

## Q3 2006 Earnings Call

### Company Participants

- Agostinho Faria Cardoso, Superintendent of Investor Relations
- Depe Rebozo, Financial Planning and Investment Analysis Manager
- Djalma Moraes, CEO
- Flavio Decat De Moura, Senior Financial Officer
- Joao Batista Zolini, Head, Analysis Process Acquisitions
- Wilson Brumer, Chairman of the Board

### Other Participants

- Christina Garcia, Analyst
- Claudio Kido, Analyst
- Emerson Leite, Analyst
- Fabio Colta, Analyst
- Marco Sequera, Analyst
- Pedro Bartista, Analyst
- Ray Resfelix, Analyst
- Sergio Comasheero, Analyst
- Stohow Mea, Analyst
- Unidentified Participant
- Unidentified Speaker

### Presentation

#### Agostinho Faria Cardoso {BIO 20495015 <GO>}

Good morning, everyone. We are now beginning the cast -- the telecast, the webcast of the analysis and comments on CEMIG's results of the Third Quarter 2006. We highlight the presence of Wilson Brumer, President of the Board, Chairman of the Board of CEMIG; Dr. Djalma Bastos de Moraes, CEO of CEMIG; Dr. Flavio Decat de Moura, Senior Financial Officer and Participations in Investor Relations. And Mr. (Depe Rebozo), Financial Planning and Investment Analysis Manager and also Luiz Fernando Rolla, Director of Investor Participation and Investor Relations. My name is Agostinho Faria Cardoso. And beginning the 1st November of this year, I am the new Superintendent of Investor Relations of CEMIG.

Our presentation will be made up of two parts. The first one, we will talk about the analysis and strategy of our results, of CEMIG results and projections. And the second part we will answer questions and answer -- we will have questions and answers. We will begin

with Dr. Brumer speaking about the strategy and results. We inform, however, that the transmission of the webcast can be followed from the video webcast on the site <http://cemig.infoinvest.com.br> or on the telephone 011-468-86301. Now Dr. Brumer has the floor.

## Wilson Brumer {BIO 1524504 <GO>}

Good afternoon, everyone who is here with us and watching us. I would like prior to anything to tell you about how glad we are to be here once again answering and debating with you all, analysts and investors, the results of CEMIG for this quarter. If you allow me, I would like to initially greet Agostinho, who has taken up new functions, a new role, aware of the responsibility that we have now with Investor Relations and the concern that we are now with more and more improvement in our governance, our relationship with our stakeholders.

Also publicly, I would like to thank and congratulate all the work done by Luiz Rolla and certainly Luiz Rolla has transferred to Agostinho all of his training, all of his expertise, all his ability and skills and all the recognition of the market and certainly because of everything that he has done vis-à-vis this process that CEMIG has today, experiences today and I am pretty sure that you investors and analysts will have in Agostinho the very same kind of treatment, the same kind of performance that CEMIG has had through Rolla.

Also, when I comment the results of CEMIG, I would like to emphasize that in our opinion, the company has been able to maintain all of its strategy already discussed with you in other occasions and this strategy, more and more, has consolidated and strengthened our figures, our numbers and the ability of investments and value-add in our company. And what we see today in the Third Quarter results is that certainly the strategy should be pursued and improved upon and we are pretty certain that as we do this, we are adding more and more value to the company.

We all follow. So the result or the steps that CEMIG has been taking in the last three years and the acquisitions that we have concluded in the last few months already in the balance sheet of this quarter is beginning to show the results and showing how correct we were in making those acquisitions. If we consider CEMIG and the companies in which it has a participation now, we are a company that serves more than 10 million customers. EBITDA has reached 905 million reais in the Third Quarter of 2006 and this number is 30% higher than the same period in 2005. We had sales in this quarter, record sales. We have reached 38.057 gigawatts in the first nine months of 2006, considering then our participation of 752 gigawatts from light company.

In terms of acquisition, we understand that our acquisitions are -- have been adding value to our figures, our ability with the acquisitions in terms of generation has increased by 169 megawatts. The new rise of transmission, the transmission lines that we have acquired added 8,800 kilometers of network, 468 of transmission lines and 8,300 kilometers of distribution network lines. More than 3.8 million consumers in 31 townships in the state of Rio de Janeiro in total were added to this system that we can call more and more, CEMIG.

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The operational performance of the Third Quarter shows the strengthening of these foundations that have been implemented in the company. The revenues or the general revenues of generation and transmission in the Third Quarter increased by 22% vis-à-vis the same period in 2005 as sales of CEMIG distribution show a consistent growth throughout the year 2006. So we've had a growth of 22% in revenues by the use of the same lines, the line network revenues compared to the same period 2005. Factors that we have to take into account in the last presentation that we did, the profits from last quarter were affected by non-recurring factors which did not happen this quarter. But it is important to remind you that non-recurring factors did affect the profitability as the slide that is going to be presented to you.

Number 43, that's the number of the slide, for you that have the documentation. Up until September 2006, net profits reached 1.1 billion. That is 6.87 reals per thousand shares. The net income -- adjusted net income reached 1.2 billion, 13% increase vis-à-vis the first nine months of 2005. And for the same period, EBITDA was 2.1 billion reals and this adjusted EBITDA grew by 21% as compared to the same period 2005, reaching 2.3 billion reals.

This -- now this graph shows to you, the chart shows the performance of our results in the last quarters and an important point to raise here is that in the last quarter 2006, the Third Quarter 2006, if we compared it in EBITDA terms, certainly it is the highest ever in the last years. So it is a record EBITDA. And it is important once again to stress (that certainly) we don't have more non-recurring factors which goes to show that the foundation that has ensured such results at CEMIG are shown to be more clearly in this quarter that we are closing at this time.

If we look at our performance of all companies in which we do have a participation, we are going to see that all of the companies present positive results and it's worth a highlight in here in this more specific case, which has received more publicity, the acquisition of Light Company. It is important to highlight that their results were published recently with losses accumulated in the nine first months of the year.

But we were -- had a concern, all the controllers of the company, to establish a balance in the beginning. As soon as we got there, we verified the balance of where we consider all the adjustments that the company needed, which means then that the performance of Light, which we hope will continue positive from now on, has positive effects upon CEMIG, without any negative effects coming from the adjustments that we performed at the interest of our control -- the new controlling group. 2006 acquisitions account for 2.2% of the net income and 3.1% of our cash generation.

Now I give the floor to Djalma Moraes, our CEO, for his comments and then I will return to talk about some other points of our corporation. Please, Djalma?

**Djalma Moraes** {BIO 2089645 <GO>}

Good afternoon, ladies and gentlemen. Our strategy of expansion of installed capacity meets the requirements of efficiency generation, the fair economic financial balance, the

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installed capacity expansion on the three performance levels in order to contribute to efforts to generate economic growth, to improve financial capacity, to finance our own projects and to protect the interests of stockholders, employees, customers and suppliers through thorough investment selection with returns always above (WAC), technological operational improvements and superior management practices, social responsibility and environmental responsibility.

We would like to inform our stockholders and our consumers that we intend to grow, whether by acquiring new companies or through our own regions, a sustainable growth aiming at giving the company the criteria of sustainability that are necessary to its own growth. Of course, we do not have participated of auctions because they have -- we have not had auctions in the country. But we are going to proceed with strength very strongly, either through acquisitions or auctions.

Within the acquisitions, Dr. Flavio is going to give us some details about the success of our great projects recently turned into effect. The generation projects, we are now within generation. We are increasing our generation vis-a-vis 2005 by 10%. We have the Irape units, Capim Branco, Capim Branco 2, Baguari and we would like to inform you that on November the 5th -- December the 5th, that is we will be dedicating Capim Branco 1 and 2, probably with the presence of our governor. Agostinho, please?

Our preparation for the future and within this preparation for the future, we have some investments outside Brazil, among them investment in Chile, already you were informed about that. I would only like to emphasize that this investment, even though it is not a large one, our participation is relatively small. But it has given our employees and our managers an international experience of problems existing, whether (Jeridicho) or capital problems or private initiative problems in another country. This has given us a large experience thus allowing us to enlarge our range of abilities and skills so that we can, if there is a possibility in there being important business deals outside of Brazil, we can reach those goals without any problems.

The GT projects of CEMIG, we have only to emphasize generation and transmission, that is, we have a situation up until September 2006. Record sales, as you can observe. The relationship between -- up until September 2005 and 2006 with 37 and 29 megawatts. CEMIG generation transmission in terms of gigawatt per hour, we can observe our growth in the last quarters. As you can see on the chart, even though we have in the third and Fourth Quarters of 2005, a relative decline but soon afterwards we had a climb in our sales. But more importantly, if we compare the Third Quarter of 2006 with the same period 2005, there was really an addition to our power sales.

And the distribution, we have more or less the same situation. Observe it noting that we had some migration -- consumer migration, that is. And the same effect was observed in distribution with the decline in the third and Fourth Quarters in 2005 and a decline (of ignea) of 2006, plus but a balancing out in the Third Quarter 2006 and 2005. This is our share of the market, our market share industrial, residential, commercial, rural and others. And we have a new market profile consolidating after the migration of customers.

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As you can see here on this table, the first our captive customers declined by 12%, compensated by free of 9.9%, which is a fact that can be stressed is a variation of 0.7% of our residential customers. Taking this situation to Dr. Brumer about the residential customers, he requested the study so that we can make possible modification in the profile of residential customers. We have promised this study to November and I am pretty certain that the next figures that will be shown you will already indicate some changes.

Our investment program. We predict up the Third Quarter 1 billion 29 and for 2007, 1 billion 531, segmented and with a total between -- predicting for 26 up until December 1,900 and at the end of the quarter, 1 billion, 500 million. And I would like only to stress once again the message that our company is going to continue growing within the sustainability criteria and I would like also to stress to you, as the holders, that we are going to continue investing whether by means of auctions or acquisitions. Then I would like now to give the floor to Dr. Flavio Decat, who is going to continue our explanation.

Just a minute, prior to that, Dr. Flavio just a minute, I would like to on behalf of the management of the company, to thank all of the services rendered here by Dr. Rolla. I learned that all of the great accomplishments taken into effect here, Dr. Rolla was present. I am pretty certain that the technical knowledge that you have conveyed to Dr. Agostinho are going to consolidate this company in the next few years. But I would like Dr. Rolla for you to convey also to Dr. Agostinho the same emotion that you always left and you always conveyed when you actually dressed our jersey of our team in every meeting in this country.

Outside of the country, I know it is going to be difficult. But I am pretty sure that you, in the months that we still have together, convey this vibration that you always conveyed to show our investors the situation of the company. Thank you, very much for your services on behalf of the management and I am pretty certain that we will be together somehow in some time, who knows? Thank you, very much for everything.

### **Flavio Decat De Moura** {BIO 5512302 <GO>}

Good afternoon, everyone. Mr. Chairman, I have seen some tears going down Rolla's face. I think he misses this table. Here, I would like to invite him to come up and appear on the TV so the analysts can see him again or keep on seeing him. We had this replacement process, a difficult one, a person who created the era of Investor Relations at CEMIG. He is known throughout the world by all analysts and who deal with CEMIG in some way. So it is a difficult succession. Agostinho is an experienced man already. He was the superintendent of CEMIG for a long period and has been for a year now being under training to try and Agostinho. And fill in this blank that the company is going to have.

But proceeding here, Rolla has already dried his tears. Our growth is being speeded up by acquisitions, always with a focus on the electric business, evaluating the opportunities of expansion with very rigid profitability criteria. Return on investment is the main requirement for any business that CEMIG will engage in, return and value added, aiming at creating or establishing business -- a low risk business portfolio with a balance between electricity business and industry generation distribution.

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The regulation aspect is never absolutely neutral vis-a-vis the three business in the industry, always privileging somehow one or the other. So it is always important to be present in the three branches of the industry in a balanced way. A strong presence in the segments that add value, I call your attention to gas. We have a very strong investment in this area. Seeking financial stability, a clear objective that will guarantee long-term sustainability on cash flow and credit quality and higher standards of corporate governance, aiming at integrating or aiming at taking to our acquisitions the integrity and behavior patterns that CEMIG always tries to have, good ones.

And the search for partners always having to do with value add-in with private partners, we improve our condition of financing, of low-cost financing. Also evidently with the partnership, we reduce the need for our own -- the use of our own resources and bringing in private partners, we give the market the transparency, that the market knows that this is good business. Because if CEMIG is engaging a deal with a private partner, this means that this business is also good to the private partner.

Maximizing cash generation, rolling the debt maturity sold as to keep our credit and looking for the best opportunities for financial funding and we have the opportunity now to improve our classification, our risk classification. And in this picture, we already are consolidating the financial numbers and adding the numbers of employees and customers, the totality of the companies that have been recently acquired showing very robust figures for CEMIG Corporation.

With these acquisitions, our consolidated sales increased by 2% in the Third Quarter and this last slide, we can see that only in CEMIG, these sales added 12% to our wholesale sales. In the general situation, CEMIG has its portfolio of 32 companies of what we see, this is the internally --try to adjust so that you have our style of management of this enormous block of companies. And it is the fifth largest generating company in the country. Add in 4% of with by means of the acquisition of Light.

This next slide shows us the evolution, already taking into account the sales of Light -- the acquisition of Light in a consolidated matter. Transmission, we had a strong thrust, where the TBE generated acquisition we have a significant percentage and we come through this to be the sixth largest transmission company in this country. In our master plan, we intend to be one of the five largest.

Before giving the floor back to Dr. Brumer, I would like to invite all of the analysts to our presentation at Light -- with the acquisition of Light. We set up -- we established there a management style in which the partners participate on the board. We hired professional board, which proposed a transformation plan before the takeover of the company and Dr. Alqueres was the CEO of that company. He is going to make a presentation of this transformation plan on the 21st of November at 5 p.m. there at Light Company. He is sending out an invitation to each one, to each analyst and asked CEMIG as we have direct access to you, please to convey also to extend this invitation to you all.

Now, Dr. Brumer, please?

## Wilson Brumer {BIO 1524504 <GO>}

Thank you, Flavio. Once again, returning to some points that I mentioned in the beginning, I think that this is the First Quarter in which we present the analysts and investors already with the acquisitions taken into account and consolidated in our figures. Considering especially the acquisition of TD and Light, which leads us to a company with total assets of 24.5 billion reais and a shareholders equity 8.1 billion and consolidated debt of 8.2 billion, with consolidated net earnings of 7 billion reais.

This until the nine first months of the year with initiated for energy sales for the main states of Brazil, I call your attention to the experiments that we are conducting in Chile, in our view, has been very well said by our present CEO. Djalma has been positive in the sense of preparing our home for eventual acquisition or new opportunities that might arise.

Those commitments that we had and those obligations that were established by the board and by the management and by the controlling stockholders, the several commitments and obligations to our stakeholders vis-a-vis corporate governance. We are in a process that is more and more of improvement. But this governance certainly take into account the conformity with the Sarbanes-Oxley law section 404, that minimizing our investment costs and as already mentioned by our Director, Flavio Decat, guaranteeing another good return for our investments.

And a clear strategy and a clear commitment vis-a-vis our employees, our development of human capital, a company that wants to grow, wants more and more to act in a sustainable competitive manner in the market certainly will have to do, as we all know, great developments in human capital. And we have as our goal to transform CEMIG and to put CEMIG among the best places in Brazil to work in. And it was along these lines that we have placed ourselves, we have given ourselves a test, the publication in Brazil of this new magazine we have been including among the '150 Best Companies to Work In' in Brazil and certainly our goal is to improve more and more and to among the best, the very best companies in Brazil.

Our customers, active customers with superior operational performance as shown by Djalma, qualification also of activities through ISO9000 standards. In terms of the community, some important points. We have always defended that our company when it is concerned with the stakeholders must be attentive to the problems of the community and for the seventh time in a row, showing that this has been some work that has been conducted by CEMIG. But for the seventh time around, we have been selected to be the World Sustainability Index of Dow Jones.

And with our acquisitions and as the system has been implemented, our diversification, not only of assets but also as a result of the new customer model, we see by this presentation at CEMIG today, has action in several states in the country, (Benedual), (inaudible), Sao Paulo, Minas, Rio, Espirito Santo, Maranhao and Para. So this is the new map of CEMIG's presence, which certainly brings us the confirmation of the rightfulness of the adopted strategy. But also a bigger responsibility in those places in partnerships with apartments to adequately serve our customers.

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I would like to call attention. This was a very special year for CEMIG. It has been. But I would like to call attention, that is not a new fact in the history of the company. For many years, the company has been recognized by the market through awards. But this year, with not a small pride, I call attention that CEMIG was considered the best public company by market analysts throughout the America-Brazil. Rolla was considered the best Investors Relations officer of the year by the IR magazine. Flavio Decat was considered by the Brazilian Institute of Financial (Exasteos) as the best Chief Financial Officer of a company.

The company has also received the (Ebrasca) award, best yearly report and as already mentioned, we have received for the seventh time around, the membership of the Dow Jones Sustainability World Index, which increases of course our responsibility. Dr. Brumer and yesterday, day before yesterday, we received from (Carta Capitone), another magazine within the electric sector, the most admired company in this country. And you see, as was not in the quarter, we couldn't even talk about it.

But the year isn't over yet, as you said. And I would like, as I close this participation, to tell you analysts and investors that our -- seeing us and watching us and listening to us that if we take out the non-recurrent negative results, which have been object of a great discussion here, the figures presented here which certainly will be debated over by Agostinho and Flavio Decat, show that the company is on the right track and following the strategy that it had set up to do -- set out to do.

And we believe deeply that when there is planning, when there is an action plan, when there is discipline in what we propose ourselves to do, the company will reach the objectives to which it planned itself. So I see with satisfaction that the foundation of CEMIG are more and more solid and I am pretty certain that our analysts and our investors can rest assured that they are analyzing and investing in a company that has everything to continue adding value and certainly more and more bringing satisfaction to its stakeholders.

So I would like to give the floor to Flavio Decat, who is going to tell us not about the financial strategy. But is going to go into the details of the result.

### **Flavio Decat De Moura** {BIO 5512302 <GO>}

We will give a short time for Dr. Brumer and Dr. Djalma to leave. We will continue here. I would like Rolla to sit here by my right side. So we are going to present very quickly the results. And soon after that, we are going to have a session of questions and answers. And I already asked (Gustavo Gastas) a question for Rolla to answer, which is very difficult for him to answer.

We have tried to promote the financial management of the company to direct it in a way that adheres to the master plan. We see here that the master plan, the guiding plan establishes these two figures on the slide. The maximum level of 2.5 for the rate debt EBITDA and the leverage of 40, 50% as a result of the circumstances of the moment, the growth of the company.



Another quick cash flow totally adjusted to this new configuration of deverticalization and once again, always beginning projects with the resources that are totally guaranteed. The financing of expansion so as to reduce always our average cost reduction, considering the capital, extend in the maturation of the debt. We have pursued that in a firm manner. We have been successful, as you are going to hear. The foreign exchange risk has been reduced to 12% of our total debt and it is totally hedged with the contracts of power sales that we have in reais. But indexed to the dollar.

And we again have, I have already said that, an expectation to have our credit quality improved upon. Our main creditor today is the Bank of Brazil. That is a big, major change that we have done a good -- a big deal. We have had a good transaction with the Bank of Brazil and we had the reduction for the first time around, below the 10% per year of the main cost of our debt. This is due to our policy and transparency in structure, especially through the good business that we have with our banks and our strong cash structure.

Maturity, the debt maturity profile. We show here September figures related to September. But after September we have made a few adjustments to the debt. And in this next slide, we can see the position of today, which rises the average period from 3.8 to five years, which is a goal that has been pursued. And as you can well see, we are delivering a debt profile that is totally or practically flat at the end of this year 2006.

What we have is we have been attemptive. But very absolutely within the limits established by our statutes and the board, which actually make a good surveillance of our growth process leverage as you can see. We are in the concept of debt as just deducing only the regulation as it is within 37.8%. And if we deduct also (FEDC), which has a guaranteed income in the other tip, we have 33% leverage. The arrow with the label C is the covenant of the bank for such indices, which goes to show that our structures, our security is much more restrictive than even the creditor banks impose on us. So the debt over EBITDA is today, 1.32% and the same debt of adjusted EBITDA, 1.2% as you can see.

I am going to give the floor now to Dr. Agostinho, who in this quarter effectively we have recovered the position we have, even improved relative to what we all expected, eliminating the effect of the non-recurrent factors of this year. Agostinho, please?

### **Agostinho Faria Cardoso** {BIO 20495015 <GO>}

Thank you, Dr. Flavio We will observe in this slide that the cash generation of CEMIG is very strong, which is very important for the company that has as one of its main strategies to invest in acquisitions. We see that the net income of the company and all the results already present the positive effects of the acquisitions and the net has grew by 26%, reaching almost 2.6 billion reais. Operational expenses have risen also and that leads us to cash generation of 905 million reais, which gives us a margin of 35%. The net profit was 400 reais billion with a growth of 17% vis-a-vis the previous year.

As for operational revenues, our strong reflect of the acquisitions and the final consumer sales grew by 15%, reaching 2.7 billion reais. And we have -- the growth with the beginning of the initial contracts. We are going to give a detail soon afterwards. 2G also, because of

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tariff increase, which led us to a gross network of 3.733 billion reais, 25% over the same quarter in the previous year and a net income of 2.599 billion reais.

As for the expenses, I said were impacted by non-controlled factors. And we emphasize here the purchased energy and the fuel assumption account, the CCC and the charges for the use of basic transmission network and we came to 1.918 billion reais. Adding to what Dr. Flavio has said, we have already mentioned through the words of Dr. Brumer, growth of the profit and the adjusted EBITDA and we highlight the non-recurrent factors that affected only the First Quarter, taking the adjusted income to 1.2 billion reais, 13% above the same period the previous year. We are talking about accumulated values to a cash generation of 2.3 billion reais, 21% over the same period last year.

Analyzing now the results by companies, or the many companies of the CEMIG corporation. Generation, transmission, distribution and we see that the synergy of the business strengthens the foundations of our company. Analyzing the results of generation and transmission, we see that it's coherent with the readjustment tariff, readjustments of transmission and also at the end of initial contracts that enlarge the supply sales. Net income has raised 651 million reais, 22% more than the same quarter last year. Operation expenses, because of noncontrollable items, have gone up by 342 million, operational result, 234 million, leading to an EBITDA of 303 million reais, a margin of 60%. Net income, 65 million reais, with net margins of 30%.

Operating revenues of generation and transmission are made up of sales in every market to end consumers of our generator company. These sales have the same -- are on the same platform as last year, reaching \$384 million with the end of last year -- the end of the initial contracts are generating. Company sells only to free consumers and distributing companies by means of auctions organized by the federal government. So the supply wholesale reached 276 million reais and our transmission of use went up to 151 million reais, growth of 41% vis-a-vis the First Quarter last year. And the net income, net revenue, 651 million reais, already mentioned.

As for the expenses, we highlight the growth of items that are noncontrollable, CCC and CD and also charges for the use of the transmission network is the other side of the coin. If our transmitting company increased our revenues, our generator also pays for the use of the network. And also, the commissioning of the Irape plant in royalties with the already definitive accounting of the (Imoress) plant.

As for CEMIG distribution, we have a natural growth after the migration period is over of free customers. In spite of that decline of sales to captive customers and industrial customers, the net revenues of distribution went up by 2%, reaching 1.6 billion reais. Operating expenses are on the same level as before, reaching 1.316 billion reais. Foreign EBITDA of 281 million reais. The EBITDA margin was 12.27% net margin for a profit of 203 million reais.

Now evaluating operating expenses, we see that the sales to end customers we see, in spite of the migration of free customers that were captured by our generating company, sales went up by 3%, reaching 2 million reais and (inaudible) also went up to 197 million

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reals, to a gross network of 2.378 billion. And a net revenue of 1.6 billion reals. Operating expenses had the same level at the Third Quarter 2005, showing the severity with which CEMIG controls costs of its distribution company, maintaining operational expenses within the limits of the referenced company.

Now, I would like to give the floor back to Dr. Flavio, who is going to conduct our presentation as of now, which has to do with the presentation of the results of the projection -- the financial projections up until 2010. The first question would be about the guidance. We chose to talk about the guidance. First, a projection out to 2010.

I am going to call Dr. Rebozo Depe to make this presentation, just reminding that it is relevant to show that we are negotiating with the union about the collective agreement this year and the guidance evidently does not take any eventual negotiation in this sector into account. So, with this caveat, the guidance is our forecast for this period. Depe, prior to you beginning the transmission of your presentation, I would like for just a minute our listeners who are following us just to change our translators. Within a few minutes, we will be back. Thank you.

(BREAK)

So we may proceed now. Yes, after this short technical break, we are going to hear Dr. Depe Rebozo.

## Depe Rebozo

Good afternoon, everyone. I think this is a review of our guidance 2006-2010. It is a pleasure to be here once again talking about the expectations of the company for the next five years. In May this year, we made a presentation of our guidance and now we are reviewing it because of non-recurring factors.

Once again, Agostinho, we have a second factor on the agenda. A second major factor is the review of the internal processes that we are having so we can have better integration of information given the public at large more consistent information about the company's expectations. And based on that, we are going to make a presentation of the (inaudible) reviewed guidance for 2006. This is what was presented last May about the expectations of the company for the next four years.

And we can see in 2006, in the (mean) scenario, (3554), which is not being reached and the next slide, we can see what the factors are that led us to review the position of the company about the EBITDA of 2006. Basically, we have regulating assets are JD and (posapco fees) via social taxes an understanding we had last May and as the months passed, we understood that our understanding would be different. Therefore, the value of 173 million is 67 are now bringing our EBITDA down. Our participation in the profits, 80 million which we are not considering the value of 3554. But we consider that in the value of 3035.

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Participations were light in TBE. We had considered our participation a whole integral participation, consolidating totally the new acquisitions for 2006 and with a partial consolidation, the value then was brought down by 141 million. And the collective agreement, there was a dental plan, we did not have the expectation of the impact of 17 million. Now we are considering that in our guidance. And the main positive aspect was the reversal of our labor costs. With the participation of Dr. (Onad) and Dr. (Dedhoska) for explanations whenever necessary.

Now, for the review of the processes important to show details, what are the actions of the company vis-a-vis integration and the need for consistency to convey information to the market. Main reasons, as has been said, was to increase the precision and the accuracy of the information in conformity with the practices as required by Sarbanes-Oxley.

The new design principles, the constitution of the committee as approached by the management, strategic step by step certification of every piece of information that reaches this committee. So that everyone will know the beginning, the middle and the end of this piece of information and everyone will be there signing the document and saying that in time, there will be follow they will justify all the origin and all the follow-up of the information. The modeling in software and hardware that are dedicated to this process connectivity with information system and a person updating in communication to the market. This is important to us here obviously with integration among the processes which is the basis of everything.

In the next slide, you are showing a small detail, how the areas in which we will be updating who certifies, just an example of how we will be doing this work. Now beginning the review of our guidance, we make a comparison between the scenarios we had been working with previously with the macroeconomic indicators and the present-day scenario.

Now, Brazil received investment grade 2008, 2009 and there was a great entry of resources of monies with the effective reduction of interest rates and the structural reform 2007 allowing for the growth of GNP. But in the present scenario -- current scenario, Brazil isn't though receiving investment grade. This is not enough to allow for reduction, especially reduction of the interest rates. Remembering that other countries also will receive investment grades, other emerging countries, therefore this reflection is small.

Brazil should also continue with growth rates smaller than other emerging countries, given that in this situation, Brazil is no different from the other countries. Therefore, there is no reason for Brazil to be different in the future than what has been until now. This is the new scenario that the company is taking into account. And this new scenario has impacted, as you can see on the slide, the GNP and the ceiling, the GNP and expectations of growth and the construction of new plants.

As for the next slide, that we are seeing please. In terms of the generation curve, we had a curve that began with 66 reais per megawatt hour and in 2010, with 77 megawatt hours. This is constant prices and now our expectation begins 2006 with 70 reaching up to 84.1

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reals per megawatt hour 2010. The main factors for this revision has to do with the contracts to be renewed with free customers of clear perception that this price will be different in the future. A second point is the part of uncontracted energy, (PIB) 2007 and '08 was sold in public offer by CEMIG generation transmission, reaching levels quite superior to what had been considered in the last version of the guidance.

And energy is left over -- left over energies at PIB which were valued in May 2006 under very different conditions from what they are today, 100 reals per megawatt hour. And then (Abotox) Energy, which was programmed to be sold in 2011 and this was anticipated to 2009, 355 average megawatt hours sold at 125 reals per megawatt hour. And this third factor, the market, the fall of the GNP also shows the decline of the market and there we had a migration of captive to free customers and also for the basic, from the distribution to basic network and an expansion project of consumers which before were predicted and they are not being seen in their totality.

Now moving over to 2006 and demonstrating the EBITDA expected of 3.035, thus considering all the non-recurring factors. And we can demonstrate that without these recurring factors and non-recurring factors, CEMIG will have an EBITDA of 319. So within the range, the expected range when it was announced in May 2006. For 2007, the initial guidance which is good to remind, does not approach acquisitions or future auctions. It is just a portrait of what the company has today and the planning of the company for the next five years with the perception of the gross revenues, enough to grow and to create a new leverage in order to have a new acquisitions and participate in auctions. This difference between the adjusted EBITDA and the new EBITDA is 440 million.

In this slide, we can show between 2006-2010 the EBITDA of the companies, GT and D, the other companies in the group with a specific emphasis to the distributing company EBITDA in 2008, where it falls because of the expected capture of productivity of (Anel) is part of the regulation and the financial bubble of 50 million at today's prices, referring to the compensation of reduction of the tariff adjustment that we had in May 2004. Without of course a constitution of the regulation asset, therefore we are deducting that, the expectation of deduction in 2008.

And lastly, in a consolidated matter we have the company's EBITDA 2006 to 2010, with a range in the same way as represented in May, with a 10% variations up and down, above and below vis-a-vis our average scenario. This is what we have and we are at your service for questions.

## Questions And Answers

**A - Agostinho Faria Cardoso** {BIO 20495015 <GO>}

Thank you.

(INSTRUCTIONS)

I didn't expect the presentation to be so clear as to leave no doubts to analysts.

## Q - Unidentified Participant

The first question I have is about the price premise of generation of the company. And the company may be open and what is the amount that is uncontracted for 2010 and what is the price being used for this specific part installment, the part to be contracted? From what I understood, the mean average price of CEMIG GT for generation in 2010 would be around 84 reals. But I would like to know specifically the parcel that is being uncontracted. What is the premise that the company is using? So maybe the price and the amount?

And the other point, having to do with the distribution business, would be what is the cost -- the capital cost premise that the company is using in order to make a projection for the business -- for distribution business and what, you talk about productivity gains. The company expects to continue to be aligned with the reference or a little below generating more cash than the referenced company of Anel. Only these two points, thank you very much.

## A - Flavio Decat De Moura {BIO 5512302 <GO>}

(Pedro) would you please -- good afternoon to you. Would you please repeat the second point, because we -- the sound was not very good, we could not hear you very well.

## Q - Unidentified Participant

Second point has to do with the distribution business. About the productivity gains being treated in the review and the capital cost. I would like to know what is the capital cost that the company would be taking up in this guidance?

And the second point that has to do with the productivity gains to which the company refers. I would like to know that the company is assuming that it's in line with the referenced company that the regulating industry would be adopting for the company in the next tariff cycle.

## Q - Unidentified Speaker

Okay. Our distribution company, we are beginning with the last question, is totally aligned with the referenced company. Our costs are within the referenced company's cost and they are being projected thusly. As for the generating company, the generating business, we made a projection of the referenced company, adjusted internally and we are also within this budget of the cost budget. Capital cost, we are assuming they are the same, without any change, with some capture of some procurement -- productivity gains by Anel. And this revision has a slight -- showed. It is a projection. We all know the revision is not very predictable process. So we have to take into account in our projections this productivity gain.

As to your first question, this curve of generation price shown there, it is a composition of our contracts, current contracts. And in the period of decontracting, the recontracting of the amounts that were decontracted at the price of the curve -- of the price curve that we mentioned for that occasion, for that time.

(Iliao Castelo Branco), who is sitting there in our commercialization area, is signaling to me not to tell about our curve of energy prices, which is because it is a sensitive, sensitive information. So it is important that we keep it restricted. So I will not give you the information of the price we estimate for the energy in 2010. But the curve is a composition of all of these variables decontracting and recontracting at the price that we imagine. Thank you.

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### **Q - Unidentified Participant**

Just to complete, now that you divided CEMIG into G&T and distribution in other companies, just to understand here, make it clear. For example, the results of Capim Branco (Sacaval) would be considered as other companies, would not be in the CEMIG G&T, right?

### **Q - Unidentified Speaker**

That is precisely it, yes. That is correct. The results of other companies, the generation companies is in Others.

### **Q - Unidentified Participant**

Okay, thank you, thank you very much.

### **Q - Unidentified Speaker**

Thank you, Pedro.

Our question comes from Mr. Emerson Leite of Credit Suisse Bank.

### **Q - Emerson Leite** {BIO 4003528 <GO>}

Good afternoon, everyone. My question has to do with the renewal process of some concessions of generation that are ado. My understanding is that the process was set by Anel to the minister of (Misen) energy is about to be sent and there are some scenarios for this renewal to take place. Among them, the amount of cost renewal for the ones that are due. I would like to know what your opinion is about this process or whether you are just assuming that the concessions will be renewed at any cost -- without any cost or if you have another scenario for this future situation vis-a-vis these new concessions? That is the first point.

And the second out, just to be certain that in the parcel of other companies, the contribution of Light and TBE is considered there among others or does the contribution from Light come in?

### **Q - Unidentified Speaker**

What slide are you asking this question about?

### **Q - Unidentified Participant**

Following Pedro's doubt, what is contained within the Others in the -- from the guidance.

### Q - Unidentified Speaker

Anderson, are you talking about the guidance? To what slide do you refer when you talk about other companies? We imagine, Anderson, that it has to do with the slide of the guidance. All of these companies in the slide consider our part and Light and TV projected there in the line, Other Companies. The first question had to do with the concessions. We only work with one scenario, which is the renewal without any cost of the company's concessions. This is what we have been considering. We are quite at ease that this is going to happen. We have had conversations with the ministry about this and this is the way we imagine the course of events to take.

### Q - Emerson Leite {BIO 4003528 <GO>}

Why are you convinced it's like that?

### Q - Unidentified Speaker

We have talked with people in the ministry and the (mine). They follow this kind of line of reasoning there. Thank you.

### Q - Emerson Leite {BIO 4003528 <GO>}

Thank you. Also, publicly I would like to thank Luiz Fernando Rolla's help throughout all these years. Thank you, very much.

### Q - Unidentified Participant

I have a question to Flavio. I noticed that you have finished paying the Light position. What is the plan, your acquisition plan? Do you have anything aligned for this year and next year? Is there something under negotiation? And for what kind of assets will you be looking more carefully? Transmission, distribution? And within the same question, I would like to know whether you have any plans to acquire outside of Brazil or if you plan to grow only within this country?

### Q - Unidentified Speaker

Who is the person who asked the question? We did not -- Christopher, it is public that we made a proposition to (Norteflue Nancy). This has been mentioned other times here. This is a subject that is being conducted slowly and is under negotiation. We are observing some assets, (Celestria)'s published some auctions recently, call for auction to sell their part in the plant of (Mashagino). This is also public and well-known. We will take a look and maybe we might even get involved. But as the partners of (Celasky), these assets have preference. They are preferred (by us).

Now as for acquisitions, well we talk about in the company (and) net of opportunity, we don't buy what we want. We buy what is for sale. And besides being for sale, it has to be for sale at an attractive price to have a return that the company requires from assets. So we are on the wait, that is we have no line, whether its transmission, generation or



distribution. We have on our master plan to reach 20% of the Brazilian market of generation, 20% of the Brazilian distribution market and to be one of the five top companies of transmission in this country. So that as we have not yet reached any of these goals, we will keep on the lookout for assets that are for sale in every one or any one of these segments. This is the policy of the company.

Now as for -- he asked something about purchases abroad. Now, acquisitions abroad, it is early for CEMIG to make a larger investment abroad. We are building a line in Chile in partnership with other companies and the main purpose of this very first step is to learn, to learn how things take place outside Brazil, to give the education and the good sense to all of us about how we go about this. What are the problems, what the disadvantages are and the advantages are of having an asset abroad. It is no simple task. We are going very slowly about this. We are not looking at anything abroad except for taking -- we want to learn so that we can take good care of this asset, better than the business plan that we prepared when we began the construction of this plan. So we have nothing considered abroad as yet.

### **Q - Unidentified Participant**

In Brazil, is there any region that is more important for the growth of CEMIG? Inside Brazil, is there any region that you consider to be more important than the others?

### **Q - Unidentified Speaker**

Generation assets, no, not really. Not for generation assets. Any region in Brazil would be interesting. As for transmission, inside (Mujureis), everything inside Mujureis has a very special interest. But once again, there is some lines that are being -- that are in a bidding process here. And Minas, we don't go into because the return rates are and have been very bad in the auction results that have been presented.

Now as for distribution, of course if we can make up a group that is geographically consolidated, it would be more efficient. But once again, the acquisition is a matter of opportunity. So we have to see what is effectively for sale. We imagine that the consolidation process of the sector is two moments. One, a moment of expansion of companies, some companies. CEMIG is certainly and maybe half a dozen other companies are going to expand. And later, there will be an asset swapping so that the synergies and optimization can be better used by companies. So that if there is an asset neighbor to our concession area, this asset is of interest -- greater interest to us. Thank you.

Next question comes from (Marco Sequera), Deutsche Bank.

### **Q - Marco Sequera**

Good afternoon, everyone. I have questions. First one would be about the guidance. What is the expected decline -- that is the addition to your tariffs increase? Now as for Anel, we recently special obligations and the CapEx impact, the depreciation of those assets. What is the position of the company about this?

After that, a question about Light. I understood that the new controllers of Light made some provisions as long as they took control of the company. But those provisions were not reflected upon CEMIG. I would like to know why and whether you can give us some update about your midterm plans for Light Company? And finally, to have a date for the IPO of the transmission companies? Thank you.

### **Q - Unidentified Speaker**

Marco Sequera, if I understood Marco, the question about the special obligations, whether they are within the remuneration basis? Is that it? Anel has this in the public hearing, has the discussion of this point. Our revision is conservative, that is it doesn't take into account the referenced company. A second point, can you repeat your second question?

### **Q - Marco Sequera**

Do you expect a decrease in the next tariff revision -- readjustment?

### **Q - Unidentified Speaker**

We made our calculations for 2008. This value is not a value such as there is a signal -- a sign to Dr. Flavio about energy prices. Dr. (Mara Golupa) is saying no, this cannot be mentioned in public what our expectations are. But certainly as demonstrated by our EBITDA, there will be a decrease as a result of the benefits that will be accrued in time and also as a result of the financial bubble.

About Light and the provisions that were made in this quarter. But were not reflected on CEMIG. To answer this question about Light, we are going to invite Dr. (Joao Batista Zolini), who is in charge of the analysis process for CEMIG's acquisitions.

### **A - Joao Batista Zolini {BIO 16987735 <GO>}**

Good afternoon, everyone. Exactly what we did was to in the view of the new partners, the new partners had the provisions vis-a-vis Light's liabilities, we had a reduction of provisions of 400 and something million and this was done in the balance sheet -- the opening balance sheet. That is when we bought the company, the beginning balance sheet deducted that value. So the result from then on is consolidated in the result of our stockholders. Hence the fact that these provisions did not have an impact on CEMIG.

### **Q - Marco Sequera**

Last question about when you had the meeting in last May, there was the possibility of an IPO for the transmission assets. Do you have any date for this IPO?

### **Q - Unidentified Speaker**

No, in fact our partners have talked about a primary stock launching of the consolidated company. But this is a process that is still embryonic, under discussion among the partners. Nothing defined as yet, just studies. Thank you.

Our next question comes from (Sergio Comasheero) of Itau Bank.

### Q - Sergio Comasheero

Good afternoon, everyone. Some more clarification about the guidance that you are presenting, also vis-a-vis page 12. Now that you are open other companies. But comparing exactly the guidance of last May, I believe that you were not considering Light and the transmission companies. So I would like to have a more qualitative comparison. What did change vis-a-vis the previous guidance? That is, to use that guidance, if I use that and not comparing to exactly equal assets, just give me some clarification.

### Q - Unidentified Speaker

As for last May's guidance, we had changes in the curve as shown in slide number nine. If you are kind enough to take a look at it, there is a difference between the generation curve that was considered, the average prices of CEMIG for energy sales. At the time of May, in May, to the current curve, the basis of which are basically changes in the PLD prices, changes in Abotox and changes in the contracts that had an expectation of prices quite below what we have today.

The change that we have is a function of the macroeconomic scenario that has an impact on the distribution revenues until 2008. From then on, we have a differentiated impact which is a result, much a result of what we have been doing today in terms of integration with the committee. At the time in which we did the tariff revision last May, our expectation of tariff revision gave us expectation that was smaller than we demonstrated there. Our expectation is that we have a tariff revision slightly larger, especially because of the differentiated calculations made by our area of tariffs.

Another relevant point beginning in 2009 was the revenues of the -- the low-income revenues. At the time, the low income was not taken into account in 2009 and 2010. We chose at the time to be conservative because we didn't know exactly what would be the source of that revenue to consider it in our calculation. Today, we are considering that revenue that will come from somewhere. So it will come in, either through the federal budget or (leto Bras). But somehow the company is not going to pay for the loss or the lack of resources in order to serve low-income users. So this is basically the difference. Dr. (Lucerne) is also, Agostinho's remembering -- reminding us about our TRDT. We took the accounting understanding of accountancy that today is different.

### Q - Sergio Comasheero

Continue also on this number 12, there is a difference of other companies, moving through 2.9 to 3.4. Could I take into account that this difference would be exactly the entrance of the transmission companies and Light and whether in these two companies, transmission and Light are considered other potential productivity increases in the two companies?

### Q - Unidentified Speaker

There isn't such a difference. What basically is there is the difference between 2000 -- guidance of May and to the present one, basically an understanding of an accountance

practice, the whole integration, what we did in May and now we did a partial consolidation instead of whole. We were already considering all the transmission companies last May as we are doing today.

Next question. We are going to answer, it was asked by e-mail from (Liliana Young). Philippe, can you read the question and answer that?

We have a question sent by e-mail from Liliana Young, the first one addressed to Dr. Zolini. Light is included in the guidance projections in what proportion that is? Are you consolidating 80% of Light company?

Liliana, we are following the accountancy rule RME, which is the vehicle that we use to buy light, has approximately 80% of the company. Therefore we consolidate, in this case, as it has more than 50% we consolidate 100%. SME gets 25% of RME. We consolidated 25% of light for the effects of EBITDA and debt. In the case of net profit and net assets, we make the adjustment and the consolidation is around 20%, which is our effective participation there today.

Our second question, Liliana, in distribution. What premises did you use for the regulation? What percentage for the referenced company in millions?

In distribution, we use the regulated (inaudible) 11.26. And for the referenced company in millions, if I understood correctly, what is the size of the referenced company that we are imagining? The referenced company that we are working with for 2008 is on the same basis as what Anel has published for 2003. Remembering, however, that on the basis of this referenced company, Anel would be the regulating power and we would be withdrawing -- capturing all of the effects, the positive effects that the company has been able to amass during the tariff cycle.

Next question. We are also going to answer the question was asked over the Internet by (Stohow Mea) of the (TCI Fund). Initially he makes the comment that I am going to read to you all.

### **Q - Stohow Mea**

Prior to anything, I would like to thank Luiz Rolla for the impressive work that he has been doing. He has been the best Investor Relations executive in Brazil and is among the best in the world, at least the ones I have had the opportunity to work with during my professional life. I wish Luiz Rolla a lot of luck and all the best.

Two questions. One of them is, what is the price of long-term generation that was considered in the recontract in the beginning of 2010? This question has been answered by Dr. Flavio when he mentioned that the curve is really confidential and strategic. We call attention that it's a parcel of the contracts that is being renewed every year, beginning 2010, we have contracts from three to ten years, average duration five years. This parcel is done on this expected curve by the company for the recontracting in the long term. His

second question, I will ask (Philippe) to answer that. He asks that connection to be presented between the 2006 guidance and 2007 specifically vis-a-vis the EBITDA?

The request will be met. We can send this information, I believe we can. Later on, I think that we have this material already. It was a problem of ours to have withdrawn it from the - taken it out of the material to give to details, that information. But the information is ready. We can send it over to you shortly.

### **Q - Unidentified Speaker**

This afternoon, after the webcast, we will add this slide to our Q&A item on our RI site. You can visit the site later on, that you will have this slide in hand to explain the passage from 2006 to 2007 in greater detail.

We have the next question coming from (Christina Garcia) from (Bank Estrelia).

### **Q - Christina Garcia**

Good afternoon, everyone. I echo the words of everyone that prays the work of Mr. Fernando. I would like to know whether you could publicize the result demonstration pro forma without the LIFFE results? I know it was small this quarter, it would be better to have a balance sheet without the participation of Light, at least in this twelve-month period after the acquisition of the companies, if possible.

### **Q - Unidentified Speaker**

As for the performance of Light, I think it is better to abstain from comments because it is something to be treated in the relation of Light with its stockholders. We are including the results presented but the performance in internal actions of Light, which is an open capital company. It is a public company, as you all know. It is important for Light itself to publicize and talk about just remembering to you ladies and gentlemen and analysts on the 21st of November at 5 p.m. at the headquarters of Light. Dr. Alqueres, the CEO and Dr. (Ramun Udeira), the Chief Financial Officer there are going to talk to analysts and make a presentation of the transformation plan. I think this is a very good time to address that question to them.

### **Q - Christina Garcia**

Some companies, for example, they publicize the results pro forma, not of all the accounts, the main ones without the acquisition of (Arcuriz). And we can better see what happened to CEMIG to exclude the participation of another company. It is a small participation. It would be interesting for a 12-month period. After that, we would be used to this. It is just a suggestion from what I see from several reports that I have read recently, I think that everyone wants to analyze the results that are without the participation of Light. We wanted to know what happened to CEMIG itself without. Then it would be easy to see profits went up because of this or that.

### **Q - Unidentified Speaker**

There is a line, what is the page? The ITR, the explanation note, there is a chart that shows this already, CEMIG not considering Light. Page 57, note 34, page 57.

We have one last question. Last question comes from (Ray Resfelix) of Itau.

### **Q - Ray Resfelix**

Good afternoon. I have two questions. First has to do with the last acquisitions, Light and TBE. I would like to know whether this has generated any surplus or lack of it thereof? And what would be the treatment of this surplus or how long it will be amortized in this Third Quarter? Does it have an impact in the accountancy of it? Second question has to do with corporate governance. I would like to know whether there is any study to make CEMIG migrate to level 2 of governance. This is it. Thank you, very much.

### **Q - Unidentified Speaker**

As for TBE acquisition, we had a surplus demonstrated in investments RTR, showing what is this increase. Prediction it has -- it can be amortized during the concession period, more or less until 2032 we are going to amortize that. This has had no reflection until September. We are going to begin in the next quarter, the Fourth Quarter of 2006 to amortize this.

As for Light, we had actually a decline which is shown in the results of future exercise, future fiscal years. We are going to amortize that until the end of concession of Light, until 2036, seems to me. Thank you. The Third Quarter, there was no impact of Light. We are going to begin to amortize beginning of the Fourth Quarter this year. Nothing as yet.

### **Q - Claudio Kido**

(Claudio Kido) from (Basdisk) Asset Management. Good afternoon, everyone. I would like to reiterate my special thanks to Rolla for his work all this time and wish him lots of luck in the next stage. I would like to know what would be the 2008-2010 CapEx. And if there was any change as to that? And also, because of the interruption here of the reception, I did not hear -- I heard somebody asked. But I would like to know what is the number of decontracted energy for the next few years in terms of the volume?

### **Q - Unidentified Speaker**

Today about 50% of CEMIG's power is contracted on the free market. So you can draw your conclusions as to the volume. As for the future, it will depend on the evolution of the markets, our markets. On CapEx, we are in the process of revision of the master plan so this is being under analysis. We still don't have the figures for publication. But returning to the previous question about the new market, Dr. Rolla has made several studies. We are analyzing here the possibility. We have nothing concrete as yet about the migration to a new market. The level 2.

We have our next question coming from (Fabio Colta) from (Canangeia).

### **Q - Fabio Colta**

Good afternoon, everyone. I would like to know first about the guidance, whether the revision has to do with the macroeconomic scenarios or specific issues in the electric sector were treated as well? Second question has to do with the goals, the growth goals of the company, whether after the acquisition of Light, the acquisition of TBE, new acquisitions are being studied? Specifically transmission, which is a sector that there is analysis that indicates a strong consolidation of this industry, transmission.

### Q - Unidentified Speaker

Now Fabio, for the first question, if I understood you correctly, whether the impact of the tariff revision comes from a macroeconomic scenarios or from specific issues of the electric sector. Of course, in the specific case of CEMIG, as we have already said, the tariff bubble has an impact of 15 million and the capture of the benefits of the tariff cycle.

Now as for the second question, I confess I didn't understand it. Could you repeat your second question please?

### Operator

We have our next question from (Pedro Bartista) from (Partoall Bank).

### Q - Pedro Bartista

Once again, about the amount of decontracted energy, what is the amount of energy that the company has today for the specific year of 2007 and 2008? In the guidance, it says that part of the energy that is not contracted was sold in the public auction. I would like to know whether, what would be exposed to PLD prices for 2008, 2007 and 8. And also to say, I have said that in the first question, again like to thank all the help and the (addition) that has been given to all analysts. My own case, it was very important for me here in following CEMIG and I say this on behalf of Banco Partoall as a whole. Magnificent work and well recognized by all of us here from Partoall Bank. Thank you, very much.

### Q - Unidentified Speaker

Pedro, we are trying to get a hold of him. He likes to make money and the private initiative pays more than CEMIG. It could be even at Partoall.

Am I advancing something? This question, Dr. Flavio, has to do with the power that CEMIG has not contracted for 2007 and 8.

### A - Flavio Decat De Moura {BIO 5512302 <GO>}

Well, Pedro, we have 250 megawatts that we sold at the auction for 2009. Abotox, this power, this energy is going to be liquidated on very short-term contracts or PLD in this period. This is more or less what (inaudible). Again, our balance is the best balance of energy in the whole electric industry.

### Q - Pedro Bartista

So, if PLD next year takes a jump, for example. So the position of the company -- the availability would be 350 meg.

### **A - Flavio Decat De Moura {BIO 5512302 <GO>}**

That is -- I am going to need exposure in the positive sense. We would make the best deal possible. That is either we sell specific contracts more expensive than PLD that we project or the PLD itself.

I don't know if there is any question out there. But one more from Fabio. I have another one here from (Liliana). Let's go to Fabio's question.

### **Operator**

This question from Fabio Colta again, Canangeia.

### **Q - Fabio Colta**

We had a technical problem. I couldn't ask the question again. It had to do with the growth program of CEMIG. It related to acquisitions or auctions. What happens, there is an outlook of consolidation and transmission. There are many players on the distribution market and several analysis indicate consolidation of the transmission market. As CEMIG has already acquired TBE, I would like to know if there are ongoing negotiations for new transmitters to be incorporated into CEMIG's assets?

### **Q - Unidentified Speaker**

In fact, we imagine that the market or the transmission market is going to go through a consolidation process. Because it is an important part of the previous auctions was one, being exploited by companies, the focus of which is constructions. They are not strategic companies in the sector. So we imagine that after four years, maybe five of operation and exploitation of those transmission lines, these companies should leave the market at least along the lines that they have already make their very speedy depreciation so that CEMIG will be present as consolidating agent of the sector.

### **Q - Fabio Colta**

I don't know if there would be another theme? Is there any ongoing negotiation? Or is there anything under analysis or still analyzing the market?

### **Q - Unidentified Speaker**

Is there any ongoing negotiation? No, we don't have any ongoing negotiation. Thank you, all.

I am coming in with (Liliana's) question. We have a last question now from Liliana, JP Morgan.



As a follow-up, I would like to ask about the renewal risk of generation and concession. It wouldn't be plausible for the Minister of (Byzan) Energy to renew the generation concession. But have forced you to sell the capacity of those plants through consumers through (a poll).

**A - Flavio Decat De Moura** {BIO 5512302 <GO>}

We don't believe that. We have been working with the second scenario renewal of our concessions in a non-costly way, which was what happened to the federal companies. At any rate, to associate a renewal to a breach of contract of the companies would be something unthinkable. The second part of the question, I also request you to make available all of the slides that presented. But not only the slides. Everything will be made available to you, all the slides.

**A - Agostinho Faria Cardoso** {BIO 20495015 <GO>}

With this last question, we close our webcast and we thank all who were connected with us. Thank you, very much. Good afternoon.

**Editor** {BIO 2199977 <GO>}

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