

# COMPANHIA ENERGÉTICA DE MINAS GERAIS CEMIG

LISTED COMPANY

CNPJ 17.155.730/0001-64 – NIRE 31300040127

## BOARD OF DIRECTORS

### SUMMARY OF MINUTES OF THE 685<sup>TH</sup> MEETING

**Date, time and place:** January 20, 2017 at 12 midday, at the company's head office,  
Av. Barbacena 1200, 21<sup>st</sup> 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 matters on the agenda of this meeting.

**II The Board approved** the minutes of this meeting.

#### **III The Board authorized:**

- 1) Provision of a surety guarantee, with express waiver of the benefits of order, rights and options for exoneration of any nature specified in Article 333, §1, and Articles 821, 824, 827, 834, 835, 837, 838 and 839 of Law 10406/2002, as amended (the Civil Code), and Articles 130 and 794 of Law 13105/2015 (Code of Civil Procedure), for the second debenture issue – of non-convertible debentures, with real guarantee and additional surety guarantee, in a single series, by Cemig Telecomunicações S.A. – CemigTelecom, to be offered publicly with restricted distribution efforts, without registry of the restricted offering with the CVM (Brazilian Securities Commission), in the terms of CVM Instruction 476/2009 as amended, ('Instruction 476', 'The Restricted Offering' and 'the Issue'), to be formalized by the Deed of the Second Debenture Issue, of Non-convertible Debentures, with Real Guarantee and Additional Surety Guarantee, in a Single Series, for Public Distribution with Restricted Distribution Efforts, by CemigTelecom ('the Issue Deed').

**The Issue has the following characteristics:**

<b>Issuer:</b>	CemigTelecom.
<b>Quantity, nominal unit value and total volume:</b>	Two thousand seven hundred debentures, each with nominal unit value of ten thousand Reais ('the Nominal Unit Value') on the Issue Date (as defined below), comprising a total of twenty seven million Reais, on the Issue Date (as defined below).
<b>Number of series:</b>	The issue will have one single series.
<b>Convertibility, class, type and form:</b>	Not convertible into shares in the Issuer; having real guarantee, with additional surety guarantee, all nominal, book-entry Debentures, without issuance of deposits or certificates.
<b>Issue Date:</b>	January 22, 2017.
<b>Period, Maturity Date:</b>	24 (twenty four) months from the Issue Date, thus becoming due in January 22, 2019, except in the cases of declaration of early maturity, or acceptance by 100% of the Debenture Holders of the Early Redemption Offer (as defined below).
<b>Distribution placement and procedure:</b>	Public distribution, with restricted efforts, with intermediation by financial institutions that are members of the Securities System in the status of intermediary institutions of the Restricted Offering, under the regime of firm guarantee of total placement of the Debentures given individually and not on a joint basis, terms of the distribution contract of the Debentures and CVM Instruction 476.
<b>Deposit for distribution, trading and financial settlement:</b>	The Debentures shall be deposited for public distribution in the primary market through the Assets Distribution Module ( <i>Módulo de Distribuição de Ativos</i> – MDA), managed and operated by Cetip S.A. – Mercados Organizados (Cetip), with financial settlement of the distribution through Cetip, and trading in the secondary market through Cetip21 – Securities, managed and operated by Cetip, with financial settlement made in Cetip, and custody of the Debentures being carried out electronically by Cetip.
	The Debentures may be traded only in regulated securities markets by Qualified Investors (to be defined in the Issue Deed), after more than 90 (ninety) days from the date of each subscription or acquisition by Professional Investors (as described in the Issue Deed), in accordance with Articles 13 and 15 of CVM Instruction 476, also subject to compliance by the Issuer with the obligations specified in Article 17 of CVM Instruction 476.
<b>Period of subscription and payment:</b>	The Debentures will be subscribed and paid at sight (on the 'Subscription Date'), within the distribution period in accordance with Articles 7-A, and 8 §2, of CVM Instruction 476. The Debentures shall be paid in accordance with the procedures of Cetip, in Brazilian currency, at the Subscription Price (as defined below), and in accordance with the applicable rules of settlement and procedure of Cetip.
<b>Subscription price:</b>	Shall be equal, on the first Subscription Date, to the Nominal Unit Value; and, on the Subscription Dates subsequent to the first Subscription Date, shall correspond to the Nominal Unit Value plus the Remuneration (as defined below), calculated <i>pro rata temporis</i> from the first Subscription Date of the Debentures up to the date of actual payment ('the Subscription Price').
<b>Use of proceeds:</b>	The net proceeds from the Issue shall be allocated in the following order: <ul style="list-style-type: none"> <li>a) to payment of a loan, in the principal amount of 18 million Reais, contracted by the Issuer with Companhia Energética de Minas Gerais – Cemig (the Guarantor) for the specific purpose of settling part of the Commercial Promissory Notes of the Issuer's Second Issue, in the amount of twenty six million eight hundred fifty three thousand seven hundred twenty nine Reais and twelve centavos, including principal and interest from the issue date up to the date of actual payment ('the Loan' and 'the Notes', respectively);</li> <li>b) replenishment of the cash position of the Issuer following payment of the balance of the Notes not settled with the funds from the Loan; and</li> <li>c) replenishment of the Issuer's cash position (working capital);</li> </ul>
<b>Guarantees:</b>	Payment of the Debentures will be guaranteed by: <ul style="list-style-type: none"> <li>a) A surety guarantee ('the Surety') given by the Guarantor, as joint debtor and principal payer, responsible, jointly with the Issuer, for all present and/or future principal and/or accessory obligations assumed by the Issuer in the ambit of the Issue, until final settlement of all the amounts owed by the Issuer, including the Nominal Unit Value of the Debentures (or the balance of the Nominal Unit Value), augmented by the Remuneration (as defined below), and the Arrears Charges (as defined below) and other additional amounts and other present and/or future principal and/or accessory pecuniary obligations to be specified in the Issue Deed, including but not limited to those owed to the fiduciary agent of the Issue, under Article 822 of the Civil Code, as indemnity, costs and expenses for protection of the rights of the Debenture Holders ('Value Guarantee'), in terms to be specified in the Issue Deed.</li> </ul>

- b) As a complement to the Surety, fiduciary assignment of:
- Receivables Rights of the Issuer, under contracts to provide telecommunications services signed with certain of its clients, free and unencumbered by any lien, charge or pending court or out-of-court matter of any nature, including fiscal matters ('the Fiduciarily Assigned Client Receivables'); and
  - rights arising from ownership of the attached bank account n° 11.055/8, at Branch 2011-7, with Banco Bradesco S.A. ('the Custodian Bank'), held by the Issuer ('the Attached Account'), in which will be deposited the sums arising from the Fiduciarily Assigned Client Receivables, and all the funds deposited therein, including securities representing financial investments in which such funds are invested and the returns arising therefrom ('the Real Guarantee' and, jointly with the Surety, 'the Guarantees') in accordance with the Private Instrument of Fiduciary Assignment of Receivables Rights in Guarantee Attached under the Second Debenture Issue of CemigTelecom, to be signed by the Issuer and the Fiduciary Agent of the Issuer ('the Guarantee Contract').

<b>Payment of the principal:</b>	Except in the cases of declaration of early maturity, or acceptance by 100% of the Debenture Holders of the Early Redemption Offer (as defined below), the Nominal Unit Value shall be paid in 12 (twelve) consecutive monthly payments, the first being payable on February 22, 2018 and the last being payable on January 22, 2019, in accordance with an amortization table detailed in the Issue Deed.
<b>Remuneration:</b>	<p>The Debentures shall be remunerated according to the following provisions, with no monetary updating of the Nominal Unit Value:</p> <p>As from the first Subscription Date, the Debentures will pay remuneratory interest equal to the accumulated variation represented by 128.50% of the average one-day 'over <i>extra-grupo</i>' Interbank Deposit (<i>Depósitos Interfinanceiros</i>, or <i>DI</i>) Rate ('the DI-Over Rate'), expressed in the form of percentage per year, on the two hundred and fifty-two business days basis, calculated and published daily by Cetip in its daily bulletin available on its website (<a href="http://www.cetip.com.br">http://www.cetip.com.br</a>).</p> <p>The Remuneration will be calculated on an exponential and cumulative basis, 'pro rata temporis', by business days elapsed, based on a year of two hundred and fifty two business days, on the Nominal Unit Value (or balance thereof), from the most recent date of payment of the Remuneration until the actual payment date, in accordance with the formula to be described in the Issue Deed.</p> <p>The Remuneration of the Debentures will be paid monthly, from the Issue Date, the first payment being made on February 22, 2017, and the others on the same day of the subsequent months, up to the Maturity Date or up to the date of early settlement of the Debentures arising from a declaration of early maturity or from acceptance by 100% of the Debenture Holders of the Offer for Early Redemption of the Debentures.</p>
<b>Optional early acquisition:</b>	The Issuer may acquire Debentures at any time, subject to the provisions of §3 of Article 55 of Law 6404/1976, as amended ('the Corporate Law'), provided that it obeys any rules issued by the CVM; and such fact, if thus required by the applicable legal and regulatory provisions, must be contained in the Report of Management and the Financial Statements of the Issuer. The Debentures acquired by the Issuer may be canceled, and the cancellation must be the subject of a decision by the Issuer, or may remain in the Treasury of the Issuer, or be placed once again in the market, subject to the restrictions imposed by CVM Instruction 476. The Debentures acquired by Issuer for holding in Treasury, in the terms of the Issue Deed, if and when placed again in the market, shall carry the right to the same Remuneration as the other Debentures.
<b>Extraordinary amortization:</b>	Not available.
<b>Early redemption:</b>	Neither total nor partial early redemption is available as a standard provision.
<b>Early Redemption Offer:</b>	The Issuer may, at its exclusive option, at any time, make an offer for total or partial early redemption of the Debentures, with consequent cancellation of the said debentures, which must be addressed to all the Debenture Holders, without distinction, guaranteeing equality of terms and conditions to the Debenture Holders to accept the offer of early redemption of the Debentures that they own, in accordance with the terms and conditions to be described in the Issue Deed.

**Early Maturity:**

The obligations of the Issuer that shall be contained in the Issue Deed shall be declared to be the subject of early maturity in any of the following events:

- a) non-payment by the Issuer and/or by the Guarantor, on the respective due date, of pecuniary obligations owed to the Debenture Holders specified in the Issue Deed;
- b) non-compliance by the Issuer and/or the Guarantor, with any non-pecuniary obligation specified in the Issue Deed, not cured within fifteen calendar days from the date on which the Issuer and/or the Guarantor, as the case may be, become/s aware of the non-compliance (which may include by means of notice in writing sent by the Fiduciary Agent to Issuer to that effect), save that for obligations that have a specific period for cure, the period stipulated here shall not apply;
- c) in the event that any statement made by the Issuer and/or by the Guarantor in any of the documents of the Issue is false, misleading, incorrect, incomplete or insufficient;
- d) if the Issuer omits to pay by the maturity date, or does not take the legal or judicial measures required to suspend the payment, in relation to any debt or any other obligation payable by the Issuer under any agreement or contract to which it is a party as a borrower or guarantor, involving an amount of ten million Reais or more, or its equivalent in other currencies;
- e) if Guarantor omits to pay by the maturity date, or does not take the legal or judicial measures required to suspend the payment, in relation to any debt or any other obligation payable by Guarantor under any agreement or contract to which it is a party as a borrower or guarantor, involving an amount of one hundred million Reais or more, or its equivalent in other currencies;
- f) early maturity of any pecuniary obligation of the Issuer arising from default on an obligation to pay any individual or aggregate amount greater than ten million Reais or its equivalent in other currencies;
- g) early maturity of any pecuniary obligation of the Guarantor arising from default on an obligation to pay any individual or aggregate amount greater than one hundred million Reais or its equivalent in other currencies;
- h) non-compliance by the Issuer with any court judgment, final arbitration decision, or administrative decision against which there is no appeal to the judiciary, against the Issuer, the individual or aggregate amount of which is ten million Reais or more or its equivalent in other currencies;
- i) non-compliance by the Guarantor with any court judgment, final arbitration decision, or administrative decision against which there is no appeal to the judiciary, against the Guarantor, the individual or aggregate amount of which is one hundred million Reais or more or its equivalent in other currencies;
- j) protest of receivables against the Issuer the individual or joint value of which exceeds ten million Reais or its equivalent in other currencies, unless, within a maximum of fifteen calendar days from the date of notification of protest: (a) the protest has been validly proven by the Issuer (as the case may be) to the Fiduciary Agent to have been filed in error or due to bad faith by a third party; or (b) the protest is suspended or canceled; or (c) guarantees are given in court.
- k) protest of receivables against Guarantor the individual or joint value of which exceeds one hundred million Reais or its equivalent in other currencies, unless, within a maximum of fifteen calendar days from the date of notification of protest: (a) the protest has been validly proven by Guarantor to the Fiduciary Agent to have been filed in error or due to bad faith by a third party; or (b) the protest is suspended or canceled; or (c) guarantees are given in court.
- l) alteration, transfer or assignment, direct or indirect, of the stockholding control of the Issuer and/or of the Guarantor, without prior express approval of Debenture Holders representing at least 75% of the Debentures in circulation, stated in a General Meeting of Debenture Holders (as defined in the Issue Deed) called especially for this purpose, in the terms of the Issue Deed, save that transfer or control by order of a court or regulations is permitted. For the purposes of this item, 'control' is understood to refer to the concept arising from Article 116 of the Corporate Law.
- m) liquidation, dissolution, extinction or declaration of bankruptcy of the Issuer and/or of the Guarantor and/or of any subsidiary or affiliated company of the Issuer;  
application for bankruptcy by the Issuer and/or the Guarantor and/or by any subsidiary or affiliated company of the Issuer, or application for bankruptcy made by a third party against Issuer and/or Guarantor and/or against any subsidiary or affiliated company of the Issuer, which is not duly resolved through a deposit into court and/or contestation within the legal period;  
proposal by Issuer and/or Guarantor and/or by any subsidiary or affiliated company of the Issuer, to any creditor or class of creditors, of a plan for out-of-court recovery, whether or not court ratification of any such plan has been applied for or obtained; or application to the Court by the Issuer and/or the Guarantor and/or by any subsidiary or affiliated company of the Issuer, for judicial recovery, whether or not granted by the competent judge;
- n) transformation of the Issuer and/or the Guarantor into another type of company, in the terms of Articles 220 to 222 of the Corporate Law;
- o) any payment of dividends or Interest on Equity if the Issuer is in default with the pecuniary obligations described in the Issue Deed, except minimum for payment of the obligatory dividend under Article 202 of the Corporate Law;
- p) merger, split and/or any other form of corporate reorganization, including absorption and/or absorption of shares of the Issuer and/or the Guarantor, that results in reduction of the share capital of the Issuer and/or the Guarantor, except:  
where this takes place by order of a court or regulations;  
when this does not cause an alteration of the Guarantor's existing rating on the Issue Date; or  
if Debenture Holders not agreeing with the said split, merger or absorption are guaranteed the right of redemption in accordance with Article 231, §1 of the Corporate Law;

- q) if the Issuer does not use the net proceeds from the Issue in accordance with Clause 3.6 of the Issue Deed;
- r) invalidity, nullity or unenforceability of the Debentures and/or of the Issue Deed;
- s) non-compliance with the Minimum Amount, as defined in the Guarantee Contract, for a period of two consecutive months or for three months in any period of 12 months, in accordance with the provisions of the Guarantee Contract, independently of whether the Issuer has or not complemented the said amount through deposits into the Attached Account, as per procedures specified in the Guarantee Contract;
- t) default on the obligations specified in the Guarantee Contract, not cured within the periods for cure specified in the Guarantee Contract, if applicable;
- u) privatization of the Issuer and/or the Guarantor;
- v) termination, for any reason, of any of the concession contracts, licenses or authorizations held by the Issuer and/or by the Guarantor such as represents an adverse material impact on the payment capacity of (as applicable) the Issuer and/or the Guarantor;
- w) assignment, promise of assignment, or any form of transfer or promise of transfer to third parties, in whole or in part, by the Issuer and/or by the Guarantor, of any of its/their obligations assumed under the Issue Deed, without prior written consent of holders of Debentures representing at least 75% of the Debentures in Circulation; or
- x) challenge of the Issue Deed or the Guarantee Contract in the courts by any third party, in relation to which Issuer and/or Guarantor has not taken the necessary measures to contest the effects of said challenge within the legal period from the date on which Issuer and/or Guarantor becomes aware, by regular service of process, of such challenge being filed with the Courts, subject to the procedures for declaration of automatic and non-automatic early maturity to be described in the Issue Deed.

**Arrears charges:** If the Issuer omits to make any payments of any amounts owed to the Debenture Holders on the dates on which they are payable, such due and unpaid payments shall continue to be subject to any remuneration applicable to them, and shall additionally be subject to the following:

- (a) a contractual penalty payment, irreducible and of a non-compensatory nature, of 2% on the amount due and unpaid; and
- (b) arrears interest at the rate of 1% per month, calculated daily from the date of default up to the date of actual payment, on the amount due and unpaid.

The arrears charges hereby established shall apply from the date of actual non-compliance with the related obligation up to the date of its payment, independently of advice, notice or judicial or extrajudicial interpolation (jointly, 'the Arrears Charges').

**Other conditions:** All the other specific conditions, terms, periods and rules related to the Issue shall be dealt with in detail in the Issue Deed.

- 2) Signature of all documents that are indispensable to the Issue, such as the Issue Deed and the related subsequent amendments, to be signed by the Issuer, the Fiduciary Agent and the Guarantor; and
- 3) Carrying out by the Executive Board of all the acts necessary to put the above decisions into effect.

**IV Comments:** The General Manager Paulo Eduardo Pereira Guimarães Made comments on a subject of interest to the Company.

**The following were present:**

<b>Board members:</b>	<p>José Afonso Bicalho Beltrão da Silva,          Arcângelo Eustáquio Torres Queiroz,          Daniel Alves Ferreira,          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,          Patrícia Gracindo Marques de Assis Bentes,          Paulo Roberto Reckziegel Guedes,</p>	<p>Saulo Alves Pereira Junior,          Bruno Magalhães Menicucci,          Luiz Guilherme Piva,          Samy Kopit Moscovitch,          Aloísio Macário Ferreira de Souza,          Antônio Dirceu Aratújo Xavier,          Carlos Fernando da Silveira Vianna,          Carolina Alvim Guedes Alcoforado,          Franklin Moreira Gonçalves,          Ricardo Wagner Righi de Toledo,          Tarcísio Augusto Carneiro,          Wieland Silberschneider;</p>
<b>General Manager:</b>	Paulo Eduardo Pereira Guimarães;	
<b>Secretary:</b>	Anamaria Pugedo Frade Barros.	

Signed by: Anamaria Pugedo Frade Barros.