STEEL PARTNERS II L P
Form DFAN14A
January 02, 2002

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant / /

Filed by a Party other than the Registrant /X/

Check the appropriate box:

/ / Preliminary Proxy Statement
/ / Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
/ / Definitive Proxy Statement
/X/ Definitive Additional Materials
/ / Soliciting Material Under Rule 14a-12

SL INDUSTRIES, INC.

(Name of Registrant as Specified In Its Charter)

THE RORID COMMITTEE
STEEL PARTNERS II, L.P.
WARREN G. LICHTENSTEIN
NEWCASTLE PARTNERS, L.P.
MARK E. SCHWARZ
GLEN KASSAN
JAMES R. HENDERSON
STEVEN WOLOSKY

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

/X/ No fee required.

/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

ace="Times New Roman" style="font-size:1.0pt;font-weight:bold;">

1,457,210

1,496,755

- Distribution

Intangible

42,008

42,008

39,019

Fixed assets

741,085

741,085

812,814

- Generation

Intangible

26,449

26,449

26,969

Fixed assets

270,612

270,612

257,703

- Transmission

Intangible

344

344

364

Fixed assets	
	113,018
	113,018
	106,785
- Administration	
Intangible	
	99,990
	99,990

	91,208
Fixed assets	
	126,844
	126,844
	126,185
- Telecommunications	
	6,345
	6,345
	6,810
- Gas	
	30,515

30,515

28,898

Total of fixed assets and intangible assets

22,520,050

(8,984,341

)

13,535,709

13,613,526

Special Obligations linked to the concession

(2,501,819

)

(2,501,819

)

(2,518,602

)

Fixed assets and intangible assets, net

20,018,231

(8,984,341

)

11,033,890

11,094,924

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

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

The amount of R$ 248,394 is recorded in *Fixed assets in progress Distribution* on March 31, 2008 (R$ 307,389 on December 31, 2007), relating to the Light for Everyone program.

Some land sites and buildings of the subsidiaries which were given in guarantee in lawsuits involving tax, labor-law, civil and other disputes are recorded in *Fixed assets Administration*. These were posted at the amount of R$ 10,051 on March 31, 2008, net of depreciation.

16) SUPPLIERS

	Consolidated		Holding company	
	03/31/2008	**12/31/2007**	**03/31/2008**	**12/31/2007**
Current				
Wholesale supply and transport of electricity -				
Eletrobrás energy from Itaipu	146,195	230,620		
Furnas	40,485	78,231		
CCEE	121.640	81,756		
Purchase of Free Energy during Rationing	33.952	25,797		
Passthrough to generators		27,381		
Others	191,162	142,796		
	533,434	586,581		
Materials and services	226,866	349,324	9,113	11,781
	760,300	**935,905**	**9,113**	**11,781**
Non-current				
Wholesale electricity supply -				
Passthrough to generators	327,689	314,989		
Purchase of Free Energy during Rationing	13,439	25,803		
	341,128	**340,792**		

Of the amounts owed to CCEE, a substantial part will be paid by September 2009, with inflation adjustment at the Selic rate plus 1.00% interest per year The conclusion of some court proceedings in progress, brought by market agents, in relation to the interpretation of the rules in force at the time of the realization of the transactions in the CCEE/MAE, may result in changes in the amounts recorded.

17) TAXES, CHARGES AND CONTRIBUTIONS

	Consolidated		Holding company	
	03/31/2008	**12/31/2007**	**03/31/2008**	**12/31/2007**
Current				
Income tax	263,068	121,991		
Social Contribution	91,486	47,974		
ICMS	301,779	269,076	17,806	17,813
Cofins	95,803	92,880	6,344	15,436
Pasep	17,317	22,122	1,377	3,351
Social Security System	17,126	21,637	1,317	1,358
Others	35,014	32,711	858	1,234
	821,593	**608,391**	**27,702**	**39,192**
Deferred obligations				
Income tax	253,669	303,540		
Social Contribution	91,321	109,420		
Cofins	35,728	46,674		
Pasep	7,756	10,134		
	388,474	**469,768**		
	1,210,067	**1,078,159**	**27,702**	**39,192**
Non-current				
Deferred obligations				
Income tax	246,895	240,655	63,720	62,632

Social Contribution	67,388	65,747	22,940	22,547
Cofins	3,473	3,834		
Others	8,504	8,904		
	326,260	**319,140**	**86,660**	**85,179**

The net deferred obligations are related to the regulatory assets and liabilities and are owed to the extent that these assets and liabilities are received or paid, respectively. The other income tax and Social Contribution liabilities payable recorded in Current Liabilities will be compensated by prepaid expenses posted in Assets, in Taxes offsettable.

18) LOANS, FINANCINGS AND DEBENTURES

				Consolidated			
				03/31/2008			12/31/2007
	Principal maturity	Annual cost (%)	BRAZILIAN CURRENCY	Current	Non-current	Total	Total
FINANCING SOURCES							
FOREIGN CURRENCY							
ABN AMRO Bank N. ( ) (3)	2013	6.00	US$	1,399	87,455	88,854	88,639
ABN AMRO Real S.A. (4)	2009	6.35	US$	13,561	12,681	26,242	26,105
Banco do Brasil -A - Banco do Brasil S.A. various bonds (1)	2024	Various	US$	14,467	79,091	93,558	92,621
Banco do Brasil S.A. (5)	2009	3.90	JPY	723	68,061	68,784	61,483
Banco Paribas	2012	5.89	EURO	3,149	9,224	12,373	13,389
Banco Paribas	2010	Libor + 1.875	US$	22,157	30,468	52,625	52,243
KFW	2016	4.50	EURO	1,944	14,566	16,510	15,485
UNIBANCO (6)	2009	6.50	US$	247	8,152	8,399	8,371
UNIBANCO (7)	2009	5.50	US$	74	3,566	3,640	3,636
UNIBANCO (8)	2009	5.00	US$	255	15,011	15,266	15,268
MBK Furukawa Sistemas S.A. / UNIBANCO	2008	Libor + 5.45	US$	6,110		6,110	5,615
Brazilian Treasury (10)	2024	Libor + Spread	US$	5,344	30,473	35,817	35,518
Inter-American Development Bank (13)	2026	6.34	US$	31,458		31,458	21,896
Others	2025	Various	Various	8,345	7,489	15,834	16,273
Debt in non-Brazilian currency				**109,233**	**366,237**	**475,470**	**456,542**
BRAZILIAN CURRENCY							
Banco Credit Suisse First Boston S.A.	2010	106.00 of CDI	R$	166	75,000	75,166	75,133
Banco do Brasil	2009	111.00 of CDI	R$	5,161	118,822	123,983	120,531
Banco do Brasil	2013	CDI + 1.70	R$	7,612	109,277	116,889	113,488
Banco do Brasil	2013	107.60 of CDI	R$	13,941	126,000	139,941	136,161
Banco do Brasil	2014	104.10 of CDI	R$	56,580	1,200,000	1,256,580	1,223,732
Banco Itaú BBA	2008	IGP-M + 10.48	R$	188,620		188,620	179,846
Banco Itaú BBA	2008	CDI + 2.00	R$	42,113		42,113	40,850
Banco Itaú BBA	2014	CDI + 1.70	R$	22,462	304,338	326,800	318,371
HSBC Bank Brasil S.A	2008	CDI + 2.00	R$	63,169	0	63,169	61,275
Banco Votorantim S.A.	2010	113.50 of CDI	R$	1,635	54,372	56,007	57,081
Banco Votorantim S.A.	2013	CDI + 1.70	R$	2,049	101,316	103,365	106,553
Banco WESTLB do Brasil	2008	IGP-M + 10.48	R$	47,155		47,155	44,961
BNDES	2008	SELIC + 1.00	R$				25,820
Bradesco	2014	CDI + 1.70	R$	30,293	379,073	409,366	397,704
Debentures (12)	2009	CDI + 1.20	R$	16,632	349,556	366,188	355,958
Debentures (12)	2011	104.00 of CDI	R$	10,598	238,816	249,414	242,900
Debentures Minas Gerais state government (12)	2030	IGP-M	R$	0	150,154	150,154	145,705
Debentures (12)	2014	IGP-M + 10.50	R$	24,235	284,978	309,213	294,669
Debentures (12)	2017	IPCA + 7.96	R$	8,774	408,019	416,793	401,939
Eletrobrás	2013	FINEL + 7.50 a 8.50	R$	16,051	56,898	72,949	78,884
Eletrobrás	2023	UFIR. RGR + 6.00 a 8.00	R$	45,728	283,448	329,176	337,622
Santander	2013	CDI + 1.70	R$	1,680	79,673	81,353	80,797
UNIBANCO	2009	CDI + 2.98	R$	6,076	104,095	110,171	106,609
UNIBANCO	2013	CDI + 1.70	R$	20,144	309,285	329,429	319,787
UNIBANCO (2)	2013	CDI + 1.70	R$	8,126	73,587	81,713	79,322
Caixa Econômica Federal	2008	101.50 of CDI	R$	205,669		205,669	200,425
Itaú and Bradesco (9)	2015	CDI + 1.70	R$	115,874	840,103	955,977	990,386

Minas Gerais Development Bank	2025	10.00	R$	656	10,155	10,811	11,014
BNDES Finem (10)	2014	TLJP + 4.30	R$	232	60,678	60,910	60,874
Debentures I and IV (10)	2010/2015	TJLP + 4.00	R$	4,014	5,231	9,245	11,452
Debentures V (10)	2014	CDI + 1.50	R$	17,968	234,375	252,343	255,670
CCB Bradesco (10)	2017	CDI + 0.85	R$	5,996	112,500	118,496	115,162
BNDES Principal Sub-credit A/B/C/D (11)	2014/2016	Various	R$	19,273	119,674	138,947	141,521
Others	2007/2017	Various	R$	19,259	39,154	58,413	50,290
Debt in Brazilian Currency				**1,027,941**	**6,228,577**	**7,256,518**	**7,182,492**
Total, consolidated				**1,137,174**	**6,594,814**	**7,731,988**	**7,639,034**

(1) Interest rates vary: 2,00 to 8,00 % p.a.;

Six-month Libor plus spread of 0.81 to 0.88% per year;

(2) Loans of the holding company;

(3) to (8) Swaps for exchange of rates were contracted. The following are the rates for the loans and financings taking the swaps into account: (3) CDI + 1.50% p.a.; (4) CDI + 2.12% p.a.; (5) 111.00% of the CDI rate; (6) CDI + 2.98% p.a.; (7) and (8) CDI + 3.01% p.a.;

(9) Refers to the Senior Units of the Credit Rights Funds. See Explanatory Note 12;

(10) Loans, financings and debentures of RME (Light S.A.);

(11) Consolidated loans and financings of the transmission companies acquired in August 2006.

(12) Debentures not convertible into shares, unsecured, and without preference, nominal and book-entry.

(13) Financing of Transchile.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016 and subsequent years	Total
CURRENCY										
US dollar	102,002	71,321	46,430	33,761	30,762	27,737	3,027	209	58,194	373,443
Euro	3,556	4,895	4,896	4,896	3,358	1,821	1,821	1,821	1,819	28,883
Yen	723	68,061								68,784
UMBNDES (*)	467	656	440	329	329	329	329	329	1,152	4,360
	106,748	**144,933**	**51,766**	**38,986**	**34,449**	**29,887**	**5,177**	**2,359**	**61,165**	**475,470**
Indexors										
Expanded Consumer Price Index (IPCA)	8,774							136,006	272,013	416,793
Fiscal Reference Unit (UFIR)	30,489	47,629	37,753	37,537	34,059	29,099	28,807	28,807	57,710	331,890
Interbank CD rate - CDI	597,203	701,543	607,641	719,405	926,749	1,067,391	602,437	207,110	37,500	5,466,979
Eletrobrás Finel internal index	12,037	13,158	12,193	12,193	12,193	11,175				72,949
URTJ (*)	26,092	30,523	31,986	30,007	30,007	30,007	27,209	10,393	13,940	230,164
General Price Index Market (IGP-M)	261,255	1,398	1,399	1,399	1,399	1,399	286,357	894	157,862	713,362
UMBNDES(**)	2,358	2,619	2,689	2,689	2,689	2,689	2,689	896		19,318
Other (IGP-DI, INPC and TR) (***)	2,857	273	182	182	318	318	684	249		5,063
	941,065	**797,143**	**693,843**	**803,412**	**1,007,414**	**1,142,078**	**948,183**	**384,355**	**539,025**	**7,256,518**
	1,047,813	**942,076**	**745,609**	**842,398**	**1,041,863**	**1,171,965**	**953,360**	**386,714**	**600,190**	**7,731,988**

(*) URTJ = Interest Rate Reference Unit.

(**) UMBNDES = BNDES Monetary Unit.

(***) IGP-DI General Price Index Domestic Availability

INPC National Consumer Price Index

TR Reference Rate

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

Currency	**Change in quarter ended 03/31/2008 %**
US dollar	(1.25)
Euro	5.83
Yen	10.78

Indexors	Change in quarter ended 03/31/2008 %
IGP-M	2.38
Finel	0.48
CDI	2.58
Selic	2.64
UMBNDES	(0.64)

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

	Consolidated 03/31/2008	Holding company 03/31/2008
Balance at 12/31/2008	7,639,034	79,322
Initial balance acquisition of subsidiaries		
Loans and financings	21,213	
Monetary and FX variation	54,737	
Financial charges provisioned	171,334	2,391
Financial charges paid	(39,373)	
Amortization of financings	(114,957)	
Balance at 03/31/2008	**7,731,988**	**81,713**

19) REGULATORY CHARGES

	Consolidated	
	03/31/2008	**12/31/2007**
RGR Global Reversion Reserve	30,704	25,529
CCC (fuel consumption) account	33,918	33,572
Energy Development Account CDE	36,733	38,099
Eletrobrás Compulsory loan	1,207	1,207
ANEEL inspection charge	3,471	3,199
Energy efficiency	147,647	138,630
Research and development	123,291	114,573
Energy system expansion research	17,661	17,928
National Scientific and Technological Development Fund	35,236	36,100
Alternative Energy Program Proinfa	1,633	1,851
	431,501	**410,688**
Current liabilities	412,313	395,894
Non-current liabilities	19,188	14,794

20) POST-EMPLOYMENT OBLIGATIONS

a) The Forluz Pension Fund

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

The actuarial obligations and assets of the plan on December 31, 2004 were segregated between Cemig, Cemig Geração e Transmissão and Cemig Distribuição on the basis of the allocation of the employees to each of these companies.

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

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

The contribution of the Sponsors to this plan is 27,52% for the portion with defined benefit characteristics, relating to the coverage for invalidity or death for the active participant, and this is used for amortization of the defined obligation through an actuarial calculation. The remaining 72,48%, relating to the portion of the plan with defined-contribution characteristics, goes to the nominal accounts of the participants and is recognized in the income statement for the year by the cash method, under Personnel expenses.

Hence the obligations for payment of supplementary pension benefits under the Mixed Plan, with characteristics of defined contribution, and their respective assets, in the same amount of R$ 2,130,864, are not presented in this Explanatory Note.

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

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

Cemig, Cemig Geração e Transmissão and Cemig Distribuição also maintain, independently of the plans made available by Forluz, payments of part of the life insurance premium for the retirees and contribute to a health plan and a dental plan for the employees, retirees and dependents, administered by Forluz.

Amortization of actuarial obligations

Part of the consolidated actuarial obligation for post-employment benefits in the amount of R$ 1,050,970 of March 31, 2008 (R$ 1,062,998 on December 31, 2007) was recognized as an obligation payable by Cemig and its subsidiaries, and is being amortized by June 2024, through monthly installments calculated by the system of constant installments (the so-called Price table). Part of the amounts is adjusted annually based on the actuarial indexor of the Defined Benefit plan (the index for salary adjustment of the employees of Cemig, Cemig Geração e Transmissão and Cemig Distribuição, excluding productivity); and for the Balances Plan, the adjustment is by the IPCA Index published by the IBGE (Brazilian Geography and Statistics Institute), plus 6% per year.

If Forluz presents technical surpluses for a period of three consecutive years, these may be used for the reduction of part of the obligations payable recognized. Based on this provision, the surplus obtained by Forluz in the 2007 business year, in the amount of R$ 89,462 million, will be used in the second quarter of 2008 for amortization of the debt recognized.

The liabilities and the expenses recognized by Light in connection with the Supplementary Retirement Plan are adjusted in accordance with the terms of CVM Decision 371 and an Opinion prepared by independent actuaries. The last actuarial valuation was made for the base date December 31, 2007.

b) The Braslight Pension Fund

Light, a subsidiary of RME, is the sponsor institution of Fundação de Seguridade Social Braslight, a non-profit private pension plan entity whose purpose is to guarantee retirement income to the employees of the company linked to the Foundation, and to provide pension income to their dependents.

Braslight was instituted in April 1974, and has three plans A, B and C put in place in 1975, 1984 and 1998 respectively. About 96% of the active participants of the other plans have migrated to plan C.

In plans A and B the benefits are of the Defined Benefit type. In plan C, which is of the mixed type, the programmable benefits (retirement benefit not arising from invalidity, and the respective conversion into pension) during the capitalization phase are of the Defined Contribution type, without any link to the INSS, and the benefits arising from risk (illness assistance, retirement for invalidity, pension for death of an active participant, or for an invalid participant receiving illness assistance), as well as those of continued income, once granted, are of the defined benefit type.

On October 2, 2001, the Private Pension Plans Secretariat approved a contract for a solution to the technical deficit and the refinancing of the reserve to be amortized relating to the pension plans of Braslight. These items are being recorded in full, and being paid in 300 monthly installments, starting from July 2001, updated by the variation of the IGP-DI inflation index and interest of 6.00% per year, totaling R$ 910,668 at March 31, 2008.

The liabilities and the expenses recognized by Light in connection with the Supplementary Retirement Plan are adjusted in accordance with the terms of CVM Decision CVM 371 and an Opinion prepared by independent actuaries. The last actuarial valuation was made for the base date December 31, 2007.

The movement in the net liabilities has been as follows:

	Consolidated				
	Pension plans and supplementary retirement plans				
	Forluz	**Braslight**	**Health plans**	**Dental plan**	**Life insurance**
Balance at December 31, 2007	494,405	250,262	311,239	13,692	401,296
Expense recognized in the income statement	26,089	9,699	14,709	656	10,515
Contributions paid	(45,982)	(5,010)	(9,030)	(182)	(1,958)
Net liabilities on March 31, 2008	**474,512**	**254,951**	**316,918**	**14,166**	**409,853**
Current liabilities	79,801	20,343			
Non-current liabilities	394,711	234,608	316,918	14,166	409,853

	Holding company			
	Pension plans and supplementary retirement plans			
	FORLUZ	**Health plans**	**Dental plan**	**Life insurance**
Balance at December 31, 2007	**23,099**	**15,303**	**671**	**16,465**
Expense recognized in the income statement	1,488	741	34	533
Contributions paid	(2,262)	(451)	(10)	(111)
Net liabilities on March 31, 2008	**22,325**	**15,593**	**695**	**16,887**
Current liabilities	3,926			
Non-current liabilities	18,399	15,593	695	16,887

The amounts registered in current liabilities refer to the contributions to be made by Cemig in 2007 for amortization of the actuarial liabilities.

21) CONTINGENCIES FOR LEGAL PROCEEDINGS

Cemig and its subsidiaries are parties in Court and Administrative proceedings before various courts and government bodies, arising from the normal course of business, involving tax, labor-law, civil and other issues.

Actions in which the company is creditor with success judged probable

39

Pasep and Cofins widening of the calculation base

The holding company has legal proceedings challenging the expansion of the calculation base of the Pasep and Cofins taxes to include financial revenue and other non-operational revenues, in the period from 1999 to January 2004, through Law 9718 of November 27, 1998; and has a judgment in favor at the first instance. In the event that this action is won in the final instance (subject to no further appeal), and we would note that the Federal Supreme Court has ruled on several proceedings in favor of the taxpayer, the gain to be registered in the results of the year will be R$ 159,402, net of income tax and Social Contribution Tax.

Actions in which the company is debtor

For those contingencies whose negative outcomes are considered probable, the company and its subsidiaries have constituted provisions for losses.

Cemig s management believes that any disbursements in excess of the amounts provisioned, if any, when the respective processes are completed, will not significantly affect the result of operations or the financial position of the holding company nor the consolidated result.

	Consolidated					
	Net balance at end of 2007 (*)	**Additions (Reversals)**	**Written off**	**Balance**	**Deposits paid into court**	**Balance on 03/31/2008**
Labor-law contingencies						
Various	118,179	(627)	(759)	116,793	(15,371)	101,422
Civil						
Personal damages	8,183	16,393		24,576		24,576
Tariff increases	95,095	10,071		105,166	(11,686)	93,480
Others	113,442	25,709	(1,400)	137,751	(8,954)	128,797
Tax						
Finsocial	20,893	77		20,970	(1,615)	19,355
PIS, Cofins	160,267	2,124		162,391		162,391
ICMS	19,943	1,962		21,905		21,905
Taxes and contributions demandabilities suspended	46,842	21,712		68,554		68,554
Social Contribution	6,521	54		6,575		6,575
Social security system	33,857	570		34,427		34,427
Others	14,498	190		14,688	(7,486)	7,202
Regulatory						
ANEEL administrative proceedings	49,020	642		49,662	(6,072)	43,590
Total	**686,740**	**78,877**	**(2,159)**	**763,458**	**(51,184)**	**712,274**

(*) Balance of contingencies without the effect of payments into court.

	Holding company					
	Net balance at end of 2007 (*)	**Additions (Reversals)**	**Written off**	**Balance**	**Deposits paid into court**	**Balance on 03/31/2008**
Labor-law contingencies						
Various	72,795	(2,865)		69,930	(9,542)	60,388
Civil disputes						
Personal damages	6,766	11,493		18,259		18,259
Tariff increases	69,845	9,413		79,258	(11,686)	67,572
Others	51,310	24,951		76,261	(3,154)	73,107
Tax						
Finsocial	20,893	77		20,970	(1,615)	19,355
ICMS	2,191	561		2,752		2,752
Taxes and contributions demandabilities suspended	46,842	21,712		68,554		68,554
Social security system	967	17		984		984
Others	7,933	111		8,044	(5,057)	2,987
Regulatory						
ANEEL administrative proceedings	12,681	(1,568)		11,113	(6,072)	5,041
Total	**292,223**	**63,902**		**356,125**	**(37,126)**	**318,999**

(*) Balance of contingencies without the effect of payments into court.

Details on the provisions constituted are as follows:

(a) Labor-law contingencies

The complaints under the labor laws are basically disputes on overtime and additional amounts for dangerous work.

(b) Civil disputes   tariff increase

Several industrial consumers filed actions against Cemig seeking reimbursement for the amounts paid as a result of the tariff increase during the federal government s economic stabilization plan known as the Cruzado Plan in 1986, alleging that the said increase violated the control of prices instituted by that plan. Cemig estimates the amounts to be provisioned based on the disputed amounts billed and based on recent Court decisions. The total value of the exposure of Cemig and its subsidiaries in this matter, 100% provisioned, is R$ 105,166.

(c) The PIS and Cofins taxes

Light, controlled by RME, has challenged the changes made by Law 9718/98 in the system of calculation of the PIS and Cofins taxes (Contributions), in widening the taxable basis of those taxes and increasing of the rate of Cofins from 2% to 3%.

The amounts not paid are provisioned and have been updated by the Selic rate. On November 9, 2005, the full panel of the Federal Supreme Court ruled the widening of the base of the calculation of the Cofins tax unconstitutional. The same theory is applied to the PIS.

The amounts provisioned up to March 31, 2008 in the company are as follows:

- R$ 106,615 in relation to the widening of the calculation base   this has been the subject of a judgment in a similar action in which the Federal Supreme Court decided in favor of the taxpayers; and

- R$ 51,429 referring to the increase in the rate of Cofins from the rate of 2% to 3%, on which there has not yet been a judgment on the merits.

Light is awaiting judgment on the case, or a Resolution by the Senate, based on the Supreme Court decision, declaring this law unconstitutional. Either will make it possible to reverse the provision for the part related to expansion of the calculation base for the PIS and Cofins taxes.

The amounts given above are 25% of the total amounts, reflecting the proportionality of the consolidation, as recorded.

(d) ICMS

Since 1999, Light has suffered various inspections by the tax authority of Rio de Janeiro State in relation to the ICMS value added tax, charged by states. The infringement notices received so far and not paid are the subject of contestation in the administrative and legal spheres. Management, based on the opinion of its counsel and calculation of the amounts involved in the infringement notices, believes that only a part of the amounts represents probable risk of loss, and the amount of R$ 19,152 is provisioned.

(e) Taxes and contributions demandabilities suspended

The provision constituted under this heading, of R$ 68,554 (R$ 46,842 on December 31, 2007), refers to the deduction from taxable profit (for the purposes of corporate income tax) of the expense on the Social Contribution tax paid since 1998. Cemig was awarded interim remedy by the 8th Federal Justice Court, on April 17, 1998, allowing it not to pay this tax.

(f) Social Security System

In December 1999 the National Social Security Institute (INSS) issued infringement notices against Light for alleged subsidiary responsibility to withhold payments at source on services of contractors and the applicability of the social security contribution on employees profit shares.

Light challenged the legality of Law 7787/89 which increased the Social Security contribution percentage applying to payrolls, believing that it also changed the basis of calculations of Social Security contributions during the period July to September 1989. Based on the anticipatory remedy given by the Court, the amounts to be paid as Social Security contribution by the Company were offset.

The chance of loss in these actions is assessed as probable , and the amounts provisioned for the actions brought by the INSS total R$ 34,427 (R$ 33,857 on December 31, 2007).

(g) ANEEL administrative proceedings

On January 9, 2007, ANEEL notified Cemig Distribuição S.A. that it considered certain criteria adopted by the company in calculation of the revenue arising 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 made a provision corresponding to the loss that it considers probable in this dispute, in the amount of R$ 38,549.

Cemig Geração e Transmissão was served an infringement notice by the Minas Gerais State Forests Institute (IEF), alleging that it omitted to take measures to protect the fish population, causing fish deaths, as a result of the flow and operation of the machinery of the Três Marias Hydroelectric Plant. The company presented defense, and rates the risk of loss in this action as probable , in the amount of R$ 6,324.

(h) Others

This refers to various claims by people alleging damages, mainly due to accidents allegedly occurring as a result of the Company s business, and damages as a result of power outages. The provision at March 31, 2008 represents the potential loss on these claims.

(i) Actions in which the chances of loss are considered possible or remote

Cemig and its subsidiaries are disputing, in the courts, other actions for which they consider the possibility of an outcome of loss in the action to be possible or remote . The following are the details of the most important actions:

(i) Income tax and Social Contribution on post-employment benefits

The federal tax authority, on October 11, 2001, issued a Notice of Infringement, in the updated amount of R$ 310,983, as a result of the use of tax credits which resulted in the rectification, for the reduction of taxes payable, of the income tax declarations for 1997, 1998 and 1999. The income tax returns were rectified as a result of the change in the method of accounting for liabilities for post-employment benefits. The additional post- employment benefits that resulted from the changes in the method of accounting were recognized in the tax years rectified, resulting in a tax loss, and a negative taxable amount for the Social Contribution tax.

Cemig presented an administrative appeal in the Finance Ministry Taxpayers Council, obtaining a favorable decision for the years of 1997 and 1998 and an adverse decision in relation to the year 1999. This adverse decision would result in reduction of the tax loss (negative basis), registered as tax credits, in the historic amount of R$ 26,631. The tax credits were not reduced, and no provision for contingencies was made to meet any losses as a function of this decision, in view of the fact that Cemig believes it has solid legal grounds and argument for the procedures adopted for recovery of the said tax credits, as defense in Court. Thus, it considers the possibility of loss in this action to be remote.

Cemig offset the tax credits constituted (mentioned in the previous paragraph) to reduce federal taxes and Contributions payable in 2002 and 2003. Due to this fact, the federal tax authority refused Cemig s compensation proceedings, and Cemig would be exposed to an additional penalty, updated to March 31, 2008, of R$ 274,577. With the decision of the Taxpayers Council, mentioned above, Cemig considers that the refusal of this process of offsetting becomes null. Thus, no contingency provision was constituted to meet any losses, since Cemig believes that it has solid legal grounds for the procedures adopted and considers the likelihood of loss in this action to be remote.

(ii) Tax on Inheritance and Donations (ITCMD)

The State of Minas Gerais sued Cemig for non-payment of the tax on inheritance and donation (ITCMD) in relation to the contributions of consumers, the total amount involved on March 31, 2008 being R$ 142,203. No provision was made for this dispute, since the Company believes it has arguments on the merit for defense against this claim. The possibility of loss attributed to this action is remote .

(iii) Acts of the Regulatory Agency and the Federal Audit Court

ANEEL filed an administrative action against Cemig stating that the company owes R$ 670,546 to the federal government as a result of an alleged error in the calculation of credits under the CRC (Results Compensation) Account which were previously used to reduce the amounts owed to the federal government. On October 31, 2002 ANEEL issued a final administrative decision against Cemig. On January 9, 2004 the federal Treasury issued a notice of collection in the amount of R$ 516,246. Cemig did not make the payment because it believes that it has arguments on the merit for defense in the Courts and thus has not made a provision for this action. The likelihood of loss in this action is assessed as possible .

On November 14, 2003, the Federal Audit Court began an administrative proceeding against ANEEL to assess the criteria adopted by the agency in the Emergency Program to Reduce Electricity Consumption. The Audit Board requested Cemig to provide certain information relating to its tariffs, which, according to the Federal Audit Court, had been incorrectly approved by ANEEL.

Additionally, the Federal Audit Court contested the index and X Factor used by ANEEL in the tariff review of 2003. Cemig filed administrative proceedings requesting the Federal Audit Court to contest the decision.

The potential loss on these actions by the Federal Audit Court is R$ 84,979. The company has not posted any provision, and assesses the likelihood of loss in this action as possible .

(iv) Social Security and tax obligations on the indemnity for the Anuênio , and profit shares.

Cemig and its subsidiaries Cemig Geração e Transmissão and Cemig Distribuição paid an indemnity to their employees in the amount of R$ 177,685, in exchange for rights to certain payments to be incorporated into salaries in the future, known as the Anuênio . The company and its subsidiaries did not make payments of income tax and social security contributions on this amount because it considered that these obligations are not applicable to amounts paid as indemnity. However, to avoid the risk of a future fine arising from a different interpretation by the federal tax authority and the National Social Security Institution, the company and its subsidiaries decided to file for orders of mandamus to allow payment into Court of the amount of any obligations, in the amount of R$ 121,835, posted in *Deposits linked to legal actions*. No provision was made for possible losses in this matter since the company and its subsidiaries classify the risk of loss in this action as possible .

In September 2006 Cemig was notified by the INSS as a result of non-payment of a total of R$ 103,098 as the Social Security contribution on the amounts paid as profit shares in the period 2000 to 2004. The company has appealed, in Administrative Proceedings, against this decision. No provision has been constituted for possible losses and Cemig believes it has arguments on the merit for defense. The chance of loss in this action is assessed as possible .

(V) ICMS tax

Since 2002 the company has received a subsidy from Eletrobrás for the discounts given to low-income consumers. The Minas Gerais State Tax Office served an infringement notice on Cemig, relating to the period from 2002 to 2005, on the argument that the subvention should be subject to the ICMS tax. The potential for loss in this action is R$ 106,276, not including the ICMS tax which might yet be claimed by the Tax Office for the period subsequent to the infringement notice. No provision was constituted for the result of this dispute, since the company believes the legal obligation is non-existent and that it has arguments on the merit for defense against this demand. The chances of loss in this action are assessed as is possible .

Cemig was served an infringement notice, as a co-responsible party, in relation to sales of excess electricity by industrial consumers during the period of electricity rationing, in which the Minas Gerais State Tax Authority demanded payment of the ICMS tax on these transactions, in the amount of R$ 26,306. If the Company does in the future have to pay the ICMS tax on these transactions, it will be able to charge consumers to recover the amount of the tax plus any penalty payment. The chances of loss in this action are classified as possible .

(vi) Civil claims consumers

Several consumers and the Public Attorney of the State of Minas Gerais have brought civil actions against Cemig contesting tariff increases applied in previous years, including: the tariff subsidies granted to low-income consumers, the Extraordinary Tariff Recomposition, and the inflation index used to increase the tariff for electricity in April 2003, requesting 200% reimbursement on the amounts considered charge in error by the company. The company believes it has arguments on the merit for a legal defense and thus has not made a provision for these actions.

The company is defendant in 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$ 448,929. The company believes it has arguments of merit for defense in Court, and thus has not constituted a provision for this action. The chances of loss in this action are assessed as possible .

In addition to the issues described above, Cemig and its subsidiaries are involved, as Plaintiff or Defendant, in other cases, of less importance, related to the normal course of their operations. The management believes that it has adequate defense for this litigation, and significant losses relating to these issues which might have an adverse effect on the company s financial position or consolidated result of its operations are not expected.

22) STOCKHOLDER S EQUITY AND REMUNERATION TO STOCKHOLDERS

Balance at December 31, 2007	8,390,177
Net profit for the quarter	490,280
Balance on 31 March 2008	8,880,457

Stockholders Agreement

In 1997 the Government of the State of Minas Gerais sold approximately 33% of the Company s common shares to a group of investors led by Southern Electric Brasil Participações Ltda. (Southern). As part of this transaction the State of Minas Gerais and Southern signed a Stockholders Agreement which among other provisions contained the requirement for a specific quorum in decisions on significant corporate actions, certain changes to Cemig s bylaws, issuance of debentures and convertible securities, distribution of dividends other than those specified in the bylaws, and changes in the stockholding structure.

In September 1999 the government of the State of Minas Gerais brought an action for annulment of this Stockholders Agreement, with a request for anticipatory remedy. The Appeal Court of the State of Minas Gerais annulled the Stockholders Agreement in 2003. Appeals brought by Southern are before the Federal Courts.

23) GROSS RETAIL SUPPLY OF ELECTRICITY

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

	Consolidated (Not reviewed by independent auditors)					
	Number of consumers		**MWh (*)**		**R$**	
	03/31/2008 (*)	**03/31/2007 (*)**	**03/31/2008**	**03/31/2007**	**03/31/2008**	**03/31/2007**
Residential	8,815,400	8,626,596	2,236,580	2,208,695	1,149,276	1,074,350
Industrial	86,349	84,538	6,101,503	5,690,629	891,848	734,683
Commercial, services and others	832,761	827,087	1,477,530	1,394,191	667,921	605,808
Rural	569,093	527,738	456,423	388,443	137,545	113,858
Public authorities	61,495	64,724	236,587	227,787	95,904	86,141
Public illumination	2,790	2,825	301,901	309,756	81,887	77,683
Public service	9,211	9,115	330,386	317,638	91,881	80,611
Sub-total	10,377,099	10,142,623	11,140,910	10,537,139	3,116,262	2,773,134
Own consumption	1,151	1,138	13,106	13,538		
Subvention for low-income consumers					41,142	19,865
Retail supply not invoiced, net					99,190	(4,595)
	10,378,250	10,143,761	11,154,016	10,550,677	3,256,594	2,788,404

Supply to other concession holders (**)	82	50	2,722,220	3,697,304	294,355	218,251
Transactions in energy on the CCEE					24,294	28,224
Total	**10,378,332**	**10,143,811**	**13,876,236**	**14,247,981**	**3,575,243**	**3,034,879**

(*) The table of consumers includes 100% of the consumers of Light, subsidiary of RME.
The table of MWh includes 25.00% of the total MWh sold by Light.

(**) Includes Regulated Market Electricity Sale Contracts (CCEARs) and bilateral contracts with other agents.

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Low-income consumers

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

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

ANEEL included the amounts to be reimbursed to the Company for the subsidy for low-income consumers, in the tariff review of April 2008.

24) REVENUE FROM USE OF THE NETWORK FREE CONSUMERS

The TUSD revenue is a charge made to free consumers for use of the distribution network.

	Consolidated	
	03/31/2008	**03/31/2007**
Tariff for Use of the Distribution System (TUSD)	309,353	315,829
Revenue from use of the basic network	155,616	136,367
Revenue from connection to the system	16,623	23,795
	481,592	**475,991**

Under the concession of some contracts between ANEEL and the transmission companies, the revenues to be earned in the final 15 years of the said contracts are 50.00% lower than those in the first 15 years of the concession. The company recognizes the revenues from these concessions in accordance with the said contracts.

25) OTHER OPERATIONAL REVENUES

	Consolidated		**Holding company**	
	03/31/2008	**03/31/2007**	**03/31/2008**	**03/31/2007**
Retail supply of gas	92,039	64,350		
Charged service	3,093	2,674		
Telecommunications and cable TV service	22,957	34,106		
Services provided	14,874	8,774		198
Rental and leasing	10,994	11,160	97	86

Others	2,345	18,691		16,728
	146,302	**139,755**	**97**	**17,012**

26) DEDUCTIONS FROM OPERATIONAL REVENUE

	Consolidated		Holding company	
	03/31/2008	**03/31/2007**	**03/31/2008**	**03/31/2007**
Taxes on revenue				
ICMS	785,265	716,206		
Cofins	344,314	258,386		
PIS and Pasep	73,133	48,787		
ISS tax on services	571	511		
	1,203,283	1,023,890		
Sector charges				
RGR Global Reversion Reserve	42,855	47,580		
Energy Efficiency Program PEE	10,141	5,697		
Energy Development Account CDE	97,387	95,049		
Fuel Consumption Account (CCC)	77,225	147,174		
Research and development R&D	6,933	7,479		
National Scientific and Technological Development Fund	7,174	7,025		
Energy system expansion research	3,480	14,832		
Emergency capacity charge		113		10
	245,195	324,949		10
	1,448,478	**1,348,839**		**10**

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

27) OPERATIONAL COSTS AND EXPENSES

	Consolidated		Holding company	
	03/31/2008	**03/31/2007 Reclassified**	**03/31/2008**	**03/31/2007**
OPERATIONAL COSTS AND EXPENSES				
Personnel, managers and board members	284,363	239,421	3,880	4,109
Post-employment obligations	61,668	30,563	2,796	1,286
Materials	48,271	22,805	34	68
Outsourced services	144,752	120,732	1,352	1,383
Electricity purchased for resale	725,366	600,288		
Depreciation and amortization	201,481	178,726	74	175
Financial compensation for use of water resources	33,786	38,102		
Operational provisions	96,353	105,294	40,822	32,530
Charges for the use of the basic transmission grid	172,324	147,055		
Gas purchased for resale	53,420	30,024		
Other operational expenses, net	46,806	78,756	(228)	7,038
	1,868,590	**1,591,766**	**48,730**	**46,589**

	Consolidated		Holding company	
	03/31/2008	**03/31/2007**	**03/31/2008**	**03/31/2007**

PERSONNEL EXPENSES				
Remuneration and salary-related charges and expenses	250,297	229,363	2,318	3,027
Supplementary pension contributions Defined Contribution plan	17,198	17,698	685	507
Assistance benefits	29,950	27,122	724	575
	297,445	274,183	3,727	4,109
Voluntary dismissal program - PPD	6,112		153	
(-) Personnel costs transferred to works in progress	(19,194)	(34,762)		
	284,363	239,421	3,880	4,109

THE VOLUNTARY DISMISSAL PROGRAM (PPD)

On March 11, 2008 the Executive Board approved the Company s new Voluntary Dismissal Program (PPD), which is now permanent and applicable to any voluntary resignations from employment contracts. The main financial incentives of the program are: payment of three gross monthly salaries and six months contributions to the health plan after leaving the Company, deposit of the penalty payment of 40% on the balance of the FGTS fund applicable to dismissals, and payment of up to 24 months of contributions to the Pension Fund and the INSS (National Social Security System) after leaving the Company, in accordance with certain criteria established in the regulations of the PPD.

For employees over 55 years old with 35 years contributions if male, or 30 years contributions if female, the program s financial incentives are only guaranteed if subscription to the program takes place within 90 days after the date on which the criteria for age and time of contribution are met.

On March 31, 2008 96 employees (23 from Cemig Geração e Transmissão S.A., 72 from Cemig Distribuição S.A. and one from Cemig Holding) had joined the program, and a provision for the financial incentives was made, in the amount of R$ 6,112.

	Consolidated	
	03/31/2008	**03/31/2007**
ELECTRICITY PURCHASED FOR RESALE		
From Itaipu Binacional	230,439	253,481
Short-term energy	87,085	15,670
Proinfa	17,846	17,501
Bilateral Contracts	96,020	2,843
Electricity auctions	251,386	259,879
Others	42,590	50,914
	725,366	**600,288**

	Consolidated		Holding company	
	03/31/2008	**03/31/2007**	**03/31/2008**	**03/31/2007**
OPERATIONAL PROVISIONS				
Pension plan premiums	161	189	7	43
Provision (reversal) for credit of doubtful debts	42,923	37,180	(1,298)	
Provision for labor-law contingencies	(627)	31,935	(2,865)	32,486
Reversal of ANEEL administrative proceedings	642	29,272	(1,568)	(728)
Provision for legal contingencies civil actions	30,316	1,030	26,851	134
Provision for civil actions on tariff increases	10,463	9,342	9,413	8,711
Others	12,475	(3,654)	10,282	(8,116)
	96,353	**105,294**	**40,822**	**32,530**

	Consolidated		Holding company	
	03/31/2008	**03/31/2007**	**03/31/2008**	**03/31/2007**
OTHER NET OPERATIONAL EXPENSES				
Leasings and rentals	7,797	10,683	89	112
Advertising	8,968	5,515	48	
Own consumption of electricity	4,645	5,054		

Subventions and donations	3,638	3,521	150	200
ANEEL inspection charge	10,433	8,720		
Payments for concessions	4,326	3,068		
Taxes and charges (IPTU, IPVA and others)	6,170	3,893	22	22
Insurance	1,940	1,657	32	12
Contribution to the MAE	974	840	1	1
Other expenses (expenses recovery)	(2,085)	35,805	(570)	6,691
	46,806	**78,756**	**(228)**	**7,038**

28) NET FINANCIAL REVENUE (EXPENSES)

	Consolidated		Holding company	
	03/31/2008	03/31/2007	03/31/2008	03/31/2007
FINANCIAL REVENUES -				
Revenue from cash investments	53,863	42,226	555	729
Arrears penalty payments on electricity bills	50,708	24,427		
Interest and monetary variation on accounts receivable from the Minas Gerais state government	39,278	38,274		
Monetary variation of CVA	7,467	22,571		
Monetary variation General Agreement for the Electricity Sector	45,206	62,353	4,357	6,802
Monetary variation deferred tariff adjustment	25,897	36,433		
FX variations	2,676	31,599	32	
Pasep and Cofins taxes on financial revenues	(3,708)	(6,385)		(629)
Gains on financial instruments	6,792	1,269		
Gains on FIDC			11,435	6,199
Others	19,802	51,384	5,347	12,227
	247,981	304,151	21,726	25,328
FINANCIAL EXPENSES -				
Charges on loans and financings	(194,718)	(222,954)	(2,392)	(2,787)
Monetary variation General Agreement for the Electricity Sector	(11,852)	(11,827)		
Monetary variation of CVA	(4,806)	(16,214)		
FX variations	(10,496)	(2,124)	(3)	
Monetary variation loans and financings	(24,019)	(7,065)		(237)
CPMF TAX	(5,774)	(16,814)	(1,612)	(1,608)
Provision for losses on recovery of Extraordinary Tariff Recomposition and free energy amounts - updating	(15,987)	(16,981)	(4,357)	(6,802)
Losses on financial instruments	(11,793)	(36,230)		
Others	(47,648)	(40,848)	(17,958)	(9,829)
	(327,093)	(371,057)	(26,322)	(21,263)
NET FINANCIAL REVENUE (EXPENSES)	**(79,112)**	**(66,906)**	**(4,596)**	**4,065**

The Pasep and Cofins expenses apply to financial revenues on regulatory assets, and to Interest on Equity.

The financial charges on loans and financings linked to works in the first quarter of 2008, in the amount of R$ 2,038, were transferred to Fixed Assets. There was no monetary or exchange rate variation capitalized in the first quarter of 2007. The corresponding figures were: R$ 2,606 in financial charges, and no monetary or FX variations.

29) RELATED PARTY TRANSACTIONS

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

	Consolidated							
	ASSETS		LIABILITIES		REVENUES		EXPENSES	
COMPANIES	**03/31/2008**	**12/31/2007**	**03/31/2008**	**12/31/2007**	**03/31/2008**	**03/31/2007**	**03/31/2008**	**03/31/2007**
Cemig Distribuição S,A.								
Interest on Equity and dividends	646,667	674,408						
Retail supply of electricity	6,473		6,079	13,491	960		(23,348)	
Affiliated, subsidiary or parent companies	1,388	127	2,538	2,463				
Cemig Geração e Transmissão S.A.								
Interest on Equity and dividends	535,398	564,780						
Retail supply of electricity	6,079	22,277	6,473		23,348		(960)	
Affiliated, subsidiary or parent companies	351	351	(613)	2,694				
Light S.A.								
Retail supply of electricity	374	366			20,351			
Electricity purchased for resale				163		16,737	(1,270)	
Minas Gerais state government								
Consumers and traders	2,021	2,021			17,878	13,266		
Taxes offsettable ICMS current	273,510	167,308	300,733	268,302	659,384	(716,206)		
Accounts receivable from Minas Gerais state gov.	1,739,214	1,763,277			27,843	38,374		
Taxes offsettable ICMS non current	69,947	57,901						
Consumers and traders	34,342	36,795						
Interest on Equity and dividends				125,677				
Debentures			150,154	146,705			(1,411)	(3,449)
Credit Receivables Fund			955,977	990,386				
Financings Minas Gerais Development Bank			19,935	18,392				
Forluz								
Post employment obligations current			79,801	88,665			(51,969)	(30,563)
Post employment obligations non current			1,135,648	1,131,967				
Others			30,362	247,044				

Personnel expenses				(17,198)	(17,698)
Current administration expense				(4,138)	(1,519)
Others	7,407	4,785	75,045		
Interest on Equity	140,408	141,391			

The mainly condition for related party transaction are bellow:

(1) The Company has contract of buying energy of Cemig Geração e Transmissão and Light Energia, throw the public action of energy in 2005, for 8 years since the initial;

(2) Financial resources from CRC in the Investment Credit Funds in senior quotes and subordinate. See note nº 12;

(3) Substantial part of the amount came from a renegotiation of the debt of selling energy to Copasa, with maturity until September 2012 and interest based IGPM (General Market Price Index) plus 0.5% per month.;

(4) Issuance of debentures not convertible in stocks in the amount of R$ 120,000 million, with interest based IGP-M (General Market Price Index), for the conclusion of the construction of Irapé Hydroelectric , for 25 years since the issuance;

(5) Senior Quotes from thirds, in the amount of R$ 900,000, amortized in 20 installment semiannual, since June, 2006, with interest based CDI (Interbank deposit rate) plus 1.7% per year. See note nº 12;

(6) Financing controlled by Transudeste and Transirapé with maturity in 2019 (interest based TJLP (Brazilian Long-term Interest rate)+ 4.5% per year and UMBNDES 4.54% per year) and Transleste in 2017 and 2025 (interest rate of 5% per year and 10% per year);

(7) Part of FORLUZ contracts are readjustment by IPCA (Consumer Price Index calculated by the Brazilian Institute of Geography and Statistics IBGE) and part of them readjustment with based on the increase of salary of the employees from CEMIG,CEMIG GT e CEMIG D, excluding productivity, added of 6% per year. See note nº 20.

See further information relating to the principal transactions in Explanatory Notes 4, 9, 12, 17, 18, 20, 21, 22, 26 and 28.

The balance under Consumers and traders relating to the Minas Gerais state government, in the amount of R$ 34,342 on March 31, 2008 in the short and long term, includes amounts receivable from Copasa, which were renegotiated for payment in 96 months (R$ 34,622 on March 31, 2007).

30) FINANCIAL INSTRUMENTS

Cemig s use of financial instruments is 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 posted in full by the accrual method.

Cemig has operational policies and strategies aiming for liquidity, profitability and security, and also procedures for monitoring balances, and has operated with banks that meet the requirements for financial solidity and reliability, according to defined management criteria. The control policy consists of permanent monitoring of the rates contracted vis-à-vis those currently applied in the market.

Derivative instruments

The derivative instruments contracted by Cemig and its subsidiaries have the purpose of protecting their operations against the risks arising from foreign exchange variation and are not used for speculative purposes

On March 31, 2008, Cemig had instruments to swap financial results with financial institutions, to protect against possible variations in the exchange rate between the Brazilian Real and: (i) the US dollar, in an amount equivalent to US$25,888 (R$ 45,281); and (ii) the yen, in the amount equivalent to ¥3,878,825 (US$38,901 or R$ 68,042).

The principal amounts of the transactions and derivatives are not posted in the balance sheet, since they refer to transactions which do not require cash payments, but only payments of the gains or losses that actually occur. The net results realized on these transactions amounted to consolidated losses in the first quarter of 2008 and 2007, of R$ 5,001 and R$ 34,961, respectively, posted in Financial revenue (expenses).

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

The table below shows (i) the derivative instruments contracted by the subsidiaries Cemig Geração e Transmissão and Cemig Distribuição; (ii) the gains (losses) not realized, and recorded; and (ii) the respective estimate of market value of these instruments March 31, 2008:

					on 31 March 2008 Unrealized loss	
Receivable by Cemig	**Payable by Cemig**	**Maturity**		**Principal value, 000**	**Price Book value**	**Estimated market value**
		12/2009	¥	3,878,825	(34,969)	(42,017)

¥ (Yen) US$ exchange rate variation + 3.90% p.a.	R$ 111.00% of CDI					
US$ FX variation + rate (5.58% p.a. to 7.48% p.a.)	R$ 100% of CDI + rate (1.50% p.a. to 3.01% p.a.)	From 04/2008 to 06/2013	US$	68,932	(135,023)	(141,750)
R$ 106% of CDI rate	R$or US$ 48% of CDI or FX variation, whichever is greater	04/2008	US$	(43,044)	28	28
					(169,964)	**(183,739)**

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Additionally, the jointly controlled subsidiary Light uses swap transactions to reduce risks arising from FX variations. The non-realized net value of these transactions on March 31, 2008, is R$ 2,846 negative (R$ 2,532 on December 31, 2007).

31) PERIODIC TARIFF REVIEW OF CEMIG DISTRIBUIÇÃO

On April 7, 2008 ANEEL published the result of its second Tariff Review of Cemig Distribuição. The impact perceived by consumers will be an average reduction of 12.24% in their electricity bills as from April 8, 2008. The tariff adjustments are at different levels for different categories of consumer. As an example, residential consumers had an increase of 17.11% on their energy bills, while high-voltage consumers had an increase of 8.02%.

The result of the Review takes place in the context of the regulatory framework, which requires that gains in productivity, resulting from the reduction of costs obtained in the years of the tariff cycle referred to, must be passed through to the tariff charged to consumers.

The Tariff for Use of the Distribution System (the TUSD), charged to Free Consumers for use of the network of Cemig Distribuição, was increased by 2.01%, the main component of which was an increase of 3.25% for consumers connected at 138kV.

A point that should be noted is that during the second cycle of Cemig s tariff review, that is to say, starting on April 8, 2008, the Special Obligations will begin to be amortized, posted as credits in the income statement for the period, using the average depreciation rate of the assets that gave rise to them. The company estimates that the value to be posted as credit in the 2008 income statement relating to this depreciation will be approximately R$ 88,019.

32) SUBSEQUENT EVENT

Increase in registered capital

The General Meeting of Stockholders held on April 25, 2008 approved an increase in Cemig s registered capital from R$ 2,432,307 to R$ 2,481,508, upon capitalization of R$ 49,201 from the balance on the *Capital RESERVE Donations and subsidies for investment*, distributing to stockholders, as a consequence, a bonus of 2.02% in new shares, of the same type as those held, and with nominal value of R$ 5.00.

This increase in the registered capital complies with Clause 5 of the agreement for assignment of the credit of the remaining balance on the CRC (Results Compensation) Account, which requires that a capital increase should be made in an amount corresponding to the total of the principal amortized under the CRC Contract, by the government of Minas Gerais State.

Acquisition of capital interest through TBE

On April 16, 2008 CEMIG through its subsidiary Empresa Amazonense de Transmissão de Energia S.A. EATE required 80.00% of the interest of Companhia Transmissora de Energia Elétrica LUMITRANS for R$ 28,069 and 80.00% of the interest of Sistema de Transmissão Catarinense S.A. - STC for R$ 49,086. The conclusion of this transaction is still depending on authorization by ANEEL, BNDES and of Conselho Administrativo de Defesa Econômica - CADE.

33) STATEMENT OF CASH FLOWS

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

	Consolidated		Holding company	
	03/31/2008	03/31/2007	03/31/2008	03/31/2007
FROM OPERATIONS				
Net profit for the year	490,280	406,632	490,280	406,632
Expenses (revenues) not affecting cash				
Depreciation and amortization	201,481	178,726	74	175
Net write-offs of fixed assets	4,925	3,408	8	
Equity income from subsidiaries			(539,864)	(423,532)
Interest and monetary variations long-term	17,034	(61,116)	(15,602)	(12,764)
Provision (reversal) of losses on recovery of extraordinary tariff recomposition amounts	15,987	16,981	4,357	6,802
Regulatory assets PIS, Pasep and Cofins taxes		(6,418)		
Provisions (reversals) for operational losses	118,844	105,294	64,802	32,530
Post-employment obligations	61,668	30,563	2,796	1,286
Provisions for losses on accounts receivable from the Minas Gerais state government	(55,033)		(14,479)	
Deferred federal taxes	21,318	(77,228)		(11,699)
Provision for losses on financial instruments	876,392		(7,628)	
Minorities	490,280		490,280	
Others		12,419		8,044
	876,504	609,261	74	7,474
(Increase) reduction of assets				
Consumers and traders	(93,981)	3,754		
Traders transactions on the CCEE/MAE	13,521	36,402		
Extraordinary tariff recomposition	95,251	54,490		
Taxes subject to offsetting	(104,858)	(228,901)	5,603	(26,586)
Deferred tariff adjustment	100,416	130,102		
Other current assets	(26,843)	42,432	186	1,353
Anticipated expenses CVA	(101,941)	(201,058)		
Tax credits	(25,245)	(4,744)	(15,570)	(14,012)
Transport of energy	(49,331)	(47,398)		
Dividends received from subsidiaries			70,805	58,153
Accounts receivable from Minas Gerais state government	63,151	59,330		
Other long term assets	(7,255)	(33,069)	1,270	(2,562)
	(137,115	(188,660)	62,294	16,346
Increase (reduction) of liabilities				
Suppliers	(187,969)	(148,373)	(2,668)	(652)
Taxes and social contributions	191,108	207,638	4,470	12,084
Salaries and social contributions	(25,130)	(903)	1,283	(2,127)
Regulatory charges	15,386	(48,044)		
Loans and financings	128,501	97,502	2,391	2,788
Post-employment obligations	(62,162)	(62,125)	(2,834)	(2,838)
Anticipated expenses CVA	(7,447)	272,611		
Losses on financial instruments	3,516	32,510		
Others	(158,480)	(43,244)	(87,764)	(2,331)
	(102,677)	307,572	(85,122)	6,924

CASH GENERATED BY OPERATIONS	636,712	728,173	(30,456)	34,377

	Consolidated		Holding company	
	03/31/2008	03/31/2007	03/31/2008	03/31/2007
FINANCING ACTIVITIES				
Financings obtained	21,213	315,124		
Receipt of units in the FIDC			899	
Payment of loans and financings	(114,957)	(511,570)		(30,246)
Short-term loans		200,000		
Interest on Equity, and dividends		543		525
	(93,744)	4,097	899	(29,721)
TOTAL INFLOW OF FUNDS	542,968	732,270	(29,557)	4,656
CAPITAL EXPENDITURE				
On investments	(12,385)	(37,618)	70,684	(2,868)
On fixed assets	(106,941)	(252,435)	(158)	(3)
Special obligations consumer contributions	(27,449)	71,332		
In deferred	(3,637)	(5,530)		
	(150,412)	(224,251)	70,526	(2,871)
NET CHANGE IN CASH POSITION	**392,556**	**508,019**	**40,969**	**1,785**
STATEMENT OF CHANGE IN CASH POSITION				
Beginning of period	2,066,219	1,375,501	21,953	23,389
End of period	2,458,775	1,883,520	62,922	25,174
	392,556	**508,019**	**40,969**	**1,785**

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34) INCOME STATEMENTS SEPARATED BY COMPANY

(Not reviewed by independent auditors)

	HOLDING	CEMIG - GT	CEMIG - D	RME Light	ETEP,ENTE, ERTE,EATE, ECTE	GASMIG	INFOVIAS	SÁ CARVALHO	ROSAL	OUTRAS	EL
ASSETS	10,378,681	7,958,279	10,311,887	2,166,770	266,383	395,429	282,935	143,924	122,476	512,673	
Cash and cash equivalents	62,922	976,326	928,196	99,051	29,123	113,517	34,701	52,088	42,191	120,660	
Accounts receivable	2,106,115	375,926	1,836,738	407,215	8,627	160,911	7,502	5,629	2,720	29,385	
Regulatory assets		25,427	2,319,667	96,855							
Other assets	679,174	674,743	1,241,105	543,186	3,792	26,974	47,849	14,503	3,723	31,432	
Investments/PP&E/Deferred	7,530,470	5,905,857	3,986,181	1,020,463	224,841	94,027	192,883	71,704	73,842	331,196	
LIABILITIES	10,378,681	7,958,279	10,311,887	2,166,770	266,383	395,429	282,935	143,924	122,476	512,673	
Suppliers	9,113	99,725	841,862	116,819	649	34,197	2,999	5,021	4,200	13,036	
Loans, financings and debentures	81,713	3,173,418	2,810,987	485,884	141,526		6,110			76,373	
Dividends and Interest on Equity	881,457	535,398	646,667		14,635	11,434	7,866	20,970	17,411	68,497	
Post-employment obligations	55,500	275,256	884,693	254,951							
Other liabilities	470,441	680,491	2,416,477	612,794	7,472	147,825	6,351	17,359	7,271	40,116	
Future earnings				85,097							
Minority interests				330,970							
Stockholders equity	8,880,457	3,193,991	2,711,201	280,255	102,101	201,973	259,609	100,574	93,594	314,651	
INCOME STATEMENT											
Net operational revenue	97	682,773	1,647,782	330,097	17,700	71,719	19,246	10,691	6,612	38,408	
OPERATIONAL COSTS AND EXPENSES											
Personnel	(3,880)	(64,219)	(194,660)	(15,492)	(540)	(3,010)	(1,527)	(200)	(236)	(599)	
Post-employment obligations	(2,796)	(12,004)	(37,169)	(9,699)							
Materials	(34)	(2,863)	(22,024)	(978)	(24)	(292)	(96)	(50)	(58)	(67)	
Raw materials		(21,785)									
Outsourced services	(1,352)	(16,945)	(99,953)	(15,585)	(1,051)	(888)	(3,732)	(573)	(499)	(4,174)	
Royalties for use of water resources		(31,201)	(1,048)					(485)	(247)	(805)	
Electricity bought for resale			(577,738)	(174,670)					(999)	(5,145)	
Charges for use of the grid		(64,437)	(119,994)	(21,626)					(824)	(2,723)	
Depreciation and amortization	(74)	(56,345)	(110,515)	(20,594)	(1,874)	(1,013)	(6,644)	(627)	(543)	(3,252)	
Operational provisions	(40,822)	932	(36,652)	(19,035)						(776)	
Gas bought for resale						(53,420)					
Other expenses, net	228	(8,773)	(29,261)	(5,544)	(229)	(1,074)	(1,399)	(113)	(94)	(547)	
	(48,730)	(277,640)	(1,229,014)	(283,223)	(3,718)	(59,697)	(13,398)	(2,048)	(3,500)	(18,088)	
Operational profit before equity income and Financial revenue (expenses)	(48,633)	405,133	418,768	46,874	13,982	12,022	5,848	8,643	3,112	20,320	
Financial revenue (expenses)	(4,596)	(79,686)	10,541	(11,278)	(3,355)	4,360	1,083	1,307	956	1,556	
Operational profit (loss)	(53,229)	325,447	429,309	35,596	10,627	16,382	6,931	9,950	4,068	21,876	
Non-operational profit (loss)	(1,514)	(7,847)	(1,464)	4,469			254				
Profit (loss) before income tax, Social Contribution and employee profit shares	(54,743)	317,600	427,845	40,065	10,627	16,382	7,185	9,950	4,068	21,876	

Deferred income tax and Social Contribution	5,930	(106,953)	(141,031)	(12,945)	(3,467)	(5,211)	(2,566)	(3,364)	(701)	(5,789)
Minority interests				(12,420)						
Employee profit shares	(771)	(4,919)	(16,155)					(37)	(34)	(142)
Net profit for the year	**(49,584)**	**205,728**	**270,659**	**14,700**	**7,160**	**11,171**	**4,619**	**6,549**	**3,333**	**15,945**

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ECONOMIC AND FINANCIAL PERFORMANCE

In R$ 000, unless otherwise stated.

Profit in the period

Cemig reported in the first quarter of 2008, a consolidated net profit of R$ 490,280 compared to consolidated net profit of R$ 406,632 million in the first quarter of 2007, an increase of 20.57%. This primarily reflects net operational revenue 19.67% higher, partly offset by operational costs and expenses 16.09% higher.

Information on Ebitda (method of calculation not reviewed by our external auditors)

Cemig s Ebitda in the first quarter of 2008 was R$ 1,087,550, vs. R$ 888,746 in the first quarter of 2007, or 22.37% higher year-on-year. Adjusted for non-recurring items, Ebitda was 17.73% higher.

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

Ebitda - R$ million	**03/31/2008**	**03/31/2007**	**Change, %**
Net profit	490,280	406,632	20.57
Provision for current and deferred income tax and Social Contribution	276,097	204,486	35.02
Employees and managers shares in results	22,058	21,046	4.81
Non-operational profit (loss)	6,102	6,196	(1.52)
Financial revenue (expenses)	79,112	66,906	18.24
Amortization and depreciation	201,481	178,726	12.73
Minority interests	12,420	4,754	161.25
Ebitda	1,087,550	888,746	22.37
Non-recurring items:			
Tariff review Net revenue	(62,464)		
Tariff review Operational expense	4,330		
Adjustment to RGR charge Homologation by ANEEL		14,899	
Energy CVA		(29,245)	
ADJUSTED EBITDA	1,029,416	874,400	17.73

The higher Ebitda in the first quarter of 2008 than in the first quarter of 2007 was mainly due to net operational revenue 19.67% higher, partially offset by operational costs and expenses (excluding the effect of depreciation and amortization expenses) 16.51% higher.

The improved operational performance in 2008 was reflected in Ebitda margin, which rose from 38.04% in the first quarter of 2007 to 39.21% in the first quarter of 2008.

Gross revenue from supply of electricity

Gross revenue from supply of electricity in the first quarter of 2008, at R$ 3,575,243, was 17.81% more than the revenue of R$ 3,034,879 in the first quarter of 2007.

This increase was basically due to the following factors:

Tariff adjustment in Cemig Distribuição, with average impact on consumer tariffs of 5.16%, from April 8, 2007 (full effect in 2008).

5.73% increase in volume of energy invoiced to final consumers (this excludes Cemig s own internal consumption).

Increase in the average tariff for sale of electricity by Cemig Geração e Transmissão as a result of the scarcity of supply of electricity in the first quarter of 2008.

Recognition of non-recurring revenue relating to financial items of previous years which were included in the tariff, resulting in the constitution of regulatory assets in the gross amount of R$ 67,194.

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

Consumption by consumer category	MWh 03/31/08	03/31/07	Change, %
Residential	2,236,580	2,208,695	1.26
Industrial	6,101,503	5,690,629	7.22
Commercial, services and others	1,477,530	1,394,191	5.98
Rural	456,423	388,443	17.50
Public authorities	236,587	227,787	3.86
Public illumination	301,901	309,756	(2.54)
Public service	330,386	317,638	4.01
Total	11,140,910	10,537,139	5.73

Revenue from wholesale electricity sales

Revenues from energy sold to other concession holders and bilateral contracts totaled R$ 294,355 in the first quarter of 2008, compared to R$ 218,251 in the first quarter of 2007 an increase of 34.87%. This was basically due to the increase in the price of electricity, since the volume traded was 26.37% lower (2,722,220 MWh in the first quarter of 2008, compared to 3,697,304 MWh in the first quarter of 2007). As a result of the reduced availability of electricity in the first quarter of 2008, which was a result of the lower rainfall, the price of electricity in the wholesale market increased significantly, to as much as R$ 569.59/MWh in January 2008. The average wholesale tariff was R$ 59.03/MWh in first quarter 2007, but R$ 109.02/MWh in the first quarter of 2008 84.69% higher.

Revenue from use of the network Free Consumers

Revenue from use of the network was 1.18%, or R$ 5,601, lower, at R$ 481,592 in the first quarter of 2008, compared to R$ 475,991 in the first quarter of 2007). This reduction basically reflects the lower revenue from the Tariff for Use of the Distribution System (TUSD) of Cemig Distribuição and Light, of R $309,353, 2.05% lower than in the first quarter of 2007 (R$ 315.829). This revenue comes from the fees charged to Free Consumers on energy sold by other agents in the electricity sector.

This balance also includes revenue from use of the basic grid in the amount of R$ 155,616 in March 2008 compare to R$ 136,367 in March 2007, a grow of 14.12% and revenue from the interconnection system in the amount of R$16,623 in March 2008 compare to R$23,795 in March 2007, a reduction of 30.14%. See Explanatory Note 24 to the Consolidated Quarterly Information.

Non-controllable costs

The differences between the sums of non-controllable costs (also referred to as CVA) used as a reference in the calculation of the tariff adjustment and the disbursements actually made are offset in the subsequent tariff adjustments, and are registered in Current assets and Long term assets. Complying with the ANEEL Chart of Accounts, some items are allocated as *Deductions from operational revenue*. Please refer to further information in Explanatory Note 2 and Note 8 to the Consolidated Quarterly Information.

As from March 2008 the company began to receive, in the tariff, the amounts posted in assets under Portion A . Hence the portion of the non-controllable costs which were actually received in the tariff is transferred to *Operational expenses*

Deductions from operational revenues

Deductions from operational revenues, at R$ 1,448,478 in the first quarter of 2008, were 7.39% higher than in the first quarter of 2007 (R$ 1,348,839). The principal changes in these expenses are as follows:

Fuel Consumption Account CCC

The deduction from revenue for the CCC was R$ 77,225 in the first quarter of 2008, compared to R$ 147,174 in the first quarter of 2007, an increase of 47.53%. This relates to the operational costs of thermal plants in the Brazilian interconnected and isolated systems, split pro-rata (by ANEEL Resolution) among electricity concession holders. This is a non-controllable cost. The amount posted for electricity *distribution* services corresponds to the amount actually passed through to the tariff. For the amount posted in relation to electricity *transmission* services the company merely passes through the charge, since the CCC is charged to Free Consumers on the invoice for the use of the basic grid, and passed onto Eletrobrás.

Energy Development Account CDE

The deduction from revenue for the CDE was R$ 97,387 in the first quarter of 2008, 2.46% higher than in the first quarter of 2007 (R$ 95,049). The payments are specified by an ANEEL Resolution. This is a non-controllable cost. The amount posted for electricity distribution services corresponds to the amount actually passed through to the tariff. For the amount posted in relation to electricity transmission services the company merely passes through the charge since the CCC is charged to free consumer on the invoice for the use of the grid and passed onto Eletrobrás.

RGR Global Reversion Reserve

The deduction from revenue for the RGR was R$ 42,855 in the first quarter of 2008, 9.93% lower than in the first quarter of 2007 (R$ 47,580). This basically reflects the accounting, in March 2007, of a complement to the expense for 2005, in the amount of R$ 14,899, as homologated by ANEEL.

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

Operational costs and expenses (excluding financial revenue/expenses)

Operational costs and expenses (excluding net financial revenue (expenses)) totaled R$ 1,868,590 in the first quarter of 2008, 17.39% more than in the first quarter of 2007 (R$ 1,591,766). This is basically because purchase of electricity contributed an increase of R$ 125,078 to the expense. For more information, please see Explanatory Note 27 to the Consolidated Quarterly Information.

The principal changes in expenses are:

Electricity purchased for resale

Expenses on electricity purchased for resale totaled R$ 725,366 in the first quarter of 2008, 20.84% higher than in the first quarter of 2007 (R$ 600,288). This is a non-controllable cost, with the expense recognized in the income statement corresponding to the value effectively passed through to the tariff. Further information is given in Explanatory Note 27 to the Consolidated Quarterly Information.

Personnel expenses

Personnel expenses totaled R$ 284,363 in the first quarter of 2008, 18.77% higher than in the first quarter of 2007 (R$ 239,421). This increase was basically due to the following factors:

Salary adjustment of 5.00% given to the employees of the holding company, of Cemig Distribuição and of Cemig Geração e Transmissão in November 2007.

Provision for the new Voluntary Dismissal Program (PDD), in the amount of R$ 6,112, in the first quarter of 2008.

Lower transfer of costs from personnel expenses to works in progress (R$ 19,194 in the first quarter of 2008, vs. R$ 34,762 in the first quarter of 2007) due to less capital expenditure activity.

Further information on the composition of personnel expenses is given in Explanatory Note 27 to the Consolidated Quarterly Information.

Depreciation and amortization

The expense on depreciation and amortization was 12.73% higher, at R$ 201,481, in the first quarter of 2008, than in the first quarter of 2007 (R$ 178,726), basically reflecting the start up of new distribution networks and lines as a consequence of the investments in the Light For Everyone program.

Post-employment obligations

Expenses on post-employment obligations totaled R$ 61,668 in the first quarter of 2008, 101.77% higher than in the first quarter of 2007 (R$ 30,563). These expenses basically represent interest on the actuarial liabilities of the Company, net of the expected return on pension plan assets, as estimated by an external actuary. The higher expense in 2008 basically reflects the adjustment in the actuarial assumptions in December, 2007, in which the assumed interest rate was reduced, increasing the value of the actuarial obligations.

Operational provisions

Operational provisions in the first quarter of 2008 totaled R$ 96,353, a reduction of 8.49% in relation to their total of R$ 105,294 in the first quarter of 2007. This lower figure basically reflects the provision of R$ 30,000 for administrative proceedings by ANEEL, made in March 2007. For more information on this, please see Explanatory Notes 21 and 27 to the Quarterly Information.

Charges for Use of the Basic Transmission Grid

Charges for use of the transmission network were R$ 172,324 in the first quarter of 2008, 17.18% less than in the first quarter of 2007 (R$ 147,055).

These charges are payable by distribution and generation agents for use of the facilities and components of the basic grid, and are set by ANEEL resolution. This is a non-controllable cost, with the deduction from revenue recorded corresponding to the value effectively passed through to the tariff.

Gas purchased for resale

The cost of gas purchased for resale was R$ 53,420 in the first quarter of 2008, 77.92% higher than in the first quarter of 2007 (R$ 30,024). This basically is due to a higher quantity of gas purchased, due to more operation by the thermal plants that are clients of Gasmig, in the first quarter of 2008.

Outsourced services

Expenses on outsourced services in the first quarter of 2008 were R$ 144,752, 19.90% higher than in the first quarter of 2007 (R$ 120,732). This primarily reflects increased spending on maintenance and conservation of electricity facilities, contracted labor and communication.

Financial revenues (expenses)

The company posted net financial *expenses* of R$ 79,112 for 2008, which compares with net financial *expenses* of R$ 66,906 in first quarter 2007. The main factors affecting net financial revenues (expenses) were:

Revenue from cash investments was 27.56% higher in 2008, due to a higher average balance of cash invested. This revenue was R$ 53,863 in the first quarter of 2008, vs. R$ 42,226 in 2007.

The revenue from arrears penalty payments on client electricity bills was R$ 26,281 higher, at R$ 50,708 in the first quarter of 2008, vs. R$ 24,427 in the first quarter of 2007. A principal component in this difference was reflected in revenue of Cemig Distribuição in the first quarter of 2008 of R$ 10,516, when certain large industrial consumers paid accounts relating to previous year on which the value of the principal was considerably lower than the amount added as financial charges.

Revenue from monetary updating on the General Agreement for the Electricity Sector 27.50% lower. The revenue was R$ 45,206 in the first quarter of 2008, vs. R$ 62,353 in the first quarter of 2007 reflecting the lower value of the regulatory assets in 2008, as part of the regulatory assets previously posted (RTE and Deferred Tariff Adjustment) were amortized.

Monetary updating and interest on the Deferred Tariff Adjustment was 24.79% lower, at R$ 25,897, in the first quarter of 2008, than in the first quarter of 2007 (R$ 34,433) again due to reduction of the principal value of the asset as a result of parts of it being received in electricity accounts. For further details please see Explanatory Note 11 to the Consolidated Quarterly Information.

Servicing on loans and financings 12.66% lower, in the amount of R$ 28,236, mainly reflecting a lower CDI rate (the indexor for the contracts) in the first quarter of 2008 than in the first quarter of 2007.

Net *loss* of R$ 7,820 on currency variations in the first quarter of 2008, compared to net *gain* of R$ 29,475 in the first quarter of 2007, basically reflecting effects on foreign currency loans and financings. The FX loss in 2008 mainly reflects the variation in the Yen (which is indexor of some contracts of Cemig Geração e Transmissão): the Yen appreciated by 10.78% during the first quarter of 2008, but devalued by 3.10% during the first quarter of 2007. In contrast, the US Dollar devalued in both periods: by 1.25% in the first quarter of 2008, and by 4.10% in the first quarter of 2007 providing some reduction in the FX loss.

Net loss on financial instruments in the first quarter of 2008, of R$ 5,001, compared to a net loss of R$ 34,961 in the same period of 2007. This mainly arises from the variation in the US Dollar mentioned in the previous paragraph, since the Company entered swap transactions, for part of its debt in foreign currency, in which the indexor on contracts was swapped from foreign currency to CDI.

For a breakdown of financial revenues and expenses, see Explanatory Note 28 to the Consolidated Quarterly Information.

Income tax and Social Contribution

In the first quarter of 2008, Cemig posted expenses on income tax and Social Contribution of R$ 276,097, representing 34.48% of the pre-tax profit of R$ 800,855. In the first quarter of 2007, the company posted expenses on income tax and Social Contribution of R$ 204,486, representing 32.11% of the pre-tax profit of R$ 636,918. These effective rates are compared with the nominal rates in Note 10 to the Consolidated Quarterly Information.

OTHER INFORMATION THAT THE COMPANY BELIEVES TO BE MATERIAL

Information not reviewed by our external auditors.

Investor relations

In 2007, in its continuing effort to optimize corporate governance practices, Cemig sought further to increase the transparency and proximity of its relationship with the capital markets, stockholders, analysts and investors, using the following means:

Cemig s internet site in three languages: Portuguese, English and Spanish.

Meetings with investors in Brazil and worldwide, roadshows (visits with presentations to investors), and one-on-one meetings.

We participate in events, congresses, and seminars for investors.

We disclose market announcements widely on the internet.

Quarterly, we publish our Letter to the Stockholder , in which we present results and highlight the most important facts.

We hold conference calls and videoconferences.

We file market announcements, announcements to stockholders and Material Announcements with the regulatory bodies of the capital markets both in Brazil (the CVM) and outside Brazil (the SEC, of the US).

Quarterly and annual results are published by presentations transmitted via video webcasts and conference calls, with simultaneous translation into English, at which the Chairman of the Board of Directors, and the Executive Board, are present.

In 2007 Cemig was present, worldwide, at 84 seminars, conferences and investor meetings; 10 congresses; 11 roadshows; and video and telephone conference calls with capital market analysts and investors. In our national and international events, we held more than 490 one-on-one meetings. This work is recognized by the fact that 19 financial institutions, in Brazil and worldwide, provide coverage of Cemig.

We also highlight our 12th Annual Cemig Meeting with the Association of Capital Markets Analysts and Investment Professionals (Apimec) in the city of Tiradentes, in Minas Gerais, which included a technical visit to the Itutinga Hydroelectric Plant, in the municipalities of Itutinga and Nazareno, in Minas Gerais.

On June 12, 2007 the New York Stock Exchange held Cemig Day , for the launch of ADRs representing Cemig s common (ON) shares. Cemig was the featured personality of the day: its flag was hoisted at the entrance to the Stock Exchange building; there was a lunch with investors and analysts, and a formal reception for the Company s Executive Board, the Minas Gerais State Economic Development Secretary and Board Chairman Marcio Araujo de Lacerda; a press conference; and the traditional closing bell ceremony. Representatives of Cemig rang the closing bell.

Finally, we were also able to focus on financial education for individual investors, through participation in the Expo Money exhibition, in São Paulo and in Belo Horizonte, in Brazil, and The World Money Show, in Orlando, Florida, USA.

Corporate governance

Our corporate governance model is based on principles of transparency, equity and the duty to report, focusing on clear definition of the roles and responsibilities of the Board of Directors and the Executive Board for formulation, approval and execution of policies and guidelines for managing the company s business.

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

Cemig s preferred (PN) and common (ON) shares (tickers CMIG3 and CMIG4 respectively) have been listed under Corporate Governance Level 1 on the São Paulo stock exchange since 2001. This represents a guarantee to our stockholders of optimum reporting of information, and also that stockholdings are relatively widely dispersed. Since Cemig has ADRs (American Depository Receipts) listed on the New York Stock Exchange, representing preferred shares (with ticker CIG) and common shares (ticker CIG.C), we are also subject to the regulations of the US Securities and Exchange Commission (SEC) and the New York Stock Exchange Listed Companies Manual. Our preferred shares have been listed on the Latibex of the Madrid stock exchange (ticker: XCMIG) since 2002.

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

The targets of the Strategic Plan, and our dividend policy, are incorporated into our Bylaws, which formally require the company to:

keep consolidated indebtedness equal to or less than 2 times Ebitda;

limit consolidated (Net debt) / (Net debt + Stockholders equity) to 40%;

limit consolidated funds in Current assets to 5% of Ebitda;

limit consolidated funds destined to capital expenditure in each business year to 40% of Ebitda (this varies, exceptionally to 65% in 2006 and 55% in 2007);

invest only in distribution, generation and transmission projects which offer real minimum internal rates of return equal to or more than those specified in the company s Long-Term Strategic Plan, subject to the legal obligations;

limit the expenses of the subsidiary Cemig Distribuição S.A., and of any subsidiary which operates in electricity distribution, to amounts not greater than the amounts recognized in the tariff adjustments and reviews.

The Board of Directors may authorize numbers in excess of these standards, in response to temporary needs, up to the following limits:

consolidated debt: maximum 2.5 times Ebitda;

consolidated ratio (Net debt) / (Net debt + Stockholders equity): maximum 50%;

consolidated funds in Current assets: maximum 10% of Ebitda;

The stockholders agreement signed in 1997 between the government of Minas Gerais and Southern Electric Brasil Ltda. has been suspended by the Courts. Appeals filed by SEB are before the federal courts.

Board of Directors

Meetings

Our Board of Directors met 25 times in 2007. Subjects of discussion include strategic planning, expansion projects, acquisition of new assets, and other investments.

Membership, election and period of office

The present Board of Directors was elected on June 22, 2007, by the multiple vote mechanism, under Article 141 of Law 6404 of December 15, 1976, as amended. Of the 14 present sitting members of Cemig s Board of Directors, 8 were elected by the stockholder State of Minas Gerais, five by Southern Electric Brasil Participações Ltda. (SEB) and one by the minority holders of preferred shares.

The periods of office of the present members of the Board of Directors expire at the Annual General Meeting of Stockholders to be held in 2009.

Principal responsibilities and attributions

The Board of Directors has the following responsibilities and attributions, as well as those conferred on it by law:

decision, before signing, on any contract signed between Cemig and stockholders or their parent companies.

decision on any sale of goods, loans or financings, pledge of the company s property, plant or equipment, guarantees to third parties or other legal acts or transactions with value of R$ 5 million or more.

authorization for issuance of securities in the domestic or external market to raise funds.

approval of the Strategic Plan, and revisions of it, and of the Multi-year Strategic Implementation Plan and revisions of it, and the Annual Budget.

In 2006 Cemig formed committees, made up of members of the Board of Directors, to provide prior discussion and analysis on matters to be decided by the Board. They are:

1. the Board of Directors Support Committee;
2. the Governance Committee;
3. the Human Resources Committee;
4. the Strategy Committee;
5. the Finance Committee; and,
6. the Audit and Risks Committee.

Qualifications, remuneration

The members of the Board of Directors have training and experience in a wide range of areas (business administration, engineering, law, diplomacy, etc.), and with very broad experience in business management. Their remuneration is 20% of the average paid to our Directors, and does not include any share purchase options.

A list with the names of the members of the Board of Directors is on our website at: http://v2.cemig.infoinvest.com.br/static/enu/diretoria.asp

Audit Committee

We are subject to the Sarbanes-Oxley law due to our shares being registered with the Securities and Exchange Commission (SEC), the capital markets regulator of the United States. We opted for the exemption allowed by the Exchange Act, Rule 6404 and regulated by SEC Release 10-3A, which accepts the activity of the Audit Board as carrying out the function of the Audit Committee specified by the Sarbanes-Oxley law.

Executive Board

The Executive Board is made up of eight members whose individual functions are set by the company s Bylaws. They are elected by the Board of Directors for periods of office of three years. They may be reelected, and may also be dismissed at any time by the Board of Directors.

Members are allowed also to carry out non-remunerated roles in the management of wholly-owned subsidiaries and affiliates of Cemig, on decision by the Board of Directors of those companies. They are also, obligatorily, members, with the same positions, of the Boards of Directors of Cemig Geração and Transmissão S.A. and Cemig Distribuição S.A.

The periods of office of the present Chief Officers expire at the first meeting of the Board of Directors following the Ordinary General Meeting of Stockholders of 2009.

The members of the Executive Board, with information on their résumés, are listed on our website: http://v2.cemig.infoinvest.com.br/static/ptb/curriculos_adm.asp

The Directors have individual responsibilities established by the Board of Directors and the Bylaws. These include, for example:

- Current management of the company s business, complying with the bylaws, the Strategic Plan, the Multi-Year Strategic Implementation Plan, and the Annual Budget.

- Decision on any disposal of goods, loans or financings, pledge of any of the company s property, plant or equipment, guarantees to third parties, or other legal acts or transactions in amounts less than R$ 5 million;

The periods of office of the present Chief Officers expire at the first meeting of the Board of Directors following the Ordinary General Meeting of Stockholders of 2009.

The Executive Board meets weekly. It held 60 meetings in 2007.

A list of the members of the Executive Board, with information on their résumés, is on our website: http://v2.cemig.infoinvest.com.br/static/ptb/curriculos_adm.asp

The Audit Board

Meetings

Cemig s Audit Board held 12 meetings in 2007.

Membership, election and period of office

We have a permanent Audit Board, established by the bylaws, made up of five sitting members and their respective substitute members. They are elected by the Annual General Meeting of Stockholders, for periods of office of one year, and may be reelected. They are:

- one member elected by the holders of the preferred shares.
- one member elected by holders of common shares, not belonging to the controlling stockholder group, representing at least 10% of the registered capital; and
- three members appointed by the majority stockholder.

The members of the Audit Board are listed on our website -

http://v2.cemig.infoinvest.com.br/static/enu/diretoria.asp.

Principal responsibilities and attributions

We are subject to the Sarbanes-Oxley law due to our shares being registered with the Securities and Exchange Commission (SEC), the capital markets regulator of the United States. As well as the attributions specified by Law 6404 of December 15, 1976, as amended, we opted for the exemption allowed by Rule 10-3A of the Exchange Act, regulated by SEC Release 82-1234, which accepts the operation of the Audit Board as an alternative to the Audit Committee as defined by the Sarbanes-Oxley law.

Qualifications, remuneration

The Audit Board is a multi-disciplinary body, made up of members with various competencies (accounting, economics, business administration, and others). Their remuneration is 10% of the average paid to the Directors.

The members of the Executive Board and their brief resumes are on our website: http://v2.cemig.infoinvest.com.br/static/ptb/curriculos_adm.asp

The Sarbanes-Oxley Law

Cemig obtained certification of its internal controls for mitigation of risks associated with the preparation and disclosure of the financial statements, in accordance with an opinion by the external auditors, Deloitte Touche Tohmatsu Auditores Independentes, issued in accordance with Section 404 of the Sarbanes-Oxley Law and the rules of the Public Company Accounting Oversight Board (PCAOB), which is a part of the annual 20-F report relating to the business year ending December 31, 2006, filed with the US Securities and Exchange Commission (SEC) on July 23, 2007.

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

Management of corporate risks

Corporate risk management is a management tool that is an integral part of our corporate governance practices. For it to have maximum efficacy, and for it to be more easily included in the organization s culture, we aim to align it with the company s process of Strategic Planning which defines the strategic objectives of the company s business. Other instances of management that relate to corporate risk management include: The Corporate Governance Committee, compliance with the Sarbanes Oxley Law, the Budget Prioritization Committee, Internal Auditing, the Energy Risks Management Committee, the Insurable Risks Committee, the Control and Management Committee.

Cemig s corporate risk management structure was put in place in 2003. The risks matrix was revised for the first time in 2004, and a second time in 2005-6, aiming to identify changes in relation to the level of performance expected for each process. The result has been improvement in the effectiveness of controls, commitment to implementation of the proposed mitigating action plans and, consequently, reduction of the impact and the probability of occurrence of innumerable risks.

The method that Cemig has chosen for measurement of risks is the ORCA method, which was put in place with the assistance of external consultants, based on four dimensions: objectives; risks; internal controls; and alignment.

To ensure the safety and confidentiality of the information, and speed of the process of periodic revision of the corporate risk matrix, Cemig uses the Integrated Risk Management System (SGIR) application, which reflects this risk reporting method. Cemig also makes a site on the theme available to employees on its Intranet, making it possible to monitor the risks identified by managers on a continuous and dynamic basis.

Functional structure

The main factor for the choice of functional structure adopted is decentralized management by the risk managers, which points up its corporate and matricial nature, with monitoring centralized by the Corporate Management Department, which manages material information with a systemic vision and complies with the demands of the Corporate Risks Management Committee. This Committee analyzes and allocates priority to the actions ordered by the Board of Directors and the Executive Board.

Challenges

The main challenges to be faced by Cemig s corporate risk management are:

- Improvement of the method of calculation of financial exposure represented by risks, to enable managers assessment to be as objective as possible, and allow senior management more security in the decision-making process. The results expected are: improvement in the quality of information related to the matrix; guarantee of compliance with the guidelines arising from the Corporate Risk Management Policy.

- Creation of standard reports, aiming to meet the needs of the various levels of decision-making in the company.

Statement of Ethical Principles and Code of Professional Conduct

The approval by Cemig s Board of Directors, in May 2004, of the Declaration of Ethical Principles and Code of Professional Conduct http://v2.cemig.infoinvest.com.br/?language=enu was an important step in improving our internal system of corporate governance, and increasing our transparency. The Declaration is divided into 11 principles that reflect the ethical conduct and values that are part of our culture.

Cemig s Ethics Committee was created on August 12, 2004, to coordinate all actions relating to management of the Declaration of Ethical Principles and Code of Professional Conduct. This includes assessment and decision on any possible non-compliance with the document.

In December 2006 we created the Information Channel, to be used only by Cemig employees, and through it the Ethics Committee was then able to receive anonymous reports, via an open channel on our intranet the Anonymous Information Channel. This channel can be used to report irregular practices contrary to the Company s interests, such as: financial fraud, including adulteration, falsification or suppression of financial, tax or accounting documents; misappropriation of goods or funds; receipt of undue advantages by managers and employees; irregular contracting; or other practices considered to be illegal.

The Ethics Committee

This was created on August 12, 2004, with three sitting members and three substitute members, and is responsible for management (interpretation, publicizing, application and updating) of the Code of Professional Conduct.

It can receive and investigate any reports of violations of the ethical principles or rules of conduct, provided they have the complete name and address of the person giving the information and are sent to Cemig, at Av. Barbacena 1200, SA/17°/B2, accompanied by indication of the means of proof (witnesses, documents or other sufficient and appropriate means). They can also be sent by email or telephone the address and phone number are well known to all the company s employees.

In December 2006 we put in place our Anonymous Information Channel, available on the corporate intranet, the purpose of which is to receive and process accusations of irregular practices, such as financial fraud, undue appropriation of assets, receipt of irregular advantages or illegal contracting. This channel is one more step for the company in the direction of improving transparency, correct behavior and the concept of corporate governance within Cemig. This new instrument of corporate governance improves the management of our employees and of our business and reaffirms our ethical principles.

The Statement of Ethical Principles and Code of Professional Conduct of Cemig is based on 11 Principles, which express the ethical conduct and values incorporated into Cemig s culture. It is available on our Internet page: http://cemig.infoinvest.com.br.

POSITION OF STOCKHOLDERS WITH MORE THAN 5% OF THE VOTING STOCK On MARCH 31, 2008

STOCKHOLDER	COMMON SHARES (thousands)	%	PREFERRED SHARES (thousands)	%	TOTAL SHARES (thousands)	%
State of Minas Gerais	108,349	50.96			108,349	22.27
Other entities of the state	28	0.01	5,330	1.94	5,358	1.10
Total, controlling stockholder	108,377	50.97	5,330	1.94	113,707	23.37
Southern Electric Brasil Part. Ltda.	70,089	32.96			70,089	14.41
Capital Research and Management Company			13,990	5.11	13,990	2.91

SHAREHOLDERS OF SOUTHERN ELECTRIC BRASIL PARTICIPAÇÕES LTDA. On March 31, 2008

Item	Name	Number of shares (Units)	%
1	Cayman Energy Traders	321,480,876	91.75
2	524 Participações S.A.	28,913,419	8.25

1 Non-Brazilian company.
2 Listed company; Opportunity Alfa FIA Fund holds 99.99% of its registered capital.

SHARES OF THE CONTROLLING STOCKHOLDER, SENIOR MANAGEMENT AND MEMBERS OF THE AUDIT BOARD

	STOCK POSITION			
	31.03.2008		31.03.2007 (*)	
NAME	**ON**	**PN**	**ON**	**PN**
CONTROLLING STOCKHOLDER				
BOARD OF DIRECTORS				
Márcio Araújo de Lacerda	1			
Djalma Bastos de Morais	40			13,400
Francelino Pereira dos Santos	1		1	
Antônio Adriano Silva	1			1
Nilo Barroso Neto				1
Wilson Nélio Brumer	1			1
Haroldo Guimarães Brasil	3		1,000	
Carlos Augusto Leite Brandão	6	1,200	1,950	
Andréa Paula Fernandes Pansa	6		1,950	
Evandro Veiga Negrão de Lima	5,999		1,924,241	
Wilton de Medeiros Daher	1		2	
Aécio Ferreira da Cunha	1			1
José Augusto Pimentel Pessôa	6		1,950	
Maria Estela Kubitschek Lopes	1			1
Alexandre Heringer Lisboa	1			1
Fernando Lage de Melo				1
Francisco de Assis Soares	1			
Lauro Sérgio Vasconcelos David	1		1	
Luiz Antônio Athayde Vasconcelos	1			290
Marco Antônio Rodrigues da Cunha	1			1
Guilherme Horta Gonçalves Junior	1			1
Antônio Renato do Nascimento	1		1	
Eduardo Leite Hoffmann			1	
Maria Amália Delfim de Melo Coutrim	1			1
Andréa Leandro Silva	6		1,950	
Eduardo Castilho de Vasconcellos Costa			1	
Eduardo Lery Vieira	1			1
Luiz Aníbal de Lima Fernandes			8	
Nohad Toufc Harati	1			
Luiz Henrique de Castro Carvalho				1
Fernando Henrique Schüffner Neto		303		101,217
Franklin Moreira Gonçalves				1

NAME	STOCK POSITION 03.31.2008 ON	PN	03.31.2007 (*) ON	PN
EXECUTIVE BOARD				
Djalma Bastos de Morais	40			13,400
Celso Ferreira				
José Carlos de Mattos				
Flávio Decat de Moura				
Luiz Fernando Rolla	3		2	
Heleni de Mello Fonseca				
Marco Antônio Rodrigues da Cunha	1			1
Elmar de Oliveira Santana				
Fernando Henrique Schüffner Neto		303		101,217
José Maria de Macedo		338		112,962
Bernardo Afonso Salomão de Alvarenga	1			
AUDIT BOARD				
Aristóteles Luiz Menezes Vasconcellos Drummond				
Luiz Guaritá Neto				
Luiz Otávio Nunes West				
Celene Carvalho de Jesus				
Thales de Souza Ramos Filho				
Marcus Eolo de Lamounier Bicalho				
Ronald Gastão Andrade Reis				
Leonardo Guimarães Pinto				
Ari Barcelos da Silva				
Augusto Cezar Calazans Lopes				
Carlos Volpe de Paiva				1,692
Aliomar Silva Lima				

SHARES IN CIRCULATION*

(EXCLUDING THOSE OWNED BY THE GOVERNMENT OF THE BRAZILIAN STATE OF MINAS GERAIS)

DATE	COMMON SHARES	%	PREFERRED SHARES	%	TOTAL SHARES	%
03.31.2008	104,238,883	49.03	268,301,163	97.98	372,540,046	76.58
03.31.2007	34,746,377,467	49.03	89,433,805,932	97.98	124,180,183,399	76.58

(*) Changes in numbers of shares arise from corporate action and/or events during 2007.

AUDITORS REPORT ON SPECIAL REVIEW

Independent auditors review report

To

The Board of Directors

Companhia Energética de Minas Gerais - CEMIG
Belo Horizonte - MG

1. We have reviewed the Quarterly Financial Information of Companhia Energética de Minas Gerais CEMIG (the Company) and the consolidated Quarterly Financial Information of the Company and its subsidiaries for the quarter ended March 31, 2008, comprising the balance sheets, the statements of income, of cash flows, the management report and explanatory notes, 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 and its subsidiaries as to the main criteria adopted in the preparation of the Quarterly Financial Information; and (b) reviewing information and subsequent events that have or may have relevant effects on the financial position and operations of the Company and its subsidiaries.

3. Based on our review, we are not aware of any material modifications that should be made in accounting information included in the Quarterly Financial Information 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, including the Instruction CVM Nº 469/08.

4. As mentioned in note 2, on December 28, 2007 Law N° 11,638 was enacted, and effective from January 1, 2008. This Law modified, amended and introduced new rules to the existing Corporate Law (Law N° 6,404/76) and resulted in changes to certain accounting practices currently adopted in Brazil. Despite the fact that the new Law is already in force, the changes required depend on the issuance of further normatization by local regulators, in order for them to be fully adopted by the companies. Therefore, in this transition phase, through the Instruction CVM Nº 469/08, the Brazilian Securities Commission (CVM) has given the option to the non-application of the rules of Law N° 11,638/07 in the preparation of Quarterly Financial Information. As a consequence, the accounting information included in the Quarterly Financial Information ITR for the quarter ended March 31, 2008, were prepared in accordance with the specific rules set forth by the CVM and does not contemplate all changes to the accounting practices introduced by Law N° 11,638/07.

5. As described in Note 31 to the financial information, as a result of the second periodic tariff review of the subsidiary Cemig Distribuição S.A., anticipated in the concession contracts, Aneel published, as provisional, the tariff repositioning of Cemig Distribuição S.A. in -12.24% to be applied in the period as from April 8, 2008. Possible effects as a result of the ultimate review, if any, will be reflected in the financial position of the Company and the subsidiary in subsequent periods.

6. As described in Notes 7 and 16 to the financial information, Companhia Energética de Minas Gerais CEMIG and its subsidiaries have assets and liabilities recorded in relation to transactions for the sale and purchase of energy and other transactions on the Electricity Trading Chamber (CCEE) (previously called MAE). These amounts were recorded on the basis of calculations prepared and published by the CCEE for transactions carried out to March 31, 2008, and may be changed as a result of decisions in current Court Proceedings brought by companies in the sector, in relation to the interpretation of the rules of the wholesale energy market in effect at the moment in which referred transactions are realized.

7. The financial statements of Companhia Energética de Minas Gerais CEMIG and its subsidiaries for the quarter ended March 31, 2007, presented for comparative purpose, were examined by other independent auditors, which issued a report with unqualified opinion, dated May 8, 2007, including emphasis paragraph relating to the matter mentioned in paragraph 6, and related to the expiration of the electricity generation concessions for the Emborcação, Nova Ponte, Pandeiros, Rio das Pedras, Poço Fundo, São Bernardo, Xicão, Luiz Dias and Santa Luzia of Cemig Geração e Transmissão S.A.. On June 14, 2007, the Mining and Energy Ministry (MME) renewed these concessions for a period of 20 years beginning on the date of maturity of each concession contract. The signing of the renewed concession contracts is expected during the first half of 2008.

May 7, 2008

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

Marco Túlio Fernandes Ferreira

Accountant CRCMG058176/O-0

2. Financial Statements of CEMIG Distribuição S.A., as of and for the Three Months Ended March 31, 2008

CONTENTS

BALANCE SHEETS

AT MARCH 31, 2008 AND DECEMBER 31, 2007

ASSETS

(R$ 000)

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

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

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BALANCE SHEETS

AT MARCH 31, 2008 AND DECEMBER 31, 2007

LIABILITIES

(R$ 000)

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

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

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INCOME STATEMENT 12 MONTHS

FOR THE QUARTERS ENDING MARCH 31, 2008 AND 2007

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

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

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

EXPLANATORY NOTES TO THE QUARTERLY INFORMATION (ITR)

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

1) OPERATIONAL CONTEXT

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

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

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

2) PRESENTATION OF THE QUARTERLY INFORMATION

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

The quarterly financial statements were prepared according to accounting principles, methods and criteria that are uniform in relation to those adopted on December 31, 2007.

The statements of cash flow were prepared in accordance with the criteria of FAS 95 *Statement of Cash Flows,* with references made to the format of presentation, in connection with that of the group s holding company, Companhia Energètica de Minas Gerais Cemig (Cemig) in the context of registry of the financial statements with the Securities and Exchange Commission (SEC).

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

Change in the Brazilian Corporate Law

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

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

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

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

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

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

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

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

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

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

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

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

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

Reclassification of accounting balances

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

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

3) CASH AND CASH EQUIVALENTS

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

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

4) CONSUMERS AND RESELLERS

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

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

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

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

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

5) REGULATORY ASSETS AND LIABILITIES

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

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

6) THE EXTRAORDINARY TARIFF RECOMPOSITION, AND PORTION A

a) The Extraordinary Tariff Recomposition

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

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

- Increase of 7.90% for other consumers.

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

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

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

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

b) Portion A

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

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

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

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

Amounts transferred to expenses	**31/03/2008**
Energy bought for resale	523
Fuel Consumption Account (CCC)	7,106
RGR Global Reversion Reserve	710
Tariff for transport of electricity from Itaipu	15,523

Tariff for use of the grid transmission facilities	2,148
Financial compensation for use of water resources	630
	67
	26,707

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

	31/03/2008			31/12/2007
	Principal	**Updated by Salic**	**Total**	**Total**
Replacement of billing losses (1)	713,391	593,775	1,307,166	1,304,883
Amounts billed	(662,126)	(551,105)	(1,213,231)	(1,177,077)
	51,265	42,670	93,935	127,806
(-) Provisions for losses on realization of the RTE	(51,265)	(42,670)	(93,935)	(92,329)
				35,477
Reimbursement of expenditure on free energy of the generators (2)	419,229	383,088	802,317	795,574
Amounts billed	(250,390)	(226,805)	(479,195)	(461,708)
Total RTE	168,839	154,283	323,122	333,866
Compensation for items of Portion A (3)	245,299	480,505	725,804	707,422
Amounts billed	(9,026)	(17,681)	(26,707)	
	236,273	462,824	699,097	707,422
Total of RTE and Portion A	**405,112**	**617,107**	**1,022,219**	**1,076,765**
Current assets			320,201	389,259
Non-current assets			702,018	687,506

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

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

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

7) ANTICIPATED EXPENSES AND REGULATORY LIABILITIES CVA

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

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

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

(1) Refers to the part of non-controllable costs that comprises the CVA and was not included in revenue, and thus excluded from profit.

(2) Refers to the non-controllable costs transferred to the income statement due to their inclusion in Cemig Distribuição s revenue through the tariff adjustment.

(3) Refers to the updating, by the Selic rate variation, from the day of payment of the expense to the date of its actual compensation in the tariff adjustment.

8) TAXES SUBJECT TO OFFSETTING

	31/03/2008	31/12/2007
Current		
ICMS recoverable	102,121	102,121
Income tax	230,882	124,335
Social Contribution	98,732	60,782
COFINS	4,587	58,629

PASEP	917	11,069
Others	147	46
	437,386	356,982
Non-current		
ICMS recoverable	49,947	43,526
	487,333	**400,508**

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

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

9) TAX CREDITS

Deferred income tax and Social Contribution

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

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

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

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

	31/03/2008
2008	106,337

2009	79,754
2010	30,138
2011	30,138
2012	30,139
2013 to 2015	19,952
2016 and 2017	8,462
	304,920

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

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

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

10) DEFERRED TARIFF ADJUSTMENT

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

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

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

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

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

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

11) REGULATORY ASSET PIS, PASEP AND COFINS

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

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

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

12) ASSETS AND INTANGIBLE ASSETS

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

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

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

13) SUPPLIERS

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

14) TAXES, CHARGES AND CONTRIBUTIONS

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

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

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

15) LOANS, FINANCINGS AND DEBENTURES

			31/03/2008				31/12/2007
FINANCING SOURCES	**Principal maturity**	**Annual financial cost (%)**	**Currency**	**Current**	**Non-current**	**Total**	**Total**
FOREIGN CURRENCY							
ABN AMRO Bank NV (2)	2013	6.00	US$	1,399	87,455	88,854	88,639
ABN AMRO Real S.A. (3)	2009	6.35	US$	2,942	2,747	5,689	5,659
ABN AMRO Real S.A. (3)	2009	6.35	US$	8,032	7,504	15,536	15,455
ABN AMRO Real S.A. (3)	2009	6.35	US$	2,587	2,430	5,017	4,991
Banco do Brasil S.A.							
Various bonds(1)	2024	Various	US$	14,467	79,091	93,558	92,621
B.N.P. Paribas	2010	Libor + 1.875	US$	9,358	12,857	22,215	22,050
KFW	2016	4.50	EURO	1,944	14,566	16,510	15,485
UNIBANCO S.A. (4)	2009	5.50	US$	74	3,566	3,640	3,636
UNIBANCO S.A. (4)	2009	5.00	US$	151	8,889	9,040	9,041
Debt in foreign currency				**40,954**	**219,105**	**260,059**	**257,577**
BRAZILIAN CURRENCY							
Banco do Brasil S.A	2009						