

# **CEMIG GERAÇÃO E TRANSMISSÃO S.A.**

*2<sup>nd</sup> Public Issue of Debentures*

*Annual report of the Fiduciary Agent  
on business year 2012*

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**CHARACTERISTICS OF THE ISSUE**

<b>Issue Date:</b>	15/01/2010
<b>Expiry date:</b>	15/01/2015
<b>Fiduciary Agent:</b>	Oliveira Trust DTVM S.A.
<b>Managers:</b>	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, Banco BTG Pactual.
<b>Mandated Bank:</b>	Banco Bradesco S.A.
<b>Reporting Bank:</b>	Banco Bradesco S.A.
<b>Volume(*):</b>	R\$ 2,700,000,000.00
<b>Number of debentures:</b>	270,000
<b>Number of series:</b>	2
<b>PUBLICATION:</b>	<i>Valor Econômico</i> – National Edition, and on the Issuer's website.
<b>Use of proceeds:</b>	According to a statement by the Issuer, the net proceeds obtained by the Issuer from paying-up of the Debentures were applied in full to redeem the 270 Commercial Promissory Notes of the Company's 3 <sup>rd</sup> Issue, with nominal unit value of R\$ 10,000,000.00, issued on October 30, 2009.

(\*) At Issue Date.

**CHARACTERISTICS OF THE FIRST SERIES**

This series matured and was settled in full on January 15, 2012. Hence there are no more debentures of this series in circulation in the market.

**CHARACTERISTICS OF THE SECOND SERIES**

<b>ISSUE DATE:</b>	January 15, 2010
<b>EXPIRY DATE:</b>	January 15, 2015
<b>VOLUME (*):</b>	R\$ 1,134,000,000.00
<b>NOMINAL UNIT VALUE (*):</b>	R\$ 10,000.00
<b>UNIT PRICE ON 31/12/2012:</b>	R\$ 12,745.45
<b>NUMBER OF DEBENTURES:</b>	113,400
<b>REGISTRY WITH THE CVM:</b>	CVM/SRE/DEB/2010/006
<b>DATA OF CVM REGISTRY:</b>	02/03/2010
<b>ASSET CODE:</b>	CMTR22 and CMGT-D22
<b>ISIN CODE:</b>	BRCMGTDDBS039
<b>TRADING:</b>	SND – Cetip / CBLC
<b>FORM:</b>	Nominal, book-entry.
<b>GUARANTEE:</b>	Unsecured, additionally having guarantee of a surety given by Companhia Energética de Minas Gerais – CEMIG.
<b>Class:</b>	Not convertible into shares.

(\*) At Issue Date.

**MONETARY UPDATING:**

Indexor	Period
IPCA inflation index	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 15th of each year, the first payment being payable on January 15, 2011 the last on January 15, 2015.
Document:	1 <sup>st</sup> 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%

The nominal unit value will be amortized in annual installments, on January 15 of 2013, 2014 and 2015.

**Renegotiation:**

None.

**Ratings:**

Date	Global Scale	Brazil Scale	Rating agency
04/02/2011	Baa3	Aa1.br	Moody's
25/01/2012	Baa3	Aa1.br	Moody's
29/02/2012	Baa3	Aa1.br	Moody's
05/02/2013	Baa3	Aa1.br	Moody's

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

The issuer ratings reflect the general profile of investment grade of Cemig as a surety on a consolidated basis, the relatively stable cash, predictable flows, the good track record of local bank and capital market financing.

**PAYMENTS MADE, PER DEBENTURE, IN 2012:**

There were no payments during the business year of 2010.

Interest	
Date of payment	Unit value (R\$)
Jan 16, 2012	862.66

**POSITION OF THE ASSET ON December 31, 2012:**

In circulation	113,400 (2 <sup>nd</sup> Series)
Treasury	0 (2 <sup>nd</sup> Series)
<b>Total</b>	<b>113,400 (2<sup>nd</sup> Series)</b>

## Legal and Corporate Events

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### Material Announcement – March 16, 2012

Cemig GT announced that Transmissora Aliança de Energia Elétrica S.A. (**Taes**a), an affiliated Company of Cemig, signed a share purchase agreement on today's date with **Abengoa Concessões Brasil Holding S.A.** for acquisition of the remaining 50% of the shares held by **Abengoa** in **União de Transmissoras de Energia Elétrica S.A. (Unisa)**, which in turn owns 99.99% of the share capital of the following transmission companies:

**STE Sul Transmissora de Energia S.A.,      ATE Transmissora de Energia S.A.,**  
**ATE II Transmissora de Energia S.A.,      ATE III Transmissora de Energia S.A.**

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### Material Announcement – April 11, 2012

Cemig GT announced that on this date its affiliated company Transmissora Aliança de Energia Elétrica S.A. ("TAESA") filed the following Material Announcement:

"Transmissora Aliança de Energia Elétrica S.A. ("the Company"), in accordance with Article 157, Paragraph 4 of Law 6404/76 and CVM Instruction 358/2002, and in view of its commitment to best corporate governance practices, hereby announces to the public, its stockholders and the market in general that it has contracted investment banks and other advisers to evaluate the possibility of making a public offering for distribution of shares ("the Offering") The Company also informs the public that BM&F Bovespa S.A. (the Stock, Commodities and Futures Exchange) has given it authorization until June 30, 2012 to comply with the requirement of the Level 2 Corporate Governance Listing Regulations that a minimum percentage of 25% of its shares in circulation should qualify as the free float."

### Annual General Meeting of Stockholders – April 27, 2012

The Meeting approved:

- a) The Report of Management and the Financial Statements for the year ended December 31, 2011, and the respective complementary documents, which had been placed at the disposal of stockholders by a notice published in the newspapers *Minas Gerais* and *O Tempo* on March 28, 29 and 30 and published in the same newspapers on April 12 of this year.
- b) The Proposal by the Board of Directors mentioned in Item II, subclause 'b' above.
- c) The proposal of the representatives of the stockholder Cemig as to the composition of the Board of Directors.
- d) Nomination by the representatives of Cemig of the members to sit on the Audit Board, in consequence of the provision of Item IV above, and in view of the election of the members of the Audit Board of the sole stockholder, which took place at the Ordinary and Extraordinary General Meetings of Stockholders of that Company held currently on today's date.

### Extraordinary General Meeting of Stockholders – August 29, 2012

The Meeting approved the proposal by the representatives of the stockholder Cemig as to the composition of the Board of Directors to complement the present period of office, i.e. until the Annual General Meeting of 2013, with the election of new members.

The copies of the minutes described above 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 that is the subject of this report, nor to the changes in the Bylaws

### UPDATING OF INFORMATION:

The Investor Relations Director of the Issuer has sent a statement to this Fiduciary Agent, to the effect that during the business year of 2010:

- it is up to date with its obligations specified in the Deed of the 2<sup>nd</sup> Debenture Issue;
- its registry for listing is up to date with the CVM (Brazilian Securities Commission – *Comissão de Valores Mobiliários*);
- 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 Issuer's by-laws; and there was no change to the by-laws;
- 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 issuer 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, 2012 was R\$ 12,044,062,000.00.

**ADDITIONAL DILIGENCE:**

In addition to the legal procedures and the issue deed, this Fiduciary Agent requested sending of Absence of Debits in relation to federal taxes issued by the Brazilian Federal revenue Service ('RFB').

1. There are debits relating to taxes administered by the RFB with demandability suspended, under Article 151 of the National Tax Code (CTN).
2. In the systems of the Procurator-General of the National Tax Department there are debits listed in the Register of Federal Receivable Assets 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 that no tax due.

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

We declare that we provide Fiduciary Agent services to the following companies belonging to the same economic group as the Issuer:

- (i) Empresa Amazonense de Transmissão de Energia S.A., for its first public issue of unsecured debentures, with maturity on March 16, 2016, with total volume on the issue date of R\$ 360,000,000.00 (three hundred sixty million), through issue of 360 debentures. There have been no redemption, conversion, renegotiation or default events in 2012, but payments of interest and amortization were made monthly, on the 16th day of each month.
- (ii) Empresa Amazonense de Transmissão de Energia S.A., for its second public issue of unsecured debentures, with maturity on October 19, 2017, with total volume on the issue date of R\$ 150,000,000.00 (one hundred fifty million), through issue of 15,000 debentures. There have been no redemption, conversion, renegotiation or default events in 2012, and no payments of interest or amortization were made in the year.
- (iii) ECTE – Empresa Catarinense de Transmissão de Energia S.A. , for its first public issue of unsecured debentures, with maturity on March 16, 2016, with total volume on the issue date of R\$ 75,000,000.00 (seventy five million), through issue of 75 debentures. There have been no redemption, conversion, renegotiation or default events in 2012, but payments of interest and amortization were made monthly, on the 16th day of each month.
- (iv) ECTE – Empresa Catarinense de Transmissão de Energia S.A., for its first public issue of unsecured debentures, with maturity on October 29, 2017, with total volume on the issue date of R\$ 80,000,000.00 (eighty million), through issue of 8,000 debentures. There have been no redemption, conversion, renegotiation or default events in 2012, and no payments of interest or amortization were made in the year.

- (v) Empresa Norte de Transmissão de Energia S.A., for its first public issue of unsecured debentures, with maturity on March 16, 2016, with total volume on the issue date of R\$ 190,000,000.00 (one hundred ninety million), through issue of 190 debentures. There have been no redemption, conversion, renegotiation or default events in 2012, but payments of interest and amortization were made monthly, on the 16th day of each month.
- (vi) Empresa Paraense de Transmissão de Energia S.A., for its first public issue of unsecured debentures, with maturity on November 30, 2016, with total volume on the issue date of R\$ 70,000,000.00 (seventy million), through issue of 70 debentures. There have been no redemption, conversion, renegotiation or default events in 2012, but payments of interest and amortization were made monthly, on the 30th day of each month.
- (vii) Light Serviços de Eletricidade S.A., for its fourth public issue of unsecured debentures, with maturity on June 30, 2015, with total volume on the issue date of R\$ 767,252,000.00 (seven hundred sixty seven million, two hundred fifty two thousand Reais), through issue of 767,252 debentures. There have been no redemption, conversion, renegotiation or default events in 2012. There were payments of interest and amortization.
- (viii) Companhia Transirapé de Transmissão, for its first public issue of unsecured debentures, with maturity on November 14, 2017, with total volume on the issue date of R\$ 42,500,000.00 (forty two million five hundred thousand Reais), through issue of 4,250 debentures. There have been no redemption, conversion, renegotiation or default events in 2012, and no payments of interest or amortization were made in the year.
- (ix) Companhia Transudeste de Transmissão, for its first public issue of unsecured debentures, with maturity on November 14, 2017, with total volume on the issue date of R\$ 47,500,000.00 (forty seven million five hundred thousand Reais), through issue of 4,750 debentures. There have been no redemption, conversion, renegotiation or default events in 2012, and no payments of interest or amortization were made in the year.

**BLIGATORY INFORMATION UNDER CVM INSTRUCTION 28/83, AND/OR BY ANALOGY UNDER SUB-CLAUSE "B" OF § 1º 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 Bylaws that have occurred in the period".	We are not aware of any changes to the by-laws in 2012, as stated above.
Sub-clause "c" of Sub-item XVII of Article 12 of CVM Instruction 28/83 – "Comments on the company's financial statements, focusing on the economic, financial and capital structure indicators of the Company".	This information is made 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 made available above, in the table of debentures in circulation, as made available jointly with Cetip.
Sub-clause "e" of Sub-item XVII of Article 12 of CVM Instruction 28/83 – "Redemption, amortization, conversion, renegotiation or	There was no redemption, total or partial, in this issue. The debentures will be amortized as set out in the report, and there was

payment of interest of the debentures carried out in the period, and also acquisitions and sales of debentures made by the issuing company".	payment of interest in 2012. There is no renegotiation and the debentures are not convertible into shares. We are not aware that the Issuer acquired any debentures in the secondary market and placed them again in circulation. We point out that the totality of the debentures issued remains in circulation.
Sub-clause "f" of Sub-item XVII of Article 12 of CVM Instruction 28/83 – "Constitution and application of a debenture's amortization fund, when this is the case".	No debentures amortization fund has been constituted.
Sub-clause "g" of Sub-item XVII of Article 12 of CVM Instruction 28/83 – "Monitoring of the use made of the funds raised through the debenture issue, in accordance with the data obtained from the managers of the Issuer company".	Information contained above, in the item "use of proceeds".
b-clause "h" of Sub-item XVII of Article 12 of CVM Instruction 28/83 – "List of assets and amounts delivered to the fiduciary agent for administration".	No assets or amounts were delivered to the fiduciary agent for administration.
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 made available in this report.
Sub-clause "j" of Sub-item XVII of Article 12 of CVM Instruction 28/83 – "Declaration about the sufficiency and enforceability of the guarantees of the debentures".	This issue is unsecured, so that the obligations arising from the issue fall generically on the Issuer's equity. Additionally, the issue contains a surety which was duly constituted at the time of the issue.
Sub-clause "l" of Sub-item XVII of Article 12 of CVM Instruction 28/83 – "Declaration on the Fiduciary Agent's capacity to continue exercising the function of Fiduciary Agent".	Statement made available below.
CVM Instruction 28/83, Article 12, Sub-Item XVII, Subclause 'k': "Statement on the existence of other issues, public or private, of debentures by an affiliated company, a subsidiary, a parent company or a member of the same group as the Issuer in which the Fiduciary Agent has also acted as fiduciary agent in the period."	We declare that we provide Fiduciary Agent services to companies belonging to the same economic group as the Issuer, as set out above.

# **COMMENTS ON THE FINANCIAL STATEMENTS OF CEMIG GERAÇÃO E TRANSMISSÃO S.A.**

## **THE COMPANY**

SITUATION OF THE COMPANY: Operational

NATURE OF THE STOCKHOLDING CONTROL: State-controlled

## **FINANCIAL SITUATION**

General liquidity increased from 0.74 in 2011 to 0.76 in 2012.

Current liquidity increased from 0.52 in 2011 to 1.33 in 2012.

“Quick (“acid test”) ratio” increased from 0.52 in 2011 to 1.33 in 2012.

Asset turnover increased from 0.29 in 2011 to 0.33 in 2012.

## **CAPITAL STRUCTURE**

The Company’s index of Loans to Stockholders’ Equity was reduced from 1.64 in 2011 to 1.51 in 2012. The ratio of third party funds to Stockholders’ Equity decreased from 2.05 in 2011 to 2.00 in 2012. The ratio of fixed assets to Stockholders’ Equity was reduced from 1.42 in 2011 to 1.35 in 2012. Non-current assets increased by 91.4% from 2011 to 2012; and Current liabilities were reduced by 53.6%.

## **PRINCIPAL RESULTS**

The Company reported net profit in 2012 of R\$ 1,919,485,000, which compares with net profit of R\$ 1,269,012,000 in 2011. Net revenue in 2012 was 19.69% higher than in 2011. Gross margin was 61.54% in 2011, compared to 59.42% the previous year, and Net margin was 35.39%, compared to 28% in 2011. Operational expenses were reduced by 69.07% from 2011 to 2012. Net profit was 51.26% higher than in 2011. Net profit as a percentage of Stockholders’ equity was 35.50% in 2010, compared to 24.95% in 2011.

We recommend 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.



**CONSOLIDATED BALANCE SHEET (R\$ '000)**

**ASSETS**

		31/12/2012	31/12/2011
1	TOTAL ASSETS	16,234,970	15,493,240
1.01	Current assets	3,870,971	3,269,910
1.01.01	Cash and cash equivalents	825,362	1,550,033
1.01.02	Cash investments	1,320,807	170,492
1.01.03	Accounts receivable	677,673	634,687
1.01.04	Inventories	8,137	6,263
1.01.06	Taxes recoverable	155,460	104,973
1.01.08	Other current assets	883,532	803,462
1.02	Non-current assets	12,363,999	12,223,330
1.02.01	Long term assets	4,359,588	4,416,479
1.02.02	Investments	202,978	109,518
1.02.03	Fixed assets	7,295,307	7,199,635
1.02.04	Intangible	506,126	497,698

**LIABILITIES**

		31/12/2012	31/12/2011
2	Total liabilities	16,234,970	15,493,240
2.01	Current liabilities	2,908,997	6,269,073
2.01.01	Labor and associated obligations	59,383	64,857
2.01.02	Suppliers	291,377	182,166
2.01.03	Tax obligations	99,592	114,410
2.01.04	Loans and financings	1,801,336	5,680,805
2.01.05	Other obligations	657,309	226,835
2.02	Non-current liabilities	7,919,567	4,138,091
2.02.01	Loans and financings	6,338,987	2,667,135
2.02.02	Other obligations	989,081	842,418
2.02.03	Deferred taxes	575,287	560,448
2.02.04	Provisions	16,212	68,090
2.03	Consolidated stockholders' equity	5,406,406	5,086,076
2.03.01	Registered capital paid-up	3,296,785	3,296,785
2.03.03	Revaluation reserves	690,776	799,788
2.03.04	Profit reserves	1,418,845	989,503

### Consolidated profit and loss accounts, R\$ '000

		31/12/2012	31/12/2011
3.01	Gross revenue from sales and/or services	5,424,070	4,531,609
3.02	Cost of goods and /or services sold	-2,085,969	-1,838,812
3.02.01	Charges for the use of the basic transmission grid	-269,269	-244,597
3.02.02	Electricity bought for resale	-728,807	-582,990
3.02.03	Personnel and managers	-245,540	-228,069
3.02.04	Employees' profit shares	-20,833	-18,163
3.02.06	Raw materials and inputs for production of electricity	0	0
3.02.07	Outsourced services	-148,321	-115,392
3.02.08	Depreciation and amortization	-353,628	-376,315
3.02.09	Operational (provisions / ) reversals	3,825	-7,548
3.02.10	Royalties for use of water resources	-179,499	-147,531
3.02.11	Construction costs	-118,320	-92,396
3.02.12	Other costs of operation	-25,577	-25,811
3.03	Gross profit	3,338,101	2,692,797
3.04	Operational revenue (expenses)	-85,998	-278,035
3.04.01	Selling expenses	-2,004	-4,629
3.04.02	General and administrative expenses	-177,904	-113,137
3.04.03	Losses on impairment of assets	0	0
3.04.04	Other operational revenues	0	0
3.04.05	Other operational expenses	-162,561	-159,525
3.04.06	Equity gain (loss) on subsidiaries	256,471	-744
3.05	Operational profit before Financial revenue (expenses)	3,252,103	2,414,762
3.06	Financial revenue (expenses)	-639,780	-662,022
3.06.01	Financial revenues	258,054	276,528
3.06.02	Financial expenses	-897,834	-938,550
3.07	Profit (loss) before taxes on profit	2,612,323	1,752,740
3.08	Income tax and Social Contribution tax	-692,838	-483,728
3.08.01	Current	-632,213	-469,016
3.08.02	Deferred	-60,625	-14,712
3.09	Net profit (loss) from continued operations	1,919,485	1,269,012
3.10	Net profit (loss) from discontinued operations	0	0
3.10.01	Trading profit (loss) from discontinued operations	0	0
3.10.02	Net gains (losses) on assets of disc. operations	0	0
3.11	Consolidated profit (loss) for the period	1,919,485	1,269,012
3.11.01	Attributed to owners of parent company	1,919,485	1,269,012
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

<b>Financial indicators</b>		
	<b>31/12/2012</b>	<b>31/12/2011</b>
<b>Leverage</b>		
Third party funds / Stockholders' equity	2.00	2.05
Loans / Stockholders equity	1.51	1.64
<b>Indicators of activity</b>		
Asset turnover	0.33	0.29
<b>Fixed assets</b>		
Fixed asset ratio	1.35	1.42
<b>Liquidity</b>		
General liquidity ratio	0.76	0.74
Current liquidity	1.33	0.52
Quick (Acid test) ratio	1.33	0.52
<b>Profitability</b>		
Gross margin	61.54%	59.42%
Net margin	35.39%	28%
Return on equity	35.50%	24.95%

N.A – Not applied

Source: Uniform Financial Statements ("DFP") for the business year 2012.