

# Relatório Anual

Exercício 2010



**1<sup>st</sup> Issue of Debentures not Convertible into Shares,  
Quirographic Type**

Rating Emisión: Fitch Ratings:AA(bra)  
Moody's: Aa1.br

**planner** 

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**CHARACTERISTICS OF THE ISSUER**

<b>Commercial name:</b>	CEMIG Geração e Transmissão S.A. – CEMIG GT
<b>Head office address:</b>	Av. Barbacena 1200, Santo Agostinho, 30190-131 Belo Horizonte, Minas Gerais, Brazil
<b>Telephone/Fax</b>	(31) 3506-5024 / (31) 3506-5025
<b>Investor Relations Director:</b>	Luiz Fernando Rolla
<b>CNPJ (Brazilian Corporate Tax N°):</b>	06.981.176/0001-58
<b>Auditors:</b>	KPMG Auditores Independentes
<b>Activity:</b>	Generation, Transmission and Sale of Electricity
<b>CVM Category:</b>	B - Active

**CHARACTERISTICS OF THE DEBENTURES**

<b>CVM registry N°:</b>	CVM/SRE/DEB/2007/003, on April 17, 2007; CVM/SRE/DEB/2007/004, on April 17, 2007.
<b>Issuer's situation:</b>	Compliant with the pecuniary obligations.
<b>Asset code:</b>	CETIP 1st series: CMGT11; and CETIP 2nd series: CMGT21;
<b>Mandated Bank</b>	Banco Itaú S.A.;
<b>Lead Manager:</b>	Unibanco – União dos Bancos Brasileiros S.A.;
<b>Issue Date:</b>	For all legal purposes the issue date of the debentures was November 1, 2006.
<b>Maturity date:</b>	The maturity of the debentures of the first series was on November 1, 2009. The maturity of the debentures of the second series will be on November 1, 2011.
<b>Number of debentures:</b>	37,152 (thirty seven thousand, one hundred and fifty two) debentures were issued, of which 22,348 (twenty two thousand, three hundred and forty eight) were in the first Series, and 14,804 (fourteen thousand, eight hundred and four) were in the second series.
<b>Number of series:</b>	2 (two) Series were issued.
<b>Total Value of the Issue:</b>	The total value of the issue was R\$ 588,371,752.56 (five hundred and eighty eight million, three hundred and seventy one thousand, seven hundred and fifty two Reais and fifty six centavos), on the Issue Date.
<b>Nominal value:</b>	The nominal unit value of the debentures of the first series is R\$ 15,641.490773 (fifteen thousand six hundred and forty one point four nine zero seven seven three Reais) and the

nominal unit value of the debentures of the second series is R\$ 16,131.837123 (sixteen thousand one hundred and thirty one point eight three seven one two three Reais), on the issue date.

<b>Form</b>	The Debentures shall be nominal and of the book-entry type, without issuance of deposits or certificates.
<b>Category:</b>	The Debentures are of the unsecured type without guarantee or preference, but have a surety guarantee from Companhia Energética de Minas Gerais – CEMIG.
<b>Convertibility:</b>	The debentures are not convertible into shares.
<b>Exchange:</b>	Not applicable to this issue.
<b>Guarantee in Services:</b>	In the event of non-payment by the Issuer of any amount due in relation to the debentures under the deed on the respective maturity dates, the Debentures may be used as form of payment and shall be accepted by the Issuer for payments of invoices for supply of electricity issued by the Issuer, in accordance with Clause VI of the Issue Deed.
<b>Option:</b>	Not applicable to this issue.
<b>Trading:</b>	The debentures were registered for trading on the Brazilian National Debenture System (SND), administered by Andima and operated by Cetip; and on the BovespaFix trading system of the São Paulo Stock Exchange, with custody by the CBLC.
<b>Updating of Nominal Value – 1st Series:</b>	The nominal value of the debentures of the 1st Series was not updated.
<b>Updating of Nominal Value – 2<sup>nd</sup> Series:</b>	The nominal value of the debentures of the 2nd series will not be updated.
<b>Payment of updating – 1st Series:</b>	Not applicable to this issue.
<b>Payment of updating – 2<sup>nd</sup> Series:</b>	Not applicable to this issue.
<b>Remuneration, 1st Series</b>	The debentures of the 1st Series shall be entitled to 100% of the accumulated variation of the average daily rates for DI – Interbank Deposits, for one day, “Extra Grupo”, calculated and published by Cetip, capitalized by a spread of 1.20% per year, on the 252-business-days basis, applied to the balance of the nominal value of the debenture for each period of capitalization period.
<b>Remuneration, 2nd Series</b>	The Debentures of the 2nd Series entitle their holders to interest corresponding to 104% (one hundred and four per cent) of the accumulated variation in the average daily rates for DI – Interbank Deposits, for one day, “Extra Grupo”, calculated and published daily by CETIP.
<b>Payment of the Remuneration – 1st Series:</b>	The remuneration of the debentures of the 1st Series was paid annually, on November 1 of 2007, 2008 and 2009;

<b>Payment of the Remuneration – 2nd Series:</b>	The remuneration of the debentures of the 2nd Series was and will be paid annually, on November 1 of 2007, 2008, 2009, 2010 and 2011.	
<b>Amortization:</b>	On the Maturity Date of each series.	
<b>Period of amortization:</b>	Not applicable to this issue.	
<b>Premium:</b>	Not applicable to this issue.	
<b>Renegotiation:</b>	Not applicable to this issue.	
<b>Early Redemption:</b>	Not applicable to this issue.	
<b>Optional acquisition:</b>	The Issuer may, at any time, acquire the Debentures in circulation in the market, for a price not greater than their nominal value, updated by monetary adjustment, as applicable, plus remuneration interest, subject to the terms of Article 55 of Law 6404/76. The Debentures acquired by the Issuer may be cancelled, remain in the Issuer's treasury, or be placed again in the market.	
<b>Early maturity:</b>	<p>In any of the following events, the Fiduciary Agent's duty is to declare early maturity of all the obligations that are the subject of the Issue and demand immediate payment by the Issuer and demand immediate payment by the Issuer of the Nominal Value plus the Remuneration:</p> <ul style="list-style-type: none"> <li>a. non-payment of the principal or interest owed under the Debentures on the respective maturity dates;</li> <li>b. legitimate and reiterated protest of securities against the Issuer or against CEMIG, in an amount exceeding R\$ 10,000,000.00 (ten million Reais) unless made in error or bad faith of a third party validly proven by the Issuer or by any of Subsidiaries or Jointly-controlled Subsidiaries, as the case may be, or unless suspended or cancelled, or unless a guarantee for the security(ies) be 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;</li> <li>c. application for judicial recovery made by the Issuer, by Cemig or by any one of its subsidiaries;</li> <li>d. extinction, dissolution or decree of bankruptcy of the Issuer, or of Cemig or any one of its subsidiaries;</li> <li>e. Non-compliance by the Issuer or by CEMIG with any obligation specified in the Issue Deed, not cured in 30 (thirty)</li> </ul>	<p>calendar days from the date of the written notice to this effect sent by the Fiduciary Agent to the issuer.</p> <ul style="list-style-type: none"> <li>f. if the Issuer, Cemig, or any one of its Subsidiaries without justification omits to pay on the due date, or to take the legal or judicial measures required for the non-payment of, any debts or any other obligation payable by the Issuer (or any one of its Subsidiaries) under any agreement to which it is a party as borrower or surety/guarantor involving an amount of R\$ 10,000,000.00 (ten million Reais) or more;</li> <li>g. early maturity of any debt of the Issuer, or of CEMIG or any one of its Subsidiaries in an amount of R\$ 10,000,000.00 (ten million Reais) or more, arising from default, contractual or otherwise, the amount of which might in any way prejudice compliance with the pecuniary obligations of the Issuer specified in the Issue Deed;</li> <li>h. Privatization, merger, liquidation, dissolution, extinction, split and/or any other form of stockholding reorganization that results in reduction of the registered capital of the Issuer and/or of CEMIG, unless this stockholding reorganization takes place in relation to the following subsidiaries of CEMIG: Companhia de Gás de Minas Gerais – Gasmig, Empresa Info-</li> </ul>

vias S.A. and/or Way TV Belo Horizonte S.A.;

- i. termination, for any reason, of any of the concession contracts held by the Issuer and/or by any one of its subsidiaries;

- j. issuance of any securities and/or the contracting of any obligations which could in any way affect the Alternative Payment Mechanism of Settlement by Guarantee in Services.

## USE OF PROCEEDS:

Due to the Obligatory Exchange, the Issue has not received any funds from this Issue, since the Debentures were fully paid-up by the Debentures of CEMIG's 3rd Issue.

The funds obtained from the 1<sup>st</sup> Issue by CEMIG were allocated to financing of projects in the areas of generation, transmission and distribution of electricity, including for implementation of projects involving partnerships with private-sector companies, in accordance with the generation and transmission works program of CEMIG established for the years 2001, 2002 and the first quarter of 2003, under which CEMIG invested R\$ 651.84 million.

## MEETING OF DEBENTURE HOLDERS

No Meetings of Debenture Holders were held in 2010.

## POSITION OS THE DEBENTURES

Date	Nominal value:	Interest	Unit Price, R\$
31/12/2010	R\$ 16,131.837123	R\$ 285.212493	R\$ 16,417.049616
31/12/2009	R\$ 16,131.837123	R\$ 227.334043	R\$ 16,359.171166

Date	Debentures in circulation	Debentures in Treasury	Total in circulation
31/12/2010	14,804	0	R\$ 243,038,002.52
31/12/2009	14,804	0	R\$ 242,181,169.94

## EVENTS TAKING PLACE IN 2010

### 2nd series:

Date	Event	Unit value
01/11/2010	Remuneration	R\$ 1,574.97



## EVENTS AGENDA – 2011

Date	Event
01/11/2011	Remuneration and Principal, 2nd Series

## ADDITIONAL OBLIGATIONS OF THE ISSUER

During the whole of 2010 the Issuer complied, regularly and within the due dates, with all of the obligations specified in the Issue Deed.

As agreed in the Issue Deed, the following are the amounts of the tax, labor-law and social-security obligations on December 31, 2010, compared with the adjusted figures for 2009 arising as a result of the adoption of International Financial Reporting Standards (IFRS) from December 31, 2010:

Amount of the tax, labor-law and social-security obligations, 2009	
Tax matters*	R\$ 751,979,000
Social-security matters	R\$ 3,686,000
Employment-law matters	R\$ 74,105,000

\* Includes taxes deferred under the Transition Tax Regime (RTT).

Amount of the tax, labor-law and social-security obligations, 2010	
Tax matters*	R\$ 714,327,000
Social-security matters	R\$ 4,202,000
Employment-law matters	R\$ 53,684,000

\* Includes taxes deferred under the Transition Tax Regime (RTT).

The Issuer further stated that it has no duplicate invoices discounted, nor securities deposited, on December 31, 2010.

## ORGANIZATION DIAGRAM



## MARKET SHARE

CEMIG Geração e Transmissão S.A. (“Cemig GT”, or “the Company”) is a Company registered for Listing in Brazil, and a wholly-owned subsidiary of Companhia Energética de Minas Gerais – Cemig (“Cemig”). It was created on September 8, 2004, and started operations on January 1, 2005, as a result of the process of segregation (“unbundling”) of Cemig’s activities. Its shares are not traded on any exchange.

Its objects are:

- i) to study, plan, project, build and commercially operate systems of generation, transmission and sale of electricity and related services for which concessions are granted, under any form of law, to it or to companies of which it maintains stockholding control;
- ii) to operate in the various fields of energy, from whatever source, with a view to economic and commercial operation;
- iii) to provide consultancy services within its field of operation to companies in and outside Brazil; and
- iv) to carry out activities directly or indirectly related to its objects.

Cemig GT has 48 power plants, of which 43 are hydroelectric, 4 are wind power plants and one is a thermal plant; and their transmission lines, most of which are part of the Brazilian national generation and transmission grid system.

## RISK RATING

### Fitch Ratings

Category	Present rating	Previous rating	Date of last change
Debentures of 1 <sup>st</sup> Issue	AA(bra)	A+(bra)	11/08/2010

### Moody’s

Category	Present rating	Previous rating	Date of last change
Debentures of 1st Issue	Aa1.br	Aa1.br	04/02/2011

## CHANGES TO THE BYLAWS

At the Extraordinary General Meeting of Stockholders held on January 13, 2010 the stockholders approved, among other matters, the following:

- a) increase in the Registered Capital of Cemig GT, from
  - two billion eight hundred and ninety-six million seven hundred and eighty-five thousand three hundred and fifty-eight Reais and ninety centavos
  - to
  - three billion two hundred and ninety-six million seven hundred and eighty-five thousand three hundred and fifty-eight Reais and ninety centavos,
 through use of funds in the Profit Reserve account, without the issuance of new shares; and



- consequent change in the drafting of the head paragraph of Clause 5 of the Bylaws of Cemig GT.

Consequent redrafting of the Head paragraph of Clause 5 of the Bylaws, to the following: “Clause 5 The Company’s registered capital is R\$ 3,296,785,358.90 (three billion two hundred ninety six million, seven hundred eighty five thousand, three hundred fifty eight Reais and ninety centavos), represented by 2,896,785,358 (two billion, eight hundred ninety six million, seven hundred eighty five thousand, three hundred fifty eight) nominal common shares without par value.”

## MATERIAL INFORMATION

Cemig GT did not publish any Material Announcement in the 2010 business year.

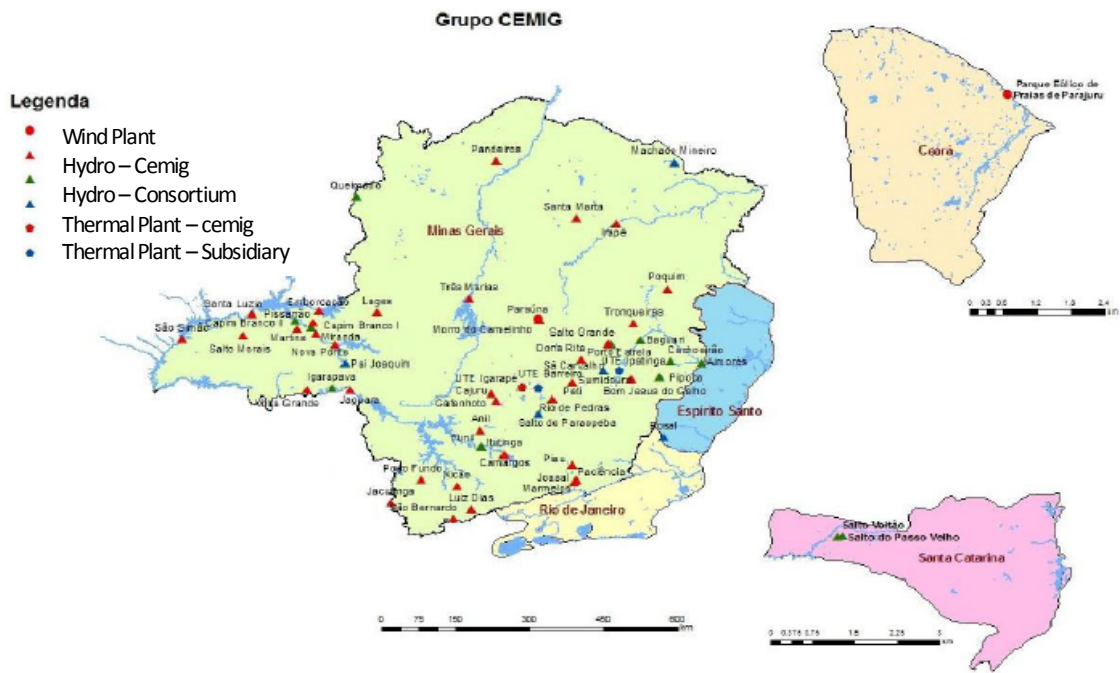
## PRINCIPAL ASPECTS

Since its creation Cemig GT has concentrated on its primary role of generating electricity, through hydroelectric power plants. Major works and immense challenges have been a hallmark of the Company’s history. Its plants have stood out for their engineering and their scale. Minas Gerais contributes to this vocation with its vast natural hydroelectric potential.

Small, medium and large plants, moved by water, the heat or wind, provide a total installed capacity of 6,335 MW, placing the Cemig GT Group among the largest generators in Brazil.

With its generation subsidiaries and affiliates, Cemig GT has 48 power plants in operation: 43 hydroelectric plants, 1 thermal plant and 4 wind power plants.

This map shows the location of Cemig GT’s operating power plants:



### Transmission

Transmission has grown significantly in Brazil in recent years, helping to optimize the operation of Brazil’s electricity nationwide, broadening the service, and reducing the incidence of rationing risk caused by not being connected to the national grid. The market expects even faster growth in the coming years, as the major generation projects in the North of Brazil are added to the national power grid.

The environment of competition, and expansion of the system through auctions of transmission lines, has brought a new point of view to the Brazilian transmission sector.

## MAIN ACCOUNT LINES

## RELATÓRIO ANUAL 2010

### BALANCE SHEET – ASSETS, R\$ '000

ASSETS	2008	%	2009	%	2010	%
<b>CURRENT ASSETS</b>	<b>1,666,436</b>	<b>17.4%</b>	<b>4,105,551</b>	<b>29.1%</b>	<b>3,271,910</b>	<b>22.3%</b>
Cash and cash equivalents	862,098	9.0%	3,043,715	21.6%	1,761,817	12.0%
Cash investments	-	-	-	-	319,277	2.2%
Accounts receivable	526,201	5.5%	811,545	5.7%	984,100	6.7%
Inventories	4,024	0.0%	4,707	0.0%	4,585	0.0%
Taxes recoverable	274,113	2.9%	245,584	1.7%	202,131	1.4%
Anticipated expenses	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
<b>NON-CURRENT ASSETS</b>	<b>284,930</b>	<b>3.0%</b>	<b>378,132</b>	<b>2.7%</b>	<b>761,784</b>	<b>5.2%</b>
Cash investments	-	-	46,188	0.3%	-	-
Accounts receivable	14,999	0.2%	16,798	0.1%	48,396	0.3%
Inventories	-	-	-	-	-	-
Deferred taxes	210,546	2.2%	207,657	1.5%	582,936	4.0%
Anticipated expenses	-	-	-	-	-	-
Owed by related parties	9,853	0.1%	18,244	0.1%	4,529	0.0%
Other non-current assets	49,532	0.5%	89,245	0.6%	125,923	0.9%
<b>PP&amp;E</b>	<b>7,609,566</b>	<b>79.6%</b>	<b>9,637,823</b>	<b>68.2%</b>	<b>10,631,630</b>	<b>72.5%</b>
Investments	13,476	0.1%	1,743	0.0%	1,571	0.0%
Fixed assets	6,854,163	71.7%	6,921,206	49.0%	7,024,474	47.9%
Intangible	741,927	7.8%	2,714,874	19.2%	3,605,585	24.6%
Deferred	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>9,560,932</b>	<b>100.0%</b>	<b>14,121,506</b>	<b>100.0%</b>	<b>14,665,324</b>	<b>100.0%</b>

### BALANCE SHEET – LIABILITIES, R\$ '000

LIABILITIES	2008	%	2009	%	2010	%
<b>CURRENT LIABILITIES</b>	<b>1,767,388</b>	<b>18.5%</b>	<b>6,030,930</b>	<b>42.7%</b>	<b>1,590,970</b>	<b>10.8%</b>
Labor and associated obligations	64,500	0.7%	75,900	0.5%	57,346	0.4%
Suppliers	146,652	1.5%	147,553	1.0%	175,792	1.2%
Tax obligations	62,844	0.7%	94,100	0.7%	68,489	0.5%
Loans and financings	372,693	3.9%	4,616,973	32.7%	512,764	3.5%
Debentures	362,606	3.8%	3,365	0.0%	507,375	3.5%
Other obligations	743,394	7.8%	1,089,890	7.7%	269,204	1.8%
Provisions	14,699	0.2%	3,149	0.0%	-	-
<b>NON-CURRENT LIABILITIES</b>	<b>3,264,961</b>	<b>34.1%</b>	<b>3,571,735</b>	<b>25.3%</b>	<b>8,023,709</b>	<b>54.7%</b>
Loans and financings	1,733,860	18.1%	1,761,263	12.5%	2,830,798	19.3%
Debentures	271,752	2.8%	437,693	3.1%	3,784,833	25.8%
Other obligations	540,372	5.7%	639,918	4.5%	710,020	4.8%
Deferred taxes	711,655	7.4%	723,202	5.1%	691,048	4.7%
Provisions	7,322	0.1%	9,659	0.1%	7,010	0.0%
<b>STOCKHOLDERS' EQUITY</b>	<b>4,528,583</b>	<b>47.4%</b>	<b>4,518,841</b>	<b>32.0%</b>	<b>5,050,645</b>	<b>34.4%</b>
Paid-up Registered Capital	2,896,785	30.3%	2,896,785	20.5%	3,296,785	22.5%
Revaluation reserve	1,169,809	12.2%	1,030,269	7.3%	908,269	6.2%
Profit reserves	584,354	6.1%	666,112	4.7%	844,198	5.8%
Accumulated profit (loss)	(122,365)	(1.3%)	(74,325)	(0.5%)	-	-
Adjustments to Stockholders' equity	-	-	-	-	1,393	0.0%
<b>TOTAL LIABILITIES</b>	<b>9,560,932</b>	<b>100.0%</b>	<b>14,121,506</b>	<b>100.0%</b>	<b>14,665,324</b>	<b>100.0%</b>

## RELATÓRIO ANUAL 2010

### INCOME STATEMENT – R\$ '000

INCOME STATEMENT	2008	%	2009	%	2010	%
<b>Gross revenue from sales and/or services</b>	<b>2,937,369</b>	<b>161.8%</b>	<b>3,536,487</b>	<b>171.6%</b>	<b>3,914,669</b>	<b>180.6%</b>
(-) Cost of goods/services sold	(1,122,358)	(61.8%)	(1,475,792)	(71.6%)	(1,747,418)	(80.6%)
<b>(=) Gross profit</b>	<b>1,815,011</b>	<b>100.0%</b>	<b>2,060,695</b>	<b>100.0%</b>	<b>2,167,251</b>	<b>100.0%</b>
(-) Selling expenses:	(695)	(0.0%)	(1,593)	(0.1%)	2,235	0.1%
(-) General and administrative expenses	(91,737)	(5.1%)	(220,299)	(10.7%)	(146,382)	(6.8%)
(-) Losses on non-recovery of assets	-	-	-	-	-	-
(+) Other operational revenues	-	-	-	-	-	-
(-) Other operational expenses	(32,903)	(1.8%)	(25,393)	(1.2%)	(43,782)	(2.0%)
Equity gain (loss) from subsidiaries	-	-	-	-	-	-
<b>(=) Profit (loss) before Financial revenue (expenses) and taxes</b>	<b>1,689,676</b>	<b>93.1%</b>	<b>1,813,410</b>	<b>88.0%</b>	<b>1,979,322</b>	<b>91.3%</b>
(+) Financial revenues	235,469	13.0%	224,045	10.9%	298,723	13.8%
(-) Financial expenses	(480,286)	(26.5%)	(501,392)	(24.3%)	(811,676)	(37.5%)
<b>(=) Profit (loss) before taxes on profit</b>	<b>1,444,859</b>	<b>79.6%</b>	<b>1,536,063</b>	<b>74.5%</b>	<b>1,466,369</b>	<b>67.7%</b>
Income tax and Social Contribution tax on Net Profit	(383,181)	(21.1%)	(432,907)	(21.0%)	(382,259)	(17.6%)
<b>(=) Net profit (loss) from continued operations</b>	<b>1,061,678</b>	<b>58.5%</b>	<b>1,103,156</b>	<b>53.5%</b>	<b>1,084,110</b>	<b>50.0%</b>
Net profit (loss) from discontinued operations	-	-	-	-	-	-
Profit shares under Bylaws	(86,296)	(4.8%)	-	-	-	-
<b>(=) Net profit (loss) for the period</b>	<b>975,382</b>	<b>53.7%</b>	<b>1,103,156</b>	<b>53.5%</b>	<b>1,084,110</b>	<b>50.0%</b>

## ANALYSIS OF FINANCIAL STATEMENTS

### Profit in the period

Cemig GT reported net profit of R\$ 1,084 billion in 2010, 1.72% less than its 2009 net profit of R\$ 1,103 billion.

## Operational revenue

The breakdown of the Company's revenues is as follows:

	2010	2009	Change, %
Revenue from supply of electricity – with taxes	3,703	3,621	2.26
Revenue from use of the network – with taxes	883	708	24.72
Revenue from transmission infrastructure – with taxes	152	89	70.79
Other operational revenues	28	25	12
Taxes on the above revenues	(1,026)	(899)	14.13
	<b>3,915</b>	<b>3,578</b>	<b>9.42</b>

## Revenue from supply of electricity

Revenue from electricity sales totaled R\$ 3.703 billion in 2010, compared to R\$ 3.621 billion in 2009 – an increase of 2.26%. This result mainly reflects the higher quantity of electricity supplied to Free Consumers as a result of the recovery in industrial activity, and also migration of clients from the captive market, offset by an average price per MWh 13.80% lower year-on-year. Revenue from Free Consumers was R\$ 2.108 billion in 2010, compared to R\$ 1.765 billion in 2009. The average sale tariff in 2010 was R\$ 112.75/MWh, compared to R\$ 107.48/MWh in 2009, an increase of 4.90%.

Volume of electricity sold to other concession holders was 3.41% lower, and revenue from these sales was R\$ 214mn. This mainly reflects the lower volume of electricity traded in the Regulated Market (CCEAR contracts), due to the ending of some contracts, and redirection of electricity to Free Consumer clients.

## Revenue from use of the network

This revenue is basically from the amounts charged by Cemig GT and its subsidiaries to the generators and distributors that operate in the national grid, according to amounts set by a Resolution of Aneel, the Brazilian electricity regulator.

Under the new accounting practices, for new transmission concessions controlled by Cemig, only the portion of revenue related to operation and maintenance of the line is posted in this account line. Part of the revenue of the concession has been recorded during the period of the concession as construction revenue.

Our revenue from use of the network in 2010, at R\$ 883mn, was 24.72% higher than in 2009 (R\$ 708mn). The higher figure reflects the increase in the transmission tariff, and the acquisition of the subsidiary Taesa at the end of 2009 – which contributed for 12 months in 2010, compared to only the last two months of 2009.

## Taxes on operational revenue

The taxes applied to operational revenue totaled R\$ 1.026 billion, compared to R\$ 899mn in 2009, an increase of 14.13%.

## Operational costs and expenses (excluding Financial revenue/expenses)

Operational costs and expenses (excluding Financial revenue (expenses)) totaled R\$ 1.935 billion in 2010, compared to R\$ 1.723 billion in 2009, an increase of 12.30%.

**Ebitda (earnings before interest, tax, depreciation and amortization) (Method of calculation not approved by external auditors)**

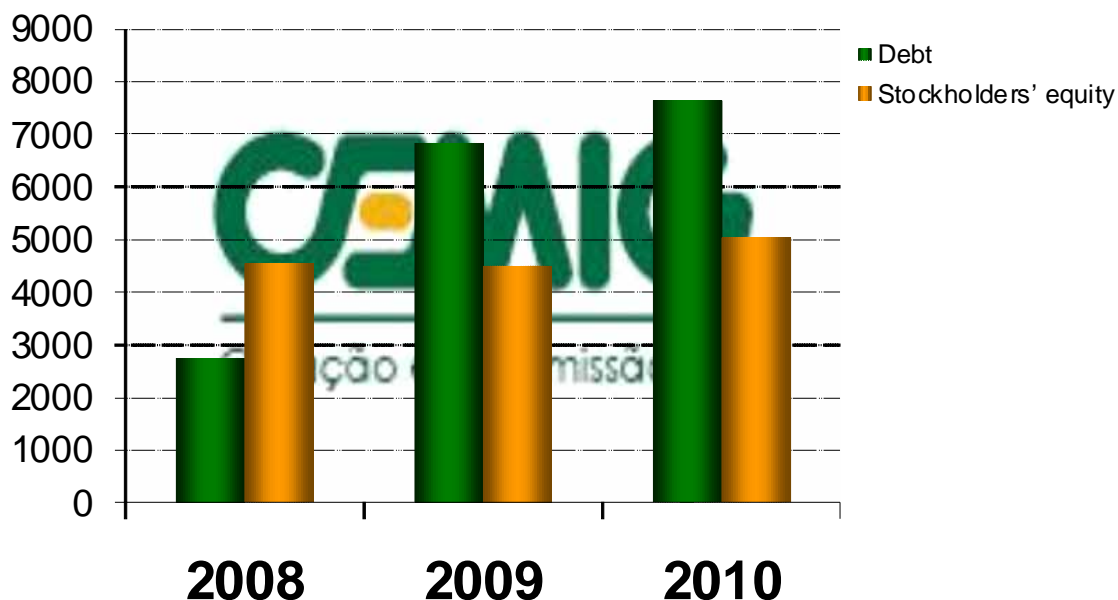
The Company's Ebitda was 2.24% higher in 2010 than in 2009:

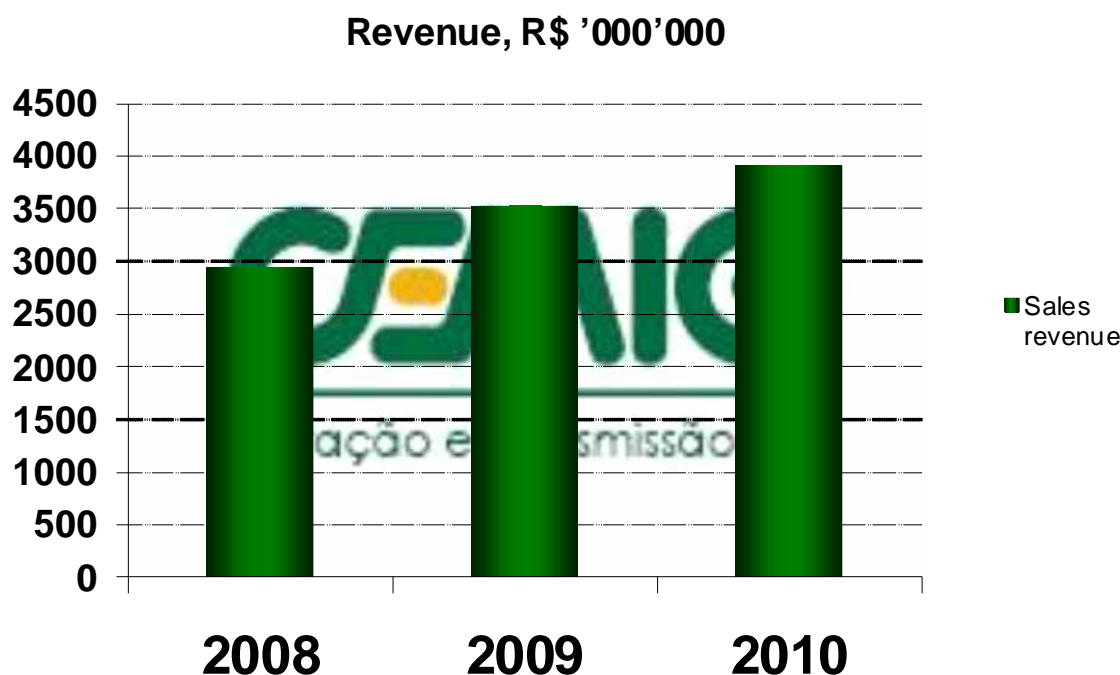
EBITDA - R\$ '000	2010	2009	Change, %
Net profit	1,084	1,103	(1.72)
+ Current and deferred income tax and social Contribution tax	382	433	(11.78)
+ Financial revenue (expenses)	513	277	85.20
+ Amortization and depreciation	374	445	(15.96)
<b>= EBITDA</b>	<b>2,353</b>	<b>2,258</b>	<b>4.21</b>
Non-recurring items			
+ PDV voluntary dismissal program	15	41	(63.41)
<b>= ADJUSTED EBITDA</b>	<b>2,368</b>	<b>2,299</b>	<b>3.00</b>

**Financial revenues (expenses)**

The company posted net financial expenses of R\$ 513mn in 2010, 85.20% more than the net financial expenses reported for 2009, of R\$ 277mn.

Debt and Stockholders' equity, R\$ '000'000





## ANALYSIS OF THE GUARANTEE

This issue does not have a guarantee, since it is of the unsecured or “without preference” type, and it has no privileged right whatsoever over the assets of the Issuer. As an additional guarantee of the faithful and punctual payment of the debentures, Companhia Energética de Minas Gerais – CEMIG provided a surety, undertaking to be joint and principal payer of the debentures. The value of the guarantee corresponds to the total amount of the debt of the Issuer represented by the debentures on the Issue Date, plus the remuneration, and arrears interest, calculated in accordance with the Issue Deed.

## OPINION

We are not aware of any omission or error of fact contained in the information disclosed by the Issuer, which maintained its registry as a listed company with the CVM – Securities Commission – during the whole of the business year of 2010.

After analysis of the financial statements of the Issuer audited by KPMG Auditores Independentes, we state that the opinion does not contain any qualifications. We point out that the Company is able to honor the commitments arising from this issue.



## STATEMENT

We declare ourselves to be competent and reaffirm our interest in continuing to carry out the function of Fiduciary Agent of the Debenture Holders, in accordance with Clause 68, sub-item “b” of Law 6404 of December 15, 1976 and Clause 12, sub-item “1”, of CVM Instruction 28 of November 23, 1983.

Sao Paulo, April 2011.



*This report was prepared for compliance with Clause 68, § 1, sub-clause “b” of Law 6407/76 and Clause 12 of CVM Instruction 28 /83, based on information given by the Issuer Company. The legal documents and technical information on which it was based are available to interested parties for consultation at the head office of this Fiduciary Agent.*