CEMIG DISTRIBUIÇÃO S.A.

2ND ISSUE OF NON-CONVERTIBLE, BOOK-ENTRY DEBENTURES

Distribuição S.A.

Annual Report of the Fiduciary Agent
Business Year 2013

ANNUAL REPORT OF THE FIDUCIARY AGENT
TO THE
HOLDERS OF THE 2ND ISSUE OF NON-CONVERTIBLE DEBENTURES BY
CEMIG DISTRIBUIÇÃO S.A. –
REGISTERED FOR LISTING IN BRAZIL – CNPJ 06.981.180/0001-16

In compliance with Article 68, Paragraph 1, Sub-clause B, of Law 6404 of December 15, 1976, and Item XVII of Article 12 of CVM Instruction 28 of November 23, 1983, we hereby present to you this Annual Report of CEMIG DISTRIBUIÇÃO S.A., for the business year ended December 31, 2013, in which we highlight the material aspects of interest to yourselves, the Debenture Holders.

1 - THE DEBENTURES

A. AUTHORIZATION.

Decided by the meetings of the Board of Directors of CEMIG DISTRIBUIÇÃO S.A. held on August 30 and October 30, 2007, and registered with the CVM (Brazilian Securities Commission – *Comissão de Valores Mobiliários*) on December 17, 2007 under numbers CVM/SRE/DEB-2007/048, with ISIN number BRCMGDDBS017, and Cetip Code Number CMDT12.

B. CHARACTERISTICS

Amount of the Issue	R$ 400,000,000.00
Number of securities	40,000
Nominal Unit Value	R$ 10,000.00
Type:	Unsecured
Guarantee	None
Form	Book-entry
Convertibility	Not convertible into shares
Issue Date	December 15, 2007
Maturity Date	December 15, 2017
Number Of Series	Single Series
Remuneratory Interest	IPCA + 7.96%
Payment of interest	December 31, 2012
Renegotiation	None
Premium	None
Amortization	1st Tranche 33.33% December 15, 2015. 2nd Tranche 33.33% December 15, 2016. 3rd Tranche 33.33% December 15, 2017.
Mandated bank	Bradesco
Ratings **Agency:** **FITCH RATING** **On the issue date**	AA(bra) – Cemig's consolidated position presents a solid financial profile, arising from low net leverage and high cash flow from its operations. Cemig's by-laws impose a ceiling of 2.5x on consolidated net leverage, including acquisitions. This limitation is positive for the Company's ratings. Cemig has succeeded in making significant acquisitions, based on the strategies defined in its strategic plan, and maintains itself compliant with this ceiling.

C. CUSTODY POSITION:

ALL SERIES	
DEBENTURES	40,000
DEBENTURES IN TREASURY	-
DEBENTURES IN CIRCULATION	40,000
DEBENTURES REDEEMED	-
DEBENTURES CANCELED	-

D. CHANGES IN THE CONDITIONS OF THE ISSUE:

FIRST AMENDMENT – December 13, 2007

THE PARTIES DECIDE to enter into this amendment to the Deed ("the First Amendment") as follows:

Clause 1. All terms beginning with capital letters not expressly defined in this First Amendment shall have the meanings assigned to them in the Deed.

Clause 2. The drafting of Clause 2.1 of the Deed is altered to the following:

"2.1. Filing and Publication of the Minutes of Meetings of the Board of Directors

The minutes of the meetings of the Board of Directors that made decisions about the Issue, referred to in Item 1.1. above, were filed with the Commercial Board of the State of Minas Gerais ("Jucemg") on November 19 and 20, 2007, under the numbers 3809695 and 3810469, respectively, and summaries of them were published in the newspapers "*Minas Gerais*", "*Gazeta Mercantil"* (National Edition) and "*O Tempo*", on November 22, 2007.
The minutes of the meeting of the Board of Directors of the Issuer that decided on the final rate of the Remuneratory Interest (as defined below), held on December 13, 2007, will be filed with Jucemg and a summary of it published in the newspapers Minas Gerais, Gazeta Mercantil (National Edition) and O Tempo."

Clause 3. The drafting of Clause 4.1.9.1 of the Deed is altered to the following:

"4.1.9.1 Monetary updating:

[...]

For the purposes of the above definitions, the "anniversary date" is considered to be each 15th day of any month. If that date is not on a business day, the anniversary date shall be the next subsequent day."

Clause 4. The drafting of Clause 4.1.9.2 of the Deed is altered to the following:

"4.1.9.2 Remuneratory Interest: The Debentures shall pay remuneratory interest calculated at a rate of 7.96%, as decided by a bookbuilding process ("the Remuneratory Interest", and, together with the Updating, "the Remuneration"), calculated exponentially and cumulatively *pro rata temporis* by business days elapsed, based on a year of 252 business days, applicable to the Nominal Unit Value of the Debentures plus the Updating, from the Issue Date, or on the balance of the Nominal Unit Value, from the date of completion of the last Capitalization Period, as the case may be, up to the date of actual payment. Calculation of the Remuneratory Interest shall obey the following formula:

[...]"

Clause 5. All the other terms and conditions of the Deed that are not expressly altered by this First Amendment are hereby ratified and remain in full force and effect.

Clause 6. The Parties hereby choose the Courts of the Legal District of Belo Horizonte, Minas Gerais State, to the exclusion of any other, to resolve any dispute or legal action related to this First Amendment.

E. PAYMENTS:

Events:

INTEREST PAYMENTS MADE IN 2013	
DATE OF EVENT	December 16, 2013
STATUS:	**OBLIGATION SETTLED**
PAYMENT OF AMORTIZATION – 2015	
DATE OF EVENT	December 15, 2015
STATUS:	**OBLIGATION NOT YET DUE**

ALL OBLIGATIONS IN THE 2013 BUSINESS YEAR HAVE BEEN COMPLIED WITH.

F. EARLY MATURITY EVENTS:

- Declaration of bankruptcy, dissolution and/or liquidation of the Issuer, or application for Judicial Recovery or out-of-court reorganization or bankruptcy made by the Issuer; or any analogous event that characterizes a state of insolvency of the Issuer, in accordance with the applicable legislation;
- non-compliance by the Issuer with any pecuniary obligation related to the Debentures;
- early maturity of any debt of the Issuer in an amount of R$ 50,000,000.00 (fifty million Reais) or more, or its equivalent in other currencies, due to any non-compliance, contractual or otherwise;
- termination, for any reason, of any of the concession contracts to which the Issuer is a party and which separately or jointly represent an amount equal to 30% (thirty per cent) or more of the net operational revenue of the Issuer stated in its last prior financial statements at the time;
- legitimate protest against the Issuer and/or against the Guarantor the global value of which exceeds R$ 50,000,000.00 (fifty million Reais) or its equivalent in other currencies, unless, within a maximum of thirty calendar days from the date of receipt of a written notice sent by the Fiduciary Agent to the Issuer: either (a) the protest has been validly proven by the Issuer to have been filed in error or due to bad faith by a third party; or (b) the protest is suspended or canceled; or (c) guarantees are given in court;
- non-compliance by the Issuer with any non-pecuniary obligation specified in this Issue Deed, not cured within 30 (thirty) calendar days from the date on which the written notice sent by the Fiduciary Agent to the issuer is received;
- if the Issuer omits to pay by the maturity date, or does not take the legal or judicial measures required for non-payment in relation to, any debt or any other obligation payable by the Issuer under any agreement or contract to which it is a party as a borrower or guarantor, involving an amount of R$ 50,000,000.00 (fifty million Reais) or more or its equivalent in other currencies; and/or
- privatization, merger, liquidation, dissolution, extinction, split and/or any other form of stockholding reorganization that results in reduction of the registered capital of the Issuer, "privatization" being defined as follows for the purpose of this Subclause:

(i) in the event that the present direct controlling stockholder of the Issuer, Companhia Energética de Minas Gerais – Cemig, directly or indirectly ceases to hold the equivalent of, at least, 50% plus one share of the total of the shares representing the Issuer's voting stock; and/or

(iii) the entity currently controlling Cemig, the Government of the State of Minas Gerais, directly or indirectly, ceases to hold the equivalent of, at least, 50% (fifty per cent) plus one of the total of the shares representing the voting capital of Cemig.

G. USE OF THE PROCEEDS RAISED BY THE ISSUE.

The proceeds of the Offering will be used entirely for partial payment of the outstanding balance on the Promissory Notes issued in the Company's 3rd issue of Promissory Notes, the principal characteristics are in this table:

Remuneration	Issue Date	Use of the proceeds of the promissory notes	Debtor balance on September 30, 2007 R$	Due date
101.6% of the DI *over extra grupo* Rate	June 29, 2007	Replenishment of the cash used in the payments of the principal of the debt, taking place since January 2007, until the release of the funds, and payment of the debts becoming due until the end of the year	411,319,250.40	December 26, 2007

H. RATINGS: (attributed to the Issuer and other companies of the Group)

	Fitch	Brazilian	Global	Moodys	Brazilian	Global	S&P	Brazilian	Global
Investment Grade	AAA			Aaa			AAA		
	AA+			Aa1	Cemig GT e D		AA+	Cemig H GT e D	
	AA	Cemig H, D e GT		Aa2	Cemig H		AA		
	AA-			Aa3			AA-		
	A+			A1			A+		
	A			A2			A		
	A-			A3			A-		
	BBB+			Baa1			BBB+		
	BBB			Baa2			BBB		
	BBB-			Baa3		Cemig GT e D	BBB-		
Speculative Grade	BB+			Ba1		Cemig H	BB+		Cemig H GT e D
	BB			Ba2			BB		
	BB-			Ba3			BB-		
	B+			B1			B+		
	B			B2			B		
	B-			B3			B-		
	CCC+			Caa1			CCC+		
	CCC			Caa2			CCC		
	CCC-			Caa3			CCC-		
	CC			Ca			CC		
	C			C			C		
	D			D			D		

2 – THE COMPANY

A. OPERATIONAL CONTEXT

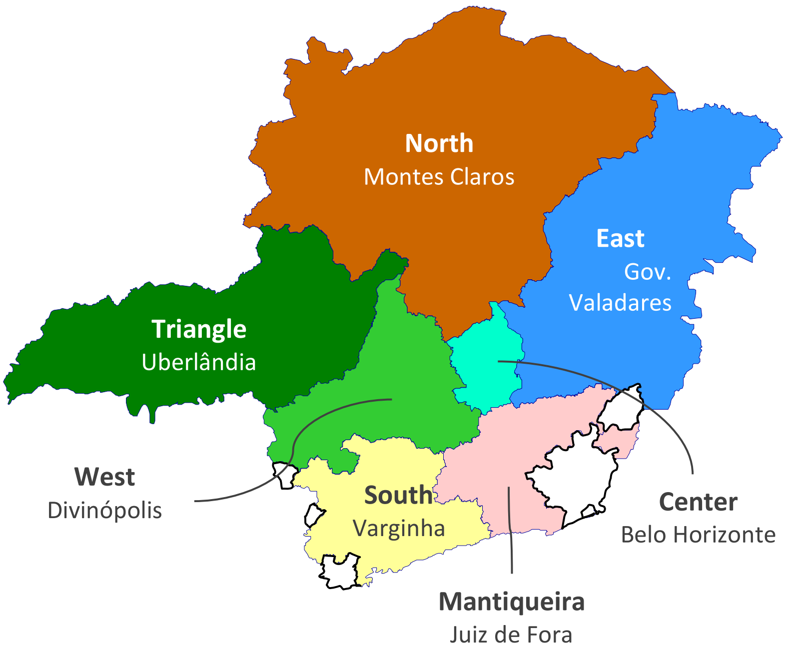
The Company

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

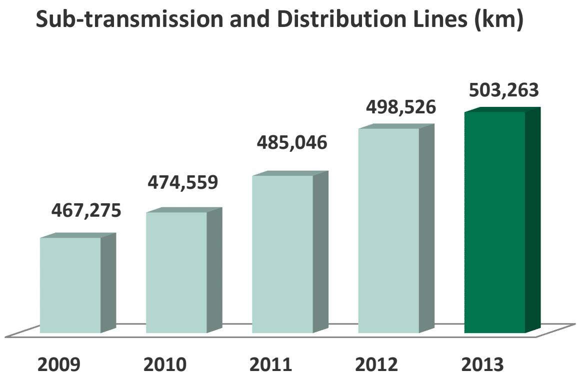
Cemig D is the largest distribution company in Latin America, with 486,045km of distribution networks (98,175km in urban areas and 387,870km of rural networks), and 17,218km of high- and medium-voltage sub-transmission lines. It serves approximately 7.8 million consumers.

Cemig D has one of the highest indices of service to consumers benefited by the Brazilian Social Tariff. Of the total of 6,224,000 registered residential consumers invoiced by the Company in 2013, 15.53% were classified as low-income – a total of approximately 967,000 consumers.

Area of operation



This chart shows the growth of Cemig D's sub-transmission and distribution lines over the last five years.



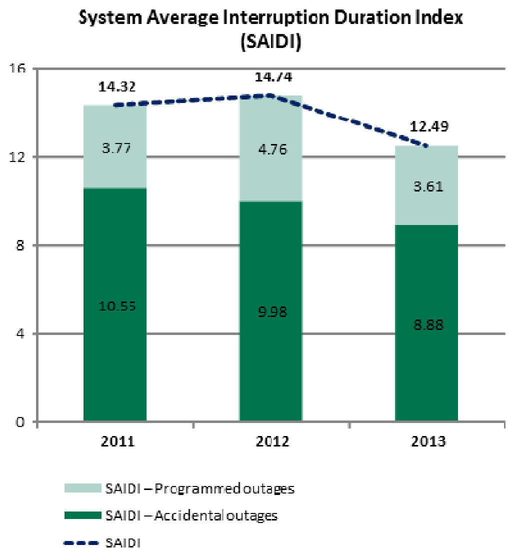
RELATIONSHIP WITH CLIENTS

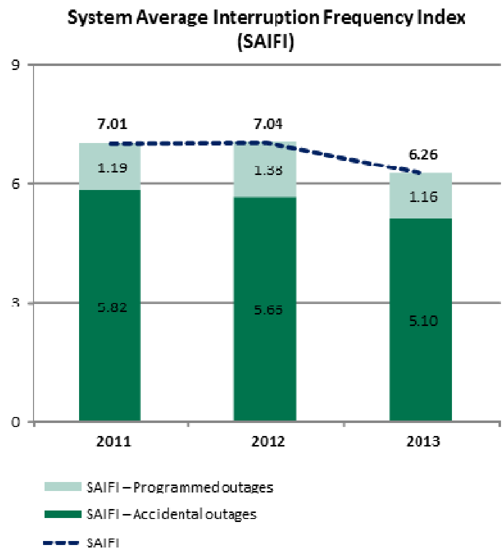
Retail supply quality

Cemig is continuously taking action to improve its operational management, the organization of the logistics of its emergency services, and its permanent regime of preventive inspection and maintenance of substations, lines and distribution networks. It also invests in improving the qualifications of its professionals, in state-of-the-art technologies, and in standardization of work processes.

In Cemig D's indicators, in the calculation of the figures for SAIDI (*System Average Interruption Duration Index*) the distinction should be noted between outages caused by accidents and those that are programmed in the occasional event of need to suspend supply for new investments to improve networks.

These charts show Cemig's indicators of duration (SAIDI – *System Average Interruption Duration Index*) and frequency (SAIFI – *System Average Interruption Frequency Index*) in the last 3 years, showing the significant improvement in quality in 2013.





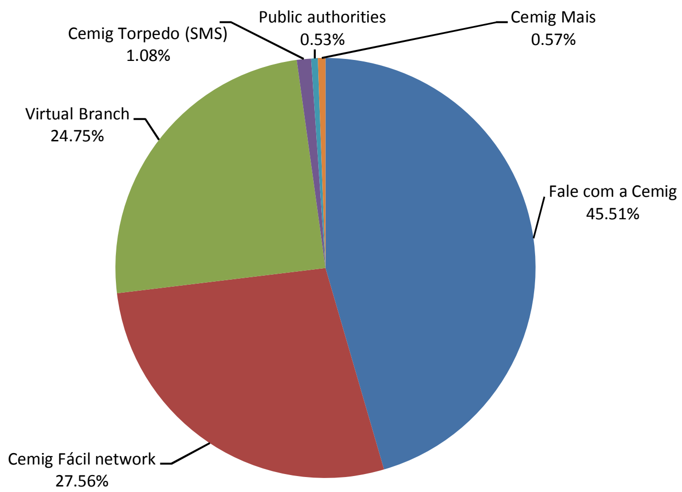
Service policy

Aiming to provide a service of quality, and to facilitate consumers' access to the Company, Cemig makes a variety of in-person and distance communication channels available to provide a range of means of communication.

The "Talk to Cemig" (*Fale com a Cemig*) channel enables the consumer to contact the Company via a 116 toll-free phone number, or by internet. In 2013 there were approximately 10.6 million contacts by telephone, 115,000 contacts by chat and 121,000 by e-mail.

The in-person service is through the *Cemig Fácil* service network – which consists of 156 *Cemig Fácil* Service Branches in cities with more than 10,000 consumer units, and 621 Cemig Fácil Service Points in cities with less 10,000 consumer units, serving a total of 774 municipalities in Cemig's concession area. In 2013, a total of 6.7 million client service contacts were made in the *Cemig Fácil* network.

Another important channel is the Cemig Text Messaging (*Cemig Torpedo*) service, which enables the consumer to contact Cemig by text message. In 2013, a total of 278,000 messages were received.
The Company also seek to offer the optimum possible service and interaction with clients with special needs: the Service Branches comply with the accessibility levels of Brazilian Standard (ABNT) NBR 9050; there are chat facilities in the Online Branch, there is the Cemig Text Messaging facility, and electricity bills in Braille are available. At Cemig's environmental stations, trails are signposted in Braille to help make sure the visually challenged will be included among the visitors.
This chart shows the number of the Company's interactions with clients through each medium / channel as a proportion of the total number of interactions in the year:



TECHNOLOGICAL MANAGEMENT AND INNOVATION

Historically, constant investment in innovation, technology and efficiency, and the Company's pioneering vocation, have been determining factors in Cemig achieving its present positioning in the market.

As a tool for achieving its mission, Cemig employs strategic management of technology, with two main components: coordination of its Research and Development Program; and investment in technological development, including successful partnerships.

In 2013 Cemig D spent approximately R$ 47 million on Research and Development, and Energy Efficiency.

SOCIAL RESPONSIBILITY

Cemig's social responsibility strategy is: to grow, while involving all the publics to which it relates. Cemig is currently present in 774 cities and 22 states of Brazil, delivering electricity with quality to millions of Brazilians.

In all its interactions Cemig takes care to respect and listen to those who are affected by any activity or have direct contact with Cemig D. In new projects or those that Cemig administers, the contact with communities takes place throughout the year, through projects providing education, incentives for artisanal and other local activities, rain warnings, periodic visits, and training activities, all with the purpose of providing assistance and accompanying local development.

The following are some of the highlight projects of Cemig D in 2013:

The 'Social Tariff" – Discount on electricity bills for families with per capita income of up to half the minimum wage who are on the federal government's Single Social Benefits Program Register. So far 920,000 families have registered to obtain this benefit on their bills from Cemig D, and Cemig D estimates that approximately 1.3 million residences may potentially be covered.

The AI6% Program: This program encourages employees and retirees to redirect 6% of their payable income tax to the *Infancy and Adolescence Funds* (*Fundos da Infância e da Adolescência*, or FIAs).

Just under 2,000 of the Company's employees participated in the 2013–2014 campaign, allocating funds of more than R$ 1 million, to be distributed between 191 social institutions registered in 105 cities and towns that work in protection and defense of the rights of children and young people at risk or in socially vulnerable situations.

The *Energia Inteligente* Program: This program expresses Cemig's concern to serve clients with quality, and to orient them as to the correct and rational use of electricity. The investment made in 2013 was R$ 36.4 mn, of which R$ 10.1 mn was invested in the *Conviver* Project. A total of 36,523 families have been served.

Culture and society

In 2013 Cemig's sponsorships were once again guided by its Sponsorship Policy, acting in synergy with current public policies for improvement of the cultural scene in the State of Minas

Gerais. The Company's two programs – *Cemig Cultural* and '*Film it in Minas*' (*Filme em Minas*) – provided resources to 185 projects, supporting the State Culture Department's aim of regionalizing production. The total invested in culture, including both sponsorships encouraged by federal laws and the Company's own direct donations, was R$ 22 million – a significant increase from 2012.

The *Film it in Minas* Program for 2013–14 supported 44 projects with investment of R$ 2.5 million. Cemig continued its sponsorship of museums (such as the *Museu de Artes & Ofícios*, in Belo Horizonte, the *Instituto de Arte Contemporânea*, the *Inhotim* Botanical Garden and Museum at Brumadinho, Minas Gerais, and the *Oratório* museum in Ouro Preto), permanent culture centers (such as the Artistic Foundation and the *Clóvis Salgado* Foundation/Palácio das Artes, in Belo Horizonte), and projects to encourage reading (such as *Sempre um Papo* ("Always a Good Chat"), the Literary Festivals of Ouro Preto and São João Del Rei), and maintenance of the State Public Library and the publications of the Mineiro Public Archive).

It also maintained the Cemig Popular Art Center, a space that is part of the *Praça da Liberdade Cultural Circuit*, a strategic project of the Minas Gerais state government: The space has a permanent exhibition of Minas Gerais handcrafts and shows temporary exhibitions on the same subject.

In Sport, continuation of the sponsorships for the projects of the four previous years resulted in national prizes and once again the *Sport-Friendly Company Award* from the Sport Ministry. Funding of R$ 4.5 million was channeled under the Sports Law; the projects were selected jointly with the Sport and Youth Department of Minas Gerais State.

The partnership with the Voluntary Social Assistance Service (*Serviço Voluntário de Assistência Social* – Servas) was maintained, sponsoring the *Vita Vida* and *Valores de Minas* projects. The first of these combats hunger, providing balanced meals to thousands of children per month. The other provides support to strengthen self-esteem and personal growth for thousands of students in the state school network, through culture-related activities.

Environment

Cemig has always had care for the environment in all its activities and business as a basic guiding directive – helping with the preservation, conservation and improvement of the environment in a sustainable manner.

To prepare this strategy, the Company identifies and prioritizes the significant social-environmental projects using a risk matrix system that is part of the Social and Environmental Adaptation Program. These decisions are taken for a long-term scenario, which takes into account the risks and opportunities relating to the Company's principal environmental challenges. This program is periodically reviewed by the Social and Environmental Adaption Committee, which is made up of representatives of the Chief Officer's Departments.

These are governing documents, and guide all the actions and initiatives taken by the Company or in its name: the *Environmental Policy*, the *Biodiversity Policy*, and the *Commitment on Climate Change*, all of which are evidence of Cemig's Corporate orientation as an entity promoting and inducing good environmental practices.

In 2013 the total invested in the environment by Cemig D was R$ 19.5 million. Of this amount, R$ 17.3 million was invested in environmental management and management of waste, R$ 2.1

million was invested in research projects related to the environment, and R$ 2.2 million was applied in new projects.

Recognition for corporate sustainability

Cemig, controlling stockholder of Cemig D, has once again been selected for inclusion in the Dow Jones Sustainability World Index (the "DJSI World"), for 2013–14.
This brings the number of years that Cemig has been in this index to 14. It continues to be the only company in the Latin American electricity sector that has been in the DJSI World Index since the creation of the index, in 1999.
The new composition of the DJSI World has 333 companies. The selection process considered 2,500 companies in 59 industrial sectors.

Cemig was selected, for the ninth year running, for inclusion in the ISE Corporate Sustainability Index of BM&FBovespa (the São Paulo Stock Exchange). It has been selected for the ISE since this index was created in 2005. The ISE reflects the return on a portfolio of shares of companies listed on the BM&FBovespa that are recognized as committed to corporate sustainability, that is to say, that generate value for the stockholder in the long term, and are better prepared to maximize corporate opportunities while minimizing the risks associated with their activities.

Environmental licensing

Environmental licensing is one of the forms in which registration of the Company's enterprises has to be kept up to date. The activity of Cemig GT's licensing department ensures that all the studies and reports undertaken are properly analyzed, and all the rules issued by the competent bodies and the legislation are complied with.
In those undertakings that are exempt from environmental licensing, Cemig's own environmental requirements are applied – these ensure identification, control and monitoring of environmental impacts. The facilities that began operation before 1986 are undergoing the procedures for corrective licensing.

The Company's electricity system – the total of its distribution lines and substations – comprises seven networks: The Central Network, East, Mantiqueira, North, West, South and the Minas Triangle.

Cemig D has 68.7% of its facilities duly licensed, and 31.3% in the process of licensing.

Management of waste

Materials taken out of use, such as transformers, insulators, scrap, cables and wires are sent to the Materials Distribution Center, an area certified at Level 1 with the Cemig Environmental Management System (*Sistema de Gestão Ambiental Cemig*, or SGA).

In 2013 Cemig dealt with 32,200 tons of waste: 31,900 tons were sold or recycled, 227 tons were co-processed or incinerated, and 113 tons were regenerated. Disposal of the wastes generated a revenue of R$ 8.4 million for Cemig.

49.8 tons of burnt-out fluorescent lamps, and 49.4 tons of broken fluorescent lamps, from all over the Company's concession area, were sent for recycling. Also 214 tons of oil-impregnated waste and 10 tons of environmental protection equipment were co-processed.

The volume of waste disposed of was 22% higher than in 2012. The items that most contributed to this increase were: distribution poles and their crossbars, distribution transformers, and various oil wastes. Of the total of oil wastes processed, 112.9 tons of insulating mineral oil were regenerated and re-used. The wastes impregnated with oil were 31% less by volume than in 2012, due to greater control in the activities of maintenance of equipment – directly reducing costs of final disposal.

Vegetation management

This is a significant factor giving direction to our corporate environmental strategy: Sustainable management of vegetation in Cemig D, developed and continually improved by our *Integrated Trees and Networks Handling Program* (*Programa Especial de Manejo Integrado de Árvores e Redes*, or "Premiar").

The program was launched in 2009, and its main aims are: to ensure solid partnership between concession holders and the public authorities in the quest for solutions to make trees and networks compatible; to promote innovation in the techniques for handling of trees and networks in a sustainable way; and professionalization of the related activities, ensuring improvement of the performance of the electricity system, with reduction of costs, and improvement of the quality of supply of electricity to the public by maintaining and continuously improving tree handling activities.

To execute the actions in the Premiar program, Cemig has signed partnerships with the prefectures of Belo Horizonte and Contagem (in the Belo Horizonte metropolitan area), and also other municipalities where arborists have provided services to meet the maintenance needs of the Distribution company, indicating and approving services of pruning and power line pathway cleaning for distribution networks and lines.

B. CORPORATE EVENTS
(Changes in by-laws, Meetings of Debenture Holders, Extraordinary General Meetings of Stockholders, and meetings of the Board of Directors

(Ask the Fiduciary Agent for the Corporate Events in full)

<table>
<tr><td>CEMIG Distribuição S.A.</td><td colspan="5">EXTRAORDINARY (*) AND/OR ORDINARY (**)(ANNUAL) GENERAL MEETING OF STOCKHOLDERS</td></tr>
<tr><td rowspan="3">CHANGES IN THE BY-LAWS</td><td rowspan="3">DATE</td><td colspan="3">MINUTES</td></tr>
<tr><td colspan="2">FILED</td><td rowspan="2">DATE OF PUBLICATION</td></tr>
<tr><td>NUMBER</td><td>DATE</td></tr>
<tr><td>Changed the drafting of Sub-clause 'g' of Item I and included Subclause 'and' in Item XI, of the head paragraph of Clause 17, to transfer the activity of the Ombudsman from the responsibility of the CEO to that of the Chief Officer for Institutional Relations and Communication.</td><td>April 30, 2013 ***</td><td>5057614</td><td>May 24,2013</td><td>June 11, 2013</td></tr>
</table>

April 30, 2013 – Annual and Extraordinary General Meetings of Stockholders

The following decisions were taken:

a) Examination, debate and voting on the Report of Management and the Financial Statements for the year ended December 31, 2012, and the related complementary documents.
b) Allocation of the net profit for 2012, in the amount of R$ 191,365,000.

c) Decision on the form and date of payment of dividends, in the amount of R$ 141,114,000.
d) Change in the by-laws: New drafting of Subclause ‘g’ of Item I, and inclusion of Subclause ‘n’ in Item XI, of the head paragraph of Article 17, to transfer the activity of the Company’s Ombudsman from the Chief Executive Officer to the Chief Institutional Relations and Communication Officer.
e) Election of the sitting and substitute members of the Board of Directors, due to the completion of the current period of office.
h) Election of the sitting and substitute members of the Audit Board, due to completion of their period of office.

December 19, 2013 – 190th meeting of the Board of Directors

December 12, 2013 – 189th meeting of the Board of Directors

November 29, 2013 – 188th meeting of the Board of Directors

November 7, 2013 – 187th meeting of the Board of Directors

October 30, 2013 – 186th meeting of the Board of Directors

October 17, 2013 – 185th meeting of the Board of Directors

October 10, 2013 – 184th meeting of the Board of Directors

September 11, 2013 – 183rd meeting of the Board of Directors

August 20, 2013 – 182nd meeting of the Board of Directors

August 8, 2013 – 181stmeeting of the Board of Directors

July 11, 2013 – 180th meeting of the Board of Directors

June 6, 2013 – 179th meeting of the Board of Directors

May 16, 2013 – 178th meeting of the Board of Directors

May 9, 2013 – 177th meeting of the Board of Directors

April 23, 2013 – 176th meeting of the Board of Directors

April 11, 2013 – 175th meeting of the Board of Directors

March 26, 2013 – 174th meeting of the Board of Directors

February 28, 2013 – 173rd meeting of the Board of Directors

February 21, 2013 – 172nd meeting of the Board of Directors

January 31, 2013 – 171st meeting of the Board of Directors

January 23, 2013 – 170th meeting of the Board of Directors

January 17, 2013 – 169th meeting of the Board of Directors

Distribuição S.A.

STATEMENTS OF FINANCIAL POSITION

AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012

ASSETS

R$ ’000

	Note	2013	2012 Re-presented	Jan. 1, 2012 Re-presented
Current				
Cash and cash equivalents	5	685,969	190,233	527,296
Securities	6	79,642	78,626	5,000
Consumers and traders	7	1,216,412	1,357,518	1,602,291
Concession holders – Transport of electricity	7	221,977	299,718	247,049
Taxes recoverable	8	287,284	121,387	118,960
Income tax and Social Contribution tax recoverable	9a	156,443	118,782	81,597
Linked funds		1,772	132,256	3,279
Inventories		32,140	35,988	26,671
Contribution for Public Illumination		70,475	68,898	62,889
Reimbursement of tariff subsidies	11	136,026	-	-
Low-income subsidy		26,886	46,879	920
Provision for gains on financial instruments	26	-	20,445	-
Funds from Energy Development Account (CDE)	12	38,587	-	-
Others		194,961	332,578	257,187
TOTAL, CURRENT		**3,148,574**	**2,803,308**	**2,933,139**
NON-CURRENT				
Securities	6	8,008	22,235	-
Deferred income tax and Social Contribution tax	9b	897,686	910,524	499,092
Taxes recoverable	8	334,849	348,959	247,350
Escrow deposits in legal actions	10	853,961	852,313	832,466
Consumers and traders	7	180,307	220,315	61,822
Concession holders – Transport of electricity	7	8,288	10,440	11,931
Other credits		81,563	74,994	70,171
Financial assets of the distribution concession	13	5,063,802	4,757,735	3,118,126
Intangible assets	14	1,920,898	1,778,817	2,703,687
TOTAL, NON-CURRENT		**9,349,362**	**8,976,332**	**7,544,645**
TOTAL ASSETS		**12,497,936**	**11,779,640**	**10,477,784**

The Explanatory Notes are an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012

LIABILITIES

R$ '000

	Note	2013	2012 Re-presented	Jan. 1, 2012 Re-presented
CURRENT				
Loans and financings	17	585,601	2,954,010	603,235
Debentures	17	545,767	931,647	22,765
Suppliers	15	853,825	1,116,600	753,131
Taxes	16	331,217	364,482	340,956
Interest on Equity, and dividends, payable		245,127	119,947	109,215
Payroll and related charges		129,469	160,708	168,454
Regulatory charges	18	125,534	238,048	210,312
Profit sharing		81,776	56,809	59,437
Post-retirement liabilities	19	99,022	37,114	53,687
Contribution for Public Illumination		127,576	111,489	114,586
Others		175,091	158,694	168,983
TOTAL, CURRENT		**3,300,005**	**6,249,548**	**2,604,761**
NON-CURRENT				
Loans and financings	17	1,335,223	723,973	2,032,642
Debentures	17	2,781,328	-	852,580
Provisions	20	181,705	104,986	103,684
Post-retirement liabilities	19	1,669,146	1,783,959	1,397,431
Taxes	16	598,215	579,523	661,326
Regulatory charges	18	109,944	122,021	187,753
Others		29,512	21,851	19,639
TOTAL, NON-CURRENT		**6,705,073**	**3,336,313**	**5,255,055**
TOTAL LIABILITIES		**10,005,078**	**9,585,861**	**7,859,816**
STOCKHOLDERS' EQUITY	21			
Share capital		2,261,998	2,261,998	2,261,998
Profit reserves		427,805	201,151	394,465
Adjustments to Stockholders' equity		(196,945)	(269,370)	(38,495)
TOTAL OF STOCKHOLDERS' EQUITY		**2,492,858**	**2,193,779**	**2,617,968**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**12,497,936**	**11,779,640**	**10,477,784**

The Explanatory Notes are an integral part of the Financial Statements.

PROFIT AND LOSS ACCOUNTS

FOR THE PERIODS ENDED DECEMBER 31, 2013 AND 2012

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

	Note	2013	2012 Reclassified
REVENUE	22	9,205,932	9,503,792
OPERATIONAL COSTS	23		
COST OF ELECTRICITY			
Electricity bought for resale		(4,089,448)	(4,179,651)
Charges for the use of the national grid		(410,290)	(794,333)
		(4,499,738)	(4,973,984)
COSTS			
Personnel and managers		(694,365)	(674,266)
Materials		(43,517)	(42,044)
Outsourced services		(550,305)	(580,759)
Amortization		(378,428)	(362,104)
Operational provisions		(157,011)	(43,005)
Distribution Infrastructure Construction Cost		(883,801)	(1,228,483)
Others		(109,221)	(81,236)
		(2,816,648)	(3,011,897)
TOTAL COST		**(7,316,386)**	**(7,985,881)**
GROSS PROFIT		**1,889,546**	**1,517,911**
OPERATIONAL EXPENSES	23		
Selling expenses		(117,932)	(225,063)
General and administrative expenses		(517,983)	(374,680)
Other operational expenses		(382,221)	(421,491)
		(1,018,136)	(1,021,234)
Profit before Financial revenue (expenses) and Taxes		**871,410**	**496,677**
Financial revenues	24	453,099	289,083
Financial expenses	24	(646,877)	(573,955)
Pretax profit		**677,632**	**211,805**
Current income tax and Social Contribution tax	9	(198,315)	(312,937)
Deferred income tax and Social Contribution tax	9	10,937	292,497
PROFIT (LOSS) FOR THE PERIOD		**490,254**	**191,365**
Basic and diluted profit per common share		0.2167	0.0846

The Explanatory Notes are an integral part of the Financial Statements.

Note: We recommend reading of the Financial statements, the Explanatory notes and the Report of the external auditors. The above information is available on the Company’s website, www.ceming.infoinvest.com.br

A. REPORT OF MANAGEMENT

MESSAGE FROM MANAGEMENT

Once again we complete a year certain of having done our duty.

We were aware of the challenges we would face in 2013, with the Tariff Review for our Company, execution of an ambitious investment program, and the constant quest to offer quality service to our consumers.

Even with all these challenges, we report profit of R$ 490 million for 2013, which is 156.54% higher than our profit of R$ 191 million in 2012. We continue to seek improvement in operational efficiency, with reduction of costs, greater efficiency in processes, and prudence in investments, in accordance with the logic of the regulatory structure.

In non-controllable costs, our result in the year was again affected by higher expenditure on buying electricity, due to the fall in the level of the reservoirs of the hydroelectric plants, causing more dispatching of the thermal plants, the cost of which is much higher, and this was reflected in our expenses.

On the other hand we remind readers that this additional cost is transferred to tariffs in the tariff adjustment.

We have an ambitious investment program for 2013 through 2017, totaling approximately R$ 3.7 billion – in this period we expect to connect 1.2 million new consumers to electricity supply. In 2013 we already executed R$ 884 million of this program, connected more than 200,000 new consumers.

A continuing highlight, as ever, was our commitment to the general public to improve the quality and reliability of service to our consumers.

The average duration of outages for Cemig D consumers, expressed as the SAIDI Index, was 12.49 hours in 2013, compared to 14.74 hours in 2012 – an improvement of 15.26%. Also, the frequency of consumer outages, measured as SAIFI, which was already below the minimum required by the Regulator, also improved: by 11.08%, from 7.04 in 2012 to 6.26 in 2013.

These successes – growth, consistent financial results and our commitment to quality in serving our clients – are a materialization of our strategic vision, based on principles of sustainability and social responsibility.

The year of 2014 will also present our company, and the Brazilian electricity sector, with some major challenges.

The low level of reservoirs of hydroelectric plants at the end of 2013 and in early 2014 increased prices of electricity in the wholesale market to above R$ 800/MWh, resulting in pressure on the cash positions of the distribution companies, forced to pay a high cost to acquire electricity. This situation made it essential for the federal government and regulatory agencies to provide support, creating solutions to maintain the financial equilibrium of the sector's companies and enable transactions between distributors and generators to be settled.

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In this scenario, Brazilian rainfall in the coming months, in comparison to historic levels, will be a determining factor for the country's energy policy and prices of electricity for the year 2014.

Another component of 2014 is the Soccer World Cup, an event with worldwide repercussions – in which the electricity sector has an important role to play in maintaining reliable supply during the games.

This report is not complete without stating our thanks to our employees, a group of professionals whose competence is recognized throughout Brazil. It is the commitment, competence and talent of all our workers that makes Cemig continue to provide 'Brazil's best energy'.

Also, our results would not have been possible without the support of all our stockholders, whom we thank for their support and the confidence shown during the year.

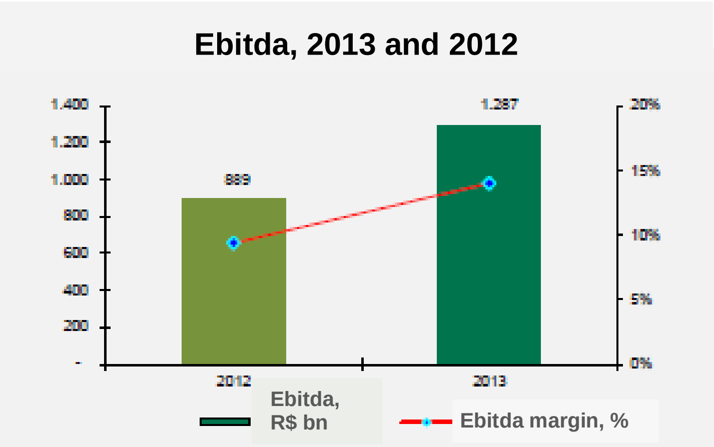
B. FINANCIAL INDICATORS

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

Cemig D's Ebitda in 2013 was 44.77% higher than 2012.

Ebitda – R$ million	2013	2012	Change %
Net profit for the period	490	191	156.64
+ Income tax and Social Contribution tax.	187	20	835.00
+ Financial revenue (expenses)	194	285	(31.93)
+ Amortization and depreciation	416	393	5.85
= EBITDA	1,287	?889	44.77

Ebitda is a non-accounting measure prepared by the Company, extracted from its financial statements, following the specifications in CVM Circular SNC/SEP 01/2007 and CVM Instruction 527 of October 4, 2012. It comprises: net profit, adjusted for the effects of net financial revenue (expenses), depreciation and amortization, and income tax and the Social Contribution tax. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. Cemig publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitute for net profit or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor dent payment capacity.



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Cemig D's higher Ebitda in 2013 than in 2012 mainly reflects higher Net profit, especially due to operational costs and expenses being 8.08% lower (excluding the effects of amortization) at R$ 7.918 billion in 2013, vs, R$ 8.614 billion in 2012. Ebitda margin increased from 9.66% in 2012 to 13.54% in 2013.

C. OPINION OF THE EXTERNAL AUDITORS

To the Stockholders, Board Members and Managers of
Cemig Distribuição S.A.
Belo Horizonte, Minas Gerais

We have audited the financial statements of Cemig Distribuição S.A. ("the Company"), which comprise the balance sheet as at December 31, 2013, and the related income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation and adequate presentation of the financial statements in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also for the internal controls that it has decided are necessary to make possible the preparation of those financial statements free of material distortion, whether caused by fraud or error.

Responsibility of the external auditors

Our responsibility is to express an opinion on these financial statements based on our audit. We conduct our audit in accordance with Brazilian and International Standards on Auditing. These rules require compliance by the auditors with ethical requirements, and that the audit should be planned and executed with the objective of obtaining a reasonable degree of certainty that the financial statements are free of material distortion.

An audit involves execution of selected procedures to obtain evidence on amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls that are relevant to the preparation and fair presentation of the Company's financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the auditing evidence obtained is sufficient and appropriate as grounds for our opinion.

Opinion on the financial statements

In our opinion, the financial statements referred to above adequately present, in all material aspects, the equity and financial position of Cemig Distribuição S.A. on December 31, 2013, the performance of its operations, and its cash flows, for the business year ended on that date, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with the accounting practices adopted in Brazil.

Emphases of matter

Re-presentation of the corresponding amounts for the business year ending December 31, 2012

As described in explanatory note 2.5 to the financial statements, due to the change in accounting policy, the corresponding amounts relating to the statement of financial position for the business year ended December 31, 2012 and the corresponding financial information in relation to the profit and loss account, the statement of comprehensive income, the statement of changes in stockholders' equity, the statement of cash flows and the statement of added value (supplementary information) for the business year ended December 31, 2012, presented for the purposes of comparison, have been adjusted and are being re-presented as specified in Accounting Pronouncements CPC 23 – *Accounting Policies, Changes in Estimates and Rectification of Errors* (*Políticas Contábeis, Mudança de Estimativa e Retificação de Erro*) and CPC 26(R1) – *Presentation of Financial Statements* (*Apresentação das Demonstrações Contábeis*). Our opinion regarding this matter is unqualified.

Transfer of funds from the Energy Development Account (CDE)

Notwithstanding our opinion on the financial statements for the business year ended December 31, 2013, we call attention to the subject described in Explanatory Note 12 to the Financial Statements, relating to the record made by the Company, in the form of reduction of the cost of electricity bought for resale, of funds passed through from the Energy Development Account (*Conta de Desenvolvimento Energético*, or CDE).

Added value statement

We have also examined the individual and consolidated Added Value Statements (DVAs), for the business year ended December 31, 2013, prepared under the responsibility of the Company's Management, the presentation of which is required by the Brazilian Corporate Law legislation for listed companies, and which is supplementary information under IFRS, which do not require

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presentation of the DVA. This statement was submitted to the same audit procedures described previously, and in our opinion is fairly presented, in all its material aspects, in relation to financial statements taken as a whole.

Audit of the accounting information of the Statement of financial position at January 1, 2012

The examination of the individual Statement of financial position at January 1, 2012, which is now re-presented as a result of the matters described in Explanatory Note 2.5, as specified in CPC 23 – *Accounting Policies, Changes in Estimates and Rectification of Errors* (*Políticas Contábeis, Mudança de Estimativa e Retificação de Erro*) and CPC 26(R1) – *Presentation of Financial Statements* (*Apresentação das Demonstrações Contábeis*), was conducted under the responsibility of other independent auditors, who issued an unqualified report, dated August 14, 2013.

Belo Horizonte, March 13, 2014.

DELOITTE TOUCHE TOHMATSU.
Auditores Independentes
CRC-2SP 011.609/O-8 F/MG

José Ricardo Faria Gomez
Accountant
CRC-SP 218.398/O-1 T/MG

Note: We recommend reading of the Financial statements, the Explanatory notes and the Report of the external auditors. The above information is available on the Company's website, www.ceming.infoinvest.com.br

STATEMENT BY THE FIDUCIARY AGENT

The Company has kept its information up to date with the CVM and the Fiduciary Agent , and has placed at the disposal of interested debenture holders trained personnel qualified to provide additional information on all the events that have taken place during the life of the debentures.

We declare that we have the capacity to continue to exercise the function of Fiduciary Agent of the Issue, and also we are at all times at the disposal of Debenture Holders at our offices, at Rua Dr. Renato Paes de Barros 717, 6th Floor, Itaim, São Paulo, SP.

São Paulo, April 29, 2014

SLW – Corretora de Valores e Câmbio Ltda.
Fiduciary Agent

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