	7,532	27,353
Employee post-retirement benefits	(63,440)	(41,046)
Electricity Rationing Plan - Bonus paid to consumers and adoption costs incurred in excess of surcharge applied to consumers	-	(78,780)
Other	13,642	(5,740)
	52,180	51,299
CASH PROVIDED BY OPERATING ACTIVITIES	181,318	113,900

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	Consolidated	
	Three month periods ended March 31,	
	2003	2002
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from long-term financing	393,227	18,445
Payments on loans and financing	(170,573)	(100,489)
Special liabilities	16,484	28,213
Advanced billings of electric power	-	(15,716)
Dividends and interest on capital	(6,719)	(421)
	232,419	(69,968)
TOTAL CASH PROVIDED	413,737	43,932

CASH USED IN INVESTING ACTIVITIES			
Additions to investments	(77,816)	(48,803)	
Increase in property, plant and equipment	(180,556)	(83,440)	
Increase in deferred charges	-	(1,977)	
	(258,372)	(134,220)	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	155,365	(90,288)	
CHANGES IN CASH AND CASH EQUIVALENTS			
At beginning of the period	122,975	696,088	
At end of the period	278,340	605,800	
	155,365	(90,288)	

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Item 2

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS: FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2003 COMPARED TO THE THREE-MONTH PERIOD ENDED MARCH 31, 2002

(Amounts expressed in thousands of Brazilian reais, unless otherwise indicated)

Net Income

The Company and its subsidiaries (the "CEMIG Group") had net income of R$151,694 in the three-month period ended March 31, 2003 compared to a net income of R$219,947 in the three-month period ended March 31, 2002.

In the first three months of 2003, consolidated income was positively impacted by an increase in electricity sales and financial income arising from the appreciation of the Brazilian real against the U.S. dollar. In the prior period, the result was positively impacted due, primarily, to special rate adjustment revenue in the amount of R$315,164.

Electricity gross sales

Electricity gross sales revenues were R$1,457,840 in the three-month period ended in March 31, 2003 compared to R$1,179,895 in the three-month period ended in March 31, 2002, an increase of 23.56%. This result was due primarily to:

- an average rate increase of 10.51% starting in April 8, 2002;

- an increase in Emergency capacity charge collected in the three-month period ended in March 31, 2003;
- a 5.55% increase in electricity volume to sold final customers.

Electricity sales to final customers

Electricity sales to final customers were R$1,453,590 in the three-month period ended March 31, 2003 compared to R$1,140,740 in the three-month period ended March 31, 2002, representing an increase of 27.43%. This increase resulted primarily from the rate increase of 10.51% in April 2002 and a 6.06% rise in volume of electricity sales. The Electricity Rationing Plan in force until February 2002 explains the significant change between both periods. Sales to industrial, residential and commercial customers, increased 1.21%, 13.21% and 9.69% respectively.

The Emergency capacity charge, collected in power bills, additionally contributed to the increase in electricity gross sales revenues: R$70,229 in the three-month period ended March 31, 2003 compared to R$4,447 in the three-month period ended March 31, 2002. The significant change between both periods resulted from the retroactive amounts collected, in March 2003, of part of the Emergency capacity charge related to the period from July 2, 2002 to October 8, 2002, in the amount of R$29,985, due to a class action injunction which did not allow the amounts to be collected in the prior year.

Volume of electricity sold to final consumers - GWh

[GRAPH OMITTED]

Electricity supply to other concessionaires

Electricity supply revenues from sales of electricity to other concessionaires were R$4,250 in the three-month period ended in March 31, 2003 compared to R$39,155 in the three-month period ended in March 31, 2002, representing a decrease of 89.15%. This decrease resulted primarily from revenues from energy traded in the spot market ("MAE"), in the prior period, in the amount of R$32,273, corresponding to CEMIG's reimbursement for the difference between the amounts payable to MAE and the price of R$49.26/MWh.

Special rate adjustment revenue

In accordance with the General Agreement of the Electricity Sector, CEMIG recorded in the three-month period ended March 31, 2002 additional revenue for the special rate adjustment for billing losses and a portion of expenses for energy purchased in the MAE, arising from the Electricity Rationing Plan, in the amount of R$315,164. The amounts recorded as Special rate adjustment revenue are being collected by CEMIG through an additional rate increase in force for a maximum period of 82 months, since January 2002.

Operating expenses

Operating expenses were R$964,969 in the three-month period ended in March 31, 2003 compared to R$962,972 in the three-month period ended in March 31, 2002, an increase of 0.21%, due primarily to an increase in Personnel expenses and Fuel consumption quota, offset by a decrease in Electricity purchased for resale and Employee post-retirement benefits. The main variations in expenses are described below:

Personnel

Personnel expenses were R$157,384 in the three-month period ended in March 31, 2003 compared to R$133,275 in the three-month period ended in March 31, 2002, an increase of 18.09%, due primarily to an increase in salaries of 11.45% in November 2002 and an increase of 2.22% in the average number of CEMIG's employees (11,417 employees in the three-month period ended in March 31, 2003 compared to 11,169 employees in the three-month period ended in March 31, 2002).

Electricity purchased for resale

Electricity purchased for resale was R$291,933 in the three-month period ended in March 31, 2003 compared to R$359,974 in the same prior period, representing a reduction of 18.90% as a result of a decrease in expenses for energy purchased in the MAE, R$5,577 in the three-month period ended in March 31, 2003 compared to R$61,018 in the three-month period ended in March 31, 2002. The higher amount of MAE expenses in the three-month period ended in March 31, 2002 was due to the higher free energy rates in effect during the Electricity Rationing Plan.

Outside services

Outside services were R$64,739 in the three-month period ended in March 31, 2003 compared to R$51,503 in the three-month period ended in March 31, 2002, representing an increase of 25.70%, due to the adjustment of prices for service contracts, mainly related to delivery of bills to consumers and maintenance of distribution and transmission lines and electric equipment.

Employee post-retirement benefits

Employee post-retirement benefit expenses were R$6,529 in the three-month period ended in March 31, 2003 compared to R$54,250 in the three-month period ended in March 31, 2002, a reduction of 87.96%. The decrease was due to a lower increase in projected benefit obligations compared to a higher profitability estimated for plan assets.

Operating provisions

Operating provisions were R$40,497 in the three-month period ended in March

31, 2003 compared to R$14,245 in the three-month period ended in March 31, 2002, an increase of 184.29%. This increase was due to the complementary provision for losses on recovery of special rate adjustment in the three-month period ended in March 31, 2003, in the amount of R$10,074, and a provision for judicial contingencies of R$14,492 in the three-month period ended in March 31, 2003 compared to R$3,178 in the three-month period ended in March 31, 2002.

Fuel consumption quota - CCC

Fuel consumption quota - CCC expense of R$92,718 in the three-month period ended in March 31, 2003 compared to R$69,537 in the three-month period ended in March 31, 2002, representing an increase of 33.34%. Fuel consumption quota refers to operating costs of thermoelectric plants in the Brazilian isolated and interconnected energy system prorated among electric company concessionaires through ANEEL resolution.

Financial income (expenses)

The main factors that impacted financial income (expenses) are as follows:

- Foreign net exchange gains of R$105,828 in the three-month period ended March 31, 2003 compared to R$3,881 in the three-month period ended March 31, 2002, which are primarily related to loans and financing denominated in foreign currencies. In the three-month period ended March 31, 2003, the Brazilian real appreciated 5.10% against the U.S. dollar, compared to a 0.14% devaluation in the same period of 2002.
- Monetary restatement expenses on loans and financing of R$36,461 in the three-month period ended March 31, 2003 compared to R$4,056 in the three-month period ended March 31, 2002 due primarily to an increase in inflation indexes used to restate loans and financing contracts in local currency. The IGP-M, which is the main index of contracts, presented a variation of 6.27% in the three-month period ended in March 31, 2003 compared to a 0.51% variation in the same prior period.

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- Reversion provision for valuation to market value on National Treasury notes of R$25,905 in the three-month period ended in March 31, 2002 compared to a reversion provision of R$5,400 in the three-month period ended March 31, 2002 due to the lower discount imposed by financial markets on transactions involving Federal Government long-term bonds.

Non-operating expenses, net

Non-operating expenses were R$9,309 in the three-month period ended in March 31, 2003 compared to R$6,977 in the three-month period ended in March 31, 2002, an increase of 33.42%. This increase was due primarily to losses on projects and net losses on deactivation and disposal of Property, plant and equipment.

Income and social contribution taxes

The CEMIG Group recorded income taxes expense of R$120,415 in the three-month period ended in March 31, 2003, representing 44.30% on pre-tax income. In the prior period, the income taxes expense were R$115,280, representing 34.38% on pre-tax income.

In the prior year, the CEMIG Group recorded a loss provision relating to all amounts due under the Second Amendment of the company's receivable from the Minas Gerais State Government. Therefore, the interest and monetary restatement on the mentioned amendment were not recorded in the statement of income since then. However, in compliance with the Brazilian tax legislation, CEMIG has recorded the federal taxes payable on the mentioned financial income. This fiscal procedure explains the increase on percentage of income taxes over pre-tax income.

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COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF COMPANY OPERATIONS: FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2003 COMPARED TO THE THREE-MONTH PERIOD ENDED MARCH 31, 2002

Management's discussion and analysis of results of the consolidated operations also substantially covers the results of Company operations for the periods presented.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

OTHER RELEVANT INFORMATION

Information not reviewed by independent accountants

CORPORATE GOVERNANCE

CEMIG has sought to implement the best corporate governance practices in order to optimize its performance and to offer better assurance, through improvements in information disclosed to the markets and to all interested parties, including investors, employees and creditors, facilitating its access to capital. These practices mainly involve transparency, equitable treatment to shareholders and being accountable for the Company's actions.

Highlighted below are practices that CEMIG has already adopted:

- The notices of general shareholders' meetings set forth in detail the meeting's agenda, including relevant items suggested by shareholders, and such meetings are held at convenient dates and times.

- The share register, which sets forth the number of shares owned by each shareholder, can be obtained at any time for a service charge, in accordance with Article 100 of Law 6,404 of December 15, 1976.

- Documentation necessary to evidence the ownership of shares of CEMIG is accurately maintained, in order to permit the participation of its shareholders or their representatives at shareholders' meetings.

- The Board of Directors, which has a unified term, has 11 technically qualified members, 2 of whom have finance and accounting experience. The Board of Directors seeks to advise CEMIG's executive officers to maximize its return on assets in order to aggregate value for the enterprise.

- The shareholders' agreement is accessible to all shareholders at CEMIG's headquarters.

- Preferred shares have priority in the redemption of capital and participate equally with the common shares in net income. At the Shareholders' meeting of April 30, 2002, the Company's Bylaws were changed and the preferred shares became entitled to a minimum annual dividend equal to the greatest of 10.00% of the preferred share capital or 3.00% of the book value of the preferred shares equity. The minimum dividends distributed cannot be less than 25.00% of the adjusted net income for the year, in accordance with Brazilian Corporate Law.

- On a quarterly basis, the Company discloses reports prepared together with the financial statements to its Fiscal Council, which analyzes and discusses the financial statements, including the related internal and external risk factors.

- In order to avoid conflicts of interest, the Board of Directors does not authorize its public accountants to provide consulting or other services to CEMIG.

- CEMIG provides to the members of its Fiscal Council all information that may contribute to analyze the Company's main issues.

- The Company adopts, in addition to the financial statements prepared in accordance with accounting practices emanating from Brazilian corporate law and with accounting standards established by the CVM - Comissao de Valores Mobiliarios (Brazilian Securities Commission), generally accepted accounting principles in the United States, or US

GAAP, in order to prepare financial statements to be filed with the United States Securities and Exchange Commission - SEC.

- The memorandum of suggestions on accounting and internal control procedures provided to CEMIG by its independent accountants is submitted to the Board of Directors and to the Fiscal Council in order to evaluate the proposals and adoption of applicable measures.

- Transactions with related parties are disclosed in CEMIG's financial statements.

- CEMIG's investor relations policy seeks to provide access to a wide range of investors through:
  - CEMIG's Internet home page, which is accessible to all investors and shareholders and contains material information related to CEMIG and its operations.
  - Broad dissemination of the disclosure of CEMIG's results.
  - Live conferences accessible to everyone through CEMIG's Internet home page.

- CEMIG has adopted Level 1 of the corporate governance standards established by the Bolsa de Valores de Sao Paulo - BOVESPA (Sao Paulo Stock Exchange).

- CEMIG has listed depositary receipts on foreign stock exchanges, in New York and Madrid.

- CEMIG regularly pays dividends to its shareholders in accordance with the provisions of its by-laws.

In addition, CEMIG is considering the adoption of additional corporate governance practices that will be disclosed on a timely basis.

FINANCIAL INDICATORS

Information not reviewed by independent accountants

SHARE VALUE
(Expressed in Brazilian reais per thousand shares)

Item	Unit	March 31,2003	December 31,2002	March 31, 2002
Book value		35.99	35.03	44.81
Market value	Common	19.27	23.50	32.11
	Preferred	25.26	26.45	34.60

LIQUIDITY (excluding special liabilities)

Item	Unit	March 31, 2003	December 31,2002	March 31, 2002
Current ratio	Ratio	0.60	0.61	0.80
Overall liquidity	Ratio	0.67	0.65	0.87

DEBT LEVEL (excluding special liabilities)

Item	Unit	March 31, 2003	December 31,2002	March 31,
Total assets	%	59.18	58.67	47.54
Shareholders' equity	%	144.97	142.65	90.83
Permanent assets	%	98.03	94.99	81.20

PROFITABILITY

Item	Unit	March 31, 2003	December 31, 2002	M
Shareholders' equity	%	2.67	(14.51)	
Return on property, plant and equipment	%	1.92	(12.67)	
Operating margin	%	11.31	(10.27)	
Net margin	%	10.96	(16.73)	

OPERATING INDICES

Information not reviewed by independent accountants

INSTALLED CAPACITY

	March 31, 2003	March 31, 2002
Installed capacity (in MW)	5,704	5,675

EFFICIENCY

		For the three-month period ended	
Item	Unit	March 31, 2003	March 31, 2002
MWh (*) per employee	MWh	761	718
Consumers per employee	No.	495	482

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SERVICE QUALITY

		For the three-month period ended	
Item	Unit	March 31, 2003	March 31,
Average time needed to restore electricity	Hours	5.48	4.9
Electricity outage time - average per consumer	Hours	3.38	4.0
Outages experienced - average per consumer	No.	1.75	2.3

AVERAGE RATE

(Expressed in Brazilian reais per MWh)

	Including VAT	
Description	March 31, 2003	March 31, 2002
Industrial	106.98	89.86
Residential	303.58	254.13
Commercial	257.56	217.41
Rural	174.66	150.44
Others	167.87	142.18
Final Consumers	166.97	138.63

SHAREHOLDERS WHICH OWN MORE THAN 5% OF VOTING CAPITAL
AS OF MARCH 31, 2003

	SHAREHOLDERS		
Number of shares	Minas Gerais State Government (*)	%	Southern Electric Brasil Part. Ltda.
Common	36,116,291,643	50.96	23,362,956,173
Preferred	102	0.00	-
TOTAL	36,116,291,745	22.27	23,362,956,173

(*) Refers merely to Minas Gerais State Government's Shares, not considering shares of controlled companies by State Government.

OWNERS OF SOUTHERN ELECTRIC BRASIL PARTICIPACOES LTDA.
AS OF MARCH 31, 2003

Item	Name	Number of Sharequotas	%
1	Cayman Energy Traders	321,480,876	91.75
2	524 Participacoes S/A	28,913,419	8.25

1 - Foreign Company
2 - Registered Company. Fundo Opportunity Alfa FIA has 99.99% of its capital.

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CONTROLLING SHAREHOLDER, BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND
FISCAL COUNCIL MEMBERS INTEREST

NAME	NUMBER OF SHARES		
	March 31, 2003		
	Common	Preferred	
CONTROLLING SHAREHOLDER	36,119,657,399	3,030,572,489	35,4
BOARD OF DIRECTORS			
Wilson Nelio Brumer	-	1	
Djalma Bastos de Morais	-	13,400	
Francelino Pereira dos Santos	-	1	

Antonio Adriano Silva	-	1
Flavio Jose Barbosa de Alencastro	-	1
Oderval Esteves Duarte Filho	5,099	-
Marcelo Pedreira de Oliveira	5,099	-
Joao Bosco Braga Garcia	5,099	-
Sergio Lustosa Botelho Martins	5,099	-
Maria Estela Kubistscheck Lopes	-	1
Alexandre Heringer Lisboa	-	1
Fernando Lage de Melo	-	1
Francisco Sales Dias Horta	-	1
Marco Antonio Rodrigues da Cunha	-	1
Luiz Antonio Athayde Vasconcelos	-	290
Guilherme Horta Goncalves Junior	-	1
Geraldo Dannemann	1	1
Mario Lucio Lobato	5,000	-
Carlos Suplicy de Figueiredo Forbes	4,079	-
Marc Leal Claassen	5,099	-
Fernando Henrique Schuffner Neto	-	101,218
Franklin Moreira Goncalves	-	1
EXECUTIVE OFFICERS		
Djalma Bastos de Morais	-	13,400
Celso Ferreira	-	-
Flavio Decat de Moura	-	-
Heleni de Mello Fonseca	-	-
Elmar de Oliveira Santana	-	-
Jose Maria de Macedo	-	112,962
FISCAL COUNCIL		
Luiz Guarita Neto	-	-
Aristoteles Luiz Menezes Vasconcellos Drummond	-	-
Luiz Otavio Nunes West	-	-
Bruno Constantino Alexandre dos Santos	-	-
Thales de Souza Ramos Filho	-	-
Ronald Gastao Andrade Reis	-	-
Marcos Eolo de Lamounier Bicalho	-	-
Livia Xavier de Mello	-	-
Aliomar Silva Lima	-	-

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NUMBER OF SHARES AVAILABLE ON MARKET AS OF MARCH 31, 2003

	Common	%	Preferred	%	Total
March 31, 2003	34,754,510,524	49.04	88,179,950,210	96.60	122,934,460,734
March 31, 2002	34,078,640,578	49.04	86,464,819,612	96.60	120,543,460,190

Item 3

Companhia Energetica de Minas Gerais - CEMIG

Interim Financial Statements
Together with Independent Accountants' Report on Special Review

June 30, 2003

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT ACCOUNTANTS' SPECIAL REVIEW REPORT

To the Shareholders and the Board of
Directors of Companhia Energetica de Minas Gerais - CEMIG
Belo Horizonte - MG

1. We have performed a special review of the quarterly information, presented in Brazilian reais, of Companhia Energetica de Minas Gerais - CEMIG and subsidiaries (Company and consolidated) as of June 30, 2003 and for the quarter and semester then ended, prepared under the responsibility of the Company's management, in accordance with accounting practices adopted in Brazil, consisting of the balance sheets, statements of income and management's discussion and analysis.

2. We conducted our review in accordance with specific standards established by the Brazilian Institute of Independent Accountants (IBRACON), together with the Federal Accounting Council, which consisted principally of: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company and its subsidiaries as to the principal criteria adopted in the preparation of the quarterly information, and (b) review of the information and subsequent events that had or might have had significant effects on the Company's and its subsidiaries' financial positions and results of operations.

3. Based on our special review, we are not aware of any material modifications that should be made to the quarterly information referred to in paragraph 1 above for it to be in conformity with accounting practices adopted in Brazil and accounting standards issued by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of mandatory quarterly financial information.

4. As mentioned in Note 8 to the quarterly information, as of June 30, 2003, the Company and its subsidiaries have recorded, in current and noncurrent assets, accounts receivable in the amount of R$140,444,000 and R$436,073,000 respectively and, in current liabilities, accounts payable in the amount of R$532,072,000, related to energy sale and purchase transactions within the Wholesale Energy Market - MAE. Such amounts were recorded based on calculations prepared and information made available by the MAE regarding transactions through March 2003 and based on Company estimates for transactions in April, May and June 2003. Those amounts are subject to change, depending on the outcome of claims currently in progress in court, filed by electric energy companies, concerning the interpretation of the market rules in force.

5. The balance sheets (Company and consolidated) as of March 31, 2003, presented for comparative purposes, were reviewed by us and our special review report, dated May 15, 2003, was issued without qualification and including comments regarding: (i) the matter discussed in paragraph 4 above, and (ii) the conversion of Executive Act No.14, issued on December 21, 2001, into Law No. 14,438 on April 26, 2002, that regulates, among other matters, the recovery of the economic and financial equilibrium of Brazilian electric energy distribution, transmission and generating companies as guaranteed under their respective concession agreements. Detailed information and the impacts of such regulation on the financial position and result of operations of the Company and its subsidiaries are disclosed in Notes 5 and 8 to the quarterly information. The statements of income (Company and consolidated) for the quarter and semester ended June 30, 2002, presented for comparative purposes, were reviewed by us, and our special review report, dated August 14, 2002 (except for item (ii), for which the date was January 21, 2003), was issued without qualification and including comments regarding: (i) the recording of assets and liabilities related to special rate adjustments, recovery of Parcel "A" cost variations and transactions within the Wholesale Energy Market - MAE, which were pending review and approval by ANEEL (National Electric Energy Agency), and (ii) renegotiation of the receivable from the Minas Gerais

State Government related to the CRC (Recoverable Rate Deficit) account, including the obtention of guarantees represented by the State Government's right to dividends as a shareholder for part of the asset and the recording by CEMIG of a loss provision in the amount of R$1,045,325,000 for the remaining asset. Due to the recording of the loss provision, the quarterly information as of June 30, 2002 was revised by the Company on January 21, 2003.

6. The translation of this quarterly information into English has been made for the convenience of readers outside Brazil.

Belo Horizonte, July 31, 2003

/S/ Deloitte Touche Tohmatsu /S/ Jose Carlos Amadi

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Jose Carlos Amadi
Engagement Partner

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED BALANCE SHEETS
JUNE 30, 2003 AND MARCH 31, 2003
(Expressed in thousands of Brazilian reais - R$)

A S S E T S

	Consolidated		
	June 30, 2003	March 31, 2003	June 200
CURRENT ASSETS:			
Cash and cash equivalents	274,361	278,340	19
Accounts receivable	996,981	861,224	97
Consumers - Special rate adjustment	291,829	269,977	29
Concessionaires - Energy transportation	21,511	20,386	2
Distributors - Energy supply	140,444	93,732	14
Recoverable taxes	64,471	76,145	5
Materials and supplies	20,700	19,787	1
Prepaid expenses - CVA	47,243	1,555	4
Electricity Rationing Plan - Bonus paid to consumers and adoption costs incurred	22,107	27,312	2
Receivables from Federal Government - Revenue losses from low-income consumers	86,669	63,956	8
Other	113,523	109,271	11
	2,079,839	1,821,685	1,97
NONCURRENT ASSETS:			
Receivable from Minas Gerais State Government	836,971	819,899	83
Consumers - Special rate adjustment	1,115,819	1,145,441	1,11
Prepaid expenses - CVA	449,987	521,332	44
Tax credits	453,491	539,795	43
Marketable securities	74,691	72,506	7
Electricity Rationing Plan - Bonus paid to consumers and adoption costs incurred	23,449	24,643	2
Distributors - Energy supply	436,073	463,357	43
Recoverable taxes	118,346	109,926	8
Escrow deposits	67,984	66,878	6
Accounts receivable	49,166	-	4
	------	-	-
Other	78,439	77,508	9
	3,704,416	3,841,285	3,67
PERMANENT ASSETS:			
Investments	736,984	686,320	1,34
Property, plant and equipment	7,945,665	7,915,158	7,32

Deferred charges	22,957	23,991	
	8,705,606	8,625,469	8,66
Total assets	14,489,861	14,288,439	14,31

The accompanying condensed notes are an integral part of these financial statements.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED BALANCE SHEETS

JUNE 30, 2003 AND MARCH 31, 2003
(Expressed in thousands of Brazilian reais - R$)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Consolidated		
	June 30, 2003	March 31, 2003	June 30, 2003
SHORT-TERM LIABILITIES:			
Suppliers	1,202,346	1,084,685	1,170,5
Taxes payable	346,890	277,023	334,0
Loans and financing	679,571	949,654	658,8
Payroll and related charges	118,347	103,543	117,1
Dividends and interest on capital	202,973	204,274	202,5
Employee post-retirement benefits	244,257	176,981	244,2
Regulatory charges	182,124	151,090	181,8
Other	143,452	104,989	141,8
	3,119,960	3,052,239	3,051,0
LONG-TERM LIABILITIES:			
Loans and financing	1,625,723	1,752,981	1,547,0
Debentures	867,631	913,047	867,6
Employee post-retirement benefits	1,533,142	1,603,588	1,533,1
Suppliers	333,974	354,758	333,9
Reserve for contingencies	357,415	333,971	357,4
Taxes payable	317,185	331,005	317,1
Other	90,071	85,418	88,3

	5,125,141	5,374,768	5,044,7
MINORITY INTEREST	28,301	28,742	
SHAREHOLDERS' EQUITY:			
Capital	1,621,538	1,621,538	1,621,5
Capital reserves	4,032,222	4,032,222	4,032,2
Income reserves	113	113	1
Accumulated earnings	535,463	151,694	535,4
	6,189,336	5,805,567	6,189,3
Funds for future capital increase	27,123	27,123	27,1
	6,216,459	5,832,690	6,216,4
Total liabilities and shareholders equity	14,489,861	14,288,439	14,312,2

The accompanying condensed notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED STATEMENTS OF INCOME
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2003 AND 2002
(Expressed in thousands of Brazilian reais - R$, except for per share data)

	Consolidated	
	Six month periods ended June 30,	
	2003	2002
OPERATING REVENUES:		
Electricity sales	3,343,434	2,592,824
Special rate adjustment	-	261,425
Other operating revenues	281,452	183,004
	3,624,886	3,037,253
DEDUCTIONS FROM OPERATING REVENUES:	(1,081,371)	(755,903)
Net operating revenues	2,543,515	2,281,350

OPERATING EXPENSES:		
Personnel	(316,324)	(265,182)
Materials and supplies	(41,546)	(34,163)
Outside services	(139,112)	(111,736)
Charges for use of water resources	(26,677)	(22,176)
Electricity purchased for resale	(680,338)	(662,237)
Use of basic transmission network	(156,801)	(142,208)
Depreciation and amortization	(280,999)	(270,843)
Employee post-retirement benefits	(23,753)	(108,499)
Operating provisions	(80,213)	(8,419)
Fuel consumption quota - CCC	(157,490)	(160,004)
Gas purchased for resale	(76,746)	(45,059)
Employee profit sharing	(23,166)	(10,654)
Energetic development account	(37,308)	-
Other expenses	(72,949)	(75,259)
	(2,113,422)	(1,916,439)
Income from operations before equity in subsidiaries and financial income (expenses)	430,093	364,911
EQUITY IN SUBSIDIARIES	-	-
	-	-
FINANCIAL INCOME (EXPENSES)		
Financial income	666,532	380,302
Financial expenses	(235,417)	(687,132)
	431,115	(306,830)
Income from operations	861,208	58,081
NON-OPERATING EXPENSES, NET	(12,693)	(1,059,172)
Income (loss) before taxes on income	848,515	(1,001,091)
Income and social contribution taxes	(313,765)	(22,360)
Reversal of interest on capital	-	120,000
	-	
Income (loss) before minority interest	534,750	(903,451)
MINORITY INTEREST	713	8,655
NET INCOME (LOSS) FOR THE PERIOD	535,463	(894,796)
NUMBER OF THOUSANDS OF SHARES	162,084,691	162,084,691
EARNINGS (LOSS) PER THOUSAND SHARES - R$	0.00330	(0.00552)

The accompanying condensed notes are an integral part of these financial statements.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED STATEMENTS OF INCOME
FOR THE QUARTERS ENDED JUNE 30, 2003 AND 2002
(Expressed in thousands of Brazilian reais - R$, except for per share data)

	Consolidated	
	Quarter ended June 30,	
	2003	2002
OPERATING REVENUES:		
Electricity sales	1,885,594	1,412,929
Special rate adjustment	-	(53,739)
Other operating revenues	155,530	102,036
	2,041,124	1,461,226
DEDUCTIONS FROM OPERATING REVENUES:	(585,667)	(418,680)
Net operating revenues	1,455,457	1,042,546
OPERATING EXPENSES:		
Personnel	(158,940)	(131,907)
Materials and supplies	(21,307)	(18,192)
Outside services	(74,373)	(60,233)
Charges for use of water resources	(15,233)	(13,503)
Electricity purchased for resale	(388,405)	(302,263)
Use of basic transmission network	(79,595)	(77,317)
Depreciation and amortization	(140,535)	(138,420)
Employee post-retirement benefits	(17,224)	(54,249)
Operating provisions	(39,716)	5,826
Fuel consumption quota - CCC	(64,772)	(90,467)
Gas purchased for resale	(50,939)	(27,144)
Employee profit sharing	(19,087)	(6,529)
Energetic development account	(37,308)	-
Other expenses	(41,019)	(39,069)
	(1,148,453)	(953,467)
Income from operations before equity in subsidiaries and financial income (expenses)	307,004	89,079
EQUITY IN SUBSIDIARIES	-	-
	-	-
FINANCIAL INCOME (EXPENSES)		
Financial income	372,000	229,538
Financial expenses	(98,943)	(602,872)
	273,057	(373,334)
Income (loss) from operations	580,061	(284,255)
NON-OPERATING EXPENSES, NET	(3,384)	(1,052,195)

Income (loss) before taxes on income	576,677	(1,336,450)
Income and social contribution taxes	(193,350)	92,920
Reversion of interest on capital	-	120,000
Income (loss) before minority interest	383,327	(1,123,530)
MINORITY INTEREST	442	8,787
NET INCOME (LOSS) FOR THE PERIOD	383,769	(1,114,743)
NUMBER OF THOUSAND OF SHARES	162,084,691	162,084,691
EARNINGS (LOSS) PER THOUSAND SHARE - R$	0.00237	(0.00688)

The accompanying condensed notes are an integral part of these financial statements.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS OF JUNE 30, 2003
(Amounts expressed in thousands of Brazilian reais - R$, unless otherwise indicated)

1) THE COMPANY AND ITS OPERATIONS

Companhia Energetica de Minas Gerais - CEMIG ("CEMIG" or the "Company"), a company organized under the laws of the Federative Republic of Brazil, is an electric power concessionaire and public utility, controlled by the Government of the State of Minas Gerais, Brazil (the "State Government"). Its principal activities are the construction and operation of systems used in the generation, transmission, distribution and sale of electric energy, as well as in certain related business activities.

The Company has equity interests in the following operating companies:

- Sa Carvalho S.A. ("Sa Carvalho") (100.00% interest) - Its principal activities are the production and sale of electric energy from the Sa Carvalho hydroelectric power plant, as an electric energy public service concessionaire;

- Usina Termica Ipatinga S.A. ("Ipatinga") (100.00% interest) - Its principal activities are the production and sale of electric energy, as an independent power producer, at the Ipatinga thermoelectric power plant located at the facilities of Usinas Siderurgicas de Minas Gerais - USIMINAS;

- Companhia de Gas de Minas Gerais - GASMIG ("GASMIG") (95.17% interest) - Its principal activities are the operation, production, acquisition, storage, transportation and distribution of natural gas and related products. GASMIG was granted a concession by the State Government to distribute gas in the State of Minas Gerais;

- Empresa de Infovias S.A. ("Infovias") (99.92% interest) - Its principal activities are rendering telecommunications services and developing activities related thereto, through multiservice networks using optical fiber cable, coaxial cable and other electronic equipment. Infovias owns 64.91% of the capital stock of Way TV Belo Horizonte S.A., a cable TV and internet services provider in the State of Minas Gerais, and

- Efficientia S.A. - ("Efficientia") (100.00% interest) - Its principal activities are rendering efficiency, optimization and energy solutions services to energy supply facilities. Efficientia S.A. initiated operations in the first quarter of 2003.

Additionally, the Company has a 100% interest in each of the following pre-operating stage companies:

- Horizontes Energia S.A. - Its principal activities are expected to be the production and sale of electric energy, as an independent power producer, at the Machado Mineiro and Salto do Paraopeba hydroelectric power plants, located in the State of Minas Gerais, and the Salto Voltao and Salto do Passo Velho hydroelectric power plants, located in the State of Santa Catarina.

- Cemig PCH S.A., Cemig Capim Branco Energia S.A. and UTE Barreiro S.A. - Their principal activities are expected to be the production and sale of electric energy, as independent power producers.

- Cemig Trading S.A. - Its principal activities will be related energy trading.

Additionally, CEMIG has minority interest of 48.50% in each of Central Termeletrica de Cogeracao S.A. and Central Hidreletrica Pai Joaquim S.A., each in pre-operating stage.

2) PRESENTATION OF THE FINANCIAL STATEMENTS

The accounting practices, methods and criteria used by the Company in the preparation of these quarterly financial statements are consistent with those applied in the financial statements as of and for the year ended December 31, 2002, including consolidation criteria.

The financial statements of companies mentioned in Note 1 were consolidated, except Central Termeletrica de Cogeracao S.A. and Central Hidreletrica Pai Joaquim S.A..

The financial statements of controlled companies used to calculate the equity and consolidation are dated June 30, 2003, except those with respect to GASMIG and Infovias, which are dated May 31, 2003.

3) CASH AND CASH EQUIVALENTS

The composition of the balance is as follows:

	Consolidated		Company	
	June 30, 2003	March 31,2003	June 30, 2003	March 31,
Banks	136,888	135,123	135,000	132,34
Short term investments	137,473	143,217	61,809	51,63
	274,361	278,340	196,809	183,98

The majority of the short-term investments of CEMIG and its subsidiaries are invested in Bank Deposit Certificates indexed basically to the CDI (Interbank Certificate of Deposit rate) variation.

4) ACCOUNTS RECEIVABLE

Consolidated

Consumer Class	Current	Past due accounts - up to 90 days	Past due accounts - over 90 days	To Jun 20
Residential	202,443	160,778	19,840	383
Industrial	166,943	64,495	100,690	332
Commercial	96,252	51,571	15,652	163
Rural	28,909	12,806	4,756	46
Public authorities	15,042	20,978	13,025	49
Public lighting	16,541	30,408	30,667	77
Public services	9,006	8,335	90	17
Subtotal - Consumers	535,136	349,371	184,720	1,069
Supply to other concessionaries	10,009	-	-	10
Allowance for doubtful accounts	-	-	(82,255)	(82,
	545,145	349,371	102,465	996

Company

Consumer Class	Current	Past due accounts - up to 90 days	Past due accounts - over 90 days	To Jun 20

Residential	202,443	160,778	19,840	38
Industrial	164,856	64,495	93,893	32
Commercial	83,696	51,571	15,463	15
Rural	28,909	12,806	4,756	4
Public authorities	15,042	20,978	13,025	4
Public lighting	16,541	30,408	30,667	7
Public services	9,006	8,335	90	1
Subtotal - Consumers	520,493	349,371	177,734	1,04
Supply to other concessionaries	10,009	-	-	1
Allowance for doubtful accounts	-	-	(79,839)	(7
	530,502	349,371	97,895	97

The Company has accounts receivable from Companhia de Saneamento de Minas Gerais - COPASA ("COPASA"), a State Government controlled company, in the total amount of R$69,296, which are recorded as current and long term assets, in the amounts of R$20,130 and R$49,166 respectively, according to the Company's expected realization. Company management is negotiating the collection of the aforementioned past due amount and does not expect any loss on its realization.

5) CONSUMERS - SPECIAL RATE ADJUSTMENT

In December 2001, the Federal Government, through the Camara de Gestao da Crise de Energia Eletrica (the Federal Government's electric energy crisis committee or the "Energy Crisis Committee"), and the electricity distribution and generation concessionaires entered into an agreement entitled Acordo Geral do Setor Eletrico ("General Agreement of the Electricity Sector"). This agreement was entered into to ensure the economic and financial equilibrium of the concession contracts and to reimburse concessionaires for lost revenues related to the period when the Electricity Rationing Plan was in force, through a special rate adjustment.

Law No. 10,438, of April 26, 2002, and the Energy Crisis Committee's Resolution No. 91, of December 21, 2001, established a special rate adjustment applicable as of g December 27, 2001. The rate increases were set forth in the Energy Crisis Committee's Resolution No. 130, of April 30, 2002, as follows:

|_| an increase of 2.90% for rural and residential consumers (excluding low-income consumers), street lighting and high tension industrial consumers whose costs related to electric energy represent at least 18.00% of average production cost and meet certain criteria, related to charge and demand energy factors which were determined in the Resolution.

|_| an increase of 7.90% for all other consumers.

The special rate adjustment mentioned above is being applied to reimburse concessionaires for the following items:

a. Billing losses in the period from June 1, 2001 to February 28, 2002, representing the difference between the Company's estimated revenue, assuming that the Electricity Rationing Plan had not been implemented, and the actual revenue earned during the rationing period, as established by ANEEL (National Energy Authority). The computation does not include overdue payment losses which the Company does not expect to be material.

b. Variation in Parcel "A" Items (uncontrollable costs as established by the concession contracts) related to the period from January 1, 2001 to October 25, 2001. The amount to be reimbursed is equal to the difference (positive or negative) between the Parcel "A" costs effectively paid and the

estimated Parcel "A" costs used for purposes of computing the most recent annual rate adjustment.

c. Amounts to be paid to generators for energy purchased on the MAE, from June 1, 2001 to February 28, 2002, at a price exceeding R$49.26/MWh. This asset includes the related taxes and charges on revenues; however, such taxes and charges are not required to be transferred to the generators. Accordingly, taxes and charges are excluded before transferring these amounts to generators. These amounts may change, depending on the litigation currently in progress, filed by market agents, including the Company, related to the interpretation of the market rules in force.

Under ANEEL Resolution No. 484 as of August 29, 2002, the special rate adjustment will be in force for a maximum period of 82 months, January 2002 to October 2008. However management has determined that the special rate adjustment would hot be sufficient to recover CEMIG's rationing losses. This determination was based on certain assumptions, the most relevant of which relate to rate adjustments, inflationary rates, SELIC (Brazilian Central Bank overnight interest rate) and CEMIG's growth in the energy market. Accordingly, the Company recorded a provision relating rationing losses.

Considering that the assumptions used in management's determination may change throughout the recovery period, management is periodically reviewing these projections, and consequently, the provision recorded mentioned in the prior paragraph.

Recovery of credits through the special rate adjustment, under ANEEL Resolution No. 89 of February 25, 2003, is being made as follows: (i) credits mentioned in item "a" have been in the process of being recovered since January 2002; (ii) credits mentioned in items "a" and "c" have been in the process of being recovered recovered simultaneously since January 2003, in the proportion of 69.22% and 30.78%, respectively; and (iii) credits mentioned in item "b" will be the last to be recovered.

The amounts which will be realized through the special rate adjustment, described in items "a" and "b" above are being restated based on SELIC from the month of their effective recovery.

39% of the credits described in item "c" above are being monetarily restated based on SELIC as from January 1, 2003 and 45% as from July 2003, date of MAE settlement (after the conclusion of the audit work). The remaining 16% will be restated after the definition of MAE methodology applied to calculate the CEMIG's rights and obligations, according injunction grated by CEMIG, mentioned in Note 8, item "b".

Through Resolutions No. 480 to 482, as of August 29, 2002, ANEEL approved the amounts of billing losses and recovery of variations of the Parcel "A" items.

Despite ANEEL Resolution No. 483, as of August 29, 2002, which approved the amounts to be paid to generators for the energy purchased on the MAE during the rationing period, CEMIG recorded such transactions based on information provided by MAE and which are more updated.

ICMS (State VAT) on the special rate adjustment, net of provision for losses, related to future billings, which is estimated at R$351,912, only becomes an obligation once the customers are billed. However, because the Company's only responsibility is to transfer this tax from consumers to the State tax authorities, the Company did not record this obligation in advance.

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The amounts to be recovered through the special rate adjustments mentioned in items "a", "b", "c" are as follows:

	Company and Co	
	June 30, 2003	
	Principal	SELIC restatement
Billing losses during the Electricity Rationing Period	876,847	235,638
Amounts collected	(310,464)	-
	566,383	235,638
Recovery of spot market amounts by generators	456,177	19,731
Amounts collected	(32,645)	-
	423,532	19,731
Recovery of uncontrollable cost variations relating to Parcel "A"	245,299	115,658
	1,235,214	371,027
Provision for losses on the realization of the special rate adjustment	(177,627)	(20,966)
	1,057,587	350,061
Current		
Noncurrent		

The proceeds of Special rate adjustments to be paid generators, as described in item "c", are as follows:

Company and Co

	June 30, 2003	
	Principal	SELIC restatement
Amounts to be paid to generators	418,269	18,100
(-) Transference made	(22,750)	-
	395,519	18,100
Short-term liabilities		
Long-term liabilities		

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6) RECOVERABLE TAXES

	Consolidated		
	June 30, 2003	March 31, 2003	Jun 2
Current Assets			
State VAT - ICMS	28,061	32,232	
Income and social contribution tax	26,931	39,874	
Other	9,479	4,039	
	64,471	76,145	
Noncurrent Assets			
State VAT - ICMS	99,503	91,083	
State VAT - ICMS - Under discussion with Minas Gerais State Government	18,843	18,843	
	118,346	109,926	1

The balances of income and social contribution taxes are primarily related to prepaid income and social contribution taxes in amounts greater than due amounts. The balances will be offset in 2003.

The State VAT assets of the Company and its subsidiaries will be recovered through offset against State VAT liabilities. Most of the balance recorded as noncurrent assets is subject to 48-month compensation period, as established by Supplementary Federal Law No. 102/00. The Company is in a legal dispute with the Minas Gerais State Government in order to compensate tax credits in the amount of R$18,843.

7) PREPAID EXPENSES - CVA

The balance of the recoverable variation account of Parcel "A" items - CVA, refers to the difference, beginning October 26, 2001, between the estimated Parcel "A" costs of the Company, used in defining rate adjustments, and payments in respect of parcel "A" items actually made. The variations will be recovered in subsequent annual rate adjustments.

However, as a result of Executive Act No. 116, issued on April 4, 2003, the compensation of the "CVA" costs was postponed for 12 months, from April 8, 2003, the date of the previously scheduled rate increase.

Additionally, the CVA balance, for which compensation was postponed, plus the CVA balance to be calculated for the next 12 months, as from April 8, 2003, will be reimbursed though an increase in electric rates for a period of 24 months, beginning on April 8, 2004.

The mentioned Executive Act included in "CVA" the variations of the Energy Development Fund (a fund created by the Federal Government for energy development and competitiveness of energy produced through wind farms, small hydroelectric power plants, biomass, natural gas and coal) as from February 10, 2003.

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	Consolidated a		
	Principal	SELIC Restatement	Total June 2003
System service charges - ESS	168,880	5,761	174,
Itaipu Binacional eletricity purchase tariff	257,387	45,760	303,
Itaipu Binacional eletricity transport tariff	3,237	496	3,
Fuel usage quota - CCC	(88,271)	(16,663)	(104,
Tariff for use of basic transmission network	63,068	8,330	71,
Energetic development account	43,601	1,682	45,
Charges for use of water resources	3,577	385	3,
	451,479	45,751	497,
Current			47,
Noncurrent			449,

The above-mentioned amounts are updated based on the SELIC rate from the payment date to effective recovery through annual rate adjustments.

The amounts to be compensated, recorded in current assets refer to variations of uncontrollable costs that will be compensated as from the annual rate adjustment on April 8, 2004.

The System service charges - ESS for the period from September 2000 to March 2003 were accrued based on information provided by MAE and for the period from April 2003 to June 2003, were accrued based on Company estimates. These amounts will be monetarily restated based on SELIC, as from the effective payment (the initial portion was settled in February 2003 and the remaining portion was settled in July 2003, as described in Note 8, item b). Certain differences between Company's estimates and the effective amounts and the outcome of judicial claims currently in progress, filed by market agents, related to the interpretation of the market rules in force, may change the amounts recorded.

8) DISTRIBUTORS - ENERGY SUPPLY

a) Obligations and rights from MAE transactions

As established by the General Agreement of the Electricity Sector, the difference between the amounts paid to generators and distributors related to MAE transactions during the period in which the Electricity Rationing Plan was in force and the amount of R$49.26/MWh will be reimbursed through the special rate adjustment.

According to ANEEL Resolution No. 36, dated January 29, 2003, distribution concessionaires should collect and transfer, on a monthly basis, the special rate adjustment amounts to generators and distributors, including CEMIG, that have amounts receivable since March 2003.

Of the Special rate adjustment credits to be transferred from other distribution concessionaires to CEMIG corresponding to approximately R$31,302, from March 2003 to June 2003, which were received R$11,689 in the period. The other distribution concessionaires are not transferring the entire amounts of the Special rate adjustments due to CEMIG the because they believe, based on their interpretation of Article 9th of the ANEEL Resolution No. 36 and ANEEL Technical Note No. 004/2003, that CEMIG is challenging the General Agreement of the Electricity Sector because it is contesting the methodology applied to calculate CEMIG's obligations resulting from MAE transactions (seetioned in Item "b" of this note). For this reason, such distribution concessionaires are prevented from transferring such amounts due to CEMIG.

CEMIG, however, does not believe that the injunction granted on December 2002, contesting the methodology applied to calculate the CEMIG's rights and obligations, represents a challenge of the General Agreement of the Electricity Sector. Therefore, the Company is contesting the restrictions

included in ANEEL Resolution No. 36 and ANEEL Technical Note No.004/2003, to eliminate any sanction or restriction on CEMIG's ability to receive amounts due.

The amounts to be received from distribution concessionaires are recorded in Current and Noncurrent Assets, under Distributors - Energy supply.

39% of CEMIG's rights and obligations within MAE are being monetarily restated based on the SELIC variation, as from January 1, 2003 and 45% as from July 2003, date of MAE settlement. The remaining 16% will be restated after the definition of MAE methodology applied to calculate the CEMIG's rights and obligations, according injunction grated by CEMIG, mentioned in this Note, Item "b".

CEMIG's rights and obligations related to MAE transactions, are set forth below:

	June 30, 2003	March 31, 2003
ASSETS		
Current		
Distributors - Energy supply	140,444	93,732
Noncurrent		
Distributors - Energy supply	436,073	463,357
	576,517	557,089
LIABILITIES		
Current		
Suppliers	532,072	457,875
	532,072	457,875

Eventual differences between the CEMIG's estimates and the effective values and judicial claims currently in progress, filed by market agents, related to the interpretation of the market rules in force, may change the amounts recorded.

b) Financial settlement of the MAE transactions

On February 18, 2003, CEMIG settled part of its outstanding obligations relating to MAE transactions, in the amount of R$335,482, using funds provided by BNDES.

The remaining portion, in the amount of R$372,545, was settled in July 2003. Part of the payment made was covered by a specific loan provided by BNDES in July 2003, in the amount of R$176,483.

The amounts paid to MAE were calculated according to an injunction granted to CEMIG, on December 25, 2002, determining that CEMIG should be considered as both distributor and generator for purposes of recording of MAE transactions, notwithstanding ANEEL Resolution No. 447, of August 23, 2002, which determined that CEMIG should be considered as a distribution concessionaire only.

The amounts provided by MAE, in accordance with the injunction, represented an R$134,509 decrease in CEMIG's net liabilities. However, because the methodology to be used to calculate CEMIG's rights and obligations is still pending, the Company opted to keep the amounts recorded according to ANEEL Resolution No. 447. The difference between the amounts paid and provisioned is recorded under Short-term liabilities, as Suppliers.

c) Review of amounts recorded from MAE transactions

In accordance with MAE's review of certain assumptions adopted to calculate the rights and obligations of generators and distributors, CEMIG recorded the following adjustments in the second quarter of 2003:

	Total
ASSETS	
Noncurrent assets	
Prepaid expenses - CVA (System service charges - ESS)	35,585
Distributors - Energy supply	23,734
	59,319
LIABILITES	
Short-term liabilities	
Suppliers	68,534
	68,534
Statement of income	
Electricity sales - Suppliers	21,318
Operating expense - Electricity purchased for resale	(30,533)
	(9,215)

9) RECEIVABLE FROM MINAS GERAIS STATE GOVERNMENT

The remaining balance of the CRC Account (Recoverable Rate Deficit) was transferred to the State Government in 1995, through the CRC Credit Assignment Contract, pursuant to Law No. 8,724/93. This balance is payable monthly, over 17 years beginning June 1, 1998, and accrues annual interest of 6% and is subject to restatement based on the IGP-DI (General Price Index).

In 2002, CEMIG entered into the following amendments with the Minas Gerais State Government:

(a) Second Amendment of the CRC Credit Assignment Contract, signed on October 14, 2002

This Amendment refers to 149 installments, maturing from January 1, 2003 to May 1, 2015, in the total amount of R$1,424,589, as of June 30, 2003. These installments are subject to annual interest of 6% and are updated based on the IGP-DI.

Due to the non-inclusion in the Second Amendment of additional guarantees that would assure the realization of the aforementioned asset, CEMIG recorded an allowance for losses in 2002 that represents the total amount of the referred amendment.

Due to the full allowance recorded, the financial income related to monetary variation and interest on the Second Amendment, from January to June 2003, in the amount of R$103,320, has not impacted the statement of income for 2003, considering that a provision for loss was recorded in the same amount. However, in compliance with the Brazilian tax legislation, CEMIG has recorded the federal payable taxes on the mentioned financial income.

The installments of the mentioned Amendment, due from January 1 to July 1, 2003, totaling R$95,119, including monetary variation, interest and fine were not paid. Company management is negotiating the collection of the aforementioned past due amount with the Minas Gerais State Government, under the conditions established by the contract.

(b) Third Amendment of the CRC Credit Assignment Contract, signed on October 24, 2002

CEMIG and the Minas Gerais State Government signed this Amendment in order to reschedule the payment of the asset composed by the installments originally due from April 1, 1999 to December 1, 1999 and from March 1, 2000 to December 1, 2002. These installments, in the total amount of R$836,971, including interest and fines, as of June 30, 2003, were renegotiated to annual interest rate of 12.00% and

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are updated based on the IGP-DI. They will be paid in 149 monthly installments from January 2003 to May 2015. This Amendment established an additional guarantee which now allows the Company to retain dividends and interest on capital to be paid to the Minas Gerais State Government, as a Company shareholder.

The installments of the Third Amendment, due from January 1 to July 1, 2003, totaling R$72,925, including monetary variation, interest and fine were not paid. Company management is negotiating the collection of the aforementioned past due amount with the Minas Gerais State Government, under the conditions established by the contract.

The projection of the Company's future operations indicates that the dividends attributable to the Minas Gerais State Government will be sufficient to assure the full realization of the asset related to the Third Amendment.

Management will monitor future events which may impact the Company's dividend payment projection, in order to conclude if the above-mentioned guarantee is still effective or an additional allowance under this amendment is necessary.

10) INCOME AND SOCIAL CONTRIBUTION TAXES

(a) Tax credits

The Company and its subsidiaries have tax credits recorded as noncurrent assets. The income tax credits are recorded at a 25% rate and social contribution tax credits are recorded at a 9% rate. The composition of the balances is as follows:

	Consolidated		
	June 30, 2003	March 31,2003	J
Tax credits on:			

Tax loss carryforwards	181,206	254,000
Employee post-retirement benefits	56,723	79,548
Reserve for contingencies	142,893	135,338
Accrual for voluntary termination program - PDV	8,611	9,214
Allowance for doubtful accounts	27,967	27,766
Reserve for PASEP/COFINS - Special Rate Adjustment	26,068	26,404
Other	10,023	11,525
	453,491	539,795

CEMIG's Board of Directors approved, on March 27, 2003, the analysis made by CEMIG's Financial and Investor Relations Office on the projected future results of operations, adjusted to present value. According to such analysis, the Company may be able to realize the tax credits set forth above over a ten-year maximum period, in compliance with CVM Resolution No. 371, published on June 27, 2002. CEMIG's Fiscal Council, on March 27, 2003, received such study for consideration.

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In accordance with CEMIG's estimates, future taxable income is expected to permit realization of the tax credits, recorded as of June 30, 2003, as follows:

	Consolidated	Company
2003	138,414	138,414
2004	85,828	84,894
2005	33,544	31,294
2006	34,613	31,038
2007	36,601	32,752
2008 to 2010	109,002	102,747
2011 to June, 2013	15,489	12,272
	453,491	433,411

CEMIG has tax credits not recognized in its financial statements, in the amount of R$15,084, resulting from Management estimates that certain obligations, due to their nature will be realized in a period over ten years.

Additionally, Infovias has tax credits not recognized in its financial statements, in the amount of R$5,814, resulting from Management estimates approved by the Company's Board of Directors.

(b) Reconciliation of income tax and social contribution tax expenses

The reconciliation between the nominal expense/benefit of income tax (25% rate) and social contribution tax (9% rate) and the expenses presented in the statement of income is as follows:

Consolidated

	Six months ended June 30,	
	2003	20
Income (loss) before taxes on income	848,515	(1,001
Income and social contribution (expenses) benefits - nominal	(288,495)	340
Tax effects on:		
Allowance for losses on receivable from Minas Gerais State Government	(35,129)	(355
Reversal of social contribution tax on additional monetary restatement	(3,202)	(4
Equity pick-up in subsidiaries	-	
Contributions and grants not deductible	(1,433)	(1
Other	14,494	
Income and social contribution tax (expenses) in income statement	(313,765)	(22

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11) BONUS, NET OF SURCHARGE, AND COSTS TO BE REIMBURSED AS A RESULT OF THE ELECTRICITY RATIONING PLAN

Through the Energy Crisis Committee, the Federal Government established electric energy consumption targets for all consumers of areas affected by the Electricity Rationing Plan in force during the period from June 2001 to February 2002. A financial bonus was established for residential consumers whose electric energy consumption was lower than the target, and surcharges were established for all consumers whose consumption exceeded the target, calculated based on the effective consumption in excess of such target, as established by the Energy Crisis Committee. The balances related to the bonus, costs and surcharge, to be reimbursed by the Federal Government, are as follows:

	Jun
Bonus paid to consumers that consumed less than the target consumption	
Costs incurred related to the adoption of the Electricity Rationing Plan in excess of the 2.00% surcharge on consumer tariffs	
Current	
Noncurrent	

Part of the surcharges, in the total amount of R$23,449, were not collected from consumers since they were subject to a judicial dispute during the Electricity Rationing Plan. As a result, ANEEL has not reimbursed the Company for the bonuses relating to the unbilled surcharge. This issue is under negotiation with Ministry of Mines and Energy, and Management does not expect losses on the realization of this amount.

In conformity with ANEEL Resolution No. 600, dated October 31, 2002, the operation costs related to the adoption of the Electricity Rationing Plan in excess of the 2.00% surcharge on consumer rates is being recovered through a rate increase in force since April 8, 2003.

12) RECEIVABLES FROM FEDERAL GOVERNMENT - REVENUE LOSSES FROM LOW-INCOME CONSUMERS

The new classification criteria, established by the Federal Government, for low income consumers resulted in a decrease in revenues from electricity sales to final customers in the amount of R$86,669 (R$42,386 in 2002 and R$44,283 in 2003), due to the lower rate applied to those customers. Accordingly, in compliance with ANEEL's request, CEMIG recorded these losses under this caption against electricity sales to final customers in 2002 and 2003.

In July 2002, Eletrobras reimbursed CEMIG of billing losses in the period from March 2002 to May 2003 in the amount of R$79,838. The resources were used to pay part of Eletrobras previously conceded financing in the amount of R$34,959 and to pay part of the Energy development account in the amount of R$44,879.

13) INVESTMENTS

	Consolidated		
	June 30, 2003	March 31, 2003	
Equity in subsidiaries			
Empresa de Infovias S.A.	-	-	
Companhia de Gas de Minas Gerais - GASMIG	-	-	
Usina Termica Ipatinga S.A.	-	-	
Sa Carvalho S.A.	-	-	
Horizontes Energia S.A.	-	-	
Cemig Capim Branco Energia S.A.	-	-	
Cemig PCH S.A.	-	-	
UTE Barreiro S.A.	-	-	
Efficientia S.A.	-	-	
Cemig Trading S.A.	-	-	
	-	-	
In consortiums for power plant construction	717,095	666,363	
Goodwill on purchase of Infovias	9,510	9,510	
Other investments	10,379	10,447	
	736,984	686,320	1

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(a) The principal information related to consolidated subsidiaries is as follows:

Subsidiaries	June 30, 2003 Cemig Interest - %	Capital	Sharehol equit
Empresa de Infovias S.A. *	99.92	266,363	2
Companhia de Gas de Minas Gerais -GASMIG *	95.17	46,067	
Usina Termica Ipatinga S.A.	100.00	74,633	
Sa Carvalho S.A.	100.00	86,833	
Horizontes Energia S.A.	100.00	62,871	
Cemig Capim Branco Energia S.A.	100.00	1	
Cemig PCH S.A.	100.00	1	
UTE Barreiro S.A.	100.00	1	
Efficientia S.A.	100.00	10	
Cemig Trading S.A.	100.00	10	

(*) Information as of May 31, 2003.

Income derived from equity in subsidiaries for the first six months of 2003 includes a R$2,641 adjustment, due to the fact that the Company calculated its equity in subsidiaries in its December 31, 2002 financial statements using preliminary financial statements.

As of June 30, 2003, CEMIG had advances for a capital increase not yet converted into equity in Infovias in the amount of R$17,914.

The special review report for the quarterly information as of June 30, 2003 of the independent accountants of Infovias is not yet completed. The independent accountants' special review report on the quarterly information of Infovias, as of March 31, 2003, included comments on: (i) deferred income and social contribution taxes and the maintenance of the recoverable State VAT - ICMS, which realization is based on future taxable income and the continuity of the investment plan; and (ii) need of additional resources from shareholders or third parties to fund its operations, as well as to ensure the recoverability of its assets at the recorded amounts in its financial statements, until Infovias' own operating revenues reach a certain level to absorb these amounts. The mentioned comments are applicable to Infovias and its controlled company, Way TV.

The Company has signed agreements with Infovias for the lease of CEMIG's network infrastructure, intra-company data transmission services, geo-referenced information and data supply. These agreements are still subject to approval by ANEEL.

ANEEL may seek to impose a fine relating to such agreements if it concludes that they are not in compliance with its regulations. The maximum penalty is a fine, in an amount equal to 2% of the Company's revenues during the 12-month period immediately prior to the imposition of such fine. Management believes that it has meritorious arguments to present to ANEEL in relation to this matter. Additionally, ANEEL may impose restrictions on the agreements' terms and conditions.

(b) Consortiums

CEMIG and its subsidiary, Cemig Capim Branco Energia S.A., are partners with other companies in certain consortiums for electricity generation projects. The consortiums, which are not separate legal entities, were created to manage the related concession contracts. The Company and its subsidiary maintain accounting records of their share in the consortia assets, as follows:

	CEMIG's participation in energy generated	June 3 2003
In Operation		
Porto Estrela Hydroelectric Power Plant	33.33%	37
Igarapava Hydroelectric Power Plant	14.50%	49
Funil Hydroelectric Power Plant	49.00%	160
Under Construction		
Queimado Hydroelectric Power Plant	82.50%	170
Aimores Hydroelectric Power Plant	49.00%	284
Total Company		701
Cemig Capim Branco S.A.		
Capim Branco Hydroelectric Power Plants I and II	21.05%	15
Total Consolidated		717

The realization of Consortiums investments will occur simultaneously with depreciation on the Consortiums assets, under Property, Plant and Equipment, calculated on straight-line basis, according to rates established by ANEEL.

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14) PROPERTY, PLANT AND EQUIPMENT

	Annual average depreciation rate - %	Consolidated June 30, 2003	March 31, 2003
In service			
Generation-			

Hydroelectric	2.47	5,515,358	5,514,557
Thermoelectric	1.83	216,708	215,223
Transmission	3.08	1,089,967	1,029,931
Distribution	5.21	6,805,836	6,729,971
Administration	9.63	272,041	268,091
Telecom	7.79	322,418	321,605
Gas	5.96	64,309	62,215
		14,286,637	14,142,015
Accumulated depreciation and amortization			
Generation		(2,200,447)	(2,166,849)
Transmission		(480,469)	(472,454)
Distribution		(2,777,471)	(2,714,350)
Administration		(146,426)	(139,889)
Telecom		(35,082)	(29,926)
Gas		(17,136)	(13,580)
		(5,657,031)	(5,537,058)
Total in service		8,629,606	8,604,957
Construction in progress-			
Generation		354,525	277,937
Transmission		76,842	121,824
Distribution		419,438	439,330
Administration		37,731	38,076
Telecom		22,438	18,827
Gas		23,692	16,122
Total construction in progress		934,666	912,116
		9,564,272	9,517,073
Special liabilities		(1,618,607)	(1,601,915)
Total		7,945,665	7,915,158

Special liabilities refers primarily to consumers' contributions to support construction necessary to meet energy supply orders. Our obligation to satisfy these Special liabilities depends on ANEEL's disposition at the end of the distribution concessions through reduction of residual value of Property, plant and equipment to define the value that the Federal Government will pay to concessionaires. According to accounting principles and electric energy sector legislation in force in Brazil, these amounts are not subject to updating, amortization or depreciation.

15) SUPPLIERS

	Consolidated		
	June 30, 2003	March 31, 2003	June 30 2003
Short term			
Electricity supply			
Eletrobras - Energy from Itaipu	413,737	309,252	413,73
Furnas	44,004	139,650	44,00
Wholesale Energy Market - MAE	532,072	457,875	532,07
Transfer to Generators	79,645	71,157	79,64
Other	32,786	34,177	32,78
	1,102,244	1,012,111	1,102,24
Supplies and services	100,102	72,574	68,26
	1,202,346	1,084,685	1,170,50
Long term			
Electricity supply -			
Transfer to Generators	333,974	354,758	333,97

The amounts to be paid for energy purchased on the spot market and System service charges - ESS from September 2000 to March 2003 were recorded based on information provided by MAE. The amounts related to the period from April 2003 to June 2003 were accrued based on Company estimates. In February and July 2003, the Company paid R$335,482 and R$372,545, respectively, as described in Note 8.

Eventual differences between CEMIG's estimates and the effective values and judicial claims currently in progress, filed by market agents, related to the interpretation of the market rules in force, may change the amounts recorded.

As of June 30, 2003, CEMIG had overdue amounts to be paid to Eletrobras, subject to exchange variation and monthly interest on 1%, relating to purchase of energy from Itaipu, in the amount of R$236,414, of which R$29,545 was paid in July 2003.

16) TAXES PAYABLE

	Consolidated		Compa
	June 30, 2003	March 31, 2003	June 30, 2003
Short term			
Income tax	84,670	66,548	83,958
Social contribution tax	38,961	23,839	37,025
State VAT - ICMS	157,179	134,084	155,265
COFINS - Tax on revenue	32,091	25,995	31,300
PASEP - Tax on revenue	13,594	12,694	13,185
INSS - social security	8,799	8,768	8,510
Other	11,596	5,095	4,838
	346,890	277,023	334,081

Long Term			
Income tax	185,899	195,333	185,899
Social contribution tax	66,924	70,320	66,924
COFINS	45,870	46,743	45,870
PASEP	18,492	18,609	18,492
	317,185	331,005	317,185

The federal taxes recorded under long-term liabilities refer to net deferred obligations on assets and liabilities in accordance with the General Agreement of Electricity Sector, which are due according to the realization of these assets and liabilities.

17) LOANS, FINANCING AND DEBENTURES

Composition of the financing by currency and local currency by index is as follow:

	Consolidated		
	June 30, 2003	March 31, 2003	
Currency -			
U.S. dollar	1,439,475	1,829,372	1
EURO	66,597	34,247	
Unit of account (basket of currencies)	39,185	41,509	
	1,545,257	1,905,128	1
Indexes -			
Indice Geral de Precos - IGP-M (General Price Index)	1,107,713	1,177,289	1
Indice Interno da Eletrobras - FINEL (Eletrobras Internal Index)	146,478	151,196	
UFIR (Tax Reference Unit)	152,813	159,995	
SELIC (Brazilian benchmark interest rate)	328,062	336,339	
Other	63,581	49,805	
	1,798,647	1,874,624	
Escrow accounts (1)			
Income based on CDI (Interbank certificate of deposit)	(54,982)	(59,156)	
Income based on U.S. dollar variation	(115,997)	(104,914)	
	(170,979)	(164,070)	
	3,172,925	3,615,682	3

(1) Refers to restricted use funds for payment of foreign currency-denominated financing, in compliance with Banco Central do Brasil - BACEN (Brazilian Central Bank) Resolution No. 2,515 of June 29, 1998.

The variations in the principal currencies and indexes used to restate the loans, financing and debentures are as follows:

Currency	Variation From April 1 to June 30, 2003 %	Variation From January 1 to June 30, 2003 %	Indexes
U.S. dollar	(14.35)	(18.72)	Indice Geral de Precos - IGP-M (General Price Index)
Euro	(9.69)	(10.54)	Indice Interno da Eletrobras - (Eletrobras Internal Index)
Unit of account (Basket of currencies)	1.70	2.23	SELIC (Brazilian benchmark inte rate)

One of the Company's financing contracts, in the total amount of R$413,159 as of June 30, 2003, of which R$274,161 is classified under long-term liabilities and, contains certain financial covenants, with which we are not in compliance. Such noncompliance may cause the amounts due under the contract to become immediately due. In addition, the Company has financing contracts that contain cross-default clauses. The Company has obtained a waiver from a creditor that is party to two contracts containing debt covenants with respect to which the Company is not in compliance. The waiver affirms that such creditor will not exercise its rights to demand either accelerated or immediate payment of the total amounts due as of December 31, 2002, March 31, 2003 and June 30, 2003. The Company believes that such noncompliance with debt covenants was an unusual event, and that its operations for 2003 will allow the full compliance with all debt covenants. In order to avoid acceleration, the aforementioned waiver must be maintained in effect until the original terms of the contracts are fully met. Financing and debentures are

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classified as current and long-term liabilities according to the original contract terms, in compliance with the waiver obtained.

Infovias' financing from MBK Furukawa Sistemas S.A. / Unibanco, in the total amount of R$91,632 as of May 31, 2003, of which R$72,982 is classified under long-term liabilities, contains certain covenants that, in the event of noncompliance, may cause the amount due under the contract to become immediately due. Infovias has obtained a waiver from the creditors that are parties to this contract. The waiver affirms that such creditors will not exercise their rights to demand either accelerated or immediate payment of the total amount due. The waiver obtained must be renewed every quarter until the original terms of the restricted clauses are met. This financing is classified as short-term and long-term liabilities according to the original terms of the respective contracts, in compliance with the waiver obtained. CEMIG guarantees this contract and any payments made by CEMIG will be converted into preferred shares of Infovias.

18) RESERVE FOR CONTINGENCIES

CEMIG and its subsidiaries are party to certain legal proceedings in Brazil arising from the normal course of business and relating to tax, labor and civil and other issues.

The Company believes that any loss in excess of the amounts provided for, in respect of such contingencies, will not have a material adverse effect on the Company's results of operations or financial position.

For those contingencies for which an adverse outcome has been deemed probable, the Company has recognized reserves for losses, as follows:

	Consolidated and Company	
	June 30, 2003	March 31, 2003
Labor claims	81,772	76,620
Civil lawsuits - Consumers	95,000	91,533
Social contribution tax	102,797	96,495
Finsocial (tax on revenue)	19,726	19,558
Civil lawsuits - Others	30,289	27,929
Other	27,831	21,836
	357,415	333,971

Certain details relating to such reserves are as follows:

(a) Labor claims

The labor claims relate principally to overtime and hazardous occupation compensation. The total exposure for those matters is estimated to be R$102,215 as of June 30, 2003 (R$95,776 as of March 31, 2003). The Company recorded in the first semester of 2003 a provision in the amount of R$12,066 (R$6,144 in the first semester of 2002). CEMIG determines the amounts to be reserved based on the nature of the group of claims and the most recent court decisions.

(b) Civil lawsuits - Consumers

A number of industrial consumers have brought legal action against the Company seeking refunds of amounts paid to CEMIG as a result of a rate increase that became effective during the Brazilian government's economic stabilization "Cruzado Plan" in 1986, alleging that such increases violated the price controls instituted as part of that plan. CEMIG determines the amounts to be reserved based on the amount billed subject to consumers' claims and recent court decisions.

The total estimated exposure to the Company for those claims, fully provided for, was R$95,000 as of June 30, 2003 (R$91,533 as of March 31, 2003). The amount is fully provided for.

(c) Social contribution tax

The Company is deducting the amounts of depreciation, amortization and write-off of the supplementary monetary restatement of property, plant and equipment, for purposes of computation of social contribution tax. The Company estimates that its potential exposure in this matter is approximately R$102,797, as of June 30, 2003 (R$96,495 as of March 31, 2003). The amount is fully provisioned.

(d) Finsocial

In 1994, CEMIG was fined by the Brazilian federal tax authorities due to the exclusion of State VAT from the Finsocial calculation, a tax on billing extinguished in 1992. The Company that its potential exposure in this matter is approximately R$19,726 as of June 30, 2003 (R$19,558 as of March 31, 2003). The amount is fully provisioned.

(e) Other

Other reserves are related to a number of lawsuits involving the Federal Government, pursuant to which the Company is disputing the constitutionality of certain federal taxes that have been assessed against it and other general claims arising from the ordinary course of business.

(f) Legal proceedings in which a favorable outcome is probable

CEMIG has other relevant legal proceedings with respect to which the Company considers that a favorable outcome is probable. Certain details relating to such matters are as follows:

(i) Litigation involving FORLUZ

The Company is defending, together with FORLUZ, a claim brought by its employees' labor union ("Sindieletro") contesting the suspension of increases in the Company's required contribution to the pension fund pursuant to periodic monetary restatements. The total amount sought in this claim is R$656,484. No reserve has been recorded for this claim, since the Company believes that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related thereto.

Sindieletro is contesting FORLUZ for changing the pension fund's contribution adjustment index from IGP-DI to IPCA of IPEAD (consumer price index calculated by Minas Gerais Accounting Management and Economic Research Institute of Minas Gerais Federal University). The total amount sought in this claim is R$286,028. Considering that FORLUZ has a meritorious defense to such claim, no reserve has been recorded for this potential claim.

(ii) Income and social contribution taxes on post retirement benefits

On October 11, 2001, the Brazilian Federal Tax Authorities (Secretaria da Receita Federal) issued an assessment notice, in the amount of R$237,494, arising from the utilization of tax credits that resulted from the amendment of the Company's 1997, 1998, 1999 and 2000 tax returns. The tax returns were amended as a result of a change in accounting method for recording post-retirement benefit liabilities. The additional liability that resulted from the accounting change was attributed to the tax year that was amended, resulting in net operating tax loss and social contribution negative basis carryforwards. No reserve has been recorded as a result of this notice, since the Company believes that the procedures which generated the tax credits are legally sound.

The tax credits mentioned in the preceding paragraph were offset against federal taxes paid in 2001 and 2002. Due to this offset, CEMIG was exposed to additional penalties in the amount of R$184,881. No reserve for contingencies has been made to cover any liabilities that may result from the tax assessment, since CEMIG believes that it has solid legal grounds, which support the procedures adopted.

(iii) COFINS

The Company began contesting the payment of COFINS (tax on revenue) in 1992. As a result of an unfavorable court ruling, the Company paid R$239,266 of COFINS tax on July 30, 1999. The Federal Government is claiming that the Company owes approximately R$141,675 in additional fines and interest relating to the non-payment of COFINS. The Company is contesting such claims. No reserve has been recorded for this claim, since the Company believes that it has a meritorious defense against such claim and, consequently, does not expect to incur losses related thereto.

(iv) Regulatory agency acts

ANEEL has a regulatory proceeding pending against CEMIG claiming that CEMIG owes the Federal Government R$200,033 due to a miscalculation of credits in the amount of the cumulative rate deficit (CRC) applied to reduce amounts owed to the Federal Government. On October 31, 2002, ANEEL issued a final decision against the Company. The Company believes that it has a meritorious judicial defense against such claim and has therefore recorded no reserve in respect thereto.

(v) Settlement of MAE obligations

In December 2002, CEMIG filed a lawsuit against ANEEL and MAE contesting the amounts charged during the settlement process carried out by the MAE in December 2002 and January 2003. This process was intended to settle the outstanding amounts that the Company and other electric concessionaires owed to MAE in connection with spot market energy purchases as from September 2000.

As a result of the lawsuit filed, CEMIG did not settle its outstanding MAE obligations at the date determined by MAE. The Company has filed an additional lawsuit to prevent the imposition of a fine relating to the non-compliance with the MAE determination. Such fine, if imposed, would amount to approximately R$4,048. The Company expects to be successful in this lawsuit and, accordingly, no provision has been recorded for this contingency.

(vi) Civil lawsuits - Consumers

Various consumers have brought civil claims against CEMIG contesting rate adjustments applied in prior years, including rate subsidies granted to low-income consumers and the Special rate adjustment. It is not possible at the present time to estimate the amounts involved in these claims. The Company believes that it has a meritorious defense and, therefore, no provision has been recorded to such claims.

The Company is a defendant in five lawsuits contesting the Emergency capacity charge. The Company collects the Emergency capacity charge from its customers on behalf of Comercializadora Brasileira de Energia Eletrica - CBEE, a Federal Government agency set up to supply energy to utilities in the event of future shortages. It is not possible at the present time to estimate the amounts involved in these claims. No accrual has been recorded for these claims since the Company believes that it has a meritorious defense.

The Company is a defendant, with CVRD, Comercial e Agricola Paineiras and Companhia Mineira de Metais, in a class action lawsuit, brought by the citizens of the State Minas Gerais. This lawsuit seeks to nullify the environmental licenses relating to the Capim Branco I and Capim Branco II hydroelectric power plants. The Company believes that it has a meritorious defense to this lawsuit.

The Company is also a defendant together with CVRD, in a class action lawsuit, brought by the citizens of the State of Minas Gerais. This lawsuit seeks to nullify the environmental license relating to Aimores hydroelectric power plant as well as the related concession. Management believes that it has a meritorious defense to this lawsuit.

In addition to the matters described above, CEMIG and its subsidiaries are involved as a plaintiff or defendant in a variety of routine litigation arising from the normal course of business. Management believes that it has an adequate defense in respect of such litigation and that any losses therefrom would not have a material adverse effect on the consolidated financial position and results of operations of the Company.

19) EMPLOYEE POST-RETIREMENT BENEFITS

Since 1973, the Company has been the sponsor of Fundacao Forluminas de Seguridade Social - FORLUZ, a non-profit entity with the purpose of providing its associates, participants and their dependants with additional income to supplement the government pension, in accordance with the pension plan to which they are linked.

FORLUZ offers its associates the following supplementary pension plans:

Mixed Benefit Plan - A defined contribution plan for normal retirement and a defined benefit plan for coverage of active participant's disability and death. The Company's contribution is equivalent to the associate's monthly basic contributions and is the only plan available for new participants.

Settled Benefit Plan - Includes all retired participants who opted for this plan and the balances, at the option date, of active participants who opted for migrating from the Defined Benefit Plan to the above-mentioned Mixed Benefit Plan.

Defined Benefit Plan - Benefit plan adopted by FORLUZ up to 1998, in which the Federal Government Social Security benefit is supplemented in relation to the actual average salary of the employee's final years of service in the Company.

In addition to the pension plans provided by FORLUZ, the Company also pays part of the life insurance premium for its retirees and of the health care plan for employees, retirees and their dependants. These plans are also managed by FORLUZ.

The changes in net post-retirement liabilities are as follows:

	Pension plan and supplementation of retirement	Health care	Lif
Net liabilities as of March 31, 2003	1,327,581	200,390	
Net periodic cost recorded in the income statement	2,418	6,383	
Contributions paid	(14,955)	(4,113)	
Net liabilities as of June 30, 2003	1,315,044	202,660	

Part of the deficit in FORLUZ's actuarial reserves in the amount of R$1,601,007 as of June 30, 2003 (R$1,537,044 as of March 31, 2003) was recognized as obligations payable by the Company. These obligations are being amortized through monthly installments, through June 2024, calculated under the fixed-installment system ("Price Table"), subject to annual restatement in accordance with the salary correction index for the Company's employees (not including productivity) included in the defined benefit plan and subject to IPCA - IPEAD for other plans, plus 6% per year.

20) SHAREHOLDERS' EQUITY

The change in shareholders' equity is as follows:

Balance as of March 31, 2003	5,832,690
Net Income for the quarter ended June 30, 2003	383,769
Balance as of June 30, 2003	6,216,459

In September 1999, the State of Minas Gerais filed a lawsuit seeking to nullify the shareholders' agreement signed in 1997 with Southern Electric Brasil Participacoes Ltda. On August 7, 2001, the Minas Gerais State Court of Appeals upheld the March 2000 lower court ruling declaring the shareholders' agreement null and void. Southern Electric Brasil Participacoes Ltda. appealed the decision which was rejected by the Minas Gerais State Court of Appeals on October 9, 2001. Southern Electric Brasil Participacoes Ltda. has appealed the Court's latest decision.

21) ELECTRICITY SALES

The composition of electricity sales to final customers is as follows:

	Consolidated (Not reviewed by accountants)			
	No of consumers		MWh	
	Six months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Residential	4,663,858	4,559,274	3,315,583	3,123,939
Industrial	68,477	68,110	10,713,332	10,794,168
Commercial	518,266	509,599	1,722,015	1,641,481
Rural	351,753	329,619	758,441	713,061
Public authorities	44,233	42,567	249,323	216,945
Public lighting	2,153	2,733	497,480	412,464
Public services	6,897	6,658	480,218	466,709
Own consumption	1,337	1,364	27,443	24,425
Unbilled, net	-	-	-	-
	5,656,974	5,519,924	17,763,835	17,393,192
Supply to other concessionaries	4	4	103,411	158,412
MAE transactions	-	-	-	-
Total	5,656,978	5,519,928	17,867,246	17,551,604

	Company (Not reviewed by accountants)			
	No of consumers		MWh	
	Six months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
Residential	4,663,858	4,559,274	3,315,583	3,123,939
Industrial	68,471	68,108	10,351,732	10,379,266
Commercial	518,266	509,599	1,722,015	1,641,481
Rural	351,753	329,619	758,441	713,061
Public authorities	44,233	42,567	249,323	216,945
Public lighting	2,153	2,733	497,480	412,464
Public services	6,897	6,658	480,218	466,709
Own consumption	1,337	1,364	27,443	24,425
Unbilled, net	-	-	-	-

	5,656,968	5,519,922	17,402,235	16,978,290
Supply to other concessionaries	4	4	103,411	158,412
MAE transactions	-	-	-	-
Total	5,656,972	5,519,926	17,505,646	17,136,702

22) OTHER OPERATING REVENUES

	Consolidated		Comp
	Six months ended		Six mont
	June 30,		June
	2003	2002	2003
Use of basic transmission network	122,940	79,756	122,940
Gas sales	114,799	63,071	-
Fuel consumption quota	4,358	16,102	4,358
Regulated services	3,561	3,560	3,561
Electricity services	8,802	7,842	8,749
Telecom and cable TV services	16,341	2,728	-
Rent and leasing	9,669	8,997	9,669
Other	982	948	982
	281,452	183,004	150,259

23) DEDUCTIONS FROM OPERATING REVENUES

	Consolidated		C
	Six months ended		Six m
	June 30,		J
	2003	2002	2003
State VAT - ICMS on sales to final consumers	704,129	542,058	680,1
COFINS - Tax on revenue	107,404	88,568	103,2
Global reserve for reversion quota - RGR	71,352	64,659	70,8
PASEP - Tax on revenue	58,512	19,190	56,3
Emergency capacity charge	139,228	41,237	137,4

Other	746	191	1
	1,081,371	755,903	1,048,2

CEMIG collected, in the first semester of 2003, retroactive amounts related to the Emergency capacity charge for the period from July 2, 2002 to October 10, 2002, in the amount of R$46,468, due to a class action injunction which did not allow the amounts to be collected in the prior year.

CEMIG pays the State VAT on the Special rate adjustment according to collection of the amounts in power bills.

24) ELECTRICITY PURCHASED FOR RESALE

	Consolidated and Company	
	Six months ended June 30,	
	2003	2002
Itaipu Binacional (through FURNAS)	558,225	475,033
Energy traded on spot market - MAE	39,428	109,966
Initial contracts	69,325	74,509
Other	13,360	2,729
	680,338	662,237

In 2003, the electricity volume purchased by the Company through initial contracts was reduced by 25%, in accordance with the timetable for deregulation of the electric energy sector, that establishes an annual reduction of electricity volume purchased through initial contracts from 2003 and 2006.

The electricity acquired from ITAIPU is denominated in US dollars and the prices are defined by ANEEL.

25) OPERATING PROVISIONS

	Consolidated	
	Six months ended June 30,	
	2003	2002
Allowance for doubtful accounts	31,160	(3,162)
Provision for losses on the realization of the Special rate adjustment	20,965	-
Labor claims	12,066	6,144
Judicial claims - class actions	13,404	3,847

Other	2,618	1,590
	80,213	8,419

The reversal of the Allowance for doubtful accounts in the previous period was due from the collection of overdue credits of industrial consumer that were reserved.

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26) ENERGY DEVELOPMENT ACCOUNT

The Energy Development Account - CDE was created by Law No. 10,438/02 to foster energy development of States and the competitiveness of energy produced through wind farms, PCHs (small hydroelectric power plants), biomass, natural gas and coal. The amounts to be paid by CEMIG were defined by ANEEL Resolution No. 42 as of January 31, 2003.

27) OTHER EXPENSES

	Consolidated		Com
	Six months ended June 30,		Six mon Jun
	2003	2002	2003
Fuel consumption quota	4,286	16,104	4,286
Rentals and leasing	8,517	7,566	7,929
Grants and donations	5,712	6,938	5,712
Advertising	3,600	10,619	3,371
ANEEL inspection fee	6,736	5,772	6,656
Own consumption - Electric energy	6,043	5,509	5,215
MAE contribution	1,730	3,775	1,730
Energetic efficiency expenses	6,472	4,556	6,310
Other taxes (real estate, vehicle, etc.)	8,202	2,871	6,669
General expenses	21,651	11,549	18,253
	72,949	75,259	66,131

The fuel costs incurred for the purpose of electricity generation are reimbursed by Centrais Eletricas Brasileiras S.A. - ELETROBRAS and are recorded as other operating revenues.

28) FINANCIAL INCOME (EXPENSES)

	Consolidated
	Six months ended June 30,

	2003	2002
Financial income:		
Investment income earned	14,953	95,095
Late charges on past-due electricity bills	25,715	19,037
Interest and monetary restatement on receivable from Minas Gerais State Government	82,011	97,326
Monetary restatement on special rate adjustment	146,415	137,546
Monetary restatement of CVA	52,122	6,031
Monetary restatement - Distributors - Energy supply	24,738	8,803
Foreign exchange gains	355,845	29,441
Taxes on financial income (PASEP and COFINS)	(38,682)	(14,398)
Other	3,415	1,421
	666,532	380,302
Financial expenses:		
Interest on loans and financing	(150,463)	(123,673)
Monetary restatement - Electricity supply	(25,819)	(34,835)
Monetary restatement of CVA	(11,078)	-
Foreign exchange losses	(14,654)	(344,439)
Monetary restatement on loans and financing	(32,110)	(16,060)
Financial transaction tax ("CPMF")	(16,044)	(12,128)
Reversion (Provision) for valuation of marketable securities	45,543	(20,828)
Interest on capital	-	(120,000)
Other	(30,792)	(15,169)
	(235,417)	(687,132)
	431,115	(306,830)

Financial charges and inflationary/exchange effects on financing of construction in progress during the first semester of 2003, in the amounts of R$38,031 and R$38,654, respectively, were transferred to Property, plant and equipment, and Investments (R$11,557 of financial charges and R$14,441 of inflationary/exchange effects during the first semester of 2002).

The interest and monetary variation on the above mentioned Receivables from Minas Gerais State Government are related, primarily, to the Third Amendment signed with the Minas Gerais State Government, considering that a full provision for losses has been recorded on the Second Amendment. More information in Note 9.

29) PRINCIPAL TRANSACTIONS WITH RELATED PARTIES

	June 30, 2003	
	Minas Gerais State Government	FORLUZ
ASSETS		
Current assets		

Accounts receivable	33,464	-
Recoverable taxes		
State VAT - ICMS	23,268	-
Other		
Advances for welfare benefits	-	14,916
Noncurrent assets		
Receivable from Minas Gerais State Government	836,971	-
Recoverable taxes		
State VAT- ICMS	88,171	-
State VAT - ICMS - Under discussion with Minas Gerais State Government	18,843	-
Accounts receivable	49,167	-
LIABILITIES		
Short term liabilities		
Taxes payable-		
State VAT - ICMS	155,265	-
Dividends and interest on capital	50,418	-
Employee post-retirement benefits	-	244,257
Other		
Transfer of contributions	-	26,161
Long-term liabilities		
Debentures	27,010	-
Employee post-retirement benefits	-	1,533,142

	Six months ended June 30, 2003	
INCOME STATEMENT		
Electricity sales to final customers	15,231	-
Deductions from operating revenues - State VAT - ICMS	(680,184)	-
Employee post-retirement benefits	-	(23,753)
Personnel expenses	-	(16,606)
Financial income-		
Interest and monetary restatement on receivable from Minas Gerais State Government	185,331	-
Provision for losses on account receivable from Minas Gerais State Government	(103,320)	-
Financial expenses-		
Monetary restatement of debentures	(1,503)	-
Non-operating expenses-		
Provision for losses on account receivable from Minas Gerais State Government	-	-
FORLUZ - management expenses	-	(3,123)

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The account receivable from Minas Gerais State Government, in the amount of R$82,630 as of June 30, 2003, which includes accounts receivable from COPASA, are overdue. Management does not expect losses on the realization of this asset.

30) FINANCIAL INSTRUMENTS

The financial instruments used by CEMIG, all recorded on its financial statements, are: Cash and cash equivalents, Accounts receivable, Receivable from Minas Gerais State Government, Marketable securities and loans, financing and debentures, and gains and losses from the transactions are fully recorded.

These instruments are managed through monitoring policies and operational strategies focused on liquidity, profitability and safety. The Company operates with banks which meet financial strength and trustworthiness guidelines, according to pre-defined management criteria. The Company's control policy includes continually comparing rates with market levels.

As of June 30, 2003, CEMIG and its subsidiaries have short term investments with interest rate swap, in the amount of R$5,840 and R$14,286. These short term investments have repurchase clauses and interest rate based on the CDI (Interbank Certificate Rate). The Company and its subsidiaries have the right to call for early redemption of these securities without penalty or loss.

a) Derivatives

The Company has derivative financial instruments in order to protect its operations from exchange rate risk. The derivative financial instruments are not used for speculative purposes. CEMIG's subsidiaries have no derivative financial instruments as of June 30, 2003 and March 31, 2003.

As of June 30, 2003, the Company has derivative financial instruments ("swaps") with financial institutions, in connection with potential exchange losses resulting from the devaluation of the Brazilian real compared to U.S. Dollar, in the amount equivalent to US$98,701 thousand. The Company did not have swaps in amounts considered significant as of March 31, 2003.

The principal amounts of the derivative financial instruments are not recorded in the balance sheet. The net unrealized losses from these operations, in the amount of R$17,747, were recorded as a credit to Other - Short term liabilities, in counterpart of a debt to Financial expenses - Investments earned.

The unrealized gains (losses) from derivative financial instruments are recorded on an accrual basis, which may result in significant differences when compared to the estimated market value of such instruments, due to the fact that the market value represents the present value of future gains and losses incurred in these operations.

The table below presents the Company's derivative financial instruments, the gains (losses) recorded and the respective estimated market value of these instruments as of June 30, 2003:

CEMIG's rights	CEMIG's obligations	Length	Principal Value Contracted US$ thousand	R s

US$ Plus interest rate (1,0% 14,2% per year)	R$ Indexed to CDI variation (100% CDI)	From 07/2003 to 12/2003	57,708
US$	R$ Indexed to pre-fixed interest rates (3.7% to 26.6% per year)	From 07/2003 to 11/2003	40,993
			98,701

b) The Company has Brazilian National Treasury Notes acquired from the Minas Gerais State Government, with final maturity on April 15, 2024, subject to restatement based on the U.S. dollar exchange variation and interest on the restated face value of 6.00% per year (from April 15, 2000 to maturity).

	June 30, 2003
Face value	173,645
Market value	74,691

These securities are recorded at market value, determined based on a quotation from ANDIMA (National Association of Open Market Institutions). This asset is recorded under Marketable securities in noncurrent assets.

31) CORPORATE REORGANIZATION

Currently, CEMIG's electricity generation, transmission and distribution operations are vertically integrated into and directly operated by CEMIG. However, pursuant to CEMIG's principal concession agreements and in accordance with certain changes in the regulatory framework of the Brazilian electricity sector, CEMIG has to restructure its business, resulting in the "unbundling" of its generation, transmission and distribution operations into separate subsidiaries, each wholly owned by CEMIG. According to the concession agreements, CEMIG was to have completed the reorganization process by December 31, 2000.

ANEEL later granted the Company an extension to September 21, 2002 to complete the unbundling process.

The Minas Gerais State Government, the major shareholder, considering that the "unbundling" must be approved in advance by the State Legislature, submitted to the Legislature, on March 2, 2001, a bill proposing the restructuring of the Company into three companies, but as this legislation has not yet been adopted, the reorganization process has not yet been completed. Additionally, The Company has submitted an extension request to ANEEL, which has not yet been answered.

On November 11, 2002, ANEEL fined the Company the amount of R$6,046, because CEMIG had not concluded the "unbundling". No accrual has been recorded for this claim, as the Company believes it has a meritorious defense against the fine and any other possible penalties that may be imposed regarding this matter.

32) SUBSEQUENT EVENTS

a) Financing obtained from BNDES for settlement of MAE transactions:

On July 1, 2003, CEMIG obtained financing from BNDES, in the amount of R$176,483, for settlement of obligations arising from MAE transactions during the period which the Electricity Rationing Plan was in force. The financing will be paid through 55 monthly installments as from August 15, 2003. It bears interest of 1% per year and monetary variation based on SELIC and it is guaranteed by 1.36% of the Company's monthly electricity sales to final customers.

b) Settlement of obligations pursuant to the Energy Development Account

The obligations pursuant to the Energy Development Account, in the amount of R$84,055, from January to June 2003, recorded under Regulatory charges in Short term liabilities, were entirely settled by the Company in July 2003. Part of the funds used in this settlement were obtained from the collection of Receivables from Federal Government - Revenue losses from low income consumers as described in Note 12.

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33) STATEMENTS OF CASH FLOWS

The individual (Company) and consolidated statements of cash flows for the six-month periods ended June 30, 2003 and 2002 are presented for additional analysis and are not required as part of the basic interim financial statements.

	Consolidated	
	Six month periods ended June 30,	
	2003	2002
CASH FLOWS FROM OPERATIONS:		
Net income (loss) for the period	535,463	(894,796)
Items not affecting cash -		
Depreciation and amortization	280,999	270,843
Special rate adjustment	-	(261,425)
Purchased energy from MAE - Suppliers	(21,318)	(32,272)
Energy purchased on spot market	-	42,986
Disposals of property, plant and equipment, net	21,385	11,208
Equity in subsidiaries	-	-
Interest and monetary variations, net	(451,122)	51,965
Deferred income and social contribution taxes	87,348	(99,404)
Provisions for operating losses	48,951	19,845
Provision for losses on account receivable from Minas Gerais State Government	-	1,045,325
Employee post-retirement benefits	23,753	108,499
Other	(733)	(9,773)

	524,726	253,001
(Increase) Decrease in assets -		
Accounts receivable	(194,886)	(216,267)
Consumers - Special rate adjustment	124,941	120,426
Recoverable taxes	(62,888)	(35,216)
Receivables from Federal Government - revenue losses from low-income consumers	(44,283)	-
Electricity Rationing Plan - Bonus paid to consumers and adoption costs incurred in excess of surcharge applied to consumers	-	(87,565)
Prepaid expenses - CVA	19,534	(47,921)
Judicial deposits	-	(48,801)
Other noncurrent assets	61,551	(44,667)
	(96,031)	(360,011)
Increase (Decrease) in liabilities -		
Suppliers	(90,800)	109,467
Taxes payable	288,530	194,063
Payroll and related charges	9,832	1,866
Regulatory charges	44,667	(2,461)
Loans and financing	(97,524)	128,720
Employee post-retirement benefits	(83,834)	(68,500)
Other	56,987	(23,142)
	127,858	340,013
CASH PROVIDED BY OPERATING ACTIVITIES	556,553	233,003

	Consolidated	
	Six month periods ended June 30,	
	2003	2002
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from long-term financing	407,358	147,512
Payments of loans and financing	(335,732)	(227,257)
Special liabilities	33,176	67,410
Advanced billings of electric power	-	(30,370)
Advance for future capital increase	-	11,526
Dividends and interest on capital	128	(367)
	104,930	(31,546)
TOTAL CASH PROVIDED	661,483	201,457

CASH USED IN INVESTING ACTIVITIES			
Additions to investments	(128,018)	(187,629)	
Increase in property, plant and equipment	(381,794)	(285,099)	
Increase in deferred charges	(285)	(10,260)	
	(510,097)	(482,988)	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	151,386	(281,531)	
CHANGES IN CASH AND CASH EQUIVALENTS			
At beginning of the period	122,975	705,844	
At end of the period	274,361	424,313	
	151,386	(281,531)	

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Item 4

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA ENERGETICA DE MINAS GERAIS -- CEMIG

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS: FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2003 COMPARED TO THE SIX-MONTH PERIOD ENDED JUNE 30, 2002

(Amounts expressed in thousands of Brazilian reais, unless otherwise indicated)

Net Income (loss)

The Company and its subsidiaries ("the CEMIG Group") had net income of R$535,463 in the six-month period ended June 30, 2003 compared to a net loss of R$894,796 in the six-month period ended in June 30, 2002.

In the first six months of 2003, consolidated income was positively impacted mainly due to an increase in electricity sales and in financial income arising from appreciation the Brazilian real against the U.S. dollar. In the same period of 2002, the result was negatively impacted due primarily to the provision for losses on receivables from Minas Gerais State Government and financial expenses arising from devaluation of the Brazilian real against the U.S. dollar.

Electricity sales

Electricity gross sales were R$3,343,434 in the six-month period ended in June 30, 2003 compared to R$2,592,824 in the six-month period ended June 30, 2002, an increase of 28.95%. This result was due primarily to:

- o an average rate increase of 10.51% starting in April 8, 2002 (full effect in 2003);
- o an average rate increase of 31.53% starting in April 8, 2003;
- o an increase in Emergency capacity charge collected in the six-month period ended in June 30, 2003;
- o a 1.78% increase in electricity volume sold to final customers.

Electricity sales to final customers

Electricity gross sales to final customers were R$3,313,687 in the six-month period ended June 30, 2003 compared to R$2,543,452 in the six-month period ended June 30, 2002, representing an increase of 30.28%. This increase resulted from the average rate increases of 10.51% and 31.53% in April 2002 and 2003, respectively, and a 2.12% raise in electricity sales volume. Sales to the most representative markets, residential and commercial, increased 6.13% and 4.91% respectively, and sales to the industrial market decreased 0.75%.

The increase in gross electricity sales was additionally impacted by Emergency capacity charge collected in power bills of R$139,228 in the six-month period ended June 30, 2003 compared to R$41,237 in the six-month period ended June 30, 2002 (this charge started being collected in March 2002). The significant change between these periods is a result of the retroactive amounts collected, in 2003, of part of the Emergency capacity charge related to the period from July 2, 2002 to October 8, 2002, in the amount of R$46,468, due to a injunction which did not allow these amounts to be collected in the such period.

Volume of electricity sold to final consumers - GWh

[GRAPHIC OMITTED]

Electricity supply to other concessionaires

The revenues arising from the electricity supply to other concessionaires were R$29,747 in the six-month period ended in June 30, 2003 compared to R$49,372 in the six-month period ended in June 30, 2002, a decrease of 39.75%. This decrease is primarily a result of higher revenues from energy traded in the spot market ("MAE") in the prior period, due to the Electricity Rationing Plan in force in January and February of 2002.

Special rate adjustment revenue

In accordance with the General Agreement of the Electricity Sector, CEMIG recorded in the six-month period ended in June 30, 2002 revenue for the special rate adjustment for billing losses and a portion of expenses for energy traded on the MAE, arising from the Electricity Rationing Plan, in the amount of R$261,425. The amounts recorded as Special rate adjustment revenue are being collected by CEMIG through an additional rate increase in force for a maximum period of 82 months, since January 2002.

Operating expenses

The operating expenses were R$2,113,422 in the six-month period ended in June 30, 2003 compared to R$1,916,439 in the six-month period ended in June 30, 2002, an increase of 10.28%, due primarily to a increase in Personnel expenses, Gas purchased for resale and Operating provisions in counterpart of a decrease in Employee post-retirement benefits. The main variations in expenses are described below:

Personnel

Personnel expenses were R$316,324 in the six-month period ended in June 30, 2003 compared to R$265,182 in the six-month period ended in June 30, 2002, an increase of 19.29%, due primarily to an increase in salaries of 11.45% in November 2002, an increase of 0.63% in the average number of CEMIG's employees (11,420 employees in the six-month period ended in June 30, 2003 compared to 11,348 employees in the six-month period ended in June 30, 2002), and a reduction in Personnel expenses transferred to Construction in progress.

Electricity purchased for resale

Electricity purchased for resale was R$680,338 in the six-month period ended in June 30, 2003 compared to R$662,237 in the six-month period ended in June 30, 2002, representing an increase of 2.73%. This variation is a result of an increase in expenses for energy purchased from Itaipu, R$558,225 in the six-month period ended in June 30, 2003 compared to R$475,033 in the six-month period ended in June 30,

2002, partially offset by a decrease in MAE transaction expenses, R$39,428 in the six-month period ended in June 30, 2003 compared to R$109,966 in the six-month period ended in June 30, 2002. The higher MAE expenses in the six-month period ended in June 30, 2002 were due to the significant higher rates presented during that period, principally in January and February, months in which the Electricity Rationing Plan was in force.

Depreciation and amortization

Depreciation and amortization expenses were R$280,999 in the six-month period ended in June 30, 2003 compared to R$270,843 in the six-month period ended in June 30, 2002, representing an increase of 3.75%, due primarily to the launch of additional distribution network and lines.

Outside services

Outside services were R$139,112 in the six-month period ended in June 30, 2003 compared to R$111,736 in the six-month period ended in June 30, 2002, representing an increase of 24.50%, due to the adjustment of service contract prices, mainly related to delivery of bills to consumers, maintenance of facilities and electric equipment.

Employee post-retirement benefits

Employee post-retirement benefit expenses were R$23,753 in the six-month period ended in June 30, 2003 compared to R$108,499 in the six-month period ended in June 30, 2002, representing a reduction of 78.11%. The decrease in expenses is due basically to the estimate, for the year of 2003, of a lower increase in projected benefit obligations compared to a higher profitability expected for plan assets.

Operating provisions

Operating provisions were R$80,213 in the six-month period ended in June 30, 2003 compared to R$8,419 in the six-month period ended in June 30, 2002, representing an increase of 852.76%. This increase is due to the additional provision for losses on realization of the special rate adjustment, in the amount of R$20,966, recorded in the six-month period ended in June 30, 2003 and to the Allowance for doubtful accounts of R$31,160 recorded in the six-month period ended in June 30, 2003 compared to a reversion of R$3,162 recorded in the six-month period ended in June 30, 2002. The reversion in Allowance for doubtful accounts recorded in the prior period was a result of significant overdue amounts collected from an industrial customer.

Fuel consumption quota - CCC

Fuel consumption quota expenses were R$157,490 in the six-month period ended in June 30, 2003 compared to R$160,004 in the six-month period ended June 30, 2002, representing a reduction of 1.57%. Fuel consumption quota refers to operating costs of thermoelectric plants in the Brazilian energy system prorated among electric concessionaires through ANEEL resolution.

Gas purchased for resale

Gas purchased for resale expenses were R$76,746 in the six-month period ended in June 30, 2003 compared to R$45,059 in the six-month period ended in June 30, 2002, an increase of 70.32%. These expenses refer to gas purchased by GASMIG. This variation is a result of gas prices increase partially offset by a 10.03% reduction in the volume of gas acquired, 199,628 thousand m3 in the six-month period ended in June 30, 2003 compared to 221,876 thousand m3 in the six-month period ended in June 30, 2002 as a result of lower purchase volumes from thermoelectric plants.

Financial income (expenses)

The main factors that impacted the financial items are as follows:

- o Investment income earned in the amount of R$14,953 in the six-month period ended in June 30, 2003 compared to R$95,095 in the six-month period ended in June 30, 2002. In the prior period, there was a higher volume of investments because of the debentures issued on November 2001, the proceeds of which were applied to CEMIG's Investment Plan during 2002, in connection with the reduction in revenues. Additionally, losses from unredeemed financial instruments denominated in U.S. dollars contributed to the decrease of Investment income in the six-month period ended in June 30, 2003, as the Company recorded an expense in the amount of R$17,747.
- o Foreign net exchange gains in the amount of R$341,191 in the six-month period ended in June 30, 2003, compared to foreign net

exchange losses of R$314,998 in the six-month period ended in June 30, 2002. These gains are principally related to loans and financing denominated in foreign currencies. In the six-month period ended June 30, 2003, the Brazilian real appreciated 18.72% over the U.S. dollar, compared to a 22.58% devaluation in the same period of 2002.

- Net revenues from monetary restatement of CVA amounting to R$41,044 in the six-month period ended in June 30, 2003, compared to R$6,031 in the six-month period ended in June 30, 2002. This variation is a result of higher average balance of CVA, as restated by SELIC, in the six-month period ended in June 30, 2003 compared to the prior period.
- Interest and monetary restatement expenses on loans and financing amounting to R$182,573 in the six-month period ended in June 30, 2003, compared to R$139,733 in the same prior period. This increase is due to the higher debt level denominated in local currency and the increase in its inflationary restatement indexes in the six-month period ended in June 30, 2003. The Indice Geral de Precos - IGP-M (General Price Index), the main index applicable to these contracts, presented a variation of 5.89% in the six-month period ended in June 30, 2003 compared to a 3.48% variation in the same prior period.
- Reversion of the provision for valuation of marketable securities of Brazilian National Treasury Notes in the amount of R$45,543 in the six-month period ended in June 30, 2003 compared to a provision of R$20,828 in the six-month period ended in June 30, 2002 due to the lower discount imposed by financial markets on transactions involving Federal Government long-term bonds.
- Interest on capital declared in the six-month period ended in June 30, 2002 in the amount of R$120,000.

Non-operating expenses, net

Non-operating expenses were R$12,693 in the six-month period ended in June 30, 2003 compared to R$1,059,172 in the six-month period ended in June 30, 2002. This variation is due to a provision for loss recorded in the prior period, in the amount of R$1,045,325, related to the Second Amendment of Credit Assignment Contract for CRC signed with the Minas Gerais State Government.

Income and social contribution taxes

The CEMIG Group recorded income tax expenses of R$313,765 in the six-month period ended in June 30, 2003, representing 36.98% of pre-tax income.

In the six-month period ended in June 30, 2002, the income tax expenses were R$22,360 in relation to a pre-tax loss of R$1,001,091. This result is primarily due to the provision for loss recorded in the amount of R$1,045,325, which was not considered a deductible expense for Income and Social Contribution Tax purposes.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

OTHER RELEVANT INFORMATION

Information not reviewed by independent accountants

CORPORATE GOVERNANCE

CEMIG has sought to implement the best corporate governance practices in order to optimize its performance and offer more protection, through improvements in information disclosed to the markets and to all interested parties, including investors, employees and creditors, facilitating its access to capital. These practices mainly involve transparency, equitable treatment of shareholders being accountable for the Company's actions.

Highlighted below are practices that CEMIG has already adopted:

- The notices of general shareholders' meetings set forth in detail the meeting's agenda, including relevant items suggested by shareholders, and such meetings are held at convenient dates and times.

- The share register, which sets forth the number of shares owned by each shareholder, can be obtained at any time for a service charge, in accordance with Article 100 of Law 6,404 of December 15, 1976.

- Documentation necessary to evidence the ownership of shares of CEMIG is accurately maintained, in order to permit the participation and vote of its shareholders or their representatives at shareholders' meetings.

- The Board of Directors, which has a unified term, has 14 technically qualified members, 9 of whom have finance, economic, law and accounting experience. The Board of Directors seeks to advise CEMIG's executive officers to maximize its return on assets in order to aggregate value for the enterprise.

- In accordance with Law 10,303 of October 31, 2001, and the major shareholder's decision in compliance with the best corporate governance practices, minority shareholders owners of preferred shares have elected a member of the Board of Directors.

- The shareholders' agreement is accessible to all shareholders at CEMIG's headquarters.

- Preferred shares have priority in the redemption of capital and participate equally with the common shares in net income. At the Shareholders' meeting of April 30, 2002, the Company's Bylaws were changed and the preferred shares became entitled to a minimum annual dividend equal to the greatest of 10% of the preferred capital according to the Brazilian corporate law or 3% of the book value of the preferred shares. The minimum dividends cannot be less than 25% of the adjusted net income for the year, in accordance with Brazilian corporate law.

- On a quarterly basis, the Company discloses reports prepared together with the financial statements to its Fiscal Council, which analyzes and discusses the financial statements, including the related internal and external risk factors.

- In order to avoid conflicts of interest, the Board of Directors does not authorize its public accountants to provide consulting or other services to CEMIG.

- CEMIG provides to the members of its Fiscal Council all information that may be needed to analyze the Company's main issues.

- The Company adopts, in addition to the financial statements prepared in accordance with accounting practices emanating from Brazilian corporate law and with accounting standards established by the CVM - Comissao de Valores Mobiliarios (Brazilian Securities Commission), generally accepted accounting principles in the United States, or US GAAP, in order to prepare financial statements to be filed with the United States Securities and Exchange Commission - SEC.

- The memorandum of suggestions on accounting and internal control procedures provided to CEMIG by its public accountants is submitted to the Board of Directors and to the Fiscal Council in order to evaluate the proposals and adoption of applicable measures.

- Transactions with related parties are disclosed in CEMIG's financial statements and are conducted on an arm's length basis.

- CEMIG's investor relations policy seeks to provide access to a wide range of investors through:
  - CEMIG's Internet home page, which is accessible to all investors and shareholders, contains material information related to CEMIG and its operations.
  - Broad dissemination of the disclosure of CEMIG's results.
  - Live conferences accessible to everyone through CEMIG's Internet home page.

- CEMIG has adopted Level 1 of the corporate governance standards established by the Bolsa de Valores de Sao Paulo - BOVESPA (Sao Paulo Stock Exchange).

- CEMIG has listed depositary receipts on foreign stock exchanges, in New York and Madrid.

- CEMIG regularly pays dividends to its shareholders in accordance with the provisions of its by-laws.

In addition, CEMIG is considering the adoption of additional corporate governance practices that will be disclosed on a timely basis.

FINANCIAL INDICATORS

SHARE VALUE

(Expressed in Brazilian reais per thousand shares)

Item	Unit	June 30,2003	March 31,2003	June 30, 2002
Book value		38.35	35.99	36.32
Market value	Common	21.10	19.27	29.79
	Preferred	26.35	25.26	32.00

LIQUIDITY (excluding special liabilities)

Item	Unit	June 30,2003	March 31,2003	June 30, 2002
Current ratio	Ratio	0.67	0.60	0.75
Overall liquidity	Ratio	0.70	0.67	0.68

DEBT LEVEL (excluding special liabilities)

Item	Unit	June 30,2003	March 31,2003	June 30, 2002
Total assets	%	57.10	59.18	55.11
Shareholders' equity	%	133.09	144.97	122.75
Permanent assets	%	95.04	98.03	88.12

PROFITABILITY

Item	Unit	June 30,2003	March 31,2003	Jun
Shareholders' equity	%	9.43	2.67	
Return on property, plant and equipment	%	6.74	1.92	
Operating margin	%	16.91	11.31	
Net margin	%	16.58	10.96	

OPERATING INDICES

INSTALLED CAPACITY

	June 30,2003	June 30, 2002
Installed capacity (in MW)	5,713	5,675

EFFICIENCY

		For the six-month period ended	
Item	Unit	June 30,2003	June 30, 2002
MWh (*) per employee	MWh	1.533	1.510
Consumers per employee	No.	495	488

(*) excludes energy transactions on spot market

SERVICE QUALITY

		For the six-month period ended	
Item	Unit	June 30,2003	June 30,2002
Average time needed to restore electricity	Hours	4.81	4.28
Electricity outage time - average per consumer	Hours	5.12	5.93
Outages experienced - average per consumer	No.	2.91	3.48

AVERAGE RATE
(Expressed in Brazilian reais per MWh)

	Including VAT	
Description	June 30, 2003	June 30, 2002
Industrial	120.35	94.66
Residential	332.07	267.40
Commercial	281.77	230.08
Rural	182.42	150.41
Others	184.81	152.77
Final Consumers	182.71	144.48

SHAREHOLDERS WHICH OWN MORE THAN 5% OF VOTING CAPITAL
AS OF JUNE 30, 2003

ACIONISTA	COMMOM SHARES	%	PREFERRED SHARES	%	T
Minas Gerais					
State Government	36,116,291,643	50.96	102	-	3
Other State's entities	3,365,756	-	3,030,572,387	3.31	
State's Total	36,119,657,399	50.96	3,030,572,489	3.31	3
Southern Electric Brasil Part. Ltda.	23,362,956,173	32.96	-	-	2

OWNERS OF SOUTHERN ELECTRIC BRASIL PARTICIPACOES LTDA.
AS OF JUNE 30, 2003

Item	Name	Number of Share quotas	%
1	Cayman Energy Traders	321,480,876	91.75
2	524 Participacoes S/A	28,913,419	8.25

1 - Foreign Company
2 - Registered Company. Fundo Opportunity Alfa FIA has 99.99% of its capital.

CONTROLLING SHAREHOLDER, BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND FISCA
COUNCIL MEMBERS INTEREST AS OF JUNE 30, 2003 AND 2002

NAME	NUMBER OF SHARES		
	June 30, 2003		
	Common	Preferred	
CONTROLLING SHAREHOLDER	36,119,657,399	3,030,572,489	36,
BOARD OF DIRECTORS			
Wilson Nelio Brumer	-	1	
Djalma Bastos de Morais	-	13,400	
Francelino Pereira dos Santos	-	1	
Antonio Adriano Silva	-	1	
Flavio Jose Barbosa de Alencastro	-	1	
Oderval Esteves Duarte Filho	5,099	-	
Marcelo Pedreira de Oliveira	5,099	-	
Joao Bosco Braga Garcia	5,099	-	
Sergio Lustosa Botelho Martins	5,099	-	
Aecio Ferreira da Cunha	5,866	1,461	
Francisco Roberto Andre Gros	-	1	
Mario Lucio Lobato	5,000	-	
Maria Estela Kubistscheck Lopes	-	1	
Alexandre Heringer Lisboa	-	1	
Luiz Antonio Athayde Vasconcelos	-	290	
Marco Antonio Rodrigues da Cunha	-	1	
Francisco Sales Dias Horta	-	1	
Guilherme Horta Goncalves Junior	-	1	
Geraldo Dannemann	1	1	
Luiz Felippe Leal da Fonseca Junior	1,000	-	
Carlos Suplicy de Figueiredo Forbes	4,079	-	
Marc Leal Claassen	5,099	-	
Arnaldo Jose Vollet	-	1	
Fernando Lage de Melo	-	1	
Eduardo Lery Vieira	-	1	
Andre Luis Garbuglio	1,000	-	
Fernando Henrique Schuffner Neto	-	101,218	
Franklin Moreira Goncalves	-	1	
EXECUTIVE OFFICERS			
Djalma Bastos de Morais	-	-	
Francisco Sales Dias Horta	-	-	
Celso Ferreira	-	-	
Flavio Decat de Moura	-	-	
Heleni de Mello Fonseca	-	-	
Elmar de Oliveira Santana	-	-	
Jose Maria de Macedo	-	112,962	

NAME	NUMBER OF SHARES	
	June 30, 2003	
	Common	Preferred
FISCAL COUNCIL		
Luiz Guarita Neto	-	-
Aristoteles Luiz Menezes Vasconcellos Drummond	-	-
Luiz Otavio Nunes West	-	-
Bruno Constantino Alexandre dos Santos	-	-
Thales de Souza Ramos Filho	-	-
Beatriz Oliveira Fortunato	-	10
Augusto Cezar Calazans Lopes	-	-
Ronald Gastao Andrade Reis	-	-
Marcos Eolo de Lamounier Bicalho	-	-
Aliomar Silva Lima	-	-

NUMBER OF SHARES AVAILABLE ON MARKET

(EXCLUDES SHARES OF MINAS GERAIS STATE GOVERNMENT)

	Common	%	Preferred	%	Total
06/30/2003	34,754,510,524	49.04	88,179,950,210	96.68	122,934,460,73
06/30/2002	34,754,711,629	49.04	88,180,156,856	96.68	122,934,868,48

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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/ Flavio Decat de Moura

Name: Flavio Decat de Moura
Title: Chief Financial Officer
and Investor Relations Officer

Date: August 21, 2003