Cemig Geração e Transmissão S.A

CONTENTS

2005 ADMINISTRATIVE REPORT

Dear Shareholders:

Cemig Geração e Transmissão S.A. ("Cemig Geração e Transmissão" or the "Company") submits to your appreciation the Administrative Report together with the Financial Statements and the reports by the Fiscal Council and Independent Auditors, concerning the fiscal year ending on December 31, 2005.

MESSAGE OF THE BOARD OF DIRECTORS

In our first year of operation, we achieved expressive results not only in terms of profitability, but also in implementing the procedures necessary to conformity of the new company to regulations.

Our net profit reached R$468 millions, and cash generation, measured by EBDITA, was R$992 millions, one of the best performances of the Brazilian electric sector in 2005. This result was possible because of an effective combination of strategies resulting in steady value added to our shareholders.

During the implementation of the new regulatory act in 2003, we sought the best opportunities for negotiating electric power supply contracts, with an emphasis on the Free Trading Environment (ACL), a market where big consumers negotiate prices, durations and other supply conditions independently and freely. This strategy proved to be extremely positive for the Company since it resulted in an average sales price higher than what was then obtained by contracts with Cemig Distribuição. Even with expressive gains by the Company, our clients have also reaped benefits, considering the perspectives of price increase for those customers who continued as loyal clients as a result of the subsidies cut by the regulating agent.

Looking at the upcoming competitive environment, we have decided to submit to intense training our team of negotiators and executives in charge of preparing the Company's participation in the several areas of negotiation, including abroad. This provided our team with experience and enabled them to assess opportunities during the many events that took place after the implementation of the new regulation. Combined with the experience from previous regulations, this strategy led to decisions that added an expressive value to our shareholders' investments.

On the other hand, we have sought to substantially reduce our operating costs, continuing our operational improvement agenda. This led not only to a lower cost operation, but also to more effective performance indices, as observed by the improvement of the operating continuity index at our plants, all of which have with a performance above 90%.

Technology advances and a continuous effort for new operation techniques have contributed to better results.

We are investing in new electric power generation and transmission plants, to fulfill the growth objective established by our holding company, in the Master Plan, approved by the Board of Directors. In the long run, we intend to reach market participation close to the maximum limit of 20% defined by the sector regulation. To do that, we need to invest in new capacity, by obtaining new concessions and by purchasing existing assets.

Today, the Irapé power plant is under construction, and commercial operations are scheduled to start in 2006 with total capacity for 360 MW. We must highlight that in 2005, the Aimorés power plant began its commercial operation. This was a joint venture with the private sector and our participation is of 49.0%.

The total amount of investment made in 2005 reached R$439 millions. We are confident that, within the corporate context, we will achieve our goals, despite the challenges to be faced in the new regulatory environment, in which all generation companies will be exposed to ever more tight competition for supply contracts.
The strategic direction given by our Master Plan, together with superior quality assets, new management techniques and the preparation of our managers and employees, will provide for value added and, consequently, to sustainability and growth.

Financial management compatible to the nature of investments, combined with the competent selection of assets to be acquired, will leverage this growth accruing benefits not only to shareholders, but also to clients and the community we serve.

Lastly, we would like to renew our commitment to social and environmental responsibility as a measure to counteract impacts our business may cause. We seek to abide by all laws in effect and to norms by the many regulating agencies to which we are subject. We are determined not to transfer undue costs to society resulting from our activities. This way, we will not penalize consumers and the community. By doing so, we believe we will fulfill our commitment to sustainability with our shareholders, clients, employees and the community we serve.

REGULATORY ENVIRONMENT – ELECTRIC POWER COMPETITIVE BIDDINGS

This year witnessed the consolidation of the new model of the Brazilian electric sector. To Federal Administration held four competitive biddings to purchase electric energy in the Regulated Hiring Environment (ACR, *Ambiente de Contratação Regulada*), through the Brazilian Electricity Regulatory Agency (ANEEL), the Electric Power Trading Chamber (CCEE). Three of these biddings related to existing enterprises and one pertained to new ones.

Several audiences and public consultations and the consequent issuing of resolutions by ANEEL regulating trading rules, have also contributed to this consolidation, which counted with heavy involvement by the agents and associations, such as Abradee, Abrage, Apine, Abrace, and Abracel.

Cemig Geração e Transmissão participation in the power auction

In 2005, Cemig Geração e Transmissão took part in the many power auctions held by the Regulated Hiring Environment (ACR).

The first of these auctions was held by CCEE on December 7, 2004, with start of supply as of January 1, 2005. Cemig Geração e Transmissão sold electricity at the Electric Power Auctions, supply scheduled to start in 2006 and 2008. The duration of these agreements is of 8 years. The electricity purchase and sale results by Cemig Geração e Transmissão in the auctions of existing electric power promoted by CCEE can be found in the following table:

Existing Electric Power Auctions

	Year in Which Supply Starts			
	2005	**2006**	**2007**	**2008**
CEMIG-GT (sale)				
Volume (MW average)	-	927	-	105
Contract Duration (years)	-	8	-	8
Price (R$/MWh)	-	69.58	-	83.50

At the Electric Power Auction, held on December 16, 2005, Cemig Geração e Transmissão did not sell the Independent Production electric energy enabled for the auction. The Company may sell this electricity at the new energy auctions to be held until 2007, with supply scheduled to start by 2012. The duration of these contracts is of 30 years.

In regards to the Regulated Hiring Environment (ACL), Cemig Geração e Transmissão's participation was significant in 2005.

Our efforts to sell Cemig Geração e Transmissão electricity resulted, from January 2005, in 129 contracts with unrestricted clients, of which 11 were signed with clients outside the State of Minas Gerais, including the largest client of the Company, Cosipa, located in the State of São Paulo. These contracts add up to an approximate total consumption of 18,000 GWh/year.

DEVERTICALIZATION

The concession contracts for electric power distribution, generation and transmission, signed in 1997 by CEMIG (the holding company of Cemig Geração e Transmissão), stipulated that the Company should separate its operations in generation, transmission and distribution into fully-owned subsidiaries (“deverticalization”).

In addition, the Provisional Measure 144, dated December 11, 2003, and later converted into Federal Law 10.848, dated March 15, 2004, concerning the restructuring of the Brazilian electric energy sector model, determined that the activities of generation and transmission be separated from the activity of distributing electric power, thus generating distinct companies for each.

Thus, power plants, substations, transmission lines and other assets and liabilities related to CEMIG’s generation and transmission activities, including agreements for electric power production, were transferred, as of January 1, 2005, to Cemig Geração e Transmissão.

The transfer of the generation concessions is currently undergoing the approval process at the Brazilian Electricity Regulatory Agency (ANEEL).

FINANCIAL AND ECONOMIC PERFORMANCE

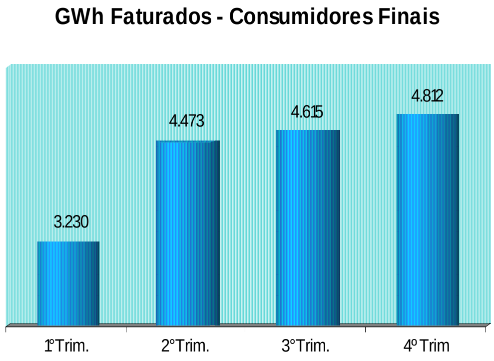
Net Profit

In fiscal year 2005, Cemig Geração e Transmissão presented R$468 million in net profit. The main items that make up this result can be found in the following table:

Operating Revenue

OPERATING REVENUE – R$ million	
	2005
Delivery to End Consumers	1,489
Initial Contract with Cemig Distribuição S.A.	485
Delivery to Other Concession Holders and Electric Energy Transactions at CCEE/MAE	111
Gross Supply of Electric Power	**2,085**
Revenue from Use of Grid	396
Other Operating Revenue	12
	2,493

Revenue from electric power sales to unrestricted clients:



Revenue from gross supply of electric power to unrestricted consumers in 2005 was R$1,489 millions, corresponding to 17,130 GWh.

Revenue from electric power sales to resellers and transactions with unrestricted power at CCEE/MAE

It refers to electric power sold to Cemig Distribuição and other concession holders, and sold at CCEE/MAE. Revenue from supply of electric power in 2005 was R$596 millions (R$485 millions for initial contracts with Cemig Distribuição, R$33 millions for supply to other concession holders, and R$78 millions for transactions with CCEE/MAE).

Revenue from Use of Grid

Revenue from use of grid in 2005 was R$396 millions and refers to charges for the use of the transmission grid as well as connection charges, received from Cemig Distribuição and other agents.

Operating Costs and Expenses

	R$ million	Represent. %
Personnel	175	15.2
Employee Participation	60	5.2
Post-Employment Obligations	35	3.0
Materials	17	1.5
Third Party Services	78	6.8
Depreciation and Amortization	181	15.7
Operating Provisions	4	0.3
Provision for Losses in Recovering Unrestricted Power Credits	196	17.0
Charges for Use of Water Resources	109	9.5
Quota for Fuel Consumption Account – CCC	29	2.5
Charges for Use of the Basic Transmission Grid	157	13.6
Energy Development Account – CDE	17	1.5
Other Net Expenses	95	8.2
	1,153	**100.0**

As shown in the table, the most significant expense accounts were Personnel, Depreciation and Amortization, Provision for Losses in Recovering Unrestricted Power Credits, Charges for Use of Water Resources and Charges for Grid Use.

The expenses with Charges for Use of Water Resources refers to the payment to the Federal, State and Municipal Administrations for using natural resources to generate electric power.

The company provisioned R$196 millions corresponding to payments by distribution companies to compensate for the expenses with unrestricted power purchases made by Cemig Geração e Transmissão during the rationing period. According to the Company's forecasts, the maximum duration of the RTE charge by distribution companies will not be enough to repay Cemig Geração e Transmissão the amounts stated in the assets, thus the need for the provision.

Financial Income (Expenses)

The 2005 financial result, excluding expenses with interest on equity, was a net financial expense of R$244 millions (R$224 million revenue against R$468 million expense). This result is largely due to the financial charges on loans and financing in the amount of R$322 millions, representing 68.8% of the total financial expense for the period.

Please see the financial revenue and expense composition in accompanying note 25 of the 2005 financial statements.

Income Tax and Social Contribution

In 2005, Cemig Geração e Transmissão settled Income Tax and Social Contribution expenses in the amount of R$93 millions in relation to the profit of R$279 millions before taxes, a percentage of 33.3%. These actual taxes are reconciled with nominal taxes in accompanying note 10 of the 2005 financial statements.

In 2005, Cemig Geração e Transmissão had a fiscal gain of R$96 millions, due to payment of interest on equity, to be paid to the Holding, which replaced the minimum dividend requirement of the 2005 fiscal year.

LIQUIDITY AND CASH FLOW

The amount available at fiscal year end added up to R$353 millions.

We generated R$495 millions in operational cash flow. It was positively affected by the net profit adjusted by revenue and expense not affecting the cash flow, for R$723 millions. Conversely, we made cash disbursements to pay suppliers in the amount of R$257 millions.

Financing activities represented a net cash input of R$297 millions, from obtained financings of R$752 millions against amortizations valued at R$455 millions.

The Company invested R$439 millions in 2005, related mostly to the Irapé power plant and agreements to generate electric power.

INVESTMENTS

Cemig Geração e Transmissão has a Construction Work Priorization Committee, whose function is to analyze expansion projects listed in the 5-year business plan, recommended to the Executive Board of Directors the undertaking of these projects and assured the minimum return required by the Board of Directors be met.

Cemig Geração e Transmissão owns 45 power plants, comprised of 42 hydroelectric plants, 2 thermoelectric plants and 1 wind powered plant, with total installed capacity for 5,890 MW. The major enterprises under construction or completed in 2005 are shown below:

Enterprises	Power	CEMIG's Participation	Scheduled Start of Operation
Aimorés power plant (in operation)	330 MW	49.00%	July 2005
Irapé power plant	360 MW	100.00%	1st Quarter 2006

Remodeling and Modernization Projects

Cemig Geração e Transmissão is executing remodeling and modernization projects of electrical and mechanical equipment at its operating power plants, by installing state-of-the-art control, security and monitoring systems. Among the many projects completed and in progress, we highlight:

- Remodeling and modernization at the Jaguara and Três Marias plants, where we spent R$25 millions. For the next three years, we forecast R$100 millions more for remodeling and replacement of generators, turbines, floodgates, transformers and switches at these plants.

- We have current projects for adequacy of the billing measurement and operating data transmission systems of power plants, involving R$40 millions.

- In 2006, studies for modernization of the São Simão and Volta Grande power plants will be finalized, according to the revitalization plan of the generation assets, with the purpose of seeking more efficiency and reliability, as well as the reduction of operating and maintenance costs.

Minas PCH Program

The Minas PCH Program aims at extending the generating infrastructure of Cemig Geração e Transmissão by deploying small hydroelectric centrals (PCHs) in the State of Minas Gerais, to develop projects for alternative sources of energy and distributed generation, promoting the Company's development and leveraging the development of regional markets in the State.

Deployment and exploration of PCHs will be made through private special purpose companies (SPEs), whose shareholders will be ANEEL-authorized companies, investors and Cemig Geração e Transmissão (with a stake limited to 49%). The energy commercialization will be conducted via a sales agreement (PPA) to be signed by the SPE and the consumer.

The Program was launched by public call in November 2004 and is still open for participation of new projects.

Currently, 33 PCH projects are enrolled in the Program (with total power capacity of 520 MW), 23 of these projects abide by a Non-Disclosure Agreement and 4 have signed the Understanding Memorandum. Of these 4 PCHs, 2 are already in the public tender phase, which allows, should their feasibility be confirmed, the commencement of construction work in the first semester of 2006.

RELATIONSHIP WITH INDEPENDENT AUDITORS

Cemig Geração e Transmissão's principle is not to hire consulting services from external auditors that might interfere with the auditing services independence.

In 2005, Cemig Geração e Transmissão's independent auditors did not provide any kind of consulting service.

MANAGEMENT

Management Systems

Considering Cemig Geração e Transmissão's Work Safety policy, the Company has intensified the implementation of the Occupational Health and Safety System, according to the OHSAS 18001 specification.

Environmental certification was significantly extended. We highlight certifications of Itutinga, Camargos and Nova Ponte power plants with the Integrated Management System, or SIG (ISO 9001, ISO 14001 and OHSAS 18001). Itutinga has completed 50 years in August and it is the first plant in Latin America to obtain these three certifications.

Service Level Agreement (SLA)

With the goal of optimizing available resources by the internal service providers, Cemig Geração e Transmissão decided to implement Service Level Agreements (SLA) as part of its strategic direction. The goal is to reduce operating and administrative costs and redirect the efforts and assets to achieve higher operating and financial efficiency.

The methodology chosen to achieve these objectives was the Service Level Management (SLM), which involves the application of ABC (Cost-Based Activity) followed by the SLA's development. The result of this work offers subsidies to implement a Service Balanced Scorecard, to be monitored by the use of strategic performance indices.

Transportation Management

Cemig Geração e Transmissão has a Vehicle Fleet Renovation and Adequacy Policy that provide well-defined parameters and corporate guidance for the fleet management organisms, so as to optimize performance, reduce costs and standardize procedures.

Telecommunications and Information Systems

Integrated Management System Migration Project - ERP-SAP

Continuing the ERP-SAP migration project, strategic modules were deployed enabling:

- Simulation and execution of the expense and revenue budget planning integrated with SAP R/3 (Business Planning and Simulation - BPS),
- Automation of Balanced Scorecard maps in effect at Cemig Geração e Transmissão (BSC)
- Implementation of the planned cash flow (budgeted and simulated), committed and executed (Corporate Finance Management - CFM/LP).

Information Security Corporate Plan

In order to protect the Company's information against loss of confidentiality, integrity and availability, as well as to adhere to the Company's business legal and regulatory requirements, an Information Security Corporate Plan was developed.

Diagnostics were performed and the information risk index was calculated, serving as subsidy for specifying a new security topology for the Corporate Data Network. The plan also included the creation of the Information Security Committee, the review of the Information Security Policy, the development of the information classification rule, and the diagnostics necessary to prepare the certification of a process according to Norm BS-7799.

Materials and Services Management

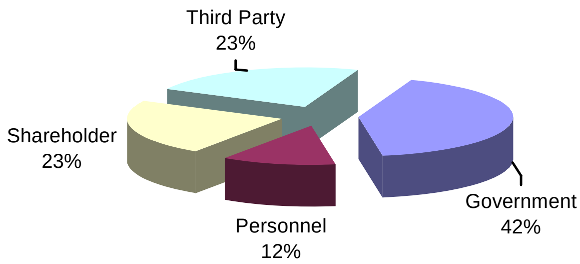
On-Line Procurement Portal

In November 2005, we have implemented the new Cemig Geração e Transmissão's On-Line Procurement Portal. This action guarantees more agility in the materials and services purchase processes, as well as the modernization of contact with suppliers. Using the Auction and Electronic Quoting modalities, the Company is able to reduce acquisition costs as well as to promote a transparent and secure process.

SOCIAL RESPONSIBILITY

Value Added

Value Added Distribution in 2005



The Value Added Data (VAD) shows the Company's importance to Society, with R$2,004 millions of value added in 2005.

The distribution of Cemig Geração e Transmissão value added among the many segments can be found on the chart. Worth mentioning is the portion retained by the Government of the total distributed, corresponding to 42%.

Human Resources

To allow HR processes, policies and practices to be more compliant to the Company's Strategic Plan, the Human Capital Alignment project was developed. The core elements are the strategic management of competencies, the employee value program and their commitment to the results of the organization. We highlight the Performance Management Process, which will guide HR processes, policies and practices.

Cemig Geração e Transmissão had 2,102 employees as of December 31, 2005.

Performance Management

This process feeds back and integrates the other People Management processes. The model adopted contemplates the treatment of Competencies (set of knowledge, skills and behaviors that generates superior results) and Results (objectives and goals) and will provide input for critical decisions related to people management. We seek to promote the strategic management of competencies, the employee value program and their commitment to the Organization's results, enabling solutions that add value to the business.

Performance Management, the basis for the other processes, will provide an opportunity to encourage the person to improve his/her performance and think about its role in growth. It includes the Individual Development Agreement, aiming at employee growth by detecting training needs and, globally, the alignment of the employees' competencies to the Company's Strategic Plan.

Training

Cemig Geração e Transmissão, with the purpose of hiring and retaining staff with a development level compatible to the Corporation needs and according to market requirements, has offered its employees, of several hierarchical levels, to participate in a number of courses, seminars, congresses, trade shows and other kinds and practices.

As a way to enlarge the horizon of possibilities, Cemig Geração e Transmissão, in 2005, created the Education Aid Program, implemented as clauses and conditions in the 2005/2006 Collective Agreement. This program allows for the reimbursement of expenses related to Undergraduate or Technical courses tuition fees, according to the Company's interest in facilitate the development of its staff.

Employee Well-Being

In the Organizational Climate Research conducted in 2005, 89% answered the questionnaire with a positive average index of 59%.

The next step is to devise a Corporate Action Plan and its consequences in the Superintendences and Offices, with the purpose of completing Climate improvement projects. Currently, we are developing the Corporate Action Plan.

In 2005, we have held Retirement Preparation Seminars, which help the employees create a project for their lives after retirement. We also held the Social-Medical Guidance Course, which emphasizes on the issue of child-mother health to pregnant couples and which provides confidence during the pregnancy experience and facilitates the performance of parental activities.

Workers' Safety

The 2005 Organizational Climate Research showed employees think the Company is actively engaged in relation to the workers' safety. These results made this topic the factor that most positively influences Cemig Geração e Transmissão's perception, placing it well above the general market.

We highlight the Third Party Safety Campaign, which was launched in June 2005 and is targeted at the external public (contractors, suppliers, clients, etc). It deals with the primary risk situations responsible for the majority of accidents that happened in the electric grid.

We also list the OHSAS 18001 Occupational Health and Safety certification at the Nova Ponte and Itutinga hydroelectric power plants.

Health and Quality of Life

Concerned with maintaining investments in programs relating to the quality of life, health promotion and disease prevention, in 2005, Cemig Geração e Transmissão extended the scope of the Vital Energy Program, with this modalities: REPENSAR – Obesity Control Program; PROLONGAR – Muscle Pain Prevention Program, and PROCOHAR – High Blood Pressure Control Program.

Environment

The commitment to the environment and quality of life of Society is one of the basic principles that guide Cemig Geração e Transmissão's operations. Through studies and actions, the Company seeks to make employees and partners aware of the environmental issue. This attitude, present in all activities we perform, values employees and contributes to society's sustainable development.

The implementation strategy of Environmental Management Systems and its results are evidence to the continuous improvement of the Company's social and environmental responsibility actions.

In 2005, Cemig Geração e Transmissão developed several actions to adapt its activities to the environment protection, with funds in excess of R$75 millions in environmental studies and programs, of which R$16 millions in expenses and R$59 millions in investments (R$2 millions in environmental management and R$57 millions in deploying new power plants).

Environmental Licenses

Environmental Licenses are conduced and guided jointly, to ensure adequate analysis of all studies and reports, compliance to environmental laws and the prompt response to relevant environmental agencies.

In 2005, Cemig Geração e Transmissão was awarded several environmental licenses for hydroelectric power plants, substations and transmission lines. Worth mentioning is the renewal of environmental operating licenses for the Nova Ponte and Miranda power plants.

Of the plants that make up Cemig Geração's generation infrastructure, including those purchased via joint agreements, 21 enterprises have been licensed, and 20 others are undergoing the licensing process.

Environmental action to deploy the Irapé hydroelectric power plant

In 2005, we completed the relocation process of the 632 families who lived in the area affected by the Irapé hydroelectric power plant reservoir. The Irapé Terms of Agreement and their execution represent the effort made by the Company in its quest for environmental conservation and its commitment to the community's life quality. It was considered the most complete agreement of community relocation in rural areas ever conducted in the Brazilian electric sector.

The families relocated to new areas were granted several benefits, among which we mention the construction of new homes, electric grid, water supply systems, improvements in the health and education systems, improvements in the roads system, preparation of the lands and supply of materials and seeds for the first seeding, funds for maintenance of the relocation associations, technical and social assistance.

Furthermore, the Irapé environmental program included several other environmental actions related to the care of the region's wildlife, vegetation, as well as the region's culture and heritage.

Wildlife, Vegetation and Water Quality Monitoring

With the purpose of repopulating and maintaining biodiversity of Cemig Geração e Transmissão's reservoirs and the rivers of Minas Gerais, we have released, throughout the State, approximately 500,000 fish, involving the participation of students and several sectors of society.

We have enlarged the plant nurseries of Volta Grande and Itutinga, from 600,000 to 700,000 plants per year. We collected 504 kg of seeds to be used in reforesting river banks and urban landscaping, in a total of 130 forest species.

In the scope of the Wildlife Release Areas Project (ASAS), in agreement with Ibama, at Cemig Geração e Transmissão's Environmental Stations we have recovered, readapted and released into the wild 452 animals captured by the Environmental Police.

Among the operating improvements, we emphasize the machinery adaptations made at the Funil, Itutinga, São Simão, Nova Ponte and Três Marias hydroelectric power plants to monitor oxygen, water and air injection, to reduce environmental risks to fish. We also mention the oxygen level monitoring during ebb tide of the small hydroelectric centrals (PCHs) and the monitoring of fish by telemetry (transference study).

In order to maintain water quality of its reservoirs, Cemig Geração e Transmissão owns a monitoring network comprised of six basins (Grande, Paranaíba, Pardo, São Francisco, Doce, Paraíba do Sul and Jequitinhonha), 24 different sub-basins, totaling 40 reservoirs and 196 water collection stations.

Environmental Education Program

We published the *Aves comuns do Estado de Minas Gerais: um guia de campo para o observador* guide (Common Birds of the State of Minas Gerais: An Observer's Field Guide). This book uses photographs and illustrations to share with society the knowledge acquired from bird inventories and monitoring activities performed in partnership with universities and research centers in the areas of Cemig Geração e Transmissão's hydroelectric power plants in Minas Gerais.

In 2005, Cemig Geração e Transmissão's Environmental Stations and Power Plants welcomed approximately 12,886 primary and secondary school students. We also published the didactical material "Energia Eficiente, Cidadania Inteligente" (Efficient Energy, Intelligent Citizenship), composed of 3 books for students and teachers.

FINAL CONSIDERATIONS

The Administration of Cemig Geração e Transmissão is thankful to the Governor of the State, Dr. Aécio Neves da Cunha, for the trust and constant support evidenced throughout the year. It also thanks the other Federal, State and Municipal authorities, the communities served by Cemig Geração e Transmissão, the shareholders and other investors and, especially, the dedication of its qualified employees.

SOCIAL BALANCE SHEET

1) Calculation Basis	2005 Value (Thousand Reais)					
Net Revenue (NR)	1,.964,157			-		
Operating Result (OR)	810,893			-		
Gross Payroll (GPR)	170,162			-		
2) Internal Social Indicators	**Value (Thousand R$)**	**% of GPR**	**% of NR**			
Food	8,225	4.83	0.42	-	-	-
Compulsory social contributions	50,606	29.74	2.58	-	-	-
Pension fund	34,730	20.41	1.77	-	-	-
Health care	5,115	3.01	0.26	-	-	-
Worker safety and medicine	452	0.27	0.02	-	-	-
Education	12	0.01	-	-	-	-
Culture	-	-	-	-	-	-
Professional development and qualification	2,708	1.59	0.14	-	-	-
Day care or day care aid	383	0.23	0.02	-	-	-
Profit sharing	60,310	35.44	3.07	-	-	-
Other	3,108	1.83	0.16	-	-	-
Total - Internal Social Indicators	165,649	97.36	8.44	-	-	-
3) External Social Indicators	**Value (Thousand R$)**	**% of OR**	**% of NR**			
Education	-	-	-			
Culture	4,143	0.51	0.21			
Other Donations/Grants/ASIN Project	4,086	0.50	0.21			
Total of Contributions to Society	8,229	1.01	0.42			
Taxes (except social contributions)	845,476	104.26	43.05			
Total – External Social Indicators	853,705	105.27	43.47			
4) Environmental Indicators	**Value (Thousand R$)**	**% of OR**	**% of NR**			
Related to Company operations and to external programs and/or projects	75,539	9.32	3.85			
Total of Investments in the Environment	75,539	9.32	3.85			
Concerning the definition of annual goals to minimize residues, consumption in general in production/operation and to increase efficiency in utilizing natural resources, the Company:	(x) does not have goals ( ) achieves from 0 to 50%		( ) achieves from 51 to 75% ( ) achieves from 76 to 100%	(x) does not have goals ( ) achieves from 0 to 50%		( ) achieves from 51 to 75% ( ) achieves from 76 to 100%
5) Staff-Related Indicators						
Nr. of employees at the end of the period	2,102			-		
Nr. of new hires during the period	21			-		
Nr. of outsourced employees	-			-		
Nr. of trainees	30			-		
Nr. of employees older than 45	677			-		
Nr. of women working at the Company	298			-		
% of management positions held by women	6.98			-		
Nr. of African descendents working at the Company	663			-		
% of management positions held by African descendents	6.98			-		
Nr. of employees with physical disadvantages or special needs	-			-		
6) Relevant information for corporate citizenship	**2005**			**2006 Goals**		
Ratio between highest and lowest salary at the Company	17.85			-		
Total number of work-related accidents	51			-		
Social and environmental projects developed by the Company were defined by:	( ) senior management	(x) senior management and functional managers	( ) all employees	( ) senior management	(x) senior management and functional managers	( ) all employees
The standards for occupational health and safety were defined by:	( ) senior management and functional managers	(x) all employees	( ) All + CIPA	( ) senior management and functional managers	(x) all employees	( ) All + CIPA
Concerning union freedom, the right to collective negotiation and to internal workers representation, the Company:	( ) doesn't get involved	(x) follows ILO rules	( ) encourages and follows ILO	( ) will not get involved	(x) will follow ILO rules	( ) will encourage and follow ILO
The pension fund benefits:	( ) senior management	( ) senior management and functional managers	(x) all employees	( ) senior management	( ) senior management and functional managers	(x) all employees
Profit sharing benefits:	( ) senior management	( ) senior management and functional managers	(x) all employees	( ) senior management	( ) senior management and functional managers	(x) all employees
In selecting suppliers, the same ethical and social and environmental responsibility standards adopted by the Company:	( ) are not considered	( ) are suggested	(x) are required	( ) will not be considered	( ) will be suggested	(x) will be required
Concerning the employees participation in volunteering programs, the Company:	( ) doesn't get involved	( ) supports	(x) organizes and encourages	( ) will not get involved	( ) will support	(x) will organize and encourage
Total number of complaints and criticisms from consumers:	at Company ____ NA ___	at Procon ___ NA ___	in Court __ NA ____	at Company ___ NA ____	at Procon ___ NA ___	in Court __ NA ____
% of resolved complaints and criticisms:	at Company ___ NA___%	at Procon _ NA ___%	in Court ___ NA __%	at Company ___ NA___%	at Procon ___ NA __%	in Court ___ NA __%
Total value added to be distributed (in thousand R$)	In 2005:	2,003,825				
Value Added Distribution (VAD)	42.19% Government 22.21% shareholders	11.45% collaborators 22.99% third parties retained	1.17%			

7) Other Information

I. Of the total environmental investments, in 2005, approximately R$58 millions refer to the social and environmental programs implemented during the construction of new hydroelectric power plants.

II. Fuel and energy consumption quantification is done on an annual basis and does not have reduction goals. Cemig Geração e Transmissão Board of Directors and the Union representation of its employees have defined an indicator of the consumption of water per employee.

CEMIG GERAÇÃO E TRANSMISSÃO IN NUMBERS

Descriptions	2005
Service	
Number of consumers	127
Number of employees	2,102
Energy sold per employee - MWh	12,189
Market	
Own Generation (GWh)	30,411
Average supply tariffs – including ICMS (R$/MWh) – Industrial	81.26
Operational	
Number of Plants in Operation	45
Number of Substations	32
Transmission Lines (Km)	4,892
Installed Capacity (MW)	5,890
Financial	
Operating revenue – R$ million	2,493
Net operating revenue – R$ million	1,964
Operating margin - %	41,28
EBITDA - R$ million	992
Net profit (Loss) - R$ million	468
Net profit (Loss) per 1,000 shares	162
Net worth - R$ million	2,920
Net worth per thousand shares	1,008
Net worth earnings - %	19.11
Debt to equity - %	143.30
Current Liquidity	0.57
General Liquidity	0.29

MEMBERS OF BOARD OF DIRECTORS AND COUNCILS

BOARD OF DIRECTORS

Permanent Members	Substitute Members
Wilson Nélio Brumer	Fernando Lage de Melo
Djalma Bastos de Morais	Luiz Antônio Athayde Vasconcelos
Aécio Ferreira da Cunha	Eduardo Lery Vieira
Alexandre Heringer Lisboa	Franklin Moreira Gonçalves
Antônio Adriano Silva	Francisco Sales Dias Horta
Francelino Pereira dos Santos	Marco Antônio Rodrigues da Cunha
Maria Estela Kubitschek Lopes	Luiz Henrique de Castro Carvalho
Nilo Barroso Neto	Guilherme Horta Gonçalves Júnior
José Luiz Alquéres	Guy Maria Villela Paschoal
Carlos Augusto Leite Brandão	Fernando Teixeira Mendes Filho
Andréa Paula Fernandes	Rodrigo Bhering Andrade
Antônio Luiz Barros de Salles	Andréa Leandro Silva
José Augusto Pimentel Pessoa	Evandro Veiga Negrão de Lima
Haroldo Guimarães Brasil	Antônio Renato do Nascimento

FISCAL COUNCIL

Permanent Members	Substitute Members
Aristóteles Luiz Menezes Vasconcellos Drummond	Marcus Eolo de Lamounier Bicalho
Luiz Guaritá Neto	Ronald Gastão Andrade Reis
Luiz Otávio Nunes West	Augusto Cesar Calazans Lopes
Itamaury Teles de Oliveira	Ari Barcelos da Silva
Thales de Souza Ramos Filho	Aliomar Silva Lima

EXECUTIVE OFFICERS

Name	Function
Djalma Bastos de Morais	**Chairman and Chief Executive Officer**
Francisco Sales Dias Horta	**Vice-Chairman and Chief Executive Officer**
Celso Ferreira	**Planning, Projects and Construction Director**
Flávio Decat de Moura	**Finance, Participations and Investor Relations Director**
Elmar de Oliveira Santana	**Generation and Transmission Director**
José Maria de Macedo	**Director**
Heleni de Mello Fonseca	**Corporate Management Director**

INVESTORS RELATIONS

Investors Relations Superintendence
Telephones: +55 (31) 3299-3930 - 3299-4015
Fax: +55 (31) 3299-3934 - 31 3299-3933

Electronic address
Site: www.cemig.com.br , http://.ri.cemig.com.br
E-Mail: ri@cemig.com.br

BALANCE SHEETS

AS OF DECEMBER 31, 2005 AND 2004

ASSETS

(In thousands of reais)

	2005	2004
CURRENT		
Cash & Cash Equivalents	352,989	1
Consumers and Resellers	157,605	-
Concession Holders - Power Transportation	85,707	-
Recoverable Taxes	43,645	-
Resellers – Transactions with Unrestricted Power	224,155	-
Tax Credits	12,356	-
Regulatory Assets - PIS-PASEP/COFINS	29,863	-
Inventories	2,568	-
Other	79,423	-
CURRENT TOTAL	988,311	1
FIXED		
Long Term Receivables		
Tax Credits	74,735	-
Resellers – Transactions with unrestricted power	96,029	-
Recoverable Taxes	50,606	-
Other	8,470	-
Total Long-Term Receivables	229,840	-
Investments	937,296	-
PP&E	4,949,428	-
TOTAL FIXED	6,116,564	-
TOTAL ASSETS	**7,104,875**	1

The accompanying notes and appendices are integral part of the financial statements.

BALANCE SHEETS

AS OF DECEMBER 31, 2005 AND 2004

LIABILITIES

(In thousands of reais)

	2005	2004
CURRENT		
Suppliers	158,646	-
Regulatory Charges	50,980	-
Profit Sharing	16,180	-
Taxes, Fees and Contributions	153,235	-
Interest on Equity and Dividends	402,664	-
Loans and Financing	745,233	-
Wages and Social Contributions	40,317	-
Post-Employment Obligations	35,977	-
Other Obligations	144,954	-
CURRENT TOTAL	1,748,186	-
FIXED		
Suppliers	72,946	-
Loans and Financing	1,902,297	-
Taxes, Fees and Contributions	88,624	-
Contingency Provisions	1,453	-
Post-Employment Obligations	291,774	-
Other Obligations	79,388	-
TOTAL FIXED	2,436,482	-
SHAREHOLDERS' EQUITY		
Capital Stock	2,896,785	1
Revenue Reserves	23,422	-
TOTAL EQUITY	2,920,207	1
TOTAL LIABILITIES	**7,104,875**	1

The accompanying notes and appendices are integral part of the financial statements.

INCOME STATEMENT

FISCAL YEAR ENDING ON DECEMBER 31, 2005

(in thousands of reais, excluding net profit per 1000 shares)

OPERATING REVENUE	
Gross Supply of Electric Power	2,085,024
Revenue from Use of Grid	396,433
Other Operating Revenue	11,408
	2,492,865
Deductions from Operating Revenue	(528,708)
NET OPERATING REVENUE	1,964,157
OPERATING COSTS	
COST WITH ELECTRIC POWER	
Electric Power Purchased for Resale	(5,002)
Charges for Use of the Basic Transmission Grid	(157,166)
	(162,168)
TRANSACTION COST	
Personnel and Management	(223,735)
Private Pension Entity	(33,126)
Materials	(16,453)
Raw Material and Inputs for the Production of Energy	(852)
Third Party Services	(71,934)
Depreciation and Amortization	(178,184)
Operating Provisions	(3,991)
Charges for Use of Water Resources	(109,137)
Quota for the Fuel Consumption Account – CCC	(28,781)
Energy Development Account - CDE	(17,009)
Provision for Losses in Recovering Amounts for the Extraordinary Tariff Adjustment	(195,881)
Energy Efficiency and Research and Development	(37,785)
Other	(42,128)
	(958,996)
TOTAL COST	(1,121,164)
GROSS PROFIT	842,993
OPERATING EXPENSE	
General and Administrative Expenses	(28,541)
Other Operating Expenses	(3,559)
	(32,100)
Operating Profit Before Revenue and Financial Expenses	810,893
Net Financial Expenses	(243,872)
Interest on Equity	(282,436)
	(526,308)
Operating Profit	284,585
NON OPERATING RESULT	(5,321)
Earnings Before Income Tax and Social Contribution	279,264
Income Tax and Social Contribution	(93,249)
	186,015
Reversal of Interest on Equity	282,436
NET PROFIT FOR THE PERIOD	468,451
NET PROFIT PER 1000 SHARES - R$	161,71

The accompanying notes and appendices are integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FISCAL YEAR ENDING ON DECEMBER 31, 2005

(in thousands of reais, excluding dividends per 1000 shares)

	Cemig Participation (%) Social Equity	Capital Reserves	Revenue Reserves	Accrued Profit	Funds for Capital Increase	Total
BALANCES ON DECEMBER 31, 2004	1					1
Capital Increase	2,896,784					2.896.784
Net Profit for the Period				468.451		468.451
Profit distribution proposed at the AGM:						
Legal Reserve			23,422	(23.422)		-
Interest on Equity (R$97.50 per 1000 shares)				(282.436)		(282.436)
Supplementary Dividends (R$56.13 per 1000 shares)				(162.593)		(162.593)
BALANCES ON DECEMBER 31, 2005	**2,896,785**	**-**	**23,422**	**-**	**-**	**2.920.207**

The accompanying notes and appendices are integral part of the financial statements.

STATEMENT OF SOURCES AND APLICATIONS OF FUNDS

FISCAL YEARS ENDING ON DECEMBER 31, 2005 AND 2004
(In thousands of reais)

SOURCES OF FUNDS	12/31/2005	12/31/2004
From Operations		
Net Profit for the Period	468,451	-
Expenses (Income) not affecting Working Capital		
Depreciation and Amortization	181,480	-
Net Disposal of Fixed Assets	25,223	-
Post-Employment Obligations	34,730	-
Interest and Long Term Monetary Variations	(170,327)	-
Deferred Federal Taxes	(15,792)	-
Provisions for Losses in Unrestricted Power Transactions	195,881	-
Provision for Operating Losses	1,453	-
Other Credits	1,635	-
	722,734	-
From Third Parties and Shareholders		
Loans	751,831	-
Capital Increase	-	1
	751,831	1
Other Sources		
Transfer of Long Term Receivables to Current Assets		
Tax Credits	12,356	-
Resellers – Transactions at the CCEE/MAE	416,584	-
Suppliers – Transfer to Long Term	72,946	-
Other	57,561	-
	559,447	-
TOTAL SOURCES	2,034,012	1
APPLICATION OF FUNDS		
Recoverable Taxes	16,673	-
In Investments	63,704	-
In the PP&E	375,293	-
Interest on Equity and Dividends	445,029	-
Transfer of Net Short Term Obligations by Holding	1,326,287	-
Transfer from Fixed to Current		-
Loans and Financing	331,071	-
Post-Employment Obligations	49,263	-
Taxes and Social Contribution	185,972	-
Increase in Long Term Receivables	596	-
TOTAL APPLICATION	2,793,888	-
(INCREASE) DECREASE IN NET CURRENT LIABILITIES	**(759,876)**	1
DEMONSTRATION OF CHANGE IN NET CURRENT LIABILITIES		-
At the end of the period		-
Current Assets	988,311	1
Current Liabilities	(1,748,186)	-
	(759,875)	1
At beginning of period	1	-
(INCREASE) DECREASE IN NET CURRENT LIABILITIES	(759,876)	1

The accompanying notes and appendices are integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2005 AND 2004
(In thousand Reais, unless otherwise indicated)

1) – OPERATING CONTEXT

Cemig Geração e Transmissão S.A. (“Company or Cemig Geração e Transmissão”) is a publicly held, closed company, wholly owned subsidiary of Companhia Energética de Minas Gerais – CEMIG (“CEMIG”), incorporated on September 8, 2004, operating as of January 1, 2005, as a result of CEMIG’s activities dismemberment.

The concession contracts for electric power distribution, signed in 1997 by CEMIG (the holding company of Cemig Distribuição), stipulated that the Company should restructure its operations by separating its generation, transmission and distribution business into wholly owned subsidiaries (“deverticalization”).

In addition, the Provisional Measure 144, dated December 11, 2003, and later converted into Federal Law 10.848, dated March 15, 2004, concerning the restructuring of the Brazilian electric energy sector model, determined that the activities of generation and transmission be separated from the activity of distributing electric power, thus generating distinct companies for each.

Thus, power plants, transmission lines and other assets and liabilities related to CEMIG’s generation and transmission activities, including agreements for electric power production, were transferred, as of January 1, 2005, to Cemig Geração e Transmissão.

Cemig Geração e Transmissão owns 45 power plants, comprised of 42 hydroelectric power plants, 1 wind powered plant and 2 thermoelectric plants, and transmission lines connected, for the most part, to the basic grid of the Brazilian generation and transmission system.

The transfer of the generation concessions is currently undergoing the approval process at the Brazilian Electricity Regulatory Agency (ANEEL).

2) – DEVERTICALIZATION

CEMIG’s Extraordinary GSM of December 30, 2004 authorized the transfer, as of January 1, 2005, of the assets comprising the Property, Plant and Equipment (PP&E) in Service and part of the obligations and rights related to the electric power generation and transmission business, to Cemig Geração e Transmissão.

The transfer of the other rights and obligations was carried out through an advance for future capital increase, on January 1, 2005. The incorporation of these values into the capital was approved by the Shareholders Meeting of July 29, 2005.

The table below shows the separation of CEMIG's assets and liabilities that were invested in Cemig Geração e Transmissão on January 1, 2005:

	R$
ASSETS	
CURRENT	
Cash & Cash Equivalents	15,500
Consumers and Resellers	32,353
Concessionaires – Power Transport	27,876
Resellers – Transactions with unrestricted power	45,560
Recoverable Taxes	11,431
Inventories	2,126
Other Credits	25,511
CURRENT TOTAL	160,357
FIXED	
Long Term Receivables	
Resellers – Transactions with unrestricted power	588,281
Recoverable Taxes	26,679
Tax Credits	15,374
Other Credits	9,497
Total Long-Term Receivables	639,831
Investments	884,011
PP&E	4,772,099
Special Obligations	(1,680)
TOTAL FIXED	6,294,261
TOTAL ASSETS	**6,454,618**
LIABILITIES	
CURRENT	
Suppliers	230,116
Taxes, Fees and Contributions	(41,044)
Regulatory Charges	46,888
Salaries and Social Contributions	30,594
Interest on Equity and Dividends	315,101
Loans and Financing	840,069
Post-Employment Obligations	45,201
Other Obligations	19,719
CURRENT TOTAL	1,486,644
FIXED	
Taxes, Fees and Contributions	211,416
Loans and Financing	1,514,210
Post-Employment Obligations	306,307
Other Obligations	39,256
TOTAL FIXED	2,071,189
SHAREHOLDERS' EQUITY	2,896,785
TOTAL LIABILITIES	**6,454,618**

3) – PRESENTATION OF FINANCIAL STATEMENTS AND MAIN ACCOUNTING PRACTICES

3.1) Presentation of Financial Statements

They were compiled and prepared according to Brazilian accounting principles, including: the Corporations Law; CVM (Brazilian securities and exchange commission) rules; and rules of the specific legislation applicable to electric power concession holders, determined by the Brazilian Electricity Regulatory Agency (ANEEL).

The Company decided to adopt in advance, as of December 31, 2005, the new publication procedures comprised in CVM Ruling 488, of 03.10.05.

Additionally, Cemig Geração e Transmissão presents in Exhibits I, II and III the statements of cash flow, value added, and separate results per activity, respectively.

3.2) Main Accounting Practices

(a) Specific Accounting Practice for the Electric Sector

Management Expenses – These are appropriated monthly to the cost of PP&E under construction, by proportional distribution of 8% of direct expenditure on personnel and third-party services.

Activities not connected with the public electric power service concession – Refer basically to the consortia for the production and sale of electric power, in an independent production regime, Cemig Geração e Transmissão's participation being booked in the Investment Group, in accordance with Note 12. The balances of assets, liabilities, revenues and expenses relating to said operations are controlled monthly by means of registers and specific financial statements drawn up by the Consortia, in compliance with the stipulations of the Public Electric Power Services Accounting Manual, issued by the ANEEL.

(b) General Accounting Practices

Cash & Cash Equivalents – These are stated at cost. The yields earned up to the date of the balance sheet are classified as Other Credits, in the Current Assets, at values not above realization values.

Consumers and Resellers – Supplies of electric power not invoiced as of the date of the balance sheet are booked on an accrual basis.

Provision for Doubtful Receivables – This is constituted in an amount considered sufficient to cover possible losses from consumers and resellers.

Inventories – These are valued at the average acquisition cost, materials in stock being booked in Current Assets and materials allocated to construction work being booked in Non-current Assets and not depreciated.

Investments – These are valued at acquisition or formation cost, with the deduction of provisions for losses, when applicable.

PP&E – Assets in PP&E are valued at the cost incurred on the formation or acquisition date. Interest, other financial charges and inflationary effects incurred, relating to financing obtained from third parties linked to Construction Work under Way, are attributed to PP&E Under Construction, during the period of construction.

Depreciation and Amortization - These are calculated on the balance of PP&E in Service, by the straight-line method, applying the rates stipulated by the ANEEL, which reflect the estimated useful life of the assets.

Special Obligations – These are assessed according to the value received from clients. Special obligations are not depreciated or amortized, and in the Balance Sheets are presented as reductions of PP&E.

Other Assets and Liabilities – Those subject to monetary variation by force of the legislation or contractual clauses are restated based on the rates stipulated in the respective provisions, so as to reflect the updated values as of the date of the balance sheets. Others are booked at the values incurred on the date of formation, minus provisions for losses, when applicable.

Post-Employment Obligations – In compliance with CVM Ruling 371/00, costs related to supplementing retirement pensions and the other post-employment benefits are recognized as obligations and booked based on actuarial calculations, using the Projected Credit Unit Method in order to determine the present value of the obligations.

Income Tax and Social Contribution – Credits are provisioned or constituted on tax losses and temporary additions, their effects being booked in the results for the year, taking into account the prospects for realizing same.

Results – These are calculated by the accrual method on an annual basis.

Net Profit per Thousand Shares – This is calculated based on the number of shares, as of the date of the balance sheets.

Use of estimates – The preparation of the financial statements requires Cemig Geração e Transmissão's Management to use estimates for booking certain transactions, which affect the Company's assets and liabilities, revenues and expenses, as well as the publication of information regarding data in their financial statements. The final results of these transactions and information, at the time of their effective realization in subsequent periods, may differ from such estimates. The main estimates related to the financial statements refer to the booking of the effects resulting from the Rationing Program, from the Electric Sector General Agreement, Electric Power Wholesale Market ("MAE"), succeeded by the *Câmara de Comercialização de Energia Elétrica ("CCEE/MAE")* (Electric Power Trading Chamber) in 2004, Tax Credits, Post-Employment Obligations and Uninvoiced Electric Power Supply.

4) – CONCESSIONS

The Company has been granted by ANEEL these concessions:

	Location	Installed Capacity (MW)	Non-audited information Date of Concession or Authorization	Expiry Date
GENERATION				
Hydroelectric Plants -				
São Simão	Paranaíba River	1,710.000	01/1965	01/2015
Emborcação (2)	Paranaíba River	1,192.000	07/1975	07/2005
Nova Ponte (2)	Araguari River	510.000	07/1975	07/2005
Jaguara	Grande River	424.000	08/1963	08/2013
Miranda	Araguari River	408.000	12/1986	12/2016
Três Marias	São Francisco River	396.000	04/1958	07/2015
Volta Grande	Grande River	380.000	02/1967	02/2017
Aimorés	Doce River	161.700	12/2000	12/2035
Salto Grande	Santo Antônio River	102.000	10/1963	07/2015
Funil (1)	Grande River	88.200	12/2000	12/2035
Queimado (1)	Preto River	86.625	12/1997	12/2032
Itutinga	Grande River	52.000	01/1953	07/2015
Camargos	Grande River	46.000	08/1958	07/2015
Porto Estrela (1)	Santo Antônio River	37.334	07/1997	07/2032
Igarapava (1)	Grande River	30.450	12/1998	12/2028
Piau	Piau / Pinho River	18.012	10/1964	07/2015
Gafanhoto	Pará River	14.000	09/1953	07/2015
Others (2)	Several	101.123	Several	Several
		5,757.444		
Wind-Driven Plant -				
Morro do Camelinho	Gouveia - MG	1.000	03/1999	-
Thermoelectric Plants -				
Igarapé	Juatuba - MG	131.000	08/1974	08/2024
Formoso	Formoso - MG	0.440	04/1999	-
		131.440		
Generation Total		**5,889.884**		
Projects under Construction –				
Hydroelectric Plants -				
Irapé	Jequitinhonha River	360.000	02/2000	02/2035
TRANSMISSION				
Basic Grid	Minas Gerais	14.797 MVA	07/1997	07/2015
Sub-Station – SE Itajubá (3)	Minas Gerais	600 MVA	10/2000	10/2030

(1) The installed capacities shown refer to Cemig Geração e Transmissão's participations in the enterprises in consortium with private enterprise. See note 12 for further information.

(2) In September 2004, the Company requested to ANEEL an extension, for another twenty years, of the concession periods for electric power generation at the Emborcação and Nova Ponte hydroelectric plants. The ANEEL and the Ministry of Mines and Energy have not yet issued their opinion.

The Company expects the concessions to be renewed, and therefore does not expect to suffer any loss due to non-renewal of the present concessions.

5) – CASH & CASH EQUIVALENTS

	12/31/2005	12/31/2004
Bank Accounts	11,064	1
Financial Investments		
Bank Certificates of Deposit	341,925	-
	352,989	**1**

The financial investments of Cemig Geração e Transmissão are remunerated based substantially on CDI ("Inter-bank Certificate of Deposit") variation rate.

6) – CONSUMERS AND RESELLERS

Consumer Category	Balances yet to Mature	Up to 90 days Overdue	Over 90 days Overdue	Total
	12/31/2005	12/31/2005	12/31/2005	12/31/2005
Industrial	84,180	2,496	4,982	91,658
Supply to Other Concessionaries	65,947	-	-	65,947
	150,127	**2,496**	**4,982**	**157,605**

7) – REGULATORY ASSETS AND LIABILITIES

The Electric Sector General Agreement, signed in 2001, and the new regulations for the electric power sector made it necessary to constitute various regulatory assets and liabilities, as well as deferring the federal taxes levied on these assets and liabilities (these taxes are settled as the assets and liabilities are received and /or paid), as shown below:

	12/31/2005
Assets	
Resellers – Transactions with unrestricted power – Note 8	320,184
PIS/PASEP/COFINS Note 11	29,863
	350,047
Liabilities	
Suppliers – CCEE/MAE – Unrestricted power – Note 8	(115,883)
Deferred federal taxes – Note 15	(170,506)
	(286,389)
	63,658

8) – RESELLERS – UNRESTRICTED POWER TRANSACTIONS DURING THE RATIONING PROGRAM

The duties and rights of the Company regarding unrestricted power transactions within the scope of Electric Power Trading Chamber (CCEE/MAE) during the Rationing Program validity are shown as follows:

	12/31/2005
ASSETS	
Amounts receivable from distribution	516,065
Provision payment losses	(195,881)
	320,184
Current	224,155
Non-Circulating	96,029
LIABILITIES	
Suppliers – Purchase of Unrestricted Power at CCEE/MAE (Note 14)	**115,883**
Current	42,937
Non-Circulating	72,946

The amounts receivable in Assets refer to the difference between the prices paid by the Company in the CCEE/MAE power transactions, during the validity period do Rationing Program, and the amount of R$49.26/MWh that shall be reimbursed through the amounts received by means of the RTE, as defined in the General Electric Sector Agreement.

According to ANEEL Resolution 36, of January 29, 2003, the electric power distribution companies invoice and transfer the amounts received monthly through the RTE to the generation and distribution companies with amounts receivable, among which Company is included since March 2003.

Some of the distribution companies were not transferring the invoiced RTE amounts to the Company because they interpreted, based on Art. 9 of ANEEL Resolution 36 and ANEEL Technical Note 004/2003, that Cemig Geração e Transmissão, due to the judicial dispute about the calculation methodology of its obligations at CCEE/MAE, should also dispute the General Electric Sector Agreement. Therefore, the distribution companies would be forbidden to carry out the mentioned transfer to the Company.

However, the Administration decided, in 2005, to cancel the lawsuits and enter in agreement with the other CCEE/MAE agents about the payment of the obligations, based on the original criterion defined by ANEEL. The amounts regarding this obligation were already sufficiently provisioned in the financial statements.

The main terms and consequences of the mentioned agreement were the following:

- The amounts provisioned regarding the additional obligation with CCEE/MAE, in the amount of R$142,560, were adjusted using the IGP-M from July 2003;
- Cemig Geração e Transmissão started, in the 3rd quarter of 2005, the settlement of the debts mentioned in the previous paragraph, within 50 months, with adjustment according to the SELIC variation and 1.00% of interest a year;
- The distribution companies were authorized to transfer to CEMIG part of the withheld amounts, which totaled R$152 million in 2005.

The Cemig Geração e Transmissão rights in CCEE/MAE are adjusted according to the SELIC variation with the addition of 1.00% of interest a year.

Until June 2005, 18.00% of the unrestricted power credits were not being adjusted due to several lawsuits filed by generation and distribution companies, including Cemig Geração e Transmissão, disputing the amounts disclosed by CCEE/MAE. Having in mind that Cemig Geração e Transmissão and the majority of the other companies cancelled their lawsuits in court, the Company started to, as of the 3rd quarter of 2005, fully adjust the RTE credits regarding unrestricted power.

The conclusion of some lawsuits in progress, filed by market agents, regarding the interpretation of the rules in force at the tie the transactions were carried out within the CCEE/MAE scope, may cause changes in the amounts entered.

Provision for losses

Cemig Geração e Transmissão receives RTE amounts from other distribution companies that have a deadline, defined by ANEEL, to transfer the amounts to the Company.

The Company prepared a study to check whether the deadline defined for the distribution companies to carry out the transfer would be enough to recover the amounts authorized by ANEEL.

Based on the study, the provision for losses in the payment of unrestricted power credits in December 31, 2005 was estimated in R$195,881.

ANEEL will hold on March 30, 2006, public hearing 044/05 with the purpose of gathering contributions from Society for the regulation of RTE billing procedures, regarding consumers that are presently unrestricted and that were loyal during the validity of the Rationing Program. Such change in criteria would represent a higher RTE payment by Cemig Geração e Transmissão. Therefore, the Company will review the presently established provision after the regulation by ANEEL of this new billing procedure and the resulting beginning of the payment of the amounts in the power bills.

9) – RECOVERABLE TAXES

	12/31/2005
Current	
Income Tax	33,104
Social Contribution	8,171
Other	2,370
	43,645
Non-Circulating	
ICMS to be Recovered	50,606
	94,251

Recoverable ICMS credits, recorded in Assets - Long Term Receivables, are compensated in 48 months, as per Complementary Act 102/00.

10) – INCOME TAX AND SOCIAL CONTRIBUTION

a) Tax Credits:

The Company has Income Tax credits which were booked as Current Assets and Long Term Receivables, calculated at a 25.00% rate, as well as Social Contribution, calculated at a 9.00% rate, as follows:

	12/31/2005
Tax Credits on-	
Provision for Contingencies	494
Provision for Losses from Realization of Unrestricted Power Receivables	66,600
Provision for PASEP/COFINS – Extraordinary Tariff Recovery	14,496
Other	5,501
	87,091
Current Assets	12,356
Long Term Receivables	74,735

The Board of Directors, in the meeting held on February 20, 2006, approved the technical study prepared by the Director of Finance, Participations and Relationship with Investors of Cemig Geração e Transmissão regarding the future profitability projection adjusted to its present value, which proves the payment capacity of the deferred fiscal assets in a maximum period of 10 years, as defined in the CVM Instruction 371. Such study was also submitted to the Fiscal Council on March 8, 2006 for exam.

According to the individual estimates of Cemig Geração e Transmissão, the future taxable profits guarantee the payment of the Deferred Fiscal Assets, existing on December 31, 2005, according to the following:

	12/31/2005
2006	12,356
2007	6,856
2008	67,879
	87,091

b) Conciliation of Income Tax and Social Contribution Expenses:

The conciliation of the nominal Income Tax (at 25%) and Social Contribution (at 9%) expenses with the actual expenses submitted in the results statement is as follows:

	12/31/2005
Profit Before Income Tax and Social Contribution	279,264
Income Tax and Social Contribution – Nominal Expenses	(94,950)
Fiscal Effects applied on:	
Not Acknowledged Fiscal Credits	(862)
Fiscal Incentives	3,674
Non-Deductible contributions and donations	(1,117)
Other	6
Income Tax and Social Contribution – Actual Expenses	**(93,249)**

11) – REGULATORY ASSETS – PIS-PASEP/COFINS

By means of Federal Acts 10.637 and 10.833 the calculation and rise basis of the PIS-PASEP/COFINS rates were changed. As a result of these changes, there was a growth in the expenses with PIS-PASEP, from December 2002 until June 2005, and in the expenses with COFINS, from February 2004 until June 2005.

Cemig Geração e Transmissão acknowledged in 2005 a regulatory asset for the increase in expenses with PIS-PASEP/COFINS in electric power transmission and generation activities. ANEEL is reimbursing the Company by adjusting the tariffs for revenue for grid use from July 2005. The balance of said asset, as of December 31, 2005, is of R$29,863.

12) – INVESTMENTS

	12/31/2005
Agreements	936,023
Other	1,273
	937,296

Agreements

The Company participates in agreements for electric power generation concessions, for which no companies with independent legal nature were created to manage the object of the mentioned concession, provided the controls in the Company's bookkeeping are maintained, on the specific Portion equivalent to the investments made, as follows:

	Participation in the generated power	Average Annual Depreciation Rate %	12/31/2005
In service			
Porto Estrela Plant	33.33%	2.49	38,625
Igarapava Plant	14.50%	2.51	55,554
Funil Plant	49.00%	2.58	171,855
Queimado Plant	82.50%	2.45	193,599
Accumulated depreciation			(32,173)
Total in operation			**427,460**
Under construction			
Queimado Plant	82.50%		232
Funil Plant	49.00%		8,411
Aimorés Plant	49.00%		499,920
Total under construction			**508,563**
Agreements Total			**936,023**

The depreciation of the items belonging to the fixed Assets of the consortiums is calculated by the linear method, based on rates established by ANEEL.

The participation of other consortium members in the power generated in the enterprises is as follows:

Agreements	Other Shareholders	Participation (%)
Porto Estrela Plant	Companhia de Tecidos Norte de Minas Gerais – COTEMINAS	33.34
	Companhia Vale do Rio Doce – CVRD	33.33
Igarapava Plant	Companhia Vale do Rio Doce – CVRD	38.15
	Companhia Mineira de Metais – CMN	23.93
	Companhia Siderúrgica Nacional – CSN	17.92
	Mineração Morro Velho – MMV	5.50
Funil Plant	Companhia Vale do Rio Doce – CVRD	51.00
Queimado Plant	Companhia Energética de Brasília	17.50
Aimorés Plant	Companhia Vale do Rio Doce – CVRD	51.00

13) – FIXED ASSETS

	12/31/2005		
	Historic Cost	Accrued Depreciation	Net Value
In Service	**6,728,681**	**(3,076,578)**	**3,652,103**
- Generation	5,453,694	(2,482,786)	2,970,908
Intangibles	119	(40)	79
Land	134,013	-	134,013
Reservoirs, Dams and Pipelines	2,885,209	(1,148,382)	1,736,827
Buildings, Civil Works and Improvements	665,386	(303,340)	362,046
Machinery and Equipment	1,763,760	(1,026,183)	737,577
Vehicles	2,408	(2,148)	260
Furniture and Utensils	2,799	(2,693)	106
- Transmission	1,208,341	(551,714)	656,627
Intangibles	7,130	(1,086)	6,044
Land	2,920	-	2,920
Buildings, Civil Works and Improvements	97,392	(45,907)	51,485
Machinery and Equipment	1,100,300	(504,230)	596,070
Vehicles	45	(43)	2
Furniture and Utensils	554	(448)	106
- Administration	66,646	(42,078)	24,568
Intangibles	16,777	(9,050)	7,727
Land	621	-	621
Buildings, Civil Works and Improvements	11,222	(5,951)	5,271
Machinery and Equipment	31,379	(21,561)	9,818
Vehicles	3,545	(2,505)	1,040
Furniture and Utensils	3,102	(3,011)	91
Under construction	**1,299,005**	**-**	**1,299,005**
- Generation	1,236,809	-	1,236,809
- Transmission	46,341	-	46,341
- Administration	15,855	-	15,855
Total Fixed Assets	**8,027,686**	**(3,076,578)**	**4,951,108**
Special Obligations Related to the Concession			(1,680)
Net Fixed Assets			**4,949,428**

The amount of R$1,136,570, regarding the construction of the Irapé plant (R$801,959 in 2004), was entered into Fixed Assets under construction.

The primary annual depreciation rates, according to ANEEL Resolution 044, dated March 17, 1999, are as follows:

Generation	(%)	Transmission	(%)	Administration	(%)
Buildings	4.00	System switch	3.30	Software	20.00
Generator	3.30	Switch	3.00	Vehicles	20.00
Hydraulic Turbine	2.50	Metallic Tower	2.50	General equipment	10.00
Power House	2.00	Power Transformer	2.50	Building	4.00
Dam	2.00	Aluminum bare conductor	2.50		

14) – SUPPLIERS

	12/31/2005
Current	
Electric Power Supply -	
Furnas	2,927
Purchase of unrestricted power during the rationing period - CCEE/MAE	42,937
Other Generating and Distributing Companies	27,345
	73,209
Materials and Services	85,437
	158,646
Non-Circulating	
Electric Power Supply -	
Purchase of unrestricted power during the rationing period - CCEE/MAE	**72,946**
Suppliers Total	**231,592**

Due to the agreement established between the Company, ANEEL and market agents, the amounts due to CCEE/MAE shall be paid within a 50-month period, with adjustment according to the SELIC variation plus 1.00% of interest a year. See further comments in explanation note 8.

15) – TAXES, FEES AND CONTRIBUTIONS

	12/31/2005
Current	
Income Tax	7.815
ICMS (State Vat)	39.068
COFINS	14.984
PASEP	2.636
INSS	3.640
Other	3.210
	71.353
Deferred obligations	
Income Tax	48.927
Social Contribution	17.614
COFINS	12.604
PASEP	2.737
	81.882
	153.235
Non-Circulating	
Deferred obligations	
Income Tax	43.586
Social Contribution	15.691
COFINS	24.578
PASEP	4.769
	88.624

Deferred obligations refer to assets and liabilities linked to the Electric Sector General Agreement, which are due as these assets and liabilities are realized.

16) – LOANS AND FINANCING

12/31/2005

FINANCERS	Principal Due Date	Annual Financial Charges (%)	Currencies	Current	Non-Circulating	Total
FOREIGN CURRENCY						
Banco do Brasil S.A. II	2009	3,90	JPY	67	76.929	76.996
Inter-American Development Bank - IBD	1998/2006	7,67	US$ +AU	2.327	-	2.327
B.N.P. Paribas I	2008/2010	Libor +1.875	US$	542	39.280	39.822
BNP Paribas II	2002/2012	5,89	EURO	3.562	16.962	20.524
UNIBANCO II	2009	6,50	US$	148	10.910	11.058
UNIBANCO III	2007	6,50	US$	74	50.976	51.050
UNIBANCO IV	2009	5,00	US$	36	8.193	8.229
Foreign Currency Debt				6.756	203.250	210.006
NATIONAL CURRENCY						
Banco Credit Suisse First Boston S.A. I	2006	106.00 of CDI	R$	43.225	-	43.225
Banco Credit Suisse First Boston S.A. II	2010	106.00 of CDI	R$	313	75.000	75.313
Banco do Brasil III	2009	111.00 of CDI	R$	1.496	62.643	64.139
Banco do Brasil IV	2013	CDI + 1.70	R$	4.727	89.276	94.003
Banco do Brasil V	2013	107.60 of CDI	R$	3.791	30.001	33.792
Banco Itaú – BBA III	2008	CDI +2.00	R$	2.872	89.560	92.432
Banco Itaú – BBA IV	2013	CDI + 1.70	R$	8.729	168.429	177.158
Banco Votorantim S.A. I	2010	113.50 of CDI	R$	1.881	25.124	27.005
BNDES	2003/2008	SELIC + 1.00	R$	121.567	170.813	292.380
Bradesco II	2013	CDI + 1.70	R$	5.321	136.383	141.704
Debentures Obligations I	2005/2006	IGP-M +12.70	R$	500.596	-	500.596
Debentures Obligations II	2009	CDI +1.20	R$	10.471	349.556	360.027
Debentures Obligations III – State of Minas Gerais Administration	2027/2030	IGP-M	R$	-	102.743	102.743
ELETROBRÁS I	2013	FINEL + 8.00 and 8.50	R$	12.499	83.053	95.552
ELETROBRÁS II	2005	IGP-M + 12.00	R$	4.631	-	4.631
Santander do Brasil S.A. I	2013	CDI + 1.70	R$	1.373	29.715	31.088
UNIBANCO V	2009	CDI +2.98	R$	3.858	104.095	107.953
UNIBANCO VI	2013	CDI + 1.70	R$	7.539	172.788	180.327
Banco Votorantim II	2013	CDI + 1.70	R$	167	3.102	3.269
Itaú Finame	2008	URTJ + 8.50	R$	3.421	6.766	10.187
Domestic Currency Debt				738.477	1.699.047	2.437.524
Grand Total				745.233	1.902.297	2.647.530

For the Company's debentures obligations with possibility of anticipated maturity in November 2005, debenture holders were offered, in October, the opportunity to alter the remuneration of the 1st series of the debentures, from IGPM + 12.70% per year to CDI + 1.20% per year, and establishing maturity as November 2009. As a result, 71.5% of the debentures obligations (equivalent to R$350.5 million) were changed to the new conditions. Remaining obligations (28.5% or R$139.5 millions) were paid off with funds from the financing above, and will be kept in treasury until another resale.

The composition of the loans per currency and index is as follows:

	12/31/2005
Currencies	
US Dollar	110.159
Euro	20.524
Account Unit (basket of currencies)	2.327
Yen	76.996
	210.006
Indexes	
General Price Index – Market – IGP-M	607.970
Internal Eletrobrás Index – FINEL	95.552
SELIC	292.380
Interbank Deposit Certificate – CDI	1.431.435
Other	10.187
	2.437.524
	2.647.530

The annual distribution of the long-term debt amortization is the following:

2007	213.503
2008	150.507
2009	643.130
2010	274.855
2011	165.315
2012	162.393
2013 and after	292.594
	1.902.297

The main currencies and indexes used to adjust monetarily the loans and financing had the following variations:

Currencies	Accumulated variation in 2005 %	Indexes	Accumulated variation in 2005 %
US Dollar	(11,82)	IGP-M	1,21
Euro	(23,50)	FINEL	0,24
Yen	(23,43)	CDI	18,15
Accounting Unit	(17,44)	SELIC	18,24

The movement of loans and financing is as follows:

	12/31/2005
Balance at the beginning of the period	-
Transfer from Holding	2.354.279
Withdrawal from Linked Funds	9.510
Financing obtained	751.831
Monetary and currency variation	(45.023)
Provisioned financial charges	350.769
Paid financial charges	(318.907)
Financing amortization	(454.929)
Balance at the end of the period	**2.647.530**

The funds obtained during the fiscal year of 2005 are shown below:

Financers	Principal Due Date	Annual Financial Charges	Amount Raised
National Currency			
Banco Credit Suisse First Boston S.A.	2010	106.00% of CDI	75.000
Banco do Brasil S.A.	2013	107.60% of CDI	30.001
Banco do Brasil S.A.	2013	CDI+1.70% a.y.	89.275
Banco Itaú BBA	2013	CDI+1.70% a.y.	168.431
União de Bancos Brasileiros S.A. – UNIBANCO	2013	CDI+1.70% a.y.	172.785
Banco Votorantim S.A.	2013	CDI+1.70% a.y.	3.101
Banco Bradesco S.A.	2013	CDI+1.70% a.y.	117.981
Debenture – Irapé	2030	IGP-M	22.500
Banco Santander do Brasil	2013	CDI+1.70% a.y.	29.715
			708.789
Foreign Currency			
BNP Paribas	2010	Libor +1.88% a.y.	**43.042**
			751.831

Restrictive Agreement Clauses – Covenants

Cemig Geração e Transmissão has loans and financing with restrictive clauses ("covenants"). One of these restrictive clauses was not fulfilled, as shown below:

Restrictive Clause Description	Index Required	Position in 12/31/2005
EBITDA/Interest	Above or equal to 2.80	2,79

The Company gained consent from creditors that they will not exercise their rights to request immediate or anticipated payment of the principals due by December 31, 2006. These financings are rated as Current and Fixed Liabilities, according to the original agreement terms, in view of the consent previously mentioned.

17) – REGULATORY CHARGES

	12/31/2005
Global Reserve for Reversal – RGR	24.512
Quota for the Fuel Consumption Account – CCC	4.229
Energy Development Account – CDE	2.655
ANEEL Inspection Fee	286
Incentive Program for Alternative Electric Power Sources – PROINFA	635
Energy Efficiency	18.663
	50.980

18) – POST-EMPLOYMENT OBLIGATIONS

The Company is one of the sponsors of the Forluminas Social Security Foundation (FORLUZ), a non-profit corporate entity with the objective of providing its associates and participants, and their dependents and beneficiaries, with a monetary income to supplement their retirement and pension payments, pursuant the social security plan to which they are bound.

As of January 1, 2005, with the CEMIG deverticalization, FORLUZ pension funds were sponsored by Cemig Geração e Transmissão by means of a percentage participation in the plan's assets and liabilities on December 31, 2004, at the percentage of 22.63%, determined as a function of the employees allocation at the Company.

FORLUZ makes available to its associates the following benefit plans to supplement retirement payments:

Mixed Plan of Social Security Benefits – A fixed contribution plan for retirement benefits, during a normal time and having the benefit defined to cover disability and death of the active participant. Cemig Geração e Transmissão's contribution is linked to the basic monthly contributions of the associates, being this one the only plan open to the adhesion of new participants.

Cemig Geração e Transmissão contributes 30% to this plan, for the Portion with defined benefit characteristics, regarding the coverage of disability and death of the active participant, thus being used for the amortization of the obligations defined through actuarial calculation. The remaining 70%, regarding the Portion of the plan with defined contribution characteristics, are acknowledged in the business year result, through the cash regime, under the Personnel Expenses category.

Therefore, the obligations with the payment of the Mixed Plan retirement supplement, with defined contribution characteristics, and its respective Assets, in the same amount of R$297,883, are not presented in this Explanation Note.

Balance Plan for Social Security Benefits ("Plan A") – Includes all the retired participants that have opted for this plan and the balances, on the option date, of the active participants that have opted for the migration from the Defined Benefit Plan to the Mixed Plan, previously described.

Defined Benefit Plan – A benefit plan adopted by FORLUZ until 1998, which paid a complementation of the average actual salary of the employee's last years of activity at the Company in respect to the amount of the Official Social Security benefit. As of December 31, 2005, this plan counts 7 active members.

Independently from the plans made available by FORLUZ, Cemig Geração e Transmissão also continues to make payments of part of the life insurance premium for the retired personnel and contributes to a health plan for employees, retired personnel and dependents, managed by FORLUZ.

Amortization of the Actuarial Obligations

Part of the actuarial obligation with post-employment benefits in the amount of R$344,990 on December 31, 2005 (R$1,554,943 on December 31, 2004) was acknowledged as an obligation to be paid by the Company and will be amortized by June 2024, through monthly installments calculated by the constant installment system (Price Table). Part of the amounts is adjusted annually based on the security index of the Defined Benefit Plan (salary adjustment index of Cemig Geração e Transmissão employees, excluding productivity), and for the Balance Plan, adjusted based on the IPCA of IPEAD, plus 6% a year.

The technical surplus that FORLUZ may present for the period of three consecutive years may be used to compensate part of the payable obligations acknowledged by the Company, as foreseen in the agreement.

Due to what was mentioned in the previous paragraph, the surplus obtained by FORLUZ in the business year of 2005, R$32,361 millions will be used to amortize the negative balance of the acknowledged debt.

Bearing in mind the possibility of reducing the debt negotiated with FORLUZ, the liabilities and the expenses acknowledged by the Company in connection with the Supplemental Plan for Retirement, Health Plan and Life Insurance, are adjusted according to the terms of deliberation CVM 371 and the report prepared by independent actuarial technicians.

The amounts acknowledged in the assets balance sheet in December 31, 2005, as mentioned in the report prepared by the independent actuarial technician, pursuant CVM Deliberation 371, of December 13, 2000, are presented below:

	Pension Plans and Retirement Supplement	**Health Plan**	**Life Insurance**
Present Value of the Actuarial Obligations with Expired Rights	986.072	73.181	42.094
Present Value of the Actuarial Obligations with Rights to Expire	142.831	23.428	24.566
Total Obligations with Post-Employment Benefits	1.128.903	96.609	66.660
Fair Value of the Plan Assets	(808.400)	(6.837)	-
Present Value of Not Covered Obligations	320.503	89.772	66.660
Actuarial Profits (Losses) not Acknowledged	(104.704)	(30.079)	13.214
Past Service Cost not Acknowledged	(23.227)	(2.196)	(2.192)
Net Liabilities in the Balance Sheet	**192.572**	**57.497**	**77.682**

The actuarial gains (losses) not acknowledged, regarding Life Insurance and Health Plan that exceeded 10.00% of the actuarial obligations in the amounts of R$5,648 and R$20,418, respectively, will be acknowledged in the result in approximately 11 years, starting in 2006, being this the average future service time of the active participants.

The movements occurred in the net liabilities are as follows:

	Pension Plans and Retirement Supplement	**Health Plan**	**Life Insurance**
Transfer from CEMIG on January 1, 2005	**229.990**	**51.713**	**69.805**
Expenses Acknowledged in the Result	14.449	10.948	9.333
Contributions Paid	(51.867)	(5.164)	(1.456)
Net Liabilities on December 31, 2005	**192.572**	**57.497**	**77.682**
Current Liabilities	28.346	6.102	1.529
Fixed Liabilities	164.226	51.395	76.153

The amounts entered in short term liabilities refer to contributions to be made by Cemig Geração e Transmissão in 2006 to amortize the actuarial obligations.

The amounts acknowledged in the results statement of 2005 are as follows:

	Pension Plans and Retirement Supplement	Health Plan	Life Insurance
Current Service Cost	1.657	5.977	1.108
Interest over the Actuarial Obligation	111.023	9.627	7.882
Expected Income over the Plan Assets	(98.885)	(1.220)	-
Actuarial Profits (Losses) not Acknowledged	-	1.322	-
Losses Arising from Changes in the Plan	676	343	343
Employees Contribution	(22)	(5.101)	-
Expenses in 2005	**14.449**	**10.948**	**9.333**

The estimate made by the independent actuarial technician for the expenses to be acknowledged for the business year of 2006 is as follows:

	Pension Plans and Retirement Supplement	Health Plan	Life Insurance
Current Service Cost	1.393	5.858	1.211
Interest on Actuarial Obligation	123.180	10.221	7.431
Expected Income on Plan Assets	(114.539)	(832)	-
Actuarial Losses not Acknowledged	-	1.836	(589)
Past Service Cost not Acknowledged	3.139	343	343
Employees Contribution	(27)	(4.874)	-
Expenses in 2006	**13.146**	**12.552**	**8.396**

The main actuarial premises on the balance sheets date are as follows:

	12/31/2005	
	Actual	Nominal
Annual Discount Rate for the Actuarial Obligation Present Value	6,00%	11,30%
Annual Rate for Expected Earnings over the Plan Assets	9,00%	14,45%
Annual Long Term Inflation Rate	-	5,00%
Estimated Annual Index for Future Salary Increases	2,00%	7,10%
Actual Annual Growth Rate of the Continued Income Benefits	-	5,00%
General Biometric Mortality Table	AT - 83	
Biometric Table for Entrance into Disability	Light Medium	
Biometric Disabled Mortality Table	IAPB-57	
Expected Annual Rotation Rate	2,00%	

19) – RESERVE FOR CONTINGENCIES

The Company set up a provision for contingencies of the lawsuits with likelihood of loss. Thus, on December 31, 2005, the amount of R$1,453 was provisioned for labor contingencies.

20) – SHAREHOLDERS' EQUITY AND SHAREHOLDERS' REMUNERATION

Cemig Geração e Transmissão capital stock is of R$2,896,785, represented by 2,896,785,358 nominative common shares, without nominal value, wholly owned by CEMIG.

(a) Dividends

Of the period's net profit, 50.00% will be distributed as compulsory dividends to the Company's shareholders.

Without loss to compulsory dividends, every two years as from fiscal 2005, or in a shorter period if cash is available, the Company may distribute extraordinary dividends, up to the limit of cash available, as established by the Board of Directors, subject to the guidelines of the Company's Directive Plan.

Declared dividends, compulsory or extraordinary, will be paid in two (2) equal installments, the first one by June 30, and the second one by December 30 of the year subsequent to the profit generation; it will be incumbent upon the Board of Officers, in due compliance with those terms, to establish the payment locations and process.

The calculation of the dividends proposed for distribution to shareholders referring to the fiscal 2005 results is shown below:

	12/31/2005
Compulsory Dividends	
Net Profit for the Period	468.451
Compulsory Dividend – 50.00% of net profit	234.226
Proposed Dividends-	
Interest on Equity	282.436
Supplementary Dividends	162.593
Total	445.029
Dividends per 1,000 shares – R$	
Statutory Dividend	80,86
Proposed Dividends	153,63

Law No 9,249, Art. 9, of December 26, 1995, allows the deduction of Interest on Own Capital paid to shareholders; such interest, in the case of Cemig Geração e Transmissão was computed in 2005 based on the TJLP on the adjusted Shareholders' Equity. The date and terms of payment of interest on own capital will be further determined.

Fiscal benefits from paying Interest on Equity of R$282,436 were R$96,028, acknowledged in the period result.

(b) Legal Reserve

Cemig Geração e Transmissão used 5.00% of the FY 2005 net profit to make up Legal Reserve, in the amount of R$23,422.

21) – GROSS SUPPLY OF ELECTRIC POWER

The table below shows the supply of electric power, per class of consumers:

	(Not reviewed by Independent Auditors)		
	No. of Consumers	MWh	R$
	12/31/2005	12/31/2005	12/31/2005
Industrial	123	17.129.647	1.392.012
Uninvoiced supply	-	-	97.339
	123	17.129.647	1.489.351
Initial Contract with Cemig Distribuição S.A.	-	7.587.102	484.913
Supply to Other Concessionaries	4	903.847	33.042
Energy transactions at CCEE/MAE	-	-	77.718
Total	**127**	**25.620.596**	**2.085.024**

Unrestricted consumers of Cemig Geração e Transmissão signed individual agreements substantially adjusted according to the variation of the IGP-M and, in a smaller scale, the US dollar.

22) – DEDUCTIONS FROM OPERATING REVENUE

	12/31/2005
ICMS (State Vat)	248.532
COFINS	165.723
Global Reserve for Reversal – RGR	76.741
PIS-PASEP	33.782
ISSQN	220
Emergency Capacity Charge	3.710
	528.708

23) – OPERATING COSTS AND EXPENSES

	12/31/2005
Personnel	174.812
Employee Participation	60.310
Post-Employment Obligations	34.730
Materials	16.865
Third Party Services	78.497
Electric Power Purchased for Resale	5.002
Depreciation and Amortization	181.480
Charges for Use of Water Resources	109.137
Operating Provisions	3.991
Quota for the Fuel Consumption Account – CCC	28.781
Charges for Use of the Basic Transmission Grid	157.166
Energy Development Account – CDE	17.009
Provision for Losses – Right to Reimbursement for Unrestricted Power	195.881
Expenses with Energy Efficiency	37.785
Other Net Expenses	51.818
	1.153.264

PERSONNEL EXPENSES	**12/31/2005**
Salary and payroll charges	170.162
Contributions to retirement Complementation – Defined contribution	16.788
Plan Benefits	16.830
	203.780
(-) Personnel costs transferred to construction in progress	(29.297)
	174.483
Redundancy-with-Incentives Program	329
	174.812

EMPLOYEE PROFIT SHARING

The Company used as a general criterion for sharing profit with employees the results of fiscal year 2005 at a rate of 3% of the operating result, adjusted by some items defined by ANEEL at the Annual Rendering of Accounts (PAC). Furthermore, the November 2005 collective agreement signed with the Unions stipulates the payment of an additional amount of R$44,124 millions.

Conforming the agreement mentioned, profit sharing of the Cemig Geração e Transmissão’s 2005 results, including the contribution to the pension fund on the participation values, corresponded to R$60,310. The additional amount mentioned in the foregoing paragraph was paid during the same period.

Service from Third Parties	12/31/2005
Communication	4.885
Maintenance and Conservation of Facilities and Electric Equipment	20.036
Conservation and Cleaning of Buildings	10.893
Hired labor	805
Freights and Travel Tickets	694
Accommodation and Food	4.100
Vigilance	9.421
Consulting	3.183
Maintenance and Conservation of Furniture and Equipment	1.528
Other	22.952
	78.497

OTHER OPERATING EXPENSES	12/31/2005
Leases and Rentals	5.769
Advertising and Publicity	1.378
Fuel for Generation of Electric Power	852
Grants and Donations	4.086
ANEEL Inspection Fee	3.559
Onerous Concession Expense	8.352
Taxes and Fees (IPTU, IPVA and others)	1.529
Contribution to MAE	1.593
Insurance	3.353
Other Net Expenses	21.347
	51.818

ENERGY EFFICIENCY AND RESEARCH & DEVELOPMENT ("R & D")

According to the electric energy sector regulation, electric power generation and distribution companies must invest 1.00% of their net revenue in energy efficiency programs and R&D. Some energy efficiency programs and R&D related to revenues from previous periods have not yet been finished by the electric energy sector agents, therefore, there are still expenses to be realized. This delay is a consequence of the time used in preparing the projects and their approval by ANEEL.

In conformity to ANEEL's instruction, Cemig Geração e Transmissão recognized as a 2005 result expense the expenses still to be realized and for which the company had already received the corresponding tariff in previous years, at the amount of R$30,033 millions.

24) - FINANCIAL INCOME (EXPENSES)

	12/31/2005
FINANCIAL INCOME	
Income from Financial Investments	37.443
Moratorium Additions to Energy Bills	2.283
Monetary Variation – General Electric Sector Agreement	131.286
Currency Fluctuation	56.656
PASEP and COFINS on Financial Income	(13.492)
Profits with Financial Instruments (note 28)	5.694
Other	4.409
	224.279
FINANCIAL EXPENSES	
Charges on Loans and Finance	(322.280)
Monetary Variation – General Electric Sector Agreement	(23.306)
Currency Fluctuation	(544)
Monetary Variation – Loans and Financing	(7.910)
C.P.M.F.	(13.201)
Losses with Financial Instruments (note 28)	(81.381)
Other	(19.529)
	(468.151)
Net Financial Expenses	**(243.872)**
Interest on Equity	(282.436)
NET FINANCIAL RESULT	**(526.308)**

25) – NON OPERATING RESULT

	12/31/2005
Net Loss on Deactivation and Sale of Assets	(1.688)
FORLUZ – Administrative Cost	(2.973)
Other Net Expenses	(660)
	(5.321)

26) – TRANSACTIONS WITH RELATED PARTIES

The principal balances and transactions with Cemig Geração e Transmissão related parties and its controlled companies are as follows:

12/31/2005				
Companies	**ASSETS**	**LIABILITIES**	**REVENUE**	**EXPENSE**
CEMIG				
Interest on Equity and Dividends		402.664		
Associated and Controlled Companies or Controlling Companies		8.118		
Cemig Distribuição S.A.				
Consumers and Resellers	65.947			
Associated and Controlled Companies or Controlling Companies	2	6.273		
Gross Supply of Electric Power			484.913	
Government of the State of Minas Gerais				
Recoverable Taxes – ICMS	50.606	39.068	(248.532)	
Debentures Obligations		102.743		(1.243)
FORLUZ				
Post-Employment Liabilities - Current		35.977		(34.730)
Post-Employment Liabilities - Fixed		291.774		
Other		8.481		
Personnel Expense				(16.788)
Administrative Costing				(2.973)

For more information about the major transactions made, please see Notes 6, 9, 15, 16, 18, 21-25.

27) –RISK EXPOSURE AND MANAGEMENT

As a concessionaire of the Brazilian electric power sector, the Company operates in environments where factors such as company restructuring, regulations issued by governmental bodies, technological improvement, globalization, and variations in the consumer market are risk factors.

The Company has implemented a Corporate Risk Management project with the goal of understanding any event which may lead to loss of value to shareholders, and of structuring the company to operate pro-actively as regards its risk environment.

The main market risks that affect the Company's businesses are listed below:

a) Exchange rate risk

Cemig Geração e Transmissão is exposed to the risk of increased exchange rates, especially in respect of the US dollar quotation before the real, with significant impact on its indebtedness, results, and cash flow. With the purpose of reducing the Company's exposure to increased exchange rates, as of December 31, 2005, Cemig Geração e Transmissão held contracted hedge transactions, in the amount of R$37,657, corresponding to US$16,088, and R$76,929, corresponding to ¥3,878,825 (Japanese Yen), in which the variation of the US dollar and Yen were replaced, and this was added by interest calculated according to the CDI variation (refer to accompanying note 28).
The net exposure to the exchange rate is as follows:

EXPOSURE TO EXCHANGE RATES	12/31/2005
US Dollar	
Loans and Financing	110.159
(-) Contracted hedge/swap operations	37.657
	147.816
Yen	
Loans and Financing	76.996
(-) Contracted hedge transactions	(76.929)
	67
Other foreign currencies	
Loans and Financing	
Euro	20.524
Other	2.327
	22.851
Exposed Net Liabilities	**170.734**

b) Interest rate risk

Cemig Geração e Transmissão is exposed to the risk of increased foreign interest rates, with an impact on loans and finances in foreign currency with floating interest rates (especially Libor), in the amount of R$39,823, as of December 31, 2005.

With regards to the risk of increased domestic interest rates, the Company's exposure is related to net liabilities indexed to the interest rate variation, as shown below:

EXPOSURE TO DOMESTIC INTEREST RATES	12/31/2005
Assets	
Financial investments	341.925
Regulatory assets	320.184
	662.109
Liabilities	
Loans and Financing	(1.723.815)
Regulatory liabilities	(115.883)
Contracted hedge transactions	(39.272)
	(1.878.970)
Exposed Net Liabilities	**(1.216.861)**

c) Credit risk

The Company risk of losses as a result of difficulties in collecting amounts billed to their customers is considered low. The Company monitors individual consumers in order to reduce indebtedness. We have also started negotiations to allow us to receive these credits.

d) Debt Acceleration Risk

The Company has signed loan and financing agreements with restrictive clauses ("covenants") usually applicable to these kinds of transactions, relating to economic and financial indexes, cash flow generation, and other indicators. Failure to comply with such clauses could imply debt acceleration. One of these restrictive clauses was not met and for which the Company obtained the formal consent ("waiver") from creditors (please see accompanying note 16) that they will not require anticipated payment of the debt.

28) – FINANCIAL INSTRUMENTS

The Company's financial instruments are restricted to Cash and Cash Equivalents, Consumers, and Resellers, Loans and Financing, Debentures Obligations and currency swaps, in which profits and losses obtained in the transactions are fully recorded, according to the accrual method.

a) Market Value

The market value of the derivative instruments is shown below:

	12/31/2005	
	Book value	**Market value**
Assets		
Financial investments	341.925	341.925
Liabilities		
Loans and Financing	2.647.530	2.604.646
Contracted hedge transactions	65.072	63.978
	2.712.602	2.668.624

b) Derivative instruments

The derivative instruments contracted by the Company are intended to hedge Cemig Geração e Transmissão's transactions against risks resulting from exchange variation, and are not used for speculation purposes.

The principal amounts of derivative transactions are not recorded in the balance sheet, as these transactions do not require funds flow, but rather the gains earned or losses incurred. Realized and not realized net results in these operations amounted to losses, from January to December 2005, of R$ 10,615 and R$65,072, respectively, booked in the financial results.

The acknowledgment of the unrealized net results in the transactions with derivative instruments is made on accrual basis of fiscal years, which may result in differences when compared to the estimated market value of such instruments. This difference is due to the fact that the market value includes acknowledgment, at present value, of future gains or losses to be incurred in the transactions, depending upon the market expectation when the market value is calculated.

The table below shows the derivative instruments contracted by the Company, the unrealized losses recorded, and the respective estimated market value of these instruments as of December 31, 2005:

Cemig Geração e Transmissão's Right	Cemig Geração e Transmissão's Obligation	Maturity Period	Principal amount contracted-thousand	December 31, 2005 Unrealized Gain (Loss) Book Value	Estimated Market Value
US$ exchange variation + rate (5.58% p.a. at 7.48% p.a.)	R$ 100% of CDI + rate (2.65% p.a. at 3.01% p.a.)	From 04/2006 to 11/2009	US$28,114	(24.229)	(22.584)
¥ (Japanese Yen) exchange variation + rate (3.90 % p.a.)	R$ tied to CDI variation (111.00% CDI)	On 12/2009	¥3.878.825	(40.105)	(40.656)
R$ 100% of CDI	R$ or US$ 60% of CDI or exchange variation (whichever is higher)	From 10/2006 to 11/2006	(US$14,957)	(295)	(295)
R$ 106% of CDI	R$ or US$ 48% of CDI or exchange variation (whichever is higher)	On 10/2006	(US$29,245)	(443)	(443)
				(65.072)	**(63.978)**

29) – INSURANCE

Cemig Geração e Transmissão maintains insurance policies intended to cover damages in certain items of its assets, as shown below:

Assets	Coverage	Effective Date	Amount Insured	Annual Premium
Supplies, Facilities and Telecommunications equipment	Fire	7/10/2005 to 7/10/2006	153.563	42
Operating Risk – Generators, Turbine and Power Equipment	Total	2/4/2005 to 5/5/2006	1.002.531	1.982

Cemig Geração e Transmissão maintains no insurance policies to cover casualty insurance, and it is not currently requesting proposals for this type of insurance. Furthermore, the Company has not requested proposals and holds no policies in effect against events which could affect its facilities, such as earthquake and flood, system failures, or risk of business disruption.

Cemig Geração e Transmissão has not experienced significant losses as a result of the aforementioned risks.

30) – CONTRACTUAL OBLIGATIONS

The Company has contractual obligations and covenants, including amortizations of loans and financing, agreements with contractors for the construction of new developments and other suppliers, as shown in the table below:

	2006	2007	2008	2009	2010	2011 onwards	Total
Loans and Financing	745.233	213.503	150.507	643.130	274.855	620.302	2.647.530
Hydroelectric Utilization - Queimado	8.300	-	-	-	-	-	8.300
Hydroelectric Utilization - Aimorés	19.595	-	-	-	-	-	19.595
Hydroelectric Utilization - Irapé	9.238	25.765	249	-	-	-	35.252
Pension Plan Debt - FORLUZ	28.346	28.397	21.604	22.900	23.484	220.259	344.990
Total	**810.712**	**267.665**	**172.360**	**666.030**	**298.339**	**840.561**	**3.055.667**

****

(Original signed by Officials below)

Djalma Bastos de Morais
Chairman and Chief Executive Officer

Francisco Sales Dias Horta
Vice-Chairman and Chief Executive Officer

Flávio Decat de Moura
Finance, Participations and Investor Relations Director

Heleni de Mello Fonseca
Corporate Management Director

Elmar de Oliveira Santana
Generation and Transmission Director

José Maria de Macedo
Director

Celso Ferreira
Planning, Projects and Construction Director

Pedro Carlos Hosken Vieira
Controller

Leonardo George de Magalhães
Accounting Manager
Accountant – CRC-MG-53.140

EXHIBIT I

STATEMENT OF CASH FLOW

	12/31/2005	12/31/2004
TRANSACTIONS		
Net Profit for the Period	468.451	-
Expenses (Income) which do not affect Cash Flow -		-
Depreciation and Amortization	181.480	-
Net Disposal of Fixed Assets	25.223	-
Interest and Monetary Variations – Fixed	(170.327)	-
Deferred Income Tax and Social Contribution	(15.792)	-
Provisions for Operating Losses	1.453	-
Provisions for Losses in Unrestricted Power Transactions	195.881	-
Post-Employment Obligations	34.730	-
Other	1.635	-
	722.734	-
		-
(Increase) Reduction of Assets-		-
Consumers and Resellers	(125.252)	-
Resellers – Transactions with unrestricted power	237.989	-
Recoverable Taxes	(48.887)	-
Energy Transportation	(85.707)	-
Other Current Assets	(94.228)	-
Increase in Long Term Receivables	(596)	-
Other Long-term Receivables	53.387	-
	(63.294)	-
Increase (Reduction) of Liabilities-		
Suppliers	(257.442)	-
Taxes and Social Contribution	224.859	-
Salaries and Social Contributions	9.723	-
Regulatory Charges	4.092	-
Loans and Financing	29.022	-
Post-Employment Obligations	(58.487)	-
Other	(116.124)	-
	(164.357)	-
CASH GENERATED BY TRANSACTIONS	**495.083**	-
FINANCING ACTIVITY		
Capital Increase	-	1
Loans	751.831	-
Payments of Loans	(454.929)	-
	296.902	1
TOTAL INFLOW OF FUNDS	**791.985**	1
INVESTMENTS		
In Investments	(63.704)	-
In the PP&E	(375.293)	-
	(438.997)	-
NET VARIATION OF CASH	352.988	1
STATEMENT OF THE VARIATION IN THE CASH FLOW		
In the beginning of the fiscal year	1	-
At the end of the period	352.989	1
	352.988	1

EXHIBIT II

STATEMENT OF VALUE ADDED

FISCAL YEAR ENDED AS OF 31.12.05
(In thousands of reais)

REVENUES		
Operating Revenue	2.492.865	
Non Operating Result	(5.321)	
	2.487.544	
INPUTS PURCHASED FROM THIRD PARTIES		
Electric Power Purchased for Resale	(5.002)	
Charges for Use of the Basic Transmission Grid	(157.166)	
Third Party Services	(78.497)	
Materials	(16.865)	
Operating Provisions	(199.872)	
Other Operating Costs	(82.305)	
	(539.707)	
GROSS VALUE ADDED	1.947.837	
RETENTIONS		
Depreciation and Amortization	(181.480)	
NET VALUE ADDED	1.766.357	
VALUE ADDED RECEIVED FROM TRANSFER		
Financial Income	237.771	
	237.771	
VALUE ADDED TO BE DISTRIBUTED	2.004.128	
DISTRIBUTION OF VALUE ADDED		
Personnel and Charges	229.482	12%
Taxes, Fees and Contributions	845.476	42%
Financial Expenses and Leases	460.719	23%
Interest on Equity and Dividends	445.029	22%
Retained Earnings	23.422	1%
	2.004.128	**100%**

EXHIBIT III
Page 1/2

STATEMENT OF THE SEGREGATED RESULT BY ACTIVITY

FISCAL YEAR ENDED AS OF 31.12.05
(In thousands of reais)

DESCRIPTION	Generation	Transmission	Unrelated Activity	Total
OPERATING REVENUE				
Gross Supply of Electric Power	2.085.024	-		2.085.024
Revenue from Use of Grid	-	396.433		396.433
Other Operating Revenue	3.536	750	7.122	11.408
	2.088.560	397.183	7.122	2.492.865
DEDUCTIONS FROM THE NET OPERATING REVENUE	(479.833)	(46.636)	(2.239)	(528.708)
NET OPERATING REVENUE	**1.608.727**	**350.547**	**4.883**	**1.964.157**
OPERATING COSTS				
COST WITH ELECTRIC POWER				
Electric Power Purchased for Resale	(4.794)	-	(208)	(5.002)
Charges for Use of the Basic Transmission Grid	(145.169)	-	(11.997)	(157.166)
	(149.963)	**-**	**(12.205)**	**(162.168)**
TRANSACTION COST				
Personnel and Management	(128.524)	(89.944)	(5.267)	(223.735)
Private Pension Entity	(19.029)	(13.317)	(780)	(33.126)
Materials	(9.176)	(6.571)	(706)	(16.453)
Raw Material and Inputs for the Production of Energy	(852)	-	-	(852)
Third Party Services	(46.157)	(21.070)	(4.707)	(71.934)
Depreciation and Amortization	(130.560)	(37.597)	(10.027)	(178.184)
Operating Provisions	(3.958)	(33)	-	(3.991)
Charges for Use of Water Resources	(104.831)	-	(4.306)	(109.137)
Quota for the Fuel Consumption Account – CCC	-	(28.781)	-	(28.781)
Research and Energy Efficiency	(34.674)	(1.541)	(1.569)	(37.784)
Energy Development Account - CDE	-	(17.009)	-	(17.009)
Reversal (Provision) of Losses in the Recovery of Amounts related to the Extraordinary Tariff Adjustment	(194.265)	(1.616)	-	(195.881)
Other	(13.246)	(5.896)	(22.987)	(42.129)
	(685.272)	**(223.375)**	**(50.349)**	**(958.996)**
TOTAL COST	**(835.235)**	**(223.375)**	**(62.554)**	**(1.121.164)**
GROSS PROFIT	**773.492**	**127.172**	**(57.671)**	**842.993**
OPERATING EXPENSE				
General and Administrative Expenses	(17.479)	(10.275)	(787)	(28.541)
Other Operating Expenses	(2.393)	(772)	(394)	(3.559)
	(19.872)	**(11.047)**	**(1.181)**	**(32.100)**
Operating Income before Equity Accounting Results and Financial Income (Expenses)	**753.620**	**116.125**	**(58.852)**	**810.893**
FINANCIAL INCOME (EXPENSES)	(341.286)	(70.358)	(114.664)	(526.308)
OPERATING INCOME (LOSS)	**412.334**	**45.767**	**(173.516)**	**284.585**
NON OPERATING RESULT	(3.564)	(1.017)	(740)	(5.321)
Earnings Before Income Tax and Social Contribution	**408.770**	**44.750**	**(174.256)**	**279.264**
Income Tax and Social Contribution	(76.185)	(17.064)	-	(93.249)
Earnings Before Reversal of Interest on Equity	332.585	27.686	(174.256)	186.015
Reversal of Interest on Equity	232.172	38.920	11.344	282.436
NET PROFIT FOR THE PERIOD	**564.757**	**66.606**	**(162.912)**	**468.451**

EXHIBIT III
Page 2/2

ACCOMPANYING NOTE TO THE STATEMENT OF SEGREGATED RESULT BY ACTIVITY

FISCAL YEAR ENDING ON DECEMBER 31, 2005

Cemig Geração e Transmissão records revenues and expenses by activity, dividing them between generation, transmission and activities not related to the electricity utility, as determined by the Regulating Agency. The Statement of Results Divided by Activity for the period ending on December 31, 2005 was prepared according to the following criteria.

In dividing Operating Revenues, the following criteria are adopted.

- Generation – Refers to electric power supply to unrestricted consumers, initial contracts and electric power sales at CCEE.
- Transmission – It refers to the use of the premises for transmission from the basic grid, the revenue of which was permitted and approved by an ANEEL's Resolution, and to other relevant services, and it encompasses those amounts actually billed by the Company against third parties during the fiscal year.
- Activities not related to the electricity utility concession – Refer to revenues from Company assets related to operations not connected with the concession.

To divide expenses, the following criteria are adopted.

Operating expenses – Expenses directly related to the Company's activities were specifically allocated, pursuant to the accounting record set forth in the Accounts Plan. Where identification by activity was not been possible, ordinary expenses were allocated by apportionment, ratably to the Personnel and Third Party Services Expenses, allocated directly, pursuant to the Accounting Manual of the Electric Power Utility.

For the purpose of segregating Financial Income and Expenses from Non-Operating Result, the criteria adopted are the same as those used for operating expenses.

The Social Contribution and the Income Tax were allocated ratably to the Result before Income Tax and Social Contribution.

Interest on Own Capital and Reversal of Interest on Own Capital were allocated according to the criteria of allocation of ordinary operating expenses, i.e., proportionally to the Personnel and Third Party Services Expenses, allocated directly.

Revenues and expenses allocated among the various Company's activities, within all natures mentioned, were limited to the total amounts actually earned and incurred by the Company during the fiscal year. No revenues and expenses were created in addition to the amounts set forth in the official accounting records, and therefore, the deletion of balances among activities is not necessary.

The Statement of Results Divided by Activity was prepared in accordance to the instruction from the regulatory agency. We did not prepare the corresponding Balance Sheet and Statement of Changes in Equity. Thus, the aforementioned Statements do not represent the Income Statements of each activity, if each of them were legal entities, with independent operations.

INDEPENDENT AUDITORS REPORT

To the Shareholders and the Board of Directors of
Cemig Geração e Transmissão S.A.
Belo Horizonte - MG

1. We have examined Cemig Geração e Transmissão S.A. balance sheets, prepared on December 31, 2005 and 2004, and the corresponding statements of results, of changes in equity and the sources and destinations of funds, for the period ending on December 31, 2005, which were prepared under the responsibility of your Administration. Our responsibility is to express an opinion about these financial statements.

2. Our assessments were conducted according to the Brazilian auditing rules and were comprised of: (a) planning of the work, considering the relevance of the balances, the transactions volume and the Company's accounting system and internal controls; (b) the assessment, based on tests, of the evidences and records supporting the published amounts and bookkeeping information; and (c) the evaluation of the most representative practices and accounting forecasts adopted by the Company Management, as well as the presentation of the financial statements together.

3. In our opinion, the financial statements mentioned in paragraph 1 above adequately represent, in all relevant aspects, the equity and financial situation of Cemig Geração e Transmissão S.A. as of December 31, 2005 and 2004, and the result of its operations, the changes in equity and the sources and destinations of funds concerning the period ending on December 31, 2005, according to the Brazilian accounting practices.

4. Supplemental information in Exhibits I and II, concerning, respectively, the statement of cash flow and the statement of value added of Cemig Geração e Transmissão S.A. for the period ending on December 31, 2005, is presented with the purpose of allowing further analysis and are not required as part of the basic financial statements. We have examined this information, according to the auditing procedures mentioned in paragraph 2 above and, in our judgment, they are adequately presented, in all relevant aspects, in relation to the financial statements as a group.

5. Supplemental information in Exhibit III, concerning the statement of results divided by activity of Cemig Geração e Transmissão S.A. for the period ending on December 31, 2005, is presented as required by the Agency regulating the Company's activities and are not required as part of the basic financial statements. We have examined this information, according to the auditing procedures mentioned in paragraph 2 above and, in our judgment, they are adequately presented, in all relevant aspects, in relation to the criteria describe in Exhibit III.

6. As described in accompanying notes 8 and 14 of the financial statements, Cemig Geração e Transmissão S.A. has recorded assets and liabilities for the activity of electric power sale and purchase and other transactions made at the Electric Power Sales Chamber (CCEE, previously known as MAE). The mentioned amounts were recorded based on calculations made and published by CCEE for transactions carried out by December 31, 2005, which can be modified as a result of lawsuits filed by sector companies, concerning the interpretation of the electric power wholesale market rules in effect at the time when these transactions were made.

Belo Horizonte, March 8, 2006.

DELOITTE TOUCHE TOHMATSU

Independent Auditors

CRC-2SP 011.609/O-8 S/MG

Gilberto Grandolpho

Accountant

CRC-SP 139.572/O-5 S/MG

REPORT OF THE FISCAL COUNCIL

The members of the Cemig Geração e Transmissão S.A. Fiscal Council, signed below, in the performance of their legal and statutory functions, assembled on this date, at the head offices on Av. Barbacena, 1.200, 12th floor, ala B1, in Belo Horizonte-MG, have examined the Administration Report and the Financial Statements, for the period ending on December 31, 2005, and the respective supplemental documents. After verifying the above mentioned documents reflect the economic and financial situation of the Company and considering, also, the explanations given by the Company's Administration representatives and its independent auditors (Deloitte Touche Tohmatsu), the members of the Fiscal Council have unanimously agreed favorably to the approval of the aforementioned by the next General Shareholders' Meeting.

Belo Horizonte, March 8, 2006.

(s) Thales de Souza Ramos Filho
Itamaury Teles de Oliveira
Luiz Guaritá Neto
Aristóteles Luiz Menezes Vasconcellos Drummond
Luiz Otávio Nunes West