ANNUAL REPORT OF THE FIDUCIARY AGENT

BUSINESS YEAR 2013

CEMIG DISTRIBUIÇÃO S.A.

3rd Issue of Non-convertible Debentures

GDC Partners Serviços Fiduciários DTVM Ltda.

FIDUCIARY AGENT

April 2014

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Rio de Janeiro, April 15, 2014.

To
The Debenture Holders of
Cemig Distribuição S.A.
Av. Barbacena 1200, 17th floor, A1 Wing,
Santo Agostinho
30190-924 Belo Horizonte, MG
Att: **Mr. Luiz Fernando Rolla**
Chief Investor Relations Officer

CVM – Comissão de Valores Mobiliários
Rua Sete de Setembro 111, 2º floor, Centro,
20050-901 Rio de Janeiro, RJ
Att: Securities Registry Directorate – SRE

Cetip S.A.
Av. Brigadeiro Faria Lima 1663, 4th Floor,
Jardim Paulistano
01452-001, São Paulo, SP
Att: Securities Management Office

BM&FBovespa S.A.
Rua XV de Novembro 275
01013-001, São Paulo, SP
Att:

As the Fiduciary Agent of the 3rd Issue of Debentures by **Cemig Distribuição S.A. (Cemig D)**, we present the annual report on this issue, in compliance with Law 6404 of December 15, 1976, CVM Instruction 28, of November 23, 1983 and the Issue Deed of the Third Issue for Public Distribution by Cemig D, of Unsecured, Non-convertible Debentures, in up to 3 Series.

Consideration of the situation of the Company was based on: the information supplied by the Issuer; accounting statements; and internal controls of this Fiduciary Agent.

This report is at the disposal of debenture holders at the head office of the Issuer, at the head office of the Fiduciary Agent, at the CVM (*Comissão de Valores Mobiliários*), at Cetip and at the BM&FBovespa.

Yours,

GDC Partners Serviços Fiduciários DTVM Ltda.
Avenida Ayrton Senna 3,000, Block 3, Suite 3.105, 22775-003 Barra da Tijuca
22.775-003 – Rio de Janeiro – RJ
Tel: (+55-21) 2490-4305, (21) 2490-3062
The Ombudsman 0800-022-3062
E-Mail: gdc@gdcdtvm.com.br

1. CHARACTERISTICS OF THE ISSUER

Trading name:	Cemig Distribuição S.A.
Head office address:	Av. Av. Barbacena 1200, 17th floor, A1 Wing, Santo Agostinho, 30190-131, Belo Horizonte, MG
Telephone/Fax:	(31) 3506-5024 / (31) 3506-5025.
Investor Relations Director:	Luiz Fernando Rolla
Brazilian Corporate Tax Number (CNPJ/MF)	06.981.180/0001-16.
Status:	Operational
External auditors	Deloitte Touche Tohmatsu Auditores Independentes.
Principal activity:	To study, plan, project, build and commercially operate systems of distribution and sale of electricity and related services.

2. CHARACTERISTICS OF THE ISSUE

Title:	Debentures.
CVM registry Nº:	1st series: CVM/SER/DEB/2013/008. 2nd series: CVM/SER/DEB/2013/009. 3rd series: CVM/SER/DEB/2013/010.
ISIN:	1st series: BRCMGDDBS025. 2nd series: BRCMGDDBS033. 3rd series: BRCMGDDBS041.
Cetip asset code:	1st series: CMDT13. 2nd series: CMDT23. 3rd series: CMDT33.

Issuer’s situation:	Active.
Issuer’s situation:	Compliant with pecuniary obligations.
Lead Manager:	BB Banco de Investimento S.A.
Managers:	HSBC Corretora de Títulos e Valores Mobiliários S.A. Banco Votorantim S.A.
Rating:	Moody’s, February 3, 2014: aa3 – Global scale; Aa1.br – Brazilian scale.
Mandated Settlement Bank and Bookkeeping Institution:	Banco Bradesco S.A.
Number of series:	The issue was made in three Series.
Total amount of the Issue:	The total value of the Issue is R$ 2,160,000,000.00 (two billion, one hundred sixty million Reais).
Quantity of debentures:	The issue comprises 2,160,000 (two million one hundred sixty thousand) Debentures, of which 410,817 (four hundred ten thousand eight hundred seventeen) are Debentures of the First Series, 1,095,508 (one million ninety five thousand five hundred eight) Debentures of the Second Series, and 653,675 (six hundred fifty three thousand six hundred seventy five) Debentures of the Third Series.
Nominal Unit Value:	The nominal unit value of the Debentures is R$ 1,000.00 (one thousand Reais) on the Issue Date.
Issue Date:	For all legal purposes the issue date of the Debentures will be February 15, 2013.
Form:	The Debentures are nominal, book-entry Debentures, without the issuance of deposits or certificates.
Convertibility:	The Debentures are not be convertible into shares.
Type:	The Debentures are of the unsecured type.

Renegotiation:	The Debentures are not subject to renegotiation.
Tenor and Maturity Date:	1st Series: The Debentures of the First Series have tenor of 5 (five) years from the Issue Date, with maturity on February 15, 2018. 2nd Series: The Debentures of the Second Series have tenor of 8 (five) years from the Issue Date, with maturity on February 15, 2021. 3rd Series: The Debentures of the Third Series have tenor of 12 (five) years from the Issue Date, with maturity on February 15, 2025.
Remuneration of the Debentures of the First Series:	Monetary updating: The Nominal Unit Value of the Debentures of the First Series will not be updated. Remuneratory Interest: Remuneratory Interest corresponding to 100% (one hundred per cent) of the accumulated variation of the DI Rate, on the 252 business days basis, capitalized by a spread of 0.69%, decided in accordance with the Bookbuilding Procedure, is applied to the Nominal Unit Value of the Debentures of the First Series.
Remuneration of the Debentures of the Second Series:	Monetary updating: The Nominal Unit Value of the Debentures of the Second Series is updated by the accumulated variation of the IPCA index, published by IBGE, from the Issue Date (or from the immediately prior Amortization Date of the Second Series) up to the date of its actual payment, and the product of the Monetary Updating is automatically incorporated into the Nominal Unit Value of the Debentures of the Second Series. Remuneratory Interest: As established by the Bookbuilding Procedure, remuneratory interest, at 4.70% per year, on the 252 business days basis, applies to the Nominal Unit Value of the Debentures of the Second Series, updated by the Monetary Updating.
Remuneration of the Debentures of the Third Series:	Monetary updating: The Nominal Unit value of the Debentures of the Third Series is updated by the accumulated variation of the IPCA index published by the IBGE, from the Issue Date (or the immediately prior Date of Amortization of the Third Series, as the case may be) up to its date of actual payment, and the product of the Monetary Updating is automatically incorporated into the Nominal Unit Value of the Debentures of the Third Series. Remuneratory Interest Remuneratory interest at 5.10% per year, on the 252 business days basis, as established by the Bookbuilding Procedure, applies to the Nominal Unit Value of the Debentures of the Third Series, updated by the Monetary Updating.

Amortization of the Nominal Unit Value:

1st Series: The Nominal Unit Value of the Debentures of the First Series shall be amortized in a single payment, on the Maturity Date of the First Series.

2nd Series: The Nominal Unit Value of the Debentures of the Third Series will be amortized in 3 (three) consecutive annual installments, duly updated by the Monetary Updating, as from the 6th (sixth) year counted from the Issue Date, in accordance with the following table:

Amortization Dates:	Fraction:
February 15, 2019	33.00%
February 15, 2020	33.00%
February 15, 2021	34.00%

3rd Series: The Nominal Unit Value of the Debentures of the Third Series will be amortized in 4 (four) consecutive annual installments, duly updated by the Monetary Updating, as from the 9th (ninth) year counted from the Issue Date, in accordance with the following table:

Amortization Dates:	Fraction:
February 15, 2022	25.00%
February 15, 2023	25.00%
February 15, 2024	25.00%
February 15, 2025	25.00%

Frequency of payment of the Remuneratory Interest:

1st Series: The Remuneratory Interest of the First Series shall be paid annually, starting from the Issue Date, always on February of 15 of each year, the first payment being payable on February 15, 2014 and the last payment on the Maturity Date of the First Series.

2nd Series: The Remuneratory Interest of the Second Series shall be paid annually, starting from the Issue Date, always on February 15 of each year, and the last payment on the Maturity Date of the Second Series.

3rd series: The Remuneratory Interest of the Third Series shall be paid annually, starting from the Issue Date, always on February of 15 of each year and the last payment on the Maturity Date of the Third Series.

Optional Acquisition:

The Issuer may, at its exclusive option, and (i) at any time, in relation to the Debentures of the First Series in circulation, and (ii) as from the 25th month (inclusive) after the Issue Date, in relation to the Debentures of the Second and/or Third Series in circulation, acquire Debentures in Circulation, which may be cancelled, remain in the Issuer’s treasury or be once again placed in the market, as per the rules issued by the CVM, and such fact must be contained in the report of management and the financial statements of the Issuer.

The Issuer may acquire Debentures of the Second Series in Circulation and/or Debentures of the Third Series in Circulation, during the first 24 months from the Issue Date, up to a maximum of 5% of the total value of the respective Series of the Issue. The calculation of this limit shall be based on the aggregate of acquisitions of Debentures in Circulation of the respective series of the Issue by all the entities that comprise the Issuer’s economic-financial conglomerate.

Total or Partial Optional Early Maturity:

There will be no optional early redemption (total or partial) of the Debentures, and hence the Issuer may not repurchase, at its own sole option, the Debentures of any of the Series during the whole of their period of validity.

Obligatory Early Redemption:

If, at any time during the period of validity of the Debentures of the Second Series and/or the Debentures of Third Series, an Obligatory Redemption Event occurs such Debenture Holders of the Second or Third Series as so desire may ask the Issuer for early redemption of the Debentures in circulation that they own of the Second or Third Series, as the case may be, by communication in writing to that effect to be sent to the Issuer, with a copy to the Fiduciary Agent, within 15 calendar days from the publication of the Notice to Debenture Holders about the occurrence of the Obligatory Redemption Event, and the Issuer is obliged to effect redemption of such Debentures of the Second and/or Third Series within 15 calendar days from receipt of the respective Early Redemption Request. All the Debentures of the Debenture Holders who have requested the Obligatory Early Redemption shall be redeemed on a single date, by payment of the Nominal Unit Value of the Debentures to be redeemed of the Second and/or Third Series, augmented by the Remuneration of the Second Series or the Remuneration of the Third Series, as applicable.

Early Maturity:

Default Event:

(i) Declaration of bankruptcy, dissolution and/or liquidation of the Issuer and/or of the Guarantor, or application for Judicial Recovery or out-of-court reorganization or bankruptcy made by the Issuer and/or by the Guarantor; or any analogous event that characterizes a state of insolvency of the Issuer and/or the Guarantor, in accordance with the applicable legislation;

(ii) Non-compliance by the Issuer and/or the Guarantor with any pecuniary obligation related to the Debentures.

(iii) Early redemption of any pecuniary obligation of the Issuer and/or of the Guarantor arising from default on an obligation to pay any individual or aggregate amount greater than R$ 50,000,000.00 or its equivalent in other currencies, whether or not due to contractual non-compliance.

(iv) termination, for any reason, of any of the concession contracts to which the Issuer and/or the Guarantor is/are a party and which separately or jointly represent an amount equal to 30% or more of the net operational revenue of the Issuer and/or of the Guarantor, as the case may be, stated in its/their last prior financial statements at the time, and in the case of the Guarantor this percentage shall be calculated in relation to the Guarantor's consolidated result.

(v) legitimate protest against the Issuer and/or against the Guarantor the global value of which exceeds R$ 50,000,000.00 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 and/or the Guarantor (as the case may be) 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;

(vi) non-compliance by the Issuer and/or by the Guarantor, as the case may be, with any non-pecuniary obligation specified in the Issue Deed, not cured within 30 calendar days from the date on which the written notice sent by the Fiduciary Agent to the issuer is received.

(vii) if the Issuer or the Guarantor, as the case may be, 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 and/or the Guarantor, as the case may be, 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 or more or its equivalent in other currencies; and/or

(viii) Privatization, merger, liquidation, dissolution, extinction, split or any other form of stockholding reorganization that results in reduction of the registered capital of the Issuer and/or the Guarantor, unless it is by reason of an order of a Court or a regulatory decision, or does not cause a change in the rating of the Issue to a rating lower than the rating of "Aa3.br" supplied by Moody's America Latina or equivalent classification issued by another risk rating agency contracted by the Issuer in the future; and/or

(ix) transformation of the Issuer into a limited company.

3. ALLOCATION OF PROCEEDS

The net proceeds obtained by the Issuer from subscription of the Debentures were allocated as follows and in the following proportion: (i) approximately 31% for redemption of the 64 Promissory Notes of the Issuers 5th Issue, issued on July 2, 2012; (ii) approximately 28% for redemption of the 60 Promissory Notes of the Issuers 6th Issue, issued on December 21, 2012; and (iii) the remaining balance, equivalent to approximately 41% of the net proceeds obtained from by the Issuer from the subscription of the Issue, was used for investments in works to expand, renew and improve the Issuer's Electricity Distribution structure.

4. GUARANTEES

In guarantee of faithful, punctual and full payment of the Debentures, Companhia Energética de Minas Gerais – Cemig has given a surety guarantee in favor of the Debenture Holders, committing itself, as joint debtor and principal payer of all the amounts payable by the Issuer under the terms of the Issue Deed, until final settlement of the Debentures.

5. POSITION OF THE DEBENTURES

On Dec. 31, 2013	Number of Debentures – 1st Series	Number of Debentures – 2nd Series	Number of Debentures – 3rd Series
In circulation:	410,817	1,093,935	650,060
Bovespa		1,573	3,615
Treasury:	-		

6. EVENTS, 2013

There were no payments during the business year of 2013.

7. EVENTS PROGRAMMED FOR 2014

DATE	EVENT
Feb. 17, 2014	Remuneratory Interest of the First Series*
Feb. 17, 2014	Remuneratory Interest of the Second Series*
Feb. 17, 2014	Remuneratory Interest of the Third Series*

(*) Events that have been settled.

8. LEGAL AND CORPORATE EVENTS

MEETING OF THE BOARD OF DIRECTORS: January 17, 2013
Decisions:
III. The Board Authorized:

A) the third issue of debentures, unsecured, not convertible into shares, in up to three series (‘the Debentures’), of Cemig Distribuição S.A. (‘Cemig D’, ‘the Issuer’ or ‘the Company’), for public distribution, under the regime of firm guarantee of placement, in accordance with: CVM Instruction 400/2003, as amended; CVM Instruction 471/2008, as amended; the CVM/Anbima Agreement on Simplified Procedure for the Registry of Public Offerings, regulated by CVM Instruction 471, signed between the CVM and the Brazilian Association of Financial and Capital Markets Entities (Anbima); the Anbima Code of Regulations and Best Practices for Public Offers of Distribution and Acquisition of Securities; the Anbima Code of Regulations and Best Practices for the Agreed Activities; and, in relation to the debentures of the Second and Third Series, the Anbima Code of Regulation and Best Practices for the Fixed Income *Novo Mercado* (the Anbima Fixed Income Code) – subject to the characteristics described in these minutes;

B) Signature of the documents that are indispensable to the Issue, including:

a) the Contract for Coordination, Placement and Distribution of Non-convertible debentures under the Regime of Firm Guarantee, of the Third Public Issue by Cemig Distribuição S.A.; and

b) the Private Deed of the Third Public Issue of Non-convertible Debentures of Cemig Distribuição S.A. and respective subsequent amendments; and such others as are duly analyzed by the legal department and do not result in a financial burden on the Company.

ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF STOCKHOLDERS: April 30, 2013
Decisions:
The Meetings approved: b) the Proposal by the Board of Directors, mentioned in item II, sub-item ‘B’ of these minutes, to change the by-laws, altering the drafting of Sub-clause ‘g’ of item I and including Sub-clause ‘n’ of item XI, both of the head paragraph of Article 17, to transfer the activity of the Ombudsman from the responsibility of the Chief Executive Officer to the Chief Officer for Institutional Relations and Communication, to read as follows:

Clause 17: Subject to the provisions of the previous clauses, the following are the functions and powers attributed to the members of the Executive Board:

I To the Chief Executive Officer: ...

g) to manage and direct the activities of internal auditing, the Corporate Executive Office, and strategic planning; ...

XI To the Chief Institutional Relations and Communication Officer: ...

n) to conduct the activities of the Ombudsman.”

MEETING OF THE BOARD OF DIRECTORS: October 10, 2013
Decisions:
(9) Change in Article 2 of the Internal Regulations of the Board of Directors, to reflect the provision in the by-laws of Cemig, Cemig D and Cemig GT, altering from 3 (three) to 2 (two) years for Cemig, the period of elected office of the members of the Board of Directors, as follows:

Clause 8: The Company’s Board of Directors shall be made up of 14 (fourteen) members and an equal number of substitute members, and one of such sitting members shall be Chairman, and one Vice-President, and they shall be elected, and may be dismissed, at any time, by the General Meeting of Stockholders. Their period of office is, in Cemig, 2 (two) years, and in Cemig D and Cemig GT, 3 (three) years, and they may be re-elected.”

The copies of the minutes described above, and also the other minutes that do not refer to this Issue or to the changes in the by-laws, are at your disposal at the office of the Fiduciary Agent and on the website http://www.cvm.gov.br.

9. NOTICES TO DEBENTURE HOLDERS

In 2013 there were no Notices to Debenture Holders in relation to this Issue.

10. GENERAL MEETING OF DEBENTURE HOLDERS

No meeting of Debenture Holders of this issue was held in 2013.

11. AMENDMENT TO THE ISSUE DEED

On March 1, 2013 the First Amendment was made to the Public Deed of the Third Issue of Debentures for Public Distribution by Cemig Distribuição S.A., of unsecured, non-convertible Debentures in up to Three Series, to change certain terms and conditions of the Deed as a result of the realization of the Bookbuilding Procedure. The amendment was filed with the Commercial Board of the State of Minas Gerais on March 5, 2013, under N°. ED.000.136-2/001.

12. EARLY MATURITY

None of the events specified in the Issue Deed as able to give rise to early maturity of the issue took place. The Issuer sent the Fiduciary Agent a statement of compliance in relation to the obligations established in the Issue Deed.

13. PERFORMANCE OF THE ISSUER

(Source: Report of Management / DFP-CVM December 31, 2013)

Cemig D reported net profit of R$ 490 million in 2013, which compares with net profit of R$ 191 million in 2012, an increase of 156.19%.

The main factors in this total of revenue in 2013 were:

(i) quantity of electricity supplied to final consumers 4.11% higher;
(ii) an average tariff reduction, across captive consumers of Cemig D, of 18.14%, under the Extraordinary Tariff Review established by Provisional Measure 579/12. These tariffs were applied from January 24, 2013 to April 7, 2013, when the process of the Ordinary Tariff Review of Cemig D was completed;
(iii) annual tariff adjustment with average upward impact on consumer tariffs of 3.85%, in effect as from April 8, 2012 (thus affecting all the months of 2013);
(iv) tariff review, with average impact on consumers of 2.99%, from April 8, 2013;
(v) Recognition of revenue of R$ 673 million in 2013 in payment received from Eletrobras for the subsidy given through a discount on tariffs to low-income consumers and subsidies on the Tariffs for Use of the Distribution System (TUSD).

Sector charges and other deductions, including taxes, on revenue totaled R$ 3.535 billion in 2013, compared to R$ 4.785 billion in 2012, a reduction of 26.12%. This is mainly the result of Law 12783, of January 11, 2013, which reduced some sector charges, and abolished others.

Operational costs and expenses in 2013 were R$ 8.335 billion in 2013, compared with R$ 9.007 billion in 2012, a reduction of 7.46%. The expense on electricity bought for resale was R$ 4.089 billion in 2013, compared to R$ 4.180 billion in 2012 – a reduction of 2.18%. The Charges for Use of the Transmission Network totaled R$ 410 million in 2013, compared to R$ 794 million in 2012, a reduction of 48.36%. Personnel expenses were R$ 894 million in 2013, compared to R$ 831 million in 2012, an increase of 7.58%. The expense on outsourced services was 3.74% higher, at R$ 721 million, in 2013, compared to R$ 695 million in 2012.

Operational provisions totaled R$ 275 million in 2013, compared to R$ 268 million in 2012, an increase of 2.61%. Other expenses, net, totaled R$ 328 million in 2013, vs. R$ 307 million in 2012, an increase of 6.84%.

Cemig D reported net financial expenses of R$ 194 million in 2013, compared to net financial expenses of R$ 285 million in 2012.

The main factors in net financial revenue (expenses) in 2013 were the following:

(i) Cemig was awarded judgment, against which there is no further appeal, in its legal action challenging the legality of §1 of Article 3 of Law 9718 of November 27, 1998, which sought to expand the calculation base of the Pasep and Cofins taxes on Financial Revenue and Other non-operational revenues, relating to the period from 1999 to January 2004. Subsequently authorization was given for transfer of the credit to its subsidiaries, the percentage payable to Cemig D being 51.93% – this credit being able to be offset against other taxes payable to the federal tax authority. Cemig D's total gain was R$ 163 million – recognized in Financial revenue (expenses).

(ii) Income from cash investments was 77.06% higher in 2013, at R$ 96 million, compared to R$ 54 million in 2012, due to investment of a higher volume of funds.

(iii) Monetary variation on loans and financings 114.55% higher – at R$ 118 million in 2013, vs. R$ 55 million in 2012 – reflecting higher volume of funds raised in 2013 for financing costs indexed to indices in the year.

In 2013 Cemig D had expenses on income tax and Social Contribution tax totaling R$ 187 million, on pre-tax profit of R$ 678 million, a percentage of 27.65%. In 2012, the Company's expense on income tax and the Social Contribution was R$ 20 million on pre-tax profit of R$ 212 million, a percentage of 9.65%.
Cemig D's Ebitda in 2013 was 44.77% higher than in 2012. The increase mainly reflects operational costs and expenses 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.
In 2013 Cemig D raised funding of R$ 2.394 billion, as follows: R$ 191 million through issue of a Bank Credit Note in favor of Banco do Brasil for acquisition of electricity; R$ 2.179 billion through its third issue of debentures, to redeem the Promissory notes of its fifth and sixth issues; and investments of R$ 24 million, in financings from Eletrobras for the *Cresce Minas* program.
In 2013 Cemig D also extended part of its debt by renewal of lending transactions totaling R$ 600 million, contracted via commercial credit notes with Banco do Brasil.
A highlight was the Third Public Debenture Issue, in which 2,160,000 non-convertible debentures, unsecured, in three series, were issued, with nominal unit value of R$ 1,000.00 (one thousand Reais) on the issue date, namely February 15, 2013, totaling R$ 2,179 million. The net proceeds from the issue were used for full settlement of the commercial Promissory Notes of Cemig D's fifth and sixth issues, issued on January 13, 2013, for their nominal value plus remuneratory interest, and on distribution infrastructure investments. A total of 410,817 debentures were issued in the First Series, 1,095,508 debentures in the Second Series, and 653,675 debentures in the Third Series – with maturities, respectively, of 5, 8 and 12 years from the issue date. The debentures of the first series carry remuneratory interest at the CDI rate + 0.69% per year; the debentures of the second and the third series have their nominal unit value updated by the IPCA index published by the IBGE, plus remuneratory interest of 4.70% and 5.10% p.a., respectively.

The composition of the debt of Cemig D is the result of sources of financing available to the Company (bank debt, used for rollover of debt, and issues of debentures and promissory notes, in which a significant demand has been allocated in securities indexed to the local interest rate), and its intention of avoiding exposure to debt in foreign currency (currently 0.7% of the total). The average cost of Cemig D's debt is 5.68%p.a., at constant prices. Management has focused its administration of its debt on extension of the tenor, limitation of debt to the levels specified by the by-laws, reduction of the financing cost, and preservation of the Company's payment capacity, without pressures on cash flow that might suggest refinancing risk.

Cemig D's debt at December 31, 2013 had average tenor of 4.7 years.

Cemig D's risk ratings reflect a perception of healthy profitability, and strong cash flow, ensuring solid credit indicators and an appropriate liquidity profile, in the assessment of the principal rating agencies.

The investments in Cemig D's electricity system in the current tariff cycle (2013–17) total R$ 3.749 billion. In 2013, R$ 884 million was invested, of which R$ 265 million in the high-voltage distribution system, and R$ 619 million in the medium and low voltage distribution systems. The total number of individual works items specified for the 2013–17 cycle is 800 individual items of work on high voltage, and more than 50,000 on medium and low voltage, made possible by the work of more than 5,000 employees. As well as these significant numbers, another highlight is the number of new clients, which has totaled 1.2 million new connections in the period.

14. ANALYSIS OF THE FINANCIAL STATEMENTS

The Issuer's net debt ratio at the end of 2013 was 80.05%, a reduction of 1.32 percentage points (p.p.) in relation to 2012 (81.38%). Short term debt as a percentage of Stockholders' equity was reduced from 65.25% at the end of 2012 to 32.98% at the end of 2013. The Fixed assets to Equity ratio was reduced from 77.06% at the end of 2013, a reduction of 4.03 p.p. from the ratio at the end of 2012 (81.08%). The percentage of fixed assets in non-current assets in 2013 (20.88%) was lower than in 2012 by 11.28 p.p. The ratio of Financial debt to Assets increased by 52.12 p.p.

Liquidity indicators: Immediate liquidity increased by 17.74 p.p. to 0.21. Both Current Liquid and Acid test ratio increased by 50.56 p.p. General liquidity rose by 1.39 p.p., to 1.06.
The Issuer's Net operational revenue in 2013 was R$ 9.205 billion, 3.13% lower than in 2012 (R$ 9.504 billion). Gross profit was R$ 1.890 billion, 24.48% more than in 2012 (R$ 1.518 billion). Gross margin was 20.53%. Net profit in 2013 was R$ 490.25 million, 156.19% than in 2012. Net margin was 5.33%. Operational margin was 9.47%, up 4.24 p.p. in comparison with the previous year.

Return on equity, at 19.67%, and Investments/Equity, at 3.92%, were both higher in 2013. Asset turnover was 7.02 p.p. lower than in the previous year, at 73.66%.

ECONOMIC AND FINANCIAL INDICATORS		
Capital structure indicators	**2013**	**2012**
Total debt	80.05%	81.38%
Composition of debt	32.98%	65.20%
Fixed assets to Equity ratio:	77.06%	81.08%
Fixed assets as a percentage of net non-current assets	20.88%	32.17%
Financial debt / assets	86.59%	34.47%
Liquidity indicators	**2013**	**2012**
Immediate liquidity	0.21	0.03
Current liquidity ratio	0.95	0.45
Quick ratio	0.95	0.45
General liquidity ratio	1.06	1.04
Profitability indicators	**2013**	**2012**
Return on equity	19.67%	8.72%
Return on investments	3.92%	1.62%
Asset turnover	73.66%	80.68%
Gross margin (%)	20.53%	15.97%
Operational margin	9.47%	5.23%
Net margin	5.33%	2.01%

14. ABOUT THE INFORMATION

The Fiduciary Agent is not aware of any omission or untruth in the information disclosed by the Issuer in 2013. The Issuer has sent the Fiduciary Agent the statement of compliance in relation to the obligatory provision of information.

The Fiduciary Agent hereby discloses that it acted as Fiduciary Agent during 2013 for the Second and Third Debenture Issues of Transmissora Aliança de Energia Elétrica S.A., a company of the same group as the Issuer. These issues have the following characteristics:

2ª Issue:

(a) Value of the Issue: R$ 815,000,000.00 (eight hundred fifteen million Reais).

(b) Number of debentures issued: 1st Series: 4,250 (four thousand two hundred fifty);
2nd Series: 2,450 (two thousand four hundred fifty); and
4th Series: 1,450 (one thousand four hundred fifty).

(c) Type: Unsecured.

(d) Maturity of the Debentures: 1st Series: 5 years – maturity on December 15, 2015;
2nd Series: 7 years – maturity on December 15, 2017; and
4th Series: 7 years – maturity on December 15, 2017.
(e) Type and value of the goods given in guarantee and name of the guarantors: None.
(f) Redemption, re-negotiation, amortization, conversion or default events in the period: None.

3rd Issue:
(a) Value of the Issue: R$ 2,160,000,000.00 (two billion one hundred sixty million Reais).
(b) Number of debentures issued: 1st Series: 665,000 (six hundred sixty thousand);
2nd Series: 793,000 (seven hundred ninety three thousand); and
3rd Series: 702,000 (seven hundred two thousand).
(c) Type: Unsecured.
(d) Maturity of the Debentures: 1st Series: 5 years – maturity on October 15, 2007;
2nd Series: 8 years – maturity on October 15, 2020; and
3rd Series: 12 years – maturity on October 15, 2024.
(e) Type and value of the goods given in guarantee and name of the guarantors: None.
(f) Redemption, re-negotiation, amortization, conversion or default events in the period: None.

15. STATEMENT BY THE FIDUCIARY AGENT

The Fiduciary Agent declares that it has full capability to continue to exercise the function of Fiduciary Agent of this Issue of debentures by **Cemig Distribuição S.A.**, in accordance with Article 68, §1, subclause ‘b’ of Law 6404, of December 15, 1976 and Article 12, Sub-item XVII, Subclause “l” of CVM Instruction 28 of November 23, 1983.

Rio de Janeiro, April 15, 2014.

GDC Partners Serviços Fiduciários DTVM Ltda.
Avenida Ayrton Senna 3,000, Block 3, Suite 3105, 22775-003 Barra da Tijuca
Rio de Janeiro, RJ
Tel: (+55-21) 2490-4305, (21) 2490-3062
Ombudsman: 0800-022-3062
E-Mail: gdc@gdcdtvm.com.br

REPORT OF THE EXTERNAL AUDITORS
ON THE FINANCIAL STATEMENTS

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 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 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

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.