

Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.

Annual Report of Fiduciary Agent

2007

1st Issue of Non-Convertible Debentures

**CEMIG DISTRIBUIÇÃO S.A.**



Distribuição S.A.

April 2008

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Rio de Janeiro, April 30, 2008

**To the Debenture Holders**  
**Cemig Distribuição S.A.**  
**The Securities Commission (CVM)**  
**UNIBANCO S.A.**  
**CBLC**  
**CETIP**

Dear Sirs,

As Fiduciary Agent for the first issue of debentures of **CEMIG Distribuição S.A.** we present to you the annual report on that issue, in accordance with CVM Instruction 28 of November 23, 1983 and the Issue Deed.

The comments on the situation of the company are made on the basis of the Standardized Financial Statements (DFPs), other information supplied by the Issuer, and internal controls of this Fiduciary Agent.

We further inform you that this report is available to debenture holders at the head office of the Issuer Company, at Pavarini DTVM and at the CVM (Securities Commission).

The electronic version of this report has been sent to the Issuer company, and is also available on our website [www.pavarini.com.br](http://www.pavarini.com.br).

Yours,

**Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.**  
Fiduciary Agent

Issuer

<b>Name of company</b>	<b>CEMIG DISTRIBUIÇÃO S.A.</b>
Head Office address	Avenue Barbacena 1200, 17th Floor, A1 Wing, Belo Horizonte, Minas Gerais, Brazil
CNPJ/MF	06.981.180/0001-16
Investor Relations Director	Luiz Fernando Rolla Tel 31-3506-4903 Fax 31-3506-4028 lrolla@cemig.com.br
Activity	The objects of the company are to study, plan, project, build and operate systems of distribution and sale of electricity and related services for which concessions are granted to it under any form of law.
Situation	Operational
Stockholding control	Mixed private sector and public sector
Auditors	KPMG Auditores Independentes

### Characteristics of the Issue

<b>Clerk to the Issue/ Mandated Bank</b>	<b>Banco Itaú S.A.</b>
BOVESPAFIX code / SND / ISIN	CMGD-D11 / CMGD11 / BRCMGDDBS009
Lead Manager	Unibanco
Distribution / Start / Closing	Public / 01.11.2006 / -
Advertising	<i>Minas Gerais, Gazeta Mercantil</i> – National Edition, and <i>O Tempo</i>
Rating	Fitch A+ (bra) Moody 's Aa3.br
CVM Registration	CVM/SRE/DEB/2006/041 on 26/10/2006
Fiduciary Agent Reports	April 30
Status of Issue/Issuer	ACTIVE / NOT IN DEFAULT

<b>Security</b>	<b>Non-convertible Debentures</b>
Decision	Meeting of the Board of Directors of January 25, 2006, the Minutes of which were rectified by the Meeting of the Board of Directors held on June 29, 2006, and of Cemig held on January 25, 2006.
Issue / series	1st / 1st
Total value	R\$ 250,503,517.80
Nominal value	R\$ 10,871.6048
Quantity	23,042
Form	Book-entry
Convertibility	Not convertible
Type	Unsecured, with guarantee from Cemig
Date of issue	June 1, 2006
Maturity date	June 1, 2014
Renegotiation dates	None
Subscription and paying-up	The subscription price of the debentures shall be the Nominal Unit Value, augmented by the Remuneration, calculated <i>pro rata temporis</i> from the Issue Date up to the paying-up date. The paying-up of the debentures shall be at sight, on payment in kind by transfer of the debentures of the 3rd Issue of Cemig, in accordance with the Obligatory Exchange, and each debenture of the 3rd Issue of Cemig shall correspond to 1 (one) debenture of this Issue. <b>On November 1, 2006 all the debentures of the 3rd Issue of Cemig (Cemig13) were exchanged for debentures of the 1st Issue of CEMIG DISTRIBUIÇÃO S.A.</b>

Amortization	At maturity
Remuneration	IGP-M + 10.5% p.a.
Remuneration payment dates	The interest will be paid on the first business day of June, from 2007 to 2014, and the nominal value updated on the date of maturity.
Obligatory early acquisition	If there is a direct or indirect change in its stockholding control, or of the stockholding control of Cemig, the Issuer shall be obliged to acquire the debentures in circulation, as defined in item 7.2.2. below, at the option of such debenture holders as do not agree to remain as holders of the Issuer after a change of stockholding control. The debenture holders shall be given notice of the offer of purchase by a specific notice published within 15 (fifteen) calendar days from the date of the actual change in stockholding control, and interested debenture holders shall have no less than 60 (sixty) days to state their position, from the date of publication of the notice and in accordance with the procedures described in this notice. The acquisition of the debentures by the Issuer shall take place on the 30th (thirtieth) calendar day after the last day of the period for debenture holders to state their position, at their nominal value, plus the Remuneration, as specified in clause 4.2. above. For the purposes of this item, change in stockholding control shall be when: (i) the present direct controlling stockholder of the Issuer, Cemig, ceases directly or indirectly to hold the equivalent of, at least, 50% (fifty per cent) plus one share of the total voting shares of the Issuer; and/or (ii) the present indirect controlling stockholder of the Issuer, the Government of the State of Minas Gerais, directly or indirectly, ceases to hold the equivalent of, at least, 50% (fifty per cent) plus one share of the total of the voting shares of Cemig; and/or (iii) the present controlling stockholder of Cemig, the government of the State of Minas Gerais, directly or indirectly, ceases to hold the equivalent of, at least 50% (fifty per cent) plus one share of the total of shares of the voting stock of the Issuer.
Quorum for decision in General Meetings of debenture holders	In decisions by the general meeting, each debenture shall carry one vote, and voting by proxies, who may be debenture holders or not, shall be allowed. The decisions shall be taken by debenture holders representing the majority of the securities in circulation; except that changes in the conditions of Remuneration and/or payment of the debenture holders, specified in items 4.2 and 4.5 above, shall be approved by debenture holders representing 90% of the debentures in circulation, subject to the terms of item 7.2.2 above. The change in the provisions for early maturity specified in item 5.2 above and the release of the Issuer from obligations specified in Clause VI of this Deed, must be approved by debenture holders representing at least 2/3 (two thirds) of the debentures in circulation.

### Allocation of proceeds

The Issuer has not received any funds from this Issue, since the debentures were fully paid up by transfer of debentures from the 3<sup>rd</sup> Issue of Cemig.

### Position of the debentures

Date	Issued	Redeemed	Canceled	Treasury	In circulation
01/06/2006	23,042	-	-	-	-
31/12/2006	23,042	-	-	-	23,042
31/12/2007	23,042	-	-	-	23,042

### Guarantee

The debentures are of the unsecured type. The debentures of this issue have a guarantee from Cemig in accordance with Clause 4.8.

*"4.8.1. The debentures of this Issue, and the obligations assumed by the Issuer under this Issue, are guaranteed by a guarantee hereby given by the consenting guarantor, Companhia Energética de Minas Gerais – Cemig ("the Guarantor"), described in the preamble of this Deed, and which, by this instrument and for all purposes of law, undertakes as joint debtor and principal payer of all obligations arising from this Deed, up to its final settlement, expressly waiving the benefits specified in Articles 366, 827, 834, 835, 837, 838 and 839 of Law 10406, of January 10, 2002, as amended (the "Civil Code"), and Articles*

77 and 595 of Law 5869 of January 11, 1973, as amended (the "Code of Civil Procedure"), for the obligations assumed in this present Deed. Cemig warrants and guarantees that (i) the giving of this guarantee was duly authorized by its respective competent corporate bodies; and (ii) all the authorizations necessary for giving of this guarantee were obtained and are in full force and effect.

4.8.2. The guarantee here referred to is given by Cemig irrevocably, and shall remain in full effect until full compliance by the Issuer with all its obligations specified in this Deed."

## Optional early redemption

Debentures in this Issue are not subject to optional early redemption by the Issuer.

## Payments made and programmed

							R\$/debenture	
Date	Event	Installment	Amount	Event	Installment	Amount	Status	
01/06/2007	-	--	-	Interest	1/8	-	-	
01/06/2008	-	--	-	Interest	2/8	-	-	
01/06/2009	-	--	-	Interest	3/8	-	-	
01/06/2010	-	--	-	Interest	4/8	-	-	
01/06/2011	-	--	-	Interest	5/8	-	-	
01/06/2012	-	--	-	Interest	6/8	-	-	
01/06/2013	-	--	-	Interest	7/8	-	-	
01/06/2014	Amort	1/1	10,871.6048 + Monetary updating	Interest	8/8	-	-	

## Meetings of Debenture Holders

No meetings of debenture holders of the first issue were held in 2007.

First Amendment to the Issue Deed

**1ST AMENDMENT TO THE PRIVATE DEED OF THE FIRST PUBLIC ISSUE OF  
UNSECURED NON-CONVERTIBLE DEBENTURES IN A SINGLE SERIES BY  
CEMIG DISTRIBUIÇÃO S.A.**

*Between*

**CEMIG DISTRIBUIÇÃO S.A.**

**and**

**PAVARINI DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS LTDA.**

*and, as Consenting Guarantor*

**COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG**

\_\_\_\_\_  
DATE

March 13, 2007  
\_\_\_\_\_

By this private instrument,

**a) CEMIG DISTRIBUIÇÃO S.A.**, a corporation with shares having head office in Belo Horizonte, Minas Gerais State, at Avenida Barbacena 1200, 17th Floor, A1 Wing, registered in the CNPJ under Number 06.981.180/0001-16, herein represented in accordance with its Bylaws ("the Issuer");

and, of the other part,

**b) PAVARINI DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS LTDA.**, named in this Deed and consenting to it, a financial institution authorized to function by the Brazilian Central Bank and by the CVM (Securities Commission), with head office at Rio de Janeiro, Rio de Janeiro State, at Rua Sete de Setembro 99, 24<sup>th</sup> Floor, registered in the CNPJ under No. 15.227.994/0001-50, representing the community of debenture holders acquirors of the debentures that are the subject of the present issue, herein represented in accordance with its Bylaws ("the Fiduciary Agent");

*and, as Consenting Guarantor,*

**c) COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG**, a company with mixed private-sector/public-sector stockholdings, with head office in de Belo Horizonte, Minas Gerais State, at Avenida Barbacena 1200, registered in the CNPJ under No. 17.155.730/0001-64, herein represented in accordance with its Bylaws ("Cemig");

WHEREAS under Article 4 of the Anbid Self Regulation Code for Public Offerings of Distribution and Acquisition of Securities (the "Anbid Code"), in public offerings of debentures for which a risk rating agency is contracted, the respective deed must contain the following: (i) obligation of the issuer to maintain the rating report of the securities that are subject of the public offering updated, at least annually and up to maturity, and to give wide publicity to such updating to the market; and (ii) obligation upon the fiduciary agent to cause Item "i" of this clause to be complied with, and also to send to Anbid the rating report that is the subject of the updating;

The parties hereby DECIDE to enter into the First Amendment to the Public Deed of the First Public Issue of Non-Convertible debentures in a single series, unsecured, of Cemig Distribuição S.A ("the Amendment"), on the following terms and conditions:

All terms beginning with capital letters not expressly defined in this Amendment shall have the meanings attributed to them in the Deed.

The parties decide to alter Item 6.1.18 of the Deed, which shall now have the following drafting:

"6.1.18 To contract the risk rating agency, for the start of the Offering, and to keep the rating updated, at least annually, at its own expense, and also (i) to update it annually, up to the date of the maturity of the debentures; (ii) to disclose or allow the risk rating agency to disclose the report with the respective summary of the risk rating; (iii) to deliver to the Fiduciary Agent the report with the respective summary of the risk rating within 2 (two) business days from the date of its receipt by the Issuer; and (iv) to inform the Fiduciary Agent immediately of any change and the start of any process of revision of the risk rating."

The parties decide to insert sub-item "s" into the Item 8.4.1 of the Deed as follows:

"(s) to cause the Issuer to comply with its obligation to keep risk rating agencies contracted for updating of the respective risk rating reports in accordance with Item 6.1.18 of Clause VI of this Deed, and also to submit to Anbid a copy of the said updatings within 15 (fifteen) days of their disclosure."

All the other terms and condition of the Deed not expressly altered by this instrument are hereby ratified and remain in full force and effect.

Being thus agreed and contracted, the parties sign this present Amendment in five copies of equal form and content, jointly with the two witnesses undersigned, who were present throughout.

Belo Horizonte, March 13, 2007

**CEMIG DISTRIBUIÇÃO S.A**

**PAVARINI DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS LTDA.**

**COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG**

## Notices to the Debenture Holders

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PAVARINI		AGENTE FIDUCIÁRIO	
AVISO AOS DEBENTURISTAS			
Comunicamos que os <b>Relatórios Anuais do Agente Fiduciário</b> das emissões de debêntures abaixo relacionadas, relativos ao Exercício Social de 2006, estão disponíveis em nossa sede e nos locais indicados no Artigo 12, inciso XVIII da Instrução CVM nº 28/83 e em nosso website <a href="http://www.pavarini.com.br">www.pavarini.com.br</a> .			
EMISSORA		EMISSÃO	
CEMIG DISTRIBUIDORA S.A.		PRIMEIRA	
CIA. ENERGETICA DE BRASÍLIA - CEB		PRIMEIRA	
CIA. ENERGETICA DE MINAS GERAIS - CEMIG		TERCEIRA	
LIGHT SERVIÇOS DE ELETRICIDADE S.A.		QUINTA	
Rio de Janeiro, 28 de maio de 2007			
PAVARINI DISTRIBUIDORA DE TÍTULOS E VALORES MOBILIÁRIOS LTDA. Rua Sete de Setembro, 99/24º andar, Rio de Janeiro, RJ, CEP 20050-005 Tel/Fax 21-2507-1949 <a href="mailto:pavarini@pavarini.com.br">pavarini@pavarini.com.br</a>			

**(Translation :)**

### PAVARINI – FIDUCIARY AGENT TO THE DEBENTURE HOLDERS

We hereby advise that the Annual Reports of the Fiduciary Agent of the Debenture Issues listed below relating to the business year of 2006 are available at our head office and at the locations indicated in Clause 12, sub-item XVIII CVM Instruction 28/83 and on our website [www.pavarini.com.br](http://www.pavarini.com.br).

ISSUER	ISSUE
Cemig Distribuição S.A.	First
CIA ENERGETICA DE BRASÍLIA – CEB	First
CIA ENERGETICA DE MINAS GERAIS – CEMIG	Third
LIGHT SERVICOS DE ELECTRICIDADE S.A.	Fifth

Rio de Janeiro, May 28, 2007  
 (Addresses)

## Legal and Corporate Events

**- At its meeting held on January 9, 2007 the Board of Directors of Cemig Distribuição S.A. approved the following matters:**

a) Constitution of the Executive Board, as from January 9, 2007:

1. CEO, and also Vice-Chairman: Djalma Bastos de Moraes
2. Director without Specific Designation: Fernando Henrique Schüffner Neto
3. Chief Planning, Projects and Construction Officer: José Carlos de Mattos;
4. Chief Distribution and Sales Officer: José Maria de Macedo
5. Chief Officer for Finance, Investor Relations and Control of Holdings: Luiz Fernando Rolla
6. Chief Corporate Management Officer: Marco Antonio Rodrigues da Cunha

The Board Members requested the new Executive Board to begin the process of creation of formalizations for creation of a Chief Trading Officer's Department, to be headed by Mr. Bernardo Afonso Salomão de Alvarenga.

**- At its meeting held on January 23, 2007, the Board of Directors of Cemig Distribuição S.A. approved the following matters:**

1- Signing of Working Agreements with the State Council for the Rights of Children and Adolescents of the States of Minas Gerais, for passing through to that Council of the donations to the Children's and Adolescents' Funds (FIAs) by the employees of Cemig, Cemig D and Cemig GT

2-

2- Delegation of powers to sign Contracts for use of the Distribution System, supply of electricity and reserve of demand to captive consumers, use of the transmission system with the ONS, connection to the distribution system, Sharing of Distribution Infrastructure, and Agreements. Approved for 90 days.



3- Signing of amendments to the Contract for Financing and Granting of Subsidy with Eletrobrás, for the 1<sup>st</sup> phase of the *Light for Everyone* Program.

**- At its meeting held on February 8, 2007 the Board of Directors of Cemig Distribuição S.A. approved the following matters:**

- 1- Technical Feasibility Study for the accounting of tax credits.
- 2- Change in the number of the Permission Undertaking signed with Companhia de Saneamento de Minas Gerais – Copasa.
- 3- Project nº 1605/06 – Energy Efficiency Program –2005/2006 Cycle.
- 4- signing of a working agreement with Cemig and the municipality of Montes Claros.

**- At its meeting held on February 28, 2007 the Board of Directors of Cemig Distribuição S.A. approved the following matters:**

1. Approval and submission of the Annual General Meeting of Stockholders of the Report of Mgt and the financial statements for the business year ended December 31, 2006.
2. To propose to the Annual General Meeting the allocation of the net profit for 2006.
3. Approval of the adoption of parameters and criteria for cost of capital used in the valuation of investments by the company.
4. To authorize the signing of a working agreement with Cemig GT and the Minas Gerais State Forests Institute (IEF/MG) for participation in a campaign to combat forest fires.
5. To authorize contracting of services of consumer meter reading in kWh.

#### **Summary of minutes of the 48th meeting of the Board of Directors.**

Date, time and place: March 29, 2007, at 4.30 pm at the company's head office, exceptionally at Av. Olegário Maciel, 1748, Belo Horizonte, Minas Gerais, Brazil; resumed on March 30, 2007, at 1.00 pm, and completed on April 10, 2007, at 12 pm, at the company's head office, Av. Barbacena 1200, 17th Floor, A1 Wing, Belo Horizonte.

(a) Project No 1625/07: Operation, Maintenance and Refurbishment of the medium and low voltage networks in 2007, authorizing the opening of the respective tender proceedings and making of the purchases/contracting of the services;

b) Project 1624/07: Maintenance of the measurement system, authorizing the opening of the respective tender proceedings and making of the purchases/contracting of the services;

c) the proposal of Board Member Alexandre Heringer Lisboa, that the members of the Board of Directors should alter the date of the Ordinary and Extraordinary General Meetings of Cemig from April 26, 2007, as previously decided by the Board of Directors, to April 27, 2007 at 10am, authorizing the Chairman to call these General Meetings; and, if the minimum quorum is not found, to make second convocation of the stockholders within the legal period; and

d) and minutes of this meeting.

II- The Board authorized: a) signing of the working agreement with Copasa (Minas Gerais Water Services Company), with the objective of exchanging information for the sole and exclusive purpose of technical updating of the databases of clients of both companies, with a period of validity of 12 months from the date of signature, able to be extended, by an amendment for the maximum period of 16 months, there being no transfer of financial resources between the parties;

b) Opening of Administrative Tender Proceedings in Competition mode for, and contracting of, Group Life Insurance, directly with the insurance company, for the active employees, those on unpaid leave and those retired and members of the Executive Board, Board of Directors and Audit Board, of Cemig, Cemig GT, Cemig D; and for the active employees of Sá Carvalho S.A. and Rosal Energia S.A., and also to take part in the insurance of the employees of Cemig who retired up to December 31, 2004, for a period of twelve months, able to be extended for up to forty-eight months by Amendments, with a maximum limit of sixty months, and the Companies shall pay approximately 66% of the total cost, the percentages being – follows: Cemig 5.46%; Cemig GT 23.61%; Cemig D 70.84%; Rosal Energia S.A. 0.06%; Sá Carvalho 0.03% – the rest to be paid by the persons insured; and each company to sign a contract separately with the winning insurer.

c) Signing of the Second Amendment to the Debt Assumption Undertaking with Forluz, Cemig D and Cemig GT, for reduction of the debtor balance of the portion relating to coverage of the initial deficit of Plan "A".

d) signing of the working agreement undertaking with Cemig Geração e Transmissão S.A., which shall be in force up to the conclusion of the transfer of assets, without charge, to the transmission company, and will establish the technical-operational procedures and commercial and civil responsibilities in the Embarcação

substation, and also the relations between the parties, during the period of execution of the project and of the services relating to the substitution of the protection of the 138-kV low-voltage section of the exit to Araguari, and the 138- kV low-voltage section of the exit to Capim Branco 2 (previously referred to as the exit to Uberlândia 1).

III - The Board submitted a proposal for change in the Bylaws to the Extraordinary General Meeting of Stockholders.

IV- The Board ratified the signature of the First Amendment, and also authorized the signing of the Second Amendment, to the Technical and Financial Cooperation Working Agreement No. 1740/2005, signed with the State of Minas Gerais, through its Social and Sports Development Department (SEDESE), making possible, through the First Amendment, the illumination of amateur playing fields, and through the Second Amendment, the extension of the period of validity from December 31, 2006 to December 31, 2008, without altering its financial value.

V- The Board Members Alexandre Heringer Lisboa and Carlos Augusto Leite Brandão abstained from voting on the matter relating to the signing of the amendment to the debt assumption undertaking with Forluz, Cemig and Cemig GT mentioned in item II, Sub-Clause “c”, above.

VI- The representatives of Roland Berger Strategy Consultants presented the outlook for the electricity sector in Brazil and in the world.

VII- The Chief Finance, Holdings and Investor Relations Officer gave a presentation on the preliminary version of the scope of the company’s capital expenditure policy.

VIII- The representatives of the Departments of the Chief Distribution and Sales Officer and the Chief Finance, Holdings and Investor Relations Officer presented the preliminary version of the company’s energy trading policy.

IX- The following spoke on general matters and business of interest to the Company: The Chairman; the Vice-chairman; and the Board Members Andréa Paula Fernandes Pansa, Carlos Augusto Leite Brandão, Evandro Veiga Negrão de Lima, Haroldo Guimarães Brasil, and José Augusto Pimentel Pessôa.

#### **– ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS HELD JOINTLY ON APRIL 27, 2007.**

##### **Decisions on:**

- 1- Examination, discussion and vote on the Report of Management and the Financial Statements for the year ended December 31, 2006, and the respective Complementary Documents.
- 2- Allocation of the net profit for 2006, in the amount of R\$ 769,567,000, in accordance with Clause 192 of Law 6404 of December 15, 1976 as amended.
- 3- Decision on the form and date of payment of Interest on Equity and complementary dividends in the amount of R\$731,089,000.
- 4- Election of the Sitting Members and Substitute Members of the Audit Board.
- 5- Change in the drafting of Clause 12 to define the attributions of the Board of Directors and provide that decisions of the Board of Directors should be supported by opinions and reports, when necessary.
- 6- Abolition of the office of the Chief Planning, Projects and Construction Officer, creation of the Office of the Chief Trading Officer, and the Office of the Chief New Business Development Officer, and change in the name of the office of the Chief Finance, Investor Relations and Holdings Officer.
- 7- Alteration of the drafting of the head paragraph of Clause 13, as a consequence of the change in the posts of Chief Officers mentioned above.
- 8- Change to improve the drafting of the head paragraph of Clause 14 and its first sub-paragraph.
- 9- Change in the drafting of Clauses 1, 2, 3, 4, 5, 6, 7 and 8 of Clause 16 to improve the drafting, to change the name of the Office of the Chief Finance, Investor Relations and Holdings Officer, to define the attributions of the Executive Board, to provide that the decisions of the Executive Board should be supported by opinions and reports, when necessary, and to provide that the designations and appointments to management and administration posts in the wholly-owned subsidiaries, controlled companies, affiliates and the Forluminas Pension Fund should be based on a leadership succession development program implemented by the company and on the assessments by the Chief Officers to whom these employees are linked.
- 10- Alteration of the drafting of Article 17, to define the attributions of the members of the Executive Board, as a consequence of the change in the head paragraph of Clause 13.
- 11- Change in the drafting of Clause 21, for tax optimization and to improve the drafting.
- 12- Insertion of a new Clause 25, to ensure participation by the employees in the profit or the results of the company.
- 13- Consequent renumbering of the present Clauses 25 and 26, to be 26 and 27, and their change to improve the drafting, and also to provide for the possibility of contracting of third party liability insurance for the Managers.

**- At its meeting held on April 27, 2007 the Board of Directors of Cemig Distribuição S.A. approved the following matters:**

1. Change in the members of the Executive Board.
2. Contracting of services of independent external auditing.
3. Delegation of powers to sign contracts for supply of energy, reserve of demand, use of the distribution system, use of the transmission system with the ONS, connection to the distribution system, sharing of distribution infrastructure, and agreement undertakings signed with clients for the execution of works in the electricity distribution system to make possible serving of their respective consumer units.
4. Signing of an amendment to the technical working agreement with the Technological Strategy Management Foundation – CGET.
5. Contracting of legal guarantee insurance and making of a deposit payment into court in an action for an order of mandamus.
6. Signing of a technical and financial working agreement for carrying out of illumination works.
7. Signing of an amendment to the contract for provision of direct dialing telephone services.
8. Project: Rural service in 2007.
9. Project: Urban Service in 2007.
10. Complementary Program of Expansion Works in 2007. Contracting of aerial network distribution services.

**Summary of minutes of the 50<sup>th</sup> meeting of the Board of Directors.**

**Date, time and place:** May 4, 2007, at 16h30m at the company's head office, Av. Barbacena 1200, 17<sup>th</sup> Floor, A1 Wing, Belo Horizonte, Minas Gerais, Brazil.

**Meeting committee:** Chairman: Wilson Nélio Brumer;  
Secretary: Anamaria Pugedo Frade Barros.

**Summary of proceedings:**

**I- The Board approved** the minutes of this meeting.

**II-** The Chief Finance, Holdings and Investor Relations Officer, and the Superintendent of Corporate Planning and Tariffs presented the company's Guidance for the period of 2007 to 2012.

**III- The following spoke** on general matters and business of interest to the Company:

The Vice-chairman;

Board Members: Andréa Paula Fernandes Pansa, Carlos Augusto Leite Brandão, Evandro Veiga Negrão de Lima, Haroldo Guimarães Brasil, José Augusto Pimentel Pessôa;

Chief Officer: José Carlos de Mattos.

**The following were present:**

Board Members: Wilson Nélio Brumer, Djalma Bastos de Moraes, Aécio Ferreira da Cunha, Alexandre Heringer Lisboa, Andréa Paula Fernandes Pansa, Carlos Augusto Leite Brandão, Evandro Veiga Negrão de Lima, Francelino Pereira dos Santos, Haroldo Guimarães Brasil, José Augusto Pimentel Pessôa, Wilton de Medeiros Daher, Guilherme Horta Gonçalves Júnior, Lauro Sérgio Vasconcelos David, and Luiz Henrique de Castro Carvalho;

Chief Officers: Luiz Fernando Rolla and José Carlos de Mattos;

Superintendent: Emílio Castelar Pires Pereira;

Secretary: Anamaria Pugedo Frade Barros.

**- At its meeting held on May 25, 2007, the Board of Directors of Cemig Distribuição S.A. approved the issuance of R\$ 400 million in Promissory Notes.**

**- At its meeting held on May 31, 2007 the Board of Directors of Cemig Distribuição S.A. approved the following matters:**

1. Contracting, with Copasa (Minas Gerais Water Services Company), of services to supply drinking water, sewerage collection and water analysis in Belo Horizonte and in Contagem, Minas Gerais.
2. Signing of a scientific, technological and mutual support cooperation working agreement to be signed with Cemig and Cemig GT.
3. Contracting, with the Official Press of Minas Gerais, of services of legal and regulatory publication.

4. Signing of a technical and financial cooperation working agreement with the highway authority (DER/MG) of Minas Gerais, remanaging of distribution networks.
5. Signing of a Performance Contract and amendment with Cisam Siderúrgica Ltda.
6. Contracting of services of reception, front gate, elevator operators and messengers Belo Horizonte, Contagem, Juatuba, Juiz de Fora and Brasília.
7. Signing of a letter of intent for implantation of an Agro-energy Center of Excellence.
8. Contracting of external auditing services, for certification of application of funds arising from a financing and subsidy contract with Eletrobrás.
9. Pre-qualification of lawyers and/or law offices, for contracting of non-exclusive litigation and administrative legal services, at all levels of jurisdiction and in all the legal subdivisions of the State of Minas Gerais, in the areas of tax, compulsory purchase, property, administrative and social security law.

**MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS HELD ON JUNE 22, 2007.**

On June 22, 2007, at 4 p.m., at the company's head office, Av. Barbacena 1200, 17th floor, A1 Wing, Belo Horizonte, in the State of Minas Gerais, Brazil, the 100% stockholder Companhia Energética de Minas Gerais – Cemig (“Cemig”), represented by counsel Livia Vilas Boas e Silva, attended the Extraordinary General Meeting of Stockholders, on first convocation, as witnessed by the stockholders' attendance book.

Initially, and in accordance with Clause Six of the Bylaws, the representative of the Chief Trading Officer, Bernardo Afonso Salomão de Alvarenga, to chair the meeting. Put to the vote, this proposal by the representative of the stockholder Companhia Energética de Minas Gerais was approved.

The Chairman then stated the meeting to be open and invited me, Anamaria Pugedo Frade Barros, Superintendent of the General Secretariat Office of Cemig, to be Secretary of the meeting, requesting me to read the Convocation Announcement, published in the newspapers *Minas Gerais*, the official journal of the powers of the State, on June 5, 7 and 12 of this year, *O Tempo* on June 5, 7 and 8 of this year, and *Gazeta Mercantil*, on June 5, 9 and 11 of this year, with the following content:

“CEMIG DISTRIBUIÇÃO S.A.  
CNPJ 06.981.180/0001-16 – NIRE 31300020568  
EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS  
CONVOCATION

The stockholder Companhia Energética de Minas Gerais is hereby called to an Extraordinary General Meeting on June 22, 2007 at 4 p.m. at the head office, Avenida Barbacena 1200, 17th Floor, A1 Wing, Belo Horizonte, Minas Gerais, Brazil, to decide on changes to the Board of Directors as a result of resignations, in the event that there is a change in the Board of Directors of Companhia Energética de Minas Gerais – Cemig.

Belo Horizonte, May 31, 2007.

Wilson Nélio Brumer - Chairman of the Board of Directors”.

Opening the business of the meeting, the Chairman said that the Meeting should now decide on changes to the Board of Directors of Cemig D, in view of:

- 1) the fact that under Clause 8 of the Bylaws the members of the Board of Directors of this company shall obligatorily be the same members of the Board of Directors of the sole stockholder, Companhia Energética de Minas Gerais (Cemig);
- 2) the resignation of the Board Members Wilson Nélio Brumer, as registered in the minutes of the 49<sup>th</sup> meeting of the Board of Directors of the Company, and Fernando Lage de Melo, Luiz Aníbal de Lima Fernandes and Luiz Henrique de Castro Carvalho, as per letters in the possession of Cemig; and,
- 3) the appointment of new members of the Board of Directors of that company approved in the Extraordinary General Meeting of Stockholders of that company held this day at 10 a.m.

The representative of the stockholder Companhia Energética de Minas Gerais (Cemig) thus made the following proposal for the composition of the Board of Directors, to complete the present period of office, that is, until the Annual General Meeting to be held in 2010:

1- dismissal of the sitting member Nilo Barroso Neto and of the substitute member Eduardo Castilho de Vasconcellos Costa;

2- election as sitting member of

Márcio Araújo de Lacerda

– Brazilian, married, company manager, resident and domiciled in Brumadinho, Minas Gerais State, at Av. Pinheiros 859, Retiro das Pedras, CEP 35460-000, bearer of Identity Card MG-434694 issued by the Minas Gerais State Public Security Office, and CPF 131734726-91;

3- reelection of

Wilson Nélio Brumer

– Brazilian, married, company administrator, resident and

domiciled in Nova Lima, Minas Gerais at Alameda da Serra, 1268/200, district of Vale do Sereno, CEP 34000-000, bearer of Identity Card M-494249 issued by the Public Security Office of the State of Minas Gerais and CPF 049142366-72;

4- election, as substitute Board Members, of

Francisco de Assis Soares

– Brazilian, married, engineer, resident and domiciled in Belo Horizonte, Minas Gerais, at Av. Barbacena 1330/1802A, Santo Agostinho, CEP 30190-924, Bearer of Identity Card MG-322905 issued by the Minas Gerais State Public Security Office, and CPF 131106916-04;

Fernando Henrique Schuffner Neto	– Brazilian, married, engineer, resident and domiciled in Belo Horizonte, Minas Gerais at Rua Martim de Carvalho 395, Apto. 700, Santo Agostinho, CEP 30190-090, bearer of Identity Card M-1311632 issued by the Public Security Office of the State of Minas Gerais and CPF 320008396-49; and
Miss. Nohad Toufc Harati	– Brazilian, unmarried, company manager, resident and domiciled in São Paulo, São Paulo State, at Rua Leonor Quadros 59, Vila Tramontano, CEP 05691-020, bearer of Identity Card 8317615-9, issued by the Public Security Office of São Paulo State, and CPF 145220778-07; and

5- reappointment of

Mr. Lauro Sérgio Vasconcelos David

– Brazilian, married, company manager, resident and domiciled in Belo Horizonte, Minas Gerais at Rua Cruz Alta 107/302, João Pinheiro, CEP 30530-150, bearer of Identity Card M-3373627 issued by the Minas Gerais State Public Security Office, and CPF 603695316-04;

from substitute member for the Board Member Antônio Adriano Silva to substitute member for the Board Member Djalma Bastos de Moraes;

6- reappointment of

Marco Antônio Rodrigues da Cunha

– Brazilian, married, engineer, resident and domiciled in Belo Horizonte, Minas Gerais at Rua Miguel Abras 33/501, District of Serra, CEP 30220-160, bearer of Identity Card M-281574, issued by the Public Security Office of the State of Minas Gerais and CPF 292581976-15;

from substitute member for the Board Member Francelino Pereira dos Santos to substitute member for the Board Member Antônio Adriano Silva;

7- reappointment of

Luiz Antônio Athayde Vasconcelos

– Brazilian, married, economist, resident and domiciled in Belo Horizonte, Ibirité, Minas Gerais at Rua Professor Moraes 476/1003, Funcionários, CEP 30150-370, Alameda das Jangadas 2124, district of Condomínio das Jangadas, Sector 2, Section/Quintas das Jangadas, CEP 32400-000, bearer of identity card M-4355, issued by the Public Security Office of the State of Minas Gerais and CPF 194921896-15;

from substitute member for the Board Member Djalma Bastos de Moraes to substitute member for the Board Member Francelino Pereira dos Santos.

The representative of the stockholder Cemig then stated that it would be opportune to fill the vacancy of substitute member for the Board Member Wilton de Medeiros Daher.

Put to debate and, subsequently, to the vote, the proposal of the representative of the stockholder Companhia Energética de Minas Gerais above referred to was approved.

The elected Board Members declared – in advance – that they are not subject to any prohibition on the exercise of commercial activity, that they do not occupy any position in a company that can be considered a competitor of the Company, nor have nor represent any interest conflicting with that of Cemig, and gave a solemn

undertaking to obey the principles of the Code of Ethics of the State of Minas Gerais.

The Chairman then explained that Companhia Energética de Minas Gerais has assigned, to each new member of the Board of Directors, as its fiduciary agent, one single share owned by itself, for the period for which such members remain as members of the Board of this company, solely and exclusively to comply with the requirement that the members of the Board of Directors must be shareholders of the company. Finally, he said that, once the Board Members had completed their period of office or if they were dismissed from their positions, the shares granted to them shall be automatically transferred back to Cemig, without there being any need whatsoever for signature by the Board Members in question.

The fiduciary nature of the assignment of the shares is based on the legal principle that determines that a person who receives an asset, in this case, the share, has the commitment to restitute it in a certain event, in this case, the end of the term of office, or leaving office, or being dismissed from it.

The meeting was opened to the floor, and since no further parties wished to take the floor, the Chairman ordered the session adjourned for the time necessary for preparation of these Minutes. The Meeting being reopened, the Chairman, after putting the said Minutes to debate and to the vote and verifying that it had been approved and signed, closed the meeting.

For the record I, Anamaria Pugedo Frade Barros, Secretary, wrote these Minutes and sign jointly with those present.

**- At its meeting held on June 28, 2007 the Board of Directors of Cemig Distribuição S.A. approved the following matters:**

1. Election, as Chairman of the Board of Directors, of Mr. Márcio Araújo de Lacerda, and, as Vice-Chairman, Mr. Djalma Bastos de Moraes.
2. Approval of a change in the composition of the Board Support Committee, the Governance Committee, the Human Resources Committee, the Strategy Committee and the Finance Committee; the composition of the Audit and Risks Committee being unchanged.
3. Payment of Interest on Equity in the amount of R\$ 75,172,000.
4. Extension of contracting of services of photocopying, including equipment, installation, technical assistance, replacement of spare parts, input materials and training.
5. Contracting of consulting services.
6. Contracting of legal guarantee insurance and possible making of a payment of deposit into court.
7. Signing of an amendment to a contract for provision of services of printing of electricity invoices and other documents.

**- At its meeting held on July 26, 2007 the Board of Directors of Cemig Distribuição S.A. approved the following matters:**

1. Project: Internal and External Materials Recovery.
2. Signing of the Fifth Amendment to the contract with Ticket Serviços Ltda.
3. Contracting of telecom services with Infovias.
4. Payment in kind, of a real estate property, to Forluz.
5. Delegation of powers.
6. Administrative Pre-Qualification Proceeding for contracting lawyers' services / alteration of reference value tables.
7. Revision of the Project: Billing Measurement System for Cemig D.
8. Signing of a Debt Recognition Agreement with Usina Termelétrica Barreiro S.A..
9. Signing of the Term of Resilement of Contract for Use and Connection with Horizontes Energia S.A., relating to the Salto do Paraopeba Small Hydro Plant.
10. Complementary Expansion Works Program in 2007.
11. Energy Efficiency Program – 2005-2006 Cycle.
12. Signing of the Second Amendment to a Financing Contract with Eletrobrás.
13. Revision of Budget Proposal.
14. Submission of the Extraordinary General Meeting of Stockholders of alterations to the Bylaws.
15. The *Light for Everyone* Program.

**- Extraordinary General Meeting of Stockholders begun on August 23, 2007 and resumed on September 12, 2007**

The Extraordinary General Meeting of Stockholders of **Cemig Distribuição S.A. – Cemig D** decided, at its meeting begin on August 23, 2007 and resumed on September 12, 2007, to adjourn the business of the meeting due to the changes in the Bylaws proposed by the Board of Directors to this meeting reflecting the Bylaws of **Companhia Energética de Minas Gerais – Cemig**, and that the Extraordinary General Meeting of Stockholders of **Cemig**, to decide on alterations to the Bylaws, on second convocation, had not been held. The

business of the extraordinary General Meeting of Stockholders of **Cemig D** should be resumed at 1 p.m. on October 17, 2007, so as to be make the Bylaws of this company compatible with such changes in the Bylaws as may be approved by the stockholders of **Cemig**.

**- At its meeting held on August 30, 2007, the Board of Directors of Cemig Distribuição S.A. approved the following matters:**

1. Contracting of electricity consumption meter reading the services.
2. Project: Provision of services to Anglogold Ashanti Brasil Mineração.
3. Project: Integration of the Paracatu 4 substation to the Cemig D distribution system.
4. Project: Energy Efficiency – 2006-2007 cycle.
5. Contracting of provision of free direct dialing services / out-of-court or court consignment.
6. Delegation of powers to sign Contracts for Supply of Electricity and Reserve of Demand, for Use of the Distribution System, for Use of the Transmission System with the National System Operator (ONS), for connection to the distribution system, and for sharing of distribution infrastructure, and Terms of Agreement (approved until October 25, 2007).
7. Signing of a Working Agreement with the Minas Gerais Radio and Television Association (AMIRT), for broadcasting of public interest messages related to the provision of electricity services.
8. Issuance of Promissory Notes and non-convertible debentures of Cemig D.
9. Monthly decision on Interest on Equity by the Executive Board.
10. Signing of a Private Instrument of Confession of Debt with the Municipal Electricity Department of Poços de Caldas.

**- The 56th meeting of the Board of Directors of Cemig Distribuição S.A. approved the following matters:**

1. Filing of a legal action against the municipality of Itaúna, Minas Gerais.
2. Signing of an Amendment to Contract with the Cabtec-Draft consortium.
3. Signing of an Amendment to Contract with M I Montreal Informática Ltda.
4. Signing of an amendment to a contract for provision of call center services; and new contracting of remote customer service services.
5. Accounting adjustment and reimbursement of charges under responsibility of the Distributor.
6. Project: Service to CSN – Casa de Pedra.
7. Signing of contract for connection with Cemig GT.

- At its 57th meeting, held on October 16, 2007, the Board of Directors of Cemig Distribuição S.A. approved the following matters:

1. Presentation of the Five-year Business Plan.
2. Acquisition of energy meters.

**MINUTES OF THE GENERAL MEETING OF STOCKHOLDERS  
BEGUN ON AUGUST 23, 2007,  
RESUMED ON SEPTEMBER 12, 2007 AND ON OCTOBER 17, 2007  
AND COMPLETED ON OCTOBER 17, 2007**

AV. BARBACENA 1200, 17<sup>TH</sup> FLOOR, A1 WING, IN THE CITY OF BELO HORIZONTE, MINAS GERAIS, TO DECIDE ON THE FOLLOWING CHANGES TO THE BYLAWS:

- 1- Change in Clause 12 to define the attributions of the Board of Directors and to provide for the possibility of the Board of Directors delegating to the Executive Board the competency to authorize and sign contracts for the sale of electricity and the provision of distribution services.
- 2- Change in the name of the Chief Finance, Holdings and Investor Relations Officer's Department.
- 3- Consequent change in the Head Paragraph of Clause 13.
- 4- Change in the Head Paragraph of Clause 14 and its first sub-paragraph to improve the drafting.
- 5- Change in Sub-paragraphs 1, 2, 3, and 4 of Clause 16 to improve the drafting, to adjust the name of the Chief Finance, Holdings and Investor Relations Officer's Department, and to define the attributions of the Executive Board.
- 6- Change in Clause 17 to define the attributions of the members of the Executive Board.
- 7- Change in Clause 21 for tax optimization and to improve the drafting.
- 8- Insertion of new Clauses numbered 25, to ensure sharing by the employees in the company's profits or economic results, and 26, to establish that the General Meeting of Stockholders shall, annually, set limits to the sharing of the Managers in the profits of the company.

Consequent re-numbering of the present Clauses 25 – to be 27; and 26 – to be 28; and their alteration to improve their drafting and to contain provision for the possibility of contracting of third party liability insurance for the Managers.

- At its 58th meeting, held on October 30, 2007, the Board of Directors of Cemig Distribuição S.A. approved the following matters:

1. Delegation, until December 31, 2007, of powers to enter into contracts for retail supply of electricity and reserve of demand, for use of the distribution system, for use of the transmission system with the ONS, for connection to the distribution system, for sharing of distribution infrastructure; and terms of agreement.
2. Revision of the Project "Operation, Maintenance and Refurbishment / Modernization of the Medium and Low Voltage networks in 2007".
3. Revision of the Project "Maintenance of the Metering System."
4. Financing from Eletrobrás for the *Cresce Minas* program.
5. Issuance of Promissory Notes – Re-ratification of Board Decision (CRCA) – to comply with CVM regulations and to reflect the manner in which the characteristics and early maturity events of the debentures are set out in detail in the Issue Deed.
6. Confirmation of appointment of Luiz Fernando Rolla to the post of Chief Finance, Holdings and Investor Relations Officer.

- At its 59<sup>th</sup> meeting, held on November 29, 2007, the Board of Directors of Cemig Distribuição S.A. approved the following matters:

1. Calendar of probable meetings of this Board for the year 2008.
2. Cemig D/Aneel Technological Research and Development Program, 2005-2006 cycle.
3. Contracting of meter reading services for the regions of Três Corações and Itajubá.
4. Contracting of meter reading services for the regions of São João Del Rei, Barbacena and Conselheiro Lafaiete.
6. Revision of the Reluz II Program.
7. Signing of a working agreement with the municipality of Belo Horizonte.
8. Contracting of data communication and satellite with Autotrac.



- At its 60<sup>th</sup> meeting, held on December 11, 2007, the Board of Directors of Cemig Distribuição S.A. approved the following matters:

1. Contracting of service of supply of electronic transport vouchers.
2. Acquisition of material for the Clarear, Reluz and Conviver programs.
3. Signing of amendment to a contract to implement a frontier billing measurement system.
4. Cemig D – Anel Technological Research and Development Program – 2005-2006 Cycle.

- At its 61st meeting, held on December 13, 2007, the Board of Directors of Cemig Distribuição S.A. approved the following matters:

- Rate of remuneration interest on the 2nd issue of non-convertible debentures by Cemig D.

- At its meeting held on December 13, 2007 the Board of Directors of Cemig Distribuição S.A. approved the following matters:

- 1- Internal Regulations of the Board of Directors.
- 2- Creation of an energy efficiency company.
- 3- Signing of an agreement between the partners of Rio Minas Energia Participações S.A.
- 4- Presentation given on the Budget Proposal for 2008.

- At its 63rd meeting, held on December 28, 2007, the Board of Directors of Cemig Distribuição S.A. approved the following matters:

- Budget proposal for 2008

## Unit prices (UP's)

The amounts calculated reflect our interpretation of the issue deed and do not imply acceptance of a legal or financial commitment. The UPs presented were calculated "at par", that is to say on the updating curve and remuneration established in the issue deed. Other agents of the financial market may present different amounts depending on the method of calculation applied. In the event of doubts on how the amounts presented here were arrived at we request you to contact us for further information.

DATE	U.P. Cemig Distribuição 1st issue	Nominal amount (VNe)	IGP-M Index (NI n-1)	IGP-M Index (NI n)	IGP-M Calendar days (dcp)	IGP-M Calendar days (dct)	IGP-M Accumulated factor (C)	UPDATED NOMINAL VALUE (VNa)	INTEREST Bus. days Last paymt. (DP)	INTEREST Accumulated factor ("FatorJuros")	INTEREST
	R\$	R\$						R\$		252	R\$
01/01/2007	11.883,107412	10.871,60	346,746	347,842	20	20	1,03160580	11.215,210600	146	1,059552766	667,896812
02/01/2007	11.883,107412	10.871,60	346,746	347,842	20	20	1,03160580	11.215,210600	146	1,059552766	667,896812
03/01/2007	11.890,530108	10.871,60	347,842	349,593	1	22	1,03184128	11.217,770600	147	1,059972657	672,759508
04/01/2007	11.897,957441	10.871,60	347,842	349,593	2	22	1,03207681	11.220,331200	148	1,060392713	677,626241
05/01/2007	11.905,389437	10.871,60	347,842	349,593	3	22	1,03231240	11.222,892400	149	1,060812936	682,497037
06/01/2007	11.912,826096	10.871,60	347,842	349,593	4	22	1,03254804	11.225,454200	150	1,061233326	687,371896
07/01/2007	11.912,826096	10.871,60	347,842	349,593	4	22	1,03254804	11.225,454200	150	1,061233326	687,371896
08/01/2007	11.912,826096	10.871,60	347,842	349,593	4	22	1,03254804	11.225,454200	150	1,061233326	687,371896
09/01/2007	11.920,267410	10.871,60	347,842	349,593	5	22	1,03278373	11.228,016600	151	1,061653882	692,250810
10/01/2007	11.927,713392	10.871,60	347,842	349,593	6	22	1,03301949	11.230,579600	152	1,062074605	697,133792
11/01/2007	11.935,163938	10.871,60	347,842	349,593	7	22	1,03325528	11.233,143100	153	1,062495495	702,020838
12/01/2007	11.942,619262	10.871,60	347,842	349,593	8	22	1,03349115	11.235,707300	154	1,062916552	706,911962
13/01/2007	11.950,079143	10.871,60	347,842	349,593	9	22	1,03372705	11.238,272000	155	1,063337775	711,807143
14/01/2007	11.950,079143	10.871,60	347,842	349,593	9	22	1,03372705	11.238,272000	155	1,063337775	711,807143
15/01/2007	11.950,079143	10.871,60	347,842	349,593	9	22	1,03372705	11.238,272000	155	1,063337775	711,807143
16/01/2007	11.957,543700	10.871,60	347,842	349,593	10	22	1,03396302	11.240,837300	156	1,063759165	716,706400
17/01/2007	11.965,012946	10.871,60	347,842	349,593	11	22	1,03419904	11.243,403200	157	1,064180723	721,609746
18/01/2007	11.972,486861	10.871,60	347,842	349,593	12	22	1,03443511	11.245,969700	158	1,064602447	726,517161
19/01/2007	11.979,965458	10.871,60	347,842	349,593	13	22	1,03467124	11.248,536800	159	1,065024338	731,428658
20/01/2007	11.987,448645	10.871,60	347,842	349,593	14	22	1,03490741	11.251,104400	160	1,065446397	736,344245
21/01/2007	11.987,448645	10.871,60	347,842	349,593	14	22	1,03490741	11.251,104400	160	1,065446397	736,344245
22/01/2007	11.987,448645	10.871,60	347,842	349,593	14	22	1,03490741	11.251,104400	160	1,065446397	736,344245
23/01/2007	11.994,936624	10.871,60	347,842	349,593	15	22	1,03514365	11.253,672700	161	1,065868623	741,263924
24/01/2007	12.002,429185	10.871,60	347,842	349,593	16	22	1,03537994	11.256,241500	162	1,066291016	746,187685
25/01/2007	12.009,926447	10.871,60	347,842	349,593	17	22	1,03561628	11.258,810900	163	1,066713577	751,115547
26/01/2007	12.017,428402	10.871,60	347,842	349,593	18	22	1,03585267	11.261,380900	164	1,067136305	756,047502
27/01/2007	12.024,935052	10.871,60	347,842	349,593	19	22	1,03608912	11.263,951500	165	1,067559200	760,983552
28/01/2007	12.024,935052	10.871,60	347,842	349,593	19	22	1,03608912	11.263,951500	165	1,067559200	760,983552
29/01/2007	12.024,935052	10.871,60	347,842	349,593	19	22	1,03608912	11.263,951500	165	1,067559200	760,983552
30/01/2007	12.032,446313	10.871,60	347,842	349,593	20	22	1,03632562	11.266,522600	166	1,067982264	765,923713
31/01/2007	12.039,962380	10.871,60	347,842	349,593	21	22	1,03656218	11.269,094400	167	1,068405495	770,867980
01/02/2007	12.047,483041	10.871,60	347,842	349,593	22	22	1,03679879	11.271,666700	168	1,068828893	775,816341
02/02/2007	12.054,038282	10.871,60	349,593	350,524	1	18	1,03695200	11.273,332300	169	1,069252459	780,705982
03/02/2007	12.060,597054	10.871,60	349,593	350,524	2	18	1,03710522	11.274,998100	170	1,069676194	785,598954

DATE	U.P. Cemig	Nominal amount	IGP-M Index	IGP-M Index	IGP-M Calendar	IGP-M Calendar	IGP-M Accumulated	UPDATED NOMINAL	INTEREST Accumulated	INTEREST	
	Distribuição		number	number	days	days	factor	VALUE	Bus. days Last paymt.	factor	
	1st issue	(VNe)	(NIn-1)	(NIn)	(dcp)	(dct)	(C)	(VNa)	(DP)	("FatorJuros")	
	R\$	R\$						R\$	252	R\$	
04/02/2007	12.060,597054	10.871,60	349,593	350,524	2	18	1,03710522	11.274,998100	170	1,069676194	785,598954
05/02/2007	12.060,597054	10.871,60	349,593	350,524	2	18	1,03710522	11.274,998100	170	1,069676194	785,598954
06/02/2007	12.067,159335	10.871,60	349,593	350,524	3	18	1,03725846	11.276,664100	171	1,070100096	790,495235
07/02/2007	12.073,725245	10.871,60	349,593	350,524	4	18	1,03741174	11.278,330400	172	1,070524166	795,394845
08/02/2007	12.080,294677	10.871,60	349,593	350,524	5	18	1,03756502	11.279,996900	173	1,070948404	800,297777
09/02/2007	12.086,867739	10.871,60	349,593	350,524	6	18	1,03771834	11.281,663700	174	1,071372810	805,204039
10/02/2007	12.093,444338	10.871,60	349,593	350,524	7	18	1,03787168	11.283,330700	175	1,071797385	810,113638
11/02/2007	12.093,444338	10.871,60	349,593	350,524	7	18	1,03787168	11.283,330700	175	1,071797385	810,113638
12/02/2007	12.093,444338	10.871,60	349,593	350,524	7	18	1,03787168	11.283,330700	175	1,071797385	810,113638
13/02/2007	12.100,024570	10.871,60	349,593	350,524	8	18	1,03802504	11.284,998000	176	1,072222128	815,026570
14/02/2007	12.106,608328	10.871,60	349,593	350,524	9	18	1,03817842	11.286,665500	177	1,072647039	819,942828
15/02/2007	12.113,195722	10.871,60	349,593	350,524	10	18	1,03833183	11.288,333300	178	1,073072118	824,862422
16/02/2007	12.119,786657	10.871,60	349,593	350,524	11	18	1,03848526	11.290,001300	179	1,073497366	829,785357
17/02/2007	12.126,381241	10.871,60	349,593	350,524	12	18	1,03863871	11.291,669600	180	1,073922783	834,711641
18/02/2007	12.126,381241	10.871,60	349,593	350,524	12	18	1,03863871	11.291,669600	180	1,073922783	834,711641
19/02/2007	12.126,381241	10.871,60	349,593	350,524	12	18	1,03863871	11.291,669600	180	1,073922783	834,711641
20/02/2007	12.126,381241	10.871,60	349,593	350,524	12	18	1,03863871	11.291,669600	180	1,073922783	834,711641
21/02/2007	12.126,381241	10.871,60	349,593	350,524	12	18	1,03863871	11.291,669600	180	1,073922783	834,711641
22/02/2007	12.132,979357	10.871,60	349,593	350,524	13	18	1,03879218	11.293,338100	181	1,074348368	839,641257
23/02/2007	12.139,581005	10.871,60	349,593	350,524	14	18	1,03894568	11.295,006800	182	1,074774121	844,574205
24/02/2007	12.146,186317	10.871,60	349,593	350,524	15	18	1,03909920	11.296,675800	183	1,075200044	849,510517
25/02/2007	12.146,186317	10.871,60	349,593	350,524	15	18	1,03909920	11.296,675800	183	1,075200044	849,510517
26/02/2007	12.146,186317	10.871,60	349,593	350,524	15	18	1,03909920	11.296,675800	183	1,075200044	849,510517
27/02/2007	12.152,795271	10.871,60	349,593	350,524	16	18	1,03925274	11.298,345100	184	1,075626135	854,450171
28/02/2007	12.159,407666	10.871,60	349,593	350,524	17	18	1,03940630	11.300,014500	185	1,076052395	859,393166
01/03/2007	12.166,023824	10.871,60	349,593	350,524	18	18	1,03955989	11.301,684300	186	1,076478824	864,339524
02/03/2007	12.172,724946	10.871,60	350,524	351,717	1	22	1,03972046	11.303,429900	187	1,076905422	869,295046
03/03/2007	12.179,429683	10.871,60	350,524	351,717	2	22	1,03988104	11.305,175700	188	1,077332189	874,253983
04/03/2007	12.179,429683	10.871,60	350,524	351,717	2	22	1,03988104	11.305,175700	188	1,077332189	874,253983
05/03/2007	12.179,429683	10.871,60	350,524	351,717	2	22	1,03988104	11.305,175700	188	1,077332189	874,253983
06/03/2007	12.186,138145	10.871,60	350,524	351,717	3	22	1,04004165	11.306,921800	189	1,077759125	879,216345
07/03/2007	12.192,850332	10.871,60	350,524	351,717	4	22	1,04020229	11.308,668200	190	1,078186230	884,182132
08/03/2007	12.199,566258	10.871,60	350,524	351,717	5	22	1,04036296	11.310,414900	191	1,078613505	889,151358
09/03/2007	12.206,285803	10.871,60	350,524	351,717	6	22	1,04052364	11.312,161800	192	1,079040949	894,124003
10/03/2007	12.213,009078	10.871,60	350,524	351,717	7	22	1,04068435	11.313,909000	193	1,079468562	899,100078
11/03/2007	12.213,009078	10.871,60	350,524	351,717	7	22	1,04068435	11.313,909000	193	1,079468562	899,100078
12/03/2007	12.213,009078	10.871,60	350,524	351,717	7	22	1,04068435	11.313,909000	193	1,079468562	899,100078
13/03/2007	12.219,735987	10.871,60	350,524	351,717	8	22	1,04084508	11.315,656400	194	1,079896345	904,079587
14/03/2007	12.226,466736	10.871,60	350,524	351,717	9	22	1,04100585	11.317,404200	195	1,080324297	909,062536
15/03/2007	12.233,201121	10.871,60	350,524	351,717	10	22	1,04116664	11.319,152200	196	1,080752419	914,048921
16/03/2007	12.239,939240	10.871,60	350,524	351,717	11	22	1,04132745	11.320,900500	197	1,081180710	919,038740
17/03/2007	12.246,681009	10.871,60	350,524	351,717	12	22	1,04148828	11.322,649000	198	1,081609172	924,032009
18/03/2007	12.246,681009	10.871,60	350,524	351,717	12	22	1,04148828	11.322,649000	198	1,081609172	924,032009
19/03/2007	12.246,681009	10.871,60	350,524	351,717	12	22	1,04148828	11.322,649000	198	1,081609172	924,032009
20/03/2007	12.253,426515	10.871,60	350,524	351,717	13	22	1,04164914	11.324,397800	199	1,082037803	929,028715
21/03/2007	12.260,175771	10.871,60	350,524	351,717	14	22	1,04181003	11.326,146900	200	1,082466604	934,028871
22/03/2007	12.266,928669	10.871,60	350,524	351,717	15	22	1,04197093	11.327,896200	201	1,082895575	939,032469
23/03/2007	12.273,685415	10.871,60	350,524	351,717	16	22	1,04213188	11.329,645900	202	1,083324715	944,039515
24/03/2007	12.280,445818	10.871,60	350,524	351,717	17	22	1,04229284	11.331,395800	203	1,083754026	949,050018
25/03/2007	12.280,445818	10.871,60	350,524	351,717	17	22	1,04229284	11.331,395800	203	1,083754026	949,050018
26/03/2007	12.280,445818	10.871,60	350,524	351,717	17	22	1,04229284	11.331,395800	203	1,083754026	949,050018
27/03/2007	12.287,209867	10.871,60	350,524	351,717	18	22	1,04245382	11.333,145900	204	1,084183507	954,063967
28/03/2007	12.293,977791	10.871,60	350,524	351,717	19	22	1,04261483	11.334,896400	205	1,084613159	959,081391
29/03/2007	12.300,749352	10.871,60	350,524	351,717	20	22	1,04277587	11.336,647100	206	1,085042980	964,102252
30/03/2007	12.307,524574	10.871,60	350,524	351,717	21	22	1,04293692	11.338,398000	207	1,085472972	969,126574
31/03/2007	12.314,303664	10.871,60	350,524	351,717	22	22	1,04309801	11.340,149300	208	1,085903134	974,154364
01/04/2007	12.314,303664	10.871,60	350,524	351,717	22	22	1,04309801	11.340,149300	208	1,085903134	974,154364
02/04/2007	12.314,303664	10.871,60	350,524	351,717	22	22	1,04309801	11.340,149300	208	1,085903134	974,154364
03/04/2007	12.319,449857	10.871,60	351,717	351,869	1	20	1,04312054	11.340,394300	209	1,086333467	979,055557
04/04/2007	12.324,598188	10.871,60	351,717	351,869	2	20	1,04314308	11.340,639300	210	1,086763970	983,958888
05/04/2007	12.329,748669	10.871,60	351,717	351,869	3	20	1,04316561	11.340,884300	211	1,087194644	988,864369
06/04/2007	12.334,901300	10.871,60	351,717	351,869	4	20	1,04318815	11.341,129300	212	1,087625489	993,772000
07/04/2007	12.334,901300	10.871,60	351,717	351,869	4	20	1,04318815	11.341,129300	212	1,087625489	993,772000
08/04/2007	12.334,901300	10.871,60	351,717	351,869	4	20	1,04318815	11.341,129300	212	1,087625489	993,772000
09/04/2007	12.334,901300	10.871,60	351,717	351,869	4	20	1,04318815	11.341,129300	212	1,087625489	993,772000
10/04/2007	12.340,056071	10.871,60	351,717	351,869	5	20	1,04321069	11.341,374300	213	1,088056504	998,681771
11/04/2007	12.345,212992	10.871,60	351,717	351,869	6	20	1,04323322	11.341,619300	214	1,088487690	1.003,593692
12/04/2007	12.350,372064	10.871,60	351,717	351,869	7	20	1,04325576	11.341,864300	215	1,088919047	1.008,507764
13/04/2007	12.355,533396	10.871,60	351,717	351,869	8	20	1,04327830	11.342,109400	216	1,089350575	1.013,423996
14/04/2007	12.360,696770	10.871,60	351,717	351,869	9	20	1,04330084	11.342,354400	217	1,089782274	1.018,342370
15/04/2007	12.360,696770	10.871,60	351,717	351,869	9	20	1,04330084	11.342,354400	217	1,089782274	1.018,342370
16/04/2007	12.360,696770	10.871,60	351,717	351,869	9	20	1,04330084	11.342,354400	217	1,089782274	1.018,342370
17/04/2007	12.365,862295	10.871,60	351,717	351,869	10	20	1,04332337	11.342,599400	218	1,090214144	1.023,262895
18/04/											

DATE	U.P. Cemig	Nominal amount	IGP-M Index	IGP-M Index	IGP-M Calendar	IGP-M Calendar	IGP-M Accumulated	UPDATED NOMINAL	INTEREST Accumulated	INTEREST	
	Distribuição		number	number	days	days	factor	VALUE	Bus. days Last paymt.	factor	
	1st issue	(VNe)	(NIn-1)	(NIn)	(dcp)	(dct)	(C)	(VNa)	(DP)	("FatorJuros")	
	R\$	R\$						R\$	252	R\$	
24/04/2007	12.391,722553	10.871,60	351,717	351,869	15	20	1,04343608	11.343,824700	223	1,092376062	1.047,897853
25/04/2007	12.396,901120	10.871,60	351,717	351,869	16	20	1,04345863	11.344,069800	224	1,092808960	1.052,831320
26/04/2007	12.402,081838	10.871,60	351,717	351,869	17	20	1,04348117	11.344,314900	225	1,093242029	1.057,766938
27/04/2007	12.407,264611	10.871,60	351,717	351,869	18	20	1,04350371	11.344,559900	226	1,093675270	1.062,704711
28/04/2007	12.412,449657	10.871,60	351,717	351,869	19	20	1,04352625	11.344,805000	227	1,094108683	1.067,644657
29/04/2007	12.412,449657	10.871,60	351,717	351,869	19	20	1,04352625	11.344,805000	227	1,094108683	1.067,644657
30/04/2007	12.412,449657	10.871,60	351,717	351,869	19	20	1,04352625	11.344,805000	227	1,094108683	1.067,644657
01/05/2007	12.417,636867	10.871,60	351,717	351,869	20	20	1,04354880	11.345,050100	228	1,094542268	1.072,586767
02/05/2007	12.417,636867	10.871,60	351,717	351,869	20	20	1,04354880	11.345,050100	228	1,094542268	1.072,586767
03/05/2007	12.422,800168	10.871,60	351,869	352,020	1	22	1,04356915	11.345,271400	229	1,094976024	1.077,528768
04/05/2007	12.427,965504	10.871,60	351,869	352,020	2	22	1,04358950	11.345,492600	230	1,095409952	1.082,472904
05/05/2007	12.433,133093	10.871,60	351,869	352,020	3	22	1,04360985	11.345,713900	231	1,095844052	1.087,419193
06/05/2007	12.433,133093	10.871,60	351,869	352,020	3	22	1,04360985	11.345,713900	231	1,095844052	1.087,419193
07/05/2007	12.433,133093	10.871,60	351,869	352,020	3	22	1,04360985	11.345,713900	231	1,095844052	1.087,419193
08/05/2007	12.438,302836	10.871,60	351,869	352,020	4	22	1,04363021	11.345,935200	232	1,096278325	1.092,367636
09/05/2007	12.443,474602	10.871,60	351,869	352,020	5	22	1,04365056	11.346,156400	233	1,096712769	1.097,318202
10/05/2007	12.448,648622	10.871,60	351,869	352,020	6	22	1,04367091	11.346,377700	234	1,097147385	1.102,270922
11/05/2007	12.453,824717	10.871,60	351,869	352,020	7	22	1,04369127	11.346,599000	235	1,097582174	1.107,225797
12/05/2007	12.459,003117	10.871,60	351,869	352,020	8	22	1,04371162	11.346,820300	236	1,098017135	1.112,182817
13/05/2007	12.459,003117	10.871,60	351,869	352,020	8	22	1,04371162	11.346,820300	236	1,098017135	1.112,182817
14/05/2007	12.459,003117	10.871,60	351,869	352,020	8	22	1,04371162	11.346,820300	236	1,098017135	1.112,182817
15/05/2007	12.464,183580	10.871,60	351,869	352,020	9	22	1,04373198	11.347,041600	237	1,098452268	1.117,141980
16/05/2007	12.469,366199	10.871,60	351,869	352,020	10	22	1,04375234	11.347,262900	238	1,098887574	1.122,103299
17/05/2007	12.474,550864	10.871,60	351,869	352,020	11	22	1,04377268	11.347,484100	239	1,099323053	1.127,066764
18/05/2007	12.479,737772	10.871,60	351,869	352,020	12	22	1,04379304	11.347,705400	240	1,099758703	1.132,032372
19/05/2007	12.484,926958	10.871,60	351,869	352,020	13	22	1,04381340	11.347,926800	241	1,100194527	1.137,000158
20/05/2007	12.484,926958	10.871,60	351,869	352,020	13	22	1,04381340	11.347,926800	241	1,100194527	1.137,000158
21/05/2007	12.484,926958	10.871,60	351,869	352,020	13	22	1,04381340	11.347,926800	241	1,100194527	1.137,000158
22/05/2007	12.490,118178	10.871,60	351,869	352,020	14	22	1,04383376	11.348,148100	242	1,100630523	1.141,970078
23/05/2007	12.495,311554	10.871,60	351,869	352,020	15	22	1,04385411	11.348,369400	243	1,101066692	1.146,942154
24/05/2007	12.500,507087	10.871,60	351,869	352,020	16	22	1,04387447	11.348,590700	244	1,101503034	1.151,916387
25/05/2007	12.505,704776	10.871,60	351,869	352,020	17	22	1,04389483	11.348,812000	245	1,101939549	1.156,892776
26/05/2007	12.510,904622	10.871,60	351,869	352,020	18	22	1,04391518	11.349,033300	246	1,102376237	1.161,871322
27/05/2007	12.510,904622	10.871,60	351,869	352,020	18	22	1,04391518	11.349,033300	246	1,102376237	1.161,871322
28/05/2007	12.510,904622	10.871,60	351,869	352,020	18	22	1,04391518	11.349,033300	246	1,102376237	1.161,871322
29/05/2007	12.516,106735	10.871,60	351,869	352,020	19	22	1,04393555	11.349,254700	247	1,102813098	1.166,852035
30/05/2007	12.521,310895	10.871,60	351,869	352,020	20	22	1,04395590	11.349,476000	248	1,103250132	1.171,834895
31/05/2007	12.526,517321	10.871,60	351,869	352,020	21	22	1,04397627	11.349,697400	249	1,103687339	1.176,819921
01/06/2007	12.531,725795	10.871,60	351,869	352,020	22	22	1,04399662	11.349,918700	250	1,104124719	1.181,807095
02/06/2007	11.355,892043	10.871,60	352,020	352,936	1	20	1,04413229	11.351,393600	1	1,000396290	4,498443
03/06/2007	11.355,892043	10.871,60	352,020	352,936	1	20	1,04413229	11.351,393600	1	1,000396290	4,498443
04/06/2007	11.355,892043	10.871,60	352,020	352,936	1	20	1,04413229	11.351,393600	1	1,000396290	4,498443
05/06/2007	11.361,868438	10.871,60	352,020	352,936	2	20	1,04426796	11.352,868600	2	1,000792737	8,999838
06/06/2007	11.367,848098	10.871,60	352,020	352,936	3	20	1,04440367	11.354,343900	3	1,001189342	13,504198
07/06/2007	11.373,830799	10.871,60	352,020	352,936	4	20	1,04453938	11.355,819300	4	1,001586103	18,011499
08/06/2007	11.373,830799	10.871,60	352,020	352,936	4	20	1,04453938	11.355,819300	4	1,001586103	18,011499
09/06/2007	11.379,816765	10.871,60	352,020	352,936	5	20	1,04467512	11.357,295000	5	1,001983022	22,521765
10/06/2007	11.379,816765	10.871,60	352,020	352,936	5	20	1,04467512	11.357,295000	5	1,001983022	22,521765
11/06/2007	11.379,816765	10.871,60	352,020	352,936	5	20	1,04467512	11.357,295000	5	1,001983022	22,521765
12/06/2007	11.385,805787	10.871,60	352,020	352,936	6	20	1,04481086	11.358,770800	6	1,002380098	27,034987
13/06/2007	11.391,797965	10.871,60	352,020	352,936	7	20	1,04494663	11.360,246800	7	1,002777331	31,551165
14/06/2007	11.397,793412	10.871,60	352,020	352,936	8	20	1,04508242	11.361,723100	8	1,003174722	36,070312
15/06/2007	11.403,791916	10.871,60	352,020	352,936	9	20	1,04521823	11.363,199500	9	1,003572270	40,592416
16/06/2007	11.409,793591	10.871,60	352,020	352,936	10	20	1,04535405	11.364,676100	10	1,003969976	45,117491
17/06/2007	11.409,793591	10.871,60	352,020	352,936	10	20	1,04535405	11.364,676100	10	1,003969976	45,117491
18/06/2007	11.409,793591	10.871,60	352,020	352,936	10	20	1,04535405	11.364,676100	10	1,003969976	45,117491
19/06/2007	11.415,798325	10.871,60	352,020	352,936	11	20	1,04548988	11.366,152800	11	1,004367839	49,645525
20/06/2007	11.421,806343	10.871,60	352,020	352,936	12	20	1,04562574	11.367,629800	12	1,004765861	54,176543
21/06/2007	11.427,817511	10.871,60	352,020	352,936	13	20	1,04576162	11.369,107000	13	1,005164039	58,710511
22/06/2007	11.433,831865	10.871,60	352,020	352,936	14	20	1,04589751	11.370,584400	14	1,005562376	63,247465
23/06/2007	11.439,849282	10.871,60	352,020	352,936	15	20	1,04603342	11.372,061900	15	1,005960870	67,787382
24/06/2007	11.439,849282	10.871,60	352,020	352,936	15	20	1,04603342	11.372,061900	15	1,005960870	67,787382
25/06/2007	11.439,849282	10.871,60	352,020	352,936	15	20	1,04603342	11.372,061900	15	1,005960870	67,787382
26/06/2007	11.445,869987	10.871,60	352,020	352,936	16	20	1,04616935	11.373,539700	16	1,006359523	72,330287
27/06/2007	11.451,893756	10.871,60	352,020	352,936	17	20	1,04630529	11.375,017600	17	1,006758333	76,876156
28/06/2007	11.457,920816	10.871,60	352,020	352,936	18	20	1,04644126	11.376,495800	18	1,007157302	81,425016
29/06/2007	11.463,950942	10.871,60	352,020	352,936	19	20	1,04657724	11.377,974100	19	1,007556428	85,976842
30/06/2007	11.469,984258	10.871,60	352,020	352,936	20	20	1,04671323	11.379,452600	20	1,007955713	90,531658
01/07/2007	11.469,984258	10.871,60	352,020	352,936	20	20	1,04671323	11.379,452600	20	1,007955713	90,531658
02/07/2007	11.469,984258	10.871,60	352,020	352,936	20	20	1,04671323	11.379,452600	20	1,007955713	90,531658
03/07/2007	11.475,981934	10.871,60	352,936	353,920	1	22	1,04684571	11.380,892800	21	1,008355156	95,089134
04/07/2007	11.481,982761	10.871,60	352,936	353,920	2	22	1,04697820	11.382,333200	22	1,008754757	99,649561
05/07/2007	11.487,986638	10.871,60	352,936	353,920	3	22	1,04711070	11.383,773700	23	1,009154516	104,212938
06/07/2007	11										

DATE	U.P. Cemig	Nominal amount	IGP-M Index	IGP-M Index	IGP-M Calendar	IGP-M Calendar	IGP-M Accumulated	UPDATED NOMINAL	INTEREST Accumulated	INTEREST	
	Distribuição		number	number	days	days	factor	VALUE	Bus. days Last paymt.	factor	
	1st issue	(VNe)	(NIn-1)	(NIn)	(dcp)	(dct)	(C)	(VNa)	(DP)	("FatorJuros")	
	R\$	R\$						R\$	252	R\$	
12/07/2007	11.518,053556	10.871,60	352,936	353,920	8	22	1,04777349	11.390,979300	28	1,011155692	127,074256
13/07/2007	11.524,076307	10.871,60	352,936	353,920	9	22	1,04790609	11.392,420900	29	1,011556403	131,655407
14/07/2007	11.530,102226	10.871,60	352,936	353,920	10	22	1,04803871	11.393,862700	30	1,011957273	136,239526
15/07/2007	11.530,102226	10.871,60	352,936	353,920	10	22	1,04803871	11.393,862700	30	1,011957273	136,239526
16/07/2007	11.530,102226	10.871,60	352,936	353,920	10	22	1,04803871	11.393,862700	30	1,011957273	136,239526
17/07/2007	11.536,131406	10.871,60	352,936	353,920	11	22	1,04817136	11.395,304800	31	1,012358301	140,826606
18/07/2007	11.542,163667	10.871,60	352,936	353,920	12	22	1,04830402	11.396,747000	32	1,012759489	145,416667
19/07/2007	11.548,199000	10.871,60	352,936	353,920	13	22	1,04843669	11.398,189300	33	1,013160836	150,009700
20/07/2007	11.554,237595	10.871,60	352,936	353,920	14	22	1,04856938	11.399,631900	34	1,013562341	154,605695
21/07/2007	11.560,279274	10.871,60	352,936	353,920	15	22	1,04870208	11.401,074600	35	1,013964006	159,204674
22/07/2007	11.560,279274	10.871,60	352,936	353,920	15	22	1,04870208	11.401,074600	35	1,013964006	159,204674
23/07/2007	11.560,279274	10.871,60	352,936	353,920	15	22	1,04870208	11.401,074600	35	1,013964006	159,204674
24/07/2007	11.566,324229	10.871,60	352,936	353,920	16	22	1,04883481	11.402,517600	36	1,014365830	163,806629
25/07/2007	11.572,372259	10.871,60	352,936	353,920	17	22	1,04896755	11.403,960700	37	1,014767813	168,411559
26/07/2007	11.578,423476	10.871,60	352,936	353,920	18	22	1,04910031	11.405,404000	38	1,015169956	173,019476
27/07/2007	11.584,477872	10.871,60	352,936	353,920	19	22	1,04923309	11.406,847500	39	1,015572258	177,630372
28/07/2007	11.590,535344	10.871,60	352,936	353,920	20	22	1,04936588	11.408,291100	40	1,015974719	182,244244
29/07/2007	11.590,535344	10.871,60	352,936	353,920	20	22	1,04936588	11.408,291100	40	1,015974719	182,244244
30/07/2007	11.590,535344	10.871,60	352,936	353,920	20	22	1,04936588	11.408,291100	40	1,015974719	182,244244
31/07/2007	11.596,596109	10.871,60	352,936	353,920	21	22	1,04949869	11.409,735000	41	1,016377340	186,861109
01/08/2007	11.602,659952	10.871,60	352,936	353,920	22	22	1,04963151	11.411,179000	42	1,016780120	191,480952
02/08/2007	11.612,202602	10.871,60	353,920	357,404	1	23	1,05007865	11.416,040100	43	1,017183060	196,162502
03/08/2007	11.621,753234	10.871,60	353,920	357,404	2	23	1,05052599	11.420,903400	44	1,017586160	200,849834
04/08/2007	11.631,311640	10.871,60	353,920	357,404	3	23	1,05097351	11.425,768700	45	1,017989419	205,542940
05/08/2007	11.631,311640	10.871,60	353,920	357,404	3	23	1,05097351	11.425,768700	45	1,017989419	205,542940
06/08/2007	11.631,311640	10.871,60	353,920	357,404	3	23	1,05097351	11.425,768700	45	1,017989419	205,542940
07/08/2007	11.640,877836	10.871,60	353,920	357,404	4	23	1,05142122	11.430,636000	46	1,018392838	210,241836
08/08/2007	11.650,452029	10.871,60	353,920	357,404	5	23	1,05186913	11.435,505500	47	1,018796417	214,946529
09/08/2007	11.660,034023	10.871,60	353,920	357,404	6	23	1,05231723	11.440,377000	48	1,019200156	219,657023
10/08/2007	11.669,623922	10.871,60	353,920	357,404	7	23	1,05276551	11.445,250600	49	1,019604055	224,373322
11/08/2007	11.679,221630	10.871,60	353,920	357,404	8	23	1,05321398	11.450,126200	50	1,020008114	229,095430
12/08/2007	11.679,221630	10.871,60	353,920	357,404	8	23	1,05321398	11.450,126200	50	1,020008114	229,095430
13/08/2007	11.679,221630	10.871,60	353,920	357,404	8	23	1,05321398	11.450,126200	50	1,020008114	229,095430
14/08/2007	11.688,827356	10.871,60	353,920	357,404	9	23	1,05366266	11.455,004000	51	1,020412333	233,823356
15/08/2007	11.698,440912	10.871,60	353,920	357,404	10	23	1,05411151	11.459,883800	52	1,020816713	238,557112
16/08/2007	11.708,062382	10.871,60	353,920	357,404	11	23	1,05456056	11.464,765700	53	1,021221252	243,296682
17/08/2007	11.717,691793	10.871,60	353,920	357,404	12	23	1,05500981	11.469,649700	54	1,021625952	248,042093
18/08/2007	11.727,329152	10.871,60	353,920	357,404	13	23	1,05545925	11.474,535800	55	1,022030813	252,793352
19/08/2007	11.727,329152	10.871,60	353,920	357,404	13	23	1,05545925	11.474,535800	55	1,022030813	252,793352
20/08/2007	11.727,329152	10.871,60	353,920	357,404	13	23	1,05545925	11.474,535800	55	1,022030813	252,793352
21/08/2007	11.736,974337	10.871,60	353,920	357,404	14	23	1,05590887	11.479,423900	56	1,022435833	257,550437
22/08/2007	11.746,627490	10.871,60	353,920	357,404	15	23	1,05635868	11.484,314100	57	1,022841015	262,313390
23/08/2007	11.756,288582	10.871,60	353,920	357,404	16	23	1,05680869	11.489,206400	58	1,023246356	267,082182
24/08/2007	11.765,957651	10.871,60	353,920	357,404	17	23	1,05725889	11.494,100800	59	1,023651859	271,856851
25/08/2007	11.775,634680	10.871,60	353,920	357,404	18	23	1,05770928	11.498,997300	60	1,024057522	276,637380
26/08/2007	11.775,634680	10.871,60	353,920	357,404	18	23	1,05770928	11.498,997300	60	1,024057522	276,637380
27/08/2007	11.775,634680	10.871,60	353,920	357,404	18	23	1,05770928	11.498,997300	60	1,024057522	276,637380
28/08/2007	11.785,319685	10.871,60	353,920	357,404	19	23	1,05815987	11.503,895900	61	1,024463346	281,423785
29/08/2007	11.795,012569	10.871,60	353,920	357,404	20	23	1,05861064	11.508,796500	62	1,024869331	286,216069
30/08/2007	11.804,713530	10.871,60	353,920	357,404	21	23	1,05906161	11.513,699300	63	1,025275476	291,014230
31/08/2007	11.814,422390	10.871,60	353,920	357,404	22	23	1,05951277	11.518,604100	64	1,025681783	295,818290
01/09/2007	11.824,139235	10.871,60	353,920	357,404	23	23	1,05996412	11.523,511000	65	1,026088250	300,628235
02/09/2007	11.824,139235	10.871,60	353,920	357,404	23	23	1,05996412	11.523,511000	65	1,026088250	300,628235
03/09/2007	11.824,139235	10.871,60	353,920	357,404	23	23	1,05996412	11.523,511000	65	1,026088250	300,628235
04/09/2007	11.836,777388	10.871,60	357,404	361,997	1	19	1,06067672	11.531,258100	66	1,026494879	305,519288
05/09/2007	11.849,429038	10.871,60	357,404	361,997	2	19	1,06138980	11.539,010400	67	1,026901669	310,418638
06/09/2007	11.862,094196	10.871,60	357,404	361,997	3	19	1,06210335	11.546,767900	68	1,027308620	315,326296
07/09/2007	11.874,772873	10.871,60	357,404	361,997	4	19	1,06281739	11.554,530600	69	1,027715732	320,242273
08/09/2007	11.874,772873	10.871,60	357,404	361,997	4	19	1,06281739	11.554,530600	69	1,027715732	320,242273
09/09/2007	11.874,772873	10.871,60	357,404	361,997	4	19	1,06281739	11.554,530600	69	1,027715732	320,242273
10/09/2007	11.874,772873	10.871,60	357,404	361,997	4	19	1,06281739	11.554,530600	69	1,027715732	320,242273
11/09/2007	11.887,465192	10.871,60	357,404	361,997	5	19	1,06353191	11.562,298600	70	1,028123006	325,166592
12/09/2007	11.900,170948	10.871,60	357,404	361,997	6	19	1,06424690	11.570,071700	71	1,028530441	330,099248
13/09/2007	11.912,890354	10.871,60	357,404	361,997	7	19	1,06496238	11.577,850100	72	1,028938037	335,040254
14/09/2007	11.925,623331	10.871,60	357,404	361,997	8	19	1,06567833	11.585,633700	73	1,029345795	339,989631
15/09/2007	11.938,369991	10.871,60	357,404	361,997	9	19	1,06639478	11.593,422600	74	1,029753715	344,947391
16/09/2007	11.938,369991	10.871,60	357,404	361,997	9	19	1,06639478	11.593,422600	74	1,029753715	344,947391
17/09/2007	11.938,369991	10.871,60	357,404	361,997	9	19	1,06639478	11.593,422600	74	1,029753715	344,947391
18/09/2007	11.951,130231	10.871,60	357,404	361,997	10	19	1,06711170	11.601,216700	75	1,030161796	349,913531
19/09/2007	11.963,904071	10.871,60	357,404	361,997	11	19	1,06782910	11.609,016000	76	1,030570039	354,888071
20/09/2007	11.976,691626	10.871,60	357,404	361,997	12	19	1,06854699	11.616,820600	77	1,030978444	359,871026
21/09/2007	11.989,492790	10.871,60	357,404	361,997	13	19	1,06926536	11.624,630400	78	1,031387010	364,862390
22/09/2007	12.002,307701	10.871,60	357,404	361,997	14	19	1,06998421	11.632,445500	79	1,031795739	369,862201
23/09/2007	12.002,307701	10.871,60	357,404	361,997	14	19					

DATE	U.P. Cemig	Nominal amount	IGP-M Index	IGP-M Index	IGP-M Calendar	IGP-M Calendar	IGP-M Accumulated	UPDATED NOMINAL	INTEREST Accumulated	INTEREST	
	Distribuição		number	number	days	days	factor	VALUE	Bus. days Last paymt.	factor	
	1st issue	(VNe)	(NIn-1)	(NIn)	(dcp)	(dct)	(C)	(VNa)	(DP)	("FatorJuros")	
	R\$	R\$						R\$	252	R\$	
29/09/2007	12.066,587782	10.871,60	357,404	361,997	19	19	1,07358572	11.671,599700	84	1,033841812	394,988082
30/09/2007	12.066,587782	10.871,60	357,404	361,997	19	19	1,07358572	11.671,599700	84	1,033841812	394,988082
01/10/2007	12.066,587782	10.871,60	357,404	361,997	19	19	1,07358572	11.671,599700	84	1,033841812	394,988082
02/10/2007	12.077,096311	10.871,60	361,997	365,794	1	22	1,07409503	11.677,136700	85	1,034251514	399,959611
03/10/2007	12.087,614051	10.871,60	361,997	365,794	2	22	1,07460459	11.682,676400	86	1,034661377	404,937651
04/10/2007	12.098,140940	10.871,60	361,997	365,794	3	22	1,07511438	11.688,218700	87	1,035071404	409,922240
05/10/2007	12.108,677052	10.871,60	361,997	365,794	4	22	1,07562443	11.693,763700	88	1,035481592	414,913352
06/10/2007	12.119,222210	10.871,60	361,997	365,794	5	22	1,07613470	11.699,311200	89	1,035891943	419,911010
07/10/2007	12.119,222210	10.871,60	361,997	365,794	5	22	1,07613470	11.699,311200	89	1,035891943	419,911010
08/10/2007	12.119,222210	10.871,60	361,997	365,794	5	22	1,07613470	11.699,311200	89	1,035891943	419,911010
09/10/2007	12.129,776627	10.871,60	361,997	365,794	6	22	1,07664523	11.704,861400	90	1,036302457	424,915227
10/10/2007	12.140,340205	10.871,60	361,997	365,794	7	22	1,07715599	11.710,414200	91	1,036713134	429,926005
11/10/2007	12.150,913042	10.871,60	361,997	365,794	8	22	1,07766700	11.715,969700	92	1,037123973	434,943342
12/10/2007	12.161,495052	10.871,60	361,997	365,794	9	22	1,07817825	11.721,527800	93	1,037534975	439,967252
13/10/2007	12.161,495052	10.871,60	361,997	365,794	9	22	1,07817825	11.721,527800	93	1,037534975	439,967252
14/10/2007	12.161,495052	10.871,60	361,997	365,794	9	22	1,07817825	11.721,527800	93	1,037534975	439,967252
15/10/2007	12.161,495052	10.871,60	361,997	365,794	9	22	1,07817825	11.721,527800	93	1,037534975	439,967252
16/10/2007	12.172,086345	10.871,60	361,997	365,794	10	22	1,07868974	11.727,088600	94	1,037946140	444,997745
17/10/2007	12.182,686708	10.871,60	361,997	365,794	11	22	1,07920147	11.732,651900	95	1,038357467	450,034808
18/10/2007	12.193,296376	10.871,60	361,997	365,794	12	22	1,07971345	11.738,217900	96	1,038768958	455,078476
19/10/2007	12.203,915346	10.871,60	361,997	365,794	13	22	1,08022567	11.743,786600	97	1,039180612	460,128746
20/10/2007	12.214,543518	10.871,60	361,997	365,794	14	22	1,08073814	11.749,357900	98	1,039592429	465,185618
21/10/2007	12.214,543518	10.871,60	361,997	365,794	14	22	1,08073814	11.749,357900	98	1,039592429	465,185618
22/10/2007	12.214,543518	10.871,60	361,997	365,794	14	22	1,08073814	11.749,357900	98	1,039592429	465,185618
23/10/2007	12.225,180899	10.871,60	361,997	365,794	15	22	1,08125084	11.754,931800	99	1,040004409	470,249099
24/10/2007	12.235,827611	10.871,60	361,997	365,794	16	22	1,08176379	11.760,508400	100	1,040416553	475,319211
25/10/2007	12.246,483543	10.871,60	361,997	365,794	17	22	1,08227698	11.766,087600	101	1,040828860	480,395943
26/10/2007	12.257,148806	10.871,60	361,997	365,794	18	22	1,08279042	11.771,669500	102	1,041241330	485,479306
27/10/2007	12.267,823314	10.871,60	361,997	365,794	19	22	1,08330410	11.777,254000	103	1,041653964	490,569314
28/10/2007	12.267,823314	10.871,60	361,997	365,794	19	22	1,08330410	11.777,254000	103	1,041653964	490,569314
29/10/2007	12.267,823314	10.871,60	361,997	365,794	19	22	1,08330410	11.777,254000	103	1,041653964	490,569314
30/10/2007	12.278,507164	10.871,60	361,997	365,794	20	22	1,08381802	11.782,841200	104	1,042066761	495,665964
31/10/2007	12.289,200271	10.871,60	361,997	365,794	21	22	1,08433219	11.788,431000	105	1,042479722	500,769271
01/11/2007	12.299,902733	10.871,60	361,997	365,794	22	22	1,08484660	11.794,023500	106	1,042892846	505,879233
02/11/2007	12.309,035107	10.871,60	365,794	368,334	1	20	1,08522201	11.798,104800	107	1,043306134	510,930307
03/11/2007	12.309,035107	10.871,60	365,794	368,334	1	20	1,08522201	11.798,104800	107	1,043306134	510,930307
04/11/2007	12.309,035107	10.871,60	365,794	368,334	1	20	1,08522201	11.798,104800	107	1,043306134	510,930307
05/11/2007	12.309,035107	10.871,60	365,794	368,334	1	20	1,08522201	11.798,104800	107	1,043306134	510,930307
06/11/2007	12.318,174355	10.871,60	365,794	368,334	2	20	1,08559756	11.802,187600	108	1,043719586	515,986755
07/11/2007	12.327,320273	10.871,60	365,794	368,334	3	20	1,08597322	11.806,271700	109	1,044133202	521,048573
08/11/2007	12.336,473074	10.871,60	365,794	368,334	4	20	1,08634903	11.810,357300	110	1,044546982	526,115774
09/11/2007	12.345,632644	10.871,60	365,794	368,334	5	20	1,08672496	11.814,444300	111	1,044960925	531,188344
10/11/2007	12.354,798906	10.871,60	365,794	368,334	6	20	1,08710101	11.818,532600	112	1,045375033	536,266306
11/11/2007	12.354,798906	10.871,60	365,794	368,334	6	20	1,08710101	11.818,532600	112	1,045375033	536,266306
12/11/2007	12.354,798906	10.871,60	365,794	368,334	6	20	1,08710101	11.818,532600	112	1,045375033	536,266306
13/11/2007	12.363,972167	10.871,60	365,794	368,334	7	20	1,08747721	11.822,622500	113	1,045789305	541,349667
14/11/2007	12.373,152116	10.871,60	365,794	368,334	8	20	1,08785353	11.826,713700	114	1,046203741	546,438416
15/11/2007	12.382,338862	10.871,60	365,794	368,334	9	20	1,08822998	11.830,806300	115	1,046618341	551,532562
16/11/2007	12.382,338862	10.871,60	365,794	368,334	9	20	1,08822998	11.830,806300	115	1,046618341	551,532562
17/11/2007	12.391,532525	10.871,60	365,794	368,334	10	20	1,08860657	11.834,900400	116	1,047033106	556,632125
18/11/2007	12.391,532525	10.871,60	365,794	368,334	10	20	1,08860657	11.834,900400	116	1,047033106	556,632125
19/11/2007	12.391,532525	10.871,60	365,794	368,334	10	20	1,08860657	11.834,900400	116	1,047033106	556,632125
20/11/2007	12.400,732887	10.871,60	365,794	368,334	11	20	1,08898328	11.838,995800	117	1,047448035	561,737087
21/11/2007	12.409,940161	10.871,60	365,794	368,334	12	20	1,08936012	11.843,092700	118	1,047863128	566,847461
22/11/2007	12.419,154260	10.871,60	365,794	368,334	13	20	1,08973709	11.847,191000	119	1,048278386	571,963260
23/11/2007	12.428,375173	10.871,60	365,794	368,334	14	20	1,09011419	11.851,290700	120	1,048693808	577,084473
24/11/2007	12.437,603023	10.871,60	365,794	368,334	15	20	1,09049143	11.855,391900	121	1,049109395	582,211123
25/11/2007	12.437,603023	10.871,60	365,794	368,334	15	20	1,09049143	11.855,391900	121	1,049109395	582,211123
26/11/2007	12.437,603023	10.871,60	365,794	368,334	15	20	1,09049143	11.855,391900	121	1,049109395	582,211123
27/11/2007	12.446,837603	10.871,60	365,794	368,334	16	20	1,09086879	11.859,494400	122	1,049525147	587,343203
28/11/2007	12.456,079115	10.871,60	365,794	368,334	17	20	1,09124629	11.863,598400	123	1,049941063	592,480715
29/11/2007	12.465,327481	10.871,60	365,794	368,334	18	20	1,09162392	11.867,703800	124	1,050357145	597,623681
30/11/2007	12.474,582681	10.871,60	365,794	368,334	19	20	1,09200167	11.871,810600	125	1,050773391	602,772081
01/12/2007	12.483,844837	10.871,60	365,794	368,334	20	20	1,09237956	11.875,918900	126	1,051189802	607,925937
02/12/2007	12.483,844837	10.871,60	365,794	368,334	20	20	1,09237956	11.875,918900	126	1,051189802	607,925937
03/12/2007	12.483,844837	10.871,60	365,794	368,334	20	20	1,09237956	11.875,918900	126	1,051189802	607,925937
04/12/2007	12.499,688489	10.871,60	368,334	374,815	1	20	1,09333266	11.886,280600	127	1,051606378	613,040789
05/12/2007	12.515,552311	10.871,60	368,334	374,815	2	20	1,09428660	11.896,651400	128	1,052023119	618,900911
06/12/2007	12.531,436330	10.871,60	368,334	374,815	3	20	1,09524137	11.907,031300	129	1,052440026	624,405030
07/12/2007	12.547,340447	10.871,60	368,334	374,815	4	20	1,09619697	11.917,420200	130	1,052857098	629,920247
08/12/2007	12.563,264770	10.871,60	368,334	374,815	5	20	1,09715340	11.927,818200	131	1,053274334	635,446570
09/12/2007	12.563,264770	10.871,60	368,334	374,815	5	20	1,09715340	11.927,818200	131	1,053274334	635,446570
10/12/2007	12.563,264770	10.871,60	368,334	374,815	5	20	1,09715340	11.927,818200	131	1,053274334	635,446570
11/12/2007	12.579,209247	10.871,60</									

DATE	U.P. Cemig	Nominal amount	IGP-M Index	IGP-M Index	IGP-M Calendar	IGP-M Calendar	IGP-M Accumulated	UPDATED NOMINAL	INTEREST Accumulated	INTEREST	
	Distribuição		number	number	days	days	factor	VALUE	Bus. days Last paymt.	factor	
	1st issue	(VNe)	(NIn-1)	(NIn)	(dcp)	(dct)	(C)	(VNa)	(DP)	("FatorJuros")	
	R\$	R\$						R\$	252	R\$	
17/12/2007	12.643,189956	10.871,60	368,334	374,815	10	20	1,10194810	11.979,944300	136	1,055363000	663,245656
18/12/2007	12.659,235881	10.871,60	368,334	374,815	11	20	1,10290955	11.990,396800	137	1,055781230	668,839081
19/12/2007	12.675,302259	10.871,60	368,334	374,815	12	20	1,10387185	12.000,858500	138	1,056199626	674,443759
20/12/2007	12.691,388894	10.871,60	368,334	374,815	13	20	1,10483497	12.011,329200	139	1,056618188	680,059694
21/12/2007	12.707,496003	10.871,60	368,334	374,815	14	20	1,10579894	12.021,809100	140	1,057036915	685,686903
22/12/2007	12.723,623615	10.871,60	368,334	374,815	15	20	1,10676376	12.032,298200	141	1,057455808	691,325415
23/12/2007	12.723,623615	10.871,60	368,334	374,815	15	20	1,10676376	12.032,298200	141	1,057455808	691,325415
24/12/2007	12.723,623615	10.871,60	368,334	374,815	15	20	1,10676376	12.032,298200	141	1,057455808	691,325415
25/12/2007	12.739,771652	10.871,60	368,334	374,815	16	20	1,10772941	12.042,796400	142	1,057874868	696,975252
26/12/2007	12.739,771652	10.871,60	368,334	374,815	16	20	1,10772941	12.042,796400	142	1,057874868	696,975252
27/12/2007	12.755,940212	10.871,60	368,334	374,815	17	20	1,10869591	12.053,303800	143	1,058294093	702,636412
28/12/2007	12.772,129220	10.871,60	368,334	374,815	18	20	1,10966325	12.063,820300	144	1,058713484	708,308920
29/12/2007	12.788,338809	10.871,60	368,334	374,815	19	20	1,11063143	12.074,346000	145	1,059133042	713,992809
30/12/2007	12.788,338809	10.871,60	368,334	374,815	19	20	1,11063143	12.074,346000	145	1,059133042	713,992809
31/12/2007	12.788,338809	10.871,60	368,334	374,815	19	20	1,11063143	12.074,346000	145	1,059133042	713,992809
01/01/2008	12.804,568984	10.871,60	368,334	374,815	20	20	1,11160046	12.084,880900	146	1,059552766	719,688084
02/01/2008	12.804,568984	10.871,60	368,334	374,815	20	20	1,11160046	12.084,880900	146	1,059552766	719,688084

## Performance of the Issuer

(Report of Management - CVM-DFP 31/12/07)

Dear stockholders,

Cemig Distribuição S.A. submits to your for consideration the Report of Management jointly with the Financial Statements and the Opinions of the Audit Board and the Independent Auditors for the business year December 31, 2007.

### MESSAGE FROM MANAGEMENT

In its third year of operation, Cemig Distribuição again achieved excellent financial results. We posted net profit of R\$ 771 million, and Ebitda (Earnings before interest, tax, depreciation and amortization) of R\$ 1.867 billion, 31.2% more than in 2006.

These results show the success of the management actions, which improved the company's margins. Operational margin grew from 19.5% in 2006 to 24.3% in 2007; and Ebitda margin grew from 26.3% in 2006 to 31.2% in 2007. Net margin in 2007, at 12.9%, was lower than in 2006 (14.2%), reflecting the higher employee profit share included in the result for 2007.

The planning in place for 2008 aims to strengthen our quest for operational excellence in our assets – which will be submitted to a review of processes, aiming to make them more efficient and more economic. For this, we will contract an internationally-known consultancy company able to bring us new practices that will, jointly with our current practices, provide reduction of costs that will not only add great value for our stockholders, but also bring benefits for consumers served by the distribution concession holders.

We continue to implement our policy of human capital management, aiming definitively to put in place a better employee remuneration structure, linking remuneration to performance – and to materialize the efficiency gains obtained by the review of projects in the form of increases in productivity and profitability.

In the last three years we have invested more than R\$ 2.5 billion in our electricity distribution activities. The *Light for Everyone* program alone – to bring access to electricity service to all –has consumed investment of R\$ 1.6 billion over the last two years.

This investment takes the material form of connection of 200,000 new consumers in 2007, significantly reducing the number of people who live in the rural areas of the state of Minas Gerais without access to electricity.

We have restructured the process of strategic planning to enable changes caused by contextual factors to be incorporated as they are identified. This aspect will add a more dynamic quality to the assessment of impacts caused by changes, and commit a larger number of executives to redirecting strategic initiatives to achieve the targets established by the Strategic Plan.

We are confident that, through responsible and sustainable corporate practices, allied to our commitment to add value over the long term, our stockholders will continue to receive sound returns on their investments.

The electricity distribution activities continue to have strategies that are well positioned in terms of the sustainability aspects, and this was a major factor in our parent company once again being included among the world leaders of sustainability by the Dow Jones Sustainability World Index. Cemig was recognized as the best company, worldwide, in the “super sector” of public utilities, which includes companies providing public electricity, gas, water and other public services all over the world.

As well as the international recognition, which once again reaffirms Cemig's status as a world-class company, we were recognized by our clients as the best electricity concession holder in the category *Companies with more than 400,000 consumers* in Brazil's Southeastern Region – in the IASC Consumer Satisfaction Index survey for 2006, researched by the Brazilian electricity regulator, Aneel.

We are aware of the challenges of 2008, when we expect the economic environment will be one of great uncertainty and instability, with growing concern on Brazil's capacity to ensure adequate electricity supply in the coming years. In this context, Cemig presents itself as a leading company, with rigid financial discipline, which ensures creation of value, and solid fundamentals in its electricity distribution businesses, led by permanent updating in accordance with the demands of the electricity sector, and best corporate management practices.

We thank our stockholders for their confidence in our work, and, especially our employees for their commitment and dedication, our clients and suppliers, and all those who participate directly and indirectly in the company's activities.

#### THE ECONOMIC CONTEXT

2007 was a year of improvement in practically all the indicators of the Brazilian economy.

The economy grew significantly in the year, with GDP posting growth of 5%, according to financial market estimates, led by the strength of the domestic market.

The gradual and continuous reduction in interest rate contributed to the growth of the Brazilian economy in the year – the Selic rate was reduced from 13.25% p.a. at the end of 2006 to 11.25% at the end of 2007.

Continuation of the process of reduction of interest rates in 2008 will mainly depend on the behavior of inflation, the increase of which has caused some concern over the last few months – though at the end of December 12-month IPCA inflation was 4.46%, within the target established by the country's monetary authorities.

Brazil continues to achieve a significant trade surplus – among the largest in the world: R\$ 40 billion in 2007, although this was 14.1% less than in 2006. Exports grew 17% in the year, boosted by the increase in prices of exported basic products, while imports increased faster, by 32%, from 2006.

This reduction in the trade balance partly reflects the strengthening of the Brazilian Real against the US dollar. The dollar depreciated against the Real by more than 20% in the year – from R\$ 2.1380 / US\$ at the end of December 2006 to R\$ 1.7713 / US\$ at the end of December 2007.

Further significant growth in the Brazilian economy is expected in 2008 and, as a counterpart, greater concern on the part of the monetary authorities to maintain inflation within targets – a factor which could mean a slowing of the fall in interest rates.

The growth that is expected in the Brazilian economy in 2008 will have a direct impact on consumption of electricity, and this makes it even more necessary to increase investments in expansion of electricity supply significantly, and also to maintain a regulatory environment that stimulates the entry of new investors into the sector.



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## CAPITAL EXPENDITURE

In 2007 Cemig Distribuição invested the significant amount of R\$ 734 million in capital expenditure, primarily on the *Light for Everyone* program and also new distribution networks and lines under its *Clarear* and *Campos de Luz* programs.

### The "Light for Everyone" (*Luz para Todos*) program to achieve universal access to electricity

Universal access to electricity became obligatory under Law 10438 of April 26, 2002, as amended by Law 10762 of November 11, 2003. Aneel has the task of establishing targets for this process of "universalization" of access to public electricity service, for consuming units with installed load of up to 50 KW served at low voltage, and this must be provided without any charge of any type for the party requesting it.

The program instituted by the federal government in 2003 and called "Luz para Todos" decided to bring forward the target for universalization, from 2015 to 2008.

In the concession area of Cemig Distribuição approximately 190,000 consumers were connected, primarily in rural areas – a population of approximately 840,000 people, for a total cost, up to December 31, 2007, of R\$ 1.599 billion. There is at least one consumer benefiting from the program in all the 774 municipalities in Cemig's concession area, and in 475 of these the original potential market has already been more than served. This performance makes Cemig a "champion" of the "Light for Everyone" program, among Brazilian concession holders.

The program was financed with funds from the federal government and the government of Minas Gerais state, in the amounts of R\$ 593 million and R\$ 79 million, respectively, the remaining amount of R\$ 927 million being financed with funds from Cemig itself.

Over the period from 2004 to December 2007, approximately 56,000 km of electricity transmission network was built, which is more than the circumference of the earth (40,075 km), and also equal to 22% of the entire rural network built by Cemig Distribuição in Minas Gerais state in its 55 years of existence. In this same period, 106,000 transformers and 476,000 transmission posts were also installed, and 1,700 photovoltaic panels were installed in places where it was not possible to establish conventional distribution networks for reasons of environment, distance or physical barriers.

The market served by the program, as well as including farmers, serves populations affected by dams, municipal and state schools, community water supply wells, rural settlements, communities remaining from "quilombos" (ancient minority settlements) and racial minorities.

With the continuous increase in the potential market created by properties being separated into parts, construction of new homes and normal vegetative growth itself, it is estimated that there are still another 92,000 new consumers to benefit from the program throughout the whole of Minas Gerais state. Thus the program will continue in 2008, on the same conditions, that is to say, without any charge to the consumer

### The "Fields of Light" ("*Campos de Luz*") program

With an estimated cost of R\$ 18 million, this program will provide nocturnal illumination for football fields, under a working agreement with the state government. This not only makes it possible for local communities to play football at night, but has substantially reduced crime in the surrounding regions. The opinion survey company *Olhar*, 92% of residents interviewed approved illumination of football fields in their communities.

The first stage of the program, in 2004 and 2005, illuminated 156 football fields, through a working agreement between Cemig Distribuição and Codemig.

In the second stage, begun in 2006, so far 332 fields – of a target of 410 by the end of 2008 – have been illuminated.

#### The Reluz National Program for Efficient Public Illumination

This program aims primarily to modernize public illumination systems by introducing more efficient technology, to reduce electricity consumption at peak times, reduce operational costs, and increase security in public roads and highways.

Projects to improve and expand public illumination involving around 52,000 positions, with investment of R\$ 14 million, mainly in the metropolitan region of Belo Horizonte, were carried out in 2007.

#### The Cresce Minas program

This program, for investment of R\$ 759 million, is to be put in place in four years, starting 2006 – when it was approved by the Executive Officers and Board of Directors of Cemig Distribuição. It aims to boost quality in the electricity system to meet the needs of presumed growth, the expansion of markets associated with irrigation and agribusiness, and to maintain compliance with regulatory quality standards.

The program involves works and refurbishment in substations, lines and distribution networks throughout the state, involving 687 km of distribution lines, 11 new substations, and 101 works of expansion in existing substations.

- This group of works will benefit approximately 340 municipalities (41% of the total), a population of approximately 4.1 million, and approximately 1.1 million consumers throughout the state.

## ELECTRICITY SALES

### Electricity auctions

In 2007 Cemig Distribuição took part in several auctions in the Regulated Market:

DATE	Auction	Power bought by Cemig Distribution	Average Price (MWh)
18/6/2007	Alternative sources	61MW average (15 years)	R\$ 138.85
18/6/2007	Alternative sources	20MW average (30 years)	R\$ 134.99
26/7/2007	A-3	431.173 MW average (15 years)	R\$ 134.67
27/9/2007	6th Adjustment Auction	3.5MW average (1 year)	R\$ 138.74
16/10/2007	A-5	56MW average (30 years)	R\$ 128.73
16/10/2007	A-5	126MW average (15 years)	R\$ 128.73
10/12/2007	Santo Antonio	30,002,603.786MWh (30 years)	R\$ 78.87

### Sales of electricity to final consumers

This table shows the changes in quantities of electricity sold to final consumers, with revenues and average tariffs:

	GWh			R\$ (million)			Average tariff (R\$)		
	2007	2006	Change %	2007	2006	Change %	2007	2007	Change %
Residential	6.813	6.647	2,50	3.553	3.301	7,63	521,50	496,62	5,01

Industrial	4.831	4.839	(0,17)	1.489	1.422	4,71	308,22	293,86	4,89
Commercial	4.078	3.851	5,89	1.871	1.680	11,37	458,80	436,25	5,17
Rural	2.200	1.937	13,58	595	514	15,76	270,45	265,36	1,92
Public authorities	640	599	6,84	286	252	13,49	446,88	420,70	6,22
Public illumination	1.038	1.051	(1,24)	280	269	4,09	269,75	255,95	5,39
Public service	1.060	1.016	4,33	299	263	13,69	282,08	258,86	8,97
<b>Total</b>	<b>20.660</b>	<b>19.940</b>	<b>3,61</b>	<b>8.373</b>	<b>7.701</b>	<b>8,73</b>	<b>405,28</b>	<b>386,21</b>	<b>4,94</b>

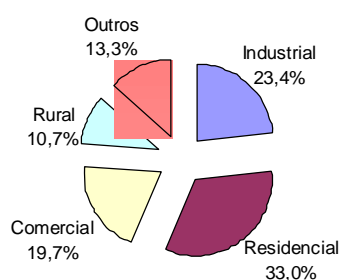
As can be seen there were increases in consumption in the main consumer classes of Cemig Distribuição, with a slight fall of 0.17% in the industrial category, from 2006.

Sales to **final consumers** totaled 20,660 GWh, an increase of 3.61%, mainly representing growth in the residential, commercial and rural categories, as follows:

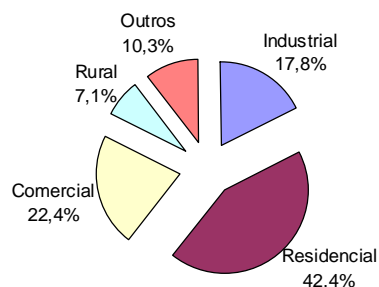
- Consumption grew by 2.50% in the residential user class due to the increase in the number of consumers billed, and the good performance of conditioning factors such as increasing employment and real income, abundant supply of credit and growth in the volume of sales of household appliances.
- Sales in the industrial category were very slightly lower – 0.17% lower – reflecting reduced supply of “special” electricity in 2007, and migration of clients to the free market. Due to these factors, there was a significant reduction in consumption by some sectors: 25.0% in chemicals, 50.4% in paper and pulp/cardboard, 11.9% in metals, and 10.3% in beverages. As the same time, there were increases of 27.4% in mining, 14.5% in transport materials and 10.6% in electrical and communication materials.
- Consumption in the Commercial category was 5.89% higher than in 2006, reflecting increased consumption in the main lines of activity: 5.2% in retailing, 4.5% in hotels and food, and 8.7% in communication services – in aggregate these sub-sectors are 51.7% of the total of sales to the local captive market.
- In the Rural consumer category the increase of new conventional consumer units connected by the *Light for Everyone* program, and the growth in consumption for irrigation, especially reflecting the lower rainfall and higher temperatures, led to an increase of 13.58% in consumption compared to 2006

As these charts show, the biggest consumer categories by volume billed and generation of revenue are residential, commercial and industrial:

PERCENTUAL EM GWh POR CLASSE



PERCENTUAL DA RECEITA POR CLASSE



**SALES BY CATEGORY – PERCENT OF TOTAL GWh**

Industrial	Residential	Commercial
Rural	Other	

**SALES BY CATEGORY – PERCENT OF TOTAL GWh**

Industrial	Residential	Commercial
Rural	Other	

## Tariff adjustments and reviews

### The Tariff Adjustment

The adjustment of the tariffs of Cemig Distribuição was promulgated by Aneel Resolution 446 of April 3, 2007, and confirmed in detail by Technical Notes 072 and 077/2007 and the judgment vote by the reporting Aneel Council member.

The tariff adjustment applied different rates of increase by category of consumption, aiming to gradually eliminate the cross-subsidies existing between the consumer groups. The average increase in electricity bills was 5.16%; low-voltage users paid an increase of 6.50%, while high-voltage users had an increase of 2.89%.

### The Tariff Review

Aneel, the Brazilian electricity regulator, is in the process of review of retail supply tariffs and the Charge for Use of the Distribution System (TUSD) of Cemig Distribution, this being the second cycle of review corresponding to the period 2008–13. The public hearing was set for February 28, 2008, and the new tariffs will come into effect on April 8, 2008. The average adjustment percentage, disclosed on a provisional basis by Aneel, is a reduction of 9.72%. To arrive at this value, parameters were taken into account for the first cycle, which are also being adjusted, such as indicators of productivity, the value of the asset base to be remunerated, and the Company's average cost of capital. This provisional percentage may yet be altered as a result of contributions received at the public hearing, and decision by Aneel on the actual value of the asset base to be remunerated in the second tariff review cycle.

Protection of revenue – management of losses

Commercial losses have increased in recent years, mainly due to the rules imposed by electricity rationing in 2001, the economic situation of clients and the increasing practice of crime.

Cemig Distribution is among the distributors with the lowest indices of commercial losses in Brazil – comparable to those of the best electricity companies worldwide.

At present, the company's level of commercial losses is around 2.78% of the total amount of energy that enters the distribution system. The Brazilian average is around 6%.

The results of identification and recovery of commercial losses total 147.8 GWh in 2007, an increase of 11.5% in relation to 2006. This corresponds to approximately R\$ 108.7 million (increase of 20.8% from 2006), and also, approximately, R\$ 91.4 million in losses avoided or increases of consumption by consumer units that were regularized.

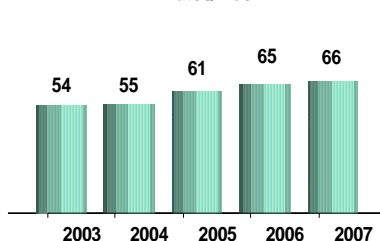
In 2007, aiming further to increase the company's capacity for reaction to the increase in the practice of irregularities, several actions were taken, including:

- Implementation of analysis of probability and risk of loss for each consumer unit where there is suspicion of irregularity, associated with the Web Inspection Orders Management system (WGOI), seeking greater efficiency in identification of units with irregularities, and strengthening the potential for results from the process.
- Improvement in the corporate system for control of seals and meters made available, and also general rules for control of seals, seeking to ensure traceability of these devices and equipment.
- Implementation and execution of the Value Addition Project (PAV) for protection of revenue, which showed the economic viability of actions to combat losses and default, providing a greater input of funds into these activities, with consequent addition of revenue.
- Approval of the Revenue Protection Plan, focused on metering, to be put in place starting in 2008, aiming to focus on the question and treatment of commercial losses of Cemig Distribution, adding, to form a major project, technologies and actions to "bulletproof" the revenue from medium-sized and large consumers, and application of complementary technologies to the other consumers.
- Development and incorporation of the system for management of losses in the new Clients Management System (SGC/SAP) acquired by Cemig which is in the process of being put in place, making the information fully traceable and available to all the those involved.

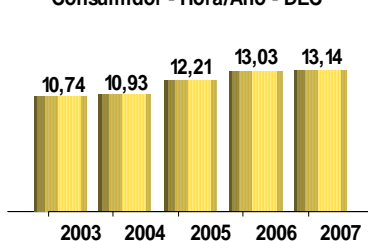
### Retail supply quality

The charts below show the changes in Cemig Distribution's quality indicators in 2007 – all are within the requirements stipulated by Aneel.

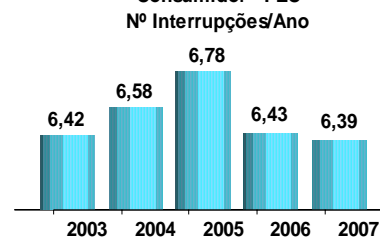
**Privação de Fornecimento por Consumidor - Minutos/Mês**



**Interrupções de Fornecimento Consumidor - Hora/Ano - DEC**



**Frequência de Interrupções por Consumidor - FEC Nº Interrupções/Ano**



Consumer outages: minutes/month

Consumer outages: hours/year (DEC)

Consumer outage frequency (FEC)

Number of outages/year

Approximately 18% of the DEC and 13% of the FEC is for programmed outages carried out to improve the network. These are preceded by notice to consumers, reducing the impact of temporary suspension of supply.

### Service policy

Cemig Distribuição has consolidated a group of Commercial Relationship Practices with its clients based principally on quality of its products and services, preservation of credibility with clients, stockholders and the public, and in the strength of its brand and its effective participation in social and economic development over the whole of its area of operation.

The company offers channels of relationship that enable clients to carry out transactions, complain, suggest and request services, efficiently and fast. The main channels available are: "Speak to Cemig" ("Fale com a Cemig"); Service Branches ("Agências de Atendimento"); Relationship Agents ("Agentes de Relacionamento"); Simplified Service Posts ("Postos de Atendimento Simplificado (PASs)"); Cemig Fácil ("Cemig Easy"); and the "Virtual Branch" (Agência Virtual) which is available on Cemig's web portal: [www.cemig.com.br](http://www.cemig.com.br).

As well as continuous investment in improvement of the existing channels Cemig seeks new forms of relationship to offer more convenient and fast options for contact with the company.

The client also has available, periodically, other relationship options through the Mobile Branch trailer and the *Cemig na Praça* ("Cemig in the Main Square") program. Both aim to take Cemig to the client. The Mobile Branch trailer visits municipalities of some regions of the state providing services and orientation to the public. The *Cemig na Praça* program covers municipalities of all the regions, taking services, information and orientation to clients in a personalized marquee-tent.

### Electricity efficiency

In 2007, R\$ 43 million was allocated to the Electricity Efficiency program, a joint program with the electricity regulator, Aneel.

In the Cemig/Aneel Electricity Efficiency program, 43,000 public illumination points in 140 municipalities of the state of Minas Gerais were upgraded in efficiency, for investment of R\$ 15 million, resulting in an annual reduction of 2,500 kW of demand and 10,700 MWh of electricity consumption.

In the *Reluz* Public Illumination Improvement Project, financed by Eletrobrás, 15,000 public illumination points were modernized in the municipality of Betim, for investment of R\$ 5 million, in 2007, resulting in an annual reduction of 270 kW of demand and 1,150 MWh of electricity consumption.

The *Conviver* project aimed to orient low-income clients, through the Community Relationship Agent, on measures that can be taken to achieve better electricity efficiency. This is part of an effort to promote increased access to, and more efficient use of, the

services provided by Cemig Distribuição in the low-income communities of greater Belo Horizonte, and in the state's interior, increasing the number of families that use the benefits provided by electricity in a regular, efficient, and safe way that is compatible to their economic capacity.

We expect these actions also to increase the integration of Cemig with these communities, promoting sustainable development of these locations.

The locations with the highest proportion of low-income communities, and those where Cemig Distribuição faces difficulties of access to provide services, will be selected. We will be serving an approximate total of 300,000 homes, over five years, throughout the state of Minas Gerais.

### ECONOMIC – FINANCIAL PERFORMANCE

**In thousands of Reais, except where otherwise stated.**

(Operational data have not been examined by our external auditors).

#### Net profit

Cemig Distribuição's net profit in 2007 was R\$ 771 million, which compares with net profit of R\$ 770 million in 2006, an increase of 0.13%.

	2007	2006	Change %
Gross supply of electricity	3,308	3,088	7.12
Revenue from use of the grid – captive consumers	5,203	4,878	6.66
	<b>8,511</b>	<b>7,966</b>	<b>6.84</b>
Revenue from use of the grid – Free Consumers	1,321	1,261	4.76
Other	68	56	21.43
<b>Total</b>	<b>9,900</b>	<b>9,283</b>	<b>6.65</b>

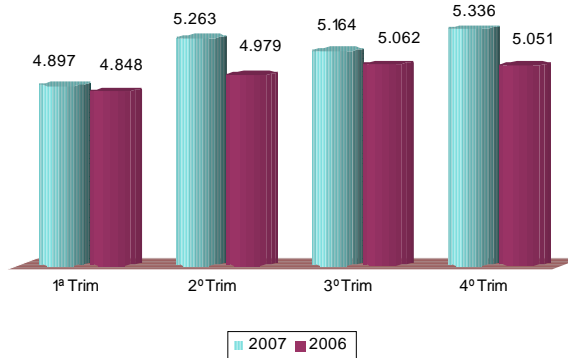
#### Gross revenue from retail supply of electricity and use of the grid – captive consumers

The main impacts on 2007 revenues arose from the following factors:

- the tariff adjustment, averaging 7.05% across consumers, from April 8, 2006 (full effect in 2007);
- the tariff adjustment with average impact for consumers of 5.16%, from April 8, 2007;
- the 3.61% increase in the volume of energy billed to final consumers, excluding Cemig's own consumption (20,660 GWh in 2007, vs. 19,940 GWh in 2006); and
- reduction in the revenue from the subsidy for low-income consumers, due to the review of the criteria adopted by the company in calculating this revenue.

This chart shows the quarterly changes in retail supply:

GWh billed to final consumers



For more information, please see the item on *Sales of electricity*.

For 2007, please see the

**Revenue from use of the grid**

This revenue refers to the Tariff for Use of Distribution System – TUSD, which comes from the charge to free consumers for transport of energy sold by other agents in the company's concession area, received principally by Cemig Geração e Transmissão. It was 4.76% higher in 2007, at R\$ 1.321 billion in 2007 vs. R\$ 1.261 billion in 2006).

The increase primarily represents the higher volume of electricity transported in 2007 (17,539 GWh in 2007 vs. 16,738 GWh in 2006), reflecting the increase in industrial production and the migration of clients from the captive market to the free market, in 2007.

**Non-controllable costs**

The differences between the sums of non-controllable costs (also referred to as “CVA”), used as a reference in the calculation of the tariff adjustment, and the disbursements actually made are offset in subsequent tariff adjustments, and are registered in Current assets and Non-current assets. As a function of the change in Aneel’s accounting plan, some items were transferred to the item “Deductions from operational revenues”. There are more explanations in Explanatory Notes 2 and 7 to the Financial Statements.

**Deductions from operational revenues**

Deductions from operational revenues amounted to R\$ 3.924 billion in 2007, compared to R\$ 3.864 billion in 2006, an increase of 1.55%. The principal changes in these expenses are as follows:

Fuel Consumption Account – CCC

The total deduction from revenue for the CCC in 2007 was R\$ 287mn, vs. R\$ 443mn in 2006, 35.21% lower

This charge is in reference to the operational costs of thermal plants in the Brazilian grid and isolated systems, and is split among electricity concession holders as specified by an Aneel Resolution. This is a non-controllable cost, and the reported deduction from revenue corresponds to the amount actually passed through to the tariff.

Energy Development Account – CDE



The deduction from revenue for the CDE in 2007 was R\$ 304 million, vs. R\$ 294 in 2006, an increase of 3.40%. The payments are specified by an Aneel Resolution. This is a non-controllable cost, and the expense recognized in the income statement corresponds to the amount actually passed through to the tariff.

#### RGR – Global Reversion Reserve

The provision for RGR in 2007 was R\$ 52 million, vs. R\$ 9 million in 2006. The difference between the two periods reflects the following:

- Higher expense than in 2007 arising from the increase in the book value of fixed assets in service, the basis for calculation of this expense for Cemig Distribuição, and also the accounting in March 2007, in obedience to orientations by Aneel, of a complementary amount to this expense, of R\$ 15 million, for the first quarter of 2005.
- A reversal of the provision of 2006, referring to the year 2004 in the amount of R\$ 28 million, due to Aneel homologating that expense at an amount lower than estimated by the company.

The other deductions from revenue are for taxes calculated as a percentage of billing, and their variations thus substantially arise from the changes in revenue.

## Operational costs and expenses (excluding Financial revenue (expenses))

	2007	2006	Change %
<b>Non-controllable costs</b>			
Electricity purchased for resale	2.164	1.981	9,24
Financial compensation for use of water resources	3	12	(75,00)
Charges for use of the national transmission grid	447	515	(13,20)
	<b>2.614</b>	<b>2.508</b>	<b>4,23</b>
<b>Controllable costs</b>			
Personnel expenses	619	734	(15,67)
Post-employment obligations	73	116	(37,07)
Materials	69	59	16,95
Outsourced services	396	329	20,36
Operational provisions	176	109	61,47
Depreciation and amortization	417	367	13,62
Other expenses, net	162	141	14,89
	<b>1.912</b>	<b>1.855</b>	<b>3,07</b>
	<b>4.526</b>	<b>4.363</b>	<b>3,74</b>

The increase of 3.74% in operational costs and expenses primarily reflects the change in cost of electricity bought for resale, operational provisions and outsourced services, partly offset by a reduction in payroll expense. For more information on the breakdown of operational costs and expenses please see Explanatory Note 25 to the Financial Statements.

The principal changes in expenses are:

### Electricity purchased for resale

The expense on this account in 2007 was R\$ 2.164 billion, 9.24% higher than the figure of R\$ 1.981 billion for this account in 2006. This is a non-controllable cost, with the expense recognized in the income statement corresponding to the value effectively passed through to the tariff. For more information please see Explanatory Note 25 to the financial statements.

### Charges for Use of the Basic Transmission Grid

The expense on charges for use of the transmission network in 2007 was R\$ 447 million, vs. R\$ 515 million in 2006, a reduction of 13.20%. These charges are payable by distribution and generation agents for use of the facilities and components of the basic grid, and are set by Aneel resolution. This is a non-controllable cost, with the deduction from revenue recorded corresponding to the value effectively passed through to the tariff.

### Personnel expenses

Personnel expenses in 2007 totaled R\$ 619 million, vs. R\$ 734 million in 2006, a reduction of 15.67%. This lower figure is primarily because of the provision made in June 2006 for indemnity to employees for their future "anuênio" rights, in the amount of R\$ 127 million, partially offset by the 4% and 5% wage adjustment given to employees in November of 2006 and 2007, respectively, and the 3.14% increase in the number of employees, which totaled 8,064 in December 2006, and 8,317 in December 2007. There is a breakdown of personnel expenses in Explanatory Note 25 to the Financial Statements.

### Depreciation and amortization

Deductions from operational revenues totaled R\$ 417 million in 2007, compared to R\$ 367 million in 2006, an increase of 13.62%. This substantially reflects the operational startup of new transmission networks and lines, as a result of the investments in the Light for Everyone program.

### Post-employment obligations

Expenses on post-employment obligations in 2007 were R\$ 73, compared to R\$ 116 in 2006, a reduction of 37.07%. These expenses basically represent interest on the actuarial liabilities of Cemig Distribution, net of the expected return on plan assets, as estimated by an external actuary. The reduction reflects higher growth of the assets of the pension plan than the growth in obligations to the participants.

### Operational provisions

Operational provisions in 2007 totaled R\$ 176 million, compared to R\$ 109 million in 2006, a 61.47% increase. The change is primarily due to provisions for Aneel administrative proceedings, and for litigation related to tax increases, both in the amount of R\$ 36 million. This increase is partially offset by a reduction of R\$ 7 million in the provision for doubtful receivables (R\$ 98 million in 2007 vs. R\$ 105 million in 2006). For further information please see Explanatory Notes 19 and 25 to the Financial Statements.

### **Ebitda (Earnings before interest, tax, depreciation and amortization)**

As this table shows, our Ebitda was 31.2% higher in 2007. Adjusted for non-reoccurring items, the increase was 8.37%:

	2007	2006	Change, %
<b>Net profit</b>	1.735	1.719	0,93
+ Provision for current and deferred income tax and Social Contribution	623	527	18,03
+ Non-operational revenue (expenses)	10	37	(72,97)
+ Financial revenues (expenses)	356	50	612,00
+ Amortization and depreciation	778	627	15,77
+ Employees' profit shares	455	210	116,67
+ Minority interest	116	7	1.542,86
<b>EBITDA</b>	<b>4.073</b>	<b>3.222</b>	<b>26,35</b>
Non-recurring items (*)			
Cost of Energy Efficiency programs from previous years	-	85	-
+ CVA re-composition - TUSD	-	178	-
+ "Anuênio"	-	93	-
- Reversal of provision for RGR	-	(66)	-
- CVA energy – adjustments set by ANEEL	(29)	-	-
<b>= ADJUSTED EBITDA (non-audited)</b>			

The non-recurring adjustments correspond to the company's interpretation on events which it deems to be extraordinary, not related to current operations.



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**Financial revenues (expenses)**

The company posted net financial expenses of R\$ 8 million in 2007, which compares with net financial expenses of R\$ 189 million in 2006. The main factors in this financial result are:

- Reversal of the provision for losses on accounts receivable from the state of Minas Gerais, of R\$ 99 million in 2006, due to the creation of a Credit Receivables Fund (FIDC) and signature of the 4th contractual amendment for renegotiation of the debt. For more information please see Explanatory Note 14 to the financial statements.
- Reduction of R\$ 17 million in the revenue from arrears penalty payments on client electricity bills, to R\$ 107 million in 2007, from R\$ 124 million in 2006. This primarily reflects revenue of R\$ 48 million in the second half of 2006, relating to the write-off of accounts received from major industrial consumers related to previous years, when the principal was considerably less than the amount for arrears penalty payments and interest.
- Revenue from monetary variation and interest on the deferred tariff adjustment in 2007 was R\$ 130 million, 33.33% less than its total of R\$ 195 million in 2006. This mainly reflects the reduction of the size of the asset due to receipt of some of the values receivable into electricity accounts paid by clients. For more information please see Explanatory Note 11 to the financial statements.
- Net gain of R\$ 78 million on currency variations in 2007, compared to a net gain of R\$ 65 million in 2006, reflecting effects on foreign currency loans and financings. The appreciation of the Real against the dollar in 2007 was 17.15%, versus appreciation of 8.66% in 2006.
- Net loss on financial instruments in 2007, in the amount of R\$ 85 million, which compares with a net loss of R\$ 76 million in 2006. This arises from a higher depreciation of the US\$ in 2007 than in 2006.

For a breakdown of financial revenues and expenses, see Explanatory Note 26 to the financial statements.

**Income tax and Social Contribution**

Cemig Distribuição's expenses on income tax and the Social Contribution in 2007 totaled R\$ 312 million, on profit of R\$ 1.415 billion before tax effects, a percentage of 22.05%. In 2006, Cemig's expenses on income tax and the Social Contribution were R\$ 300 million, on profit of R\$ 1.220 billion before tax effects, a percentage of 24.59%. These effective rates are reconciled with the nominal rates in Explanatory Note 10 to the Financial Statements.

**Employees' profit shares**

In accordance with the 2007 Collective Labor Agreement Cemig Distribuição allocated profit shares to its employees totaling R\$ 332 million (R\$ 150 million in 2006). For further information see Explanatory Notes 2 and 28 to the Consolidated Financial Statements.

## LIQUIDITY AND CASH FLOW

At the end of 2007 Cemig Distribuição's cash position was R\$ 636 billion (vs. R\$ 219 million at the end of 2006).

Cash generated by operations in 2007 was R\$ 1,442 billion, compared to R\$ 1.273 billion in 2006.

This increase in cash generated by operations mainly reflects the higher amount received in relation to regulatory assets in 2007.

Financing activities resulted in a net cash outflow of R\$ 291 million, arising from loans and financings obtained totaling R\$ 1.159 billion, which compare with amortizations of a total of R\$ 773 million, and payment of Interest on Equity and dividends, in the amount R\$ 677 million.

Capital expenditure in 2007 was R\$ 734 million, compared to R\$ 919 million in 2006, the main factor in these amounts being the Light for Everyone (*Luz Para Todos*) program.

## UNDING AND DEBT MANAGEMENT

Raising of funds from third parties in 2007 consisted mainly of transactions in the capital markets in the form of issues of promissory notes and debentures, supported by firm guarantees of placement of the securities from financial institutions. These transactions were to pay debt becoming due and to rebuild cash for the debts paid over the year. The high liquidity favored contracting of transactions on very favorable conditions.

On January 2, 2007 Cemig Distribuição made its Second Public Issue of Promissory Notes (referred to locally as "*Commercial Paper*"), in the total amount of R\$ 200 million, with tenor of 180 days, returning interest of 102% of the CDI rate. These securities were backed by a guarantee from the Cemig holding company (Companhia Energética de Minas Gerais).

These Promissory Notes were settled with the proceeds of the Third Issue of Promissory Notes, by Cemig Distribuição S.A., on June 29, 2007, in the amount R\$ 400 million, also with tenor of 180 days, for a return of interest equal to 101.60% of the CDI rate. These were also guaranteed by the Cemig holding company.

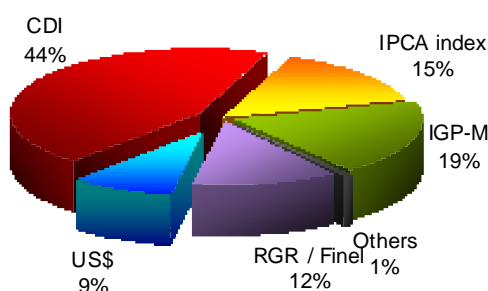
This short-term issue was refinanced by the 2nd Public Issue of Non-convertible, unsecured Debentures in a single series, resulting in a long-term transaction. On December 21, 2007, 40,000 debentures of nominal unit value R\$ 10,000 were subscribed and paid up in full. These were issued on December 15, 2007, totaling R\$ 400 million. They are indexed to the IPCA inflation index, plus annual interest of 7.96% p.a. paid annually, the principle to be repaid in three equal installments in December 2015, 2016 and 2017.

Banco do Brasil Investimentos S.A. gave a firm guarantee of placement and subscribed 46% of the issue. We highlight the total tenor of ten years, which was considered notable in the current situation: comparison with the remuneration on public securities of similar tenor and index (NTN-Bs) indicates that Cemig Distribuição S.A. raised funds at a cost very close to that of a risk-free asset. The combination of tenor and cost of this issue reflects investors' confidence in the company's credit capacity and its potential for growth.

Added to this funding was R\$ 159 million (total excluding the CDE charge) supplied by Eletrobrás for financing of the *Light for Everyone* program and the *Reluz* project.

The overall result: inflow of R\$ 1.159 billion in third party funds to Cemig Distribuição S.A. in 2007.

The use of the banking market to meet our financing needs has helped increase the percentage of transactions linked to the CDI rate in the debt profile in recent years. However the issue by Cemig Distribuição of debentures indexed to the IPCA inflation index at the end of 2007 has resulted in the following debt profile:



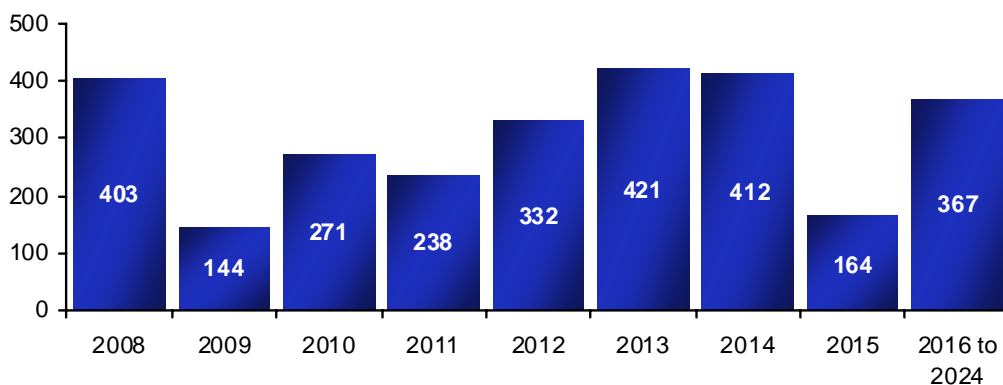
### Breakdown of debt by indexor – December 2007

As shown in the next chart, the debt amortization timetable now has a satisfactory profile, with average tenor of 5.3 years, as shown in the chart below – meeting the company's policy directive of avoiding concentration of debt coming due in the short term, mitigating the risk of refinancing and eliminating any pressure on cash flow that could reduce availability of funds for investment.

### Debt amortization timetable – Consolidated December 2007, R\$ million

Another of the company's directive guidelines, reduction of the average cost of debt, has been complied with: at the end of the year the average cost of debt was 7.82% p.a., at constant prices, also reflecting the federal government's policy of reduction of interest rates.

Our position of 9% of debt in foreign currency does not represent a material financial risk for the company,



since a good part of it is contractually protected by indexor swap transactions.

### PROFIT ALLOCATION PROPOSAL

At the Annual General Meeting to be held in April 2008 the Board of Directors will propose the following allocation of the net profit for 2007 of R\$ 771 million:

- R\$ 681 million (88.33% of net profit) for payment of dividends, of which R\$ 150 million in the form of Interest on Equity, and R\$ 531 million in complementary dividends.
- R\$ 38 million (5% of net profit) to the Legal Reserve.
- R\$ 52 million held in Stockholder's equity in the Retained Earnings Reserve, for financing of investments approved by the Board of Directors and/or payment of extraordinary dividends in the future.

### RELATIONSHIP WITH INDEPENDENT AUDITORS

We adopt a system of rotation of external auditors with a period of five years. Until March 31, 2007 our Accounting Statements were audited by Deloitte Touche Tohmatsu, and thereafter by KPMG Auditores Independentes.

The services provided by independent auditors to Cemig Distribuição in 2007 and 2006 were as follows:

Services	2007 R\$ '000	% auditing of amount	2006 R\$ '000	% auditing of amount
<b>Auditing</b>				
Deloitte	11	6.11	166	100.00
KPMG	169	93.89	-	-
<b>Total of auditing services</b>	<b>180</b>	<b>100.00</b>	<b>166</b>	<b>100.00</b>
<b>Other services:</b>				
- Adaptation to the requirements of SOX – Sections 302 and 404				
Deloitte	-	-	686	313.25
KPMG	75	41.67	-	-
<b>Overall total</b>	<b>255</b>	<b>141.67</b>	<b>852</b>	<b>413.25</b>

The additional services mentioned above were approved by the Board of Directors, since in the opinion of the management they do not result in any loss of independence on the part of the external auditors, and the services carried out are not included in those prevented by the Sarbanes-Oxley Law nor Clause 23 of CVM Instruction 308, of May 14, 1999.

### CORPORATE GOVERNANCE

Our corporate governance model is based on principles of transparency, equity and reporting, focusing on clear definition of roles and responsibilities in the Board of Directors and the Executive Board for formulation, approval and execution of policies in guidelines in conduct, approving and executing policies and guidelines for managing the company's business.

We seek sustainable development of the company through equilibrium between the economic, financial, environmental and social aspects of our undertakings, aiming to improve the relationship with our stockholders, clients, and employees, the public at large and other stakeholders.

Our material procedures related to preparation of the Consolidated Financial Statements have been compliant since the end of 2006 with the requirements of Section 404 of the Sarbanes-Oxley law of the US.

Our Board of Directors has 14 members, appointed by the stockholders. All have a period of office of 3 (three) years, and may be reelected. To increase their efficiency, the Board



has constituted 5 (five) committees that operate in specific issues related to Strategy, Governance, Finance, Audit and Risks, and Human Resources.

The Audit Board is permanent and made up of 5 (five) members, appointed by stockholders. All the members meet the requirements for independence in accordance with international practices. As presently constituted the Audit Board meets the requirements for exemption from constitution of an audit committee under the Securities Act and the Sarbanes-Oxley Law. The Audit Board met twelve times in 2007.

Also, the structure of committees made up of executives of various areas ensures that strategic decisions are taken based on support by technical criteria.

Every year we hold our meeting with capital market analysts and investors to disclose information about the economic and financial situation, plans and outlook as well as carrying out various meetings with regional analysts' associations.

### **RISK MANAGEMENT**

Cemig Distribuição's principal assumption for management of corporate risks is that every company exists to provide value to its stockholders. This results in the permanent challenge of determining how much the corporation will be prepared to guarantee its sustainable development, taking into account the risks and opportunities involved

Cemig Distribuição's principal objective is not to eliminate risks, but to be proactive in their identification, analysis, assessment, treatment and continuous monitoring, with a view to obtaining competitive advantages. As shown in the diagram below, success in corporate management depends on a culture of management of risks being disseminated, serving as a basis for sustaining of the following 3 'pillars':

- *Management processes:* Awareness of the processes of the company with a view to improvement in operational efficiency.
- *Management of more severe risks:* Identification of the imminent risks that require short-term decisions with a view to reduction of volatility in results, higher predictability of returns to the stockholders and decision on treatment of risks.
- *Management of risks and measurement of cost of capital:* Optimal allocation of capital, sensitivity analysis, use of comprehensible modeling systems with well-grounded assumptions.

Thus corporate risk management is a management tool that is part of our corporate governance practices. To be more efficacious, and so as to be included more easily in the organization's culture, we aim to align it with Cemig Distribuição's Strategic Planning Process, which defines the strategic objectives of the company's business.

Other instances of management involved with corporate risk management are: The Corporate Governance Committee, Compliance with the Sarbanes Oxley Law, the Budget Prioritization Committee, Internal Auditing, the Energy Risks Management Committee, the Insurable Risks Committee, the Control and Management Committee, and other functions and processes.

The corporate risk management activities give rise to various products which are of great value in the decision process, as follows:

1- The corporate risk matrix: This presents all the corporate risks mapped and classified as follows: a) Financial Exposure – product of the impact on the business and the probability of occurrence of the risk; and b) Final Exposure, result of the association of the Financial Exposure of the risk weighted by the analysis of its intangible impact.

2 – Matrix of risk factors from the stakeholders' point of view: This is an analysis of the risk factors – circumstances or events which may (or may not) give rise to risks for the corporation – taking into account the factors that influence value from the point of view of these agents. The objective is to make possible an improvement in management based on what each interested party sees as a strategic threat and the identification of risks that have so far not been mapped in the corporate risk matrix.

This process was developed during 2007. In the first stage, the risk factors were identified from the point of view of each stakeholder. In the second stage, we sought to identify whether the corresponding risks had been mapped in the corporate risk matrix, which signaled to us that the company was on the right path in relation to a wide-ranging perception of risk management, in view of the fact that more than 90% of the risks were already mapped. Since this is an improvement tool, the risks identified that had not been mapped in the corporate risk matrix are now being analyzed and included.

**Certification of internal controls**

Because Cemig, the parent company of Cemig Distribuição, has its shares listed on the New York stock exchange, Cemig Distribuição obtained certification of its internal controls for mitigation of risks involved in the preparation and disclosure of the financial statements of the parent company.

Since the activities related to the Certification of Internal Controls are permanent and need to be constantly monitored, the management of Cemig Distribuição, in compliance with the new orientation of the SEC and based on the criteria of the PCAOB, of the *Committee of Sponsoring Organizations of the Treadway Commission (Coso)* and *Control Objectives for Information and Related Technology (Cobit)*, based on review of the existing controls structure, documented the controls in terms of the processes of the business and of the Company, including the controls that are supported by information technology.

A link was established between the potentially significant controls and accounting records in the financial statements for 2007, and the design of the key processes in controls for ensuring mitigation of the risks associated with the preparation and disclosure of the financial statements for the year ended December 31 2007 was validated with our new external auditors, KPMG Auditores Independentes.

**The Ethics Committee and the Reporting Channel**

The Ethics Committee is responsible for assessment of and decision on possible non-compliances, and also for assessing the need for reviews of the Statement of Ethical Principles and Code of Professional conduct. This is one more element of alignment with best Corporate Governance practices, and is also an instrument that meets the orientation of the Sarbanes-Oxley Law of the US ("SOX").

After the creation of the Reporting Channel, in December 2006, the Ethics Committee began to receive anonymous accusations of irregular practices contrary to the company's interest, such as: 1) financial frauds, including adulteration, falsification or suppression of financial, tax or accounting documents; 2) improper appropriation of assets or funds; 3) receipt of undue advantages by managers and employees; and 4) irregular contracting, via the anonymous accusation channel created on Cemig's intranet.

Accusations of an ethical nature are accepted only where there is identification of the accuser, and are processed by the committee itself. Accusations which qualify under items 1 to 4 above are submitted to the Chairman of the Audit Board for measures to be taken.

**MANAGEMENT****Management Systems**

Based on the guidelines laid down by Cemig's Long-term Strategic Plan, Cemig Distribuição translates its Vision, Mission and its own strategic guidelines into all the

processes used in the Balanced Scorecard (BSC). This tool sets out objectives that are inter-related by cause and effect, balancing them between various points of view (groupings by parties interested in the business), translating them into indicators and targets that contribute to achieving the strategy.

This interpretation is carried out by the Superintendents and Managers of Cemig Distribuição, creating the Contribution Panel, and deciding the initiatives that will guide the actions of the various areas to carry out the strategy.

Throughout the company, the Strategic Planning is presented and communicated, as well as contracting of targets, which formalize the performance that is required, and commit managers and employees to the entrepreneurial objectives and results.

In day-to-day operations, practically 90% of the employees of Distribuição work with a management system certified under ISO 9001:2000, which permeates all the main processes of the Distribution business.

The Environmental Measurement System, conceived in the light of ISO 14001:2004, serves more than 130 cities. In the Montes Claros Sales and Services Relationship Management Center, the Integrated Management System was put in place, involving the quality, environment, and health and safety management systems, all of which have internationally-recognized certification.

Also at operational level, the performance of the various areas in relation to reaching of targets is assessed through Critical Analysis Meetings (RACs), which are systematized and aimed to verify compliance with the strategic actions that are planned, ensuring that they continue to be relevant, appropriate and efficacious in relation to continuous improvement of the systems, products, services, and processes involved.

At the strategic level, Contribution and Strategy Meetings (RCEs) and Strategy Analysis Meetings (RAEs) are held. These analyze the strategic plan, assess the performance of the strategic indicators, and macro-initiatives and, based on this, they review actions to obtain better results and achieve the strategic objectives.

Concluding the cycle of the management model, an Internal Audit takes place to assess the integrity, appropriateness and applicability of all the resources used to carry out the processes of the Distribution and Sale business, and also the appropriateness of the routine actions of the management system adopted.

## **Telecoms and IT**

### **Up to date with IT Security**

In 2007 the "Up to Date with IT Security" project was held, with 941 people participating, to disseminate the classification and treatment of Cemig Distribuição's information, improve the level of the company's security, and to ensure certification in the SOX 2008 Audit.

We also highlight the "Fun with Security" project, which aimed to raise the awareness of the children of Cemig Distribuição's employees on the importance of the adoption of information security measures in home use of the computer, and in dealing with the family and professional data of parents.

### **Classification of information**

This project aims to establish criteria for classification and treatment of information of interest to Cemig Distribuição, aiming to protect it from undue access and/or alteration,

prohibitive disclosure and unavailability, taking into account the estimate of the losses that can be caused to the company's business or image by unauthorized access, modification, exclusion and/or disclosure, lack of control and registry or non-availability of information.

The benefits resulting from this include compliance with the legal requirements; protection of Cemig's business, the giving of proper value to information, compliance with the requirements of SOX, and dissemination of the degrees of secrecy and forms of treatment of the company's information to employees, contractors and interns.

#### Digital certification

Studies were carried out for feasibility of a project to identify opportunities for use of digital certification and information cryptography within the needs of the processes of the company's business, thus defining the technical standards to be used and a plan for projects for their implementation.

The main benefits of this type of project are knowledge of opportunities for use of the technology within the company; identification of an opportunity to reduce cost and speed up some processes; definition of technical standards (offering of a structured surface) and security in the storage and transmission of critical information.

#### Client Management System

In April 2006 a project was begun to implement the new Client Management System (the "Evolution" project). This project aims to replace some of the company's principal systems involved in the processing of billing, collection, service, accounting, field services, management of measuring equipment, and issuance and printing of electricity tax invoices and reports.

The aims of this program include greater control and security in the processes of billing and collection, with precise and integrated information to support the control and management of clients.

This project is scheduled to be concluded in the first half of 2008.

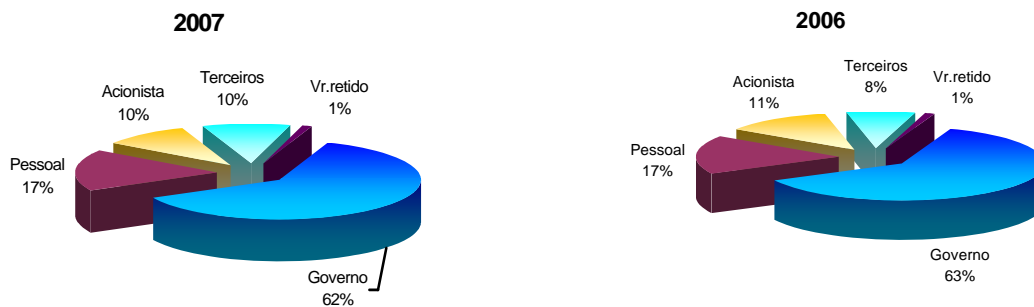
### **SOCIAL RESPONSIBILITY**

#### **Added Value**

The Value Added Statement shows Cemig's importance for society, with the creation of R\$ 6.760 billion in added value in 2007, compared to R\$ 6.600 billion in 2006 – an increase of 2.42%.

The distribution of the added value created by Cemig Distribuição between the various segments can be seen in the charts below, which also clearly show the scale of the part retained by government – 62% of the total in both of 2006 and 2007.

++++**INSERIR**+++      Amount retained   Government   Employees   Stockholders   Other



**Human resources**

Cemig Distribuição has been putting in place its Strategic Human Capital Management System, a model developed from the starting point of the company’s Vision and Mission. Its objective is to align strategic planning and the HR management model with the organizational strategy, incorporating a long-term vision and focusing on actions that add value to the business while favoring integrated management. Performance Management is the link between the “Cemig Distribuição Strategy” and the various processes of HR management, ensuring that the strategic directives are applied in the company.

This aims to develop strategic competencies that lead to improvement in results, both financial and non-financial, through contracting of targets and individual development agreements, aligning the actions of individuals and teams with the organization’s guidelines.

With the implementation of the Performance Management model and a more strategic operation in the area of human resources, it has been possible to create a definitive link between the business strategy and the various processes of management of people, serving as a base for several initiatives and changes in the HR area, such as: reallocations and promotions based on performance, external competitions, the trainee program, internal mobility, various training and personal development programs, management of organizational atmosphere, etc.

Training and development

The Cemig Leadership in Management Program, defined and mapped by the Dom Cabral Foundation jointly with the company, was held in 2007, to develop leadership competencies. This is a continuation of a permanent process that aims to ensure that Cemig Distribuição has available to it people who are capable of leading the transformations of today and the future. Managers and superintendents were trained in the leadership competencies, aiming to reduce the gaps in the exercise of these competencies.

Continuing the corporate objective of having and maintaining a workforce with development that is compatible to its needs, consequently being trained, polished and specialized, in 2007 our Professional Improvement and Training School (EFAP) provided 11,323 participations in technical training to Cemig group employees, as well as 458 participations for employees of other companies. The total of employee-hours trained was 507,590.

In November 2007 the Bureau Veritas Quality International (BVQI) recommended certification of 15 of EFAP's processes. The putting in place of the quality management system at AFAP is one of the challenges of strategic human resources planning, and it aims primarily to achieve continual improvement of its processes, focused on the quality of technical training offered to its internal and external clients.

Training in IT, administration, external training, postgraduate courses, language and other courses continued, to meet the company's constant needs arising from the emergence of new technologies, equipment and work methods.

#### Management of organizational atmosphere

Aware that the achievement of high performance is intimately linked with a healthy and stimulating environment, Cemig Distribuição seeks permanently to manage its internal environment. Within this context, one of the elements of the company's vision is "to be one of the best companies to work in".

In 2006, competing with more than 500 companies, Cemig Distribuição was included in the list of the 150 Best Companies to Work In by *Exame* magazine's *Você S.A.* Guide. In 2007 not only was it once again among the Guide's list of the 150 best companies to work in, but it was considered the best in the category of Largest Companies – those with more than 10,000 employees.

Another tool used to manage satisfaction with the work environment is the Organizational Atmosphere Survey, held every two years with all employees. After the phase of diagnosis and analysis of results, the company carries out planning of actions for improvement, preparing a corporate action plan and individual action plans for the various superintendents' and managers' departments, and this is followed, finally, by a phase of monitoring of the performance of the improvement action plans.

#### Health, well-being and work safety

To disseminate the culture and ensure the desired levels of safety, health and well-being of our own employees, and also outsourced employees, Cemig Distribuição continues its programs started in previous years, and maintains innovative initiatives implementing new projects aimed to ensure the health, safety and well-being of its employees.

Programs continued in the year include the *Energia Vital* Quality of Life program, the disabled inclusion program, vaccination and blood donor programs, seminars on preparation for retirement.

In 2007 Cemig Distribuição carried out various training programs in safety, highlighting those related to electricity, technical courses and recycling, with a total of 254,820 employee-hours of training, as well as organization of workshops, meetings and other training sessions.

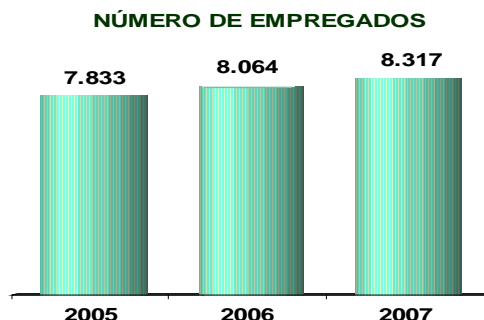
#### Labor and union relations

Over the last four years Cemig Distribuição has been negotiating changes in its remuneration policy with the unions, aiming to integrate the management processes of HR into the company's business strategy. A highlight of this process has been the certification of the company's Labor Relations Department under Brazilian standard NBR ISO 9001:2000.

#### New people

In October 2007, as part of Strategic Human Capital Management, the company created its Internal Mobility Procedure, which responds to demands from various areas of the company where vacancies occur. It aims to provide the maximum benefit to and make use of the company's own employees, in accordance with the criteria in the Jobs and Remuneration Plan, and the provisions of law.

At the end of 2007 Cemig Distribuição had 8,317 employees. 194 new employees were hired in the year.



**Culture and society**

Cemig Distribuição maintains a profound involvement with the society of which it is a part. A central focus is sponsorship of cultural projects and incentive-related donations to initiatives for social empowerment and the improvement of quality of life.

In 2007 Cemig Distribuição invested R\$ 19 million in cultural and social actions, directly benefiting the population of more than 200 municipalities in Minas Gerais. Most of the cultural projects sponsored by Cemig are continuous, or take the form of maintenance of permanent cultural spaces, reinforcing the concept of sustainability, a decisive factor in the construction of the citizen's identity and dignity.

By ensuring that popular theater festivals take place, or taking the artistic expression of Minas Gerais outside Brazil, Cemig Distribuição invests in the transforming force of culture, and reaps, together with a more mature society, comprehension of the best possible use of natural resources, respect for heritage and the common good.

**Environment**

Commitment to the environment and the quality of life of society as a whole is one of the basic principles ruling Cemig Distribuição's activity. Through its studies and actions, it aims to impress upon its employees and partners awareness of the environmental issue. This practice, specified in the company's environmental policy, and present in all its activities, gives value to the employees, increases the value of the company and ensures the sustainable development of society.

In 2007 Cemig Distribuição invested approximately R\$ 7.6 million in environmental projects with facilities and equipment, and new projects.

Materials

Our care in handling materials continued in 2007. Highlights are the recycling of fluorescent lamps and public illumination lamps in the whole of the company's concession area totaling 342,000 lamps; and regeneration of approximately 946,000 liters of insulating oil from de-commissioned transformers.

Urban trees

Within Cemig Distribuição's guidelines for reducing outages caused by urban trees, some 400 of our own staff, and staff of other companies controlled by Cemig Distribuição and prefectures, were trained and qualified in urban tree management, including techniques for pruning urban trees.

Continuing the project in partnership with the municipal prefecture of Belo Horizonte and the Federal Universities of Viçosa and Paraná, 120 trees at risk in the Central-south region of the city were removed, and will be replaced by species planted in accordance with best tree cultivation practices.

In 2007, Cemig Distribuição produced 25,000 saplings, and 300 kg of seeds for urban arborization. All of this material is supplied to prefectures and related companies, free of charge.

We held our Seminar on Urban Tree Management in relation to Electricity Systems in September, 2007. This brought together representatives of prefectures and other electricity distribution concession holders, with presentations by representatives of the Utility Arborist Association and the Society of Municipal Arborists.

**Awards**

Dow Jones

Cemig is the only Latin American company that has been selected by the Dow Jones Sustainability World Index (DJSI World) as the world leader in a sector of the economy worldwide, side-by-side with the giant companies

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of the US and Europe. In the 2007-8 index, Cemig was named the best company in the utilities "supersector" (which includes electricity, gas distribution, water/sewerage and other public utility services worldwide). The DJSI World index was created 8 years ago and has become a worldwide reference for investors and fund managers. Cemig has been included in every edition of the index since its creation.

"Brazil's 150 Best Companies To Work In" – 2007 Exame Guia Você S.A. award

Cemig Distribuição, jointly with Cemig and Cemig Geração and Transmissão S.A., was chosen as the best of Brazil's large companies surveyed by *Exame* magazine's *Você S.A.* Guide's survey "105 Best Companies for you to Work In, in 2007". This is the second time running that Cemig Distribuição has been included in the list of the best companies to work for – indicating the recognition given by our internal public to the success of the internal management practices that we have been putting in place.

#### **FINAL REMARKS**

Cemig Distribuição's management is grateful to Minas Gerais state Governor Dr. Aécio Neves da Cunha for the trust and support he has shown during the year, and also the other federal, state and municipal authorities, the communities served by the company, our stockholders and other investors, and, especially, the dedication of our highly qualified workforce.



## SOCIAL STATEMENT – CEMIG DISTRIBUIÇÃO

1 - Basis of calculations	2007			2006		
	R\$ '000	% of GP	% of NR	R\$ '000	% of GP	% of NR
Net sales revenue (NR) R\$ '000	5.976.411			5.419.054		
Operational profit (OR) R\$ '000	1.450.302			1.056.427		
Gross payroll (GP) R\$ '000	661.125			627.580		
<b>2 - Internal social indicators</b>	<b>R\$ '000</b>	<b>% of GP</b>	<b>% of NR</b>	<b>R\$ '000</b>	<b>% of GP</b>	<b>% of NR</b>
Food	53.206	8,05	0,89	53.349	8,69	0,84
Mandatory charges and payments based on payroll	181.153	27,40	3,03	165.812	27,02	2,63
Private pension plan	73.570	11,13	1,23	115.793	18,87	1,83
Health	23.487	3,55	0,39	21.874	3,56	0,35
Safety and medicine in the workplace	7.903	1,20	0,13	7.429	1,21	0,12
Education	693	0,10	0,01	461	0,08	0,01
Culture	111	0,02	-	-	-	-
Training and professional development	11.196	1,69	0,19	11.295	1,84	0,18
Provision of or assistance for day-care centers	1.230	0,19	0,02	1.157	0,19	0,02
Profit sharing	332.201	50,25	5,56	150.432	24,51	2,38
Other	8.644	1,31	0,14	7.833	1,28	0,12
Internal social indicators - Total	693.394	104,88	11,60	535.435	87,24	8,48
<b>3 - External social indicators</b>	<b>R\$ '000</b>	<b>% of GP</b>	<b>% of NR</b>	<b>R\$ '000</b>	<b>% of GP</b>	<b>% of NR</b>
Education	2.072	0,14	0,03	1.375	-	-
Culture	19.185	1,32	0,32	8.928	0,99	0,14
Other donations/subventions/ASIN project	14.413	0,99	0,24	19.588	2,16	0,31
Total contributions to society	35.670	2,46	0,60	28.516	3,15	0,45
Taxes (excluding payroll taxes)	4.177.810	288,06	69,90	4.163.999	459,61	65,95
External social indicators - Total	4.213.480	290,52	70,50	4.192.515	462,75	66,40
<b>4 - Environmental indicators</b>	<b>R\$ '000</b>	<b>% of GP</b>	<b>% of NR</b>	<b>R\$ '000</b>	<b>% of GP</b>	<b>% of NR</b>
Capital expenditure related to company operations	15.184	1,05	0,25	5.808	0,64	0,09
Investments in external projects or programs	-	-	-	-	-	-
In relation to setting of annual targets to minimize toxic waste and consumption during operations, and increasing the efficacy of use of natural resources, the company	(X) has no targets ( ) meets 0-50% of targets	( ) meets 51-75% ( ) meets 76-100%	(X) has no targets ( ) meets 0-50% of targets	( ) meets 51-75% ( ) meets 76-100%		
<b>5 - Workforce indicators</b>						
Number of employees at end of period			8.317			8.064
Number of hirings during period			194			318
Number of outsourced employees			ND			ND
Number of interns			97			367
Number of employees over 45 years old			3.072			2.437
Number of women employed			1.068			1.030
% of supervisory positions held by women			9,40			7,70
Number of African-Brazilian employees			2.620			2.517
Number of supervisory positions held by African-Brazilians			10,26			8,79%
Number of employees with disabilities			42			ND
<b>6 - Corporate citizenship</b>		<b>2007</b>			<b>Targets for 2008</b>	
Ratio of highest to lowest compensation			20,07			ND
Total number of work accidents <sup>1</sup>			79			ND
Who selects the social and environmental projects developed by the company?	( ) senior management	(x) senior management and functional managers	( ) all employees	( ) senior management	(x) senior management and functional managers	( ) all employees
Who decides the company's work environment health and safety standards?	( ) senior management and functional managers	(x) all employees	( ) All + CIPA	( ) senior management and functional managers	(x) all employees	( ) All + CIPA
In relation to labor union freedom, the right to collective bargaining and/or internal employee representation, the company:	( ) doesn't get involved	(x) follows ILO rules	( ) encourages and follows ILO	( ) will not get involved	(x) will follow ILO rules	( ) will encourage and follow ILO
The company pension plan covers:	( ) senior management	( ) senior management and functional managers	(x) all employees	( ) senior management	( ) senior management and functional managers	(x) all employees
The profit-sharing program covers:	( ) senior management	( ) senior management and functional managers	(x) all employees	( ) senior management	( ) senior management and functional managers	(x) all employees
In selection of suppliers, the standards of ethics and social and environmental responsibility adopted by the company:	( ) are not considered	( ) are suggested	(x) are required	( ) will not be considered	( ) will be suggested	(x) will be required
In relation to volunteer work by employees, the company:	( ) doesn't get involved	( ) supports	(x) organizes and encourages	( ) will not get involved	( ) will support	(x) will organize and encourage
Total number of consumer complaints and criticisms raised:	at Company _NA_	at Procon _NA_	in Court _NA_	at Company _NA_	at Procon _NA_	in Court _NA_
% of complaints and criticisms met or solved:	at Company _NA_%	at Procon _NA_%	in Court _NA_%	at Company _NA_%	at Procon _NA_%	in Court _NA_%
Total added value distributable (R\$ '000)	In 2007:	6.760.189		In 2006:	6.599.978	
Distribution of added value	61,80% government 10,07% employees	17,30% employees 9,49% others 1,34% retained		62,76% government 11,39% employees	16,79% employees 8,46% others 0,60 % retained	
<b>7) Other information</b>						
I. Waste generated is quantified in accordance with corporate procedures for handling, transport, storage and disposal. These procedures are developing in the direction of setting of annual targets for waste reduction into the electrical system.						
II. We highlight the recycling of fluorescent lamps and public illumination throughout the company's concession area, totaling 321.000 lamps in 2007. Also approx. 436.000 liters of insulating oil from deactivated transformers were regenerated by Cemig itself and incorporated into the electrical system.						
III. We quantify electricity and fuel consumption annually and do not have reduction targets. 4.685 tons of material and equipment – 31% more than in 2006 – was sold or recycled. The materials include porcelain insulators, scrap metal from meters, reactors, cables, wires and batteries.						
* Accounted in Investments related to production/operations.						

### CEMIG DISTRIBUIÇÃO IN NUMBERS

	2005	2006	2007
<b>Service</b>			
Number of consumers ( thousands )	6.010	6.240	6.440
Number of employees <sup>(1)</sup>	7.833	8.064	8.317
Number of consumers per employee	767	774	774
Number of locations served	5.415	5.415	5.415
Number of municipalities served	774	774	774
<b>Market</b>			
Concession area ( km <sup>2</sup> )	567.740	569.656	567.478
Average residential consumption (KWh/year)	1.337	1.313	1.313
Average retail tariffs – including ICMS tax (R\$/MWh)			
Residential	474,20	496,62	521,54
Commercial	410,76	436,25	458,85
Industrial	268,52	293,86	308,15
Rural	248,84	265,36	270,61
DEC = Average hours of outages per year	12,21	13,03	13,14
FEC = Average number of outages per year	6,78	6,43	6,39
Average minutes of outages per month per consumer	61	65	66
<b>Operational</b>			
Substations	354	355	358
Sub-transmission lines (km)	16.040	16.376	16.405
Distribution lines (km)			
Urban	84.585	85.480	85.815
Rural	294.815	308.689	337.987
<b>Financial</b>			
Operational revenue – R\$ million	9.275	9.283	9.900
Net operational revenue – R\$ million	6.397	5.419	5.976
Operating margin - %	18,32	19,49	24,27
Ebitda - R\$ million	1.536	1.423	1.867
Net profit – R\$ million	990	770	771
Net profit per thousand shares, R\$	437,72	340,22	340,94
Stockholders' equity - R\$ million	2.312	2.350	2.441
Stockholders' equity per thousand shares	1.022	1.039	1.079
Return on Stockholders' equity - %	43,77	33,29	32,82
Debt / Stockholders' equity - %	300,41	302,02	309,96
Current liquidity	1,10	1,08	1,23
General liquidity	0,87	0,81	0,79

## MEMBERS OF BOARDS

### BOARD OF DIRECTORS

#### Members

Márcio Araújo de Lacerda  
 Djalma Bastos de Moraes  
 Aécio Ferreira da Cunha  
 Alexandre Heringer Lisboa  
 Antônio Adriano Silva  
 Francelino Pereira dos Santos  
 Maria Estela Kubitschek Lopes  
 Wilson Nélio Brumer  
 Wilton de Medeiros Daher  
 Carlos Augusto Leite Brandão  
 Andréa Paula Fernandes Pansa  
 Evandro Veiga Negrão de Lima  
 José Augusto Pimentel Pessôa  
 Haroldo Guimarães Brasil

#### Substitute members

Francisco de Assis Soares  
 Lauro Sérgio Vasconcelos David  
 Eduardo Lery Vieira  
 Franklin Moreira Gonçalves  
 Marco Antônio Rodrigues da Cunha  
 Luiz Antônio Athayde Vasconcelos  
 Fernando Henrique Schüffner Neto  
 Guilherme Horta Gonçalves Júnior  
 Eduardo Leite Hoffmann  
 Maria Amália Delfim de Melo Coutrim  
 Andréa Leandro Silva  
 Nohad Toufic Harati  
 Antônio Renato do Nascimento

### AUDIT BOARD

#### Members

Aristóteles Luiz Menezes Vasconcellos Drummond  
 Luiz Guaritá Neto  
 Luiz Otávio Nunes West  
 Celene Carvalho de Jesus  
 Thales de Souza Ramos Filho

#### Substitute members

Marcus Eolo de Lamounier Bicalho  
 Ronald Gastão Andrade Reis  
 Leonardo Guimarães Pinto  
 Ari Barcelos da Silva  
 Aliomar Silva Lima

### EXECUTIVE BOARD

Name	Position
<b>Djalma Bastos de Moraes</b>	<b>CEO</b>
<b>Agostinho Patrus</b>	<b>Deputy CEO</b>
<b>José Carlos de Mattos</b>	Chief New Business Development Officer
<b>Luiz Fernando Rolla</b>	Chief Officer for Finance, Investor Relations and Control of Holdings
<b>Fernando Henrique Schüffner Neto</b>	<b>Director</b>
<b>José Maria de Macedo</b>	Chief Distribution and Sales Officer
<b>Marco Antonio Rodrigues da Cunha</b>	Chief Corporate Management Officer
<b>Bernardo Afonso Salomão de Alvarenga</b>	Chief Trading Officer

### INVESTOR RELATIONS

#### Investor Relations Office

Telephones: (31) 3506-5024 – 3506-5028  
 Fax: (31) 3506-5025 - 3506-5026

#### Web / email :

Site: [www.cemig.com.br](http://www.cemig.com.br)  
 E-mail: [ri@cemig.com.br](mailto:ri@cemig.com.br)



## Financial Statements

(Source: CVM-DFP 31/12/07)

### Cemig Distribuição S.A. - Corporate Law accounting method, R\$ '000

Holding company	ASSETS	31/12/2007	AV	31/12/2006	AV	31/12/2005	AV
1	Total assets	10.005.365	100,0%	9.447.368	100,0%	9.255.552	100,0%
1.01	Current assets	4.546.342	45,4%	3.835.826	40,6%	3.430.234	37,1%
1.01.01	Cash & cash equivalents	636.286	6,4%	219.115	2,3%	545.221	5,9%
1.01.02	Credits	3.698.715	37,0%	3.482.656	36,9%	2.774.228	30,0%
1.01.02.01	Clients	1.792.043	17,9%	1.714.534	18,1%	1.439.157	15,5%
1.01.02.01.01	Consumers and traders	1.361.636	13,6%	1.408.499	14,9%	1.188.665	12,8%
1.01.02.01.02	Concession holders - power transportation	430.407	4,3%	306.035	3,2%	250.492	2,7%
1.01.02.02	Sundry credits	1.906.672	19,1%	1.768.122	18,7%	1.335.071	14,4%
1.01.02.02.01	Extraordinary Tariff Recomposition (RTE) and Portion "A"	389.259	3,9%	300.555	3,2%	271.800	2,9%
1.01.02.02.02	Taxes subject to offsetting	356.982	3,6%	65.786	0,7%	81.774	0,9%
1.01.02.02.03	Anticipated expenses – CVA	508.222	5,1%	433.642	4,6%	539.321	5,8%
1.01.02.02.04	Tax credits	126.570	1,3%	59.145	0,6%	51.883	0,6%
1.01.02.02.05	PIS, Pasep and Cofins taxes: Regulatory asset	55.247	0,6%	107.959	1,1%	39.168	0,4%
1.01.02.02.06	Deferred tariff adjustment	463.491	4,6%	791.231	8,4%	321.445	3,5%
1.01.02.02.07	Linked funds	6.901	0,1%	9.804	0,1%	29.680	0,3%
1.01.03	Inventories	21.968	0,2%	15.786	0,2%	13.766	0,1%
1.01.04	Others	189.373	1,9%	118.269	1,3%	97.019	1,0%
1.02	Non-current assets	5.459.023	54,6%	5.611.542	59,4%	5.825.318	62,9%
1.02.01	Long term assets	1.427.912	14,3%	1.872.705	19,8%	2.623.260	28,3%
1.02.01.01	Sundry credits	1.401.126	14,0%	1.855.936	19,6%	2.599.172	28,1%
1.02.01.01.01	Extraordinary Tariff Recomposition (RTE) and Portion "A"	687.506	6,9%	878.228	9,3%	1.001.305	10,8%
1.02.01.01.02	Anticipated expenses – CVA	177.211	1,8%	157.612	1,7%	46.549	0,5%
1.02.01.01.03	Tax credits	186.713	1,9%	136.883	1,4%	87.207	0,9%
1.02.01.01.04	Taxes subject to offsetting	43.526	0,4%	202.886	2,1%	153.962	1,7%
1.02.01.01.05	Deposits linked to legal actions	119.079	1,2%	111.931	1,2%	17.343	0,2%
1.02.01.01.06	Consumers and traders	44.469	0,4%	50.357	0,5%	64.190	0,7%
1.02.01.01.07	PIS, Pasep, Cofins taxes – Regulatory assets	60.880	0,6%	190.551	2,0%	374.622	4,0%
1.02.01.01.08	Deferred tariff adjustment	81.742	0,8%	127.488	1,3%	853.994	9,2%
1.02.01.02	Receivable from related parties	5.733	0,1%	7.540	0,1%	21.461	0,2%
1.02.01.02.01	From affiliates and equivalent	0	0,0%	0	0,0%	0	0,0%
1.02.01.02.02	From subsidiaries	0	0,0%	0	0,0%	0	0,0%
1.02.01.02.03	From other related parties	0	0,0%	0	0,0%	0	0,0%
1.02.01.03	Others	21.053	0,2%	9.229	0,1%	2.627	0,0%
1.02.02	Fixed assets	4.031.111	40,3%	3.738.837	39,6%	3.202.058	34,6%
1.02.02.01	Investments	4.261	0,0%	2.795	0,0%	1.756	0,0%
1.02.02.01.01	Holdings in affiliates and equivalent entities	0	0,0%	0	0,0%	0	0,0%
1.02.02.01.02	Goodwill on holdings in affiliates and equivalent entities	0	0,0%	0	0,0%	0	0,0%
1.02.02.01.03	Holdings in subsidiaries	0	0,0%	0	0,0%	0	0,0%
1.02.02.01.04	Goodwill on holdings in subsidiaries	0	0,0%	0	0,0%	0	0,0%
1.02.02.01.05	Other investments	0	0,0%	0	0,0%	0	0,0%
1.02.02.02	Fixed assets	3.847.609	38,5%	3.617.369	38,3%	3.136.050	33,9%
1.02.02.03	Intangible	179.109	1,8%	118.419	1,3%	63.875	0,7%
1.02.02.04	Deferred	132	0,0%	254	0,0%	377	0,0%
Holding company	LIABILITIES	31/12/2007	AV	31/12/2006	AV	31/12/2005	AV
2	Total liabilities	10.005.365	100,0%	9.447.368	100,0%	9.255.552	100,0%
2.01	Current liabilities	3.706.505	37,0%	3.543.311	37,5%	3.118.086	33,7%
2.01.01	Loans and financings	385.050	3,8%	266.981	2,8%	209.171	2,3%
2.01.02	Debentures	17.672	0,2%	15.279	0,2%	0	0,0%
2.01.03	Suppliers	568.392	5,7%	653.502	6,9%	640.809	6,9%
2.01.04	Taxes, charges and contributions	652.937	6,5%	750.183	7,9%	438.340	4,7%
2.01.05	Interest on Equity, and dividends, payable	674.408	6,7%	670.712	7,1%	907.541	9,8%
2.01.06	Provisions	496.348	5,0%	481.771	5,1%	337.233	3,6%
2.01.06.01	Salaries and mandatory charges on payroll	160.365	1,6%	124.102	1,3%	123.106	1,3%
2.01.06.02	Regulatory charges	264.835	2,6%	305.040	3,2%	158.634	1,7%
2.01.06.03	Profit shares	71.148	0,7%	52.629	0,6%	55.493	0,6%
2.01.07	Debt to related parties	2.582	0,0%	0	0,0%	0	0,0%
2.01.08	Others	909.116	9,1%	704.883	7,5%	584.992	6,3%
2.01.08.01	Anticipated expenses – CVA	529.961	5,3%	328.143	3,5%	208.195	2,2%
2.01.08.02	Post-employment obligations	64.238	0,6%	87.369	0,9%	114.866	1,2%
2.01.08.03	Provisions for losses on financial instruments	108.176	1,1%	134.877	1,4%	78.060	0,8%
2.01.08.04	Other obligations	206.741	2,1%	154.494	1,6%	183.871	2,0%
2.02	Non-current liabilities	3.858.318	38,6%	3.554.075	37,6%	3.825.962	41,3%
2.02.01	Long term liabilities	3.858.318	38,6%	3.554.075	37,6%	3.825.962	41,3%
2.02.01.01	Loans and financings	1.670.425	16,7%	1.877.271	19,9%	1.925.946	20,8%
2.02.01.02	Debentures	678.936	6,8%	258.380	2,7%	0	0,0%
2.02.01.03	Provisions	46.529	0,5%	2.664	0,0%	2.885	0,0%
2.02.01.03.01	Provisions for contingencies	46.529	0,5%	2.664	0,0%	2.885	0,0%
2.02.01.04	Debt to related parties	0	0,0%	0	0,0%	0	0,0%
2.02.01.05	Advances against future capital increase	0	0,0%	0	0,0%	0	0,0%
2.02.01.06	Others	1.462.428	14,6%	1.415.760	15,0%	1.897.131	20,5%
2.02.01.06.01	Anticipated expenses – CVA	190.564	1,9%	119.907	1,3%	31.508	0,3%
2.02.01.06.02	Post-employment obligations	824.686	8,2%	890.456	9,4%	935.126	10,1%
2.02.01.06.03	Suppliers	314.989	3,1%	220.040	2,3%	264.123	2,9%
2.02.01.06.04	Taxes, charges and contributions	110.820	1,1%	174.418	1,8%	615.800	6,7%

2.02.01.06.05	Regulatory charges	12.474	0,1%	0	0,0%	36.297	0,4%
2.02.01.06.06	Other obligations	8.895	0,1%	10.939	0,1%	14.277	0,2%
2.02.02	Future earnings	0	0,0%	0	0,0%	0	0,0%
2.04	Stockholders' equity	2.440.542	24,4%	2.349.982	24,9%	2.311.504	25,0%
2.04.01	Registered capital – paid-up	2.261.998	22,6%	2.261.998	23,9%	2.261.998	24,4%
2.04.02	Capital reserves	0	0,0%	0	0,0%	0	0,0%
2.04.03	Revaluation reserves	0	0,0%	0	0,0%	0	0,0%
2.04.03.01	Own assets	0	0,0%	0	0,0%	0	0,0%
2.04.03.02	Subsidiaries, affiliates and equivalent entities	0	0,0%	0	0,0%	0	0,0%
2.04.04	Profit reserves	178.544	1,8%	87.984	0,9%	49.506	0,5%
2.04.04.01	Legal reserve	126.544	1,3%	87.984	0,9%	49.506	0,5%
2.04.04.02	Reserve under Bylaws	0	0,0%	0	0,0%	0	0,0%
2.04.04.03	For contingencies	0	0,0%	0	0,0%	0	0,0%
2.04.04.04	For future earnings	0	0,0%	0	0,0%	0	0,0%
2.04.04.05	Retained earnings	52.000	0,5%	0	0,0%	0	0,0%
2.04.04.06	Special reserve for dividends not distributed	0	0,0%	0	0,0%	0	0,0%
2.04.04.07	Other profit reserves	0	0,0%	0	0,0%	0	0,0%
2.04.05	Retained earnings (loss)	0	0,0%	0	0,0%	0	0,0%
2.04.06	Advances against future capital increase	0	0,0%	0	0,0%	0	0,0%

Holding company	INCOME STATEMENT – 12 MONTHS	31/12/2007	AV	31/12/2006	AV	31/12/2005	AV
3.01	Gross revenue from sales and/or services	9.900.379	165,7%	9.283.286	171,3%	9.274.966	166,9%
3.01.01	Gross revenue from retail supply of electricity	3.307.611	55,3%	3.088.107	57,0%	2.947.074	53,0%
3.01.02	Revenue from use of the network – captive consumers	5.203.317	87,1%	4.877.559	90,0%	4.482.954	80,7%
3.01.03	Revenue from use of the network	1.321.481	22,1%	1.260.721	23,3%	1.200.587	21,6%
3.01.04	Deferred tariff adjustment	0	0,0%	0	0,0%	591.010	10,6%
3.01.05	Other operational revenues	67.970	1,1%	56.899	1,0%	53.341	1,0%
3.02	Deductions from gross revenue	(3.923.968)	-65,7%	(3.864.232)	-71,3%	(3.717.075)	-66,9%
3.03	Net revenue from sales and/or services	5.976.411	100,0%	5.419.054	100,0%	5.557.891	100,0%
3.04	Cost of goods and /or services sold	(4.250.049)	-71,1%	(4.163.240)	-76,8%	(4.022.632)	-72,4%
3.04.01	Electricity purchased for resale	(2.164.173)	-36,2%	(1.981.437)	-36,6%	(1.890.075)	-34,0%
3.04.02	Charges for use of the basic transmission grid	(446.838)	-7,5%	(515.224)	-9,5%	(554.363)	-10,0%
3.04.03	Personnel and managers	(612.650)	-10,3%	(733.944)	-13,5%	(575.162)	-10,3%
3.04.04	Post-employment obligations	(72.827)	-1,2%	(115.793)	-2,1%	(108.358)	-1,9%
3.04.05	Materials	(67.931)	-1,1%	(58.520)	-1,1%	(71.812)	-1,3%
3.04.06	Outsourced services	(350.078)	-5,9%	(291.609)	-5,4%	(280.628)	-5,0%
3.04.07	Depreciation and amortization	(398.199)	-6,7%	(365.517)	-6,7%	(361.301)	-6,5%
3.04.08	Operational provisions	(42.475)	-0,7%	(4.221)	-0,1%	(66.617)	-1,2%
3.04.09	Royalties (Financial compensation for use of water resources)	0	0,0%	(11.581)	-0,2%	(32.790)	-0,6%
3.04.13	Others	(94.878)	-1,6%	(85.394)	-1,6%	(81.526)	-1,5%
3.05	Gross profit	1.726.362	28,9%	1.255.814	23,2%	1.535.259	27,6%
3.06	Operational revenue (expenses)	(268.207)	-4,5%	(10.432)	-0,2%	70.852	1,3%
3.06.01	Selling expenses	(162.828)	-2,7%	(130.429)	-2,4%	(119.930)	-2,2%
3.06.02	General and administrative expenses	(88.680)	-1,5%	(46.199)	-0,9%	(68.460)	-1,2%
3.06.03	Net financial revenues (expenses)	7.853	0,1%	188.955	3,5%	246.423	4,4%
3.06.03.01	Financial revenues (expenses)	666.917	11,2%	768.156	14,2%	882.507	15,9%
3.06.03.02	FINANCIAL EXPENSES	(659.064)	-11,0%	(579.201)	-10,7%	(636.084)	-11,4%
3.06.04	Other operational revenues	0	0,0%	0	0,0%	12.819	0,2%
3.06.05	Other operational expenses	(24.552)	-0,4%	(22.759)	-0,4%	0	0,0%
3.06.06	Equity income from subsidiaries	0	0,0%	0	0,0%	0	0,0%
3.07	Operational profit	1.458.155	24,4%	1.245.382	23,0%	1.606.111	28,9%
3.08	Non-operational revenue (expenses)	(43.027)	-0,7%	(25.500)	-0,5%	(30.716)	-0,6%
3.08.01	Revenues	3.337	0,1%	11.844	0,2%	2.682	0,0%
3.08.02	Expenses	(46.364)	-0,8%	(37.344)	-0,7%	(33.398)	-0,6%
3.09	Profit before taxes and profit sharing	1.415.128	23,7%	1.219.882	22,5%	1.575.395	28,3%
3.10	Provision for income tax and Social Contribution	(456.014)	-7,6%	(407.344)	-7,5%	(98.710)	-1,8%
3.11	Deferred income tax	144.295	2,4%	107.461	2,0%	(299.079)	-5,4%
3.12	Profit sharing and contributions under the Bylaws	(332.201)	-5,6%	(150.432)	-2,8%	(187.477)	-3,4%
3.12.01	Stockholdings	(332.201)	-5,6%	(150.432)	-2,8%	(187.477)	-3,4%
3.12.02	Contributions	0	0,0%	0	0,0%	0	0,0%
3.13	Reversal of Interest on Equity	0	0,0%	0	0,0%	0	0,0%
3.15	Net profit for the period	771.208	12,9%	769.567	14,2%	990.129	17,8%

Holding company	SOURCES AND USES OF FUNDS – 12 MONTHS	31/12/2007	AV	31/12/2006	AV	31/12/2005	AV
4.01	Sources	2.844.444	100,0%	3.002.692	100,0%	2.852.146	100,0%
4.01.01	From operations	953.619	33,5%	1.006.737	33,5%	801.663	28,1%
4.01.01.01	Net profit for the period	771.208	27,1%	769.567	25,6%	990.129	34,7%
4.01.01.02	Amounts not changing Current Assets	182.411	6,4%	237.170	7,9%	(188.466)	-6,6%
4.01.01.02.01	Depreciation and amortization	416.891	14,7%	367.294	12,2%	363.672	12,8%
4.01.01.02.02	Long-term interest and monetary variations	(235.111)	-8,3%	(161.087)	-5,4%	(497.961)	-17,5%
4.01.01.02.03	Deferred income tax and Social Contribution	(144.295)	-5,1%	(107.461)	-3,6%	390.577	13,7%
4.01.01.02.04	Net write-offs of fixed assets	25.207	0,9%	15.093	0,5%	26.141	0,9%
4.01.01.02.05	Post-employment liabilities	73.570	2,6%	115.793	3,9%	111.189	3,9%
4.01.01.02.06	Provision for losses – Extraordinary Tariff Adjustment	2.285	0,1%	7.759	0,3%	82.285	2,9%
4.01.01.02.07	Regulatory assets – PIS, Pasep and Cofins	0	0,0%	0	0,0%	(76.244)	-2,7%
4.01.01.02.08	Provisions for operational losses	43.864	1,5%	-221	-0,0%	2.885	0,1%
4.01.01.02.09	Deferred tariff adjustment	0	0,0%	0	0,0%	(591.010)	-20,7%
4.01.02	From stockholders	0	0,0%	0	0,0%	259.042	9,1%
4.01.02.01	Short term net assets transferred as capital injection	0	0,0%	0	0,0%	259.042	9,1%
4.01.02.02	Capital increase	0	0,0%	0	0,0%	0	0,0%
4.01.03	From third parties	1.890.825	66,5%	1.995.955	66,5%	1.791.441	62,8%
4.01.03.01	Financings obtained	558.874	19,6%	410.212	13,7%	709.407	24,9%
4.01.03.02	Special Obligations	262.437	9,2%	299.370	10,0%	75.873	2,7%
4.01.03.03	Transfers, Long-term: CVA Expenses	107.689	3,8%	4.733	0,2%	249.660	8,8%

4.01.03.04	Transfer, Long-term: PIS, Cofins	129.671	4,6%	184.071	6,1%	66.539	2,3%
4.01.03.05	Transfers, Long-term: Extraordinary Tariff Adjustment	390.483	13,7%	285.926	9,5%	205.109	7,2%
4.01.03.06	Transfers, Long-term: Deferred Tariff adjustment	181.546	6,4%	764.141	25,4%	374.864	13,1%
4.01.03.07	Transfers, Long-term: Tax credits	94.466	3,3%	0	0,0%	33.138	1,2%
4.01.03.08	Reduction in long-term assets	0	0,0%	21.152	0,7%	30.619	1,1%
4.01.03.09	Taxes subject to offsetting	159.360	5,6%	0	0,0%	0	0,0%
4.01.03.10	Others	6.299	0,2%	26.350	0,9%	46.232	1,6%
4.02	Cash investments	2.297.122	100,0%	3.022.325	100,0%	2.539.999	100,0%
4.02.01	Taxes subject to offsetting	0	0,0%	48.924	1,6%	51.636	2,0%
4.02.02	Anticipated expenses – CVA	58.757	2,6%	0	0,0%	114.958	4,5%
4.02.03	On investments	1.466	0,1%	859	0,0%	1.236	0,0%
4.02.04	On fixed assets	995.342	43,3%	1.217.677	40,3%	921.075	36,3%
4.02.05	Interest on Equity and dividends	680.648	29,6%	731.089	24,2%	940.623	37,0%
4.02.06	Transferred to Current – Suppliers	38.249	1,7%	107.510	3,6%	70.591	2,8%
4.02.07	Transfer to Current – Post-employment obligations	139.340	6,1%	160.463	5,3%	156.705	6,2%
4.02.08	Taxes and Social Contribution – transfer to Current	63.598	2,8%	316.282	10,5%	236.409	9,3%
4.02.09	CVA – Transfer to Long-term	0	0,0%	71.386	2,4%	0	0,0%
4.02.10	Transfer to Current – Loans and financings	312.574	13,6%	184.236	6,1%	0	0,0%
4.02.11	Tax credits – transfer to Non-current	0	0,0%	49.676	1,6%	0	0,0%
4.02.12	Payments into Court	7.148	0,3%	94.588	3,1%	17.343	0,7%
4.02.13	Others	0	0,0%	39.635	1,3%	29.423	1,2%
4.03	Increase (decrease) in working capital	547.322		(19.633)		312.147	
4.04	Change in Current assets	710.516		405.592		3.430.233	
4.04.01	Current assets at start of period	3.835.826		3.430.234		1	
4.04.02	Current assets at end of period	4.546.342		3.835.826		3.430.234	
4.05	Change in Current liabilities	(163.194)		(425.225)		(3.118.086)	
4.05.01	Current liabilities at start of period	(3.543.311)		(3.118.086)		0	
4.05.02	Current liabilities at end of period	(3.706.505)		(3.543.311)		(3.118.086)	

Holding company	SELECTED LINES	31/12/2007	31/12/2006	31/12/2005
1.01	Current assets	4.546.342	3.835.826	3.430.234
1.02.01	Long term assets	1.427.912	1.872.705	2.623.260
2.01	Current liabilities	3.706.505	3.543.311	3.118.086
2.01.01	Loans and financings	385.050	266.981	209.171
2.01.02	Debentures	17.672	15.279	0
2.01.07	Debt to related parties	2.582	0	0
2.02.01	Long term liabilities	3.858.318	3.554.075	3.825.962
2.02.01.01	Loans and financings	1.670.425	1.877.271	1.925.946
2.02.01.02	Debentures	678.936	258.380	0
2.02.01.04	Debt to related parties	0	0	0
2.04	Stockholders' equity	2.440.542	2.349.982	2.311.504
3.03	Net revenue from sales and/or services	5.976.411	5.419.054	5.557.891
3.05	Gross profit	1.726.362	1.255.814	1.535.259
3.15	Net profit (loss) for the period	771.208	769.567	990.129

Holding company	FINANCIAL AND ECONOMIC INDICATORS	31/12/2007	31/12/2006	31/12/2005
	ACID TEST RATIO	0,79	0,80	0,87
	CURRENT LIQUIDITY	1,23	1,08	1,10
	TOTAL DEBT	3,10	3,02	3,00
	TOTAL BANK DEBT	1,13	1,03	0,92
	GROSS MARGIN	0,29	0,23	0,28
	NET MARGIN	12,9%	14,2%	17,8%
	RETURN ON EQUITY	46,2%	48,7%	74,9%

## Opinion of external auditors

(Source: CVM-DFP 31/12/07)

To  
The Board of Directors and Stockholders of  
Cemig Distribuição S.A.  
Belo Horizonte, Minas Gerais, Brazil

1. We have examined the balance sheet of Cemig Distribuição S.A. prepared at 31 December 2007, and the related statements of income, changes in stockholders' equity, and sources and uses of funds for the year ended on that date. These were prepared under the responsibility of the Company's Management. Our responsibility is to express an opinion on those financial statements.
2. Our examination was conducted in accordance with auditing standards applicable in Brazil and comprised: (a) planning of the work, taking into account the significance of the balances, the volume of transactions, and the Company's accounting and internal control systems; (b) checking, on a test basis, of the evidence and records that support the amounts and accounting information disclosed; and (c) evaluation of the most significant accounting practices and estimates adopted by the Company's Management, and the presentation of the financial statements taken as a whole.
3. In our opinion, the above-mentioned financial statements adequately represent, in all material aspects, the equity and financial position of Cemig Distribuição S.A. at December 31, 2007, the results of its operations, the changes in its stockholders' equity, and the sources and uses of its funds, for the year ended on that date, in accordance with accounting practices adopted in Brazil.
4. Our examination was carried out with the objective of our forming an opinion on the financial statements, taken as a

whole. The statements of cash flow and added value, presented in Appendices I and II, constitute information complementary to those financial statements. They are not required by accounting practices adopted in Brazil, and are presented to enable additional analysis. This complementary information has been submitted to the same auditing procedures applied to the financial statements and, in our opinion, is properly presented, in all material respects, in relation to the financial statements taken as a whole.

5. The financial statements of Cemig Distribuição S.A. and the complementary statements of cash flow and added value for the year ended December 31, 2006, presented here for comparison, were examined by other auditors, who issued a report without qualification dated February 28, 2007, containing a paragraph of emphasis in relation to the change in the percentage of tariff repositioning as a result of the final tariff adjustment.

March 6, 2008  
KPMG Auditores Independentes  
CRC SP014428/O-6-F-MG  
Marco Túlio Fernandes Ferreira  
Accountant – CRCMG058176/O-0

Rosane Palharim  
Accountant – CRC 1SP220280/O-9-S-MG



## Explanatory Notes

(Source: CVM-DFP 31/12/07)

The Explanatory Notes may can be accessed on the link:

<http://www.pavarini.com.br/RAF-CEMIGD-2007-NOTEX.doc>

## About the Information

The company has kept its registry as a listed company with the CVM, and the information given to the Fiduciary Agent, updated during the period to which this report refers.

## Statement

**Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.** states that it is fully qualified to continue exercising the function of Fiduciary Agent of the Issue. This Fiduciary Agent has no knowledge of any omission or untruth contained in information disclosed by the company nor of any non-compliance with or delay in the obligatory provision of information by the company.

Rio de Janeiro, April 30, 2008

**Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.**  
Fiduciary Agent