CEMIG DISTRIBUIÇÃO S.A.

2ND ISSUE OF BOOK-ENTRY DEBENTURES
NOT CONVERTIBLE INTO SHARES

Annual Report of the Fiduciary Agent
Business Year 2010

Rua Dr.Renato Paes de Barros, 717 – 6º e 10º and. CEP 04530-001 – São Paulo
TEL. (011)3048-9900 FAX (011)3048-9888 http://www.slw.com.br email: **debenturesslw@slw.com.br**

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

In compliance with Article 68, Paragraph 1, Sub-clause B, of Law 6404 of November 15, 1976, and Item XVII of Article 12 of CVM Instruction 28 of November 23, 1983, we hereby present to you this Annual Report on CEMIG DISTRIBUIÇÃO S.A., for the business year ended December 31, 2010, in which we highlight the material aspects of interest to yourselves, the Debenture Holders.

1 – THE DEBENTURES:

A. AUTHORIZATION

Decided by the meeting of the Board of Directors of Cemig Distribuição S.A. held on August 39 and October 30, 2007, registered with the CVM (Brazilian Securities Commission – *Comissão de Valores Mobiliários*) on 17/12/2007 under No's CVM/SRE/DEB-2007/048, ISIN BRCMGDDBS017 and Cetip Code CMDT12.

B. CHARACTERISTICS

Amount of the Issue	R$ 400,000,000.00
Number of debentures	40,000
Nominal Unit Value	R$10,000.00
Category	Unsecured.
Collateral	None
Form	Book-entry
Class	Not convertible into shares
Issue Date	At December 15, 2007
Maturity date	At December 15, 2017
Number of series	Single series
Remuneratory Interest	IPCA + 7.96%
Payment of interest	Annual on December 15
Renegotiation	None
Premium	None
Amortization	1st Installment 33,33% December 15, 2015 2nd Installment 33.33% December 15, 2016 3rd Installment 33.33% December 15, 2017
Mandated Bank	Bradesco
Rating agency: FITCH RATINGS On the Issue Date	AA(bra) – Cemig's consolidated position presents a solid financial profile, arising from low net leverage and high cash flow from operations. Cemig's Bylaws impose a ceiling of 2.5x on consolidated net leverage, including acquisitions. This limitation is positive for the Company's ratings. Cemig has succeeded in making significant acquisitions, based on the strategies defined in its strategic plan, and maintains itself compliant with this ceiling.

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C. CUSTODY POSITION:

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

D. CHANGES IN THE CONDITIONS OF THE ISSUE:

FIRST AMENDMENT – December 13, 2007

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

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

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

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

The minutes of the meetings of the Board of Directors that make any decisions about the Issue, referred to in Item 1.1. above, were filed with the Commercial Board of the State of Minas Gerais ("Jucemg") on November 19 and 20, 2007, under the numbers 3809695 and 3810469, respectively, and summaries of them were published in the newspapers *"Minas Gerais", "Gazeta Mercantil* – National Edition" and *"O Tempo*", on November 22, 2007. The final rate of remuneration interest was approved by the meeting of the Board of Directors of the Issuer, held on December, 13, 2007, the minutes of which were filed with Jucemg and published in the newspapers *"Minas Gerais", "Gazeta Mercantil* – National Edition" and *"O Tempo*".

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

"4.1.9.1 Monetary updating:

[...]

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

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

4.1.9.2 The Debentures shall pay remuneratory interest calculated at a rate of 7.96% (seven point nine six per cent) per year as decided in a Bookbuilding Procedure ("the Remuneration Interest", and, together with the Updating, "the Remuneration"), calculated exponentially and cumulatively *pro rata temporis* by business days expired, based on a year of 252 business days, applicable to the Nominal Unit Value of the Debentures plus the Updating, from the Date of Issue, or on the balance of the Nominal Unit Value, from the date of completion of the last Capitalization Period, as the case may be, up to the date of actual payment.

Calculation of the Remuneratory Interest shall obey the following formula:

[...]"

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

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

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E. PAYMENTS

Events realized

PAYMENT OF INTEREST – 2010	
DATE OF EVENT	15/12/2010
STATUS:	COMPLIANT

Forthcoming events

PAYMENT OF INTEREST – 2011	
DATE OF EVENT	15/12/2011
STATUS:	NOT YET DUE
PAYMENT OF AMORTIZATION – 2015	
DATE OF EVENT	15/12/2015
STATUS:	NOT YET DUE

F. CONDITIONS FOR EARLY MATURITY:

- declaration of bankruptcy, dissolution and/or liquidation of the Issuer or application for Judicial Recovery or out-of-Court reorganization of the Issuer of an application for bankruptcy made by the Issuer, or any analogous event that characterizes a state of insolvency of the Issuer, in accordance with the applicable legislation;

- early maturity of any debt of the Issue in an amount of R$ 50,000,000.00 (fifty million Reais) or more, or its equivalent in other currencies, due to any non-compliance, contractual or otherwise;

- termination, for any reason, of any of the concession contracts to which the Issuer is a party representing separately or jointly an amount equal to 30% (thirty per cent) or more of the net operational revenue of the Issuer as stated in its last prior financial statements;

- legitimate protest of securities against the Issuer, in an amount exceeding R$ 50,000,000.00 (fifty million Reais) or its equivalent in other currencies, unless made in error or bad faith of a third party validly proven by the Issuer, as the case may be, or unless suspended or cancelled, or unless a guarantee for the security(ies) is given in Court, under any circumstances, within a maximum of 30 (thirty) calendar days from the date on which the written notice sent by the Fiduciary Agent is received;

- if the Issuer omits to pay by the maturity date, or does not take the legal or judicial measures required for non-payment in relation to, any debt or any other obligation payable by the Issuer under any agreement or contract to which it is a party as a lender, borrower, or guarantor, involving an amount of R$ 50,000,000.00 (fifty million Reais) or more or its equivalent in other currencies; and/or

- privatization, merger, liquidation, dissolution, extinction, split and/or any other form of stockholding reorganization that results in reduction of the Issuer's capital; "privatization" being deemed for the purpose of this subclause to mean: (i) an event in which the present direct controlling stockholder of the Issuer, Cemig, directly or indirectly ceases to hold the equivalent of, at least, 50% (fifty per cent) plus one share of the total of the shares representing the Issuer's voting stock, and/or in which the entity currently controlling Cemig, the Government of the State of Minas Gerais, directly or indirectly ceases to hold the equivalent of, at least, 50% (fifty per cent) plus one of the total of the shares representing the voting capital of Cemig.

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G. USE OF THE PROCEEDS RAISED BY THE ISSUE.

The funds obtained from the Offering were used, in their entirety, for partial payment of the debtor balance of the promissory notes issued under the Third Public Issue of Promissory Notes of Cemig Distribuição S.A., the main features of which are described in the table below:

Remuneration	Issue Date	Use of the proceeds of the promissory notes	Debtor balance on September 30, 2007, R$	Maturity date:
101.6% of the *Extra-Grupo DI over* rate	29/6/2007	Replenishment of the cash used in the payments of the principal of the debt, taking place since January 2007 until the release of the funds, and payment of the debts becoming due until the end of the year	411,319,250.40	26/12/2007

H. UPDATING OF THE RATING

Fitch Ratings: AA(bra)

Bases of the Rating

• The ratings of Cemig and of its subsidiaries take into account the consolidated risk of the group, on the basis of the credit quality of Cemig as an integrated electricity company, with a strong position in generation, transmission and distribution. The group benefits from the diversification of its activities and assets as a way of dilating potential operational risks.

• Cemig's consolidated position presents a solid financial profile, arising from low net leverage and high cash flow from its operations. Cemig's Bylaws impose a ceiling of 2.5x on consolidated net leverage, including acquisitions. This limitation is positive for the Company's ratings. Cemig has succeeded in making significant acquisitions, based on the strategies defined in its strategic plan, and maintains itself compliant with this ceiling.

• The group has a strong liquidity position. Fitch expects that part of this liquidity may be used for future acquisitions, but that the group will continue to manage its liquidity in a conservative manner, so as to avoid exposure to scenarios of restriction of credit. Also, Cemig has a satisfactory history of raising of funds, even in more challenging scenarios, which indicates considerable financial flexibility.

• Cemig operates in stable and regulated businesses. In generation, the group has high volumes of power levels sold for the coming years, with expectation of higher prices in the future. The transmission activity is a natural monopoly, in which the revenue arises from availability of the transmission line, without being influenced by the volume actually transported. The distribution segment is regulated, with competition limited and a model that provides for economic and financial equilibrium of concession holders.

• The financial analysis took into account the resilience of the Brazilian electricity sector during the recent global economic crisis, allied to Fitch's perception as to the lower regulatory risk of the electricity segment, some six years after the present rules of the sector were put in place. It is the agency's view that these rules have been efficient for maintaining the economic and financial equilibrium of the companies that represent an incentive to new investments.

• Also taken into account were the challenges imposed by Cemig's aggressive acquisition plan. The group is expected to continue to be active in development of new projects and in acquisitions of existing assets, in line with its strategy of faster growth of the businesses and strengthening of its position in the sector. It can be stated, however, that as Cemig grows and becomes more robust, the impacts of new acquisitions on the group will tend to be more diluted.

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• Among the factors limiting the ratings the following were considered: the existence of political risk, due to Cemig's public stockholding control; and the hydrological risk.

Development factors for the rating

• Cemig's ratings may be negatively affected if there is an acceleration of its growth, with accentuated weakening of its credit metrics and its liquidity.

• Ratings may be affected positively by greater cash flow, if this is reflected in reduction of the group's leverage.

2- THE COMPANY

A. OPERATIONAL CONTEXT

CEMIG DISTRIBUIÇÃO S.A. ("the Company", "Cemig Distribution" or "Cemig D") is a Brazilian corporation registered for listing with the CVM and a wholly-owned subsidiary of Companhia Energética de Minas Gerais – Cemig ("Cemig"). It was created on September 8, 2004, as a result of the segregation ("unbundling") of Cemig's activities, and started operations on January 1, 2005. Its shares are not traded on any exchange.

Cemig D has a concession area of 567,478km^2, approximately 97.00% of the Brazilian State of Minas Gerais, serving 7,063,389 consumers, on December 31, 2010.

B. CORPORATE EVENTS (Ordinary/Extraordinary General Meetings of Debenture Holders, and Meetings of the Board of Directors)

(Please ask the Fiduciary Agent for full Minutes of the Corporate Events)

April 29, 2010 – Annual (Ordinary) General Meeting of Stockholders
The stockholders approved: (i) allocation of the funds; (ii) Distribution of dividends and Interest on Equity; (iii) election of the Members of the Board of Directors and Audit Board; and (iv) voting on the Report of Management and the Financial Statements.

August 8, 2010 – General Meeting of Stockholders
Elected members of the Board of Directors and Audit Board.

December 22, 2010 – General Meeting of Stockholders
Approved changes in the Bylaws.

3 – FINANCIAL STATEMENTS

A. REPORT OF MANAGEMENT

For Cemig, 2010 was a year of consolidation of several important advances that it has achieved in recent years, mainly related to the quest for operational efficiency and improvement of the indicators of quality of the service we give to the population of our local market, the Brazilian State of Minas Gerais

A highlight is our Capital Investment Program scheduled for the period relating to the Company's second Tariff Review – the period from 2008 to 2013 – involving an amount of more than R$ 3.2 billion, to be spent on expanding, and especially updating, refurbishing and perfecting our distribution networks.

As well as that amount, we continue to invest in the *Light for Everyone* Program. The next phases of the Program, for conclusion in 2011, will connect approximately 100,000 new consumers – which, when added to the

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consumers already connected under the program brings the number of new consumers served to 300,000. That means an estimated 1 million people in Minas Gerais State.

Adding together the investment in the *Light for Everyone* Program and the Company's other projects gives a total capital expenditure in 2010 of R$ 448 million.

These investments we are making have already been reflected in Cemig D's quality and service indicators in 2010. We have succeeded in reducing the average duration of outages by 7.2%, and the average number of outages by more than 20% – which again means provision of better service for the people of Minas Gerais.

Our net profit in 2010 was R$ 441mn. Adjustment for non-recurring items gives R$ 568mn – 35.31% less than the profit for 2009 when adjusted for non-recurring items. It is important to point out that these results reflect the new accounting rules, in which all the Company's regulatory assets and liabilities are written off. Ebitda adjusted for non-recurring items was R$ 1.370 billion, 23.51% lower than in 2009.

Operational efficiency is an unceasing quest for Cemig D. We have the challenge of reducing our costs in an environment of heated demand, with pressure on costs of services and contracted labor. We have implemented voluntary retirement plans in the last two years, which have enabled us to reduce personnel expenses. We now have the challenge of consolidating these gains through financial discipline, and we believe that in 2011 we can achieve better results than those of 2010.

We expect the Brazilian economy to continue to grow in 2011, with the continuing volume of investments in infrastructure – for which availability of electricity is a vital enabling factor. We believe Cemig has a significant role to play in this process, as an energy company that serves millions of residential consumers and a considerable part of the companies of the State of Minas Gerais.

We thank all our employees for their commitment and competence, and, especially, our controlling stockholder, the State of Minas Gerais; and their joint strength and effort, which continue to make Cemig the producer of "Brazil's best energy".

THE ECONOMIC CONTEXT

For Brazil 2011 was a year of accentuated economic growth – leaving behind us the main effects of the financial crisis that began in 2008. In the world economy, in spite of the slower recovery in the United States and Europe, the contribution of the emerging "BRIC" nations – Brazil, Russia, India and China – played a central role in this recovery, with high growth and attraction of investment from international capital.

In Brazil, the increase in domestic consumption contributed significantly to the resumption of the country's economic growth as a whole. The expansion of credit boosted the market, and the construction industry is one of the main factors responsible for the economy's more rapid expansion in 2010.

Brazilian GDP grew by the very significant figure of 7.5% in 2010. Estimates indicate growth of some 4% in 2011. The labor market continues to be very active, as do investments. We expect to have a more positive external scenario for the trade balance, with increases in commodity prices and resumption of growth of the large economies, directly influencing Brazilian exports. For the electricity market, this means positive effects directly reflected in increased electricity consumption. Investment will be necessary, mainly in generation, to support the imminent growth in demand.

The opportunities for growth in the Brazilian economy in 2011 are also strongly influenced by investment in the Pre-salt oil reserves, and the need for investment to prepare infrastructure for the Soccer World Cup in 2014 and the Olympics in 2016: we expect both to help generate new jobs, with a direct effect on purchasing power and economic activity.

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CAPITAL EXPENDITURE

Cemig D's capital expenditure investment in 2010 was R$ 448 million.
Of the investment programs in the distribution activity, we highlight the following:

The *Light for Everyone* Program – "universalization" of access to electricity

In Cemig D, the first phase of the program ("LPT1") had an approximate cost of R$ 1.70bn up to December 31, 2008, with the connection of approximately 190,000 rural properties, benefiting a population of approximately 800,000 people. Cemig D installed connections in 774 municipalities of its concession area, which places it in an outstanding position among Brazilian concession holders in execution of the program.

Similarly to the first phase of implementation, when the target that had been set showed itself to fall short of the reality, an additional demand of 95,000 homes/establishments to be served was identified for continuation of the program.

Of this additional amount, Cemig D already has the second phase of the program contracted with Eletrobrás up to April 2011. In this phase, 70,000 new homes/establishments will be connected, for estimated investment of R$ 796 million.

Complementarily, and in parallel, to the 70,000 new consumers, in an additional effort by the Company to comply with periods and targets established by the concession-granting power, Cemig D has contracted, for the third stage of the Program, to provide service to 25,000 more consumer units. This is expected to be concluded by December 2011, with investments of the order of R$ 355.7mn.

Public illumination improvement projects – the Reluz program

In public illumination, the National Efficient Public Illumination program, the federal government's Reluz Program, for financing to municipal prefectures through the concession holders, includes projects for improvement, extension and special works on public illumination. Since the Reluz Program began, in 2001, Cemig has modernized 215.000,000 public illumination points in 290 municipalities, for investment of approximately R$ 60 million, achieving an annual reduction of energy consumption by 29,000 MWh.

The CresceMinas Program

The *CresceMinas* ("*Minas Grows*") Project, one of the structuring projects of the government of Minas Gerais State, aims principally to expand availability of electricity distribution infrastructure to serve the growth of the market in the State.

The Project includes works to strengthen distribution substations, lines and networks, comprising a total of 687km of distribution lines, making a further 620 MVA available, 11 new substations, 101 works of expansion in existing substations, 2,052km of new distribution networks and improvements and strengthening of 2,750km of medium-voltage lines. The group of works will benefit approximately 310 municipalities (40.1% of the area covered by Cemig).

Investments of R$ 759 million are planned for the period 2006 to 2012. Of this amount, investments of R$ 384 million in High Voltage and R$ 260 million in Medium Voltage have been completed.

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The *Clarear* – Urban Electrification – Program

The Clarear Program consists of works of connection, extension, modification and strengthening of the medium and low voltage distribution networks to serve consumers in urban areas, so as to maintain service to the entire urban population of Cemig's concession area.
In 2010, 195,000 urban area consumers were served, for investment of R$ 93 million, with the installation of 10,000 posts and extension of the electricity distribution system by 380km.

The *Campos de Luz* ("*Fields of Light*") Program

Cemig D, in partnership with the government of Minas Gerais State, completed the *Campos de Luz* ("*Fields of Light*") program in December 2008, which illuminated and adapted equipment for amateur football fields, and playing fields in needy communities. Benefits provided by the program include: improvement of sporting practice and cultural activities; greater tranquility for residents; better use of existing spaces; reduction of crime and vandalism; and improvement in the communities' quality of life, through sport and culture.

In 2010 Cemig D, jointly with the State Sports and Youth Department (SEEJ), illuminated 128 more amateur football fields, bringing the total of fields illuminated since 2008 to 730.

Financial revenues (expenses)
The company posted net financial expenses of R$ 224 million in 2010, compared to net financial expenses of R$ 87 million in 2009. The main factors in this result are:

- Higher monetary updating on loans and financings in Brazilian currency, at R$ 60 million in 2010, compared to R$ 15 million in 2009. This increase arises principally from the variation in the IGP-M inflation index, which is the indexor of some contracts, which was 1.71% negative in 2009, but 11.32% positive in 2010.

- Increase of 49.7% in Other financial expenses, which was R$ 56,017 in 2010, vs. R$ 37,410 in 2009. This increase arises primarily from penalty payments issued by the Regulator arising from regulatory obligations relating to the levels of quality of services and of supply of electricity in previous periods.

For a breakdown of financial revenues and expenses, see Explanatory Note 20 to the financial statements.

Income tax and Social Contribution tax
In 2010 Cemig D's expenses on income tax and the Social Contribution tax totaled R$ 134 million, on profit of R$ 575 million before tax effects, a percentage of 23.30%. This compares with 2009, when Cemig's expenses on income tax and the Social Contribution totaled R$ 417 billion, on profit of R$ 1,193 billion before tax, a percentage of 34.95%. These effective rates are reconciled with the nominal rates in Explanatory Note 7 to the financial statements.

Employees' profit shares

In accordance with the Collective Labor Agreement Cemig D allocated profit shares to its employees totaling R$ 236,031 million (R$ 162,566 million in 2009).

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B. Our analysis of the Guarantor:

FINANCIAL SITUATION

General liquidity increased from 0.78 in 2009 to 0.79 in 2010. Current liquidity increased from 0.62 in 2009 to 0.75 in 2010. "Quick ratio" ("acid test ratio") was reduced from 0.61 in 2009 to 0.73 in 2010. Asset turnover increased from 0.53 in 2009 to 0.59 in 2010.

CAPITAL STRUCTURE

The ratio [Loans over Stockholders' equity] changed from 0.90 in 2009 to 1.10 in 2010. The ratio [Third party funds over Stockholder's equity] changed from 1.76 in 2009 to 1.85 in 2010. Non-current liabilities increased by 4.17% from 2009 to 2010, and Current liabilities increased by 9.62% from 2009 to 2010.

RESULTS

Net sales revenue in 2010 was 16.58% higher than in 2009. Gross margin was 18.36% in 2010 vs. 22.01% in 2009, and Net margin was 0.95%, vs. 8.91% in 2009. Operational expenses increased by 12.93% from 2009 to 2010. Net profit as a percentage of Stockholders' equity was 1.59% in 2010 vs. 12.93% in 2009.

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

C. OPINION OF THE EXTERNAL AUDITORS

To the
Board of Directors and Stockholders of
CEMIG DISTRIBUIÇÃO S.A.
Belo Horizonte, Minas Gerais, Brazil

1. We have examined the financial statements of Cemig Distribuição S.A ("the Company") which comprise the balance sheet on December 31, 2010 and the related income statement, statement of changes in stockholders' equity and statements of cash flows for the business year ended on that date, and the summary of the principal accounting practices and other explanatory notes.

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

3. Our responsibility is to express an opinion on those financial statements based on our audit, conducted in accordance with Brazilian and international auditing rules. These rules require compliance by the auditors

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with ethical requirements, and that the audit should be planned and executed with the objective of obtaining a reasonable degree of certainty that the financial statements are free of material distortion.

4. An audit involves execution of selected procedures to obtain evidence on amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including evaluation of the risks of material distortion in the financial statements, whether caused by fraud or error. In this evaluation of risks, the auditor considers the internal controls that are material for the preparation and appropriate presentation of the Company's financial statements, for the purpose of planning the auditing procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the efficacy of those internal controls of the Company. An audit includes, also, evaluation of the appropriateness of the accounting practices used and of the reasonableness of the accounting estimates made by the management, and also evaluation of the presentation of the financial statements taken as a whole.
5. We believe that the auditing evidence obtained is sufficient and appropriate to provide the grounds for our opinion.

6. In our opinion, the financial statements referred to above adequately present, in all material aspects, the equity and financial position of Cemig Distribuição S.A on December 31, 2010, the performance of its operations, and its cash flows, for the business year ended on that date, in accordance with the accounting practices adopted in Brazil and in accordance with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

7. We have also examined the Added Value Statement (DVA), prepared under the responsibility of the Company's Management, for the business year ended December 31, 2010, the presentation of which is required by the Brazilian Corporate Law legislation for listed companies, and which is supplementary information under IFRS, which do not require presentation of the added value statement. Those statements have been submitted to the same auditing procedures described above and, in our opinion, are adequately presented, in all material aspects, in relation to the financial statements taken as a whole.

Belo Horizonte, March 28, 2011.

KPMG Auditores Independentes

CRC No.: SP014428/O-6-F-MG

Marco Túlio Fernandes Ferreira

Accountant – CRCMG058176/O-0

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4 – STATEMENT BY THE FIDUCIARY AGENT

The Company kept its information updated with both the CVM and the Fiduciary Agent, and made people with the ability and capacity to provide additional information about the events that have taken place during the life of the debenture available to interested debenture holders.

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

Sao Paulo, May 8, 2011.

SLW – Corretora de Valores e Câmbio Ltda.
Fiduciary Agent

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Consolidated Balance Sheets (R$ ’000)			
ASSETS			
Account line	Item	**31/12/2010**	**31/12/2009**
1	TOTAL ASSETS	3,328,329	3,186,916
1.01	Current assets	665,147	503,967
1.01.01	CASH AND CASH EQUIVALENTS	109,376	35,145
1.01.03	Accounts receivable	415,187	341,046
1.01.03.01	Clients	402,327	327,976
1.01.04	Inventories	18,890	11,902
1.01.06	Taxes recoverable	36,415	27,089
1.01.08	Other current assets	85,279	88,785
1.02	Non-current assets	2,663,182	2,682,949
1.02.01	Long term assets	1,038,308	1,077,657
1.02.01.03	Accounts receivable	216,389	271,484
1.02.01.03.01	Clients	166,638	229,405
1.02.01.03.02	Other accounts receivable	49,751	42,079
1.02.01.06	Deferred taxes	133,786	162,779
1.02.01.08	Owed by related parties	100,314	92,640
1.02.01.08.01	Owed by subsidiaries	100,314	92,640
1.02.01.09	Other non-current assets	587,819	550,754
1.02.01.09.03	Deposits and linked deposits	26,249	19,440
1.02.01.09.04	Payments into court	10,579	10,603
1.02.01.09.05	Income tax and Social Contribution tax offsetable	26,629	33,855
1.02.01.09.06	CCC account - subrogation	165,667	214,543
1.02.01.09.07	Financial assets - assets of the concession	346,770	260,835
1.02.01.09.08	Others	11,925	11,478
1.02.02	Investments	6,443	3,232
1.02.03	Fixed assets		
1.02.04	Intangible	1,618,431	1,602,060

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LIABILITIES			
Account line	Item	31/12/2010	31/12/2009
2	TOTAL LIABILITIES	3,328,329	3,186,916
2.01	Current liabilities	886,251	808,446
2.01.01	Labor and Associated Obligations	6,060	5,873
2.01.02	Suppliers	127,032	167,355
2.01.03	Tax obligations	164,741	169,874
2.01.03.01	Federal tax obligations	114,809	105,676
2.01.03.02	State tax obligations	49,662	62,764
2.01.03.03	Municipal tax obligations	270	1,434
2.01.04	Loans and financings	440,264	320,767
2.01.04.01	Loans and financings	358,847	320,767
2.01.04.02	Debentures	81,417	0
2.01.05	Other obligations	148,154	144,577
2.01.05.02.04	Swap transactions	68,809	0
2.01.05.02.05	Public illumination charge	10,811	9,843
2.01.05.02.06	Regulatory charges	21,587	36,891
2.01.05.02.07	Obligations of the energy efficiency program	9,911	9,937
2.01.05.02.08	Estimated obligations	7,002	7,528
2.01.05.02.09	Post-employment benefits:	7,670	6,984
2.02	Non-current liabilities	1,273,468	1,222,465
2.02.01	Loans and financings	844,152	714,054
2.02.01.01	Loans and financings	663,985	714,054
2.02.01.02	Debentures	180,167	0
2.02.02	Other obligations	426,812	505,456
2.02.04	Provisions	2,504	2,955
2.03	Total Stockholders' equity	1,168,610	1,156,005
2.03.01	Registered capital paid-up	710,197	710,197
2.03.04	Profit reserves	193,626	249,482
2.03.05	Retained earnings (loss)	0	-92,941
2.03.08	Other components of Comprehensive income	264,787	289,267

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Consolidated Income Statements (R$ '000)			
Account code	**Account line**	**01/01/10 to 31/12/10**	**01/01/09 to 31/12/09**
3.01	Net revenue from sales and/or services	1,956,588	1,678,304
3.01.01	Gross sales revenue	2,842,424	2,510,904
3.01.02	(-) Deductions from gross revenue	-885,836	-832,6
3.02	Cost of goods and /or services sold	-159,7452	-1,308,880
3.02.01	Cost of electricity service	-900,737	-786,898
3.02.02	Cost of operation	-696,715	-521,982
3.03	Gross profit	359,136	369,424
3.04	Operational revenue (expenses)	-140,469	-124,388
3.04.01	Selling expenses	-34,649	-30,816
3.04.02	General and administrative expenses	-90,891	-69,609
3.04.05	Other operational expenses	-14,929	-23,963
3.04.05.01	Other operational expenses	-2,018	-4,21
3.04.05.02	Other revenues (expenses)	-12,911	-19,753
3.05	Profit (loss) before Financial revenue (expenses) and taxes	218,667	245,036
3.06	Financial revenue (expenses)	-179,265	-63,547
3.06.01	Financial revenues	198,354	220,545
3.06.02	Financial expenses	-377,619	-284,092
3.07	Profit (loss) before taxes on profit	39,402	181,489
3.08	Income tax and Social Contribution tax	-20,797	-31,993
3.08.01	Current	-3,846	-37,344
3.08.02	Deferred	-16,951	5,351
3.09	Net profit (loss) from Continued Operations	18,605	149,496
3.11	Net profit (loss) for the period	18,605	149,496
3.99.01.01	Per share: Common (ON) shares	0.15	0.18
3.99.01.02	Per share: Preferred (PN) shares	0.16	1.30

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Consolidated cash flow (R$ ’000)			
Account code	**Account line**	**01/01/10 to 31/12/10**	**01/01/09 to 31/12/09**
6.01	Net cash from operational activities	192,528	91,241
6.01.01	Cash generated by operations	383,068	291,724
6.01.01.01	Net profit for the year	18,605	149,496
6.01.01.02	Depreciation and amortization	129,090	115,325
6.01.01.03	Costs of debt, interest, monetary updating	202,527	124,646
6.01.01.04	Write-offs of financial and intangible assets	13,308	17,571
6.01.01.05	Gain on disposal of goods in non-current assets	696	-302
6.01.02	Changes in assets and liabilities	-190,540	-200,483
6.01.02.01	Consumers, and holders of concessions and permissions	-15,987	-29,673
6.01.02.02	Inventories	-11,080	18,087
6.01.02.03	Services in progress	8,869	-16,540
6.01.02.04	Payments into court	-6,721	36
6.01.02.05	Credits offsetable against future tax payments	-26,507	9,325
6.01.02.06	De-activations in progress	14,269	7,604
6.02	Net cash from (used in) investment activities	-204,836	-141,612
6.02.01	Intangible and financial assets of concession contracts	-337,082	-203,204
6.02.02	Addition to Special Obligations	135,192	60,743
6.02.03	Other	-2,946	849
6.03	Net cash from (used in) financial activities	86,539	45,230
6.03.01	Loans transactions with related parties – net	-43,688	-49,532
6.03.02	New loans, financings and debentures	542,952	380,642
6.03.03	Payment of loans - principal	-322,483	-280,433
6.04	FX variation on cash and equivalents		
6.05	Increase (reduction) in cash and cash equivalents	74,231	-5,141
6.05.01	Initial balance of cash and equivalents	35,145	40,286
6.05.02	Final balance of cash and equivalents	109,376	35,145

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Financial indicators		
	31/12/2010	31/12/2009
Leverage		
Third party funds / Stockholders' equity	1.85	1.76
Loans / Stockholders equity	1.10	0.90
Indicators of activity		
Asset turnover	0.59	0.53
Fixed assets		
Fixed asset ratio	N.A.	N.A.
Liquidity		
General liquidity	0.79	0.78
Current liquidity	0.75	0.62
Quick ratio	0.73	0.61
Profitability		
Gross margin	18.36%	22.01%
Net margin	0.95%	8.91%
Return on equity	1.59%	12.93%

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