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Income tax on interest on shareholders´capital	15	14	15
State inheritance and donation taxes (ITCD)	121	116	49
Pasep and Cofins tax (a)	725	720	554
Others			

107

59

14

968

909

632

Others

Regulatory	
	33
	45
	52
Third party claims	
	7
	6
	6
Civil actions	
	1
	14
	8
Consumer works valuation	
	2
	13

	2
Injunctions	
	110
	92
	55
Others (b)	
	35
	102
	60
	188
	272
	183

1,420

1,388

1,027

(a) The balances of escrow deposits paid into court in relation to the PASEP and COFINS taxes have a corresponding provision recorded in Taxes and contributions. For details please see Note 18.

(b) Most of these items are amounts blocked by the courts under various lawsuits.

12. ACCOUNTS RECEIVABLE FROM THE MINAS GERAIS STATE GOVERNMENT AND CRC ACCOUNT SECURITIZATION FUND

a) CRC Agreement

The credit balance remaining from the Recoverable Results Account (CRC) was passed on to the Government of the State of Minas Gerais in 1995, through an agreement for assignment of the Recoverable Results Account (the CRC Agreement) pursuant to Law 8724/93 for monthly amortization over seventeen years, as from June 1, 1998, with interest of 6% per year, restated monthly by the Fiscal Reference Unit (UFIR).

On January 24, 2011, The CRC Agreement was modified to address issues relating to remuneration of the receivable, which replaced the monetary updating unit in the agreement from UFIR to IGP-DI inflation index, backdated to November 2000, due to the abolition of the UFIR in October 2000, and certain guarantees relating to dividend retention by the State Government.

The Second and Third Amendments to the CRC Agreement were signed in October 2002, setting new conditions for amortization of the credits receivable from the Minas Gerais State Government.

As a result of default in receipt of the credits specified in the Second and Third Amendments, the Fourth Amendment was signed, with the aim of making possible full receipt of the CRC balance through retention of dividends becoming payable to State Government. This agreement was approved by the Extraordinary General Meeting of Stockholders completed on January 12, 2006.

According with the Fourth Amendment to the CRC Agreement, the Minas Gerais State Government would amortize this payable to the Company via 61 consecutive semi-annual installments, which are due on June 30 and December 31 of each year, over the period from June 2005 to June 2035.

b) Creation of CEMIG CRC Account Securitization Fund

On January 27, 2006, Cemig transferred the accounts receivable from the CRC Account Agreement to a credit securitzation investment fund (FDIC). The value of the FIDC was established by the Fund administrator, based on CEMIG s long term financial predictions, estimating the dividends that would be withheld for amortization of the debit balance of the CRC agreement. Based on these projections, the FIDC, on that date, was valued at the total amount of R$1,659, of which R$900 are senior quotas and R$759 are subordinated quotas.

The senior quotas were acquired by financial institutions and are being amortized in 20 semi-annual installments, starting in June 2006, with interest accruing at the rate of CDI plus 1.7% per year, and are guaranteed by CEMIG.

The subordinated quotas were subscripted by Cemig and corresponded to the difference between the total value of the FIDC and the senior quotas.

The subordinated quotas were updated for monetary valuation purposes in the amount of the difference between the valuation of the FIDC using a rate of 10% per year and the increase in value of the senior quotas, as calculated based on CDI plus 1.7% per year.

To permit the early settlement of the CRC Contract, as described in details in item c below, on December 5, 2012 the Company bought back the senior quotas and on December 17, 2012 settled the FIDC, by transacting the receivables at the price posted in the FIDC of R$ 1,785 (R$ 695 for senior units and R$ 1,090 for subordinated units), as authorized by the Board of Directors.

c) Negotiation for the advanced settlement of account receivable from the Minas Gerais State Government - CRC

On November 20, 2012, the Minas Gerais State Government and the Company entered into a Commitment Undertaking, the aim of which was to create the practical conditions for early settlement, in full, of the obligations arising from the CRC Contract. A discount of approximately 35% was applied to the updated amount of the debtor balance, for payment at sight by the State of Minas Gerais to the bank account of the Company.

In the Undertaking, the State of Minas Gerais recognized and declared a liability payable by it under the CRC Contract, with face value of R$ 6,282, as of October 31, 2012, which after application of a discount of 35%, resulted in the amount of R$ 4,084. This amount was updated, and increased by the interest specified in the CRC Contract, up to the date of the actual payment, within the limit period of up to 30 business days from the date of entry of the funds, for each credit transaction carried out by the Statement of Minas Gerais to make the transaction possible. On December 31, 2012, the amount of R$ 4,084, increased by interest and monetary adjustment, comprised a total of R$ 4,168, which after deduction of the carrying amount of the accounts receivable of R$ 1,785, generated a financial gain of R$ 2,383. This amount was posted in the profit and loss in 2012.

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Within the process of negotiation of the early settlement of the CRC, to satisfy a condition for approval of the transaction by the Federal Government, the Company agreed a Term of Settlement to terminate the legal action between Cemig and the Federal Government related to the now-extinct CRC Account. As part of this arrangement, the State retained part of the amounts which would otherwise have been paid through to the Company, and passed through to the federal government the amount of R$ 403, under the settlement referred to. This is set out in more detail in Explanatory Note 23 Provisions.

The movement of amounts on the CRC account was as follows:

Carrying amount	1,785
Monetary updating of the contract as per conditions agreed with Minas Gerais State	2,383
Net amounts settled by Minas Gerais State	(1,746)
Balance at December 31, 2012	**2,422**

The outstanding balance as of December 31, 2012 was settled by the Government of the State on February 27 and 28, 2013.

13. FINANCIAL ASSETS OF THE CONCESSION

As described in Note 2, Item 2.6 (f), the Company s distribution, transmission, gas and wind generation concession contracts are within the criteria for application of IFRIC 12 Service Concession Arrangements). At the end of the concession period, the grantor will provide indemnity to the Company for the unamortized value of the concession assets according concession agreement between CEMIG and ANEEL and effective legislation and regulatory rules.

As described in more detail in Note 4, the Company accepted renewal of the transmission concession of the subsidiary and the assets were reverted to the Granting Power, with indemnity being established for those assets.

The balances of the financial assets are as follows:

	2012	2011	01/01/2011

Distribution concessions	5,269	3,331	2,509
Gas concessions	355	305	287
Newer transmission concessions	6,405	5,812	4,756
Older transmission concessions	178	758	745
	12,207	**10,206**	**8,297**
Current assets	1,041	1,120	625
Non-current assets	11,166	9,086	7,672

For newer transmission concessions, the internal rate of return of financial assets ranged between 7.8% and 14.48%, in accordance with the specified characteristics of each concession and their investment dates.

Changes in the financial assets were as follows:

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Balance on December 31, 2011	**10,206**
Additions	160
Acquisition of subsidiaries	556
Monetary updating	896
Dilution of equity interest in Taesa	(839)
Amounts received	(812)
Transfers	1,848
Net gain on indemnity of assets	192
Balance on December 31, 2012	**12,207**

On September 11, 2012 the Brazilian government issued Provisional Measure 579, governing renewals of concessions. See details in Note 4.

The Company understands that the financial assets of the gas concession will be indemnified by the Granting Power, that is to say: At the end of the concession the government of the State of Minas Gerais will indemnify the amount of the investments made in the last five years of the concession. For the balances of the financial assets determined by the other goods linked to the concession, the Company believes, and is supported in this opinion by a Legal Note issued by the office of the General Attorney of the State of Minas Gerais, that they will be subject to indemnity at the time of the termination of the concession, by one of the following routes: (i) by the new concession holder, in the event of the concession not being renewed; (ii) by the extension of the concession contact, for a period that is reasonable and necessary for amortization of the assets underlying financial assets, to maintain the balance of the contract; or (iii) through a contractual amendment that changes the indemnity clause to guarantee indemnity of the goods that have not been amortized, at the end of the concession. These options are still in the process of being decided upon by the Grantor Power.

14. INVESTMENTS

The table below gives summary financial information on investments in subsidiaries throw cost method. The figures are adjusted for the percentage stake or interest held by the Company.

	2012	2011	01/01/2011
Gasmig (investment in progress)	-	67	-
Norte Energia	226	110	-
	226	**177**	**-**

a) Additional acquisition of equity interest in Gasmig

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

Completion of the Opinion resulted in a valuation of the holding acquired at R$65, representing a payment made in excess in the amount of R$2 million, to be restituted by the Minas Gerais State Government, recorded in Other credits . On July 9, 2012 the representative of Minas Gerais State signed Gasmig s Share Transfer Book and as from that date the Company owns 59.57% of Gasmig.

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The fair values recognized in the acquisition are as follows:

Assets	
Cash and cash equivalents	2
Consumers and traders	12
Other credits	9
Financial assets of the concession	25
Intangible	48
Liabilities	
Loans and financings	(9)
Other obligations	(22)
Net assets acquired	**65**
Cash disbursed	**65**

b) Stockholding Restructuring Operation in Taesa

The Transmission Assets Investment Contract

On May 17, 2012, Cemig GT entered into a contract (the Transmission Assets Investment Contract) with its jointly-controlled subsidiary Taesa, under which all the shareholdings owned by Cemig GT in EBTE (49% of EBTE) will be transferred to Taesa. With the transfer, Taesa will own 74.49% of EBTE, based on the holding of 49% transferred by Cemig GT, plus an indirect holding through EATE of 51% (Taesa owns 49.98% of the shares in EATE) (jointly referred to as the TBE Group).

Under the same agreement, Cemig undertakes to transfer to Taesa the totality of the shares held by Cemig in the electricity transmission companies of the TBE Group: ETEP (49.98%); ENTE (49.99%); ERTE (49.99%); EATE (49.98%) and ECTE (19.09%).

The conclusion of this stockholding restructuring transaction, and final transfer of the assets referred to above, was approved on April 9, 2013. See more information in note 34.

Under the Transmission Assets Investment Contract, Taesa is not allowed to dispose of, assign or transfer its holdings in the companies of the TBE Group before expiry of 120 months from the date of actual transfer of the said stockholdings, unless previously authorized by Cemig but during that period Taesa may make total or partial disposal, assignment or transfer of any stockholding that it holds in the companies of the

TBE Group provided that it transfers to Cemig the positive difference obtained on such disposal, assignment or transfer, the comparison being between the value of the consideration for the disposal, assignment or transfer and the amount for which the holdings in the TBE Group were transferred to Taesa, duly updated by the variation of the Selic rate published by the Brazilian Central Bank up to the date of the actual disposal, assignment or transfer.

Contract to assume obligations change in shareholders agreement

On June 29, 2012 the indirect jointly-held subsidiary Taesa, together with Alupar Investimento S.A. (holder, with Cemig and Cemig GT, of control of the companies of the TBE Group) signed a private contract to assume

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obligations, agreeing the following: On January 2, 2013 (or on the date of transfer of the holdings in the companies of the TBE Group to Taesa, whichever is later), amended versions of the Shareholder s Agreements of the companies in the TBE Group come into effect, and the changes to the respective by-laws must have been voted by Alupar Investimento S.A. and Taesa.

Based on the above, it is Taesa s understanding that it will cease to hold actual shared control of the companies of the TBE Group when the amended shareholder s agreements referred to come into force, and that it will from then on have significant influence in those companies.

c) Acquisition of the TBE companies approvals to date

On July 25, 2012 the request for consent to the transfer of a percentage interest in the concessions (subject of the stockholding restructuring) was filed with Aneel. On October 4, 2012 the Company updated the documents submitted to Aneel, to continue with the process. The matter is currently being considered by Aneel s Economic and Financial Inspection Department (*Superintendência de Fiscalização Econômica e Financeira*, or SFF/Aneel), which is expected to state its position on the transaction by December of this year.

d)Acquisition by Taesa of the remaining 50% of Unisa

On November 30, 2011, Taesa acquired from Abengoa, for R$ 800, 50% of the share capital of Unisa (formerly Abengoa Participações S.A.), the corporate objects of which are to hold interests in the equity capital of companies that provide public and private electricity transmission services. Unisa, on that date, held 100% of the shares in the transmission companies STE, ATE, ATE II and ATE III.

On March 16, 2012, Taesa signed a contract with Abengoa for acquisition of the remaining 50% of the share capital of Unisa. Conclusion of the transaction and actual transfer of the shares was at that time subject to certain conditions precedent. On July 3, 2012 Taesa concluded acquisition of the remaining 50% of the shares in Unisa held by Abengoa. This transaction was approved by Cade, the Brazilian monopolies authority, on July 4, 2012.

Based on the above, from November 30, 2011 to July 3, 2012, Unisa was jointly-controlled by Taesa and Abengoa, and as from July 4, 2012 (the acquisition date), became a wholly-owned subsidiary of Taesa. The total value of the consideration paid for the acquisition of the holding was R$ 876, comprising R$ 902 paid in cash, net of constitution of dividends receivable in the amount of R$ 28 and accounts payable in the amount of R$ 2, on the date of calculation of the transaction, under the terms of the agreement signed by the parties.

The assets acquired, and liabilities recognized, on the date of acquisition of the control of Unisa by Taesa (July 3, 2012) were recognized through the acquisition method applicable in the case of business combinations by stages, as shown below:

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July 3, 2012	**Fair values recognized on acquisition of Unisa**	**Amount proportional to Cemig GT s holding**
Assets		
Cash and cash equivalents	435	188
Clients	52	22
Financial assets	2,448	1,062
Other assets	177	77
Liabilities		
Accounts payable to suppliers and others	(95)	(41)
Loans and financings	(1,008)	(437)
Deferred tax payable	(257)	(111)
Total of the identifiable assets, net	**1,752**	**760**
Holding, %	100%	43.36%
Proportionate amount represented by the percentage holding	1,752	760
Investment previously held	(831)	(360)
Gain on the re-measurement on acquisition of the control of Unisa (a)	(45)	(20)
Consideration transferred for the acquisition of 50% of Unisa on July 3, 2012	**876**	**380**
Amount paid in cash	902	391
Dividends receivable	(28)	(12)
Accounts payable	2	1
Consideration transferred for the acquisition of 50% of Unisa on July 3, 2012	**876**	**380**

(a) As required by CPC 15(R1) and IFRS 3(R), in a business combination carried out in stages, the acquiring party must re-measure its interest held previously for the fair value on the date of obtaining of control (acquisition date) and must recognize the resulting gain or loss, if any, in the resulting profit and loss account for the period.

The considerations paid by Taesa for the combinations of businesses, through the acquisition of the initial 50% and then the remaining 50% of Unisa, were paid in cash with funds from the Company s fourth and fifth issues of promissory notes, respectively.

e) New issue of shares by Taesa

On July 19, 2012 the indirectly jointly-controlled subsidiary Taesa issued 24 million Units in a public share offering, at R$ 65 per Unit. The Units in this transaction comprise one common share and two preferred shares, all nominal, of the book-entry type and without par value. On August 20, 2012, the supplementary lot of the public share offering, of three million Units, was exercised in its entirety, resulting in a total of 27 million Units under the public share offering.

The share capital of Taesa was increased, within the limit of its authorized capital ceiling of R$ 1.755 billion, by issuance of 81 million new shares: 27 million common and 54 million preferred. Following the increase the share capital of Taesa is R$ 3,068 which, after deduction of the issue costs of R$ 39, totaled R$ 3,029, comprising 344,498,907 nominal, book-entry shares without par value: 230,517,711 common and 113,981,196 preferred. Pursuant to Article 172, I, of the Brazilian Corporate Law and Article 9 of the Company s by-laws, there was no first refusal right for existing stockholders of the Company in the subscription.

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With this issuance of shares Cemig GT reduces its percentage equity interest in Taesa, from 56.69% to 43.36% of the total capital, comprising 97,690,743 common shares and 51,683,548 preferred shares, as follows:

	COMMON SHARES		PREFERRED SHARES		TOTAL	
STOCKHOLDERS	Number of shares	%	Number of shares	%	Number of shares	%
Taesa: Total shares issued	230,517,711	100.00%	113,981,196	100.00%	344,498,907	100.00%
Cemig GT	97,690,743	42.38%	51,683,548	45.34%	149,374,291	43.36%

This table shows the Company s stockholding on December 31, 2011:

	COMMON SHARES		PREFERRED SHARES		TOTAL	
STOCKHOLDERS	Number of shares	%	Number of shares	%	Number of shares	%
Taesa: Total shares issued	203,517,711	100.00%	59,981,196	100.00%	263,498,907	100.00%
Cemig GT	97,690,743	48.00%	51,683,548	86.17%	149,374,291	56.69%

Effects of the Taesa public share offering on Cemig s profit and loss

As mentioned, Taesa issued shares at the price of R$ 65, which was higher than the book value of the shares in Taesa prior to the issue. The difference between the book value and the par value gave rise to a gain in the amount of R$ 259, reported in the profit and loss account of Cemig for the third quarter of 2012.

The effects on the Company s consolidated cash flow are as follows:

Assets	
Consumers and traders	(23)
Other credits	(123)
Financial assets of the concession	(839)
Intangible assets	(201)
Liabilities	
Loans and financings	455
Other obligations	332
Gain on the dilution	(259)
Effects on cash flow	**(657)**

f) Madeira Energia S.A.

The jointly-controlled subsidiary Madeira Energia S.A. MESA (Mesa) is an unlisted corporation, constituted on August 27, 2007, the objects of which are construction and commercial operation of the Santo Antônio Hydroelectric Plant located on the Madeira River, and its Associated Transmission System, under the terms of Concession Contract for Use of a Public Asset Nº 001/2008-MME. Mesa is developing the construction project of Santo Antonio Power Plant, and thus requires financial support from its joint controlling stockholders. The injection of R$ 288 arises from paying-up of subscriptions of shares in 2012, duly approved in Minutes, in accordance with the investment plan approved in the Notice of Board Spending Decision CRCA 089/07 by Cemig s Board of Directors.

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g) Acquisition of an interest in Guanhães Energia S.A. (jointly-controlled subsidiary)

On August 28, 2012 the subsidiary Light Energia S.A. finalized the transaction to acquire a holding in Guanhães Energia, in which it acquired 51% of the common shares, from Investminas Participações S.A. Guanhães was created to build four Small Hydroelectric Plants (PCHs) *Dores de Guanhães*, *Senhora do Porto*, *Jacaré* and *Fortuna II,* all in the State of Minas Gerais, with aggregate installed generation capacity of 44.80 MW. The first of these PCHs is scheduled to start operating in October 2013, and the last in February 2014. Guanhães Energia S.A. is jointly controlled by Light Energia S.A. (51%) and by Cemig GT (49%).

The value of the net assets acquired was R$ 27. The fair values recognized in the acquisition are as follows:

Assets	
Cash and cash equivalents	15
Other credits	4
Property, plant and equipment	3
Intangible assets	8
Liabilities	
Other obligations	(3)
Net assets acquired	**27**
Cash expended	**27**

i) Dilution of equity interest in Renova Energia S.A., subsidiary of Light

On July 13, 2012 Renova Energia S.A. and BNDES Participações S.A. (BNDESPAR), a wholly-owned subsidiary of the Brazilian Development Bank (BNDES), entered into an agreement for BNDESPAR to become a shareholder in Renova Energia.

On September 26, 2012 the transaction was finalized with subscription payment by BNDESPar of 23,059,239 common shares and 4,875,036 preferred shares, arising from assignment, free of charge, to BNDESPAR of the right of first refusal by RR Participações S.A., Light Energia S.A. and InfraBrasil Fundo de Investimento em Participações, as part of the capital increase transaction, at the issue price of R$ 9.3334 per share, for a total amount of R$ 314.

After the transaction, the percentage interest owned by Cemig s investee Light Energia S.A. in Renova Energia S.A. was reduced from 25.9% to 22.0%. The transaction generated a gain for the investee Light Energia of R$ 14.

The effects on the cash flows are as follows:

Assets	
Other credits	(1)
Property, plant and equipment	(20)
Intangible assets	(9)
Liabilities	
Loans and financings	11
Other obligations	2
Gain on the dilution	**(5)**
Effects on cash flows	**(21)**

Put options

Cemig has granted to Fundo de Participações Coliseu, which is a stockholder of Taesa, an option to sell the totality of the shares which that fund holds in Taesa, exercisable on October 30, 2014. The price of the option is calculated using the sum of the value of the injections of capital by the fund into Taesa, plus the running expenses of the fund, less any Interest on Equity, and dividends, distributed by Taesa. The exercise price is subject to monetary updating by the IPCA (Expanded National Consumer Price) Index (published by the IBGE) plus financial remuneration at 7.0% per year.

Cemig has granted to Fundo de Participações Redentor, which is a stockholder of Parati, an option to sell the totality of the shares which that fund holds in Parati, exercisable in May 2016. The price of the option is calculated using the sum of the value of the injections of capital by the fund into Parati, plus the running expenses of the fund, less any Interest on Equity, and dividends, distributed by Parati. The exercise price is subject to monetary updating by the CDI (interbank CD) Rate plus financial remuneration at 0.9% per year.

The Equity funds own common and preferred shares in Taesa and light, and at present exercise joint control, with the Company, over the activities of these companies. This being so, these options have been considered to be derivative instruments which should be accounted at fair value through profit or loss.

For the purposes of the termination of the method to be used in measuring the fair value of the said options, the Company observed the daily trading volume of the shares of Light and of Taesa, and that such options, if exercised by the Funds, will require the sale to the Company, in a single transaction, of the shares in the companies referred to in a quantity higher than the daily averages of exchange trading. Thus, the Company has adopted the discounted cash flow method for measurement of the fair values of the options: the fair value of these options was calculated on the basis of the estimated exercise price on the day of exercise of the option, less the fair value of the shares that are the subject of the put options, also estimated for the date of exercise, brought to present value at the date of the financial statements.

Based on the studies carried out, Cemig did not record obligations in its financial statements arising from these options, since the estimate of fair value of the options is close to zero.

15. PROPERTY, PLANT, AND EQUIPMENT

	December 31, 2012			December 31, 2011		
	Cost	**Accumulated depreciation**	**Net value**	**Cost**	**Accumulated depreciation**	**Net value**
In Service	**19,885**	**(12,268)**	**7,617**	**19,052**	**(12,022)**	**7,030**
Land	424	-	424	425	-	425
Reservoirs, dams and water courses	8,570	(5,169)	3,401	7,990	(5,035)	2,955
Buildings, works and improvements	2,476	(1,592)	884	2,319	(1,560)	759
Machinery and equipment	8,335	(5,444)	2,891	8,233	(5,363)	2,870
Vehicles	20	(14)	6	26	(16)	10
Furniture and fixtures	59	(49)	11	59	(48)	11
In progress	**1,194**	**-**	**1,194**	**1,632**	**-**	**1,632**
Assets under construction	1,194	-	1,194	1,632	-	1,632
Total Property, Plant and Equipment	**21,079**	**(12,268)**	**8,811**	**20,684**	**(12,022)**	**8,662**

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	Cost	01/01/2011 Accumulated depreciation	Net value
In Service	**18,042**	**(11,044)**	**6,998**
Land	411	-	411
Reservoirs, dams and water courses	7,643	(4,643)	3,000
Buildings, works and improvements	2,287	(1,442)	845
Machinery and equipment	7,664	(4,941)	2,723
Vehicles	18	(7)	11
Furniture and fixtures	19	(11)	8
In progress	**1,231**	**-**	**1,231**
Assets under construction	1,231	-	1,231
Total Property, Plant and Equipment	**19,273**	**(11,044)**	**8,229**

The changes in property, plant, and equipment from December 31, 2012 to December 31, 2011 are as as follows:

	Balance at 01/01/2011	Balance at 12/31/2011	Additions / transfers	Write-off	Depreciation	Balance at 12/31/2012
In Service	**6,667**	**7,030**	**1,019**	**(44)**	**(388)**	**7,617**
Land	411	425	(1)	-	-	424
Reservoirs, dams and water courses	3,000	2,955	592	(1)	(144)	3,402
Buildings, works and improvements	845	758	158	-	(33)	883
Machinery and equipment	2,723	2,871	269	(38)	(211)	2,891
Vehicles	11	10	-	(5)	1	6
Furniture and fixtures	8	11	1	-	(1)	11
In progress	**1,231**	**1,632**	**(437)**	**(1)**	**-**	**1,194**
Total Property, Plant, and Equipment	**8,229**	**8,662**	**582**	**(45)**	**(388)**	**8,811**

On September 11, 2012 the Brazilian government issued Provisional Measure 579 (which became Law 12783), governing renewals of concessions. See details in Note 4.

The Company has not identified any indicatives of impairment with regards to its property, plant, and equipment. The concession contracts specify that, at the end of the concession contract period of each concession, the grantor will decide the amount to be indemnified to the Company. Management believes that the indemtification of assets will be higher than their historical cost depreciated by their useful lives. Therefore, carrying amount of property, plant and equipment at the end of the concession period will be reimbursed to the Company by the granting authority.

ANEEL, in conformity with the Brazilian regulatory framework, is responsible for establishing and periodically reviewing the estimates of useful economic life for generation and transmission assets in the electricity sector. The estimates of useful life established by the ANEEL are used in the processes for reviewing tariff rates and calculating the indemnification due to the concessionaires at the end of the concession period. These are recognized by the Company as reasonable and were used as the basis for depreciation of the Company s property, plant and equipment.

The average annual depreciation rate is 2.31%. The main rates applied to the subsidiaries for the year ended December 31, 2012 are as follows:

Generation	
Hydroelectric power plants	2.54%
Thermoelectric power plants	4.09%
Management and other	9.53%
Telecommunications	7.33%

Under Articles 63 and 64 of Decree 41019 of February 26, 1957, goods and facilities used in generation and transmission are entailed to these services and cannot be withdrawn, disposed of, assigned or given in mortgage guarantees without the express, prior authorization of the Regulator. ANEEL Resolution 20/99 provides regulations for disposition of assets of public electricity service concessions. These include granting prior authorization for disposition of assets that are not appropriate for serving the concession and are earmarked for disposal, but they require the proceeds to be deposited in a blocked bank account, to be invested in the concession.

Some of the Company s land and buildings recorded as property, plant and equipment - administration, were pledged in guarantee for court proceedings involving tax, labor, civil and other contingencies in the amount, net of depreciation, of R$0.8 at December 31, 2012.

CONSORTIA

The Company is a part in certain consortia for electricity generation projects, for which companies with an independent legal existence were not constituted to manage the concession objects . In these cases, the controls are maintained in PP&E, Intangible assets and Assets not linked to the activity, in compliance with Aneel Dispatch 3467 of September 18, 2008. The Company s portion in each of the assets allocated to the consortia is recorded and controlled individually in the respective types of PP&E presented above The amounts of the investment, accumulated, by product, for each project, are as follows:

	Share in the electricity generated	Average annual rate of depreciation %	2012	2011	01/01/2011
In service:					

Porto Estrela Power Plant	33.33%	2.42	39	39	39
Igarapava Power Plant	14.50%	2.52	58	57	56
Funil Power Plant	49.00%	2.49	183	183	182
Queimado Power Plant	82.50%	2.42	212	209	207
Aimorés Power Plant	49.00%	2.55	551	551	550
Baguari Power Plant	34.00%	2.56	183	181	-
Consórcio Capim Branco Energia S.A.	21.05%	2.60	56	56	56
Accumulated depreciation			(236)	(193)	(171)
Total, in service			**1,046**	**1,083**	**919**
In progress:					
Baguari Power Plant	34.00%		-	-	181
Queimado Power Plant	82.50%		-	3	2
Funil Power Plant	49.00%		-	-	1
Aimorés Power Plant	49.00%		1	1	1

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Igarapava Power Plant	14.50%	1	1	1
Consórcio Capim Branco Energia S.A.		2	1	1
Total in progress		**4**	**6**	**187**
Total, consortia		**1,050**	**1,089**	**1,106**

The depreciation of the assets in the property, plant and equipment of the consortia is calculated by the straight-line method, based on rates established by ANEEL.

The table below shows, by project, the interests of the other partners in the electric power generated by the consortia:

Consortium Power Plants	**Consortium participants, other than CEMIG**	**Interest (%)**
Porto Estrela Power Plant	Companhia de Tecidos Norte de Minas Gerais Coteminas	33.34
	Vale S.A.	33.33
Igarapava Power Plant	Vale S.A.	38.15
	Companhia Mineira de Metais CMN	23.93
	Companhia Siderúrgica Nacional CSN	17.92
	Mineração Morro Velho MMV	5.50
Funil Power Plant	Vale S.A.	51.00
Queimado Power Plant	Companhia Energética de Brasília	17.50
Aimorés Power Plant	Vale S.A.	51.00
Baguari Power Plant	Furnas Centrais Elétricas S.A.	15.00
	Baguari I Geração de Energia Elétrica S.A.	51.00
Amador Aguiar I and II Power Plants	Vale S.A.	48.43
	Comercial e Agrícola Paineiras Ltda	17.89
	Companhia Mineira de Metais CMM	12.63

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Fully Depreciated Assets

As at December 31, 2012, Cemig GT held a gross carrying amount of R$4,363 related to fully depreciated assets that are still in operation.

Borrowing costs

The Company transferred costs of loans and financings linked to works to the account Intangible assets, in the amount of R$ 65, on December 31, 2012.

On September 11, 2012 the Brazilian government issued Provisional Measure 579, which deals with renewals of concessions. For more details on this please see Note 4.

16. INTANGIBLE ASSETS

		2012			2011	
	Historical cost	Accumulated amortization	Residual value	Historical cost	Accumulated amortization	Residual value
In Service	**10,641**	**(7,154)**	**3,487**	**10,607**	**(6,725)**	**3,882**
Defined useful life						
Easements	41	(2)	39	34	(1)	33
Onerous Concessions (paid concession rights)	52	(10)	42	32	(9)	23
Concession assets	10,325	(6,966)	3,359	10,362	(6,572)	3,790
Others	223	(176)	47	179	(143)	36
In progress	**986**	**-**	**986**	**1,522**	**-**	**1,522**
Assets under construction	986	-	986	1,522	-	1,522
Intangible assets, net	**11,627**	**(7,154)**	**4,473**	**12,129**	**(6,725)**	**5,404**

		01/01/2011	
	Historical cost	Accumulated amortization	Residual value
In Service	**3,369**	**(144)**	**3,255**

Defined useful life			
Easements	64	(2)	62
Onerous Concessions (paid concession rights)	32	(8)	24
Concession assets	3,110	-	3,110
Others	163	(134)	29
In progress	**1,723**	**-**	**1,723**
Assets under construction	1,723	-	1,723
Intangible assets, net	**5,092**	**(144)**	**4,948**

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The changes in consolidated intangible assets in 2012 are as follows:

	01/01/2011	2011	Additions	Write-off	Accumulated Amortization	Transfers	2012
In Service	**3,255**	**3,882**	**(94)**	**(81)**	**(612)**	**392**	**3,487**
Defined Useful life							
Easements	62	33	-	-	(1)	7	39
Onerous Concessions	24	23	-	(1)	(1)	21	42
Concession assets	3,110	3,790	(94)	(80)	(602)	345	3,359
Others	29	36	-	-	(8)	19	47
In progress	**1,723**	**1,522**	**1,706**	**(3)**	**-**	**(2,239)**	**986**
Assets under construction	1,723	1,522	1,706	(3)	-	(2,239)	986
Intangible assets, net	**4,948**	**5,404**	**1,612**	**(84)**	**(612)**	**(1,847)**	**4,473**

On September 11, 2012 the Brazilian government issued Provisional Measure 579, which deals with renewals of concessions. For more details please see Note 4.

The process of Tariff Review of the subsidiary Cemig D takes place every five years, through a process of economic evaluation, in which the tariffs of the distribution concessions of the company in the state of Minas Gerais are decided. Within the process of tariff review, the Regulatory Remuneration Base (*Base Regulatória de Remuneração*, or BRR), related to the assets linked to the concession, is decided.

On March 11, 2013, the Economic and Financial Supervision Department (*Superintendência de Fiscalização Econômico Financeira*, or SSF) of Aneel, through Dispatch 689, published the preliminary BRR of Cemig D, in the amount of R$ 5,111,837. Soon after the publication of the preliminary BRR, the Company s Management began discussions with Aneel with the intention of demonstrating technically to Aneel the need for the said amount to be revised. Considering that the amount preliminarily disclosed by Aneel is likely to be modified and that, in the opinion of Management, the published amount was significantly lower than the value at which the homologation ought to be made, Management does not have sufficient elements to determine whether there would be a need for adjustments to the financial statements of Cemig D dated December 31, 2012, which were originally filed on March 28, 2013.

On April 5, 2013, a meeting of the Council of Aneel homologated the revised BRR of Cemig D, in the amount of R$ 5,511,768, which is R$ 399,931 higher than the BRR that was preliminarily published. The company is now awaiting the judgment on the first appeal submitted to Aneel, in which it states its disagreement as to certain criteria and values adopted by Aneel in the decision on the preliminary BRR that was published. Aneel has not yet considered this appeal. Additionally, the Company will submit a further appeal to Aneel questioning certain criteria and values of the BRR that were decided on April 5, 2013, since the amounts taken into account in the revised BRR, principally related to the Company s expenditure on the

Light for Everyone (*Luz Para Todos*) Program are still substantially inferior to those in fact incurred in the execution of this program. Management continues to expect that, when these appeals have been considered by Aneel, criteria and values defined by Aneel for the BRR will be revised, which will result in a higher amount than the one recently presented.

In view of the matter in the previous paragraph, Management has recalculated the impacts of this new BRR on the composition of the financial and intangible assets of its concessions, and concluded, based on its best estimates, that adjustments to the balances of these accounts, presented in the Company s financial statements at December 31, 2012, are not necessary.

Concession Assets

The portion of the distribution infrastructure that will be used during the concession period, consisting of the distribution assets, net of consumer interests (special obligations), was recorded as Intangible Assets.

ANEEL, in conformity with the Brazilian regulatory framework, is responsible for establishing the economic useful life of distribution assets in the electricity sector, periodically establishing a review of the valuation assessment of these rates. The rates established by the Agency are used in the tariff review process and the calculation of compensation at the end of the concession and they are recognized as a reasonable estimate of the useful life of the concession s asset. Accordingly, these rates were used as the basis for evaluation and amortization of the intangible assets.

The easement, onerous concession, concession assets and other intangible assets, are amortized on a straight-line basis and the rates used are those defined by ANEEL. The Company has not identified evidence of loss through impairment of its intangible assets, which have a definite useful life. The Company has no intangible assets with an indefinite useful life.

Useful life review

On February 7, 2012, Aneel, by Normative Resolution 474, set forth new depreciaton rates for assets in service under electricity concessions based on a review of their useful lives. The new rates were applied as effective January 1, 2012.

The Company has processed the changes in the rates, and recalculated the amount of the indemnity of the assets that are subject to reversion on the expiration date of its concessions (2016 for Cemig D and 2026 for Light) and the respective amount attributable to intangible assets. Mentioned procedure resulted in the reclassification of R$ 438 from intangible assets to financial assets in 2012.

Borrowing costs

The Company transferred costs of loans and financings linked to works to the account Intangible assets, in the amount of R$ 30 on December 31, 2012.

17.SUPPLIERS

	2012	2011	01/01/2011
Spot market - CCEE	78	28	28
Charges for use of grid	118	106	89
Electricity bought for resale	848	429	494
Generation from Itaipu	219	198	156
Gas purchased for resale	34	29	23
Materials and services	438	400	331
	1,735	**1,190**	**1,121**

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18. TAXES PAYABLES

a)Taxes payable

The non-current liabilities for PASEP and COFINS refer to the legal action challenging the constitutionality of the inclusion of ICMS in the calculation basis for these taxes, and, the offsetting of the amounts paid in the last 10 years has been requested. The Company and its subsidiaries Cemig D and Cemig GT have obtained a Court injunction enabling them not to make the payment and authorizing payment in Court from 2008 until August, 2011. Thereafter, the Company opted to pay the new taxes each month.

	2012	2011	01/01/2011
Current			
ICMS (Value-added tax)	371	330	277
COFINS (Tax on revenue)	118	95	66
PASEP (Tax on revenue)	26	21	11
INSS (Social security)	24	24	23
Others	30	47	27
	569	**517**	**404**
Non-current			
COFINS	680	683	531
PASEP	148	148	115
Others	175	66	47
	1,003	**897**	**693**
	1,572	**1,414**	**1,097**

b)Income tax and social contribution payable

	2012	2011	01/01/2011
Current			
Income tax	97	87	112
Social contribution	30	42	25
	127	**129**	**137**

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19. LOANS, FINANCING AND DEBENTURES

Lenders	Maturity of Principal	Annual Interest Rates (%)	Currency	Current	2012 Non Current	Total	2011 Total	01/01/2011 Total
IN FOREIGN CURRENCY								
ABN AMRO Real S.A. (3)	2013	6%	US$	26	-	26	47	62
Banco do Brasil S.A. Bônus Diversos (1)	2024	Various	US$	6	21	27	35	51
BNP Paribas	2012	5.89%	EURO	-	-	-	1	4
KFW	2016	4.50%	EURO	2	5	7	8	9
Brazilian National Treasury (5)	2024	Various	US$	3	10	13	17	19
Banco Inter Americano del Desarrollo (7)	2026	2.12%	US$	2	34	36	35	34
BNP 36 MM Euros	2014	3.98%	EURO	-	31	31	28	-
Merril Lynch US$ 50 MM	2016	2.59%	US$	-	33	33	31	-
Citi Bank US$ 100 MM	2018	2.46%	US$	-	119	119	-	-
BID (16)	2022	Libor + Spread 1.7 a 2.2%pa	US$	7	77	84	53	-
BID (16)	2023	Libor + Spread 1.5 a 1.88%pa	US$	13	130	143	93	-
Outros	2019	Various	Various	8	1	9	11	12
Total foreign currency financing				**67**	**461**	**528**	**359**	**191**
LOCAL CURRENCY								
Banco do Brasil S.A.	2017	108.33% of CDI	R$	206	-	206	-	-
Banco do Brasil S.A.	2017	108% of CDI	R$	5	442	447	592	888
Banco do Brasil S.A.	2013	CDI + 1.70%	R$	28	-	28	56	85
Banco do Brasil S.A.	2013	107.60% of CDI	R$	133	-	133	137	135
Banco do Brasil S.A.	2014	104.10% of CDI	R$	814	300	1,114	1,225	1,224
Banco do Brasil S.A.	2013	10.83%	R$	793	-	793	706	630
Banco do Brasil S.A.	2014	98.5% of CDI	R$	102	374	476	436	-
Banco do Brasil S.A.	2012	106.00 of CDI	R$	-	-	-	100	-
Banco do Brasil S.A	2013	104.08 % of CDI	R$	664	-	664	-	-
Banco do Brasil S.A	2013	105.00 % of CDI	R$	1,083	-	1,083	-	-
Banco Itaú BBA S.A	2013	CDI + 1.70%	R$	79	-	79	159	235
Banco Itaú BBA S.A	2014	CDI + 1.70%	R$	2	-	2	3	4
Banco Votorantim S.A.	2013	CDI + 1.70%	R$	26	-	26	53	77
BNDES	2026	TJLP+2.34%	R$	8	96	104	112	119
Bradesco S.A.	2014	CDI + 1.70%	R$	1	-	1	2	1
Bradesco S.A.	2013	CDI + 1.70%	R$	97	-	97	198	296
Bradesco S.A.	2011	105.50% of CDI	R$	-	-	-	-	351
Bradesco S.A.	2012	106.00% of CDI	R$	-	-	-	990	-
Bradesco S.A.	2013	103.00% of CDI	R$	601	-	601	-	-
ELETROBRÁS	2013	FINEL + 7.50% up to 8.50%	R$	13	-	13	26	37
ELETROBRÁS	2023	UFIR. RGR + 6% up to 8%	R$	69	321	390	429	373
Santander do Brasil S.A.	2013	CDI + 1.70%	R$	20	-	20	40	61
UNIBANCO S.A	2013	CDI + 1.70%	R$	79	-	79	161	241
UNIBANCO S.A (2)	2013	CDI + 1.70%	R$	19	-	19	40	60
Itaú e Bradesco (4)	2015	CDI + 1.70%	R$	-	-	-	820	891
Banco do Brasil S.A. (8)	2020	TJLP + 2.55%	R$	3	17	20	23	26
UNIBANCO S.A (8)	2020	TJLP + 2.55%	R$	1	4	5	6	6
CCB Bradesco S.A (5)	2017	CDI + 0.85%	R$	26	98	124	150	120
ABN AMRO Real S.A. (5)	2014	CDI + 0.95%	R$	-	26	26	27	22
BNDES (5)	2019	TLJP	R$	82	324	406	372	190
BNDES - Repasse (11)	2033	TJLP	R$	2	388	390	350	262
AMAZONIA FNO (11)	2031	10% a.a	R$	-	58	58	355	316
BNDES (11)	2033	TJLP + 2.40%	R$	1	378	379	55	-
	2015	Various	R$	6	61	67	67	366

BNDES Principal Subcrédito A/B/C/D (16)								
BNDES (12)	2024	TJLP +2.15%	R$	3	34	37	40	42
CEF S.A (13)	2022	TJLP + 3.50%	R$	8	54	62	65	67
CEF S.A (14)	2021	TJLP + 3.50%	R$	6	43	49	52	54
CEF S.A (15)	2022	TJLP + 3.50%	R$	10	81	91	95	97
BNDES (16)	2019	Various	R$	43	188	231	211	14
Sindicato de Bancos (16)	2015	CDI + 0.90%	R$	7	-	7	18	28
CEF S.A (16)	2016	117.5 % of CDI	R$	2	5	7	11	13
PROMISSORY NOTES (ITAU) (16)	2012	105.50 of CDI	R$	-	-	-	669	-
BNDES CEMIG TELECOM (18)	2017	Various	R$	9	35	44	52	49
BNDES (22)	2028	URTJ+1.97%	R$	4	58	62	50	-
Others	2025	Various	R$	37	280	317	298	89
Total Brazilian currency financing				**5,092**	**3,665**	**8,757**	**9,251**	**7.469**
TOTAL				**5,159**	**4,126**	**9,285**	**9,610**	**7,660**

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Lenders	Maturity of Principal	Annual Interest Rates (%)	Currency	Current	2012 Non Current	Total	2011 Total	01/01/2011 Total
Debêntures Governo do Estado de M.G. (6) (9)	2031	IGP-M	R$	-	53	53	47	37
Debêntures (6)	2014	IGP-M + 10.50	R$	401	-	401	373	355
Debêntures (6)	2017	IPCA + 7.96	R$	530	-	530	503	472
Debêntures (6)	2011	104% of CDI	R$	-	-	-	-	243
Debêntures (6)	2012	CDI+ 0.90%	R$	-	-	-	1,755	1,726
Debêntures (6)	2015	IPCA + 7.68%	R$	543	902	1,445	1,368	1,285
Debêntures (6)	2017	CDI + 0.90%	R$	38	480	518	-	-
Debêntures (6)	2022	IPCA + 6.20%	R$	41	698	739	-	-
Debêntures (6)	2019	IPCA + 6.00%	R$	12	208	220	-	-
Debêntures 1ª EMISSÃO (6) (23)	2013	106% of CDI	R$	32	-	32	-	-
DEBÊNTURES PRIVADAS (BNDESPAR(6) (17)	2016	8.62%	R$	30	83	113	131	158
Debêntures Públicas CVM 476/09 (6) (17)	2015	7.87%	R$	-	60	60	-	
DEBENTURES TAESA (6) (16)	2015	CDI + 1.30%	R$	56	100	156	207	205
DEBENTURES TAESA (6) (16)	2015	IPCA+7.91¨%	R$	47	85	132	163	152
DEBENTURES TAESA (6) (16)	2017	106% of CDI	R$	-	353	353	463	462
DEBENTURES TAESA (6) (16)	2017	CDI + 0.78%	R$	5	288	293	-	-
DEBENTURES TAESA (6) (16)	2020	IPCA + 4.85% p.a.	R$	3	349	352	-	-
DEBENTURES TAESA (6) (16)	2024	IPCA + 5.10% p.a.	R$	3	309	312	-	-
DEBENTURES(10) (6)	2016	CDI+1.30%	R$	3	22	25	13	-
DEBENTURES (19) (6)	2016	CDI+1.30%	R$	21	47	68	88	-
DEBENTURES (20) (6)	2016	CDI+1.30%	R$	44	159	203	167	-
DEBENTURES(21) (6)	2016	112.5% of CDI	R$	7	21	28	35	-
Debêntures (6) (11)	2013	IPCA	R$	81	79	160	207	182
Debêntures 3ª Emissão - Light Energia(5) (6)	2026	CDI+1.18%	R$	-	10	10	-	-
Debêntures Renova - Light Energia(5) (6)	2022	CDI + 1.51%	R$	-	21	21	-	-
Debêntures Guanhães - Light Energia(5) (6)	2013	CDI + 0.39%	R$	11	-	11	-	-
Debêntures V (5) (6)	2014	CDI + 1.50%	R$	30	37	67	242	210
Debêntures VI (5) (6)	2011	115% of CDI	R$	-	-	-	-	79
Debêntures VI I (5) (6)	2016	CDI + 135%	R$	3	211	214	214	-
Debêntures VIII (5) (6)	2026	CDI+1.18%	R$	1	152	153	-	-
Debêntures LIGHT ENERGIA (5) (6)	2016	CDI + 1.45%	R$	1	56	57	57	-
Debêntures LIGHT ENERGIA II (5) (6)	2019	CDI+1.18%	R$	4	138	142	137	-
ITAÚ BBA DEBÊNTURES (6) (24)	2017	CDI + 0.9875% p.a.	R$	-	11	11	-	-
ITAÚ BBA DEBÊNTURES (6) (25)	2017	CDI + 0.9875% p.a	R$	-	6	6	-	-
Total de Debentures				**1,947**	**4,938**	**6,885**	**6,170**	**5,566**
Total Geral Consolidado				**7,106**	**9,064**	**16,170**	**15,779**	**13,226**

(1) These interest rates, which are based on the six-month Libor rate plus a spread of 0.81 to 0.88% per year, vary from 2.00 to 8.00 % per year;
(2) Loan from the parent company;
(3) Exchange rate Swaps for were contracted. The following are the rates for the loans and financings taking the swaps into account: CDI + 1.50% per year;
(4) Refers to the senior quotas of the FIDC. See Note 12.
(5) Loans, financings and debentures of RME (Light) and Parati.
(6) Registered, unsecured, debentures not convertible into shares, without preference.
(7) Financing of Transchile.
(8) Financing of Cachoeirão.
(9) Contracts adjusted to present value, as per changes to the corporate law in accordance with Law 11638/07.
(10) Consolidated loans and financings of the TBE group.
(11) Loan contracted for the jointly-controlled subsidiary Madeira Energia.

(12) Loan contracted for the jointly-controlled subsidiary Hidrelétrica Pipoca S.A.
(13) Loan contracted for the jointly-controlled subsidiary Praia de Morgado S.A.

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(14) Loan contracted for the jointly-controlled subsidiary Praia de Parajuru S.A.
(15) Loan contracted for the jointly-controlled subsidiary VDR S.A.
(16) Loan contracted for the jointly-controlled subsidiary TAESA.
(17) Loan and financing of Gasmig.
(18) Loan arranged by Cemig Telecom Ativas.
(19) Consolidated loans and financings of the TBE group.
(20) Consolidated loans and financings of the TBE group.
(21) Consolidated loans and financings of the TBE group.
(22) Loan and financing of Light-Ger.
(23) Loan and financing of Ganhães Energia.
(24) Loan and financing of Transudeste.
(25) Loan and financing of Transirapé.

GUARANTEES

The outstanding balance of loans and financing, as at December 31, 2012 is guaranteed by CEMIG as follows:

	Reais
Promissory Notes and Sureties	3,223
Receivables	32
Unsecured	4,915
Lien on shares	1,423
Chattel mortgage	361
Contractual, unsecured	4,426
Real	1,470
Floating charges	320
TOTAL	**16,170**

The consolidated breakdown of loans, per currency and indexer, with the respective amortization, not taking into consideration the transfer of values to short-term due to non-compliance with a contractual covenant, as described in item a is as follows:

	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020 and onwards**	**Total**
Currency									
U.S. dollar	64	46	35	105	68	31	29	111	489
Euro	2	33	2	2	-	-	-	-	39
	66	**79**	**37**	**107**	**68**	**31**	**29**	**111**	**528**
Indexers									
IPCA (Amplified Consumer Price Index)	733	488	679	177	176	220	221	1,202	3,896
UFIR (Fiscal Reference Unit) / RGR	70	75	62	50	40	36	24	35	392
SELIC	1	1	-	-	-	-	-	-	2
Interbank Certificate of Deposit (CDI)	3,966	1,137	622	549	1,147	17	27	102	7,567

Eletrobrás Finel internal index	13	-	-	-	-	-	-	-	13
URTJ/TJLP **(*)**	177	189	175	207	200	187	152	800	2,087
General Price Index Market (IGP-M)	23	381	2	1	1	1	1	57	467
UMBndes **(**)**	32	32	32	31	17	9	7	3	163
Others (IGP-DI, INPC) **(***)**	3	-	-	1	1	1	-	-	6
TR	2	-	-	-	-	-	-	-	2
No indexer	827	33	95	31	6	6	6	44	1,047
	5,847	**2,336**	**1,667**	**1,047**	**1,588**	**477**	**438**	**2,242**	**15,642**
	5,913	**2,415**	**1,704**	**1,154**	**1,656**	**508**	**467**	**2,353**	**16,170**

(*) URTJ = Interest Rate Reference Unit. Adjusted by the Long-term Interest Rate (TJLP)
(**) UMBNDES = BNDES Monetary Unit.
(*)** IGP-DI inflation index (General Price Index Domestic Availability).
INPC National Consumer Price Index.

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The following table sets forth the relative variance for the year of 2012, 2011 and 2010 for the principal foreign currencies, interest rates and indices applied to Loans, financing and debentures:

Currency	Accumulated Variance in 2012 (%)	Accumulated Variance in 2011 (%)	Accumulated Variance in 2010 (%)	Index	Accumulated Variance in 2012 (%)	Accumulated Variance in 2011 (%)	Accumulated Variance in 2010 (%)
United States Dollars	8.94	12.58	(4.31)	IGP-M	7.82	5.10	11.32
Euro	10.73	9.25	(11.14)	CDI	8.37	11.64	9.71
				SELIC	8.49	11.67	9.81
				IPCA	5.84	6.50	5.63

The changes in financing are as follows:

Balance at January 1, 2011	**13,226**
Balance at December 31, 2011	**15,779**
Acquisition of jointly-controlled subsidiaries opening balance	296
Reduction of equity interests in subsidiaries	(648)
Loans and financings obtained	7,195
Capitalization	6
Monetary and FX variation	290
Financial charges recorded as provisions	1,299
Financial charges paid	(1,209)
Amortization	(6,838)
Balance at December 31, 2012	**16,170**

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The consolidated totals of funds raised in 2012 are as follows:

Lenders	maturity date	Annual financial cost, %	Amount raised
Foreign currency			
Citibank (SESA)	2018	Libor+1.66	53
Citibank (ENERGIA)	2018	Libor+1.66	42
Citibank (SESA)	2018	Libor+1.66	13
Citibank (ENERGIA)	2018	Libor+1.66	10
Total funds raised in foreign currency			**118**
Brazilian currency			
Banco do Brasil S/A (Promissory Note)	2013	104.08 of CDI	640
Banco do Brasil S/A	2013	102.50 of CDI	600
Banco do Brasil S/A	2017	108.33 of CDI	196
Eletrobras	2023	6	15
Eletrobras	2023	6	15
DEBENTURES (ITAÚ BBA) - 5ª EMISSÃO	2013	104 of CDI	513
1ª série 3rd Issue	2017	CDI + 0.78	289
2ª série - 3rd Issue	2020	IPCA + 4.85	346
3ª série - 3rd Issue	2024	IPCA + 5.10	307
Banco Bradesco S/A	2013	106 of CDI	32
Debentures SAE	2037	IPCA + 6.5	77
Bndes 125 600 MM	2028	TJLP+ 1.97	12
Banco Bradesco S/A *	2012	103 OF CDI	1,000
Banco Bradesco S/A	2017	CDI+0.90	484
Banco Bradesco S/A	2022	IPCA+6.20	677
Banco Bradesco S/A	2019	IPCA+6.0	202
Banco do Brasil	2013	105 of CDI	1,081
Debêntures - Pine	2017	12.65	19
Debêntures - Votorantim	2017	12.65	24
Debentures 8th Issue (Light Sesa)	2026	CDI + 1.18	122
SESA Bndes Capex - Subcred	2019	TJLP + 1.81 a 3.21	56
ENERGIA Renova - Loan	2029	TJLP and CDI	24
ENERGIA Renova - Debentures	2022	123.45 of CDI	17
SESA Debentures 8th Issue	2026	CDI + 1.18	30
SESA Bndes Capex - Subcred	2019	TJLP - 1.81 a 3.21	14
ITAÚ - BBA (DEBENTURES)	2017	CDI + 0.9875	11
ITAÚ - BBA (DEBÊNTURES)	2017	CDI + 0.9875	11
DEBENTURES PÚBLICAS (Instrução CVM 476/09)	2015	7.87	60
DEBENTURES	2016	CDI + 1.30	15
DEBENTURES	2016	CDI + 1.30	75
BNDES	2026	TJLP + 1.97	14
Others	Diversos	Various	99
Total funds raised in Brazilian currency			**7,077**
Overall total Consolidated			**7,195**

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The Debentures issued by its subsidiaries and jointly-controlled subsidiaries as at December 31, 2012 have the following characteristics:

Subsidiary	Form and class	Guarantee	Interest	COVENANTS	Maturity	2012	2011	01/01/2011
CEMIG GERAÇÃO E TRANSMISSÃO (1) (2)	non-convertible into shares	Unsecured	IGP-M	No	2031	53	47	37
CEMIG GERAÇÃO E TRANSMISSÃO (1) (2)	non-convertible into shares	No	IPCA + 7.68%	No	2015	1,445	1,368	1,285
CEMIG GERAÇÃO E TRANSMISSÃO (1) (2)	non-convertible into shares	Unsecured	CDI +0.90%	No	2017	517	-	-
CEMIG GERAÇÃO E TRANSMISSÃO (1) (2)	non-convertible into shares	Unsecured	IPCA + 6.00%	No	2019	220	-	-
CEMIG GERAÇÃO E TRANSMISSÃO (1) (2)	non-convertible into shares	Unsecured	IPCA + 6.20%	No	2022	739	-	-
CEMIG D (1) (3)	non-convertible into shares	No	IPCA + 7.96%	No	2017	530	503	472
CEMIG D (1) (3)	non-convertible into shares	Unsecured	IGP-M + 10.50%	No	2014	401	373	355
GUANHÃES ENERGIA S.A. (1) (2)	non-convertible into shares	Unsecured	106% of CDI	No	2013	32	-	
GASMIG (1) (2)	Nominal, book-entry	Unsecured	8.62%	No	2016	112	131	158
GASMIG (1) (2)	Nominal, book-entry	Unsecured	7.87%	No	2015	60	-	-
TAESA (1) (2)	non-convertible into shares	Unsecured	CDI+1.30%	No	2015	155	206	205
TAESA (1) (2)	non-convertible into shares	Unsecured	IPCA +7.91%	No	2015	132	163	152
TAESA (1) (2)	non-convertible into shares	Unsecured	106% of CDI	YES	2017	353	463	462
TAESA (1) (2)	non-convertible into shares	Unsecured	CDI +0.78%	No	2017	293	-	-
TAESA (1) (2)	non-convertible into shares	Unsecured	IPCA + 4.85% p.a.	No	2020	352	-	-
TAESA (1) (2)	non-convertible into shares	Unsecured	IPCA + 5.10% p.a.	No	2024	312	-	-
ECTE (1) (2)	non-convertible into shares	Unsecured	CDI+1.30%	No	2016	26	13	-
ENTE (1) (2)	non-convertible into shares	Unsecured	CDI+1.30%	No	2016	67	88	-
EATE (1) (2)	non-convertible into shares	Unsecured	CDI+1.30%	No	2016	203	167	-
ETEP (1) (2)	non-convertible into shares	Unsecured	112.5% of CDI	No	2016	28	35	-
Madeira Energia S.A. (1) (2)	non-convertible into shares	Real guarantee	IPCA	No	2013	160	207	182
LIGHT ENERGIA GUANHÃES (1) (2)	non-convertible into shares	Unsecured	CDI + 0.39%	No	2013	11	-	-
LIGHT ENERGIA - 8º EMISSÃO (1) (2)	non-convertible into shares	Unsecured	CDI + 1.35%	No	2016	213	214	-
LIGHT ENERGIA RENOVA (1) (2)	non-convertible into shares	Unsecured	CDI + 1.51%	No	2022	21	-	-
LIGHT ENERGIA - 5º EMISSÃO (1) (2)	non-convertible into shares	Unsecured	CDI + 1.50%	No	2014	67	242	210
LIGHT ENERGIA - 2º EMISSÃO (2)	non-convertible into shares	Unsecured	CDI+1.18%	YES	2019	142	137	-
LIGHT ENERGIA - 1º EMISSÃO (2)	non-convertible into shares	Unsecured (also with personal guarantee)	CDI + 1.45%	YES	2016	57	57	-

LIGHT ENERGIA - 3º EMISSÃO (1) (2)	non-convertible into shares	Unsecured	Cdi+1.18%	No	2026	10	-	-
LIGHT ENERGIA - 8º EMISSÃO (1) (2)	non-convertible into shares	Unsecured	Cdi+1.18%	No	2026	153	-	-
TRANSUDESTE (1) (2)	Book-entry, non-convertible convertible	Unsecured	CDI + 0.9875% p.a.	No	2017	12	-	-
TRANSPIRAPE (1) (2)	Book-entry, non-convertible convertible	Unsecured	CDI + 0.9875% p.a	No	2017	11	-	-
CEMIG GERAÇÃO E TRANSMISSÃO (1) (2)	non-convertible into shares	Unsecured (Collateral of Holding)	CDI+0.90%	No	2012	-	1,755	1,726
LIGHT ENERGIA (1) (2)	non-convertible into shares	No	115% +CDI	No	2011	-	-	79
CEMIG GERAÇÃO E TRANSMISSÃO (1) (2)	non-convertible into shares	No	104.00% of CDI	No	2011	-	-	243
TOTAL						**6,887**	**6,169**	**5,566**

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(1) With no renegotiation clause and no debentures in cash.

(2) Complied fully with the covenants.

(3) Not Complied with the covenants.

a) Covenants

Cemig and its subsidiaries Cemig Distribuição and Cemig Geração e Transmissão have contracts for loans and financing which contain covenants, requiring compliance on a semi-annual basis at the end of June and December each year.

The following are the main covenants:

Description of the covenant	Index required
Cemig:	
EBITDA/Interest	Greater than or equal to 3.0
Debt/EBITDA	Less than or equal to 2.5
Cemig Distribuição	
Debt/EBITDA;	Less than or equal to 2.5
Debt/EBITDA;	Less than or equal to 3.36
Current Debt/EBITDA	Less than or equal to 200%
Dívida/Patrimônio Líquido + Dívida	Less than or equal to 62%
EBITDA/Financial Result	Greater than or equal to 2.3
EBITDA/Interest	Greater than or equal to 3.0
Investment/EBITDA	Less than or equal to 96%
Cemig Geração e Transmissão	
Net Debt /EBITDA	Less than or equal to 3.25
Current Debt/EBITDA	Less than or equal to 90%
Debt/Shareholders Equity + Debt	Less than or equal to 61%
EBITDA/Financial Result	Greater than or equal to 2.6
Investment/EBITDA	Less than or equal to 60%

Net debt = Sum of short and long-term remunerated financial obligations (loans, financings and debentures), less the balance of cash and cash equivalents. It should be pointed out that Net debt is not a measurement recognized by IFRS, does not have a standard meaning and could be non-comparable to measures with similar titles supplied by other Companies.

Current debt = Sum of short-term remunerated financial obligations (loans, financings and debentures).

Ebitda: Ebitda is a non-accounting measure prepared by the Company, extracted from its financial statements which comprises net income, adjusted for the effects of net financial revenue (expenses), depreciation and amortization and income tax and the Social Contribution tax. Ebitda is not a measure recognized by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. Ebitda should not be considered in isolation or as a substitution for net income or operational profit nor as an indicator of operational performance or cash flow nor to measure liquidity nor the capacity for payment of debt. Specific criteria for the calculation of Ebitda are made in some contracts, with some variations from this formula.

At December 31, 2012, some of Cemig s covenants clauses was not complied with. The company is negotiating with creditors consents in oder to assure the creditors will not accelerate any amounts due up to December 31, 2012.

The company expects to obtain the consents, but since this will take place after December 31, 2012, the contracts which have covenants that were not complied with are recognized in Current liabilities. The amount reclassified to the current liabilities as a result of the covenants was R$1,206.

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b) Debentures

The debentures issued by the Company s subsidiaries and jointly-controlled subsidiaries are simple, non-convertible.

c)Issue of promissory notes by Cemig D

On July 2, 2012, Cemig D made its 5th issue of Commercial Promissory Notes, for public distribution, under CVM Instruction 476 of January 16 2009, in the amount of R$ 640.

Sixty-four Promissory Notes were issued, each with nominal unit value of R$ 10 (the Promissory Notes), with maturity on June 27, 2013. The Notes are remunerated by interest at 104.8% of the DI Rate, and have the surety guarantee of Cemig D.

The issue of the Notes was approved by the meeting of the Board of Directors on June 5, 2012. The proceeds were used to finance investments made or to be made, for payment of debt(s) contracted and/or strengthening of the Issuer s working capital.

20. REGULATORY CHARGES

	2012	2011	01/01/2011
Global Reversion Reserve RGR	75	59	46
Fuel Consumption Account CCC	33	68	51
Energy Development Account CDE	52	45	35
Eletrobrás Compulsory loan	1	1	1
ANEEL inspection charge	5	5	4
Energy Efficiency	150	148	156
Research and Development	174	217	197
Energy System Expansion Research	5	4	4
National Scientific and Technological Development Fund	8	8	8
Alternative Energy Program Proinfa	26	23	18
Emergency capacity charge	49	49	3
0.30% additional payment Law 12111/09	5	3	3

	583	**630**	**526**
Current liabilities	413	368	384
Non-current liabilities	170	262	142

21. EMPLOYEE POST-RETIREMENT BENEFITS

The Forluz Pension Fund

The Company sponsors a pension plan, administered by Fundação Forluminas de Seguridade Social (Forluz) covering substantially all its employees. The purpose of the pension plan is to provide the plan s members and participants, and their dependents, with additional financial income to complement their retirement.

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On December 31, 2004, the actuarial liabilities and the plan s assets were separated and allocated between CEMIG, Cemig Generação and Transmisão and Cemig Distribuição, based on the proportion of employees in each of these Companies.

FORLUZ provides the following supplementary pension benefit plan for its participants:

Mixed Benefits Pension Plan (Plan B): This plan operates as a defined-contribution plan during the phase of accumulation of funds for retirement benefits for normal time. The plan operates as a defined-benefit plan, providing disability and life insurance benefits for active employees and receipt of benefits for time contributed. The sponsors match the basic monthly contributions of the participants. Plan B is the only plan open for enrollment by new participants.

Paid-off Benefits Pension Plan (Plan A): This plan includes all currently employed and assisted participants who elected to migrate from the Company s previously sponsored defined benefit plan, and who are entitled to a proportional paid-off benefit. For active employees, this benefit has been deferred until the date of retirement.

CEMIG, Cemig GT and Cemig D also maintain, independently of the plans made available by FORLUZ, payments of part of the life insurance premium for the retirees, and contribute to a health plan and a dental plan for the active employees, retired employee and dependents, administered by Cemig Saúde.

Amortization of Deficit in Actuarial Reserves

In this Note the Company presents its actuarial obligations and expenses incurred for purposes of the Retirement Plan, Health Plan, Dental Plan and Life Insurance Plan in accordance with the standards set forth in IAS 19 (Employee Benefits) and an independent actuarial report prepared as of December 31, 2012.

The Company recognized a debt payable, in the amount of R$815 as at December 31, 2012 (R$846 as at December 31, 2011) related to the pension fund actuarial losses from prior years. This payable is being amortized in monthly installments, until June 2024, and are calculated under the fixed-installment system (Price Table). After the Third Amendment to the FORLUZ Agreement, the amounts began to be adjusted only by the *Amplified National Consumer Price Index* (IPCA) published by IBGE (Brazilian Institute of Geography and Statistics), plus 6% per year.

The post-employment obligation, as included in the Company s consolidated statement of financial position, represents the amount of debt as agreed-upon with FORLUZ for amortization of the actuarial obligations, since the debt payable is higher than the net actuarial liability. Because the Company is required to pay this debt even if FORLUZ has a surplus, the Company recorded the debt in full against equity on the date of transition to IFRS and then recorded the impacts related to monetary updating and interest in its financial result.

The Braslight Pension Fund

Light is a sponsor of *Fundação de Seguridade Social Braslight* (Braslight), a non-profit private pension plan entity whose purpose is to guarantee retirement revenue for Light employees subscribed with the Foundation, and a pension to their dependents.

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Braslight was established in April 1974, and has four plans A, B, C and D implemented in 1975, 1984, 1998 and 2010, respectively. Around 96% of the active participants that were formerly in plans A and B have migrated to plan C.

Nowadays, Light has Plan A and Plan B that is defined-benefit plans, Plan C that is a mixed and Plan D that the benefits are the defined contributions before and after their concession.

On October 2, 2001, the Department of Supplementary Pensions approved a resolution with regards to the actuarial deficit and refinancing of the Braslight amortizable pension plan reserve, which were then fully recognized. Based on this resolution, the reserve is being amortized on a straight-line basis in 300 monthly installments, starting in July 2001. The installments are monetarily updated for variations in the IGP-DI plus 6% interest per year. As of December 31, 2012, the Braslight pension plan reserve totaled to R$1,071 (R$1,095 as of December 31, 2010). The effect in the Company is R$ 348 on December 31, 2012 (R$ 356 on December 31, 2011)

The liabilities and expenses recognized by Light in connection with the supplementary retirement plan are adjusted in accordance with the terms of IAS 19 (Employee *Benefits*) and in conformity with the information as provided in a report by independent actuaries. The 2012 independent actuarial valuation was performed as of December 31, 2012.

Independent Actuarial Information

The tables below present Cemig s consolidated actuarial information for the years ended December 31, 2012, which includes the additional amount related to the proportional consolidation of Light, as mentioned above:

	Pension plans and retirement supplement plans				
	FORLUZ	**BRASLIGHT**	**Health Plan**	**Dental Plan**	**Life Insurance**
Present value of funded obligations	9,191	872	820	22	736
Fair value of the plan s assets	(8,142)	(427)	-	-	-
Present value of unfunded obligations	**1,049**	**445**	**820**	**22**	**736**
Unrecognized actuarial gains (losses)	(741)	(89)	(239)	9	(200)
Net liabilities	**308**	**356**	**581**	**31**	**536**
Addition amount related to the debt payable to Forluz	507	-	-	-	-
Total net liabilities	**815**	**356**	**581**	**31**	**536**

As previously mentioned, the Company records an additional obligation corresponding to the difference between the obligation to supplement the retirement pensions stated in the actuarial report and the debt agreed upon with FORLUZ.

Starting with the 2013 business year, due to the adoption of the changes in IAS19 (R) , the difference between the net liability recorded in the Statement of financial position and the present value of unfunded obligations will be recognized in full, with a counterpart in Equity. As a result there will be an impact on Equity in January 2013 as a result of the new accounting practice, in the amount of R$ 497 (net of tax effects).

The changes in the present value of the Company s defined-benefit obligations from December 31, 2011 to December 31, 2012 were as follows:

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	Pension plans and retirement supplement plans FORLUZ	BRASLIGHT	Health Plan	Dental Plan	Life Insurance
Defined-benefit obligation as of 12/31/2011	**7,254**	**733**	**626**	**18**	**540**
Cost of current service	8	-	11	-	6
Interest on the actuarial obligation	703	74	61	2	54
Actuarial losses (gains) recognized	1,780	135	181	3	148
Benefits paid	(554)	(70)	(59)	(1)	(12)
Defined-benefit obligation as of 12/31/2012	**9,191**	**872**	**820**	**22**	**736**

The changes in the fair value of the plan assets of the plans from December 31, 2011 to December 31, 2012 were as follows:

	Pension plans and retirement supplement plans FORLUZ	BRASLIGHT
Fair value of the plan assets of the plan as of 12/31/2011	**6,893**	**355**
Expected return	1,678	105
Employer Contributions	125	37
Benefits paid	(554)	(70)
Fair value of the plan assets of the plans as of 12/31/2012	**8,142**	**427**

The amounts recognized in the income statement for the year ended December 31, 2012 were as follows:

	Pension plans and retirement supplement plans FORLUZ	BRASLIGHT	Health Plan	Dental Plan	Life Insurance
Current service cost	8	-	11	-	6
Interest on the actuarial obligation	703	74	61	2	54
Expected return on plan assets	(735)	(37)	-	-	-
Actuarial losses (gains) recognized	-	-	-	(1)	1
Expense in 2012 as per the actuarial report	**(24)**	**37**	**72**	**1**	**61**
Adjustment related to debt with FORLUZ	117	-	-	-	-
Total expense recorded in 2012	**93**	**37**	**72**	**1**	**61**

The changes in net liabilities from December 31, 2011 to December 31, 2012 are as follows:

	Pension plans and retirement supplement plans FORLUZ	BRASLIGHT	Health Plan	Dental Plan	Life Insurance	Total
Net liabilities as at December 31, 2010	868	265	554	30	444	2,161
Expenses incurred	106	57	69	1	53	286
Contributions paid	(127)	(31)	(56)	-	(10)	(224)
Acquisition of equity interest in Light	-	65	-	-	-	65
Net liabilities December 31, 2011	**847**	**356**	**567**	**31**	**487**	**2,288**

Expenses incurred	93	37	72	1	61	264
Contributions paid	(125)	(37)	(58)	(1)	(13)	(234)
Net liabilities December 31, 2012	**815**	**356**	**581**	**31**	**535**	**2,318**
Current liabilities						**89**
Non current liabilities						**2,229**

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The expenses with pension funds are recorded in financial result as they represent the interest and monetary adjustments related to the debt with Forluz, as mentioned previously in this Note. The expenses related to the health, dental, and life insurance plans are recorded as other operating expenses.

The independent actuary s estimate for the expense to be recognized for 2013 is as follows:

	Pension plans and retirement supplement plans Forluz		Health Plan	Dental Plan	Life Insurance
	FORLUZ	BRASLIGHT			
Current service cost	11	-	17	-	8
Interest on the actuarial obligation	806	69	72	2	68
Expected return on plan assets	(717)	(34)	-	-	-
Estimated expense in 2013	**100**	**35**	**89**	**2**	**76**

The independent actuary s estimate for the payment of benefits during 2013 is as follows:

	Pension plans and retirement supplement plans - Forluz	Health Plan	Dental Plan	Life Insurance
Estimated payment of benefits	567	51	1	17

The Company and its subsidiaries Cemig GT and Cemig D expect to make contributions totaling R$135 and 75 respectively to the pension fund and to the defined contribution plan during 2013.

Light expect to make contributions totaling R$115 (the portion relating to Cemig would be R$37) to the pension fund during 2013.

The main categories of the plan s assets, as a percentage of the plan s total assets, are as follows:

	Cemig, Cemig GT e Cemig D		BRASLIGHT	
	2012	2011	2012	2011
Shares in Brazilian companies	0.08%	0.11%	15.23%	13.07%
Fixed income securities	85.63%	83.69%	73.32%	74.86%
Property	3.77%	3.78%	11.23%	4.98%
Others	10.52%	12.42%	0.22%	7.09%
	100.00%	**100.00%**	**100.00%**	**100.00%**

The Company s consolidated pension plan assets include the following assets, valued at fair value, held by both CEMIG and Light:

	2012	2011
Non-convertible debentures issued by the sponsors	464	367
Shares issued by the sponsors	10	12
Real estate properties of FORLUZ, occupied by the sponsors	201	192
	675	**571**

The table below presents the key assumptions used by the Company for its defined benefit pension plans for the years ended December 31, 2011, and December 31, 2012:

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	Cemig, Cemig GT e Cemig D		BRASLIGHT	
	2012	2011	2012	2011
Annual discount rate	9.05% a 10.07%	10.07%	8.26%	10.56%
Annual expected return on the plan s assets	9.05% a	10.98%	12.38%	10.96%
Annual long-term inflation rate	5.20%	4.30%	4.50%	4.50%
Annual salary increases	7.31%	6.39%	7.01%	6.59%
Average Mortality table	AT-2000	AT-2000	AT-83	AT-83
Disability table	Light média	Light média	Light forte	Light forte
Mortality table for disabled persons	IAPB-57	IAPB-57	IAPB-57	IAPB-57

22. PROVISIONS AND CONTINGENCIES

Cemig and its subsidiaries and jointly-controlled subsidiaries are party to certain legal proceedings in Brazil arising in the normal course of business, regarding tax, employment and environmental law, and civil and other issues.

Proceedings in which the Company is a debtor

The Company, its subsidiaries and its jointly-controlled subsidiaries have made provisions for risks in tax, employment-law, regulatory and environmental legal proceedings in which the chances of loss are assessed as probable (i.e. it is expected that there will be an outflow of funds to settle the obligation), as follows:

	Balance in 01/01/2011	Balance in 2011	Additions	Updates	Reversals	Write-off	Effect of change of % stake in subsidiary	Balance in 2012
Labor claims	115	135	26	-	(19)	(17)	-	125
Civil lawsuits								
Consumer relations	71	84	7	-	(21)	(4)	-	66
Other civil cases	56	65	84	4	(31)	(27)	-	95
	126	149	91	4	(52)	(31)	-	161
Tax	88	118	8	4	(4)	(3)	1	124
Environmental	4	57	1	-	(41)	(12)	-	5
Regulatory	27	78	446	-	(27)	(457)	-	40
Other	10	12	7	1	(2)	(5)	-	13
Total	**371**	**549**	**579**	**9**	**(145)**	**(525)**	**1**	**468**

Company s management, due to the long periods and manner of working of the judiciary, tax and regulatory systems, believes that it is not practical to supply information that would be useful to the users of these financial statements about the time when any cash outflows, or any possibility of reimbursements, might take place in fact. The Company s management believes that any loss in excess of the amounts provided for in respect of such contingencies will not have a material adverse effect on the Company s results of operations or financial position.

Below are the details of the principal provisions and contingent liabilities, including the best expectations for future disbursements for such contingencies:

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Provisions, for legal actions with chances of loss assessed as probable and contingent liabilities linked, on the procedures with possible losses

Employment-law cases

The Company and its subsidiaries and jointly-controlled subsidiaries are parties in numerous legal actions filed by our employees and by outsourced professionals. Most of these claims relate to overtime and additional amounts for dangerous work. Other actions relate to outsourcing of labor, supplementary additions to or re-calculation of retirement pension payments by Forluz, and salary adjustments. The value of the contingency is approximately R$ 537, of which R$ 125 has been provisioned, being this the amount of probable future expected cash outflows on these claims.

Consumer relations

The Company and its subsidiaries and jointly-controlled subsidiaries are parties to several civil actions relating to indemnity for pain and suffering or property damage arising, principally, from accidents involving the electricity distribution network, irregularities in measurement of consumption and claims of undue invoicing, in the normal course of business, totaling R$ 155, of which total R$ 65 has been provisioned, being this the amount of probable future expected cash outflows on these claims.

Other civil actions

The Company and its subsidiaries and jointly-controlled subsidiaries are parties in various civil actions applying for indemnity for pain and suffering or material damage, among others, arising from incidents taking place during the normal course of business, in the amount of R$ 172, of which R$ 95 has been provisioned, being this the amount of probable future expected cash outflows on these claims.

Tax

The Company and its jointly-controlled subsidiaries are parties in numerous administrative and court actions relating, among other subjects, to the Urban Property Tax (*Imposto sobre a Propriedade Territorial Urbana,* or IPTU), the Social Integration Program (*Programa de Integração Social*, or PIS), the Contribution to Finance Social Security (*Contribuição para o Financiamento da Seguridade Social*, or Cofins), Corporate Income Tax (*Imposto de Renda Pessoa Jurídica,* or IRPJ), the Social Contribution Tax (*Contribuição Social sobre o Lucro Líquido*, or CSLL) and applications to stays tax execution. The value of the contingency is approximately R$ 215, of which R$ 40 has been provisioned.

ICMS (local state value added tax)

Light is a party in proceedings relating to the ICMS tax, the principal items being:

I. An infringement notice charging ICMS, Contribution to the State Poverty Combat Fund (Fundo Estadual de Combate à Pobreza, or FECP), and fine (periods January 1999 December 2003 and January 2006 December 2010), alleging non-payment of these deferred taxes in transactions prior to those of electricity distribution, that is to say, in transactions between the generating company and the distributing company, by reason of the occurrence of commercial losses.

II. An infringement notice demanding ICMS tax due to the use by the subsidiary Light SESA of accumulated ICMS tax credits of Rheem Embalagens Ltda. in the acquisition of inputs and raw materials within the State of Rio de Janeiro.

III. An infringement notice issued to charge ICMS tax on amounts of the subsidy directed to low-income consumers arising from the Global Reversion Reserve Fund (Fundo de Reserva Global de Reversão, or RGR).

IV. Applicability of State Law 3188/99, which restricted the manner of appropriation of ICMS tax credits applying to the acquisition of goods destined for Property, plant and equipment, demanding that the credit should be made in portions, while such restriction was not specified in Complementary Law 87/96.

The amount of the contingencies, corresponding to the Company s equity interest in Light is approximately R$ 537, of which R$ 37 has been provisioned, being this the amount of probable future expected cash outflows on these claims.

Gasmig is a party in actions relating to credits of ICMS tax on acquisition of property, plant and equipment used in the network and the applicability of ICMS tax to the calculation of the amount taxable for PIS and Cofins. The amount of the contingency, corresponding to the Company s equity interest in Gasmig, is approximately R$ 40, of which R$ 22 has been provisioned.

Additionally, the Company is defendant in various actions relating to ICMS tax in relation to which, if it eventually has to pay the tax applicable to these transactions, it will be able to require reimbursement from consumers to recover the amount of the tax plus any penalty payment. The principal cases are:

I. Non-payment of ICMS tax on the portions of TUSD demand contracted and not used, invoiced in the period from January 2005 to December 2010, since the value of the tax applicable was excluded from electricity invoices, in compliance with the Court Injunction granted;

II. Various administrative and court proceedings brought by the Minas Gerais State Tax Authority charging ICMS on the transfer of excess of electricity during the period of electricity rationing.

No provision has been made and the amount, estimated, of the contingency is R$ 390. Due to an agreement with the Minas Gerais State government, involving court actions on ICMS tax, the actions in which the company is being claimed against, or claiming payment, are in the process of being extinguished.

The Minas Gerais Consumer Defense Institute (*Instituto Mineiro de Defesa do Consumidor*, or Imidec) brought a class action against the Company, questioning the charging of ICMS tax on the total amount of the invoice and not only on the service provided. Based on the assessment made by our legal advisors, that the merit of the discussion has already been the subject of a statement by the Federal Supreme Court, the possibility of loss has been reassessed from possible to remote .

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Social Security contributions

The Brazilian Federal Revenue Service (*Secretaria da Receita Federal*) has filed administrative proceedings against Cemig in relation to social security contributions alleged to be owed on various categories of payment: employee profit shares (*Participações no s Ucros e Resulted*, or PLR); the Workers Food Program (*Programa de Alimentação do Trabalhador*, or PAT), the education assistance (*auxílio-educação*) contribution, overtime payments, payment for exposure to risk in the workplace, Sest/Senat (transport workers support programs), and fines for non-compliance with accessory obligations. The Company has presented defenses and awaits judgment. The value of the contingency is approximately R$ 924, of which R$ 1 has been provisioned, being this the amount of probable future expected cash outflows on these claims.

Finsocial tax

The federal government filed a rescission action against Cemig, to rescind the Appeal Court judgment given in the action for rescission previously filed by Cemig, on the subject of the Finsocial tax, with the argument that Cemig filed its action after the expiry period of two years. The value of the contingency is approximately R$ 99, of which R$ 22 has been provisioned.

Environmental

The Company and its subsidiaries are involved in environmental actions, relating to protected areas, environmental licenses, recovery of environmental damage and other subjects, in the amount of R$ 1,689, of which the Company has provisioned R$ 5, being this the amount of probable future expected cash outflows on these claims. We highlight the following:

A certain environment association filed a class action for indemnity for supposed collective environmental damage due to the construction and operation of the *Nova Ponte* hydroelectric plant. The amount envisaged by the action is R$ 1,582. The Company believes that it has arguments of merit for legal defense, and as a result has not constituted a provision for this action.

The Public Attorney s Office of the State of Minas Gerais has brought civil public actions requiring the Company to invest at least 0.5% of its annual gross operational revenue, since 1997, in environmental protection and preservation of the water tables of the municipalities where Cemig s power plants are located, and proportional indemnity for environmental damage caused, which cannot be recovered, arising from omission to comply with Minas Gerais State Law 12503/97. The Company has filed appeals to the Higher Appeal Court (STJ) and the Federal Supreme Court (STF). No provision has been constituted. The estimated amount of the contingency is R$ 94.

<u>Regulatory</u>

The Company and its subsidiaries and jointly-controlled subsidiaries are parties in numerous administrative and court proceedings in which the main issues disputed are:

I. The tariff charges in invoices relating to the use of the distribution system by a self-producer;

II. Violation of targets for indicators for continuity and provision of electricity;

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III. The tariff increase made during the federal government s economic stabilization plan referred to as the Cruzado Plan , in 1986.

The amount of the contingency is approximately R$ 133, of which R$ 41 has been provisioned.

The CRC (Earnings Compensation) Account

a) Claim in legal action

Prior to 1993, holders of electricity concessions were guaranteed a rate of return on the investments in the assets used to provide services linked to the concession. Tariffs charged were uniform throughout the country, and part of profits generated by more profitable concession holders were reallocated to the less profitable ones, in such a way that the rate of return of all the companies was equal to the national average. The deficits were accounted in the CRC Account (*Conta de Resultados a Compensar*, or Earnings Compensation Account) of each concession holder. When the CRC Account and the guaranteed-return concept were abolished, Cemig used its positive balances in the CRC Account to offset its liabilities to the federal government.

Aneel filed an administrative action against the Company, contesting a credit relating to those positive balances. On October 31, 2002 Aneel issued a final administrative decision. On January 9, 2004, the federal Treasury Department (*Secretaria do Tesouro Nacional*) issued a collection notice in the amount of R$ 516 million. The Company did not make the payment, because it believes that it has arguments of merit for defense in court, and filed for an order of mandamus to suspend its inclusion in the Listing of Unpaid Public Sector Debts (*Cadastro Informativo de Créditos Não Quitados do Setor Público*, or Cadin). The order of mandamus was denied by the lower court, but an appeal was made to the Federal Court of the First Region, which granted a temporary injunction suspending inclusion in the Cadin.

The amount of the contingency on December 31, 2011 was R$ 1,015, and no provision has been made.

b) Negotiation for early settlement of the CRC Account

On November 20, 2012 the government of the State of Minas Gerais and the Company entered into a Commitment Undertaking, the purpose of which was to make possible the early payment of the obligations arising under the CRC Contract. A discount of approximately 35% was applied to the updated amount of the debtor balance, for payment at sight by the State of Minas Gerais into the account of the Company. Please refer to Note 12 *Accounts receivable from the government of the State of Minas Gerais; the Receivables Fund* for additional details.

Of the amount received by the Company, the State Government withheld and passed to the Federal Government the amount of R$ 403 , referring to the Settlement Agreement signed to terminate the legal action existing between Cemig and the Federal Government relating to the now-extinct CRC Account. Arising from this retention, the Company reported an expense of the same amount in December 2012.

Other claims in the normal course of business

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In addition to the above cases, the Company is a party in other cases of smaller scale related to its normal course of operations, with an estimated total amount of R$ 88, of which R$ 14 has been provisioned. Management believes that it has adequate arguments in these actions, and does not expect significant losses relating to these issues that might have an adverse effect on the Company s financial position or the result of its operations.

Contingent liabilities: for actions in which chances of loss are assessed as possible , and the Company believes it has arguments of merit for defense

Tax and similar charges

The Company is a party in numerous administrative and court proceedings in relation to taxes. Below are details of the principal cases:

Indemnity for employees future benefit the Anuênio

In 2006 the Company paid an indemnity to its employees, totaling R$ 178, in exchange for the rights to future payments for time of service (Anuênio) which would otherwise be incorporated, in the future, into salaries. The company did not pay income tax nor Social Security contributions in relation to these amounts because it considered that these obligations are not applicable to amounts paid as an indemnity. However, to avoid the risk of a future fine arising from a differing interpretation by the federal tax authority (*Secretaria da Receita Federal*) or the National Social Security Institution (*Instituto Nacional de Seguridade Social*, or INSS), the Company applied for an order of mandamus to allow it to make an escrow payment into court of R$ 122. This is recorded in Escrow deposits. The amount of the contingency, updated, is R$ 204.

Profit sharing (PLR)

The National Social Security Institute (Instituto Nacional de Segurança Social, or INSS) opened an administrative proceeding against the Company, in 2006, due to non-payment of social security contributions on the amounts paid to employees as profit sharing in the period 2000 to 2004, due to the inspectors believing that the Company had not met the requirements of Law 10101 of 2000. In 2007, an order of mandamus was applied for, seeking to obtain a declaration that such payments of profit-sharing were not subject to the Social Security contribution. The Company received a partially favorable decision in 2008, which it has appealed and on which it awaits the 2nd instance decision. On December 31, 2011 the amount of the contingency was approximately R$ 141. On December 31, 2012, the amount was re-assessed by our legal advisers to R$ 0.5, due to it having been considered that the best possible estimate of the updated value of the payments made into court, which represents the social security contributions on the portions of Profit Shares paid.

Non-homologation of offsetting of tax credit

In several administrative tax proceedings dealing with offsetting of federal taxes, the Federal Tax Authority (*Secretaria da Receita Federal*) did not homologate tax returns offsetting credits arising from undue or excess payment by the Company. The amount of the contingency is R$ 397.

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Corporate tax return restitution and offsetting

The Company is a party in an administrative case involving requests for restitution and compensation of credits arising from carryforwards indicated in the tax returns (DIPJs) for the calendar years 1977 to 2000, and also for excess payments identified by the corresponding tax payment receipts (DARFs and DCTFs). Due to completion of all procedures in the administrative sphere, an ordinary legal action has been filed, in the approximate total amount of R$ 337.

PIS and Cofins taxes

An infringement notice was served on Cemig for alleged underpayment of the PIS and Cofins taxes due to undue exclusions of financial expenses from the basis of calculation of those taxes. In spite of the Company having paid PIS and Cofins on financial revenues, the Federal Revenue Department (Secretaria da Receita Federal) believes that these amounts were underpaid. The amount of the contingency was R$ 81 on December 31, 2011. On December 31, 2012, the chances of loss in this action were re-assessed as remote , since the Federal Supreme Court (Supremo Tribunal Federal, or STF) gave an opinion in favor of obeying the principle of prior right in cases where change in the law results in a charge upon the taxpayer.

The Company is defendant in various legal proceedings, in which the plaintiffs demand suspension of charging of PIS and Cofins, on the argument that it is illegal to charge these taxes on electricity bills. The amount of the contingency is R$ 41. On December 31, 2012 the chances of loss were re-assessed as remote , due to a judgment that recognized the legitimacy of the passthrough of these contributions in electricity bills.

Tax contingencies of Light Sesa

Light Sesa has the following tax contingencies in which the chances of loss are assessed as possible :

I. Income tax withheld source on amounts paid by Light SESA as dividends, on the argument that they arose from non-existence profit;

II. Demand for corporate income tax and the Social Contribution tax on the profits earned by LIR Energy Limited (LIR) and Light Overseas Investment Limited (LOI) since 1996;

III. Fine for alleged non-compliance with an accessory obligation relating to delivery of the electronic files for the calendar years 2003 to 2005.

IV. Charge for Inspection of Occupation of Public Places (TFOP), made by the municipal prefecture of Barra Mansa.

V. Omission of the offsetting for settlement for debits of Cofins tax (this case has now finally been closed, in favor of the Company).

The total of these cases, corresponding to Cemig s proportional share in the capital of Light is R$ 503.

Regulatory matters

Contribution for Public Illumination (CIP)

Cemig is defendant in several public civil actions, claiming nullity of the clause in the Electricity Supply Contracts for public illumination, signed between the Company and the various municipalities of its concession area, and restitution by the Company of the difference representing the amounts charged in the last 20 years,

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in the event that the courts recognize that these amounts were unduly charged. The actions are grounded on an alleged mistake by Cemig in the estimate of time used for the calculation of the consumption of electricity by public illumination paid for by the Public Illumination Contribution (CIP). The Company believes that it has arguments of merit for legal defense, and as a result has not constituted a provision for this action, the amount of which is estimated at R$ 1,163.

Accounting of electricity sale transactions in the Electricity Trading Chamber (CCEE)

In an action dating from August 2002, AES Sul Distribuidora has challenged in the courts the criteria for accounting of electricity sale transactions in the wholesale electricity market during the period of rationing. It obtained an interim judgment in its favor in February 2006, which orders Aneel, working with the CCEE, to comply with the claim by AES Sul and recalculate the settlement of the transactions during the rationing period, leaving out of account Aneel s Dispatch 288 of 2002. This was to be put into effect in the CCEE starting in November 2008, and would have resulted in an additional disbursement for Cemig, for the expense on purchase of energy in the short-term market, in the CCEE, in the amount of approximately R$ 135. On November 9, 2008 the Company obtained an injunction in the Regional Federal Appeal Court suspending the obligatory nature of the requirement to pay into court the amount owed arising from the Special Financial Settlement carried out by the CCEE. The Company has classified the chances of loss as possible , since this is a unique action, with no similar action having previously been judged, and because it deals with the General Agreement for the Electricity Sector, in which the Company has all the full documentation to support its allegations.

Tariff increases

Exclusion of consumers inscribed as Low-income

The Federal Public Attorneys Office filed a class action against the Company and Aneel, to avoid exclusion of consumers from classification in the Low-income Residential Tariff sub-category, requesting an order for the Company to pay 200% of the amount allegedly paid in excess by the consumers. The court ruled in favor of the plaintiff; the Company and Aneel have filed an interlocutory appeal, and await judgment. The amount of the contingency is, approximately, R$ 133. The Company has classified the chances of loss as possible due to other favorable judgments on this theme.

Period Tariff Adjustment Neutrality of Portion A

The Municipal Association for Protection of the Consumer and the Environment (*Associação Municipal de Proteção ao Consumidor e ao Meio Ambiente*, or Amprocom) filed a public action against the Company and against Aneel, for identification of all the consumers that were allegedly injured in the processes of periodic Review and annual Adjustment of electricity rates, from 2002 through 2009, and restitution, through credit on electricity bills, of the amounts allegedly unduly charged, due to the non-inclusion of the effect of future variations in consumer electricity demand as a component of the distributor s non-manageable costs (Portion A), and their allegedly undue inclusion in manageable costs (Portion B), resulting in economic/financial imbalance of the contract. The estimated amount of the contingency is R$ 158.

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Action in which the Company is creditor and in which economic benefits are probable

Pasep and Cofins taxes Widening of the calculation base

CEMIG has alleged a legal claim challenging the fairness of the expansion of the taxable base for PIS and Cofins tax calculation purposes on financial revenue and on other non-operational revenues during the period from 1999 to January 2004, by Law 9718, of November 27, 1998. In the event of a judgment in the Company s favor in the final instance (where no further appeal is possible), and noting that the Supreme Court has judged similar cases in favor of the taxpayer, , it will record a gain in the profit and loss account of R$ 202, net of income tax and Social Contribution tax.

23. EQUITY

(a) Share Capital

The fully paid-in shares , each with a par value of R$5.00, are distributed as follows:

Acionistas	Quantidade de Ações em 31 de dezembro de 2012					
	Ordinárias	%	Preferenciais	%	Total	%
Estado de Minas Gerais	189.991.615	51	-	-	189.991.615	22
Outras Entidades do Estado	50.246	-	8.821.839	2	8.872.085	1
AGC Energia S.A.	122.901.990	33	-	-	122.901.990	14
Outros						
No País	49.999.792	13	159644811	33	209644603	25
No Exterior	9.893.442	3	311.714.493	65	321.607.935	38
Total	**372.837.085**	**100**	**480.181.143**	**100**	**853.018.228**	**100**

Shareholders	Number of shares as of December 31, 2011					
	Common	%	Preferred	%	Total	%
The State of Minas Gerais	151,993,292	51	-	-	151,993,292	22
Other entities of The State of Minas Gerais	40,197	-	7,057,472	2	7,097,669	1
AGC Energia S.A.	98,321,592	33	-	-	98,321,592	14
Other:						
In Brazil	35,420,497	12	73,185,353	19	108,605,850	16
Abroad	12,494,090	4	303,902,089	79	316,396,179	47
Total	**298,269,668**	**100**	**384,144,914**	**100**	**682,414,582**	**100**

Shareholders	Number of shares as of January 1, 2011					
	Common	%	Preferred	%	Total	%
The State of Minas Gerais	151,993,292	51	-	-	151,993,292	22
Other entities of The State of Minas Gerais	40,197	-	7,057,472	2	7,097,669	1
AGC Energia S.A.	98,321,592	33	-	-	98,321,592	14
Other:						
In Brazil	35,084,145	12	88,391,812	23	123,475,957	18
Abroad	12,830,442	4	288,695,630	75	301,526,072	45
Total	**298,269,668**	**100**	**384,144,914**	**100**	**682,414,582**	**100**

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Earnings Per Share

Considering the capital increase through the issue of 170,603,646 new shares without a corresponding change in Share Capital of the Company, as described below, earnings per share is presented retrospectively under the new number of shares of the Company. Thus, considering that each class of shares participates equally in the income presented, the earnings per share, basic and diluted, in 2012, 2011 and 2010, are R$ 5.01, R$2.83 and R$2.65, respectively.

The number of shares used to calculate earnings per share, basic and diluted, is as follows:

Quantity of shares	**2012**	**2011**
Common shares	372,837,085	372,837,085
Preferred shares	480,181,143	480,181,143
	853,018,228	**853,018,228**
Treasury shares	(363,650)	(363,650)
Total	**852,654,578**	**852,654,578**

Shareholders Agreement

On August 1, 2011, the Government of the State of Minas Gerais signed a Shareholders Agreement with AGC Energia S.A. with intervention and consent of BNDES Participações S.A. with validity for fifteen years. The agreement maintains the state of Minas Gerais as a hegemonic, isolated and sovereign controller of the Company and attributes a few prerogatives to AGC Energia in order to contribute to the Company s continued sustainable growth, amongst other contractual terms.

Return of Advance for Future Capital Increase (AFAC)

In 1995, 1996 and 1998, by the State of Minas transferred financial resources intended for a capital increase in the historical amount of R$27. In 2011, the Ministry of Finance requested the return of the amounts of these resources for future capital increases of AFAC, monetarily updated, since the aforementioned year the funds had not been used for the payment of shares in a capital increase.

In response to this request, the Board of Directors, on December 27, 2011, decided to return the Advance for Future Capital Increase (AFAC) to the State of Minas Gerais, in the amount of R$93, corresponding to the historical amount of R$27, adjusted by the IGP-M (General Index of Market Price) for the period and the financial expense corresponding to the monetary update of the future capital increase, in the amount of R$66, was recorded in 2011.

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Capital increase to be proposed to the Annual Shareholders Meeting in April 2012

The General Meeting of Stockholders of Cemig held on April 27, 2012 approved increase in the share capital of Cemig from R$ 3,412 to R$ 4,265, with issuance of 170,603,646 new shares, via capitalization of R$ 822 of the Retained Earnings Reserve, and R$ 31 originating from incorporation of the portions of the contract to assign the credit of the remaining balance on the CRC Account, with distribution, as a result, to stockholders of a stock bonus of 25% in new shares of the same type as those held, and with nominal value of R$ 5.00.

(b) Reserves

The breakdown of Capital Reserves and Profit Reserves is presented as follows:

	2012	**2011**	**01/01/2011**
Capital Reserves			
Interest on investments in fixed assets in progress Own capital	1,313	1,313	1,313
Donations and subsidies for investments	2,573	2,573	2,573
Additional paid-in capital	69	69	69
Treasury Shares	(1)	(1)	(1)
	3,954	**3,954**	**3,954**

The reserve for interest on investments in fixed assets in progress own capital refers to the interest over equity used in constructing assets and facilities, which is recorded in property, plant, and equipment as corresponding entries against equity. Cemig stopped forming this reserve as from 1999.

The reserve for Donations and Subsidies for Investments refers basically to the compensation by the Federal Government of the difference between the profitability obtained by CEMIG up to March 1993 and the minimum return guaranteed by the legislation in effect at the time. The funds were used in the amortization of various obligations payable to the Federal Government, and the remaining balance originated the CRC contract.

Treasury shares refer to the shares transferred from FINOR originating from funds invested in CEMIG s projects in the area covered by SUDENE (Superintendency for the development of the Northeast) due to tax incentives.

	2012	2011	01/01/2011
Profit Reserves			
Legal Reserve	853	683	573
Statutory Reserve	1,304	1,141	1,435
Profit retention Reserve	71	1,383	799
Proposal for distribution of additional dividends	628	86	67
	2,856	**3,293**	**2,874**

Statutory Reserve

The Statutory reserve is for future payment of extraordinary dividends, in accordance with Article 28 of the by-laws.

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Profit Retention Reserve

The Profit Retention Reserve refers to profits not distributed in previous years to ensure the implementation of the Company s Investment Program, and the retentions supported by capital budgets approved by the Board of Directors in the periods in question. The main acquisitions of interests in other companies are a result of the retention of the aforementioned funds which more detail is presented in Note 14.

Legal Reserve

This reserve is a requirement for all Brazilian corporations and represents the appropriation of 5% of annual net income up to a limit of 20% of share capital as established by Article 193 of Brazillian Coporate Law 6,404. Accordingly, the Company opted to appropriate 4.12% of the net income as at December 31, 2012, in the amount of R$171 in order to comply with the law.

(c) Dividends

Ordinary dividends

50% of the net income for the year must be used for distribution as a mandatory dividend to the Company s shareholders, as established in the Company s by-laws.

Preferred shares have priority in the reimbursement of capital and participate in the profit under equal conditions with common shares. Preferred shares have a right to an annual minimum dividend equal to the greater value between 10% of their par value; or 3% of the shareholders equity associated with the shares

Under the by-laws, CEMIG s shares held by private individuals have the right to a minimum dividend of 6% per year on their par value in all years when Cemig does not obtain sufficient profits to pay dividends to its shareholders. This guarantee is given by the State of Minas Gerais in the terms of Article 9 of State Law 828 of December 14, 1951 and Article 1 of State Law 8796 of April 29, 1985.

Since preferred and common shareholders have different dividend, voting and liquidation rights, basic earnings per share have been calculated using the two-class method. The two-class method is an allocation formula that determines earnings per share for preferred and common shares according to the dividends to be paid as required by the Company s by-laws and participation rights in undistributed earnings.

Under the Company s bylaws, if the Company is able to pay dividends in excess of the minimum requirement for preferred shareholders and the remainder of the net income is sufficient to provide equal dividends to both common and preferred shareholders, then the dividends per share will be the same for both common and preferred shareholders. The Company distributed equal dividends per share for all years presented.

The declared dividends shall be paid in two equal installments, the first not later than June 30 and the second not later than December 30 of each year following the generation of profit. The Board of Directors is responsible for observing these deadlines and determining the place of payment and the process for payment.

The calculation of the dividends proposed for distribution to shareholders based on the Company s profit for the year-ended December 31, 2012 is as follows:

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Minimum Dividend Distribution Calculation as required by the by-laws	2012
Par value of preferred shares	2,399
Percentage applied to the par value of preferred shares	10.00%
Amount of dividends per first payment criteria	240
Shareholders equity	12,044
Preferred shares as a percentage of Shareholders equity (net of shares held in Treasury)	56.27%
Portion of Shareholders equity represented by preferred shares	6,777
Percentage applied to the portion of Shareholders equity represented by preferred shares	3.00%
Value of the dividends per second payment criteria	203
Minimum obligatory dividends required by the by-laws for preferred shares	240
Mandatory Dividend Calculation	
Profit (loss) for the year	4,272
Mandatory dividend 50.00% of profit for the year	2,136
Dividends proposed	
Interest on Capital	1,700
Ordinary dividends	590
	2,290
Income tax withheld at source on Interest on Equity	(154)
	2,136
Dividend per preferred shares	1,202
Dividend per common shares	934
Dividends per share R$	
Minimum obligatory dividend required by the by-laws for preferred shares	0.50
Mandatory dividend	2.68
Proposed dividend	2.68

In December 2012 the Company declared payment of Interest on Equity, to be computed within the obligatory dividend for 2012, in the amount of R$ 1,700, corresponding to R$ 1.99 per share, to be paid in two equal installments, by June 30 and December 30, 2013. This gives rise to a tax benefit of R$ 578.

Extraordinary dividends

Cemig s Bylaws establishes that, without prejudice to the mandatory dividend, each year, or more frequently if the availability of cash permits, the Company will use the specific profit reserve for the distribution of extraordinary dividends, up to the limit of the cash available, as decided by the Board of Directors subject to compliance with the Company s Strategic Plan and the dividend policy specified therein.

The following extraordinary dividends were paid by the Company in 2012 and 2011:

n In a meeting held on December 20, 2012, the Board of Directors decided to declare an extraordinary dividend in the amount of R$1,600, or R$1.8765 per share, using the profit reserve established under the Bylaws for this purpose. The payment of these dividends took place in January, 2013.

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n In a meeting held on December 9, 2011, the Board of Directors decided to declare an extraordinary dividend, in the amount of R$850, or R$1.25 per share, using the profit reserve established under the Bylaws for this purpose. The payment of these dividends took place on December 28, 2011.

(d) Equity Valuation Adjustments

	2012	2011	2010
Deemed Cost of the Generation Assets	959	1,080	1,210
Foreign Currency Translation Adjustments	10	5	(1)
Cash Flow Hedge Instruments	-	1	1
	969	**1,086**	**1,210**

The translation adjustments refer to the foreign exchange difference calculated on the translation of Transchile s financial statements based on the exchange rates for assets and liabilities at the end of the year, recorded directly in the abovementioned Shareholders Equity account.

The amounts recorded as deemed cost of generation assets are due to a new valuation of the generation assets, with the definition of their fair value by their replacement cost at the first time adoption of IFRSs as of January 1, 2009. The new valuation of the generation assets resulted in an increase in the value of these assets, recorded in a specific equity account, net of tax effects.

24. REVENUE

	2012	2011 (Reclassified)	2010 (Reclassified)
Supply of electric power (a)	18,614	16,568	14,688
Revenue from use of the electricity distribution grid TUSD (b)	2,215	1,978	1,658
Revenue of the transmission system			
Transmission concession revenue (c)	1,675	1,408	1,141
Transmission construction revenue (d)	160	120	225
Transmission indemnity revenue (c)	192	-	-
Distribution construction revenue (d)	1,446	1,412	930
Gas construction revenue (d)	25	7	186
Transactions in electricity on the CCEE	427	270	133
Other operational revenues (d)	1,324	983	924
Taxes on revenue and regulatory charges (c)	(7,618)	(6,997)	(6,095)
Net operational revenue	**18,460**	**15,749**	**13,790**

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(a) Supply of electric power

The breakdown of the supply of electric power by consumer class is as follows:

	GWh (*)			R$		
	2012	2011	2010	2012	2011 (Reclassified)	2010 (Reclassified)
Residential	11,518	10,742	9,944	6,227	5,452	4,833
Industrial	25,969	26,029	24,826	4,582	4,362	3,936
Commerce, services and others	7,950	6,985	6,227	3,542	3,045	2,718
Rural	2,874	2,647	2,467	785	708	632
Governmental entities	1,344	1,191	1,083	609	531	467
Public lighting	1,464	1,371	1,220	393	357	310
Public service	1,549	1,439	1,360	464	425	394
Subtotal	52,669	50,404	47,127	16,600	14,880	13,290
Own consumption	62	57	53	-	-	-
Unbilled, net	-	-	-	71	75	(71)
	52,731	50,461	47,180	16,671	14,955	13,219
Wholesale supply to other concession holders (**)	13,868	14,458	14,205	1,903	1,577	1,445
Sales under the PROINFA program	127	121	85	38	36	24
Total	**66,726**	**65,040**	**61,470**	**18,614**	**16,568**	**14,688**

(*) The MWh column includes of the total electricity sold by Light, proportional to the Company s equity interest. Information unaudited

(**) Includes Contract for Trading of Electricity on the Regulated Market Sale (CCEAR) and bilateral contracts with other agents.

Annual tariff review Cemig D

On April 8, 2012 Aneel approved the result of the Tariff Adjustment for Cemig D. The result approved by Aneel was for an upward adjustment of 5.24%, made up of two components: (i) The Structural component, of 2.90%, comprising the non-manageable costs (Portion A) and manageable costs (Portion B); and (ii) Financial components, of 2.34%. The adjustment is in effect until April 2013. With the withdrawal of the financial components considered in the 2011 tariff process, of 1.39%, the average effect on the Company s captive consumers was an increase of 3.85%.

Periodic Tariff Review Cemig D

In April 8, 2013 the Brazilian electricity sector regulator, Aneel (Agência Nacional de Energia Elétrica), published the result of the Third Tariff Review of Cemig D (Cemig Distribuição S.A.), which will result in positive repositioning of Cemig D s tariffs. These tariffs will take effect from April 8, 2013 and the average effect for consumers will be an increase of 2.99%.

In this decision, Aneel is already applying the effects of Decree 7945/12, which governs the use of the funds from the Energy Development Account (Conta de Desenvolvimento Energético, or CDE) to attenuate distributors costs of acquisition of electricity in the Electricity Trading Chamber (Câmara de Comercialização de Energia Elétrica, or CCEE) as a result of the unfavorable hydrological conditions, which have led to the dispatching of thermal generation plants, and as a result to reduce the impact of the tariff adjustment, limiting it to 3%. The amount that exceeds this percentage will be passed through in a single payment, within 10

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business days from the date of publication of the Aneel Homologating Resolution. The amount of these funds coming from the CDE will be reimbursed by consumers in up to 5 years, updated by the IPCA inflation index.

According to the statement of calculation received by Cemig after the homologation of the result of the Tariff Review at the meeting of the Council of Aneel, the Net Regulatory Remuneration Base was R$ 5,511,768, and the Gross Regulatory Remuneration Base was R$ 15,355,843.

For more details about the Regulatory Remuneration Base (BRR) please see Explanatory Note 16 to the consolidated financial statements.

Annual tariff review Light

On November 6, 2012, ANEEL approved the tariff adjustment of Light SESA for 2012. The result ratified by ANEEL represents a rate increase of 10.77%, consisting of two components: (i) Structural component of 7.17% for non-manageable (Portion A) and manageable (Portion B) costs and (ii) Financial component, which be effective until October 2012, of 3.60%. Considering the removal of the financial component present in Light s rates in effect until this date, of -0.64%, the proposal represents an average rate increase for consumers of 11.41% from November 7, 2012.

(b) Revenue from use of the electricity distribution grid TUSD

A representative portion of the Large Industrial Consumers in the concession area of Cemig Distribuição and Light that are allowed to choose their power suppliers such as Cemig Geração e Transmissão and other power generating companies, also referred to as free consumers. Accordingly, the charges for the use of the distribution network (TUSD) of these free consumers are charged separately and recorded under this caption.

(c) Revenue from use of the transmission system

For the transmission concessions, revenue includes the portion received from agents of the electricity sector relating to operation and maintenance of the transmission lines, and also updating of the value of the transmission financial asset constituted, primarily, during the period of construction of the transmission facilities. The rates used for updating of the asset correspond to the remuneration on the capital applied in the enterprise, and these vary in accordance with the type of enterprise and the investing company s cost of capital.

In 2012 the Company reported the gain estimated to result from the indemnity of the transmission assets to which the criteria of PM 579 apply. There are more details in Note 4.

(d) Construction Revenue

Construction Revenue is fully offset by the construction costs and corresponds to the Company s investments in the period in assets of the concession, where the operating income, in some cases, also includes the profit margin involved in the operation. More details are presented in note 25 of the consolidated Financial Statements.

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(e) Other operational revenues

	2012	2011 (Reclassified)	2010 (Reclassified)
Supply of gas	755	579	398
Charged service	18	14	16
Telecommunications services	162	158	131
Rendering services	117	98	179
Low-income subsidy (*)	176	56	133
Renting	86	76	60
Others	9	2	7
	1,324	**983**	**924**

(*) Revenue recognized arising from the subsidy from Eletrobrás, for the discount given on tariffs charged to low-income consumers. The amounts were homologated by ANEEL and are reimbursed by Eletrobrás.

(f) Taxes on revenue and regulatory charges

	2012	2011	2010
Income Taxes			
ICMS	3,954	3,575	3,142
COFINS	1,656	1,496	1,310
PIS and PASEP	359	325	304
Others	8	6	12
	5,977	5,402	4,768
Charges to the consumer			
Global Reversion Reserve RGR	287	205	183
Energy Efficiency Program PEE	38	43	43
Energy Development Account CDE	616	516	423
Fuel Consumption Account CCC	565	718	532
Research and Development R&D	47	37	39
National Scientific and Technological Development Fund	41	32	34
Energy System Expansion Research EPE (Mining and Energy Ministry)	21	16	17
Emergency Capacity Charge	-	-	20
0.30% Surcharge (Law 12111/09)	26	28	36
	1,641	1,595	1,327
	7,618	**6,997**	**6,095**

25. OPERATING COSTS AND EXPENSES

	2012	2011 (Reclassified)	2010 (Reclassified)
Personnel (a)	1,361	1,249	1,212
Employee and managers profit sharing	244	221	325
Post-employment obligations	134	124	107

Materials	82	98	134
Outsourced services (b)	1,127	1,031	923
Electricity purchased for resale (c)	5,951	4,278	3,722
Depreciation and amortization	1,001	983	927
Royalties for usage of water resources	186	154	140
Provisions (reversals) for operating losses (d)	782	257	138
Charges for the use of transmission facilities of the basic grid	1,011	830	729
Gas purchased for resale	495	329	225
Construction costs	1,630	1,529	1,328
Other operating expenses, net (e)	634	362	321
	14,638	**11,445**	**10,231**

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a) Personnel Expenses

	2012	2011	2010
Salary and payroll charges	1,219	1,132	1,073
Supplementary pension contributions defined-contribution plan	72	67	66
Assistance benefits	136	132	133
	1,427	1,331	1,272
Temporary Voluntary Retirement Program	33	20	40
(-) Personnel costs transferred to construction in progress	(99)	(102)	(100)
	(66)	(82)	(60)
	1,361	**1,249**	**1,212**

Employee special retirement programs

Incentive Retirement Program PDP

From November 2011 to January 17, 2012 the Company offered the Incentive Retirement Program (*Programa Desligamento Premiado* PDP), which had among its principal benefits: payment of one gross monthly salary and six months contribution to the health plan after retirement, deposit of the payment of 40% of the balance on the FGTS account (otherwise payable only in the event of non-voluntary termination of employment), and payment of the full advance notice period, from a minimum of 30 day s up to a maximum of three months (90 days) salary. In 2012, a total of 182 employees had subscribed to the program.

The PID Incentive Retirement Program

For the period January 17, 2013 to March 27, 2013, the Company created the PID, available only to employees who already satisfied the full condition for retirement under the National Social Security System (*Instituto Nacional de Seguridade Social*, or INSS), and also qualified for retirement through Forluz, and had been with the Company for a minimum of 20 years. This program offers four times the gross monthly remuneration, six months contribution to the health plan and the other indemnity payments specified by Law. The financial impact of the program will be reported in 2013, depending on how many employees accept it, and the period for termination will close in June 2013.

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b) Outsourced Services

	2012	2011	2010
Collection agents / Meter readers / Bill delivery agents	188	176	136
Communication	106	90	79
Maintenance of electrical facilities and equipment	249	205	198
Building maintenance and cleaning	78	59	51
Contracted labor	31	60	54
Freight and airfares	14	12	12
Accommodation and meals	20	19	24
Security	24	23	19
Management consulting	45	27	3
Maintenance of furniture and fixtures	43	68	44
Vehicle maintenance	11	22	29
Disconnections and reconnections	44	53	62
Environment	29	27	26
Electricity	1	1	1
Tree pruning services	26	25	17
Cleaning of power line pathways	37	35	28
Others	182	129	140
	1,127	**1,031**	**923**

c) Electricity purchased for resale

	2012	2011	2010
From Itaipu Binacional	1,069	919	910
Spot market	890	337	382
PROINFA	265	204	192
Bilateral contracts	612	538	315
Electricity acquired in Regulated Market auctions	2,806	1,965	1,873
Electricity acquired on the Free Market	717	637	348
PASEP and COFINS credits	(408)	(322)	(298)
	5,951	**4,278**	**3,722**

d) Operating provisions (reversals)

	2012	2011	2010
Pension plan premiums	(3)	3	(22)
Allowance for doubtful receivables	315	163	105
Provision			
Labor Claims	7	14	(9)
Civil Lawsuits	38	35	(16)
Tax	3	8	(4)
Environmental	1	1	-
Regulatory	420	18	92
Other	1	15	(8)
	470	91	55

	782	**257**	**138**

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Cemig D provisioned the amount of R$ 159 as allowance for doubtful receivables in 2012, reflecting amounts receivable from industrial consumers due to non-payment of the ICMS applicable to the portions of invoices that comprise the TUSD charge.

e) Construction costs

	2012	2011	2010
Employee and managers salaries	107	101	28
Materials	755	604	410
Outsourced services	668	728	606
Other	100	96	284
	1,630	**1,529**	**1,328**

f) Other operating expenses, net

	2012	2011	2010
Leases and rentals	105	87	58
Advertising and publicity	8	24	30
Own consumption of electric power	14	19	10
Subsidies, grants and donations	39	34	40
ANEEL inspection charge	47	46	43
Onerous concessions	26	21	23
Taxes and charges (IPTU, IPVA and others)	38	26	21
Insurance	11	8	11
CCEE annual fee	6	6	5
License fee - TDRF (*)	-	30	27
Net loss on deactivation and disposal of assets	126	22	26
FORLUZ Current Administration expense	22	15	14
Other expenses	192	24	14
	634	**362**	**322**

(*)TFDR - License charge for use or occupation of land-adjoining highways.

In 2012 the Company posted losses for de-activation of assets arising from the carrying out of the physical inventory to comply with Aneel Resolution 367/2009.

Operating leases

The Company has operating lease agreements related mainly to vehicles and buildings used in its operatingl activities which are not material in relation to the Company s total costs.

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26. NET FINANCIAL INCOME (EXPENSES)

	2012	2011 Reclassified	2010 Reclassified
FINANCIAL INCOME			
Income from financial investments	296	410	392
Charges on arrears of overdue electricity bills	179	151	137
Interest and monetary gains on account receivables from the the Government of the State of Minas Gerais	157	152	129
Foreign exchange gains	44	20	51
PASEP and COFINS on financial revenues	(42)	(42)	(39)
Gains on financial instruments	28	16	-
Adjustment to present value	-	-	17
Monetary updating on Finsocial (note 9)	57	67	-
Monetary updating on escrow account (note 11)	-	68	-
Monetary updating of Account receivable of State Government (Note 12)	2,383	-	-
Other income	108	153	154
	3,210	**995**	**841**
FINANCIAL EXPENSES			
Interest on loans, financings and debentures	(1,243)	(1,311)	(1,076)
Foreign exchange losses	(82)	(40)	(37)
Monetary losses loans, financing and debentures	(186)	(146)	(144)
Monetary losses onerous concessions	(34)	(21)	(42)
Monetary updating R&D and P.E.E.	(24)	(35)	(31)
Monetary updating Other	(48)	(92)	(21)
Adjustment to present value	(1)	(1)	-
Losses on financial instruments	-	-	(6)
Monetary losses and charges on post-employment obligations	(132)	(163)	(142)
Monetary losses on advance for capital increase (note 23)	-	(66)	-
Other expenses	(208)	(90)	(95)
	(1,958)	**(1,965)**	**(1,594)**
NET FINANCIAL EXPENSES	**1,252**	**(970)**	**(753)**

PASEP and COFINS expenses are due on the interest on shareholders equity.

27. RELATED PARTY TRANSACTIONS

The main balances and transactions with parties related to Cemig and its subsidiaries and jointly controlled subsidiaries are as follows:

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ENTITIES	ASSETS 2012	ASSETS 2011	LIABILITIES 2012	LIABILITIES 2011	REVENUES 2012	REVENUES 2011	EXPENSES 2012	EXPENSES 2011
Cemig Distribuição S.A.								
Current								
Cooperation agreement (1)	-	-	23	22	-	-	9	12
Dividends and interest on Capital	120	109	-	-	-	-	-	-
Operations with electricity (2)	41	41	4	4	425	375	(48)	(55)
Non Current								
Cooperation agreement (1)	29	11	-	-	-	-	-	-
Cemig Geração e Transmissão S.A.								
Current								
Cooperation agreement (1)	-	-	18	-	-	-	1	(7)
Dividends and interest on Capital	399	-	-	-	-	-	-	-
Operations with electricity (2)	4	4	29	29	52	58	(312)	(283)
Non Current								
Cooperation agreement (1)	19	25	-	-	-	-	-	-
Light S.A.								
Current								
Dividends and interest on Capital	19	19	-	-	-	-	-	-
Operations with electricity (2)	-	-	1	1	32	31	(8)	(6)
Cemig Capim Branco								
Current								
Dividends and interest on Capital	9	3	-	-	-	-	-	-
Operations with electricity (2)	-	-	7	7	5	4	(91)	(73)
Services (3)	2	2	-	-	4	5	-	-
Cemig Telecomunicações								
Current								
Dividends and interest on Capital	-	7	-	-	-	-	-	-
Operations with electricity (2)	-	-	-	-	3	3	-	-
Sharing of infrastructure (4)	2	1	-	-	5	6	-	-
Prestação de serviço (5)	-	-	4	5	-	-	(20)	(27)
Non-current								
Maintenance (6)	-	1	-	-			-	-
Personnel seconded (7)	1	1	-	-	-	-	2	2
Transmissora Aliança de Energia Elétrica								
Current								
Dividends and interest on Capital	38	115	-	-	-	-	-	-
Operations with electricity (2)	-	-	4	4	-	-	(34)	(34)
Cemig Serviços								
Current								
Services (8)	-	-	3	1	-	-	(12)	(1)
Personnel seconded (7)	1	-	-	-	-	-	-	-
Non-current								
Personnel seconded (7)	4	2	-	-	-	-	-	-
Empresa Paraense de Transmissão de Energia								
Current								
Operations with electricity (2)	-	-	-	-	-	-	(3)	(3)
Baguari Energia								
Current								
Dividends and interest on Capital	26	6	-	-	-	-	-	-
Operations with electricity (2)	-	-	1	-	-	-	(6)	(5)
Companhia de Gás de Minas Gerais S.A								
Current								

Dividends and interest on Capital	21	21	-	-	-	-	-	-
Empresa Regional de Transmissão de Energia S.A								
Current								
Dividends and interest on Capital	8	9	-	-	-	-	-	-
Operations with electricity (2)	-	-	-	-	-	-	(1)	(1)
Empresa Amazonense de Transmissão de Energia S.A								
Current								
Dividends and interest on Capital	-	5	-	-	-	-	-	-
Operations with electricity (2)	-	-	2	1	-	-	(14)	(13)

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	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	2012	2011	2012	2011	2012	2011	2012	2011
Minas Gerais state government								
Current								
Consumers and Traders (9)	8	7	-	-	96	89	-	-
Consumers and Traders (10)	-	25	-	-	-	-	-	-
Accounts receivable from Minas Gerais state government CRC Account (11)	2,422	-	-	-	70	103	-	-
Non-current								
Accounts receivable from Minas Gerais state government CRC Account C (11)	-	1,830	-	-	-	-	-	-
Dividends and interest on Capital	-	-	468	266	-	-	-	-
Debentures (12)	-	-	53	47	-	-	(6)	(10)
Financings Minas Gerais Development Bank (13)	-	-	9	15	-	-	-	-
Forluz								
Current								
Employee post-retirement benefits (14)	-	-	51	74	-	-	(93)	(106)
Personnel expenses (15)	-	-	-	-	-	-	(72)	(67)
Administration costs (16)	-	-	-	-	-	-	(22)	(15)
Non-current								
Employee post-retirement benefits (14)	-	-	764	772	-	-	-	-
Cemig Saúde								
Current								
Health Plan and Dental Plan (17)	-	-	612	598	-	-	(74)	(70)
Andrade Gutierrez SA								
Current								
Construction - Santo Antonio Hydroelectric Plant (18)	1	-	3	7	-	-	-	-
Light for Everyone (*Luz para Todos*) Program (20)	-	-	-	-	-	-	(2)	(9)
Non-current								
Construction - Santo Antonio Hydro Plant (18)	7	4	-	-	-	-	-	-

Main material comments on the above transactions:

(1) Technical Cooperation Working Agreement between Cemig, Cemig D and Cemig GT instituted by Aneel Dispatch 3924/2008. This includes, principally, reimbursement of expenses relating to sharing of infrastructure, personnel, transport, telecommunications and IT.

(2) The company has electricity *purchase* contracts with Cemig GT, Light, Baguari Energia, Santo Antônio Energia and Cemig Capim Branco, under public electricity auctions held over the period 2004 to 2011; for the bilateral contracts between Cemig D and Cemig Capim Banco the dates of the auctions are prior to 2004. The contracts have period of eight years from start of supply and annual updating of price by the IG PM index. These transactions were carried out on terms equivalent to arms-length transactions, since the electricity was purchased through an auction organized by the federal government, which subsequently specified the contracts that were to be signed between distributors and generators. The Company also has contracts for *sale* of electricity with Cemig D and Light, arising from the 2004 and 2011 public auctions of the existing generation capacity, for 8 years supply, with annual price adjustment by the IGP-M inflation indexFor Cemig Telecomunicações, Transmissora Aliança de Energia Elétrica, Empresa Amazonense de Transmissão de Energia, Empresa Regional de Transmissão de Energia and Empresa Paraense de Transmissão de Energia the transactions in electricity refer to Charges for Use of the Network.

(3) This refers to the service contract for operation and maintenance of the Amador Aguiar I and II hydroelectric plants and other associated equipment signed between Cemig Geração e Transmissão and Cemig Capim Branco in 2011, with duration of two years, adjusted by the IGP-M index.

(4) Sharing of excess infrastructure of distribution, transmission and subtransmission comprising distribution network posts, building installments and other infrastructures, between Cemig and Cemig Telecom through a contract signed in 2000 with duration of 15 years. The amount received varies in accordance with revenue obtained for the use of the infrastructure by Cemig Telecom. There is no index for adjustment.

(5) Contract for provision of telecoms services through supply of network capacity between Cemig Telecom and Cemig D in 2009 and 2010 with duration of 5 years, updated by the IGP-M index;

(6) Preventive and corrective maintenance services on the transmission and subtransmission lines that are used jointly, including OPGW cables, transition cables and their accessories.

(7) Reimbursement of expenses relating to personnel seconded by Cemig to companies of the Group.

(8) Refers to the service contract for reading, printing and simultaneous delivery of electricity consumption invoices in kWh, through a technology developed for this, visual inspection of consumer units, collection and confirmation of client registry data, updating of postal addresses, allocation of routes, planning and change of urban and rural routes signed by Cemig Serviços and Cemig Distribuição in 2011, with duration of two years. Amendments may be made for successive equal periods up to the period of 48 months. Extendable for up to four years, adjusted by the IGP-M index.

(9) Sale of electricity to Minas Gerais State government terms equivalent to arm s-length transaction, since the price of electricity is set by Aneel through a Resolution specifying the company s annual Tariff Adjustment.

(10) This refers to the renegotiation of the debit arising from the sale of electricity to COPASA, which was settled in full in September 2012.

(11) Injection of the credits of the CRC into a Receivables Fund in senior and subordinated units. See Explanatory Note 10 to the Interim consolidated financial statements.

(12) Private issue of R$ 120,000 in non-convertible debentures, updated by the IGP M inflation index, for completion of the Irapé hydroelectric plant, with redemption 25 years from issue date. The amount at December 31, 2009 was adjusted to present value.

(13) Financings of the subsidiaries Transudeste, Transleste and Transirapé, maturity in 2019 (TJLP long-term interest rate + 4.5% p.a. and UMBNDES + 4.54% p.a.) and of Transleste, in 2017 (US$ + 5%) and 2025 (9.5% p.a.);

(14) The contracts of Forluz are updated by the Amplified Consumer Price Index (IPCA) calculated by the Brazilian Geography and Statistics Institute (IBGE) (See Explanatory Note 21) and will be amortized up to 2024.

(15)This refers to Cemig s contributions to the Pension Fund related to the employees participating in the Mixed Plan (see Explanatory Note 16), calculated on the monthly remunerations in accordance with the regulations of the Fund.

(16) Funds for annual current administrative costs of the Pension Fund in accordance with the specific legislation of the sector. The amounts are estimated as a percentage of the Company s total payroll.

(17) Contribution by the sponsor to the health plan and dental plan of the employees.

(18) Contracts with Construtora Andrade Gutierrez S.A for construction of the Santo Antônio Hydroelectric Plant, and, for transmission facilities specific to that plant, with the Santo Antônio Construction Consortium (*Consórcio Construtor Santo Antônio*, or CCSA), of which Construtora Andrade Gutierrez S.A. is a member, responsible for services of preparation of plans and for the civil works (*Consórcio Santo Antônio Civil*).

(20) Contract for works to implement one lot of the *Light for Everyone* (*Luz Para Todos*) rural electrification program in Cemig s concession area, between Cemig D and the Iluminas Consortium, of which Andrade Gutierrez is a member.

For more information on the main transactions, see Notes 12, 19, 21 and 25.

Remuneration of Key Management Personnel

The total remuneration paid to the members of the Board of Directors and the Chief Officers during 2012 and 2011 years is as follows:

	2012	**2011**
Remuneration	8	9
Profit sharing	2	2
Post-retirement benefits	1	1
Assistance benefits	1	-
Total	**12**	**12**

For more information on the main transactions, see Notes 8, 12, 18, 19, 21, 24 and 25.

28. FINANCIAL INSTRUMENTS

The financial instruments of the Company, its subsidiaries and jointly-controlled subsidiaries are restricted to Cash and cash equivalents, marketable securities, accounts receivable from consumers and traders, accounts receivable from the Government of the State of Minas Gerais, financial assets of the concession, loans and financing, obligations with debentures, post-retirement benefits, and derivatives, where the gains and losses obtained in the transactions are fully recorded on an accrual basis.

The financial instruments of the Company, its subsidiaries and jointly-controlled subsidiaries were recognized at fair value and are classified as follows:

Loans and receivables: In this category are: Cash equivalents; Receivables from consumers; Traders and concession holders Transport of electricity; Linked funds; and Financial assets not covered by Provisional Measure 579. They are recognized at their nominal realization value which is similar to fair value.

Financial instruments at fair value through profit or loss In this category are Securities, and Derivative instruments (mentioned in item b). They are valued at fair value and the gains or losses are recognized directly in the Profit and loss account.

Financial instruments held to maturity This category includes Securities for which there is a positive intention to hold them until maturity. They are measured at the amortized cost using the effective interest method.

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Financial Instructions available for sale As from December 31, 2012, Financial assets of the concession covered by Provisional Measure 579 are in this category. They are measured at the New Replacement Value (VNR), equivalent to fair value on the date of the financial statements.

Non-derivative financial liabilities In this category are: Loans and financings, Obligations under debentures, Debt agreed with the pension fund (Forluz); and Suppliers. These are measured at the amortized cost using the effective interest method. The Company has calculated the fair value of its Loans, financings and debentures using the CDI rate + 0.9%, based on its most recent funding. For the following instruments Company considered their fair value to be equal to book value: loans, financings and debentures with rates in the following ranges between: IPCA + 4.70% and IPCA + 5.10%; CDI + 0.65% to CDI + 0.73%; IGPM + 4.70% to IGPM + 5.10%; and fixed-rate at 8.5% to 10.07%. For the financings from BNDES and Eletrobras the fair value is identical to the book value, since there are no similar instruments with comparable maturity dates and interest rates.

Derivatives: These are measured at fair value and the effects recognized directly in the income statement, except for the cash flow hedge in the jointly-controlled subsidiary Madeira Energia S.A., for which the effective portion of the variations in fair value of the derivatives was recognized directly in Equity. These financial instruments of Madeira Energia were settled in full in 2012.

	2012		2011		01/01/2011	
Financial instruments catagories	**Book value**	**Fair value**	**Book value**	**Fair value**	**Book value**	**Fair value**
Assets:						
Loans and receivables						
Cash and cash equivalentes Financial Investments	2,329	2,329	2,705	2,705	2,885	2,885
Consumers and traders	2,662	2,662	2,709	2,709	2,359	2,359
Concession holders transport of energy	515	515	439	439	401	401
Account receivable from the State of Minas Gerais Government	2,422	2,422	1,830	1,830	1,837	1,837
Financial assets of the concession	6,622	6,622	10,206	10,206	8,297	8,297
	14,550	**14,550**	**17,889**	**17,889**	**15,779**	**15,779**
Available for sale						
Financial assets of the concession	5,585	5,585	-	-	-	-
Held to maturity						
Securities	647	647	-	-	-	-
Fair value through profit or loss:						
Held for trading						
Securities	1,073	1,073	359	359	322	322
Derivative instruments - Contract swap	32	32	-	-	-	-
Liabilities:						
Stated at amortized cost						
Suppliers	1,735	1,735	1,190	1,190	1,121	1,121
Debt agreed with pension fund (Forluz)	815	815	847	847	868	868
Concessions payable	210	210	138	138	118	118

Loans, financing and deentures	16,170	16,799	15,779	15,767	13,226	13,226
	18,930	**19,559**	**17,954**	**17,942**	**15,333**	**15,333**
Fair value through profit or loss :						
Derivative instruments - Contract swap	1	1	24	39	67	62

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a) Risk management

Corporate risk management is a management tool that is part of the Company s corporate governance practices and is aligned with the planning process which defines the Company s strategic business objectives.

The Company has a Financial Risks Management Committee, the purpose of which is to implement guidelines and monitor the financial risk of transactions that could negatively affect the Company s liquidity and profitability, recommending hedge strategies to control the Company s exposures to foreign exchange rate, interest rate and inflation risks. These strategies are aligned with the Company s overall strategy.

One of the most important objectives of the Financial Risks Management Committee is and to provide reasonable predictability to the Company s cash flow for a maximum future period of 12 months, considering the economic scenario disclosed by an external consultant.

The principal risks to which the Company is exposed are as follows:

Exchange Rate Risk

Cemig and its subsidiaries and jointly-controlled subsidiaries are exposed to market risk from adverse changes in foreign currency rates, especially the U.S. Dollar against the Brazilian Real, which could potentially have a significant impact on their indebtedness, profit and cash flow. In order to reduce its exposure to adverse changes in foreign currency rates, as at December 31, 2012 the Company held certain hedge contracts, which are described in more detail in item b below.

The tables below provide summary information regarding the exposure to the exchange rate risk:

EXCHANGE RATES EXPOSURE	**2012**		**2011**	
	Foreign Currancy	**R$**	**Foreign Currancy**	**R$**
U.S. Dollar				

Loans and Financing (note 19)	240	489	170	319
Suppliers Eletrobras Electricity from Itaipu	105	219	106	198
(+/) Contracted hedge/swap	(8)	(19)	(27)	(46)
	337	689	249	471
Euro				
Loans and Financing Euro (nota 19)	14	39	15	37
(+/) Contracted hedge/swap	(11)	4	-	-
	3	43	15	37
UMBndes (*)	-	-	66	3
Net liabilities exposed		**732**		**511**

(*) UMBndes = BNDES Monetary Unit.

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Exchange Rate Sensitivity Analysis

Based on information received from its financial consultants, the Company estimates that in a probable scenario the depreciation of the exchange rates of foreign currencies against the Brazilian Real as at December 31, 2013 will be 0.29% for the U.S. Dollar (to US$1=R$2.05) and 2.67% for the Euro (to 1 = R$2.622). In the table below, the Company has performed a sensitivity analysis to demonstrate the adverse financial effects which would occur in scenarios assuming an additional 25% appreciation and a 50% appreciation of the foreign currencies as compared to the increase assumed in the probable scenario. The Company has designated these alternative appreciation scenarios as Possible and Remote, respectively.

Foreign Exchange Rate Exposure	**Base scenario December 31,2012**	**Probable scenario**	**Possible scenario: Foreign currency appreciation of 25%**	**Remote scenario: Foreign currency appreciation of 50%**
U.S. Dollar				
Loans and Financing (note 19)	489	491	614	737
Suppliers Eletrobras Electricity from Itaipu	219	220	275	330
(+/) Contracted hedge/swap	(19)	(19)	(24)	(29)
	689	692	865	1,038
Euro				
Loans and Financing Euro (nota 19)	39	37	46	56
(+/) Contracted hedge/swap	4	5	5	5
	43	42	51	61
Net liabilities exposed to exchange rate risk	**732**	**734**	**916**	**1,099**
Net effect		**2**	**184**	**367**

Interest Rate Risk

The Company and its subsidiaries and joiontly-controlled subsidiaries is exposed to the risk of increase in international interest rates, affecting loans and financings in foreign currency with floating interest rates, especially the Libor, in the amount of R$217 (R$207 on December 31, 2011).

The table below presents the Company s net assets and liabilities exposed to a risk of an increase in domestic interest rates as of December 31, 2012 and December 31, 2011:

EXPOSURE TO CHANGES IN DOMESTIC INTEREST RATES	**2012**	**2011**
Ativos		
Cash equivalents Short-term investments (Nota 6)	2,329	2,705
Securities (Note 7)	1,720	359
Linked funds	132	3

	4,181	3,067
Passivos		
Loans, financings and debentures - CDI rate (Nota 19)	(7,569)	(9,274)
Loans, financings and debentures TJLP rate (Nota 19)	(2,087)	(1,991)
Contracted interest rate hedges and swaps	(750)	(750)
	(10,406)	(12,015)
Net liabilities exposed	**(6,225)**	**(8,948)**

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Sensitivity analysis

In estimating risk related to the most important interest rates, the Company and its subsidiaries estimate that in a probable scenario, on December 31, 2013 the Selic rate, and the TJPL inflation indices will be, respectively, 7.25% and 5.00%. The Company has performed a sensitivity analysis to show the adverse financial effects which would occur in scenarios assuming an additional 25% and 50% increase in the Selic rate compared to the increase assumed in the probable scenario designating these alternative Selic rate increase scenarios as Possible and Remote, respectively. Variation in the CDI rate accompanies the variation in the Selic rate.

Estimation of the scenarios for the path of interest rates will consider the projection of the Company s basic, optimistic and pessimistic scenarios, based on opinions from its financial consultants, as described in the Hedging Policy.

Risk Increase in Brazilian domestic interest rates	**Base scenario December 31, 2012**	**Probable scenario: SELIC 7.25% TJLP 5.00%**	**Possible scenario: SELIC 9.06% TJLP 6.25%**	**Remote scenario: SELIC 10.88% TJLP 7.50%**
Assets				
Cash equivalents Short-term investments (Note 6)	2,329	2,498	2,540	2,582
Securities (Note 7)	1,720	1,844	1,875	1,907
Linked funds	132	142	144	147
	4,181	4,484	4,559	4,636
Liabilities				
Loans, financings and debentures CDI rate (Note 19)	(7,569)	(8,119)	(8,256)	(8,393)
Loans, financings and debentures TJLP index (Note 19)	(2,087)	(2,192)	(2,218)	(2,244)
Contracted foreign exchange rate hedges and swaps	(750)	(802)	(815)	(832)
	(10,406)	**(11,113)**	**(11,289)**	**(11,469)**
Net liabilities exposed	**(6,225)**	**(6,629)**	**(6,730)**	**(6,833)**
Net effect of variation		**(404)**	**(505)**	**(608)**

Risk of increase in inflation

The Company is exposed to the risk of increase in inflation, on December 31, 2012. This exposure is as a result of the net liabilities indexed to the variation of the IPCA index and the IGP-M index, as shown below:

Risk Increase in Brazilian inflation rates	**2012**	**2011**
Assets		
Financial assets of the concession IGP-M index (nota 13)	5,585	-

Liabilities			
Loans, financings and debentures	IPCA index (Note 19)	(3,896)	(2,250)
Loans, financings and debentures	IGP-M index (Note 19)	(467)	(443)
		(4,363)	(2,693)
Net effect of variation		**1,222**	**(2,693)**

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Interest rate sensitivity analysis

In estimating risk related to the most important inflation rates, the Company and its subsidiaries estimate that in a probable scenario, on December 31, 2013 the IPCA and the IGP-M inflation indices will be, respectively, 5.42% and 5.21%. The Company has performed a sensitivity analysis to show the adverse financial effects which would occur in scenarios assuming an additional 25% and 50% increase in the Selic rate compared to the increase assumed in the probable scenario designating these alternative Selic rate increase scenarios as Possible and Remote, respectively.

Risk Increase in Brazilian inflation rates	**Base scenario December 31,2012**		**December 31,2013**	
		Probable scenario: IPCA 5,42% IGP-M 5,21%	**Possible scenario: IPCA 6,78% IGP-M 6,51%**	**Remote scenario: IPCA 8,13% IGP-M 7,82%**
	Book value			
Assets				
Financial assets of the concession IGP-M index (note 13)	5,585	5,876	5,949	6,022
Liabilities				
Loans, financings and debentures IPCA index (Note 19)	(3,896)	(4,108)	(4,161)	(4,213)
Loans, financings and debentures IGP-M index (Note 19)	(467)	(491)	(497)	(503)
	(4,363)	(4,599)	(4,658)	(4,716)
	1,222	**1,277**	**1,291**	**1,306**
Net effect of variation		**55**	**69**	**84**

Liquidity Risk

Cemig s cash generation is sufficient to cover its short-term requirements and for its program for acquisitions and investments.

Management of liquidity risk is as important as the quality of management of the business s operational cash flow, and the Company uses a group of methodologies, procedures and instruments that are coherent with the complexity of the business, which it applies in permanent control of the financial processes, to guarantee appropriate risk management.

CEMIG manages its liquidity risk by permanently monitoring its cash flow, in a conservative manner, from a budget-based perspective and it forecasts the monthly balances for each of its companies over a period of 12 months, and for the daily liquidity, which forecasts the daily balances for 180 days.

Short-term investments must also comply with rigid principles established in the Investment Policy, investing up to 20% of its funds in exclusive private credit investment funds, with no market risks, with the surplus margin invested directly in bank certificates of deposit (CDB) or repurchase operations which earn interest at the CDI rate.

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When managing its investments, the Company seeks to obtain profitability on its transactions through a rigid analysis of the financial institutions credit, in accordance with operating limits with banks based on assessments of the financial institutions ratings, risk exposures and equity position. It also seeks greater returns on investments by strategically investing in securities with longer investment maturities, while bearing in mind the Company s minimum liquidity control requirements.

This table shows the flow of payments of the Company s obligations on floating-rate and fixed-rate loans, financings and debentures:

	1 month or less	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
- Floating interest rates						
Loans, financings and debentures	616	351	3,514	9,199	5,508	19,188
Concessions payable	2	5	13	67	163	250
Debt agreed with pension fund (Forluz)	8	16	76	459	949	1,508
	626	**372**	**3,603**	**9,725**	**6,620**	**20,946**
- Fixed interest rates						
Loans, financings and debentures	3	9	876	129	233	1,250
Suppliers	1,735	-	-	-	-	1,735
	1,738	**9**	**876**	**129**	**233**	**2,985**
	2,364	**381**	**4,479**	**9,854**	**6,853**	**23,931**

Credit Risk

The risk resulting from losses on doubtful receivables for CEMIG and its subsidiaries is considered to be low. The Company carries out monitoring for the purpose of reducing default, on an individual basis, with its consumers. Negotiations are also entered into for receipt of any receivables in arrears.

The Allowance for Doubtful Accounts recorded in 2012, considered adequate in relation to overdue receivables of the Company and its subsidiaries and jointly controlled companies, was R$315.

In relation to the risk of losses arising from insolvency of the financial institutions at which the Company, its subsidiaries or jointly-controlled subsidiaries have deposits, a Cash Investment Policy was approved and has been in effect since 2004, in which each institution is analyzed for risk purposes according to criteria of current liquidity, degree of leverage, degree of default, profitability, and costs. Additionally, the Company takes into consideration the ratings given to the financial institutions by three financial risk rating agencies. The Company assigns each financial institution a maximum fund allocation limit, which is reviewed for appropriateness both periodically and also in the event of any change in the macroeconomic scenarios of the Brazilian economy.

Cemig manages the counterparty risk of financial institutions based on an internal policy approved by its Financial Risks Management Committee.

This Policy assesses and scales the credit risks of the institutions, the liquidity risk, the market risk of the investment portfolio and the Treasury operational risk.

All investments are made in financial securities that have the characteristics of fixed income, and are always indexed to the CDI rate.

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As a management instrument, Cemig divides the investment of its funds into: direct purchases of securities (own portfolio); and three investment funds, which hold approximately 20% of the total portfolio. These investment funds invest the funds exclusively in fixed income products, and companies of the Group are the only unit holders. They obey the same policy adopted in the investments of the Company s own portfolio.

The minimum requirements of the Company and its principal subsidiaries for concession of credit to financial institutions are centered on three items:

1. Rating by two risk rating agencies.
2. Equity greater than R$400.
3. Basle ratio: 12 or above.

Exceeding these thresholds, banks are classified in three groups, by the value of their equity. From this classification as a starting point, limits of concentration by group and by institution are established:

Group	**Shareholder´s equity**	**Concentration**	**Bank limit (% of shareholder´s equity)****
A1	Over R$3.5 bilhion	Minimum of 80%	7.0%
A2	Between R$1.0 bilhion and R$3.5 bilhion	Maximum of 20%	Between 2.8% and 7.0%
B	Between R$400 milhion and R$1.0 bilhion	Maximum of 20%	Between 1.6% and 4.2%

** The percentage granted to each bank Will dependo n na individual examination of indexes, such as liquidity and quality of the credit portfólio, amongst others.

In addition to these points, Cemig also establishes two concentration limits:

1. No bank can have more than 30% of the Group s portfolio;
2. No bank can have more than 50% of a company s portfolio.

Risk of Early Maturity of Debt

The Company, its subsidiaries and jointly-controlled subsidiaries have contracts for loans and financings that include covenants, normally applicable to these types of transactions, related to complying with economic and/or financial indices, cash generation and other indexes. Non-compliance with these covenants could result in early maturity of debts.

As of December 31, 2012, the Company was not in compliance with some covenants. The Company is on process of obtaining consent from its creditors, affirming that they would not exercise their rights to demand immediate or early payment of amounts owed.

The company expects to obtain the consents, but since this will take place after December 31, 2012, the contracts of which the covenants were not complied with are recognized in Current liabilities. The amount transferred to Current liabilities as a result of the covenant clauses not complied with was R$ 1,206.

The Company has not suffered any significant adverse impacts resulting from events related to the risks described above.

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b) Financial Instruments   Derivatives

Cemig, its subsidiaries and jointly-controlled subsidiaries use derivative financial instruments to hedge its operations against exchange rate risk. Derivative financial instruments are not used for speculative purposes.

The amounts of the principal of operations with derivatives are not presented in the balance sheet, since they refer to transactions that do not require cash principal payments to be made. Only the gains or losses related to these instruments are actually recorded. As at December 31, 2012 the net result on these operations was a gain of R$28 (gain of R$16 at December 31, 2011) recorded under financial results.

The Company has a Financial Risk Management Committee, which was created to monitor the financial risks with respect to volatility and trends of the inflation indices, exchange rates and interest rates that affect its financial transactions and which could adversely affect liquidity and profitability. The committee implements action plans and sets guidelines to control the financial risk environment.

The Company has derivative instruments contracted by its indirect subsidiary Unisa, which is controlled jointly by Taesa. The purpose of these derivatives is to protect its operations against risks of variation in exchange rates; they are not used for speculative purposes.

Through the operations contracted by Unisa, the Company is exposed to the variation in the exchange rate under two types of financings from the InterAmerican Development Bank linked either in part to a basket of currencies or to the US dollar. To mitigate the effects of the variation of the exchange rate, Unisa used derivative hedge instruments and contracted purchase options during the business year.

Through the indirect jointly-controlled subsidiary Madeira, the Company had a cash flow hedge to protect the exposure to variability in cash flows attributable to a risk associated with an asset or liability or a highly probable future transaction which was fully redeemed.

The derivatives designated as   cash flow hedges , and which qualify for hedge accounting, are required to be duly documented for this purpose. The Company considers instruments that offset between 80% and 125% of the change in price of the item for which the hedge protection was contracted, to be highly effective.

The Company has derivative instruments contracted by its subsidiary Light. The purpose of these derivatives is to protect its operations against risks of variation in exchange rates; they are not used for speculative purposes. Some of the loans and financings of the indirect subsidiary Light Sesa are denominated in foreign currency, Light Sesa uses derivatives (swap transactions) to protect the servicing associated with those debts (principal plus interest and fees) becoming due in up to 24 months, as well as the rate swaps previously referred to.

Methodology of calculation of the fair value of positions

The fair value of financial instruments has been calculated taking into consideration the market values of each security, or market information available to perform this calculation, as well as the future interest rates and foreign exchange rates of similar securities. The market value of the security corresponds to its value at maturity, discounted to present value using the factor obtained from the market yield curve in Reais.

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The table below shows the derivative instruments contracted by the subsidiaries Cemig Distribuição, Madeira Energia, Taesa and Light as of December 31, 2012.

Cemig s right	Cemig s obligation	Maturity period	Trading market	Value of principal contracted		Unrealized loss: Amount according to contract		Unrealized loss: Fair value		Accumulated effect: Amount received	Accumulated effect: Amount paid
				2012	2011 Reclassified	2012	2011 Reclassified	2012	2011 Reclassified	2012	2012
Cemig Distribuição SA											
US$ FX rate + 5.58% p.a. to 7.14% p.a.)	R$ 100% of CDI + 15% to 3.01% p.a.)	From 04/2009 To 06/2013	Over-the-counter	US$8	US$17	(24)	(48)	(24)	(48)	-	(25)
Rate of 11.47% p.a.	Rate of 96% de CDI	On 05/10/2013	Over-the-counter	R$600	R$600	32	8	44	23	-	-
Cemig Geração e Transmissão SA											
Madeira Energia SA											
R$ IGP-M	R$ 5.86% Fixed-rate	In 12/2012	Over-the-counter	-	R$120	-	1	-	1	2	-
Euro	Variation in Euro FX rate	In 12/2012	Options	-	R$2	-	-	-	-	-	-
Taesa											
ATE II Transmissora de Energia (*)											
Libor6M + Over Libor	USD	In 11/2022	Swap	42	28	-	-	-	-	-	-
Libor6M + Over Libor	USD	In 11/2018	Swap	5	3	-	-	-	-	-	-
ATE III Transmissora de Energia (*)											
Libor6M + Over Libor	USD	In 05/2020	Swap	60	39	-	-	-	-	-	-
BRL	USD	In 11/2012	Options	5	3	-	-	-	-	-	-
BRL	USD	In 05/2013	Options	5	3	-	-	-	-	-	-
BRL	USD	In 05/2012	Options	-	3	-	-	-	-	-	-
Light											
101,9% CDI + (TJLP -6%)	Taxa de 0,85% + CDI	Em 10/2012	Swap	R$150	R$150	-	-	1	-	-	-
US$ + variação entre (2,20% a 3,58%)	100% CDI	Entre 09/2012 a 04/2014	Swap	US$10	US$9	1	-	1	-	-	-
Libor + 2,5294%	100% CDI + 0,65%	10/2014	Swap	U$50	U$50	5	2	5	1	-	-
Euro + 4,6823%	100% CDI + 1,30%	10/2014	Swap	35	35	3	-	4	-	-	-
US$ + Libor + 1,66%	100% CDI + 1,00%	Entre 02/17 a 02/18	Swap	US$180	-	-	-	(2)	-	-	-

17	**(37)**	**29**	**(24)**	**2**	**(25)**

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(*) Subsidiaries of Taesa

1) Amounts shown give the part of the transaction proportional to Cemig GT s equity interest.

2) The fair values show a gain for the Company.

3) Amounts in thousands of reais

4) Amount received is the accumulated amount for the year (Jan/12 to Dec/12)

The counterparties of the derivatives transactions are the banks Bradesco, Itaú, HSBC, Citibank, Bank of America, BNP Paribas and Banco Santander ABN. The contracts are exchange rate and indexor swaps.

Sensitivity analysis

The derivative instrument described above shows that the Company and its subsidiaries are exposed to variation in the CDI rate. Based on opinions of its financial consultants, the Company estimates that, in a Probable scenario, on December 31, 2013 the CDI rate will be 7.25%, and the US dollar will have depreciated against the Real by 0.29% (to R$ 2.05/US$).

The Company has performed a sensitivity analysis to demonstrate the adverse financial effects on its profit that would occur in scenarios assuming further changes in the SELIX rate and the exchange rate of 25%, and 50%, in that period designating these scenarios as Possible and Remote, respectively.

In the Possible scenario, the CDI rate at December 31, 2013 would be 9.06%, and in the Remote scenario it would be 10.88%.

a) Risk: effect of changes in the CDI rate in relation to changes in US dollar

	Base scenario: Dec 31, 2012	Probable scenario: SELIC	Possible scenario:	Remote scenario: SELIC

		7.25%	SELIC 9.06%	10.88%
Risk: Increase in Brazilian domestic interest rates				
Contracts updated at 100,00% of CDI rate	24	26	26	26
Net effect of the change in the CDI rate		**(2)**	**(2)**	**(2)**
Risk: Increase in US$ exchange rate				
Contracts updated at 100,00% of CDI rate	24	24	30	36
Net effect of change in US$		**-**	**6**	**12**
Net effect		**(2)**	**4**	**10**

b) Risk: effect of changes in the CDI rate in relation to changes in fixed rate of 11.47% p.a.

	Base scenario: Dec 31, 2012	Probable scenario:	Possible scenario:	Remote scenario:
Risk: Increase in Brazilian domestic interest rates				
Contracts updated at 96% of CDI rate	600	642	652	663
Net effect of the change in the CDI rate		**(42)**	**(52)**	**(63)**
Risck - Fixed interest rate				
Contracts updated at 11.47% p.a.	600	669	669	669
Net effect of change in the interest rate		**(69)**	**(69)**	**(69)**
Net effect		**27**	**17**	**6**

Value and type of margins given in guarantee

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The Company does not make margin deposits for derivative instruments.

c) Capital Management

This table below shows the ratio of net debt to total equity as of December 31, 2012 and December 31, 2011:

	2012	2011
Total liabilities	28,729	25,264
(-) Cash and cash equivalents	(2,486)	(2,862)
(-)Restricted cash	(132)	(3)
Net liabilities	**26,111**	**22,399**
Total equity	**12,044**	**11,745**
Net liabilities / Total equity	2.17	1.91

29. MEASUREMENT AT FAIR VALUE

Fair value is measured as market value based on assumptions in which market participants are able to price an asset or liability. The fair value hierarchy aims to increase consistency and comparabilityprioritizing the inputs used in measurement of value into three broad levels:

Level 1: Active market Quoted price: A financial instrument is considered to be quoted on an active market if the quoted prices are promptly and regularly made available by an exchange or by an organized over-the-counter market, or by traders, brokers, a market association, entities whose purpose is to publish prices, or regulatory agencies, and provided that these prices represent market transactions that occur regularly in arm s length transactions between independent parties.

Level 2: No active market Valuation technique: For an instrument that does not have an active market, fair value should be found by using a method of valuation/pricing. Criteria such as data on the current fair value of another instrument that is substantially similar, or discounted cash flow analysis or option pricing models, may be used. The objective of the valuation technique is to establish what would be the transaction price on the measurement date in an arm s-length transaction motivated by business considerations.

Level 3: No active market Securities: Fair value of investments in securities for which there are no prices quoted on an active market, and of derivatives linked to them which are to be settled by delivery of unquoted securities. The fair value is determined based upon generaly accepted valuation techniques, mainly related to discounted cash flow analysis.

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A summary of the instruments that are measured at fair value as of December 31, 2012 is presented below:

Item	Balance at December 31, 2012	Fair value at December 31, 2012 Active market quoted price (Level 1)	No active market Valuation technique (Level 2)	No active market Share capital (Level 3)
Assets				
Securities				
Bank certificates of deposit	685	-	685	-
National Treasury bonds (LFTs)	46	-	46	-
Financial bonds Banks	225	-	225	-
Others	117	-	117	-
	1,073	**-**	**1,073**	**-**
Restricted cash	132	-	132	-
Swap contracts	32	-	32	-
Financial assets of the concession	5,585	-	-	5,585
	5,749	**-**	**164**	**5,585**
Liabilities				
Swap contracts	(1)	-	(1)	-

Methodology for calculating the fair value

Financial assets of the concession Measured at New Replacement Value (VNR), equivalent to fair value, according to criteria established in regulations made by the Grantor based on the value of the assets in service belonging to the concession and which will be reversible at the end of the concession.

The Company recorded the financial assets of the concession at fair value at December 31, 2012. Hence there are no movements on profit and loss accounts, other than those stated in Note 4 to the financial statements, to be disclosed.

Cash investments: The fair value of cash investments is calculated taking into consideration the market prices of the security, or market information that makes such calculation possible, and future fixed-income market and FX rates applicable to similar securities. The market value of the security is its maturity value discounted to present value by the discount factor obtained from the market yield curve, in Reais.

Swap Contracts: The criteria for marking to market of derivative operations consists of establishing the present value of a transaction contracted in the past in such a way that its replacement provides the same results as a new operation. Swaps are priced by calculating the difference between the market values of each one of their end points, adjusted by their index. A swap contract based on the CDI (Interbank Certificates of Deposit) rate is priced as calculated from the start date of the transaction up to the specified future date, considering the future forecast for this index. Pricing of the dollar side of the swap is adjusted by the variation in the exchange rate, using a future expectation and an embedded risk premium.

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30. INSURANCE

Cemig, its subsidiaries and jointly-controlled subsidiarires have insurance policies to cover damages to certain assets, in accordance with orientation by specialists, as listed below, taking into account the nature and the degree of risk, for amounts considered sufficient to cover any significant losses related to its assets and legal responsibilities. The assumptions for the risks involved, due to their nature were not part of the scope of the audit of the financial statements and, consequently, were not examined by the independent auditors.

Assets Insured	Coverage	Effective period of coverage	Amount insured	Annual premium
Cemig, Cemig D e Cemig GT				
Air transport Aircraft	Fuselage	04/29/2012 a 04/29/2013	US$14	-
	Third party liability	04/29/2012 a 04/29/2013	US$24	
Stores, building facilities and telecom equipment	Fire	11/08/2012 a 11/08/2013	R$ 939	-
Operational risk generators, turbines, and power equipment	Total	12/07/2012 a 12/07/2013	R$1,832(1)	R$ 2
Light				
Chief Officers and Board members	Total	08/10/2012 a 08/10/2013	R$ 40	-
General third party liability	Total	09/25/2012 a 09/25/2013	R$ 20	R$ 1
Operational risk	Total	10/31/2012 a 10/31/2013	R$ 4,881 (2)	R$ 2
Taesa				
Operational risk substations, stores, institutional buildings (*)	Total (3)	08/19/2012 a 08/19/2013	R$ 933	R$ 1
Operational risk substations, stores, institutional buildings (**)	Total (3)	12/13/2012 a 12/13/2013	R$ 1,887	R$ 1
Electricity generation and distribution companies (Concession holders or not) (*)	Third party liability	08/19/2012 a 08/19/2013	LMI R$10	-
Electricity generation and distribution companies (Concession holders or not) (**)	Third party liability	12/13/2012 a 12/13/2013	LMI R$10	-
Diretores e Gerentes (***)	Third party liability	08/18/2012 a 08/18/2013	LMG R$10	-
Veículos (****)	105% da Tabela Fipe	08/19/2012 a 08/19/2013	-	-
Madeira				
Guarantee of public liabilities	Obligations under the concession agreement	03/07/2008 a 10/11/2016	R$ 163	R$ 20
Engineering risk Construction, installation, assembly Guarantee maintenance	Total RE / Risks All of the equipment over a period of maintenance / warranty. (6)	11/11/2008 a 11/03/2016	Diversos (3)	R$ 135
Comprehensive multi-risk	Warehouse materials	03/23/2011 a 11/302017	R$ 4,515	R$ 26
General third party liability	Works/employer (7)	09/26/2012 a 09/26/2013	R$ 65	-

National transportation	Damage to property and transportation of products (8)	04/06/2012 a 04/06/2015	R$ 60	-
Internacional transportation	Damage to property and transportation of products (9)	01/31/2010 a 12/31/2015	R$ 3,176	R$ 2
Third party liability - concessionaries	Third party liability	01/31/2010 a 12/31/2015	USD 310	-
Third party liability directors and officers	Third party liability	12/31/2011 a 12/31/2012	R$ 50	R$ 1
Guarantee of public liabilities	Obligations under the concession agreement	08/15/2012 a 08/15/2013	R$ 50	-

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(1) The maximum limit for compensation is R$170.

(2) The maximum limit for compensation is R$300.

(3) R$10,000 for civil liability, R$12,719 for engineering risks All Risk, R$1,630 for ALOP (Loss of income for delays in the work due to loss from damage to property), R$992 for Operational Risks: all the power station s permanent services.

(4)Amounts included only in the NVT, TSN, ETEO concessions and Taesa

(5) Amounts included for Taesa, NTE, BRASNORTE and ETAU.

(6) The maximum limit for compensation is R$20, except for a policy for R$231 of the subsidiary NTE which R$50 .

(7) The maximum limit for compensation is R$50.

(*) Amounts included only of the concessions NVT, TSN, ETEO, NTE, BRASNORTE, ETAU and the company Taesa.

(**) Amounts included of ATE, ATE II, ATE III and STE.

(***) Taesa

(****) Amounts included of TSE, NVT, ETEO and BRASNORTE.

Cemig does not have general third-party liability insurance covering accidents , except for its aircraft, and has not requested proposals related to this type of insurance. The Company has not requested proposals for, nor does it carry, insurance coverage for major catastrophes affecting its facilities such as earthquakes and floods, for business interruption risks or system failures.

The Company has not undergone significant losses arising from the aforementioned risks.

31. COMMITMENTS

Cemig and its subsidiaries have contractual obligations and commitments which include amortization of loans and financing, contracts with contractors for construction of new ventures and purchase of electricity from Itaipu, amongst others, as presented in the folllowing table:

	2013	2014	2015	2016	2017	2018 em diante	Total
Loans and financings	5,912	2,416	1,703	1,155	1,656	3,328	**16,170**
Purchase of electricity from Itaipu	971	988	984	948	963	32,526	**37,380**
Transport of electricity from Itaipu	27	25	26	26	29	1,464	**1,597**
Purchase of electricity at auctions	2,249	2,102	2,210	2,326	2,422	63,180	**74,489**
Quotas under Provisional Measure 579/2012	334	215	785	736	684	36,186	**38,940**
Other electricity purchase contracts	1,932	1,977	1,667	1,573	2,031	41,265	**50,445**
Debt to pension plan FORLUZ	51	54	58	61	65	526	**815**
Total	**11,476**	**7,777**	**7,433**	**6,825**	**7,850**	**178,475**	**219,836**

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32. STATEMENT SEGREGATED BY COMPANY

STATEMENT SEGREGATED BY COMPANY ON DECEMBER 31, 2012

DESCRIPTION	HOLDING	CEMIG - GT	CEMIG -D	LIGHT	ETEP, ENTE, ERTE, EATE, ECTE	GASMIG	CEMIG TELECOM	SÁ CARVALHO	ROSAL	OTHERS	ELIMINATIO / TRANSFER
ASSETS	**17,056**	**16,235**	**11,641**	**3,068**	**1,412**	**938**	**422**	**179**	**146**	**1,627**	**(11,9**
Cash and cash equivalents	1,057	825	190	103	44	19	32	6	3	205	
Consumers and traders	-	678	1,888	457	32	74	-	5	4	134	
Securities	35	1,420	101	2	-	4	47	14	7	90	
Recoverable Taxes	452	250	1,361	305	5	64	34	1	-	84	
Other Assets	3,256	362	1,564	153	73	168	45	4	-	80	(6
Investments/Property/Intangible/Financial Assets	12,256	12,699	6,537	2,049	1,253	609	265	149	131	1,034	(11,2
LIABILITIES AND EQUITY	**17,056**	**16,235**	**11,641**	**3,068**	**1,412**	**938**	**422**	**179**	**146**	**1,627**	**(11,9**
Suppliers	12	291	1,117	225	32	43	11	1	5	64	
Loans, Financing and Debentures	1,103	8,140	4,610	1,216	399	172	143	-	-	388	
Interest on capital and dividends	3,479	311	120	19	9	22	-	7	4	21	(5
Employee post-retirement benefits	104	445	1,413	285	-	-	-	-	-	70	
Taxes	60	917	944	201	159	28	10	45	1	84	
Other Liabilities	254	635	975	271	43	191	10	3	2	101	(1
Equity	12,044	5,495	2,463	851	770	482	248	124	134	899	(11,4
INCOME STATEMENT											
REVENUE	**-**	**5,424**	**9,504**	**2,091**	**339**	**625**	**136**	**55**	**40**	**785**	**(5**
Operating Costs and Expenses	**(519)**	**(2,428)**	**(9,007)**	**(1,803)**	**(77)**	**(573)**	**(118)**	**(14)**	**(24)**	**(614)**	
Electricity purchased for resale	-	(729)	(4,180)	(1,038)	-	-	-	(1)	(10)	(267)	
Charges for the use of the basic transmission grid	-	(269)	(794)	(143)	-	-	-	-	(3)	(40)	
Gas purchased for resale	-	-	-	-	-	(495)	-	-	-	-	
Cost of construction	-	(118)	(1,228)	(174)	(39)	(25)	-	-	-	(45)	
Personnel and management	(34)	(311)	(830)	(77)	(11)	(21)	(39)	(1)	(1)	(35)	
Employees and manager profit sharing	(13)	(63)	(164)	-	-	-	(1)	-	-	(2)	
Post-employment obligations	(10)	(30)	(94)	-	-	-	-	-	-	-	
Materials	-	(19)	(52)	(7)	-	(1)	-	-	-	(3)	
Outsourced services	(22)	(218)	(695)	(109)	(14)	(8)	(22)	(2)	(3)	(60)	
Royalties for use of water resources	-	(179)	-	-	-	-	-	(2)	(1)	(4)	
Depreciation and amortization	-)	(357)	(393)	(101)	(7)	(20)	(36)	(6)	(4)	(77)	
Operating provisions	(401)	2	(269)	(95)	-	-	-	-	-	(19)	
Other, net	(39)	(136)	(307)	(61)	(5)	(3)	(19)	(1)	(1)	(63)	
Gross Profit	**(519)**	**2,996**	**497**	**287**	**262**	**52**	**18**	**41**	**17**	**171**	
Gain on issuance of shares of jointly controlled entities	-	259	-	4	-	-	-	-	-	1	
Equity gain (loss) in subsidiaries	-	(3)	-	-	-	-	-	-	-	-	
Financial Revenues	2,477	258	289	52	5	31	11	1	1	85	
Financial Expenses	(137)	(898)	(574)	(172)	(41)	(12)	(13)	-	-	(110)	
Profit before income taxes	**1,820**	**2,612**	**212**	**171**	**225**	**71**	**16**	**42**	**18**	**148**	
Income tax and Social Contribution	(119)	(632)	(313)	(55)	(37)	(14)	(4)	(14)	(2)	(314)	
Deferred income tax and Social Contribution	(68)	(61)	292	9	8	-	(2)	1	-	262	
Profit for the Year	**1,633**	**1,919**	**191**	**125**	**196**	**56**	**10**	**29**	**16**	**96**	

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STATEMENT SEGREGATED BY COMPANY ON DECEMBER 31, 2011 - Reclassified

DESCRIPTION	HOLDING	CEMIG - GT	CEMIG-D	LIGHT	ETEP, ENTE, ERTE, EATE, ECTE	GASMIG	CEMIG TELECOM	SÁ CARVALHO	ROSAL	OTHERS	ELIMINA / TRANS
ASSETS	**14,465**	**15,493**	**10,458**	**2,906**	**1,421**	**854**	**420**	**175**	**147**	**1,429**	**(1**
Cash and cash equivalents	227	1,550	527	202	33	45	84	10	8	178	
Consumers and traders	-	635	1,923	438	37	166	-	5	4	135	
Securities	180	170	5	2	-	-	-	-	-	2	
Recoverable Taxes	521	288	927	244	13	67	36	-	-	67	
Other Assets	1,541	335	1,254	163	48	30	32	4	-	74	
Investments/Property/Intangible/Financial Assets	11,997	12,516	5,822	1,858	1,291	545	269	155	135	974	(1
LIABILITIES AND EQUITY	**14,465**	**15,493**	**10,458**	**2,906**	**1,421**	**853**	**420**	**174**	**147**	**1,429**	**(1**
Suppliers	12	177	753	197	8	37	10	1	2	59	
Loans, Financing and Debentures	1,030	8,348	3,511	1,085	406	131	98	-	-	350	
Interest on capital and dividends	1,243	-	109	19	14	22	7	2	-	22	
Employee post-retirement benefits	100	438	1,393	286	-	-	-	-	-	70	
Taxes	36	840	1,002	203	207	33	10	46	1	51	
Other Liabilities	299	603	1,033	275	32	184	8	2	2	98	
Equity	11,745	5,086	2,656	840	754	445	288	124	142	779	(1
INCOME STATEMENT											
REVENUE	**-**	**4,531**	**8,510**	**1,810**	**277**	**458**	**126**	**50**	**39**	**440**	
Operating Costs and Expenses	**(92)**	**(2,116)**	**(7,281)**	**(1,592)**	**(55)**	**(383)**	**(104)**	**(13)**	**(34)**	**(265)**	
Electricity purchased for resale	-	(583)	(2,936)	(874)	-	-	-	(1)	(1)	(113)	
Charges for the use of the basic transmission grid	-	(245)	(672)	(124)	-	-	-	-	(3)	(25)	
Gas purchased for resale	-	-	-	-	-	(329)	-	-	-	-	
Cost of construction	-	(92)	(1,175)	(207)	(23)	-	-	-	-	(31)	
Personnel and management	(37)	(300)	(767)	(64)	(10)	(19)	(28)	(1)	(1)	(21)	
Employees and manager profit sharing	(15)	(55)	(148)	-	-	-	(2)	-	-	-	
Post-employment obligations	(8)	(28)	(87)	-	-	-	-	-	-	-	
Materials	-	(23)	(64)	(7)	-	(1)	-	-	-	(1)	
Outsourced services	(13)	(164)	(681)	(107)	(15)	(6)	(21)	(3)	(3)	(38)	
Royalties for use of water resources	-	(148)	-	-	-	-	-	(2)	(1)	(3)	
Depreciation and amortization	-	(381)	(384)	(105)	(3)	(22)	(35)	(5)	(26)	(23)	
Operating provisions	2	(12)	(161)	(78)	-	-	(1)	-	1	(8)	
Other, net	(20)	(86)	(205)	(26)	(5)	(5)	(16)	(1)	-	(2)	
Gross Profit	**(92)**	**2,416**	**1,230**	**218**	**222**	**75**	**21**	**36**	**4**	**174**	
Equity gain (loss) on subsidiaries	**2,467**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Financial Revenues	173	277	310	45	17	26	11	2	1	133	
Financial Expenses	(114)	(939)	(526)	(163)	(34)	(12)	(13)	-	21	(185)	
Profit before income taxes	**2,434**	**1,753**	**1,013**	**101**	**205**	**88**	**19**	**37**	**27**	**122**	
Income tax and Social Contribution	(143)	(469)	(355)	(27)	(34)	(20)	(6)	(13)	(2)	(43)	
Deferred income tax and Social Contribution	125	(15)	61	7	8	-	5	1	-	1	
Profit for the Year	**2,415**	**1,269**	**720**	**81**	**179**	**68**	**18**	**26**	**25**	**80**	

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33. CASH FLOW STATEMENT

The assent and liabilities related to acquisitions and dilutions of holdings in jointly-controlled subsidiaries, with the exception of Cash and cash equivalents, have been eliminated in the preparation of the cash flow statement. These assets and liabilities are shown in Explanatory Note 14.

The Company has excluded from the cash flow statement the amount of R$ 403 retained by the State and passed through to the federal government, arising from the Settlement Agreement signed to settle the legal action between Cemig and the federal government.

34. SUBSEQUENT EVENTS

a) Issue of Debentures by Cemig D

In March 2013, Cemig D concluded its third public issue of debentures: 2,160,000 unsecured, non-convertible debentures, in three series, with nominal unit value of R$ 1,000 (one thousand Reais) on the issue date (February 15, 2013), for a total of R$2,160. The net proceeds from the issue were used for 100% redemption of the commercial Promissory Notes of the Company s 5th and 6th issues, placed on January 13, 2012, for their total nominal value plus remuneratory interest, and for investments in distribution infrastructure. 410,817 debentures of the first series, 1,095,508 debenture of the second series and 653,675 debentures of the third series were issued, with maturity respectively at 5, 8 and 12 years from the issue date. The debentures of the first series will pay remuneratory interest equal to the CDI rate plus 0.69%; those of the second and third series will have their nominal value updated by the Expanded National Consumer Price Index (Índice Nacional de Preços ao Consumidor Amplo, or IPCA), published by the Brazilian Geography and Statistics Institute (Instituto Brasileiro de Geografia e Estatística, or IBGE), and will further pay remuneratory interest at 4.70% and 5.10% per year, respectively. The controlling stockholder, Cemig, provided a surety guarantee for the 3rd debenture issue by Cemig D.

On February 1, 2013 the Company issued a Bank Credit Note (CCD) in favor of Banco do Brasil, in the amount of R$200, for use of proceeds in the purchase of electricity. The note has maturity of 721 days and annual interest of 99.5% of the CBI rate, guaranteed by duplicates of the Company s sales invoices.

b) Transfer of control

Authorizing Resolution 3845 of January 15, 2013, published in federal Official Gazette No. 12 of January 17, 2013, in Section 01, on Page 53, consented to: the stockholding restructuring of Taesa, the jointly-controlled subsidiary of Cemig GT, through absorption of STE and ATE into Unisa, and immediately subsequent absorption of NTE and Unisa into Taesa, generating transfers of the respective concessions of the absorbed companies; and to transfer of control of ATE II and ATE III, held by Unisa, to Taesa. The holders of the concessions have 120 (one hundred twenty) days for implementation of the transfers; 30 (thirty) days, after implementation, for presentation of documents of proof; and 60 (sixty) days to sign the Amendments to the related Concession Contracts affected by the transactions authorized.

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c) Acquisition of the interest held by Suzano in the Capim Branco Energia Consortium

On March 12, 2013 Cemig Capim Branco Energia S.A., a wholly-owned subsidiary, signed the final contract with Suzano Papel e Celulose S.A. and its subsidiaries (Suzano) for the sale of Suzano s interest in the Capim Branco Energia Consortium. The total price agreed, subject to any adjustments, for Suzano s 17.8947% interest in the Consortium was R$320. Of this total, the percentage that pertains to Cemig Capim Branco, of 30.3030%, represents approximately R$97.

d) Approval of the Stockholding Restructuring with Taesa

Complementing the Material Announcement of May 17, 2012, on April 9, 2013, Aneel (National Electricity Agency) approved the transfer of stockholding control, to Transmissora Aliança de Energia Elétrica S.A. (Taesa), of the following companies holding electricity transmission concessions:

(i) Transfer of direct interest:

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 Paraense 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;

(ii) Transfer of indirect interest (by **Cemig** and its wholly-owned subsidiary **Cemig Geração e Transmissão S.A. Cemig GT**)

Sistema de Transmissão Catarinense S.A.	STC,
Lumitrans Companhia Transmissora de Energia,	
Empresa Santos Dumont de Energia S.A.	ESDE, and
Empresa de Transmissão Serrana	ETSE,

Final conclusion of the transfer of the assets in this Restructuring is still subject to consent from the financing banks, including in particular the Brazilian Development Bank (BNDES).

On the date of completion of the Restructuring, Taesa will disburse R$ 1,732 million, updated by the CDI rate from December 31, 2011, less dividends and/or Interest on Equity already declared, whether already paid or not.

e) Result of the Third Tariff Review of Cemig D

At a public meeting held on April 5, 2013 the Brazilian electricity sector regulator, Aneel (*Agência Nacional de Energia Elétrica*), published the result of the Third Tariff Review of Cemig D (Cemig Distribuição S.A.), which will result in positive repositioning of Cemig D s tariffs. These tariffs will take effect from April 8, 2013. The average effect for consumers will be an increase of 2.99%. This effect comprises one part reflecting the revision *per se*, and one part comprising the associated financial components.

In this decision, Aneel is already applying the effects of Decree 7945/12, which governs the use of the funds from the Energy Development Account (*Conta de Desenvolvimento Energético,* or CDE) to attenuate distributors costs of acquisition of electricity in the Electricity Trading Chamber (*Câmara de Comercialização de Energia Elétrica*, or CCEE) as a result of the unfavorable hydrological conditions, which have led to the dispatching of thermal generation plants, and as a result to reduce the impact of the tariff adjustment, limiting it to 3%. The amount that exceeds this percentage will be passed through in a single payment, within 10 business days from the date of publication of the Aneel Homologating Resolution. The amount of these funds coming from the CDE will be reimbursed by consumers in up to 5 years, updated by the IPCA inflation index.

According to the statement of calculation received by Cemig after the homologation of the result of the Tariff Review at the meeting of the Council of Aneel, the Net Regulatory Remuneration Base was R$ 5, and the Gross Regulatory Remuneration Base was R$ 15.

f) Increase of share capital of Cemig, with stock dividend

We hereby advise our stockholders that the Board of Directors, at its meeting held on March 26, 2013, decided to propose to the General Meeting of Stockholders to be held on April 30, 2013:

Approval of increase in the Share Capital, from R$ 4,265 to R$ 4,813, through issuance of 109,654,157 new shares, each with par value of R$ 5.00 (five Reais), through capitalization of R$ 548 from the Capital Reserve Donations and Subsidies for Investments, with consequent distribution to the holders of preferred and common shares of a stock bonus of 12.854843355%, in new shares, of the same type as those held, each with par value of R$ 5.00 (five Reais).

All holders of shares on April 30, 2013 will be entitled to this benefit. The shares will trade ex- the right to the stock dividend on the day immediately following the date on which the said Meeting is held. The shares of the stock bonus will be credited on May 7, 2013 and will not have the right to the dividends proposed for the business year 2012.

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(Original report signed by the signataries below)

Djalma Bastos de Morais **Arlindo Porto Neto** **Luiz Fernando Rolla**

Chief Executive Officer	Vice Chief Executive Officer	Diretor of Finances, Investor Relations and Financial Control of Equity Interests
Frederico Pacheco de Medeiros Director of Corporate Management	**José Carlos de Matos** Director of Gas	**José Raimundo Dias Fonseca** Commercial Director
Luiz Henrique de Castro Carvalho Director of Generation and Transmission	**Fernando Henrique Schüffner Neto** Director of Business Development Officer	**Ricardo José Charbel** Director of Distribution and Trading
Luiz Henrique Michalick Director of Institutional Relations and Communication		**Maria Celeste Morais Guimarães** Legal director
Leonardo George de Magalhães Superintendent of the Controller s Department CRC-MG 53.140		**Mário Lúcio Braga** Accounting Manager Accountant CRC-MG-47.822

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INDEPENDENT AUDITORS   REPORTS ON THE FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Companhia Energética de Minas Gerais - CEMIG
Belo Horizonte, MG, Brazil

We have audited the accompanying consolidated statement of financial position of Companhia Energética de Minas Gerais - CEMIG and subsidiaries (the Company) as of December 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year ended December 31, 2012. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Companhia Energética de Minas Gerais - CEMIG and subsidiaries as of December 31, 2012, and the results of their operations and their cash flows for the year ended December 31, 2012, in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

As discussed in notes 2.6 (h) and 13, property, plant and equipment related to generation activities in accordance that fall under the regulation for independent producers are depreciated based on their estimated useful lives and certain concession financial assets related to distribution of gas are registered based on the estimated indemnification by the granting authority, considering facts and circumstances mentioned in the respective notes. As new information becomes available or decisions are taken by the granting authorities, the depreciation rates relating to property plant and equipment or realization of certain concession financial assets related to distribution of gas may change.

As discussed in note 1 (a), the Madeira Energia S.A. joint venture and its subsidiary are incurring capital expenditures related to the development of the Santo Antonio power plant project. As of December 31, 2012, the joint venture s property, plant and equipment balance included in the Company s consolidated financial statements amounts to R$1,453 million. During this development phase, the joint venture has presented

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recurring losses, and its current liabilities are higher than its current assets. As also mentioned in note 1 (a), Madeira Energia S.A s management has plans to address the negative working capital issue. As of this date, Madeira Energia S.A. depends on either its shareholders financial support or on issuance of additional debt securities to continue to operate.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 26, 2013 expressed an unqualified opinion on the Company s internal control over financial reporting.

/s/ Deloitte Touche Tohmatsu Auditores Independentes

Belo Horizonte, MG, Brazil

April 26, 2013

KPMG Auditores Independentes
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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Companhia Energética de Minas Gerais CEMIG

We have audited the accompanying consolidated balance sheets of Companhia Energética de Minas Gerais CEMIG and subsidiaries (the Company) as of December 31, 2011, and the related consolidated statements of income, changes in shareholders equity and comprehensive income, and cash flows for each of the years in the two-year period ended December 31, 2011. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Companhia Energética de Minas Gerais CEMIG and subsidiaries as of December 31, 2011, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2011, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

/s/ KPMG Auditores Independentes

São Paulo, Brazil
April 29, 2013