A Melhor Energia do Brasil.

EARNINGS RELEASE

2008 and 4Q08

Cemig D

Figures are in R$ million, except where otherwise stated.

Net profit for the year

Cemig Distribuição S.A. ("**Cemig D**") reports net profit of R$ 709 million for 2008, 8.40% lower than its 2007 net profit of R$ 774 million.

Operational revenue

	2008	2007	Change, %
Gross revenue from retail supply of electricity	2,731	3,308	(17.44)
Revenue for use of the network – Captive Consumers	5,820	5,203	11.86
	8,551	**8,511**	**0.47**
Revenue for use of the network – Free Consumers	1,397	1,321	5.75
Other revenues	76	68	11.76
Total	**10,024**	**9,900**	**1.25**

Ebitda

(method of calculation not reviewed by our external auditors)

As this table shows, Ebitda was 11.95% lower than in 2007, and when adjusted for non-recurring items, 11.70% lower.

R$ million	**2008**	**2007**	**Change %**
Net profit	709	774	(8.40)
+ Provision for income tax, Social Contribution and deferred income tax	273	312	(12.50)
+ Financial revenues (expenses)	7	(11)	(163.64)
+ Amortization and depreciation	354	417	(15.11)
+ Employees' profit shares	263	332	(20.78)
= Ebitda	**1,606**	**1,824**	**(11.95)**
Non-recurring items (*)			
- Tariff review – Net revenue	(63)	-	-
+ Tariff review – Operational expense	4	-	-
+ Voluntary Dismissal Program (PPD)	35	-	-
- Energy CVA	-	(29)	-
= **Adjusted Ebitda** (not audited)	**1,582**	**1,795**	**(11.70)**

(*) Non-recurring adjustments reflect the company's interpretation of events which it deems to be extraordinary, not related to current operations.

Retail supply to captive consumers

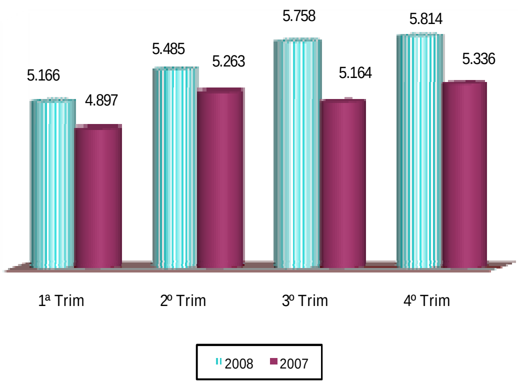
The main factors affecting revenue from final consumers in 2008 were:

- The tariff adjustment of April 8, 2007, *increasing* consumers' average tariffs by 5.16% (full effect in 2008).
- The tariff repositioning from the four-yearly Tariff Review, in effect from April 8, 2008, with average effect on consumers' tariffs of a *reduction* of 12.08%.
- Quantity of electricity invoiced to final consumers 7.57% higher.
- Recognition of non-recurring revenue, relating to financial items for previous years that were included in the tariff, resulting in constitution of a Regulatory Asset with gross value of R$ 67 million in 2008.
- Reduction in revenue from supply of electricity in the last quarter of 2008, reflecting the effects on the Brazilian economy of the retraction in the world economy, the strongest impact being on industrial production.

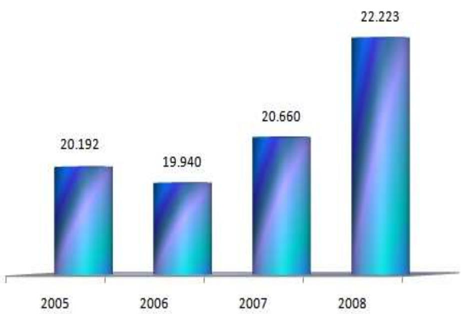
This chart shows quarterly variations in retail supply:

GWh invoiced to final consumers

Quarterly



Annual



Revenue from use of the network – Free Consumers

This revenue is from the Tariff for Use of the Electricity Distribution Systems (TUSD), charged to Free Consumers for transport of the energy sold by other agents in the Company's concession area, principally Cemig GT, and was 5.72% higher in 2008, at R$ 1.397 billion, compared to R$ 1.321 billion in 2007. The increase reflects the average increase of 2.5% in the tariff, and higher demand for electricity in 2008, reflecting the growth in industrial production, especially up to October 2008 – since in the last quarter of the year Brazilian industrial production was negatively affected by the international financial situation.

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 in fact made are compensated for in the subsequent tariff adjustments, and are recorded in Assets and Liabilities.

As from March 2008 the company began to receive, in the tariff, the amounts posted under "Portion A" in Assets. At this point the portion of non-controllable costs that is actually received in the tariff is transferred to Operational expenses, as shown in Explanatory Note 7, Item "b".

Deductions from operational revenues

Deductions from operational revenues were 1.19% higher in 2008, at R$ 3.877 billion, compared to R$ 3.924 billion in 2007. The most significant changes in these expenses are:

The Fuel Consumption Account – CCC

The deduction from revenue for the CCC in 2008 was R$ 330 million, 14.98% more than the R$ 287 million deducted in 2007. This relates to the operational costs of thermal plants in the Brazilian grid and isolated systems, split among electricity concession holders, quantified by a resolution of the regulator, Aneel. This is a non-controllable cost; the amount deducted from revenue is passed through to tariffs.

The Global Reversion Reserve – RGR

The RGR deduction in 2008 was R$ 72 million, compared to R$ 52 million in 2007 – due to the equivalent increase in 2008 in the book value of Fixed assets in service, which is the basis for calculation of this expense.

The Energy Development Account – CDE

The deduction from revenue for the CDE in 2008 was R$ 292 million, vs. R$ 304 million in 2007, a reduction of 3.95%. The amount of this payment is set by a Resolution by the regulator, Aneel. This is a non-controllable cost: the deduction from revenue recorded is the amount actually passed through to the tariff.

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

Operational costs and expenses (excluding financial revenue/expenses)

	2008	2007	Change, %
Non-controllable costs			
Electricity purchased for resale	2,417	2,164	11.69
Royalties for use of water resources	7	3	133.33
Charges for the use of the basic transmission grid	459	447	2.68
	2,883	**2,614**	**10.29**
Controllable costs			
Personnel	748	619	20.84
Post-employment obligations	149	73	104.11
Materials	80	69	15.94
Outsourced services	426	396	7.58
Operational provisions	88	176	(50.00)
Depreciation and amortization	354	417	(15.11)
Other expenses, net	166	205	(19.02)
	2,011	**1,955**	**2.86**
	4,894	**4,569**	**7.11**

The 7.11% increase in operational costs and expenses arises mainly in Energy bought for resale, Personnel expenses and Post-employment obligations, and is partially offset by lower Operational provisions and Depreciation and amortization. For more information on the breakdown of operational costs and expenses, see Explanatory Note 25 to the Financial Statements.

The principal changes in expenses are:

Personnel

Personnel expenses in 2008 total R$ 748 million, vs. R$ 619 million in 2007, an increase of 20.84%. This principally reflects wage increases of 5.00% and 7.26% given to the employees in November 2007 and 2008, respectively, and also lower transfer of personnel costs to Works in progress, due to the smaller capital expenditure program; also a provision for the Voluntary Dismissal Program (PPD), in the amount of R$ 34,931, in 2008 – partially offset by the reduction of 3.43% in the number of employees in 2008. At the end of 2008 Cemig D had 8,031 employees, compared to 8,317 at the end of 2007. The breakdown of personnel expenses can be seen in Explanatory Note 25 to the Financial Statements.

Electricity purchased for resale

The expense on this account in 2008 was R$ 2.417 billion, 11.69% higher than in 2007 (R$ 2.164 billion). This is a non-controllable cost: the deduction from revenue recorded is the value actually passed through to the tariff. There is more information on this expense in Explanatory Note 25 to the Financial Statements.

Charges for the use of the basic transmission grid

The expense on charges for use of the transmission network in 2008 was R$ 459 million, vs. R$ 447 million in 2007, an increase of 2.68%. 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: the deduction from revenue recorded is the value effectively passed through to the tariff.

Post-employment obligations

Expenses on post-employment obligations in 2008 were R$ 149 million, compared to R$ 73 million in 2007, an increase of 104.11%. These expenses basically represent interest on the actuarial liabilities of Cemig Distribution, net of the expected return on the plans' assets, as estimated by an external actuary.

The higher expense in 2008 arises basically from the adjustment to the actuarial assumptions in 2008, with reduction of the interest rates used for discounting the actuarial obligations to present value.

Depreciation and amortization

Deductions from depreciation and amortization totaled R$ 354 million in 2008, compared to R$ 417 million in 2007, a reduction of 15.11%. This result arises from the depreciation of "Special Obligations", from April 8, 2008, the date of the second-cycle tariff review.

Operational provisions

Operational provisions in 2008 totaled R$ 88 million, compared to R$ 176 million in 2007 – a reduction of 50.0%. Contingencies for legal proceedings were reduced by R$ 26 million in 2008, from 2007, and the provision for doubtful receivables was reduced by R$ 33 million. Another reason for the total being lower in 2008 was the provision made in 2007 for DNAEE Ministerial Order 45/86, in the amount of R$ 36 million. More information on these expenses can be seen in Explanatory Notes 19 and 25 to the Financial Statements.

— Financial revenue (expenses)

The company posted net financial *expenses* of R$ 7 million in 2008, compared to net financial *expenses* of R$ 11 million in 2007. The main factors are:

- Revenue from cash investments R$ 42 million higher due to a higher volume of cash invested in 2008.

- Revenue from late payment penalties from clients in arrears 28.04% higher, at R$ 137 million in 2008, vs. R$ 107 million in 2007. The company also recognized revenue of R$ 10.5 million, following payment by large industrial consumers of overdue invoices of previous years which included financial charges.
- Lower revenue in 2008 – R$ 84 million, compared to R$ 202 million in 2007 – from monetary adjustment on amounts receivable under the General Agreement for the Electricity Sector, reflecting the lower value of the regulatory assets in 2008, since part of them had been amortized.
- Revenue from monetary variation and interest on the deferred tariff adjustment in 2008 was R$ 77 million, 40,77% less than its total of R$ 130 in 2007. 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 further explanations please see Explanatory Note 11 to the Financial Statements.
- Increase in the expense on monetary correction of loans and financings in Brazilian currency, R$ 65 million in 2008 compared to R$ 36 million in 2007. This increase arises from the variations in the IPCA and the IGP-M inflation indices over the whole of 2008: the IPCA index rose 5.90% in 2008, compared to 4.46% in 2007; and the IGP-M index rose 9.81% in 2008, compared to 7.75% in 2007.
- Lower expenses on the CPMF tax, due to its being abolished.
- Net losses on foreign exchange variations, net of the offsetting effects relating to financial instruments, of R$ 48 million in 2008, compared to net losses of R$ 3 million in 2007, arising basically on loans and financings in foreign currency. This change is principally due to the appreciation of the dollar against the Real in 2008. in 2008 the dollar appreciated by 31.94% against the Real, where in 2007 it depreciated by 17.15%. For part of the debt in foreign currency the Company made swap transactions substituting the Brazilian domestic CDI rate for the variation in the indexor of the contracts.

There is a breakdown of financial revenues and expenses in Explanatory Note 26 to the Financial Statements.

Income tax and the Social Contribution tax

Cemig D’s expenses on income tax and the Social Contribution in 2008 totaled R$ 273 million, on profit of R$ 1.246 billion before tax effects, a percentage of 21.91%. Cemig D’s expenses on income tax and the Social Contribution in 2007 totaled R$ 312 million, on profit of R$ 1.418 billion before tax effects, a percentage of 22.00%. These effective rates are reconciled with the nominal rates in Explanatory Note 10 to the Financial Statements.

Employees' profit shares

Under the 2008 Collective Labor Agreement Cemig allocated profit shares to its employees totaling R$ 263 million (R$ 332 million in 2007). For further explanations please see Explanatory Note 27 to the Financial Statements.

Tables I to IV

CHART I			
CEMIG D - MARKET (GWh)			
	CAPTIVE MARKET	TUSD	TOTAL ENERGY TRANSPORTED
1Q05	5,192	3,042	8,234
2Q05	5,048	3,923	8,971
3Q05	5,004	3,063	8,067
4Q05	5,065	4,119	9,184
1Q06	5,856	4,050	9,906
2Q06	5,986	4,207	10,193
3Q06	5,069	4,286	9,355
4Q06	5,059	4,194	9,253
1Q07	4,912	4,128	9,040
2Q07	5,267	4,438	9,705
3Q07	5,165	4,516	9,681
4Q07	5,350	4,457	9,807
1Q08	5,175	4,082	9,257
2Q08	5,494	4,364	9,858
3Q08	5,766	4,597	10,363
4Q08	5,823	4,368	10,191

Chart II

Operating Revenues (consolidated) - CEMIG D
Values in million of Reais

	2008	2007	4th Q. 2008	3rd Q. 2008	4th Q. 2007
Sales to end consumers	8,547	8,488	2,048	2,072	2,218
TUSD	1,397	1,321	381	360	365
Subtotal	9,944	9,809	2,429	2,432	2,583
Others	80	91	23	20	41
Subtotal	**10,024**	**9,900**	**2,452**	**2,452**	**2,624**
Deductions	(3,877)	(3,924)	(934)	(935)	(986)
Net Revenues	**6,147**	**5,976**	**1,518**	**1,517**	**1,638**

Chart III

Operating Expenses (consolidated) - CEMIG D
Values in millions of reais

	2008	2007	4th Q. 2008	3rd Q. 2008	4th Q. 2007
Purchased Energy	2,417	2,164	632	605	590
Personnel/Administrators/Councillors	748	619	194	162	154
Depreciation and Amortization	354	417	83	79	112
Charges for Use of Basic Transmission Network	459	447	113	113	109
Contracted Services	426	396	114	110	130
Forluz – Post-Retirement Employee Benefits	149	73	37	37	18
Materials	80	69	23	17	19
Operating Provisions	88	176	26	30	76
Other Expenses	173	208	49	62	62
Total	**4,894**	**4,569**	**1,271**	**1,215**	**1,270**

Chart IV

Statement of Results (Consolidated) - CEMIG D
Values in millions of *reais*

	2008	2007	4th Q. 2008	3rd Q. 2008	4th Q. 2007
Net Revenue	6,147	5,976	1,518	1,517	1,638
Operating Expenses	(4,894)	(4,569)	(1,271)	(1,215)	(1,270)
EBIT	**1,253**	**1,407**	**247**	**302**	**368**
EBITDA	**1,606**	**1,825**	**328**	**381**	**528**
Financial Result	(7)	11	6	(36)	(10)
Provision for Income Taxes, Social Cont & Deferred Income Tax	(274)	(312)	6	(71)	(6)
Employee Participation	(263)	(332)	(215)	(16)	(284)
Net Income	**709**	**774**	**44**	**179**	**68**

Adjusted values as measured in Provisional. 449/08. The non-segregation results in operational and not operational, in the process of convergence with international standards organization must submit the "other income / expenditure" in the task and not following the line of "operating profit". Thus the calculation of Operating Income and other indicators, such as EBITDA, were modified.