

Summary Information on the
Public Distribution of Commercial Paper Securities
of the First Issue
by



CEMIG DISTRIBUIÇÃO S.A.
CNPJ n.º 06.981.180/0001-16
Av. Barbacena, 1200, 17th. floor, A1 Wing, Bairro Santo Agostinho
Belo Horizonte , Minas Gerais, Brazil

ISIN: BRCMGDNPM001

Lead Manager:



In the amount of

R\$ 300,000,000.00

1. INFORMATION ABOUT THE OFFERING

1.1. Corporate decisions

The First Issue of Commercial Promissory Notes (“the Offering”, “the Issue”, and “the Securities”) was approved by the Board of Directors of Cemig Distribuição S.A. (“Cemig Distribuição”, the “Issuer” or “the Company”) at a meeting held on June 29, 2006.

1.2. Total amount of the Issue

The total amount of the issue is R\$ 300,000,000.00 (three hundred million Reais).

1.3. Series

The Securities will be issued in a single series.

1.4. Quantity of Securities

The issue is made up of 90 (ninety) Commercial Paper Securities (Promissory Notes).

1.5. Nominal unit value

The par value (“the Nominal Unit Value”) of the Securities is R\$ 10,000,000.00 (ten million Reais).

1.6. Form

The Security shall be nominal, and issued in physical form, and shall be held on deposit with an institution qualified to provide the services of custody. The Securities shall be nominal and shall be transferred by nominal endorsement, resulting in simple transfer of ownership.

1.7. Date of Issue

For all intents and purposes, the Date of Issue of the securities shall be the date of their actual subscription and paying-up (“the Issue Date”).

1.8. Subscription Price

The securities shall be subscribed for Nominal Unit Value, in Brazilian currency, at sight, simultaneously with subscription (“the Subscription Price”).

1.9. Procedure for subscription and paying-up

The Securities must be subscribed and paid-up within 8 (eight) business days from the date of publication of the Announcement of Commencement of Distribution of Commercial Paper Securities (“the Commencement Announcement”), subject to the provisions of item 1.14 below. The placement of the Securities shall be carried out in accordance with the procedures of the Brazilian Promissory Notes System (“NOTA”), operated by the CETIP.

1.10. Remuneration

Remuneration interest shall be due, at the rate of 103% (one hundred and three per cent) of the average daily rate for interbank deposits known as the “*DI over extra-grupo Rate*”, on the Nominal Unit Value, expressed in the form of an annual rate in per cent, on the 252 (two-hundred-and-fifty-two)-business-day, calculated and published daily by the CETIP (Custody and Settlement Chamber) in its daily bulletin available on its Internet page (<http://www.cetip.com.br>) (“The DI Rate” and “the Remuneration”). The Remuneration shall be calculated exponentially and cumulatively *pro rata tempore* per business day,

applicable to the Nominal Unit Value from the date of the actual subscription and paying-up (“Issue Date”) of the Securities up to the Maturity Date, in accordance with the following formula:

$$J = VNe \times (\text{InterestFactor} - 1),$$

Where:

J = unit value of the remuneration interest, calculated to 6 (six) decimal places, without rounding, payable at the end of the Capitalization Period.

VNe = the Nominal Value of the issue, published/calculated to 6 (six) decimal places, without rounding.

InterestFactor = product of the DI Rates, summed exponentially with a percentage factor, from the start date of the Capitalization Period, inclusive, up to the date of termination of Capitalization Period exclusive, calculated to 8 (eight) decimal places, without rounding, as found by the following formula:

$$\text{InterestFactor} = \prod_{k=1}^n \left(1 + \text{TDI}_k \times \frac{P}{100} \right)$$

Where:

n = the total number of days of the DI Rate used in the updating of the asset, where “n” is a whole number.

P = 103% (percentage applied to the DI Rate).

TDI_k = the DI Rate, expressed by day, calculated to 8 (eight) decimal places, with rounding, as follows:

$$\text{TDI}_k = \left(\frac{\text{DI}_k}{100} + 1 \right)^{\frac{1}{252}} - 1$$

Where:

DI_k = The DI Rate published by CETIP, valid for 1 (one) business day (“overnight”), used to 2 (two) decimal places.

“Capitalization Period”: This is the time interval starting on the Issue Date, inclusive, and ending on the date of payment of the Nominal Unit Value of the Security, exclusive, plus the Remuneration.

If at any time during the period of validity of the Securities the DI Rate is not published, the last previous available DI Rate shall be applied, and in this event no offsetting between the Issuer and the holders of the Securities shall be payable when the DI Rate that would be applicable is subsequently published.

If the DI Rate ceases to be published for a period of more than 10 (ten) days, or if it is abolished or if there is a legal impossibility of application of the DI Rate to the Securities, the legal parameter which is established, if any, shall be used in substitution of it. If there is not a substitute legal parameter for the DI Rate, then the weighted average rate of remuneration of Brazilian short-term federal public securities with maturity of 90 (ninety) days traded in the prior 30 (thirty) days, at the time of the occurrence, shall be used.

1.11. Form of pricing

The Security shall be offered to investors with the Remuneration mentioned in 1.10. above, without any price formation mechanisms.

1.12. Charges for arrears

If there is a failure of punctuality in the payment of any amount payable to the holders of the Securities, the overdue units shall be subject to: (a) arrears interest calculated from the day of default to the date of actual payment, at the rate of 1% (one per cent) per month, on the amount owed, independently of the price, or notification or action in or outside the Courts; and (b) a conventional arrears penalty payment, irreducible and of a compensatory nature, of 2% (two per cent) on the amount due and unpaid.

1.13. Period of Maturity

The maturity period of the Promissory Notes shall be 90 (ninety) calendar days from the date of subscription (“the Maturity Date”).

1.14. Placement regime and distribution procedure

The Lead Manager shall carry out the distribution of the Securities on the Firm Guarantee of Subscription basis.

The Securities shall be the object of a public distribution, intermediated by financial institutions that are part of the Securities Distribution System. The sharing criterion shall be proportional to the volume of orders placed by investors. There shall be no prior reserves nor setting of maximum or minimum lots. No contract for stabilization of the price of the Securities shall be signed. No fund to sustain liquidity for the Securities shall be constituted. No type of discount shall be granted by the Lead Manager to investors interested in requiring the Securities.

The placement of Securities shall begin, in accordance with Article 3 of CVM Instruction 429 of March 22, 2006, only 5 (five) business days after: (i) filing of the application with the CVM; (ii) publication of the Commencement Announcement of the Offering; and (iii) availability of this document (“Automatic Registry”). The placement of the Security shall be carried out in accordance with the procedures of the Promissory Note System (“NOTA”), operated by the CETIP.

If the CVM does not grant Automatic Registry, the terms and conditions of this present Issue shall remain in force, but the period of 5 (five) days referred to in item 4.2 shall be replaced by the periods referred to

by CVM Instruction 134, and the term “Automatic Registry” shall be replaced by “Registry”, which shall have the following meaning: “concession of registry of the issue by the CVM”.

Subject to compliance with the applicable regulations, the Lead Manager shall carry out the public distribution of the Promissory Notes, in such a way as to ensure: (i) that the treatment given to investors is fair and equitable; and (ii) the investment is adapted to the risk profile of its clients.

In accordance with the option provided for in Article 1 of CVM Instruction 155 of August 7, 1991, for the purposes of this Issue no prospectus nor any advertising material intended for public disclosure shall be used, other than the Commencement Announcement, the Closing Announcement of Distribution and the summaries of this information on the Issue as specified in Appendix One of CVM Instruction 155.

1.15. Target public

The Offering shall be destined solely and exclusively to qualified investors, as defined by Article 109, sub-item (i) of CVM Instruction 409 of 18 August 18, 2004 (“Qualified Investors”).

Any other investors who are not Qualified Investors should be fully aware that the present offering is not appropriate, since it is destined exclusively for Qualified Investors who have sufficient specialization and knowledge to take an independent investment decision on the proper grounds.

1.16. Guarantee

The Securities are guaranteed by a guarantee given by Companhia Energética de Minas Gerais – Cemig (“Cemig”, or “the Guarantor”).

The Lead Manager warrants that the guarantee by CEMIG was duly constituted by signature of its legal representatives on the reverse side of the physical issued form of each of the Securities, guaranteeing the totality of the debt represented by them, and the guarantee in question was duly approved by a meeting of the Board of Directors of CEMIG held on June 29, 2006, and is, thus, fully enforceable against CEMIG.

1.17. Early redemption

The Company may effect early redemption of the Securities, at its exclusive option, provided that the holders thereof are in agreement, in accordance with the applicable legislation. In the event of partial early redemption, this shall take place by lottery, in accordance with Paragraph one of Article 55 of Law 6404 of December 17, 1976.

1.18. Early redemption events

The holders of the Securities may declare automatic early maturity of all the obligations arising from the Securities that they hold and demand immediate payment by the issuer of the Nominal Unit Value of the Securities plus the Remuneration and charges calculated *pro rata tempore*, from the Issue Date, by letter

formally delivered or with advice of receipt addressed to the head office of the Issuer, in any of the following events:

- (i) decree of bankruptcy of the Issuer and/or the Guarantor; or dissolution and/or liquidation of the Issuer and/or Guarantor; or application for judicial or out-of-Court recovery or bankruptcy formulated by the Issuer and/or Guarantor; or further, any analogous event which may characterize a state of insolvency, including agreement with creditors, in accordance with the applicable legislation;
- (ii) legitimate and reiterated protest of securities against the Issuer with individual or aggregate value unpaid exceeding R\$ 50,000,000.00 (fifty million Reais), unless the protest shall have been filed in error of due to bad faith of third parties, and provided this is validly proven by the Issuer, or if it is canceled or, further, validly contested in the Courts, in any event, within a maximum period of 30 (thirty days) calendar days from the date of maturity of the obligations;
- (iii) early maturity of any pecuniary obligation of the Issuer and/or the Guarantor, arising from default on an obligation to pay any individual or aggregate amount in excess of R\$ 50,000,000.00 (fifty million Reais);
- (iv) change, transfer or direct or indirect assignment of the stockholding control of the Issuer and/or Guarantor, other than by legal order, without the prior consent of the holders;
- (v) absorption of the Issuer by another company, split or merger of the Issuer and/or of the Guarantor, unless by legal orders;
- (vi) privatization of the Issuer and/or Guarantor;
- (vii) termination, for any reason whatsoever, of any of the concession contracts held by the Issuer and/ or Guarantor; or
- (viii) unjustified default by the Issuer and/ or Guarantor, or absence of legal and/or Court measures required for the non-payment of any debt or any obligation to pay, under any agreement in which either or both are lender or guarantor, with individual or aggregate amount exceeding R\$ 50,000,000.00 (fifty million Reais).

1.19. Trading location

The Securities shall be traded in the over-the-counter market, through the NOTA system.

1.20. Payment location

The payments relating to the Securities shall be carried out in accordance with the procedures of CETIP, for the Securities registered on the NOTA, or, for the holders of the Securities who are not linked to the third system, at the head office of the Issuer.

1.21. Lead manager

The Lead Manager of the offering is BB Banco de Investimento S.A., which may be contacted at the following address:

BB Banco de Investimento S.A.

Rua Senador Dantas, 105 – 36th Floor

Rio de Janeiro - RJ
Att.: Sra. Marília de Oliveira Carmo
Telephone: (21) 3808-3556
Fax: (21) 3808-3239
Email: marilia@bb.com.br/gemec@bb.com.br

1.22. Use of proceeds

The proceeds from the public distribution of the Securities shall be used to strengthen the Company's cash position in relation to debt becoming due since January 2006, and for payment of debt becoming due during the rest of the year.

1.23. Mandated bank

Banco do Brasil S.A. shall be the mandated bank.

1.24. Sharing procedure

The sharing criterion shall be of proportionality to the volume of orders placed by investors.

2. OVERVIEW OF THE COMPANY

2.1. Brief history

Cemig Distribuidora is an unlisted Brazilian corporation, a wholly owned subsidiary of Companhia Energética de Minas Gerais – Cemig, constituted on September 8, 2004. It began operating on January 1, 2005, consequent upon the separation of the activities of Companhia Energética de Minas Gerais – Cemig.

The concession contract of Companhia Energética de Minas Gerais – Cemig for electricity distribution, signed in 1997, required that its operations be restructured by the separation of the activities of generation, transmission and distribution into wholly owned subsidiaries (“Unbundling”).

Additionally, Provisional Measure 144, of December 11, 2003, which was subsequently converted into Federal Law 10848 of March 15, 2004, governing restructuring of the model of the Brazilian electricity sector, required the division – into separate companies – of the activities of generation and transmission from the activity of electricity distribution.

Thus, seeking the best manner of carrying out the stockholding restructuring of Companhia Energética de Minas Gerais - Cemig, the Board of Directors approved the process of unbundling and, in August 2004, Law 15290/04 was sanctioned by the Governor of the State of Minas Gerais, authorizing the stockholding restructuring.

On September 8, 2004 two wholly-owned subsidiaries of Companhia Energética de Minas Gerais – Cemig were formed, namely Cemig Geração e Transmissão S.A., and Cemig Distribuição S.A.

The networks and distribution lines and other assets and liabilities related to the activities of electricity distribution of Companhia Energética de Minas Gerais – Cemig were transferred to Cemig Distribuição, effective January 1, 2005.

The National Electricity Agency (“Aneel”) gave its final homologation to the transfer of the electricity distribution concession by Authorizing Resolution 407 of December 20, 2004.

2.2. Objects

The objects of the company are to study, plan, draw up, operate, and commercially operate, electricity distribution and sales systems and related services for which concessions have been given or may come to be given, by any means of law.

2.3. The Company’s activities

The principal activity of the Issuer is the provision of public electricity distribution service.

The business involves the purchase and sub-transmission of high-voltage energy (138kV and 88 kV), its transformation into medium-voltage and low-voltage energy, and its distribution and sale to final consumers in the State of Minas Gerais.

The Issuer holds concessions for the distribution of electricity in an area which covers approximately 96.7% of the State of Minas Gerais. The issuer carries out activities of electricity distribution in 774 municipalities and 5,415 locations of the State of Minas Gerais, serving a population of approximately 17 million in accordance with the census of the year 2000.

3. SELECTED FINANCIAL INFORMATION

The table below gives the principal consolidated financial data of the Issuer. These should be read in conjunction with its complete financial statements. The Company’s activities began only on January 1, 2005.

	R\$ '000			
	31/12/2004	31/12/2005	31/03/2005	31/03/2006
Assets				
Current assets	1	3,430,234	2,511,706	3,618,023
Long term assets	-	2,623,260	3,007,211	2,555,971
Fixed assets	-	3,202,058	2,722,570	3,278,406

Total assets	1	9,255,552	8,241,487	9,452,400
Liabilities				
Current liabilities	-	3,118,086	1,859,666	3,049,245
Long term liabilities	-	3,825,962	3,434,689	3,947,215
Stockholders' equity	1	2,311,504	2,947,132	2,455,940
Total liabilities	1	9,255,552	8,241,487	9,452,400
Income statement				
Net operational revenue	-	6,396,847	1,678,739	1,546,827
Cost of services provided*	-	(5,131,350)	(1,161,376)	(1,290,108)
Gross profit	-	1,265,497	517,363	256,719
Operational profit	-	1,198,090	610,432	228,276
Non-operational profit	-	(30,716)	(4,436)	(7,639)
Net profit after income tax	-	990,129	404,530	144,436

* "Cost of services provided": The Issuer's operations separate only "cost of electricity" and "cost of operation", in accordance with the Chart of Accounts of the electricity sector.

3.1. Independent Auditor

The Issuer's financial statements for the business years ended December 31, 2004 and 2005, and the period ended March 31, 2006, were audited by Deloitte Touche Tohmatsu. The quarterly information for March 31, 2005 was the subject of a limited review by the said Independent Auditors, in accordance with the determinations of the CVM in relation to the preparation of quarterly financial statements (ITRs).

4. INFORMATION ABOUT THE GUARANTOR

Companhia Energética de Minas Gerais – Cemig, constituted on May 22, 1952, is a corporation with mixed private sector and public sector stockholdings, whose purpose is to operate, and to operate commercially, electricity generation, transmission, distribution and sales systems and related services; to carry out activities in the various fields of energy, from any source, with a view to economic and commercial operation; to provide consultancy services, within its area of operation, to companies both inside and outside Brazil; and to carry out activities directly or indirectly related to its objects.

These activities may be exercised directly by Companhia Energética de Minas Gerais – Cemig, or, as intermediary, by companies constituted by it, or in which it any time comes to hold a majority or minority stake, upon decision by the Board of Directors, in accordance with State Laws 828 of 4 December 1951, 8655 of 18 September 18 1984, 15290 of 4 August 2004, and 16078 of 26 April 2006.

4.1. Registered capital

On May 31, 2006, the registered capital of Companhia Energética de Minas Gerais – Cemig was R\$ 1,621,538,000, in 70,874,167,923 common shares and 91,279,651,102 preferred shares, all being book-entry shares with Nominal Unit Value of R\$ 0.01.

This table shows the distribution of the registered capital of Cemig on May 31, 2006.

Stockholders	Common	%	Preferred	%	Total	%
State of Minas Gerais	36,116,304,884	51	102	-	36,116,304,986	22
Other entities of the State	9,351,410	-	1,906,289,993	2	1,915,641,403	1
Southern Electric Brasil						
Participações Ltda.	23,362,956,173	33	-	-	23,362,956,173	14
Others -						
In Brazil	7,246,506,670	10	27,378,656,643	29	34,625,163,313	21
Outside Brazil	4,139,048,786	6	61,994,704,364	69	66,133,753,150	42
Total	70,874,167,923	100	91,279,651,102	100	162,153,819,025	100

4.2. Brief description of the principal stockholders

The principal stockholders of Companhia Energética de Minas Gerais – Cemig are: the State of Minas Gerais; and Southern Electric Brasil Participações Ltda., a joint venture constituted in 1994. The voting rights related to the shares held by them are the same.

4.3. Brief description of the subsidiaries

CEMIG has stockholdings in the following companies that were in operation on March 31, 2006:

Cemig Geração e Transmissão S.A. (subsidiary, 100.00% stake) – Generation and transmission of electricity, through 45 power plants, 42 being hydroelectric, one a wind power plant and two thermal plants, and their transmission lines, most of them belonging to the Brazilian national generation and transmission grid system.

Cemig Distribuição S.A. (subsidiary – 100.00% stake) – Distribution of electricity through distribution networks and lines in approximately 97.00% of the Brazilian State of Minas Gerais.

Sá Carvalho S.A. (subsidiary – 100.00% stake) – Production and sale of electricity, as a holder of a concession for public electricity service, through the Sá Carvalho hydroelectric power plant.

Usina Térmica Ipatinga S.A. (subsidiary – stake 100.00%) – Production and sale, under the independent production regime, of thermally produced electricity, through the Ipatinga thermal plant, located on the premises of Usiminas (Usinas Siderúrgicas de Minas Gerais S.A.).

Companhia de Gás de Minas Gerais – Gasmig (“Gasmig”) (jointly controlled – 55.19% stake) – Acquisition, transport and distribution of combustible gas or sub-products and derivatives, through concession for distribution of gas in the State of Minas Gerais, granted by the government of the State of Minas Gerais.

Empresa de Infovias S.A. (“Infovias”) (subsidiary – 99.94% stake) – Provision and commercial exploration of a specialized service in the area of telecommunications, by means of an integrated system consisting of fiber optic cables, coaxial cables, electronic and associated equipment (multi-service network). Infovias has a 69.25% stake in Way TV Belo Horizonte S.A., which operates commercial cable TV and Internet services in certain cities of Minas Gerais.

Efficientia S.A. (subsidiary – 100.00% stake) – Provides electricity efficiency and optimization services and energy solutions through studies and execution of projects, as well as providing services of operation and maintenance in energy supply facilities.

Horizontes Energia S.A. (subsidiary – 100.00% stake) – Production and sale of electricity, in the independent product mode, through the Machado Mineiro and Salto do Paraopeba hydroelectric power plants, in the State of Minas Gerais, and Salto do Voltão and Salto do Passo Velho, in the State of Santa Catarina;

Central Termelétrica de Cogeração S.A. (subsidiary – 100.00% stake) – Production and sale of thermally generated electricity, as an independent producer, through the construction and operation of the thermal power plant known as the Barreiro Thermal Power Plant, located on the premises of Vallourec & Mannesmann Tubes, in the State of Minas Gerais. The concession was transferred to UTE Barreiro S.A. in the first quarter of 2006.

Rosal Energia S.A. (subsidiary – 100.00% stake) – Production and sale of electricity, as a public electricity service concession holder, through the Rosal hydroelectric power plant located on the border between the States of Rio de Janeiro and Espírito Santo, Brazil.

Central Hidrelétrica Pai Joaquim S.A. (subsidiary – 100.00% stake) – Production and sale of electricity as an independent producer. The concession was transferred to Cemig PCH S.A. in the first quarter of 2006.

Companhia Transleste de Transmissão (jointly controlled – 25.00% stake) – Operation of a 345 kV transmission line connecting the substation located in Montes Claros to the substation of the Irapé hydroelectric power plant.

Cemig PCH S.A. (subsidiary – 100.00% stake) – Production and sale of electricity under the Independent Power Producer Regime, through the Pai Joaquim hydroelectric power plant;

Cemig Capim Branco Energia S.A. (subsidiary – stake 100.00%) – Production and sale of electricity under the Independent Power Producer Regime, through the Capim Branco hydroelectric power plant, built through a consortium with private sector partners;

UTE Barreiro S.A. (subsidiary – stake 100.00%) – Production and sale of thermo-electric energy, under the Independent Power Producer Regime, through construction and commercial operation of the thermoelectric power plant named UTE Barreiro, located in the premises of Vallourec & Mannesmann Tubes, in the State of Minas Gerais;

Cemig also has stockholdings in the companies listed below, which were in the pre-operational phase on March 31, 2006:

Cemig Trading S.A. (subsidiary – 100.00% stake) – Sale and intermediation of business transactions related to energy;

Companhia de Transmissão Centroeste de Minas (jointly controlled – 51.00% stake) – Construction, implementation, operation and maintenance of the electricity transmission facilities of the basic network of the national grid – the 345 kV Furnas–Pimenta transmission line.

Companhia Transudeste de Transmissão (jointly controlled – 24.00% stake) – Construction, implementation, operation and maintenance of the electricity transmission facilities of the national grid – the 345 kV Itutinga–Juiz de Fora transmission line.

Companhia Transirapé de Transmissão (jointly controlled – 24.50% stake) – Construction, implementation, operation and maintenance of the electricity transmission facilities of the national grid – the 230 kV Irapé–Araçuaí transmission line.

Transchile Charrúa Transmisión S.A. – (“Transchile”) (jointly controlled – 49.00% stake) – Implementation, operation and maintenance of the Charrúa–Nueva Temuco 220 kV transmission line and two sections of transmission line at the Charrúa and Nueva Temuco substations, in the central region of Chile.

Rio Minas Energia Participações S.A (jointly controlled – stake 25.00%) – This company was constituted in partnership with Andrade Gutierrez Concessões S.A., J.L.A. Participações S.A. and Pactual Energia Participações S.A. initially for the purpose of evaluation of the acquisition of the stake in LIGHT S.A. The contract for purchase and sale to complete this transaction was signed on March 28, 2006.

5. RISK FACTORS

Before taking an investment decision in relation to the Securities, potential investors should carefully consider, in the light of their own financial situations and investment objectives, all the information available in this document and, in particular, should assess the risk factors described below.

Risks related to the Offering

Volatility and absence of liquidity in the Brazilian securities markets

Investing in securities of emerging markets, such as Brazil, involve a greater risk than investing in securities of issuers from more developed countries, and such investments are regarded as being of a speculative nature. Brazilian investments, such as the Securities in this Offering, are subject to economic and political risks, involving, among other factors:

- changes in the regulatory, fiscal, economic and political environments which can affect the capacity for investors to receive payments, in whole or in part, in relation to their investment; and
- restrictions on foreign investments and repatriation of invested capital. The Brazilian securities markets are substantially smaller, less liquid, more concentrated and more volatile than the principal markets in US and European securities, and are less regulated and supervised than those markets.
- The relatively small market capitalization, and low liquidity, of the Brazilian securities markets, can substantially limit the trading capacity of the Securities at the desired price and moment in time.

Low liquidity of the secondary market

The secondary market that exists in Brazil for trading of Promissory Notes has historically had low liquidity, and there is no guarantee that a market for trading in the Securities will exist in the future that enables their holders to sell them, if they decide in favor of the investment. Cemig Distribuição cannot guarantee that any market for the Securities will develop, nor that it will be liquid. The liquidity and the market for the Securities could also be negatively affected by a general fall in the market for Promissory Notes. Such a fall could have an adverse effect on the liquidity and markets of the Securities, independently of the outlook for the financial performance of Cemig Distribuição.

Events for early maturity of the Securities

The text of the security representing the Promissory Note provides that certain events shall cause automatic early maturity of the Company's obligations, such as application for Judicial Recovery (reorganization through the Courts) or bankruptcy of the Issuer, non-compliance with obligations provided for in the distribution contract, extinction of concessions and early maturity of other debts.

There are no guarantees that the Company will have sufficient funds in cash to provide for the payment of the Securities in the event of early maturity of its obligations. Further, the results and activities of the Issuer could suffer a significant negative impact in the event of early maturity.

Payment by the Guarantor

The Securities have the guarantee of Cemig, which is the controlling stockholder of the Issuer. By reason of its activities, Cemig is subject, among others, to the risks related to macroeconomic factors and to the risks related to the electricity sector. If any of these risks becomes a material reality, it is not possible to guarantee that the Guarantor, if called upon, will have the ability to honor the payment of the Securities.

Validity of stipulation of the DI Rate

Precedent 176 of the Higher Appeal Court states that the clause which subjects the debtor to payment of interest in accordance with the rate published by Andima/Cetip is null. According to the Appeal Court Judgments that gave rise to this Precedent, Andima and Cetip are entities under private law, whose purpose is the defense of the interests of financial institutions. Although the said Precedent does not bind the decisions of the Judiciary, the possibility exists that in a Court dispute that Precedent may come to be applied by the Judiciary in a judgment to the effect that the DI Rate is not valid as a factor for remuneration of Promissory Notes. In this event, the new index must be determined by the Judiciary, and could represent lower remuneration than the DI Rate, with adverse affect on the yield from the Securities.

Absence of Opinions of Counsel and Independent Auditors

The Company has not contracted lawyers or Independent Auditors for the conduction of a process of due diligence or accounting audit, respectively, of the information of a legal or accounting nature in relation to its business and activities, with a view to the preparation of this instrument or of the other documents which were made available to investors in the ambit of the Offering. This being so, those acquiring the Securities should take their investment decision in the knowledge that the sufficiency, veracity, quality and precision of the information provided by the Company in this present instrument were not verified independently by third parties contracted for such purpose.

6. RELATIONSHIP BETWEEN THE ISSUER AND THE LEAD MANAGER

The Lead Manager is related to the Issuer through its controlling stockholder, Banco do Brasil S.A., which contracts loan transactions and provides services to the Issuer in commercial transactions that are usual in the financial market, such as, among others, payroll services, payment to suppliers and collection services.

7. STATEMENT BY THE COMPANY AND THE LEAD MANAGER

7.1. Under the applicable regulations, the Issuer is responsible for the veracity of the information contained in the Commencement Announcement and warrants that that information is true, correct, consistent and sufficient, in accordance with a statement given by the Issuer pursuant to Article 56 of CVM Instruction 400, of December 29, 2003 (“CVM Instruction 400/03”), which was signed by its statutory Directors Mr. Djalma Bastos de Moraes and Mr. Flávio Decat de Moura.

7.2. The Lead Manager warrants that it has taken all the measures of care and acted with high standards of diligence to ensure that all the information provided to the market on the occasion of the registry and the public distribution is true, consistent, correct and sufficient, in accordance with the statement given by the Lead Manager pursuant to Article 56 of CVM instruction 400/03, which was signed by its Managing Director Mr. Francisco Cláudio Duda.

8. ADDITIONAL INFORMATION

For more information in relation to the Offering and the Securities interested parties should visit the head office of the Lead Manager at the address indicated in item 1.21 above, or at the CVM or at the head office of the Issuer, at the addresses indicated below:

CVM (Comissão de Valores Mobiliários – Brazilian Securities Commission)	Rua Cincinato Braga, 340 – 2 nd , 3 rd and 4 th Floors
Rua Sete de Setembro 111, 5 th Floor	São Paulo – SP
Rio de Janeiro – RJ	

This document is available at the CVM for consultation and reproduction.

Headquarters of the Issuer:

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