ENERGY CO OF MINAS GERAIS
Form 6-K
June 30, 2003

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of June 2003

Commission File Number 1-15224

Energy Company of Minas Gerais
(Translation of registrant's name into English)

Avenida Barbacena, 1200
30190-131 Belo Horizonte, Minas Gerais, Brazil
(Address of principal executive offices)

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

Form 20-F X Form 40-F ____

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

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

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

Yes ____ No X

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

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Item	Description of Item
1.	Unaudited financial statements as of and for the three-month period ended March 31, 2002, prepared in accordance with accounting practices adopted in Brazil, in Brazilian reais of filing with the Brazilian Comissao Nacional de Valores.
2.	Management's discussion and analysis of results of operations relating to financial statements prepared under accounting practices adopted in Brazil for the three-month period ended March 31, 2002 compared to the three-month period ended March 31, 2001 in Brazilian reais. (English translation of filing with the Brazilian Comissao Nacional de Valores)
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9.	Unaudited financial statements as of and for the nine-month period ended September 30, 2002, prepared in accordance with accounting practices adopted in Brazil, in Brazilian reais of filing with the Brazilian Comissao Nacional de Valores.
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11. Unaudited financial statements as of and for the nine-month period ended September 30, 2002, prepared in accordance with U.S. GAAP, in Brazilian reais.

12. Management's discussion and analysis of results of operations relating to financial statements prepared under U.S. GAAP for the nine-month period ended September 30, 2002 compared to the nine-month period ended September 30, 2001, in Brazilian reais.

Item 1

Companhia Energetica de Minas Gerais - CEMIG

Interim Financial Statements
Together with Independent Public Accountants Report of Special Review
(Translated from the Original in Portuguese)

March 31, 2002

Report of Special Review

(Translation of the report originally issued in Portuguese)

To the Board of Directors of

Companhia Energetica de Minas Gerais - CEMIG

(1) We have performed a special review of the quarterly information of COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG (a Brazilian corporation), comprising the individual and consolidated balance sheets as of March 31, 2002, the individual and consolidated statements of income for the quarter then ended, and relevant information.

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

(3) Based on our special review, we are not aware of any material modification that should be made to the quarterly information referred to in paragraph (1) above, for it to be in conformity with the accounting practices set forth by the Brazilian corporate law and with the accounting standards established by the CVM - Comissao de Valores Mobiliarios (Brazilian Securities Commission),

specifically applicable to the preparation of quarterly financial information.

(4) The individual (Company) and consolidated balance sheets as of December 31, 2001, presented for comparative purposes, were audited by us, and we issued an unqualified report thereon dated March 25, 2002. The individual (Company) and consolidated statement of income for the quarter ended March 31, 2001, also presented for comparative purposes, was reviewed by us, and we issued an unqualified special review report thereon dated on May 15, 2001.

(5) As mentioned in notes 3 and 7 to the quarterly information, the Company has recorded, as of March 31, 2002: (i) assets and liabilities related to the trading of electric energy in the spot market (Mercado Atacadista de Energia Eletrica - MAE), based on the preliminary information made available by the Administradora do Mercado Atacadista de Energia - ASMAE (the spot market association) on March 13, 2002, and for those amounts related to the first quarter of 2002 based on management's estimates; (ii) accounts receivable related to the recovery of reduction of sales during the rationing period and; (iii) prepaid expenses related to the tariff recomposition and Parcel "A" (CVA) (non-controlled costs) variations. Those amounts result from the application of Law No. 10,438 of April 26, 2002, Portaria Interministerial No. 25 of January 24, 2002 (an administrative measure from the Brazilian Federal Government) and resolutions from Camara de Gestao da Crise de Energia Eletrica (the Brazilian Federal Government electric energy crisis committee) and Agencia Nacional de Energia Eletrica - ANEEL (the Brazilian Federal Government electric energy regulatory agency). The realization of those assets, commenced on January 2002, will occur through billings to consumers, by applying an extraordinary tariff increase approved by ANEEL in December 2001, as well as through future tariff adjustments. Those amounts are still pending of ANEEL revision and final approval.

(6) As mentioned in note 8 to the quarterly information, the Company's management is negotiating with the Minas Gerais State Government the payment of the past due amounts included in the rate shortfall receivable. The Company's management believes that the outcome of this negotiation will not result in a loss to the Company.

Belo Horizonte, May 15, 2002

ARTHUR ANDERSEN S/C

Jose Carlos Amadi
Engagement Partner (Convenience Translation into English from the Original Previously Issued in Portuguese)

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Item 1

(Convenience Translation into English from the Original
Previously Issued in Portuguese)
COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED BALANCE SHEETS
MARCH 31, 2002 AND DECEMBER 31, 2001
(Expressed in thousands of Brazilian reais - R$)

	Consolidated	
	March 31, 2002	December 31, 2001
CURRENT ASSETS:		
Cash and cash equivalents	605,800	696,088
Accounts receivable	546,447	485,300
Consumers - Special rate adjustment	234,708	258,855
Concessionaires - Energy transportation	16,776	18,274
Recoverable taxes	32,044	89,317
Materials and supplies	12,788	11,599
Prepaid expenses - CVA	68,588	41,032
Other	89,195	90,109
	1,606,346	1,690,574
NONCURRENT ASSETS:		
Receivable from Minas Gerais State Government	1,533,943	1,492,105
Consumers - Special rate adjustment	1,420,549	1,071,788
Prepaid expenses - CVA	120,305	106,080
Tax credits	400,261	435,981
Marketable securities	75,622	70,107
Electricity Rationing Plan - Bonus paid to consumers and adoption costs incurred	201,589	122,634
Distributors - Energy supply	115,788	80,140
Project studies based on service rendered	25,999	25,999
Other	139,363	121,092
	4,033,419	3,525,926
PERMANENT ASSETS:		
Investments	405,452	356,272
Property, plant and equipment	7,550,371	7,633,115
Deferred charges	11,107	9,584
	7,966,930	7,998,971
Total assets	13,606,695	13,215,471

The accompanying condensed notes are an integral part of these balance

Item 1

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED BALANCE SHEETS
MARCH 31, 2002 AND DECEMBER 31, 2001
(Expressed in thousands of Brazilian reais - R$)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Consolidated	
	March 31, 2002	December 31, 2001
SHORT-TERM LIABILITIES:		
Suppliers	614,158	550,520
Taxes payable	334,693	213,378
Advance billings of electric power	26,880	42,596
Loans and financing	370,574	332,317
Payroll and related charges	83,289	96,861
Dividends and interest on capital	206,263	216,894
Employee post-retirement benefits	152,530	151,870
Regulatory charges	50,270	51,696
Other	108,937	120,018
	1,947,594	1,776,150
LONG-TERM LIABILITIES:		
Loans and financing	1,324,312	1,416,378
Debentures	636,515	633,228
Employee post-retirement benefits	1,714,412	1,701,868
Suppliers	431,634	372,939
Electricity Rationing Plan - Surcharge applied to consumers	25,716	25,541
Reserve for contingencies	329,396	319,230
Other	59,559	52,764
	4,521,544	4,521,948
MINORITY INTEREST	15,554	15,317
SHAREHOLDERS' EQUITY:		
Capital	1,589,995	1,589,995
Capital reserves	4,106,492	4,106,492
Income reserves	1,153,476	1,153,476
Accumulated earnings	244,917	24,970
	7,094,880	6,874,933
Funds for future capital increase	27,123	27,123
	7,122,003	6,902,056
Total liabilities and shareholders equity	13,606,695	13,215,471

The accompanying condensed notes are an integral part of these balance

Item 1

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED STATEMENTS OF INCOME
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2002 AND 2001 (Expressed in thousands of Brazilian reais - R$, except for per share data)

	Consolidated	
	Three months period Ended March 31,	
	2002	2001 reclassified
OPERATING REVENUES:		
Electricity sales	1,179,895	1,201,801
Special rate adjustment	315,164	-
Other operating revenues	80,968	86,263
	1,576,027	1,288,064
DEDUCTIONS FROM OPERATING REVENUES:	(337,223)	(327,996)
Net operating revenues	1,238,804	960,068
OPERATING EXPENSES:		
Personnel	(133,275)	(166,911)
Materials and supplies	(15,971)	(17,109)
Outside services	(51,503)	(47,055)
Charges for use of water resources	(8,673)	(11,179)
Electricity purchased for resale	(359,974)	(232,357)
Use of basic transmission network	(64,891)	(66,035)
Depreciation and amortization	(132,423)	(126,098)
Employee post-retirement benefits	(54,250)	(50,264)
Operating provisions	(14,245)	(3,497)
Fuel consumption quota - CCC	(69,537)	(71,416)
Gas purchased for resale	(17,915)	(18,029)
Other	(36,190)	(39,797)

	(958,847)	(849,747)	
Income from operations before equity in subsidiaries and financial income (expenses)	279,957	110,321	
EQUITY IN SUBSIDIARIES	-	-	
FINANCIAL INCOME (EXPENSES):			
Financial income	150,764	92,220	
Financial expenses	(84,260)	(192,838)	
	66,504	(100,618)	
Income from operations	346,461	9,703	
NON-OPERATING EXPENSES, NET	(6,977)	(22,734)	
Income (loss) before taxes on income and employee profit sharing	339,484	(13,031)	
Income and social contribution tax (expense) credits	(115,280)	6,349	
Employee profit sharing	(4,125)	(5,689)	
Income (loss) before minority interest	220,079	(12,371)	
MINORITY INTEREST	(132)	(139)	
NET INCOME (LOSS) FOR THE PERIOD	219,947	(12,510)	
NUMBER OF THOUSAND OF SHARES	158.931.714	158.931.714	
EARNINGS (LOSSES) PER SHARE - R$	0.00138	(0.00008)	

The accompanying condensed notes are an integral part of these interim s

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2002
(Amounts expressed in thousands of Brazilian reais - R$, unless otherwise indicated)

1) THE COMPANY AND ITS OPERATIONS

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

The Company has equity interests in the following companies:

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

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

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

- Empresa de Infovias S.A. ("Infovias") (a 49.44% joint venture) - Its principal activities are rendering telecommunications services and developing activities related thereto, through integrated systems using optical fiber cable, coaxial cable, electronic equipment and other (multiservice networks). Infovias owns 51% of the capital stock of Way TV Belo Horizonte S.A., a cable TV and internet services provider in certain cities in the State of Minas Gerais.

2) PRESENTATION OF THE FINANCIAL STATEMENTS

The accounting practices, methods and criteria followed by the Company in the preparation of these quarterly financial statements are consistent with those applied in the financial statements as of and for the year ended December 31, 2001.

In order to conform to the current presentation, the Company has reclassified certain 2001 expenses, as follows:

Original Account	Reclassified Account
Employee post-retirement benefits	
Financial expenses - FORLUZ debt	Operating expenses-Employee post-retirement benefits

Operational provisions	Operating expenses-Employee post-retirement benefits
PASEP and COFINS on financial income:	
Financial expenses	Financial income

CEMIG has reclassified R$103,400 and R$67,171 originally recorded under Assets - Cash and cash equivalents to Liabilities - Loans and financing as of March 31, 2001 and December 31, 2000, respectively, related to escrow accounts in order to prepare the individual and consolidated statements of cash flows for the three-month period ended March 31, 2002 and March 31, 2001.

3) CONSUMERS - SPECIAL RATE ADJUSTMENT

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

According to Temporary Executive Act No. 14, which was later converted into Law No. 10,438 of April 26, 2002 and the Energy Crisis Committee's Resolution No. 91 of December 21, 2001, billing losses, the purchases of energy traded in the spot market during the period of the Electricity Rationing Plan and losses relating to the variation of Parcel "A" items (uncontrolled costs as established by the energy distribution concession contracts) related to the period between January 1, 2001 to October 25, 2001, will be recovered through the following special rate adjustments applicable beginning from December 27, 2001 during the period necessary to achieve total compensation of the above-mentioned items, limited to the weighted average term of the Brazilian electric sector of 6 years:

- o an increase of 2.90% for rural and residential consumers, excluding low-income consumers; and
- o an increase of 7.90% for all other consumers.

The amounts related to the revenue losses and compensation of variations of the Parcel "A" uncontrolled items, described under ("a") and ("b") below, will be submitted to ANEEL for validation and approval, in accordance with legislation in force. ANEEL's review may result in changes to the values used in preparation of the financial statements as of March 31, 2002, impacting the Company's future financial results.

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The recorded amounts, which will be realized through the special rate adjustments, described in items ("a"), ("b"), and ("c") related to the 2001 period have been restated based on SELIC (Brazilian Central Bank overnight interest rate) from January 1, 2002 to the month of their effective recovery.

The amounts related to year 2002 will be updated after ANEEL's approval.

The State VAT related to the special rate adjustment for future billings, which is estimated to be R$343,217, only becomes an obligation once the customers are billed. In this context, the Company's only responsibility is to transfer the tax collected from consumers to State tax authorities.

ANEEL's Resolution No. 72 of February 7, 2002 established uniform procedures to be followed by electric power utilities to account for the effects of the adhesion to the General Agreement of the Electricity Sector. The main provisions of the General Agreement of the Electricity Sector are described below:

(a) Recovery of billing losses during the Electricity Rationing Plan

The amount of the billing losses included in the special rate adjustment will correspond to the difference between the Company's estimated revenue, assuming that the Electricity Rationing Plan had not been implemented, and the actual revenue earned during the rationing period, from June 1, 2001 to February 28, 2002, according to the criteria published by ANEEL.

CEMIG's billing losses during the Electricity Rationing Plan, excluding State VAT and overdue payment losses, were recorded on the Balance Sheet under Consumers - Special rate adjustment under Current and Noncurrent assets, counterbalanced by the entry Special rate adjustment under Operating revenues in the 2002 and 2001 statements of income.

The Company reviewed its billing losses estimate for the period from June to December 2001, due to ANEEL's revision of the procedures and assumptions adopted in prior year to determining such amounts.

The billing losses during the Electricity Rationing Plan are as follows:

	Co
	March 200
Billing losses from June through December 2001	
Provision in 2001	
Revision adjustment in first quarter of 2002	
Monetary variance	
Billing losses from January and February, 2002	
Amounts collected on the three-month period ended March 31, 2002	
Short-term	
Long-term	

The amounts billed during the first quarter of 2002 corresponding to the extraordinary tariff increases related to the Electricity Rationing Plan, as approved by Temporary Executive Act No. 14 that was converted into Law No. 10,438 of April 26, 2002 were allocated as a reduction of the asset related to billing losses, according to ANEEL instructions.

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(b) Compensation of uncontrollable cost variation relating to the Parcel "A" items

ANEEL Resolution No. 90 of February 18, 2002, has established procedures for the compensation of the variation of some Parcel "A" items for the period from January 1, 2001 to October 25, 2001.

The amount to be reimbursed is equal to the difference between the Parcel "A" costs effectively paid and the estimated Parcel "A" costs used for purposes of computing the most recent annual rate adjustment prior to the rationing period.

The amounts to be reimbursed were recorded under Noncurrent assets, where they were originally allocated, taking into account the expected realization, in counterbalance of the Statement of Income, as follows:

	Conso
	March 3 2002
Losses of "A" parcel items from January 1, 2001 to October 25, 2001	247
Monetary variance	37
	285

Procedures for reimbursing Parcel "A" costs related to the period after October 26, 2001 and comments concerning applicable rules and respective accounting procedures are set forth in Note 7.

(c) Recording of energy transactions on the Mercado Atacadista de Energia (Wholesale Electricity Spot Market or "MAE")

This relates to costs arising from contractual exposures, energy traded on the MAE (energy not traded pursuant to contracts during the rationing period), the Mecanismo de Realocacao de Energia (Energy Reallocation Mechanism, or "MRE"), system service charges and financial excess allocation.

Costs relating to energy traded on the MAE will be prorated among consumers supplied by the Brazilian Interconnected Electric System through the special rate adjustment. The related criteria and procedures for this recovery are still pending.

The amount to be passed along to consumers is calculated based on the amount of energy purchased on the MAE during the period from May 1, 2001 until the end of the rationing period, and equals the difference between the energy purchase price on the MAE and R$49.26/MWh (which is the initial contract average cost for the period). Generators will not be reimbursed with respect to MAE energy purchases up to R$49.26/MWh.

CEMIG recorded the 2001 transactions based on preliminary information (that will not be used for the financial settlement among electric sector participants) provided by MAE on March 13, 2002, related to MAE transactions in 2001. The 2002 transactions were recorded based on the Company's estimates and internal controls. Therefore, the amounts described below are subject to changes, which could impact the Company's future results. The disclosed results did not include the parcel corresponding to the Itaipu Binacional's energy production surplus. The transactions are as follows:

- The amounts to be paid to Generators for the energy purchased on the MAE, applying the above criteria, from June 1, 2001 to December 31, 2001 and from January 1, 2002 to February 28, 2002, with a price exceeding R$49.26/MWh, are R$372,939 and R$42,987, respectively. These amounts were accounted for as a charge to Electricity purchased for resale on the Statement of Income, counterbalanced by an entry under Long-term liabilities. However, the amounts to be reimbursed to CEMIG through the special rate adjustment are R$401,024 and R$46,224, respectively (which were calculated adding the amount to be paid to generators, PASEP, COFINS and RGR). These amounts were recorded as a Noncurrent asset, with its counterpart recorded as revenue in the 2001 and 2002 Statement of Income.

- The costs of energy purchased on the MAE and other MAE transactions in 2001 and 2002, corresponding to R$177,164 and R$61,018 respectively, were recorded as a debit to Electricity purchased for resale in the Statement of Income, having as a counterpart a credit to Accounts payable to suppliers under Current liabilities.

- The reimbursable portion of CEMIG's MAE revenues from June 1, 2001 to December 31, 2001 and from January 1, 2002 to February 28, 2002 relating to transactions between concessionaires (which are not subject to State VAT) were R$80,140 and R$32,272, respectively, and were calculated based on the difference between the MAE price and R$49.26/MWh. These amounts were recorded as Electricity sales to final customers - Supply in the 2001 and 2002 Statements of Income having its counterpart Dealership - Energy supply under Noncurrent assets.

On March 22, 2002, the MAE disclosed the possibility of an additional supply revenue amounting to R$30,000. This amount was submitted to the Energy Crisis Committee for validation and approval and its conclusions are expected at the end of the second quarter of 2002. Since this information is preliminary, the Company did not record the above mentioned revenue in its financial statements.

The composition of the amounts recorded as special rate adjustment to be paid to Generators for the energy purchased on the MAE during the period of the Electricity Rationing Plan are as follows:

	Consol
	March 31 2002
Special rate adjustment	
Energy traded on spot market in 2001	401,
Monetary variance	16,
	417,
Energy traded on spot market in January and February, 2002	46,
	464,
Suppliers - amounts to be paid to generators	
Energy traded on spot market in 2001	372,
Monetary variance	15,
	388,
Energy traded on spot market in January and February of 2002	42,
	431,

(d) Loan from Banco Nacional de Desenvolvimento Economico e Social -BNDES and Federal Government to Electric Energy Concessionaires

The Company has been negotiating with the National Treasury Department and BNDES (the Brazilian Economic and Social Development Bank), in order to obtain resources through a funding program or other equivalent financing operation as an anticipation of part of the resources to be obtained through the special rate adjustments. These negotiations are expected to conclude by the end of the second quarter of 2002.

(e) Accounting effects

The effects in the three-month period ended March 31, 2002 of the transactions mentioned in ("a"), ("b") and ("c"), are as follows:

	Revenue Losses	Compensation of "A" Parcel	MAE Transactions
ASSETS			
Current			
Consumers - Special rate adjustment	10,903	-	-
Noncurrent			
Consumers - Special rate adjustment	291,866	12,402	63,115

Tax credits	-	-	-
Dealership - Energy Supply	-	-	35,648
	302,769	12,402	98,763
LIABILITIES			
Current			
Accounts payable to suppliers	-	-	61,018
Taxes Payable and Social Contribution	-	-	-
Long-term liabilities			
Accounts payable to suppliers	-	-	58,695
Stockholders' equity			
Retained earnings	302,769	12,402	(20,950)
	302,769	12,402	98,763

INCOME STATEMENT - THREE MONTH PERIOD ENDED MARCH 31, 2002			
Special rate adjustment	268,940	-	46,224
Electricity sales to the interconnected power system	-	-	32,272
Deductions from operating revenues	-	-	-
Operating expenses	-	782	(104,005)
Financial revenue	33,829	11,620	20,267
Financial expenses	-	-	(15,708)
Income and social contribution taxes	-	-	-
	302,769	12,402	(20,950)

The Company has been analyzing with its tax and legal advisors how the taxes related to the General Agreement of the Electricity Industry should be paid.

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4) CASH AND CASH EQUIVALENTS

The composition of the balance is as follows:

	Consolidated	
	March 31, 2002	December 31, 2001
Banks	79,035	68,408
Short Term Investments	526,765	627,680
	605,800	696,088

Approximately R$438,124 of the short-term investments refers to funds obtained from the issuance of debentures. These funds were obtained to be used in the investment plan related to expansion of the Company's energy generation, transmission and distribution operations.

5) ACCOUNTS RECEIVABLE

	Consolidated		
Consumers Class	Current	Past due accounts - up to 90 days	Past due accounts - over 90 days
Residential	140,832	71,569	8,610
Industrial	112,407	40,174	33,052
Commercial	47,427	33,021	6,732
Rural	15,086	8,305	2,056
Public authorities	12,863	8,127	4,542
Public lighting	11,209	5,246	4,290
Public services	37,324	1,403	736
Subtotal - Consumers	377,148	167,845	60,018
Supply	1,470	-	1,653
Allowance for doubtful accounts	-	-	-
	378,618	167,845	61,671

	Company		
Consumers Class	Current	Past due accounts - up to 90 days	Past due accounts - over 90 days
Residential	140,832	71,569	8,610
Industrial	104,592	40,174	33,052
Commercial	46,415	33,021	6,732
Rural	15,086	8,305	2,056
Public authorities	12,863	8,127	4,542
Public lighting	11,209	5,246	4,290
Public services	37,324	1,403	736
Subtotal - Consumers	368,321	167,845	60,018
Supply	1,470	-	1,653
Allowance for doubtful accounts	-	-	-
	369,791	167,845	61,671

6) RECOVERABLE TAXES

	Consolidated		
	March 31, 2002	December 31 2001	Marc 20
State VAT - ICMS	25,443	19,222	
Income and social contribution tax	6,548	69,940	
Others	53	155	
	32,044	89,317	

The State VAT assets of the Company and its subsidiaries are recoverable through offset against State VAT liabilities. The balance recorded as non current assets - other, in the amount of R$18,843, refers to tax credits of the Company for which such offset is under negotiation with the State Government.

7) PREPAID EXPENSES - CVA

The balance of the recoverable variation account of Parcel "A" items - CVA refers to the variation of determined uncontrollable Parcel "A" costs which began on October 26, 2001 and will be recovered in the subsequent annual rate adjustments as follows:

	Consolidated and	
	Base Reimbursement Amount	Monetary
System service charges - ESS	102,086	
Itaipu Binacional electricity purchase tariff	58,467	
Itaipu Binacional electricity transport tariff	2,181	
Fuel usage quota - CCC	7,086	
Tariff for use of basic transmission network	15,035	
Charges for use of water resources	1,542	
	186,397	
Current		
Noncurrent		

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

The System service charges - ESS for the period from September 2000 to March 2002 were accrued based on preliminary information provided by ASMAE and based on the Company's estimates. Such amounts will be monetarily restated by SELIC beginning on the effective payment date.

According to legislation in force, these amounts will be submitted to ANEEL for validation and approval and, therefore, may impact the Company's future financial results.

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8) RECEIVABLE FROM MINAS GERAIS STATE GOVERNMENT

The remaining balance of the CRC Account (Recoverable Rate Deficit), was transferred to the State Government in 1995 through a credit assignment contract pursuant to Law No. 8,724/93. This balance is payable monthly over 17 years beginning June 1, 1998, and accrues annual interest of 6% and is subject to updating based on the IGP-DI (General Price Index). This receivable is secured by the State Government's share of taxes collected by the Federal Government entitled Fundo de Participacao do Estados - FPE.

As of March 31, 2002, the total account receivable balance was R$1,533,943, including related charges, as established by the credit assignment contract.

The installments with maturity from April 1, 1999 to December 1, 1999 and March 1, 2000 to March 1, 2002 are in arrears, totaling R$ 441,398, including monetary restatement and related late payment charges.

The Company is negotiating the payment of the aforementioned past due amounts with the State Government. The Company believes that the State Government intends to make payment prior to the end of its present term, and intends to enter into a payment schedule for future installments. The Company does not believe that there will be any loss on the realization of this asset.

9) INCOME AND SOCIAL CONTRIBUTION TAXES

a) Tax credits

The Company and its subsidiaries have tax credits recorded as Noncurrent assets. The income tax credits are recorded at a 25% rate and social contribution tax credits are recorded at an 8% rate, (considering realization of assets in 2003). The composition of the balances is as follows:

	Consolidated	
	March 31, 2002	December 31, 2001
Tax credit on:		
Tax loss carryforwards	159,617	188,983
Employee post retirement benefits	149,501	146,382
Reserve for contingencies	56,391	55,760
Allowance for doubtful accounts	20,393	17,788
Allowance for decrease in market value of marketable securities	2,861	4,643
Accrual for voluntary termination program - PDV	8,507	8,438

Others	2,991	13,987
	400,261	435,981

The income and social contribution tax credits on tax loss carryforwards arise primarily from the recognition of the obligations due to FORLUZ in compliance with CVM Resolution No. 371 (see Note 15), considering, for calculation purposes, the probable expected future profitability of CEMIG on subsequent fiscal years.

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b) Reconciliation of income tax and social contribution tax expenses

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

	Consolidate	
	Three months en March 31,	
	2002	2
Income (loss) before taxes on income and employee profit sharing	339,484	(1
Income and social contribution taxes - nominal	(115,425)	
Tax effects on:		
Employee profit sharing	1,238	
Reversal of social contribution tax on additional monetary restatement	(1,605)	(
Equity pick-up in subsidiaries	-	
Contributions and grants not deductible	(749)	(
Other	1,261	
Income (loss) and social contribution tax in income statement	(115,280)	

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

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

ANEEL established specific accounts and controls to record the effects of the Electricity Rationing Program involving the bonus, surcharge and related costs. The related effects are as follow:

Noncurrent Assets

Bonus paid to consumers that consumed less than the target consumption.
Costs incurred related to the adoption of the Electricity Rationing Program in excess of the 2.00 tariffs.

Long-term Liabilities

Surcharge applied to consumers that consumed more than the target consumption.

Net Disbursements

Net bonus paid to consumers and related costs in excess of the surcharge applied to consumers.

In conformity with Federal Government Executive Act No. 4, dated October 17, 2001, the Federal Government, acting through its Ministry of Mines and Energy, will reimburse electric utilities, including CEMIG, for costs associated with the payment of bonuses to consumers and other related operating costs that exceeded the surcharge on tariffs. This reimbursement will be subject to ANEEL's review. The Energy Crisis Committee will establish the procedures and deadlines relating to such reimbursement.

ANEEL has approved, through its Resolutions issued on March 14, 2002 and April 25, 2002, the net amount of R$132,630 to be reimbursed by Federal Government. The remaining balance of R$43,243, which refers to

costs related to the adoption of the Electricity Rationing Plan in excess of the 2.00% surcharge on consumers and the parcel of surcharges which were not billed and collected from the consumers since they are under judicial dispute, is being discussed between CEMIG and ANEEL. The Company's management does not expect losses on the realization of this asset.

11) INVESTMENTS

	Consolidated	
	March 31, 2002	December 31, 2001

Equity in subsidiaries -		
Sa Carvalho S.A.	-	-
Usina Termica Ipatinga S.A.	-	-
Companhia de Gas de Minas Gerais - GASMIG	-	-
	-	-
Equity in joint-venture -		
Empresa de Infovias S.A.	-	-
In consortia for power plant construction	308,390	281,117
Other investments	97,062	75,155
	405,452	356,272

(a) The principal information related to affiliated companies is as follows:

	Controlled Companies		
	GASMIG	UT Ipatinga	Sa C
CEMIG's interest	95.17	100.00	
Paid in capital	38,624	84,584	
Shareholders' equity as of February 28, 2002	67,986	85,449	
Shareholders' equity as of March 31, 2002	-	-	
Net income (loss) for the two-month period ended February 28, 2002	2,710	287	
Net income (loss) for the three-month period ended March 31, 2002	-	-	

(b) CEMIG is a partner in certain consortia for electricity generation projects. The consortia, which are not legal entities, were created to manage certain concession contracts. The Company maintains accounting records of its share of the consortia assets which are jointly managed as follows:

		Company and
	CEMIG's Participation	March 31, 2002
In Operation -		
Porto Estrela Hydroelectric Power Plant	33.33%	37,365
Igarapava Hydroelectric Power Plant	14.50%	51,376
Under Construction -		
Queimado Hydroelectric Power Plant	82.50%	84,612
Funil Hydroelectric Power Plant	49.00%	63,218
Aimores Hydroelectric Power Plant	49.00%	71,819
		308,390

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(c) Other investments

Other investments refer mostly to generation plants related to the Company's expansion program, which were originally recorded as property, plant and equipment. These power plants will be transferred to subsidiaries, which will be created specifically for the purpose of holding certain assets and investments. These transfers will be made only upon the approval of ANEEL.

The composition of other investments balance is as follows:

Project	Com
	March 31, 2002
Machado Mineiro Hydroelectric Power Plant	40,768
Salto Voltao Hydroelectric Power Plant	8,935
Salto do Paraopeba Hydroelectric Power Plant	8,123
Salto do Passo Velho Hydroelectric Power Plant	4,172
Capim Branco 1 Hydroelectric Power Plant	5,712
Capim Branco 2 Hydroelectric Power Plant	5,716
Pai Joaquim Hydroelectric Power Plant	7,379
Barreiro Thermoelectric Power Plant	1,055
	81,860
Others	11,587
	93,447

12) PROPERTY, PLANT AND EQUIPMENT

	Annual average Depreciation rate %	Consolidated	
		March 31, 2002	December 31, 2001
In service			
Generation-			
Hydroelectric	2.51	5,431,441	5,431,934
Thermoelectric	1.79	216,534	216,445
Transmission	3.08	1,010,784	1,009,853
Distribution	5.10	6,485,056	6,429,285
Administration	9.63	269,576	262,541
Other		152,492	139,422

	13,565,883	13,489,480
Accumulated depreciation and amortization		
Generation	(2,022,326)	(1,988,210)
Transmission	(442,553)	(435,169)
Distribution	(2,454,373)	(2,383,268)
Administration	(119,358)	(110,279)
Other	(15,334)	(11,980)
	(5,053,944)	(4,928,906)
Total in service	8,511,939	8,560,574
Construction in progress-		
Generation	41,784	33,149
Transmission	67,972	61,801
Distribution	341,537	347,643
Administration	24,150	29,056
Other	19,542	29,232
Total construction in progress	494,985	500,881
Total	9,006,924	9,061,455
Special liabilities	(1,456,553)	(1,428,340)
Total, net	7,550,371	7,633,115

Special liabilities refer primarily to consumers' contributions to support construction necessary to meet energy supply orders. The eventual liquidation of this obligation depends on ANEEL's disposition at the end of the

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distribution concessions. According to accounting principles and electric energy sector legislation in force in Brazil, these amounts are not subject to updating, amortization or depreciation.

13) LOANS, FINANCING AND DEBENTURES

Composition of financing by currency and domestic currency by index is as follows:

	Consolidated	
	March 31, 2002	December 31 2001
Currency -		

U.S. dollar	1,269,904	1,301,424
German Marks	-	20,422
EURO	38,209	14,730
Swiss Francs	1,825	1,808
Unit of account (basket of currencies)	33,868	41,673
Others	1,090	1,076
	1,344,896	1,381,133
Indexes -		
Indice Geral de Precos - IGP-M (General Price Index)	888,469	865,957
Indice Interno da Eletrobras - FINEL (Eletrobras Internal Index)	165,849	174,001
UFIR (Tax Reference Unit)	95,430	88,679
Other	20,346	24,267
	1,170,094	1,152,904
Escrow accounts (1)		
Income based on CDI (interbank deposit) rates	(14,068)	(19,425
Short-term investment - Income based on U.S. dollar variation	(169,521)	(132,689
	(183,589)	(152,114
	2,331,401	2,381,923

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

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

Currency	Variation %	Indexes
U.S. dollar	0.14	Indice Geral de Precos - IGP-M (General
EURO	(1.82)	Indice Interno da Eletrobras - FINEL (E
Swiss Franc	(0.84)	
Unit of account (Basket of currencies)	(2.01)	

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14) RESERVE FOR CONTINGENCIES

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

Based on information provided by its internal and external legal counsel, the Company believes that any loss in excess of the amounts provided for in respect of such contingencies will not have a material adverse effect on the Company's results of operations or financial position.

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

	Consolidated and Company	
	March 31, 2002	December 31, 2001
Labor claims	55,180	54,270
Civil lawsuits - Consumers	77,793	74,378
Social contribution tax	128,322	125,454
Finsocial (tax on revenue)	18,963	18,876
Civil lawsuits - Others	14,584	21,541
Others	34,554	24,711
	329,396	319,230

Certain details relating to such reserves are as follows:

(a) Labor claims

The labor claims relate principally to overtime and hazardous occupation compensation. The total exposure for those matters is estimated to be R$68,975 as of March 31, 2002 (R$67,838 as of December 31, 2001). The Company recorded a year to date provision in the amount of R$910 in 2002 (R$20 of reversion provision in 2001). CEMIG determines the amounts to be reserved based on advice from its legal counsel, the nature of the group of claims and the most recent court decisions.

(b) Civil lawsuits - Consumers

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

The total estimated exposure to the Company for those claims, fully provided for, was R$77,793 as of March 31, 2002 (R$74,378 as of December 31, 2001).

(c) Social contribution tax

The Company is deducting the amounts of depreciation, amortization and disposals of the supplementary monetary restatement of property, plant and equipment, for purposes of computation of social contribution tax. The Company estimates that its potential exposure in this matter is approximately R$128,322 as of March 31, 2002 (R$125,454 as of December 31, 2001). The amount is fully provided for.

(d) Finsocial

In 1994, CEMIG was fined by the Federal Tax Authorities due to the exclusion of State VAT in the Finsocial calculation, a tax on billing extinguished in 1992. The Company estimates that the remaining amount still

pending is approximately R$18,963 as of March 31, 2001 (R$18,876 as of December 31, 2001). The amount is fully provided for.

(e) Other

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

CEMIG has other relevant legal proceedings with respect to which the Company has been advised by its internal and external legal counsel that a favorable outcome is probable. Certain details relating to such matters are as follows:

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

The Company is defending, together with FORLUZ, a claim brought by its employees' labor union ("Sindieletro") contesting the suspension of increases in the Company's required contribution to the pension fund pursuant to periodic monetary restatements. The total amount sought in this claim is R$538,724. No reserve has been recorded for this claim, since the Company believes, based on advice from its legal counsel, that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related thereto.

Sindieletro has sued FORLUZ to contest changes made to the pension fund's contributions adjustment index. The total amount sought in this claim is R$233,522. If Sindieletro is successful in this lawsuit, the Company expects FORLUZ to make a claim against it seeking reimbursement for the amount payable to retired employees. No reserve has been recorded for this claim, as the Company believes, based on advice from its legal counselors, that it has a meritorious defense to this potential claim and, consequently, does not expect to incur losses related to such claim.

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

On October 11, 2001, the Brazilian Federal Tax Authorities (Secretaria da Receita Federal) issued an assessment notice relating to a R$215,257 discrepancy with respect to tax credits recorded by CEMIG in 2001 that had been partially recovered during the year. These credits result from the change in accounting method for recording post-retirement benefit liabilities, as required by CVM Deliberation No. 371/00. No reserve has been recorded as a result of this notice as the Company, based on advice from its legal counselors, believes that the procedures, which generated the tax credits, are legally sound. CEMIG is defending the tax assessment notice administratively against the Secretaria da Receita Federal.

(iii) COFINS

The Company began contesting the payment of COFINS (tax on revenue) beginning in 1992. As a result of an unfavorable court ruling, the Company paid R$239,266 of COFINS tax on July 30, 1999. The Federal Government is claiming that the Company owes approximately R$112,701 in additional fines and interest relating to the non-payment of COFINS. The Company is contesting such claims. No reserve has been recorded for this claim, since the Company believes, based on advice from its legal counsel, that it has a meritorious defense against such claim and, consequently, does not expect to incur losses related thereto.

(iv) Regulatory agency acts

ANEEL has a regulatory proceeding pending against CEMIG claiming that CEMIG owes the Federal Government R$350,322, subject to updating based on SELIC to March 31, 2002, because of a miscalculation of credits in the amount of cumulative rate deficit (CRC) applied to reduce amounts owed to the Federal Government. On August 8, 2001, ANEEL determined that CEMIG must pay the above amount, restated based on SELIC since January 1, 1997. The Company, based on the opinion of legal counselors, believes that it has a meritorious defense to such claim and has therefore recorded no provision in respect of such claim.

15) EMPLOYEE POST-RETIREMENT BENEFITS

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

FORLUZ offers its associates the following supplementary pension plans:

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

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

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

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

The changes in net post-retirement liabilities recorded in accordance with CVM Deliberation No. 371 are as follows:

	Pension plans	Other p
Net liabilities as of December 31, 2001	1,393,903	
Net periodic cost recorded in the income statement	37,239	
Contributions paid	(37,964)	
Net liabilities as of March 31, 2002	1,393,178	

Part of the deficit in FORLUZ's actuarial reserves, in the amount of R$ 1,416,244 as of March 31, 2002 (R$ 1,410,160 as of December 31, 2001), was recognized as obligations payable by the Company. These obligations are being amortized through monthly installments, through June 2024, calculated under the fixed-installment system ("Price Table"), subject to annual restatement in accordance with the salary correction index for the Company's employees (not including productivity) included in the defined benefit plan and subject to IPCA - IPEAD (indices) for other plans, plus a 6% per year.

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16) SHAREHOLDERS' EQUITY

The Change in shareholders' equity is as follows:

Balance as of December 31, 2001	
Net income for the three month period ended March 31, 2002	
Balance as of March 31, 2002	

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

17) ELECTRICITY SALES

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

Consolidated

(Not reviewed)

	No. of consumers		MWh	
	Three months ended March 31,		Three months ended March 31,	
	2002	2001	2002	2001
Residential	4,517,756	4,284,283	1,500,186	1,921,725
Industrial	68,087	64,355	5,196,928	5,727,672
Commercial	506,064	479,483	808,195	972,484
Rural	326,009	305,416	298,132	370,788
Public authorities	42,055	41,376	96,120	129,497
Public lighting	2,713	2,998	173,569	242,736
Public services	6,591	6,190	221,824	237,040
Own consumption	1,377	1,439	11,302	14,426
Unbilled, net	-	-	-	-
	5,470,652	5,185,540	8,306,256	9,616,368
Billed supply	4	12	89,633	152,576
Total	5,470,656	5,185,552	8,395,889	9,768,944

Company

(Not reviewed)

	No. of consumers		MWh	
	Three months ended March 31,		Three months ended March 31,	
	2002	2001	2002	2002
Residential	4,517,756	4,284,283	1,500,186	1,921,725
Industrial	68,085	64,353	4,965,690	5,528,143
Commercial	506,064	479,483	808,195	972,484
Rural	326,009	305,416	298,132	370,788
Public authorities	42,055	41,376	96,120	129,497
Public lighting	2,713	2,998	173,569	242,736
Public services	6,591	6,190	221,824	237,040
Own consumption	1,377	1,439	11,302	14,426
Unbilled, net	-	-	-	-

	5,470,650	5,185,538	8,705,018	9,416,839
Billed supply	4	12	89,633	152,576
Total	5,470,654	5,185,550	8,164,651	9,569,415

18) OTHER OPERATING REVENUES

	Consolidated	
	Three months ended March 31,	
	2002	2001
Use of basic transmission network	38,070	36,371
Gas sales	24,059	24,870
Fuel consumption quota	8,543	16,425
Regulated services	1,545	1,993
Services rendered	3,658	3,744
Rent and leasing	3,648	2,634
Other	1,445	226
	80,968	86,263

19) DEDUCTIONS FROM OPERATING REVENUES

	Consolidated	
	Three months ended March 31,	
	2002	2001
State VAT (ICMS) on sales to final consumers	241,891	255,410
Tax on billing - COFINS	45,256	37,913
Global reserve for reversion quota - RGR	35,768	26,403
Tax on billing - PASEP	9,805	8,215
Other	4,503	55
	337,223	327,996

20) ELECTRICITY PURCHASED FOR RESALE

Itaipu Binacional (through FURNAS)
Energy traded on spot market - MAE
Initial contracts
Other

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

The energy traded on the spot market in 2001 was accrued only in the fourth quarter of 2001, since information from the MAE necessary to record the estimates only became available at that time.

21) OTHER EXPENSES

	Consolidated	
	Three months ended March 31,	
	2002	2001
Fuel consumption quota	8,543	16,537
Rentals and leasing	3,926	3,256
Labor indemnity	360	749
Grants and donations	2,960	3,061
Advertising	3,436	4,499
ANEEL inspection fee	2,880	3,277
Own consumption - Electric energy	2,307	2,201
Insurance	104	1,302
MAE Contribution	2,109	2,314
Technological and scientific national fund	2,616	-
Other taxes (real state, vehicle, etc.)	2,276	2,132
General expenses	4,673	469
	36,190	39,797

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

22) FINANCIAL INCOME (EXPENSES)

	Consolidated	
	Three months en March 31,	
	2002	
Financial income:		
Investment income earned	30,149	
Late charges on past-due electricity bills	7,835	
Interest on receivable from Minas Gerais State Government	35,078	
Monetary restatement on receivable from Minas Gerais State Government	6,760	
Renegotiation of industrial consumer debt	-	
Monetary restatement on recoverable taxes	1,129	
Monetary restatement of special rate adjustment	62,340	
Foreign exchange gains	5,857	
Taxes on financial income (PASEP and COFINS)	(5,687)	
Other	7,303	
	150,764	
Financial expenses:		
Interest on loans and financing	(56,513)	(
Monetary restatement - electricity suppliers	(15,708)	
Foreign exchange losses	(1,976)	1
Monetary restatement on loans and financing	(4,056)	
Financial transaction tax ("CPMF")	(5,134)	
Interest and fines on taxes	(5,298)	
Provision for valuation of marketable securities	5,400	
Advance billings of electric power	(318)	
Other	(657)	
	(84,260)	(1
	66,504	(1

23) PRINCIPAL TRANSACTIONS WITH RELATED PARTIES

	March 31, 2002	
	Minas Gerais State Government	FORLUZ
ASSETS		
Current assets		
Accounts receivable	4,455	-
Recoverable taxes		
State VAT - ICMS	22,483	-
Other		
Advances on welfare benefits	-	13,109
Noncurrent assets		
Receivable from Minas Gerais State Government	1,533,943	-
Other		
State VAT recoverable	18,843	-
State VAT recoverable - Complementary Law No.102	36,447	-
LIABILITIES		
Current liabilities		
Taxes payable-		
State VAT - ICMS	101,679	-
Dividends and interest on capital	49,129	-
Employee post-retirement benefits	-	152,530
Other		
Transfer of contributions	-	11,047
Long-term liabilities		
Employee post-retirement benefits	-	1,714,412

	Three months ended March 31, 2002	
INCOME STATEMENT		
Electricity sales to final customers	4,489	-
Deductions from operating revenues - State VAT (ICMS)	(240,592)	-
Employee post-retirement benefits	-	(54,250)
Personnel expenses	-	(7,160)
Financial income-		
Monetary restatement and interest on receivable from Minas Gerais State Government	41,838	-

The Company believes that its transactions with related parties are made on an arm's length basis.

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24) FINANCIAL INSTRUMENTS

a) The financial instruments used by CEMIG and its subsidiaries, all recorded on the financial statements, are managed through monitoring policies and operational strategies focused on liquidity, profitability and safety. The Company operates with banks, which meet financial strength and trustworthiness guidelines. The Company's control policy includes continually comparing rates contracted with market rates. The Company's short term investments related to marketable securities issued by third parties are as follows:

   I. CEMIG and its subsidiaries have debentures issued by financial institutions, in the amount of R$102,840. These securities have immediate call clauses exercisable by the Company. These securities have interest rates based on the interbank deposit - CDI rates.

   II. The swap transactions, in the amount of R$14,068, are purchased from financial institutions through the transfer of public or private securities issued by third parties. These securities have repurchase clauses. The interest rate is based on CDI. CEMIG has the right to call for early redemption of these securities without penalty or loss.

b) As of March 31, 2002, the present value of the account receivable from the Minas Gerais State Government recorded as a long-term asset, calculated in accordance with CVM Instruction No. 235 of March 23, 1995 and based on the discounted cash flow method and a discount rate of 12% per annum, is R$1,248,541.

c) The Company has Brazilian National Treasury Notes acquired from the State Government of Minas Gerais, with final maturity on April 15, 2024, subject to restatement based on the U.S. dollar exchange variation and interest on the restated face value of 5.50% (April 14, 1998), 5.75% (from April 15, 1998 to April 14, 2000) and 6.00% per year (from April 15, 2000 to maturity),

	March 31, 2002
Face value	140,488
Restated cost	84,292
Allowance for decrease in market value	(8,670)
	75,622

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

25) SUBSEQUENT EVENTS

a) Rate readjustment:

ANEEL, through Resolution No. 176 of April 4, 2002, conceded an average 10.51% rate increase on electric energy tariffs to be in force commencing April 8, 2002.

ANEEL, through Resolution No. 130 of May 2, 2002, has decreased from 7.90% to 2.90% the special rate adjustment related to the Electricity Rationing Plan period losses (note 3) for supply for lighting streets and high tension industrial customers whose costs related to electric energy represent at least 18.00% of average production cost and other specific items related to charge and demand energy factors which were determined by the above-mentioned Resolution.

b) On the Shareholders` meeting held on April 30, 2002 the following issues were approved:

I. Acquisition of the control of Empresa de Infovias S.A.

Acquisition by CEMIG of the 50.44% interest of AES Forca Empreendimentos Ltda. in Empresa de Infovias S.A. - INFOVIAS for US$32,000,000 (thirty two million dollars), converted into reais based on the Central Bank of Brazil average selling rate as of the contract execution date. After this acquisition, CEMIG's interest on INFOVIAS will increase from 49.44% to 99.88%.

II. Capital Increase

Capital increase from R$1,589,995 to R$1,621,538 through the issuance of new shares with capitalization of part of the capital reserve from the CRC account. The shareholders will receive a 1.98% bonus in new shares.

III. Change in minimum dividend criteria for the preferred shares

The Company's Bylaws, Article 5, were changed and the preferred shares will be entitled to a minimum annual dividend equal to the greater of: (i) 10% of the preferred capital according to the Brazilian corporate law or (ii) 3% of the book value of the preferred shares.

IV. Issuance of debentures in the amount of R$90,000

Issuance of CEMIG debentures (securities not convertible into shares of CEMIG and without any preference or guarantee), with final maturity in 25 years after issuance date and updated based on the IGP-M, in the total amount of R$90,000, for annual issuance of R$22,500 commencing in 2002. The funds to be obtained from this issuance must be deposited directly by CEMIG in a specific escrow account for Irape Power Plant construction on the specific dates for the payment of dividends and/or capital interest to Minas Gerais State Government.

26) STATEMENT OF CASH FLOWS

The individual (Company) and consolidated statements of cash flow are presented for additional analysis and are not required as part of the interim financial statements. The statements of cash flow are as follows:

	Consolidated	
	Three months period Ended March 31,	
	2002	2001 Reclassified
CASH FLOWS FROM OPERATIONS:		
Net income (loss) for the period	219,947	(12,510)
Items no affecting cash -		
Depreciation and amortization	132,423	126,098
Special rate adjustment	(315,164)	-
Purchase energy from MAE - suppliers	42,986	-
Electricity supply - long-term	(32,272)	-
Disposals of property, plant and equipment, net	6,464	29,833
Equity in subsidiaries	-	-
Interest and monetary variations, net	(78,657)	9,908
Deferred income and social contribution taxes	35,720	(13,348)
Operational provisions	12,662	(31,658)
Employee post-retirement benefits	54,250	50,264
	78,359	158,587
(Increase) Decrease in assets -		
Accounts receivable	(69,043)	10,494
Consumers - Special rate adjustment	42,769	-
Recoverable taxes	57,273	(42,875)
Other current assets	(6,017)	(20,229)
Prepaid expenses - CVA	(29,709)	-
Other noncurrent assets	(11,031)	(5,748)
	(15,758)	(58,358)
Increase (Decrease) in liabilities -		
Suppliers	53,405	(18,616)
Taxes payable	111,105	101,414
Payroll and related charges	(13,572)	30,355
Regulatory charges	(1,426)	(10,064)
Loans and financing	27,353	78,027
Employee post-retirement benefits	(41,046)	(33,984)
Electricity Rationing Plan - Bonus paid to consumers and certain adoption costs incurred in excess of surcharge consumers	(78,780)	-
Other	(5,740)	19,179
	51,299	166,311
CASH PROVIDED BY OPERATING ACTIVITIES	113,900	266,540

	Consolidated	
	Three months period Ended March 31,	
	2002	2001 Reclassified
CASH FLOW FROM FINANCING ACTIVITY		
Proceeds from long-term financing	18,445	52,271
Payments on loans and financing	(100,489)	(43,174)
Special liabilities	28,213	67,598
Advanced billings of electric power	(15,716)	(14,178)
Dividends and interest on capital	(421)	(49)
	(69,968)	62,468
TOTAL CASH PROVIDED	43,932	329,008
CASH USED IN INVESTING ACTIVITIES		
Additions to investments	(48,803)	(5,129)
Increase in property, plant and equipment	(83,440)	(150,080)
Increase in deferred charges	(1,977)	(201)
	(134,220)	(155,410)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(90,288)	173,598
CHANGES IN CASH AND CASH EQUIVALENTS		
At beginning of the period	696,088	245,108
At end of the period	605,800	418,706
	(90,288)	173,598

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Item 2

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

COMPANHIA ENERGETICA DE MINAS GERAIS -- CEMIG

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF COMPANY OPERATIONS: FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2002 COMPARED TO THE THREE-MONTH PERIOD ENDED MARCH 31, 2001

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

Net Income (Loss)

The Company had net income of R$219,947 in the three-month period ended March 31, 2002, equivalent to earnings of R$1.38 per thousand shares, compared to a net loss of R$12,510 in the three-month period ended March 31, 2001, equivalent to a loss of R$0.08 per thousand shares.

Change in accumulated results
(in thousands of Brazilian reais)

[OBJECT OMITTED]

[Comparison of the Company's change in accumulated results (in thousands of Brazilian reais) for the three-month period ended March 31, 2002 compared to the three-month period ended March 31, 2001.]

Electricity sales to final customers

Electricity sales to final customers decreased 1.69% in the three-month period ended March 31, 2002 compared to the three-month period ended March 31, 2001. This was the result of the 14.24% reduction in the volume of electricity sales to final customers, due primarily to sales decreases of 10.17%; 21.94% and 16.89% in the industrial, residential and commercial markets, respectively, reflecting the Electricity Rationing Plan in force in January and February of 2002. The decrease in the volume of sales was partially offset by a rate increase of 16.50% starting on April 8, 2001.

Special rate adjustment

In accordance with the General Agreement of the Electricity Sector, the Company recorded in the three-month period ended March 31, 2002, additional revenue for the special rate adjustment for billing losses from January and February, 2002 and the spot market (MAE) transactions in the amounts of R$122,462 and R$46,224 respectively. Additionally, the Company recorded additional income in the three-month period ended March 31, 2002, related to the 2001 billing losses revision made by ANEEL, in the amount of R$146,478. The total effect in the 2002 statement of income due to the recording of above mentioned amounts was R$ 315,164.

Item 2

Operating costs and expenses

Since October 26, 2001, the differences between the sum of the uncontrollable costs (Parcel "A") considered in the computation for regular rate adjustment and the actual disbursements made by the Company will be compensated in subsequent regular rate adjustments and are recorded in current and noncurrent assets as prepaid expenses. Therefore, those expenses, in the amount of R$39,943, were excluded from the 2002 statement of income. They will be compensated in the April 2002 regular rate adjustment and in the subsequent regular rate adjustments.

Operating expenses increased 12.87% compared to the same period of the prior year, in the amount of R$106,408, principally as a result of increases in electricity purchased for resale and partially offset by a decrease in personnel expenses.

Personnel

Personnel expense decreased 20.66% in the three-month period ended March 31, 2002 compared with the three-month period ended March 31, 2001. This was the result of the recording of the Company's Voluntary Termination Program cost accrual, in the amount of R$30,015, in the income statement for the three-month period ended March 31, 2001. This expense did not occur in 2002.

	Three month period ended M	
	2002	20
Salary and related charges	133,633	12
Post retirement benefits	7,160	
Welfare benefits	13,777	1
	154,570	15
Amounts transferred to construction costs	(24,145)	(1
	130,425	13
Voluntary Termination Program	1,753	3
	132,178	16

Electricity purchased for resale
Electricity purchased for resale increased 54.92% due basically to the increase of expenses for energy purchased in the spot market (MAE), accrued for the three-month period ended March 31, 2002, in the amount of R$104,005. In the prior year period, since the information related to spot market (MAE) transactions was not available, the expenses relating to energy traded on the spot market were recorded only on December 31, 2001.

Outside services
These expenses increased 8.97% mainly due to the adjustment of the price index of service contracts, related to meter reading, delivery of bills to consumers and collection services.

Employee post-retirement benefits
Employee post-retirement benefit expenses refer basically to the accrual of the net periodic cost, defined by an independent actuarial computation.

Financial income (expenses)

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

- o Significant decrease in exchange variation expense due to a lower devaluation of the Real against the U.S. dollar. In the three-month period ended March 31, 2002, the Brazilian real devaluated 0.14%, compared to 10.55% devaluation in the same period of 2001.

- An increase in the financial income as a result of the monetary updating on the special rate adjustment, based on the SELIC (Central Bank overnight rate), in the amount of R$62.340.
- An increase in income from temporary cash investments due to higher cash volume in 2002.

Item 2

Other non-operating expenses, net

The non-operating expense decrease due to higher losses related to economic feasibility studies and projects in the three-month period ended in March 31, 2001.

	Three month period ended	
	2002	
Net losses on deactivation and disposal of assets	(3,373)	
FORLUZ - Administrative costs	(2,198)	
Losses on projects, studies and other	(1,406)	
	(6,977)	

Income and social contribution taxes

In the three-month period ended March 31, 2002, CEMIG recorded income taxes expenses of R$114,463, representing 33.81% on pre-tax income compared to credit of R$9,198 representing 57.42% of pre-tax loss in the three-month period ended March 31, 2001.

Employee profit sharing

The employees' share in 2002 profits will be defined by a specific labor agreement. The estimate reserve recorded in this period was based on the minimal profit sharing recorded in prior years.

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

MANAGEMENT'S DISCUSSION AND ANALYSIS of Results of consolidated Operations: FOR THE three-Month Period Ended march 31, 2002 Compared to THE three-Month Period Ended MARCH 31, 2001

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

Item 2

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

FINANCIAL DRIVERS
(Unaudited Information)

SHARE VALUE

(Expressed in Brazilian reais per thousand shares)

Item	Unit	March 31, 2002	December 31, 2001
Book value		44.81	43.
Market value	Common	32.11	31.
	Preferred	34.60	33.

LIQUIDITY (excluding special liabilities)

Item	Unit	March 31, 2002	December 31, 2001
Current ratio	Ratio	0.80	0.
Overall liquidity	Ratio	0.87	0.

DEBT LEVEL (excluding special liabilities)

Item	Unit	March 31, 2002	December 31, 2001
Total assets(1)	%	42.73	42.
Shareholders' equity	%	89.88	90.
Permanent assets	%	67.92	66.

PROFITABILITY (excluding special liabilities)

Item	Unit	March 31, 2002	December 31, 20
Shareholders' equity	%	3.09	
Operating margin	%	22.91	

Net margin	%	18.17	
Return on property, plant and equipment	%	2.53	

OPERATIONAL INDICES

INSTALLED CAPACITY

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

EFFICIENCY

		For the three-month p	
Item	Unit	March 31, 2002	
MWh per employee	MWh	718	
Consumers per employee	No.	482	

SERVICE QUALITY

		For the thr
Item	Unit	March 31, 2002
Average time needed to restore electricity	Hours	4.
Electricity outage time - average per consumer	Hours	4.
Outages experienced - average per consumer	No.	2.

AVERAGE RATE

(Expressed in Brazilian reais per MWh)

	For the three-month period e
Description	March 31, 2002
Industrial	89.86
Residential	254.13
Commercial	217.41
Rural	150.44
Others	142.18
Final Consumers	138.63

SHAREHOLDERS WHICH OWN MORE THAN 5% OF VOTING CAPITAL AS OF MARCH 31, 2002

	SHAREHOLDERS		
Number of shares	Minas Gerais State Government	%	Southern Electric Bras
Common	35,413,734,262	50.96	
Preferred	1,850,550,863	2.07	
TOTAL	37,264,285,125	23.44	

SOUTHERN ELECTRIC BRASIL PARTICIPACOES LTDA. OWNERS AS OF MARCH 31

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

1 - Foreign Company
2 - Registered Company. Fundo Opportunity Alfa FIA has 99.99% of the 8.25%.

CONTROLLING SHAREHOLDER, BOARD OF DIRECTORS, EXECUTIVE OFFICERS
AND FISCAL COUNCIL MEMBERS INTEREST AS OF MARCH 31, 2002

NAME	NUMBE
	Common
CONTROLLING SHAREHOLDER	
Minas Gerais State Government	35,416,837,353
BOARD OF DIRECTORS	
Djalma Bastos de Morais	-
Geraldo de Oliveira Faria	-
Alexandre de Paula Dupeyrat Martins	10,000
Antonio Adriano Silva	-
Ayres Augusto Alvares da Silva Mascarenhas	10,000
Claudio Jose Dias Sales	1
Oderval Esteves Duarte Filho	5,000
Nelcy Pereira Pena	-
Sergio Lustosa Botelho Martins	5,000
David Travesso Neto	1
Ataide Vilela	-
EXECUTIVE OFFICERS	
Djalma Bastos de Morais	-
Guy Maria Villela Paschoal	2,799
Aloisio Marcos Vasconcelos Novais	-
Stalin Amorim Duarte	-
Cristiano Correa de Barros	1

FISCAL COUNCIL

Joao Pedrosa Castello	-
Aristoteles Luiz Menezes Vasconcellos Drummond	-
Luiz Otavio Nunes West	-
Jorge Michel Lepeltier	-
Ronald Gastao Andrade Reis	-

NUMBER OF SHARES AVAILABLE ON MARKET AS OF MARCH 31,2002

Common	%	Preferred	%	Total
34,078,640,578	49	86,464,819,612	97	120,543,460,1

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Companhia Energetica de Minas Gerais - CEMIG

Consolidated Financial Statements

March 31, 2002

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2002 AND DECEMBER 31, 2001

(Expressed in millions of reais)

A S S E T S

M

CURRENT ASSETS:
Cash and cash equivalents (note 6)
Restricted investments (note 7)
Accounts receivable, net (note 8)
Accounts receivable - Use of basic transmission network
Deferred regulatory assets (note 3)
Recoverable taxes
Other

INVESTMENTS (note 10)

PROPERTY, PLANT AND EQUIPMENT, NET (note 11)

OTHER ASSETS:
Marketable securities - Available for sale
Restricted investments (note 7)
Deferred regulatory assets (note 3)
Receivable from Federal Government in respect of bonus paid and rationing adoption costs incurred (note 4)
Deferred income taxes, net (note 5)
Account receivable from State Government (note 9)
Other

Total assets

The accompanying condensed notes are an integral part of these consolidated

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COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2002 AND DECEMBER 31, 2001

(Expressed in millions of reais, unless otherwise indicated)

L I A B I L I T I E S A N D S H A R E H O L D E R S' E Q U I T Y

	March 31, 2002	De (
CURRENT LIABILITIES:		

Accounts payable to suppliers (note 12)	1,080
Payroll and related charges	83
Taxes payable (note 13)	203
Dividends and interest on capital	95
Current portion of long-term financing (note 14)	524
Regulatory charges payable	50
Advanced billings of electric power	27
Employee profit sharing	42
Other	56
	2,160
LONG-TERM LIABILITIES:	
Long-term financing (note 14)	1,940
Taxes payable (note 13)	129
Employee post-retirement benefits (note 15)	1,644
Deferred income taxes, net (note 5)	-
Accrued liability for contingencies (note 16)	329
Accounts payable to suppliers (note 12)	418
Surcharge applied to consumers (note 4)	26
Other	103
	4,589
MINORITY INTEREST	3
SHAREHOLDERS' EQUITY:	
Capital stock	
Preferred - 89,436,237 thousand shares authorized, issued and outstanding as of March 31, 2002 and December 31, 2001	786
Common - 69,495,478 thousand shares authorized, issued and outstanding as of March 31, 2002 and December 31, 2001	610
	1,396
Additional paid-in capital	3,170
Appropriated retained earnings	3,133
Unappropriated retained earnings	120
Accumulated other comprehensive loss	(232)
	7,587
Total liabilities and shareholders' equity	14,339

The accompanying condensed notes are an integral part of these consolidated balance shee

CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INC
(LOSS) FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001

(Expressed in millions of reais, except share and per share amoun

	200
NET OPERATING REVENUES:	
Electricity sales to final customers (note 18)	
Regulatory extraordinary rate adjustment (note 3)	
Electricity sales to the interconnected power system (note 18)	
Use of basic transmission network	
Other operating revenues	
Taxes on revenues (note 18)	
Total net operating revenues	
OPERATING COSTS AND EXPENSES:	
Electricity purchased for resale (note 19)	
Natural gas purchased for resale	
Use of basic transmission network	
Depreciation and amortization	
Personnel	
Regulatory charges (note 19)	
Third-party services	
Employee post-retirement benefits (note 15)	
Materials and supplies	
Other (note 19)	
Total operating costs and expenses	
Operating income	
FINANCIAL INCOME (EXPENSES), NET (note 20):	
Income (loss) before income taxes	
INCOME TAXES - benefit (expense) (note 5)	
Current	
Deferred	
NET INCOME (LOSS)	
OTHER COMPREHENSIVE INCOME	
Unrealized gains on available-for-sale security	
Income taxes	
COMPREHENSIVE INCOME (LOSS)	
Weighted average number of common and preferred shares outstanding during the period (thousands) for basic earnings (loss) per thousand shares	15
Basic earnings (loss) per thousand common and preferred shares - In reais	

Weighted average number of common and preferred shares outstanding during the period (thousand) for diluted earnings (loss) per thousand shares	15
	==
Diluted earnings (loss) per thousand common and preferred shares - In reais	
	==

The accompanying condensed notes are an integral part of these consolidated fina

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Item 3

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001

(Expressed in millions of reais)

	Three months ended March 31, 2002	2001
CAPITAL STOCK:		
Preferred shares	786	786
Common shares	610	610
	1,396	1,396
ADDITIONAL PAID-IN CAPITAL	3,170	3,170
APPROPRIATED RETAINED EARNINGS:		
Fiscal incentive investment reserve-		
Balance	45	41
Rate shortfall reserve-		
Balance	2,680	2,680
Unrealized income reserve-		
Balance	314	484
Legal reserve-		
Balance	94	94
	3,133	3,299
UNAPPROPRIATED RETAINED EARNINGS:		
Balance, beginning of the period	79	735
Net income (loss)	41	(12)
Balance, end of the period	120	723
ACCUMULATED OTHER COMPREHENSIVE LOSS:		

Balance, beginning of the period	(235)	(438)
Other comprehensive income	3	9
Balance, end of the period	(232)	(429)
Shareholders' equity at end of the period	7,587	8,159

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001

(Expressed in millions of reais)

	Three mo Marc
	2002
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	41
Adjustments to reconcile net income (loss) to net cash provided by operating activities-	
Depreciation and amortization	165
Deferred regulatory assets	(170)
Monetary variation and exchange rate variation loss (gain)	(51)
Loss on disposal of property, plant and equipment	6
Employee post-retirement benefits	17
Provision for contingencies and doubtful accounts receivable	24
Deferred income taxes	(61)
Other	6
Decrease (increase) in operating assets-	
Accounts receivable	(69)
Recoverable taxes	57
Receivable from Federal Government in respect of bonus paid and rationing adoption costs incurred, net of surchage applied to consumers	79
Deferred regulatory assets	29
Other	(3)

Increase (decrease) in operating liabilities-	
Accounts payable to suppliers	117
Payroll and related charges	(14)
Taxes payable	103
Regulatory charges payable	(2)
Advanced billings of electric power	(15)
Accrued interest on long-term financing	30
Receivable from Federal Government in respect of bonus paid and rationing adoption costs incurred, net of surcharge applied to consumers	(79)
Other	-
Net cash provided by operating activities	131

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	Three m Mar
	2002
CASH FLOWS FROM INVESTING ACTIVITIES:	
Restricted short-term investments	(26)
Acquisition of new investments	(55)
Acquisition of property, plant and equipment	(57)
Net cash used in investing activities	(138)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from issuance of long-term financing	18
Repayment of long-term financing	(68)
Dividends and interest paid on capital	-
Net cash provided by (used in) financing activities	(50)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(57)
CASH AND CASH EQUIVALENTS:	
Beginning of the period	218
End of the period	161
	(57)
SUPPLEMENTARY CASH FLOW DISCLOSURE:	
Taxes paid - income and social contribution taxes	31
Interest paid, net of interest capitalized	26

The accompanying condensed notes are an integral part of these consolidated financial s

Item 3

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2002

(Amounts expressed in millions of reais, unless otherwise indicated)

1. THE COMPANY AND ITS OPERATIONS

Companhia Energetica de Minas Gerais - CEMIG ("CEMIG" or the "Company") is a partly state-owned company (sociedade de economia mista), organized under the laws of the Federative Republic of Brazil ("Brazil") and controlled by the government of the State of Minas Gerais (the "State Government"). The Company's principal business activities are the construction and operation of systems used in the generation, transmission, distribution and sale of electric energy. The Company also conducts business in certain related activities.

As a concessionaire of electric utility services, the Company is subject to regulations set by the Agencia Nacional de Energia Eletrica (the Brazilian National Electric Energy Agency or "ANEEL"), an agency of the Brazilian Federal Government (the "Federal Government").

The following are the Company's operational subsidiaries as of March 31, 2002:

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

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

- Companhia de Gas de Minas Gerais - GASMIG ("GASMIG") (95.17% interest) - Its principal activities are the operation, production, acquisition, storage, transportation and distribution of natural gas and related products. In 1993, GASMIG was granted a 30-year concession by the State Government to perform these activities; and

- Empresa de Infovias S.A. ("Infovias") (49.44% interest) - Its principal activities are rendering telecommunications services and developing related activities through integrated systems using optical fiber cable, coaxial cable, electronic equipment and other items. The Company acquired Infovias' control in June, 2002, through the acquisition of shares from AES Forca e Empreendimentos Ltda.

Additionally, the Company has a 100% interest in each of the following pre-operational subsidiaries:

- Horizontes Energia S.A. - Its principal activities will be the production and sale of electric energy, as an independent power producer, at the Machado Mineiro and Salto do Paraopeba hydroelectric power plants, both located in the State of Minas Gerais, and Salto Voltao and Salto do Passo Velho hydroelectric power plants, both located in the State of Santa Catarina. These plants were transferred to, and recorded as paid in capital of, Horizontes Energia S.A. during the third quarter of 2002.

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

- Efficientia S.A. - Its principal activities will be rendering efficiency, optimization and energy solutions services, and rendering operation and management services in energy supply facilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In preparing financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could vary from these estimates. The Company's financial statements therefore include various estimates concerning (i) the recoverability of deferred regulatory assets, (ii) valuation allowances for accounts receivable, deferred tax assets and account receivable from State Government, (iii) the useful lives of property, plant and equipment, (iv) provisions necessary for contingent losses, (v) estimates of employee post-retirement benefit obligations and other similar evaluations.

The interim financial statements as of and for the three months ended March 31, 2002 and 2001 have been prepared in accordance with U.S. GAAP, which differ in certain respects from the Brazilian accounting practices applied by CEMIG in its statutory financial statements that are prepared and filed in accordance with the rules of the Brazilian Securities Commission (the "CVM"). The interim financial statements were prepared on a basis consistent with the financial statements as of and for the year ended December 31, 2001.

The interim financial statements included in this report have been prepared by the Company without audit. In the opinion of management, all adjustments necessary for a fair presentation are reflected in these interim financial statements. Such adjustments are of a normal and recurring nature. The results of operations for the three months ended March 31, 2002 are not necessarily indicative of the operating results for the full year. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as of and for each of the years in the three-year period ended December 31, 2001 contained in CEMIG's Annual Report on Form 20-F, as filed with the United States Securities and Exchange Commission on March 26, 2003 (Registration No. 1-15224).

The consolidated financial statements for the year ended December 31, 2001 and for the three-month period ended March 31, 2002 includes the accounts of CEMIG and its subsidiaries Sa Carvalho S.A., Usina Termica Ipatinga S.A. and Companhia de Gas de Minas Gerais - GASMIG.

3. DEFERRED REGULATORY ASSETS

An emergency energy-rationing program (the "Energy Rationing Plan") was created by the Federal Government's Executive Order No. 2148, of May 22, 2001, to reduce energy consumption and avoid unplanned interruption in power supply. Average reduction in monthly consumption of electricity during the rationing period was estimated at 20% of the actual consumption for the months of May, June and July 2000. The energy rationing became effective on June 1, 2001 and ended February 28, 2002, when the Federal Government determined that the water levels in the reservoirs serving Brazil's hydroelectric facilities had returned to normal.

As a result of the Energy Rationing Plan, many electric generation and distribution companies in Brazil, including CEMIG, experienced a reduction in their profit margins, as their physical and personnel structures could not be reduced in line with the consumption reduction quotas imposed. Thus, they continued incurring fixed costs without earning corresponding revenue.

In December 2001, the Federal Government and the electric utilities in Brazil affected by the Energy Rationing Plan signed an industry-wide agreement (the General Agreement of the Electricity Sector or the "General Agreement" or the "Agreement") to regain the financial-economic equilibrium of the existing concession contracts and recover revenues relating to the period during which the Energy Rationing Plan was in effect.

The Agreement addressed margin losses incurred by the electric distribution and generation companies during the period that the Energy Rationing Plan was effective, additional Parcel "A" costs for the period from January 1, 2001 to October 25, 2001 and costs of energy purchased in the spot market through the Mercado Atacadista de Energia (the Wholesale Energy Market or "MAE") up to December 2002. These items will be recovered by an extraordinary rate adjustment as follows:

I. an increase of 2.90% for rural and residential consumers (excluding low-income consumers), lighting streets and high-tension industrial consumers whose costs related to electric energy represent at least 18.00% of average production cost and fulfill certain criteria, related to charge and demand energy factors which were determined by ANEEL's Resolution No. 130, dated April 30, 2002.

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

According to ANEEL's Resolution No. 484, of August 29, 2002, the extraordinary rate adjustment for CEMIG is to be in force for a maximum period of 82 months, as from January 2002 and bearing interest equivalent to the SELIC interest rate (Brazilian benchmark interest rate). The Company recorded a provision for loss on deferred regulatory assets, in the amount of R$156 as of March 31, 2002, considering its recoverability projections for the 82-month recovery period allowed to the Company by ANEEL. The deferred regulatory assets are periodically compared with the Company's recoverability projections, which are constantly reviewed by Management, according to market conditions, changes in regulation and other similar events. The balance of the provision is adjusted accordingly.

The special rate adjustment mentioned will be used in the compensation of the following items:

Revenue losses (expected to be recovered within 24 months) incurred during the rationing period
Additional Parcel "A" costs:
- Period from January 1, 2001 to October 25, 2001
- Period from October 26, 2001 and thereafter
Recording of energy transactions on the MAE

(-) Provision for loss on deferred regulatory assets (computed based on an 82-month period)

Current assets
Other assets

During the three-month period ended March 31, 2002, the Company collected R$53 as a result of application of the extraordinary rate adjustment.

The VAT related to the rationing program revenue, amounting to R$297 as of March 31, 2002 (R$301 as of December 31, 2001), only becomes an obligation to be recorded in the financial statements once the customers are billed; therefore, no provision related to this tax was recorded. The Company passes all VAT amounts received from customers on to the State Government.

a) Recovery of revenue losses incurred during the Energy Rationing Plan

Although CEMIG's total revenue losses were R$877 as of March 31, 2002 (R$724 as of December 31, 2001), CEMIG recorded a regulatory asset on a U.S. GAAP basis in the amount of R$418 as of March 31, 2002 (R$398 as of December 31, 2001), in accordance with consensus described on Emerging Issues Task Force - EITF 92-07, "Accounting by Rate-Regulated Utilities for the Effects of Certain Alternative Revenue Programs", which establishes a 24 month period limit for collection of the asset.

The accrued amount related to this asset, which will be reimbursed through the special rate adjustment is monetarily restated based on SELIC from January 1, 2002 until collection.

b) Recovery of additional Parcel "A" costs

ANEEL Resolution No. 90, dated February 18, 2002, established procedures for the compensation of some Parcel "A" costs for the period from January 1, 2001 to October 25, 2001. The base amount to be reimbursed is equal to the difference between the Parcel "A" costs actually incurred and the estimated Parcel "A" costs used for purposes of computing the most recent annual rate adjustment prior to the Energy Rationing Plan. This amount will bear interest at the SELIC rate from the day that the actual cost was paid until the date of compensation.

On October 25, 2001, the Federal Government, through Executive Act No. 296, created a tracking account mechanism to control the variation of Parcel "A" costs for rate adjustment calculation purposes. This account is comprised of the amounts resulting from the difference between the Parcel "A" costs actually incurred, from October 26, 2001 and thereafter, and the estimated Parcel "A" costs used for purposes of computing the annual rate adjustment as from April 8, 2001.

The amounts determined for the period from October 26, 2001 and thereafter are recorded as a deferred regulatory asset, as follows:

Parcel "A" Items	Values to be compensated until April, 2003	Values to be compensated after April, 2004
System service charges	-	102
Itaipu Binacional electricity purchase rate	61	-
Itaipu Binacional electricity transport rate	2	-
Fuel usage quota - CCC	7	-
Rate for use of basic transmission netowrk	15	-
Charges for use of water resources	2	-
	87	102

The Company recorded System service charges related to the period from September 2000 to March 2002, which are expected to be paid in 2003, in accordance with information provided by the MAE.

c) Energy transactions on the MAE and other

(c.1) Recording of energy transactions on the MAE and other

During the period of the Energy Rationing Plan in Brazil, electricity utilities, including CEMIG, made a substantial number of energy purchases on the spot market through the MAE in order to supply their customers. During this period, the prices for spot market energy were often significantly higher than the prices set forth in initial energy purchase contracts.

Costs related to energy sold on the MAE are being prorated among consumers supplied by the Brazilian interconnected power system through an extraordinary rate adjustment, as from January 2002. The amount to be passed along to consumers through the rate adjustment is calculated based on the amount of energy purchased on the MAE during the period from May 1, 2001 until the end of the rationing period, and equals the difference between the energy purchase price on the MAE and R$49.26/MWh (which is the initial contract average cost for the period). Generators will not be reimbursed with respect to MAE energy purchases at a price less than or equal to R$49.26/MWh.

(c.2) Financial settlement of the MAE transactions

On February 18, 2003, CEMIG settled 50% of its outstanding obligations relating to MAE transactions. In connection with this settlement, CEMIG disbursed R$335 to the MAE agents.

The funds required for this settlement were obtained through a loan agreement dated February 7, 2003 between the Company and BNDES.

CEMIG is required to settle the additional outstanding MAE amounts after the completion of a review that will be performed by independent auditors on data provided by MAE to the concessionaires. Under the General Agreement, BNDES must provide additional financing in connection with such additional settlement.

This independent review, as well as the outcome of certain judicial claims brought by market participants (including CEMIG) concerning the interpretation of the market rules in force, may result in the recalculation of the transaction data figures previously provided by MAE. Such a recalculation may impact the Company's future results of operations and cash flows.

4. BONUS PAID, SURCHARGES AND RATIONING ADOPTION COSTS INCURRED

Through Federal Government Executive Act No. 2,152-2, dated June 1, 2001, the Federal Government determined that residential consumers whose electric energy consumption was lower than the target consumption levels during the period of the Energy Rationing Plan would be entitled to receive a bonus, limited to their electric energy invoice amount, and that all consumers whose consumption exceeded the target would be subject to surcharges, calculated based on the effective consumption in excess of such target, as established by the Energy Crisis Committee.

ANEEL established specific accounts and controls to record the effects of the Rationing Program involving the bonus, surcharge and related costs. The related balances as of March 31, 2002 are as follows:

Other Assets	
Receivable from Federal Government in respect of bonus paid to consumers that consumed less than the target consumption	182
Receivable from Federal Government in respect of costs related to the adoption of the Energy Rationing Plan in excess of the 2.00% surcharge on consumer rates	20

	202

Long-term Liabilities	
Surcharge applied to consumers that consumed more than the target consumption	(26)
Net receivable from Federal Government in respect of bonus paid to consumers and related costs in excess of the surcharge applied to consumers	176

In 2002, the Company recorded additional reimbursable bonuses and costs related to the Energy Rationing Plan of R$74 and R$13, respectively.

In the second half of 2002, upon ANEEL approval, CEMIG received approximately R$132 in reimbursement for consumer bonuses paid.

The remaining net amount to be received by CEMIG, of approximately R$24, is under negotiation with ANEEL. The surcharges represented by this amount were not billed or collected from the consumers as they are currently the subject of a judicial dispute. Management does not expect losses relating to the realization of this outstanding amount.

According to ANEEL Resolution No. 600, dated October 31, 2002, operational costs of approximately R$32 related to the adoption of the Energy Rationing Plan in excess of the 2.00% surcharge on consumer tariffs will be reimbursed upon approval by ANEEL.

5. DEFERRED INCOME TAXES

Income taxes in Brazil include federal income tax and social contribution on income (which is an additional federal income tax). For U.S. GAAP purposes, the statutory annual rates applicable are 25% for federal income tax and 8% for social contribution tax at March 31, 2002 and 2001. On December 30, 2002, the Federal Government issued Law No. 10,637 that determines the increase on the social contribution tax rate from 8% to 9%, beginning on January 1, 2003.

(a) Income tax reconciliation

The amounts reported as income tax (expense) benefit in the financial statements are reconciled to the statutory rates as follows:

	Th
	2002
Income (loss) before income taxes	57
Income taxes - 33% rate	(19)

Effects of:	
Special liabilities amortization	8
Social contribution on depreciation	(2)
Rate difference	(1)
Others	(2)
Tax (expense) benefit in the statement of operations	(16)

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(b) Analysis of deferred tax balances

Tax rate changes are enacted in the year prior to the year in which they become effective. As of March 31, 2002 and December 31, 2001, the deferred tax balances have been computed using a 34% rate, which is the rate expected to be in force upon realization. The major components of the deferred income taxes account in the balance sheet are as follows:

	March 31, 2002
Other assets-	
Employee post-retirement benefits	74
Tax loss carryforwards	157
Temporary difference on regulatory assets	232
Other temporary differences	102
	565
Long-term liabilities-	
Effects of differences between tax basis of non-monetary assets relating to property, plant and equipment and amounts reported for U.S. GAAP	(550)
	(550)
Net	15

In the three-month period ended March 31, 2002 and 2001, deferred tax expense of R$2 and R$4, respectively, related to unrealized gains on available-for-sale securities were recorded directly to shareholders' equity as other comprehensive loss.

During 2001, the Company amended its income tax return for the year ended December 31, 1997 to claim deductibility of pension costs accrued in its Brazilian Corporate Law financial statements. This amendment resulted in (i) the recognition of prepaid income and social contribution taxes in the amount of R$161, which was reclassified from Deferred income taxes to Recoverable taxes, classified as current assets, (ii) a reduction of Taxes payable in the amount of R$49, and (iii) the recognition of tax loss carryforwards, recorded considering the probable expected future profitability of CEMIG in subsequent fiscal years. The Company has been offsetting this prepaid income tax with federal tax liabilities.

6. CASH AND CASH EQUIVALENTS

The following table sets forth amounts of cash and cash equivalents for the dates indicated:

	March 31, 2002
Cash on hand and in banks	79
Short-term investments, with original maturity of three months or less, mainly bank certificates of deposit and investment funds at fair value	82
	161

CEMIG has short-term investments with interest income calculated based on the Brazilian Interbank Certificates of Deposit - CDI rate.

7. RESTRICTED INVESTMENTS

The following table sets forth amounts of restricted investments for the dates indicated:

	March 31, 2002
Investments to be used in investment plan	462
Investments to be used in settlement of financing	184
	646
Short-term	628
Long-term	18

On March 31, 2002 and December 31, 2001, the balances of R$462 and R$468, respectively, refer to short-term investments, acquired with resources obtained from the issuance of debentures (note 17), with interest income calculated based on the variation of Brazilian Interbank Certificates of Deposit - CDI and maturity dates that do not exceed 30 days.

These resources were used for the portion of the investment plan related to the expansion of the Company's energy generation, transmission and distribution operations, executed in 2002.

In compliance with Resolution No. 2,515 dated June 29, 1998 issued by the Brazilian Central Bank, when CEMIG extends the maturity of any foreign currency-denominated financing, it must make deposits in respect of the principal amount of such extended financing into a short-term investment escrow account so that at the final maturity date of the financing, such escrow account contains an amount equal to the entire principal amount due under the financing. The interest income is calculated based on the variation of Brazilian Interbank Certificates of Deposit - CDI and U.S. dollar and maturity dates that do not exceed 30 days. The restricted investments to be used in the investment plan are classified as current and other according to the maturity date of the respective financing.

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8. ACCOUNTS RECEIVABLE

The following table sets forth information concerning accounts receivable by type of consumers for the dates indicated.

	Current	Past due: Up to 90 days	Past due: Over 90 days	Total March 31, 2002
Residential	141	72	8	221
Industrial	113	40	33	186
Commercial	47	33	7	87
Rural	15	8	2	25
Governmental entities	24	13	9	46
Public services	37	2	1	40
Subtotal	377	168	60	605
Distributors	1	-	2	3
	378	168	62	608
Allowance for doubtful accounts	-	-	(62)	(62)
	378	168	-	546

===== ===== ===== =====

No single customer represented more than 10% of total receivables as of March 31, 2002 and December 31, 2001 and electricity sales to final customers for the three months ended in March 31, 2002 and 2001.

In April 2002, our largest industrial client became a self power producer and as such ceased to purchase energy from the Company.

9. ACCOUNT RECEIVABLE FROM STATE GOVERNMENT

On May 2, 1995, the obligation to pay the remaining balance of the CRC account receivable, then R$867, was transferred from the Federal Government to the State Government through a credit assignment contract. In connection with this assignment, the State Government agreed to pay the amount due to the Company over 20 years, with an initial three-year grace period, as restated based on the UFIR (Tax Reference Unit Index) and accruing interest at 6% per year.

In the event that the Company receives any payments or retains declared dividends to offset amounts not paid by the State Government, the Company is obligated to issue shares to all shareholders in proportion to their shareholding, transferring the principal amount of installments, from the Appropriated retained earnings - Rate shortfall reserve to Capital Stock.

Since May 1995, the credit assignment contract has been amended as follows:

a) First Amendment, signed on January 24, 2001:

In October 2000, the UFIR index was eliminated by the Federal Government. As a result, CEMIG negotiated and signed an amendment to the contract with the State Government to change the index used from the UFIR index to Indice Geral de Precos - Disponibilidade Interna - IGP-DI (General market price index - internal availability), as from November 1, 2000.

b) Second Amendment, signed on October 14, 2002 (the "Second Amendment"):

The Second Amendment refers to 149 monthly installment payments, with maturities from January 1, 2003 through May 1, 2015, in the total amount of R$754, adjusted to present value, as of March 31, 2002. These installments continued subject to an annual interest rate of 6%, and restated based on the IGP-DI variation.

The Second Amendment was signed in accordance with Law No. 14,384, dated October 11, 2002, issued by the Minas Gerais State Legislature. CEMIG's Board of Directors ratified this amendment on October 23, 2002.

b.1) No payments made to date in 2003:

The State Government did not pay the first five installments due under the Second Amendment, due from January 1 to May 1, 2003, totaling R$69 in the aggregate. Management is currently negotiating the collection of the aforementioned past due amounts with the State Government.

b.2) Provision for loss:

Since the Second Amendment did not include any guarantees that would assure the realization of the CRC receivable, CEMIG recorded a provision for loss in the amount of R$754 for this asset as of December 31, 2001 which corresponds to the total amount of the Second Amendment. On January 21, 2003 the Company's Board of Directors ratified such provision.

For income tax purposes, such provision is considered a permanent difference, since it involves a related party non-deductible loss and, therefore, did not impact the deferred income and social contribution taxes.

CEMIG continues to negotiate the payment of the balance due to it under the Second Amendment, including the possibility of transfer of this obligation back to the Federal Government.

On January 29, 2003, the Company's Board of Directors authorized management to initiate judicial proceedings against the State Government in order to collect the past due installments.

c) Third Amendment, signed on October 24, 2002 (the "Third Amendment"):

The Third Amendment covers installments originally due but unpaid under the credit assignment contract from April 1, 1999 through December 1, 1999 and from March 1, 2000 through December 1, 2002. Under the Third Amendment, these unpaid installments, which totaled R$489 as of March 31, 2002 (R$451 as of December 31, 2001), are subject to annual interest of 12.00% and are monetarily restated based on the IGP-DI variation. The Third Amendment requires repayment of these amounts over 149 monthly installments from January 2003 to May 2015. The Third Amendment allows CEMIG to retain annual dividends and interest on capital due to the State Government as a Company shareholder as an offset against any amounts not paid by the State Government.

The Third Amendment was signed under authorization granted by Law No. 14,384, dated October 11, 2002, issued by the Minas Gerais State Legislature. The Company's Board of Directors ratified the Third Amendment on October 23, 2002.

c.1)No payments made to date in 2003:

The State Government did not pay the first five installments under the Third Amendment, due from January 1 to May 1, 2003, totaling R$52 in the aggregate. Management is negotiating the collection of the aforementioned past due amounts with the State Government.

The projection of the Company's future operations indicates that the offsetting of the dividends and interest on capital corresponding to the State Government's share equity in the Company will be sufficient in the long term to assure the realization of the entire outstanding receivable covered by the Third Amendment, should the State Government continue in default. Management will monitor future events, which could impact the Company's dividend payment projections, in order to conclude whether an allowance relating to the Third Amendment is necessary.

10. INVESTMENTS

The following table describes the Company's investments:

	March 31, 2002
Consortia	325
Empresa de Infovias S.A.	71
Hydroelectric plants to be transferred to a subsidiary	62
Other investments	34
	492

(a) Investments in other companies

In 2002, the Company acquired shares from AES Forca Empreendimentos Ltda. ("AES"), corresponding to 50.48% of Infovias' capital, of which 45.45% and 5.03% were acquired during the second and fourth quarters, respectively. The aggregate purchase price paid was R$87. These transactions increased CEMIG's interest in Infovias' capital from 49.44% to 99.92%. Therefore, as from June 30, 2002, CEMIG's consolidated financial statements include Infovias operations. The Company is assessing the effects arising from the application of SFAS 141 "Business Combinations" and SFAS 142 "Goodwill and Other Intangible Assets" to its 2002 financial statements as a result of this acquisition.

The Company's Board of Directors authorized CEMIG to provide a guarantee relating to a loan obtained by Infovias in the amount of US$40 million, which began amortizing in May 2002. Any installment paid by CEMIG in case of non-payment by Infovias will be repaid to CEMIG in the form of preferred shares issued in connection with a capital increase of Infovias.

The independent auditor's report on the Infovias' financial statements as of December 31, 2002 has comments about (i) the deferred income and social contribution taxes and maintenance of VAT credits, which realization is based on future profit projections that depend on the execution of contracts that are still being negotiated; (ii) the dependence on additional funds, provided either by shareholders or third parties, in order to finance Infovias' operations as well as to guarantee the realization of the assets recorded in its financial statements until the operating revenues are sufficient to do so.

(b) Hydroelectric power plants to be transferred to a subsidiary

The Company transferred R$62 to Investments from Property, plant and equipment, after recognizing an impairment charge of R$33, of the Machado Mineiro and Salto do Paraopeba hydroelectric plants, both located in the State of Minas Gerais, and the Salto Voltao and Salto do Passo Velho hydroelectric plants, both located in the State of Santa Catarina. These plants were transferred to, and recorded as paid in capital of, a subsidiary, Horizontes

Energia S.A., in the third quarter.

(c) Consortia

CEMIG is a partner in certain consortia for electricity generation projects. Each partner of each consortium has the right to take energy generated by the applicable power plant in an amount proportionate to the partner's investment.

CEMIG's participation in consortia, represented by the amounts already invested in the projects, is described as follows:

	CEMIG's participation	Annual average rate of depreciation
In service-		
Porto Estrela Hydroelectric Power Plant	33.33%	2.51%
Igarapava Hydroelectric Power Plant	14.50%	2.51%
Construction in progress-		
Queimado Hydroelectric Power Plant	82.50%	
Funil Hydroelectric Power Plant	49.00%	
Aimores Hydroelectric Power Plant	49.00%	

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11. PROPERTY, PLANT AND EQUIPMENT

The following table describes the consolidated property, plant and equipment:

	Annual average rate of depreciation	Mar 2
In service		
Generation-		
Hydroelectric	2.51%	
Thermoelectric	1.79%	
Transmission	3.08%	
Distribution	5.10%	
Administration	9.63%	
Other	5.20%	

Accumulated depreciation and amortization-
Generation
Transmission
Distribution
Administration
Other

Total in service

Construction in progress-
Generation
Transmission
Distribution
Administration
Other

Total in construction in progress

Total

Interest cost and monetary variation capitalized during the three months ended in March 31, 2002 and 2001 was R$5 and R$12, respectively.

12. ACCOUNTS PAYABLE TO SUPPLIERS

The following table describes the Company's accrued taxes payable:

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	March 31, 2002	December 31, 2001 (Audited)
Electricity suppliers-		
Furnas Centrais Eletricas S.A. (indexed to US dollar)	229	213
Spot market - MAE	785	644
Payments to generators for energy purchased on MAE	418	364
Others	20	22
	1,452	1,243
Supplies and services	46	66
	1,498	1,309
Current liabilities	1,080	945
Long-term liabilities	418	364

The Spot market - MAE liability includes the energy purchased on the wholesale spot market during the period from September 2000 to March 2002, based on information provided by MAE, the spot market administrator. The definitive amounts and effective payment of this liability depends on the resolution of judicial claims currently pending brought by market agents, including the Company, related to the interpretation of the market rules in force, as well as in obtaining the necessary financing, as more fully set forth in note 3.

13. TAXES PAYABLE

The following table describes the Company's accrued taxes payable:

	March 31, 2002	December 31, 2001 (Audited)
Short-term		
Income tax	57	72
Social Contribution tax	21	36
Value-added tax - ICMS	102	30
Tax on billing - COFINS	7	52
Others	16	29
	203	219
Long term		
Income tax	41	-
Social Contribution tax	28	-
Tax on billing - COFINS	51	-
Tax on billing - PASEP	9	-
	129	-
	332	219

The Spot market - MAE liability includes the energy purchased on the wholesale spot market during the period from September 2000 to March 2002, based on information provided by MAE, the spot market administrator. The definitive amounts and effective payment of this liability depends on the resolution of judicial claims currently pending brought by market agents, including the Company, related to the interpretation of the market rules in force, as well as in obtaining the necessary financing, as more fully set forth in note 3.

13. TAXES PAYABLE

The following table describes the Company's accrued taxes payable:

	June 30, 2002
Short-term	
Income tax	57
Social Contribution tax	21
Value-added tax - ICMS	102
Tax on billing - COFINS	7
Others	16
	203
Long term	
Income tax	41
Social Contribution tax	28
Tax on billing - COFINS	51
Tax on billing - PASEP	9
	129
	332

CEMIG transferred to long-term liabilities the income tax, social contribution tax, COFINS and PASEP on special rate adjustment revenue, recorded in 2001 and 2002. This transfer was conducted in accordance with the Resolution of the Brazilian Federal Tax Authority (Secretaria da Receita Federal), issued in the third quarter of 2002, which allowed the payment of the mentioned obligations proportionally to the consumers' billing.

14. FINANCINGS

Composition of the Company's foreign loan and financing by currency and domestic currency indices is as follows:

	March 31, 2002
Currency -	
United States Dollars	1,224
Euro	38
Units of accounts (basket of currencies)	34
Swiss Francs	2
Others	1
German Marks	-
	1,299

Indices -	
Indice Geral de Precos de Mercado - "IGP-M" (General Market Price Index)	888
Indice Interno da Eletrobras - "FINEL" (Eletrobras Internal Index)	166
Unidade Fiscal de Referencia - "UFIR" (Tax Reference Unit)	95
Others	16
	1,165
	2,464
Current	524
Long-term	1,940

The following table sets forth the increases for the periods indicated in the indices and in the foreign currency / Brazilian real exchange rates for the principal foreign currencies used in the Company's loan and financing, expressed as a percentage:

	Three m
	200
Currency-	
United States Dollars	0.1
Euro	(1.8
Units of accounts (basket of currencies)	(2.0
Indices	
IGP-M	0.5
FINEL	0.0

15. EMPLOYEE POST-RETIREMENT BENEFITS

The Company sponsors a pension plan, administered by Fundacao Forluminas de Seguridade Social - FORLUZ (Forluminas Social Security Foundation, or "FORLUZ") covering substantially all of its employees. With respect to such plan, SFAS 87 "Employers' Accounting for Pensions" has been applied from and after January 1, 1995. However, amortization of the net transition obligation existing at January 1, 1995 has been computed retroactively as if it had been established on January 1, 1989, which is the date that SFAS 87 first became applicable for non-U.S. pension funds.

Until October 1997, the Company sponsored only a defined benefit pension plan. From September 29, 1997 to May 1, 1998, participants were permitted to elect to migrate to a new defined contribution plan. Those participants who elected to join the new plan had two options. The first was to maintain the benefit earned up to the date of migration in the defined benefit plan, with no further increases for salary increases or future services, and future contributions would be made to the new plan to the individual account. The second option for those participants who migrated to the defined contribution plan was to transfer the accumulated benefit as of that date to their individual account in the defined contribution plan. In both alternatives, the participants became fully vested in the benefits accumulated as of the migration date.

CEMIG has also established post-retirement health care plans and pays life insurance premiums for retirees. The accounting for these benefits is in accordance with SFAS 106 "Employers' Accounting for Post-retirement Benefits other than Pensions".

CEMIG has offered to its employees an incentive for early retirement, which consists of an additional amount, paid when the employee retires, of 10% of the employees' salary for each year worked for the Company. To obtain this benefit the employee must opt in writing indicating his intention to retire early. Accordingly, the costs of this incentive are recognized as individual employees opt for this benefit. CEMIG may withdraw this additional benefit at any time.

In the third quarter of 2002, CEMIG and its employees' labor unions, mainly represented by SINDIELETRO, agreed on changes to the existing employee health care plans, which altered the contribution criteria that CEMIG, its employees and its retirees are responsible for and the types of benefits covered in each plan. Under this agreement, CEMIG is responsible for making annual payments up to the maximum amount of R$33, as adjusted according to the IGP-M index, to cover health expenses of employees and retirees. The implementation of these changes took place as of January 1, 2003. The effects arising from these changes cannot be estimated at this time. The respective actuarial assessment is currently in progress.

The changes in net liabilities for the three months ended March 31, 2002 are as follows:

	Defined benefit pension plan	P h
Net liabilities as of December 31, 2001	1,307	
Net periodic cost recorded on the statement of operations	39	
Contribution paid	(38)	
Net liabilities as of March 31, 2002	1,308	

Additionally, the Company recorded contributions expenses to the defined contribution plan for the three months ended March 31, 2002 in the amount of R$8.

16. ACCRUED LIABILITY FOR CONTINGENCIES

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

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

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

	March 31, 2002	December 31, 2001 (Audited)
Labor claims	55	54
Civil lawsuits - Consumers	78	74
Social contribution tax	128	125
Finsocial	19	19
Civil lawsuits - Others	15	22
Others	34	25
	329	319

Certain details relating to such provisions are as follows:

(a) Labor claims

The labor claims relate principally to overtime and hazardous occupation compensation. The total exposure for those matters is estimated to be R$69 as of March 31, 2002 (R$68 as of December 31, 2001). CEMIG determined the amounts to be accrued based on the nature of the group of claims and the most recent court decisions.

(b) Civil lawsuits - Consumers

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

The total anticipated exposure to the Company for those suits, fully provided for, was R$78 as of March 31, 2002 (R$74 as of December 31, 2001).

(c) Social contribution tax

On June 28, 1991, the Federal Government enacted Law No. 8,200, regulating the monetary restatement for purposes of Brazilian Corporate Law financial statements and tax liability. Under this law, the Company was required to record complementary monetary restatement that was considered, through depreciation, amortization and write-offs of fixed assets, a deductible expense for income tax calculation. Such law did not clarify the proceedings regarding the deductibility of the complementary monetary restatement charged to income for social contribution tax purposes.

The Company is deducting the amounts of depreciation, amortization and write-off relating to the complementary monetary restatement of Property, plant and equipment, for purposes of computation of social contribution tax on income. The Company believes that such deduction is in accordance with the provisions of Law No. 8,200. The Company estimates that its potential exposure in this matter is approximately R$128 as of March 31, 2002 (R$125 as of December 31, 2001) for which a provision has been recorded.

(d) Finsocial

In 1994, CEMIG was fined by the Secretaria da Receita Federal (the tax authority of the Federal Government) due to the Company's exclusion of State VAT in the Finsocial calculation, a social contribution tax on billing extinguished in 1992. The Company estimates that its potential exposure in this matter is approximately R$19 as of March 31, 2002 (R$19 as of December 31, 2001). This amount is fully provisioned.

(e) Others

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

(f) Contingencies for which a favorable outcome has been deemed probable

CEMIG has other relevant legal proceedings with respect to which the Company believes that a favorable outcome is probable, and therefore the Company has not recorded a provision for such claims. Certain details relating to these matters are as follows:

(i) Litigation involving FORLUZ with possible financial effect upon CEMIG

The Company is defending, with FORLUZ, a claim brought by SINDIELETRO that asserts that CEMIG failed to make certain allegedly obligatory cost-of-living increases in contributions to employee pension funds. The total amount sought in this claim is R$539. No reserve has been recorded for this claim because the Company believes that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related to such claim.

In addition, SINDILETRO has sued FORLUZ for R$234 relating to changes made to the pension fund's contribution adjustment index. No reserve has been recorded for this potential claim because the Company believes that it has a meritorious defense to such claim and consequently, does not expect to incur losses related to such claim.

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

On October 11, 2001, the Federal Government's tax authority issued a deficiency notice in the amount of R$215 arising from the utilization of tax credits that resulted from the amendment of the Company's 1997, 1998, 1999 and 2000 tax returns, to reduce taxable income. The tax returns were amended as a result of a change in accounting method for recording post-retirement benefit liabilities, as required by Brazilian accounting practices. The additional liability that resulted from the accounting change was attributed to the tax year that was amended, resulting in net operating tax loss and social contribution negative basis carryforwards. CEMIG is defending itself on the tax assessment notice in an administrative proceeding with the Federal Government. No reserve has been recorded as a result of this notice, as the Company believes that it has a meritorious defense and, consequently, does not expect to incur losses related to such claim.

The credits mentioned in the prior paragraph were offset by CEMIG from its federal tax obligations in 2001 and 2002. Due to this offset, CEMIG is exposed to additional penalties in the amount of R$112. No reserve has been recorded for this claim, as the Company believes that it has a meritorious defense and, consequently, does not expect to incur losses related to such claim.

(iii) COFINS

The Company began contesting the payment of COFINS contributions beginning in 1992. As a result of a judicial ruling, the Company paid R$239 of accrued COFINS contribution on July 30, 1999. The Federal Government is claiming that the Company owes approximately R$113 in fines and interest relating to its non-payment of COFINS contributions. The Company is contesting such claims. No reserve has been recorded for this claim, as the Company believes that it has a meritorious defense and, consequently, does not expect to incur losses related to such claim.

(iv) Regulatory agency acts

ANEEL has brought an administrative proceeding against the Company, contesting a R$169 refund issued in 1995 by the Brazilian National Treasury. ANEEL alleges that this refund originated from a miscalculation of credits in the amount of rate shortfall receivable that was applied to reduce amounts owed to the Federal Government. On October 31, 2002, ANEEL issued a final administrative decision against the Company. The Company intends to appeal this decision in court. The Company believes that it has a meritorious defense and has therefore recorded no provision in respect of such claim.

On January 16, 2003, ANEEL sent a notice alleging that the Company had failed to obtain necessary ANEEL authorization relating to the Company's 5-year contract with Infovias, which relates to furnishing data and rendering services related to geo technology matters. ANEEL may seek to impose a fine upon the Company relating to this claim. The maximum penalty applicable in respect of this claim is a fine in an amount equal to up to 2% of CEMIG's revenues during the 12-month period immediately prior to the imposition of the fine. The Company believes that it has a meritorious defense and has therefore recorded no provision in respect of such claim.

(v) Civil lawsuits - Consumers

Some consumers have brought civil claims against CEMIG contesting rate readjustments applied in prior years, including the special rate adjustment and Encargo de Capacidade Emergencial (the Emergency Capacity Charge) applied since 2002. The Company believes that it has a meritorious defense and has therefore recorded no provision in respect of such claims.

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

17. SHAREHOLDERS' EQUITY

On April 30, 2002, at the shareholders' meeting, the following matters were approved:

o Capital increase in the amount of R$32 through the issuance of 3,154,321 new shares, as a result of the capitalization of the rate shortfall reserve. The new shares were distributed

among the shareholders as a proportion of their participation on the capital prior to the issuance. As a result, the interest of the shareholders and the par value per share did not change. The change in the number of shares is as follows:

o

o

Thousands of shares	As of December 31, 2001 (Audited)	Issuance of new shares	As of Ap 2002
Preferred shares	89,504,020	1,775,631	91,2
Common shares	69,495,478	1,378,690	70,8
Total shares authorized and issued	158,999,498	3,154,321	162,1
Treasury stock	(67,783)	(1,345)	(
Total shares outstanding	158,931,715	3,152,976	162,0

o Change in the Company's by-laws to establish new minimum dividend criteria, in accordance with changes in local corporate legislation. The preferred shares have priority in the repayment of capital and are entitled to a minimum dividend of at least the highest amount between 10% of the preferred capital on the Brazilian corporate law financial statements or 3% of participation of the preferred shares on the total shareholders equity on Brazilian Corporate Law financial statements.

18. NET OPERATING REVENUES

(a) The composition of electric energy supplied by consumer class is as follows:

	No. of consumers		GWh	
	Three months ended March 31,		Three months ended March 31,	
	2002	2001	2002	2001
Residential	4,517,756	4,284,283	1,500	1,922
Industrial	68,087	64,355	5,197	5,728
Commercial	506,064	479,483	808	972
Rural	326,009	305,416	298	371
Governmental Entities	44,768	44,374	270	372
Public services	6,591	6,190	222	237
Own consumption	1,377	1,439	11	14
Unbilled, net	-	-	-	-
	5,470,652	5,185,540	8,306	9,616
Supply	4	12	90	153
Energy Transactions on MAE	-	-	-	-
Total	5,470,656	5,185,552	8,396	9,769

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(b) The composition of taxes on revenues is as follows:

	Three months ended March 31,	
	2002	2001
VAT	242	257
COFINS	40	37
PIS-PASEP social contribution	9	8

Emergency capacity charge	4	-
	295	302

19. OPERATING COSTS AND EXPENSES

Some of the operating costs and expenses consist of the following:

(a) Electricity purchased for resale

	Three months ended March 31,	
	2002	2001
Itaipu Binacional (through FURNAS)	224	214
From suppliers trough MAE	177	-
Initial contracts	30	17
From Other	2	1
	433	232

ANEEL has reduced the price of energy acquired from Itaipu by 13.18%, from US$ 20.1988 to US$ 17.5374 per kW, since October 23, 2002.

The energy traded on spot market in 2001 was accrued only in the fourth quarter of 2001, since MAE information necessary to record the estimates only became available at that time.

(b) Regulatory charges

	Three months ended March 31,	
	2002	2001
Global reserve for reversion quota	36	26
Fuel usage quota	70	72
Charges for use of water resources	8	11
ANEEL inspection fee	3	3

	117	112
	=====	=====

(c) Other

	Three months ended March 31,	
	2002	2001
Insurance	-	1
Consumption - electric energy	2	2
Labor indemnity	-	1
Disposal of fixed assets, net	7	23
Grants and donations	3	3
Provisions for contingencies-		
Labor claims	1	(12)
Civil lawsuits - Consumers	4	1
Civil lawsuits - Other	(1)	13
Provision for doubtful accounts	11	1
Provision for loss on deferred regulatory assets	6	-
Rentals	4	3
Advertising	3	4
Employees profit sharing	4	6
MAE Contribution	2	2
Technological and Scientific National Fund	3	3
General expenses	6	1
	55	52
	======	======

Item 3

20. FINANCIAL INCOME (EXPENSES), NET

Financial income (expenses) consists of the following:

	Three months ended March 31,	
	2002	2001
Financial income:		
Investment income earned	30	13
Late charges on overdue electricity bills,		

recorded on cash basis	8	9
Interest and monetary restatement of account receivable from State Government	38	42
Reversal of interest and fines on taxes	-	11
Monetary restatement on recoverable tax	1	15
Monetary restatement on deferred regulatory assets	23	-
Foreign exchange gains	6	-
Taxes on financial income (PASEP and COFINS)	(6)	(3)
Other income	7	8
	107	95
Financial expenses:		
Interest on financings	(51)	(33)
Foreign exchange losses	(2)	(131)
Monetary restatement on financing	(4)	(3)
Financial transaction tax ("CPMF")	(5)	(5)
Advance billings of electric power	-	(9)
Other expenses	(10)	(6)
	(72)	(187)
Financial income (expenses), net	35	(92)

21. RELATED PARTY TRANSACTIONS

The Company enters into a variety of related party transactions, the main transactions are as follows:

(a) State Government

Account receivable and related financial income	Note 9 and 20
VAT - Liabilities	Note 13
VAT - Expense	Note 18

(b) FORLUZ

Employee post-retirement benefits related balances	Note 15

Other related party transactions are not material.

Item 3

22. FINANCIAL INSTRUMENTS

The Company manages its financial instruments through periodic monitoring of positions, diversification of counterparties and establishment of credit limits by counterparty.

Financial instruments, which potentially subject CEMIG to concentrations of credit risk, are cash and cash equivalents, restricted investments and accounts receivable. CEMIG limits its credit risk associated with cash and cash equivalents and restricted investments by placing its investments with highly rated financial institutions generally in short-term securities. The credit risk associated with accounts receivable from residential consumers is limited by CEMIG's policy of interrupting the supply of electricity if payment becomes in arrears. With respect to larger industrial and commercial consumers CEMIG limits its credit risk by performing ongoing credit evaluations and, in certain cases, obtaining guarantees or collateral for impaired receivables. The Company's customers are primarily located in the State of Minas Gerais, although distributed among a wide variety of economic sectors.

The Company's short term investments related to marketable securities issued by third parties are as follows:

I. CEMIG has debentures issued by financial institutions, in the amount of R$103. These securities have immediate call clauses exercisable by the Company and its subsidiaries, without penalty or loss. These securities have interest rates based on the variation of Brazilian Interbank Certificate of Deposit - CDI rate.

II. The swap transactions of CEMIG's subsidiaries, in the amount of R$14, are purchased from financial institutions through the transfer of public or private securities issued by third parties. These securities have repurchase clauses. The interest rate is based on the CDI. CEMIG has the right to call for early redemption of these securities without any penalty or loss.

(a) Exposure to foreign exchange losses

The Company's exposure to exchange rate risks is as follows:

	March 31, 2002
US Dollar	
Financings	1,224
Advanced sale of electric energy	27
(-) Escrow deposit related to loans and financing	(170)
	1,081
Other Currencies	
Financings	75
Net liabilities exposed to exchange rate risk	1,156

After 2001, the effects of the exchange rate variation on the liabilities related to the energy purchase from Itaipu Binacional are included on the Parcel "A" costs and will be considered in the subsequent rate adjustments.

23. INSURANCE

The Company's insurance policies covering damages to its power plants caused by fire and operational risks such as equipment failures expired on December 31, 2001. The Company is soliciting bids from insurance carriers for new insurance policies to cover these risks.

CEMIG does not have general third party liability insurance covering accidents and has not solicited bids relating to this type of insurance. In addition, the Company has not solicited bids for, nor does it carry, insurance coverage for major catastrophes affecting its facilities such as earthquakes and floods, for business interruption risk or systemic failures.

The Company has not experienced significant losses arising from the aforementioned risks.

24. SHAREHOLDERS' AGREEMENT

In 1997, the State of Minas Gerais sold approximately 33% of the Company's common shares to a group of investors led by Southern Electric Brasil Participacoes Ltda. ("Southern"). As part of this sale, the State of Minas Gerais and Southern entered into a shareholders' agreement that provided for, among other matters, special quorum requirements to approve significant corporate actions, certain amendments to CEMIG's by-laws, the issuance of convertible debentures and warrants, changes to the Company's corporate structure and any distribution of dividends other than that required by the by-laws. This agreement granted Southern a veto right over certain important corporate decisions.

On September 13, 1999, the State of Minas Gerais filed a lawsuit to nullify this shareholders' agreement on the grounds that it violated the state and federal constitutions because the special quorum provisions would constitute an unlawful transfer of the control of CEMIG to Southern.

On September 27, 1999, the Minas Gerais State Court of Appeals granted a legal injunction suspending the effects of the special quorum provisions, pending the outcome of the lawsuit.

In March 2000, the lower court rendered a decision declaring the shareholders' agreement null and void.

On August 7, 2001, the Minas Gerais State Court of Appeals upheld the March 2000 lower court ruling declaring the shareholders' agreement null and void.

Southern has appealed the Court's decision and their appeal is still pending.

25. CORPORATE REORGANIZATION

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

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

The State Government, the controlling shareholder, assuming that the "unbundling" must be previously approved by Minas Gerais State Legislature, submitted to the Legislature, on March 2,

2001, a bill proposing the restructuring of the Company into three companies. This legislation has not yet been approved and the reorganization process has not yet been completed. Additionally, the Company has submitted an extension date request to ANEEL, which has not yet been answered.

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

26. SUBSEQUENT EVENTS

(a) 2002 dividend declared

On May 20, 2002 and December 19, 2002, the Board of Directors approved interest on capital in lieu of dividend for 2002 in the amount of R$120 and R$100, respectively. The Board of directors did not establish a payment date for these dividends yet.

(b) Loan obtained from BNDES for settlement of MAE transactions

On February 7, 2003, CEMIG obtained a loan from BNDES, in the amount of R$335. The loan bears interest of 1% per year and monetary variation based on SELIC. It will be paid through 60 monthly installments from March 15, 2003 to February 15, 2008 and is guaranteed by 3.27% of the Company's monthly electricity sales to final customers.

(c) Periodic Rate Review

The Periodic Rate Review represents the revision of the rates granted to the distribution electricity concessionaires to assure the financial-economic equilibrium of the existing concession contracts. The Period Rate Review occurs every 4 or 5 years, depending on each concession contract (5 years for CEMIG). In the rate definition, ANEEL considers the Company's structural changes occurred in its costs and its market and the desirable return on its investments.

CEMIG's energy rates increased by an average of 31.5% on April 8, 2003 as a result of the Company's Periodic Rate Review.

(d) Temporary Executive Act No. 14 converted into law

On April 26, 2002, Temporary Executive Act No. 14 (regulating the effects of the General Agreement) was converted into Law No. 10,438.

(e) Other matters approved at the shareholders' meeting held on April 30, 2002

On April 30, 2002, at the shareholders' meeting, the following matters were approved:

- Payment of additional dividends in the amount of R$112 based on the

Company's 2001 Brazilian Corporate Law financial statements. The dividends declared in 2001, as interest on capital, in the amount of R$103 and the additional dividends, in the amount of R$112, totaling R$215, were paid on September 30, 2002.

- Issuance of CEMIG debentures (securities not convertible into shares of CEMIG and without any preference or guarantee) in the amount of R$90. The funds to be obtained from this issuance must be used in the construction of the Irape Power Plant. As of September 30, 2002, the Company issued the first series, in the amount of R$23.

(f) Financial covenants

As of March 31, 2003, some of the Company's loan, financing and debentures contracts, in the total amount of R$511, of which R$329 are classified as long-term liabilities, contain covenants that, in case of noncompliance, may cause amounts due under the contracts to become immediately due. In addition, the Company also has financing contracts that contain cross-default clauses. The Company has obtained waivers from the creditors that are parties to contracts that contain covenants with respect to which the Company is not in compliance, which waivers assert that such creditors will not exercise their rights to demand either anticipated or immediate payment of the total amounts due. The waivers are in force as of December 31, 2002, March 31, 2003 and, for most contracts, June 30, 2003. The Company believes that the noncompliance with the covenants was eventual and that its 2003 operation will lead to their compliance. Loans, financings and debentures are classified as current and long-term liabilities according to the original contract terms, in compliance with the waivers obtained.

Additionally, the Company is performing analysis regarding the covenants compliance of the Infovias financing, in the total amount of R$125 of which R$101 are classified as long-term liabilities as of March 31, 2003, and has not yet reached a final conclusion. The financing is classified as current and long-term liabilities according to the original contract terms.

(g) Significant exchange variation after March 31, 2002

From March 31, 2002 to December 31, 2002, the real depreciated significantly against the US dollar, which has had a negative effect on the Company's net earnings in 2002. The Company recorded exchange losses of approximately R$700 in the nine-month period from March 31, 2002 to December 31, 2002, as the depreciation resulted in a decrease in financial income. From March 31, 2002 to December 31, 2002 the real depreciated 52.06% as compared to the U.S. dollar.

After December 31, 2002, the real appreciated significantly against the US dollar, which has had a positive effect on the Company's net earnings in 2003. The Company recorded exchange gains of approximately R$356 in the four-month period ended April 30, 2003, as the appreciation resulted in an increase in financial income. From December 31, 2002 to April 30, 2003, the real appreciated 18.21% as compared to the U.S. dollar.

(h) Recovery of additional Parcel "A" costs from April 8, 2003 to April 7, 2004

The Federal Government, through Executive Act No. 116, issued on April 4, 2003, postponed for 12 months reimbursement of the Parcel "A" costs relating to the period from April 8, 2002 to April 7, 2003, initially scheduled to be received on April 8, 2003. Additionally, the same Executive Act established that the Parcel "A" costs with respect to which reimbursement was postponed, in addition to the Parcel "A" costs to be recorded the appreciation resulted the 12-month period beginning April 8, 2003, will be reimbursed through an increase in the electric energy rate for 24 months, starting with the rate adjustment that will be in force as from April 8, 2004. Therefore, the Parcel "A" costs balances, recorded as Deferred regulatory assets as of March 31, 2002, were classified as current and other assets considering the new expected realization period.

27. RECENTLY ISSUED U. S. GAAP PRONOUNCEMENTS

In June 2001, the FASB issued SFAS 143, "Accounting for Asset Retirement Obligations". SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. Under SFAS 143, the liability for an asset retirement obligation is discounted and accretion expense is recognized using the credit-adjusted risk-free interest rate in effect when the liability was initially recognized. In addition, disclosure requirements contained in SFAS 143 will provide more information about asset retirement obligations. SFAS 143 is effective for financial statements issued for fiscal years

beginning after June 15, 2002 with earlier application encouraged. The implementation of this statement did not result in a significant impact to the Company's consolidated financial statements.

In April 2002, the FASB issued SFAS 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13 and Technical Corrections." SFAS 145 rescinds SFAS 4, "Reporting Gains and Losses from Extinguishment of Debt," which required that all gains and losses from extinguishment of debt to be aggregated and classified as an extraordinary item if material. SFAS 145 requires that gains and losses from extinguishment of debt be classified as extraordinary only if they meet criteria in APB 30, thus distinguishing transactions that are part of recurring operations from those that are unusual or infrequent, or that meet the criteria for classification as an extraordinary item. SFAS 145 amends SFAS 13, "Accounting for Leases", to require that lease modifications that have economic effects similar to sale-leaseback transactions be accounted for in the same manner as sale-leaseback transactions. In addition, SFAS 145 rescinds SFAS 44, "Accounting for Intangible Assets of Motor Carriers," and SFAS 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements," which are not currently applicable to the Company. The provisions of SFAS 145 as they relate to the rescission of SFAS 4 shall be applied in fiscal year 2003. Certain provisions related to SFAS 13 are effective for transactions occurring after May 15, 2002. The implementation of this statement did not result in a significant impact to the Company's consolidated financial statements.

In June 2002, FASB issued SFAS 146 "Accounting for costs associated with Exit or Disposal Activities". This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue 94-3, "Liability Recognition for

Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The principal difference between this Statement and EITF 94-3 relates to its requirements for recognition of a liability for a cost associated with an exit or disposal activity. This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3, a liability for an exit cost was recognized at the date of an entity's commitment to an exit plan. A fundamental conclusion reached by the Board in this Statement is that an entity's commitment to a plan, by itself, does not create a present obligation to others that meets the definition of a liability. This Statement also establishes that fair value is the objective for initial measurement of the liability. This Statement improves financial reporting by requiring that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value only when the liability is incurred. The accounting for similar events and circumstances will be the same, thereby improving the comparability and representational faithfulness of reported financial information. The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. The Company does not expect that the adoption of SFAS 146 will have a significant impact on its consolidated results of operations, financial position or cash flows.

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Item 4

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2002 (THE "2002 INTERIM PERIOD") COMPARED TO THE THREE-MONTH PERIOD ENDED MARCH 31, 2001 (THE "2001 INTERIM PERIOD").

Net operating revenues

Net operating revenues increased 16.8% to R$1,133 million in the 2002 Interim Period from R$970 million in the 2001 Interim Period due primarily to the recording of additional revenue from the regulatory extraordinary rate adjustment, which is intended to reimburse revenue losses incurred as a result of the Electricity Rationing Plan and related spot market transactions, partially offset by a 13.6% decrease in the volume of electricity sales to final customers.

In the 2002 Interim Period, we recorded revenue relating to the regulatory extraordinary rate adjustment in the amount of R$115 million, in accordance with the terms of the General Agreement of the Electricity Sector, which provides for reimbursement of revenue losses incurred during the period of the Electricity Rationing Plan and related spot market transactions, through special rate increases to be billed to final customers, and in accordance with consensus described on Emerging Issues Task Force - EITF 92-07, "Accounting by Rate-Regulated Utilities for the Effects of Certain Alternative Revenue Programs", which establishes a 24 month period limit for collection of the recovery of revenue losses incurred during the Energy Rationing Plan. See Note 3 to our interim financial statements.

Electricity sales to final customers were R$1,141 million in the 2002 Interim Period representing a 4.4% decrease compared to R$1,194 million in the 2001 Interim Period. This decrease resulted from the net effect of a decrease in the volume of electricity sales to final customers, partially offset by an increase in the average energy rate. There was a 13.6% decline in volume of electricity sales to final customers due to the Electricity Rationing Plan in force until February of 2002. Our industrial, residential, and commercial consumers reduced consumption in the 2002 Interim Period by 9.3%, 22.0% and 16.9%, respectively, compared to the 2001 Interim Period. The negative effect of the decrease in the volume of electricity sale was partially offset by a 10.6% increase in the average rate in the 2002 Interim Period to R$137.37 per MWh compared to R$124.17 per MWh in the 2001 Interim Period as a result of the rate increase of 16.5% in April 2001. See Note 18 to our interim financial statements.

Electricity sales to the interconnected power system were R$100 million in the 2002 Interim Period compared to R$8 million in the 2001 Interim Period. This increase resulted from higher rates associated with energy transactions on the Mercado Atacadista de Energia (Wholesale Eletricity Spot Market), or MAE during the period in which the Electricity Rationing Plan was in force as well as the absence of a method to account for electricity sales to the interconnected power system in the first quarter of 2001, since MAE information necessary to record the estimates only became available in the fourth quarter of 2001.

Revenues from the use of the Basic Transmission Network by other concessionaires increased 2.7% to R$38 million in the 2002 Interim Period from R$37 million in the 2001 Interim Period. This increase was due primarily to an 11.6% rate increase in July 2001.

Other operating revenues were R$34 million in the 2002 Interim Period compared to R$33 million in the 2001 Interim Period. The major components of this item are gas sales from GASMIG, our subsidiary, and services relating to our distribution business, including inspection, connection, meter reading and others.

Taxes on revenues decreased 2.3% to R$295 million in the 2002 Interim Period from R$302 million in the 2001 Interim Period as a result of the decrease in our electricity sales to final customers in the 2002 Interim Period as compared to the 2001 Interim Period and as a result of the VAT billed to the customers related to the billed extraordinary rate adjustment. Taxes on revenues consist of: (i) VAT, assessed at an average rate of 21% on electricity sales to final customers, and VAT billed to customers related to the deferred regulatory assets; (ii) COFINS, assessed at a rate of

3%; (iii) PASEP, assessed at a rate of 0.65% and; (iv) emergency capacity charge, a new charge established in 2002 which is prorated among final consumers of electric energy and which relates to the acquisition of energy and contracted generation capacity by CBEE (The Brazilian Emergency Energy Trader). See Notes 3 and 18 to our interim financial statements.

Operating costs and expenses

Operating costs and expenses increased 18.6% to R$1,111 million in the 2002 Interim Period from R$937 million in the 2001 Interim Period, principally as a result of increases in electricity purchased for resale, depreciation and amortization and regulatory charges, partially offset by decreases in personnel and employee post-retirement benefits.

Electricity purchased for resale consists primarily of purchases from

Itaipu through Furnas Centrais Eletricas S.A., or Furnas. We are required under applicable regulations to purchase 17.0% of Itaipu's capacity at U.S. dollar-denominated prices. We also purchase electricity from the MAE and Furnas itself. Electricity purchased for resale increased 86.6% to R$433 million in the 2002 Interim Period from R$232 million in 2001 Interim Period due mainly to the R$177 million provision related to energy purchased from the MAE during the 2002 Interim Period. The energy purchased on the MAE in the 2001 Interim Period was accrued only in the fourth quarter of 2001, since the MAE information necessary to record the estimates only became available at that time. See Note 19 to our interim financial statements.

Charges for use of the Basic Transmission Network mainly correspond to the cost of transporting electricity purchased from Itaipu and decreased 1.5% to R$65 million in the 2002 Interim Period compared to R$66 million in the 2001 Interim Period principally as a result a decline in the volume of energy transported through the network due to the Electricity Rationing Plan that was in force in January and February 2002, partially offset by a rate increase in July 2001.

Depreciation and amortization increased 4.4% to R$165 million in the 2002 Interim Period from R$158 million in the 2000 Interim Period as a result of the entry into service of additional distribution and transmission networks and lines.

Personnel expense decreased 21.3% to R$126 million in the 2002 Interim Period compared to R$160 million in the 2001 Interim Period as a result of the R$30 million provision recorded relating to our Voluntary Resignation Program in March 2001 and an increase in amounts transferred to the Property, Plant and Equipment under Construction in Progress in the 2002 Interim Period.

Regulatory charges increased 4.5% to R$117 million in the 2002 Interim Period from R$112 million in the 2001 Interim Period due primarily to an increase of R$10 million in required contributions to the RGR Fund (a reserve fund created by the Brazilian Congress that provides compensation to electricity companies for certain assets used in connection with their concessions if their concessions are revoked or not renewed) to R$36 million in the 2002 Interim Period compared to R$26 million in the 2001 Interim Period. The increase in RGR contributions was partially offset by a decrease of R$3 million in compensation charges for use of water resources due to lower operations of CEMIG's hydroelectric plants in the 2002 Interim Period in connection with the Electricity Rationing Plan in force. See Note 19 to our interim financial statements.

Third-party services expense increased 6.4% to R$50 million in the 2002 Interim Period compared to R$47 million in the 2001 Interim Period primarily due to the increase in expenses relating to bill collection services as a result of readjustments to contracts based on inflationary indices.

Employee post-retirement benefits decreased 12.0% to R$66 million in the 2002 Interim Period compared to R$75 million in the 2001 Interim Period as a consequence of a lower projected net periodic cost for 2002 as a result of a higher expected return on plan assets. See Note 15 to our interim financial statements.

Other expenses increased 5.8% to R$55 million in the 2002 Interim Period from R$52 million in the 2001 Interim Period due mainly to a provision of R$11 million in the 2002 Interim

Period for doubtful accounts compared with a provision of R$1 million in the 2001 Interim Period and a provision of R$6 million in the 2002 Interim Period related to the expected loss on deferred regulatory assets, partially offset by net losses of R$7 million in the 2002 Interim Period relating to the disposal of fixed assets compared to a R$23 million provision for the disposal of fixed assets in the 2001 Interim Period. See Note 19 to our interim financial statements.

Operating income (loss)

As a result of the foregoing, there was operating income of R$22 million in the 2002 Interim Period compared to operating income of R$33 million in the 2001 Interim Period.

Financial income (expenses), net

Financial income (expenses) includes (i) financial income, which is mainly comprised of interest and monetary restatement of our account receivable from the State Government, investment income, late charges on overdue electricity bills, monetary restatement of recoverable tax, reversals of interest and fines on taxes, foreign exchange gains, monetary restatement of deferred regulatory assets, and (ii) financial expense, which is mainly comprised of interest expense on loans and financing, the Contribuicao Provisoria sobre a Movimentacao ou Transmissao de Valores e de Creditos e Direitos de Natureza Financeira (a financial transaction tax), or CPMF, foreign exchange losses, monetary restatement losses and other expenses. Financial income was R$35 million in the 2002 Interim Period compared to financial expense of R$92 million in the 2001 Interim Period. The main changes were a decrease of R$129 million in foreign exchange net losses resulting from the 0.1% devaluation of the real against the U.S. dollar in the three-month period ended March 31, 2002 compared to a 10.6% devaluation of the real against the U.S. dollar in the 2001 Interim Period and financial income in the amount of R$23 million as a result of the monetary restatement on deferred regulatory assets offset by an increase of R$19 million in the interest and monetary restatement on loans and financing. See Notes 3, 14, 19 and 20 to our interim financial statements.

Income taxes

Income taxes were expenses of R$16 million on pre-tax income of R$57 million in the 2002 Interim Period compared to benefit of R$47 million on pre-tax loss of R$59 million in the 2001 Interim Period. See Note 5 to our interim financial statements.

Net income (loss)

As a result of the foregoing, we had net income of R$41 million in the 2002 Interim Period compared to net loss of R$12 million in the 2001 Interim Period.

Other comprehensive income

Other comprehensive income was R$3 million in the 2002 Interim Period compared to income of R$9 million in the 2001 Interim Period as a result of the change in the fair value (unrealized gain / losses) of the available for sale securities recognized in shareholders' equity.

Comprehensive income (loss)

As a result of the factors stated above, comprehensive income was R$44 million in the 2002 Interim Period compared to comprehensive loss of R$3 million in the 2001 Interim Period.

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Companhia Energetica de Minas Gerais - CEMIG

Refiled Interim Financial Statements
Together with Independent Public Accountants Report of Special Review
(Translated from the Original in Portuguese)

June 30, 2002

Item 5

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

INDEPENDENT ACCOUNTANTS REPORT ON SPECIAL REVIEW

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

1. We have performed a special review of the quarterly information, presented in Brazilian reais - R$, of Companhia Energetica de Minas Gerais - CEMIG and subsidiaries, as of June 30, 2002, and for the six months and quarter then ended, prepared under responsibility of the Company's management, in accordance with accounting practices established by Brazilian corporate law, comprising the individual (Company) and consolidated balance sheets, the individual (Company) and consolidated statements of income, management's discussion and analysis and relevant information.

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

3. In our special review report originally issued on August 14, 2002, on the Company's quarterly information as of June 30, 2002, we mentioned that it was impossible to conclude on the realization of accounts receivable from the Government of the State of Minas Gerais, arising from the remaining

credit balance of the recoverable deficit account - CRC. As mentioned in Note 8, the Company renegotiated this credit with the Minas Gerais State Government, including receiving a guarantee represented by dividends to which the State Government is entitled as a shareholder, for part of the credit, and recognized an allowance for losses on the remaining portion, in the amount of R$1,045,325,000. As mentioned in Note 2, as a result of the recognition of this allowance, the quarterly information as of June 30, 2002 is being presented on a revised basis by the Company. As a result, this report on our special review differs from that originally issued on August 14, 2002.

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

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5. As mentioned in Notes 3 and 7 to the quarterly information, the Company has recorded, as of June 30, 2002: (i) assets and liabilities related to energy trade in the spot market recorded based on information made available by Wholesale Energy Market Administrator in March 13, 2002 and July 31, 2002, covering preliminary amounts for the period from April to December 2001 and for the amounts covering the first semester of 2002 based on estimates developed by the management; (ii) accounts receivable referring to special rate adjustment occurring to compensate losses of revenue from the Emergency Electricity Rationing Plan; and (iii) prepaid expenses related to the tariff adjustments and compensation of "Parcel A" cost variations (CVA). These amounts result form the application of Law 10.438 issued on April 26, 2002, Executive Act No. 25 of January 24, 2002, and Energy Crisis Committee and ANEEL resolutions. The realization of the balances recorded is occurring through billings to consumers beginning January 2002, by applying an extraordinary tariff increase, approved by the granting authority in December 2001, as well as through future tariff revisions.

6. The individual (Company) and consolidated balance sheets as of March 31, 2002, presented for comparative purposes, were reviewed by other independent accountants whose report thereon dated May 15, 2002, without qualification and with emphasis of (i) assets and liabilities mentioned in paragraph 5 above which were pending revision and confirmation by ANEEL; (ii) ongoing negotiations at the time between the company management and the Minas Gerais State Government in order to resolve the payment delay of the recoverable deficit account - CRC. The individual (Company) and consolidated statements of income for the quarter and six-month period ended June 30, 2001, presented for comparative purpose, were reviewed by other independent accountants whose report thereon dated July 31, 2001, without qualification and with emphasis of (i) unrecorded trade of energy on MAE - Wholesale Energy Market, which effect were estimated as irrelevant by the company management; and (ii) the early adoption, effective January 1, 2001, of the accounting method for employee post-retirement benefit obligations related to supplementary pension plans, life insurance are health plans, in conformity with CVM Deliberation No. 371/2000.

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

Belo Horizonte, August 14, 2002
(except for the matters discussed in Notes 2 and 8 and in paragraph 3 above, as to which the date is January 21, 2003)

DELOITTE TOUCHE TOHMATSU
Independent Accountants

Jose Carlos Amadi
Engagement Partner

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED BALANCE SHEETS
JUNE 30, 2002 AND MARCH 31, 2002
(Expressed in thousands of Brazilian reais - R$)

A S S E T S

	Consolidated	
	June 30, 2002	March 31, 2002
CURRENT ASSETS:		
Cash and cash equivalents	424,313	605,800
Accounts receivable	704,922	546,447
Consumers - Special rate adjustment	248,751	234,708
Concessionaires - Energy transportation	16,844	16,776
Recoverable taxes	127,772	32,044
Materials and supplies	14,559	12,788
Prepaid expenses - CVA	65,805	68,588
Other	114,702	89,195
	1,717,668	1,606,346
NONCURRENT ASSETS:		
Receivable from Minas Gerais State Government	544,106	1,533,943
Consumers - Special rate adjustment	1,353,340	1,420,549
Prepaid expenses - CVA	148,165	120,305
Tax credits	536,132	400,261
Marketable securities	68,287	75,622
Electricity Rationing Plan - Bonus paid to consumers and adoption costs incurred	209,660	201,589

Distributors - Energy supply	121,215	115,788
Project studies based on service rendered	25,999	25,999
Others	188,399	139,363
	3,195,303	4,033,419
PERMANENT ASSETS:		
Investments	456,597	405,452
Property, plant and equipment	7,725,293	7,550,371
Deferred charges	19,870	11,107
	8,201,760	7,966,930
Total assets	13,114,731	13,606,695

The accompanying condensed notes are an integral part of these balance sheets.

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED BALANCE SHEETS
JUNE 30, 2002 AND MARCH 31, 2002
(Expressed in thousands of Brazilian reais - R$)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Consolidated	
	June 30, 2002	March 31, 2002
SHORT-TERM LIABILITIES:		
Suppliers	684,159	614,158
Taxes payable	428,418	334,693
Advance billings of electric power	12,226	26,880
Loans and financing	437,927	370,574
Payroll and related charges	98,936	83,289
Dividends and interest on capital	315,437	206,263
Employee post-retirement benefits	167,015	152,530
Regulatory charges	49,235	50,270
Other	83,233	108,937
	2,276,586	1,947,594

LONG-TERM LIABILITIES:		
Loans and financing	2,324,465	1,960,827
Debentures	-	-
Employee post-retirement benefits	1,726,721	1,714,412
Suppliers	450,761	431,634
Electricity Rationing Plan - Surcharge applied to consumers	25,002	25,716
Reserve for contingencies	321,409	329,396
Other	65,831	59,559
	4,914,189	4,521,544
MINORITY INTEREST	36,436	15,554
SHAREHOLDERS' EQUITY:		
Capital	1,621,538	1,589,995
Capital reserves	4,074,949	4,106,492
Income reserves	1,153,736	1,153,476
Accumulated (deficit) earnings	(989,826)	244,917
	5,860,397	7,094,880
Funds for future capital increase	27,123	27,123
	5,887,520	7,122,003
Total liabilities and shareholders equity	13,114,731	13,606,695

The accompanying condensed notes are an integral part of these balance sheets.

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED STATEMENTS OF INCOME
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2002 AND 2001
(Expressed in thousands of Brazilian reais - R$, except for per share data)

	Consolidated	
	Six months period ended June 30,	
	2002	2001 reclassified
OPERATING REVENUES:		
Electricity sales	2,592,824	2,500,654

Special rate adjustment	261,425	-
Other operating revenues	183,004	179,324
	3,037,253	2,679,978
DEDUCTIONS FROM OPERATING REVENUES:	(755,903)	(682,682)
Net operating revenues	2,281,350	1,997,296
OPERATING EXPENSES:		
Personnel	(265,182)	(303,064)
Materials and supplies	(34,163)	(33,365)
Outside services	(111,736)	(104,991)
Charges for use of water resources	(22,176)	(21,081)
Electricity purchased for resale	(662,237)	(512,081)
Use of basic transmission network	(142,208)	(131,826)
Depreciation and amortization	(270,843)	(253,544)
Employee post-retirement benefits	(108,499)	(100,530)
Operating provisions	(8,419)	(13,976)
Fuel consumption quota - CCC	(160,004)	(156,259)
Gas purchased for resale	(45,059)	(38,366)
Other	(75,259)	(93,862)
	(1,905,785)	(1,762,945)
Income from operations before equity in subsidiaries financial income (expense)	375,565	234,351
EQUITY IN SUBSIDIARIES	-	-
FINANCIAL INCOME (EXPENSES):		
Financial income	380,302	190,035
Financial expenses	(687,132)	(359,037)
	(306,830)	(169,002)
Income from operations	68,735	65,349
NON-OPERATING EXPENSES, NET	(1,059,172)	(26,481)
(Loss) income before taxes on income and employee profit sharing	(990,437)	38,868
Income and social contribution tax expenses	(22,360)	(14,898)
Employee profit sharing	(10,654)	(9,526)
Reversion of interest on capital	120,000	-
(Loss) income before minority interest	(903,451)	14,444
MINORITY INTEREST	8,655	(292)
NET (LOSS) INCOME FOR THE PERIOD	(894,796)	14,152
NUMBER OF THOUSAND SHARES	162,084,691	158,931,714
(LOSSES) EARNINGS PER SHARE - R$	(0,00552)	0.00009

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

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED STATEMENTS OF INCOME
FOR THE QUARTERS ENDED JUNE 30, 2002 AND 2001
(Expressed in thousands of Brazilian reais - R$, except for per share data)

	Consolidated	
	Quarter ended June 30,	
	2002	2001 (reclassified)
OPERATING REVENUES:		
Electricity sales	1,412,929	1,298,853
Special rate adjustment	(53,739)	-
Other operating revenues	102,036	93,061
	1,461,226	1,391,914
DEDUCTIONS FROM OPERATING REVENUES:	(418,680)	(354,686)
Net operating revenues	1,042,546	1,037,228
OPERATING EXPENSES:		
Personnel	(131,907)	(136,153)
Materials and supplies	(18,192)	(16,256)
Outside services	(60,233)	(57,936)
Charges for use of water resources	(13,503)	(9,902)
Electricity purchased for resale	(302,263)	(279,724)
Use of basic transmission network	(77,317)	(65,791)
Depreciation and amortization	(138,420)	(127,446)
Employee post-retirement benefits	(54,249)	(50,266)
Operational provisions	5,826	(10,479)
Fuel consumption quota - CCC	(90,467)	(84,843)
Gas purchased for resale	(27,144)	(20,337)
Other	(39,069)	(54,065)
	(946,938)	(913,198)
Income from operations before equity in subsidiaries and financial income (expenses)	95,608	124,030
EQUITY IN SUBSIDIARIES	-	-
FINANCIAL INCOME (EXPENSES)		
Financial income	229,538	97,815
Financial expenses	(602,872)	(166,199)

	(373,334)	(68,384)
(Loss) income from operations	(277,726)	55,646
NON-OPERATING EXPENSES, NET	(1,052,195)	(3,747)
(Loss) income before taxes on income and employee profit sharing	(1,329,921)	51,899
Income and social contribution tax credit (expense)	92,920	(21,247)
Employee profit sharing	(6,529)	(3,837)
Reversion of interest on Shareholders' Equity	120,000	-
(Loss) income before minority interest	(1,123,530)	26,815
MINORITY INTEREST	8,787	(152)
NET (LOSS) INCOME FOR THE PERIOD	(1,114,743)	26,663
NUMBER OF THOUSAND OF SHARES	162,084,691	162,084,691
LOSSES (INCOME) PER SHARE - R$	(0,00688)	0.00017

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

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS OF JUNE 30, 2002
(Amounts expressed in thousands of Brazilian reais - R$, unless otherwise indicated)

1) THE COMPANY AND ITS OPERATIONS

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

The Company has equity interests in the following companies:

- Sa Carvalho S.A. ("Sa Carvalho") (100.00% interest) - Its principal activities are the production and sale of electric energy from the Sa

Carvalho hydroelectric power plant, as an electric energy public service concessionaire;

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

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

- Empresa de Infovias S.A. ("Infovias") (94.89% interest) - Its principal activities are rendering telecommunications services and developing activities related thereto, through integrated systems using optical fiber cable, coaxial cable, electronic equipment and other (multiservice networks). Infovias owns 51% of the capital stock of Way TV Belo Horizonte S.A., a cable TV and internet services provider in certain cities in the State of Minas Gerais. In June of 2002 CEMIG acquired 45.44% of the share equity of Infovias (See more information Note 11) and,

- Additionally, the Company has a 100% interest in each of the following companies: Cemig PCH S.A., Cemig Capim Branco Energia S.A. and UTE Barreiro S.A. The principal activities of these Companies are the production and sale of electric energy, as independent power producers and they are still pre-operational.

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2) PRESENTATION OF THE FINANCIAL STATEMENTS

(a) Basis of consolidation

The financial statements of Infovias were fully consolidated in this quarter using the proportionate consolidation method, due to the purchase of 45.55% of the Infovias capital by CEMIG. Therefore, CEMIG became the majority shareholder of Infovias with a 94.89% in Infovias' capital (see further information on Note 11).

In the current period, the consolidated financial statements include the financial statements of Cemig PCH S.A., Cemig Capim Branco S.A. and UTE Barreiro S.A., as a result of the payment of capital by CEMIG, in the second quarter of 2002, through the transfer of fixed assets.

The accounting practices, methods and criteria used by the Company in the preparation of these quarterly financial statements are consistent with those applied in the financial statements as of and for the year ended December 31, 2001.

(b) Reclassification of account balances

In order to conform to the current presentation, the Company reclassified certain 2001 balances, as follows:

Original Account	Reclassified Account
Employee post-retirement benefits	
Financial expenses - FORLUZ debt	Operating expenses-Employee post-retirement benefits
Operational provisions	Operating expenses-Employee post-retirement benefits
PASEP and COFINS on financial income:	
Financial expenses	Financial income
Other Operating Income and Expense	
Other operating income	Operating Revenues
Other operating expense	General operational and administrative expense

In order to prepare the individual and consolidated statements of cash flows presented in Note 27, CEMIG reclassified escrow accounts in the amount of R$157,295 and R$67,171 as of June 30, 2001 and December 31, 2000, respectively, originally recorded under Assets - Cash and cash equivalents, to Liabilities as a reduction of loans and financing.

(c) Revision of interim financial statements

CVM (Brazilian Securities Commission) letter, of January 7, 2003, required the Company to refile its quarterly information as of June 30, 2002 to include an allowance for losses on receivables from the Minas Gerais State Government, as described in Note 8. Therefore, the Company refiled its new quarterly information as of June 30, 2002, including the mentioned allowance. Other subsequent events that may impact the interim financial information as of June 30, 2002 were not considered as the same are being presented in the interim financial statement of September 30, 2002 filed on the same date.

The new quarterly information as of June 30, 2002, now being presented, differs from that originally filed on August 19, 2002, with respect to the allowance for losses and additional information included in Note 8 and the corresponding effects on financial income, extraordinary losses and income taxes.

3) CONSUMERS - SPECIAL RATE ADJUSTMENT

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

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

- an increase of 2.90% for rural and residential consumers (excluding low-income consumers), street lighting and high tension industrial consumers whose costs related to electric energy represent at least 18.00% of average production cost and meet certain criteria, related to charge and demand energy factors which were determined in the Resolution.
- an increase of 7.90% for all other consumers.

The special rate adjustment mentioned will be used in the recovery of the following items:

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

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

c) Amounts to be transferred to generators for the energy purchased on the MAE, from June 1, 2001 to February 28, 2002, at a price exceeding R$49.26/MWh. This includes the taxes and charges on revenue (PASEP, COFINS, RGR and CPMF) since the Company is only responsible to transfer these amounts to generators.

The amounts related to the billing losses and compensation of variations in Parcel "A" uncontrolled costs Items, further described in ("a") and ("b"), have been submitted to ANEEL for validation and approval, in accordance with legislation in force. The amounts to be paid to generators, described in ("c") were accrued based on preliminary information provided by MAE. MAE's and ANEEL's review may result in changes in the Company's future financial results.

The amounts related to 2001, which will be realized through the special rate adjustment, described in items ("a"), ("b") and ("c") have been restated based on SELIC (Brazilian Central Bank overnight interest rate) from January 1, 2002 to the month of their effective recovery. The amounts in items ("a") and ("c") related to 2002 have been updated from March 1, 2002 using the same criteria.

ANEEL's review changed certain assumptions adopted to estimate the billing losses during the Electricity Rationing Plan. Therefore, the Company made, in the second quarter of 2002, a reversion of R$53,739 in the amounts to be realized through the special rate adjustment mentioned in item ("a").

The State VAT related to the special rate adjustment, related to future billings, which is estimated to be R$400,523, only becomes an obligation once the customers are billed. In this context, the Company's only responsibility is to transfer this tax from consumers to State tax authorities.

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

		Company and consol	
		June 30, 2002	
	Principal	SELIC	
Billing losses during the Electricity Rationing Plan	871,880	71,334	94
Amounts collected in the six-month period ended June 30, 2002	755,205	67,583	82
Recovery of uncontrollable cost variations relating to Parcel "A"	447,248	37,458	48
Recovery of spot market amounts by generators	1,447,570	154,521	1,60
Current			24
Noncurrent			1,35

In counterpart to the amounts to be collected through the special rate adjustment, CEMIG has recorded a long-term liability in the amount of R$450,761, related to reimbursement to generators for energy purchased on the MAE, described in item ("c").

Accounting Effects

The effects in the six-month period ended June 30, 2002 resulting from the operations mentioned in items ("a"), ("b") and ("c"), were the follows:

	Billing losses	Recovery of Parcel "A"	Trans valu Gene
Revenue from special rate adjustments	215,201	--	46
Electricity Sales to the interconnected power system	--	--	32
Deductions from operating revenues	--	--	
Operating expenses	--	2,044	(42
Financial income	67,583	23,701	46
Financial expenses	--	--	(34
Income and social contribution tax	--	--	
	282,784	25,745	46

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4) CASH AND CASH EQUIVALENTS

The composition of the balance is as follows:

	Consolidated		
	June 30, 2002	March 31, 2002	June 20
Banks	94,106	79,035	
Short term investments	330,207	526,765	
	424,313	605,800	

Approximately R$248,062 of the short-term investments refers to funds obtained from the issuance of debentures. These funds were obtained to be used in the investment plan related to expansion of the Company's energy generation, transmission and distribution operations.

5) ACCOUNTS RECEIVABLE

Consolidated			
Consumers Class	Current	Past due accounts - up to 90 days	Past due accounts - over 90 days
Residential	177,953	81,707	9,510
Industrial	141,111	44,552	33,421
Commercial	63,441	37,189	7,671
Rural	21,720	9,296	2,434
Public authorities	11,202	15,324	7,719
Public lighting	7,252	19,536	2,706
Public services	46,264	2,023	789
Subtotal - Consumers	469,033	209,627	64,250
Supply	5,572	-	2,117
Allowance for doubtful accounts	-	-	(45,587)
	474,515	209,627	20,780

Company			
		Past due	Past due

Consumers Class	Current	accounts - up to 90 days	accounts - over 90 days
Residential	177,953	81,707	9,510
Industrial	139,382	44,552	33,421
Commercial	56,595	37,189	7,671
Rural	21,720	9,296	2,434
Public authorities	11,202	15,324	7,719
Public lighting	7,252	19,536	2,706
Public services	46,264	2,023	789
Subtotal - Consumers	460,368	209,627	64,340
Supply	5,572	-	2,117
Allowance for doubtful accounts	-	-	(45,587)
	465,940	209,627	20,780

The allowance for doubtful accounts reduction is due to credits in arrears to be collected from an industrial consumer.

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6) RECOVERABLE TAXES

	Consolidated		Comp
	June 30, 2002	March 31 2002	June 30, 2002
State VAT - ICMS	27,701	25,443	22,958
Income and social contribution tax	98,972	6,548	83,153
Others	1,099	53	358
	127,772	32,044	106,469

The balances of income and social contribution tax are basically related to the amendment of CEMIG's income tax and social contribution tax obligations for the year ended December 31, 1997, pleading the deductibility of costs related to returns from post-retirement benefits obligations in compliance with CVM Resolution No, 371/00. This amendment resulted in prepaid income and social contribution taxes in the amount of R$160,804 which have been offsetting by the Company.

The recoverable State VAT credits are being offset by the Company and its subsidiaries with the State VAT to be paid. The amount of R$18,843, referring to tax credits for which such offset is under negotiation with the State Government, is recorded under Noncurrent Assets - Other.

7) PREPAID EXPENSES - CVA

The balance of the recoverable variation account of Parcel "A" items - "CVA", monetarily restated by SELIC, refers to the variation, which began on October 26, 2001, between the estimated Parcel "A" costs of the Company and payments effectively made. The variations will be recovered in subsequent annual rate adjustments as follows:

	Consolidated and Com		
	Amount to be compensated until April, 2003	Amount to be compensated after April, 2003	T
System service charges - ESS	-	109,074	
Itaipu Binacional electricity purchase tariff	34,341	75,455	
Itaipu Binacional electricity transport tariff	1,245	787	
Fuel usage quota - CCC	9,922	(32,243)	
Tariff for use of basic transmission network	8,583	5,135	
Charges for use of water recourses	-	1,671	
	54,091	159,879	

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

The amounts to be compensated by April 2003 refer to variation of uncontrollable costs that were included in the annual rate adjustment on April 8, 2002 and are being transferred monthly to operating expenses on a linear basis.

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The System service charges - ESS for the period from September 2000 to March 2001 were accrued based on definitive information provided by MAE on July 25, 2002. The amounts relating to the period from April 2001 to December 2001 were accrued based on the preliminary information provided by MAE on March 13, 2002. The values for the period from January to June 2002 were accrued based on Company estimates and are subject to change. Such amounts will be monetarily restated by SELIC beginning on the effective payment date.

Part of the amounts will be submitted to ANEEL for validation and approval and, therefore, may alter the recorded amounts and may impact the Company's future financial results.

8) RECEIVABLE FROM MINAS GERAIS STATE GOVERNMENT

The remaining balance of the CRC Account (Recoverable Rate Deficit) was transferred to the State Government in 1995, through a credit assignment contract, pursuant to Law No. 8,724/93. This balance is payable monthly over

17 years beginning June 1, 1998, and accrues annual interest of 6% and is subject to updating based on the IGP-DI (General Price Index).

As of June 30, 2002, the total account receivable balance was R$1,626,874, including monetary restatement, as established by the credit assignment contract.

Also as of June 30, 2002, the installments with maturity from April 1, 1999 to December 1, 1999 and March 1, 2000 to March 1, 2002 are in arrears, totaling R$ 509,589, including monetary restatement and related late payment charges.

Subsequent events

In October 2002, negotiations between CEMIG and the Minas Gerais State Government, related to the CRC receivable, were concluded, as described below:

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

This Amendment refers to 149 installments, maturing from January 1, 2003 to May 1, 2015, in the total amount of R$1,082,768, as of June 30, 2002. These installments are subject to annual interest of 6% and are updated based on the IGP-DI. The Minas Gerais State Government and CEMIG have decided to sign this Amendment in order to preserve the terms and conditions of the original contract and to allow a transfer of this asset to BNDES (Brazilian Economic and Social Development Bank). This Amendment was signed pursuant to Law No. 10,438/02 which guarantees to CEMIG the recovery of its credits that arose from the General Agreement of the Electricity Sector.

This Amendment was signed based on Law No. 14,384 of October 11, 2002, enacted by the Minas Gerais State Legislature, which granted guarantees to BNDES regarding the revenues from taxes and other revenues as established by the Brazilian Constitution, through Articles 155, 157 and 159. The Board of Directors of CEMIG approved this Amendment on October 23, 2002.

The Minas Gerais State Government did not pay the installment maturing on January 1, 2003, in the amount of R$12,104. Company management is negotiating the collection of the aforementioned past due amount with the Minas Gerais State Government, under the conditions established by the contract.

Transfer to BNDES

The transfer of the asset mentioned above is linked to the General Agreement of the Electricity Sector which established that the Company would be entitled to a BNDES funding program, or an equivalent transaction, in order to anticipate the effective recovery of a significant part (approximately 90%) of its rights that arose from the Electric Rationing Program. The funds from such transaction would be used to settle the MAE transactions

and reimburse the billing losses and additional costs incurred during the period in which the Electricity Rationing Program was in force in 2001 and 2002.

The National Treasury Secretary - STN, responsible for implementation of the funding program, suggested the transfer of the CRC asset to the Federal

Government in order to solve the restrictions applicable to CEMIG for being a partially state-owned company. Such transaction would be equivalent to the BNDES funding program, and would provide the Company with necessary resources to settle the obligations and rights mentioned above.

Allowance for losses

Due to the fact that negotiations with the STN are still in progress at the present date, and the non-inclusion in the Second Amendment of additional guarantees that would assure the realization of the aforementioned asset, CEMIG recorded an allowance for losses in the amount of R$1,045,325. This allowance represents the total amount of the referred amendment as of March 31, 2002 (original contract installments with maturities from January 1, 2003 to May 1, 2015). Thus, the effect of updating the balance, from March 31, 2002 to June 30, 2002, in the amount of R$37,443, was excluded from the statement of income for the six-month period ended June 30, 2002. On January 21, 2003, the Board of Directors approved recognition of the allowance.

The allowance for losses on this asset was recorded in the statement of income as an extraordinary loss in non-operating expense, since it does not result from the Company's operations during the period, and has an abnormal nature. Such allowance did not impact deferred income and social contribution taxes, since it represents a permanent difference to be included in the taxable income calculation.

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

CEMIG and the Minas Gerais State Government signed this Amendment in order to reschedule the payment of installments originally due from April 1, 1999 to December 1, 1999 and from March 1, 2000 to December 1, 2002. These installments, in the total amount of R$544,106, as of June 30, 2002, are subject to annual interest rate of 12.00% and are updated based on the IGP-DI. They will be paid in 149 monthly installments from January 2003 to May 2015. The original contract included the guarantee of the State Government's share of taxes collected by the Federal Government entitled Fundo de Participacao dos Estados - FPE. This Amendment established an additional guarantee which now allows the Company to retain dividends and interest on capital to be paid to the Minas Gerais State Government, as a Company shareholder.

This Amendment was signed based on Law No.14,384 of October 11, 2002, enacted by the Minas Gerais State Legislature. The Board of Directors of CEMIG approved this Amendment on October 23, 2002.

The Minas Gerais State Government did not pay the installment of the third amendment due on January 1, 2003, in the amount of R$9,150. Company management is negotiating the collection of the aforementioned past due amount with the Minas Gerais State Government.

The projection of the Company's future operations indicates that the dividends attributable to the Minas Gerais State Government will be sufficient to assure the full realization of the asset, in case of default by the State.

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

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9) INCOME AND SOCIAL CONTRIBUTION TAXES

a) Tax credits

The Company and its subsidiaries have tax credits recorded as noncurrent assets. The income tax credits are recorded at a 25% rate and social contribution tax credits are recorded at an 8% rate (considering the expected realization after 2003), The composition of the balances is as follows:

	Consolidated		
	June 30, 2002	March 31 2002	Jun
Tax credit on:			
Tax loss carryforwards	266,959	159,617	
Employee post retirement benefits	153,155	149,501	
Reserve for contingencies	58,352	56,391	
Accrual for voluntary termination program - PDV	8,943	8,507	
Allowance for doubtful accounts	15,080	20,393	
Allowance for decrease in market value of marketable securities	11,517	2,861	
Reserve for PASEP/COFINS - Special Rate Adjustment	17,209	-	
Others	4,917	2,991	
	536,132	400,261	

The income and social contribution tax credits on tax loss carryforwards were recorded as a result of the recognition of the obligations due to FORLUZ in compliance with CVM Resolution No. 371.

In accordance with the CVM Instruction No. 371, date August 1, 2002, the realization of the tax credits was based in the future results of the Company and its subsidiaries, as follows:

	Consolidated	Company
2003	854	-
2004	79,727	78,969
2005	120,622	116,557
2006	132,074	127,611
2007	100,779	96,756
2008 a 2010	65,759	65,759
2011 a 2012	36,317	36,317
	536,132	521,969

The Company expects to fully comply with the dispositions of CVM Instruction No. 371 by the end of the third quarter of 2002.

b) Reconciliation of income tax and social contribution tax expenses

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

	Consolidated	
	Six months ended June 30,	
	2002	2001
(Loss) Income before taxes on income and employee profit sharing	(990,437)	38,868
Income and social contribution taxes - nominal	336,748	(13,215)
Tax effects on:		
Allowance for losses on receivable from Minas Gerais State Government	(355,411)	-
Employee profit sharing	3,485	3,239
Reversal of social contribution tax on additional monetary restatement	(4,677)	(4,867)
Equity pick-up in subsidiaries	-	-
Contributions and grants not deductible	(1,682)	(1,823)
Other	(823)	1,768
Income and social contribution tax in income statement - expense	(22,360)	(14,898)

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

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

ANEEL established specific accounts and controls to record the effects of the Electricity Rationing Program involving the bonus, surcharge and related costs. The related effects are as follow :

	June 20
Noncurrent Assets	
Bonus paid to consumers that consumed less than the target consumption	
Costs incurred related to the adoption of the Electricity Rationing Program in excess of the 2.00% surcharge on consumer tariffs.	
Long-term Liabilities	
Surcharge applied to consumers that consumed more than the target consumption	
Net Disbursements	
Net bonus paid to consumers and related costs in excess of the surcharge applied to consumers	

In conformity with Federal Government Executive Act No. 4, dated October 17, 2001, the Federal Government, acting through its Ministry of Mines and Energy, will reimburse electric utilities, including CEMIG, for costs associated with the payment of bonuses to consumers and other related operating costs that exceeded the

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surcharge on tariffs. This reimbursement will be subject to ANEEL's review. The Energy Crisis Committee will establish the procedures and deadlines relating to such reimbursement.

ANEEL has approved, through its Resolutions issued on March 14, 2002 and April 25, 2002, the net amount of R$132,630 to be reimbursed by Federal Government. The remaining balance of R$52,028, which refers to costs related to the adoption of the Electricity Rationing Plan in excess of the 2.00% surcharge on consumers and the parcel of surcharges which were not billed and collected from the consumers since they are under judicial dispute, is being discussed between CEMIG and ANEEL. The Company's management does not expect losses on the realization of this asset.

As of June 16, 2002, ANEEL reimbursed part of the bonus given to the consumers, in the amount of R$88,087.

11) INVESTMENTS

	Consolidated		
	June 30, 2002	March 31, 2002	

Equity in subsidiaries			
Empresa de Infovias S.A.	-	-	
Companhia de Gas de Minas Gerais - GASMIG	-	-	
Usina Termica Ipatinga S.A.	-	-	
Sa Carvalho S.A.	-	-	
Cemig Capim Branco S.A.	-	1	
UTE Barreiro S.A.	-	1	
Cemig PCH S.A.	-	1	
	-	3	
In consortia for power plant construction	376,490	308,390	
Goodwill on purchase of Infovias	8,457	-	
Other investments	71,650	97,059	
	456,597	405,452	

a) Purchase of Infovias shares

The Company acquired from AES Forca Empreendimentos Ltda. ("AES"), on June 20, 2002, 81,700,210 common shares with no par value of Infovias, corresponding to 45.44% of the capital of Infovias . The purchase price paid was R$81,090. Therefore, CEMIG's interest in Infovias' capital increased from 49.44% to 94.89%. In accordance with the related acquisition agreement, the Company will acquire the remaining 5.00% stake in Infovias, held by AES, for R$5,406, restated in accordance with IGP-M from June 20, 2002 until the date of effective payment, subject to authorization by the Agencia Nacional de Telecomunicacoes - ANATEL, as required by applicable regulation.

The purchase price was defined by a finance consulting company using the discounted cash flow method, considering a discount rate of 19.5% per year. The operation generated R$8,457 of goodwill, based on Infovias' future profitability and will be amortized in future years, according to income earned by Infovias.

The Special Review report of interim financial statements from Infovias' Independent Public Accountants as of June 30, 2002, dated August 14, 2002, includes comments regarding (i) deferred income and social contribution tax , in the amount of R$14,270, the realization of which is based on management profit projections and depends on contracts which are under negotiations; (ii) dependence on additional resources from shareholders or third-parties to fund its operations, as well to insure the recoverability of its assets at the amounts recorded in its financial statements, until Infovias' own operating revenues are sufficient to absorb this amount.

b) The main information related to controlled companies as of June 30, 2002, is as follows:

	Controlled Companie	
	UT	Sa

	Infovias	Gasmig	Ipatinga	Carvalho
CEMIG's interest (%)	94.88	95.17	100.00	100.00
Paid in Capital	179,798	41,913	84,584	86,833
Shareholders' equity as of May 31, 2002	-	73,983	-	-
Shareholders' equity as of June 30, 2002	151,481	-	85,672	96,817
Interest on shareholders' equity related to the 2002 net income	-	-	389	2,789
Net income for the five-months period ended May 31, 2002	-	8,416	-	-
Net income (loss) for the six-months period ended June 30, 2002	(25,450)	-	510	4,406

c) Consortia

CEMIG is a partner in certain consortia for electricity generation projects. The consortia, which are not legal entities, were created to manage the concession contracts. The Company maintains accounting records of its share of the consortia assets which are jointly managed with the other consortia partners, as follows:

	CMIG's Participation %	Compan
		June 30, 2002
In Operation		
Porto Estrela Hydroelectric Power Plant	33.33	37,365
Igarapava Hydroelectric Power Plant	14.50	51,133
Under Construction		
Queimado Hydroelectric Power Plant	82.50	94,354
Funil Hydroelectric Power Plant	49.00	76,719
Aimores Hydroelectric Power Plant	49.00	105,324
Total Company		364,895
Cemig Capim Branco S.A.		
Capim Branco Hydroelectric Power Plant I and II	20.00	11,595
Total Consolidated		376,490

d) Other investments

The other investments refer mostly to generation power plants related to the Company's expansion program, which were originally recorded as property, plant and equipment. These power plants will be transferred to subsidiaries, which will be created specifically for the purpose of holding certain assets and investments. These transfers will be made only upon the approval of ANEEL.

The composition of other investments balance is as follows:

	Consolidated		
	June 30, 2002	March 31, 2002	June 30 2002
Project			
Machado Mineiro Hydroelectric Power Plant	40,768	40,768	40,768
Salto Voltao Hydroelectric Power Plant	8,935	8,935	8,935
Salto do Paraopeba Hydroelectric Power Plant	8,123	8,123	8,123
Salto do Passo Velho Hydroelectric Power Plant	4,172	4,172	4,172
Capim Branco 1 Hydroelectric Power Plant	-	5,712	-
Capim Branco 2 Hydroelectric Power Plant	-	5,715	-
Pai Joaquim Hydroelectric Power Plant	-	7,378	-
Barreiro Thermoelectric Power Plant	-	1,054	-
	61,998	81,857	61,998
Others	9,652	15,202	5,841
	71,650	97,059	67,839

The amounts recorded as of March 31, 2002, related to investments in the Capim Branco I and II, Pai Joaquim and Barreiro plants were transferred, in the second quarter of 2002, to the fully controlled subsidiaries constituted for that purpose and were accounted for using the equity method.

12) PROPERTY, PLANT AND EQUIPMENT

		Consolidated		C
	Annual average Depreciation rate %	June 30, 2002	March 31, 2002	June 30, 2002
In service-				
Generation-				
Hydroelectric	2.51	5,436,366	5,431,441	5,351,782
Thermoelectric	1.79	216,726	216,534	131,981
Transmission	3.08	1,012,574	1,010,784	1,012,574

Distribution	5.10	6,553,605	6,485,056	6,553,605
Administration	9.63	266,641	269,576	266,641
Other		243,352	152,492	-
		13,729,264	13,565,883	13,316,583
Accumulated depreciation and amortization				
Generation		(2,060,061)	(2,022,326)	(2,046,447
Transmission		(449,874)	(442,553)	(449,874
Distribution		(2,531,104)	(2,454,373)	(2,531,104
Administration		(122,660)	(119,358)	(122,660
Other		(23,992)	(15,334)	-
		(5,187,691)	(5,053,944)	(5,150,085
Total in service		8,541,573	8,511,939	8,166,498
Construction in progress-				
Generation		110,894	41,784	100,051
Transmission		77,149	67,972	77,149
Distribution		359,197	341,537	359,197
Administration		24,829	24,150	24,829
Other		107,401	19,542	-
Total construction in progress		679,470	494,985	561,226
Total		9,221,043	9,006,924	8,727,724
Special liabilities		(1,495,750)	(1,456,553)	(1,495,75
Total, net		7,725,293	7,550,371	7,231,97

Special liabilities refer primarily to consumers' contributions to support construction necessary to meet energy supply orders. The eventual liquidation of this obligation depends on ANEEL's disposition at the end of the distribution concessions. According to accounting principles and electric energy sector legislation in force in Brazil, these amounts are not subject to updating, amortization or depreciation.

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13) SUPPLIERS

	Consolidated June 30, 2002	March 31, 2002	June 30, 2002
Electricity suppliers - Furnas	273,874	229,276	273,874
Wholesale Energy Market - MAE			
Energy purchased on spot market	211,274	211,973	211,274

System Service Charges - ESS	109,074	102,086	109,074
Others	28,987	21,353	28,987
	623,209	564,688	623,209
Supplies and services	60,950	49,470	39,315
	684,159	614,158	662,524

The amounts to be paid for energy purchase on the spot market and System service charges - ESS from September 2000 to March 2001 were recorded based on definitive information provided by MAE on July 25, 2002. The amounts related to the period from April 2001 to December 2001 were accrued based on the preliminary information provided by the MAE on March 13, 2002. The values referred to the period from January 2002 to June 2002 were accrued based on Company's estimates.

14) TAXES PAYABLE

The balance of taxes payable is as follow:

	Consolidated		
	June 30, 2002	March 31, 2002	June 30 2002
Income Tax	191,489	98,022	18
Social Contribution Tax	69,531	49,835	6
ICMS (State VAT)	81,191	102,511	8
COFINS (tax on revenue)	60,359	58,420	5
PASEP(tax on revenue)	13,083	12,659	1
INSS (social security)	7,227	7,904	
Others	5,538	5,342	
	428,418	334,693	41

The balances of income and social contribution tax refer primarily to provision of taxes on special rate adjustment revenue, recorded in the statement of income in 2001 and 2002 pending ANEEL's review (see Note 3).

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15) LOANS, FINANCING AND DEBENTURES

Composition of financing by currency and local currency by index is as follows:

	Consolidated	
	June 30, 2002	March 31, 2002
Currency -		
U.S. dollar	1,710,245	1,269,904
EURO	50,609	38,209
Swiss francs	-	1,825
Unit of account (basket of currencies)	44,767	33,868
Others	-	1,090
	1,805,621	1,344,896
Indexes -		
Indice Geral de Precos - IGP-M (General Price Index)	917,664	888,469
Indice Interno da Eletrobras - FINEL (Eletrobras Internal Index)	161,022	165,849
UFIR (Tax Reference Unit)	95,570	95,430
Other	23,101	20,346
	1,197,357	1,170,094
Escrow accounts (1)		
Income based on CDI (interbank deposit) rates	(14,068)	(14,068)
Short-term investment - Income based on U.S. dollar variation	(226,518)	(169,521)
	(240,586)	(183,589)
	2,762,392	2,331,401

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

The variations in the three-month period from April 1, 2002 to June 30, 2002 of the principal currencies and indexes used to restate the loans and financing are as follows:

Currency	Variation %	Indexes
U.S. dollar	22.41	Indice Geral de Precos - IGP-M (General Pri
Euro	39.41	Indice Interno da Eletrobras - FINEL (Eletr
Swiss franc	39.24	
Unit of account (Basket of currencies)	29.93	

16) RESERVE FOR CONTINGENCIES

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

Based on information provided by its internal and external legal counsel, the Company believes that any loss in excess of the amounts provided for in respect of such contingencies will not have a material adverse effect on the Company's results of operations or financial position.

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

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	Consolidated and Company	
	June 30, 2002	March 31, 2002
Labor claims	60,414	55,180
Civil lawsuits - Consumers	78,879	77,793
Social contribution tax	125,150	128,322
Finsocial (tax on revenue)	19,128	18,963
Civil lawsuits - Others	14,996	14,584
Others	22,842	34,554
	321,409	329,396

Certain details relating to such reserves are as follows:

(a) Labor claims

The labor claims relate principally to overtime and hazardous occupation compensation. The total exposure for those matters is estimated to be R$75,518 as of June 30, 2002 (R$68,975 as of March 31, 2002). The Company recorded a year to date provision in the amount of R$6,144 in 2002 (R$9,869 of reversion provision in 2001). CEMIG determines the amounts to be reserved based on advice from its legal counsel, the nature of the group of claims and the most recent court decisions.

(b) Civil lawsuits - Consumers

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

The total estimated exposure to the Company for those claims, fully provided for, was R$78,879 as of June 30, 2002 (R$77,793 as of March 31, 2002).

(c) Social contribution tax

The Company is deducting the amounts of depreciation, amortization and disposals of the supplementary monetary restatement of property, plant and equipment, for purposes of computation of social contribution tax. The Company estimates that its potential exposure in this matter is approximately R$125,150 as of June 30, 2002 (R$128,322 as of March 31, 2002), The amount is fully provided for.

(d) Finsocial

In 1994, CEMIG was fined by the Federal Tax Authorities due to the exclusion of State VAT in the Finsocial calculation, a tax on billing extinguished in 1992. The Company estimates that the remaining amount still pending is approximately R$19,128 as of June 30, 2002 (R$18,963 as of March 31, 2002). The amount is fully provided for.

(e) Other

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

CEMIG has other relevant legal proceedings with respect to which the Company has been advised by its internal and external legal counsel that a favorable outcome is probable. Certain details relating to such matters are as follows:

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

The Company is defending, together with FORLUZ, a claim brought by its employees' labor union ("Sindieletro") contesting the suspension of increases in the Company's required contribution to the pension fund pursuant to periodic monetary restatements. The total amount sought in this claim is R$546,241. No reserve has been recorded for this claim, since the Company believes, based on advice from its legal counsel, that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related thereto.

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

On October 11, 2001, the Brazilian Federal Tax Authorities (Secretaria da Receita Federal) issued an assessment notice relating to a R$217,746 discrepancy with respect to tax credits recorded by CEMIG in 2001 that had been partially recovered during the year. These credits result from the change in accounting method for recording post-retirement benefit liabilities, as required by CVM Deliberation No. 371/00. No reserve has been recorded as a result of this notice, since the Company, based on advice from its legal counsel, believes that the procedures, which generated the tax credits, are legally sound. CEMIG is defending itself on the tax assessment notice administratively against the Secretaria da Receita Federal.

(iii) COFINS

The Company began contesting the payment of COFINS (tax on revenue) beginning in 1992. As a result of an unfavorable court ruling, the Company paid R$239,266 of COFINS tax on July 30, 1999. The Federal Government is claiming that the Company owes approximately R$116,712 in additional fines and interest relating to the non-payment of COFINS. The Company is contesting such claims. No reserve has been recorded for this claim, since the Company believes, based on advice from its legal counsel, that it has a meritorious defense against such claim and, consequently, does not expect to incur losses related thereto.

(iv) Regulatory agency acts

ANEEL has a regulatory proceeding pending against CEMIG claiming that CEMIG owes the Federal Government R$341,377, subject to update based on SELIC, because of a miscalculation of credits in the amount of the cumulative rate deficit (CRC) applied to reduce amounts owed to the Federal Government. On August 8, 2001. ANEEL determined that CEMIG must pay the above amount, plus interest in arrears since January 1, 1997. The Company, based on the opinion of legal counselors, believes that it has a meritorious defense to such claim and has therefore recorded no provision in respect of such claim.

17) EMPLOYEE POST-RETIREMENT BENEFITS

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

FORLUZ offers its associates the following supplementary pension plans:

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

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

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

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

The changes in net post-retirement liabilities recorded in accordance with CVM

Deliberation No. 371 are as follows:

	Pension plans	Other po be
Net liabilities as of March 31, 2002	1,393,178	
Net periodic cost recorded in the income statement	37,239	
Contributions paid	(25,312)	
Net liabilities as of June 30, 2002	1,405,105	

Part of the deficit in FORLUZ's actuarial reserves in the amount of R$1,429,631 as of June 30, 2002 (R$ 1,416,244 as of March 31, 2002) was recognized as obligations payable by the Company. These obligations are being amortized through monthly installments, through June 2024, calculated under the fixed-installment system ("Price Table"), subject to annual restatement in accordance with the salary correction index for the Company's employees (not including productivity) included in the defined benefit plan and subject to IPCA - IPEAD (indices) for other plans, plus a 6% per year.

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18) SHAREHOLDERS' EQUITY

The Change in shareholders' equity is as follows:

Balance as of March 31, 2002	7,1
Reversal of dividends	
Net loss for the quarter ended June 30, 2002	(1,1
2002 Interest on shareholders' Equity	(1
Balance as of June 30, 2002	5,8

At the Shareholders meeting held on April 30, 2002 the following issues were approved:

I. Capital Increase

Capital increase from R$1,589,995 to R$1,621,538 through the issuance of new shares with capitalization of part of the capital reserve from the CRC account. The shareholders will receive a 1.98% bonus in new shares.

II. Change on minimum dividend criteria for the preferred shares

The Company's Bylaws were changed to establish new minimum dividend criteria. The preferred shares will be entitled to a minimum annual dividend equal to the greater of (i) 10% of the nominal value of preferred capital according to the Brazilian Corporate Law or (ii) 3% of the book value of the preferred shares.

As of May 20, 2002, the Board of Directors approved the payment of dividends, as interest on capital, in the amount of R$120,000. Manner and date of the payment shall be defined in the future.

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

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19) ELECTRICITY SALES

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

	Consolidated (Not reviewed by accountants)			
	No. of consumers		MWh	
	Six months ended June 30,		Six months ended June 30,	
	2002	2001	2002	2001
Residential	4,559,274	4,323,272	3,123,939	3,727,380
Industrial	68,110	65,311	10,794,168	11,556,356
Commercial	509,599	485,894	1,641,481	1,894,846
Rural	329,619	312,233	713,061	806,910
Public authorities	42,567	41,563	216,945	270,179
Public lighting	2,733	2,925	412,464	483,044
Public services	6,658	6,306	466,709	475,729
Own consumption	1,364	1,428	24,425	27,913
Unbilled, net	-	-	-	-
	5,519,924	5,238,932	17,393,192	19,242,357
Billed supply	4	5	158,412	318,211
Unbilled supply	-	-	-	-
Total	5,519,928	5,238,937	17,551,604	19,560,568

	Company			
	(Not reviewed by accountants)			
	No. of consumers		MWh	
	Six months ended June 30,		Six months ended June 30,	
	2002	2001	2002	2001
Residential	4,559,274	4,323,272	3,123,939	3,727,380
Industrial	68,108	65,309	10,379,266	11,230,390
Commercial	509,599	485,894	1,641,481	1,894,846
Rural	329,619	312,233	713,061	806,910
Public authorities	42,567	41,563	216,945	270,179
Public lighting	2,733	2,925	412,464	483,044
Public services	6,658	6,306	466,709	475,729
Own consumption	1,364	1,428	24,425	27,913
Unbilled, net	-	-	-	-
	5,519,922	5,238,930	16,978,290	18,916,391
Billed supply	4	5	158,412	318,211
Unbilled supply	-	-	-	-
Total	5,519,926	5,238,935	17,136,702	19,234,602

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20) OTHER OPERATING REVENUES

	Consolidated		
	Six months ended June 30,		
	2002	2001	20
Use of basic transmission network	79,756	72,765	7
Gas sales	63,071	52,485	
Fuel consumption quota	16,102	36,056	1
Regulated services	3,560	4,544	
Services rendered	7,842	7,136	
Rent and leasing	8,997	5,812	
Other	3,676	526	
	183,004	179,324	1

21) DEDUCTIONS FROM OPERATING REVENUES

	Consolidated		
	Six months ended June 30,		
	2002	2001	20
State VAT (ICMS) on sales to final consumers	542,058	531,916	5
Tax on billing - COFINS	88,568	78,798	
Global reserve for reversion quota - RGR	64,659	54,781	
Tax on billing - PASEP	19,190	17,070	
Emergency capacity charge	41,237	-	
Other	191	117	
	755,903	682,682	7

Starting in 2002, new rates were established to be prorated among final consumers of electric energy, related to the acquisition of energy and contracted generation capacity by CBEE (The Brazilian Emergency Energy Trader). These charges were fully transferred to tariffs and recorded as a part of electricity sales, billed directly to final consumers.

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22) ELECTRICITY PURCHASED FOR RESALE

	Consolidated and Company	
	Six months ended June 30,	
	2002	2001
Itaipu Binacional (through FURNAS)	475,033	451,675
Energy traded on spot market - MAE	109,966	-
Initial contracts	74,509	58,765
Other	2,729	1,641
	662,237	512,081

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

The energy traded on the spot market in 2001 was accrued only in the fourth quarter of 2001, since information from MAE necessary to record the estimates only became available at that time.

23) OTHER EXPENSES

	Consolidated		
	Six months ended June 30,		
	2002	2001	20
Fuel consumption quota	16,104	36,415	16,1
Rentals and leasing	7,566	6,377	7,4
Labor indemnity	1,546	2,749	1,5
Grants and donations	6,938	6,315	6,9
Advertising	10,619	12,423	10,5
ANEEL inspection fee	5,772	6,554	5,6
Own consumption - Electric energy	5,509	4,513	4,9
Insurance	752	1,442	7
MAE Contribution	3,775	6,941	3,7
Technological and scientific national fund	4,556	5,235	4,4
Other taxes (real state, vehicle, etc.)	2,871	2,401	2,8
General expenses	9,251	2,497	6,7
	75,259	93,862	71,8

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

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24) FINANCIAL INCOME (EXPENSES)

	Consolidated	
	Six months ended June 30,	
	2002	2001
Financial income:		
Investment income earned	95,095	29,266
Late charges on past-due electricity bills	19,037	24,024
Interest on receivable from Minas Gerais State Government	76,656	53,489
Monetary restatement on receivable from Minas Gerais State Government	20,670	45,884
Renegotiation of industrial consumer debt	-	11,924

Monetary restatement on recoverable taxes	1,129	12,535
Monetary restatement on special rate adjustment	137,546	-
Foreign exchange gains	29,441	14,678
Taxes on financial income (PASEP and COFINS)	(14,398)	(7,024)
Other	15,126	5,259
	380,302	190,035
Financial expenses:		
Interest on loans and financing	(123,673)	(83,062)
Monetary restatement - electricity suppliers	(34,835)	-
Foreign exchange losses	(344,439)	(231,330)
Monetary restatement on loans and financing	(16,060)	(9,509)
Financial transaction tax ("CPMF")	(12,128)	(11,334)
Interest and fines on taxes	(7,434)	(6,896)
Provision for valuation of marketable securities	(20,828)	1,061
Advance billings of electric power	(4,389)	(15,050)
Interest on capital	(120,000)	-
Other	(3,346)	(4,655)
	(687,132)	(359,037)
	(306,830)	(169,002)

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25) PRINCIPAL TRANSACTIONS WITH RELATED PARTIES

	June 30, 2002	
	Minas Gerais State Government	FORLUZ
ASSETS		
Current assets		
Accounts receivable	8,427	-
Recoverable taxes		
State VAT - ICMS	22,958	-
Other		
Advances on welfare benefits	-	20,285
Noncurrent assets		

Receivable from Minas Gerais State Government	544,106	-
Other		
State VAT recoverable	18,843	-
State VAT recoverable - Complementary Law No.102	47,433	-
LIABILITIES		
Current liabilities		
Taxes payable-		
State VAT - ICMS	80,361	-
Dividends and interest on capital	78,464	-
Employee post-retirement benefits	-	167,015
Other		
Transfer of contributions	-	14,871
Long-term liabilities		
Employee post-retirement benefits	-	1,726,721

	Six months ended June 30, 2002	
INCOME STATEMENT		
Electricity sales to final customers	10,952	-
Deductions from operating revenues - State VAT (ICMS)	(538,124)	-
Employee post-retirement benefits	-	(108,499)
Personnel expenses	-	(17,484)
Financial income-		
Monetary restatement and interest on receivable from Minas Gerais State Government	97,326	-
Non-operating expenses-		
Allowance for losses on receivable from Minas Gerais State Government (Note 8)	(1,045,325)	-

The Company believes that its transactions with related parties are made on an arm's length basis.

26) FINANCIAL INSTRUMENTS

a) The financial instruments used by CEMIG and its subsidiaries, all recorded in the financial statements, are managed through monitoring policies and operational strategies focused on liquidity, profitability and safety. The Company operates with banks, which meet financial strength and trustworthiness guidelines. The Company's control policy includes continually comparing contracted rates with market rates. The Company's short term investments related to marketable securities issued by third parties, as of June 30, 2002, are as follows:

I. CEMIG and its subsidiaries have debentures issued by financial institutions, in the amounts of R$28,694 and R$10,034, respectively. These securities have immediate call clauses exercisable by the Company and its subsidiaries, without penalty or loss. These securities have interest rates based on the interbank deposit - CDI rates.

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II. The swap transactions of CEMIG and its subsidiaries are purchased from financial institutions, in the amount of R$14,068 and 14,394, respectively, through the transfer of public or private securities issued by third parties. These securities have repurchase clauses. The interest rate is based on the CDI. CEMIG has the right to call for early redemption of these securities without penalty or loss.

b) The Company has Brazilian National Treasury Notes acquired from the State Government of Minas Gerais, with final maturity on April 15, 2024, subject to restatement based on the U.S. dollar exchange variation and interest on the restated face value of 5.50% (up to April 14, 1998), 5.75% (from April 15, 1998 to April 14, 2000) and 6.00% per year (from April 15, 2000 to maturity).

	June 30, 2002
Face value	171,975
Restated cost	103,185
Allowance for decrease in market value	(34,898)
	68,287

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

27) STATEMENT OF CASH FLOW

The individual (Company) and consolidated statements of cash flow for the six-month period ended in June 30, 2002 and June 30, 2001 are presented for additional analysis and are not required as part of the basic interim financial statements.

The financial statements of Infovias, which were previously consolidated based on the proportionate consolidation method, were totally consolidated this quarter. Therefore, to ensure comparative information with the statement of cash flow on June 30, 2002, the consolidated statement of cash flows for the period ended June 30, 2001 was prepared including the full consolidation of Infovias.

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	Consolidated		
	Six months period ended June 30,		
	2002	2001 Reclassified	2

CASH FLOWS FROM OPERATIONS:

Net (loss) income for the period	(894,796)	14,152	(8
Items no affecting cash -			
Depreciation and amortization	270,843	253,544	
Special rate adjustment	(261,425)	-	(
Electricity supply	(32,272)	-	
Purchased energy from MAE - suppliers	42,986	-	
Disposals of property, plant and equipment, net	11,208	39,351	
Equity in subsidiaries	-	-	
Interest and monetary variations, net	51,965	22,109	
Deferred income and social contribution taxes	(99,404)	(4,681)	
Operational provisions	19,845	(14,044)	
Allowance for losses on receivable from Minas Gerais State Government negotiation	1,045,325	-	1,
Employee post-retirement benefits	108,499	100,530	
Others	(9,773)	578	
	253,001	411,539	
(Increase) Decrease in assets -			
Accounts receivable	(216,267)	(22,208)	(
Consumers - Special rate adjustment	120,426	-	
Recoverable taxes	(35,216)	(14,135)	
Other current assets	(33,073)	(28,219)	
Prepaid expenses - CVA	(47,921)	-	
Escrow deposits	(48,801)	(2,923)	
Other noncurrent assets	(11,594)	(15,560)	
	(272,446)	(83,045)	(
Increase (Decrease) in liabilities -			
Suppliers	109,467	70,431	
Taxes payable	194,063	102,036	
Payroll and related charges	1,866	26,010	
Regulatory charges	(2,461)	(10,663)	
Loans and financing	128,720	101,517	
Employee post-retirement benefits	(68,500)	(71,289)	
Electricity Rationing Plan - Bonus paid to consumers and certain adoption costs incurred in excess of surcharge applied to consumers	(87,565)	-	
Other	(23,142)	2,722	
	252,448	220,764	
CASH PROVIDED BY OPERATING ACTIVITIES	233,003	549,258	

	Consolidated		
	Six months period Ended June 30,		
	2002	2001 Reclassified	
CASH FLOW FROM FINANCING ACTIVITY			
Proceeds from long-term financing	147,512	90,690	147
Payments on loans and financing	(227,257)	(191,291)	(214
Special liabilities	67,410	99,906	67
Advanced billings of electric power	(30,370)	(28,955)	(30
Advance for future capital increase	11,526	-	
Dividends and interest on capital	(367)	(105)	
	(31,546)	(29,755)	(30
TOTAL CASH PROVIDED	201,457	519,503	194
CASH USED IN INVESTING ACTIVITIES			
Additions to investments	187,629	48,855	223
Increase in property, plant and equipment	285,099	244,188	244
Increase in deferred charges	10,260	165	
	482,988	293,208	468
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(281,531)	226,295	(274
CHANGES IN CASH AND CASH EQUIVALENTS			
At beginning of the period	705,844	245,108	642
At end of the period	424,313	471,403	368
	(281,531)	226,295	(274

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Item 6

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

COMPANHIA ENERGETICA DE MINAS GERAIS -- CEMIG

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF COMPANY OPERATIONS: FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2002 COMPARED TO THE SIX-MONTH PERIOD ENDED JUNE 30, 2001

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

Net Income (Loss)

The Company had a net loss of R$894,796 in the six-month period ended June 30, 2002, equivalent to a loss of R$5.52 per thousand shares, compared to net income of R$14,152 in the six-month period ended June 30, 2001, equivalent to earnings of R$0.09 per thousand shares.

Change in accumulated results

[OBJECT OMITTED]

[Comparison of the Company's change in accumulated results (in thousands of Brazilian reais) for the six-month period ended June 30, 2002 compared to the six-month period ended June 30, 2001.]

Electricity sales

Electricity sales increased 2.31% in the six-month period ended June 30, 2002 compared to the six-month period ended June 30, 2001. This increase was due primarily to a rate increase of 10.51% starting on April 8, 2002. This rate increase was partially offset by a 10.24% decrease in the volume of electricity sales to final customers, due to (i) Electricity Rationing Plan in force in January and February of 2002; (ii) new patterns of consumption from final consumers after the end of the Electricity Rationing Plan; and (iii) decline in Brazil's economy in the six-month period ended June 30, 2000. The most representative markets, industrial, residential and commercial decreased 7.58%, 16.19% and 13.37%, respectively.

Special rate adjustment

In accordance with the General Agreement of the Electricity Sector, the Company recorded in the three-month period ended March 31, 2002, additional revenue for the special rate adjustment for billing losses during the Electricity Rationing Plan and spot market (MAE) transactions, in the amounts of R$315,164. In the second quarter of 2002, as a result of revision made by ANEEL in the billing losses computation method, there was a reversion provision in the amount of R$53,739. Therefore, the total revenue from January through June 2002, related to the issues described above, was R$261,425.

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Operating expenses

Since October 26, 2001, the differences between the sum of the uncontrollable costs (Parcel "A") considered in the computation for regular rate adjustment and the actual disbursements made by the Company will be compensated in subsequent regular rate adjustments and are recorded in current and noncurrent assets as prepaid expenses. Therefore, those expenses, in the amount of R$83,974, were excluded from the 2002 statement of income. They will be compensated in the subsequent regular rate adjustments of the company.

Operating Expenses increased 7.12% compared to the same period of the prior year, in the amount of R$122,053, as a result of an increase in electricity purchased for resale and partially offset by a decrease in personnel expenses.

Personnel

Personnel expense decreased 13.46% in the six-month period compared with the same period of the prior year as a result of the recording of the Company's Voluntary Termination Program costs accrual, in the amount of R$32,541, in the income statement for the six-month period ended June 30, 2001 and higher amounts transferred to the Property Plant and Equipment under Construction in Progress.

	Six month period ended June 30,		
	2002	2001	
Salary and related charges	264,033	258,987	1
Post retirement benefits expenses	17,484	16,307	7
Welfare benefits	26,995	31,208	(13
	308,512	306,502	0
Amounts transferred to construction costs	(48,576)	(36,656)	32
	259,936	269,846	(3
Voluntary Termination Program	1,753	32,541	(94
	261,689	302,387	(13

Electricity purchased for resale

Electricity purchased for resale increased 29.32% due primarily to the recording of expenses, related to the energy traded on the spot market (MAE), in the income statement for the six-month period ended June 30, 2002, in the amount of R$109,966. In the prior year period, since the information related to spot market (MAE) transactions was not available, the expenses relating to energy traded on the spot market were recorded only on December 31, 2001.

Outside services

Outside services expense increased 5.62% mainly due to the adjustment of the price index of service contracts, related to meter reading, delivery of bills to consumers and collection services.

Employee post-retirement benefits

Employee post-retirement benefit expenses refer basically to the accrual of the net periodic cost, defined by an independent actuarial computation.

Financial income (expenses)

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

- Foreign exchange losses of R$326,661 in the six-month period ended June 30, 2002 compared with net foreign exchange losses of R$229,592 in the six-month period ended June 30, 2001. In the six-mouth period ended June 30, 2002, the Brazilian real devaluated 22.58% against the U.S. dollar, compared to 17.87% devaluation in the same period of 2001.

- An increase in financial income as a result of the monetary updating on the special rate adjustment, based on the SELIC (Central Bank overnight rate) in the amount of R$137,546.
- An increase of R$63,124 in income from temporary cash investments due to higher cash volume in 2002 and income from cash investments denominated in U.S. dollar.
- Interest on capital to be paid next year, recorded under Financial expenses, in the amount of R$120,000.

Due to recognition of the allowance for losses on receivables from the Minas Gerais State Government in 2002, CEMIG has recorded interest and monetary restatement only for the third contractual amendment signed with the Minas Gerais State Government in October 2002. See more information in Note 8 of the quarterly information as of June 30, 2002.

Extraordinary loss

The Company has recognized an allowance for losses on accounts receivable under the contract for the recoverable deficit account (CRC) with the Minas Gerais State Government related to the second amendment signed in October 2002, in the amount of R$1,045,325. The allowance has been recognized since there is no additional guarantee in such amendment that assures realization of the recorded asset.

Other non-operating expenses, net

The other non-operating expenses decreased due to higher losses in 2001 related to economic feasibility studies and projects in the six-month period ended in June 30, 2001.

	Six month period ended June 30,	
	2002	2001
Net losses on deactivation and disposal of assets	8,187	5,876
FORLUZ - Administrative costs	4,552	3,917
Losses on projects	368	17,547
Others	740	(858)
	13,847	26,482

Income and social contribution taxes

In the six-month period ended June 30, 2002, the Company recorded income tax expenses of R$28,142 on a pre-tax loss of R$976,000 compared to income tax expenses of R$9,991 on pre-tax income of R$33,669 in the six-month period ended June 30, 2001.

Employee profit sharing

The employees' share in 2002 profits will be defined by a specific labor agreement. The estimate recorded in this period was based on the minimal profit sharing recorded in prior years in proportional basis.

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

MANAGEMENT'S DISCUSSION AND ANALYSIS of Results of consolidated Operations: FOR THE SIX-Month Period Ended JUNE 30, 2002 Compared to THE SIX-Month Period Ended JUNE 30, 2001

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

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

OTHER RELEVANT INFORMATION

Information not reviewed by independent accountants

CORPORATE GOVERNANCE

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

Highlighted below are practices that CEMIG has already adopted:

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

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

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

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

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

- Preferred shares, as set forth in CEMIG's by-laws, are entitled to a yearly 10% minimum dividend computed using par value. These shares become entitled to vote in the event that CEMIG fails to pay dividends during 3 consecutive years.

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

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

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

- The Company adopts, in addition to the financial statements prepared in accordance with accounting practices emanating from Brazilian corporate law and with accounting standards

established by the CVM - Comissao de Valores Mobiliarios (Brazilian Securities Commission), generally accepted accounting principles in the United States, or US GAAP, in order to prepare financial statements to be filed with the United States Securities and Exchange Commission - SEC.

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

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

- CEMIG's investor relations policy seeks to provide access to a wide range of investors through:
  - CEMIG's Internet home page, which is accessible to all investors and

shareholders and contains material information related to CEMIG and its operations.
  - o Broad dissemination of the disclosure of CEMIG's results.
  - o Live conferences accessible to everyone through CEMIG's Internet home page.

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

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

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

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

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

FINANCIAL DRIVERS

The following data has been derived from unconsolidated financial information.

SHARE VALUE

(Expressed in Brazilian reais per thousand shares)

Item	Unit	June 30, 2002	March 31, 2002	June 3
Book value		43.12	44.81	
Market value	Common	29.79	32.11	
	Preferred	32.00	34.60	

LIQUIDITY (excluding special liabilities)

Item	Unit	June 30, 2002	March 31, 2002	June 3
Current ratio	Ratio	0.74	0.80	
Overall liquidity	Ratio	0.68	0.87	

DEBT LEVEL (excluding special liabilities)

Item	Unit	June 30, 2002	March 31, 2002	June 3
Total assets	%	54.43	42.73	
Shareholders' equity	%	119.46	89.88	
Permanent assets	%	86.64	67.92	

PROFITABILITY

Item	Unit	June 30, 2002	March 31, 2002	June 3
Shareholders' equity	%	(15.20)	3.09	
Operating margin	%	16.71	22.91	
Net margin	%	(34.69)	18.17	
Return on property, plant and equipment	%	(12.37)	2.53	

Item 6

OPERATING INDICES

INSTALLED CAPACITY

	June 30, 2002	June 30, 2001
Installed capacity (in MW)	5,675	

EFFICIENCY

		For the six-month period ended	
Item	Unit	June 30, 2002	June 30,
MWh per employee	MWh	1,510	

Consumers per employee	No.	488

SERVICE QUALITY

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

Item 6

AVERAGE RATE

(Expressed in Brazilian reais per MWh)

	For the six-month period ended	
Description	June 30, 2002	June 30, 200
Industrial	96.53	80,72
Residential	267.40	245,17
Commercial	230.08	194,80
Rural	150.41	126,83
Others	152.77	131,84
Final Consumers	146.85	129,91

SHAREHOLDERS WHICH OWN MORE THAN 5% OF VOTING CAPITAL AS OF JUNE 30, 2002

	SHAREHOLDERS		
Number of shares	Minas Gerais State Government	%	Southern Electric Brasil Part. Ltda
Common	36,116,291,643	50.96	23,362,956,173
Preferred	1,887,263,121	2.07	-
TOTAL	38,003,554,764	23.44	23,362,956,173

OWNERS OF SOUTHERN ELECTRIC BRASIL PARTICIPACOES LTDA. AS OF JUNE 30, 2002

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

1 - Foreign Company
2 - Registered Company. Fundo Opportunity Alfa FIA has 99.99% interest of the 8.25%.

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

NAME	NUMBER OF SHARES	
	Common	Prefe
CONTROLLING SHAREHOLDER		
Minas Gerais State Government	36,119,456,294	3,03

BOARD OF DIRECTORS	
Djalma Bastos de Morais	-
Geraldo de Oliveira Faria	-
Alexandre de Paula Dupeyrat Martins	10,198
Antonio Adriano Silva	-
Marcelo Pedreira de Oliveira	5,099
Claudio Jose Dias Sales	1
Oderval Esteves Duarte Filho	5,099
Marco Antonio Roberto Romanelli	1
Sergio Roberto Belisario	-
David Travesso Neto	1
Ataide Vilela	-
EXECUTIVE OFFICERS	
Djalma Bastos de Morais	-
Guy Maria Villela Paschoal	2,854
Aloisio Marcos Vasconcelos Novais	-
Stalin Amorim Duarte	-
Cristiano Correa de Barros	1
Edmar de Oliveira Santana	582
FISCAL COUNCIL	
Joao Pedrosa Castello	-
Aristoteles Luiz Menezes Vasconcellos Drummond	-
Luiz Otavio Nunes West	-
Bruno Constantino Alexandre dos Santos	-
Ronald Gastao Andrade Reis	-

NUMBER OF SHARES AVAILABLE ON MARKET AS OF JUNE 30, 2002

Common	%	Preferred	%	Total
34,754,711,629	49	88,180,156,856	97	122,934,868,485

Item 7

Companhia Energetica de Minas Gerais - CEMIG

Consolidated Financial Statements

June 30, 2002

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Item 7

UNAUDITED

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2002 AND DECEMBER 31, 2001

(Expressed in millions of reais)

A S S E T S

	June 30, 2002
CURRENT ASSETS:	
Cash and cash equivalents (note 6)	176
Restricted investments (note 7)	454
Accounts receivable, net (note 8)	705
Accounts receivable - Use of basic transmission network	17
Deferred regulatory assets (note 3)	291
Recoverable taxes	128

Other	115
	1,886
INVESTMENTS (note 10)	488
PROPERTY, PLANT AND EQUIPMENT, NET (note 11)	9,941
OTHER ASSETS:	
Marketable securities - Available for sale	68
Deferred regulatory assets (note 3)	1,484
Receivable from Federal Government in respect of bonus paid and rationing adoption costs incurred (note 4)	210
Restricted investments (note 7)	35
Deferred income taxes, net (note 5)	155
Account receivable from State Government (note 9)	544
Other	214
	2,710
Total assets	15,025

The accompanying condensed notes are an integral part of these consolidated balance she

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UNAUDITED

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2002 AND DECEMBER 31, 2001

(Expressed in millions of reais, unless otherwise indicated)

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 2002
CURRENT LIABILITIES:	
Accounts payable to suppliers (note12)	1,161
Payroll and related charges	99
Taxes payable (note 13)	185
Dividends and interest on capital	315
Current portion of long-term financing (note 14)	644

Regulatory charges payable	49
Advanced billings of electric power	12
Employee profit sharing	12
Other	57
	2,534
LONG-TERM LIABILITIES:	
Long-term financing (note 14)	2,359
Taxes payable (note 13)	243
Employee post-retirement benefits (note 15)	1,675
Deferred income taxes, net (note 5)	-
Accrued liability for contingencies (note 16)	321
Accounts payable to suppliers (note 12)	418
Surcharge applied to consumers (note 4)	25
Other	110
	5,151
MINORITY INTEREST	35
SHAREHOLDERS' EQUITY:	
Capital stock	
Preferred - 91,210,523 thousand shares authorized, issued and outstanding as of June 30, 2002 (89,436,237 thousand shares as of December 31, 2001)	804
Common - 70,874,168 thousand shares authorized, issued and outstanding as of June 30, 2002 (69,495,478 thousand shares as of December 31, 2001)	624
	1,428
Additional paid-in capital	3,170
Appropriated retained earnings	3,101
Unappropriated retained earnings (loss)	(158)
Accumulated other comprehensive loss	(236)
	7,305
Total liabilities and shareholders' equity	15,025

The accompanying condensed notes are an integral part of these consolidated balance she

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COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER
COMPREHENSIVE INCOME (LOSS) FOR THE SIX
MONTHS ENDED JUNE 30, 2002 AND 2001
(Expressed in millions of reais, except share

and per share amounts)

	Six months en June 30,
	2002
NET OPERATING REVENUES:	
Electricity sales to final customers (note 18)	2,543
Regulatory extraordinary rate adjustment (note 3)	174
Electricity sales to the interconnected power system (note 18)	110
Use of basic transmission network	80
Other operating revenues	87
Taxes on revenues (note 18)	(687)
Total net operating revenues	2,307
OPERATING COSTS AND EXPENSES:	
Electricity purchased for resale (note 19)	(739)
Natural gas purchased for resale	(45)
Use of basic transmission network	(142)
Depreciation and amortization	(340)
Personnel	(248)
Regulatory charges (note 19)	(253)
Third-party services	(112)
Employee post-retirement benefits (note 15)	(134)
Materials and supplies	(34)
Other (note 19)	(104)
Total operating costs and expenses	(2,151)
Operating income	156
FINANCIAL EXPENSES, NET (note 20):	(234)
Loss before income taxes and minority interests	(78)
INCOME TAXES - benefit (note 5)	
Current	(138)
Deferred	201
	63
MINORITY INTERESTS	9
NET LOSS	(6)
OTHER COMPREHENSIVE INCOME (LOSS)	
Unrealized gains (losses) on available-for-sale security	(2)
Income taxes	1
	(1)
COMPREHENSIVE INCOME (LOSS)	(7)
Weighted average number of common and preferred shares outstanding during the period (thousands) for basic loss per thousand shares	159,982,707

Basic earnings loss per thousand common and preferred shares - In reais	(0.04)	
Weighted average number of common and preferred shares outstanding during the period (thousands) for diluted earnings (loss) per thousand shares	160,141,864	
Diluted earnings loss per thousand common and preferred shares - In reais	(0.04)	

The accompanying condensed notes are an integral part of these consolidated financial stat

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COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(Expressed in millions of reais)

	Six months en June 30,	
	2002	
CAPITAL STOCK:		
Preferred shares		
Balance, beginning of the period	786	
Transfer from appropriated retained earnings	18	
Balance, end of the period	804	
Common shares		
Balance, beginning of the period	610	
Transfer from appropriated retained earnings	14	
Balance, end of the period	624	
	1,428	
ADDITIONAL PAID-IN CAPITAL	3,170	
APPROPRIATED RETAINED EARNINGS:		
Fiscal incentive investment reserve- Balance	45	
Rate shortfall reserve-		

Balance, beginning of period	2,680
Transfer to capital stock	(32)
Balance, end of the period	2,648
Unrealized income reserve-	
Balance	314
Legal reserve-	
Balance	94
	3,101
UNAPPROPRIATED RETAINED EARNINGS (LOSS):	
Balance, beginning of the period	79
Net loss	(6)
Dividends and interest on shareholders' equity	(231)
Balance, end of the period	(158)
ACCUMULATED OTHER COMPREHENSIVE LOSS:	
Balance, beginning of the period	(235)
Other comprehensive income (loss)	(1)
Balance, end of the period	(236)
Shareholders' equity at end of the period	7,305

The accompanying condensed notes are an integral part of these consolidated financial stat

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COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001

(Expressed in millions of reais)

	Six months en June 30,
	2002

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	(6)
Adjustments to reconcile net loss to net cash provided by operating activities-	
Depreciation and amortization	340
Receivable from Federal Government in respect of bonus payable and rationing adoption costs incurred, net of surcharge applied to consumers	(87)
Deferred regulatory assets	(213)
Monetary variation and exchange rate variation loss	120
Loss on disposal of property, plant and equipment	11
Employee post-retirement benefits	48
Provision for contingencies and doubtful accounts receivable	11
Deferred income taxes	(201)
Other	2
Decrease (increase) in operating assets-	
Accounts receivable	(217)
Recoverable taxes	(35)
Deferred regulatory assets	91
Judicial deposits	(49)
Other	(49)
Increase (decrease) in operating liabilities-	
Accounts payable to suppliers	176
Payroll and related charges	2
Taxes payable	191
Regulatory charges payable	(3)
Advanced billings of electric power	(30)
Accrued interest on long-term financing	128
Receivable from Federal Government in respect of bonus paid and rationing adoption costs incurred, net of surcharge applied to consumers	(87)
Other	(19)
Net cash provided by operating activities	211

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CASH FLOWS FROM INVESTING ACTIVITIES:
Restricted short-term investments
Acquisition of new investments
Acquisition of property, plant and equipment

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES:
Proceeds from issuance of long-term financing
Repayment of long-term financing
Advance from minority shareholder for future capital increase in subsidiary
Dividends and interest paid on capital

Net cash provided by (used in) financing activities

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS:
Beginning of the period
End of the period

SUPPLEMENTARY CASH FLOW DISCLOSURE:
Taxes paid - income and social contribution taxes
Interest paid, net of interest capitalized

The accompanying condensed notes are an integral part of these consolidated financial s

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COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2002

(Amounts expressed in millions of reais unless otherwise indicated)

1. THE COMPANY AND ITS OPERATIONS

Companhia Energetica de Minas Gerais - CEMIG ("CEMIG" or the "Company") is a partly state-owned company (sociedade de economia mista), organized under the laws of the Federative Republic of Brazil ("Brazil") and controlled by the government of the State of Minas Gerais (the "State Government"). The

Company's principal business activities are the construction and operation of systems used in the generation, transmission, distribution and sale of electric energy. The Company also conducts business in certain related activities.

As a concessionaire of electric utility services, the Company is subject to regulations set by the Agencia Nacional de Energia Eletrica (the Brazilian National Electric Energy Agency or "ANEEL"), an agency of the Brazilian Federal Government (the "Federal Government").

The following are the Company's operational subsidiaries as of June 30, 2002:

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

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

o Companhia de Gas de Minas Gerais - GASMIG ("GASMIG") (95.17% interest) - Its principal activities are the operation, production, acquisition, storage, transportation and distribution of natural gas and related products. In 1993, GASMIG was granted a 30-year concession by the State Government to perform these activities; and

o Empresa de Infovias S.A. ("Infovias") (94.89% interest) - Its principal activities are rendering telecommunications services and developing related activities through integrated systems using optical fiber cable, coaxial cable, electronic equipment and other items. The Company acquired Infovias' control in June, 2002, through the acquisition of shares from AES Forca e Empreendimentos Ltda.

Additionally, the Company has a 100% interest in each of the following pre-operational subsidiaries:

o Horizontes Energia S.A. - Its principal activities will be the production and sale of electric energy, as an independent power producer, at the Machado Mineiro and Salto do Paraopeba hydroelectric power plants, both located in the State of Minas Gerais, and Salto Voltao and Salto do Passo Velho hydroelectric power plants, both located in the State of Santa Catarina. These plants were transferred to, and recorded as paid in capital of, Horizontes Energia S.A. during the third quarter of 2002.

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

o Efficientia S.A. - Its principal activities will be rendering efficiency, optimization and energy solutions services, and rendering operation and management services in energy supply facilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In preparing financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could vary from these estimates. The Company's financial statements therefore include various estimates concerning (i) the recoverability of deferred regulatory assets, (ii) valuation allowances for accounts receivable, deferred tax assets and account receivable from State Government, (iii) the useful lives of property, plant and equipment, (iv) provisions necessary for contingent losses, (v) estimates of employee post-retirement benefit obligations and other similar evaluations.

The interim financial statements as of and for the six months ended June 30, 2002 and 2001 have been prepared in accordance with U.S. GAAP, which differ in certain respects from the Brazilian accounting practices applied by CEMIG in its statutory financial statements that are prepared and filed in accordance with the rules of the Brazilian Securities Commission (the "CVM"). The interim financial statements were prepared on a basis consistent with the financial statements as of and for the year ended December 31, 2001.

The interim financial statements included in this report have been prepared by the Company without audit. In the opinion of management, all adjustments necessary for a fair presentation are reflected in these interim financial statements. Such adjustments are of a normal and recurring nature. The results of operations for the six months ended June 30, 2002 are not necessarily indicative of the operating results for the full year. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as of and for each of the years in the three-year period ended December 31, 2001 contained in CEMIG's Annual Report on Form 20-F, as filed with the United States Securities and Exchange Commission on March 26, 2003 (Registration No. 1-15224).

The consolidated financial statements for the year ended December 31, 2001 included the accounts of CEMIG and its subsidiaries Sa Carvalho S.A., Usina Termica Ipatinga S.A. and Companhia de Gas de Minas Gerais - GASMIG. The consolidated financial statements for the six months ended June 30, 2002 include the accounts of CEMIG and its subsidiaries Sa Carvalho S.A., Usina Termica de Ipatinga S.A., Companhia de Gas de Minas Gerais - GASMIG, Empresa de Infovias S.A., Cemig PCH S.A., Cemig Capim Branco S.A., UTE Barreiro S.A., Efficientia S.A. and Horizontes Energia S.A..

3. DEFERRED REGULATORY ASSETS

An emergency energy-rationing program (the "Energy Rationing Plan") was created by the Federal Government's Executive Order No. 2148, of May 22, 2001, to reduce energy consumption and avoid unplanned interruption in power supply. Average reduction in monthly consumption of electricity during the rationing period was estimated at 20% of the actual consumption for the months of May, June and July 2000. The energy rationing became effective on June 1, 2001 and ended February 28, 2002, when the Federal Government determined that the water levels in the reservoirs serving Brazil's hydroelectric facilities had returned to normal.

As a result of the Energy Rationing Plan, many electric generation and distribution companies in Brazil, including CEMIG, experienced a reduction in their profit margins, as their physical and personnel structures could not be reduced in line with the consumption reduction quotas imposed. Thus, they continued incurring fixed costs without earning corresponding revenue.

In December 2001, the Federal Government and the electric utilities in Brazil affected by the Energy Rationing Plan signed an industry-wide agreement (the General Agreement of the Electricity Sector or the "General Agreement" or the "Agreement") to regain the financial-economic equilibrium of the existing concession contracts and recover revenues relating to the period during which the Energy Rationing Plan was in effect.

The Agreement addressed margin losses incurred by the electric distribution and generation companies during the period that the Energy Rationing Plan was effective, additional Parcel "A" costs for the period from January 1, 2001 to October 25, 2001 and costs of energy purchased in the spot market through the Mercado Atacadista de Energia (the Wholesale Energy Market or "MAE") up to December 2002. These items will be recovered by an extraordinary rate adjustment as follows:

III. an increase of 2.90% for rural and residential consumers (excluding low-income consumers), lighting streets and high-tension industrial consumers whose costs related to electric energy represent at least 18.00% of average production cost and fulfill certain criteria, related to charge and demand energy factors which were determined by ANEEL's Resolution No. 130, dated April 30, 2002.

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

According to ANEEL's Resolution No. 484, of August 29, 2002, the extraordinary rate adjustment for CEMIG is to be in force for a maximum period of 82 months, as from January 2002 and bearing interest equivalent to the SELIC interest rate (Brazilian benchmark interest rate). The Company recorded a provision for loss on deferred regulatory assets, in the amount of R$162 as of June 30, 2002, considering its recoverability projections for the 82-month recovery period allowed to the Company by ANEEL. The deferred regulatory assets are periodically compared with the Company's recoverability projections, which are constantly reviewed by Management, according to market conditions, changes in regulation and other similar events. The balance of the provision is adjusted accordingly.

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The special rate adjustment mentioned will be used in the compensation of the followig items:

	June 30, 2002
Revenue losses (expected to be recovered within 24 months) incurred during the rationing period	431
Additional Parcel "A" costs:	
- Period from January 1, 2001 to October 25, 2001	295
- Period from October 26, 2001 and thereafter	216
Recording of energy transactions on the MAE	995
	1,937
(-) Provision for loss on deferred regulatory assets (computed based on an 82-month period)	(162)
	1,775
Current assets	291
Other assets	1,484

During the six-month period ended June 30, 2002, the Company collected R$117 as a result of application of the extraordinary rate adjustment.

The VAT related to the rationing program revenue, amounting to R$254 as of June 30, 2002 (R$301 as of December 31, 2001), only becomes an obligation to be recorded in the financial statements once the customers are billed; therefore, no provision related to this tax was recorded. The Company passes all VAT amounts received from customers on to the State Government.

a) Recovery of revenue losses incurred during the Energy Rationing Plan

Although CEMIG's total revenue losses were R$877 as of June 30, 2002 (R$724 as of December 31, 2001), CEMIG recorded a regulatory asset on a U.S. GAAP basis in the amount of R$431 as of June 30, 2002 (R$398 as of December 31, 2001), in accordance with consensus described on Emerging Issues Task Force - EITF 92-07, "Accounting by Rate-Regulated Utilities for the Effects of Certain Alternative Revenue Programs", which establishes a 24 month period limit for collection of the asset.

The accrued amount related to this asset, which will be reimbursed through the special rate adjustment is monetarily restated based on SELIC from January 1, 2002 until collection.

b) Recovery of additional Parcel "A" costs

ANEEL Resolution No. 90, dated February 18, 2002, established procedures for the compensation of some Parcel "A" costs for the period from January 1, 2001 to October 25, 2001. The base amount to be reimbursed is equal to the difference between the Parcel "A" costs actually incurred and the estimated Parcel "A" costs used for purposes of computing the most recent annual rate adjustment prior to the Energy Rationing Plan. This amount will bear interest at the SELIC rate from the day that the actual cost was paid until the date of compensation.

On October 25, 2001, the Federal Government, through Executive Act No. 296, created a tracking account mechanism to control the variation of Parcel "A" costs for rate adjustment calculation purposes. This account is comprised of the amounts resulting from the difference between the Parcel "A" costs actually incurred, from October 26, 2001 and thereafter, and the estimated Parcel "A" costs used for purposes of computing the annual rate adjustment as from April 8, 2001.

The amounts determined for the period from October 26, 2001 and thereafter are recorded as a deferred regulatory asset, as follows:

Parcel "A" Items	Values to be compensated until April, 2003	Values to be compensated after April, 2004	Total June 30, 2002	De
System service charges	-	111	111	
Itaipu Binacional electricity purchase rate	34	76	110	
Itaipu Binacional electricity transport rate	1	1	2	
Fuel usage quota - CCC	10	(33)	(23)	
Rate for use of basic transmission network	9	5	14	
Charges for use of water resources	-	2	2	
	54	162	216	

The Company recorded System service charges related to the period from September 2000 to June 2002, which are expected to be paid in 2003, in accordance with information provided by the MAE.

c) Energy transactions on the MAE and other

(c.1) Recording of energy transactions on the MAE and other

During the period of the Energy Rationing Plan in Brazil, electricity utilities, including CEMIG, made a substantial number of energy purchases on the spot market through the MAE in order to supply their customers. During this period, the prices for spot market energy were often significantly higher than the prices set forth in initial energy purchase contracts.

Costs related to energy sold on the MAE are being prorated among consumers supplied by the Brazilian interconnected power system through an extraordinary rate adjustment, as from January 2002. The amount to be passed along to consumers through the rate adjustment is calculated based on the amount of energy purchased on the MAE during the period from May 1, 2001 until the end of the rationing period, and equals the difference between the energy purchase price on the MAE and R$49.26/MWh (which is the initial contract average cost for the period). Generators will not be reimbursed with respect to MAE energy purchases at a price less than or equal to R$49.26/MWh.

(c.2) Financial settlement of the MAE transactions

On February 18, 2003, CEMIG settled 50% of its outstanding obligations relating to MAE transactions. In connection with this settlement, CEMIG disbursed R$335 to the MAE agents.

The funds required for this settlement were obtained through a loan agreement dated February 7, 2003 between the Company and BNDES.

CEMIG is required to settle the remaining 50% of its outstanding MAE amounts after the completion of a review that will be performed by independent auditors on data provided by MAE to the concessionaires. Under the General Agreement, BNDES must provide additional financing in connection with such additional settlement.

This independent review, as well as the outcome of certain judicial claims brought by market participants (including CEMIG) concerning the interpretation of the market rules in force, may result in the recalculation of the transaction data figures previously provided by MAE. Such a recalculation may impact the Company's future results of operations and cash flows.

4. BONUS PAID, SURCHARGES AND RATIONING ADOPTION COSTS INCURRED

Through Federal Government Executive Act No. 2,152-2, dated June 1, 2001, the Federal Government determined that residential consumers whose electric energy consumption was lower than the target consumption levels during the period of the Energy Rationing Plan would be entitled to receive a bonus, limited to their electric energy invoice amount, and that all consumers whose consumption exceeded the target would be subject to surcharges, calculated based on the amount effective consumption in excess of such target, as established by the Energy Crisis Committee.

ANEEL established specific accounts and controls to record the effects of the Rationing Program involving the bonus, surcharge and related costs. The related balances as of June 30, 2002 are as follows:

Other Assets

Receivable from Federal Government in respect of bonus paid to consumers that consumed less than the target consumption
Receivable from Federal Government in respect of costs related to the adoption of the Energy Rationing Plan in excess of the 2.00% surcharge on consumer rates

Long-term Liabilities
Surcharge applied to consumers that consumed more than the target consumption

Net receivable from Federal Government in respect of bonus paid to consumers and related costs in excess of the surcharge applied to consumers

In 2002, the Company recorded additional reimbursable bonuses and costs related to the Energy Rationing Plan of R$74 and R$13, respectively.

In the second half of 2002, upon ANEEL approval, CEMIG received approximately R$132 in reimbursement for consumer bonuses paid.

The remaining net amount to be received by CEMIG, of approximately R$24, is under negotiation with ANEEL. The surcharges represented by this amount were not billed or collected from the consumers as they are currently the subject of a judicial dispute. Management does not expect losses relating to the realization of this outstanding amount.

According to ANEEL Resolution No. 600, dated October 31, 2002, operational costs of approximately R$32 related to the adoption of the Energy Rationing Plan in excess of the 2.00% surcharge on consumer tariffs will be reimbursed upon approval by ANEEL.

5. DEFERRED INCOME TAXES

Income taxes in Brazil include federal income tax and social contribution on income (which is an additional federal income tax). For U.S. GAAP purposes, the statutory annual rates applicable are 25% for federal income tax and 8% for social contribution tax at June 30, 2002 and 2001. On December 30, 2002, the Federal Government issued Law No. 10,637 that determines the increase on the social contribution tax rate from 8% to 9%, beginning on January 1, 2003.

(a) Income tax reconciliation

The amounts reported as income tax benefit in the financial statements are reconciled to the statutory rates as follows:

	S
Loss before income taxes and minority interests	
Income taxes - 33% rate	
Effects off:	
Interest on capital deductibility	
Special liabilities amortization	
Social contribution on depreciation	
Rate difference	
Others	
Tax benefit in the statement of operations	

(b) Analysis of deferred tax balances

Tax rate changes are enacted in the year prior to the year in which they become effective. As of June 30, 2002 and December 31, 2001, the deferred tax balances have been computed using a 34% rate, which is the rate expected to be in force upon realization. The major components of the deferred income taxes account in the balance sheet are as follows:

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	June 30, 2002
Other assets-	
Employee post-retirement benefits	79
Tax loss carryforwards	267
Temporary difference on regulatory assets	206
Other temporary differences	132
	684

Long-term liabilities-	
Effects of differences between tax basis of non-monetary assets relating to property, plant and equipment and amounts reported for U.S. GAAP	(529)
	(529)
Net	155

In the six-month period ended June 30, 2002 and 2001 deferred tax benefit and expense of R$1 and R$4, respectively, related to unrealized losses/gains on available-for-sale securities were recorded directly to shareholders' equity as other comprehensive loss.

During 2001, the Company amended its income tax return for the year ended December 31, 1997 to claim deductibility of pension costs accrued in its Brazilian Corporate Law financial statements. This amendment resulted in (i) the recognition of prepaid income and social contribution taxes in the amount of R$161, which was reclassified from Deferred income taxes to Recoverable taxes, classified as current assets, (ii) a reduction of Taxes payable in the amount of R$49, and (iii) the recognition of tax loss carryforwards, recorded considering the probable expected future profitability of CEMIG in subsequent fiscal years. The Company has been offsetting this prepaid income tax with federal tax liabilities.

6. CASH AND CASH EQUIVALENTS

The following table sets forth amounts of cash and cash equivalents for the dates indicated:

	June 30, 2002
Cash on hand and in banks	94
Short-term investments, with original maturity of three months or less, mainly bank certificates of deposit and investment funds at fair value	82
	176

CEMIG has short-term investments with interest income calculated based on the Brazilian Interbank Certificates of Deposit - CDI rate.

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7. RESTRICTED INVESTMENTS

The following table sets forth amounts of restricted investments for the dates indicated:

	June 30, 2002
Investments to be used in investment plan	248
Investments to be used in settlement of financing	241
	489
Short-term	454
Long-term	35

On June 30, 2002 and December 31, 2001, the balances of R$248 and R468, respectively, refer to short-term investments, acquired with resources obtained from the issuance of debentures (note 17), with interest income calculated based on the variation of Brazilian Interbank Certificates of Deposit - CDI and maturity dates that do not exceed 30 days.

These resources were used for the portion of the investment plan related to the expansion of the Company's energy generation, transmission and distribution operations, executed in 2002.

In compliance with Resolution No. 2,515 dated June 29, 1998 issued by the Brazilian Central Bank, when CEMIG extends the maturity of any foreign currency-denominated financing, it must make deposits in respect of the principal amount of such extended financing into a short-term investment escrow account so that at the final maturity date of the financing, such escrow account contains an amount equal to the entire principal amount due under the financing. The interest income is calculated based on the variation of Brazilian Interbank Certificates of Deposit - CDI and U.S. dollar and maturity dates that do not exceed 30 days. The restricted investments to be used in the investment plan are classified as current and other according to the maturity date of the respective financing.

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8. ACCOUNTS RECEIVABLE

The following table sets forth information concerning accounts receivable by type of consumers for the dates indicated.

		Past-due		
		Up to 90 days	Over 90 days	Total June 30, 2002
Residential	178	82	9	269
Industrial	141	45	33	219
Commercial	63	37	8	108
Rural	22	9	3	34
Governmental entities	18	35	11	64
Public services	46	2	1	49
Subtotal	468	210	65	743
Distributors	6	-	2	8
	474	210	67	751
Allowance for doubtful accounts	-	-	(46)	(46)
	474	210	21	705

No single customer represented more than 10% of total receivables as of June 30, 2002 and December 31, 2001 and electricity sales to final customers for the six months ended in June 30, 2002 and 2001.

In April 2002, our largest industrial client became a self power producer and as such ceased to purchase energy from the Company.

9. ACCOUNT RECEIVABLE FROM STATE GOVERNMENT

On May 2, 1995, the obligation to pay the remaining balance of the CRC account receivable, then R$867, was transferred from the Federal Government to the State Government through a credit assignment contract. In connection with this assignment, the State Government agreed to pay the amount due to the Company over 20 years, with an initial three-year grace period, as restated based on the UFIR (Tax Reference Unit Index) and accruing interest at 6% per year.

In the event that the Company receives any payments or retains declared dividends to offset amounts not paid by the State Government, the Company is obligated to issue shares to all shareholders in proportion to their shareholding, transferring the principal amount of installments, from the Appropriated retained earnings - Rate shortfall reserve to Capital Stock.

Since May 1995, the credit assignment contract has been amended as follows:

a) First Amendment, signed on January 24, 2001:

In October 2000, the UFIR index was eliminated by the Federal Government. As a result, CEMIG negotiated and signed an amendment to the contract with the State Government to change the index used from the UFIR index to Indice Geral de Precos - Disponibilidade Interna - IGP-DI (General market price index - internal availability), as from November 1, 2000.

b) Second Amendment, signed on October 14, 2002 (the "Second Amendment"):

The Second Amendment refers to 149 monthly installment payments, with maturities from January 1, 2003 through May 1, 2015, in the total amount of R$795, adjusted to present value, as of June 30, 2002. These installments continued subject to an annual interest rate of 6%, and restated based on the IGP-DI variation.

The Second Amendment was signed in accordance with Law No. 14,384, dated October 11, 2002, issued by the Minas Gerais State Legislature. CEMIG's Board of Directors ratified this amendment on October 23, 2002.

b.1) No payments made to date in 2003:

The State Government did not pay the first five installments due under the Second Amendment, due from January 1 to May 1, 2003, totaling R$69 in the aggregate. Management is currently negotiating the collection of the aforementioned past due amounts with the State Government.

b.2) Provision for loss:

Since the Second Amendment did not include any guarantees that would assure the realization of the CRC receivable, CEMIG recorded a provision for loss in the amount of R$754 for this asset as of December 31, 2001 which corresponds to the total amount of the Second Amendment. On January 21, 2003 the Company's Board of Directors ratified such provision.

For income tax purposes, such provision is considered a permanent difference, since it involves a related party non-deductible loss and, therefore, did not impact the deferred income and social contribution taxes.

CEMIG continues to negotiate the payment of the balance due to it under the Second Amendment, including the possibility of transfer of this obligation back to the Federal Government.

On January 29, 2003, the Company's Board of Directors authorized management to initiate judicial proceedings against the State Government in order to collect the past due installments.

c) Third Amendment, signed on October 24, 2002 (the "Third Amendment"):

The Third Amendment covers installments originally due but unpaid under the credit assignment contract from April 1, 1999 through December 1, 1999 and from March 1, 2000 through December 1, 2002. Under the Third Amendment, these unpaid installments, which totaled R$544 as of June 30, 2002 (R$451 as of December 31, 2001), are subject to annual interest of 12.00% and are monetarily restated based on the IGP-DI variation. The Third Amendment requires repayment of these amounts over 149 monthly installments from January 2003 to May 2015. The Third Amendment allows CEMIG to retain annual dividends and interest on capital due to the State Government as a Company shareholder as an offset against any amounts not paid by the State Government.

The Third Amendment was signed under authorization granted by Law No. 14,384, dated October 11, 2002, issued by the Minas Gerais State Legislature. The Company's Board of Directors ratified the Third Amendment on October 23, 2002.

c.1) No payments made to date in 2003:

The State Government did not pay the first five installments under the Third Amendment, due from January 1 to May 1, 2003, totaling R$52 in the aggregate. Management is negotiating the collection of the aforementioned past due amounts with the State Government.

The projection of the Company's future operations indicates that the offsetting of the dividends and interest on capital corresponding to the State Government's share equity in the Company will be sufficient in the long term to assure the realization of the entire outstanding receivable covered by the Third Amendment, should the State Government continue in default. Management will monitor future events, which could impact the Company's dividend payment projections, in order to conclude whether an allowance relating to the Third Amendment is necessary.

10. INVESTMENTS

The following table describes the Company's investments:

	June 30, 2002
Consortia	392
Hydroelectric plants to be transferred to a subsidiary	62
Goodwill on purchase of Infovias	21
Other investments	13
Empresa de Infovias S.A.	-

488
=====

(a) Investments in other companies

In 2002, the Company acquired shares from AES Forca Empreendimentos Ltda. ("AES"), corresponding to 50.48% of Infovias' capital, of which 5.03% was acquired during the fourth quarter. The aggregate purchase price paid was R$87. These transactions increased CEMIG's interest in Infovias' capital from 49.44% to 99.92%. Therefore, as from June 30, 2002, CEMIG's consolidated financial statements include Infovias' operations. The Company is assessing the effects arising from the application of SFAS 141 "Business Combinations" and SFAS 142 "Goodwill and Other Intangible Assets" to its 2002 financial statements as a result of this acquisition.

The Company's Board of Directors authorized CEMIG to provide a guarantee relating to a loan obtained by Infovias in the amount of US$40 million, which began amortizing in May 2002. Any installment paid by CEMIG in case of non-payment by Infovias will be repaid to CEMIG in the form of preferred shares issued in connection with a capital increase of Infovias.

The independent auditor's report on the Infovias' financial statements as of December 31, 2002 has comments about (i) the deferred income and social contribution taxes and maintenance of VAT credits, which realization is based on future profit projections that depend on the contracts sign-off, still under negotiations; (ii) the dependence on additional funds, provided either by shareholders or third parties, in order to finance its operations as well as to guarantee the realization of the assets recorded in its financial statements until the operating revenues are sufficient to do so.

(b) Hydroelectric power plants to be transferred to a subsidiary

The Company transferred R$62 to Investments from Property, plant and equipment, after recognizing an impairment charge of R$33, of the Machado Mineiro and Salto do Paraopeba hydroelectric plants, both located in the State of Minas Gerais, and the Salto Voltao and Salto do Passo Velho hydroelectric plants, both located in the State of Santa Catarina. These plants were transferred to, and recorded as paid in capital of, a subsidiary, Horizontes Energia S.A., in the third quarter of 2002.

(c) Consortia

CEMIG is a partner in certain consortia for electricity generation projects. Each partner of each consortium has the right to take energy generated by the applicable power plant in an amount proportionate to the partner's investment.

CEMIG's participation in consortia, represented by the amounts already invested in the projects, is described as follows:

	CEMIG's participation	Annual average rate of depreciation	June 3 2002
In service-			
Porto Estrela Hydroelectric Power Plant	33.33%	2.51%	5
Igarapava Hydroelectric Power Plant	14.50%	2.51%	5
Construction in progress-			
Queimado Hydroelectric Power Plant	82.50%		9
Funil Hydroelectric Power Plant	49.00%		7
Aimores Hydroelectric Power Plant	49.00%		10
Cemig Capim Branco Hydroelectric Power Plants	20.00%		1
			39

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11. PROPERTY, PLANT AND EQUIPMENT

The following table describes the consolidated property, plant and equipment:

	Annual average rate of depreciation	June 30, 2002	De (
In service			
Generation-			
Hydroelectric	2.51%	7,694	
Thermoelectric	1.79%	261	
Transmission	3.08%	1,409	
Distribution	5.10%	7,158	
Administration	9.63%	464	
Other	7.48%	214	
		17,200	

Accumulated depreciation and amortization-	
Generation	(3,693)
Transmission	(735)
Distribution	(3,139)
Administration	(275)
Other	(24)
	(7,866)
Total in service	9,334
Construction in progress-	
Generation	81
Transmission	69
Distribution	321
Administration	18
Other	118
Total in construction in progress	607
Total	9,941

Interest cost and monetary variation capitalized during the six months ended on June 30, 2002 and 2001 was R$26 and R$17, respectively.

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12. ACCOUNTS PAYABLE TO SUPPLIERS

	June 30, 2002
Electricity suppliers-	
Furnas - Centrais Eletricas S.A. (indexed to US dollar)	274
Spot market - MAE	797
Payments to generators for energy purchased on MAE	418
Others	29
	1,518

Supplies and services	61
	1,579
Current liabilities	1,161
Long term liabilities	418

The Spot market - MAE liability includes the energy purchased on the wholesale spot market during the period from September 2000 to June 2002, based on information provided by MAE, the spot market administrator. The definitive amounts and effective payment of this liability depends on the resolution of judicial claims currently pending, brought by market agents, including the Company, related to the interpretation of the market rules in force, as well as in obtaining the necessary financing, as more fully set forth in note 3.

13. TAXES PAYABLE

The following table describes the Company's accrued taxes payable:

	June 30, 2002
Short-term	
Income tax	59
Social Contribution tax	21
Value-added tax - ICMS	81
Tax on billing - COFINS	7
Others	17
	185
Long term	
Income tax	132
Social Contribution tax	49
Tax on billing - COFINS	53
Tax on billing - PASEP	9
	243
	428

CEMIG transferred to long-term liabilities, the income tax, social contribution tax, COFINS and PASEP on special rate adjustment revenue, recorded in 2001 and 2002. This transfer was conducted in accordance

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with the Resolution of the Brazilian Federal Tax Authority (Secretaria da Receita Federal), issued in the third quarter of 2002, which allowed the payment of the mentioned obligations proportionally to the consumers' billing.

14.FINANCINGS

Composition of the Company's foreign loan and financing by currency and domestic currency indices is as follows:

	June 30, 2002
Currency -	
United States Dollars	1,710
Euro	51
Units of accounts (basket of currencies)	45
German Marks	-
Swiss Francs	-
Others	-
	1,806
Indices -	
Indice Geral de Precos de Mercado - "IGP-M" (General Market Price Index)	918
Indice Interno da Eletrobras - "FINEL" (Eletrobras Internal Index)	161
Unidade Fiscal de Referencia - "UFIR" (Tax Reference Unit)	95
Others	23
	1,197
	3,003
Current	644
Long-term	2,359

The following table sets forth the increases for the periods indicated in the indices and in the foreign currency / Brazilian real exchange rates for the principal foreign currencies used in the Company's loan and financing, expressed as a percentage:

	Six mont
	2002
Currency-	
United States Dollars	22.41
Euro	39.41
Units of accounts (basket of currencies)	29.93
Indices	
IGP-M	2.95
FINEL	0.58

15. EMPLOYEE POST-RETIREMENT BENEFITS

The Company sponsors a pension plan, administered by Fundacao Forluminas de Seguridade Social - FORLUZ (Forluminas Social Security Foundation, or "FORLUZ") covering substantially all of its employees. With respect to such plan, SFAS 87 "Employers' Accounting for Pensions" has been applied from and after January 1, 1995. However, amortization of the net transition obligation existing at January 1, 1995 has been computed retroactively as if it had been established on January 1, 1989, which is the date that SFAS 87 first became applicable for non-U.S. pension funds.

Until October 1997, the Company sponsored only a defined benefit pension plan. From September 29, 1997 to May 1, 1998, participants were permitted to elect to migrate to a new defined contribution plan. Those participants who elected to join the new plan had two options. The first was to maintain the benefit earned up to the date of migration in the defined benefit plan, with no further increases for salary increases or future services, and future contributions would be made to the new plan to the individual account. The second option for those participants who migrated to the defined contribution plan was to transfer the accumulated benefit as of that date to their individual account in the defined contribution plan. In both alternatives, the participants became fully vested in the benefits accumulated as of the migration date.

CEMIG has also established post-retirement health care plans and pays life insurance premiums for retirees. The accounting for these benefits is in accordance with SFAS 106 "Employers' Accounting for Post-retirement Benefits other than Pensions".

CEMIG has offered to its employees an incentive for early retirement, which consists of an additional amount, paid when the employee retires, of 10% of the employees' salary for each year worked for the Company. To obtain this benefit the employee must opt in writing indicating his intention to retire early. Accordingly, the costs of this incentive are recognized as individual employees opt for this benefit. CEMIG may withdraw this additional benefit at any time.

In the third quarter of 2002, CEMIG and its employees' labor unions, mainly represented by SINDIELETRO, agreed on changes to the existing employee health care plans, which altered the contribution criteria that CEMIG, its employees and its retirees are responsible for and the types of benefits covered in each plan. Under this agreement, CEMIG is responsible for making annual payments up to the maximum amount of R$33, as adjusted according to the IGP-M index, to cover health expenses of employees and retirees. The implementation of these changes took place as of January 1, 2003. The effects arising from these changes cannot be estimated at this time. The respective actuarial assessment is currently in progress.

The changes in net liabilities for the six months ended June 30, 2002 are as follows:

	Defined benefit pension plan	Post- healt in
Net liabilities as of December 31, 2001	1,307	
Net periodic cost recorded on the statement of operations	78	
Contribution paid	(63)	
Net liabilities as of June 30, 2002	1,322	

Additionally, the Company recorded contribution expenses to the defined contribution plan for the six months ended June 30, 2002 in the amount of R$18.

16. ACCRUED LIABILITY FOR CONTINGENCIES

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

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

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

	June 30, 2002	December 31, 2001 (Audited)
Labor claims	60	54
Civil lawsuits - Consumers	79	74
Social contribution tax	125	125
Finsocial	19	19
Civil lawsuits - Others	15	22
Others	23	25
	321	319

Certain details relating to such provisions are as follows:

(a) Labor claims

The labor claims relate principally to overtime and hazardous occupation compensation. The total exposure for those matters is estimated to be R$76 as of June 30, 2002 (R$68 as of December 31, 2001). CEMIG determined the amounts to be accrued based on the nature of the group of claims and the most recent court decisions.

(b) Civil lawsuits - Consumers

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

The total anticipated exposure to the Company for those suits, fully provided for, was R$79 as of June 30, 2002 (R$74 as of December 31, 2001).

(c) Social contribution tax

On June 28, 1991, the Federal Government enacted Law No. 8,200, regulating the monetary restatement for purposes of Brazilian Corporate Law financial statements and tax liability. Under this law, the Company was required to record complementary monetary restatement that was considered, through depreciation, amortization and write-offs of fixed assets, a deductible expense for income tax calculation. Such law did not clarify the proceedings regarding the deductibility of the complementary monetary restatement charged to income for social contribution tax purposes.

The Company is deducting the amounts of depreciation, amortization and write-off relating to the complementary monetary restatement of Property, plant and equipment, for purposes of computation of social contribution tax on income. The Company believes that such deduction is in accordance with the provisions of Law No. 8,200. The Company estimates that its potential exposure in this matter is approximately R$125 as of June 30, 2002 (R$125 as of December 31, 2001) for which a provision has been recorded.

(d) Finsocial

In 1994, CEMIG was fined by the Secretaria da Receita Federal (the tax authority of the Federal Government) due to the Company's exclusion of State VAT in the Finsocial calculation, a social contribution tax on billing extinguished in 1992. The Company estimates that its potential exposure in this matter is approximately R$19 as of June 30, 2002 (R$19 as of December 31, 2001). This amount is fully provisioned.

(e) Others

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

(f) Contingencies for which a favorable outcome has been deemed probable

CEMIG has other relevant legal proceedings with respect to which the Company believes that a favorable outcome is probable, and therefore the Company has not recorded a provision for such claims. Certain details relating to these matters are as follows:

(i) Litigation involving FORLUZ with possible financial effect upon CEMIG

The Company is defending, with FORLUZ, a claim brought by SINDIELETRO that asserts that CEMIG failed to make certain allegedly obligatory cost-of-living increases in contributions to employee pension funds. The total amount sought in this claim is R$546. No reserve has been recorded for this claim because the Company believes that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related to such claim.

In addition, SINDILETRO has sued FORLUZ for R$230 relating to changes made to the pension fund's contribution adjustment index. No reserve has been recorded for this potential claim because the Company believes that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related to such claim.

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

On October 11, 2001, the Federal Government's tax authority issued a deficiency notice in the amount of R$218 arising from the utilization of tax credits that resulted from the amendment of the Company's 1997, 1998, 1999 and 2000 tax returns, to reduce taxable income. The tax returns were amended as a result of a change in accounting method for recording post-retirement benefit liabilities, as required by Brazilian accounting practices. The additional liability that resulted from the accounting change was attributed to the tax year that was amended, resulting in net operating tax loss and social contribution negative basis carryforwards. CEMIG is defending itself on the tax assessment notice in an administrative proceeding with the Federal Government. No reserve has been recorded as a result of this notice, as the Company believes that it has a meritorious defense and, consequently, does not expect to incur losses related to such claim.

The credits mentioned in the prior paragraph were offset by CEMIG from its federal tax obligations in 2001 and 2002. Due to this offset, CEMIG is exposed to additional penalties in the amount of R$116. No reserve has been recorded for this claim, as the Company believes

that it has a meritorious defense and, consequently, does not expect to incur losses related to such claim.

(iii) COFINS

The Company began contesting the payment of COFINS contributions beginning in 1992. As a result of a judicial ruling, the Company paid R$239 of accrued COFINS contribution on July 30, 1999. The Federal Government is claiming that the Company owes approximately R$117 in fines and interest relating to its non-payment of COFINS contributions. The Company is contesting such claims. No reserve has been recorded for this claim, as the Company believes that it has a meritorious defense and, consequently, does not expect to incur losses related to such claim.

(iv) Regulatory agency acts

ANEEL has brought an administrative proceeding against the Company, contesting a R$172 refund issued in 1995 by the Brazilian National Treasury. ANEEL alleges that this refund originated from a miscalculation of credits in the amount of rate shortfall receivable that was applied to reduce amounts owed to the Federal Government. On October 31, 2002, ANEEL issued a final administrative decision against the Company. The Company intends to appeal this decision in court. The Company believes that it has a meritorious defense and has therefore recorded no provision in respect of such claim.

On January 16, 2003, ANEEL sent a notice alleging that the Company had failed to obtain necessary ANEEL authorization relating to the Company's 5-year contract with Infovias, which relates to furnishing data and rendering services related to geotechnology matters. ANEEL may seek to impose a fine upon the Company relating to this claim. The maximum penalty applicable in respect of this claim is a fine in an amount equal to up to 2% of CEMIG's revenues during the 12-month period immediately prior to the imposition of the fine. The Company believes that it has a meritorious defense and has therefore recorded no provision in respect of such claim.

(v) Civil lawsuits - Consumers

Some consumers have brought civil claims against CEMIG contesting rate readjustments applied in prior years, including the special rate adjustment and Encargo de Capacidade Emergencial (the Emergency Capacity Charge) applied since 2002. The Company believes that it has a meritorious defense and has therefore recorded no provision in respect of such claims.

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

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17. SHAREHOLDERS' EQUITY

On April 30, 2002, at the shareholders' meeting, the following matters were approved:

- Capital increase in the amount of R$32, through the issuance of 3,154,321 new shares, as a result of the capitalization of the rate shortfall reserve. The new shares were distributed among the shareholders as a proportion to their participation in the capital prior to the issuance. As a result, the interest of the shareholders and the par value per share did not change. The change in the number of shares is as follows:

Thousands of shares	As of December 31, 2001	Issuance of new shares	As of April 30 2002
Preferred shares	89,504,020	1,775,631	91,279,651
Common shares	69,495,478	1,378,690	70,874,168
Total shares authorized and issued	158,999,498	3,154,321	162,153,819
Treasury stock	(67,783)	(1,345)	(69,128
Total shares outstanding	158,931,715	3,152,976	162,084,691

- Change in the Company's by-laws to establish new minimum dividend criteria, in accordance with changes in local corporate legislation. The preferred shares have priority in the repayment of capital and are entitled to a minimum dividend of at least the highest amount between 10% of the preferred capital on the Brazilian corporate law financial statements or 3% of participation of the preferred shares in the total shareholders equity on Brazilian Corporate Law financial statements.

In the six-month period ended June 30, 2002, the Company declared the following dividends and interest on capital:

	Six-month period ended June 30, 2002
Dividends	112
Interest on capital in lieu of dividends	119
Total	231

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18. NET OPERATING REVENUES

(a) The composition of electric energy supplied by consumer class is as follows:

	No of consumers		GWh	
	Six months ended June 30,		Six months ended June 30,	
	2002	2001	2002	2001
Residential	4,559,274	4,323,272	3,124	3,728
Industrial	68,110	65,311	10,794	11,556
Commercial	509,599	485,894	1,642	1,895
Rural	329,619	312,233	713	807
Governmental Entities	45,300	44,488	629	753
Public services	6,658	6,306	467	476
Own consumption	1,364	1,428	24	28
Unbilled, net	-	-	-	-
	5,519,924	5,238,932	17,393	19,243
Supply	4	5	159	318
Energy transactions on MAE	-	-	-	-
Total	5,519,928	5,238,937	17,552	19,561

(b) The composition of taxes on revenues is as follows:

Six months ended

	June 30, 2002	June 30, 2001
VAT	542	532
COFINS	85	79
PIS-PASEP social contribution	19	17
Emergency capacity charge	41	-
	687	628

19. OPERATING COSTS AND EXPENSES

Some of the operating costs and expenses consist of the following:

(a) Electricity purchased for resale

	Six months ended June 30, 2002	Six months ended June 30, 2001
Itaipu Binacional (through FURNAS)	475	452
From suppliers trough MAE	186	-
Initial contracts	75	59
From Other	3	1
	739	512

ANEEL has reduced the price of energy acquired from Itaipu by 13.18%, from US$ 20.1988 to US$ 17.5374 per kW, since October 23, 2002.

The energy traded on spot market in 2001 was accrued only in the fourth quarter of 2001, since MAE information necessary to record the estimates only became available at that time.

(b) Regulatory charges

	Six months ended June 30, 2002	Six months ended June 30, 2001
Global reserve for reversion quota	65	54

Fuel usage quota	160	156
Charges for use of water resources	22	21
ANEEL inspection fee	6	7
	253	238

(c) Other

	Six months ended June 30,	
	2002	2001
Insurance	1	2
Consumption - electric energy	6	5
Labor indemnity	2	3
Disposal of fixed assets, net	8	26
Grants and donations	7	6
Accrued liabilities for contingencies-		
Labor claims	6	(11)
Civil lawsuits - Consumers	5	3
Civil lawsuits - Other	(1)	15
Allowance for doubtful accounts	(3)	5
Provision for loss on deferred regulatory assets	12	-
Rentals	8	6
Advertising	11	13
Employees profit sharing	11	10
MAE Contribution	4	7
Technological and Scientific National Fund	5	5
General expenses	22	8
	104	103

20. FINANCIAL EXPENSES, NET

Financial expenses consists of the following:

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Financial income:
Investment income earned
Late charges on overdue electricity bills, recorded on cash basis
Interest and monetary restatement of account receivable from State Government
Monetary restatement on recoverable tax
Monetary restatement on deferred regulatory assets
Foreign exchange gains
Taxes on financial income (PASEP and COFINS)
Other income

Financial expenses:
Interest on financings
Foreign exchange losses
Monetary restatement on financing
Financial transaction tax ("CPMF")
Interest and fines on taxes
Advance billings of electric power
Other expenses

Financial expenses, net

Foreign exchange losses relate to the devaluation of the real relative to the US dollar. See notes 14 and 22 for the composition of foreign currency debt, variation of exchange rates of each foreign currency for each period presented and exposure to foreign exchange variation.

21. RELATED PARTY TRANSACTIONS

The Company enters into a variety of related party transactions, the main transactions are as follows:

(a) State Government

Account receivable and related financial income	Note 9 and 20
VAT - Liabilities	Note 13
VAT - Expense	Note 18

(b) FORLUZ

Employee post-retirement benefits related balances	Note 15

Other related party transactions are not material.

22. FINANCIAL INSTRUMENTS

The Company manages its financial instruments through periodic monitoring of positions, diversification of counterparties and establishment of credit limits by counterparty.

Financial instruments, which potentially subject CEMIG to concentrations of credit risk, are cash and cash equivalents, restricted investments and accounts receivable. CEMIG limits its credit risk associated with cash and cash equivalents and restricted investments by placing its investments with highly rated financial institutions generally in short-term securities. The credit risk associated with accounts receivable from residential consumers is limited by CEMIG's policy of interrupting the supply of electricity if payment becomes in arrears. With respect to larger industrial and commercial consumers CEMIG limits its credit risk by performing ongoing credit evaluations and, in certain cases, obtaining guarantees or collateral for impaired receivables. The Company's customers are primarily located in the State of Minas Gerais, although distributed among a wide variety of economic sectors.

The Company's short term investments related to marketable securities issued by third parties are as follows:

I. CEMIG has debentures issued by financial institutions, in the amount of R$39. These securities have immediate call clauses exercisable by the Company, without penalty or loss. These securities have interest rates based on the variation of the Brazilian Interbank Certificate of Deposit - CDI rate.

II. The swap transactions of CEMIG, in the amount of R$28, are purchased from financial institutions through the transfer of public or private securities issued by third parties. These securities have repurchase clauses. The interest rate is based on the CDI. CEMIG has the right to call for early redemption of these securities without penalty or loss.

The Company's exposure to exchange rate risks is as follows:

	June 30, 2002	December 31, 2001 (Audited)
US Dollar		
Financings	1,710	1,25
Advanced sale of electric energy	12	4
(-) Escrow deposit related to loans and financing	(226)	(133
	1,496	1,16
Other Currencies		
Financings	96	8

Net liabilities exposed to exchange rate risk	1,592	1,24

After 2001, the effects of the exchange rate variation on the liabilities related to the energy purchase from Itaipu Binacional are included in the Parcel "A" costs and will be considered in the subsequent rate adjustments.

23. INSURANCE

The Company's insurance policies covering damages to its power plants caused by fire and operational risks such as equipment failures expired on December 31, 2001. The Company is soliciting bids from insurance carriers for new insurance policies to cover these risks.

CEMIG does not have general third party liability insurance covering accidents and has not solicited bids relating to this type of insurance. In addition, the Company has not solicited bids for, nor does it carry, insurance coverage for major catastrophes affecting its facilities such as earthquakes and floods, for business interruption risk or systemic failures.

The Company has not experienced significant losses arising from the aforementioned risks.

24. SHAREHOLDERS' AGREEMENT

In 1997, the State of Minas Gerais sold approximately 33% of the Company's common shares to a group of investors led by Southern Electric Brasil Participacoes Ltda. ("Southern"). As part of this sale, the State of Minas Gerais and Southern entered into a shareholders' agreement that provided for, among other matters, special quorum requirements to approve significant corporate actions, certain amendments to CEMIG's by-laws, the issuance of convertible debentures and warrants, changes to the Company's corporate structure and any distribution of dividends other than that required by the by-laws. This agreement granted Southern a veto right over certain important corporate decisions.

On September 13, 1999, the State of Minas Gerais filed a lawsuit to nullify this shareholders' agreement on the grounds that it violated the state and federal constitutions because the special quorum provisions would constitute an unlawful transfer of the control of CEMIG to Southern.

On September 27, 1999, the Minas Gerais State Court of Appeals granted a legal injunction suspending the effects of the special quorum provisions, pending the outcome of the lawsuit.

In March 2000, the lower court rendered a decision declaring the shareholders' agreement null and void.

On August 7, 2001, the Minas Gerais State Court of Appeals upheld the March 2000 lower court ruling declaring the shareholders' agreement null and void.

Southern has appealed the Court's decision and their appeal is still pending.

25. CORPORATE REORGANIZATION

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

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

The State Government, the controlling shareholder, assuming that the "unbundling" must be previously approved by Minas Gerais State Legislature, submitted to the Legislature, on March 2, 2001, a bill proposing the restructuring of the Company into three companies. This legislation has not yet been approved and the reorganization process has not yet been completed. Additionally, the Company has submitted an extension date request to ANEEL, which has not yet been answered.

On November 11, 2002, ANEEL fined the Company in the amount of R$6, because CEMIG had not concluded the "unbundling". No reserve has been recorded for this claim, as the Company believes it has

a meritorious defense against the fine and any other possible penalties that may be imposed regarding this matter.

26. SUBSEQUENT EVENTS

(a) 2002 dividend declared

On December 19, 2002, the Board of Directors approved interest on capital in lieu of dividend for 2002 in the amount of R$100.

(b) Loan obtained from BNDES for settlement of MAE transactions

On February 7, 2003, CEMIG obtained a loan from BNDES, in the amount of R$335. The loan bears interest of 1% per year and monetary variation based on SELIC. It will be paid through 60 monthly installments from March 15, 2003 to February 15, 2008 and is guaranteed by 3.27% of the Company's monthly electricity sales to final customers.

(c) Periodic Rate Review

The Periodic Rate Review represents the revision of the rates granted to the distribution electricity concessionaires to assure the financial-economic equilibrium of the existing concession contracts. The Period Rate Review occurs every 4 or 5 years, depending on each concession contract (5 years for

CEMIG). In the rate definition, ANEEL considers the Company's structural changes occurred in its costs and its market and the desirable return on its investments.

CEMIG's energy rates increased by an average of 31.5% on April 8, 2003, as a result of the Company's Periodic Rate Review.

(d) Financial covenants

As of March 31, 2003, some of the Company's loan, financing and debenture contracts, in the total amount of R$511, of which R$329 are classified as long-term liabilities, contain covenants that, in case of noncompliance, may cause amounts due under the contracts to become immediately due. In addition, the Company also has financing contracts that contain cross-default clauses. The Company has obtained waivers from the creditors that are parties to contracts that contain covenants with respect to which the Company is not in compliance, which waivers state that such creditors will not exercise their rights to demand either anticipated or immediate payment of the total amounts due. The waivers are in force as of December 31, 2002, March 31, 2003 and, for most contracts, June 30, 2003. The Company believes that the noncompliance with the covenants was eventual and that its 2003 operation will lead to their compliance. Loans, financings and debentures are classified as current and long-term liabilities according to the original contract terms, in compliance with the waivers obtained.

Additionally, the Company is performing analysis regarding the covenants compliance of the Infovias financing, in the total amount of R$125 of which R$101 are classified as long-term liabilities as of March 31, 2003, and has not yet reached a final conclusion. The financing is classified as current and long-term liabilities according to the original contract terms.

(e) Significant exchange variation after June 30, 2002

From June 30, 2002 to December 31, 2002, the real depreciated significantly against the US dollar, which has had a negative effect on the Company's net earnings in 2002 year. The Company recorded exchange losses of approximately R$400 in the second half of 2002, as the depreciation resulted in a decrease in financial income. From June 30, 2002 to December 31, 2002, the real depreciated 24.22% as compared to the U.S. dollar.

After December 31, 2002, the real appreciated significantly against the US dollar, which has had a positive effect on the Company's net earnings in 2003 year. The Company recorded exchange gains of approximately R$356 in the four-month period ended April 30, 2003, as the appreciation resulted in an

increase in financial income. From December 31, 2002 to April 30, 2003, the real appreciated 18.21% as compared to the U.S. dollar.

(f) Recovery of additional "A" Parcel costs from April 8, 2003 to April 7, 2004

The Federal Government, through Executive Act No. 116, issued on April 4, 2003, postponed for 12 months the reimbursement of the Parcel "A" costs relating to the period from April 8, 2002 to April 7, 2003, initially scheduled to be received on April 8, 2003. Additionally, the same Executive Act established that the Parcel "A" costs with respect to which reimbursement was postponed, in addition to the Parcel "A" costs to be recorded during the 12-month period beginning April 8, 2003, will be reimbursed through an increase in the electric energy rate for 24 months, starting with the rate adjustment that will be in force as from April 8, 2004. Therefore, the Parcel "A" costs balances, recorded as Deferred regulatory assets as of June 30, 2002, were classified as current and other assets considering the new expected realization period.

27. RECENTLY ISSUED U. S. GAAP PRONOUNCEMENTS

In June 2001, the FASB issued SFAS 143, "Accounting for Asset Retirement Obligations". SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. Under SFAS 143, the liability for an asset retirement obligation is discounted and accretion expense is recognized using the credit-adjusted risk-free interest rate in effect when the liability was initially recognized. In addition, disclosure requirements contained in SFAS 143 will provide more information about asset retirement obligations. SFAS 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002 with earlier application encouraged. The implementation of this statement did not result in a significant impact to the Company's consolidated financial statements.

In April 2002, the FASB issued SFAS 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13 and Technical Corrections." SFAS 145 rescinds SFAS 4, "Reporting Gains and Losses from Extinguishment of Debt," which required that all gains and losses from extinguishment of debt to be aggregated and classified as an extraordinary item if material. SFAS 145 requires that gains and losses from extinguishment of debt be classified as extraordinary only if they meet criteria in APB 30, thus distinguishing transactions that are part of recurring operations from those that are unusual or infrequent, or that meet the criteria for classification as an extraordinary item. SFAS 145 amends SFAS 13, "Accounting for Leases", to require that lease modifications that have economic effects similar to sale-leaseback transactions be accounted for in the same manner as sale-leaseback transactions. In addition, SFAS 145 rescinds SFAS 44, "Accounting for Intangible Assets of Motor Carriers," and SFAS 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements," which are not currently applicable to the Company. The provisions of SFAS 145 as they relate to the rescission of SFAS 4 shall be applied in fiscal year 2003. Certain provisions related to SFAS 13 are effective for transactions occurring after May 15, 2002. The implementation of this statement did not result in a significant impact to the Company's consolidated financial statements.

In June 2002, FASB issued SFAS 146 "Accounting for costs associated with Exit or Disposal Activities". This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The principal difference between this Statement and EITF 94-3 relates to its requirements for recognition of a liability for a cost associated with an exit or disposal activity. This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3, a liability for an exit cost was recognized at the date of an entity's commitment to an exit plan. A fundamental conclusion reached by the Board in this Statement is that an entity's commitment to a plan, by itself, does not create a present obligation to others that meets the definition of a liability. This Statement also establishes that fair value is the objective for initial measurement of the liability. This Statement improves financial reporting by requiring that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value only when the liability is incurred. The accounting for similar events and circumstances will be the same, thereby improving the comparability and representational faithfulness of reported financial information. The provisions of this

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UNAUDITED

Statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. The Company does not expect that the adoption of SFAS 146 will have a significant impact on its consolidated results of operations, financial position or cash flows.

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Item 8

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2002 (THE "2002 INTERIM PERIOD") COMPARED TO THE SIX MONTH PERIOD ENDED JUNE 30, 2001 (THE "2001 INTERIM PERIOD").

Net operating revenues

Net operating revenues increased 14.4% to R$2,307 million in the 2002 Interim Period from R$2,016 million in the 2001 Interim Period due primarily to the recording of additional revenue from the regulatory extraordinary rate adjustment, which is intended to reimburse revenue losses incurred as a result of the Electricity Rationing Plan and related spot market transactions.

In the 2002 Interim Period, we recorded revenue relating to the regulatory extraordinary rate adjustment in the amount of R$174 million, in accordance with the terms of the General Agreement of the Electricity Sector, which provides for reimbursement of revenue losses incurred during the period of the Electricity Rationing Plan and related spot market transactions through special rate increases to be billed to final customers, and in accordance with consensus described on Emerging Issues Task Force EITF 92 07, "Accounting by Rate Regulated Utilities for the Effects of Certain Alternative Revenue Programs", which establishes a 24 month period limit for collection of the recovery of revenue losses incurred during the Energy Rationing Plan. See Note 3 to our interim financial statements.

Electricity sales to final customers were R$2,543 million in the 2002 Interim Period representing a 2.4% increase compared to R$2,483 million in the 2001 Interim Period. This increase resulted from the net effect of an increase in the average rate and a decrease in the volume of electricity sales to final customers. There was a 13.3% increase in the average rate in the 2002 Interim Period to R$146.41 per MWh compared to R$129.22 per MWh in the 2001 Interim Period as a result of rate increases of 16.5% in April 2001 (full effect in 2002) and 10.5% in April 2002. The positive effect of the rate increases was partially offset by a 9.6% decline in volume of electricity sales to final customers due to (i) the Electricity Rationing Plan in force in January and February of 2002; (ii) new patterns of final customer consumption after the end of the Electricity Rationing Plan on March 1, 2002, and (iii) a decline in Brazil's economy in 2002 year. The most representative markets, industrial, residential and commercial consumers decreased 6.6%, 16.2% and 13.4% respectively, during the 2002 Interim Period. See Note 18 to our interim financial statements.

Electricity sales to the interconnected power system were R$110 million in the 2002 Interim Period compared to R$18 million in the 2001 Interim Period. This increase resulted from higher rates associated with energy transactions on the Mercado Atacadista de Energia (Wholesale Electricity Spot Market), or MAE during the period in which the Electricity Rationing Plan was in force as well as the absence of a method to account for electricity sales to the interconnected power system in the first six months of 2001, since the MAE information necessary to record the estimates only became available in the fourth quarter of 2001.

Revenues from use of the Basic Transmission Network by other concessionaires increased 9.6% to R$80 million in the 2002 Interim Period from R$73 million in the 2001 Interim Period. This change was due primarily to an 11.6% rate increase in July 2001.

Other operating revenues increased 24.3% to R$87 million in the 2002 Interim Period from R$70 million in the 2001 Interim Period due primarily to a R$11 million increase in revenues from GASMIG, our subsidiary, reflecting 21.1% period over period growth, and R$3 million in revenue from Infovias relating to telecommunications services rendered in the 2002 Interim Period.

Taxes on revenues increased 9.4% to R$687 million in the 2002 Interim Period from R$628 million in the 2001 Interim Period as a result of the increase in our operating revenues in the 2002 Interim Period as compared to the 2001 Interim Period and as a result of the VAT billed to the customers related to the billed extraordinary rate adjustment. Taxes on revenues consist of: (i) VAT, assessed at an average rate of 21% on electricity sales to final customers, and VAT billed to customers related to the deferred regulatory assets; (ii) COFINS, assessed at a rate of 3%; (iii)

PASEP, assessed at a rate of 0.65%; and (iv) emergency capacity charge, a new charge established in 2002 which is prorated among final consumers of electric energy, and which relates to the acquisition of energy and contracted generation capacity by CBEE (The Brazilian Emergency Energy Trader). See Notes 3 and 18 to our interim financial statements.

Operating costs and expenses

Operating costs and expenses increased 12.4% to R$2,151 million in the 2002 Interim Period from R$1,914 million in the 2001 Interim Period, principally as a result of increases in electricity purchased for resale, depreciation and amortization and regulatory charges, partially offset by decreases in personnel and employee post retirement benefits.

Electricity purchased for resale consists primarily of purchases from Itaipu through Furnas Centrais Eletricas S.A., or Furnas. We are required under applicable regulations to purchase 17.0% of Itaipu's capacity at U.S. dollar denominated prices. We also purchase electricity from the MAE and Furnas itself. Electricity purchased for resale increased 44.3% to R$739 million in the 2002 Interim Period from R$512 million in 2001 Interim Period due mainly to the R$186 million provision related to energy purchased from the MAE during the 2002 Interim Period. The energy purchased on the MAE in the 2001 Interim Period was accrued only in the fourth quarter of 2001, since the MAE information necessary to record the estimates only became available at that time. See Note 19 to our interim financial statements.

Charges for use of the Basic Transmission Network mainly correspond to the cost of transporting electricity purchased from Itaipu and increased 7.6% to R$142 million in the 2002 Interim Period compared to R$132 million in the 2001 Interim Period principally as a result of a rate increase in July 2001, partially offset by a decline in the volume of energy transported through the network due to the Electricity Rationing Plan that was in force in January and February 2002.

Depreciation and amortization increased 8.3% to R$340 million in the 2002 Interim Period from R$314 million in the 2001 Interim Period as a result of the entry into service of additional distribution and transmission networks and lines.

Personnel expense decreased 13.6% to R$248 million in the 2002 Interim Period compared to R$287 million in the 2001 Interim Period as a result of the R$33 million provision recorded relating to our Voluntary Resignation Program in March 2001 and an increase in amounts transferred to Property, Plant and Equipment under Construction in Progress in the 2002 Interim Period.

Regulatory charges increased 6.3% to R$253 million in the 2002 Interim Period from R$238 million in the 2001 Interim Period due primarily to an increase of R$11 million in required contributions to the RGR Fund (a reserve fund created by the Brazilian Congress that provides compensation to electricity companies for certain assets used in connection with their concessions if their concessions are revoked or not renewed) to R$65 million in the 2002 Interim Period compared to R$54 million in the 2001 Interim Period. See Note 19 to our interim financial statements.

Third party services expense increased 6.7% to R$112 million in the 2002 Interim Period compared to R$105 million in the 2001 Interim Period primarily due to the increase in expenses relating to bill collection services as a result of readjustments to contracts based on inflationary indices.

Employee post retirement benefits decreased 11.8% to R$134 million in the 2002 Interim Period compared to R$152 million in the 2001 Interim Period as a consequence of a lower projected net periodic cost for 2002 as a result of a higher expected return on plan assets. See Note 15 to our interim financial statements.

Other expenses increased 1.0% to R$104 million in the 2002 Interim Period from R$103 million in the 2001 Interim Period due mainly to a provision of R$12 million in the 2002 Interim Period for expected loss on deferred regulatory assets, partially offset by net losses of R12 million in the 2002 Interim Period relating to the disposal of fixed assets compared to a R26 million provision relating to the disposal of fixed assets in the 2001 Interim Period. See Note 19 to our interim financial statements.

Operating income

As a result of the foregoing, there was operating income of R$156 million in the 2002 Interim Period compared to operating income of R$102 million in the 2001 Interim Period.

Financial expenses, net

Financial expenses, net, includes (i) financial income, which is mainly comprised of interest and monetary restatement of our account receivable from the State Government, investment income, late charges on overdue electricity bills, monetary restatement of recoverable tax, foreign exchange gains, monetary restatement of deferred regulatory assets, and (ii) financial expense, which is mainly comprised of interest expense on loans and financing, the Contribuicao Provisoria sobre a Movimentacao ou Transmissao de Valores e de Creditos e Direitos de Natureza Financeira (a financial transaction tax), or CPMF, interest and fines on taxes, foreign exchange losses, monetary restatement losses and other expenses. Financial expenses, net, were R$234 million in the 2002 Interim Period compared to financial expenses of R$155 million in the 2001 Interim Period. The main changes were an increase of R$114 million in foreign exchange net losses resulting from the 22.6% devaluation of the real against the U.S. dollar in the six month period ended June 30, 2002 compared to a 17.9% devaluation of the real against the U.S. dollar in the 2001 Interim Period and a R$63 million increase in interest and monetary restatement on loans and financing, partially offset by a R$66 million increase in income from temporary cash investments due to higher cash and cash equivalents and restricted short term investments in the 2002 Interim Period, by income from cash investments denominated in U.S. Dollars and by financial income in the amount of R$58 million as a result of the monetary restatement on deferred regulatory assets. See Notes 3, 6, 7, 14 and 20 to our interim financial statements.

Income taxes

Income taxes were benefit of R$63 million on pre tax loss of R$78 million in the 2002 Interim Period compared to benefit of R$47 million on pre tax loss of R$53 million in the 2001 Interim Period. A deduction of R$39 million in the 2002 Interim Period with respect to interest on capital helped to add the amount provisioned for income tax benefit in 2002. See Note 5 to our interim financial statements.

Minority interests

Minority interests were R$9 million, mainly related to the operation of Infovias which was included in the consolidated financial statements as from June 30, 2002.

Net loss

As a result of the foregoing, we had a net loss of R$6 million in both the 2002 Interim Period and the 2001 Interim Period.

Other comprehensive income (loss)

Other comprehensive income (loss) was loss of R$1 million in the 2002 Interim Period compared to income of R$9 million in the 2001 Interim Period as a result of the change in the fair value (unrealized gain / losses) of the available for sale securities recognized in shareholders' equity.

Comprehensive income (loss)

As a result of the factors stated above, comprehensive loss was R$7 million in the 2002 Interim Period compared to comprehensive income of R$3 million in the 2001 Interim Period.

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Companhia Energetica de Minas Gerais CEMIG

Refiled Interim Financial Statements
Together with Independent Accountants' Report on Special Review
(Translated from the Original in Portuguese)

September 30, 2002

Item 9

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

INDEPENDENT ACCOUNTANTS REPORT ON SPECIAL REVIEW

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

1. We have performed a special review of the quarterly information, presented in Brazilian reais R$, of Companhia Energetica de Minas Gerais CEMIG and subsidiaries, as of September 30, 2002, and for the nine months and quarter then ended, prepared under responsibility of the Company's management, in accordance with accounting practices established by Brazilian corporate law, comprising the individual (Company) and consolidated balance sheets, the individual (Company) and consolidated statements of income, management's discussion and analysis and relevant information.

2. We conducted our review in accordance with specific standards established by the Brazilian Institute of Independent Accountants (IBRACON), together with the Federal Accounting Council, which consisted principally of: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company and its subsidiaries as to the principal criteria adopted in the preparation of

the quarterly information, and (b) review of the information and subsequent events that had or might have had significant effects on the Company's and its subsidiaries' financial positions and results of operations.

3. In our special review report originally issued on November 29, 2002, on the Company's quarterly information as of September 30, 2002, we mentioned that it was impossible to conclude the realization of accounts receivable from the Government of the State of Minas Gerais, arising from the remaining credit balance of the recoverable deficit account CRC. As mentioned in Note 8, the Company renegotiated this credit with the Minas Gerais State Government, including receiving a guarantee represented by dividends to which the State Government is entitled as a shareholder, for part of the credit, and recognized an allowance for losses on the remaining portion, in the amount of R$1,045,325,000. As mentioned in Note 2, as a result of the recognition of this allowance, the quarterly information as of September 30, 2002 is being presented on a revised basis by the Company. As discussed in Note 29, this revised presentation also includes information on the status of the Company's rights and obligations within the context of the Mercado Atacadista de Energia (Wholesale Energy Market) or MAE. As a result, this report on our special review differs from that originally issued on November 29, 2002.

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

5. As mentioned in Note 28 to the quarterly information as of September 30, 2002, the Company does not have, at the present time, conditions to honor the commitment assumed by its controlling shareholders, through the concession agreements signed with the granting authority, regarding the corporate reorganization of its activities resulting in the "unbundling" of its generation, transmission and distribution operations into separate subsidiaries. The deadline, established by the National Electric Energy Agency (ANEEL), for completion of the "unbundling" process was September 21, 2002. The Company has submitted an extension request to ANEEL to which ANEEL has not yet responded. The Minas Gerais State Government has submitted this matter to the Minas Gerais Legislative Assembly, which has not yet taken action. The Company, based on the opinion of its internal and external legal counsel, believes it has strong arguments to defend itself against possible penalties to be imposed by the granting authority regarding this matter.

6. As mentioned in Notes 3 and 11 to the quarterly information, the Company has recorded, as of September 30, 2002, accounts receivable from consumers in noncurrent assets, in the amount of R$508,639,000, and obligations with generating companies in long term liabilities, in the amount of R$473,017,000, related to amounts to be collected by the Company and transferred to the generating companies. Additionally, the Company has recorded, as of September 30, 2002, accounts receivable from

distribution companies, in noncurrent assets, in the amount of R$615,771,000, related to amounts to be collected by such distributors and transferred to the Company. These assets and liabilities result from the reimbursement to generating companies of costs incurred for energy traded on the spot market during the Emergency Electricity Rationing Program period, from June 1, 2001 to February 28, 2002. The transactions above were recorded based on information made available by the Wholesale Energy Market (MAE). These amounts are subject to changes, contingent on the outcome of the litigation currently in progress, filed by market agents, concerning the interpretation of the market rules in force, and the definitive confirmation of such information by ANEEL.

7. As mentioned in Note 14 to the quarterly information, the Company has recorded, as of September 30, 2002, obligations in current liabilities, in the amount of R$819,939,000, related to energy purchased in the spot market (MAE) and System Service Charges, covering the period from September 1, 2000 to September 30, 2002. These transactions were recorded based on information made available by the MAE for the period from September 1, 2000 to February 28, 2002, and based on estimates developed by management for the period from March 1, 2002 to September 30, 2002. These amounts are subject to changes, depending on confirmation by the MAE and contingent on the outcome of the litigation currently in progress, filed by market agents, concerning the interpretation of the market rules in force. Full settlement of these amounts depends on the financial capacity of the companies in the sector to honor their commitments.

8. Executive Act No.14, issued on December 21, 2001 and converted into Law No. 14,438 on April 26, 2002, regulates, among other matters, recovery of the economic and financial equilibrium of Brazilian companies in the electric energy sector, as guaranteed under the concession agreements. Detailed information and the impacts of such regulation on financial position and result of operations of the Company are disclosed in Note 3 to the quarterly information. The realization of the balances recorded as (i) accounts receivable related to the recovery of the reduction in sales during the Electricity Rationing Plan period; (ii) energy traded on the MAE as described in paragraph (5) above and, (iii) prepaid expenses related to tariff adjustments and "Parcel A" cost variations (CVA), is occurring through billings to consumers beginning January 2002, by applying an extraordinary tariff increase, approved by the granting authority in December 2001, as well as through future tariff revisions.

9. The individual (Company) and consolidated balance sheets as of June 30, 2002, presented for comparative purposes, were reviewed by us, as set forth in our special review report originally issued on August 14, 2002, and re issued on January 21, 2003, which contained emphasis comments on the recording of assets and liabilities arising from (a) accounts receivable related to the recovery of the reduction in sales during the Electricity Rationing Plan period, (b) energy traded on the spot market, and (c) prepaid expenses related to the tariff adjustments and "Parcel A" cost variations (CVA), which were recorded based on preliminary information and management estimates and were pending final confirmation by ANEEL. The individual (Company) and consolidated statements of income for the

quarter and nine month period ended September 30, 2001 were reviewed by other independent accountants whose report thereon dated November 1, 2001, included the following comments: (i) qualification as to unrecorded transactions for energy traded on the MAE, from May 1, 2001 to September 1, 2001, (ii) emphasis of a matter about the negotiations between the Company and the Minas Gerais State Government in order to resolve the payment delay of the recoverable deficit account CRC, and (iii) emphasis of a matter concerning the early adoption, effective January 1, 2001, of the standards and accounting for employee post retirement benefit obligations related to supplementary pension plans, life insurance are health plans, in conformity with CVM Instruction No. 371/2000.

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

Belo Horizonte, November 29, 2002
(except for the matters discussed in Notes 2, 8 and 29, and in paragraph 3 above, as to which the date is January 21, 2003)

DELOITTE TOUCHE TOHMATSU
Independent Accountants

Jose Carlos Amadi
Engagement Partner

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

COMPANHIA ENERGETICA DE MINAS GERAIS-CEMIG

UNAUDITED BALANCE SHEETS
SEPTEMBER 30, 2002 AND JUNE 30, 2002
(Expressed in thousands of Brazilian reais-R$)

A S S E T S

	Consolidated		
	September 30, 2002	June 30, 2002	September 2002
CURRENT ASSETS:			
Cash and cash equivalents	415,973	424,313	348,4
Accounts receivable	771,036	704,922	757,7
Consumers-Special rate adjustment	264,670	248,751	264,6
Concessionaires-Energy transportation	20,496	16,844	20,4

Recoverable taxes	131,771	127,772	114,4
Materials and supplies	17,458	14,559	12,0
Prepaid expenses-CVA	136,131	65,805	136,1
Other	157,109	114,702	157,9
	1,914,644	1,717,668	1,811,8
NONCURRENT ASSETS:			
Receivable from Minas Gerais State Government	626,466	544,106	626,4
Consumers-Special rate adjustment	1,349,013	1,353,340	1,349,0
Prepaid expenses- CVA	220,309	148,165	220,3
Tax credits	682,176	536,132	655,6
Marketable securities	56,645	68,287	56,6
Electricity Rationing Plan-Bonus paid to consumers and adoption costs incurred	96,592	209,660	96,5
Distributors-Energy supply	615,771	121,215	615,7
Project studies based on service rendered	25,999	25,999	25,9
Other	206,305	188,399	190,5
	3,879,276	3,195,303	3,836,9
PERMANENT ASSETS:			
Investments	504,491	456,597	1,021,3
Property, plant and equipment	7,838,323	7,725,293	7,254,6
Deferred charges	24,696	19,870	1,2
	8,367,510	8,201,760	8,277,2
Total assets	14,161,430	13,114,731	13,926,0

The accompanying condensed notes are an integral part of these financial stateme

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

COMPANHIA ENERGETICA DE MINAS GERAIS-CEMIG

UNAUDITED BALANCE SHEETS
SEPTEMBER 30, 2002 AND JUNE 30, 2002
(Expressed in thousands of Brazilian reais-R$)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Consolidated		
	September 30, 2002	June 30, 2002	September 2002
SHORT TERM LIABILITIES:			
Suppliers	1,282,446	684,159	1,259,998
Taxes payable	270,999	428,418	252,099
Loans and financing	944,583	437,927	909,843
Payroll and related charges	113,263	98,936	112,074
Dividends and interest on capital	138,833	315,437	138,833
Employee post retirement benefits	158,149	167,015	158,149
Regulatory charges	68,836	49,235	68,776
Other	89,758	95,459	88,408
	3,066,867	2,276,586	2,988,180
LONG TERM LIABILITIES:			
Loans and financing	1,876,368	1,669,481	1,756,575
Debentures	721,957	654,984	721,957
Employee post retirement benefits	1,737,556	1,726,721	1,737,556
Suppliers	473,017	450,761	473,017
Electricity Rationing Plan- Surcharge applied to consumers	-	25,002	-
Reserve for contingencies	334,943	321,409	334,943
Taxes payable	217,996	-	217,996
Other	65,453	65,831	64,051
	5,427,290	4,914,189	5,306,095
MINORITY INTEREST	35,462	36,436	-
SHAREHOLDERS' EQUITY:			
Capital	1,621,538	1,621,538	1,621,538
Capital reserves	4,074,949	4,074,949	4,074,949
Income reserves	1,154,136	1,153,736	1,154,136
Accumulated deficit	(1,245,935)	(989,826)	(1,245,935)
	5,604,688	5,860,397	5,604,688
Funds for future capital increase	27,123	27,123	27,123
	5,631,811	5,887,520	5,631,811
Total liabilities and shareholders equity	14,161,430	13,114,731	13,926,086

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

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED STATEMENTS OF INCOME
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2002 AND 2001
(Expressed in thousands of Brazilian reais-R$, except for per share data)

	Consolidated		C
	Nine month periods ended September 30,		Nine mo ended S
	2002	2001 (reclassified)	2002
	R$	R$	R$
OPERATING REVENUES:			
Electricity sales	4,431,993	3,542,787	4,402,485
Special rate adjustment	268,913	-	268,913
Other operating revenues	304,310	269,009	193,697
	5,005,216	3,811,796	4,865,095
DEDUCTIONS FROM OPERATING REVENUES:	(1,184,545)	(960,773)	(1,172,408
Net operating revenues	3,820,671	2,851,023	3,692,687
OPERATING EXPENSES:			
Personnel	(398,328)	(428,269)	(391,927
Materials and supplies	(52,316)	(47,616)	(50,873
Outside services	(179,556)	(167,215)	(173,978
Charges for use of water resources	(34,200)	(28,101)	(33,502
Electricity purchased for resale	(1,455,041)	(815,005)	(1,455,041
Use of basic transmission network	(219,953)	(205,303)	(219,953
Depreciation and amortization	(408,388)	(383,805)	(387,376
Employee post-retirement benefits	(162,748)	(150,794)	(162,748
Operating provisions	(28,032)	(31,652)	(28,032
Fuel consumption quota-CCC	(252,373)	(244,527)	(252,373
Gas purchased for resale	(75,568)	(52,581)	-
Other	(118,465)	(135,673)	(111,747
	(3,384,968)	(2,690,541)	(3,267,550
Income from operations before equity in subsidiaries and financial income (expenses)	435,703	160,482	425,137
EQUITY IN SUBSIDIARIES	-	-	(15,778
FINANCIAL INCOME (EXPENSES)			

Financial income	759,506	332,252	751,344
Financial expenses	(1,516,352)	(697,521)	(1,457,734
	(756,846)	(365,269)	(706,390
Loss from operations	(321,143)	(204,787)	(297,031
NON OPERATING EXPENSES, NET	(1,064,866)	(61,545)	(1,064,287
Loss before taxes on income and employee profit sharing	(1,386,009)	(266,332)	(1,361,318
Income and social contribution tax credits	126,809	85,768	112,279
Employee profit sharing	(21,903)	(13,651)	(21,866
Reversal of interest on capital	120,000	-	120,000
Loss before minority interest	(1,161,103)	(194,215)	(1,150,905
MINORITY INTEREST	10,198	(406)	-
NET LOSS FOR THE PERIOD	(1,150,905)	(194,621)	(1,150,905
NUMBER OF THOUSAND OF SHARES	162,084,691	158,931,714	162,084,691
LOSS PER SHARE-R$	(0,00710)	(0,00122)	(0,00710)

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

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

COMPANHIA ENERGETICA DE MINAS GERAIS-CEMIG

UNAUDITED STATEMENTS OF INCOME
FOR THE QUARTERS ENDED SEPTEMBER 30, 2002 AND 2001
(Expressed in thousands of Brazilian reais-R$, except for per share data)

	Consolidated		C
	Quarter ended September 30,		Q ended S
	2002	2001 (reclassified)	2002
	R$	R$	R$

OPERATING REVENUES:			
Electricity sales	1,839,169	1,042,133	1,829,503
Special rate adjustment	7,488	-	7,488
Other operating revenues	121,306	89,685	76,492
	1,967,963	1,131,818	1,913,483
DEDUCTIONS FROM OPERATING REVENUES:	(428,642)	(278,091)	(424,316
Net operating revenues	1,539,321	853,727	1,489,167
OPERATING EXPENSES:			
Personnel	(133,146)	(125,205)	(130,238
Materials and supplies	(18,153)	(14,251)	(17,399
Outside services	(67,820)	(62,224)	(66,284
Charges for use of water resources	(12,024)	(7,020)	(11,871
Electricity purchased for resale	(792,804)	(302,924)	(792,804
Use of basic transmission network	(77,745)	(73,477)	(77,745
Depreciation and amortization	(137,545)	(130,261)	(129,647
Employee post retirement benefits	(54,249)	(50,264)	(54,249
Operating provisions	(19,613)	(17,676)	(19,613
Fuel consumption quota-CCC	(92,369)	(88,268)	(92,369
Gas purchased for resale	(30,509)	(14,215)	-
Other	(43,206)	(41,811)	(39,928
	(1,479,183)	(927,596)	(1,432,147
Income (loss) from operations before equity in subsidiaries and financial income (expenses)	60,138	(73,869)	57,020
EQUITY IN SUBSIDIARIES	-	-	(15,498
FINANCIAL INCOME (EXPENSES)			
Financial income	379,204	142,217	376,185
Financial expenses	(829,220)	(338,484)	(797,910
	(450,016)	(196,267)	(421,725
Loss from operations	(389,878)	(270,136)	(380,203
NON OPERATING EXPENSES, NET	(5,694)	(35,064)	(5,115
Loss before taxes on income and employee profit sharing	(395,572)	(305,200)	(385,318
Income and social contribution tax credit	149,169	100,666	140,421
Employee profit sharing	(11,249)	(4,125)	(11,212
Loss before minority interest	(257,652)	(208,659)	(256,109
MINORITY INTEREST	1,543	(114)	-
NET LOSS FOR THE PERIOD	(256,109)	(208,773)	(256,109
NUMBER OF THOUSAND OF SHARES	162,084,691	158,931,714	162,084,691
LOSS PER SHARE-R$	(0.00158)	(0.00131)	(0.00158)

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

Item 9

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

UNAUDITED CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2002
(Amounts expressed in thousands of Brazilian reais-R$, unless otherwise indicated)

1) THE COMPANY AND ITS OPERATIONS

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

The Company has equity interests in the following companies:

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

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

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

o Empresa de Infovias S.A. ("Infovias") (94.89% interest)-Its principal activities are rendering telecommunications services and developing activities related thereto, through integrated systems using optical fiber cable, coaxial cable, electronic equipment and other (multiservice networks). Infovias owns 51% of the capital stock of Way TV Belo Horizonte S.A., a cable TV and internet services provider in certain cities in the State of Minas Gerais.

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

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

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

- Efficientia S.A.-Its principal activities are rendering efficiency, optimization and energetic solutions services through developing and executing projects, and providing operation and maintenance services in energy supply facilities.

2) PRESENTATION OF THE FINANCIAL STATEMENTS

(a) Basis of consolidation

In the current period, the consolidated financial statements include the financial statements of Horizontes Energia S.A. and Efficientia S.A., as a result of the payment of capital by CEMIG to these entities, in the third quarter of 2002, through the transfer of fixed assets and cash.

The accounting practices, methods and criteria used by the Company in the preparation of these quarterly financial statements are consistent with those applied in the financial statements as of and for the year ended December 31, 2001.

(b) Reclassification of account balances

In order to conform to the current presentation, the Company reclassified certain 2001 balances, as follows:

Original Account	Reclassified Account	Consolidated
Employee post retirement benefits		
Financial expenses-FORLUZ debt	Operating expenses-Employee post retirement benefits	166,23
Operating provisions	Operating expenses-Employee post-retirement benefits	(15,43
PASEP and COFINS taxes on financial income:		
Financial expenses	Financial income	12,40

In order to prepare the individual and consolidated statements of cash flows presented in Note 30, CEMIG reclassified escrow accounts in the amount of R$89,313 and R$67,171 as of September 30, 2001 and December 31, 2000, respectively, originally recorded under Assets   Cash and cash equivalents, to Liabilities as a reduction of loans and financing.

(c) Revision of interim financial statements

CVM (Brazilian Securities Commission) letter, of January 7, 2003, required the Company to refile its quarterly information as of June 30, 2002 to include an allowance for losses on receivables from the Minas Gerais State Government, as described in Note 8. Therefore, the Company refiled its new quarterly information as of September 30, 2002, including the mentioned allowance.

The new quarterly information as of September 30, 2002, now being presented, differs from that originally filed on December 2, 2002, with respect to the allowance for losses and additional information included in Note 8 and the corresponding effects on financial income, extraordinary losses and income taxes. Additionally, Note 29 includes information on the current status of the Company's rights and obligations in the Wholesale Energy Spot Market-MAE.

As a result of the revised quarterly information as the June 30 and September 30, 2002, both including the allowance for losses on receivables from the Minas Gerais State Government, the Company is concluding the preparation of its consolidated financial statements as of December 31, 2001, prepared in accordance with generally accepted accounting principles in the United States of America, to be filed with the U.S. Securities and Exchange Commission SEC, including the retroactive effects of such allowance as of December 31, 2001.

3) CONSUMERS-SPECIAL RATE ADJUSTMENT

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

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

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

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

The special rate adjustment mentioned will be used in the recovery of the following items:

a. Billing losses in the period from June 1, 2001 to February 28, 2002, representing the difference between the Company's estimated revenue, assuming that the Electricity Rationing Plan had not been implemented, and the actual revenue earned during the rationing period, as established by ANEEL (National Energy Authority). The computation does not include State VAT and overdue payment losses which the Company does not expect will be material.
b. Variation in Parcel "A" Items (uncontrolled costs as established by the concession contracts) related to the period between January 1, 2001 to October 25, 2001. The amount to be reimbursed is equal to the difference between the Parcel "A" costs effectively paid and the estimated Parcel "A" costs used for purposes of computing the most recent annual rate adjustment.
c. Amounts to be transferred to generators for the energy purchased on the MAE, from June 1, 2001 to February 28, 2002, at a price exceeding R$49.26/MWh. This includes the taxes and charges on revenues (PASEP, COFINS, RGR and CPMF), since the Company is only responsible to transfer these amounts to generators. These amounts may change, depending on the litigation currently in progress, filed by market agents, related to the interpretation of the market rules in force.

Under ANEEL Resolution No. 484 of August 29, 2002, the special rate adjustment will be in force for a maximum period of 82 months, starting in January 2002. Management is preparing studies to confirm whether or not the period determined by ANEEL will be enough to recover these amounts.

The amounts related to 2001, which will be realized through the special rate adjustment, described in items ("a"), ("b"), and ("c") have been restated based on SELIC (Brazilian Central Bank overnight interest rate) from January 1, 2002 to the month of their effective recovery. The amounts in items ("a"), and ("c") related to 2002 have been updated from March 1, 2002 using the same criteria.

Through Resolutions No. 480 to 482, of August 29, 2002, ANEEL approved the amounts of billing losses and recovery of variations of the Parcel "A" items. Despite ANEEL Resolution No. 483, which approved the amounts to be paid to generators for the energy purchased on the MAE during the rationing period, CEMIG recorded such transactions based on updated information provided by MAE in October 2002, which resulted from the MAE revision of the calculation criteria.

The amounts approved by ANEEL and the final amounts related to energy purchased, provided by MAE, are reflected in the consolidated financial statements as of September 30, 2002, and represent an increase in the estimate of the special rate adjustment revenue, in the amount of R$7,488 in the third quarter of 2002.

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The State VAT related to the special rate adjustment, related to future billings, which is estimated to be R$403,421, only becomes an obligation once the customers are billed. In this context, the Company's only responsibility is to transfer this tax from consumers to the State tax authorities.

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

	Company and Consol		
	September 30, 2002		
	Principal	SELIC restatement	Total
Billing losses during the Electricity Rationing Period	876,847	113,554	990,401
Amounts collected in the nine-month period ended September 30, 2002	(183,201)	(10,022)	(193,223)
	693,646	103,532	797,178
Recovery of uncontrollable cost variations relating to Parcel "A"	245,299	62,567	307,866
Recovery of spot market amounts by generators	449,769	58,870	508,639
	1,388,714	224,969	1,613,683
Current			264,670
Noncurrent			1,349,013

In counterpart to the amounts to be collected through the special rate adjustments, CEMIG has recorded a long term liability, in the amount of R$473,017, updated based on the SELIC, related to reimbursement to generators for energy purchased on the MAE, described in item "c".

Accounting Effects

The effects in the nine month period ended September 30, 2002, resulting from the Electricity Rationing Plan during January and February 2002, as well as adjustments to the recorded amounts as of December 31, 2001, due to approval by ANNEL and new estimates by the MAE, described previously, were as follows:

	Billing losses	Recovery of Parcel "A"	Energy purchased on MAE	Tax effect
Revenue from special rate adjustments	220,168	-	48,745	
Deductions from operating revenues	-	-	-	(28,8
Operating expenses	-	(1,862)	(45,330)	
Financial income	103,532	36,788	58,870	(8,7
Financial expenses	-	-	(54,747)	

Income and social contribution taxes	-	-	-	(122,2
	323,700	34,926	7,538	(159,9

4) CASH AND CASH EQUIVALENTS

The composition of the balance is as follows:

	Consolidated		
	September 30, 2002	June 30, 2002	September 2002
Banks	37,836	94,106	33,366
Short term investments	378,137	330,207	315,042
	415,973	426,345	350,440

Approximately R$147,838 of the short-term investments refers to funds obtained from the issuance of debentures. These funds were obtained to be used in the investment plan related to expansion of the Company's energy generation, transmission and distribution operations.

The cash equivalents of CEMIG and its subsidiaries are substantially invested in Bank CDs and debentures issued by third parties (Note 27).

5) ACCOUNTS RECEIVABLE

	Consolidated			
Consumer Class	Current	Past due accounts - up to 90 days	Past due accounts over 90 days	Sept 2
Residential	179,498	106,072	10,875	

Industrial	141,261	72,028	34,464	
Commercial	67,877	34,170	8,709	
Rural	22,074	11,444	2,714	
Public authorities	7,710	17,329	12,607	
Public lighting	10,448	22,569	12,885	
Public services	25,430	13,560	1,165	
Subtotal - Consumers	454,388	277,262	83,419	
Supply	5,192	-	1,506	
Allowance for doubtful accounts	-	-	(50,551)	
	459,490	554,524	34,374	

	Company			
Consumer Class	Current	Past due accounts - up to 90 days	Past due accounts - over 90 days	T Sept
Residential	179,498	106,072	10,875	
Industrial	134,689	72,028	34,464	
Commercial	61,119	34,170	8,709	
Rural	22,074	11,444	2,714	
Public authorities	7,710	17,329	12,607	
Public lighting	10,448	22,569	12,885	
Public services	25,430	13,560	1,165	
Subtotal - Consumers	440,968	277,262	83,419	
Supply	5,192	-	1,506	
Allowance for doubtful accounts	-	-	(50,551)	
	446,160	554,524	34,374	

6) RECOVERABLE TAXES

	Consolidated		
	September 30, 2002	June 30, 2002	September 2002
Current Assets			
State VAT - ICMS	10,306	27,701	12,179
Income and social contribution tax	114,396	98,972	98,208
Other	7,069	1,099	4,063
	131,771	127,772	114,450
Noncurrent Assets			
State VAT - ICMS	93,378	76,360	78,808
	93,378	76,360	78,808

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The balances of income and social contribution tax are basically related to prepaid income and social contribution taxes and withheld income tax on short term investments to be offset against future liabilities.

The State VAT assets of the Company and its subsidiaries are recoverable through offset against State VAT liabilities. Most of the balance recorded as non current assets is subject to the 48 month compensation period, as established by State Law. The Company is in a legal dispute with the State Government in order to compensate tax credits in the amount of R$18,843.

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7) PREPAID EXPENSES - CVA

The balance of the recoverable variation account of Parcel "A" items CVA, refers to variations, which began on October 26, 2001, between the estimated Parcel "A" costs of the Company, used in defining tariff adjustments, and payments effectively made. The variations will be recovered in subsequent annual rate adjustments and are composed as follows:

	Consolidated and Comp		
	Amount to be compensated by April 2003	Amount to be compensated after April 2003	Tota Septembe 2002
System service charges - ESS	-	114,379	114
Itaipu Binacional electricity purchase tariff	24,209	237,359	261
Itaipu Binacional electricity transport tariff	878	1,624	2
Fuel usage quota - CCC	6,994	(62,363)	(55
Tariff for use of basic transmission network	6,051	26,167	32
Charges for use of water recourses	-	1,142	1
	38,132	318,308	356
Current			136
Noncurrent			220

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

The amounts to be compensated by April 2003 refer to variations of uncontrollable costs that were included in the annual rate adjustment on April 8, 2002 and are being transferred monthly to operating expenses on a linear basis.

The System service charges - ESS for the period from September 2000 to February 2002 were accrued based on definitive information provided by MAE and for the period from March 2002 to September 2002, were accrued based on Company estimates and are subject to change.

8) RECEIVABLE FROM MINAS GERAIS STATE GOVERNMENT

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

In October 2002, negotiations between CEMIG and the Minas Gerais State Government, related to the CRC receivable, were concluded, as described below:

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

This Amendment refers to 149 installments, maturing from January 1, 2003 to May 1, 2015, in the total amount of R$1,160,982, as of September 30, 2002. These installments are subject to annual interest of 6% and are updated based on the IGP DI. The Minas Gerais State Government and CEMIG have decided to sign this Amendment in order to preserve the terms and conditions of the original contract and allow a transfer of this asset to BNDES (Brazilian Economic and Social Development Bank). This Amendment was signed pursuant to Law No. 10,438/02 which guarantees to CEMIG the recovery of its credits that arose from the General Agreement of the Electricity Sector.

This Amendment was signed based on Law No. 14,384 of October 11, 2002, enacted by the Minas Gerais State Legislature, which granted guarantees to BNDES regarding the revenues from taxes and other revenues as established by the Brazilian Constitution, through Articles 155, 157 and 159. The Board of Directors of CEMIG approved this Amendment on October 23, 2002.

The Minas Gerais State Government did not pay the installment, maturing on January 1, 2003, in the amount of R$12,104. Company management is negotiating the collection of the aforementioned past due amount with the Minas Gerais State Government, under the conditions established by the contract.

Transfer to BNDES

The transfer of the asset mentioned above is linked to the General Agreement of the Electricity Sector which established that the Company would be entitled to a BNDES funding program, or an equivalent transaction, in order to anticipate the effective recovery of a significant part (approximately 90%) of its rights that arose from the Electric Rationing Plan. The funds from such transaction would be used to settle the MAE transactions and reimburse the billing losses and additional costs incurred during the period in which the Electricity Rationing Plan was in force in 2001 and 2002.

The National Treasury Secretary - STN, responsible for implementation of the funding program, suggested the transfer of the CRC asset to the Federal Government in order to solve the restrictions applicable to CEMIG for being a partially state-owned company. Such transaction would be equivalent to the BNDES funding program, and would provide the Company with necessary resources to settle the obligations and rights mentioned above.

Allowance for losses

Due to the fact that negotiations with the STN are still in progress at the present date, and the non inclusion in the Second Amendment of additional guarantees that would assure the realization of the aforementioned asset, CEMIG recorded an allowance for losses in the amount of R$1,045,325. This allowance represents the total amount of the referred amendment as of March 31, 2002 (original contract installments with maturities from January 1, 2003 to May 1, 2015). Thus, the effect of updating the balance, from March 31, 2002 to September 30, 2002, in the amount of R$115,657, was excluded from the statement of income for the nine month period ended September 30, 2002. On January 21, 2003, the Board of Directors approved recognition of the allowance.

The allowance for losses on this asset was recorded in the statement of income as an extraordinary loss in non operating expense, since it does not result from the Company's operations during the period, and has an abnormal nature. Such allowance did not impact deferred income and social contribution taxes, since it represents a permanent difference to be included in the taxable income calculation.

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

CEMIG and the Minas Gerais State Government signed this Amendment in order to reschedule the payment of installments originally due from April 1, 1999 to December 1, 1999 and from March 1, 2000 to December 1, 2002. These installments, in the total amount of R$626,466, as of September 30, 2002, are subject to annual interest rate of 12.00% and are updated based on the IGP DI. They will be paid in 149 monthly installments from January 2003 to May 2015. The original contract included the guarantee of the State Government's share of taxes collected by the Federal Government entitled Fundo de Participacao dos Estados   FPE. This Amendment established an additional guarantee which now allows the Company to retain dividends and interest on capital to be paid to the Minas Gerais State Government, as a Company shareholder.

This Amendment was signed based on Law No.14,384 of October 11, 2002, enacted by the Minas Gerais State Legislature. The Board of Directors of CEMIG approved this Amendment on October 23, 2002.

The Minas Gerais State Government did not pay the installment of the third amendment due on January 1, 2003, in the amount of R$9,150. Company management is negotiating the collection of the aforementioned past due amount with the Minas Gerais State Government.The projection of the Company's future operations indicates that the dividends attributable to the Minas Gerais State Government will be sufficient to assure the full realization of the asset, in case of default by the State.

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

9) INCOME AND SOCIAL CONTRIBUTION TAXES

(a) Tax credits

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

	Consolidated	
	September 30, 2002	June 30, 2002
Tax credits on:		
Tax loss carryforwards	367,443	266,959
Employee post retirement benefits	158,711	153,155
Reserve for contingencies	63,595	58,352
Accrual for voluntary termination program - PDV	9,784	8,943
Allowance for doubtful accounts	17,225	15,080
Allowance for decrease in market value of marketable securities	28,781	11,517
Reserve for PASEP/COFINS Special Rate Adjustment	27,647	17,209
Other	8,990	4,917
	682,176	536,132

The Board of Directors approved, on November 29, 2002, the technical study made by CEMIG's Financial Management on the projected future results of operations, adjusted to present value. The study confirms the Company's capacity to realize the tax credits in a ten year maximum period, in compliance with CVM Resolution No. 371, published on June 27, 2002. The CEMIG Fiscal Council, on November 29, 2002, received such study for consideration.

In accordance with CEMIG's estimates, future taxable income will permit realization of the tax credits, as follows:

	Consolidated	Company
2002	128,189	128,189
2003	854	
2004	79,727	78,969
2005	120,622	116,557
2006	132,074	127,611
2007	101,497	96,756
2008 to 2010	82,896	71,214

2011 to 2012	36,317	36,317
	682,176	655,613
	=======	=======

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

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

	Consolidated		
	Nine months ended September 30,		
	2002	2001	
Loss before taxes on income and employee profit sharing	(1,386,009)	(266,332)	(1
Income and social contribution benefits - nominal	471,243	90,553	
Tax effects on:			
Employee profit sharing	7,447	4,641	
Reversal of social contribution tax on additional monetary restatement	(6,950)	(8,239)	
Equity pick-up in subsidiaries	-	-	
Contributions and grants not deductible	(3,559)	(2,970)	
Adjustment to social contribution tax rate - Executive Act 66	12,921	-	
Allowance for losses on receivable from Minas Gerais State Government	(355,411)	-	
Other	1,118	1,783	
Income and social contribution tax benefits in income statement	126,809	85,768	

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

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

ANEEL established specific accounts and controls to record the effects of the Electricity Rationing Plan involving the bonus, surcharge and related costs.

The related effects are as follows:

	Consolidat
	September 30, 2002
Noncurrent Assets	
Bonus paid to consumers that consumed less than the target consumption	68,728
Costs incurred related to the adoption of the Electricity Rationing Program in excess of the 2.00% surcharge on consumer tariffs.	27,864
	96,592
Long-term Liabilities	
Surcharge applied to consumers that consumed more than the target consumption	-
Net Disbursements	
Net bonus paid to consumers and related costs in excess of the surcharge applied to consumers	96,592

In conformity with Federal Government Executive Act No. 4, dated October 17, 2001, the Federal Government, acting through its Ministry of Mines and Energy, will reimburse electric utilities, including CEMIG, for costs associated with the payment of bonuses to consumers and other related operating costs that exceeded the surcharge on tariffs.

In the third quarter of 2002, due to approval by ANEEL, CEMIG received a refund for part of the consumers' bonus, in the amount of R$88,066. On October 3, 2002, ANEEL reimbursed an additional R$39,543.

Part of the amount to be received by CEMIG, R$23,680, is being discussed with ANEEL, as part of the surcharges were not billed and collected from the consumers since they are under court order. Company management does not expect losses on the realization of this amount.

In conformity with ANEEL Resolution No. 600, dated October 31, 2002, the operation costs related to the adoption of the Electricity Rationing Plan in excess of the 2.00% surcharge on consumer tariffs will be recovered, after approval by ANEEL, in the next annual rate adjustment.

11) DISTRIBUTORS - ENERGY SUPPLY

ANEEL Resolution No. 447, dated August 23, 2002, defined the methodology to be used to calculate the rights and obligations of each market participant related to MAE transactions, changing certain assumptions previously adopted by the electric energy sector to record these transactions. Due to the new criteria adopted and the information supplied by the MAE, there was an increase in CEMIG's reimbursement rights, related to the difference between the MAE price and R$49.26, recorded as Noncurrent assets, in counterpart of unbilled supply revenue. Additionally, there was an increase in the Suppliers - Energy purchased in the spot market, in counterpart of electricity purchased for resale expenses.

The accrued amount of R$615,771, as of September 30, 2002, updated base on SELIC, will be collected by distribution companies in the Brazilian electric energy sector through the special rate adjustment and will be directly repassed to CEMIG.

These amounts may change, depending on the litigation currently in progress, filed by market agents, related to the interpretation of the market rules in force.

12) INVESTMENTS

	Consolidated		
	September 30, 2002	June 30, 2002	Septemb 200
Equity in subsidiaries			
Empresa de Infovias S.A.	-	-	175,2
Companhia de Gas de Minas Gerais - GASMIG	-	-	78,3
Usina Termica Ipatinga S.A.	-	-	86,1
Sa Carvalho S.A.	-	-	100,1
Cemig Capim Branco S.A.	-	-	12,0
UTE Barreiro S.A.	-	-	4,1
Cemig PCH S.A.	-	-	11,7
Horizontes Energia S.A.	-	-	64,0
Efficientia S.A.	-	-	5
	-	-	532,6
In consortiums for power plant construction	487,557	376,490	475,5
Goodwill on purchase of Infovias	8,457	8,457	8,4
Other investments	8,477	71,650	4,7
	504,491	456,597	1,021,

The recorded goodwill in Infovias, resulting from the additional interest acquired by CEMIG in 2002, is based on the subsidiary's future expected profitability and will be amortized in future years, based on income earned by the subsidiary.

The amount of R$61,998, recorded in Other investments as of June 30, 2002, referred to the Machado Mineiro, Salto do Paraopeba, Salto Voltao and Salto do Passo Velho power plants, was transferred to Horizontes Energia S.A., a wholly owned subsidiary, in accordance with ANEEL approval. This investment is now carried under the equity method of accounting.

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(a) The principal information related to subsidiaries as of September 30, 2002, is as follows:

Subsidiaries	Cemig Interest %	Capital	Shareholders' equity	Inter on Cap
Empresa de Infovias S.A.	94.88	179,798	126,850	
Companhia de Gas de Minas Gerais - GASMIG *	95.17	41,913	82,145	
Usina Termica Ipatinga S.A.	100.00	84,584	86,192	
Sa Carvalho S.A.	100.00	86,833	100,182	2
Horizontes Energia S.A.	100.00	62,871	64,066	
Cemig Capim Branco Energia S.A.	100.00	1	12,022	
Cemig PCH S.A.	100.00	1	11,796	
UTE Barreiro S.A.	100.00	1	4,183	
Efficientia S.A.	100.00	10	567	

(*) The consolidated interim financial statements include the financial statements of GASMIG as of August 31, 2002.

CEMIG's advance for future capital increase in Infovias, in the amount of R$54,880, is recorded in the Infovias' balance sheet as a long term liability.

The independent accountants' special review report on the interim financial statements of Infovias, as of September 30, 2002, is in process of conclusion. The independent accountants' special review report on the interim financial statements of Infovias, as of June 30, 2002, included comments on: (i) deferred income and social contribution taxes for which realization was based on management profit projections which depend on contracts which are under negotiation; and (ii) need of additional resources from shareholders or third parties to fund its operations, as well to ensure the recoverability of its assets at the amounts recorded in its financial statements, until Infovias' own operating revenues reach a certain level to absorb these amounts.

(b) Consortia

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

		Company an
	CEMIG's Participation %	September 30 2002
In Operation		
Porto Estrela Hydroelectric Power Plant	33.33	42,577
Igarapava Hydroelectric Power Plant	14.50	50,660
Under Construction		
Queimado Hydroelectric Power Plant	82.50	119,056
Funil Hydroelectric Power Plant	49.00	101,377
Aimores Hydroelectric Power Plant	49.00	161,870
Total Company		475,540
Cemig Capim Branco S.A.		
Capim Branco Hydroelectric Power Plants I and II	20.00	12,017
Total Consolidated		487,557

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13) PROPERTY, PLANT AND EQUIPMENT

	Annual average depreciation rate %	Consolidated September 30, 2002	Consolidated June 30, 2002	C September 30 2002
In service				
Generation -				
Hydroelectric	2.51	5,438,456	5,436,366	5,353,87
Thermoelectric	1.79	279,543	216,726	131,89
Transmission	3.08	1,019,545	1,012,574	1,019,54
Distribution	5.10	6,589,862	6,553,605	6,589,86
Administration	9.63	264,422	266,641	264,42
Other	7.48	281,882	'243,352	
		13,873,710	13,729,264	13,359,59
Accumulated depreciation and amortization				
Generation		(2,095,763)	(2,060,061)	(2,080,07
Transmission		(457,637)	(449,874)	(457,63

Distribution	(2,599,490)	(2,531,104)	(2,599,49
Administration	(127,364)	(122,660)	(127,36
Other	(31,235)	(23,992)	
	(5,311,489)	(5,187,691)	(5,264,57
Total in service	8,562,221	8,541,573	8,095,02
Construction in progress -			
Generation	155,455	110,894	138,50
Transmission	97,670	77,149	97,67
Distribution	435,427	359,197	435,42
Administration	29,496	24,829	29,49
Other	99,535	107,401	
Total construction in progress	817,583	679,470	701,09
Total	9,379,804	9,221,043	8,796,12
Special liabilities	(1,541,481)	(1,495,750)	(1,541,48
Total, net	7,838,323	7,725,293	7,254,64

Special liabilities refer primarily to consumers' contributions to support construction necessary to meet energy supply orders. The eventual liquidation of this obligation depends on ANEEL's disposition at the end of the distribution concessions. According to accounting principles and electric energy sector legislation in force in Brazil, these amounts are not subject to updating, amortization or depreciation.

14) SUPPLIERS

	Consolidated		
	September 30, 2002	June 30, 2002	September 30 2002
Electricity suppliers - Furnas	363,255	273,874	363,255
Wholesale Energy Market - MAE			
Energy purchased on spot market	705,560	211,274	705,560
System Service Charges - ESS	114,379	109,074	114,379
Other	31,089	28,987	31,027
	1,214,283	623,209	1,214,221
Supplies and services	68,163	60,950	45,777
	1,282,446	684,159	1,259,998

The amounts to be paid for energy purchased on MAE and System service charges

- ESS from September 2000 to February 2002 were recorded based on definitive information provided by MAE. The amounts related to the period from March 2002 to September 2002 were accrued based on Company estimates. The increase in the amounts to be paid for energy purchased on the MAE is due to the new calculation criteria adopted by the MAE to determine the obligations of each electricity company (Note 11).

These amounts may change, depending on the litigation currently in progress, filed by market agents, related to the interpretation of the market rules in force.

15) TAXES PAYABLE

	Consolidated		
	September 30, 2002	June 30, 2002	September 2002
Current			
Income Tax	77,855	191,489	66,633
Social Contribution Tax	28,507	69,531	23,820
ICMS (State VAT)	118,020	81,191	116,793
COFINS (tax on revenue)	5,587	60,359	24,975
INSS (social security)	7,519	7,227	7,503
Other	13,511	18,621	12,375
	270,999	428,418	252,099
Long Term			
Income Tax	109,549	-	109,549
Social Contribution Tax	39,438	-	39,438
COFINS	49,708	-	49,708
PASEP	19,301	-	19,301
	217,996	-	217,996

CEMIG transferred to long term liabilities, in the third quarter of 2002, the income tax, social contribution tax, COFINS and PASEP on special rate adjustment revenue, recorded in 2001 and 2002. This proceeding was adopted in conformity with the Resolution of the Brazilian Federal Tax Authority (Secretaria da Receita Federal) which allows payment of these obligations in proportion to the consumers' billings.

16) LOANS, FINANCING AND DEBENTURES

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

	Consolidated		
	September 30, 2002	June 30, 2002	Sept
Currency -			
U.S. dollar	2,352,767	1,710,245	2,
EURO	76,991	50,609	
Unit of account (basket of currencies)	48,391	44,767	
	2,478,149	1,805,621	2,
Indexes -			
Indice Geral de Precos - IGP M (General Price Index)	1,022,504	917,664	1,
Indice Interno da Eletrobras - FINEL (Eletrobras Internal Index)	158,632	161,022	
UFIR (Tax Reference Unit)	93,017	95,570	
Other	23,690	23,101	
	1,297,843	1,197,357	1,
Escrow accounts (1)			
Income based on CDI (interbank deposit) rates	(39,383)	(14,068)	
Short term investment - Income based on U.S. dollar variation	(193,701)	(226,518)	(
	(233,084)	(240,586)	(
	3,542,908	2,762,392	3,

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

The annual shareholders meeting on April 30, 2002 approved the issuance of debentures in the total amount of R$90,000, not convertible into shares of CEMIG and without any preference or guarantee, to be acquired by the Minas Gerais State Government, with final maturity in 25 years and updated based on the IGP M index, without interest. The funds to be obtained from this issuance will be used in the construction of the Irape Power Plant. On September 30, 2002, the Company issued the first series, in the amount of R$22,500.

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

Currency	Quarterly Variation %	Annual Variation %	Indexes
U.S. dollar	36.93	67.85	Indice Geral de Precos - IGP-M (General Price Index)
Euro	36.44	86.74	Indice Interno da Eletrobras - FINEL (Eletrobras Internal Index)
Unit of account (Basket of currencies)	35.58	75.70	

17) RESERVE FOR CONTINGENCIES

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

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

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

	Consolidated and Company	
	September 30, 2002	June 30, 2002
Labor claims	63,932	60,414
Civil lawsuits Consumers	80,962	78,879
Social contribution tax	128,015	125,150
Finsocial (tax on revenue)	19,256	19,128
Civil lawsuits Others	18,960	14,996
Other	23,818	22,842
	336,975	321,409

Certain details relating to such reserves are as follows:

(a) Labor claims

The labor claims relate principally to overtime and hazardous occupation compensation. The total exposure for those matters is estimated to be R$79,914, as of September 30, 2002 (R$75,518 as of June 30, 2002). The Company recorded a year-to-date provision in the amount of R$9,662 in 2002 (R$5,157 provision reversal in 2001). CEMIG determines the amounts to be reserved based on advice from its legal counsel, the nature of the group of claims and the most recent court decisions.

(b) Civil lawsuits - Consumers

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

The total estimated exposure to the Company for those claims, fully provided for, was R$80,962 as of September 30, 2002 (R$78,879 at June 30, 2002).

(c) Social contribution tax

The Company is deducting the amounts of depreciation, amortization and disposals of the supplementary monetary restatement of property, plant and equipment, for purposes of computation of social contribution tax. The Company estimates that its potential exposure in this matter is approximately R$128,015, as of September 30, 2002 (R$125,150 as of June 30, 2002). The amount is fully provided for.

(d) Finsocial

In 1994, CEMIG was fined by the Federal Tax Authorities due to the exclusion of State VAT in the Finsocial calculation, a tax on billing extinguished in 1992. The Company estimates that the remaining amount still pending is approximately R$19,256 as of September 30, 2002 (R$19,128 as of June 30, 2002). The amount is fully provided for.

(e) Other

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

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

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

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

The Company is defending, together with FORLUZ, a claim brought by its employees' labor union ("Sindieletro") contesting the suspension of increases in the Company's required contribution to the pension fund pursuant to periodic monetary restatements. The total amount sought in this claim is R$560,674. No reserve has been recorded for this claim, since the Company believes, based on advice from its legal counsel, that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related thereto.

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

On October 11, 2001, the Brazilian Federal Tax Authorities (Secretaria da Receita Federal) issued an assessment notice relating to a R$222,133 discrepancy with respect to tax credits recorded by CEMIG in 2001 that had been partially recovered during the year. These credits result from the change in accounting method for recording post retirement benefit liabilities, as required by CVM Deliberation No. 371/00. CEMIG is defending the tax assessment notice administratively against the tax authorities. Due to a legal determination in such appeals, the Company contracted guarantee insurance (seguro garantia) of R$66,724, for a two year period starting in May 2002, representing 30% of the amount claimed. This insurance does not transfer, from CEMIG to others, the risk of eventual future obligations. No reserve has been recorded as a result of this notice, since the Company, based on advice from its legal counsel, believes that the procedures which generated the tax credits are legally sound.

The tax credits mentioned in the prior paragraph were offset by CEMIG against federal tax obligations in 2001 and 2002. Due to this offset, the Secretaria da Receita Federal issued an assessment notice, in the amount of R$120,334. No reserve has been recorded for this claim, since the Company believes, based on advice from its legal counsel, that the procedures adopted are legally sound.

(iii) COFINS

The Company began contesting the payment of COFINS (tax on revenue) beginning in 1992. As a result of an unfavorable court ruling, the Company paid R$239,266 of COFINS tax on July 30, 1999. The Federal Government is claiming that the Company owes approximately R$119,795 in additional fines and interest relating to the non payment of COFINS. The Company is contesting such claims. No reserve has been recorded for this claim, since the Company believes, based on advice from its legal counsel, that it has a meritorious defense against such claim and, consequently, does not expect to incur losses related thereto.

(iv) Regulatory agency acts

ANEEL has a regulatory proceeding pending against CEMIG claiming that CEMIG owes the Federal Government R$146,099, subject to updating based on SELIC, because of a miscalculation of credits in the amount of the cumulative rate deficit (CRC) applied to reduce amounts owed to the Federal Government. On October 31, 2002, ANEEL determined that CEMIG must pay the above amount, without monetary variation, partially accepting the defense made by CEMIG. The Company, based on the opinion of legal counselors, believes that it has a meritorious defense against such claim and has therefore recorded no reserve in respect thereto.

(v) Civil lawsuits - Consumers

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

18) EMPLOYEE POST RETIREMENT BENEFITS

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

FORLUZ offers its associates the following supplementary pension plans:

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

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

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

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

The changes in net post retirement liabilities recorded in accordance with CVM Deliberation No. 371 are as follows:

	Pension plans	P

Net liabilities as of June 30, 2002	1,405,105
Net periodic cost recorded in the income statement	37,239
Contributions paid	(50,624)
Net liabilities as of September 30, 2002	1,391,720

Part of the deficit in FORLUZ's actuarial reserves in the amount of R$1,428,910 as of September 30, 2002 (R$1,429,631 as of June 30, 2002) was recognized as obligations payable by the Company. These obligations are being amortized through monthly installments, through June 2024, calculated under the fixed installment system ("Price Table"), subject to annual restatement in accordance with the salary correction index for the Company's employees (not including productivity) included in the defined benefit plan and subject to IPCA IPEAD (indices) for other plans, plus 6% per year.

Health Care Plan changes - CEMIG and the unions agreed on changes to the current health care plans, which altered the contribution criteria that CEMIG, employees, and retirees are responsible for and the types of benefits covered in each plan. Due to this agreement, CEMIG is responsible to make annual payments in the amount of R$32,600, monetarily updated by the IGP M, to cover health costs of employees and retirees. The implementation of these changes will take place as of January 1, 2003.

19) SHAREHOLDERS' EQUITY

The change in shareholders' equity is as follows:

Balance as of June 30, 2002	5,887,520
Reversal of dividends	400
Net loss for the quarter ended September 30, 2002	(256,109)
Balance as of September 30, 2002	5,631,811

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

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20. ELECTRICITY SALES

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

Consolidated

(Not reviewed by accountants)

	No. of consumers		MWh	
	Nine months ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
Residential	4,586,863	4,408,866	4,710,103	5,099,463
Industrial	67,668	67,137	16,425,089	16,416,361
Commercial	512,666	496,638	2,415,082	2,532,111
Rural	332,427	318,251	1,230,838	1,234,615
Public authorities	43,031	41,160	336,852	366,856
Public lighting	2,661	2,783	657,449	656,752
Public services	6,770	6,475	707,623	708,673
Own consumption	1,358	1,408	37,032	39,080
Unbilled, net	-	-	-	-
	5,555,476	5,344,749	26,520,068	27,055,942
Billed supply	4	4	244,117	487,046
Unbilled supply	-	-	-	-
Total	5,553,448	5,342,722	26,764,185	27,540,957

Company

(Not reviewed by accountants)

	No. of consumers		MWh	
	Nine months ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
Residential	4,586,863	4,408,866	4,710,103	5,099,463
Industrial	67,666	67,135	15,850,605	15,947,339
Commercial	512,666	496,638	2,415,082	2,532,111
Rural	332,427	318,251	1,230,838	1,234,615
Public authorities	43,031	41,160	336,852	366,856
Public lighting	2,661	2,783	657,449	656,752
Public services	6,770	6,475	707,623	708,673
Own consumption	1,358	1,408	37,032	39,080
Unbilled, net	-	-	-	-
	5,555,474	5,344,747	25,945,584	26,586,920
Billed supply	4	4	244,117	487,046
Unbilled supply	-	-	-	-
Total	5,553,446	5,342,720	26,189,701	27,071,935

The unbilled supply revenue refers to CEMIG's reimbursement right to the difference between the amount to be paid for energy purchased on the MAE and R$49.26 (Note 11).

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21) OTHER OPERATING REVENUES

	Consolidated	
	Nine months ended September 30,	
	2002	2001
Use of basic transmission network	134,461	114,219
Gas sales	102,879	72,030
Fuel consumption quota	27,216	55,015
Regulated services	5,395	6,700
Services rendered	11,938	11,341
Rent and leasing	13,258	8,789
Other	9,163	915
	304,310	269,009

22) DEDUCTIONS FROM OPERATING REVENUES

	Consolidated	
	Nine months ended September 30,	
	2002	2001
State VAT (ICMS) on sales to final consumers	839,491	746,927
Tax on billing - COFINS	148,441	111,945
Global reserve for reversion quota - RGR	109,741	77,447
Tax on billing - PASEP	41,912	24,250
Emergency capacity charge	44,602	-
Other	358	204
	1,184,545	960,773

========= ======= =

Starting in 2002, new rates were established to be prorated among final consumers of electric energy, related to the acquisition of energy and contracted generation capacity by CBEE (The Brazilian Emergency Energy Trader). These charges were fully transferred to tariffs and recorded as a part of electricity sales, billed directly to final consumers.

The billing of the emergency capacity charge was suspended in the period from July 2, 2002 to October 8, 2002, due to a legal injunction granted for a civil claim.

23) ELECTRICITY PURCHASED FOR RESALE

	Consolidat
	Nine mo Septe
	2002
Itaipu Binacional (through FURNAS)	727,705
Energy traded on spot market - MAE	564,538
Initial contracts	110,639
Special rate adjustment - transfer to generators	45,330
Other	6,829
	1,455,041

ANEEL reduced the price of energy acquired from Itaipu by 13.18% from US$20.1988 to US$17.5374 per kW, effective October 23, 2002.

The energy traded on the spot market in 2001 was accrued only in the fourth quarter of 2001, since information from the MAE necessary to record the estimates only became available at that time.

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24) OTHER EXPENSES

	Consolidated	
	Nine months ended September 30,	
	2002	2001
Fuel consumption quota	27,994	55,371
Rentals and leasing	11,340	9,112
Labor indemnity	3,739	4,741
Grants and donations	10,467	8,976
Advertising	15,257	19,908
ANEEL inspection fee	8,640	9,832
Own consumption - Electric energy	8,486	6,570
Insurance	1,085	7,499
MAE contribution	5,696	8,097
Technological and scientific national fund	7,197	7,435
Other taxes (real estate, vehicle, etc.)	3,321	2,635
General expenses	15,243	(4,503)
	118,465	135,673

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

25) FINANCIAL INCOME (EXPENSES)

	Consolidated	
	Nine months ended September 30,	
	2002	2001
Financial income:		
Investment income earned	196,829	62,506
Late charges on past-due electricity bills	29,479	34,373
Interest on receivable from Minas Gerais State Government	128,864	84,996
Monetary restatement on receivable from Minas Gerais State Government	50,822	101,286
Renegotiation of industrial consumer debt	-	11,924
Monetary restatement on recoverable taxes	4,285	16,688
Monetary restatement on special rate adjustment	199,190	-
Monetary restatement - Electricity supply	70,654	-
Foreign exchange gains	81,914	25,971
Taxes on financial income (PASEP and COFINS)	(30,208)	(12,404)
Other	27,677	6,912
	759,506	332,252

Financial expenses:			
Interest on loans and financing	(184,117)	(136,880)	
Monetary restatement - electricity suppliers	(54,747)	-	
Foreign exchange losses	(969,505)	(510,474)	
Monetary restatement on loans and financing	(70,060)	(17,013)	
Financial transaction tax ("CPMF")	(18,842)	(16,850)	
Interest and fines on taxes	(11,659)	(10,582)	
Provision for valuation of marketable securities	(70,579)	(3,401)	
Advance billings of electric power	(9,717)	-	
Interest on capital	(120,000)	-	
Other	(7,126)	(2,321)	
	(1,516,352)	(697,521)	(1
	(756,846)	(365,269)	

Financial charges and inflationary/exchange effects on financing of construction in progress during the nine month period in 2002, in the amounts of R$41,626 and R$69,621, respectively, were transferred to Property, plant and equipment, and Investments (R$414 of financial charges and R$355 of inflationary/exchange effects during the nine month period in 2001).

The Board of Directors approved, on May 21, 2002, payment of interest on capital, in the amount of R$120,000. The manner and date of the payment shall be defined at a later time.

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Item 9

26) PRINCIPAL TRANSACTIONS WITH RELATED PARTIES

	September 30, 2002		June
	Minas Gerais State Government	FORLUZ	Minas Gerai State Government
ASSETS			
Current assets			
Accounts receivable	11,523	-	8,427
Recoverable taxes			
State VAT - ICMS	12,179	-	22,958
Other			
Advances for welfare benefits	-	12,790	-
Noncurrent assets			
Receivable from Minas Gerais State Government (Note 8)	626,466	-	544,106
Other			
State VAT recoverable -	18,843	-	18,843
State VAT recoverable - Complementary Law No.102	59,965	-	47,433

LIABILITIES			
Current liabilities			
Taxes payable			
State VAT - ICMS	116,793	-	80,361
Dividends and interest on capital	28,136	-	78,464
Employee post-retirement benefits	-	158,149	-
Other			
Transfer of contributions	-	4,091	-
Long term liabilities			
Debentures	22,500	-	-
Employee post-retirement benefits	-	1,737,556	-

	Nine months ended September 30, 2002		Nine mo Septembe
INCOME STATEMENT			
Electricity sales to final customers	17,071	-	15,799
Deductions from operating revenues - State VAT (ICMS)	(833,385)	-	(743,095
Employee post-retirement benefits	-	(162,748)	-
Personnel expenses	-	(24,419)	-
Financial income -			
Monetary restatement and interest on receivable from Minas Gerais State Government (Note 8)	179,686	-	186,282
Non-operating expenses -			
Allowance for losses on receivable from Minas Gerais State Government (Note 8)	(1,045,325)	-	-

The Company believes that its transactions with related parties are made on an arm's length

Item 9

27) FINANCIAL INSTRUMENTS

(a) The financial instruments used by CEMIG and its subsidiaries, all recorded on the financial statements, are managed through monitoring policies and operational strategies focused on liquidity, profitability and safety. The Company operates with banks which meet financial strength and trustworthiness guidelines. The Company's control policy includes continually comparing rates contracted with market rates. The Company's short term investments related to marketable securities issued by third parties, as of September 30, 2002, are as follows:

- CEMIG and its subsidiaries have debentures issued by financial institutions, in the amounts of R$26,136 and R$11,004, respectively. These securities have immediate call clauses exercisable by the Company and its subisidiaries, without penalty or loss. These securities have interest rates based on the interbank deposit - CDI rates.

- The swap transactions of CEMIG's subsidiaries are purchased from financial institutions, in the amount of R$20,713, through the transfer of public or private securities issued by third parties. These securities have repurchase clauses. The interest rate is based on the CDI. CEMIG has the right to call for early redemption of these securities without penalty or loss.

- Hedge transactions are contracted by CEMIG to reduce the exchange rate risk at the US dollar to the Brazilian real, in the amount of US$8,157, equivalent to R$31,771. The gain or loss on these operations arising from the differences between the actual exchange variation and the exchange variation agreed with financial institutions are recognized on the accrual basis.

(b) The Company has Brazilian National Treasury Notes acquired from the State Government of Minas Gerais, with final maturity on April 15, 2024, subject to restatement based on the U.S. dollar exchange variation and interest on the restated face value of 5.50% (to April 14, 1998), 5.75% (from April 15, 1998 to April 14, 2000) and 6.00% per year (from April 15, 2000 to maturity).

	September 30, 2002
Face value	235,491
Restated cost	141,294
Allowance for decrease in market value	(84,649)
	56,645

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

28. CORPORATE REORGANIZATION

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

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

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

On November 11, 2002, ANEEL fined the Company the amount of R$5,507, because CEMIG has not concluded the "unbundling". No reserve has been recorded for this claim, since the Company believes, based on advice from its legal counsel, that it has a meritorious defense against such claim.

29) SUBSEQUENT EVENTS

Financial settlement in Wholesale Energy Market - MAE

Due to changes in MAE accounting rules, the amounts assigned to CEMIG changed during the period between March and December 2002, representing an increase in the Company's exposure of approximately 100%, mainly due to the application of ANEEL Resolution 447, of August 25, 2002, which determined that CEMIG should be considered as a distribution concessionaire only, for the purpose of the recording and settlement of MAE transactions, not considering its generation activities which represent production of approximately 11% of the energy generated in the Brazilian system.

On December 19, 2002, CEMIG sent a letter to the Mines and Energy Minister, requesting certain actions in order for it to obtain the BNDES financing to pay the MAE obligations and suggesting a review of the discriminatory criteria prescribed in ANEEL Resolution 447, in order to consider CEMIG as both a distributor and a generator and to allow its participation in the MAE settlement.

On December 20, 2002, ANEEL issued Resolution 763 which allowed MAE to proceed with the partial and conditional financial settlement on December 26 and 27, 2002. Until that time, the pending issues concerning CEMIG's participation in the MAE settlement had not been resolved.

As a result of the aforementioned, CEMIG filed a claim in the federal court, which granted an injunction, on December 25, 2002, determining that CEMIG be considered as both a distributor and a generator for purposes of recording of MAE transactions, in compliance with CEMIG's concession agreements and the General Agreement of the Electricity Sector, to which CEMIG had agreed.

On December 30, 2002, however, ANEEL succeeded on a claim that aimed to suspend the MAE settlement, and on the same day, without prior notice, proceed with the settlement with funds deposited by various companies. This settlement ignored CEMIG's specific situation and the court order determining the recalculation of the transactions involving the Company, essential to allow the Company to participate in the settlement through the BNDES financing.

Therefore CEMIG issued a formal notification to MAE in order to release it from its obligations and protect its rights, since the Company's participation in the settlement was not possible.

CEMIG has been informed by MAE of its new liability, which represented a R$122 million decrease from the previous liability. As a consequence, CEMIG requested BNDES to immediately make the funds available to allow it to take part in the MAE settlement, which has not yet occurred. Therefore, the Company is still awaiting the BNDES funds in order to allow it take part in the MAE settlement.

30) STATEMENTS OF CASH FLOWS

The individual (Company) and consolidated statements of cash flows for the nine month periods ended September 30, 2002 and 2001 are presented for additional analysis and are not required as part of the basic interim financial statements.

The financial statements of Infovias, which were previously consolidated based on the proportionate consolidation method, were totally consolidated this quarter. Therefore, to ensure comparative information with the statement of cash flows for the period ended September 30, 2002, the consolidated statement of cash flows for the period ended September 30, 2001 was prepared including the full consolidation of Infovias.

	Consolidated	
	Nine month periods ended September 30,	
	2002	2001 (Reclassified)
CASH FLOWS FROM OPERATIONS:		
Net loss for the period	(1,150,905)	(194,621)
Items not affecting cash -		
Depreciation and amortization	408,388	383,805
Special rate adjustment	(268,913)	-
Electricity supply	(464,976)	-
Purchased energy from MAE - suppliers	65,242	-
Disposals of property, plant and equipment, net	16,205	83,304
Equity in subsidiaries	-	-
Interest and monetary variations, net	282,742	48,037
Deferred income and social contribution taxes	(245,448)	(94,750)
Operating provisions	91,010	6,748
Allowance for losses on receivable from Minas Gerais State Government negotiation	1,045,325	-
Employee post retirement benefits	162,748	150,794
Other	(10,949)	(7,925)
	(69,533)	375,392
(Increase) Decrease in assets		
Accounts receivable	(290,261)	134,058
Consumers - Special rate adjustment	183,203	-
Recoverable taxes	(39,215)	8,666
Other current assets	(74,791)	(47,924)
Electricity Rationing Plan Bonus paid to consumers and adoption costs incurred in excess of surcharge applied to consumers	(87,565)	(34,256)
ANEEL reimbursement of bonus paid to consumers and certain adoption costs incurred in excess of surcharge applied to consumers	88,066	-
Prepaid expenses - CVA	(159,028)	-
Escrow deposits	(49,474)	-
Other noncurrent assets	(36,195)	(28,534)

	(465,260)	32,010
Increase (Decrease) in liabilities -		
Suppliers	702,449	66,151
Taxes payable	254,640	97,549
Payroll and related charges	16,193	33,205
Regulatory charges	17,140	(18,261)
Loans and financing	324,274	219,762
Employee post-retirement benefits	(120,780)	(105,273)
Other	(16,747)	29,425
	1,177,169	322,558
CASH PROVIDED BY OPERATING ACTIVITIES	642,376	729,960

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	Consolidated	
	Nine month periods ended September 30,	
	2002	2001 (Reclassified)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from long-term financing	287,290	263,411
Payments on loans and financing	(287,949)	(273,690)
Special liabilities	113,141	123,271
Advanced billings of electric power	(42,596)	(35,060)
Advance for future capital increase	11,526	-
Dividends and interest on capital	(176,571)	(169,543)
	(95,159)	(91,611)
TOTAL CASH PROVIDED	547,217	638,349
CASH USED IN INVESTING ACTIVITIES		
Additions to investments	293,392	93,502
Increase in property, plant and equipment	528,509	348,552
Increase in deferred charges	15,187	154
	837,088	442,208

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(289,871)	196,141
CHANGES IN CASH AND CASH EQUIVALENTS		
At beginning of the period	705,844	245,108
At end of the period	415,973	441,249
	(289,871)	196,141

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

MANAGEMENT'S DISCUSSION AND ANALYSIS of Results of COMPANY Operations: FOR THE NINE Month Period Ended SEPTEMBER 30, 2002 Compared to THE NINE Month Period Ended SEPTEMBER 30, 2001

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

Net Income (Loss)

The Company had a net loss of R$1,150,905 in the nine month period ended September 30, 2002, equivalent to a loss of R$7.10 per thousand shares, compared to a net loss of R$194,621 in the nine month period ended September 30, 2001, equivalent to a loss of R$1.22 per thousand shares.

The 2002 results were substantially impacted by the allowance for losses recognized on receivables from the Minas Gerais State Government, in the amount of R$1,045,325, and the devaluation of the Brazilian real against the U.S. dollar, generating net foreign exchange losses in the amount of R$887,509.

Change in accumulated results

[OBJECT OMITTED]

[Comparison of the Company's change in accumulated results (in thousands of Brazilian reais) for the nine-month period ended September 30, 2002 compared to September 30, 2001.]

Electricity sales

Electricity sales increased 25.17% in the nine month period ended September 30, 2002 compared to the nine month period ended September 30, 2001. This increase was due primarily to:

- rate increases of 16.50% starting in April 2001 (full effect in 2002) and 10.51% starting April 8, 2002;
- additional revenue related to reimbursement for energy purchased on the spot market (MAE);
- 2.40% decrease in electricity volume to sold final customers.

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GWH billed - final customers

[OBJECT OMITTED]

[Comparison of the Company's electricity sales, in GWH for the first, second and third quarters of 2002, as compared to the same periods in 2001.]

Electricity sales to final customers

As shown in the graphic above, the Electricity Rationing Program in force until February 2002 impacted electricity sales to final customers in the first quarter of 2002. Despite the increase in the volume of electricity sold since the second quarter of 2002, the new habits of consumers and Brazil's economic downturn did not permit energy sales to return to the same levels noted before the Electricity Rationing Program. Therefore, electricity sales reached 25,909GWh in the nine month period ended September 30, 2002, compared to energy sales of 26,546GWh in the nine month period ended September 30, 2001, a decrease of 2.40%. The most representative markets, industrial, residential and commercial, decreased 0.61%, 7.64% and 4.62%, respectively.

Electricity Supply

As a result of changes in certain assumptions adopted to calculate the rights and obligations arising from energy traded in the spot market (MAE), the Company recorded, in the third quarter of 2002, additional revenue of R$435,277, corresponding to CEMIG's right of reimbursement for the difference between the amounts payable to MAE and the price of R$49.26, as defined in a specific regulation.

Special rate adjustment

In accordance with the General Agreement of the Electricity Sector, CEMIG recorded in the nine month period ended September 30, 2002, additional revenue for the special rate adjustment for billing losses and a portion of expenses for energy traded on the spot market (MAE), arising from the Electricity Rationing Plan, in the amount of R$268,913.

Operating expenses

Since October 26, 2001, the differences between the sum of the uncontrollable costs (Parcel "A") considered in the computation for regular rate adjustments and the actual disbursements made by the Company are being compensated in subsequent regular rate adjustments and are recorded in current and noncurrent assets as prepaid expenses. After the regular rate adjustment is allowed, the expenses are transferred monthly to income on a linear amortization basis.

Operating expenses increased 24.64% compared to the same period of the prior year, in the amount of R$645,930, principally as a result of increases in electricity purchased for resale. The main variations in expenses are described below:

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Personnel

The Company's Voluntary Termination Program cost accrual, in the amount of R$32,541, recorded in income for the nine month period ended September 30, 2001, and higher amounts transferred to Property, Plant and Equipment under Construction in Progress in the current year explain the decrease of 8.28% in personal expense.

	Nine month period ended September 30,	
	2002	2001
Salary and related charges	395,830	387,241
Post retirement benefits	24,419	22,672
Welfare benefits	39,110	45,130
	459,359	455,043
Amounts transferred to construction costs	(69,185)	(60,257)
	390,174	394,786
Voluntary Termination Program	1,753	32,541
	391,927	427,327

Electricity purchased for resale

Electricity purchased for resale increased 78.53% due basically to the increase in expenses for energy purchased in the spot market (MAE) for the nine month period ended September 30, 2002 and additionally, to ANEEL's review of certain assumptions adopted to calculate the amounts to be paid relating to energy purchased in the spot market (MAE) during the electricity rationing period. In the prior year period, since the information related to spot market (MAE) transactions was not available, the expenses relating to energy traded on the spot market were recorded only in December 2001. The electricity purchased for resale increase in the third quarter of 2002, in the amount of R$454,582, was partially offset by an energy supply increase in the amount of R$435,277, as previously described.

Outside services

These expenses increased 6.81% mainly due to the adjustment of prices for service contracts, related to meter reading, delivery of bills to consumers and collection services.

Employee post-retirement benefits

Employee post-retirement benefit expenses refer basically to the accrual of the net periodic cost, defined by an independent actuarial computation.

Financial income (expenses)

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

- Foreign net exchange losses of R$887,509 in the nine month period ended September 30, 2002 compared with foreign net exchange losses of R$456,428 in the nine month period ended September 30, 2001. In the nine month period ended September 30, 2002, the Brazilian real devalued 67.85% against the U.S. dollar, compared to 13.21% devaluation in the same period of 2001.
- An increase in financial income as a result of the monetary updating on the special rate adjustment, based on the SELIC (Central Bank overnight rate), in the amount of R$199,190.
- An increase of R$130,733 in income from temporary cash investments due to higher cash volume in 2002 and income from cash investments denominated in U. S. dollars.
- Interest on capital to be paid next year, recorded under Financial expenses, in the amount of R$120,000.

- Provision for devaluation to market value on National Treasury notes of R$70,579 compared to a provision of R$3,401 in the prior year due to the greater discount imposed by financial markets on transactions involving long term bonds.

Due to recognition of the allowance for losses on receivables from the Minas Gerais State Government in 2002, CEMIG has recorded interest and monetary restatement only for the third contractual amendment signed with the Minas Gerais State Government in October 2002. See more information in Note 8 of the quarterly information as of September 30, 2002.

Extraordinary loss

The Company has recognized an allowance for losses on accounts receivable under the contract for the recoverable deficit account (CRC) with the Minas Gerais State Government related to the second amendment signed in October 2002, in the amount of R$1,045,325. The allowance has been recognized since there is no additional guarantee in such amendment that assures realization of the recorded asset.

Other non operating expenses, net

The other non operating expenses decreased due to higher losses in 2001 related to economic feasibility studies and projects and to losses recorded in the amount of the R$32,969 related to the Machado Mineiro power plant.

	Nine month period ended September 30,	
	2002	2001
Net losses on deactivation and disposal of assets	10,881	32,746
FORLUZ - Administrative costs	6,544	6,476
Losses on projects	444	21,778
Other	1,093	546
	18,962	61,546

Income and social contribution taxes

In the nine month period ended September 30, 2002, the Company recorded credits of R$112,279 on a pre tax loss of R$1,361,318 compared to credits of R$93,915 on pre tax loss of R$274,485 in the nine month period ended September 30, 2001.

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS: FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2002 COMPARED TO THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2001

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

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

OTHER RELEVANT INFORMATION

Information not reviewed by independent accountants

CORPORATE GOVERNANCE

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

Highlighted below are practices that CEMIG has already adopted:

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

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

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

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

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

- Preferred shares, as set forth in CEMIG's by laws, are entitled to a yearly 10% minimum dividend computed using par value. These shares become entitled to vote in the event that CEMIG fails to pay dividends during 3 consecutive years.

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

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

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

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

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

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

- Transactions with related parties are disclosed in CEMIG's financial statements and are conducted on an arm's length basis.
- CEMIG's investor relations policy seeks to provide access to a wide range of investors through:
    - CEMIG's Internet home page, which is accessible to all investors and shareholders and contains material information related to CEMIG and its operations.
    - Broad dissemination of the disclosure of CEMIG's results.
    - Live conferences accessible to everyone through CEMIG's Internet home page.
- CEMIG has adopted Level 1 of the corporate governance standards established by the Bolsa de Valores de Sao Paulo BOVESPA (Sao Paulo Stock Exchange).
- CEMIG has listed depositary receipts on foreign stock exchanges, in New York and Madrid.
- CEMIG regularly pays dividends to its shareholders in accordance with the provisions of its by-laws.

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

FINANCIAL DRIVERS

SHARE VALUE
(Expressed in Brazilian reais per thousand shares)

Item	Unit	September 30, 2002	June 30, 2002	Septem
Book value		40.19	42.92	
Market value	Common	20.76	29.79	
	Preferred	19.50	32.00	

LIQUIDITY (excluding special liabilities)

Item	Unit	September 30, 2002	June 30, 2002	Septem
Current ratio	Ratio	0.61	0.74	
Overall liquidity	Ratio	0.68	0.68	

DEBT LEVEL (excluding special liabilities)

Item	Unit	September 30, 2002	June 30, 2002	Septem
Total assets	%	59.56	54.43	
Shareholders' equity	%	147.28	119.46	
Permanent assets	%	100.21	86.64	

PROFITABILITY

Item	Unit	September 30, 2002	June 30, 2002	Septem
Shareholders' equity	%	(20.44)	(15.20)	
Operating margin	%	11.51	16.71	
Net margin	%	(25.89)	(34.69)	
Return on property, plant and equipment	%	(15.86)	(12.37)	

OPERATING INDICES

INSTALLED CAPACITY

	September 30, 2002	September
Installed capacity (in MW)	5,675	

EFFICIENCY

		For the nine-month period ended	
Item	Unit	September 30, 2002	Septemb
MWh per employee	MWh	3,332	
Consumers per employee	No.	484	

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SERVICE QUALITY

		For the nine-month period	
Item	Unit	September 30, 2002	Sep
Average time needed to restore electricity	Hours	4.01	
Electricity outage time - average per consumer	Hours	8.39	
Outages experienced - average per consumer	No.	5.00	

AVERAGE RATE
(Expressed in Brazilian reais per MWh)

	For the nine-month period ended	
Description	September 30, 2002	September 30
Industrial	99.15	85.17
Residential	270.70	245.87
Commercial	235.25	202.26
Rural	146.22	127.71

Others	155.00	135.67
Final Consumers	148.93	132.48

SHAREHOLDERS WHICH OWN MORE THAN 5% OF VOTING CAPITAL
AS OF SEPTEMBER 30, 2002

	SHAREHOLDERS		
Number of shares	Minas Gerais State Government	%	Southern Electric Brasil Part. Ltda.
Common	36,116,291,643	50.96	23,362,956,173
Preferred	1,887,263,121	2.07	-
TOTAL	38,003,554,764	23.44	23,362,956,173

OWNERS OF SOUTHERN ELECTRIC BRASIL PARTICIPACOES LTDA.
AS OF SEPTEMBER 30, 2002

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

1 - Foreign Company
2 - Registered Company. Fundo Opportunity Alfa FIA has 99.99% interest of the 8.25%.

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CONTROLLING SHAREHOLDER, BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND

FISCAL COUNCIL MEMBERS INTEREST AS OF SEPTEMBER 30, 2002 AND 2001

NAME	NUMBER OF SHARES		
	September 30, 2002		Sep
	Common	Preferred	Comm
CONTROLLING SHAREHOLDER	36,116,291,643	1,887,263,121	35,413,
BOARD OF DIRECTORS			
Djalma Bastos de Morais	-	13,400	
Geraldo de Oliveira Faria	-	5,866	
Alexandre de Paula Dupeyrat Martins	10,198	1	
Antonio Adriano Silva	-	1	
Ayres Augusto Alvares da Silva Mascarenhas	-	-	
Marcelo Pedreira de Oliveira	5,099	-	
Claudio Jose Dias Sales	1	-	
Oderval Esteves Duarte Filho	5,099	-	
Nelcy Pereira Pena	-	-	
Marco Antonio Rebelo Romanelli	1	-	
Sergio Roberto Belisario	-	1	
Sergio Lustosa Botelho Martins	-	-	
David Travesso Neto	1	-	
Ataide Vilela	-	1	
EXECUTIVE OFFICERS			
Djalma Bastos de Morais	-	13,400	
Guy Maria Villela Paschoal	2,854	-	
Aloisio Marcos Vasconcelos Novais	-	-	
Stalin Amorim Duarte	-	106,544	
Cristiano Correa de Barros	1	1,325,790	
Elmar de Oliveira Santana	-	-	
FISCAL COUNCIL			
Joao Pedrosa Castello	-	12,644	
Aristoteles Luiz Menezes Vasconcellos Drummond	-	-	
Luiz Otavio Nunes West	-	-	
Bruno Constantino Alexandre dos Santos	-	-	
Ronald Gastao Andrade Reis	-	-	

NUMBER OF SHARES AVAILABLE ON MARKET AS OF JUNE 30, 2002

	Common	%	Preferred	%	To
09/30/2002	34,754,711,629	49	88,180,156,856	97	122,

Item 10

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

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CHANGED INFORMATION DESCRIPTION

CVM letter, dated January 7, 2003, requested the filing of new quarterly information as of June 30, 2002 to include the allowance for losses on accounts receivable from the Minas Gerais State Government, as described in Note 8. Therefore, the Company decided to also file new quarterly information as of September 30, 2002, including such allowance.

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Companhia Energetica de Minas Gerais - CEMIG

Consolidated Financial Statements

September 30, 2002

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Item 11

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2002 AND DECEMBER 31, 2001

(Expressed in millions of reais)

A S S E T S

	September 30 2002
CURRENT ASSETS:	
Cash and cash equivalents (note 6)	268
Restricted investments (note 7)	315
Accounts receivable, net (note 8)	771
Accounts receivable - Use of basic transmission network	20
Deferred regulatory assets (note 3)	286
Recoverable taxes	132
Other	171
	1,963
INVESTMENTS (note 10)	536
PROPERTY, PLANT AND EQUIPMENT, NET (note 11)	10,021
OTHER ASSETS:	
Marketable securities - Available for sale	57
Deferred regulatory assets (note 3)	1,656
Receivable from Federal Government in respect of bonus paid and rationing adoption costs incurred (note 4)	97
Restricted investments (note 7)	66
Deferred income taxes, net (note 5)	302
Account receivable from State Government (note 9)	626
Other	232
	3,036
Total assets	15,556

The accompanying condensed notes are an integral part of these consolidated balance sh

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COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2002 AND DECEMBER 31, 2001

(Expressed in millions of reais, unless otherwise indicated)

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30 2002
CURRENT LIABILITIES:	
Accounts payable to suppliers (note 12)	1,256
Payroll and related charges	113
Taxes payable (note 13)	271
Dividends and interest on capital	139
Current portion of long term financing (note 14)	1,112
Regulatory charges payable	69
Advanced billings of electric power	-
Employee profit sharing	22
Other	63
	3,045
LONG TERM LIABILITIES:	
Long-term financing (note 14)	2,664
Employee post-retirement benefits (note 15)	1,681
Accrued liability for contingencies (note 16)	335
Accounts payable to suppliers (note 12)	418
Taxes payable (note 13)	201
Deferred income taxes, net (note 5)	-
Surcharge applied to consumers (note 4)	-
Other	108
	5,407
MINORITY INTEREST	34
SHAREHOLDERS' EQUITY:	
Capital stock	
Preferred - 91,210,523 thousand shares authorized, issued and outstanding as of September 30, 2002 (89,436,237 thousand shares as of December 31, 2001)	804
Common - 70,874,168 thousand shares authorized, issued and outstanding as of September 30, 2002 (69,495,478 thousand shares as of December 31, 2001)	624
	1,428
Additional paid in capital	3,170
Appropriated retained earnings	3,101
Unappropriated retained earnings (loss)	(385)
Accumulated other comprehensive loss	(244)
	7,070
Total liabilities and shareholders' equity	15,556

The accompanying condensed notes are an integral part of these consolidated balance s

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COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001
(Expressed in millions of reais, except share and per share amounts)

	Nine month Septembe
	2002
NET OPERATING REVENUES:	
Electricity sales to final customers (note 18)	3,943
Regulatory extraordinary rate adjustment (note 3)	238
Electricity sales to the interconnected power system (note 18)	117
Use of basic transmission network	134
Other operating revenues	143
Taxes on revenues (note 18)	(1,054)
Total net operating revenues	3,521
OPERATING COSTS AND EXPENSES:	
Electricity purchased for resale (note 19)	(1,029)
Natural gas purchased for resale	(75)
Use of basic transmission network	(220)
Depreciation and amortization	(521)
Personnel	(377)
Regulatory charges (note 19)	(405)
Third party services	(180)
Employee post retirement benefits (note 15)	(197)
Materials and supplies	(52)
Other (note 19)	(172)
Total operating costs and expenses	(3,228)
Operating income (loss)	293
FINANCIAL EXPENSES, NET (note 20):	(747)
Loss before income taxes and minority interests	(454)
INCOME TAXES - benefit (expense) (note 5)	
Current	(137)
Deferred	348

	211
MINORITY INTERESTS	10
NET LOSS	(233)
OTHER COMPREHENSIVE INCOME (LOSS)	
Unrealized gains (losses) on available for sale security	(13)
Income taxes	4
	(9)
COMPREHENSIVE LOSS	(242)
Weighted average number of common and preferred shares outstanding during the period (thousands) for basic loss per thousand shares	160,683,368
Basic loss per thousand common and preferred shares In reais	(1.45)
Weighted average number of shares outstanding (thousands) during the period for diluted loss per thousand shares	160,842,525
Diluted loss per thousand common and preferred shares In reais	(1.45)

The accompanying condensed notes are an integral part of these consolidated financial stat

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COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001
(Expressed in millions of reais)

	Nine month Septembe
	2002
CAPITAL STOCK:	
Preferred shares	
Balance, beginning of the period	786
Transfer from appropriated retained earnings	18

Balance, end of the period	804
Common shares	
Balance, beginning of the period	610
Transfer from appropriated retained earnings	14
Balance, end of the period	624
	1,428
ADDITIONAL PAID-IN CAPITAL	3,170
APPROPRIATED RETAINED EARNINGS:	
Fiscal incentive investment reserve	
Balance	45
Rate shortfall reserve -	
Balance, beginning of period	2,680
Transfer to capital stock	(32)
Balance, end of the period	2,648
Unrealized income reserve	
Balance	314
Legal reserve -	
Balance	94
	3,101
UNAPPROPRIATED RETAINED EARNINGS (LOSS):	
Balance, beginning of the period	79
Net Loss	(233)
Dividends	(231)
Balance, end of the period	(385)
ACCUMULATED OTHER COMPREHENSIVE LOSS:	
Balance, beginning of the period	(235)
Other comprehensive income (loss)	(9)
Balance, end of the period	(244)
Shareholders' equity at end of the period	7,070

The accompanying condensed notes are an integral part of these consolidated financial stat

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COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001

(Expressed in millions of reais)

	Nine month Septembe
	2002
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Loss	(233)
Adjustments to reconcile net loss to net cash provided by operating activities -	
Depreciation and amortization	521
Deferred regulatory assets	(238)
Monetary variation and exchange rate variation loss	463
Loss on disposal of property, plant and equipment	16
Employee post-retirement benefits	54
Provision for contingencies and doubtful accounts receivable	33
Deferred income taxes	(348)
Other	(14)
Decrease (increase) in operating assets -	
Accounts receivable	(283)
Recoverable taxes	(39)
Deferred regulatory assets	5
Receivable from Federal Government in respect of bonus paid and rationing adoption costs incurred, net of surcharge applied to consumers	-
Judicial deposits	(49)
Other	(125)
Increase (decrease) in operating liabilities -	
Accounts payable to suppliers	268
Payroll and related charges	16
Taxes payable	253
Regulatory charges payable	17
Advanced billings of electric power	(42)
Accrued interest on long term financing	325
Receivable from Federal Government in respect of bonus paid and rationing adoption costs incurred, net of surcharge applied to consumers	-
Other	14
Net cash provided by operating activities	614

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CASH FLOWS FROM INVESTING ACTIVITIES:

Restricted short term investments
Acquisition of new investments
Acquisition of property, plant and equipment

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES:
Proceeds from issuance of long-term financing
Repayment of long-term financing
Advance from minority shareholder for future capital increase in subsidiary
Dividends and interest paid on capital

Net cash used in financing activities

NET INCREASE IN CASH AND CASH EQUIVALENTS

=

CASH AND CASH EQUIVALENTS:
Beginning of the period
End of the period

=

SUPPLEMENTARY CASH FLOW DISCLOSURE:
Taxes paid - income and social contribution taxes
Interest paid, net of interest capitalized

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

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COMPANHIA ENERGETICA DE MINAS GERAIS CEMIG

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

(Amounts expressed in millions of reais, unless otherwise indicated)

1. THE COMPANY AND ITS OPERATIONS

Companhia Energetica de Minas Gerais - CEMIG ("CEMIG" or the "Company") is a partly state-owned company (sociedade de economia mista), organized under the laws of the Federative Republic of Brazil ("Brazil") and controlled by the government of the State of Minas Gerais (the "State Government"). The Company's principal business activities are the construction and operation of systems used in the generation, transmission, distribution and sale of electric energy. The Company also conducts business in certain related activities.

As a concessionaire of electric utility services, the Company is subject to regulations set by the Agencia Nacional de Energia Eletrica (the Brazilian National Electric Energy Agency or "ANEEL"), an agency of the Brazilian Federal Government (the "Federal Government").

The following are the Company's operational subsidiaries as of September 30, 2002:

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

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

- Companhia de Gas de Minas Gerais GASMIG ("GASMIG") (95.17% interest) Its principal activities are the operation, production, acquisition, storage, transportation and distribution of natural gas and related products. In 1993, GASMIG was granted a 30 year concession by the State Government to perform these activities; and

- Empresa de Infovias S.A. ("Infovias") (94.89% interest) Its principal activities are rendering telecommunications services and developing related activities through integrated systems using optical fiber cable, coaxial cable, electronic equipment and other items. The Company acquired Infovias' control in June, 2002, through the acquisition of shares from AES Forca e Empreendimentos Ltda.

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

- Horizontes Energia S.A. Its principal activities will be the production and sale of electric energy, as an independent power producer, at the Machado Mineiro and Salto do Paraopeba hydroelectric power plants, both located in the State of Minas Gerais, and Salto Voltao and Salto do Passo Velho hydroelectric power plants, both located in the State of Santa Catarina. These plants were transferred to, and recorded as paid in capital of, Horizontes Energia S.A. during the third quarter of 2002.

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

- Efficientia S.A. Its principal activities will be rendering efficiency, optimization and energy solutions services, and rendering operation and management services in energy supply facilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In preparing financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could vary from these estimates. The Company's financial statements therefore include various estimates concerning (i) the recoverability of deferred regulatory assets, (ii) valuation allowances for accounts receivable, deferred tax assets and account receivable from State Government, (iii) the useful lives of property, plant and equipment, (iv) provisions necessary for contingent losses, (v) estimates of employee post retirement benefit obligations and other similar evaluations.

The interim financial statements as of and for the nine months ended September 30, 2002 and 2001 have been prepared in accordance with U.S. GAAP, which differ in certain respects from the Brazilian accounting practices applied by CEMIG in its statutory financial statements that are prepared and filed in accordance with the rules of the Brazilian Securities Commission (the "CVM"). The interim financial statements were prepared on a basis consistent with the financial statements as of and for the year ended December 31, 2001.

The interim financial statements included in this report have been prepared by the Company without audit. In the opinion of management, all adjustments necessary for a fair presentation are reflected in these interim financial statements. Such adjustments are of a normal and recurring nature. The results of operations for the nine months ended September 30, 2002 are not necessarily indicative of the operating results for the full year. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as of and for each of the years in the three year period ended December 31, 2001 contained in CEMIG's Annual Report on Form 20 F, as filed with the United States Securities and Exchange Commission on March 26, 2003 (Registration No. 1 15224).

The consolidated financial statements for the year ended December 31, 2001 included the accounts of CEMIG and its subsidiaries Sa Carvalho S.A., Usina Termica Ipatinga S.A. and Companhia de Gas de Minas Gerais GASMIG. The consolidated financial statements for the nine months ended September 30, 2002 include the accounts of CEMIG and its subsidiaries Sa Carvalho S.A., Usina Termica de Ipatinga S.A., Companhia de Gas de Minas Gerais GASMIG, Empresa de Infovias S.A., Cemig PCH S.A., Cemig Capim Branco S.A., UTE Barreiro S.A., Efficientia S.A. and Horizontes Energia S.A..

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3. DEFERRED REGULATORY ASSETS

An emergency energy rationing program (the "Energy Rationing Plan") was created by the Federal Government's Executive Order No. 2148, of May 22, 2001, to reduce energy consumption and avoid unplanned interruption in power supply. Average reduction in monthly consumption of electricity during the rationing period was estimated at 20% of the actual consumption for the months of May, June and July 2000. The energy rationing became effective on June 1, 2001 and ended February 28, 2002, when the Federal Government determined that the water levels in the reservoirs serving Brazil's hydroelectric facilities had returned to normal.

As a result of the Energy Rationing Plan, many electric generation and distribution companies in Brazil, including CEMIG, experienced a reduction in their profit margins, as their physical and personnel structures could not be reduced in line with the consumption reduction quotas imposed. Thus, they continued incurring fixed costs without earning corresponding revenue.

In December 2001, the Federal Government and the electric utilities in Brazil affected by the Energy Rationing Plan signed an industry wide agreement (the General Agreement of the Electricity Sector or the "General Agreement" or the "Agreement") to regain the financial economic equilibrium of the existing concession contracts and recover revenues relating to the period during which the Energy Rationing Plan was in effect.

The Agreement addressed margin losses incurred by the electric distribution and generation companies during the period that the Energy Rationing Plan was effective, additional Parcel "A" costs for the period from January 1, 2001 to October 25, 2001 and costs of energy purchased in the spot market through the Mercado Atacadista de Energia (the Wholesale Energy Market or "MAE") up to December 2002. These items will be recovered by an extraordinary rate adjustment as follows:

I. an increase of 2.90% for rural and residential consumers (excluding low income consumers), lighting streets and high tension industrial consumers whose costs related to electric energy represent at least 18.00% of average production cost and fulfill certain criteria, related to charge and demand energy factors which were determined by ANEEL's Resolution No. 130, dated April 30, 2002.

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

According to ANEEL's Resolution No. 484, of August 29, 2002, the extraordinary rate adjustment for CEMIG is to be in force for a maximum period of 82 months, as from January 2002 and bearing interest equivalent to the SELIC interest rate (Brazilian benchmark interest rate). The Company recorded a provision for loss on deferred regulatory assets, in the amount for R$170 as of September 30, 2002, considering its recoverability projections for the 82 month recovery period allowed to the Company by ANEEL. The deferred regulatory assets are periodically compared with the Company's recoverability projections, which are constantly reviewed by Management, according to market conditions, changes in regulation and other similar events. The balance of the provision is adjusted accordingly.

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The special rate adjustment mentioned will be used in the compensation of the following items:

	Septe

Revenue losses (expected to be recovered within 24 months) incurred during the rationing period	
Additional Parcel "A" costs:	
- Period from January 1, 2001 to October 25, 2001	
- Period from October 26, 2001 and thereafter	
Recording of energy transactions on the MAE	
	2
	-
(-) Provision for loss on deferred regulatory assets (computed based on an 82 month period)	
	=
	1
Current assets	
Other assets	1

During the nine month period ended September 30, 2002, the Company collected R$183 as a result of application of the extraordinary rate adjustment.

The VAT related to the rationing program revenue, amounting to R$260 as of September 30, 2002 (R$301 as of December 31, 2001), only becomes an obligation to be recorded in the financial statements once the customers are billed; therefore, no provision related to this tax was recorded. The Company passes all VAT amounts received from customers on to the State Government.

a) Recovery of revenue losses incurred during the Energy Rationing Plan

Although CEMIG's total revenue losses were R$877 as of September 30, 2002 (R$724 as of December 31, 2001), CEMIG recorded a regulatory asset on a U.S. GAAP basis in the amount of R$453 as of September 30, 2002 (R$398 as of December 31, 2001), in accordance with consensus described on Emerging Issues Task Force EITF 92 07, "Accounting by Rate Regulated Utilities for the Effects of Certain Alternative Revenue Programs", which establishes a 24 month period limit for collection of the asset.

The accrued amount related to this asset, which will be reimbursed through the special rate adjustment is monetarily restated based on SELIC from January 1, 2002 until collection.

b) Recovery of additional Parcel "A" costs

ANEEL Resolution No. 90, dated February 18, 2002, established procedures for the compensation of some Parcel "A" costs for the period from January 1, 2001 to October 25, 2001. The base amount to be reimbursed is equal to the difference between the Parcel "A" costs actually incurred and the estimated

Parcel "A" costs used for purposes of computing the most recent annual rate adjustment prior to the Energy Rationing Plan. This amount will bear interest at the SELIC rate from the day that the actual cost was paid until the date of compensation.

On October 25, 2001, the Federal Government, through Executive Act No. 296, created a tracking account mechanism to control the variation of Parcel "A" costs for rate adjustment calculation purposes. This account is comprised of the amounts resulting from the difference between the Parcel "A" costs actually incurred, from October 26, 2001 and thereafter, and the estimated Parcel "A" costs used for purposes of computing the annual rate adjustment as from April 8, 2001.

The amounts determined for the period from October 26, 2001 and thereafter are recorded as a deferred regulatory asset, as follows:

Parcel "A" Items	Values to be compensated until April 2003	Values to be compensated after April, 2004	Total September 30, 2002
System service charges	-	114	114
Itaipu Binacional electricity purchase rate	24	237	261
Itaipu Binacional electricity transport rate	1	2	3
Fuel usage quota - CCC	7	(62)	(55)
Rate for use of basic transmission network	6	26	32
Charges for use of water resources	-	1	1
	38	318	356

The Company recorded System service charges related to the period from September 2000 to September 2002, which are expected to be paid in 2003, in accordance with information provided by the MAE.

c) Energy transactions on the MAE and other

(c.1) Recording of energy transactions on the MAE and other

During the period of the Energy Rationing Plan in Brazil, electricity utilities, including CEMIG, made a substantial number of energy purchases on the spot market through the MAE in order to supply their customers. During this period, the prices for spot market energy were often significantly higher than the prices set forth in initial energy purchase contracts.

Costs related to energy sold on the MAE are being prorated among consumers supplied by the Brazilian interconnected power system through an extraordinary rate adjustment, as from January 2002. The amount to be passed along to consumers through the rate adjustment is calculated based on the amount of energy purchased on the MAE during the period from May 1, 2001 until the end of the rationing period, and equals the difference between the energy purchase price on the MAE and R$49.26/MWh (which is the initial contract average cost for the period). Generators will not be reimbursed with respect to MAE energy purchases at a price less than or equal to R$49.26/MWh.

(c.2) Financial settlement of the MAE transactions

On February 18, 2003, CEMIG settled 50% of its outstanding obligations relating to MAE transactions. In connection with this settlement, CEMIG disbursed R$335 to the MAE agents.

The funds required for this settlement were obtained through a loan agreement dated February 7, 2003 between the Company and BNDES.

CEMIG is required to settle the remaining 50% of its outstanding MAE amounts after the completion of a review that will be performed by independent auditors on data provided by MAE to the concessionaires. Under the General Agreement, BNDES must provide additional financing in connection with such additional settlement.

This independent review, as well as the outcome of certain judicial claims brought by market participants (including CEMIG) concerning the interpretation of the market rules in force, may result in the recalculation of the transaction data figures previously provided by MAE. Such a recalculation may impact the Company's future results of operations and cash flows.

4. BONUS PAID, SURCHARGES AND RATIONING ADOPTION COSTS INCURRED

Through Federal Government Executive Act No. 2,152 2, dated June 1, 2001, the Federal Government determined that residential consumers whose electric energy consumption was lower than the target consumption levels during the period of the Energy Rationing Plan would be entitled to receive a bonus, limited to their electric energy invoice amount, and that all consumers whose consumption exceeded the target would be subject to surcharges, calculated based on the effective consumption in excess of such target, as established by the Energy Crisis Committee.

ANEEL established specific accounts and controls to record the effects of the Rationing Program involving the bonus, surcharge and related costs. The related balances as of September 30, 2002 are as follows:

Other Assets	
Receivable from Federal Government in respect of bonus paid to consumers that consumed less than the target consumption	69
Receivable from Federal Government in respect of costs related to the adoption of the Energy Rationing Plan in excess of the 2.00% surcharge on consumer rates	28

97
===

In 2002, the Company recorded additional reimbursable bonuses and costs related to the Energy Rationing Plan of R$74 and R$13, respectively.

In the second half of 2002, upon ANEEL approval, CEMIG received approximately R$128 in reimbursement for consumer bonuses paid.

The remaining net amount to be received by CEMIG, of approximately R$24, is under negotiation with ANEEL. The surcharges represented by this amount were not billed or collected from the consumers as they are currently the subject of a judicial dispute. Management does not expect losses relating to the realization of this outstanding amount.

According to ANEEL Resolution No. 600, dated October 31, 2002, operational costs of approximately R$32 related to the adoption of the Energy Rationing Plan in excess of the 2.00% surcharge on consumer tariffs will be reimbursed upon approval by ANEEL.

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5. DEFERRED INCOME TAXES

Income taxes in Brazil include federal income tax and social contribution on income (which is an additional federal income tax). For U.S. GAAP purposes, the statutory annual rates applicable are 25% for federal income tax and 8% for social contribution tax at September 30, 2002 and 2001. On December 30, 2002, the Federal Government issued Law No. 10,637 that determines the increase on the social contribution tax rate from 8% to 9%, beginning on January 1, 2003.

(a) Income tax reconciliation

The amounts reported as income tax benefit in the financial statements are reconciled to the statutory rates as follows:

	Nine months ended September 30,	
	2002	2001
Loss before income taxes and minority interests	(454)	(411)
Income taxes rate 33% rate	150	136
Effects of:		
Interest on capital deductibility	39	-
Special liabilities amortization	23	21
Social contribution on depreciation	(7)	14
Rate difference	4	(7)
Others	2	4

Tax benefit in the statement of operations	211	168

(b) Analysis of deferred tax balances

Tax rate changes are enacted in the year prior to the year in which they become effective. As of September 30, 2002 and December 31, 2001, the deferred tax balances have been computed using a 34% rate, which is the rate expected to be in force upon realization. The major components of the deferred income taxes account in the balance sheet are as follows:

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	September 30, 2002	December 2001 (Audited
Other assets-		
Employee post retirement benefits	86	74
Tax loss carryforwards	367	192
Temporary difference on regulatory assets	185	151
Other temporary differences	157	105
	795	522
Long term liabilities -		
Effects of differences between tax basis of non monetary assets relating to property, plant and equipment and amounts reported for U.S. GAAP	(493)	(568)
	(493)	(568)
Net	302	(46)

In the nine month period ended September 30, 2002 and 2001, deferred tax benefit and expense of R$4 and R$7, respectively, related to unrealized losses/gains on available for sale securities were recorded directly to shareholders' equity as other comprehensive loss.

During 2001, the Company amended its income tax return for the year ended December 31, 1997 to claim deductibility of pension costs accrued in its Brazilian Corporate Law financial statements. This amendment resulted in (i) the recognition of prepaid income and social contribution taxes in the amount of R$161, which was reclassified from Deferred income taxes to Recoverable taxes, classified as current assets, (ii) a reduction of Taxes payable in the amount of R$49, and (iii) the recognition of tax loss carryforwards, recorded considering the probable expected future profitability of CEMIG in subsequent fiscal years. The Company has been offsetting this prepaid income tax with federal tax liabilities.

6. CASH AND CASH EQUIVALENTS

The following table sets forth amounts of cash and cash equivalents for the dates indicated:

	September 30, 2002	December 2001 (Audited
Cash on hand and in banks	38	66
Short term investments, with original maturity of three months or less, mainly bank certificates of deposit and investment funds at fair value	230	152
	268	218

CEMIG has short term investments with interest income calculated based on the Brazilian Interbank Certificates of Deposit CDI rate.

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7. RESTRICTED INVESTMENTS

The following table sets forth amounts of restricted investments for the dates indicated:

	June 30, 2002	December 2001 (Audited
Investments to be used in investment plan	148	468
Investments to be used in settlement of financing	233	152
	381	620
Short-term	315	602
Long-term	66	18

On September 30, 2002 and December 31, 2001, the balances of R$148 and R$468, respectively, refer to short term investments, acquired with resources obtained from the issuance of debentures (note 17), with interest income calculated based on the variation of Brazilian Interbank Certificates of Deposit CDI and maturity dates that do not exceed 30 days.

These resources were used for the portion of the investment plan related to the expansion of the Company's energy generation, transmission and distribution operations, executed in 2002.

In compliance with Resolution No. 2,515 dated June 29, 1998 issued by the Brazilian Central Bank, when CEMIG extends the maturity of any foreign currency denominated financing, it must make deposits in respect of the principal amount of such extended financing into a short term investment escrow account so that at the final maturity date of the financing, such escrow account contains an amount equal to the entire principal amount due under the financing. The interest income is calculated based on the variation of Brazilian Interbank Certificates of Deposit CDI and U.S. dollar and maturity dates that do not exceed 30 days. The restricted investments to be used in the investment plan are classified as current and other according to the maturity date of the respective financing.

8. ACCOUNTS RECEIVABLE

The following table sets forth information concerning accounts receivable by type of consumers for the dates indicated.

	Current	Past due: Up to 90 days	Past due: Over 90 days	Total September 30 2002
Residential	180	106	11	297
Industrial	141	72	34	247
Commercial	68	34	9	111
Rural	22	11	3	36
Governmental entities	19	40	25	84
Public services	25	14	1	40
Subtotal	455	277	83	815
Distributors	5	-	2	7
	460	277	85	822
Allowance for doubtful accounts	-	-	(51)	(51)

	---	---	---	---
	460	277	34	771
	===	===	===	===

No single customer represented more than 10% of total receivables as of September 30, 2002 and December 31, 2001 and electricity sales to final customers for the nine months ended in September 30, 2002 and 2001.

In April 2002, our largest industrial client became a self power producer and as such ceased to purchase energy from the Company.

9. ACCOUNT RECEIVABLE FROM STATE GOVERNMENT

On May 2, 1995, the obligation to pay the remaining balance of the CRC account receivable, then R$867, was transferred from the Federal Government to the State Government through a credit assignment contract. In connection with this assignment, the State Government agreed to pay the amount due to the Company over 20 years, with an initial three year grace period, as restated based on the UFIR (Tax Reference Unit Index) and accruing interest at 6% per year.

In the event that the Company receives any payments or retains declared dividends to offset amounts not paid by the State Government, the Company is obligated to issue shares to all shareholders in proportion to their shareholding, transferring the principal amount of installments, from the Appropriated retained earnings   Rate shortfall reserve to Capital Stock.

Since May 1995, the credit assignment contract has been amended as follows:

a) First Amendment, signed on January 24, 2001:

In October 2000, the UFIR index was eliminated by the Federal Government. As a result, CEMIG negotiated and signed an amendment to the contract with the State Government to change the index used from the UFIR index to Indice Geral de Precos Disponibilidade Interna IGP DI (General market price index internal availability), as from November 1, 2000.

b) Second Amendment, signed on October 14, 2002 (the "Second Amendment"):

The Second Amendment refers to 149 monthly installment payments, with maturities from January 1, 2003 through May 1, 2015, in the total amount of R$860, adjusted to present value, as of September 30, 2002. These installments continued subject to an annual interest rate of 6%, and restated based on the IGP DI variation.

The Second Amendment was signed in accordance with Law No. 14,384, dated October 11, 2002, issued by the Minas Gerais State Legislature. CEMIG's Board of Directors ratified this amendment on October 23, 2002.

b.1) No payments made to date in 2003:

The State Government did not pay the first five installments due under the Second Amendment, due from January 1 to May 1, 2003, totaling R$69 in the aggregate. Management is currently negotiating the collection of the aforementioned past due amounts with the State Government.

b.2) Provision for loss:

Since the Second Amendment did not include any guarantees that would assure the realization of the CRC receivable, CEMIG recorded a provision for loss in the amount of R$754 for this asset as of December 31, 2001 which corresponds to the total amount of the Second Amendment. On January 21, 2003 the Company's Board of Directors ratified such provision.

For income tax purposes, such provision is considered a permanent difference, since it involves a related party non deductible loss and, therefore, did not impact the deferred income and social contribution taxes.

CEMIG continues to negotiate the payment of the balance due to it under the Second Amendment, including the possibility of transfer of this obligation back to the Federal Government.

On January 29, 2003, the Company's Board of Directors authorized management to initiate judicial proceedings against the State Government in order to collect the past due installments.

c) Third Amendment, signed on October 24, 2002 (the "Third Amendment"):

The Third Amendment covers installments originally due but unpaid under the credit assignment contract from April 1, 1999 through December 1, 1999 and from March 1, 2000 through December 1, 2002. Under the Third Amendment, these unpaid installments, which totaled R$626 as of September 30, 2002 (R$451 as of December 31, 2001), are subject to annual interest of 12.00% and are monetarily restated based on the IGP DI variation. The Third Amendment requires repayment of these amounts over 149 monthly installments from January 2003 to May 2015. The Third Amendment allows CEMIG to retain annual dividends and interest on capital due to the State Government as a Company shareholder as an offset against any amounts not paid by the State Government.

The Third Amendment was signed under authorization granted by Law No. 14,384, dated October 11, 2002, issued by the Minas Gerais State Legislature. The Company's Board of Directors ratified the Third Amendment on October 23, 2002.

c.1) No payments made to date in 2003:

The State Government did not pay the first five installments under the Third Amendment, due from January 1 to May 1, 2003, totaling R$52 in the aggregate. Management is negotiating the collection of the aforementioned past due amounts with the State Government.

The projection of the Company's future operations indicates that the offsetting of the dividends and interest on capital corresponding to the State Government's share equity in the Company will be sufficient in the long term to assure the realization of the entire outstanding receivable covered by the Third Amendment, should the State Government continue in default. Management will monitor future events, which could impact the Company's dividend payment projections, in order to conclude whether an allowance relating to the Third Amendment is necessary.

10. INVESTMENTS

The following table describes the Company's investments:

	September 30, 2002	December 2001 (Audited
Consortia	504	297
Goodwill on purchase of Infovias	21	-
Other investments	11	13
Empresa de Infovias S.A.	-	65
Hydroelectric plants to be transferred to a subsidiary	-	62
	536	437

(a) Investments in other companies

In 2002, the Company acquired shares from AES Forca Empreendimentos Ltda. ("AES"), corresponding to 50.48% of Infovias' capital, of which 5.03% was acquired during the fourth quarter. The aggregate purchase price paid was R$87. These transactions increased CEMIG's interest in Infovias' capital from 49.44% to 99.92%. Therefore, as from June 30, 2002, CEMIG's consolidated Financial Statements include Infovias operations. The Company is assessing the effects arising from the application of SFAS 141 "Business Combinations" and SFAS 142 "Goodwill and Other Intangible Assets" to its 2002 financial statements as a result of this acquisition.

The Company's Board of Directors authorized CEMIG to provide a guarantee relating to a loan obtained by Infovias in the amount of US$40 million, which began amortizing in May 2002. Any installment paid by CEMIG in case of non payment by Infovias will be repaid to CEMIG in the form of preferred shares issued in connection with a capital increase of Infovias.

The independent auditor's report on the Infovias' financial statements as of December 31, 2002 has comments about (i) the deferred income and social contribution taxes and maintenance of VAT credits, which realization is based on future profit projections that depend on the contracts sign off, still under negotiations; (ii) the dependence on additional funds, provided either by shareholders or third parties, in order to finance its operations as well as to guarantee the realization of the assets recorded in its financial statements until the operating revenues are sufficient to do so.

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(b) Hydroelectric power plants to be transferred to a subsidiary

The Company transferred R$62 to Investments from Property, plant and equipment, after recognizing an impairment charge of R$33, of the Machado Mineiro and Salto do Paraopeba hydroelectric plants, both located in the State of Minas Gerais, and the Salto Voltao and Salto do Passo Velho hydroelectric plants, both located in the State of Santa Catarina. These plants were transferred to, and recorded as paid in capital of, a subsidiary, Horizontes Energia S.A., in the third quarter of 2002.

(c) Consortia

CEMIG is a partner in certain consortia for electricity generation projects. Each partner of each consortium has the right to take energy generated by the applicable power plant in an amount proportionate to the partner's investment.

CEMIG's participation in consortia, represented by the amounts already invested in the projects, is described as follows:

	CEMIG's participation	Annual average rate of depreciation	September 3 2002
In service -			
Porto Estrela Hydroelectric Power Plant	33.33%	2.51%	59
Igarapava Hydroelectric Power Plant	14.50%	2.51%	51
Construction in progress -			
Queimado Hydroelectric Power Plant	82.50%		119
Funil Hydroelectric Power Plant	49.00%		101
Aimores Hydroelectric Power Plant	49.00%		162
Cemig Capim Branco Hydroelectric Power Plants	20.00%		12
			504

11. PROPERTY, PLANT AND EQUIPMENT

The following table describes the consolidated property, plant and equipment:

	Annual average rate of depreciation	September 30, 2002	De

In service -		
Generation -		
Hydroelectric	2.51%	7,760
Thermoelectric	1.79%	261
Transmission	3.08%	1,415
Distribution	5.10%	7,147
Administration	9.63%	459
Other	7.48%	253
		17,295
Accumulated depreciation and amortization -		
Generation		(3,742)
Transmission		(746)
Distribution		(3,219)
Administration		(284)
Other		(32)
		(8,023)
Total in service		9,272
Construction in progress -		
Generation		137
Transmission		91
Distribution		399
Administration		100
Other		22
Total in construction in progress		749
Total		10,021

Interest cost and monetary variation capitalized during the nine months ended in September 30, 2002 and 2001 was R$112 and R$32, respectively.

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12. ACCOUNTS PAYABLE TO SUPPLIERS

	September 30, 2002	December 2001 (Audited
Electricity suppliers -		
Furnas Centrais Eletricas S.A. (indexed to US dollar)	363	21
Spot market - MAE	794	64

Payments to generators for energy purchased on MAE	418	36
Others	31	2
	-----	====
	1,606	1,24
Supplies and services	68	6
	-----	====
	1,674	1,30
	=====	====
Current liabilities	1,256	94
Long term liabilities	418	36

The Spot market - MAE liability includes the energy purchased on the wholesale spot market during the period from September 2000 to September 2002, based on information provided by MAE, the spot market administrator. The definitive amounts and effective payment of this liability depends on the resolution of judicial claims currently pending, brought by market agents, including the Company, related to the interpretation of the market rules in force, as well as in obtaining the necessary financing, as more fully set forth in note 3.

13. TAXES PAYABLE

The following table describes the Company's accrued taxes payable:

	September 30, 2002	December 2001 (Audited
Short term		
Income tax	78	72
Social Contribution tax	29	36
Value added tax ICMS	118	30
Tax on billing COFINS	25	52
Others	21	29
	-----	---
	271	219
Long term		
Income tax	110	
Social Contribution tax	39	
Tax on billing COFINS	36	
Tax on billing PASEP	16	
	-----	---
	201	
	472	219
	===	===

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CEMIG transferred to long term liabilities, the income tax, social contribution tax, COFINS and PASEP on special rate adjustment revenue, recorded in 2001 and 2002. This transfer was conducted in accordance with the Resolution of the Brazilian Federal Tax Authority (Secretaria da Receita Federal), issued in the third quarter of 2002, which allowed the payment of the mentioned obligations proportionally to the consumers' billing.

14. FINANCINGS

Composition of the Company's foreign loans and financings by currency and domestic currency indices is as follows:

	September 30, 2002	December 2001 (Audited
Currency-		
United States Dollars	2,353	1,25
Euro	77	1
Units of accounts (basket of currencies)	48	4
German Marks	-	2
Swiss Francs	-	
Others	-	
	2,478	1,33
Indices-		
Indice Geral de Precos de Mercado "IGP-M" (General Market Price Index)	1,022	86
Indice Interno da Eletrobras - "FINEL" (Eletrobras Internal Index)	159	17
Unidade Fiscal de Referencia - "UFIR" (Tax Reference Unit)	93	8
Others	24	1
	1,298	1,14
	3,776	2,48
Current	1,112	45
Long-term	2,664	2,02

The following table sets forth the increases for the periods indicated in the indices and the foreign currency / Brazilian real exchange rates for the principal foreign currencies used in the Company's loan and financing, expressed as a percentage:

	Nine months ended September 30,	
	2002	2001
Currency-		

United States Dollars	67.85	36.61
Euro	86.74	32.26
Units of accounts (basket of currencies)	75.70	35.24
Indices		
IGP-M	10.54	7.67
FINEL	2.04	1.50

15. EMPLOYEE POST-RETIREMENT BENEFITS

The Company sponsors a pension plan, administered by Fundacao Forluminas de Seguridade Social - FORLUZ (Forluminas Social Security Foundation, or "FORLUZ") covering substantially all of its employees. With respect to such plan, SFAS 87 "Employers' Accounting for Pensions" has been applied from and after January 1,1995. However, amortization of the net transition obligation existing at January 1, 1995 has been computed retroactively as if it had been established on January 1, 1989, which is the date that SFAS 87 first became applicable for non-U.S. pension funds.

Until October 1997, the Company sponsored only a defined benefit pension plan. From September 29, 1997 to May 1, 1998, participants were permitted to elect to migrate to a new defined contribution plan. Those participants who elected to join the new plan had two options. The first was to maintain the benefit earned up to the date of migration in the defined benefit plan, with no further increases for salary increases or future services, and future contributions would be made to the new plan to the individual account. The second option for those participants who migrated to the defined contribution plan was to transfer the accumulated benefit as of that date to their individual account in the defined contribution plan. In both alternatives, the participants became fully vested in the benefits accumulated as of the migration date.

CEMIG has also established post-retirement health care plans and pays life insurance premiums for retirees. The accounting for these benefits is in accordance with SFAS 106 "Employers' Accounting for Post-retirement Benefits other than Pensions".

CEMIG has offered to its employees an incentive for early retirement, which consists of an additional amount, paid when the employee retires, of 10% of the employees' salary for each year worked for the Company. To obtain this benefit the employee must opt in writing indicating his intention to retire early. Accordingly, the costs of this incentive are recognized as individual employees opt for this benefit. CEMIG may withdraw this additional benefit at any time.

In the third quarter of 2002, CEMIG and its employees' labor unions, mainly represented by SINDIELETRO, , agreed on changes to the existing employee health care plans, which altered the contribution criteria that CEMIG, its employees and its retirees are responsible for and the types of benefits covered in each plan. Under this agreement, CEMIG is responsible for making annual payments up to the maximum amount of R$33, as adjusted according to the

IGP-M index, to cover health expenses of employees and retirees. The implementation of these changes took place as of January 1, 2003. The effects arising from these changes cannot be estimated at this time. The respective actuarial assessment is currently in progress.

The changes in net liabilities for the nine months ended September 30, 2002 are as follows:

	Defined benefit pension plan	Pos hea
Net liabilities as of December 31, 2001	1,307	
Net periodic cost recorded on the statement of operations	116	
Contribution paid	(114)	
Net liabilities as of September 30, 2002	1,309	

Additionally, the Company recorded contribution expenses to the defined contribution plan for the nine months ended September 30, 2002 in the amount of R$22.

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16. ACCRUED LIABILITY FOR CONTINGENCIES

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

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

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

	September 30, 2002	December 31, 2001 (Audited)
Labor claims	64	54
Civil lawsuits - Consumers	81	74
Social contribution tax	128	125
Finsocial	19	19
Civil lawsuits - Others	19	22
Others	24	25

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335	319
===	===

Certain details relating to such provisions are as follows:

(a) Labor claims

The labor claims relate principally to overtime and hazardous occupation compensation. The total exposure for those matters is estimated to be R$80 as of September 30, 2002 (R$68 as of December 31, 2001). CEMIG determined the amounts to be accrued based on the nature of the group of claims and the most recent court decisions.

(b) Civil lawsuits - Consumers

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

The total anticipated exposure to the Company for those suits, fully provided for, was R$81 as of September 30, 2002 (R$74 as of December 31, 2001).

(c) Social contribution tax

On June 28, 1991, the Federal Government enacted Law No. 8,200, regulating the monetary restatement for purposes of Brazilian Corporate Law financial statements and tax liability. Under this law, the Company was required to record complementary monetary restatement that was considered, through depreciation, amortization and write-offs of fixed assets, a deductible expense for income tax calculation. Such law did not clarify the proceedings regarding the deductibility of the complementary monetary restatement charged to income for social contribution tax purposes.

The Company is deducting the amounts of depreciation, amortization and write-off relating to the complementary monetary restatement of Property, plant and equipment, for purposes of computation of social contribution tax on income. The Company believes that such deduction is in accordance with the provisions of Law No. 8,200. The Company estimates that its potential exposure in this matter is approximately R$128 as of September 30, 2002 (R$125 as of December 31, 2001) for which a provision has been recorded.

(d) Finsocial

In 1994, CEMIG was fined by the Secretaria da Receita Federal (the tax authority of the Federal Government) due to the Company's exclusion of State VAT in the Finsocial calculation, a social contribution tax on billing extinguished in 1992. The Company estimates that its potential exposure in this matter is approximately R$19 as of September 30, 2002 (R$19 as of

December 31, 2001). This amount is fully provisioned.

(e) Others

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

(f) Contingencies for which a favorable outcome has been deemed probable

CEMIG has other relevant legal proceedings with respect to which the Company believes that a favorable outcome is probable, and therefore the Company has not recorded a provision for such claims. Certain details relating to these matters are as follows:

(i) Litigation involving FORLUZ with possible financial effect upon CEMIG

The Company is defending, with FORLUZ, a claim brought by SINDIELETRO that asserts that CEMIG failed to make certain allegedly obligatory cost-of-living increases in contributions to employee pension funds. The total amount sought in this claim is R$561. No reserve has been recorded for this claim because the Company believes that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related to such claim.

In addition, SINDILETRO has sued FORLUZ for R$228 relating to changes made to the pension fund's contribution adjustment index. No reserve has been recorded for this potential claim because the Company believes that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related to such claim.

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

On October 11, 2001, the Federal Government's tax authority issued a deficiency notice in the amount of R$222 arising from the utilization of tax credits that resulted from the amendment of the Company's 1997, 1998, 1999 and 2000 tax returns, to reduce taxable income. The tax returns were amended as a result of a change in accounting method for recording post-retirement benefit liabilities, as required by Brazilian accounting practices. The additional liability that resulted from the accounting change was attributed to the tax year that was amended, resulting in net operating tax loss and social contribution negative basis carryforwards. CEMIG is defending itself on the tax assessment notice in an administrative proceeding with the Federal Government. No reserve has been recorded as a result of this notice, as the Company believes that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related to such claim.

The credits mentioned in the prior paragraph were offset by CEMIG from its federal tax obligations in 2001 and 2002. Due to this offset, CEMIG is exposed to additional penalties in the amount of R$120. No reserve has been recorded for this claim, as the Company believes that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related to such claim.

(iii) COFINS

The Company began contesting the payment of COFINS contributions beginning in 1992. As a result of a judicial ruling, the Company paid R$239 of accrued COFINS contribution on July 30, 1999. The Federal Government is claiming that the Company owes approximately R$120 in fines and interest relating to its non-payment of COFINS contributions. The Company is contesting such claims. No reserve has been recorded for this claim, as the Company believes that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related to such claim.

(iv) Regulatory agency acts

ANEEL has brought an administrative proceeding against the Company, contesting a R$176 refund issued in 1995 by the Brazilian National Treasury. ANEEL alleges that this refund originated from a miscalculation of credits in the amount of rate shortfall receivable that was applied to reduce amounts owed to the Federal Government. On October 31, 2002, ANEEL issued a final administrative decision against the Company. The Company intends to appeal this decision in court. The Company believes that it has a meritorious defense to such claim and has therefore recorded no provision in respect of such claim.

On January 16, 2003, ANEEL sent a notice alleging that the Company had failed to obtain necessary ANEEL authorization relating to the Company's 5-year contract with Infovias, which relates to furnishing data and rendering services related to geo-technology matters. ANEEL may seek to impose a fine upon the Company relating to this claim. The maximum penalty applicable in respect of this claim is a fine in an amount equal to up to 2% of CEMIG's revenues during the 12-month period immediately prior to the imposition of the fine. The Company believes that it has a meritorious defense to such claim and has therefore recorded no provision in respect of such claim.

(v) Civil lawsuits - Consumers

Some consumers have brought civil claims against CEMIG contesting rate readjustments applied in prior years, including the special rate adjustment and Encargo de Capacidade Emergencial (the Emergency Capacity Charge) applied since 2002. The Company believes that it has a meritorious defense to such claims and has therefore recorded no provision in respect of such claims.

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

17. SHAREHOLDERS' EQUITY

On April 30, 2002, at the shareholders' meeting, the following matters were approved:

- Capital increase in the amount of R$32, through the issuance of 3,154,321 new shares, as a result of the capitalization of the rate shortfall reserve. The new shares were distributed among the shareholders in proportion to their participation in the capital prior to the issuance. As a result, the interest of the shareholders and the par value per share did not change. The change in the number of shares is as follows:

Thousands of shares	As of December 31, 2001 (Audited)	Issuance of new shares	As of April 30, 2002
Preferred shares	89,504,020	1,775,631	91,279,651
Common shares	69,495,478	1,378,690	70,874,168
Total shares authorized and issued	158,999,498	3,154,321	162,153,819
Treasury stock	(67,783)	(1,345)	(69,128
Total shares outstanding	158,931,715	3,152,976	162,084,691

- Change in the Company's by-laws to establish new minimum dividend criteria, in accordance with changes in local corporate legislation. The preferred shares have priority in the repayment of capital and are entitled to a minimum dividend of at least the highest amount between 10% of the preferred capital on the Brazilian corporate law financial statements or 3% of participation of the preferred shares in the total shareholders equity on Brazilian Corporate Law financial statements.

In the nine-month period ended September 30, 2002, the Company declared the following dividends and interest on capital:

	Nine-month period ended September 30, 2002
Dividends	112
Interest on capital in lieu of dividends	119
Total	231

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18. NET OPERATING REVENUES

(a) The composition of electric energy supplied by consumer class is as follows:

	No. of consumers		GWh	
	Nine months ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
Residential	4,586,863	4,408,867	4,710	5,099
Industrial	67,668	67,137	16,425	16,416
Commercial	512,666	496,638	2,415	2,532
Rural	332,427	318,251	1,231	1,235
Governmental Entities	45,692	43,943	994	1,024
Public services	6,770	6,475	708	709
Own consumption	1,358	1,408	37	39
Unbilled, net	-	-	-	-
	5,553,444	5,342,719	26,520	27,054
Supply	4	4	244	487
Energy transactions on MAE	-	-	-	-
Total	5,553,448	5,342,723	26,764	27,541

(b) The composition of taxes on revenues is as follows:

	Nine months ended September 30,	
	2002	2001
VAT	840	747
COFINS	131	112
PIS-PASEP social contribution	38	25
Emergency capacity charge	45	-
	1,054	884

19. OPERATING COSTS AND EXPENSES

Some of the operating costs and expenses consist of the following:

(a) Electricity purchased for resale

	N
	200
Itaipu Binacional (through FURNAS)	
From suppliers though MAE	
Initial contracts	
From Other	
	-
	=

ANEEL has reduced the price of energy acquired from Itaipu by 13.18%, from US$ 20.1988 to US$ 17.5374 per kW, since October 23, 2002.

The energy traded on spot market in 2001 was accrued only in the fourth quarter of 2001, since MAE information necessary to record the estimates only became available at that time.

(b) Regulatory charges

	N
	200
Global reserve for reversion quota	
Fuel usage quota	
Charges for use of water resources	
ANEEL inspection fee	

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(c) Other

	Nine months ended September 30,	
	2002	2001

Insurance	1	8
Consumption - electric energy	9	7
Labor indemnity	4	5
Disposal of fixed assets, net	12	56
Grants and donations	11	9
Accrued liabilities for contingencies-		
Labor claims	10	(6)
Civil lawsuits - Consumers	7	4
Civil lawsuits - Other	4	16
Allowance for doubtful accounts	5	16
Provision for loss on deferred regulatory assets	20	-
Rentals	12	9
Advertising	15	20
Employees profit sharing	22	14
MAE Contribution	6	-
Technological and Scientific National Fund	7	-
General expenses	27	20
	172	178

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20. FINANCIAL EXPENSES, NET

Financial income (expense) consists of the following:

	20
Financial income:	
Investment income earned	1
Late charges on overdue electricity bills, recorded on cash basis	
Interest and monetary restatement of account receivable from State Government	1
Monetary restatement on recoverable tax	
Monetary restatement on deferred regulatory assets	
Foreign exchange gains	
Taxes on financial income (PASEP and COFINS)	(
Other income	
	5
Financial expenses:	
Interest on financings	(1
Foreign exchange losses	(9
Monetary restatement on financing	(
Financial transaction tax ("CPMF")	(
Interest and fines on taxes	(

Advance billings of electric power	(
Other expenses	
	(1,2
Financial expenses, net	(7

Foreign exchange losses relate to the devaluation of the real relative to the US dollar. See notes 14 and 22 for the composition of foreign currency debt, variation of exchange rates of each foreign currency for each period presented and exposure to foreign exchange variation.

21. RELATED PARTY TRANSACTIONS

The Company enters into a variety of related party transactions, the main transactions are as follows:

(a) State Government-

Account receivable and related financial income	Note 9 and 20
VAT - Liabilities	Note 13
VAT - Expense	Note 18

(b) FORLUZ

Employee post-retirement benefits related balances	Note 15

Other related party transactions are not material.

22. FINANCIAL INSTRUMENTS

The Company manages its financial instruments through periodic monitoring of positions, diversification of counterparties and establishment of credit limits by counterparty.

Financial instruments, which potentially subject CEMIG to concentrations of credit risk, are cash and cash equivalents, restricted investments and accounts receivable. CEMIG limits its credit risk associated with cash and cash equivalents and restricted s investments by placing its investments with highly rated financial institutions generally in short-term securities. The credit risk associated with accounts receivable from residential consumers is limited by CEMIG's policy of interrupting the supply of electricity if payment becomes in arrears. With respect to larger industrial and commercial consumers CEMIG limits its credit risk by performing ongoing credit evaluations and, in certain cases, obtaining guarantees or collateral for impaired receivables. The Company's customers are primarily located in the State of Minas Gerais, although distributed among a wide variety of economic sectors.

The Company's short term investments related to marketable securities issued by third parties are as follows:

I. CEMIG has debentures issued by financial institutions, in the amount of R$37. These securities have immediate call clauses exercisable by the Company, without penalty or loss. These securities have interest rates based on the variation of the Brazilian Interbank Certificate of Deposit - CDI rate.

II. The swap transactions of CEMIG in the amount of R$21, are purchased from financial institutions, through the transfer of public or private securities issued by third parties. These securities have repurchase clauses. The interest rate is based on the CDI. CEMIG has the right to call for early redemption of these securities without penalty or loss.

III. CEMIG has entered into hedge transactions in the amount of US$8 million equivalent to R$32 to reduce the exchange rate risk of the US dollar to the Brazilian real. , The gain or loss on these operations arising from the differences between the actual exchange variation and the exchange variation agreed with financial institutions are recognized on the accrual basis.

The Company's exposure to exchange rate risks is as follows:

	September 30, 2002	December 31, 2001 (Audited)
US Dollar		
Financings	2,353	1,25
Advanced billings of electric energy	-	4
(-) Escrow deposit related to loans and financing	(194)	(13
	2,159	1,16
Other Currencies		
Financings	125	8
Net liabilities exposed to exchange rate risk	2,284	1,24

After 2001, the effects of the exchange rate variation on the liabilities related to the energy purchase from Itaipu Binacional are included in the Parcel "A" costs and will be considered in the subsequent rate adjustments.

23. INSURANCE

The Company's insurance policies covering damages to its power plants caused by fire and operational risks such as equipment failures expired on December 31, 2001. The Company is soliciting bids from insurance carriers for new insurance policies to cover these risks.

CEMIG does not have general third party liability insurance covering accidents and has not solicited bids relating to this type of insurance. In addition, the Company has not solicited bids for, nor does it carry, insurance coverage for major catastrophes affecting its facilities such as earthquakes and floods, for business interruption risk or systemic failures.

The Company has not experienced significant losses arising from the aforementioned risks.

24. SHAREHOLDERS' AGREEMENT

In 1997, the State of Minas Gerais sold approximately 33% of the Company's common shares to a group of investors led by Southern Electric Brasil Participacoes Ltda. ("Southern"). As part of this sale, the State of Minas Gerais and Southern entered into a shareholders' agreement that provided for, among other matters, special quorum requirements to approve significant corporate actions, certain amendments to CEMIG's by-laws, the issuance of convertible debentures and warrants, changes to the Company's corporate structure and any distribution of dividends other than that required by the by-laws. This agreement granted Southern a veto right over certain important corporate decisions.

On September 13, 1999, the State of Minas Gerais filed a lawsuit to nullify this shareholders' agreement on the grounds that it violated the state and federal constitutions because the special quorum provisions would constitute an unlawful transfer of the control of CEMIG to Southern.

On September 27, 1999, the Minas Gerais State Court of Appeals granted a legal injunction suspending the effects of the special quorum provisions, pending the outcome of the lawsuit.

In March 2000, the lower court rendered a decision declaring the shareholders' agreement null and void.

On August 7, 2001, the Minas Gerais State Court of Appeals upheld the March 2000 lower court ruling declaring the shareholders' agreement null and void.

Southern has appealed the Court's decision and their appeal is still pending.

25. CORPORATE REORGANIZATION

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

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

The State Government, the controlling shareholder, assuming that the "unbundling" must be previously approved by Minas Gerais State Legislature, submitted to the Legislature, on March 2, 2001, a bill proposing the restructuring of the Company into three companies. This legislation has not yet been approved and the reorganization process has not yet been completed. Additionally, the Company has submitted an extension date request to ANEEL, which has not yet been answered.

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

26. SUBSEQUENT EVENTS

(a) 2002 dividend declared

On December 19, 2002, the Board of Directors approved interest on capital in lieu of dividend for 2002 in the amount of R$100.

(b) Loan obtained from BNDES for settlement of MAE transactions

On February 7, 2003, CEMIG obtained a loan from BNDES, in the amount of R$335. The loan bears interest of 1% per year and monetary variation based on SELIC. It will be paid through 60 monthly installments from March 15, 2003 to February 15, 2008 and is guaranteed by 3.27% of the Company's monthly electricity sales to final customers.

(c) Periodic Rate Review

The Periodic Rate Review represents the revision of the rates granted to the distribution electricity concessionaires to assure the financial-economic equilibrium of the existing concession contracts. The Period Rate Review occurs every 4 or 5 years, depending on each concession contract (5 years for CEMIG). In the rate definition, ANEEL considers the Company's structural changes occurred in its costs and its market and the desirable return on its investments.

CEMIG's energy rates increased by an average of 31.5% on April 8, 2003, as a result of the Company's Periodic Rate Review.

(d) Financial covenants

As of March 31, 2003, some of the Company's loan, financing and debenture contracts, in the total amount of R$511, of which R$329 are classified as long-term liabilities, contain covenants that, in case of noncompliance, may cause amounts due under the contracts to become immediately due. In addition, the Company also has financing contracts that contain cross-default clauses. The Company has obtained waivers from the creditors that are parties to contracts that contain covenants with respect to which the Company is not in compliance, which waivers state that such creditors will not exercise their rights to demand either anticipated or immediate payment of the total amounts due. The waivers are in force as of December 31, 2002, March 31, 2003 and, for most contracts, June 30, 2003. The Company believes that the noncompliance with the covenants was eventual and that its 2003 operation will lead to their compliance. Loans, financings and debentures are classified as current and long-term liabilities according to the original contract terms, in compliance with the waivers obtained.

Additionally, the Company is performing analysis regarding the covenants compliance of the Infovias financing, in the total amount of R$125 of which R$101 are classified as long-term liabilities as of March 31, 2003, and has not yet reached a final conclusion. The financing is classified as current and long-term liabilities according to the original contract terms.

(e) Significant exchange variation after September 30, 2002

After September 30, 2002, the real appreciated significantly against the US dollar, which has had a positive effect on the Company's net earnings in 2002 and 2003. The Company recorded exchange gains of approximately R$191 in the fourth quarter of 2002 and R$356 in the four-month period ended April 30, 2003 as the real appreciation resulted in an increase in financial income. From September 30, 2002 to April 30, 2003, the real appreciated 25.8% as compared to the U.S. dollar.

(f) Recovery of additional "A" Parcel costs from April 8, 2003 to April 7, 2004

The Federal Government, through Executive Act No. 116, issued on April 4, 2003, postponed for 12 months the reimbursement of the Parcel "A" costs relating to the period from April 8, 2002 to April 7, 2003, initially scheduled to be received on April 8, 2003. Additionally, the same Executive Act established that the Parcel "A" costs, which reimbursement was postponed, in addition to the Parcel "A" costs to be recorded during the 12-month period beginning April 8, 2003, will be reimbursed through an increase in the electric energy rate for 24 months, starting with the rate adjustment that will be in force as from April 8, 2004. Therefore, the Parcel "A" costs balances, recorded as Deferred regulatory assets as of September 30, 2002, were classified as current and other assets considering the new expected realization period.

27. RECENTLY ISSUED U. S. GAAP PRONOUNCEMENTS

In June 2001, the FASB issued SFAS 143, "Accounting for Asset Retirement Obligations". SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. Under SFAS 143, the liability for an asset retirement obligation is discounted and accretion expense is recognized using the credit-adjusted risk-free interest rate in effect when the liability was initially recognized. In addition, disclosure requirements contained in SFAS 143 will provide more information about asset retirement obligations. SFAS 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002 with earlier application encouraged. The implementation of this statement did not result in a significant impact to the Company's consolidated financial statements.

In April 2002, the FASB issued SFAS 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13 and Technical Corrections." SFAS 145 rescinds SFAS 4, "Reporting Gains and Losses from Extinguishment of Debt," which required that all gains and losses from extinguishment of debt to be aggregated and classified as an extraordinary item if material. SFAS 145 requires that gains and losses from extinguishment of debt be classified as extraordinary only if they meet criteria in APB 30, thus distinguishing transactions that are part of recurring operations from those that are unusual or infrequent, or that meet the criteria for classification as an extraordinary item. SFAS 145 amends SFAS 13, "Accounting for Leases", to require that lease modifications that have economic effects similar to sale-leaseback transactions be accounted for in the same manner as sale-leaseback transactions. In addition, SFAS 145 rescinds SFAS 44, "Accounting for Intangible Assets of Motor Carriers," and SFAS 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements," which are not currently applicable to the Company. The provisions of SFAS 145 as they relate to the rescission of SFAS 4 shall be applied in fiscal year 2003. Certain provisions related to SFAS 13 are effective for transactions occurring after May 15, 2002. The implementation of this statement did not result in a significant impact to the Company's consolidated financial statements.

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In June 2002, FASB issued SFAS 146 "Accounting for costs associated with Exit or Disposal Activities". This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The principal difference between this Statement and EITF 94-3 relates to its requirements for recognition of a liability for a cost associated with an exit or disposal activity. This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3, a liability for an exit cost was recognized at the date of an entity's commitment to an exit plan. A fundamental conclusion reached by the Board in this Statement is that an entity's commitment to a plan, by itself, does not create a present obligation to others that meets the definition of a liability. This Statement also establishes that fair value is the objective for initial measurement of the liability. This Statement improves financial reporting by requiring that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value only when the liability is incurred. The accounting for similar events and circumstances will be the same, thereby improving the comparability and representational faithfulness of reported financial information. The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. The Company does not expect that the adoption of SFAS 146 will have a significant impact on its consolidated results of operations, financial position or cash flows.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS FORTHE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2002 (THE "2002 INTERIM PERIOD") COMPARED TO THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2001 (THE "2001 INTERIM PERIOD").

Net operating revenues

Net operating revenues increased 22.6% to R$3,521 million in the 2002 Interim Period from R$2,873 million in the 2001 Interim Period due primarily to the recording of additional revenue from the regulatory extraordinary rate adjustment, which is intended to reimburse revenue losses incurred as a result of the Electricity Rationing Plan and related spot market transactions and an increase in electricity sales to final customers

In the 2002 Interim Period, we recorded revenue relating to the regulatory extraordinary rate adjustment in the amount of R$238 million, in accordance with the terms of the General Agreement of the Electricity Sector, which provides for reimbursement of revenue losses incurred during the period of the Electricity Rationing Plan and related spot market transactions through special rate increases to be billed to final customers, and in accordance with consensus described on Emerging Issues Task Force - EITF 92-07, "Accounting by Rate-Regulated Utilities for the Effects of Certain Alternative Revenue Programs", which establishes a 24 month period limit for collection of the recovery of revenue losses incurred during the Energy Rationing Plan. See Note 3 to our interim financial statements.

Electricity sales to final customers were R$3,943 million in the 2002 Interim Period representing a 13.1% increase compared to R$3,487 million in the 2001 Interim Period. This increase resulted from the net effect of an increase in the average rate and a decrease in the volume of electricity sales to final customers. There was a 15.3% increase in the average rate in the 2002 Interim Periodto R$148.89 per MWh compared to R$129.08 per MWh in the 2001 Interim Periodas a result of rate increases of 16.5% in April 2001 (full effect in 2002) and 10.5% in April 2002. The positive effect of the rate increases was partially offset by a 2.0% decline in volume of electricity sales to final customers due to (i) the Electricity Rationing Plan in force from June 2001 to February 2002; (ii) new patterns of final customer consumptionafter the end of the Electricity Rationing Plan on March 1, 2002, and (iii) a decline in Brazil's economy in 2002 year. The most representative market, comprising the industrial consumers, increased 0.1%. On the other hand, sales to residential and commercial consumers decreased 7.6% and 4.6%, respectively. See Note 18 to our interim financial statements.

Electricity sales to the interconnected power system were R$117 million in the 2002 Interim Period compared to R$56 million in the 2001 Interim Period. This increase resulted from higher rates associated with energy transactions on the Mercado Atacadista de Energia Wholesale Electricity Spot Market, or MAE, during the period in which the Electricity Rationing Plan was in force as well as the abscense of a method to account for electricity sales to the interconnected power system in the first nine-months of , 2001, since MAE information necessary to record the estimates only became available in the fourth quarter of 2001.

Revenues from the use of the Basic Transmission Network by other concessionaires increased 17.6% to R$134 million in the 2002 Interim Period from R$114 million in the 2001 Interim Period. This increase was due primarily to 11.6% and 7.15% rate increases in July 2001 and 2002,respectively.

Other operating revenues increased 43.0% to R$143 million in the 2002 Interim Period from R$100 million in the 2001 Interim Period due to a R$31 million increase in revenues from GASMIG, our subsidiary, reflecting 43.0% period-over-period growth, and R$7 million in revenue from Infovias relating to telecommunications services rendered in the 2002 Interim Period.

Taxes on revenues increased 19.2% to R$1,054 million in the 2002 Interim Period from R$884 million in the 2001 Interim Period as a result of the increase in our operating revenues in the 2002 Interim Period as compared to the 2001 Interim Period and as a result of the VAT billed to the customers related to the billed extraordinary rate adjustment. Taxes on revenues consist of: (i) VAT, assessed at an average rate of 21% on electricity sales to final customers, and VAT billed to customers related to the deferred regulatory assets; (ii) COFINS, assessed at a rate of 3%; (iii) PASEP, assessed at a rate of 0.65%; and (iv) emergency capacity charge, a new charge established in 2002 which is prorated among final consumers of electric energy and which relates to the acquisition of energy and contracted generation capacity by CBEE (The Brazilian Emergency Energy Trader). See Notes 3 and 18 to our interim financial statements.

Operating costs and expenses

Operating costs and expenses increased 10.0% to R$3,228 million in the 2002 Interim Period from R$2,935 million in the 2001 Interim Period, principally as a result of increases in electricity purchased for resale, depreciation and amortization and regulatory charges, partially offset by decreases in personnel and employee post-retirement benefits.

Electricity purchased for resale consists primarily of purchases from Itaipu through Furnas Centrais Eletricas S.A., or Furnas. We are required under applicable regulations to purchase 17.0% of Itaipu's capacity at U.S. dollar-denominated prices. We also purchase electricity from the MAE and Furnas itself. Electricity purchased for resale increased 26.3% to R$1,029 million in the 2002 Interim Period from R$815 million in 2001 Interim Period due mainly to the R$182 million provision related to energy purchased from the MAE during the 2002 Interim Period. The energy purchased on the MAEt in the 2001 Interim Period was accrued only in the fourth quarter of 2001, since the MAE information necessary to record the estimates only became available at that time. See Note 19 to our interim financial statements.

Charges for use of the Basic Transmission Network mainly correspond to the cost of transporting electricity purchased from Itaipu and increased a 7.3% to R$220 million in the 2002 Interim Period compared to R$205 million in the 2001 Interim Period principally as a result of a rate increase in July 2001 and 2002, partially offset by a decline in the volume of energy transported through the network due to the Electricity Rationing Plan that was in force from June 2001 to February 2002.

Depreciation and amortization increased 8.8% to R$521 million in the 2002 Interim Period from R$479 million in the 2001 Interim Period as a result of the entry into service of additional distribution and transmission networks and lines.

Personnel expense decreased 6.9% to R$377 million in the 2002 Interim Period compared to R$405 million in the 2001 Interim Period as a result of the R$33 million provision recorded relating to our Voluntary Resignation Program in March 2001 and an increase in amounts transferred to Property, Plant and Equipment under Construction in Progress in the 2002 Interim Period.

Regulatory charges increased 12.5% to R$405 million in the 2002 Interim Period from R$360 million in the 2001 Interim Period due primarily to an increase of R$32 million in required contributions to the RGR Fund (a reserve fund created by the Brazilian Congress that provides compensation to electricity companies for certain assets used in connection with their concessions if their concessions are revoked or not renewed) to R$110 million in the 2002 Interim Period compared to R$78 million in the 2001 Interim Period. See Note 19 to our interim financial statements.

Third-party services expense increased 7.8% to R$180 million in the 2002 Interim Period compared to R$167 million in the 2001 Interim Period primarily due to the increase in expenses relating to bill collection services as a result of readjustments to contracts based on inflationary indices.

Employee post-retirement benefits decreased 12.8% to R$197 million in the 2002 Interim Period compared to R$226 million in the 2001 Interim Period as a consequence of a lower projected net periodic cost for 2002 as a result of a higher expected return on plan assets. See Note 15 to our interim financial statements.

Other expenses decreased 3.4% to R$172 million in the 2002 Interim Period from R$178 million in the 2001 Interim Period due mainly to a decrease in net losses on disposal of fixed assets (R$12 million in the 2002 Interim Period compared to R$56 million in the 2001 Interim Period, R$32 million of which related to the Machado Mineiro Power Plant), partially offset by a R$16 million increase in provision for labor claims in the 2002 Interim Period and a R$20 million provision for loss on deferred regulatory assets in the 2002 Interim Period. See Note 19 to our interim financial statements.

Operating income (loss)

As a result of the foregoing, there was operating income of R$293 million in the 2002 Interim Period compared to operating loss of R$62 million in the 2001 Interim Period.

Financial expenses, net

Financial expenses, net, includes (i) financial income, which is mainly comprised of interest and monetary restatement of our account receivable from the State Government, investment income, late charges on overdue electricity bills, monetary restatement of recoverable tax, foreign exchange gains, monetary restatement of deferred regulatory assets, and (ii) financial expense, which is mainly comprised of interest expense on loans and financing, the Contribuicao Provisoria sobre a Movimentacao ou Transmissao de Valores e de Creditos e Direitos de Natureza Financeira (a financial transaction tax), or CPMF, interest and fines on taxes, foreign exchange losses, monetary restatement losses and other expenses. Financial expenses, net, were R$747 million in the 2002 Interim Period compared to financial expenses of R$349 million in the 2001 Interim Period. The main changes were an increase of R$462 million in foreign exchange net losses resulting from the 67.9% devaluation of the real against the U.S. dollar in the nine-month period ended September 30, 2002 compared to a 36.6% devaluation of the real against the U.S. dollar in the 2001 Interim Period and a R$131 million increase in interest and monetary restatement on loans and financing, partially offset by a R$136 million increase in income from temporary cash investments due to higher cash and cash equivalents and restricted short-term investments in the 2002 Interim Period, by income from cash investments denominated in U.S. Dollars and by financial income in the amount of R$95 million as a result of the monetary restatement on deferred regulatory assets. See Notes 3, 6, 7, 14 and 20 to our interim financial statements.

Income taxes

Income taxes were benefit of R$211 million on pre-tax loss of R$454 million in the 2002 Interim Period compared to benefit of R$168 million on pre-tax loss of R$411 million in the 2001 Interim Period. A deduction of R$39 million in the 2002 Interim Period with respect to interest on capital helped reduce the amount provisioned for income taxes in 2002. See Note 5 to our interim financial statements.

Minority interests

Minority interests were R$10 million, mainly related to the operation of Infovias, which was included in the consolidated financial statements as from June 30, 2002.

Net Loss

As a result of the foregoing, we had net loss of R$233 million in the 2002 Interim Period compared to net loss of R$243 million in the 2001 Interim Period.

Other comprehensive income (loss)

Other comprehensive income (loss) was loss of R$9 million in the 2002 Interim Period compared to income of R$15 million in the 2001 Interim Period as a result of the change in the fair value (unrealized gain / losses) of the available for sale securities recognized in shareholders' equity.

Comprehensive loss

As a result of the factors stated above, comprehensive loss was R$242 million in the 2002 Interim Period compared to comprehensive loss of R$228 million in the 2001 Interim Period.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

By: /s/ Flavio Decat de Moura

Name: Flavio Decat de Moura
Title: Chief Financial Officer

Date: June 27, 2003