

COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64 – NIRE 31300040127

BOARD OF DIRECTORS

SUMMARY OF MINUTES OF THE 689TH MEETING

Date, time and place: March 24, 2017 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 said they had no conflict of interest in the matter on the agenda of this meeting, except:

Paulo Roberto Reckziegel Guedes, Saulo Alves Pereira Junior, Bruno Magalhães Menicucci,
Carolina Alvim Guedes Alcoforado, Marina Rosenthal Rocha, and Tarcísio Augusto Carneiro,

who stated that they had conflict of interest in relation to:

- orientation of vote in a meeting of the Board of Directors of Light S.A. ('Light'), on increase in the share capital of Norte Energia S.A. (Nesa) and of Amazônia Energia Participações S.A. ('Amazônia');

and Arcângelo Eustáquio Torres Queiroz, who stated conflict of interest in relation to:

- the 2017 PDVP Programmed Voluntary Retirement Plan.

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

II The Board approved:

- a) The budget for 2017.
- b) The proposal by the board member Marco Antônio Soares da Cunha Castello Branco that the members of the Board of Directors should authorize their Chair to call an Extraordinary General Meeting of Stockholders to be held on May 12, 2017 at 11 a.m., to decide on the matter of:
 - exceeding the limit for a financial ratio, and
 - orientation of vote on increase in the capital of Cemig D, as referred to below.
- c) The Valuation Opinion prepared by Ceres Inteligência Financeira Ltda., using the discounted cash flow method, for valuation of the shares offered in guarantee of the Debentures referred to below, valuing 100% of the shares in Companhia de Gás de Minas Gerais ('Gasmig') at R\$ 1,309,185,000.
- d) The 2017 PDVP Voluntary Retirement Program.
- e) The minutes of this meeting.

III The Board authorized:

- a) opening of an Administrative Tender Proceeding for, and contracting of, External Auditing services, for thirty six months, able to be extended up to a limit of sixty months; and in the event of the tender being frustrated due to no bid being made within the estimated price, authorization also for opening of a further Administrative Tender Proceeding;
- b) increase in the share capital of Cemig D, by four hundred ten million Reais, as set out in subclause ‘b’ of Item V, below;
- c) the Company not to exercise the first refusal right and right of joint sale referred to in Clause 15 of the stockholders’ agreement of Transmissora Aliança de Energia Elétrica S.A. (‘Taesa’).
- b) signature of the Counter-guarantee Agreement with Light granting a counter-guarantee for the surety guarantee to be given by Cemig GT in financing contracts entered into between
 - the Brazilian Development Bank (BNDES), of the one part, and
 - PCH Dores de Guanhães S.A., PCH Jacaré S.A., PCH Senhora do Porto S.A., and PCH Fortuna II S.A., of the other parts,
 with – Cemig GT, Guanhães Energia S.A. (‘Guanhães Energia’), Light Energia S.A. (‘Light Energia’) and Light as consenting parties.
- e) Signature of the First Amendment to the *Private Deed of the Seventh Issue by Cemig GT of Unsecured Non-convertible Debentures, backed by Real Guarantee, with Additional Surety, in a Single series, for Public Distribution, with Restricted Efforts*, for two billion two hundred forty million Reais, to:
 - (i) include the preferred shares of Gasmig in the real guarantees to be offered in guarantee of faithful, punctual and complete payment of the Amount Guaranteed; and
 - (ii) include a new obligation for the Issuer, namely:

“ not to do any act, or default on any obligation specified in the Guarantee Contracts, which could in any way affect the legality, validity, sufficiency or enforceability of the Guarantees ”.
- f) Signature of the *Contract for Fiduciary Assignment of Shares in Gasmig as Guarantee*, between the Company, as Fiduciary Assignor, and Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda. (‘Planner’) as Fiduciary Agent representing the totality of the Debenture Holders – in guarantee of faithful, punctual and total compliance with all the principal and accessory present and future obligations of the 7th Debenture Issue, including but not limited to the principal of the debt, remuneratory interest, arrears charges, contractual penalty payments and other applicable additional amounts and other principal and/or accessory present or future obligations specified in the Issue Deed, including but not limited to those payable to the Fiduciary Agent, under Article 822 of the Civil Code, as indemnity, costs and/or expenses for safeguarding the rights of the Debenture Holders,
 - **including** in its formalization, for reimbursement of any amounts provenly disbursed as expense of the constitution, enhancement or exercise of rights and/or of the execution of guarantees given in relation to the debentures, and foreclosure and/or execution of the guarantees specified in the Issue Deed (‘the Guaranteed Obligations’), **irrevocable fiduciary assignment** and transfer to the debenture holders, represented by the Fiduciary Agent, of the fiduciary ownership, conditionally transferable domain and indirect possession of:
 - sixty five million five hundred seventy eight thousand seven hundred thirteen common shares, and
 - one hundred seventy nine million one hundred twenty thousand eight hundred thirty nine preferred shares in **Gasmig** owned by the Assigning Party,

representing 48.07% of the voting stock
and 59.79% of the total capital of Gasmig,

on the following principal terms:

- 1) As well as the shares that are the object of fiduciary assignment, there shall also be fiduciary assignment of the following:
 - any shares, securities or other rights owned by Cemig and representing the share capital of Gasmig, issued as from the date of signature of the fiduciary assignment contract, arising from splits, reverse splits or share bonuses occurring in relation to any of the shares that are subject of the fiduciary assignment, securities or other rights such as may as from that date come to substitute the shares fiduciarily assigned, as a result of their cancellation, or absorption, merger, split or any other form of stockholding reorganization involving the said companies,
 - or: any assets into which the fiduciarily assigned shares or the other assets or rights mentioned above in this item may be converted, including any certificates of deposit, securities or titles of credit;
 - all assets and rights referred to in this item that are the object of fiduciary assignment being additional assets, and, together with the shares fiduciarily assigned, to be treated as fiduciarily assigned assets.
- 2) As from any moment when, under the terms of the Issue Deed, early maturity of the guaranteed obligations is characterized; or after final maturity of the debentures has occurred without the guaranteed obligations having been fully settled, the Fiduciary Agent, in accordance with Article 68 of the Corporate Law, shall be irrevocably authorized to take any measures necessary for the debenture holders to realize their credits, with all the powers that are granted to it by the legislation from time to time in force, including ‘ad juditia’ and ‘ad negotia’ powers necessary for foreclosure of the fiduciarily assigned assets, in the courts or otherwise, in whole or in part, having powers to:
 - sell, assign, transfer, demand and/or collect, receive, realize or in any other way dispose of the fiduciarily assigned assets, and apply the proceeds of such disposals to payment of the guaranteed obligations;
 - apply for all and any prior approvals or consents that may be necessary for disposal of the fiduciarily assigned assets;
 - take the measures for full consolidation of the fiduciarily assigned assets in the event of foreclosure of this present fiduciary assignment; and
 - conserve possession of the fiduciarily assigned assets, and of the instruments that represent them, against any holder, including the fiduciary assignor itself.
- 3) Disposal of the fiduciarily assigned assets will take place in good faith, in the manner permitted by the applicable legislation and in accordance with the applicable constitutional principles, and for consideration, jointly or separately, according to the criteria adopted by the Fiduciary Agent, subject to the decisions of the debenture holders meeting in a general meeting, and the assigning party shall provide, prior to foreclosure, a valuation opinion within 12 business days, for an updating of the valuation opinion prepared by the specialized company, or 20 business days, in the event of preparation of a valuation opinion by a new specialized company.
- 4) The Fiduciary Agent shall dispose of the fiduciarily assigned assets up to the amount necessary for full settlement of the guaranteed obligations, and any fiduciarily assigned assets that exceed the value of the guaranteed obligations shall be devolved in full to the fiduciary assignor.
- 5) Subject to the applicable legislation, the fiduciary assignor waives any legal or contractual right or privilege that might affect the free and full validity, efficacy, enforceability and transfer of the fiduciarily assigned assets in the event of their foreclosure, such waiver extending, inclusively and without any limitation, to any rights of preference, or joint sale (‘tag-along’ or ‘drag-along’ rights), or other rights specified in the applicable legislation or in any document, including without limitation the by-laws of Gasmig and any stockholders’ agreement.
- 6) The assignor may freely exercise the right to vote in relation to the shares fiduciarily assigned, for as long as there is no default event that has not been cured within the periods for cure specified in the Issue

Deed, and the fiduciary assignor undertakes to comply with the by-laws of the Company, not to exercise the right to vote in any manner conflicting with the provisions in the fiduciary assignment contract or in any way that prejudices the payment and full compliance with the obligations guaranteed or compromises the guarantee constituted, and not to grant any consent, waiver or ratification nor to approve or practice any other act that in any way violates or is incompatible with or prejudices any of the terms of the fiduciary assignment contract or the Issue Deed.

- 7) The fiduciary assignor must obtain prior express consent of the Fiduciary Agent, independently of the occurrence of a default event, to exercise its vote in relation to the following matters:
- any matters that govern the exercise of the right to withdraw, as specified in Article 136-A and 137 of the Corporate Law;
 - issuance of new shares;
 - reduction of the Company’s share capital, unless this be for absorption of losses and/or for payment of the Promissory Notes of Cemig GT’s 7th Issue or of another debt contracted for the payment of the Promissory Notes of the 7th Issue of Cemig GT and subject to obedience to the fiduciary assignor’s obligation in relation to the reinforcement of guarantee in the terms of the fiduciary assignment contract and the Deed of the 7th Issue of Debentures;
 - any form of stockholding reorganization of the Company; or
 - application for out-of-court reorganization, judicial recovery, application for bankruptcy and/or bankruptcy of the Company.
- 8) If any default event occurs that is not cured in the periods for cure specified in the Deed of the 7th Debenture Issue, the rights to receipt of any proceeds and the rights to vote inherent to the assets fiduciarily assigned shall become suspended, so that the Fiduciary Agent:
- shall be entitled to receipt of the profits, dividends, Interest on Equity and any other amounts paid or rights delivered in relation to the fiduciarily assigned assets up to the limit of the amount of the guaranteed obligations on which default has occurred;
 - must be advised of the occurrence of any general meeting of stockholders of the Company on the same date as the convocation to stockholders is issued, and
 - shall send, by the date on which said general meeting is held, voting instructions approved by the debenture holders, in a general meeting called for the purpose, in relation to all and any matter to be decided by the fiduciary assignor as stockholder of the respective Company; and
- 9) Obligations of the fiduciary assignor present in the fiduciary assignment contracts include the following:
- not to dispose of, sell, undertake to sell, assign, transfer, loan, lease, transfer to capital, institute usufruct or right of use to third parties, or by any other means dispose of the fiduciarily assigned assets, without the prior express consent of debenture holders representing at least 75% of the debentures in circulation, after a decision taken in a general meeting, in accordance with the Issue Deed;
 - not to do any act that may in any way restrain, reduce or affect the efficacy of the fiduciary assignment in guarantee and the rights of the debenture holders over the fiduciarily assigned assets; and
 - to deliver to the Fiduciary Agent annually, as from the date of signature of the fiduciary assignment contract (inclusive), an updated valuation opinion on the fiduciarily assigned assets.

During the period of validity of the debentures, if the Fiduciary Agent finds that the total value of the real guarantees is less than 120% of the outstanding balance, all the measures necessary for replenishment of the real guarantees shall be adopted in such a way that the said ratio is re-established, offering other guarantees among the list set out in Clause 3.5 of the Deed of the 7th Debenture Issue or any other such as is approved by the debenture holders in a general meeting.

If the debenture holders do not accept the new guarantee presented, the Fiduciary Agent must, if oriented by the debenture holders in their own meeting, declare early maturity of the debentures.

Also, when the total value of the guarantees is greater than 120% of the debtor balance, release of certain real guarantees from their respective burden may be requested, in whole or in part, in the order of priority specified in Clause 3.5.3.7 of the Issue Deed, so that the ratio in question is reduced to 120%.

The procedure for foreclosure of the fiduciarily assigned assets shall take place independently and in addition to any other execution of guarantee, real or by surety, given to the debenture holders, in such a way that the guarantees may be executed, simultaneously or in any order, without this prejudicing any right or possibility of exercise in the future, until the complete settlement of the obligations guaranteed.

If the amount ascertained from the foreclosure of the guarantees is not enough to pay in full the obligations guaranteed and the expenses incurred in the foreclosure of the guarantees, Cemig and Cemig GT shall continue to be individually and jointly obliged to pay the debtor balance found of the debentures, in the terms of the Issue Deed.

The fiduciary assignment contract shall remain in full effect and the assigning party shall continue to be obligated in the terms of the said contract until the guaranteed obligations are settled in full.

- g) Signature, whenever necessary, of amendments to the fiduciary assignment and fiduciary disposal contracts specified in Subclauses ‘e’ and ‘f’ of this item, in the event of any release of the real guarantees taking place.

IV The Board appointed Planner, irrevocably, until the complete settlement of all the obligations arising from the debentures referred to above, as duly appointed attorney of the assigning party, in the terms of Article 694 of the Civil Code, with powers, among other rights, to sign documents and carry out acts in its name for maintaining, preserving, formalizing and execution of the guarantees, as defined in the contract.

V The Board canceled and replaced Board Spending Decision (CRCA) 089/2016), of December 22, 2016, which deals with the first version of the 2017 budget.

VI The Board submitted a proposal to the Extraordinary General Meeting of Stockholders for:

- a) Authorization, until approval of the budget for 2018, for the Company to exceed the target for the quantity established in Subclause ‘d’ of Paragraph 7 of Clause 11 of the Company’s by-laws, namely the consolidated amount of funds allocated to capital investment and acquisition of any assets in the business year, keeping it to a maximum limit of 90% of Ebitda (profit before interest, taxes, depreciation and amortization).
- b) Orientation to the representatives of Cemig, in the Extraordinary General Meeting of Stockholders of Cemig D, to vote in favor of:
- authorization, verification and approval of an increase in the share capital, without issuance of new shares, by: four hundred ten million Reais, through absorption of the funds of the Advance Against Future Capital Increase (AFAC), and consequent alteration of the head paragraph of Clause 5 of the by-laws of that Company.

VII The Board oriented votes in favor of agenda items as follows:

- a) By the Board members appointed by the Company, by Rio Minas Energia Participações S.A. (RME) and by Luce Empreendimentos e Participações S.A. (Lepsa), in the meeting of the Board of Directors of Light to be held on March 24, 2017, on:
- 1) Orientation of the members of the Board of Directors appointed by Light, in the meeting of the Board of Directors of Amazônia, on the orientation of the representatives of that company in the 36th Extraordinary General Meeting of Stockholders of Nesa, to vote against the increase in the share capital to take place in March 2017, in the amount of

- up to one hundred eighty five million Reais,
 corresponding to one hundred eighty five million
 nominal common shares without par value,
 and if that increase is approved, to approve the consequent alteration of Article 5 of the by-laws.
- 2) Orientation to the representatives of Light in the meeting of the Board of Directors of Amazônia, in the event that the vote against, referred to above, is not the winning vote, to approve the increase of the share capital of Amazônia, in the amount of
 up to eighteen million seven hundred four thousand five hundred Reais
 and the consequent changes in its by-laws and their consolidation.
- 3) Authorization for the increase in the share capital of Amazônia in the amount of
 up to eighteen million seven hundred four thousand five hundred Reais,
 through issue of up to nine million thirty seven thousand two hundred fifty
 nominal common shares without par value, and
 up to nine million thirty seven thousand two hundred fifty
 nominal preferred shares without par value,
 and consequently, subscription of and payment for the total of the shares issued, in proportion to the participation of each stockholder in the share capital of that company, and alteration of the head paragraph of Clause 5 of the by-laws, and their consolidation.
- 4) Authorization, due to the need for funds in Nesa, for injection of capital, into Amazônia, of
 up to four million six hundred eight thousand nine hundred and ninety seven
 Reais and fifty centavos,
 corresponding to the 25.5% holding of Light in the total share capital of Amazônia.
- b) By the members of the Board of Directors appointed by the Company at the meeting of the Board of Directors of Transmissora Aliança de Energia Elétrica S.A. ('Taesa'), in favor of acquisition of a 51% stockholding interest in Integração Transmissora de Energia S.A. (Intesa), held by Fundo de Investimentos em Participação Brasil Energia ('FIP Brasil').
- c) By the members of the Board of Directors of Light appointed by Cemig, in the meeting of the Board of Directors of Light to be held on March 28, 2017, in favor of the proposal for convocation of an Extraordinary General Meeting to be held on April 13, 2017.

VIII Withdrawn from the agenda: The following items were withdrawn from the agenda:

- a) Signature of an amendment to contract for leasing of the Aureliano Chaves Building with Forluz (Fundação Forluminas de Seguridade Social), for inclusion of a clause of liability for payment of ordinary condominium expenses and release of additional funds for running costs of operation and maintenance, condominium expenses and implementation of infrastructure.
- b) Signature of a Private Instrument of Assumption of Debt with Forluz for solution of a deficit.
- c) Redrafting of the by-laws of the Company, to alter the duties of the Deputy Chief Executive Officer and of the Chief Officer for Institutional Relations and Communication.

IX Abstention / vote against: The Board member Patricia Gracindo Marques de Assis Bentes:

- abstained from voting on the matters referred to in subclause 'b' of Item III above and in subclause 'a' of item V, below; and
- voted against the matter referred to in Item VII, above.

X Comment: The following spoke on matters of interest to the Company:

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| The Chair; | | |
| Board members: | Aloísio Macário Ferreira de Souza, Bruno Magalhães Menicucci, | Marco Antônio Soares da Cunha Castello Branco, Patrícia Gracindo Marques de Assis Bentes; |
| Chief Officers: | Adézio de Almeida Lima, | Bernardo Afonso Salomão de Alvarenga, César Vaz de Melo Fernandes; |
| Assistant manager: | Beatriz Pierre. | |

The following were present:

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| Board members: | José Afonso Bicalho Beltrão da Silva, Allan Kardec de Melo Ferreira, Arcângelo Eustáquio Torres Queiroz, Daniel Alves Ferreira, Helvécio Miranda Magalhães Junior, José Pais Rangel, Marco Antônio de Rezende Teixeira, Nelson José Hubner Moreira, Saulo Alves Pereira Junior, Samy Kopit Moscovitch, Marina Rosenthal Rocha, | Marco Antônio Soares da Cunha Castello Branco, Patrícia Gracindo Marques de Assis Bentes, Aloísio Macário Ferreira de Souza, Bruno Magalhães Menicucci, Carolina Alvim Guedes Alcoforado, Antônio Dirceu Araújo Xavier, Carlos Fernando da Silveira Vianna, José João Abdalla Filho, Luiz Guilherme Piva, Ricardo Wagner Righi de Toledo, Tarcísio Augusto Carneiro, Wieland Silberschneider; |
| Chief Officers: | Bernardo Afonso Salomão de Alvarenga, Adézio de Almeida Lima, César Vaz de Melo Fernandes, Dimas Costa, | José de Araújo Lins Neto, Luís Fernando Paroli Santos, Maura Galuppo Botelho Martins, Raul Lycurgo Leite; |
| Assistant manager: | Beatriz Pierre; | |
| Secretary: | Anamaria Pugedo Frade Barros. | |

Signed by: Anamaria Pugedo Frade Barros.