

COMPANHIA ENERGÉTICA DE MINAS GERAIS – CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64 – NIRE 31300040127

BOARD OF DIRECTORS

SUMMARY OF MINUTES OF THE 505TH MEETING

Date, time and place: February 17, 2011 at 1.30 p.m. at the company's head office,
Av. Barbacena 1200, 21th Floor, Belo Horizonte, Minas Gerais, Brazil.

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

Summary of proceedings:

- I The Chairman asked** the Board Members present whether any of them had **conflict of interest** in relation to the matters on the agenda of this meeting, and all stated there was no such conflict of interest.
- II The Chairman stated** that all the matters on the agenda had been examined by the Committees of the Board of Directors, and their approval recommended.
- III The Board approved:**
- a) The proposal, by Board Member Lauro Sérgio Vasconcelos David, that the members of the Board of Directors should authorize their Chair to call an **Extraordinary General Meeting** of Stockholders to be held on March 24, 2011, at 10.30 a.m. to deal with the grant of an option to **FIP Redentor** to sell shares in the specific-purpose company **Parati** to **Cemig**; and in the event of there not being a quorum, to make second convocation within the legal period.
 - b) Exceptionally, the amount for Personnel, Materials Services and Other items (PMSO), for the first quarter of 2011, also authorizing the other transactions of the Company necessary for their functioning.
 - c) The minutes of this meeting.
- IV The Board authorized:**
- a) Signature, as consenting party, of the contract with **Cemig Capim Branco Energia S.A.** and **Cemig GT**, for execution by **Cemig GT**, of services of operation and maintenance of: the *Amador Aguiar I and II* Hydroelectric Plants; the equipment associated with the entries of the *Capim Branco 1 and 2* transmission lines into the **Emborcação** 138kV

substation; and the *Cruzeiro dos Peixotos* Telecommunications Station; with period of validity of 48 months, conditional upon prior consent by Aneel.

- b) Bringing forward of the repurchase of the preferred shares owned by Centrais Elétricas Brasileiras S.A. (**Eletrobrás**) in Empresa **Amazonense de Transmissão** de Energia S.A. and Empresa **Paraense de Transmissão** de Energia S.A., in proportion to their 49.98% holding in the registered capital of each of the companies referred to, which should take place on a date prior to the next annual general meeting of the said companies to be held by April 2011.

V The Board complemented Board Spending Decision (CRCA) 074/2010, with a view to alteration of the Stockholders' Agreement of the specific-purpose company **Parati S.A. Participações em Ativos** de Energia Elétrica (“**SPE Parati**”), to be entered into between **Cemig** and Redentor Fundo de Investimento em Participações (“**FIP Redentor**”), having as consenting parties **SPE Parati**, Banco Santander (Brasil) S. A. (**Santander**), Banco Votorantim S. A. (**Votorantim**), BB Banco de Investimento S. A. (**BB**) and Banco BTG Pactual S. A. (**BTG**); and the subscription agreement to be signed between **Cemig** and **FIP Redentor**, having as consenting parties **SPE Parati**, **Santander**, **Votorantim**, **BB** and **BTG**.

VI The Board proposed to the EGM, under and for the purposes of Article 256 of Law 6404/1976:

- 1) **Authorization** of the grant by the Company, to Fundo de Investimento em Participações Redentor (“**FIP Redentor**”), of an unconditional and irrevocable Sell Option under which **FIP Redentor** shall have the right, at the end of the 60th month from the date of subscription of the shares in **Parati S.A. Participações em Ativos de Energia Elétrica** (“**the Exercise Date**”), to sell the totality of the shares belonging to **FIP Redentor** and **Cemig** shall have the obligation to buy them, or to indicate a third party which shall buy them, on payment of the Exercise Amount, equivalent to the amount paid at the time of the subscription of the shares of **Parati S.A. Participações em Ativos de Energia Elétrica**, plus the expenses (all expenses provenly incurred by **FIP Redentor** and/or by the Administrator of FIP Redentor, for its constitution and after its constitution, including expenses of auditing, and management and administration fees), less such dividends and Interest on Equity as are received in the period (in the case of Interest on Equity, the amount received shall be multiplied by 0.5721 for the purposes of calculation), all updated by the average rate for Interbank Certificates of Deposit published by Cetip (the Custody and Settlement Chamber) (“**the CDI Rate**”) plus a rate of 0.9% per year, *pro rata tempore*, from the date of its actual disbursement/payment to the Exercise Date of the Sell Option.

– In the event of the Exercise Amount being higher than the amount paid-up by **FIP Redentor** at the time of the subscription of the shares of **Parati S.A. Participações em Ativos de Energia Elétrica**, an adjustment factor of $(1/(1-0.4279) - 1)$ shall be applied to the difference, to be added to the Exercise Amount.

– The Option Exercise Date may be brought forward in any one of the following situations:

- a) non-compliance, by **Cemig**, with any obligations contained in the Definitive Documents (Subscription Agreement, Stockholders' Agreement and Secondary Stockholders' Agreement), if not cured within 30 (thirty) calendar days from receipt of the notice of non-compliance sent by FIP Redentor;

- b) disposal, transfer or assignment to third parties by **Cemig** of the Shares owned by it in **Parati** or of the rights and obligations arising therefrom, without prior written authorization from **FIP Redentor**, except (provided that **Cemig**'s co-obligation in relation to the obligations originally assumed is preserved) between wholly-owned or other subsidiaries of **Cemig**;
- c) decision, by any authority, ordering the carrying out of a public offering of shares for change of the control of **Light S.A.** ("**Light**"), unless **Cemig** bears all the costs and expenses arising from such decision;
- d) any termination of concession contracts of **Cemig**, or of its subsidiaries, that represents an amount of 40% (forty per cent) or more of the consolidated Ebitda generated by **Cemig** in the 12 (twelve) months prior to the date of this condition being found;
- e) termination of **Light**'s concession contract for distribution services;
- f) any stockholding reorganization, privatization or merger of **Cemig** that causes significant reduction of **Cemig**'s capacity to comply with any obligations assumed in the Definitive Documents, as judged by **FIP Redentor**, provided that such judgment is made with due grounds;
- g) liquidation of, intervention in, or dissolution or extinction of **Cemig**;
- h) application of new taxes on any transactions, payments owed or dividends, in the terms of the Definitive Documents, increase of such rates of taxes, or increases of the taxes themselves, as are already applicable to any transactions specified in the Definitive Documents, or identification of a tax liability not identified on today's date, such as make or makes any transactions specified in the Definitive Documents unviable or inadvisable, in the judgment of **FIP Redentor**, provided that such judgment is made with due grounds;
- i) if the ratio between Net Financial Indebtedness and Ebitda, measured six-monthly, in relation to the prior 12 (twelve) months, based on the revised or audited consolidated balance sheet (as applicable) of **Cemig**, is greater than 3.50x (three point five times);
- j) non-approval of the Investment by the Administrative Economic Defense Council – CADE;
- k) occurrence of any of the following events:
 - (k.1) if, by December 31, 2011, 100% (one hundred per cent) of the unit shares of Luce Investment Fund ("**LIF**") have not been acquired, or if such acquisition has been carried out without the following prior conditions all having been met:
 - (i) that **LIF** shall hold a minimum of 75% (seventy five per cent) of the unit shares in Luce Brasil Fundo de Investimento em Participações ("**FIP Luce**");
 - (ii) that **FIP Luce** shall have a stockholding interest of not less than 100% in the registered capital of Luce Empreendimentos e Participações S.A. ("**Lepsa**") and that the latter shall have a stockholding of not less than 13.03% (thirteen point zero three per cent) in the registered capital of **Light**; and

- (iii) that Fundação de Seguridade Social Braslight (“**Braslight**”) shall not have signed any agreement for sale nor offered the right of purchase of its units of **FIP Luce**, except in the event of **Braslight** having given to **SPC Parati**, through **LIF**, the right of preference for acquisition of the said units, while **Cemig** does not indicate a third party to acquire the interest held by **BB Banco de Investimento S.A. (“BB”)** and by **Votorantim S. A. (“Votorantim”)**, in **FIP Redentor** for an amount equivalent to the Exercise Amount on the date of the actual acquisition, or such indicated third party not being accepted by **BTG Alpha Participações Ltda. (“BTG Alpha”)** or **Santander (Brasil) S. A. (“Santander”)**;
- (k.2) in the event that **Cemig** sells, by the date of the Notification of the Sell Option, the direct stockholding interest of shares that are part of the controlling stockholding block of **Light** and the parties acquiring such interest are persons that have an interest, on the date of signature of the Stockholders’ Agreement, greater than 21.1% in the units of Fundo de Investimento em Participações PCP (“**FIP PCP**”) and have had administrative judgment given against them against which there is no further appeal for infringements against the National Financial System, inspected by the Brazilian Central Bank, and/or the securities market, inspected by the Brazilian Securities Commission, or have an interest, on the date of signature of the Stockholders’ Agreement, greater than 88.0% in the unit shares of Enlighted Partners Venture Capital (“**Enlighted**”) and have had administrative judgment given against them against which there is no further appeal for infringements against the National Financial System, inspected by the Brazilian Central Bank, and/or the securities market, inspected by the Brazilian Securities Commission, and **Cemig** does not appoint a third party to acquire the interest held by **BB** and by **Votorantim** in **FIP Redentor** for an amount equivalent to the Exercise Amount on the date of the actual acquisition, or if such third party is not accepted by **BTG** or by **Santander**; Payment of the Exercise Amount and the transfer of the shares owned by Parati shall be conditional upon prior approval of the transaction by the National Electricity Agency, Aneel. If authorization by Aneel is not obtained by the date of transfer of the shares or, at any moment, Aneel expressly refuses to authorize the transfers of the shares, except in the event of negligence or action with malicious intent on the part of FIP Redentor, the latter shall have the right to dispose of the shares either in or outside the securities market, and in the event of disposal outside a securities exchange environment it is agreed that the said sale may take place only if the price set is greater than or equal to the lowest of the prices found in a securities market, by the following three criteria:
- i) average price of the shares of **Light** in the last trading session prior to the closing of the sale;
 - ii) daily average of closing prices of the shares of **Light** for the last 30 (thirty) days; and
 - iii) daily average of closing prices of the shares of **Light** for the last 90 (ninety) days.

If the amount calculated for the said disposal:

- i) is less than the Exercise Amount, **Cemig** shall continue to be obliged to pay the difference;
- (ii) or if it is greater than the Exercise Amount, and only in the event of omission of the consent by Aneel or an express negative by Aneel to the transfer of the Acquisition Shares to Cemig, and if Cemig has complied with its contractual obligations, **Cemig** shall have the right to receive the positive excess difference, multiplied by 1 (the number One) less the Adjustment Factor.

In any of the events, the expenses incurred by FIP Redentor arising from the process of sale shall be deducted from the financial amount of the disposal, and the penalties specified in Clause 6.5 of the Stockholders' Agreement shall not be applicable.

The decision by the Extraordinary General Meeting of Stockholders that authorizes the grant to FIP Redentor of the Sell Option shall give rise to the possibility of exercise, by such holders of the Company's common shares as dissent from the said decision, of the right to withdraw. The right to withdraw shall be held only in relation to the shares that the holders of the Company's common shares provenly held on February 18, 2011.

- 2) Appointment of **Banco Bradesco BBI S.A.** to prepare the Evaluation Opinion on **Parati**.
- 3) Approval of the Economic and Financial Valuation Opinion on Parati, prepared by Bradesco BBI, in January 2011.

VII The following spoke on general matters and business of interest to the Company:

The Board Members;

Chief Officer: Luiz Fernando Rolla;

Manager: João José Magalhães Soares.

The following were present:

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| Board members: | Dorothea Fonseca Furquim Werneck, Antônio Adriano Silva, Eduardo Borges de Andrade, Guy Maria Villela Paschoal, Luiz Carlos Costeira Urquiza, Paulo Roberto Reckziegel Guedes, Saulo Alves Pereira Junior, Cezar Manoel de Medeiros, Lauro Sérgio Vasconcelos David, Paulo Sérgio Machado Ribeiro, | Djalma Bastos de Morais, Arcângelo Eustáquio Torres Queiroz, Francelino Pereira dos Santos, João Camilo Penna, Maria Estela Kubitschek Lopes, Ricardo Coutinho de Sena, Renato Torres de Faria, Franklin Moreira Gonçalves, Marco Antonio Rodrigues da Cunha, Tarcísio Augusto Carneiro; |
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Chief Officer: Luiz Fernando Rolla;

Audit Board: Aristóteles Luiz Menezes,
Vasconcellos Drummond, Vicente de Paulo Barros Pegoraro.

Manager: João José Magalhães Soares;

Secretary: Anamaria Pugedo Frade Barros.

Anamaria Pugedo Frade Barros