ENERGY CO OF MINAS GERAIS
Form 6-K
March 17, 2008

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of March 2008

Commission File Number 1-15224

Energy Company of Minas Gerais

(Translation of Registrant s Name Into English)

Avenida Barbacena, 1200

30190-131 Belo Horizonte, Minas Gerais, Brazil

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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ITEM 1

Summary of Decisions of the 428th Meeting

of the Board of Directors, March 6, 2008

COMPANHIA ENERGÉTICA DE MINAS GERAIS - CEMIG
Listed company
CNPJ 17.155.730/0001-64
NIRE 31300040127

SUMMARY OF DECISION OF THE 428TH MEETING OF THE BOARD OF DIRECTORS

At its meeting held on March 6, 2008 the Board of Directors of Companhia Energética de Minas Gerais decided on the following matters:

1. Technical feasibility study for the purpose of accounting recording of tax credits.

2. Report of Management and Financial Statements for the year ended December 31, 2007.

3. Proposal for allocation of the net profit for 2007.

4. Proposal for increase in the registered capital.

5. Proposal by a board member for the members of the Board of Directors to authorize their Chairman to call the Ordinary and Extraordinary General Meetings of Stockholders for 2008, and if necessary make second convocations.

6. Orientation for vote by representative of Cemig in the Ordinary and Extraordinary General Meetings of Stockholders of Cemig D and Cemig GT for 2008.

7. Declaration of vote in the Extraordinary General Meeting of Stockholders of Gasmig.

8. Technical cooperation agreement between Cemig, Minas Gerais State, the Minas Gerais Development Bank (BDMG), Codemig, Indi and Jucemg.

9. Voluntary Retirement Program (PPD).

1. Election of Mr. Djalma Bastos de Morais to be Vice-Chairman as well as CEO, to serve the period of office that remains for the other current Board Members.

2. Submission to the General Meeting of Stockholders of an alteration to the bylaws.

3. Proposal by a board member that the members of the Board of Directors should authorize their Chairman to call an Extraordinary General Meeting of Stockholders in first and, if necessary, second convocation, to deal with alterations to the Bylaws.

ITEM 2

CEMIG Distribuição S.A., Summary of Principal Decisions, March 6, 2008

CEMIG DISTRIBUIÇÃO S/A

Listed company

CNPJ 06.981.180/0001-16

Summary of principal decisions

At its 66th meeting, held on March 6, 2008, the Board of Directors of Cemig Distribuição S.A. approved the following matters:

1. Technical feasibility study for the purpose of accounting recording of tax credits.

2. Report of Management and Financial Statements for the year ended December 31, 2007.

3. Proposal for allocation of the net profit for 2007.

4. Proposal by a board member for the members of the Board of Directors to authorize their Chairman to call the Ordinary and Extraordinary General Meetings of Stockholders for 2008, and if necessary make second convocations.

5. For 30 days, delegation of powers to enter into contracts for sale of electricity, retail supply of electricity and reserve of demand, use of the distribution system, use of the transmission system with the National System Operator (ONS), connection to the distribution system, sharing of distribution infrastructure, and other agreements.

6. Voluntary Retirement Program (PPD).

7. Agreement with the Municipality of Belo Horizonte.

8. Project: Oil separation chambers in the Sub-transmission substations.

9. Election of Mr. Djalma Bastos de Morais to be Vice-Chairman as well as CEO, to serve the period of office that remains for the other current Board Members.

ITEM 3

CEMIG Geração e Transmissão S.A., Summary of Principal Decisions, March 6, 2008

CEMIG GERAÇÃO E TRANSMISSÃO S/A

Listed company CNPJ 06.981.176/0001-58.

Summary of principal decisions

At its 64th meeting, held on March 6, 2008, the Board of Directors of Geração e Transmissão S.A. approved the following matters:

1. Technical feasibility study for the purpose of accounting recording of tax credits.

2. Report of Management and financial statements for the year ended December 31, 2007.

3. Proposal for allocation of the net profit for 2007.

4. Proposal by a board member for the members of the Board of Directors to authorize their Chairman to call the Ordinary and Extraordinary General Meetings of Stockholders for 2008, and if necessary make second convocations.

5. Contracting of insurance for equipment of the Pai Joaquim Hydroelectric Plant.

6. Cemig GT-Aneel Research and Development Program 2005-6 cycle: signing of working agreement.

7. Cemig GT-Aneel Technological Research and Development Program 2005-6 cycle: Approval of project.

8. Working Agreement with the Minas Gerais State Environmental Military Police: Igarapé thermal generation plant.

9. Working Agreements with the Minas Gerais State Environmental Military Police: Nova Ponte, Jaguara, Volta Grande, Igarapava and Pai Joaquim hydroelectric generation plants.

10. Agreement with the Minas Gerais State Education Department granting use of sites and buildings.

11. Budget supplementation for acquisition of fuel oil for the Igarapé Plant.

12. Indicative non-binding proposal for acquisition of a company holding generation assets.

13. Voluntary Retirement Program (PPD).

14. Delegation of powers, for 30 days, to sign electricity sale contracts.

15. The Santo Antônio Hydroelectric Complex.

16. Filing of legal action against Ecom Energia Ltda.

17. Agreement for cancellation of contract with Ecom Energia Ltda.

18. Election of Mr. Djalma Bastos de Morais to be Vice-Chairman as well as CEO, to serve the period of office that remains for the other current Board Members.

ITEM 4

Notice to Stockholders, March 6, 2008

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64

NOTICE TO STOCKHOLDERS

We advise our stockholders that the Board of Directors, at a meeting held on March 6, 2008, decided to **propose** the following to the **General Meeting of Stockholders to be held on April 25, 2008:**

1. INCREASE IN REGISTERED CAPITAL AND STOCK BONUS:

1.1. **Increase** of the registered capital by R$ 2,432,307,280.00, to R$ 2,481,507,565.00, through the issue of 9,840,057 new shares, of which 4,300,891 would be nominal common shares and 5,539,166 would be nominal preferred shares, each with nominal unit value of R$ 5.00 (five Reais), through capitalization of R$ 49,200,285.00 upon the incorporation of the amounts paid as principal under Clause 5 of the Contract for Assignment of Credit of the Outstanding Balance on the CRC (Results Compensation) account. As a consequence, a **stock bonus** in the proportion of 2.022782458% will be distributed to stockholders in new shares, of the same type as those held, also with nominal unit value of R$ 5.00 (five Reais).

1.2. All stockholders whose names are on the company s Nominal Share Register on the date of the General Meeting of Stockholders will be entitled to this benefit. These shares will trade ex- the right to this bonus on the day immediately subsequent to the holding of that meeting.

1.3. Under §1 of Article 25 of Federal Revenue Service Normative Instruction 25/2001, the unit cost of acquisition attributed to shares in the bonus is R$ 5.00.

1.4. According to CVM (Securities Commission) Normative Instruction 168/91, the amount obtained in Reais on sale of any fractions resulting from the calculation of the bonus will be paid to the holders of those fractions jointly with the payment of the first installment of the dividend for the 2007 business year.

We reiterate that this bonus is **conditional** upon **homologation** by the General Meeting of Stockholders to be held on **April 25, 2008**.

2. DIVIDENDS

In accordance with sub-clause b of the sole sub-paragraph of Article 28 of our bylaws, the amount of R$ 867,725,000, corresponding to R$ 1.749127683 per share after stock bonus, will be distributed in the form of dividend, in view of the net profit of R$ 1,735,449,000 for 2007, as follows:

a. Stockholders whose names are on the company s Nominal Share Register on the date on which the General Meeting of Stockholders is held will be entitled to this benefit.

The shares will be traded ex-dividend on the day immediately following that meeting.

b. We emphasize that this payment is conditional upon **homologation** by the General Meeting of Stockholders to be held on **April 25, 2008**.

We remind stockholders of the importance of updating their details with us, since payment of proceeds of corporate action can be made only to stockholders whose information is up to date or who have a current account, with any bank, registered with Bradesco S.A. (the institution that manages Cemig s Nominal Share Registry. For this purpose they should visit any branch of Bradesco, with their personal documents.

Belo Horizonte, March 6, 2008

Luiz Fernando Rolla

Chief Officer for Finance, Investor Relations and Control of Holdings

ITEM 5

Ordinary and Extraordinary General Meetings of

Stockholders Convocation, March 6, 2008

COMPANHIA ENERGÉTICA DE MINAS GERAIS-CEMIG
LISTED COMPANY
CNPJ 17.155.730/0001-64 - NIRE 31300040127
ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS
CONVOCATION

Stockholders are hereby called to the Ordinary and Extraordinary General Meetings of Stockholders to be held on April 25, 2008 at 10.30 a.m. at the company s head office, Av. Barbacena 1200, 18th floor, B1 wing, in the city of Belo Horizonte, de Minas Gerais, to decide on the following matters:

1 Examination, discussion and voting on the report of management and the financial statements for the year ended December 31, 2007, and the respective complementary documents.

2 Allocation of the net profit for 2007, in the amount of R$ 1,735,449,000, in accordance with Article 192 of Law 6404 of December 15, 1976 as amended.

3 Decision on the form and date of payment of the obligatory dividend, in the amount of R$ 867,725,000.

4 Decision on the allocation to be adopted between the amount capitalized and the amount corresponding to the payments relating to the first to eighth installments of the amortization of the principle of the said Agreement for assignment of credit.

5- Approval of the increase of the registered capital from R$ 2,432,307,280.00 to R$ 2,481,507,565.00 through the issue of 9,840,057 new shares, upon capitalization of the amount of R$ 49,200,285.00 referring to the incorporation of the installments paid as updated principal until December 1995 under Clause 5 of the Contract for Assignment of Credit of the Outstanding Balance on the CRC (Results Compensation) Account, signed between the State of Minas Gerais and the Company, distributing, as a consequence, to the stockholders a stock bonus of 2.022782458% in new shares, of the same type as those held, with nominal unit value of R$ 5.00.

6 Authorization to the Executive Board to take measures relating to the stock bonus of 2.022782458%, in new shares, of the same type as those held, with nominal unit value of R$ 5.00, to stockholders of the shares making up the capital of R$ 2,432,307,280, whose names are in the Nominal Share Registry on the date that these General Meetings of Stockholders are held, including: attribution of this bonus; sale on a securities exchange of amounts of whole numbers of nominal shares resulting from the sum of the remaining fractions, arising from the said bonus and division of the net proceeds of the sale, proportionately, to the holders of the fractions traded; decision on the date and form of payment of this sale; all the shares resulting from this bonus having the same rights as those shares from which they originate.

7 Subsequent redrafting of the head paragraph of Clause 4 of the bylaws, as a result of the increase of the registered capital mentioned above.

8 Election of sitting members and substitute members of the Audit Board and setting of their remuneration.

9 Alteration in the composition of the board of Directors, as a result of resignation or dismissal of members, as requested by the stockholder Southern Electric Brasil Participações Ltda., in correspondence filed at the company.

10 Setting of the remuneration of the managers of the company.

11 Authorization for the representative of Companhia Energética de Minas Gerais to vote in favor of the following matters at the Ordinary and Extraordinary General Meetings of Cemig Distribuição S.A. to be held, jointly, on April 5, 2008:

a. Examination, discussion and voting of the report of management and financial statements, for the business year ended December 31, 2007, and the respective complementary documents.

b. Allocation of the net profit for 2007, in the amount of R$ 771,208,000, in accordance with Article 192 of Law 6404 of December 15, 1976, as amended.

c. Decision on the form and date of payment of the Interest on Equity, and complementary dividends, in the amount of R$ 680,648,000.

d. Change in the composition of the Board of Directors as a result of resignation, if there is an alteration in the composition of the Board of Directors of Cemig.

e. Election of sitting members and substitute members of the Audit Board.

12 Authorization for the representative of Companhia Energética de Minas Gerais to vote in favor of the following matters at the Ordinary and Extraordinary General Meetings of Cemig Geração e Transmissão S.A. to be held, jointly, on April 25, 2008:

a. Examination, discussion and voting of the report of management and financial statements, for the business year ended December 31, 2007, and the respective complementary documents.

b. Allocation of the net profit for 2007, in the amount of R$ 747,024,000, in accordance with Article 192 of Law 6404 of December 15, 1976, as amended.

c. Decision on the form and date of payment of the Interest on Equity, and complementary dividends, in the amount of R$ 709,673,000.

d. Change in the composition of the Board of Directors as a result of resignation, if there is an alteration in the composition of the Board of Directors of Cemig.

e. Election of sitting members and substitute members of the Audit Board.

Under Article 3 of CVM Instruction 165 of December 11, 1991, adoption of the multiple voting system for election of members of the company s Board requires the vote of stockholders representing a minimum percentage of 5% (five per cent) of the voting stock.

Any stockholder who wishes to be represented by proxy in General Meetings of Stockholders should obey the terms of Article 126 of Law 6406/76, as amended, and the sole paragraph of Clause 9 of the Company s Bylaws, depositing, preferably by April 22, 2008, proofs of ownerships of the shares issued by a depositary financial institution, and a power of attorney with special powers, at the General Secretariat of the Company at Av. Barbacena 1200, 19th floor, B1 wing, Belo Horizonte, Minas Gerais, or showing them at the time of the meeting.

Belo Horizonte, Brazil, March 6, 2008.

Marcio Araujo de Lacerda
Chairman of the Board of Directors

PROPOSAL BY THE BOARD OF DIRECTORS TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS TO BE HELD, TOGETHER, ON APRIL 25, 2008.

To the Stockholders:

The Board of Directors of Companhia Energética de Minas Gerais (Cemig)

in view of:

- Article 192 of Law 6404, of December 15, 1976, as amended, and Clauses 20, 21 and 22 of the Bylaws, and the Financial Statements for 2007, presenting net profit of R$ 1,735,449,000;

- Clause Five Incorporation of capital of the Agreement for Assignment of the Outstanding Balance on the CRC (Results Compensation) Account, signed on May 31, 1995, between the State of Minas Gerais and Companhia Energética de Minas Gerais Cemig, stating that the amounts effectively paid by the State of Minas Gerais as principal shall be incorporated into the Company s registered capital;

- the payments made by the State of Minas Gerais in relation to installments number 1 to 8 of amortization of the principal, adjusted in accordance with the Fifth Amendment to the Agreement for Assignment of the Outstanding Balance of the CRC (Results Compensation) Account, total R$ 49,200,286.26 (forty nine million, two hundred thousand, two hundred and eighty six Reais and twenty-six centavos), after discounting of the amounts incorporated into the capital in 2002, in the form of a bonus, in new shares, in the amount of R$ 31,543,205.93 (thirty one million, five hundred and forty three thousand, two hundred and five Reais and ninety-three centavos), according to the said Clause Five;

- Sub-clause g of paragraph 4 of Clause 21 of the Company s Bylaws;

now proposes to you the following:

I) **That the net profit for 2007, in the amount indicated, should be allocated as follows:**

1) R$ 86,772,000, or 5% of the net profit, should be allocated to the Legal Reserve, in accordance to sub-clause a of the sole sub-paragraph of Clause 28 of the Bylaws.

2) R$ 305,573,00 should be allocated to the Retained Earnings account, for use in investments and payment of expenses, taxes and service of debt, as per the Cash Budget approved CRCA-081/2007, of December 29, 2007.

3) R$ 867,725,000 should be allocated as an obligatory dividend to the stockholders of the company, in accordance with sub-clause b of the sole sub-paragraph of Article 28 of the Bylaws and the applicable legislation.

4) R$ 475,379,000 should be kept in Stockholder s Equity in the account reserved under the Bylaws specified in sub-clause c , sole sub-paragraph of Article 28 and Article 30 of the Bylaws.

the payments of dividends to be made in two installments, by June 30 and December 30, 2008, and may be brought forward, depending on the availability of cash and decision by the Executive Board;

and the decision on extraordinary dividends may take place over the business year of 2008, after decision on the plan for acquisition of assets specified in the Strategic Plan.

Appendix 1 summarizes the cash budget of Cemig for 2008, approved by the Board of Directors, characterizing the inflows of funds and disbursements for compliance with the allocations of the profit for the year.

Appendix 2 summarizes the calculation of the dividends proposed by the Management, in accordance with the Bylaws.

II) **Approval of the increase of the registered capital** from R$ 2,432,307,280.00 (two billion, four hundred and thirty two million, three hundred and seven thousand, two hundred and eighty Reais) to R$ 2,481,507,565.00 (two billion, four hundred and eighty one million, five hundred and seven thousand, five hundred and sixty-five Reais) through the issue of 9,840,057 (nine million, eight hundred and forty thousand and fifty seven) new shares, of which 4,300,891 (four million, three hundred thousand, eight hundred and ninety-one) are common, nominal shares of nominal unit value R$ 5.00 (five Reais) each, and 5,539,166 (five million, five hundred and thirty nine thousand, one hundred and sixty-six) are preferred shares, with nominal value of R$ 5.00 (five Reais) each, upon capitalization of the amount of R$ 49,200,285.00 (forty nine million, two hundred thousand, two hundred and eighty five Reais), referring to the incorporation of the installments paid as updated principal until December 1995 under Clause 5 of the Contract for Assignment of Credit of the Outstanding Balance on the CRC (Results Compensation) Account, signed on May 31, 1995 between the State of Minas Gerais and Companhia Energética de Minas Gerais Cemig, distributing, as a consequence, to the stockholders a **stock bonus** in the proportion of 2.022782458% in new shares, of the same type as those held, with nominal unit value of R$ 5.00 (five Reais).

- The difference between the amount capitalized and the amount corresponding to the payments made by the State of Minas Gerais in relation to the installments numbers 1 to 8 of amortization of the principal of the said Contract for Assignment of Credit, adjusted in accordance with the Fifth Amendment to that Contract for Assignment of Credit, that is to say R$ 1.26 (one Real and twenty-six centavos) shall be maintained in the balance for future incorporations in view of the minimum value for incorporation being the nominal value of one share.

III) **Consequent redrafting** of the head paragraph of Article 4 of the **Bylaws**, which shall now read as follows:

Clause 4: The company s registered capital is R$ 2,481,507,565.00 (two billion, four hundred and eighty one million, five hundred and seven thousand, five hundred and sixty-five Reais) represented by:

a) 216,923,394 (two hundred and sixteen million, nine hundred and twenty three thousand, three hundred and ninety-four) nominal common shares each with nominal value of R$ 5.00 (five Reais);

b) 279,378,119 (two hundred and seventy nine million, three hundred and seventy-eight thousand, one hundred and nineteen) nominal preferred shares each with nominal value of R$ 5.00 (five Reais).

IV) **That the Executive Board be authorized** to take the following measures in relation to the bonus:

1) To attribute a bonus of 2.022782458%, in new shares, of the same type as those held, and of nominal value R$ 5.00 (five Reais), to the holders of the shares making up the capital of R$ 2,432,307,280.00 (two billion, four hundred and thirty two million, three hundred and seven thousand, two hundred and eighty Reais), whose names are in the Nominal Share Register on the date that the General Meeting that decides on this proposal is held.

2) To sell on a securities exchange the whole numbers of nominal shares resulting from the sum of the fractions remaining arising from the said bonus, and to divide the net proceeds of the sale proportionately between the stockholders holding the respective fractions traded.

3) To pay to the stockholders, proportionately, the product of the sum of the remaining fractions together with the first installment of the dividends for the business year 2007.

4) To establish that all the shares resulting from the said bonus shall have the same rights as the shares from which they arose.

V) **That the representatives of Cemig** in the Ordinary and Extraordinary General Meetings of Stockholders of Cemig Distribuição S.A. and of Cemig Geração e Transmissão S.A., to be held jointly, on April 25, 2008, vote in favor of the agenda, that is to say:

Cemig D:

- Examination, discussion and voting on the report of management and the financial statements for the year ended December 31, 2007, and the respective complementary documents.
- Allocation of the net profit for 2007, in the amount of R$ 771,208,000, in accordance with Article 192 of Law 6404 of December 15, 1976 as amended.
- Decision on the form and date of payment of the obligatory dividend, in the amount of R$ 680,648,000.
- Alteration in the composition of the board of Directors, if there is a change in the composition of the Board of Directors of Cemig.
- Election of sitting members and substitute members of the Audit Board.

Cemig GT:

- Examination, discussion and voting on the report of management and the financial statements for the year ended December 31, 2007, and the respective complementary documents.

- Allocation of the net profit for 2007, in the amount of R$ 747,024,000, in accordance with Article 192 of Law 6404 of December 15, 1976 as amended.

- Decision on the form and date of payment of the obligatory dividend, in the amount of R$ 709,673,000.

- Alteration in the composition of the board of Directors, if there is a change in the composition of the Board of Directors of Cemig.

- Election of sitting members and substitute members of the Audit Board.

Belo Horizonte, Brazil, March 6, 2008.

Marcio Araujo de Lacerda Chairman

Djalma Bastos de Morais Vice-Chairman

Aécio Ferreira da Cunha Member

Alexandre Heringer Lisboa Member

Andréa Paula Fernandes Pansa Member

Antônio Adriano Silva Member

Carlos Augusto Leite Brandão	Member
Evandro Veiga Negrão de Lima	Member
Francelino Pereira dos Santos	Member
Haroldo Guimarães Brasil	Member
José Augusto Pimentel Pessôa	Member
Maria Estela Kubitschek Lopes	Member
Wilson Nélio Brumer	Member
Wilton de Medeiros Daher	Member

APPENDIX 1 TO THE PROPOSAL BY THE BOARD OF DIRECTORS TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS TO BE HELD, JOINTLY, BY APRIL 30, 2008

CASH BUDGET FOR 2008

COMPANHIA ENERGÉTICA DE MINAS GERAIS - CEMIG

In current R$ 000

Description	**Total 2008 (*)**	**AV %**
A - INITIAL BALANCE	**15.396**	
B - FUNDS	**1.489.227**	**100,0**
Raised		
Capital resources	1.399.270	94,0
Other (Infovias)	89.957	6,0
C - DISBURSEMENTS	**1.173.298**	**100,0**
Capital expenditure program	131.581	11,2
Expenses budget	66.893	5,7
Taxes		
Debt Servicing	107.099	9,1
Dividends	867.725	74,0
Extraordinary dividends		
D - FINAL BALANCE (A+B-C)	**331.325**	

(*) Approved by CRCA-081/2007, of 29-12-20/07, with the following adjustments:

Adjustment to the item Capital resources: Dividends arising from allocation of profit of CEMIG GT - R$ 541,718,000, CEMIG D - R$ 675,008,000 and Subsidiaries - R$ 182,544,000.

Capital Expenditure Program: 1st Portion of injection of capital into GASMIG of R$ 93,737,000, decided by the Board of Directors on March 6, 2008.

APPENDIX 2 TO THE PROPOSAL BY THE BOARD OF DIRECTORS TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS TO BE HELD, TOGETHER, BY APRIL 30, 2008.

STATEMENT OF CALCULATION OF DIVIDENDS PROPOSED

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

	31.12.2007 R$ 000
Calculation of the minimum dividends for the preferred shares under the bylaws	
Nominal value of preferred shares	1,369,195
Percentage on nominal value of preferred shares	10.0%
Dividends in accordance with the 1st payment criterion	136,920
Stockholders equity	8,390,177
Proportion of stockholders equity represented by the preferred shares (net of shares in Treasury)	56.27%
Value of preferred shares in terms of stockholders equity	4,721,153
Percentage applied to stockholders equity value of preferred shares	3.00%
Dividends by the 2nd criterion	141,635
Minimum Obligatory Dividend for the Preferred Shares under the Bylaws	141,635
Obligatory dividend	
Net profit for the year	1,735,449
Obligatory dividend 50.00% of net profit	867,725
Net dividend proposed	867,725
Total of the dividend for the preferred shares	488,269
Total of the dividend for the common shares	379,456
Dividend per share R$	
Minimum Obligatory Dividend for the Preferred Shares under the Bylaws	0.52
Obligatory dividend	1.78
Dividends proposed	1.78

ITEM 6

CEMIG Distribuição S.A., Ordinary and Extraordinary General

Meetings of Stockholders Convocation, March 6, 2008

CEMIG DISTRIBUIÇÃO S.A.
CNPJ 06.981.180/0001-16 NIRE 31300020568
ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS
CONVOCATION

The stockholder Companhia Energética de Minas Gerais is hereby called to the Ordinary and Extraordinary General Meetings of Stockholders to be held jointly on April 25, 2008 at 4 p.m. at Av. Barbacena 1200, 17th floor, A1 wing, in the city of Belo Horizonte, Minas Gerais, to decide on the following matters:

1 Examination, discussion and voting on the report of management and the financial statements for the year ended December 31, 2007, and the respective complementary documents.

2 Allocation of the net profit for 2007, in the amount of R$ 771,208,000, in accordance with Article 192 of Law 6404 of December 15, 1976 as amended.

3 Decision on the form and date of payment of the obligatory dividend, in the amount of R$ 680,648,000.

4 Election of sitting members and substitute members of the Audit Board.

5 Alteration in the composition of the board of Directors, if there is a change in the composition of the Board of Directors of Cemig.

Belo Horizonte, Brazil, March 6, 2008.

Marcio Araujo de Lacerda
Chairman of the Board of Directors

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PROPOSAL BY THE BOARD OF DIRECTORS TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS TO BE HELD, TOGETHER, ON APRIL 25, 2008.

To the Stockholder Companhia Energética de Minas Gerais:

The Board of Directors of Cemig Distribuição S.A.

in accordance with Article 192 of Law 6404, of December 15, 1976 as amended, and Clauses 20, 21 and 22 of the Bylaws, and considering the financial statements for 2007, presenting profit of R$ 771,208,000,

proposes to you that the net profit for 2007, in the amount indicated, should be allocated as follows:

1) R$ 38,560,000, or 5% of the net profit, to the Legal Reserve, in accordance with sub-clause a of the sole sub-paragraph of Clause 21 of the Bylaws.

2) R$ 680,648,000 to payment of dividends, as follows:

2.1) R$ 149,809,000 in Interest on Equity:

R$ 75,172,000, under Board Payment Decision (CRCA) 041/2007, of June 29, 2007;

R$ 37,035,000, under CRD 535/2007, of September 25, 2007; and

R$ 37,602,000, under CRD 846/2007, of December 18, 2007;

2.2) R$ 530,839,000 in complementary dividends.

3) R$ 52,000,000 to Retained Earnings, for use in investments, according to the Cash Budget approved by CRCA 098/2007, of December 29, 2007.

the payments of dividends and Interest on Equity to be paid in two installments, 50% by June 30 and 50% by December 30, 2008, and may be brought forward depending on availability of cash as decided by the Executive

Board.

Appendix 1 summarizes the Cash Budget of Cemig Distribuição S.A. for 2008, approved by the Board of Directors, characterizing inflow of funds and disbursements for compliance with the allocations of the profit for the year.

Appendix 2 summarizes the calculation of the dividends proposed by Management, according to the Bylaws.

Belo Horizonte, March 6, 2008.

Marcio Araujo de Lacerda   Chairman

Djalma Bastos de Morais   Vice-chairman

Aécio Ferreira da Cunha   Member

Alexandre Heringer Lisboa-   Member

Andréa Paula Fernandes Pansa   Member

Antônio Adriano Silva   Member

Carlos Augusto Leite Brandão   Member

Evandro Veiga Negrão de Lima   Member

Francelino Pereira dos Santos   Member

Haroldo Guimarães Brasil   Member

José Augusto Pimentel Pessôa	Member
Maria Estela Kubitschek Lopes	Member
Wilson Nélio Brumer	Member
Wilton de Medeiros Daher	Member

APPENDIX 1 TO THE PROPOSAL BY THE BOARD OF DIRECTORS TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS TO BE HELD, JOINTLY, BY APRIL 30, 2008

CASH BUDGET FOR 2008

CEMIG DISTRIBUIÇÃO S.A

In current R$ 000

Description	**Total 2008 (*)**	**AV %**
A - INITIAL BALANCE	**571.448**	
B - FUNDS	**11.197.570**	**100,0**
Raised	10.510.183	93,9
Capital resources / assistance	687.387	6,1
C - DISBURSEMENTS	**11.579.327**	**100,0**
Capital expenditure program	1.421.313	12,3
Expenses budget	4.363.144	37,7
Expenses	1.498.424	12,9
Bought energy	2.317.728	20,0
Transport of power	546.992	4,7
Taxes	4.449.548	38,4
Debt servicing	670.314	5,8
Dividends / Interest on Equity	675.008	5,8
D - FINAL BALANCE (A+B C)	**189.691**	

(*) Approved by CRCA-098/2007, of 29-12-20/07, with the following adjustments:

• Substitution of the initial cash balance by the actual amount on 31-12-2007;

• Substitution of Dividends and Interest on Equity by the amount proposed for payment of dividends to stockholders.

APPENDIX 2 TO THE PROPOSAL BY THE BOARD OF DIRECTORS TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS TO BE HELD, TOGETHER, BY APRIL 30, 2008.

STATEMENT OF CALCULATION OF DIVIDENDS PROPOSED
CEMIG DISTRIBUIÇÃO S/A

		31/12/2007 R$ mil
Obligatory dividend		
Net profit for the year		771,208
Obligatory dividend	50.00% of net profit	385,604
Dividends Proposed		
Interest on Equity		149,809
Complementary dividends		530,839
Total		680,648
Dividend per thousand shares - R$		
Dividend under the Bylaws		170.47
Dividends proposed		300.91

ITEM 7

CEMIG Gereção e Transmissão S.A., Ordinary and Extraordinary

General Meetings of Stockholders Convocation, March 6, 2008

CEMIG GERAÇÃO E TRANSMISSÃO S.A.
CNPJ 06.981.176/0001-58 NIRE 31300020550
ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS
CONVOCATION

The stockholder Companhia Energética de Minas Gerais is hereby called to the Ordinary and Extraordinary General Meetings of Stockholders to be held jointly on April 25, 2008 at 5 p.m. at Av. Barbacena 1200, 12th floor, B1 wing, in the city of Belo Horizonte, Minas Gerais, to decide on the following matters:

1 Examination, discussion and voting on the report of management and the financial statements for the year ended December 31, 2007, and the respective complementary documents.

2 Allocation of the net profit for 2007, in the amount of R$ 747,024,000, in accordance with Article 192 of Law 6404 of December 15, 1976 as amended.

3 Decision on the form and date of payment of the obligatory dividend, in the amount of R$ 709,673,000.

4 Alteration in the composition of the board of Directors, if there is a change in the composition of the Board of Directors of Cemig.

5 Election of sitting members and substitute members of the Audit Board.

Belo Horizonte, Brazil, March 6, 2008.

Marcio Araujo de Lacerda

Chairman of the Board of Directors

PROPOSAL BY THE BOARD OF DIRECTORS TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS TO BE HELD, TOGETHER, ON APRIL 25, 2008.

To the Stockholder Companhia Energética de Minas Gerais:

The Board of Directors of Cemig Geração e Transmissão S.A.

in accordance with Article 192 of Law 6404, of December 15, 1976 as amended, and Clauses 20, 21 and 22 of the Bylaws, and considering the financial statements for 2007, presenting profit of R$ 747,024,000,

proposes to you that the net profit for 2007, in the amount indicated, should be allocated as follows:

1) R$ 37,351,000, or 5% of the net profit, to the Legal Reserve, in accordance with sub-clause a of the sole sub-paragraph of Clause 21 of the Bylaws.

2) R$ 709,673,000 to payment of dividends, as follows:

2.1) R$ 188,118,000 in Interest on Equity:
R$ 94,394,000, under Board Payment Decision (CRCA) 043/2007, of June 29, 2007;
R$ 46,506,000, under CRD 400/2007, of September 26, 2007; and
R$ 47,218,000, under CRD 562/2007, of December 18, 2007;

2.2) R$ 521,555,000 in complementary dividends.

the payments of dividends and Interest on Equity to be paid in two installments, 50% by June 30 and 50% by December 30, 2008, and may be brought forward depending on availability of cash as decided by the Executive Board.

Appendix 1 summarizes the Cash Budget of Cemig Distribuição S.A. for 2008, approved by the Board of Directors, characterizing inflow of funds and disbursements for compliance with the allocations of the profit for the year.

Appendix 2 summarizes the calculation of the dividends proposed by Management, according to the Bylaws.

Belo Horizonte, Brazil, March 6, 2008.

Marcio Araujo de Lacerda Chairman

Djalma Bastos de Morais Vice-chairman

Aécio Ferreira da Cunha Member

Alexandre Heringer Lisboa Member

Andréa Paula Fernandes Pansa Member

Antônio Adriano Silva Member

Carlos Augusto Leite Brandão Member

Evandro Veiga Negrão de Lima Member

Francelino Pereira dos Santos Member

Haroldo Guimarães Brasil Member

José Augusto Pimentel Pessôa Member

Maria Estela Kubitschek Lopes Member

Wilson Nélio Brumer Member

Wilton de Medeiros Daher Member

APPENDIX 1 TO THE PROPOSAL BY THE BOARD OF DIRECTORS

TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS

TO BE HELD, JOINTLY, BY APRIL 30, 2008

CASH BUDGET FOR 2008

CEMIG GERAÇÃO E TRANSMISSÃO S.A.

In current R$ 000

Description	Total 2008	AV %
A - INITIAL BALANCE	**846.078**	
B - FUNDS	**3.476.165**	**100,0**
Raised	3.475.141	100,0
Capital resources / assistance	1.024	0,0
Other		
C - DISBURSEMENTS	**3.476.668**	**100,0**
Capital expenditure program	337.660	9,7
Expenses budget	865.080	24,9
Expenses	625.083	18,0
Transport of power	239.997	6,9
Taxes	1.210.524	34,8
Debt servicing	521.686	15,0
Dividends / Interest on Equity	541.718	15,6
D - FINAL BALANCE (A+B-C)	**845.575**	

(*) Approved by CRCA - 098/2007, of 29-12-20/07, with the following adjustments:

- Substitution of the initial cash balance by the actual amount on 31-12-2007;

- Substitution of Dividends and Interest on Equity by the amount proposed for payment of dividends to stockholders.

APPENDIX 2 TO THE PROPOSAL BY THE BOARD OF DIRECTORS TO THE ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS TO BE HELD, TOGETHER, BY APRIL 30, 2008.

STATEMENT OF CALCULATION OF DIVIDENDS PROPOSED
CEMIG GERAÇÃO E TRANSMISSÃO S.A

	31/12/2007 R$ 000
Obligatory dividend	
Net profit for the year	747,024
Obligatory dividend 50.00% of net profit	373,512
Dividends proposed -	
Interest on Equity	188,118
Complementary dividends	521,555
Total	709,673
Dividend per thousand shares - R$	
Dividend under the Bylaws	128.94
Dividends proposed	244.99

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ITEM 8

2007 Management Report

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Contents continued

REPORT OF MANAGEMENT FOR 2007

Dear Stockholders,

Cemig submits for your consideration the report of management and the financial statements and opinions of the audit board and the external auditors on the business year ended December 31, 2007. The principal information in this report refers to the activities of the holding company and the companies in which the company has 100% control, principally Cemig Distribuição S.A. (Cemig Distribution) and Cemig Geração e Transmissão S.A. (Cemig Generation and Transmission).

MESSAGE FROM MANAGEMENT

After the first wave of consolidation in Brazil s electricity sector, which we led with the acquisition of the distributor Light S.A. and of TBE, a group of companies operating five transmission lines, we began 2007 preparing to face greater competition due to the success achieved in 2006.

With the positive perception of the investments that we made, the investor market to some extent woke up to the opportunities for growth through acquisitions. As a result, the difficulty of acquiring good assets increased significantly, principally for us, who have specifically-established targets for returns to our stockholders, based on our Long-term Strategic Plan, which are part of our strategy for ensuring sustainability in the growth of our business.

For us, the great challenge for 2008 is to re-establish our position of leadership in the process of consolidation of the Brazilian sector and to achieve this it has been necessary to make some changes in the way we manage our Strategic Plan.

Firstly, we made some changes in our Bylaws, aiming to make the decision process faster, and to adapt the organizational structure better to the new competitive context.

We restructured the process of strategic planning to enable the structural changes to be incorporated as soon as they are identified. This aspect will add a new dynamic in evaluation of the impacts caused by changes, and commit a larger number of executives to re-directing strategic initiatives to achieve the targets established in our Strategic Plan.

We have created the Chief New Business Officer s Department, and the Chief Trading Officer s Department, aiming to give more flexibility and competitiveness to the two segments that are most exposed to the investor market and electricity trading. We believe that this new structure will enable us to identify opportunities in both markets faster, principally those related to acquisition of new assets, and capturing of the benefits arising from these acquisitions.

At the same time, we continue to seek operational excellence in our assets which will also be submitted to a process of review to make them more efficient and economic. For this process we will contract a consultancy company with international reputation, able to bring us new practices which, jointly with our present practices, will provide a reduction of costs that will add not only great value for our stockholders, but also benefits to the consumers served by our distribution company.

We continue to implement our human capital management policy with a view to definitively achieving a better remuneration practice for our employees linked to their performance. This will materialize efficiency gains obtained by the review of plans to increase productivity and profitability.

In 2007 we achieved net profit of R$ 1.7 billion, with cash flow as measured by Ebitda totaling R$ 4.1 billion. The cash flow ensures we have the funds necessary for our expansion. In the period 2004 2007 we have exceeded the net profit target set in our Long-Term Strategic Plan by 2.9%.

These results in line with our forecasts disclosed to the market have placed our performance among the best in the Brazilian electricity sector. Meanwhile, as our published reports show, all our indicators are in line with the targets of our Plan, and with the limits specified in our bylaws preserving one of the pillars of our growth strategy, which is the company s financial health.

We highlight investments we have made that will provide additional gains when they mature. In the last five years, we have invested more than R$ 6.2 billion in our electricity generation, transmission and distribution activities. The *Light for Everyone* program alone to provide universal access to public electricity service has represented investment of R$ 1.6 billion over the last two years. The immediate material outcome of these investments has been connection of 279,000 new consumers in 2007, making an enormous reduction in the number of people who live in the rural areas of Minas Gerais State without access to electricity.

As well as the investments in distribution we have made accentuated investment in transmission and generation projects. One highlight is our participation in the winning consortium at the auction for implementation of the Santo Antônio hydroelectric plant, the first plant of the Madeira river complex. This auction took place in December 2007. The plant, with installed capacity of 3,150 MW, in scheduled to start operating in 2012, and is thus expected to make a significant contribution to guaranteeing Brazil s electricity supply in the next decade. A presence in the Amazon region is an essential element in our strategy in generation, because that region holds 60% of Brazil s potential for new hydroelectric generation projects.

We are continuously seeking to improve our relationship with stockholders and investors, and have now further facilitated their access to our securities with the launch of ADRs for our common (ON) shares on New York stock exchange, on June 12, 2007. In 2007 we also made a reverse split, bringing the unit basis for trading on the São Paulo stock exchange exactly into line with that of the ADRs in New York and the unit trading price on Madrid s Latibex exchange.

On average over the year, our shares had the second highest market capitalization in the Brazilian Electricity Sector in 2007. Our market cap. at year-end was R$ 16 billion, reflecting uncertainties on the credit market in the United States, the risks of the tariff review, and uncertainty on the return from the Santo Antonio project. For the latter, we reaffirm our secure confidence in the decision to invest, because we are strongly confident that we will obtain a return compatible with our investment policy. Unfortunately, due to the existence of a confidentiality agreement, it has not been possible to give the required transparency to the investor market. As soon as the confidentiality agreement permits, we will provide information complementary to that published so far, and this will enable everyone to deduce that our decision is in line with our investment policy.

We are confident that, through responsible and sustainable corporate practices, allied to our commitment to add value over the long term, our stockholders will continue to have an adequate return for their investments.

This positioning has placed us, once again, among the world leading companies according to the Dow Jones Sustainability World Index. We have also been recognized as the best company in the utility sector worldwide (the supersector including electricity, gas, water, and other public utility services all over the world).

As well as international recognition which once again reaffirms our status as a world-class company we have been recognized by our clients as the Best Electricity Concession in the Brazilian Southeast (in the category of companies with more than 400,000 consumers), by the IASC (Aneel Consumer Satisfaction Index) for 2006.

We are aware of the challenges of 2008, in which the economic environment will be one of considerable uncertainty and instability, led by the growing concern on Brazil s ability to ensure that it has enough supply of electricity in the coming years. In this scenario, Cemig presents itself as a leading company, investing with rigid financial discipline, which guarantees creation of value, with solid fundamentals in its electricity generation, transport and distribution businesses, guided by permanent updating in accordance with the demands of the electricity sector, and best corporate management practices.

Finally, we thank our stockholders for their trust in our work, and especially our majority stockholder the State of Minas Gerais, represented by Governor Aécio Neves. We also thank our employees for their commitment and dedication, and our clients, suppliers, and all those who have played a role in our successful 55-year history.

THE ECONOMIC CONTEXT

2007 was a year of improvement in practically all the indicators of the Brazilian economy.

The economy grew significantly in the year, with GDP posting growth of 5%, according to financial market estimates, led by the strength of the domestic market.

The gradual and continuous reduction in interest rate contributed to the growth of the Brazilian economy in the year the Selic rate was reduced from 13.25% p.a. at the end of 2006 to 11.25% at the end of 2007.

Continuation of the process of reduction of interest rates in 2008 will mainly depend on the behavior of inflation, which the increase has caused some concern at the end of the year. Even with this increase, the inflacion acumulated from January to December, measured by IPCA - Índice Nacional de Preços ao Consumidor Amplo was 4.46%, within the target established by the country s monetary authorities.

Brazil continues to achieve a significant trade surplus among the largest in the world: R$ 40 billion in 2007, although this was 14.1% less than in 2006. Exports grew 17% in the year, boosted by the increase in prices of exported basic products, while imports increased faster, by 32%, from 2006.

This reduction in the trade balance partly reflects the strengthening of the Brazilian Real against the US dollar. The dollar depreciated against the Real by more than 17% in the year from R$ 2.1380 / US$ at the end of December 2006 to R$ 1.7713 / US$ at the end of December 2007.

Further significant growth in the Brazilian economy is expected in 2008 and, as a counterpart, greater concern on the part of the monetary authorities to maintain inflation within targets a factor which could mean a slowing of the fall in interest rates.

The growth that is expected in the Brazilian economy in 2008 will have a direct impact on consumption of electricity, and this makes it even more necessary to increase investments in expansion of electricity supplies significantly, and also to maintain a regulatory environment that stimulates the entry of new investors into the sector.

OUR BUSINESS

Cemig is an operator of significant scale in the electricity sector, having set up numerous companies to manage its assets.

Geographical coverage

As shown in the map below, Cemig operates in various regions of Brazil, primarily concentrated in the Southeast, and also outside Brazil in Chile, where it is working on construction of the Charrúa Nueva Temuco transmission line, scheduled for startup in the second half of 2008.

Stockholding structure

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(1) Has also electricity transmission activity

(2) The RME - Rio Minas Energia has 54.20% interest of Light S.A.

(3) Subsidiaries of Cemig Geração e Transmissão S.A. (jointly controlled) of generation and sale of electricity. They are at development phase.

VALUE OF THE CEMIG BRAND

At present, in the information age, products, machines and equipment can mean less for companies than image, know-how, brand, technological development capacity and even intellectual capital intangible assets, which when measured can often have market value much greater than that of the tangible assets recorded in the accounts.

In this context Cemig, in a pioneering move in the electricity market, decided to value its brand, in relation to strategic objectives of management and mitigation of risk. A panel of Cemig brand indicators was included in the company s Balance Scorecard, and also an internal process of brand management.

The strength of the brand can be seen in the relationship with clients, stockholders, opinion formers (such as specialized media, environmentalists, NGOs, prefectures, etc), investors and employees.

The value of the Cemig brand was calculated by the method based on Economic Use, by Brand Finance, one of the world s leadings specialists in brand valuation. Brand Finance s method seeks to recognize the future value of profit flows generated by the brand as a result of the pact made with its clients and other stakeholders. Hence it is based on discounted value of future profits generated by the brand, with the profit attributed to tangible and intangible assets being valued separately.

Based on indicators or drivers of value of the brand in the relationship with stakeholders, the brand s contribution to the business was determined on the basis of a quantitative survey of its publics, assessing the performance of the Cemig brand in the following value drivers: credibility, the company s trust and solidity, innovation and technology, ethics and transparency, quality, management practices, development attitudes, image, prices and contractual conditions, technical support and service, social and environmental responsibility, association with the State.

The resulting of the Cemig brand can be summarized in this diagram of two different scenarios:

STRATEGIC PLANNING

Cemig s strategy seeks to maximize value for its stockholders, in a sustainable manner, and in obedience to its long-term Strategic Plan (for 2005-2035), which establishes the financial basis for the strategic planning.

To execute the strategy focus is directed to expansion of the area of operation (electricity and gas) in the whole of the territory of Brazil, within the limits set by the regulatory environment; and initial investments in international projects. In 2007 an example of our growth strategy was our participation in the Madeira Energia consortium, which won the auction to operate the Santo Antônio hydroelectric complex on the Madeira River in the Amazon region.

The strategy also seeks constantly to add value for stockholders and the public, through a dividend policy that is recognized as attractive; through commitment to social and environmental responsibility; profitability of the businesses; integrated risk management, operational efficiency; and an agreeable environment to work in.

Another important step for Cemig was the implementation of a new management strategy model, based on a structured flow of meetings that makes greater alignment and focus possible, and makes the process of strategy planning and management a continuous one. The proposed model includes the possibility of structured strategic planning, and also immediate repositioning, when necessary, through a system of strategic alerts that can be activated for any need or opportunity. Senior management is the focus and principal user of the model, which can also activate any area of the corporation. Strategy management is the concept adopted, which incorporates traditional strategic planning into management best practices.

In 2006 the process of implementation of this tool focused strongly on translation of the corporate strategy into operational terms, with our strategic maps for our businesses being updated and validated and corporate maps and strategic panels of the support processes also being built, each one with their strategic objectives and performance indicators, so as to meet the principal indicator directly derived from the Long- Term Strategic Plan.

In 2007 efforts were centered on alignment between the strategy and decision on targets for all the company s business areas for the next five years, and decisions on initiatives that will achieve the corporate strategy.

All these efforts aim to make Cemig one of the largest companies in the Brazilian electricity sector. For this, Cemig is seeking and will seek opportunities for acquisition of existing assets and increase of competitiveness in the auctions for expansion of generation and transmission in which it takes part, as well as constantly seeking operation efficiency and alignment to the overall strategy.

With the current phase of consolidation in this sector, growth becomes a challenge for Cemig and above all a condition for successful survival.

CAPITAL EXPENDITURE

As well as the permanent focus on generation, transmission and distribution of electricity, Cemig has been developing various synergies to its principal business, taking its brand into other sectors such as telecommunications, energy efficiency services, and others, aiming always to increase profitability and strengthen its market position.

The Works Prioritization Committee was organized in the late 1990s and analyses the expansion projects contained in the Five-year Business Plan, recommending execution to the Executive Board and ensuring that there is the minimum return demanded by the Board of Directors.

The mainly investiments of CEMIG, net of divestiture, were as follow:

	2007	2006	Change, %
Generation	279	206	35.44
Distribution	861	1,130	(23.81)
Transmission	78	359	(78.27)
Sale of the Way Tv	(49)		
Other	22	25	(12.00)
	1,189	**1,720**	**(30.87)**

Generation

Cemig and its subsidiaries own 62 power plants, of which 57 are hydroelectric, four are thermal and one is a wind power plant, with total installed capacity of 6,678MW.

<u>Expansion in electricity generation</u>

The main electricity projects under construction are:

Project	Power	Cemig stake	Startup expected
Baguari plant	140MW	34.00%	2nd half 2009
Cachoeirão PCH (Small Hydro Plant)	20MW	49.00%	2nd half 2008
PCHs of Guanhães, Senhora do Porto, Fortuna II and Jacaré	44MW	49.00%	1st half 2009

A highlight in the year was Cemig s participation in the auction for the Santo Antônio hydroelectric plant on the Madeira River, in the Amazon region, in December 2007, as a member of the winning consortium. This 3,150MW plant, in the basin of the Madeira River, will be built in partnership with other companies. Cemig Geração e Transmissão S.A. (Cemig Generation and Distribution) has 10.0%. Startup is scheduled for the year 2012.

Hydroelectric inventory surveys:

The following partnerships were entered into for hydroelectric inventory studies to obtain information on the energy potential of the state of Minas Gerais:

River	Partners	Power	Partnership started
São Francisco	Chesf	1,400MW	Jan 07
Paracatu	Engevix	47MW	Jan 07
Jequitinhonha and Araçuaí	Neoenergia and Furnas	990MW	Aug 07

Feasibility studies of hydroelectric and thermal plants:

Partnerships were entered into with important agents of the Brazilian hydroelectric generation sector for joint development of technical, economic, financial and environmental feasibility studies of hydroelectric and thermal plants, respectively totaling some 1300MW and 70MW of installed capacity.

The Minas Small Hydro Plant (PCH) Program

The aim of the Minas PCH Program is to increase Cemig s generation capacity through building of small hydro plants (PCHs) in Minas Gerais state, developing alternative energy sources and also generation from within the locations in the network, contributing to development of regional markets in the state.

Consumers of the energy generated by the PCHs will benefit also from tax and other benefits applicable to consumers of electricity from renewable sources. Renewable-source generation projects are eligible under the Clean Development Mechanism (CDM) concept, involving obtaining of carbon credits.

PCHs are built and operated through special-purchase companies whose stockholders are companies authorized by Aneel, investors and Cemig (with 49% stake). Sales are made through sales contracts signed between the special-purpose company and the consumer.

As well as the projects with construction currently contracted or under way, the Minas PCH program has 15 other PCHs registered a total of 209.4MW of installed capacity, of which Memorandums of Understanding have been signed for 68.5MW, 64.9MW is the subject of confidentiality agreements, and 76.0MW has an analysis of documents completed.

Modernization and revitalization of plants:

Cemig has been carrying out a broad-based program of modernization and revitalization of some of its plants, with capital expenditure approximately R$ 250 million in the period of 2002-2009.

Three major projects on progress:

- Modernization of the Três Marias Plant (396MW) with investment of R$ 53 million, for completion in 2008, which includes technological updating of the various control systems and refurbishment of its generating units, making automation of the whole facility possible.

- Modernization of the generating units of the Jaguara plant (424MW) with investment of R$ 60 million. This plant started operating in 1971, was totally modernized between 2004 and 2007, and the current modernization project includes technological updating of the regulation, startup and protection systems, as well as partial refurbishment of the generators. Modernization of the generating units has resulted in gains in operational reliability, more efficient physical and electrical protection, and a better response to system oscillations.

- General refurbishment of the four generating units of the Salto Grande hydroelectric plant (102MW). Investment is estimated at R$ 17 million, for conclusion in 2009, including refurbishment of the generators and rotors, with significant gains in the plant s efficiency and reliability.

The sugar and alcohol sector

Under the Minas Gerais Program to Stimulate Development of the Sugar and Alcohol Sector, letters of intent are being signed by Cemig and various bodies of the state government with sugar and alcohol mills planned for construction in Minas Gerais.

Cemig has been holding meetings with groups that plan to set up new sugar/alcohol mills or modernize their existing plant, so as to map the potential for co-generation and sale of new electricity, and to present a proposal for partnership by Cemig in co-generation and/or sale of electricity.

45 sugar/alcohol operations to be built in Minas Gerais have been identified, with potential co-generation capacity of the order of 2,200MW by 2015 providing excess energy for sale of 1,300MW during the harvest.

Transmission

The main projects in progress are:

The 75-km 345kV Furnas Pimenta transmission line, to be built by Companhia de Transmissão Centroeste de Minas, in which Cemig has (51%) and Furnas (49%). The investment is R$ 47.7mn, Cemig participating with R$ 24.3mn. Startup is planned for January 2009.

Construction of the Charrúa Nueva Temuco transmission line in Chile: This is a double-circuit, 220kV line with total length of 205km, and two sections between the Charrúa and Nueva Temuco substations, in the Central Region of Chile. Cemig has a stake of 49%, and Alusa 51%. They have formed the company Transchile Charrúa Transmisión S.A. to implement, operate and maintain the facility, with startup date scheduled for January 2008. The investment is US$63.4mn, Cemig participating with US$31.1mn.

The main projects that started operation in 2007 were:

The 140-km, 345kV Itutinga Juiz de Fora transmission line, being built by Companhia Transudeste de Transmissão, in which Cemig has 24%, Alusa 41%, Furnas 25% and Orteng 10%. The total cost of works was R$ 68 million.

The 65-km, 230kV Irapé Araçuaí transmission line, and the Irapé and Araçuaí substations, being built by Companhia Transirapé de Transmissão, in which Cemig has 24.5%, Alusa 41%, Furnas 24.5% and Orteng 10%.<0} The total cost of works was R$ 59 million.

Distribution

The *Light for Everyone Program* universal access to electricity

Provision of access to electricity for all Brazilians throughout the country became an obligation under Law 10438 of April 26, 2002, amended by Law 10762 of 11 November, 2003. Aneel has the task of establishing targets for universalization of access to public electricity service, for consuming units with load of up to 50 KW served at secondary voltage, and without any charge whatsoever for the party applying for service.

The *Light for Everyone* (*Luz para Todos*) program instituted by the federal government in 2003 aims to bring forward the target for universalization , initially set for 2015, to the year 2008.

The total cost of the program up to December 31, 2007 was R$ 1,599 million. Funds came from the federal and state governments (R$ 593mn and R$ 79mn respectively), and the remaining R$ 927mn was financed from the company s own funds.

Approximately 56,000km of networks, corresponding to 22% of the entire rural network built by Cemig in the state in its 55 years of existence, was constructed between 2004 and December 2007, with installation of 106,000 transformers and 476,000 cable posts. Further, 1,700 photovoltaic panels were installed in those places where it was not possible to establish conventional networks, due to obstacles such as environmental issues, distance, and physical barriers.

The market served by the program, as well as rural producers and establishments, includes populations affected by dams, municipal and state schools, community water supply wells, rural settlements, communities remaining from quilombos (ancient minority settlements) and racial minorities.

Approximately 180,000 rural properties were connected to electricity by the end of 2007, benefiting a population of approximately 840,000. There is at least one beneficiary in all of the 774 municipalities of Cemig s concession area, and in 475 of these municipalities the original potential market was even exceeded. This performance makes Cemig a champion of new connections in the program, among Brazilian concession holders.

With the continuous increase in the potential market arising from splitting up of properties, construction of new homes and normal vegetative growth, it is estimated that there are still 92,000 new consumers to be benefited by the program throughout the state. As a result Cemig Distribuição is dealing with the Federal Government to include new access to electricity inside the program to be executed in 2008 and 2009.

Public illumination improvement projects the *Reluz* program

Throughout the state, we are improving and modernizing public illumination systems introducing more efficient technologies, to reduce consumption at the peak times of the distribution system, and also to reduce operational costs, while increasing safety conditions and quality of life in the state s cities.

Projects for improvement and expansion of public illumination were carried out at some 52,000 points in 2007, for investment of the order of R$ 14 million mainly in the metropolitan region of Belo Horizonte.

The *Cresce Minas* Program

This program, approved by the Board of Directors and the Executive Board, to be executed in 4 years over the period 2006-2010, in the amount of R$ 759 million, aims to improve the quality of electricity supply to meet the new demand in the Minas Gerais market caused by the resumption of growth, expansion of the markets associated with irrigation and agribusiness; and recovery and maintenance of the levels of service quality within the regulatory parameters.

The *Cresce Minas* program is made up of works to reinforce distribution substations, lines and networks in the state of Minas Gerais, including 687 km of distribution lines, 11 new substations and 101 works of expansion of various existing substations.

This group of works will benefit approximately 340 municipalities (41% of the total), a population of approximately 4.1 million, and some 1.1 million consumers throughout the state.

Natural gas

Brazil s natural gas industry suffered its first supply crisis in 2007, obliging Petrobras, the country s main supplier, to seek alternative sources, under various types of contract.

The events in Bolivia led to a change in compliance with the levels of supply previously contracted with that country, and showed the importance of reducing dependence of the Brazilian gas market on supply from the Brazil-Bolivia gas pipeline (Gasbol). The action taken by Petrobras to contract imports of liquefied natural gas (LNG) are part of the medium-term response to this situation supply will begin in 2008.

Over a longer horizon, it is still necessary to speed up projects for gas exploration and production in Brazilian deposits, and also to apply policies that aim for a greater integration of Brazil with other Latin American countries in terms of energy, as well as expanding gas transport infrastructure for delivery of the natural gas produced domestically, and to be imported.

In 2007 Brazil consumed an average of 42 million m^3/day, of natural gas, led by the Southeastern region with 2/3 of this volume. The most important consumer, industry, consumed 59% of the total volume followed by the thermal electricity distribution industry with 26%, the automobile industry with 13%, and other sectors with 2%.

Expansion of Gasmig s network has made it possible to distribute natural gas to a higher number of clients: 276 at the end of 2007 (169 companies, 90 vehicle natural gas stations, and 2 thermal electricity plants, 7 compressed natural gas distribution bases, and 8 clients consuming liquefied natural gas). This was an increase of 5.75% in the number of clients from 2006. There was a reduction of 13.47% in the total volume of sales, led by the reduction of consumption by thermal plants, where there was a significant fall of 60.77%. However, considering only the market for conventional gas, the volume of gas sold increased 3.51%, reflecting increased consumption, mainly by industrial clients.

Telecoms

2007 was a positive year for the telecoms sector, with continuation of the expansion in mobile telephony in recent years. Voice services, currently the main generator of revenue for the mobile operators, are estimated to provide 80% of total sales. This trend is expected to continue in 2008 but the sector is looking for a way of reversing this trend, in which clients would use other services.

A highlight is the launch of the first 3G network, offering broadband services. Following the trend in the telecoms market, Empresa de Infovias expanded the Ethernet technology network initially to meet the demand of the mobile operator TIM in the 3G Project . This project consists of a third generation network able to offer clients broadband service by mobile phone at high transmission speeds.

Infovias was classified by the *Anuário Telecom 2007* as the second most efficient company in the category *Services Network Infrastructure*. This was based on the company s results for 2006. Speed and quality in service to clients and competitive prices were vital factors in the company s performance in 2007.

Even greater growth in the telecom sector is expected in 2008 than in 2007, led by broadband access. It is clear that there will be intense construction of both 3G and Wimax networks in Latin America in 2008, to increase broadband penetration, which is currently between 3% and 5% compared to approximately 20% in more developed regions.

The outlook for Infovias this year is for investment in important projects for consolidation in the sector, and growth of its revenue. The Board of Directors has approved the SIM (Integrated Services) Project to provide telecom services (including voice, IP telephony, telemetry and internet) in 50 cities of Minas Gerais state initially for Cemig, and potentially for the local corporate market. Total planned investment in 2008 is R$ 59.5 million.

Other businesses

In partnership with Concert Technologies S.A., Nansen S.A. Instrumentos de Precisão, Leme Engenharia Ltda. and FIR Capital Partners Ltda, Cemig created Focus Soluções Tecnológicas S.A., the name of which will be changed to Axxiom Soluções Tecnológicas S.A., to offer solutions in technology and systems for operational management of public service concession holders, including electricity, gas, water, and sewerage and other public utility companies, offering the following:

-
- Integration of new solutions, developed by it or by other companies, into existing systems;
- development and implementation of specific solutions;
- offer of hardware or consultancy contract services for integrated solutions; and
- development, supply and sale of the equipment, software and systems necessary for the solutions offered.

ELECTRICITY SALES

Electricity auctions

In 2007 Cemig took part in several auctions in the Regulated Market and Free Market, as follows:

Trading in the Regulated Market

DATE	Auction	Power bought by Cemig Distribution	Average Price (MWh)		Power sold by Cemig Generation and Transmission	Average price (R$ /MWh)	
6/18/2007	Alternative sources	61MW average (15 years)	R$	138.85			
6/18/2007	Alternative sources	20MW average (30 years)	R$	134.99			
7/26/2007	A-3	431,173MW average (15 years)	R$	134.67			
9/27/2007	6th Adjustment Auction	3,5MW average (1 year)	R$	138.74	60MW average (1 year)	R$	139.04
10/16/2007	A-5	56MW average (30 years)	R$	128.73	43MW average (30 years)	R$	125.90
10/16/2007	A-5	126MW average (15 years)	R$	128.73			
12/10/2007	Santo Antonio	30,002,603.786 MWh (30 years)	R$	78.87			

Auctions in the Free Market

Cemig Generation and Transmission sold 32,323 GWh, and acquired 3,879 GWh from Free Clients and traders in auctions held in the Free Market (ACL) held by Cemig Generation and Distribution itself or by third parties.

Development of the energy market

Cemig s consolidated market consists of the markets of the companies Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A., and also of other subsidiary companies, mainly Light S.A.. Through the various companies in its group, Cemig operates in all the sectors of the electricity industry and, with a diversified portfolio, serves captive and free final clients, as well as trading energy with other agents that operate in this market.

After the strong migration of captive clients to the free contracting environment that took place in 2005, in the following years some consumer units opted for free acquisition of energy, but less frequently. In 2007, twelve consumers migrated from the captive market to the free contracting environment, representing 0.8% of the energy supplied by Cemig Distribuição S.A. Of these, four units contracted energy from sources benefiting from tax and other incentives, with subsidiaries of the Cemig group, and one unit with Cemig Geração e Transmissão.

The good performance of the Brazilian economy, sustained by the dynamism of the domestic and external markets, associated with the sales strategies adopted by Cemig in the free market and the acquisition of Light, in August 2006, through the RME (Rio Minas Energia S.A. consortium), contributed to the growth of sales of electricity in 2007.

Retail supply of electricity

Total electricity sold GWh

Type	**2003**	**2004**	**2005**	**2006**	**2007**	**Change, % 2007/2006**
Industrial	21,715	23,071	23,472	23,973	24,686	2.97
Residential	6,529	6,526	6,590	7,430	8,649	16.41
Commercial	3,402	3,537	3,754	4,439	5,549	25.01
Rural	1,783	1,846	1,941	1,942	2,212	13.90
Others	2,478	2,499	2,573	2,970	3,507	18.08
Total sold to final consumers	**35,907**	**37,479**	**38,330**	**40,754**	**44,603**	**9.44**
Wholesale supply	621	364	1,255	11,472	13,236	15.38
Own consumption	55	54	29	37	53	43.24
Total	**36,583**	**37,897**	**39,614**	**52,263**	**57,892**	**10.77**

As shown, the volume of Cemig s energy sales increased from 2006 in all consumer classes. The sales of Light, which are taken into account in proportion to Cemig s stockholding in the RME consortium (25%), add 5,791 GWh to total consolidated sales in 2007.

The highest relative growth was in the commercial and residential user categories: 25.01% and 16.41%, respectively. The growth in those categories reflects the stake in Light, which added 1,836GWh to the residential category and 1,439GWh to the commercial category. Together these two categories correspond to 56.55% of Light s total retail supply of 5,791 GWh.

The main variations in the consumer categories, as well as the effect arising from the consolidation of Light in the 12 months of 2007 compared to 5 months in 2006 reflects the following factors:

- Consumption grew in the Residential user class grew due to the increase in the number of consumers billed, and the good performance of conditioning factors such as increasing employment and real income, abundant supply of credit and growth in the volume of sales of household appliances.

- The Industrial category grew 3.0%, reflecting sales to free clients, in turn reflecting greater use of contractual flexibility and also the company s efforts to make contracts with new clients, including clients outside the company s concession area.

- The commercial category grew by 25.0% from 2006, also reflecting the increase of consumption by the main commercial activities in Minas Gerais, such as: retailing (5.2%), accommodation and food (4.5%) and communication services (8.7%).

- In the rural category, the growth in new conventional consumer units connected by the *Light For Everyone* program, and the growth in consumption for irrigation, reflecting lower rainfall and higher temperatures, led to an increase of 13.9% in consumption, from 2006.

Breakdown by category, %

Breakdown by revenue, %

Tariff adjustment and review

Tariff adjustment

The tariff adjustment in effect from April 8, 2007 applied different rates of increase by category of consumption, aiming to gradually eliminate the cross-subsidies existing between the consumer groups. The average increase in electricity bills was 5.16%; low-voltage users paid an increase of 6.50%, while high-voltage users had an increase of 2.89%.

The Tariff Review

Aneel, the Brazilian electricity regulator, is in the process of review of retail supply tariffs and the Charge for Use of the Distribution System (TUSD) of Cemig Distribution, this being the second cycle of review corresponding to the period 2008 13. The public hearing was set for March 5, 2008, and the new tariffs will come into effect on April 8, 2008. The average percentage of adjustment, disclosed on a provisional basis by Aneel, corresponds to a reduction of 9.72%. To arrive at this value, parameters were taken into account for the first cycle, which are also being adjusted, such as indicators of productivity, the value of the asset base to be remunerated, and the company s average cost of capital. This provisional percentage may yet be altered as a result of contributions be received at the public hearing, and decision by Aneel on the actual value of the asset base to be remunerated in the second tariff review cycle.

Revision of permitted transmission revenue

On June 26, 2007, the date for annual readjustment of permitted revenues of transmission concession holders, Aneel published the various adjustments, by Homologation Resolution 496, to come into effect from July 1, 2007 up to June 30, 2008 for Cemig Geração e Transmissão.

The annual transmission revenue was increased by 3.07%, resulting from application of the IGP-M inflation index up to May, in the amount of 4.40%, and in counterpart, the effects of the first Periodic Review of the Assets of the Basic Network New Installations (RBNI) were incorporated, resulting in a reduction of 24.58% in the revenue from these assets, backdated to July 2005.

This resulted in calculation of an excess revenue for the previous periods, giving rise to a liability in the amount of R$ 31 million, which is being amortized in two portions, the first in the 2007-8 cycle and the second in the 2008-9 cycle.

Protection of revenue management of losses

Cemig Distribution is among the distributors with the lowest indices of commercial losses in Brazil, although there have been increases in recent years.

At present, the company s level of commercial losses is around 2.78% of the total amount of energy that enters the distribution system, this index being comparable to those of the best companies in the electricity sector worldwide. The Brazilian average is around 6%.

The results of identification and recovery of commercial losses total 147.8 GWh in 2007, an increase of 11.5% in relation to 2006. This corresponds to approximately R$ 108.7 million (increase of 20.8% from 2006), and also, approximately, R$ 91.4 million in losses avoided or increases of consumption by consumer units that were regularized.

In 2007, aiming further to increase the company s capacity for reaction to the increase in the practice of irregularities, several actions were taken, including:

Implementation of analysis of probability and risk of loss for each consumer unit where there is suspicion of irregularity, associated to the Web Inspection Orders Management system (WGOI), seeking greater efficiency in identification of units with irregularities, and strengthening the potential for results from the process.

Improvement in the corporate system for control of seals and meters made available, and also general rules for control of seals, seeking to ensure traceability of these devices and equipment.

Implementation and execution of the Value Addition Project (PAV) for protection of revenue, which showed the economic viability of actions to combat losses and default, providing a greater input of funds into these activities, with consequent addition of revenue.

Approval of the Revenue Protection Plan, focused on metering, to be put in place starting in 2008, aiming to focus on the question and treatment of commercial losses of Cemig Distribution, adding, to form a major project, technologies and actions to bulletproof the revenue from medium-sized and large consumers, and application of complementary technologies to the other consumers.

Development and incorporation of the system for management of losses in the new Clients Management System (SGC/SAP) acquired by Cemig which is in the process of being put in place, making the information fully traceable and available to all the those involved.

Retail supply quality

The charts below show the changes in Cemig Distribution s quality indicators.

Consumer outages: minutes/month

Consumer outages: hours/year (DEC)

Consumer outage frequency (FEC) Number of outages/year

Approximately 18% of the DEC and 13% of the FEC is for programmed outages effected to improve the network. These are preceded by notice to consumers, reducing the impact of temporary suspension of supply.

Service policy

Cemig has consolidated a group of Commercial Relationship Practices with its clients based principally on quality of its products and services, preservation of credibility with clients, stockholders and the public, and in the strength of its brand and its effective participation in social and economic development over the whole of its area of operation.

The company offers channels of relationship that enable clients to carry out transactions, complain, suggest and request services, efficiently and fast. the main channels available are: *Speak to Cemig* Fale com a Cemig); Service Branches (Agências de Atendimento); Relationship Agents (Agentes de Relacionamento); Simplified Service Posts (Postos de Atendimento Simplificado (PAS)); *Cemig Fácil* (Cemig Easy Access); and the Virtual Branch (*Agência Virtual)* which is available on Cemig s web portal: www.cemig.com.br.

As well as continuous investment in improvement of the existing channels Cemig seeks new forms of relationship to offer more convenient and fast options for contact with the company.

The client also has available, periodically, other relationship options through the Mobile Branch trailer and the *Cemig na Praça* (Cemig in the Main Square) program. Both aim to take Cemig to the client. The Mobile Branch trailer visits municipalities of some regions of the state providing services and orientation to the public. The *Cemig na Praça* program covers municipalities of all the regions, taking services, information and orientation to clients in a personalized marquee.

ECONOMIC FINANCIAL PERFORMANCE

In thousands of Reais, except where otherwise stated.

Net profit

Cemig s net profit in 2007 was R$ 1,735 million, which compares with net profit of R$ 1,719 million in 2006.

As shown by the table below, the largest contribution to Cemig s result comes from Cemig Geração e Transmissão (Cemig Generation and Transmission) and Cemig Distribuição (Cemig Distribution):

	2007	%	2006	%
Cemig parent company	(176)	(10.14)	124	7.21
Cemig Distribuição S.A.	771	44.44	770	44.79
Cemig Geração e Transmissão S.A.	747	43.05	614	35.72
Gasmig	46	2.65	44	2.56
Rio Minas Energia (Light)	148	8.53	35	2.04
Other	199	11.47	132	7.68
Consolidated net profit	**1,735**	**100.00**	**1,719**	**100.00**

OPERATIONAL REVENUE

OPERATIONAL REVENUE R$ million

	2007	2006	Change, %
Gross revenue from retail supply of electricity	13,285	11,135	19.30
Revenue for use of the network free consumers	1,946	1,789	8.78
Other	558	507	10.06
	15,789	**13,431**	**17.56**

Gross revenue from retail supply of electricity

Final consumers

The main impacts on 2007 revenues arose from the following factors:

- An increase of 8.69% in the average tariff, from R$ 245.73 in 2006 to R$ 267.08 in 2007, as a result of tariff increases allowed to Cemig Distribuição on April 8, 2006 (full effect in the 2007 business year) and April 8, 2007.
- 9.44% increase in the volume of energy invoiced to final consumers comments on the variations are in the item on *Sales of electricity*.

This chart shows quarterly and annual variations in retail supply:

GWh billed to final consumers

Quarterly Annual

There are more comments on retail supply and the tariff adjustment in the item on *Sales of electricity*.

Other concession holders

The volume of energy sold to other concession holders in 2007 was 13,236 GWh, which compares with 11,472 GWh in 2006 corresponding to R$ 1,210 million and R$ 709 million, respectively. This significant increase arises basically from the start up of the Irapé plant, in the second half of 2006, higher volume of electricity traded through contracts with electricity traders, and better prices negotiated by Cemig Generation and Transmission in 2007. We also highlight the exportation of electricity to Argentina in Uruguay in 2007, providing revenue of R$ 64 million. The average sale tariff in 2007 was 91.40/MWh compared to R$ 61.79/MWh in 2006, an increase of 47.92%.

Revenue from use of the grid

The increase in revenue from use of the network was 8.78% in 2007: R$ 1,946 in 2007, vs. R$ 1,789 in 2006.

The major item under this heading is the revenue from the TUSD (Tariff for Use of the Distribution System), charged by Cemig Distribution and Light to free consumers. This was 9.23% higher in 2007 than 2006 (R$ 1,313 miliions in 2007 vs. R$ 1,202 miliions. The increase primarily represents higher volume of electricity transported in 2007, reflecting the increase in industrial production and the migration of clients from the captive market to the free market, in 2007.

Additionally there was a reduction in revenue from the basic grid in 2007, of R$ 31 million, due to the review of the annual permitted revenues linked to the new facilities of the basic grid and other transmission facilities for electricity transmission concession holders, in obedience to Aneel decisions. There are more explanations in Explanatory Notes 23 and 27 to the Consolidated Financial Statements.

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 Non-current assets. As a function of the change in Aneel s accounting plan, some items were transferred to the item Deductions from Operational Revenues . There are more explanations in Explanatory Notes 2 and 8 to the Consolidated Financial Statements.

Deductions from operational revenues

Deductions from operational revenues amounted to R$ 5,544 million in 2007, compared to R$ 4,965 million in 2006, an increase of 11.66%. The principal changes in these expenses are as follows:

Fuel Consumption Account CCC

This relates to the operational costs of thermal plants in the Brazilian grid and isolated systems, split among electricity concession holders as specified by an Aneel Resolution. This is a non-controllable cost, and the amount recorded for electricity distribution service corresponds to the amount actually passed through to the tariff. For the amount recorded in relation to electricity transmission services the company merely passes through the CCC charge it is charged to free consumers on their invoice for us of the grid and passed onto Eletrobrás.

The total deduction from revenue for the CCC in 2007 was R$ 407mn vs. R$ 554mn in 2006, 26.53% lower mainly reflecting backdated charging in 2006 to some consumers, after homologation of the Contracts for Use of the Transmission System (CUST) by the National System Operator (ONS).

Energy Development Account CDE

The deduction from revenue for the CDE in 2007 was R$ 391 million, vs. R$ 334 in 2006, an increase of 17.0%. 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 provision for RGR in 2007 was R$ 145 million, vs. R$ 30 million in 2006. This reflects a positive adjustment in 2006 for the provision for 2004, in the amount of R$ 66 million, due to homologation of this expense by Aneel in a lower amount than was estimated by the company, and also an increase in 2007 of the accounting value of fixed assets in service, which is the basis for calculation of the expense.

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

	2007	2006	Change, %
Non-controllable costs			
Electricity purchased for resale	2,794	2,113	32.23
Financial compensation for use of water resources	137	139	(1.44)
Charges for use of the national transmission grid	650	664	(2.11)
	3,581	**2,916**	**22.81**
Controllable costs			
Personnel and managers expenses	968	1,088	(11.03)
Post-employment obligations	123	170	(27.65)
Materials	94	82	14.63
Raw materials and inputs for production	59	37	59.46
Outsourced services	620	504	23.02
Operational provisions	291	52	459.62
Gas purchased for resale	154	158	(2.53)
Depreciation and amortization	778	672	15.77
Other expenses, net	284	238	19.33
	3,371	**3,001**	**12.33**
	6,952	**5,917**	**17.49**

Operational costs and expenses (excluding Financial revenue (expenses)) totaled R$ 6,952 million in 2007, compared to R$ 5,917 million in 2006, an increase of 17,49%. This mainly reflects the change in the amount of energy bought through for resale, and operational provisions, partly offset by the reduction in the expense on personnel.

The principal changes in expenses are:

Electricity purchased for resale

The expense on this account in 2007 was R$ 2,794 million, 32.23% higher than the figure of R$ 2,113 million for this account in 2006. This is a non-controllable cost, with the expense recognized in the income statement corresponding to the value effectively passed through to the tariff. For more information please see Explanatory Note 30 to the financial statements.

Charges for Use of the Basic Transmission Grid

The expense on charges for use of the transmission network in 2007 was R$ 650 million, vs. R$ 664 million in 2006, a reduction of 2.11%. 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.

Personnel expenses

Personnel expenses in 2007 totaled R$ 968 million, vs. R$ 1,088 million in 2006, a reduction of 11.03%. This lower figure is primarily because of the provision made in June 2006 for indemnity to employees for their future anuênio rights, in the amount of R$ 178 million, partially offset by the 4% and 5% wage adjustment given to employees in November of 2006 and 2007, respectively, and the 1.50% increase in the number of employees of the Cemig Holding Company, Cemig Generation and Transmission and Cemig Distribution, which totaled 10,658 in December 2006, and 10,818 in December 2007. There is a breakdown of personnel expenses in Explanatory Note 30 to the Consolidated Financial Statements.

Depreciation and amortization

Deductions from operational revenues totaled R$ 778 million in 2007, compared to R$ 672 million in 2006, an increase of 15.77%.

This variation arises mainly from investments in the *Light for Everyone* program and the startup of the Irapé plant, in the second half of 2006. We also highlight the consolidation of RME, which added an expense of R$ 82 million in 2007 (vs. R$ 33 million in 2006) because RME was consolidated for the whole of 2007, but only five months of 2006.

Post-employment obligations

Expenses on post-employment obligations in 2007 were R$ 123 million compared to R$ 170 million in 2006, a reduction of 27.65%. These expenses basically represent interest on the actuarial liabilities of Cemig Distribution, net of the expected return on plan assets, as estimated by an external actuary. The reduction reflects higher growth of the assets of the pension plan than the growth in obligations to the participants.

Ebitda (earnings before interest, tax, depreciation and amortization)

Reflecting the above variations, Ebitda adjusted for non-recurring items is as follows:

	2007	2006	Change, %
Net profit	1,735	1,719	0.93
+ Provision for current and deferred income tax and Social Contribution	623	527	18.22
+ Non-operational revenue (expenses)	10	37	(72.97)
+ Financial revenues (expenses)	356	50	612.00
+ Amortization and depreciation	778	672	15.77
+ Employees profit shares	455	210	116.67
+ Minority interest	116	7	1.557.14
EBITDA	**4,073**	**3,222**	**26.41**
Non-recurring items (*)			
Cost of Energy Efficiency programs from previous years		85	
Indemnity for the anuênio		178	
+ CVA re-composition - TUSD		93	
+ Review of transmission revenue Homologation Resolution 496	31		
- Reversal of provision for RGR		(66)	
- CVA energy adjustments set by ANEEL	(29)		
ADJUSTED EBITDA	**4,075**	**3,512**	**16.03**

The non-recurring adjustments correspond to the company s interpretation on events which it deems to be extraordinary, not related to current operations.

As can be seen, Cemig s Ebitda increased significantly in 2007 and has increased by approximately 127% over the last five years reflecting the growing operational performance over that period.

Financial revenues (expenses)

The company posted net financial expenses of R$ 356 million in 2007, which compares with net financial expenses of R$ 50 million in 2006. The main factors in this financial result are:

- Reversal of the provision for losses on accounts receivable from the state of Minas Gerais, of R$ 99 million in 2006, due to the creation of a Credit Receivables Fund (FIDC) and signature of the 4th contractual amendment for renegotiation of the debt. For more information please see Explanatory Note 14 to the financial statements.

- Revenue for monetary variation arising from the General Agreement for the Electricity Sector in 2007 of R$ 405mn, compared to R$ 322mn in 2006, an increase of 25.77% arising mainly from accounting in the second half of 2007 of financial revenue of R$ 100mn in accordance with criteria for updating set by Aneel for the assets relating to transactions in free energy in the period of rationing. This change did not affect Net financial revenue (expenses) since there is a corresponding increase in the provision for losses in free energy (R$ 175 million in 2007, compared to R$ 86 million in 2006).

- Revenue from monetary variation and interest on the deferred tariff adjustment in 2007 was R$ 131 million, 34.17% less than its total of R$ 199 million in 2006. This mainly reflects the reduction of the size of the asset due to receipt of some of the values receivable into electricity accounts paid by clients. For more information please see Explanatory Note 13 to the financial statements.

- Net gain of R$ 110 million on currency variations in 2007, compared to a net gain of R$ 86 million in 2006, reflecting effects on foreign currency loans and financings. The appreciation of the Real against the dollar in 2007 was 17,15%, versus appreciation of 8.66% in 2006.

For a breakdown of financial revenues and expenses, see Explanatory Note 31 to the financial statements.

Income tax and Social Contribution

Cemig s expenses on income tax and the Social Contribution in 2007 totaled R$ 622 million, on profit of R$ 2,928 million before tax effects, a percentage of 21.24%. Cemig s expenses on income tax and the Social Contribution in 2006 totaled R$ 527 million on profit of R$ 2,463 million before tax effects, a percentage of 21.40%. These effective rates are reconciled with the nominal rates in Explanatory Note 12 to the financial statements.

Employees profit shares

In accordance with the 2007 Collective Labor Agreement Cemig allocated profit shares to its employees totaling R$ 455 million (R$ 210 million in 2006). For further information see Explanatory Notes 2 and 33 to the Consolidated Financial Statements.

LIQUIDITY AND CASH FLOW

At the end of 2007 Cemig s cash position was R$ 2,066 million (vs. R$ 1,402 million in 2006), an increase of R$ 664 million and 47.36% of growth.

Cash generated by operations in 2007 was R$ 3,213 million, compared to R$ 2,185 million in 2006. This increase of 47.05% in cash generated by operations mainly reflects the higher amount received in relation to regulatory assets and also the greater profit in 2007, adjusted for items that do not affect cash.

Financing activities represented outflow of cash of R$ 1,359 million, compared to outflow of R$ 532 million in 2006. This significant change primarily reflects the lower volume of loans and financings obtained in 2007 (R$ 1,855 million in 2007 vs. R$ 3,466 million in 2006), partially offset by lower distribution of dividends and Interest on (R$ 1,360 million in 2007 vs. R$ 2,072 million 2006).

The company s capital expenditure in 2007 was R$ 1,189 million, which compares with R$ 1,720 million in 2006, an increase of 32.0%. This result was principally due to the higher volume of funds invested in distribution activities, with the launch of the *Light for Everyone* (Luz Para Todos) program.

FUNDING AND DEBT MANAGEMENT

Cemig s debt management policy is focused on preserving credit quality. This concern translates into an express obligation in the bylaws to maintain certain financial indicators limited to numbers that denote the company s financial health.

Breakdown by Company

Cemig is a mixed private-sector/public-sector company, with the majority interest held by the Brazilian State of Minas Gerais, and as such is subject to rules for containment of public sector borrowing, which limit its financing alternatives. These limitations apply also to its subsidiaries which, indirectly, are also state-controlled.

Raising of funds from third parties in 2007 consisted mainly of transactions in the capital markets in the form of issues of promissory notes and debentures, supported by firm guarantees of placement of the securities from financial institutions. These transactions were to pay debt becoming due and to rebuild cash for the debts paid over the year. The high liquidity favored contracting of transactions on very favorable conditions.

In 2007 Cemig made its second public issue of non-convertible, unsecured debentures (in a single series): 40,000 debentures with nominal unit value of 10,000 issued on December 15, 2007, and subscribed and paid in full, for a total R$ 400mn. These debentures are indexed to the IPCA inflation index and return annual interest to 7.96% p.a. The principal is to be repaid in three equal portions in December 2015, 2016 and 2017, and interest is paid annually.

Banco do Brasil Investimentos S.A. gave a firm guarantee of placement and subscribed 46% of the issue. We highlight the total tenor of ten years for maturity, which was considered notable in the current situation: comparison with the remuneration on public securities of similar tenor and index (NTN-Bs) indicates that Cemig Distribuição S.A. raised funds at a cost very close to that of a risk-free asset. The combination of tenor and cost of this issue reflects the financial market and investors confidence in the company s credit capacity and its potential for growth.

On December 21, 2007 Cemig Generation and Transmission issued its 2nd issue of Promissory Notes in the total amount of R$ 200 million, maturing in 180 days, for interest at 101.5% of the CDI rate, with no guarantee from Cemig. Cemig Distribution also raised a total of R$ 159 million (excluding funds from the CDE) from Eletrobrás to finance the *Light for Everyone* program and the *Reluz* project.

Other highlights of 2007 are two project financings transactions by subsidiaries of Cemig for specific investment projects in transmission and generation:

- Transchile Charrúa Transmisión S.A a signed financing contract for 20 years for approximately US$51 million with the inter-American Development Bank on July 18, 2007. These funds will be used in construction of the 220 kV, 205-km Charrúa Nueva Temuco transmission line.
- The Cachoeirão Hydro Plant, a subsidiary of Cemig Generation and Transmission in partnership with Santa Maria Energética S.A., signed a financing contract for onlending of funds from the National Development Bank (BNDES) with Banco do Brasil on November 1, 2007 for R$ 71,3mn with tenor of 11 years.

Use of the banking market to meet financing needs has helped, in recent years, to increase the share represented by the CDI rate in the profile of Cemig s debt. With the issuance by Cemig Distribution ofdebentures indexed to ICPA inflation at the end of 2007, refinancing promissory notes indexed to the CDI, the resulting breakdown of Cemig s debt by indexor is now as follows:

Breakdown by Company

Breakdown of debt by indexor at December 2007

As shown in the next chart, the debt amortization timetable now has a satisfactory profile, with average tenor of five years, meeting the company s policy directive of avoiding concentration of debt coming due in the short term, mitigating the risk of refinancing and eliminating any pressure on cash flow that could reduce availability of funds for investment.

Debt Amortization Timetable Consolidated

December 2007, R$ million

Another of the company s directive guidelines, reduction of the average cost of debt, has been complied with: at the end of the year the average cost of debt was 7.94% p.a., at constant prices, also reflecting the federal government s policy of reduction of interest rates.

Average cost of the Consolidate

Our position of 6% of debt in foreign currency does not represent a material financial risk for the company, since a good part of it is contractually protected by indexor swap transactions. There is also a natural protection provided by energy sale contracts indexed to the US dollar.

In March 2007 Moody s Investors Service gave Cemig corporate rating of Ba2 on the global scale, and Aa3.br on the Brazilian national scale, an increase of five levels. This reflects Moody s view of improvement in the company s corporate governance and in its credit indicators on a consolidated basis, reflecting Cemig s strong cash flow, which Moody s believes to be sustainable in the short term, and also its improved profile and robust liquidity position.

Hedging policy

Our policy on hedging is primarily to give predictability to the cash flow and to the budget, over a moving horizon of 12 months, through transactions that reduce exposure and minimize negative impacts resulting from relative price variations.

The derivative instruments contracted by the company have the purpose of protecting operations against the risks arising from foreign exchange variation and are not used for speculative purposes. Transactions entered into take into account market liquidity, relative price of assets and concentration of debt servicing.

The Company has given priority to coverage of its FX liabilities through a natural hedge: contracting of electricity sales for prices indexed to the exchange rate, with some of its major consumers.

CORPORATE GOVERNANCE

Our corporate governance model is based on principles of transparency, equity and reporting, focusing on clear definition of roles and responsibilities in the Board of Directors and the Executive Board for formulation, approval and execution of policies in guidelines in conduct, approving and executing 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 undertakings, aiming to improve the relationship with our stockholders, clients, and employees, the public at large and other stakeholders.

Cemig s preferred and common shares have been listed under Corporate Governance Level 1 on the São Paulo stock exchange since 2001. This represents a guarantee of the best possible reporting of information, and also that stockholdings are as widely dispersed as possible. Since Cemig has ADRs (American Depository Receipts) listed on the New York Stock Exchange, representing PN (preferred) and ON (common) shares, we are also subject to the regulations of the US Securities and Exchange Commission (SEC) and to the New York Stock Exchange Listed Companies Manual.

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

Our Board of Directors has 14 members, appointed by the stockholders. All have a period of office of 3 (three) years, and may be reelected. To increase their efficiency, the Board has constituted 5 (five) committees that operate in specific issues related to Strategy, Governance, Finance, Audit and Risks, and Human Resources. In 2007, 25 meetings were held to decide on various subjects from strategic planning to investment projects.

The Audit Board is permanent and made up of 5 (five) members, appointed by stockholders. All the members meet the requirements for independence in accordance with international practices. As presently constituted the Audit Board meets the requirements for exemption from constitution of an audit committee under the Securities Act and the Sarbanes-Oxley Law. The Audit Board met twelve times in 2007.

Also, the structure of committees made up of executives of various areas ensures that strategic decisions are taken based on support by technical criteria.

Every year we hold our meeting with capital market analysts and investors to disclose information about the economic and financial situation, plans and outlook as well as carrying out various meetings with regional analysts associations.

Our bylaws include targets of the Strategic Plan, and the dividend policy:

- to keep consolidated indebtedness equal to or less than 2 times Ebitda (Earnings before interest, taxes, depreciation and amortization);
- consolidated (Net debt) / (Net debt + Stockholders equity) limited to 40%;
- consolidated funds in Current assets limited to 5% of Ebitda;
- consolidated funds destined to capital expenditure in each business year limited to 40% of Ebitda (this varies, exceptionally to 65% in 2006 and 55% in 2007);

- to 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; and

- to limit the expenses of the subsidiary Cemig Distribuição S.A., and of any subsidiary which operates in distribution of electricity, 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 (Net debt) / (Net debt + Stockholders equity): maximum 50%;

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

Stockholders agreement

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

CAPITAL MARKETS

Cemig s shares were listed for the first time, on the stock exchange of the State of Minas Gerais, on October 14, 1960. On January 14, 1972 our common (ON) and preferred (PN) shares were listed on the São Paulo stock exchange (Bovespa), and currently trade under the tickers CMIG3 (ON) and CMIG4 (PN). Since October 2001, we have been part of the Level 1 Corporate Governance listing of the Bovespa. Our shares have been traded on the New York Stock Exchange since 1993, where we have Level 1 ADRs (ticker: CIG) representing our preferred shares, which were transferred into Level 2 in 2001. Subsequently, in June 2007, we launched ADR s on the NYSE representing our common shares (ticker: CIG.C). Our preferred shares have been listed on the Latibex of the Madrid Stock Exchange since 2002 (ticker: XCMIG).

Stockholding structure

On December 31, 2007 the Company s registered capital was R$ 2,432 million, as shown in the following chart:

At Ordinary and Extraordinary General Stockholders Meetings held on April 26, 2007, Cemig decided a capital increase in the registered capital of R$ 810,769 thousand, or 50%, using funds from the Profit reserve. This resulted in a bonus of 500 new shares, of the same type, with nominal value of R$ 0.01, for each group of thousand shares. The bonus shares were then grouped in a reverse split at 500 shares with nominal value of R$ 0.01 to 1 share with the nominal value of R$ 5.00. The diagram above reflects these changes.

Share prices

The following were the closing prices of our shares on the stock exchanges of São Paulo (Bovespa), New York (NYSE) and Madrid (Latibex) at the end of 2006 and 2007:

Name	Ticker	Currency / unit	Close of 2006	Close of 2007
Cemig PN	CMIG4	R$	32.70	32.50
Cemig ON	CMIG3	R$	28.36	33.79
ADRs for PN	CIG	US$	15.14	18.46
ADRs for ON	CIG.C	US$		18.50
Cemig PN on (Latibex)	XCMIG	Euro	12.46	12.75

A total of R$ 13,866 million in our preferred shares was traded in 2007 with daily average of R$ 56.6 millions in 2007 and R$ 39.3 millions in 2006. This places CMIG4 as the sixteenth largest-volume share, and the share with largest volume in the electricity sector, on the São Paulo stock exchange.

Market capitalization

Our market capitalization was relatively unchanged from 2006 to 2007, with a small change of 0.3%. Over the last five years it has increased by 116.1%:

Market Capitalization R$ billion

These charts show the changes in our share prices over recent years, comparing with other indicators.

CEMIG PN X CEMIG ON X IBOVESPA