

ENERGY CO OF MINAS GERAIS  
Form 6-K  
August 08, 2006

## FORM 6-K

### SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

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

For the month of August, 2006

Commission File Number 1-15224

### Energy Company of Minas Gerais (Translation of Registrant's Name Into English)

Avenida Barbacena, 1200

30190-131 Belo Horizonte, Minas Gerais, Brazil

(Address of Principal Executive Offices)

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

Form 20-F  Form 40-F

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

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

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

Yes  No

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

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<b>Item</b>	<b>Description of Item</b>
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**COMPANHIA ENERGÉTICA DE MINAS GERAIS - CEMIG**  
Listed Company CNPJ 17.155.730/0001-64 NIRE 31300040127

**Summary Minutes of the 362nd meeting of the Board of Directors.**

**Date, time and place:** Begun on October 27, 2005 at 10:00 a.m., and resumed on October 31, 2005 at 12:00 noon, in the Company's head office, Av. Barbacena 1200, 18th Floor, Belo Horizonte, Minas Gerais, Brazil.

**Meeting committee:** Chairman, Djalma Bastos de Moraes; Secretary, Anamaria Pugedo Frade Barros.

**Summary of events:**

**I - The Board approved:**

- a) payment to stockholders of Interest on Equity, on account of the minimum obligatory dividend, in the amount of R\$ 195 million, to stockholders whose names are in the Nominal Share Registry on November 8, 2005, to be paid in two equal installments, the first by June 30, 2006 and the second by December 30, 2006, and that the Executive Board, obeying these periods, shall determine the locations and processes of payment, according to Clause 31 of the Bylaws;
- b) payment to the State of Minas Gerais of the amount of R\$ 26,217,102.58, for the License Charge for Use or Occupation of Highway Areas (the TFDR), so as to avoid an infringement notice by the State's tax inspectors and the consequent addition of a penalty payment and legal interest, on the following conditions: negotiation, with Aneel, of pass-through to tariffs of the costs relating to the amounts of the TFDR; and that, in the absence of a favorable statement by Aneel on the request for pass-through of the said cost to the tariff within a period of up to six months from payment of the Charge, the Board authorizes filing of an action for recovery of undue payment, with application for offsetting of credits, and that in the event of success, a proposal for contracting of an external law office to accompany any case must be submitted to the Board of Directors for approval; and the same procedures here proposed to be adopted in the event of any subsequent charging of the TFDR;
- c) the proposal of Board Member Alexandre Heringer Lisboa, that the members of the Board of Directors should authorize the Chairman to call the Extraordinary General Meeting of Stockholders at such date and time that the Executive Board may decide; and that in the absence of the minimum obligatory quorum the Chairman should also be authorized to proceed to second convocation of the stockholders in the legal period, for authorization of opening of administrative tender proceedings, and also the contracting, directly with the insurance company, of civil liability insurance for members of the Board of Directors, Directors and Managers (D&O), for secondary coverage of unintentional acts by the Executives, as per item III, below; and, also,
- d) the Minutes of this meeting.

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**II - The Board authorized:**

- a) re-ratification of CRCA-062/2004, for contracting of services for the use of a corporate credit card, with a view to extension of the use of these services to the employees of Cemig D, Cemig GT, Gasmig, Infovias and Efficientia S.A., wholly owned subsidiaries controlled by Cemig, and also alteration of the estimated amounts, for the period of 12 months and for the period of 60 months, which shall be shared out between Cemig (2.55%), Cemig D (73%), Cemig GT (21%), Gasmig (3.04%), Infovias (0.28%) and Efficientia S.A. (0.13%), in the Competition mode, the other terms of that CRCA remaining unaltered;
- b) opening of administrative tender proceedings, and contracting of services, for supply of temporary labor to meet needs for transitory substitution of employees or extraordinary increase in the workload of Cemig, Cemig GT or Cemig D, for a period of 12 months, able to be extended, on signing of amendments, for up to 48 months, with a maximum limit of 60 months, the total price of which shall be shared between Cemig (5%), Cemig GT (47.5%) and Cemig D (47.5%), in the Competition mode, and that in the event of renewal the contract should be submitted again to decision of the Board; and
- c) presentation to Banco de Investimentos Credit Suisse First Boston S.A. of a binding bid for the purchase by Cemig, in isolation or jointly with pension funds, of 100% of the stockholdings which Schahin Engenharia Ltda. holds in the electricity transmission concession holders of Package B.1, made up of 50% of the voting capital of Empresa Amazonense de Transmissão de Energia S.A., Empresa Paraense de Transmissão de Energia S.A., Empresa Norte de Transmissão de Energia S.A., and Empresa Regional de Transmissão de Energia S.A., and 40% of the voting capital of Empresa Catarinense de Transmissão de Energia S.A., and Cemig, if declared winner in the process of sale, is authorized to constitute a Special-Purpose Company in the form of a company limited by shares, to sign the contract for purchase and sale of shares with the vendors, and which shall assume the obligation of Schahin to repurchase the preferred shares held by Eletrobrás in EATE and ETEP, and shall also assume the obligations and conditions existing in the present stockholders' agreements with the other partners of Schahin in the companies; and also that it should sign the agreement between Cemig and Banco Modal S.A., the purpose of which is to establish criteria for a possible partnership of Cemig and the pension funds indicated by Banco Modal S.A. in relation to the part applicable to Cemig in the registered capital of the Special-Purpose Company which will be created if Cemig is declared winner in the process of sale of the stockholdings of the Schahin Group in the above-mentioned companies.

**III - The Board submitted** to the General Meeting of Stockholders a proposal relating to authorization for opening of administrative tender proceedings, and also for contracting, directly with the insurance company, of civil liability insurance for members of the Board of Directors, Directors and Managers (D&O), for secondary cover for non-intentional acts of executives, according to conditions established by IRB Brasil Re, with a limit of cover of US\$10 million, the cost of which will be distributed between the companies Cemig, Cemig D and Cemig GT, for the period of 12 months, extendable for up to 48 months, with a maximum limit of 60 months.

**IV - The Chairman called the members of this Board of Directors to a meeting** to be held on November 10 of the present year.

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V - **The Chairman** stated that the Board of Directors of Infovias will be deciding on a proposal of the Executive Board of that company on the disposal, through an auction on a securities exchange, of the totality of the stockholding participation in Way TV Belo Horizonte S.A., subject to the applicable legislation.

VI - **The Chairman; the Board members** Andréa Paula Fernandes Pansa, Antônio Luiz Barros de Salles, Carlos Augusto Leite Brandão, Haroldo Guimarães Brasil, José Augusto Pimentel Pessôa, Alexandre Heringer Lisboa and Maria Estela Kubitschek Lopes; the **Directors** Flávio Decat de Moura and Heleni de Mello Fonseca; the **Assistant** João Batista Zolini Carneiro; the **Executive Co-ordinator of the Union Negotiating Committee** Augusto Diniz Gomes; and a representative of **Banco Modal S.A.** made comments on general subjects and matters of interest to the Company.

**The following were present: Board Members** Djalma Bastos de Moraes, Aécio Ferreira da Cunha, Andréa Paula Fernandes Pansa, Alexandre Heringer Lisboa, Antônio Adriano Silva, Antônio Luiz Barros de Salles, Carlos Augusto Leite Brandão, Francelino Pereira dos Santos, Haroldo Guimarães Brasil, José Augusto Pimentel Pessôa, Maria Estela Kubitschek Lopes, Nilo Barroso Neto and Fernando Lage de Melo; **Audit Board Member** Itamaury Teles de Oliveira; **Directors** Flávio Decat de Moura and Heleni de Mello Fonseca; João Batista Zolini Carneiro, **Assistant;** Sérgio Augusto Diniz Gomes, **Executive Co-ordinator of the Union Negotiation Committee;** a representative of **Banco Modal S.A.;** and Anamaria Pugedo Frade Barros, Secretary.

Anamaria Pugedo Frade Barros

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

**Summary Minutes of the 370th meeting of the Board of Directors.**

**Date, time and place:** Begun on January 4, 2006 at 2:30 p.m., and resumed on January 5, 2006 at 2:30 p.m. at the company's head office, Av. Barbacena 1200, 18th Floor, Belo Horizonte, Minas Gerais, Brazil.

**Meeting Committee:** Chairman, Wilson Nélio Brumer; Secretary, Anamaria Pugedo Frade Barros.

**Summary of events:**

**I The Board approved the Minutes of this meeting.**

**II The Board authorized** the Company to present a new binding proposal for the purchase of up to 100% of the stockholdings held by Schahin Engenharia Ltda. in the following electricity transmission concession holders: Empresa Amazonense de Transmissão de Energia S.A. - EATE, Empresa Paraense de Transmissão de Energia S.A. - ETEP, Empresa Catarinense de Transmissão de Energia S.A. - ECTE, Empresa Norte de Transmissão de Energia S.A. - ENTE and Empresa Regional de Transmissão de Energia S.A. - ERTE., maintaining the other conditions already approved previously by this Board of Directors.

**III The Vice-Chairman; the Directors** Andréa Paula Fernandes Pansa, Carlos Augusto Leite Brandão, Haroldo Guimarães Brasil, José Augusto Pimentel Pessôa and Andréa Leandro Silva; the Director Flávio Decat de Moura; and a representative of **Banco Modal S.A.** made comments on general subjects and matters of interest to the company.

**The following were present: Board Members** Wilson Nélio Brumer, Djalma Bastos de Moraes, Aécio Ferreira da Cunha, Andréa Paula Fernandes Pansa, Alexandre Heringer Lisboa, Antônio Adriano Silva, Carlos Augusto Leite Brandão, Francelino Pereira dos Santos, Haroldo Guimarães Brasil, José Augusto Pimentel Pessôa, Nilo Barroso Neto, Andréa Leandro Silva and Luiz Henrique de Castro Carvalho; Flávio Decat de Moura, Director; a representative of **Banco Modal S.A.**; and Anamaria Pugedo Frade Barros, Secretary.

Anamaria Pugedo Frade Barros

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

**Summary Minutes of the 383rd meeting of the Board of Directors.**

**Date, time and place:** Begun on May 3, 2006 at 10:30 a.m. and resumed on May 4, 2006, at 6:00 p.m., at the Company's head office, Av. Barbacena 1200, 18th Floor, Belo Horizonte, Minas Gerais, Brazil.

**Meeting committee:** Chairman, Wilson Nélio Brumer; Secretary, Anamaria Pugedo Frade Barros.

**Summary of events:**

**I The Board approved:**

a) a proposal by Board Member Francelino Pereira dos Santos for the election **for a period of three years**, that is to say up to the Annual General Meeting to be held in 2009, of the following: as **Chairman of the Board of Directors** the Board Member **Wilson Nélio Brumer** - Brazilian, married, company manager, resident and domiciled in Nova Lima, Minas Gerais, at Alameda da Serra 1268/200, Bairro Vale do Sereno, CEP 34000-000, holder of identity card (RG) M-494249/SSPMG and CPF 049142366-72; and as **Vice-Chairman of the Board of Directors** the Board Member **Djalma Bastos de Moraes** - Brazilian, married, engineer, resident and domiciled in Belo Horizonte, Minas Gerais, at Av. Bandeirantes 665/401, Bairro Sion, CEP 30315-000, holder of RG 019112140-9 issued by the Army Ministry and CPF 006633526-49;

b) a proposal by Board Member Francelino Pereira dos Santos that the following should be elected as **members of the Executive Board**, with periods of office of three years, that is to say up to the first meeting of the Board of Directors following the Annual General Meeting of 2009: as **CEO and Vice-Chairman, Djalma Bastos de Moraes**, described above; as **Chief Planning, Projects and Construction Officer, Celso Ferreira** - Brazilian, married, engineer, resident and domiciled in Belo Horizonte, MG at Rua Sergipe 1274/402, Bairro Funcionários, CEP 30130-171, RG 02111011-9/IFPRJ, CPF 011553507-15; as **Chief Generation and Transmission Officer, Elmar de Oliveira Santana** - Brazilian, married, engineer, resident and domiciled in Belo Horizonte, Minas Gerais at Rua Fábio Couri 310/701, Bairro Luxemburgo, CEP 30380-160, RG M-2159288/SSPMG, CPF 089501306-10; as **Chief Financial and Investor Relations Officer, Flávio Decat de Moura** - Brazilian, married, engineer, resident and domiciled in Belo Horizonte, Minas Gerais at Rua Barão de Lucena 98, Bairro Serra, CEP 30240-250, RG MG14977954/SSPMG, CPF 060681116-87; as **Chief Corporate Management Officer, Heleni de Mello Fonseca** - Brazilian, divorced, engineer, resident and domiciled in Belo Horizonte, Minas Gerais at Rua São Paulo 2386/101, Bairro Lourdes, CEP 30170-132, RG 18044-D/CREAMG, CPF 275196196-72; and as **Chief Distribution and Sales Officer, José Maria de Macedo** - Brazilian,



married, engineer, resident and domiciled in Belo Horizonte, Minas Gerais at Rua Joaquim Lustosa 53/801, Bairro Anchieta, CEP 30310-410, RG M45413/SSPMG, CPF 002033351-04; and

c) the Minutes of this meeting.

**II The Board authorized the Company:**

1 - to sign with Companhia Técnica de Energia Elétrica - Alusa, Schahin Holding S.A., Schahin Engenharia Ltda., Schahin Energia S.A., MDU Brasil Ltda. and Brascan Brasil Ltda., five Undertakings under which Alusa will expressly and irrevocably waive its rights of preference for acquisition of shares and joint sale in relation to any disposal of shares by the vendor and/or Schahin Energia S.A. and/or Schahin Engenharia Ltda. to Cemig and/or by the other purchasers;

2 - to sign with Schahin Holding S.A. (Vendor), Schahin Engenharia Ltda. and Schahin Energia S.A. (Guarantors), MDU Brasil Ltda. and Brascan Brasil Ltda. five share purchase contracts for acquisition of up to 100% of the stockholdings which Schahin Holding S.A. holds in the electricity transmission concession holders Empresa Amazonense de Transmissão de Energia S.A. - EATE; Empresa Paraense de Transmissão de Energia S.A. - ETEP; Empresa Catarinense de Transmissão de Energia S.A. - ECTE; Empresa Norte de Transmissão de Energia S.A. - ENTE and Empresa Regional de Transmissão de Energia S.A. - ERTE;

3 - to provide a guarantee of fulfillment of all and any obligations of a strictly pecuniary nature relating to the payment of the purchase price by MDU Brasil Ltda. or, as the case may be, by Brascan Brasil Ltda., in the event that the said Brascan Brasil Ltda. exercises the right of option to purchase, since, under the share purchase contracts Schahin will grant to Brascan Brasil Ltda. the irrevocable right of option to purchase a percentage of the shares issued by the Transmission Companies. If MDU and Brascan do not fulfill the pecuniary obligations stipulated in the purchase and sale contracts, Cemig will acquire and will pay for the totality of the shares. If MDU and Brascan make the payment of the purchase price at the closing, the shares being transferred to them, and subsequently do not make the payment of any price that may be due, Cemig shall be responsible for the payment of the adjustment, and MDU and/or Brascan shall irrevocably be obliged to transfer a percentage of the shares transferred to them by the vendor at the closing in a percentage equivalent to the amount of the payment made by Cemig. In guarantee of faithful and full compliance with all the obligations assumed by MDU and Brascan, these latter shall give to Cemig a charge on all the shares which they acquire from Schahin at the closing, by registry, on the closing date, in the Nominal Share Registry of the transmission companies, and this charge shall cease to have effect when the purchase price has been fully and completely paid by MDU and Brascan or in the event of default of MDU and/or Brascan, at the time of transfer of the shares to Cemig;

4 - to authorize the assignment by Schahin of the credit rights referred to in the contracts for purchase and sale of shares to third parties;

5 - to sign with Alusa and MDU Brasil Ltda. a document under which the parties undertake that at the latest by the business day immediately preceding the date of

closing of the transaction, they will sign stockholders' agreements to establish the rights and obligations of each party in relation to each one of the transmission companies, which may be adjusted as a result of the exercise by Brascan Brasil Ltda. of the option to purchase shares; and Alusa undertakes that on the closing dates specified in the contracts for purchase and sale of the shares of the transmission companies, it undertakes to acquire the export credits held by the company listed in Appendix VI of PRCA 026/2006, and to settle the amount of any credit held by the company in relation to Alusa; and

6- jointly with Alusa, in the proportion of 95% and 5%, respectively, to grant to Brascan an option to sell the shares which Brascan may come to hold in the transmission companies. In consideration, Brascan shall grant to Cemig and to Alusa, in the proportion previously specified, respectively, a purchase option in relation to the shares which Brascan may hold in the transmission companies.

**III The Board Members** Andréa Paula Fernandes Pansa, Carlos Augusto Leite Brandão, Evandro Veiga Negrão de Lima, Haroldo Guimarães Brasil and José Augusto Pimentel Pessôa, reiterating the **protest** made at the beginning of this meeting, **voted against** the proposal of Board Member Francelino Pereira dos Santos in relation to the election of the members of the Executive Board mentioned in item I, sub-clause b, above.

**IV The Chairman and the Vice-Chairman** of the Board declared that they are not subject to any prohibition on the exercise of commercial activity, that they do not occupy any position in a company which can be considered a competitor of Cemig, not having nor representing interest conflicting with Cemig, and assumed a solemn undertaking to obey the principles of the Code of Ethics of the State of Minas Gerais.

**V The Directors appointed declared** - in advance - that they are not subject to any prohibition on the exercise of commercial activity, that they do not occupy any position in a company which could be considered a competitor of Cemig, not having nor representing any interest conflicting with Cemig, and assumed a solemn undertaking to obey the principles of the Code of Ethics of the State of Minas Gerais.

**VI The Vice-Chairman; the Board Members** Andréa Paula Fernandes Pansa, Carlos Augusto Leite Brandão, Evandro Veiga Negrão de Lima, Haroldo Guimarães Brasil and José Augusto Pimentel Pessôa; and the **Director** Flávio Decat de Moura made comments on general subjects and matters of interest to the Company.

**The following were present: Board Members** Wilson Nélio Brumer, Djalma Bastos de Moraes, Aécio Ferreira da Cunha, Andréa Paula Fernandes Pansa, Alexandre Heringer Lisboa, Carlos Augusto Leite Brandão, Evandro Veiga Negrão de Lima, Francelino Pereira dos Santos, Haroldo Guimarães Brasil, José Augusto Pimentel Pessôa, Nilo Barroso Neto, Wilton de Medeiros Daher, Lauro Sérgio Vasconcelos David, Luiz Henrique de Castro Carvalho and Fernando Lage de Melo; Flávio Decat de Moura, **Director**; and Anamaria Pugedo Frade Barros, **Secretary**.

Anamaria Pugedo Frade Barros

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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:

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

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:

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).

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

Where:

DIk = 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
<b>Assets</b>				
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
<b>Liabilities</b>				
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
<b>Income statement</b>				