ENERGY CO OF MINAS GERAIS
Form 6-K
June 15, 2012

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of June 2012

Commission File Number 1-15224

Energy Company of Minas Gerais

(Translation of Registrant s Name Into English)

Avenida Barbacena, 1200

30190-131 Belo Horizonte, Minas Gerais, Brazil

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F _X_ Form 40-F __

Indicate by check mark if the registrant is submitting the Form 6-K in paper
as permitted by Regulation S-T Rule 101(b)(1): ____

Indicate by check mark if the registrant is submitting the Form 6-K in paper
as permitted by Regulation S-T Rule 101(b)(7): ____

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ___ No _X_

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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Forward-Looking Statements

This report contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. Actual results could differ materially from those predicted in such forward-looking statements. Factors which may cause actual results to differ materially from those discussed herein include those risk factors set forth in our most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. CEMIG undertakes no obligation to revise these forward-looking statements to reflect events or circumstances after the date hereof, and claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

By:	/s/ Arlindo Porto Neto	
	Name:	Arlindo Porto Neto
	Title:	Acting Chief Officer for Finance and Investor Relations

Date: June 15, 2012

1. Summary of Principal Decisions of the 536th Meeting of the Board of Directors, May 24, 2012

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64 NIRE 31300040127

Summary of principal decisions

At its 536th meeting, held on May 24, 2012, the Board of Directors of Cemig (Companhia Energética de Minas Gerais) decided the following matters:

1. Signature, as guarantor, with the Brazilian Development Bank (BNDES), of an amendment to a financing contract between Norte Energia S.A. and Caixa Econômica Federal (Federal Savings Bank).

2. Concession of a guarantee to a loan contracted by Cemig D.

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2. Summary of Principal Decisions of the 537th Meeting of the Board of Directors, May 24, 2012

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64 NIRE 31300040127

Summary of principal decisions

At its 537th meeting, held on May 24, 2012, the Board of Directors of Cemig (Companhia Energética de Minas Gerais) decided the following matters:

1. Signature of a real estate rental contract with Companhia de Gás de Minas Gerais Gasmig.

2. Constitution of consortium by Cemig GT / Re-ratification of Board Spending Decision (CRCA).

3. Limits of financial covenants in the by-laws.

4. Convocation of EGM to decide on limits for financial covenants in the by-laws.

5. Change in the composition of the committees of the Board of Directors.

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3. Summary of Principal Decisions of the 538th Meeting of the Board of Directors, June 5, 2012

COMPANHIA ENERGÉTICA DE MINAS GERAIS   CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64

NIRE 31300040127

Summary of principal decisions

The Board of Directors of **Cemig** (*Companhia Energética de Minas Gerais*), at its 538th meeting, held on June 5, 2012, decided the following:

1. Signature, as guarantor, with the Brazilian Development Bank (BNDES), of an amendment to a financing contract between Norte Energia S.A. and Caixa Econômica Federal (Federal Savings Bank) / Re-ratification of a Board Spending Decision (CRCA).

2. Granting of a guarantee for an issue of Promissory Notes by Cemig D.

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4. Summary of Principal Decisions of the 539th Meeting of the Board of Directors, June 14, 2012

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64

NIRE 31300040127

Summary of principal decisions

The Board of Directors of **Cemig** (*Companhia Energética de Minas Gerais*), at its 539th meeting, held on June 14, 2012, decided the following:

1. Signature of amendments to contracts, with Sul América Seguros de Vida e Previdência S.A., and allocation of funding availability, in 2012, in relation to the MSO.

2. Contracting of group life insurance.

3. Orientation of vote in a meeting of the Board of Directors of Light S.A.

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5. Summary of Minutes of the 535th Meeting of the Board of Directors, May 17, 2012

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64 NIRE 31300040127

BOARD OF DIRECTORS

SUMMARY OF MINUTES

OF THE 535TH MEETING

Date, time and place: May 17, 2012 at 4 p.m. at the company s head office,
Av. Barbacena 1200, 21th Floor, Belo Horizonte, Minas Gerais, Brazil.

Meeting Committee: Chairs: Dorothea Fonseca Furquim Werneck, Guy Maria Villela Paschoal;
Secretary: Anamaria Pugedo Frade Barros

Summary of proceedings:

I **Conflict of interest:** The Chair asked the Board Members present whether any of them had conflict of interest in relation to the matters on the agenda, and all stated there was no such conflict of interest, except:

- the Board member Christiano Miguel Moisés, who said he had conflict of interest in the matter of the transfer of the holdings of Cemig and Cemig GT in the companies of the TBE Group to Transmissora Aliança de Energia Elétrica S.A. Taesa;

- and the Board members

Dorothea Fonseca Furquim Werneck,	João Camilo Penna,
Djalma Bastos de Morais,	Maria Estela Kubitschek Lopes,
Antônio Adriano Silva,	Fernando Henrique Schüffner Neto,
Arcângelo Eustáquio Torres Queiroz,	Lauro Sérgio Vasconcelos David, and
Francelino Pereira dos Santos,	Paulo Sérgio Machado Ribeiro,

who said they had conflict of interest in the matter of signature, with the State of Minas Gerais, and with the Cemig Receivables Investment Fund (the Cemig FIDC) of the Term of Agreement and Full Settlement of the CRC Account Balance (the CRC Contract Settlement Agreement).

II **Scrutiny:** The Chair reported that the Strategy Committee of the Board of Directors had examined all the matters on the agenda, and recommended approval of all of them.

III **The Board approved:**

a) The proposal of the Board member Saulo Alves Pereira Junior to elect Ms. Dorothea Fonseca Furquim Werneck as Chair of the Board, and Mr. Djalma Bastos de Morais as Vice-chair, for two years, that is to say, until the first meeting of the Board of Directors after the Annual General Meeting of 2014.

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b) The proposal of the Chair to elect the following persons to the following positions as members of the Executive Board, with a period of office of three years, that is to say, up to the first meeting of the Board of Directors held after the Annual General Meeting of 2015:

Chief Executive Officer:	**Djalma Bastos de Morais;**
Deputy CEO:	**Arlindo Porto Neto;**
Chief Trading Officer:	**José Raimundo Dias Fonseca;**
Chief Distribution and Sales Officer:	**José Carlos de Mattos;**
Finance and Investor Relations Officer:	**Luiz Fernando Rolla;**
Chief Generation and Transmission Officer:	**Luiz Henrique de Castro Carvalho;**
Chief Corporate Management Officer:	**Frederico Pacheco de Medeiros;**
Chief Business Development Officer:	**Fernando Henrique Schüffner Neto;**
Chief Officer for the Gas Division:	**Fuad Jorge Noman Filho;**
Chief Counsel:	**Maria Celeste Morais Guimarães;**
Chief Institutional Relations and Communication Officer:	**Luiz Henrique Michalick.**

c) The minutes of this meeting.

IV The Board authorized:

a) Signature of the Private Contract for Investment in Transmission Assets under which the minority equity interests held by Cemig and Cemig GT in the share capital of the following holders of public electricity service concessions (the companies of the TBE Group) will be transferred to Transmissora Aliança de Energia Elétrica S.A. Taesa:

Empresa Catarinense de Transmissão de Energia S.A.	ECTE,
Empresa Regional de Transmissão de Energia S.A.	ERTE,
Empresa Norte de Transmissão de Energia S.A.	ENTE,
Empresa Paranaense de Transmissão de Energia S.A.	ETEP,
Empresa Amazonense de Transmissão de Energia S.A.	EATE, and
Empresa Brasileira de Transmissão de Energia S.A.	EBTE.

Within the scope of this transaction (the Stockholding Restructuring), **Taesa** will disburse

- one billion seven hundred thirty two million Reais,

adjusted by the CDI rate from December 31, 2011, less any dividends and/or Interest on Equity declared, whether paid or not, as follows:

- one billion six hundred sixty seven million eight hundred ninety five thousand Reais to **Cemig**; and

- sixty four million one hundred five thousand Reais to **Cemig GT**.

The amount involved was agreed by the companies based on technical evaluations contracted from independent external valuers. The Stockholding Restructuring has been previously submitted to the Board of Directors of Taesa for their approval, and is further subject to approval by the General Meeting of Stockholders of that company. In accordance with Article 155 of the Corporate Law, both Cemig GT, and those members of the Board of Directors of Taesa nominated by it, did not take part in, and will not take part in, any decision on this matter.

The Stockholding Restructuring is in accordance with Cemig s strategic planning, which aims to consolidate the Company s holdings in electricity transmission companies in a single corporate vehicle, and also to optimize assessment of opportunities in future auctions of transmission lines and acquisition of assets in operation, in such a way as to add greater value for stockholders.

With the implementation of the Stockholding Restructuring, Taesa will have an interest in 9,378 km of transmission lines, resulting in an addition of 3,127 km, strengthening its capacity for generation of cash and profits for stockholders. The Stockholding Restructuring will be submitted for approval to the Brazilian antitrust bodies, including CADE (*Conselho Administrativo de Defesa Econômica*) in the form and within the period specified by the respective legislation; and its conclusion will be subject to obtaining of the relevant prior approvals, which include the consent of the Brazilian National Electricity Agency, Aneel, and of the financing banks, in particular the Brazilian Development Bank (BNDES).

The above named companies have informed the public that implementation of the Stockholding Restructuring will not give the stockholders of Taesa the right to withdraw.

b) Signature, with the State of Minas Gerais and with the Cemig CRC Account Receivables Investment Fund (*Fundo de Investimento em Direitos Creditórios Conta CRC* the Cemig FIDC) of the Term of Agreement and Full Settlement of the CRC Account Balance (the **CRC Contract Settlement Agreement**), which provides for early payment by the State of Minas Gerais of the amount of the debt arising from the **CRC Agreement** (*Termo de Contrato de Cessão de Crédito do Saldo Remanescente da Conta de Resultados a Compensar* CRC), as amended by its five amendments.

The general terms of the **CRC Contract Settlement Agreement** provide for a discount of 35% to be applied to the updated amount of the debtor balance.

For the **CRC Contract Settlement Agreement** to be entered into, the FIDC will require authorization by a General Meeting of its Unit Holders. The Company will take part in this meeting, because it is a holder of subordinated units in that Fund. Once the total early settlement has been made, the senior units of the FIDC will be redeemed in full and the Stockholders equity of the Fund will be linked to the subordinated units, owned by the Company, which will be able to redeem them.

V **Conflict of interest:** The Board member Christiano Miguel Moisés withdrew from the meeting room at the time of the debate on the transfer of the holdings of Cemig and Cemig GT in the companies of the TBE Group to Transmissora Aliança de Energia Elétrica S.A. Taesa, since he believed there was a conflict of interest in the matter, returning to the meeting room only after decision on that matter by the other Board members.

VI **Conflict of interest:** The Board members:

Dorothea Fonseca Furquim Werneck,	João Camilo Penna,
Djalma Bastos de Morais,	Maria Estela Kubitschek Lopes,
Antônio Adriano Silva,	Fernando Henrique Schüffner Neto,
Arcângelo Eustáquio Torres Queiroz,	Lauro Sérgio Vasconcelos David, and

Francelino Pereira dos Santos,	Paulo Sérgio Machado Ribeiro

withdrew from the meeting room at the time of discussion of the item relating to the signature, with the State of Minas Gerais and with the Cemig FIDC, of the CRC Contract Settlement Agreement, because they believed there was conflict of interest on the matter, and returned to the meeting room only after the decision on the subject by the other Board members.

The following were present:

Board members:	Dorothea Fonseca Furquim Werneck, Djalma Bastos de Morais, Antônio Adriano Silva, Arcângelo Eustáquio Torres Queiroz, Francelino Pereira dos Santos, Guy Maria Villela Paschoal, João Camilo Penna, Maria Estela Kubitschek Lopes, Paulo Roberto Reckziegel Guedes,	Saulo Alves Pereira Junior, Paulo Márcio de Oliveira Monteiro, Newton Brandão Ferraz Ramos, Tarcísio Augusto Carneiro, Bruno Magalhães Menicucci, Christiano Miguel Moisés, Fernando Henrique Schüffner Neto, José Augusto Gomes Campos, Lauro Sérgio Vasconcelos David, Paulo Sérgio Machado Ribeiro.
Secretary:	Anamaria Pugedo Frade Barros	

6. Summary of Minutes of the 536th Meeting of the Board of Directors, May 24, 2012

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64 NIRE 31300040127

BOARD OF DIRECTORS

SUMMARY OF MINUTES

OF THE 536TH MEETING

Date, time and place:	May 24, 2012 at 1.30 p.m., at the Company s head office, Av. Barbacena 1200, 21st Floor, Belo Horizonte, Minas Gerais, Brazil.	
Meeting Committee:	Chair:	Dorothea Fonseca Furquim Werneck;
	Secretary:	Anamaria Pugedo Frade Barros.

Summary of proceedings:

I **Conflict of interest:** The Chair asked the Board members present whether they had any conflict of interest in the matters on the agenda of this meeting, and all said there was no such conflict of interest.

II **The Board approved** the minutes of this meeting.

III **The Board authorized:**

a) Signature by the Company, as **guarantor**, of the First Amendment to the Financing Line Agreement for Contracted Onlending with the Brazilian Development Bank (BNDES) between **Norte Energia** S.A. and the Federal Savings Bank (CEF), to change the end of the grace period from June 15 to October 15, 2012, and the period of maturity (amortization) and of concession of a proportional non-joint corporate guarantee related to the obligations of Norte Energia S.A., limited to 7.28% of the amount of the Onlending Contract, from July 15 to November 16, 2012 or until the date of the first disbursement of the credit to be opened by the BNDES for Norte Energia S.A. through a Long-term Financing Agreement, whichever is the earlier.

b) Provision of a **surety guarantee** by the Company in the contracting by Cemig Distribuição S.A. **Cemig D** with **Banco do Brasil** S.A. of a loan transaction under a Bank Lending Note (*Cédula de Crédito Bancário)*, on the following terms:

Amount:	R$ 200 million.
Tenor:	Five years.
Financial charges:	108.33% of the CDI (Interbank CD) rate, charged annually, with no grace period.
Amortization of principal:	In three annual payments, after a grace period of two years.
Additional costs:	the IOF Tax on Financial Transactions; the additional IOF tax (0.0041%/day, limited to 365 days, plus additional 0.38% flat rate, as per the current legislation); and structuring fee of 0.15% on the amount released, paid on release of the funds.
Guarantee:	Surety guarantee from Companhia Energética de Minas Gerais Cemig (which has the function of holding company).

IV **Discussion:** The Chair made comments on a matter of interest to the Company.

The following were present:

Board members:	Dorothea Fonseca Furquim Werneck,	Fernando Henrique Schüffner Neto,
	Djalma Bastos de Morais	Franklin Moreira Gonçalves,
	Antônio Adriano Silva,	Newton Brandão Ferraz Ramos,
	Eduardo Borges de Andrade,	Bruno Magalhães Menicucci,
	Guy Maria Villela Paschoal,	Christiano Miguel Moisés,
	João Camilo Penna,	José Augusto Gomes Campos,
	Paulo Roberto Reckziegel Guedes,	Lauro Sérgio Vasconcelos David,
	Saulo Alves Pereira Junior,	Paulo Sérgio Machado Ribeiro,
	Adriano Magalhães Chaves,	Tarcísio Augusto Carneiro;
Secretary:	Anamaria Pugedo Frade Barros.	

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7. Summary of Minutes of the 537th Meeting of the Board of Directors, May 24, 2012

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64 NIRE 31300040127

BOARD OF DIRECTORS

SUMMARY OF MINUTES

OF THE 537TH MEETING

Date, time and place: May 24, 2012 at 3.40 p.m. at the company s head office, Av. Barbacena 1200, 21th Floor, Belo Horizonte, Minas Gerais, Brazil.

Meeting Committee: Chairman: Dorothea Fonseca Furquim Werneck; Secretary: Anamaria Pugedo Frade Barros

Summary of proceedings:

I Conflict of interest: The Chair asked the Board members present whether they had any conflict of interest in the matters on the agenda of this meeting, and all said there was no such conflict of interest, except the Board members

Eduardo Borges de Andrade,	Paulo Roberto Reckziegel Guedes,
Saulo Alves Pereira Junior,	Newton Brandão Ferraz Ramos,
Bruno Magalhães Menicucci,	José Augusto Gomes Campos and
Tarcísio Augusto Carneiro,	

who stated that they had conflict of interest in relation to the replacement of CPFL Energia S.A. by CPFL Geração de Energia S.A. in the consortium that will take part in the contracting of electricity generated by the São Manoel Hydroelectric Plant.

II The Board approved:

a) The proposal by Board member Lauro Sérgio Vasconcelos David that the members of the Board of Directors should authorize their Chairman to call an Extraordinary General Meeting of Stockholders to be held on June 19, 2012, at 2.30 p.m.; and in the event of there not being a quorum, to make second convocation within the legal period, to decide on the matter in Item IV, below.

b) The proposal by the Chair to change the composition of the following committees:

- the Board of Directors Support Committee;
- the Human Resources Committee;
- the Strategy Committee;
- the Business Development and Subsidiaries and Affiliates Committee; and
- the Finance, Audit and Risks Committee.

c) the minutes of this meeting.

III The Board authorized signature of a Real Estate Rental Agreement with Companhia de Gás de Minas Gerais **Gasmig**, for the property at Rua Dr. José Américo Cançado Bahia, 1009, Cidade Industrial, Contagem, Minas Gerais, for sixty months, able to be extended for the same period by signature of an amendment.

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IV **The Board submitted** to the Extraordinary General Meeting of Stockholders, for approval, the ratification of the Company having, in 2011, exceeded the limits specified in subclauses b and d of Paragraph 7 of Article 11 of the by-laws, corresponding to:

the consolidated ratio {Net debt/(Net debt + Stockholders equity)} being 52.4%; and

the consolidated amount of funds destined to capital expenditure and the acquisition of any assets of the Company being 71.7% of the Company s Ebitda (Earnings before interest, taxes, depreciation and amortization).

V **The Board ratified** the following target, mentioned in Paragraph 7 of Clause 11 of the Bylaws, having been exceeded in 2011, the provisions of Paragraph 9 of that Clause being complied with:

the Company s consolidated debt being less than or equal to 2.41 times the company s Ebitda (Earnings before interest, taxes, depreciation and amortization).

VI **The Board ratified** Board Spending Decision (CRCA) 020/2012, to replace CPFL Energia S.A. by CPFL Geração de Energia S.A. as a participant in the Consortium to be constituted with Cemig GT, to take part in the Aneel Auction, and as the case may be to receive the Concession, for the São Manoel Hydroelectric Plant, the other terms of that CRCA remaining unchanged.

VII **Withdrawn from the Agenda:** The item relating to contracting of group life insurance was withdrawn from the agenda.

VIII **Conflict of interest:** the Board members

Eduardo Borges de Andrade,	Paulo Roberto Reckziegel Guedes,
Saulo Alves Pereira Junior,	Newton Brandão Ferraz Ramos,
Bruno Magalhães Menicucci,	José Augusto Gomes Campos and
Tarcísio Augusto Carneiro	

withdrew from the meeting room during the discussion of the matter relating to the replacement of CPFL Energia S.A. by CPFL Geração de Energia S.A. in the Consortium related to the São Manoel Hydroelectric Plant, referred to in Item VI above, because they believed there was conflict of interest on the matter, and returned only after the decision on the subject by the other Board members.

IX **The following spoke** on matters of interest to the Company:

Board members;		
General managers:	Leonardo George de Magalhães,	Emilio Castelar Piris Pereira;
Manager:	Arthur Saraiva Sette e Camara.	

The following were present:

Board members:	Dorothea Fonseca Furquim Werneck, Djalma Bastos de Morais, Antônio Adriano Silva, Eduardo Borges de Andrade, Guy Maria Villela Paschoal, João Camilo Penna, Paulo Roberto Reckziegel Guedes, Saulo Alves Pereira Junior, Adriano Magalhães Chaves,	Fernando Henrique Schüffner Neto, Franklin Moreira Gonçalves, Newton Brandão Ferraz Ramos, Bruno Magalhães Menicucci, Christiano Miguel Moisés, José Augusto Gomes Campos, Lauro Sérgio Vasconcelos David, Paulo Sérgio Machado Ribeiro, Tarcísio Augusto Carneiro;
General managers:	Leonardo George de Magalhães,	Emilio Castelar Piris Pereira;
Manager:	Arthur Saraiva Sette e Camara;	
Secretary:	Anamaria Pugedo Frade Barros.	

8. Convocation to the Extraordinary General Meeting of Stockholders to be held on June 19, 2012

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64 NIRE 31300040127

EXTRAORDINARY

GENERAL MEETING OF STOCKHOLDERS

CONVOCATION

Stockholders are hereby called to an Extraordinary General Meeting of Stockholders to be held on June 19, 2012 at 2.30 p.m. at the company s head office, Av. Barbacena 1200, 21st floor, in the city of Belo Horizonte, Minas Gerais, Brazil, to decide on the following:

Ratification of the Company having, in 2011, exceeded the limits specified in subclauses b and d of Paragraph 7 of Article 11 of the by-laws for the consolidated ratio {Net debt/(Net debt + Stockholders equity)}, and for the consolidated amount of funds destined to capital expenditure and acquisition of any assets of the Company.

Any stockholder who wishes to be represented by proxy at the said General Meeting of Stockholders should obey the terms of Article 126 of Law 6406 of 1976, as amended, and of the sole paragraph of Clause 9 of the Company s by-laws, by exhibiting at the time, or depositing, preferably by June 14, 2012, proofs of ownership of the shares, issued by a depositary financial institution, and a power of attorney with specific powers, at Cemig s Corporate Executive Secretariat Office (*Superintendência da Secretaria Geral e Executiva Empresarial*) at Av. Barbacena, 1200 19th Floor, B1 Wing, Belo Horizonte, Minas Gerais.

Belo Horizonte, May 24, 2012.

Dorothea Fonseca Furquim Werneck

Chair of the Board of Directors

9. Proposal by the Board of Directors to the Extraordinary General Meeting of Stockholders to be held on June 19, 2012

PROPOSAL

BY THE BOARD OF DIRECTORS

TO THE EXTRAORDINARY GENERAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 19, 2012.

Dear Stockholders:

The Board of Directors of Companhia Energética de Minas Gerais (Cemig),

WHEREAS:

a) Paragraph 7 of Clause 11 of the by-laws specifies that in managing the Company and in exercising the right to vote in subsidiaries, affiliated companies and consortia, the Board of Directors and the Executive Board shall faithfully obey and comply with certain targets, including:

(subclause b): limiting the consolidated ratio {Net debt / (Net debt + Stockholders equity)} to 40%; and

(subclause d): limiting the consolidated amount of funds destined to capital expenditure and the acquisition of any assets, in each business year, to 40% of the Company s Ebitda (Earnings before interest, taxes, depreciation and amortization);

b) Paragraph 9 of Article 11 of the by-laws states that such target may be exceeded for reasons related to temporarily prevailing conditions, upon justification by grounds and prior specific approval by the Board of Directors, subject to a limit of 50% for the consolidated ratio {Net debt / (Net debt + Stockholders equity)};

c) at the end of 2011, the consolidated {(Net debt) / (Net debt plus stockholders equity)} was 52.4%; and the consolidated amount of funds allocated to capital expenditure and to the acquisition of any assets was 71.7% of the company s Ebitda;

d) this exceeding of the limit arose principally from the increase in debt, of R$ 3.8 billion, to effect the Company s Investment Program in the year 2011, significant elements being acquisition of an interest in the assets of the Abengoa group, in the amount of R$ 1.2 billion, and investments, also of R$ 1.2 billion, in the concession of Cemig Distribuição S.A.;

now proposes to you:

Ratification of the Company having exceeded, in 2011, the limits specified in subclauses b and d of Paragraph 7 of Article 11 of the by-laws, to the extent of: the consolidated ratio {Net debt/(Net debt + Stockholders equity)} being 52.4%; and the consolidated amount of funds destined to capital expenditure and acquisition of any assets of the Company being equivalent to 71.7% of the Company s Ebitda (Earnings before interest, taxes, depreciation and amortization).

As can be seen, the objective of this proposal is to meet legitimate interests of the stockholders and of the Company, and as a result it is the hope of the Board of Directors that you, the stockholders, will approve it.

Belo Horizonte, May 24, 2012

Dorothea Fonseca Furquim Werneck Chair
Djalma Bastos de Morais Vice-Chairman
Antônio Adriano Silva Member
Eduardo Borges de Andrade Member
Guy Maria Villela Paschoal Member
João Camilo Penna Member

Paulo Roberto Reckziegel Guedes Member
Saulo Alves Pereira Junior Member
Adriano Magalhães Chaves Member
Fernando Henrique Schüffner Neto Member
Franklin Moreira Gonçalves Member
Newton Brandão Ferraz Ramos Member

Av. Barbacena 1200 Santo Agostinho 30190-131 Belo Horizonte, MG Brazil Tel.: +55 31 3506-5024 Fax +55 31 3506-5025

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10. Market Announcement Reply to CVM Inquiry, June 1, 2012

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

LISTED COMPANY

CNPJ 17155.730/0001-64 NIRE 31300040127

MARKET ANNOUNCEMENT

Reply to CVM Inquiry CVM/SEP/GEA-1 Nº. 461/2012

Question asked by the CVM

The CVM has requested explanation about the news report published in the news medium ***Valor Online*** , under the headline *Cemig considering purchase of a stake in Celpa* , dated May 31, 2012, containing the following attribution of statements to Mr. Djalma Morais, the company s chief executive officer:

Cemig s CEO, Djalma Morais, stated that the company is studying the purchase of an interest in Celpa, the distributor of the state of Pará controlled by the Rede group, which is in the process of judicial recovery.

We have matters under consideration. We are interested whenever a situation adds value.

[...]

At an event in Rio de Janeiro last week, Cemig s financial director, Luiz Fernando Rolla, said that the purchase of Celpa would not add value for the company.

Morais reaffirmed that Cemig has interest in the assets of Iberdrola in Neoenergia. It seems to me that Iberdrola is going to wait a little longer to make [the sale of] these assets of Neoenergia a proposition, Morais said.

Reply by CEMIG

Dear Sirs:

In response to your request, made through Official Letter CVM/SEP/GEA-1/Nº461/2012, of May 31, 2012, on the subject of the news reports published in the press referring to our having interest in the acquisition of stake in Celpa and in Neoenergia, we inform you that the Company has evaluated various investment alternatives that could add value to the operation of its present assets. However, up to the present moment there is no concrete interest, nor commitment, even preliminary, in relation to the assets referred to, such as would justify a formal statement to the market.

Cemig reaffirms its commitment to seek investment opportunities that meet the requirements of profitability established by its stockholders and to publish all and any material information as and when it comes into existence.

Belo Horizonte, June 1, 2012

Yours,

Luiz Fernando Rolla

Chief Finance and Investor Relations Officer

Av. Barbacena 1200 Santo Agostinho 30190-131 Belo Horizonte, MG Brazil Tel.: +55 31 3506-5024 Fax +55 31 3506-5025

11. CEMIG 2011 Results

SUMMARY

REPORT OF MANAGEMENT FOR 2011

Dear Stockholders,

Companhia Energética de Minas Gerais Cemig (**Cemig**) submits for your consideration the Report of Management, the Financial Statements, and the Opinions of the Audit Board and its external auditors on the business year ended December 31, 2011.

MESSAGE FROM MANAGEMENT

A year of extraordinary addition of value

2011 was a year of major achievements, indeed a landmark in the history of Cemig, which is 60 years old in 2012. The large volume of investments, with the acquisition of new companies; the appreciation in our stock price; the significant payment of dividends; and the highest annual profit since the company s foundation, enable us to conclude that we succeeded in adding value to an extraordinary degree in 2011.

In this context we highlight the performance of our stock. In a year marked by the uncertainties in the international market and a slowdown in Brazil s domestic growth, the prices of Cemig s preferred (PN) and common (ON) stock appreciated by 37.2% and 48.6%, respectively, while the Ibovespa fell by 18.11%

in the same period.

As well as the appreciation in our stock prices, we allocated dividends to stockholders of more than R$ 2 billion. Summing the stock price and the dividend payments gives a total return to our stockholders of more than 11%.

In our financial results, we reported all-time record profit, of R$ 2.4 billion, and cash flow, measured as Ebitda, of R$ 5.4 billion. This was within the financial forecast guidance we published to stockholders at our annual meeting in May in Belo Horizonte.

Our investments were also a highlight of 2011: We made an important acquisition in the transmission sector, for R$ 1.1 billion, of stockholdings in assets of the **Abengoa Group**. With this acquisition we are now the third largest transmission group in Brazil, with direct and indirect holdings of 12.9% of the Brazilian transmission market.

In generation, we acquired an interest of 9.7% in the **Belo Monte** Plant, the largest plant under construction in Brazil, with installed capacity of 11,233 MW. With the 10.0% interest in the **Santo Antônio** Plant, we can now state that we have significant operations in the Amazon region, which is the new frontier of major Brazilian hydroelectric projects. These interests confirm Cemig s commitment to give priority to renewable sources of electricity in its generation base.

We also increased our stockholding in Light S.A. (**Light**). At the start of the year we held an interest of 26.1%, directly or through subsidiaries, and at the end of the year we held 32.5%, a strategic investment in the distribution sector in Rio de Janeiro, one of the headquarter cities of the World Cup and the 2016 Olympics. This holding consolidates Cemig s position as the largest electricity distribution group on Brazil. Another highlight is the interest held by Light in **Renova Energia**, the first and only BM&FBovespa-listed company dedicated to generating electricity solely from alternative sources. Investments were not only through acquisitions: another highlight is the investment by Cemig Distribuição S.A. (**Cemig D**) of R$ 1.2 billion in 2011 in its electricity network in the State of Minas Gerais, improving the reliability of the system and expanding its network to serve its more than 7 million consumers.

We are conscious of the importance and responsibilities of our actions for Brazilian society, as an electricity company operating all over the nation, serving not only more than 10 million consumers but also a significant proportion of the country s large industrial groups.

Aware of our responsibility in relation to climate change, in 2011 we launched our statement *Dez Iniciativas para o Clima,* which lists our **Ten 10 Initiatives for the Climate**. This document shows Cemig s preparation for and commitment to a low-carbon economy, and envisages an alignment of the business based on the assessment of climate risks and opportunities, informing society and investors of the lines adopted by the company.

As a consequence of our sustainable actions, we have great pride in being once again included in the **Dow Jones Sustainability World Index** the *DJSI World* completing 12 consecutive years of inclusion in this index. The inclusion represents world recognition of our practices of sustainable management in their economic, social and environmental dimensions. This recognition of Cemig as a sustainable company is also reflected in our inclusion in the **ISE Corporate Sustainability Index** of the São Paulo Stock Exchange (Bovespa). In this index, too, we have been included since it was created (in 2005).

We are indisputably a company that adds value to our country. We generated wealth of more than R$ 14.3 billion in 2011 of which 58% was paid in taxes to the federal, state and municipal governments, thus making a significant contribution to public activity in the environment that we are a part of.

It is also important to point out that Cemig s results are only possible due to the technical quality and commitment of our body of employees: more than 8,000 people directly employed, in the companies that we directly control and without taking into account the substantial quantities of jobs that are created indirectly by our activities.

It is the capacity of our staff of employees, allied to the quality of our assets, that gives us confidence in the future, and in Cemig s capacity to add value for its stockholders and continue to be the company and the group providing Brazil s Best Energy .

CEMIG

Cemig is a business group with mixed public- and private-sector ownership, controlled by the government of the Brazilian state of Minas Gerais. Its shares are traded on the exchanges of São Paulo, New York and Madrid (Latibex). Its market valuation at the end of 2011 was approximately R$ 23 billion. Its shares have been in the Dow Jones Sustainability World Index for 11 years. In 2011 it was the only company in the sector in Latin America chosen for the DJSI World, continuing to be the only company in the electricity sector that has been a part of this select group of companies since the DJSI was created in 1999.

The Cemig Group is made up of 114 companies, 15 consortia and 1 equity investment holding fund, with assets and businesses in 20 of Brazil s states, the federal district and Chile. It also has investments in distribution of natural gas, data transmission, and supply of energy solutions.

The Cemig Vision

In 2009, Cemig restated its vision as:

To be, in 2020, one of the two largest electricity groups in Brazil by market value, with a significant presence in the Americas,

and a world leader in sustainability in the sector.

Cemig maintains its focus on expanding its market share in electricity and gas within Brazil, up to the limits laid down by regulation, while at the same time expanding its international presence.

Cemig aims to be a benchmark for growth in the electricity sector. In this process it is constantly looking for opportunities for new acquisitions, seeking to be increasingly active in auctions for expansion of generation and transmission, and zealously working on the operational efficiency of its assets.

Geographical reach

As the map below shows, Cemig operates in many regions of Brazil, with activity most highly concentrated in the country s Southeast. It also shows Cemig s first operation outside Brazil: the Charrúa Nueva Temuco transmission line, in Chile, which began to operate in 2010.

The CEMIG brand

Cemig s brand and reputation has a direct effect in all the group s business in regulatory proceedings, in mergers and acquisitions, in the important impact on choice of supplier by free clients, and in all the company s participation in the daily life of all its consumers.

Research showed that in 2011 the reputation of most companies in Brazil suffered a decline from 2010, and this was also the case for Cemig. The research, by the *Reputation Institute*, attributed this to an atypical factor: the spirit of euphoria and optimism in the country arising mainly from its stability in comparison to the economic crisis in the United States and most of Europe.

A survey by *Brand Finance* gave a similar conclusion: after a strong rise in 2010, the value of the *Cemig* brand fell by 14% in 2011, but still remained above R$ 1 billion.

PERFORMANCE OF OUR BUSINESSES

(Operational information has not been reviewed by the external auditors)

Generation

Through its subsidiaries and jointly-controlled subsidiaries **Cemig** has 70 plants in operation: 63 hydroelectric plants, 3 thermal generation plants and 4 wind farms. With their aggregate installed capacity of 6,964 MW, they make Cemig Brazil s third largest electricity generation group.

Plant	Generating capacity (MW)	Average output in 2011 (MW)
São Simão	1,710	1,281
Emborcação	1,192	497
Nova Ponte	510	276
Jaguara	424	336
Miranda	408	202
Três Marias	396	239
Volta Grande	380	229
Irapé	360	206
Aimorés	162	84
Other	909	543
Generation by *Light*	281	209
Wind power	49	20
Thermal plants	184	123
Total	**6,964**	**4,245**

Transmission

Transmission has grown strongly in Brazil in recent years making it possible to optimize the dynamic structure of supply, reducing restrictions on serving the whole market efficiently, and mitigating the risk of electricity rationing that resulted in part from incomplete linkage between all sections of the Brazilian electricity system. Market forecasts for the coming years indicate even faster growth, as new lines are completed to connect the new large projects in the north of the country to the nationwide grid.

The environment of competition and the expansion of the system through tender auctions are causing the transmission sector to be seen with renewed attention. Cemig has followed the trend of the market, seeking opportunities for growth with addition of value, through acquisition of interests in transmission companies. Some highlights are: Cemig s acquisition in 2009 of an equity interest in *Transmissora Aliança de Energia Elétrica S.A.* **Taesa**; the increase in its holding in both the **TBE Group** and in **Taesa** in 2010; and the acquisition of assets of the **Abengoa** group in 2011.

Through its subsidiary and affiliate companies operating in electricity transmission, Cemig operates a transmission network which had a total length of 10,060 km in 2011 (8,768 in 2010). It is Brazil s third largest transmission group, present in 13 states of Brazil, and in Chile.

Distribution

Cemig is Brazil s largest electricity distribution group, with leading positions in the States of Minas Gerais and Rio de Janeiro through **Cemig D** (*Cemig Distribuição* Distribution) and **Light**, serving more than 10 million consumers.

Cemig Distribuição

Cemig D (*Cemig Distribuição*) is the largest distribution company in Latin America, with 467,679km of distribution networks (104,482km in urban areas and 363,197km of rural networks), and also 17,367km of high- and medium-voltage sub-transmission lines. It serves 7.1 million consumers.

Cemig D has one of the country s highest indices of service to consumers benefited by the low-income tariff. Of the total of residential consumers invoiced in 2011, 13.3% were classified as low-income, a total of 769,000 consumers.

Light

Cemig s jointly-controlled subsidiary **Light** operates in distribution through *Light Serviços de Eletricidade S.A.* (**Light Sesa**), serving approximately 4.1 million consumers in an area of 10,970 km^2 of Rio de Janeiro State.

Light divides its concession area into three regions: the Metropolitan Region, Greater Rio de Janeiro, and the Paraíba Valley. This aims to make service more efficient and create a closer relationship to the client.

Sales

The companies of the Cemig Group have the leading share of the Free Market in electricity Brazil. In 2011, the group expanded its area of operation to new states Roraima, Pernambuco, Paraná and Ceará with the addition of new clients in these states. It also consolidated its position with addition of new clients where it already operates, especially Minas Gerais, São Paulo and Bahia.

In terms of volume supplied, Cemig is the market leader in direct service to the largest free clients, with 23%, or twice the total volume supplied by its next-placed competitor in the ranking.

Other businesses

Cemig s principal businesses are generation, transmission and distribution of electricity, but the group also operates in distribution of natural gas in Minas Gerais State, through *Companhia de Gás de Minas Gerais* **Gasmig,** and also in telecommunications, services and technology and communication infrastructure.

The telecoms subsidiary, **Cemig Telecom** S.A. (previously named *Infovias*), was created to carry telecom signals on fiber optic and coaxial cables installed on Cemig s transmission and distribution networks.

The service company, **Cemig Serviços** S.A., is a wholly-owned subsidiary formed in 2011, and provides services to the group. In its first year it has absorbed 5 meter reading contracts that were previously outsourced, equivalent to 17% of the current market. A further 9 contracts are expected to be made in 2012, totaling approximately 48% of all Cemig s meter reading services. Among the benefits expected are regulation of the market, improvement in quality of meter reading services, and greater protection of revenue.

In technology and communication infrastructure, the group operates through Ativas Data Center S.A. (**Ativas**), a subsidiary of Cemig Telecom. There is a value-adding partnership between the operations of Cemig Telecom which provides telecommunications infrastructure and Ativas, which provides IT services.

Additionally, through Axxiom Soluções Tecnológicas S.A. (**Axxiom**), the group offers technology and operational management system solutions to companies operating public concessions of all types: in electricity, gas, water supply, water services infrastructure, etc.

FINANCIAL RESULTS OF OUR BUSINESSES

Profit (loss) for the period

Cemig reported net profit of R$ 2.415 billion in 2011, 6.95% more than its 2010 net profit of R$ 2.258 billion.

Operational revenue

This is the breakdown of operational revenues:

R$ million	2011	2010 (Reclassified)	Change %
Revenue from supply of electricity	16,841	14,821	13.63
Revenue from use of the electricity distribution systems (TUSD)	1,974	1,658	19.06
Revenue from use of the transmission grid	1,473	1,197	23.06
Construction revenue	1,533	1,342	14.23
Other operational revenues	990	924	7.14
Deductions from operational revenues	(6,997)	(6,095)	14.80
Net operational revenue	**15,814**	**13,847**	**14.21**

<u>Revenue from supply of electricity</u>

Revenue from electricity sales totaled R$ 16.841 billion in 2011, compared to R$ 14.821 billion in 2010 an increase of 13.63%.

Final consumers

Revenue from sales of electricity to final consumers (excluding own consumption) was R$ 14.959 billion in 2011, 13.16% more than in 2010 (R$ 13.219 billion).

The main factors in this result are:

<	Volume of energy invoiced to final consumers (excluding Cemig s own consumption) 6.95% higher.
<	Tariff increase for *Cemig D* with average effects on consumer tariffs of 1.67% and 7.24%, effective from April 8 of 2010 and 2011, respectively.
<	Tariff increases for *Light*, with average effects on consumer tariffs of 2.20% and 7.82% from November 7, 2010 and 2011, respectively.
<	Price adjustments in contracts for sale of electricity to free consumers, most of which are indexed to the IGP M inflation index.

The following are some comments on the figures for the main consumer categories:

Residential:

Residential consumption accounted for 15.3% of the total of electricity sold in 2011. The increase of 8.0% in the total amount in the year reflects connection of new consumer units, and also higher consumption by private users due to the favorable situation of the Brazilian economy, with continuing vigor in the employment market, growth in total real wages, and expansion of the supply of credit.

Industrial:

Electricity used by free and captive clients was 37.1% of the volume transacted in 2011, 4.8% more than in 2010, due to the expansion of industrial activity with the growth of exports and production to meet domestic demand, in spite of the signals of slowing growth in the second half of the year.

Commercial:

This category consumed 10.0% of the electricity transacted, totaling 12.2% more in volume than in 2011, reflecting the increased level of domestic demand, that is, both consumption by the various economic sectors and final consumption by families and individuals.

Rural

Rural consumption grew by 7.3% in 2011, with the connection of 121,057 rural properties to electricity supply for the first time, and increased demand for irrigation due to atypical climatic conditions: low rainfall in the rainy season, and higher than expected temperatures in the dry season.

Other consumer categories:

The total of other types of consumption in 2011 by public authorities, public illumination, public services, and Cemig s own consumption was 9.2% higher than in 2010, and represented 5.8% of Cemig s total transactions in electricity in the year.

Revenue from wholesale electricity sales

The volume of electricity sold to other concession holders in 2011 was 1.78% higher, at 14,457,890 MWh in 2011, than in 2010 (14,204,530 MWh), and average price in these sales was 7.24% higher, at R$ 109.08/MWh in 2011, compared to R$ 101.72/MWh in 2010. As a result, revenue from wholesale supply to other concession holders was 9.13% higher year-on-year, at R$ 1.577 billion in 2011, than in 2010 (R$ 1.445 billion).

Revenue from use of the electricity distribution systems (TUSD)

The revenue of Cemig D and Light from the Tariff for Use of the Distribution Systems (TUSD) was 19.06% higher, at R$ 1.974 billion, in 2011, than in 2010 (R$ 1.658 billion). This revenue comes from charges made to Free Consumers on energy sold by other agents of the electricity sector, and its increase arises both from the increases in tariffs and, principally, from a higher volume of transport of energy for free consumers, a consequence of the recovery of industrial activity and of migration of captive clients to the Free Market.

Revenue from use of the transmission grid

Revenue for use of the grid in 2011 was R$ 1.473 billion, vs. R$ 1.197 billion in 2010, an increase of 23.06%.

For the long-standing concessions, Revenue from Use of the Transmission Grid refers to the tariff charged to agents in the electricity sector, including Free Consumers connected to the high voltage network, for use of that part of the National transmission Grid that is owned by the Company, less the amounts received that are used to amortize the Financial Assets of the Concession.

For the new concessions, it includes the portion received from agents of the electricity sector for the operation and maintenance of the transmission lines, and also the adjustment to present value of the financial assets of the transmission concession, which is primarily constituted during the period of construction of transmission projects. The rates used for updating of the asset correspond to the remuneration of the capital applied in construction of the projects, which varies according to the type of project and the cost of capital incurred by the investing party.

The increase in this revenue in 2011 arises principally from monetary updating of the Transmission Assets of *Taesa*, with an impact of R$ 178 million on Cemig s profit. The updating arises from publication of the index for updating of Taesa s tariff as from July 2011, by 9.77%.

Other operational revenues

The Company s other operational revenues are:

	Consolidated			
	2011			

		2010 (Reclassified)
Supply of gas	579	398
Charged service	14	16
Telecoms service	158	131
Services provided	105	179
Rental and leasing	77	60
Other	57	140
	990	**924**

Taxes and sector charges: deductions from operational revenue

The taxes applied to operational revenue in 2011 totaled R$ 6.997 billion, compared to R$ 6.095 billion in 2010, an increase of 14.8%. The main variations in these deductions from revenue, between the two years, are as follows:

The Fuel Consumption Account   CCC

Expenses on the CCC in 2011 were R$ 718 million, 34.96% more than their total of R$ 532 million in 2010. This charge is for the costs of operation of the thermal plants in the national grid and in the isolated systems. It is prorated between electricity concession holders, on a basis set by an Aneel Resolution.

This is a non-controllable cost: in the distribution activity, the difference between the amounts used as a reference for calculation of tariffs and the cost actually incurred is compensated for in the next tariff adjustment. For the portion relating to transmission services the Company charges the CCC amount to Free Consumers on their invoices and passes it on to Eletrobrás. The variation in this cost arises, principally, from the change in the method of calculation of the charge, which makes good the difference between the total cost of generation of electricity in the isolated systems and the average cost of electricity sold in the Regulated Market.

CDE   Energy Development Account

Expenses on the CDE in 2011 were R$ 516 million, 21.99% more than their total of R$ 423 million in 2010. These payments are specified by a Resolution issued by the regulator, Aneel.

This is a non-controllable cost: in the distribution activity, the difference between the amounts used as a reference for calculation of tariffs and the cost actually incurred is compensated for in the next tariff adjustment. For the portion relating to transmission services the Company merely charges the CDE amount to Free Consumers on their invoices for use of the grid, and passes it on to Eletrobrás.

The other deductions from revenue are taxes, calculated as a percentage of amounts invoiced. Hence their variations are substantially proportional to the changes in revenue.

For a breakdown of the taxes applicable to revenues, please see Explanatory Note 24 to the consolidated Financial Statements.

Operational costs and expenses (excluding Financial revenue/expenses)

Operational costs and expenses (excluding Financial revenue (expenses)) totaled R$ 11.401 billion in 2011, 11.77% more than in 2010 (R$ 10.200 billion). There is a breakdown of this expense in Explanatory Note 25 to the consolidated financial statements.

The following paragraphs outline the main variations in expenses:

Electricity bought for resale

The expense on electricity bought for resale in 2011 was R$ 4.278 billion, 14.94% higher than the figure of R$ 3.722 billion for 2010. The higher figure basically reflects higher sales by *Cemig GT* (Generation and Transmission), and a higher proportional contribution by *Light* to the total figure in 2011, with its increased contribution to the consolidated result due to Cemig s increased ownership stake. This is a non-controllable cost: in the distribution activity, the difference between the amounts used as a reference for calculation of tariffs and the cost actually incurred is compensated for in the next tariff adjustment. For more information please see Explanatory Note 25 to the consolidated financial statements.

Charges for use of the transmission grid

The expense on charges for use of the transmission network in 2011 was R$ 830 million, vs. R$ 729 million in 2010, an increase of 13.85%.

These charges, set by an Aneel Resolution, are payable by electricity distribution and generation agents for use of the facilities that are components of the national grid. This is a non-controllable cost: the difference between the amounts used as a reference for calculation of tariffs and the cost actually incurred is compensated for in the next tariff adjustment.

Depreciation and amortization

Depreciation and amortization was 4.80% higher year-on-year: R$ 939 million in 2011, compared to R$ 896 million in 2010. This mainly reflects the Company s increased investment program, primarily in distribution.

Post-employment obligations

The expense on post-employment obligations in 2011 was R$ 124 million, compared to R$ 107 million in 2010, an increase of 15.89%. This expense represents the updating of the obligation, calculated in accordance with an actuarial opinion prepared by external consultants. The significant increase arises from the increased equity interest in the subsidiary *Light*.

Operational provisions

Operational provisions in 2011 totaled R$ 257 million, 86.23% more than in 2010 (R$ 138 million). The main elements in the higher figure are:

The provision for doubtful receivables was 55.24% higher, at R$ 163 million in 2011, vs. R$ 105 million in 2010.

The provision for Aneel administrative proceedings was R$ 4 million in 2011, whereas there was *reversal* of provisions of R$ 47 million in 2010 resulting from dismissal of a case brought by Aneel about the low-income subsidy.

A provision of R$ 48 million for contingencies for legal actions in general was made in 2011, compared to a *reversal* of provisions of R$ 54 million in 2010.

On the other hand, provisions for civil actions relating to tariff increases totaled R$ 9 million in 2011, compared to R$ 139 million provisioned in 2010. The amounts provisioned in 2010 were substantially from settlement to terminate a legal action brought by an industrial consumer relating to the tariff increase ordered by Ministerial Order 045/86 of the National Water and Electricity Authority (DNAEE) in 1986.

For more information please see Explanatory Note 25 to the consolidated financial statements.

Gas purchased for resale

Expenses on gas bought for resale in 2011 were R$ 329 million, 46.22% more than their total of R$ 225 million in 2010. This primarily reflects the increase in the volume purchased, reflecting higher sales of gas by Gasmig in 2011, in turn reflecting increased industrial activity.

Outsourced services

The expense on outsourced services in 2011 was R$ 1.031 billion, compared to R$ 923 million in 2010, an increase of 11.70%. The highest increases were in communication services, meter reading services, electricity bill delivery and consultancy, all mainly reflecting increases in prices in service contracts. A detailed breakdown of outsourced services is given in Explanatory Note 25 to the consolidated financial statements.

Employees and managers profit shares

The expense on employees and managers profit shares in 2011 was R$ 221 million, 32.00% less than in 2010 (R$ 325 million). The amounts reported arise from the Specific Work Agreement signed with the unions in November of 2010 and 2011. The amount reported for 2010 also contains an element of R$ 30 million arising under the Collective Employment Agreement for the previous year, 2009.

EBITDA

(Method of calculation not reviewed by external auditors)

Ebitda R$ million	2011	2010	Change%
Profit (loss) for the period	2,415	2,258	6.95
+ Provision for income tax and Social Contribution tax	941	564	66.84
+ Financial revenue (expenses)	1,056	825	28.00
+ Amortization and depreciation	939	896	4.80
= EBITDA	**5,351**	**4,543**	**17.79**
Non-recurring items:			
+ Settlement of legal action with industrial client	-	178	-
+ ICMS tax: low-income consumers	-	26	-
= ADJUSTED EBITDA	**5,351**	**4,747**	**12.72**

The higher Ebitda in 2001 reflects revenue 14.21% higher, while operational costs and expenses (not including depreciation) were 12.40% higher.

The main non-recurring items affecting 2011 Ebitda are:

Recognition of an expense of R$ 178 million in Cemig D, in 2010, arising from the settlement of a legal action brought by an industrial consumer, for reimbursement of the tariff increase introduced by the DNAEE during the Cruzado economic plan (of 1986).

Recognition of an ICMS tax expense in 2010 relating to the subsidy for the discount on tariffs for low-income consumers, in the amount of R$ 26 million, resulting from the decision to subscribe to the Tax Amnesty program put in place by the government of the Minas Gerais State.

Net financial revenue (expenses)

The company posted net financial expenses of R$ 1.056 billion in 2011, compared to net financial expenses of R$ 825 million in 2010. The main factors in this financial result are:

Higher expenses on loans and financings: R$ 1.311 billion in 2011, compared to R$ 1.075 billion in 2010, due mainly to the higher variation in the CDI (Interbank CD) rate, the main indexor for loan and financing contracts, reflecting the increase of the Selic rate, mainly during the first half of 2011.

Higher monetary updating expense on post-retirement liabilities: R$ 163 million in 2011, compared to R$ 142 million in 2010 mainly due to higher variation in the IPCA index, which is used to update the debt agreement between Cemig and the private pension entity, **Forluz.**

Revenue from monetary updating of amounts paid into court in legal proceedings: R$ 68 million in 2011, from updating of a tax credit for successful final judgment in a legal action on the ITCD (Death Duties/Donations) tax.

Revenue from monetary updating applied to the Finsocial tax: R$ 68 million in 2011, from an updated receivable from the federal tax authority for taxes paid unduly over the period 1989 91, following final judgment in favor of Cemig.

Expense on monetary updating of an advance against future capital increase (AFAC): R$ 66 million, in 2011 for the total of the updating on a historic amount of R$ 27 million that was repaid to Minas Gerais State.

For a breakdown of financial revenues and expenses, please see Explanatory Note 26 to the consolidated financial statements.

Income tax and Social Contribution tax

- **In 2011**, Cemig s expense on income tax and the Social Contribution totaled R$ 941 million, on profit of R$ 3.356 billion before tax, representing a percentage of 28.03%.

- **In 2010**, Cemig s expense on income tax and the Social Contribution totaled R$ 564 million, on profit of R$ 2.822 billion before tax, a percentage of 19.99%.

These effective rates are reconciled with the nominal rates in Explanatory Note 10 to the consolidated financial statements for 2011.

Note that in 2011 and 2010 the Company posted tax credits that are not explicitly stated in the financial statements, in the amounts of R$ 120 million and R$ 289 million, respectively.

Liquidity and capital resources

Our business is capital-intensive. Historically, we have a need for capital to finance the construction of new generation facilities and expansion and modernization of the existing generation, transmission and distribution facilities.

Our demands for liquidity are also related to our dividend policy. We finance our liquidity and capital needs principally with cash generated by operations and, on a lesser scale, with funds from financing. We believe that our present cash reserves, generated by operations and expected funds from financings, will be sufficient to meet our liquidity needs over the next 12 months.

Cash and cash equivalents

Cash and cash equivalents at December 31, 2011 totaled R$ 2.862 billion, compared to R$ 2.980 billion on December 31, 2010. On December 31, 2011 neither our cash position nor our cash equivalents were maintained in any other currencies than the Real.

Cash flow from operational activities

Cemig s totals of Net cash generated by operational activities in 2011 and 2010 were, respectively, R$ 3.898 billion and R$ 3.376 billion. The increase in cash generated by operational activities in 2011 from 2010 primarily reflects the higher profit in 2011, adjusted for items not affecting cash.

Cash flows from investment activities

The totals of Net cash used in investment activities in 2011 and 2010 were, respectively, R$ 4.017 billion and R$ 4.444 billion. The lower amount in 2011 mainly reflects the higher investments in transmission assets in the previous year, while in 2011 expenses were more concentrated in the distribution activity, though the acquisition of transmission assets of the Abengoa Group should also be mentioned.

Net cash arising from financing activities

We are closely involved in lengthening our debt profile through financing vehicles over the long term, and for low interest rates, with maturities and obligations compatible with the nature of our business, which is capital-intensive. We seek to balance the proportions of short- and long-term financings and not to increase our exposures to short-term rates, nor to suffer any pressure on liquidity. More details on our funding policy can be seen in the next item in this report, *Funding and debt management*.

The positive cash flow from financing activities in 2011 was R$ 1.3 *million*, from: outflow of cash for amortization of R$ 2.218 billion of financings denominated in Reais and foreign currencies, and payment of R$ 2.036 billion in dividends and Interest on Equity; almost entirely offset by financings obtained, of R$ 4.255 billion.

Cash flow consumed by financing activities in 2010 totaled R$ 377 million, with funding totaling R$ 6.227 billion, and payments of R$ 4.775 billion in amortization of loans and financings, and R$ 1.829 billion in Interest on Equity.

Funding and debt management

In the consolidated view, the total of funding obtained through loans and financings in 2011 was R$ 3.608 billion, while the total amortized was R$ 2.219 billion. The Company maintains its commitment to ensure that its credit quality is preserved at satisfactory levels that denote investment grade , that is to say investment of low risk, to enable it to benefit from financial costs that are compatible with the profitability of the business, and to demonstrate that the process of expansion of Cemig s activities has taken place and will take place the future in a sustainable manner.

At the end of the year, to replenish cash used in investments in 2011, and to finance an acquisition of assets planned for the first half of 2012, **Cemig** issued Promissory Notes in the amount of R$ 1 billion with tenor of 360 days, confirming the receptiveness that the Company enjoys in the local capital market.

Cemig D also had recourse to the capital market at the end of 2011, issuing R$ 100 million in Promissory Notes for strengthening of working capital. Over the year, a further R$ 410 million was raised in loans, and a further R$ 116 million in financings from Eletrobrás for the *Reluz, Cresce Minas* and *Light for Everyone* (*Luz para Todos*) Programs. Also, the Company received R$ 291 million from the CDE (Energy Development Fund) and from the State of Minas Gerais, on a sinking-fund basis, for the *Light for Everyone* Program; and the economic subsidy/support related to the tariff policy applicable to low-income consumers with the funds of Codemig for the Administrative Center.

Cemig GT, meanwhile, took the opportunity of its comfortable cash position to pay the debt servicing, in the amount of R$ 1.219 billion (R$ 689 million being principal), practically without having recourse to new raising of funds, as a way of optimizing its leverage. However, in the consolidated view, the indebtedness of the Company includes the effect of the financings contracted by its subsidiaries to pay for investments in generation, principally the *Santo Antônio* Hydroelectric Plant and the *Belo Monte* Hydroelectric Plant, and in transmission, in which a highlight was the Promissory Notes of **Taesa**, in the amount of R$1.17 billion (affecting the indebtedness of **Cemig GT** in the amount of R$ 663 million), for acquisition of the assets of **Abengoa**.

In March 2012, **Cemig GT** completed its 3rd debenture issue a total of 1,350,000 non-convertible, unsecured debentures in 3 series, each with nominal unit value of R$ 1,000.00 (one thousand Reais) on the issue date (February 15, 2012), for a total of R$ 1.35 billion. The net proceeds from the issue were used to redeem 100% of the Company s fourth issue of commercial promissory notes (issued January 13, 2012), for their total nominal unit value of R$ 1,000,000, plus remuneratory interest, and to strengthen the Company s working capital. 480,000 debentures were issued in the first series, 200,000 in the second series and 670,000 in the third series, with respective maturities of 5, 7 and 10 years from the issue date. The debentures of the first series carry remuneratory interest at the rate of CDI + 0.90% p.a., and the debentures of the second and third series will have their nominal unit value adjusted by the IPCA index (published by the IBGE) plus remuneratory interest of 6.00% p.a. and 6.20% p.a., respectively. **Cemig** provided a surety guarantee for the 3rd debenture issue of Cemig GT.

Main indexors of the debt on December 31, 2011

The composition of Cemig s debt is a reflection of the sources of financing that are available to the Company (bank lending used for rollover of debt, and issuance of debentures and promissory notes, in which a significant demand has been allocated in securities indexed to local Brazilian interest rates), and also of its intention to avoid exposure to foreign currency (currently at 2%). The high concentration of the debt in rates tagged to the CDI rate (59%) will reduce the cost of the debt in a scenario of lower interest rates in the long term. The average cost of Cemig s debt in real terms, in current currency, is 7.21% p.a.

The Company manages its debt with focus on lengthening of maturities, limitation of indebtedness to the levels laid down in the by-laws, reduction of the cost of debt, and preservation of the company s payment capacity, without pressures on cash flow that could indicate a refinancing risk.

The amortization timetable of the Company s debt, at December 31, 2011, was satisfactorily spread out over the years, with an average tenor of 3.1 years, although there is a concentration of debt maturing in 2012, as shown in the chart below, which has been partially refinanced in March 2012, through an issue of debentures by Cemig GT, mentioned in the previous paragraph.

This chart shows the debt amortization timetable:

Debt amortization timetable

Position at December 2011 (R$ million)

The credit ratings of Cemig and its principal subsidiaries were not changed over 2011, even in a context of the Company s expansion through projects or acquisitions reflecting, as the people rating agencies report it, a positive perception of healthy profitability and strong cash flow, indicated by solid credit indicators and an appropriate liquidity profile.

THE REGULATORY ENVIRONMENT

Renewal of concessions

One of Cemig s most valuable intangible assets is its portfolio of concessions for commercial operation in generation, transmission and distribution. The periods of the concessions vary depending mainly on the date of the grant.

The Mining and Energy Ministry has formed a technical working group to analyze the criteria that will be applied in renewals of generation, transmission and distribution concessions expiring as from 2015. Suggestions will be submitted to the National Energy Policy Council and, according to statements by participants of that group, will have as their object the reduction of tariffs for consumers.

The federal government is expected to make a decision in 2012 defining the criteria for renewal of concessions after which it will be possible to determine the effect of the criteria on the Company s results.

Electricity auctions

Cemig D took part in three auctions held by the regulator, Aneel, in the **Regulated Market**, for supply over the period 2011 to 2043, making the following purchases:

Auction	Power (MW, average)	Average price (R$/MWh)
A 3 Auction	389.16	102.07
A 1 Auction	18.13	79.99
Adjustment Auction of the 2nd half of the year	137.00	56.13

Cemig GT took part in three auctions held by the regulator, Aneel, in the **Regulated Market**, for supply over the period 2011 to 2014, making the following sales:

Auction	Power (MW, average)	Average price (R$/MWh)
A 1 Auction	85.00	80.00
Adjustment Auction of the 1st half of the year	85.00	108.00
Adjustment Auction of the 2nd half of the year	62.00	54.73

In the Free Market Cemig GT held a total of 65 auctions in 2011, including purchases and sales, selling a total of 30,226 GWh, and participated in a total of 96 purchase and sale auctions promoted by others, selling 4,109 GWh.

Cemig GT decides its strategy for activity in the Free Market Auctions based on its own assumptions and premises, including a curve of future price forecasts, approved internally, and on the basis of its Structural Balance Plan, which defines the availability to be directed to the various agents of this market.

Management of Transmission Losses

The overall Loss Index of Cemig D (Distribution) was 10.40% in October 2011. Of these 8.50% were technical losses and 1.90% were non-technical losses.

The investments made in strengthening the electricity system at high, medium and low voltage have helped in the control of technical losses, which are inherent in the process of transport and transformation of electricity.

In the management of non-technical losses, regularization of 35,000 consumers has provided a recovery of energy totaling 181 GWh and an increase of 77 GWh. These amounts correspond to aggregate revenue of R$ 90 million.

Further to this: improvements were made to the tool for selection of inspection targets; productivity was increased in the process of charging for irregular consumption, revenue from medium- and large-scale consumers was increasingly bullet-proofed ; approximately 177,000 obsolete meters were replaced; and 15,000 public illumination lamps left on during the day were regularized.

RELATIONSHIP WITH CLIENTS

Retail supply quality

Electricity supply quality indicators (SAIDI and SAIFI) of Cemig D (Distribution):

Year	Adjusted		Unadjusted	
	SAIDI	SAIFI	SAIDI	SAIFI
2010	12.99	6.55	15.10	7.40
2011	14.32	7.90	16.86	7.01
Increase / (reduction)	10.2%	20.6%	11.65%	(5.3%)

The adjustment in the figures above relates to days regarded as critical: those in which the number of emergency occurrences exceeds the average for the previous 24 months. Outages on critical days are not included for the calculation of SAIDI and SAIFI indicators.

Cemig had 332,501 outages in the year, of which 82% were accidental and 18% programmed. Around 49% of the outages in 2011 arose from causes external to the system (natural and environmental phenomena), 33% were of internal origin (equipment, human failure, handling errors, etc.), and 18% were programmed outages. The most common external causes were lightning, with 21%, contact between birds or animals and the network, 10%, and contact with trees, 10%.

In 2011 Cemig invested R$ 105.6 million in preventive maintenance (cleaning of transmission pathways; pruning; maintenance of structures; and replacement of damaged posts, transformers and cables); and a further R$ 34.13 million in improvements to the network (covering of cables; and refurbishment and interconnection of circuits).

One cause of the fall in quality indicators in 2011 was an increase in rainfall, which was significantly higher than the average of any previously recorded.

Significant investments are planned for 2012 in works to improve operational flexibility, and installation of protection equipment with automatic reconnection, able to help reduce both the frequency and duration of accidental outages, thus improving the quality of electricity supply.

Another important sphere of action is in raising the overall level of technology employed, with systematic investments in automation of the electricity system, which will enable automatic remote re-establishment of supply after outages.

Service policy

Cemig D has numerous existing channels for relationship with clients. They include: the *Speak to Cemig* facility, Service Branches, Relationship Agencies, Virtual Branches and Simplified Service Posts (PASs). The Company has been working strongly on forging a closer relationship with clients.

In 2011 Cemig D (Distribution) established personal (face-to-face) client service in all the 774 municipalities of its concession area, and also made investments in:

(i) Cemig s Virtual Branch , increasing the number of services available; and in
(ii) the Cemig Texting (*Cemig Torpedo*) service, in which the client can use simple text messaging to advise Cemig of an outage, get an update on bills owed, or request an on-premises meter reading, receiving an answer in less than 1 minute.

INVESTMENTS

New acquisitions

Acquisition of new assets is a policy that is in line with Cemig s strategy of becoming an increasingly large player, and a player that is increasingly competitive in the market. These are the principal acquisitions of 2011:

Belo Monte Hydroelectric Plant

In 2911 a 9.77% interest was acquired in the *Belo Monte* Hydroelectric Plant, through acquisition of 9.77% of the share capital of Norte Energia S.A. (**NESA**), the company that has the concession for the plant. A special-purpose company, Amazônia Energia Participações S.A (**Amazônia**), was created for the purpose, in which **Cemig GT** owns 74.5% of the total capital and **Light**, 25.5%.

Increase of stake in Light

Acquisition of additional interest in April 2011

On April 12, 2011 the jointly-controlled subsidiary *Parati S.A. Participações em Ativos de Energia Elétrica* (**Parati**) acquired 54.08% of the share capital of **Redentor**, for R$ 403,350, corresponding to a price per share of R$ 6.87. Redentor holds a 13.03% interest in the total and voting stock of Light.

Since the transaction resulted in the transfer of control of Redentor, Parati held an Auction of Public Offer for acquisition of the remaining shares in Redentor.

On September 30, 2011 the auction was settled with payment of R$ 7.20 per share, corresponding to a total amount of R$ 334 million, representing 93.04% of the shares in circulation that were held by minority stockholders. This acquisition represented 42.72% of the total of shares in the share capital, and was made for the price of R$ 6.87, the same price per share paid to the controlling stockholder on May 12, 2011, updated by the variation in the Selic rate from that date to September 30, 2011.

A further Public Offering to Acquire Shares for Cancellation of Listed Company Registration and Exit from the Novo Mercado is planned to take place in the first half of 2012, for acquisition of the common shares remaining in the market, representing 3.20% of the share capital.

Acquisition of additional interest in Light in July 2011

On July 7, 2011 Parati acquired 100% of the holdings in Luce, owner of 75% of the units of the *Luce Brazil Equity Investment Fund* (*Luce Brasil Fundo de Investimento em Participações,* or **FIP Luce**), which in turn is the indirect holder, through Luce Empreendimentos e Participações S.A., of approximately 9.77% of the total and voting capital of Light.

The amount paid for the acquisition was R$ 516 million. As a result of this transaction and as specified in the Unit Holders Agreement of FIP Luce, **Braslight**, holder of the remaining 25% of the units of FIP Luce, acquired an option, for 60 days, to sell its interest to Parati.

On July 15, 2011 Parati, through Luce, was notified by Braslight that it had exercised its Option to Sell its interest of 25% in FIP Luce, which took place on July 28, 2011. The amount paid to Braslight for this acquisition was R$ 172 million.

With these acquisitions Parati became holder of 25.68% of the voting stock of Light. Cemig owns 25% of Parati, and Redentor Fundo de Investimento em Participações owns 75%.

Transmission assets of the Abengoa Group

Through its subsidiary **Taesa**, Cemig acquired a concession and an equity interest in a company of the Abengoa group, of Spanish origin, holding four transmission assets.

Taesa acquired:

(i) 50% of the shares held by Abengoa Concessões Brasil Holding S.A. in the share capital of **Abengoa Participações** Holding S.A. which, in turn, is holder of 100% of the total capital of the transmission companies:

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

(ii) and 100% of the shares held by Abengoa Concessões Brasil Holding S.A. and by Abengoa Construção Brasil Ltda. in the share capital of

NTE Nordeste Transmissora de Energia S.A.

For the acquisition, Taesa paid R$ 1.163 billion, settled on November 25, 2011.

Renova Energia

Through **Light Energia** S.A., the group acquired 50 million shares issued by Renova Energia S.A. (**Renova**), injecting approximately R$ 360 million. This gave Light a 50% interest in the controlling stockholding block of Renova.

Renova is the holding company of a group founded in 2001 and listed on the BM&FBovespa in 2010. It is the first company generating electricity from alternative sources to be listed in Brazil. It operates in generation of electricity from renewable sources, including small hydro plants and wind farms.

Gasmig

On December 27, 2011 the Board of Directors authorized acquisition of nominal preferred shares representing 4.38% of the total capital of **Gasmig**, from the State of Minas Gerais, for R$ 67 million, corresponding to a price per share of approximately R$ 3.75. The price is to be adjusted to the amount indicated by an independent valuation opinion, which will be prepared by a specialized institution, to be chosen and contracted by Cemig.

The acquisition will also be conditional on complete conclusion of the transfer to Minas Gerais State of the stockholding interest in Gasmig, currently held in the name of MGI Minas Gerais Participações S.A., in such a way that there is no burden for this transaction for Cemig.

Other investments

As well as the new acquisitions, the group made the following other investments in 2011:

Generation

Cemig GT is carrying out a wide-ranging program of revitalization of its plants, aiming to extend their useful life. There are refurbishment and modernization projects in progress at the *São Simão, Volta Grande* and *Salto Grande* hydroelectric plants. The program is planned to continue until 2025, and also includes the *Três Marias, Itutinga, Camargos, Jaguara, Emborcação, Nova Ponte* and *Miranda* plants, with total planned investment of R$ 1.664 billion.

At the same time Cemig continues to invest in automation of its facilities. Remote assistance has now been put in place at 13 plants, 12 small hydro plants (PCH s) and 24 transmission substations. With its Automation Master Plan, Cemig will install remote assistance in 17 plants, 14 PCHs and 37 transmission substations. Completion of the whole program is planned for December 2016.

Transmission

Among the many investments made in transmission in 2011 we highlight those by Empresa Amazonense de Transmissão de Energia Elétrica S.A. (**EATE**) in four transmission lines: *Sorriso Sinop* (76km), *Novo Mutum Sorriso* (151km), *Parecis Brasnorte* (111km) and *Brasnorte Juína* (207km).

Cemig GT invested R$ 38 million in the construction of the *Pimenta* substation (138kV), and expansion of the *Neves 1* substation (500kV).

Distribution

Of the investment programs in the distribution activity, we highlight the following:

Distribution development Plan (PDD)

During the process of the Tariff Review for the 2008 2012 period, Cemig s Distribution and Sales Department (DDC) presented the regulator with a Distribution Development Plan (*Plano de Desenvolvimento da Distribuição*, or   PDD), for the related period, specifying amounts totaling R$ 3.9 billion to be invested by **Cemig D** over 2008 2012.

Completion of the MacroProjects that comprise the PDD plan will facilitate sustainable growth in the market, by making electricity available, and will make a strong contribution to improving supply quality performance in terms of continuity, balance and voltage levels.

The Light for Everyone Program   universalization   of access to electricity

At the end of 2011 Cemig concluded the *Luz para Todos (Light for Everyone)* Program in Minas Gerais for the period of 2004 2011. This covered 774 municipalities of its concession area, and connected no less than 285,913 homes in the rural area to the electricity network for the first time this was almost 3 times the quantitative target of 105,000 homes initially specified by the Mining and Energy Ministry. Approximately R$ 3 billion was invested, in 633 municipalities, with 23% of the funding coming from the federal government, and 77% from the government of Minas Gerais State and from Cemig, bringing benefits to some 1.5 million people, and serving practically 100% of its concession area.

Natural gas

In 2011 **Gasmig** invested R$ 11.9 million in the gas pipeline networks of Minas Gerais, building 8.9km of pipeline network in the Metropolitan Region of Belo Horizonte, the South of Minas region (*Sul de Minas*), the Steel Valley (*Vale do Aço*) and the Mantiqueira region (*Juiz de Fora*).

A highlight of 2011 was a series of market studies for the start of works on the South Ring (*Anel Sul*) residential project for a steel pipeline to connect seven districts in the city of Belo Horizonte, to provide service to 66,700 clients by 2015.

As well as the residential segment, branches were completed for connection to vehicle fuel supply stations, industrial clients and commercial clients in the Metropolitan region of Belo Horizonte.

THE CAPITAL MARKET, AND DIVIDENDS

Cemig s shares were first listed on the Minas Gerais stock exchange on October 14, 1960, and were listed on the São Paulo Stock Exchange (Bovespa) in 1972, under the tickers CMIG3 for the ON (common) shares, and CMIG4 for the PN (preferred) shares. Since October 2001, we have been part of the Level 1 Corporate Governance listing of the Bovespa. Cemig s shares have also been traded on the Madrid Stock Exchange (as XCMIG) since 2002, and as ADRs on the New York Stock Exchange since 1993. Since 2001 they have been trading on the NYSE as level 2 ADRs.

Stockholding structure

On December 31, 2011 the Company s registered capital was R$ 3.412 billion, as shown in the following chart:

Share prices

The following were the closing prices of our shares on the stock exchanges of São Paulo (Bovespa), New York (NYSE) and Madrid (Latibex) at the end of 2010 and 2011:

Name	Ticker	Currency	Close of 2010	Close of 2011
Cemig PN	CMIG4	R$	24.24	33.27
Cemig ON	CMIG3	R$	18.36	27.30
ADR PN	CIG	US$	15.13	17.79
ADR ON	CIG.C	US$	11.07	14.11
Cemig PN (Latibex)	XCMIG	Euro	12.30	13.33

Source: Economática. Prices adjusted for proceeds, including dividends.

The total trading in Cemig s preferred shares, CMIG4, in 2011 on the São Paulo Stock Exchange was R$ 10.7 billion, with a daily average of just under R$ 48 million. This places the stock among the most traded on the Bovespa, providing investors with security and liquidity.

The daily volume traded in ADRs for the preferred shares on the New York Stock Exchange is similar to the trading volume in the Brazilian market further indicating the strength of Cemig as a global investment option.

Cemig s shares outperformed the São Paulo Stock Exchange index: CMIG3 rose 48.62% in the year, and CMIG4 rose 37.23%. This provided a total return to the stockholder, in 2011, of 14% for CMIG3 and 11% for CMIG4.

	CMIG4	CMIG3	CIG	CIG.C	IBOV	DJIA	IEE
2011	37.23%	48.62%	17.60%	27.46%	-18.11%	5.53%	19.72%

The market valuation is calculated as the total of the Company s shares, at the price of the preferred shares on the last trading day of each year, and is twice the Company s stockholders equity. The Company grew robustly in 2011 from 2010, demonstrating its constant objective of seek to add value and grow in a manner that is sustainable. Over the last five years Cemig s market valuation has increased by 50%:

Source: Economática. Based on non-adjusted share prices.

These charts compare Cemig s share prices over recent years with market indices.

DIVIDEND POLICY

Cemig, through its by-laws, assumes the undertaking to distribute a minimum dividend of 50% of the net profit for each year. Additionally, extraordinary dividends can be distributed each two years, or more frequently, if cash availability permits.

Dividends are paid in two equal installments: by June 30 and by December 30 of the year subsequent to the business year in which they were earned.

Extraordinary dividends

The Company made the following extraordinary payments in 2011 and 2010:

- In a meeting held on December 16, 2010, the Board of Directors decided to declare an extraordinary dividend, in the amount of R$ 900 million, or R$ 1.32 per share, using the profit reserve established under the by-laws for this purpose. The payment of these dividends took place on December 29, 2010.
- In a meeting held on December 15, 2011, the Board of Directors decided to declare an extraordinary dividend, in the amount of R$ 850 million, or R$ 1.25 per share, using the profit reserve established under the By-laws and other Profit Reserves for this purpose. These dividends were paid on December 28, 2011.

Dividend yield, %

PROPOSAL FOR ALLOCATION OF NET PROFIT

The Board of Directors will propose to the Annual General Meeting, to be held in April 2012, that the net profit for the year, of R$ 2.415 billion, should be allocated as follows:

- R$ 1.294 billion (53.58% of net profit) for payment of dividends.
- R$ 109 million to the Legal Reserve.

< R$ 1.012 billion to be retained in Stockholders equity.

CORPORATE GOVERNANCE

Cemig s Board of Directors has 14 members, appointed by the stockholders. In 2011, 26 meetings were held to decide on subjects ranging from strategic planning to investment projects.

We also have six Committees of Support to the Board of Directors. Their purpose is to ensure objectivity, consistency and quality in the decision process, providing an in-depth analysis of the matters within their specialization and issuing suggestions for decisions or actions, and opinions, to the Board.

The Audit Board is installed permanently, and has five members. In its current form, the Audit Board meets the requirements for exemption from constitution of an audit committee under the *Securities Act* and the *Sarbanes-Oxley* Law. In 2011 the Audit Board held 10 meetings.

Relationship with external auditors

We adopt a system of five-year rotation for our external independent auditors, complying with an order by the CVM (Securities Commission). Our financial statements are audited by KPMG Auditores Independentes. The services provided by independent auditors to Cemig and the majority of its subsidiaries were as follows:

Service	2011 R$ 000	% vs. auditing	2010 R$ 000	% vs. auditing
Audit of financial statements	624	100.00	1,113	100.00
Additional services:				
- Diagnostics and evaluation of internal controls SOX	255	40.90	239	21.49
- Review of tax returns and of the quarterly provisions for income tax and Social Contribution tax	121	19.33	76	6.83
- Audit of regulatory assets and liabilities	302	48.44	317	28.51
- Audit of R&D Projects	25	3.98	-	-
- Translation of reports	9	1.37	5	0.44
- Training in Corporate Tax Returns and changes in legislation	6	1.02	6	0.55
- Technical Financial Report for the State and World Bank - Pronoroeste Project	16	2.56	-	-
Overall total	**1,358**	**217.60**	**1,756**	**157.82**

The additional services do not, in the Board of Directors assessment, result in loss of independence by the external auditors and are not included in the items prohibited by the Sarbanes-Oxley Law nor by Article 23 of CVM Instruction 308 of May 14, 1999.

RISK MANAGEMENT

The risks within Cemig s corporate structure refer to events that could prevent it from achieving the objectives and the guidelines established by the Company s strategic planning. Risks are evaluated in terms of their financial impact, and the probability of their occurrence in the various businesses in the value chain.

Cemig manages risk on the basis of four aspects: objectives; risks; internal controls; and alignment.

In 2011 the Company created its Corporate Risk Monitoring Committee (CMRC), with the following remit:

(i) To propose, for approval by the Executive Board, guidelines, policies and procedures to be adopted in the process of management of corporate risks, to ensure continuous improvements in the process, and to make sure they are disseminated.
(ii) To select and present to the Executive Board, in its conclusions, priority actions addressing the risks categorized as critical .

(iii) To submit for approval by the Executive Board operational mechanisms for strategic monitoring of the corporate risks identified, and effective actions to reduce the levels of financial exposure and intangible impacts to an acceptable level, having regard to the mitigating action plans, aligned with the Company s Long-term Strategic Plan.

The Sarbanes-Oxley Law and certification of internal controls

Cemig received unqualified Certification of its Internal Controls for the consolidated financial statements, for the business year 2010, as stated in the Opinion of KPMG Auditores Independentes contained in its Annual Report filed on Form 20-F with the United States Securities and Exchange Commission (SEC) on June 29, 2011. This same result has been obtained since 2006.

Every year, based on an analysis and review of the mapping of risks in the processes at the business process and entity levels, the Company s management documents and tests the effectiveness of the controls, including the controls supported by information technology, in accordance with the rules of the Securities and Exchange Commission (SEC) and based on the criteria of the Public Company Accounting Oversight Board (PCAOB), of the *Committee of Sponsoring Organizations of the Treadway Commission* (Coso) and of the *Control Objectives for Information and Related Technology (Cobit).*

TECHNOLOGICAL MANAGEMENT AND INNOVATION

In 11 years of its research and development program, Cemig has sought to invest in innovative projects on the most varied range of themes related to its business. Under Law 9991 of the year 2000, every year 1% of net operational revenue of its principal subsidiaries is allocated to projects for Research & Development, and Energy Efficiency.

Early in 2011 Cemig and the Minas Gerais Research Support Foundation (*Fundação de Amparo à Pesquisa de Minas Gerais,* or Fapemig) signed a working agreement for R&D projects related to the electricity sector. R$ 150 million will be invested over the next five years. In this period Cemig will finance

R$ 100 million, and Fapemig will inject a further R$ 50 million.

Technology and alternative energy sources

Cemig continues to invest in projects that employ renewable energy sources, such as wind energy and solar energy, and small hydroelectric plants. In harmony with these efforts, there are also investments in projects focused on: rational use and conservation of energy; cogeneration, tri-generation and distributed generation; use of alternative fuels such as hydrogen, alcohol, natural gas, solid waste, industrial process wastes and biodiesel; improvement of electric vehicles; and plans for super-capacitors, intelligent windows and high temperature fuel cells.

In line with the global mobilization of awareness on climate change, Cemig has sought alternatives in energy all the way from the primary source to the final user, in the effort to ensure a sustainable future resulting from better use of electricity, with lower emissions.

Research and development projects

In 2010, 49 research and development projects were selected from a total of 220 received, and begun in 2011. The total investment of all the projects would have been R$ 480 million; total investment on the projects selected will be R$ 140 million. They are spread over 12 strategic theme areas of interest to Cemig and the electricity sector.

Following the signature of the working agreement with Fapemig and publication of a tender announcement in 2011, a further 229 proposals were submitted for projects costing a total of approximately R$ 385 million. The next phase of this process, selection and prioritization, is expected to be completed early in 2012. The expected result of that tender is that approximately R$ 30 million will be invested in projects to be begun in 2012.

It should also be noted that our R&D projects have successfully attracted tax benefits representing a reduction of R$ 8 million in Cemig s tax liability in 2011.

SOCIAL RESPONSIBILITY

As a provider of public services, we know that the relationship with the communities where we operate is not restricted to economic development, but also directly relates to the stage of social development.

Today Cemig is recognized for its sustainable activity and for its commitment to promote social development, generation of employment and social dignity through generation of electricity for all the citizens in the areas in which it operates.

Value added

The Value Added Statement (DVA) is an indicator of Cemig s importance for society in general, and its generation of wealth: the added value created in 2011 was measured as R$ 14.383 billion - compared to R$ 12.555 billion in 2010.

People

Cemig believes that its human capital is a fundamental element in complying with its commitment to economic, social and environmental sustainability. With this focus, it seeks to adopt best practices in the employment market in its management of people.

<u>Attraction and retention of talents</u>

Bringing together the Company s needs and its employees career development expectations, Cemig periodically carries out a process of internal mobility between careers, which provides employees with an entry into a professional career they are interested in, with both internal selection and an external competition.

As part of its management of talents for leadership, Cemig has held its Succession Management Program since 2007. The program aims to plan for replacement of leadership positions, and has become an appropriate tool for identifying potential successors with profiles that are appropriate to the competencies required. At present, 37% of the whole of Cemig s leadership has originated from the Succession Management Program. In December 2011 this program was named winner of the Funcoge 2011 award in the People Training and Development category.

Leadership Development Program

The Leadership Development program includes a series of education programs, among which we draw attention to: Cemig Leadership in Management (*Celig*), the *Advanced*

Management Program, the *Personal Skills Program for Potential Successors*, the *Paths of Leadership* Program, and the *International Tracks* Program.

Number of employees

Culture and society

In 2011 our sponsorships continued to be aligned with the strategy of maintenance of projects that create and maintain a user public, and develop specific segments, operating jointly with the current public policies to improve the cultural environment in Minas Gerais state.

The Company s two programs *Cemig Cultural,* and *Film it in Minas* supported 144 projects in 21 municipalities, meeting the aim intended by the Minas Gerais state Culture Department, of regionalizing production. The total invested in culture, including sponsorships receiving incentives from federal laws and donations of Cemig s own funds, was R$ 15.2 million.

Environment

Cemig carries out and manages a group of initiatives that seek to contribute to sustainable development. They include the environmental education program in schools, the environmental reserves, the programs for preservation of flora and fauna, the programs directed to preservation of fish, and programs for urban trees.

Funds invested in environmental activities (R$ million)

The environmental dimension

Cemig carries out numerous activities in favor of environmental sustainability. The quality of water in its principal reservoirs is monitored regularly. This chart shows the levels of the principal reservoirs of Cemig s power plants in 2011, compared to 2010.

Water storage levels at Cemig reservoirs, 2010 and 2011

Management of waste

The chart below shows the total of materials recycled or reused, and of waste allocated for final disposal, over the period 2008 to 2011, in tons. This includes lamps, insulating mineral oil, materials and equipment.

Fish study programs

Cemig launched its *Peixe Vivo* (*Fish Alive*) Program in 2007, to expand its efforts, in partnership with communities, fishermen and universities, to find and implement solutions to avoid or mitigate impacts on fish populations and create new fish preservation programs. In 2011 the number of fish released was 834,607 a total of 17,131.42kg of fish, released in 83 fish restocking actions.

One of the highlight projects in 2011 is a study of the behavior of fish downstream of dams. Using a technique never before employed in South America, acoustic telemetry, Cemig aims to obtain information for conservation of species and avoid deaths of fish in power plants during stoppages and start-up of rotors.

Fauna and Flora

To widen the knowledge and availability of information about fauna and flora in its areas of operation, Cemig GT maintains environmental stations with a total of more than 4,000 hectares in two important biomes; the Atlantic Forest and the *Cerrado*.

The *ASAS Forest Animals Release Area* program, developed in a partnership between Cemig and Ibama at the *Peti Environmental Station*, received 638 animals confiscated from animal traffickers in 2011. The project receives the animals, ensures that they recover and reintroduces them to the wild in carefully chosen locations that are similar to the species natural habitats.

Cemig has two forest nurseries, at the *Itutinga* and *Volta Grande Environmental Stations*, and a seed laboratory. The saplings produced are of native species, produced for planting in cities and towns, and represent one of Cemig s environmental programs in partnership with and for the benefit of society. Cemig produced 430,000 saplings, and a total of 89 hectares of riverbank forest, on seven reservoirs of the Company s generation plants, was replanted.

The quality of the water in Cemig reservoirs is monitored regularly, in a network that includes the main river basins of Minas Gerais, with a total of 43 reservoirs and more than 200 stations for collection of physical, chemical and biological data.

Environmental education

In 2009 Cemig launched its *Integrated Trees and Networks Handling Program* (*Programa Especial de Manejo Integrado de Árvores e Redes*, or Premiar), to manage Cemig s policies for handling of urban trees vis-à-vis electricity systems, to achieve harmonious coexistence between trees and the electricity network.

Since 2001 Cemig and its wholly-owned subsidiaries, in partnership with the **Biodiversitas Foundation**, have provided the *Cemig Program of Environmental Education in Schools* (*Terra da Gente*), which signed up 11 schools in 2001, bringing the total in the region of the *Campo das Vertentes* and *Sul de Minas* regions to 429 schools. The program provided teaching material to approximately 16,000 teachers, and involved more than 250,000 pupils.

Climate change

The global importance of debate on climate change leads Cemig to dedicate special attention to consolidation of its energy supply sources as predominantly renewable, and identification of business risks and opportunities, while focusing on a quest for solutions for adaptation and mitigation of the possible effects that could impact the Company s business.

To formalize its commitment on climate change, Cemig issued the document *Cemig 10 Initiatives for the Climate* (*Cemig 10 Iniciativas para o Clima*), which sets out the principal lines of its approach.

As well as giving priority to the participation of renewable energy sources among its sources of supply so far primarily through hydroelectric plants and wind farms Cemig has a large number of initiatives in progress connected with the climate, and also programs that develop more efficient use of energy in interaction with the community.

The publication of the document is testimony to the Company s efforts toward and commitment to a low-carbon economy, informing both society and investors of the lines of action it has undertaken.

RECOGNITION AWARDS

Cemig s efforts in 2011 led to recognition and awards reflecting the excellence of its activities by various sectors of society, among which we highlight the following:

The Dow Jones Sustainability Index

Cemig has once again been selected for inclusion in the *Dow Jones Sustainability World Index* (the DJSI World), for 2011 2012. This brings the number of years that Cemig has been in this index to 12, and it continues to be the only company in the Latin American electricity sector that has been in the DJSI World Index since the creation of index, in 1999. Being part of the Dow Jones Sustainability Index reflects the degree of responsibility in all Cemig s actions and commitment both to the world s population of today and to future generations.

The ISE Corporate Sustainability Index

Cemig was selected, for the seventh year running, for the São Paulo stock exchange s ISE Corporate Sustainability Index for 2011 12. The ISE reflects the return on a portfolio of shares listed on the BM&FBovespa that are recognized as committed to corporate sustainability, that is to say, they generate value for the stockholder in the long term, and are better prepared to maximize corporate opportunities, minimizing the risks associated with their activities.

The accounting profession s Transparency Trophy

Once again the accounting community gave recognition to the quality and clarity of Cemig s financial statements. 2011 was the eighth year running in which Cemig has won the Transparency Trophy (*Troféu Transparência*), awarded by *Anefac, Fipecafi, Serasa* and *Experian*, and Cemig was especially lauded for its track record in this award. The Company received its prize in the category of *Listed Companies Billing Over*

R$ 8 billion, as one of the 10 listed companies in Brazil with the best financial statements.

The Coge Foundation Prize

Cemig received this award in 2011 in the *People Training and Development* category, for its Succession Management Program. The award is a recognition of the Company s efforts in training and preparing leaders, and a recognition that people are one of the key factors that make possible the changes that are necessary for the strategic challenges and imperatives that the Company faces.

Electricity sector

Cemig once again received nationwide recognition for its activity in the electricity sector, with second place in electricity in the *As Melhores do Dinheiro* ranking organized by *Isto é Dinheiro* magazine. The award recognized companies that were outstanding in 27 sectors of the economy. In electricity, Cemig received highlight positions in three areas: First place in *Human Resources*; second place in *Corporate Governance*, and third place in *Financial Sustainability*.

The Abap Sustainability Award

Cemig once again won a distinguished position in the *Abap Sustainability Award*, with first place in the *Companies* category, in the third annual award of this prize. This is promoted by the Brazilian Advertising Agencies Association (*Associação Brasileira de Agências de Publicidade*, the Minas Gerais chapter being *Abap-MG*), and recognized the company s work in favor of cultural, social and environmental development of the State. Cemig won the award for the company or institution most remembered for sustainable actions in the cultural, social and environmental areas.

Apimec Award

Cemig s Chief Officer for Finance and Investor Relations, Luiz Fernando Rolla, was elected the *Best Investor Relations Professional of 2010* by the 2011 *Apimec* awards the 38th annual awards by the Brazilian Association of Capital Markets Investment Analysts and Professionals (*Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais, or* Apimec). The *Investor Relations Professional* category recognizes investor relations professionals in companies that have securities traded in the Brazilian market, and their obligatory information up to date with the Brazilian Securities Commission (CVM).

Sport-Friendly Companies award

Cemig was highlighted in two categories in the second annual Sport-Friendly Companies award (*Prêmio Empresário Amigo do Esporte*), promoted by the Ministry of Sport in 2011. It also won first place in the *Best Friend of Regional Sport* category, and third place in the category *Dedication and Incentive to Sport*.

The *Best Friend of Regional Sport* category rewards companies that invest in sports and Para Sports projects in 90 states of Brazil.

The *Dedication and Incentive to Sport* category is nationwide, and seeks to reward categories that have fulfilled the maximum of their sports incentive potential, that is to say allocating 1% of the total income tax paid, and have voluntarily declared that percentage in favor of sporting projects.

Best Communication with Journalists

The *Companies that Best Communicate with Journalists* award, promoted by *Negócios da Comunicação* (*Communications Business*) magazine, attested to the quality of the relationship that Cemig has with the media. In the electricity sector, Cemig was classified among the three best companies, based on a survey of 2,500 journalists from all over Brazil.

12th Annual *Best Annual Report* survey Honorable Mention

Cemig s Annual Report published in 2011 was highlighted under the *Strategy* criterion of the 12th annual *Abrasca* Awards, given by the Brazilian Listed Companies Association (*Associação Brasileira das Companhias Abertas*, or Abrasca). The award aims to encourage optimum quality of information presented to the market, and thus, ever-improving corporate governance mechanisms, among Brazil s listed companies.

National Quality Prize

Cemig was rewarded with two highlight positions in the National Quality Prize (PNQ), the most important prize recognizing management in Brazil. The award is offered by the National Quality Foundation (*Fundação Nacional da Qualidade, or* FNQ). Cemig s two wholly-owned subsidiaries, Cemig D (Distribution) and Cemig GT (Generation and Transmission) were highlighted in the awards in two criteria:

Processes and *Clients*.

The award, now in its 20th year, encourages improvement in quality of management and increase of competitiveness among Brazilian organizations. Last year, Cemig D won the status of Finalist in the awards.

The *Leaders of Brazil* Prize

In these awards, promoted by the Entrepreneurial Leaders Group (*Grupo de Líderes Empresariais, or* LIDE), *Brasil Econômico* newspaper and the *SBT* television network, **Cemig s CEO, Mr. Djalma Bastos de Morais**, received the *Leader in Environmental Management in 2011* Award. This was the first year of these awards, which recognized entrepreneurs and executives who stand out in their sectors and help keep Brazil in the world s headlines.

FINAL REMARKS

Cemig s management is grateful to its majority stockholder, Minas Gerais State, for the trust and support that it has constantly shown during the year. It also thanks the other federal, state and municipal authorities, the communities served by the Company, the stockholders, other investors, and, above all, its highly qualified group of employees, for their dedication.

SOCIAL STATEMENT

CONSOLIDATED

1 - Basis of calculations	2011 Amount (R$ 000)	2010 Amount (R$ 000)
Net sales revenue (NR)	15,814,227	13,846,934
Operational profit (OP)	4,416,547	3,646,795
Gross payroll (GP)	1,131,846	1,071,921

2 - Internal social indicators	NOMINAL R$ 000	% of GP	% of NR	NOMINAL R$ 000	% of GP	% of NR
Food	70,032	6.19	0.44	78,643	7.34	0.57
Mandatory charges and payments based on payroll	278,467	24.60	1.76	268,002	25.00	1.94
Private pension plan	67,393	5.95	0.43	107,038	9.99	0.77
Health	43,849	3.87	0.28	43,002	4.01	0.31
Safety and medicine in the workplace	10,786	0.95	0.07	11,001	1.03	0.08
Education	2,182	0.19	0.01	1,256	0.12	0.01
Culture	88	0.01	-	134	0.01	-
Training and professional development	26,200	2.31	0.17	38,687	3.61	0.28