ENERGY CO OF MINAS GERAIS
Form 6-K
November 17, 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 November, 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. Interim financial statements as of and for the nine-month period ended September 30, 2003, prepared in accordance with accounting practices adopted in Brazil, in Brazilian reais (convenience translation into English from the Portuguese-language version filed with the Brazilian Comissao Nacional de Valores).

2. Management's discussion and analysis of results of consolidated operations relating to the interim financial statements as of and for the nine-month period ended September 30, 2003, prepared in accordance with accounting practices adopted in Brazil, in Brazilian reais (convenience translation into English from the Portuguese-language version filed with the Brazilian Comissao Nacional de Valores).

Item 1

Companhia Energetica de Minas Gerais - CEMIG

Interim Financial Statements
Together with Independent Accountant's Report on Special Review

September 30, 2003

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

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Shareholders and the Board of Directors of
Companhia Energetica de Minas Gerais - CEMIG
Belo Horizonte - MG
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1. We have performed a special review of the quarterly information, presented in Brazilian reais, of Companhia Energetica de Minas Gerais - CEMIG and subsidiaries (Company and Consolidated) as of September 30, 2003 and for the quarter and the nine month period then ended, prepared under the responsibility of the Company's management, in accordance with accounting practices adopted in Brazil, consisting of the balance sheets, statements of income and management's discussion and analysis.

2. We conducted our review in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Federal Accounting Council, which consisted principally of: (a) inquiries and discussions with management responsible for the accounting, financial and operating areas of the Company and its subsidiaries as to the principal criteria adopted in the preparation of the quarterly information,

and (b) review of the information and subsequent events that had or might have had significant effects on the Company's and its subsidiaries' financial positions and results of operations.

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

4. As mentioned in Notes 5, 7, 8 and 15 to the quarterly information, as of September 30, 2003, the Company and its subsidiaries have recorded assets, liabilities, revenues and expenses related to energy sales, purchases and other transactions occurred on the Wholesale Energy Market - MAE. Such amounts were recorded based on calculations prepared and information made available by MAE regarding transactions through August 31, 2003 and based on Company and its subsidiaries estimates for transactions in September 2003. Those amounts are subject to change, depending on the outcome of claims currently in progress in court, filed by electric energy companies, concerning the interpretation of the market rules in force at the time that those transactions occurred.

5. The balance sheets (Company and Consolidated) as of June 30, 2003, presented for comparative purposes, were reviewed by us and our special review report, dated July 31, 2003, was issued without qualification and included comments regarding the matter discussed in paragraph 4 above. The statements of income (Company and Consolidated) for the quarter and the nine-month period ended September 30, 2002, presented for comparative purposes, were reviewed by us, and our special review report, originally dated November 29, 2002 and reissued on January 21, 2003, included comments regarding:

   (i) The independent accountants' special review report reissued on January 21, 2003, originally issued dated November 29, 2002, regarding the Company's quarterly information as of September 30, 2002, which was revised by the Company due to the recording of a provision for losses on part of the accounts receivable from the Government of the State of Minas Gerais and to the updated information about Company's rights and obligations on the Wholesale Energy Market - MAE;

   (ii) The Company's lack of means 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 Company has submitted an extension request to ANEEL, which has not yet responded. 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;

   (iii) The possible changes in assets, liabilities, revenues and expenses related to: (a) procedures regarding reimbursement of generating companies of costs incurred for energy traded on the spot market during the Electricity Rationing Plan; and (b) transactions related to energy sales, purchases and other transactions occurred on the Wholesale Energy Market - MAE;

(iv) Executive Act No.14, that was issued on December 21, 2001, converted into Law No. 14,438 on April 26, 2002, that regulated, among other matters, the recovery of the economic and financial equilibrium of Brazilian companies in the electric energy sector, as guaranteed under the concession agreements and the application of special rate adjustments approved by the granting authority.

6. This quarterly information has been translated into English for the convenience of readers outside Brazil.

Belo Horizonte, October 30, 2003

/S/ Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

/S/ Francisco Papellas Filho

Francisco Papellas Filho
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, 2003 AND JUNE 30, 2003
(Expressed in thousands of Brazilian reais - R$)

A S S E T S

	Consolidated		
	September 30, 2003	June 30, 2003	September 3 2003
CURRENT ASSETS:			
Cash and cash equivalents	292,820	274,361	211,9
Accounts receivable	1,001,751	996,981	981,5
Consumers - Special rate adjustment	289,065	291,829	289,0
Concessionaires - Energy transmission	29,398	21,511	29,3
Distributors - MAE Transactions	144,401	140,444	144,4
Recoverable taxes	89,168	64,471	81,6
Materials and supplies	24,277	20,700	15,1

Prepaid expenses - CVA	130,185	47,243	130,1
Electricity Rationing Plan - Bonus paid to consumers and adoption costs incurred	15,140	22,107	15,1
Receivables from Federal Government - Revenue losses from low-income consumers	31,359	86,669	31,3
Other	114,510	113,523	121,5
	2,162,074	2,079,839	2,051,2
NONCURRENT ASSETS:			
Receivable from Minas Gerais State Government	874,145	836,971	874,1
Consumers - Special rate adjustment	1,136,062	1,115,819	1,136,0
Prepaid expenses - CVA	416,546	449,987	416,5
Tax credits	443,100	453,491	422,6
Marketable securities	84,511	74,691	84,5
Electricity Rationing Plan - Bonus paid to consumers and adoption costs incurred	23,449	23,449	23,4
Distributors - Energy supply	465,972	436,073	465,9
Recoverable taxes	116,926	118,346	105,2
Escrow deposits	77,966	67,892	77,9
Accounts receivable	62,035	49,166	62,0
Other	72,768	78,531	72,6
	3,773,480	3,704,416	3,741,3
PERMANENT ASSETS:			
Investments	776,783	736,984	1,391,6
Property, plant and equipment	7,955,305	7,945,665	7,331,8
Deferred charges	23,212	22,957	6
	8,755,300	8,705,606	8,724,2
Total assets	14,690,854	14,489,861	14,516,9

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

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

LIABILITIES AND SHAREHOLDERS' EQUITY

	Consolidated		
	September 30, 2003	June 30, 2003	September 3 2003
CURRENT LIABILITIES:			
Suppliers	810,487	1,202,346	782,0
Taxes payable	364,595	346,890	354,5
Loans and financing	981,337	679,571	958,2
Payroll and related charges	123,916	118,347	122,3
Dividends and interest on capital	202,954	202,973	202,5
Employee post-retirement benefits	183,681	244,257	183,6
Regulatory charges	138,224	182,124	137,8
Employee profit sharing	34,101	23,087	34,0
Other	127,660	120,365	126,5
	2,966,955	3,119,960	2,901,9
LONG-TERM LIABILITIES:			
Loans and financing	1,601,918	1,625,723	1,524,0
Debentures	876,945	867,631	876,9
Employee post-retirement benefits	1,524,838	1,533,142	1,524,8
Suppliers	345,944	333,974	345,9
Reserve for contingencies	371,927	357,415	371,9
Taxes payable	405,884	317,185	405,8
Other	74,018	90,071	71,3
	5,201,474	5,125,141	5,120,8
MINORITY INTEREST	28,266	28,301	
SHAREHOLDERS' EQUITY:			
Capital	1,621,538	1,621,538	1,621,5
Capital reserves	4,059,345	4,059,345	4,059,3
Income reserves	113	113	1
Accumulated earnings	813,163	535,463	813,1
	6,494,159	6,216,459	6,494,1
Total liabilities and shareholders' equity	14,690,854	14,489,861	14,516,9

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

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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, 2003 AND 2002 (Expressed in thousands of Brazilian reais - R$, except for per share data)

	Consolidated		C
	Nine-month periods ended September 30,		Nine-m ended S
	2003	2002	2003
OPERATING REVENUES:			
Electricity sales	5,267,379	4,431,993	5,223,606
Special rate adjustment	-	268,913	-
Other operating revenues	462,749	304,310	240,744
	5,730,128	5,005,216	5,464,350
DEDUCTIONS FROM OPERATING REVENUES:	(1,673,966)	(1,184,545)	(1,619,682
Net operating revenues	4,056,162	3,820,671	3,844,668
OPERATING EXPENSES:			
Personnel	(466,742)	(398,328)	(455,799
Materials and supplies	(62,210)	(52,316)	(61,232
Outside services	(221,944)	(179,556)	(213,634
Charges for use of water resources	(48,143)	(34,200)	(47,556
Electricity purchased for resale	(1,036,669)	(1,455,041)	(1,036,669
Use of basic transmission network	(247,720)	(219,953)	(247,720
Depreciation and amortization	(421,766)	(408,388)	(391,249
Employee post-retirement benefits	(35,630)	(162,748)	(35,630
Operating provisions	(133,912)	(28,032)	(132,209
Fuel usage quota (CCC)	(219,900)	(252,373)	(219,900
Gas purchased for resale	(126,148)	(75,568)	-
Employee profit sharing	(34,465)	(21,903)	(34,443
Energy development account	(77,763)	-	(77,763
Other expenses	(107,100)	(118,465)	(96,472
	(3,240,112)	(3,406,871)	(3,050,276
Income from operations before equity in subsidiaries and financial income (expenses)	816,050	413,800	794,392
EQUITY IN SUBSIDIARIES	-	-	27,949
FINANCIAL INCOME (EXPENSES)			
Financial income	925,508	759,506	893,441
Financial expenses	(424,807)	(1,516,352)	(412,804
	500,701	(756,846)	480,637

Income (loss) from operations	1,316,751	(343,046)	1,302,978
NON-OPERATING EXPENSES, NET			
Extraordinary losses	-	(1,045,325)	-
Other expenses, net	(24,470)	(19,541)	(24,447
	(24,470)	(1,064,866)	(24,447
Income (loss) before taxes on income	1,292,281	(1,407,912)	1,278,531
Income and social contribution taxes - (expense) benefit	(480,128)	126,809	(465,368
Income (loss) before reversal of interest on capital and minority interest	812,153	(1,281,103)	813,163
REVERSAL OF INTEREST ON CAPITAL	-	120,000	-
MINORITY INTEREST	1,010	10,198	-
NET INCOME (LOSS) FOR THE PERIOD	813,163	(1,150,905)	813,163
NUMBER OF THOUSANDS OF SHARES OUTSTANDING	162,084,691	162,084,691	162,084,691
EARNINGS (LOSS) PER THOUSAND SHARES - R$	0.00502	(0.00710)	0.00502

The accompanying condensed notes are an integral part of these financial statemen

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COMPANHIA ENERGETICA DE MINAS GERAIS - CEMIG

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

	Consolidated		
	Quarter ended September 30,		ended
	2003	2002	2003
OPERATING REVENUES:			
Electricity sales	1,923,945	1,839,169	1,908,
Special rate adjustment	-	7,488	
Other operating revenues	181,297	121,306	90,
	2,105,242	1,967,963	1,999,
DEDUCTIONS FROM OPERATING REVENUES:	(592,595)	(428,642)	(571,

Net operating revenues	1,512,647	1,539,321	1,427,
OPERATING EXPENSES:			
Personnel	(150,418)	(133,146)	(146,
Materials and supplies	(20,664)	(18,153)	(20,
Outside services	(82,832)	(67,820)	(78,
Charges for use of water resources	(21,466)	(12,024)	(21,
Electricity purchased for resale	(356,331)	(792,804)	(356,
Use of basic transmission network	(90,919)	(77,745)	(90,
Depreciation and amortization	(140,767)	(137,545)	(128,
Employee post-retirement benefits	(11,877)	(54,249)	(11,
Operating provisions	(53,699)	(19,613)	(53,
Fuel usage quota (CCC)	(62,410)	(92,369)	(62,
Gas purchased for resale	(49,402)	(30,509)	
Employee profit sharing	(11,299)	(11,249)	(11,
Energy development account	(40,455)	-	(40,
Other expenses	(34,151)	(43,206)	(30,
	(1,126,690)	(1,490,432)	(1,053,
Income from operations before equity in subsidiaries and financial income (expenses)	385,957	48,889	374,
EQUITY IN SUBSIDIARIES	-	-	12,
FINANCIAL INCOME (EXPENSES)			
Financial income	241,229	379,204	231,
Financial expenses	(171,643)	(829,220)	(167,
	69,586	(450,016)	63,
Income (loss) from operations	455,543	(401,127)	449,
NON-OPERATING EXPENSES, NET	(11,777)	(5,694)	(11,
Income (loss) before taxes on income	443,766	(406,821)	438,
Income and social contribution taxes	(166,363)	149,169	(160,
Income (loss) before minority interest	277,403	(257,652)	277,
MINORITY INTEREST	297	1,543	
NET INCOME (LOSS) FOR THE PERIOD	277,700	(256,109)	277,
NUMBER OF THOUSANDS OF SHARES OUTSTANDING	162,084,691	162,084,691	162,084,
EARNINGS (LOSS) PER THOUSAND SHARES - R$	0.00171	(0.00158)	0.00

The accompanying condensed notes are an integral part of these financial st

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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 SEPTEMBER 30, 2003
(Amounts expressed in thousands of Brazilian reais - R$, unless otherwise indicated)

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1) THE COMPANY AND ITS OPERATIONS

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

The Company has equity interests in the following operating companies:

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

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

- Companhia de Gas de Minas Gerais - GASMIG ("GASMIG") (95.19% interest) - Its principal activities are the acquisition, transportation and distribution of natural gas and related products. GASMIG was granted a concession by the State Government to distribute gas in the State of Minas Gerais. GASMIG's bylaws also permit the performance of activities related to the exploration, production and storage of natural gas. These activities, however, are not currently being performed;

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

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

- Horizontes Energia S.A. (100.00% interest) - 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. Horizontes Energia S.A. initiated operations in the third quarter of 2003.

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

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

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

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

2) PRESENTATION OF THE FINANCIAL STATEMENTS

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

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

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

3) CASH AND CASH EQUIVALENTS

The composition of the balance is as follows:

	Consolidated		C
	September 30, 2003	June 30, 2003	September 2003
Banks	99,321	136,888	95,10
Short term investments	193,499	137,473	116,87
	292,820	274,361	211,98

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

4) ACCOUNTS RECEIVABLE

Consolidated

Consumer Class	Current	Past due accounts - up to 90 days	Past due accounts - over 90 days	Tota Septemb 200
Residential	230,583	143,679	21,761	396,
Industrial	189,979	57,489	91,001	338,
Commercial	102,659	50,953	17,577	171,
Rural	33,395	14,377	5,161	52,
Public authorities	15,166	25,331	18,403	58,
Public lighting	12,431	29,366	35,777	77,
Public services	14,967	4,094	-	19,
Subtotal - Consumers	599,180	325,289	189,680	1,114,
Supply to other concessionaries	4,122	-	-	4,
Allowance for doubtful accounts	-	-	(116,520)	(116,
	603,302	325,289	73,160	1,001,

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Company

Consumer Class	Current	Past due accounts - up to 90 days	Past due accounts - over 90 days	Tota Septemb 200
Residential	230,583	143,679	21,761	396,
Industrial	182,790	57,489	88,338	328,
Commercial	89,608	50,953	17,388	157,
Rural	33,395	14,377	5,161	52,
Public authorities	15,166	25,331	18,403	58,
Public lighting	12,431	29,366	35,777	77,
Public services	14,967	4,094	-	19,
Subtotal - Consumers	578,940	325,289	186,828	1,091,
Supply to other concessionaries	4,122	-	-	4,
Allowance for doubtful accounts	-	-	(113,668)	(113,
	583,062	325,289	73,160	981,

The Company has overdue accounts receivable from Companhia de Saneamento de Minas Gerais - COPASA ("COPASA"), a State Government controlled company, in the total amount of R$62,035, which are recorded as noncurrent assets according to the Company's expected realization. Company management is negotiating the collection of the aforementioned past due amount and does not expect any loss on its realization.

5) CONSUMERS - SPECIAL RATE ADJUSTMENT

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

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

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

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

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

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

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

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

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

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

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

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

According to ANEEL Resolution No. 36, dated January 29, 2003, 48.8% of the credits described in item "c" above are being monetarily restated based on SELIC since January 1, 2003 and 33.2% since July 3, 2003, the date of the MAE settlement (after the conclusion of the audit work). The remaining 18% of the credits, which corresponds to CEMIG's liabilities on MAE (Note 8), which were not settled due to an injunction granted to CEMIG, will be restated after the definition of MAE methodology, as determined pursuant to the injunction, is applied to calculate CEMIG's rights and obligations, as mentioned in Note 8, item "b".

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

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

ICMS (State VAT) on the special rate adjustment, related to future billings, which is estimated at R$356,282 (R$351,912 as of June 30, 2003), only becomes an obligation once the customers are billed. However, because the Company's only responsibility is to transfer this tax from consumers to the State tax authorities, the Company did not record this obligation in advance.

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

	Company and Consolidated		
	September 30, 2003		
	Principal	SELIC restatement	Total
Billing losses during the Electricity Rationing Period	876,847	80,018	1,156,865
Amounts collected	(360,415)	-	(360,415)
	516,432	280,018	796,450
Recovery of spot market amounts by generators	456,177	55,830	512,007
Amounts collected	(54,854)	-	(54,854)
	401,323	55,830	457,153
Recovery of uncontrollable cost variations relating to Parcel A (item "c")	245,299	136,018	381,317
	1,163,054	471,866	1,634,920
Provision for losses on the realization of the special rate adjustment	(177,627)	(32,166)	(209,793)
	985,427	439,700	1,425,127
Current			289,065
Noncurrent			1,136,062

The proceeds of special rate adjustments to be paid to generators, as described in item "c", recorded in liabilities, under suppliers, are as follows:

	Company and Consolidated		
	September 30, 2003		
	Principal	SELIC restatement	Total
Amounts to be paid to generators	418,269	51,217	469,486
(-) Transference made	(42,739)	-	(42,739)
	370,085	51,217	426,747
Short-term liabilities			80,803
Long-term liabilities			345,944

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6) RECOVERABLE TAXES

	Consolidated		Compa
	September 30, 2003	June 30, 2003	September 30, 2003
Current Assets			
State VAT - ICMS	37,178	28,061	33,153
Income and social contribution tax	43,666	26,931	40,373
Other	8,324	9,479	8,111
	89,168	64,471	81,637
Noncurrent Assets			
State VAT - ICMS	98,083	99,503	86,451
State VAT - ICMS - Under discussion with Minas Gerais State Government	18,843	18,843	18,843
	116,926	118,346	105,294

Income and social contribution tax credits are primarily related to amounts arising from the tax returns of prior years, which will be offset in 2003.

Recoverable State VAT credits of the Company and its subsidiaries will be offset against State VAT liabilities.

Most of the balance recorded as noncurrent assets is subject to a 48-month offset period, as established by Supplementary Federal Law No. 102/00. The Company is in a legal dispute with the Minas Gerais State Government in order to offset State VAT credits in the amount of R$18,843.

7) PREPAID EXPENSES - CVA

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

The Federal Government, through Executive Act No. 116, postponed for a 12 month period the compensation of the "CVA" costs incurred during the period from March 10, 2002 through March 9, 2003, which would have been offset in the rate increase in force since April 8, 2003.

The CVA balance, for which compensation was postponed, plus the CVA balance to be calculated for the next 12 month period, beginning March 10, 2003, will be reimbursed though an increase in electric rates for a period of 24 months, beginning on April 8, 2004.

The aforementioned Executive Act included in the CVA the variations between the estimated costs used in defining rate adjustments related to the Energy development account and actual payments from February 10, 2003.

	Consolidated and Company		
	Principal	SELIC Restatement	Total September 30 2003
System service charges - ESS	177,609	14,435	192,04
Itaipu Binacional eletricity purchase tariff	224,192	64,908	289,10
Itaipu Binacional eletricity transport tariff	6,745	733	7,47
Fuel usage quota - CCC	(73,964)	(22,404)	(96,36
Tariff for use of basic transmission network	92,557	12,216	104,77
Energy development account	43,601	1,918	45,51
Charges for use of water resources	3,577	608	4,18
	474,317	72,414	546,73
Current			130,18
Noncurrent			416,54

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

The amounts to be compensated, which are recorded in current assets, refer to variations of uncontrollable costs that will be offset based on the annual rate adjustment on April 8, 2004, according to Management's estimates.

The System service charges - ESS were recorded based on information provided by the MAE.

8) DISTRIBUTORS - MAE TRANSACTIONS

a) Obligations and rights from the MAE transactions

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

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

Of the special rate adjustment credits to be transferred from other distribution concessionaires to CEMIG corresponding to approximately R$54,987, from March 2003 to September 2003, only R$18,534 were received in the period. Some distribution concessionaires are not transferring the entire amounts of the special rate adjustments due to CEMIG because they believe, based on their interpretation of Article 9 of the ANEEL Resolution No. 36 and ANEEL Technical Note No. 004/2003, that CEMIG is challenging the General Agreement of the Electricity Sector because it is contesting the methodology applied to calculate CEMIG's obligations resulting from the MAE transactions (mentioned in Item "b" of this Note). For this reason, such distribution concessionaires are prevented from transferring such amounts owed to CEMIG.

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

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

Approximately 48.8% of CEMIG's rights and obligations with the MAE are being monetarily restated based on the SELIC variation, as of January 1, 2003 and 33.2% as of July 3, 2003, the date of the MAE settlement. The remaining 18%, which corresponds to the remaining obligations to be paid, will be restated after the definition of the MAE methodology, as determined pursuant to the injunction, is applied to calculate CEMIG's rights and obligations, as mentioned in this Note, Item "b".

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CEMIG's rights and obligations related to MAE transactions are as follows:

	September 30, 2003	June 30, 2003
ASSETS		
Current		
Distributors - MAE Transactions	144,401	140,444
Noncurrent		
Distributors - MAE Transactions	465,972	436,073
	610,373	576,517
LIABILITIES		
Current		
Suppliers	142,560	532,072
	142,560	532,072

The outcome of lawsuits currently in progress, filed by market agents, related to the interpretation of the market rules in effect, may change the amounts recorded by CEMIG related to the MAE transactions.

b) Financial settlement of the MAE transactions

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

The additional portion, in the amount of R$372,545, was settled on July 3, 2003. Part of the payment was covered by a specific loan provided by the BNDES in July 2003, in the amount of R$176,483.

The financing provided by the BNDES is guaranteed by 3.27% and 1.36% of the monthly electricity sales to final customers and will be paid in monthly installments, until February and August 2008, respectively.

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

The amounts provided by the MAE, in accordance with the injunction, represented a decrease of approximately R$142,560 in CEMIG's net liabilities. However, because the methodology to be used to calculate CEMIG's rights and obligations is still pending legal discussion, the Company opted to keep the amounts recorded according to ANEEL Resolution No. 447. The difference between the amounts paid and provisioned is recorded under Current liabilities, as Suppliers.

9) RECEIVABLE FROM MINAS GERAIS STATE GOVERNMENT

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

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

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

This Amendment refers to 149 installments, maturing from January 1, 2003 to May 1, 2015, in the total amount of R$1,466,513, as of September 30, 2003. These installments are subject to annual interest of 6% and are restated based on the IGP-DI.

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

Due to the full allowance recorded on April 1 2002, the financial income related to monetary variation and interest on the Second Amendment, from

January to September 2003 and April to September 2002, in the amount of R$145,245 and R$ 115,657, respectively, did not impact the statement of income for 2003 and 2002, considering that a provision for loss was recorded in the same amount. However, in compliance with Brazilian tax legislation, CEMIG has recorded the federal taxes payable on the mentioned financial income.

The installments under the Second Amendment, due from January 1 to October 1, 2003, totaling R$140,700, including monetary restatement, interest and late fees were not paid. Company management is negotiating the collection of the aforementioned past due amount with the State Government, under the conditions established by the contract.

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

CEMIG and the State Government signed the Third Amendment in order to reschedule the payment of the installments originally due from April 1, 1999 to December 1, 1999 and from March 1, 2000 to December 1, 2002. These installments, totaling R$874,145, including interest and late fees, as of September 30, 2003, were renegotiated with an annual interest rate of 12.00% per year and monetary restatement based on the IGP-DI. The installments will be paid in 149 monthly payments from January 2003 to May 2015. The Third Amendment also established a guarantee which now allows the Company to retain dividends and interest on capital to be paid to the State Government, as a Company shareholder.

The installments of the Third Amendment, due from January 1 to October 1, 2003, totaling R$108,652, including monetary variation, interest and late fees, were not paid. Company management is negotiating the collection of the aforementioned past due amount with the Minas Gerais State Government, under the conditions established by the contract.

The projection of the Company's future operations indicates that the dividends attributable to the State Government will be sufficient, in the long-term, to assure the full realization of the credit related to the Third Amendment.

The Company has recorded under Current Liabilities, interest on capital, related to 2002, to be paid to the State Government in the amount of R$50,418 by December 2003. Part of this liability, in the amount of R$27,918 should be used to settle the CRC overdue credits.

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

10) INCOME AND SOCIAL CONTRIBUTION TAXES

(a) Tax credits

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

	Consolidated	Co

	September 30, 2003	June 30, 2003	September 30, 2003
Tax credits on:			
Tax loss carryforwards	154,434	181,206	135,028
Employee post-retirement benefits	50,789	56,723	50,789
Reserve for contingencies	77,400	75,372	77,400
Provision for losses on the realization of the special rate adjustment	71,330	67,521	71,330
Provision for voluntary termination program - PDV	9,214	8,611	9,214
Allowance for doubtful accounts	39,195	27,967	38,647
Provision for PASEP/COFINS - Special Rate Adjustment	26,544	26,068	26,544
Other	14,194	10,023	13,719
	443,100	453,491	422,671

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

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

	Consolidated	Company
2003	63,484	63,484
2004	125,747	124,719
2005	41,143	38,823
2006	34,706	31,020
2007	36,781	32,813
2008 to 2010	126,066	116,639
2011 to September, 2013	15,173	15,173
	443,100	422,671

As of September 30, 2003, CEMIG has tax credits not recognized in its financial statements, in the amount of R$13,041 (R$15,084 as of June 30, 2003), resulting from Management's estimates that certain obligations, due to their nature, will be realized over ten years.

Infovias has tax credits not recognized in its financial statements, in the amount of R$6,516 as of August 31, 2003 (R$5,814 as of May 31, 2003), resulting from Management's estimates of future taxable income approved by the Company's Board of Directors.

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

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

	Consolidated		Ni
	Nine-month period ended September 30,		
	2003	2002	
Income (loss) before taxes on income	1,292,281	(1,407,912)	1
Income and social contribution tax (expenses) benefits - nominal	(439,376)	478,690	
Tax effects on:			
Interest on capital	-	40,800	
Allowance for extraordinary losses on receivable from State Government	-	(355,411)	
Allowance for losses on monetary restatement of receivables from State Government	(49,383)	(39,323)	
Reversal of social contribution tax on additional monetary restatement	(4,823)	(6,950)	
Equity pick-up in subsidiaries	-	-	
Contributions and grants not deductible	(2,533)	(3,559)	
Social contribution rate adjustment	-	12,921	
Fiscal incentive	4,135	-	
Other	11,852	(359)	
Income and social contribution tax (expenses) benefits in income statement	(480,128)	126,809	

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

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

	Consolidat
	September 30, 2003
Bonus paid to consumers that consumed less than the consumption target	23,449
Costs incurred related to the adoption of the Electricity Rationing Plan in excess of the 2.00% surcharge on consumer tariffs	15,140
	38,589
Current	15,140
Noncurrent	23,449

Part of the surcharges, in the amount of R$23,449, were not collected from consumers since they were subject to a judicial dispute during the Electricity Rationing Plan. As a result, ANEEL has not reimbursed the Company for the bonuses relating to the unbilled surcharge. This issue is under negotiation with the Ministry of Mines and Energy. 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 is being recovered through a rate increase in effect since April 8, 2003.

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

The new classification criteria, established by the Federal Government, for low income consumers resulted in a decrease in distributors' revenues from electricity sales to final customers, including CEMIG, due to the lower rate applied to those customers. The Federal Government, through Centrais Eletricas Brasileiras S.A. - Eletrobras, is reimbursing the distributors for billing losses incurred since May 2002.

In July 2003, Eletrobras reimbursed CEMIG for billing losses incurred during the period from May 2002 to May 2003 in the amount of R$79,838. The funds were used to pay off part of the financing previously approved by Eletrobras in the amount of R$34,959 and to pay part to the Energy development account in the amount of R$44,879.

The amount recorded as of September 30, 2003 refers to billing losses incurred during the period from June 2003 to September 2003. A portion of the billing losses, in the amount of R$15,870, was reimbursed by Eletrobras in October 2003.

13) INVESTMENTS

	Consolidated		Compan
	September 30, 2003	June 30, 2003	September 30, 2003
Equity in subsidiaries			
Empresa de Infovias S.A.	-	-	240,359
Companhia de Gas de Minas Gerais - GASMIG	-	-	101,160
Usina Termica Ipatinga S.A.	-	-	77,993
Sa Carvalho S.A.	-	-	100,022
Horizontes Energia S.A.	-	-	63,555
Cemig Capim Branco Energia S.A.	-	-	16,224
Cemig PCH S.A.	-	-	28,537
UTE Barreiro S.A.	-	-	4,957
Efficientia S.A.	-	-	2,126
Cemig Trading S.A.	-	-	10
	-	-	634,943
In consortiums for power plant construction	754,474	717,095	738,254
Goodwill on purchase of Infovias	9,510	9,510	9,510
Other investments	12,799	10,379	8,988
	776,783	736,984	1,391,695

(a) The principal information related to consolidated subsidiaries as of September 30, 2003, is as follows:

	September 30, 2003			Nine perio Septe 2
Subsidiaries	Cemig Interest - %	Capital	Shareholders' equity	Net (
Empresa de Infovias S.A. *	99.92	291,000	222,624	(
Companhia de Gas de Minas Gerais -GASMIG *	95.19	46,067	106,270	
Usina Termica Ipatinga S.A.	100.00	74,633	77,993	
Sa Carvalho S.A.	100.00	86,833	100,022	
Horizontes Energia S.A.	100.00	62,871	63,555	
Cemig Capim Branco Energia S.A.	100.00	1	16,224	
Cemig PCH S.A.	100.00	1	28,537	
UTE Barreiro S.A.	100.00	1	4,957	

Efficientia S.A.	100.00	10	2,126
Cemig Trading S.A.	100.00	10	10

(*) Information as of August 31, 2003.

Income derived from equity in subsidiaries for the first nine months of 2003 includes a R$2,641 credit, resulting from the Company's calculation of its equity in subsidiaries in its December 31, 2002 financial statements using preliminary financial statements.

As of September 30, 2003, CEMIG had advances for a capital increase not yet converted into equity in Infovias in the amount of R$17,906, recorded as Investments.

Infovias started operations in January 2001 and its subsidiary WAY TV Belo Horizonte S.A. in 2002. These businesses are considered strategic for CEMIG's existing infrastructure. The telecommunications business will require additional investments to be considered complete and competitive. Periodic evaluations of Infovias and WAY TV Belo Horizonte S.A. are performed, in order to determine their ability to run their businesses on a stand-alone and profitable basis, as well as for determining the need for an impairment reserve for this investment. Currently, available projections do not reveal the need for such an impairment reserve.

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

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

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

(b) Consortiums

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

	CEMIG's participation in energy generation	Annual average depreciation rate	September 30, 2003
Company			
In Operation			
Porto Estrela Hydroelectric Power Plant	33.33%	2.49%	38,625
Igarapava Hydroelectric Power Plant	14.50%	2.56%	54,457
Funil Hydroelectric Power Plant	49.00%	2.49%	171,781
(-)Accumulated depreciation			(6,869)
Total in operation			257,994
Under Construction			
Queimado Hydroelectric Power Plant	82.50%		181,474
Aimores Hydroelectric Power Plant	49.00%		298,786
Total under construction			480,260
Total Company			738,254
Cemig Capim Branco S.A.			
Capim Branco Hydroelectric Power Plants I and II	21.05%		16,220
Total Consolidated			754,474

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The realization of the consortiums' investments will occur simultaneously with depreciation on the consortiums' assets, under property, plant and equipment, calculated on a straight-line basis, according to rates established by ANEEL.

14) PROPERTY, PLANT AND EQUIPMENT

	Annual average depreciation rate - %	Consolidated		
		September 30, 2003	June 30, 2003	September 3 2003
In service				
Generation-				
Hydroelectric	2.47	5,516,222	5,515,358	5,367,8
Thermoelectric	1.83	217,112	216,708	132,5
Transmission	3.08	1,088,480	1,089,967	1,088,4

Distribution	5.21	6,906,926	6,805,836	6,906,9
Administration	9.63	269,668	272,041	269,1
Telecom	7.79	334,723	322,418	
Gas	5.96	64,906	64,309	
		14,398,037	14,286,637	13,764,9
Accumulated depreciation and amortization				
Generation		(2,236,085)	(2,200,447)	(2,211,0
Transmission		(487,838)	(480,469)	(487,8
Distribution		(2,835,756)	(2,777,471)	(2,835,7
Administration		(148,701)	(146,426)	(148,6
Telecom		(43,357)	(35,082)	
Gas		(18,442)	(17,136)	
		(5,770,179)	(5,657,031)	(5,683,3
Total in service		8,627,858	8,629,606	8,081,5
Construction in progress-				
Generation		436,124	354,525	398,9
Transmission		102,478	76,842	102,4
Distribution		363,258	419,438	363,2
Administration		32,898	37,731	32,8
Telecom		11,138	22,438	
Gas		28,914	23,692	
Total construction in progress		974,810	934,666	897,6
		9,602,668	9,564,272	8,979,2
Special liabilities		(1,647,363)	(1,618,607)	(1,647,3
Total		7,955,305	7,945,665	7,331,8

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

15) SUPPLIERS

	Consolidated		Com
	September 30, 2003	June 30, 2003	September 30 2003
Current			
Electricity supply			
Eletrobras - Energy from Itaipu	421,034	413,737	421,034
Furnas	51,494	44,004	51,494
Wholesale Energy Market - MAE	-	397,563	-
Wholesale Energy Market - MAE - judicial claim	142,560	134,509	142,560
Transfer to generators	80,803	79,645	80,803
Other	39,350	32,786	39,350
	728,539	1,102,244	728,539
Supplies and services	81,948	100,102	53,526
	810,487	1,202,346	782,065
Long term			
Electricity supply -			
Transfer to Generators	345,944	333,974	345,944

In February 2003 and July 2003, the Company paid R$335,482 and R$372,545, respectively, related to the MAE, as described in Note 8.

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

As of September 30, 2003, CEMIG had overdue amounts to be paid to Eletrobras, subject to exchange variation and monthly interest of 1%, relating to the purchase of energy from Itaipu, in the amount of R$210,588 (R$236,414 as of June 30, 2003).

16) TAXES PAYABLE

	Consolidated		Com
	September 30, 2003	June 30, 2003	September 30 2003
Current			
Income tax	94,909	84,670	91,982

Social contribution tax	43,145	38,961	40,630
State VAT - ICMS	164,463	157,179	161,989
COFINS - Tax on revenue	32,877	32,091	32,120
PASEP - Tax on revenue	14,446	13,594	14,064
INSS - social security	8,675	8,799	8,638
Other	6,080	11,596	5,153
	364,595	346,890	354,576
Long Term			
Deferred obligations			
Income tax	362,533	334,878	362,533
Social contribution tax	130,512	120,557	130,512
COFINS	46,378	45,870	46,378
PASEP	24,181	23,635	24,181
	563,604	524,940	563,604
Tax credits			
Income tax	(111,894)	(148,979)	(111,894)
Social contribution tax	(40,282)	(53,633)	(40,282)
COFINS	-	-	-
PASEP	(5,544)	(5,143)	(5,544)
	(157,720)	(207,755)	(157,720)
	405,884	317,185	405,884

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

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The reduction in deferred tax credits in the third quarter of 2003 was due to the payment of obligations by CEMIG related to the MAE energy transactions during the period which the Electricity Rationing Plan was in effect. Therefore, the tax credits were used to compensate the payments of federal taxes.

17) LOANS, FINANCING AND DEBENTURES

	September 30, 2003			
	Current Portion		Long Term	
LENDERS	Principal	Interest	Principal	Total

IN FOREIGN CURRENCY				
ABN AMRO Bank - N. V.	19,489	643	19,489	39,621
Banco BNL do Brasil S.A.	-	13	16,058	16,071
Banco do Brasil S.A. - Various Bonds	16,365	7,077	237,778	261,220
Banco do Brasil S.A. II	40,148	208	-	40,356
Banco do Brasil S.A. III	-	5,392	116,936	122,328
Banco do Brasil S.A. IV	103,781	6,295	-	110,076
-Inter-American Development Bank - IDB	14,834	411	18,209	33,454
Banco Itau - S.A. I	24,362	282	121,808	146,452
Banco Itau - S.A. II	19,489	1,016	48,723	69,228
Banco Itau - BBA (MAE) III	121,591	1,180	-	122,771
Banco Itau - BBA IV	89,636	632	-	90,268
Citibank N.A I	-	-	-	-
Citibank N.A II	33,911	179	-	34,090
Citibank N.A III	-	1,429	32,158	33,587
Citibank N.A IV	15,188	496	15,189	30,873
KFW	2,255	353	28,141	30,749
Lloyds Tsb Bank Plc	7,309	481	7,309	15,099
Siemens LTDA. I	23,203	-	23,203	46,406
Siemens LTDA. II	91,596	1,489	-	93,085
ING Bank - Eurobonds	-	2,703	78,981	81,684
Other	14,491	1,401	59,569	75,461
Total foreign currency financing	637,648	31,680	823,551	1,492,879
IN LOCAL CURRENCY				
BNDES (MAE)	75,204	4,333	414,211	493,748
Unibanco (MAE)	100,000	5,856	-	105,856
Centrais Eletricas Brasileiras S.A. - ELETROBRAS	77,325	656	276,627	354,608
Debentures I	-	99,355	849,626	948,981
Debentures II	-	-	27,319	27,319
Large Consumers - TELEMIG/ C.V.R.D.	2,765	2,030	3,770	8,565
UHESC S.A.	-	5,643	47,384	53,027
Other	7,742	3,105	58,131	68,978
Total local currency financing	263,036	120,978	1,677,068	2,061,082
Escrow accounts (1)	(95,133)	-	(99,665)	(194,798)
TOTAL COMPANY	805,551	152,658	2,400,954	3,359,163
CONSOLIDATED				
MBK Furukawa Sistemas S.A.	18,256	2,741	73,004	94,001
UTE Barreiro	68	24	1,289	1,381
Other	2,039	-	3,616	5,655
TOTAL CONSOLIDATED	825,914	155,423	2,478,863	3,460,200

According to the above table, the Interest and maturity dates of loans, financing and debentures of CEMIG are as follows:

LENDERS	Payments of Principal	Annual Interest rates (%)
IN FOREIGN CURRENCY		
ABN AMRO Bank - N. V.	2003/2005	Libor + 4.25
Banco BNL do Brasil S.A.	2004/2005	Libor + 0.50
Banco do Brasil S.A. - Various Bonds	1997/2024	Various
Banco do Brasil S.A. II	2004	Libor + 3.13
Banco do Brasil S.A. III	2004	10.38
Banco do Brasil S.A. IV	2003	16.00
-Inter-American Development Bank - IDB	1984/2006	4.00 to 7.67
Banco Itau - S.A. I	2004/2007	Libor + 3.25
Banco Itau - S.A. II	2002/2004	Libor + 2.45
Banco Itau - BBA (MAE) III	2003	3.97
Banco Itau - BBA IV	2004	Various
Citibank N.A I	2001/2003	Libor + 2.84
Citibank N.A II	2002/2004	Libor + 5.50
Citibank N.A III	2004	10.00
Citibank N.A IV	2003/2005	Libor + 4.25
KFW	2001/2016	4.50
Lloyds Tsb Bank Plc	2002/2004	Libor + 6.00
Siemens LTDA. I	2003/2004	Libor + 4.25
Siemens LTDA. II	2003/2005	9.97
ING Bank - Eurobonds	2004	9.13
Other	1997/2007	Various
IN LOCAL CURRENCY		
BNDES (MAE)	2003/2008	SELIC + 1.00
Unibanco - (MAE)	2003	CDI + 2.00
Centrais Eletricas Brasileiras S.A. - ELETROBRAS	1995/2023	IGP-M. FINEL. UFIR + 5.00 a 10.00
Debentures I	2005/2006	IGP-M + 12.70
Debentures II	2027	IGP-M
Large Customers - TELEMIG/ C.V.R.D.	1982/2011	Various
UHESC S.A.	2005	IGP-M + 14.66
Other	1994/2007	Various
CONSOLIDATED		
MBK Furukawa Sistemas S/A	2002/2008	Libor + 5.45
Toshiba do Brasil S.A.	2002/2009	Libor + 6.00
Other	2002/2009	Various

The composition of financing by currency and local currency by index is as follows:

	Consolidated		Compa
	September 30, 2003	June 30, 2003	September 30, 2003
Currency -			
U.S. dollar	1,488,424	1,439,475	1,393,042
EURO	65,809	66,597	65,809
Unit of account (basket of currencies)	31,509	39,185	31,509
Other	2,519	-	2,519
	1,588,261	1,545,257	1,492,879

Indexes -			
Indice Geral de Precos - IGP-M (General Price Index)	1,139,757	1,107,713	1,139,957
Indice Interno da Eletrobras - FINEL (Eletrobras Internal Index)	142,717	146,478	142,717
UFIR (Tax Reference Unit)	115,443	152,813	115,443
SELIC (Brazilian benchmark interest rate)	493,748	328,062	493,748
Other	175,072	63,581	169,417
	2,066,737	1,798,647	2,061,082
Escrow accounts (1)			
Income based on CDI (Interbank certificate of deposit)	(48,850)	(54,982)	(48,850)
Income based on U.S. dollar variation	(145,948)	(115,997)	(145,948)
	(194,798)	(170,979)	(194,798)
	3,460,200	3,172,925	3,359,163

(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 indices used to restate the loans, financing and debentures are as follows:

Currency	Variation from July 1 to September 30, 2003 %	Variation from January 1 to September 30, 2003 %	Indices	Variation July 1 t September 2003 %
U.S. dollar	1.79	(17.26)	Indice Geral de Precos - IGP-M (General Price Index)	1.14
Euro	3.09	(7.78)	Indice Interno da Eletrobras - FINEL (Eletrobras Internal Index)	0.23
Unit of account (Basket of currencies)	1.37	3.63	SELIC (Brazilian benchmark interest rate)	5.63

Two of the Company's financing contracts with a single lender, in the total amount of R$340,058 as of September 30, 2003, of which R$244,673 is classified under long-term liabilities, contains certain financial covenants, which CEMIG has not complied with. Such noncompliance may cause the amounts owed under the contract to become immediately due. In addition, the Company has financing contracts that contain cross-default clauses. The Company has obtained a waiver from the creditor that is party to such contracts containing the debt covenants which the Company has not satisfied. The waiver affirms that such creditor will not exercise its rights to demand compliance with accelerated or immediate payment of the total amounts due as of December 31, 2002, March 31, 2003, June 30, 2003 and September 30, 2003.

The Company believes that such noncompliance of debt covenants was an unusual event, and that its operations for the next quarters will allow for total compliance with of all debt covenants. In order to avoid acceleration, the aforementioned waiver must be maintained in effect until the original terms of the contracts are fully met. Financing and debentures are classified as current and long-term liabilities according to the original contract terms, in light of the waiver obtained.

Infovias' financing contract from MBK Furukawa Sistemas S.A. / Unibanco, in the amount of R$94,001 as of August 31, 2003, of which R$73,004 is classified under long-term liabilities, contains certain covenants, which Infovias has not complied with. Such noncompliance may cause the amount owed under the contract to become immediately due. Infovias has obtained a waiver from the creditors that are parties to this contract. The waiver affirms that such creditors will not exercise their rights to demand accelerated or immediate payment of the total amount due. The waiver obtained must be renewed every quarter until the original terms of the restricted clauses are met. This financing is classified as current and long-term liabilities according to the original terms of the respective contracts, in light of the waiver obtained. CEMIG guarantees this contract and any payments made by CEMIG will be converted into preferred shares of Infovias.

18) RESERVE FOR CONTINGENCIES

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

The Company's management 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 a favorable outcome has been deemed remote, the Company has fully recognized provisions for potential losses, as follows:

	Consolidated and Company	
	September 30, 2003	June 30, 2003
Labor claims	87,111	81,772
Civil lawsuits - Consumers	95,152	95,000
Social contribution tax	107,778	102,797
Finsocial (tax on revenue)	19,897	19,726
Civil lawsuits - Others	30,337	30,289
Other	31,652	27,831
	371,927	357,415

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$108,889 as of September 30, 2003 (R$102,215 as of June 30, 2003). The Company recorded during the period from January to September, 2003 a provision in the amount of R$17,405 (R$9,661 during the period from January to September 2002). CEMIG determines the amounts to be reserved based on the nature of the group of claims and the most recent court decisions.

(b) Civil lawsuits - Consumers

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

The total estimated exposure to the Company for those claims, fully provided for, was R$95,152 as of September 30, 2003 (R$95,000 as of June 30, 2003). This amount is fully provisioned.

(c) Social contribution tax

The Company is deducting the amounts of depreciation, amortization and write-off of the supplementary monetary restatement of property, plant and equipment, for purposes of computation of social contribution tax. The Company estimates that its potential exposure in this matter is approximately R$107,778, as of September 30, 2003 (R$102,797 as of June 30, 2003). This amount is fully provisioned.

(d) Finsocial

In 1994, CEMIG was fined by the Brazilian federal tax authorities for the exclusion of State VAT from the Finsocial calculation, a tax on revenue extinguished in 1992. The Company estimated that its potential exposure in this matter is approximately R$19,897 as of September 30, 2003 (R$19,726 as of June 30, 2003). This amount is fully provisioned.

(e) Other

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

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

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

(i) Litigation involving FORLUZ

The Company is defending, together with Fundacao Forluminas de Seguridade Social - 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$658,931. No reserve has been recorded for this claim, since the Company believes that it has a meritorious defense to such claim and, consequently, does not expect to incur losses related thereto.

Sindieletro is contesting FORLUZ for changing the pension fund's contribution adjustment index from the IGP-DI to the IPCA - IPEAD (consumer price index calculated by Minas Gerais Accounting Management and Economic Research Institute of Minas Gerais Federal University). The total amount sought in this claim is R$289,818. Since the Company believes that FORLUZ has a meritorious defense to such claim, no reserve has been recorded for this potential claim.

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

On October 11, 2001, the Brazilian Federal Tax Authorities (Secretaria da Receita Federal) issued an assessment notice, in the restated amount of R$243,959, arising from the utilization of tax credits that resulted from the amendment of the Company's 1997, 1998, 1999 and 2000 tax returns. The tax returns were amended as a result of a change in accounting method for recording post-retirement benefit liabilities. The additional employee post-retirement benefits liabilities that resulted from the accounting change were recognized in the revised fiscal years, resulting in net operating tax losses and social contribution tax carryforwards. No reserve has been recorded as a result of this notice, since the Company believes that the procedures which generated the tax credits are legally sound.

The tax credits mentioned in the preceding paragraph were offset against federal taxes paid in 2001 and 2002. Due to this offset, CEMIG was exposed to additional penalties in the amount of R$192,039. No reserve for contingencies has been made to cover any liabilities that may result from the tax assessment, since CEMIG believes that it has solid legal grounds, which support the procedures adopted.

In 2003, Brazilian Federal Tax Authorities, after performing an audit on the Company's Tax Returns, issued an assessment notice, in the amount of R$1,153,080, claiming that the Company did not pay all its tax liabilities related to the 1997-2001 Tax Returns. CEMIG presented an administrative defense requesting that such assessment notice be canceled as the Brazilian Federal Tax Authorities did not considered any of the Company's Amended Tax Returns, which have already been filed by the Company. Such Amended Tax Returns demonstrate that the Company has properly collected the tax liabilities challenged. No reserve has been recorded for this claim, since the Company believes that it has a meritorious defense to such claim, either under administrative or judicial courts.

(iii) COFINS

The Company began contesting the payment of COFINS (tax on revenue) in 1992. As a result of an unfavorable court ruling, the Company paid R$239,266 of COFINS tax on July 30, 1999. The Federal Government is claiming that the Company owes approximately R$149,655 in additional fines and interest relating to the non-payment of COFINS. The Company is contesting such claim. No reserve has been recorded for this claim, since the Company believes that it has a meritorious defense against such claim and, consequently, does not expect to incur losses related thereto.

(iv) Regulatory agency acts

ANEEL has a regulatory proceeding pending against CEMIG claiming that CEMIG owes the Federal Government R$202,813 due to a miscalculation of credits in the amount of the cumulative rate deficit (CRC) applied to reduce amounts owed to the Federal Government. On October 31, 2002, ANEEL issued a final decision against the Company. The Company believes that it has a meritorious defense against such claim and has therefore recorded no reserve in respect thereto.

(v) Settlement of the MAE obligations

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

As a result of the lawsuit filed, CEMIG did not settle its outstanding MAE obligations at the date determined by the MAE. The Company has filed an additional lawsuit to prevent the imposition of a fine relating to the non-compliance with the MAE determination. Such fine, if imposed, would amount to approximately R$4,276. The Company expects to be successful in this lawsuit and, accordingly, no provision has been recorded for this contingency.

(vi) Civil lawsuits - Consumers

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

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

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

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

In addition to the matters described above, CEMIG and its subsidiaries are involved as a plaintiff or defendant in a variety of routine litigation arising from the normal course of business. With respect to the

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litigation that CEMIG and its subsidiaries are named as defendants, management believes that it has an adequate defense against such litigation and that any losses therefrom would not have a material adverse effect on the consolidated financial position and results of operations of the Company.

19) EMPLOYEE POST-RETIREMENT BENEFITS

Since 1973, the Company has been the sponsor of 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 ("Plan A") - Includes all retired participants who opted for this plan and the balances, as of 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 until 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. Only 55 retirees are enrolled in this plan.

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

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

	Pension plan and supplementation of retirement	Health care
Net liabilities as of June 30, 2003	1,315,044	202,660
Net periodic cost recorded in the income statement	(2,929)	6,383
Contributions paid	(76,123)	(4,134)
Net liabilities as of September 30, 2003	1,235,992	204,909

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Part of the deficit in FORLUZ's actuarial reserves in the amount of R$1,549,579 as of September 30, 2003 (R$1,601,007 as of June 30, 2003) was recognized as obligations payable by the Company. These obligations are being amortized through monthly installments, through June 2024, calculated under the fixed-installment system ("Price Table"). Part of these amounts are restated annually according to the salary adjustment index for the Company's employees (not including productivity) included in the defined benefit plan, and part is adjusted according to the IPCA - IPEAD, plus 6% per year.

(a) Changes in retirement criteria and other negotiations

In September 2003, CEMIG, Sindieletro and representative entities of retirees reached an agreement on changes related to the retiring criteria and other issues related to FORLUZ. The main changes were:

- FORLUZ will withdraw minimum age retiring requirements, 55 and 53 for normal and special retirement, for employees and participants hired from January 24, 1978 to April 2, 1979. The Company will not give retroactive benefits to retired participants who had met such requirements.

- FORLUZ will change Plan A rules in order to allow the payment of proportioned pension benefits to employees who reached a certain contribution period (30 and 25 years of contribution for men and women, respectively), who have not yet retired under the Official Social Security Program, and who opt to leave the Company.

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- CEMIG agreed to give a 3.67% additional increase in the benefits of Plan A, if Plan A surplus reaches a technical surplus higher than R$400 million by the end on 2003, to be applied retroactively to June 1, 2000. This change is due to the fact that some of FORLUZ's participants contested the change in the pension fund adjustment index from the IGP-DI to the IPCA - IPEAD, requesting an increase in the benefits arising from the difference between the two indexes.

The above mentioned changes will be in effect only after all the judicial claims filed by those entities related to those matters are withdrawn. The effects of those changes cannot yet be estimated by the Company nor by its independent actuaries and, therefore, will be recorded in the Company's financial statements as of December 31, 2003.

20) SHAREHOLDERS' EQUITY

The change in shareholders' equity is as follows:

Balance as of June 30, 2003	6,216,459
Net income for the quarter ended September 30, 2003	277,700
Balance as of September 30, 2003	6,494,159

In September 1999, the State Government 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 was rejected by the Minas Gerais State Court of Appeals in October, 2001. Southern Electric Brasil Participacoes Ltda. has appealed the Court's latest decision.

21) ELECTRICITY SALES

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

	Consolidated			
	(Not reviewed by independent accountants)			
	No. of consumers		MWh	
	Nine-month period ended September 30,		Nine-month period ended September 30,	
	2003	2002	2003	2002
Residential	4,697,553	4,586,863	4,896,586	4,710,103
Industrial	68,657	67,668	16,129,649	16,425,089
Commercial	520,389	512,666	2,515,268	2,415,082
Rural	361,561	332,427	1,298,083	1,230,838
Public authorities	44,441	43,031	372,155	336,852
Public lighting	2,163	2,661	747,015	657,449
Public services	6,992	6,770	724,549	707,623
Own consumption	1,321	1,358	40,436	37,032
Unbilled, net	-	-	-	-
	5,703,077	5,553,444	26,723,741	26,520,068
Supply to other concessionaires	5	4	207,690	244,117
MAE transactions	-	-	-	-
Total	5,703,082	5,553,448	26,931,431	26,764,185

	Company	
	(Not reviewed by independent accountants)	
	No. of consumers	MWh
	Nine-month period ended	Nine-month period ended

	September 30,		September 30,	
	2003	2002	2003	2002
Residential	4,697,553	4,586,863	4,896,586	4,710,103
Industrial	68,651	67,666	15,607,411	15,850,605
Commercial	520,389	512,666	2,515,268	2,415,082
Rural	361,561	332,427	1,298,083	1,230,838
Public authorities	44,441	43,031	372,155	336,852
Public lighting	2,163	2,661	747,015	657,449
Public services	6,992	6,770	724,549	707,623
Own consumption	1,321	1,358	40,436	37,032
Unbilled, net	-	-	-	-
	5,703,071	5,553,442	26,201,503	25,945,584
Supply to other concessionaires	5	4	207,690	244,117
MAE transactions	-	-	-	-
Total	5,703,076	5,553,446	26,409,193	26,189,701

22) OTHER OPERATING REVENUES

	Consolidated		
	Nine-month period ended September 30,		Nine-mo Se
	2003	2002	200
Use of basic transmission network	191,444	134,461	191,
Gas sales	194,173	102,879	
Telecom and cable TV services	27,502	7,734	
Fuel usage quota	6,505	27,216	6,
Regulated services	5,864	5,395	5,
Other services rendered	18,744	11,938	18,
Rent and leasing	17,383	13,258	17,
Other	1,134	1,429	1,
	462,749	304,310	240,

23) DEDUCTIONS FROM OPERATING REVENUES

	Consolidated	
	Nine-month period ended September 30,	Nine-mo Se

	2003	2002	200
State VAT - ICMS on sales to final consumers	1,103,458	839,491	1,063,
COFINS - Tax on revenue	168,984	148,441	162,
Global reserve for reversion quota - RGR	113,601	109,741	112,
PASEP - Tax on revenue	92,215	41,912	88,
Emergency capacity charge	194,463	44,602	191,
Other	1,245	358	
	1,673,966	1,184,545	1,619,

CEMIG collected, in the first half of 2003, retroactive amounts related to the Emergency Capacity Charge for the period from July 2, 2002 to October 8, 2002, in the amount of R$46,468, due to a class action injunction which did not allow the amounts to be collected in the prior year.

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

24) ELECTRICITY PURCHASED FOR RESALE

	Consolidat
	Nine-month Septe
	2003
Itaipu Binacional	865,850
Energy traded on spot market - MAE	37,121
Initial contracts	112,504
Special rate adjustment - transfer to generators	-
Other	21,194
	1,036,669

The tariff of the electricity acquired from ITAIPU is denominated in US dollars, defined by ANEEL.

25) OPERATING PROVISIONS

	Consolidated		
	Nine-month period ended September 30,		Nine-mo Se
	2003	2002	200
Allowance for doubtful accounts	66,168	4,717	64,
Provision for losses on realization of the Special rate adjustment	32,166	-	32,
Labor claims	17,405	9,661	17,
Civil lawsuits	13,604	10,338	13,
Other	4,569	3,316	4,
	133,912	28,032	132,

26) ENERGY DEVELOPMENT ACCOUNT (CDE)

The Energy development account (CDE) was created by Law No. 10,438/02 to foster energy development in the states and to promote competition regarding energy produced through wind farms, small hydroelectric power plants, biomass, natural gas and coal. The amounts to be paid by CEMIG were defined by ANEEL Resolution No. 42, of January 31, 2003.

27) OTHER EXPENSES

	Consolidated		
	Nine-month period ended September 30,		Nine-mo Se
	2003	2002	200
Fuel usage quota	6,397	27,994	6,
Rentals and leasing	12,857	11,340	11,
Grants and donations	9,856	10,467	9,
Advertising	5,765	15,257	5,
ANEEL inspection fee	10,565	8,640	10,
Own consumption - Electric energy	9,988	8,486	8,
MAE contribution	2,917	5,696	2,
Energy efficiency expenses	9,910	7,197	9,
Other taxes (real estate, vehicle, etc)	10,611	3,321	8,
Other expenses, net	29,659	20,067	22,
	108,525	118,465	96,

The fuel costs incurred for the purpose of electricity generation are reimbursed by Eletrobras and are recorded as other operating revenues.

28) FINANCIAL INCOME (EXPENSES)

	Consolidated		
	Nine-month period ended September 30,		Nine-mo Se
	2003	2002	200
Financial income:			
Investment income earned	65,572	196,829	53,4
Arrears interest on past-due electricity bills	40,974	29,479	40,9
Interest and monetary restatement on receivable from State Government	264,430	295,343	264,4
Allowance for losses related to monetary restatement on receivable from State Government	(145,245)	(115,657)	(145,2
Monetary restatement on special rate adjustment	247,254	199,190	247,2
Monetary restatement of CVA	80,352	7,231	80,3
Monetary restatement - Distributors - MAE transactions	70,185	70,654	70,1
Foreign exchange gains	339,292	81,914	320,9
Taxes on financial income (PASEP and COFINS)	(53,221)	(30,208)	(53,2
Gains on derivative instruments	8,289	-	8,2
Other	7,626	24,731	6,1
	925,508	759,506	893,4
Financial expenses:			
Interest on loans and financing	(244,464)	(184,117)	(235,9
Monetary restatement - Electricity supply	(51,217)	(54,747)	(51,2
Monetary restatement of CVA	(6,262)	(4,890)	(6,2
Foreign exchange losses	(23,566)	(969,505)	(23,5
Monetary restatement on loans and financing	(43,456)	(70,060)	(43,4
Financial transaction tax ("CPMF")	(26,808)	(18,842)	(25,3
Reversal (provision) for valuation of marketable securities	53,498	(70,579)	53,4
Interest on capital	-	(120,000)	
Losses on derivative instruments	(34,704)	-	(34,7
Other	(47,828)	(23,612)	(45,8
	(424,807)	(1,516,352)	(412,8
	500,701	(756,846)	480,6

Financial charges and monetary/exchange variations on funds borrowed to finance construction in progress from January 2003 to September 2003, in the amounts of R$58,701 and R$36,261, respectively, were transferred to property, plant and equipment, and investments (R$41,626 of financial charges and R$69,621 of monetary/exchange variations from January to September 2002).

29) PRINCIPAL RELATED-PARTY TRANSACTIONS

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

	September 30, 2003		
	State Government	FORLUZ	Go
ASSETS			
Current assets			
Accounts receivable	14,854	-	
Recoverable taxes			
State VAT (ICMS)	37,178	-	
Other			
Advances for welfare benefits	-	6,361	
Other	315	-	
Noncurrent assets			
Receivable from State Government	874,145	-	8
Recoverable taxes			
State VAT ICMS	98,083	-	
State VAT - ICMS - Under discussion with State Government	18,843	-	
Accounts receivable	62,035	-	
LIABILITIES			
Current liabilities			
Taxes payable-			
State VAT - ICMS	164,463	-	1
Dividends and interest on capital	50,418	-	
Employee post-retirement benefits	-	183,681	
Other			
Transfer of contributions	-	7,579	
Long-term liabilities			
Debentures	27,319	-	
Employee post-retirement benefits	-	1,524,838	

	Nine-month period ended September 30, 2003		Ni
	State Government	FORLUZ	Go
INCOME STATEMENT			
Electricity sales to final customers	23,752	-	
Other operating revenues	360	-	
Deductions from operating revenues - State VAT - ICMS	(1,103,458)	-	(8
Employee post-retirement benefits	-	(35,630)	

Personnel expenses	-	(24,588)	
Financial income-			
Interest and monetary restatement on receivable from State Government	264,430	-	2
Provision for losses on accounts receivable from State Government	(145,245)	-	(1
Financial expenses-			
Monetary restatement of debentures	(1,813)	-	
Nonoperating expenses-			
Provision for extraordinary losses on accounts receivable from State Government	-	-	(1,0
FORLUZ - management expenses	(4,075)	-	

R$76,889 of accounts receivable from the State Government as of September 30, 2003, recorded in current and noncurrent assets, includes past-due accounts receivable from COPASA. Management does not expect losses on the realization of this asset.

30) FINANCIAL INSTRUMENTS

The financial instruments used by CEMIG are cash and cash equivalents, accounts receivable, receivable from State Government, marketable securities and loans, financing, and debentures, and gains and losses on transactions are fully recorded on an accrual basis.

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

As of September 30, 2003, CEMIG and its subsidiaries have short term investments with interest rate swaps, in the amount of R$24,916 and R$32,633, respectively. These short term investments have repurchase clauses and interest rates based on the CDI (Interbank Certificate Rate). The Company and its subsidiaries have the right to call for early redemption of these securities without penalty or loss.

a) Derivatives

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

As of September 30, 2003, the Company has derivative financial instruments (swaps) with financial institutions, in connection with potential exchange losses resulting from the devaluation of the Brazilian real compared to the U.S. dollar, in an amount equivalent to US$121,928 thousand.

The principal amounts of the derivative financial instruments are not recorded on the balance sheet. The net realized and unrealized accumulated losses from these operations from January 2003 to September 2003, in the amount of R$4,139 and R$22,276, respectively, were recorded in financial expenses.

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

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

CEMIG's rights	CEMIG's obligations	Maturity	Principal value contracted US$ thousand	Unreal Book va S
US$ Plus interest rate (5.64% to 14.20% per year)	R$ Indexed to CDI variation (100% CDI)	From 11/2003 to 12/2003	33,543	(15,0
US$	R$ Indexed to pre-fixed interest rates (21.46% per year)	11/2003	14,585	(1,4
US$	R$ Indexed to CDI variation (95% CDI)	12/2003	73,800	(5,8
			121,928	(22,2

b) Marketable Securities

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

	September 30, 2003	June 30, 2003
Face value	176,752	173,645
Market value	84,511	74,691

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

31) CORPORATE REORGANIZATION

Currently, electricity generation, transmission and distribution operations are vertically integrated into and directly operated by CEMIG. However, pursuant to CEMIG's principal concession agreements and certain changes in the regulatory framework of the Brazilian electricity sector, CEMIG should restructure its operations, which would result 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 granted the Company an extension to September 21, 2002 to complete the unbundling process.

On March 2, 2001, the State Government, CEMIG's majority shareholder, submitted to the Legislature, for its approval, a bill proposing the restructuring of the Company into three companies. This bill has not yet been adopted, and the reorganization process has not yet been completed because such reorganization must first be approved by the State Legislature. The Company has submitted an extension request to ANEEL, which has not yet been answered.

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

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32) STATEMENTS OF CASH FLOWS

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

	Consolidated	
	Nine-month periods ended September 30,	
	2003	2002
CASH FLOWS FROM OPERATIONS:		
Net income (loss) for the period	813,163	(1,150,905)
Items not affecting cash -		
Depreciation and amortization	421,766	408,388
Special rate adjustment	-	(268,913)
Distributors - MAE transactions	(21,318)	(464,976)
Energy purchased on spot market - suppliers	-	65,242
Disposals of property, plant and equipment, net	52,741	16,205
Equity in subsidiaries	-	-

Interest and monetary variations, net	(594,133)	282,742
Deferred income and social contribution taxes	97,739	(245,448)
Operating provisions	106,132	91,010
Provision for losses on accounts receivable from State Government	-	1,045,325
Employee post-retirement benefits	35,630	162,748
Other	(769)	(10,951)
	910,951	(69,533)
(Increase) Decrease in assets -		
Accounts receivable	(247,533)	(290,261)
Consumers - Special rate adjustment	197,101	183,203
Recoverable taxes	(84,346)	(39,215)
Other current assets	42,715	(74,791)
Electricity Rationing Plan - Bonus paid to consumers in excess of surcharge	-	(87,565)
Reimbursement of bonus paid to consumers and adoption costs	13,494	88,066
Prepaid expenses - CVA	(51,600)	(159,028)
Escrow deposits	-	(49,474)
Receivables from Federal Government - Revenue losses from low-income consumers	11,027	-
Other noncurrent assets	3,116	(36,195)
	(116,026)	(465,260)
Increase (Decrease) in liabilities -		
Suppliers	(503,806)	702,449
Taxes payable	394,934	254,640
Payroll and related charges	15,401	16,193
Regulatory charges	44,368	17,140
Loans and financing	(49,043)	324,274
Employee post-retirement benefits	(164,591)	(120,780)
Other	54,558	(16,747)
	(208,179)	1,177,169
CASH PROVIDED BY OPERATING ACTIVITIES	586,746	642,376
CASH FLOWS FROM FINANCING ACTIVITY:		
Proceeds from long-term financing	903,938	287,290
Payments of loans and financing	(622,678)	(287,949)
Advance billings of electric power	-	(42,596)
Advance for future capital increase	-	11,526
Dividends and interest on capital	109	(176,571)
	281,369	(208,300)
TOTAL CASH PROVIDED	868,115	434,076

	Consolidated	
	Nine-month periods ended September 30,	
	2003	2002
CASH USED IN INVESTING ACTIVITIES		
Additions to investments	(167,489)	(293,392)
Additions to property, plant and equipment	(592,478)	(528,509)
Special liabilities	61,932	113,141
Increase in deferred charges	(235)	(15,187)
	(698,270)	(723,947)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	169,845	(289,871)
CHANGES IN CASH AND CASH EQUIVALENTS		
At beginning of period	122,975	705,844
At end of period	292,820	415,973
	169,845	(289,871)

****

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Item 2

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

COMPANHIA ENERGETICA DE MINAS GERAIS -- CEMIG

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

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

Net Income (loss)

The Company and its subsidiaries (" the CEMIG Group") had net income of R$813,163 in the nine-month period ended September 30, 2003 compared to a net loss of R$1,150,905 in the nine-month period ended September 30, 2002.

In the nine-month period ended September 30, 2003, consolidated income was positively affected by an increase in electricity sales and financial income from appreciation of the Brazilian real against the U.S. dollar. In the same period of 2002, the result was negatively impacted by the provision for losses on receivables from the Minas Gerais State Government (the "State Government") and financial expenses from devaluation of the Brazilian real against the U.S. dollar.

Electricity sales

Electricity gross sales were R$5,267,379 in the nine-month period ended September 30, 2003 compared to R$4,431,993 in the nine-month period ended September 30, 2002, an increase of 18.85%. This result was primarily due to:

- an average rate increase of 10.51% starting on April 8, 2002 (full effect in 2003);
- an average rate increase of 31.53% starting on April 8, 2003;
- an increase in the Emergency Capacity Charge collected in the nine-month period ended September 30, 2003; and
- a 0.61% increase in volume of electricity sold (excluding own consumption).

Electricity sales to final customers

Electricity gross sales to final customers were R$5,217,275 in the nine-month period ended September 30, 2003 compared to R$3,942,861 in the nine-month period ended September 30, 2002, representing an increase of 32.32%. This increase resulted substantially from the average rate increases of 10.51% and 31.53% in April 2002 and 2003, respectively, and a 0.76% rise in electricity sales volume (excluding own consumption). Sales to the most representative markets, residential and commercial, increased 3.96% and 4.15% respectively, and sales to the industrial market decreased 1.80%.

The increase in electricity gross sales to final customers also resulted from the Emergency Capacity Charge included in power bills in the amount of R$194,463 in the nine-month period ended September 30, 2003 compared to R$44,602 in the nine-month period ended September 30, 2002 (the collection of this charge started in March 2002). The significant change between these periods is primarily a result of the retroactive collection, in 2003, of part of the Emergency Capacity Charge related to the period from July 2, 2002 to October 8, 2002, in the amount of R$46,468, due to an injunction which did not allow its collection at that time.

1

Volume of electricity sold to final consumers - GWh

[BAR CHART SHOWING THE VOLUME OF ELECTRICITY SOLD TO FINAL CONSUMERS FOR THE FIRST, SECOND AND THIRD QUARTERS OF 2002 AND THE FIRST, SECOND AND THIRD QUARTERS OF 2003 OMITTED]

Electricity supply to other concessionaries (including the MAE transactions)

Revenues from electricity supply to other concessionaires were R$50,104 in the nine-month period ended September 30, 2003 compared to R$489,132 in the nine-month period ended September 30, 2002, a decrease of 89.76%. This decrease was primarily a result of higher revenues from energy traded in the spot market ("MAE") in the prior period, arising from CEMIG's reimbursement right and the difference between the amounts paid on the MAE transactions during the period when the Electricity Rationing Plan was in effect and the amount of R$49.26/MWh.

Special rate adjustment revenue

In accordance with the General Agreement of the Electricity Sector, CEMIG recorded in the nine-month period ended September 30, 2002 revenue from the special rate adjustment in the amount of R$268,913 for billing losses and a portion of expenses for energy traded on the MAE, during the Electricity Rationing Plan. The amounts recorded as special rate adjustment revenue are being collected by CEMIG through an additional rate increase in effect for a maximum period of 82 months, since January 2002.

Operating expenses

The operating expenses were R$3,240,112 in the nine-month period ended September 30, 2003 compared to R$3,406,871 in the nine-month period ended September 30, 2002, a decrease of 4.90%, due primarily to a decrease in electricity purchased for resale and employee post-retirement benefits against an increase in personnel expenses, Gas purchased for resale, Operating provisions and the new contribution to the Energy development account, beginning in 2003. The main variations in expenses are described below:

Personnel

Personnel expenses were R$466,742 in the nine-month period ended September 30, 2003 compared to R$398,328 in the nine-month period ended September 30, 2002, an increase of 17.18%, due primarily to a salary increase of 11.45% in November 2002, and a reduction in the percentage of personnel expenses transferred to construction in progress.

Electricity purchased for resale

Electricity purchased for resale was R$1,036,669 in the nine-month period ended September 30, 2003 compared to R$1,455,041 in the nine-month period ended September 30, 2002, representing a decrease of 28.75%. This variation is a result of the decrease in the MAE transaction expenses, R$37,121 in the nine-month period ended September 30, 2003 compared to R$564,538 in the nine-month period ended September 30, 2002. Higher MAE expenses in the nine-month period ended September 30, 2002 were due to the higher rates in effect during the Electricity Rationing Plan. Due to the revisal of the MAE methodology to calculate the costs and MAE's delay to disclose such information, the amounts were recorded in 2002. On the other hand, there was an increase in expenses for energy purchased from Itaipu, R$865,850 in the nine-month period ended September 30, 2003 compared to R$727,705 in the nine-month period ended September 30, 2002.

Depreciation and amortization

Depreciation and amortization expenses did not vary significantly compared to the prior periods. Expenses were R$421,766 in the nine-month period ended September 30, 2003 and R$408,388 in the nine-month period ended September 30, 2002, an increase resulting primarily from the operation of a new CEMIG distribution network and lines and permanent assets of Infovias, a subsidiary of CEMIG.

Outside services

Outside services were R$221,944 in the nine-month period ended September 30, 2003 compared to R$179,556 in the nine-month period ended September 30, 2002, representing an increase of 23.61%, due primarily to the adjustment to service contract prices, mainly related to maintenance of facilities and electric equipment.

Employee post-retirement benefits

Employee post-retirement benefit expenses were R$35,630 in the nine-month period ended September 30, 2003 compared to R$162,748 in the nine-month period ended September 30, 2002, representing a reduction of 78.11%. This decrease was basically due to the estimate, for 2003, of a lower increase in projected benefit obligations compared to a higher profitability expected for plan assets.

Operating provisions

Operating provisions were R$133,912 in the nine-month period ended September 30, 2003 compared to R$28,032 in the nine-month period ended September 30, 2002, representing an increase of 377.71%. This increase is due to the additional provision for losses on realization of the special rate adjustment, in the amount of R$32,166, recorded in the nine-month period ended September 30, 2003 and the allowance for doubtful accounts of R$66,168 recorded in the nine-month period ended September 30, 2003 compared to a reversion of R$4,717 recorded in the nine-month period ended September 30, 2002. The significant increase in the allowances is due to the rate increase in April 2003 (impact on the allowance recorded in the third quarter of 2003) and the increase in overdue amounts in such periods.

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Fuel usage quota - CCC

Fuel usage quota expenses were R$219,900 in the nine-month period ended September 30, 2003 compared to R$252,373 in the nine-month period ended September 30, 2002, representing a reduction of 12.87%. Fuel usage quota refers to operating costs of thermoelectric power plants in the Brazilian energy system prorated among electric concessionaires according to an ANEEL resolution.

Gas purchased for resale

Gas purchased for resale expenses were R$126,148 in the nine-month period ended September 30, 2003 compared to R$75,568 in the nine-month period ended September 30, 2002, an increase of 66.93%. These expenses refer to gas purchased by GASMIG. The variation in these expenses is due to a gas price increase partially offset by a 0.73% reduction in the volume of acquired gas, 319,056 thousand m(3) in the nine-month period ended September 30, 2003 compared to 321,415 thousand m(3) in the nine-month period ended September 30, 2002 as a result of lower purchase volumes from thermoelectric power plants and industrial consumers, partially offset by a higher sales volume to automotive consumers.

Energy development account - CDE

The Energy development account - CDE was created to foster energy development in the states and to promote competition regarding energy produced from alternative sources. These costs impacted the CEMIG Group's 2003 result, in the amount of R$77,763, and were defined by ANEEL Resolution No. 42 of January 31, 2003.

Financial income (expenses)

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

- Investment income was R$65,572 in the nine-month period ended September 30, 2003 compared to R$196,829 in the nine-month period ended September 30, 2002. The negative variation is a result of the lower investment volume in 2003.
- Net exchange gains were R$315,726 in the nine-month period ended September 30, 2003, compared to net exchange losses of R$887,591 in the nine-month period ended September 30, 2002. These gains are principally related to loans and financing denominated in foreign currencies. In the nine-month period ended September 30, 2003, the Brazilian real appreciated 17.26% over the U.S. dollar, compared to a 67.85% devaluation in the same period of 2002.
- Net revenues from CVA monetary restatement amounted to R$74,090 in the nine-month period ended September 30, 2003, compared to R$2,341 in the nine-month period ended September 30, 2002. This variation is due to a higher CVA average balance in 2003, that is restated by SELIC.
- Interest and monetary restatement expenses on loans and financing amounted to R$244,464 in the nine-month period ended September 30, 2003, compared to R$184,117 in the same period of last year. This increase is primarily due to a reduction in the volume of financial costs transferred to construction in progress.
- Reversal of the provision for valuation of National Treasury Notes, which are denominated in U.S. dollars, was R$53,498 in the nine-month period ended September 30, 2003 compared to a provision of R$70,579 in the nine-month period ended September 30, 2002.
- Interest on capital declared in the nine-month period ended September 30, 2002 in the amount of R$120,000.

Nonoperating expenses, net

Nonoperating expenses were R$24,470 in the nine-month period ended September 30, 2003 compared to R$1,064,866 in the nine-month period ended September 30, 2002. This variation is due to a provision for loss recorded in 2002, in the amount of R$1,045,325, related to the Second Amendment to the Credit Assignment Contract for CRC Account (Recoverable Rate Deficit Account) signed with the State Government.

Income and social contribution taxes

The CEMIG Group recorded income and social contribution tax expenses of R$480,128 in the nine-month period ended September 30, 2003, representing

37.15% of pre-tax income.

In the nine-month period ended September 30, 2002, income tax benefits were R$126,809 in relation to a pre-tax loss of R$1,407,912, a percentage of 9.01%. This result is primarily due to the provision for loss related to the Credit Assignment Contract for CRC Account in the amount of R$1,045,325 recorded in 2002, nondeductible for income and social contribution tax purposes.

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

OTHER RELEVANT INFORMATION

Information not reviewed by independent accountants

CORPORATE GOVERNANCE

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

Highlighted below are practices that CEMIG has already adopted:

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

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

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

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

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

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

- On a quarterly basis, the Company discloses to its Fiscal Council reports prepared together with financial statements, which analyze and discusse such financial statements, including 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 those established by Brazilian corporate law and rules established by the CVM (Brazilian Securities Commission), generally accepted accounting

principles of 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.

- 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 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.

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FINANCIAL INDICATORS

SHARE VALUE
(Expressed in Brazilian reais per thousand shares)

Item	Unit	September 30, 2003	June 30,2003	Sept
Book value		40.07	38.35	
Market value	Common	23.07	21.10	
	Preferred	34.35	26.35	

LIQUIDITY (excluding special liabilities)

Item	Unit	September 30, 2003	June 30,2003	Sept
Current ratio	Ratio	0.73	0.67	
Overall liquidity	Ratio	0.73	0.70	

DEBT LEVEL (excluding special liabilities)

Item	Unit	September 30, 2003	June 30,2003	S
Total assets	%	55.60	57.10	
Shareholders' equity	%	125.78	133.09	
Permanent assets	%	93.30	95.04	

PROFITABILITY

Item	Unit	September 30, 2003	June 30,2003
Shareholders' equity	%	14.31	9.43
Return on property, plant and equipment	%	10.22	6.74
Operating margin	%	20.12	16.91
Net margin	%	16.31	16.58

OPERATING INDICES

INSTALLED CAPACITY

	September 30,2003	September 30, 20
Installed capacity (in MW)	5,771	

EFFICIENCY

		For the nine-month period ended	
Item	Unit	September 30,2003	September
MWh (*) per employee	MWh	2.295	
Consumers per employee	No.	502	

(*) excludes energy transactions on the spot market

SERVICE QUALITY

		For the nine-month peri	
Item	Unit	September 30, 2003	Se
Average time needed to restore electricity	Hours	4.42	
Electricity outage time - average per consumer	Hours	7.28	
Outages experienced - average per consumer	No.	4.37	

AVERAGE RATE
(Expressed in Brazilian reais per MWh)

	Including ICMS (VAT)	
Description	September 30, 2003	September 30,
Industrial	129.08	
Residential	348.04	
Commercial	297.63	
Rural	183.42	
Others	195.60	
Final Consumers	189.95	

SHAREHOLDERS OWNING MORE THAN 5% OF VOTING CAPITAL
AS OF SEPTEMBER 30, 2003

ACIONISTA	COMMON SHARES	%	PREFERRED SHARES	%	TOTAL SHA
Minas Gerais State Government	36,116,291,643	50.96	102	-	36,116,29
Other State's entities	3,365,756	-	2,771,169,007	3.03	2,774,53
State's Total	36,119,657,399	50.96	2,771,169,007	3.03	38,890,82
Southern Electric Brasil Part. Ltda.	23,362,956,173	32.96	-	-	23,362,95

SOUTHERN ELECTRIC BRASIL PARTICIPACOES LTDA. - CAPITAL COMPOSITION
AS OF SEPTEMBER 30, 2003

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 - Publicly-held Company. Fundo Opportunity Alfa FIA has 99.99% of its capital.

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

NAME	NUMBER OF SHARES		
	September 30, 2003		Sep
	Common	Preferred	Com
CONTROLLING SHAREHOLDER	36,119,657,399	2,771,169,109	36,119,
BOARD OF DIRECTORS			
Wilson Nelio Brumer	-	1	
Djalma Bastos de Morais	-	13,400	
Francelino Pereira dos Santos	-	1	
Antonio Adriano Silva	-	1	
Flavio Jose Barbosa de Alencastro	-	1	
Oderval Esteves Duarte Filho	5,099	-	
Marcelo Pedreira de Oliveira	5,099	-	
Joao Bosco Braga Garcia	5,099	-	
Sergio Lustosa Botelho Martins	5,099	-	
Aecio Ferreira da Cunha	5,866	1,461	
Francisco Roberto Andre Gros	-	1	
Mario Lucio Lobato	5,000	-	
Maria Estela Kubistscheck Lopes	-	1	
Alexandre Heringer Lisboa	-	1	
Luiz Antonio Athayde Vasconcelos	-	290	
Marco Antonio Rodrigues da Cunha	-	1	

Francisco Sales Dias Horta	-	1
Guilherme Horta Goncalves Junior	-	1
Geraldo Dannemann	1	1
Luiz Felippe Leal da Fonseca Junior	1,000	-
Carlos Suplicy de Figueiredo Forbes	4,079	-
Marc Leal Claassen	5,099	-
Arnaldo Jose Vollet	-	1
Fernando Lage de Melo	-	1
Eduardo Lery Vieira	-	1
Andre Luis Garbuglio	1,000	-
Fernando Henrique Schuffner Neto	-	101,218
Franklin Moreira Goncalves	-	1
Geraldo de Oliveira Faria	-	-
Alexandre de Paula Dupeyrat Martins	-	-
Claudio Jose Dias Sales	-	-
Marco Antonio Rebelo Romanelli	-	-
Sergio Roberto Belisario	-	-
David Travesso Neto	-	-
Ataide Vilela	-	-

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NAME	NUMBER OF SHARES		
	September 30, 2003		Sep
	Common	Preferred	Com
EXECUTIVE OFFICERS			
Djalma Bastos de Morais	-	-	
Francisco Sales Dias Horta	-	-	
Celso Ferreira	-	-	
Flavio Decat de Moura	-	-	
Elmar de Oliveira Santana	-	-	
Jose Maria de Macedo	-	112,962	
Heleni de Mello Fonseca	-	-	
Guy Maria Villela Paschoal	-	-	
Aloisio Marcos Vasconcelos Novais	-	-	
Stalin Amorim Duarte	-	-	
Cristiano Correa de Barros	-	-	
FISCAL COUNCIL			
Luiz Guarita Neto	-	-	
Aristoteles Luiz Menezes Vasconcellos Drummond	-	-	
Luiz Otavio Nunes West	-	-	
Bruno Constantino Alexandre dos Santos	-	-	
Thales de Souza Ramos Filho	-	-	
Beatriz Oliveira Fortunato	-	10	
Augusto Cezar Calazans Lopes	-	-	

Ronald Gastao Andrade Reis	-	-
Marcos Eolo de Lamounier Bicalho	-	-
Aliomar Silva Lima	-	-

NUMBER OF SHARES AVAILABLE ON MARKET
(EXCLUDES SHARES OF THE STATE GOVERNMENT)

	Common	%	Preferred	%	
09/30/2003	34,757,876,280	49.04	91,210,522,597	99.92	125,
09/30/2002	34,754,711,629	49.04	88,180,156,856	97.00	122,

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA ENERGETICA DE MINAS
GERAIS - CEMIG

By: /s/ Flavio Decat de Moura

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

Date: November 17, 2003

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