

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64 – NIRE 31300040127

BOARD OF DIRECTORS

SUMMARY OF MINUTES OF THE 674TH MEETING

Date, time and place: October 14, 2016, at 9 a.m., at the Company’s head office,
Av. Barbacena, 1200 – 21st Floor, Belo Horizonte, Minas Gerais, Brazil.

Meeting Committee: Chair: José Afonso Bicalho Beltrão da Silva.
Secretary: Anamaria Pugedo Frade Barros.

Summary of proceedings:

I Conflict of interest: The Board members listed below stated that they had no conflict of interest with the matters on the agenda of the meeting, with the exception of the Board members

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Arcângelo Eustáquio Torres Queiroz and Samy Kopit Moscovitch,
.....

who stated themselves to have conflict of interest in relation to the 2016–17 Collective Work Agreement (‘ACT’), and the 2017–2018 Specific Collective Agreement on Profit Sharing (‘PLR’).

These members withdrew from the meeting room at the time of discussion and voting on those matters, returning after the vote on them had been taken, to proceed with the meeting.

II The Board approved:

a) Increase in the share capital of Miracema Transmissora de Energia Elétrica S.A. (‘Miracema’), to one hundred forty million Reais (in currency of March 2016) with issuance of nominal common shares without par value, resulting from valuation at book value per share, to be ascertained in each capital increase, in compliance with Article 170 of Law 6404/1976, with the related change to the head paragraph of Article 5 of the by-laws of that company; and orientation of vote in favor, by the Board members appointed by the Company to the Board of Directors of Transmissora Aliança de Energia Elétrica S.A. (‘Taesa’), in meetings of the Board of Directors of Taesa, to be held on dates yet to be decided, on orientation of vote in favor by the representatives of Taesa in the Extraordinary General Meetings of Stockholders of Miracema to be held on the said capital increase and the consequent changes to the by-laws.

b) The minutes of this meeting.

III The Board authorized:

- a) Grant by the company of an irrevocable surety, for contracting of loan transactions through Bank Credit Notes (*Cédulas de Crédito Bancário*), with Banco do Brasil S.A. ('Banco do Brasil'), for the purposes of making payments of tranches of the principal becoming due between October 24 and 30, 2016, on the sixteen working capital loan transactions made by Cemig Geração e Transmissão S.A. ('Cemig GT') with Banco do Brasil itself with the numbers:

330.800.376, 330.800.383, 330.800.384, 330.800.385, 330.800.386, 330.800.387, 330.800.388, 330.800.389, 330.800.390, 330.800.391, 330.800.392, 330.800.393, 330.800.394 and 330.800.395,

on the following principal terms:

- Amount: R\$ 600 million.
- Financial charges: 132.90% of the CDI Rate, with monthly payments and no grace period.
- Flat fee: 1.72% of the value of the loan.
- Payment of principal: in four six-monthly installments each of R\$ 150 million, due on: April 24, 2017, October 24, 2017, April 24, 2018 and October 24, 2018.
- Early settlement: Cemig GT may settle the debt early at any time; such payment may be made with funds transferred from another financial institution, due to the portable status of the credit, without being charged any additional cost.
- IOF Tax: The IOF Tax on Financial Transactions will be in accordance with the legislation from time to time in effect.
- Surety: Guarantee in the form of a surety from the Company.
- Covenant: There will be a financial covenant for the quotient {Total net debt / Ebitda}, which must be less than or equal to:
6x, in December 2016;
5.26x, in March, June, September and December 2017; and
5x, in March, June and September 2018.
This covenant is to be accompanied and met in the financial statements of the guarantor. Cemig GT and Cemig must regularly inform Banco do Brasil of any financial covenants that they agree with any other creditors. If there are additional or more restrictive covenants, the obligations assumed in this Bank Credit Note shall automatically reflect such financial covenants.
- Effective nominal cost: 20.61% p.a.
- Documents: Signature of the documents necessary for contracting of the above credit transactions.
- Execution by the Executive Board of all the acts necessary to put the above decisions into effect.
- Consents: Contracting of the loan transactions shall require the prior consent of:
– the State Companies Coordination Committee of Minas Gerais State; and
– the Brazilian Development Bank (BNDES).

- b) Provision by the Company of a surety to Cemig Telecomunicações S.A. ('CemigTelecom'), by signature, as consenting party, of the Loan Agreement between Sonda Procwork Outsourcing Informática Ltda. ('Sonda'), CemigTelecom, and Ativas Participações S.A. ('Ativas Participações'), with Ativas Data Center S.A., and ASM Participações Societárias S.A. ('ASM') also signing as Consenting Parties, under which Sonda will lend up to forty five million Reais to CemigTelecom; and up to sixty four million three hundred forty thousand Reais to Ativas Participações, on the following principal terms:

Maturity: Twelve calendar months from the date of signature of the Agreement;
 Payment: In a single installment or in more installments, at the option of the present stockholders, up to the maturity date (inclusive);
 Interest: At 110% of the variation of the Interbank Deposit Rate (the CDI, or *Certificado de Depósito Interbancário*, rate), limited to the amount corresponding to the legal rate of 12% per year, plus a monetary updating adjustment calculated by the IGP-M ('General Price Index – Market') inflation index, calculated by the Getúlio Vargas Foundation;
 Guarantee: Guarantee through non-joint surety given by the Company and by ASM, the controlling stockholder of Ativas Participações, up to the limit of the obligations assumed, respectively, by CemigTelecom and by Ativas Participações under the said Agreement.

- c) Signature by Cemig, Cemig D and Cemig GT, jointly, subject to the directives of preserving the company's financial health and adoption of parameters practiced in the market by companies of a similar scale, and to the requirement to find a fair business solution, of the Collective Work Agreement for 2016–17, within the annual financial limit – on which orientation is to be given by the Human Resources Committee of this Board; and taking of legal actions related or inherent to the process of negotiation of the Agreement referred to above and of elements arising from it that are necessary to preserve the Company's interests.
- d) Renewal, jointly, by Cemig, Cemig D and Cemig GT, subject to the directives of preserving the company's financial health and adoption of parameters practiced in the market by companies of a similar scale, and also the search for a solution that is fair in entrepreneurial terms, of the 2017-18 Specific Collective Agreement on Profit Sharing, with the benefits contained therein, within the annual financial limit – on which orientation is to be given by the Human Resources Committee of this Board; and taking of legal actions related or inherent to the process of negotiation of the Agreement referred to above and of elements arising from it that are necessary to preserve the Company's interests.

IV Abstention: The Board member Marco Antonio Soares da Cunha Castello Branco abstained from voting on the matter referred to in subclause 'b' of item III, above.

V Votes against: The Board members Marcelo Gasparino da Silva and Daniel Alves Ferreira voted against the proposals referred to in subclauses 'c' and 'd' of Item III, above.

VI Comments: Board members, a Chief Officer, General Managers, the CEO of a company of the 'Cemig Group', and an advisor made comments on subjects of interest to the Company.

The following were present:

Board members:	José Afonso Bicalho Beltrão da Silva, Mauro Borges Lemos, Allan Kardec de Melo Ferreira, Arcângelo Eustáquio Torres Queiroz, Helvécio Miranda Magalhães Junior, José Pais Rangel, Marcelo Gasparino da Silva, Marco Antônio de Rezende Teixeira, Marco Antônio Soares da Cunha Castello Branco, Nelson José Hubner Moreira, Ricardo Coutinho de Sena,	Saulo Alves Pereira Junior, Daniel Alves Ferreira, José Augusto Gomes Campos, Aloísio Macário Ferreira de Souza, Antônio Dirceu Araújo Xavier, Bruno Westin Prado Soares Leal, Carlos Fernando da Silveira Vianna, Franklin Moreira Gonçalves, Luiz Guilherme Piva, Ricardo Wagner Righi de Toledo, Samy Kopit Moscovitch, Wieland Silberschneider;
Secretary:	Anamaria Pugedo Frade Barros.	

(Signed by:) Anamaria Pugedo Frade Barros.