

**Table I**

**Statement of Results (Consolidated)**  
Values in millions of reais

|                                       | 2004         |            |            |            | 2003         |            |              |
|---------------------------------------|--------------|------------|------------|------------|--------------|------------|--------------|
|                                       | TO 3Q        | 3Q         | 2Q         | 1Q         | TO 3Q        | 3Q         | YR           |
| Net Income                            | 5,100        | 1,704      | 1,772      | 1,624      | 4,056        | 1,513      | 5,623        |
| Operating Expenses                    | (3,830)      | (1,286)    | (1,384)    | (1,160)    | (3,240)      | (1,127)    | (4,397)      |
| <b>EBIT</b>                           | <b>1,270</b> | <b>418</b> | <b>388</b> | <b>464</b> | <b>816</b>   | <b>386</b> | <b>1,226</b> |
| <b>EBITDA</b>                         | <b>1,704</b> | <b>563</b> | <b>535</b> | <b>606</b> | <b>1,238</b> | <b>527</b> | <b>1,797</b> |
| Financial Result                      | (149)        | 49         | (224)      | 26         | 501          | 70         | 335          |
| Non-operating Result                  | (12)         | 1          | (6)        | (7)        | (24)         | (12)       | (61)         |
| IncTax. Def Inc. Tax & Soc. Cont Prov | (474)        | (190)      | (97)       | (187)      | (480)        | (166)      | (554)        |
| TJLP Reversal                         | 300          | 100        | 200        | -          | -            | -          | 250          |
| Minority Participation                | -            | -          | -          | -          | -            | -          | 1            |
| <b>Net Income</b>                     | <b>935</b>   | <b>378</b> | <b>261</b> | <b>296</b> | <b>813</b>   | <b>278</b> | <b>1,197</b> |

**Table II**

**Operating Income (Consolidated)**  
Values in millions of reais

|                                  | 2004         |              |              |              | 2003         |              |              |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                  | TO 3Q        | 3Q           | 2Q           | 1Q           | TO 3Q        | 3Q           | YR           |
| Sales to End Consumers           | 6,318        | 2,214        | 2,209        | 1,895        | 5,217        | 1,903        | 7,179        |
| Deferred Tariff Adjustment - RTD | 330          | 30           | 33           | 267          | -            | -            | -            |
| Supply                           | 30           | 11           | 12           | 7            | 50           | 20           | 57           |
| Transmission Network Revenues    | 183          | 59           | 59           | 65           | 191          | 68           | 257          |
| Gas Supply                       | 332          | 114          | 146          | 72           | 194          | 79           | 367          |
| Others                           | 94           | 35           | 35           | 24           | 78           | 35           | 108          |
| Deduction                        | (2,187)      | (759)        | (722)        | (706)        | (1,674)      | (593)        | (2,345)      |
| <b>Net Income</b>                | <b>5,100</b> | <b>1,704</b> | <b>1,772</b> | <b>1,624</b> | <b>4,056</b> | <b>1,512</b> | <b>5,623</b> |

**Table III**

**Operating Expenses (Consolidated)**  
Values in millions of reais

|  | 2004         |              |              |              | 2003         |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | TO 3Q        | 3Q           | 2Q           | 1Q           | TO 3Q        | 3Q           | YR           |
| Purchased Energy   | 1,075        | 366          | 370          | 339          | 1,037        | 356          | 1,393        |
| Personnel / Employee Participation                         | 641          | 196          | 254          | 191          | 501          | 162          | 834          |
| Depreciation & Amortization                                | 435          | 145          | 148          | 142          | 422          | 141          | 570          |
| Fuel Consumption Account - CCC                             | 219          | 78           | 79           | 62           | 220          | 62           | 282          |
| Energy Development Account - CDE                           | 165          | 64           | 70           | 31           | 78           | 41           | 118          |
| Basic Network Use Charges                                  | 399          | 161          | 145          | 93           | 248          | 91           | 310          |
| Third-Party Services                                       | 237          | 70           | 92           | 75           | 221          | 83           | 321          |
| Forluz – Post-Retirement Employee Benefits                 | 80           | 27           | 26           | 27           | 36           | 12           | 74           |
| Materials  | 64           | 21           | 23           | 20           | 62           | 21           | 88           |
| Royalties  | 67           | 32           | 27           | 8            | 48           | 21           | 14           |
| Gas Purchased for Resale                                   | 217          | 74           | 92           | 51           | 126          | 49           | 246          |
| Operating Provisions                                       | 97           | (4)          | 16           | 85           | 133          | 53           | 105          |
| Other Expenses & Provision for Tariff Recomposition Losses | 134          | 56           | 42           | 36           | 108          | 35           | 42           |
| <b>Total</b>   | <b>3,830</b> | <b>1,286</b> | <b>1,384</b> | <b>1,160</b> | <b>3,240</b> | <b>1,127</b> | <b>4,397</b> |

**Table IV**  
**Energy Sales (Consolidated)**

|                      | No. of Consumers |                  | MWh                         |                   | R\$ th                      |                  |
|----------------------|------------------|------------------|-----------------------------|-------------------|-----------------------------|------------------|
|                      | September 30     |                  | 9 months ended September 30 |                   | 9 months ended September 30 |                  |
|                      | 2004             | 2003             | 2004                        | 2003              | 2004                        | 2003             |
| Residential          | 4,809,393        | 4,697,553        | 4,884,515                   | 4,896,586         | 2,012,577                   | 1,704,185        |
| Industrial           | 68,324           | 68,657           | 17,222,951                  | 16,129,649        | 2,648,056                   | 2,081,996        |
| Commercial           | 528,986          | 520,389          | 2,606,594                   | 2,515,268         | 921,466                     | 748,629          |
| Rural                | 383,765          | 361,561          | 1,307,811                   | 1,298,083         | 281,629                     | 238,093          |
| Other                | 55,430           | 53,596           | 1,854,255                   | 1,843,719         | 435,839                     | 360,633          |
| Own Consumption      | 1,322            | 1,321            | 40,107                      | 40,436            | -                           | -                |
| Unbilled Supply, Net |                  |                  | -                           | -                 | 18,513                      | 83,739           |
| Supply               | 5                | 5                | 307,956                     | 207,690           | 19,004                      | 15,119           |
| MAE Transactions     |                  |                  |                             |                   | 10,990                      | 34,985           |
| <b>TOTAL</b>         | <b>5,847,225</b> | <b>5,703,082</b> | <b>28,224,189</b>           | <b>26,931,431</b> | <b>6,348,074</b>            | <b>5,267,379</b> |

**Table V**

**Analysis of Financial Result**  
**Value in millions of reais**

|   | 2004         |              |              |              | 2003         |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | TO 3Q        | 3Q           | 2Q           | 1Q           | TO 3Q        | 3Q           | YR           |
| <b>Financial Income</b>                           | <b>772</b>   | <b>334</b>   | <b>244</b>   | <b>194</b>   | <b>926</b>   | <b>242</b>   | <b>1,114</b> |
| Income from Short-term Investments                | 92           | 39           | 20           | 33           | 66           | 33           | 75           |
| Fines to Electricity Accounts                     | 47           | 19           | 14           | 14           | 41           | 15           | 56           |
| CRC/State Contract (interest+ monetary variation) | 196          | 68           | 73           | 55           | 119          | 37           | 164          |
| Monetary Variation of Tariff Recomposition        |              |              |              |              |              |              |              |
| Extraordinary                                     | 388          | 138          | 142          | 108          | 398          | 175          | 379          |
| Exchange Rate Var.                                | 34           | 34           | (2)          | 2            | 339          | (17)         | 352          |
| Others  | 15           | 36           | (3)          | (18)         | (37)         | (1)          | 88           |
| <b>Financial Expenses</b>                         | <b>(621)</b> | <b>(185)</b> | <b>(268)</b> | <b>(168)</b> | <b>(425)</b> | <b>(172)</b> | <b>(529)</b> |
| Loan and Financing Charges                        | (279)        | (99)         | (88)         | (92)         | (244)        | (93)         | (350)        |
| Monetary Variation in Tariff Recomposition        |              |              |              |              |              |              |              |
| Extraordinary & Suppliers                         | (62)         | (25)         | (20)         | (17)         | (57)         | (20)         | (56)         |
| Exchange Rate Var.                                | (20)         | 103          | (106)        | (17)         | (24)         | (9)          | (16)         |
| Mon. Var. Liabilities- Company Financ.            | (102)        | (51)         | (32)         | (19)         | (44)         | (12)         | (53)         |
| CPMF  | (33)         | (12)         | (11)         | (10)         | (27)         | (11)         | (39)         |
| Provision for Losses from Derivatives             | (102)        | (98)         | 3            | (7)          | (35)         | (18)         | (35)         |
| Others  | (23)         | (3)          | (14)         | (6)          | 6            | (9)          | 20           |
| Interest on Own Capital                           | (300)        | (100)        | (200)        | -            | -            | -            | (250)        |
| <b>Financial Result</b>                           | <b>(149)</b> | <b>49</b>    | <b>(224)</b> | <b>26</b>    | <b>501</b>   | <b>70</b>    | <b>335</b>   |

**Table VI**

**Related party transactions**  
**Values in million of Reais**

|   | State of Minas Gerais Government |            |
|---|----------------------------------|------------|
|   | 09/30/2004                       | 06/30/2004 |
| <b>ASSETS</b>   |                                  |            |
| Current Assets  |                                  |            |
| Customers and distributors                            | 20                               | 21         |
| Tax Recoverable -                                     |                                  |            |
| State VAT recoverable                                 | 30                               | 27         |
| Noncurrent assets                                     |                                  |            |
| Account receivable from Minas Gerais State Government | 1.087                            | 1.019      |
| Tax Recoverable -                                     |                                  |            |
| VAT recoverable                                       | 114                              | 107        |
| VAT recoverable - judicial challenge                  |                                  |            |
| Customers and distributors                            |                                  |            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>           |                                  |            |
| Current Liabilities                                   |                                  |            |
| Taxes, fees and charges                               |                                  |            |
| VAT - ICMS payable                                    | 188                              | 176        |
| Interest on capital and Dividends                     | 138                              | 116        |
| Long-term liabilities                                 |                                  |            |
| Debentures  | 55                               | 53         |
| Operating Provision                                   | 8                                | 8          |

**Table VII**

**Shareholder Participation**

| Shareholders                         | Number of shares on September 30, 2003 |              |                       |              |                        |              |
|--------------------------------------|--|--------------|-----------------------|--------------|------------------------|--------------|
|                                      | Ordinary                               | %            | Preferred             | %            | Total                  | %            |
| State of Minas Gerais                | 36,345,563,248                         | 51.3         | 2.771.169.109         | 3.0          | 39,116,732,357         | 24.1         |
| Southern Electric Brasil Part. Ltda. | 23,362,956,173                         | 33.0         |                       |              | 23,362,956,173         | 14.4         |
| Others                               |  |              |                       |              |                        |              |
| Domestic                             | 8,503,022,148                          | 12.0         | 32.974.057.510        | 36.1         | 41,477,079,658         | 25.6         |
| Foreign                              | 2,662,626,354                          | 3.8          | 55.534.424.483        | 60.8         | 58,197,050,837         | 35.9         |
| <b>Total</b>                         | <b>70,874,167,923</b>                  | <b>100.0</b> | <b>91,279,651,102</b> | <b>100.0</b> | <b>162,153,819,025</b> | <b>100.0</b> |

**Table VIII**

**BALANCE SHEET  
ASSET  
(In millions of reais)**

|  | 2004          |               |               | 2003          |
|--|---------------|---------------|---------------|---------------|
|  | 3Q            | 2Q            | 1Q            | YR            |
| <b>CURRENT</b>   | <b>3,457</b>  | <b>3,110</b>  | <b>2,609</b>  | <b>2,558</b>  |
| Current Assets   | 1,009         | 597           | 447           | 440           |
| Consumers and Resale   | 1,232         | 1,264         | 1,090         | 1,059         |
| Consumers – Tariff Recomposition   | 342           | 308           | 271           | 279           |
| Concessionaires – Energy Trans.  | 27            | 26            | 29            | 29            |
| Resale – MAE Transactions  | 44            | 44            | 45            | 39            |
| Taxes Receivable   | 108           | 112           | 99            | 108           |
| Storage  | 18            | 20            | 21            | 22            |
| Anticipated Expense – CVA  | 519           | 507           | 341           | 315           |
| Tax Credits  | -             | 104           | 123           | 114           |
| Receivables from Federal Govt. - Loss<br>Of Revenues from Low Income Consumers | 9             | 5             | 18            | 40            |
| Other Credits  | 149           | 123           | 125           | 113           |
|  |               |               |               |               |
| <b>LONG-TERM ASSETS</b>  | <b>4,008</b>  | <b>3,937</b>  | <b>4,056</b>  | <b>3,663</b>  |
| Accounts Receivable from Govt. of State of<br>Minas Gerais                     | 1,087         | 1,019         | 946           | 891           |
| Consumers – Tariff Recomposition   | 1,140         | 1,196         | 1,259         | 1,265         |
| Anticipated Expenses - CVA   | 149           | 192           | 359           | 306           |
| Tax Credits  | 273           | 241           | 262           | 269           |
| Deferred Tariff Adjustment   | 391           | 342           | 290           | -             |
| Rationing – Bonus and adaptation costs   | 23            | 23            | 23            | 23            |
| Resale – MAE Transactions  | 579           | 569           | 565           | 567           |
| Taxes Receivable   | 134           | 127           | 126           | 116           |
| Deposits Linked to Lawsuits  | 86            | 84            | 83            | 82            |
| Consumers and Resale   | 28            | 26            | 89            | 91            |
| Other Credits  | 118           | 118           | 54            | 53            |
|  |               |               |               |               |
| <b>PERMANENT</b>   | <b>8,954</b>  | <b>8,853</b>  | <b>8,843</b>  | <b>8,804</b>  |
| Investments  | 895           | 870           | 847           | 798           |
| Fixed Assets   | 8,039         | 7,962         | 7,974         | 7,984         |
| Deferred   | 20            | 21            | 22            | 22            |
|  |               |               |               |               |
| <b>Total Assets</b>  | <b>16,419</b> | <b>15,900</b> | <b>15,508</b> | <b>15,025</b> |

Table VIII

**BALANCE SHEETS**  
**LIABILITIES AND SHAREHOLDERS' EQUITY**  
Values in million of Reais

|   | 2004          |               |               | 2003          |
|---|---------------|---------------|---------------|---------------|
|   | 3 rd Q.       | 2 nd Q.       | 1st Q.        | Year          |
| <b>CURRENT LIABILITIES</b>                        | <b>4,061</b>  | <b>3,885</b>  | <b>3,620</b>  | <b>3,517</b>  |
| Suppliers   | 679           | 671           | 651           | 611           |
| Taxes payable                                     | 414           | 393           | 378           | 322           |
| Advance billings of electric power                | -             | -             | -             | -             |
| Loan, Financing and Debentures                    | 1,613         | 1,675         | 1,609         | 1,587         |
| Payroll and related charges                       | 191           | 175           | 177           | 199           |
| Interest on capital and dividends                 | 575           | 484           | 302           | 311           |
| Employee post-retirement benefits                 | 197           | 193           | 188           | 185           |
| Regulatory charges                                | 109           | 109           | 113           | 134           |
| Other   | 283           | 185           | 202           | 168           |
|   |               |               |               |               |
| <b>LONG-TERM LIABILITIES</b>                      | <b>5,137</b>  | <b>5,073</b>  | <b>5,006</b>  | <b>4,922</b>  |
| Loan, Financing and Debentures                    | 2,466         | 2,304         | 2,227         | 2,271         |
| Employee post-retirement benefits                 | 1,401         | 1,435         | 1,467         | 1,496         |
| Suppliers - wholesale                             | 267           | 280           | 291           | 325           |
| Rationing - surcharge                             | -             | -             | -             | -             |
| Taxes and social charges                          | 515           | 555           | 552           | 440           |
| Reserve for contingencies                         | 388           | 415           | 398           | 321           |
| Other   | 100           | 84            | 71            | 69            |
|   | -             | -             | -             | -             |
| <b>PARTICIPATION IN ASSOCIATE COMPANIES</b>       | <b>27</b>     | <b>27</b>     | <b>27</b>     | <b>27</b>     |
|   |               | -             | -             | -             |
| <b>SHAREHOLDERS' EQUITY</b>                       | <b>7,194</b>  | <b>6,915</b>  | <b>6,855</b>  | <b>6,559</b>  |
| Paid-in Capital                                   | 1,622         | 1,622         | 1,622         | 1,622         |
| Capital reserves                                  | 4,032         | 4,032         | 4,032         | 4,032         |
| Income reserves                                   | 878           | 878           | 878           | 878           |
| Retained earnings (losses)                        | 635           | 356           | 296           | -             |
|   | 7,167         | 6,888         | 6,828         | 6,532         |
| Funds for capital increase                        | 27            | 27            | 27            | 27            |
|   |               |               |               |               |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>16,419</b> | <b>15,900</b> | <b>15,508</b> | <b>15,025</b> |

Table IX

**Cash Flow Statement**  
**Values in millions of reais**

|  | <b>2004</b>  | <b>2003</b>  |
|--|--------------|--------------|
|  | <b>3Q</b>    | <b>3Q</b>    |
| <b>Cash at Start of Period</b>               | <b>441</b>   | <b>123</b>   |
| <b>Cash Generated by Operations</b>          | <b>1,199</b> | <b>587</b>   |
| Net Income                                   | 935          | 813          |
| Depreciation and Amortization                | 435          | 422          |
| Suppliers                                    | (31)         | (504)        |
| Other Adjustments                            | (140)        | (144)        |
| <b>Financing Activity</b>                    | <b>(31)</b>  | <b>281</b>   |
| Financing Obtained                           | 777          | 904          |
| Loan and Financing Payments                  | (799)        | (623)        |
| Other  | (9)          | -            |
| <b>Investment Activity</b>                   | <b>(599)</b> | <b>(698)</b> |
| Investments Outside Concession               | (101)        | (167)        |
| Investments Within Concession                | (599)        | (592)        |
| Special Obligations - consumer contributions | 101          | 62           |
| Other  | -            | (1)          |
| <b>Cash at End of Period</b>                 | <b>1,009</b> | <b>293</b>   |