Distribuição S.A.

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CEMIG Distribuição S.A.

BALANCE SHEETS

AT MARCH 31, 2008 AND DECEMBER 31, 2007

ASSETS

(R$ ’000)

	31/03/2008	31/12/2007
CURRENT		
Cash and cash equivalents (Note 3)	928,196	636,286
Consumers and resellers (Note 4)	1,349,422	1,361,636
Concession holders - power transportation	446,836	430,407
Extraordinary Tariff Recomposition, and Portion “A” (Note 6)	320,201	389,259
Taxes subject to offsetting (Note 8)	437,386	356,982
Anticipated expenses – CVA (Note 7)	139,791	508,222
Tax credits (Note 9)	126,276	126,570
Regulatory asset – PIS, Pasep and Cofins (Note 11)	61,224	55,247
Deferred tariff adjustment (Note 10)	432,616	463,491
Inventories	15,599	21,968
Others	283,840	196,274
TOTAL, CURRENT	4,541,387	4,546,342
NON-CURRENT		
Long term assets		
Extraordinary Tariff Recomposition, and Portion “A” (Note 6)	702,018	687,506
Anticipated expenses – CVA (Note 7)	651,616	177,211
Tax credits (Note 9)	178,644	186,713
Taxes subject to offsetting (Note 8)	49,947	43,526
Deposits linked to legal actions	119,802	119,079
Consumers and resellers (Note 4)	40,480	44,469
Deferred tariff adjustment (Note 10)	12,201	81,742
Regulatory asset – PIS, Pasep and Cofins (Note 11)	-	60,880
Receivable from related parties	4,098	5,733
Other credits	25,513	21,053
TOTAL, NON-CURRENT	1,784,319	1,427,912
Fixed assets		
Investments	4,259	4,261
PP&E (Note12)	3,794,634	3,847,609
Intangible (Note 12)	187,186	179,109
Deferred	102	132
Total fixed assets	3,986,181	4,031,111
TOTAL NON-CURRENT	5,770,500	5,459,023
TOTAL ASSETS	10,311,887	10,005,365

The Explanatory Notes are an integral part of the financial statements.

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BALANCE SHEETS

AT MARCH 31, 2008 AND DECEMBER 31, 2007

LIABILITIES

(R$ ’000)

	31/03/2008	31/12/2007
CURRENT		
Loans and financings (Note 15)	423,644	385,050
Debentures (Note 15)	33,009	17,672
Suppliers (Note 13)	514,173	568,392
Taxes, charges and contributions (Note 14)	774,519	652,937
Interest on equity and dividends	646,667	674,408
Salaries and mandatory charges on payroll	137,141	160,365
Regulatory charges (Note 16)	273,684	264,835
Profit shares	22,483	71,148
Post-employment obligations (Note 17)	57,816	64,238
Regulatory liabilities – CVA (Note 7)	246,172	529,961
Provision for losses on financial instruments (Note 27)	115,467	108,176
Others	180,209	209,323
TOTAL, CURRENT	3,424,984	3,706,505
NON-CURRENT		
Long term liabilities		
Loans and financings (Note 15)	1,661,337	1,670,425
Debentures (Note 15)	692,997	678,936
Contingency provisions (Note 18)	54,388	46,529
Suppliers (Note 13)	327,689	314,989
Post-employment obligations (Note 17)	826,877	824,686
Taxes, charges and contributions (Note 14)	112,939	110,820
Regulatory assets – CVA (Note 7)	472,826	190,564
Regulatory charges (Note 16)	17,829	12,474
Others	8,820	8,895
TOTAL, NON-CURRENT	4,175,702	3,858,318
STOCKHOLDERS’ EQUITY (Note 19)		
Registered capital	2,261,998	2,261,998
Profit reserves	178,544	178,544
Retained earnings	270,659	-
TOTAL STOCKHOLDERS' EQUITY	2,711,201	2,440,542
TOTAL LIABILITIES	10,311,887	10,005,365

The Explanatory Notes are an integral part of the financial statements.

CEMIG
Distribuição S.A.

INCOME STATEMENT – 12 MONTHS

FOR THE QUARTERS ENDING MARCH 31, 2008 AND 2007

(R$ ’000, except net profit per thousand shares)

	31/03/2008	31/03/2007 Reclassified
OPERATIONAL REVENUE		
Gross revenue from retail supply of electricity (Note 20)	843,605	669,077
Revenue for use of the network – Captive Consumers (Note 20)	1,499,742	1,251,433
Revenue for use of the network – Free Consumers (Note 21)	315,032	313,102
Other operational revenues (Note 22)	17,555	14,378
	2,675,934	2,247,990
DEDUCTIONS FROM OPERATIONAL REVENUE (Note 23)	(1,028,152)	(950,810)
NET OPERATIONAL REVENUE	1,647,782	1,297,180
COST OF ELECTRICITY SERVICE		
Cost of electricity (Note 24)		
Electricity purchased for resale	(577,738)	(440,021)
Charges for the use of the basic transmission grid	(119,994)	(116,984)
	(697,732)	(557,005)
Cost of operation (Note 24)		
Personnel and managers	(177,085)	(154,057)
Post-employment obligations	(33,813)	(18,076)
Materials	(21,715)	(17,293)
Outsourced services	(89,717)	(69,388)
Depreciation and amortization	(108,169)	(94,725)
Operational provisions	(8,272)	(32,072)
Others	(17,331)	(19,145)
	(456,102)	(404,756)
TOTAL COST	(1,153,834)	(961,761)
GROSS PROFIT	493,948	335,419
OPERATIONAL EXPENSE (Note 24)		
Selling expenses	(34,679)	(25,159)
General and administrative expenses	(34,216)	(13,988)
Other operational expenses	(6,285)	(6,526)
	(75,180)	(45,673)
OPERATIONAL PROFIT (BEFORE FINANCIAL REVENUE/EXPENSES)	418,768	289,746
Net financial revenues *(Note 25)*	10,541	10,715
OPERATIONAL PROFIT	429,309	300,461
NON-OPERATIONAL PROFIT (LOSS)	(1,464)	(9,350)
NET PROFIT BEFORE TAX AND PROFIT SHARES UNDER THE BYLAWS	427,845	291,111
Income tax and Social Contribution (Note 9b)	(174,518)	(148,227)
Deferred income tax and Social Contribution (Note 9b)	33,487	53,356
Employees’ and Managers’ Shares in profit / results	(16,155)	(15,842)
Net profit for the year	270,659	180,398
Net profit per thousand shares **– R$**	119.65	79.75

The Explanatory Notes are an integral part of the financial statements.

EXPLANATORY NOTES TO THE QUARTERLY INFORMATION (ITR)

FOR THE QUARTERS ENDING MARCH 31, 2008 AND 2007
In R$ $ ’000, except where otherwise stated.

1) – OPERATIONAL CONTEXT

Cemig Distribuição S.A. (“the company” or “Cemig Distribuição”) is a Brazilian corporation registered with the Brazilian Securities Commission (CVM) for listing, and a wholly-owned subsidiary of Companhia Energética de Minas Gerais – Cemig (“Cemig”). It was created on September 8, 2004 and started operating on January 1, 2005, following the segregation of Cemig’s business activities.

Cemig Distribuição has a concession area of 567,478km^2, approximately 97% of Minas Gerais state, serving 6,476,950 consumers as of March 31, 2008. (Information not reviewed by our external auditors).

The Company was registered for listing by the CVM on September 25, 2006, but it should be emphasized that its shares are not traded on stock exchanges.

2) – PRESENTATION OF THE QUARTERLY INFORMATION

The quarterly financial statements were prepared according to accounting principles adopted in Brazil, namely: the Brazilian Corporate Law; rules of the Brazilian Securities Commission (CVM – Comissão de Valores Mobiliários); and rules of the specific legislation applicable to holders of electricity concessions, issued by the National Electricity Agency, Aneel.

The quarterly financial statements were prepared according to accounting principles, methods and criteria that are uniform in relation to those adopted on December 31, 2007.
The statements of cash flow were prepared in accordance with the criteria of FAS 95 – *Statement of Cash Flows*, with references made to the format of presentation, in connection with that of the group’s holding company, Companhia Energética de Minas Gerais – Cemig (“Cemig”) in the context of registry of the financial statements with the Securities and Exchange Commission (SEC).

As a result of inclusion in the Company's Bylaws in 2007 of a provision for payment of profit shares to the employees and managers of the company, this profit share has now begun to be posted as an amount reducing *Net profit before tax and profit shares*, where in 2007 it was posted under *Personnel expenses*.

Change in the Brazilian Corporate Law

On December 28, 2007, Law 11638/07 was passed, altering, repealing and creating new provisions in the Brazilian Corporate Law, in the chapter relating to disclosure and preparation of financial statements. Among other aspects, this changes the criterion for recognition and valuation of certain assets and liabilities. These changes in accounting practices come into effect as from January 1, 2008.

The aim of these changes is to increase the transparency of financial statements of Brazilian companies and eliminate some regulatory barriers that were an obstacle to the process of convergence of these financial statements with international financial reporting standards (IFRS):

The main changes to the Law, coming into effect as from 2008, with the possibility of impacting the company's financial statements, are as follows:

- Replacement of the *Statement of origins and uses of funds* by the *Cash flow statement*.

- Inclusion of the *Added value statement* in the group of financial statements prepared, disclosed and which are to be approved by the Ordinary General Meeting of Stockholders.

- A new possibility was created, further to that originally specified in the Corporate Law, of separation of trading reporting and tax reporting, by establishing the alternative for the company of adopting in its trading reporting, and not only in auxiliary books, the provisions of the Tax Law, provided that, immediately after the calculation of the taxable profit base amount, the necessary adjustments are made for the financial statements to be in harmony with the Corporate Law and the fundamental principles of accounting.

- Creation of two new subgroups of accounts: *Intangible*, in permanent assets, and *Adjustments to valuations of assets and liabilities* in Stockholders' equity. The subgroup of "*Adjustments to valuation of assets and liabilities*" will essentially have the purpose of containing the counterpart of certain valuations of assets at market price, the valuation of certain financial instruments and, also, conversion adjustments as a result of FX variation on holdings in companies outside Brazil, still pending specific regulation by the CVM (Securities Commission).

- New criteria for classification and valuation of investments and financial instruments, including derivatives. These financial instruments will be classified in three categories (*Held for trading, Held to maturity* and *Available for sale*) and their valuation at cost plus return or at market value will be made as a function of their classification in one of these categories.

- Introduction of the concept of *Adjustment to present value* for long-term asset and liability transactions and for significant short-term transactions, still awaiting specific regulation by the CVM.

- In absorption, merger or split transactions (combination of companies), when carried out between non-related parties and linked to effective transfer of control, all the assets and liabilities of the absorbed, split or merged company must be identified, valued and accounted at market value.

- Elimination of the possibility of spontaneous revaluations of fixed assets.

As communicated to the market, the CVM intends, by the end of 2008, to complete its process of issue of regulations for the provisions of the corporate law that were altered and which need regulation, and will review all its normative acts that deal with accounting matters, so as to verify and eliminate any divergences in relation to the specific alterations produced by the new law.

The Company's management is in the process of assessing the effects that the alterations mentioned above will produce on its stockholders' equity and profit for the year of 2008, and will also take into consideration the orientations and definitions to be issued by the regulatory bodies.

CEMIG Distribuição S.A.

Reclassification of accounting balances

The following alterations have been made for the purposes of comparability in the amounts previously presented in the financial statements for 2007:

Original line		Reclassified to	
Operational costs – Cost of operation		**Net profit**	
Personnel and managers	15,842	Employees' profit shares	(15,842)

3) – CASH AND CASH EQUIVALENTS

	31/03/2008	31/12/2007
Bank accounts	10,506	245,398
Cash investments	917,690	390,888
	928,196	**636,286**

Cash investments consist of transactions carried out with Brazilian financial institutions, contracted on normal market conditions and under normal market rates, and are available to be used in the Company's operations.

4) – CONSUMERS AND RESELLERS

Consumer type	Balances not yet due	Up to 90 days past due	More than 90 days past due	Total 31/03/2008	Total 31/12/2007
Residential	388,637	169,651	78,107	636,395	607,386
Industrial	134,124	23,441	144,750	302,315	314,527
Commercial, services and others	209,855	60,543	60,498	330,896	321,801
Rural	62,838	19,265	20,083	102,186	104,006
Public authorities	39,710	7,783	8,236	55,729	58,767
Public illumination	91,255	6,877	9,757	107,889	112,993
Public service	32,385	15,195	5,627	53,207	52,604
Subtotal – Consumers	958,804	302,755	327,058	1,588,617	1,572,084
Wholesale supply to other concession holders	1,235			1,235	13,392
Provision for doubtful receivables			(240,430)	(240,430)	(223,840)
	960,039	**302,755**	**86,628**	**1,349,422**	**1,361,636**

Receivables in the amount of R$ 44,480 are recorded in Non-current assets at March 31, 2008 (R$ 44,469 at December 31, 2007), in relation to the renegotiation of receivables owed by Copasa (Minas Gerais Water Company) and the prefecture of Belo Horizonte, to be paid by September 2012 and March 2010, respectively.

Credits receivable from an industrial consumer in the amount of R$ 45,778, not paid due to an injunction that allowed this payment not to be made until final judgment of a legal action challenging the tariff increase during the Cruzado Economic Plan, by Ministerial Order 045/86, are recorded in the accounts. The Company expects this action to be concluded before the end of 2008, and expects that the amounts referred to will be received in full.

According to rules laid down by Aneel, the criteria for constitution of provisions are as follows: (i) for consumers with significant debts payable, an individual analysis is made of the balance, taking into account the history of default, negotiations in progress and the existence of real guarantees; (ii) for other consumers, the debts receivable and unpaid for more than 90 days from residential consumers, more than 180 days from commercial consumers and more than 360 days for the other consumer categories are provisioned in full.

The provision for doubtful credits made is considered to be sufficient to cover any losses in the realization of these assets.

5) – REGULATORY ASSETS AND LIABILITIES

The General Agreement for the Electricity Sector, signed in 2001, and the new regulations governing the electricity sector, result in the constitution of several regulatory assets and liabilities, and also in deferral of federal taxes applicable to these assets and liabilities (which are settled as and when the assets and liabilities are received and/or paid), as shown here:

	31/03/2008	31/12/2007
Assets		
Extraordinary Tariff Recomposition, and Portion "A" – Note 6	1,022,219	1,076,765
Deferred tariff adjustment – Note 10	444,817	545,233
PIS, Pasep and Cofins – Nota 11	61,224	116,127
Pre-paid expenses – CVA – Note 7	791,407	685,433
Review of Tariff for Use of the Network –TUSD	3,089	3,089
Discounts on the TUSD	30,064	-
Subsidy for low-rental consumers	148,624	116,361
"Light for Everyone" program	50,435	-
Other regulatory assets	13,469	3,327
	2,565,348	2,546,335
Liabilities		
Suppliers – Passthrough to generators for supply of free energy – Note 13	(327,689)	(338,357)
Regulatory charges – CVA – Note 7	(718,998)	(720,525)
Review of Tariff for Use of the Network –TUSD	(15,955)	(15,955)
Other regulatory assets	(9,099)	-
	(1,071,741)	(1,074,837)
Taxes, Charges and Contributions – Deferred liabilities – Note 14	(243,567)	(320,168)
	(1,315,308)	(1,395,005)
	1,250,040	**1,151,330**

6) – THE EXTRAORDINARY TARIFF RECOMPOSITION, AND PORTION "A"

a) The Extraordinary Tariff Recomposition

Resolution 91 of the Emergency Electricity Council (GCE), of December 21, 2001 and Law 10438 of April 26, 2002, established the procedures for implementation of the Extraordinary Tariff Recomposition (RTE), coming into force on December 27, 2001. The tariff adjustments were set by Resolution 130 of the GCE, on April 30, 2002, as follows:

- Adjustment of 2.90% for consumers in the residential classes (excluding low-rental consumers), and the rural, public-illumination and industrial high-voltage consumer classes for whom the cost of electricity represents 18.00% or more of the average cost of production and which meet certain requirements related to load factor and electricity demand, specified in the Resolution.

- Increase of 7.90% for other consumers.

The RTE described above is being used to compensate the following items:

- Losses of invoiced sales revenue in the period from June 1, 2001 to February 28, 2002, corresponding to the difference between estimated revenue if the rationing program had not been put in place and the actual revenue while the program was in place, according to a formula published by Aneel. Calculation of this value did not take into account any losses from default by consumers.

- Passthrough to be made to the generators who bought energy in the MAE – which was succeeded in 2004 by the Electricity Sale Chamber (the "CCEE/MAE"), in the period from June 1, 2001 to February 28, 2002, with price in excess of R$ 49.26/MWh (referred to as "Free Energy").

The period of validity of the RTE, of 74 months, expired in February 2008, and the company has accounted losses of R$ 93,935 as a result of this period not having been long enough for the total of the assets relating to the rationing-related losses to be received. Also due to the ending of this period, the company ceased to transfer amounts relating to the "Free Energy"-related losses to the generators.

b) Portion "A"

The items of Portion "A" are defined as being the sum of the differences, positive or negative, in the period January 1 to October 25, 2001, between the amounts of the non-manageable costs presented on the basis of the calculation for determination of the last annual tariff adjustment and the disbursements which effectively took place in the period.

The recovery of "Portion A" began in March 2008, immediately after the ending of the period of validity of the RTE, using the same mechanisms of recovery, that is to say, the adjustment applied to tariffs for compensation of the amounts of the RTE will continue, for compensation of the items of "Portion A".

The Portion "A" credits are updated by the variation in the Selic rate up to the month in which they are actually offset.

As and when the amounts of "Portion A" are received in the tariff, the company transfers the corresponding amount, posted in assets, to the income statement, as follows:

Amounts transferred to expenses	**31/03/2008**
Energy bought for resale	523
Fuel Consumption Account (CCC)	7,106
RGR – Global Reversion Reserve	710
Tariff for transport of electricity from Itaipu	15,523
Tariff for use of the grid transmission facilities	2,148
Financial compensation for use of water resources	630
	67
	26,707

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c) Composition of the balances of the RTE and Portion “A”

	31/03/2008			31/12/2007
	Principal	Updated by Selic	Total	Total
Replacement of billing losses (1)	713,391	593,775	1,307,166	1,304,883
Amounts billed	(662,126)	(551,105)	(1,213,231)	(1,177,077)
	51,265	42,670	93,935	127,806
(-) Provisions for losses on realization of the RTE	(51,265)	(42,670)	(93,935)	(92,329)
	-	-	-	35,477
Reimbursement of expenditure on free energy of the generators (2)	419,229	383,088	802,317	795,574
Amounts billed	(250,390)	(228,805)	(479,195)	(461,708)
Total RTE	168,839	154,283	323,122	333,866
Compensation for items of Portion “A” (3)	245,299	480,505	725,804	707,422
Amounts billed	(9,026)	(17,681)	(26,707)	-
	236,273	462,824	699,097	707,422
Total of RTE and Portion “A”	**405,112**	**617,107**	**1,022,219**	**1,076,765**
Current assets			320,201	389,259
Non-current assets			702,018	687,506

The amounts of the RTE to be passed through to the generators relating to “Free Energy”, posted in Liabilities, in the Suppliers account (Note 13), are:

	31/03/2008			31/12/2007
	Principal	Updated by Selic	Total	Total
Amounts to be passed through to generators (2)	419,229	369,202	788,431	782,320
(-) Amounts passed through	(244,988)	(215,754)	(460,742)	(443,963)
	174,241	**153,448**	**327,689**	**338,357**
Current liabilities			-	23,368
Non-current liabilities			327,689	314,989

1) Amounts homologated by Aneel Resolutions 480 and 481 of 2002, and 001 of 2004,
2) Amounts homologated by Aneel Resolutions 001 and 045 of 2004,
3) Amounts homologated by Aneel Resolutions 482 of 2002 and 001 of 2004.

7) – ANTICIPATED EXPENSES AND REGULATORY LIABILITIES – CVA

The balance on the Account to Compensate for Variation of "Portion A" items ("CVA") refers to the positive and negative variations between the estimate of Cemig's non-manageable costs, used for deciding the tariff adjustment, and the payments actually made. The variations ascertained are compensated in the subsequent tariff adjustments.

	Balance on 31/12/2007	Amounts deferred (1)	Amortization (2)	Monetary updating (3)	Balance on 31/03/2008
Energy bought for resale	(36,290)	76,368	(22,400)	2,362	20,040
Fuel Consumption Account (CCC)	(27,042)	3,470	12,364	(694)	(11,902)
Charge for System Service (ESS)	19,878	41,085	(2,043)	(185)	58,735
Tariff for transport of electricity from Itaipu	(745)	(152)	599	(87)	(385)
Tariff for use of transmission facilities that are part of the basic grid	(11,654)	(10,508)	8,359	(925)	(14,728)
Royalties for use of water resources	3,120	-	(417)	-	2,703
Energy Development Account (CDE)	10,193	(2,614)	406	(36)	7,949
Alternative Energy Program – Proinfa	7,448	3,971	(1,403)	(19)	9,997
	(35,092)	111,620	(4,535)	416	72,409

	31/03/2008	31/12/2007
Current assets	139,791	508,222
Non-current assets	651,616	177,211
Current liabilities	(246,172)	(529,961)
Non-current liabilities	(472,826)	(190,564)
	72,409	(35,092)

(1) Refers to the part of non-controllable costs that comprises the CVA and was not included in revenue, and thus excluded from profit.
(2) Refers to the non-controllable costs transferred to the income statement due to their inclusion in Cemig Distribuição's revenue through the tariff adjustment.
(3) Refers to the updating, by the Selic rate variation, from the day of payment of the expense to the date of its actual compensation in the tariff adjustment.

8) – TAXES SUBJECT TO OFFSETTING

	31/03/2008	31/12/2007
Current		
ICMS recoverable	102,121	102,121
Income tax	230,882	124,335
Social Contribution	98,732	60,782
COFINS	4,587	58,629
PASEP	917	11,069
Others	147	46
	437,386	356,982
Non-current		
ICMS recoverable	49,947	43,526
	487,333	**400,508**

The balances of income tax and Social Contribution refer to tax credits in corporate income tax returns of previous years, and payments made in 2008, which will be offset in the income tax and Social Contribution payable in the year.

The credits of ICMS recoverable, posted in Long term assets, arise from acquisitions of fixed assets and are offset in 48 months. The company is in the process of adaptation to the new requirements for electronic information laid down by the government of the state of Minas Gerais, which will allow for the offsetting of the credits as from 2008.

9) – TAX CREDITS

Deferred income tax and Social Contribution

Cemig Distribuição has deferred income tax credits posted in Current assets and Non-current assets, constituted at the rate of 25.00%, and deferred Social Contribution credits, at the rate of 9.00%, as follows:

	31/03/2008	31/12/2007
Tax credits on temporary differences		
Post-employment obligations	42,319	40,795
Provision for doubtful receivables	92,941	87,300
Contingency provisions	18,446	15,820
Provisions for losses on realization of amounts receivable under the Extraordinary Tariff Recomposition and Free Energy	31,938	31,392
Provision for Pasep and Cofins taxes – Extraordinary Tariff Recomposition	13,915	18,128
Financial instruments	50,252	46,527
Exchange rate variation	49,616	49,456
Others	5,493	23,865
	304,920	**313,283**
Current assets	126,276	126,570
Non-current assets	178,644	186,713

At its meeting on March 6, 2008, the Board of Directors approved the technical study prepared by the office of the Chief Officer for Finance, Investor Relations and Control of Holdings of Cemig Distribuição on the forecasts for future profitability adjusted to present value, which show capacity for realization of the deferred tax asset in a maximum period of 10 years, as defined in CVM Instruction 371. This study was also submitted to examination by Cemig Distribuição's Audit Board on March 06, 2008.

In accordance with the estimates of Cemig Distribuição, future taxable profits enable the deferred tax asset existing on March 31, 2008 to be realized according to the following estimate:

	31/03/2008
2008	106,337
2009	79,754
2010	30,138
2011	30,138
2012	30,139
2013 to 2015	19,952
2016 and 2017	8,462
	304,920

b) Reconciliation of the expense on income tax and Social Contribution:

The reconciliation of the nominal expense on income tax (rate 25%) and Social Contribution (rate 9%) with the actual expense shown in the Income Statement is as follows:

	31/03/2008	31/03/2007 (reclassified)
Profit before income tax and Social Contribution	427,845	291,111
Income tax and Social Contribution – nominal expense	(145,467)	(98,977)
Tax effects applicable to:		
Employees' profit shares	5,492	5,386
Non-deductible contributions and donations	(1,014)	(821)
Others	(42)	(459)
Income tax and Social Contribution – effective expense	**(141,031)**	**(94,871)**

10) – DEFERRED TARIFF ADJUSTMENT

Aneel's decision on the periodic tariff revision of the company was brought into force through Homologating Resolution 71, published with backdated effect on April 4, 2004.

The periodic tariff review includes the repositioning of the electricity retail supply tariffs at a level compatible with the preservation of the economic-financial equilibrium of the concession contract, providing sufficient revenue to cover efficient operational costs and adequate remuneration of the investments.

The average adjustment applied to Cemig's tariffs on April 8, 2003, on a provisional basis, was 31.53%. However, as described in the Resolution mentioned, the final tariff repositioning for Cemig should be 44.41%. The percentage difference of 12.88% is being compensated in the tariffs.

The last installment for receipt of the difference between the tariffs adjustments was authorized on April 8, 2008 and included in the tariff adjustment which took place on April 8, 2008.

	31/03/2008	31/12/2007
Deferred tariff adjustment – since April 8, 2003	949,612	949,612
Interest (defined by Aneel – 11.26% p.a.)	447,881	434,188
Monetary updating – IGP-M Inflation Index	201,967	189,763
(-) Amounts raised	(1,154,643)	(1,028,330)
	444,817	545,233
Current assets	432,616	463,491
Non-current assets	12,201	81,742

Additionally, deferred taxes applicable to actual revenue were recognized, the balance of which on March 31, 2008 was R$ 192,383.

11) – REGULATORY ASSET – PIS, PASEP AND COFINS

Federal Laws 10637 and 10833 changed the bases of application, and increased the rate, of the PIS/Pasep and Cofins taxes. As a result of these alterations there was an increase in PIS/Pasep expenses from December 2002 to March 2005 and in expenses on the Cofins tax from February 2004 to June 2005.

In view of the fact that this increase in the expense should be repaid to the company, the credits were registered, in accordance with a criterion defined by Aneel, as a regulatory asset and there was a counterpart reduction in the expense on PIS/Pasep and Cofins taxes.

This regulatory asset is being reimbursed to the company through the tariff adjustments in the period of 2005 to 2008.

12) – ASSETS AND INTANGIBLE ASSETS

	Historic cost	Accumulated depreciation	Net value 31/03/2008	Net amounts 31/12/2007
In progress	**9,781,399**	**(4,300,387)**	**5,481,012**	**5,507,981**
- Distribution	9,417,166	(4,055,386)	5,361,780	5,381,815
Intangible	11,222	(525)	10,697	10,461
Land	18,184	-	18,184	17,953
Reservoirs, dams and water courses	241,184	(119,435)	121,749	123,315
Machines and equipment	9,075,800	(3,896,452)	5,179,348	5,195,752
Vehicles	60,378	(28,764)	31,614	34,132
Furniture and utensils	10,398	(10,210)	188	202
- Administration	364,233	(245,001)	119,232	126,166
Intangible	109,888	(66,271)	43,617	47,596
Land	1,177	-	1,177	1,177
Reservoirs, dams and water courses	44,047	(25,626)	18,421	18,442
Machines and equipment	156,299	(107,153)	49,146	51,501
Vehicles	32,728	(27,451)	5,277	5,799
Furniture and utensils	20,094	(18,500)	1,594	1,651
In progress	**924,029**	-	**924,029**	**969,453**
- Distribution	729,573	-	729,573	785,885
Fixed assets	690,253	-	690,253	749,099
Intangible	39,320	-	39,320	36,786
- Administration	194,456	-	194,456	183,568
Fixed assets	100,904	-	100,904	99,303
Intangible	93,552	-	93,552	84,265
ASSETS AND INTANGIBLE ASSETS	**10,705,428**	**(4,300,387)**	**6,405,041**	**6,477,434**
Special Obligations linked to the concession			(2,423,221)	(2,450,716)
Net fixed and intangible assets			**3,981,820**	**4,026,718**

Special Obligations refers basically to the contributions by consumers for execution of the undertakings necessary to comply with requests for retail supply of electricity, and any settlement of these obligations depends on the will of Aneel, at the termination of the distribution concessions, by reduction of the residual value of the fixed asset for the purposes of determining the amount which the Concession-granting power will pay to the concession holder.

Under Aneel Resolution 234 of October 31, 2006, and Aneel Circular 1314/2007, of June 27, 2007, the balances of the "Special Obligations" linked to assets will now be amortized as from the second cycle of tariff reviews, which in the case of Cemig is from April 8, 2008, corresponding to the average rate of the assets in service.

13) – SUPPLIERS

	31/03/2008	31/12/2007
Current		
Wholesale supply and transport of electricity:		
Eletrobrás – energy from Itaipu	126,218	196,913
Furnas	29,947	66,209
CCEE	92,605	-
Cemig Geração e Transmissão S.A.	9,705	13,490
Wholesale supply of electricity – Passthrough to the generators (Note 6)	-	23,368
Other generators and distributors	145,622	112,461
	404,097	412,441
Materials and services	110,076	155,951
	514,173	568,392
Non-current		
Wholesale supply of electricity – Passthrough to the generators (Note 6)	327,689	314,989
	841,862	**883,381**

14) – TAXES, CHARGES AND CONTRIBUTIONS

	31/03/2008	31/12/2007
Current		
Income tax	143,179	-
Social Contribution	51,580	-
ICMS tax	245,622	242,892
Cofins tax	56,107	51,009
Pasep	12,095	11,074
Social security system	10,349	11,457
Others	12,020	16,337
	530,952	332,769
Deferred obligations		
Income tax	149,001	196,214
Social Contribution	53,640	70,637
Cofins	33,626	43,806
Pasep	7,300	9,511
	243,567	320,168
	774,519	**652,937**
Non-current		
Deferred obligations		
Income tax	83,044	81,485
Social Contribution	29,895	29,335
	112,939	**110,820**

Deferred obligations refers mainly to the assets and liabilities linked to regulatory issues, which are payable as and when the assets and liabilities are realized.

The other income tax and Social Contribution liabilities payable, recorded in *Current liabilities*, will be compensated by prepaid expenses, posted in Assets, under *Taxes offsettable*.

15) – LOANS, FINANCINGS AND DEBENTURES

	31/03/2008						31/12/2007
FINANCING SOURCES	Principal maturity	Annual financial cost (%)	Currency	Current	Non-current	Total	Total
FOREIGN CURRENCY							
ABN AMRO Bank - NV (2)	2013	6.00	US$	1,399	87,455	88,854	88,639
ABN AMRO Real S.A. (3)	2009	6.35	US$	2,942	2,747	5,689	5,659
ABN AMRO Real S.A. (3)	2009	6.35	US$	8,032	7,504	15,536	15,455
ABN AMRO Real S.A. (3)	2009	6.35	US$	2,587	2,430	5,017	4,991
Banco do Brasil S.A. – Various bonds(1)	2024	Various	US$	14,467	79,091	93,558	92,621
B.N.P. – Paribas	2010	Libor + 1.875	US$	9,358	12,857	22,215	22,050
KFW	2016	4.50	EURO	1,944	14,566	16,510	15,485
UNIBANCO S.A. (4)	2009	5.50	US$	74	3,566	3,640	3,636
UNIBANCO S.A. (4)	2009	5.00	US$	151	8,889	9,040	9,041
Debt in foreign currency				**40,954**	**219,105**	**260,059**	**257,577**
BRAZILIAN CURRENCY							
Banco do Brasil S.A	2009	111.00 of CDI	R$	2,461	56,178	58,639	57,006
Banco do Brasil S.A	2013	CDI + 1.70	R$	1,836	20,001	21,837	21,202
Banco do Brasil S.A	2013	107.60 of CDI	R$	10,622	96,000	106,622	103,742
Banco do Brasil S.A	2014	104.1 of CDI	R$	14,145	300,000	314,145	305,933
Banco Itaú – BBA	2008	IGP-M + 10.48	R$	188,620	-	188,620	179,846
Banco Itaú – BBA	2013	CDI + 1.70	R$	11,646	132,434	144,080	140,522
Banco Itaú – BBA	2014	CDI + 1.70	R$	103	3,473	3,576	3,948
HSBC Bank Brasil S.A	2008	CDI + 2.00	R$	10,991	-	10,991	10,662
Banco Votorantim S.A.	2010	113.50 of CDI	R$	872	29,248	30,120	30,859
Banco Votorantim S.A.	2013	CDI + 1.70	R$	2,040	98,214	100,254	103,347
Bradesco S.A.	2013	CDI + 1.70	R$	22,728	240,869	263,597	255,927
Debentures (5)	2014	IGP-M + 10.50	R$	24,235	284,978	309,213	294,669
Debentures (5)	2017	IPCA+7.96	R$	8,774	408,019	416,793	401,939
Eletrobrás	2008	FINEL + 8.50	R$	3,858	-	3,858	5,585
Eletrobrás	2023	UFIR + 6.00-8.00	R$	45,728	283,448	329,176	337,622
Large consumers	2011	Various	R$	3,039	2,024	5,063	4,928
Santander do Brasil S.A.	2013	CDI + 1.70	R$	1,450	49,958	51,408	50,203
Unibanco S.A.	2013	CDI + 1.70	R$	9,235	130,224	139,459	135,377
Banco WestLB do Brasil	2008	IGPM +10.48	R$	47,155	-	47,155	44,961
Others	2010	Various	R$	6,161	161	6,322	6,228
Debt in Brazilian currency				**415,699**	**2,135,229**	**2,550,928**	**2,494,506**
Overall total				**456,653**	**2,354,334**	**2,810,987**	**2,752,083**

(1) Interest rates vary: 2.00 to 8.00 % per year; semi-annual *Libor* rate plus spread of 0.81 to 0.88% p.a.
(2) to (4) Swaps for exchange of rates were contracted. The following are the rates for the loans and financings taking the swaps into account: (2) CDI + 2.00% p.a.; (3) CDI + 2.12% p.a.; (4) CDI + 2.81% p.a. and (5) CDI + 3.01% p.a.
(5) Nominal, book-entry, non-convertible debentures, without guarantee nor preference.

The composition of loans, by currency and indexor, with the respective amortization is as follows:

	2008	2009	2010	2011	2012	2013	2014	2015 and subsequent years	Total
CURRENCY									
US dollar	39,010	39,254	36,968	30,540	28,351	26,162	2,149	41,115	243,549
Euro	1,944	1,821	1,821	1,821	1,821	1,821	1,821	3,640	16,510
	40,954	**41,075**	**38,789**	**32,361**	**30,172**	**27,983**	**3,790**	**44,755**	**260,059**
Indexors									
IPCA (Expanded Consumer Price Index)	8,774	-	-	-	-	-	-	408,019	416,793
IGP-M inflation index	260,010	-	-	-	-	-	284,978	-	544,988
Eletrobrás Finel internal index	3,858	-	-	-	-	-	-	-	3,858
Ufir (Fiscal Reference Unit)	45,728	31,040	37,577	37,361	33,883	28,923	28,631	86,033	329,176
Interbank CD rate – CDI	88,129	56,178	197,172	168,793	268,793	364,793	100,870	-	1,244,728
Others	9,200	188	246	182	318	318	684	249	11,385
	415,699	**87,406**	**234,995**	**206,336**	**302,994**	**394,034**	**415,163**	**494,301**	**2,550,928**
	456,653	**128,481**	**273,784**	**238,697**	**333,166**	**422,017**	**419,133**	**539,056**	**2,810,987**

The principal currencies and indexors used for monetary updating of the loans and financings had the following variations:

Currency	Change in quarter ended 31/03/2008 %	Indexor	Change in quarter ended 31/03/2008 %
US dollar	(1.25)	IGP-M	2.38
Euro	5.83	Finel	0.47
		Selic	2.64
		CDI	2.58

The movement on loans, financings and debentures is as follows:

Balance at December 31, 2007	2,752,083
Financings obtained	2,675
Monetary and FX variation	17,092
Financial charges provisioned	66,405
Financial charges paid	(16,124)
Amortization of financings	(11,144)
Balance at March 31, 2008	2,810,987

Restrictive covenant clauses

Cemig Distribuição has loans and financings with restrictive covenants, which were complied with in full on March 31, 2008.

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16) – REGULATORY CHARGES

	31/03/2008	31/12/2007
RGR – Global Reversion Reserve	21,102	15,747
CCC – Fuel Consumption Account	22,495	21,955
CDE – Energy Development Account	24,288	25,510
Eletrobrás – Compulsory loan	1,207	1,207
Aneel inspection charge	2,073	2,073
FNDT – National Scientific and Technological Development Fund	18,025	18,339
Energy efficiency	124,008	118,276
Research and development	69,302	64,931
Energy system expansion research	9,013	9,271
	291,513	**277,309**
Current liabilities	273,684	264,835
Non-current liabilities	17,829	12,474

17) – POST-EMPLOYMENT OBLIGATIONS

Cemig Distribuição is sponsor of the Forluminas Social Security Foundation – Forluz, a non-profit legal entity whose object is to provide its associates and participants and their dependents and beneficiaries with a financial income supplementing retirement and pension, in accordance with the private pension plan to which they are linked.

Forluz makes the following supplementary pension benefit plans available to its participants:

Mixed Social Security Benefits Plan ("Plan B"): A defined-contribution plan in the phase of accumulation of funds, for retirement benefits for normal time of service and defined-benefit coverage for disability or death of the active participant, and also on receipt of benefits for time of contribution. The contributions of the Sponsor are equal to the basic monthly contributions of the participants, and this is the only plan open for joining by new participants.

The contribution of the Sponsors to this plan is 27.52% for the portion with defined benefit characteristics, relating to the coverage for invalidity or death for the active participant, and this is used for amortization of the defined obligation through an actuarial calculation. The remaining 72.48%, relating to the portion of the plan with defined-contribution characteristics, goes to the nominal accounts of the participants and is recognized in the income statement for the year by the cash method, under Personnel expenses.

Pension Benefits Balances Plan (“Plan A”): This includes all the active and assisted participants who opted to migrate from the previous Defined Benefit Plan, and are entitled to a proportional benefit by balances. In the case of the assets, this benefit was deferred to the retirement date.

Defined Benefit Plan: This is the benefit plan adopted by Forluz up to 1998, through which the average real salary of the last three years of activity of the employee in the Sponsor companies is complemented in relation to the amount of the official Social Security benefit. After the process of migration that was carried out in June 2007, approved by the Private Pension Plans Secretariat (SPC), in which more than 80% of the participants migrated to Plans A and B, 51 participants remained in the defined benefit plan. Of these, seven are active employees, and 44 are retirees or pension holders.

Cemig Distribuição also maintains, independently of the plans made available by Forluz, payments of part of the life insurance premium for the retirees and contributes to a health plan for the employees, retirees and dependents, administrated by Forluz.

Amortization of actuarial obligations

Part of the actuarial obligation for post-employment benefits in the amount of R$ 761,427 on 31 March 2008 (R$ 770,142 on December 31, 2007), was recognized as an obligation payable by Cemig and its subsidiaries mentioned and is being amortized by June 2024, through monthly installments calculated by the system of constant installments (the so-called “Price” table). Part of the amounts is adjusted annually based on the actuarial indexor of the defined benefit plan (the index for salary adjustment of the employees of Cemig Distribuição, excluding productivity); and for the Balances Plan, adjusted by the IPCA Index published by the IBGE (Brazilian Geography and Statistics Institute), plus 6% per year.

Any technical surpluses that Forluz presents for a period of three consecutive years may be used for the reduction of part of the contractually recognized obligations payable.

Due to the item mentioned in the previous paragraph, the surplus obtained by Forluz in the 2007 business year, in the amount of R$ 68,815, will be used in the 2nd quarter of 2008 for amortization of recognized debt.

The liabilities and the expenses recognized by Light in connection with the Supplementary Retirement Plan, the Health Plan and the Life Insurance Plan are adjusted in accordance with the terms of CVM Decision CVM 371 and the Opinion prepared by independent actuaries. As a result the financial updating and use of the surplus for amortization of the obligation in the debt agreed with Forluz, mentioned in the previous paragraphs, produce no accounting effect in the profit of Cemig Distribuição. The last actuarial valuation was made in relation to the base date December 31, 2007.

The movement in net liabilities has been as follows:

	Pension plans and supplementary retirement plans	Health plans	Dental plan	Life insurance
Net liabilities at December 31, 2007	360,260	225,629	9,922	293,113
Expenses recognized in the result	18,479	10,732	475	7,483
Contributions paid	(33,314)	(6,543)	(131)	(1,412)
Net liabilities on March 31, 2008	**345,425**	**229,818**	**10,266**	**299,184**
Current liabilities	57,816	-	-	-
Non-current liabilities	287,609	229,818	10,266	299,184

The amounts registered in current liabilities refer to the contributions to be made by Cemig Distribuição in 2008 for amortization of the actuarial liabilities.

18) – CONTINGENCY PROVISIONS

The company makes contingency provisions for lawsuits in which the chance of loss is rated "probable". On this basis the amount of R$ 54,388, an increase of R$ 7,859 from the previous quarter, was provisioned on March 31, 2008 as follows:

	Balance on 31/12/2007	Additions or reversal of provisions	Balance on 31/03/2008
Labor-law contingencies			
Various	2,884	2,065	4,949
Civil			
Personal damages	1,417	4,900	6,317
Tariff increases	1,945	(196)	1,749
Others	3,944	(1,120)	2,824
Regulatory			
Aneel administrative proceedings	36,339	2,210	38,549
Total	**46,529**	**7,859**	**54,388**

On January 9, 2007 Aneel notified Cemig Distribuição S.A. that it considered certain criteria adopted by the company in calculation of the revenue from the subsidy for low-income consumers to be incorrect, questioning the criteria for identification of the consumers who should receive the benefit and also the calculation of the difference to be reimbursed by Eletrobrás, in the estimated amount of R$ 143,000. The company has made a provision corresponding to the loss that it considers probable in this dispute, in the amount of R$ 38,549.

Tariff increases

Several industrial consumers filed actions against Cemig Distribuição seeking reimbursement for the amounts paid as a result of the tariff increase during the federal government's economic stabilization plan known as the "Cruzado Plan" in 1986, alleging that the said increase violated the control of prices instituted by that plan. Cemig Distribuição estimates the amounts to be provisioned based on the disputed amounts billed and based on recent judicial decisions. The total value of the exposure of Cemig Distribuição in this matter, 100% provisioned, is R$ 1,749.

Cases where the chance of loss is rated "possible"

Additionally there are regulatory, civil and tax cases in progress in which the chance of loss is rated as "possible", which are periodically re-assessed, and which do not require constitution of a provision in the financial statements. These are set out below:

Regulatory contingencies

Since 2002 the company has received subsidy payments from Eletrobrás in relation to the discounts given to low-income consumers. The Minas Gerais state office of the Federal Tax Authority served an infringement notice on Cemig Distribuição, on the argument that the subvention should be subject to the ICMS tax. The potential for loss in this action is R$ 106,276, not including the ICMS tax, which could be questioned by the Secretariat relating to the period subsequent to the infringement notice. No provision was constituted for the result of this dispute, since the company believes the legal obligation is non-existent and that it has arguments on the merit for defense against this demand. The expectation of loss attributed to this action is "possible".

Social Security and tax obligations – indemnity for the “Anuênio”

Cemig Distribuição paid an indemnity to the employees in the amount of R$ 127,058, in exchange for the rights to future payments, known as the “Anuênio”, which were to have been incorporated into salaries. The company did not make the payments of income tax and social security contribution because it considered that these obligations are not applicable to amounts paid as indemnity. However, to avoid the risk of a future fine arising from a different interpretation by the federal tax authority and the National Social Security Institution, the company decided to file for orders of mandamus to allow payment into Court of the amount of any obligations, in the amount of R$ 87,268, posted in Deposits connected to legal actions. No provision was made for possible losses and the company classifies its expectation of loss in this case as “possible”.

Contingencies of the holding company

Cemig, the controlling company of Cemig Distribuição, is fighting court actions for which it believes the expectation of loss to be “possible” or “remote”. A negative ruling on these lawsuits could impact the businesses of Cemig Distribuição. The main actions that have this characteristic are described below:

- Several consumers and the Public Prosecutor of the State of Minas Gerais brought civil actions against Cemig contesting tariff adjustments applied in previous years, including the Extraordinary Tariff Recomposition and the inflation index used to increase the electricity tariff in April 2003. The litigants request reimbursement of 200% of such disputed amounts as are considered by the court to have been changed erroneously by the company. The company believes it has arguments on the merit for a legal defense and thus has not made a provision for these actions.

- The company is Defendant in actions challenging the criteria for measurement of the amounts to be charged for the pubic illumination contribution, in the total amount of R$ 448,929. The Company believes that it has arguments on the merit for defense in this dispute and as a result has not constituted provision for this action. Expectation of loss in this action is classified as "possible".

19) – STOCKHOLDERS’ EQUITY

Cemig Distribuição has registered capital of R$ 2,261,998, represented by 2,261,997,787 nominative common shares, without nominal value, wholly owned by Cemig.

Balance at December 31, 2007	2,440,542
Net profit in the quarter	270,659
Balance on 31 March 2008	2,711,201

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20) – GROSS REVENUE FROM RETAIL SUPPLY OF ELECTRICITY, AND REVENUE FOR USE OF THE NETWORK – CAPTIVE CONSUMERS

The position in retail supply of electricity, by type of consumer, is as follows:

	(Not reviewed by independent auditors)					
	Number of consumers		MWh		R$	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007	31/03/2008	31/03/2007
Residential	5,219,135	5,100,237	1,729,761	1,693,716	931,006	841,066
Industrial	73,664	71,113	1,224,837	1,144,147	402,609	322,793
Commercial, services and others	562,645	552,554	1,084,482	1,010,860	508,427	439,473
Rural	558,176	516,965	453,242	385,238	136,705	112,965
Public authorities	51,994	50,067	152,436	144,871	70,525	61,168
Public illumination	2,597	2,626	259,068	266,041	73,332	68,212
Public service	7,912	7,675	262,152	252,499	74,443	64,933
Sub-total	6,476,123	6,301,237	5,165,978	4,897,372	2,197,047	1,910,610
Own consumption	827	843	8,915	8,555	-	-
Subvention for low-income consumers	-	-	-	-	41,142	19,865
Retail supply not invoiced, net	-	-	-	-	100,085	(9,965)
	6,476,950	6,302,080	5,174,893	4,905,927	2,338,274	1,920,510
Transactions in energy on the CCEE	-	-	-	-	5,073	-
Total	**6,476,950**	**6,302,080**	**5,174,893**	**4,905,927**	**2,343,347**	**1,920,510**

Low-income consumers

The federal government, through Eletrobrás (*Centrais Elétricas Brasileiras*) reimburses the distributors for the losses in revenue arising as a result of the criteria adopted as from 2002 for classification of consumers in the low-rental residential sub-category, in view of the lower tariff applied to their electricity bills.

The regulator, Aneel, is reviewing the procedures for calculation by the Company of revenue for the subsidy for low-income consumers. As a result of this review, the amounts posted in 2007 were calculated on the basis of estimate, and their receipt for the period from February 2007 through March 2008 is pending.

Aneel included in the tariff review of April 2008 the amounts to be reimbursed to the company for the subsidy for low-income consumers.

21) REVENUE FOR USE OF THE NETWORK – FREE CONSUMERS

Starting in January 2005, a significant part of large industrial consumers became “Free Consumers”, energy now being sold to them via Cemig Geração e Transmissão. With this change, the charges for use of the distribution network (the “TUSD”) of these Free Consumers began to be charged separately by Cemig Distribuição, and posted in the line *Revenue for use of the network*.

22) – OTHER OPERATIONAL REVENUES

	31/03/2008	31/03/2007
Charged service	3,093	2,445
Other provisions of services	4,750	3,445
Rental and leasing	9,709	8,427
Others	3	61
	17,555	**14,378**

23) – DEDUCTIONS FROM OPERATIONAL REVENUE

	31/03/2008	31/03/2007
Taxes on revenue		
ICMS tax	557,276	500,804
Cofins tax	242,383	177,059
PIS and Pasep tax	58,130	40,397
ISS tax on services	71	83
	857,860	718,343
Charges to the consumer		
RGR – Global Reversion Reserve	15,420	25,527
PEE – Energy Efficiency Program	8,602	4,913
CDE – Energy Development Account	75,073	74,091
CCC – Fuel Consumption Account	62,594	112,880
R&D – Research and development	3,441	3,820
National Scientific and Technological Development Fund	3,441	3,820
Energy system expansion research	1,721	7,416
	170,292	232,467
	1,028,152	**950,810**

Cemig Distribuição pays ICMS applicable to the RTE and Portion A in conformity with the invoicing of amounts on the customer's electricity bill.

24) – OPERATIONAL COSTS AND EXPENSES

	31/03/2008	31/03/2007 Reclassified
Personnel expenses	194,660	156,756
Post-Employment Obligations (Note 17)	37,169	18,393
Materials	22,024	17,468
Outsourced services	99,953	77,800
Electricity purchased for resale	577,738	440,021
Depreciation and amortization	110,515	95,059
Operational provisions	36,652	50,861
Charges for the use of the basic transmission grid	119,994	116,984
Other net expenses	30,309	34,092
	1,229,014	**1,007,434**

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a) PERSONNEL EXPENSES	31/03/2008	31/03/2007
Remuneration and salary-related charges and expenses	171,826	153,403
Supplementary pension contributions – defined contribution plan	12,356	12,659
Assistance benefits	22,866	20,403
	207,048	186,465
(-) Personnel costs transferred to works in progress	(16,269)	(29,709)
Voluntary Dismissal Program (PPD)	3,881	-
	194,660	**156,756**

Voluntary Dismissal Program ("PPD")

On March 11, 2008 the Executive Board approved the new permanent Voluntary Dismissal Program ("PPD"), applicable to spontaneous resignations as from that date. The program's financial incentives include payment of 3 month's gross remuneration, 6 months' contribution to the health insurance plan after severance of the employment contract, deposit of the penalty payment of 40% of the amount due under the FGTS retirement plan, and payment of up to 24 months' contributions to the Pension Fund and the INSS after severance, in accordance with certain criteria.

For employees over 55 with 35 years' contributions (for men) or 30 years' contributions (for women), the benefits are only available if the employee joins the plan within 90 days after meeting these age and contribution time limits.

On March 31, 2008 a total of 72 employees had subscribed to the PPD, and a provision of R$ 3,881 had been made for the financial incentive payments.

b) OUTSOURCED SERVICES	31/03/2008	31/03/2007
Collection, meter reading, bill delivery agents	25,137	23,584
Communication	10,775	8,232
Maintenance and conservation of electricity facilities and equipment	19,089	15,533
Building conservation and cleaning	4,328	4,054
Contracted labor	7,111	2,685
Freight and airfares	722	601
Accommodation and meals	2,825	2,286
Security services	693	1,064
Consultancy	1,647	436
Maintenance and conservation of furniture and utensils	5,907	4,118
Maintenance and conservation of vehicles	3,408	2,869
Disconnection and reconnection	6,036	4,843
Others	12,275	7,495
	99,953	**77,800**

c) ELECTRICITY BOUGHT FOR RESALE	31/03/2008	31/03/2007
From Itaipu Binacional	198,544	202,511
Short-term energy	52,664	15,361
'Bilateral Contracts'	45,354	1,410
Reimbursement of CVA – "Initial Contracts"	157	5,788
Electricity acquired in auctions	217,153	196,987
Proinfa	17,846	17,501
Proinfa – Electricity	31,274	-
Portion A	14,746	-
	577,738	**440,021**

d) OPERATIONAL PROVISIONS	31/03/2008	31/03/2007
Pension plan premiums	21	99
Provision for doubtful receivables	28,380	18,789
Labor-law contingencies	2,065	(596)
Reversal of Aneel administrative proceedings	2,210	30,000
Provision (reversal) for civil actions on tariff increases	3,465	896
Others	511	1,673
	36,652	**50,861**

e) OTHER OPERATIONAL EXPENSES, NET	31/03/2008	31/03/2007
Leasings and rentals	5,262	7,336
Advertising	8,801	4,842
Own consumption of electricity	4,645	4,207
Subventions and donations	3,428	3,352
Aneel inspection charge	6,285	5,496
Taxes and charges (IPTU, IPVA and others)	4,641	4,337
Financial compensation for use of water resources	1,048	1,030
Contribution to the MAE	419	374
Insurance	608	506
Other expenses (Recovery of expenses)	(4,828)	2,612
	30,309	**34,092**

25) – NET FINANCIAL REVENUES

	31/03/2008	31/03/2007
FINANCIAL REVENUES		
Revenue from cash investments	18,040	8,009
Arrears penalty payments on electricity bills	43,048	20,548
Monetary variation of CVA	5,221	20,133
Monetary variation – General Agreement for the Electricity Sector	27,337	40,659
Monetary variation – deferred tariff adjustment	25,897	36,387
FX variations	1,182	24,005
Pasep and Cofins taxes on financial revenues	(2,594)	(4,250)
Others	7,816	15,426
	125,947	**160,917**
FINANCIAL EXPENSES		
Charges on loans and financings	(64,368)	(69,348)
Monetary variation – General Agreement for the Electricity Sector	(6,814)	(11,870)
Monetary variation of CVA	(4,806)	(16,214)
FX variations	(2,533)	(2,119)
Monetary variation – loans and financings	(19,190)	(5,260)
CPMF tax	(3,024)	(11,415)
Losses on financial instruments (Note 27)	(7,291)	(21,076)
Provision for losses in the recovery of RTE amounts	(1,470)	(2,735)
Others	(5,910)	(10,165)
	(115,406)	**(150,202)**
NET FINANCIAL EXPENSES	**10,541**	**10,715**

Pasep and Cofins expenses apply on the financial revenue arising on regulatory assets, and these are realized through electricity invoices.

Financial charges on loans and financings linked to works at March 31, 2008 in the amount of R$ 2,038, were transferred to Fixed assets. No monetary updating nor FX variation was capitalized in the period.

Distribuição S.A.

26) – RELATED PARTY TRANSACTIONS

The principal balances and transactions with related parties of Cemig Distribuição are:

COMPANIES	ASSETS 31/03/2008	ASSETS 31/12/2007	LIABILITIES 31/03/2008	LIABILITIES 31/12/2007	REVENUES 31/03/2008	REVENUES 31/03/2007	EXPENSES 31/03/2008	EXPENSES 31/03/2007
Cemig								
Affiliates and holding company	2,489	2,463	1,430	127	-	-	-	-
Interest on Equity and dividends		-	646,667	674,408	-	-	-	-
Cemig Geração e Transmissão S.A.								
Affiliates and holding company	1,378	1,697	6,922	2,455	-	-	-	-
Electricity purchased for resale (1)	6,473	5,167	6,079	22,277	960	-	(23,348)	(16,224)
Others	-	-	-	39	-	-	-	-
Light								-
Energy bought for resale (1)	-	-	-	163	-	-	(1,270)	-
								-
Minas Gerais state government								-
Consumers and traders	2,021	2,021	-	-	17,878	13,266	-	-
Taxes, charges and contributions – ICMS	102,120	102,121	245,622	242,892	557,276	(500,804)	-	-
ICMS tax to be offset – current	49,947	43,526	-	-	-	-	-	-
Consumers and resellers (2)	34,342	36,795	-	-	-	-	-	-
FORLUZ								
Post-employment obligations – current (3)	-	-	57,816	64,238	-	-	(37,169)	(18,393)
Post-employment obligations – non-current (3)	-	-	826,877	824,686	-	-	-	-
Others	-	-	23,897	68,838	-	-	-	-
Personnel	-	-	-	-	-	-	(12,356)	(12,659)
Current administration expense	-	-	-	-	-	-	(2,996)	(1,073)
Others								
Affiliates, subsidiaries and holding company	231	1,573	-	-	-	-	-	-

The main conditions related to business transactions between related parties are below:

(1) The company has electricity purchase contracts with Cemig Geração e Transmissão and Light Energia, arising from the public auction of electricity held in 2005, with period of 8 years from start of supply.

(2) A substantial part of the amount refers to renegotiation of the debit originating from the sale of electricity to Copasa, with payment scheduled up to September 2012, and financial updating by the IGPM index + 0.5% p.m.

(3) Part of the contracts of Forluz are updated by the IPCA (Expanded Consumer Price Index) published by the IBGE (Brazilian Geography and Statistics Institute), and part are adjusted based on the Salary Adjustment Index of the employees excluding productivity, plus 6% per year (See Explanatory Note 17).

For more information on the main transactions, see Explanatory Notes 4, 8, 13, 14, 17, 19, 23 and 24.

27) – FINANCIAL INSTRUMENTS

Cemig Distribuiçao uses financial instruments restricted to cash and cash equivalents, consumers and traders, amounts receivable from the Minas Gerais state government, loans and financings, and debentures, and the gains and losses obtained on the transactions are registered in full by the accrual method.

The derivative instruments contracted by the company have the purpose of protecting the company's operations against the risks arising from foreign exchange variation and are not used for speculative purposes.

The principal amounts of the transactions and derivatives are not posted in the balance sheet, since they refer to transactions which do not require payments of cash, but only of the gains or losses that actually occur. The net results of these transactions represented losses on March 31, 2008 and 2007 of, respectively, R$ 7,291 and R$ 21,076. These are posted in *Financial revenue (expenses)*.

The recognition of the net result not realized in operations with derivative instruments is carried out by the accrual method, which can generate differences when compared with the estimated market value of such instruments. This difference arises from the fact that market value includes recognition at present value of future gains or losses to be incurred on the transactions, in accordance with the expectation of the market at the moment at which the market value is ascertained.

The table below shows the derivative instruments contracted by the company, the gains (losses) not realized, registered, and the respective estimate of market value of these instruments on March 31, 2008:

				Unrealized loss	
Receivable by Cemig Distribuição	**Owed by Cemig Distribuição**	**Period of maturities**	**Principal amount contracted – '000**	**Book value**	**Estimated market value**
In US$: 5.58% p.a. to 7.14% p.a.	In R$: CDI + rate 1.5% p.a. to 3.01% p.a.	From 4 / 2008 to 6 / 2013	US$62,072	(115,467)	(121,032)

28) – THE TARIFF REVIEW

On April 7, 2008 Aneel published the result of the 2nd Tariff Review of Cemig Distribuição. The average impact perceived by consumers will be a reduction of 12.24% in their electricity invoices as from April 8, 2008. The rate adjustment is in fact different for different types of consumer – as an example, residential consumers had a reduction of 17.11% on their energy bills, while high-voltage consumers had a reduction of 8.02%.

The result of the Review is an aspect of the regulation of the sector which requires that the gains in productivity resulting from the reduction of costs achieved by Cemig in the years since the last prior tariff review must be passed on to the tariff charged to consumers.

The Tariff charged to Free Consumers for use of the Distribution System (TUSD) was increased by 2,01%, mainly reflecting the increase of 3.25% for consumers connected at 138kV.

It should also be highlighted that as from the second cycle of the company's tariff review, i.e. April 8, 2008, the Special Obligations will begin to be amortized, posted as credits in the income statement, using the average depreciation rate on the assets that gave rise to them. The company estimates that the amount of the credit to be posted in the income statement for 2008 for this depreciation will be approximately R$ 88,019.

29) – STATEMENT OF CASH FLOWS

This statement is in accordance with the criteria for disclosure established by the US accounting statement FAS 95 - *Statement of Cash Flows*, considering that the company is registered with the SEC (Securities and Exchange *Commission*) of the US and also prepares financial statements in accordance with accounting principles generally accepted in the US (US GAAP).

	31/03/2008	31/03/2007
FROM OPERATIONS		
Net profit for the year	270,659	180,398
Expenses (revenues) not affecting cash		
Depreciation and amortization	110,515	95,059
Net write-offs of fixed assets	3,839	2,597
Interest and monetary variations, non-current	(2,597)	(58,200)
Deferred income tax and Social Contribution	(33,487)	(53,356)
Provisions for operational losses	7,859	50,861
Provision for Extraordinary Tariff Recomposition	1,470	2,735
Post-employment obligations	37,169	18,393
	395,427	238,487
Reduction (increase) in assets		
Consumers and traders	12,214	39,670
Extraordinary tariff recomposition	80,346	54,490
Taxes subject to offsetting	(86,825)	(81,209)
Transport of energy	(16,429)	(42,156)
Deferred tariff adjustment	100,416	130,102
Regulatory asset – PIS, Pasep and Cofins	54,903	11,289
Other current assets	(81,197)	23,653
Anticipated expenses – CVA	(105,665)	(221,163)
Other non-current assets	14,084	(26,557)
	(28,153)	(111,881)
Increase (reduction) in liabilities		
Suppliers	(54,219)	(144,480)
Taxes, charges and contributions	157,188	112,183
Salaries and social contributions	(23,224)	(633)
Regulatory charges	8,849	(37,081)
Loans and financings	55,063	46,472
Post-employment obligations	(41,400)	(41,636)
Anticipated expenses – CVA	(1,499)	268,290
Losses on financial instruments	7,291	21,076
Others	(77,779)	(44,578)
	30,270	179,613
CASH GENERATED BY OPERATIONS	397,544	306,219
FINANCING ACTIVITIES		
Financings obtained	2,675	34,599
Short-term loans	-	200,000
Payment of loans and financings	(11,144)	(17,825)
Interest on Equity and dividends	(27,741)	(15,239)
	(36,210)	201,535
TOTAL INFLOW OF FUNDS	361,334	507,754
CAPITAL EXPENDITURE		
On investments	2	-
On fixed assets	(41,932)	(206,739)
Special Obligations – consumer contributions	(27,494)	68,989
	(69,424)	(137,750)
NET CHANGE IN CASH POSITION	291,910	370,004
STATEMENT OF CHANGE IN CASH POSITION		
At start of year	636,286	214,103
At end of year	928,196	584,107
	291,910	370,004

ECONOMIC – FINANCIAL PERFORMANCE

Amounts are in thousands of Reais unless otherwise stated.

Profit in the period

In the first quarter of 2008 (1Q08), Cemig Distribuição reported net profit of R$ 270.659 million, 50.03% higher than the net profit of R$ 180.398 reported for the first quarter of 2007. This result mainly reflects Net sales revenue 27.03% higher, partially offset by Operational costs and expenses 21.99% higher.

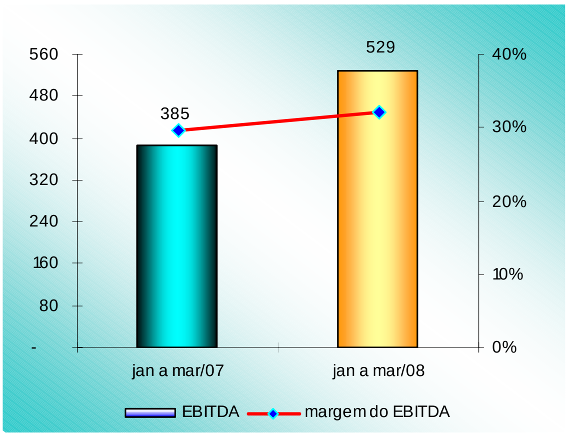
Ebitda information (method of calculation not reviewed by our external auditors).

The Ebitda of Cemig Distribuição in first quarter 2008 was a significant 37.55% higher than in 2007. Adjusted for non-recurring items, it was 27.18% higher.

As part of the tariff review of Cemig Distribuição, Aneel included in the tariff to be applied as from April 8, 2008 certain financial items relating to previous business years which resulted in the recognition of regulatory assets and liabilities which will be received and/or discounted in the tariff to be received from consumers in the period April 8, 2008 to April 7, 2009. The impact on Ebitda of this non-recurring recognition of the financial items was R$ 58,134, as shown in this table:

EBITDA - R$ million	31/03/2008	31/03/2007 (Reclassified)	Change, %
Net profit	270,659	180,398	50.03
+ Income tax and Social Contribution	141,031	94,871	48.66
+ Employees' and managers' shares in results	16,155	15,842	1.98
+ Non-operational revenue (expenses)	1,464	9,350	(84.34)
– Financial revenue (expenses)	(10,541)	(10,715)	(1.62)
+ Amortization and depreciation	110,515	95,059	16.26
= EBITDA	**529,283**	**384,805**	**37.55**
Non-recurring items:			
- Tariff review – Net revenue	(62,464)	-	-
+ Tariff review – Operational expense	4,330	-	-
+ Adjustment to RGR charge – Homologation by Aneel	-	14,899	-
– Energy CVA	-	(29,245)	-
= ADJUSTED EBITDA	**471,149**	**370,459**	**27.18**

CEMIG Distribuição S.A.



The higher Ebitda in the first quarter of 2008 than in the first quarter of 2007 was mainly due to net sales revenue 27.03% higher, partially offset by operational costs and expenses (excluding the effect of depreciation and amortization expenses) 22.59% higher. The improved performance in 2008 was reflected in Ebitda margin, which rose from 29.66% in 1Q07 to 32.12% in 2008.

Gross revenue from supply of electricity and use of the network – captive consumers

Gross revenue from retail supply of electricity in 1Q08 was R$ 2.343 billion, compared to R$ 1.921 billion in 1Q07, i.e. 22.02% higher.

The main impacts on 2008 revenues arose from the following factors:

- Tariff readjustment averaging 5.16% on consumer tariffs, starting from April 8, 2007 (full effect in 2008).
- 5.48% increase in volume of energy invoiced to final consumers (excluding internal consumption).
- Recognition of non-recurring revenue relating to financial items of previous years which were included in the tariff, resulting in the constitution of regulatory assets in the gross amount of R$ 67,194.

Electricity sold to final consumers (MWh)
(Data not audited by independent auditors)

Consumption by consumer category	MWh		
	31/03/2008	31/03/2007	*Change, %*
Residential	1,729,761	1,693,716	2.13
Industrial	1,224,837	1,144,147	7.05
Commercial, services and others	1,084,482	1,010,860	7.28
Rural	453,242	385,238	17.65
Public authorities	152,436	144,871	5.22
Public illumination	259,068	266,041	(2.62)
Public service	262,152	252,499	3.82
Total	**5,165,978**	**4,897,372**	**5.48**

Revenue for use of the network – Free Consumers

This revenue refers to the Tariff for Use of the Distribution System (TUSD) charged to Free Consumers on energy sold, principally by Cemig Geração e Transmissão, and was not significantly different between 1Q07 – when it was R$ 313,102, and 1Q08, when it was R$ 315,032.

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 the subsequent tariff adjustments, and are registered in Current assets and Long term assets. Complying with the Aneel Chart of Accounts, some items are allocated as *Deductions from operational revenue*. Please refer to further information in Explanatory Note 2 and Note 7 to the Quarterly Information.

As from March 2008 the company began to receive, in the tariff, the amounts posted in assets under “Portion A”. Hence the portion of the non-controllable costs which were actually received in the tariff is transferred to *Operational expenses,* as shown in Explanatory Note 6, Item “b”.

Deductions from operational revenues

Deductions from operational revenues amounted to R$ 1,028,152 in 1Q08, compared to R$ 950,810 in 1Q07, 8.13% higher. The principal changes in these expenses are as follows:

Fuel Consumption Account – CCC

The deduction from revenue relating to the CCC was R$ 62,594 in 1Q08, compared to R$ 112,880 in 1Q07, 44.55% lower. This relates to the operational costs of thermal plants in the Brazilian interconnected and isolated systems, split pro-rata among electricity concession holders by the Aneel Resolution. This is a non-controllable cost; the amount deducted from revenue is passed through to tariffs.

Energy Development Account – CDE

The deduction from revenue relating to the CDE was R$ 75,073 in 1Q07, compared to R$ 74,091 in 1Q07, an increase of 1.33%. The payments are specified by an Aneel Resolution. This is a non-controllable cost, with the expense recognized in the income statement corresponding to the value effectively passed through to the tariff.

RGR – Global Reversion Reserve

The deduction from revenue relating to the CDE was R$ 15,420 in 1Q08, compared to R$ 25,527 in 1Q07, a reduction of 39.59%. This basically reflects the accounting, in March 2007, of a complement to the expense for 2005, in the amount of R$ 14,899, as homologated by Aneel.

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)

Operational costs and expenses (excluding *Financial revenue (expenses)*) totaled R$ 1,229,014 in 1Q08, 21.99% higher than the R$ 1,007,434 reported for 1Q07. This is mainly due to variation in personnel costs, energy bought for resale and post-employment obligations. For further information on the composition of operational costs and expenses, see Explanatory Note 24 to the Quarterly Information.

The principal changes in expenses are:

Personnel expenses

Personnel expenses totaled R$ 194.660 million in 1Q08, vs. R$ 156.756 million in 1Q07, representing an increase of 24.18%. This increase was basically due to the following factors:

- salary increase of 5.00% given to employees in November 2007;
- provision of R$ 3,881 for the Voluntary Dismissal Program (PPD), in first quarter 2008; and
- lower transfer of personnel costs to works in progress (R$ 16,269 in 2008 vs. R$ 29,709 in 2007), as a result of the lower capital expenditure program in 2008.

Further information on the composition of personnel expenses is given in Explanatory Note 24 to the Quarterly Information.

Electricity purchased for resale

Expense on electricity purchased for resale was R$ 577,738 in 1Q08, compared to R$ 440,021 in 1Q07, representing an increase of 31.30%. This is a non-controllable cost, with the expense recognized in the income statement corresponding to the value actually passed through to the tariff. Further information is given in Explanatory Note 24 to the Quarterly Information.

Depreciation and amortization

The expense on depreciation and amortization was 16.26% higher, at R$ 110,515, in 1Q08, than in 1Q07 (R$ 95,059), basically reflecting the startup of new distribution networks and lines as a consequence of the investments in the *Light for Everyone* program.

Post-employment obligations

Expenses on post-employment obligations totaled R$ 37,169 in 1Q08, compared to R$ 18,393 in 1Q07, 102.08% higher. These expenses basically represent interest on the actuarial liabilities of Cemig Distribuição, net of the expected return on plan assets, as estimated by an external actuary. The higher expense in 2008 basically reflects the adjustment in the actuarial assumptions in December 2007, in which the assumed interest rate was reduced, increasing the value of the actuarial obligations.

Operational provisions

Operational provisions totaled R$ 36,652 in 1Q08, compared to R$ 50,861 in 1Q07, a reduction of 27.94%. This lower figure basically reflects the provision of R$ 30,000 for administrative proceedings by Aneel, made in March 2007. Please refer to further information in Explanatory Note 18 and Note 24 to the Quarterly Information.

Charges for Use of the Transmission Grid

Expenses on charges for the use of the transmission grid were R$ 119,994 in 1Q08, vs. R$ 116,984 in 1Q07, 2.57% higher. 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 expense recognized in the income statement corresponding to the value effectively passed through to the tariff.

Outsourced services

Expenses on outsourced services in 1Q08 were R$ 99,953, 28.47% higher than in 1Q07 (R$ 77,800). This primarily reflects increased spending on maintenance and conservation of electricity facilities, contracted labor and communication. The expenses in the line are detailed in Explanatory Note 24 to the Quarterly Information.

Financial revenues (expenses)

In 1Q08 the company reported net financial expenses of R$ 10,541, compared to net financial expenses of R$ 10,715 in 1Q07. The main factors in this financial result are:

- Revenue from cash investments was 125.25% higher in 2008, due to a higher average balance of cash invested. This revenue was R$ 18,040 in 1Q08, vs. R$ 8,009 in 2007.

- The revenue from arrears penalty payments on client electricity bills was R$ 22,500 higher, at R$ 43,048 in 1Q08, vs. R$ 20,548 in 1Q07. This variation arises from the revenue posted in 1Q08, in the amount of R$ 10,516, relative to accounts received from major industrial consumers for consumption in prior years – the principal amounts of which were considerably less than the amounts added as penalty payments for delay in settlement.

- Lower revenue from monetary updating on the General Agreement for the Electricity Sector. The revenue was R$ 27,337 in the first quarter of 2008, vs. R$ 40,659 in 1Q 2007 – reflecting the lower value of the regulatory assets in 2008, as part of the regulatory assets previously posted (RTE and Deferred Tariff Adjustment) were amortized.

- Monetary updating and interest on the Deferred Tariff Adjustment was 28.83% lower, at R$ 25,897, in 1Q08, than in 1Q07 (R$ 36,387) – again due to reduction of the principal value of the asset as a result of parts of it being received in electricity accounts. For further details please see Explanatory Note 10 to the Quarterly Information.

- Net *loss* of R$ 1,351 on currency variations in 1Q08, compared to net *gain* of R$ 21,886 in 1Q07. This was basically due to lower depreciation of the dollar against the Real in 2008 than in 2007 and the reduction in the balance of the debt in foreign currency. In the first quarter of 2008 the dollar depreciated against the Real by 1.25%; while in first quarter 2007 it depreciated 4.10%.

- Net loss on financial instruments in 1Q08, of R$ 7,291, compared to a net loss of R$ 21,076 in 1Q 2007. This mainly arises from the variation in the US Dollar mentioned in the previous paragraph, since for part of its debt in foreign currency the Company entered into swap transactions in which the indexor on contracts was swapped from foreign currency to CDI.

- Lower expenses on the CPMF tax due to its being abolished.

For a breakdown of financial revenues and expenses, see Explanatory Note 25 to the Quarterly Information.

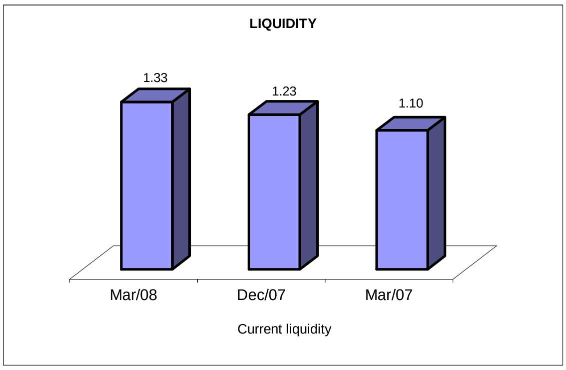
Income tax and Social Contribution

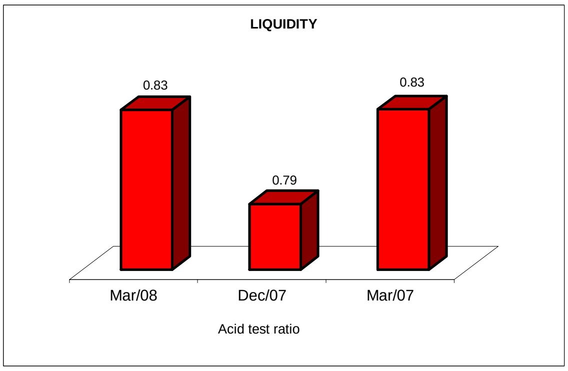
In 1Q08 Cemig Distribuição posted expenses on income tax and Social Contribution of R$ 141,031, representing 32.96% of the pre-tax profit of R$ 427,845. In 1Q07, the company posted expenses on income tax and Social Contribution of R$ 94,871, representing 32.59% of the pre-tax profit of R$ 291,111 million. These effective rates are reconciled with the nominal rates in Explanatory Note 9 to the Quarterly Information.

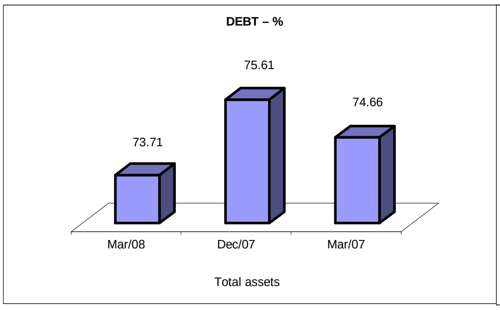
OTHER INFORMATION THAT THE COMPANY BELIEVES TO BE MATERIAL

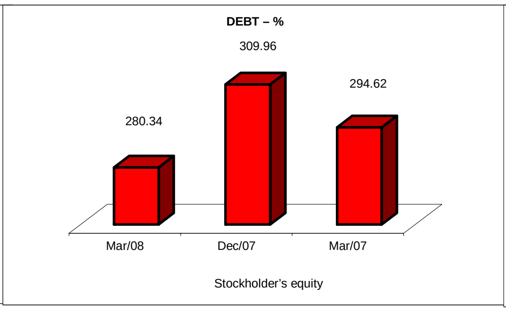
FINANCIAL INDICATORS

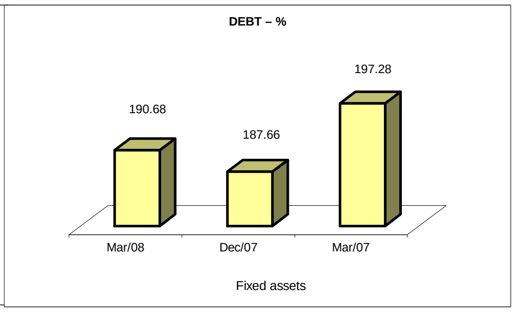
Information not reviewed by our external auditors.

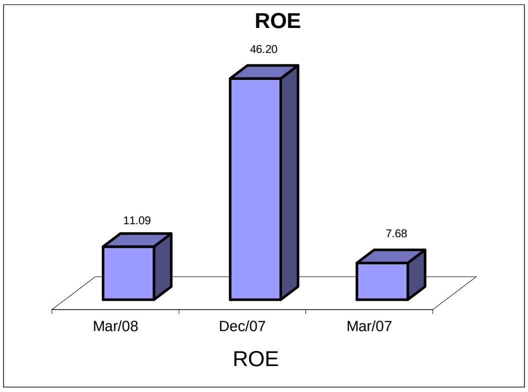


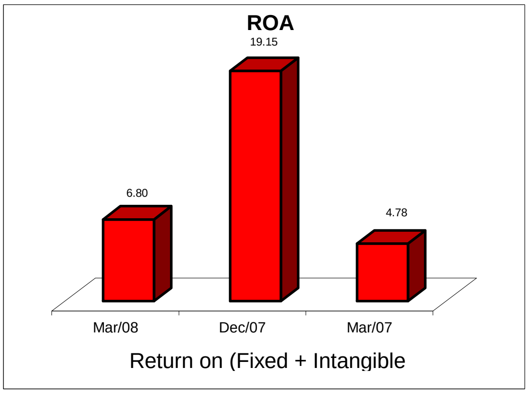












OPERATIONAL INDICATORS	1Q 08	1Q 07	Var.
(Not reviewed by our external auditors)			
EFFICIENCY			
MWh/ employee (MWh)	622.22	590.65	0.16
Consumers/ employee (nº)	779.32	758.74	2.71
SERVICE QUALITY			
Average outage time per consumers (hs)	4.34	4.14	4.83
Average consumers outage frequency (nº)	1.06	1.87	(43.32)
AVERAGE TARIFF (R$/MWh)			
Residential	538.23	496.58	8.39
Industrial	328.71	282.13	16.51
Commercial	468.82	434.75	7.84
Rural	301.62	293.23	2.86
Other	324.05	292.90	10.64
Final Consumer	425.29	390.13	9.01

REPORT OF REVIEW BY INDEPENDENT AUDITORS

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

1. We have examined the accounting information contained in the Quarterly Information (ITR) of Cemig Distribuição S.A. for the quarter ending March 31, 2008, consisting of the balance sheet, income statement and statement of cash flows, the report on performance and explanatory notes. These were prepared under the responsibility of the Company's management.

2. Our review was carried out in accordance with the specific rules established by Ibracon – the Institute of Independent Auditors of Brazil, together with the Federal Accounting Council (CFC), and consisted, principally, of: (a) enquiry and discussion with the managers responsible for the accounting, financial and operational areas of the Company, as to the main criteria adopted in the preparation of the Quarterly Information; and (b) review of the information and the subsequent events which may have had or may in the future have significant effects on the company's financial situation and its operations.

3. Based on our examination, we are not aware of any material change which should be made to the accounting information contained in the Quarterly Information referred to above, for it to be in accordance with the rules issued by the CVM (*Comissão de Valores Mobiliários*), applicable to preparation of Quarterly Information, including CVM Instruction 469/08.

4. As mentioned in Explanatory Note 2, Law 11638 of December 28, 2007 came into force on January 1, 2008. This law changed, repealed and introduced new provisions in Law 6404/76 (the Corporate Law) and changed the accounting practices adopted in Brazil. Although this law has already come into force, some changes introduced by it are still awaiting normalizing rules to be made by the regulatory bodies before they are to be adopted by companies. For this reason, in this transition phase, the CVM, through CVM Instruction 469/08, made immediate application of the provisions of Law 11638/07 in preparation of the Quarterly Information (ITR) optional. Hence, the accounting information contained in the Quarterly Information for the quarter ended March 31, 2008 was prepared in accordance with specific instructions of the CVM and does not include the changes in accounting practices introduced by Law 11638/07.

5. As mentioned in Explanatory Note 28 to the Quarterly Information (ITR), as a result of the 2^{nd} periodic tariff review specified in the concession contract, Aneel has, provisionally, homologated the Company's tariff repositioning at –12.24%, to be applied to the period from April 8, 2008. Any effects arising from the final review will be reflected in the Company's equity and financial position in subsequent periods.

6. The Quarterly Information (ITR) of the Company for the quarter ended March 31, 2007, presented here for comparison, was examined by other independent auditors, who issued a report, without qualification, on it, dated May 8, 2007.

May 7, 2008

KPMG Auditores Independentes
CRC No.: SP014428/O-6-F-MG

Marco Túlio Fernandes Ferreira
Accountant – CRC MG 058176/O-0