Distribuição S.A.

ÍNDICE

Distribuição S.A.

BALANCE SHEETS

ON SEPTEMBER 30 AND JUNE 30, 2009

ASSETS

R$ ’000

	09/30/2009	06/30/2009
CURRENT		
Cash and cash equivalents (Note 3)	513,227	262,031
Consumers and traders (Note 4)	1,408,427	1,466,741
Extraordinary Tariff Recomposition, and “Portion A” (Note 6)	307,991	317,042
Concession holders – transport of energy	302,784	335,571
Taxes subject to offsetting (Note 8)	554,787	543,416
Anticipated expenses – CVA (Note 7)	626,483	613,760
Tax credits (Note 9)	206,060	184,465
Linked funds	54,393	33,790
Inventories	20,129	20,321
Others	176,329	178,658
TOTAL, CURRENT	4,170,610	3,955,795
NON-CURRENT		
Long term assets		
Extraordinary Tariff Recomposition, and “Portion A” (Note 6)	-	66,444
Anticipated expenses – CVA (Note 7)	342,878	487,623
Tax credits (Note 9)	166,319	182,230
Regulatory asset – PIS / Pasep and Cofins (Note 10)	46,240	46,240
Taxes subject to offsetting (Note 8)	46,141	57,351
Deposits linked to legal actions	358,537	307,992
Consumers and traders (Note 4)	90,174	9,202
Receivable from related parties (Note 26)	34,692	26,003
Other credits	28,640	28,252
	1,113,621	1,211,337
Investments	5,728	5,550
PP&E (Note 11)	4,433,710	4,243,917
Intangible assets (Note 12)	219,084	223,282
TOTAL, NON-CURRENT	5,772,143	5,684,086
TOTAL ASSETS	9,942,753	9,639,881

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

CEMIG
Distribuição S.A.

BALANCE SHEETS

ON SEPTEMBER 30 AND JUNE 30, 2009

LIABILITIES

R$ '000

	09/30/2009	06/30/2009
CURRENT		
Loans and financings (Note 15)	414,886	383,315
Debentures (Note 15)	37,578	20,436
Suppliers (Note 13)	513,759	557,805
Taxes, charges and contributions (Note 14)	494,331	394,360
Interest on Equity and dividends payable (Note 26)	544,596	521,484
Salaries and mandatory charges on payroll	259,631	285,407
Regulatory charges (Note 16)	325,096	310,735
Profit shares	56,218	37,492
Post-employment obligations (Note 17)	57,269	56,020
Regulatory liabilities – CVA (Note 7)	359,350	212,438
Regulatory liabilities – Tariff Review (Note 28)	137,458	203,615
Provision for losses on financial instruments (Note 27)	108,330	96,445
Other	241,533	251,318
TOTAL, CURRENT	3,550,035	3,330,870
NON-CURRENT		
Loans and financings (Note 15)	1,420,176	1,447,042
Debentures (Note 15)	740,535	739,155
Contingency provisions (Note 18)	70,161	71,144
Suppliers (Note 13)	1,277	1,095
Post-employment obligations (Note 17)	804,831	814,826
Taxes, charges and contributions (Note 14)	374,022	317,215
Regulatory liabilities – CVA (Note 7)	317,493	410,709
Regulatory charges (Note 16)	8,646	7,679
Other	14,141	11,952
TOTAL, NON-CURRENT	3,751,282	3,820,817
STOCKHOLDERS' EQUITY (Note 19)		
Registered capital	2,261,998	2,261,998
Profit reserves	214,013	214,013
Retained earnings	165,425	12,183
TOTAL STOCKHOLDERS' EQUITY	2,641,436	2,488,194
TOTAL LIABILITIES	9,942,753	9,639,881

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

Distribuição S.A.

INCOME STATEMENT

FOR THE PERIODS OF NINE MONTHS ENDING JUNE 30, 2009 AND 2008

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

	09/30/2009	09/30/200809/30/2008
OPERATIONAL REVENUE		
Gross revenue from supply of electricity (Note 20)	3,139,091	3,379,657
Revenue for use of the network – Captive consumers (Note 20)	3,348,150	3,119,684
Revenue for use of the network – Free Consumers (Note 21)	845,477	1,015,395
Other operational revenues (Note 22)	64,769	57,082
	7,397,487	7,571,818
DEDUCTIONS FROM OPERATIONAL REVENUE (Note 23)	(2,860,481)	(2,942,835)
NET OPERATIONAL REVENUE	4,537,006	4,628,983
COST OF ELECTRICITY SERVICE		
COST OF ELECTRICITY		
Electricity bought for resale (Note 24)	(2,127,926)	(1,785,448)
Charges for the use of the basic transmission grid (Note 24)	(393,262)	(345,748)
	(2,521,188)	(2,131,196)
COST OF OPERATION (Note 24)		
Personnel and managers	(488,318)	(511,179)
Post-employment obligations	(48,656)	(103,231)
Materials	(61,639)	(55,628)
Outsourced services	(322,043)	(276,801)
Depreciation and amortization	(236,152)	(268,413)
Operational provisions	(38,880)	(14,658)
Other	(66,658)	(78,749)
	(1,262,346)	(1,308,659)
TOTAL COST	(3,783,534)	(3,439,855)
GROSS PROFIT	753,472	1,189,128
OPERATIONAL EXPENSE (Note 24)		
Selling expenses	(55,703)	(69,397)
General and administrative expenses	(272,120)	(92,143)
Other operational expenses	(36,965)	(18,988)
	(364,788)	(180,528)
NET PROFIT FROM THE SERVICE (OPERATIONAL PROFIT/LOSS BEFORE FINANCIAL REVENUES/EXPENSES)	388,684	1,008,600
Net financial revenue (expenses) (Note 25)	35,699	(12,608)
PROFIT BEFORE TAXATION AND PROFIT SHARES	424,383	995,992
Income tax and Social Contribution tax (Note 9b)	(162,425)	(365,737)
Deferred income tax and Social Contribution tax (Note 9b)	86,969	85,698
Employees’ and managers’ profit shares	(69,849)	(49,916)
NET PROFIT FOR THE PERIOD	279,078	666,037
NET PROFIT PER THOUSAND SHARES, R$	123.38	294.45

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

Distribuição S.A.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR
THE THIRD QUARTER OF 2009 ("3Q09")

AND

THE First NINE MONTHS OF 2009 ("9M09")

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

	Registered capital	Profit reserves	Retained earnings	Total
BALANCES AT DECEMBER 31, 2008	**2,261,998**	**214,013**	**-**	**2,476,011**
Net profit for the period			279,078	279,078
Allocation of profit:				
Interest on Equity (Note 19)			(113,653)	(113,653)
BALANCES ON SEPTEMBER 30, 2009	**2,261,998**	**214,013**	**165,425**	**2,641,436**

	Registered capital	Profit reserves	Retained earnings	Total
BALANCES ON JUNE 30, 2009	**2,261,998**	**214,013**	**12,183**	**2,488,194**
Net profit for the period			190,693	190,693
Allocation of profit:				
Interest on Equity (Note 19)			(37,451)	(37,451)
BALANCES ON SEPTEMBER 30, 2009	**2,261,998**	**214,013**	**165,425**	**2,641,436**

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

Distribuição S.A.

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDING SEPTEMBER 30, 2009 AND 2008

R$ ’000

	09/30/2009	09/30/2008
FROM OPERATIONS		
Net profit for the period	279,078	666,037
Expenses (revenues) not affecting Cash and cash equivalents		
Depreciation and amortization	242,909	271,228
Write-off of fixed assets, net	14,397	15,729
Interest and monetary variations – Non-current	(59,506)	29,850
Deferred income tax and Social Contribution tax	(86,969)	(85,698)
Provisions for operational losses	61,441	15,955
Provision for losses on financial instruments	40,139	5,141
Post-employment obligations	68,818	111,506
	560,307	1,029,748
(Increase) reduction of assets		
Consumers and traders	(160,918)	70,235
Extraordinary Tariff Recomposition, and “Portion A”	207,068	228,974
Taxes offsetable	(200,747)	(330,900)
Transport of electricity	86,130	19,713
Deferred tariff adjustment	133,423	284,896
PIS and Cofins taxes	46,240	69,887
Other current assets	86,515	(78,579)
Payments into Court	(145,704)	(39,112)
Anticipated expenses – CVA	15,598	(169,206)
Tax credits	14,983	110,876
Others	3,282	(4,243)
	85,870	162,541
Increase (reduction) of liabilities		
Suppliers	(93,919)	(22,321)
Taxes and Social Contribution tax	303,152	243,853
Salaries and mandatory charges on payroll	63,354	(10,243)
Consumer charges collected for payment	(8,826)	41,895
Loans and financings	70	32,279
Post-employment obligations	(93,048)	(105,903)
Regulatory liabilities – CVA	69,918	(69,543)
Regulatory liabilities – Tariff Review	137,458	(12,344)
Others	(70,226)	(15,691)
	307,933	81,982
CASH GENERATED BY OPERATIONS	954,110	1,274,271
FINANCING ACTIVITIES		
Financings obtained	27,965	118,485
Payments of loans and financings	(110,825)	(277,390)
Interest on Equity, and dividends	(251,285)	(295,710)
CASH USED IN FINANCING ACTIVITIES	(334,145)	(454,615)
TOTAL INFLOW OF FUNDS	619,965	819,656
INVESTMENT ACTIVITIES		
In investments	(174)	(1,295)
In fixed assets	(610,107)	(497,475)
Special Obligations – consumer contributions	67,336	49,662
Intangible	(6,214)	(46,592)
CASH USED IN INVESTMENT ACTIVITIES	(549,159)	(495,700)
NET CHANGE IN CASH POSITION	**70,806**	**323,956**
STATEMENT OF CHANGES IN CASH POSITION		
At start of period	442,421	636,286
At end of period	513,227	960,242
	70,806	**323,956**

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

Distribuição S.A.

EXPLANATORY NOTES TO THE QUARTERLY INFORMATION (ITR)

ON SEPTEMBER 30, 2009

(R$ ’000, except where otherwise stated)

1) – OPERATIONAL CONTEXT

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

Cemig D has a concession area of 567,478 km^2, approximately 97.00% of Minas Gerais state, serving 6,757,223 consumers as of September 30, 2009. (Information not reviewed by our external auditors).

2) – PRESENTATION OF THE QUARTERLY INFORMATION

2.1) – Presentation of the Quarterly Information

The Quarterly Information (*ITR*) has been prepared according to Brazilian accounting practices, comprising: the Brazilian Corporate Law; the statements, orientations and interpretations issued by the Brazilian Accounting Statements Committee; rules of the Brazilian Securities Commission (*CVM – Comissão de Valores Mobiliários*); and rules of the specific legislation applicable to holders of Brazilian electricity concessions, issued by the Brazilian National Electricity Agency, *Aneel*.

This Quarterly Information has been prepared according to principles, practices and criteria consistent with those adopted in the preparation of the annual accounting statements at December 31, 2008. Hence this Quarterly Information should be read in conjunction with those annual accounting statements.

2.2) Change in the Brazilian Corporate Law

Law 11638/07 altered, repealed and created new provisions in the Brazilian Corporate Law, in the chapter relating to disclosure and preparation of Accounting Statements. Among other aspects, these changed the criterion for recognition and valuation of assets and liabilities. These changes, in effect from January 1, 2008, aim to increase the transparency of the accounting statements of Brazilian companies and eliminate some regulatory barriers that were an obstacle to convergence with international financial reporting standards (IFRS).

Law 11638/07, and Provisional Measure 449/08 (which was converted into Law 11941 of May 27, 2009), changed Law 6404/76 in aspects related to the preparation and disclosure of accounting statements.

It was in the preparation of its accounting statements for 2008 that **Cemig D** first adopted the changes to the Corporate Law introduced by Law 11638/28, approved on December 28, 2007, as amended by Provisional Measure 449 of December 3, 2008.

CEMIG
Distribuição S.A.

3) – CASH AND CASH EQUIVALENTS

	09/30/2009	06/30/2009
Bank accounts	35,925	38,270
Cash investments		
Bank certificates of deposit	475,190	217,509
Treasury Financial Notes (LFTs)	1,414	1,996
National Treasury Notes (LTNs)	554	3,767
Other	144	489
	477,302	223,761
	513,227	**262,031**

The cash investments consist of transactions carried out with Brazilian financial institutions, contracted at normal market conditions and rates. They are highly liquid, promptly convertible into a known amount of cash, and are subject to an insignificant risk of change in value.

These financial investments are, substantially, bank certificates of deposit and fixed income funds, remunerated, substantially, by the variation on CDIs (interbank certificates of deposit), at returns varying from 101% to 103% of the CDI rate.

4) – CONSUMERS AND TRADERS

Consumer type	Balances not yet due	Up to 90 days past due	Over 90 days past due	Total 09/30/2009	Total 06/30/2009
Residential	389,515	155,969	57,044	602,528	605,637
Industrial	99,570	32,521	355,426	487,517	443,299
Commercial, services and others	195,500	45,135	56,077	296,712	309,918
Rural	63,125	17,514	13,163	93,802	93,734
Public authorities	54,831	8,029	29,045	91,905	86,046
Public illumination	41,380	5,365	13,723	60,468	63,557
Public service	43,066	2,301	47,957	93,324	62,402
Subtotal – Consumers	886,987	266,834	572,435	1,726,256	1,664,593
Wholesale supply to other concession holders	-	-	917	917	917
Provision for doubtful receivables	-	-	(228,572)	(228,572)	(189,567)
	886,987	**266,834**	**344,780**	**1,498,601**	**1,475,943**
Current				1,408,427	1,466,741
Non Current				90,174	9,202

Credits receivable from an industrial consumer in the amount of R$ 53,164, recorded in Non-current assets, not paid due to an injunction, that allowed payment of this amount not to be made until final judgment of a legal action challenging the tariff increase effected during the Cruzado Economic Plan, put in place by Ministerial Order 045 of 1986, are recorded in the accounts. The Company expects these amounts to be received in full.

The Provision for doubtful receivables is considered to be sufficient to cover any losses in the realization of these assets.

5) – REGULATORY ASSETS AND LIABILITIES

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

	09/30/2009	06/30/2009
Assets		
"Portion A" – Note 6	307,991	383,486
Deferred Tariff Adjustment	-	-
PIS, Pasep and Cofins taxes – Note 10	46,240	46,240
Anticipated expenses – CVA (Note 7)	969,361	1,101,383
Low-income subsidy	51,344	35,904
Other regulatory assets	9,891	13,165
	1,384,827	1,580,178
Liabilities		
Regulatory liabilities – CVA (Note 7)	(676,844)	(623,147)
Review of the Tariff for Use of the Distribution Network (TUSD)	(6,382)	(10,760)
CCEAR contract exposure between sub-markets	(11,576)	(17,147)
Adjustment to the "Reference Company"	(54,260)	(80,375)
Financial adjustment for the 2008 Tariff Review	(83,198)	(123,240)
Other regulatory liabilities	(2,888)	(4,278)
	(835,148)	(858,947)
Taxes, charges and contributions – Deferred obligations – Note 14	(15,722)	(15,722)
	(850,870)	(874,669)
	533,957	**705,509**

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 determined 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 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 was used to compensate the following items:

- Losses of invoiced sales revenue in the period from June 1, 2001 to February 28, 2002, corresponding to the difference between estimated revenue if the rationing program had not been put in place and the actual revenue while the program was in place, according to a formula published by Aneel. Calculation of this value did not take into account any losses from default by consumers.
- Pass-through to be made to the generators who bought energy in the MAE – which was succeeded in 2004 by the Electricity Trading Chamber – ("the CCEE"), in the period from June 1, 2001 to February 28, 2002, for more than R$ 49.26/MWh (referred to as "Free Energy").

The period of validity of the RTE, of 74 months, expired in February 2008, and Cemig D 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 actually took place in the period.

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

The “Portion A” credits are updated by the variation in the Selic rate up to the month in which they are actually offset, and there is no time limit for their realization.

As and when amounts of “Portion A” are received through the tariff, Cemig transfers those amounts from Assets to the Income statement. The amounts transferred in the first half of 2009 are:

	Periods ending:	
Amounts transferred to expenses	**09/30/2009**	**06/30/2009**
Energy bought for resale	143,829	93,758
Fuel Consumption Account – CCC	63,688	41,516
Global Reversion Reserve – RGR	6,364	4,149
Tariff for transport of electricity from Itaipu	2,456	1,601
Tariff for use of national grid transmission facilities	16,449	10,723
Royalties for use of water resources	5,649	3,682
Connection – Realization of “Portion A”	347	226
Delivery service inspection charge	596	388
	239,378	**156,043**

Composition of the balances of “Portion A”

	09/30/2009			**06/30/2009**
	Principal	**Updating by Selic rate**	**Total**	**Total**
Compensation of the items of “Portion A”	245,299	569,534	814,833	806,994
Amounts received	(95,789)	(411,053)	(506,842)	(423,508)
Total of “Portion A”		**158,481**	**307,991**	**383,486**
	149,510			
Current assets			307,991	317,042
Non-current assets			-	66,444

7) – ANTICIPATED EXPENSES AND REGULATORY LIABILITIES – CVA

The balance on the “Account to Compensate for Variation of Portion A items” (“the CVA account”, or “CVA”) refers to the positive and negative variations between the estimate of the Company’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 06/30/2009	Amounts deferred (1)	Amortization (2)	Monetary updating (3)	Balance on 09/30/2009
Energy bought for resale	220,382	(105,048)	(44,639)	3,782	74,477
Fuel Consumption Account – CCC	10,099	44,460	(15,508)	711	39,762
System Service Charge (ESS)	160,074	(50,540)	(33,867)	2,204	77,871
Tariff for transport of electricity from Itaipu	7,490	641	(1,177)	106	7,060
Tariff for use of national grid transmission facilities	41,175	21,686	(5,493)	525	57,893
Royalties for use of water resources	2,587	-	-	-	2,587
Energy Development Account – CDE	19,386	-	(178)	247	19,455
Alternative Energy Program – Proinfa	17,043	-	(3,941)	311	13,413
	478,236	(88,801)	(104,803)	7,886	292,518

	09/30/2009	06/30/2009
Current assets	626,483	613,760
Non-current assets	342,878	487,623
Current liabilities	(359,350)	(212,438)
Non-current liabilities	(317,493)	(410,709)
	292,518	478,236

(1) This refers to the portion of the non-controllable costs that comprise the CVA and which were not included in revenue, and were thus excluded from the income statement.
(2) Refers to the non-controllable costs included in the CVA and which were transferred to the income statement due to their inclusion in the Company’s revenue.
(3) This refers to the updating by the variation in the Selic rate from the date of payment of the expense to its actual offsetting in the tariff adjustment.

8) – TAXES SUBJECT TO OFFSETTING

	09/30/2009	06/30/2009
Current		
ICMS tax recoverable	148,557	129,049
Income tax	257,724	262,877
Social Contribution tax	137,393	141,270
Cofins tax	8,661	7,977
Pasep tax	1,877	1,728
Others	575	515
	554,787	543,416
Non-current		
ICMS tax recoverable	46,141	57,351
	600,928	**600,767**

The balances of income tax and Social Contribution tax refer to tax credits in corporate income tax returns of previous years, and advance payments made in 2009, which will be offset by federal taxes payable to be calculated for the year 2009, posted in Taxes and contributions.

The credits of ICMS recoverable arise from acquisitions of fixed assets, which can offset in 48 months.

The Company has 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, and the response is awaited in the fourth quarter of 2009, after which their offsetting will be commenced.

9) – TAX CREDITS

a) Deferred income tax and Social Contribution tax:

The company has deferred income tax credits, constituted at the rate of 25.00%, and Social Contribution tax credits, at the rate of 9.00%, as follows:

	09/30/2009	06/30/2009
Tax credits on temporary differences		
Post-employment obligations	68,583	68,577
Provision for doubtful receivables	85,575	72,313
Contingency provisions	23,809	23,963
Financial instruments	47,358	43,317
Regulatory liabilities – Tariff review	45,266	67,052
FX variation	82,688	78,740
Others	19,100	12,733
	372,379	**366,695**
Current assets	206,060	184,465
Non-current assets	166,319	182,230

At its meeting on February 12, 2009, the Board of Directors approved the technical study prepared by the CFO's department on 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 specified in CVM Instruction 371. This study was also submitted to the Audit Board, on February 5, 2009.

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

	09/30/2009
September to December 2009	112,586
2010	124,632
2011	31,668
2012	31,668
2013	31,669
2014 to 2016	26,440
2017 to September 2019	13,716
	372,379

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 tax (rate 9%) with the actual expense shown in the Income statement is as follows:

	09/30/2009	09/30/2008
Profit before income tax, Social Contribution tax and employee profit shares	424,383	994,543
Income tax and Social Contribution – nominal expense	(144,290)	(338,145)
Tax effects applicable to:		
Employees' profit shares	23,749	16,479
Tax incentive amounts	7,011	8,098
Interest on Equity	38,642	38,600
Non-deductible contributions and donations	(2,945)	(5,325)
Adjustment in income tax and Social Contribution – previous business year	2,530	742
Tax credits not recognized	1,244	326
Others	(1,397)	(814)
Income tax and Social Contribution tax – effective expense	**75,456**	**280,039**

c) Transition taxation regime:

Provisional Measure 449/2008, of December 3, 2008, converted into Law 11941 of 2009, instituted the Transition Taxation Regime (RTT), which aims to neutralize the impacts of the new accounting methods and criteria introduced by Law 11638/07, in calculation of the taxable amounts for federal taxes.

Application of the RTT is optional for the years 2008 and 2009, and obligatory starting in 2010, for corporate entities subject to Corporate Income Tax, in accordance with the systems of both tax reporting methods: the "Real Profit" and the "Presumed Profit" reporting methods.

The Company opted for adoption of the RTT in the 2009 corporate tax return – for calendar year 2008 – and additionally will have until November 30, 2009 to prepare the (Transition Accounting Tax Monitoring ("FCONT") created by Normative Instruction 949/2009 of the Brazilian Federal tax authority (*Receita Federal*).

10) REGULATORY ASSET – PIS/PASEP AND COFINS TAXES

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 this, in accordance with a criterion laid down by Aneel, the Company registered the credits as a regulatory asset and made 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

Fixed assets

	Historic cost	Accumulated depreciation and amortization	Net value, 09/30/2009	Net value 06/30/2009
In service	**10,493,966**	**(4,764,560)**	**5,729,406**	**5,439,867**
- Distribution	10,224,826	(4,568,601)	5,656,225	5,361,310
Lands	19,936		19,936	17,865
Buildings, works and improvements	248,805	(132,996)	115,809	115,679
Machines and equipment	9,885,989	(4,384,299)	5,501,690	5,206,827
Vehicles	59,694	(41,172)	18,522	20,681
Furniture and utensils	10,402	(10,134)	268	258
- Administration	269,140	(195,959)	73,181	78,557
Lands	1,028		1,028	1,028
Buildings, works and improvements	43,560	(27,016)	16,544	16,878
Machines and equipment	176,258	(125,050)	51,208	55,837
Vehicles	28,192	(25,110)	3,082	3,437
Furniture and utensils	20,102	(18,783)	1,319	1,377
In progress	**1,182,396**	**-**	**1,182,396**	**1,292,669**
- Distribution	986,461	-	986,461	1,182,378
- Administration	195,935	-	195,935	110,291
Total fixed assets	**11,676,362**	**(4,764,560)**	**6,911,802**	**6,732,536**
“Special Obligations” linked to the concession	(2,654,582)	176,490	(2,478,092)	(2,488,619)
Net fixed assets	**9,021,780**	**(4,588,070)**	**4,433,710**	**4,243,917**

“Special Obligations linked to the concession” are basically contributions made by consumers for execution of the undertakings necessary to comply with requests for retail supply of electricity. Any settlement of these obligations depends on the will of Aneel, at the termination of the Distribution concessions, through 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, amended by Resolution 338 of November 25, 2008 and Aneel Circular 1314/2007 of June 27, 2007, the balances of the “Special Obligations” linked to assets is now being amortized as from the second Tariff Review cycle, which in the case of Cemig is April 8, 2008 at a percentage corresponding to the average rate of depreciation of the assets.

Some of the Company’s land sites and buildings, registered in Fixed assets – Administration, were given in guarantee for lawsuits involving tax, labor-law, and civil issues and other contingencies, in the net amount of R$ 6,583 on September 30, 2009 (R$ 6,712 on June 30, 2009), net of depreciation.

12) – INTANGIBLE

	Historic cost	Accumulated amortization	Net value, 09/30/2009	Net value 06/30/2009
In service	**289,096**	**(90,368)**	**198,728**	**46,441**
- Distribution	11,448	(531)	10,917	10,877
- Administration	277,648	(89,837)	187,811	35,564
In progress	**20,356**	**-**	**20,356**	**176,841**
- Distribution	7,085	-	7,085	48,911
- Administration	13,271	-	13,271	127,930
Intangible, net	**309,452**	**(90,368)**	**219,084**	**223,282**

13) SUPPLIERS

	09/30/2009	06/30/2009
Current		
Wholesale supply and transport of electricity -		
Eletrobrás – energy from Itaipu	139,470	152,306
Furnas	56,337	52,924
CCEE	716	25,850
Cemig GT	34,501	51,272
CHESF – Cia. Hidroelétrica do São Francisco	11,287	25,967
CESP – Cia. Energética de São Paulo	17,829	17,481
CEEE – Cia. Estadual de Energia Elétrica	11,866	13,451
Other generators and distributors	133,522	101,303
	405,528	440,554
Materials and services	108,231	117,251
	513,759	**557,805**
Non-current		
Wholesale supply and transport of electricity -		
Other generators and distributors	1,277	1,095
	515,036	**558,900**

14) – TAXES, CHARGES AND CONTRIBUTIONS

	09/30/2009	06/30/2009
Current		
Income tax	123,411	70,935
Social Contribution tax	46,139	26,350
ICMS tax	243,562	228,994
Cofins tax	32,238	25,373
Pasep tax	6,993	5,503
Social security system	10,797	11,267
Others	15,469	10,216
	478,609	378,638
Deferred obligations		
Income tax	11,560	11,560
Social Contribution tax	4,162	4,162
	15,722	15,722
	494,331	**394,360**
Non-current		
Cofins tax	194,959	154,726
Pasep tax	42,327	33,592
	237,286	188,318
Deferred obligations		
Income tax	100,542	94,777
Social Contribution tax	36,194	34,120
	136,736	128,897
	374,022	**317,215**

The “deferred obligations” under *Current* refer basically to the assets and liabilities linked to the General Agreement for the Electricity Sector and other regulatory issues, and become due 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 obtained a Court injunction enabling it not to make the payment and authorizing payment into Court starting in 2008.

CEMIG Distribuição S.A.

The non-current deferred obligations for income tax and Social Contribution tax 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 and adjustment to present value of financial instruments, implemented by the change in the Corporate Law, to be reversed as and when realized.

The other income tax and Social Contribution liabilities payable recorded in Current liabilities will be offset by prepaid expenses posted in Assets, under Taxes subject to offsetting.

15) – LOANS, FINANCINGS AND DEBENTURES

	09/30/2009						06/30/2009
FINANCING SOURCES	**Principal maturity**	**Annual financial cost (%)**	**Currency**	**Current**	**Non-current**	**Total**	**Total**
FOREIGN CURRENCY							
ABN Amro Bank N.A. (2)	2013	6.00	US$	23,708	66,679	90,387	97,710
ABN Amro Real S.A. (3)	2009	6.35	US$	7,058	-	7,058	7,392
Banco do Brasil – various bonds (1)	2024	Various	US$	11,070	62,994	74,064	72,107
BNP Paribas	2010	Libor + 1.875	US$	8,888	-	8,888	9,648
KFW	2016	4.50	Euro	1,861	11,152	13,013	13,553
Unibanco (4)	2009	5.50	US$	3,700	-	3,700	4,005
Unibanco (4)	2009	5.00	US$	9,188	-	9,188	9,958
Debt in foreign currency				**65,473**	**140,825**	**206,298**	**214,373**
BRAZILIAN CURRENCY							
Banco do Brasil	2009	111.00 of CDI	R$	62,134	-	62,134	60,662
Banco do Brasil	2013	CDI + 1.70	R$	5,476	15,001	20,477	20,960
Banco do Brasil	2013	107.60 of CDI	R$	3,833	96,000	99,833	97,539
Banco do Brasil	2014	104.1 of CDI	R$	12,248	300,000	312,248	305,303
Banco Itaú BBA	2013	CDI + 1.70	R$	33,823	103,092	136,915	138,238
Banco Itaú BBA	2014	CDI + 1.70	R$	311	3,473	3,784	3,688
Banco Votorantim	2010	113.50 of CDI	R$	740	29,248	29,988	29,261
Banco Votorantim	2013	CDI + 1.70	R$	26,036	73,976	100,012	99,375
Bradesco	2013	CDI + 1.70	R$	62,043	189,013	251,056	246,714
Debentures (5)	2014	IGP-M + 10.50	R$	10,302	300,784	311,086	304,406
Debentures (5)	2017	IPCA + 7.96	R$	27,276	439,751	467,027	455,185
Eletrobrás	2023	Ufir + 6.00–8.00	R$	42,470	320,317	362,787	346,875
Large consumers	2011	Various	R$	2,823	2,516	5,339	5,319
Santander do Brasil	2013	CDI + 1.70	R$	13,710	37,469	51,179	50,193
Unibanco	2013	CDI + 1.70	R$	27,940	109,246	137,186	138,830
Banco do Nordeste do Brasil	2010	TR + 7.30	R$	55,727	-	55,727	72,897
Finep	2010	URTJ + 4.00	R$	99	-	99	130
Debt in Brazilian currency				**386,991**	**2,019,886**	**2,406,877**	**2,375,575**
Overall total				**452,464**	**2,160,711**	**2,613,175**	**2,589,948**

(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 convertible 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	2017 and subsequent years	Total
Currency										
US dollar	32,818	35,005	30,649	28,424	26,199	1,986	-	-	38,204	193,285
Euro	1,003	1,716	1,716	1,716	1,716	1,716	1,716	1,714	-	13,013
	33,821	**36,721**	**32,365**	**30,140**	**27,915**	**3,702**	**1,716**	**1,714**	**38,204**	**206,298**
Indexors										
IPCA (Expanded Consumer Price Index)	27,276	-	-	-	-	-	146,584	146,584	146,583	467,027
IGP-M inflation index	10,302	-	-	-	-	300,784	-	-	-	311,086
Ufir (Fiscal Reference Unit)	10,148	45,312	53,216	49,735	44,089	42,766	38,251	30,838	48,432	362,787
Interbank CD rate – CDI	104,391	197,172	168,793	267,594	365,992	100,870	-	-	-	1,204,812
TR reference rate	18,605	37,122	-	-	-	-	-	-	-	55,727
Others	2,856	66	-	370	403	777	419	183	364	5,438
	173,578	**279,672**	**222,009**	**317,699**	**410,484**	**445,197**	**185,254**	**177,605**	**195,379**	**2,406,877**
	207,399	**316,393**	**254,374**	**347,839**	**438,399**	**448,899**	**186,970**	**179,319**	**233,583**	**2,613,175**

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

Currency	**Change in quarter ended 09/30/2009 %**	**Accumulated change in 2009 %**	**Indexors**	**Change in quarter ended 09/30/2009 %**	**Accumulated change in 2009 %**
US dollar	(8.89)	(23.92)	IGP-M	(0.38)	(1.61)
Euro	(5.06)	(19.67)	Finel	(0.08)	(0.32)
			Selic	2.19	7.67
			CDI	2.15	7.59

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

Balance at June 30, 2009	2,589,948
Loans and financings obtained	25,656
Monetary and FX variation	(10,008)
Financial charges provisioned	56,154
Capitalization	1,497
Financial charges paid	(21,562)
Amortization of financings	(28,510)
Balance on September 30, 2009	**2,613,175**

Restrictive covenant clauses

Cemig D has loans and financings with restrictive covenant clauses. These were fully complied with on September 30, 2009.

16) – REGULATORY CHARGES

	09/30/2009	06/30/2009
Global Reversion Reserve – RGR	18,234	19,235
Fuel Consumption Account – CCC	30,429	18,279
Energy Development Account – CDE	28,658	28,658
Eletrobrás – Compulsory loan	1,207	1,207
Aneel inspection charge	1,874	1,874
National Scientific and Technological Development Fund – FNDCT	2,457	2,468
Energy efficiency	159,917	159,439
Research and development	89,738	86,020
Energy system expansion research	1,228	1,234
	333,742	**318,414**
Current liabilities	325,096	310,735
Non-current liabilities	8,646	7,679

17) – POST-EMPLOYMENT OBLIGATIONS

Cemig D is one of the sponsors of **Forluz** – the **Forluminas Social Security Foundation**, a non-profit legal entity, in the proportion of 72.45%, a percentage defined by the allocation of employees between companies of the group in December 2004. The object of Forluz is to provide its associates and participants and their dependents with financial income complementing retirement and pension, in accordance with the private pension plan to which they are linked.

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

<u>The Mixed Benefits Plan (“Plan B”):</u> A defined-contribution plan at the stage of accumulation of funds, for retirement benefits for normal time of service and defined-benefit coverage for disability or death of participants still in active employment, and also receipt of benefits for time of contribution. The contributions of the Sponsors is equal to the basic monthly contributions of the participants, and this is the only plan open for joining by new participants.

Cemig D’s contribution to this plan is 27.52% for the portion with defined benefit characteristics, relating to the coverage for invalidity or death of an active participant, and this is used for amortization of the defined obligations 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 in accordance with the payments made by the Company, under Personnel expenses.

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

<u>Pension Benefits Balances Plan (“Plan A”):</u> 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. For participants who are still working, this benefit has been deferred to the retirement date.

<u>Defined Benefit Plan:</u> This is the benefit plan adopted by Forluz up to 1998, and is no longer accepting new participants. Its benefit complements the average real salary of the employee’s last three years of activity in the Company, in relation to the amount of the Official Social Security benefit. Inscribed in this plan are 6 active employees, one person with deferred proportional benefit (BPD), and 45 retirees or pension holders.

Cemig D 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$ 661,588 on 30 September 2009 (R$ 670,352 on June 30, 2009), was recognized as an obligation payable by Cemig D 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 updated 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 the Company 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. The result is that 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 **Cemig D**'s income statement. The most recent actuarial valuation was made for base-date December 31, 2008.

The movement in the net liabilities has been as follows:

	Pension plans and retirement supplement plans	Health plan	Dental plan	Life insurance	Total
Net liabilities on June 30, 2009	270,135	271,219	12,675	316,817	870,846
Expense (revenue) recognized in the Income statement	1,791	13,125	812	7,211	22,939
Contributions paid	(23,556)	(9)	(130)	(7,990)	(31,685)
Net liabilities on September 30, 2009	**248,370**	**284,335**	**13,357**	**316,038**	**862,100**
Current liabilities	57,269	-	-	-	57,269
Non-current liabilities	191,101	284,335	13,357	316,038	804,831

18) – CONTINGENCY PROVISIONS

The Company makes contingency provisions for lawsuits in which the expectation of loss is considered "probable", as follows:

	Balance on 06/30/2009	Additions	Written off	Balance on 09/30/2009
Labor-law cases				
Various	7,637	-	(217)	7,420
Civil cases				
Personal damages	7,150	-	(495)	6,655
Tariff increases	2,016	46	-	2,062
Other	8,725	-	(608)	8,117
Regulatory				
Aneel administrative proceedings	45,616	291	-	45,907
Total	**71,144**	**337**	**(1,320)**	**70,161**

Aneel administrative proceedings

On January 9, 2007, Aneel notified Cemig D 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$ 45,907.

Tariff increases

Several industrial consumers filed actions against Cemig, the parent company of Cemig D, seeking reimbursement for the amounts paid as a result of the tariff increase made during the federal government's economic stabilization plan known as the "Cruzado Plan" in 1986, alleging that the said increase violated the control of prices instituted by that plan. Cemig makes estimates of the amounts to be provisioned based on the disputed amounts billed and based on recent judicial decisions. The approximate total of the exposure in this matter, in management's view, is R$ 100,429, 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 for the discounts given in electricity rates for low-income consumers. The Minas Gerais State Tax Authority served execution proceedings on **Cemig D**, alleging that the amount of these subsidies should be subject to ICMS tax. The potential for loss in this action is R$ 140,673, not including any ICMS tax which might be claimed by the Tax Authority for the periods 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 claim. The Company assesses the chances of losses from this action as "possible".

Social Security and tax obligations – indemnity for the "Anuênio".

In 2006 **Cemig D** paid an indemnity to its employees, in the amount of R$ 127,058, in exchange for the rights to future payments known as the "Anuênio" which would otherwise be incorporated into salaries. The company did not pay income tax nor Social Security in relation to these amounts because it considered that these obligations are not applicable to amounts paid as an 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 potential obligations relating to this amount, in a total of R$ 87,268. This amount is posted in Deposits connected to legal actions. The Company believes it has arguments of merit for defense, and thus has made no provision of any losses on this case.

Annulment of collection considered abusive and monetary updating factor changed

The Public Defense Office of the State of Minas Gerais filed a Civil Public Action against Cemig D, claiming annulment of invoices calculated based on an allegedly abusive criterion of higher consumption in the last 12 months, under Article 7, IV, subclause "B", of Aneel Resolution 456/2000 and of the Debt Acknowledgement Undertakings (TARDs).The action also claimed prohibition of the use of the kWh as a monetary updating factor, that its use should be limited to collection in the event of fraud, that the interregnum period should not be more than 150 days, and that the maximum penalty payment applied should be 2%, and that Cemig should desist from suspending consumers' supply of electricity in the event of non-payment of irregular consumption. The Federal Judiciary declined competency. The amount involved in the case, at September 30, 2009, is R$ 8.813 million and the Company assesses the chances of loss as "possible".

Indemnity for pain and suffering, loss of profits and indemnity for death

Cemig D is defendant in an action brought on March 19, 2009, in which the plaintiffs claim indemnity for pain and suffering, loss of profits and food pension for the death of a father and son, victims of an artificial electrical discharge. The case is at the judgment stage. The amount involved in the case, at September 30, 2009, is R$ 6.292 million and the Company assesses the chances of loss as “possible”.

Irregularity in the measurement of consumption

The company received a notice from the Public Attorneys’ Office, through the Procon (Consumer Defense Department), claiming annulment of various receipts arising from supposed irregularity in the measurement of electricity consumption of certain consumers. The amount involved in the administrative proceedings, at September 30, 2009, is R$ 5.959 million. The Company assesses the chances of loss in the administrative sphere as ‘probable’.

In spite of the rating of ‘probable’ in the administrative proceedings, when the issue is taken to the Courts, the Company believes that the chances of loss will be ‘possible’, in view of the greater opportunity for full proof, and also the absence of case law on the subject.

Contingencies of the Holding Company

Cemig, the controlling company of **Cemig D**, is fighting court actions in which it assesses the chances of loss as “possible” or “remote”. A negative ruling in one or more of these lawsuits could impact the business of **Cemig D**. The most significant 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, and requesting 200% reimbursement of any amounts that may come to be considered as having been wrongly charged. The Company believes it has arguments of merit for 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 R$ 871,757. The Company believes that it has arguments of merit for legal defense, and as a result has not constituted provision for this action. The chances of loss in this action are rated as “possible”.

19) – STOCKHOLDERS’ EQUITY

On September 30, 2009 the registered capital of **Cemig D** was R$ 2,261,998, represented by 2,261,997,787 nominal common shares, without par value, wholly owned by Companhia Energética de Minas Gerais.

In a meeting held on June 25, 2009, the Board of Directors of Companhia Energética de Minas Gerais approved payment of Interest on Equity, imputed against the minimum obligatory dividend of the year 2009, in the amount of R$ 76,202; on September 29, 2009 the Board approved a further amount of Interest on Equity, of R$ 37,451, both to be paid in 2010. The tax benefits arising from payment of Interest on Equity were, respectively, R$ 25,909 and R$ 12,733. These were recognized in the period ending September 30, 2009.

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

Retail supply of electricity, by type of consumer, in 3Q09 and 3Q08, was as follows:

	(Not reviewed by external auditors)					
	Number of consumers		MWh		R$	
	09/30/2009	09/30/2008	09/30/2009	09/30/2008	09/30/2009	09/30/2008
Residential	5,565,156	5,381,275	5,812,247	5,341,749	2,670,244	2,619,448
Industrial	74,939	74,962	3,580,302	4,058,446	1,237,826	1,313,371
Commercial, services and others	595,037	575,356	3,415,304	3,233,321	1,470,700	1,436,369
Rural	454,051	486,369	1,645,426	1,670,216	397,287	426,390
Public authorities	55,892	53,572	524,352	518,465	221,295	222,968
Public illumination	2,892	2,820	793,599	786,381	197,581	202,770
Public service	8,423	8,311	795,343	800,192	227,554	223,279
Sub-total	6,756,390	6,582,665	16,566,573	16,408,770	6,422,487	6,444,595
Own consumption	833	845	25,720	26,092	-	-
Subsidy for low-income consumers (1)	-	-	-	-	240,350	56,640
Uninvoiced supply – Regulatory asset	-	-	-	-	-	26,198
Retail supply not invoiced, net	-	-	-	-	(38,613)	(32,316)
Effect of the Final Tariff Review (2)	-	-	-	-	(137,458)	-
	6,757,223	6,583,510	16,592,293	16,434,862	6,486,766	6,495,117
Transactions in energy on the CCEE	-	-	-	-	475	4,224
Total	6,757,223	6,583,510	16,592,293	16,434,862	6,487,241	6,499,341

(1) Revenue of the subvention from Eletrobrás, for the discount given by Cemig D on the tariffs charged to low-income consumers.

(2) Represents homologation of the final result of the Second Tariff Review, in March 2009. For further information please see Explanatory Note 28.

21) – REVENUE FOR USE OF THE NETWORK – FREE CONSUMERS

Starting in January 2005, a significant part of the large industrial consumers became “free” consumers, with energy being sold to these consumers, mostly 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 (Cemig D), being registered in the account line “Revenue from use of the network”.

22) – OTHER OPERATIONAL REVENUES

	09/30/2009	09/30/2008
Charged service	12,366	9,708
Other services provided	9,175	14,002
Rental and leasing	42,239	33,152
Other	989	220
	64,769	**57,082**

CEMIG
Distribuição S.A.

23) – DEDUCTIONS FROM OPERATIONAL REVENUE

	09/30/2009	09/30/2008
Taxes on revenue		
ICMS tax	1,538,254	1,612,793
Cofins tax	569,197	623,517
PIS and Pasep taxes	123,576	142,379
ISS value added tax on services	267	291
	2,231,294	2,378,980
Charges to the consumer		
Global Reversion Reserve – RGR	53,901	53,431
Energy Efficiency Program – P.E.E.	24,244	24,543
Energy Development Account – CDE	248,842	222,698
Fuel Consumption Account – CCC	277,969	240,229
Research and Development	9,696	9,817
National Scientific and Technological Development Fund – FNDCT	9,690	9,353
Energy system expansion research – EPE	4,845	3,784
	629,187	563,855
	2,860,481	**2,942,835**

Cemig D collects and pays the ICMS tax applicable to “Portion A” and the Deferred Tariff Adjustment in conformity with the invoicing of amounts on the customer’s electricity bill.

24) – OPERATIONAL COSTS AND EXPENSES

	09/30/2009	09/30/2008
Personnel expenses	693,521	552,151
Post-employment obligations (Note 17)	68,818	111,506
Materials	62,100	57,438
Outsourced services	363,543	311,874
Electricity bought for resale	2,127,926	1,785,449
Depreciation and amortization	242,909	271,228
Operational provisions	61,441	62,077
Charges for the use of the basic transmission grid	393,262	345,748
Other expenses, net	134,802	122,913
	4,148,322	**3,620,384**

a) PERSONNEL EXPENSES	09/30/2009	09/30/2008
Remuneration and salary-related charges and expenses	522,623	521,701
Supplementary pension contributions – defined contribution plan	32,400	31,951
Assistance benefits	67,425	65,871
	622,448	619,473
(-) Personnel costs transferred to Works in progress	(82,817)	(93,147)
The PPD Voluntary Retirement Program (a)	(478)	25,775
The PDV Temporary Voluntary Retirement Program (b)	154,368	-
	693,521	**552,151**

Employee special retirement programs

a) The PPD Permanent Voluntary Retirement Program

The Company has a permanent Voluntary Retirement Program (named PPD), which applies to any free and spontaneous terminations of employment contracts. Its main financial incentives include payment of 3 gross amounts of the employee's monthly remuneration and 6 months' contributions to the Health Plan after leaving the company, deposit of the extra payment of 40% of the balance of the employee's FGTS fund, as would be applicable if termination were by the employer, 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 begun, in March 2008, 523 employees have joined the program. The provision for the financial incentives was substantially recognized in the income statement for 2008.

b) The PDV Temporary Voluntary Retirement Program

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 to the PDV program is an indemnity that varies between 3 and 16 times the employee's monthly remuneration, according to criteria set 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 would meet 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 (which would be obligatory if the contract were being rescinded by the employer).

Additionally, Cemig guarantees full payment of the costs of the group life insurance plan (for 6 months) and the health plan (for 12 months), from the date of the employee leaving the Company, which must be between June 2009 and September 2010.

A total of 805 employees of **Cemig D** subscribed to the program. An expense relating to the financial incentives, in the amount of R$ 154,368, was recognized.

b) OUTSOURCED SERVICES	**09/30/2009**	**09/30/2008**
Collection / meter reading / bill delivery agents	88,365	79,914
Communication	43,683	35,267
Maintenance and conservation of electricity facilities and equipment	71,894	52,277
Building conservation and cleaning	16,125	14,351
Contracted labor	20,834	23,000
Freight and airfares	4,435	3,473
Accommodation and meals	9,950	9,924
Security services	4,929	3,678
Consultancy	4,177	6,197
Maintenance and conservation of furniture and utensils	20,028	18,731
Maintenance and conservation of vehicles	13,582	12,120
Disconnection and reconnection	19,558	15,798
Others	45,983	37,144
	363,543	**311,874**

CEMIG
Distribuição S.A.

c) ELECTRICITY BOUGHT FOR RESALE	09/30/2009	09/30/2008
From Itaipu Binacional	696,346	639,009
Short-term market	196,426	201,630
‘Bilateral Contracts’	178,468	171,423
Reimbursement of CVA – “Initial Contracts”	-	219
Energy bought in auctions	996,037	714,693
Proinfa (Alternative Energy Sources Program)	100,777	67,186
Proinfa Energy	10,236	31,660
Amounts received in “Portion A” (Note 6b)	143,829	111,919
Credits PASEP/COFINS	(194,193)	(152,290)
	2,127,926	**1,785,449**

d) OPERATIONAL PROVISIONS	09/30/2009	09/30/2008
Pension plan premiums	(3,657)	(1,689)
Provision for doubtful receivables	62,368	47,419
Labor-law contingencies	1,225	2,961
Provision for Aneel administrative proceedings	2,193	6,854
Other	(688)	6,532
	61,441	**62,077**

e) OTHER OPERATIONAL EXPENSES, NET	09/30/2009	09/30/2008
Leasings and rentals	19,774	19,229
Advertising	15,307	20,246
Own consumption of electricity	11,022	11,512
Subsidies and donations	13,879	19,165
Aneel inspection charge	17,919	18,838
Taxes and charges (IPTU, IPVA and others)	9,546	8,614
Licensing charge – TFDR (*)	27,304	24,101
Royalties for use of water resources	5,649	4,929
Contribution to the MAE	1,547	1,266
Insurance	1,575	1,471
Other expenses (Recovery of expenses)	11,280	(6,458)
	134,802	**122,913**

CEMIG
Distribuição S.A.

25) NET FINANCIAL REVENUE (EXPENSES)

	09/30/2009	09/30/2008
FINANCIAL REVENUES		
Revenue from cash investments	25,032	62,070
Arrears penalty payments on electricity bills	122,646	101,122
Monetary updating of CVA	27,321	22,244
Monetary updating on General Agreement for the Electricity Sector	32,309	65,582
Monetary updating – Deferred Tariff Adjustment	1,802	68,576
FX variations	82,615	20,422
Adjustment to present value	-	5,341
Pasep and Cofins taxes on financial revenues	(167)	(6,760)
Other	35,616	28,567
	327,174	**367,164**
FINANCIAL EXPENSES		
Charges on loans and financings	(183,784)	(206,385)
Monetary updating on General Agreement for the Electricity Sector	-	(2,460)
Monetary updating of CVA	306	(23,245)
FX variations	(27,255)	(39,915)
Monetary updating on loans and financings	(10,342)	(55,604)
CPMF tax	-	(3,011)
Losses on financial instruments (Note 27)	(40,139)	(5,141)
Provision for losses in the recovery of RTE amounts – Updating	-	(1,470)
Adjustment to present value	-	(18,141)
Other	(30,261)	(24,400)
	(291,475)	**(379,772)**
FINANCIAL REVENUE (EXPENSES)	**35,699**	**(12,608)**

The Pasep and Cofins tax expenses are those 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 S.A. ("**Cemig GT**") and **Light** are also subsidiaries of Cemig.

Cemig D's principal balances and transactions with related parties are:

	ASSETS		LIABILITIES		REVENUES		EXPENSES	
COMPANIES	**09/30/2009**	**06/30/2009**	**09/30/2009**	**06/30/2009**	**09/30/2009**	**09/30/2008**	**09/30/2009**	**09/30/2008**
CEMIG								
Affiliates and holding company	7,822	10,289	14,532	13,531	-	-	-	-
Interest on Equity, and dividends	-	-	544,596	521,484	-	-	-	-
Cemig GT								
Affiliates and holding company	26,428	15,111	11,678	11,678	-	-	-	-
Electricity bought for resale (1)	4,503	958	34,501	51,272	21,635	17,282	(89,380)	(63,510)
Others	4	7	1	12	-	-	-	-
Light								-
Electricity bought for resale (1)	166	-	166	2,623	-	-	(1,464)	(378)
								-
Minas Gerais state government								-
Consumers and traders (4)	3,381	2,592	-	-	58,929	-	-	-
Taxes, charges and contributions – ICMS tax (5)	148,557	129,049	243,562	228,995	(1,538,254)	(1,612,793)	-	-
Taxes offsetable – ICMS tax (5)	46,141	57,351	-	-	-	-	-	-
Consumers and traders (2)	66,384	12,668	-	-	-	-	-	-
FORLUZ								
Post-employment obligations – current (3)	-	-	57,269	56,020	-	-	(68,818)	(111,506)
Post-employment obligations – non-current (3)	-	-	804,831	814,826	-	-	-	-
Others	-	-	12,885	13,001	-	-	-	-
Personnel expenses (6)	-	-	-	-	-	-	32,400	(31,951)
Current administration expense (7)	-	-	-	-	-	-	6,523	(6,842)
OTHER								
Affiliates and subsidiaries or Parent companies	443	593	-	-	-	-	-	-

Main material comments on the above transactions:

(1) The Company has contracts for purchase of electricity from **Cemig GT,** and from **Light** S.A., arising from the public electricity auction of 2005, with period 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 a debit originating from the sale of energy to *Copasa*, with provision for payment up to September 2012, and financial updating (by the IGP-M inflation index + 0.5% per month).

(3) The contracts of Forluz are updated by the Amplified Consumer Price Index (IPCA) calculated by the Brazilian Geography and Statistics Institute (IBGE) (See Explanatory Note 17) 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 – transactions made 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 sales of electricity and are made 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 (Explanatory Note 17) 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 and 24.

27) – FINANCIAL INSTRUMENTS

The financial instruments used by **Cemig D** are restricted to Cash and cash equivalents, Consumers and traders, Amounts receivable from the Minas Gerais state government, Loans and financings, and Debentures, and the gains and losses obtained on the transactions are registered in full by the accrual method.

The Company's financial instruments were recognized 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 owed by 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, and adjusted to fair value. Gains or losses are recognized in the income statement as and when they take place.
- Derivative financial instruments: These are valued at fair value and the gains or losses are recognized directly in the income statement.

a) Management of risks

Management of corporate risks is a management tool that is part of the Corporate Governance practices 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 that might negatively affect the Company's liquidity and profitability, recommending protection strategies in relation to foreign exchange, interest rate and inflation risks. These have effects that are 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, principally of the US dollar against the Real, with impact on indebtedness, profit and cash flow. For the purpose of reducing the Company's exposure to increases in exchange rates, on September 30, 2009 **Cemig D** had 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	**09/30/2009**	**06/30/2009**
US dollar		
Loans and financings	193,285	200,820
Contracted hedge / swap transactions	(85,704)	(94,067)
	107,581	106,753
Euro		
Loans and financings	13,013	13,553
Net liability exposure	**120,594**	**120,306**

The Company estimates that, in a probable scenario, the appreciation of the exchange rates of foreign currencies against the Real at the end of the next 12 months will be 1.23%. 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 the scenario that it rates as probable – considering these alternative scenarios respectively as “possible” and “remote”.

Risk - Increase in exchange rate	**Base 09/30/2009**	**"Probable" scenario**	**"Possible" scenario Exchange variation of 25%**	**"Remote" scenario Exchange variation of 50%**
US dollar				
Loans and financings	193,285	195,666	244,582	293,498
(-) Contracted hedge/swap	(85,704)	(86,760)	(108,450)	(130,140)
	107,581	108,906	136,132	163,358
Euro				
Loans and financings	13,013	13,173	16,467	19,760
Net liability exposure	**120,594**	**122,079**	**152,599**	**183,118**
Net effect variation of exchange rate	**-**	**(1,485)**	**(32,005)**	**(62,525)**

Interest rate risk

Cemig D is exposed to the risk of increase in international interest rates, affecting loans and financings in foreign currency with floating interest rates (Libor), in the amount of R$ 8,888 at September 30, 2009.

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

EXPOSURE OF CEMIG TO BRAZILIAN INTEREST RATES	**09/30/2009**	**06/30/2009**
Assets		
Cash investments	477,302	223,761
Regulatory assets	1,277,352	1,484,869
	1,754,654	1,708,630
Liabilities		
Loans and financings	(1,204,812)	(1,190,763)
Regulatory liabilities	(679,732)	(627,425)
Contracted hedge / swap transactions	(85,704)	(94,067)
	(1,970,248)	(1,912,255)
Net liability exposure	**(215,594)**	**(203,625)**

In relation to the risk of increase in the Selic interest rate, considered to be the most significant interest rate risk, the Company estimates that, in a probable scenario, the Selic rate on September 30, 2010 will be 9.50%. The Company has made a sensitivity analysis of the effects on its results arising from increases in the Selic rate of 25% and 50%, in relation to the scenario that it considers as “probable” – considering these alternative scenarios as “possible” and “remote”, respectively.

Risk -Exposure Brazilian Interest Rates	Scenario Base SELIC 8,75%	"Probable" scenario SELIC 9.50%	"Possible" scenario SELIC 11,88%	"Remote" scenario SELIC 14,25%
Assets				
Cash investments	477.302	480.882	492.242	503.554
Regulatory assets	1.277.352	1.286.932	1.317.333	1.347.606
	1.754.654	1.767.814	1.809.575	1.851.160
Liabilities				
Loans, financings and debentures	(1.204.812)	(1.213.848)	(1.242.523)	(1.271.077)
Regulatory liabilities	(679.732)	(684.830)	(701.008)	(717.117)
Contracted Hedge/Swap	(85.704)	(86.347)	(88.387)	(90.418)
	(1.970.248)	(1.985.025)	(2.031.917)	(2.078.612)
Net liability exposure	**(215.594)**	**(217.211)**	**(222.342)**	**(227.452)**
Net effect variation of SELIC	**-**	**(1.617)**	**(6.748)**	**(11.858)**

Credit risk

The risk arising from the possibility of the Company 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 to make possible receipt of any receivables in arrears.

Energy scarcity risk

The electricity sold is generated, almost entirely, by hydroelectric power plants. A prolonged period of scarcity of rainfall could result in the reduction of the volume of water in the Company's reservoirs, 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.

Risk of early maturity of debt

The Company has contracts for loans, financings and debentures, with the restrictive covenant clauses normally applicable to these types of operation, related to economic and financial indices, cash flow and other indicators meeting certain levels. Non-compliance with these covenants could result in early maturity of debt. On September 30, 2009 the covenants were fully complied with.

Risk of non-renewal of concessions

The Company has concessions for commercial operation of electricity distribution, and management expects that they will be renewed by Aneel and/or the Mining and Energy Ministry. If the regulatory bodies do not grant the applications for renewals of these concessions, or if they 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 its operations against the risks arising from foreign exchange variation, and are not used for speculative purposes.

CEMIG Distribuição S.A.

The principal amounts of derivatives transactions are not posted in the balance sheet, since they refer to transactions which do not require payments in full, but only payments of the gains or losses that actually occur. On September 30, 2009 the net results of these transactions represented a loss of R$ 40,139 (vs. loss of R$ 5,141 on September 30, 2008), recorded in Financial revenue (expenses).

Method of calculation of the fair value of positions

The fair value of financial investments is calculated 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 September 30, 2009.

						Lost not realized				Accumulated Effect
Receivable by Cemig Geração e Transmissão	Payable by Cemig Geração e Transmissão	Maturity period	Market Trading	Principal amount contract*		Book Value		Fair Value		Payable Amount
				09/30/2009	06/30/2009	09/30/2009	06/30/2009	09/30/2009	06/30/2009	09/30/2009
US$ exchange rate + interest (5.58%p.a. to 7.14%p.a.)	R$ 100%of CDI +interest (150%p.a.. to 3.01%p.a.)	From 04/2009 to 06/2013	Over the counter (OTC)	US$48,200	US$48,200	(108,014)	(94,160)	(108,330)	(96,444)	(11442)

c) Sensitivity analysis

The derivative instrument described above shows that the Company is exposed to variation in the CDI rate. The Company estimates that the Brazilian domestic CDI rate on September 30, 2010 will be 9,50%. The Company has made a sensitivity analysis of the effects on its results arising from increases in the Selic rate, of 25% and 50%, in relation to September 30, 2009 – scenarios which it assesses, respectively, as “possible” and “remote”. In these “possible” and “remote” scenarios, the Brazilian domestic CDI rate at September 30, 2010, would be: 11.88% and 14.25%, respectively.

[SF1] Comentário: Compare com "CDI" (verde) (sf++)

	Base	"Probable" scenario	"Possible" scenario	"Remote" scenario
Risk -Exposure Brazilian Interest Rates				
Contract in US$	(85.704)	(86.347)	(88.387)	(90.418)
Net effect variation of SELIC		**(643)**	**(2.683)**	**(4.714)**

28) FINAL RESULT OF CEMIG D’S SECOND TARIFF REVIEW, AND TARIFF ADJUSTMENT

Tariff Review – final levels decided

In March 2009 Aneel homologated the final result of the Tariff Review of **Cemig D**, 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.

As a result of the homologation of the final tariff review, Aneel 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$ 137,458 (vs. R$ 203,615 in June 2009), 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, 2009.

29) – THE TARIFF ADJUSTMENT

On April 7, 2009 Aneel published the result of the Tariff Adjustment of **Cemig D**. 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 indicated.)

Comments on RESULTS in the FIRST NINE MONTHS of 2009

[SF2] Comentário: achei razoavel adicionar para distinguir na leitura - da proxima secao (3Q)

Net profit for the period

In January through September 2009 Cemig Distribuição ("Cemig Distribution" or "Cemig D") posted net profit of R$ 279,078, 58.10% lower than the net profit of R$ 666,037 in January through September 2008. The significantly lower net profit is mainly due to non-recurring events in 2009, including the effects of the Final Tariff Review, and the provision for the PDV voluntary retirement program (Explanatory Notes 24 and 28).

Ebitda (method of calculation not reviewed by external auditors)

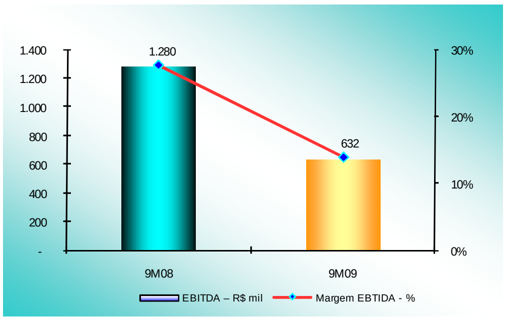
Cemig D's Ebitda in the second quarter of 2009 was a significant 50.65% lower than its Ebitda for the second quarter of 2008. Adjusted for the non-recurring items, this percentage reduction is diminished to 21.55%

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, which resulted in recognition of regulatory assets and liabilities which will be received and/or discounted in the tariff to be received from consumers in the period from April 8, 2009 to 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. The effect on Ebitda of this non-recurring recognition of the financial items was R$ 192,816 to Ebitda, as shown in the table below.

There was also an impact on Ebitda, in the first nine months of 2009, of R$ 153,890, from the expenses of the PDV Voluntary Retirement Program and PPD Voluntary Dismissal Program.

EBITDA - R$ '000	09/30/2009	09/30/2008	Change, %
Net profit	279,078	666,037	(58.10)
+ Income tax and Social Contribution tax	75,456	280,039	(73.06)
+ Profit shares	69,849	49,916	39.93
–+ Financial revenues (expenses)	(35,699)	12,608	-
+ Depreciation and amortization	242,909	271,228	(10.44)
= EBITDA	**631,593**	**1,279,828**	**(50.65)**
Non-recurring items:			
+ – Tariff review – Net revenue	213,803	(62,863)	-
– + Tariff review – Operational expense	(20,987)	4,330	-
- + The PPD/ PPD Permanent Voluntary Retirement Program	153,890	25,775	497,05
= ADJUSTED EBITDA	**978,299**	**1,247,070**	**(21.55)**



The lower Ebitda in 9M09 than in 9M08 mainly reflects operational costs and expenses (excluding effects of depreciation and amortization) 16.61% higher. The weaker performance in 2009 was reflected in Ebitda margin, which was 27.56% in 3Q08, and 13.92% in 3Q09.

Revenue from retail supply of electricity

Gross revenue from retail electricity sales was R$ 6,487,241 in 9M09, compared to R$ 6,499,341 in 9M08.

The main impacts on revenue in relation to sales to final consumers in 2009 arose from:

- Tariff adjustment with average impact on consumer tariffs of 4.64%, starting from April 8, 2009. (For the captive market the impact was 6.21%.)
- Reduction in the tariff with average impact across all consumer tariffs of a reduction of 12.08%, from April 8, 2008 (full effect in 2009).
- Posting of regulatory liabilities arising from the adjustment in the Company's Tariff Review, with effect backdated to 2008, representing a reduction in gross revenue of R$ 213,803, in 2009.

CEMIG
Distribuição S.A.

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

Consumption by consumer category	MWh		
	09/30/2009	09/30/2008	*Change, %*
Residential	5,812,247	5,341,749	8.81
Industrial	3,580,302	4,058,446	(11.78)
Commercial, services and others	3,415,304	3,233,321	5.63
Rural	1,645,426	1,670,216	(1.48)
Public authorities	524,352	518,465	1.14
Public illumination	793,599	786,381	0.92
Public service	795,343	800,192	(0.61)
Total	**16,566,573**	**16,408,770**	**0.96**

Increases in the largest categories, residential and commercial, were respectively 8.81% and 5.63%. while sales volume to the industrial category of consumers was 11.78% lower. The increases in the residential and commercial categories of consumer mainly reflect the increases in the number of consumers – both groups grew by 3.42% 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 9M09.

Revenue from use of the network

This revenue is from the TUSD – Tariff for Use of the Distribution System – charged to Free Consumers on electricity sold to them. In 9M09 this revenue was R$ 845,477, 16.73% lower than in 9M08 (R$ 1,015,395). The lower revenue arises from an average tariff approximately 3% lower in 2009, the higher quantity of energy purchased by incentive sources and less transport of energy to free consumers, due to the slowdown in the world economy, which affected the Brazilian 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 were a total of R$ 2,860,481 in 9M09, 2.80% less than in 9M08. Main year-on-year variations in the deductions from revenue:

The Fuel Consumption Account – CCC

The deduction from revenue for the CCC account in 9M09 was R$ 277,969, 15.71% more than in 9M08 (R$ 240,229). This refers to the costs of operation of the thermal plants in the Brazilian national 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.

Energy Development Account – CDE

The deduction from revenue for the CDE in 9M08 was R$ 248,842, 11.74% more than in 3Q08 (R$ 222,698). The payments are specified by an Aneel Resolution. This is a non-controllable cost: the expense recognized in the income statement is the amount passed through to the tariff.

The Global Reversion Reserve – RGR

The deduction from revenue for the RGR in 9M08 was R$ 53,901, compared to R$ 53,431 in 9M08. This is a non-controllable cost: the expense recognized in the income statement is the amount 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 9M09 totaled R$ 4,148,322, 14.58% more than in 9M08 (R$ 3,620,384). This is mainly due to the increases in personnel costs, electricity bought for resale and outsourced services, partially offset by the reduction in costs 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 were:

Personnel expenses

Personnel expenses in 9M09 totaled R$ 693,521, 25.60% more than their total of R$ 552,151 in 9M08. 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$154,368 in 1H09.

On the other hand, the reduction in the number of employees from 8,041 in September 2008 to 7,551 in September 2009 contributed to lower personnel expenses.

Electricity bought for resale

The expense on electricity purchased for resale in 9M09 was R$ 2,127,925, 19.18% more than in 9M08 (R$ 1,785,449). The difference arises principally from the average tariff for electricity bought in the 2009-10 tariff cycle being 23.86% higher. This is a non-controllable cost: the expense recognized in the income statement is the amount passed through to the tariff. Further information is in Explanatory Note No. 24 to the Quarterly Information.

Post-employment obligations

The expense on post-employment obligations in 9M09 was R$ 68.818, 32.28% less than the expense of R$ 111,506 posted in 9M08. 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 post-employment obligations in 9M09 was R$ 242.909, 10.44% less than the expense of R$ 271,228 posted in 9M08. This is largely due to the depreciation of the item "Special Obligations", as from April 2008, the date of the second Tariff Review cycle.

Operational provisions

Operational provisions in 9M09 totaled R$ 61,441, 1.02% higher than in 9M08 (R$ 62,077). Please refer to further information in Explanatory Notes 18 and Note 24 to the Quarterly Information.

Charges for use of the transmission grid

The expense on charges for use of the transmission network in January 9M09 was R$ 393,262, 13.74% higher than in 9M08 (R$ 345,748). This expense is for the charges payable by electricity distribution and generation agents for use of the facilities that are components of the national grid, as set by an Aneel Resolution. This is a non-controllable cost: the expense recognized in the income statement is the amount passed through to the tariff.

Outsourced services

The expense on outsourced services in 9M09 was R$ 363,543, 16.57% more than in 9M08 (R$ 311,874) – the highest variations being in expenditure on communication, maintenance and conservation of facilities, electrical equipment, and tree pruning, as follows:

- The expense on communication services in 9M09 was R$ 43,683, 23.86% more than in 9M08 (R$ 35,267). 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 facilities and electrical equipment in 9M09 was R$ 71,894, 37.53% more than in 9M08 (R$ 52,277). This variation arises principally from the prolongation of the rainy season, with greater demand for corrective maintenance of the system, and also the higher volume of preventive maintenance activities, aiming to reduce accidental outages in the next rainy season.

- The expense of tree pruning in 9M09, recorded in the accounts under "Outsourced services – Other", was R$ 9,458, 138.54% more than in 9M08 (R$ 3,965). 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.

- The expense on collection agents, meter reading and delivery of electricity bills in 9M09 was R$ 88,365, 10.58% more than in 9M08 (R$ 79,914). The increase in this line is the result of upward adjustments in the contracts for meter reading, based on the IGP-M inflation index, and also from the growth in the number of consumers over the period.

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

Other expenses, net

Other expenses, net, were R$ 134,802 in 9M09, 9.67% more than in 9M08 (R$ 122.913).This mainly reflected the loss on disposal and de-activation of assets, of R$ 11,970 in 9M09, compared with R$ 1,331 in 9M08.

Financial revenues (expenses)

Net financial expenses were R$ 35,699 in 9M09, vs. R$ 12,608 in 2009. The main factors in this result are:

- Revenue from cash investments 59.67% lower, due to the lower volume of cash invested in 2009.

  Revenue from consumer penalty payments for arrears on electricity bills was 221.29% higher in 9M09, at R$ 122,646, vs. R$ 101,122 in 9M08. This variation is mainly due to recognition of arrears charges of large industrial consumers recognized in September 2009, where the value of the principal amounts of their accounts was lower than the amount added for the arrears penalty payments themselves.

- Lower revenue from monetary updating on the regulatory assets arising from the General Agreement for the Electricity Sector. This revenue in 9M09 was R$ 32,309, compared to R$ 65,582 in 9M08 – basically reflecting the lower value of the regulatory assets in 2009, since a significant part of the regulatory assets previously constituted had been amortized.

- Revenue from monetary variation and interest applying to the Deferred Tariff Adjustment 97,37% lower, at R$ 1,802 in 9M09, compared to R$ 68,576 in 9M08. This primarily reflects reduction of the asset between the two periods, as a result of its partial settlement through receipt of amounts in energy accounts.

- Net *gain* on FX variations in 2009, in the amount of R$ 15,221, net of the compensatory effects relating to financial instruments, which compares to a net *loss* of R$ 24,634 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 2009, which compares with depreciation in 2008. The Brazilian currency, the Real, appreciated by 23.92% against the US dollar over the period of January through September 2009, which compares with an appreciation of 8.07% in the same period of 2008.

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

Income tax and Social Contribution tax

In 9M09 **Cemig D** posted income tax and Social Contribution expenses totaling R$ 75,456, on profit of R$ 424,383, before tax effects, a percentage of 17.78%. In 9M08 the company posted expenses on income tax and Social Contribution of R$ 280,039, on profit of R$ 995,992, before tax effects, a percentage of 28.12%. The lower expense on income tax and Social Contribution in 9M09 is mainly due to allocation of Interest on Equity in the amount of R$ 113,653 in 2009. The effective rates are reconciled with the nominal rates in Explanatory Note 9 to the Quarterly Information.

Distribuição S.A.

Comments on RESULTS in the THIRD QUARTER

INCOME STATEMENTS FOR THE THIRD QUARTERS OF 2009 AND 2008

	Third quarter 2009	Third quarter 2008	Change, %
OPERATIONAL REVENUE			
Revenue from retail supply of electricity	2,394,816	2,072,062	15,58
Revenue from use of the network	307,290	359,570	(14.54)
Other operational revenues	27,540	19,902	38.38
Gross operational revenue	**2,729,646**	**2,451,534**	**11.34**
Deductions from operational revenue	(967,965)	(934,463)	3.59
Net operational revenue	**1,761,681**	**1,517,071**	**16.12**
OPERATIONAL COSTS AND EXPENSES			
Personnel expenses	(180,367)	(162,335)	11.11
Forluz post-employment obligations	(22,939)	(37,169)	(38.28)
Materials	(21,457)	(16,835)	27.45
Outsourced services	(115,584)	(110,338)	4.75
Electricity bought for resale	(884,355)	(604,773)	46.23
Depreciation and amortization	(79,971)	(79,427)	0.68
Operational provisions	(37,008)	(29,702)	24.60
Charges for the use of the basic transmission grid	(138,320)	(112,448)	23.01
Other expenses, net	(40,779)	(62,314)	(34.56)
	(1,520,780)	(1,215,341)	25.13
Operational profit (loss) before financial revenue (expenses)	**240,901**	**301,730**	**(20.16)**
NET FINANCIAL REVENUE (EXPENSES)	42,960	(35,901)	(219.66)
Profit before income tax and Social Contribution tax	**283,861**	**265,829**	**6.78**
Income tax and Social Contribution tax	(74,421)	(70,900)	4.97
Profit shares	(18,747)	(16,168)	15.95
Net profit for the period	**190,693**	**178,761**	**6.67**

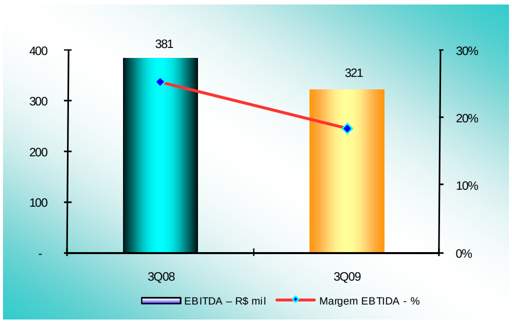
Profit for the quarter

In the **third quarter** of 2009 (3Q09), Cemig D reported net profit of R$ 190,693, 6.67% higher than the net profit of R$ 178,761 reported for the third quarter of 2008 (3Q08). The main factor in the variation was financial *revenue* of R$ 42,960 in 3Q09, compared to financial *expenses* of R$ 35,901 in 3Q08. There is further comment on the variation in operational expenses on subsequent pages.

Ebitda (method of calculation not reviewed by external auditors)

Cemig D's Ebitda in the third quarter of 2009 was a significant 15.82% lower than its Ebitda for the third quarter of 2008. Adjusted for the non-recurring items, this percentage reduction was 17.16%

EBITDA - R$ '000	3Q09	3Q08	Change, %
Net profit	190,693	178,761	6.67
+ – Income tax and Social Contribution tax	74,421	70,900	4.97
+ Profit shares	18,747	16,168	15.95
– Financial revenues (expenses)	(42,960)	35,901	-
+ Depreciation and amortization	79,971	79,427	0.68
= EBITDA	**320,872**	**381,157**	**(15.82)**
Non-recurring items:			
+ The PPD and PDV Voluntary Retirement Programs	6,309	13,794	(54.26)
= ADJUSTED EBITDA	**327,181**	**394,951**	**(17.16)**



The lower Ebitda in 3Q09 than in 3Q08 mainly reflects operational costs and expenses (excluding effects of depreciation and amortization) 26.84% higher, the effect being partially offset by net operational revenues to 16.12% higher. The lower operational performance in 3Q09 than in 3Q08 is reflected in Ebitda margin, which was 18.21% in 3Q09, vs. 25.12% in 3Q08.

Revenue from retail supply of electricity

	MWh (*)			R$		
	3Q09	3Q08	Change, %	3Q09	3Q08	Change, %
Residential	1,950,636	1,805,999	8.01	936,914	790,887	18.46
Industrial	1,220,376	1,495,189	(18.38)	453,402	469,207	(3.37)
Commercial, services and others	1,101,849	1,055,230	4.42	500,374	436,444	14.65
Rural	675,052	715,490	(5.65)	166,728	158,458	5.22
Public authorities	176,293	174,645	0.94	78,088	70,643	10.54
Public illumination	262,849	260,607	0.86	68,318	61,222	11.59
Public service	270,005	250,398	7.83	82,872	70,199	18.05
Sub-total	5,657,060	5,757,558	(1.75)	2,286,696	2,057,060	11.16
Own consumption	8,621	8,202	5.11	-	-	-
Subsidy for low-income consumers	-	-	-	50,518	(6,313)	-
Uninvoiced supply – Regulatory asset	-	-	-	-	(12,609)	-
Retail supply not invoiced, net	-	-	-	(8,555)	29,700	-
Effect of the Final Tariff Review	-	-	-	66,157	-	-
	5,665,681	5,765,760	(1.74)	2,394,816	2,067,838	15.81
Transactions in electricity on CCEE	-	-	-	-	4,224	-
Total	5,665,681	5,765,760	(1.74)	2,394,816	2,072,062	15.58

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

Gross revenue from wholesale supply in 3Q09 was R$ 2,394,816, 15.58% more than in 3Q08 (R$ 2,072,062).

Main factors affecting revenue in 2Q09:

- Tariff adjustment on April 8, 2009, with average impact on consumer tariffs of 4.69%.
- 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 1.75% lower (this excludes Cemig's own internal consumption). It can be seen that that the principal component of the reduction was in the industrial consumer category – in which consumption was 18.38% lower year-on-year. On the other hand, as can be seen, the quantity of energy sold to residential consumers was 8.01% higher.

An item contributing to the higher revenue from retail electricity sales was recognition of revenue from the subsidy received from Eletrobrás, in the amount of R$ 50,518, for the discount given on the tariffs charged to low-income consumers.

Revenue from use of the network

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 3Q09 this revenue was 14.54% lower, at R$ 307,290, than in 3Q08 (R$ 359,570), due to the average tariff approximately 3% lower in 2009 and the lower quantity of transport of energy to Free Consumers, a consequence of the effect on Brazilian industrial production of the slowdown in the world economy.

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

	3Q09	3Q08	Change, %
ICMS tax	529,400	510,829	3.64
Cofins tax	200,148	184,816	8.30
PIS and Pasep taxes	43,454	40,125	8.30
ISS value added tax on services	102	119	(14.29)
	773,104	**735,889**	**5.06**
Global Reversion Reserve – RGR	18,827	20,767	(9.34)
Energy Efficiency Program – P.E.E.	9,352	7,672	21.90
Energy Development Account – CDE	86,151	73,175	17.73
Fuel Consumption Account – CCC	71,180	89,289	(20.28)
Research and Development – R&D	3,741	3,068	21.94
National Scientific and Technological Development Fund (FNDCT)	3,740	3,069	21.86
Energy System Expansion Research – EPE	1,870	1,534	21.90
	194,861	**198,574**	**(1.87)**
	967,965	**934,463**	**3.59**

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

The Fuel Consumption Account – CCC

The deduction from revenue for the CCC in 3Q09 was R$ 71,180, 20.28% less than in 3Q08 (R$ 89,289). This refers to the costs of operation of the thermal plants in the Brazilian national 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.

Energy Development Account – CDE

The deduction from revenue for the CDE was R$ 86,151 in 3Q09, 17.73% higher than in 3Q08 (R$ 73.175). The payments are specified by an Aneel Resolution. This is a non-controllable cost: the expense recognized in the income statement is the amount passed through to the tariff.

Operational costs and expenses (excluding Financial revenue/expenses)

Operational costs and expenses (excluding Financial revenue/expenses) in 3Q09 totaled R$ 1,520,780, 25.13% higher than in 3Q08 (R$ 1,215,341). This mainly reflected an expense on energy purchased for resale 46.23% higher than in 3Q08.

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

Personnel expenses

Personnel expenses in 3Q09, at R$ 180,367, were 11.11% higher than in 3Q08 (R$ 162,335). This is due to the salary increase of 7.26% given to employees in November 2008, and the provision, of R$ 6,309, made in 3Q09 for the PDV Temporary Voluntary Retirement Program. The increase is partially mitigated by the lower number of employees: 7,551 at the end of September 2009, vs. 8,041 at the end of September 2008.

Electricity bought for resale

The expense on this account in the third quarter of 2009 was R$ 884,355, 46.23% higher than the figure of R$ 604,773 for the third quarter of 2008. The difference arises principally from the average tariff for electricity bought in the 2009-10 tariff cycle being 23.86% higher, the Proinfa charges being R$ 17,065 (71.20%) higher than in 3Q08, and the increase in the realization of the CVA account. Realization of the CVA in 3Q9 was R$ 110,332, compared to addition of R$ 3,372 in 3Q08. Energy purchased for resale is a non-controllable cost: the expense recognized in the Income statement corresponds to the actual amount passed through to the tariff.

Post-employment obligations

Expenses on post-employment obligations totaled R$ 22,939 in 3Q08, 38.28% less than in 3Q08 (R$ 37,169). 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.

Distribuição S.A.

Operational provisions

Expenses on operational provisions in 3Q09 totaled R$ 37,008, 24.60% higher than in 3Q08 (R$ 29,702). This principally reflects a higher provision for doubtful receivables, resulting from the Company's estimate of a higher probability of losses. The expense recorded on provisions for doubtful receivables in 3Q09 was R$ 39,807, compared to R$ 24,827 in 3Q08.

Outsourced services

The expense on outsourced services in 3Q09 was R$ 115.584, 4.75% higher than in 3Q08 (R$ 110.338), mainly due to higher expenditure on maintenance and conservation of electricity facilities, and meter reading / bill delivery / collection agents, as follows:

- The expense on services of maintenance and conservation of electrical facilities and equipment in 3Q09 was R$ 16,673, 31.46% higher than in 3Q08 (R$ 16,673). This variation arises principally from the prolongation of the rainy season in 2009, with greater demand for corrective maintenance of the system, and also the higher volume of preventive maintenance activities, aiming to reduce accidental outages in the next rainy season.

- The expense on collection agents, meter reading and delivery of electricity bills in 9M09 was R$ 30,420, 10.15% more than in 9M08 (R$ 27,618). The increase in this line is the result of upward adjustments in the contracts for meter reading, based on the IGP-M inflation index, and also from the growth in the number of consumers over the period.

Other expenses, net

This expense line in 3Q09 was 34.56% lower year-on-year in 3Q09 – at R$ 40,779, vs. R$ 62,314 in 3Q08. The lower total in 3Q09 is mainly due to the fact that the payment for the TFDR for the year 2009, in the amount of R$ 27,248, was made in April. In 2008 this payment was recognized in the month of July, in the amount of R$ 24,082.

CEMIG
Distribuição S.A.

Financial revenues (expenses)

	Third quarter 2009	3Q08	Change, %
FINANCIAL REVENUES			
Revenue from cash investments	6,209	21,892	(71.64)
Arrears penalty payments on electricity bills	74,132	22,718	226.31
Monetary updating of CVA	7,548	9,384	(19.57)
Monetary updating on General Agreement for the Electricity Sector	7,840	19,705	(60.21)
Monetary updating – Deferred Tariff Adjustment	-	14,373	-
Adjustment to present value - Debt	-	5,341	-
FX variations	23,449	(27,707)	(184.63)
Other	15,334	5,681	169.92
	134,512	**71,387**	**88.43**
FINANCIAL EXPENSES			
Charges on loans and financings	(57,102)	(71,448)	(20.08)
Monetary updating of CVA	338	(7,900)	-
Adjustment to present value - Debt	-	(13,118)	-
FX variations	(11,863)	(12,246)	(3.13)
Monetary updating on loans and financings	(1,439)	(10,964)	(86.88)
Losses on financial instruments (Note 26)	(11,885)	17,788	(166.81)
Other	(9,601)	(9,400)	2.14
	(91,552)	**(107,288)**	**(14.67)**
	42,960	**(35,901)**	**(219.66)**

The main variations in Financial revenues (expenses) between 3Q08 and 3Q09 are:

- Revenue from cash investments 71.64% lower, due to the lower volume of cash invested in 2009.

- Revenue from penalty payments for arrears on electricity accounts R$ 51,414 higher, mainly on accounts receivable from large consumers, in the amounts of R$ 48,565, recognized in September 2009.

- Revenue from monetary updating on amounts receivable under the General Agreement for the Electricity Sector 60.21% lower. This is basically due to the lower value of regulatory assets in 2009, due to a part of the principal regulatory assets previously constituted having been partially amortized.

- Lower monetary variation on the Deferred Tariff Adjustment, 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, at R$ 1,439, lower than in 3Q08 (R$ 10,964). , mainly due to the lower variation in the IGP-M inflation index in 3Q09 than in 3Q08.

- Costs of loans and financings 20.08% lower, due to amortizations of debt in 2008 and the lower variation in 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 3Q09 totaled R$ 74,421, on profit of R$ 283,861, before tax effects, a percentage of 26.22%. In 3Q08 the Company's expenses on income tax and the Social Contribution tax were R$ 70,900, on profit of R$ 265,829, before tax effects – a percentage of 26.67%. The tax benefits arising in the two quarters arising from payment of dividends in the form of Interest on Equity totaled R$ 12,733 in 3Q09 and R$ 13,062 in 3Q08.

****

Distribuição S.A.

REPORT OF REVIEW BY INDEPENDENT AUDITORS

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 September 30, 2009, comprising the balance sheets, 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 September 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).

November 12, 2009

Original report in Portuguese signed by

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

Marco Túlio Fernandes Ferreira
Accountant CRCMG058176/O-0