

Q4 2009 Earnings Call

Company Participants

- Agostinho Faria Cardoso, IRO
- Djalma Bastos de Moraes, CFO
- Luiz Fernando Rolla, CFO

Other Participants

- Felipe Leal, Analyst
- Gustavo Gattass, Analyst
- Henry Cobbe, Analyst
- Marcio Prado, Analyst
- Pedro Mafagini, Analyst
- Reginaldo Pereira, Analyst
- Ricardo Cavanagh, Analyst
- Vinicius Canheu, Analyst

Presentation

Agostinho Faria Cardoso {BIO 20495015 <GO>}

Good afternoon, everyone. We will now begin the video webcast of the results of 2009 of CEMIG, with the presence of Djalma Bastos de Moraes, our CEO and Luiz Fernando Rolla, our Chief Financial Officer. The webcast can be followed over the phone, 551-4688-6341 and also on the Internet <http://ri.CEMIG.com.br>.

We suggest that you use a new player, in which you could visualize the presentation in a more dynamic way. We now turn the floor to our CEO, Dr. Djalma Bastos de Moraes for the beginning words.

Djalma Bastos de Moraes {BIO 2089645 <GO>}

Good afternoon, ladies and gentlemen. Once again, with pleasure, we're here together with the suggested title, we have overcome the crisis. We outpaced the crisis. We can really take pride that we really overcame the crisis and today, exactly this month, we have the very same levels of sold power in the month of eight -- October and November 2008.

So we have actually surpassed our own record. And we believe that we are on a growing trend for the energy consumption in our state and our business and very good expansions, our strategy has led us to successive successes.

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Practically and absolutely, the shared (inaudible) consolidation of the sector, significant growth in the transmission segment, now in -- we have a good vehicle, which is Taesa. By the way, we are already in Taesa, prospecting a good transmission asset, which will probably be presented to our Board in effect soon actually -- in a very shortly, if everything is -- runs well. But as with everything else, it's going to be a vehicle for our growth.

We are creating an unheard of expansion for the -- structure for the expansion of the metric sector. Strategic partnerships are part of our growth model. CEMIG's financial solidity puts us in a leading position for growth opportunities and the quality of our credit makes it possible for us to have access to existing funding. With this title we have outpaced the crisis, we can really be proud of having, in 2009, had a growth of approximately 15.1% in our adjusted income.

Our business portfolio ensures growing results and strong fundamentals and profitability of operations are evidenced by margins and acquisitions are the result of our financial innovation and our solidity. And unfortunately I have a commitment our governor, he is now leaving his chair as the first -- as the first authority in the state and we have some events we have to be present in.

So not only, because the state is our controlling partner, it also deserves, from on our part, all -- everything we can do for the stimulation and enthusiasm and support it has given us, it is almost 15 years of co-existence between the state and CEMIG, the support we have been given and of -- and the number of technical managers of our company.

This has been important, it will always be important for our company. I'll have to take leave therefore. But prior to that, I would like to show you some points, which we have been prospecting, which have been the reason for some questions in the media.

We have really been interested in and we still continue have an interest in, in DDP assets, because Ampla has every synergy with us and Light. And unfortunately, if this asset is not for sale, we're trying to make -- to create some sort of a technical cooperation agreement. So that both companies stand to profit by acting within this cooperation agreement, could add value. We are certain that we're going to get good results from such a partnership. It is also an important vehicle for our growth here in CEMIG.

At the beginning of the second semester, we will be launching an edict for a plant -- hydroelectric plant, up to 200,000 megawatts in the Peri Paduso [ph] River, worth -- we are with 49% Light, our 51%. But it's not this asset only that we're trying to make feasible for Light. We are also looking for distributors that can add value to our assets and Light, also. To the example of Taesa is going to be the, I believe, a good vehicle for acquisitions and prospection and evidently, this size, the synergy that Light, CEMIG and Taesa itself are seeking.

Yesterday, our governor, in Rio -- when he was in Rio de Janeiro, he emphasized and stressed a problem that has occurred with our Light and so that we can, by redirecting our investments. So we don't have the troubles that we have had in the next summer. We can

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avoid them, we are -- we have a team working diligently to solve those problems and I am very certain that Light is going to be the pride of Rio de Janeiro, as it has always been.

At any rate, I would like to stress another important point. At no time whatsoever have we thought of making Light Company a state-owned company. It's going to be a private company, as Taesa is. And as probably all of our possible new assets will continue being. So the private company, Light, is going to continue being a privately owned company even though we can add -- actually directly manage it through synergic support with -- are there.

Light will continue being a private company and it will be at least while we have our governor. We do not believe in changes, even if there is any change, political change, in this state here. It is through a private entity that we can really grow without any type of ties that the federal legislation imposes upon us.

So I'd like to assure you that we are right, certain that the Taesa as a vehicle of growth and Light as a means for growth and other assets we may acquire. And I am pretty certain that everybody will stand to gain from such a synergy. Thank you very much. Good afternoon, I'd like to give the floor to Dr. Rolla. And I ask your leave to really leave. Thank you very much.

Luiz Fernando Rolla {BIO 1852035 <GO>}

Thank you, Dr. Djalma, for these initial words. We understood that it would be important for our CEO, in spite of all the appointments and commitments that he has in the afternoon today, to say the words that he has said, because of the high strategic contents for CEMIG.

It is extremely important that the market perceive that the strategy that CEMIG has adopted, in the sense of keeping its growth within our strategic plan, within our -- the mandates of what has been outlined -- aligned with our shareholders is being carried out. And naturally the effort that the company has been making along those lines show us the engagement, not only of our shareholders. But also of the Board of Directors of this company. So as to guarantee such a growth.

We have taken large strides in our -- on our path, this pathway that has been actually designed and we have told about it to the market several times. It's not the first presentation we made about our growth strategy. We are seeking growth in order to guarantee that in the future, the company has its sustainability guaranteed. We are a company that is turned towards the electric segment.

We specialize in the three segments, in the electric segments, generation, transmission and distribution of power and also in some related areas such as distribution of natural gas and telecommunications associated to the electric infrastructure.

These (inaudible) lead us to seek a business structure of the lowest possible risk, as we have emphasized always. We are going to proceed growing, not only in the segment of

generation, as you can see, the excellence of CEMIG's management has produced substantial growth to our volume of sales of energies that we have sold to customers, not only captive customers or free [ph] customers, in every market where we are present.

This is very -- a presentation that is -- leads us and gives us the thrust to enlarge our generation capacity, our generation capacity is in constant growth, as you can very well see. We have been involved in projects that will add additional generational capacity and which will allow us to grow at the highest pay rate in this area of sales.

As you'll remember, the sales area of CEMIG is an area that has had great success in the capture of new customers and new contracts, long-term contracts, long-term contracts and accounts, with rate of value added and as you can -- you are going to see, our profitability as well. Transmission, as our CEO has stressed, is an area that is extremely attractive.

We are, as you can see in the slide, practically in every one of the great states in Brazil, practically in every segment of the interconnected system, we are also seeking growth in this area, not only through options. But also through acquisitions such as the president has stressed already.

Now last year was a year of great activity in the area of transmission. We acquired significant assets, reaching almost BRL3 billion. You can see that practically increased by 50%, our participation in the market, our market share.

We are practically with a very strong focus in the interconnected system. We added a few more kilometers through construction of new lines, in terms of RAD, we have reached almost BRL30 million, over BRL30 million. And in terms of transmission kilometers, we increased almost by 50%.

So it is extremely -- it's a very large, very important growth and in a segment, which we in CEMIG understand that's extremely strategic for the company and the strategy, naturally, is being put in place in a very transparent way so as to also seek new assets.

We have dedicated our, in the segment, our transmission line. In the country of Chile, it was an US\$88 million investment. An extremely important investment from the strategic point of view. So it was a very solid investment, once it resisted the -- very proudly resisted the recent earthquake in Chile.

Our lines stood operational all during the event and nationally gave all the reinforcement to the interconnected, the main system in Chile after -- in the aftermath of the earthquake. So this line is strategically important because it connects the epicenter of the earthquake, connecting with the central area of the country.

The distribution, in the segment of distribution will also have a -- the participation in market. We are probably the largest distributor of energy, what has to do with sales volume to final consumers, to a number of final consumers, the same size as our

distribution network. And 2009 was a very positive year in what has to do with the growth of this area.

We, in negotiation with former partners, we are -- have acquired some participations of some stakes. Naturally, those stakes follow structure -- the acquisition of those stakes, follows a structure that we had previously designed when we acquired the Terna assets. And this structure will allow, as our CEO has stressed, the Light Company to continue being a privately owned company, a private company. And naturally adhering to this strategy that we have for growth.

Therefore, it becomes now a vehicle for growth with a speedier growth. For that, we appointed a new director, new directors, it's a new phase that Light is going to go through, therefore this new --the Board of Directors is in charge of taking Light to a new level, much beyond that, which had been -- what had been done by the previous Board of Directors.

Our investment program is a very solid finance practically, with all the resources from the procured in the financial market. It's quite a large figure, as you can see. We, in a certain way, have invested quite a large amount in the year of 2009, somewhere around BRL2.7 billion and it's these BRL2.7 billion divided practically into 1.8 acquisitions and the remainder investments in new projects, both in generation and transmission and distribution, which is a normal investment that we make for our normal expansion and maintenance of the existing assets.

The Light for All program was part of this, which still has significant investments in 2010, as noticed, the total resource allocation is around BRL536 million. But the acquisitions for us are an extremely important value. The acquisition of Terna, as you can see, has a total of around almost BRL2 billion. It's a very sizeable investment.

And this year, as we have published, we are going to add to this acquisition through the public offer that has been authorized by the Brazilian Securities Commission and has been published in the media. So it should be going on in about 40 to 45 days and participation of additional stakes in TBE, we have acquired Brascan and MDU. MDU is going to be completely done in 2010 and in order to complete the wind farm acquisitions, which took place in 2009, with a total of 2.7.

By 2010, we should have a volume of investments that is already committed to about BRL3.1 million, with the size of previous investments that have made the acquisition of 49% of one vehicle of a specific purpose partnership, which is going to meet the specifications not only of Andretti. But equatorial, as already publicized in our relevant facts.

The sustainability is also an extremely important view for CEMIG. We have been seeking the guarantee that our decisions follow all principles of sustainability and this has had a reason for recognition by several entities, including the United Nations itself.

We tried to guarantee the future society, future generations, the resources that we use today. Therefore our sources of energy, of power generation are practically all self-sustainable. They are all renewable and this brings us automatically the recognition of the several bodies that focus up on sustainability.

Another main pillar of our growth is our financial management. We have tried to give tranquility to our shareholders that in spite of the fact that we're going through an expansion phase that is quite strong, with investment of great magnitude, however, we as a matter of principle have preserved the financial health of the company.

We have guaranteed that CEMIG preserves a very robust cash position by the end of 2009. And we had somewhere around BRL4.4 billion and that cash, naturally, is going to be used in order to pay for -- or to support part of the investments for 2010, in association with the cash that is generated in 2010 as well, which gives us the tranquility to say that CEMIG in spite of the large acquisitions that we have made, we are already in a position to invest, again, in the search for new opportunities for growth.

As you can see, last year, we practically -- we have -- we made an acquisition of debt, that is strong, raised [ph] BRL4.7 billion. However, our costs -- the cost of our debt is still decreasing because we sought, naturally, in the financial market, those resources, those monies, that would be more efficient to finance our expansion.

And naturally, we have had some impact upon our indicators. But you can well see that all of the most important indicators, such as the coverage of the interest on the debt as covered by the EBITDA is about five times and the net debt over the EBITDA reached 1.7, 1.7 times. And with the net debt still at a level that we can say our company is still not leveraged.

The company has financial solidity that is very transparent and that is due to the strategy that we have adopted so as not only to guarantee that 72% of our debt is indexed by rates that are decreasing, as you can see, CDI.

As for example, CDI does avoiding exchange risk, which today doesn't go beyond that 2%. So the over 2%. That is -- and this gives us the tranquility to say that we are still facing a growth potential as guaranteed by this very solid financial situation, which allows us to preserve our credit quality.

This credit quality, of course, is amply shown in the -- what we have done, substituting the -- replacing the commercial paper that was issued last year, aiming at refinancing that amount that was due in 2010 and we were able to place on the market, BRL2.7 million. And debentures, these debentures, divided into two tranche, one indexed by CDI and the other one indexed in PCA.

This tranche of PCA is extremely attractive because it's going to distribute the due -- the expiration of this debt around 2013 and 2014. They even reach into 2015. And this is extremely positive for us and now we're going to try within what we intend to do in terms of preserving the quality of -- financial quality of this company.

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The refinancing of the due date, especially in this value of 2012, which has a total of BRL3 billion with long-term issues and given the present situation in the market, this schedule of -- for our debt resulting from the debentures is still quite positive for CEMIG. Inside what we have imagined, a very strong growth. And this results from our strategy, naturally, you have followed the quarterly results and this continuous growth of CEMIG.

Today, the third year, consecutive year, we have been -- had in a growth rate of -- that is over BRL4 billion. Those are values that are extremely positive for CEMIG. This is accumulative cash that is quite strong and which allows us to continue growing within that, which we expect from the market. We also have some growth opportunities as our CEO has mentioned for 2010.

And on the basis of this cash generation that we have had, we are going to be able to do that, maintaining that health, financial health, of the company, with the indicators within their bylaw values, as committed, as -- because of a commitment to our shareholders and we're still going to make the company grow and grow very strongly.

Our acquisitions have had exceptional results for us. The growth of -- is given by these acquisitions, they're easily demonstrated because -- by a few figures that I'm going to comment on right away. This net profit that you have, that has been -- told you, includes the value, the significant value, resulting from our acquisitions.

You can see that within what -- where we can guarantee in terms of investments, up until 2008, BRL667 million we obtained in terms of dividends of value, around BRL481 million. This shows our discipline -- our investment discipline, are showing the care we take to select our investments and this result is not a random result.

It is the result of the strategies that we have adopted and the investment discipline that we have tried to give this expansion. So it guarantees us a future growth that is also quite solid and also turned towards the sustainability of this company.

If we had only, as a matter of an exercise here. But if we had acquired these companies on January 1st 2009, our net profits would have increased certainly by BRL380 million. And this net income -- increase shows the solidity of the investments that we made, both in TBE and Light itself. And especially Taesa as you can see.

The contribution of these three investments is very robust. And it allows us to continue growing sustainably. Such a growth naturally -- we have designed a CEMIG model for it. Now this CEMIG model for growth has to do with the partnership with strategic investors, investors who have the trust.

Who trust our management and who have a mid-term and a long-term view, certain that CEMIG would be in -- and it's a specialty. And its ability to operate is going to allow for the capture of synergies that will add value to those -- for those shareholders and investors.

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That's why our growth model is one of great success. We had already implemented an investment fund called Coliseu, which is one of the largest infrastructure funds already put together in Brazil which allowed for the acquisition in a very nice way of the Terna assets. Just to remind you, have to do it almost are -- the total almost BRL6 billion.

We're already in a position to make up a new FIP, a new foreign investment fund, an equity investment fund, which is going to guarantee the acquisition of the two parcels. The two parcels are partners in a Light company, again showing the confidence that investors have in CEMIG's management.

As I mentioned, the FIP, Coliseu FIP, is the largest fund. If not the largest, at least one of the largest funds for infrastructure in Brazil, with practically zero risk because the asset is already performing. And it's an asset that is extremely attractive.

Today the Coliseu FIP together with CEMIG holds Taesa -- which naturally owns Taesa, which naturally represents 65% of the former Terna. Today we are now beginning a process to acquire through public offer, the remainder of the shares. So that a remainder of the stocks -- so that we should have a good accretion on a part of the investors and to this public offer, thus enabling us to guarantee our share of Taesa around 65%.

The 65% for us is very attractive. And we intend to capture, in terms of cash flows, this amount. For us it's important because Taesa gets to be a growth vehicle in the transmission segment, as our CEO has mentioned. And on the cash generation and the capture of 65% of such a cash is very, important for CEMIG.

The acquisitions of the stakes of -- from our partners in Light also are extremely important for us. It represents in all certainty the continuity of our growth, as we had mentioned before on the occasion of the acquisition of the partnership where the three partners that made up RME, Luce Society Equatorial and AG Concessions, we had already forecast that in the long term, CEMIG would be acquiring the stakes that these partners have.

Naturally these partners have their own growth strategies. Each one is seeking a different pathway as practically they have been able to reach those objectives that had been proposed to the sales -- by the time of the original acquisition. They decided to sell, especially AG which today we are concluding their acquisition.

And Equatorial which naturally began -- and now we're going to go into a restructuring -- partner -- partnership restructuring. So that we can, in the end acquire the 13% stakes in Light. All of this through special purpose entity which is going to be made up. And our partner at the special purpose SPE is going to be another fund.

And thus we're going to reduce our need to invest -- for investment. But also to guarantee that this partner is a private partner. This is an extremely important fact. We want to keep our Light as a private company. And this is fundamental to us, because it's going to -- from now on become a growth company. It's going to be the one that will consolidate distribution in the Brazilian electric industry.

Therefore, we should -- we shall give Light -- using Light's distinct strategy that we have used here in our holding. CEMIG has sought the best possible investments for Light. The CEO mentioned some of the investments in generation that we are making. And in the continuity with the Luce Fund, we intend to give more speedy growth to Light.

We are also signing with the Luce Group an option to purchase these 13%. It's an option that aims at giving tranquility to the Luce Group investors, however, the idea is once keeping the growth and keeping all the strategy of maintenance, the solid financial situation on Light we will continue having the Luce Group as a partner.

It is extremely important -- this fact is extremely important because as you well know, the results of Light have been consolidated by 25%. This is the last year in which we do it this way because RAD started -- went through a process of segmentation, of division. Today it has only Equatorial -- owns only Equatorial.

In the First Quarter 2010 we're going to consolidate only 13%. But already by means of the acquisition of these two stakes through this SPE we're going to consolidate this value you see now [ph]. This is the final structure that Light is going to have. It's an SPE which is going to have 26%, CEMIG 13%. And the Luce Group still 13%.

So that we intend to continue the corporate governance that was already agreed upon with the four partners -- among the four partners. This corporate governance for CEMIG represents an essential strategic factor to run not only the operation of the Light Company. But also its expansion. The corporate expansion has been of superior transparency. The practices that are done in Light are among the best in this area in the world. And we intend to continue these practices.

This is going to guarantee that -- or is going to ensure us that the expansion is obtained in also -- in an also transparent way which is adequate, which fits our investors, not only the control group but the minority stakes in this par -- group within the new market, especially minority stockholders which we are certain are going to lend us their trust.

And we'll continuing investing and recognizing the growth of the Light Company given the adequate value to this asset which is as the centennial company. We intend to continue this company, especially give it a substantial improvement in their image.

As our CEO had mentioned, the CEMIG Group today already, with these acquisitions, we are practically now the largest integrated company in the electric industry. In Brazil today, we operate 8,500 megawatts. And we have consolidated 6,750 megawatts. But we practically operate the 8,500 megawatts.

Likewise, we are a company that service 43,826 megawatts -- gigawatts hour. And 37,632 gigawatts are in a consolidated way. As for transmission, we are already the second largest transmission group in this country with 12,458 operated kilometers. And we have consolidated only 7,500.

Our portfolio, our business portfolio, is one of very low risk. As I said, this low risk is reflected in our EBITDA. This EBITDA has been actually increasing in recent years as you can see. In generation 2009, we're talking about a volume of EBITDA around BRL4 billion.

And this EBITDA -- coming from generation, we have reached 51%. In terms of distribution, we have 3% and transmission -- 31% that is. And transmission 13%. Of course as you all know, we are seeking a balance among these three segments. And this balance within our strategy is going to reduce the percentage of generation, increase distribution and transmission to volumes that we understand are fitting to our less-risk structure.

But as you can see. And I call attention to this is that, the gains -- the participation gains have been very relevant in these years. We have grown and we're growing with quality as I mentioned to you. And this growth has been sufficient to make up for the reduction of the results of our distributor. As you well know, our distributor went through a process of tariff revisions.

And this tariff revision process resulted in an EBITDA reduction, though it's quite significant, somewhere around BRL700 million, which came from this tariff reduction of 20%. So this aspect is one that is of a lot of concern to us because the distributor has commitments with our captive customers. And we are now in a process of reducing costs so as to recover the profitability of our distributor.

But as it is a very, regulated company, we naturally have to act institutionally so as to guarantee that the distributor has resources to fulfill its social function. That is to serve captive customers, consumers in its concessionary. The profit generation has always been very strong. Economic income, as you can see, the figures have been very solid.

In the last years since 2007, we have generated almost BRL1.5 billion of value for our shareholders. This EDA that you saw there is results from our strategy and the very well tempered, let's put it that way, management of our company. The dividends that we have paid out to our shareholders have been constant within our policy.

We all know that CEMIG in spite of its growth has paid a dividend representing 50% of net income. This is a very attractive amount to our shareholders. We have one dividend per share which is -- of BRL1.5. And a total dividends to be paid out will be BRL931 million.

This year because of our profit reserves is -- has become bigger than our capital -- approved capital, we should again increase the capital around BRL310 million. We're going to give a bonus of 10% in shares. This bonus will naturally represent dividends -- additional dividends to the ones above BRL931 million that we're going to pay in effect -- effectively.

So this is another attraction that we think is going to be well received by the market. Let us focus a little on the Fourth Quarter results. I'm going to speed up because of our time. We already have a long time here in this presentation. The Fourth Quarter results was, in terms of sales, very positive with a growth of 6.5% as compared to the Fourth Quarter 2008.

So this represents practically a recovery from the crisis. You remember the Fourth Quarter 2008 we were at the peak of the crisis. Today with the 6.5% growth, we have now a reduction only in industrial consumption. But it's amply made up for by the other classes.

The electricity sold by CEMIG GT grew by 7.5% which is quite solid as well. It comes from two factors which combined gave us this 7.51% growth. One of them is the beginning of the Botox plant contracts was sold in 2008 auction, which in 2009 started being delivered to the regulated market. And this has given us a very strong growth in the sales volume, therefore reflect -- this was reflected upon the results of our GT.

Another important fact also as you can see, our share in the market -- our market share, we practically have half all the power sold on the free market. And the other half on the regulated market. It is an evolution from the Fourth Quarter 2008 when we had practically two-thirds on the free market and one-third in the regulated market.

This happened exactly because of the factor that I mentioned, which is the beginning of the regulated contracts coming from the Botox plants. What has to do with CEMIG D, we had a reduction of sold power by 1.4%, as a result of the reduction in the industrial consumption. The industrial consumption is a segment that was affected deeply by the crisis. And it hasn't totally recovered yet.

But as you can see, the residential consumption grew by 7.6% and the commercial 6%, thus making a little for -- making up a little for the decline in the industrial consumption of 2009 -- 2008 through 2009 in terms of the Fourth Quarter.

So we had in the end, a decline of 1.4% only in our the distributor sales. Naturally this had, as a consequence, an increase on the participation of residential segment in the total energy sold. Today we have 34% of distributors dedicated to the residential market, 22% to the industrial. And 21% commercial which changes the profile -- our sales profile.

The net -- consolidated net in revenue goes up by 22%, a very strong increase. It comes from increase of sales to consumers and sales of supplies. Supplies means the liquidation of the difference -- on the PLD market. And this naturally -- we had some reductions especially in the sales of gas and some deductions which made our consolidated net revenue to go up only by 22% which is in such parts substantial nevertheless.

By company, you can see the cash generation by company. The greatest gain is given by our GT with a reduction of the two distributors that were affected by the tariff revision. And Light especially because of the reduction of the provision regression. All of the other segments gave effective contribution.

As we have mentioned, TBE and Taesa have still a partial contribution. But they have already allowed us to reach an EBIT in the quarter around BRL1,150 million, which is a very positive performance. Thus going to show a profile that is also very interesting with CEMIG GT reaching a volume -- quite a large volume.

Our quarterly consolidated EBITDA, the margin has been very positive, always over BRL1 billion. The market expectation was for us to have a slightly lower performance. But we were able to get value that goes above these market expectations by at least BRL50 million.

This is demonstration that with the investments that we made in 2009, the 2010 results are going to be much more sturdy and robust. Net profit by income shows -- by company shows in the Fourth Quarter the cash flow improving, Light reducing a little bit. But with all of them practically with a positive result. So that the income on the Fourth Quarter 2009 was 76% superior to the profit in 2008.

With that the consolidated net income has very positive quarterly distribution, as you see, well you can see the results in 2009 that we had a very positive results. The Fourth Quarter results we have not been able to overcome -- to surpass the market expectations. We stood about BRL20 million under that, which is less than 5%.

This allows us to say that CEMIG practically is within a policy of supplying the market with information that is necessary for the market to make a necessary assessment of the Company's results. Let us now take a look at the total results of 2009 which are very positive. Sales volume grows by 1.9% based upon -- especially on the supply growth and the liquidation of CCEE.

This growth has compensated easily the decline in the industrial segments when compared to 2008. 2008, only the Fourth Quarter was the crisis quarter. But the last year -- the whole year had a positive performance. 2009 was a recovery except for the industrial sector. We've been able to obtain growth of 1.9%.

CEMIG sales just; CEMIG GT sales went up 4.4% which is a new record for us. We're talking about 34,268 gigawatts hour which is an extremely positive value, which places us as one of the largest power sellers in this country. CEMIG D had minimal growth of 0.33%. But even then positive and already making up for, as you can see the decline in the industrial.

The industrial decline decrease was steep. And this decline has reached a negative 13.2%, made up for partially by the residential and commercial segments growth. These were very positive and this made up for a decline in distribution [ph] and so in spite -- in terms of sales, it was not bad after all. However the result, in terms of revenues, was not as positive.

We are talking about the distributor because in spite -- when we applied a tariff we had a good growth of 3.88%. Now when we subtract non-controlled expenses, we started having a decline of 14.86%. This shows the result of our tariff revision. And the decision of our regulating agency to reduce the tariff. Naturally within the process of regulation, we have raised in 2009 a minimum value.

And from now on we're going to seek this recovery because the decline of the parcel there was very significant. Consolidated net revenue goes up by 7.5%. This is a

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composition of the result of GT with D practically. And the consolidation of Light. This shows that final consumers associated to supplies that is the sales in the regulated market, together with the use of the network, gave a positive contribution which largely made up for the distributor fall and our gas distributors as well.

Operational expenses -- consolidated operational expenses had an increase of 12%. Naturally you could be a little disappointed in this growth. But I call your attention, as you can see in this chart, that the great villain here of our consolidated expenses was exactly our -- the energy -- the purchased energy which reached a total of BRL746 million more than the expenses in 2008.

This goes well beyond -- almost four times as much. They are our growth -- our expenses -- our controllable expenses which is represented here by personnel. Now personnel, we have a non-recurrent action which is the redundancy program. It will be practically zero if were it not for this program. We would be close to zero in terms of growth.

But the great villain without any doubt was the sales of -- the selling of energy that is the purchase of energy, of power for the distributor. The EBITDA by company has a slight fall by 1.5% as a result, as you can see, of the distributor decline. It was BRL660 million, made up for partially by the more positive results of JT and other stakes. Of course as I said, we still do not have the contribution of 100% of the acquisitions that we have made.

If we had those, as I showed in the previous slide, we would have had much better result. But at any rate, we have gone beyond BRL4 million and these BRL4 million will allow us to generate resources that will be -- that will suffice and that -- so that together with the cash generated in 2010 to support our expansion.

Once again, we were able to overcome or to surpass market expectations in a value that is approximately BRL100 million and this also shows that the information that we have given over to the market are relevant. Net income of the company reaches, has a decline of 1.4%, again, headed by the distributor and made up for by JT and this makes a net income be a little less than 2008.

As you can see, the net -- consolidated net income practically is equal to market expectations, showing, as I said, the validity of information that we have given the market. What animates us is that the cash generation of the company has been very strong. This cash generation has given CEMIG a very good growth.

We -- I'm going to stress here for you gentlemen. the growth of investment of BRL3.6 million. So investment activity, still we had a cash of BRL4.4 billion. Again, this shows that the cash generated by our operations is quite strong and it has grown and grown in a very strong way, in spite of the impacts caused by the reduction of results of other similar companies.

Again, going to show that the captive customer, consumers, is not responsible for our cash generation. The one that is responsible for the cash generation of CEMIG is its management. The management that is attentive to growth and it's a management that

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has to do with value, the additional value that is focused upon operational efficiency, which has conducted CEMIG or led CEMIG to large volumes of cash generation to date, with this balance in our cash.

We are practically positioned to continue making those acquisitions that I had mentioned to you. This is our business structure, as you naturally can see, the large number of companies, unfortunately. One single page is not enough to put all the companies on our slide and you're going to allow us to scroll it down here. So that you can all see that CEMIG is growing and growing strongly and we are seeking sustainable growth with the additional value for our shareholders.

Today we have already our -- Taesa already with its structure that is well put together, we are the -- we shall have a public offering a few days and it's going to become also a vehicle for growth. Likewise, this is what's going to happen to Light. Light, in a short while, is going to show growth, very strong growth, as well.

Moving ahead a little, today we have -- we are for almost BRL30 billion total assets with share of equity around BRL10 billion. Our total sales reached BRL12 billion and that sales BRL12 billion and market value around BRL17 billion. We are present in more than 40 countries, with investors from the whole world and are listed not only at Bovespa. But also the New York Stock Exchange and in Madrid.

Our shares has -- have been quite strong in terms of value. We are a company that has to do with long-term growth and sustainability of such a growth and this is being recognized by the market because we have, beyond in the last five years, we have beyond the -- we have overcome -- surpassed the trading. This year, we had a growth, a substantial growth, not only because of our net profits or net income or the cash generation and income growth.

But also in the payment of dividends associated to the value, value in other shares. So we have some action, very strong action, with these investors. Now we have the program for the next four months already on schedule. So we should have a conference on the 12th to 15th and we should be present.

The other events in the month of April are areas of investor relations. IR is going to be leading all the contacts with investors and already we are getting ready for our annual meeting on the 30th of May as traditionally we hold, there are two days of meetings with our investors and analysts, naturally, in order to update all the information that is relevant about CEMIG.

By middle of the acquisitions we have made, CEMIG has consolidated its position in the national scenario, already present abroad, through our transmission line in Chile and practically making the map of Brazil march with the presence of CEMIG and we have a focus on the electric business, electric -- electricity business. This allows us to have access to practically every state in this country.

CEMIG intends, in its future, to be among the two largest energy groups in this country. This has aroused some controversy because there are competitors, strong competitors there. And we are through the increase of our efficiency, the increase -- the improvement of our investment capacity to reach those goals that were established for the year 2020.

2009 results show exactly the result of the strategy. It's a year that is going to go on the history books as a very robust year, based upon the fundamentals of the company, which are concerned with the addition of value, the discipline of investments, the search for the best opportunities and the adequate selection of the assets that we have acquired. These were the slides that I had prepared for you gentlemen. so I am at your service for our question and answer session.

Questions And Answers

Operator

Let us move on now to the question-and-answer session. (Operator Instructions) Excuse me, we have our first question from Marcio Prado from Santander.

Q - Marcio Prado {BIO 15398968 <GO>}

Good afternoon, everyone. A question about responsible acquisition of this additional stake at Light. I would like to understand if this (inaudible) during the conference, you talked about an option. Is that an optional sales or is that the Luce fund has for CEMIG?

I'd like to have more information about CEMIG's search of a strategic investor that is going to participate with this acquisition of Light? In this case of not attracting any strategic investor, will CEMIG purchase Equatorial's stake?

And you see the relevant fact today, the concern with the BNDS approval. I'd like to understand it. If there is no approval by the national development bank, the purchase of Luce's stake could be reverted, that is this sales option would have no value.

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

Our -- we have already our fund, it is made. The fund was already recorded in the Brazilian Securities Commission. It is -- it's called remnant [ph] to our fund. Remnant to our fund is going to acquire 51% of the sum of the two stakes of (inaudible) and Equatorial.

We are going to be partners in each company for -- that is formed by -- for specific purposes and therefore we are guaranteeing that two factors that are certainly important for us. First that we are not going to need to acquire a new debt in order to acquire the stake. So the cash that we have available, we will be able to pay for this investment.

Secondly, we guarantee that the company continues being a private one. And this is a fact that for us is extremely important because as I said. And our CEO has reinforced the idea. We are going to transform Light into a growth vehicle company and this growth company

naturally will need more agility and more nimbleness that only a private company can have access to.

So the structure that is going to -- is being put together is one that will guarantee these two aspects. Now, as for the option that was negotiated with the Luce Group in order to assure our partners better. We have complete trust that they're going to continue with us in case this does not happen. In the future, we'll naturally look for a solution that will guarantee those two principles that I mentioned at the beginning of my presentation -- my answer.

That is agility of the private company and naturally the reductions of necessary investments that CEMIG has because of the opportunities that we still have to enjoy. So there is no concern on the part of CEMIG to purchase all the stakes from the partners, we want to continue with the private company.

And with this -- by means of this private company, naturally, there's not going to be on the part of the national development bank, any constraints or any restrictions as there has not been any restriction to turnovers, or Taesa, that is. And therefore, this structure has already gone through a test and it's going to pass the second exam naturally. Thank you very much.

Operator

Excuse me, our next question comes from Mr. Pedro Mafagini [ph] from JPMorgan.

Q - Pedro Mafagini

Good afternoon, everyone. Two topics here. The first one has to do with the company four segments of gas. If there is any ongoing negotiation in gas? And as for the gas pipeline, that was talked about some years ago, I want to know if the company has cost estimate and a possible return for this gas pipeline in the Mineiro Triangle?

The second question has to do to the free customers. Those free customers that ask for the flexibilization of contracts during the crisis, have you already felt these customers asking -- consuming, again, those energy that's going back to previous consumption levels? Or if there is anybody asking for upwards flexibilization that is consuming at levels even beyond the pre-crisis levels?

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

Now, two questions. The first one has to do with gas. Our gas business, for the time being, is distribution, as you all know, we have a company called GASMIG and this company has a concession to distribute gas in the state of Minas Gerais.

We naturally have a very strong demand because of the structure of the economy of the state of Minas Gerais. We don't serve 100% of this demand and this another [ph] concern for us. And we, for that reason, we are seeking supply alternatives.

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We have tried to negotiate with Petrobras, an additional supply contract. But we understand that Petrobras is going through, today, in order to sign the short-term contracts and therefore as an alternative, we are in a partnership with the investors that have a wide experience in the prospection of gas, seeking for alternate sources in this state, in Minas Gerais.

So gas, for us, is a business that we understand to fall within the business spectrum of CEMIG. We try to offer our customers not only electricity. But also solutions and energy solutions in order to meet every possible need.

Now as for the gas pipeline, it has to do with investment. The other -- it's going to follow all the standards that CEMIG has utilized in order to select its investments. It is an investment that guarantees the service to not repress demand of GASMIG, especially in the triangular region, where there is a possibility to construct an ammonium urea plant, that's the big one.

And will demand a significant volume of gas, therefore we need to have a natural gas -- a steady supply of natural gas and that they are in the Mineiro triangle. And this investment is going to be done very likely. We should do it within the same financial structure that we used for our acquisitions with the help from strategic investors and financial investors.

This is a project that we understand fits in very well with the long-term strategy of some investors. Therefore we understand that if we are able to make this project viable, it's going to be very interesting for investors in general.

Operator

Excuse me, our next question comes from Vinicius Canheu of Credit Suisse.

Q - Vinicius Canheu {BIO 6300903 <GO>}

Good afternoon, everyone. Thank you for giving me time to ask two questions. First, had to do with going back to this acquisition model, this option with the Luce fund. Within several structures that you have, if any one of them do you see the possibility of a payment of a public offer or something similar to what happened by the time of the Taesa acquisition?

The second question, that given the relevant role that CEMIG had in the Santa Polio [ph] construction and also in the Gerau auction [ph], what is, in the company's mind when it comes to the Bumarche [ph] auction, which is coming up in the next month?

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

So thank you very much for both questions. Let me just add onto the previous question, which had to do with the free customers, if we were already perceiving a growth of consumption by these customers. It's a positive answer, our CEO has mentioned that in the First Quarter this year, we have already felt the growth of the demand from these customers.

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So that we have already recovered the sales volume as exactly as it was in the pre-crisis period. So it's a very encouraging result, which goes speedy recovery of opportunity in the company as a whole. Now going back to your question now, the Luce fund, you should -- we naturally have a structure, an acquisition structure that does not break any -- or does not impose any additional costs to CEMIG.

We understand that the proposed structure represents only a concentration within the control of block and because it represents only such a concentration. So it is not an acquisition. Therefore, it does not give the right or the tag-along rights to minority shareholders. So this is very well studied and with our own design structure, exactly to guarantee minority stockholders are not harmed and, naturally, CEMIG counts on the presence of such minority shareholders in its process of growth for Light.

Light, as I said, is going to be our growth vehicle and in all certainty, it's going to need capital preserving its status as a privately owned company. We're going to have an access to this market, capital market. And investment will have the opportunity to invest together with us in quality assets that is enough to add more value to the present assets.

As for the Belo Manche [ph], the Belo Manche investments, it's a large one and as you can -- as you know, we already -- have already two organized groups already. CEMIG shows in this -- on the first occasion, not to participate in negotiations with these groups, just waiting for definition. And our strategy is once defining the winner.

So we can share with the winners the investments, adding value not only through the experience that CEMIG has and the construction of hydraulic generation projects. But also within CEMIG's capacity to sell power. Instead of going directly into a consortium, in a model that is similar to Santo Antonio, you are not in the construction during the auction. But you came in soon afterwards. That is our strategy.

Q - Vinicius Canheu {BIO 6300903 <GO>}

Thank you very much.

Operator

Excuse me, our next question is from Felipe Leal from Merrill Lynch.

Q - Felipe Leal {BIO 2015017 <GO>}

Good afternoon, everyone. Three very quick questions. One on -- first I'd like to know if in Taesa, the agreement you have with the Coliseu, that five-year thing, if there is any preview of -- if there is any forecast to change everything or it continues everything the same as defined before?

Second question, if you -- that is the structure that you're putting together with the head of [ph] profit to acquire Light's stake, are you using any type of purchase for the FIP to give more comfort to the investors? And lastly, when this negotiation with the Luce fund, I'd like to know that if you, in October, exhort the option of sell, selling, if they choose to

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sell, will they continue with 35% of their stake? Is the stake within a control block or whether this minor stake has some type of veto right within the control group?

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

Thank you, Felipe. Three questions. First one is about the Coliseu FIP. Naturally, in the growth process of Taesa, when we negotiated with investors, we had a growth that was implied in there and this growth is going to go, first, through the utilization of the alternization of Taesa's capacity first and if necessary we're going to use other resources, for example, a capital increase.

Now the decision of the investors of Coliseu FIP was -- is going to be whether to invest or not together and if they decide for the negative, the only consequence that they will have is the dilution of their participation or the replacement by new investors.

In no way will this affect the conditions that have been agreed upon with these investors and we will maintain the very same prudent [ph] structure even if in the future we will be forced to increase capital in Taesa as a result of a speedier growth.

Your second question referred to the Hiditol [ph] fund. Of course the structure's going to be practically similar. We have very little difference there. We are already selecting investors and we have selected investors. Now it's just a bureaucratic matter of negotiating with these investors that is, negotiating with them about corporate governance because they would like to have them -- to have it and we are in the process of discussing it with them.

Of course they are already warned about CEMIG's strategy of transforming Light into a growth company and this growth company is going to need the utilization of all the opportunities of -- the financing opportunities in this expansion, including capital increase if necessary.

That is why I emphasize the permanence of minority investors in like, they have a relevant role there in this investment, they are not -- so they should not be concerned because CEMIG is going to give Light -- the management of Light, as has been proven by the election of new Directors of executives -- of able executives and executives that can seek a very efficient management.

So as to add value to -- for stockholders and also to meet the needs of the community that Light serves, which is the city of Rio de Janeiro and a few other cities in its surrounding area. That is a commitment that was made by CEMIG and one that CEMIG intends to fulfill. It is the satisfaction of its customers. But also its shareholders.

Your third question had to do with the Luce fund. Now the Luce fund has already adhered to our stockholders' agreement, when as a component of the control group. So they already have the rights that are totally insured and this agreement among shareholders is filed with the Securities Board, here, in Brazil.

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There are some matters in which they may have some qualifying notes. But in general it is a shareholders' agreement that aims at giving more transparency to decision -- to the decisions that are going to be made in the Board -- by the Board of Light.

And as I said, such decisions that should be made at the level of the Board are all geared towards the growth strategy of the company and this is an extremely important factor for us, the presence of this group, in our Board, gives it more transparency.

They're going to add great value with their experience in the financial market and therefore we understand that in the long run, with the growth of Light, it's not going to be necessary to exercise the option.

Q - Felipe Leal {BIO 2015017 <GO>}

Thank you.

Operator

We have a question coming from Mr. Gustavo Gattass from BTG Pactual Bank.

Q - Gustavo Gattass {BIO 1702868 <GO>}

Good afternoon, Luiz. I have a few questions here. The first one, I'd like to understand, thank you for your slides, your position slides. I would like to understand if this number, BRL380 million, that you indicated as the profit increase already takes into account the theoretical cost of the debts that was incurred when acquiring the assets or is that the net profit that will come from the units?

You see in the slide here, you have to manually count for your -- but the sum of BRL380 million, of what you would have has, is profit would be -- with your acquisitions since the beginning of the year.

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

This is the contribution that the assets would give to the 2009 assets, had they been acquired in January of 2009. So the debts that CEMIG acquired to make this acquisition is going to be amortized -- would be amortized with the results that are coming up from us, the investments from the assets.

Q - Gustavo Gattass {BIO 1702868 <GO>}

So this is not a net account. This is the original growth that would be?

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

-- yes, exactly.

Q - Gustavo Gattass {BIO 1702868 <GO>}

The second question is just a quick one about Luce fund. I'd just like to understand if that puts against Luce were acquired by Hiditol fund, would that maintain the image that you have of an asset that continues private? Or if that is not a very acceptable business, or deal?

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

Well naturally, it's a matter of negotiation that is our expectation is that they should not have the option. That is, they should not exercise the option. Of course, we gave our partner the rights to make this decision with the low check quality. But the purpose is to keep them as partners.

And the way to keep them partners is to present a growth that is better for 2010. So this is what we're going for. Now there is the fact that -- of which -- when is the structure to be -- is going to be the structure utilized for this acquisition? We have not made such a decision. We are still looking towards using several alternatives. So we have not made a choice exactly as to what alternatives we're going to choose to utilize.

But as I said, we have two basic principles, which will -- we will adhere to, which is to guarantee that the company continues private and, second, to reduce the need for capital, our own capital. So based upon these two principles, we are going to select the adequate alternative for if this -- if our partner, the Luce fund, decides to exercise their option.

Q - Gustavo Gattass {BIO 1702868 <GO>}

Okay. My very last question. We saw here, at the end of the year, that you created a new subsidiary, I think, CEMIG Services. This is to be one more subsidiary it's a non-operational and just how relevant is this?

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

This is a strategy to reduce costs and to improve performance. It is a company that is going to have a relevant role in capturing synergies among the assets of CEMIG. This is our expectation.

Q - Gustavo Gattass {BIO 1702868 <GO>}

Okay. Thank you.

Operator

We have another question coming from Ricardo Cavanagh from Raymond James.

Q - Ricardo Cavanagh {BIO 1702523 <GO>}

Hello. Thank you, also, for the call. My question is at a sectorial level. I'd like to what is your view about the possible solution about the concessions that are going to be due by 2015 and if you think that this thing has some possibility to be solved this year? Thank you very much.

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A - Luiz Fernando Rolla {BIO 1852035 <GO>}

Thank you, Ricardo, for your question. This is easy to answer because the government itself has made a decision not to -- not to address the discussion or the renewal of concessions. So this decision has been postponed until the next administration, therefore, we're not going to discuss this topic this year. It's a controversial topic and it's not adequate for discussion in an election here, as this one is. So I believe the government is going to take this discussion up again in 2011.

Q - Ricardo Cavanagh {BIO 1702523 <GO>}

Thank you. Perfect. Is it going to be solved for the current year? Is there any view of possible changes in the way that the team could be taken up again? The kind of focus that (inaudible) could give it? Or it would be without many changes about the ideas that you've been talking about the potentials there of CEMIG?

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

No, Ricardo, the alternatives are many and they all -- and the Ministry of Mines and Energy still have not made -- taken a position and we know the position of some of the government officials. We have monitored those alternatives. So as to assess the impact that they're going to have upon our results. But at any rate, the options are still open and there's no decision made as yet.

And I believe that the discussion is going to be reopened in 2011 and after this election year has gone by, the discussion will take place on a technical level and which will obtain -- which will allow for the -- a better alternative, which is going to benefit not only the consumer. But also the present concession owners.

Q - Ricardo Cavanagh {BIO 1702523 <GO>}

Okay. Thank you very much.

Operator

We have another question coming from Reginaldo Pereira from HSBC.

Q - Reginaldo Pereira {BIO 15754056 <GO>}

Thank you for your call. I have a question about the operational performance of CEMIG, we're in the Fourth Quarter. The operational expenses really falled, except for outsource services. I'd like to understand if this decline is a result of the program to improve the operational efficiency, which the guidance had been given last year was that it would result in a decline of BRL200 million per year.

I'd like to know if this guidance is still good, if there is any difference and why outsource services increased so much in the Fourth Quarter? The second question has to do with the gas pipeline. CEMIG should start investing in the transportation of gas. So would it be responsible just to build a branch of these projects of the gas pipeline in order to interconnect to (inaudible) and other cities in that region to the main line?

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A - Luiz Fernando Rolla {BIO 1852035 <GO>}

In fact, let us go back a little to the first question, which has to do with the costs, the operational expenses of CEMIG as a whole. Let me just find the slide here. But in fact, as I said, we have had -- have it all there?

In the quarter, we had an increase of expenses for the third-party services because of the need to correct to -- for maintenance, corrective maintenance. You may remember that in the Fourth Quarter last year, we had a very high incidence of rainfall and this intense -- the rainfall actually created this need for corrective maintenance. That's why outsourced services grew.

Another reason for this growth of this increase is the consultancy expenses. Because of the acquisitions that we made, we had to hire consultants, especially financial consultants, whose costs are very high and this resulted in an increase of such expenses.

But this year, we invested more in preventive maintenance, which is going to rebound in corrective maintenance costs. And our strategy, I think, is the most correct one. Next year, then, we're going to see a very significant reduction in the services of third-parties of outsource services.

Operator

Excuse me, our next question comes from Mr. Henry Cobbe with Nevsky Capital.

Q - Henry Cobbe {BIO 5513843 <GO>}

Hi there. Thanks very much for the call. I just wanted to ask on the ownership structure of Light, now that this option has been created. You gave a very clear chart that shows how revenue and EBITDA consolidated 25%, net income at 13% and how that changes in the First Quarter 2010 to just everything being consolidated at 13%. What's the next step now that -- if we assume that you get the Luce stake? Would you then consolidate 26%?

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

Thank you, Henry, for your question. Your question has to do with the consolidated percentage of RNA in Light, the stake in Light. Let me arrive at the correct slide here. Here we have it. Now this slide here shows the consolidation of Light results last year, in 2009.

The consolidation was 25% exactly because we had a company called RME and of which we had a 25% stake. RME, in this turn, had 52% stake of Light capital, therefore, consolidating 100% and that, in this way, the Light results were consolidated as shown in this chart here.

Now based, after the First Quarter, because we extinct -- we extinguished our RME and in spite of the control group still existing, we still have -- each one has 13% stake in Light. So in the First Quarter, we're going to consolidate only 13% in terms of our participation there because the acquisitions have not been concluded in the First Quarter.

So by the Second Quarter already, we're going to consolidate the (inaudible) stake, which we have just acquired. So we go back to 26%, slightly higher than the 25%, which we had consolidated before. So it's going to be a transition phase between RME, which consolidated 25%. And the present structure in which we consolidated 13% and in the future structure, where we're going to consolidate 26 or 25%. This is what should occur in the upcoming quarters.

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Q - Henry Cobbe {BIO 5513843 <GO>}

And if in the Fourth Quarter, you -- the option is exercised and you take the Luce stakes as well, does that then take up to just shy of 39%?

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

The question was whether we -- in the Fourth Quarter 2010, Luce exercises the option. We would consolidate not the 26%. But 39%. The answer is that we are still going to decide what kind of structure we're going to adopt in case Luce exercises this option very lightly.

We are likely to consolidate somewhat less than 39%. But I prefer to await the definition from the Luce people. I'm pretty certain that they're not going to exercise this option. They will continue with their 13%. In case they do it, we're going to adopt a structure, which allows us to serve these two basic principles. That is the consolidation, which I suggest is very probably -- that's probably your concern, with the projection of results for 2010. I suggest that you consolidate the 26% only.

Q - Henry Cobbe {BIO 5513843 <GO>}

Okay. And you also gave -- on the EBITDA side, you gave an adjusted EBITDA for the full year of a BRL4.2 billion and explaining in great detail of the adjustments you've made there, of the one-offs that could -- one-off and so we have an idea of the recurring number.

Is there any possibility that you would be able to break out the -- kind of allocate the one-off personnel costs to generation distribution. So we could see what the underlying recurring EBITDA is for the generation business and what the underlying recurring EBITDA is for the distribution business? I'll put it differently, what's the allocation of costs for the early retirement program between the generation and the distribution? Sorry, that was a very long winded question.

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

Now, again, Henry Cobbe's question is about the adjusted EBITDA that we have published on page 60. This adjusted value, which reaches BRL4 billion 280 million, naturally, has consolidated value and he asks us to break down this BRL4 billion per segment, trans -- generation, transmission, distribution. We're going to do so and naturally we shall publish that on our website and you will be able to receive an email telling you that information will be available to you.

Q - Henry Cobbe {BIO 5513843 <GO>}

Okay. Thank you. Very lastly, on Terna, this quarter you consolidated at 32% and could you just explain, assuming that you take out a 100%, the minorities, how -- what you will consolidate for each quarter? Will you consolidate the first 90%?

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

Thank you, Henry. And in all certainty we have -- we trust the investing market. The investing market has been our partner and it's not going to be any different in the case of Terna, if they decide to sell their stock in this transaction. We can buy 100%. But we would like for them to remain as our partners because in the future, it's going to be bright.

Q - Henry Cobbe {BIO 5513843 <GO>}

Okay. Thank you.

Operator

We have now closed the question-and-answer session. I would like to give the floor to the table for final considerations.

A - Luiz Fernando Rolla {BIO 1852035 <GO>}

Thank you very much to all of you for the patience to wait at the end of the day for this -- for the webcast. This was a long one. We chose this time to present more information -- to give you more information, to provide you with more information because it was an exceptional year for CEMIG, 2009, in spite of having gone through maybe one of the worst crises in the world market.

We at CEMIG have been able -- were able to get extremely positive results and this gave us growth, additional growth, which is going to give, also, very strong results, yield very strong results, in 2010 and our expectation is that in 2010, within our growth expectations, it's going to be very similar to the year of 2009.

We, in our event on the 30th of May, which is going to be held here in Belo Horizonte, we're going to do as usual, we're going to update our guidance this guidance will reflect the transactions that we have -- the deals that we have just announced that you're going to see the positive impact that they shall have upon our results.

I would like to reaffirm the company's commitment to our shareholders and investors and these investors and shareholders can be certain that we are trying to add significant value to your investments, through not only operational management with our assets in the most efficient way as we can. But also in the search for growth opportunities, through not only new projects, construction of new generation plants and transmission plants and the increase in our distribution activities. But also through acquisitions.

We have been very selective in these investments. We have iron discipline in selecting these investments, in the search of value to be added to the existing assets that we have.

We thank you for the confidence of shareholders, especially our majority stockholder. And the Directors, the Board of Directors.

Though the company's CEO has already thanked us, I am reiterating what he said. And I can say that you can count on every effort on our part so as to present you with values and very similar results to those we presented in 2009. I thank you all very much and I wish you a good night.

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