CONTENTS

BALANCE SHEETS

AT JUNE 30, 2009 AND MARCH 31, 2009

ASSETS

R$ ’000

	06/30/2009	03/31/2009
CURRENT		
Cash and cash equivalents (Note 3)	262,031	483,827
Consumers and traders (Note 4)	1,466,741	1,384,982
Extraordinary Tariff Recomposition, and Portion “A” – (Note 6)	317,042	288,427
Concession holders – transport of energy	335,571	350,350
Taxes subject to offsetting (Note 8)	543,416	425,269
Anticipated expenses – CVA (Note 7)	613,760	542,899
Tax credits (Note 9)	184,465	167,574
Deferred Tariff Adjustment	-	14,644
Deposits linked to legal actions	33,790	183,531
Inventories	20,321	23,812
Others	178,658	163,048
TOTAL, CURRENT	3,955,795	4,028,363
NON-CURRENT		
Non-current financial assets		
Extraordinary Tariff Recomposition, and Portion “A” – (Note 6)	66,444	165,296
Anticipated expenses – CVA (Note 7)	487,623	612,396
Tax credits (Note 9)	182,230	203,483
Regulatory asset – PIS, Pasep and Cofins (Note 10)	46,240	46,240
Taxes subject to offsetting (Note 8)	57,351	57,351
Deposits linked to legal actions	307,992	258,799
Consumers and traders (Note 4)	9,202	10,416
Receivable from related parties (Note 26)	26,003	25,883
Other credits	28,252	27,665
	1,211,337	1,407,529
Investments	5,550	5,552
Property, plant and equipment (Note 11)	4,243,917	4,157,570
Intangible (Note 12)	223,282	224,151
TOTAL NON-CURRENT ASSETS	5,684,086	5,794,802
TOTAL ASSETS	9,639,881	9,823,165

The Explanatory Notes are an integral part of the Quarterly Information.

BALANCE SHEETS

AT JUNE 30, 2009 AND MARCH 31, 2009

LIABILITIES

R$ ’000

	06/30/2009	03/31/2009
CURRENT		
Loans and financings (Note 15)	383,315	332,840
Debentures (Note 15)	20,436	36,123
Suppliers (Note 13)	557,805	545,397
Taxes, charges and contributions (Note 14)	394,360	453,337
Interest on Equity and dividends (Note 26)	521,484	682,227
Salaries and mandatory charges on payroll	285,407	134,990
Regulatory charges (Note 16)	310,735	286,887
Profit shares	37,492	28,594
Post-employment obligations (Note 17)	56,020	54,580
Regulatory liabilities – CVA (Note 7)	212,438	123,051
Regulatory liabilities – Tariff Review (Note 28)	203,615	264,626
Provision for losses on financial instruments (Note 27)	96,445	80,386
Others	251,318	267,490
TOTAL, CURRENT	3,330,870	3,290,528
NON-CURRENT		
Loans and financings (Note 15)	1,447,042	1,646,730
Debentures (Note 15)	739,155	735,467
Contingency provisions (Note 18)	71,144	69,973
Suppliers (Note 13)	1,095	906
Post-employment obligations (Note 17)	814,826	823,773
Taxes, charges and contributions (Note 14)	317,215	254,321
Regulatory liabilities – CVA (Note 7)	410,709	459,201
Regulatory charges (Note 16)	7,679	15,550
Other	11,952	10,371
TOTAL NON-CURRENT	3,820,817	4,016,292
STOCKHOLDERS’ EQUITY (Note 19)		
Registered capital	2,261,998	2,261,998
Profit reserves	214,013	214,013
Retained earnings	12,183	40,334
STOCKHOLDERS’ EQUITY	2,488,194	2,516,345
TOTAL LIABILITIES	9,639,881	9,823,165

The Explanatory Notes are an integral part of the Quarterly Information.

INCOME STATEMENTS

FOR THE QUARTERS ENDED JUNE 30, 2009 AND 2008

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

	06/30/2009	06/30/2008
OPERATIONAL REVENUE		
Gross supply of electricity (Note 20)	1.778.834	1,241,998
Revenue for use of the network – Captive Consumers (Note 20)	2.313.591	3,185,281
Revenue for use of the network – Free Consumers (Note 21)	538.187	655,825
Other operational revenues (Note 22)	37.229	37,180
	4.667.841	5,120,284
DEDUCTIONS FROM OPERATIONAL REVENUE (Note 23)	(1.892.516)	(2,008,372)
NET OPERATIONAL REVENUE	2.775.325	3,111,912
COST OF ELECTRICITY SERVICE		
COST OF ELECTRICITY		
Energy purchased for resale (Note 24)	(1.243.570)	(1,180,675)
Charges for the use of the basic transmission grid (Note 24)	(254.942)	(233,300)
	(1.498.512)	(1,413,975)
COST OF OPERATION (Note 24)		
Personnel and managers	(332.098)	(359,959)
Post-employment obligations	(29.767)	(68,643)
Materials	(40.826)	(39,349)
Outsourced services	(221.218)	(177,882)
Depreciation and amortization	(157.634)	(189,173)
Operational provisions	(1,872)	(9,783)
Other	(52,094)	(30,475)
	(835,509)	(875,264)
TOTAL COST	(2,334,021)	(2,288,239)
GROSS PROFIT	441,304	822,673
OPERATIONAL COST (Note 24)		
Selling expenses	(43,957)	(36,798)
General and administrative expenses	(227,248)	(63,988)
Other operational expenses	(22,316)	(15,017)
	(293,521)	(115,803)
PROFIT FROM THE SERVICE (Operational profit before Financial revenues and expenses)	147,783	706,870
NET FINANCIAL REVENUES (EXPENSES) *(nota 25)*	(7,261)	23,293
PROFIT BEFORE TAXATION AND PROFIT SHARES	140,522	730,163
Income tax and Social Contribution (Note 9b)	(87,093)	(244,850)
Income tax and Social Contribution – deferred (Note 9b)	86,058	35,711
Employees’ and managers’ profit shares	(51,102)	(33,748)
NET PROFIT FOR THE PERIOD	88,385	487,276
NET PROFIT PER THOUSAND SHARES, R$	39.07	215.42

The Explanatory Notes are an integral part of the Quarterly Information.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE QUARTELY AND THE SEMESTER ENDED ON JUNE 30, 2009

(In Thousand of Reais, expect for dividends and Interest on Equity per thousand shares)

	Registered capital	Profit reserves	Retained earnings	Total
BALANCE AT MARCH 31, 2009	**2,261,998**	**214,013**	**40,334**	**2,516,345**
Net profit for the period			48,051	48,051
Allocation of profits:				
Interest on Equity (Note 19)			(76,202)	(76,202)
BALANCE AT JUNE 30, 2009	**2,261,998**	**214,013**	**12,183**	**2,488,194**

	Registered capital	Profit reserves	Retained earnings	Total
BALANCE AT DECEMBER 31, 2008	**2,261,998**	**214,013**	**-**	**2,476,011**
Net profit for the period			88,385	88,385
Allocation of profits:				
Interest on Equity (Note 19)			(76,202)	(76,202)
BALANCE AT JUNE 30, 2009	**2,261,998**	**214,013**	**12,183**	**2,488,194**

The Explanatory Notes are an integral part of the Quarterly Information

STATEMENTS OF CASH FLOWS

FOR THE QUARTERS ENDED MARCH 31, 2009 AND 2008

R$ ’000

	06/30/2009	06/30/2008
FROM OPERATIONS		
Net profit for the period	88,385	487,276
Expenses (Revenues) not affecting Cash and cash equivalents		
Depreciation and amortization	162,938	191,801
Write-offs of fixed assets, net	7,032	10,457
Interest and monetary variations – Non-current	(30,785)	(21,174)
Deferred income tax and Social Contribution	(86,058)	(35,711)
Provisions for operational losses	28,686	35,499
Provision for losses on financial instruments	28,253	22,929
Post-employment obligations	45,879	74,337
	244,330	765,414
(Increase) reduction of assets		
Consumers and traders	(141,128)	(9,408)
The Extraordinary Tariff Recomposition	138,904	160,460
Taxes subject to offsetting	(200,586)	(225,796)
Transport of energy	53,343	26,339
Deferred tariff adjustment	133,423	186,204
PIS and Cofins taxes	-	69,887
Other current assets	156,580	(170,256)
Payments into court	(95,160)	(3,220)
Anticipated expenses – CVA	(111,212)	(63,542)
Tax credits	131,021	36,063
Other	9,201	625
	74,386	7,356
Increase (reduction) of liabilities		
Suppliers	(50,456)	(152,213)
Taxes and Social Contribution	34,709	178,250
Salaries and mandatory charges on payroll	86,778	(19,834)
Charges passed through to consumer	(16,338)	24,526
Loans and financings	(34,036)	(26,435)
Post-employment obligations	(61,363)	(83,455)
Regulatory liabilities – CVA	13,741	(29,208)
Regulatory liabilities – Tariff Review	203,615	(12,344)
Other	(86,495)	(21,384)
	90,155	(142,097)
CASH GENERATED BY OPERATIONS	408,871	630,673
FINANCING ACTIVITIES		
Financings obtained		
Short-term loans	6,050	118,485
Payments of loans and financings	(82,315)	(263,701)
Interest on Equity and dividends	(236,945)	(283,631)
CASH USED AT FINANCING ACTIVITIES	(313,210)	(428,847)
TOTAL INFLOW OF FUNDS	95,661	201,826
CAPITAL EXPENDITURE		
On investments	-	(1,247)
In fixed assets	(323,122)	(304,767)
Special Obligations – consumer contributions	47,071	21,308
CASH USED AT INVESTMENTS ACTIVITIES	(276,051)	(284,706)
NET CHANGE IN CASH POSITION	**(180,390)**	**(82,880)**
STATEMENT OF CHANGES IN CASH POSITION		
At start of the year	442,421	636,286
At end of the period	262,031	553,406
	(180,390)	**(82,880)**

The Explanatory Notes are an integral part of the Quarterly Information.

EXPLANATORY NOTES TO THE QUARTERLY INFORMATION (ITR)

JUNE 30, 2009

In R$ $ ’000, except where otherwise stated.

1) – OPERATIONAL CONTEXT

Cemig Distribuição S.A. (“**Cemig D**”, or “**Cemig Distribution**”, “the Company” or “Cemig Distribuição”) is a Brazilian corporation registered for listing with the Brazilian Securities Commission (CVM), and a wholly-owned subsidiary of Companhia Energética de Minas Gerais – Cemig (“**Cemig**”), created on September 8, 2004 and which started operating on January 1, 2005, as a result of the segregation of Cemig’s business activities. Its shares are not traded on any exchange.

Cemig Distribution has a concession area of 567,478 Km^2, approximately 97% of the Brazilian State of Minas Gerais, serving 6,717,232 consumers as of June 30, 2009. (Information not reviewed by our external auditors).

2) – PRESENTATION OF THE QUARTERLY INFORMATION

2.1) Presentation of the Quarterly Information

The quarterly financial statements were prepared according to accounting principles adopted in Brazil, namely: the Brazilian Corporate Law; the Statements, Orientations and Interpretations issued by the Accounting Statements Committee; the 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 information has been prepared according to accounting principles, methods and criteria that are uniform in relation to those adopted in the previous business year. In accordance with that, the quarterly information must be read with the financial information of the previous year.

2.2) Change in the Brazilian Corporate Law

Law 11.638/07 alters and repeals provisions, and creates 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. 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).

Law 11.638/07 and Provisional Measuere 449/08 alters the Law 6.404/76 the aspects related to the Financial Statements.

In the Financial Statement of 2008, the Company has adopted for the first time the changes in the Brazilian Corporate Law made by Law 11.638 approved on December 28, 2007, with the respective changes made by the Provisional Measure 449 on December 3, 2008.

3) – CASH AND CASH EQUIVALENTS

	06/30/2009	03/31/2009
Bank accounts	38,270	62,530
Cash investments		
Bank deposit certificates	217,509	413,035
Treasury Financial Notes (LFTs)	1,996	3,834
National Treasury Notes (LTNs)	3,767	68
Other	489	4,360
	223,761	421,297
	262,031	**483,827**

Cash investments consist of transactions carried out with Brazilian financial institutions, contracted on normal market conditions and under normal market rates. They have high liquidity and are promptly convertible into known amounts of cash, not being subject to a significant risk of change in value.

These financial investments are, principally, bank certificates of deposit and fixed income funds, remunerated, substantially, by percentages indexed to variation in the CDI (Interbank Certificate of Deposit) rate, varying between 101% and 103% of that rate.

4) – CONSUMERS AND TRADERS

Consumer type	Balances not yet due	Up to 90 days past due	More than 90 days past due	Total 06/30/2009	Total 03/31/2009
Residential	338,239	144,426	122,972	605,637	607,559
Industrial	131,031	31,412	271,654	434,097	399,364
Commercial, services and others	174,778	42,972	92,168	309,918	296,333
Rural	56,223	14,691	22,820	93,733	81,733
Public authorities	35,835	4,523	45,688	86,047	81,824
Public illumination	40,713	2,820	20,024	63,557	50,647
Public service	50,481	1,673	10,248	62,402	52,731
Subtotal – Consumers	827,300	242,517	585,574	1,655,391	1,570,191
Wholesale supply to other concession holders	-	18	899	917	988
Provision for doubtful receivables	-	-	(189,567)	(189,567)	(186,197)
	827,300	**242,535**	**396,906**	**1,466,741**	**1,384,982**

Credits receivable from an industrial consumer in the amount of R$ 46,692, 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 these amounts to be received in full.

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

Receivables in the amount of R$ 8,770 are recorded in non-current assets (long-term receivables) at June 30, 2009 (R$ 10,416 at March 31, 2009), in relation to the renegotiation of receivables owed by Copasa (Minas Gerais Water Company) and other consumers.

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:

	06/30/2009	03/31/2009
Assets		
Extraordinary Tariff Recomposition, and "Portion A" – Note 6	383,486	453,723
Deferred tariff adjustment	-	14,644
PIS, Pasep and Cofins taxes – Note 10	46,240	46,240
Pre-paid expenses – CVA – Note 7	1,101,383	1,155,295
Low-income subsidy (1)	35,904	129,454
Other regulatory assets	13,165	18,342
	1,580,178	1,817,698
Liabilities		
Regulatory liabilities – CVA (Note 7)	(623,147)	(582,252)
Review of the tariff for use of the distribution network (TUSD)	(10,760)	(14,444)
Exposure in CCEAR contracts between Sub-markets	(17,147)	(22,285)
Financial "bubble" effect corrected by the IGP-M inflation index (pro rata)	(80,375)	(104,458)
Financial adjustment relating to 2008 Tariff Review	(123,240)	(160,167)
	(4,278)	(5,736)
	(858,947)	(889,342)
Taxes, charges and contributions – Deferred liabilities (Note 14)	(15,722)	(22,055)
	(874,669)	(911,397)
	705,509	**906,301**

(1) These items refer to government social programs.

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 8, 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 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 ("free energy").

The period of validity of the RTE, of 74 months, expired in February 2008, and the Company made a write-off as a loss, of R$ 93,935 as a result of this period not having been sufficient for receipt of all the assets relating to the losses suffered in the rationing period.

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" was begun in March 2008, shortly after the end of the period of validity of the RTE, using the same mechanisms of recovery, that is to say, the adjustment applied in the tariffs for compensation of the amounts of the RTE continued in force, for compensation of the "Portion A" items.

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 amounts of "Portion A" are received through the tariff, Cemig D transfers those amounts from Assets to the Income statement. The amounts transferred in the first quarter of 2009 are as follows:

	For the periods ended on:	
Amounts transferred to expenses	**06/30/2009**	**31/03/2009**
Energy bought for resale	93,758	45,408
CCC	41,516	20,107
RGR – Global Reversion Reserve	4,149	2,009
Tariff for transport of electricity from Itaipu	1,601	775
Tariff for use of national grid transmission facilities	10,723	5,193
Financial compensation for use of water resources	3,682	1,784
Connection – Realization of "Portion A"	226	110
Electricity service inspection charge	388	188
	156,043	**75,574**

Composition of the balances of "Portion A"

	06/30/2009			03/31/2009
	Principal	Updated by Selic	Total	Total
Compensation for items of "Portion A" (3)	245,299	561,695	806,994	796,762
Amounts raised		(423,508)	(423,508)	(343,039)
Total of "Portion A"	**245,299**	**138,187**	**383,486**	**453,723**
Current assets			317,042	288,427
Non-current assets			66,444	165,296

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 03/31/2009	Amounts deferred (1)	Amortization (2)	Monetary updating (3)	Balance on 06/30/2009
Energy bought for resale	258,612	(13,717)	(30,231)	5,718	220,382
CCC	55,792	(35,408)	(11,227)	942	10,099
Charge for System Service (ESS)	167,368	15,432	(26,095)	3,368	160,074
Tariff for transport of electricity from Itaipu	7,970	132	(741)	129	7,490
Tariff for use of national grid transmission facilities	42,209	917	(2,509)	558	41,175
Financial compensation for use of water resources	2,587	-	-	-	2,587
Energy Development Account (CDE)	18,336	1,020	(208)	238	19,386
Alternative Energy Program – Proinfa	20,169	-	(3,546)	421	17,043
	573,043	(31,624)	(74,557)	11,374	478,236

	06/30/2009	03/31/2009
Current assets	613,760	542,899
Non-current assets	487,623	612,396
Current assets	(212,438)	(123,051)
Non-current liabilities	(410,709)	(459,201)
	478,236	573,043

(1) This refers to the portion of the non-controllable costs that comprise the CVA and which were not included in revenue, and therefore excluded from the income statement.
(2) This refers to the non-controllable costs included in the CVA which were transferred to the income statement since they are included in the company's revenues.
(3) This refers to the updating by the variation in the Selic rate between the date of payment of the expense and its actual offsetting in the tariff adjustment.

8) – TAXES SUBJECT TO OFFSETTING

	06/30/2009	03/31/2009
Current		
ICMS rebates	129,049	122,646
Income tax	262,877	206,139
Social Contribution	141,270	89,008
Cofins tax	7,977	5,776
Pasep tax	1,728	1,251
Other	515	449
	543,416	425,269
NON-CURRENT		
ICMS rebates	57,351	57,351
	600,767	**482,620**

The balances of income tax and Social Contribution refer to tax credits in corporate income tax returns of previous years, and payments made in 2009, which will be offset in the Income Tax and Social Contribution payable in 2009, recorded in the line Taxes and contributions.

The credits of ICMS recoverable arise from acquisitions of fixed assets and are offset in 48 months.

The Company filed a consultation with the Minas Gerais State Tax Department for clarification of questions related to the use of part of the ICMS credits recorded in Long-term assets, and the response is awaited in the third quarter of 2009, when their offsetting will be commenced.

9) – TAX CREDITS

a) Deferred income tax and Social Contribution

The company has tax credits posted in current and non-current assets of income tax, constituted at the rate of 25.00%, and Social Contribution, at the rate of 9.00%, as follows:

	06/30/2009	03/31/2009
Tax credits on temporary differences:		
Post-employment obligations	68,577	69,191
Provision for doubtful receivables	72,313	71,168
Contingency provisions	23,963	23,745
Financial instruments	43,317	37,585
Regulatory liabilities – Tariff Review	67,052	87,143
FX variation	78,740	75,398
Other	12,733	6,827
	366,695	**371,057**
Current assets	184,465	167,574
Non-current assets	182,230	203,483

At its meeting on February 12, 2009, the Board of Directors approved the technical study prepared by the CFO's department 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's Audit Board on February 05, 2009.

In accordance with Cemig D's estimates, future taxable profits enable the deferred tax asset existing on June 30, 2009 to be realized according to the following estimate:

	06/30/2009
June - December 2009	126,224
2010	116,481
2011	28,385
2012	28,385
2013	28,386
2014 to 2016	25,118
2017 and 2019	13,716
	366,695

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:

	06/30/2009	06/30/2008
Profit before income tax and Social Contribution	140,522	730,163
Income tax and Social Contribution – nominal expense	(47,777)	(247,767)
Tax effects applicable to:		
Employees' profit shares	17,375	10,986
Tax incentive amounts	3,559	4,679
Interest on Equity	25,909	25,538
Non-deductible contributions and donations	(1,777)	(3,361)
Tax credits not recognized	446	562
Other	1,230	224
Income tax and Social Contribution – effective expense	**(1,035)**	**(209,139)**

c) Transition Taxation Regime:

Provisional Measure 449/2008, of December 3, 2008, instituted the Transition Taxation Regime (RTT), which aims to neutralize the impacts of the new accounting methods and criteria introduced by Law 11.638/07, in calculation of the taxable amounts for federal taxes.

Application of the RTT is optional for the year 2009, and applies to corporate entities subject to Corporate Income Tax ("IRPJ"), in accordance with the two tax reporting methods: real profit or presumed profit. The taxpayer must choose an option to adopt the RTT in the Corporate Tax Return ("DIPJ") for 2009, this regime being optional for 2009. Starting in 2010, adoption of the RTT becomes obligatory, until the law that disciplines the tax effects of the new accounting methods and criteria comes into effect.

For the companies that adopt the RTT, it has been established that the changes introduced by Law 11638/07, as amended by MP 449/08, which change the criteria for recognition of revenues, costs and expenses computed in calculation of the net profit for the period, do not have effect for the purposes of calculating the real profit of the legal entity, but the accounting methods and criteria in effect on December 31, 2007 are used for tax purposes.

Based on an initial assessment, the Company has reflected the effects of adoption of the RTT in its accounting statements. Additionally, by November 30, 2009 it will have to prepare its Transition Accounting Tax Control (FCONT), which was created by Brazilian Federal Revenue Service Normative Instruction 949/2009.

10) – REGULATORY ASSET – PIS/PASEP AND COFINS

Federal Laws 10637/02 and 10833/03 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.

The Company expects this asset to be recovered in the next forthcoming tariff adjustments.

11) – FIXED ASSETS

Total fixed assets

	Historic cost	Accumulated depreciation and amortization	Net value 06/30/2009	Net value 31/12/2009
In service	**10,108,893**	**(4,669,026)**	**5,439,867**	**5,518,712**
- Distribution	9,838,154	(4,476,844)	5,361,310	5,438,005
Lands	17,865	-	17,865	17,866
Buildings, works and improvements	246,397	(130,718)	115,679	114,638
Machines and equipment	9,503,701	(4,296,875)	5,206,827	5,282,409
Vehicles	59,740	(39,059)	20,681	22,829
Furniture and utensils	10,451	(10,192)	258	263
- Management	270,739	(192,182)	78,557	80,707
Lands	1,028	-	1,028	950
Buildings, works and improvements	43,535	(26,657)	16,878	17,216
Machines and equipment	177,832	(121,995)	55,837	57,367
Vehicles	28,247	(24,810)	3,437	3,765
Furniture and utensils	20,097	(18,720)	1,377	1,409
In progress	**1,292,669**	-	**1,292,669**	**1,133,750**
- Distribution	1,182,378	-	1,182,378	1,031,622
- Management	110,291	-	110,291	102,128
Total fixed assets	**11,401,562**	**(4,669,026)**	**6,732,536**	**6,652,462**
Special Obligations linked to the concession	(2,634,314)	145,695	(2,488,619)	(2,494,892)
Net fixed assets	**8,767,248**	**(4,523,331)**	**4,243,917**	**4,157,570**

Special Obligations refers 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 Distribution concessions, upon reduction of the residual value of the Fixed Asset for the purposes of determining the value that the Concession-granting Power will pay to the concession holder.

Under ANEEL Resolution 234 of October 2006, 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, at a rate yet to be set by ANEEL, corresponding to the average rate of the assets in service.

12) – INTANGIBLE

	Historic cost	Accumulated amortization	Net value, 06/30/2009	Net value 03/31/2009
In service	**130,720**	**(84,279)**	**46,441**	**49,926**
- Distribution	11,407	(530)	10,877	10,878
- Management	119,313	(83,749)	35,564	39,048
In progress	**176,841**	**-**	**176,841**	**174,225**
- Distribution	48,911	-	48,911	48,775
- Management	127,930	-	127,930	125,450
Intangible, net	**307,561**	**(84,279)**	**223,282**	**224,151**

13) – SUPPLIERS

	06/30/2009	03/31/2009
Current		
Wholesale supply and transport of electricity -		
Eletrobrás – energy from Itaipu	152,306	182,139
Furnas	52,924	52,014
CCEE	25,850	11,677
Cemig Geração e Transmissão S.A.	51,272	46,686
CHESF – Cia. Hidroelétrica do São Francisco	25,967	25,437
CESP – Cia. Energética de São Paulo	17,481	17,584
CEEE – Cia. Estadual de Energia Elétrica	13,451	13,403
Other generators and distributors	101,303	102,834
	440,554	451,774
Materials and services	117,251	93,623
	557,805	**545,397**
Non Current		
Wholesale supply and transport of electricity -		
Other generators and distributors	1,095	906
	558.900	**546.303**

14) – TAXES, CHARGES AND CONTRIBUTIONS

	06/30/2009	03/31/2009
CURRENT		
Income tax	70,935	92,995
Social Contribution	26,350	34,066
ICMS tax	228,995	233,911
Cofins tax	25,373	40,301
Pasep tax	5,503	8,744
Social security system	11,267	11,152
Other	10,215	10,112
	378,638	431,281
Deferred obligations		
Income tax	11,560	15,221
Social Contribution	4,162	5,480
Cofins tax	-	1,113
Pasep tax	-	242
	15,722	22,056
	394,360	**453,337**
NON-CURRENT		
Cofins tax	154,726	115,771
Pasep tax	33,592	25,134
	188,318	140,905
Deferred obligations		
Income tax	94,777	83,394
Social Contribution	34,120	30,022
	128,897	113,416
	317,215	**254,321**

The current deferred obligations are the regulatory assets and liabilities linked to the General Agreement for the Electricity Sector and other regulatory matters, and are owed as and when these assets and liabilities are realized.

The non-current obligations for Pasep and Cofins taxes refer to the legal action challenging the constitutionality of the inclusion of ICMS tax in the taxable amount for these taxes, and applying for offsetting of the amounts paid in the last 10 years. The Company has obtained an injunction from the judiciary enabling it not to make the payment and authorizing payment into Court starting from 2008, in amount of R$173,289.

The non-current deferred obligations for income tax and Social Contribution refer, substantially, to the recognition of financial instruments (FX variation, and hedge transactions) by the cash method, which are payable as and when realized, by payment or redemption, and to the marking to market of financial instruments, and adjustment to present value, implemented by the change in the Corporate Law, to be reversed as and when realized.

15) – LOANS, FINANCINGS AND DEBENTURES

	06/30/2009						03/31/2009
FINANCING SOURCES	**Principal maturity**	**Annual cost (%)**	**Currency**	**Current**	**Non-current**	**Total**	**Total**
FOREIGN CURRENCY							
ABN AMRO Bank - N. (2)	2013	6.00	US$	24,525	73,185	97,710	117,670
ABN AMRO Real S.A. (3)	2009	6.35	US$	7,392	-	7,392	17,709
Banco do Brasil S.A. – Various bonds (1)	2024	Diversas	US$	10,564	61,543	72,107	95,345
B.N.P. – Paribas	2010	Libor + 1.875	US$	9,648	-	9,648	17,535
KFW	2016	4.50	EURO	1,807	11,746	13,553	16,426
UNIBANCO S.A (4)	2009	5.50	US$	4,005	-	4,005	4,817
UNIBANCO S.A (4)	2009	5.00	US$	9,958	-	9,958	11,962
Debt in foreign currency				**67,899**	**146,474**	**214,373**	**281,464**
BRAZILIAN CURRENCY							
Banco do Brasil S.A	2009	111.00 do CDI	R$	60,662	-	60,662	59,099
Banco do Brasil S.A	2013	CDI + 1.70	R$	4,095	16,865	20,960	22,146
Banco do Brasil S.A	2013	107.60 do CDI	R$	1,539	96,000	97,539	108,108
Banco do Brasil S.A	2014	104.1 do CDI	R$	5,303	300,000	305,303	316,708
Banco Itaú – BBA	2013	CDI + 1.70	R$	26,133	112,105	138,238	145,903
Banco Itaú – BBA	2014	CDI + 1.70	R$	215	3,473	3,688	3,587
Banco Votorantim S.A.	2010	113.50 do CDI	R$	13	29,248	29,261	30,248
Banco Votorantim S.A.	2013	CDI + 1.70	R$	16,570	82,805	99,375	100,520
Bradesco S.A.	2013	CDI + 1.70	R$	54,003	192,711	246,714	267,137
Debentures (5)	2014	IGP-M + 10.50	R$	2,403	302,003	304,406	329,630
Debentures (5)	2017	IPCA+7.96	R$	18,033	437,152	455,185	441,959
Eletrobrás	2023	UFIR + 6.00 a 8.00	R$	40,130	306,745	346,875	357,046
Large consumers	2011	Diversas	R$	2,789	2,530	5,319	5,338
Santander do Brasil S.A.	2013	CDI + 1.70	R$	11,263	38,930	50,193	51,526
UNIBANCO S.A.	2013	CDI + 1.70	R$	19,674	119,156	138,830	141,201
Banco do Nordeste do Brasil	2010	TR+7.30	R$	72,897	-	72,897	89,377
Finep	2010	U4.00	R$	130	-	130	163
Debt in Brazilian currency				**335,852**	**2,039,723**	**2,375,575**	**2,469,696**
Overall total				**403,751**	**2,186,197**	**2,589,948**	**2,751,160**

(1) Interest rates vary: 2.00 to 8.00% p.a.; six-month Libor 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.; and (4) CDI + 3.01% p.a.
(5) Nominal, unsecured, book-entry debentures not converted into shares, without preference.

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

	2009	2010	2011	2012	2013	2014	2015	2016 em diante	Total
Currency									
US dollar	32,293	38,421	33,639	31,197	28,755	2,180	-	34,335	200,820
Euro	904	1,807	1,807	1,807	1,807	1,807	1,807	1,807	13,553
	33,197	**40,228**	**35,446**	**33,004**	**30,562**	**3,987**	**1,807**	**36,142**	**214,373**
Indexors									
IPCA (Expanded Consumer Price Index)	18,033	-	-	-	-	-	145,717	291,435	455,185
IGP-M inflation index	2,403	-	-	-	-	302,003	-	-	304,406
Ufir (Fiscal Reference Unit)	20,138	42,652	48,055	44,574	38,926	37,594	35,665	79,272	346,875
Interbank CD rate - CDI	90,342	197,173	168,793	267,594	365,992	100,868	-	-	1,190,763
TR	35,149	37,748	-	-	-	-	-	-	72,897
Outher	2,855	97	66	405	405	713	355	553	5,449
	168,920	**277,670**	**216,914**	**312,573**	**405,323**	**441,178**	**181,737**	**371,260**	**2,375,575**
	202,117	**317,898**	**252,360**	**345,577**	**435,885**	**445,165**	**183,544**	**407,402**	**2,589,948**

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

Currency	Change in quarter ended 06/30/2009 %	Accumulated change in 2008 %	Indexors	Change in quarter ended 06/30/2009 %	Accumulated change in 2008 %
US dollar	(15,70)	(16,49)	IGP-M	(0,32)	(1,24)
Euro	(10,99)	(15,39)	FINEL	(0,06)	(0,25)
			SELIC	2,39	5,36
			CDI	2,34	5,29

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

BALANCES AT MARCH 31, 2008	2.751.160
Monetary and FX variation	2.309
Financial charges provisioned	(36.116)
Capitalization	58.168
Financial charges paid	1.753
Amortization of financings	(135.572)
Balance on 30 June 2009	(51.754)
	2.589.948

Restrictive covenant clauses

Cemig and its subsidiaries have loans and financings with restrictive covenant clauses.

Description of the restrictive covenant	Index required
Debt / Ebitda	Less than or equal to 2.5
Debt / Ebitda	Less than or equal to 3.36
Net debt / Ebitda	Less than or equal to 3.25
Current debt / Ebitda	Less than or equal to 90%
Debt / (Stockholders' equity + Debt)	Less than or equal to 53%
Ebitda / Costs of debt	Greater than or equal to 2.8
Ebitda / interest	Greater than or equal to 3.0
Ebitda / Financial revenues	Greater than or equal to 2.0
Capital expenditure / Ebitda	Less than or equal to 60%

Net debt = Total debt, less cash position, less tradable securities.
Ebitda = Earnings before interest, taxes (on profit), depreciation and amortization. Specific criteria for the calculation of Ebitda are made in some contracts, with some variations from the formula mentioned.

Some of these restrictive covenants were not complied with, as follows:

Description of the restrictive covenant	Index required	Position on 30.06.2009
Capital expenditure / Ebitda	Less than or equal to 60%	95.78%
Debt / Ebitda	Less than or equal to 3.36	3.51
Ebitda / Costs of debt	Greater than or equal to 2.8	2.66
Debt / Ebitda	Less than or equal to 2.5	2.76

The company obtained waivers from its creditors, consenting that they would not exercise their rights to demand immediate or early payment of amounts owed up to December 31, 2009. The financings are classified in Current and Non-current liabilities, in accordance with the original terms of the contract, in view of these consents having been obtained.

16) – REGULATORY CHARGES

	06/30/2009	03/31/2009
Global Reversion Reserve – RGR	19,235	20,985
CCC – Fuel Consumption Account	18,279	14,703
Energy Development Account – CDE	28,658	28,658
Eletrobrás – Compulsory loan	1,207	1,207
ANEEL inspection charge	1,874	2,026
National Scientific and Technological Development Fund	2,468	1,461
Energy efficiency	159,439	150,172
Research and development	86,020	82,494
Energy system expansion research	1,234	731
	318,414	**302,437**
Current assets	310,735	286,887
Non-current liabilities	7,679	15,550

17) – POST-EMPLOYMENT OBLIGATIONS

The company became one of the sponsors of the Forluz pension fund (Fundação Forluminas de Seguridade Social), a non-profit institution, with a contributing percentage of 72.45%, the figure being decided based on the allocation of employees in the company in December 2004, with the aim of providing to its associates and participants and their dependents a complementary retirement 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.

Hence the obligations for payment of supplementary pension benefits under the Mixed Plan, with characteristics of defined contribution, and their respective assets, in the amount of R$ 1,723,087, are not presented in this Explanatory Note.

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. On December 31, 2008, 6 active employees and 45 retirees or pension holders were inscribed in this plan.

Cemig Distribution 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$ 670,352 on 30 June 2009 (R$ 676,052 on March 31, 2009), was recognized as an obligation payable by the Company and is being amortized by June 2024, through monthly installments calculated by the system of constant installments (the so-called “Price” table). The amounts are adjusted by the IPCA Inflation Index (Amplified National Consumer Price Index) published by the Brazilian Geography and Statistics Institute (IBGE) plus 6% per year.

The liabilities and expenses recognized by Light in connection with the Supplementary Retirement Plan, Health Plan and Life Insurance Plan are adjusted in accordance with the terms of CVM Decision CVM 371 and an Opinion prepared by independent actuaries. Thus, the financial updating, and the use of a surplus for amortization of the debt obligation agreed with Forluz, mentioned in the previous paragraphs, did not produce accounting effects in the income statement of Cemig Distribution. The last actuarial valuation was effected in relation to the base date December 31, 2008.

The movement in the net liabilities has been as follows:

	Pension plans and supplementary retirement plans	**Health Plan**	**Dental Plan**	**Life Insurance**	**Total**
Net liabilities on March 31, 2009	291,657	258,104	11,993	316,599	878,353
Expense (revenue) recognized in the income statement	1,791	13,124	812	7,212	22,939
Contributions paid	(23,313)	(9)	(130)	(6,994)	(30,446)
Net liabilities on June 30, 2009	**270,135**	**271,219**	**12,675**	**316,817**	**870,846**
Current liabilities	56,020	-	-	-	56,020
Non-current liabilities	214,115	271,219	12,675	316,817	814,826

18) – CONTINGENCY PROVISIONS

The company makes contingency provisions for legal actions in which the chance of loss is rated "probable".

	Balance on 03/31/2009	Additions	Write-offs	Balance on 06/30/2009
Labor-law contingencies				
Various	7.311	326	-	7.637
Civil				
Personal damages	8.033	-	(883)	7.150
Tariff increases	1.068	948	-	2.016
Other	8.920	-	(195)	8.725
Regulatory				
ANEEL administrative proceedings	44.641	975	-	45.616
Total	**69.973**	**2.249**	**(1.078)**	**71.144**

ANEEL administrative proceedings

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$ 45,616.

Tariff increases

Several industrial consumers filed actions against Cemig, the parent company of Cemig Distribution, 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. The Company estimates the amounts to be provisioned based on the disputed billed amounts and based on recent court decisions. The approximate total of the exposure in this matter, in management's view, is R$ 95,969, of which the greater part is provisioned in the holding company.

Legal actions with risk of loss classified as "possible"

Additionally, there are legal actions of a regulatory, civil or tax nature in progress, the chances of loss in which have been estimated as "possible". These are periodically reassessed, and do not require the constitution of a provision in the income statement. They are as follows:

ICMS tax – Low-income consumers

The company receives a subvention 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, on the argument that the subsidy should be subject to the ICMS tax (a value added tax charged by states on invoices for services). The potential for loss in this action is R$ 137.808, not including the ICMS tax that might be claimed by the tax authority 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 chance of loss in this action is rated "possible".

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

In 2006 Cemig Distribution 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 would be incorporated into salaries. The company did not withhold (for payment to the government) income tax and social security contribution on these payments 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. These are posted in Deposits connected to legal actions (Payments into Court). The Company believes it has arguments on the merit for a legal defense and thus has not made a provision for these actions.

Contingencies of the Holding Company

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

- Several consumers and the Public Prosecutor of the State of Minas Gerais have 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. Reimbursement was claimed for twice such amounts as come to be considered as erroneously charged 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.

- Cemig is defendant in legal proceedings challenging the criteria for measurement of amounts to be charged in relation to the contribution for public illumination, in the total amount of approximately R$ 898.476. 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

At June 30, 2009, Cemig Distribuição has registered capital of R$ 2,261,998, represented by 2,261,997,787 nominal common shares, without par value, wholly owned by Cemig.

At a meeting on June 25, 2009 the Board of Directors of Cemig approved payment of Interest on Equity in substitution of the obligatory dividend for the year 2009, in the amount of R$ 76,202, to be paid in the year 2010. The tax benefits arising for the payment of Interest on Equity were R$ 25,909, recognized in the period ended in June, 30, 2009.

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

The breakdown for retail supply of electricity, by type of consumer, is as follows:

	(Not reviewed by independent auditors)					
	Number of consumers		MWh		R$	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008	06/30/2009	06/30/2008
Residential	5,522,893	5,291,346	3,861,611	3,535,750	1,733,330	1,828,561
Industrial	74,978	75,417	2,359,926	2,563,257	784,424	844,164
Commercial, services and others	592,388	573,523	2,313,455	2,178,091	970,326	999,925
Rural	459,405	562,768	970,374	954,726	230,559	267,932
Public authorities	55,441	53,079	348,059	343,820	143,207	152,325
Public illumination	2,887	2,782	530,750	525,774	129,263	141,548
Public service	8,406	8,224	525,338	549,794	144,682	153,080
Sub-total	6,716,398	6,567,139	10,909,513	10,651,212	4,135,791	4,387,535
Own consumption	834	837	17,099	17,890	-	-
Subsidy for low-income consumers	-	-	-	-	189,832	62,953
Retail supply not invoiced – Regulatory Assets	-	-	-	-	-	38,807
Retail supply not invoiced, net	-	-	-	-	(30,058)	(62,016)
Effect of the definitive tariff review	-	-	-	-	(203,615)	-
	6,717,232	6,567,976	10,926,612	10,669,102	4,091,950	4,427,279
Transactions in energy on the CCEE					475	-
Total	**6,717,232**	**6,567,976**	**10,926,612**	**10,669,102**	**4,092,425**	**4,427,279**

21) REVENUE FROM USE OF THE NETWORK – FREE CONSUMERS

Starting in January 2005, a significant proportion of large industrial consumers became “free” consumers, with energy being sold to these consumers via Cemig Geração e Transmissão (“Cemig GT”). As a result the charges related to the use of the distribution network (“TUSD”) of these free consumers started to be charged separately by Cemig Distribution, being recorded in the account line “Revenue for use of the network”.

22) – OTHER OPERATIONAL REVENUES

	06/30/2009	06/30/2008
Charged service	7,636	5,775
Other provisions of services	6,123	9,967
Rental and leasing	23,077	21,342
Other	393	96
	37,229	**37,180**

23) – DEDUCTIONS FROM OPERATIONAL REVENUE

	06/30/2009	06/30/2008
ICMS tax	1,008,854	1,101,964
Cofins tax	369,049	438,701
Global Reversion Reserve – RGR	35,074	32,664
PIS and Pasep taxes	80,122	102,254
Energy Efficiency Program – PEE	14,892	16,871
Energy Development Account - CDE	162,691	149,523
Fuel Consumption Account – CCC	206,789	150,940
Research and Development – R&D	5,955	6,749
National Scientific and Technological Development Fund (FNDCT)	5,950	6,284
Energy system expansion research	2,975	2,250
ISS value added tax on services	165	172
	1,892,516	**2,008,372**

Cemig Distribution pays ICMS applicable to the "Portion A" amounts and the Deferred Tariff Adjustment in conformity with the invoicing of amounts on the customer's electricity bill.

24) – OPERATIONAL COSTS AND EXPENSES

	06/30/2009	06/30/2008
Personnel expenses	513,154	389,816
Post-employment obligations (Note 18)	45,879	74,337
Materials	40,643	40,603
Outsourced services	247,959	201,536
Energy purchased for resale	1,243,570	1,180,675
Depreciation and amortization	162,938	191,801
Operational provisions	24,433	32,375
Charges for the use of the basic transmission grid	254,942	233,300
Other net expenses	94,024	60,599
	2,627,542	**2,405,042**

a) PERSONNEL EXPENSES	06/30/2009	06/30/2008
Remuneration and salary-related charges and expenses	352,793	341,173
Supplementary pension contributions – Defined Contribution Plan	22,402	22,260
Assistance benefits	45,786	44,440
	420,981	407,873
(–) Personnel costs transferred to works in progress	(55,408)	(46,457)
Permanent Voluntary Dismissal Program -PPD (a)	(478)	28,400
Voluntary Dismissal Program - PDV (b)	148,059	-
	513,154	**389,816**

Programas de desligamento de empregados

a) The Permanent Voluntary Dismissal Program (PPD)

The company has a permanent Voluntary Dismissal Program (named PPD), which is permanent, and applicable to spontaneous rescissions of employment contracts by employees. Among the principal financial incentives of the program are payment of 3 times the gross amount of monthly remuneration, and 6 months' contributions to the Health Plan after leaving the company, deposit of the 40% "penalty" payment due on the balance of the FGTS upon termination of an employment contract, and payment of up to 24 months' contributions to the Pension Fund and the National Social Security System after termination of the contract, in accordance with certain criteria established in the regulations of the program.

Since this program was put in place in March 2008, 523 employees have subscribed to it. An expense has been recognized for the financial incentives under the program, was recognized in full in the 2008 income statement.

b) Programa de Desligamento Voluntário - PDV

In April 2009 Cemig put in place a temporary Voluntary Retirement Program – named the PDV – which employees were able to join between April 22 and June 5, 2009.

The financial incentive for employees who subscribed is an indemnity that varies between 3 and 16 times the value of the employee's monthly remuneration, according to specific criteria established in the Program's regulations, among which the main factor is the time of contribution remaining for qualification for full retirement benefits under the National Social Security program. Another of the incentives is payment of the contribution to the pension fund and the National Social Security System up to the date when the employee meets the requirements for retirement benefits under the National System (limited to 5 years) and deposit of the extra payment of 40% on the balance of the FGTS fund required when an employment contract is rescinded by the employer.

Additionally, Cemig guarantees full payment of the costs of the group life insurance and health plans for 6 and 12 months, respectively, from the date of the employee's leaving the company, which will take place in the period between June 2009 and September 2010.

A total of 772 employees of Cemig Distribution subscribed to the program, and an expense relating to the financial incentives, in the amount of R$ 148,059, was recognized, substantially in the results for 2009.

b) OUTSOURCED SERVICES	06/30/2009	06/30/2008
Collection/meter reading/bill delivery agents	57,945	52,296
Communication	35,324	21,523
Maintenance and conservation of electricity facilities and equipment	49,976	35,604
Building conservation and cleaning	10,832	9,304
Contracted labor	13,274	13,928
Freight and airfares	2,525	2,001
Accommodation and meals	6,380	6,221
Security services	2,993	2,548
Consultancy	3,330	5,197
Maintenance and conservation of furniture and utensils	13,285	11,489
Maintenance and conservation of vehicles	8,745	7,637
Disconnection and reconnection	12,132	9,743
Other	31,218	24,045
	247,959	**201,536**

c) ELECTRICITY BOUGHT FOR RESALE	06/30/2009	06/30/2008
From Itaipu Binacional	448,775	426,784
Short-term energy	56,918	122,756
“Bilateral Contracts”	101,429	108,325
Reimbursement of CVA –	-	219
Energy acquired at auction	603,552	483,179
Proinfa supply	59,745	43,219
Proinfa Energy program	2,435	33,139
Amounts received in “Portion A” (Note 7)	93,758	64,183
Credits PASEP/COFINS	(123,042)	(101,129)
	1,243,570	**1,180,675**

d) OPERATIONAL PROVISIONS	06/30/2009	06/30/2008
Pension plan premiums	(1,842)	(2,044)
Provision for doubtful receivables	22,561	22,592
Labor-law contingencies	1,441	2,798
Provision of ANEEL administrative proceedings	1,903	4,402
Other	370	4,627
	24,433	**32,375**

e) OTHER OPERATIONAL EXPENSES, NET	06/30/2009	06/30/2008
Leasing and rentals	12.786	13.387
Advertising	10.950	14.954
Own consumption of electricity	7.197	6.662
Subventions and donations	8.116	10.939
ANEEL inspection charge	12.089	12.562
Taxes and charges (IPTU, IPVA and others)	6.702	6.644
Financial compensation for use of water resources	3.682	3.054
Contribution to the MAE	1.029	840
Insurance	927	1.087
Inspection Fee - TFDR	27.281	-
Other (Recovery Expenses)	3.265	(9.530)
	94.024	**60.599**

25) – NET FINANCIAL REVENUES (EXPENSES)

	06/30/2009	06/30/2008
FINANCIAL REVENUES		
Revenue from cash investments	18,824	40,178
Arrears penalty payments on electricity bills	48,513	78,404
Monetary variation of CVA	19,774	12,860
Monetary variation – General Agreement for the Electricity Sector	24,469	45,877
Monetary variation – Deferred Tariff Adjustment	1,802	54,204
FX variations	59,166	26,501
Pasep and Cofins taxes on financial revenues	(167)	(5,212)
Other	20,282	21,338
	192,663	**274,150**
FINANCIAL EXPENSES		
Charges on loans and financings	(126,683)	(134,937)
Monetary variation – General Agreement for the Electricity Sector	-	(2,460)
Monetary variation of CVA	(33)	(15,345)
FX variations	(15,392)	(6,041)
Monetary variation – loans and financings	(8,904)	(44,641)
CPMF tax	-	(3,010)
Losses on financial instruments (Note 29)	(28,253)	(22,929)
Provision for losses in the recovery of RTE amounts – Updating	-	(1,470)
Other	(20,659)	(20,024)
	(199,924)	**(250,857)**
NET FINANCIAL REVENUES (EXPENSES)	**(7,261)**	**23,293**

The Pasep and Cofins tax expenses are applicable to the financial revenues on the regulatory assets, which are realized through invoicing of electricity.

26) – RELATED PARTY TRANSACTIONS

As mentioned in Explanatory Note 1, the Company is a wholly-owned subsidiary of Companhia Energética de Minas Gerais – Cemig, of which the controlling stockholder is the Government of the State of Minas Gerais. Cemig Geração e Transmissão ("Cemig GT") and Light are also subsidiaries of Cemig.

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

	ASSETS		LIABILITIES		REVENUES		EXPENSES	
COMPANIES	06/30/2009	03/31/2009	06/30/2009	03/31/2009	06/30/2009	06/30/2008	06/30/2009	06/30/2008
CEMIG								
Affiliated companies and holding company	10,289	10,268	13,531	13,419	-	-	-	-
Interest on Equity and dividends	-	-	521,484	682,227	-	-	-	-
Cemig Geração e Transmissão S.A.								
Affiliated companies and holding company	15,111	15,046	11,678	9,957	-	-	-	-
Energy purchased for resale (1)	958	-	51,272	46,686	18,630	3,362	(117,297)	(47,521)
Other	7	-	12	-	-	-	-	-
Light								-
Energy purchased for resale (1)	-	-	2,623	2,535	-	-	(1,405)	(234)
								-
Governo do Estado de Minas Gerais								-
Consumers and traders (4)	2,592	2,269	-	-	38,863	37,080	-	-
Taxes, charges and contributions – ICMS (5)	129,049	122,646	228,995	233,911	(1,008,854)	(1,101,964)	-	-
Taxes offsettable ICMS (5)	57,351	57,351	-	-	-	-	-	-
Consumers and traders (2)	12,668	11,968	-	-	-	-	-	-
FORLUZ								
Post-employment obligations - current (3)	-	-	56,020	54,580	-	-	(45,879)	(74,337)
Post-employment obligations – Non current (3)	-	-	814,826	823,773	-	-	-	-
Other	-	-	13,001	25,677	-	-	-	-
Personnel expenses (6)	-	-	-	-	-	-	(22,402)	(22,260)
Current administration expense (7)	-	-	-	-	-	-	(4,758)	(4,645)
OTHERS								
Affiliated and subsidiary companies, or parent companies	593	569	-	-	-	-	-	-

Main material comments on the above transactions:

(1) The Company has contracts for purchase of electricity from Cemig Geração e Transmissão S.A. and Light S.A., arising from the public electricity auction which took place in 2005, with period of validity of 8 years from the start of supply and annual adjustment by the IGP-M inflation index. These transactions were carried out on terms equivalent to those that prevail in transactions with independent parties, in view of the fact that the purchase of energy was made through an auction organized by the federal government, which subsequently decided what contracts should be signed between distributors and generators.

(2) A substantial portion of the amount refers to the renegotiation of the debit originating from the sale of energy to Copasa, with provision for payment up to September 2012, and financial updating (IGP-M inflation index + 0.5% per month).

(3) The contracts of FORLUZ are updated by the Expanded Consumer Price Index (IPCA) calculated by the Brazilian Geography and Statistics Institute (IBGE) (Note 18) and will be amortized up to the business year of 2024.

(4) Refers to sale of energy to the government of the State of Minas Gerais. The transactions were carried out on terms equivalent to those which prevail in the transactions with independent parties, considering that the price of the energy is that defined by ANEEL through a resolution referring to the company's annual tariff adjustment.

(5) The transactions with ICMS tax posted in the Quarterly Information refer to transactions for sale of energy and are carried out in conformity with the specific legislation of the State of Minas Gerais.

(6) Cemig's contributions to the Pension Fund related to the employees participating in the Mixed Plan (Note 18) and calculated on the monthly remunerations in accordance with the regulations of the Fund.

(7) Funds for annual current administrative costs of the Pension Fund in accordance with the specific legislation of the sector. The amounts are estimated as a percentage of the Company's total payroll.

For more information on the main transactions, see Explanatory Notes 5, 9, 14, 17, 19, 23, 24 e 26.

27) – FINANCIAL INSTRUMENTS

Cemig Distribution uses financial instruments restricted to cash and cash equivalents, consumers and traders, loans and financings, debentures, and currency swaps. The gains and losses obtained on the transactions are registered in full by the accrual method.

The Company's financial instruments were recognized initially at fair value and are classified as follows:

- Held for trading: In this category are cash investments and derivative investments (mentioned in item "b"). They are valued at fair value and the gains or losses are recognized directly in the income statement.
- Receivables: Credits from consumers and traders are in this category. They are recognized at their nominal realization value, similar to the fair values.
- Loans and financings, and obligations under debentures: These are measured at the amortized cost using the effective interest rates method. Gains or losses are recognized in the income statement as and when they take place.
- Derivative financial instruments: These are measured at fair value and the gains and losses are recognized directly in the income statement.

a) Management of risks

The management of corporate risks is a management tool that is part of the practices of Corporate Governance and aligned with the process of planning, which sets the strategic objectives of the Company's business.

The Company has a Financial Risks Management Committee, which aims to implement guidelines and monitor the financial risk of transactions which might negatively affect the Company's liquidity and profitability, recommending protection strategies in relation to foreign exchange, interest rate and inflation risks. These are effectively in line with the Company's strategy.

Cemig D's principal exposure risks are listed below:

Exchange rate risk

Cemig D is exposed to the risk of increase in exchange rates, especially of the US dollar against the Real, with significant impact on indebtedness, profit and cash flow. For the purpose of reducing the Company's exposure to increases in exchange rates, Cemig Distribuição had, on June 30, 2009, hedge transactions contracted, which are described in more detail in item b.

The net exposure to exchange rates is as follows:

EXPOSURE TO EXCHANGE RATES	06/30/2009	03/31/2009
US dollar		
Loans and financings	200.820	265.038
Contracted hedge/swap	(94.067)	(121.923)
	106.753	143.115
Euro		
Loans and financings	13.553	16.426
Net liability exposure	**120.306**	**159.541**

The Company estimates that, in a probable scenario, the appreciation of the exchange rates of foreign currencies against the Real in the end the next 12 months will be 4.53%. The Company has made a sensitivity analysis of the effects on its results arising from increases in the Selic rate of 25% and 50%, respectively – scenarios which we assess as “possible” and “remote”, respectively.

Risk - Increase in exchange rate	**Base 06/30/2009**	**"Probable" scenario**	**"Possible" scenario Exchange variation of 25%**	**"Remote" scenario Exchange variation of 50%**
US dollar				
Loans and financings	200,820	209,916	262,395	314,875
(-) Contracted hedge/swap	(94,067)	(98,328)	(122,910)	(147,492)
	106,753	111,588	139,485	167,383
Euro				
Loans and financings	13,553	14,167	17,709	21,143
Net liability exposure	**120,306**	**125,755**	**157,194**	**188,526**
Net effect variation of exchange rate	**-**	**(5,449)**	**(36,888)**	**(68,220)**

Interest rate risk

Cemig Distribution is exposed to the risk of increase in international interest rates, with an impact on loans and financings in foreign currency with floating rates (Libor) in the amount of R$ 9,648, at June 30, 2009.

In relation to the risk of increase of domestic interest rates, the Company’s exposure arises from its liabilities indexed to interest rates, which are as follows:

EXPOSURE OF CEMIG D TO BRAZILIAN INTEREST RATES	**06/30/2009**	**03/31/2009**
Assets		
Cash investments	223,761	421,297
Regulatory assets	1,484,869	1,609,016
	1,708,630	2,030,313
Liabilities		
Loans and financings	(1,190,763)	(1,246,183)
Regulatory liabilities	(627,425)	(587,987)
Contracted hedge/swap	(94,067)	(121,923)
	(1,912,255)	(1,956,093)
Net liability exposure	**(203,625)**	**74,220**

In relation to the most significant interest rate risk, that of an increase in the Selic rate, the Company estimates that, in a probable scenario, the Selic rate at the end of June 30, 2010 will be 9.00%. The Company has made a sensitivity analysis of the effects on its results arising from increases in the Selic rate of 25% and 50%, respectively – scenarios which we assess as “possible” and “remote”, respectively.

Risk -Exposure Brazilian Interest Rates	**Scenario Base SELIC 9.16%**	**"Probable" scenario SELIC 9.00%**	**"Possible" scenario SELIC 11.25%**	**"Remote" scenario SELIC 13.5%**
Assets				
Cash investments	223,761	223,403	228,438	233,472
Regulatory assets	1,484,869	1,482,493	1,515,903	1,549,312
	1,708,630	1,705,896	1,744,340	1,782,785
Liabilities				
Loans, financings and debentures	(1,190,763)	(1,188,858)	(1,215,650)	(1,242,442)
Regulatory liabilities	(627,425)	(626,421)	(640,538)	(654,655)
Contracted Hedge/Swap	(94,067)	(93,917)	(96,033)	(98,150)
	(1,912,255)	(1,909,196)	(1,952,221)	(1,995,247)
Net liability exposure	**(203,625)**	**(203,299)**	**(207,881)**	**(212,462)**
Net effect variation of SELIC	**-**	**326**	**(4,256)**	**(8,837)**

Credit risk

This risk arising from the possibility of Cemig incurring losses as a result of difficulty in receiving amounts billed to its clients is considered to be low. The Company carries out monitoring for the purpose of reducing default, on an individual basis, with its consumers. Negotiations are also established for receipt of receivables in arrears.

Electricity scarcity risk

The electricity sold is generated, basically, by hydroelectric power plants. A prolonged period of shortage of rainfall could result in reduction of volume of water in the reservoirs of the Company’s plants, adversely affecting the recovery of their volume and resulting in losses as a result of increased costs of acquisition of electricity, or reduction of revenues in the event of adoption of a renewed rationing program, like the one put in place by the federal government in 2001.

Early debt maturity risk

The Company has contracts for loans and financings with the restrictive covenant clauses normally applicable to these types of operation, related to compliance with limits on economic and financial indices, cash flow and other indicators. Non-compliance with these clauses could result in early maturity of debt. Some of these restrictive covenants were not met on June 30, 2009, and the Company obtained formal consent (“waiver”) from the creditors (Note 15), that they will not demand early maturity of the obligation.

Risk of non-renewal of concessions

The Company has concessions for commercial operation of distribution services. Management expects that these concessions will be renewed by ANEEL and/or the Mining and Energy Ministry. If the Mining and Energy Ministry does not grant the applications for renewals of these concessions, or if it decides to renew them upon imposition of additional costs for the company (“concessions for consideration”), the present levels of activity and profitability could be altered.

b) Financial instruments – derivatives

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 cash payments, but only the gains or losses that actually occur. The net results of these transactions represented a loss on June 30, 2009, of R$ 28,253 (vs. loss of R$ 22,929 on June 30, 2008), recorded in Financial revenue (expenses).

Methodology of calculation of the fair value of positions

The fair value of financial investments is calculated, when applicable, taking into consideration the market prices of the security, or market information that makes such calculation possible, and future rates for similar securities. The market value of the security corresponds to its maturity value brought to present value by the discount factor obtained from the market yield curve in Reais.

This table shows the derivative instruments contracted by Cemig D on June 30, 2009.

Receivable by Cemig Geração e Transmissão	Payable by Cemig Geração e Transmissão	Maturity period	Market Trading	Principal amount contract*		Lost not realized: Book Value		Lost not realized: Fair Value		Accumulated Effect: Payable Amount
				06/30/2009	03/31/2009	06/330/2009	03/31/2009	06/30/2009	03/31/2009	06/30/2009
US$ exchange rate + interest (5.58% p.a. to 7.14% p.a.)	R$ 100% of CDI + interest (1.50% p.a.. to 3.01% p.a.)	From 04/2009 to 06/2013	Over the counter (OTC)	US$48,200	US$52,662	(94.160)	(76.726)	(96.444)	(80.385)	(11.442)

c) Sensitivity analysis

The derivative instrument described above shows that the Company is exposed to the variation in the CDI rate. The Company estimates that the CDI rate at the end of June 30, 2010 will be 9.00%. The Company has made a sensitivity analysis of the effects on its results arising from increases in the Selic rate of 25% and 50%, respectively, in relation to June 30, 2009 – scenarios which we assess as “possible” and “remote”, respectively. In these “possible” and “remote” scenarios, the CDI rate at june 30, 2010, would be: 11.25% and 13.50%, respectively.

	Base	"Probable" scenario	"Possible" scenario	"Remote" scenario
Risk -Exposure Brazilian Interest Rates				
Contract in US$	(94.067)	(93.917)	(96.033)	(98.150)
Net effect variation of SELIC		**150**	**(1,966)**	**(4,083)**

28) – FINAL RESULT OF THE SECOND TARIFF REVIEW OF CEMIG D AND TARIFF ADJUSTMENT

In March 2009 ANEEL homologated the final result of the tariff review of Cemig Distribution, the effects of which take place from April 2008.

The final result of the Company's second tariff review was an average reduction of 19.62%, which compares with the average reduction of 18.09% applied on a provisional basis in April 2008.

For the homologation of the final Tariff Review, ANEEL also recalculated the amounts which, in its judgment, should have been those effectively recognized in the Company's Tariff Adjustment as from April 2008.

The effects on the income statement relate primarily to the reduction in the value of the "Reference Company" used as a basis for reimbursement of the Company's manageable costs; and also to a review by ANEEL of the criterion for calculation of the reimbursements, in the tariff, of the financial regulatory assets, which resulted in discounting of amounts which, in the regulator's view, were included in excess in the Company's tariff in 2008.

These amounts, totaling R$ 203,615, recorded in Current liabilities, under "Regulatory liabilities – Tariff Review", are being transferred monthly to the income statement, on a linear basis, in the period from April 8, 2009 to April 7, 2010.

29) – THE TARIFF ADJUSTMENT

On April 7, 2009 ANEEL published the result of the Tariff Adjustment of **Cemig D**. This increased **Cemig D**'s tariffs by 20.81%, from April 8, 2009.

The adjustment applied differently to different consumer categories. Electricity bills of residential consumers were increased by an average of 4.87%, while invoices for high-voltage captive consumers were increased by an average of 9.42%. The overall average impact on the electricity bills of captive consumers was an increase of 6.21%.

Considering the total market of the Company's consumers – captive and free consumers – the average percentage increase was 4.87% for low-voltage consumers, and 4.43% for high-voltage consumers. The resulting overall average impact on the electricity bills of free and captive consumers was an increase of 4.69%.

ECONOMIC AND FINANCIAL PERFORMANCE

(Amounts are in thousands of Reais unless otherwise stated.)

Net profit

Cemig Distribution ("**Cemig D**") reported net profit for the first half of 2009 ("**1H09**")of R$ 88,385, 81.86% lower than it net profit of R$ 487,276 for the first half of 2008. The significantly lower bet profit is mainly due to non-recurring events in this first half, including the effects of the Final Tariff Review, and the provision for the PDV voluntary retirement program (Explanatory Notes 24 and 28).

Ebitda (calculation method not reviewed by external auditors)

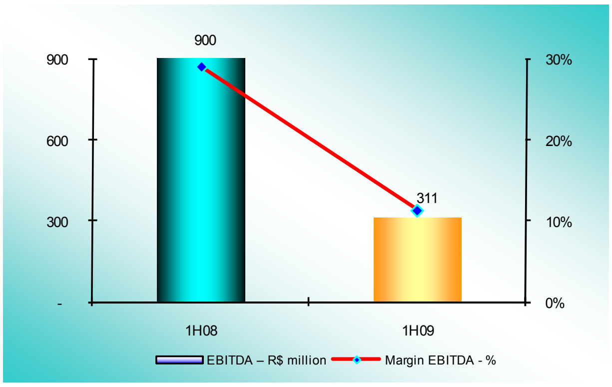
Cemig D's Ebitda in the first half of 2009 was significantly lower than its Ebitda for the first half of 2008 – by a percentage of 65.42%. Adjusted for the non-recurring items, this percentage reduction is diminished to 25.07%

As part of the final disclosure of the Tariff Review of Cemig D, ANEEL included in the tariff to be applied as from April 8, 2009 certain financial items relating to previous business years, resulting in recognition of regulatory assets and liabilities which will be received and/or discounted in the tariff to be received from consumers applied in the period from April 8, 2009 through April 7, 2010.

These financial items relate principally to reduction of the costs of the "Reference Company" used by ANEEL in calculating reimbursement to the Company of its controllable costs, with effect backdated to April 2008. Recognition of this non-recurring item results in an impact of R$ 192,816 to Ebitda, as shown in the table below:

The PDV Temporary Voluntary Retirement Program also impacted Ebitda in first half 2009, in the amount of R$ 148,059.

EBITDA - R$ '000	06/30/2009	06/30/2008	Change, %
Net profit	88,385	487,276	(81,86)
+ Income tax and Social Contribution	1,035	209,139	(99,51)
+ Profit shares	51,102	33,748	51,42
+ – Financial revenues (expenses)	7,261	(23,293)	(131,17)
+ Depreciation and amortization	162,938	191,801	(15,05)
= EBITDA	**310,721**	**898,671**	**(65,42)**
Non-recurring items:			
+ Tariff review – Net revenue	213,803	(62,464)	-
+ Tariff review – Operational expense	(20,987)	4,330	-
+ The PPD Voluntary Dismissal Program	(478)	28,400	-
+ The PDV Temporary Voluntary Retirement Program	148,059	-	-
= ADJUSTED EBITDA	**651,118**	**868,937**	**(25,07)**



The lower Ebitda in 1H09 than in 1H08 mainly reflects net operational revenue 10.82% lower, and operational costs and expenses (excluding effects of depreciation and amortization) 11.36% higher. The lower result in 2009 was reflected in Ebitda margin, which was 11.20% in 1H09, compared with 28.88% in 1H08.

Gross revenue from supply of electricity

Gross revenue from retail electricity sales in the first half of 2009 was R$ 4,092,425, compared to R$ 4,427,279 in the first half of 2008 – an reduction of 7.56%.

Considering sales to final consumers, main factors affecting revenue in 2009:

- Tariff adjustment with average impact on consumer tariffs of 4.64%, starting from April 8, 2009.
- Reduction in the tariff of Cemig D, with average impact across all consumer tariffs of a reduction of 12.08%, from April 8, 2008 (full effect in 2009)..
- Volume of energy invoiced to final consumers 2.43% higher than in 2008 (this excludes Cemig's own internal consumption).
- Posting of regulatory liabilities arising from the adjustment in the Company's Tariff Review, this with effect backdated to 2008, representing a reduction in gross revenue of R$ 213,803, in 2009.

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

Consumption by consumer category	MWh		
	06/30/2009	06/30/2008	*Change, %*
Residential	3,861,611	3,535,750	9.22
Industrial	2,359,926	2,563,257	(7.93)
Commercial, services and others	2,313,455	2,178,091	6.21
Rural	970,374	954,726	1.64
Public authorities	348,059	343,820	1.23
Public illumination	530,750	525,774	0.95
Public service	525,338	549,794	(4.45)
Total	**10,909,513**	**10,651,212**	**2.43**

Increases in the largest categories, residential and commercial, were respectively 9.22% and 6.21%. while sales volume to the industrial category of consumers was 7.93% lower. The increases in the residential and commercial categories of consumer mainly reflect the increases in the number of consumers – respectively, 4.38% and 3.29% year-on-year. The lower consumption in the industrial category is mainly due to the effects of the global economic crisis which severely affected Brazil's manufacturing sector. In the commercial category, as well as the increase in the number of consumers, the better performance of the retail, accommodation and food sectors, communications services, health and wholesale traders, contributed to the year-on-year increase in revenue in 1H09.

Revenue from use of the grid

This revenue is from the TUSD – tariff for use of the distribution system – charged to Free Consumers on electricity sold to them. Revenue in the first half of 2009 was R$ 538,187, compared to R$ 655,825 in the first half of 2008 – a reduction of 17.94%. This reflects less transport of electricity to Free Consumers, in turn reflecting the slowdown in the Brazilian economy, affecting the manufacturing sector.

Non-controllable costs

Differences between the sum of non-controllable costs (known as “CVA”), used as a reference in calculating the tariff adjustment, and disbursements actually made, are offset in subsequent tariff adjustments. They are recorded in Assets and Liabilities. Complying with the ANEEL Chart of Accounts, some items are allocated as Deductions from operational revenue. Further information is in Explanatory 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 that was 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 totaled R$ 1,892,516 in 1H09, compared to R$ 2,008,372 in 1Q08, a year-on-year increase of 5.77%. Main year-on-year variations in the deductions from revenue:

<u>The Fuel Consumption Account – CCC</u>

The deduction from revenue relating to the CCC was R$ 206,789 in 1H09, compared to R$ 150,940 in 1H08, an increase of 37.00%. This refers to the operational costs of the thermal plants in the Brazilian grid and isolated systems, divided up between electricity concession holders by an ANEEL Resolution. This is a non-controllable cost: the amount deducted from revenue is passed through to tariffs.

<u>The Energy Development Account – CDE</u>

The deduction from revenue relating to the CDE was R$ 162,691 in 1H08, compared to R$ 149,523 in 1H08, representing an increase of 8.81%. The payments are specified by an ANEEL Resolution. This is a non-controllable cost: the deduction from revenue recorded in the income statement is the amount actually passed through to the tariff.

<u>The Global Reversion Reserve – RGR</u>

The deduction from revenue relating to the RGR was R$ 35,074 in 1H09, compared to R$ 32,664 in 1H08, representing an increase of 7.38%. This is a non-controllable cost: the deduction from revenue recorded in the income statement is the amount actually passed through to the tariff.

The *other deductions from revenue* are for taxes that 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))

Operational costs and expenses (excluding Net financial revenue/expenses) in the first half of 2009 totaled R$ 2,627,542,compared to R$ 2,405,042 in the first half of 2008, an increase of 9.25%. This is mainly due to the increases in personnel costs, electricity bought for resale and outsourced services, partially offset by the reduction in cost of post-employment obligations. For further information on the composition of operational costs and expenses, see Explanatory Note 24 to the Quarterly Information.

The main year-on-year variations in these expenses are:

Personnel expenses

Personnel expenses in 1H09 were R$ 513,154, compared to R$ 389,816 in the first half of 2008, an increase of 31.64%. This primarily reflects the following factors:

- Salary increase of 7.26% given to employees in November 2008.
- Provision for the PDV Voluntary Retirement Program, in the amount of R$ 148,059, in 1H09.

In counterpart, the following factors contributed to lower personnel expenses:

- Reduction in the number of employees, from 8,050 at the end of June 2008 to 7,796 at the end of June 2009.
- Higher transfer of costs from Personnel expenses to Works in progress (R$ 55,408 in 2009, vs. R$ 46,457 in 2008), due to the higher capital expenditure program in 2009.

Electricity bought for resale

The expense on this account in first half of 2009 was R$ 1,243,570, 5.33% more than the figure of R$ 1,180,675 for this account in the first half of 2008. This is a non-controllable cost: the deduction from revenue recorded in the income statement is the amount actually passed through to the tariff. Further information is given in Explanatory Note No. 24 to the Quarterly Information.

Post-employment obligations

Expenses on post-employment obligations totaled R$ 45,879 in 1H09, 38.28% lower than in 1H08 (R$ 74,337). These expenses basically represent interest on the actuarial liabilities of Cemig D, net of the expected return on the pension plans' assets, as estimated by an external actuary. The lower expense in 2009 basically reflects the adjustment made in December 2008 to the actuarial assumptions, resulting in a reduction of the Company's net obligations.

Depreciation and amortization

The expense on depreciation and amortization in 1H09 was R$ 162,938, 15.05% less than the expense of R$ 191,801 posted for 1H08. This mainly reflects the depreciation of the item "Special Obligations", as from April 2008, the date of the second Tariff Review cycle.

Operational provisions

Operational provisions in 1H09 totaled R$ 24,433, 24.53% less than in 1H08 (R$ 32,375). This mainly reflects a lower volume of provisions for litigation contingencies in 2009. See more information in Explanatory Notes 18 and 24 of the Quarterly Information.

Charges for use of the transmission grid

The expense on charges for use of the transmission network in the first half of 2009 was R$ 254,942, vs. R$ 233,300 in the first half of 2008, an increase of 9.28%. This expense refers to the charges payable by electricity distribution and generation agents for use of the facilities that are components of the basic grid, as set by an ANEEL Resolution. This is a non-controllable cost: the deduction from revenue recorded in the income statement is the amount actually passed through to the tariff.

Outsourced services

The expense on outsourced services in 1H09 was R$ 247,959, compared to R$ 201,536 in 1H08, an increase of 23.03%, with the main changes in expenditure on communication, maintenance and conservation of electricity facilities and tree pruning, as follows:

- Expenses on communication were 64.12% higher in 1H09, at R$ 35,324, than in 1H08 (R$ 21,523). This variation arises mainly from the increase in the number of calls as a consequence of the longer rainy season in 2009; a significant increase in the number of calls by mobile phone, which are much more expensive; and the migration of other services previously provided through other channels, such as customer service branches, to the communications centre.

- The expense on services of maintenance and conservation of electrical facilities and equipment in 1H09 was R$ 49,976, 40.37% higher than in 1H08 (R$ 35,604). This variation arises principally from the prolongation of the rainy season, with greater demand for corrective maintenance of the system, and the higher volume of preventive maintenance activities, aiming to reduce accidental outages in the next rainy season.

- The expense of tree pruning, recorded in the accounts under "Outsourced services – Other" was R$ 6,065 in 1H09, 208.34% more than in 1H08 (R$ 1,967). The increase in this expense arises from the Company's preventive actions to reduce accidental outages caused by trees close to the electricity networks, principally in rainy periods.

Details of the expenses under this line are given in Explanatory Note 24 to the Quarterly Information.

<u>Other expenses, net</u>

The net expense under this heading in first half 2009 was R$ 94,024, 55.16% more than in 1H08 (R$ 60,599). The increase mainly reflects the provision for and payment of the License Charge for Occupation of Highway Lands (TFDR) for 2009, of R$ 27,281, recognized in June 2009.

Financial revenues (expenses)

The company posted net financial *expenses* of R$ 7,261 in 1H09, which compares with net financial *revenue* of R$ 23,293 in first half 2008. The main factors in Financial revenue (expenses) are:

- Revenue from cash investments R$ 21,354 lower due to the lower volume of cash invested in 2009.

- Revenue from penalty payments on electricity invoices in arrears 38.12% lower in 1H09, at R$ 48,513, than in 1H08 (R$ 78,404). This variation arises mainly from the revenue posted in 2008 for payment of accounts received from large industrial consumers for consumption related to 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 regulatory assets arising from the General Agreement for the Electricity Sector. The revenue in 1H09 was R$ 24,469, compared to R$ 45,877 in 1H08 – basically reflecting the lower value of the regulatory assets in 2009, due to amortization of the principal regulatory assets previously constituted.

- Revenue from monetary updating and interest on the Deferred Tariff Adjustment 96.68% lower, at R$ 1,802 in 1H09, than in 1H08 (R$ 54,204), due to the reduction of the asset by receipt of amounts receivable, in electricity invoices.

- Net gains on FX variations in 2009, in the amount of R$ 15,521, net of the compensatory effects relating to financial instruments, which compares to net losses of R$ 2,469 in 2008, arising basically from loans and financings in foreign currency indexed to the US dollar. This result arises principally from the appreciation of the Real against the dollar in the first half of 2009.

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

Income tax and Social Contribution tax

Cemig D's expenses on income tax and the Social Contribution tax in first half of 2009 totaled R$ 1,035, on profit of R$ 140,522, before tax effects, a percentage of 0.73%. In 1H08, the Company posted expenses on income tax and the Social Contribution tax of R$ 209,139, representing 28.64% of the pre-tax profit of R$ 730,163 million. The lower expense on income tax and Social Contribution in 1H09 is mainly due to allocation of Interest on Equity in the amount of R$ 76,702, recorded in June 2009. The effective rates are reconciled with the nominal rates in Explanatory Note 9 to the Quarterly Information.

INCOME STATEMENTS FOR THE SECOND QUARTERS OF 2009 AND 2008

	Second quarter 2009	Second quarter 2008	Change, %
OPERATIONAL REVENUE			
Gross revenue from supply of electricity	2,277,204	2,083,932	9.27
Revenue from use of the network	276,337	340,793	(18.91)
Other operational revenues	17,981	19,625	(8.38)
Gross operational revenue	**2,571,522**	**2,444,350**	**5.20**
Deductions from operational revenue	(982,032)	(980,220)	0.18
Net operational revenue	**1,589,490**	**1,464,130**	**8.56**
OPERATIONAL COSTS AND EXPENSES			
Personnel expenses	(325,748)	(196,419)	65.84
Forluz post-employment obligations	(22,939)	(37,168)	(38.28)
Materials	(19,828)	(18,579)	6.72
Outsourced services	(142,908)	(101,583)	40.68
Electricity bought for resale	(737,860)	(602,937)	22.38
Depreciation and amortization	(81,776)	(81,286)	0.60
Operational provisions	(8,739)	4,277	-
Charges for the use of the basic transmission grid	(135,377)	(113,306)	19.48
Other expenses, net	(65,400)	(28,827)	126.87
	(1,540,575)	**(1,175,828)**	**31.02**
Operational profit (loss) before financial revenue (expenses)	**48,915**	**288,302**	**(83.03)**
NET FINANCIAL REVENUE (EXPENSES)	512	12,752	(95.98)
Profit before income tax and Social Contribution	**49,427**	**301,054**	**(83.58)**
Income tax and Social Contribution tax	17,442	(68,106)	(125.61)
Profit shares	(18,817)	(16,331)	15.22
Net profit for the period	**48,052**	**216,617**	**(77.82)**

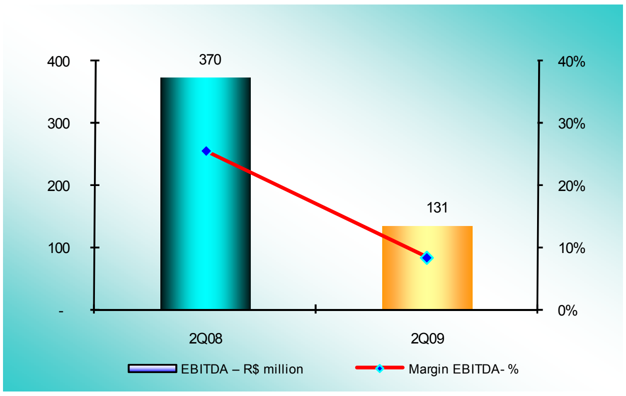
Profit for the quarter

In the second quarter of 2009 (2Q09), Cemig Distribution reported net profit of R$ 48,052, 77.82% less than the net profit of R$ 216,617 reported for the second quarter of 2008 (2Q08). This is mainly to the increase of 65.70% in personnel costs, due to the provision of R$ 148,059 for the PDV Temporary Voluntary Retirement Program.

Ebitda(calculation methodology not reviewed by external auditors)

Cemig Distribution reported Ebitda in the second quater of 2009 (“2Q09”) 64,64% lower than in 2Q08. Adjusted for non-recurring items, Ebitda was 28,91% lower.

EBITDA – R$ ’000	2Q09	2Q08	Change, %
Net profit	48,052	216,617	(77.82)
+ – Income tax and Social Contribution tax	(17,442)	68,106	-
+ Profit shares	18,817	16,331	15.22
+ – Financial revenues (expenses)	(512)	(12,752)	(95.98)
+ Depreciation and amortization	81,776	81,286	0.60
= EBITDA	**130,691**	**369,588**	**(64.64)**
Non-recurring items:			
+ Permanent Voluntary Retirement Program – PPD	1,412	24,519	-
+ Temporary Voluntary Retirement Program – PDV	148,059	-	-
= ADJUSTED EBITDA	**280,162**	**394,107**	**(28.91)**



The lower Ebitda in 2Q09 than in 2Q08 mainly reflects operational costs and expenses (excluding effects of depreciation and amortization) 33.28% higher. The lower operational performance in 2Q09 than in 2Q08 is reflected in Ebitda margin, which was 8.22% in 2Q09, vs. 25.24% in 2Q08.

Gross revenue from supply of electricity

	MWh (*)			R$		
	2Q09	2Q08	Change, %	2Q09	2Q08	Change, %
Residential	1,956,115	1,805,989	8.31	907,721	897,555	1.13
Industrial	1,177,292	1,338,420	(12.04)	420,447	441,555	(4.78)
Commercial, services and others	1,153,229	1,093,609	5.45	505,725	491,498	2.89
Rural	518,071	501,484	3.31	134,446	131,227	2.45
Public authorities	179,525	191,384	(6.20)	77,168	81,800	(5.66)
Public illumination	261,392	266,706	(1.99)	66,535	68,216	(2.46)
Public service	264,632	287,642	(8.00)	77,652	78,637	(1.25)
Sub-total	**5,510,256**	**5,485,234**	**0.46**	**2,189,694**	**2,190,488**	**(0.04)**
Own consumption	8,556	8,975	(4.67)	-	-	-
Regulatory items included in the tariff				45,629	60,618	(24.73)
Supply not invoiced, net	-	-	-	(7,073)	(162,101)	(95.64)
Effect of the Definitive Tariff Review	-	-	-	61,010	-	-
	5,518,812	5,494,209	0.45	2,289,260	2,089,005	9.59
Transactions in energy on the CCEE	-	-	-	(12,056)	-	-
Total	**5,518,812**	**5,494,209**	**0.45**	**2,277,204**	**2,083,932**	**9.27**

(*) Information in MWH not reviewed by external auditors.

Gross revenue from electricity supply in 2Q09 was R$ 2,277,204, 9.27% more than in 2Q08 (R$ 2,083,932).

Main factors affecting revenue in 2Q09:

- Tariff adjustment on April 8, 2009, with average impact on consumer tariffs of 4.69%.
- Tariff adjustment on April 8, 2008, with average impact on consumer tariffs of 12.08%.
- Volume of energy invoiced to final consumers 0.46% higher than in 2Q08 (this excludes Cemig's own internal consumption).

Revenue from use of the grid

This revenue refers to the TUSD – Tariff for Use of the Distribution System – charged to free consumers on the energy sold, principally by Cemig Generation and Transmission ("Cemig GT"). In 2Q09 this revenue was 18.91% lower, at R$ 276,337, than in 2Q08 (R$ 340,793), due to a lower volume of transport of energy to Free Consumers, a consequence of the international economic situation, which had repercussions on Brazilian industrial production

Non-controllable costs

Differences between the sum of non-controllable costs (known as "CVA"), used as a reference in calculating the tariff adjustment, and disbursements actually made, are offset in subsequent tariff adjustments. They are recorded in Assets and Liabilities. Complying with an alteration in the ANEEL Chart of Accounts, some items are allocated as Deductions from operational revenue. For more information, please see Explanatory Notes 2 and 7 to the Quarterly Information.

Deductions from operational revenues

	2Q09	2Q08	Change, %
ICMS tax	512,566	544,688	(5.90)
Cofins tax	190,265	196,318	(3.08)
PIS and Pasep taxes	41,307	44,124	(6.38)
ISS value-added tax on services	92	101	(8.91)
	744,230	785,231	(5.22)
Global Reversion Reserve – RGR	17,557	17,244	1.82
Energy Efficiency Program – P.E.E.	8,396	8,269	1.54
Energy Development Account – CDE	85,162	74,450	14.39
Fuel Consumption Account – CCC	118,302	88,346	33.91
Research and Development – P&D	3,357	3,308	1.48
National Scientific and Technological Development Fund (FNDCT)	3,352	2,843	17.90
Energy System Expansion Research – EPE	1,676	529	216.82
	237,802	194,989	21.96
	982,032	**980,220**	**0.18**

Main year-on-year variations in the deductions from revenue:

<u>The Fuel Consumption Account – CCC</u>

The deduction from revenue for the CCC was R$ 118,302 in 2Q09, compared to R$ 88,346 in 2Q08, representing an increase of 33.91%. This refers to the operational costs of the thermal plants in the Brazilian grid and isolated systems, divided up between electricity concession holders by an ANEEL Resolution. This is a non-controllable cost; the expense that is deducted from revenue is the amount passed through to the tariff.

<u>The Energy Development Account – CDE</u>

The deduction from revenue for the CDE was R$ 85,162 in 2Q09, compared to R$ 74,450 in 2Q08, 14.39% higher year-on-year. The payments are specified by an ANEEL Resolution. This is a non-controllable cost: the expense recorded in the income statement is the amount actually passed through to the tariff.

The other deductions from revenue are of 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$ 1,540,575 in 2Q09, 31.00% more than the R$ 1,176,002 deducted for 2Q08. This mainly reflects energy bought for resale 22.38% higher, personnel expenses 65.70% higher, and expenses on outsourced services 40.68% higher, partially offset by post-employment obligations 38.28% lower.

The main year-on-year variations in these expenses are:

<u>Personnel expenses</u>

Personnel expenses totaled R$ 325,748 in 2Q09, 65.70% higher than in 2Q08 (R$ 196,593). This arises from the salary increase if 7.26% given to employees in November 2008 and the provision of R$$ 148,059 for the PDV Temporary Voluntary Retirement Program, in 2Q09. The increase was partially mitigated by the lower number of employees: 7,796 at the end of June, vs. 8,050 at the end of June 2008.

Electricity bought for resale

The expense on this account in 2Q09 was R$ 763,099, 26.56% higher than the expense of R$ 602,937 in 2Q08. This change is mainly due to 23.86% increase in average rate of energy purchased in the 2009/2010 cycle pricing. This is a non-controllable cost: the expense recorded in the income statement is the amount actually passed through to the tariff.

Post-employment obligations

Expenses on post-employment obligations totaled R$ 22,939 in 2Q09, 38.28% more than in 2Q08 (R$ 37,168). These expenses basically represent interest on the actuarial liabilities of Cemig D, net of the expected return on the pension plans' assets, as estimated by an external actuary. The lower expense in 2009 basically reflects the adjustment made to the actuarial assumptions in December 2008, which resulted in a reduction of the Company's net obligations.

Operational provisions

Operational provisions in 2Q09 were R$ 8,739, compared to R$ 4,277 in 2Q08. The change basically reflects the lower provision for doubtful receivables in 2Q08, when this figure was a *credit* balance of R$ 5,788 due to reversals made in June 2008, as a result of a lower probability of losses being estimated by the Company.

Outsourced services

The expense on outsourced services in 2Q09 was R$ 142,908, compared to R$ 101,583 in 2Q08, an increase of 40.68% – the highest changes being in expenditure on communication, and also on maintenance and conservation of electricity facilities and tree pruning, as follows:

- Expenses on communication were 166,27% higher in 2Q09, at R$ 28,621, than in 2Q08 (R$ 10,749). This variation arises mainly from the increase in the number of calls as a consequence of the longer rainy season in 2009; a significant increase in the number of calls by mobile phone, which are much more expensive; and the migration of other services previously provided through other channels, such as customer service branches, to the communications centre.

- The expense on services of maintenance and conservation of electrical facilities and equipment in 2Q09 was R$ 24,429, 47.92% higher than in 2Q08 (R$ 16,515). This variation arises principally from the prolongation of the rainy season, with greater demand for corrective maintenance of the system, and the higher volume of preventive maintenance activities, aiming to reduce accidental outages in the next rainy season.

- The expense of tree pruning, recorded in the accounts under "Outsourced services – Other" was R$ 3,505 in 2Q09, 172.13% more than in 2Q08 (R$ 1,288). The increase in this expense arises from the Company's preventive actions to reduce accidental outages caused by trees close to the electricity networks, principally in rainy periods.

Other expenses, net

Expenses on post-employment obligations totaled R$ 65,400 in 2Q09, 126.87% more than in 2Q08 (R$ 28,827). The increase mainly reflects the provision for and payment of the License Charge for Occupation of Highway Lands (TFDR) for 2009, of R$ 27,281, recognized in June 2009.

Financial revenues (expenses)

	2Q09	2Q09	Change, % %
FINANCIAL REVENUES			
Revenue from cash investments	8.643	22.138	(60,96)
Arrears penalty payments on electricity bills	25.935	35.356	(26,65)
Monetary variation of CVA	9.572	7.638	25,32
Monetary variation – General Agreement for the Electricity Sector	10.234	18.540	(44,80)
Monetary variation – Deferred Tariff Adjustment	25	28.307	(99,91)
FX variations	49.113	25.319	93,98
Pasep and Cofins taxes on financial revenues	(2)	(2.618)	(99,92)
Other	10.484	13.523	(22,47)
	114.004	**148.203**	(23,08)
FINANCIAL EXPENSES			
Charges on loans and financings	(59.356)	(70.569)	(15,89)
Monetary variation – General Agreement for the Electricity Sector	-	4.354	-
Monetary variation of CVA	1.802	(10.540)	-
FX variations	(12.752)	(3.508)	263,51
Monetary variation – loans and financings	(5.167)	(25.451)	(79,70)
Losses on financial instruments (Note 26)	(27.501)	(15.638)	75,86
Other	(10.518)	(14.099)	(25,39)
	(113.492)	**(135.451)**	**(16,21)**
	512	**12.752**	**(95,98)**

The main variations in Financial revenues (expenses) between 2Q09 and 2Q08 are:

- Revenue from cash investments R$ 13,495 lower due to the lower volume of cash invested in 2009.

- Arrears penalty payments on electricity bills R$ 9,421 lower due to the higher receipt of the overdue energy bills.

- Monetary variation on the Deferred Tariff Adjustment R$ 28,282 lower, due to reduction of the underlying asset by receipt of amounts due through clients' electricity bills.

- Monetary variation on loans and financings in Brazilian currency R$ 5,167 lower (vs. R$ 25,451 in2Q08), due to the lower variation in the IGP-M inflation index in 2Q09 than in 2Q08.

- Costs of loans and financings 15.89% lower due to amortizations of debt in 2008 and the lower variation represented by the CDI rate (the main indexor of contracts) in 2009.

Income tax and Social Contribution tax

Cemig D's expenses on income tax and the Social Contribution tax in 2Q09 totaled R$ 17,442, on profit of R$ 49,427, before tax effects. The Company's expenses on income tax and the Social Contribution in 2Q08 were R$ 68,106, on profit of R$ 301,054 before tax effects, a percentage of 22.62%. The tax benefit obtained in 2Q09 arises mainly from allocation of Interest on Equity in the amount of R$ 76,202, in June 2009.

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INDEPENDENT AUDITORS' REVIEW REPORT

To
The Board of Directors
Cemig Distribuição S.A.
Belo Horizonte - MG

1. We have reviewed the Quarterly Financial Information – ITR of Cemig Distribuição S.A. (the Company) for the quarter ended June 30, 2009, comprising the balance sheet, the statements of income, changes in shareholders' equity and of cash flows, the explanatory notes and management report, which are the responsibility of its management.

2. Our review was conducted in accordance with the specific rules set forth by the IBRACON – The Brazilian Institute of Independent Auditors, in conjunction with the Federal Accounting Council – CFC, and consisted mainly of the following: (a) inquiries and discussions with the persons responsible for the Accounting, Finance and Operational areas of the company as to the main criteria adopted in the preparation of the Quarterly Financial Information – ITR; and (b) reviewing information and subsequent events that have or may have relevant effects on the financial position and operations of the Company.

3. Based on our review, we are not aware of any material modification that should be made in accounting information included in the Quarterly Financial Information – ITR described above, for it to be in accordance with the rules issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Financial Information – ITR, including the Instruction CVM Nº 469/08.

4. As mentioned in Note 2 to the financial information, the accounting practices adopted in Brazil have been changed in 2008 and the effects of the first time adoption were recognized of the Company on the fourth quarter of 2008 and disclosure in the financial statements for the year ended December 31, 2008. The statement of income, changes in shareholders' equity and cash flow for the quarter ended June 30, 2008, presented in connection with the Quarterly Financial Information – ITR, did not change for comparison purposes, as permitted by Direct Release/CVM/SNC/SEP nº 02/2009 (Ofício Circular).

August 13, 2009

Original report in Portuguese signed by

KPMG Auditores Independentes
CRC SP014428/O-6-F-MG

Marco Túlio Fernandes Ferreira
Accountant CRCMG058176/O-0