

CEMIG GERAÇÃO E TRANSMISSÃO S.A.

2nd Public Issue of Debentures

Annual report of the Fiduciary Agent

Business year 2011

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Annual report of the Fiduciary Agent – on the business year 2011

CHARACTERISTICS OF THE ISSUE

ISSUE DATE:	January 15, 2010
MATURITY DATE:	January 15, /2015
FIDUCIARY AGENT:	Oliveira Trust DTVM S.A.
MANAGERS:	BB – Banco de Investimentos S.A., Caixa Econômica Federal, HSBC Corretora de Títulos e Valores Mobiliários S.A., Banco Votorantim S.A., BES Investimentos do Brasil S.A. – Banco de Investimento and Banco BTG Pactual
MANDATED BANK:	Banco Bradesco S.A.
REPORTING BANK:	Banco Bradesco S.A.
TOTAL VALUE (*):	R\$ 2,700,000,000.00
QUANTITY OF DEBENTURES:	270,000
NUMBER OF SERIES:	2
PUBLICATION:	<i>Valor Econômico</i> – National Edition, and on the Issuer's website.
USE OF FUNDS:	According to a statement by the Chief Finance and Investor Relations Officer, the net proceeds obtained by the Issuer from the Debentures were applied in full to redeem the 270 Commercial Promissory Notes of the Company's 3rd Issue, with nominal unit value of R\$ 10,000,000.00, issued on October 30, 2009.

(*) On the Issue Date

CHARACTERISTICS OF THE FIRST SERIES

The first series matured and was settled on January 15, 2012, hence there are no more debentures of this series in circulation in the market.

CHARACTERISTICS OF THE SECOND SERIES

Issue Date:	January 15, 2010
MATURITY DATE:	January 15, 2015
TOTAL VALUE(*):	R\$ 1,134,000,000.00
Nominal Unit Value(*):	R\$ 10,000.00
Unit Price on Dec. 21, 2011:	R\$ 12,074.21
QUANTITY OF DEBENTURES:	113,400
Registry with the CVM:	CVM/SRE/DEB/2010/006
DATE OF CVM REGISTRATION:	March 2, 2010
Asset code:	CMTR22 and CMGT-D22
ISIN Code:	BRCMGTDBS039
Trading:	SND – CETIP / CBLC
Form:	Nominal, book-entry.
Guarantee:	Unsecured; surety guarantee from Companhia Energética de Minas Gerais – CEMIG.
CONVERTIBILITY:	Not convertible into shares.

(*) On the Issue Date

Monetary updating:

Indexor	Period
IPCA	From January 15, 2010 to January 15, 2015 (Issue Deed)

INTEREST:

1st period	
Start	January 15, 2010
Termination:	January 15, 2015
Yield	7.6796%
Basis of calculation	252
U.P. on Issue Date	R\$ 10,000.00
Payments	Annually, from the Issue Date, on January of each year, the first being payable on January 15, 2011 and the last on January 15, 2015.
Document	1st Amendment to the Issue Deed.

PREMIUM:

None.

AMORTIZATIONS OF THE NOMINAL VALUE:

Date	Percentage
January 15, 2013	33%
January 15, 2014	33%
January 15, 2015	34%

RENEGOTIATION:

None.

Rating:

Date	Global Scale	Brazil Scale	Company
04/02/2011	Baa3	Aa1.br	Moody's
29/02/2012	Baa3	Aa1.br	Moody's

Below is a brief summary of the last description of the risk rating:

In January 2010, Moody's assigned the Baa3 rating on the global scale and the Aa1.br rating on the Brazilian national scale to BRL 2.7 billion of unsecured debentures issued by CEMIG GT ("the Second Public Debentures Issue"), placed on the domestic market. The Second Public Debentures Issue, which is guaranteed by Companhia Energética de Minas Gerais ("CEMIG"), was issued in two tranches: (i) BRL1.59 billion, with two-year maturity; and (ii) BRL1.16 billion, with five-year maturity. Currently, only the five-year tranche is outstanding, which is rated Baa3/ Aa1.br (Stable outlook) by Moody's.

PAYMENTS MADE PER DEBENTURE IN 2011:

INTEREST	
Date of payment	Unit Value (R\$)
17/01/2011	813.34

POSITION OF THE ASSET ON DECEMBER 31, 2011:

In circulation	113,400 (2nd series)
Treasury	0 (2nd series)
Total	113,400 (2nd series)

LEGAL AND CORPORATE EVENTS:**EGM of January 20, 2011 – Decisions:**

- 1- Creation of the Office of Institutional Relations and Communication and, consequently, change in the drafting of the head paragraph of Clause 18 of the by-laws.
- 2- Change to the drafting of the following parts of the head paragraph of Clause 17: Subclauses "b" and "g" of Item I, Subclause "b" of Item III, and Subclause "d" of Item VII, to transfer the activity of strategic

planning from the Chief Officer for Finance, Investor Relations and Financial Control of Holdings to the Chief Executive Officer; and inclusion of Item XI, for definition of the attributions of the Chief Institutional Relations and Communication Officer.

- 3- Change to the drafting of Paragraph 3 of Clause 16, as a result of the transfer of the activity of strategic planning from the Chief Officer for Finance, Investor Relations and Financial Control of Holdings to the Chief Executive Officer. Change in the composition of the Board of Directors of Cemig GT.

Annual General meeting (Ordinary and Extraordinary General Meeting of Stockholders) of April 29, 2011: The matters on the agenda were approved:

- a) Examination, debate and voting on the Report of Management and the Financial Statements for the year ended December 31, 2010, and the respective complementary documents.
- b) Allocation of the net profit for the year 2010, in the amount of R\$ 1,084,110,000, and of the balance in the Retained Earnings account, in the amount of R\$ 101,909,000.
- c) Decision on the form and date of payment of the dividends and Interest on Equity, in the amount of R\$ 1,131,813,000.
- d) Change in the by-laws to change the names of these Chief Officers' Departments:
 From: Department of New Business Development and Corporate Control of Subsidiaries and Affiliates
 To: Department of New Business Development.
 From: Department of Finance, Investor Relations and Financial Control of Holdings
 To: Department of Finance and Investor Relations.

– with the consequential changes to the following parts of the Bylaws:

Clause 7:	Paragraph 2;		
Clause 13:			
Clause 16:	Paragraph 3;		
	Paragraph 4,	Subclauses “g” and “j”;	and
Clause 17:	Head paragraph:	Sub-item I –	subclauses “b” and “i”
		Sub-item III, and its	subclauses “b”, “c”, “n” and “p”;
		Sub-item VI –	subclause “j”;
		Sub-item VII, and its	subclauses “d”, “m” and “p”;
		Sub-item IX –	subclauses “c” and “f”; and
	Paragraph 4.		

- e) Election of the sitting and substitute members of the Audit Board, due to the completion of the current period of office.

Material announcement – October 25, 2011:

CEMIG Geração e Transmissão S.A, registered with the CVM for listing and a subsidiary of Companhia Energética de Minas Gerais (CEMIG) – in accordance with CVM Instruction 358 of January 3, 2002, as amended, and its own commitment to best corporate governance practices – hereby informs the public that:

Cemig's affiliated company Amazônia Energia Participações S.A. has on today's date signed Share Purchase Agreements with six companies holding, in aggregate, 9.77% of the equity in Norte Energia S.A. (“Norte Energia”), a corporation, and holder of the concession for construction and commercial operation of the Belo Monte Hydroelectric Plant, on the Xingu River, in the State of Pará (“the Belo Monte Hydroelectric Plant”). Amazônia Energia Participações S.A will acquire the following equity interests in Norte Energia from the vendors as follows:

- | | |
|--|--|
| (i) Construtora Queiroz Galvão S.A.: 2.51%; | (ii) Construtora OAS Ltda.: 2.51%; |
| (iii) Contern Construções e Comércio Ltda.: 1.25%; | (iv) Cetenco Engenharia S.A.: 1.25%; |
| (v) Galvão Engenharia S.A.: 1.25%; and | (vi) J. Malucelli Construtora de Obras S.A.: 1%. |

EGM (Extraordinary General Meeting of Stockholders) of December 21, 2011

The matters on the agenda were approved:

- 1 Changes to the Company's by-laws, to:
 - I. Change the drafting of Sub-item X of Clause 17, to change the attributes of the Chief Counsel;
 - II. Change the drafting of Sub-item XI of Clause 17, to change the attributes of the Chief Institutional Relations and Communication Officer;
 - III. Change the wording of Subclause “c” of the head paragraph of Clause 12, to improve the drafting, to provide it with greater clarity and scope, in accordance with the principle of transparency in corporate governance;
 - IV. Change the wording of §2 of Clause 12, to improve the drafting, relating to delegation of powers by the Board of Directors to the Executive Board in relation to signature of contracts and other legal transactions with related parties.
- 2 Change in the composition of the Board of Directors, if there is alteration in the composition of the Board

of Directors of Cemig.

The copies of the minutes of the above meetings are at the disposal of the Fiduciary Agent.

The Issuer held other general Meetings of Stockholders, the minutes of which are available on the site <http://www.cvm.gov.br> and in our archives. However, the materials made available there are not related to the Issue concerned, nor to the changes in the by-laws

UPDATING OF INFORMATION:

The Investor Relations Director of the issuer has sent a statement to this Fiduciary Agent that during the business year of 2011:

- it is up to date with its obligations specified in the Deed of the 2nd Debenture Issue;
- its registry for listing is up to date with the Brazilian Securities Commission (CVM);
- the funds raised from the Issue were used as specified in the Deed;
- the Issuer maintained management units capable of serving the holders of the Debentures of the Issue;
- its assets are adequately insured, in accordance with the Company's internal rules;
- no acts were carried out that are not in accordance with the bylaws of the Issuer;
- none of the events for early maturity specified in Clause VII, item 7.1 of the Deed took place; and
- its statements made in the Deed remain valid.

SURETY GUARANTEE

The issue has a surety given by the Consenting Party, Companhia Energética de Minas Gerais – CEMIG. Based on the information provided by the Issuer, the stockholders' equity of the consenting Party on December 31, 2011 was sufficient to cover the financial events of the Issue, as per the table below.

Stockholders' equity of the Consenting Party	R\$ 11,744,948,000.00
Total value of the Issue on December 31, 2011	R\$ 1,369,215,668.81

ADDITIONAL DILIGENCE:

In addition to the procedures of law and of the Deed, this Fiduciary Agent requested that the Certificate of Compliance issued by the Brazilian Federal Tax Authority (*Secretaria da Receita Federal do Brasil*, or *RFB*) be sent to it. It was found that:

1. there are debits for taxes administered by the RFB with demandability suspended under Article 151 of the National Tax Code; and
2. in the systems of the National Tax Attorneys' Office (*Procuradoria-Geral da Fazenda Nacional*) there are debits registered in the Listing of Debts Payable to the Federal Government with demandability suspended, under Article 151 of the National Tax Code.

Under Articles 205 and 206 of the National Tax Code, this document has the same effects as a certificate of compliance.

INFORMATION ON THE EXISTENCE OF OTHER DEBENTURE ISSUES (Article 12 of CVM Instruction 28/83)

We operate as Fiduciary Agent of:

- (i) the first issue, of unsecured Debentures not convertible into shares, in a single series, for public distribution, with restricted placement efforts, of **Empresa Amazonense de Transmissão e Energia S.A.**;
- (ii) the first Issue of unsecured Debentures not convertible into shares, in a single series, for public distribution with restricted placement efforts, of **ECTE – Empresa Catarinense de Transmissão de Energia S.A.**; and
- (iii) the first issue of unsecured Debentures not convertible into shares, in a single series, for public distribution, with restricted placement efforts, of **Empresa Norte de Transmissão de Energia S.A.**, which have the following characteristics:

1. Issuer: Empresa Amazonense de Transmissão de Energia S.A.
Value of the Issue: R\$ 360,000,000.00 (three hundred and sixty million Reais).
Number of debentures issued: 360 (three hundred and sixty).

Type: Unsecured.
Maturity of the debentures: March 16, 2016.
Type and value of goods given in guarantee and name of the guarantors: Not applicable.
Redemption, amortization, conversion, renegotiation or default events in the period: The first payment of the Remuneration, and of Amortization, took place on September 16, 2011.

2. Issuer: ECTE – Empresa Catarinense de Transmissão de Energia S.A.
Value of the Issue: R\$ 75,000,000.00 (seventy five million Reais).
Number of debentures issued: 75 (seventy five).
Type: Unsecured.
Maturity of the Debentures: March 16, 2016.
Type and value of goods given in guarantee and name of the guarantors: Not applicable.
Redemption, amortization, conversion, renegotiation or default events in the period: The first payment of the Remuneration, and of Amortization, took place on September 16, 2011.

3. Issuer: Empresa Norte de Transmissão de Energia S.A.
Value of the Issue: R\$ 190,000,000.00 (one hundred and ninety million Reais).
Number of debentures issued: 190 (one hundred and ninety).
Type: Unsecured.
Maturity of the Debentures: 16 March, 2016.
Type and value of the goods given in guarantee and name of the guarantors: Not applicable.
Redemption, amortization, conversion, renegotiation or default events in the period: The first payment of the Remuneration, and of Amortization, took place on September 16, 2011.

INFORMATION REQUIRED UNDER CVM INSTRUCTION 28/83, AND IN ACCORDANCE WITH SUB-CLAUSE "B" OF § 1 OF ARTICLE 68 OF LAW 6404/76:

Subclause "a" of Sub-item XVII of Article 12 of CVM Instruction 28/83 – "Any omission or inaccuracy, contained in the information disclosed by the company, or any default or arrears in the obligatory presentation of information by the company, of which it is aware."	We are not aware of any omission or inaccuracy, contained in the information disclosed by the company, nor any default or arrears in the obligatory presentation of information by the company.
Sub-clause "b" of Sub-item XVII of Article 12 of CVM Instruction 28/83 – "Changes in the by-laws taking place in the period".	There was a change in the by-laws, as stated above in the table "Legal and Corporate Events".
Sub-clause "c" of Sub-item XVII of Article 12 of CVM Instruction 28/83 – "Comments on the financial statements of the Company, focusing on the Company's economic, financial and capital structure indicators".	Information available in the Comments on the Financial Statements.
Sub-clause "d" of Sub-item XVII of Article 12 of CVM Instruction 28/83 – "Position of the distribution or placement of the debentures in the market".	Information available above, in the table of debentures in circulation, as already made available to CETIP.
Sub-clause "e" of Sub-item XVII of Article 12 of CVM Instruction 28/83 – "Redemption Amortization, conversion, renegotiation or payment of interest of the debentures taking place in the period, and acquisitions and sales of debentures made by the issuer company".	There has been no redemption, total nor partial, in this issue. The debentures will be amortized as set out in the report. They are not subject to renegotiation and are not convertible into shares. We are not aware of the Issuer acquiring any debentures in the secondary market and placing them again in circulation. We point out that the totality of the debentures of the second series remains in circulation.
Sub-clause "f" of Sub-item XVII of Article 12 of CVM Instruction 28/83 – "Constitution of and/or investment by the debentures amortization fund, when applicable".	No debentures amortization fund was constituted.
Sub-clause "q" of Sub-item XVII of Article 12 of CVM	Information contained above, in the item "Use of

Instruction 28/83 – “Accompaniment of the allocation of the funds raised through the debenture issue, according to data obtained from the managers of the Issuer company”.	Funds”.
Sub-clause “h” of Sub-item XVII of Article 12 of CVM Instruction 28/83 – List of the goods and financial assets delivered for your management.	No goods or financial assets were delivered to the Fiduciary Agent for management.
Sub-clause “i” of Sub-item XVII of Article 12 of CVM Instruction 28/83 – “Compliance with other obligations assumed by the Company in the issue deed”.	Information available in this present report.
Sub-clause “j” of Sub-item XVII of Article 12 of CVM Instruction 28/83 – “Declaration on sufficiency and enforceability of the guarantees of the debentures”.	The issue is unsecured (guaranteed by the signature of signatories). The issue also has a surety which, according to the figures presented, appears to be sufficient and enforceable.
Sub-clause “k” of Sub-item XVII of Article 12 of CVM Instruction 28/83 – “Statement on your attitude to continue exercising the function of fiduciary agent”.	Statement provided below.
Sub-clause “l” of Sub-item XVII of Article 12 of CVM Instruction 28/83 - "Statement on the existence of other issues of debentures, public or private, made by any company that is affiliated, a subsidiary, a parent company or a member of the same group as the issuer, in which you have acted as fiduciary agent, in the period".	We act as Fiduciary Agent for: (i) the first Issue of Unsecured Debentures not convertible into shares, in a single series, for public distribution, with restricted placement efforts, of Empresa Amazonense de Transmissão e Energia S.A. ; (ii) the first issue of unsecured debentures not convertible into shares, in a single series, for public distribution, with restricted placement efforts, of ECTE – Empresa Catarinense de Transmissão de Energia S.A. ; and (iii) the first Issue of unsecured debentures not convertible into shares, in a single series, for public distribution, with Restricted Placement Efforts, of Empresa Norte de Transmissão de Energia S.A. , as per the characteristics set out above.

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

THE COMPANY

SITUATION OF THE COMPANY: Operational
NATURE OF STOCKHOLDING CONTROL: State-controlled.

FINANCIAL SITUATION

The “Acid test ratio” (*Liquidez geral*) remained at 0.75 in 2011.
The Current Ratio diminished from 2.06 in 2010 to 0.52 in 2011.
The “Quick Ratio” (*Liquidez seca*) was reduced from 2.05 in 2010 to 0.52 to 2011.
Asset Turnover increased from 0.27 in 2010 to 0.29 in 2011.

CAPITAL STRUCTURE

The ratio [Loans over Stockholders’ equity] changed from 1.51 in 2010 to 1.64 in 2011.
The ratio (Third party funds over Stockholder’s equity) changed from 1.90 in 2010 to 2.08 in 2011.
Fixed assets over Stockholders’ equity changed from 1.39 in 2010 to 1.42 in 2011.
From 2010 to 2011, non-current Liabilities diminished by 46.1%, and Current Liabilities increased by 294%.

RESULTS

The Profit reported for 2011 was R\$ 1,269,012,000, compared to profit of R\$ 1,084,110,000 in 2010.
Net Revenue in 2011 was 16.06% higher than in 2010.

Gross margin was 59.96% in 2011, compared to 57.11% in 2010;
Net margin was 27.85%, compared to 27.61% in 2010.
Operational expenses increased by 5.67% from 2010 to 2011.
Net profit was 17.06% higher than in 2010, and as a percentage of Stockholders' equity was 24.95% in 2011, vs. 21.46% in 2010.

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

STATEMENT BY THE FIDUCIARY AGENT

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


Jose Alexandre Freitas


Gustavo Dezouart T. Pinto

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (R\$ '000)			
ASSETS			
		31/12/2011	31/12/2010
1	Total Assets	15,681,247	14,665,324
1.01	Current assets	3,269,910	3,271,910
1.01.01	Cash and cash equivalents	1,550,033	1,761,817
1.01.02	Cash investments	170,492	319,277
1.01.03	Accounts receivable	1,438,149	984,100
1.01.04	Inventories	6,263	4,585
1.01.06	Taxes recoverable	104,973	202,131
1.02	Non-current assets	12,411,337	11,393,414
1.02.01	Long term assets	4,632,327	3,891,221
1.02.02	Investments	109,518	0
1.02.03	Fixed assets	7,199,635	7,024,474
1.02.04	Intangible	469,857	477,719
LIABILITIES			
		31/12/2011	31/12/2010
2	Total liabilities	15,681,247	14,665,324
2.01	Current liabilities	6,269,073	1,590,970
2.01.01	Labor and associated obligations	64,857	57,346
2.01.02	Suppliers	182,166	175,792
2.01.03	Tax obligations	114,410	68,489
2.01.04	Loans and financings	5,680,805	1,020,139
2.01.05	Other obligations	226,835	269,204
2.02	Non-current liabilities	4,326,098	8,023,709
2.02.01	Loans and financings	2,667,135	6,615,631
2.02.02	Other obligations	842,417	710,020
2.02.03	Deferred taxes	748,456	691,048
2.02.04	Provisions	68,090	7,010
2.03	Consolidated Stockholders' equity	5,086,076	5,050,645
2.03.01	Paid-up registered share capital	3,296,785	3,296,785
2.03.03	Revaluation reserves	799,085	908,269
2.03.04	Profit reserves	989,503	844,198
2.03.07	Accumulated Conversion Adjustment	703	1,393

Profit and loss account			
CONSOLIDATED			
(R\$ '000)			
		31/12/2011	31/12/2010
3.01	Net revenue from sales and/or services	4,556,700	3,926,201
3.02	Cost of goods and /or services sold	-1,824,516	-1,683,759
3.02.01	Charges for the use of the basic transmission grid	-244,597	-250,174
3.02.02	Electricity bought for resale	-582,990	-370,721
3.02.03	Personnel and managers	-228,069	-229,794
3.02.05	Material	-18,163	-23,387
3.02.06	Raw materials and inputs for production of electricity	0	0
3.02.07	Outsourced services	-115,392	-132,466
3.02.08	Depreciation and amortization	-362,019	-373,491

3.02.09	Operational (provisions /) reversals	-7,548	9,070
3.02.10	Royalties for use of water resources	-147,531	-135,470
3.02.11	Construction costs	-92,396	-163,780
3.02.12	Other costs of operation	-25,811	-13,546
3.03	Gross profit	2,732,184	2,242,442
3.04	Operational revenue (expenses)	-278,035	-263,120
3.04.01	Selling expenses	-4,629	2,235
3.04.02	General and administrative expenses	-113,137	-146,382
3.04.03	Losses on non-recoverability of assets	0	0
3.04.04	Other operational revenues	0	0
3.04.05	Other operational expenses	-159,525	-118,973
3.04.06	Equity gain (loss) on subsidiaries	-744	0
3.05	Profit before Financial revenue (expenses)	2,454,149	1,979,322
3.06	Financial revenue (expenses)	-691,562	-512,953
3.06.01	Financial revenues	276,528	317,740
3.06.02	Financial expenses	-968,090	-830,693
3.07	Profit (loss) before taxes on profit	1,762,587	1,466,369
3.08	Income tax and Social Contribution tax	-493,575	-382,259
3.08.01	Current	-469,016	-453,693
3.08.02	Deferred	-24,559	71,434
3.09	Net profit (loss) from continued operations	1,269,012	1,084,110
3.10	Net profit (loss) from discontinued operations	0	0
3.10.01	Net profit (loss) from Discontinued Operations	0	0
3.10.02	Net gains (losses) on assets of discontinued operations	0	0
3.11	Consolidated profit (loss) for the period	1,269,012	1,084,110
3.11.01	Attributed to owners of parent company	1,269,012	1,084,110
3.11.02	Attributed to non-controlling stockholders	0	0
3.99	Profit per share (R\$ per share)	0	0
3.99.01	Basic profit per share	0	0
3.99.02	Diluted profit per share	0	0

Financial indicators		
	31/12/2011	31/12/2010
Leverage		
Third party funds / Stockholders' equity	2.08	1.90
Loans / Stockholders equity	1.64	1.51
Indicators of activity		
Asset turnover	0.29	0.27
Fixed assets		
Fixed asset ratio	1.42	1.39
Liquidity		
Acid test liquidity ratio	0.75	0.75
Current ratio	0.52	2.06
Quick ratio	0.52	2.05
Profitability		
Gross margin	59.96%	57.11%
Net margin	27.85%	27.61%
Return on equity	24.95%	21.46%

Source: Standardized Financial Statements (DFP) for the business year 2011.