

CEMIG GERAÇÃO E TRANSMISSÃO S.A.

4th Public Issue of Debentures

*Annual report of the Fiduciary Agent
on the business year 2014*

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CHARACTERISTICS OF THE ISSUE

ISSUE DATE:	December 23, 2013
MATURITY DATE:	December 23, 2016
FIDUCIARY AGENT:	Oliveira Trust DTVM S.A.
MANAGERS:	Banco Votorantim
MANDATED BANK:	Banco Bradesco S.A.
REPORTING BANK:	Banco Bradesco S.A.
TOTAL VALUE(*):	R\$ 500,000,000.00
QUANTITY OF DEBENTURES:	50,000
NUMBER OF SERIES:	One single series.
PUBLICATION:	<i>Official Gazette</i> of Minas Gerais State, and the newspaper <i>O Tempo</i>
USE OF PROCEEDS:	The net proceeds obtained by the Issuer from payment of subscription of the Debentures will be applied in replenishment of the Issuer's cash position, due to payment of its debts.

(*) On the Issue Date

CHARACTERISTICS OF THE SECOND SERIES

ISSUE DATE:	December 23, 2013
MATURITY DATE:	December 23, 2016
TOTAL VALUE(*):	R\$ 400,000,000.00
NOMINAL UNIT VALUE(*):	R\$ 10,000.00
UNIT PRICE ON Dec. 31, 2014:	R\$ 10,023.44
QUANTITY OF DEBENTURES:	50,000
REGISTRY WITH THE CVM:	Dispensation under CVM Instruction 28/09.
ASSET CODE:	CMTR14
ISIN CODE:	BRCMGTDBS070
TRADING:	Cetip
FORM:	Nominal, book-entry.
GUARANTEE:	Unsecured, with additional surety guarantee given by Companhia Energética de Minas Gerais – Cemig
CLASS:	Not convertible into shares

(*) On the Issue Date

MONETARY UPDATING:

None.

INTEREST:

1st period	
Start	December 23, 2013
Termination	December 23, 2016
Income	100% of the CDI Rate
Business days basis	252
UP (unit price) at start of period	R\$ 10,000.00
Payment	Annual, on December 23 of each year, the first being on December 23, 2014.
Document	Issue Deed

PREMIUM:

None.

AMORTIZATION OF THE NOMINAL VALUE:

The Nominal Unit Value of the Debentures will be amortized in a single payment, on the Maturity Date.

RENEGOTIATION:

None.

RATINGS:

Date	Global Scale	Brazil Scale	Rating agency
02/01/2014		AA(bra)	Fitch Ratings
22/07/2014		AA(bra)	Fitch Ratings
15/10/2014	Baa3	Aa1.br	Moody's
18/11/2014	Ba1	Aa2.br	Moody's

PAYMENTS MADE PER DEBENTURE IN 2014:

INTEREST	
Date of payment	Unit Value (R\$)
December 23, 2014	1.171,63

POSITION OF THE ASSET ON DECEMBER 31, 2014:

In circulation	50,000 (1st series)
Treasury	0 (1st Series)
Total	50,000 (1st series)

LEGAL AND CORPORATE EVENTS:

A change was made in the by-laws during the business year 2014: the minutes are available to debenture holders at the office of the Fiduciary Agent.

GUARANTEES:

Guarantee	Constituted	Enforceable	Sufficient
Surety	Yes	Yes	Not applicable.
Surety given by Companhia Energética de Minas Gerais – Cemig in the terms of the Issue Deed.			

OBLIGATORY INFORMATION REQUIRED UNDER CVM INSTRUCTION 28/83, AND BY ANALOGY WITH SUB-CLAUSE 'B' OF §1 OF ARTICLE 68 OF LAW 6404/76:

Sub-clause 'a' of sub-item XVII of Article 12 of CVM Instruction 28/83 - 'Any omission or inaccuracy, contained in the information disclosed by the company, or any default or arrears in the obligatory presentation of information by the company, of which it is aware.'	We are not aware of any omission or inaccuracy, contained in the information disclosed by the Company, nor any default or arrears in the obligatory presentation of information by the Company.
Sub-clause 'b' of sub-item XVII of Article 12 of CVM Instruction 28/83 - 'Changes in the by-laws taking place in the period'.	A change took place in the by-laws as stated above, in the item 'Legal and Corporate Events'.
Sub-clause 'c' of Sub-item XVII of Article 12 of CVM Instruction 28/83 - 'Comments on the financial statements of the Company, focusing on the Company's economic, financial and capital structure indicators'.	Information available in the Item Comments on the Financial Statements.
Sub-clause 'd' of Sub-item XVII of Article 12 of CVM Instruction 28/83 - 'Position of the distribution or placement of the debentures in the market'.	Information available above, in the table of Debentures in circulation, as already made available by Cetip.
Sub-clause 'e' of Sub-item XVII of Article 12 of CVM Instruction 28/83 - 'Redemption, amortization, conversion, renegotiation or payment of interest of the debentures taking place in the period, and acquisitions and sales of debentures made by the issuer company'.	There has been no redemption, total or partial, in this issue. The debentures will be amortized as described above. They are not subject to renegotiation and are not convertible into shares. There was a payment of interest, as referred to in this report.
Sub-clause 'f' of Sub-item XVII of Article 12 of CVM Instruction 28/83 - 'Constitution of and/or investment by the debentures amortization fund, when applicable'.	No debentures amortization fund has been constituted.
Sub-clause 'g' of Sub-item XVII of Article 12 of CVM Instruction 28/83 - 'Accompaniment of the allocation of the funds raised through the debenture issue, according to data obtained from the managers of the Issuer company'.	Information contained above, in the item Use of Proceeds.
Subclause 'h' of Sub-item XVII of Article 12 of CVM Instruction 28/83 - List of goods and financial assets delivered to you for administration:	No goods or financial assets were delivered to the Fiduciary Agent for management.
Subclause 'i' do Sub-item XVII of Article 12 of CVM Instruction 28/83 - 'Compliance with other obligations assumed by the Company in the Issue Deed'.	Information available in this report.
Subclause 'j' of Sub-item XVII of Article 12 of CVM Instruction 28/83 - 'Statement on the sufficiency and enforceability of the guarantees of the Debentures'.	The debentures of this issue are of the unsecured type, and therefore the obligations arising from this issue apply generically to the stockholders' equity of the Issuer. The Issuer's financial statements are available in this report.
Subclause 'l' of Sub-item XVII of Article 12 of CVM Instruction 28/83 - 'Statement on the Fiduciary Agent's qualification to continue exercising the function of fiduciary agent'.	This statement is provided below.
Subclause 'k' of Sub-item XVII of Article 12 of CVM Instruction 28/83 - 'Statement on the existence of other issues, public or private, of debentures by any affiliated company, subsidiary, parent company or a member of the same group as the Issuer in which the Fiduciary Agent has also acted as fiduciary agent in the period.'	This statement is provided below.

This Fiduciary Agent also is acting, on today's date, as fiduciary agent for the following issues:

- (ii) first public issue of debentures by EATE - Empresa Amazonense de Transmissão de Energia S.A.: unsecured debentures, with maturity on March 16, 2016, with total volume on the issue date of R\$ 360,000,000.00 (three hundred and sixty million Reais), through issue of 360 (three hundred and sixty) debentures;
- (iii) the second public issue of debentures by Empresa Amazonense de Transmissão de Energia S.A., unsecured with maturity on October 19, 2017, in the total volume, on the related issue date, of R\$ 150,000,000.00 (one hundred and fifty million Reais), through issue of 15,000 (fifteen thousand) debentures;
- (iv) the first public issue of debentures by ECTE - Empresa Catarinense de Transmissão de Energia S.A., being unsecured debentures, with maturity on March 16, 2016, in the total amount on the related issue date of R\$ 75,000,000.00 (seventy five million Reais) through issue of 75 (seventy five) debentures;
- (v) the second public issue of debentures by ECTE - Empresa Catarinense de Transmissão de Energia S.A., unsecured, with maturity on October 29, 2017, in the total amount, on the issue date, of R\$ 80,000,000.00 (eighty million Reais), through issue of 8,000 (eight thousand) debentures;
- (vi) first public issue of debentures by Empresa Norte de Transmissão de Energia S.A., unsecured debentures, with maturity on March 16, 2016, in the total volume on the related issue date of R\$ 190,000,000.00 (one hundred ninety million Reais), through issue of 190 (one hundred and ninety) debentures;
- (vii) first public issue of debentures by Empresa Paraense de Transmissão de Energia S.A., unsecured, with maturity on November 30, 2016, in the total amount on the issue date of R\$ 70,000,000.00 (seventy million Reais), through issue of 70 (seventy) debentures;
- (viii) fourth private issue of debentures by Light Serviços de Eletricidade S.A., with floating guarantee, and maturity on June 30, 2015, in the total amount on the issue date of R\$ 767,252,000.00 (seven hundred sixty seven, two hundred fifty two thousand Reais), through issue of 767,252 (seven hundred sixty seven, two hundred fifty two) debentures;
- (ix) ninth public issue of debentures by Light Serviços de Eletricidade S.A., not convertible into shares, in two series, unsecured, with surety guarantee, and maturity on May 15, 2021, with total volume of R\$ 1,600,000,000.00 (one billion, six hundred million Reais), on the respective issue date, through issue of 100,000 (one hundred thousand) debentures of the first series and 60,000 (sixty thousand) debentures of the second series;
- (x) first public issue of debentures by Companhia Transirapé de Transmissão, unsecured, with maturity on November 14, 2017, in the total amount on the respective issue date of R\$ 42,500,000.00 (forty two million five hundred thousand Reais), on issuance of 4,250 (four thousand, two hundred fifty) debentures; and
- (xi) first public issue of debentures by Companhia Transudeste de Transmissão, unsecured, with maturity on November 14, 2017, in the total amount on the respective issue date of R\$ 47,500,000.00 (forty seven million five hundred thousand Reais), through issue of 4,750 (four thousand, seven hundred fifty) debentures.

COMMENTS ON THE ACCOUNTING STATEMENTS OF CEMIG GERAÇÃO E TRANSMISSÃO S.A.

THE COMPANY

SITUATION OF THE COMPANY: Operational

NATURE OF STOCKHOLDING CONTROL: State-controlled

FINANCIAL SITUATION

General liquidity increased from 0.57 in 2013 to 0.39 in 2014. Current liquidity decreased from 1.08 in 2013 to 0.53 in 2014. 'Quick ratio' ('acid test ratio') decreased from 1.07 in 2013 to 0.53 in 2014. Asset turnover increased from 0.50 in 2013 to 0.62 in 2014.

CAPITAL STRUCTURE

The ratio {Loans / Stockholders' equity} increased from 1.07 in 2013 to 2.02 in 2014.

The ratio {Third party funds / Stockholders' equity} increased from 1.75 in 2013 to 2.55 in 2014.

The ratio {Fixed assets / Stockholders' equity} increased from 1.35 in 2013 to 1.39 in 2014.

Long-term Liabilities increased by 30.9% from 2013 to 2014, and Current liabilities increased by 37.7% from 2013 to 2014.


RESULTS

The Company reported net profit in 2014 of R\$ 2,088,965,000, compared to net profit in 2013 of R\$ 1,811,374,000. Net revenue in 2014 was 47.51% higher than in 2013. Gross margin was 58.03% in 2014, compared to 51.63% in the prior year, and Net margin was 27.08%, compared to 34.63% in 2013. Operational Expenses increased by 778.92% from 2013 to 2014. Net Profit was 15.32% higher than in 2013. Net profit as a percentage of Stockholders' equity was 59.91% (profit) in 2014, compared to 47.48% (profit) in 2013.

We recommend a complete reading of the Financial Statements, the Report of Management and the Opinion of the external auditors for the best analysis of the company's economic and financial situation.

STATEMENT BY THE FIDUCIARY AGENT

Oliveira Trust declares that it has full capability to continue to exercise the function of Fiduciary Agent of this Debenture Issue by Cemig Geração e Transmissão S.A.


José Alexandre Freitas


Antonio Amaro



INDIVIDUAL STATEMENT OF FINANCIAL POSITION (in thousands of Reais)

ASSETS		2014	2013
1	Total assets	12,378,036	10,475,039
1.01	Current assets	1,856,975	2,713,602
1.01.01	Cash and cash equivalents	290,549	1,107,174
1.01.02	Cash investments	600,754	531,993
1.01.03	Accounts receivable	687,226	745,753
1.01.04	Inventories	5,596	5,574
1.01.06	Taxes recoverable	169,376	251,435
1.01.07	Prepaid expenses	0	0
1.01.08	Other current assets	103,474	71,673
1.01.08.03	Other	103,474	71,673
1.01.08.03.01	Dividends receivable	23,749	9,985
1.01.08.03.03	Financial assets of the concession	4,582	2,254
1.01.08.03.20	Other credits	75,143	59,534
1.02	Non-current assets	10,521,061	7,761,437
1.02.01	Long term assets	1,581,061	1,051,148
1.02.01.02	Financial investments valued at amortized cost	10,283	49,613
1.02.01.02.01	Securities held to maturity	10,283	49,613
1.02.01.03	Accounts receivable	0	0
1.02.01.04	Inventories	0	0
1.02.01.05	Biological assets	0	0
1.02.01.06	Deferred taxes	0	0
1.02.01.08	Receivable from related parties	2,345	15,849
1.02.01.09	Other non-current assets	1,569,366	985,686
1.02.02	Investments	4,039,033	1,519,321
1.02.03	Property, plant and equipment	4,849,638	5,137,692
1.02.05	Deferred		



LIABILITIES		2014	2013
2	Total liabilities	12,378,036	10,475,039
2.01	Current liabilities	3,471,386	2,520,739
2.01.01	Employment-law and Social Security obligations	44,263	42,668
2.01.02	Suppliers	309,010	214,240
2.01.02.01	Brazilian suppliers	309,010	214,240
2.01.03	Tax obligations	84,237	84,552
2.01.03.01.02	Pasep Tax	5,802	6,427
2.01.03.01.03	Cofins Tax	26,727	29,613
2.01.03.01.04	Social Security	4,351	4,365
2.01.04	Loans and financings	2,876,529	1,085,964
2.01.04.01	Loans and financings	2,210,604	455,244
2.01.04.02	Debentures	665,925	630,720
2.01.04.03	Financial leasing	0	0
2.01.05	Other liabilities	157,347	1,093,315
2.01.05.01	Owed to related parties	285	29,698
2.01.05.02	Other	157,062	1,063,347
2.01.06	Provisions	0	0
2.02	Non-current liabilities	5,420,040	4,139,283
2.02.01	Loans and financings	4,160,171	3,006,842
2.02.01.01	Loans and financings	754,250	1,019,832
2.02.01.02	Debentures	3,405,921	1,987,010
2.02.01.03	Financial leasing	0	0
2.02.02	Other liabilities	881,398	849,049
2.02.02.01	Owed to related parties	0	0
2.02.02.02	Other	881,398	849,049
2.02.03	Deferred taxes	285,727	226,768
2.02.04	Provisions	92,744	56,624
2.03	Stockholders' equity	3,486,610	3,815,017



PROFIT AND LOSS ACCOUNT (in thousands of Reais)

PROFIT AND LOSS ACCOUNT		2014	2013
3.01	Revenue from sales of goods and/or services	7,714,717	5,230,134
3.02	Cost of good and/or services sold	-3,237,687	-2,529,986
3.02.01	Charges for use of the National Grid	-273,211	-256,610
3.02.02	Electricity purchased for resale	-1,692,445	-1,244,499
3.02.03	Personnel and managers	-251,214	-229,150
3.02.05	Materials	-13,426	-10,320
3.02.06	Raw materials and inputs for production of electricity	-282,447	-55,597
3.02.07	Outsourced services	-132,183	-110,067
3.02.08	Depreciation and amortization	-293,602	-339,957
3.02.09	Operational reversals (provisions)	-83,746	-55,117
3.02.10	Royalties for use of water resources	-122,593	-125,751
3.02.11	Construction cost	-80,358	-91,176
3.02.12	Other operational costs	-12,462	-11,742
3.03	Gross profit	4,477,030	2,700,148
3.04	Operational expenses / revenues	-738,428	-84,015
3.04.01	Selling expenses	-559	253
3.04.01.01	Sales reversals (expenses)	-559	253
3.04.02	Sales, general and administrative expenses	-155,307	-202,097
3.04.03	Impairment of assets	0	-94,080
3.04.04	Other operational revenues		
3.04.05	Other operational revenues	-194,064	-138,268
3.04.06	Equity gain (loss) in subsidiaries	-388,498	350,177
3.05	Profit before Financial revenue (expenses) and taxes	3,738,602	2,616,133
3.06	Net financial revenue (expenses)	-534,490	-202,852
3.06.01	Financial revenue	145,714	303,201
3.06.02	Financial expenses	-680,204	-506,053
3.07	Profit before taxes on profit	3,204,112	2,413,281
3.08	Income tax and Social Contribution tax on profit	-1,115,147	-601,907
3.08.01	Current	-1,056,188	-673,089
3.08.02	Deferred	-58,959	71,182
3.09	Net profit (loss) on continued operations	2,088,965	1,811,374
3.11	Profit(loss) in the period	2,088,965	1,811,374