

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64 – NIRE 31300040127

BOARD OF DIRECTORS

SUMMARY OF MINUTES OF THE 711TH MEETING

Date, time and place: October 20, 2017, at 9 a.m., at the Company’s head office, with participation also by telephone conference call.

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 said they had no conflict of interest in the matters on the agenda of this meeting.

II The Board approved:

- a) additional budget allocation in 2017 for payment of the fixed and success fees to the intermediary financial institution referred to in sub-clause ‘b’ of Item III, below:
- b) the proposal of the Board member Marco Antônio de Rezende Teixeira that the members of the Board of Directors should authorize their Chair to call an Extraordinary General Meeting of Stockholders, to be held on November 27, 2017, at 11 a.m., and that in the absence of a quorum the Chair be authorized to make second convocation, within the legal period, to deal with re-ratification of the decision of the EGM held on May 30, 2016 referred to in Item V below:
- c) the proposal by the Chair, as follows:
 - 1) Mr. César Vaz de Melo Fernandes no longer to serve as Chief Officer for Business Development; Mr. Adézio de Almeida Lima no longer to serve as interim Chief Institutional Relations and Communication Officer while also serving as Chief Finance and Investor Relations Officer;
 - 2) Election as Chief Business Development Officer, to serve the rest of the present period of office, that is to say until the first meeting of the Board of Directors after the Annual General Meeting of 2018, of

Mr. José Maria Rabelo – Brazilian, married, lawyer, resident and domiciled in Brasília, DF at SQN 214, Bloco C, apto. 207, Asa Norte, CEP 70873-030, bearer of Identity Card 851287-SSPMG and CPF 232814566-34;

and, as Chief Institutional Relations and Communication Officer:

Mr. Thiago de Azevedo Camargo – Brazilian, married, lawyer, resident and domiciled in Belo Horizonte, Minas Gerais, at Rua Monte Sião 72/901, Serra, CEP 30170-081, bearer of Identity Card M-6082258-SSPMG, and CPF 000001386-22.

- d) The minutes of this meeting.

III The Board authorized:

- a) acquisition of an equity stockholding
 - by Transmissora Aliança de Energia Elétrica S.A. ('Taesa').
 - and by Empresa Norte de Transmissão de Energia S.A. (ENTE)
 - of 24.95% and 50.10% respectively, of the share capital of IB SPE Transmissora de Energia Elétrica S.A. ('IB'),
 and signature of the Stockholders' agreement and formalization of the by-laws.
- b) request for release of the existing charge on Units issued by Taesa and held by the Company, for the specific purpose of formation of new Units; disposal of these *units*, in a public auction on a securities exchange; fiduciary assignment, in favor of the banks holding the option to sell shares in
 - Luce Empreendimentos e Participações S.A. (Lepsa)
 - and RME – Rio Minas Energia Participações S.A. ('RME')
 as complementary to the rights to receivables already the subject of fiduciary assignment and under pledge of the amount of funds arising from this disposal of *Units*, and re-establishment of the chattel mortgage on the totality of such shares as are not sold in the said auction; and opening of Administrative Proceedings for Exemption from Tender for, and contracting of, an intermediary financial institution as broker and to provide firm guarantee of placement of the said Units, in a public auction on a securities exchange, subject to an Opinion in favor, and monitoring, by the Chief Counsel's Department;
- c) RME to sell shares in
 - Light S.A. ('Light')
 held by RME, by October 30, 2018, at market value, on a securities exchange;
- d) adaptation of the voting rights of the present stockholders of RME and Lepsa, to maintain the governance currently existing in Light;
- e) signature of amendments to:
 - the Stockholders' Agreement of RME,
 - the Contract for Fiduciary Assignment of Receivables in Guarantee, and
 - the Agreement for Fiduciary Assignment of Shares,
 to reflect the matters referred to in sub-clauses 'b' and 'c' of Item III above, and Item V and sub-items 2 and 3 of Item V, below, without limitation, and upon an Opinion in favor and monitoring by the Chief Counsel's Department;
- f) signature, as joint debtor, with Banco do Brasil, Caixa Econômica Federal, Itaú Unibanco and Banco Bradesco, of an agreement with the basic conditions of the operations that will orient the formatting of the debt instruments for re-profiling of the debt of Cemig D, as follows;

Object:	Bilateral transaction and participation by Banco do Brasil in the 4 th Debenture Issue (R\$ 755 million); bilateral transactions and participation of Caixa Econômica Federal in the 4 th Debenture Issue (up to R\$ 1.237 billion); participation by Bradesco in the 4 th Debenture Issue (R\$ 610 million); and participation by Itaú Unibanco in the 4 th Debenture Issue (R\$ 210 million).
Instruments:	Amendments to the existing bilateral contracts with Banco do Brasil and Caixa Econômica Federal and, in the case of the 4 th Debenture Issue by Cemig D, a new issue of debentures or modification of the present deed as a result of holding of a General Meeting of Debenture Holders.
Amortization of principal:	in six monthly installments comprising: 6.75% in 2019 (as from July), twelve monthly installments of 1.13%, resulting in an aggregate 13.50%, in 2020, twelve monthly installments of 2.25%, resulting in an aggregate 27%, in 2021, six monthly installments of 2.25%, resulting in an aggregate 11.25% (up to June 2022), and a final payment 'bullet', of 41.50% in June 2022.
Payment of interest:	Monthly; no grace period, at 140% of variation provided by the CDI Rate;
Fee:	1.4%, of which 0.7% paid at the moment of re-profiling of the debt and calculated on the debt re-profiled, and 0.7% paid in January 2019, calculated on the debtor balance in December 2018 of the re-profiled debt.

Guarantees:	<ul style="list-style-type: none"> – Banco do Brasil and Caixa Econômica Federal maintain the guarantee that they presently have in the CCBs. The additional receivables that will be the object of fiduciary assignment (estimated value R\$ 400 million per month) will be shared between the creditors of the debts that are the subject of the re-profiling of the 4th Debenture Issue, and Caixa Econômica Federal (in the 60% portion of the debtor balance of its Bank Credit Notes, which currently do not have an asset guarantee), in proportion to their debtor balances, in such a way that all the debts referred to have at least 100% of the obligations (including principal, interest and fees/charges) covered (guaranteed) by the flow of receivables; – The guarantee clause shall be suspensive of the assignment of the consequent rights arising in the event of administrative intervention, or of the public administration opening proceedings for expiry of the concession as from issuance of the related notification. – Surety guarantee from Companhia Energética de Minas Gerais – Cemig.
'Cash sweep':	35% of the proceeds from the sale of assets of Cemig shall be allocated for injection into Cemig D and payment of its re-profiled debt, with deduction only of such amount as is allocated to the payment of the Light Put Option, as applicable.
Financial covenants:	Liquidity and cash flow indices to be decided for each company at the time of implementation of the re-profiling of the debt.
Other conditions:	<ul style="list-style-type: none"> – Minimum capitalization, by Cemig, of R\$ 2.2 billion, into Cemig D, by December 2018; – Restriction on payment of dividends above mandatory legal limit specified in by-laws.

- g) Signature, as joint debtor, with Banco do Brasil, of an agreement with the basic terms of the transactions that will orient the formatting of the debt instruments for re-profiling of the debt of Cemig GT, as follows:

Object:	Bilateral transaction of Banco do Brasil (up to R\$ 1.130 billion).
Instruments:	Amendments to the existing bilateral contracts with Banco do Brasil.
Amortization of principal:	36 monthly installments of 2.78%, starting in January 2019.
Payment of interest:	Monthly; no grace period, at 140% of variation provided by the CDI Rate.
Fee:	1.4%, of which 0.7% paid at the moment of re-profiling of the debt and calculated on the re-profiled debt, and 0.7% paid in January 2019, calculated on the debtor balance in December 2018 of the debt re-profiled, save that from the second payment of the fee there shall be deducted the amount of the fee paid at the time of the extension of period authorized by the Board of Directors on October 16, 2017.
Guarantees:	Receivables (fiduciary assignment) in the amount of R\$ 150 million/month, which shall be the subject of fiduciary assignment up to the end of the contract and may be the subject of foreclosure on up to the full payment of the debt; maintenance of a reserve account corresponding to three installments (interest and principal); Negative pledge principally in relation to the shares in Taesa and Aliança; Shares in Gasmig, estimated value R\$ 300 million (35% of the PN shares); Dividends from Aliança, in the estimated amount of R\$ 135 million; Dividends of Taesa, in the estimated amount of R\$ 145 million; Dividends from 51% of the shares in the '7 SPCs of Lot D' not bound by the 7th Debenture Issue, in the estimated amount of R\$ 200 million; and Surety from Cemig.
'Cash sweep':	35% of the funds obtained from the sale of assets of Cemig GT shall be allocated to payment of its re-profiled debt; save that: <ul style="list-style-type: none"> – for the sale of Cemig GT's equity interest in the Santo Antônio Hydroelectric Project, the percentage of the cash sweep shall apply to the amount received by Cemig GT net of the Put Option in favor of the Melbourne and Malbec FIP funds, the value of which is R\$ 350 million.
Financial covenants:	Liquidity/cash flow indices to be decided for each company at the time of implementation of the re-profiling of the debt.
Other conditions:	Restriction on payment of dividends beyond the mandatory legal minimum specified in the by-laws.

- IV The Board canceled** Board Spending Decision (CRCA) 052/2017, which deals with use of the Guarantee Account for acquisition of shares, and signature of an amendment to the Stockholders' Agreement and orientation of vote in an EGM of Lepsa and of RME.
- V The Board submitted** to the EGM a proposal to re-ratify the decision made by the EGM on May 30, 2016 that the put option granted on April 11, 2011 by the Company to Redentor Fundo de Investimento em Participações (FIP Redentor) (succeeded by Banco Santander (Brasil) S.A.), BV Financeira S.A. – Crédito, Financiamento e Investimento, and BB Banco de Investimento S.A., should be altered to postpone the exercise date of the said Put Option.
- VI The Board oriented** votes in favor of the following agenda items:
- 1) in relation to the acquisition referred to at sub-clause 'a' of Item III, above:
 - a) to members appointed by Cemig at a meeting of the Board of Directors **Taesa**, on:
 - Signature of the Share Purchase Agreement for acquisition of an equity interest in the share capital of IB owned by Apollo 12 Participações S.A. ('Apollo 12'), and execution of such acts as are necessary for conclusion of that acquisition, including signature of the document linked to the transaction; and, further, ratification of the measures taken;
 - calling of an EGM to decide on that acquisition;
 - signature of the Stockholders' Agreement and approval of the by-laws of IB;
 to the representatives of **Taesa** in the EGM of ENTE, on:
 - acquisition by ENTE of an equity interest in IB, owned by Apollo;
 - signature of the respective share purchase agreement, and
 - execution of the measures necessary for conclusion of that acquisition; and
 - authorization to ENTE to sign the Stockholders' Agreement and approve the by-laws of IB;
 - b) to the representatives of the Company in the EGM of **Taesa**, on:
 - approval of that acquisition and of the by-laws of IB, and
 - signature of the related Stockholders' Agreement.
 - 2) In relation to the release of Units referred to in sub-clause 'b' of Item III, above:
 - to members appointed by Cemig at a meeting of the Board of Directors **Taesa**, on:
 - formation of share deposit certificates arising from Units.
 - 3) to the representative of Cemig in the EGM of RME, on disposal of the shares referred to in sub-clause 'c' or Item III, above, and on the authorization to be given to that company to sign, as consenting party,
 - the First Amendment to the Stockholders' Agreement of RME;
 - the Second Amendment to the Receivables Fiduciary Assignment Guarantee Contract; and
 - the Third Amendment to the Agreement for Fiduciary Assignment of Shares (Taesa).

VII The Board ratified orientation for vote in favor:

- a) by the representatives of the Company in the EGM of **Taesa** of April 20, 2017, on:
 - participation by Taesa in Aneel Auction 05/2016, with permission to dispute lots directly or through subsidiaries or affiliated companies, individually or as a member of a consortium;
 - constitution of SPCs (Special Purpose Companies) required by the Auction Tender;
- b) to the members of the Board of Directors of Taesa appointed by the Company, at the meeting of that Board of April 20, 2017, on:
 - authorization to the Executive Board of that company, accompanied by members of the Board of Directors, to present binding offers at Aneel Auction 05/2017;
 - signature of legal instruments; research and contracting of credit lines; and
 - orientation of vote by the representatives of **Taesa** at the General Meeting of Stockholders, and to the members of the Board of Directors appointed by **Taesa**, in the meetings of the Boards of Directors of their subsidiaries or affiliated companies.

VIII The Board re-ratified Board Spending Decision (CRCA) 033/2017, on provision by the Company of a Surety Guarantee to Cemig GT, with waiver of the benefits of order, rights and options for exoneration of any type, specified in Articles: 366, 827, 835, 837, 838 and 839 of Law 10406/2002, as amended, and Article 794 of Law 13105/2015, as amended, for the issuance of debt securities (Eurobonds) in the international market, the proceeds of which will be allocated to refinancing of Cemig GT's own financial obligations, among other associated matters, re-ratified by CRCA-045/2017, to:

- a) alter the value of the issue from up to one billion US dollars to up to one billion five hundred million US dollars;
- b) alter, in the Total Period, Cemig GT's option to call for settlement, which shall be at any moment from six years after the issue, with payment at par;
- c) alter the financial covenants, including the obligation to obey six-monthly 'maintenance' covenants, considering definitions of Net Debt and Adjusted Ebitda for the covenant similar to the definitions used in Cemig GT's 7th Debenture Issue, and limits;
- d) alter the covenants on new indebtedness, such that Cemig GT, and the restricted subsidiaries, may not, with the new debt, incur debt exceeding the following limits for Net debt/(Adjusted Ebitda):
 - 5.5x if the debt is incurred up to December 31, 2018,
 - 5.0x if the debt is incurred up to December 31, 2019,
 - 4.5x if the debt is incurred up to December 31, 2020,
 - 3.0x if the debt is incurred up to December 31, 2021, and
 - 2.5x if the debt is incurred as from December 31, 2021;
- e) to include the obligation for the 'debt maintenance' covenant to be obeyed in Cemig's consolidated result in relation to its operational cash flow (Ebitda Adjusted for Covenants), of 1.75x;
- f) to include the obligation for Cemig not to distribute dividends above the mandatory legal minimum in the by-laws (legal minimum includes minimum dividends accumulated and not paid) while the indicator Net debt/Ebitda Adjusted for Covenants is above 2.5x, (referred to as the *dividend maintenance covenant*);
- g) to exclude from the permitted indebtedness the reference to the indebtedness of up to US\$ 650 million (less the amount that Cemig GT receives as indemnity) for the investment in the *Jaguara, Miranda, São Simão* and *Volta Grande* hydroelectric plants, and also to include a restriction to prevent Cemig GT's restricted subsidiaries, jointly, from having debt equivalent to more than 10% of the debt of Cemig GT or of over R\$ 750 million, whichever is the greater;
- h) to replace the list of permitted guarantees by the following:
 - guarantees on actions of non-restricted subsidiaries, provided that the total debt with real guarantee does not exceed the limit of 1.5x 'Ebitda Adjusted for the Covenant';
 - guarantees in hedge transactions;
 - guarantees existing on the issue date; and
 - any guarantee if, on the date of its creation, the total of debt with asset guarantee of Cemig GT does not exceed the limit of 1.5x 'Ebitda Adjusted for the covenant';

- i) to change the conditions of the restrictions of payment,
 - from “if being in default, or at the limit of the financial covenants, or exceeding a certain amount resulting from the sum of various references involving a percentage of retained earnings, capital increase, reduction of investment, release of guarantees, etc.”
 - to “if being in default, or at the limit of the financial covenants or in excess of the sum of various references involving a percentage of retained earnings (except in the period in which the Cemig GT maintenance covenant is above 2.5x ‘Ebitda Adjusted for the Covenant’), capital increase, reduction of investment, release of guarantees, etc.”;
- j) also, in the restrictions on payment, to exclude non-prohibition of the payment of dividends to Cemig for payment of the Light Put Option up to the amount of US\$ 300 million and up to November 30, 2017; and non-prohibition of existing investment obligations in the amount of up to US\$ 120 million (injection of capital into Belo Monte, Guanhães, Itaocara and Renova), and also to change the reference to the other investments
 - from ‘investment in an amount that is the greater of: US\$ 20 million, and such amount as causes Net debt / Ebitda not to exceed 3.0x’.
 - to ‘investment of an amount that is the greater of: US\$ 30 million, and such amount as causes Net debt / ‘Ebitda Adjusted for the Covenant’ not to exceed 2.5x’;
- k) to exclude from the permitted investment, investment in the *Jaguara, Miranda, São Simão* and *Volta Grande* hydroelectric plants in an amount up to US\$ 750 million, and
 - to include investments via injections of capital in minority stockholdings in generation and transmission, including but not limited to Cemig Baguari, Aliança Norte, Amazônia, Itaocara, Guanhães Energia and Renova, in an amount that does not exceed US\$ 100 million;
- l) to exclude from the limitation on sale of assets, the reference to it not being necessary to comply with the covenant in the event of using the funds for payment of dividends to Cemig for payment of the Light Put Option up to the amount of US\$ 300 million and up to November 30, 2017;
- m) to exclude from the limitation on sale or on issuance of shares of restricted subsidiaries, the case of sale of common shares relating to the assets of the *Miranda, Jaguara, São Simão* and/or *Volta Grande* hydroelectric plants;
- n) to include non-compliance with the financial covenants for Cemig and Cemig GT, and the dividend maintenance and guarantee maintenance covenants, for Cemig, in the list of default events;
- o) to include provision that, in the event of the maintenance financial covenants being exceeded at any time, the interest will automatically be increased by 2% p.a. during the period in which the excess continues (penalty interest);
- p) to include the covenants referred to in sub-clause ‘n’ above in the list of the covenants which will lose effect if the bonds become Investment Grade;
- q) to include, in the authorization for contracting of a hedge transaction, the possibility of contracting transactions which may be canceled by a decision of Cemig GT (‘cancellable’ mode), which will enable the banks to dispense with the margin call mechanism;
- r) to authorize opening of Proceedings for Exemption from Tender, under Article 30 of Law 13303/2016, and signature of a General Derivatives Contract with the banks chosen for contracting of the hedge transaction; and,
- s) to authorize execution by the Executive Board of all the acts necessary to implement the above decisions, including signature of all documentations related to issuance of the bonds.

The other terms of the said CRCA are unchanged.

IX Voting: The matters in III and VI above were approved, with the following Members abstaining:

Marcelo Gasparino da Silva,
 Patrícia Gracindo Marques de Assis Bentes, and
 Daniel Alves Ferreira

X Voting: The matters in sub-clauses ‘f’ and ‘g’ of Item III and in Item VIII above were approved with the Board member Marcelo Gasparino da Silva abstaining, and the Board member Patricia Gracindo Marques de Assis Bentes voting against.

XI The Chair stated that the Executive Board is now as follows:

Chief Executive Officer, and interim Deputy CEO:	Bernardo Afonso Salomão de Alvarenga;
Chief Trading Officer:	Dimas Costa;
Chief Business Development Officer:	José Maria Rabelo;
Interim Chief Distribution and Sales Officer:	Ronaldo Gomes de Abreu;
Chief Finance and Investor Relations Officer:	Adézio de Almeida Lima;
Chief Generation and Transmission Officer:	Franklin Moreira Gonçalves;
Chief Corporate Management Officer:	José de Araújo Lins Neto;
Chief Counsel:	Luciano de Araújo Ferraz;
Chief Officer for Human Relations and Resources:	Maura Galuppo Botelho Martins;
Chief Institutional Relations and Communication Officer:	Thiago de Azevedo Camargo.

XII The Chief Officers elected declared – in advance – that they are not subject to any prohibition on exercise of commercial activity, that they do not occupy any post in a company which could be considered to be a competitor of the Company, and that they do not have nor represent any interest conflicting with that of Cemig; and made a solemn commitment to become aware of, obey and comply with the principles, ethical values and rules established by the Code of Professional Conduct of Cemig and the Code of Ethical Conduct of Government Workers and Senior Administration of the State of Minas Gerais.

The Board Members then put on record their thanks to Mr. César Vaz de Melo Fernandes for his effort and participation as Chief Business Development Officer.

XIII Comments: The following made comments on subjects of interest to the Company:

The Chair;		
Board member:	Patricia Gracindo Marques de Assis Bentes;	
Chief Officer:	Adézio de Almeida Lima;	
Directors of Taesa:	Marco Antônio Resende Faria,	Raul Lycurgo Leite;
Directors of Norte Energia S.A. (NESA):	Paulo Roberto Ribeiro Pinto, Luiz Fernando Rolla,	Hugo Seabra de Souza, Flávio Dutra Doehler;

The following were present:

Board members:	José Afonso Bicalho Beltrão da Silva, Marco Antônio de Rezende Teixeira, Antônio Dirceu Araújo Xavier, Arcângelo Eustáquio Torres Queiroz, Helvécio Miranda Magalhães Junior, José Pais Rangel, Marcelo Gasparino da Silva, Nelson José Hubner Moreira, Daniel Alves Ferreira, Agostinho Faria Cardoso,	Marco Antônio Soares da Cunha Castello Branco, Patrícia Gracindo Marques de Assis Bentes, Aloísio Macário Ferreira de Souza, Antônio Carlos de Andrada Tovar, Geber Soares de Oliveira, José João Abdalla Filho, Luiz Guilherme Piva, Otávio Silva Camargo, Ricardo Wagner Righi de Toledo, Wieland Silberschneider;
Board members and Chief Officers:	Franklin Moreira Gonçalves,	Bernardo Afonso Salomão de Alvarenga;
Chief Officers :	Adézio de Almeida Lima, Dimas Costa, José de Araújo Lins Neto,	Luciano de Araújo Ferraz, Maura Galuppo Botelho Martins, Ronaldo Gomes de Abreu;
Directors of Taesa:	Marco Antônio Resende Faria,	Raul Lycurgo Leite;
Directors of NESA:	Paulo Roberto Ribeiro Pinto, Luiz Fernando Rolla,	Hugo Seabra de Souza, Flávio Dutra Doehler;
Secretary:	Anamaria Pugedo Frade Barros.	

Signed by: Anamaria Pugedo Frade Barros.